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**ROHR ALERT!! Once More into the Weeds**

1 message

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**Dear Subscribers,**

**You guessed it... that means the US political weeds. While it is not necessary to further review the prospects for US Congressional COVID-19 stimulus/relief after extensive review in Tuesday's "Obviously Binary 'Risk Appetite'" ALERT!!, there is another matter that gets (depressingly) back to the US election process:**

**The January 6th official Congressional reading of the formal Electoral College vote submissions from the individual states. In normal years that should be a mundane exercise of a ministerial obligation. Yet, does anyone still think 2020 is a 'normal' year, especially as it regards November's US general election? As a reminder, none of this is a political statement on our part... as usual we are merely relating the facts around that otherwise tediously predictable process.**

**And we are also bringing this to you so far ahead of events due to so many of you being out from the end of this week until the New Year. We felt it best to make this information on the final step in the US presidential race available ahead of time. We will also be out on our annual holiday from after next Monday's US Close until January 4th, and did not want any concerns regarding the final US election step to be a rushed consideration at that time. It will also not likely be a critical event.**

**However, that is the last window for any more aggressive Trump supporters to raise issues prior to the inauguration on January 20th of Joe Biden as President and Kamala Harris as Vice President. The formal Congressional reading of the individual states' Electoral College votes allows for (wait for it...) 'objections'.**

**That is after so many recounts in key battleground states, affirmations of the veracity of votes by state election officials (many conservative Republicans), scores of Team Trump state and federal lawsuits (see our previous analysis of those) that were almost all scathingly rejected (again, by conservative judges), and Monday's official Electoral College state votes confirming the Biden-Harris clear victory. Any reasonable observer might inquire, "*What objections?!*"**

**Well, it is the case that the objections do not necessarily need to be reasonable, as they just need the support of one Senator and one Representative from the House. That's right, just two individuals from the Congress can question an individual electoral vote from a state, or even the state's entire electoral totals. That may sound too easy, yet has been extremely rare in previous elections.**

**There was another very explicit article in the Congressional Research Service (<https://bit.ly/3mlAO5g>) like the one we had shared previous on the broader Electoral College voting processes. Its December 8th review is specifically on "Counting Electoral Votes...", as it seems they felt that needed some clarification and context in the current, still**

**unsettled circumstances. This is comforting to folks looking for a rational *denouement* to 2020's factious US election process.**

**That is on two fronts. The first is the degree to which the process for objecting to one or more electoral votes is clearly spelled out (see the exposition beginning on page 6 of the CRS study.) To cut to the chase, any objection requires the two houses to meet separately to debate it prior to continuing the joint vote counting session. The debate is limited (2 hours in each house), and must be supported by a majority in both houses, or it fails. (Yeah, we know... really into the weeds now.)**

**The point is that there may be some shenanigans from the aggressive Trump acolytes who are still trying to support his so far unsubstantiated claims of massive voter fraud. Yet even if there might be two folks who would venture to object to any electoral votes, there is NO chance (a snowball in Hell would be in a more optimal position) that House Speaker Pelosi's caucus would support it.**

**There is even a more hopeful reason that after some histrionics on the part of any isolated aggressive Trump supporters in the House, it will still not result in any formal objection being filed: Senate Majority Leader McConnell is already getting well out in front of this to impose Republican Party discipline on NOT supporting any lame objections. According to a POLITICO article (<http://politi.co/3mmXbXR>) on Tuesday, McConnell's warning was well-received by all of the GOP Senators.**

**Yet there is still room for the more manic Trump supporters (once again not a political statement) in the House to get up and make speeches once again supporting Trump's (at least so far unsubstantiated) victory claims. Yet if there is no Senator willing to support an objection, that is not going to amount to much.**

**This is with deference to the many folks who still support Trump, and are very vocal in repeating his assertions. Might this in part be a reaction to Trump's penchant for skewering those who stop agreeing with him? Could be. Even such a staunch conservative as Leader McConnell is not immune after acknowledging the Biden-Harris victory... after waiting until the formal Electoral College vote.**

**Trump's entire loyal coterie turning on him is explored in this morning's summary article in The Hill (<http://bit.ly/3gSfZNG>.) For a better idea of the aggressive nature of Trump supporters' wrath toward any apostates, note the Trump tweet link ([mol.im/a/9057747](https://twitter.com/realDonaldTrump/status/13957747)) to the UK tabloid The Daily Mail's extended article he cites as his evidence; including the copies of many of the Trump faithful's tweets.**

