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To: Alan Rohrbach
Subject: ROHR-BLOG: Wow!! Quick Take, Calendar

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As regular readers know, we were skeptical of any further US EQUITIES downside potential early last week, and became friendly again from the middle of last week on their push up above the key downside signal from two weeks ago. Yet the extent of their rally now pushing directly above the next extended resistance (more on all of that below) is impressive to the point of being a 'wow' factor.

The question now is whether the bears can get the uptrend genie at least partially back into the bottle by knocking the DECEMBER S&P 500 FUTURE back below that higher key congestion area. There is the obvious further question of 'why' they reverted to such immediate extensive strength?

It likely comes down to key combined cyclical and seasonal influences we had highlighted in previous research notes as good reason to remain friendly to US EQUITIES. That's in addition to the technical trend recovery clearly indicated since late last week (i.e. even prior to expected US election results.)

As noted in extended election discussions early this week, there is a tendency for the US EQUITIES to resume a bullish trend after the midterm elections. That will be combined with the seasonal 'Santa Claus' Rally if US EQUITIES are doing at all well; which was likely in the wake of last week's Negation of the previous bearish signal. That 'macro' 1 + 1 equals 3 when

combined with the return of 'technical' upside momentum. So the 'macro-technical' Evolutionary Trend View is now very bullish.

As noted Wednesday morning, this gets back to our classic trend insight based on Sherlock Holmes' principle of eliminating the 'impossible' (http://bit.ly/25GidVh page 2.) While no such total confidence in what's impossible is reasonable in the markets, as US EQUITIES' recovery sharply extends from last week into this one, diminished potential for any return to weakness is heavily favoring bulls from here.

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 current key technical trend areas.

Then two weeks ago DECEMBER S&P 500 FUTURE Broke DOWN below 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.

As last week's rally was strong enough to push back above 2,708 in a way that Negated the DOWN Break, that is once again support with a Tolerance to 2,675. This has been solidified by this week's rally. See Wednesday morning's weekly chart (http://bit.ly/2JJJP6p) even prior to the push back above 2,800-2,790 area. That is now extended next support, with 2,835-50 area the next critical resistance.

That is reinforced by the degree to which GOVVIES are predictably still giving back more of their previous 'haven' bid in the wake of 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, and weak sister DECEMBER T-NOTE FUTURE is currently well back below its 118-10 mid-May trading

low in currently testing the key 117-22 area 8.5-year trading low.

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 had seen USD/MXN drop 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 prior to its current recovery and USD/TRY still slightly 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 today's important slightly weaker than expected Chinese and German trade data prior to this afternoon's 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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