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**ROHR-BLOG: 'Stuck in the Middle', Quick Take, Calendar**

1 message

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Dear Subscribers,

As noted in Tuesday's 'Crunch Time... Again' research note (revisiting our February 27th theme), the MARCH S&P 500 FUTURE is back to the 2,400 area low end of its historically relevant trading levels (more below.) The decision from there will determine whether the recent 2,600 area fresh major DOWN Break will dominate future trading; or whether the US EQUITIES have a chance to stabilize.

The 'macro-technical' dilemma is as we noted a week ago in our 'Anticipation versus Desperation' research note on the hopeful signs from massive US and global government support and stimulus to offset the COVID-19 virus impact. That is especially so for the average working person, who may be an hourly contractor not getting a regular paycheck from a major business. And many hopeful noises have been made by the Trump administration and others in that regard.

Today's FOMC decision will likely be a 'hold steady' at the recent emergency rate cuts 'zero boundary'. And the press conference will highlight the additional emergency measures taken to ensure liquidity along with some mention of the extensive US Treasury actions.

This will crystallize the rightful Fed response during what is a full blown international financial and commercial crisis. The dilemma is the US legislative

process that has only approved a minor portion of necessary spending so far.

As Madame Lagarde pointedly noted in her ECB press conference a week ago, *“‘The shock is ‘severe’ yet still ‘temporary’ IF right actions are taken by all players.”* (Our punctuation.) Yet we are seeing a specious bit of US ‘Congressional Complacency’ as it regards the Senate actions.

Regarding some of his members’ reservations about the initial House economic support package, Senate Majority Leader McConnell’s enlightened expression is, *“My counsel to them is gag and vote for it anyway.”* Sounds like he understands that this is similar to the late September 2008 Democratic aversion to approving a ‘bailout for banks’.

That immediately led to early October’s US EQUITIES meltdown (see Friday’s ‘Whole of Government Decision’ research note for much more detail.) And it might happen again here if the Congress fails to move timely on measures to provide immediate financial relief to individuals in the midst of a global public quarantine affecting so many businesses.

See Tuesday’s National Review article (<http://bit.ly/3a2VKZg>) on the Senate situation and what else is coming soon. As Treasury Secretary Mnuchin pointed out in an attempt to spur more timely action by Congress (especially the Senate), in a worst case scenario US unemployment could rise as high as 20% (see CNN article <https://cnn.it/3a1W8au>.)

The current situation with the FRONT MONTH S&P 500 FUTURE into these major recent and historic resistance and support reminds us of the old Stealers Wheel song “Stuck in the Middle with You’ (1972 Rafferty & Egan.) After noting his discomfort, the singer expresses his disdain for present company, *“Clowns to the left of me, Jokers to the right...”* (Full lyrics courtesy of AZ Lyrics at <http://bit.ly/2U0JUtp>.)

Can anyone doubt President Trump’s response prior to getting more serious of late was disturbingly ‘clownish’ at best? Now we have the jokers in the Senate who have presided over a more typically Liberal ballooning of the US government deficit raising fiscal issues during a national (and international) pandemic crisis.

Only if they get real, and approve the rightfully Brobdingnagian response that would be overblown under normal circumstances, do we have any chance the US EQUITIES (and others) will hold. FRONT MONTH S&P 500 FUTURE stuck in the middle of two major levels has little chance of holding the lower bound if Congress wavers.

## Market Quick Take

The COVID-19 virus spread had caused the US EQUITIES intermediate-term bull psychology to 'crack'. Yet does this signal a 'breakdown' into a bear trend? The current selloff back below the front month S&P 500 future 2,600 area would speak of that being a greater possibility. As bad as US EQUITIES looked on the violation of the key congestion around the mid-2019 highs (highlighted in our previous 'Crunch Time' research note), the 'broad' trend support has now been violated.

That lower US EQUITIES support includes the longer-term weekly chart channel updated as of Friday's Close (<http://bit.ly/3aVpl1u>.) So in addition to the MARCH S&P 500 FUTURE (expiring Friday) violating the support from the 2019 congestion and push above the multi-year topping line at 3,070, the 3,030-00 previous all-time high congestion, and recent 2,970 DOWN Break below the overall up channel (from the 2,313 late 2018 low) has been violated once again.

