

MULTI ASSET UPDATE :

This piece has been written via discussion with REAL MONEY, it highlights common ground and agreement that a MASSIVE STORM is BREWING.

ALL agreed **EM BONDS** are the ones to be LONG of, the TOP verses many on the USD and the whole TURKEY contagion factor has abated. **One new EM bond contender is INDIA** as the cross is topping. These views are NOW very much for the long-term, especially if US yields STALL.

The **EURO** is also a favoured short as highlighted numerous times in previous pieces, sub 1.1300 will throw a REAL DILEMA for EU credibility. Also this move isn't about USD strength given the DXY is only in slightly positive territory. Overall the issue remains EUROPE is struggling to resolve the Italian and UK scenario and that is reflecting in the EURO price.

EQUITIES have FINALLY shown the world what the European stocks have been telling us for SOME TIME, equities are in trouble. Many are currently holding onto critical levels but should they be breached then it will be a blood bath! They MAY have a short-term reprieve but many long-term TOPS have been established.

CORE BONDS are the LEAST favoured market given the yields and inability for a fully functional market. Of late European markets have claimed MANY victims, it does feel we are void of market depth and position belief. The US remains a VERY short market and one aided by the latest yield POP, my argument is it wont last if stocks break given the US back end appeal. ALSO ALL monthly and quarterly RSI's remain steadfastly overbought.

US CURVES continue to steepen in the back end and show little signs of giving up the BULL STEEPENER bias, that said this whole yield-curve directional view NEEDS discussion.

Conclusion : This is a time to be on HIGH ALERT, there are so many MOVING PARTS and NOT least on the political ARENA! ** HAPPY TO DISCUSS CRUCIAL TIME!**

FX UPDATE

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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 if the political situation falls apart.**
- **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.

USD INR now looks ripe for a new SHORT.

EUR USD quarterly : We continue to grind lower poised to breach the 1.1301 low, we struggle on all attempts to rally.



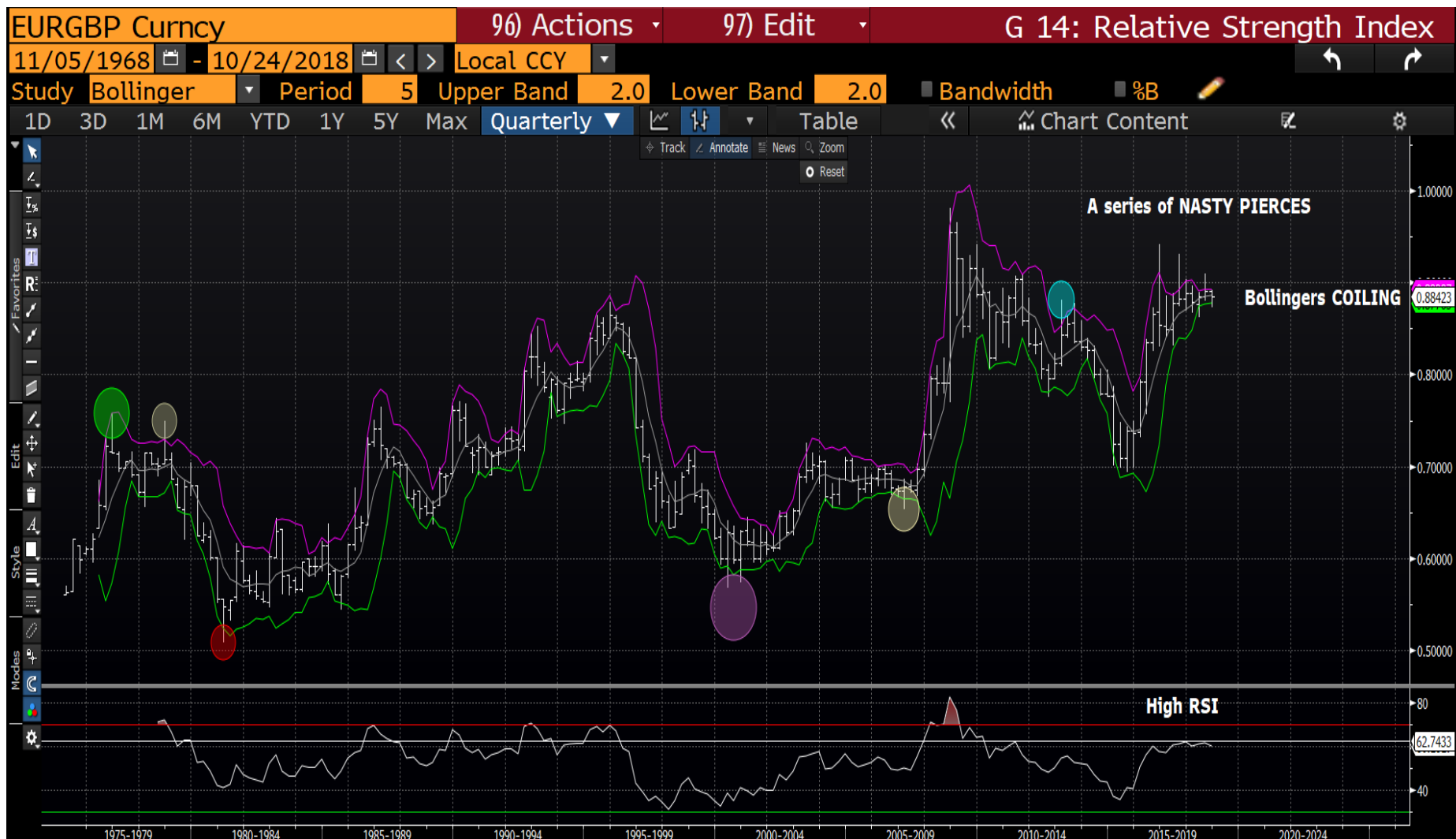
EUR USD daily : We have breached the 50% ret 1.1448 and the BIG prize recent low 1.1301 is close. A breach of this will take us instantly to the 61.8% ret 1.1187 and BELOW.



