

## **Alan Rohrbach**

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**From:** ROHR Alert <rohralert@gmail.com>  
**Sent:** Wednesday, April 1, 2020 10:30 AM  
**To:** undisclosed-recipients:  
**Subject:** ROHR ALERT!! No Surprise that Good is Bad

**Dear Subscribers,**

There is no doubt President Trump's extension of COVID-19 social distancing restrictions until April 30th is good. Yet the near-term fallout is bad, especially for economic expectations... with a possible silver lining. The latter is the potential for near-term layoffs to be rapidly reversed based on government programs.

We shall see. Yet for now headline news is daunting, and near-term expectations even worse. This shifts back from Tuesday's 'Long View...' ALERT!! suggestion of what to look for over 12-18 months into a focus on the rolling next 12-18 hours as markets digest shifting near-term impacts that are on the proverbial yin-yang.

Yet it all fits in with our previous expectations on the June S&P 500 future stalling into the low 2,600 area after the recent very aggressive rally from the new lows for the overall selloff early last week. However, it was not reasonable to assume the US equities would rapidly surmount the significant higher resistance.

And we are coming to you quite a bit later than usual. That should not be an issue for anyone who reviewed our Evolutionary Trend View (ETV) over the past couple of days. We had been waiting for a particular video segment on US employment, which unfortunately CNBC did not bother to publish. Yet a previous video of their Steve Liesman (<https://cnb.cx/2wWZRbd> apologies for advertisement) is useful.

It is very instructive on the difficulties even though ADP's US March Employment Change estimate this morning came in at just -27,000 versus an expected minus 125K-150K. Pretty good, huh? Well, as Liesman notes, the problem there and also for Friday's US Employment report is the 'survey' week for each of them is March 8-14. That was well before the more major layoff crunch hit very important small business employers... where massive layoffs began the following week.

The question on the 'yin-yang' is whether those are permanent layoffs from businesses that are going into liquidation? Or are they temporary layoffs while those businesses wait to see the proverbial 'proof in the pudding' on the major US government employment and overhead 'forgivable' loans? In that regard, the businesses that are going to continue might view it as doing the employees a favor to fire them now, so they receive unemployment insurance payments.

To wrap up by getting just a bit further into the weeds for those who are not aware, that would both lessen the strain on the businesses balance sheets and still be good for the employees. The reason is the US government rescue package loans will be available as businesses apply over the next couple of weeks. And as long as they rehire any furloughed employees timely and maintain their jobs for the duration of the loans, the loans will be 'forgiven' (i.e. become grants.)

That seems to be at least a plausible scenario for the near-term evolution of one of the most important 'macro' aspects on the ETV for the markets. Only time will tell if it works out quite so relatively constructive. Yet for now the near-term ETV will remain subject to recent trend volatility thrills and spills. That includes wide swings between major levels on the US equities (as expected), global govies likely maintaining their bid, other developed currencies

shedding ground against the US dollar 'stronger sister', and emerging currencies remaining vulnerable.

Another Courtesy repeat of Monday's critical consideration

COVID-19 virus spread caused US equities intermediate-term bull psychology to 'crack'. Front month S&P 500 future was already back below key congestion around the mid-2019 3,030-00 previous all-time high congestion (see our previous 'Crunch Time' ALERT!!) That was also below support from the push above the multi-year topping line at 3,070 as well and left the late-February 2,970 DOWN Break below the intermediate-term up channel (from the late 2018 low.)

Did this signal reversal into a bear trend? Maybe not at that time, but the current selloff has signaled a fresh DOWN Break below the front month S&P 500 future 2,600 area major up channel. That is from early 2016 low (<https://bit.ly/2JpuJnl> updated as of Friday's Close.) That is now key higher resistance (Tolerance to the 2,675 trading high of the week ending March 20th, and including monthly MA-48.)

That was after US equities already looked bad on the violation of the interim 2,850 area followed by the more prominent 2,750 area, with that broad 3,000 area above as well. If the pressure should return, while the market traded below it on recent rescue package approval concerns, the key lower support remains the 2,400 area with some minor Tolerance. And lower supports remain the 2,313 (more historic congestion) extreme low trade of the late 2018 UP CPR along with 2,200 mid-2016 congestion traded below last week. More major lower support is not until major all of 2015 2,125-00 congestion, and hefty 2013-2016 congestion at 2,000-1,970.

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