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ROHR ALERT!! The Longer View

1 message

ROHR Alert <rohralert@gmail.com>   Thu, Sep 2, 2021 at 10:37 AM
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Dear Subscribers,
The 'risk-on' indications remain much the same as noted in Wednesday's 'Waning Momentum Yet Still Risk-On' ALERT!! While the US equities seems to be back to churning, the weakness of the global govvies outside of the US T-note remains.

There are also positive foreign exchange indications. Those include continued strengthening of emerging currencies, especially the previously vexed South Africa rand seeing USD/ZAR slide from a spike high above it 15.40-.50 congestion two weeks ago. That has rolled into weakness back below 15.10-.00, 14.80-.70 and now even 14.50-.40. This is along with other emerging currency indications that reopening expectations are back on track despite near-term pandemic headlines.

As important is the developed currencies renewed bid against the US dollar, indicating no greenback 'haven' bid. As highlighted extensively, the eurocurrency activity is especially telling in its inability to maintain the early August major Head & Shoulders Top 1.1800 DOWN Break after the initial nominal weakness through a good bit of last month: see the annotated weekly chart updated through last Friday (https://bit.ly/3gJ1c98.) While only nominal so far, holding up above 1.1800 (also weekly MA-9 & MA-13) at present feels bad for the bears on the overall 'trend flow' after the previous weakness. It will be important for this to continue.

And the question arises on how this can be such a positive environment in the context of the continuing ravages of the COVID-19 Delta variant in the US and select other locales (especially Southeast Asia and Australia)? Well, as we highlighted in Wednesday's analysis there is a much greater push for corporate world vaccine mandates. While our mention of the demands of the major US sports leagues (and by extension the team managements) might seem anecdotal, it is emblematic of something which is gaining more traction in the broader corporate world. As such, (as they wont to do at times) markets might be taking 'the longer view' on the overall impact of taming of the COVID-19 pandemic.

See below for the more extensive indications on the US equities appearing to temporarily stall into a churn again at present, and what to look for after Friday's now more critical US Employment report: watch September S&P 500 future 4,545.

Courtesy Repeat of Wednesday's 'Waning Momentum Yet Still Risk-On' ALERT!!
Into the new month with this morning's global Manufacturing PMIs and other interesting economic releases, As noted in Tuesday's 'Data Deluge - Round One' ALERT!!, current economic indications are weaker, including the Chicago PMI and US Consumer Confidence along with quite a bit of European data. That is an extension of economic releases weakening a bit again after a stronger run in July.

And this continued into today's German Retail Sales and only steady European and UK Manufacturing PMIs, with much the same for the US numbers outside of Manufacturing PMI that did improve a bit. That is also with another very weak ADP Employment report for August. However, after recent ADP downside misses, it is not likely to bother the markets prior to Friday's US Employment report.

With much the same on the economic data and upbeat expectations versus the current COVID-19 Delta variant headwinds, it is important to cut right to market indications that remain 'risk-on' on balance. That includes the US equities now churning once again, even though the September S&P 500 future is out above this week's 4,520 higher near-term weekly Oscillator threshold. As positive as that looks, it is also still the case that weekly MA-41 (on which the Oscillator is based) is still rising $25 per week. As such the Oscillator will be up to 4,545 next week.

After finishing last week above 4,520, the current resilient holding on dips into that area feels good. Yet that will not be good enough to trigger greater upside momentum next week unless it is also above 4,545 area at the end of this week, repeating the success of last week. Of course, the jury will be out until the fact and market reaction on Friday's US Employment report. Of note, last week's Close above the 4,520 higher near-term weekly Oscillator threshold was a return to that generally strong tendency after the previous week's failure to do so.

