

## ROHR REPORT

# CAPITAL MARKETS OBSERVER

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## Overview, Markets Summary, Reports & Events,...

### ...Neither '87 Nor '98; Subprime, Housing and Consumers

#### Overview

The macroeconomic influence of the current subprime and housing problems will still mean that the Federal Reserve will need to cut the Federal Funds Target Rate at some point. It is more so a matter of timing than whether such a move will be necessary. What makes us so confident in the face of such broad and aggressive opinion on both sides of this issue, and especially the rather substantial recovery of the equity markets and sharp retracement in the US (and other) short money forwards of the past couple of sessions? As with most major issues of this type, it is a confluence of factors that inform a reasonably clear logic.

The very talented and rightful near term actions and pronouncements by the Fed, some of the more prominent government officials and major securities firms and banks notwithstanding, the long march to further credit problems is inevitable in the context of the current devolution of the overall credit market crunch. This has to do with US consumers already stretched by high energy prices and other forms of inflation (most notably food) who will now see various aspects of their previous buoyant confidence also erode in the near term. As noted in the topical discussion below, that is not to point to a crash or economic implosion so much as the realization that the equity market remains overpriced leading to further problems which will likely call for the Fed to underwrite overall economic confidence at some point.

As it often occurs, this will mean the realization that the equity markets are not going to make any substantial new highs anytime soon can leave them in a destabilized condition once again, such as the one experienced over the past several weeks until the Fed discount window operations at the end of last week. While we were at odds with those who said it was 'different this time' as a reason to remain exceedingly bullish equities into the questionable phase which the market entered in mid-July, in fact it is different this time: the problem is so diffuse and opaque as to not be open to a quick fix. Even the equity bulls agree with that.

As such, the rolling evolution of the problems will be more so prone to come to light in various ways, some traditional and some *ad hoc*. The next round of the traditional form arrives from tomorrow into Monday respectively, with US New Home Sales and then Existing Home Sales. As we have noted previous, the annualized price change component of those reports can be as influential at this point as an influence on both the perception and reality of US consumer desire and ability to support the domestic and global economy.

Therefore, while the near term equity market recovery on lubrication of dodgy credit markets is impressive, any inability of the **DJIA** to maintain its recovery back above 13,150-13,250 might be viewed as a failure of bullish psychology; higher resistance remains 13,650-13,700. Similarly, fixed income has stalled into resistance, as **T-note** reacts from low 109-00s, yet still holds into the low 108-00s pending further equity market activity. Of course, the short money which had anticipated further equity weakness dropped more dramatically from March **Eurodollar** resistance at 95.60 right back below the next level at 95.40, yet only approaching the more extensive support at 95.25-.20. Erratic foreign exchange has still seen expected weakness in the yen from **EUR/JPY** 150 and **GBP/JPY** 220, preventing a carry trade crisis.

## Markets Summary

With the **DJIA** experiencing a trading recovery back above the low end of its previous 13,250 trading range, if that can indeed be sustained it will be back up into that higher bracket. As long as it remains no worse than level to the 13,150 Tolerance that was violated previous, that could mean it can see the top end of that range on a retest of the Negated 13,665 Triangle pattern UP Break or even the congestion up in the 13,700 area (as it did two weeks ago today prior to failing.)

That all related very well to the Tolerances of resistances in the other markets, such as **DAX** being back above its 7,390 Triangle DOWN Break, yet still needing to Negate that pattern with a Close above the August 8<sup>th</sup> 7,614 high. Even if that should occur, the down channel trend resistance is up into the 7,750-7,800 congestion over the next week or so.

While the DJIA once again has reinstated minor support around the 12,800 area high from back in February, and held the top of the more substantial 12,500-400 congestion at the bottom of the volatile selloff into last Thursday, the intermediate term trend support remains down at 12,000-11,750 major psychological and technical trend supports.

Of course, any return to weakness in the equities will once again buoy fixed income markets which have rallied markedly from the mid-June intermediate-term cyclical lows. As we have noted previous, long ends' leadership being eclipsed by short money's sharp improvement in the wake of the central bank liquidity infusions has now reverted to short money respecting the strength of the equities. Yet all of that could reverse in the proverbial heartbeat if the equities should come back under extensive pressure in spite of the recent moves to relieve the pernicious influence of the credit markets.

