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To: Alan Rohrbach
Subject: ROHR-BLOG: Equities 'Santa' Stress, Quick Take, Calendar

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Dear Subscribers,

We are coming to you quite a bit earlier than usual due to US EQUITIES being under stress all day Monday extending into this morning. After it looked like Thursday's early extended downswing and sharp lunchtime recovery might have been the signal they were remaining bullish, that's a bit of a surprise. It is also especially critical into the key technical area we have been discussing for the past month.

While we will expand on that below, as important now is one factor tied into that which relates to the market seasonal 'Santa Claus' Rally. As noted previous, 2,676 is last year's annual Close as well as the key current technical Tolerance factor. It may therefore affect the any 'Santa Claus' Rally psychology. While we will return to this again in our annual 'Santa' blog post, in the meantime see last year's draft post (page 2) on the key background: http://bit.ly/2FwJPZ1.

This morning's early US retailer earnings and outlooks already being weaker than expected impact the other, real economy 'Santa' factor: the degree to which holiday retail psychology is typically affected by the activity of US EQUITIES right into the US holiday shopping season. As such, on the negative side there is a bit of a self-fulfilling prophecy aspect to the pre-Thanksgiving overall US EQUITIES selloff: market weakness may beget

actual retail economic weakness.

Of course, all of that is only added to the existing US-China trade tiff stress and the EU-Italy budget confrontation. And the decision on the latter along with the next major OECD Economic Outlook are scheduled for Wednesday morning.

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, all of which remain current key areas.

In late October the 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.

And the rally into early November after a new late-October trading low for the selloff exhibited an UP Closing Price Reversal from the previous week's 2,670 Close. The extends Tolerance to the 2,675-70 range tested last Thursday, and currently coming back under pressure once again. Its importance is apparent on the weekly chart from last Friday's Close (http://bit.ly/2OWnSSQ.)

As noted above, it is important as well due to 2,676 being last year's Close, which may therefore affect the potential for any 'Santa Claus' Rally late this year. Higher interim resistance is 2,750, with 2,800-2,790 above. Lower support is 2,600-2,590 neared in late October, with previous early 2018 2,550 and 2,530 lows below that.

The US EQUITIES weakness is also encouraging GOVVIES to predictably push up again. Combined with Brexit concerns and continued EU-Italy budget face off, strong sister DECEMBER BUND FUTURE is once again back above the 160.00.-30 area. Already back up into recent upper-160.00 area highs, if the EQUITIES should sink further it will likely test at least

the more major 162.00-.50 area.

And weak sister DECEMBER T-NOTE FUTURE now well back above its 118-10 mid-May trading low is also pushing above higher trend resistance in the 119-00/-08 area last seen on its late-October rally. If that maintains, it points to a retest of heftier 120-00 area congestion (also now weekly MA-41.) The same is true for DECEMBER GILT FUTURE above 122.00-.50, with next heavy congestion into the 124.00-.50 range.

Similarly in FOREIGN EXCHANGE, a 'haven' bid returning to the US DOLLAR INDEX leaves all others under some pressure once again. While the US DOLLAR INDEX was once again weakening from near its mid-upper 97.00 resistance after holding the early November dip back toward its important 95.00-.50 area previously tested in mid-October, it is up a bit today.

EUR/USD back around 1.1400 even after last Thursday's weaker-than-expected European Commission Growth Forecast still looks stabilized again without even nearing any test of 1.1250-00. GBP/USD dropped from the upper end of the 1.28-1.30 area to somewhat back below it on last week's negative Brexit psychology, but is now back into the low end of that range. And despite the US changeability, the previous hint of US-China rapprochement abating has encouraged AUD/USD to hold squeeze back above its historic .7200-50 area.

And while the EMERGING CURRENCIES are still more country-specific trends than previous, they are also enjoying a bounce from support on US-China potential. The looming government change-beleaguered MEXICAN PESO that had seen USD/MXN drop back temporarily below its 20.00-20.20 congestion, has seen it back up testing the 20.50 area.

And that is just part of the EMERGING CURRENCY partial return from weakness as USD/ZAR has pushed up from below 14.00 to testing and failing from 14.50 again prior to dropping well back down, USD/RUB has reacted back down a bit from above 67.00 in spite of still weak Crude Oil prices with the next interim support into the 65.00 and even heftier 64.00 area congestion below. In the meantime, the still improved TURKISH LIRA has USD/TRY slipping once again from 5.50.

While now obviously a bit less relevant (as we have been noting for a while) in the midst of more major global trade and political cross currents and also current US corporate earnings misses, 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 key regular economic data culminating in Friday's global Advance PMI's, it lists all of the many other major influences.

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