



RESEARCH NOTE

Tuesday, June 9, 2020

The Long-Bomb and the Sharp Pencil, Quick Take, Calendar

We have been happy to field a few compliments of late on our recent major projections coming to fruition repeatedly in hypervolatile markets. That is not to boast, as we are always humble and simply appreciate any time the markets cooperate with our overall perspective and technical Evolutionary Trend View.

Those major sizable projections (which we also make across longer time frames in less volatile markets) are like American football quarterbacks who can throw the ball with precision nearly the length of the field... the proverbial 'long-bomb'.

Old Oakland Raider quarterback Daryle Lamonia threw so many long passes before many teams did that, he was nicknamed 'The Mad Bomber'. Yet clearly the operative term there is 'with precision' to connect with the receiver on a definitive 'pass route'. That is very much like the 'sharp pencil' technical projections in the markets.

We are coming to you a bit later than usual in order to see and assess somewhat dated yet still relevant April US Wholesale Trade Sales. While a bit of a rearview mirror indication in the context of Friday's US Employment report major upside blowout, it is still dire in showing a 16.9% decline versus an estimate of only 4.0% lower. Along with other data, it seems to belie any strong US economic picture.

And after Monday's 'Social Shift or Just a Blip?' research note major review of the cross currents on the COVID-19 pandemic issues, economic data variables and potential broader social shift that could affect November's US general election, all of that remains much the same. As such, it seems there might be some utility in discussing the technical side of macro-technical analytics. That is due to the 'macro' aspect already being well-reviewed in Monday's research.

There is a possibly over-simplified, yet nonetheless true, major axiom on the effective trend analysis process: *"Pre-decision trend analysis should always be 'top-down', and post-decision trend analysis should always be 'bottom-up'."*

This is in any event instinctive for most, yet not all, analysts, traders and portfolio managers attempting any meaningful risk management. We started our analytic career many years ago in the pre-electronic quote era as a 'runner' (order clerk) on the old Chicago Mercantile Exchange (check it out <https://bit.ly/2Yme8aW> ...may need enlarging.)

Yep, those are the latest trade quotes called up to folks on catwalks marking them on shifting chalkboards that were the basis for any Time & Sales inquiries. The trading arena beneath the 'CME Group' label is the dear departed Pork Belly futures pit. The 'Bellies' were the frothing mad dog of agricultural futures back in the day due to their high volatility. This was natural as the pork cut that gets turned into bacon (in the US, 'rashers' elsewhere) is, after all, a half a pound of fat. This is the basis for their erratic near-term and overall behavior.

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Yet from an analytic training standpoint, this was excellent training for fine line ultra-short-term trend analysis. It took a lot of practice in self-kept charts, as there were naturally no electronic histories to bring up charts on screens yet either. Also clearly the rigor required to show the patience and fine line technical view to analyze and trade the volatile Bellies was excellent training for the incremental advent of volatile financial futures; from CURRENCIES into DEBT and finally EQUITIES.

Given early training was only on the short-term, how did one evolve from there? Well, with the assistance of talented mentors. My financial market friends and I are forever grateful to these folks for their guidance going up the learning curve when short-term expertise and views were no longer adequate to understand the broader context of the trends. They were like Sherpas assisting us with the slog up Mount Everest... starting from floor scalping, it felt that daunting.

However, ultimately 'widening the lens' to include somewhat longer-term charts and additional techniques for trend following along with 'overbought-oversold' indications, we were able to put the markets in the long-term context. And getting back to where we began, that long-term view ultimately can be an extremely extended ultra-long-term analysis.

As an example, when I produced an analysis to assess the breakdown of the DJIA in 2008, the longest term up channel projection had to be taken on the monthly and weekly charts from the July 1932 all-time trading low down at 40.56... that is not a typo.

Of course, going back that far is rarely necessary. Yet even in the current S&P 500 FUTURE trend context, we are assessing the trend out a 2015 sideways churn into the 1,802.50 last February 2016 trading low prior to the overall bull of the last four years into the February 2020 new all-time high.

From that we garnered a lot of history which proved to be very useful on the way down and the way back up in recent hypervolatile activity (more below, especially the weekly chart through last Friday with indications.) Along the way we used daily and intraday charts as well.