The long dated fixed income didn't really care much for the short term liquidity injections, yet demonstrated strength in the **T-note** above 107-16/108-00 resistance with the low 109-00's and low 110-00's above, with the **Bund** finally above the violated 113.20-.35 long term Fibonacci levels and congestion with 114.40-.60 above, and previous 112.50 and 112.00 support below, while the **Gilt** rally above 106.00 and 106.50 has reacted back into that range after the quick test of the 107.50 resistance above, with extended resistance still 108.20-.35.

One of the other key factors which we noted last week is the degree to which short money forwards have levitated to interim price areas which are not consistent with an outlook that will result in the central banks either easing sharply or remaining on hold (or even hiking in the case of the ECB.) As mentioned at that time, this was reviewed recently by FT analyst John Authers in an excellent column on the influence of the statistical concept of "expected value" (also attached to last week's *CMO* III-26.) As the short term interest rate futures have always been lacking in real predictive value, this illustrates yet another aspect of their limitations that applies to unstable conditions that creates pricing for "...an expectation of a 0.25 cut - even though nobody expects this." It's an interesting and informative read.

That all relates back to the extreme volatility of the short money forwards. In addition to the March **Eurodollar** levels at the end of the Overview, if sustained strength in the equities does manage to fully defuse the potential for a Federal Funds rate cut, extended support is down into the 95.00 area. Equivalent March contract support and resistance elsewhere are in the **Euribor** at 96.00, 95.80, 95.60, 95.52-.50, and 95.40; Short Sterling at 94.20, 93.98-94.02, 93.85-.80, and the 93.73 area.

The other very interesting development was the yen actually developing residual strength compared to the weakness of the equities for a while last week. While this might have seemed the beginning of the much feared carry trade 'crisis', the dilemma was that all of this was so much equalization of the previous excesses that are still needing to see the yen Break UP through long-term resistance prior to actualization of the full potential for the sort of sustained yen strength which might foment a crisis. As noted in last week's analysis, those split levels are at **USD/JPY** 115.00 (violated and then recovered back above) and the more critical 113.50-112.50 range; **EUR/JPY** 157.50 and 155.0-154.50 (both violated and then recovered back above), and 150.75-149.50; and **GBP/JPY** 229.50-227.50 (also violated and then recovered back above) and 221.00-219.00. It is interesting that the EUR/JPY and GBP/JPY channel support should in the vicinity of the March pullback lows based upon upward progression of the broader channels since that time.

That is consistent with US dollar strength possibly only being a by-product of more aggressive selling of other currencies on carry trade liquidation. Which is why the **US Dollar Index** likely only made it to major trendline resistance in the .8200 area prior, yet has been subdued on the reaction back down to .8100 support. That is also the case for **EUR/USD** dropping below the 1.3666 December 2004 high and violating the 1.3550-00 support, yet holding the major trend and weekly MA 41 support in the 1.3350 area; very similar as well to **GBP/USD** slipping back from its rally above the 1991-1992 highs at 2.0050-2.0100, yet holding the next support into the 1.9750-1.9625 area, with lower major trend support not until back in the 1.9400 area.

Quite a few factors contributed to the strength of **Crude Oil** that had done the obvious and extended its previous rally above the important mid 72.00 area resistance, which (as noted) still has the 70.00-69.00 area as the next important lower support that has just been held by the new lead contract October. There was not much above that resistance until the 74.70-75.00 area and the 77.50-.95 range all-time highs seen in July-August 2006. Whether the market can stage another rally to re-approach those higher resistances now likely rests with equities as well, as the recent selloff into support was moreso related to the fears of an economic slowdown fomented by the equity market selloff than any intrinsically weak energy market news.

### Reports & Events

This week has seen some fairly broad divergence in economic influences that ranged from Tuesday's significantly disappointing German and Euro-zone ZEW Surveys (AUG) which were offset by strong Euro-zone Industrial New Orders (JUN) and UK CBI Industrial Trends (AUG.) However, those were followed by yesterday's very weak US MBA Mortgage Applications (for the week ending AUG 17), which were off 5.0 percent. And in spite of the strong equity market performance, therein lies quite a bit of the future indications for the equity and debt markets.

