

PRESENTATION

Its been a TOUGH few weeks with some of the market CALLS but slowly they are ALL coming together.

BEWARE, THE PERFECT STORM has potential.

The bond yield lower story was definitely “on the ropes” but now has potential.

IT FEELS LIKE WE ARE COILING FOR AN EXPLOSIVE TIME.

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FX UPDATE

- **FX UPDATE :**
- **The EURO is in all sorts of trouble and chart wise its only going to get WORSE. Italy could be the least of its worries. As mentioned before I think Mr Trump has an agenda, he was keen to mention GERMANY yesterday commenting on the MILLIONS and MILLIONS of Mercedes and BMW's coming into the US, untaxed.**
- **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 : This is a key chart to start with given the LOWER HIGHS since 2008. As the blocks highlight the MAJOR DROP periods and potentially on this quarterly, we have a lot of work to do to make it work but it remains a POSSIBILITY.



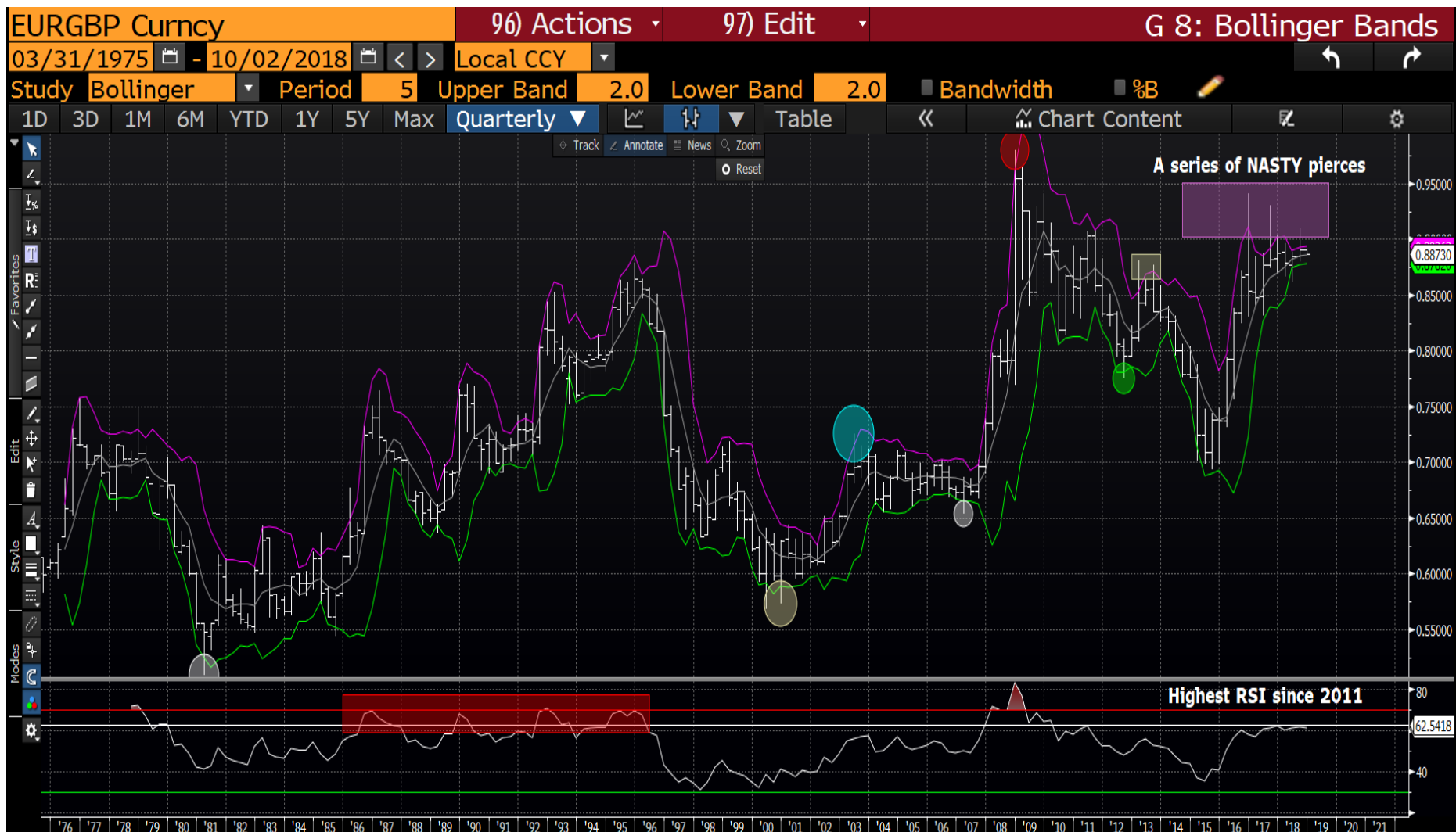
EUR USD weekly : The short lived bounce seems to be over, especially if we breach the 50% ret 1.1448. I think its only a matter of time.



