

**BONDS UPDATE : Bond yields continue to head lower with RECORD SHORTS in US futures.**

**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 105-23**

**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**

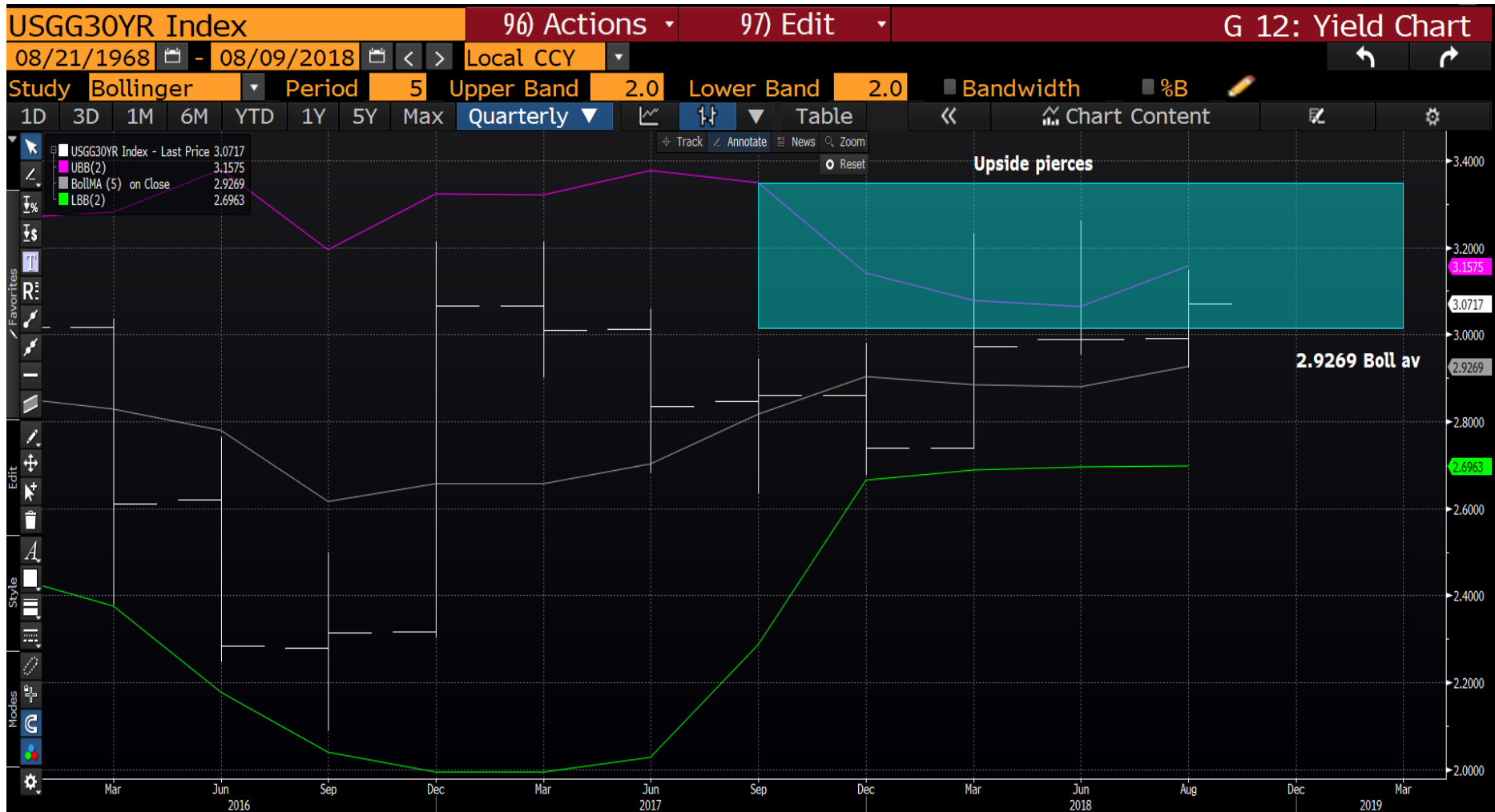
**\*\* I am sure people will argue we are in a summer market hence “sideways” BUT I personally think we are in a heightened STATE: TRADE WARS, ELON MUSK, ITALIAN DISCORD and BREXIT, the list is endless. Add these issues in with a THIN market and THINGS will move FAST. I am therefore expecting a VOLATILE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

US 30yr yield quarterly : We continue to REMAIN sub the 3.1678 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.



20/08/2018

US 30yr yield quarterly : This “blow up” highlights 3 VERY nasty upside pierces which wont be eradicated unless we breach the highs, thus maintaining the YIELD LOWER call. I am hoping we head back toward the bollinger average 2.9242. 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 have generated a NEW HIGH thus CTA's have to buy.



