

BONDS UPDATE AS DAVOS DRAWS TO A CLOSE. Today could be a **KEY REVERSAL** day providing we get the appropriate closes.

Bonds

Pages 3-33

All parts of the US curve have yields above multi year trend lines.

US curves continue to struggle to find a base but the RSI's remain VERY LOW. Ideally wait for the monthly closes to allow for COMPLETE confirmation.

Germany bonds are poised to BASE, subject to todays and monthly closes.

US 10 Breakevens have a LOFTY WEEKLY and DAILY RSI.

Bond markets : We continue to struggle especially in EUROPE but Germany looks like basing.

US BONDS : All US yields are now above multi year trendlines but daily RSI's are lofty.

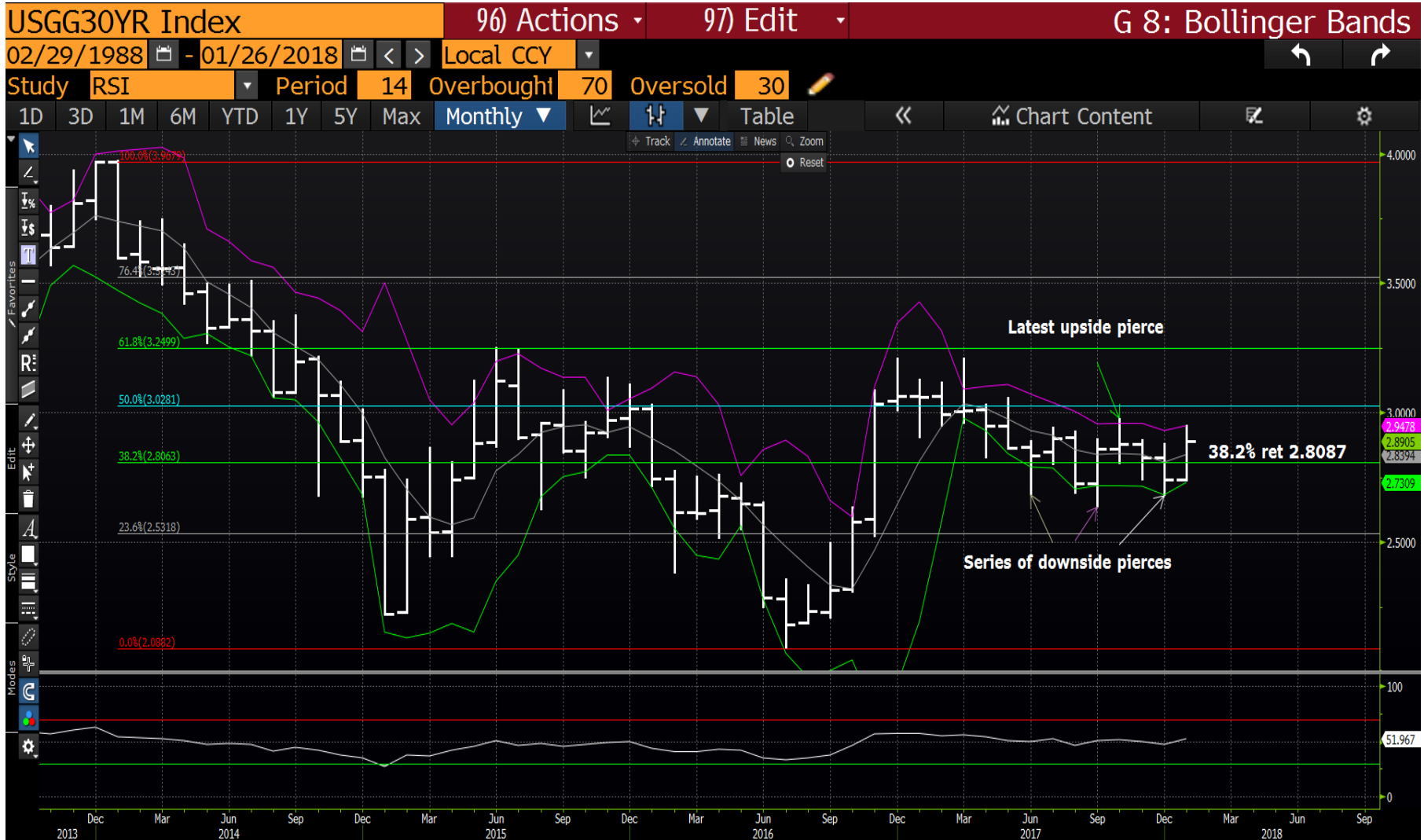
US curves look to have found a BASE against the historically LOW RSI's but given we have had this signal previously its worth waiting for the monthly closes.

