

**\*\* Even though we have a couple of days before month-quarter end, many charts are already forecasting the MAJOR STORM is about to BREAK. The EURO is the key element today as is Mrs Merkels immigration policy.**

**So many charts replicate 2007 scenarios.\*\***

**I think SOME EM benefits.**

**The views expressed in this piece are ALL based upon HISTORICAL reaction to the LOCATION we are at NOW. The charts used are also of long-term duration thus these signals wont be eroded for some time, hence the WORRY.**

**The MAIN contributors are US yield charts, LOWER yield forecasts with the back drop of the HIGHEST yield RSI expectations. The EURO and EUROPE is a massive concern and I still have equities as a WORRY.**

**I think SOME EM benefits.**

**The dark clouds are forming and may soon become ONE. Liquidity will form another leg to this drama given the high level of mechanisation, with this comes circuit breakers, limits and the OFF button.**

**I HOPE THIS PROMOTES SOME DISCUSSION and am happy to discuss trade ideas. We will forward our own ideas over the lead up to the month end. This is a MASSIVE QUARTER end. I think SOME EM benefits.**

**I guarantee these views wont sit right with many BUT worth noting historically.**

**\*\*Will be sending out several trade ideas later and tomorrow BUT happy to discuss any and or the views enclosed \*\***

EUR quarterly : These are a worrying set of BARS, as can be seen they highlight troubled times for the EURO. Today is a HUGE test for Mrs Merkel and ultimately EUR unity, should she fail then I would not be surprised to see 1.1241 before month end.



EUR monthly : I still think we have time to increase this months bar to emulate that of last month, thus easily putting us at or through the 50% ret 1.1246.



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DXY quarterly : If the EURO breaks lower then am sure the DXY will breach the 50% ret 95.859, this will be a massive statement going forward.



US 30yr yield quarterly : Does history repeat itself? We have a worrying trend lower and the latest double PIERCE formation is SIMILAR to 2007! Even if we close here the upside pierces will be ETCHED in history, as a result yields will head A LOT lower.



US 10yr quarterly : This is a NEAR perfect formation now, we are sub the longstanding moving average 2.9069 and the RSI is as high as 1984. This looks ONE direction to me, i.e. lower yields!



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US 5yr yield monthly : Another worrying chart but lacking the final confirmation of a MOVING AVERAGE (2.5046 MA) breach. The RSI says it all despite the final endorsement. Again yields are looking lower going forward and THIS just the start.



