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**Sent:** Friday, March 22, 2019 9:42 AM  
**To:** Alan Rohrbach  
**Subject:** ROHR-BLOG: Back to Curious? Quick Take

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**Dear Subscribers,**

**After the weakening global economy consensus discussed in Thursday's 'Central Bank Harmony Choir' emailed research note, the US EQUITIES strength might have seemed a bit 'curious' once again. Or was it? As we had noted in our previous review of the odd intermarket tendencies in last Friday's 'View From 30,000 Feet' analysis, the US EQUITIES can indeed rally despite conditions weakening elsewhere.**

**As noted there, "... international investment managers shift purchases to the 'Last Man Standing'." This seems to be what has occurred over the past couple of days (since the more downbeat dovish FOMC communication) while European EQUITIES have remained soft. This is also consistent with the aggressive further bid in GOVVIES and some strengthening of OTHER CURRENCIES against the US DOLLAR (with the notable exception of the TURKISH LIRA) on the reduced probability of Fed rate hikes.**

**And we are coming to you later than usual in order to see the US Advance PMI's after very disappointing figures elsewhere. While Japan's figures only remained slightly negative, Europe was especially weak on a surprisingly sharp drop in France to recessionary levels while German Manufacturing dropped further into recessionary readings.**

**As we had noted in Wednesday morning's 'Yin-Yang Week?' research note,**

**any of the accommodative Fed and BoE communication (with similar previous ECB and BoJ views) might be derailed by today's reminder that the reason for all that dovish perspective is indeed a broad global economic weakening. And as we see now, US Manufacturing PMI surprisingly dropped to a 21-month low while Wholesale Sales only rebounded modestly from a very weak December.**

**Please see Thursday's emailed research note for much more on the FOMC and BoE positions, and last week Thursday's emailed research note for much more on the serial weak OECD indications along with review of Signore Draghi's ECB press conference.**

### **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 in mid-January. The importance of the January weekly down channel UP Break (2,600) also exceeding key moving averages is apparent on the weekly continuation chart (<http://bit.ly/2JjX6WH>) updated through last Friday.**

**That 2,635-00 area remains major lower support, with interim 2,750-40 (including weekly MA-41) the market has now rallied sharply from after the previous Friday's weak US NFP selloff, the light 2,708 Negated DOWN Break area and 2,675-70 area.**

**Last week's JUNE S&P 500 FUTURE (new front month) Close above the 2,825 bounce high from during the October selloff was a new 5-month high. Yet that Close also a mere \$5 above 2,825 seemed a bit problematic. The key now is whether it falls back below the overall 2,825-14 top of the range that it held on Thursday's test.**

**If so, the 2,800 area (including daily MA-18) remains the next interim support. If it holds instead, higher resistances remain 2,865-80 and the 2,900 area.**

**Repeat of the balance of Thursday's Quick Take (except for the**

**updated TURKISH LIRA assessment)**

**Consistently weak international data recently reinforced by all of the central banks' perspective is consistent with weak serial OECD indications on a weaker global outlook. This has encouraged GOVVIES to push up again after their previous orderly pullback.**

**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 was also temporarily above the 166.00-.50 major congestion prior to reacting back down.**

**And any further upside progress above that area on the continuation chart picture was unlikely due to the major 2.50 discount in the June contract as it headed toward the March contract's typically early month expiration. While JUNE BUND FUTURE had been well back below the 164.00-.50 area, glancing the top of the 162.50-.00 range at the end of February, more weak data and the ECB perspective put it right back up into the 164.00-.50 area.**

**That left the burden of proof back on the bears to keep it weak below there on the recent selloff, or possibly suffer the next surge up into the 166.00-.50 major congestion. Now back out above 164.00-.50 opens the door to that possibility; this is classic BUND rollover trend activity.**

**The MARCH T-NOTE FUTURE took over as front month in mid-December, quickly exceeding its 120-24 area highs and previous trading highs into 121-12 area next resistances. That was on the 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 previous Fed influence until the very strong February US Employment report. While back in the 122-00 area in the wake of weak economic data, it was back near 121-12 prior to the current rally. Weaker global data, and the central bank harmony on that factor, has it overrunning higher interim 123-00/-08 area resistance tested in early January. The more prominent**

