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**ROHR ALERT!! Biden Trade**

1 message

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**Dear Subscribers,**

**No, we are not going to recommend a specific market position based on the increasingly apparent presidential victory of the Biden-Harris ticket. Rather we are pointing out that in addition to all of the very good vaccine news of the past several weeks and the Biden transition team finally being able to liaise with the folks running the COVID-19 battle, there is another matter which has fallen by the wayside for how: The future trade policy of the Biden-Harris administration.**

**This is very important to the future of the global trading regime that has suffered under COVID-19 pressure. While the US was out on its Thanksgiving holiday last Thursday, the Organization for Economic Cooperation and Development released its latest quarterly G20 International Trade data (<https://bit.ly/37hojIT>.) It was not any surprise (like much else in Q3) it had rebounded from the Q2 crunch, yet only to levels still well below the pre-pandemic levels. That said, even a cursory review shows that it had already been suffering prior to the massive COVID-19 pressure.**

**International trade levels had topped into mid-2018, and were in a very distinct downward trend prior to the pandemic crunch. It is of note that this corresponds directly to Trump's penchant for tariffs and quotas. Those being across the board sanctions were something which could only diminish international trade, with the hope it would improve the lot of American manufacturing. Yet there was little positive effect on US jobs, as US manufacturers were the ones actually paying the tariffs on intermediate goods, and not China (as Trump often misstates it.)**

**And as is always the case, the US tariffs have brought countervailing tariffs and quotas from the exporting countries hit by the US restrictions. Even more reason for the diminished overall international trading volumes. This was of course exacerbated by the US tariffs being across the board, on allies as well as actual global adversaries (like China.) This was the source of problems more so than benefits from the Trump administration trade policy in quite a few ways.**

**One of the most prominent was as we analyzed shortly after the imposition of across the board steel tariffs in March 2018. That was the immediate resignation of Trump's National Economic Council Director Gary Cohn. While his departure had been predicted previous in the wake of the President's inadequate response to the Charlottesville rally violence of the previous August, Cohn had decided to stick it out. While there were never any specifics given, we suspect it was Cohn's frustration with the lack of more targeted Chinese trade sanctions.**

**Also note that the early November Organization for Economic Cooperation and Development Composite Leading Indicators (<https://bit.ly/39hgwHj> once again our mildly marked-up version) had already noted the sharp Q3 economic recovery from the Q2 debacle was slowing. It went so far as to note that this was prior to any of the fresh global**

**COVID-19 restrictions in the wake of the recent pandemic resurgence. Even as all economies are suffering (outside of China due to very successful PPE exports), lower trade barriers could be an international stimulus.**

**And that is where the less than effective Trump trade policy meets up with the incoming Biden administration's likely actions, and their impact on international trade and the markets. Quite simply, we expect that the Biden administration will still want to focus on sanctioning China for its various mercantile trading abuses.**

**And in our opinion (along with at least a few other well-informed individuals), it was one of the major failings of the Trump policies (especially regarding Chinese market abuses) that he chose to alienate our trade and defense allies by imposing the same sanctions on them as mutually agreed Chinese trade policy violator.**

**It does not seem reasonable that as the Biden administration moves back toward international cooperation in everything from defense (NATO) to the climate (Paris Agreement) and other areas it will not also be either dropping or diminishing many of the Trump trade sanctions, especially on our allies. That will open the door to an upward trend in international trade for the first time since 2018.**

**We are not going to burden this analysis with any of our previous reviews of how important that is to growth. And the Biden administration will need to be careful to not allow it to decimate US jobs, as in the previous manic 'globalization' drive. Yet as many of our allies also have issues with a Chinese mercantilist hegemon, it should be feasible to structure productive trade deals with our classical partners that unite the overall group against Chinese transgressions. This is the sort of additional fillip for growth in addition to US COVID-19 relief we hope to see soon.**

**That said, despite clearing up of a hopefully last sticky US election item reviewed in Friday's 'Fly in the Vaccine Distribution' ALERT!!, the US equities are under some pressure this morning. That issue was another Trump attempt to reverse the already official Pennsylvania election results giving the state's 20 electors to Joe Biden. Attempting that after the vote was certified is a truly bizarre move, unheard of previous in the long history of America's sometimes bizarre politics.**