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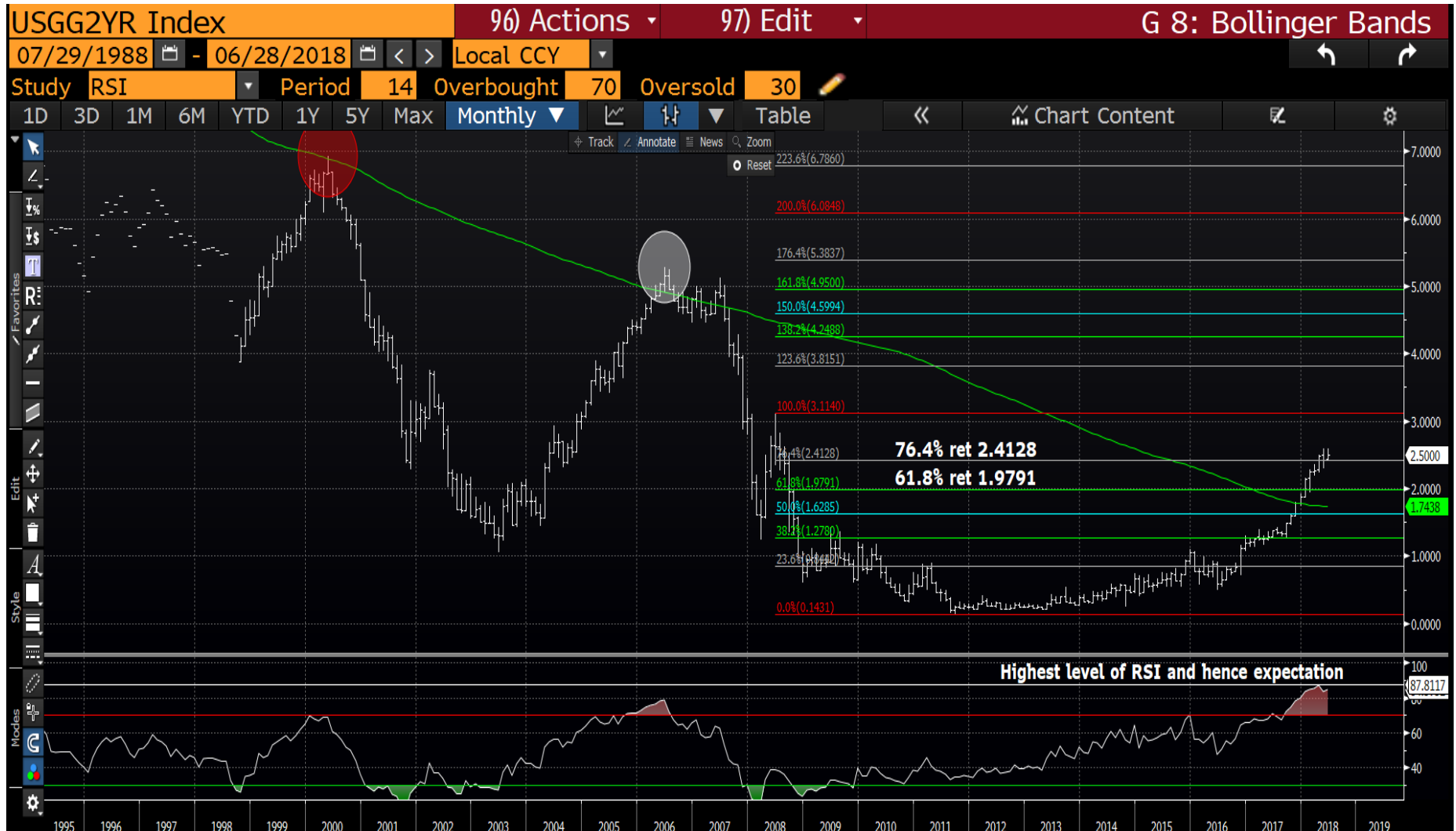
US 5yr yield monthly : We are back in the channel 2.7687 and once sub the 2.5046 moving average should repeat the 2007 scenario. The RSI is from 1981!



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US 2yr yield monthly : The RSI signifies that expectation of HIGHER rates is at an ALL time high and subsequent disappointment could be vicious! Once this does reverse the curves will witness a MAJOR steepening. Realistically we need to breach the 76.4% ret 2.4128 before the FRONTEND cracks, but the RSI tells us it should!



US 2yr yield monthly : We are failing the 50% ret 2.7016 and should head lower given the RSI.



