

BONDS and EURO UPDATE : YIELDS LOWER, DEFINITELY looking at the NEW MONTH charts. The latest EURO bounce is VERY lame.

The new month means many upside pierces are now ETCHED in history and some are now sub multi year MOVING AVERAGES.

Chart 3 US 30yr yield, DOES HISTORY REPEAT ITSELF, IF so yields are one way for a long while.

European bonds have been all failing 50 day moving averages, thus confirming the bigger yield lower CALL.

****LIQUIDITY : NOT TO BE OVERLOOKED****

Liquidity certainly does now seem to be an issue as Italy remains void of any decent cash flow and the futures ranges are extensive on light volume.

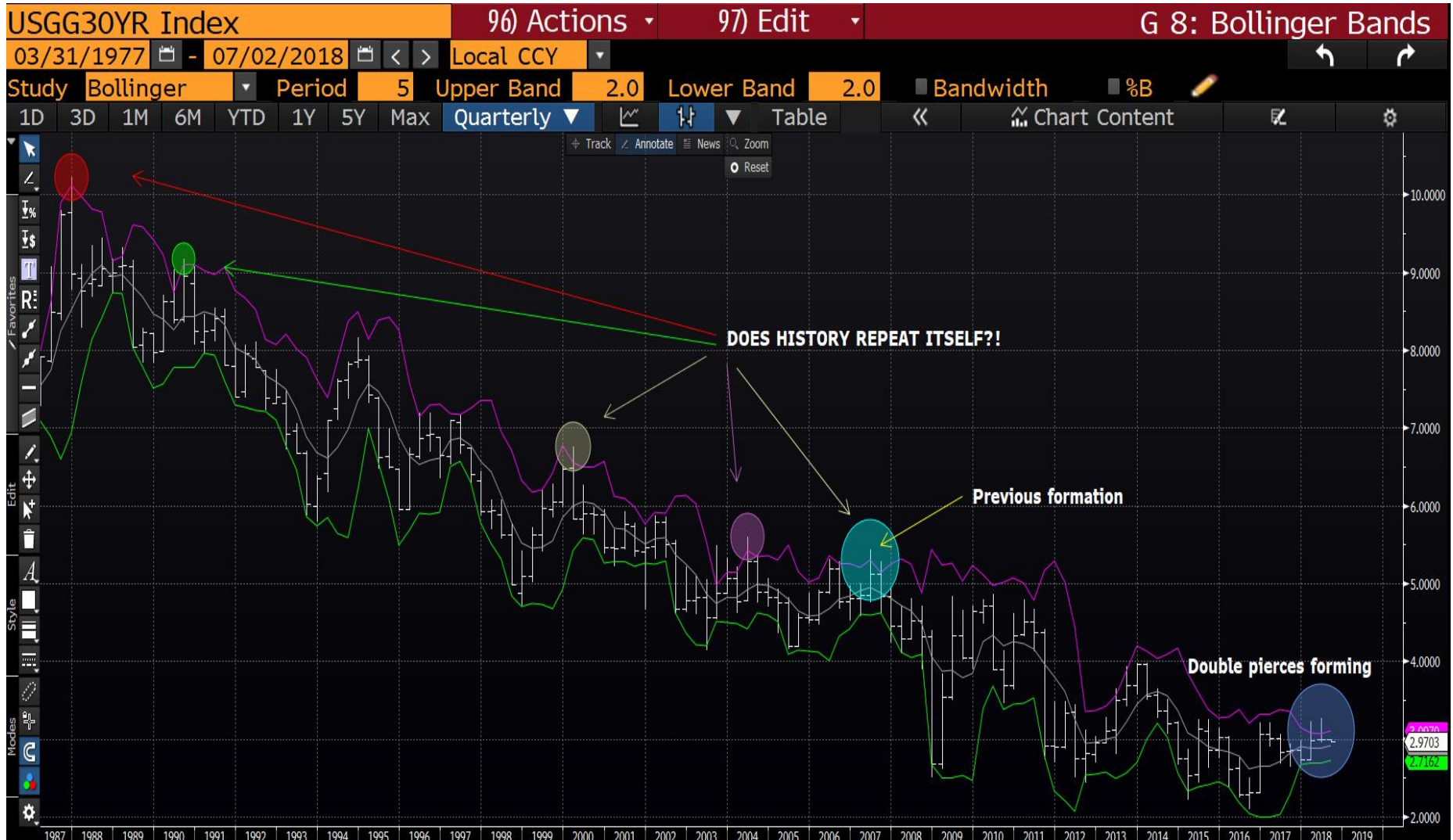
I don't normally venture outside the technical space BUT to me a major concern is LIQUIDITY and lack of it, certainly if another Italian situation arises. Most orders now are generated or routed via a system, markets are made-quoted by a system. None of these have been really tested in a 2007 type situation, DESPITE many RSI's predicating a REPEAT. Last week proved liquidity in Italy to be appalling due to circuit breakers and management reluctant to quote on MTS-Tradeweb.

