

**MULTI ASSET UPDATE : Fridays number caused a STIR but has it really changed anything?**

**Stocks bounced BUT remain heavy and US yields ALREADY have NEW LOWS on the year. It looks like we need more price action before any of the trends of late are breached.**

**Equities : European equities are todays focus given their INABILITY to make use of Fridays gains. Failure here today we increase the chances of a MAJOR WASHOUT.**

**Bond yields : This market continues to call for MUCH LOWER yields especially as we have NEW YIELD lows on last month. Additionally we are sub many sizeable moving averages and RSI's still remain hugely dislocated.**

**FX : The DXY is approaching a major test in the form of the 50% ret 95.859 moving average-retracement. The recent USD weakness has allowed many USD EM crosses to define their long-term move lower.**

**US Curves have huge historical dislocations and all point to a BULL STEEPENER in the back end, look to re-enter the 2-30 idea.**

## FX UPDATE

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## FX UPDATE

- **FX UPDATE :**
- **EURO : A VERY sideways performance of late but should we remain below 1.1500 the negative view continues, sub 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.**
- **The DXY index has held a MAJOR retracement and moving average 95.859.**

EUR USD quarterly : The niggle here is we actually HOLD the 50% ret 1.1241, we need a move soon and think it should relate to whether the DXY holds 95.859 or NOT.

A breach of 1.1241 could easily see a 1.0400 handle by 2019 end.



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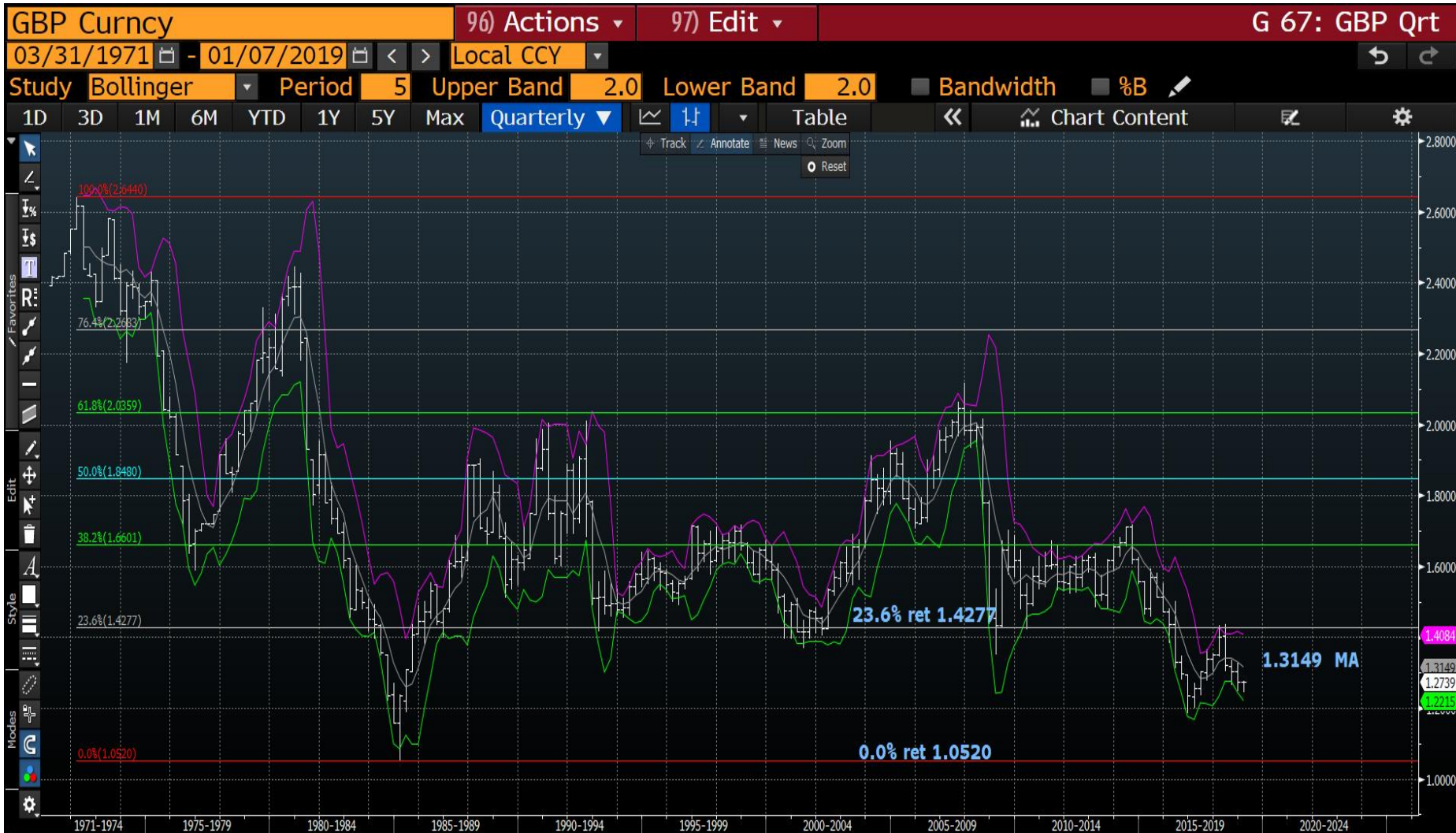
EUR USD daily : We have achieved little but whilst sub the 1.1500 level the negative theme prevails. WE NEED A MOVE. Worth buying the March 112.00-110.00 put spread for 26 ticks. Stop out above 1.1610.



