

Alan Rohrbach

From: ROHR Alert <rohralert@gmail.com>
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To: undisclosed-recipients:
Subject: ROHR ALERT!! Phase I Fail

Dear Subscribers,

Once again, you can't say we didn't warn you. Once the Chinese side inserted their tariffs reduction demand as early as two weeks after Trump's triumphant 'Phase I' deal hype (see our October 25th ALERT!!), the deal was in trouble. Now it seems that over the past weekend they basically said that without tariffs reduction there was no point in coming to the negotiating table. Very Ugly.

Might it finally be dawning on Donald Trump that Xi Jinping is not actually his 'friend'? As we have hinted previous, due to Xi not needing to face a popular election, might he and the Chinese negotiating team just be 'playing' Trump while they wait until closer to next November's US election? They certainly have shown the capacity to play the 'long game', and this might be the next episode.

Of course, Trump's response to the stubborn Chinese tariffs reduction insistence was to note that possibly any 'Phase I' deal could wait until after the US election. This is reasonable as gamesmanship (especially if he has indeed figured out he was being 'gamed'), yet is bad for the global economy. As noted by all the NGOs, what the world needs is lower tariffs and not the potential mid-December US hike.

As shared previous, just take another look at the latest OECD Economic Outlook (<http://bit.ly/2D5BvLK>) from just two weeks ago. This was preceded and followed by other NGO indications of tariffs negative impact on trade. Trump sounding like he will not be lifting any previous tariffs (or worse) for a much longer period will place more pressure on the global economy (Reuters <https://reut.rs/2P8SLW3>.) One informed analyst (Bell of Stanhope Capital) noting "...*(this is) a slow trend toward increased barriers to international trade...*" is not an isolated opinion.

And the market response is predictable, even if having a dual implication from one perverse factor: stronger than expected Chinese Manufacturing PMI. That was one major influence early Monday that sent US equities higher and trashed global govies. Yet knowing their economy is improving despite US tariffs might also be encouraging China to take a more rigid Phase I tariffs reduction stance.

The intermediate-term view becoming less friendly is trashing US equities, which have fallen to new 4-week trading lows (more below.) Global govies exhibiting more classical countervailing price movement than previous since Monday are of course rallying sharply; as expected under weaker global economic conditions.

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 fresh weekly chart through last Friday <http://bit.ly/2r9CjwT>), 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 the rally into 3,105-10 this week, with a buffer to recent 3,090 reaction lows. Yet it has violated those lows, leading to a likely retest of previously violated resistance.

That includes the 3,065-70 range where it overran the Oscillator resistance into that weekly topping line back in early November. Of note, weekly MA-9 and a key lower Oscillator threshold are also in that area. Next lower support is the 3,040 weekly MA-13 with 3,030-15 (including old July all-time high) congestion below.

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