EUR USD daily : It looks like we are POISED to emulate the early part of 2018. We have been through this process before, consolidation before the DROP.
 We have a long way to FALL.



EUR GBP quarterly : This is a bit of a waiting game, the move looming WILL be EXPLOSIVE. As per the previous chart we are looking for a very troubled Euro and GBP may just hold or RALLY. Buy any possible VOL in this cross as its coming.



Cable Quarterly : The inference is cable heads lower whilst we remain sub the 1.3362 bollinger average, the hope is any lower price drop is at a SLOWER rate of change to the EURO.



Cable daily : We are failing most obstacles, the 1.3130 moving average and 23.6% ret 1.3067.



DX Y 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.



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AUD USD monthly : New month, NEW LOW. This has been a great advocate of USD strength but the latest breach of the 61.8% ret 0.7187 has softened that relationship.



AUD USD monthly : We have STALLED against the VERY RELIABLE moving average, we should therefore head lower. Sub 71.00 will trigger far greater stops.



USD CAD weekly : Another cross that represented the USD strength well but has WANED recently.



02/10/2018

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 : Hopefully the TOP is in and a move sub 4.00 will help confirm that.



USD BRL weekly : We now look ready to fail through the 76.4% ret 3.9634.



GTBRL10Y daily : The Brazilian yield chart does suggest lower yields now we are sub the 11.826 moving average and 61.8% ret 11.661.