EUR GBP quarterly : We continue to fail ANY rallies but as mentioned before its really one big VOL trade.



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 1.3149 trend friend bollinger average.



DXY monthly : THE BIGGEST TEST for the DXY, we are sitting on the 95.798 moving average.



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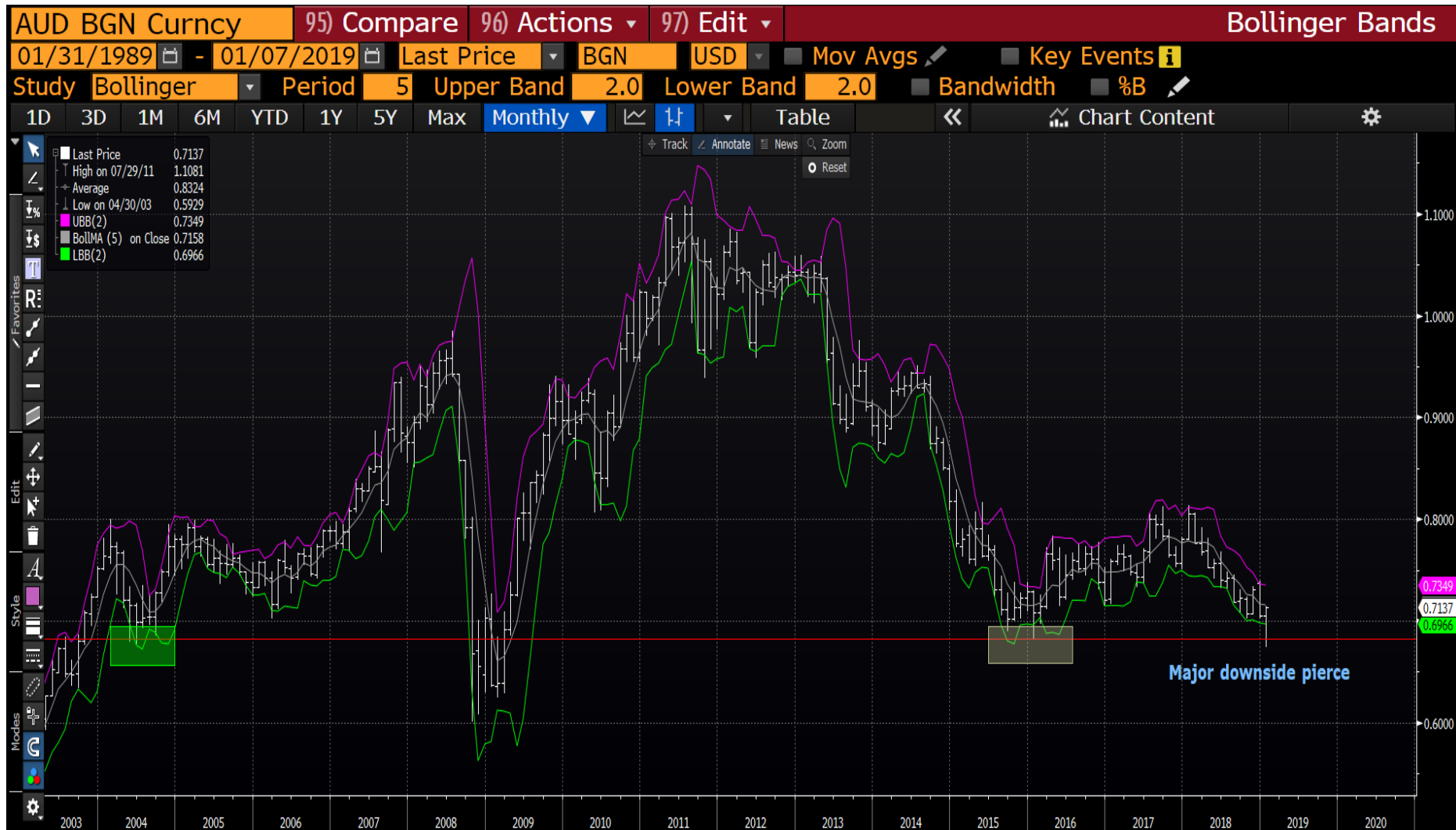