Europe is a very mixed bag and PERIPHERAL markets void of REAL MONEY positioning. It has become a bit of a HEDGE FUND CHOP FEST.

US 30yr quarterly : We are now just above the multi year trend line 2.8727 BUT a very neutral RSI.



US 30yr Monthly : We are struggling to breach the top of the recent range.



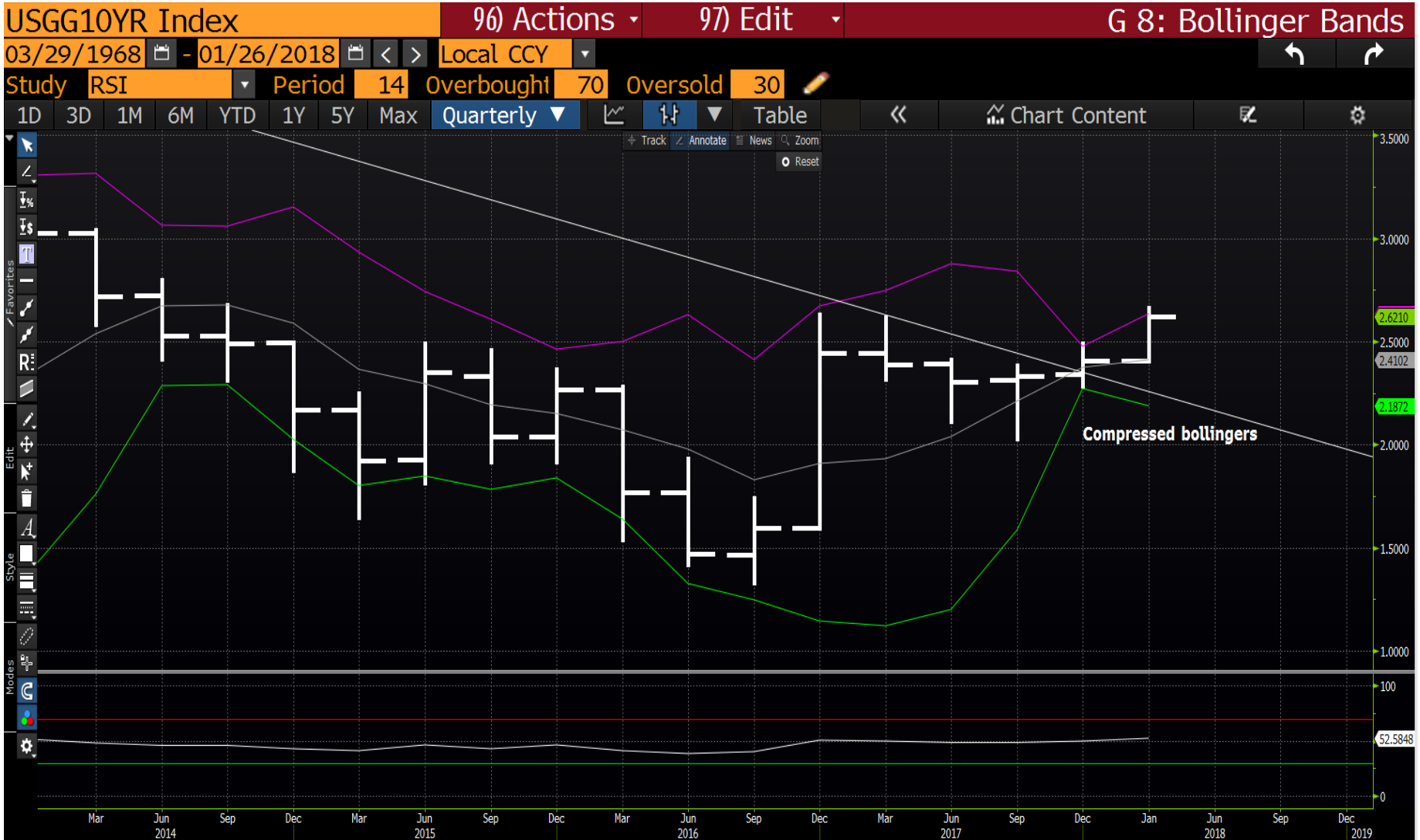
US 30yr daily : The RSI is lofty and we are rejecting the top of the range-50% ret 2.9232.



US 10yr quarterly : A more positive chart, calling for higher yields as ABOVE the multi year trend line 2.555. This could be a KEY breach given the subsequent performance of the 5yr.

