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To: Alan Rohrbach
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Dear Subscribers,

After a week of churn up near the previous FRONT MONTH S&P 500 FUTURE all-time high from last September, it finally broke above it late Tuesday. A look at the weekly continuation chart (<http://bit.ly/2DKK53s>) illustrates this strength, with seemingly not much above it until the low-3,000 area (much more below.)

As a pre-FOMC analysis we thought it more useful to delve into the Evolutionary Trend View on the other asset classes as well prior to the FOMC rate decision and press conference commencing at 14:00 EDT. Interestingly enough, that US EQUITIES strength is along with continued firm GOVVIES trends. That is obvious in on the T-NOTE FUTURE weekly continuation chart (<http://bit.ly/2UR5NbM>) as well as the equivalent chart for the BUND future (<http://bit.ly/2XVQ1OH>.)

And as we have suggested for consulting clients, it is important to take a longer view (5 years) to appreciate the full dynamic. After the strong 2014-2016 rally the BUND remains a bull trend after a consolidation, while the T-NOTE is more of a bear trend from the 2016 highs. That is a clear reflection of the economic differentials. Yet in their way these two are also well-calibrated again, with 123-00/122-16 range critical support in the T-NOTE, and the 164.50-.00 range the same for the BUND.

The markets response to the anticipated dovish FOMC announcement and press conference today also is reflected in a critical FOREIGN EXCHANGE situation, where the EURO has rallied back to just above the major EUR/USD 1.1200 area. That it is the key area is also apparent on its weekly chart (<http://bit.ly/2Vbb5nh>.)

With little inflation (even in the very strong US GDP release) and US still being the leading strong economy, might the US EQUITIES and T-NOTE continue to rally together if the Fed is as dovish as many suspect? FOREIGN EXCHANGE is likely to remain more problematic, especially for the EMERGING CURRENCIES.

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 subsequent weakness that would have confirmed a 'single period' reversal never developed, 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 has recently overrun as well. That was very important as the last congestion and also weekly Oscillator at MA-41 plus 130-135 this side of September's 2,947 front month all-time high.

Now that next Oscillator resistance at 2,935-40 area has also been exceeded along with that old 2,947 high, the next Oscillator is the all-time historic extension (MA-41 plus 190-195 from late 2017) that projects to 2,965-70 this week. As such, even on the current new all-time futures high, that is next important resistance even if the weekly topping line (<http://bit.ly/2DKK53s>) points above 3,000.

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.

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 held well and has rebounded from key 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 recent reaction. Next resistance above 124-00/-06 is the extended 125-00/126-00 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 was 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 weakened a bit (as expected) on the major Brexit extension. JUNE GILT FUTURE recently a bit back below 127.00-.50 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. Recently back above 127.00-.50 prior to slipping, yet holding back into it still leaves the door open to a retest of the higher resistances as long as inflation data remains weak. Thursday BoE Inflation Report and press conference will undoubtedly be an interesting influence.

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 economic data had assisted the greenback in overrunning the mid-upper 97.00 resistance prior to the current slippage. This is another reason the full context of the FOMC decision and press conference will be critical for these markets.

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 recovered closer to 1.1400 again into mid-March, stalling there had left it under pressure again into the low end of 1.1250-00 area. After a recent minor bounce it was finally below that until the current modest, critical squeeze back above it.

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 allowed 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 was 1.3250-1.3300 tested once again in late March prior to the recent orderly selloff.

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, as reflected in GBP/USD slipping back below 1.3000 prior to the current recovery.

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 subsequently 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 recently it was not doing 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, even with the recent US economic data? That seems to be the case on AUD/USD falling back and remaining near that key .7000 area. Next support at the January 2016 .6826 trading low is a 10-year low.

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

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 on its way to 18.70 yet again had seen a quick rebound to test 19.20 last week prior to weakening below interim 19.00 congestion again of late.

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 saw again on last week's rally. Extended resistance is the 14.69 December high it was challenging again at the end of last month. Yet it now remains 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 and again into early this week.

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 was recently exceeded by the JUNE CRUDE OIL FUTURE prior to the current downside reaction.

And indeed USD/RUB failed well back below 65.00 and even 64.00 last week prior to recovering this week. While back above 64.00 from the middle of last week, lower nominal support remains 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 5.60 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. Recently sustaining activity above the 5.50 and 5.6230 resistances (as seen on the weekly chart <http://bit.ly/2VCnZtP>) has seen it move up into the 5.90-6.00 range congestion from summer 2018. This is once again very important, as the weekly MA-41 plus 0.4000 resistance is also 6.00 this week, and extended resistance is not until the 6.35-6.40 range last seen during the TURKISH LIRA upturn (USD/TRY extended selloff) last September.

The sustained LIRA weakness (USD/TRY strength) during the recent overall EMERGING CURRENCIES strength is a continuing sign of its secular weakness.

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.

As noted previous, this week is a classical combined month-end and early-month economic data release week with particularly telling ‘macro’ major data economic influence. In addition to the typical data deluge, there is the FOMC rate decision Wednesday afternoon followed by BoE rate decision and Inflation Report on Thursday with each being followed by their respective press conferences.

And of course, all of this culminates in Friday’s US Employment Report followed by Fed-speak from the Hoover Institute Policy Conference into a UK long holiday weekend for Monday’s Early Spring Bank Holiday. Fasten your seatbelts.

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