Research Note

Thursday, November 18, 2021

Like Charming a Cobra, Quick Take, Calendar

After all of the important releases earlier this week (including Wednesday's ECB Financial Stability Review), there was not much more of any consequence today other than the pleasant surprise of Euro-zone CPI coming as expected. While still at an elevated level, that is a constructive change from some recent individual European countries' hotter inflation indications, which is also the case elsewhere.

Along with the downside correction back below 80.00 in WTI CRUDE OIL prices, that is likely responsible for the nominal bid in GLOBAL GOVVIES today. Yet it is curious that the direct influence of lower energy prices, along with its importance for overall inflation, is not assisting EMERGING CURRENCIES at all. In fact, they are under more extensive pressure now even than their return to weakness since their mid-October rally highs. That is a sign of the degree to which a ‘risk-off’ psychology is continuing to expand beyond the inflation consideration.

As noted in Wednesday’s ‘ECB Financial Stability Review and More’ research note (repeated below for your ease of access), with China temporarily sidelined as a major negative influence, it comes back around to the impact of the now resurgent COVID-19 pandemic. Check out the latest CDC New US Cases graph there for the indication that is also apparent in the UK and much of Europe outside of France.

US cases surging back up to 150,000 on Monday is a distinctly bad sign right in front of the Thanksgiving weekend major travel and gatherings beginning into the middle of next week. While the daily new cases dropped back to 96,000 on Tuesday, only numbers consistently below 65,000 are constructive.

That concern over the potential impact on the global economy might also be contributing to the bid in the GLOBAL GOVVIES. Yet they have been very hard to read under the prevailing cross currents, where inflation remains well above the current risk-free yield levels. It has been like trying to stare down a cobra to watch their narrow ranges after the September-October selloffs. Even weak sister DECEMBER GILT FUTURE has recovered back above the 126.00 area.

And if it is evolving into more of a COVID-19 resurgence ‘risk-off’ environment, the same can be said for the US EQUITIES. Since the DECEMBER S&P 500 FUTURE exhausted its rally into the low 4,700 area Oscillator resistance late week two weeks ago, it has been stuck against it; yet mostly only reacting down to no lower than 4,650 area. When do the next more substantial price moves commence again? That’s anybody’s guess with strong corporate earnings.

However, in general the now pronounced weakness of EMERGING CURRENCIES tends to reinforce our recent sustained view that the entire ‘post-pandemic’ psychology so prominent in the general and financial press a month ago was a ‘triumph of hope over reason’. That is at least for anyone considering the broader macro influences, and especially the COVID-19 pandemic resurgence that is a global development.

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As noted on Wednesday, there is still an analytic choice to be made on whether the extensive higher new cases will bring as extensive a negative economic impact as last year. We suggest a read of Wednesday's analysis for a full review.

Repeat of Wednesday's 'ECB Financial Stability Review and More' research note

We noted in Tuesday's 'Critical Cross Current Choices' research note that we were only going to update the Evolutionary Trend View after this morning's (08:00 GMT) ECB Financial Stability Review (**https://bit.ly/2YUAnsW**.) That is after the recent significant short-term impact of the BoE Monetary Policy Report and press conference two weeks ago, and last Monday's Federal Reserve Financial Stability Report, which highlighted risks from China's property developers.

It is of note that the ECB seems sanguine about risks from what it sees as a waning COVID-19 pandemic, and is even highlighting the recovery since the depths of the early phase quarantines and general public fears. Yet we continue to ask the same questions repeated in Tuesday's analysis that we have been looking at for some time: Is the pandemic really waning? And will the impact of any resurgence really be as benign as many observers would like to believe?

We will revisit that shortly, but first we suggest a quick review of what the ECB had to say by scrolling down to 'presentation slides' for a look past the better tendencies the ECB has highlighted. In the initial bullet points on the outlook it notes, "*Supply disruptions and energy prices pose risks to inflation and growth*." As we have highlighted for both Europe and the UK, that energy price component of the general sustained inflation picture is of particular concern into the Winter.

On a more subtle note regarding market valuations, the "Deviation of a basket of global financial assets from long-term average" graph (page 7) is very interesting. It illustrates the degree to which general asset prices have become inflated to the same degree as they were depressed during the Credit and Housing Bust in 2009.

Of course, these tendencies are hard to quantify for any definitive market view. However, the recent explanations of why corporate earnings can remain strong despite the ongoing inflation likely eating into consumer discretionary spending, especially in the UK and Europe, are more than a bit suspect.

Even in a US where savings remain robust after the spread of government relief package largesse, the recently cited BLS Real Earnings report (see last Friday's research note for the full details) showed that US workers are losing ground to inflation despite the recent wage gains.

With the China risk factor temporarily suspended due to encouraging Retail Sales and Industrial Production data early this week, the remaining risk is a current widespread COVID-19 pandemic resurgence. That is underway in quite a few areas, especially Eastern Europe and now Western Europe as well (France excepted) and the UK, where it surged as far back as July and has remained high.

Yet the poster child for how bad it might become on a near-term assessment and outlook is still the US. As we have noted in recent analysis, and committed to updating on a regular basis, the US was the main source of the 'post-pandemic' quip on just how far new cases had fallen.

That was with an expectation case counts would collapse further into a benign limited spread in the future. This was despite the still low overall US full vaccination (around 60%) and rejection of suppression measures. However, as emphasized since our October 20th 'Post-WHAT?' research note, that sanguine extrapolation of the near-term trend was folly without any credible exploration of the 'macro' factors that would support that sort of optimistic view.

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And lo and behold, that ‘post-pandemic’ designation has disappeared from the general and financial press vernacular in a heartbeat in the face of the renewed spread of the pandemic. While Asia has seen an uptick in cases that is troubling due to its more draconian responses, those have proved effective in the past.

And the real risk for a major COVID-19 resurgence that could lead to extensive government restrictions to curb it is in the US. As we have been at pains to point out previous, the real impact of the pandemic on economic activity is twofold. The first is outright government (whether local, regional or federal) restrictions that weigh on economic activity. Yet there is also a broader psychological force which has a real impact beyond any government action: public aversion to activity in the ‘gathering’ economy, including dining, travel and hospitality.

