
ROHR ALERT!! Problematic Data and Outlook

1 message

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Fri, Dec 3, 2021 at 10:09 AM

Dear Subscribers,

Well, it was certainly a problem that this morning's US Nonfarm Payrolls was only +210,000, so far below the +550,000 estimate that was reinforced by Wednesday's ADP Employment report. Some of the related data was good, and lately the NFP releases have been subject to upward revisions. However, as those have only been in the +100,000 area, it doesn't provide much comfort to economic bulls.

The 'silver lining' in some folks' view is that, along with the COVID-19 Omicron variant's arrival, this will give the Fed a bit more breathing room with which to avoid the acceleration of its planned QE taper. That had been expected as early as January. However, in the context of still elevated (even if slightly easing at present) inflation, the Fed will still need to show some inflation discipline.

And of course, that problematic NFP release is only one of the problems weighing on any return to a more robust US 'risk-on' psychology in the near-term. The way in which the Omicron variant is affecting the seemingly inexorable 'return to the office' thrust by corporations is also more problematic than previously expected. The "Omicron may throw wrench in companies' plans to return to office" title of yesterday's Reuters article (<https://reut.rs/3lhTejy>) says it all. Firm commitments to resume full office staffing have substantially moved to "wait and see."

As one senior executive notes, *"Everyone pretends that things are getting normal, but it is not normal. We have all changed."* There has again been 'normalcy bias'. Except for the 'gathering' businesses, many are noting *"Each successive wave of lockdown had less of an impact on our business..."* due to adaptations. Many agree with the key executive who noted the return to the office is less important, with the thrust into uncertainty leading to, *"What we want to do is reimagine the office."* That's code language for more 'home/external work'.

And indeed that may not affect those businesses too much into strong consumer demand that is evident at present. Yet it does impact all of the 'gathering' economy businesses which had just come out from under the pressure of the previous pandemic waves and their significant headwinds. While there is another wave brewing around the Omicron variant spread, there is a key factor into the northern hemisphere Winter that many have blithely ignored: Delta is still here.

As noted in Thursday's 'US Omicron Patient #1' ALERT!! (repeated below with other previous analysis for your ease of access) the Delta variant resurgence was already troubling, and remains a more immediate threat than the truly undefined new variant impact. With all of the hyperventilation over Omicron, it has been only passingly mentioned that US New COVID-19 Cases have been rising once again.

We once again share the CDC graph (<https://bit.ly/3Dg7F3L> as of Wednesday on the typical 2-day delay), which shows an already interesting new cases rise to the 120,000-130,000 level right after the Thanksgiving holiday's suppressed reporting. While the 7-Day Average looks weaker, that is part and parcel of the suppressed holiday reporting we have previously noted. That should move back to rising as we head into the likely higher post-holiday travel cases next week. We shall see.

What remains problematic as well is the US lack of vaccination. We reviewed that situation on Thursday, and suggest review. This is all about how US government and local authority vaccination and booster drives are just so much flailing as long as the overall US full vaccination rate remains

stalled at no better than 60%, where it has been for the past month or more. And the indication that many folks who have had COVID-19 have some immunity may also be highly misguided.

Ex-FDA head and Pfizer board member Dr. Scott Gottlieb was interviewed on CNBC this morning (<https://cnb.cx/3DmvBCT>), in what was mostly a discussion of the prospect for more variant-specific vaccines. This is interesting viewing, yet does not include a key passage after the main conversation, which was on the fact that *“the problem is still Delta.”* That fits in with our current view of the main COVID-19 risk, and he even noted the same problem we highlighted Thursday:

“There is also now the issue of whether (nobody knows) how effective the antibodies from a previous variant will be in countering new forms. Not very likely they’re effective.” Some have suggested the US has a higher protection due to the extent of previous infections. Yet, he noted this will leave unvaccinated folks much more vulnerable, if they still feel they are protected by previous infection.

