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From: ROHR Alert <rohralert@gmail.com>
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To: undisclosed-recipients:
Subject: ROHR ALERT!! Wuhan Virus Complementary Factors

Dear Subscribers,

As already noted in Monday's "The 'Known Unknown' Carries the Day" ALERT!!, the Wuhan virus differences from the 2002-2003 terrible SARS outbreak makes it that much worse. Please that analysis for more, yet with the immediate reminder that as opposed to SARS the WUHAN coronavirus variation can be contagious during gestation (i.e. prior to symptoms surfacing) for up to two weeks.

That represents an entirely more pernicious epidemiological pattern, where the ability to detect virus carriers and control the outbreak will be much harder than 2002-2003. And the SARS outbreak was no picnic. The good news is that the period immediately after the Chinese Lunar New Year (officially ending Thursday) is typically a slow period; especially for the manufacturing sector.) In addition to a government decision to extend the holiday through February 2nd, instructions from companies are shifting toward telling employees to take until February 10th before returning to work. Yet that will still not allay all fears on Wuhan contagion.

This is why the US equities can resume their break after any relief rally (like we are seeing this morning) along with additional pressure on emerging currencies. Of course, along with that the global govies are likely to hold on any near-term setbacks after pushing above key technical resistances. And part of the reason for that is the other factors which might not have been as positive as headlines might have suggested. See last Tuesday's 'Priced for Perfection' ALERT!! on how all good news seemed to be getting 'priced in'. That left US equities vulnerable to any shift toward a less positive 'macro' environment; happening now in extremis.

Yet even the US-China Phase I agreement left a lot of room to consider whether it would be enough to fully resurrect the very weak Chinese economy. And while that economy will surely suffer further under the weight of the Wuhan virus, even the specifics of Phase I were not going to be a major fillip; nor might it have done that much for the US economy. This is due to a misguided President Trump idea that tariffs are a total positive for the US economy, which they are definitely not.

All of the money which Trump claims the US government is collecting from China and others' tariffs is actually being borne by US companies. Note the specifics cited in an excellent January 9th Reuters article (<https://reut.rs/2T5kRoG>.) It is clear that there will be some relief, yet also that these costs to US companies have been very high. Note the early article link from Trade Partnership Vice President Dan Anthony (<tmsnrt.rs/2Tq8lO7>) for a total of \$46 billion overall.

Also note the portion of that which is from the Chinese tariffs as a sign of why partial relief will still leave a burden on the import sector of the US economy. Trump's fixation on tariffs also has him wielding new tariffs willy-nilly as any other country's behavior offends his sense of 'fairness'. Worse still is something else Anthony notes near the article's: the dropping of steel

and aluminum tariffs on Canada and Mexico have not seen any increase in exports. That raises the issue of whether they ever will, or if that might happen with other products.

Courtesy Repeat of Monday's 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/2uAjrV>) 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 was the 3,200-3,190 area tested and held during the US-Iran confrontation with minimal slippage; and is now the interim support this side of that more major 3,065-70 overrun resistance.

As noted in the 'priced for perfection' perspective, the 'fly in the ointment' for March S&P 500 future was the extended rally leaving it above that 3,295-3,305 weekly Oscillator threshold (now violated support.) That left it vulnerable to the more major correction which now seems to have begun. The ultimate bull trend support does remain that 3,065-70 overrun resistance from last November.

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