

## **BONDS UPDATE :**

**ALARM BELLS** are ringing. **MANY** long-term yield charts are about to confirm **SIGNIFICANT YIELD** failure **AIDED** by the **EVER LAME** stocks. Despite many dislocated daily RSI's in **GERMAN** and **UK** daily's we continue to **GRIND** higher.

**US** yields now look to have **PEAKED** post Mr Powell (see page 9).

The next **BIG TRADE** is **US STEEPENERS** : As mentioned before many RSI's are **WAY** over sold and the recent **POP** to the **61.8%** rets served to recognise the **BIG BREAK** level.

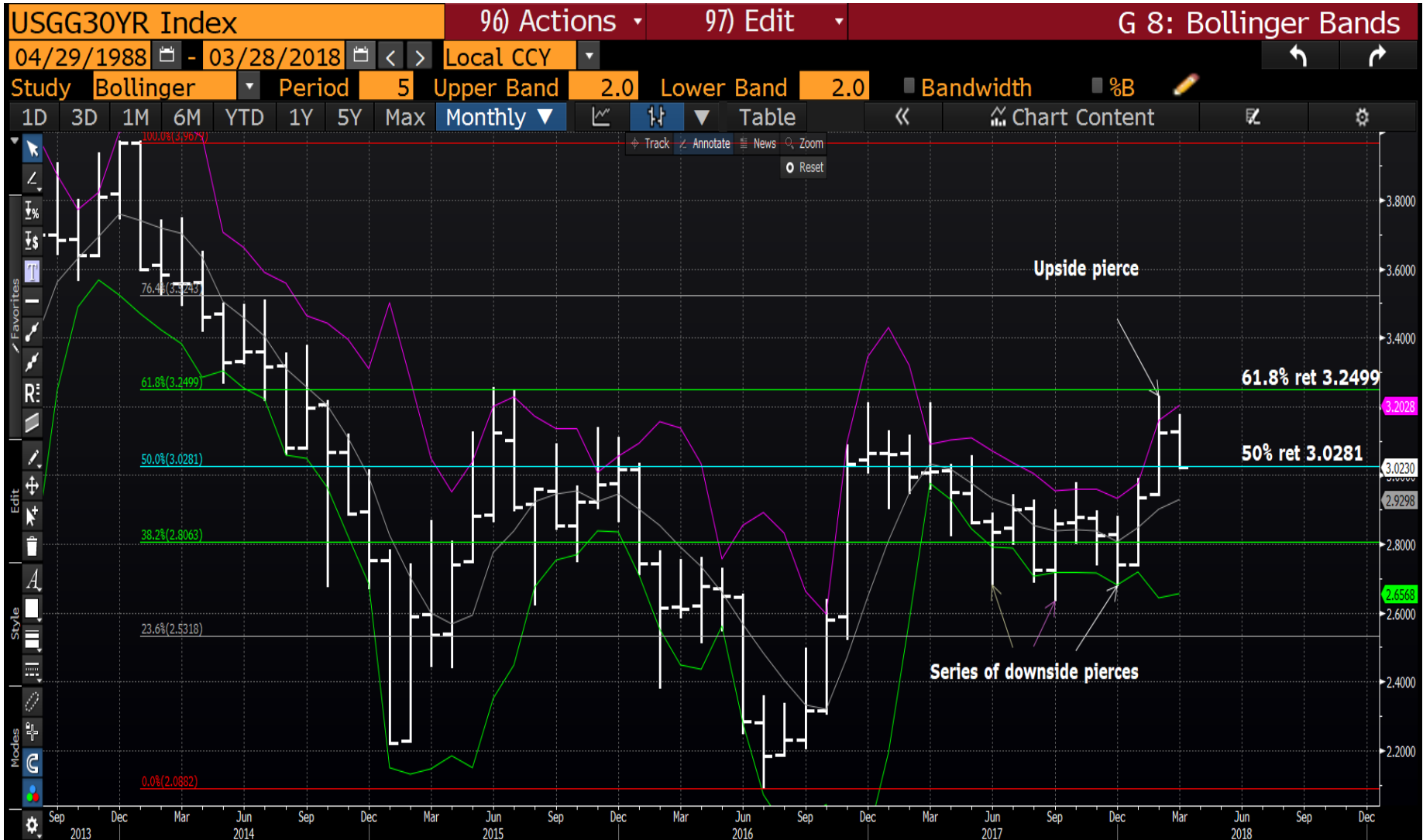
**\*\*\*\*\***Analysing the charts it looks **LIKE** **US 5-30** or **10-30** the ideal steepener in the **US**.**\*\*\*\*\***