On the back of greater vaccination confidence, each of those areas has recently seen a major rebound after waning in Q2 on surging COVID-19 new case counts. However, that recent new case improvement is now significantly reversing in the wake of the more sanguine public attitudes. Again as we have highlighted and committed to regularly updating, here is the latest CDC New US COVID-19 Cases graph (**https://bit.ly/3DpHylH**.) After typical lighter reporting over the weekend, US new cases as of Monday have surged up to every bit of 150,000.

Along with the recent consistent push to US new cases above 100,000 since late October, the 7-Day Average (that did not even drop back below the consistently highlighted 65,000-70,000 area) is trending in the wrong direction again. However hopeful the optimists would like to be, this is also into what is expected to be a return to major US Thanksgiving travel and gatherings a week from today.

Might it really be that this will bring a reduction of new cases despite those rising prior to this higher risk time? Might it also be that US vaccination progress (that is less than Europe and the UK) will bring a period where the economic impact is going to be very limited? Possibly.

Yet we recommend keeping an eye on that potential general public reticence regarding the ‘gathering’ economy. It is an even more powerful indication for future US economic performance in a world where the pandemic is once again resurgent, and might even inform our view beyond any government action… it might also extend to influencing the public elsewhere.

While sustained inflation and especially its impact into UK and European energy prices this Winter will be a forward consideration, and China is on hold for now, the COVID-19 impact that many hoped would be in the rearview mirror by now is again a key consideration. The cross currents on that noted above form the critical choices the markets and their participants will need to make.

Courtesy Repeat of Tuesday’s ‘Critical Cross Current Choices’ research note

The markets have arrived at a juncture where there is both current good news and bad news along with positive and negative anticipation. While that is always the case to some degree, it is particularly pronounced at present due to some of the key factors we have highlighted previous. While this is very evident in the ‘country’ tendencies in FOREIGN EXCHANGE, it is also still the case in the resilient ‘risk-on’ psychology in US EQUITIES while the GLOBAL GOVVIES are also holding up.

While that general perspective deserves more definitive articulation, first we will provide additional background on how each influence is playing out in general. In the first instance is inflation, which remains a major negative that was reflected in this morning’s over the top French and Italian CPI and US Import/Export prices after last week’s also much higher than expected US CPI.

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Just to put an emphasis on it, this is also with strong overall economic numbers all of this week so far, like Chinese Retail Sales and Industrial Production and today's US Retail Sales. As such, inflation is looking to remain a sustained problem.

Yet as has been the case, retailers are showing an ability to pass along enough of the elevated costs to the consumer to also maintain healthy corporate earnings. This is true of all of them from Walmart to Home Depot, which will continue to support elevated US EQUITIES valuations in the near-term with an emphasis on watching turnover.

The risks to the Chinese economy have been a recent concern, especially as it might be impacted by any additional acute problems with its major property development companies. The issue is not the direct financial harm from any outright defaults, but rather the 'ripple effect' out into the Chinese economy if any major developer (like Evergrande) or developers should cancel projects. It is similar to the risk seen when the US Housing Bubble collapsed in 2008.

In both construction employment and the smaller businesses which depend on spending of those workers the net impact for the economy might be quite large. As last Thursday's Reuters article (**https://reut.rs/30vNEZh**) notes, "*Investors are worried about wider contagion from the property sector which has seen a string of missed offshore debt payments*…"

While it is always possible that the central government might step in to avoid any broader economic fallout, at least so far… "*There are absolutely no fundamental changes or relaxations on the property lending caps*…" This leaves ongoing lack of financing risks out there for now.

Last, yet by no means least, is unexpectedly (at least by some folks) heightened concerns over a resurgent COVID-19 pandemic after so many (present advisor excluded) had been noting imminent arrival of a 'post-pandemic' environment. Due to this having been extensively explored in Friday's 'What A Week' research note (repeated below for your ease of access), we will be brief today.

As previously noted, while the drop in US cases has been impressive, that was from the surge back to daunting levels through all of August and September. In essence, the 'improvement was only to 'less bad' rather than any great degree of elimination of the overall pandemic on average in the US (or elsewhere as well.)

Also as already highlighted previous, the current CDC US New COVID-19 Cases graph (**https://bit.ly/3oCDM8w**) shows a sharp increase back to the 125,000 level not seen since late September. The 7-Day Average is also trending up again from its recent probing of the key 65,000-70,000 area.

That is important as July 2020 peak, above which the pandemic exploded into last Winter, and the April 2021 level on the way back down at twitch the new cases stalled prior to atypically surging again into this Summer. This all becomes more telling again over the next week as the level from which the US enters its key Thanksgiving travel.

Yet, here as well, there is a choice for the markets to make on whether any COVID-19 resurgence will weigh heavily on the economies where that occurs. Given the now quite high levels of vaccination in many countries (outside of a US that is languishing around 60% fully vaccinated), might there be much less of an impact on the global economy?

Possibly. Yet that will depend in good measure on whether local outbreaks cause national or local officials to impose restrictions or quarantines once again that affect the economy. It is going to be a fluid situation.

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Yet, getting back to the impact of the general costs from inflation, it appears that in addition to any COVID-19 impact Europe and the UK are going to see quite a bit of pressure on consumer spending from much higher energy bills this Winter. However much government agencies may try to ease the burden, the alarmist view in the UK is that many of its citizens will need to "...choose between heating and eating." (See Thursday's research note also repeated below for more on that.)

That higher energy cost drain on household income will likely also affect the 'discretionary spending' habits of Europeans affected by similarly higher energy costs this Winter. Even as better off as the US may be, Thursday's research note also highlighted the US Bureau of Labor Statistics 'Real Earnings' release that showed the labor force had fallen well behind inflation during September-October.

It is most interesting that Thursday's title had also alluded to how 'curious' it was that with all of the US problems (extending into the political sphere as well) that the US DOLLAR should have developed a 'haven' bid, with the US DOLLAR INDEX up to a new 16-month high above its 94.74 September 2020 trading high.

Yet that is substantial on the back of weakness in the inflation and COVID-19 plagued (literally) UK and Europe. The AUSTRALIAN DOLLAR that had seen the worst of its major COVID-19 surge over its just ended Winter has been holding up well.

