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From: ROHR Alert <rohralert@gmail.com>
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To: undisclosed-recipients:
Subject: ROHR ALERT!! Good News and Bad News

Dear Subscribers,
There is some hope for a reduction in immediate economic stressors at the same time as the broader global outlook remains very weak. The hope is for another UK Brexit deadline extension from the looming October 31st horizon at present. We are a bit later than usual due to so many cross currents to assess this morning.

And we owe UK PM Johnson an apology for our (along with many, many others') skepticism on his proposed Northern Ireland customs regime solution. Upon further review it may just work. The best summary we have found is in a Financial TImes update (http://bit.ly/33BDX8b for our heavily marked up version) from its Brexit editor, David Bond. Thanks to them for this critical clarification.

EU chief Brexit negotiator Barnier has deemed Johnson's dual customs status idea 'fiendishly complex'. We don't know about 'fiendishly'; yet it is complex enough to require quite a bit of further study. So despite Johnson's abhorrence of requesting a further Brexit deadline extension, unless he can put together a (highly unlikely) UK Parliament majority for an agreement that does not yet exist by Saturday, it is likely he will need to request, and will be granted an extension.

This is because the EU always said the only way it will grant a further extension is if the UK shows sincerity in achieving an agreement. That's the good news on a sharp near-term market stressor at least being deferred once again. Yet it is not the solution that will encourage any corporate capital investment, lack of which is weighing on the global economy. And that showed up in the UK Employment figures this morning: a loss of 56,000 jobs(!!) versus +23,000 expected.

This gets us back to our 'WEEKEND THOUGHT: It Was Indeed Hype' ALERT!!, which noted the hollow nature of Donald Trump's alleged major 'Phase I' deal with China. Into early this week the Chinese side has amply confirmed that there actually was no deal. And in addition to those weak UK Employment numbers, this morning saw the next IMF World Economic Outlook (http://bit.ly/2OOBBhW or see the Executive Summary at http://bit.ly/35ESnpF.)

A very good Reuters article (https://reut.rs/2OQte5I) notes that its projections "...*show 2019 GDP growth at 3.0%, down from 3.2% in a July forecast, largely due to increasing fallout from global trade friction*." We need to allow this is a repeat of the OECD indications we have highlighted for months (see Monday's ALERT!!)

So the bad influences continue despite the recent US forbearance on higher Chinese tariffs and any Brexit deadline extension. As such, it still appears to us the US equities rally (more below) remains a "triumph of hope over experience" (even recent experience.) And while the global govvies recovery is only partial after their recent significant slide, the fact they have been recovering this week (i.e. lower yields) is not a strong sign with emerging currencies weakening again.

Courtesy repeat of Monday's 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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