AUD USD monthly : A bit of a SPENT cross and would now be flat. Do not overtrade at these levels.



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AUD USD daily : We have posted a nasty downside pierce that correlates well with the previous lows, but as mentioned previously this is a SPENT FORCE cross.



USD CAD weekly : We are back below the 23.6% ret 1.3451 thus could pull back to the 1.3026 moving average.



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# EM UPDATE

- **EM : Given the latest USD weakness this has allowed MANY of the USD EM crosses to FULLY confirm significant-MAJOR tops are in play.**
- **MANY USD-EM crosses now have SIZEABLE long-term tops formed. I think it is a combination of EM relief that the Turkey-Argentina situation is improving and the DXY losing momentum, more bias on the former for influence.**
- **USD MXN continues to reject decent trend resistance at 20.6155.**

USD MXN weekly : We have breached the 23.6% ret 19.6544 thus should continue to head a lot lot lower. Next target is the 38.2% ret 18.1795.

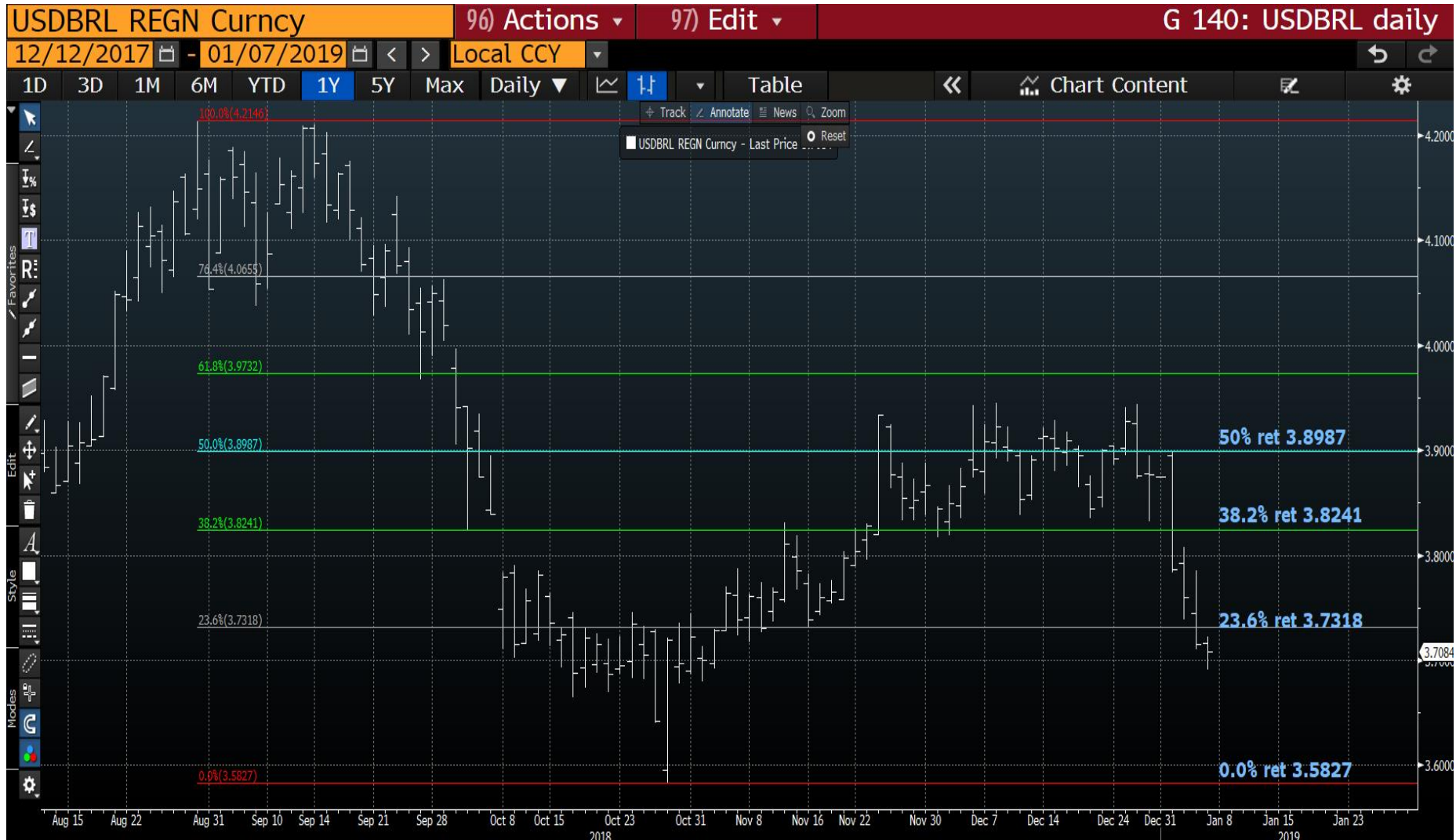


USD BRL weekly : We now have a very sizeable volume top and any breach of the 23.6% ret 3.6078 will be MAJOR.



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USD BRL daily : Post breaching the 38.2% ret 3.8241 we have triggered stops and are well on the way to hit the recent low 3.5827.



GTBRL10Y daily : We are poised to take out the recent low 9.117 and no doubt trigger stops.





USD TRY monthly : The recent POP has formed a very subtle and nasty UPSIDE pierce endorsing a continuation of the trend move lower.



USD ZAR monthly : We continue to achieve lower highs, thus looks likely we breach the steadfast 13.4919 moving average.



