

MULTI ASSET UPDATE : Bonds “MAYBE” taking a PAUSE here but that is WHOLLY dependent on STOCKS HOLDING! European yields are definitely oversold along with the USFS10-20 idea.

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 These have lost a lot of ground this week so are now on watch re the bigger picture.

EQUITIES European equities have posted NEW LOWS on the month already thus don't bode well, the US on the other hand is TRYING to formulate A HOLD. Bonds may assist this if yields RISE BUT do remember the DAMAGE is done for STOCKS.

****Trade idea BUY DAX DEC 11300-11200 put spread 33.0 ticks and ADD sub 11400. NOW 90****

****TAKE OFF POSITIONING****

CORE BONDS : Yields on many daily charts have dropped too far BUT that said they NEED stocks to HOLD to aid their cause.

US CURVES continue to WASH around and have become LESS of an outright trade.

Positions :

****Buy US 2-30 entry 36.418 now 39.368****

****Buy US 10-30 entry 14.426 now 26.093****

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 whilst remaining below 1.1500.**
- **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 : We have stalled over the last few days and whilst sub 1.1500 remain bearish!



EUR USD daily : The bollingers highlight several upside pierces which are negative for the market, ideally we breach the 23.6% ret 1.1359 and subsequently the all important 1.1241.



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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 1.3274 trend friend bollinger average.



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 but a fresh break of the 61.88% ret 0.7185 will be negative.



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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.



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USD EM SOME GREAT DISLOCATION OPPORTUNITIES

- **The EM space has seen EM lose ground but that should be resolved soon. 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 : Although near last months highs the daily chart is hinting at this as a top.



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USD BRL daily : Ideally we dip below the 100 day moving average 3.8813, a breach of the 38.2% ret 3.8241 will help a lot.



USD TRY monthly : Another cross taking time out but should stall shortly. We are well on the way to the 38.2% ret 4.9197.



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USD MXN weekly : We continue to build resistance against the trend line, just need to break 20.00.



USD ZAR monthly : The moving average 13.4198 is now a very recognised level so hopefully we fail here and head for a breach of it.



USDINR weekly : The TOP is now confirmed and has a long way to GO, just need to fail here.



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EQUITIES

Equities : We are trying to BASE BUT Europe and the US has new monthly lows SO only a TEMPORARY reprieve. So many stock markets have long term BREAKS!

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 BROKEN the long-term TRUSTED channel so unless we get back in it this is a FATAL blow.



