

MULTI ASSET UPDATE : Bond yields closed the month with a significant reversal and rejection of the highs. Equities, a key start to the month as much of Europe has held its “LAST LINE” of SUPPORT.

The **EURO** has gone into a HOLDING PATTERN but sub 1.1500 furthers the negative outlook.

****Trade idea BUY Euro Dec 11100.00 puts @15 ticks, and ADD below 1.1301 NOW 0.5**

EM BONDS continue to do well and many USD crosses close to major drops. USD MXN and USD ZAR poised for some big breaks lower.

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

We have opened above the VERY LAST levels of support, so for the moment it looks likely we'll have a corrective bounce. Technically any bounce needs to be CLOSELY monitored as the bigger picture has already forecast a TOP.

****Trade idea BUY DAX DEC 11300-11200 put spread 33.0 ticks and ADD sub 11400. NOW 22.5****

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 especially if the US 10 yr breaks 2.9853!

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 48.259****

****Buy US 10-30 entry 14.426 now 28.684****

FX UPDATE

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FX UPDATE

- **FX UPDATE :**
- **EURO :** We continue to remain in a holding pattern BUT whilst SUB the all important resistance 1.1500, we remain on a negative tack. 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 painful period of consolidation but whilst below 1.1500 all remains bearish. Sub 1.1241 will be a VERY BIG SIGNAL.



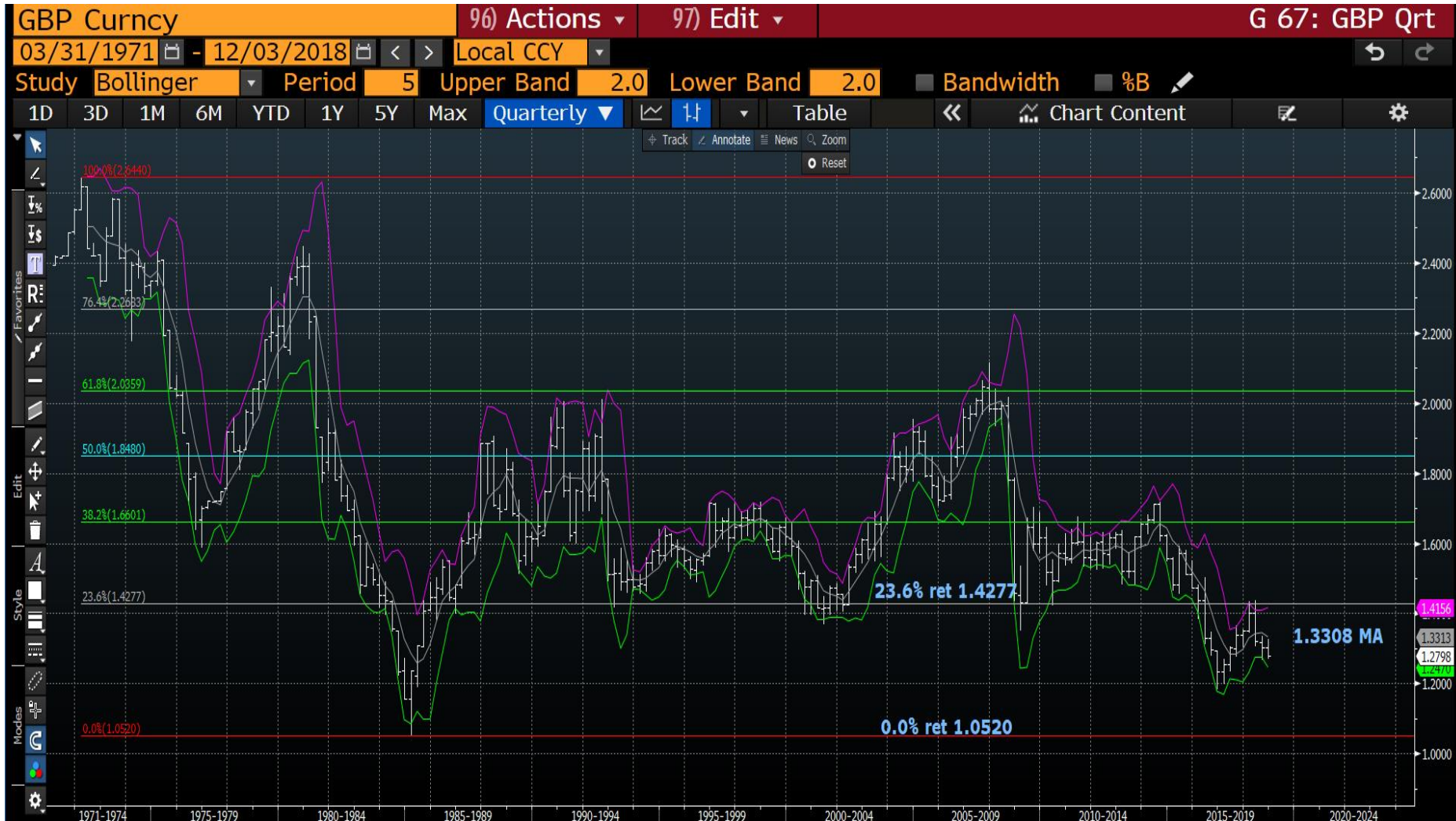
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EUR GBP quarterly : This is shaping up to be a VERY BEARISH long-term formation. The MAGNITUDE of upside pierces are extremely rare.



