



The King Report

M. Ramsey King Securities, Inc.

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“Independent View of the News”

On Sunday: **Italy plunges into political crisis after govt talks collapse**

Conte gave up his bid to form a government following the collapse of talks with the president over including a eurosceptic economy minister in his cabinet... <https://t.co/P9q9gYnpjE>

*Earlier on Sunday a source said **Mattarella had rejected the name of Paolo Savona, the eurosceptic candidate whom the League/5-Star coalition had put forward to head the Economy Ministry.***

<https://www.reuters.com/article/us-italy-politics-conte-mandate/italys-pm-designate-gives-up-on-efforts-to-form-a-government-idUSKCN1IS0PH>

BBG's @aspeciale: *Di Maio apparently says **Five Stars will propose Mattarella's impeachment***

<https://t.co/cFSaIO3TM9>

FT: Markets hit as Cottarelli named Italy's new PM

@realDonaldTrump: *Our United States team has arrived in North Korea [Sun.] to make arrangements for the Summit between Kim Jong Un and myself. I truly believe North Korea has brilliant potential and will be a great economic and financial Nation one day. Kim Jong Un agrees with me on this. It will happen!*

On Monday, Italian stocks and bonds got hammered. The FTSE and Swiss Market Index posted modest gains; the rest of the Continent declined moderately. A European close rally appeared; but it provided only a modest lift. The Euro Stoxx 50 declined 0.93%. **ESMs closed +5.00 on Monday.**

DJT's assertion that the North Korea summit was a go induced traders to buy ESMs on Monday. The eMini S&P 500 Index June futures contract traded as high as 2731.75 (+15.50) before Europe opened. They traded as low as 2718.25 (unchanged) when European stocks made their session lows at midday.

ESMs peaked during Asian trading **on Friday** at 2737.75. They lost six handles during late trading in Asia but recovered most of the lost during the second hour of trading in Europe.

Around 7:00 ET on Friday, ESMs commenced a spirited decline, hitting 2719 within fifty minutes. The triggers for the decline in European bourses and ESMs on Friday were Italy and Spain

Italy's Conte struggles to form team; markets [notably Italian bonds] tumble

The eurozone's leading financial risk indicator, the gap between Italian and German sovereign debt yields, surged to 215 basis points, its widest for four years, while Italy's bank stock index hit an 11-month low...

<https://cnb.cx/2IL7s1m>

Spanish Socialists Register No-Confidence Motion against Rajoy

- Premier under fire after former aides convicted of corruption
- Socialists need support from two parties to oust government

<https://www.bloomberg.com/news/articles/2018-05-24/spanish-opposition-is-said-to-plan-no-confidence-vote-for-rajoy>

Spain's benchmark stock gauge tumbles as risk of snap election rises <https://bloom.bg/2IM8QMS>

Political risks grip Europe's markets, stirring memories of 2012 <https://bloom.bg/2KQqHTJ>

Is a Trump-like political movement and purge developing for Europe?

With Italy and Turkey already weighing on European markets, adding Spain, and possibly Portugal according to Goldman, to the EU's prayer list heightened political crises concerns for the Continent.

An asset allocation out of stocks and into bonds appeared in the ESM and USM markets during the second half of European trading.

U.S. 10-year yield reverses all of the month's gain <https://bloom.bg/2IQw3xt>

The early morning ESM decline occurred despite conciliatory comments from Trump and North Korean officials in regard to rescheduling the summit.

@realDonaldTrump on Friday morning: *Very good news to receive the warm and productive statement from North Korea. We will soon see where it will lead, hopefully to long and enduring prosperity and peace. Only time (and talent) will tell!*

Trump: 'Warm' Statement from North Korea 'Very Good News'

North Korea's First Vice Foreign Minister Kim Kye Gwan said Friday that his country still wanted to pursue peace and said it would give Washington more time to reconsider talks. He added that North Korea "inwardly highly appreciated" Trump for agreeing to the summit, and hoped the "Trump formula" would help lead to a deal between the adversaries...

<https://www.bloomberg.com/news/articles/2018-05-24/trump-calls-cancellation-of-kim-summit-setback-for-world>

Just after the NYSE open, Trump told reporters: "We're talking to them [North Korea] now. We'll see what happens... It could even be the 12th." ESMs and stocks rallied smartly.

The early DJT-inspired rally ended at the end of the first hour of NYSE trading. Stocks then went into the familiar range trade mode until midday. When the afternoon began, stocks declined modestly as traders exited for the Memorial Day Weekend. Stocks sank until the VIX Fix rally. After a post-VIX Fix rally dip, the usual suspects manipulated ESMs higher during the final hour of trading.

