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ROHR ALERT!! Vaccine Verve

1 message

ROHR Alert <rohralert@gmail.com> Wed, Dec 9, 2020 at 8:39 AM
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Dear Subscribers,
We are coming to you quite a bit earlier than usual today due to much of what we have assessed to date remaining the operative influences on the Evolutionary Trend View. And we will be a bit later tomorrow due to the need to assess the ECB press conference we will be observing until 08:30 CST. Of course, Thursday also has quite a bit of international data and a key influence that informs today's title:

The FDA COVID-19 Vaccine Advisory Council meeting that will review the Early Use Authorization (EUA) for the Pfizer/BioNTech COVID-19 vaccine. The decision is expected to come either immediately, or over this weekend at the latest. And it is expected to be positive based on Tuesday's FDA document release showing no new safety or efficacy issues with its well-received trials studies. See the Reuters article (https://reut.rs/39SU4ED) for more details, including the additional good news that the efficacy seems to be as much as 52% after only the first dose.

That is the basis for the vaccine 'verve', where that implies 'enthusiasm' or 'spirit' that is certainly the case for the 'risk on' psychology at present. While it is more so classically applied to a literary or artistic work, it seems very *apropos* here.

Tuesday morning saw concerns over the still thorny issues in the US COVID-19 Congressional stimulus/relief negotiations weighing on the US equities early in the day. However, by early afternoon they were setting a new all-time high slightly above last Friday's December S&P 500 future previous 3,700 peak.

That said, there is still horrific current (and near-term anticipated) COVID-19 pandemic spread impact. Yet, it is obvious the longer-term forward anticipation (fully out to the typical equities limit of nine months), we have been suggesting was the driver for some time now, remains the operative 'risk on' psychology.

That is not just for the US equities, as the emerging currencies continue to gain ground despite any minor temporary US equities setbacks and the continued ravages of the COVID-19 pandemic spread in Europe as well. And that is even though the global govvies have a bit of a bid on near-term COVID-19 bad news and no inflation anticipation; especially in Europe based on the Bund bid.

Of course, there is also the typical late-year seasonal factor when the equities are near the annual high, as fully reviewed in Tuesday's 'Santa's Already in Town' analysis (and that's more so 'Santa Portfolio Manager' than Mr. Claus.) It is also still a

very accommodative central bank environment. While we are waiting to hear what Madame Lagarde specifically has to say tomorrow, we expect that she will continue to be a champion of accommodative policies and fiscal stimulus.

And in that regard, nobody has been more adamant on the need for more fiscal stimulus/relief in all of his appearances since the middle of this year than Fed Chair Powell. His increasingly forceful statements (joined last week by Treasury Secretary-in-waiting Janet Yellen's chapter and verse) on potential permanent damage to the US economy if relief is not forthcoming has fallen on partisan Congressional deaf ears. Even as the enthusiasm generated by last Tuesday's bipartisan proposals is fading a bit, there is at least a reprieve for that effort:

The US Congress, in its wisdom on its own lack of ability to act timely, has seen the House of Representatives propose a one-week stopgap bill to prevent the lapsing of the US government funding this Friday. It is expected to pass today, with the hoped for Senate approval coming on Friday.

According to another Reuters article (https://reut.rs/37I0UtW), "*The move will give Congress seven more days to enact a broader, $1.4 trillion "omnibus" spending measure, to which congressional leaders hope to attach a long-awaited COVID-19 relief package - if they can reach a deal on both fronts*." As such, while there is a lot at stake, at least markets can assume they won't get bad news late this week.

That is very important in the recent 'bad news is good news' dynamic, which is driving more optimistic US government COVID-19 relief expectations. That was clear since last Tuesday on the positive US equities response to the still negative OECD Economic Outlook and especially Friday's weak US Employment report. For those who have not already reviewed it, we also suggest a read of Tuesday's 'Santa's Already in Town' ALERT!!, if for nothing else than a catchy '*Santa Claus is Coming to Town*' parody at the end of the opening analysis that sums it up.

Another Courtesy Repeat of Monday's critical consideration
[To be revised after Thursday's ECB press conference]

Aside from the sheer magnitude of the selloff in the first week of September, it was also a technical pattern top. That is clear on the front month S&P 500 future weekly chart https://bit.ly/3m12pZv updated through Friday. Such a significant rally above the previous week's 3,504.50 Close and drop well below it established a major DOWN Closing Price Reversal (CPR) with a 3,510 Tolerance.

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. After that held once again, the recent surge 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. Yet instead 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 month.

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 four weeks ago, with a Tolerance to 3,575 congestion? Even though it slid below them three weeks ago on

US election concerns, those issues clearing up early two weeks ago had reinstated the 'risk on' psychology. Recently above that left minor resistance at congestion in the 3,625-35 range resistance. Also above that pointed to the recent 3,668 all-time high that was exceeded last week for a 3,700 new all-time high. However, overall the extension above September's 3,505-10 DOWN Closing Price Reversal points to the 3,750-3,800 area before it is 'overextended'.

Thanks for your interest.

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