USD RUB monthly : This cross looks like heading toward the 23.6% ret 71.1124.



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USD CNH weekly : We do look to be forming a solid top and should draw toward the 100% ret 6.7850.



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USD INR weekly : The RSI is as HIGH as September 2013 and we APPEAR to be forming a TOP, confirmed once we breach the 138.2% ret 72.8598. This could be a VERY MAJOR turning point-TOP.



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## EQUITIES

Equities : Fridays POP has allowed many to ARGUE this is the DIP, but given Europe's lacklustre performance I'd argue little has changed and the lows are not far away.

**\*\*Given the moves of late you would suspect the daily RSI's to be low but they ARE NOT.\*\***

We have had MINIMAL bounce and similar to the EURO we are on the precipice of MAJOR LIQUIDATION. The TECH sector is unlikely to improve and the TRADE wars rumble along, it doesn't bode well or create a POSITIVE feel.

I have laboured the NUMEROUS 1896, 2000, 2008 US stock RSI dislocations, I think we are close to seeing them come into play.

We now have a MARKED disparity between EUROPE and US stocks, it won't last.

DAX monthly : Even if we do rally the channel 11164 will be sizeable resistance.  
Year end prediction 7000-8000 area.



DAX weekly : We have a reasonably low RSI but do need to breach the 38.2% ret 10299.





Eurostox monthly : Although this has been one of the least performing stock markets it has still been impacted. We are sub the 50% ret 3069.16 which does not bode well. We have a lot of free fall potential.



