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Subject:	ROHR ALERT!! Happy New Year… Depending on the Asset Class

Dear Subscribers,
We hope everyone had holidays that were as happy as our week-and-a-half break, and we wish you all a Very Happy, Healthy and Prosperous New Year.

Despite the recent slight setback, the US equities had a happy holiday season, as to a lesser degree did the emerging currencies. Yet less so for the global govvies. This is all reasonable based on the previously discussed 'practical matters' influencing various asset classes; especially the combined 'macro' psychology improvement on Brexit, USMCA, other US legislative actions and US-China trade concerns that seem to overshadow the current weakness even in Europe.

Some may feel that US equities have extended their rally into such 'overbought' territory that an early year correction is inevitable. Yet we caution that it has typically been misguided to look for any sharp selloff into the very beginning of the new year. That is partially on a strong sentiment spillover, and there is also the 'technical' influence from typical early quarter dividend reinvestment. As has been the historic case, any selloff likely waits until at least mid-late January.

And the US administration has announced a Trump-Xi Phase I signing date of January 15th, even if there has been no confirmation from the Chinese side. Yet it is presumed something will happen soon to satisfy the political contingencies on both sides. As limited as Phase I may be (no significant address of intellectual property issues or state support for SOEs), Trump needs an election year boost in his core constituency (farms and factories.) Xi needs both good news to follow up on his New Year speech, and some actual recovery in the Chinese economy.

The global economic sentiment shift leaves less room for further central bank accommodation, even as current conditions encourage the situation to remain the same for now (as recently reconfirmed by the Fed, BoJ, BoE and PBoC.) This is reinforced by recent economic data, as explored in a pre-holiday Reuters article (https://reut.rs/34IAwMQ) on the Q4 German economic contraction. Top of the year Manufacturing PMIs remained problematic despite some improvements.

Now that the 'Santa Portfolio Manager' seasonal (www.rohr-blog.com) has run its late year course, it will be interesting to see whether US equities can regain their upside momentum; and emerging currencies (outside of the geopolitically vexed Turkish lira) will maintain their recent strength. And after such global govvies weakness on very limited trading during the holidays (especially in Europe), will they bounce back on weak data, or be subject to general sentiment pressure?

We shall see. Yet what we know for now is the next new all-time high resistance for US equities remains at much higher levels while support is slightly below the recent reaction lows (more below.) Stronger emerging currencies are nearer their next resistance while the global

govvies recent selloff leaves them closer to key lower supports. As such, intermarket tendencies are well-calibrated at present.

This is the critical consideration
The front month S&P 500 future early November push above weekly topping line (broken red line on weekly chart from Friday, December 13th http://bit.ly/2ElPyh5) set the stage for the extended seasonal rally. That was after a major August break and September's subsequent failure above 3,000 (short of 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 the 3,065-70 range remained the key. Of note, weekly MA-9 and a key lower Oscillator threshold were also in that area during the early December selloff. Back above 3,090 and 3,105-10 left 3,155-65 higher resistance.

Already above that in early December pointed toward 3,205-10 with the extended 3,155-60 range Oscillator resistance also overrun on the way to exceeding that 3,205-10 area as well. That set the stage for the rally extension to the 3,255-60 Oscillator range that has now moved up to 3,265-75, with the lower range up to the already tested 3,215-20 area. That said, short-term channel support from the 3,070 early December reaction low is 3,200 area (also daily MA-18) late this week.

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