

MULTI ASSET UPDATE :

Bonds ARE currently rewriting history, they feel unbelievably THIN and DEFINITELY HARD to trade. Hence so far most recommendations have been via options.

The US curves have steepened on the bond downturn but am still unsure if this is the directional bias, but curves HAVE confirmed a BASE.

Other asset classes are behaving and trading in more of an orderly fashion, even ITALY hitting the 61.8% ret 3.394.

IT FEELS LIKE WE ARE COILING FOR AN EXPLOSIVE TIME is coming.

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FX UPDATE

- **FX UPDATE :**
- **The EURO continues to BLEED with minimal bounce, whilst EUR GBP applies additional pressure. We could be in for a LATE and negative DROP into the year end.**
- **EUR GBP I have long favoured a short in this and ACTIONED a short recently, it has a long way to go. I would prefer it to REFLECT a weak EURO performance overall not a DIFFERENT rate of change on a EURO rally with GBP.**

USD EM There are some amazingly CHEAP stop trades in some EM space, we have hit MULTIYEAR retracements, with RSI's to compliment.

EUR USD quarterly : We remain in a dangerous location, SHOULD we breach the 50% ret 1.1241 then we will FREE FALL, ALL confidence in holding a LONG will be GONE!



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EUR USD weekly : We are close to closing sub the moving average-50% ret 1.1448, this will help the call to challenge the 1.1241 level.



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EUR USD daily : We are below most levels of note and the 0.0% ret 1.1301 remains the TARGET.



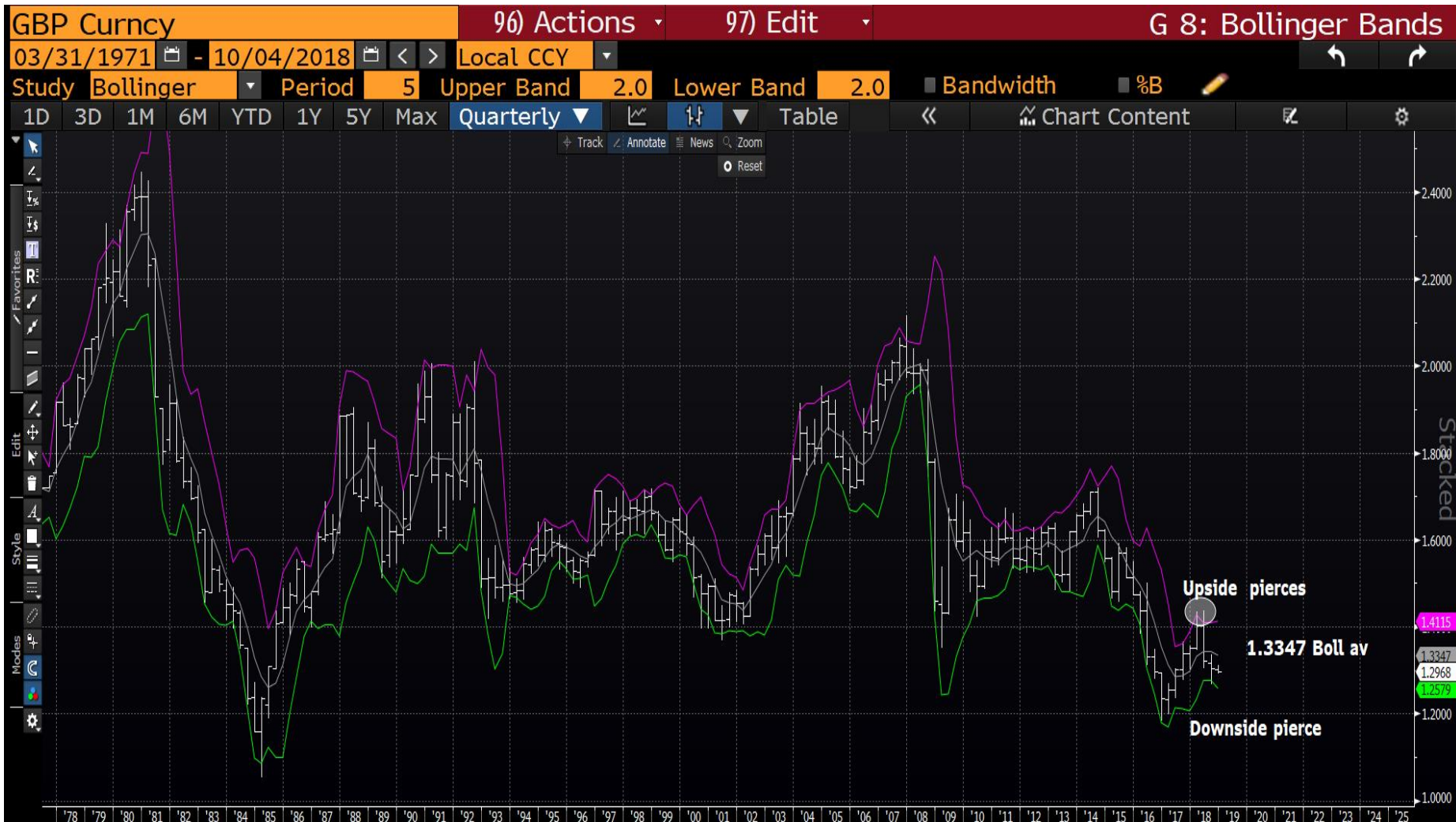
EUR GBP quarterly : This is a bit of a waiting game, the move looming WILL be EXPLOSIVE.

