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ROHR-BLOG: Powell Put? Quick Take, Calendar

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ROHR-BLOG: Powell Put? Quick Take, Calendar <info=rohr-blog.com@vrmailer3.com> Tue, Feb 18, 2020 at 11:08 AM
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ROHR

Dear Subscribers,

The question mark in the title of today's research note is less a matter of whether the 'Powell Put' exists, yet rather more so whether it will be effective? And it is not just the Fed, but all major central banks now committed to further accommodation if the Chinese COVID-19 virus spreads.

Even with that, there is a question over whether that will fully offset the impact of the virus' supply chain disruption?

Let us be perfectly clear this is not 2007-2008, because major commercial banks are NOT leveraged into toxic MBS (mortgage-backed securities) that literally almost wiped out the developed world's financial system. COVID-19 is an exigent event that requires the sort of aggressive action all of the major countries are currently pursuing.

And we are coming to you quite a bit later than usual in order to review the latest relevant insights on why COVID-19 may be more of a lingering, stubborn commercial impact than the more hopeful among us might suggest.

This gets back to Monday's research note link to the very good Sunday Reuters article (https://reut.rs/37BPRAi) That was fairly comprehensive in noting both the once again accelerated infection spread as well as the

economic impact on already weak Asian economies; especially the problem of supply chain disruptions.

In that regard we suspect the risk to US EQUITIES and other markets might be greater than the comfort inferred from accommodative central bank missives. Of note, Apple has just issued a Q2 profit warning based on both Chinese supply constraints, and lower retail activity due to extensive store closings.

The latest informed views come from a series of CNBC interviews this morning. The first was comments from the estimable Mohamed El-Erian (https://cnb.cx/2vGtrAK), returning to his theme that central bank action has 'deeply conditioned' market participants to react to shocks as being "containable, temporary and reversible."

He goes on to explain (from 01:50 onward) why he is less sure that the COVID-19 impact will result in a typical 'V' slump and recovery. He notes that central bank stimulus is classically good for financial assets, yet in this case cannot do anything to get folks back to work or out to shop while virus countermeasures remain in place.

This further reinforces our instincts from our January 29th 'Dr. Powell to the Rescue?' research note on the central banks lack of tools in this case.

Yet the concerns over COVID-19 are worse than that in a way that reminds us of the sanguine 2007-2008 psychology on central bank action being a panacea for seriously over-extended US housing values. For those who were not yet involved, an October 2007 larger-than-expected FOMC 50 basis point rate cut shoved the US EQUITIES up to new all-time highs (front month S&P 500 future at 1,586.75.) That was the last hurrah prior to the lengthy slide into the October 2008 crash.

So what are the reasons for concern the COVID-19 impact might be greater than current received wisdom might imply? With El-Erian still onboard, CNBC also brought back a COVID-19 expert whose insight we first highlighted in our January 31st research note: Dr. Syra Madad (NYC special pathogens program.)

Her thoughts (https://cnb.cx/2P4e0sZ 00:20-01:15) based on current virology are substantially that the outbreak "...will likely get worse before it gets better", including the US. She notes once again that China ignoring mild cases (as also noted by Dr. Scott Gottlieb in an earlier interview linked below) means that many cases are going unreported, and the total infections are therefore likely much higher.

It is also clear to her (from 03:40-04:00) that COVID-19 is much more like seasonal flu in being far more transmissible than SARS. On the topic of a vaccine (04:45) she is not very hopeful, noting that we are likely at least six months away.

All of that followed an earlier interview with the highly informed former US FDA Commissioner Dr. Scott Gottlieb (https://cnb.cx/2uVAsh4), which reinforces the worst fears on the potential virus spread and its commercial impact. He was especially focused on the spread outside of China (02:10-03:15.)

While he notes Singapore seems to have done a good job of controlling its outbreak, "but Japan seems to be on the cusp of a large outbreak, and maybe epidemic growth there."

He also notes how little China knows or is sharing about cases outside of Hubei, and also (03:55-04:55) COVID-19 "...is more contagious and more virulent than seasonal flu…" with some very interesting stats on contagion and fatalities.

While the US EQUITIES and other markets' response has been limited to date (even to the challenging Apple forward guidance), whether central bank accommodation can assist with the commercial situation on the ground is at the very least more problematic than other recent challenges. The US-China tariffs confrontation could be solved by government agreements; COVID-19 impacts cannot.

This appears to us to be the reason that GLOBAL GOVVIES have been so resilient on any of their recent setbacks, and EMERGING CURRENCIES along with the EURO and AUSTRALIAN DOLLAR have been under more pressure once again.

This is the critical consideration

The FRONT MONTH S&P 500 FUTURE early November push above the weekly topping line (broken red line on weekly chart through last Friday http://bit.ly/39BCjpW) set the stage for the extended seasonal rally. This reinforced the importance of the overrun 3,065-70 Oscillator resistance into that weekly topping line, which then held on the early November correction. It then pushed above higher resistances like ultimately 3,205-10 area. That set the stage for the rally extension above the Oscillator range in the 3,295-3,305 area that increased to 3,335-45 this week.

