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From: ROHR Alert <rohralert@gmail.com>
Sent: Thursday, October 31, 2019 10:07 AM
To: undisclosed-recipients:
Subject: ROHR ALERT!! The Powell Parallax with CORRECTED CHART LINK

Dear Subscribers,
Fed Chair Powell seemed to strike the exact right balance between inflation and growth in his Wednesday press conference (http://bit.ly/2ozXdUH.) He established that strong US growth was not inflationary at this time. However, that view included more than a few subtle themes that leave room for quite a bit of market interpretations across time; especially on international developments. That was even laid out in the FOMC Statement (http://bit.ly/2WumCvg marked-up version.)
'Parallax' is the tendency for things to look different when viewed from different angles. Powell allowed there are cross currents which can affect the economy, and by extension the Fed's perspective. For example, in light of the US economic strength the FOMC is likely done lowering rates for now, yet maintaining quite a bit of focus on international developments (see the Statement.)
And international developments have their own cross currents. The UK Brexit situation seems to become more constructive. Yet as we have noted on many recent occasions, the more challenging aspects of the US-China trade talks are still problematic. This morning's brief Reuters article (https://reut.rs/2N4x3Tn) notes that beyond Mr. Trump's simple 'Phase I' agreement, it is going to be hard for China to agree to the broader structural changes the US is requesting.
As such, in the wake of the classical 'friendly Fed anticipation' reinforced by Wednesday's FOMC rate cut, the real test for the US equities will be whether they can remain above the major resistance exceeded earlier this week (more below.) There is also the now more significant rally in global govvies despite sustained friendly US economic outlook. This has pushed them back up into or above key violated support ranges, which is not classically consistent with sustained strong economic activity. All the more important on now mixed US data. We shall see.
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 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 the annotated weekly chart through last Friday at http://bit.ly/2NhzRvd), which preceded the major August correction and failing 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 after an early October selloff. Above that since early October has led to it exceeding higher resistance at 3,000-05 as well as 3,015-25 and its Tolerance at the 3,029.50 front month future all-time high. It is also a weekly

Oscillator (MA-41 plus 130-135) resistance this week, with the next threshold not until 3,065-70 into next week.

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