



Alan Rohrbach <ar.rohr.intl@gmail.com>

ROHR ALERT!! That's a Bit More Like It

1 message

ROHR Alert <rohralert@gmail.com>
Bcc: ar.rohr.intl@gmail.com

Mon, Jan 25, 2021 at 10:33 AM

Dear Subscribers,

Whew... it looks like the US economy and the markets dodged a purely political bullet later on Friday when the schedule for ex-President Trump's impeachment trial in the Senate was announced. The 'Incitement of Insurrection' single Article of Impeachment will be delivered by the House today, which normally would have triggered an immediate trial. In the event, a mutually agreed Senate-House delay will leave that suspended until February 8th; a real relief all around.

That is on many levels. Not the least of those is the classical degree to which the US constitution dictates a Senate impeachment trial requires all 100 Senators be in attendance, and all Senate business be suspended until the trial is completed. That was the threat the US public and economy and the US equities were needing to digest after the Friday announcement of Monday impeachment article delivery, which was reported as an addition to Friday's 'PMI Friday' ALERT!! analysis.

And we naturally cited George Santayana's "*Those who cannot remember the past are condemned to repeat it.*" Did Democrats learn nothing from their overly rushed impeachment of Trump in late 2019? And this was in the context of Senate Minority Leader McConnell having offered to delay the impeachment trial until mid-February to allow for other business, which had been previously reported as taking the form of a delay in delivering the incredible 'Article of Impeachment'.

However, in the event, even though the Democrats felt compelled to deliver the Article timely to head off any dilution of its impact, there was indeed a mutual agreement to defer the Senate trial until the beginning of the second week of February in order to allow Trump to organize a proper defense. Even though it had been his choice to only focus on his specious fraudulent election claims right into the Biden-Harris inauguration, it is only fair he gets preparation time.

Of course, as also noted on Friday, any immediate Senate trial would have been a real impediment to critical confirmations of Biden's cabinet members and other key officials, and especially to negotiating the details of his important COVID-19 stimulus/relief legislation. And while the window for all that remains very narrow (just two weeks) at present, at least it has not been completely closed off.

That's the good news. The bad news is that the Biden proposal is experiencing some heavy headwinds on the Republican side. While not being at all political about it (as we always only strive to share the *realpolitik*), quite a few of the even more moderate Republicans are balking at not just the size of the proposed relief, they are opposed to spending more on relief after the major December \$900 billion relief package. Moderates, including Sens. Romney and Collins, have suggested waiting a few months to see if further relief is actually necessary(??)

Even allowing the Democrats' Trump impeachment drive is raising some partisan passions at the beginning of what the Biden administration had hoped would be a more collegial environment, Republican resistance to more spending might doom the Biden stimulus/relief package. With only two weeks to negotiate and pass that legislation, the Democrats have chosen to make it a major 'omnibus' bill.

That includes literally, well, everything. Much as with House Speaker Pelosi's previous (May 2020) Heroes Act \$3.3 trillion request, there are allocations in the current Biden bill for (most importantly) supplemental \$1,400 relief checks to all Americans to top up the \$600 payments in the December relief bill. Yet in the context of a \$1.9 trillion package, there are also funds for increased weekly unemployment payments extended through the end of September (which some Republicans cite as a disincentive to return to work), extending the eviction moratorium until that time as well, major state and local government aid, more rightful aid for accelerated vaccination programs, and many other items.

For more of the extended details, see this very good January 14th CNBC article: <http://cnb.cx/39vziZU>. Yet the further bad news is that by making it an omnibus bill instead of breaking it down into separate important component parts, Biden risks the entire bill falling. That is what happened to Pelosi's Heroes Act for seven months due to Senate aversion to its similar components... especially support for tax revenue-deprived states and municipalities. While we will need to see what happens once the negotiations imminently begin in earnest, our guess is that the US equities will not appreciate the delay that is likely due to Republican issues.

If that happens to stretch out beyond the February 8th beginning of the Trump impeachment trial (a distinct possibility), it will likely be another 2-3 weeks before any return to stimulus/relief negotiations. Given that not only individual payments and state and municipal relief are at stake, but also the desperately needed aid for accelerated vaccination programs (which the states cannot afford on their own), any delay will be a problem. This will not only be for immediate business and individual assistance hopefully reversing the recent employment and retail sales erosion, but also for that major US vaccination 'light at the end of the tunnel'.

As such, and as much as we would like to be further out of the US political weeds after President Trump's departure (which we had hoped would be the case), the US stimulus/relief negotiations are going to be a significant market focus during this critical two week period; much as they were back into early-mid December.

As far as the markets are concerned, nothing has really changed on the US equities exhausting near-term strength last week into the noted weekly Oscillator resistance, yet not falling too far as yet based on any negative reaction to the Trump impeachment schedule and potential Senate resistance to the Biden relief proposal. In fact, we are a bit surprised that they have not weakened a bit more, yet must wait to see how the stimulus/relief negotiations proceed this week.

Global govies have also firmed again after the German Bund fell last Thursday on the somewhat shocking intensified ECB calls for fiscal stimulus in the context of European stimulus programs being due to terminate this year. Yet along with some weaker European economic data today (German IFO Surveys), the potential delay hitting previous hopes for more immediate major US stimulus/relief are likely the behind anticipation of near-term economic weakness. And much as with US equities, the path of those US legislative negotiations need to be watched.

Foreign exchange is much the same as well, with other developed currencies slipping after their recently renewed bids against the US dollar. And the emerging currencies are giving back recent gains, likely due to current US developments.

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/3iHKJ4U> (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 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' 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 25 points per week, those are up to 3,880 and 3,910 this week. And as is often the case at a new extended all-time high, those are presently the only quantifiable resistances, and they are still rising \$25/week based on the accelerated rise of weekly MA-41.

After the March S&P 500 future recovered back above the 3,775 area minor recent congestion, last week left it pushing up to that next new 3,860 all-time high (right into last week's lower weekly Oscillator resistance.) However, if there is pressure on the 'risk on' psychology from a stalled Biden relief package, more important psychological and technical support below the 3,800 area remains down in the 3,740 area it barely neared three weeks ago prior to rebounding.

That is the congestion level (seen on misplaced fears of a Democratic-controlled Senate three weeks ago Tuesday.) That was held despite the more far prominent lower support being the 3,700-20 area it had been trading below early that week. Those are now key near-term supports, including weekly MA-9 and MA-13.

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.

This Current ROHR TREND ALERT!! will be available soon via the sidebar at www.rohr-blog.com for Gold and Platinum echelon subscribers.

Please reply 'Unsubscribe' if you no longer wish to receive these emails.

Contact: rohralert@gmail.com

This review of market positions and all other information is strictly for educational purposes. This information is provided without consideration of portfolio requirements, suitability for financial risk, or psychological state of any recipient. Any use of this information to implement actual trades or investments is the sole responsibility of the individual or entity authorizing that decision. This waives your right to any claim of explicit or incidental liability for financial loss or forgone profit against Rohr International, Inc. and any informational contributors under all circumstances. Information contained herein may have already been disseminated to others who may have acted upon it. Implicit in the Rohr educational services is the understanding that principals or employees of Rohr may have already taken positions. By review of the Rohr Alerts and/or Rohr Views and all attendant information you confirm receipt of them as educational content, as well as agreement with all of the stipulations articulated above.

A service of Rohr International, Inc.

© 2021 All international rights reserved. Redistribution strictly prohibited without written consent