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To: Alan Rohrbach
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Dear Subscribers,

Once again, you can't say we didn't warn you. Once the Chinese side inserted their tariffs reduction demand as early as two weeks after Trump's triumphant 'Phase I' deal hype (see our October 25th research note), the deal was in trouble.

Now it seems that over the past weekend they basically said that without tariffs reduction there was no point in coming to the negotiating table. Very Ugly.

Might it finally be dawning on Donald Trump that Xi Jinping is not actually his 'friend'? As we have hinted previous, due to Xi not needing to face a popular election, might he and the Chinese negotiating team just be 'playing' Trump while they wait until closer to next November's US election?

They certainly have shown the capacity to play the 'long game', and this might be the next episode. Of course, Trump's response to the stubborn Chinese tariffs reduction insistence was to note that possibly any 'Phase I' deal could wait until after the US election.

This is reasonable as gamesmanship (especially if he has indeed figured out he was being 'gamed'), yet is bad for the global economy. As noted by all the NGOs, what the world needs is lower tariffs and not the potential mid-December US hike.

As shared previous, just take another look at the latest OECD Economic Outlook (<http://bit.ly/2D5BvLK>) from just two weeks ago. This was preceded and followed by other NGO indications of the tariffs negative impact on trade.

Trump sounding like he will not be lifting any previous tariffs (or worse) for a much longer period will place more pressure on the global economy (Reuters

<https://reut.rs/2P8SLW3>.) One informed analyst (Bell of Stanhope Capital) noting “...(this is) a slow trend toward increased barriers to international trade...” is not an isolated opinion.

And the market response is predictable, even if having a dual implication from one perverse factor: stronger than expected Chinese Manufacturing PMI. That was one major influence early Monday that sent US EQUITIES higher and trashed GLOBAL GOVVIES.

Yet knowing their economy is improving despite US tariffs might also be encouraging China to take a more rigid Phase I tariffs reduction stance.

The intermediate-term view becoming less friendly is trashing US EQUITIES, which have fallen to new 4-week trading lows (more below.) GLOBAL GOVVIES exhibiting more classical countervailing price movement than previous since Monday are of course rallying sharply; as expected under weaker global economic conditions.

And for the GLOBAL GOVVIES the importance of the BUND FUTURE decision also cannot be overstated. The December contract dropping quickly back down to the low end of the 170.50-.00 range remains critical even as it rebounds sharply today. And if it still fails that area by late this week, even the 2.00 March contract premium will leave it back below the key 172.00 area as it becomes front month on Friday.

While the bears seem to be failing the ‘burden of proof’ on keeping it weaker at present, the past two days have demonstrated just how volatile this situation remains. That said, any DECEMBER BUND FUTURE expiration well above 170.00 will leave the March contract in a strong technical trend position (more below.)

Market Quick Take

The FRONT MONTH S&P 500 FUTURE October push above historic Oscillator levels at 2,965-70 and 2,985 left the key 3,015-25 area above on continued rise of weekly MA-41. There was also the weekly topping line it failed to reach in July (see the broken red line on fresh weekly chart through last Friday <http://bit.ly/2r9CjwT>), which preceded a major August break and September failure above 3,000.

This reinforced the importance of the subsequently overrun 3,065-70 Oscillator resistance into that weekly topping line, held on the early November correction. Weekly MA-41 moving up \$10 per week means it was important to sustain the rally into 3,105-10 this week, with a buffer to recent 3,090 reaction lows. Yet it has violated those lows, leading to a likely retest of previously violated resistance.

That includes the 3,065-70 range where it overran the Oscillator resistance into that weekly topping line back in early November. Of note, weekly MA-9 and a key lower Oscillator threshold are also in that area. Next lower support is the 3,040 weekly MA-13

with 3,030-15 (including old July all-time high) congestion below.

Even with US consumer-driven improvement, overall weakness of international data on balance continues. This has been reinforced by central banks' perspective, including especially the ECB, with more telling perspective from Mario Draghi's last press conference (<http://bit.ly/2Nda1II>.)

There is also BoE concern about Brexit. While the Fed is more balanced, it is also concerned about global weakness despite current US strength, as evidenced by the recent rate cut.

