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From: ROHR Alert <rohralert@gmail.com>
Sent: Thursday, September 12, 2019 8:59 AM
To: undisclosed-recipients:
Subject: ROHR ALERT!! Friendly Developments... Where's the Beef?

Dear Subscribers,

Draghi and the ECB have been decisive in lowering the Deposit Rate once again and restarting their Asset Purchase Program (APP that is their form of QE.) Yet US equities seem to have anticipated that. While up from Wednesday's Close they are not better than the test of the key higher resistance (more below) seen in overnight trade Wednesday evening. So, where's the beef?

That is an old Wendy's US burger chain advert line disparaging the small size of competitors' burgers. In this case it is questioning where is the even bigger US equities rally on not just ECB but also other developments. In the first instance, the ECB Statement and link to the press conference video can be accessed via their website (<http://bit.ly/2kJ077o>.) What is most interesting is not just the Deposit Rate reduction, but also seemingly perpetual APP at €20B per month...

...and one more important item: his insistence that fiscal stimulus by the states which can afford it remains well below acceptable levels. This was not just in the mild expression of the statement and early explanation. He was also very pointed in response to a question that monetary measures are now necessary because of this failure by successful surplus states (like especially Germany.) So while successor Christine Lagarde will be burdened with the new APP from her November 1st ascent to the head of the ECB, she will also have the same bully pulpit from which to pressure the surplus states to provide fiscal stimulus.

Along with Trump postponing planned October 1st Chinese tariffs increases for two weeks to respect China's major anniversary celebration, two of the major stressors (but not Brexit) seem to have been addressed in the short run. Yet that is indeed temporary, and major issues still seem no closer to resolution. And the ECB move into more negative rates and back to APP does not in and of itself portend a real EU economic cure. Just look at its track record, and that of Japan.

Consistent with that, consider Monday's still weak OECD monthly Composite Leading Indicators (<http://bit.ly/2kg4gNI> for our marked-up version) and the ECB's own markdown of the Euro-zone economic forecast today. While the fresh APP is encouraging global govies, the US equities have significant hurdles at slightly higher levels (more below), and the US dollar is strengthening once again.

This is the critical consideration

After the early June US-Mexico tariffs scare sent front month S&P 500 future back near the 2,722 March trading low, US equities rallied sharply. Lower supports at 2,865, 2,836-30 and 2,825-14 were all reinstated. Higher resistance was 2,900-10 area, with the May 2,938.25-2,947.50 gap lower from the all-time high Close above; which is just where the rallies failed at the highs throughout August.

They were overrun in June. September S&P 500 future above historic Oscillator levels at 2,965-70 and 2,985 left the critical 3,015-20 area above on continued rise of weekly MA-41.

There was also the weekly topping line (<http://bit.ly/2m0ztXZ>) it failed to exceed in July, all of which preceded the recent major correction.

Any reversal needed September S&P 500 future to fail below the 2,938.25-2,947.50 area, with 2,910-00 next. That left key lower support into important weekly MA-41 at 2,796 it so far only traded temporarily below, extending its hopeful rally back above 2,865 into 2,885 to the mid-2,900 area prior to the next negative influences.

Recent data improvement had left it above the repeated 2,900-10 over-under area again, even as it retested it a couple of times early last week prior to the late week surge. Now above the May 2,938.25-2,947.50 gap, it has also maintained the push above 2,950-60 area after the early week test. That brings 3,015-25 (also weekly high Close) congestion and 3,050 topping line and Oscillator back into play.

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