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To: Alan Rohrbach
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Dear Subscribers,

Sometimes it is interesting to step back for a 'view from 30,000 feet'. Of course that is where we always begin our 'top down' analysis, which can get lost in the near term assessments necessary for effective risk management.

Part of that is also a reminder: As much as we rely on technical trend indications, the broad Evolutionary Trend View (ETV) always allows that markets do not move based on lines on charts or indicators. In the final analysis intermediate-to-long term trends are always driven by sustained fundamental-economic 'macro' factors.

With the US EQUITIES entering more of a two-way trade once again, it is interesting to observe not just the ways in which it is apparent they remain a bull trend for now. It is also very telling some other key asset trends reinforce that ETV. The 5-year trend views of those are most interesting in the current context.

In the first instance, note that the slightly longer-term than usual FRONT MONTH S&P 500 FUTURE weekly chart (http://bit.ly/2UXdnSH) once again shows the December 'displacement' and subsequent recovery into the late 2018 congestion range. It also illustrates the extended rally after the November 2016 US election… which was striking.

Also apparent is, as bad as the late 2018 spill might have been, the previous rally still left it a reaction in a continuing bull trend. Not so for the GERMAN DAX (http://bit.ly/2RSCTXc weekly cash chart) that had a much less impressive new high into mid-late 2017. It also began trending lower from May 2018, and breaking the mid-2017 through early-2018 congestion lows last October leaves it a bear trend.

Of further note on the multi-asset class longer-term ETV, the extreme divergence of related GOVVIES trends are (not surprisingly) reflective of overall developments in each economy. Note how the mere anticipation of the political changes after the US 2016 election in the FRONT MONTH T-NOTE FUTURE (http://bit.ly/2tfkiuv) sent them immediately down to the post-Bernanke 'Taper Tantrum' late 2013 lows.

Even though a shallow 9-month rally ensued into September 2017, by January 2018 those lows were being violated on sustained US economic strength. See our January 2018 'Showdown at Govvies Graveyard' (http://bit.ly/2TH2Nil) blog post (sign-in required) for a metaphorical discussion of how this related to the Sergio Leone classic "The Good, The Bad and The Ugly." Needless to say (unlike the movie), The Bad and The Ugly won.

In spite of the recent rally from the October lows (about the time the US EQUITIES began their extended correction), the FRONT MONTH T-NOTE FUTURE has still never been back above those 2013 and 2017 lows… another definition of a bear trend.

Not so for the German GOVVIES, as illustrated in a FRONT MONTH BUND FUTURE weekly chart (http://bit.ly/2I2naFe) that is obviously back nearer than not to its mid-2016 all-time highs. Of course, this is reflective of just how weak the Euro-zone economy has become, and how vulnerable to weakness elsewhere (like China.)

So once again, economics rules. And for folks clear on those tendencies the 'view from 30,000 feet' is not that complicated despite near term gyrations.

Courtesy Repeat of Friday's Quick Take (plus Calendar comment)

The FRONT MONTH S&P 500 FUTURE pre-December activity above the

early 2018 lows is relevant again with MARCH S&P 500 FUTURE back above the 2,600-35 congestion. Along with lower 2,600 congestion it has been back above since Tuesday January 15th, that put 2,675-70 area (including the 2017 Close) back in play.

At this point it must be noted that the push back above the full 2,600-35 range had also ratcheted MARCH S&P 500 FUTURE back up into the October-early December trading range. The importance of that along with the recent weekly down channel UP Break (2,600) and key moving averages being exceeded is apparent on the 3-year weekly continuation chart (http://bit.ly/2S5Rcwt) (including weekly MA-9 & MA-13) updated through last Friday's Close. That area is now key support.

Also above 2,675-70 area last week that it had stalled into during the previous week-and-a-half opened the door to interim previous 2,708 DOWN Break it has now been well above prior to the current selloff. Higher resistances remain the mid-2,700 area (weekly MA-41) it neared on the recent rally, and prominent low-2,800 area top of the October-early December range.