Where this leaves the markets is in a more balanced state than the 'whipsaw' back from late last week's heavy temporary 'risk-off' activity. It is likely the US EQUITIES can be more of a two-way trading market after the DECEMBER S&P 500 FUTURE neared and rebounded from the 4,621 major 'swing count' Objective that leaves it back up closer to low 4,700 resistance (with a 4,730 Oscillator level.)

The GLOBAL GOVVIES still need to be concerned about the elevated inflation levels, which are both expected to continue and are well above the current yields on all of the government (i.e. 'risk free yield') instruments. Yet the degree to which the economic situation deteriorates on the factors we have noted likely means they will also be more of a two-way street for a while compared to September-October.

Courtesy Repeat of Wednesday's Quick Take

After the early July downside reaction the recovery back above the 4,300 area violated support left the higher resistance into the previous week's 4,360 DOWN Closing Price Reversal with a Tolerance to 4,364. That is clear on the FRONT MONTH S&P 500 FUTURE weekly chart (**https://bit.ly/3HsfCX2** updated through Friday.) It is of note the SEPTEMBER S&P 500 FUTURE had managed to retest that area right into the ECB press conference prior to weakening once again the following Thursday morning.

And the SEPTEMBER S&P 500 FUTURE subsequently sustaining activity above the 4,425 and 4,450 weekly Oscillator thresholds was a sign of continued strength as they were still rising $25 per week. As such, the Oscillator indications remained important after what was the 'lackluster jailbreak' after the previous outstanding US Employment report. With the market dropping back below the 4,450 level, there seemed to finally be some real risk.

Yet even below the key lower interim levels into the recent 4,425 area congestion and 4,380-65 area bottom of that, it also held key lower support in mid-August looking forward into the following week. That bigger level was 4,340 on weekly MA-13 (loosely held on all sharp reactions) at that time, and the significant aggressive weekly UP Channel from the major 2,174 March 2020 cycle low.

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In the event, the recent late week recovery back above the 4,425 area pointed to the strength of the psychological recovery as well as exceeding the key technical resistance areas. That led to the recent new all-time highs above the previous week 's 4,476.50 trading high (prior to the temporary selloff.) That again left the near-term Oscillator thresholds into 4,515 and 4,540 areas (on the rising MA-41), which it failed to maintain in early September, fomenting the reaction.

This led to the SEPTEMBER S&P 500 FUTURE violation of the 4,492 interim daily chart congestion after trading around it previous, with the more prominent 4.462 area also being violated two weeks ago. And while it traded back above that as well early last week, recent softening below it spoke of an ability to trend lower in the near term.

That left the more major 4,420-10 area as next support on both weekly MA-13 as well as that significant aggressive weekly UP Channel from the major March 2020 low.

Having tested that area into the mid-September Close and violating it from the beginning of the following week was a fresh 4,410 DOWN Break. That fed further weakness which was already anticipated from the negative influence flowing out of China.

As usual there was a Tolerance below that (as seen on selloffs in both June and July) down to 4,350 area lower congestion developed during the temporary July topping activity, and retested on the mid-August sharp temporary reaction to a 4,347.75 trading low. While that seemed a broad berth, on past form only below the 4,350 area does it signal a full trend reversal.

Yet as always with these matters, the weekly Close was more important than temporary trading weakness below it. And the DECEMBER S&P 500 FUTURE held against interim low-4,300 support, and ended the week back above the low 4,400 area. The extent of the temporary selloff means that it needed to be treated as a 4,410 weekly up channel DOWN Break.

Yet that also means the Close back above it established it as a Negated DOWN Break, and therefore a support area. That is also consistent with weekly MA-13 moving up to the 4,430 area this week. That said, the 4,348 area had reverted to the key support again on the then renewed pressure. And much like previous, it was temporarily violated. The difference is that the daily 'trend flow' was quite a bit different with the rally back above the low-4,400 area.

Holding above the 4,430 area Tolerance of the 4,400-10 resistance for a weekly Close also above the at that time weekly MA-9 and MA-13 in the 4,435-45 area looking more bullish again.

The next higher resistance was at the 4,472 late September trading high from which it previously dropped to the 4,300 area. That being exceeded last week was a further strong sign, which has not surprisingly led to the DECEMBER S&P 500 FUTURE also pushing above the next minor early-September congestion in the 4,510 area.

That only left the early September 4,549.50 front month S&P 500 future all-time high as resistance. After that was exceeded, a 4,621 major 'swing count' was the next key threshold, with the next key weekly Oscillator thresholds up into 4,705 and 4,730 this week (still rising $20 per week.) After stalling into the lower one two weeks ago, there was finally a reaction... yet only down to near 4,621.

Courtesy Repeat of Wednesday's Evolutionary Trend View

While the **FRONT MONTH T-NOTE FUTURE** (March at the time) contract had not really challenged the mid-low 132-00 area support, the discounted JUNE T-NOTE FUTURE was only back to trading somewhat above it (as apparent on the weekly chart through Friday **https://bit.ly/3qlxeYA**.) The next key decision into mid-low 132-00 area was the March contract expiration after the JUNE T-NOTE FUTURE failure on the rally into that area.

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Even as it recovered then, the bounce back above that area had failed again, with the lower support still down into the interim 130-00 area, and major support not until 128-00 area (2019-2020 congestion.) Yet the subsequent sanguine Fed attitude along with COVID-19 Delta variant concerns seemed to be supporting JUNE T-NOTE FUTURE in its recovery back above 132-00. That opened the door to the retest of the historically prominent 134-00 area seen of late.

However, the quarterly expiration saw the SEPTEMBER T-NOTE at a typical full point discount, even if it recovered nicely from recent activity back below the 132-00 area once again on the FOMC fears. While that should provide comfort to the bears, it was also a risk they could rally to retest the 134-00 area if they did not remain below 132-00. That recovery has transpired in the context of the recent COVID-19 Delta variant spread, with a rally well above 134-00.

That it is also still likely abetted by the consistent FOMC commitment to continued bond purchases, which has led to the push above the 134-00/-16 congestion from March 2020, with the next resistance as nearby as the 135-00 area into recently tested weekly MA-41 that has now dropped to the upper 134-00 area. Yet the more major DOWN Channel resistance (from the 140-235 March 2020 all-time high) is not until the mid-136-00 area.

