



Alan Rohrbach <ar.rohr.intl@gmail.com>

ROHR ALERT!! Irresistible vs. Immovable

1 message

ROHR Alert <rohralert@gmail.com>
Bcc: ar.rohr.intl@gmail.com

Wed, May 27, 2020 at 10:39 AM

Dear Subscribers,

As noted on Tuesday after Friday's 'Churn! Churn! Churn!' ALERT!! thought that, "*There are times when US equities are very directional, which can be designated as 'trend' volatility (versus trading volatility.) Yet markets spend much of their time more so in established trading ranges...*" ...Murphy's Law dictated this was the moment when US equities were going to return to more 'trend volatility'.

And technical challenges were greater than expected, only fully being addressed this morning. The good news is recent developments created the right conditions for a fresh TrendView video in the analytics below. Today's title follows up on our US equities take on the '*irresistible force versus immovable object*' psychology at work right now... literally with the June S&P 500 future into the 2,970-3,000 area.

The bad news hits just keep on coming some levels, like Tuesday's OECD Q1 GDP growth (<https://bit.ly/3goTShc> for our marked-up version.) That was minus 1.8%, with heavy damage in Europe. Europe already being an economic laggard likely accentuated this, and it continues at present. While it was striking that Germany's Merkel finally went along with a pan-European COVID-19 relief fund last week (<https://reut.rs/2WQmulr>) and this week even allowed a much higher €750 billion target, it's now tied up in the EU-27 (sans UK) country negotiation.

If we thought the US Congressional political delays were troubling, we can't imagine how long this will take Europe. Hopefully we are wrong. And speaking of the US, there is further considerable evidence the programs as implemented to date are not providing as much support as we and others had hoped. We had already noted the concerns Mark Cuban expressed in a CNBC interview at the top of this month (<https://cnb.cx/2yVcxAl>.) And there is further reinforcement for the PPP employee retention program not working out as had been hoped.

Tuesday's Reuters article (<https://reut.rs/3c4ZKZI>) notes the reticence of small business borrowers due to shifting PPP protocols. Many fear that the alleged 'grants' for rehiring employees do not leave them enough working capital for their reopening after the recent lockdown. While the Trump administration has been making friendly noises about extending the PPP period from 8 weeks to 24 weeks as requested to address concerns, there is nothing concrete on that as yet.

While we allow that the reopening is positive on some levels, the degree to which President Trump's example of not wearing a mask is adding some additional risk. That is despite key coronavirus task force leader Dr. Birx clearly laying out that it is now clinically certain that masks suppress the infection's contagion. And we have heard disturbing ideas from some folks who are supposed to know better.

Earlier this week a prominent quant analyst said that he had reviewed the data, and there is no sign reopening was causing any accelerated COVID-19 spread. This is astounding from someone who is alleged to be very smart! Is he that unaware of the key COVID-19 2-week asymptomatic contagion characteristic, which we recognized as a problem back in late January (ALERT!! on the 27th.)

As Mohamed El-Erian cautioned in a CNBC interview (<https://cnb.cx/2WKzluy>) when the reopening was just getting started into mid-May, it would be important to see how things worked out into early June. The TV news images of major numbers of folks at beaches and pools not observing social distancing or wearing masks is hardly reassuring. Yet, as El-Erian noted, it is time to wait while we see if the limited numbers of optimal COVID-19 protocol violators trigger a broader surge of infections. And markets are also in a critical position now.

It is of note that emerging currencies are now back under a bit of pressure after recent impressive improvement. That is despite US equities mostly holding onto their latest surge, even if into far more critical ground at present. And even from this morning's early trade, the global govies have had a decent bid after being beat up a bit on Tuesday's initial US equities push into their new recent rally high.

We haven't even mentioned the US-China confrontation factor, because we feel it is not a primary driver for the current trends unless it gets much worse. Yet the Chinese have their ancient proverb *cum* curse that distinctly applies to markets at present: "*May you live in interesting times.*" Interesting indeed right now.

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 developments 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/36ukbxP> 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 had returned to the downside from late April into mid-May. This created a more highly focused Evolutionary Trend View (ETV) in the form of a near-term Head & Shoulders Top pattern.

That pattern along with the other key low-mid 2,800 area technical indications 'confluence' is reviewed at length in our TrendVlew Video (<https://bit.ly/2XylbNn>) on June S&P 500 future

'long arc' and shorter-term (04:00-06:40) developments. There is also comparison with a 2008 front month S&P 500 future recovery rally (07:10-11:30) with important implications for the current US equities decision.

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

This review of market positions and all other information is strictly for educational purposes. This information is provided without consideration of portfolio requirements, suitability for financial risk, or psychological state of any recipient. Any use of this information to implement actual trades or investments is the sole responsibility of the individual or entity authorizing that decision. This waives your right to any claim of explicit or incidental liability for financial loss or forgone profit against Rohr International, Inc. and any informational contributors under all circumstances. Information contained herein may have already been disseminated to others who may have acted upon it. Implicit in the Rohr educational services is the understanding that principals or employees of Rohr may have already taken positions. By review of the Rohr Alerts and/or Rohr Views and all attendant information you confirm receipt of them as educational content, as well as agreement with all of the stipulations articulated above.

A service of Rohr International, Inc.

© 2020 All international rights reserved. Redistribution strictly prohibited without written consent