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From:	ROHR Alert <rohralert@gmail.com>
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To:	undisclosed-recipients:
Subject:	ROHR ALERT!! US-China Talks on the Rocks

Dear Subscribers,
You can't say we didn't warn you! Our consistent recent message on the state of the US-China 'Phase I' deal has been China's fresh insistence on existing tariff reductions was going to make even this preliminary agreement much tougher.

And we are coming to you quite a bit later than usual due to there being so much to unpack on all manner of market influences. While we've said that before, today is in a class by itself. The cross currents from the US House impeachment efforts, latest forward global projections, geopolitical developments and recent economic data may seem far flung. Yet they all get back to the theme of 'uncertainty' that is corrosive for global growth based on the lack of capital investment.

This is what was projected months ago, and has come to fruition. As such, with no great hope for any change, there is also a continued expectation for continued stagnation. This is true for this morning's latest global OECD Economic Outlook (http://bit.ly/2D5BvLK), with views from major companies' chief executives. While this is in part on a lengthy Brexit process, the key factor remains US-China talks.

While there was hope previous, those seem to be at the impasse we suspected would flow from additional Chinese demands. Wednesday's very good Reuters article (https://reut.rs/335a1Ar) fully reviews the somewhat complex situation. Our bottom line is that China is again attempting to 'move the goalposts' in its favor (sounds a lot like May's disconnect when a bigger agreement was near.)

It gets better. The US Congress has now almost unanimously (how unusual these days) passed a bill that it is said Trump will be very happy to sign on maintaining Hong Kong's 'special autonomous status' (NYT: https://nyti.ms/2Xwt3Pc.) That is especially telling on its stature as a global financial center being in play, with the US Congress needing to confirm autonomy (currently under Chinese pressure) to maintain its special status. This only complicates trade negotiations, and opens the door to the additional December US tariffs previously considered cancelled.

Along the way the FOMC October 29-30 meeting minutes (http://bit.ly/2O9TqqQ) were released Wednesday afternoon, with no surprises. While a couple of voting members were against the rate cut, Chair Powell now looks smart in his focus global weakness in the wake of the US-China talks hitting their next snag. Yet he and others also noted the continued strength of the US economy.

As we have also stressed of late, the strong 'Santa Portfolio Manager' seasonal (www.rohr-blog.com) has assisted the US equities rally. It seems that only the combination (always the case) of more negative impeachment hearings testimony and fresh US-China concerns had them under pressure Wednesday into this morning. Wednesday's EU Ambassador Sondland testimony confirmed a broadly inferred (though not necessarily explicit) Trump 'quid pro quo' on Ukraine security assistance (see Tuesday's 'Bluffers' Guide to US Impeachment' ALERT!!)

Even beyond that, European security expert Dr, Fiona Hill (http://bit.ly/2O6dkmQ) is testifying today on Republicans' folly of supporting specious Ukraine 2016 US election meddling conspiracy theories (see POLITICO https://politi.co/2Ou2m9E.)

These combined influences have weakened US equities for the first time since just after the October 30th FOMC announcement and press conference (when they held critical support on a sharp reaction that Thursday: Trick or Treat.) Consistent with that bull trend maintenance, recent combined concerns have only dropped US equities to their initial short-term support levels (more below.)

So the question is whether the US-China (especially the spectre of December 15th tariff hikes being resurrected) and impeachment pressure will break them or not? Inconsistent with the US equities weakness is the slight softening of recently strong global govvies while emerging currencies mostly keep their bid. Hmmm.

This is the critical consideration
The front month S&P 500 future October push above historic Oscillator levels at 2,965-70 and 2,985 left the key 3,015-25 area above on continued rise of weekly MA-41. There was 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/37j4xVZ), which preceded a major August break and September failure above 3,000.
This reinforced the importance of the subsequently overrun 3,065-70 Oscillator resistance into that weekly topping line, held on the early November correction. Weekly MA-41 moving up $10 per week means it was important to sustain activity no worse than 3,075-80 last week, which moves up to 3,095-3,100 next week. Much above that the next threshold is not until the 3,125-30 next week.

Next short-term lower support is the 3,100 area with a buffer to 3,090, consistent with the Oscillator range noted above. That has been tested over the last couple of days, and daily MA-18 rises to that area into Friday and beyond. The important next lower support is now that overrun weekly topping line in the 3,070 area.

Much below that the most important support is way down into the old 3,029.50 front month future July all-time high. Please see the Monday November 4th ALERT!! for a key pre-FOMC discussion and video on the importance of the 3,025-15 Tolerance of that old high; which held on a sharp selloff that Thursday.

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