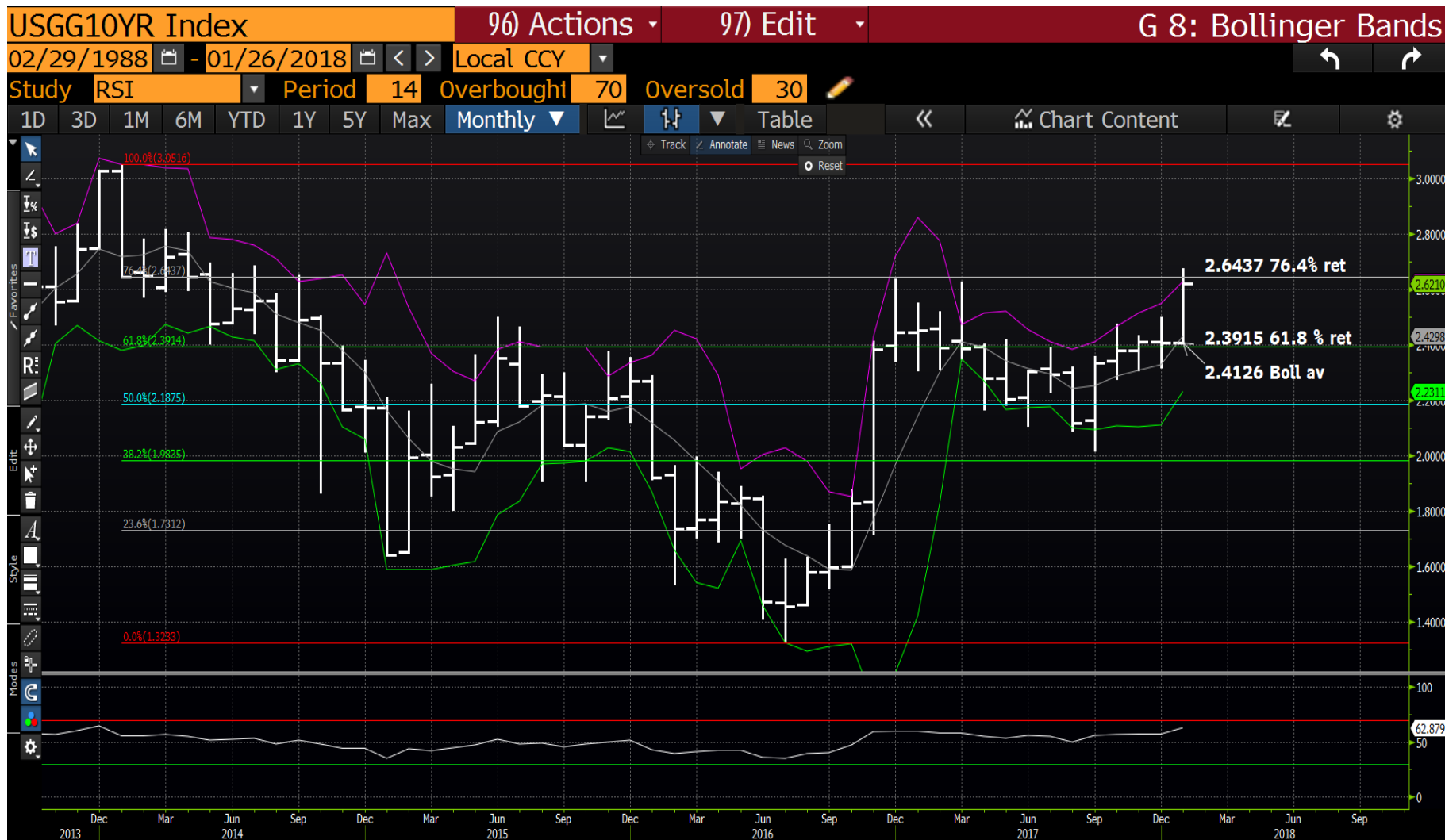


US 10yr quarterly : We witnessed a major coiling of the bollingers last month so this should forecast a MAJOR follow through move!



26/01/2018

US 10yr monthly : We developed a significant range for this month and ideally need to HOLD above the 2.6437 76.4% ret into month end. Keep an eye on the RSI and the latest SUBTLE pierce.