In the most recent examples of those shorter-term projections assisting clients, look at how instrumental the understanding back in March of the importance of the 2,620 area was in the FRONT MONTH S&P 500 FUTURE. That was already important recent historic congestion and other indications when the S&P 500 Broke DOWN through it in March and recovered back above it in early April. Likewise for interim higher resistances in 2,750 and 2,850 areas which were useful on the way back up, as well as the more major 2,970-3,030 range violated of late.

As important now is the understanding that above that level the next resistance was the 3,200 area, which it only took the market five trading sessions to reach after the weekly Close above it on May 29th. That's an obvious recent example of how to take advantage of the 'long-bomb'.

Yet we also have a fine-line Tolerance (weekly Close as usual) of 3,230 on that general 3,200 projection. And while anything can happen, it is of note that this has been the effective trading high for the past couple of sessions at the top of a \$200 rally (from the last pullback low into the 3,030 area last week Tuesday.) Not to boast; just an observation.

However, we use a 'fractal' approach that includes technical analysis techniques being portable across time frames. As such the 3,230 area seemed obvious on the full 'drill down' from the longer-term charts into the daily and intraday activity back in January and early February (as well as the 3,231 JUNE S&P 500 FUTURE annual Close for 2019.)

Much above that level it might be capable of pushing back up to the higher congestion in the 3,330-40 area. If not, it might dip back down.

And once any definitive view is taken, it is important to monitor the short-term charts and indicators as well. That will assist in knowing whether the longer-term Evolutionary Trend View is conforming, or reversing previous trend indications. The latter is what happened to the bears on the recent S&P 500 attempt to top out from below the 2,970-3,030 range (as reviewed at length in the video below.)

The balance of Evolutionary Trend View on broad-based macro background and psychology and technical trend ideas remains the same as Monday's analysis.

Anyone interested in a more extensive view of how fledgling trader in the old days used to expand their perspective and develop sharp timing skills would do worse that a read of 'Reminiscences of a Stock Operator' by Edwin Lefevre (<https://amzn.to/2A8p1W1> Amazon link.) It is allegedly the fictionalized business biography of legendary early 20th century multi-market timer Jesse Livermore.

For anyone with more of a quantitative headset that would like to know more about fractals in the markets, the somewhat dated yet still relevant bible is Benoit Mandelbrot's 'The Misbehavior of Markets' (<https://amzn.to/37hwoqb> also Amazon link - to hardcover edition.)

Courtesy Repeat of Monday's Market Quick Take

COVID-19 virus spread caused US EQUITIES intermediate-term bull psychology to 'crack'. Front month S&P 500 future was already back below key congestion around the mid-2019 3,030-00 previous all-time high congestion. That was below support from the push above the multi-year topping line at 3,070 as well, and left a late-February intermediate-term up channel 2,970 DOWN Break.

The subsequent DOWN Break below the FRONT MONTH S&P 500 FUTURE 2,600 area major up channel seemed to indicate more of a near-term failure. That was from the early 2016 low (<https://bit.ly/2MHlxfA> updated through Friday.) That was the recent key higher resistance it had violated on its push above its 2,675 trading high Tolerance from prior to the DOWN Break (including monthly MA-48.)

As such, it is reasonable the JUNE S&P 500 FUTURE will now treat the low 2,600 area (with a Tolerance to the mid-2,500 area) as support. And the FRONT MONTH S&P 500 FUTURE pushed out of the broad higher range top in the 3,030-2,970 area two weeks ago and sustained it, with the 3,200 area the next higher meaningful resistance that has a 3,230 Tolerance.

That is obviously what the market knew once it exceeded the 3,030 area. The key levels along the way were previously violated support at 2,850 area and the 2,750 area, both of which had been exceeded. It held below the latter in late-April without ever nearing the 2,675 Negated Tolerance of the 2,600 area DOWN Break.

This left the open potential to retest that more prominent confluence of resistance factors in the 2,970-3,030 range despite previous slippage. That resistance was further reinforced by the manner in which volatility had returned to the downside from late April into mid-May. This created a more highly focused Evolutionary Trend View (ETV) in the form of a near-term Head & Shoulders Top pattern... now Negated.

That pattern along with the other key low-mid 2,800 area technical indications 'confluence' is reviewed at length in our TrendView Video from late May (<https://bit.ly/2XylbNn>) on FRONT MONTH S&P 500 FUTURE 'long arc' and shorter-term (04:00-06:40) developments. There is also comparison with a 2008 S&P 500 FUTURE recovery rally (07:10-11:30) with important implications for the current US equities decision.

