

BONDS UPDATE :

Little change to the BOND YIELD charts despite the MANY RSI dislocations. ALL durations are stretched, quarterly, monthly, weekly and daily... this is RARE!

**All parts of the US curve have yields above multi year trend lines BUT the 5yr is now TOO EXTEND. See pages 11-14.
US curves continue the struggle to find a base but the RSI's are now VERY LOW.**

**Germany bonds are struggling to base despite the RSI's.
UK yields have a LOFTY RSI.
US 10 Breakevens have a LOFTY WEEKLY and DAILY RSI.**

Bond markets : We continue to struggle especially in EUROPE and Germany struggling to base.

US BONDS : All US yields are now above multi year trendlines but daily RSI's are lofty, especially the 5yr sector.

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 above the multi year trend line 2.8727 BUT a very neutral RSI.



12/02/2018

US 30yr Monthly : We have breached the 50% ret 3.0281 BUT be mindful of any subsequent UPSIDE PIERCE once the 61.8% ret 3.2499 is hit.



12/02/2018

US 30yr weekly : The RSI is high and would see how it impacts when we reach the 0.0% ret 3.2131.



12/02/2018

US 30yr daily : The RSI is VERY pronounced so we SHOULD stall at the 100% ret 3.2131.



12/02/2018

US 10yr quarterly : A defined break of the multi year trend line.



US 10yr monthly : Despite the RSI the market is relentless but the 100% ret 3.0516 should be effective resistance.