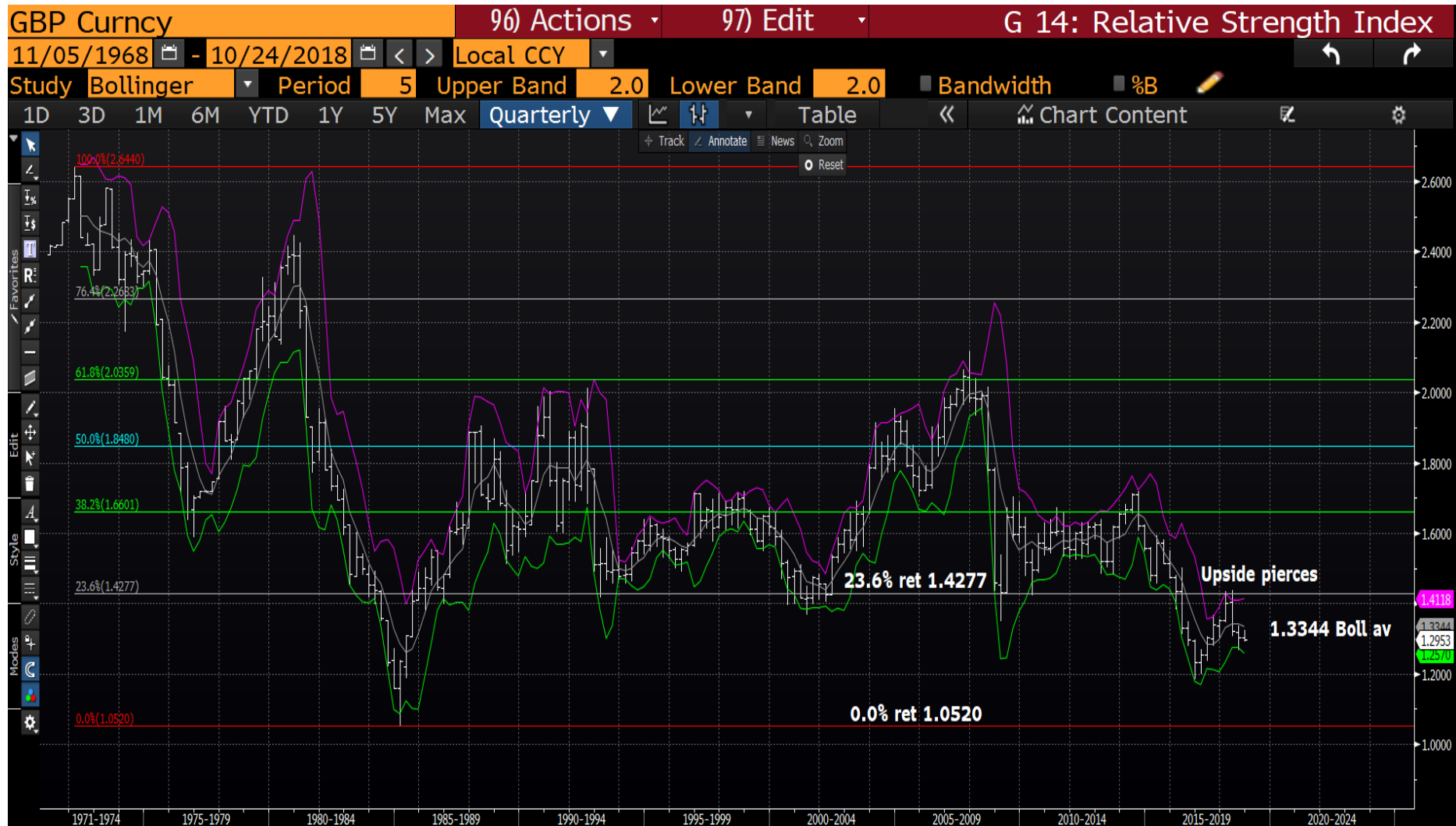
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EUR GBP quarterly : This is a bit of a waiting game, the move looming WILL be EXPLOSIVE.