This morning in Japan the BOJ held its Target Rate steady at 0.5 percent. That was in spite of expectations as little as several weeks ago that they might hike 25 basis points. Why in the world the Japanese need to hike rates into a still struggling economy was anticipated moreso as a further attempt to defuse carry trade enthusiasm than anything required by overheating in the economy. In the even, the BoJ thought better of it, especially in the current unsettled international financial environment. The only other report of any influence today (and future Thursday afternoons) is the suddenly prominent Federal Reserve discount window report (officially H.4.1 "Factors Affecting Reserve Balances.")

Yet, at least for now, nobody knows how big 'big' is, because any of the drawdowns from this less than attractively priced facility will be clouded initially by the funds taken by four major banks to show support for the Fed move in conjunction with relieving some pressure on clients who were having problems accessing the credit markets. For now this falls into the category of 'what we know we don't know.'

The early focus tomorrow is again on Japan with their Corporate Service Price Index (JUL), after which it's on to the UK Gross Domestic Product (Q2 Preliminary) and associated economic release, including Trade numbers and the Index of Services (rolling quarterly figures into JUN.) After that we see the always erratic US Durable Goods Orders (JUL), and what may be one of the more telling numbers of the week: US New Home Sales (JUL.) While the Fed's Fisher, Lockhart and Poole speak on the regional economy, that is more of a wild card than usual depending on whether they speak only of current conditions or the outlook.

However, one of the key reports which follows tomorrow's US New Home Sales is Monday's Existing Home Sales (also JUL), and that's while the UK is closed for their Late Summer Bank Holiday. While there are some other interesting reports out next week, the truly major US influence will only reassert itself with the typical end of month major economic numbers a week from tomorrow. That is with due respect for the FOMC August 7<sup>th</sup> meeting minutes release next Tuesday, and next Thursday's Preliminary GDP revisions to the Advance figures seen previous. As such, the US housing numbers, and what they may tell us about forward looking influences on US consumers remain a key focal point as the equity markets attempt to shake off the worst fallout from the subprime impact on credit markets. As noted previous, one of the key factors outside of the sheer change in the numbers of homes sold will be the annualized price change, and how much lower that may be.

### Neither '87 Nor '98

We are very glad to see that nobody is comparing the current unsettled equity market to the 1987 debacle, as there really is no comparison. In 1987 there was not only no credit market turmoil, the displacement in the equities was for an obvious reason. The extreme upside extension of the equity market in 1987 was substantially due to the public being so bullish.

However, do not look in official statistics for any sign of mindless buying of stocks by retail individual investors. The manner in which they expressed their bullish attitude was with the encouragement (sometimes to unsuitable levels) of retail stock brokerage executives who created and sustained a sense of bullishness as a means to earn commissions from the retail investors' net sales of 'put' options. As investment professionals now know better than ever (and even knew back then), selling 'uncovered' options is a very sophisticated strategy, which should be reserved for suitably knowledgeable and risk management oriented parties. Yet, in the heady days of the mid 1980's, the public could no more resist being 'paid' to bet on the market's further rise than their brokers could resist collecting the commissions.

As it was no more 'different' that time than at present, the piper needed to be paid after the last put sale allowed the last fund manager to purchase the last tranche of overpriced equities (some estimate by as much as 40 percent), and the whole thing came tumbling down when the lack of further buying was combined with a bit of minor, temporary international disarray. It was a classic example of Mr. Greenspan's market that had 'slipped its moorings.'

Yet, today's market is nowhere near as overvalued; if anything, based on recent earnings performance the market was not much more than a slight premium to projected earnings at the recent highs. So how come we are so negative in the short term pending a return to intermediate term support to complete the full correction? Quite simply, there are more than a few factors which have finally come to fruition which mean that it is not really 'different this time' either, and the credit market piper must be paid via the influence back into the general economy which we explore further below.

However, comparison with 1998 is also specious at best and extremely misleading at worst, as both domestic and international factors are not only extremely different, they are actually totally inverse. Back in 1998 the US economy was quite strong and actually entering the formative phase of the Dot.Com Boom while the international economy was still fragile from the (interestingly enough) credit market problems which had buffeted the Tiger Economies of Asia the previous year (The Asian Contagion.) That was even prior to the similar and more opaque problems developing in the Russian economy that threw equity and credit markets into disarray in 1998.

