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ROHR ALERT!! Back to The ‘Long Bomb’ and Sharp Pencil

1 message

ROHR Alert <rohralert@gmail.com> Tue, Sep 22, 2020 at 10:28 AM
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Dear Subscribers,
The sizable US equities price swings of the past couple of sessions bring to mind the American football analogy we began publishing back into mid-June. The big front month S&P 500 future moves after recent choppier conditions seem to be a return to the ‘Long Bomb’ moves from earlier this Spring and summer. Yet in that regard, it is not really any surprise under the intensifying ‘macro’ cross currents.

As Monday’s ALERT!! title noted, it is simply (and humbly) ‘As Expected’. In fact, during volatile market conditions it is a relatively straightforward endeavor for highly experienced trend analysts to spot those times when aggressive price moves might be the most likely outcome. As all of the multifaceted ‘macro’ factors were at least touched upon (with reference to previous research) in Monday’s ALERT!!, we refer you back to that for the context and key links.

In the meantime, we have excerpted the most focused segment from an early June video recording we created for a collaboration, and suggest you view this limited section (https://bit.ly/2ZWE0fq) of “*The ‘Long Bomb’ and the Sharp Pencil*” for further clarification of how this American football analogy relates to US equities activity since the COVID-19 pandemic hit in full force in late February.

We must admit we are inspired to revisit this not just by the US equities activity… ...there is also Monday night’s 34-24 victory of the (recently moved from Oakland) Las Vegas Raiders over the also highly rated New Orleans Saints. It appears the old aggressive Raiders are back, with a similarly aggressive passing game that was the hallmark of their heyday. Yet this is not just a digression into the renewed excitement over early season rekindling of American football passion.

There are also quite a few concise insights in this brief video on the fractal nature of price trend analysis, and overall context of effective Evolutionary Trend View. There is also mention of the Sherlock Holmes’ logic (http://bit.ly/25GidVh) we have been incorporating into our overall market psychology for decades. That can often be applied to discerning the likely trend path in key situations, among other assessments relating to the more volatile COVID-19 pandemic markets.

With that, we leave further information from this heavily cluttered central bank and government testimony and speeches week for assessment after the current US House testimony with Q&A by Fed Chair Powell and Secretary Mnuchin is in the markets. We expect quite a bit of discussion (as we have sharply reviewed in recent weeks) of desperate need for further US government relief and stimulus.

In the meantime the renewed volatility of US equities continues on the sharp rally which began Monday from the front month S&P 500 future 3,230-00 range (as was heavily

referenced both back into mid-June and revisited of late.) Yet that has not seen any retest of recent 3,300 area failure, much less a retest of the 3,400 area.

Yet that rally is bringing back a bit more of a ‘risk on’ psychology, with salutary effect on the emerging currencies, and some pressure on the global govvies.

Courtesy Repeat of Monday’s critical consideration
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 (as is clear on the weekly chart https://bit.ly/35VAPIs updated through Friday.) Yet it also pushed above that out of late July.

This opened the door to a retest of the February’s 3,397.50 front month future all-time high. And after such a major rally back from the February-March debacle, it was hard to imagine the old February all-time high could prevent the front month S&P 500 future from at least taking a look above 3,397.50; and that then transpired on the push above it four weeks ago into the low 3,500 area.

Aside from the sheer magnitude of the selloff that began three weeks ago, it was important for 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 major DOWN Closing Price Reversal (CPR). 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 below the February 3,397.50 previous all-time high looks like the 3,230-00 range we had previous highlighted as rally resistance into early June. On the recent attempt to stabilize at no worse than the 3,300 area, the market exhibited a couple of less than credible pattern bottoms.

The latest of those saw a lackluster 3,400 area UP Break early Tuesday morning that has failed in the wake of extended macro factors. That indicated the previous 3,295 trading low of the selloff would be violated on the way to lower ground. Follow-through after last Friday’s temporary trading below 3,295 has now been achieved on the trend extending all the way to a test of the top of the 3,230-00 range this morning, with Tolerance to 3,185 area. Next support is the 3,000 area.

Thanks for your interest.

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