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.



Cable Quarterly : The inference is cable heads lower whilst we remain sub the 1.3344 bollinger average, the hope is any lower price drop is at a SLOWER rate of change to the EURO.



DXY monthly : *Its certainly not about the USD anymore.*

This chart represents a SLIGHTLY positive scenario given we have held the moving average 95.215, its not dynamic but soon will be.



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AUD USD monthly : ONE WAY TRAFFIC ALL YEAR and little sign of any reversal.



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AUD USD monthly : A very slow and regimented decline, MORE about the AUD than USD strength.



USD CAD weekly : Further evidence that the USD is not the focus, a very LAME chart but CAD weakness is looming.



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USD EM SOME GREAT DISLOCATION OPPORTUNITIES

- The EM space seems to be resolving the recent TURKEY contagion issues. EM is now a LONG-TERM BUY on many crosses.
- 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 BRL monthly : This is one of the BEST long-term trade offerings, these kind of dislocations are RARE especially aided by the recent DOUBLE TOP. Sub the 23.6% ret 3.6089 will trigger MAJOR stops.



USD TRY monthly : A slight bounce in the USD this week but maintaining sub the 23.6% ret 5.8006 is VERY BEARISH.



USD TRY daily : It is key we breach the 100 day moving average 5.5251 soon.



