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From: ROHR Alert <rohralert@gmail.com>
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To: undisclosed-recipients:
Subject: ROHR ALERT!! Lack of Countertrend

Dear Subscribers,
There is now a fully 'bifurcated' US equities versus global govvies psychology. These 'divided into two branches' influences have clear foundations in the very diverse 'macro' and near-term economic data and more extended impacts that allow US equities to rally on a strong seasonal despite heavy headwinds. Yet the still very weak data and outlook have inspired global govvies to rally once again in a meaningful way after nothing less than a major selloff since August.

This is of course atypical insofar as sustained strong US equities activity would normally signal an upbeat economic outlook; and the attendant inflation risk would also typically weigh on the govvies. While at times they can rally together due to very accommodative central banks, there is something different this time.

US equities rally is on strong 'Santa Portfolio Manager' (see www.rohr-blog.com) seasonal tendencies and elevated hopes for a US-China trade deal. The latter just got more encouragement from an upbeat statement from US National Economic Council Director Kudlow (see the full Reuters article https://reut.rs/355OV6i.) Even if that deal is struck, we (among many others) have noted that it only addresses minor issues, leaving the more major items yet to be agreed.

Any announcement will be a short-term fillip for US equities, aided and abetted by the strong seasonal. As noted in Thursday's 'Seasonal Success' ALERT!!, US equities had only dipped and held the key elevated weekly Oscillator range (more below) early this week, despite what remains a weak outlook and now serial weak economic data (even in the US.) And the outlook remains weak if any US-China deal fails to remove the previous tariffs that have impeded global growth. As CNBC's Cramer noted this morning (https://cnb.cx/375jMC9), Kudlow's upbeat assessment is only Phase I and there is limited likelihood of anything further.

The real-world indication on economic weakness remaining despite any further US equities seasonal rally is that significant recovery in global govvies. And in this case 'significant' is not just in terms of the rally's magnitude, but also in the degree to which the German Bund future seems to be Negating a recent major DOWN Break. If that is so, then it should revert to sustained stronger tendencies (i.e. lower yields), which would indicate sustained global economic weakness.

This is the critical consideration
After December S&P 500 future replaced the September contract, the former had already pushed 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 is also the weekly topping line it failed to reach in July (see the broken red line on the fresh weekly chart through last Friday http://bit.ly/32Ep3wO), which preceded the major August correction and failing above 3,000 again into mid-September.
This reinforced the importance of overrun 3,065-70 Oscillator resistance into that weekly topping line, held on the correction into last Wednesday. Weekly MA-41 moving up $10 per

week means it was important to sustain activity no worse than 3,075-80 this week, and it held. Much above that the next threshold is not until the 3,105-10 range this week, rising to 3,115-20 next week with 3,155-60 range above.

The most important lower trend support is way down into the previous 3,029.50 front month future July all-time high. Please see last week Monday's ALERT!! for review of a key pre-FOMC discussion and video on the importance of 3,025-15 congestion Tolerance of that old high, which held on a sharp Thursday selloff.

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