**This most recent Trump supporter diatribe is against the man who held off any hearing for Obama's moderate Supreme Court nominee Merrick Garland for eight months in 2016. He then helped Trump slam through the confirmation for three very conservative SCOTUS Justices, the last of which was nominated just five weeks prior to the November election. Once again, not a political comment on our part. Yet anyone disparaging McConnell as a RINO (Republican In Name Only) would seem to be more than a bit misguided. Likewise on accusing him of being a tool of the Chinese Communist Party. He's a core conservative's conservative.**

**Just look at the current US Congressional COVID-19 stimulus/relief debate, where he has doggedly defended the need for lawsuit liability immunity for businesses. Despite that not being agreed, shelving it for now has forced the Democrats to equally grudgingly agree to suspend their request for \$160 billion in relief for states and municipalities. As noted**

**previous, that's how the bipartisan proposal for a \$908 billion relief package became the current \$748 billion compromise.**

**That is less a 'meeting of the minds' than a deal that is barely acceptable to both sides to provide desperately needed relief to beleaguered Americans. That is instead of letting the whole thing fall apart into the holidays. It is a real 'hold your nose and vote for it' missive from the leadership to the troops, so that they can all go home for their holidays... which should have begun on Monday of this week.**

**And the need for relief is becoming more glaringly apparent even to the aloof GOP Senate. They were counting on improved economic data to show that maybe further support was not necessary despite broad evidence of suffering. That is especially among in-person businesses (dining, hospitality, small local retail, etc.) that are now further burdened by renewed pandemic suppression restrictions.**

**While some global data has improved, the general tendency remains weakness that was highlighted by the most recent US Employment report, and Monday's OECD Q3 Quarterly National Accounts - GDP Growth (<https://bit.ly/3gLu5Ah>.) That showed how even the sharp Q3 rebound leaves the global economy weaker than its pre-COVID performance. Today has seen weaker US data than in the other economies on Retail Sales coming in at -1.1% (three times worse than expected), which along with other associated numbers is at its worst level since April. It is the case that the US Advance PMIs were also weaker than expected.**

**This is likely at least part of the reason the US Dollar Index is slipping below its critical lower 90.50 support (31-month trading low) after last week's rebound from the initial recent test of that area. However, the likelihood of the more limited US COVID-19 relief package passing has the front month S&P 500 future (December until Friday and then the mildly discounted March contract) back up testing its key 3,700 area minor DOWN CPR resistance established on last week's drop.**

**While more upbeat US COVID-19 relief package prospects are weighing on global govies to some degree, so far that is less apparent in the US T-note. That is likely due to the still challenging economic prospects over the next several months even if the US COVID-19 relief package passes Congress. That said, it is also likely the renewed weakness (after very strong recent rallies) in the UK Gilt and German Bund are due to the influence of seemingly dire Brexit negotiations missing their December 31st deadline are now being extended into next year.**

**Courtesy Repeat of Tuesday's critical consideration**

**[To be Updated After This Afternoon's FOMC Announcement & 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/3oTEqgn> 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 support at the early-September 3,587 trading high and 3,582 early November Close, with a Tolerance to the 3,575 congestion? Even though it slid below them the following week on US election concerns, those issues clearing up reinstated the 'risk on' psychology.**

**Above that range since late November left minor congestion resistance in the 3,625-35 range. Also above that pointed to the recent 3,668 all-time high that was exceeded into the beginning of December a 3,700 new all-time high. While it traded slightly above that last week, last Wednesday saw a selloff back below that area into the area of that previous 3,668 all-time high.**

**That left a minor (based on only a very nominal 3,714.75 new all-time high) DOWN Closing Price Reversal. The rule of thumb on 'nominal' DOWN signals in a sustained bull trend is that they tend to be violated after only a brief reaction.**

**Will that be the case here? We shall see. What we know for now is that there has been very erratic activity on the obvious 'binary risk appetite' regarding the fortunes of the US COVID-19 pandemic relief package. That previous 3,668 all-time high has a Tolerance of the more recent 3,655 congestion, which it has slipped below and then recovered above in recent trading.**

**Yet at least so far it has held into the additional interim support at interim 3,625-35 range congestion. As long as those hold on the selloffs, the 'risk on' rally extension psychology above September's major 3,505-10 DOWN CPR still points to the 3,750-3,800 area before it is 'overextended' and more likely to react again.**

**Thanks for your interest.**

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