

BONDS UPDATE : Bond yields are taking a pause **HOWEVER** the long-term charts still forecast maintaining the lower yield **TREND**.

We are also getting glimmers of a US BULL STEEPENER, in the backend.

**** US FRONTEND TRADE IDEA ****

The US frontend looks a **BUY** and a very **CHEAP** one, see chart 17
IDEAS as follows :

Ref 105-22

TUZ 105.75/105.875 call spread: Mkt 2/2.5 (**Now 2.5/3.5**) HAS 10% delta

Ref 97.06

2EZ8 97.125/97.375/97.50 broken call fly 3.25/3.5 (**Now 5.00/5.50**) Has 12% delta
bid is via legs

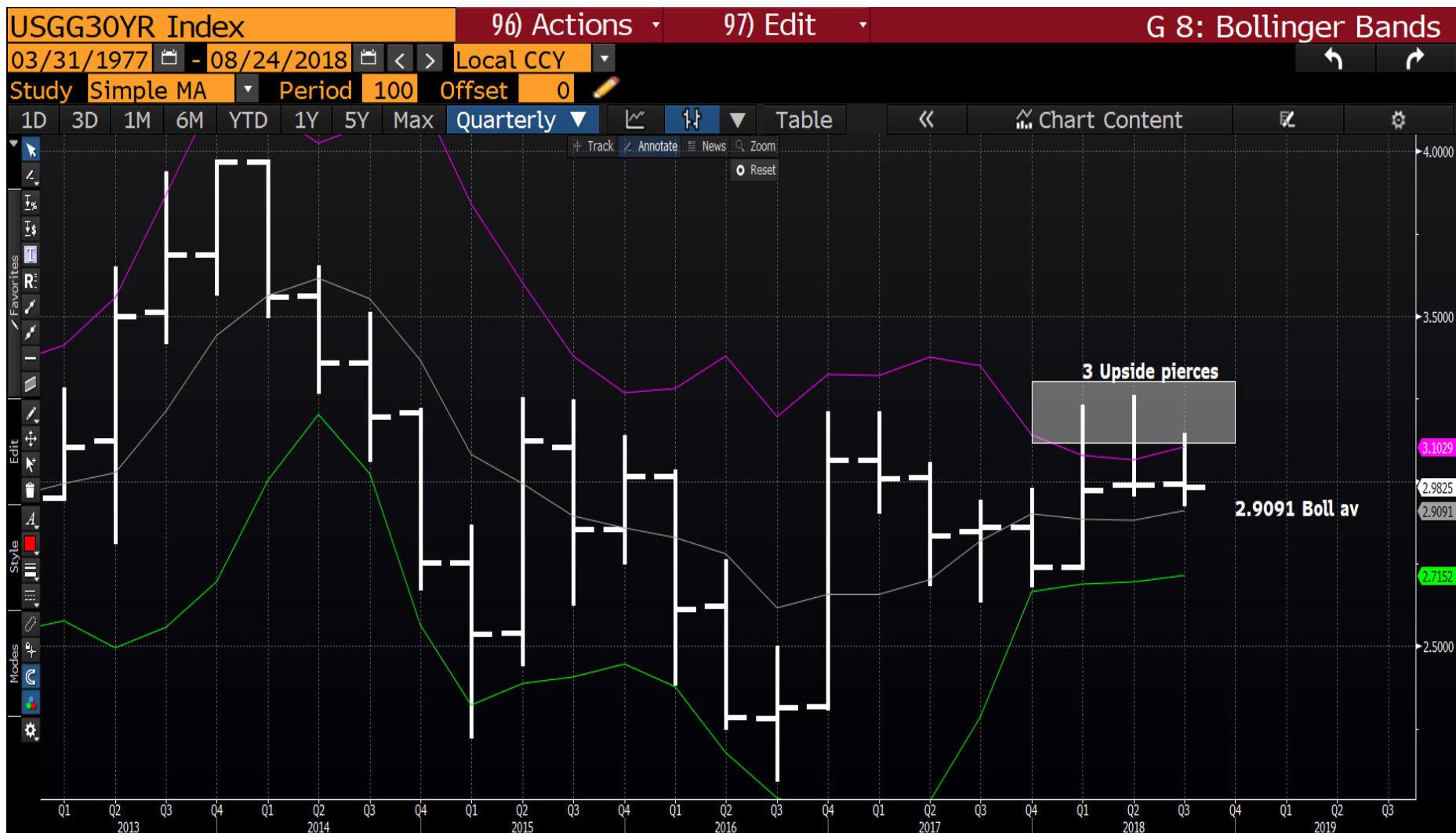
2EZ8 97.25/97.375 call spread 1.75/2 (**NOW 2.75/3.00**) HAS 8% delta