IT can be argued, "there is still futures" BUT some contracts are NOW made up of 75-90% ALGOS, this is not a good statistic, especially when they were ABSENT post the big USD SWISS move. Also margin increases are possible. This lends itself toward MORE OPTION plays, achieving longevity on IDEAS and not get stopped on an illiquid blow out.

US 30yr yield quarterly : We now have the previous 2 quarters upside rejection etched in history. The trend line is much closer now at 2.7025.

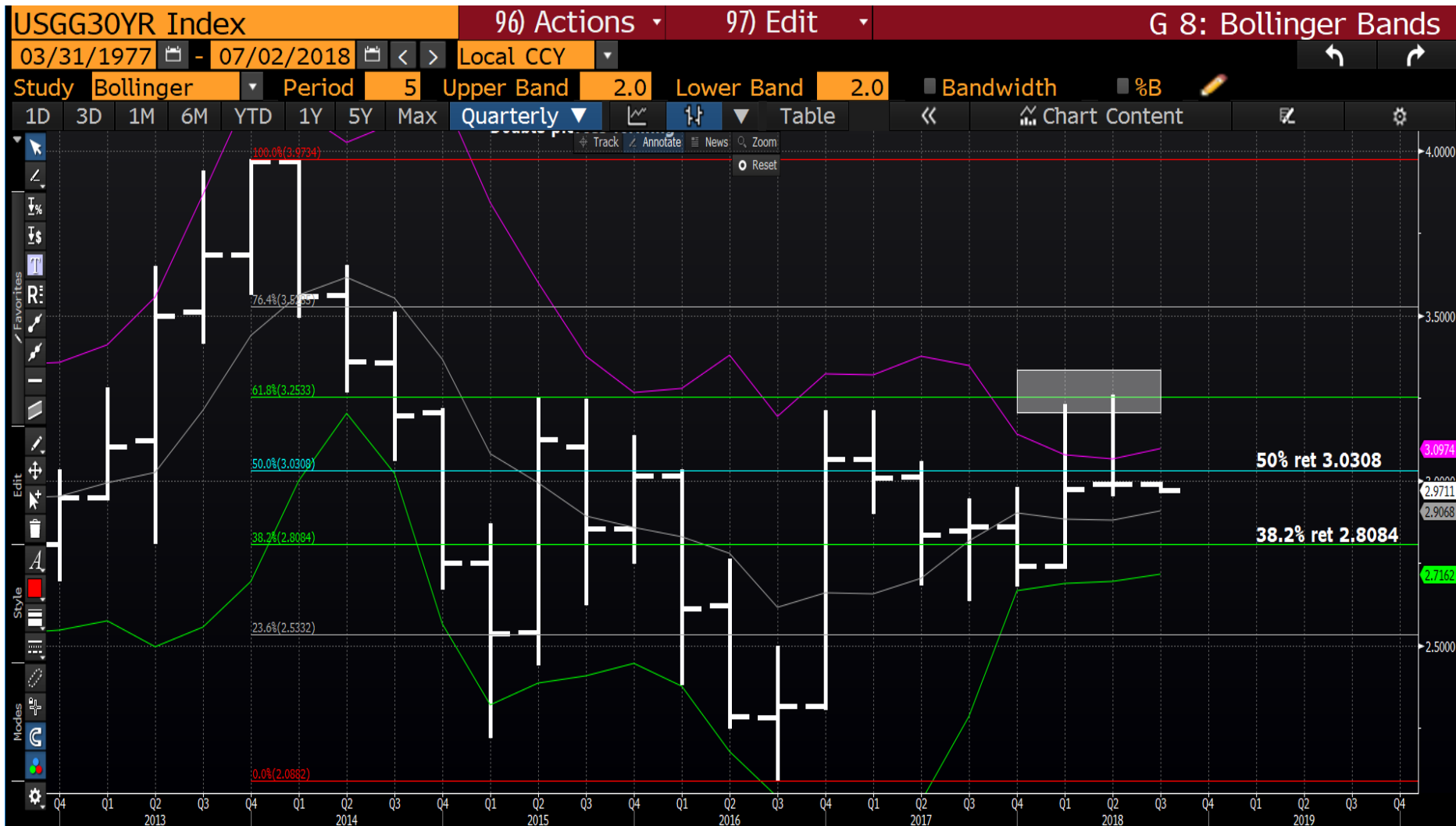


US 30yr yield quarterly : Does history repeat itself? ON ALL previous occasions yields have dropped and especially when we have DOUBLE UPSIDE PIERCES, as NOW!