As repeatedly noted for months, this is also consistent with serial downbeat OECD indications on a weaker global outlook. We saw more of the same in the early November OECD Composite Leading Indicators (<http://bit.ly/2p7gPzA>) after the still weak mid-September Interim Economic Outlook that has just been superseded by the November update (<http://bit.ly/2D5BvLK>.)

All of that also continues to be reinforced by the US-China situation despite occasional outbreaks of bonhomie. That was amply reinforced by the last IMF World Economic Outlook (<http://bit.ly/2OoBBhW> or just see the Executive Summary at <http://bit.ly/35ESnpF>.)

The resumption of talks still seems to indicate little real progress despite Donald Trump's fanfare on his 'Phase I' deal announcement. While the Chinese side quickly dismissed it as the non-deal most observers already knew was the case, they have now agreed to some self-serving agricultural purchases which were driving better global sentiment prior to their recent 'mutual respect' tariffs reduction demands.

There is also continuing Brexit concern that the BoE noted in the Monetary Policy Report (<http://bit.ly/32sMjOe>) and its press conference (<http://bit.ly/2WPW2gm>.) This is still going to take some time to clarify to any significant degree. As such, there will not be any improved encouragement for global capital investment.

Yet as noted many times, this is a relative side show compared to the drags from the continued US-China negotiations.

Future economic weakness has also been reinforced in the relatively recent indications outside of the non-US Manufacturing PMIs. Those include some of the current economic data improving only slightly while much still weak data confirms previous downbeat projections. That now even includes some of the previously strong US data outside of the last very strong US Employment report, with the next update is due this Friday.

Extended JUNE BUND FUTURE 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.

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 congestion was not until upper 172.00 area since mid-June with the 174.00 area above that. And even after it dropped back below the key 172.00 congestion into mid-July, it quickly recovered back above it the following week.

The recovery extending above the higher upper 172.00 congestion also sustained upside Acceleration out of an already steep channel. That pointed to a retest of the 174.05 early July all-time high. It then exceeded the next Oscillator resistance in the 174.25-.75 range.

Sustained activity above the 176.00 area Oscillator resistance pointed to the sort of extreme extension last seen in mid-2011 (weekly MA-41 11.75) into the 179.80 area into late August. Yet the subsequent sharp downside reaction to the potential less damaging Brexit situation saw SEPTEMBER BUND FUTURE drop back to the 178.00 area. While the commensurate DECEMBER BUND FUTURE drop to the 175.00 area looked bad, that was just the beginning of a failure back below 175.00 area weekly MA-13, and the 174.00-173.50 area is key recent congestion and Oscillator support.

Also note the major weekly chart (<http://bit.ly/2r9n72C>) updated through last Friday) drop was actually a dislocation on the major December contract discount; and it also left it closer to the aggressive up channel support. That saw a 173.25 DOWN Break into mid-September, also violating July congestion from during the rally. That was then very important as future resistance, with next key support into the 171.50-.00 congestion which held for several weeks prior to being overrun in early November. That was also the previous June UP Acceleration out of the channel from the October 2018 157.33 low.

It is of note that this key FRONT MONTH BUND FUTURE congestion at 171.50-.00 from the pause in the rally on the way up during June and July was violated during the same week the more major trend support into the 170.50-.00 area was violated (see the dashed blue line major up channel support from the 156.22 March 2018 trading low on that weekly chart.)

That left a fresh 170.50 DOWN Break just as weekly MA-41 rose to 170.35 that week. This appeared really weak, as the next support is the longer term congestion from the Summer 2018 168.86 previous all-time high, yet far more pronounced into the heavy 168.00-167.50 congestion range established after that high was set (see the chart.)

However, the significant mid-November rally put it back above 170.50-.00. And in this

case 'significant' is not just in terms of the rally's magnitude, but also in the degree to which the DECEMBER BUND FUTURE seemed to be Negating that recent major 170.50 DOWN Break and recovering back above weekly MA-41 in the same area.

Yet that is once again in play after this week's early sharp selloff. If it is going to Negate that DOWN Break, then it should revert to sustained stronger tendencies. This would also indicate sustained global economic weakness.

