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To: ar.rohr.intl@comcast.net
Subject: ROHR-BLOG: Trade Trauma?, OECD Still, Quick Take, Calendar

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Dear Subscribers,

There doesn't seem to be any 'trade trauma' as yet over the imminent imposition of $200 billion of US tariffs on Chinese goods. Some nervousness certainly, yet nothing that approaches anything like trauma on the mild US EQUITIES dip that began Friday afternoon. Even CHINESE EQUITIES have recovered. We are coming to you quite a bit earlier than usual on a diminished economic reporting day due to much of Asia being closed for Autumn Equinox holidays.

And much of the US EQUITIES lack of fear over the current US-China impasse that has just seen the next round of potential talks cancelled is due to the sustained strength of the US and developed world economy. We once again suggest review of Thursday morning's OECD Interim Economic Outlook (http://bit.ly/2xQTogU.) This always important view showed there are international trade stresses that could worsen. Yet despite higher interest rates and trade impacts to date, the global economy remains strong led by US growth.

And that is projected to remain the case this year into a good deal of 2019, as reflected in even weaker European PMI's remaining quite positive. [For anyone who does not want to watch the full 45 minute OECD press conference, we suggest at least glancing through the associated PowerPoint presentation.] As such, there are grounds to believe corporate earnings (the

real basis for EQUITIES valuations) are going to remain firm as well. In the event, German, Canadian and US data were strong today even if UK CBI figures remained weak.

The US EQUITIES push higher is based on A firm global (and very strong US) economy, still reinforced by some broader asset class tendencies we have reviewed in recent days. GOVVIES remain under pressure on the continued strong outlook (and Wednesday's higher than expected UK inflation numbers), and US DOLLAR is losing its 'haven' bid against the other DEVELOPED CURRENCIES on the greater confidence the broad economic picture remains constructive.

EMERGING CURRENCIES remain a far more mixed picture based on 'country' influences. In particular the most recent TURKISH LIRA trend developments after another attempt to encourage more international confidence based on changes to spending and lower growth targets are less than impressive. While the latter would speak to less interference with the central bank, the market remains less than fully confident.

And on the international trade front US-Canada trade talks as a precursor to any US-EU agreement are still important. They will be the basis for any meaningful discussions by the US and others on the much greater challenge of the Chinese trade talks. Yet as noted above, at least so far the EQUITIES are not bothered by this.

Quick Market Take

Front month S&P 500 future (now December) 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 the 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. Slipping below

2,895-2,900 congestion left it resistance the September contract pushed back above two weeks ago.

And the 5.00 premium December S&P 500 future looked that much better into last Friday's September contract expiration. Higher resistance at the recent front month 2,917.50 high was exceeded last week and is now near-term support. It was reinforced by 'classic' Oscillator resistance that rises to 2,925-30 this week. 2,955-60 is next classical Oscillator resistance this week, with an 'extended' interim level at 2,975 and next major threshold at 2,995-3,000 (see the www.Rohr-Blog.com Rohr ALERT!! sidebar link for the full 'extended' table.)

The balance of the Evolutionary Trend View remains much the same as the Extended Market Take in Friday's emailed note. Of particular note the GOVVIES remain under pressure in that broader firm global economic context as we head toward a likely FOMC rate hike on Wednesday.

Yet almost perversely in that regard, the premium US yields are not assisting a US DOLLAR INDEX that is weakening again today. That is likely also due to it losing the previous 'haven' bid back near its 93.50 support on the more confident global economic confidence, now including the EURO firming to the 1.1800 Tolerance of the recent heftier 1.1750 congestion. 1.2000 area is next resistance above that.

The only real disrupter Friday morning was UK Prime Minister May's short announcement that she will not be bullied by the EU on the UK Brexit plans. Leaving a greater chance of a 'no deal' UK exit from the EU was weighing heavily on the BRITISH POUND. Yet it did not even drop back to key 1.30-1.28 support and is recovering with the others today.

And the EMERGING CURRENCIES remain a more mixed affair, yet also firming to some degree on the better global economic feeling and also CHINESE EQUITIES firming from recent scary looking weakness (SHANGHAI COMPOSITE back down near early 2016 lows.

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. And while today is a bit light on

economic data, the balance of this week is still the robust final reporting week of the month. In addition to all of that there are a significant number of central banker speeches into and after Wednesday afternoon's next major FOMC decision, projections revisions and press conference.

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