The EURO remains weak BUT the hope is that GBP either drops at a lower RATE or actually bounces based on fundamentals. Buy any possible VOL in this cross as its coming.



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Cable Quarterly : The inference is cable heads lower whilst we remain sub the 1.3347 bollinger average, the hope is any lower price drop is at a SLOWER rate of change to the EURO.



Cable daily : We have been trending lower so key to see if we can recover above the 1.2972 moving average.



DXY monthly : Its certainly not about the USD anymore. As the charts highlights we have little DRIVE but are HOLDING the 50% ret-moving average 95.859 remains USD positive.



DXY daily : We are recovering from the moving average 94.667 hold, the move higher is SADLY more of a GRIND. Closing above the 50% ret 96.036 adds a further degree of positivity.



AUD USD monthly : This has been a decent trend lower over 2018 and sub the 61.8% ret 0.7187 continues the PUSH toward the 76.4% ret 0.6266 target.



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AUD USD monthly : The 50 day moving average has more than proved its worth, we should target the 0.0%ret 0.6827.



USD CAD weekly : Another cross that represented the USD strength well but has WANED recently. We are still holding the 1.2844 moving average so mildly positive.



USD EM

SOME GREAT DISLOCATION OPPORTUNITIES

- Generally the USD looks like being the WEAKER leg against EM and ESPECIALLY on the following charts, MANY presenting cheap trade opportunities.
- USDMXN I have broken down as a trade to highlight the RSI failing to assist in the move.
- Some ideas are already working. Nice tops now in USD vs BRL, TRY, ZAR, RUB, MYR, INR, TWD and SGD!

USD MXN quarterly : This is one of those crosses at an “opportunity” location. As the chart highlights we have 2 major upside pierces, a breach of the 17.4503 previous low will confirm overall failure. The RSI is a bit WANTING so position size should reflect this.



USD BRL weekly : Definitely a TOP now in play and sub 4.00 keeps the idea alive.



USD BRL weekly : Providing we remain sub the 76.4% ret 3.9634 then LOWER we go. Sub the 61.8% ret 37871 will help, A LOT.



GTBRL10Y daily : Brazilian yields continue to drop and a break of the 50% ret 11.235 will help a lot.



USD TRY monthly : We are teasing around the 6.00 level and should head lower in the long-term.