**Yet even though the three judge panel in that case had allowed the case an expedited hearing on Friday, the result was exactly the same as so many other Team Trump attempts to overturn results without any evidence. According to a very good Reuters article (<https://reut.rs/3q46b7s>) from right after Friday's hearing, "*Free, fair elections are the lifeblood of our democracy. Charges of unfairness are serious. But calling an election unfair does not make it so.*"**

**That was from Judge Stephanos Bibas on behalf of a three-judge panel. He went on, "*Charges require specific allegations and then proof. We have neither here.*" That could be the epitaph for all of the 30+ cases Team Trump has launched since his election deficit became apparent... there was never any evidence. Then there were two almost bizarre twists. Shortly after Friday's court decision, aggressive Trump lawyer Jenna Ellis tweeted "*On to SCOTUS!*" Really? The Supreme Court?**

**The problem is that SCOTUS will not likely want to weigh in on this matter unless there is some sign a lower court was misguided in dismissing a Team Trump suit. And the next bizarre twist is Trump being interviewed by FOX News Channel's Maria Bartiromo on Sunday (<https://bit.ly/2VgtHA3>.) He claims (from 37:10) his team has a huge amount of**

evidence they want to show the court, but the courts claim they did not have any evidence. Yet much as in the last Pennsylvania case, the court is not seeing any evidence. Courts have been pleading with Team Trump to please show any evidence, with no sign of it in any of their numerous cases.

Could this be a sign that the President of the United States has become totally deranged in his belief that things are happening which are just not so? Not at all. It is Donald Trump being Donald Trump. He is first and foremost a promoter, and right now he needs to keep promoting the idea that the election was stolen from him in order to keep faith with his loyal base, regardless of the damage it may do to confidence in US democracy. He needs funds for his continued political influence campaign, and the best way to do that is what he is doing. All of this US election review is to point up the degree to which we can hope it is all behind us.

Yet despite the increasingly apparent Biden victory and now more active fully enfranchised transition, the US equities are under pressure. Might it be the horror of the latest COVID-19 pandemic news (over 200,000 new infections in just one day with hospitals already close to being overwhelmed)? Or could it be additional Trump moves on defense and international trade which may create problems for the incoming Biden administration? In any event, the December S&P 500 future has dropped back from interim 3,625-35 resistance to the psychological 3,600 area. The question now is whether it can hold the 3,585-75 range is slipped below temporarily two weeks ago into very early last week until the Biden victory was certified (with some hiccups) in the last couple of key states (MI and PA.)

In the meantime, any risk to the recently reaffirmed 'risk on' psychology is not being reflected in the other asset classes. Of particular note is the slippage now after a firm finish last week in global govies. While the emerging currencies are slipping a bit against the US dollar, that remains only a correction after strength earlier this month. It will all be very interesting in the context of any US equities decision either on holding lower support, or if they break through recent highs.

**Courtesy Repeat of Previous critical consideration**

**[Charts and analysis to be updated after Monday's US Close...**

**Analyzed after the early Tuesday next OECD Quarterly Economic Outlook]**

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/2IXiotz> updated through Friday 11/20.) 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 the mid-October recovery from lower support.

**The next significant support after it traded below the February 3,397.50 previous all-time high looked 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, the December S&P 500 future posting weekly Closes above first 3,505-10 and ultimately the 3,550 area looks like it is indeed again 'Risk On' Forever. This is confirmation of our estimation the US election would be a win-win for US equities, with the key accelerated bullish influence from serial positive vaccine news across the past several weeks.**

**The near-term question was whether it could hold around near-term support at the early-September 3,587 trading high and 3,582 Close from two weeks ago, with a Tolerance to recent 3,575 congestion? Even though it slid below them last week on US election concerns, those issues clearing up early this week (see above) had reinstated the 'risk on' psychology. Now back above that range leaves minor recent congestion in the 3,625-35 range resistance along with the recent 3,668 all-time high. Yet the extension above early September's 3,505-10 DOWN Closing Price Reversal points to the 3,750-3,800 area before it is 'overextended' again.**

**Thanks for your interest.**

**NOTICE: The Rohr International, Inc. research team or its principals may already have entered positions or have orders working based on this view.**

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