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From: ROHR Alert <rohralert@gmail.com>
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To: undisclosed-recipients:
Subject: ROHR ALERT!! Natural (Yet Pressurized) Developments

Dear Subscribers,

Just as we noted, "*You can't say we didn't warn you*" back on February 25th ('COVID-19 Plop' Alert!!), the extended US equities selloff after last week's rally failures is a 'natural development'... even if highly pressurized. And we are later than usual with so many influences to unpack and extreme markets movements.

Since the beginning of last week ("'Uncertainty Squared' into Super Tuesday" ALERT!!) we had noted the S&P 500 future 2,850 and 2,750 congestion area supports, and warned, "...*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*." (More below.)

That is looking more likely across time. Yet we cannot ignore the degree to which markets that include the other asset classes at this point find 'reasons' to extend price moves once the overall trends become obvious. And in that regard we also revisit Murphy's Law and our favorite corollary: "*Anything that can go wrong will go wrong*..." and the main extension that posits, "...*at the worst possible time*."

That was on the still "known unknown" nature of the COVID-19 outbreak back in the beginning on January 21st. In addition to the continued spread of COVID-19 in Europe (especially on the major northern Italy quarantine), there is 'community' contagion in the US for a far more extensive spread. That the government outside of real health professionals (especially Mr. Trump) seems in denial doesn't help.

Yet there are also other, exogenous to COVID-19, impacts intensifying already negative market tendencies. The primary one this morning is in Crude Oil that had already been suffering under weaker demand due to the COVID-19 driven softer economic assumptions. Last week's failed OPEC meeting did not curtail production accordingly, and over the weekend Saudi Prince Mohammad bin Salman flipped-off Russian President Putin after his demand for a production allocation share that the Saudi's felt was wholly inappropriate.

Hence one of the largest Crude Oil price drops on record leading to a massive energy sector selloff this morning. That significantly amplifies the already major negative COVID-19 influence. The silver lining once the virus mitigation (which health experts say is now the current phase) develops any success (especially in the US) is a major energy price drop provides benefits to consumers. It is also a refutation of any remaining thoughts that central banks cannot cut rates further.

Also, the general global economic situation is so unsettled that the Organization for Economic Cooperation and Development (OECD) have taken the radical step of cancelling this morning's next release of their Composite Leading Indicators. While very unusual, it is not a total surprise after last month's release headline:

"CLIs point to stable, though below-trend, growth momentum in the OECD area, *but do not yet reflect the potential negative impact of the novel coronavirus outbreak* (our italics.) As such, one of the more highly accurate forward-looking economic organizations is allowing it doesn't really know, yet that the global economy was already showing 'below trend' growth prior to the COVID-19 impact. 'Known unknowns' the equities hate plus Murphy's Law timing on all fronts.

And the extreme volatility is consistent with the 'unknowns' leaving classical pricing models unable to ascribe value to individual stocks or indexes. The same is true in the other asset classes seeing the return of extended heavy weakness in emerging currencies, and the parabolic rallies in global govvies. This gets back to the 'half a pound of fat' consideration from dear departed Pork Belly futures explored at length in last Thursday's 'C'mon in and Ride the Whip' ALERT!!

Once again, this is NOT 2008-2009, because the major commercial banks are not leveraged into toxic MBS (mortgage-backed securities) that might have destroyed the entire US and global banking system. Of course, the risk then was that even if the central banks would have provided extensive liquidity, there would not have been any conduit to have it flow into the broader economy. In fact, in part due to the extensive banking regulations in the wake of 2008-2009, at present the major banks are very well capitalized. And there is no liquidity crunch (as global interest rates already confirm), even if fiscal measures are naturally slow to develop.

So the current extensive US equities weakness, US Dollar index weakness (now that the US has lost its 'haven' status), emerging currencies back under pressure and global govvies explosive rally are 'natural developments' in current context.

We also posted our first www.Rohr-Blog.com post in a while as the "WEEKEND READ: COVID-19 Still Dominant." It is an extensive review based on last week's extreme price swings still showing equities failures and overall background trend considerations which drove them. It also revisits Thursday's extreme historic volatility considerations and the Evolutionary Trend View as of Friday morning.

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/2VWPVsh.) 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 recently the 2,970 DOWN Break below the overall up channel (from the 2,313 late 2018 low) it finished below again last week.

So in addition to front month S&P 500 future being back down in that significant 2017-2019 trading range, the lower congestion is the already noted interim 2,850 area previously tested followed by the more prominent 2,750 area currently being probed. However, as also noted previous, this looks like a reversion to a full trend correction, with 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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