

**MULTI ASSET UPDATE :** This week “BOND YIELDS” are back on the agenda especially as we are about to ETCH some very NEGATIVE CLOSES-REVERSALS, in stone on the month.

The **EURO** continues to remain heavy and sub 1.1500 furthers the negative outlook.

**\*\*Trade idea BUY Euro Dec 11100.00 puts @15 ticks, and ADD below 1.1301 NOW 2.**

**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 \*\* ARE THEY ABOUT TO HAVE A CORRECTIVE BOUNCE? \*\***

We CONTINUE to SIT and now HOLD on KEY support. Similar to the EURO its predominantly been a sideways couple of weeks, I would be remain cautious of ANY recoveries.

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 39\*\***

**CORE BONDS :** Bonds are now back in the limelight given the MONTHLY REVERSAL. All longer duration charts have many RSI's at 1984, 1982 extremes. We could soon see a lot lower yields!

**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. The STEEPENING continues.

**Positions :**

**\*\*Buy US 2-30 entry 36.418 now 51.265\*\***

**\*\*Buy US 10-30 entry 14.426 now 28.565\*\***

## 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 week and month end. 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** This really is starting to stretch its legs now and **REAL MONEY** is long **EM** and am sure poised to **ADD** as confidence builds.

**USD INR** has now confirmed its long-term top.

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



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EUR USD daily : A very heavy cross and one with absolutely no bounce. We persist in lower highs overall.

