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From: ROHR Alert <rohralert@gmail.com>
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To: undisclosed-recipients:
Subject: ROHR ALERT!! 'Good' is Actually Horrible

Dear Subscribers,
We needed to adjust Wednesday's '...Good is Bad' ALERT!! title to the more dire headline above. That is obvious from this morning's US Weekly Initial Jobless Claims 6.648 million new all-time high. The silver lining is US equities seem to be taking that in stride, only giving up nice-sized overnight gains and remaining above the key lower support we have heavily highlighted of late (more below.)
How could this be? Well, according to the old axiom that we have repeatedly highlighted again of late, "*The market is a creature of expectations*." And based on announcements from both major corporations and small businesses, there was little doubt that the layoffs and furloughs would be sharply increasing.
Perversely, as noted on Wednesday, that was due to President Trump's extension of COVID-19 social distancing restrictions until April 30th. That is a 'good' move in the fight to dampen the COVID-19 epidemiological impact. Yet it was also the breaking point for many businesses who had previous held onto the unrealistic hope for Mr. Trump's previous guidance on reopening the US economy April 12th.
The extent of near-term employment and economic damage are well-covered in this morning's just-updated Reuters article (https://reut.rs/3bL6lmU.) That reviews both some of the major corporation layoffs due to keeping businesses shuttered for longer, and the likely overall impact. According to JP Morgan's David Kelly, that could include "...(a rising) *unemployment rate from roughly 3.5% to 12.5%, which would be its highest rate since the Great Depression*." Yet that is no secret, and US equities seem to assume that might hopefully remain a near-term shock.
The other good/bad news is Trump allies are coming around to US experts' view on much more testing to protect against worst-case results from any reopening. Those include Senators Scott (R-FL) and Cruz (R-TX.) We suspect our prediction Trump will soon claim he was 'always for more testing' will be forthcoming soon. The model for that is UK PM Johnson, previously problematic at best.
As noted in another Reuters article (https://reut.rs/3dLXzMA), he initially took a Trumpian low key approach to the virus. However after much criticism and testing positive himself, he has called for rapidly increasing UK testing, declaring, "*As I have said for weeks and weeks, this is the way through*…" The problem is that (as opposed to the Continent) the UK is severely lacking in testing capability. In that regard, the UK is similar to the US lack of testing ability it is only addressing now. There are possibly mitigating technical aspects to layoffs explored in Thursday's analysis, which we suggest reviewing for anyone who has not done so already.
The markets 'expectations' continue apace, with US equities still vulnerable while showing they have already 'discounted' quite a bit of the likely economic weakness. In the global govvies the US and UK are keeping the bid while the Bund still seems subject to fiscal worries. And foreign exchange has seen a return of the US dollar bid despite bad news, with further modest strength against developed currencies and intensified weakness in some emerging currencies.
This is the 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, but the subsequent fresh DOWN Break below the front month S&P 500 future 2,600 area major up channel would seem to indicate it is. 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. The key lower support remains the 2,400 area with some minor Tolerance it recently traded well-below. 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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