- 1) Yields are close to breaching levels where we will see a **MAJOR DROP**
- 2) (**US 5yr** and **UK 10yr**). **ALL** durations are stretched, quarterly, monthly, weekly and daily... this is **RARE!**
- 3) 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 based well as do the **FUTURES** post yesterdays intraday **REVERSAL**.
- 4) **UK** yields have a **LOFTY** RSI and **UKTI** **POISED** to bounce. **UK 10yr** all eyes on a continued breach of **1.489** (10yr Gilts).
- 5) **US 10** Breakevens have a **LOFTY** **WEEKLY** and **DAILY** RSI.

US 30yr quarterly : We are close to leaving the quarter with an upside pierce and emulate the FALSE gilt break on page 22!



US 30yr Monthly : The upside pierce formulated a nice rejection of the 61.8% ret 3.2499. Closing the month SUB the 50% ret 3.0281 will confirm reversal and a MAJOR run of stops.



US 30yr weekly : This is now a VERY NICE formation. We are widening the bollingers nicely and remaining sub the average, BIG danger now is a savage DROP.



US 10yr quarterly : Again we are trying to generate a pierce similar to the 30yr.



US 10yr monthly : The RSI remains high and now we look to have FINALLY topped! A close sub the 76.4% ret 2.6437 will be a significant statement.



28/03/2018

US 10yr weekly : We are starting to break NEW ground and the previously coiled bollinger should make for a follow through move.



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 finally rejecting the channel and NOW the RSI can unwind SOME of the RSI expectation that is built in.



28/03/2018

US 5yr weekly : We now have an upside rejection so JUDGING by the RSI we have a good yield drop looming.



US 5yr daily : This innocuous pierce has started a major move lower, closing sub the 38.2% ret 2.6100 will obviously help.



28/03/2018

## US curves are historically OVERSTRETCHED.

- **\*\*\*\*\*Analysing the charts it looks LIKE US 5-30 or 10-30 the ideal steepener in the US.\*\*\*\*\***
- **The recent steepening stalled at several of the multi year 61.8% rets BUT the monthly RSI's are FIRMLY OVERSOLD.**
- **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 this or ANY 61.8% retracements  
 are breached. The lows are holding JUST.



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. The lows continue to hold JUST.



US 2-30 monthly : We do have a new low BUT the RSI is one of the lowest.



28/03/2018

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. THIS could be the one STEEPENER to go for.



