Alan Rohrbach

From:	ROHR Alert <rohralert@gmail.com>
Sent:	Friday, May 22, 2020 9:22 AM
To:	Alan Rohrbach; Alan Rohrbach; Alan Rohrbach
Subject:	ROHR ALERT!! Churn! Churn! Churn!

Dear Subscribers,
There are times when US equities are very directional, which can be designated as 'trend' volatility (versus trading volatility.) Yet most markets spend much of their time more so in established trading ranges. On a broader level this gets back to the 1962 Pete Seeger song *Turn! Turn! Turn!* that brought forward into pop culture the Ecclesiastes 3 bible verse on "*To every thing there is a season*…"
...and after US equities devastating selloff into late March and subsequent highly directional recovery into the late April highs, it is back to more trading range activity for the past several weeks. This might seem a bit odd after they seemed to shake off current doldrums with this week's early surge to a minor new high. Yet those new highs have indeed only been minor this week, frustrating the bulls.
There is a bit of the old '*irresistible force versus the immovable object*' feeling at work right now. The 'irresistible force' is upside momentum based on recovery hopes, especially since the Negation of an attempted June S&P 500 future pattern top by late last week (much more below.) Yet there is the 'immovable object' of the key higher resistance we have been discussing ever since the June S&P 500 future pushed back above the 2,620 DOWN Break: the prominent congestion and previous support failure and other factors (also more below) up in the 3,000 area.
As such, it seems for now that the headwinds from the broader economic drags and uncertain outlook (see all our previous analysis) are forestalling any further upbeat expectations. Those are based on the COVID-19 post-quarantine partial economic reopening and strong government and central bank support.
In fact, even as the next US COVID-19 relief package seemed bogged down in a partisan Congress, there was a positive government action surprise this week. That was in the form of Germany's Merkel finally relenting and joining France's Macron to propose a €500 billion pan-European COVID-19 relief fund that would mutualize European Union debts. That is a radical step toward a 'Euro-bond' that Germany had previously fought against, and a fillip for the wider global recovery. For more on this we suggest an excellent Reuters article (https://reut.rs/3bYogvo.)
Also out of Europe was this morning's ECB Account of Monetary Policy Meeting of April 29-30 (https://bit.ly/3gdXvX9.) It is compelling in laying out all of the ECB plans to support the Euro-zone economy. They clearly articulate the Governing Council stands ready to adjust the PEPP and other tools at the June meeting.
That is on top of Thursday's 'Fed-speak and Much More' ALERT!! noting 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.
This all 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. Against that is the hope that it will all be found to be less than a heavy economic drag as the global economic reopenings progress. We shall see.
And for now, despite stalling into the higher resistance, US equities selloffs seem to be very well contained. That is apparent in the way downside volatility seems to abate once the market has dropped by any degree… especially back into or even near lower near-term support levels. Despite emerging currencies giving back some gains today, they are also mostly signaling they believe in a more upbeat outlook overall, even if partly based on the firm US equities psychology.
However, all of that is still partially impugned by the global govvies ability to maintain their bid in the face of the US equities rally. While previously strong sister German Bund remains somewhat weak, the UK Gilt is still quite strong.
Courtesy Repeat of Thursday'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 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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