While still a work in progress over the next two weeks, the impact of Omicron on even the fully vaccinated and boosted means that the unvaccinated will be especially vulnerable. One more reason to be suspect into the near-term future. Once again, as we are always keen to remind, *“The market (which is classically to say equities) is a creature of expectations.”* This seems very relevant again now.

While the rest of our Evolutionary Trend View remains the same, US equities deserve another revisit for a quick update. It is most interesting that even with the weaker US NFP this morning, December S&P 500 future managed to rally back to nearly test that major (previously overrun) 4,621 ‘swing count’ Objective. It was possibly on that potential reinstatement of a more sanguine Fed view. Yet it was also the case this morning that it would need to be exceeded again to reinforce an overall positive performance on the week from last week’s 4,596 weekly Close.

Failing to do so, even in the wake now of a new all-time high Services PMI, is a troubling sign that the market is more so concerned about the outlook that what we always caution are ‘rearview mirror’ economic releases. Last Friday’s Close also represented a major DOWN Closing Price Reversal (CPR) from the previous week’s 4,695 Close. The rule of thumb is any bona fide DOWN CPR should see further weakness the following week... which seems to be the case at present.

For your convenience we repeat Thursday’s lower support dynamics which are not in the current trend view below. *“The December S&P 500 future interim support at 4,535 was already violated on Wednesday afternoon’s straight down plunge, even if slightly back above it now. However, this is still back below the major 4,621 ‘swing count’ Objective which it had previously overrun and fallen back below at various points since last Friday. Below that interim 4,535 area the more major congestion support begins at 4,450, and intensifies into the 4,400 area. That includes the late September ‘Evergrande’ selloff that kicked off the weak seasonal, with a significant 4,410 Negated weekly channel DOWN Break reinforcing the support into the low end of that range.”* That’s it for now, except to note that weekly MA-13 is also in the 4,535 area, reinforcing its importance.

Courtesy Repeat of Thursday’s ‘US Omicron Patient #1’ ALERT!!

In the first instance, the discovery of the first US omicron variant case should not be any surprise in the context of global spread. This was in a California resident who just returned from South Africa, and as a single case it is reasonable that it is statistically insignificant. However, as it is also in an individual who is fully vaccinated, it is psychologically compelling. That has to do in part with the misguided inference of many folks that the vaccinations will prevent infection.

The elimination of some nasty diseases, such as smallpox and measles, is based on those inoculations preventing the onset of the disease. However, the COVID strain of diseases are more so like annual influenza outbreaks, where the disease syndrome is only mitigated by the virus to prevent more severe illness. As such, there are probably more than a few folks who were very surprised by the first US Omicron patient being someone who was fully vaccinated. This is probably at least in part responsible for the extent of US equities weakness on Wednesday.

We will return to 'macro' background shortly for the reasons Omicron will likely remain a key negative near-term factor. Yet, it is first important to update our US equities view that had only included a lesser degree of lower December S&P 500 future support yesterday prior to the sharp selloff. The balance of the analysis remains the same in the other asset classes, with the additional note that the misguided US policies seem to be reversing the US dollar 'haven' bid.

The December S&P 500 future interim support at 4,535 was already violated on Wednesday afternoon's straight down plunge, even if slightly back above it now. However, this is still back below the major 4,621 'swing count' Objective which it had previously overrun and fallen back below at various points since last Friday. Below that interim 4,535 area the more major congestion support begins at 4,450, and intensifies into the 4,400 area. That includes the late September 'Evergrande' selloff that kicked off the weak seasonal, with a significant 4,410 Negated weekly channel DOWN Break reinforcing the support into the low end of that range.

Hopefully that is sufficient lower support articulation for now, and we will quickly revisit the situation if necessary. Yet, in the overall picture it is important to revisit our highlighting the aspect of the November 17th ECB Financial Stability Review that noted the extended high financial asset valuations at present. The link to the full review was repeated on Tuesday near the bottom of the 'macro' analysis (with links to the review and the key graph.) Of note was the degree to which financial asset values appear to be as extended to the upside now as they were depressed at the bottom in 2009. That is likely also just a bit of recent US equities weakness.

