

BONDS UPDATE : European bond yields falling and US yet to follow.

For me the yield drop is a bigger association with a FAILING stock market.

- 1) Yields are close to breaching levels where we will see a MAJOR DROP (US 5yr and UK 10yr). ALL durations are stretched, quarterly, monthly, weekly and daily... this is RARE!**
 - 2) Looking at the previous Equity piece, European stocks look a LONGTERM failure thus I firmly believe this mean BONDS rally.**
 - 3) Germany 26's bonds have based well.**
 - 4) UK yields have a LOFTY RSI and UKTI POISED to bounce. UK 10yr all eyes on a breach of 1.489 (10yr Gilts).**
 - 5) US 10 Breakevens have a LOFTY WEEKLY and DAILY RSI.**
 - 6) Nearly ALL US curves rejected the recent steepening BIAS at MAJOR MULTI YEAR 61.8% ret, the RSI's remain low however. If the 61.8% ret's are breached we steepen in a BIG WAY.**
- ** US curves will be a BIG trade once the 61.8% retracements are breached. ****

Bond markets : Yields are finally stalling against the backdrop of many dislocated RSI's. The closes are important prequal to the end of the month.

US BONDS : All US yields are now above multi year trendlines but daily RSI's are lofty, especially the 5yr sector. The US 5yr is a special case as the RSI is dislocated on a monthly and quarterly period.

US curves look to have found a BASE against the historically LOW RSI's but have nearly ALL stalled at the multiyear 61.8% ret, 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.



US 30yr Monthly : We have a firm rejection at the 61.8% ret 3.2499 and a reasonable pierce has developed. We now need to breach the 50%ret 3.0281 to see additional FAILURE.



US 30yr weekly : This is the 3rd time we have failed at the 0.0% ret 3.2131 and the RSI is in a similar place to see yields stall. Additionally the bollingers are narrowing for a major relocation.



US 30yr daily : The RSI was VERY pronounced and we are now testing the 76.4% ret 3.0762 a close below this will assist further declines.



05/03/2018

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



US 10yr monthly : The RSI is very significant but sadly no levels hit yet. Yields could fail here, alternatively at 3.0516 or definitely on a break below 2.6437 76.4% ret.



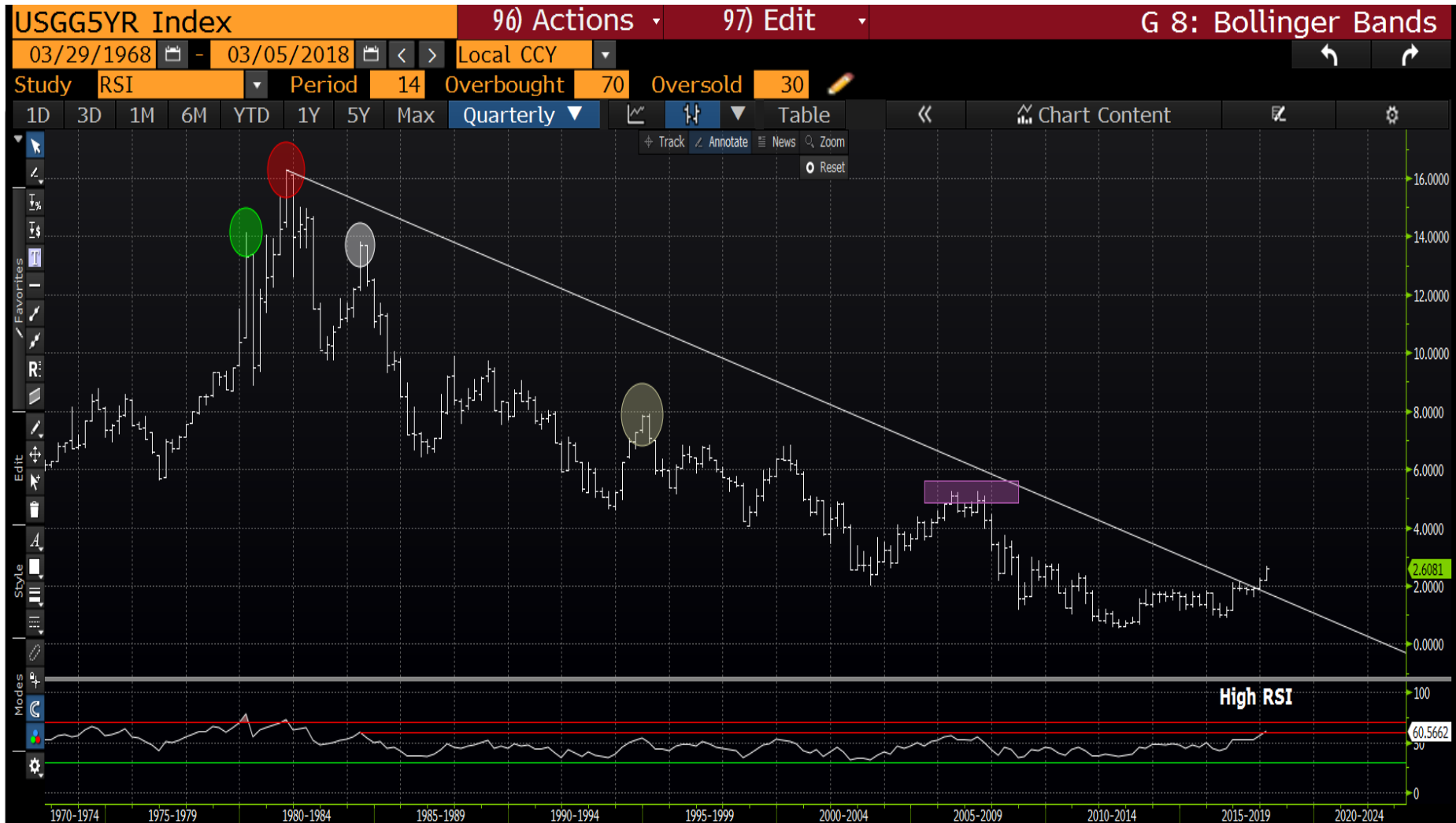
US 10yr weekly : The latest RSI overstretch and the bollinger formation is nicely bearish.
 IF this RSI is right look at the dimension of the move from Jan 2014.
 WE ARE COILING FOR A MAJOR RELOACTION.