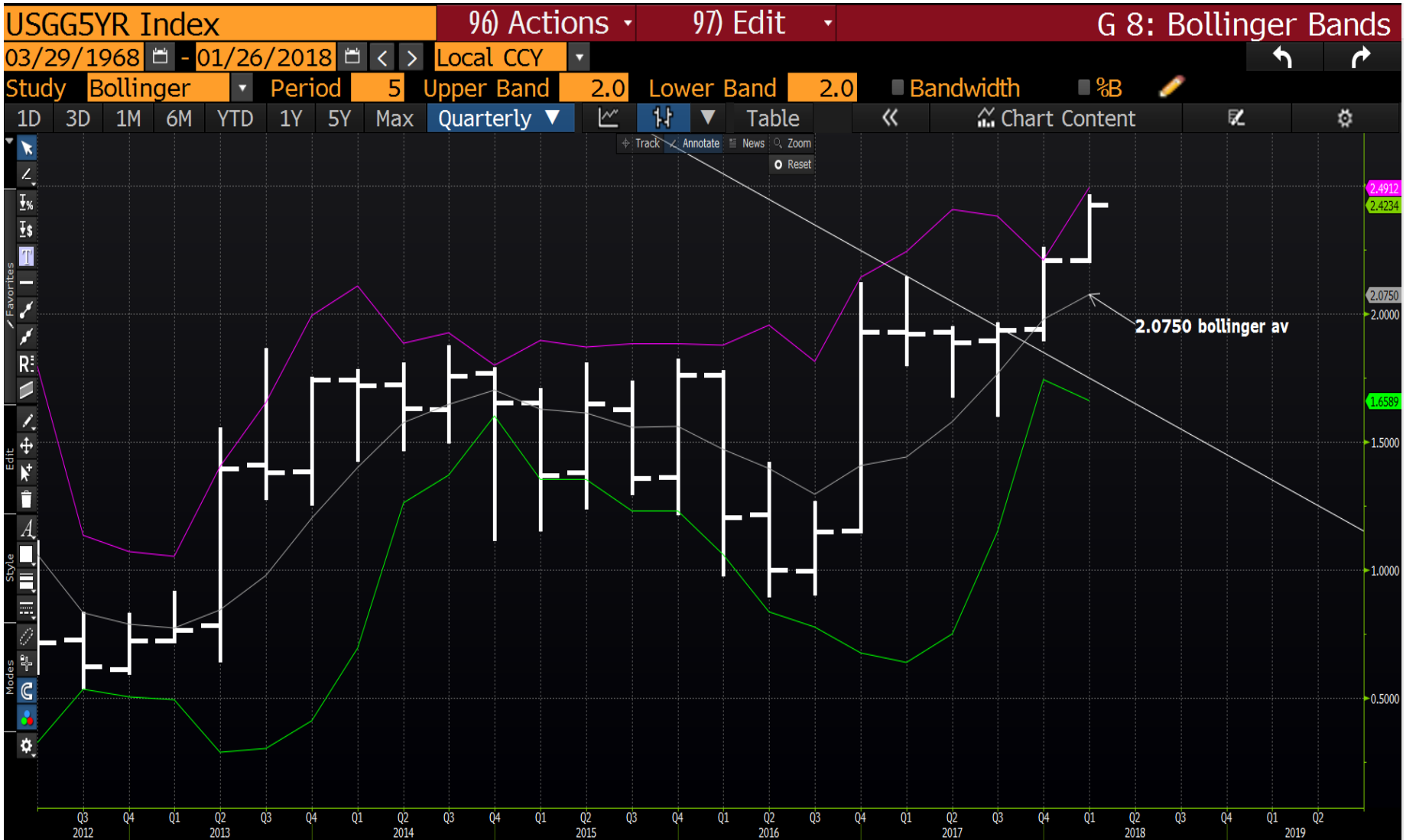
US 10yr daily : The RSI is lofty THUS be cautious of a close sub the 76.4% ret 2.6425.



US 5yr quarterly : This has been the most POSITIVE (yield higher) chart for a while given we breached the trend support 1.7483.



US 5yr quarterly : A great performance and this should continue whilst above the bollinger average 2.0750. Ideally we close the month at the yield highs.



US 5yr monthly : This has been the YIELD RALLY leader and probably the best to watch.
To remain positive we need to close the month above the 38.2% ret 2.3298.



US 5yr daily : This has made all the running on the yield rally BUT the RSI is lofty. A close BELOW the 38.2% ret 2.3318 should warrant some position reduction.



US curves are historically OVERSTRETCHED.

