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**ROHR ALERT!! US Equities Short-Term Trend Twist**

1 message

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**Dear Subscribers,**

**In general, our reputation as trend analysts is based on our adept assessments of the longer-term 'macro' tendencies and Evolutionary Trend View for the more extensive price movement potential... the proverbial 'view from 30,000 feet'.**

**Yet our own long-term market history goes back to honing our broader 'macro' perspectives and specific technical trend analysis skills from the foundation of years on the old-old Chicago Mercantile Exchange trading floor (originally paper orders handed to brokers shouting quotes to folks on catwalks marking prices on chalkboards <https://bit.ly/2Yme8aW>.) We later maintained our development up in offices as a customer representative in that shorter-term trading business.**

**As much as we (with assistance from many talented mentors) successfully 'expanded the lens' to longer-term analysis and advisory on the international 'macro' factors and much longer-term technical trend assessments many years ago, our ability to swoop down to treetop level for a closer look remaine. It is very much like the old 'riding a bicycle' metaphor... you never really forget.**

**Interestingly enough, that is useful now in our shift to a more actively bearish near-term view of US equities. And as context for all of this is a key precept we always share with anyone taking advantage of our educational expertise: the technical chart techniques and indicators are 'portable across time frames'.**

**This is very relevant on the degree to which any significant US equities near-term trend decision is likely to impact the overall 'risk on' psychology that has only been very slightly impacted by last week's rather large weekly DOWN Closing Price Reversal from the previous week's 3,5,04.50 Close (see the chart link below for the specific indication.) That will in turn likely have an impact elsewhere.**

**The issue is whether US equities can hold on without any further damage. That includes whether the front month S&P 500 future can respect the 3,295.50 trading low of the current selloff from the aftermarket trading late Tuesday afternoon.**

**There was little other than some international inflation data today outside of the somewhat less weak than expected Japanese and UK manufacturing data. In the context of all of the 'macro' politico-economic perspectives provided earlier this week, it seems more useful to explore the near-term trend tendencies in the anticipation of what they might mean for the overall US equities trend activity over the key next several days into next week. And with that we offer...**

...the most unusual provision of the September S&P 500 future hourly chart from Monday of last week through 10:15 EDT today (<https://bit.ly/3ihbFYa>.) To avoid boring the technically adept, we will only highlight the most salient aspects of the attempted Inverse Head & Shoulders Bottom and its apparent failure. In the first instance, this is a terribly distorted bottom attempt, to the point some may assert it doesn't qualify as a true H&S Bottom due to being so distorted (especially the deep left shoulder compared to an almost abortive, shallow right shoulder.)

Fair enough. Yet as many experienced technical analysts know, 'non-conforming' pattern attempts can be useful for their greater tendency to not perform. As we are bearish now on the US equities, a distorted, unreliable pattern bottom is exactly what we would like to see, indeed especially for its greater likelihood of failure that will lead to a more confident resumption of the near-term down trend.

And indeed, that seems to be exactly what is transpiring after recent near-term September S&P 500 future attempts to sustain activity back above the old 3,400 area February all-time high. In fact, as the chart projections show, there was a very transitory (as such suspicious) 3,415 UP Breakout attempt early Thursday morning that immediately failed into weakness back down to the basing pattern key Tolerance level (low of the right shoulder) at 3,375. Even that only managed to hold until 14:00 Thursday prior to being violated with greater downside volatility.

With that, here is the little secret of failed patterns which so many inexperienced analysts find frustrating about technical pattern analysis: Negation (i.e. failure) of a particular technical signal (in either direction) can be as useful in its way as a successful breakout. That is due to the degree to which Negated signals likely mean the overall attempted pattern (in this case the H&S Bottom) will be overrun for an extended further move in the original trend direction (down in this case.)

So in this case failure to maintain the 3,415 UP Break and subsequent violation of the 3,375 Tolerance of that signal means late Tuesday's 3,295 trading low is likely to be overrun. In the context of longer-term technical price structure (broadening the lens out to the view from 30,000 feet once again) that would seem to allow for the test of the heavier congestion back in the 3,230-00 range we have highlighted so heavily since early June. Indeed that would seem to be the next key level.

In normal times looking for a further \$200 break below that previous 3,400 area February high might seem a bit aggressive. Yet under the COVID-19 psychology, it is just what we have been dealing with since late February, and expecting the 'long bomb' swings (tipping our hat to Thursday evening's resumption of the US professional football season) was the key to relevant trend assessments ever since February. And it remains the case today, especially in the context of all the politico-economic factors extensively explored again since early this week.

It is also most interesting that today's holding action by the US equities is still allowing for a sizable recovery in global govies after their recent selloffs on the US equities attempted bottom. On the other hand, emerging currencies outside of the Turkish lira's secular weakness are still trending higher for now, which is more so a sign of a sustained 'risk on' psychology, while developed currencies seem a bit stuck (especially on British pound displacement.) Foreign exchange versus global govies bifurcation is another reason why the US equities decision looms so large. Next week is going to be very interesting by any measure.

**Courtesy Repeat of Thursday's critical consideration**

**COVID-19 virus spread caused US equities into a DOW Break below the front month S&P 500 future 2,600 area major up channel in early March. That seemed to indicate more of a near-term failure. That was from the early 2016 low (as is clear on the weekly chart <https://bit.ly/2DDzpGZ> 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 DOW Break (also monthly MA-48.) Ergo, the rally could be sustained. 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 at which it failed previously on the rally.**

**Yet pushing above it in late July opened the door to a retest of the February's 3,397.50 front month future all-time high. Yet after such a major rally back from the February-March debacle, it was hard to imagine it could prevent the front month S&P 500 future from at least taking a look above 3,397.50; and that has now transpired on a push above it two weeks ago into the low 3,500 area.**

**That was also above extended 'adjusted' weekly Oscillator range in the 3,425-30 area last week, now rising \$10 per week on the MA-41 rise. That was the same threshold where it stalled in February, which we already knew from the Oscillator 'adjustment' we made after the market strength into early 2017. And the rally has called for another 'adjustment' based on the 2,875 early 2018 high Close and the subsequent 3,381 February high Close prior to the COVID-19 pandemic debacle.**

**That new 'extended' weekly Oscillator threshold is MA-41 plus 395-400, which was 3,485-90 last week and rises to 3,495-3,500 this week. Yet the extended key to any 'runaway' bull was a longer term topping line projected across the February 3,397.50 trading high from the April 2010 first major high after the major cyclical 2009 low. That topping line was at 3,525 last week, rising to 3,535 this week.**

**Aside from the sheer magnitude of last week's selloff, it was important for the establishment of a technical pattern top. With such a significant rally above the previous week's 3,504.50 Close, the drop well below it established a DOW Closing Price Reversal (CPR) of some magnitude. Along with the topping line, that is now the key higher resistance on any sizable recovery from lower support.**

**The next significant support after it traded back below the February 3,397.50 previous all-time high looks like the 3,230-00 range we had previous highlighted as the rally resistance into early June, which was subsequently overrun on the rally extension into early August. On the upside, that newly established 3,504.50 DOW CPR has a Tolerance to the previous week's 3,509.50 high (on a weekly Closing basis) and could be retested if activity above 3,400 area is sustained.**

**Thanks for your interest.**

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