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

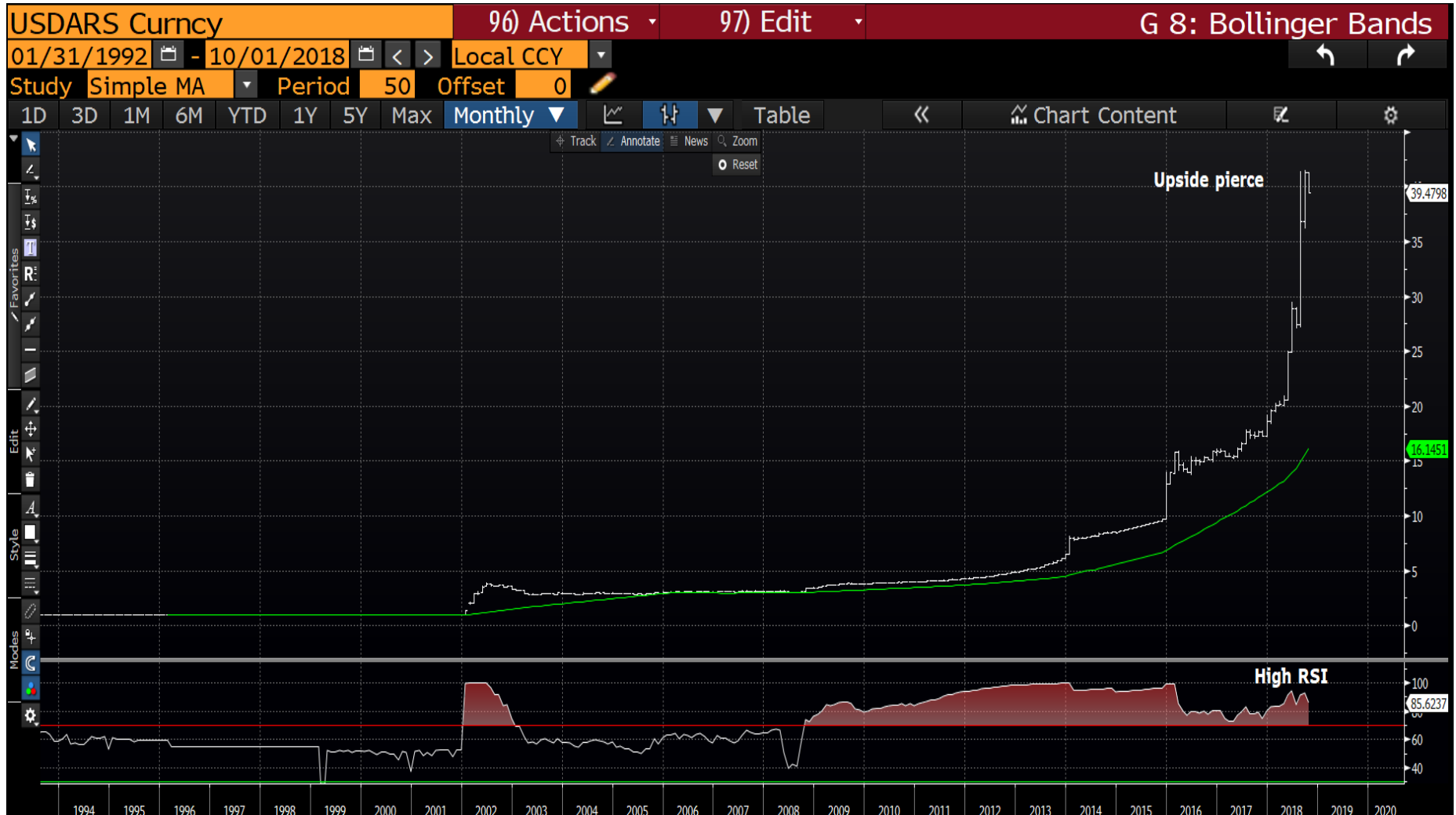


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USD TRY daily : The key element here is to breach the 50 day moving average 5.9577.



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



USD ZAR monthly : We rejected the 123.6% ret 15.7859 nicely and need to breach the 100% ret 13.8401 for further ZAR strength.



USD RUB monthly : We are poised for a big drop now sub last months low.



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.



EQUITIES

Equities : 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 3438 moving average and thus should continue lower.



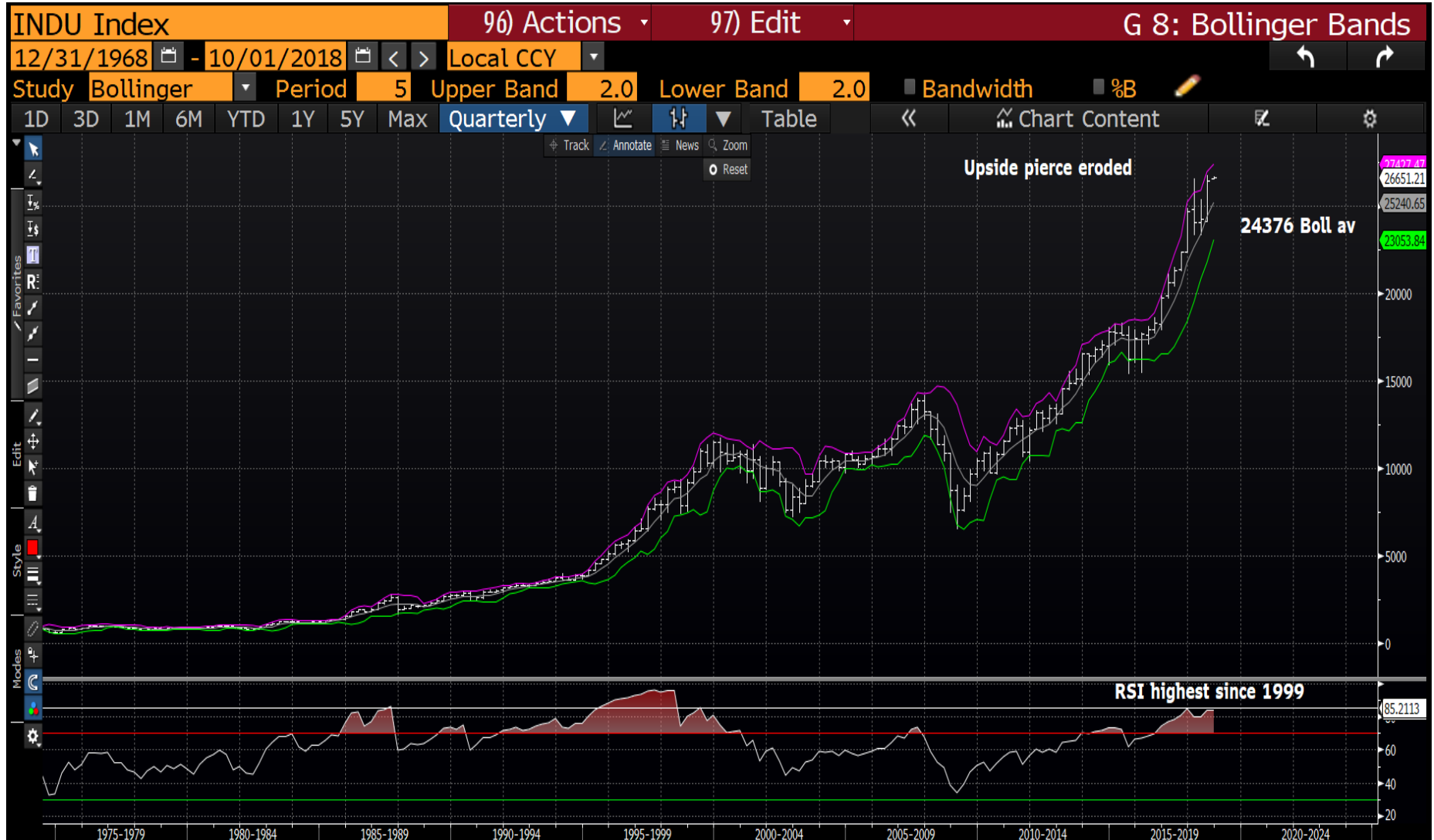
FTSE monthly : Another near perfect opening, failing the 123.6% ret 7531, so lower we go.



