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**ROHR ALERT!! Weeds Redux**

1 message

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**Dear Subscribers,**

**While we had hoped our December 16th 'Once More into the Weeds' ALERT!! was going to be the final word on Wednesday's joint Congressional session 'read-in' of the individual state Electoral College votes, it is necessary to revisit that now. This is due to the larger than expected number of House Republicans (up to 140) and some Senators (12 or so) now joining the ranks of those who will raise the constitutionally allowed 'objections' to some of the electoral votes in some states (i.e. key states Trump lost), or even some states entire electoral college slates.**

**This is normally a minor 'ministerial' function, and the most succinct historic example took a mere 23 minutes. Yet this year it is now a process that begins at midday Wednesday, and will likely spill over into Thursday. Once again, that is due to objections covering each of a half dozen key states, each of which allows for two hours of debate in each house. Between the time to adjourn and decamp to their individual chambers and the actual debate, it puts the final counting out into Thursday, or even possibly (hopefully not) Friday. It is an unnecessary mess.**

**It reminds us of the Shakespeare observation on the futility and arrogance of a man (including all humans in general), "*That struts and frets his hour upon the stage, And then is heard no more: it is a tale, Told by an idiot, full of sound and fury, Signifying nothing.*" (The Tragedy of Macbeth, Act 5 Scene 5, 1623.)**

**That is because, for all of the 'sound and fury' of the Republicans who will make grand flowing expressions of outrage over election fraud mirages and already court-rejected challenges to individual state election processes, it will in the end be 'signifying nothing'. That is due to the key provision in the constitution that requires both houses of Congress to support an objection for it to prevail.**

**As noted in our extensive December 16th analysis, a snowball in Hell would have better odds than the chances of Speaker Pelosi's House approving any objection to the already certified state Electoral College votes. Do any Republicans actually believe that they will vote to overturn Joe Biden's election victory? Or is it more so an exercise in those Republicans currying favor with Trump's massive base?**

**Any rational observer would need to assume it is the latter. For much more on the process, please revisit the Congressional Reporting Service analysis of the joint session Electoral College 'read-in' session (<https://bit.ly/3mIAO5g>), especially from page 6 onward regarding objections. There was also a very good article that morning 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/13577747)) 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.**

Those highlight the Trump acolytes' acrimony suddenly directed at the staunch Republican conservative Senate Leader Mitch McConnell after he acknowledged Biden's victory. Just about everything that was apparent in Trump's 'loyalty tests' throughout his Presidency is now on steroids in the wake of his employment of conspiracy theories to claim that Biden's election victory was fraudulent. It is a simple matter of one either drinks the Kool Aid or is expelled from the tribe.

Which leads to the good question of why in the world is any of this foolishness of concern to the markets, given that it will have no bearing on whether Biden and Harris are sworn in at their January 20th inauguration? As the old adage we often cite says, "*The market (which is to say equities) dislikes nothing quite so much as uncertainty.*" And that is heavily exacerbated by the impact of Trump's beyond specious election fraud claims, due to the degree to which those can affect the Republican turnout in today's critical dual Georgia US Senate runoff elections.

If the Democrats fully prevail, the addition of those two seats to their side of the legislative balance gives them control of the Senate. That is due to any 50-50 tie vote being broken by Vice President Harris as the President of the Senate. It is also the case that would remove McConnell as Senate leader, being replaced by New York Democrat Chuck Schumer. Hence, an entirely different world in which appropriations bills sent up from the House would be allowed full debate and a Senate floor vote. This is a much different situation than the Republicans maintaining their majority Senate control, with McConnell continuing as Leader.

Consider for a moment recent issues that significantly stalled the major COVID-19 stimulus/relief legislation, and ultimately needed to be temporarily put aside to provide beleaguered Americans necessary relief. That would all be pushed aside to make way for much more stimulus/relief, as well as spending on highly favored Democratic environmental, social and infrastructure investment programs.

The US equities are likely still inspired by the prospect of Biden and Harris being sworn in at their January 20th inauguration. If the Democratic Party controls the Senate, it will be even more so the case on near-term spending expectations, despite concerns about future corporate tax increases once the economy heals.

Likewise, the US dollar remains under pressure due to the accelerated spending plans of the incoming Biden administration, which will also be more so if the Dems take the Senate. That said, global govies seem quite a bit less concerned for now, probably on the degree to which current COVID-19 pandemic economic pressures continue to suppress inflation expectations. While this might reverse as 2021 proceeds, especially on any return to 'normal', that is it for now.

This is the critical consideration

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/3rNLo92> updated through Thursday. 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 the serial positive vaccine announcements since early November.**

**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 in early-mid November 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 with a 3,700 new all-time high. While it traded slightly above that into early December, the lack of a Trump signature on the COVID-19 relief package sent it back down to a very temporary late-December test of the 3,600 area. Finally more fully out above the low 3,700 area on a belated 'Santa Claus Rally' late last week, saw it up near the 3,750-3,800 resistance.**

**However, based on recent weekly Closes, there are elevated weekly Oscillator historic indications. Those December thresholds are the weekly MA-41 plus 520 and plus 550, and based on weekly MA-41 now rising an impressive 30 points per week, those are up to 3,800 and 3,830 this week. And as is often the case at a new extended all-time high, those are presently the only quantifiable resistances.**

**That said, Monday's drop from a new all-time high above the end of December 3,749 weekly Close left a reasonably credible potential (i.e. work in progress) weekly DOWN Closing Price Reversal. Whether that develops into a bona fide DOWN signal or is just a temporary blip will depend on how much lower on the week the market Closes this week. Anything below the currently violated and only temporarily retested low-3,700 area (up to 3,720) congestion would be a failure.**

**Any weekly Close back above that area (assuming the March S&P 500 would still even Close lower on the week at all) would be a limited enough drop to leave the DOWN signal seeming less than credible. Hence the real importance of the dual Georgia runoff elections for near-term US government fiscal stimulus prospects.**

**Thanks for your interest.**

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