In the meantime, the degree to which the US also now has a problem and may be lagging others in its address of the key issues has weighed on the previous US Dollar Index 'haven' (or more likely 'shift to the less bad') bid. It is once again weaker than not back toward its key 75.70 congestion. It is important to recall the US dollar can develop a 'haven' bid during international crises, yet is less likely to do so when the problem is centered there. That seems to be the case now, and takes the typical US dollar measure of 'risk appetite' out of the equation for now.

That is especially the case as it regards emerging currencies this morning, where they are continuing their recent strengthening despite the Omicron onset. It is especially of note that the South African rand is seeing USD/ZAR weaken from a test of its 16.30 resistance back down to near the key 15.65-.55 range (previously violated January-March full year trading highs.) And it is not just the rand, as other emerging currencies (outside of the domestically vexed Turkish lira) are also strengthening further. This has created a sort of 'reverse bifurcation' where overvalued US equities are troubled while other assets are improving to a degree.

This is 'not unreasonable' due to general residual pandemic response problems in the US. It gets down to the US official attempts at stronger measures flailing in the context of the politicization of the full range of pandemic issues, which is much worse than in many other locales, with a full exploration below.

On CNBC this morning (sorry no video clip available) ex-FDA head and Pfizer board member Dr. Scott Gottlieb was stressing the importance of vaccination booster shots. His knowledge on this has always gone toward the degree to which boosters provide an outsized antibody increase, even compared to the initial second shot of any vaccine. That in turn makes sense on the degree to which those excess antibodies will create some response even to the other virus variants that are not intrinsic in the vaccination's primary antiviral activity.

This all makes sense in theory, and will likely be a major benefit to countries whose populations are already close to wholly vaccinated. Yet the US remains just below 60% vaccinated, and that is the ongoing problem which leaves it lagging Europe and some other countries which imposed vaccination mandates. While the backlash was great, it seems those policies are now paying off.

According to this morning's NBC News article (<https://nbcnews.to/2ZS8jag>), "*France's vaccination rate went from 20 percent to 82 percent in three months.*" In addition, many other countries. "*...are requiring proof of vaccination for airline travel and restaurant dining.*" Some friends who just

returned from France told us it was great to be sitting in restaurants where all of the other patrons had to show their digital vaccine 'passport' (proof of vaccination) to have entered the place.

Yet in the US the politicization of the issue, where mandates for vaccination and masking are rejected by those in the 'civil liberties' camp, means there is little chance anything so effective will occur. The pernicious political dynamic on that is the degree to which that is substantially being pushed by the Republican Party in opposition to any Biden administration measures. Yet they will also damn Biden for not fulfilling his promise to 'tame' the COVID-19 pandemic. As such, it must be allowed that the US will continue to lag based on grassroots resistance.

Therefore, while we hate to play the Cassandra once again, all of the stronger steps that Biden and his minions present in news conferences and papers are so much flailing in the face of the politicization of the issue here. What does it mean when even all of those who are already fully vaccinated get those highly useful boosters, if the remaining 40% of the US remains completely unvaccinated?

It is an exercise in futility. There is also the view that a goodly number of the folks who are now unvaccinated have had COVID-19, and some degree of protection from those antibodies. Yet what we know is that the 'natural antibodies' are not as effective across time, and do not last very long (6 months at most.) There is also now the issue of whether (nobody knows) how effective the antibodies from a previous variant will be in countering new forms. Not very likely they're effective.

All other background and Evolutionary Trend View of market tendencies remains the same as the past two days analysis (repeated below for your ease of access.)

Courtesy Repeat of Wednesday's 'On the Yang Today' ALERT!!