US 10yr daily : The market is struggling to decide, but does seem to have a chance of rolling over.



US 5yr quarterly : NOT A CHART TO IGNORE given the RSI is as HIGH as 1984!
This long-term chart is backed up by the monthly therefore it's a MAJOR disparity, this could form a long-term peak.



US 5yr monthly : This compliments the previous chart with an RSI dislocation rarely seen. We are failing shy of the channel 2.8060 which is a frustration, but failing it is.



US 5yr weekly : Yet another chart complimenting the HISTORICAL overstretch but the issue is do we fail here or at the 50% ret 2.8843. We do seem to be rolling over.



US 5yr daily : We have stalled again at the previous high, all that remains is to breach the 38.2% ret 2.6100. It is a shame we didn't close last week sub the 38.2% ret.



US curves are historically OVERSTRETCHED.

- The recent steepening stalled at several of the multi year 61.8% rets BUT the monthly RSI's are FIRMLY OVERSOLD.
- ** Do not get put off by the last months failure **
- Ideally wait for this months closes to ensure confirmation as so many positioned in the flattener still. IF we do steepen we NOW NEED to breach the RECOGNISED 61.8% rets.
- It is tough to decide which combination to chose BUT MANY as reasonable RSI dislocation BUT any use of the 5yr may help.

US 2-5 curve monthly : Despite the near perfect failure at the multi year 61.8% ret 49.286
 I would still look for the curve to steepen ESPECIALLY if the or ANY 61.8% retracements
 are breached.



05/03/2018

US 2-10 curve monthly : A VERY negative close on last months BAR but I still think the low RSI will override that and see us steepen THROUGH the 61.8% ret 77.675.



US 2-30 monthly : Last months extended bar and close may have put off having a steeper but the RSI says it all! ADD on any break of the 61.8% ret 105.137.



US 5-10 monthly : We have a VERY 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 and spark a MAJOR steepening.



US 5-30 monthly : A base seems to be forming against the LOW RSI. Certainly the stop is cheap sub last months low.



US 10-30 monthly : The LOWEST RSI EVER but we are struggling to gain any steepening traction, any move above the 61.8% ret will be a significant statement.



UK 10yr quarterly : We are teasing the 1.4800 trendline, sub it has triggered some stops already AND set a new trend.



UK 10yr weekly : The RSI LOFTY 2013 – 2014 levels and we have breached the 38.2% ret 1.489, should be the start of a new trend lower for yields.



DBR 46 daily : A difficult and sideways market of late but we finally look like seeing this bond rally, a close above the 23.6% ret 130.455 will be VERY POSITIVE.



DBR 25 weekly : A nice BASE has now formed! This bond does seem to be VERY TECHNICAL as we have stopped at various retracements.



