

MULTI ASSET UPDATE : What are we waiting for, we could have a very hurried month end given the minuscule ranges so far, in February. It seems odd that this month has been so quiet post the explosive December-January and with SO MANY quarterly charts COILED for an explosive time. * PAGE 3 some BUND VOL opportunities. *****

We continue to be in a HEIGHTENED state of alert especially as the month end closes are looming, don't get caught napping on LOW VOL. Bund VOL is now back at 2018 lows so might be worth doing the following :

Bond yields : These continue to forecast lower yields especially in the US as we persist in failing multi year moving averages and previous closes. The acceleration of the drop will be the painful addition. Page 6 has an interesting US 2yr yield overlay with retail sales RSTAXAGM Index.

US Curves : If yields stall, buy BACK END steepeners, 5-30 or 10-30 given their resilience previously. In general the RSI dislocation prefer steepeners across the board.

Equities : These continue to be a BATTLE but SO many RSI's are overbought on the latest 2 week GRIND. We continue to remain AROUND many 200 day moving averages.

FX : Its not all about the USD, far from it given Brexit, Europe and EM. The USD has to take a back seat this time. EM is finally on the move and remains a firm favourite with the REAL MONEY.

FX UPDATE

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BONDS

- Despite some of the yield recoveries we do **STILL** have **NEW YIELD LOWS** on the year. We are also sub or close to **MANY** of the historical long-term moving averages.
- European bonds have performed well lately but I still believe need an external driver. One idea worth considering is **BUND VOL** back near its lows.
- Ref 163.75 RXM9 Comdty
- RXJ9 164.5/165.5 cs = 19/20 18d
- RXJ9 165/166 cs = 12/13 13d
- RXJ9 162p = 13.5/14.5 15d
- RXJ9 164.5/165.5cs vs 162p = 5/6 33d
- RXJ9 165/166 cs vs 162p = -2/-1 28d
- The US remains choppy but have posted some sizeable reversals last month.
- ****Major focus would be if the USGG30yr FAILS to breach 3.1241 moving average.****

Italy has **FINALLY** decided to **REJECT** the 200 day moving average 2.955, yields should target the 50% ret 2.664.

US 2yr yield quarterly : This chart highlights the HISTORICAL EXPECTATION is at 1980 proportions and thus expectation may have gotten ahead of reality. We could have a major top about to be confirmed by a re-breach of 2.4838. I have added a 100 period moving 2.9435 average highlighting last quarters high, a key failure.

