

BONDS UPDATE :

Many quarterly and monthly BOND YIELD charts are close to confirming a LONGTERM YIELD failure, in a similar fashion to some EQUITY markets.

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. If we close above any of the 61.8% rets this should TRIGGER a sustained long-term steepening. Analysing the charts it looks LIKE US 5-30 or 10-30 the ideal steepener in the US.

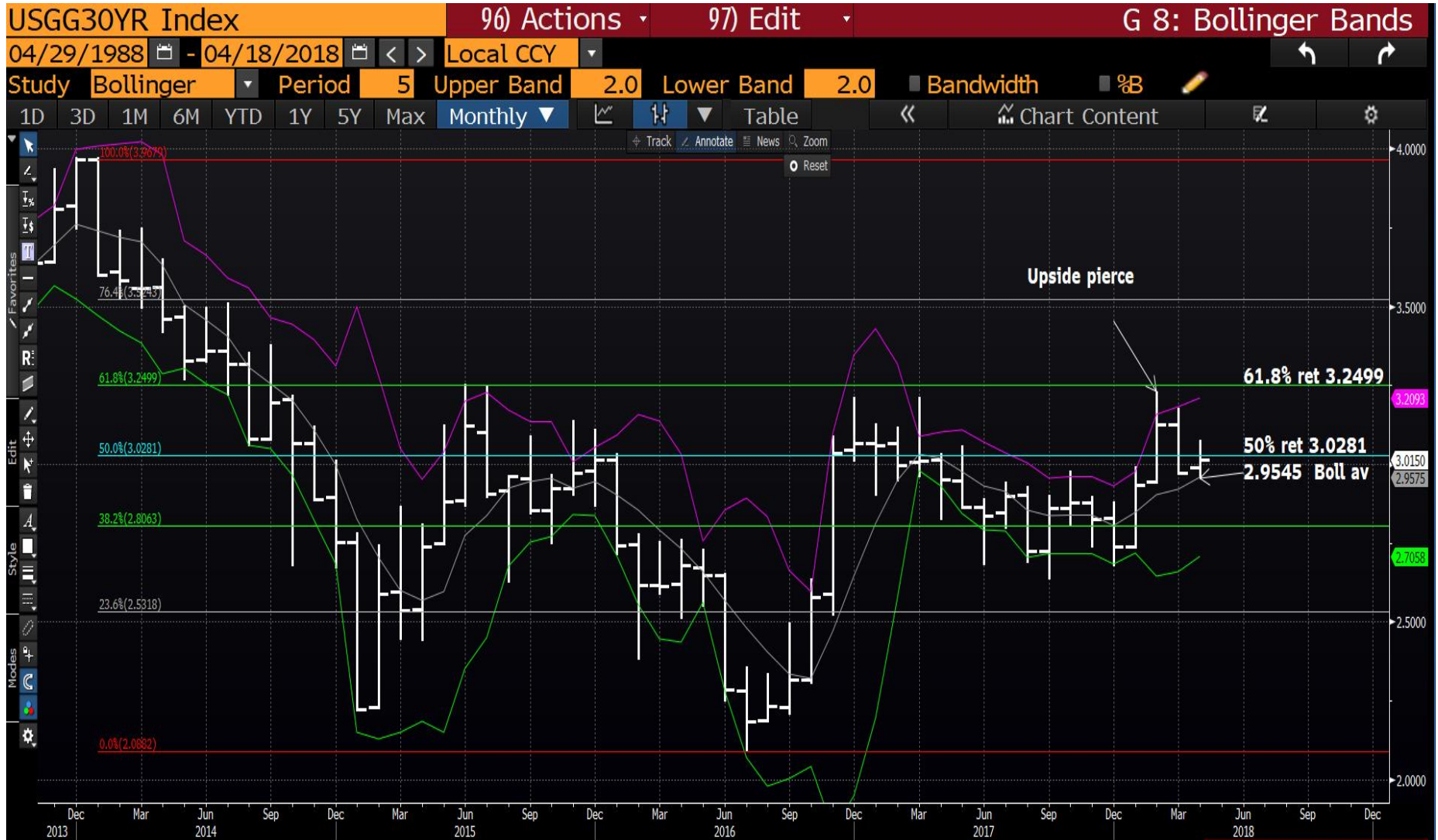
- 1) Yields are close to breaching levels where we will see a MAJOR DROP
- 2) (US 5yr and UK 10yr). ALL durations are stretched, quarterly, monthly, weekly and daily... this is RARE!
- 3) Looking at the previous Equity piece, European stocks look a LONGTERM failure thus I firmly believe this mean BONDS 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 have left the quarter with an upside pierce and emulate the FALSE gilt break on page 24!