However, in the wake of all of this inflation pressure, the SEPTEMBER T-NOTE FUTURE was holding in the mid 133-00 area. That is still only a bit below the 134-00/-16 area it subsequently traded above, and still well above the key lower 132-00 area it recovered above after slippage in March and repeated tests through June. This is all the more interesting as the pressure on the other GLOBAL GOVVIES seems to stem in part from US inflation indications.

And the SEPTEMBER T-NOTE had finally been weakening a bit below the 134-00 area, even if only slightly up until its September 21st expiration. However, even after the recent bounce, the DECEMBER T-NOTE FUTURE was still at a 24/32nds discount. That left it down into the low 133-00 area, and slipping for a vigorous test of the more important 132-00/131-16 area.

As noted previous, DECEMBER T-NOTE FUTURE weakness is particularly telling both in the context of how quickly it weakened into that area, and the next historic support not being until the 130-00 area. That is allowing that the previous sharp selloff into early April held at 130-255, essentially not any sort of historic congestion.

After a brief mid-October rally, it had finally weakened below that level and was at new lows after not being able to Close back above it on an interim rally. Yet some combination of negative sentiment factors, such as the recent serial weak economic releases and COVID-19 resurgence, had rallied it back up to the 131-00 area prior to stalling once again.

That said, the previous selloff was consistent with a 10-year yield swing to 1.66%, as expected. That was near levels seen during the April-May 1.70-1.75% range surge. The next support below the 130-00 area is not until the more major congestion area at the low end of the August 2019 through February 2020 range in the 128-00 area, which would be consistent with yields above the 1.70-1.75% range.

However, the recent rally that was exacerbated by a more dovish than expected BoE two weeks ago Thursday sent it back up to a test of the 132-00 are. Yet the subsequent US and other countries' inflation data had it back down near 130-00 prior to stabilizing.

While the **MARCH BUND FUTURE** remained above 173.00-172.50 congestion, as expected it was a bit demoralizing that the JUNE BUND FUTURE was so far below it when it became front month future (seen in the weekly chart through Friday **https://bit.ly/3HsqRyD**.)

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That left it more so poised to retest the 170.50-169.75 area congestion that had reached prior to the current recovery rally, with the far more major lower recent and historic congestion in the 168.86-.00 area from the summer 2016 previous all-time high.

However, it was more important on the previous recovery whether it could once again sustain activity back above the 173.00-172.50 congestion. Yet after only rallying into that area on the recent general GLOBAL GOVVIES recovery, this previous weak sister had been back under pressure toward 170.50-169.75 area congestion on stronger European inflation indications despite rallies on central banker assurances regarding inflation.

Even its previous recovery from temporary slippage below 170.50 left it only up into the existing 173.00-172.50 congestion once again. While that leaves a long way back down to the key recently tested 170.50-169.75 area, even after fading from the contrarian FOMC bounce it was only somewhat back below that 173.00-172.50 congestion.

And that lack of any downside momentum left it hanging around the low end of that important 173.00-172.50 congestion of late, with the recent recovery back above 174.00 looking more so like a retest of the 175.00-.50 area was possible under the influence of the recent COVID-19 Delta variant spread.

After that even that resistance had been exceeded on the extended Delta variant influence, with next congestion back in the 177.50-.00 congestion area that has been vigorously tested in recent trading. Next resistance was as nearby as 178.00 congestion, yet with the extended level in that area being the 178.77 December trading high, and its gap lower from the 178.68 high Close that same week.

On the current return to weakness below 177.00-.50 area the key lower remains the 175.50-.00 area it pushed above in mid-July after a more telling rally above the 172.00-.50 area. Yet it was now already back down into the low end of the 175.50-.00 range. While holding might have given some folks a sense of support, that was also violated into early this week.

And that was only the prelude to today's SEPTEMBER BUND FUTURE typically early month expiration with the DECEMBER BUND FUTURE trading at a full 3.00 discount. And that is with the December contract also below the 173.00-172.50 area, which seems to point to quite a bit of inflation expectation there. It also points to the potential test of the next major 170.00-169.50 congestion unless there is a recovery back above the 173.00-172.50 area. And on the recent rally it only reached the 172.00 area.

That said, previous downside leader DECEMBER BUND FUTURE Monday drop into its major 170.00-169.50 range key support has not seen any further weakness so far. The overall drop represents a yield rally to -0.20%. While that may sound quite low to others, it is well up from nearly -0.50% as recently as mid-August. Its importance is highlighted by this being the key support this side of the 168.00-167.50 range.

However, much like the T-NOTE, its selloff into May did not quite reach that area. Now that it is dropping very near that lower support after avoiding it last week, it is more critical. While next support is as nearby as the mid-166.00 area, that would indicate the 10-year yield had risen back above 0.00% for the first time since May of 2019.

However, some combination of negative sentiment factors and the less hawkish than expected BoE two weeks ago Thursday had it back up above the 170.00-169.50 failed support. That leaves an interim 170.50 support level, and heavier resistance back up in the 172.50-173.00 area if it should manage to rally that far.

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As the co-downside leader the **MARCH GILT FUTURE** (possibly on the inflationary implications of the Brexit break with the EU) was already failing somewhat below major 130-00 congestion. That was also with the typical full point discount in the **JUNE GILT FUTURE**. That left next support into the mid-low 128.00 area it was recently below prior to rebounding.

Even though back above it once again, it remained vulnerable along with the rest of the GLOBAL GOVVIES. If it should slide further, the next major supports are not until the 126.50 and 125.50-.00 areas. Yet central banker assurances inflation will be transitory had it recently rallying back into the upper 128.00 area of late. While the prominent resistance remains in that 130.50-.00 range congestion (violated previous 22-month trading lows), weekly chart congestion, MA-13 and the gap down from the March contract expiration all pointed to resistance in the low-mid 129.00 area into which it indeed stalled into early June.

And the GILT FUTURE expiration saw the opposite picture from the premium in SEPTEMBER BUND FUTURE. The **SEPTEMBER GILT FUTURE** was actually a typical full point below the June contract when it expired. While it was recently back down below the 128.00 area, we ascribed this to the economic differential between the previously fully reopened UK economy versus some residual drags in Europe.

While recently only modestly back above the 128.00 area, the current rally under the influence of recent UK COVID-19 Delta variant spread had it back up into to the 130.50-.00 range prior to recently backing off. It is interesting that even as the Delta variant continues to impact the UK and global economy. In that regard, the GILT not rallying any further than a retest of the high end of the 130.50-.00 area was a warning, even if it was maintaining that rally into higher resistance until the recent return of pressure.

