Alan Rohrbach

From: ROHR Alert <rohralert@gmail.com>
Sent: Monday, October 14, 2019 8:18 AM
To: undisclosed-recipients:
Subject: Fwd: ROHR ALERT!! WEEKEND THOUGHT: It Was Indeed Hype

Dear Subscribers,
This ALERT!! reminder has been sent as an accommodation for anyone who missed the original WEEKEND THOUGHT on Sunday. That was significantly about what did, or did not actually occur on President Trump's highly touted 'Phase I' trade agreement with China, and includes an interesting link to more extensive analysis from a qualified source.

And the news this morning is that the Chinese negotiators do not agree anything was agreed, and want more meetings even before any sort of Phase I deal can be signed. As we suspected on Friday and plainly stated over the weekend, the 'hope' has turned out to be the 'hype' we expected from Trump with the typical support from his team.

We are also coming to you much earlier than usual due to the US partial (Debt and Foreign Exchange) market holiday along with the Japanese and Canadian holidays today. All of those holiday closures also mean there is little economic data. Yet the most prominent in addition to a bit of weakness in Europe is the continued Chinese international trade slide. The details can be reviewed in a very good Reuters article (https://reut.rs/329PJpQ.)

And this reinforces all of the recent downbeat global assessments also revisited in the WEEKEND THOUGHT, with not very much mitigation of any of it from what the Trump administration announced on Friday.

We hope you find this helpful.
-Rohr

---------- Forwarded message ---------
From: **ROHR Alert** <rohralert@gmail.com>
Date: Sun, Oct 13, 2019 at 11:04 AM
Subject: ROHR ALERT!! WEEKEND THOUGHT: It Was Indeed Hype
To:

Dear Subscribers,
So the answer to our Friday 'Glimmer of Hope… or Hype?' ALERT!! seems to clearly be 'hype'. Donald Trump needed a 'deal' and declared victory and went home (so to speak.) Yet nothing that was announced was an 'advance' on the current situation; and certainly did not further the major issue solutions that the US has repeatedly said are the only way a real agreement can be forged.

Yet US equities were happy to engage in another round of "the triumph of hope over experience", as have emerging currencies while global govvies suffered. However, the real test will be whether US equities can sustain the push above key interim resistance (more below) from last week, and govvies continue to suffer.

The best summary of the details of this still very tentative and limited US-China 'deal' are in an extensive late Friday Reuters article (https://reut.rs/2M9IDfs.) It is of note that the most experienced operatives outside the Trump administration are skeptical of this highly touted Phase I 'non-agreement'. Even Trump admits it will need another five weeks of negotiation to 'paper' it. And as one of the more savvy Western observers notes, "*Wishing an agreement does not one make. This isn't a skinny deal. It's an invisible one*." That is echoed on the Chinese side.

As far as specifics, there is relief that the proposed October 15th US tariff hikes have been cancelled for now. Yet that doesn't solve the weight of existing tariffs that the mid-September OECD Interim Economic Outlook (http://bit.ly/2m4p7X1) cites as a major factor in weak capital investment fomenting global weakness; reinforced by Tuesday's Composite Leading Indicators (http://bit.ly/35d8uuF.)

Trump made it sound like the major Chinese agricultural purchases were a huge block buy. But Treasury Secretary Mnuchin pointed out they were looking to be scaled up on an annual basis. While the record "...142,172 tonnes of US pork to China in the week ended Oct. 3..." is impressive, that is mostly a function of China suffering a major lack of that dietary staple due to a massive African Swine Fever outbreak killing over 100 million pigs. A bit of mutual benefit there rather than any outstanding deal-making skills despite other minor advances.

As noted Friday, "The Devil is in the details." The details seem less impressive than the headline blurbs. Market reactions next week are going to be interesting on what seems another round of Trump over-promising and under-delivering.

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 3,015-25 area above on continued rise of weekly MA-41. There was also the weekly topping line it failed to exceed in July (see annotated weekly front month future chart at http://bit.ly/32c4LLZ), 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, which it was back up testing along with 2,950-60 on the recovery rally from an early week selloff. Now above that leaves a hostage to fortune in whether it can indeed be maintained into next week. If so, higher resistances revert to the 3,000 area and the 3,015-25 range at which it has failed so many times since July.

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