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USD TRY daily : We have recognised the 50 day moving average 5.9577 so key we breach it.



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USD ARS monthly : We may have a top but not 100% confirmed.



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USD ZAR monthly : We have held the 100% ret 13.8401 but it should be breached this week.



USD ZAR monthly : Hopefully we can stall here at the 50% ret 14.7124 and head lower.



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USD RUB monthly : We have a new low on the month so should head lower soon.



USD MYR weekly : This has become a little too SIDEWAYS so stops close on any short.



USDINR weekly : We are struggling to find the illusive TOP but am sure its close.



USD TWD weekly : The RSI has remained high whilst we struggle to breach the MULTI-YEAR 38.2% ret 30.850. This is again worth a short BUT a tight stop above 31.00.



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EQUITIES

Equities : Little changed in this asset class but ALL RSI's remain high. FTSE AND DAX REMAIN key focus as both failing MAJOR LEVELS.

US stocks continue to grind higher this DESPITE ALL quarterly and monthly RSI's being 1896, 1999 and 2000 extensions. This is a similar scenario to the BOND extremes, frustrating and HARD to FATHOM.

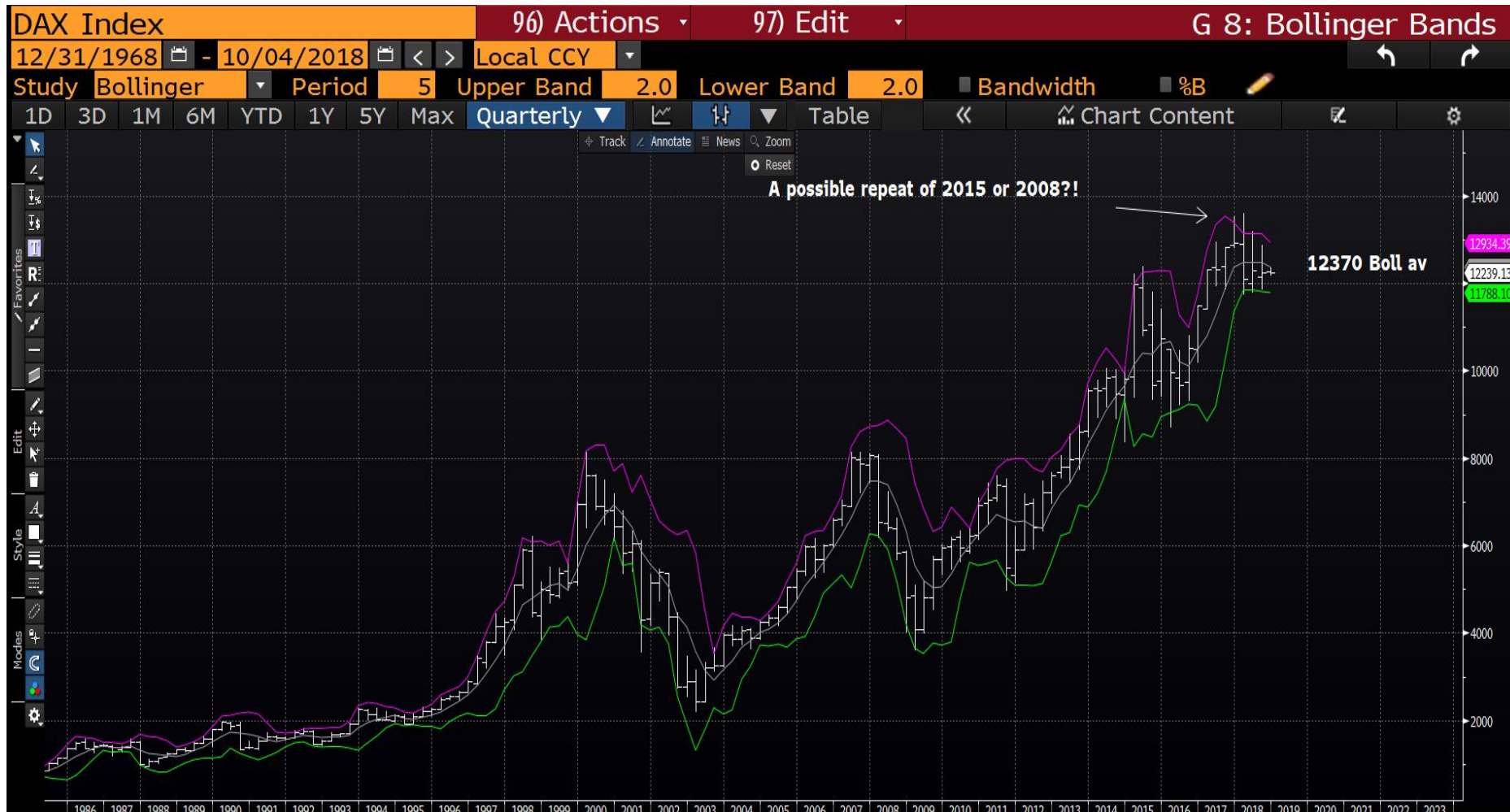
We now have a MARKED disparity with the US, how long can it LAST? European equities REMAIN heavy BUT need to STALL this week, chances of this happening are VERY HIGH. There are some very RELIABLE moving averages to watch for on the daily horizons.

