

BONDS UPDATE : REDUCE positioning in Germany.

German yields MAY pause here before heading lower AGAIN. US playing catch up.

The GERMAN yield DROP MAY have gotten TOO oversold in the short-term BUT overall sub the 0.466 will be terminal.

US yields have finally followed EUROPE.

US yield charts CONTINUE to HIGHLIGHT SIGNIFICANT RSI YIELD dislocations, i.e. WAY too OVERBOUGHT historically. This dislocation is most prevalent in the 2, 5 and 10 year area, those RSI dislocations transpose over ALL chart durations.

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

- 1) **German 10yr yields could soon confirm a MAJOR STALL see page 17 & 18.****
- 2) Although we have revisited the YIELD highs in many cases the RSI should draw yields lower today.**
- 3) (US 5yr and UK 10yr). ALL durations are stretched, quarterly, monthly, weekly and daily... this is RARE!**
- 4) UK yields have a LOFTY RSI and UKTI POISED to bounce. UK 10yr all eyes on a continued breach of 1.382 (10yr Gilts).**

US 30yr yield quarterly : We are generating a second quarter UPSIDE pierce IDENTICAL to GERMANY! A Major worry and trend support looming.



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US 30yr yield weekly : A breach of the 76.4% ret 2.9485 will be a BIG statement.



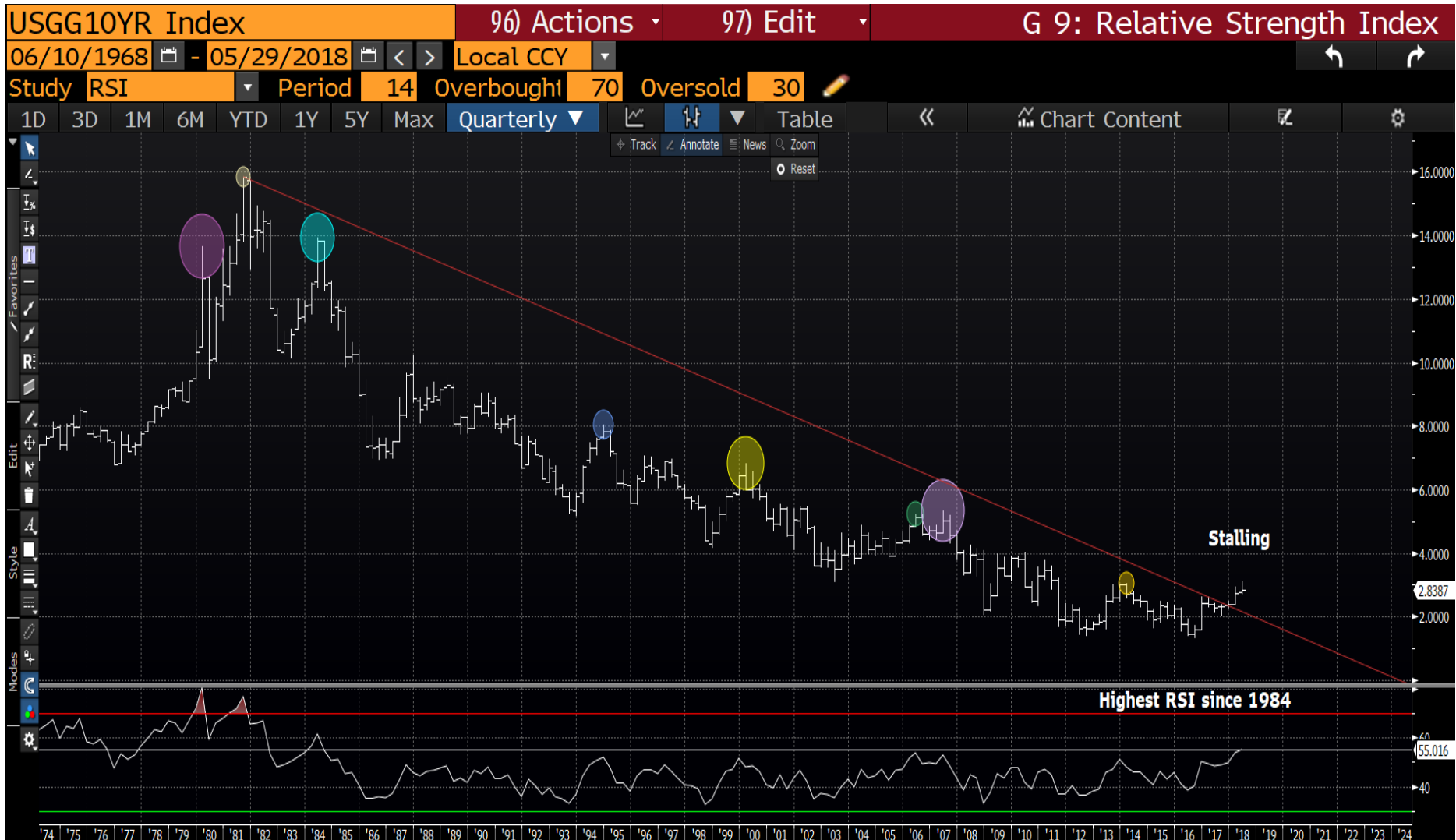
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US 30yr daily : A breach of the 23.6% ret 2.9484 will be a MAJOR step but watch the RSI.



