Alan Rohrbach

From: ROHR Alert <rohralert@gmail.com>
Sent: Friday, May 15, 2020 8:39 AM
To: undisclosed-recipients:
Subject: ROHR ALERT!! US Equities Interesting Firming

Dear Subscribers,

The negative economic data hits just keep on coming. Yet US equities firmed late Thursday in a way that restores bulls hopes that a recent top will fail. To cut right to the Evolutionary Trend View (ETV) chase, what should have been a definitive DOWN Breakout from a pattern top does not seem to be working. While this is still a preliminary view at present, it conforms with our overall ETV at this time.

While there is further exploration of the near-term implications of the ETV below, suffice to say for now that serial dismal data releases have been countered since late March by the various US and global government COVID-19 relief packages. Further relief is undoubtedly needed, yet with timing likely an issue for markets.

As noted Wednesday and revisited in Thursday's '...US Equities Critical' ALERT!!, the latest Democratic party massive $3.0 trillion relief package (including funds for both COVID-19 testing and beleaguered states and cities) was pronounced DOA (Dead on Arrival) by the Trump administration and Republican Senate.

That said, Speaker Pelosi and the Democrats plan to pass that measure in the House today. Trump and his minions can decry the level and recipients of the next rescue package all they want, yet will ultimately need to negotiate on some form of this package as COVID-19 pressures continue to hit the US economy.

Speaker Pelosi is a consummate politician, and as noted previous she was clever enough when announcing this effort to clearly indicate, "*This is a negotiation*…" and "...*this is the opening bid*." So just as the Democrats temporarily held up some of the previous rescue packages to nip back some GOP aspects they didn't like and add their own direction, we suspect the Republicans will need to do much the same here. Why is all of this political discussion important for the markets? Simply for the clear reason revisited above that has been apparent for quite some time: US equities can rally on rescue hopes amidst the dire data.

Speaking of which, this week saw further globally dismal data… which is to say even worse in many cases than already heavily depressed estimates. And today is not different on everything from Japanese PPI to a broad swath of Chinese data, Italian Industrial Orders and German GDP. The same was true for a still depressed US NY Empire State Manufacturing Index and worse than expected Retail Sales at -16.4%, with an all-time low of -11.2% for Industrial Production.

As such, considering the recently oft-repeated axiom "*The market* (which is to say equities) *is a creature of expectations*", US equities should have weakened further late Thursday on what was likely more nasty data coming this morning. Their firming speaks of expecting something beyond the current very negative data. As a reasonable assessment precludes any major near-term economic upturn, that 'expectation' can only be the likelihood of further spending.

As Sherlock Holmes said to Watson, "...*when you have eliminated the impossible, whatever remains, however improbable, must be the truth*." (Arthur Conan Doyle, *The Sign of the Four*, 1890, Lippincott's Monthly Magazine, Philadelphia.)

Just to be clear, as also pointed out on Thursday, we still feel the overall US equities 'long arc' (see our April 29th ALERT!!) remains more bearish than not, even if they resume their rally up

into the higher prominent resistance noted previous. That would be June S&P 500 future up into the 3,000 area. Other asset classes continue to reflect the bifurcated ETV we noted again since last Friday. While emerging currencies continue to benefit from the more constructive rescue program psychology, global govvies keep their bid on a negative overall outlook.
And added to the negative factors is today's latest round of US-China rhetorical sparring over the COVID-19 origination and trade ties. Yet we hope cooler heads prevail to prevent further Trump trade actions at this already stressed time.
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.) Yet Wednesday's 2,820 DOWN Break was nominal, and it recovered above it later on Thursday. That puts the 'burden of proof' back onto bears to sustain activity back below 2,820-00 to confirm this is a bona fide top. Any sustained activity above it will turn this into a false top that will be Negated.
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.
NOTICE: The Rohr International, Inc. research team or its principals may already have entered positions or have orders working based on this view.
Thanks for your interest.
This Current ROHR TREND ALERT!! will be available soon via the sidebar at www.rohr-blog.com for Gold and Platinum echelon subscribers.

Please reply **'Unsubscribe'** if you no longer wish to receive these emails.

Contact: rohralert@gmail.com