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From: ROHR Alert <rohralert@gmail.com>
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To: undisclosed-recipients:
Subject: ROHR ALERT!! Maybe Not So 'Caught'

Dear Subscribers,
While Sunday's looming US decision on raising tariffs on Chinese goods might be limiting market movement and central bank direction, maybe they are not quite so stuck as our Wednesday 'Deer Caught in the Headlights' ALERT!! suggested.

The FOMC noted the strong US economy on Wednesday, yet also indicated that there were no real inflation fears (statement http://bit.ly/2tckHB9.) As indicated in the updated projections (http://bit.ly/2t6lx2c), FOMC members expect the US base rate to remain steady through all of 2020 and only increase modestly in 2021. For more on all of this, see Chair Powell's press conference (http://bit.ly/2rGbIYn.)

And both US equities and global govvies saw this as constructive. The equities response may in part still be the 'Santa Portfolio Manager' (www.rohr-blog.com) factor; as long as they remain firm, the incentive for portfolio managers to shed cash into year-end remains as well. Yet the idea that the Fed is not looking to raise rates again after the recent 'midcycle adjustment' is of comfort to global govvies still encouraged by the weakish data and outlook. The one recent difference is the weakness of the US dollar in the wake of the Fed outlook.

We just finished listening to Christine Lagarde's first ECB press conference (Introductory Statement with press conference link is at http://bit.ly/2LNrSpQ.) She sounded very convincing, and as expected was nuanced enough to leave plenty of room to adjust actions across time. Most important regarding that last aspect is her confirming that existing policies would remain in place for now.

As such, Mario Draghi's parting shot renewal of the ECB's Asset Purchase Program (in all of its variations) will continue. Yet this was not mindless lack of backbone to change them; she rather offered a defense of their benefits.

Therefore, along with the 'Santa' seasonal, we suspect friendly central banks will support US equities barring any major US tariffs hike this weekend. This will also encourage global govvies. Those almost seem to be 'levitating' higher rather than exhibiting the explosive rallies seen last summer. That too might change based on what transpires this weekend. Foreign exchange trends will also be affected, especially after US dollar weakness against emerging currencies as well.

This is the 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 moves up to 3,155-60 next week. That is also important relative to last week's 3,158 new all-time high, with 3,185-90 the next Oscillator threshold above this week rising to 3,195-3,200 next week.

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