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From: ROHR Alert <rohralert@gmail.com>
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To: undisclosed-recipients:
Subject: ROHR ALERT!! COVID-19 Plop

Dear Subscribers,
You can't say we didn't warn you. Right from our initial January 23rd ALERT!! ('ECB versus Coronavirus') note on the potential US equities impact and more pointed January 27th assessment of COVID-19 epidemiology, we noted its 'known unknown' nature creating economic and US equities risk. While US equities still made a new high along with emerging currencies strength, even as global govvies were resilient on selloffs, the risk of a greater COVID-19 impact remained.
That was due to the atypical 'stealth' nature of its contagion potential during its two week gestation period; whereas flu infections classically present symptoms after no more than several days. Along with our steady drumbeat of analysis of this factor, by early last week there were additional clear indications (on top of previous views) from very knowledgeable medical and financial professionals.
Among others, those included former US FDA Commissioner Dr. Scott Gottlieb (https://cnb.cx/2uVAsh4) warning of the infection spread outside China, and New York City special pathogens specialist Dr. Syra Madad (https://cnb.cx/2P4e0sZ) noting that based on current virology that the outbreak "...will likely get worse before it gets better", including in the US. And on the impotence of the central banks' ability to counter the virus there was the comment from the estimable Mohamed El-Erian (https://cnb.cx/2vGtrAK.) He returned to his previous theme that historic central bank action has 'deeply conditioned' market participants to react to shocks as being "...*containable, temporary and reversible*."
Of course, the risk was any aggressive further COVID-19 spread would undermine that sanguine view despite recent central bank accommodation commitments. And it was increasingly obvious later on last week that the virus was indeed more of a threat, which included not just illness but commercial supply chains as well: see the snapshot of the Financial Times 'rolling update' (http://bit.ly/2uTqHA6) in Thursday's ALERT!! that illustrated the extent of the problem we had anticipated early on: COVID-19 is not an individual 'country' issue, yet more so a global (even if more so Asian at that time) major 'ripple' through the global economy.
While US equities and even emerging currencies had defied that logic for some time (even as global govvies remained resilient on all recent selloffs), by last Thursday the early phase of the volatile capitulation was obvious. Hence our Friday morning 'Intermarket Reinforcement' ALERT!!, highlighting the suspicious selloff of US equities into what had been strong economic releases last week.
This is the critical consideration
The front month S&P 500 future early November push above the weekly topping line (broken red line on chart through Monday's Close http://bit.ly/2SXbZkv) set the stage for the extended seasonal rally. This reinforced the importance of the overrun 3,065-70 Oscillator resistance into that weekly topping line, which then held on the early November correction. It then pushed above higher resistances like 3,205-10 area. That set the stage for the rally extension above the Oscillator range in the 3,295-3,305 area that increased to 3,345-55 this week.
That meant early February was all about whether March S&P 500 future could overrun the late-January 3,325.00 weekly DOWN Closing Price Reversal (CPR… Tolerance to 3,330.25.) And it

did so, even if it slipped back into that area for the weekly Close that week. The next upside area was not until 3,390-95 last week.
This made the response to data and especially central bank psych (a 'Powell Put'?) very important on the recent shift to more major 'macro' factor influence. And it failed miserably on the further COVID-19 fears. Violating support at the Negated 3,325-35 top and 3,300-3,290 congestion has left it testing the 3,205-10 area once again (Tolerance to the early January 3,181 trading low of the year.)
Much below that it would be reasonable to revisit that 3,065-70 overrun weekly topping line level (also near weekly MA-41 at present), or even slip below it to test the major 3,030-00 summer 2019 congestion (and July's previous all-time high.)
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