Gmail

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

ROHR ALERT!! Friendly Data and FOMC Minutes

1 message

ROHR Alert <rohralert@gmail.com>
Bcc: ar.rohr.intl@gmail.com
Thu, Apr 8, 2021 at 10:33 AM

Dear Subscribers,
While only it is a marginal further US equities new all-time high extension from Wednesday evening into this morning, it reinforces the view from yesterday morning's 'Steady Bid Favors Bulls' ALERT!! That builds on Tuesday's 'IMF WEO and Technical Signal Quirk' ALERT!! interesting exploration that 'quirk', and we suggest a review of that additional positive shift in the economic outlook and why the nature of the June S&P 500 future push above the 4,000 area late last week into the beginning of this week was so compelling (making 4,000 very critical.)

Yet in terms of any central bank influence, it is obvious from the March 26-27 FOMC Meeting Minutes (https://bit.ly/3uyeE49) they are sticking with maximum accommodation in light of the weakness in lower income economic implications despite the clear signs much of the US economy is recovering. There was also a very good, concise CNBC article (https://cnb.cx/3rZRSk9) with a brief video by its Chief Economic Commentator Steve Liesman on the degree to which the Fed is going to wait until it actually sees sustained inflation rather than act on forecasts.

This is of course very good news for US equities that are basing any extended further rise on there not being any tightening by the Fed, even to the degree it will begin tapering government bond and housing securities purchases. All of this is rightfully viewed as a lot of liquidity which will go directly into the US economy.

In terms of the intermarket Evolutionary Trend View (ETV), the other asset classes are either variously reinforcing or not impeding US equities sustained up trend. Foreign exchange is seeing a somewhat aggressive yet steady improvement of emerging currencies against the US dollar, with the developed currencies also gaining ground gradually against it as well. Each of those is an indication of the greenback losing its recent 'haven' bid, which is a sign of a 'risk on' psychology.

Also of note is the nominal upside reaction in the global govvies after recent rounds of pressure (i.e. rising yields.) While that may seem a bit odd in the face of the likely further stimulus and potential inflation in anticipation of phase one of the Biden infrastructure plan, it may mean that expectation is already 'priced in'. There may not be much more upside in the global govvies which are now back up into or near higher resistance (failed support areas.) Yet, they are also not generating any external weight on the US equities at present that had been the case during their more aggressive weakness from mid-February into mid-March.

Also to the advantage of the US equities bulls is not just that weekly Oscillator thresholds are up into 4,110 and 4,140 this week based on the high end weekly Closes back in December of last year. Due to the sustained strength of the bull trend, weekly MA-41 (on which the Oscillator readings are based) is now back to rising $25/week once again (having cooled to just $20/week in March… yes that's meant as irony.) This obviously means that

even the regular trend projections are for a move up into the 4,135 or even 4,165 next week prior to being 'overbought'.

That does not even address more extensive upside Objectives if the 'Runaway Gap' interpretation of the weekly front month S&P 500 future activity prevails on the 'quirk' of now to handle Good Friday's CME electronic only trading (see Tuesday's '...Technical Signal Quirk' ALERT!! for full discussion of the anomaly on the weekly chart interpretation.) Yet at present the still higher Objectives set up by that possible 'Runaway Gap' are moot with the next weekly Oscillator thresholds already up into the mid-4,100 area. It is nominally 'all good' for now.

The one remaining obvious potential proverbial 'fly in the (bull market) ointment' may be the residual COVID-18 pandemic risk from the rapid spread of the more contagious and pernicious B.1.1.7 variant. That is especially after many states with total reopenings (especially Spring Break centers like Florida, Texas and California) are B.1.1.7 hotspots. Once again, here is a link to CDC COVID-19 Data Tracker (https://bit.ly/3rw4eAb.) Even noting the April 1st new cases rise to 74,912 that approached key levels from last July, the 7-day average seems to be topping out short of last Summer's levels. If that continues to be the case, it will certainly be more US equities good news. Yet the B.1.1.7 variant is spreading to many key northern states (CDC map: https://bit.ly/3cWY0Fz) is more of a risk now.

Another Courtesy Repeat of Tuesday's critical consideration
[To be updated after Friday's more extensive international economic influences]

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/3cOCa72 (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.

While that might have been a sustained top, the December S&P 500 future posting weekly Closes above first 3,505-10 and ultimately the 3,550 area was indeed again 'Risk On' Forever. This is confirmation of our estimation the US election would be a win-win for US equities, along with 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.

On recent form, the March S&P 500 future stalled into the old high, and then US equities struggled to sustain activity above the 3,959.25 previous all-time high by more than $10 (both a natural rule of thumb and key weekly Oscillator level) through all of that week. This

was the further indication that Negation of the 3,931-35 dual resistance might be more of a ‘failure swing’ than full bullish signal.

There was even atypical weakness into the FOMC announcements and Chair Powell’s press conference. In fact, it was only on revised economic projections that the March S&P 500 future pushed back above the old 3,960 area high, further encouraged by Powell’s statement that US growth was likely to be very strong and any inflation would be very transitory. Yet then various factors conspired to drop it back to 3,960 area that Thursday. June S&P 500 future (front month since March 19th) also fell sharply below the previous week’s 3,942 weekly Close.

That was important insofar as it established a 3,942 weekly DOWN Closing Price Reversal (CPR.) Of note that has a Tolerance at the previous week’s high, most interestingly 3,958.50, right near 3,960 again. However, a strong US Employment report pushed it up into higher 4,010 and 4,035 resistances. Overrunning those levels on Monday leaves next weekly Oscillator thresholds into 4,110 and 4,140 (with MA-41 now rising $25/week once again.) Yet the potential for there to have been an UP ‘Runaway Gap’ on this week’s opening (see above) leaves low-4,000 area ‘big penny’ psychology more critical than usual on any near-term selloff.

Yet the potential for an UP ‘Runaway Gap’ on this week’s opening (see Tuesday’s ALERT!!) leaves low-4,000 area ‘big penny’ psychology more critical than usual on any near-term selloff. If that holds, the extended daily Objective is 4,193, with the weekly Objective (based on the rally from the 3,720 selloff low) of 4,316.

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