

MULTI ASSET UPDATE A week of further Equity decline and should be a massive worry given we are sitting on the LAST LINE of support in many cases. The Euro failing stanch 1.150 resistance.

The **EURO** remains heavy and unresponsive, poised to FAIL and FAIL in a big way. NEXT WEEK could really drop, providing 1.1400 isn't breached.

****Trade idea BUY Euro Dec 11100.00 puts @15 ticks, and ADD below 1.1301 NOW 7.**

EM BONDS continue to do well and many USD crosses well on the way to major drops. The **USD INR** short is starting to develop as a sizeable top has been confirmed. USD TRY and USD ZAR about to stretch their legs.

EQUITIES ** REMAIN in TROUBLE** We CONTINUE to SIT on the LAST KEY support and just about holding last months lows with LITTLE bounce-recovery this week! Similar to the EURO its predominantly been a sideways week, on a week when expectation has been for a major POP. Should last months lows be breached do expect us to emulate Octobers range.

****Trade idea BUY DAX DEC 11300-11200 put spread 33.0 ticks and ADD sub 11400. NOW 52.5.****

CORE BONDS : Europe has rallied well this week driven by CTA's who are now long. I still maintain any GREATER progress will come from OTHER market influence. They need to be driven.

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.

Positions :

****Buy US 2-30 entry 36.418 now 49.766****

****Buy US 10-30 entry 14.426 now 24.432****

FX UPDATE

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FX UPDATE

- **FX UPDATE :**
- **EURO :** A very average performance overall and **NO BOUNCE** of note. It now looks like we will trade lower into the weekend, a repeat of most Fridays. If we breach 1.1241 50% ret, we **FREE FALL.**
- **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. This could be the **STAR** trade for the **YEAR END.**

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 has now confirmed its long-term top.

EUR USD quarterly : We continue to struggle to breach the multi year 50% ret 1.1241.



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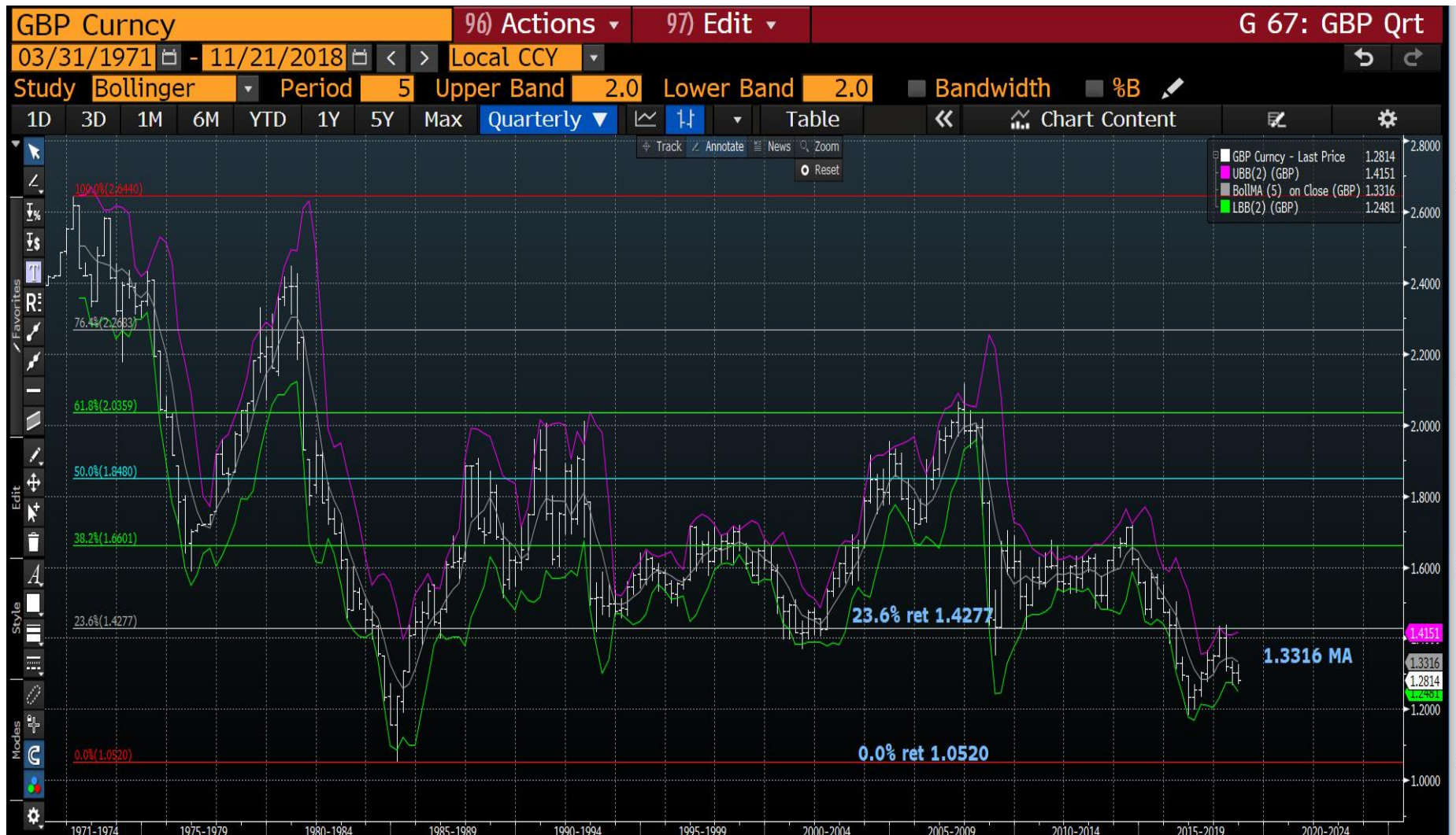
EUR USD daily : Although we pierced the channel, we are now back within it. We need to maintain today's high and close at new lows. This remains a HEAVY cross overall.



