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To: Alan Rohrbach
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Dear Subscribers,

Bringing a bit of global perspective this morning to the choppy price swings in US EQUITIES and other markets, it seems like a clear case of Fed anticipation. And as can often occur, it's now both 'bad news is good news' and vice versa.

As noted in Friday's Two-Way Street research note, with a rate cut at the late July FOMC meeting all but baked in, we expect those invested (literally) in a classic 'don't fight the Fed' psychology will be US EQUITIES buyers on the selloffs. And Friday's strong US data brought a predictable bit of a selloff while this morning's very weak Empire (New York State) Manufacturing Index has seen a bit of a bid.

Of course, much of this relates back to broader 'macro' factors. Even as the immediate threat of the major Mexico tariffs has abated for now, the drags from especially the acrimonious China tariffs situation and even Brexit continue as global headwinds. Yet as worries over US-Mexico tariffs have abated, markets are responding to data differentials between the US and the rest of the world.

While GOVVIES remain bid on the overall anticipation of global weakness, the BUND has led the US T-NOTE. US DOLLAR weakness from the

Mexico tariffs scare reversed on last week's stronger US data while the EMERGING CURRENCIES are weakening again on anticipation of further overall global weakness.

All of this calls for a nimble approach until at least Wednesday's FOMC announcements and press conference. Just how dovish will Chair Powell feel about all these developments?

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. As JUNE S&P 500 FUTURE pushed above a weekly DOWN Closing Price Reversal from 2,830-36, 2,825-14 and 2,800 along with weekly MA-41 at 2,775 became important support.

2,900-10 area resistance from September was overrun back in late April. That led to the retest of September's 2,947 front month future all-time high into May 1st. Even in the wake of the initial early-May 'Trump dump' on the China tariffs comments, it was only back around that 2,910-00 support's 2,890 Tolerance.

However, once that was violated, it was reasonable to anticipate a test of lower supports at previously violated 2,865 resistance, 2,836-30 and 2,825-14 all the way to the 2,800 'big penny'. A round of friendly Trump US-China comments squeezed the bears back up to that 2,890 violated Tolerance into mid-May, but no better.

And even after the recent weakness back near the 2,722 March trading low two weeks ago, anticipation the Mexican tariffs threat might be avoided sent the US EQUITIES into a sharp rally. Lower key support noted above in the low 2,800 area with the 2,775 weekly MA-41 Tolerance is now reinstated, with 2,865, 2,836-30 and 2,825-14 along the way.

Higher resistance remains the 2,900-10 area tested last week, with the early May 2,938.25-2,947.50 gap lower from the all-time high Close above that.

Consistently weak international data recently reinforced by quite a bit of the central banks' perspective (especially Powell's recent speech last and a very dovish ECB press conference) is consistent with serial downbeat OECD indications on a weaker global outlook. We saw more of the same in last Tuesday's OECD Composite Leading Indicators (http://bit.ly/2XEG0Wc.)

And that outlook is of course now further clouded by the US-China situation, Brexit disconnect and Trump's capricious flip into tariffs as a political weapon: Accelerated Uncertaintitus.

All of this is good for the 'haven' GOVVIES. Recent weak OECD Composite Leading Indicators were reinforced by last month's OECD Economic Outlook (http://bit.ly/2HGYmz7.) On recent form, the weakness of US EQUITIES seemed a classical counterpoint driver for strength in the GOVVIES until the mutual central bank-driven rally two weeks ago.

The further inflammation of the US-China imbroglio 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 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 that is a lesson for the recent expiration as well (more below.)

Extended resistance in the 168.00 area from mid-2016 was exceeded on the surge just prior to last Thursday's June contract expiration, and even carried above the 168.86 June 2016 all-time FRONT MONTH BUND FUTURE high.

Yet as we have noted for some time, even that is not the most bullish

indication for the current trend: The SEPTEMBER BUND FUTURE major 2.50 premium indicated previous even more bullish activity into two week's ago Thursday's typical early-month June contract expiration.

Note that the BUND FUTURE never turned into a bear trend on the reaction since 2016 from the bull trend into those highs. As opposed to the T-NOTE (more below) that has indeed been in a bear trend since 2016 (reflecting the different economic prospects), the BUND seems to have only been a reaction in a bull. It is also Closed last week above the next extended weekly Oscillator threshold in the 171.00-.50 area, leaving a burden of proof on the bears this week. The next higher historic projections are not until 172.00-.50 and the 173.50 area.

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.

After MARCH T-NOTE FUTURE holding around 121-12 again into early March, 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, had seen it overrun higher interim 123-00/-08 area historic and recent resistance, which it only retested on the mid-April selloff with a Tolerance to the 122-16 area (including weekly MA-13.)

On the upside the more prominent 124-00/-06 historic congestion remained the key area it pushed above more definitively into mid-May on trade worries. Next resistance above 124-00/-06 was the 125-00 area broadest down trend resistance directly derived from the overall trend trajectory from that 2016 high.

Now above the important 126-00 area congestion as well, next resistance is not until the 127-16/128-00 area congestion and September 2017 rally high. Above that is 129-16/130-00.

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 before an 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. Back above 127.00-.50 since early-May opened the door to a test of those higher 129.00 and 130.00 area resistances it has now also exceeded.

Higher resistances are the nominal 131.00-.50 range, even as the full point discount in the September contract leaves it somewhat below that range with the June contract expiration still two weeks away. Major resistances are mid-2016 132.50 congestion to the 132.98 all-time high. Yet as the JUNE GILT FUTURE expiration approaches in the middle of next week, the typical full point discount in the SEPTEMBER GILT FUTURE means it is less likely 131.00-.50 will be immediately overrun.