In the classic representation of yin-yang, yang is the force of light that it seems the markets are experiencing today after the darker influences which held sway on Tuesday's reversal of Monday's 'risk appetite' gains. That's fair enough on the current influences, yet with the caution that they are either anecdotal or are the classic 'rearview mirror' representations we have warned of in the past.

Even today's upbeat global Manufacturing PMIs (outside of a disappointing US Markit figure) were based on activity and opinions prior to a very recent onset of COVID-19 Omicron variant concerns. Also there is once again anecdotal news on Omicron possibly being less transmissible and virulent than previously thought. There is even a guess out there that current vaccines will still be highly effective despite what has been indicated by the vaccine makers, as shared in Tuesday's 'On the Omicron Yin-Yang' ALERT!! (repeated below for your ease of access.)

There is also this morning's 'A Balancing Act' latest quarterly OECD Interim Economic Outlook: (<https://www.oecd.org/economic-outlook/>), also without any mention of the Omicron variant. There was neither a single mention, nor any reference to the resurgence of the Delta variant. There were only references to the previous Delta drags and those waning since the Spring-Summer surge in many economies, with no mention of the current resurgence in the US and Europe.

That may be reasonable under the circumstances, where OECD is always more circumspect, and reviews the data at length prior to taking any definitive fresh economic view. As we often note, its monthly Composite Leading Indicators is a net 4-month forward view as a 6-month projection delayed by two months to ensure the accuracy of the statistical foundation. Yet today's analysis highlights continued supply bottlenecks and heightened inflation into strong demand.

No surprise there, as informed observers are now noting that Omicron is less of a definitive problem than Delta never going away!! Note the problems in Europe, and after the US Thanksgiving holiday we are seeing a return to regular new case reporting as of Monday. As we cautioned of late on the CDC New US COVID-19 cases graph (<https://bit.ly/3IsyCeU>), the new cases and 7-Day Average drop were based on suppressed holiday reporting from last Thursday through the weekend.

The return back up to 119,000 new cases on Monday is also a bit problematic in consideration of whether this might be some 'catch-up' from a holiday weekend. In any event, as we have noted for

some time, the real indications on the current US Delta resurgence are going to be the figures into next week. Those will include any heightened problems from the major travel and gathering holiday weekend.

The more telling intermediate-term concerns remain elevated inflation, which was reinforced by Fed Chair Powell's Tuesday Senate testimony, and the potential for that to remain the case if there is any further COVID-19 pandemic spread. That is regardless of whether it is Delta or the new Omicron variant, as either way there can be continued supply chain problems triggered by these. And the extended problem is that this can be the case even under a weaker economic scenario.

Also noted with a more explicit image link on Tuesday was the degree to which financial asset values are currently more than a bit elevated relative to their long-term average. That was from the November 17th ECB Financial Stability Review, and we suggest a look for anyone who has not some so already.

The rest of our mostly quite negative review of the likely Omicron impact remains the same as Tuesday despite renewed positive anecdotal news. The December S&P 500 future recovery from below the 4,621 major 'swing count' Objective is going to be interesting later this week; especially after Monday's failure up into the interim 4,660 congestion below which it had failed so badly on Friday.

Global govies are back under pressure after testing key higher resistances, which it was very interesting to see them reach in the first place (see Tuesday's analysis for much more.) And foreign exchange remains very interesting on the US Dollar Index volatile churn between the significant 96.50 and 95.70 levels.

Yet the emerging currencies are among the most interesting in having extended their 'risk-off' psychology with a collapse in the face of the Omicron news on Friday, only to be seeing significant recoveries after testing major lower supports. While this is not normally necessarily surprising, the extent of the current swings are outside the norm. For example, the Mexican peso has seen USD/MXN surge through 21.00, 21.30-.40 and 21.70 into the low 22.00 area last week, only to see a drop back below most of it toward 21.00 this week. That's unusual even for an emerging currency, and has been the case for others in that class as well.

Courtesy Repeat of Tuesday's 'On the Omicron Yin-Yang' ALERT!!

