Alan Rohrbach

From: ROHR Alert <rohralert@gmail.com>
Sent: Friday, March 27, 2020 9:59 AM
To: undisclosed-recipients:
Subject: ROHR ALERT!! Think Implementation & Market Volatility

Dear Subscribers,
The hoopla surrounding the US $2.0T COVID-19 rescue package likely passing the House today was impressive… yet not market trend changing. Think about implementation, especially on the permutations of financial relationships.
We will revisit that shortly, yet feel it is imperative to note global societal support from all manner of healthcare providers. As opposed to firefighters and police, they mostly wait for patients to come to them. The massive pressures and nature of COVID-19 now makes them the same as other first responders... like the folks who run into burning buildings or run toward the sound of gunfire. Bless them all.
Back to markets, we allow that Thursday's 'Changes Mostly as Expected' ALERT!! might have sounded a bit smug (which we always try to avoid) in the context of major short-term price swings in US equities and other asset classes. Yet it is simply a matter of classically 'widening the lens' in this highly volatile situation.
As noted Wednesday morning, the better chance for passage of the US $2.0T COVID-19 rescue package was seeing the June S&P 500 future recover above the low-2,400 area… and the next, more major, higher resistance was low 2,600 area. Obviously we did not know for certain that it would be tested in short order, yet under current trend volatility conditions it was… and has now failed there.
How could the market go from the best multi-day rally since the 1930s back into significant weakness? Well, first there is sheer volatility, where markets tend to move between major levels and ignore everything in between. Secondly, there might be second thoughts about just how much the rescue package is going to help the real economy in the face of worsening US COVID-19 epidemic spread.
Yet even beyond any of those already 'known unknowns' (see our January 27th ALERT!!) is the 'unknown unknown' of how extensive any resistance to the US government's encouraging instructions might be. This has to do with the benefits and obligations of lenders and borrowers in a major debt-fueled economy.
'Forbearance' is a term the US government has bandied about quite a bit in recent suggestions on how we can all get through the crisis. Fair enough. Sounds very comforting and optimistic. But will it withstand the test of commercial reality?
'Forbearance' has a specific legal definition: refraining from exercising a legal right, especially enforcing the payment of a debt. And of late the US government has told debt holders and landlords owed rent to show forbearance in collecting scheduled payments and rents while their tenants or borrowers have no income.
That's great… but there is no mechanism in the US Code which outlines how to proceed, and therein lies the rub. Here's a real-world example that illustrates the dilemma. The major US restaurant chain The Cheesecake Factory just informed its landlords that due to having no income, they would be completely suspending rent payments for now. Might the landlord want to show 'forbearance'?
Sure. But does that landlord own the building, or does it have a commercial mortgage? Chances are good it is the latter in most cases; and it likely counts on the rents to make monthly mortgage payments. So now we move on to whether the lender will show

'forbearance'. Maybe they would like to as well, and all major banks are thankfully very well-capitalized and expecting to take an earnings hit.
Yet that might also require that the bank is ready to carry more debt on the books that are non-performing loans (NPL) in the short term. Will they get the latitude to do so from their regulators? Will there be adjusted guidelines from the Federal Reserve, FDIC, the Securities and Exchange Commission and others? It may be.
Yet all of this illustrates that the lack of any such 'crisis adjusted' legal structures leaves room for local and regional parochial interests to hamstring the otherwise enlightened federal effort at popular and commercial support. Just to be clear, we are not saying we think the COVID-19 rescue package will fail. It's simply a matter of being ready for volatility where implementation becomes more problematic at the local level… like if a local judge rules a mortgage payment cannot be missed.
Another Courtesy Repeat of Wednesday's critical consideration
[Yep, it's all mostly the same even if markets shifted around the levels]
COVID-19 virus spread had caused US equities intermediate-term bull psychology to 'crack'. Did this signal a 'breakdown' into a bear trend? The current overall selloff below front month S&P 500 future 2,600 area being a fresh DOWN Break would speak of that. As bad as US equities already looked on the violation of key congestion around mid-2019 highs (highlighted in our previous 'Crunch Time' ALERT!!), the 'broad' trend support has also now been violated.
2,600 area was the lower US equities trend support on the longer-term weekly chart channel (https://bit.ly/2xI5MXe updated as of Friday's Close) from the major early 2016 1,802 low. That is in addition to front month S&P 500 future violating the support from the push above the multi-year topping line at 3,070, the 2019 3,030-00 previous all-time high congestion and then leaving late-February's 2,970 DOWN Break below the up channel (from the 2,313 late 2018 low.)
That was recently also below front month S&P 500 future congestion in the already noted interim 2,850 area followed by the more prominent 2,750 area. That 2,600 area broadest weekly channel support (48-month MA) had a Tolerance to late 2018's 2,413-09 weekly UP Closing Price Reversal (also historic congestion.)
The 2,313 (more historic congestion) extreme low trade of that UP CPR since the late 2016 rally was also violated prior to US rescue package recovery. Therefore, the near-term decision will rest with how well it does from around the low 2,400 area, and especially what happens on any test of the far more major 2,600 area.
[For those of you who are higher level www.rohr-blog.com subscribers, see the latest analysis and Market Quick Take in the daily emailed ROHR-BLOG research notes and occasional posts for more on global the Evolutionary Trend View.]

NOTICE: The Rohr International, Inc. research team or its principals may already have entered positions or have orders working based on this view.

Thanks for your interest.

This Current ROHR TREND ALERT!! will be available soon via the sidebar at www.rohr-blog.com for Gold and Platinum echelon subscribers.

Contact: rohralert@gmail.com

of Rohr may have already taken positions. By review of the Rohr Alerts and/or Rohr Views and all attendant information you confirm receipt of them as educational content, as well as agreement with all of the stipulations articulated above.