US Durable Goods Orders for April declined 1.7%; -1.3% was expected. However, Ex-Transportation, orders jumped 0.9%; 0.5% was expected. Nondefense Ex-Air orders increased 1.0%; 0.7% was expected. Transportation orders cratered 6.1%. Durable Goods Shipments rose 0.8%; 0.4% was consensus.

Key Durable Goods Components

Defense +3.1%
Vehicles and parts +1.8%
Computers & electronics +1.1%
Electrical equipment +2.6%
Fabricated metals +2.0%
Primary metals +1.3%

BBG on Friday: Under Pressure from Trump, Saudis Put Brakes on Oil Price Rally

On April 20, the president took to Twitter to lambaste the cartel's push for higher prices. "Looks like OPEC is at it again... Oil prices are artificially Very High! No good and will not be accepted"...

<https://www.bloomberg.com/news/articles/2018-05-25/under-pressure-from-trump-saudis-put-brakes-on-oil-price-rally>

On Friday: Saudis Signal Oil Output Boost, Offering Relief to Consumers

- OPEC will 'do what is necessary' to reassure anxious customers
- Any increase would be smooth to avoid shocking the market

<https://www.bloomberg.com/news/articles/2018-05-25/saudi-minister-sees-likely-oil-supply-boost-in-second-half>

The S&P 500 index is **still stuck** in the 2/10/2 to 2/14/2 **trading range** that has persisted since May 9
Oil and gasoline tumbled: good for bonds, possibly bad for stocks

First Hour/Last Hour Action [S&P 500 Index]

First Hour **Down**, **Up from open**; Last Hour **Up**

Pivot Point for S&P 500 Index [above/below indicates daily trend to traders]: **2721.23**

Previous session High/Low: **2727.36; 2714.99**

Ticker	Chg	% Chg	5d % Chg	1m % Chg	3m % Chg	6m % Chg	YTD % Chg	1y % Chg	Last
+ S&P 500 REAL ESTATE IDX	+0.86	+0.45%	+1.642%	+2.91%	+0.86%	-7.839%	-5.85%	-3.717%	↓191.92
+ S&P 500 UTILITIES INDEX	+1.06	+0.42%	+2.516%	-0.92%	-0.33%	-10.076%	-4.77%	-5.977%	↓254.63
+ S&P 500 CONS DISCRET IDX	+1.573	+0.19%	+0.919%	+4.08%	+0.093%	+12.044%	+7.53%	+17.121%	↑844.490
+ S&P 500 CONS STAPLES IDX	+0.65	+0.13%	-0.093%	-0.77%	-8.755%	-9.619%	-13.09%	-11.843%	↑510.53
+ S&P 500 INFO TECH INDEX	-0.01	--	+0.852%	+8.57%	+2.758%	+8.86%	+10.51%	+26.457%	↑1222.42
+ S&P 500 HEALTH CARE IDX	-1.61	-0.17%	+1.273%	+0.87%	-2.631%	+1.634%	+0.24%	+9.501%	↑958.60
+ S&P 500 INDUSTRIALS IDX	-1.19	-0.19%	+1.273%	+2.66%	-2.324%	+5.769%	-0.40%	+10.661%	↑635.28
+ S&P 500 INDEX	-6.43	-0.24%	+0.281%	+3.10%	-0.711%	+4.816%	+1.78%	+12.947%	↑2721.33
+ S&P 500 FINANCIALS INDEX	-1.96	-0.42%	-0.894%	+0.50%	-3.99%	+6.674%	-0.59%	+18.269%	↓461.21
+ S&P 500 MATERIALS INDEX	-1.89	-0.51%	-0.822%	+2.46%	-3.304%	+0.84%	-2.62%	+12.177%	↓369.02
+ S&P 500 TELECOM SERV IDX	-0.87	-0.59%	+1.885%	-5.30%	-5.076%	-0.273%	-11.79%	-5.688%	↑146.49
+ S&P 500 ENERGY INDEX	-14.67	-2.61%	-2.779%	+0.82%	+11.243%	+12.501%	+2.69%	+15.469%	↓547.77

Global trade volumes fell (-1.2% vs. -0.7% previous month) **for a second month in March**

<https://bloom.bg/2KUWXoG>

Angie's giving Germans more socialism and immigrants more housing.