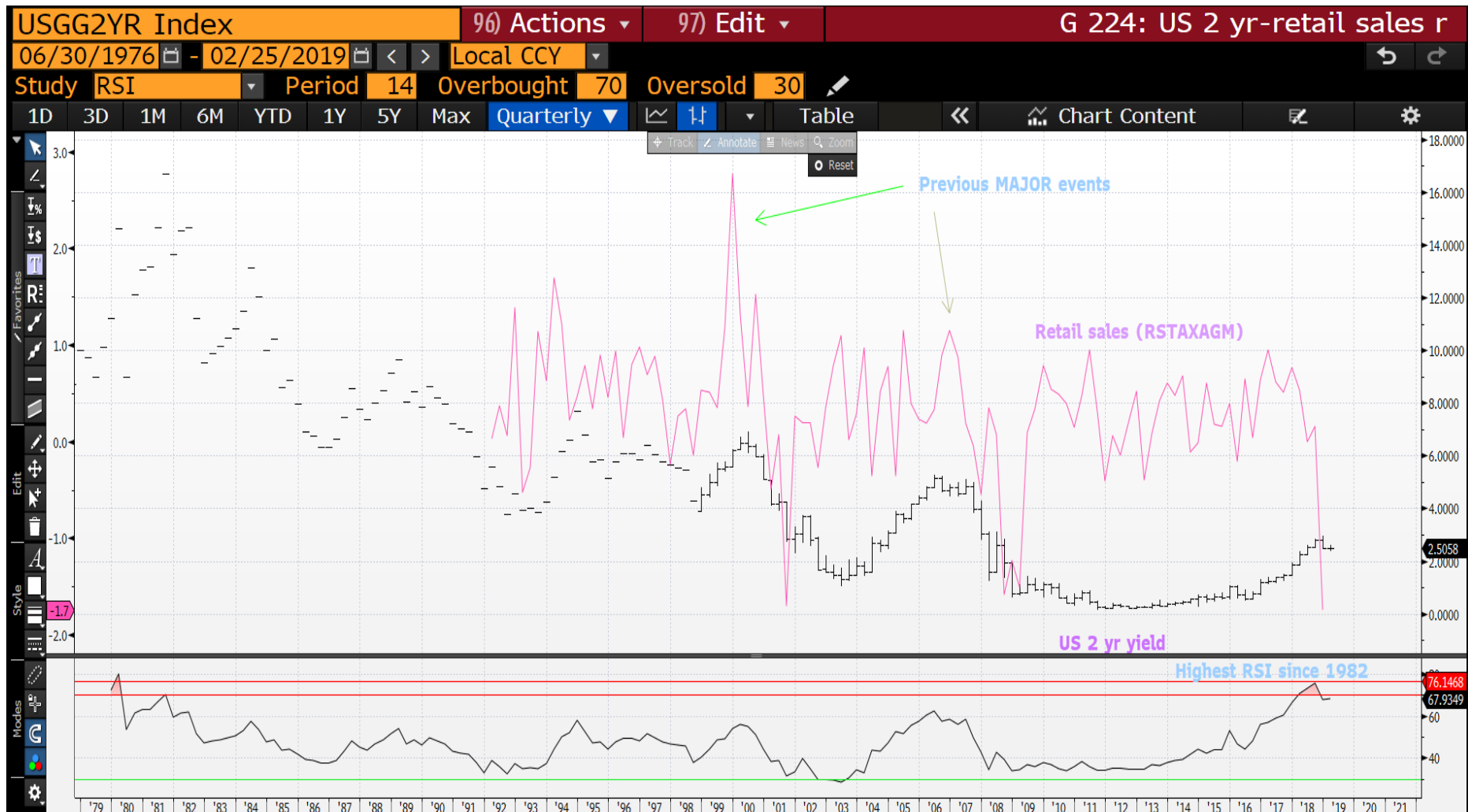


US 2yr yield monthly : IS this FEB's range, hard to think it will be. The monthly RSI dislocation backs up the previous chart, it will be key if we remain sub the 38.2% ret 2.7357. Any reversal to the lows will be a major statement.



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US 2yr yield-retail sales quarterly overlay : First thing is the RSI higher than EVER and now one of the biggest single drops in retail sales. Highlighted are the 2 previous occasions 2000 and 2007! Some thing is wrong.



US 30yr yield monthly : The moving average 3.1245 is proving key resistance and thus must be noted. Previous failure is easily highlighted by the circles and the RSI remains high. We don't have far to go to breach last month range, either way.



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US 10yr yield quarterly : Another historical formation pointing toward lower yields as depicted in 2000 and 2007. The RSI has barely turned and we have failed to breach the 2.7829 moving average, thus far. We could DROP SHARLPY!