FTSE daily : We have failed at the 50 day moving average 7533 so should head lower, sub the 23.6% ret 7336.16 will trigger greater stops.



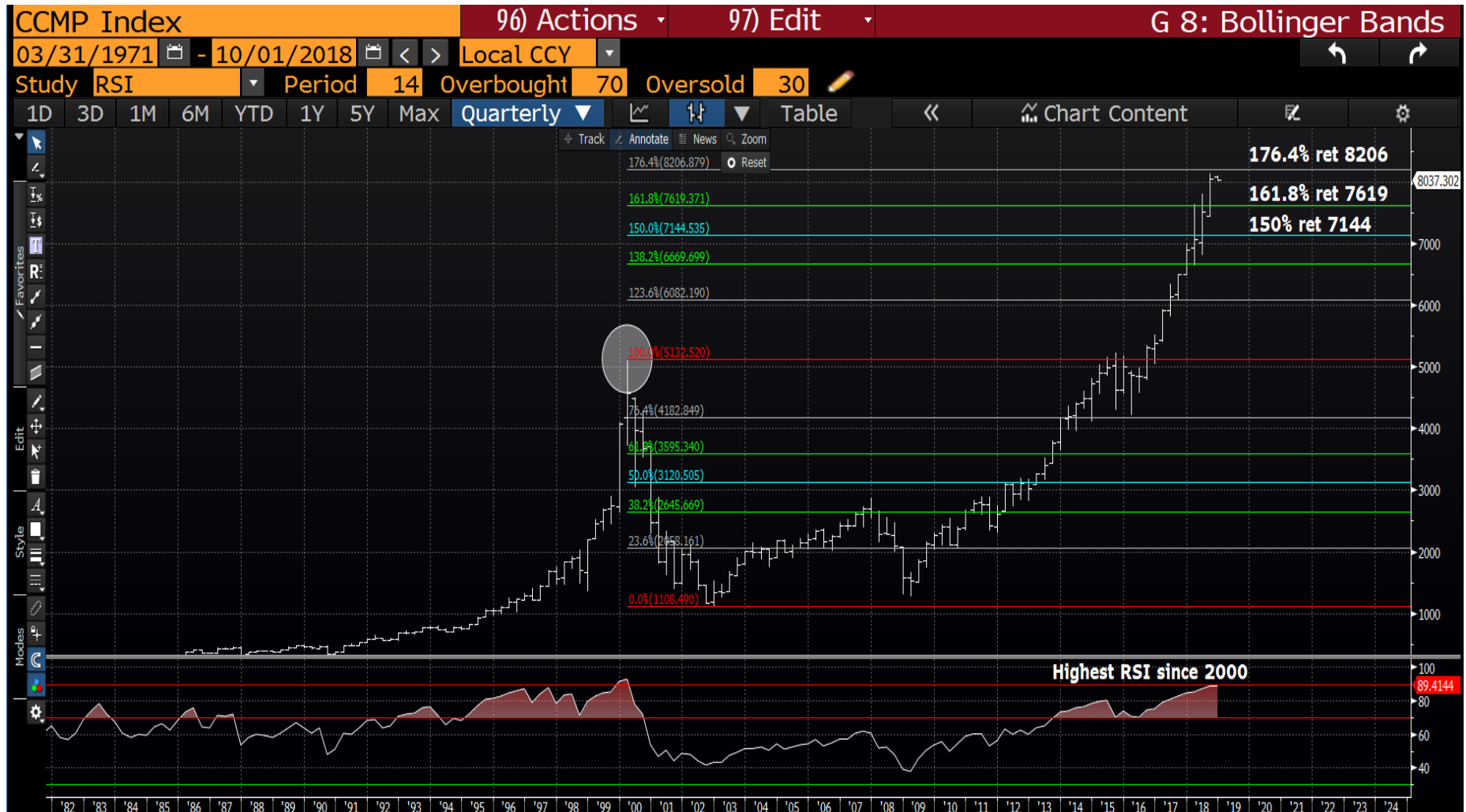
Dow quarterly : US stocks are proving to be the BIGGEST PAIN technically as the RSI levels denote we should not be here. HIGHEST since 1999 and an eventual breach of the 24376 bollinger average will help a lot.



S&P (future) daily : We continue to TEASE the channel but a close sub 2918 will help!



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.