Merkel Pledges \$7 Billion to Ease German Housing Squeeze

- German government targets 1.5 million new apartments, houses
- Surging rents have made housing a hot political topic

<https://www.bloomberg.com/news/articles/2018-05-26/merkel-pledges-7-billion-to-ease-germany-s-housing-squeeze>

Reception Grows Frosty for German Firms in Saudi Arabia

Following diplomatic discord between Berlin and Riyadh, contracts for German businesses in Saudi Arabia have been drying up. Is the crown prince punishing them? [Over Iran]

<http://www.spiegel.de/international/business/reception-grows-frosty-for-german-firms-in-saudi-arabia-a-1209576.html>

The Dollar Index made a new 2018 high on Friday. Many traders and investors are perplexed that the dollar has soared since mid-April – despite the US's massive debt and Treasury auctions. They are focus on only one factor.

EU trade chief to meet U.S. peers Ross, Lighthizer in Paris on Wednesday <https://reut.rs/2L3p6Ko>

Reasons for the strong dollar rally since mid-April

- The Fed is hiking rates while Europe and Japan are still running ZIRP or NZIRP.
- The Fed has been contracting its balance sheet. Europe and Japan continue to QE their balance sheets higher
- The US is doing better than Europe and Japan economically
- The US is addressing its trade deficit for the first time in decades
- Trump is restructuring the US economy and global position; Brussels bureaucrats are inert
- USA problems vs. Europe problems: Which hand would you rather hold and play.
- Trump's leadership & temerity vs. Merkel-Juncker leadership & temerity

Spanish prime minister to face confidence vote on Friday

Corruption convictions handed down to dozens of people linked to his center-right People's Party (PP) threatened his six-year rule...

<https://www.cnn.com/2018/05/28/spanish-prime-minister-to-face-confidence-vote-on-friday.html>

Spanish Government Proposes De Cos for Central Bank Governor

Fiscally conservative economist has central-bank experience

<https://www.bloomberg.com/news/articles/2018-05-28/spanish-government-proposes-de-cos-for-central-bank-governor>

EU plans €30bn funding shift from central and Eastern Europe [Will increase EU dissension]

Proposed aid reforms risk regional tension by boosting spending in south

Slashing Poland and Hungary's share of "cohesion" spending while boosting support for Greece, Italy and Spain... <https://www.ft.com/content/c35f032a-628b-11e8-90c2-9563a0613e56>

Mussels test positive for opioids in Seattle's Puget Sound

The finding suggests "a lot of people" are taking oxycodone in the Puget Sound, researchers say..

<http://www.bbc.com/news/world-us-canada-44256765>

Today – European news should impact markets. Traders have been unable to breakout the S&P 500 Index from its 13-day trading range of 2702 to 2742. Operators will try to breakout stocks on the winds of the usual Monday rally, May performance gaming and the positive news on North Korea.

The Tuesday after a holiday weekend often trades as a hybrid of Monday and Tuesday. Morning through midday acts like a Monday; the afternoon tends to behave like a Turnaround Tuesday.

Oil and gasoline declined sharply on Monday, each falling over 2%. The tumble in energy prices generated a ¾ point rally in US bonds and boosted DJTA stocks. Given the monstrous short position in US notes and bonds, a squeeze on those shorts is developing.

Be alert for asset allocation into bonds and out of stocks.

As we write, ESMs are down 5.00 because most Asian markets are lower on Europe concerns.

The S&P 500 Index 50-day MA: 2674, 100-day MA: 2711; 150-day MA: 2681; 200-day MA: 2634

The DJIA 50-day MA: 24,400; 100-day MA: 24,855; 150-day MA: 24,553; 200-day MA: 23,980

S&P 500 Index support: 2715, 2707, **2700**, 2680, 2670-74, 2655, 2640, 2634 (200 dma), 2600

Resistance: 2730, 2739-**2742**, 2763, 2780, 2801, 2820, 2839, 2851

Expected economic data: Confidence Board Consumer Confidence 127.9

S&P 500 Index – Trender trading model and MACD for key time frames

Monthly: Trender and MACD are **positive** – a close below 2505.65 triggers a sell signal

Weekly: Trender and MACD are **negative** – a close above 2883.10 triggers a buy signal

Daily: Trender and MACD are **positive** – a close below 2688.14 triggers a sell signal

Hourly: Trender is **positive**; MACD is **negative** – a close below 2711.80 triggers a sell signal

Hourly and Daily charts of Trender plus MACD for the S&P 500 Index can be examined on our free app.

<http://www.thekingreportapp.com/>

Trump unleashed his fury on Team Mueller and MSM over the weekend.