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US 30yr Monthly : The upside pierce formulated a nice rejection of the 61.8% ret 3.2499. Closing the month SUB the 50% ret 3.0281-2.9545 bollinger average will confirm reversal and a MAJOR run of stops.



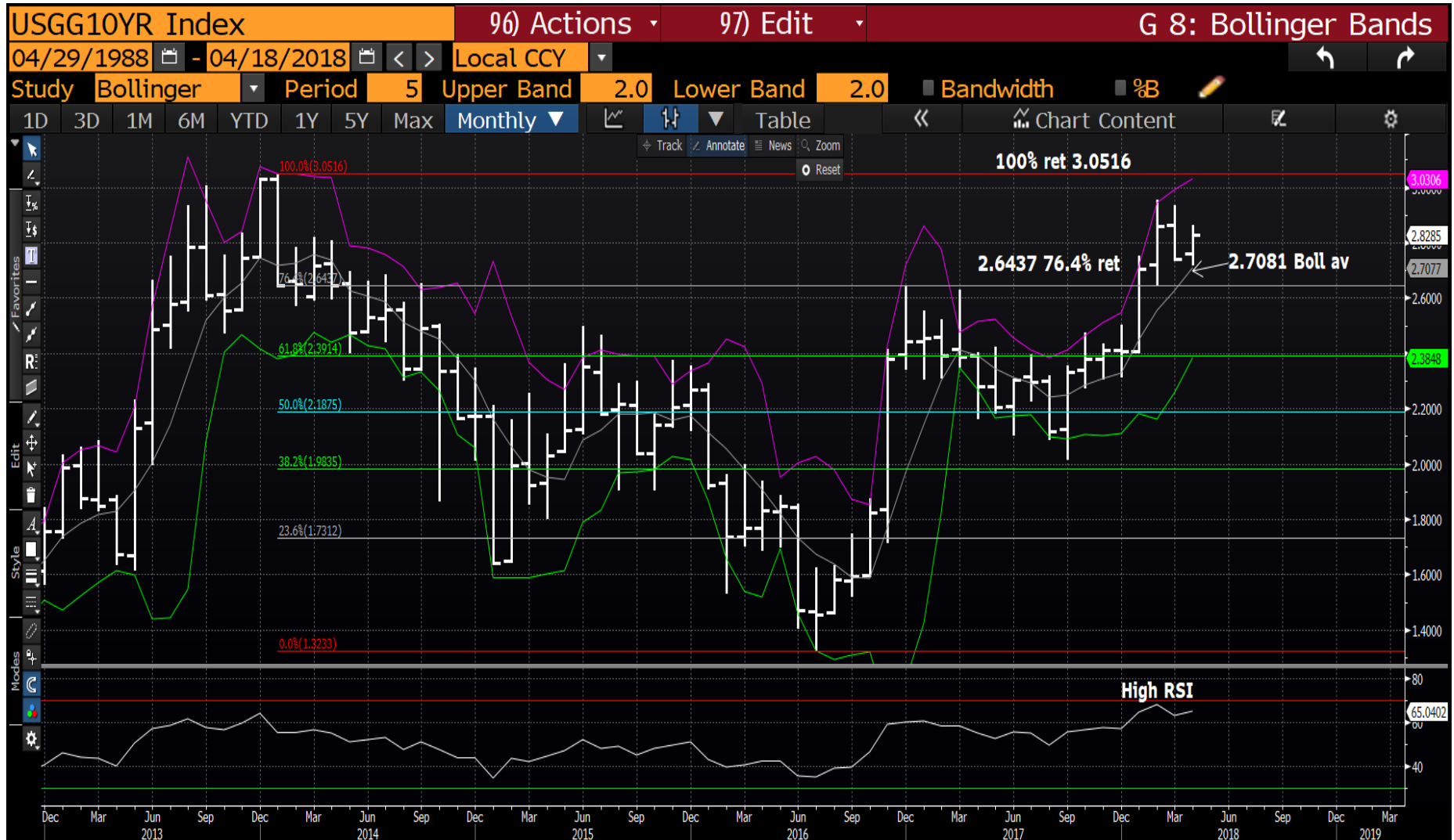
US 30yr weekly : We rejected the top bollinger and are now poised to challenge the 23.6% ret 2.9476, sub this we will witness a major drop.



