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From: ROHR Alert <rohralert@gmail.com>
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To: undisclosed-recipients:
Subject: ROHR ALERT!! Mixed Employment

Dear Subscribers,
After the past two days' 'Reality' ALERT!!s focus on global Manufacturing PMI weakness spilling over into Services, today's US Employment report had some redeeming strength. However, it was not that strong below the surface. While the Nonfarm Payrolls (+136,000) were as expected and headline Unemployment Rate was a 3.5% 30-year low, Hourly Earnings were weak. There is also the matter of the growth in Government Payrolls that bolstered the NFP; that is due to continue and even sharply accelerate into next year's Census Bureau hiring.

There was also almost no economic data elsewhere after the early month deluge. And despite the weak spots in the Employment report, US equities liked the NFP and low Unemployment Rate well enough to continue their recovery back above the key interim congestion (more below) this morning. After such a sharp slide since Tuesday morning, this is not a surprise. Yet it is also of note that the global govvies are not really reacting back down from their recent rally resumption (and even extension in the US.) This is likely due to the weak US wages numbers.

Overall US equities headwinds and govvies support factors are as previously noted. The global PMIs this week still point to unfolding economic weakness; all still consistent with the OECD Interim Economic Outlook (http://bit.ly/2m4p7X1) two weeks ago. UK PM Johnson's 'final' Brexit proposal to the EU promised to solve the thorny Irish border problem. Today's excellent Reuters analysis (https://reut.rs/2AFuIr1) highlights the specific weaknesses in his proposal that leave it far from a bona fide plan as the October 31st exit deadline looms.

While that is the most immediate stressor, US-China trade negotiations remain at an impasse as well. The Chinese 70th anniversary celebration of the founding of the communist state saw a marked focus on its enhanced military capability; hardly a sign of a strong desire to cooperate with its US archrival. And of course there is also the acceleration of opposition efforts to impeach President Trump. That environment hardly leaves room for any bipartisan approval of even the most constructive legislation; such as the win-win-win USMCA trade deal.

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.

December S&P 500 future has now replaced the September contract, where the former was above historic Oscillator levels at 2,965-70 and 2,985, leaving the critical 3,015-20 area above on continued rise of weekly MA-41. There was also the weekly topping line it failed to exceed in July, all of which preceded the major August correction; and it failed resistance above 3,000 again into mid-September.

Any reversal needed front month S&P 500 future to fail below 2,938.25-2,947.50 area with 2,910-00 next, which it was again slipping below into mid-week. Interim lower support is 2,835 with more major congestion into the 2,820-00 area.

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