DBR 25 daily : A close above the 50% ret 101.186 is confirming a BASE and RECOVERY.



05/03/2018

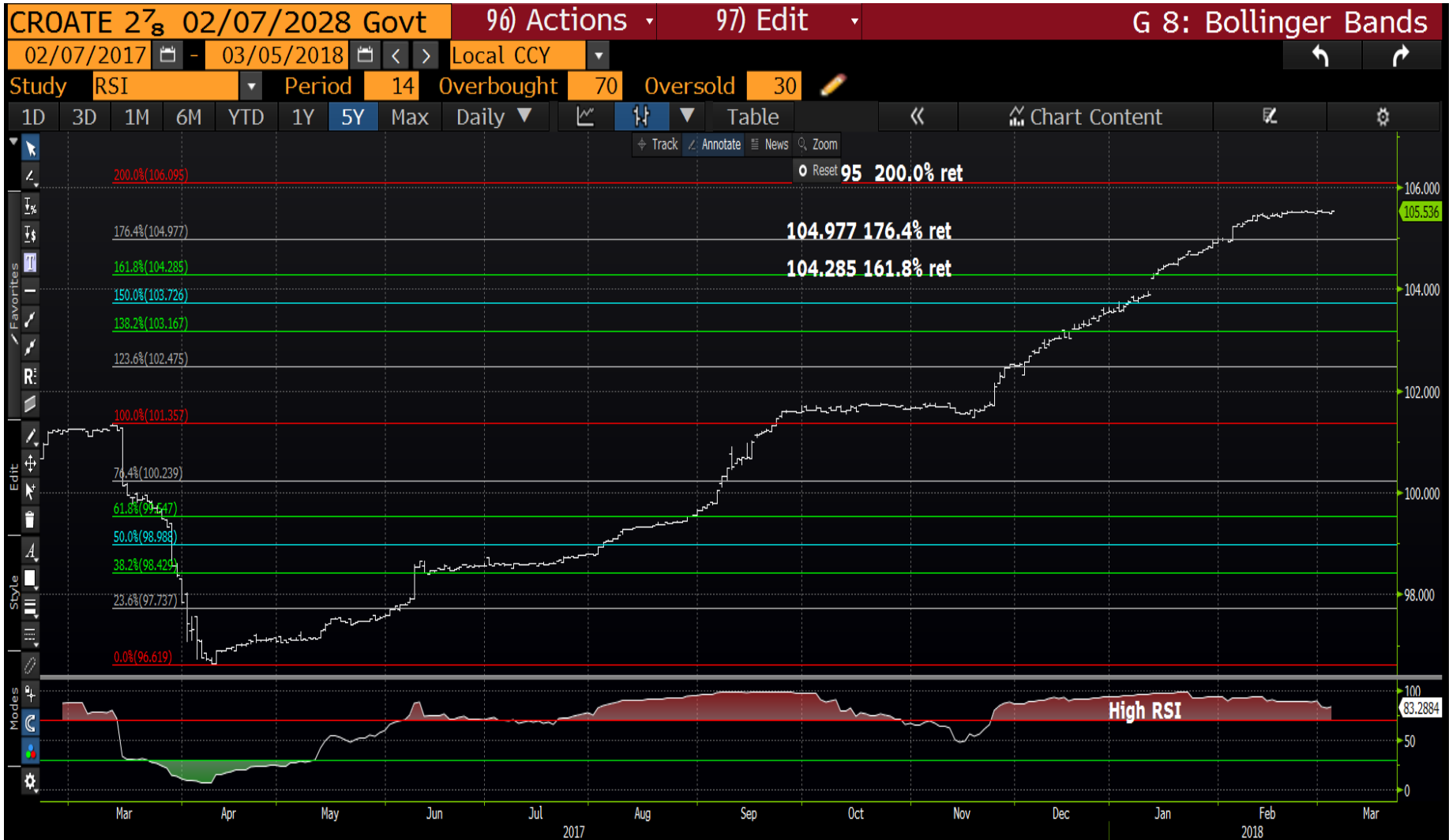
Italian generic 10yr daily : A very neutral RSI and post the election we have reversed fortunes, technically no big trade here.



Portugal 27's : A VERY sideways market and RSI, BUT positive AS ALWAYS.



Croatia 28' daily : The RSI is high but has been for some time in this “trending” scenario.



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



UKTI 47's weekly : This is doing well post the downside pierce-50% ret 178.10 hit.
 ** A positive chart **. We just need a close above the 38.2% ret 186.594.



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 weekly : The RSI is high and previous high 2.0809 solid resistance.



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