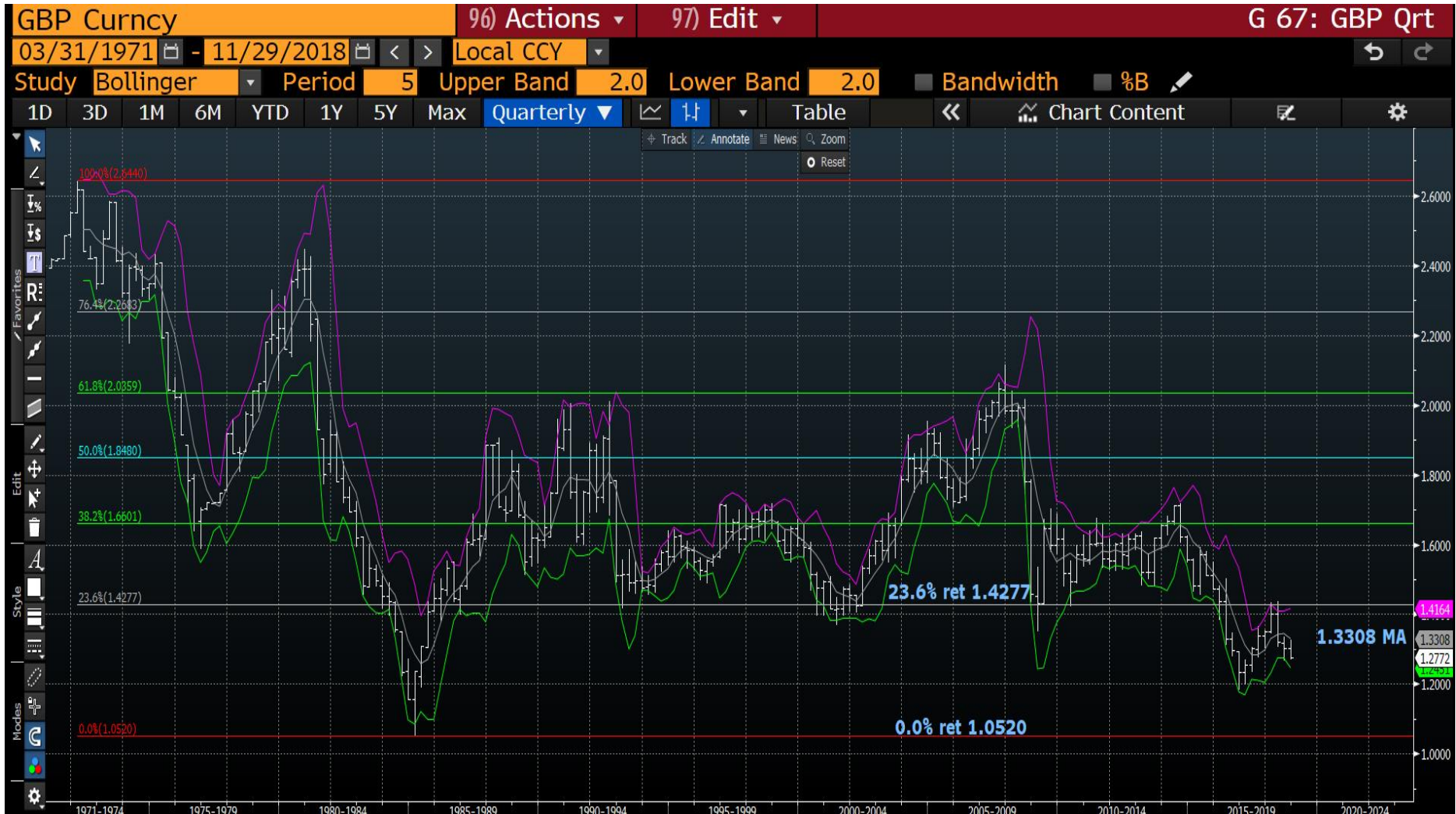


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EUR GBP quarterly : This is shaping up to be a VERY BEARISH long-term formation. The MAGNITUDE of upside pierces are extremely rare.



Cable Quarterly : No real outright trade here, we remain between the bollingers and it would be better to represent it via the EUR GBP idea. The overall bias remains lower while we are sub the 1.3308 trend friend bollinger average.



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DXY monthly : This remains a CONSTRUCTIVE chart whilst above the 50% ret 95.859, all is VERY POSITIVE. Plenty of CLEAR AIR above us, just need to make use of that opportunity.





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



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USD CAD weekly : This has trodden water for some time above the 1.2910 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 this week with MANY back near the lows. REAL MONEY owns EM and should be adding.
- 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 daily : Thus far we are rejecting the 100 day moving average 3.8794, a breach of the 38.2% ret 3.8241 will help a lot.



USD TRY monthly : We are well on the way to the 38.2% ret 4.9197.



USD MXN weekly : A very similar trend line to Oil a few weeks back. If we breach 20.00 then the 23.6% ret 19.6544 could be seen very quickly.



USD ZAR monthly : We have breached the 100% ret 13.8401 and poised to test the ALL important 13.3653 moving average.





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



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## EQUITIES

**Equities : This is not the best location to be closing the month, it remains a vulnerable market.**

**Many stock markets are HOLDING their VERY LAST level of SUPPORT. Lets see what DEMAND we have to formulate a bounce going into YEAR-END.**

**ANY BREACHES OF LAST MONTHS LOWS MEAN A FREEFALL SCENARIO.**

**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 appear to be HOLDING the channel support at 11023. To produce ANY positive base though we need top POP the 11386 moving average. Another worry is the RANGE seems small, at the moment.