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 2.7081 bollinger average will be a significant statement.



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US 10yr weekly : A messy and inconclusive last few weeks BUT the bollingers are COILING!
We just need to see yields drop over the course of the week.



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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, the last time 1982. We are finally rejecting the channel and NOW the RSI can unwind SOME of the RSI expectation built in.



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



US 5yr daily : We continue to STALL at the previous high.



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.**
- **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 teasing.



US 2-10 curve monthly : We have now reached the multi year trend line.



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



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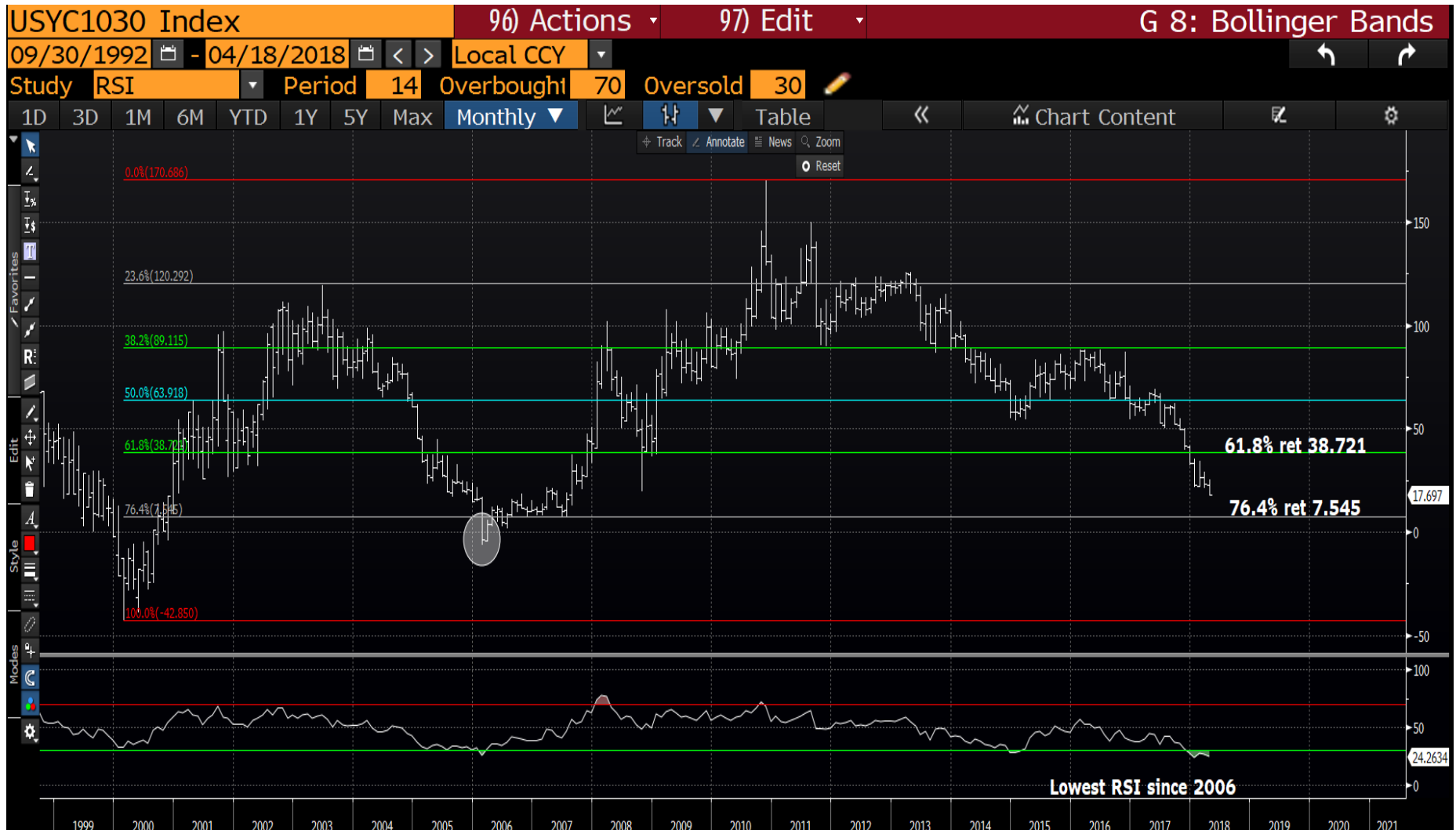
US 5-10 monthly : We have a VERY low RSI similar to that of 2015, but the BASE needs to be confirmed.