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FTSE monthly : We have seen a small recovery above the 100% ret 6751.30 but the MOVING AVERAGE 6949 offers major resistance.  
Year end prediction the 50% ret area 5106.00.

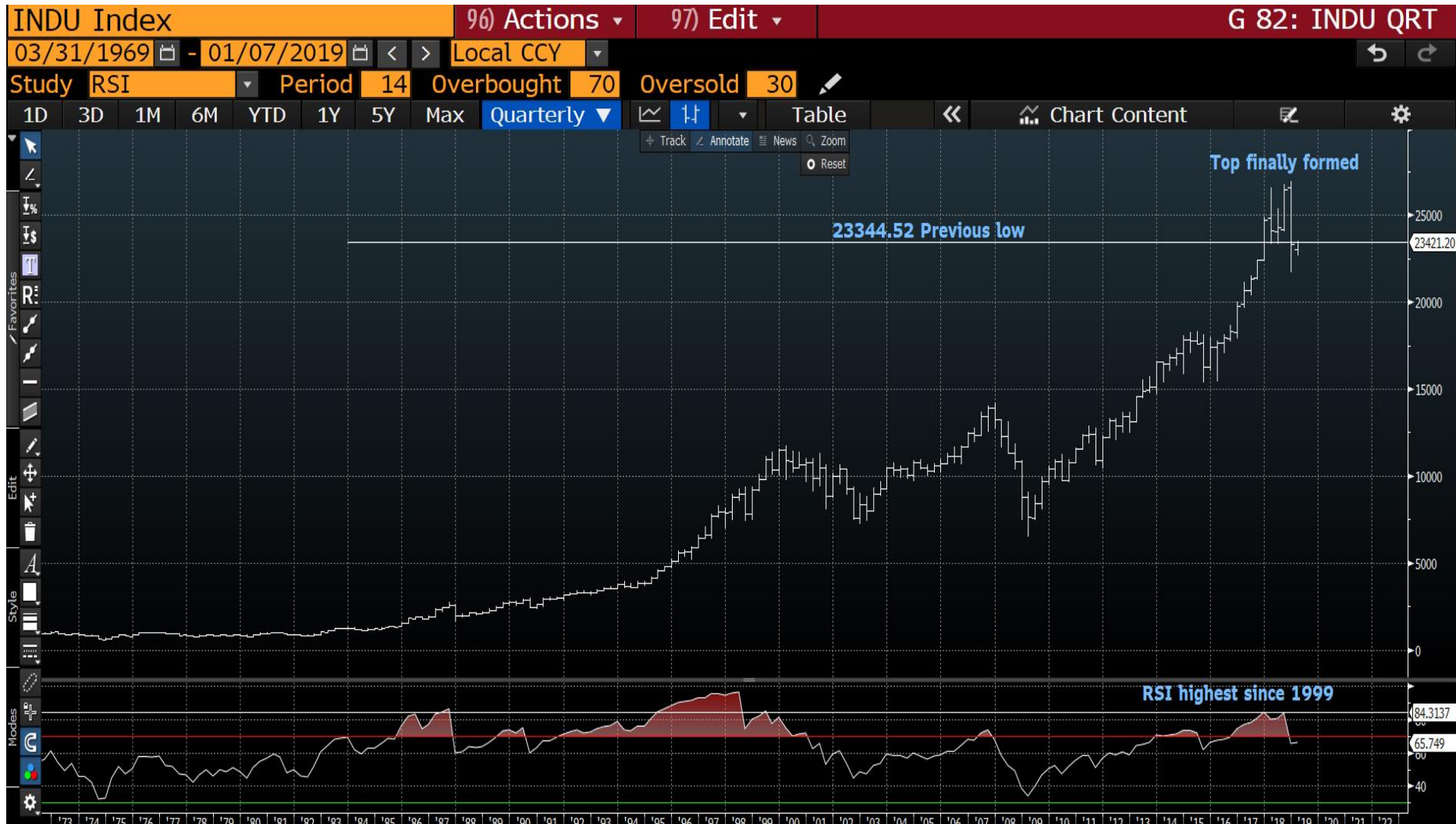


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FTSE daily : We continue to reject the 50 day moving average 6922.67 thus suspect we grind lower over the next few days.



