Gmail

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

# ROHR ALERT!! Inflation Impacts… Sort Of

1 message

**ROHR Alert** <rohralert@gmail.com> Wed, Feb 17, 2021 at 11:27 AM
Bcc: ar.rohr.intl@gmail.com

**Dear Subscribers,**
**Well, even though the US equities had rallied and the other asset classes were reflecting tendencies reviewed in Tuesday's "Cold and Hot Blasts = 'Risk On'?" ALERT!!, there was an obvious limit to that. It is specifically on two fronts, as one of the key indications was the seemingly spontaneous weakening of the global govvies since last Friday despite overall mediocre economic releases.**

**Yet we remind again on the old cliché, "*The market is a creature of expectations*." While that was classically applied to the equities, it is in fact the case for all of the asset classes. And global govvies price weakness (i.e. higher yields) last week was that sort of classical anticipation, knowing that inflation data coming this week was likely to be a bit elevated. In the event, not only today's inflation data but the general economic indications this week are significantly improved from the past couple of week's weakish data. And yet, the govvies are rallying today.**

**This does not make them bull markets again, as the factors which are likely to drive the sustained trends there remain negative overall on the general better economic expectations. That is on the recently improved COVID-19 pandemic indications of lower new cases and hospitalizations. While the epidemiologists are rightfully warning against too rapid easing of restrictions (as the holiday surge recedes), the general sense for the public is that things are getting better.**

**There is also the sense the Biden administration is providing a better vaccination program that its predecessor, however incrementally. As reviewed in Tuesday's analysis, that is beginning to look like the daily vaccinations might be 150,000 per day (or even 200,000 at some point) versus the initial 100,000 per day. That also portends the potential for Biden to hit his goal of all Americans being vaccinated by mid-Summer. Once again the various asset classes '*creature of anticipation*' cannot ignore the potential for further economic improvement coming soon.**

**This is exacerbated by the currently reported (even if actually 'rearview mirror' indications) across-the-board economic data. That includes strong UK inflation data this morning, which drove the previous downside leadership of the UK Gilt prices (i.e. higher yields) among the global govvies. Yet along with the other strong inflation and economic data today, the Gilts are trading higher. In part there may be influence from the economic pressure being generated by the major winter storm deep freeze in the US South (See Tuesday's analysis for more.)**

**However, this feels more like the inverse market axion to classic, "*Buy the rumor, sell the fact*", insofar as this is more so, "*Sell the anticipation, buy the fact*." It is also occurring on so much more aggressively upbeat economic news than just the inflation numbers. Here is CNBC's Rick Santelli (http://cnb.cx/37q7INk) with his report on today's totally over the top US Retail Sales figures and PPI numbers.**

**Those were along with higher than expected Canadian CPI, and before also much better than expected US Industrial Production and Capacity Utilization, and the Business Inventories and NAHB Housing Market Index… it's all good. This has seemed to reverse several months of weaker than expected reporting.**

**So what do the US equities do? Well, sell off of course, and the same is true for emerging currencies weakening as well as that global govvies rebound. It is the once again classical fear of the previous higher yields that might weigh on the economic outlook, Except for one thing: history has taught us that the initial uptick in yields is almost never enough to derail the overall 'risk on' psychology.**

**That is especially true in this case, as a major part of the 'risk on' psychology into what is an already improving economic landscape is the high probability of the Biden ARP COVID-19 stimulus/relief plan becoming law by early-mid March. However much some skeptics will challenge the need for it in the improved economic context, there is a case that the assistance that must flow to those who've been significantly damaged already, whatever the future may bring.**

**As such, we suspect the 'risk on' psychology is only experiencing a temporary breather after the recent strong gains on the previous Biden ARP successes: Democratic Party Senate solidarity vote on February 4th and the anticipated timely Trump impeachment wrap up last Friday. Whether this is right may be determined very soon, as the March S&P 500 future is nearing congestion support into the 3,890-85 area (Tolerance 3,878.) As we tend to infer the near-term health of the 'risk on' psychology from US equities, it is going to be interesting.**

**Courtesy Repeat of Tuesday's 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/3jVlvzt (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 and ultimately above the 3,750-3,800 resistance.**

**Based on previous weekly Closes, there are elevated weekly Oscillator historic indications. Those December thresholds are weekly MA-41 plus 520 and plus 550. Based on weekly MA-41 now rising an impressive 25 points per week, those are up to 3,950 and 3,980 this week (Friday Close-based.) Those are more realistic near-term targets now that March S&P 500 future has pushed above the previous 3,862 all-time high after the GameStop volatility whipsaw down to 3,700 support.**

**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**