

**BONDS and EURO UPDATE :** All bond yield charts continue to call for “**LOWER YIELDS**” going back to it being based on Quarterly and Monthly horizons. 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 105-26**

**TUZ 105.75/105.875 call spread: Mkt 2/2.5 (Now 2.5/3.0) HAS 10% delta**

**Ref 97.04**

**2EZ8 97.125/97.375/97.50 broken call fly 3.25/3.5 (Now 3.75/4.25) Has 12% delta  
bid is via legs**

**2EZ8 97.25/97.375 call spread 1.75/2 (NOW 2.0/2.25) HAS 8% delta**

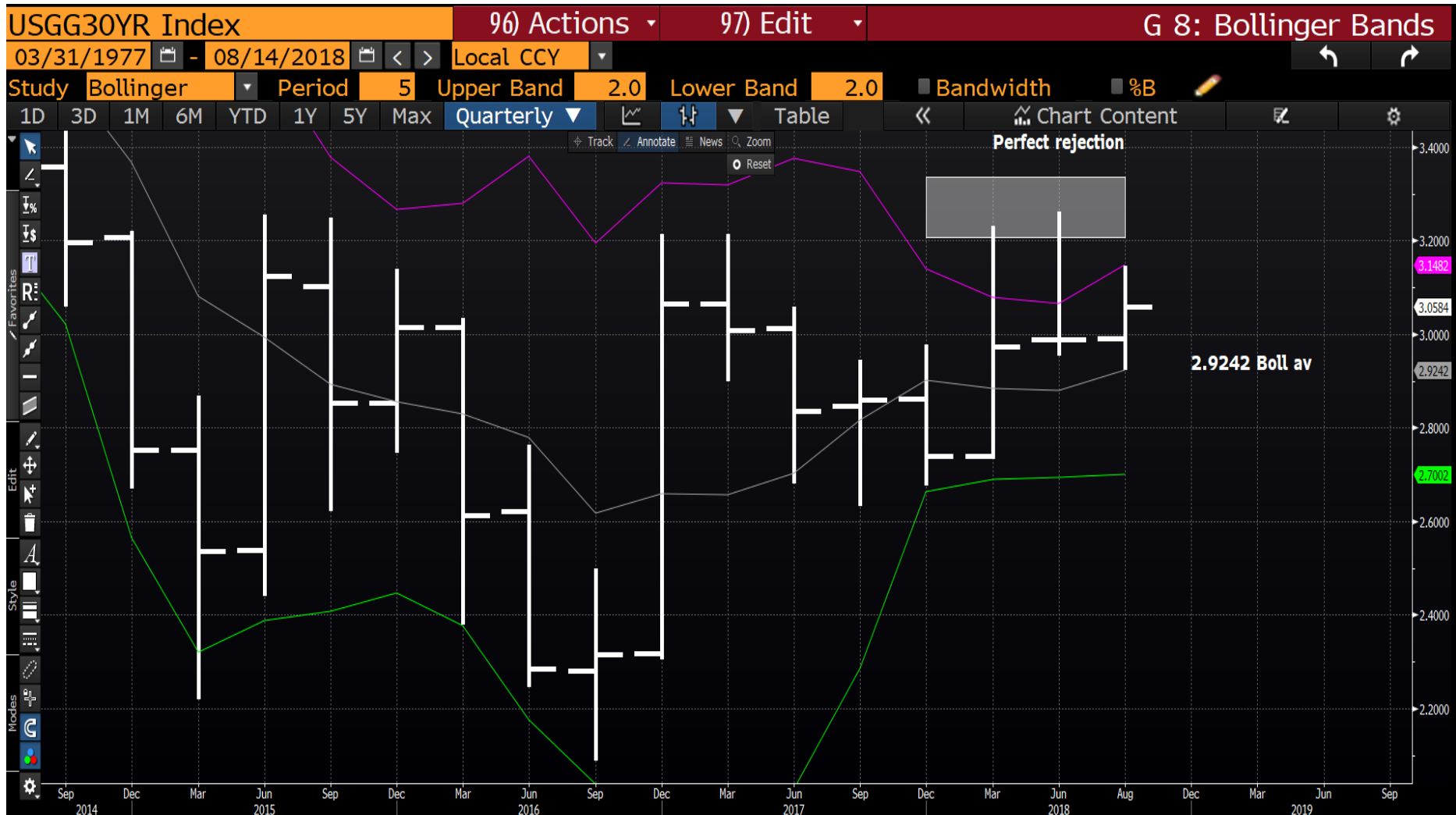
**\*\* I am sure people will argue we are in a summer market hence “sideways” BUT I personally think we are in a heightened STATE: TRADE WARS, ELON MUSK, ITALIAN DISCORD and BREXIT, the list is endless. Add these issues in with a THIN market and THINGS will move FAST. I am therefore expecting a VOLATILE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

US 30yr yield quarterly : We continue to REMAIN sub the 3.1681 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 : This “blow up” highlights 2 VERY nasty upside pierces which wont be eradicated unless we breach the highs, thus maintaining the YIELD LOWER call. I am hoping this is the extent of the rally and 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 : Last week we formed a top and should now head lower toward the 23.6% ret 2.9484.



US 30yr futures daily : We have witnessed a decent bounce so ideally we hold the 38.2% ret 143-21 and close back above the 23.6% ret 144-22.



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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 NEED to get back below the moving average 2.8474.