Dow quarterly : The US has put in a small recovery but whilst sub the 23344.52 previous low, all remains VERY NEGATIVE. The RSI has plenty of “juice left”. I think the US receives a harder shock hence the deeper prediction of 15000 area for late 2019.



Dow daily : The recent oversold RSI has abated and we should start to fail here against the 100% ret 23344.52.



S&P (future) weekly : We have hit and currently HOLDING the 200 period weekly moving average.



S&P (future) daily : The latest bounce will test the 38.2% ret 2560.75.



Russell monthly : A BIG drop last month supported by the 61.8% ret 1248, this may just be a temporary reprieve. **Again the expectation is of a free fall and the 860.00 area looks a possibility.**





Russell daily : A reasonable bounce today and caught in between the retracements.



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Nasdaq monthly : We are sitting on the Feb low 6630 thus the next move is KEY.  
Prediction for end of 2019 is 4500-5000 area.



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Nasdaq daily : decision time and today's performance needs to be noted, sub the 38.2% ret reignites the negative call.



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Hang Seng monthly : This market held in well last year DEPSITE the performance of other market BUT NOW it is on the verge of a major failure. Sub the 23.6% ret 25601.22 and 25194.20 moving average doesn't bode well.

This could also see a major capitulation to 16000 area by year end.



## BONDS

- Despite some of the yield recoveries Friday we do **STILL** have **NEW LOWS** on the year. We also remain sub **MANY** of the long-term moving averages.
- **\*\* It is harder to predict year end levels for yields but they will be lower than here driven by stocks. \*\***
- **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 recovered back to last month close BUT the RSI remains very dislocated.