That meant early February was all about whether MARCH S&P 500 FUTURE could overrun the late-January 3,325.00 weekly DOWN Closing Price Reversal (CPR… Tolerance to 3,330.25.) And it did so, even if it slipped back into that area for that weekly Close. This was also important as a key 3,325-35 Oscillator threshold last week, with the next upside area not until 3,380-85 moving to 3,390-95 this week.

This makes the response to the data and especially central bank psychology (a 'Powell Put'?) very important on the recent shift to the 'bad news is good news' psych after some further weak global data. Lower supports if it weakens are back at 3,325-35, in the 3,300-3,290 range and again into the mid-3,200s.

Even with US consumer-driven improvement, overall weakness of international data on balance continues despite selective partial improvement. While not apparent yet, this will certainly be further impacted by the Wuhan Virus supply chain disruptions out of China.

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/2Nda1Il**) 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**.)**

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 previously noted for months, this was 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**.) Even after those were reversed to some degree by the January release (**http://bit.ly/2tbMfa0**), the February indications (**http://bit.ly/2OXkpX1**) are that growth remains below trend and is now threatened by the commercial impact of the rapidly spreading Wuhan Virus.**

This will foster a more critical focus on their next Economic Outlook after the still weak November update (http://bit.ly/2D5BvLK**.)**

Add to that the last World Bank downgrade of the global growth outlook (see Reuters https://reut.rs/2tLi0GP**.) It is no surprise that this is still on slow international trade considerations, even if the Bank says corporate confidence and investment may improve marginally and may be near the bottom.**

Yet of note are the lower growth prospects for China despite the US-China Phase I deal. As we have noted previous, the trade 'truce' (i.e. NOT a full peace treaty) avoiding tariff escalation still leaves the earlier economic activity-stifling tariffs in place.

Future economic weakness expectations have also been reinforced in the relatively recent indications outside of the mixed global Manufacturing PMIs. Those include 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 recent reductions announcements; and that was also prior to the Wuhan Virus impact.**

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/38xe8ZR **now updated to reflect the February 14th weekly Close) 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 was once again in play after recent selloffs. As it has Negated that DOWN Break, the overall tendency still seems to favor a return to sustained stronger tendencies. This would also indicate sustained global economic weakness.

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 multiple dips.

As noted previous, the next major lower level was again the Negated early November 170.50 major weekly channel DOWN Break apparent on the weekly chart (http://bit.ly/38xe8ZR **now updated to reflect the February 14th weekly Close) with a Tolerance to the 170.00 'big penny'. The holiday period weakness**

left that retested, and it remains critical for the overall trend. And if it needed any reinforcement, note that on the recent 'haven' rally the MARCH BUND FUTURE failed right up near the still important 173.25 area, as it also did back in early December.

That said, after the subsequent sharp selloff it recovered on recent soft inflation data, even back above the top of the 171.50-.00 range. 173.25 area remained the more major resistance it has also now surged above, with higher interim resistance at 174.00 but the major resistance not until that 175.00 area failed support. And note how despite the US EQUITIES strength it has not aggressively tested the overrun 173.25 resistance (now support.)

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/2UVhstC **now updated to reflect the February 14th weekly Close) 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 only saw it rally right into the 130-00/129-16 area in early December prior to coming back under pressure.**

Of note, that area was the early November fresh DOWN Break prior to the temporary recovery that retested it. And it was 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 despite the strength of the EUROPEAN GOVVIES.

However, the strengthening of US EQUITIES had not left it weakening too much from that area; only barely into the top of the lower 128-00/127-16 support repeatedly since mid-December, also tested in early September and early November. And while the 'haven' test of the 130-00 area failed again earlier this month (also as in early December just like the BUND FUTURE), the Wuhan impact has seen it surge above it into the interim 131-00 area with 132-00 the far more major congestion.

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. Even though there was no sustained weakness below its 131.50-.00 congestion on previous selloffs, it finally slipped below it temporarily on the early December Conservatives election victory prior to recovering

Next lower support was the 130.00 area with the 132.50-133.00 range remaining the key higher resistance that has now been exceeded for a new 3-month high. Next resistance was back up into the interim 134.00 area that had

been exceeded on the recent surge and more major 135.00-.24 area. Next resistance above that is not until upper-135.00 area even if it has slipped back down into the 134.00 area at present.

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 yet tested recently on the better global economic sentiment with next lower support in the low 95.00 area January 2019 14-month lows. Yet the recent better US data and the Wuhan virus flight to safety has left it pushing back up into and even above the 98.37-.00 area once again with the key higher resistance again not until the historic 99.50-100.00 area.