- **The US flattener has been a trade for many but do BEWARE the following charts highlight the RSI's is hitting previous lows.**
- **It is tough to decide which combination to chose BUT MANY as reasonable RSI dislocations, the level entry location is the major sticking point.**
- **Ideally wait for this months closes to ensure confirmation as so many positioned in the flattener still. IF we do steepen it should be a long-term scenario given the RSI dislocation.**

US 2-5 curve monthly : This curve MAY of based, we have higher lows over the last 3 months. Ideally confirmation will come at the end of January.



US 2-10 curve monthly : This RSI is low but the price formation is not as POSITIVE as previous. Therefore would DEFINITELY wait for the monthly close.



US 2-30 monthly : The RSI remains historically oversold but little or no sign of a LEVEL / BASE.



US 5-10 monthly : We have a low RSI but little LEVEL / BASE to apply.



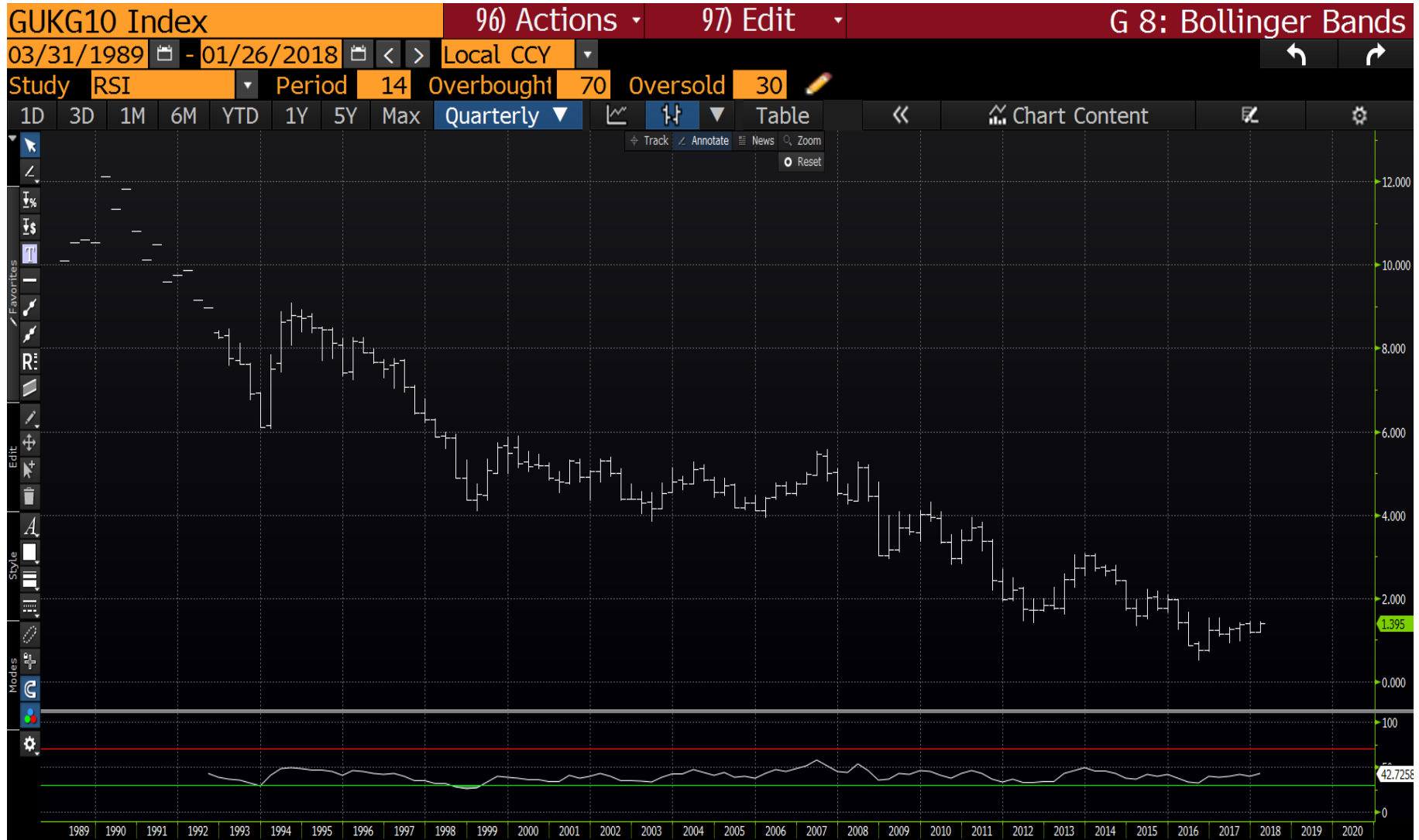
US 5-30 monthly : Another VERY low RSI but might need a flush out to the 76.4% ret 21.776 first.