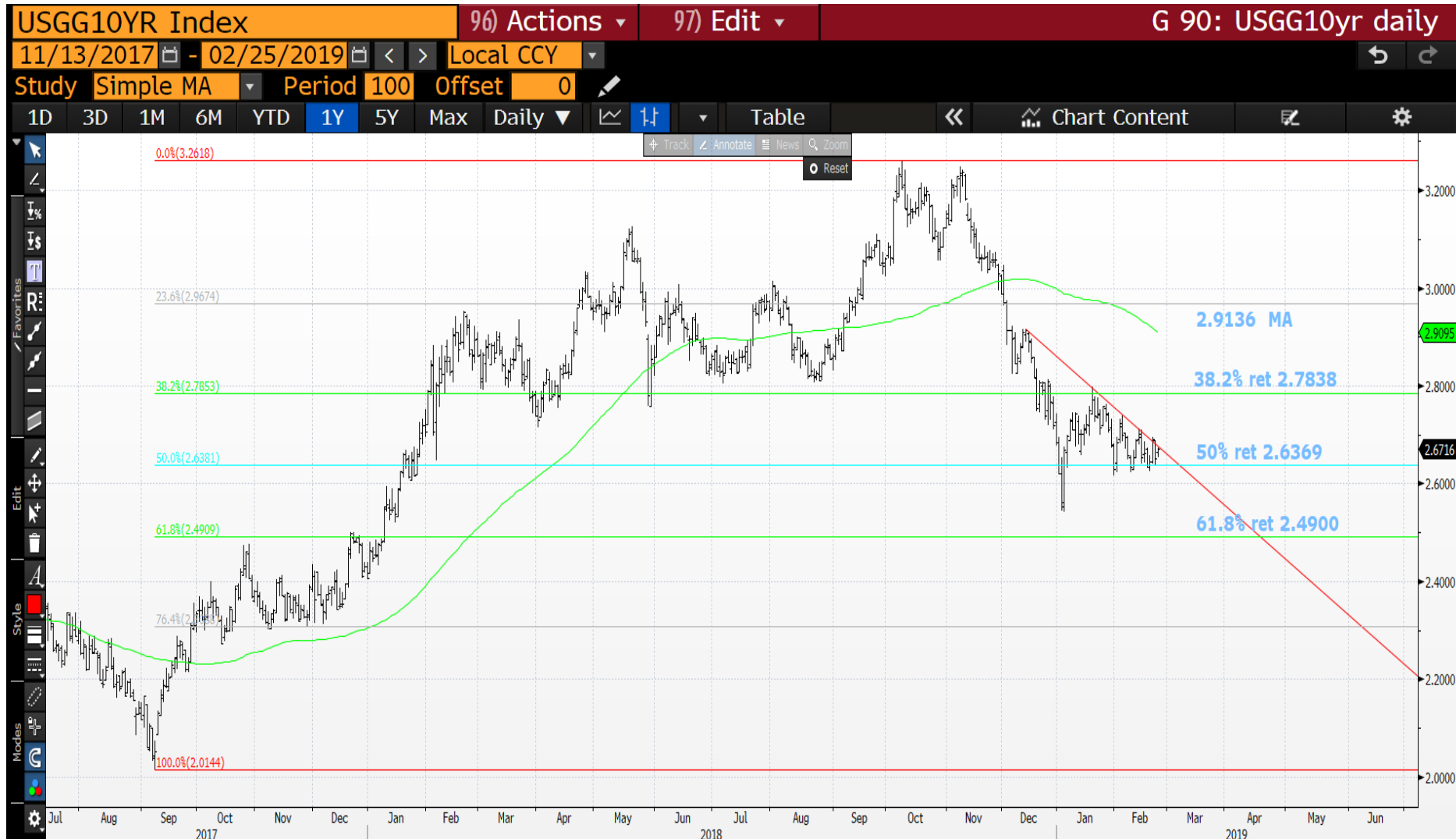


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USFS10-20 monthly : This has been a great boost to the argument for lower yields going forward (assisted by our swaps expert David Sansom), as the chart shows we have a similar historical pattern of failure at this moving average.



US 10yr yield daily : A pretty side ways performance of late but minimal bounce. Ideally we break sub the 50% ret 2.6369 before the TREND line.