That is also below FRONT MONTH S&P 500 FUTURE congestion in the already noted interim 2,850 area followed by the more prominent 2,750 area. That 2,600 area broadest weekly channel support (also 48-month MA) had a Tolerance to the mid-low 2,500 2018 congestion. The longer it is below that, the more so next supports are the late 2018 2,413-09 weekly UP Closing Price Reversal (also historic congestion) already tested, and extreme low trade of that UP CPR at the 2,313 level (also more historic congestion; see the chart) since the late 2016 rally.

Below that next supports are not until the interim 2,275 and more credible 2,200 mid-2016 congestion. More major lower support is not until the major all of 2015 2,125-00 congestion, and ultimately very hefty 2,000-1,970 2013-2016 congestion.

Even with previous US consumer-driven improvement, overall weakness of international data on balance continued despite selective previous partial improvement. That is of course now expected to significantly deteriorate.

This was reinforced by central banks' perspective even prior to them understanding the extent of the COVID-19 impact. That includes 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>.) Her views at last Thursday's press conference (<http://bit.ly/2vh3dVJ> Statement with presser link on the side) were even far

**more pointed; including repeated admonitions that coordinated fiscal action needed to be timely to prevent a larger crisis.**

**While the Fed was more balanced, it was also concerned about global weakness despite previous US strength, as evidenced by its previous rate cuts and now acting on its discussion of being prepared to do what is necessary if the COVID-19 impact spreads in the US.**

**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>) were that growth remains below trend and was threatened by the commercial impact of the rapidly spreading COVID-19 virus. And as we noted on March 9th, they summarily cancelled the next release that morning, which is a very radical step that says the future is very uncertain.**

**All of which was reinforced in a major way by their 'out of normal cycle' (typically not until May) March 2nd Interim Economic Assessment "Coronavirus: The world economy at risk" (<http://bit.ly/3cqTKeY>.)**

**Of special note in each case 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>) that are now surely only that much worse. While all of that may improve to some degree once the COVID-19 threat passes, informed observers were already still cautious in any event due to the levels of tariffs that remain despite recent reductions announcements prior to the COVID-19 impact.**

### **Evolutionary Trend View**

**Moving on now to a very concise critical market assessment in the wake of the US EQUITIES dropping below overall 2,600 trend support from the early-2016 FRONT MONTH S&P 500 FUTURE 1,800 area lows (projected from (from the**

2,313 late 2018 low.) After the past month-and-a-half of seeing GLOBAL GOVVIES strength, that is now significantly reversing on the prospect of the major global fiscal stimulus likely weighing on those markets as well.

The MARCH T-NOTE FUTURE surging into a new all-time high two weeks ago above the 134-00/-08 summer 2016 previous high was understandable (see the weekly chart through last Friday's Close <http://bit.ly/2x1z3GA>.)

As we had based our future expectation on its historic weekly Oscillator activity likely extending its rally at least into the 135-16/136-00 area (MA-41 plus 06-00/-16), which had already been violated two weeks ago. Sustained activity above that zone pointed to the next Oscillator resistance into the 138-00/-16 area (MA-41 plus 08-00/-16) it was already testing back then into its parabolic extension to the weekly Oscillator resistance in the 139-16/140-00 area (MA-41 plus 09-16/10-00) last week prior to its setback.

In fact, that sharp selloff later last week created a DOWN Closing Price Reversal (CPR) back below the 138-00 area (Tolerance that week's 138-16 high.) That is now the next resistance (fully reinforced by the Oscillator resistance (MA-41 plus 08-00/-16) with 140-00 area next.

Yet it is now not a major surprise it has sold off from its early week test of that 138-00/16 DOWN CPR retest into the 136-00/-16 area (now MA-41 plus 06-00/-16) with some slippage. 134-00/-08 remains lower support.

Similarly, the previous strong sister BUND FUTURE had seen the MARCH CONTRACT rally back to fully test and exceed its 177.00-.50 resistance from last summer (weekly chart <http://bit.ly/33j380a>.) Much above that next resistance was not until 178.50 congestion from back then it hit prior to a week ago Friday's expiration, with a DOWN CPR at 179.20 (Tolerance at 179.67 all-time high) above.

Yet there was a twist here on the typical very early expiration of the MARCH CONTRACT that Friday with the JUNE BUND FUTURE trading almost 3.00 lower. While there was a chance it would be back into or below the 175.60-.00 area, in the event the strength of the uptrend extension in the MARCH BUND FUTURE to test that mid-179.00 resistance left the JUNE BUND FUTURE trading above 175.60-.00. That implied instead of weakening back below it, it was more likely to trend up into the 177.00-.50 resistance and above.

