Rohr Report
Capital Markets Observer
Volume III Number 4
Wednesday, January 24, 2007

Overview, Reports & Events,…
…Energy's Influence, US Housing Still Issue for Equities, Miscellany

Overview

Even though we have seen quite a bit of economic data this week, and the especially interesting background from the Bank of England January 10-11 meeting minutes, we still believe that 'facts on the ground' noted in last week's ***Capital Markets Observer*** III-3 remain the driving force for our basic early year scenario that has evolved to allow for some further extension of the equities up trend and weakness in the fixed income.

The exuberant response of the previously stalled FTSE stock index to this morning's release of those BoE minutes is but one example, and any further energy weakness or strong corporate earnings are likely to bring more of the same. The view of BoE hawks is especially telling (variously)… "The world economy was robust, nominal domestic demand was growing strongly and real output growing at least at its potential rate." "For these members there was a significant risk that inflation would not fall back as quickly as the Committee had expected in its central case in the November *Inflation Report* and little risk that an increase in interest rates would cause an unnecessarily sharp slowdown in activity." "…the fast pace of money and credit growth and buoyant asset prices gave additional concerns about upside pressures to inflation." It provides a fairly clear influence for fixed income and equities.

On the other hand, the foreign exchange picture remains fairly convoluted for the US dollar trend, as the latest news or economic data for any of the major economies tends to drive the latest round of psychology. In that regard, note the sharp drop in the Australian dollar in the wake of their weaker than expected inflation news this morning. While that will likely continue to be the case, in general the US dollar has stalled at some very significant resistances across these otherwise highly divergent trends, and the specific of that will be covered in the MARKETS section below.

On balance, the influence of evolving factors will continue to dominate trading in equities and fixed income, as swell as foreign exchange. While evolution of our early year scenario allows for further extension of the current trends, there is potential trouble brewing for the equities as the secondary effects of housing market weakness still lurk in what has historically been more of a deferred secondary trend than most traders can appreciate. The buoyancy of the equity markets is even likely creating a bit of self-fulfilling optimism on the part of residential property owners and investors that may very well prove misguided by later this year.

The other source of equity market optimism (and fixed income concerns) is the continued weakness of energy markets that has now been reinforced by the unexpectedly large inventory increase reported today. In essence, corporate heads have become very good at playing the Sarbanes-Oxley Game: issue downbeat guidance to avoid any risk of sanctions, and bask in the 'surprisingly strong' results. While this has been good for the equities, even better is the degree to which weaker energy prices are a 'one-edged' sword: it gets cheaper to run the plant at the same time that consumers can afford more discretionary expenditure.

MARKETS

LONG DATED FIXED INCOME

The early year technical bottom line for the markets was whether fixed income could hang on to foment some sort of recovery after abysmal activity late last year into the first of this year. As they failed instead, the previous firmer long end trend signals turned back DOWN in a major way with European short money (and Gilt for that matter) already leading the way down in a manner that was reinforced and clarified by the BoE rate hike two weeks ago. While the vote now seems to have been close, the shift of UK risks to inflation and the general review of strong world economic conditions background remain bearish for fixed income. The market reaction today can only be viewed as so much "sell the rumor, buy the fact" upside reaction to a slightly oversold condition in the downside leaders (as noted above.) In the event all weekly MACDs have returned to DOWN, and that is now fully reflected in the more resilient US markets as well.

March **T-note** finally failing on the weekly Close back below the major UP Break and other support in the 107-16/-10 range was the final confirmation of a return to a sustained bear trend that is likely the second major leg of the aggressive bear swing from early 2006 into the May-June lows. The cautionary word here is that this phase of the market is sometimes as aggressive as the previous swing, and at other times much more gradual and churning.

It is also likely due to basic economic differentials that in this cycle some of the markets will be more aggressive and others less so. The obvious manifestation of that since early 2006 has been the stronger Euro-zone and UK economies fomenting more weakness in their fixed income markets than in the US. In that regard another relevant factor remains the manner in which the US led the way down so extensively from the mid 2003 extreme deflation scare highs while the European fixed income remained bull markets into late 2005-early 2006 based upon their much weaker economies up until that time. As we reviewed that in some detail in last week's ***Capital Markets Observer*** III-3, we refer you back to that for the particulars of the premiums to historic spreads that likely still allow for more aggressive breaks in Europe if the overall long dated fixed income down trend continues.