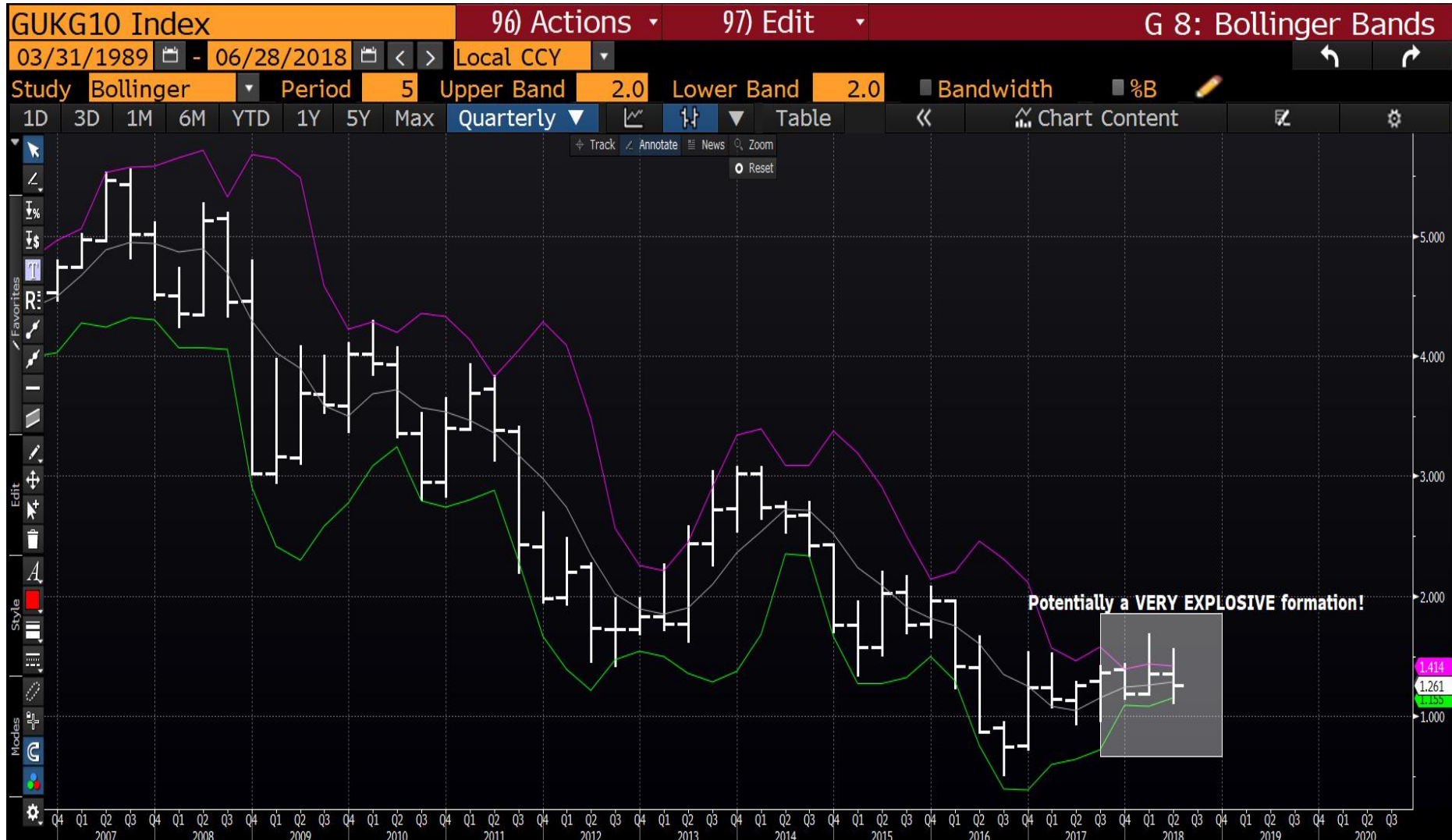
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German 10yr yield quarterly : I have used this chart previously to forecast the initial yield drop. Currently we are inside the yield channel and the last piece of clarity will come if we close and the yield lows. The only thing lacking is the RSI.



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UK 10yr yield quarterly : This tight pierced bollinger formation is usually a prequel to an EXPLOSIVE move, we are coiling. Obviously the view would be toward lower yields given the two upside pierces.



UK 10yr yield monthly : We are firstly sub a reasonable 50 period moving average 1.549 and the 2008 trend line 1.349. Another RSI disappointment.



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Italian 10yr yield daily : Italy has already shown us its MAJOR issue i.e. LIQUIDITY. I feel this will drive yields significantly higher as the EURO depreciates. A breach of 3.15 will see yields rise in DRAMATIC style.



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Spanish 10yr yield daily : We have held the 61.8% ret 1.272 and again think “liquidity” will be its downfall to HIGHER yields. I would be very wary if we breach the 50% ret 1.393 and 38.2% ret 1.514 as this may cause a yield RUN, thus yields head HIGHER.