Yet on the current weakening back below 130.50-.00 area the next support remains 128.00. While quite a ways off, the September contract expiration currently sees a **DECEMBER GILT FUTURE** that is already trading down below that lower congestion, and closer to the major 126.00-125.50 major congestion prior to the recent bounce.

That said, as the FRONT MONTH GILT FUTURE had been the weak sister previous, it failed to hold its 128.00 support on the September contract selloff. With the typical full point discount at expiration in the ‘second month’ DECEMBER GILT FUTURE, it was back to well below its 126.00 support. That is striking in being so far back below the 126.86 May trading low (March-May high yields near 0.90%), and insofar as the cash rate is now slightly above the psychologically important 1.00%.

The next futures support was not until the recently tested low 124.00 area. Any sustained weakness below that area (which is developing at present) points to interim congestion in the 123.00 and 122.00 areas, yet with the major low end of the full 2018 range (it is already sagging into) not until the 120.00 area (weekly MA-41 minus 9.00!!)

As such, even considering how far GLOBAL GOVVIES prices have fallen and yields have risen, the ‘straight-line’ factor means that if the current support fails they may have further to go prior to any stabilization or counterpoint reaction. That was very interesting of late as it scrambled back up to the 124.00 area after weakening below that area of late.

And here as well some combination of negative sentiment factors, such as the recent serial weak economic releases and the COVID-19 pandemic resurgence, had rallied it back above the 126.00 area failed support. That was exacerbated by the less hawkish than expected BoE two weeks ago Thursday pushing back up near the interim 127.50 March-June congestion, with the more considerable congestion (and weekly MA-41) up into the 128.00 area, with its now slipping slightly back below the 126.00 area.

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In **FOREIGN EXCHANGE** the **DEVELOPED CURRENCIES** had also seen massive shifts from the Spring of 2020 prior to quieting down once again. As noted extensively throughout the year, even though the **US DOLLAR INDEX** had a 'haven' bid into mid-February 2020, it then came under extensive pressure against the other **DEVELOPED CURRENCIES** on the more upbeat global recovery outlook on the COVID-19 vaccination success despite near-term setbacks.

Yet the previous higher yield anticipation was driving the 'risk-off' psychology in the vulnerable EMERGING CURRENCIES on a 'country' basis, even if a resilient if quieter US DOLLAR 'haven' bid has survived a modest rally in the DEVELOPED CURRENCIES. It currently seems prospects are better in the US than the rest of the world despite the US still having an elevated COVID-19 new case rate. That has led to the US developing a nominal yet curious 'haven' bid into a new 16-month high... possibly as the 'least bad' alternative.

After the **US DOLLAR INDEX** had failed to remain out above the 91.00-.23 range in recent trading, next lower support in the 91.00-90.50 area was violated prior to the previous squeeze above that area (as seen on the weekly chart **https://bit.ly/3qGOIVm** through Friday.) That still left historic 89.50-.00 area support tested during December through February and just missed in late May as lower support.

Yet in the wake of FOMC moving to a seemingly more aggressive tightening, it was back into 92.30-.00 area once again, which it had recently overrun. While the recent focus was back on 91.00-.50 area (including weekly MA-41) that it could not weaken back below of late, the higher interim resistances above the 92.00-.30 range are into the already violated 92.60.

That is along with the recent fresh major weekly 92.70 down channel UP Break (see the chart.) While recently slightly above the next congestion in the 93.30-.40 area (including the March 93.43 8-month trading high), back below it the 92.70-.60 area was a key consideration.

Failing below it prior to the current recovery was a negative sign which has been mitigated on the rise back above it. Whether that maintains, and whether it can invigorate stronger activity back above the 93.30-.40 area will be the ley current trend indications.

Yet the market activity is clear on the US DOLLAR INDEX rising above 93.40 area once again. Also above the August 93.72 trading high makes this a new 10-month trading high, with next resistance not until the 94.30-74 Fall 2020 trading highs. The recent weakening of the US DOLLAR 'haven' bid left it struggling to hold the 93.70 area once again, yet which it then recovered back above.

Yet the weakening of other DEVELOPED CURRENCIES under the weight of the resurgent COVID-19 pandemic (especially in the UK and parts of Europe) had seen it to only slip quietly below that area prior to the recent recovery. The current 'haven' bid looks more so like a 'shift into the least bad' bid into what may be another global weakening. Yet above the major 94.74 16-month high the next resistance was not until 95.74 that has already been exceeded with the low-mid 96.00 area above that.

With **EUR/USD** below 1.2000 again, there seemed to be more of a 'risk off' psychology again into early March, which was then independent of the strength of EMERGING CURRENCIES. Lower supports were back down into those 1.1815 and 1.1700 areas. That reinforced the potential for more US DOLLAR strength. The next lower EUR/USD support into 1.1815 had been violated in late March, with next support into the 1.1700 area subsequently tested prior its subsequent rapid push back above the 1.1800 area.

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That was extended as EUR/USD rallied above 1.2000 again, and even churned above the top of the 1.2000-1.2100 range prior to temporary slippage back below the top end of that range in recent trading. The next significant resistance above is back into the recently tested 1.2200-50 area at the bottom of the early 2018 major range, with next resistances above into the 1.2400 area interim 2018 congestion, and 1.2550 top of that range.

Yet in the wake of FOMC moving to a seemingly more aggressive tightening (now refuted), it was back below 1.2000-1.2100 range with 1.1900 area interim support being violated overall on the way to the current weakness below the 1.1815 interim support. That left the 1.1700 area more major lower support, which correlates well with the US DOLLAR INDEX 93.30-.40 area.

While much below that the next more major support is not until the 1.1600 area, the recovery back above the 1.1815 interim support meant that was once again the area to closely watch. And the recent sharp failure put the 1.1750 area back in play as a weekly Head & Shoulders H&S) Top Neckline (as evident on the weekly chart through Friday **https://bit.ly/3oBUcOq**), which it quietly slipped below on a fresh 1.1800 DOWN Break.

Does that mean the 1.1100 Objective will be hit? Well, long before that would happen it will be important to see if it sees greater weakness below the important late-March 1.1700 area trading low than the temporary weekly Close slightly below it two weeks ago.