Evolutionary Trend View

Moving on now to a critical market assessment in the wake of the US EQUITIES recovering back above the 2,600 channel DOWN Break from the early-2016 FRONT MONTH S&P 500 FUTURE 1,800 area lows (projected from (from the 2,313 late 2018 low.)

GLOBAL GOVVIES strength into early March was temporarily significantly reversed on the prospect of the major global fiscal stimulus likely weighing on those markets as well. And the current US EQUITIES strength is finally reinstating much more pressure for than previous on what is a more upbeat economic outlook even if there is still little expectation there will be any inflation anytime soon.

The **MARCH T-NOTE FUTURE** surging into a new all-time high into mid-March (i.e. shortly prior to its expiration) above the 134-00/-08 summer 2016 previous high was understandable (weekly chart through Friday <https://bit.ly/3h5BdY7>.)

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 was violated in early March. 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) into mid-March prior to its sharp setback.

In fact, the sharp selloff later that week created a DOWN Closing Price Reversal (CPR) back below the 138-00 area (Tolerance the previous week's 138-16 high.) That is now resistance which has been repeatedly tested on the initial push above it and again in recent recoveries. 140-08/-24 area was next Oscillator resistance this side of the mid-March 140-24 all-time high (and trading high of that recent DOWN CPR.)

Even though it had been under pressure back below that 138-00/-16 area into early April, it is currently pushing back above it despite US EQUITIES strength. This reinforces the NEGATION of that mid-March 138-00/-16 DOWN CPR, which should indicate higher ground to come.

The next resistance is at near-term congestion in the 139-00 area it has churned around for the past several weeks prior to recent repeated mild selloffs back to test the 138-00/-16 area. And that didn't last very long before the recent next push back above the 139-00 area. Beyond that next resistance is the 140-24 mid-March all-time trading high.

However, the current drop back below the 138-00/-16 area leaves the door open to a test of the overrun mid-2012 previous 135-16/-00 area all-time high. That is backed up by the 134-00 congestion from that time, and subsequent mid-2016 rally highs in that area.

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 updated through Friday <https://bit.ly/3cKE6u6> and annotated to show last Friday's SEPTEMBER BUND FUTURE Close into today's June contract expiration.)

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.

Once the JUNE BUND FUTURE became front month in March it also dropped below the next lower 173.25-.00 support, and even back below the previously staunch 170.50-.00 NEGATED early November DOWN Break support that had been tested extensively over the winter. It is a clear sign of how concerned the BUND is about the necessary fresh fiscal largesse necessary to counter the heavy European COVID-19 impact.

Next lower support was not until back in the major 168.58-.00 area from during the summer 2016 previous all-time high congestion that it held on the sharp selloff into mid-March prior to the bounce back above the 170.50-.00 area.

The extended weak economic psychology had recently boosted it back up into the important 173.00-.50 range once again prior to renewed weakness. As such, the JUNE BUND FUTURE back above the 173.00-.50 range then dropped back to the more major 170.50-.00 congestion next lower support. The biggest recent news in Europe has been German agreement to participate in a very major pan-European COVID-19 relief fund. At €750 billion it far outstrips any individual country rescue package to date.

As such, the secular weight on the BUND is more so from what appears to be a change in the draw on the German treasury from a broader European spending program. This is the sort of thing they have resisted for years, along with the thought of any deficit spending fiscal stimulus.

Even as Germany (at the strong behest of Frau Merkel) opened its doors to all manner of Middle Eastern and North African refugees that put pressure on the economies of its European cohorts, it refused to spend despite its serial budget surpluses. Its reason? "Well, now we have all of these refugees to care for...", which was not well-received by its European counterparts.

That additional pressure on the German treasury goes some way to explaining why the JUNE BUND FUTURE failed below key 173.50-.00 support while the others held equivalent levels. Yet there is a key 'technical' event looming into next Monday: the typically early quarterly expiration of the front month BUND FUTURE.

And these have seen serial major premiums and discounts in the second month which are far beyond what is experienced in the other long-dated bond futures. In this case the SEPTEMBER BUND FUTURE is trading at a 3.00 premium to the June contract.

The current 'risk-on' psychology has now seen JUNE BUND FUTURE slightly below the low 170.50-.00 area again. Even with the 3.00 SEPTEMBER BUND FUTURE premium, it was also just a bit below the 173.50-.00 area on Friday's Close. How this all plays out this week will be important for both the BUND and the other GLOBAL GOVVIES.