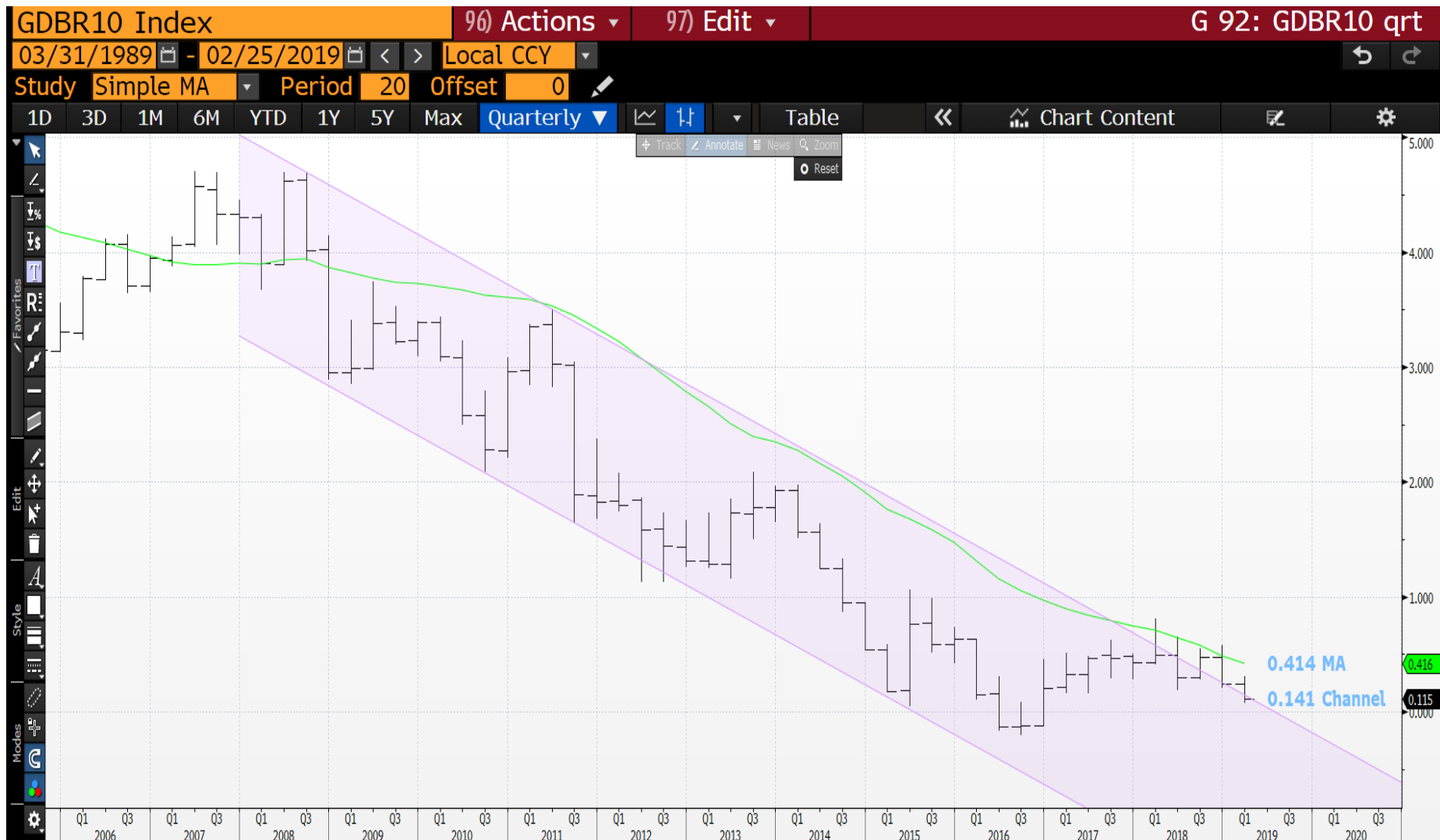
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US 5yr quarterly : This time we are above the moving average BUT the RSI remains lofty, 1982 proportions! Again we have a new yield low and close to last quarters close.



