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From: ROHR Alert <rohralert@gmail.com>
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To: undisclosed-recipients:

Subject: ROHR ALERT!! Friendly Fed Indeed and COVID Cure?

Dear Subscribers,
Wednesday morning's 'Friendly Fed Anticipation?' ALERT!! turned into a friendly Fed indeed. At his press conference (https://bit.ly/3aQYOrl) Chair Powell waxed eloquent on the Fed's ability to further leverage its tools to provide more support if necessary after a very accommodative Statement (https://bit.ly/2W5wg7O.)

That press conference indication was the Fed already discussing what more it could do if the situation required further steps. This includes more of the agency paper and other debt purchases, and can be expanded based on further funding from the Treasury. Even if rightful under the circumstances, this is the most radical performance since Mario Draghi's July 2012 declaration that to save the euro (under threat at that time), the ECB would do "*Whatever it takes*."

Powell's presser was undoubtedly a driver for the further rise of US equities we had already anticipated in the near term after some major resistance had been Negated back in early April. Even as they weaken a bit this morning, that is from above interim resistances that should be lower support on any extended selloff.

As we have been noting for a while, the more important indication now will be how US equities perform into key higher resistance they were likely to test after they Negated that lower resistance (more below.) To clarify this Evolutionary Trend View, there is the macro-technical video analysis (https://bit.ly/2SkZz5p) we created shortly after Wednesday's Powell press conference. It also explores the similarities between the psychology of the current US equities recovery and the rally into May 2008 prior to the bear trend continuing back at that time.

That is at 06:00-07:00 in the video, as also noted in Wednesday's fresh Rohr-Blog 'Short-Term' versus the 'Long Arc' post, which regular readers know is a theme we have been stressing for some time during the US equities recovery rally. It is clear that the fate of the overall trend becomes more critical up into the somewhat higher resistances. Can they perform as well later this year from above resistance the S&P 500 escaped back in November on the way to the February all-time high?

This is consistent with some other asset classes activity, and yet inconsistent with others. The better US equities psychology is consistent with improvement in emerging currencies. That is especially so for some that appeared at extreme risk into this week, like the now recovered South African rand and Mexican peso.

Yet US equities strength has not done anything to weaken the global govvies bid. This is most interesting, as the bond market is often considered equities 'smarter older brother'. That is on the bond market's ability to more accurately anticipate future economic conditions while equities can trade on hopeful expectations.

And While the US govvies only have somewhat more of a bid today on the US equities weakness, primary European govvies are overrunning key resistances. This points to an

economic outlook more likely as fraught as our anticipation of a near-term US equities top suggests. At the very least it is a cautionary sign.

The one constructive development on the pandemic front as the US and other economies attempt partial reopenings is the news on a COVID-19 therapeutic. There seems to be some efficacy in the use of Gilead Sciences remdesivir to shorten the length of the illness. An excellent CNN article (https://cnn.it/2yd57Im) expands on the likely FDA fast track approval of the drug for use in COVID-19 treatment, including a brief video of Dr. Anthony Fauci's comments.

That is hopeful not just in its own right; as Fauci points out, it is also a 'proof of concept' that the virus can be attacked and at least partially defeated. In this case 'partially' means it only shortened the length of the illness from 15 days to 11 days. While only a 31% improvement, it creates a more hopeful atmosphere.

However, to be clear, this is not a vaccine. It will still only be of use in folks who are already ill with COVID-19. Unlike a vaccine (which is still likely many months away), it will not prevent the disease. As such, it will only have a marginal impact at best on consumer's skittish 'public gathering' psychology, and by extension the on various businesses viability, on which we have heavily focused of late.

All of that is explored at length in the Rohr-Blog 'Short-Term' versus the 'Long Arc' post that is a summary form of quite a bit of the likely economic outcomes we have reviewed in various previous ALERT!!s. We suggest a read at www.rohr-blog.com for anyone who has not done so already.

Courtesy Repeat of Wednesday'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/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 and the 2,750 area, both of which have now been exceeded. It recently held below the latter without ever nearing the 2,675 Negated Tolerance of the 2,600 area DOWN Break. This reinforces the potential to test that more prominent 2,970-3,030 range.
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