As far the MARCH **GILT FUTURE** was concerned, also at new all-time highs like the T-NOTE saw it overrun the September 2019 135.26 weekly DOWN Closing Price Reversal (Tolerance to 135.87) back in early March. 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 and overran temporarily in early March. And much like the T-NOTE, its selloff into mid-March left a DOWN CPR from the previous week's 139.00 area Close.

The Tolerance of that DOWN CPR is 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 full point discount in the JUNE GILT FUTURE left it back below the 135.26 violated weekly DOWN Closing Price Reversal support.

That also saw the JUNE GILT FUTURE below the 130.00-.50 FRONT MONTH GILT FUTURE support into next historic low-128.00 congestion it hit temporarily on its sharp mid-March dislocation prior to the major rebound above the mid-low 135.00 area which held as support back into early April.

The recent weaker economic expectations had boosted it back above 137.00 area congestion that had held on recent tests, with 139.00 area above that restraining the recent rally prior to the dip back into the 138.00 area. Yet now well back below the 137.00 area once again leaves lower support in the mid-low 135.00 area.

In **FOREIGN EXCHANGE** the **DEVELOPED CURRENCIES** had also seen massive shifts over the past three months prior to quieting down once again. As noted previous, even though the **US DOLLAR INDEX** had a 'haven' bid as into mid-February, it then came under extensive pressure against the other **DEVELOPED CURRENCIES** (including the recent atypical depression of the other 'haven' **JAPANESE YEN**.)

Yet the recent concerns about how poorly the other countries might fare under the extended COVID-19 impact had seen a partial 'haven' bid return to the greenback until the recent **US DOLLAR INDEX** stalling around the 100.00 area and dropping once again into and now even below the 98.00 area. While there is some interim congestion in the 97.00 area, the next major congestion is in the 96.00 area; reinforced by the weekly UP Closing Price Reversal from back during the wild early-March selloff and recovery.

While the volatility in this area was also historically extreme prior to current stabilization, previous **US DOLLAR INDEX** weakness was not a surprise with COVID-19 is spreading in the previously 'safe' United States. Yet that was reversed on worse impacts elsewhere leading to a wild rally to 103.00 prior to settling back into the 99.00 area.

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 early last 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.

After weakening in the end of February it 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 into mid-March, with the more major 94.00-93.70 area below.

Yet the previous return of more pointed concerns elsewhere had seen it surge back above the 98.37-.00 area, and even above previously tested (February high) 99.50-100.00 and interim 101.30 into the mid-March retest of the more significant 102.00-.25 (late-2016/early-2017) congestion. Yet it then settled back temporarily below 100.00-99.50.

Even though there was a late-March retest of 98.37-.00, it had been back up retesting 100.00-99.50 and slightly higher levels after a late April retest of the 99.00 interim congestion area it has now slipped below once again along with the 98.00 area on the current selloff.

As noted above, there is some interim congestion in the 97.00 area, yet with the next major congestion in the 96.00 area; reinforced by the weekly UP Closing Price Reversal from back during the wild early-March selloff and recovery.

European currencies had been under pressure again versus the US DOLLAR. **EUR/USD** was 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 subsequent sharp recovery.

The EURO was then strengthening very 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 then failed back below it as well as the interim 1.1100 area and even the more prominent 1.1000-1.0950 area. It was also back below last October's 1.0878 trading low once again. It also weakened below the more prominent 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 it weakened below prior to a recent recovery to the 1.1000 area. Since early April it has seen serial swings between the 1.0800 and 1.1000 areas with it now pushing above the higher end of that range and even the higher 1.1200-50 resistance. Next higher resistance is back in that 1.1400 area.

Of course, the EURO seems to be benefitting from the German agreement to participate in a very major pan-European COVID-19 relief fund. At €750 billion it far outstrips any individual country rescue package to date. This is the sort of thing they had previously resisted for years, along with the thought of any deficit spending fiscal stimulus.

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 three weeks ago and even the interim 1.2200 area and previous major 1.2000-1.1960 September 2019 3.5 year low.

It was recently even below the October 2016 post-Brexit political crisis 1.1711 35-year trading low prior to the current rebound above it near the 1.2500-1.2450. While it sounds like a long way down, due to the nature of the aggressive 1984-1985 selloff and recovery, next support is not until the 1.1000 area.

