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To: Alan Rohrbach
Subject: ROHR-BLOG: Gridlock is Good, Quick Take, Calendar

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Dear Subscribers,

While we are usually quick to discount the 'received wisdom', our confidence the Democrats would take the House while the GOP retained the Senate has been borne out in the results… and US EQUITIES have shown it is as 'economically inconsequential' as we projected in recent emailed research notes.

That said, this does not mean it is politically inconsequential. The Dems control of the House means their installation as committee chairs will allow them to unleash the 'hounds of investigation' on Trump and his allies as well as business. While our space is too short to individually list those Representatives, be assured they (especially those on the Far Left) have more interest in crippling Trump and financial services and other businesses than producing bipartisan legislation.

However, as noted in recent analysis, expanded Republican control of the Senate means there is no chance there will be any reversal of the tax reform, and Trump's regulatory rollback will also stand. As discussed on Monday, even if the totally marginal potential for President Trump to be impeached and then convicted in the Senate actually occurs, there is no credible logic pointing to a President Pence reversing tax reform or reimposing regulations.

As such, 'gridlock is good' in a current constructive economic environment likely to continue under all scenarios, with occasional market upsets possible from tangential political disruptions.

And lest anyone is not minding the classical positive post-US midterm election tendency for US EQUITIES, if indeed they reestablish overall upward momentum that will soon be combined with the upcoming 'Santa Claus Rally' in reinforcing the basically firm economic influences (more soon on that seasonal portfolio manager-driven tendency.)

Market Quick Take

Since the beginning of October FRONT MONTH S&P 500 FUTURE had obviously been back below the 2,900 area and old violated higher resistance into the 2,840-50 area. The latter failure included a weekly channel 2,835 DOWN Break, and subsequently failed 2,800-2,790 support. In the event the 'quadruple whammy' on Thursday, October 11th hit near-term psychology for failures below those areas, all of which remain the current higher resistances.

Then two weeks ago DECEMBER S&P 500 FUTURE Broke DOWN at 2,708 from its broad weekly up channel since the February-April sharp reaction lows. As noted previous, that week's Close below the late-May 2,675 pullback low Tolerance of the channel was by such a marginal factor as to allow subsequent recovery.

And even after Friday's weakness last week's rally was strong enough to push back above 2,708 in a way that seems to Negate the DOWN Break. As such, that is once again support with a reinforced Tolerance to 2,675. This has been solidified by a consistent grind higher all of this week (http://bit.ly/2JJJP6p), coming close to the 2,800-2,790 area again this morning prior to setting back a bit.

This all gets back to our classic trend assessment insight based on the Sherlock Holmes principle of eliminating the 'impossible' (http://bit.ly/25GidVh page 2.) While no such total confidence is reasonable in the markets, as the US EQUITIES sustained their recovery last week into this one, the diminished 'probability' of a return to weakness became

apparent; thus favoring the bulls once again.

The GOVVIES are predictably still giving back more of their previous 'haven' bid due to US EQUITIES reversing their previous weakness. Even the more resilient DECEMBER BUND FUTURE is back below the violated 160.00.-30 area in spite of continued concerns in EUROPE.

Similarly in FOREIGN EXCHANGE the EURO and POUND were suffering more than the other DEVELOPED ECONOMY CURRENCIES prior to the current restored global economic health psychology recovery. This has caused more weakness in the US DOLLAR INDEX from near its mid-upper 97.00 resistance back toward its important 95.00-.50 last tested in mid-October.

EUR/USD back above 1.1400 has certainly stabilized while GBP/USD is now fully back above the 1.28-1.30 area. And with a hint of US-China rapprochement in the wind, it is not surprising that the AUSTRALIAN DOLLAR has seen AUD/USD snap back up to even slightly above its historic .7200-50 area from October's month-long vigorous test near the .7000 area congestion.

And while the EMERGING CURRENCIES are still more country-specific trends than previous, they are responding well to the idea there may be a more constructive global growth environment. Even the looming government change-beleaguered MEXICAN PESO has dropped back below from temporarily above its 20.00-20.20 congestion. And that is the least of the EMERGING CURRENCY strength with USD/ZAR below 14.00 and USD/TRY below 5.50.

While still 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. It is still a useful guide to all of the remaining important data and events of this week after the US midterm elections. Those include Thursday's important Chinese and European trade data and European government bond auctions prior to the US FOMC 'statement only' rate announcement. Friday sees UK GDP and Chinese and US inflation data into Monday's US Veterans Day

DEBT & FOREIGN EXCHANGE market holiday.

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