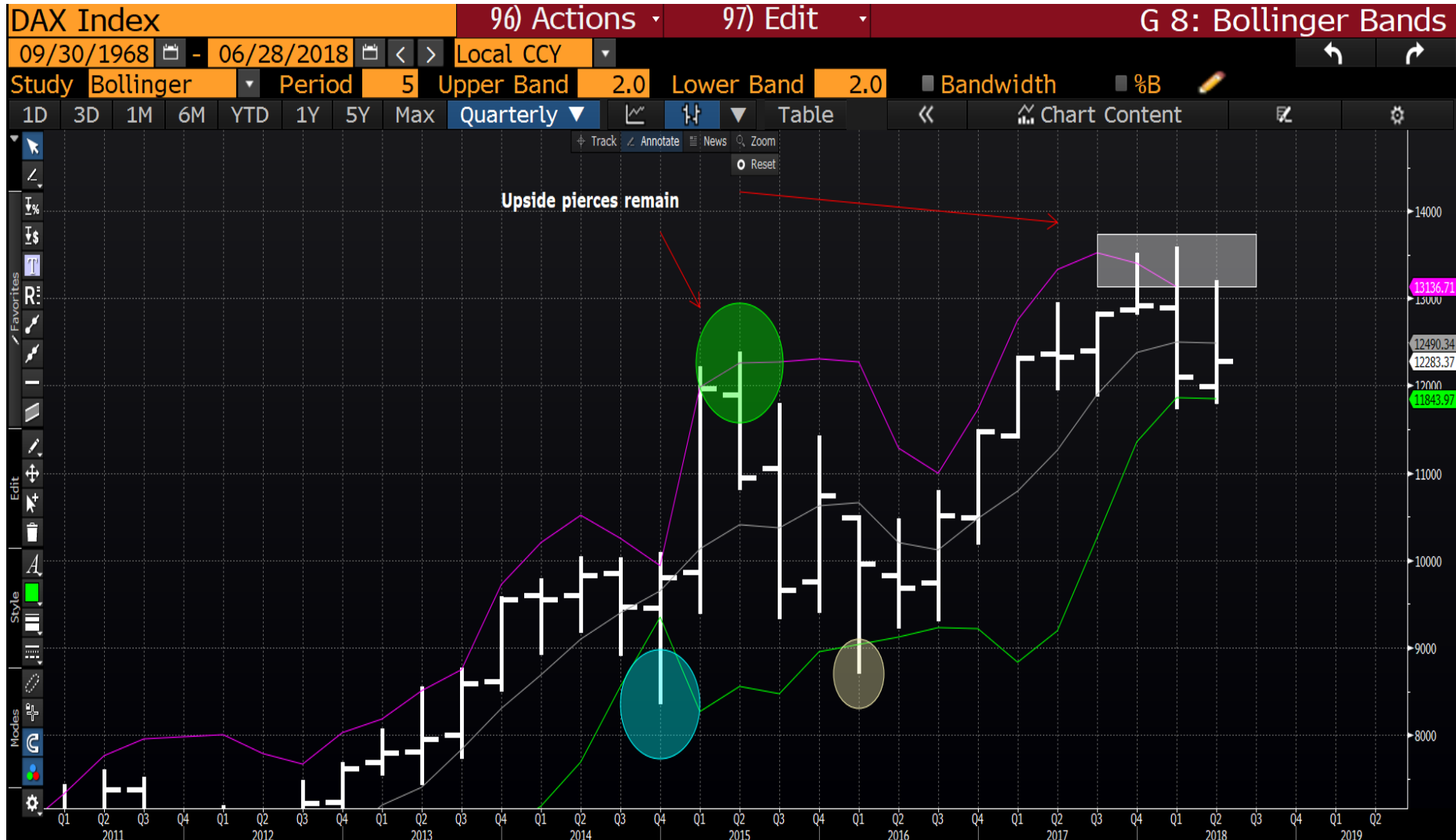


DAX quarterly : This could be the PERFECT top formation, we have 3 upside pierces and poised to close the quarter sub the bollinger average 12490. This is a LONGTERM TOP we are forming!