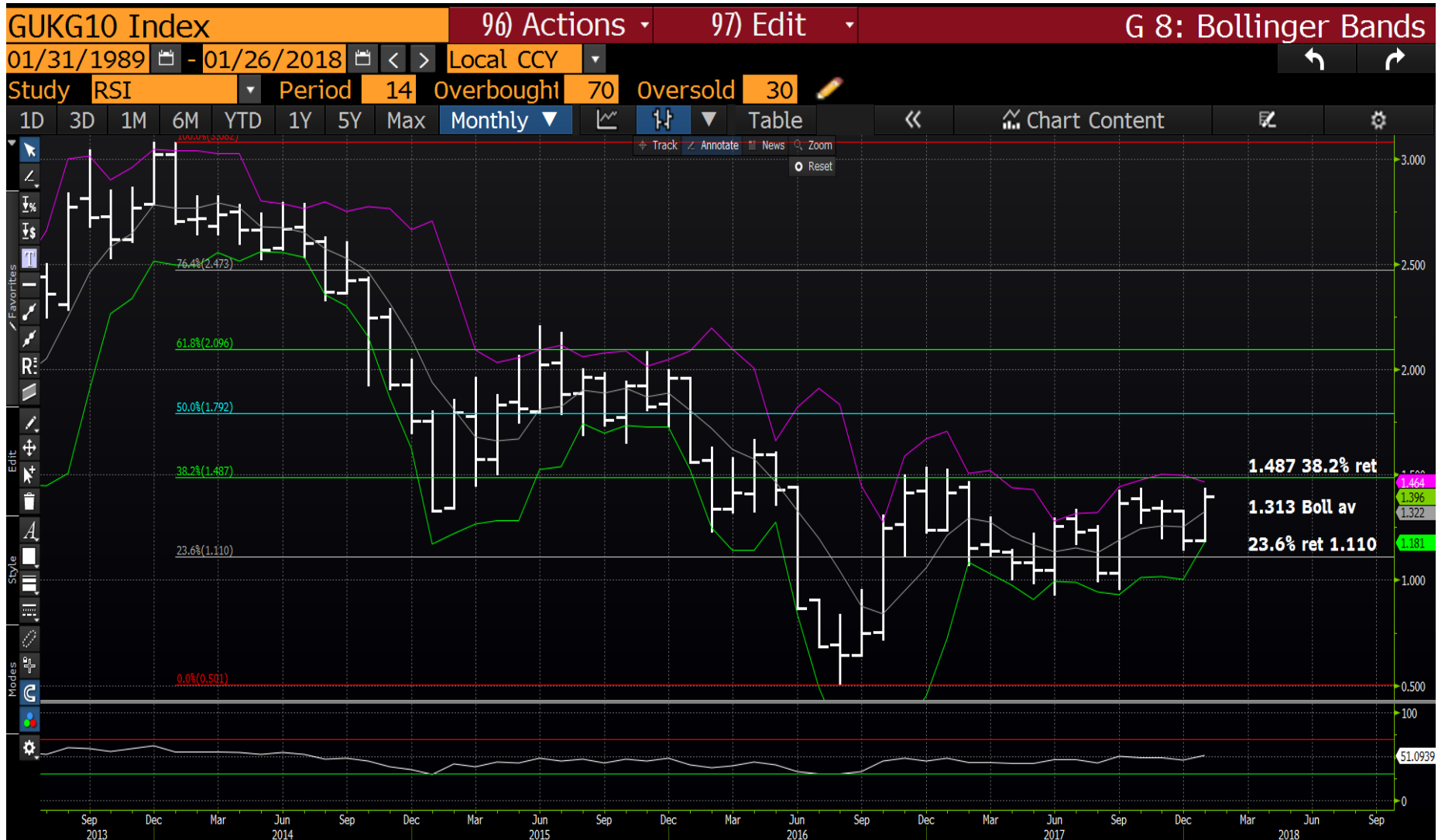
US 10-30 monthly : Yet again a low RSI but lacking in a LEVEL-HOLD.



UK 10yr quarterly : A very inconclusive chart and the RSI could not be more neutral.



UK 10yr monthly : A very range bound situation and 1.313 the bollinger PIVOT. Good resistance at 1.487 38.2% ret despite neutral RSI.



German generic 30yr weekly : This hasn't strayed far from the moving average.



26/01/2018

DBR 46 daily : YET AGAIN we HOLD the PREVIOUS LOW/SUPPORT, this now looks like a REASONABLE BASE. A close above the 23.6% ret 130.455 is key.