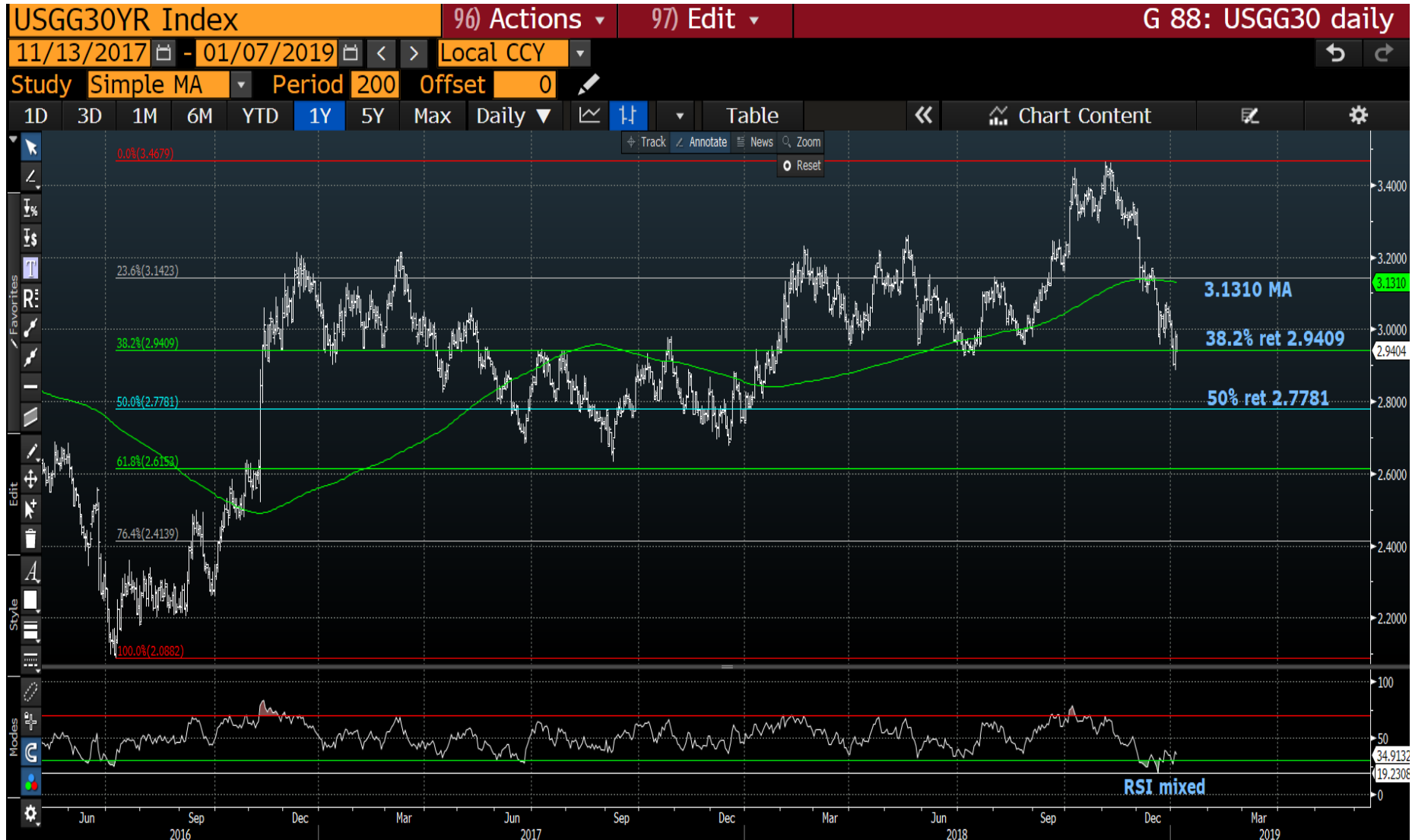


US 30yr yield monthly : We have opened the month with a NEW YEAR low and the latest bounce is ONLY as high as last months close. Key decision is do you FADE the yield bounce here or do we see the 3.1335 moving average.



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US 30yr yield daily : We are teasing the 38.2% ret 2.9409 should trigger bigger stops, just need to make a decision.



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US 10yr yield quarterly : Another historical formation pointing toward lower yields. The RSI has barely turned and we have breached the 2.7828 moving average. We could DROP SHARLPY!



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USFS10-20 monthly : This has been a great boost to the argument for lower yields going forward (assisted by our swaps expert David Sansom), as the chart shows we have a similar historical pattern of failure. The RSI continues to have room, so RUN the original trade idea. We are holding below last months close.



USFS 10-20 US 10yr yield monthly overlay : Yet another major endorsement for lower yields, the swaps hit is extremely rare and current correlation looks good.



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US 10yr yield daily : The 200 day moving average 2.9514 is a distant memory and despite the DROP the RSI hasn't been impacted.



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US 5yr quarterly : Again we toying with last months close but do remember the RSI has only just got started.



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Generic German 10yr quarterly : Germany is struggling to attain further gains given the channel support 0.141, no more QE and yield levels.



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DBR 46 daily : One of the most resilient bonds going and we are well on the way to breaching the 100% ret 141.935 again.



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Italian generic 10yr daily : The RSI is now pretty stretched but sadly no defined level to argue a cover of any positions. We are teasing the 200 day moving average.



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## US curves a once in a lifetime opportunity?

- **Curves continue to steepen in the back and that should persist. Look to ADD or buy into a fresh steepener on the 2-30 given the SECOND near perfect retracement hit. (Page 39).**
- **\*\* 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 have yet to reach an oversold RSI worth commenting on but the outright 2yr is poised to break lower in yield. Could be that a 2yr verses longer duration is better. Say 2-30.



US 2-10 curve monthly : We might JUST have a base given we have a pierce! The RSI seems low enough, just need to get back above the 76.4% ret 26.639.



US 2-30 curve monthly : ANOTHER PERFECT hit and possible PERFECT BOTTOM to trade from. TO me this remains a VERY long-term trade and “what a great entry” knowing the LOW has been tested TWICE. Stops on any steepener can be just sub the 76.4% ret 34.856.



US 2-30 curve daily : A very SOLID base has now been BUILT. We need to breach the 161.8% ret 55.848 and additionally hold the 200%ret 42.759.



US 5-30 curve monthly : A VERY SOLID performance but watching the neutral RSI.



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US 10-30 curve monthly : A major steepening bias over all and next target the 61.8% ret 38.721.