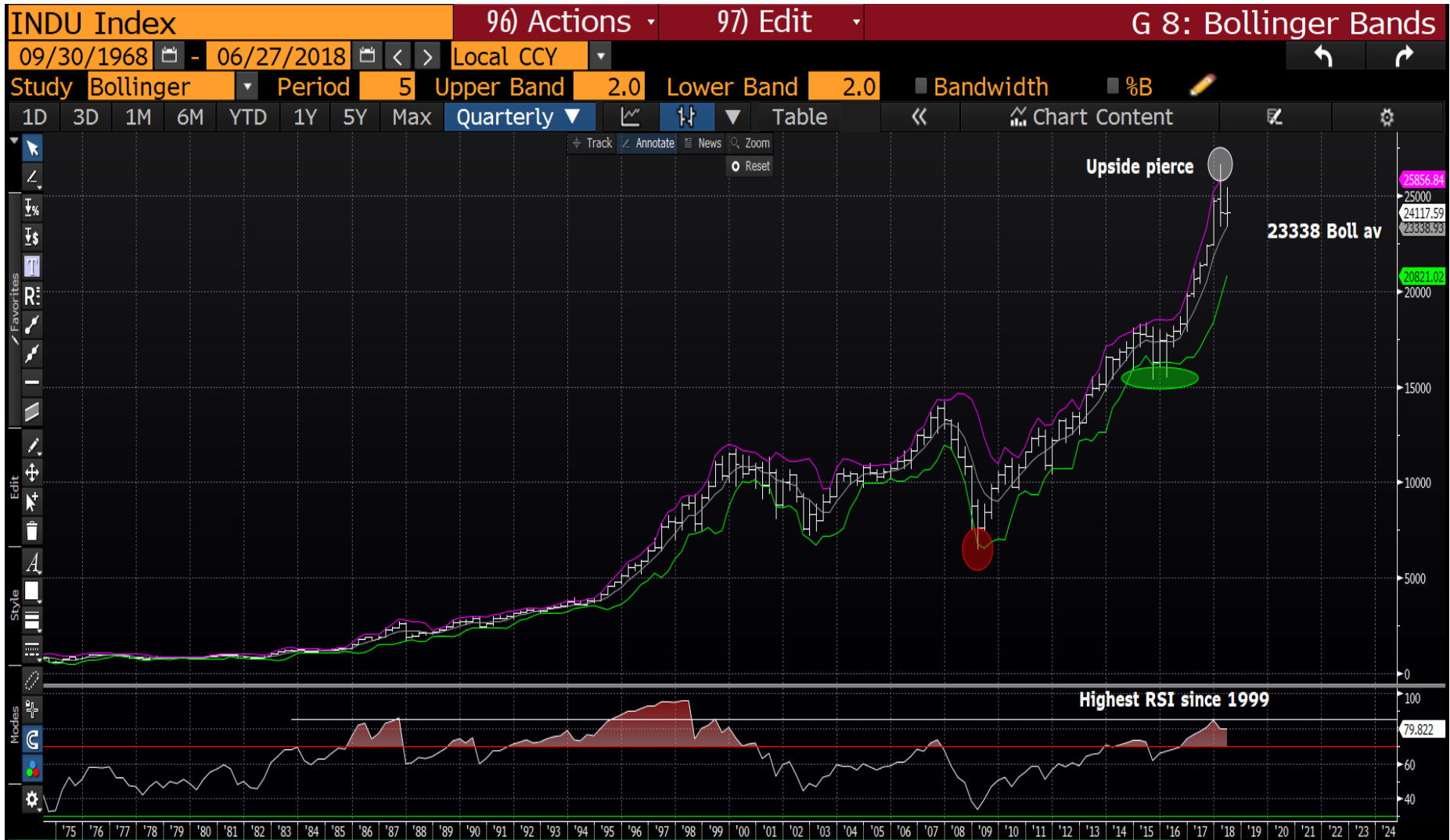




DAX quarterly : This is now becoming a VERY worrying formation! We have 3 significant upside pierces and SUB the bollinger average 12490 hints FAILURE is now upon us.



DOW quarterly : The RSI we haven't seen since 1999 and the LATEST UPSIDE pierce has remained! We now look to have a top in place only 100% confirmed if we breach the 23338 bollinger average.



US 5-30 monthly : US curves have rarely been this FLAT given the HIGHER RATE expectations at the frontend BUT what if expectation TURNS to DISSAPOINTMENT. Difficulty has been catching the TURN, BUT don't forget to do. We have many years of steepening ahead of us.



US 10-30 curve monthly : We are holding ahead of the MULTI YEAR 76.4% ret 7.545 and the RSI is the LOWEST EVER!!!! Think this and the 5-30 steepener are worth a trade given the stop is tight.