In summary, the 1998 'crisis' was fomented by troubled international economies being further burdened by exposure of extensive weakness, and quite a few irregularities, in the Russian corporate sector, all of which might have spilled over into depressing the global economy enough to drag the buoyant US economy down as well. In fact, not only was the economy strong and sound, it was a magnet for flight capital which was driving an extended rally in the US dollar that did not peak until it was obvious the US (and global) equities had peaked when the secondary break from the early 2000 highs commenced into the fall of that year.

Does that really bear any resemblance to the almost totally inverse economic and central bank environment today? Truth to tell, Mr. Greenspan was only fulfilling his role of "Central Banker to the World" we have noted quite a few times previous is something that all central bankers should keep in mind as part of their duty, if not their specific mandate. That last bit also comes home to roost at present, as Mr. Greenspan seems to be reaping quite a bit of belated criticism for keeping rates too low for too long in 2003-2004, and there has even been some commentary that the current mess is not really Mr. Bernanke's fault.

Balderdash! Mr. Greenspan did what was necessary to ensure the world did not slip into disinflation at a time when the parsimonious paranoiacs at Über Hawk ECB could not bring themselves to support Herr Schroeder's brave pension reforms into the bottom of a recession by allowing a bit of temporary easing into clearly weak Euro-zone economic indications. Further to that, Mr. Bernanke did not just step into office last week or last month. We were very vocal in our perception that he was being too sanguine about the exuberance the DJIA pushing to a major new high last fall would provide the global economy, and the right thing to do as a central banker was to pull the punchbowl prior to the party getting out of hand.

In the event (as noted previous), the prospect of a buoyant US consumer, high confidence in further increases in asset prices and the attendant lack of any question whether credit should continue to flow to even the most suspect investments has fomented the current crisis. While there many positive aspects of the sustained exuberance (as we noted last week), there was always the prospect that Mr. Bernanke would need to deal with this very unusual sort of bubble once it was clear he was happy to let it inflate. One of his real dilemmas now is that especially the domestic economy is so much different that in 1998.

Of course, any review of how things are different now than 1998 would not be complete without discussion of the ways in which that era's major financial market mess was created by excessive use of leverage and abuse of financial engineering. It is indeed one of the few aspects similar to today's situation, and most previous bubbles going back to all of the previous excesses including Dutch Tulipomania and the South Sea Bubble.

Yet, the nature of the situation in 1998 also highlights the key other difference: that time around the problem was specifically with the major international banks and securities firms having made a bad bet. Those firms were tired of their stock prices suffering from depressed earnings multiples, which were a reflection of investors' discomfort with the degree to which their earnings were dependent on trading, with occasional severe underperformance due to poor trading results. That tendency had been exacerbated by the extremely strong results from the banner 1993 fixed income bull market trading year being followed by devastatingly poor comparative results as Mr. Greenspan hiked rates in 1994, and that caused a sharp depreciation in (of all things) mortgage backed securities (another similarity of sorts.)

In a bid to both cut their overheads from paying pricey top traders' salaries and bonuses as well as improve their share prices, they were convinced to take a very creative tack, and outsource all of that risky activity. The most notable and persuasive firm vying for that business was Long Term Capital Management, due to both its extensive, internationally renowned research 'brain trust', as well as the reputation of its talented traders. Of course, even allowing that hindsight is 20-20, that exercise was in fact a 'too-clever-by-half' solution. The sheer opacity which the investors allowed LTCM was a lesson well learned. As they stopped looking for easy solutions, and a generation of managers who had risen through the ranks as traders began to populate the upper echelons of these organizations, they took back control of proprietary trading; and on the whole have done a much better job of it.

However, comparison with that aspect of the situation back then also highlights the major difference between 1998 and the present dilemma. In 1998 the problem was substantially with the capital of the major banks, the degree to which it was being called upon to meet margin calls on temporarily illiquid convergence trade positions, mostly at one overly aggressive hedge fund. As such, the Fed could coordinate a solution via shoring up the banks and one major fund, with the understanding that there was nothing so very wrong with the positions in principle as opposed to them just being over leveraged. The problem this time is so much more diffuse that it likely will only be ultimately addressed through application of a tonic to the general sense of economic well-being as its implications for the broader US economy continue to unfold.