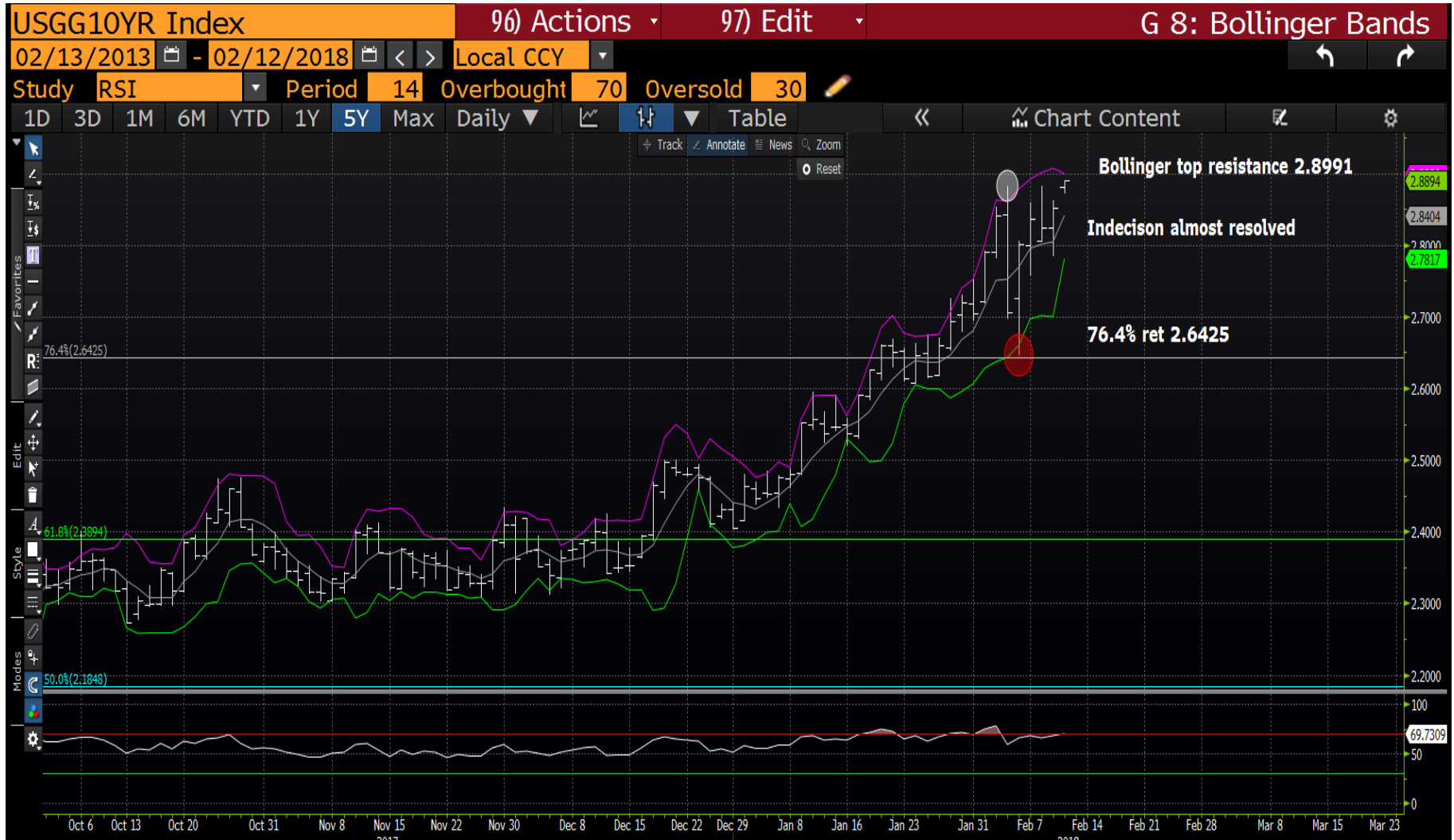
12/02/2018

US 10yr monthly : The latest RSI overstretch has taken it to levels matching that of January 2014. We do not yet have a pierce but might stall at the 100% ret 3.0516.



12/02/2018

US 10yr daily : Lets see how effective the top bollinger is at 2.8991.



US 5yr quarterly : This has been the most POSITIVE (yield higher) chart and made ALL the running BUT has it gone historically too far. The circles HIGHLIGHT the subsequent yield drop at the RSI dislocations SIMILAR to now.



US 5yr monthly : The monthly is ALSO in an overbought situation similar to the quarterly so a lot of potential for yields to fail looking at the historical performance.



12/02/2018

12

US 5yr weekly : The bounce continues from the 38.2% ret 2.3298 BUT the RSI speaks for itself.



12/02/2018

13

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



12/02/2018

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 dislocation **BUT** any use of the 5yr may help.
- 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 : A very sustained steepening and a break of 49.286 61.8% ret will confirm a longer-term reversal.



US 2-10 curve monthly : This RSI is low and now we have a BASE, a move above the 61.8% ret 77.675 will help confirmation.



US 2-30 monthly : The RSI is more pronounced and we have recognised the 61.8% ret 105.137. Key close above or below this level.



12/02/2018

US 5-10 monthly : We have a low RSI similar to that of 2015, but the BASE needs to be confirmed. A close above the 61.8% ret 31.868 will help.



12/02/2018

US 5-30 monthly : The RSI has a far greater punctuation and previous examples highlighted. A huge range this month and so the REAL steepening cannot be confirmed till above the 61.8% ret 76.976.



US 10-30 monthly : The LOWEST RSI EVER! Previous examples highlight a sizeable steepening from this dislocation level. We have matched the range of last month already so difficult to recommend anything here, more so when the monthly closes are in.



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



12/02/2018

UK 10yr weekly : The RSI is now becoming LOFTY but as yet we haven't found a level to fail at.



12/02/2018

DBR 46 daily : A messy bond of late. The RSI isn't at an absolute low so finding a LOW seems to be proving difficult.



DBR 25 daily : We have breached the 50% ret 101.186 and this has thrown up a very major RSI dislocation, so how much lower can we go? BUT we are struggling to bounce.