South African 9yr yield daily : We are attempting to STALL against the 61.8% ret 8.923 and lofty RSI.



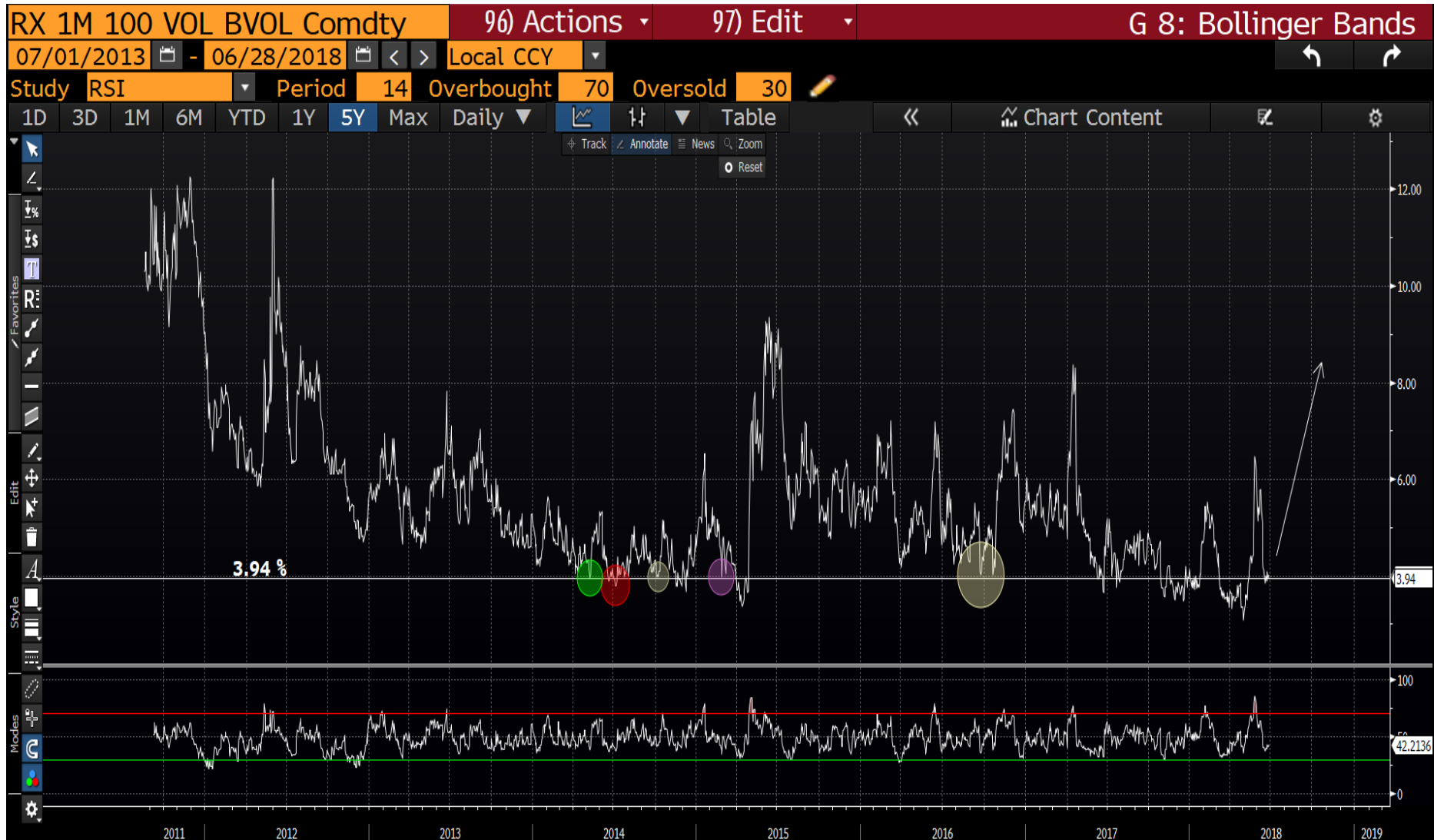
Brazilian 10yr yield weekly : This looks like failing nicely at the 61.8% ret 12.037 yield and the RSI is forecasting a decent yield drop.



