Rohr Report
TrendView

BRIEF UPDATE: FIXED INCOME/EQUITIES/FOREX/ENERGY
Tuesday, May 25, 2010 (09:00 CDT; 10:00 EDT; 14:00 GMT)

Key Views
▪ **Capitulation or Acceleration? Euro into EUR/USD 1.2100 possible key to major decision! Throughout the evolution of the sovereign debt crisis since March we have been very pointed fundamentally about the intermarket influences, and technically on bright line Tolerances for key technical trend activity. What has also been impressive along the way is how the highly diverse technical levels become recalibrated for the major decisions.** Possibly it is not all that surprising we find ourselves back at one of those key junctures in a very major way as the equity markets open in the US this morning. And while we generally still hold to technical projections in last Friday's *TrendView* **GENERAL UPDATE (http://bit.ly/cb6CxY)**, there are some additional insights which may be useful in determining whether the recently very aggressive trends are exhausting (i.e. capitulation) or accelerating at this time.

Also, as conditions have been very hectic in the general trends, anyone wishing to reorient with a brief retrospective on the key elements of individual asset class and intermarket activity might want to access our **Spring 2010 Crisis Overview (http://bit.ly/aXCSKp)**. It provides a concise summary of how we have seen conditions evolve since late March. Other than that, we are going to skip fundamentals today, as technical/psychological tendencies are far more critical.

Concise Trend Perspective
▪ ***Foreign Exchange*: We begin here because so much depends upon the psychology in Europe, and by extension the decision by EUR/USD.** While previous we focused upon the 1.2330 major October 2008 low, as with so many markets these days there is secondary bright line Tolerance: **EUR/USD** 1.2100, the 50% retracement of the massive 2002-2008 bull trend. Only below that level on a monthly Close (now looming) does it extend to major lower supports in 1.1800-1.1650 range. Of course, that would have significant intermarket implications as well.

▪ ***Equities*: Even though extreme weakness is biting across the board as the US equities open this morning, in fact the slippage below last week's lows has so far only reached the bright line Tolerances in key markets.** That is true for the **June S&P 500 future** below 1,050 only reaching the 1,036 (June contract February trading low) bottom of the broad support band noted previous. Similarly for **DJIA**, slippage below previous trading lows in the mid-9,800 area would still to close below the bottom of the 10,000-9,800 range to accelerate downwards for another 300-400 points. And while **FTSE 100** breaking down below 5,000 looks pretty weak, it is only marginally below the 9,450 Tolerance of that support, with strong sister **DAX** holding incredibly well (Europe's 'big dichotomy') at no worse than a major 5,600 area weekly chart gap.

▪ ***Govvies*: As noted, diverse trends unified as equities continued to sink. Yet, even the consistently strong June T-note only ranged above its Dubai Debacle 121-07 November 2009 high target to the major 122-00 resistance.** Yet, the govvies all testing major oscillator and congestion resistance at the recent highs would signal another couple of point gain if those are exceeded on a weekly Close. That serves to further illustrate the importance of the decision by equities and especially **EUR/USD** at 1.2100 into the Close for this week. (And the month!)

Please refer back to last Friday's ***TrendView*** **GENERAL UPDATE (http://bit.ly/cb6CxY)** for any additional insights which may be useful on a technical level (as it was substantially focused on that for late week activity), and Thursday's ***TrendView*** **GENERAL UPDATE (http://bit.ly/cisofT)** for our last look at telling fundamental factors for the various asset classes.

We hope you find this helpful.

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