

Rohr Report

TrendView

BRIEF UPDATE: FIXED INCOME/EQUITIES/FOREX/ENERGY

Friday, September 5, 2008 (07:00 CDT; 08:00 EDT; 12:00 GMT)

OVERVIEW

- All of our trend views and technical projections remain consistent with yesterday's **TrendView BRIEF UPDATE**, especially now that equity markets have finally cooperated by heading back down toward a test of the mid-July short term basing patterns that we had been expecting. While some folks feel they need a new reason for the equities to remain bearish at present, we continue to rely on the degree to which the credit crunch is moving past the financial services impact into mainstream economies at large.
- While the more radical impact from economic data will be market responses to this morning's US Employment report (AUG), the OECD Composite Leading Indicators (JUL) were released this morning with a headline that included "...continued slowdown in OECD area." The two important aspects of that are that it is an improvement from last month's indication that the economic weakness was accelerating (other than for the BRIC economies), and that this is a six month leading indicator. While the equity market trends also operate on a forward view, this seems to indicate that they can continue to anticipate weakness; certainly weaker than what was expected as little as sixty days ago in economies outside the US. Yet, even more daunting news came from Tuesday's OECD Interim Economic Assessment that showed specific downgrades to economic growth projections since their July indications. The cover page is attached, and we will be revisiting that full report along with other expansions of downbeat economic expectations in next week's **Capital Markets Observer** IV-12.
- Yet, for now the more important short term trend perspective is whether the equities hold their first retest of the mid-July basing activity. Below DJIA 11,500 and 11,350 interim supports, an extensive test of 11,100-10,975 weekly UP CPR signal and Tolerance range (likely to hold the first retest) was likely, with similar indications for other equity indices. The rest of the equity market weekly UP CPR indications and associated Tolerances (i.e. previous week's lows) are the S&P 500 future 1,240-1,225, DAX 6,153-6,140 and FTSE 5,261 (both signal and Tolerance due to the Closing at that low the previous week.) So, here we are, and whether these markets can avoid a weekly Close below those levels will be a significant indication of whether the July lows can indeed hold for now, or these markets are back into an aggressive bear trend.
- That raises an interesting issue on the T-note attempt to escape the 118-00 area resistance (Tolerance 118-12), with extended resistance not until 119-16/120-00 area. Bund above resistance in 114.00-.30 area is also attempting to escape 115.00-.30, with further resistance every full point up from there into the mid 117.00 area. Similarly for the recently more buoyant Gilt support, resistance is into 110.00-.30, with 111.00-.30 above that and major resistance back into 111.85-112.30; which is interesting due to the premium priced December contract already trading well above it.

This review of economic report releases, general news, market tendencies, and/or specific technical trend contingencies is strictly for educational purposes. This information is provided without specific consideration of the portfolio requirements, suitability for financial risk, or psychological state of any recipient. Any use of this information to implement actual trades or investments is the sole responsibility of the individual or entity authorizing that decision. This waives your right to claim of explicit or incidental liability for financial loss or forgone profit against Rohr International, Inc. or any of its informational contributors under all circumstances. By review of the previous and following comments you confirm these specific stipulations.

A service of **Rohr International, Inc.**

© 2008 All international rights reserved. Redistribution strictly prohibited without written consent.

- As the US dollar is also now up against its next significant resistance on the US Dollar Index at .7900, whether the equities manage to hold might also be quite an influence on whether all markets exhibit the ‘two-way street’ tendencies that we had expected from mid-August; albeit allowing extensive short term volatility to continue at times.
- The other interesting aspect of the fixed income was the near term hawkish sentiment from Monsieur Trichet triggered enough equities weakness to counter initial weakening influence on weak sister Euribor, which has recovered a bit. Whether the equities can hold those near term basing levels from mid-July is therefore also very relevant for the trend in the short money forwards, where the March 2009 Eurodollar is challenging the 97.15-.20 area, with not much above that for about 20-30 points.
- Also recall that the dovish expectations regarding central bank tendencies from here are based in part on the weakness of energy markets. Yet Crude Oil had only just tested the lower end of the 107.80-106.23 Area Gap on the weekly continuation chart on Tuesday (and recovered so far), with major 100.00-98.50 support below that.
- All other analysis remains consistent with yesterday’s **TRENDVIEW BRIEF UPDATE**, and we refer you back to that for further trend views and technical levels.

We hope you find this helpful.

-Rohr
(www.rohrintl.com)

This analysis is confidential. It may also be legally privileged. If you are not the addressee you may not copy, forward, disclose or use any part of it. If you have received this message in error, please delete it and all copies from your system and notify sender immediately by return E-mail.
Internet communications cannot be guaranteed to be timely, secure, or error and virus-free.
While based upon price data and market information from sources believed to be reliable, the sender does not accept liability for any errors or omissions, and does not guarantee any profitability or avoidance of loss based upon the content of the foregoing analysis.