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Sent: Monday, February 25, 2019 9:26 AM
To: Alan Rohrbach
Subject: ROHR-BLOG: Welcome to Crunch Time, Quick Take, Calendar

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Dear Subscribers,

It might seem odd to discuss a 'crunch' when the recent news seems so upbeat for US EQUITIES (and others.) However, the nature of the 'good news' may be more problematic in the near term than the headlines suggest. This is also apparent in the resilience of the GOVVIES, even if other CURRENCIES (both DEVELOPED ECONOMY and EMERGINGS) are now strengthening a bit against the US DOLLAR on the more upbeat economic psychology.

And in any event the technical trend challenges for the US EQUITIES are now more stark once again than at any time since the market crossed back above the lower end of the October-early December trading range back in mid-January (much more below.)

First there was last Friday's report that UK PM May was waiving any new Brexit vote in Parliament this week in favor of more time to negotiate with a suddenly more flexible EU. The alleged 'final' UK Parliament decision on the divorce will now be March 12th. This is more sensible than previous almost weekly failures.

And speaking of more time to negotiate on a far more important front for the global economy, President Trump tweeted on Sunday that he will be delaying the major March 1st China tariffs increase. Yet full exploration of

those developments in an extensive Financial TImes article (http://bit.ly/2NtwWzd for our marked-up version) points out all of the more daunting issues that remain unresolved (as we have consistently noted.) It especially notes the point of contention on any enforcement mechanism for the US to confirm compliance with an agreement.

And even with US-China rapprochement, it is into a weakening global economy that we have noted has been damaged further by corporate concerns over trade. We revert back to OECD's last global trade assessment (http://bit.ly/2PZSUP2) with next coming this Thursday, and this month's rather abysmal Composite Leading Indicators (http://bit.ly/2I5Cz7H for our marked-up version.) As such, it will still be interesting to see if US EQUITIES can push above the top of that major October-early December trading range.

Market Quick Take

The FRONT MONTH S&P 500 FUTURE pre-December activity above the early 2018 lows became relevant again after MARCH S&P 500 FUTURE crossed back above 2,600-35 congestion. Along with the low end 2,600 level it has been back above since mid-January, that put 2,675-70 area (including the 2017 Close) back in play.

The importance of that with January's weekly down channel UP Break (2,600) and key moving averages being exceeded is apparent on the weekly continuation chart (http://bit.ly/2U5nfd1) updated through last Friday's Close. 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 area and 2,675-70 along the way.

Yet the key higher resistance remains the more prominent low-2,800 area top of the October-early December range that held into 2,635-00 prior to the December debacle. As apparent on the chart is the series of highs, the highest of which is the 2,825 minor bounce high during the overall October selloff. Only if that can be exceeded will the market signal it is ready to challenge extended resistance in the 2,865-80 and 2,900 congestion areas, and possibly even the 2,947 all-time high.

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.

It is interesting that even the current announcements allow for an 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.

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 was also back in that area in the wake of weak Retail Sales and other numbers last week.

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 into the 124.00-.50 range, it reversed to some degree to retest the 122.00-.50 range prior to moving back up into 124.00-.50 range prior to the current reaction.

Similarly in FOREIGN EXCHANGE, after the previous selloff a 'haven' bid returned to the US DOLLAR INDEX, just like on the previous US EQUITIES rally. While an easier Fed stance has reinforced weakness in the greenback, recent global concerns left 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. After being closer to the mid-upper 97.00 resistance again on the weakness of the EURO and the POUND, it is under some pressure again at present even if only back into the middle of those major support and resistance areas.

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 had dropped back below the 1.1400 area on the increasingly nervous Brexit implications and generally weak European data to near 1.1250-00 again prior to the current recovery.

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, and it has even pushed above the 1.30 area (including weekly MA-41) on further Brexit hope for an adjusted deal after PM May's recent discussions with EU officials. Next important historic congestion is 1.3250-1.3300. Lower major 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 prior to the current partial recovery.

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 again opens the door to retest the lower supports.

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 below, reinforced by a confluence of all of the weekly MAs around 14.00-13.90. Higher resistance remains in 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.

That said, this old-month into new-month week contains the typical major data releases, except for US Employment that is deferred until a week from this Friday. The most salient other events this week are the Tuesday-Wednesday Fed Chair Powell semiannual testimony to Congress, Thursday's latest OECD G20 Trade stats, and Friday's global

Manufacturing PMI's.

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