Yet even that is also relatively minor congestion from that 1984-1985 swing down into and recovery from the 1.0345 February 1985 all-time low. Thankfully it had rebounded back above the 1.2200 area, even if only stalling back into the 1.2500-1.2450 area previous despite the mid-April very temporary blip above it.

Recent strength above that area has created a new interim resistance at the recent 1.2650 area highs, with next interim resistance into the 1.2700-50 range it is now testing, and more prominent resistance still into that broad 1.2800-1.3000 range.

And despite the previous US-China rapprochement on the Phase I trade and tariffs agreement not encouraging much **AUD/USD** strength, it is recovering now on the heavier diminished East Asian COVID-19 impact. That is only as expected, yet it is still from well below the .7000 area held in early-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 was that there is somewhat substantial 1998-2003 congestions at .5720, even if it washed out below temporarily in mid-March (trading low .5510) prior to the recovery back above the .6000 area it is holding back above at present and even exceeding that .6250 area violated support.

Recently trading only somewhat above the .6500 area after previous slippage below it, the current rally has extended well above it and the hefty .6690-77 congestion. That leaves the next congestion resistance into the .7000-50 range it is most interesting it is only now challenging in the wake of strength in the other DEVELOPED CURRENCIES. This is possibly the fallout from the continued confrontation between China and US (and clearly allies like Australia.)

USD/JPY 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 early March 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 was not until the interim 102.50 area that USD/JPY traded below recently prior to and recovering back above the low 105.00 area as well as 108.00 and recently even the 110.00 area once again prior to the current weakness. Higher resistances remain in the 112.00-.50 and 114.00-.50 areas even if it sagged back below the 108.00 area of late toward 106.00 prior to the current recovery back above the key historic and recent 108.00 congestion area. And the USD/JPY recent move up toward the 110.00 area clearly speaks of the degree to which alternative 'haven' currency YEN is also losing any luster in the renewed 'risk-on' environment.

And **EMERGING CURRENCIES** that had been under pressure had been recovering to some degree in February prior to coming back under pressure. The **SA RAND** has seen **USD/ZAR** overrun 15.40-.50 and even the 15.69 September 2018 high prior to pulling back previous.

Even though it sagged all the way to 15.20 in early March, it was back above 15.40-.50 and the 15.69 resistance a week later. Then it surged above the 16.00 and 16.30 next higher congestion resistances all the way into violating the 16.95 resistance in mid-March.

The weak economic outlook has caused it to now exceed the major January 2016 17.94 all-time high it had set back a bit from in the wake of the US rescue package last week. Yet it is important to note the next extreme weekly Oscillator thresholds (from 2008 and 2016) this week are 18.95 and 19.15 areas (weekly MA-41 plus 3.20 and 3.40), moving up by 0.10 per week.

The recent improved sentiment on US EQUITIES had it back below that Oscillator threshold area into the middle of April. Yet it then surged well above them, setting up a potential RAND failure after the sharp early April USD/ZAR 19.00 DOWN Closing Price Reversal (CPR) with a Tolerance to the 19.08 high of the previous week.

After vigorously testing that resistance in late-April, it is even more critical going forward. There is also the 19.33 all-time high of that DOWN CPR week. It is also of note that the recent sharp slide of USD/ZAR from that 19.00 area only sagged to the very top of the near-term 18.00-17.80 recent congestion support prior to getting the bid back. As such, the near-term aggressive up trend was not in any way threatened. There was also the recent sharp upsurge in the wake of US EQUITIES previous near-term slide, yet with USD/ZAR finally dropping well back below the 18.00-17.80 area into mid-May after it had previously tested it and held.

This is a further sign of how much central bank and government supports have encouraged a more upbeat outlook, whether that proves to be the case across time. The recent drop below the 17.75 weekly MA-13 left the next short-term congestion support back into the 17.55-.50 range it has now also slipped below.

And it was finally trading back down into more prominent historic congestion into 17.15-16.90 range from the USD/ZAR early 2016 spike higher. Now below that as well, it is of note that the next historic interim congestion is not until the 16.30 area, with heavier support not until the 16.00 and 15.70-.60 areas.

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 tested into early March prior to pulling back nearer to the interim 71.00 area. Yet here as well the return of economic stresses had seen it rally back up above 75.00 of late on the previous hope for the global economy and (at long last) some reasonably significant Crude Oil improvement on the Russo-Saudi pumping truce.