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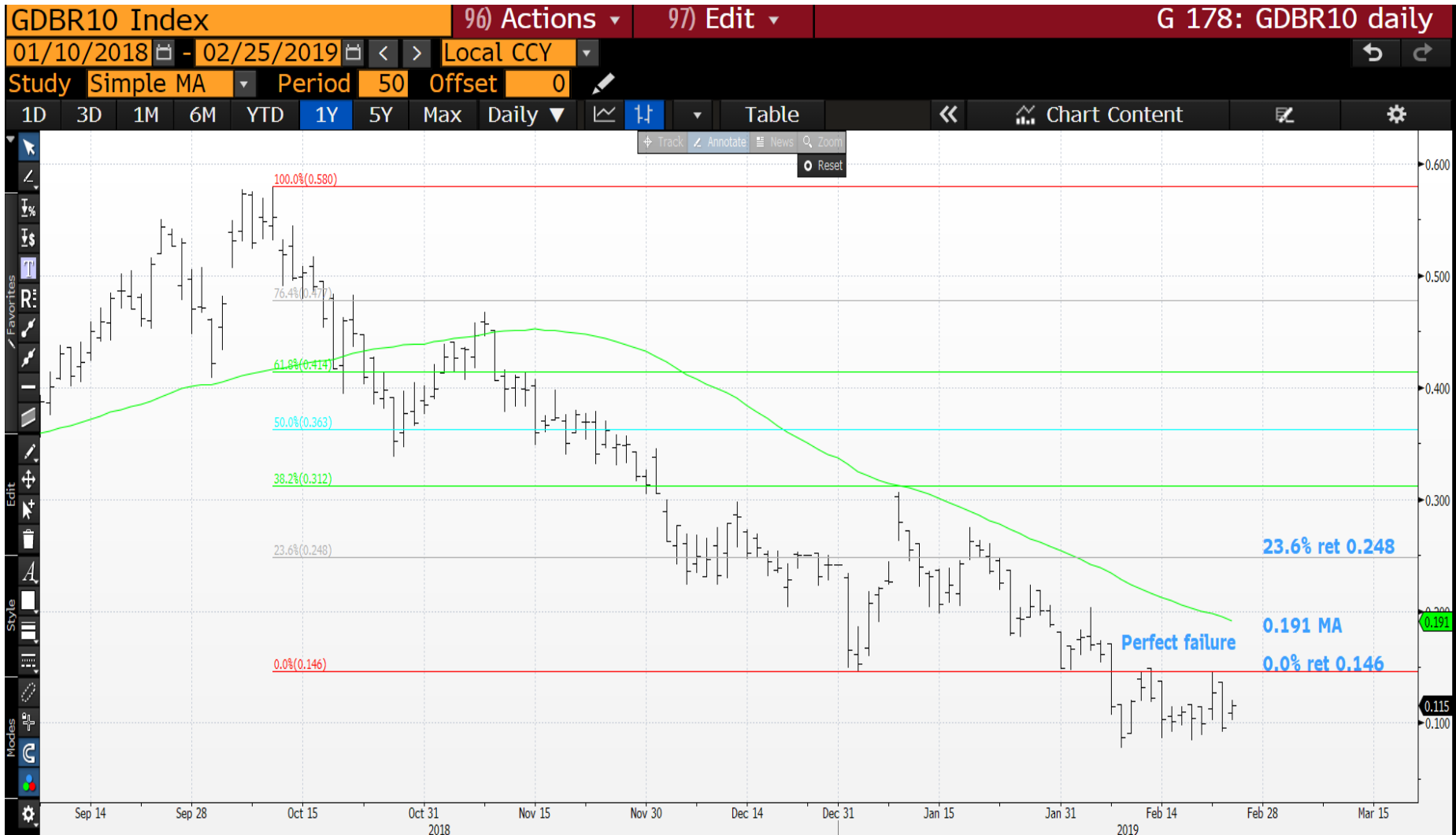
Generic German 10yr quarterly : We continue to grind lower and are now just inside the multi year trend channel 0.141. Yields should continue to drift lower.



