

Alan Rohrbach

From: ROHR Alert <rohralert@gmail.com>
Sent: Tuesday, April 21, 2020 9:21 AM
To: undisclosed-recipients:
Subject: ROHR ALERT!! Crude Oil, US Equities Resilience, COVID-19 Tips

Dear Subscribers,

The Crude Oil market just answered two old practical and market questions: *'What could possibly go wrong?'* and *'It can't go lower than zero, can it?'* That the latter can actually be the case is a bit of a shock to those who have not been schooled in the real-world contingencies of the physical commodities markets.

The short course is this: If you own something that nobody wants, then there are still costs associated with storage, insurance, etc. This was exacerbated in the current weak May Crude Oil future expiration (today) for different kinds of market participants. The 'industry' players can have 'long' hedges rather than owning the physical commodity. If they get delivery on an expiring futures contract they know what to do, and in most cases have arranged those commercial facilities.

However, there are also 'financial' participants, who are not in the industry per se.

Undoubtedly some of them who had suffered owning long market positions were watching the market decline and thinking, *"How low can it go?"* ...and at some point in the selloff, *"It must be very 'oversold' and I can feel it's ready to bounce."*

Yet the current COVID-19 depressed global economy comes along with historic reductions in Crude Oil demand. And that has led to a major global glut which has overwhelmed storage capacity. For more on that see Monday's excellent brief Reuters article (<https://reut.rs/3eD5hcn>.) Well, now 'financial' Crude Oil owners have been faced with the dilemma of needing to 'pay people to take it away'.

Ergo, the expiring May futures contract drop into significantly negative ground on Monday (<https://bit.ly/2RUHyL6> 60-minute chart 0800 EDT.) The implication of the price activity is that 'stuck' longs were needing to pay up to roughly \$40/barrel on Monday to have an 'industry' participant willing to take on the liability to take it off their hands. Wild... but not necessarily shocking under the circumstances.

While lower energy prices are typically of benefit to the broader economy while also restraining inflation, this is not typical. Crude Oil prices have dropped to a degree that threatens more layoffs into an already dire employment picture. There were some energy companies who were expected to maintain reduced levels of production during the slump. Yet if the oil price continues to weaken, some of those may at least temporarily stop production completely, and lay off workers.

However, here we are with the US equities weakening, yet still holding their next lower support (more below.) This still speaks of a degree to which stock markets are attempting to 'look past the trough'. While we are skeptical of this across time into this summer and fall, we also allow that further government and central bank support announcements can keep the psychology strong for now. Yet despite US equities resilience, global govies are pushing higher on economic concerns which are also weighing more heavily on emerging currencies once again. On the more positive side, there is consideration the powers-that-be and public are becoming more acclimated to the COVID-19 epidemic and the possibility of moving past it for social and economic purposes. While we wholly agree with those advising caution and protection, there is a case for cautiously moving toward a partial reopening of the US and global economy where warranted.

Just to be clear, we are against those protesters recently running around without masks, or any attempt to characterize the deadly pandemic as a hoax. And last Friday there was a very good New York Times article (<https://bit.ly/2RWGZjU>) on the real chances of being infected through normal activities like shopping. It is a good guide from their Tara Parker-Pope, founding editor of their 'Well' consumer health site, using experts to debunk unfounded fears regarding public contagion.

We are also moving away from our recent extensive focus on US politics, as between Monday's 'Snatching Defeat from the Jaws of Victory' ALERT!! and previous analyses we have summed up what we have to say. We will revisit that as any of the US government (or others) has a more specific market impact. Yet for now it is apparent there are holes in the COVID-19 response from both US political parties, including the lack of any extension of the funding for the PPP small business support as of this morning; but we are told that's forthcoming.

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, but the subsequent fresh DOWN Break below the front month S&P 500 future 2,600 area major up channel seemed to indicate it was. That is from early 2016 low (<https://bit.ly/2Vo0bZP> updated through last Friday's Close.) That was the recent key higher resistance it has now exceeded on the violation of its Tolerance: that was to the 2,675 trading high of the week ending March 20th (and includes the monthly MA-48)

As such, it is reasonable that the June S&P 500 future will now treat the low 2,600 area (with a Tolerance to the mid-2,500 area) as support. This leaves front month S&P 500 future up into a broad higher range, with the top back into the 3,000 area. It must be allowed that along the way previously violated supports at 2,850 area along with the more prominent 2,750 area (already above) are nearby key levels.

[For those of you who are www.rohr-blog.com Platinum echelon subscribers, see the latest analysis and Market Quick Take in 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.

Please reply 'Unsubscribe' if you no longer wish to receive these emails.

Contact: rohralert@gmail.com

This review of market positions and all other information is strictly for educational purposes. This information is provided without consideration of portfolio requirements, suitability for financial risk, or psychological state of any recipient. Any use of this information to implement actual trades or investments is the sole responsibility of the individual or entity authorizing that decision. This waives your right to any claim of explicit or incidental liability for financial loss or forgone profit against Rohr International, Inc. and any informational contributors under all circumstances. Information contained herein may have already been disseminated to others who may have acted upon it. Implicit in the Rohr educational services is the understanding that principals or employees 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.

A service of Rohr International, Inc.

© 2020 All international rights reserved. Redistribution strictly prohibited without written consent