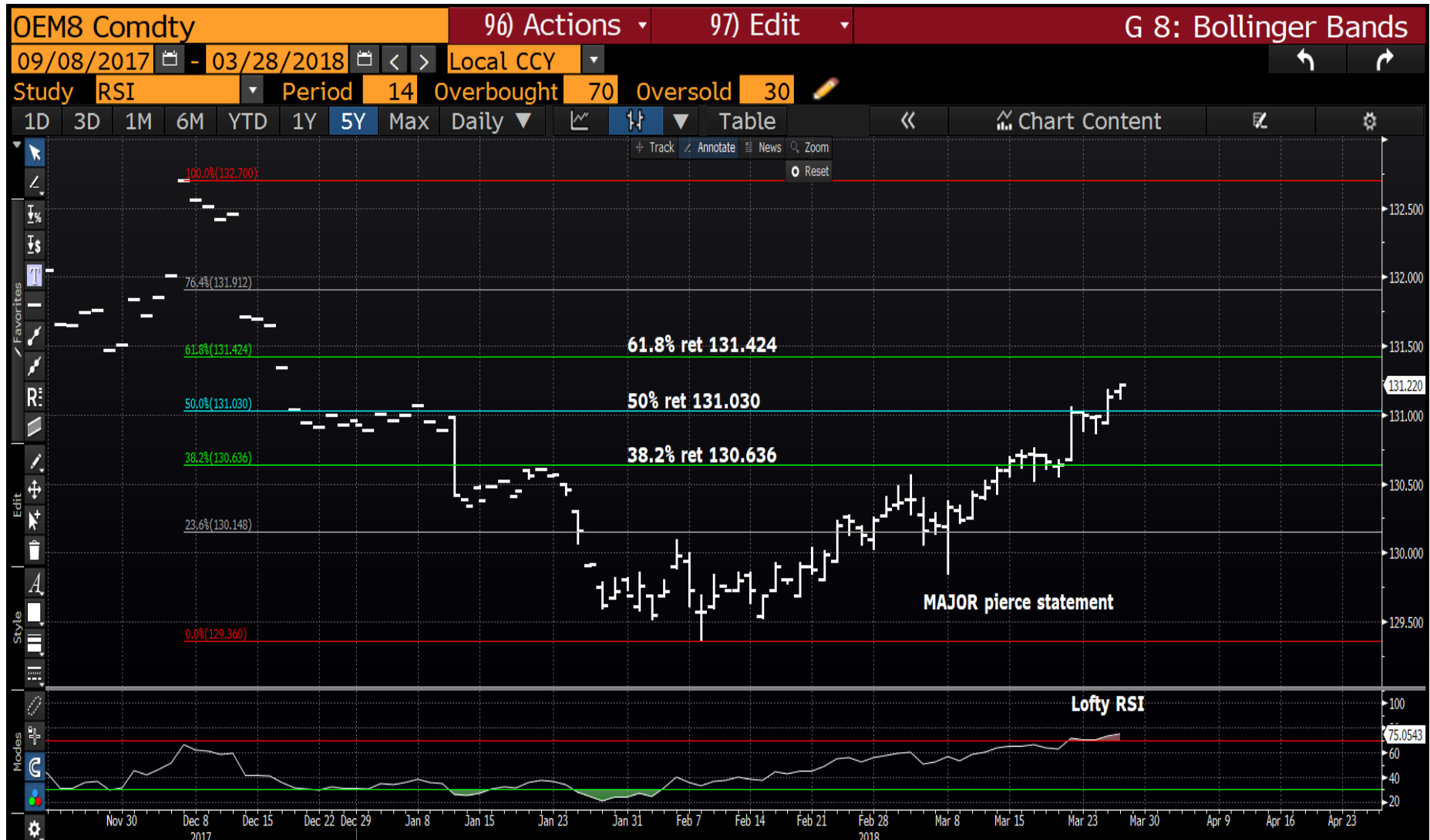
US 10-30 monthly : The LOWEST RSI EVER but we are struggling to gain any steepening traction, any move above the 61.8% ret will be a significant statement. This is a nice BASE to buy into a steepener.



Bund daily : The rally has been good aided most days by CTA buying. All eyes on the RSI and remaining above the 76.4% ret 159.48.



BOBL daily : The RSI is lofty BUT CTA's have charge, so a fresh HIGH will reignite the rally.



28/03/2018

20

Schatz daily : CTA's have continued to ADD and the RSI has had little IMPACT. We have struggled to breach the 111.970 61.8% ret but a new high will draw CTA's back.



UK 10yr monthly : We have breached the 1.4470 trend line in style leaving a SUBSTANTIAL false break, yields should head lower. Lets see if this is the forerunner to the US 30yr yield chart.





DBR 46 daily : Lets see if the RSI can turn momentum, holding above the 50% ret 133.801 is positive.





DBR 25 weekly : This has been a VERY USEFUL weekly chart now that we are above the 50% ret 101.184, next target is the 38.2% ret 102.667.



DBR 25 daily : Like all daily charts the RSI is lofty but we may push through the 38.2% ret 102.668.



Italian generic 10yr daily : A very mixed RSI BUT we are finding support at the 38.2% ret 1.862.