The anticipation of both uncertainty and attendant volatility in a suppressed risk appetite environment we suggested would be the case in Monday's 'Certain Uncertainty' ALERT!! is, well, certainly here. That is once again on one of our favorite market axioms, "*The market (which is to classically say the equities) dislikes nothing quite so much as uncertainty.*" In addition to the rapid shifts in the still preliminary Omicron information, it is mostly on the negative side.

While we will return to articulating the full context below, a quick look at the market tendencies is warranted. The US equities saw a sharp recovery of some of last Friday's losses on Monday. That was substantially on some anecdotal South African observations that the Omicron variant might only induce a less virulent form of the COVID-19 symptoms. Fair enough. Yet this is in no way any reliable measure of what will actually transpire based on any solid clinical information.

As such, the more negative announcements into this morning from very credible sources (more below) have seen the attempted return to a 'risk-on' psychology hit hard. It is therefore not a surprise that the December S&P 500 future only rallied back to the 4,660 key interim congestion we highlighted since early last week prior to coming back under pressure... with the major assist from the news.

Similarly global govies which had rallied back so strongly from major supports last Friday dropped back on Monday's somewhat less threatening psychology. However, there as well the current more troubling news has seen the extension of their rally (i.e. weakening yields again.) The December T-note which was back up into the 131-00 area last Friday is now testing the more prominent 132-00 area.

Weak sister December Gilt future that had pushed up into the low end of its substantial 127.50-128.00 congestion last week has only pushed up a bit further toward the high end. That is also important now as weekly MA-41. And stronger sister December Bund future (likely on the earlier Delta variant worries) had already rallied last week from its key lower interim 170.50 congestion to the bottom of the 172.50-173.00 range. While it remains in that area now, there is consideration on its typical early front month future expiration next Wednesday.

The March Bund future is currently trading at 174.25, which is a 1.70 premium to the December contract. Radical premiums and discounts are the norm for the 'second month' Bund future whenever there is a shifting future sentiment; as opposed to typical modest discounts in the T-note and Gilt future expirations. Therefore, barring any sharp 'macro' psychological improvement (not very likely) by next Wednesday, the burden of proof will be on the bears to knock the March Bund future back below 173.00-172.50; which is currently a long way down.

Foreign exchange is both radical and far more disjointed this week, following on developments from last week. The already accelerated weakness of emerging currencies saw a radical weakening on last Friday's news. However, as noted on Monday, even though out to significant new recent lows against the US dollar, they have for the most part hit their next major supports, and are recovering a bit.

The exception is of course Turkish lira, which is suffering from wholly misguided government policy that is being foisted onto its central bank. As noted in last Wednesday's ALERT!! (when the lira was in the initial phase of its current implosion well beyond any other emerging currencies weakness), *"President Erdogan's misguided philosophy that high interest rates cause inflation."*

While developed economies central banks and even the emerging economies are far from it, Turkey is a cautionary reminder of what happens to a currency when its political masters have a country with a 20% inflation rate and demand a 1.0% base rate cut to 15%. How about that 5% negative real yield as an influence? However, this means the lira is not indicative of any broader FX tendencies.

The developed currencies are a bit more of a quandary for us insofar as the US Dollar Index has weakened since Omicron became an influence. At present the greenback should still be a 'haven' (or at least in a 'shift to the least bad') in the context of the worse Delta variant and now the Omicron infections elsewhere. However, it has weakened from above 96.50 back down to the 95.70 lower end of major mid-2018 through mid-2020 congestion it only penetrated two weeks ago.

However, it appears some market participants are still focused on central banks and short-term rates as the key arbiter of foreign exchange trends. We have felt for a long time it is more so inward investment, with its more stable flows into or out of a country. Yet the central bank psychology can still influence these markets at times, and this might be one of those. While Fed Chair Powell was upbeat in his prepared statement (released Monday) prior to today's CARES Act Senate testimony (<https://bit.ly/3rkMECT> for our mildly marked-up version), he added a cautionary word near the end on the Omicron unknowns which could affect that.

