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**Sent:** Tuesday, June 25, 2019 9:56 AM  
**To:** Alan Rohrbach  
**Subject:** ROHR-BLOG: Modest Corrections, Quick Take, Calendar

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**Dear Subscribers,**

**After last Tuesday's dovish Draghi surge into Wednesday's also more accommodative FOMC announcements and press conference, the US EQUITIES were strong until the reaction began last Friday. This is reasonable, as the profit taking was accompanied by a continued bid in the GOVVIES on the back of still weak data.**

**The classical question here remains whether broad central bank accommodation to counter weak data will be enough to restore confidence? On historic form we remain skeptical, yet will give the US EQUITIES bull devil its due while the psychology remains constructive.**

**This is also showing up in FOREIGN EXCHANGE in the form of especially the EURO strengthening against the US DOLLAR. Even EMERGING CURRENCIES are maintaining their recent gains on the better global growth expectations; even if those are tentative for now.**

**And the crunch on all of this may come sooner than not... in the form of the G20 meeting in Osaka Japan into Friday and Saturday. While Fed Chair Powell will be speaking extensively again into lunchtime today, the expectations for the G20 have been significantly pared back over recent**

days.

**There is now little chance of any meaningful US-China rapprochement. While hopes remain for improvement, the consensus is that there will be no meaningful Trump-Xi agreement.**

**With all of that the US EQUITIES remain bullish yet fraught as they slip back into the area of the old 2,947 September 2018 FRONT MONTH S&P FUTURE all-time high.**

#### **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. JUNE S&P 500 FUTURE pushed above it along with 2,830-36, and the lower 2,800 area left as 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 that extended to the 2,961 May 1st new all-time high. Even in the wake of the initial early-May 'Trump dump', it was only back around that 2,910-00 support.**

**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'. And even after the early June US-Mexico tariffs scare selloff back near the 2,722 March trading low, US EQUITIES saw a sharp rally on those fears abating. Lower key support noted above in the low 2,800 area as well as 2,865, 2,836-30 and 2,825-14 were all reinstated.**

**Higher resistance was again 2,900-10 area, with the early May 2,938.25-2,947.50 gap lower from the all-time high Close above. After those were overrun last week, the SEPTEMBER S&P 500 FUTURE is near historic Oscillator levels once again. Those are near the old 2,961 all-time high at 2,965-70, with 2,985 and 3,005-10 above that. The initial near-term support**

is back into 2,947-38 area, with 2,910-00 below that.

Consistently weak international data has continued into the relatively light reporting this week, and has recently been reinforced central banks' perspective. That was all further reinforced by the latest ECB and FOMC communications. As repeatedly noted of for months, this is also consistent with serial downbeat OECD indications on a weaker global outlook. We saw more of the same in the most recent OECD Composite Leading Indicators (<http://bit.ly/2XEG0Wc>.)

And that outlook continues to be clouded by the US-China situation that may not improve into this week's G20 meeting, the continuing Brexit disconnect and Trump's capricious flip into tariffs as a political weapon: Accelerated Uncertainty (see the June 3rd research note.)

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 dovish central bank-driven strong rally began in early June.

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.

Extended resistance in the 168.00 area from mid-2016 was exceeded on the surge just prior to the early month June contract expiration, and even

**carried above the 168.86 June 2016 all-time FRONT MONTH BUND FUTURE high.**

**Yet as we noted extensively prior to that event, that was not the most bullish indication for the trend: The SEPTEMBER BUND FUTURE major 2.50 premium fostered even more bullish activity into that 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 had indeed been in a bear trend since 2016 (now possibly reversing on the recent UP Break), the BUND seems to have only been a reaction in a bull.**

**It is also Closed the first full week of June above the next extended weekly Oscillator threshold in the 171.00-.50 area, leaving a burden of proof on the bears. The next higher historic projections are not until 172.50-173.00 it has been challenging the low end of since last week, and the 174.00 area.**

**If there is sustained activity above the 174.00 Oscillator resistance, the next is not until the extreme levels seen during the 2011 Euro-zone Crisis: MA-41 plus 11.75 projects to 176.25 this week. And weekly MA-41 is moving up a breathtaking 0.35 per week, extending the levels for the higher resistances week by week.**

**After the MARCH T-NOTE FUTURE held 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.

Recently above both that (on a fresh channel UP Break) and the important 126-00 area congestion as well, the next resistance is not until the 127-16/128-00 area congestion and September 2017 rally high (128-03.) The new SEPTEMBER T-NOTE FUTURE (front month as of last Wednesday) is currently testing that area, which has a weekly Oscillator Tolerance to 128-20 (weekly MA-41 plus 06-00/-16) with next historic congestion not until 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 had weakened a bit (as expected) on the major Brexit extension. JUNE GILT FUTURE was a bit back below 127.00-.50 after testing higher resistances in the 129.00 and 130.00 areas, yet held 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 it is back up into the high end of after a temporary dip below it. While the full point discount in the SEPTEMBER GILT FUTURE leaves it below that range into this Wednesday's June contract expiration, the overall strength of GOVVIES remains. Major resistances are mid-2016 132.50 congestion to 132.98 all-time high, while lower support back into 130.00 has held all pullbacks since

early June.

**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.**

**While recent strong US corporate earnings and economic data had assisted the US DOLLAR INDEX in overrunning the mid-upper 97.00 resistance, The FOMC statement and Powell’s more dovish press conference has weakened the GREENBACK once again, just as what was seen two weeks ago.**

**If it ever should sustain activity 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 it violated on various factors last week, with more major 95.00 and 94.00 areas below.**

**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 is no surprise it has extended that rally back up into the 1.1400 area on the dovish FOMC influence last week.

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

This has been reflected since mid-May 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 was recently even below the 1.2773 February selloff lows, and recent rallies have all failed into the 1.2800 area. Lower key historic supports remain 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 neared once again last week (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, current US DOLLAR weakness is assisting them once again. That is partially on broad central bank accommodation creating more extensive economic hope that would be good for 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. Yet there is no surprise on the current central bank accommodation dropping it back below 19.00 once again prior to the current bounce back to 19.20.**

**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 had recently exceeded as well along with the extended resistance at the 14.69 December high. Yet it stalled into next resistance in the historic 15.00 area. And the secular US DOLLAR weakness along with dovish central banks dropped it all the way back below 14.50-.40 last week with 14.00 area below once again.**

**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, recent secular GREENBACK weakness has dropped it back below both 65.00 and the 64.00 area. Lower supports at the recent mid-63.00 area lows have now been violated, with more major supports not until 62.00 and especially the 61.00 area.**

**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. 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 late-May 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 and weekly MA-41) tested into early June, 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](http://www.rohr-blog.com) sidebar.**

**This week has seen light economic data so far, yet with a preponderance of weak indications. Into lunchtime today Fed Chair Powell opines on the 'Economic Outlook and Monetary**

**Policy Review', and there is quite a bit more central bank influence throughout the week despite no specific interest rate decisions. And insofar as heavy late month data all hits into late week, that may well be overshadowed by the G20 meeting in Osaka from Friday into Saturday.**

**The Rohr-Blog Research Team**

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