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From: ROHR Alert <rohralert@gmail.com>
Sent: Tuesday, May 19, 2020 9:11 AM
To: undisclosed-recipients:
Subject: ROHR ALERT!! Long Live the Bull?

Dear Subscribers,

The US equities top has been Negated... *"The bear is dead."* *"Long live the bull."*

Long live? Maybe... and maybe not. The dilemma at this point is the degree to which the recent top was still only an interim top along the way in what might still be only a recovery rally, and bigger resistance lies at only slightly higher levels. The real test for the June S&P 500 future remains what happens in the 3,000 area.

That said, as noted in Monday's 'Bears Bamboozled ...Again' ALERT!!, *"You can't say we didn't warn the bears."* Their problem wasn't creating a US equities break in the context of the recent significantly negative economic data. Yet as all seasoned market participants know, reversing a sustained up trend isn't just getting the market to break, it's *"getting the market to break from a break."*

In other words, is there additional downside follow through after the initial, even somewhat volatile selloff (as had been the case of late)? And it gets that much more critical if a specific Evolutionary Trend View (ETV) technical top has formed, and it has exhibited an initial DOWN Breakout. That was the recent case on last Wednesday's June S&P 500 future swing below its 2,820 Head & Shoulders Top Neckline (more below) leaving the key recent DOWN Break at that level.

Yet for all of the reasons discussed on Monday, the ETV's 'macro' psychology was going to make it very hard for the bears to impose more weakness on a market that had held well during dismal-to-dire economic data. As noted previous, that was due to first last Wednesday's Fed Chair Powell 'Current Economic Issues' speech heavily encouraging more government spending to avoid economic collapse despite any current ballooning of the US deficit.

The second wave was Speaker Pelosi's House late Friday passage of the next \$3.0 trillion relief legislation over objections of Senate Republicans and President Trump. Yet the market as *'a creature of expectations'* is likely rightfully inferring some form of further substantial relief is on the way. Under that psychological shift it was certainly reasonable for the US equities rally that had stalled over the past several weeks to resume. Toss in a bit of further early vaccine hopes from Moderna on Monday, and it was indeed able to return with a vengeance.

And along the way the fact there had just been a technical topping period where the specific bear signal was being Negated only added fuel to the ETV bullish fore. Hence the aggressiveness of Monday's US equities rally. It is also no surprise at present that is still with very weak (even if a bit more mixed) economic data. It is now restraining the US equities a bit this morning, even if recent developments are leaning toward a push above the previous 2,965 rally high.

Of note, the emerging currencies are keeping their recent bid, even if now closer to important resistances. And global govies are holding in outside of a weaker German Bund. That may be due to the recent German Federal Constitutional Court ruling questioning the legality of the ECB's bond buying program.

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. 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/3dZzd1j> updated through Friday's Close.) That was the 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 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 last Wednesday's Close.) Yet Wednesday's 2,820 DOWN Break was nominal, and it recovered above it later on Thursday into Friday. That put the 'burden of proof' back onto bears to sustain activity back below 2,820-00 to confirm this is a bona fide top. As noted last week, any sustained activity above it signals a false top.

There were 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 would have needed to Close below the 2,771 interim selloff low to reinforce the top; which obviously did not happen. 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 the key 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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