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From: ROHR Alert <rohralert@gmail.com>
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To: undisclosed-recipients:
Subject: ROHR ALERT!! An Empty 'Well of Confidence'

Dear Subscribers,
Later than usual, as mentioned in our 'FLASH NOTICE: ECB Analysis Delay' due to the US shift to DST leaving it an hour later than usual in the US. After listening to an hour of Madame Lagarde's explanation and Q&A all we can say is WOW!!
Her press conference (http://bit.ly/2vh3dVJ link to side of the opening statement) covered background on the further exceptional Asset Purchase Program (its QE program) and special lending facility (LTRO) steps. The key was her reversion to the ECB's primary mandate of 'price stability' to reinforce how all of its current radical steps are consistent with responding to current COVID-19 pressures.
She returned with a vengeance to a major focus of her predecessor, Mario Draghi: the need for fiscal stimulus. Draghi had mentioned this for years, even becoming more adamant in his later press conferences; to no avail on the governments who are in a position to so. This was pushed to a higher level by Lagarde today.
After already mentioning the importance of fiscal action in current circumstances, she became rightfully strident in response to a question of whether ECB action would be enough? She noted, "*The shock is 'severe' yet still 'temporary' IF right actions are taken by all players*." (Our punctuation.) She reverted to noting that any action had to be timely, saying it could not be a typical slow-motion response over months. It needs to be implemented in the next few weeks at the outside.
Yet this raises the issue of what the Germans (and other fiscally sound Euro-zone states) and also the US will actually do. As noted in Wednesday's 'Anticipation versus Desperation' ALERT!!, the hope for the US equities and economy rests with whether future steps by the US Congress can also be effective and timely.
The problem affecting the markets today is the impasse between Congressional parties, with Republicans wanting a targeted relief package while Democrats are demanding broader fiscal largesse for even folks who without regular full-time employment at present. And here is the 'kicker': the scheduled Congressional break to visit their districts next week. So ostensibly any lack of compromise by this weekend will leave any fiscal stimulus package in limbo for at least a week.
We shall see, but obviously not good if they fail. The other thing that is not good (referenced in today's ALERT!! title) is Mr. Trump's previous erratic or outright false communications reducing the confidence in his words and actions. There have been many warnings from informed individuals that while Trump 'hot air' might not make a difference when things are good, it could create a 'crisis of confidence' once there is a real crisis; which was likely to happen at some point.
And here we are. Trump's general 'decisive action' in stopping all incoming travel to the US from Europe further weighs on global and US economic prospects. As important, there is no confidence after so many misstatements on the nature of the COVID-19 impact on the US that he knows what he is dealing with or talking about (see Wednesday's ALERT!! again on that.) The one issue most important now is the inability of US health providers to test for COVID-19 infection.

While the extensive distribution of improved test kits (previous ones were not as reliable as previously thought and had to be recalled) will alleviate this problem, as far back as last Friday Trump was saying (http://bit.ly/3cUM2dm), "Anybody… that needs a test, gets a test…" Health officials spent the next two days walking back that clearly erroneous assertion. Further, he also discussed (at 0:55) that he might prefer leaving affected Americans on their infected cruise ship, being more focused on 'the numbers' than their health situation. Not much confidence there.

It is reasonable to assume the current markets crisis is in part based on sheer economic implications of the global COVID-19 spread. Yet both are also impacted by the 'confidence' factor. It is feeling like Trump's previous misstatements and outright erroneous communication have drained the 'well of confidence'.

Going to the well too many times, asking normally rational supporters to agree with his misguided missives (which some must have surely known were off base), means the well is now dry. Lacking credibility in the current crisis means that President Trump's pronouncements are now viewed with skepticism. Someone should have shared 'The Boy Who Cried Wolf' parable with Mr. Trump.

That leaves the US equities vulnerable to breaking down below the broadest remaining trend support from the 2009 lows (more below), leaves the global govvies generally strong yet erratic due to concerns over fiscal stimulus, and emerging currencies under renewed extensive pressure. Watch the US equities as an intermarket sentiment guide.

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 after Monday's drop (http://bit.ly/2TWcpqz.) 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 recent 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 followed by the more prominent 2,750 area loosely held on Monday's Close yet violated into this morning. However, as also noted previous, this looks like a reversion to a full correction, with every reason to believe the broader up trend support would be tested: that is 2,600 area broadest weekly and monthly channel support (also 48-month MA) with Tolerance to the mid-low 2,500 2018 congestion.

Much below that the next nominal supports are the late 2018 2,413-09 weekly UP Closing Price Reversal (also historic congestion), the extreme low trade of which was the 2,313 level (also more historic congestion; see the chart.)

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