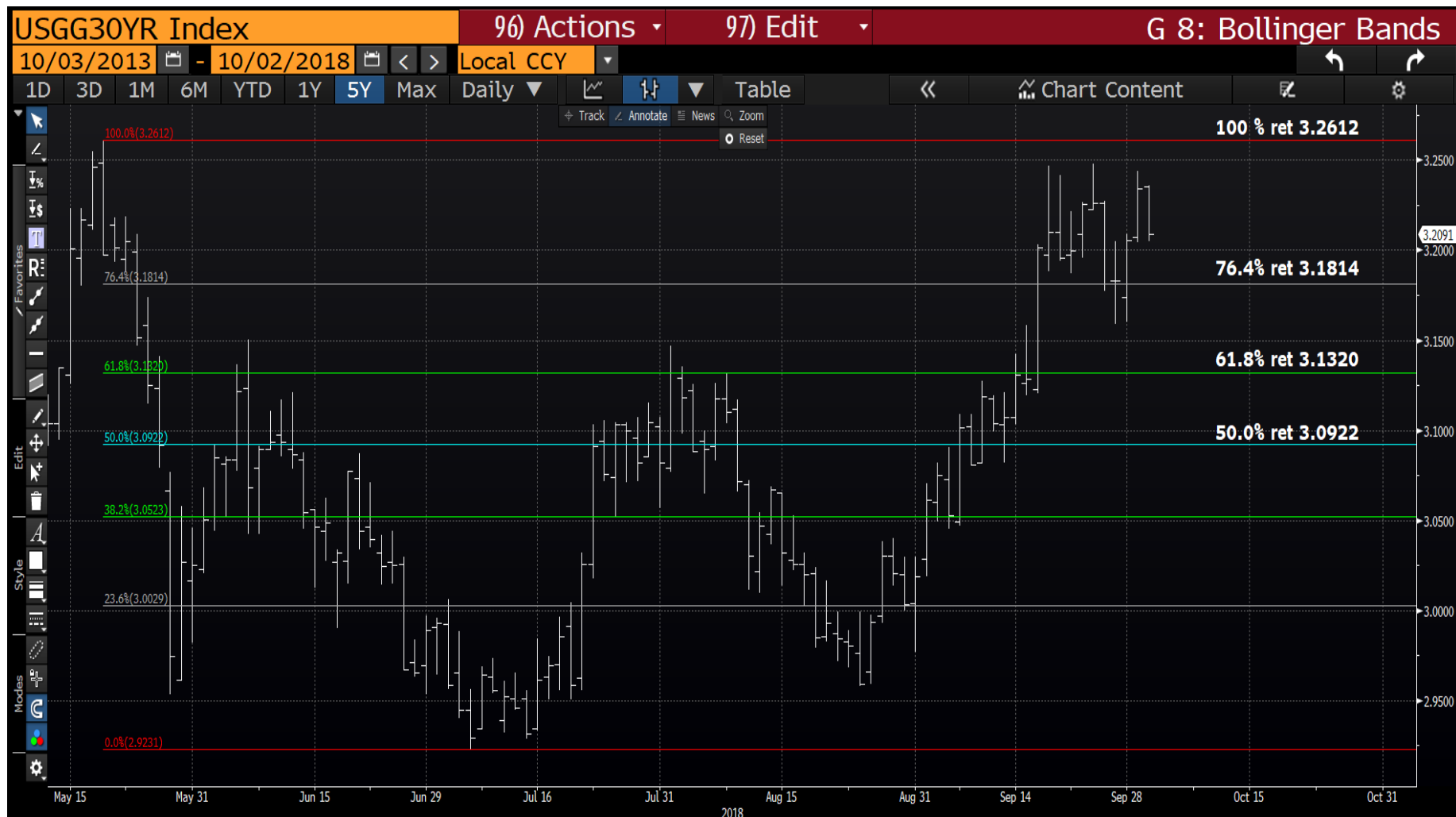
BONDS

- **Bonds have tested EVERY ounce of commitment to the charts. We are now starting to fail THE YIELD RANGE and momentum should so pick up.**
- **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 have popped above the 3.1511 100 period moving average BUT can history repeat itself? We subsequently failed before highlighted by the NUMEROUS circles.



US 30yr yield daily : We have a good opportunity here, the range has held and any close sub the 76.4% ret 3.1814 will help a lot.



US 30yr futures daily : The RSI is back at lows not recently seen so ideally this will formulate a BOND low. Back above the 100% ret 141-04 will help.



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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 remains for lower yields.