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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.



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AUD USD monthly : A bit of a SPENT cross and would now be flat. Do not overtrade at these levels. The 50 period moving average 0.7545 should become sizeable resistance on any further bounce.



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.



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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.



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USD TRY monthly : We are well on the way to the 38.2% ret 4.9197, providing we remain sub last month close 5.2153.



USD MXN weekly : A very nice rejection of the 20.6155 trend line, leaving plenty of scope to breach the 23.6% ret 19.6544.



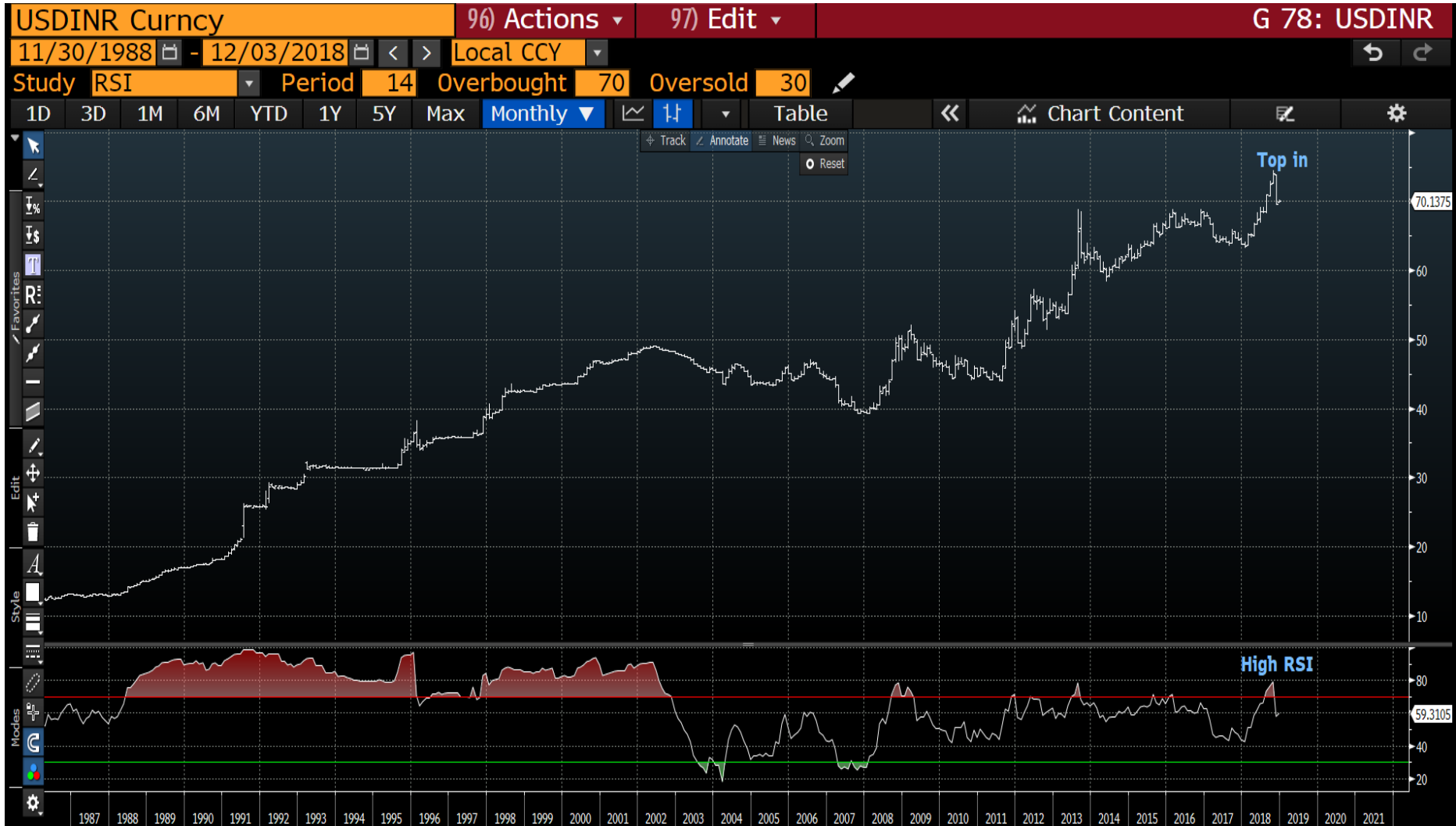
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USD ZAR monthly : Another cross on the VERGE of FREE FALL, sub the ALL important 13.4198 moving average will be PAINFUL.