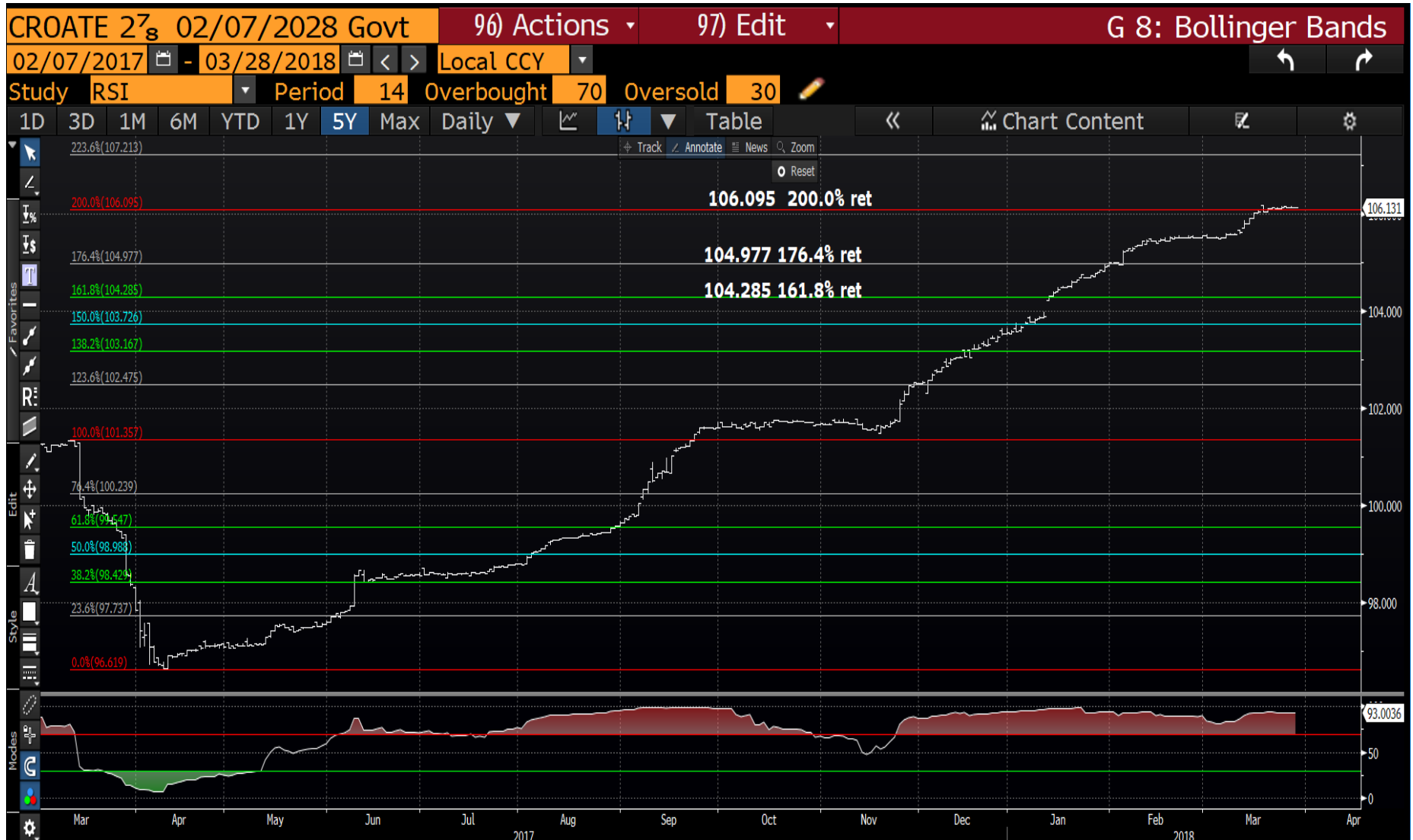
28/03/2018

27

Portugal 27's : The RSI is HIGH so lets see if it has any bearing on price, sub the 0.0% ret 121.153 may force some profit taking.



Croatia 28' daily : The RSI is of little use as we hit the previous high 106.095 200% ret.