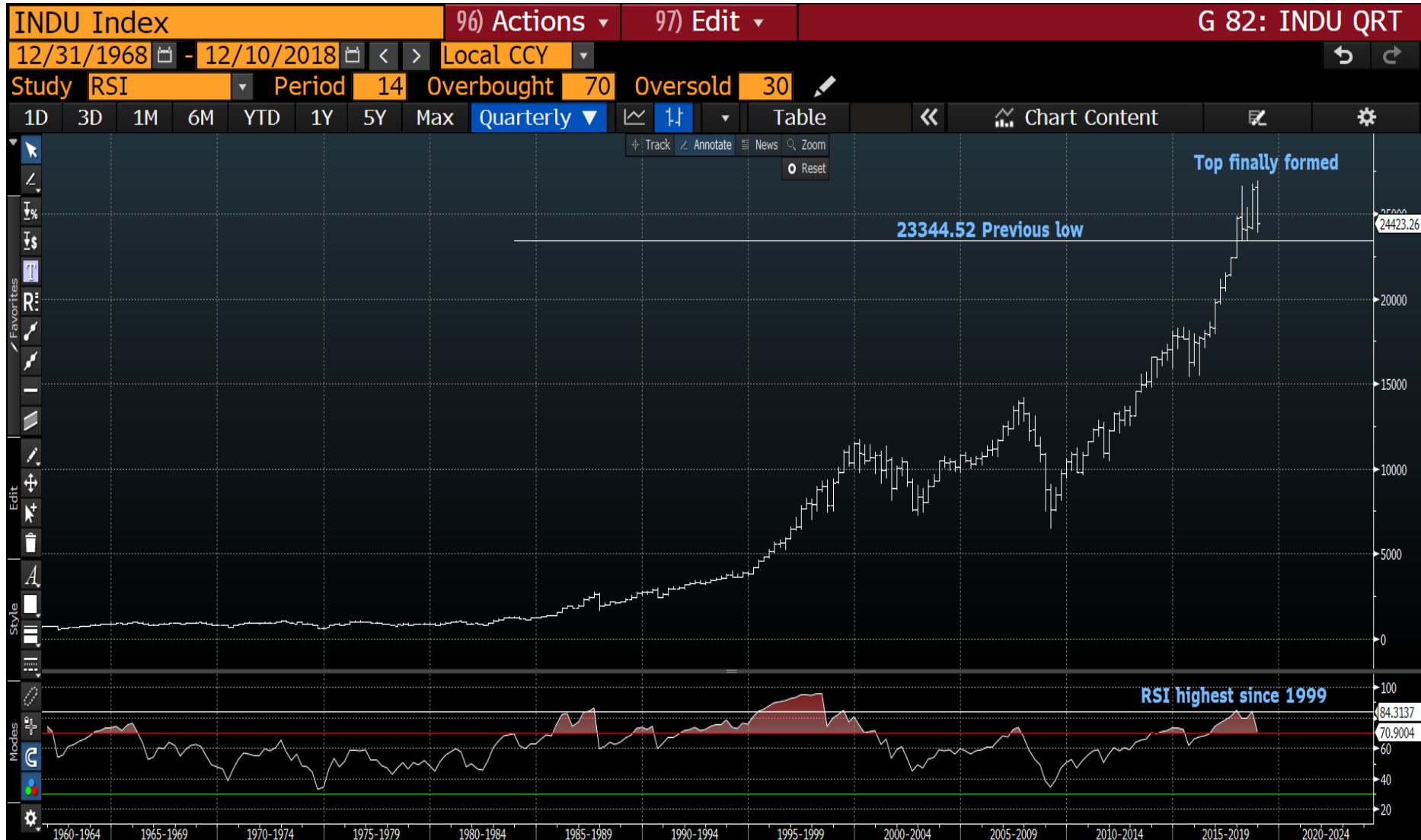
Eurostox monthly : We have already breached the 50% ret 3069.16 so don't be fooled this is a BREAK and sell any decent bounce.



FTSE monthly : This along with FTSE are the ones to watch in Europe given their VERY technical nature. We witnessed a near perfect drop at the 123.6% ret 7527.88 so if the 100% ret 6751.30 is REBREACHED, WE FREFALL.



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 created a downside pierce however overall its damaged goods.



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.



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Hang Seng monthly : Yet another HOLD of MAJOR moving average 25190.82 support, lets if we can breach it again.



