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Dear Subscribers,

We noted last Friday that the many 'binary' potentials made the markets a classic trader 'punt', or in more classical terms, "Discretion is the better part of valor." Well, to cut right to the chase this morning, US EQUITIES are rightfully enthused by the US-Canada trade agreement that brings a consolidated North America back together as a trading block (pending each of their legislatures' approval that will also be interesting.)

This an especially pleasant surprise after they slipped on a Trump banana peel last Wednesday afternoon due to his antagonistic trade comments directed at Canada. Yet now US EQUITIES are back up well above the previous all-time high they had slipped below last week. The caveat is that the effective Oscillator resistance is around the high end of where they have rallied to earlier this morning (more below.) As such there is still just a bit more trading proof to be seen in this particular pudding, even if the tone feels very good again.

This is also because (as regular readers know) we have strongly focused on the US-Canada negotiations as critical to an updated NAFTA agreement, now to be called USMCA (The US-Mexico-Canada Agreement) due to President Trump's aversion to calling it a revised NAFTA.

More important than the North American block in its own right is the

degree to which this will foster greater likelihood a consolidated West (including the EU, Japan and others) will be able to challenge China's predatory trade practices; something with which they all have problems.

The confirmation of this stance we have consistently anticipated was lost during last week's suddenly salacious US Senate Kavanaugh confirmation hearings: The US-EU-Japan Wednesday statement on the matter (http://bit.ly/2P0TmI5) is the strongest to date. With early week economic data in another big week remaining firm while the tangential US 'Rosenstein' stressor now likely being pushed off until after the US midterm election, the psychology favors US EQUITIES again.

Market Quick Take

FRONT MONTH S&P 500 FUTURE still had higher resistance into the 2,840-50 area in early August. It was reinstated on the mid-August drop back below it. Yet not for long, even if subsequent initial recoveries stalled into the low end of that range. However, it was exceeded once again on the mid-August surge.

Higher resistance at the 2,878.50 January all-time high was exceeded in late August, and has held on subsequent selloffs. Next weekly Oscillator resistance into 2,895-2,900 was also overrun. Slipping below 2,895-2,900 congestion left it near-term resistance the SEPTEMBER CONTRACT pushed above in mid-September.

And the 5.00 premium DECEMBER S&P 500 FUTURE looked that much better after September contract expiration. Higher resistance at the recent front month 2,917.50 high was exceeded, yet was dropped below again on the US-Canada trade concerns last Wednesday. It was reinforced by Oscillator resistance that rises to 2,930-35 this week: hence our concern a bit more upside confirmation is needed even if 2,917.50 should be near-term support. 2,960-65 is next classical Oscillator resistance this week. If that is exceeded, the 'extended' Oscillator levels are the interim 2,980 and the more major 3,000-05 (see www.Rohr-Blog.com Rohr ALERT!! sidebar link for the extended Oscillator thresholds table.)

The degree to which the forward looking trade considerations are still the key market influence in all asset classes is amply demonstrated by the

recent relative improvement in the economic data that was NOT able to inspire even strong US EQUITIES last week prior to this week's resurgence on the US-Canada rapprochement.

Once again note both the very upbeat FOMC rate hike statement (http://bit.ly/2Oi7rUy for our lightly highlighted version) and even more so Chair Powell's upbeat press conference. He even responded to one question on the US economy growing faster than expected with the statement, "...and that's a good thing." Hardly sounds like the Fed is trying to derail either the economy or US EQUITIES.

And spilling over from two weeks ago is still the OECD Interim Economic Outlook (http://bit.ly/2xQTogU.) In the event this always important view showed there are international trade stresses that could worsen. Yet it also crystalizes the prevailing cross current in noting that despite higher interest rates and trade concerns to date, the global economy remains strong led by US growth.

The bottom line is that US EQUITIES are leading the way up again while GOVVIES give back some of last week's 'haven' bid from intensified global trade concerns due to now resolved US-Canada issues. That said, the flight from ITALIAN BONDS is helping GERMAN BUND prices on a flight to quality, and the same sort of psychology is also maintaining the 'haven' bid back into the US DOLLAR… yet this is now no longer consistent with current US EQUITIES resurgence.

We refer you back to last Thursday's emailed note for more of the critical levels on the price trends, which remain exactly the same other than the shifts in US EQUITIES Oscillator levels.

While still seeming a bit less relevant in the midst of obviously 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. Today began with the mixed yet still firm Manufacturing PMI's, Tuesday will see a lot of central bank influence (including the Fed's Powell twice in the afternoon), and other important data intensifying late week into the culmination in Friday's US and Canadian Employment reports.

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