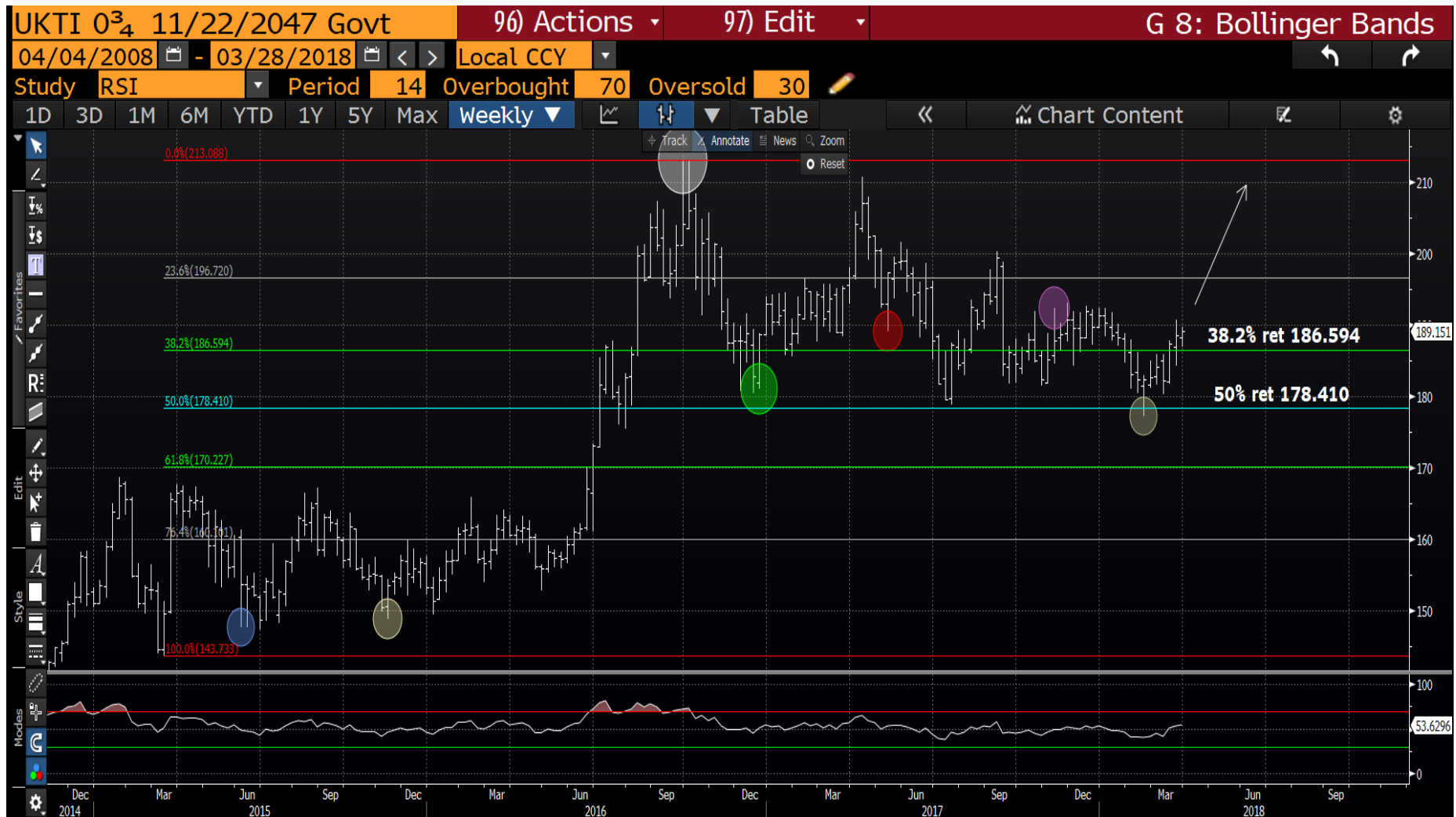
UK 10yr breakevens daily : A VERY sideways formation, with little to add!



28/03/2018

30

UKTI 47's weekly : We have had a good bounce and so momentum should continue providing we are 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 : We continue to grind higher but the RSI is VERY STRETCHED.



28/03/2018

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