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**ROHR ALERT!! Deal or No Deal?**

1 message

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**Dear Subscribers,**

**President Trump either is indeed recovering rapidly after a unique (i.e. not at all available to anyone else) drug cocktail seems to have had a very positive effect since he checked into Walter Reed Military Medical Center on Friday. Or he is in denial and risking his life and the health of others in checking out so early.**

**Just to be clear, he is not 'going home' in the classical sense you or I would be doing so. He is back in the White House, which has a world class small hospital to tend to his still significant infection fighting needs. Yet he wanted to exhibit a show of strength, and from a political perspective one can hardly blame him.**

**However, that he seemed to be struggling a bit to breathe at the top of the White House steps did not necessarily accomplish his goal. But good for him for trying, even if this seemed to backfire on a political level. Removing his mask prior to entering a White House that is now a national hotspot for pandemic spread was not well-received by his already activated critics, even if it appealed to his base. There is also ire over his message to not be afraid after over 200,000 US deaths.**

**Beyond that the previously absent President is finally putting his weight behind the push to get a COVID-19 relief program deal through Congress. The serial calls between Secretary Mnuchin and Speaker Pelosi seem like 'old news' at this point. Yet hope springs eternal, especially as the economic pressure from US pandemic resurgence (as well as other Western democracies) is becoming more apparent in the recent data... like last Friday's weaker than expected US Employment report.**

**It must be dawning on the President that his Republican cohorts' plan to blame the Democrats for demanding higher relief spending is not necessarily going to play well in the hinterland. Someone in the breadline (or food bank or generally reduced to surviving on the basic weekly unemployment benefit) is not really going to feel very good toward Republicans trying to hold the line on spending.**

**As expected Fed Chair Powell again significantly emphasized the need for more stimulus in his virtual speech 'Economic Outlook' (See this morning's Reuters article <https://reut.rs/34pJGzQ>) to the NABE Annual Meeting today. While the economic data has been a bit better this week (Services PMIs and other items), we remind you that this is all rearview mirror data, with the outlook deteriorating badly on current layoffs. This is especially for airlines after October 1st layoffs began, along with many other businesses from dining to hospitality to cinemas.**

**As today's Reuters article (<https://reut.rs/2SwA5Ss>) notes, "...millions of Americans who are still unemployed are bracing for the possibility that the jobs they held before the crisis may not come back for years, if at all." "The number of people who had been out of work for at least 27 weeks increased by 781,000 in September to 2.4 million, according to the Labor**

***Department. Another 345,000 people were permanently laid off that month, increasing the total to 3.8 million."***

**We take no joy in reminding everyone that based on the pandemic dynamics, we have been warning for months that this would be the result if the COVID-19 suppression protocols were not more rigorously followed by Americans.**

**While the actual occurrence is therefore not necessarily 'news', it is shocking nonetheless for its societal implications. And we were in good company warning of this, as Chair Powell was warning as far back as his June 10th post-FOMC decision press conference that more stimulus was needed due to the degree to which some folks' jobs were not going to be coming back in their industries. While he noted they would ultimately find employment in other roles, the requisite retraining would 'take time'. Waiting for old jobs to come back was hopeless**

**Which gets us back to today's theme with a distinct market implication: What is going to happen with the current troubled round of US government COVID-19 relief spending? Well, Steve, Nancy and especially foot-dragging Mitch, what's it going to be? Deal or No Deal, which was inspired by the name of Howie Mandell's old game show (<https://bit.ly/36Ci4dC>) where contestants would choose (loosely from Wikipedia <https://bit.ly/30DbmA1>) "...from between 26 numbered briefcases. These cases, carried by twenty-six identically dressed female models, each hold a different cash amount from \$0.01 to \$1,000,000." Hmmm, all or nothing.**

**Sounds an awful lot like the current Congressional negotiations, with a strong sidebar of Mr. Mnuchin's intervention on behalf of an administration that would like to see 'something'. He is filling the 'Deal or No Deal' show's shadowy figure of the 'Banker', who made offers to the contestant in between rounds, which the contestant could either accept or reject. But instead of the contestant looking for a higher offer in order to settle, Senate Majority Leader McConnell is looking for an offer low enough to convince his most conservative members... kind of like an upside down 'Deal or No Deal' where the contestant wants as little as possible.**

**In the meantime, the US equities are likely less stressed with the President back in the White House (under whatever medical regime has allowed that.) The real driver for the return of a 'risk on' rally to higher key resistance is likely recently better chances for a US government COVID-19 relief spending package.**

**That also explains a lot about the continued improvement of the other currencies against the US dollar, and the continued pressure on the global govies. That said, the latter is still not anywhere near a breakdown below key trend supports.**

**This is the 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/3d5p5EJ> 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 late August push above it into the low 3,500 area.

Aside from the sheer magnitude of the selloff in the first week of September, it was important as 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 previously 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 with key failures in the 3,400 area (see our September 18th ALERT!! for a full discussion and Evolutionary Trend View fully annotated chart analysis.)

The latest of those saw a lackluster 3,400 area UP Break early Tuesday September 15th that failed in the wake of key macro factors. That suggested a previous 3,295 trading low of the selloff would be violated, as occurred. Follow-through after that saw multiple tests of the 3,230-00 range (Tolerance to 3,185.) Near-term resistance in the low-3,300 area was exceeded last week, with the more prominent resistance up in the 3,400 area (February high and recent failures) now being retested.

Thanks for your interest.

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