As noted previous, while some may take some comfort from the T-note holding next interim support in the 107-00/106-19 range to date, the failure below the mid 107-00s means that it is joining the Bund failure below the 117.00 area by violating the only remaining major long term chart UP Break from the summer rally. That has now been further reinforced by long end weekly failures of the **Bund** and **Gilt** equivalent supports in the 116.00-115.80 and 107.50 areas, respectively, which are now the significant resistances above those markets.

Each of those failures brought the likelihood of another full point lower price activity or more, as below the interim support at 115.50 in the Bund, the next level is the 114..90-80 area, extending down to the major support held at the 114.55 early May low, with next support below that not until the mid-low 113.00 area. The equivalent in the Gilt takes is the 106.40 August 2004 trading low, with some further support into the 106.00-105.70 historic congestion and major weekly oscillator support. Needless to say, any significant destabilization of the long ends in this manner would foment a major failure of the short money forwards as well, with a real question over whether newly re-accelerated weak sister Short Sterling holds its next major support in the 94.00 area.

SHORT MONEY

September 2007 contracts have seen the **Eurodollar** weaken below its previous 94.94-.92 major channel UP Break, and subsequent failure below the Tolerance of that UP Break at the 94.84-.82 major congestion that includes the six month trading lows; below that area the Eurodollar forwards are in very deep trouble, with next interim support at 94.70, yet major support not until the 94.60 area. All of which makes sense as the perception evolves to diminished expectations of any FOMC rate cut anytime soon as economic risks evolve to the upside from weaker energy markets spurring equity markets. While we still believe the housing situation may spill over into a weakening factor for the economy and equities at some point, unless and until that happens, it makes sense that short money forwards should gravitate toward a 'no action' at best by the Fed in the interim.

Of course, the European instruments have been much weaker all along, with previous quiet slippage into serial new lows for the **Euribor** leaving it holding against the top of 95.85-.80 historic congestion and daily oscillator support. Much below that it is onto more pronounced DOWN Acceleration into next historic congestion and oscillator thresholds at 95.65-.60 (which not surprisingly would reflect expectations for an accelerated tightening by the ECB.)

Short Sterling had not been quite as weak as the Euribor the BoE action, even though it had dropped back modestly below its own somewhat less aggressive 94.47 DOWN Acceleration. After the Bank action it also obliterated historic congestion and daily oscillator supports into the 94.40-.35 area and next support in the 94.30-.25 range (now resistance.) Slipping below next support at the daily oscillator and significant historic congestion (June 2004) in the 94.20 area is a negative sign as well, even though it has snapped back up to that area. Given the BoE does expect inflation to moderate fairly soon, it will be interesting to see whether future data allow their most recent move to be a last bit of insurance into the buoyant statistics early this year, or whether further firming is needed. The support below 94.20 reverts to the weekly congestion and extended oscillator equivalent in the 94.05-.00 area. While that seems a real reach for now, it likely pays to watch just how aggressively bullish the equities become early this year (to the undoubted consternation of the central bankers.)

FOREIGN EXCHANGE

The US dollar recovery is a decidedly mixed bag. Yet, its significantly divergent trends have all been near critical resistances at old major congestion or previous DOWN Breaks prior to the selloff yesterday; those areas remain important in the near term. With **EUR/USD** back below the 1.3120-00 support (i.e. now reinstated resistance), major support at the 1.2950-00 (with a Tolerance to 1.2850) previous weekly triangle UP Break, congestion, Tolerance of slippage below weekly MA 13 (actually in the upper 1.2900 area), weekly oscillator support, and the likely arbiter of whether weekly MACD erodes into a more convincing DOWN signal remains critical. If it fails, next interim support is the mid 1.2700 area, with major support back in the 1.2500 area. If it holds, there will still be interim resistance in that 1.3100 area, as again back up into the upper 1.3200s, with the major trend remaining at least passingly UP.

On balance this means the US dollar had still stalled at resistance against strong sister British pound, with the equivalent **GBP/USD** 1.9200-1.9150 not even being lightly tested prior to pushing through resistance in the 1.9700-50 range. Next historic resistances are in the 1.9900 and 2.0100 areas, above which the market might be liberated for a swing to the 2.0700-2.1000 range historic congestion.