And while we always expect the second month contract to swing back up to front month values if the BUND maintains its up trend, the JUNE BUND FUTURE had done this in record time: literally between becoming the front

month on a week ago Friday into only early afternoon (Central European Time) last Monday. That push up into the low 179.00 area was once again only a retest of the early September DOWN CPR.

And after that last week it sagged back below the 177.50-.00 area since Tuesday, has been unable to sustain activity back above it, and even left a fresh DOWN CPR from the previous week's 176.52 Close. As such, despite the strength of the other GLOBAL GOVVIES that weakness had already carried it below next lower support in the 175.60-.00 range and even below next lower 173.25-.00 support. In a clear sign of how concerned the BUND is about the necessary fresh fiscal largesse necessary to counter the heavy European COVID-19 impact, it is also back below the previously staunch 170.50-.00 NEGATED early November DOWN Break support tested extensively over the winter. Next lower support is not until back in the 168.58-.00 area hefty congestion from during the summer 2016 previous all-time high congestion.

As far the MARCH GILT FUTURE (expiring at the end of next week) is concerned also at new all-time highs like the T-NOTE, last week it overran the September 2019 135.26 weekly DOWN Closing Price Reversal (Tolerance to 135.87.) That also overran some historic weekly Oscillator resistance at 137.00-.50 (MA-41 plus 4.00-.50.)

This left the next weekly Oscillator resistance at 139.00-.50 (MA-41 plus 6.00-.50) it had already tested two weeks ago and overran temporarily last week. And much like the T-NOTE, last week's selloff left a DOWN CPR from the previous week's 139.00 area Close (Tolerance right there as well due to that Close being at the high of the week.) Not only did the MARCH GILT FUTURE fall back down into the 137.00 area, but the major discount in the JUNE GILT FUTURE left it back into the 135.26 violated weekly DOWN Closing Price Reversal support at the end of last week.

Next support below that is hefty recent and historic 133.00 area congestion and weekly MA-41 it is currently sagging below, with interim 132.00 congestion below. The more major 130.50-.00 significant historic and recent congestion along with the 10-month trading low is below that.

In FOREIGN EXCHANGE the DEVELOPED CURRENCIES have also seen massive shifts over the past few weeks. As noted previous, even though the US DOLLAR INDEX had a 'haven' bid as recently as three weeks ago, since then it has been under extensive pressure against the other DEVELOPED CURRENCIES (including the recent atypical depression of the other 'haven' JAPANESE YEN.) While the volatility in this area is also historically extreme,

**previous US DOLLAR weakness was not a surprise with COVID-19 is spreading in the previously 'safe' United States. Yet that is now reversed on worse impacts elsewhere.**

**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 levels were the interim 99.00 area, yet with the more prominent area not until the 99.50-100.00 'big penny' historic congestion at which it failed again on the retest two weeks ago (just like last October.)**

**After weakening in the end of February it recently failed back below 98.37-.00 (also important cluster of weekly MAs in the upper 97.00 area) on its way to also cracking the 96.50-.00 well-established congestion range support held at the end of last year. With the previous COVID-19 flight to US safety reversed, it was retesting the longer-term congestion in the 96.00-95.84 area (12-month trading low.) Much below that is the interim congestion into the recently tested 95.00 area it held again this week, with the more major 94.00-93.70 area below.**

**Yet the recent return of concerns elsewhere has seen it surge back above the 98.37-.00 area, and even above previously tested (February high) 99.50-100.00 up toward the interim 101..30 and more significant 102.00-.25 (late-2016/early-2017) congestion.**

**Along with the extreme concerns now affecting the BUND on a fiscal basis, European currencies are under pressure again versus the US DOLLAR. EUR/USD was also under pressure previous early this year due to its still weak economy, the initial response to the COVID-19 spread there took it to 33-month lows below last October's 1.0878 trading low prior to the current sharp recovery. The EURO was strengthening so much against the temporarily weak US DOLLAR due to previous 'greenback avoidance'. The US DOLLAR losing its haven bid had seen EUR/USD surge back above 1.0800 and even the more prominent 1.1000 area as well as the heavy 1.1250-00 area. That was the next lower support, yet with the greenback surging once again it was readily violated.**

**It has now failed back below it as well as the interim 1.1100 area and even the more prominent 1.1000-1.0950 area. It is now also back below last October's 1.0878 trading low once again, with the more prominent support not until the historic and recent congestion in the 1.0800 area with a buffer to the weekly chart gap higher from a mid-April 2017 1.0722 weekly Close. Yet that is just**

part of an entire broader range with interim congestion at 1.0500, a low end into the January 2017 1.0340 more than 17-year trading low (i.e. from the time of the EUR/USD recovery back above 1.0000 after several years of travails following its 1999 inception.)