BONDS

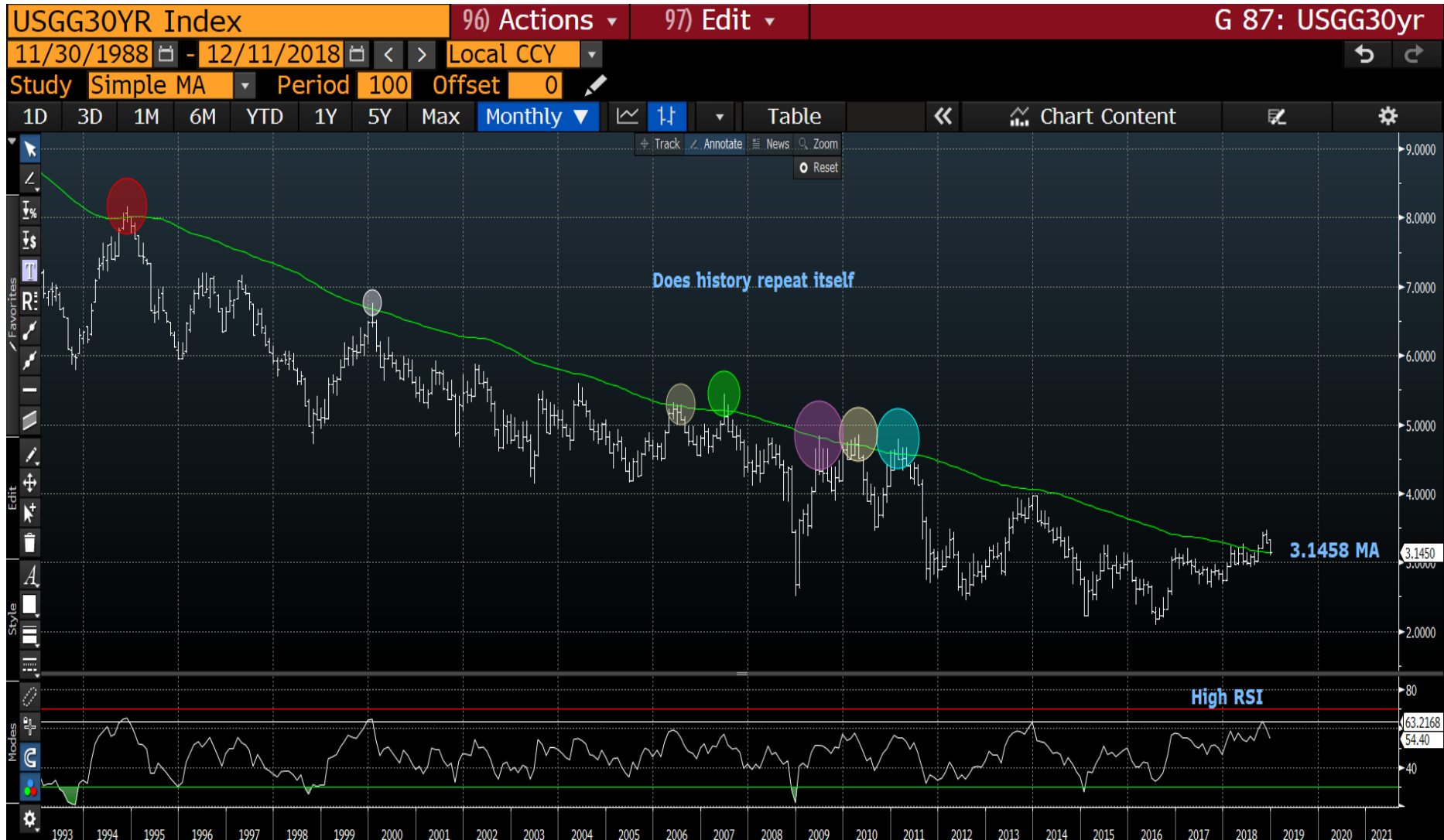
- We MAY take a respite from the LATEST yield drop given the monthly charts have reliable moving averages and the daily RSI's are overstretched. That said once the over extension is gone or STOCKS fail yields will plummet.
- European bonds have performed well lately but I still believe need an external 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 ETCHED a decent size reverse BAR in HISTORY last month so potentially feels like a TOP. Confirmation will come with a close sub the 38.2% ret 2.7357.



US 30yr yield monthly : We now have a sizeable reversal on THIS month whilst pausing at the 3.1458 moving average. The RSI continues to be a statement.



US 30yr yield daily : We are trying to find some form of bounce but need to get back above the 76.4% ret 3.1814 before that's confirmed.



US 10yr yield quarterly : Again a nice reversal on the month and we are teasing AROUND the 2.8826 moving average. The RSI remains at 1984 dislocation.



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US 10yr yield monthly : Another low RSI but that does not seem to be transposing into any kind of recovery-bounce. This is a 200 day moving average 2.9560 we are BELOW.



