

From: ROHR Alert <rohralert@gmail.com>
Sent: Friday, December 13, 2019 10:09 AM
To: undisclosed-recipients:
Subject: ROHR ALERT!! Declare Victory and Go Home?

Dear Subscribers,

Obviously the suspension of Sunday's looming further US tariffs on Chinese imports is a real plus for the US equities. This was as expected, due to the needs of the embattled Mr. Trump. Yet Thursday's 'leaked' financial news items on the major 50% rollback of existing US tariffs turns out to be completely wrong.

That was confirmed by both a Trump tweet this morning, and now by a very much more nebulous Chinese ministry press conference. In fact, the latter was a more general indication of China opening to more global imports, not just the US. We are coming to you quite a bit later than usual due to the need to wait for that press conference prior to providing our assessment. As mentioned in Thursday's 'Maybe Not So Caught' ALERT!!, the increased prospect of the December 15th US tariffs deadline slipping into the future was a spur for US equities and emerging currencies and a weight on global govies (on better global growth expectations.)

There is also the Brexit success of Boris Johnson's Conservatives achieving a major UK election victory. That promises to finally bring the tortuous UK Brexit bill approval to a constructive end. This shows up in the strength of the British pound and more extensive weakness of both the Gilt and Bund versus the US T-note (i.e. the important countervailing trend to US equities missing previous.)

As such, it looks like US equities can indeed press higher despite the nebulous nature of the Chinese press conference communication. Already above some key Oscillator thresholds points to the higher 'big penny' prior to any chance to stall again (more below.) This is still consistent with strong 'Santa Portfolio Manage' seasonal tendencies (www.rohr-blog.com) we have noted since early November.

So is the US-China agreement a real breakthrough, or just another example of Mr. Trump's tendency to 'gild the lily'? Well, all we know so far is that China will buy more of the pork it already desperately needed. There are signals from the US team that there will also be less clear 'structural reforms' by China, whatever that may mean. They are also saying the agreement is 'enforceable', which would indeed represent real progress; yet what that also means is still in question.

We tend to believe that in the context of a looming impeachment vote, Mr. Trump needed a 'win', and this is more so declaring victory and going home that a real triumph on major issues (IP, state support for SOEs, etc.) . We shall see.

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 left 3,145-50 higher resistance that moves up to 3,155-60 next week. Whether it maintains the push above that is also important relative to last week's 3,158 new all-time high, with 3,195-3,200 the next Oscillator threshold into next week.

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