Rohr Report

TrendView

BRIEF UPDATE: FIXED INCOME/EQUITIES/FOREX/ENERGY

Friday, December 2, 2011 (07:00 CST; 08:00 EST; 13:00 GMT)

Key Views

▪ **In Spite of Complex Cross Currents, Today's Equities Decision Should Be Very Simple. In fact, whether December S&P 500 future is remaining above or sinking back into the 1,240-50 range is the major consideration of whether it has at least temporarily escaped technical resistance to the upside once again. 1,230 remains the key lower trend support.** And yet, the degree to which that is driven by the near-term European sovereign debt liquidity psychology rather than the broader economic influences is apparent in the divergence from classical intermarket activity between equities and the other asset classes. But first it is important to note that the decision in the US equities will also be critical for the other equity markets are so far only up to no better than slightly above key resistance areas. In the **DAX** that would be the 6,100 area, with significant further resistance waiting in the mid-6,300 area. And in the **FTSE 100** the push above 5,500 has only left it near next interim resistance at 5,600; and here as well there is far greater resistance back up in the low-mid-5,700 area.

All of which is important in the context of the US equities because even if **December S&P 500 future** escapes 1,240-50, serial gaps and more impressive congestion resistance remain up into 1,273 and the 1,281-89 range. Even though any US Employment report stronger than the (ADP enhanced) estimate of 150,000 new jobs might well sustain the near-term rally, we still see much of what is going on in Europe as form over function. The key element which will need to be sorted out on that front is the degree to which the current proposal for the European Central Bank (ECB) to lend money to the International Monetary Fund for the purpose of buying European sovereign bonds will stand up to any challenges. While it might be technically legal, it is such a blatant, transparent circumvention of the spirit of the restrictions on ECB purchases of European sovereign debt to monetize the borrowings of individual governments, nobody should be surprised if it attracts a legal challenge. As such, all of the current great sentiment about the "solution" to the near-term European Sovereign Debt Crisis liquidity crunch may well reverse once again into the European Summit at the end of next week. What we know for certain at the present time is that Germany is still highly averse to any sort of 'joint' European bond.

▪ **What we also know for certain is the other asset classes are not as yet reflecting the sort of confidence exhibited by equities that any solutions for that short term crisis mentality in Europe amounts to sustainable return to confidence and economic growth.** In spite of the **December S&P 500 future** already pushing above 1,240-50 this morning, the US and UK govvies remained no worse than their support levels in the **December T-note future** upper 129-00 area (with bigger support into the low 129-00 area), and **December Gilt future** still having not sustained any Close below 130.00 support in spite of ranging below it at times. Similarly in foreign exchange, while the commodity currencies have had quite a spike up on the expanded central bank liquidity operations earlier this week, the euro has stalled at not much better than previously violated **EUR/USD** 1.3500-1.3460 support, with further interim resistance as nearby as the 1.3700 area if it should rally that far. And the **US Dollar Index** has not even been able to react back down to its important .7750 trend channel and moving average support.

All of which might change very quickly today if the equities do indeed maintain their overall upward momentum. That would be especially the case if the US Employment report is bullish enough to shift the frame of reference for any future reports, where we must allow that opposed to the weakness still apparent elsewhere in the world the US has been strong in any event.

We shall see. Other than that potential for the equities to escape to the upside, much remains the same as Tuesday's ***TrendView*** **MARKET ALERT (http://bit.ly/rJ3rmC)**, and the technical levels the same as Tuesday's **Current Rohr Technical Projections - Key Levels & Select Comments** (available via the right-hand column **Rohr-*Blog*** **http://bit.ly/gMYZ1p** link.)

We hope you find this helpful.

-Rohr
(www.rohrintl.com)
Rohr-*Blog*: Extended Observations, Calendar & Tech Levels
(http://rohrintlblog.wordpress.com/)
