

## Alan Rohrbach

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**Sent:** Friday, December 20, 2019 9:48 AM  
**To:** Alan Rohrbach  
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**Dear Subscribers,**

**Happy Holidays to all of our readers and clients. After today we are also out of the office until Thursday, January 2nd. The Christmas into New Year's Day week each year is our one real holiday (i.e. no international trading overriding US holidays.)**

**It is also typically such a low liquidity period that all of our institutional clients classically tone down portfolio risk to a very low level; hence avoiding the need to liquidate any positions into thin, holiday-interrupted markets.**

**And this year is a prime example... there are effectively only three full trading days in Europe and the UK between now and January 2nd. That said, we will be distributing a weekly Report and Event Calendar on Monday for those who remain manning the forts.**

**On the practical matters, the influences affecting the various asset classes are shifting. While central banks remain accommodative (just reconfirmed by the BoJ and BoE on Thursday), the slightly improved economic outlook leaves less room for further largesse.**

**And some of the recent economic data has been less than strong, even in the upside leading US economy.**

**However, as noted of late, the 'macro' psychology improvement on Brexit, USMCA, other US legislative actions and US-China trade concerns seem to overshadow the current weakness even in Europe. Note this morning's Reuters article (<https://reut.rs/34IAwMQ>) on the Q4 German economy contraction.**

**Even the highly touted success of the US-China Phase I deal remains a bit more**

nebulous than the Trump administration might allow (more from Reuters on the challenges facing USTR's Lighthizer on papering that <https://reut.rs/2EI4qWV>.)

The 'Santa Portfolio Manager' seasonal ([www.rohr-blog.com](http://www.rohr-blog.com)) has fostered US EQUITIES strength in the wake of friendly late-October Fed indications. As an astute client pointed out, there is also no reason for bulls to take profits this year with a further tax cut in the wind from Trump and the Republicans for 2020.

As a practical matter that has been furthered by improved 'macro' psychology. And by 'further' we also mean serial S&P 500 INDEX weekly Oscillator thresholds have been overrun since early November.

Just as last week's strong finish set the stage for this week's further gains, the same is happening today (more below.) This has been reinforced by expected recent sustained strength in many of the EMERGING CURRENCIES, and pressure on GLOBAL GOVVIES (even if a bit subdued.)

And that last asset class has a bit of further risk as we look into 2020, As noted in Monday's research note, Bundesbank head Weidmann has changed his tune on strict fiscal rectitude. An excellent Financial Times article (<http://bit.ly/34poBng>) from Saturday highlights his shift toward allowing a bit more public spending. As a practical matter all of this still favors the EQUITIES and EMERGING CURRENCIES and might weigh on the GLOBAL GOVVIES, dependent on how much real growth actually occurs.

We hope that you and all of yours have Very Happy Holidays, and also wish you the best for a Happy, Healthy and Prosperous New Year in 2020. Thanks for all of your interest and support in 2019 and previous.

### Market Quick Take

The FRONT MONTH S&P 500 FUTURE early November push above the weekly topping line (broken red line on weekly chart <http://bit.ly/2EIPyh5>) set the stage for the extended seasonal rally. That was after the major August break and September's subsequent failure above 3,000 that did not reach the 3,029.50 July high.

This reinforced the importance of the overrun 3,065-70 Oscillator resistance into that weekly topping line, held on the early November correction. Weekly MA-41 moving up \$10/week meant the 3,065-70 range where it overran the Oscillator resistance into that weekly topping line back in November remained the key.

Of note, weekly MA-9 and a key lower Oscillator threshold were also in that area during the early December selloff. Back above 3,090 and 3,105-10 left 3,145-50 higher resistance last week that moved up to 3,155-60 this week. Already above that last week pointed toward 3,195-3,200 next Oscillator threshold this week, rising to 3,205-10 next

week.

**As important, just as last week's strength overran the 3,155-60 range, if the MARCH S&P 500 FUTURE (FRONT MONTH as of today) Closes the week above next week's 3,205-10 threshold it sets the stage for the timely rally extension to the 3,255-60 Oscillator range next week.**

**Some may consider these very big gaps between levels a bit overblown. Yet as you can see in recent market form, this is how accelerated trends can perform when they escape resistance.**

**And once again 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 two weeks ago was critical. Yet it managed to hold that range for expiration.**

**However, even though the 2.00 March contract premium left the MARCH BUND FUTURE in a stronger technical trend position, the US-China deal announcement left it temporarily back below 171.80-.70 Tolerance of the 172.00 area support on Friday.**

**And now that the MARCH BUND FUTURE has failed back below the 172.00 area, a resumption of the broader down trend might be possible. The next major lower level is the Negated early November 170.50 major weekly channel DOWN Break apparent on the weekly chart (<http://bit.ly/2PsPyC9>) with a Tolerance to the 170.00 'big penny'.**

**Even with US consumer-driven improvement, overall weakness of international data on balance continued until this week's partial improvement. 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>) and even Christine Lagarde's warning on the need for further structural reform at her first press conference as ECB President (<http://bit.ly/2LNrSpQ>.)**

**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 December OECD Composite Leading Indicators (<http://bit.ly/2RA16VO>) after the still weak mid-September Interim Economic Outlook that has been superseded by the November update (<http://bit.ly/2D5BvLK>.)**

**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>.) Any Brexit bill success finally occurring in the wake of the Conservatives' election victory is still going to take some time to clarify the future arrangements to any significant**

degree. As such, there will not likely be any improved encouragement for global capital investment.