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US 10yr yield quarterly : Another major reversal on the month, this with an RSI dating back to 1984.



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US 10yr monthly : Another top potentially in and sub the 76.4% ret 2.6425 will confirm. The RSI remains highest since 2000.



US 10yr daily : We have spiked through the 100% ret 3.0516 level and plenty of scope for it to become a FALSE break. Sub the 76.4% ret 2.6425 will help.



US 5yr quarterly : Despite the latest yield rally the RSI is as HIGH as 1982!
This long-term chart is backed up by the monthly therefore it's a MAJOR disparity, thus
could form a long-term peak.



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US 5yr monthly : A MAJOR statement as we are now back in the LONGTERM trend channel (2.7874), the RSI has A LOT of unwind potential.



US 5yr weekly : We have failed the 50% ret 2.8846, targeting the 38.2% ret 2.330. The RSI at 1994 levels!



US 2yr monthly : I would not normally chart something this short BUT it does go some way to explaining how HIGH expectation is!? A close sub the 76.4% ret 2.4128 will be a MASSIVE step for lower yields.



US 2yr weekly : Sadly we lack a level to fail at BUT the RSI is historically HIGH, although MISLEADING of late.



US 30yr future daily : We have had a good bounce over the weekend and hoping to hold the 38.2% ret 145-07.



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US 10yr future daily : Short term resistance developing at the 38.2% ret 121-03+.



US 5yr future daily : A little of an over reach, ideally we need to hold the 76.4% ret 113-30.



Generic German 10yr quarterly : We have 2 major upside pierces and well and truly back in the channel 0.466.



Generic German yield daily : This looks like a good level to hold i.e. 61.8% ret 0.181.



Bund daily : Finally think it is time to reduce any long exposure in bunds as the RSI is high and the 150% ret 164.16 has been hit.



BOBL daily : The RSI is a bit over stretched so time to reduce exposure on any longs.



Schatz daily : The RSI does hint at reducing any long positioning.



UK 10yr monthly : We have finally breached the 2008 trendline 1.382.



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UK 10yr yield daily : A decent hit of the 76.4% ret 1.104 so again reduce any futures longs.



DBR 46 daily : This chart is also hinting at a position reduction if long given we have hit the 38.2% ret 140.148.



Italian generic 10yr daily : The RSI is now VERY stretched but NO level yet to be HIT.

