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From: ROHR Alert <rohralert@gmail.com>
Sent: Friday, November 01, 2019 9:09 AM
To: undisclosed-recipients:
Subject: ROHR ALERT!! Industrial versus Consumer Psychology

Dear Subscribers,
Little doubt the US Nonfarm Payrolls number was strong at up 128,000 versus an estimate of +89,000. That includes neither the 95,000 upward revision (SEP +44K and AUG plus 51K) nor the additional 46,000 striking GM workers that are headed back to work after reaching an agreement last weekend. This is all good for the consumer psychology which has underpinned the US economy for many months.
There is an excellent recently updated Reuters article delving into all aspects of the better than expected report (https://reut.rs/2JGo3Sh), including the other indications which might not be as inspiring. That includes the Hourly Earnings figure that rebounded to +0.20% (versus a +0.30% estimate) after September's flat reading. In any event, the strong consumer tends to be a late cycle phase, which is ultimately impacted by the lack of corporate investment we are now seeing.
Yet the strong US NFP is also a plus for the FOMC and Fed Chair Powell (see his Wednesday press conference here http://bit.ly/2ozXdUH) who have signaled no further rate cuts are necessary after the third reduction this year. It was most interesting that the US equities reacted so sharply intraday on Thursday after a strong Wednesday response to the FOMC Statement (http://bit.ly/2WumCvg) and Powell press conference indications on sustained US economic strength.
We have also just seen ISM Manufacturing PMI come in at 48.3. While that was a slight improvement on the very weak 47.8 September number, it was still below the 48.9 estimate; and that was with quite a bit weaker Prices Paid. That was also after further weakening of equivalent Australia and Japan numbers, with a surprise bump only in the UK figure (yet still below the key 50.0 level.)
And with the UK Brexit situation seemingly more constructive, we once again remind on the more challenging aspects of the US-China trade talks. Thursday morning's brief Reuters article (https://reut.rs/2N4x3Tn) notes beyond Mr. Trump's simple 'Phase I' agreement, it is going to be hard for China to agree to broader structural changes the US is requesting; as we have noted for months. As such, things will remain challenging on the corporate investment front, and the question is whether that catches up with the strong consumer at some point.
For now US equities remain bid on the strong Employment figures, yet with global govvies also maintaining their recent bid. Curiouser and Curiouser.
Courtesy Repeat of Thursday'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 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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