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From: ROHR Alert <rohralert@gmail.com>
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To: undisclosed-recipients:
Subject: ROHR ALERT!! C'mon in and Ride the Whip

Dear Subscribers,
Back in prehistoric times (literally before electronic quote screens) when we were runners on the old-old Chicago Mercantile Exchange trading floor, the place to learn about volatility was the dear departed Pork Belly futures pit. When the 'Bellies' were in very active market phases they were known for extreme intraday and day-to-day price swings. Depending on the news flow at the time, multiple limit up or limit down (1.50¢/lb.) moves were a regular occurrence.

The exchange floor was also populated with no small number of aggressive traders who were also capable of wit and wisdom. During one of those very active phases there were a couple of 'newbie' exchange members observing from the side of the Belly pit as the market raced up and down. One of the more successful and sarcastic CME trading legends stepped out of the pit to update his trading cards (yes… recording trades manually) to turn into the clearing house.

Noticing the awed expressions and somewhat scared look in the eyes of the newbies (who were surely aware of the sizable sums that were rapidly changing hands), he quipped, "*This is fun fellas… C'mon in and ride the whip*."

Rather than just a random reminiscence and history lesson, there are a couple of points for current markets. Early volatile market analysis prior to the existence of any financial futures at all turned out to be extremely useful training, first for the foreign exchange futures and then once the US debt futures began trading.

Consider the US Treasury-bond previously unheard-of volatility from the late 1970s through the 1980s. The reason that the Bellies (the agricultural term for what was processed into bacon or rashers) were so volatile is that they are basically half a pound of fat. During the initial unrestrained ballooning of US deficits during the Carter administration, this was a great metaphor for how the US debt market was viewed by global participants.
While this two-way volatility was never supposed to be the case for the US equities, it is certainly here now. As noted in Monday's 'Uncertainty Squared' ALERT!!, there was the combined influence of the economic threat from Socialist Senator Sanders ascendancy along with the continued spread of the COVID-19 virus even into still positive US economic news. Now how do you price the general levels of US equities? Well, they are now also therefore sort of like a half a pound of fat. There's the meat (economic performance) that might still have some real value, yet also the fat (COVID-19 exposure) that might diminish it.
The emergency FOMC rate cut Tuesday morning drove optimism, yet the continued Sanders risk scared the market into a significant selloff. That being blunted by Joe Biden's 'Super Tuesday' success led to Wednesday's euphoric rally, only to be savaged again by the growing realization that the COVID-19 virus was spreading rapidly in the United States.
And so the short-term impacts can be decisive enough in a volatile market to create the recent hyperactive price swings that have confounded quite a few observers. The other lesson is the importance of a technical trend analysis that fits in with the 'macro' factors (like our Evolutionary Trend View.) Rather than just beating our own drum, recent market activity (even

over the past several months) highlights the necessity of understanding the critical technical trend junctures.
In the March S&P 500 future for example, the recent massive plunge dropping below 3,030-00 held into the obvious 2,850 interim historic congestion. And while there was a rebound back above 3,030-00 and even the 3,070 area, we had noted the importance of sustaining activity above 3,100 if it was going to turn the trend back up in the near-term. Otherwise it was going to be capable of swinging back down to test or even sink below 3,030-00 once again; as occurred on the deflation of the FOMC rate cut enthusiasm on Tuesday.
While there is an interim congestion area around 3,050, we suspect further swings between the 3,100 area and 3,000 area or lower are likely to continue on the 'half a pound of fat' psychology: Democratic primaries versus continued spread of the COVID-19 outbreak in the US. We will be back with more on the political and epidemiological fronts to wrap up the week after Friday's US and Canadian employment reports.
Courtesy Repeat of Wednesday's critical consideration
The COVID-19 virus spread had caused the US equities intermediate-term bull psychology to 'crack'. Yet does this signal a 'breakdown' into a bear trend? Not necessarily. As bad as US equities look on the violation of the key congestion around the mid-2019 highs (highlighted in Thursday's 'Crunch Time' ALERT!!), the 'broad' trend support based on longer term channel projections and lower historic congestion remains at somewhat nearby (considering volatility) support.
That lower US equities support includes the longer-term weekly chart channel updated through last Friday (http://bit.ly/39k6X7q.) That said, we cannot dismiss the importance of the March S&P 500 future violating the support from the 2019 congestion and push above the multi-year topping line at 3,070, the 3,030-00 previous all-time high congestion, and now the 2,970 DOWN Break below the overall up channel from the 2,313 late 2018 trading low.
So in addition to the front month S&P 500 future being back down in that very significant 2017-2019 trading range, the lower congestion is also not until lower ground. That is initially the interim 2,850 area followed by the more prominent 2,750 area we had already noted. However, as this looks like a reversion to a full trend correction, there is every reason to believe the broader up trend support might be tested: that is 2,600 area into the mid-low 2,500 early 2018 congestion.
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