To wit, *"The recent rise in COVID-19 cases and the emergence of the Omicron variant pose downside risks to employment and economic activity and increased uncertainty for inflation. Greater concerns about the virus could reduce people's willingness to work in person, which would slow progress in the labor market and intensify supply-chain disruptions."* While some of this concerns inflation, the general interpretation seems to be more so concerned about the economy that may forestall the broadly anticipated QE tightening and any rate hikes. That could be what is weighing on the US Dollar Index at present. We shall see.

Back to the 'macro' considerations, there is a significant disconnect once again between pandemic reality and the political class steps. That is due in part with the public revulsion regarding any reimposition of strong anti-transmission steps. Allowing that many previously agreeable folks are rightfully 'sick to death' of any business restrictions and mask mandates, that may still be the best way forward. Also note that there is a not very agreeable audience that are COVID deniers along with

anti-vaxxers and anti-maskers. As an example, even the US that has had such strong government encouragement is only 59.3% fully vaccinated.

This also goes to the other factor we have often noted on the economic impact beyond government restrictions: broader public psychology on the 'gathering' economy, including external dining, small retail, travel and hospitality. All of those (especially travel) are already predicting diminished business due to Omicron.

Yet politicians by nature must appear to 'do something', even if the current drive to expand the number of first time vaccinations, second shots and now boosters is a bit misguided in the context of what is already known about Omicron. This is with the caveat that there will likely be at least some protection (even at a lower level) from current vaccines. However, the latest indications are not propitious.

There is caution from the vaccine manufacturers themselves that their current shots will be less effective against the Omicron variant. Yet both they and the politicians are upbeat on the ability to develop new Omicron specific vaccines in a very short time. In historical terms that may be true, compared to the years of development prior to the advent of the new mRNA vaccines into late 2020.

However, the likely weakness of the current vaccines in preventing serious illness and the new vaccine timeline are not encouraging. This morning's Reuters article (<https://reut.rs/3IIYB7E>) cites Moderna CEO Stephane Bancel as saying, "*I think it's going to be a material drop. I just don't know how much because we need to wait for the data. But all the scientists I've talked to . . . are like 'this is not going to be good'.*" And even rapid approval by health authorities is going to take time.

According to another Reuters article this morning (<https://reut.rs/3rnPFCs>), any EU approval of an Omicron-adapted vaccine is still likely to take 3-4 months, and this is pretty much the same for the US FDA and other countries' approvals. However much the new vaccines can be deployed at 'light speed' compared to the old years-long process, it still takes quite a bit of time in epidemiological terms for a highly transmissible virus. 3-4 months? A really extensive risk factor.

And the hits just keep on coming. What we also heard this morning was another cautionary word shared in that very same Reuters article on the likely lower effectiveness of therapeutics. We are not surprised, due to the changes in the key Omicron 'spike protein', with a very high number of mutations within that single new variant. The article notes, "*Regeneron Pharmaceuticals said its COVID-19 antibody cocktail and other similar antiviral treatments could be less effective against the latest variant.*" And similar communication came from Eli Lilly.

The question at present would seem to be less of why the 'risk appetite' is under pressure, and more so why it is only under the degree of pressure seen so far? While the newly developed responses to the COVID-19 pandemic means this is a less dire situation than we highlighted when we heard of the 5-day asymptomatic transmission period in late-January 2020, it is likely more troubling than many observers are allowing at present (much like back then.) Having recently gotten back to a degree of normalcy, there is likely a degree of 'normalcy bias' right now.

However, along with epidemiological challenges, there is a question of the degree to which asset valuations are at least close to 'priced for perfection'. We already highlighted this in our November 17th ECB Financial Stability Review and More ALERT!!, with a link to the ECB analysis (<https://bit.ly/2YUAnsW>) and especially our recommendation to scroll down to their 'presentation slides'. Page seven of those has a graph (<https://bit.ly/3lhvsuU>) on the deviation of a basket of financial assets from their long-term average. Of note is the degree to which they appear to be as extended to the upside now as they were depressed at the bottom in 2009.