Consistently weak data along with previous sharp EQUITIES weakness and now concerns over the US-China trade talks (see above) have also encouraged GOVVIES to predictably push up again. That has recently also exhibited the volatility at times which seemed to be missing on the previous US EQUITIES selloffs, even if the recent US EQUITIES extended rally was indeed on more so that 'bad news is good news' psychology.

While that allowed for unconventional mutual EQUITIES-GOVVIES strength, the exception was the US T-NOTE that sold off in the face of strong US data last week. Yet they are also typically firm again in the wake of the US EQUITIES return to weakness.

Combining the remaining Brexit concerns and weaker global data had seen strong sister DECEMBER BUND FUTURE back above the 160.00.-30 area as well as the upper-160.00 area highs on its way to the 162.00-.50 area next resistance. On its Thursday DEC 6 expiration the MARCH BUND FUTURE was trading at a recently unusual 0.85 premium to December contract, and was already above 162.00-.50 area.

While it stalled temporarily into more major resistance in the 164.00-.50 area during the holidays, previous weak economic data and EQUITIES stalling into resistance had pushed it back above that range after holding only marginally back below it. Sustained recent activity above it now leaves it above 166.00-.50 major congestion. The next interim congestion is as nearby as 167.00, yet with major mid-2016 congestion from 168.00 to the 168.86 all-time high. .

And weak sister DECEMBER T-NOTE FUTURE well back above its 118-10 mid-May trading low also sustained its rally above higher trend resistance in the 119-00/-08 area. That pointed to the heftier 120-00 area congestion (also weekly MA-41) it is also pushed above in early December. That left the 120-24 area highs and previous trading highs into 121-12 area as next resistances it also exceeded on its way to a temporary early-January push above next resistance in the 123-00 area prior to dropping only somewhat back below 122-00. And after holding around 121-12 again, it was back above 122-00 after the Fed influence until last Friday's next very strong US Employment report prior to squeezing back above it at present.

The same was true for DECEMBER GILT FUTURE above 122.00-.50, with next heavy congestion into the 124.00-.50 range it stalled into. That said, the MARCH GILT FUTURE was trading at roughly a 0.60 discount into the late-month December contract expiration. After the top of the year push back up into the 124.00-.50 range, it reversed to some degree to retest the 122.00-.50 range prior to moving back up again now into the 124.00-.50 range.

Similarly in FOREIGN EXCHANGE, a 'haven' bid that had returned to the US DOLLAR INDEX on the previous US EQUITIES drop had not been in evidence of late. As noted previous, its typical crisis phase 'haven' bid can be the opposite if the US is the source of market stress. And in addition to that the easier Fed stance now also reinforces the weakness of the greenback.

Even as the US DOLLAR INDEX reacts once again from its mid-December rally near mid-upper 97.00 resistance, it was holding no worse than the mid-96.00 area in December. Yet the more major support remains into 95.50-.00 area (including weekly MA-41) it finally tested early this month and was back down into after a rebound into the low-mid 96.00 area it has returned

to again on the weakness of the EURO and the POUND.

Along with that EUR/USD that had surged back above 1.1400 to near the 1.1500 resistance in thin New Year's Day trading was back marginally below 1.1400 once again early this month. Next support into 1.1250-00 was again neared on the recent dip. While well back above 1.1400 recently and even temporarily above the 1.1500 area on recent US DOLLAR weakness, it has now dropped back below the 1.1400 area on the increasingly nervous Brexit implications and generally weak European data.

And Brexit concerns that were morphing into a bit of a 'good news is bad news' psychology on the GBP/USD rally back above 1.28-1.30 (never reaching 1.25-1.24 area.) That was on the UK Parliament bills clarifying items that might have led to a Brexit delay. Yet the latest moves by PM May to address the Irish border issue might allow the orderly break to occur on time at the end of March. While still above weekly MA-9 & MA-13 in the low-1.2800 area, the current drop back into the 1.2800-1.3000 congestion looks weak. Of course, the further question remains whether it can recover back above the 1.30 area (including weekly MA-41) on further Brexit developments? If so, next important historic congestion is as nearby as 1.3250-1.3300.