And additional pressure is building due to the extensive premium (nearly 2.00) of the MARCH BUND FUTURE over the December contract. While that expiration is not until Friday (December 6th), it reinforces the need for the bears to reinstate a decisive DECEMBER BUND FUTURE selloff back below 170.50-.00 or risk the expiration rollover reinforcing recent Negation of the key DOWN Break. That will play into whether March contract can push further above 172.00.

For your ease of assessment on this pending key 'rollover price displacement' (often the case in the BUND), we have annotated the weekly chart (link above) to show the MARCH BUND FUTURE Closing price at the end of last week, and highlighted the 172.00 area.

For the JUNE T-NOTE FUTURE 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.

That was violated on the late May fresh major 125-00 down channel UP Break, which was an important bullish indication. It also pushed above the important 126-00 area congestion as well as the next resistance is not until the 127-16/128-00 area congestion and September 2017 rally high (128-03.)

The SEPTEMBER T-NOTE FUTURE was testing that area prior to the July US Employment report-driven downside reaction. Yet it held very well without violating the low end of the 128-00/127-16 congestion. However, its relative weakness within the bull trend was highlighted by its inability to overrun that congestion while the BUND and GILT pushed up more aggressively.

Also note the 127-31 early-July weekly DOWN Closing Price Reversal (CPR) as further reinforcement for its near-term resistance back then with a 128-08 Tolerance.

Yet Trump's early-August Chinese tariffs announcement also drove more extensive T-NOTE strength above that resistance. Also obvious are the extended congestion resistances were into 129-16 it is above and held during the early August reaction. The higher historic congestion in the 131-00 area was exceeded on the recent resurgence prior to slippage back below.

However, much as with the previous expiration of the SEPTEMBER BUND FUTURE,

the more recent SEPTEMBER T-NOTE FUTURE expiration was a critical test. The DECEMBER T-NOTE FUTURE was trading at a bit more than a half point premium, and was back up into the significant 130-00/129-16 congestion.

Its ability to push back above that area seems well-calibrated with the significant decision in the BUND. Also note that the less aggressive T-NOTE up channel trend support on the weekly chart (<http://bit.ly/2OF2xjC> updated through last Friday) also left broader support into prominent low 128-00 area historic and recent congestion that was not even tested prior to the previous rally resumption. Yet that is now also right up into the 130-00/129-16 area.

As such, its decision to overrun the 131-00 area was the next key indication, moving up to the higher resistances at 132-00 with the 133-00 area above that. While this previous weaker sister was then firmer than the BUND in only slipping in an orderly fashion below the 131-00 area, it was important to see whether it could hold into the 130-00/129-16 area last slipped below during the rollover to the DECEMBER T-NOTE FUTURE as front month.

After testing that much more important area that is also the aggressive up channel support from the 117-13 October 2018 low, the weakness below it early three weeks ago seemed a fresh DOWN Break prior to a temporary recovery. Subsequently well back below it left a fresh aggressive weekly up channel 130-00 DOWN Break.

And it is no surprise that the still stronger US economic data has left DECEMBER T-NOTE FUTURE not able to push above that 130-00/129-16 area as yet despite the strength of the EUROPEAN GOVVIES. However, the weakening of US EQUITIES has left it challenging that area once again. Lower T-NOTE support remains the 128-00/127-16 range, the top of which it already tested in early November.

The same bullish condition was true for the FRONT MONTH GILT FUTURE in the wake of more Brexit stress and the general global weakness, finally pushing 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 was 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.

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 also exceeded into early June.

Higher resistances were the nominal 131.00-.50 range the JUNE GILT FUTURE was back up into prior to its expiration. Yet the typical full point discount in the SEPTEMBER GILT FUTURE left it well back below that range. While the overall

strength of GOVVIES remained, the question was whether the SEPTEMBER GILT FUTURE that held the immediate lower support into 130.00 area on all pullbacks since early June was going to push back up into 131.00-.50; as indeed it did on a typical expiration rollover psychology in late June.

While reacting back down near the 130.00 area in early July, it quickly pushed back above 131.00-.50. Next major higher resistances remain into the mid-2016 132.50 congestion and 132.97 all-time high have been exceeded.