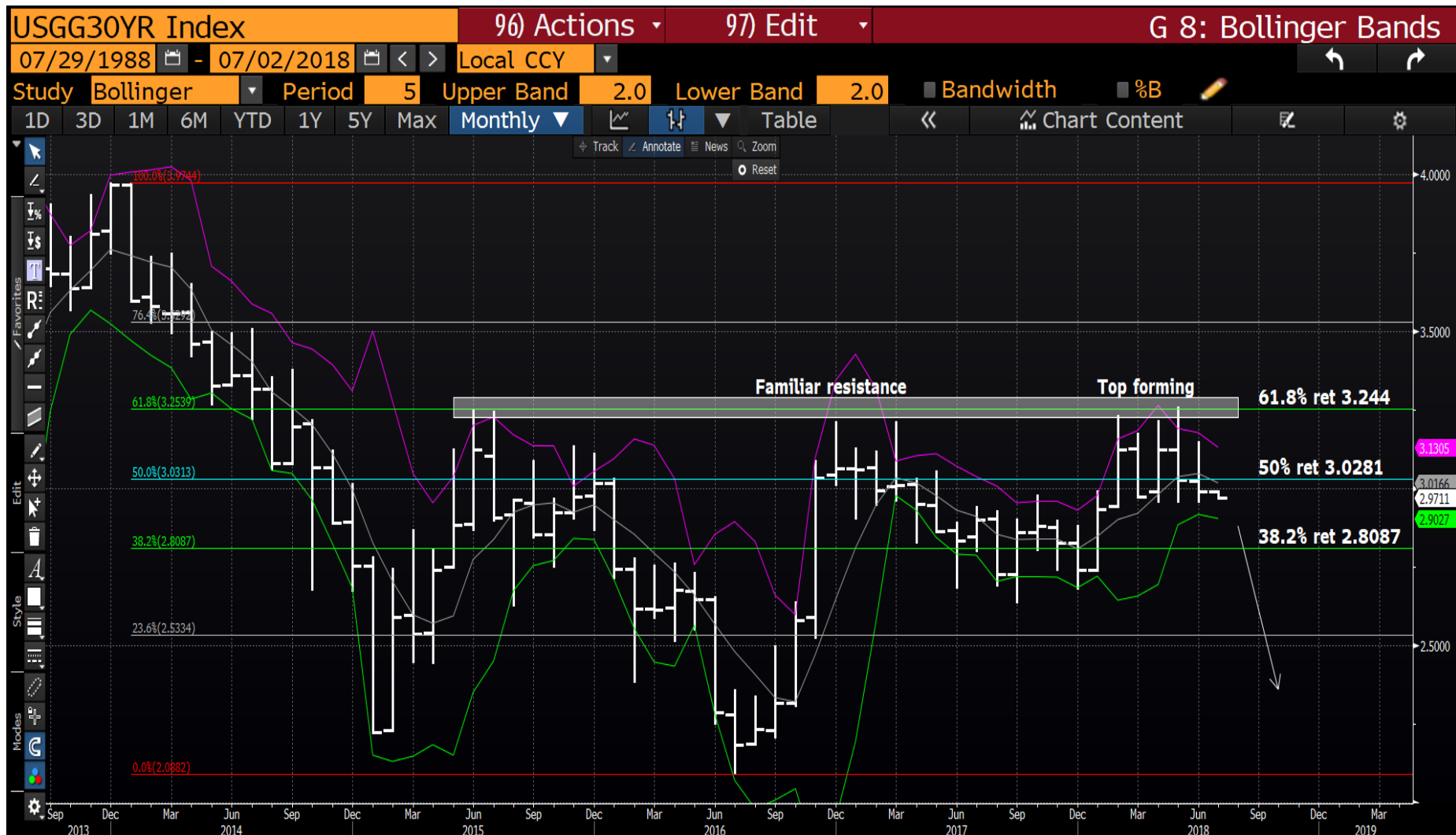


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US 30yr yield quarterly : This “blow up” highlights 2 VERY nasty upside rejections and a breach of the 2.9068 bollinger average will help. SUB 2.8084 38.2% ret will be a major reversal and STOP level for many.



US 30yr yield monthly : For many this is regarded as a RANGE, however for me it signals a MORE major yield TOP. A breach of the 38.2% ret 2.8087 will confirm a reversal. THIS WILL ONLY BE THE START!



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US 30yr yield weekly : A breach of the 76.4% ret 2.9485-50 period MOVING AVERAGE will be a BIG statement.



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US 10yr yield quarterly : The RSI dating back to 1984 is not going to go away, thus the BIAS still remains for lower yields. We are now SUB the VERY reliable 50 period moving average 2.8665. 2000 and 2007 very good examples of what has gone before!



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US 10yr yield quarterly : Could this be the PERFECT failure? This could be an optimum location for any new bond longs given the stop only need be above the 2.8665 moving average.



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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.



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US 5yr quarterly : To many this remains a positive chart i.e. above the moving average and trendline BUT the RSI will not diminish given it is of 1982 proportions. Also once we fail the moving average 2.1818, there are numerous example of what has happened before.