And despite US changeability, the previous hint of US-China rapprochement encouraged AUD/USD to squeeze back above its historic .7200-50 area (also weekly MA-9 & MA-13.) However, that same negative early-December Trump 'Tariffs Man' tweet that hit US EQUITIES on the lower chances for US-China trade rapprochement also dropped AUD/USD back from a hopeful early-December test of the .7300-50 area to back below .7200-50. It was recently down into more major .7000 area congestion, with the .6825 nearly 9-year trading low below that. This was not a surprise on current Chinese economic weakness and fraught US-China relations, even if recent secular US DOLLAR weakness had it recovering modestly above .7200-50 prior to the current drop back below it.

And while the EMERGING CURRENCIES are still more country-specific trends than previous, they were also enjoying a bounce from support on US-China potential rapprochement that remains a key influence, along with the self-inflicted wounds of the US DOLLAR on the unruly shutdown and other economic drags that are reinforced by the 'bad news is good news'

psychology now reinforced by its adoption by the Fed.

The MEXICAN PESO that had seen USD/MXN drop back temporarily below its 20.00-20.20 congestion, had been back up on multiple November-December tests of the 20.50 area prior to sliding back below 20.00 again. It is also now below lower interim support at 19.70 as well as more major 19.60-.50 congestion. Next lower congestion areas are in a range from 19.20 (high end) it is currently below to interim 18.70 and ultimately 18.50-.40 (low end.)

And that is just part of the EMERGING CURRENCY return from weakness, as USD/ZAR had pushed up from below 14.00 to testing and failing from 14.50 again on its way back below 14.00 in November. Next lower support in the 13.60-.50 area was probed into the beginning of December prior to pushing temporarily back up into 14.40-.50 area and even 14.60 into the holidays prior to dropping back below 14.00 into the beginning of January. Those areas remain important even as the recent drop below 13.60-.50 area opened the door to a test of the 13.10 and 12.80-.70 areas not seen since July and May of 2018. Yet it is critical once again on the current rally to the top of the 13.60-.50 area.

USD/RUB that had reacted back down from above 67.00 was back there again in the wake of imploding Crude Oil prices with next resistance as nearby as the 68.00 area. Even though the previous early December Fed shift had engendered slippage back below 67.00 there as well the encouragement both it and the OPEC situation had provided, the subsequent suffering of the Crude Oil market had USD/RUB back above 68.00 in December, even if it failed once again at the 70.00 area resistance (just like early September.)

It has recently been back below both 68.00 and 67.00 (including weekly MA-9 & MA-13) on the resurgence of Crude Oil from the depths below 50.00 to back above it. The further support is once again back into 65.00 (including weekly MA-41) it is approaching once again at present. So basically back into the more sustained 3-month trading range areas, with additional hefty mid-2018 congestion into the 64.00 area.

In the meantime, the still improved TURKISH LIRA had USD/TRY slipping once again from 5.50, even if it experienced an intraday spike above

it on January 3rd. And on the previous weakness it refused to drop to next support into the 5.00 area, with weekly MA-41 now up into the recent 5.20 area congestion as well. Outside of that recent temporary spike higher, the last two months had still been mostly a trading range affair between 5.45 and 5.22 until the early January US-Turkey Syria disagreement put it back up for a test of 5.50 once again.

While recently failing below 5.22 on the overall US DOLLAR weakness left it closer to the 5.13 late-November lows, back above 5.22 at present rescues it back into the previous range.

While more so than ever obviously less relevant (as we have been noting for some time) on the standard report releases 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.

The most salient events this week are this morning's OECD Composite Leading Indicators (CLI's http://bit.ly/2I5Cz7H for our mildly marked-up version on the intensification of global weakness), a lot of central bank-speak, Thursday's US Retail Sales, and the late week deadlines for US government funding to avoid another shutdown as well as the US-China trade talks to avert a major US tariffs increase. And all of that is into the US Presidents Day full market holiday next Monday.

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