12/02/2018

25

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

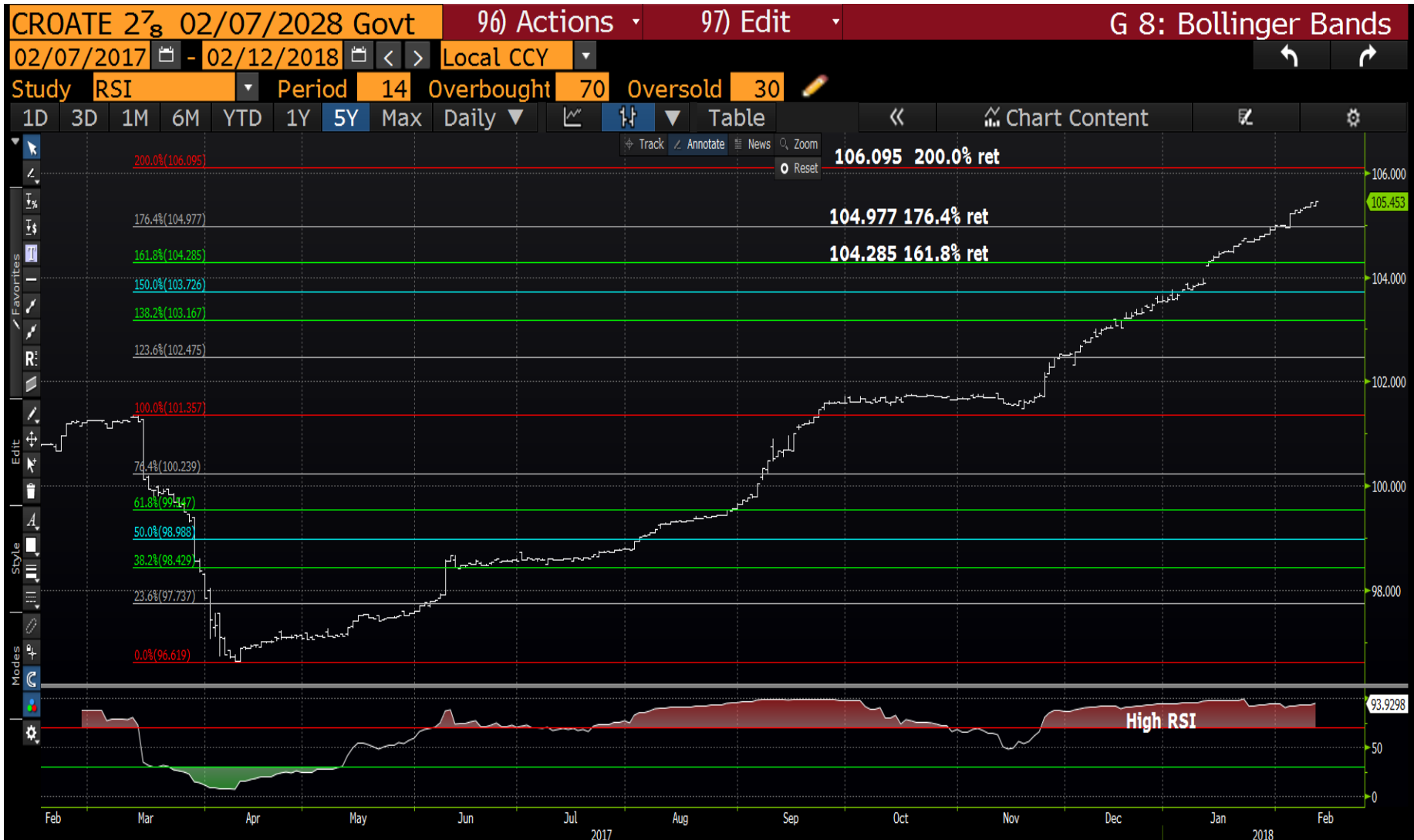


Portugal 27's : As mentioned to me this is the “gift that keeps giving”. It feels like this is a KEY test level as may create a head and shoulders if the 23.6% ret 118.671 is breached.



12/02/2018

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



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



12/02/2018

UKTI 47's weekly : The RSI is reasonably low and the 61.8% ret 175.944 looks like being support.



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



US 5yr breakevens overlay USGG5yr weekly : The RSI relates to the breakeven but there is a big disparity between this and the USGG5yr.



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.

Astor Ridge takes no proprietary trading risk, has no market making facilities, and has no position in any security we discuss in this e-mail. The views in this e-mail are those of the author(s) and are subject to change, and Astor Ridge has no obligation to update its opinions or the information in this publication. If this e-mail contains recommendations, those recommendations reflect solely and exclusively those of the author, and such opinions were prepared independently of any other interests, including those of Astor Ridge and/or its affiliates.

This publication does not constitute personal investment advice or take into account the individual financial circumstances or objectives of the clients who receive it. The securities discussed herein may not be suitable for all investors. Astor Ridge recommends that investors independently evaluate each issuer, security or instrument discussed herein, and consult any independent advisors they believe necessary.

The value of and income from any investment may fluctuate from day to day as a result of changes in relevant economic markets (including changes in market liquidity). The information herein is not intended to predict actual results, which may differ substantially from those reflected. Past performance is not necessarily indicative of future results.

You should not use or disclose to any other person the contents of this research, nor take copies. This is not a representation or warranty and is not intended nor should it be taken to create any legal relations, contractual or otherwise. This research and any files transmitted with it are confidential, may be legally privileged, and are for the sole use of the intended recipient. Copyright in this research and any accompanying document created by Astor Ridge LLP is owned by Astor Ridge LLP.

Astor Ridge LLP is regulated by the Financial Conduct Authority (FCA): Registration Number 579287

Astor Ridge LLP is Registered in England and Wales with Companies House: Registration Number OC372185

Astor Ridge NA LLP is a member of FINRA/SIPC: CRD Number 282626

Astor Ridge NA LLP is Registered in England and Wales with Companies House: Registration Number OC401796