

BRIEF UPDATE: FIXED INCOME/EQUITIES/FOREX

Friday, August 3, 2012 (07:15 CDT; 08:15 EDT; 12:15 GMT)

Key Views

- **September S&P 500 future decision out of 1,350-55 and 1,375 key levels now the key. Very brief indeed today, as much of what has transpired is still consistent with the views in Current Rohr Technical Projections - [Key Levels & Select Comments](#) (as of Tuesday's Close) distributed Wednesday. That is still available on Rohr-Blog (<http://bit.ly/qMYZ1p>) via the link in the right-hand column. The bottom line for the macro-technical decision in quite a few asset classes after the disappointment from the central banks relates back to what transpires in equities decisions that has seen them recover to key resistance levels. Whatever one may think about the fundamentals (more on that in the blog post from yesterday), the key macro-technical question now is whether the **September S&P 500 future** can post a weekly Close above interim 1,375 resistance which it pushed above last week on the back of ECB commitment euphoria. Of course, expectations there were significantly letdown at yesterday's press conference. And yet, as bad as it looked into lunchtime yesterday it managed to hold the low-end of the more important 1,350-55 historic congestion. Of note, the **DAX** is also right back up to its key 6,750 level of the last several weeks. Up trend laggard **FTSE** has also pushed up into its more important 5,746-80 range. So it will be a well-calibrated decision.**
- **That also relates to the primary government bond markets now, as the most volatile sister September Bund future has dropped right back down near its key 143.50-.75 UP Acceleration area. While it is a special case with the in Europe, its decision on the weekly Close will likely have at least some influence on September Gilt future in T-note future.** That is most likely going to relate to the decision in the equities. While the govies have managed to hold the bid temporarily even during the most recent bout of equities strength, that is a classical 'hostage to fortune' rally. The potential for further improvement in the equities is also finally being reflected in the previously ever-buoyant **short money forwards**. They have spent the week coming off of new contract highs that anticipated more central bank easing.
- **Foreign exchange shifted back to aggressive trend activity on disarray in Europe that rightfully put the euro under pressure. While the US Dollar Index has failed back near its June 1st .8354 peak, that was not due to the extensive strength of the euro. Rather the strength of commodity currencies is still weighing on both of them.** The Australian dollar is above **AUD/USD** 1.0250 once again, and even more major resistance into the 1.0500 area. While more subdued, the Canadian dollar is has strengthened back through the important **USD/CAD** 1.01 UP Break. It will be interesting to see what it does at the hefty 1.00 congestion. All of which also has to do with the general sense of global economic strength, and especially Asia in the case of the Australian dollar. Given the poor fundamentals there over the past month or so, it will be very interesting to see how all asset classes respond to today's US Employment report that will be released shortly. It's going to be very interesting.

We hope you find this helpful.

-Rohr

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