

MULTI ASSET UPDATE : HIGH ALERT! This week could be VERY decisive if we continue the Friday reversals. ****MARKETS TO WATCH THE EURO AND STOCKS.****

The **EURO** continues to fail and **FRIDAYS** reversal is no exception, leaving the momentum to breach the all important 1.1301 previous low. We are close to a **MAJOR FREE FALL** and Friday has helped.

****Trade idea BUY Euro Dec 11100.00 puts @15 ticks, stop 1.1470 and ADD below 1.1301.****

EM BONDS continue to do well and many USD crosses well on the way to major drops. **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**.

EQUITIES ** THE WEEKS BIG WORRY** We are sitting on **KEY** levels and just about holding last months lows, **A LOT** to watch! 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 Stop above 117.00 and ADD sub 11400.****

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. We may **STALL** if equities have that **ONE LAST BOUNCE**.

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 51.855****

****Buy US 10-30 entry 14.426 now 22.871****

FX UPDATE

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FX UPDATE

- **FX UPDATE :**
- **The EURO bounce continues to be LAME post Fridays neat reversal. I still maintain a breach of 1.1301 will be HUGE statement and cause significant issues for the EU as 1.0109 would be the next draw.**
- **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 : The market remains HEAVY and a breach of the 50% ret 1.1241 will seal its FATE.



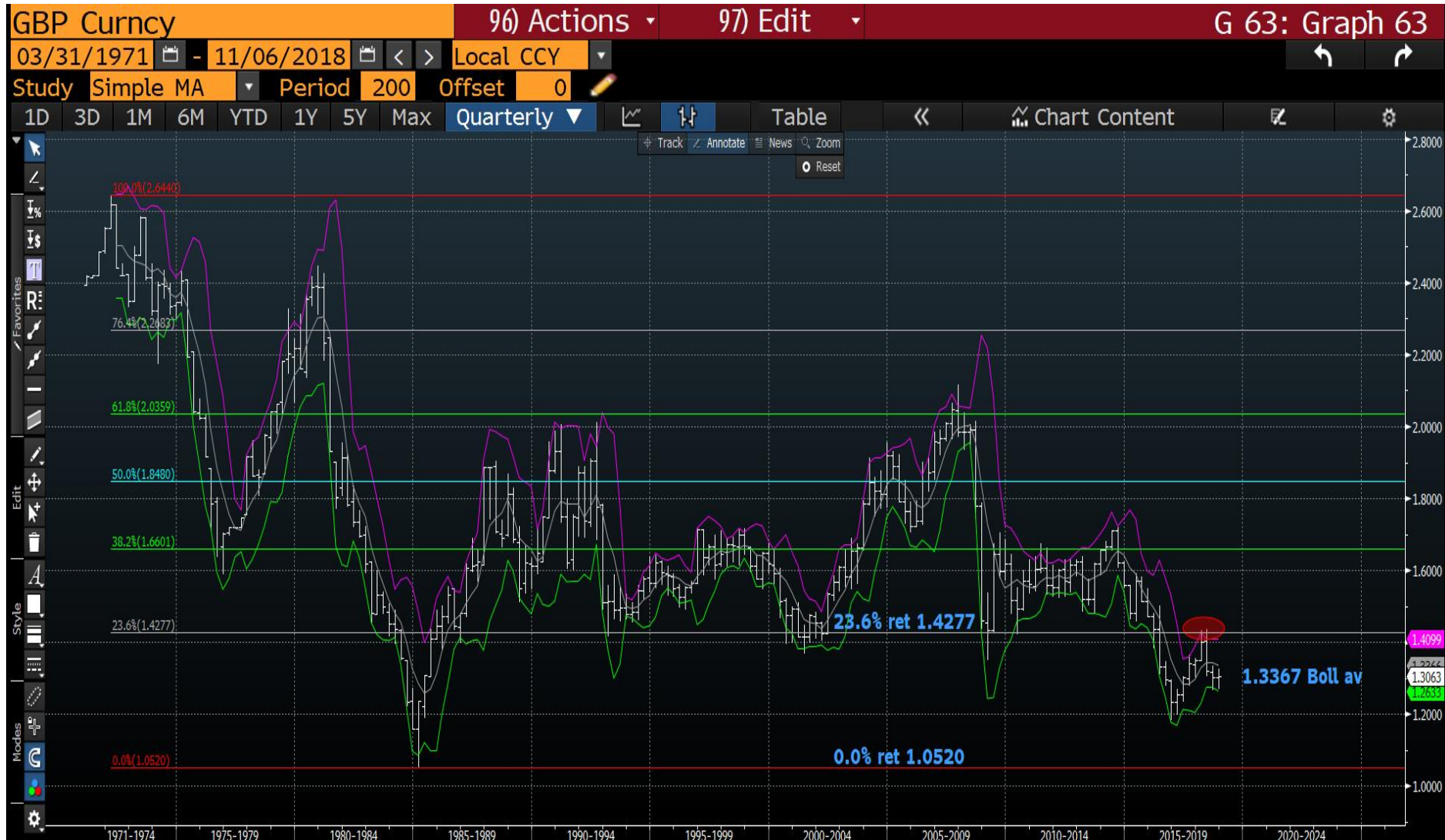
EUR USD daily : Friday bounce could not of been more perfect, stalling at the 50% ret 1.1448. We should now head lower for the remainder of the week and year!



