

## Alan Rohrbach

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**From:** no-reply@vrmailer3.com on behalf of ROHR-BLOG <info@rohr-blog.com>  
**Sent:** Thursday, April 25, 2019 9:40 AM  
**To:** Alan Rohrbach  
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**Dear Subscribers,**

**As noted in Wednesday morning's 'Curiouser and Curiouser' research note, extensive intermarket anomalies we had noted in mid-March are even more divergent at present. While US EQUITIES (followed to some degree by others) had lost any reticence about moving higher, GOVVIES and the US DOLLAR were also even stronger in the context of cash US EQUITIES (but not the S&P 500 FUTURE) hitting new all-time highs despite downbeat global economic expectations.**

**If the other asset classes were sharing US EQUITIES view on better things to come, it would be easy to imagine weak global outlooks from the World Bank, IMF and OECD were misguided. Once again we suggest review of the week ago Thursday research note (March 11) for much more on negatives due to Brexit despite the deadline extension, the US southern border situation and OECD projections.**

**Yet GOVVIES and FOREIGN EXCHANGE are still reflecting the weak outlook despite the US EQUITIES strength. FOREIGN EXCHANGE is showing real weakness for major DEVELOPED ECONOMY CURRENCIES like the EURO as well as for EMERGING CURRENCIES (with an obvious exception for the strong CRUDE OIL-enhanced RUSSIAN**

**RUBLE.)**

**So what is going on here? While it is all indeed curious, it is not unreasonable that US EQUITIES are having a positive ‘knee-jerk’ reaction to the stronger-than-expected US corporate earnings announcements. That this is compared to what were notably weak estimates is beside the point... ..an ‘outperform’ is a positive near term influence.**

**As such, it is most interesting that US EQUITIES which saw stronger economic data this morning (particularly the Advance Durable Goods Orders sharp rebound) are fading from what is a key S&P 500 future weekly continuation Oscillator resistance (more below.) This could speak of the positive earnings impact running its course just as new US EQUITIES cash market highs are creating quite a bit of bullish enthusiasm... we shall see.**

#### **Market Quick Take**

**It is obvious that the FRONT MONTH S&P 500 FUTURE mid-March surge above the 2,825-14 resistance opened the door to more strength despite weak data. After wild mid-March swings, the MARCH S&P 500 FUTURE left a weekly DOWN Closing Price Reversal from 2,830 (Tolerance 2,836.50.) Yet it could not sustain subsequent weakness necessary to confirm a ‘single period’ reversal, and the June contract late-March weekly Close above 2,830-36 Negated that DOWN CPR.**

**Higher resistances for JUNE S&P 500 FUTURE were the 2,865-80 area it overran in early April, and 2,900-10 from back in September it had recently traded above and stalled. That is very important at the last congestion resistance, and also weekly Oscillator at MA-41 plus 130-135.**

**With weekly MA-41 at 2,770 this week, the next Oscillator resistance is the current 2,930-35 trading area (up to 2,935-40 next week)... somewhat short of September’s 2,947 front month future all-time high.**

**And also most interesting as sentiment turns significantly bullish is the all-time Oscillator extension MA-41 plus 190-195 (late 2017) that projects to**

**2,960-65 this week and 2,960-65 next week. As such, even if there is a modest new all-time futures high, it would be into important resistance. The table with these historic and even extended levels can be accessed via the [www.rohr-blog.com](http://www.rohr-blog.com) sidebar.**

**The balance of this Quick Take is another courtesy repeat of Tuesday's assessment**

**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 had encouraged GOVVIES to push up again after their previous orderly pullback.**

**The heavily discounted JUNE BUND FUTURE had been well back below the 164.00-.50 area while the MARCH BUND FUTURE early-March expiration neared. Yet after 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 saw by late March. This was classic BUND bull trend rollover 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. While recently reacting back down, it was only back into the 164.50-.00 area support.**

**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. Weaker global data, and the central bank harmony on that factor, has seen it overrun higher interim 123-00/-08 area historic and recent resistance, which it has only retested on the current selloff with a Tolerance to the 122-16 area (including weekly MA-13.)**

**On the upside the more prominent 124-00/-06 historic congestion remains the key area it traded above until the current reaction. Next resistance is the extended 125-08/126-00 area trend resistance neared in late March.**

**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 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 the late-month March contract expiration was a major bullish sign.**

**This is obviously a Brexit premium anticipating continued economic weakness, and it has been weakened as expected on the major Brexit extension. JUNE GILT FUTURE now back below 127.00-.50 next after testing higher resistances in the 129.00 and 130.00 areas has lower support in the (late March) automatically overrun 126.00-125.50 area (now including weekly MA-9 & MA-13.)**

**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 into early March and again now.**

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 toward midrange on recent strength elsewhere.

