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**ROHR ALERT!! More Vaccine Joy yet Technical Issues**

1 message

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**Dear Subscribers,**

**Unfortunately, some IT issues prevent us from updating the annotations on the weekly charts through last Friday's Close, or the full macro-technical perspective right now. That said, it all remains the same as the major vaccine announcement shift to US equities and emerging currencies 'risk on' macro psychology that we highlighted since the beginning of last week. Of course, that has been reinforced by the additional Moderna Therapeutics announcement this morning on their vaccine's high degree of efficacy in extended trials, with the kicker that theirs...**

**...is also another Messenger RNA (mRNA) technology, which we have already shared is a uniquely propitious development. That is due to the manner in which the long sought mass production of these vaccines allows for rapid adaptation to any future variations of COVID-19, or likely even other epidemics. Yet that is still into a sharp rise in the European and especially US COVID-19 infection spread, which will mean near-term economic pressure despite the improved outlook.**

**As such, while the US equities can likely rally further, it leaves the near-term market psychology as noted in last Tuesday's ALERT!! title, 'On the Yin-Yang'. That is true for emerging currencies which saw some slippage after previous gains last week, and global govies that are a bit more buoyant on the near-term economic pressure from COVID-19 pandemic commercial activity restrictions.**

**Courtesy Repeat of Friday's 'Pandemic Pressure... As Expected' ALERT!!  
[All macro perspective and the Evolutionary Trend View remain as noted]**

**The mind boggling acceleration of the US COVID-19 pandemic infection spread is as expected. Of course, this is the same as much of the rest of the world right now. That brings anticipation and even some immediate government action in the form of further restrictions exerting economic pressure on the global economy.**

**As 'shocking' as the pandemic spread news may be, it is also not surprising. Epidemiologists have been warning for months of the Fall infection resurgence, due to cooler weather forcing more activities indoors in the northern hemisphere. And in the US central bankers have also been basically screaming for more stimulus/relief into what is an increasingly dire situation. Yet at least so far, that has not happened, with the US Senate saying, "*Hopefully by the end of the year.*"**

**At least that is Senate Majority Leader McConnell's take on it. Which is hard to understand on a *realpolitik* level. It is not a political statement on our part to note that two early-January runoff elections in Georgia will be critical to the continued GOP control of the Senate. One might imagine McConnell would want as much good will as possible for his party out in the hinterland into those critical votes.**

As Thursday's very good Reuters article (<https://reut.rs/38DsJpa>) notes, this is allowing House Speaker Pelosi to excoriate the Republicans for their lack of action, even saying, *"It's like the house is burning down and they just refuse to throw water on it."* Shortly after that McConnell responded that he was still against the massive Democratic spending request, and that he still *"...preferred previous Republican proposals in the range of \$500 billion, which he said would be aimed at 'residual problems'."* Well here's a heads up Mr. Leader (and again not a political statement), there's nothing 'residual' about the pandemic impact.

Of course, the election review-obsessed Trump administration has completely withdrawn from the relief negotiations, officially leaving it all in McConnell's hands for the foreseeable future. That removes any chance of administration pressure on McConnell to relent regarding agreement on more robust spending.

According to another timely Reuters article (<https://reut.rs/35uK6H3>), just this morning in a Financial Times interview, New York Fed President John Williams said, *"The very large rise in COVID cases recently clearly puts a question mark on the ability of the economy to weather this period..."* (further) *"...I would expect growth in the fourth quarter, and maybe into early next year to slow somewhat."*

That's very striking in the context of US equities being a 'discounting' mechanism for the next 6-9 months. Yet as noted in Wednesday's 'On the Yin-Yang' ALERT!!, the extremely positive Pfizer/BioNTech vaccine tests showing over 90% efficacy is the sort of 'macro' driver that can allow the US equities (and others) to look out into the 9 month horizon for better times. This is proverbially known as *"looking past the trough"*, and is the only explanation for US equities firm performance.

The negative influences include not just the massive rise of fresh US COVID-19 infections to a record 152,000 new cases on Thursday, but also weak economic data over the past two days. There was Thursday's much weaker than expected US CPI (0.0% versus 0.2% previous & expected) and today's very weak Michigan Sentiment, even if the counterpoint was hotter than expected headline US PPI.

So what we have is the December S&P 500 future backing off from Monday's 3,668 new all-time high by over \$150 to retest the now overrun early-September 3,505-10 DOWN Closing Price Reversal. Yet, having held there still looks like it is headed higher, and as of this time Friday morning has a buffer back down to that support (overrun resistance) by trading up into the 3,560 area once again despite all of the negative news on the pandemic spread, lockdowns and weakish data.

It seems global govies are more so affected by negative 'macro' influences for now, as December T-note future is trading back up into 138-00/-16 range again. Yet unless it can surmount that resistance, the nominal overall trend will remain down for the first time since late-2019. The reason for the front month T-note future rallying even better than the other global govies is clear on two levels.

The first is the US 10-year yield back up near 90 basis points still looks quite attractive in the context of the 'bad' macro news. The other is that this is in part 'force of habit' from the past several years, when even better economic growth and a strong US equities rally did not foment weakness in longer-term govies.

For much more on the intermarket activity over the past several years, please see Thursday's 'Intermediate Intermarket Indications' ALERT!!, with extended front month T-

**note future trend observations as they relate to the US equities. All of the activity, which includes emerging currencies maintaining most their recent gains against the US dollar, is still consistent with a renewed, and seemingly more sustainable 'risk on' psychology on extended 'vaccine' economic anticipation.**

**Another Courtesy Repeat of Our Previous Critical Consideration  
(All of the Evolutionary Trend View levels remain very similar)**

**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/3eMWhle> updated through last week Monday.) Yet it also pushed above it 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 was 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 early September attempt to stabilize 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 recently surging back above the 3,400-30 area left 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 3,550 area will decide if it is indeed again 'Risk On' Forever. After violating the key 3,380 Tolerance of the 3,400 area (now including weekly [MA-9](#) & [MA-13](#)) it also traded below 3,280.**

**That was important as the Tolerance of the interim 3,330-00 range. Yet it held brief tests of the far more major 3,230-00 area heavy congestion support, and then had an impressive rebound back above 3,300-30 once again on election day and now also 3,400-30 area and the 3,505-10 area as well as 3,550 at the beginning of this week. This is confirmation of our estimation the US election would be a win-win for US equities, and the accelerated bullish influence from positive vaccine news.**

**The question now is whether it can indeed hold the low 3,500 area (Tolerance to the 3,480 congestion) to see if the early September 3,505 DOWN Closing Price Reversal is being Negated. On classic form, that would open the door to an extended rally to the 3,750-3,800 area prior to becoming 'overbought' once again.**

**Thanks for your interest.**

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