EUR GBP quarterly : This is shaping up to be a VERY BEARISH long-term formation. This MAGNITUDE of upside pierces are extremely rare.



Cable Quarterly : No real outright trade here as we remain between the bollingers and it would be better to represent it via the EUR GBP trade. The overall bias remains lower while we are sub the 1.3316 trend friend bollinger average.



DXY monthly : We remain in positive territory so whilst above the 50% ret 95.859 all is VERY POSITIVE. Plenty of CLEAR AIR above us.



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AUD USD monthly : A bit of a SPENT cross and would now be flat this. Do not overtrade at these levels.



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USD CAD weekly : This has trodden water for some time above the 1.2904 moving average and now has free UPSIDE AIR. A breach of the 23.6% ret 1.3451 will trigger bigger stops.



USD EM SOME GREAT DISLOCATION OPPORTUNITIES

- The EM space has been sideways of late but looks ready to reignite its strength next week with MANY USD EM crosses back near the lows.
- USDMXN looks to be failing again.
- USD TRY and ZAR ready for fresh lows.
- 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. We have tested the 23.6% ret 3.6078 but at the second test should SAIL through.



USD BRL monthly : Hopefully this is the EXTENT of the rally and we head lower from here. It would be ideal if the reliable 3.6078 moving average is breached, then we drop HARD AND FAST.