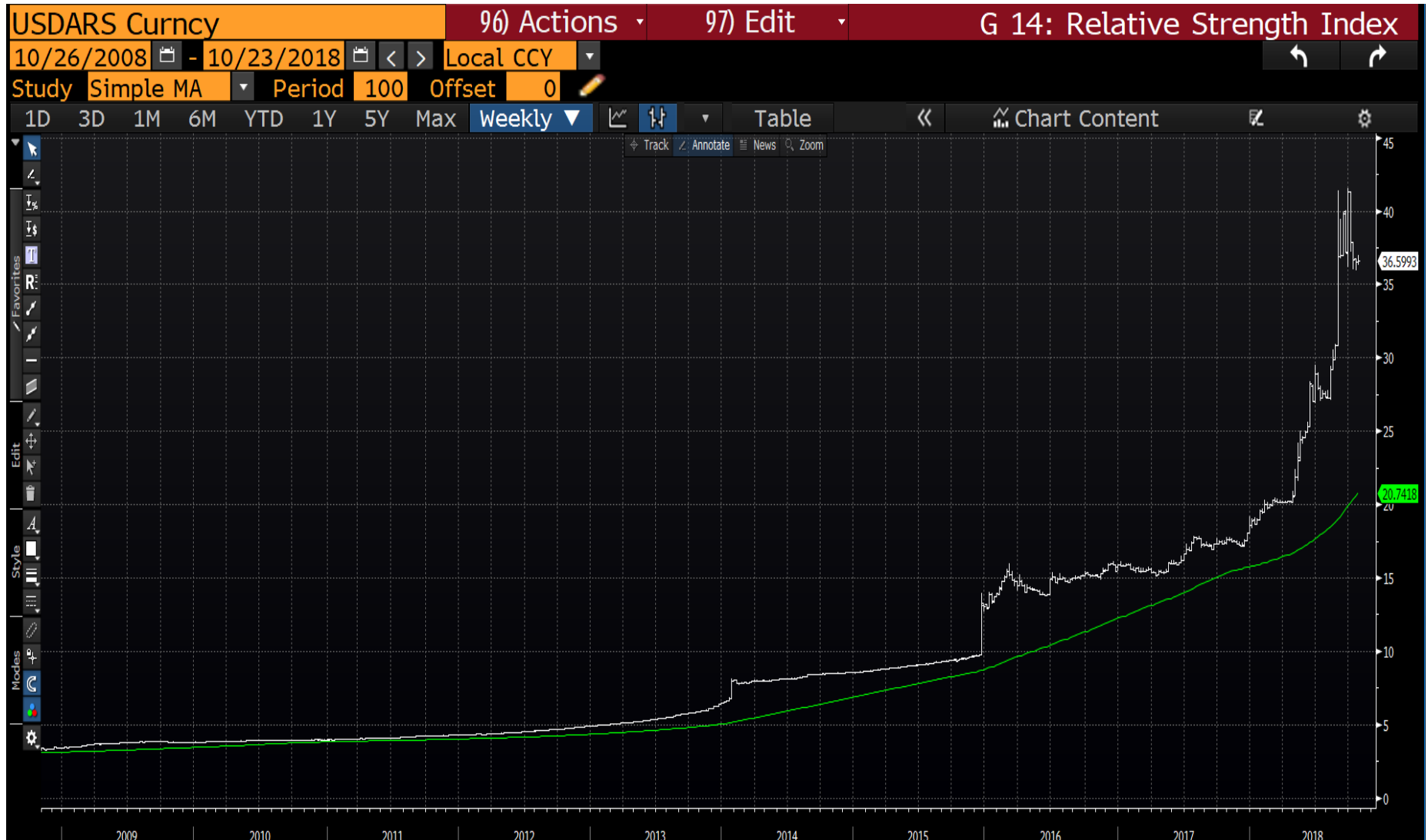
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USD MXN weekly : This formed a top a while ago but it has not been on Mr Trumps radar hence lack of volatility lately.



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USD ARS monthly : ANOTHER blow out cross poised to top out.



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USD ZAR monthly : This has quite and orderly series of highs and hopefully we can head lower and subsequently breach the 100% ret 13.8401.



USDINR weekly : The TOP finally looks to be in and a nice trade for those late to the EM party.



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USD RUB monthly : Again these have dropped off the political arena and is reflected in the current price volatility.



EQUITIES

**Equities : US equities finally gave up the ghost and about time to according to the RSI's.
We are sitting on many MAJOR US support levels, they should hold first time down BUT through them
and its FREE FALL.**

**I have laboured the NUMEROUS 1896, 2000, 2008 US stock RSI dislocations, I think we are close to
seeing them come into play. The daily RSI's are low post yesterday but remember to SELL any
subsequent rally. BUY OPTION downside to protect any LONG VIEWS.**

We now have a MARKED disparity between EUROPE and US stocks, it wont last.

