

## **BONDS UPDATE : THE WRITING REMAINS ON THE WALL.**

**Yields CONTINUE to remain topy and in the US we are close to breaching some very TEDIOUS “RANGES”!**

**The US bond market has taken down supply this week so a close “above that” into month end is very SIGNIFICANT and POSITIVE.**

**Germany continues to REMAIN inside the LONGTERM CHANNEL.**

### **\*\* BUND TRADE IDEA \*\***

**Bunds have stalled but its time to BUY as the stop is tight and momentum for lower yields remains :**

**Ref RX Z8 160.41**

**Buy           RXV8 162.50/163.50 Call spread @ 3 ticks 5 Delta (Now 4.0/5.0).**

**Or**

**Buy           RXV8 162.00/163.00 Call spread @ 5 ticks 8 Delta (Now 7.5/8.5).**

**\*\*Stop all positions sub 159.40 (RX Z9) initially.\*\***

**Feel free to discuss or ask for FIRM prices.**

**\*\* Yields will go lower and as mentioned to me this week, BE PATIENT! \*\***

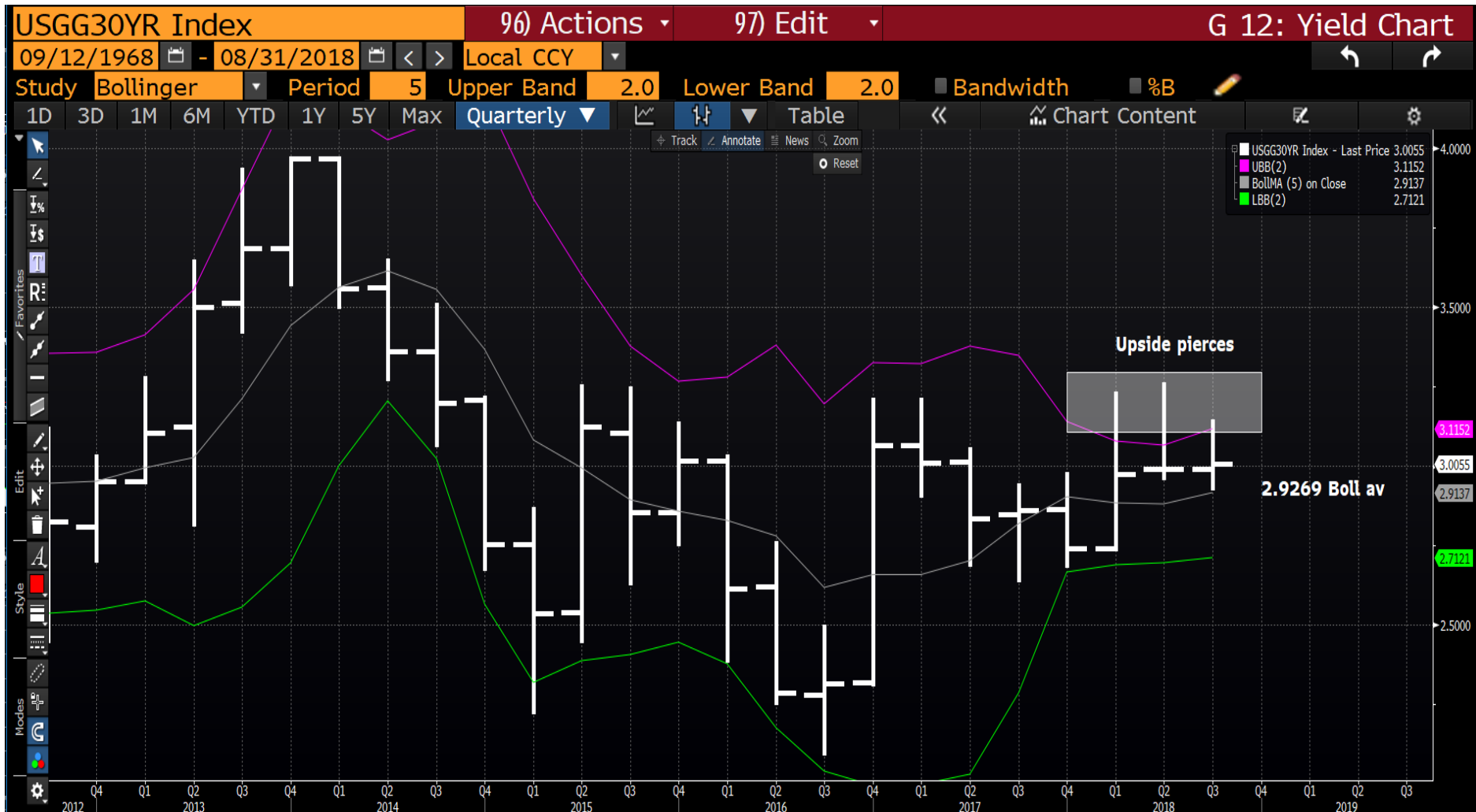
US 30yr yield quarterly : We continue to REMAIN sub the 3.1677 moving average and history can as we know repeat itself? The resistance is obvious and STANDING FIRM, seems one solution to this and its yields LOWER.



