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**Sent:** Tuesday, February 19, 2019 9:50 AM  
**To:** Alan Rohrbach  
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**Dear Subscribers,**

**The good news is that Donald Trump's attempt to assert imperial powers is not likely to succeed. It will be at least many months, if ever, before his financial grab to finance a southern border wall is funded. For those less than familiar with the fine points, see our marked-up Financial Times article (<http://bit.ly/2trY6gD>.)**

**And that neither covers the key issues of what a bad precedent this sets once the next Democratic President is in office, nor Trump's own self-defeating statement that he "...didn't need to do this." So how is it an emergency?**

**The bad news is this is the shape of things to come in the split-Congress US politics right into the 2020 general election. All of the talk of cooperation once the now-Democratic House was seated has vanished in a haze of tribal resistance to Trump.**

**In the meantime the trade influence remains, and also still informs our near-term skepticism of the US EQUITIES. They are still up near more formidable resistance after the extended rally since the shocking December selloff (much more below.) There are the substantial challenges in the US-China trade talks even as US EQUITIES were enthused by announcement the US would allow talks to continue.**

**Even the March 1st deadline has become a bit more flexible in recent days. Yet Europe is on the trade front burner after Trump received a Commerce Department study on car imports on Sunday. Both US industry and Europeans have warned on the pernicious impact of tariffs on auto sales as the industry is already in a global contraction. Also the US needs Europe, Japan and others who are also plagued by Chinese actions as allies (see Friday's emailed research note for more.)**

**The US EQUITIES strength is also questionable on the multi-asset class view of GOVVIES firmness and EMERGING CURRENCIES remaining under pressure. That is also in the context of a weak broader global outlook (see Thursday's emailed research note)**

### **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 the low end 2,600 level it has been back above since Tuesday January 15th, that put 2,675-70 area (including the 2017 Close) back in play.**

**The importance of that with the recent weekly down channel UP Break (2,600) and key moving averages being exceeded is apparent on the weekly continuation chart (<http://bit.ly/2Im129a>) updated through earlier this morning. That 2,635-00 area is major lower support, with interim 2,750-40 (including weekly MA-41), the very light 2,708 Negated DOWN Break and 2,675-70 area along the way.**

**That key higher resistance remains the more prominent low-2,800 area top of the October-early December range held prior to the December debacle.**

**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 last strong US Employment report. Yet they are also firm again in the wake of weak data and US EQUITIES stalling on the rally.**

**While the MARCH BUND FUTURE 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 also 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 rally. 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 faded temporarily. Now back above weekly MA-13 in the low-1.2800 area looks firm, with the further question remaining 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 previous 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 below in January) to interim 18.70 and ultimately 18.50-.40 (low end.) Now back below 19.20 looks a bit better for the PESO once again, with next resistance not until back into the 19.50-.60 range (now including weekly MA-13) and lower supports the same as noted.

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 it is once again above, reinforced by a confluence of all of the weekly MAs around 14.00-13.90. 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](http://www.rohr-blog.com) sidebar.**

**The most salient events this week are Wednesday afternoon's FOMC meeting minutes, Thursday's Global Advance PMI's and extensive US economic data, and Friday's German GDP and IFO economic sentiment readings.**

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