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From: ROHR Alert <rohralert@gmail.com>
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To: undisclosed-recipients:
Subject: ROHR ALERT!! Anticipation ...Again

Dear Subscribers,
The bottom line right now for US equities? A positive tone based on hopeful anticipation amidst the 'colossal cross currents' (April 6th ALERT!!) There are myriad health, economic and financial influences. Yet as noted repeatedly of late, "*The market* (which is to say equities) *is a creature of expectations*", and that leads into a key Rohr corollary: "*Successful traders and portfolio managers are creatures of anticipation*." And it seems there is quite a bit of that anticipation now for either a COVID-19 therapeutic or successful situation management.
At least that is what the US equities seem to be expecting in their sustained major recovery from the most compressed initial bear market phase ever in the single month from February 24th to March 23rd. Yet might that hypervolatility be leading some folks to infer the bear market is over that is also feeding the sharpness of the rebound? We have heard stories of various portfolio managers who did not significantly reduce their US equities exposure until well into March. Those are the same folks who cannot afford to be in cash as the market sustains a recovery.
As such, there is a psychological situation in US equities which compels certain buyers to reach up to buy the rally as long as it continues. They need to allow there might indeed be a 'miracle' that diminishes the worst-case scenario of the further predations of COVID-19 on the global economy. In that case they cannot afford to be out of position when that breaks, and markets are already elevated.
There is hope the 'new normal' will bring a return to a mostly similar performance of the situation prior to Q1 2020. Yet as we have been at pains to assert previous, short of that 'miracle' there will be no 'new normal'. It is going to more so be a 'new abnormal' that still requires social distancing when consumers finally feel they want to re-engage in the retail economy. Yet here as well that is a matter of degree, and it still seems fraught (see the CBS News poll https://bit.ly/351adDz.)
For various other reasons short of that 'miracle', there is little reason to believe the US and global economy are going to perform anywhere near as well as prior to COVID-19. Even in the nominally somewhat better shape US, decisions on how to proceed have gone from unified social distancing and quarantine support and government rescue spending to far more divergent views and even acrimony.
On Sunday Reuters posted a very good overview (https://reut.rs/2W3y1IY) of the major efforts now being challenged or seemingly less than optimal from many quarters across the country. There's the less than constructive communication from one some wags now refer to as the Quack-in-Chief, Democrats still delaying small business rescue funding to 'make it better' where they could simply float new bills, Republicans seemingly across-the-board resistance to state and local government support where proper oversight should suffice, and best of all… ...certain key Governors capitulating under public pressure to reopen their state economies despite not being near meeting Trump administration guidelines for Phase I (https://bit.ly/3eUKRvs) of an ultimately necessary step. They want to ignore continued increase in reported COVID-19 infections because that's what 'the people' want. As we've asked previous, "Is this a great country, or what?"

Yet as noted above, hopes for that reopening to go passingly well, the potential for a 'miracle' therapeutic (or even bigger miracle rapid vaccine development), also any great development on 'herd immunity' even though it is not clear folks surviving COVID-19 will remain immune to reinfection, further government and central bank (several announcements this week) support and other factors are all encouraging US equities to continue their major recovery rally (more below.)

Yet at some point they will hit a resistance due to that need to assume things will return to the situation prior to COVID-19 to continue (i.e. front month S&P 500 future in the 3,000 area.) Yet the current US equities strength is reinforced by the previously very weak emerging currencies holding into key technical supports that could have been easily overrun early this week. It is also restraining global govvies that have retained their overall bid on the recent dire economic data.

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 seemed to indicate it was. That is from early 2016 low (https://bit.ly/3cQiYD1 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. The key levels along the way are previously violated support at 2,850 area along with more prominent 2,750 area. It held below the latter on last Tuesday's slide without ever nearing the 2,675 Negated Tolerance of the 2,600 area DOWN Break.

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