That is the low between the Head (H) and Right Shoulder (RS), the violation of which is always a key indication of whether the H&S Top is a bona fide pattern reversal, and fulfills at least the minimum bear trend definition of a “lower low after a lower high” (as the right shoulder by definition always is.) Yet on current form, the sheer ‘trend flow’ for the past several weeks looks bad for the bears.

Having a sizable weekly pattern DOWN Break show some progress only to not exhibit downside ‘follow through’ on the subsequent selloff felt like that overall DOWN signal that is not performing to reinforce the overall trend reversal. Into last week it was all coming down to whether the bears could defend the 1.1800 area overall despite the recent buoyant price activity, and that was temporarily not the case. Yet the current weakness back below that area and now the 1.1700 is more bearish once again.

However, unlike the previous minor new high in the US DOLLAR INDEX, EUR/USD was still holding slightly above its 1.1664 mid-August trading low until dropping to the 1.1600 area Fall 2020 trading lows. That leaves the next interim support around 1.1500, yet with the major support not until the 1.1400 area last seen in July 2020. However, on the recent ‘risk-on’ psychology revival it has churned back above the 1.1600 area.

Yet the continued pressure on the non-US DOLLAR DEVELOPED CURRENCIES under the weight of the resurgent COVID-19 pandemic (especially in the UK and parts of Europe) has seen it only churn back up toward the interim 1.1700 area prior to slipping back to no better than the 1.1600 area of late. This has now led to the further weakening below the previous recent 1.1524 trend low, with the 1.1400-1.1370 area below that now also violated. That leaves next support not until the 1.1200 area with 1.1000 below that.

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 early December, once it recovered the next resistance was not until the 1.3600-50 range it had rallied to in the wake of Brexit agreement prior to reacting back down. That was back toward the 1.3500 area in January. Next interim resistance was as nearby as the 1.3750-1.3800 area it exceeded into early February, and loosely held on the subsequent selloff.

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While this might be in part due to the higher UK interest rates, it is interesting to see how it had evolved in the context of recent US DOLLAR weakness assisting in pushing it above major 1.4000 area congestion since mid-May. That had previously held despite any minor US DOLLAR bounces, also now including weekly MA-9 and MA-13 trend supports.

The next resistances were not until the interim low-1.4200 area it recently tested prior to slipping back below it, and the more major 1.4350-76 congestion that includes the April 2018 nearly five year trading high. Yet in the wake of FOMC moving to a seemingly more aggressive tightening (even if now refuted), it was back below the 1.4000 area congestion with 1.3750-1.3800 area next support that had also been violated after previously being tested and holding.

That had a Tolerance down to the hefty March-April 1.3700-1.3670 area 5-month pullback lows congestion (including weekly MA-41) which had also been recently violated. After the recovery back up to near 1.4000 prior to weakening once again left the 1.3750-1.3800 area reinstated as next support, which has now already violated once again.

That brought the 1.3700-1.3670 area which was violated weeks ago back into focus, with the next interim support in the 135.00 area, and the more major congestion not until the 1.3300 area, The current weakness back below the 1.3750-1.3800 area looks as important as the EUR/USD decision, with the weekly MAs also all in that area meaning it was a significant decision along way to also violating the 1.3700-1.3670 area.

That left important lower support into the 1.3500 area which has already been violated for a fresh 8-month trading low (below the 1.3571 July trading low) prior to the recent bounce, with the next support into the 1.3350 and 1.3200 areas not seen since late 2020. Yet the current return to more of a 'risk-on' psychology has left it back above both the 1.3500 and also the 1.3700-1.3670 areas once again, and even just a bit above the 1.3750-1.3800 area.

Yet the weakening of the non-US DOLLAR DEVELOPED CURRENCIES under the weight of the resurgent COVID-19 pandemic (especially in the UK and parts of Europe) had seen it stall back into that area of late, also with weekly MA-41 at 1.3835.

At present it is also weakening back below weekly MA-9 and MA-13 in the 1.3700 area. Also weakening further below the 1.3571 July trading low has seen it finally fully below the 1.3500 area, with next interim support in the 1.3330 area that it held near on its recent new trend low. However, the next major support is not until the 1.3200-1.3150 and 1.2850 areas.

The **AUD/USD** early-November through December surge back above .7200, .7350-.7400 congestion as well as interim .7500 area was a strong sigh that led to temporary strength even above the .7650-.7700 resistance the subsequently fizzled. The next interim resistance was as nearby as the recently exceeded .7800 area it was churning around prior to the resumption of recent weakness.

That left lower supports back into the interim .7500 area it previously dipped modestly below and then sagged further below again. The key lower supports are the recently neared congestion in the .7350-.7400 area and the .7200 area once again.

While recent stability had left it back up near .7500 once again, the COVID-19 Delta variant impact had it back down below .7350-.7400 area, with next interim support back into the .7200 but with the major support not until the .7000 area once again (as back in the Fall of 2020.) However, that leaves the current selloff back below the .7350-.7400 area after the failure to reach .7500 next resistance on the rally.

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While it was recently back below the .7200 area once again with next support not until the .7000 area, the current rally back above both the .7200 area left it back near the 7350-.7400 area prior to the current weakness. While recently back below .7200 opened the door to the first test of the .7106 August spike selloff low, the recent recovery has it back above the 7350-.7400 area into a test of the .7500 area.

Yet the weakening of the non-US DOLLAR DEVELOPED CURRENCIES under the weight of the resurgent COVID-19 pandemic had seen it stall back into that area, also with weekly MA-41 in the .7540 area it is currently testing. While the pandemic is resurgent in the UK and parts of Europe, Australia had also seen a significant two-month surge in new cases to a record high of 2,744 per day earlier last month prior to falling. That might a least partially explain the current AUD/USD resilience, as it held its previous range in the 7350-.7400 area (also weekly MA-9 and MA-13) util this week, with.7200 area the lower interim support this side of the major .7000.

USD/JPY was the prima facie example of the extreme mid-February 2020 '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 105.00-104.50 range (39-month trading low with major tests in March 2018, January 2018 and August 2019.)

