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To: Alan Rohrbach
Subject: ROHR-BLOG: Still Last Man Standing, Quick Take, Calendar

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Dear Subscribers,

As noted again Thursday, US EQUITIES remaining strong into the face of weak global data and expectations is typical. That is due to international investment managers shifting purchases to the ‘Last Man Standing’. That seems true on this cycle, even as US data now reflects some of that global weakness. The odd part there is that the one place with a bit better data is the Brexit-challenged UK.

Yet the outlook is for more weak indications. As also revisited Thursday, this was seen in March 11th OECD Composite Leading Indicators (<http://bit.ly/2HbyPQR> our marked-up version), especially on the EU and UK. That is after the immediately preceding insights from the quarterly OECD Interim Economic Outlook (<http://bit.ly/2xQTogU> PowerPoint at <http://bit.ly/2ERjtP2>.) As a reminder, those are not current readings, but rather a 6-month forward view.

This is the global economy’s still negative forward view, now including the US. Yet, it is fair to note that US EQUITIES are more so driven by corporate earnings. However, there as well the outlook is weak (see Thursday’s research note.) That said, it is often the case that US EQUITIES will defy gravity until weak earnings are actually announced, which will not be in full force until the week after next.

It seems now that further constructive indications on the latest (and almost final) round of US-China trade talks is also inspiring US EQUITIES. That gets back to our question over whether the removal of stressors will be enough to return to strong growth, or will the recent weakness feed on itself. Right now market indications are split between US EQUITIES strength and the GOVVIES bid with US DOLLAR strength.

This is the critical consideration

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/2UeXElf> updated through last Friday's Close.)

That 2,635-00 area remains major lower support, with interim 2,750-40 (including weekly MA-41) the market had rallied sharply from after the last weak US NFP selloff, the light 2,708 Negated DOWN Break area and 2,675-70 area along the way.

JUNE S&P 500 FUTURE's Close two weeks ago above the 2,825 bounce high during the October selloff was a new 5-month high. Yet that being a mere \$5 above 2,825 seemed a problematic. After last week's wild swings the key now is the DOWN Closing Price Reversal from that 2,830 Close (Tolerance 2,836.50) that seems to signal an end to the major post-Christmas rally. Yet if it can push above that the next resistances remain the 2,865-80 range and 2,900 area.

Balance is a Courtesy Repeat of Thursday's Quick Take:

Consistently weak international data recently reinforced by all of the central banks' perspective is consistent with serial downbeat 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. Subsequent activity above it saw it was also temporarily above the 166.00-.50 major congestion prior to reacting back down.

And any immediate 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 typical 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 weaken it below there, or possibly suffer the next surge up into the 166.00-.50 major congestion it is now seeing. This is classic BUND bull trend rollover trend activity on the second month pushing back up into previous front month levels, and the extended resistance is not until the 168.00 area from mid-2016.

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 seen it overrun higher interim 123-00/-08 area resistance tested in early January. The more prominent 124-00/-06 historic congestion remains the key area it is now also above. Next resistance is the extended 125-08/126-00 area trend resistance (<http://bit.ly/2HDIP6Q> at last Friday's Close.)

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 Wednesday's March contract expiration was a major bullish sign.

This is obviously a Brexit premium anticipating continued economic weakness. It might weaken if a deal is finally agreed despite the highly contentious nature of the current negotiations. Yet JUNE GILT FUTURE pushing above the higher 127.00-.50 next resistance opened the door to a test of higher resistances in the 129.00 and 130.00 areas it is now testing, with the 132.00-.60 range above that .

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 holding into the middle of its recent overall range prior to getting the bid back of late.

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 was back down into midrange on recent EURO strength.

This was another manifestation of friendly 'Fed-ticipation' borne out at the recent FOMC meeting. Yet broader global weakness is now encouraging a renewed US DOLLAR INDEX bid.

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. While it recently recovered closer to 1.1400 once again, stalling there has left it under pressure 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 still in that area) on further hope for a Brexit deadline delay beyond March 29th after PM May’s recent discussions with EU officials; which has now seemingly occurred. 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 (now also weekly MA-41) 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 concluding soon 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 has now reversed on the sustained signs of global 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 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 back below 19.20 in mid-March, it is back above it once again after nearing 18.70 area lower support last seen on its January selloff. Major 19.60-.50 congestion remains higher resistance this side of 19.90-20.00.

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 all weekly MA's in the 14.10-.00 area. Higher resistance remains in the 14.40-.50 area it had been testing over the past several weeks and the 14.69 December high it is now challenging again.

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. That is despite the recent RUBLE and Crude Oil selloffs: Watch the MAY WTI CRUDE OIL FUTURE back into

the 58.00 area for the next indication there.

USD/RUB 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 in December, even if USD/RUB failed once again at the 70.00 area resistance in early January (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) had been breached as well into mid-March. However, trading below the additional hefty mid-2018 congestion into the 64.00 area was only violated temporarily last week. 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. The immediate question is whether it can now sustain the fledgling recovery back above all of the hefty 65.00 area congestion late this week.

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.

Recently back above that again, the early-January 5.6230 trading high is the key resistance that has been violated prior to the temporary quasi-intervention spike lower (i.e. LIRA squeeze) on Wednesday. That is the last resistance this side of 5.90-6.00 and the more extended 6.35-6.40 (<http://bit.ly/2HNfvc8>) last seen during the TURKISH LIRA upturn last September. So how the now weakening again LIRA fares after this

Sunday's elections will be most interesting.

While still 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.

Yet in the context of the renewed focus on weak global economic tendencies, the regular data releases have become a bit more relevant once again. The most salient aspects this are UK actions on Brexit that are going to spill over into next week for the already weak European economy as well, and quite a bit of important data through the week into all of the typical major end-of-month data on Friday.

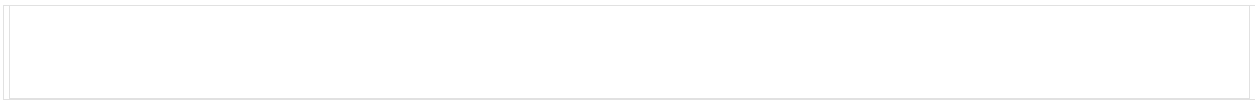
And as the final passing occurrence, the UK and Europe go onto their summer time clock adjustments, following the US switch to Daylight Savings Time two weeks ago.

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