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From: ROHR Alert <rohralert@gmail.com>
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Subject: ROHR ALERT!! Still Disconnected

Dear Subscribers,

Tuesday's 'Is There a Disconnect Here?' ALERT!! title was of course a rhetorical question… or questions. As noted, we were likely misguided in asking that as a singular question with multiple disconnects in play during the COVID-19 mess.

We still feel 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 as well as some international blame noted on Tuesday. Yet 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.

After decreasing levels of Congressional bipartisanship to pass the initial rescue packages, it is back to full partisan gridlock. CNBC broke the story this morning that Republicans have just rejected the Democrats' $3.0 trillion next COVID-19 rescue proposal (https://cnb.cx/2WSRy9d.) The sheer size is possibly a GOP issue, yet also a full $1.0 trillion relief for tax revenue-deprived states.

And while the additional funds for individuals (rather than businesses) might be debatable, the $75 billion for testing and contact tracing at the federal level seems an enlightened step after so much lack of leadership on this has been the case. Whether there can be a meeting of the minds on this is important, yet less so than whether it can be timely… one of our gripes with Democrats previous delays.

Speaker Pelosi at least took her usual sharp negotiating stance in allowing this is a negotiation and "...*this is the opening bid*." Based on what Fed Chair Powell had to say (more below), her political thrust seems more reasonable in light of the continued economic pressure from the evolving COVID-19 economic pressures.

While President Trump has also failed in some key areas, we must give him a bit of initial benefit of the doubt on the degree to which he was relying on misguided information from others. That especially includes China and the WHO, yet also from some of the US health experts who have now become more aggressive in their positions on prospective COVID-19 prescriptions.

And the one area where they are right and Trump remains misguided is the extent of infection testing. Trump has overstated the US testing operations for a long time… recall his March 6 completely misguided assertions (http://bit.ly/3cUM2dm) on the state of testing prior to recent laudable improvements. For instance, to claim the US on the whole and every state has tested more than countries praised for their efforts is a bit of a statistical canard. American writer Samuel Clemens (aka Mark Twain) reminded everyone in the late 19th century, ""*There are three kinds of lies: lies, damned lies and statistics*." That seems to be the case here.

Saying the US and each of its states are all testing more than South Korea (as new Trump Press Secretary Kayleigh McEneny reiterated at recently restarted press conferences) is highly specious. That is because of almost total US lack of the social tracing that South Korea combined with its testing to achieve results. And one of the key messages from both Republicans and Democrats at Tuesday's US health experts Senate hearing was that much

more testing is needed, and that must be accompanied by the social tracing which remains almost totally absent.
That is one of the components of Democrats latest relief proposal that would seem a candidate for immediate funding to accompany the much-desired partial economic reopening.
And the need for the reopening was a key implication of Fed Chair Powell's speech (https://bit.ly/2Z0qLdK.) While it is not exactly news, he was heavily focused on keeping businesses alive due to their closure being more than a business problem… implying issues for the social fabric without saying it.
Noting that 40% of households with incomes of less than $40,000 per year had lost jobs, he noted how that damage may linger. As such, he is another voice (among many) who are skeptical of the claim by President Trump and his minions that there will be a strong economic resurgence by the fourth quarter. This is also apparent in observations from other quarters we will share very soon.
In that regard, there was much more on all of this in Tuesday's ALERT!! preview of the US coronavirus tack force health experts Senate testimony that turned out to be exactly as they had previewed. That additional information and opinion we planned on sharing in a fresh Rohr-Blog post yesterday has been deferred into this afternoon in order to assess what Chair Powell had to say and its impact.
In the meantime, markets continue to conform to our expectations. Despite the recent dip, 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 govvies are also still holding on future concerns.
Another 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 since the middle of last week.
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