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 .



20/08/2018

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



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





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.



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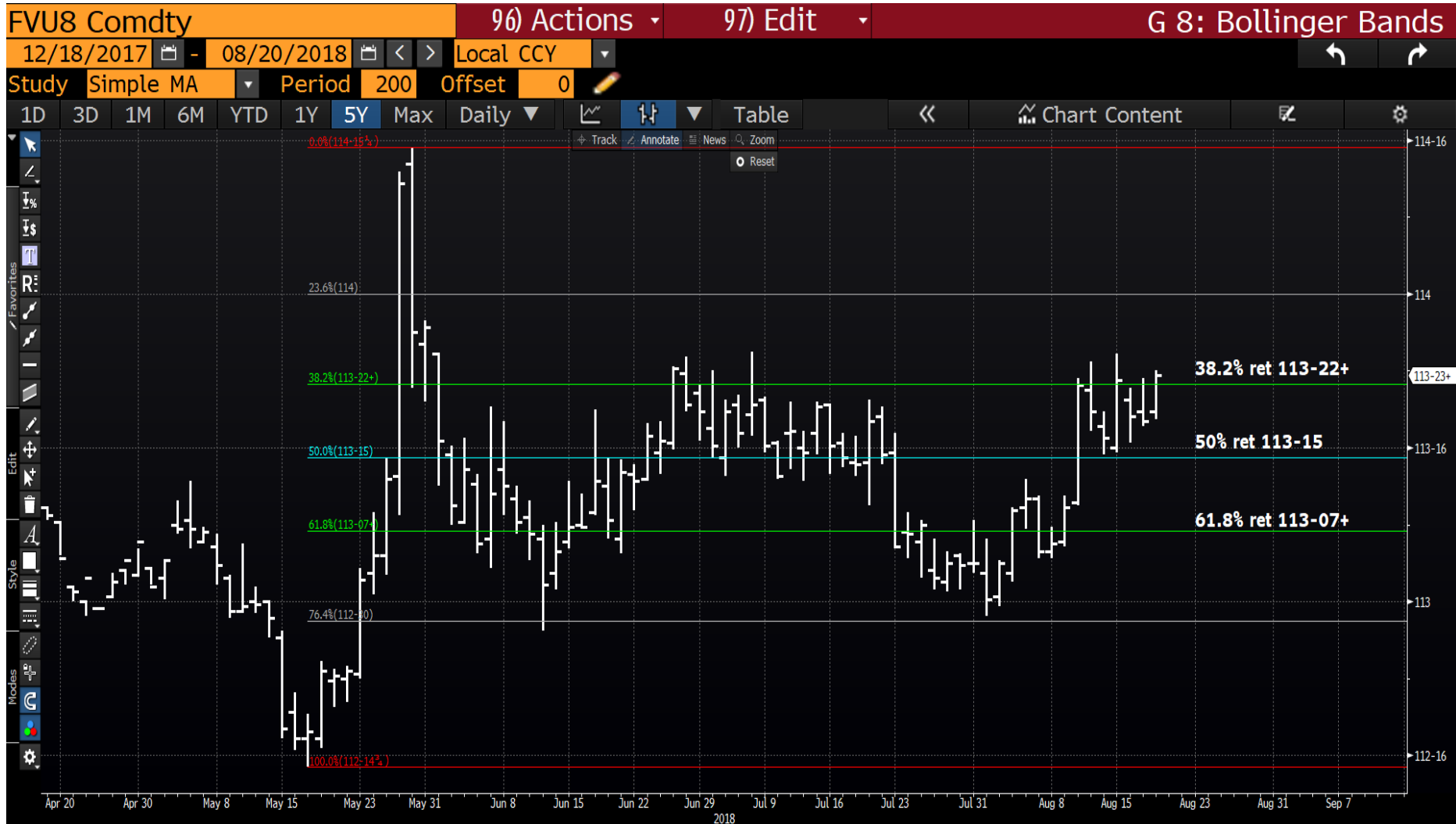
US 5yr monthly : We have spent a few months now battling to break higher and to no avail, thus next we head LOWER, back inside the LONGTERM trend channel (2.7661) HELPS.



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 : No new high here and MANY will still argue “ITS IN A RANGE”, we are about to break that range.



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



Bund futures daily : No new high today but we continue to get CLOSER to the years high 164.19.





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



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UK 10yr yield daily : Providing we remain below the 61.8% ret 1.217 will create a rush through the 76.4% ret 1.104.



Gilt futures daily : Another new high with the 124.67 in our sights.



DBR 46 daily : A bond that has done NO wrong, hopefully the gradual grind higher continues.



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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.

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