**124-00/-06 historic congestion remains this side of the extended 126-00 area and 128-00 areas**

**The same was true for the MARCH GILT FUTURE above 122.00-.50, with next heavy congestion into the 124.00-.50 range it stalled into in the wake of the 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 early March reaction back down toward 122.00-.50.**

**Yet in the wake of more Brexit stress and the general global weakness, it has recently finally pushed above 124.00-.50. Yet that is the least of it, as the atypical significant premium (full 3.00) in the JUNE GILT FUTURE prior to next Wednesday's March contract expiration is a major bullish sign.**

**This is obviously a Brexit premium anticipating continued economic weakness if there is no deal. It might weaken very quickly if a deal is finally agreed despite the highly contentious nature of the current negotiations. Yet JUNE GILT FUTURE pushing above the 127.00-.50 next resistance opens the door to a test of higher resistances in the 129.00 and 130.00 areas.**

**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 mid-upper 97.00 resistance on previous weakness of the EURO and the POUND, it is back down into midrange on current EURO strength. This might be another manifestation of friendly Fed-ticipation that will need to be closely watched.**

**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 into early**

**February (and even very temporarily above the 1.1500 area), it had dropped back below the 1.1400 area on the increasingly nervous Brexit implications and generally weak European data to the top of the 1.1250-00 area 20-month trading lows in mid-February. Yet it is now recovering closer to 1.1400 once again.**

**Brexit concerns were morphing into a bit of a ‘good news is bad news’ psychology in late-January on 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.**

**Back above the low-1.2800 area for some time looks firm, and it has even sustained activity above the 1.30 area (including weekly MA-13 & MA-41) on further Brexit hope for a Brexit deadline delay beyond March 29th after PM May’s recent discussions with EU officials. Next important historic congestion is 1.3250-1.3300 recently tested once again, with 1.3500-1.3600 above that.**

**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.**

**This is not a surprise on recent Chinese economic weakness and still somewhat problematic US-China relations, even if late-January 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 its current partial recovery. Next lower major support is not until the .6825 area early-2016 10-year trading lows.**

**And it is also notable that it is not doing better at present if indeed the US-China trade talks are about to conclude on a constructive note (whatever that may mean.) Is this possibly another sign that removal of stressors alone at this point will still not foster a return to previous strong growth? That**

certainly seems to be the case regarding the Fed's more accommodative stance.

The EMERGING CURRENCIES are still more country-specific trends than previous, even if they enjoyed a bounce on the previous US-China potential rapprochement that somehow does not seem as apparent at present... another global economic performance concern.

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 has also been below interim support at 19.70 as well as more major 19.60-.50 congestion since early January. Next lower congestion areas are in a range from 19.20 (high end which it was also below in January) to interim 18.70 and ultimately 18.50-.40 (low end.) While recently back above 19.20, it is back below it once again. This might possibly be another sign of the Crude Oil strength influence (like the RUBLE.) Next lower support remains the 18.70 area seen on its January selloff.

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 trading above at present, reinforced by a confluence of weekly MA-41 and MA-13 right into the 14.00 area. Higher resistance remains in the 14.40-.50 area it had been testing over the past couple of weeks and 14.69 (December high.)

USD/RUB remains an outlier on the recent EMERGING CURRENCIES return to weakness due to the now extensive 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 back then, even if it failed once again at the 70.00 area resistance

**(just like early September.)**

**Yet 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 well back above it. Further support once again back into 65.00 (including weekly MA-41 up to 65.75 area) has now been breached as well, along with additional hefty mid-2018 congestion into the 64.00 area that has just been violated. While next support is as nearby as 63.00-62.50 congestion, that is very important due to next support below not being until the 61.50-.00 low end of that April-July 2018 range.**

**In the meantime, previous improvement in the TURKISH LIRA had USD/TRY slipping once again from 5.50 late last year, even if it experienced an intraday spike above it to 5.6230 on January 3rd. 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 since early February rescued it back into the previous range.**

**That is very important now with weekly MA-41 now up into the 5.45 area as well. Outside of that recent temporary spike higher, the last two months had 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 on sustained weak Turkish economic indications. Now back above that again, the early-January 5.6230 trading high is the key resistance in a critical test. That is because it is the last key resistance this side of 5.90-6.00.**

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