USD/CHF had also pushed through its resistance in the 1.2325-1.2400 range that it held on yesterday's setback, yet must still overcome more telling congestion in the 1.2500-50 range. Only above that does it become liberated for a move fully back to mid-upper 1.2700 area early October highs. Yet, this morning's lower than expected Australian CPI numbers have fomented an **AUD/USD** break right back down to the.7800-.7765 support, after a failed test of the .7900-30 resistance. Meanwhile, the buck is still at its best against the weak sisters, as **USD/JPY** holding its support previous in the 118.00 area led to it surging right back up through the 119.70 high. However, there is more formidable weekly oscillator and congestion resistance into mid-upper 121.00 area. While the obvious manifestation of that is the 121.40 previous high (December 2005) of the current bull run, the actual historic resistance is up into the March 2003 121.68-.87 Weekly Area Gap and trading high (respectively.) Much above that the next historic congestion and weekly oscillator resistances are not until the 123.00 and 126.00 areas.

USD/CAD is attempting to push out through the top end of its upper 1.1700-1.1800 area resistance, above which there is not much until the upper 1.1900-low1.2000 area (also major Fibonacci resistance.) Lower support remains in the 1.1700 area, and every full point down from there. All of this averages out in the **US Dollar Index** where the buck has failed on its pushes back up to.8515 major weekly Symmetrical Triangle DOWN Break, with a Tolerance to the congestion and weekly MA 41 in the .8550-70 range. That is also the likely arbiter of whether weekly MACD turns up in a more convincing manner as well. In essence, some very big divergences in the trends, yet with the buck still a nominal bear against Europe and the Aussie until proven different. The most important lower supports are .8400 and .8330 congestion, below which the market would break its recent up channel support; next resistance above the .8570 is not until an interim level at .8730, with extended major resistance back up into the major H&S Bottom failed UP Break in the low .9000 area.

<u>EQUITIES</u>

While the equities were still struggling against oscillator resistances around recent highs, über-market **DAX** has now pushed through its next interim oscillator resistance in the low 6,600 area, with next resistance not until the upper 6,700-6,800 area that has restrained the market so far. However, the churn up into these levels also means that the 6,600 area has also become important general near term congestion, gap and daily MA support, with daily MACD already modestly DOWN.

Seemingly this means there is some burden of performance pressure on bulls to implement the push to higher ground as a means to avoid any further erosion of the upward momentum, especially as the strength of the DAX was in contrast to weaker sister **FTSE** failing to remain above its lower oscillator resistance in the 6,250 area until today's release of the BoE meeting minutes confirmed a very robust outlook for the world economy. If FTSE can sustain its strength for the weekly Close, extended major resistance remains in the 6,450-6,500 area. Lower support has now moved up into the 6,200-upper 6,100 area.

US markets have stalled into their own higher oscillator resistances, which has now moved up to the **S&P 500** future (lead contract) 1,460 and **DJIA** 12,620-50 areas. We suspect those areas will be challenged again soon, and any escape means that the extension of the DJIA could be to the next major oscillator resistance in the 12,850-900 range (i.e. as that is a weekly Close projection, the trading high might even push up for an approach to 13,000.)

If the continued weakness of energy markets unfolds as we suspect, that should also help to sustain equities strength across the board. The key supports in the US are DJIA 12,400 and the 12,350 area (that held so tenaciously and tellingly late last year into early this year at a near term plateau of 12,337.) The equivalent supports for the S&P 500 (lead contract future) are 1,422-20 and 1,412-10, below which key weekly MAs and aggressive up channel support from the summer lows would be broken, and weekly MACDs could turn DOWN.

The other market exhibiting extended strength is the **NIKKEI**, which had whipsawed sharply due to its extensive year end holiday schedule. Yet, in line with the other markets, and encouragement from the BoJ 'no action' last week, it held its previous 17,000-16,800 resistance (now support) on the sharp early year selloff, and is now back up testing the congestion area (previous major April 2006 high) into the 17,600 area. Above that the next weekly oscillator resistance is into the 18.200, yet the next major historic congestion is not until the 18.600 area.