US 5-30 monthly : We are struggling to base despite the RSI.



US 10-30 monthly : The LOWEST RSI EVER but we are struggling to gain any steepening traction especially now the LOW has been breached.



Generic German 10yr quarterly : The last quarter witnessed a dramatic about turn and we should now see yields head lower.



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Generic German yield monthly : The latest pierce is now confirmed as we are already SUB the bollinger average .0557.



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



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



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.



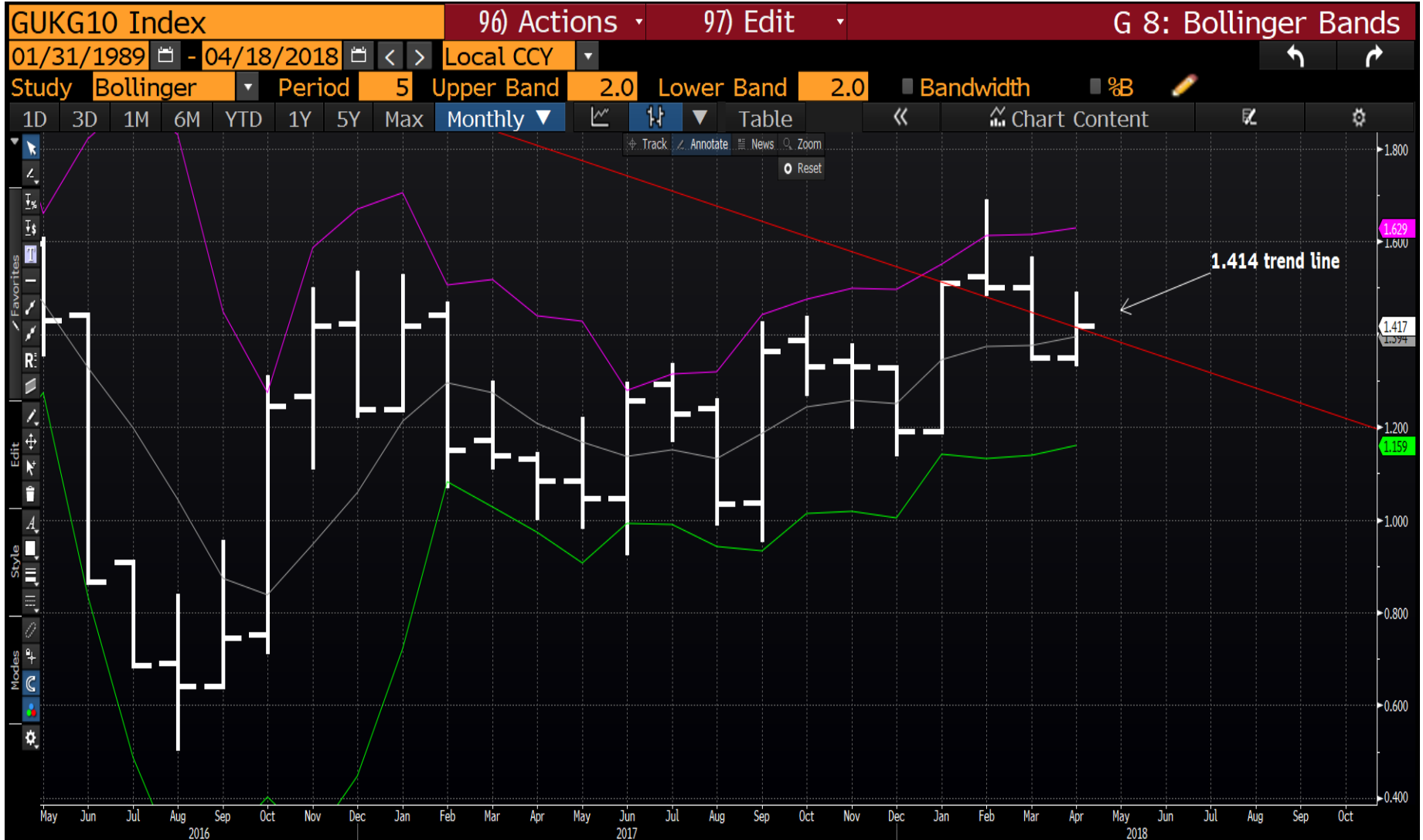
UK 10yr monthly : We have teased the 1.4470 trend line in style leaving a SUBSTANTIAL false break, yields should head lower. Lets see if this is the forerunner to the US 30yr yield chart.