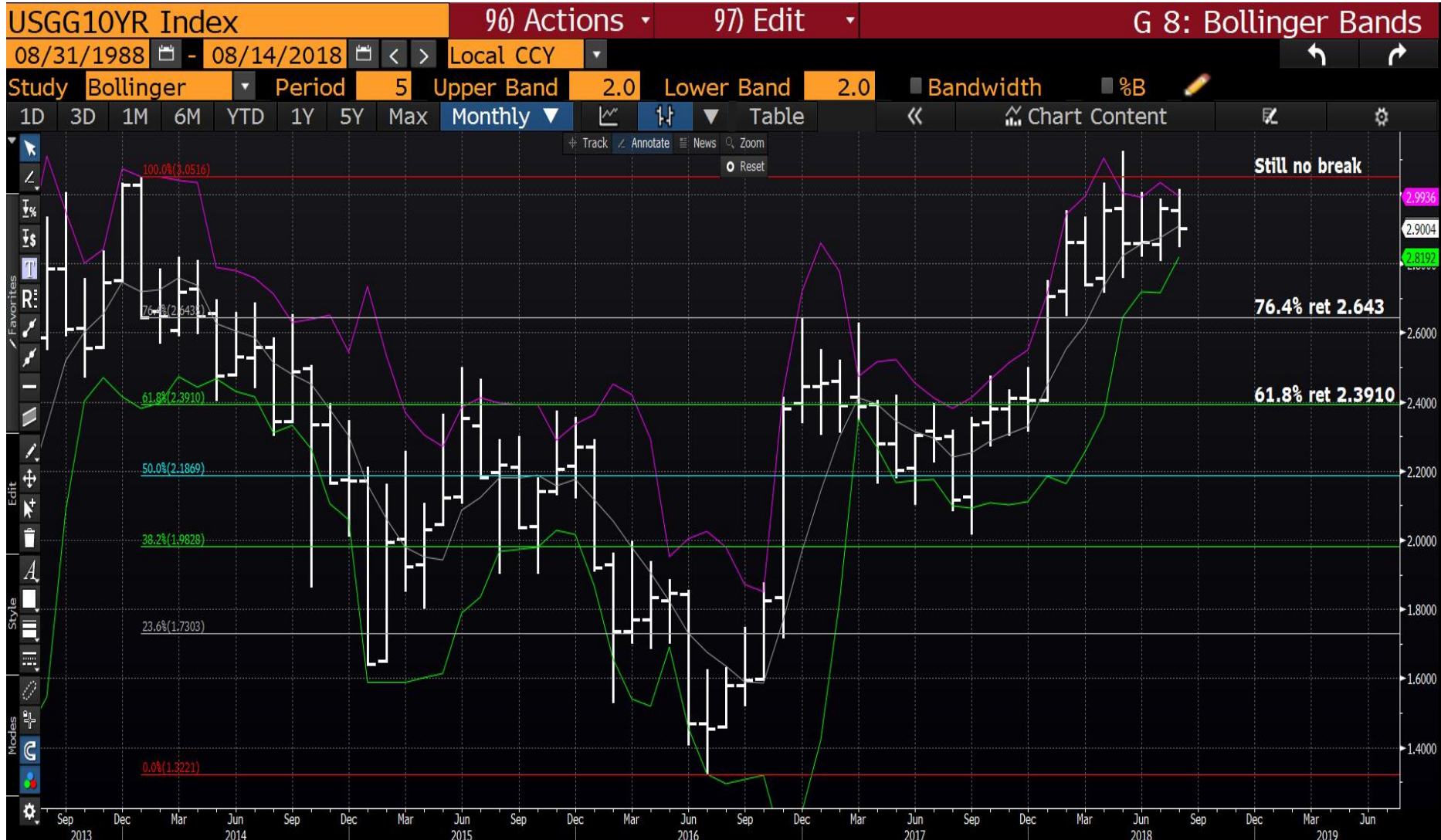
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US 10yr yield quarterly : Could this be the PERFECT failure? We NEED to get BACK BELOW the 38.2% ret 2.8478. Another chart where if HISTORY REPEATS ITSELF, yields will be significantly lower given we are starting to emulate the FORMATION of 2007!



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US 10yr monthly : The UPSIDE pierce remains AS does the recent HIGH. This is still a lower yield chart.





US 10yr daily futures : Another good bounce so again looking to hold the 38.2% ret 119-28+ and close above the 23.6% ret 120-11.



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



US 5yr monthly : We continue to TEASE around the LONGTERM trend channel (2.7661), the RSI has A LOT of unwind potential. Key break would be SUB the MOVING AVERAGE 2.4913. Another aspect from last week was the BULL STEEPENER!



US 5yr monthly : Another perfect formation looming, we are teasing the trend channel with significant room to head lower. Sub the moving average 2.4912 will help, ALOT.  
The RSI is not going to go away.



US 5yr weekly : We continue to fail the 50% ret 2.8846, targeting the 38.2% ret 2.330.



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US 5yr futures daily : Hopefully we can hold the 50% ret 113-15 and close above the 38.2%ret 113-22+. We need to breach the "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.



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 back in the channel just need a weak quarterly close.





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 : Yet again GERMANY continues to GRIND and we loom ever closer to the years high 164.19.



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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 50% ret 1.307 then momentum remains lower. A breach of the 61.8% ret 1.217 will create a rush through the 76.4% ret 1.104.



Gilt futures daily : We continue to grind and hopefully will get back above the 23.6% ret 123.57.



DBR 46 daily : This bond has been VERY regimented in its rise, if we can hold the 76.4% ret 138.096 then the previous highs 100.0% ret 141.935 is the DRAW.



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.



EURO quarterly : A break of the low is looking VERY ominous and should it breach then the DROP will be hard and FAST!





EURO daily : We remain weak and would target the 61.8% ret 1.1187 to cover SOME shorts, do cover further exposure if the 50% ret 1.1448 is breached FIRST.



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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