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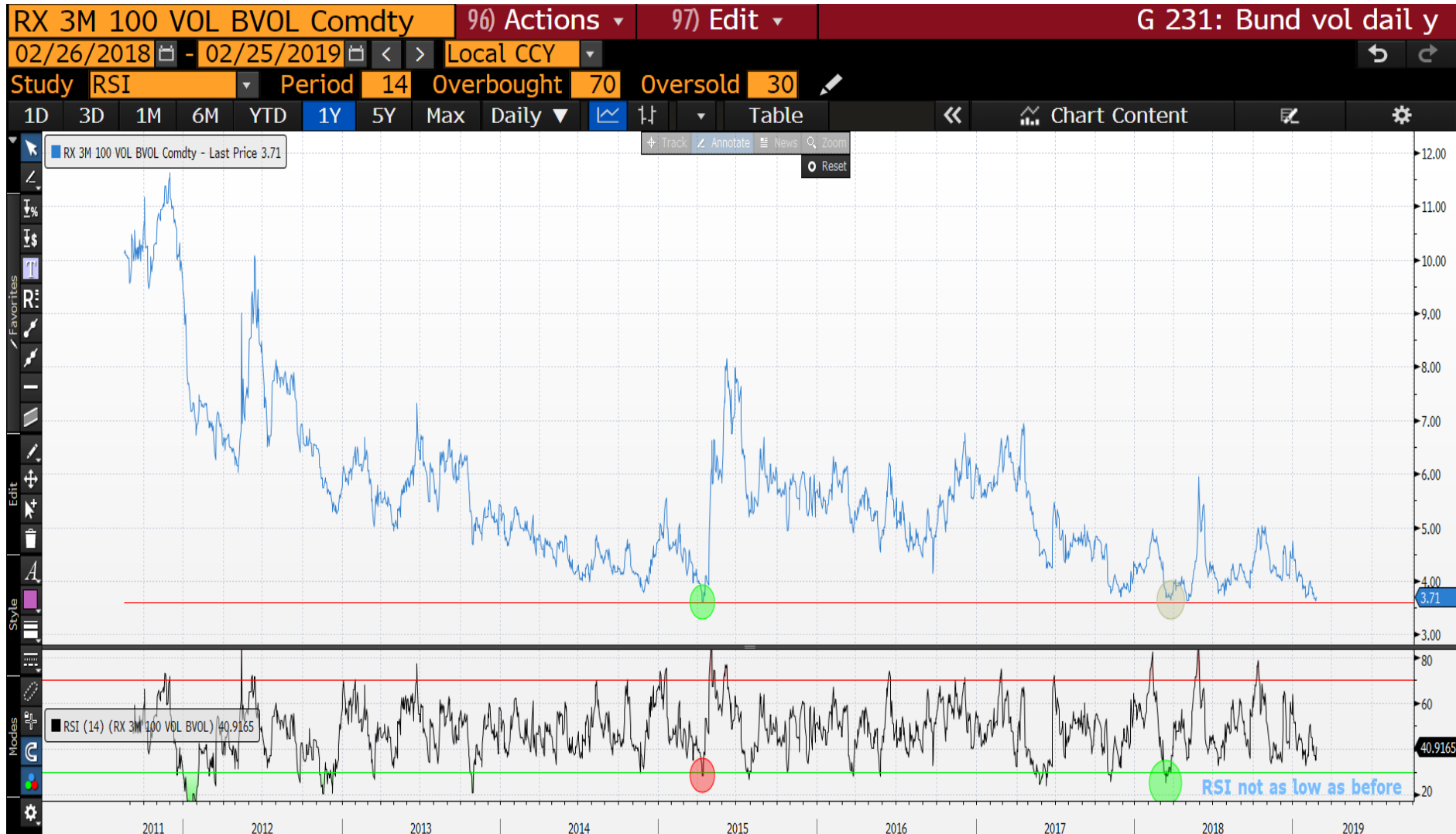
Generic German 10yr daily : Am near perfect failure at the 0.0% ret 0.146, we should continue to head lower.