EUR GBP quarterly : This isn't an easy BET for many but I would BUY any possible VOL with a negative EURO bias. The market looks to be ready to move and the upside pierces denote a MAJOR drop.



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.



06/11/2018

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

This chart represents a SLIGHTLY positive scenario given we have held the 50% ret 95.859, its not dynamic but soon will be.



05/11/2018

AUD USD monthly : A possible base and would cover any shorts now we are above the 61.8% ret 0.7189.



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AUD USD monthly : We have breached the 50 day moving average 0.7162 so reduce most short positioning.



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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. We have tested the 23.6% ret 3.6078 but at the second test should SAIL through.



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USD BRL monthly : This is a near perfect test and hold, for the time being. The level has now been flagged up, once sub this 3.5859 moving average we drop HARD AND FAST.



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USD TRY monthly : Sub the 23.6% ret 5.7996 should see the ranges EXTEND and the 38.2% ret 4.9109 an easy and quick target.



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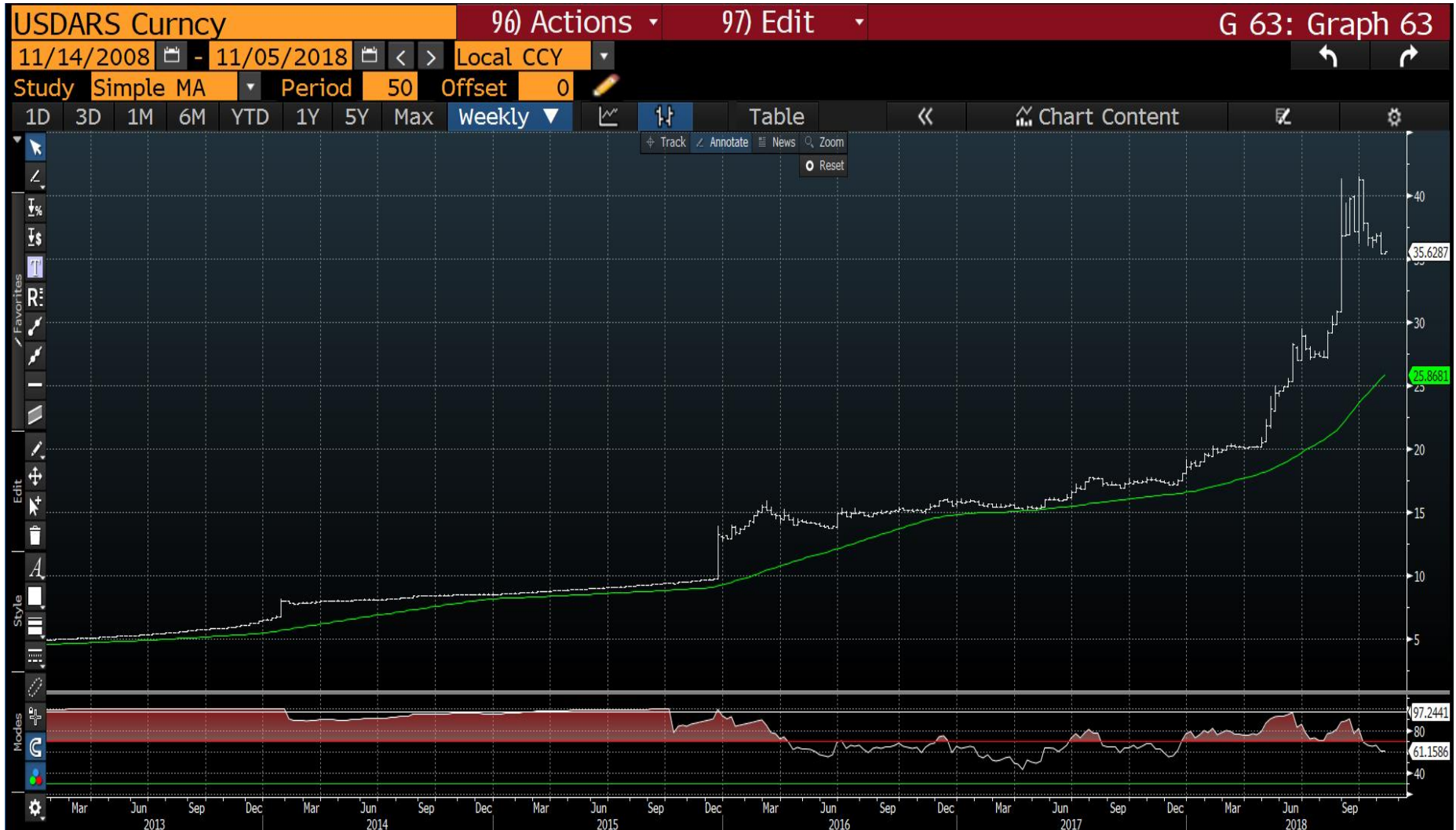
USD TRY daily : We have breached the 100 day moving average 5.6030 so the path should continue lower.



USD MXN weekly : We look to have a TOP again so remaining sub the previous high 19.9391 will help.



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



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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 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 : 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 quarterly : A VERY KEY start to the monthly and we NEED to hold the moving average-50period moving average 11389.19 or else. If any we do create a new low then expect a similar range extension to October.



Eurostoxx monthly : This month we have opened BELOW the 3331 moving average so we are ALREADY of a negative BIAS, targeting the 50% ret 3073.81.



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FTSE monthly : Another market testing multi year moving average 6946, we should hold first time down but not thereafter.



