

ROHR REPORT

TRENDVIEW

BRIEF UPDATE: FIXED INCOME/EQUITIES/FOREX/ENERGY

Friday, May 15, 2009 (08:30 CDT; 09:30 EDT; 13:30 GMT)

Key Views

- **Very brief indeed again today, as the markets are providing the sort of near term focus for the equities bears (as well as fixed income and US dollar bulls) that we noted in yesterday's *TrendView* BRIEF UPDATE (<http://bit.ly/3w6Zoy>). For those requiring more extensive trend perspectives and technical levels, we suggest looking back to the still relevant levels in last Thursday's *TrendView* GENERAL UPDATE (<http://bit.ly/CjiRm>.)**
- **The reason for that is the markets entering a more reactive phase this week after the previous directional trends, which were mostly driven by friendly equities psychology. As such, the most important technical trend factor is DJIA failing 8,400 near term support (previously violated resistance) after stalling near the 8,600 area. While the 8,200 area multifaceted UP Break means there will likely be good support there, with 8,000 and 7,800-7,750 areas transformed into the working and explicit Tolerances (respectively) of that UP Break, there is reason to believe the tone is changing from bullish tendencies. June S&P 500 future is also below the equivalent 895 area it had tested and held Tuesday, which puts it more so in sync with previous weak sister DJIA than for a while. Its own important lower supports are 880, 870, 840, and further levels in the low 800s.**
- **As noted, the bigger question now becomes whether we are seeing the beginning of the end of the "psych trumps data" market, and we refer back to the past couple of days' analysis for our extensive discussion of that factor. As noted previous, that potential change is based to some degree on the response to Wednesday's US Retail Sales (APR.) This is because by early April equities had experienced a sharp resurgence back above last November's low, and the weak US consumer spending is likely a sign of ingrained weak conditions, and not psychological fears as during the early year market weakness.**
- **On top of that, regardless of how forward-looking a psychology is trying to take hold in the wake of the financial services crisis lapsing into mid-March, the economic data remains nothing less than abysmal. After a light reporting day yesterday, today brought very weak indications for the Japanese Domestic Corporate Goods Price Index (APR) and atypically large revisions (to the downside) in German, French, Italian and Euro-zone Gross Domestic Product. The upside of the large state apparatus in Europe is much better statistical tracking than the less well-staffed US. In that regard, especially the downward revision for Germany to a seasonally adjusted -3.8 percent record drop is rather telling. While we already knew that the 'Great Delinking' was dead, we are back to another of those considerations of whether Europe will be the laggard on the way back out of the current economic travails. Regardless of the seemingly more accommodative ECB expressions last Thursday, more recent discussions have uncovered a sharp debate over the degree to which it will actually implement its form of quantitative easing.**

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- All of which is hitting just as the US is headed into the nexus of unemployment having a pernicious influence on the attempt to stem home foreclosures (ultimately a major banking problem as well.) For more on that see the extensive discussion in Monday's *Weekly Overview* (<http://bit.ly/X4yhR>) of what FHFA Director James Lockhart had to say. That is also very closely related to yesterday's *TrendView BRIEF UPDATE* review of the latest indications from real estate trend-tracking and foreclosure specialist RealtyTrac.
- However, even though this week's somewhat more sustained pressure on equities speaks of a disconnect with the "psych trumps data" tendencies, it has been contained up to this point. As noted above (and previous), it is still important to closely observe how DJIA acts on a test of the 8,200 support for the overall sense of whether the corrective rally of the major bear trend is rolling back down into a more negative directional trend once again. That said, on current form this morning with all of the US economic releases having come in pretty much as estimated, the DJIA is also stuck halfway between 8,200 and the key interim resistance back in the 8,400 area. As such, unless we hear something radical from the Fed's Fisher current speech at the Texas Bankers Association Conference (not likely) or see something compelling in the Preliminary May University of Michigan Consumer Confidence (even less likely), it may just end up being a relatively quiet finish to the week for a change. That is reinforced by the relative lack of US economic data and central banker influence early next week, which is reinvigorated only once we see the FOMC meeting minutes release next Wednesday (after the Bank of England MPC meeting minutes earlier in the day.)
- That is why we refer you back to our previous analyses for any further perspective, including yesterday's *TrendView BRIEF UPDATE* (<http://bit.ly/3w6Zoy>). That also contains our fixed income and foreign exchange views. Insofar as those are also driven by a counterpoint influence flowing from the equities to the long dated govies and US dollar, there is no real change of opinion on those either.

We hope you find this helpful.

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