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 dropped back below the 1.1100 area into the more major 1.1000-1.0950 range prior to the recent push back above into the 1.1250-00 area higher resistance that stopped the rally once again and has left it back down below the 1.1100 area and even below the top end of 1.1000-1.0950 at present. That left next support into last September's now violated 1.0878 trading low. Below that is the low-1.08 historic congestion now being tested, and not again until the 1.0600 to mid-1.0500 area and even 1.0500 both last seen in early 2007.

The rapidly evolving UK government situation and a bit of the hopeful global developments had brought a GBP/USD rally back above 1.2150-00 (stronger than the EURO) and the minor 1.2360 area. 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 on further Brexit deal progress. And indeed it surged on the Conservative election success back above 1.3000 and even 1.3200 and the 1.3300 area for a temporary test of low end of the 1.3500-1.3600 range prior to dropping back down on more problematic developments.

Even the previous drop back below the 1.3000 area left it into support (weekly MA-9 & MA-13 as well), and it still seemed to have some upside momentum on the push back up toward 1.3200 even if it has recently slipped back slightly below the 1.3000 area again on weak data and the 'haven' US DOLLAR bid. That leaves the low end of the 1.3000-1.2800 range important 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 that it is now revisiting on weak Chinese economic concerns. The .6500 and .6250 areas are next supports this side of the .6000 area October 2008 16-year trading low.

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, which has now been reinforced by the signing of the US-China Phase I agreement.

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 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 in early December prior to slipping back below the 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.

And its approval finally coming through has seen USD/MXN weakness back below 19.20 and the 19.00 area on the improved outlook, with the next lower support into April's 18.75 area congestion and 14-month low it slipped below recently prior to the WUHAN concerns pushed it back up into a test of the 19.00 area prior to recent weakness back below the 19.75 area followed by the recent push back above it.

Back below that area last week has left it testing 18.50-.40 again, right into the August 2018 22-month low. Much below that is the 17.94 April 2018 to-and-a-half year low.

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 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 in late November as well as the 14.50-.40 area overrun in mid-December. That led to a rapid selloff to the next lower interim support in the 14.15 area that has also been violated in recent trading. The next major congestion in the 13.90-.80 range (including July's 9-month trading low) was also violated temporarily on the recent selloff prior to the sharp

bounce back above 14.20 to the recent retest of the 14.40-.50 area congestion, reinforced as resistance by significant weekly MAs slightly above that range.

Yet the Wuhan factor has seen it push back above the 14.70 area once again all the way to a rapid test of 15.00. While backing off temporarily below 14.70 again, it is was recently pushing back up above 15.00 prior to the current slight dip. That leaves interim resistance into the 15.20 area, yet with the major resistance not until 15.40-.50 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 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 support in the mid-63.00 area was violated into mid-December.

That has seen it weaken into the more major supports in the 62.00 area and especially of late the 61.00 area on previously higher CRUDE OIL prices and the slightly improved global outlook. And despite the extensive recent CRUDE OIL weakness, the latter factor continues to assist the RUBLE. While the next psychological level may have been the 60.00 'big penny', the more prominent historic congestion is not until the 59.00 area with the mid-56.00 to mid-55.00 area below (2017 and 2018 4.5-year lows.) Yet the Wuhan factor along with much weaker Crude Oil prices has it back up above the 62.00 area and even the mid-63.00 area once again, with next resistance into that 65.00 area.

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, key resistance is at 5.90-5.93 recently retested and now quietly exceeded. While recent narrow ranges seemed to speak of government intervention, USD/TRY did not strengthen above the 6.00 area that would have pointed to a retest of the interim 6.15 area or even the May 2019 crisis 6.25 area 15-month trading high. Of course as noted repeatedly of late, this was all despite the strength of other EMERGING CURRENCIES on previously improved global growth prospects, pointing up the 'country' nature of the LIRA's problems; especially regarding US actions.

However, the recent LIRA improvement on USD/TRY dropping back below 5.90-5.93 seemed to indicate the near-term crisis was over prior to the recent push back above 6.00. higher resistances are once again as noted above.

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, the Weekly Report & Event Calendar (accessible for Sterling and higher level subscribers) is available via the www.rohr-blog.com sidebar.

The first item was of course that both US and Canadian markets were all closed Monday for their respective national holidays (Presidents' Day and

Family Day, respectively.) That said, there was still quite a bit of important Asian economic data. Speaking of Asia, the spread of China's COVID-19 virus continues. Even if there are tentative signs of slowing fresh infections there, the overall path of the virus is likely to have additional commercial impacts.

Yet the markets seem less influenced by that in the wake of central banks' signals that they are prepared to provide stimulus to offset any effects. This is something we will be monitoring closely for whether it remains an effective buffer against the broader COVID-19 impact, like global supply chain disruption (as fully reviewed in today's extensive initial analysis.)

While there are only limited scheduled central bank influences this week, there are important sentiment indicators for the first time since the COVID-19 outbreak began. The most interesting come at the end of the week in the form of Friday's first global Advance PMI readings since the virus became a prominent factor in January. That comes in the context of some still important regular economic data throughout the week, yet with little from the US.

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