That left us reverting to historic weekly Oscillator thresholds (much as with the previous BUND new all-time highs.) The scary part for the bears is that overrunning the old 132.97 all-time high also overran the weekly MA-41 plus 5.50-6.00 historic threshold that was most recently respected on the March rally.

Yet the less damaging path the UK government Brexit situation had taken it well back below 135.00; also influenced by the weakness of upside leader BUND. Yet the challenge here was the DECEMBER GILT FUTURE typical full point discount. That called for a rally toward the late month expiration (on the 26th) that would see it run back into and above the 132.50-133.00 area which had indeed occurred on the back of SEPTEMBER GILT strength.

Much like more resilient activity in previous weak sister T-NOTE, the FRONT MONTH GILT FUTURE was only a bit back below 132.50-133.00 that seemed to point to a retest of the 131.00-.50 area (previously tested and held by the December contract in mid-September.) And while still holding the low end of that area into late October, we had noted that the tendencies in the other GLOBAL GOVVIES should continue to exert pressure.

That indeed dropped it below that area in early November. Yet much like the BUND rallying back above resistance and then dropping again, the GILT is now back into that 131.00-.50 area. While not as critical as the DECEMBER BUND FUTURE overrunning the 170.00-.50 range, next resistance is into 132.50-133.00. After not dropping below its 131.50-.00 congestion on recent selloffs, its historic and recent congestion, recent channel weekly DOWN Break and weekly MA-13 are also all up into the 132.50-133.00 range.

In FOREIGN EXCHANGE conditions remain relatively subdued after the relatively firmer US economic data had assisted the US DOLLAR INDEX previous in finally fully overrunning the mid-upper 97.00 resistance. That inspired the push above the April-May 98.37 area trading highs which occurred in early August prior to lapsing back into near-term weakness.

Next resistances were the interim 99.00 area, yet with the more prominent area not until 100.00 'big penny' historic congestion. In any event, recently strengthening again after a selloff saw it above lower support in the interim 96.50-.00 range on the continued weaker global data outside of the US. That set the stage for the continued

strength despite the FOMC's previous modest easing. After holding those lower supports, weaker Chinese and European data had it back up into the 98.00 area with 98.37 remaining the key near-term resistance area.

To be clear on the recent 'macro' influences, the lack of strength in the EURO and POUND would seem to reinforce our expectation that the Brexit situation is a bit of a macro influence 'sideshow' compared to the US-China situation. That is with due respect for the real world implications for the UK and Europeans.

Yet DEVELOPED CURRENCY trends would indicate that the US will be the primary beneficiary of any US-China rapprochement, with Europe needing to wait to benefit only once there is a Chinese economic revival. As such, the recent US DOLLAR INDEX weakness is no surprise on the failure of the Phase I deal to materialize,

This is why the overall interpretation of just what has been, and can be, accomplished on the US-China negotiations remains such a major factor in the overall evolution of FOREIGN EXCHANGE along with other asset classes. As we had remained skeptical of the much touted recent progress; especially in the context of the US Hong Kong autonomy and human right legislation, what we are seeing now is only to be expected.

While EUR/USD was 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. That left it into 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.

GREENBACK weakness had assisted it in swinging well back above 1.1200, and it is no surprise it had extended that rally back up into the 1.1400 area on the previous dovish FOMC influence.

However, subsequent weak European data fomented concerns over ECB accommodation that left it back below 1.1200 once again, and churning around the 1.1100 area trading lows prior to bouncing from near the 1.1000-1.0950 area with 1.0800 below.

While the recovery into early August had it churning in 1.1200 area, it was back below the 1.1100 area and had failed the attempt to hold the 1.1000-1.0950 area prior to rallying back above the high end of it and 1.1100 on the recent more upbeat Brexit developments. That said, 1.1200-50 remains the more major resistance above the market, and it recently dropped back below the 1.1100 area into the more major 1.1000-1.0950 range prior to the current bounce.

Brexit concerns have obviously been a major influence on GBP/USD all year. After rallying back up into 1.3250-1.3300 in late the overall selloff resumed. Brexit concerns left it retesting the 1.3000 area since late March with only minor bounces. As we had

suggested at the time, the major Brexit extension (October 31st) granted by the EU was 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 revisited on August 1st.