On recent form it had been previously churning below 105.00-104.50 as recently as January prior to pushing aggressively back above both 106.00 and 108.00 into early March. That it was above both 106.00 and even 108.00 despite US DOLLAR strength is in line with the strength of other DEVELOPED CURRENCIES, and is thereby another 'risk-on' indication. The bid leaving the other 'haven' currency reinforced the previous secular US DOLLAR weakness on the violation of higher USD/JPY resistance into 110.00 being temporarily violated into early April prior to weakening back down to hold a test of the 108.00 area.

Yet that lack of any 'haven' bid was once again reflected in USD/JPY stabilizing not much worse than the 110.00 area, and now surging up above the 112.00-.50 area with the next resistance into the 114.50-115.50 range. Having just traded above the 114.73 November 2017 4-year trading high, it will be critical to see whether it can sustain activity above it.. Next resistance is not until 118.66 December 2016 trading high with further congestion back up into the interim 120.00-121.00 range that is part of the major December 2014 through February 2016 range with a high of 125.85. Yet in any event, the lack of any strength in the alternate 'haven' currency indicates the lack of any crisis. As such any continued resilience of the US DOLLAR is more so on that 'shift to the least bad' bid driven by concerns elsewhere.

And **EMERGING CURRENCIES** have become wide-ranging volatile markets, which are repeating their mostly similar tendencies.

SA RAND had seen **USD/ZAR** failing in early April on renewed 'risk on' psychology violating the next interim support in the 14.70 area (part of the major range from late-2018 through early-2020), even if there was more major support into the 14.50-.45 area it had tested and held back in December through February. While the previous US DOLLAR rallies had seen USD/ZAR ratchet back above the 15.00 area to vigorously test the 15.40-.50 range again, it ultimately reverted to weakness.

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That left 14.70 area (in the overall major range from late-2018 through early-2020) next support that had been violated more completely in late March. While that also opened the door for a test of more major support into 14.50-.45 area seen in both December and February, only on the mid-April weakness was that area violated on a weekly Close. Back below the 14.50-.45 area again overall left USD/ZAR nearer to the 14.00 area, and the prominent historic congestion into the upper 13.00s (including the very important 13.81 July 2019 26-month trading low.)

A new round of weakness in late April set in motion to a new 27-month trading low below the July 2019 13.81 trading low. That left the next interim support at 13.55-.50 which was temporarily overrun into early June, and the 13.23 February 2019 33-month trading low as the next major level that was not quite reached.

Yet in the wake of FOMC moving to a seemingly more aggressive tightening, it was back above the 13.80 and 14.00 areas, with next interim resistance into recent 14.20 congestion it also pushed above prior to the recent retest.

Yet more major influence is now likely further COVID-19 Delta concerns. After its inability to sustain weakness back below the 14.20, next resistance was into 14.40-.50 area. That was vigorously tested again of late, and was finally exceeded on South African pollical violence adding to its already substantial COVID-19 woes.

Even though the violence had abated, the RAND remained weak after a churn around the higher interim area around 14.70 area (with weekly MA-41 at 14.72 at that time.) However, that is with the more prominent recent and historic congestion into the 15.00-.10 area it was recently above, only stopping into the next congestion in the mid-15.00 area.

Yet the renewed risk appetite has been very prominent in USD/ZAR, with the slide since early last week dropping back below 15.00-.10 area, 14.80-.70 and even the 14.40-.50 area, leaving 14.20 once again as the next key congestion (early-August trading low.) While that had held previous, activity back above 14.40-.50 area had left it challenging the 14.70-.80 resistance.

With that violated it has also pushed above the significant 15.00 area congestion. On historic form that did not leave and resistance until recent trading highs in the 15.40 area initially, yet more significantly into the 15.55-.65 area (January and March 2021 trading highs.) That said, the recent drop back below 15.00 left the 14.80 area prominent once again.

Violating that also saw the 14.40-.50 area being vigorously tested. However, the volatile churn has quickly carried back above those levels to see it back above the 15.00-.10 area, and now testing the 15.40-.50 area once again as the next resistance. The key higher level above that is the January 15.65 12-month trading high, which is also into historic congestion. If that should be exceeded, next resistance are the 16.07 September 2020 trading low, and 16.30 congestion.

Even when other EMERGING CURRENCIES have reacted to the downside of late, the **RUSSIAN RUBLE** had seen **USD/RUB** weaken at times on the back of sustained CRUDE OIL strength. The USD/RUB drop back below 75.00 since late April has seen it even slip below the 73.00-72.50 area prior to the recent recovery back above it.

That recent break was despite US sanctions and the weakness of other EMERGING CURRENCIES in the wake of the previous FOMC announcements and Chair Powell's press conference prior to recovering last week. Lower support is the 72.00-71.75 interim area (albeit still at a 10-month trading low) with the next major support still into the 71.00-70.00 area that was temporarily violated on the combined temporary US EQUITIES weakness and OPEC negotiations disarray.

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However, after the recent OPEC disruption USD/RUB was back above 73.00-72.50 area to nearer the 75.00 area prior to weakening once again to retest 73.00-72.50 area. After that held, weakening WTI CRUDE OIL prices had seen it rally back near 75.00 once again prior to stalling.

However, the recent major WTI CRUDE OIL recovery back above 70.00 had seen it drop back slightly below the 73.00-72.50 area prior to stabilizing in that range again. While it pushed up despite general EMERGING CURRENCIES weakness, it was recently back into that range.

Sustained WTI CRUDE OIL strength has left it below that range, with next support into the 71.00-70.00 currently being vigorously tested for the first time since June 2020 and even some early week slippage toward 69.00. While the more major support is into the 68.00 area low from earlier that month, with a weekly 68.66 weekly UP Closing Price Reversal along the way, the current softening of energy markets and general pressure on EMERGING CURRENCIES has USD/RUB back above 71.00-70.00 to around the 73.00-72.50 area.

The **MEXICAN PESO** saw **USD/MXN** selloff after the early-mid March surge quickly violated the lower interim 20.90 congestion, with the interim 20.65 congestion also violated on the way to the broad berth next support in the 20.25 area. That included an important 20.30-.10 weekly chart gap from on the way up in March of last year that had already been violated last November.

It then failed once again into a retest of the additional significant historic congestion (2018-2019) in the 19.80 area, with the next hefty historic congestion as nearby as the recently very vigorously tested 19.65-.50 area. The overall bottom of the very significant late-2018 through early-2020 range is not until the 18.50-.40 range.

