Alan Rohrbach

From:	no-reply@vrmailer3.com on behalf of ROHR-BLOG <info@rohr-blog.com>
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Dear Subscribers,

We are coming to you a bit later than usual to both inform you that we are taking a one-day holiday on Wednesday and see the last of this morning's US data in the form of the NAHB Housing Market Index. We will be back in Thursday morning to be able to assess the always important OECD interim Economic Outlook. And in the event, the NAHB Index came in a bit stronger than expected. And we expect it will strengthen further in coming months along with the rest of the housing sector and infrastructure sector on a surge in the wake of Hurricane Florence destruction in need of urgent repair. See the past couple of days emailed notes for more on this event being an overall economic stimulus.

And while US EQUITIES may not be surging higher, they are also very resilient into both the hurricane news and the other looming storm: the international trade confrontation between the US and China. The Trump administration has now confirmed its intention to levy another $200 billion of tariffs, beginning at 10% and escalating to 25% if China does not respond constructively. And once again this makes the US-Canada talks even more important as a sign of whether the West can present a unified front to China on changing its business model.

As noted previous, this remains important for the economy. IMF Managing Director Christine Lagarde noted yesterday that the global economy is

weakening under the current nominal trade war and further threats. Yet so far the signs are still firm on US EQUITIES rising versus Chinese EQUITIES (Shanghai Composite) dropping back to their early 2016 four-year lows.

The further sign that the US EQUITIES are reflecting a still strong economic situation are the GOVVIES remaining under pressure and the US DOLLAR losing its haven bid against the other developed economy currencies. That said, EMERGING CURRENCIES are back under some pressure due to the still firm developed economy indications keeping their yields rising.

Market Quick Take

FRONT MONTH S&P 500 FUTURE still had higher resistance into the 2,840-50 area in early August, reinforced by the late July downside reaction from that area. And it was 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 still key 2,810-00 support.

Higher resistance at the 2,878.50 January all-time high was exceeded in late August, and has held on subsequent selloffs. The next classical weekly Oscillator resistance into 2,895-2,900 was also overrun. While we often discount the 'big penny' level, in this case it is meaningful. SEPTEMBER S&P 500 FUTURE slipping below 2,895-2,900 congestion left it resistance it pushed back above last week.

And the 5.00 premium DECEMBER S&P 500 FUTURE looks that much better as we head toward September contract expiration late this week. Higher resistances remain at the recent 2,917.50 high reinforced by the classic weekly Oscillator resistances, and at the extended Oscillator resistance at 2,945-50. And recent slippage back below 2,895-2,900 has been temporary so far.

The balance of the Evolutionary Trend View is much the same as noted in the Extended Market Take in last Thursday's emailed note, and we refer you back to that for any further details beyond two key items: the T-NOTE

FUTURE and TURKISH LIRA.

It is important to note that as the SEPTEMBER T-NOTE FUTURE expires on Wednesday the DECEMBER T-NOTE FUTURE is trading at a modest quarter point discount. Yet that is after the recent pressure has put the September contract down into the low 119-00 area support (front month trading low from the beginning of August.)

This leaves the DECEMBER T-NOTE FUTURE below that level, with the threat that it could sink to the mid-May front month 118-10 trading low (from the last time the 10-year cash yield was above 3.00%.) And it is of note that this comes at a time when the DECEMBER BUND FUTURE is well back below 160.00-159.50 into its loose 159.00-158.73 Tolerance. Much below that it might revisit 157.50 area tested repeatedly on its February-May selloff, or even lower levels.

And the TURKISH LIRA is coming back under pressure after its recovery on last week's USD/TRY weakness back below 6.50-6.40. Yet as noted previous, there was important USD/TRY support into the 6.00 area mid-late August trading. Having held that area last week, and now pushing back up into the 6.50-6.40 range, leaves those levels critical.

While the other EMERGING CURRENCIES are holding on a bit better for now, it is important to note that the weakness of the LIRA was the trigger for accelerated weakness elsewhere prior to the recent stabilization; and the threat to the Chinese economy from the US tariffs tiff still leaves some real risk into many of the current account deficit emerging economies as yields push up as well.

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, this week brings Swiss and Japanese central bank decisions, important inflation and trade figures, Thursday's OECD Interim Economic Outlook, and the global Advance PMI's on Friday.

The Rohr-Blog Research Team

info@rohr-blog.com