Future economic weakness has also been reinforced in the relatively recent indications outside of the non-US Manufacturing PMIs. Those include some more comprehensive global data, like late-November's OECD G20 International Merchandise Trade Statistics (<http://bit.ly/2rvPCaK>.) While all of that may improve to some degree, informed observers are cautious due to the levels of the tariffs that remain despite the recent reductions announcements.

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 key previous recent congestion and Oscillator support.

Also note the major weekly chart (<http://bit.ly/2PsPyC9> updated through last Friday) September 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 last week’s selloff. If it was going to Negate that DOWN Break, then it needed to revert to sustained stronger tendencies. This would also indicate sustained global economic weakness.**

**As noted above, 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 two weeks ago was critical. Yet it managed to hold that range for expiration.**

**However, even though the 2.00 March contract premium left the MARCH BUND FUTURE in a stronger technical trend position, the US-China deal announcement left it temporarily back below 171.80-.70 Tolerance of the 172.00 area support on Friday.**

**And now that the MARCH BUND FUTURE has failed back below the 172.00 area, a resumption of the broader down trend might be possible. The next major lower level is the Negated early November 170.50 major weekly channel DOWN Break apparent on the weekly chart (<http://bit.ly/2PsPyC9>) with a Tolerance to the 170.00 ‘big penny’.**

**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/2tqqvqZ> 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 had 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 strengthening of US EQUITIES has not left it weakening too much from that area; only barely near the top of the lower 128-00/127-16 range last week, the top of which it had also 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 it 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, it finally slipped below it temporarily last week on the heavy Conservatives election victory prior to recovering, with next lower support into the 130.00 area.**

**In FOREIGN EXCHANGE conditions remain relatively subdued after the firmer US economic data had assisted the US DOLLAR INDEX last summer 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.**

**Slippage back below 98.37-.00 on likely UK Brexit success and better global growth prospects is not a surprise. That has opened the door to a retest of the 96.50-.00 range support missed back in October and neared recently on the current selloff.**

**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 minor bounce back above 1.1100.**

**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 seen previous; 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.

And the Conservative election success had propelled it back above 1.3000 and even 1.3200 and the 1.3300 area, with next resistance in the 1.3500-1.3600 range lightly tested last week. However, renewed concerns about the still fraught Brexit implementation process have brought it back to earth, back down close to the 1.3000 area once again.

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. The .6500 and .6250 areas are next supports this side of the .6000 area October 2008 16-year trading low. And even the positive US-China announcement has left it only modestly back above the .6825 area near .6900 rather than strengthening immediately up toward the more prominent .7000 area.

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 was 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 kept saying they ‘can walk and chew gum at the same time’, the previous lack of USMCA approval speaks of their inability to do so. Yet its approval finally coming through has seen USD/MXN weakness back below 19.20 and now the 19.00 area on the improved outlook, with the next lower support into April’s 18.75 area congestion and 14-month low. Next lower support below that is not until the 18.50-.40 area.**

**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 along with finally sliding back below 14.50-.40 neared in late October as well on the better global outlook. Next lower interim support is the 14.15 area, yet with the next major congestion not until the 13.90-.80 range (including July’s 9-month trading low.)**

**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 on higher CRUDE OIL prices and the slightly improved global outlook.**

**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, and being challenged again now after the recent slippage below 5.7871 again. This is all despite the strength of other EMERGING CURRENCIES on improved global growth prospects, pointing up the 'country' nature of the LIRA's problems.**

**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.

The heavy late month data flow came early this month, and in vast measures. That is due to a very limited holiday trading schedule, which also leaves quite a few less reporting days after the end of this week. As such, with a few exceptions the normal late month data has been brought forward into what is an atypically report rich third week of the month.

On top of that there were the two key central bank rate decisions today noted above (BoJ and BoE) along with quite a bit of other central bank information throughout the week. None of that will add any clarity to the US-China Phase I trade and tariffs deal, which was among the least clearly articulated allegedly major trade agreements in history; except for some specifics (however questionable) on Brobdingnagian Chinese agricultural purchases and a partial rollback of previous US tariffs.

So as suggested previous, keep your seatbelts firmly fastened on that along with so much of the typically major end-of-month economic data and central bank reporting that has been brought forward by a week-and-a-half to accommodate the holiday schedule.

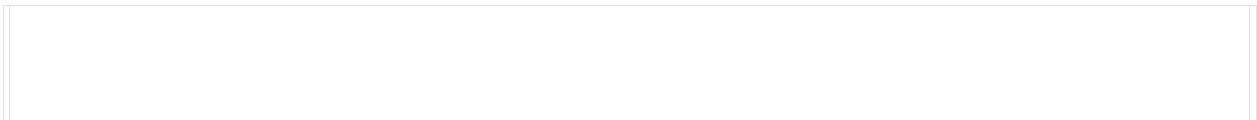
Regarding the US EQUITIES seasonal, as we have recommended for weeks it would still be useful to visit *Rohr-Blog* for our take on that (versus the daily research notes) for anyone who has not done so already. It is a recurring theme, yet one that is worth repeating in light of recent market activity. And as an important seasonal factor, it will still be with us into the heavily truncated trading and reporting schedule into the holidays over the next two weeks.

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