ENERGY

The February Crude Oil (lead contract) expired on Monday after failing (i.e. Breaking DOWN below) the low end of important longer term trend channel support in the 55.00-54.50 range. With weekly MACD also in a clear DOWN signal (from UP), and the lower end of that violated support band is also the major Fibonacci 0.382 retracement of the entire move from the 16.70 November 2001 low to the highs, the trend tendencies are extremely bearish. While there was a sharp extension of the recent test of the 50.00 area by the March contract in the wake of President Bush's suggestion of expansion of the US Strategic Petroleum Reserve, even that only brought a test of that 54.40-55.00 resistance, the Tolerance of which is the upper 55.00 area.

Interim support remains in the 52.00-51.50 area, even though that has been less than effective on recent swings. Important psychological and congestion support in the 50.00 area may also be temporary, as the market will remain more bearish than is consistent with that being the end of the down trend if it continues to respect 54.50-55.00 resistance. The overall targets were always the next major support below at the congestion, gap, major Fibonacci retracement and oscillators in the 47.00-46.20 range, with extended historic congestion at 45.00-44.50 and the mid 42.00 area.

Reports & Events

While we have seen a bit of mixed economic news this week, on balance it has been stronger than not; even some of the ostensibly weak news has had unacceptably strong component. After Monday's benign German PPI (DEC), Tuesday saw strong French Consumer Spending (DEC) and Euro-Zone Industrial New Orders (NOV) along with some weakish numbers out of the UK and Canada. All of which should have established a fine balance that left stronger than expected (and belatedly released) US Leading Indicators (DEC) offset by the most contemporary information from a much weaker than expected Richmond Fed Manufacturing Index (JAN.)

Yet, the overwhelming comment from the respondents to the Richmond survey was that they were very upbeat, expecting much stronger orders and shipments over the next six months, requiring accelerated hiring and wage increases. In that regard, the readings for January were also telling in that… "Wage growth remained strong for the month."

And that was a burden to the fixed income and spur for the equities. That the fixed income remained under pressure all session in spite of the strength of the energy markets was also symptomatic of the ingrained weakness. It is also very interesting that beyond the influence of the energy market buoying equities and weighing on fixed income one of the catalysts for the sustained break in fixed income was the somewhat surprising Bank of England rate hike two weeks ago. This was ample illustration of the degree to which economies remain too strong, and (as Monsieur Trichet consistently points out) credit growth is too strong as well.

While there was also quite a bit of Australian economic news and inflation data preceding it, this all came home to roost in this morning's release of the Bank of England minutes of the January 10th-11th meeting at the same time as the first look at UK Gross Domestic Product (Q4 Advance), and the UK Index of Services (NOV quarterly.) Regardless of the benign market reaction, almost all of the indications were still strong. Given the interest in US housing and energy, weaker US MBA Mortgage Applications (as expected after long rates rise) and higher EIA Crude Oil Stocks (both for the week ending JAN 19) will be followed by what is normally not a very critical event which takes on a bit of extra importance in the current environment: the Reserve Bank of New Zealand rate decision.

While Thursday's important news begins with the ECB's Stark speaking at a Brussels Conference, the major European influences commence a bit later, with the German GfK Consumer Confidence Survey (FEB), French Business Confidence, and Own-Company Production Outlook (all JAN) followed by the German IFO (also JAN.) Then it's the Euro-Zone Current Account (NOV) and Italian Retail Sales (NOV.) Of the US releases Thursday, after Weekly Jobless Claims (for the week ending JAN 13) and Help Wanted Index (DEC), Existing Home Sales (DEC) is likely the most telling. Speeches by BOC Governor David Dodge on Monetary Policy and the ECB's Gonzalez-Paramo in Berlin round out the day.

Friday begins with a surfeit of Japanese inflation data (variously DEC & JAN) along with their Housing Starts and overall Construction Starts (both DEC.) After that the German Import Price Index (DEC) and GfK Consumer Confidence (FEB) should be a very interesting influence, along with the UK BBA Mortgage Approvals (DEC), and US Durable Goods Orders and New Home Sales (both DEC.) With no talking heads on Friday, the relatively contemporary European and US data should provide some resolution of any remaining trend indecisiveness, albeit allowing for the influence of the energy markets.

Energy's Influence

Equities have surely benefited from the extended break in energy prices. As noted in passing above, except insofar as it has the capacity to temporarily weaken the stock price of major oil companies, energy price weakness is a distinctly 'one-edged' sword. It both gets cheaper to run the plant and equipment at the same time consumers not as burdened by heating and cooling bills and automobile fuel costs have more funds available for discretionary spending.