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 followed by failure below the 1.2773 February selloff lows, and subsequent rallies all failed into the 1.2800 area.

Lower key historic supports were into the 1.2500-1.2430 range late 2018 (2-year) trading lows it had slipped below in the wake of stronger US economic data prior to temporary stabilization. More sustained activity below that has also now led to violation of interim 2016-2017 congestion at 1.2360, with nothing recent until 1.2150-00 area this weak sister has managed to hold outside of temporary weakness in mid-August and early September.

Yet the fact it had not managed a more substantial short-term bounce (like the EURO) was a troubling sign. While recently recovering from slightly below 1.2150-00, the recent drop below it left the 1.1987 January 2017 3-year trading low as the only support this side of the 1.1710 major October 2016 34-year trading low (post-Brexit referendum selloff low.) That's right, not below 1.1710 since March 1985.

Yet the rapidly evolving UK government situation and a bit of the hopeful global developments had brought a relief rally back above 1.2150-00 (stronger than the EURO) and the minor 1.2360 area. Yet even the recent UK Supreme Court ruling had not been able to boost it above the more prominent historic and recent 1.2500 area congestion at that time, and it was back churning below that interim 1.2360 level once again prior to the current extensive hope for a Brexit deal pushed it back above 1.2500.

As noted previous, back above the low end of the 1.2800-1.3000 range opened the door to a test of the high end we have now seen; or even higher levels if there is indeed any further Brexit deal progress. While next historic congestion areas are 1.3200 and 1.3300, recently it had slipped back down into the low end of the 1.3000-1.2800 range prior to pushing back up again. Both the EURO and POUND have mostly failed to benefit from improved Brexit developments, yet are stronger against the GREENBACK on the recent Phase I failure.

And despite US and Chinese changeability, the previous hints 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 subsequently dropped below more major .7000

area congestion.

This was not a surprise on previous Chinese economic weakness and still somewhat problematic US-China relations despite the ostensible G20 'breakthrough'. While late-January secular US DOLLAR weakness had it recovering modestly above .7200-50, it subsequently dropped back below it toward the .7000 area in mid-May.

Minor squeezes temporarily pushed it back above the .7000 area prior to slipping more definitively below it in late July.

Next lower major support is the .6825 area early-2016 10-year trading lows it also slipped below around the same time. The next temporary squeeze above it into early September also failed.

That is important after it slipped nearer to next interim support at .6690-77, which it has not rallied much from since early August. The .6500 and .6250 areas are next supports this side of the .6000 area October 2008 16-year trading low. And even on any recent nominally positive US-China announcements, it was only back up temporarily above the .6825 area until the previous psychological improvement on ostensible US-China talks progress had encouraged it to churn modestly back above it; yet with it dropping again despite previous hopeful statements, even if it has churned back above it despite deterioration of the US-China talks.

While EMERGING CURRENCIES are still more country-specific trends, previous US DOLLAR weakness into early this year was assisting them. That was partially on central bank accommodation creating more extensive economic hope. Yet now the US DOLLAR INDEX weakness being related to the failure of the US-China Phase I negotiations is leaving the EMERGING CURRENCIES back under pressure.

The MEXICAN PESO that had seen multiple USD/MXN November-December tests of the 20.50 area prior to sliding back below 20.00 again. At various times it has also been below interim support at 19.70 as well as more major 19.60-.50 congestion between January and August. Next lower congestion areas are in a range from 19.20 (high end which it was also below in January) to interim 18.70 it did not quite reach even at the low end in March and April.

Yet Trump's Mexico 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 into early-June. Yet of course the at least temporary withdrawal of the US tariffs threat had seen a substantial PESO rally on USD/MXN dropping back into the 19.20-.00 area.

While stuck in the 19.20-.00 range from early June until early August, the subsequent Trump tariffs threatening global economic activity saw the PESO sink below the USD/MXN 19.60-.50 range once again. Sustained activity above the interim 19.60-.68

pointed to the 20.00-20.20 range it was retesting into early September prior to the current PESO relief rally drop back below 20.00 all the way to a retest of 19.60-.50 congestion it dropped back below in early October. Next lower supports were the interim 19.20 area it had slipped back below and failed to exceed on rallies during October into early November, with major congestion at 19.00-18.90 it neared in late October.