**The TECH sector continues to be the DANGER, ELON cant stop twittering and MOST investors trade
with the HERB MENTALITY than "VALUED RETURN". It is obviously hard not to be long tech but it
failed before in 2000.**

DAX quarterly : WE have a TOP and one we are unlikely to see for many years.
The 50 period moving average 11346 is offering major support as previously, but subsequent failure will be VERY MESSY.



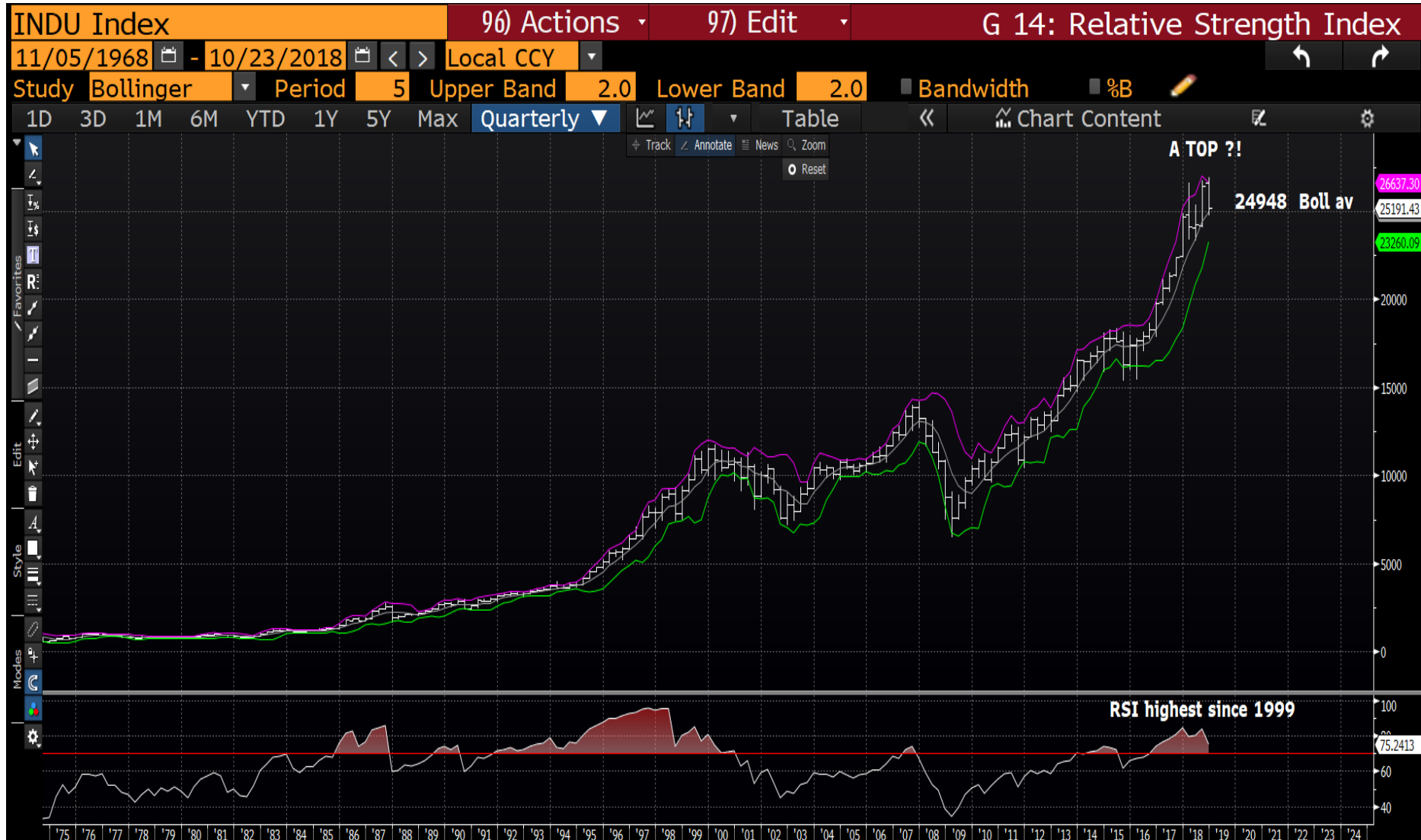
Eurostoxx monthly : This month we have opened BELOW the 3420 moving average so we are ALREADY of a negative BIAS, targeting the 50% ret 3069.16.