One thing to point out is "BLOCKCHAIN", this could effect valuations going forward of MANY multinationals especially TECH. (AIRBNB, UBER etc).

We do now have more fundamentals looming as Mr Trump has the TECH sector in his SIGHTS. Only a matter of time!

DAX quarterly : ***THE PERFECT TOP IS FORMED!?!***

We have potentially the PERFECT opening to the quarter i.e. already failing the 12370 bollinger average. If we trade lower from here then it could be a straight line ALL quarter.



Eurostox monthly : This month we have opened BELOW the 3427 moving average so we are ALREADY of a negative BIAS.



Eurostox daily : We have failed the 3410 moving average and thus should continue lower.



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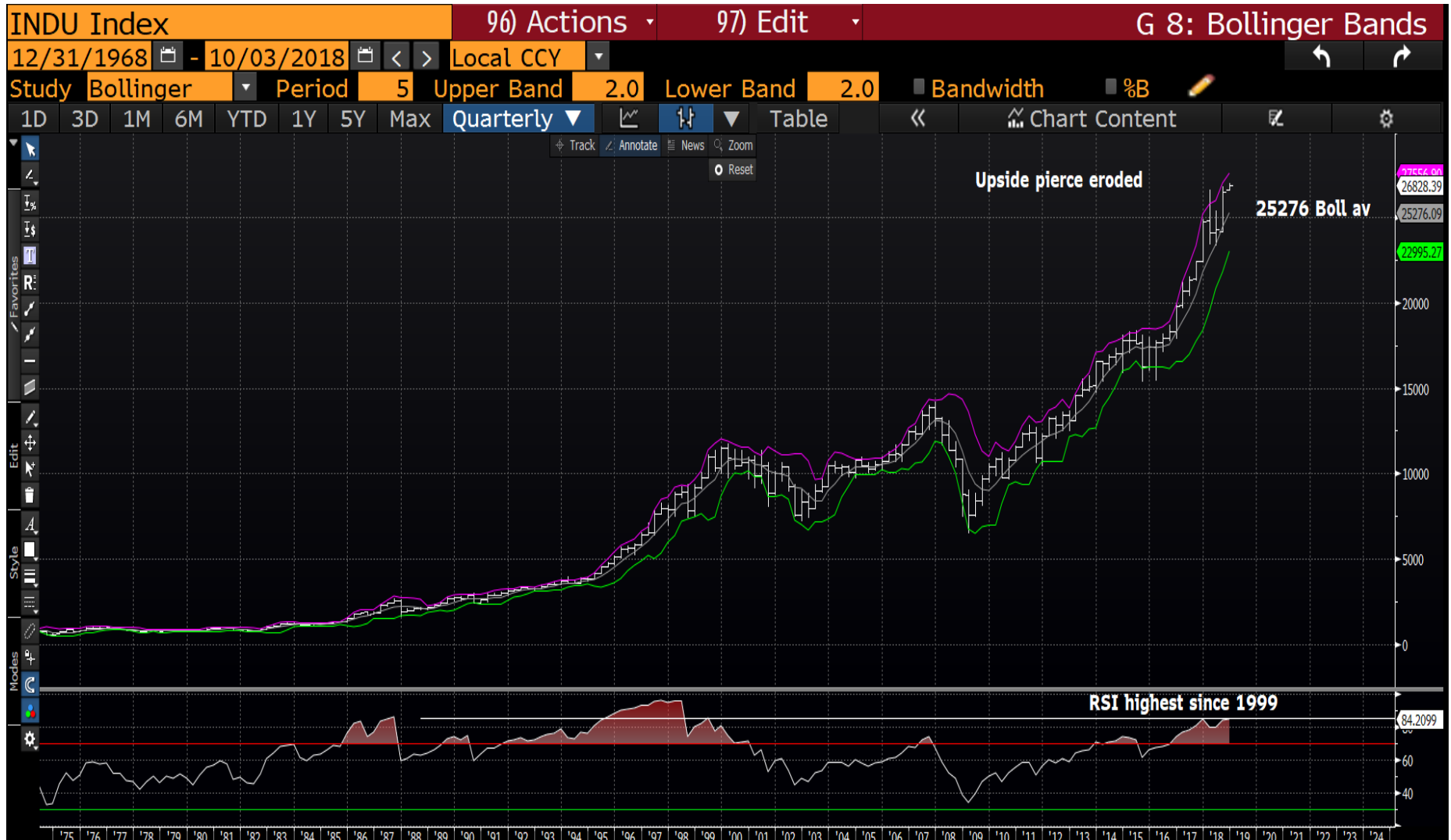
FTSE monthly : Another near perfect opening, failing the 123.6% ret 7531, so lower we go.



FTSE daily : A nice topping out against the 7515 moving average, thus we should head lower.



Dow quarterly : US stocks are proving to be the BIGGEST PAIN technically as the RSI levels denote we should not be here. HIGHEST since 1999 and an eventual breach of the 25276 bollinger average will help a lot.



S&P (future) daily : We have FINALLY breached the channel, we now need to close sub the 100% ret 2894.75.



Nasdaq quarterly : The “TECH” BUBBLE WILL burst!? The RSI matches that of 2000 and ideally some of the projected retracements will WORK. The current high needs to be confirmed but regulation and MR Musk has drawn a spot light onto this LOFTY area.



Nasdaq daily : We maybe on the highs but little in the way of further gains.



Hang Seng monthly : We are back in the trend channel having failed at the 38.2% ret 27690, next stop the 61.8% ret 24096..



BONDS

- These have been a PAIN and I do think their current THIN volume state isn't helping. Many are now rewriting history and so difficult TECHNICALLY to go with this TREND. Their move has helped the steepening trade.
- ALL daily charts now have MAJOR RSI dislocations JUST as people talk of a RANGE BREAK and HIGHER YIELDS.
- Italy remains a problem given its current correlation with the EURO, a key test is here on the 10 yr yields at 3.396, but the RSI is NOT dislocated.

US 30yr yield quarterly : We are above the 3.1528 moving average and certainly the stops could be felt. Given the previous examples it is hard to follow this trend. The latest move though HAS given the curve steepener ideas a BOOST and BASE.