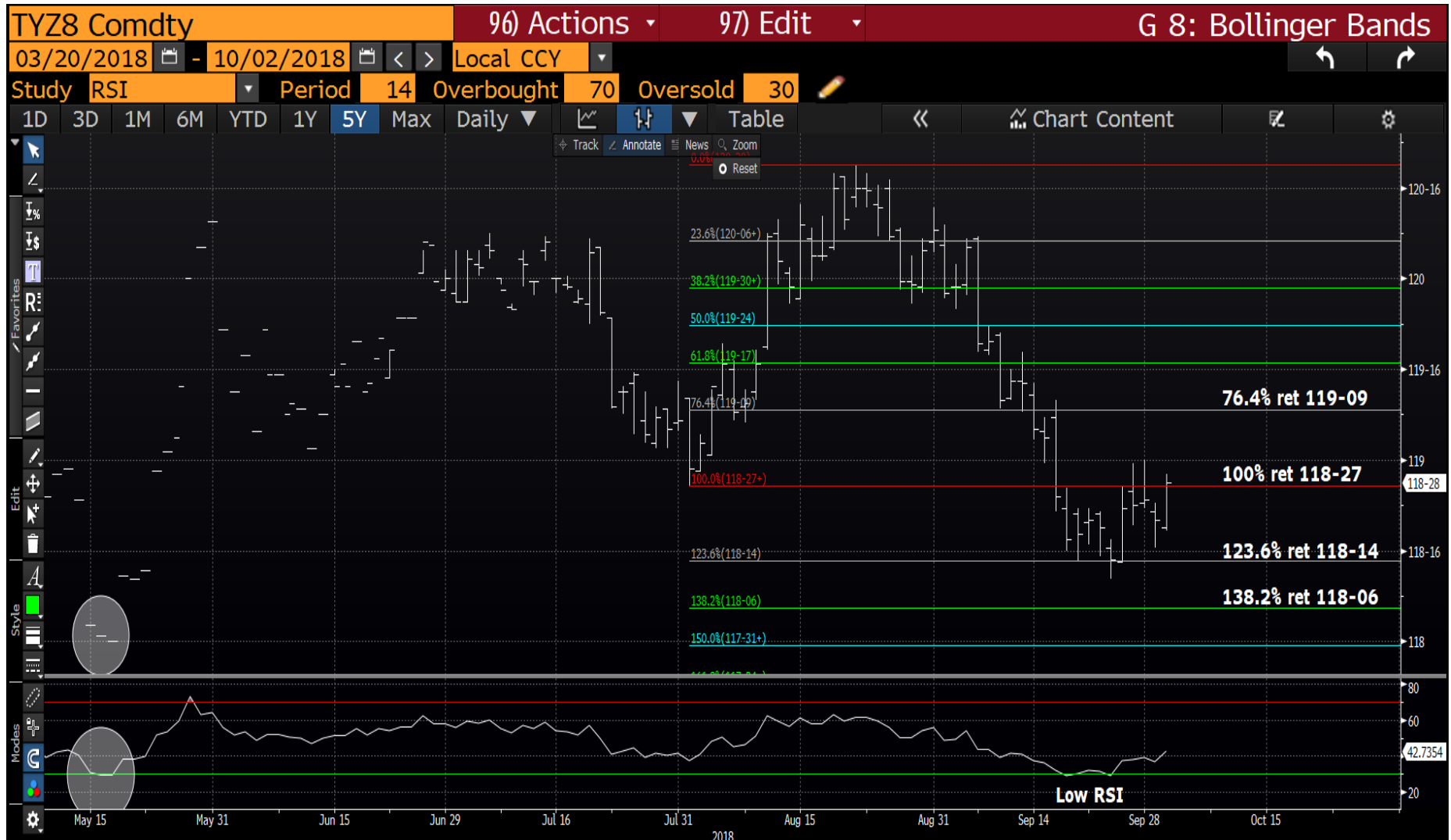
Hard to figure out why we are not failing given the RSI!? We need to breach the 2.8707 moving average.



US 10yr yield daily : This time the RSI matches that of the previous STALL level in MID MAY!
Ideally we close the week sub the 76.4% ret 3.0391.



US 10yr daily futures : The RSI matches MID MAY again and a close above the 100% ret 118-27+ will help the recovery. Above 119-00 will trigger stops.



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 the RSI dislocation matches that of MAY. A close above the 61.8% ret 112-20 will help a lot.



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.



US 2yr daily : Are these the first signs of FAILURE a close sub the 161.8% ret 2.7840 will help.