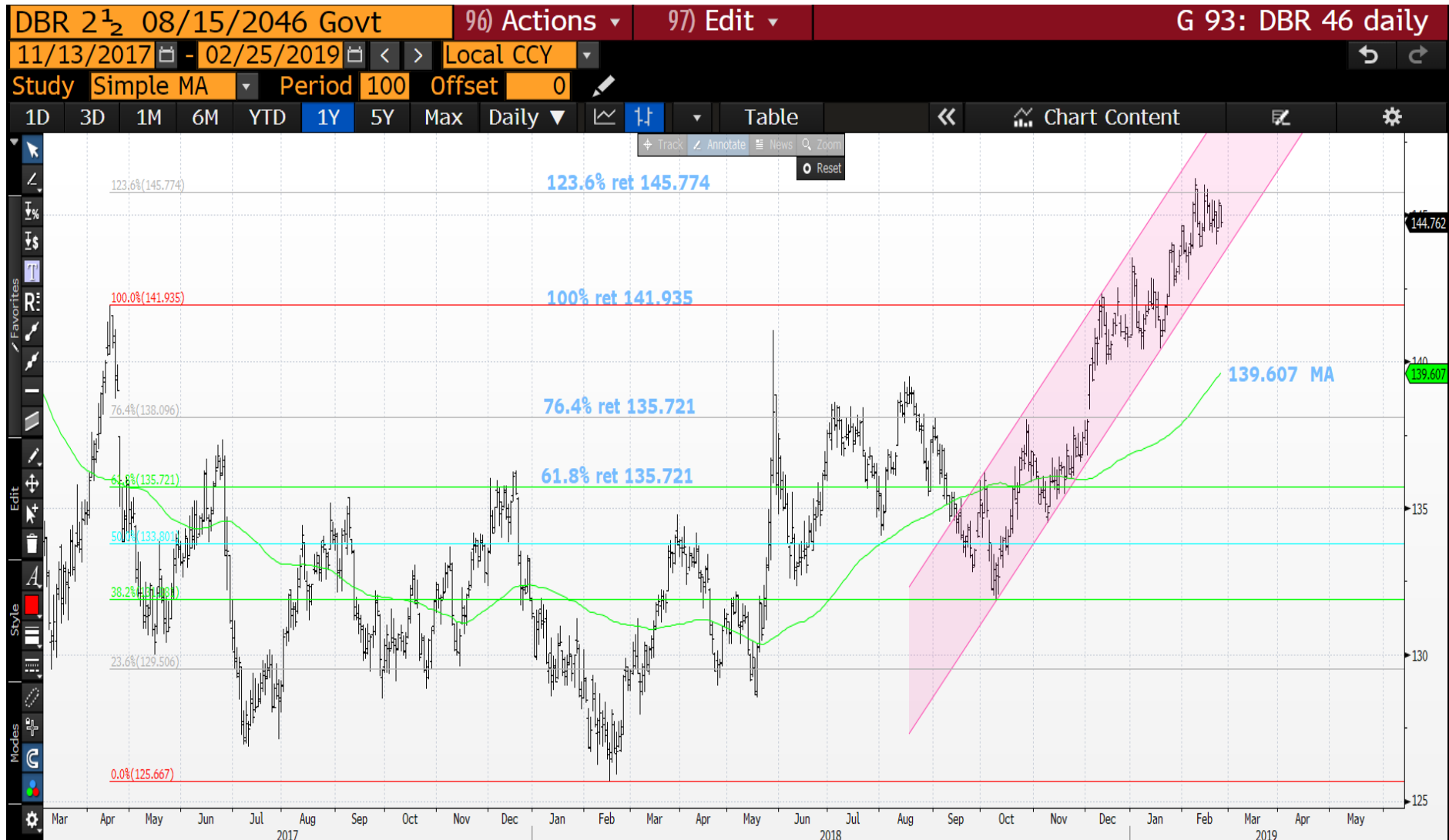
German bund VOL weekly : As can be seen we are at previous historical lows.



German bund VOL daily : This is a better highlight of the previous lows BUT sadly the RSI is lacking. Page 3 has several possible opportunities to trade this HISTORICAL dislocation.



DBR 46 daily : One of the most resilient bonds going and looks like it will continue to rally.



Italian generic 10yr daily : We have TEASED the previous high 2.955 and now failing aided by the RSI. Next stop the 50% ret 2.664.



