

Alan Rohrbach

From: no-reply@vrmailer3.com on behalf of ROHR-BLOG <info@rohr-blog.com>
Sent: Thursday, February 14, 2019 9:33 AM
To: Alan Rohrbach
Subject: ROHR-BLOG: Kissed Through the Fog, Quick Take, Calendar

[View this email in your browser](#)



Dear Subscribers,

Happy Valentine's Day... a time for lovers. Yet US EQUITIES do not seem to be responding with much passion to a big wet kiss from President Trump. According to credible sources, Trump is considering a 60-day extension of US-China trade negotiations if things are going well... which they seem to be, insofar as it goes.

Yet that only goes up to intellectual property protection and eliminating forced technology transfer. The more important Chinese state support for enterprises is still being stubbornly defended by the Chinese team. For much more on this fog see this morning's extensive Financial Times article (<http://bit.ly/2E9OMV2>), which also discusses how this would seem to seriously violate WTO protocols.

As such, the 'good' news of the potential delay in massive US tariffs increases has been met with US EQUITIES weakness. This somewhat predictable extension of the deadline was also countered by some very weak US data; especially the Retail Sales numbers we have been highlighting since the beginning of the week in our calendar discussions.

The problem is that this is another foggy area, due to the government shutdown having cancelled the January release. Yet it is obvious that the

shutdown also weighed on near-term US consumption.

As noted since last Friday, ‘bad’ news now has the capacity to be ‘bad’ once again on US-China trade concerns and weaker data. This is also obviously boosting the GOVVIES we had noted were holding in well on their downside reactions. Also counter to the recent US EQUITIES strength has been the sustained weakness of some EMERGING CURRENCIES.

As noted since Monday, trade uncertainty has already weighed on the global economy, apparent in Monday’s latest OECD Composite Leading Indicators (CLI’s <http://bit.ly/2I5Cz7H>) showing weakness now also infecting even the relatively stronger US outlook. Also see Tuesday’s speech from BoE Governor Carney (<http://bit.ly/2GnN4Bz>) that reinforced our view that the extended US EQUITIES rally had already become problematic due to deeper consideration of global trade and the more major issues in the US-China talks. Basically unless China agrees to a major business model change sometime soon, things can deteriorate further.

Market Quick Take

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 with the recent weekly down channel UP Break (2,600) and key moving averages being exceeded is apparent on the 6-year (more extensive than previous to illustrate the December break was still within a bull trend) weekly continuation chart (<http://bit.ly/2UXdnSH>) updated through last Friday’s Close. That area is now key support.

Also above 2,675-70 area that it had stalled into prior to the last FOMC meeting opened the door to interim previous 2,708 DOWN Break it had been well above prior to a recent selloff into loosely holding that area. Higher resistances remain the mid-2,700 area (weekly MA-41) it squeezed

above until the current selloff, and more prominent low-2,800 area top of the October-early December range.

Consistently weak data (now even some US indications) reinforced by weak serial OECD Composite Leading Indicators along with concerns over the US-China trade talks had also encouraged GOVVIES to 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 of a 'bad news is good news' psychology.

While that had allowed for unconventional mutual EQUITIES-GOVVIES strength, the exception was the US T-NOTE that sold off in the face of the strong US Employment report. Yet they are also firm again in the wake of weak data and 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 saw it also above 166.00-.50 major congestion prior to the current reaction. While the next interim congestion is as nearby as 167.00, the higher major mid-2016 congestion is 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 the last very strong US Employment report. Yet after the recent dips it is back above it in the wake of the weak Retail Sales numbers.

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 into the 124.00-.50 range.

Similarly in FOREIGN EXCHANGE, after the recent selloff a ‘haven’ bid has returned to the US DOLLAR INDEX, just like on the previous US EQUITIES. While an easier Fed stance had reinforced weakness in the greenback, the current global concerns leave it firm once again.

Even after the US DOLLAR INDEX reacted 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 tested again in both early- and late-January. It is now closer to the mid-upper 97.00 resistance 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 in early January. Next support into 1.1250-00 was again neared on the January 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 to near 1.1250-00 was again. Lower support is 1.10-1.08.

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. Later moves by PM May to address the Irish border issue that might have allow the orderly breakup to occur on time at the end of March are now fading again. Now back below weekly MA-13 in the low-1.2800 area 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, the next important historic congestion is as nearby as 1.3250-1.3300. If not, lower support remains in the 1.2500 area.

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 toward the .7000 area once again.

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, and is now lapsing back into weakness.

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) which it was recently below to interim 18.70 and ultimately 18.50-.40 (low end.) Now back above 19.20 looks weak for the PESO once again, with next resistance not until back into that 19.50-.60 range (now including weekly MA-13.)

And that was just part of the EMERGING CURRENCY return from weakness prior to the recent pressure. 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 after the recent drop below 13.60-.50 area, which has now been reversed on the push back above it. That said, the 14.00 area remains the more major congestion, now reinforced by a confluence of all of the weekly MAs around 13.90. Now back above all of that opens the door to a retest of the 14.40-.50 area and 14.69 (December high.)

USD/RUB is an outlier on the current EMERGING CURRENCIES weakness due to the sustained Crude Oil recovery from the depths of the December selloff. It had reacted back down from above 67.00 yet was back above both it and 68.00 on the suffering of the Crude Oil market, 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 up to 65.50 area) it was approaching once again prior to the renewed US DOLLAR strength. 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 Monday's OECD Composite Leading Indicators (CLI's <http://bit.ly/2I5Cz7H> noted above), a lot of central bank-speak (like BoE Carney's Tuesday morning speech), and Thursday's US Retail Sales that have turned out to be as important as we suspected 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 on Monday.

The Rohr-Blog Research Team

info@rohr-blog.com

© 2019 Rohr International, Inc. All international rights reserved.

This review of market opinions and all other information is strictly for educational purposes. This information is provided without consideration of portfolio requirements, suitability for financial risk, or psychological state of any recipient. Any use of this information to implement actual trades or investments is the sole responsibility of the individual or entity authorizing that decision. This waives your right to any claim of explicit or incidental liability for financial loss or forgone profit against Rohr International, Inc. and any informational contributors under all circumstances. Information contained herein may have already been disseminated to others who may have acted upon it. Implicit in the Rohr services is the understanding that principals or employees of Rohr may have already taken positions. By review of Rohr alerts and/or Rohr views and all attendant information you confirm receipt of them as educational content, as well as agreement with all of the stipulations articulated above.

[Click to edit Email Preferences](#) or [Unsubscribe](#) from this list.

Rohr International, Inc.
300 West Adams Street
Chicago, IL 60606 - USA