GBP/USD had already held up much better against the US DOLLAR than other DEVELOPED CURRENCIES in the wake of the Brexit vote finally confirming its exit from the EU. While failing from 1.3500 again in December as well as back below the interim 1.3200 congestion, it only worked its way gradually into the historically important 1.3000-1.2800 range. Even on the late February US DOLLAR surge, GBP/USD only dropped to a Close near the bottom of that range.

However, the BoE leading the emergency rate cut efforts spooked the POUND bulls, leaving it back below 1.2800. Since then it Closed below 1.2500-1.2450 last week and even the interim 1.2200 area and major 1.2000-1.1960 September 2019 three-and-a-half year trading low.

That leaves it nearer the October 2016 post-Brexit political crisis 1.1711 35-year trading low. Along with the 1.1000 area, that is also some minor congestion from the 1984-1985 swing down into the 1.0345 February 1985 all-time low.

And despite US-China rapprochement on the Phase I trade and tariffs agreement, AUD/USD remains depressed on the heavier East Asian COVID-19 impact. That is only as expected, even as it has finally seen a minor bounce this week on the US DOLLAR weakness. Yet that is still from well below the .7000 area held in mid-May of last year.

Minor squeezes temporarily back above the .7000 area were only a prelude to slipping more definitively below it last July. Next lower major support was the .6825 area early-2016 10-year trading lows it also slipped below around the same time.

That is important after it slipped below next interim support at .6690-77 in early February on COVID-19 driven weak Chinese economic concerns. The .6500 area was the next support it slipped below along with violating the .6250 area next support. That was the last interim congestion this side of the now also violated .6000 area October 2008 17-year trading low. The 'good' news here it that there are somewhat substantial 1998-2003 interim congestion at .5720, .5325-15 and near .5000 this side of the major April 2001 .4793 all-time trading low.

**In light of the recent more radical swings we are resurrecting our analysis of the USD/JPY. This was the prima facie example of the extreme mid-February 'haven' bid in the US DOLLAR, as the typical fellow 'haven' currency YEN came under heavy pressure on the USD/JPY surge above 110.00 for the first time since May 2019, leading to an immediate rally to the prominent 112.00-.50 area into the end of that week.**

**Yet here as well, once the US DOLLAR came under pressure on its loss of 'haven' status due to the COVID-19 spread in the previously safe US, at the end of February it 'crashed' back below the 110.00 area to Close into 108.00 again. Yet that did not hold since two weeks ago began on weakness that carried below the interim 106.00 area and once again below the very prominent 105.00-104.50 range (39-month trading low with major tests in March 2018, January 2018 and August 2019.) Next lower congestion is not until the interim 102.50 area that it traded below last Monday prior to Closing in that area and now recovering above the low 105.00 area to roughly 108.00. More major lower congestion is into the summer 2016 100.00-99.07 summer 2016 extensive major range 6-year trading lows.**

**And EMERGING CURRENCIES that had been under pressure were recovering to some degree, yet are now back under pressure. The SA RAND has seen USD/ZAR overrun 15.40-.50 into testing the 15.69 September 2018 high prior to pulling back. Yet even though it sagged all the way to 15.20 early last week, it was back above 15.40-.50 and challenging the 15.69 resistance late week. It started out this week surging above the 16.00 and 16.30 next higher congestion resistances all the way to the 16.95 resistance (nearer the major January 2016 17.94 all-time high) prior to setting back around 16.00 earlier this week. However, fresh economic concerns have seen it rally back above 16.30 and interim 16.45 at present, with not much until 16.95 once again until that 17.94 all-time high.**

