

Rohr Report

TRENDVIEW

MARKET ALERT: EQUITIES/FIXED INCOME/FOREX

Thursday, June 11, 2009 (08:30 CDT; 09:30 EDT; 13:30 GMT)

ALERT: DECEPTIVE DATA

WHILE THE TECHNICAL TREND DECISION BY DJIA OUT OF THE 8,800-8,600 RANGE REMAINS PARAMOUNT, THE LACK OF UPSIDE FOLLOW THROUGH SO FAR THIS WEEK IS NOT ALL THAT SURPRISING. AMONGST WHAT APPEARS TO BE 'MIXED' ECONOMIC DATA, THE TENDENCY IS FOR MANY OF THE STRONGER HEADLINE INDICATIONS TO ACTUALLY MASK QUITE A BIT OF WEAKNESS.

▪ While we will revisit the ways in which that is true for US Advance Retail Sales (MAY), the previous indications today also demonstrated this tendency. After yesterday's still weakish Fed Beige Book, this morning's improvement in Japanese GDP (Q1 Final) was slightly better yet still down at a weak -14.2% annualized and -3.8% on the quarter, which reinforces OECD Composite Leading Indicators. Australian employment indications might have appeared quite a bit better than expected by only losing 1,700 jobs versus 30,000 estimated loss. However, they include full-time and part-time changes in the total, and the net was the result of a loss of 26,200 full-time positions while gaining 24,500 part-time positions. On balance that appears to be quite a few full-time employees who have either lost jobs or been placed on sharply reduced schedules. French Non-Farm Payrolls (Q1 Final) and Canadian Capacity Utilization Rate (Q1) were all so weak, with the latter falling from 74.7% last month to 69.3% this month. That last bit is the sort of extreme drop which leads us to question whether temporary closures of automobile plants might have distorted the number.

▪ However, none of that mitigates the degree to which the US data was indeed very weak. While the US Weekly Initial Jobless Claims (for the week ending JUN 6) have dropped back to 601,000, the more telling trend is continuing claims (for the week ending MAY 30) pushing up to a new record 6,816,000. As the previous week's figure was revised up from 6,735,000 to 6,757,000, there was no temporary downtick in the consistent upward progression of Continuing Claims. Possibly the steady fall of the Weekly Initial Jobless Claims from their 674,000 peak ten weeks ago will help to reverse that sometime soon.

▪ And all of that is in addition to the less than constructive underlying indications for US Advance Retail Sales (MAY.) In a nutshell, the major contributor to be rise in sales volumes was the hefty increase in the price of gasoline; and as is often the case, that higher energy expense was not a constructive factor for other types of retail sales. While automobiles held up reasonably well (amazingly enough) along with building materials and clothing, the other increase being 'health' is also not a very good indication. Everything else from appliances and electronics to furniture to sporting goods and hobby items and miscellaneous stores purchases were all down. And here we sit once again with an indecisive market once again in the wake of an ostensibly strong economic influence. In fact, no surprises.

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