Gmail

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

ROHR ALERT!! Moderna to the Rescue

1 message

ROHR Alert <rohralert@gmail.com> Wed, Jul 15, 2020 at 9:27 AM
Bcc: ar.rohr.intl@gmail.com

Dear Subscribers,
As opposed to the question mark after 'Monday's Congress to the Rescue?' ALERT!! title, Moderna may be on the path to a combined vaccine and therapeutic which could change the COVID-19 outlook. That would be a game changer, based in part on the nature of the pharmaceutical firm's specific drug development. Therefore, it is not a surprise US equities are right back up to key resistance after failing from there on Monday's California 'de-opening' assessed on Tuesday.

This creates another battle between the reality of the still worsening COVID-19 pandemic spread news and the market expectations for a better future. And after all, "*The market* (which is to say equities) *is a creature of expectations*." In this case it is especially telling that Moderna's radical approach of developing an mRNA medicine (specifically their mRNA-1273), which has not been effective in previous forms, could represent a general medical breakthrough as well.

As its Chief Medical Officer Tal Zacks explained in a CNBC interview this morning (https://cnb.cx/3gWHJPS), in tests run by the highly credible National Institutes of Health (i.e. not internal research) mRNA-1273 showed strong development of what are known as 'neutralizing antibodies'. That's important in not just attacking the COVID-19 virus, but instead assisting the immune system by blocking the virus' access to the normally targeted cells. That makes it not just a preventative, but also likely an effective therapeutic for those already ill with COVID-19.

To avoid getting any further into the weeds on the medical aspects (where we are not in any way expert), let us just say that the extended trial which begins on July 21st will assess whether this higher antibody levels than that found in naturally occurring resistance in those who have recovered from COVID-19 infection. It will also be critical to see if those antibodies are more long-lasting than the naturally occurring variety, which have weakened after 2-3 months. Yet it is 'good' news.

As such, it is not any surprise that the US equities have pushed right back up to key higher resistance from which they failed so sharply on Monday's California 'de-opening' announcement. As there are more of those re-opening rollbacks expected on the continued aggressive COVID-19 spread in key cities throughout the US South and West, this is a classic market battle. Will near-term bad news reverse the US equities resurgence despite the now more hopeful prospects?

Well, the answer likely still ultimately lies with the degree of government support. We suggest a review of Monday's 'Congress to the Rescue?' ALERT!! for anyone who has not done so already. In a nutshell, (according to the linked FT article) "...*while Democrats are pushing for a wide-ranging package worth an additional $3tn, White House officials and congressional Republicans have suggested a more modest amount, worth $1tn, that could struggle to meet all the needs*."

And, "*As well as hitting consumer spending, the withdrawal of fiscal stimulus could also make it harder for low and middle-income families struggling because of the pandemic to pay rent and mortgages, damaging the housing market*..." where forbearance in that area is only until the end of August.

And further, as we suggested, "...*the US Senate is not back from its current break until July 20th, with the enhanced unemployment benefits due to expire at the end of July. As a further note, while the schedule can be changed for emergency purposes, both houses of Congress are then out from August 8th until after Labor Day Monday (September 7th.)* As such, there is a very narrow window to bridge a very wide divide, which will only clarify from the beginning of next week.

As such, it remains important to consider whether September S&P 500 future can surmount the still key 3,200-30 resistance it has ramped up to retest this morning. Along the way the global govvies are back under pressure, yet only to a modest degree after recent recovery from support levels. And it is interesting that the US dollar continues to weaken. However, it is hard to tell whether that is due to a renewed 'risk on' psychology, or continued prominent US COVID-19 concerns.

Courtesy repeat of Tuesday's critical consideration
COVID-19 virus spread caused US equities intermediate-term bull psychology to 'crack'. Early March already saw front month S&P 500 future 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/309ONSz updated through Friday.) That was then the key higher resistance subsequently violated on its mid-April push above its 2,675 trading high Tolerance from prior to the DOWN Break (also monthly MA-48.)

As such, it is reasonable the front month S&P 500 future will now treat the low 2,600 area (with a Tolerance to the mid-2,500 area) as support if there is another selloff below the key 3,030-2,970, with interim levels at 2,850 and 2,750 that were important in the recent up trend. That is because the front month S&P 500 future pushing out of the broad higher range top in the 3,030-2,970 area in early June was the key to it surging to the 3,200 area. That was the next meaningful higher resistance with a 3,230 Tolerance just retested and failed on the current rally.

That is also where It stalled all three days after the early June US Employment surge with no sign it was going to push further, and it remains very prominent higher resistance. After the following Wednesday's downbeat Fed communication yet with no additional stimulus into a still weak economic situation (see that Thursday's ALERT!!), the S&P 500 dropped back to test and hold 3,000 area.

After churning recently around the 3,100-30 interim congestion in the middle of those major ranges pending clarification of the future 'macro' factor psychology, that remains a key interim area to watch. Expanding COVID-19 concerns dropped it back again early this week, yet with the US Congress back into early next week.

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