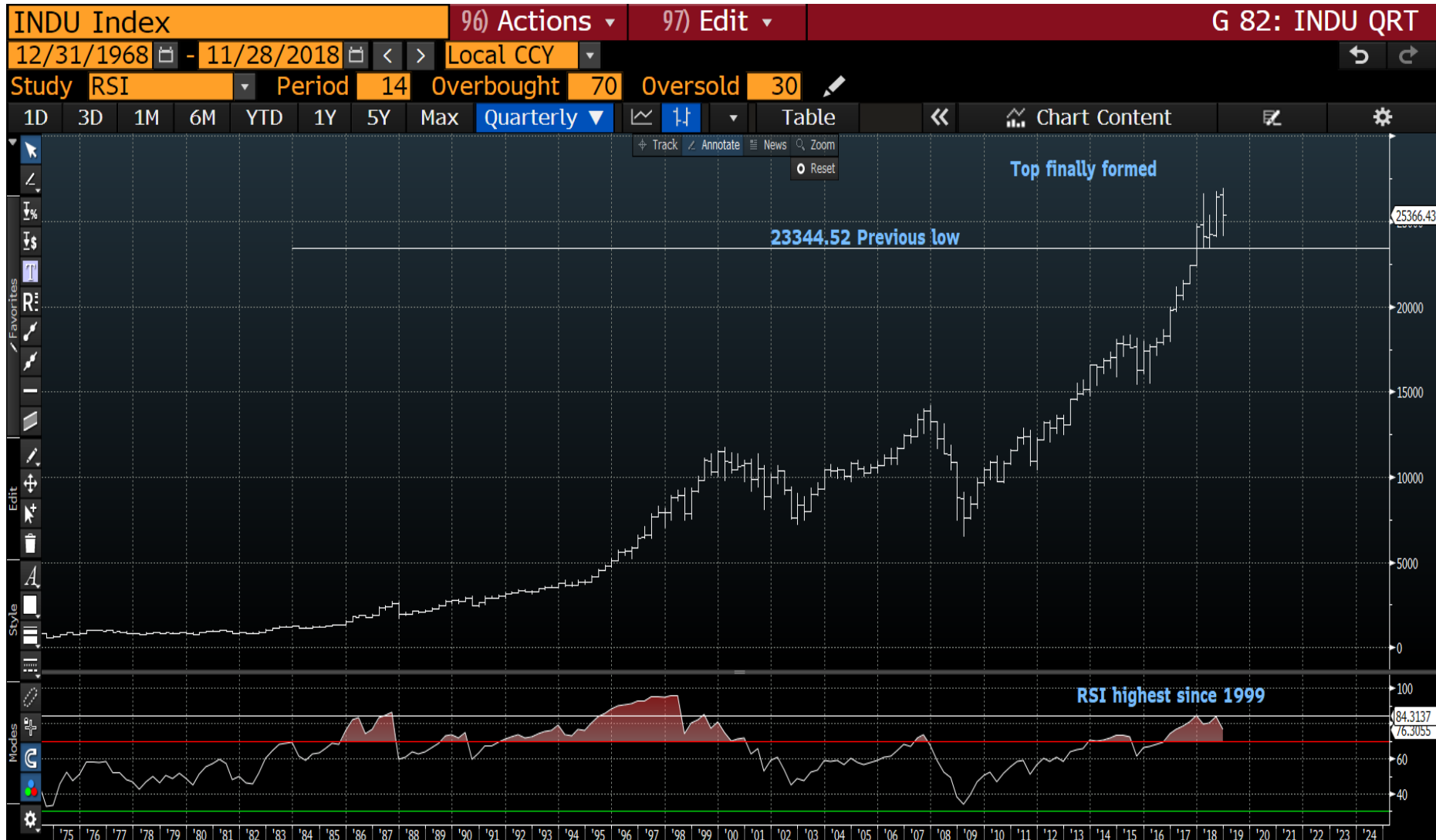
Eurostoxx monthly : We continue to head lower with the 50% ret 3069.19 the next BIG stumbling block.



FTSE monthly : We are HOLDING the 6944.10 moving average, but HOW LONG FOR? We need to see more POSITIVE price action before declaring a even a BOUNCE. It could be a dramatic month end.



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 : Another LAST MINUTE reprieve, we have held against previous 2600 support. Lets see we perform into month end.



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 : Yet another HOLD of MAJOR moving average 25131.78 support, lets see how far the recovery goes.



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## BONDS

- **WELL AND TRULY** back on the agenda. For the first time in many months we have a yield reversal-drop. US 2yr breach of 2.7357 will be KEY.
- European bonds have performed well lately but I still believe need an external driver.
- The driver will be stocks in my mind.
- The US remains choppy but have posted some sizeable reversals on the month. **\*\*Major focus would be if the USGG10yr breaches 3.00%.\*\***

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 2yr yield monthly : We have a decent sizeable reversal BAR this month and poised to ETCH it in monthly HISTORY. This is the first notable REVERSAL month. The RSI is the highest EVER reflecting the BUILT IN EXPECTATION.



US 30yr yield monthly : We now have a sizeable reversal on the month. The RSI continues to be a statement.



US 30yr yield daily : We have ground lower all month but ideally need to breach the 100% ret 3.2612.