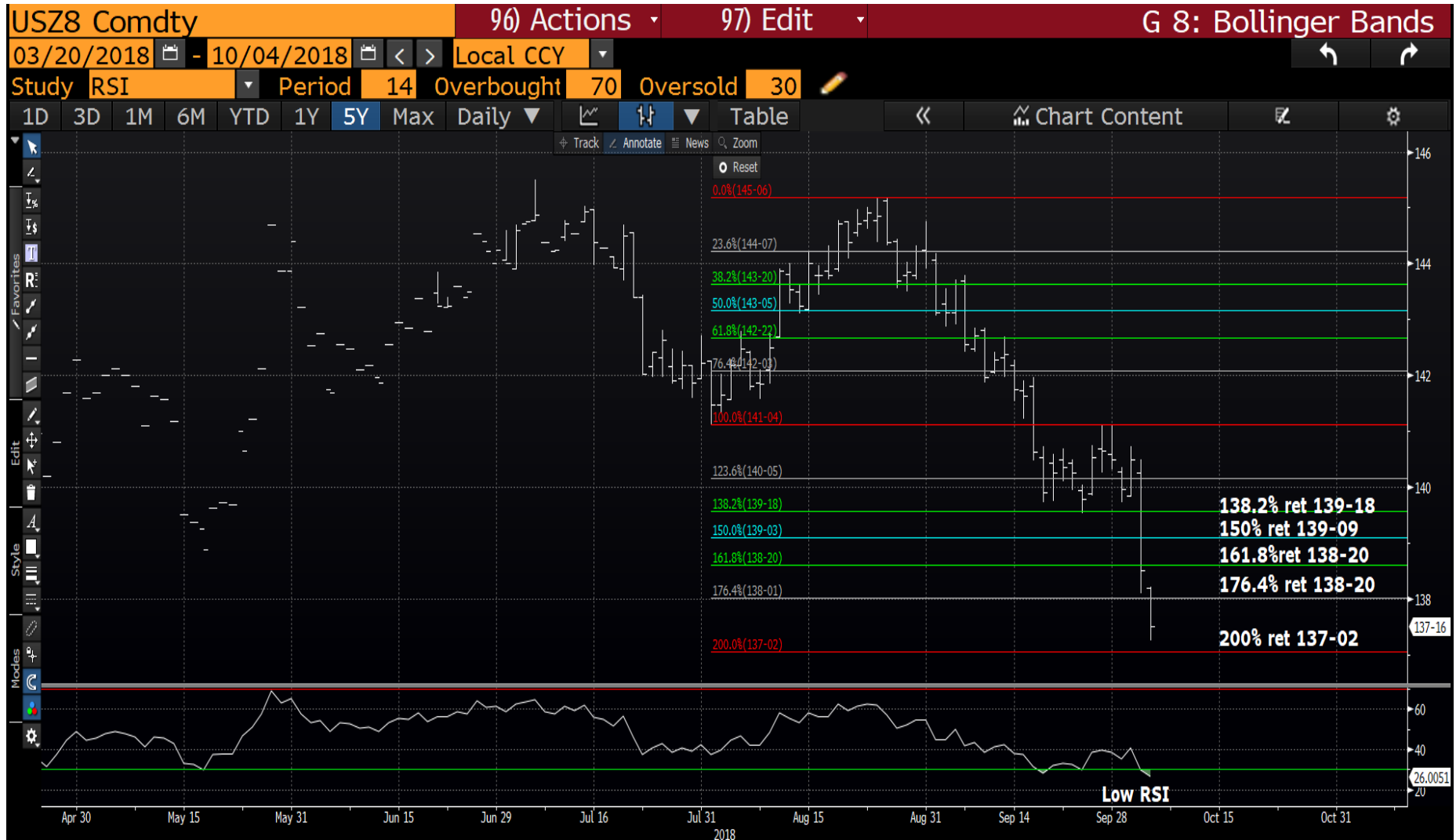


US 30yr yield daily : A explosive set of stops have forced the RSI to a high level but feel it isn't worth chasing the market here just rely on the curve for any trade reward.



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US 30yr futures daily : The stop fallout yesterday was painful and yet AGAIN brought us to an over sold state.