We have been around long enough to know that further extensive weakness in energy prices will be a constructive factor for fixed income as well at some point. Yet, that is not likely to occur before the Crude Oil price is back around or below $30.00 per barrel. Just as the previous (somewhat perverse) indications were that higher energy prices were an 'invisible tax' that suppressed discretionary spending, the current psychology is additional consumer discretionary spending allowed by lower energy prices is a fillip for developed economies which are already robust enough be over-heated by any more extensive retail demand.

US Housing Still Issue for Equities

While we believe that this intense focus on energy prices as a driving force for equities and fixed income will prove misguided at some point, it seems to be in place for now, and will continue to be a key factor for the near term trend of both the equities and fixed income. However, ultimately consumer spending will revert to more classical influences of general confidence and especially availability of funds from sources that may be in the process of actually diminishing across time; especially the ever-expanding piggy bank that was the US house price boom prior to last years weakness that may extend into later this year.

The strength of the equities so far this year defies all of the general potential drags that we mentioned were risk factors from late last year. These include the obvious problems in quite a few of the other world economies and equity markets, not to mention the continued erosion of the geopolitical situation everywhere from Central and South America to the Middle East.

Yet, also noted previous, for now this seems to be having a 1997-1998 effect: problems elsewhere create flight capital that is headed for developed world equity markets, as the bond markets do not look appealing right now: another bit of self-fulfilling prophesy.

The equity market strength also seemingly defies the pending second phase of the US housing crunch. Part of this is no doubt the strength of the equities themselves as a further bit of self-fulfilling confidence for those sitting with property which is not moving at current offering prices, and who are counting on the overall economic strength to carry the day in housing as well. This is all very typical, and as we know from previous cycles the bottom of any major correction in the US real estate market is typically heralded after the initial drop stabilizes, and is then part of the received wisdom on why the economy and equities are also primed for a return to strength as well; it is also typically misguided, as in 1987-1990.

On Friday we received the latest analysis from one of our favorite analysts and consolidators of other excellent analysis: John Mauldin's *Thoughts from the Frontline Weekly Newsletter*. As is often the case, he questions dicey 'received wisdom.' While some of this was quite possibly also obvious to other informed observers, as usual he does a better job than most reviewing other resources for further indications of reality versus perception.

While they require it as part of the standard attribution of our source for the information, we include his email address (John@FrontLineThoughts.com) with our usual encouragement for anyone who is interested to get on his distribution list. Regardless of his specific trend view, the analysis is a consistently stimulating selection of his perceptions and the output from a wonderfully far flung group of other estimable sources.

We have taken the liberty of attaching his most recent observations and conclusions as a PDF file (TFFWN070119-Mauldin.) Regardless of currently allowing for some further equity market up trend extension early this year, we were especially interested in considerations of the risk profile of the equities which John sourced from John Hussman of Hussman Funds.

The most telling bits are from a section titled "**Overvalued, Overbought and Overbullish**":

"And all that money looking for a home has the US stock market at what John Hussman's research indicates is overvalued, overbought and over bullish."

“Hussman sets three definitions for these conditions. The market is overvalued when the peak earnings to price ratio on the S&P 500 is over 18. It is overbought when the S&P 500 is at four year highs and at least 5% higher than 6 months prior, and overbullish is when Investors Intelligence percentage of bullish advisors is over 53%. He coined the term “ovoboby” to describe the period when all three of his criteria are met.

“That doesn’t seem like terribly strenuous criteria to me, but those three conditions show up together very few times over the past 40 years, roughly 8 times (there were a few times when the conditions showed up within a few weeks of each other).”

John also has further thoughts on why the US housing market is continuing to weaken in spite of some ostensible indications which are allowing the industry and the financial services community to keep a good face on things. We have direct professional experience of the real estate industry from back in the mid-late 1980’s, and offer the observations below as a follow up to our own impression that there will be a secondary crunch in the US housing sector. Anyone interested in our previous thoughts, or our inclusion of John’s previous research on why US housing remains a very long way from the real bottom can visit the Sample Reports page of our website and review ***Capital Markets Observer*** II-48 and II-49 (the latter of which included the December 8th *Thoughts from the Frontline Weekly Newsletter* to expand on our own instincts on real estate in that regard in ***CMO*** II-48.)