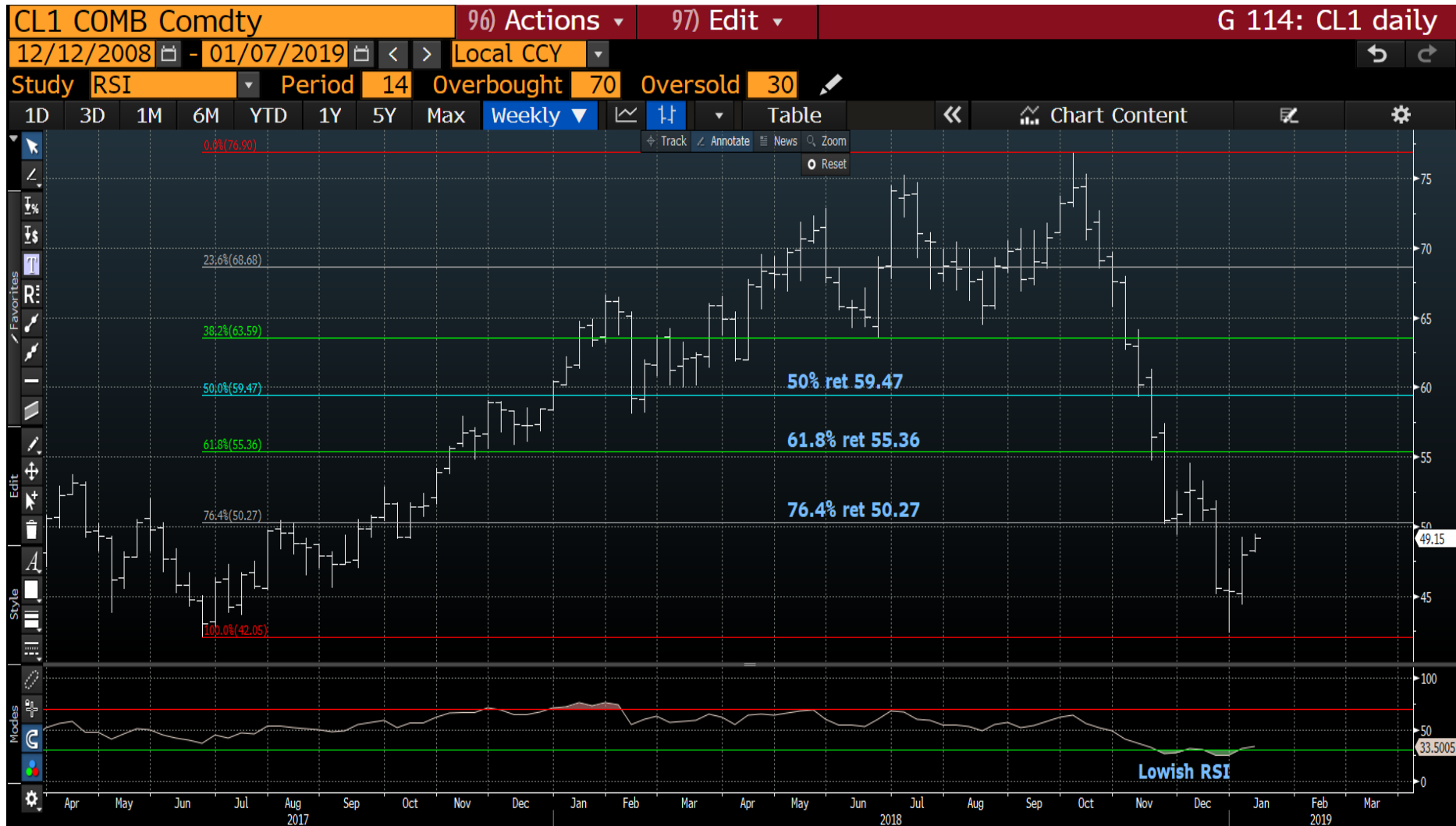


CL1 monthly : A nice chart given we have hit and held the 76.4% ret 42.72 first time down.  
Any subsequent breach will be painful.





CL1 monthly : A possible HOLD but we need more confirmation.



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GOLD monthly : This has lacked any REAL momentum since 2013 but does look to be benefiting from the usual SAFE HAVEN view. Whilst above the 38.2% ret 1283.53 it carries a positive tone.



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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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