US 5yr monthly : A MAJOR statement as we are now back in the LONGTERM trend channel (2.7847), the RSI has A LOT of unwind potential. Key break would be SUB the moving average 2.4980.



US 5yr monthly : This is a MAJOR long-term channel, we have failed here before. NOW back in the channel 2.7847, next step is to breach the 2.4980 moving average.



US 5yr weekly : We have failed the 50% ret 2.8846, targeting the 38.2% ret 2.330. The RSI at 1984 levels!



US 2yr monthly : The RSI speaks for itself and we look close to STALLING.



US 2yr monthly : I would not normally chart something this short BUT it does go some way to explaining how HIGH expectation is!? Am keen to watch this chart as it has a lot of ACCELERATION potential if 2.4128 is breached.



Generic German 10yr quarterly : We now have 2 SOLID UPSIDE PIRECES that are etched in history, this will form an explosive bearish tone for yields. We are well and truly inside the trend channel 0.358.



Generic German yield daily : We are SUB the 50.0% ret 0.302 and targeting the 61.8% ret 0.182. A breach of the 61.8% ret 0.182 will trigger major stops.



UK 10yr monthly : We are now back below the 2008 trendline 1.316 and should head lower in yield.



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UK 10yr yield daily : We are heading toward the 61.8% ret 1.217.



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DBR 46 daily : A very nice LATE SURGE into the month end, a close above the 76.4% ret 138.096 will be VERY bullish.



Italian generic 10yr daily : We have held the 38.2% ret 2.496 but the chart leaves the door wide open for much higher yields. I think liquidity will add to the yield rally.



