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Sent: Wednesday, October 24, 2018 9:43 AM
To: ar.rohr.intl@comcast.net
Subject: ROHR-BLOG: Channelization Confirmation, Quick Take, Calendar

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Dear Subscribers,

US EQUITIES 'slackticipation' of Friday's weaker key Chinese economic numbers ultimately led to the return of weakness for a new downside correction (and yes, we still believe it is a correction for now) trading low. Yet that was only into the idealized support we have been sharing since the 'quadruple whammy' first hit the market a week ago Thursday (see the October 11th emailed note for more.)

And Tuesday's price activity is an excellent example of how 'classical' channel projections can be so useful during highly volatile reactions. They make it easier to determine whether it is indeed a 'correction', or has evolved into trend reversal. And the latter may still be the case for the US EQUITIES, yet only if lower support tested on Tuesday (along with its Tolerance factor) are violated on subsequent weakness (more on all that below along with revisit to chart trend projections.)

That will also likely be a psychological bellwether for other asset classes, such as whether GOVVIES extend their current bid and the US DOLLAR INDEX remains strong.

On the macro background much remains fraught (see earlier emailed notes on China, EU-Italy budget confrontation, looming US election, etc.) into an otherwise lighter reporting week. After this morning's once again weaker

global Advance PMI's, there was the expected Bank of Canada rate hike. That is followed by Thursday's ECB press conference, where it will surely be reconfirming the end of its QE program at year's end.

And there is Friday's slightly earlier than usual (due to the calendar) first look at US Q3 GDP. So anything might still be possible, even if the trend to date has maintained a bullish US EQUITIES trend (see chart link below.)

Market Quick Take

FRONT MONTH S&P 500 FUTURE still had higher resistance into the 2,840-50 area in early August after the rebound from still important 2,800 area support. It was exceeded along with the 2,878.50 January all-time high in late August. Next weekly resistance into 2,895-2,900 was also overrun and remained important after rallies into early October failed into higher weekly Oscillators around 2,930-35.

Those ultimately led to failure back below 2,895-2,900 congestion that was a weak sign pointing to a retest of at least 2,840-50 area and possibly the still important 2,800 hefty congestion area. In the event a 'quadruple whammy' noted two weeks ago Thursday hit near-term psychology for failures below those areas. However, as noted at the time, that still left room for further downside on what would still be a bull trend. That is apparent in this morning's weekly chart (http://bit.ly/2ELhXjt) from right at the futures Regular Trading Hours opening (09:30 EDT.)

The DECEMBER S&P 500 FUTURE previous failure below 2,800-2,790 left an intermediate-term channel DOWN Break from 2,835, an area it will need to exceed to fully restore a bull trend. That looked bad, yet still allowed for a test of that more prominent 2,700 area major channel and congestion within a broad bull, which was finally reached on Tuesday's selloff.

Of note, that has an important late-May 2,675 pullback low Tolerance. Much below that the monthly chart (not shown as yet) channels and congestion would point to a test of the upper 2,400s or even upper 2,300s. So there is a lot riding on whether the 2,700 area holds the current test.

GOVVIES have a 'haven' bid since the EQUITIES weakness two weeks

ago. The US GOVVIES have now bounced back slightly above failed support. The DECEMBER T-NOTE FUTURE is now above its failed 7.5-year 118-10 trading low support from back in April, with extended resistance into the 119-00 area (congestion and weekly MAs.)

Yet in the context of more focused Brexit concerns and continued Italian budget confrontation continuing into last week, strong sister DECEMBER BUND FUTURE finally managed to push back above its 159.00-158.72 previously violated Tolerance of its more major 160.00-159.50 failed major congestion area. As noted previous, that higher area remains the overall more trend-decisive threshold (including weekly MA-41 and congestion into 160.30 above.)

Similarly in FOREIGN EXCHANGE, we had noted the GREENBACK had not lost much of its bid against DEVELOPED ECONOMY CURRENCIES. That was evidenced by the US DOLLAR INDEX only reacting back down to slightly below its 95.50-.00 key congestion it is now back well above, with next major resistance not until the mid-97.00 area it did not quite reach on its mid-August rally. Also as noted previous, even Tuesday's US EQUITIES weakness is not hurting the GREENBACK, with it now up to 96.30. It appears the problems elsewhere are more damaging to the other DEVELOPED ECONOMY CURRENCIES than the US EQUITIES weakness is for the US DOLLAR.

And if there was a real economic crisis unfolding, the EMERGING CURRENCIES would likely be much weaker than their recent more resilient activity. In fact, even after the DECEMBER S&P 500 FUTURE neared and rebounded from the more major 2,700 area support two weeks ago Thursday, the EMERGINGS have overall strengthened over the past two weeks prior to some of them (especially the MEXICAN PESO) weakening off a bit again of late.

We interpret this as a sign the overall global economic performance will remain firm enough in the intermediate term to support even these external capital hungry economies, which (as noted previous) seem to have delinked from their classical tie to Chinese economic prospects.

This is especially so for the TURKISH LIRA that is benefitting from an improved US relationship in the wake of the release of US Pastor Andrew

Brunson after two years in detention. As such, the USD/TRY drop below the key 6.00-5.90 range on its Close two weeks ago leading to a test of 5.50 next support last week was no surprise.

The SOUTH AFRICAN RAND has also benefitted from the overall global confidence factor, as USD/ZAR that had traded temporarily back above 15.00 again as recently two weeks ago had slipped back down below the key 14.50-.40 area once again prior to retesting it again at present. The question remains whether it can violate the lower key 14.00 congestion in a way that it could not back in August and September, which would point to a retest of at least 13.50.

While once again seeming a bit less relevant as we have been noting for a while in the midst of more major global trade and political 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. In addition to everything else impacting the markets in the near-term, there are the factors noted above on Brexit, the Italian Budget, and central bank meetings noted above and other releases which might strongly affect the markets like Friday's US GDP.

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content, as well as agreement with all of the stipulations articulated above.