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From: ROHR Alert <rohralert@gmail.com>
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To: undisclosed-recipients:
Subject: ROHR ALERT!! BoE and FDA

Dear Subscribers,
First of all, we wish European & UK readers a happy long weekend on respective Friday early May bank holidays. It is most interesting that all of these normally active participants will be sidelined during US and Canadian Employment reports.

And on the markets it is most interesting that despite the weight of the continued negative 'macro' influences, US equities are rallying again. We say 'interesting' because it is actually not surprising under our continued rebound rally scenario, even if we remain bearish overall. Reinforcement for that negative 'long arc' view (April 29th ALERT!!) comes from the continued weakness of emerging currencies despite some recent resilience. We wonder how they'll perform if there is indeed any return to more pronounced US equities weakness after the current bounce.

There is also the relative resilience of global govvies after their recent selloffs. While that might be cause for concern, the weakness only came from higher levels which now leaves them back into key supports at overrun resistances. Therefore, unless global govvies weaken further, the overall up trends reflecting more likely future economic weakness remain intact.

As to the negative factors the equities are ignoring at present, the US Weekly Jobless Claims remaining very high at 3.169 million is the most obvious. Yet it only comes after still depressed (even if as estimated in some cases) global PMIs. This is all just the reasonable backdrop for a very downbeat yet hopeful Bank of England rate (non-)decision at 0.1% meeting this morning. Of more interest was the Monetary Policy Summary and Monetary Policy Committee Minutes (Overview https://bit.ly/2A2ayu8 or Full https://bit.ly/2zg9piq ...take your pick.)

In addition its Monetary Policy and Financial Stability Reports were also released (Overview https://bit.ly/2zdG6Nj) prior to Governor Bailey's press conference (of course virtual https://bit.ly/2SLO9rz.) While there are many details, it is obvious the Bank is trying to be as supportive as possible, like the other central banks. The primary theme after its downbeat projection of minus 14% UK growth overall for 2020 is its "...*determination to take further action*." Sounds rightfully a lot like Jay Powell and Madame Lagarde, and Bailey defended that in several ways.

Asked why the BoE had not expanded its Asset Purchase Facility, he noted it was appropriate for current conditions. He repeatedly highlighted the government's fiscal actions along with the strength of the commercial banks. Much like the US, their balance sheets are in good shape, and have the ability to absorb losses. There is also additional support BoE can expect from the Exchequer if it should need funds to leverage into expansion of its own liquidity support schemes.

All-in-all very much constructively like the Fed and ECB. For now that is despite the issues raised for the latter by Tuesday's German Federal Constitutional Court (see Wednesday's 'Teutonic Tectonics and Reopening Hopes' ALERT!! for much more on that.) That might have

also been the driver for some recent weakness of the German Bund, and will be a future overall issue for the ECB and its ability to assist the Euro-zone economy overcome the ravages of the COVID-19 pandemic. However, that is overridden for now by the central bank and fiscal efforts…

...and one more thing: the hope for a COVID-19 vaccine. This morning's news is that the US Food & Drug Administration has an unusually aggressive stance in approving immediate human trials for Moderna Therapeutics COVID-19 vaccine. The full story can be reviewed in a FierceBiotech article (https://bit.ly/2WbQyxR.) Obviously reason for rightfully heightened hope. Yet this accelerated Phase 2 testing only leads to the even more important Phase 3 trials this Summer, which means no final FDA vaccine approval (under the massive anticipation that all goes well) until "...*next year*." That sort of throws cold water on President Trump's assertions the US economy will be surging again into the fourth quarter.

We'll have more to say on that soon in another assessment of the US equities trend potentials into this Summer. That said, the FDA should be praised for finally acting more timely after it (along with the CDC) almost completely flubbed the initial US response to COVID-19 back in January through March. It reminds us of the old Winston Churchill quip on America's initial slow assistance followed by its massive role in countering Nazi aggression in World War II, "*You can always count on Americans to do the right thing - after they've tried everything else*."

In this case it was first the CDC wanting to be the exclusive source for COVID-19 tests, even turning down tests offered by the WHO. Then US commercial labs applications to develop new tests were hamstrung by old FDA requirements that they be submitted by post. It seems the US equities and other markets are taking some comfort from the FDA at least finally entering the 21st century.

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 February 27th '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 the early 2016 low (https://bit.ly/35vNBvi 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 been exceeded. It held below the latter in late-April without ever nearing the 2,675 Negated Tolerance of the 2,600 area DOWN Break.
This leaves open the potential to retest that more prominent 2,970-3,030 range, with its prominence as the key resistance. That was further reinforced by the manner in which it failed badly from near its low end last Thursday despite very positive fundamental influences; such as the central bank support all week and the COVID-19 therapeutic developments noted previous. The question below the 2,850 area was whether it could hold the lower 2,750

support, and it did to recover back into 2,850. Can that foster another swing to test 2,970-3,030 resistance?
For more on the overall Evolutionary Trend View on the 'long arc', please see last Wednesday's TrendVIew Video (https://bit.ly/2SkZz5p) on the June S&P 500 future developments prior to the most recent test of that higher resistance and recent downdraft. However, all of the more major trend dynamics remain the same now as discussed in the middle of last week.
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