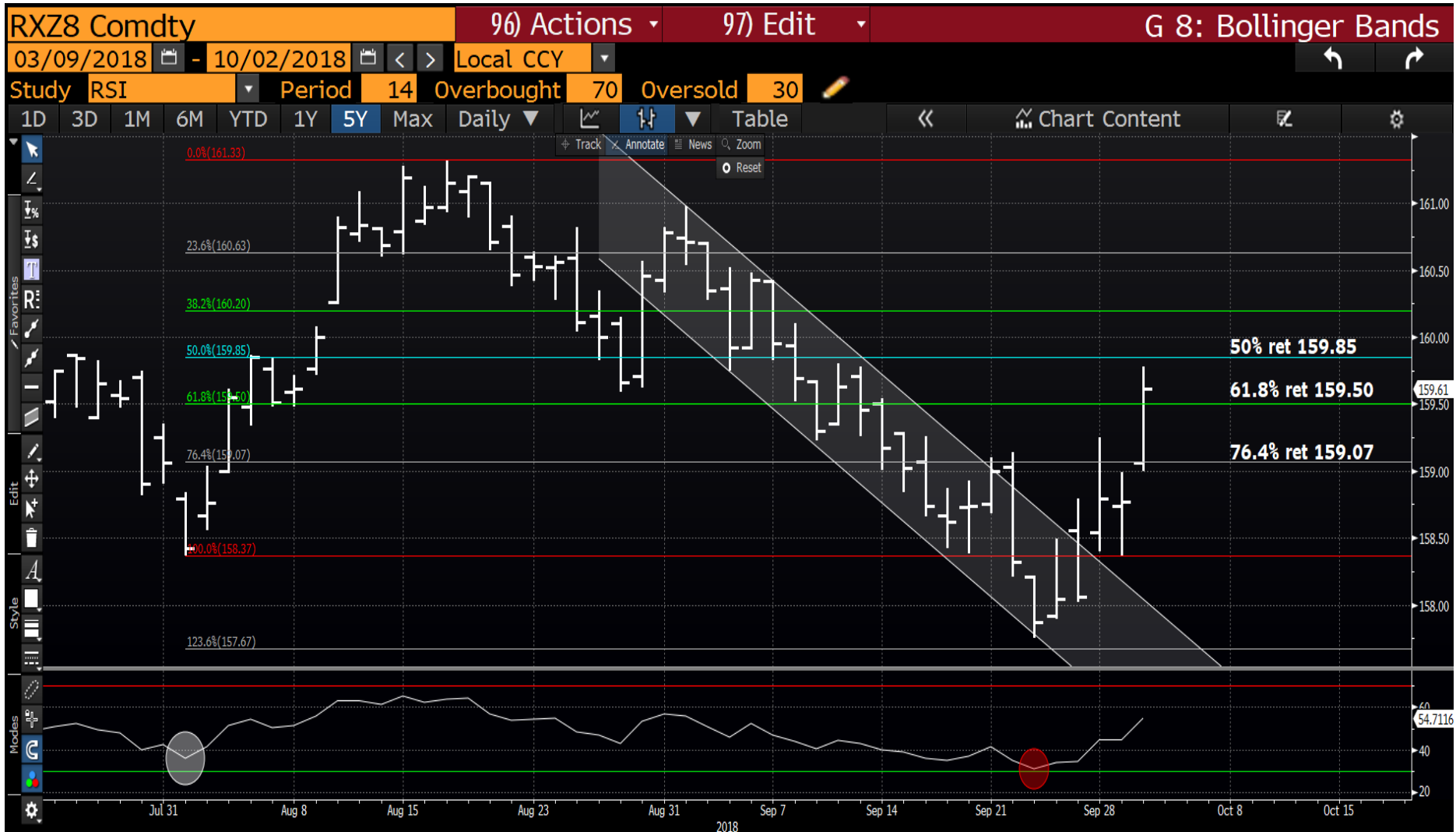
Generic German 10yr quarterly : The moving average 0.497 has been very useful and potentially it's a straight road lower. A chart to watch given its SIMPLICITY.



Generic German yield daily : We have failed the 200 day moving average 0.492 and whilst sub the 38.2% ret 0.420 confirms the trend lower.



Bund futures daily : The bounce has been VERY painful given the “CHOPPY” recovery. Ideally we need to HOLD ONTO these gains. A close above the 50% ret 159.50 will be ideal.



DBR 46 daily : This is a great bond, seems very technical to me. We held the 200 day moving average and are doing well but ideally we need to maintain the gains. A close above the 61.8% ret 135.721 will help.



Italian generic 10yr daily : Italy has now blown out to the 61.8% ret 3.396 but am still cautious of owning Italy given the Euro performance.

