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**ROHR ALERT!! Trend Battle into the Weekend**

1 message

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Fri, Oct 16, 2020 at 11:14 AM

**Dear Subscribers,**

The US equities are attempting to reverse the weakness that we reviewed in Thursday's "So It's 'Risk Off'" **ALERT!!** Hints of some hope remaining for the US government COVID-19 stimulus/relief package along with some actual good news on likely EUA (Early Use Authorization) from FDA for Pfizer's vaccine sometime next month are driving a partial return to a 'risk on' market psychology. And while European data was weakish, US Retail Sales were much stronger. Yet that is with extremely weak US Industrial Production (-0.6% versus a +0.5% estimate.)

On the other hand, the US and European COVID-19 pandemic news remains very troubling. That is of course not just on the sheer medical and societal problems, yet also the degree to which that foments more restrictive pandemic suppression measures in affected areas; as already seen in the UK and Europe. Today's very good Reuters article (<https://reut.rs/317JBjh>) 'New coronavirus infections rise to record highs in U.S. Midwest and beyond' points out the dimensions of the current COVID-19 spread into areas not previously as heavily affected.

As noted on Thursday, the New York Times map (<https://bit.ly/2SXTv2l>) for the US new COVID-19 case count through Wednesday is striking on the impact on the Midwest and Northern Plains. While some of it looks relatively light in those areas, they are much less well-equipped to handle it. That is due to the lack of the sort of extensive hospital facilities which assisted the Northeast in its crisis.

The Reuters article notes that it is not just the national new infections, but rather that, "*Nine states, including Michigan and North Carolina, reported record one-day increases of new infections on Thursday.*" And, "*Michigan last set a record for new daily cases on April 3...*" as the situation worsens, as predicted, into the onset of cooler Fall and Winter weather. Of course this is just getting started for the Northern climes, and is very likely to worsen in the near-term.

In addition to a very clear map (<https://bit.ly/2T1b9CA>) of which states are driving US daily case increases to well over 50,000 new daily cases, the Reuters article also notes that there are localized spikes in the Northeast. New York Governor Cuomo is fighting resistance from "*...Catholics and Jews, who are asking courts to void restrictions they argue limit religious freedom.*" Wild. Much as also seen from some in other areas, these folks seem to be arguing for their right to risk severe illness and death in the name of liberty; with little regard for others.

As such, the Evolutionary Trend View battle into the weekend is over whether US equities can climb up into areas which would still of the early week surge above resistance still being the operative trend psychology... effectively 'risk on' only having been very temporarily interrupted into midweek prior to recovering.

Or might a return to weakness skew the psychology more so toward the 'risk off' that seemed the case after Secretary Mnuchin cast doubt on any potential for a US stimulus/relief package passing prior to the November 3rd election. And under those 'macro' considerations, this is the current trend decision analysis:

The 3,505 area late August weekly Close with a Tolerance to that week's 3,510 area high was the DOWN Closing Price Reversal (CPR) 'signal' level back in early September. That was spared Negation (being overrun on the likely way to higher ground) by Wednesday's selloff. It remains an important weekly Closing area.

However, for the bears to reassert any real downside momentum, there need to be at least daily Closes below the August into early September 3,475 congestion; which also happens to be last week's Close. While selling off aggressively below it intraday Thursday to test the top of lower 3,430-00 interim support, it recovered to Close right in that 3,475 area. Therefore, the current higher price activity leaves it a 'draw' for now on the 'Trend Battle Into the Weekend' after another wild week.

Any Close above or below those areas might indicate a trend bias into next week. Despite a select number of still important economic releases early next week (like Monday's Chinese data), a lighter mid-month week overall is not really that 'data critical' until the Friday global Advance PMIs. As such, the still deteriorating COVID-19 news and attendant progress (or lack thereof) on the now fully stalled US stimulus/relief negotiations will still be the main 'macro' influences.

The other asset classes are still reflecting their recent trend inclinations. In the foreign exchange markets, both developed currencies and emerging currencies have given back some of their recent gains on this week's return of US equities uncertainty from previous pure 'risk on' psychology into the beginning of this week. Yet that is not yet to any decisive trend reversal degree.

On the other hand, global govies seem to have recently confirmed the old axiom that they are "*...the equities' smarter older brother.*" Out of what has recently once again been a very 'bifurcated' macro psychology pending US equities' decision, the global govies never came under the sort of extensive pressure that would have been consistent with the a much improved fundamental economic situation; or at least the confidence that would have flowed from a substantial new US stimulus/relief spending package. Instead global govies continued to reflect skepticism. The US got a bit of a bid, and Europe exploded to the upside.

This is the critical consideration

[To be updated after Friday's major European and US economic releases]

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/3iPO4NN> 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) with a 3,510 Tolerance. Along with the 3,540 topping line, that is now key resistance after a recent 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 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.)**

**Yet it held that 3,230-00 area once again. And now finally surging back above the 3,400-30 area leaves a burden of proof on the bears to get the market to fail back below that area. In the meantime, whether the December S&P 500 future can post serial weekly Closes above first 3,505-10 and ultimately the 3,540 area will decide if it is indeed again 'Risk On' Forever. The only nominal resistance above that is the early September 3,587 front month S&P 500 future all-time trading high. And the key lower support is the 3,475 near-term congestion below the 3,500 area.**

**Thanks for your interest.**

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