US 10yr yield quarterly : The RSI is 1984 proportions but yields have gone higher certainly not something HISTORICALLY that has happened before. I would STILL keep an open mind.



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US 10yr yield daily : The RSI has shot higher but there maybe a day or more of stops before we attempt to stall again.



US 10yr daily futures : Another big DROP and RSI dislocation but appetite to fight this is low.



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



US 5yr yield daily : We are back up at the previous high and the RSI agrees, the last time we failed.



US 5yr futures daily : Again tough to call here despite the oversold situation.



US 2yr monthly : The RSI says it ALL but we are struggling to fail and recently have breached the all important 50% ret 2.7091. Ideally we can REVERSE back below this LEVEL.



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US 2yr daily : Yesterday was a painful reversal as we hit the 200% ret 2.9004.



Generic German 10yr quarterly : We have breached the 0.503 moving average so here difficult to call.

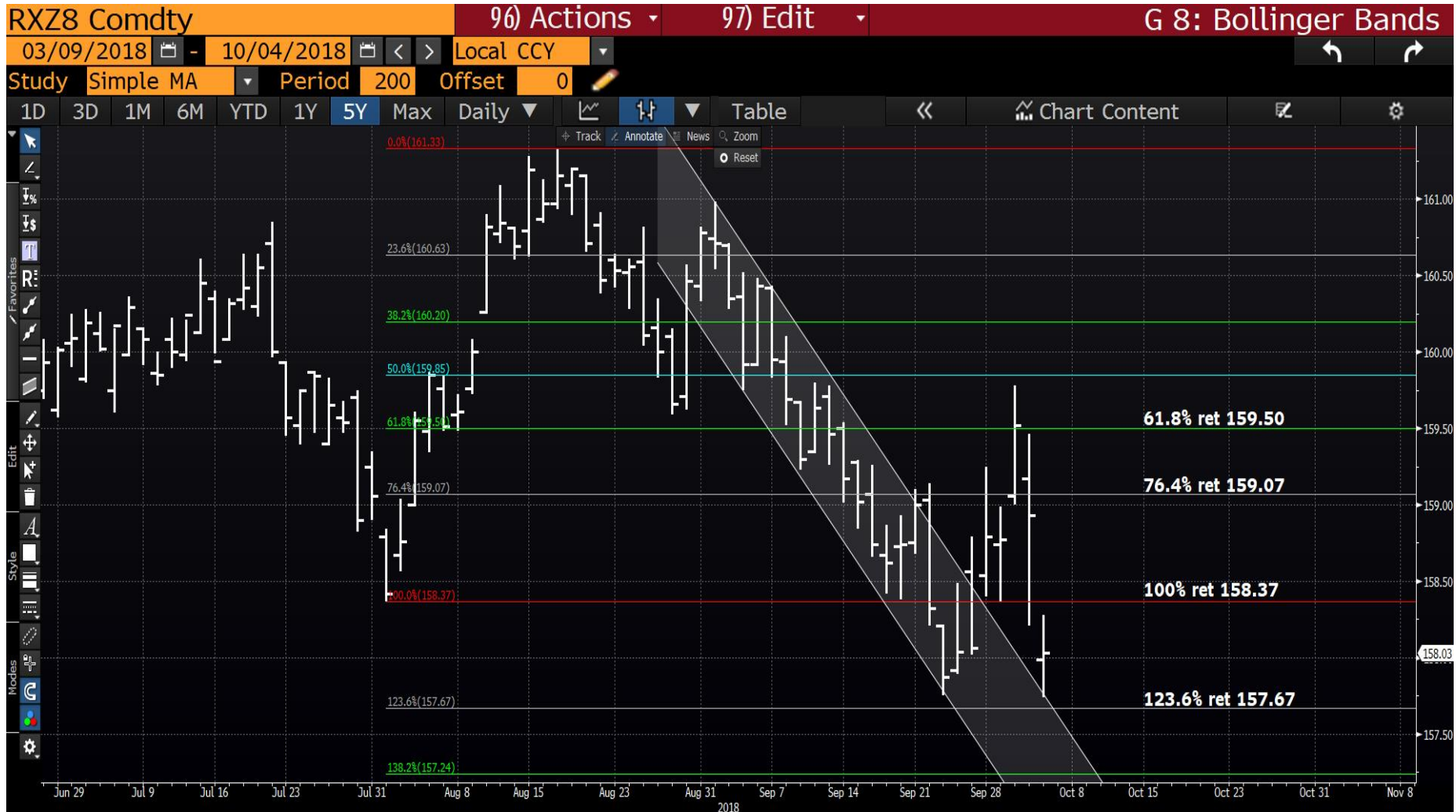


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Generic German yield daily : We popped the 200 day moving average 0.492 yesterday on stops but would not call it either way here unless we breach the 23.6% ret 0.568 or 38.2% ret 0.420.



Bund futures daily : This tells ME there is little market DEPTH to this market and seems a massive struggle to properly trade unless via options.



DBR 46 daily : This bond continues to be VERY regimented in its trading. Lets see how or if we hold the 133.105 moving average.



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Italian generic 10yr daily : OF all the markets to actually HOLD a retracement Italy has done so. We have held the 61.8% ret 3.396 but not sure if this is persists.



04/10/2018

Italian generic 10yr daily : Although we have hit the 61.8% ret 3.396 it has left the RSI wanting, we are not at an RSI extension I'd be comfortable with.



US curves a once in a lifetime opportunity?

- Curves have FINALLY steepened BUT not as I have expected.
- The CURVES are too oversold whilst on multi year levels and YIELDS historically look like DROPPING.
- An ODD statement but therefore ALL charts are worth scrutiny and discussion.