Mexican 10yr yield weekly : We are struggling against the multi year 50% ret 7.934.



Bund vol daily : We are at reasonable lows where I think it is worth owning if the STORM breaks!

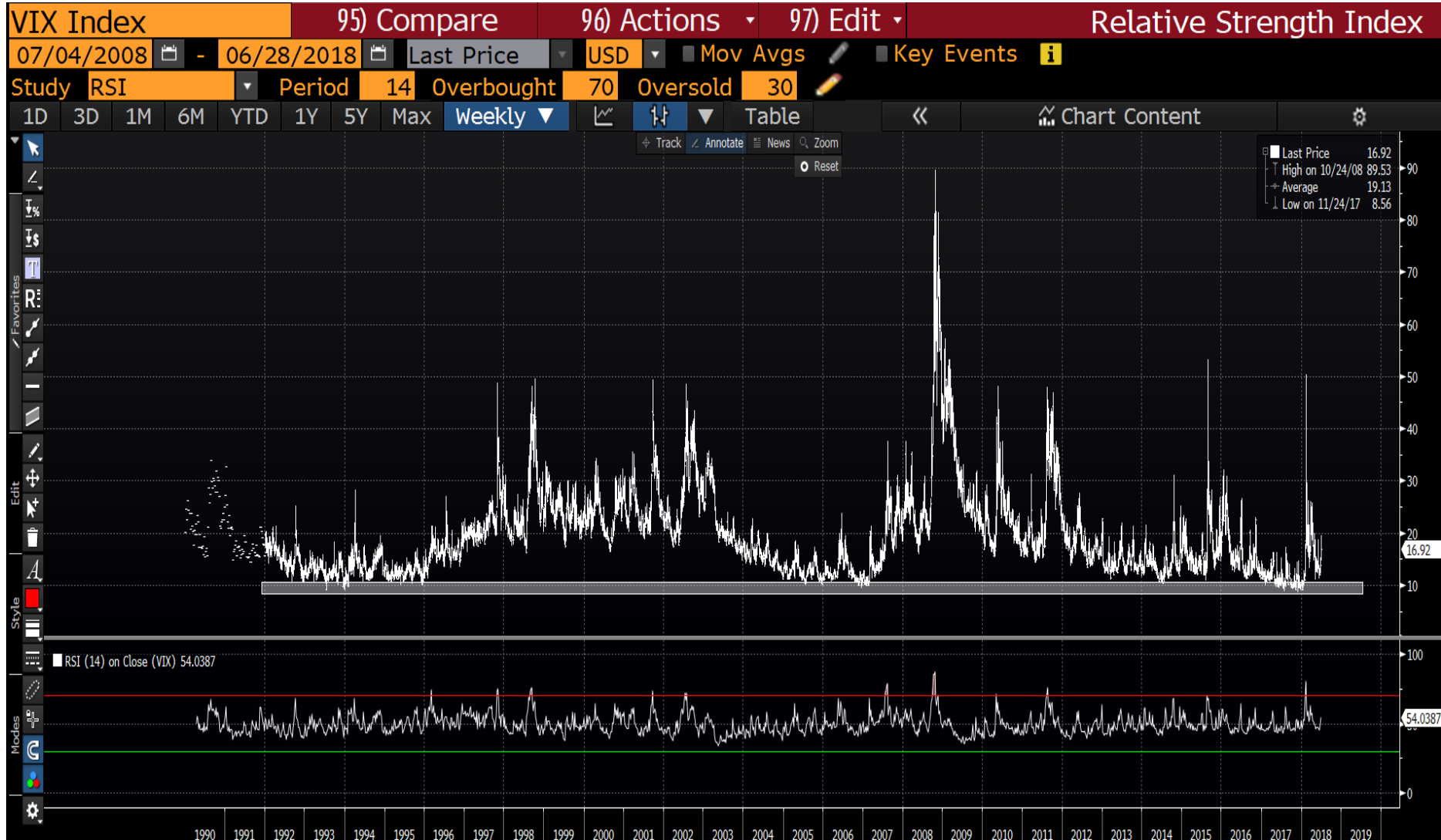


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VIX weekly : Again historically low VOL levels so could be worth owning!



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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