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



EQUITIES

Equities : Post the TRUMP tweet many stock markets have opened above the KEY last DEFENCE support, but that said any bounce is to be closely monitored. Many quarterly and monthly charts REMAIN terminal.

**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 have opened above the channel support at 11094 and moving average support 11429. We should see SOME FORM of bounce but this needs to be monitored given the overall TOP is in.



DAX daily : This chart is LESS optimistic as we are TEASING the 23.6% ret 11559 and 11509 moving average.



Eurostox monthly : We continue to head lower with the 50% ret 3069.19 the next BIG stumbling block. The moving average 3333.71 moving average will be decent resistance.



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FTSE monthly : This is proving to be a very technical index having religiously holding the moving average for the last 3 months. We should get a bounce but again monitoring that is crucial.



FTSE daily : Yet again proving its technical credentials by holding the 200 period moving average 6965.54.



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 : A strong opening but only to the top of the recent range! Think we need to see more price action.



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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 : Obviously a stronger opening, confirming a hold of the now important 25131.78 moving average support.



BONDS

- **WELL AND TRULY** back on the agenda. For the first time in many months we have had a yield reversal-drop. US 2yr breach of 2.7357 will be KEY. US 5yr daily has tested its all important 200 day moving average 2.8026.
- 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 has survived and now sitting on a VERY critical moving average support at 3.154.

US 2yr yield monthly : Last months REVERSAL is etched in stone. The RSI is the highest EVER reflecting the BUILT IN EXPECTATION so key breach would be through the 38.2% ret 2.7357.



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



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US 30yr yield daily : To continue the yield lower bias we need to remain sub the 123.6% ret 3.3410 and breach the 100% ret 3.2612.



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



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US 10yr yield monthly : We closed the month testing the 61.8% ret 2.9835 and ideally we breach this soon, along with the 2.9569 moving average.



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



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US 5yr daily : Hopefully we can remain sub the 38.2% ret 2.8901 and breach the tested 2.8026 200 day moving average.



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



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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 target the previous highs.



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Italian generic 10yr daily : Italy continues to do well post a breach of the 38.2% ret 3.410.
The next VERY CRUCIAL test will be the 100 day moving average 3.154.



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



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 : We remain pretty rangebound.



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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. SO far we are holding above last months close 50.93.



CL1 weekly : We are holding the 200 period moving average 52.20.



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CL1 daily : We may have a BASE given we have HELD 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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