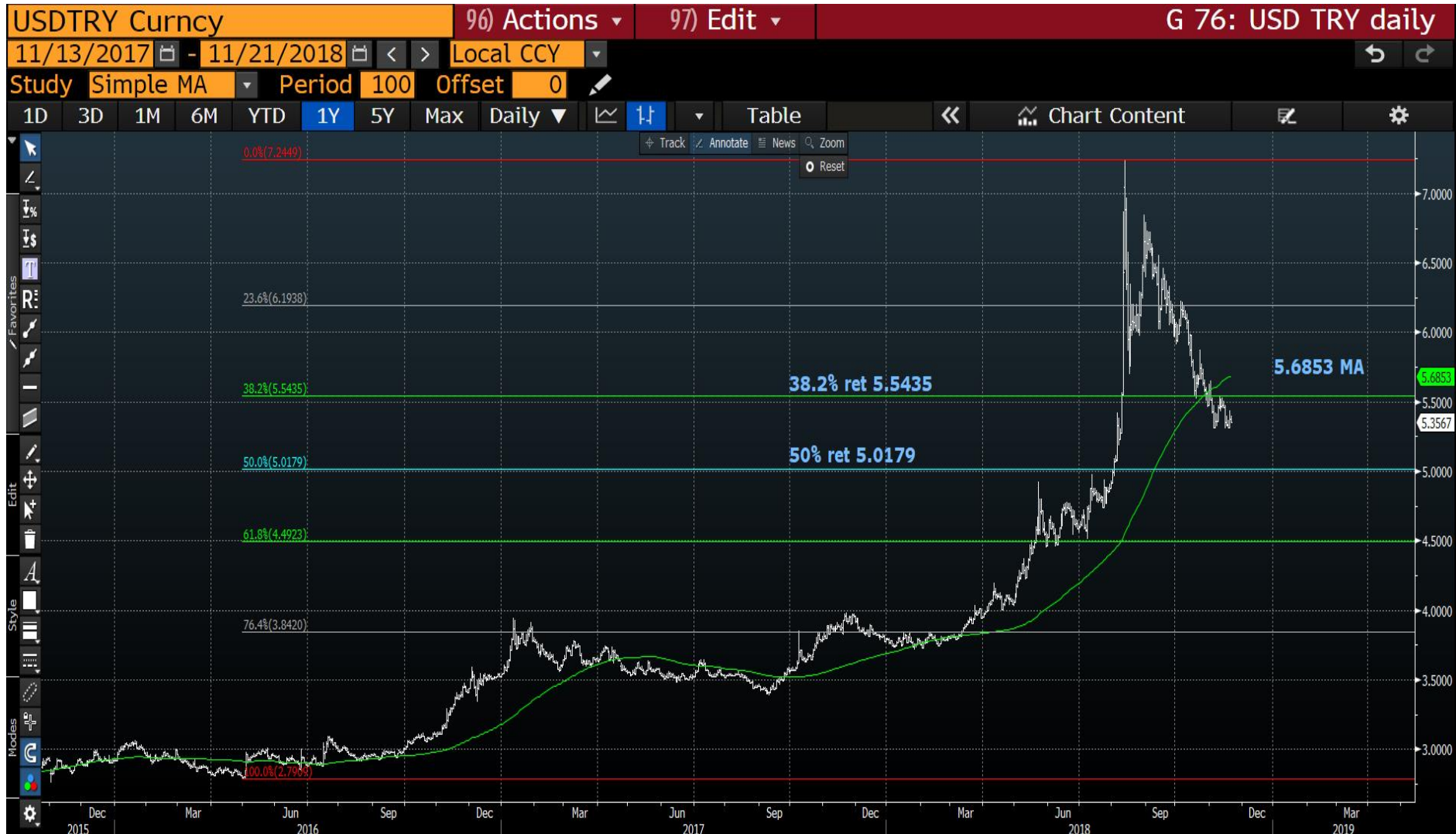


USD TRY monthly : Sub the 23.6% ret 5.8094 should see the ranges EXTEND and the 38.2% ret 4.9197 an easy and quick target.



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USD TRY daily : We have had no bounce and remained sub the 5.6853 moving average and 38.2% ret 5.5435. LOWER we go!



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USD MXN weekly : We are attempting to form the NEXT top.



USD ZAR monthly : We are close to endorsing the next leg lower via a close below the 100% ret 13.8401.



USDINR weekly : The TOP is now confirmed and has a long way to GO.



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EQUITIES

Equities : Many stock markets are now testing their VERY LAST level of SUPPORT, this could get MESSY.

WE NEED TO HOLD LAST MONTHS LOW OR THE FREEFALL WILL BE VERY MESSY.

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.

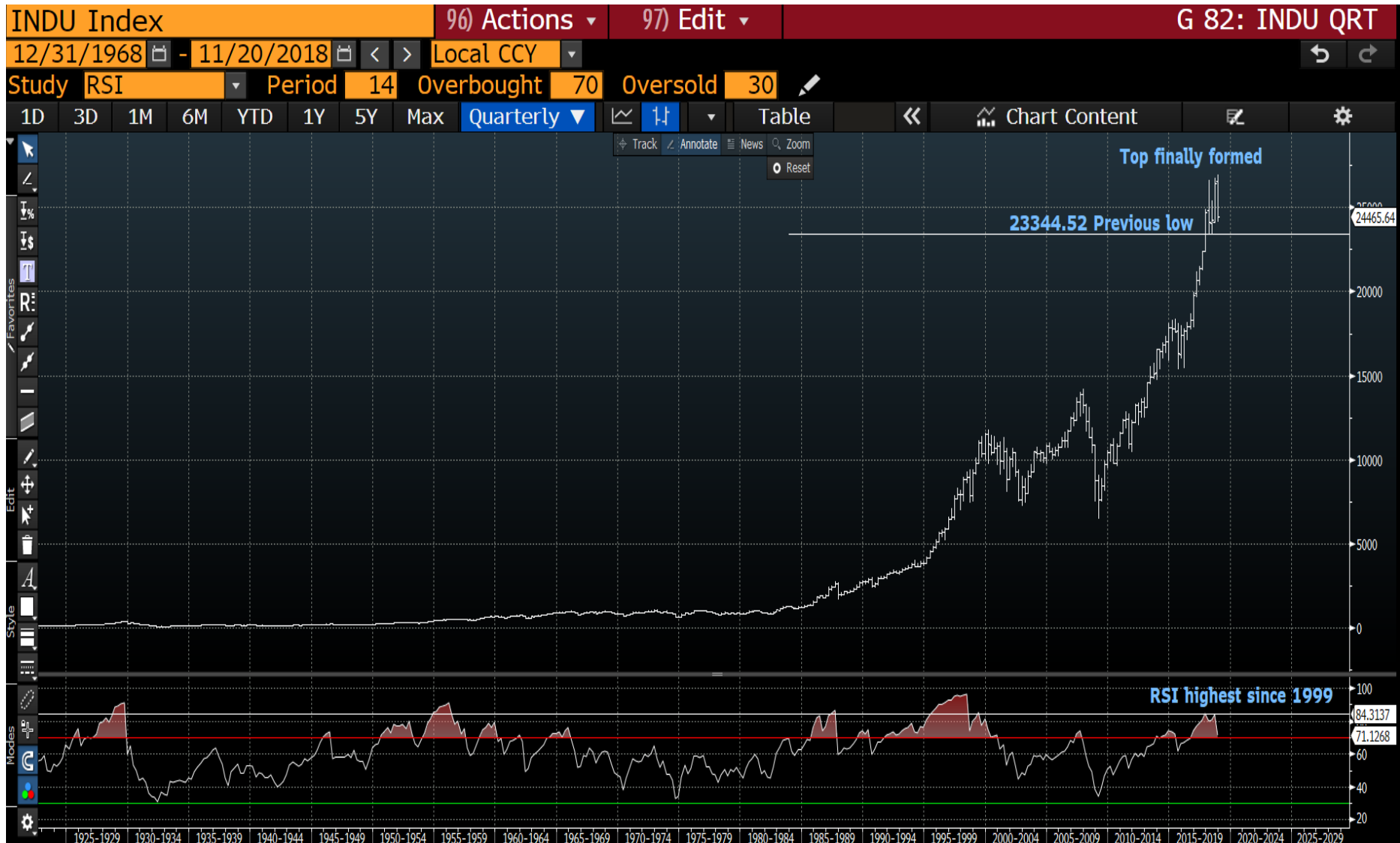
DAX monthly : We are JUST holding on to KEY CHANNEL support at 11023, should this breach then it will be free fall.