DBR 25 daily : We are back at PREVIOUS lows and the RSI has a reasonable dislocation so lets see if it can bounce. This should recover today and a close above 101.833 is key.



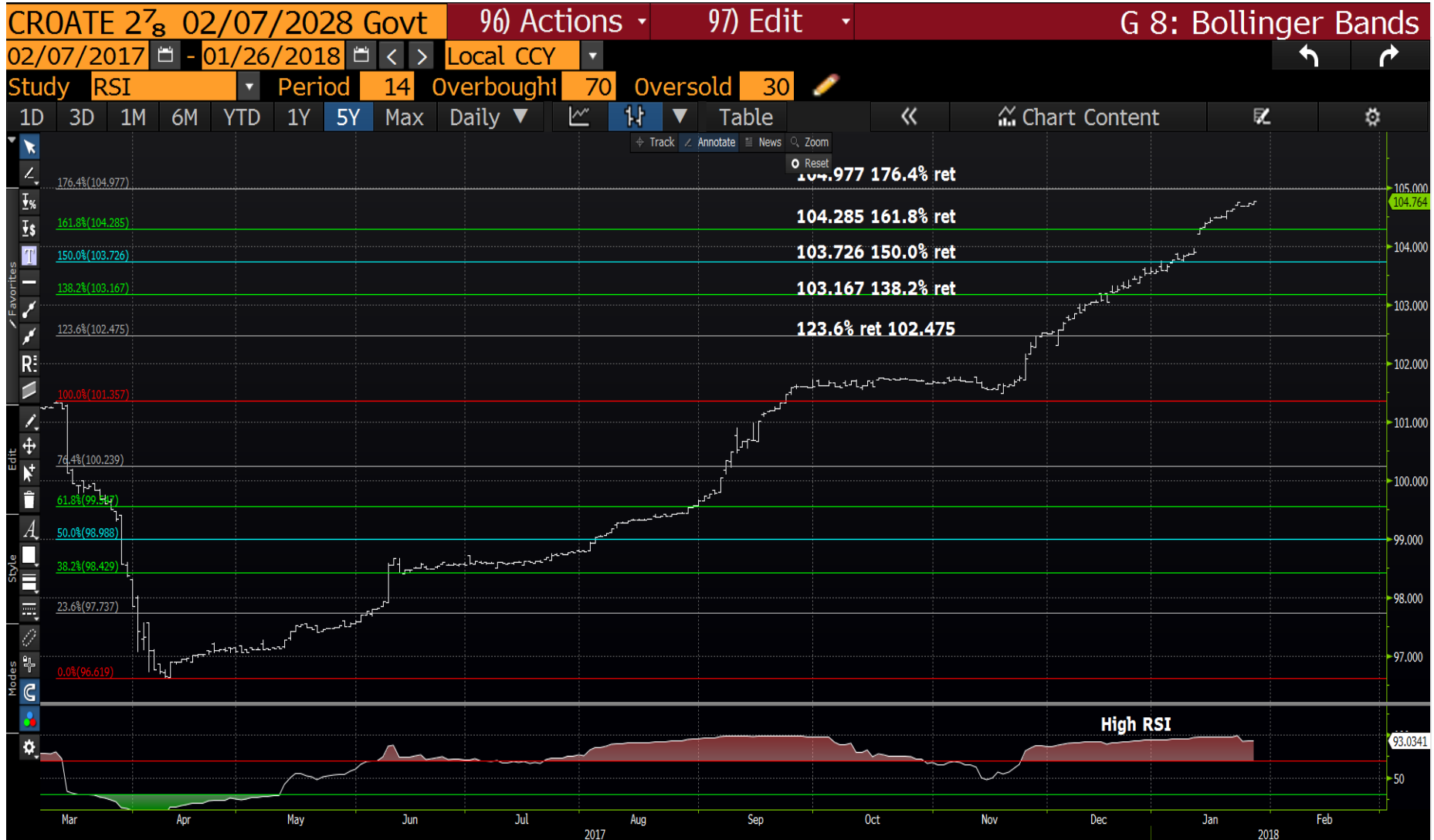
Italian generic 10yr daily : A very nice performance AROUND the various retracements
but the RSI over all is neutral.



Portugal 27's : As mentioned to me this is the “gift that keeps giving”. We are now back in the channel so the recovery and trend look in tact. Channel support is key going forward.



Croatia 28's : We have seen this RSI distortion before and meant a sideways "TIMEOUT" period than a price STALL.