### **Subprime, Housing and Consumers**

As noted previous, Mr. Bernanke remaining sanguine in light of the US and international economic expansion, as well as equity market and commodity price strength was the signal for the credit market bubble to continue inflating. Why not, in light of improved prospects for asset price increases which might have been less likely had the Fed chosen to cool things for a while in the face of the strong indications from the DJIA last fall? It is an imponderable what might have transpired had the Fed acted differently, and (as noted previous) there are quite a few positive developments which extended from its passive approach. Yet, the degree to which credit for home purchases was extended to some of the weakest purchasers to ever attempt owning a home was certainly not one of them.

We have now heard from the Right Honorable Senator Dodd, the estimable Secretary Paulson, and they have met with Fed Head Bernanke. They all seemed to point to various reasons why the current mess is either strictly financial, or that some address of the broader problems will be forthcoming for both the poor folks burdened by hybrid subprime mortgages, and any of the honorable financial institutions exposed to them as well.

How nice. Yet, listening to key aspects of the specifics leaves us very much less inclined to believe this will all end well. There is a clear path from the subprime problems, through the housing market, and into influences which will affect the US consumer tendencies.

Just to be perfectly clear, we are not calling for a general equity market or economic crash. This is not 1987, and we deplore Cassandra's, and always do our best to avoid gloom and doom as well as euphoria. However, some of what has been said, and other hard evidence and anecdotal indications lead us to believe the consistently improving US corporate earnings performance is at risk to a more general consumer retrenchment than seen for some time. As always, Keynes observations on 'animal spirits' apply, and this diminished consumer activity will likely be based equally as much on perception as reality.

That said, consider for a moment something the good Senator Dodd said during his review of his meeting with Messrs. Bernanke and Paulson. Somewhere between one and three million US homeowners are subject to hybrid Adjustable Rate Mortgage repricings. In the worst cases this will see two percent 'tickler' rate monthly payments of \$500 move up to \$1,500. Undoubtedly this was part election year positioning, as well as an effort to draw attention to a problem that may have some chance of being modestly mitigated through legislation that provides relief in the form of bonds to assist those who are eligible with switching out of hybrid ARM's into fixed rate mortgages.

Yet, given the extensive marketing excesses, how many of those currently indebted under ARM's can really qualify for even somewhat forgiving terms in the more stringent credit environment which accentuates the naturally higher rates (even allowing they have dropped a bit since the mid-June peak)? For the sake of a reasonable estimate (we are in the educated guess business, after all), presume that at least half a million folks might have very sound finances and good incomes which would qualify them for fixed rate thirty year mortgages. They are not so much weak buyers, as folks who made a bad deal on their mortgage.

Knock off another half a million folks to just plain round down the high end estimate to near the average number. That leaves roughly two million homeowners at risk of foreclosure over the next year or two, with the more imminent prospect of much higher monthly payments along the way. For the sake of a reasonable estimate, the degree of that increase in monthly payments should also be diminished from Senator Dodd's 'scare' number of an additional \$1,000 per month to allow for the current rates on many loans not being at the rock bottom two percent tickler rates, and that there are caps on the increases in many cases. While the full increases may in fact take effect over the next couple of years, a \$1,000 hike is not likely the reality for most ARM loans over the near term.

However, even dropping to likely increases of \$500 per month, and using the two million homeowners as a reasonable estimate for the next year or two, the full impact is one billion dollars... ..per month. While there is always a strong incentive to recognize and address what is surely a personal tragedy, from what quarter is that sort of relief supposed to come?

Surely not Fannie Mae or Freddie Mac. The suggestion that these two organizations can use both taxpayer guarantees and the funds of their private investors to mitigate a problem by taking on sub-standard loans is more than a bit daft. It is unacceptable that two organizations which have so recently been castigated for poor management might be allowed to take on investments of such a specious nature. It is neither consistent with risk to the public purse (and ultimately the taxpayer), nor the fortunes of its private investors. While the idea is far fetched enough to as not have drawn much of a response, if it were to seem more imminent we suspect some of the more prominent private investors would have their counsels ringing Fannie and Freddie to discuss the extent of the class action law suit which might ensue.

The federal government is certainly not going to underwrite such an extensive expense; especially one that raises all manner of moral issues regarding those who've already been foreclosed, as well as very significant future moral hazard. The fact is that in large measure the subprime mess is going to continue to unfold in a most irritatingly glacial and excruciating manner, as we noted in last week's *CMO* III-26 was so well expressed by Tony Tassell of the FT back in mid-July (just as the DJIA was hitting the initial test of its 14,000 area peak) "...only likely to be revealed in a slow drip from investment banks, hedge funds and other market participants." Slow drip indeed, yet with possible major dislocation along the way. The next two drops are likely the US housing market reports tomorrow and Monday.