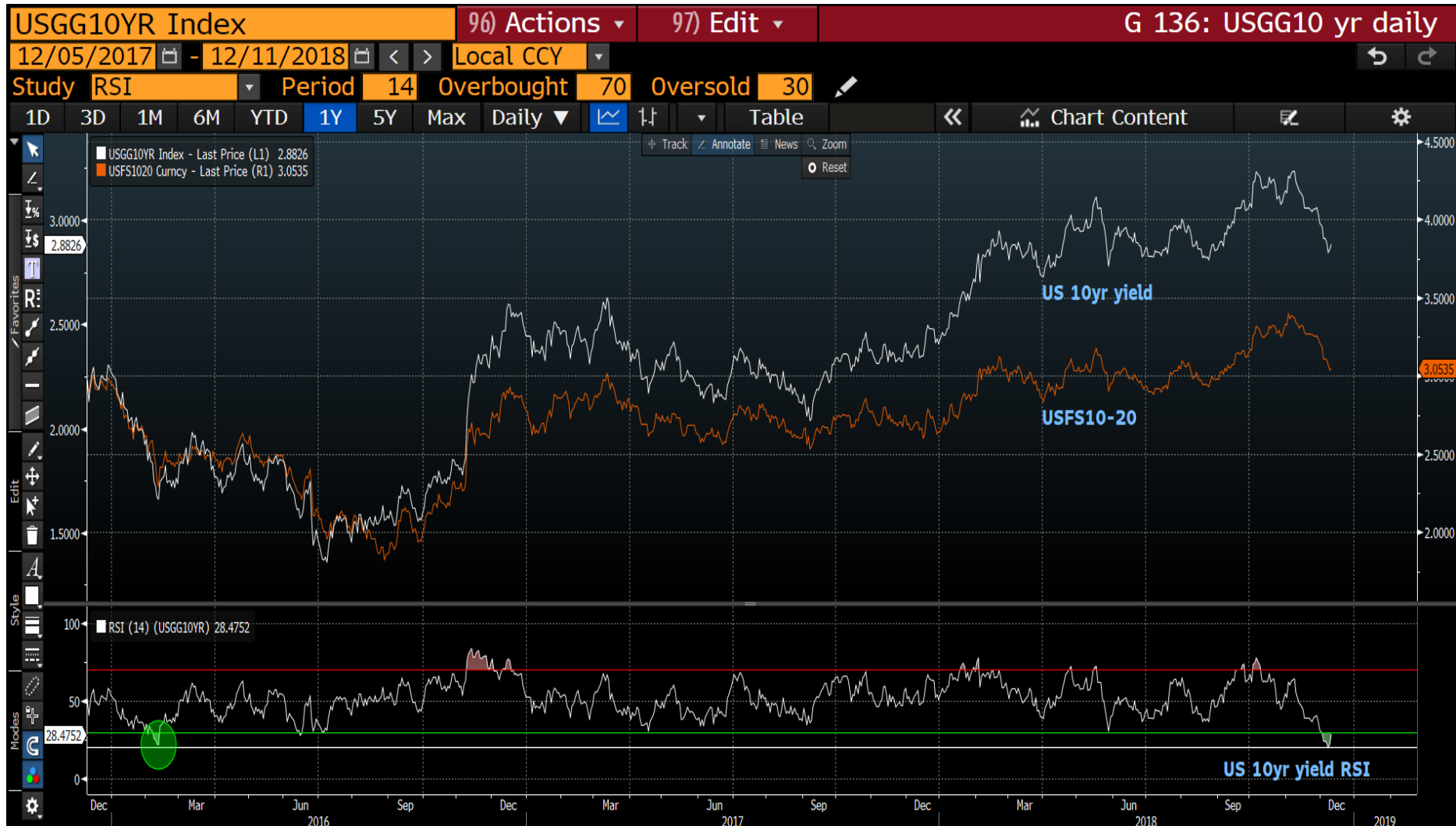
US 5yr quarterly : We are along way off the moving average 2.0979 but the RSI REMAINS at 1982 levels.



USFS10-20-US 10yr yield monthly overlay : This hopefully highlights the USFS10-20 idea is a long-term view and also reminds us that US 10yr yields will be coming along for the ride, LOWER.



USFS10-20-US 10yr yield daily overlay : The US 10yr yield has a decent historical dislocation but is no guarantee especially if stocks fail.



Generic German 10yr quarterly : Its been one way traffic all month BUT the 2008 channel 0.249 is proving to be a KEY test.



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DBR 46 daily : One of the most resilient bonds going and we have now touched the previous high.



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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 3.179.



US curves a once in a lifetime opportunity?

- **Curves have become VERY problematic and most of the initial performance has EBBED.**
- **** 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 continue to flatten and the TREND seems in place BUT do keep an eye on the RSI level of extension.



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US 2-10 curve monthly : Again a MESSY curve and that despite a very LOW RSI extension.



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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 we just need to hold it second time down.



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.



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US 5-30 curve daily : We have lost our way a bit here but all positive for a steepener whilst above the 1213.6% ret 34.055.