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Dow quarterly : The TOP is yet to be FULLY confirmed BUT all will become clear sub the 23344.52 previous low.



S&P (future) daily : Fridays subtle reversal might just spark the next leg lower and longer term drop. Sub the 61.8% ret 2701.65 will help.



Nasdaq monthly : A very KEY low already as we are JUST about holding the 7243 channel bottom. The RSI remains in 2000 territory.



Hang Seng monthly : This moving average is proving extremely useful 25126 and must be noted if BREACHED.



Nikkei 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 monthly : 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 : All US daily charts need a move-driver given the VERY sideways scenario of late.



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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.



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



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



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Generic German 10yr quarterly : We do seem to be failing the moving average 0.497 but its not been an ORDERLY drop.



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.



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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 14.899 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 we are back above the 100 day moving average again.



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.



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US 2-30 curve daily : This is a VERY STRONG performance and we are holding on to ALL gains, a close above the 161.8% ret 55.802 will help a lot.



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 : Holding onto most gains and poised to breach the 76.4% ret 20.646.



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 held onto all the recent gains and should target the 76,4% ret 46.044.



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!



US 10-30 curve daily : Another cross doing well and a close above the 61.8% ret 26.317 will help alot.



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CL1 monthly : We really are struggling as now we re sub the 200 day moving average, therefore the 61.8% ret 62.65 is KEY.



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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