All generally have low RSI's, MANY at 2006 levels.

- It seems hard at the moment to pinpoint the OPTIMUM curve to go for but contenders already are 2-30, 5-30 and 10-30, that said most could do with quarter end confirmation.
- REMEMBER ALL RSI's ARE EXTENDED AND MANY HAVE HIT MULTI YEAR 76.4% RETRACEMENTS!

US 2-5 curve monthly : We have held and now close to FULLY confirming a base above the multi year 76.4% ret 20.817.



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US 2-5 curve daily : We have a decent BASE now and a close above the 100 day moving average 18.415 will help A LOT.



US 2-10 curve monthly : We are now back above the multi year 76.4% ret 26.832 so stand a good chance of steepening.



US 2-10 curve daily : We have based nicely and above the 150% ret 33.749 will set us on a continued steepening bias.



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US 2-30 curve monthly : This has been the clinical trade, hitting the multi year 76.4%ret on the NOSE. This should now gradually steepen.



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US 2-30 curve daily : A nice HOLD of todays moving average 45.177, a close above the 176.4% ret 50.845 will endorse the LOW IS IN.



US 5-10 curve monthly : This does not have a level and the RSI doesn't warrant a technical trade.



US 5-10 curve daily : The further out the curve the MORE we have proof of a HOLD and STEEPENING bias. That said this one is a struggle as the latest prices action is a RANGEY. Despite this not being the favoured cross it has confirmed the steepening bias by a breach the 123.6% ret 13.176.



US 5-30 curve monthly : Another MULTI YEAR hold of the 76.4% ret 21.776 with an RSI for compliment. We are now steepening nicely.



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US 5-30 curve daily : We now have a SOLID base gone in and above 32.00 will trigger major stops.



US 10-30 curve monthly : We stopped SHY of the retracement but the RSI is the lowest EVER
 so BANG for your BUCK the REBOUND here could be the ONE!



US 10-30 curve daily : We continue to BUILD a base and a break of 18.00 will trigger stops.



CL1 monthly : We could start to see OILL stall up here against the 76.64 trend.



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