FTSE monthly : Another market testing multi year moving average 6944, we should hold first time down but not thereafter.



Dow quarterly : The certainly looks like a TOP to me! This yet to be FULLY confirmed BUT all will become clear sub the 23344.52 previous low.



S&P (future) daily : Little progress EITHER way, would say we need to see the weekly close. Sub 2600 wont bode well.



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Nasdaq monthly : Another TOP close to being confirmed and breach of the channel doesn't bode well. A close below 6630 will highlight FULL confirmation.



Hang Seng monthly : This moving average is proving extremely useful 25123 and must be noted if BREACHED.



Nikkei monthly : This stalled recently at ahead of the 38.2% ret 24847.88 so is forming a pretty bearish outlook.



BONDS

- European bonds have performed well this week but I believe still need an external driver for additional gains. The driver will be stocks in my mind.
- The US remains choppy but have posted some sizeable reversals on the month.

Italy remains a problem, we are holding the 3.410 38.2% ret but no meaningful progress through it. Next possible target remains the 50% ret 4.142.

US 30yr yield monthly : We now have a sizeable reversal on the month. The RSI says it all but the yield price has other ideas, we have been here before and yields DID drop.



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US 30yr yield daily : Yesterdays low could prove to be tough to breach, that said ideally it needs to be breached this week.



US 10yr yield quarterly : Again a nice reversal on the month and we are teasing toward the 2.8299 moving average.



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US 10yr yield monthly : Similar to the last chart, yesterdays low 76.4% ret 3.0391 needs to be breached.



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



Generic German 10yr quarterly : We failed the moving average 0.495 but its not been an ORDERLY drop.



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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 continue to steepen in the back and that should persist.**
- **** 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. We have a new low so the trend flatter seems in place.



US 2-5 curve daily : A slow persistent grind lower and sub the 100 day moving average most of the time.



US 2-10 curve monthly : We have based well aided by the 2006 RSI, but done little with that HOLD.



US 2-10 curve daily : Again the market has paused but we are back AROUND the 100 day moving average again.



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US 2-30 curve monthly : This has been the clinical trade, hitting the multi year 76.4%ret 34.856 on the NOSE. This has held on to the recent steepening.



US 2-30 curve daily : This is a VERY STRONG performance and we are holding on to MOST gains. A close above the 176.4% ret 50.845 will be beneficial .



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



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US 5-10 curve daily : A solid performance and close above the 100% ret 16.909 will be beneficial.



US 5-30 curve monthly : A STELLA performance holding the MULTI YEAR 76.4% ret 21.986 on the nose. THIS HAS A LONG WAY TO GO.



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US 5-30 curve daily : ** BULL STEEPENER, WE STEEPENED AND RALLIED **

A very encouraging performance on the week and close above 44.00 will confirm the LONG TERM LOW.



US 10-30 curve monthly : We stopped SHY of the 76.4% retracement but the RSI is the lowest EVER so BANG for your BUCK the REBOUND here could be the ONE!



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US 10-30 curve daily : This has been a VERY SOLID performer and needs to hold the 76.4%
ret 24.474.



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CL1 monthly : We have triggered significant stops lately and one versus natural gas, but we have reached and oversold situation.



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CL1 monthly : Despite failing the 61.8% ret 55.36 we continue to have a VERY low RSI.



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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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