

## Alan Rohrbach

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**From:** ROHR Alert <rohralert@gmail.com>  
**Sent:** Tuesday, May 12, 2020 7:51 AM  
**To:** undisclosed-recipients:  
**Subject:** ROHR ALERT!! Is There a Disconnect Here?

Dear Subscribers,

We are likely a bit misguided in asking that question in the singular... there are in fact multiple disconnects in play during the current COVID-19 mess. And the prognosis for the US economy and markets is darkened by the confluence of critical weaknesses driven by those misguided moves, with plenty of blame to apportion all around in the US to both political parties and others.

While there are also the international missteps or misdeeds alleged against China, the World Health Organization and others, the fate of the world's largest economy and health of its people now rests with the political class in the US... and that is in the run up to November's general election. In light of seemingly premature reopening, to say the least this is not a very comforting thought.

As noted in Monday's 'Cross Currents Are Back' ALERT!!, it was most interesting US equities were both up overnight and down initially. Of note, this was based on the same factor: the US economy's partial reopening. Evidently there is still quite a bit of hope surrounding this effort, yet also quite a bit of concern. While that may seem a contradiction, it is in fact based on significant 'known unknowns'.

Those have been part of COVID-19 pandemic impact since its 'stealth' contagion factor first became apparent back in January (see Monday's ALERT!! for more reference links.) Its 2-week asymptomatic contagion (ergo 'stealth') period compared to previous virus infections' 3-5 days gestation period was always going to be a major problem. This is exacerbated by its high degree of contagion.

This is of special concern as the US and other countries attempt their economic partial reopenings. On one hand the need for some improvement in economic activity is obvious. This morning's monthly OECD Composite Leading Indicators (<https://bit.ly/2X2BxxN> our marked-up version) makes clear just how massive the economic destruction from the essential global COVID-19 pandemic-slowing quarantine has been. While we normally rely on the graphs, distortion from the depth of economic shrinkage suggests a necessary review of the page 3 table.

Of special note are comments on alleged improvement in Chinese manufacturing after China's earlier massive steps. On that development they are quick to warn "...*only partial information is currently available for China...*" As such, the issue reverts to how much any indications from China can be trusted. There is also today's New York Times article that includes a section (<https://bit.ly/2ztY4LB>) on how COVID-19 is resurging in countries previously praised for their effective control of the virus. The headline insight is on "...*the fleeting face of victory.*"

If that is the case for places like Singapore, South Korea and even the original epicenter in Wuhan, what are the chances the US reopening in places that have yet to see diminished contagion control will go well? The NYT article cites the much-criticized WHO head that only "*slow, steady lifting of lockdowns*" could ease economic pressure while keeping additional infections at bay.

And we are coming to you quite a bit earlier than usual in order to have these limited considerations available prior to the 10:00 EDT Congressional testimony of Dr. Anthony Fauci

as well as other health experts. See this Business Insider article (<https://bit.ly/2T0arG7>) for much more on the details. Yet what Fauci has made clear is that he will warn of the "...danger of trying to reopen the country prematurely..." that could lead to "...needless suffering and death..." and actually set back the "...quest to return to normal..." as many states are not ready.

Of course, as has been the case in many previous instances, even though Fauci has been cordial he has been at odds with President Trump's desire to rush back to reopening. While Trump has left it with state Governors, he has also injected himself into the equation in places like Pennsylvania (<https://reut.rs/3dFI6hv>.)

There is so much more that relates to the potential for either success or failure that is also based on the efficacy of the already enacted government and central bank rescue packages, we will be publishing a fresh Rohr-Blog post later today to review all of that in the broader format this expansive topic requires.

In the meantime, markets continue to conform to our expectations. US equities and the emerging currencies continue to strengthen as they take comfort from the prospective improvement from the various rescue efforts, both in the US and elsewhere. However, the global govies are also still holding on future concerns.

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 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/3coT1KT> 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 in late April despite very positive fundamental influences; such as central bank support all of that week and COVID-19 therapeutic developments noted previous. Yet recovery from below the 2,850 area has pushed above it once again after not even seriously testing the 2,750 support. That points to another possible test of the 2,970-3,030 resistance.

For more on the overall Evolutionary Trend View on the 'long arc', please see the Wednesday April 29 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 subsequent 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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