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From: ROHR Alert <rohralert@gmail.com>
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To: undisclosed-recipients:
Subject: ROHR ALERT!! Banks and Bungling

Dear Subscribers,

As noted in Wednesday morning's 'Dr. Powell to the Rescue?' ALERT!!, there isn't much other than being watchful the Fed can do about the economic fallout from the Wuhan virus. This is showing up this morning in the weaker US equities, which are also under pressure after all the accommodative communication out of the central banks last week into the Fed, and BoE that just decided this morning.

The BoE Inflation Report (<http://bit.ly/36DqnSH> with very good summary notes below the headline) was especially clear on the weak economy at present. That is despite some hoped-for improvement as the Brexit uncertainty clears. Yet as Governor Carney repeatedly noted in his press conference (<http://bit.ly/2S2YoXb>), this is substantially related to 'uncertainty' we have highlighted as a key global factor for many months; which is also driven by erratic US tariffs policy.

The FOMC Statement (<http://bit.ly/2uPBpGh>) and even more so Chair Powell's press conference (<http://bit.ly/2GDgvxC>) also highlighted uncertainty as a key factor in weak corporate capital investment. This both directly weakens the manufacturing sector and is a drag on global productivity growth

And if anyone needed any confirmation, this morning's first look at US Q4 GDP growth was a poster child for these tendencies. While the headline number was an as expected 2.1%, the underlying consumption and price data was weaker than expected. So yes, the central banks remain accommodative. Yet as we have noted many times across the years, this is not a natural boon for US equities due to the reasons they are dovish; which are actually negative economic indications.

The other clear weight on the US equities (more below) and emerging currencies while being supportive of global govies are further developments of the Wuhan virus situation. This shows the high degree of bungling by local and regional Chinese authorities. The admissions flowing at present show the degree to which official denials played a big part in the initial and extended virus spread.

Wednesday's Reuters article (<https://reut.rs/2uO9SWx>) is a very good summary of its virulence, and also highlights one of the key factors we had warned about from the outset: asymptomatic transmission. The 'Global Spread' section of the article cites Japanese officials' assessment of three of their initial evacuees who were infected, yet where... "*...worryingly two of them had not shown symptoms.*" This is why we feel those who are underplaying the potential impact on the global economy, and by extension the markets, are in a bit of unproductive denial.

Courtesy Repeat of Wednesday'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/2uAivrV>) 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, which held on the early November correction. It then pushed above serial higher resistances like 3,105-10, 3,155-65 and ultimately 3,205-10 area. That set the stage for the rally extension above the Oscillator range that moved up to 3,295-3,305 last week, and increases to 3,305-15 this week.

That this is also consistent with the short-term congestion throughout last week makes it the key near-term resistance. Therefore, whether any test of that area fails and ultimately falls back below last week's 3,293.50 Close will be important to either reinforcing or beginning to eat away at last week's important weekly DOWN Closing Price Reversal (CPR). That was from the previous week's 3,325 Close with a Tolerance to that week's 3,330 trading high. If it fails, it will be reasonable to look for another selloff into the mid-low 3,200 area.

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