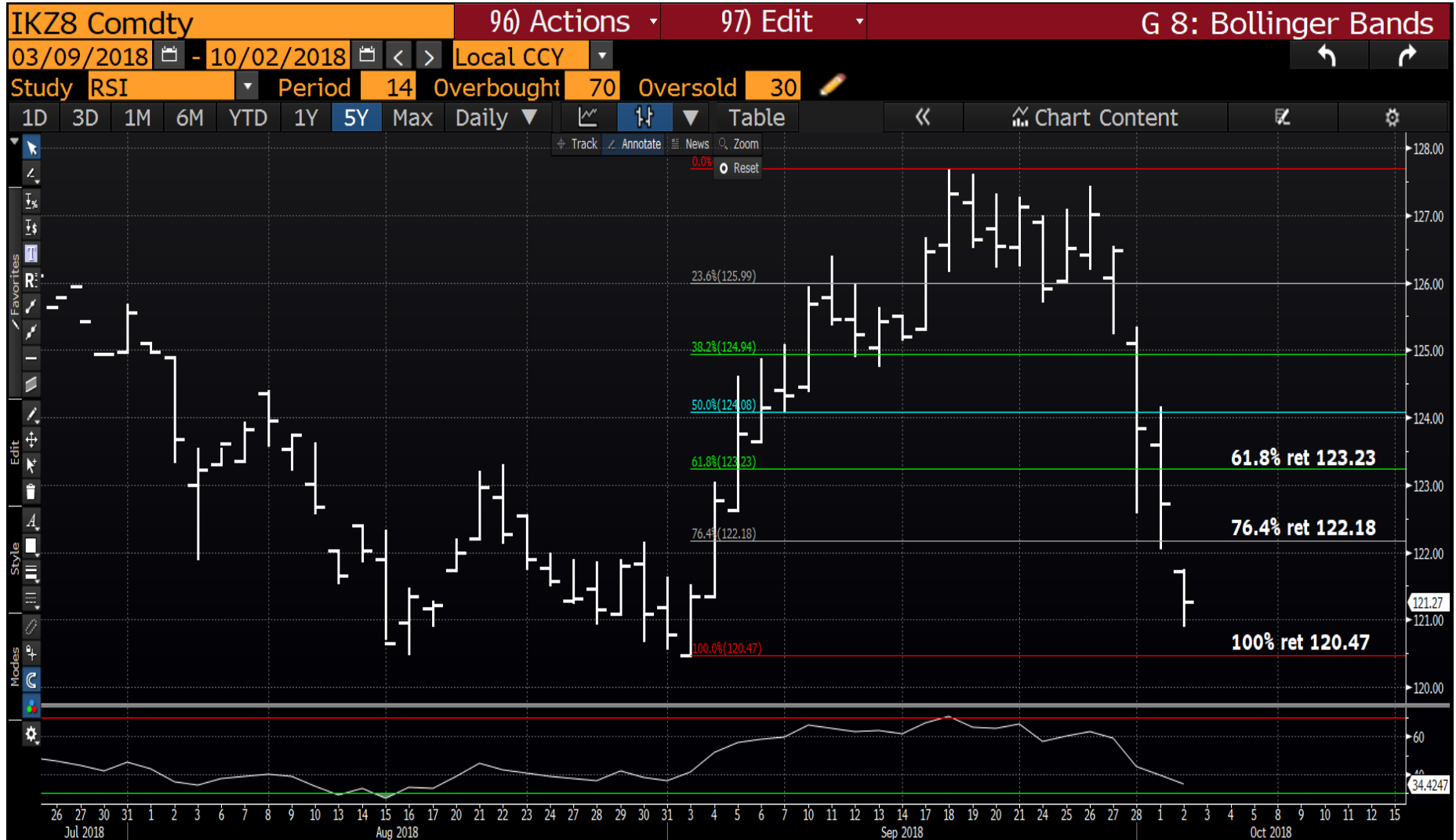


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Italian generic 10yr daily : Although we have hit the 61.8% ret 3.396 it has left the RSI wanting, we are not at an RSI extension I'd be comfortable with.



Italian generic 10yr daily : The RSI is low but not a 100% dislocation.



US curves a once in a lifetime opportunity?

- The back end curves have “SLIGHTLY” steepened on the latest outright moves. I still favour a BULL STEEPENER and that is derived from the SEPARATE components.
- 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 : The RSI is now low and we are teasing around the previous 10.624 level, one to now watch. Back above the 76.4% ret 20.817 will help.



US 2-5 curve daily : This has been a sustained flattener for many and as yet we struggle to gain any positive steepening signals. Above the 138.2% ret 13.518 is helping.



US 2-10 curve monthly : We have breached the multi year 76.4% ret 26.832 but that said the RSI is LOW.



US 2-10 curve daily : This is attempting to BASE and above the 176.4% ret 25.813 will help A LOT.



US 2-30 curve monthly : The HIT of the 76.4% ret 34.887 was near perfect and that substantiated by an RSI not seen since 2006. We need to HOLD down here. I am TOTALLY focused on this chart given the 4 month base and level hit ratio. This should be the guidance and confirmation we are looking for.



US 2-30 curve daily : Ideally we can breach the 200% ret 42.759 soon and accelerate into a steepening. Close call here but plenty of levels and above all THE STOP IS CHEAP!



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 could confirm the steepening bias if we 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 should steepen from here. I feels a base is going in.



US 5-30 curve daily : A nice BASE is forming and SOON to be CONFIRMED, if we close above 32.00 then there will be no ARGUMENT.



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.



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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