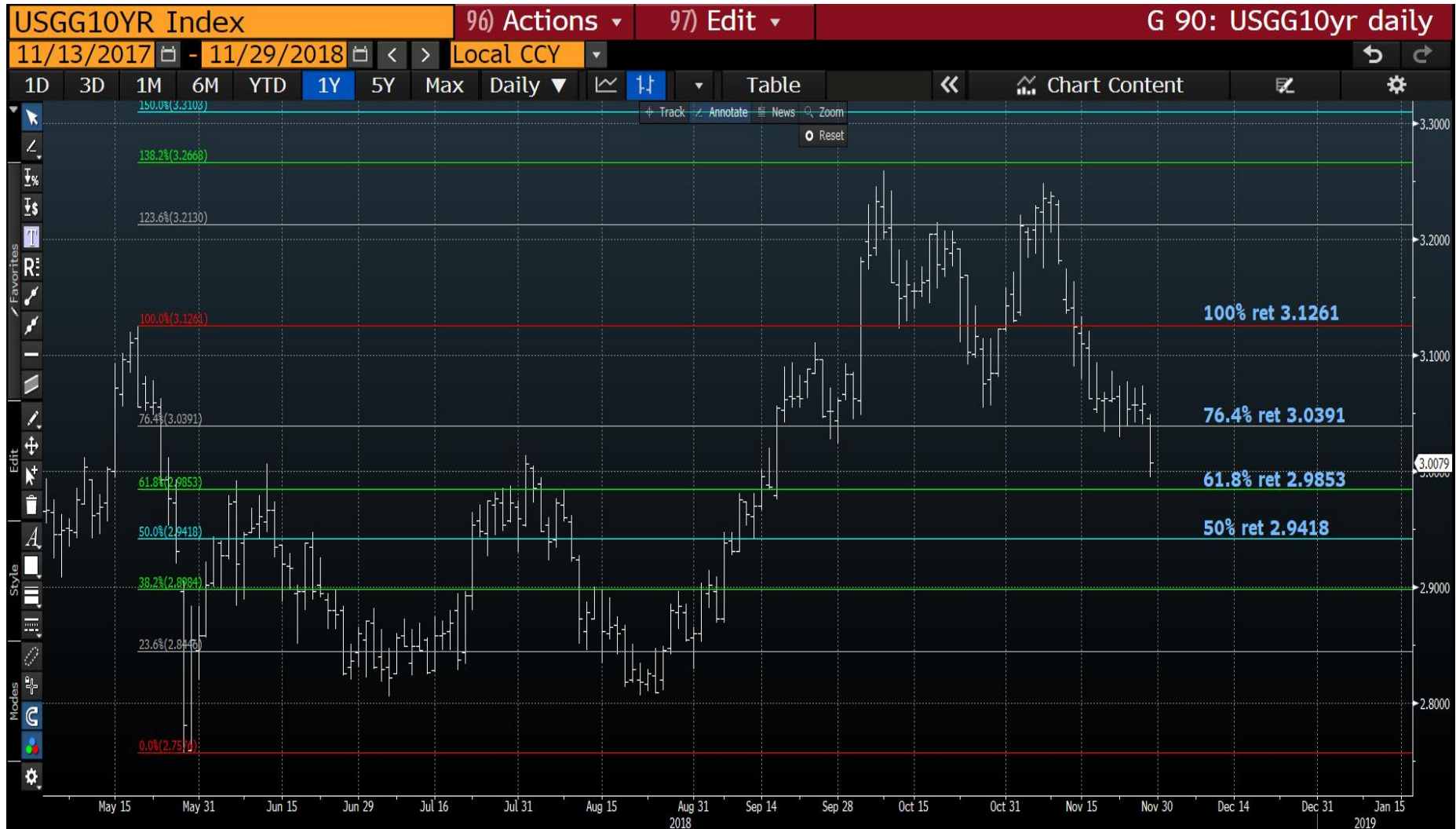
US 10yr yield quarterly : Again a nice reversal on the month and we are teasing toward the 2.8295 moving average. The RSI remains at 1984 dislocation.



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US 10yr yield monthly : Similar to the previous chart there is an all important level to breach and this time it is 3.00%. A close sub 3.00% by month end should be a statement.



US 5yr quarterly : We are along way off the moving average 2.0979 but the RSI REMAINS at 1982 levels.





Generic German 10yr quarterly : Its been one way traffic all month and the next KEY test is the 0.249 channel.



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



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Italian generic 10yr daily : Italy continues to do well since a breach of the 38.2% ret 3.410.  
The next CRUCIAL test will be the 100 day moving average 3.142.



## 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.



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



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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 and support is obvious at the 200% ret 42.759.



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



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. 61.8% ret 77.315 next stop.



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

A very encouraging performance and close above 47.00 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! Next stop the 61.8% ret 38.721.



US 10-30 curve daily : This has been a VERY SOLID performer should continue its trend steeper.



CL1 monthly : We have triggered significant stops lately and one versus natural gas. Despite the recent oversold daily RSI we struggle to HOLD. Next BIG support is the 76.4% ret 42.72.



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CL1 monthly : The BASE is alluding us but buy into a close above the 76.4% ret 50.27.



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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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