Alan Rohrbach

From: ROHR Alert <rohralert@gmail.com>
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To: Alan Rohrbach; Alan Rohrbach; Alan Rohrbach
Subject: ROHR ALERT!! Fed-speak and Much More

Dear Subscribers,
Well, there was good news and bad news in Wednesday's FOMC April 28-29 meeting minutes release (https://bit.ly/3e7tTc2 for our mildly marked-up version.) Good maximum central bank support, yet some still really dire projections on the overall US economy. See page 8 for the only section we actually highlighted.
It gets back to the key components we have been stressing for a while: the overt demand destruction from imposed COVID-19 social distancing edicts, the lower incomes for a major portion of US consumers once the government support programs end, and the general major drop in consumer confidence.
This is why despite the seeming resilience of the current US equities upward trend volatility, we are still skeptical the front month S&P 500 future will be able to sustain a rally extension beyond the August-October heavy 3,030 congestion. That is the area it finally pushed above from based on a still accommodative October 30th FOMC announcement and press conference (http://bit.ly/2ozXdUH.) That rally extension to new all-time highs was also dependent on accelerated earnings assumptions that carried the market higher into early 2020.
Everyone can draw their own conclusion. Yet what are the realistic chances that the US economy is not just going to rebound to some degree, but rather improve to the same degree as that upbeat period out of late 2019 into the February high? Among others (including the FOMC citing 40% of families with incomes below $40,000/yr have lost jobs), we have noted the longer term impact of COVID-19.
Just this morning on CNBC, Argonaut Capital Management President & Portfolio Manager David Gerstenhaber noted that 81% of those who were unemployed in the latest US Employment report listed that status as 'temporary'. However, he felt there was now a "*...substantive swatch of long-term unemployed people*", and that would become more visible as the government support programs expire.
We could not have said it better. And we are a bit later than usual today to also be able to digest the implications of this morning's global advance PMIs. While some of those were slightly improved, much like the employment situation they remain down at extremely weak levels. Adding insult to injury, that also includes Existing Home Sales that was at the worst levels in almost a decade (i.e. the aftermath of the 2008-2009 Credit and Housing Bust.) We just still question the outlook.
Yet that is in the context of the US equities recovery rally continuing for now, and we still allow that it may push up into that higher resistance prior to reversing (much more below.) This is also consistent with the continued improvement of emerging currencies, some of which are pushing through important resistances. However, the extensive weakness of the economic data is also still leaving global govvies with a firm bid, as even weak sister German Bund recovers at present.
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/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 left open the 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 had 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 last Wednesday's 2,820 DOWN Break was nominal, and it recovered above it later on last week. 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) was 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, with recent activity above it pointing to a new high. Resilience is also apparent in the recent dip not reaching 2,890 interim support.
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.
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.

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