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UK 10yr weekly : Having breached the 38.2% ret 1.489 the trend lower is in play.



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DBR 46 weekly : Lets see if the momentum can maintain us above the 50% ret 131.193.



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DBR 25 weekly : Ideally we can get a breach of 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 should find support at the 50% ret 1.705.

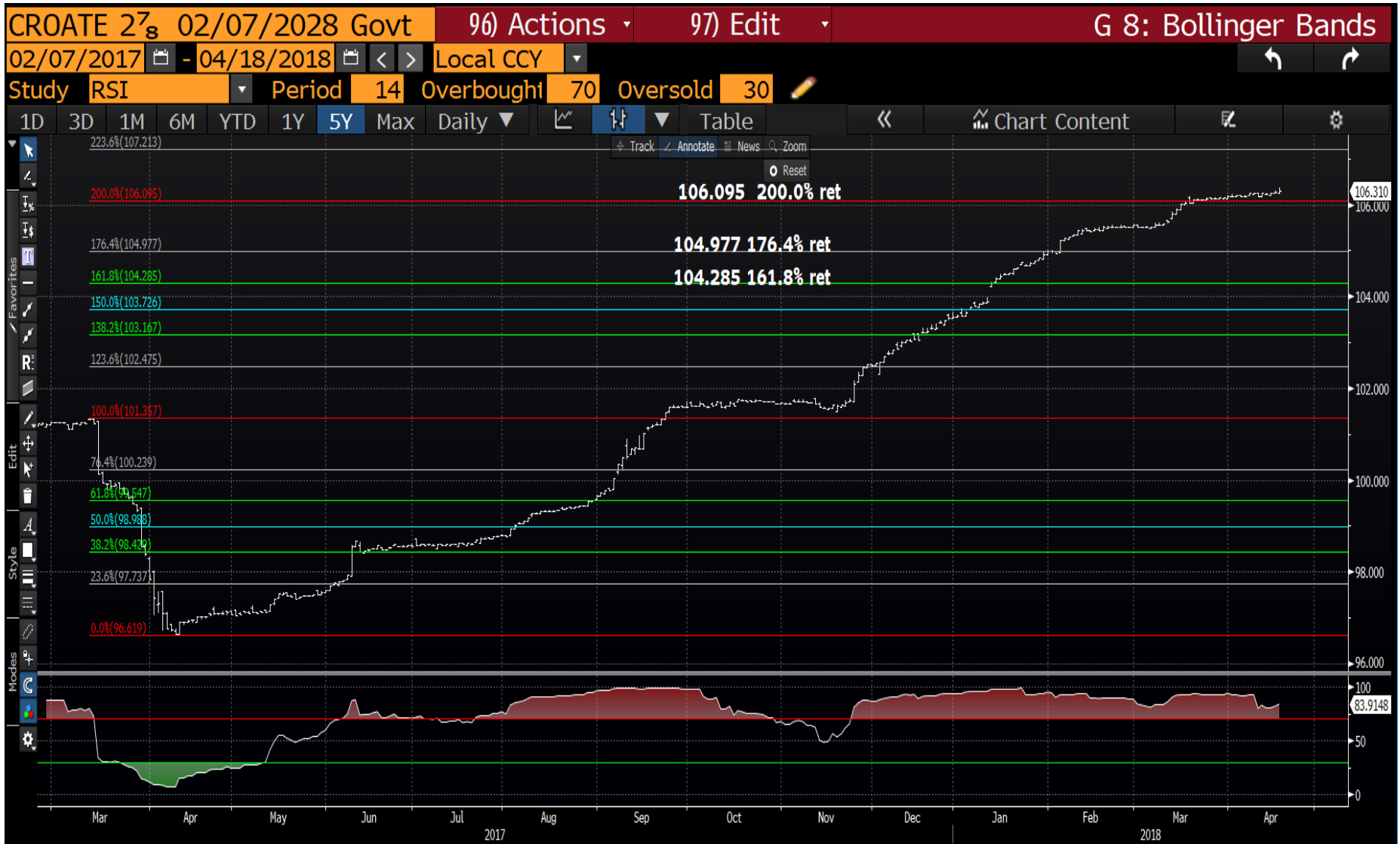


Portugal 27's : Another peak but trend players unlikely to take profits.



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



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UKTI 47's weekly : We have more of a neutral stance now given the breach of the 186.594
38.2% ret.



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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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