**** I am sure people will argue we are in a summer market hence “sideways” BUT I personally think we are in a heightened STATE: TRADE WARS, ELON MUSK, ITALIAN DISCORD and BREXIT, the list is endless. Add these issues in with a THIN market and THINGS will move FAST. I am therefore expecting a VOLATILE lead into month end. ****

US 30yr yield quarterly : We continue to REMAIN sub the 3.1676 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 2.9091. Worth noting we do still have a new low on last quarter.



US 30yr yield daily : We continue to grind lower toward the 23.6% ret 2.9484, a break of the range would HURT.



US 30yr futures daily : We continue to trend higher and would buy any pull back should we see the 23.6% ret 144-22. Definitely buy any new high as CTA's will do so.



24/08/2018

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 2.8664 .



24/08/2018

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!



24/08/2018

US 10yr daily futures : We are close to a new futures high and a continued close above the 23.6% ret 120-11 helps.



24/08/2018

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 2.1396, there are numerous example of what has happened before.



24/08/2018

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.



US 5yr monthly : Great aspect to this chart is that whilst it REPLICATES 2007 the period of time up here attempting to breach 3.00% has been longer! The FALL from GRACE will be BIGGER and FASTER.



US 5yr futures daily : We are now back through the 38.2% ret 113-22+ which is concerning.



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 are sitting around the VERY KEY 50% ret 0.302, sub this and we should sail through the 61.8%ret 0.182.



Bund futures daily : Bunds have struggled recently but should offer good value should we hit the 23.6% ret 162.53.



UK 10yr monthly : We are back below the 2008 trendline 1.283 and yields should STILL head lower.



24/08/2018

17

UK 10yr yield daily : The 61.8% ret 1.217 is proving a tough level to breach , that said the 50% ret 1.307 resistance will help.



Gilt futures daily : A similar pull back with the 38.2% ret 122.89 firm support.



24/08/2018

DBR 46 daily : A bond that has done NO wrong, hopefully we can find support at the 136.85 moving average.



Italian generic 10yr daily : Italy is a MASSIVE worry in these THIN market conditions. Despite finding resistance at the recent yield high there is every possibility we hit the 61.8% ret 3.396.



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.



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.

Astor Ridge takes no proprietary trading risk, has no market making facilities, and has no position in any security we discuss in this e-mail. The views in this e-mail are those of the author(s) and are subject to change, and Astor Ridge has no obligation to update its opinions or the information in this publication. If this e-mail contains recommendations, those recommendations reflect solely and exclusively those of the author, and such opinions were prepared independently of any other interests, including those of Astor Ridge and/or its affiliates.

This publication does not constitute personal investment advice or take into account the individual financial circumstances or objectives of the clients who receive it. The securities discussed herein may not be suitable for all investors. Astor Ridge recommends that investors independently evaluate each issuer, security or instrument discussed herein, and consult any independent advisors they believe necessary.

The value of and income from any investment may fluctuate from day to day as a result of changes in relevant economic markets (including changes in market liquidity). The information herein is not intended to predict actual results, which may differ substantially from those reflected. Past performance is not necessarily indicative of future results.

You should not use or disclose to any other person the contents of this research, nor take copies. This is not a representation or warranty and is not intended nor should it be taken to create any legal relations, contractual or otherwise. This research and any files transmitted with it are confidential, may be legally privileged, and are for the sole use of the intended recipient. Copyright in this research and any accompanying document created by Astor Ridge LLP is owned by Astor Ridge LLP.

Astor Ridge LLP is regulated by the Financial Conduct Authority (FCA): Registration Number 579287

Astor Ridge LLP is Registered in England and Wales with Companies House: Registration Number OC372185

Astor Ridge NA LLP is a member of FINRA/SIPC: CRD Number 282626

Astor Ridge NA LLP is Registered in England and Wales with Companies House: Registration Number OC401796