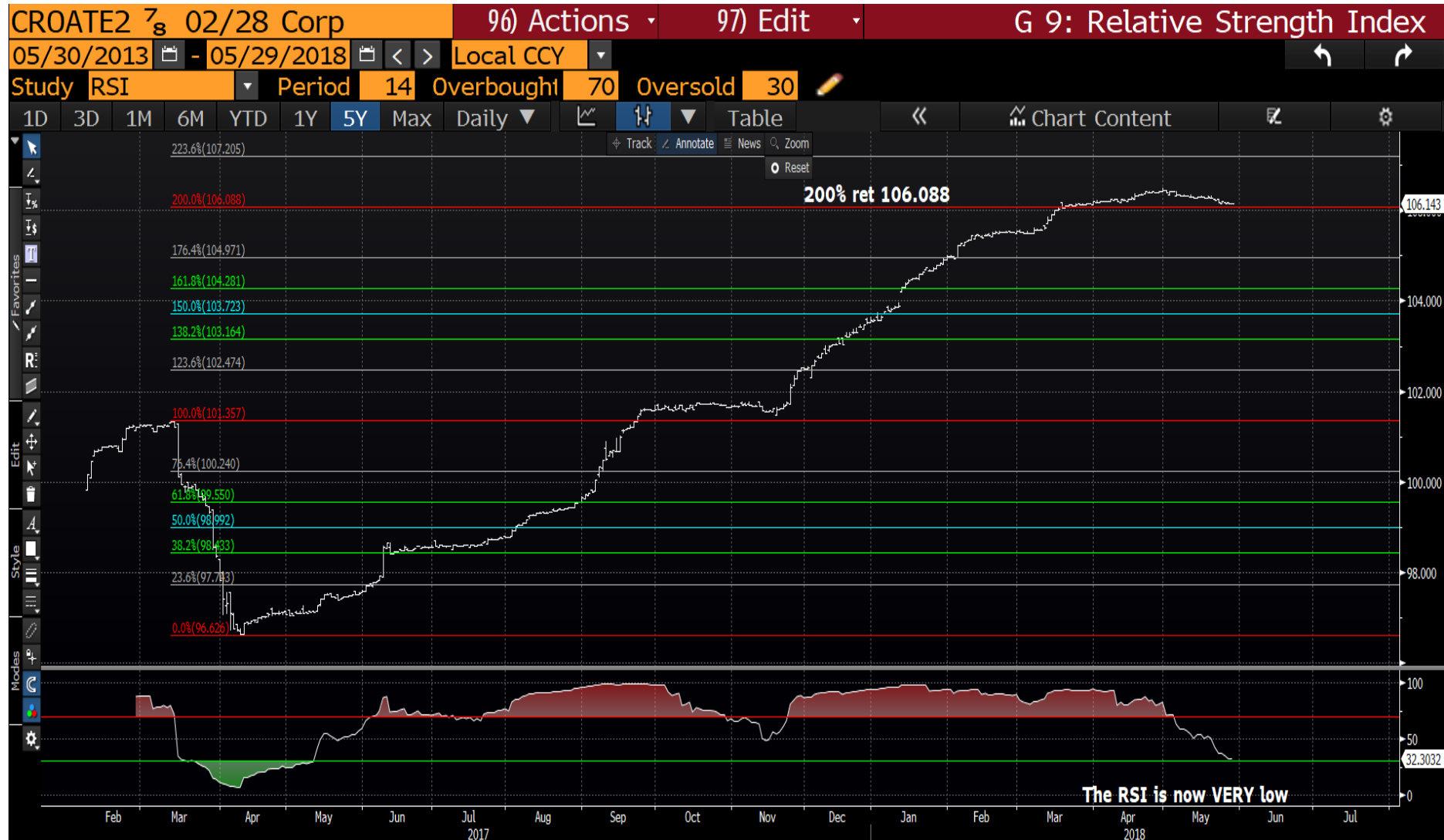


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Portugal 27's : Looks like there has been profit taking but the RSI is now low, would tend to go long above the 23.6% ret 116.758.



**Croatia 28' daily : The RSI is now VERY low as we hit the 200% ret 106.088.



UKTI 47's weekly : VERY SOLID support having HELD the 50% ret 178.487, add on a breach of the 38.2% ret 186.630.



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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