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.



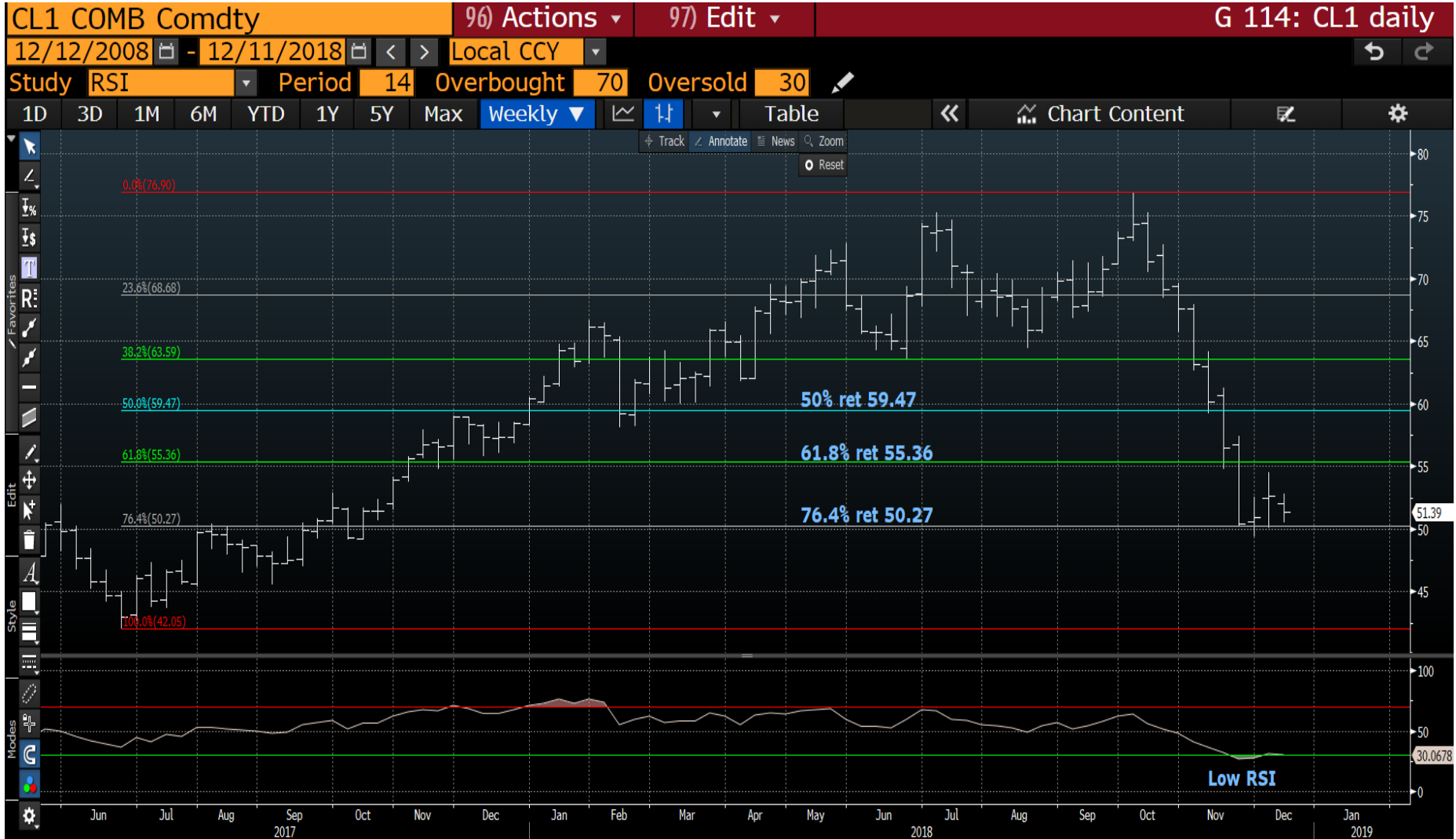
US 10-30 curve daily : This has been a VERY SOLID performer which is consolidating post an aggressive steepening period.



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.



CL1 monthly : Similar to the bond yield extensions, we have the RSI but NO BOUNCE?!



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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