That said, after recent USD/RUB strength again back above the 75.00 area, it has recently slipped somewhat below it on the Crude Oil stabilization and rally. Next interim support was previous congestion and recent trading lows into the 73.00-72.70 area it has violated. The more major support was still into the 71.00-70.00 area it has just dropped below, with the next interim congestion into the 68.00 area and heftier congestion not until 67.00 with 65.00 below.

Even the previously more resilient MEXICAN PESO saw **USD/MXN** surge above the 20.25 resistance in early March leading to an explosive rally. Here as well PESO weakness continued on the COVID-19 North American impact, with next resistances at 20.50 and 20.65 sharply overrun into mid-March on the way to also violating the 20.96 June 2018 high (also congestion) on the way to surging above the 22.03 January 2017 all-time high as well.

And the return of the economic stresses and weak Crude Oil prices had seen it surge to a new 24.62 all-time high out of mid-March, which had been exceeded on the US rescue package worries leading to another new 25.44 all-time high in late March prior to setting back around the mid-low 23.00 area. That left a weekly DOWN CPR from 24.40 (Tolerance 24.62) as new near-term resistance, yet which was NEGATED on last week's push higher (and Closing above it.)

Despite the Russo-Saudi pumping truce not fomenting a Crude Oil rally, there was also another round of USD/MXN weakening from the early April 25.76 new all-time high. That left yet another weekly DOWN CPR from 24.96 (Tolerance 25.04) the critical elevated near-term topping signal key resistance now after it pushed above that mid-24.00 area.

Much like USD/ZAR stalling from its 19.00 retest, USD/MXN falling back from the 25.00 area critical resistance below the low-24.00 area was a positive PESO sign. Lower support was the recent congestion in the low 23.00 area it neared in early April and has now violated on the current selloff.

That also overran weekly the Oscillator threshold (MA-41 plus 2.30) that is up into the 22.85 area this week, leaving it more critical into the overrun historic 22.00 area January 2017 previous 37-month all-time high. Now back below that the next lower interim congestion is in the 21.00 area, yet with the heavier historic congestion not until 20.00 area.

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 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 above the 6.25 area since mid-March left the door open to a test of the higher September 2018 6.45-6.55 congestion it had exceeded again prior to the temporary subsequent setback into that area later on in March. Since mid-April it has rallied above extended higher resistances at 6.72 and 6.83. That left the 7.10 area previous 2018 crisis all-time high it has now exceeded.

That put it up above the high end of some key weekly Oscillator resistance (MA-41 plus 75-85) at 6.90-7.00 this week, with the decision now more critical since it recently traded above that previous 7.10 area all-time high prior to the current slide back below the Oscillator projections. Now weakening further below that Oscillator range looks good for the LIRA.

If it should push up strongly again, the 2018 thresholds are not until much higher: 7.85 and 8.35 (MA-41 plus 1.70 and 2.20.) However, at least so far it has loosely defended the Oscillator resistance up to near that 7.10 area previous 2018 crisis all-time high. Next lower support is into that old 6.72 area already tested over the past several weeks which it is now firming above, with weekly MA-13 into that area and next support into that September 2018 6.45-6.55 congestion.

Reports & Events

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.

Rohr RESEARCH NOTE Tuesday, June 9, 2020

As we have been noting for some time in our research notes, regularly scheduled releases are obviously less relevant in the face of the COVID-19 'macro' factors. That said, there are still some very important economic releases and central bank influences again this week.

Monday kicks off with tentative Chinese trade data into important Japanese Industrial Production and Eco Watchers Survey. Tuesday picks up the pace with Australian surveys into German and French trade data and Euro-zone GDP. While that is followed by important US numbers, things really intensify into Wednesday's Asian inflation numbers leading into the OECD Economic Outlook and Composite Leading Indicators followed by US CPI and the FOMC rate decision and revised economic projections followed by Powell's press conference.

Thursday is French Nonfarm Payrolls and Italian Industrial Output into US PPI and now more critical Weekly Jobless Claims. Friday brings Japanese Industrial Production and Capacity Utilization into UK GDP and associated numbers along with Euro-zone Industrial Production prior to only mostly Michigan Consumer Sentiment Index in the US.

And due to the vagaries of the COVID-19 volatility, we still maintain our recent classic advice that was fully vindicated this week: Keep those seat belts firmly fastened.

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