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From: ROHR Alert <rohralert@gmail.com>
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To: undisclosed-recipients:
Subject: ROHR ALERT!! Further Headwinds with US Equities Critical

Dear Subscribers,
Just to be clear, our continued highlighting of the negative COVID-19 economic prognosis does not mean we think the US equities will necessarily head sharply lower right away. Within an Evolutionary Trend View (ETV) there are also hopeful signs from US states reopenings, even if they might not end well. There is also an updated 'critical consideration' below pointing out fresh technical evidence.
That said, we still feel the overall 'long arc' (see our April 29th ALERT!!) remains more bearish than not, even if US equities resume their rally up into the higher prominent resistance noted previous. Both that higher resistance and a fresh shorter-term critical ETV are explored below.
The key point is US equities are once again reacting to the dismal data that has struck the markets over the past several days, culminating in this morning's still dire US Weekly Jobless Claims.
And the views from Tuesday's 'Is There a Disconnect Here?' and Wednesday's 'Still Disconnected' ALERT!!s remain the still negative overall outlook. And as we have noted previous, these daily assessments need to be taken in the context of what was reported previous. The overall context is far too broad and complex to share in any given note. As such, the first additional insights we wish to share now are the extended insights from Tuesday's health experts' testimony.
Even before what the experts had to say, Republican Senate Health Committee Chair Lamar Alexander had focused on the critical need for more testing. This was of course echoed even more forcefully by Ranking Member (minority party counterpart) Patty Murray. All of the health experts agreed that much more needs to be done, especially on the virus testing versus other forms of testing. For more on that please see Monday's very good Reuters article (https://reut.rs/3ckdP6m.)
The obvious aspects of any efficacy are process and reliability. A 4-5 wait for results to come back from a lab is not really that helpful. For more on the less than effective efforts of the Trump administration, please see Wednesday's ALERT!! That especially includes the contact tracing that was such a key part of South Korean success. Despite the Trump administration now touting the sheer number of US tests, critical tracing is still wholly missing from its response.
Even beyond that is a lack of effectiveness of rescue programs to date. It seems the timing of the Paycheck Protection Program (PPP) disbursements of cash to businesses is out of step with their real needs. Several have been seen on TV talking about employees on the payroll when they cannot open their businesses doesn't work, and the remaining funds once they do open will be insufficient.
Successful Serial Entrepreneur Mark Cuban was on CNBC as far back as two weeks ago explaining how this doesn't work (https://cnb.cx/2yVcxAl.) It is an excellent article with an embedded interview video on the many issues the PPP does not address. Those range from additional COVID-19 safety factors like protective plexiglass, sterilization, ventilation system issues, and many others.
This is why the estimable Mohamed El-Erian said in a Monday CNBC interview (https://cnb.cx/2WKzluy) that things will only become clear over the next several weeks. Given

the recent partial reopenings in quite a few US states are (as he put it) "bumpy", we feel this may be more so into mid-June. Yet in any event, if the COVID-19 infection rates remain under control, this may end well. If not… well.

While we provided a link to Fed Chair Powell's Wednesday morning's 'Current Economic Issues' speech (https://bit.ly/2Z0qLdK) in Wednesday's ALERT!!, more of that beyond current economic observations is worth reviewing. Continued weakness from (for instance) 40% of households with annual incomes below $40,000 losing jobs requires more action by the administration and Congress. That is to avoid business failures leading to higher permanent unemployment.

While we have criticized Democrats at times for their temporary hurdles to further relief programs, their current major $4.0 trillion package seems to make sense in the context of what Powell had to say. Yet the President and Republicans have pronounced it DOA ('Dead on Arrival'.) And that remains today just as it was reported early Wednesday morning (https://cnb.cx/2WSRy9d.) Just as Democrats were criticized previous, the Republicans now say they 'just want to wait' to see how things progress with the other relief packages. This is wholly benighted.

Even under the partial reopening of the US economy, consider the early results again to think about the future path of the economy and the markets. As we noted a week ago, CNBC's Steve Liesman had a very good analysis based on multiple insights (https://cnb.cx/3c5kBgb) into progress of US reopening, even allowing it is very early days: "*Yet rather than reversing, the store closings are still up 14%*."

Liesman points out this may be due to some stores that held on for a while, yet now realize they will not be economically viable (as we suggested might occur.) Today's US Weekly Jobless Claims remaining high seems to reflect secondary layoffs due to business closures after early peremptory closings. A week ago it was also the case that averaging cities in 10 now newly partially reopened states, the respected TomTom surveys said store traffic was only 22% of normal.

Might all of this improve? Possibly, yet only if the partially reopened states do not show the spike in infections that Dr. Fauci warned could point toward exponential contagion that would be hard to get back under control. As he, among others, have noted, that would force a move back to full quarantine once again. This is why Mr. El-Erian's advice about the next few weeks is so important.

In the meantime, even though US equities have turned more volatile and given up some ground, there is more to see on whether the near-term up trend is reversed (much more below with a definitive technical perspective.) Along with that it is no surprise that some recently resilient emerging currencies are coming under pressure, and the global govvies are quietly enjoying the US equities weakness.

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. That was below support from the push above the multi-year topping line at 3,070 as well, and left a late-February intermediate-term up channel 2,970 DOWN Break.

The subsequent DOWN Break below the front month S&P 500 future 2,600 area major up channel seemed to indicate more of a near-term failure. That was from the early 2016 low (https://bit.ly/3cwt0to updated through Wednesday's Close.) That was recent key higher resistance it had violated on its push above its 2,675 trading high Tolerance from prior to the DOWN Break (including monthly MA-48.)

As such, it is reasonable 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 had 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 potential to retest that more prominent confluence of resistance factors in the 2,970-3,030 range despite the recent slippage. That resistance was further reinforced by the manner in which volatility has returned to the downside over the past two weeks. While recovering from below the 2,850 area previous, it has stalled on recent rallies. This has created a more highly focused Evolutionary Trend View (ETV) in the form of a near-term Head & Shoulders Top pattern.

That pattern is apparent on the daily chart (https://bit.ly/3dJ6Wf7 updated through Wednesday's Close.) While Wednesday's 2,820 DOWN Break was nominal, it was under more pressure early today. Yet the question is whether this is a bona fide top for a full near-term trend reversal, or a false top that will be Negated later?

There are some key points to consider. The first is that the 'Neckline' (varied red line across recent lows) is on a steep angle. That is often a warning the pattern is not credible. And in any event, the June S&P 500 future will need to Close below the 2,771 interim selloff low (between the Head & RIght Shoulder) to reinforce the topping activity. On the upside, the classical Tolerance of the 2,820 DOWN Break is Monday's 2,947 trading high. Any Close above it would point to a new high.

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 downdrafts. However, all of the more major trend dynamics remain the same now as discussed since the middle of the week two weeks ago.

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