@realDonaldTrump: *With Spies, or "Informants" as the Democrats like to call them because it sounds less sinister (but it's not), all over my campaign, even from a very early date, why didn't the crooked highest levels of the FBI or "Justice" contact me to tell me of the phony Russia problem?...*

*When will the 13 Angry Democrats (& those who worked for President O), reveal their **disqualifying Conflicts of Interest**? It's been a long time now! Will they be indelibly written into the Report along with the fact that **the only Collusion is with the Dems, Justice, FBI & Russia**?*

*Who's going to give back the young and beautiful lives (and others) that have been **devastated and destroyed by the phony Russia Collusion Witch Hunt**? [Debilitating legal fees; **AG Sessions is culpable**]*

*Why didn't the 13 Angry Democrats investigate the campaign of Crooked Hillary Clinton, many crimes, much Collusion with Russia? **Why didn't the FBI take the Server from the DNC**? Rigged Investigation!...*

***Why didn't President Obama do something** about the so-called Russian Meddling when he was told about it by the FBI before the Election...*

British spies were first to spot Trump team's links with Russia

Exclusive: GCHQ is said to have alerted US agencies after becoming aware of contacts in 2015

The issue of GCHQ's role in the FBI's ongoing investigation into possible cooperation between the Trump campaign and Moscow is highly sensitive...

<https://www.theguardian.com/uk-news/2017/apr/13/british-spies-first-to-spot-trump-team-links-russia>

@Barnes_Law: Early forecast: **Spygate started in 2015**, not 2016, by **Sally Yates allowing private contractors to access NSA database**. Evidence: why otherwise would they get the wrong Cohen in Prague? Also note Spygate shifts to "human sources" (e.g. spies) same time that Rogers shut it down.

@JohnWHuber: So, it turns out that **PETER STRZOK** (who is probably flipped and cooperating with @JusticeOIG HOROWITZ), was running the "Crossfire Hurricane" counterintel investigation across "divisions", "multiple agencies" *and* with "foreign governments" in Dec 2016 [per Strozok email]

<https://twitter.com/JohnWHuber/status/1000049362288955392>

Clapper: The FBI Wasn't Spying On Trump, It Was "Benign Information Gathering"

<https://www.zerohedge.com/news/2018-05-25/clapper-fbi-wasnt-spying-trump-it-was-benign-information-gathering>

The Deep State thrives under MSM complicity and citizen apathy. The latter is changing.

WSJ's @KimStrassel: **Dictionary definition of spy**: "person who secretly collects and reports information on the activities, movements, and plans of an enemy or competitor."

Media definition: "Not that guy who secretly collected/reported info on Trump campaign."

@paulsperry_: Interesting that Stefan Halper, Christopher Steele, Joseph Mifsud and Robert Goldstone have **all gone into hiding**. Perhaps they are secreted at a British Informant Safe House

MSNBC's Chris Matthews to Congressman Adam Schiff: "**You've got to say something that leads to impeachment. Anything. That's the business we're in.**" [MSM admits they're in the impeachment biz]

<https://www.newsbusters.org/blogs/nb/pj-gladnick/2018/05/25/chris-matthews-schiff-staffer-youve-got-say-something-leads>

Concerned by Trump, Some Republicans [Neocons/Bushies] Quietly Align With Democrats

The network — composed of overlapping groups led by Democrats such as the donor Rachel Pritzker and several veteran Obama administration operatives, as well as leading Never Trump Republicans like Evan McMullin, Mindy Finn and William Kristol... and a liberal resistance trying to pull the Democratic Party left... <https://www.nytimes.com/2018/05/24/us/politics/republicans-democrats-coalition-trump.html>

NeverTrumpers have been colluding with anyone that opposes DJT for almost two years. They are desperate because they know that they are an endangered species that has lost it mojo with the masses.

The FBI Spied for LBJ's Campaign [Even with polls showing a LBJ landslide]

On the president's orders, the bureau wiretapped Barry Goldwater's plane and headquarters.

<https://www.wsj.com/articles/the-fbi-spied-for-lbjs-campaign-1527201701>

Fox: U.K. right-wing activist and journalist Tommy Robinson was arrested and reportedly **jailed Friday after he filmed members of an alleged child grooming gang entering a court for trial -- but the details of his purported sentence remain murky after the judge ordered the press not to report on the case...**

The police informed him he was being arrested for "breach of the peace." ... he had been jailed for 13 months on a contempt-of-court charge...

"What kind of police state have we become?" tweeted U.K. Independence Party leader and European MP Gerard Batten. "I am trying to recall a legal case where someone was convicted of a 'crime' which cannot be reported on," he added. "Where he can be cast into prison without it being possible to report his name, offence, or place of imprisonment for fear of contempt of court."

<http://www.foxnews.com/world/2018/05/26/right-wing-activist-tommy-robinson-reportedly-jailed-after-filming-outside-child-grooming-trial.html>

[UK] Knives are too sharp and filing them down is solution to soaring violent crime, judge says

<https://www.telegraph.co.uk/news/2018/05/27/knives-sharp-filing-solution-soaring-violent-crime-judge-says/amp/>