FTSE monthly : Another market testing multi year moving average 6933, we should hold first time down but not thereafter.



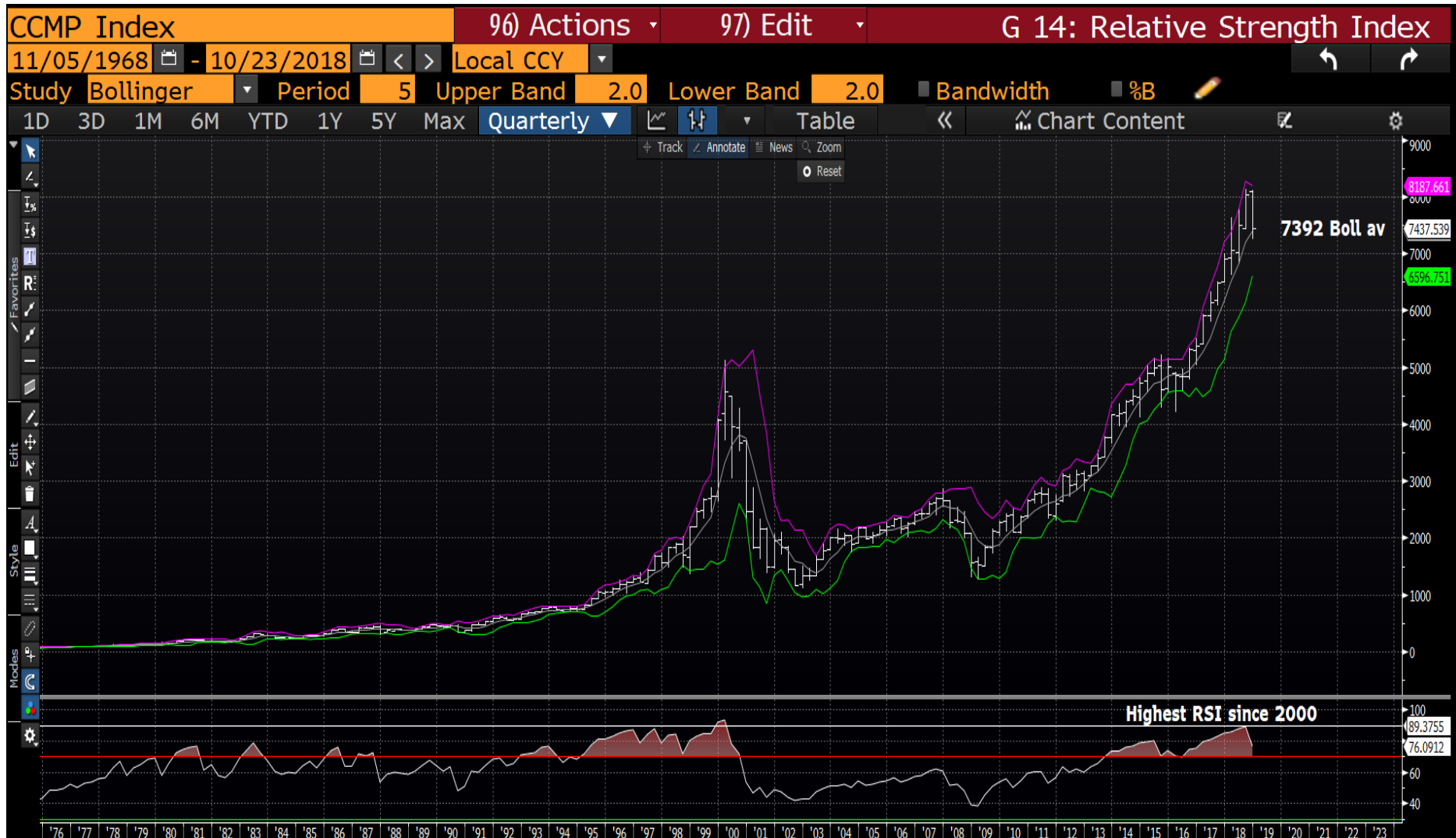
Dow quarterly : This has finally form a top, we generated a subtle upside pierce this quarter and hopefully can substantiate that with a close below the trend friend bollinger average 24948.