Yet, what does all of that have to do with anything related to factors that could expand to cause the resumption of real problems for the equity markets? Anecdotal evidence abounds regarding the more major consumer retrenchment. Last month Harley-Davidson noted that its trading conditions had deteriorated markedly in the wake of a significant number of buyers struggling to meet their finance charges. Harley-Davidson?? We can surely understand folks asking for a workout on the jump of several hundred dollars per month in a monthly mortgage payment; but not being able to afford the fixed rate monthly tariff on the 'Hog'??

More to the major point, the impact is also beginning to bite once again at US auto makers. These organizations just went through a bout of personnel and inventory slimming in the attempt to pare back to realistic market uptake of their product. Yet, a consumer poll this week shows that they are suddenly far more interested in used cars, which is a major shift. Of the 24% of those polled who were interested in purchasing an automobile soon, only 3% were interested in new cars. And among all car buyers, there is also a marked shift toward economy cars. It looks like the long awaited gasoline prices biting into consumer spending is finally beginning to affect big ticket items, with consumers stating that they are concerned about qualifying for and making monthly payments. It's positively un-American!!

Of course, that comes on the heels of worse than expected results and downbeat guidance from both Wal-Mart and Home Depot, bastions of lower middle class largesse. While it is possible that the sight of foreclosures in the neighborhood has sobered those who remain in somewhat decent shape, there is a more direct and pernicious effect that has more than a modes potential to migrate up stream to the socio-economic brackets beyond the basic subprime borrower. What we know for certain is that banks hate being in the residential housing business, especially the lower priced homes and neighborhoods. Those homes are wasting assets in their view, and need to be shifted timely off of their books, and into the hands of the buyers who were prudent enough to not get caught up in the subprime tickler interest rate debacle. Needless to say, that will require quite a bit of a discount in price, which will also assist the buyers in qualifying for the necessary loans.

And where do those lower prices turn up in the official statistics? You guessed it: the Existing Home Sales annualized price component. As we noted some time ago, one of the things underpinning the US economy was the rather sanguine response of the average consumer to the weaker numbers of new and existing home sales.

As noted back in our (ominously) Friday July 13<sup>th</sup> [TRENDVIEW BRIEF UPDATE](#), “further down the road the impact of various current factors will become more telling, as higher energy and monthly mortgage payments (based on the semi-annual adjustable rate mortgage repricing), along with higher price tags for imported goods paid for in depreciated US dollars will potentially have an impact on US consumers. Yet, so will the overall psychology associated with the still soft (and seemingly weakening) US housing picture, especially if prices slip to a greater degree than the nominal one or two percent annualized markdowns seen so far.”

In fact the annualized price slippage in the last US Existing Home Sales report was just a bit more than two percent. That is why we feel the next drip to drop might just be US housing figures tomorrow or Monday, or some other variation on the housing information that has the ability to affect consumer sentiment well beyond the poor souls who are plagued by their direct burden from the subprime mess.

This is not the discreet problem that was the case back in 1998 which can be fixed by handing money to the major financial institutions. The Fed allowing the credit bubble and false sense of well-being to extend from last fall has created an extended problem which will continue to unfold in a most unseemly fashion. It will very likely spill over into the broader economy in a manner which requires a more extensive restoration of general confidence at some point. Our best psychological and technical guess of when that will be is as the DJIA reaches the 12,000-11,750 area. Insofar as they have not over reacted so far, Mr. Bernanke and the Fed have done a good job of avoiding moral hazard while maintaining order.

Yet, as we've noted previous, the real test is yet to come. In avoiding a cool down last fall, Mr. Bernanke did manage to not actively foment the sort of slowdown which might have had a marginal chance of leaving him with Mr. Greenspan's rookie year challenge. Yet, he is surely smart enough to know that meant his destiny would be to manage the deflation of a bubble. Once again citing French fabulist Jean de la Fontaine, “Our destiny is frequently met in the very paths we take to avoid it.”

We look forward to providing further comments as the situation warrants, and hope you have found these perspectives helpful.

-Rohr  
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