That was even allowing there are interesting interim supports at 19.30 and into the 19.00-18.90 range. That said, the current rally back above 19.80 was more critical even after the previous failure as nearby as the 20.25-.30 area. Now slightly back above 20.00 leaves that as the near-term consideration on a weakening ‘risk-on’ psychology despite what seems to be some support from sustained CRUDE OIL strength.

While higher hefty congestion is the 20.30 area, there is also the higher 20.65 congestion it traded very temporarily above in mid-June prior to weakening below 20.00 again. While next higher resistance is the 20.90 congestion, the focus shifts more so to the 20.00 and 20.30 congestion areas once again after its recent inability to fail on serial tests of the 19.80 area.

Despite the recent CRUDE OIL slippage back below the 75.00-74.00 area leaving USD/MXN weakening back below 20.00, the extended CRUDE OIL weakness below even 71.00-70.00 nearer to 65.00 support prior left USD/MXN back up above 20.00 area to nearer 20.25-.30. However, the restrengthening of CRUDE OIL had USD/MXN back down into the 19.80 area, which it has interestingly held despite the partial return to CRUDE OIL weakness.

Yet the extended energy market drop that had seen it back above 20.00 after recent serial tests of the 19.80 area is now reversed. However, after breaching the recent hefty 20.25 area congestion (also tied into the 20.10 weekly MA-41 at that time) it is back below it. Recently back below the 20.00 area (also weekly MA-9 and MA-13) brought the 19.80 area back into focus prior to the push back above 20.00.

Having now breached the 20.20-.25 area as well as surging above the August 20.45 trading high. The next resistance is the 20.75 June trading high it temporarily exceeded early last week and remains near, with the higher significant congestion above that not until the 21.00 and 21.40-.50 range. Yet while it was a delayed reaction, sustained CRUDE OIL strength had seen it weaken back below the 20.75 and 20.45 levels once again into the 20.20-.25 area.

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That is also very important on all of the weekly MAs (including MA-41) being just below the 20.20 level, which it has held on recent tests, and has seen USD/MXN rally back above 20.45 and even marginally above the 20.75 level. That leaves the 21.00 area and the 21.40-.50 range as next resistances once again.

The TURKISH LIRA had been back under pressure since **USD/TRY** pushed back above the 8.00 hefty late 2020 congestion back in March. That left the LIRA as the outlier weak sister, with the inability of USD/TRY to drop below 8.00 turning into another bout of strength back above recent 8.20-8.23 short term congestion.

While it was slightly below that until mid-April, the recent weaker indication was a late April daily DOWN Closing Price Reversal from 8.3750, which left 8.40 as a general Tolerance that needed to be watched into May. Above that again in line with the other EMERGING CURRENCIES weakening on the temporarily diminished 'risk-on' psychology into mid-May reversed into USD/TRY strength once again.

While that left the door open to a full retest of last November's 8.5146 all-time high weekly Close, with only the 8.5765 coincident all-time high above that. While the LIRA seemed to firm on the mid-May return of the 'risk-on' psychology, that did not even bring a USD/TRY drop back to the 8.23-8.20 range. And while it recently did drop back near that lower interim congestion last week, it was then surging back up to somewhat above the late-May 8.7424 all-time high.

However, there has been a contrarian LIRA rally last week into this week on USD/TRY slipping back slightly below the late-May 8.7424 all-time high. That said, the more important near-term lower support is now the recent 8.52-8.45 area congestion it had slipped below nearer to that 8.23-8.20 range earlier this week prior to recovering into the 8.52-8.45 area once again.

Yet it is now the case that weekly MA-13 and MA-9 have stalled up into the 8.54-8.57 range, reinforcing resistance around that 8.5764 previous major November 2020 all-time high. And the weekly Oscillator indications suggest that it was up against near-term weekly Oscillator thresholds prior to the recent more prominent selloff.

While the more critical thresholds (reinforced by previous topping into the minor new highs) were into June's 8.7917 all-time high, those moot after the recent two-month selloff. The subsequent USD/TRY weakness had left it more so down vigorously testing the early-August 8.2960 and early-June 8.2832 trading lows, with the more prominent support down into the 8.00 area (including weekly MA-41.)

Yet the weakening of EMERGING CURRENCIES had seen USD/TRY surge back above the 8.50 area (also still weekly MA-13 and MA-9) and back above congestion around the late-May 8.7424 all-time high. Also above June's previous 8.79 all-time high saw it up into a 9.2600 new mid-October all-time high today. This was also a key weekly Oscillator threshold.

After that was exceeded, the rise of MA-41 projected the next week's major threshold into the 9.30-9.35 area (MA-41 plus 1.05-1.10.) Above that as well on recent weekly Closes meant the higher Oscillator threshold was not until 9.95 (MA-41 plus 1.51 still rising 0.05 per week) only seen on the November 2020 surge. Having also exceeded that last week only leaves the major August 2018 runaway upside levels at weekly MA-41 plus 0.220 that is in the 10.70 area this week, moving up into the 10.78 area next week (on MA-41 rising 0.08 per week.)

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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.

Last week saw very important inflation indications that brought a sharp short-term reaction, and this week continues the ‘macro’ data influence despite no central bank decisions again. That said there is a good deal of central bank-speak, especially from the Fed. Monday began with weaker Japanese indications, yet with better results out of China followed by limited European and North American data. After not much in Asia, Tuesday is a big day for European and UK data followed by US Retail Sales along with other important data.

Wednesday sees the important monthly UK inflation data and the ECB bi-annual Financial Stability Review (link in the calendar) followed by US housing data and Canadian CPI along with quite a bit of the Fed-speak. The balance of that comes on Thursday along with some ECB involvement after the Euro-zone CPI. A somewhat more limited Friday brings Japanese trade data and UK Retail Sales along with the same from Canada.

The troubling resilience of the COVID-19 pandemic on the continued Delta variant spread in Eastern Europe and elsewhere continues to offset some of the recent vaccination and therapeutic developments. While the mood is much more upbeat, there are still risk factors accentuated by the current inflation indications. Given the fast moving political changes as well (like the recent US bipartisan infrastructure bill approval) we are obviously maintaining our recent advice: Keep those seat belts firmly fastened.

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