**The RUSSIAN RUBLE had seen USD/RUB push above 66.50-67.00 on weak Crude Oil as well (economic weakness driven) prior to dropping back on short-term EQUITIES and CRUDE OIL recovery. Back out above it last week left the bigger resistance not until 69.00-70.00 it began this week pushing sharply above. And historically there is not much resistance again until the 75.00 area (early 2016 congestion) which it has duly tested early this week prior to pulling back nearer to the interim 71.00 area. Yet here as well the return of economic stresses has seen it rally back up above 75.00 of late (trading high 75.46) prior to trading just below it last week and again right now at present. Higher**

**resistances are the 80.00 area it is currently testing and the 85.00 area also last seen on the early 2016 surge.**

**Even the previously more resilient MEXICAN PESO has seen USD/MXN surge through 19.50-.60 on its way to testing the interim 19.95 area prior to slipping back temporarily. Yet it recently exceeded that once again along with a temporary surge above the 20.25 resistance prior to dropping back below it at the end of last week. Yet here as well we had noted that PESO weakness might continue on the COVID-19 North American impact, with next resistances not until 20.50 and 20.65 that were sharply overrun on Monday.**

**That also saw it surge above the 20.96 June 2018 high (also congestion) on the way to a retest of the 22.03 January 2017 all-time high prior to setting back around the 20.96 area earlier last week. Yet the return of the economic stresses and weak Crude Oil prices have seen it surge to a new 22.95 all-time high prior to setting back toward the 22.00 area last week. Yet at present the renewed economic concerns and Crude Oil weakness leaves it trading up into 23.60 area after setting a new 24.09 all-time high earlier today. Of note, this also significantly exceeds previous repeated weekly Oscillator resistance (MA-41 plus 2.30) that should have kicked in around 21.60 last week... time to reassess that once the current surge is over.**

**Of note, the TURKISH LIRA had been relatively steady through all of the EMERGING CURRENCY turmoil elsewhere. Yet it has been under pressure since USD/TRY held key 5.50-5.45 support and pushed back above 5.65-.60 range along with last July's 5.7871 high from after the central bank governor dismissal. Key resistance at 5.90-5.93 was also exceeded again in January.**

**USD/TRY has now even strengthened above the 6.00 area that seemed to point to a retest of interim 6.15 area that was also exceeded on the way to a test of the May 2019 crisis 6.25 area 17-month trading high. Compared to the weakness of other EMERGING CURRENCIES this previously left the LIRA a bastion of stability. Yet recently above the 6.25 area left the door open to a test of the higher September 2018 6.45-6.55 congestion it is already testing at present, or even possibly the extended higher 6.72 and 6.83 levels or even the 7.10 area all-time high all seen during the 2018 LIRA crisis.**

**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](http://www.rohr-blog.com) sidebar.**

**As we have been noting for some time in our research notes, regularly scheduled releases are obviously less relevant in the face of 'macro' factors; and especially (as our anticipatory views into mid-February had highlighted) the highly pernicious impact of the COVID-19 virus.**

**This was glaringly apparent once again on last week's US government failures followed by Friday's extended attempt to renew confidence in its pandemic response. There are also the near-term economically troubling yet hopefully immunologically enlightened responses from many other global national and regional governments.**

**That said, there are still some very important economic releases and central bank influences in this once again typically very full week. Even if they will only act as a backdrop for the future COVID-19 impact and other 'macro' influences, they will still be important.**

**Already at the top of this week in Asia the Reserve Bank of New Zealand has put through an emergency 75 basis point cut to its base rate to just 0.25%, and the US FOMC has done likewise on a cut to 0.00-0.25%.**

**There were Monday's Chinese economic releases followed by a scheduled National Bureau of Statistics press conference and then the Bundesbank Monthly Report. Tuesday brought the RBA meeting minutes, predictably weak European data and also weak US February Retail Sales and Industrial Production.**

**Today saw surprisingly mixed European data along with the start of a range of central bank decision and press conferences: FOMC this afternoon followed by the BoJ and SNB Thursday and the PBoC on Friday. Along the way we will undoubtedly availed of much more information and press conferences from US and global governments on all levels, especially governors of key states along with Trump & Company.**

**Also still keep in mind that for the next two weeks the US is already on Daylight Savings Time with Europe and the UK only moving their clocks forward on Sunday, March 29th.**

**And due to the vagaries of the COVID-19 volatility on full display again over the past two weeks, we maintain our recent classic advice: Keep those seat belts firmly fastened.**

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