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From: ROHR Alert <rohralert@gmail.com>
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To: undisclosed-recipients:
Subject: ROHR ALERT!! Tariffs Drag on US Economy

Dear Subscribers,
While we previously disputed Donald Trump's assertion that China is paying for the US tariffs, an excellent Reuters article today (https://reut.rs/2DZVsnR) has finally summed it up. This is both a broad and deep exploration of the overall cost to US businesses and consumers, and the damage to future investment.

On the latter, the suppression of capital investment is the key aspect that all of the NGOs reports have highlighted for many months, like the most recent OECD Economic Outlook (http://bit.ly/2D5BvLK.) As noted again in Monday's 'Same Old US-China Dance?' ALERT!!, the rumor mill is already hinting at delay in proposed December 15th US Chinese tariff hikes (see last Thursday's ALERT!! for more.)

Yet the Reuters article points out the next round of US-China talks, and even any tariffs hike delay, is a sideshow. Trump's penchant for tariffs as his default device for punishing behavior he dislikes has created a deeper uncertainty which is not going to be easily resolved in the near term. It also specifies the rather extensive price US businesses and consumers have already paid for the current tariffs, not just on China but other countries goods as well. Despite Trump claims, there is absolutely no evidence that China or any other state has paid the US anything.

With such a strong US consumer economy, it is easy for analysts and markets to brush off the impact of a lack of capital investment. Yet in addition to the degree to which lack of business investment might ultimately hurt employment, there is also weaker US productivity growth which leaves it less competitive across time.

For now the strong 'Santa' seasonal (www.rohr-blog.com) and any fairly good data will likely keep US equities firm despite any selloffs. Of course that depends on what transpires on the US-China situation into this weekend and beyond. It is also the case that any weak data will also continue to support global govvies.

Courtesy Repeat of Monday's critical consideration
The December S&P 500 future early November push above the weekly topping line (broken red line on weekly chart http://bit.ly/36hbwh2) set the stage for the extended seasonal rally. That was after the major August break and September's subsequent failure above 3,000 that did not reach the 3,029.50 July high.
This reinforced the importance of the overrun 3,065-70 Oscillator resistance into that weekly topping line, held on the early November correction. Weekly MA-41 moving up $10/week meant it was important to sustain the rally above 3,105-10 last week, with a buffer to recent 3,090 reaction lows. Even after it violated those lows in a sharp reaction to Donald Trump's early week musings on heavy deferral of the Phase I US-China trade deal, last Tuesday it already held and rebounded from the retest of that very important violated lower 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 were also in that area. Back above 3,090 and 3,105-10 leaves 3,145-50 higher

resistance. That is also important relative to last week's 3,158 new all-time high, with 3,185-90 the next Oscillator threshold above.

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