

Alan Rohrbach

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

Dear Subscribers,

Everybody gets excited sometimes. Market participants are especially prone to being excitable. That was evident on recent sharp US equities rallies that ended with immediate reversion to the aggressive bear trend. This reinforces the dominance of the COVID-19 virus international spread psychology across all asset classes.

Tuesday saw a sharp rally on the anticipation and then the fact of the FOMC emergency 50 basis point rate cut. Yet almost immediately after the knee-jerk buying driving US equities temporarily above resistance, they fell back sharply to the important lower support (more on all that below.) Wednesday saw the Biden electoral surge matched by temporary market euphoria, yet also reverting to a major selloff to the lower support by Thursday (as anticipated in Wednesday morning's "Super Joe', COVID Hope, FOMC Joke" ALERT!!)

Thursday morning's "C'mon in and Ride the Whip" ALERT!! was a very in-depth historic discussion of the why's and how's of extreme volatility from even before there were any financial futures. [We suggest a read for anyone who has not already done so.] The bottom line is Biden's success in blunting the potential for a Socialist candidate for US President is not going to mean anything to the near-term impact of the COVID-19 outbreak spreading across the US.

Surprising to some Fed fans is the FOMC surprise rate cut is also a non-factor. For more on that please see today's Reuters article (<https://reut.rs/3aE8ANP>) that highlights the extensive criticism of both the recent and any future cuts as a cure for the economy being battered by the COVID-19 spread. The bottom line is that nobody feels any better about resuming normal activity just because base rates are lower; especially when the longer dated govies are already at record lows.

And the proof on display in the markets is the return of US equities aggressive downward momentum despite the Biden surge and FOMC 50 basis point cut (which we immediately deemed nothing more than a joke.) The COVID-19 driver for that along with other global developments can be reviewed in another Reuters article (<https://reut.rs/2ww1jAK>) this morning articulating the extent of the spread.

Along with that global govies are continuing their price surge (i.e. collapsing yields) with pressure on emerging currencies. Of note after its 'haven' bid as recently as two weeks ago, the US Dollar Index is under pressure on other developed currencies surging against it (including the recently depressed Japanese yen.) While the volatility there is also historically extreme, it is not a surprise now that COVID-19 is spreading in the previously 'safe' United States.

This is the 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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