In FOREIGN EXCHANGE after the previous selloffs a 'haven' bid returned to the US DOLLAR INDEX, just like on the previous US EQUITIES rally. Recent global concerns left the GREENBACK holding into the middle of its recent overall range prior to getting the bid back into early March and again recently.

Yet it had lost a bit of the bid now lately on the threat to the US economy from the proposed (now suspended) US-Mexico tariffs potential damage to the US economy. When the source of problems is the US, the US DOLLAR

does not attract the typical 'haven' bid from problems occurring elsewhere.

Recent strong US corporate earnings and economic data had assisted the US DOLLAR INDEX in overrunning the mid-upper 97.00 resistance prior to the recent slippage. The FOMC statement and Powell's less dovish press conference put a minor bid back in the buck into that mid-upper 97.00 range along with recent Trump trade threats that had also reinvigorated the bid, at least until the recent benighted Mexican tariffs threat: Accelerated Uncertaintitus.

If it should sustain activity back above the mid-upper 97.00 area at some point, next resistances are the interim 99.00 area, and the more prominent 100.00 'big penny' historic congestion. Lower supports remain into the interim 96.40-.00 range and major 95.00 and 94.00 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 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.

Yet even as EUR/USD slipped back below 1.2000, the weakness was less pronounced than the Brexit-plagued POUND and AUSSIE DOLLAR weakness on US-China trade concerns. Greenback weakness had assisted it in swinging well back above 1.1200, and it will be interesting to see if that maintains after the FOMC announcement and press conference.

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. That was reinforced by Governor Carney's previous Inflation Report press conference comments, and now by the further Trump initiated Accelerated Uncertaintitus.

This is now reflected in GBP/USD slipping not just back below 1.3000, but also below the low end of the 1.3000-1.2800 key support range. This is now even below the 1.2773 February selloff lows, with next supports into the 1.2500-1.2430 range late 2018 (2-year) trading lows.

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 subsequent partial recoveries. Now still below .7000, next lower major support is the .6825 area early-2016 10-year trading lows

it is nearing once again (like mid-May.) Below that the interim supports are .6500 and .6250 this side of the .6000 area October 2008 16-year trading low.

While EMERGING CURRENCIES are still more country-specific trends, the previous sustained Crude Oil bid and overall US DOLLAR resurgence was weighing on them once again. Even the current US DOLLAR weakness is not assisting them much, as Accelerated Uncertaintitus is not a positive factor for the emerging economies.

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 prior to recently churning on both sides of the 19.00 area.

Yet Trump's tariffs threat had put the PESO back under extreme pressure, with USD/MXN surging right through 19.20 into the major 19.60-.50 congestion once again. Any sustained activity above that pointed to another test of the 20.00-20.20 area it neared on the rally two weeks ago. Yet of course the at least temporary withdrawal of the US tariffs threat has seen a substantial PESO rally on USD/MXN dropping back into the 19.20-.00 area. No surprises on the price activity even if the political situation still needs to be closely monitored.

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 remained important even after the February drop below 13.60-.50 area, which was reversed on the push back above 14.00. The 14.00 area remains the more major congestion it has been once again back above since late April.

Higher resistance remained in the 14.40-.50 area it has now exceeded as well along with the extended resistance at the 14.69 December high. Next resistance is not in the historic 15.00 area recently retested, with extended resistance not until the 15.50 area.

USD/RUB was a clear outlier on the previous and current EMERGING CURRENCIES return to weakness. That was due to the extensive Crude Oil recovery from the depths of December that is now also fading again with some pressure back on the RUBLE.

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 been back below both 68.00 and 67.00 (including weekly MA-9 & MA-13) since January 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 in mid-April.

Recent Crude Oil weakness has assisted USD/RUB recover back above 64.00 and 65.00 prior to slipping back into that range since mid-May. And even though it was modestly above it on the latest bout of Crude Oil weakness, the recent temporary secular GREENBACK weakness dropped

it back below 65.00 toward the 64.00 area for now despite Crude Oil sliding all the way to the low-50.00 area from trading in the mid-60.00 area as recently as mid-May. Lower supports remain at the recent mid-63.00 area lows, and not again until 62.00 and 61.00.

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 was very important with weekly MA-41 up into the 5.50-5.60 area in April. 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. Sustaining activity above the 5.50 and 5.6230 resistances in late April had seen it rally above the 5.90-6.00 range congestion from summer 2018.

This was once again very important, as extended resistance was not until the 6.35-6.40 range last seen during the beginning of the TURKISH LIRA upturn (USD/TRY extended selloff) last September. As such, the recent USD/TRY drop back below 6.00-5.90 area was a major LIRA improvement.

Next lower supports (LIRA resistance) are 5.65-.60 (January high, weekly MA-41 and up channel from the November 2018 5.13 trading low) and heftier congestion in the 5.50-5.45 area.

While still obviously less relevant (as we have been noting for some time and is most glaringly apparent again at present) 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.

This week is a return to significant central bank influence through both releases (minutes and surveys) as well as rate decision announcements. Wednesday afternoon is the FOMC rate decision and press conference followed by Thursday's Bank of Japan decision and the Bank of England decision and Monetary Policy Summary. Even if the latter does not include a press conference (as there is no Inflation Report this time), that evening is the BoE Governor's always influential annual Mansion House Bankers' and Merchants' Dinner speech (20:00 GMT.)

The data flow also culminates in a very influential manner on Friday, with the currently very important global Advance PMI's.

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