US 30yr yield quarterly : A SIGNIFICANT chart as we now have 3 VERY nasty upside pierces which wont be eradicated unless we breach the highs, maintaining the YIELD LOWER call.

I am hoping we head back toward the bollinger average 2.9269 toward quarter end.

Worth noting we do still have a new low on last quarter.



31/08/2018

US 30yr yield daily : The biggest obstacle remains the 23.6% ret 2.9484, sub this will take us out of the RANGE. We are CLOSE!



31/08/2018

US 30yr futures daily : We held both the moving average and 38.2% ret 143-21. A close above the 23.6% ret 144-08 should force a move to the previous HIGHS.



31/08/2018

US 10yr yield quarterly : HISTORY IS GOING TO REPEAT ITSELF 2000 AND 2007!  
The RSI dating back to 1984 is not going to go away, thus the BIAS still remains for lower yields. We are back on the lows and sub the moving average 2.8668.



31/08/2018

US 10yr yield quarterly : Could this be the PERFECT failure? We NEED to get BACK BELOW the 38.2% ret 2.8478 with more conviction. Another chart where if HISTORY REPEATS ITSELF, yields will be significantly lower given we are starting to emulate the FORMATION of 2007!



31/08/2018

US 10yr daily futures : Another nice mid week HOLD a close above the 23.6% ret 120-06+ will subsequently draw us toward the previous highs 120-00.



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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 2.1391, there are numerous example of what has happened before.



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US 5yr monthly : We have spent a few months now battling to break higher and to no avail, thus next we head LOWER, back inside the LONGTERM trend channel (2.7661) HELPS. The supply this week should act as a DECENT VOLUME CAP.



US 5yr futures daily : We again hit and HELD the 50% ret 113-05/moving average and should soon breach the 23.6% ret 113-13.



US 2yr monthly : The RSI speaks for itself and providing we remain sub the 50% ret 2.7091 then the TRADE ideas on the opening page will work. Still think this is a “walk way” trade. We are gradually failing!



Generic German 10yr quarterly : We now have 3 SOLID UPSIDE PIRECES that are etched in history, this will form an explosive bearish tone for yields. The only issue is RUNNING out of yield so may prompt a swap out of bonds INTO the US.



Generic German yield daily : We have stalled at the 38.2% ret 0.421 and now should to close sub the 50% ret 0.302.



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Bund futures daily : We have held the 23.6% ret 162.53 support so should grind back to the old highs, EASILY!



DBR 46 daily : A bond that has done NO wrong and generally trended higher. We held the 61.8% ret 135.721 on the latest DIP and stand a chance of pushing back to the old highs.





Italian generic 10yr daily : Italy a PERMENANT WORRY in these THIN market conditions. Despite trading sideways this week I remain adamant we visit the 61.8% ret 3.396 soon.



US GERMAN 5yr monthly : Given German yields will run out of room at some stage this will become a VERY attractive proposition. The RSI is in agreement however in 2014 it failed to be of use.



US GERMAN 10yr monthly : Again the RSI has been tricky BUT sooner or later this spread will RE-TREND.



US GERMAN 30yr monthly : This time the RSI is lacking but numerous levels prevail.



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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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