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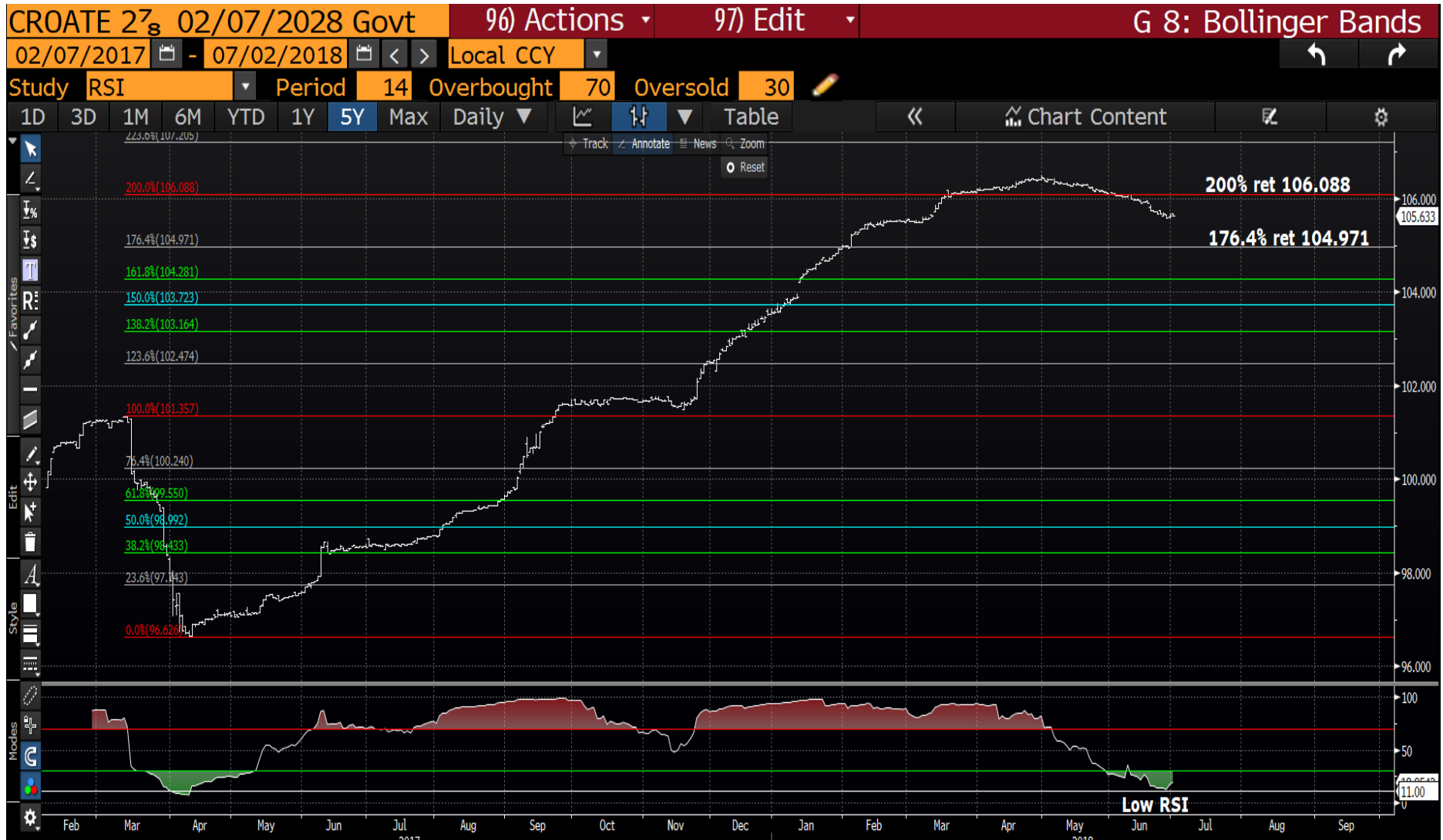
Portugal 27's : For the first time in a long while PGB is a worry but the RSI is neutral, hence not included.



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**Croatia 28' daily : The RSI is now VERY low but we have dipped below the 200% ret 106.088. We should hold here given the RSI.



EUR USD quarterly : We have opened at the close of the last quarter, hopefully we can just head lower directly from here, in a similar fashion to last quarter. The initial target may be the 50% ret 1.1241 but given Mrs Merkels problems it could be the 61.8% ret 1.0109 soon.



EUR USD daily : If this is the biggest and best bounce the EURO can muster then this is a VERY WEAK market!



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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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