Yet current stronger US corporate earnings and higher oil prices have assisted the greenback in challenging the mid-upper 97.00 resistance once again. Much above it the next meaningful resistances are not until the 99.00 and 100.00 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 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 had left it under pressure again into the low end of the 1.1250-00 area. After the recent minor bounce it is back below that with next major support not until 1.1000-1.0900.

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 looked firm, and it had even sustained activity above the 1.30 area (including all weekly MAs in that area) on further hope for a Brexit deal or further deadline delay. Next

**important historic congestion is 1.3250-1.3300 recently tested once again, with 1.3500-1.3600 above that.**

**That said, Brexit concerns left it retesting the 1.3000 area since late March with only minor bounces. As we had suggested, the recent major Brexit extension (October 31st) granted by the EU is not necessarily an economic positive even though it avoided an April 12th ‘hard’ no-deal Brexit crisis. It only exacerbates both UK and EU economic uncertainty.**

**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 was not a surprise on previous 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 recent drop back below it toward the .7000 area once again prior to recent partial recoveries. 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 even better (i.e. at least up into .7200-50) at present if indeed 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, much like the global tendencies reviewed this morning? That seems to be the case in the context of the Fed’s more accommodative stance.**

**While EMERGING CURRENCIES are still more country-specific trends than previous, the recent sustained Crude Oil bid and overall US DOLLAR resurgence are weighing on them once again (with the notably obvious exception of the RUSSIAN RUBLE.)**

**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 was back above it once again after nearing 18.70 area lower support also in mid-March (last seen on its January selloff.) Major 19.60-.50 congestion remains higher resistance this side of 19.90-20.00. Back below 19.20 of late sees it below interim 19.00 congestion on its way to 18.70 yet again prior to the current bounce.**

**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 14.00. That said, the 14.00 area remains the more major congestion it is once again trading above at present, reinforced by a confluence weekly MA-13 and MA-41 in the 14.10-.16 area.**

**Higher resistance remains in the 14.40-.50 area it had been testing throughout March and the 14.69 December high it was challenging again at the end of last month. Yet it is now short-term weak once again on USD/ZAR recovering from its recent nominal drop below 14.00.**

**USD/RUB remains an outlier on the previous and current EMERGING CURRENCIES return to weakness. That is due to the now extensive Crude Oil recovery from the depths of December.**

**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 had 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, the additional hefty mid-2018 congestion into the 64.00 area was only violated temporarily into mid-March.**

**The question was whether it could sustain the late-March recovery back above all of the hefty 65.00 area congestion. Yet it was hard to look for much upside above 65.00 while MAY CRUDE OIL FUTURE (WTI) pushed above 62.00 toward next resistance in the 65.00 area that has now also been exceeded by the JUNE CRUDE OIL FUTURE. And indeed USD/RUB failed well back below 65.00 and even 64.00 last week. While there is some nominal support into the 63.00 area, next significant supports are not until the 62.00 and especially 61.00 areas.**

**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 failing below 5.22 in January on 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 5.58 area as well. Outside of that January temporary spike higher, trading until mid-March had been mostly a trading range affair between 5.45 and 5.22.**

**Recently back above that again, the early-January 5.6230 trading high was the key resistance that had been temporarily violated into mid-March prior to the temporary quasi-intervention spike lower (i.e. LIRA squeeze) prior to the election. It is now sustaining activity above the 5.50 and 5.6230 last resistances this side of 5.90-6.00 and more extended 6.35-6.40 last seen**



during the TURKISH LIRA upturn (USD/TRY extended selloff) last September. So unless USD/TRY drops back below the 5.45-5.50 and 5.6230 areas, further LIRA weakness remains likely; especially after the reversal of near-term EMERGING CURRENCIES strength elsewhere.

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](http://www.rohr-blog.com) sidebar. And the current calendar has an updated top central bank rates table showing this week will be decisions by the Bank of Canada and Bank of Japan.

Yet in the context of the renewed focus on weak global economic tendencies, the regular data releases have now become a bit more relevant once again. That is less so this week after last week's Easter holiday-shortened week, and next week's major end-of-month data deluge. All the same, Wednesday brings the German IFO Surveys and Bank of Canada rate decision and press conference, followed by Thursday's same from the BoJ. Thursday also sees US Durable Goods Orders followed by Friday's major Japanese numbers and Advance US Q1 GDP.

**The Rohr-Blog Research Team**

**[info@rohr-blog.com](mailto:info@rohr-blog.com)**

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Rohr International, Inc.

300 West Adams Street

Chicago, IL 60606 - USA