Yet USD/MXN pushed back above 19.20 and was trading back near its 19.50-.60 congestion recently prior to slipping back into that 19.20 area. That is likely based on the vagaries of progress in the US House on the USMCA trade deal (already approved by Canada and Mexico and having passed the US Senate), impacted by its impeachment obsession. While the Dems keep saying they 'can walk and chew gum at the same time', the lack of USMCA approval speaks of their inability to do so. And this remains a partial drag on all three economies, with the PESO now weakening (USD/MXN above 19.20) into 19.50-.60 congestion again.

And that was just part of the EMERGING CURRENCY return from weakness prior to the subsequent 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 last November. Next lower support in the 13.60-.50 area was probed into the beginning of December prior to pushing back above 14.00 with only temporary slippage below from February into July.

Yet it stalled into next resistance in the historic 15.00 area during the US DOLLAR surge into August prior to secular US DOLLAR weakness along with dovish central banks dropping it all the way back below 14.50-.40 into September. Previous GREENBACK strength had seen USD/ZAR push back up toward the 15.50 area into early October prior to the drop back below 15.00 to test 14.70 and even sag near 14.50. That had in interim support area around 15.20 that was retested on the sharp bounce from near 14.50. Slipping back once again from 15.00 left next interim support back into the 14.70 area it slipped below again of late prior to its current rally, with more major support remaining at 14.50-.40 (as neared again in late October.)

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 in the wake of the Saudi oil refinery attack relieving some pressure 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.

Previous Crude Oil weakness had assisted USD/RUB recover back above 64.00 and 65.00 temporarily prior to slipping back below that range since mid-June. Lower supports are the mid-63.00 area and more major supports in the 62.00 and especially the 61.00 areas.

Despite the recent stabilization of CRUDE OIL prices, it is back below 65.00 with next supports as noted above into the 64.00 area and mid-63.00 area lows, the latter having been vigorously tested again in early November. If that should fail, lower support remains the June-July mid-62.00 area lows as it churns back above 64.00 again on OPEC hopes at present.

In the meantime, previous weakness in the TURKISH LIRA had USD/TRY above 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) in September 2018. 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 barely violated into early July prior to Closing near the low end of the range, and the heftier congestion in the 5.50-5.45 area.

And it seems that even President Erdogan's early July dismissal of central bank Governor Cetinkaya a year prior to the end of his term had not weighed too heavily on the LIRA. After USD/TRY ranged as high as 5.7871 in the wake of the dismissal prior to stabilizing, it dropped back below 5.65-.60 area despite the recent much larger than expected 4.25% rate cut with 5.50-5.45 also tested last into early August.

Yet it held that key area, and was recently back above the 5.65-.60 range again, and the early July 5.7871 high from after the central bank governor dismissal. However, it failed from next higher key resistances at 5.90-5.93 recently retested. Now back slightly below 5.7871 again leaves lower support into the 5.65-.60 range and 5.50-5.45.

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.

The end of the heavy late month data flow last week is typically leading to this week's major early month economic releases during a full calendar week. In addition to early-

to-mid week global PMIs that were so influential on Monday there will be Australian and Canadian central bank rate (non-)decisions. RBA has already held steady at 0.75%.

It all culminates with US and Canadian Employment reports on Friday after so much other economic data, and an OPEC meeting thrown in along the way for good measure. It is also the case that the Trump impeachment process continues as a side show. Yet as we noted on Monday, there were new challenges to any US-China trade-tariffs deal from last week's Trump signing of the US Hong Kong autonomy and human rights legislation. And that has now come home to roost. We maintain our Monday advice to *"Keep those seat belts fastened."*

Regarding the US EQUITIES seasonal, we still highly recommend visiting *Rohr-Blog* for our first blog post in a while (versus the daily research notes) for anyone who has not done so already. It is a recurring theme, yet one that is worth repeating in light of recent market activity which has seemed at times to run contrary to some important macro shifts. And as an important seasonal factor, it is likely to remain with us for a while even if overshadowed at present by the latest US-China developments.

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