

ROHR REPORT

TRENDVIEW

BRIEF UPDATE: FIXED INCOME/EQUITIES/FOREX/ENERGY

Friday, July 29, 2011 (07:00 CDT; 08:00 EDT; 12:00 GMT)

Key Views

▪ **No Debt Deal Yet and Dysfunction Still Weighs Heavier on the Equities Than Govvies.** As we have been clear in all recent analysis, the risk is greater for equities if the US federal government has to stop paying some of its bills to honor the most critical commitments (like servicing debt, the military and Social Security.) We explored that at some length in yesterday's **TrendView BRIEF UPDATE** <http://bit.ly/o9NZtZ>, and refer you back to it for the details (as well as links to previous analyses and some other articles.)

All of the weak data also brings into question whether the address of the US Debt Ceiling Dilemma and peripheral Euro-zone Debt Dilemma is a basis for assuming there will be a return to more robust global economic growth after a 'soft patch' (as many would like to believe)? Or is softness in the global economy more likely an overall phase? There has been more news on that since yesterday morning. With a slight bright spot from German and French consumer activity, the economic data remains decidedly downbeat. Of course, we are going to see the next major influence shortly, with the release of Advance US Q-2 GDP. However, based upon lackluster equities response to yesterday's first US Weekly Initial Jobless Claims drop below 400,000 in twelve weeks yesterday, even a positive figure may be problematic. We shall see.

Suffice to say for now that it was not enough to sustain **September S&P 500 future** back above the 1,310 support it had violated in the wake of a weak Beige Bok on Wednesday. While it has managed to hold no worse than the more prominent 1,290-88 support so far, much below that a return to the major 1,260-50 area supports is likely. Obviously we need to allow for a short term bear squeeze of some magnitude as and when (not if) the US debt ceiling is indeed increased at some point in the near future. That's a given. What is not a given is that this will be sufficient to restore a generally bullish mentality, or previous market tendencies in other asset classes, like the now very (some would say perversely) strong govvies.

All other analysis remains the same as yesterday and previous, and we refer you back to those perspectives and Tuesday's **Current Rohr Technical Projections - Key Levels & Select Comments** (link near the top of the right-hand column) in **Rohr-Blog** at <http://bit.ly/qMYZ1p>.

We hope you find this helpful.

-Rohr

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