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From: ROHR Alert <rohralert@gmail.com>
Sent: Tuesday, January 21, 2020 10:27 AM
To: undisclosed-recipients:
Subject: ROHR ALERT!! Priced for Perfection?

Dear Subscribers,
As noted in Friday's 'US Equities Jailbreak' ALERT!!, the 'macro' psychology mix now supports an upbeat anticipatory global economic view. It is good enough that this morning Bank of Japan demurred on highly anticipated further stimulus. Even some international economic data has reversed into stronger indications after serial weak indications ignored by the anticipatory strength of US equities.

We are coming to you a bit later than usual in order to consider the full context of the major US equities rally extension over the month-and-a-half since the brief, sharp early December reaction. That was back down to the key front month S&P 500 future 3,070 area, where it had overrun the major weekly chart topping line back in early November (http://bit.ly/2RCkn7h more on all that below.)

Especially note the very strong rally extension since the well-anticipated US-Iran confrontation knee-jerk selloff. That $150 gain from the trading low has also been well-founded based on the improvement in the broader 'macro' factors. Consider the passage of the USMCA trade deal, finally achieving a long-delayed US-China Phase I arrangement signing, continued accommodation from central banks, and now some daylight on possible US-Europe tariffs deferral (https://reut.rs/37dlbVI.)

That postpones France's digital tax on US platforms until at least the end of 2020. Yet it also means the 'news' all turning positive raises the question of whether the fresh extended all-time high leaves US equities 'priced for perfection'? That is a phrase meaning that any reversal of some positive factor might lead to a reversal (even if temporary) of the recent relentless US equities rally extensions.

And what is there on the other side? A Trump impeachment trial that will surely end in acquittal (a pure political exercise to hurt the Republicans into November's US general election.) There is also the potential for another flare-up of the US-Iran situation that is remote at best. Yet there is a fresh 'known unknown' (see our January 6th ALERT!!): the fresh and accelerating flu-like outbreak of the next coronavirus out of the central Chinese city of Wuhan (a major travel hub.)

As Murphy's Law notes, "*Anything that can go wrong will go wrong*." And one of the main extensions posits, "...*at the worst possible time*." Well, with 300 ill and 6 dead along with cases in Thailand, South Korea and elsewhere in Asia (travelers out of Wuhan), it is already bad. And it is easy to see where the massive Chinese New Year travel (through late this week) makes it a serious 'known unknown' in the context of Murphy's "...*at the worst possible time*."

As such, it is both easy to see why even the independently strong US equities might react early this week, and why they might also recover fairly soon if the threat is contained. The World Health Organization is closely monitoring the situation, and international air travel authorities are more closely monitoring travelers for virus symptoms. This is to prevent the

extensive spread seen during the 2002-2003 Chinese SARS (Severe Acute Respiratory Syndrome) outbreak.

It is of note that SARS had no lasting effect on markets, and little effect on economies outside of China. That is the reason why the US equities should still maintain their near-term up trend from lower support (more below.) It is also a good reason not to trust the current global govvies rally, which was also seen during the US-Iran confrontation. Also note that emerging currencies are only experiencing a very modest bit of pressure on the current US equities selloff.

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 through last Friday http://bit.ly/2RCkn7h) 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 the 3,205-10 area that was overrun as well. That set the stage for the rally extension to the Oscillator range that moves up to 3,295-3,305 this week, with the lower range up to 3,245-50. That said, the most important pre-holiday period congestion remains the 3,200-3,190 area tested and held during the US-Iran confrontation with minimal slippage.

One 'fly in the ointment' for March S&P 500 future is the renewed rally leaving it above that 3,295-3,305 weekly Oscillator resistance, with next higher Oscillator resistance not until 3,350-55. This is the highest 'adjusted' extension based on our early 2017 recalculation from the rally at that time (available via the ALERT!! sidebar area on www.rohr-rlog.com), and also the highest hit in early 2018.

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