A brief sampling of Mr. Mauldin’s observations (with even more interesting insight on the commercial real estate market in attached *Thoughts from the Frontline Weekly Newsletter)* are from the section titled “**When Housing Up 4.5% Is Really Down 4.1%**”:

“Sometimes you really just have to look under the hood of some of the headlines. I must admit I was rather surprised to read yesterday that housing starts were up 4.5% in December. With both of new and existing home inventories rising, this just did not make sense. But there it was. The TV pundits and the financial press were full of analysts telling us we have seen the bottom in housing.”

“So much for my thoughts of a housing led recession. Was it the weather? Overly optimistic builders? Or was I just wrong and the bottom in the housing slowdown had been reached quicker than it has in previous housing slowdowns.”

“It turns out that new home construction did not rise. In fact, if you look at the data, new home construction was down by 4.1%. What was up was multi-family apartment construction which by a very robust 19%.”

From which point he segues into why all of that new multi-family housing construction will naturally weigh on the already glutted market for single family homes. While this has not historically meant a major housing bust, it reinforces our consideration that the US consumer will not have any near term escalation of their home values from which they will be able to leverage disposable funds. One does not need to be a prophet of gloom and doom to suggest that while retail turnover may be assisted by somewhat higher wages, the significant further largess available from the ever-expanding piggy bank of sharp increases in home prices is over for now. As folks are less confident about the durability of stock market profits, and less likely to leverage those to maintain lifestyle expenditure, this holds risks for retail sales and the equity markets as the final bullish influences unfold this year.

Miscellany

US Government That Actually Works!

Our skepticism that the Democrats could actually bring about any change to the 'do nothing' failures of their predecessors has been refuted in a most constructive manner. While the votes on raising the minimum wage (albeit to below market levels) and certain other laws were obvious 'no-brainers' that even the more moderate Republicans were frustrated that their previous majority failed to pass, an ethics related issue was a really interesting surprise.

When Senate Majority Leader Harry Reid came out against the reform of 'earmarks' (the very pernicious, highly focused spending bills members use to deliver funding for pet projects to their home states), newly elected Democratic members rebelled. As House Speaker Nancy Pelosi had already passed the more restrictive ethical legislation in the House, some of new, admittedly more conservative Democratic Senators objected to the delay in the Senate passing a version of similar ethics legislation that would improve the image of their body.

In the event they were adamant that this was just the sort of thing their constituents had sent them to Washington D.C. to address, and they were sure they wanted it. As we suggested might be the case for the Democratic Party leadership which had hand selected much more conservative candidates to give them the leverage to win the 2006 election against tired and corrupt Republican opponents, they were now going to need to respect the ethical and social views of these new, more conservative members. In this instance, the newbie tendency to create more ethical and effective government carried the day.

The old saying is that a week is a long time in politics; 22 months is an eternity. Yet, even allowing it is a long way to the 2008 US general election, if this is a sign of what a recently more balanced Democratic Party can accomplish, they will likely be a real force in the next race for President of the United States regardless of their actual candidate. Now if they can just stop their contenders from devolving into the sort of back-biting which already seems to have started, they might actually have a chance against the demoralized Republicans.

The 'Big Boys' Actually Let the 'Little Guys' Know

One of the least credible criticisms of the securities industry since the reforms engendered by the Dot.Com bust is that the Big Boys are always taking advantage of "inside information" that they either do not share at all, or only release to the public once they have capitalized upon it. Yet, Morgan Stanley's advisory to clients to decrease their equity market allocation, and divert it into 'cash' at that, is telling in its refutation of that alleged financial services industry abuse of its relationship with its clients.

This advice is also consistent with Morgan's divestment of the Discover Financial Services business that will be completed later this year. It would seem hard to justify telling clients to continue to have confidence in the strength of the US economy and equity markets while spinning off a major consumer credit business. And this is not really a new approach on Morgan's part: We recall that their wealth management division broadly distributed a very prescient analysis of five year incremental equity market performance into 2000 that warned yet another five year improvement into the new millennium was very problematic after the back-to-back increases of the 1990's. While other securities firms are also likely doing their best for clients, and however the actual trend evolves, it is nice to see that Morgan Stanley is providing client advice which seems so consistent with their broad corporate strategy.

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

-Rohr
(www.rohrintl.com)