S&P (future) daily : Hope for SOME bounce given yesterdays downside pierce, but any recovery needs to be WATCHED given the DESENT was so steep.



Nasdaq quarterly : This will be a VERY worrying chart especially if we close the quarter sub the trend friend bollinger average 7392. The RSI remains in 2000 territory.



Nasdaq daily : Although OUTSIDE the trend channel we now have 2 downside pierces highlighting a possible temporary reprieve from FURTHER declines.



Hang Seng monthly : This moving average is proving extremely useful 25068 and must be noted if BREACHED.



Hang Seng monthly : This stalled recently at ahead of the 38.2% ret 24882/74 so is forming a pretty bearish outlook.



BONDS

- **These HAVE and ARE the toughest call. I think their next move is going to be driven by the equity failure, a good old fashioned out of stocks and into bonds. Mr Trump isn't going to like rates going up and we all know he can and will make his views public, hence I think this will add to the overall volatility.**
- **I also think that EUROPEAN bond markets have been BEATEN UP of late and liquidity is adding to the extended ranges. The close post supply this week will be a key element.**
- **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 : The 50 period moving average has never been breached and the likelihood given this RSI must be minimal.



US 30yr yield daily : All US daily charts need a move-driver given the VERY sideways scenario of late.



US 10yr yield quarterly : The RSI is 1982 proportions but yields have gone higher certainly not something HISTORICALLY that has happened before. I would STILL keep an open mind.



US 10yr yield monthly : Another chart that NEEDS a decision, we have an upside pierce currently?



US 5yr quarterly : We are along way off the moving average but the RSI is STILL at 1982 levels.



Generic German 10yr quarterly : We do seem to be failing the moving average 0.496 buy its not been an ORDERLY drop.



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Generic German yield daily : If we can maintain sub the 38.2% ret 0.420 then we should drift lower in yield.



DBR 46 daily : One of the most resilient bonds going, if we were to close above the 61.8% ret 135.721 then the previous highs will be the TARGET.



Italian generic 10yr daily : Italy remains a worry for me given we are holding above the 38.2% ret 3.410 and poised to push on to the 50.0% ret 4.142.



US curves a once in a lifetime opportunity?

- **Curves have STEEPENED and the BACK END with a steepening BIAS.**
- **** It seems the BACK END is where the TRADE is given the 2-30, 5-30 and 10-30 performance yesterday.**
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 steepened nicely but stalled at the 76.4% ret 20.817, for further progress this needs to be breached.



US 2-5 curve daily : The 100 day moving average 16.366 kicked in as resistance but hopefully will be subsequently breached.



US 2-10 curve monthly : We have based well aided by the 2006 RSI.



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US 2-10 curve daily : Again the market has paused but hopefully we can move back above the moving average 28.803.



US 2-30 curve monthly : This has been the clinical trade, hitting the multi year 76.4%ret 34.588 on the NOSE. This has held on to the recent steepening.



US 2-30 curve daily : We have remained above the moving average and ideally will close above the 161.8% ret 55.848 soon.



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 : Holding onto most gains and poised to breach the 100% ret 16.909.



US 5-30 curve monthly : A STELLA performance holding the MULTI YEAR 76.4% ret 21.776 on the nose. THIS HAS A LONG WAY TO GO.



US 5-30 curve daily : ** BULL STEEPENER, WE STEEPENED AND RALLIED **
 We have confirmed the steeper and expect greater STOPS once above
 the 100% ret 40.049.



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 : A near perfect rotation higher from the 100 day moving average.



CL1 monthly : We have now formed a nasty TOP against the 100 day moving average
74.74-trend line.



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