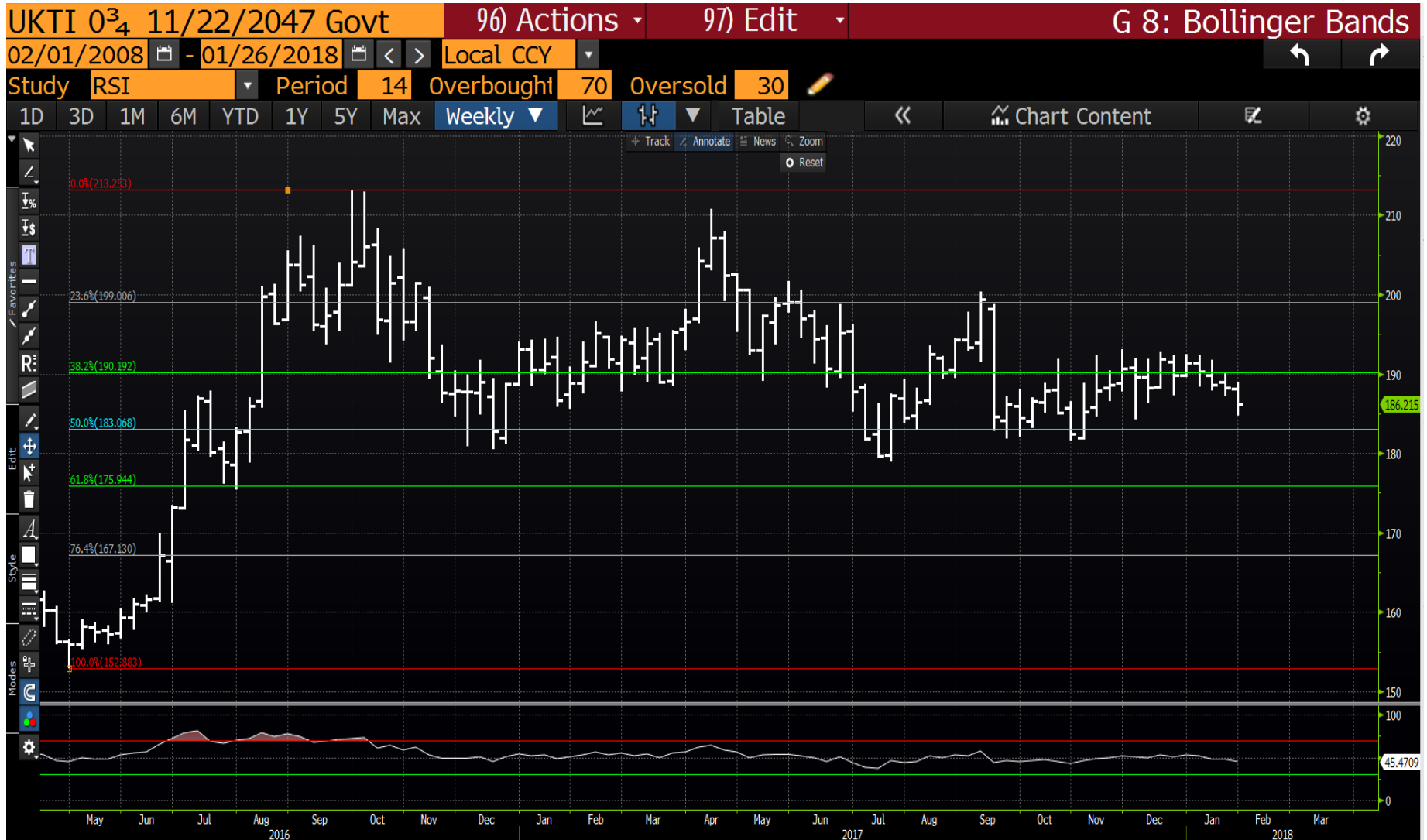
CZGB 28 weekly : The RSI is low but more importantly the PRICE is at the previous low 105.555.



UK 10yr breakevens daily : A VERY sideways formation, with little to add!



UKTI 47's weekly : A slight trend higher but lacks RSI help.



US 10yr breakevens weekly : This is a big test given we are up against the 23.6% ret 2.0665 and the RSI matches that of the 2016 failure.



US 10yr breakevens daily : The RSI is very dislocated on the daily too BUT the market did not fail back in Nov 2017. A good resistance level though at 2.0891.



This research was prepared by Chris Williams. He is a self-employed contractor with Astor Ridge. A history of his research can be provided upon request in compliance with the European Commission's Market Abuse Regulation.

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