Of course, these sorts of indications are quite general, and cannot and should not be used as any near-term trend indicator. However, the general psychology behind assets being at extended upside values should be kept in mind during the appearance of any new stressors. Many of the larger trend reversals by nature start in a modest fashion, yet are often from unsupportable extended valuations.

Courtesy Repeat of Wednesday's critical consideration

[Expanded S&P 500 future Evolutionary Trend View in today's macro background]

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/3D3pV08> updated through Friday.) It is of note September S&P 500 future had managed to retest that area right into the ECB press conference prior to weakening 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 remained important after what was the 'lackluster jailbreak' after the previous outstanding US Employment report. With the market dropping back below the 4,450 level (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 4,380-65 area bottom of that, it also held key lower support in mid-August looking forward into the following week. That bigger level was 4,340 on weekly MA-13 (loosely held on all sharp reactions) at that time, 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 recent new all-time highs above the previous week's 4,476.50 trading high (prior to the temporary selloff.) That again left the near-term Oscillator thresholds into 4,515 and 4,540 areas (on the rising MA-41), which it failed to maintain in early September, fomenting the reaction.

This led to the violation of the 4,492 interim daily chart congestion after trading around it previous, with the more prominent 4,462 area also being violated three weeks ago. And while it subsequently traded back above that as well, recent softening below it spoke of an ability to trend lower in the near term. That left the more major 4,420-10 area as next support on both weekly MA-13 as well as that significant aggressive weekly UP Channel from the major March 2020 low.

Having tested that area into the mid-September Close and violating it from the beginning of the following week was a fresh 4,410 DOWN Break. That fed further weakness which was already anticipated from the negative influence flowing out of China. As usual there was a Tolerance below that (as seen on selloffs in both June and July) down to 4,350 area lower congestion developed during the temporary July topping activity, and retested on the mid-August sharp temporary reaction to a 4,347.75 trading low. While that seemed a broad berth, on past form only below the 4,350 area does it signal a full trend reversal.

Yet as always with these matters, the weekly Close was more important than temporary trading weakness below it. And the December S&P 500 future held against interim low-4,300 support, and ended the week back above the low 4,400 area. The extent of the temporary selloff means that it needed to be treated as a 4,410 weekly up channel DOWN Break. Yet that also means the Close back above it established it as a Negated DOWN Break, and therefore a support area. That is also consistent with weekly MA-13 moving up to the 4,430 area this week.

That said, the 4,348 area had reverted to the key support again on the then renewed pressure. And much like previous, it was temporarily violated. The difference is that the daily 'trend flow' was quite a bit different with the rally back above the low-4,400 area. Holding above the 4,430 area Tolerance of the 4,400-10 resistance for a weekly Close also above the at that time weekly MA-9 and MA-13 in the 4,435-45 area looking more bullish again.

The next higher resistance was at the 4,472 late September trading high from which it previously dropped to the 4,300 area. That being exceeded last week was a further strong sign, which has not surprisingly led to the December S&P 500 future also pushing above the next minor early-September congestion in the 4,510 area. That only left the early September 4,549.50 front month S&P 500 future all-time high as resistance. After that was exceeded, a 4,621 major 'swing count' was the next key threshold, with the next key weekly Oscillator thresholds up into 4,725 and 4,750 last week (still rising \$20 per week.)

After stalling into them early last week, there was finally a reaction that was still only down to 4,660 interim support on Wednesday. However, the Omicron news into Friday immediately knocked it back below that area down below the 4,621 previously exceeded upside Objective as well. After Monday's rally back up to 4.660 failed it dropped closer to interim 4,535 support prior to rallying back into the 4,621 area; which will all remain very interesting into the end of this week.

Thanks for your interest.

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