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Subject: ROHR-BLOG: NOTE: Services PMIs, Much the Same, Calendar

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Dear Subscribers,

We are coming to you quite a bit earlier than usual after the global Services PMI's, even as the US data is deferred into Thursday after Monday's Labor Day holiday. And much like the Manufacturing PMI's, they came in on the weak side.

Yet as noted for the past several days, the more important macro influences on US EQUITIES and other markets are still the current trade developments. The key question of whether Canada will commit to a renegotiated NAFTA based on the US-Mexico trade agreement remains; and becomes a more active influence again today on the resumption of those negotiations.

The rest of that analysis remains much the same as our Tuesday emailed note along with the other looming threat to the economic psychology currently predictably weighing on US EQUITIES. That is the ongoing meltdown in emerging currencies. While that is also due to domestic factors in many cases, it is also in part because of the heightened US tariffs threat to China as a negative influence on emerging economy psychology. We refer you back to Tuesday's emailed note for further details and previous analysis from last week on more upbeat economic factors.

Courtesy Repeat of Tuesday's Market Quick Take (mildly adjusted)

SEPTEMBER S&P 500 FUTURE 2,800-10 area resistance was modestly exceeded into mid-July. Subsequent concerns left only very modest slippage back below that area until the more positive sentiment returned into late July. Higher resistances remained in the 2,840-50 area, reinforced by the late July downside reaction from that area, and seemingly reinstated on the mid-August drop back below it.

Yet not for long, even if subsequent initial recoveries stalling into the low end of that range confirmed its prominence. However, it was exceeded once again on the mid-August surge from the still key 2,810-00 support. It was also higher again early despite USD/TRY strength (see recent emailed notes for more), and held the 2,840-50 range on the politically-driven reaction Wednesday morning, August 15th (see that morning's emailed note for full analysis.)

Higher resistance at the 2,878.50 January all-time high was exceeded last Monday morning, with the next classical weekly Oscillator resistance into 2,895-2,900 also overrun by last Wednesday afternoon (and interestingly rising to 2,905-10 this week.) While we often discount the technical importance of the 'big penny' level, in this case it is meaningful. That is also now as the market dips quietly below next lower 2,895-2,900 recent congestion into an unsure situation as well (see above.) Next classical Oscillator resistance is the 2,935-40 area, with supports back into that overrun 2,878.50 January old all-time high and 2,850-40.

The balance of views on the INTERNATIONAL EQUITIES, GOVVIES and DEVELOPED ECONOMY CURRENCIES remain much the same as last week Tuesday's Extended Market Take. And of course much of the overall trend evolution there as well remains dependent on the outcome of the various US trade talks underway with everyone except China.

The real changes are of course in the EMERGING CURRENCIES. To begin with the most extreme, the TURKISH LIRA has now been trashed again on the USD/TRY pushing not just back above the mid-August 6.00 hyper-aggressive daily up channel DOWN Break; it is also in the process of Negating the 6.40-6.50 DOWN Closing Price Reversal (CPR) from three weeks ago. This is quite a feat, as the formal Tolerance of that DOWN

signal was all the way up at the early August 6.6448 trading high (prior to the following Monday's extreme 7.10 area ultimate trading high as part of DOWN CPR pattern.) Even though recently back below 6.65, it is churning above and below it of late. And only weakness back below the 6.50-6.40 range will signal any potential for sustained weakness.

If not, it points to a likelihood the 7.0984 high from three weeks ago (now reinforced by an extended weekly Oscillator projection) will not end up being the end of the USD/TRY rally. The further extended Oscillator projections are into the 7.30 and 7.45 areas this week on the 0.07 major rise in a normally more gradual longer-term weekly MA-41. What we also know for now is that even if there is any weakness below 6.50-6.40, the Negation of the 6.00 hyper-aggressive up channel DOWN Break (also from three weeks ago) leaves that as near-term support.

USD/ZAR had also ratcheted back above 13.40-.50 to fully above both June's 14.00 high and the 14.50-.60 area not seen since November 2017. Previous recent spikes above that area and its 14.75 August 2016 high Tolerance were temporary, weakening off back below 14.50-.60 area... ..until last Thursday. It is now pushing above 14.75 again, and as noted Monday, unless it slips back below it soon it is possible it will see the mid-August trading high at 15.33 (currently being tested), or even the more prominent historic congestion in the 15.50 (also now being vigorously tested) or 16.00-.25 areas.

Interestingly enough, USD/BRL that for some reason had the BRAZILIAN REAL as the EMERGING CURRENCIES relative tower of strength in only squeezing back up from the mid-3.00 area into the upper-3.00 area finally pushed to a new high above its June-July 3.95 area trading highs out of mid-August. Yet as noted previous, there was 4.06-4.07 congestion with the extended resistance into the 4.16 January 2016 high it has more or less respected so far.

However, a new critical signal was set up on last week's lower Close: a weekly DOWN Closing Price Reversal from the previous Friday's 4.1030 Close, with a Tolerance to that week's 4.1268 high. As such, those previous trading highs are reinforced as resistance, yet with any violation being a near-term additional bullish USD/BRL sign. As above the 4.16 January 2016 high is only the 4.2341 September 2015 all-time high, any sustained

violation of that would require reversion to historic weekly Oscillator projection extended thresholds into 4.28 and 4.38.

USD/MXN has also ratcheted up from 18.40-.50 to above 19.00 once again, yet with next resistances in the 19.30-.40 range (including weekly MA-13 back in mid-August) restraining that rally well short of the 19.90-20.20 area next major resistance. Recently below 19.00 (also weekly MA-9 and MA-41) opened the door to a test of mid-18.00 area prior to last Thursday's push back above 19.00. The recent trading high at 19.37 currently being exceeded is both historic congestion and takes on additional import with Weekly MA-13 now down in the 19.20 area. Any strength above 19.37 may still point to 19.90-20.20, especially if anything unstrings the recent US-Mexico trade deal optimism (like a potential failure of the US-Canada trade negotiation discussed above.)

The other previous weak sister in addition to the TURKISH LIRA based in part on US sanctions is the RUSSIAN RUBLE. Of course that is also exacerbated by the extended weakness of CRUDE OIL. USD/RUB finally also pushed well back above its 4-month sustained 64.00-62.00 trading range (with temporary aberrations) early last month. Well above the 65.00 area April high since that time has seen it push above resistance in the 66.50-67.00 area as well. Next resistance is not until the 68.50-69.00 area tested at the height of previous recent near-term TURKISH LIRA debacles and again at present, with 71.00-.50 above that.

While once again seeming a bit less relevant in the midst of the now more major global trade cross currents, this week's Weekly Report & Event Calendar (accessible for Sterling and higher level subscribers) is available via the www.rohr-blog.com sidebar. That said, there are more major data points this week in a typical early month flow. While the US releases will be deferred one day after today's holiday, this still includes all of the global PMI's, GDP and Trade figures, and the US and Canadian Employment reports on Friday.

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