Yet the lack of current impressive upside follow through in the US equities still sees greater 'risk-on' indications elsewhere. Global govvies are still under a bit of pressure on deteriorating inflation expectations, even if the US T-note remains more resilient than its peers. Emerging currencies are also continuing to gain ground against the US dollar, and the developed currencies are finally showing more confidence in the global reopening prospects once again. That has been, and remains, especially critical on the EUR/USD activity into its recent

1.1800 area DOWN Break, which it is now pushing more convincingly back above.

On one of the key fonts which encourages a more constructive future outlook, it seems US vaccine hesitancy is dropping markedly in the wake of the fear instilled by the ravages of the Delta variant. Those resistant to the shots for themselves or their families in the key low vaccination states have dropped from 48% to 23%.

Also very important for the forward view is the leadership from US professional sports, which many in those states respect more than government health officials (and in some cases even their own doctors.) According to the title of last Friday's Reuters article (https://reut.rs/2Y5muHP noting the 'National Football League') "...wants COVID-19 vaccine mandate, as players' vaccination rate hits 93%."

That's very impressive in the context of an already high vaccination rate. Over a month ago it instituted a policy that if a game "...*is canceled due to a Covid-19 outbreak among unvaccinated players, that team will have to forfeit and will be credited with a loss*" (see the CNN article: https://cnn.it/38y6rE4.) This is all part of a push by many organizations in various sports that is leading into more overall corporate vaccination mandates, which would have seemed overbearing in other businesses prior to full FDA approval of the Pfizer-BioNTech vaccine.

And in a CNN segment just this morning, Don Lemon reported that there are indications various NFL teams are basing their pre-season cuts of players hoping to make the regular season roster based on the player's vaccination status. However overbearing that may seem in the context of people working so hard and being so talented, it is now a business decision regarding the team's success in its overall record for the season. That will certainly get everyone's attention.

Courtesy Repeat of Tuesday's critical consideration
After the early July downside reaction the recovery back above the 4,300 area violated support left the higher resistance into the previous week's 4,360 DOWN Closing Price Reversal with a Tolerance to 4,364. That is clear on the S&P 500 future weekly chart (https://bit.ly/3BgiyIl updated through Friday.) It is of note the September S&P 500 future had managed to retest that area right into the ECB press conference prior to weakening once again the following Thursday morning.

And the September S&P 500 future subsequently sustaining activity above the 4,425 and 4,450 weekly Oscillator thresholds was a sign of continued strength as they were still rising $25 per week. As such, the Oscillator indications remain important after what was the 'lackluster jailbreak' after the previous outstanding

US Employment report. With the market dropping back below the 4,450 level two weeks ago (on weekly MA-41 up $25), there seemed to finally be some real risk.

Yet even below the key lower interim levels into the recent 4,425 area congestion and the 4,380-65 area bottom of that, it also held key lower support two weeks ago looking forward into last week. That bigger level was 4,340 on both weekly MA-13 (loosely held on all sharp reactions) into last week, and the significant aggressive weekly UP Channel from the major 2,174 March 2020 cycle low.

In the event, the recent late week recovery back above the 4,425 area pointed to the strength of the psychological recovery as well as exceeding the key technical resistance areas. That led to the new all-time highs last week above the previous week 's 4,476.50 trading high (prior to the temporary selloff.) That again left the near-term Oscillator thresholds into 4,495 and 4,520 areas (on the rising MA-41.)

Also of note at this point is that into this week the extended (all-time high from last December) Oscillator thresholds will rise to 4,590 and 4,620. The higher of those is right into the longer-term upside 4,621 'swing count' (see chart) based on the radical selloff extent into the major cyclical March 2020 2,174 trading low.

That seemed an awful long way off when the old February 2020 3,397.50 high was finally convincingly overrun in early November 2020 (on the Pfizer-BioNTech vaccine efficacy announcement), it is much nearer at hand now. This is why the nearer-term Oscillator thresholds remain important this week. For as far as the US equities have come, any sustained activity above them will leave the higher thresholds and that major swing count Objective as the only resistances.

Thanks for your interest.

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