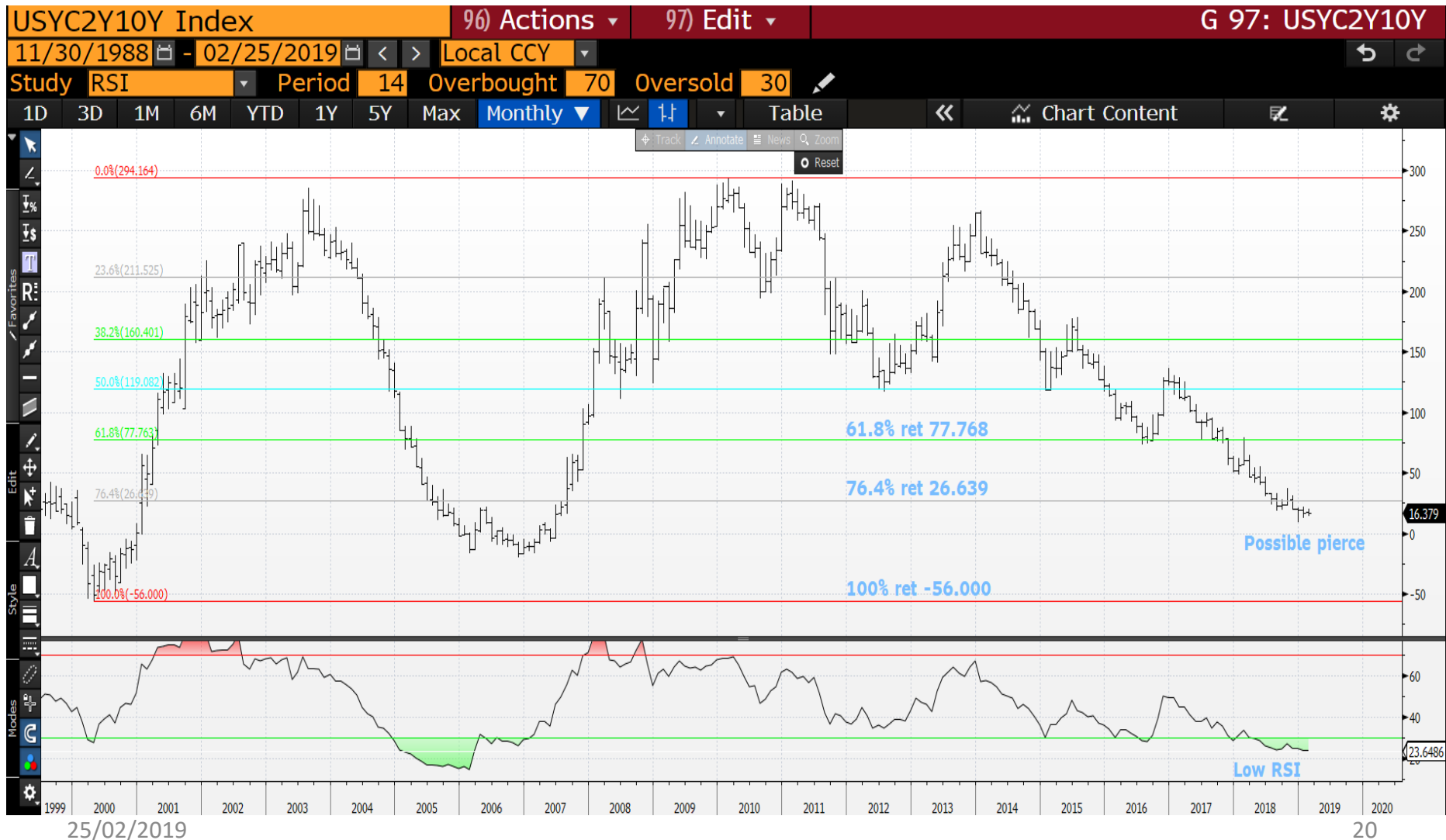
US curves a once in a lifetime opportunity?

- **Curves : Given yields should be heading lower again look to buy into steepeners in the back end. i.e 5-30 and 10-30.**
- **** 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.



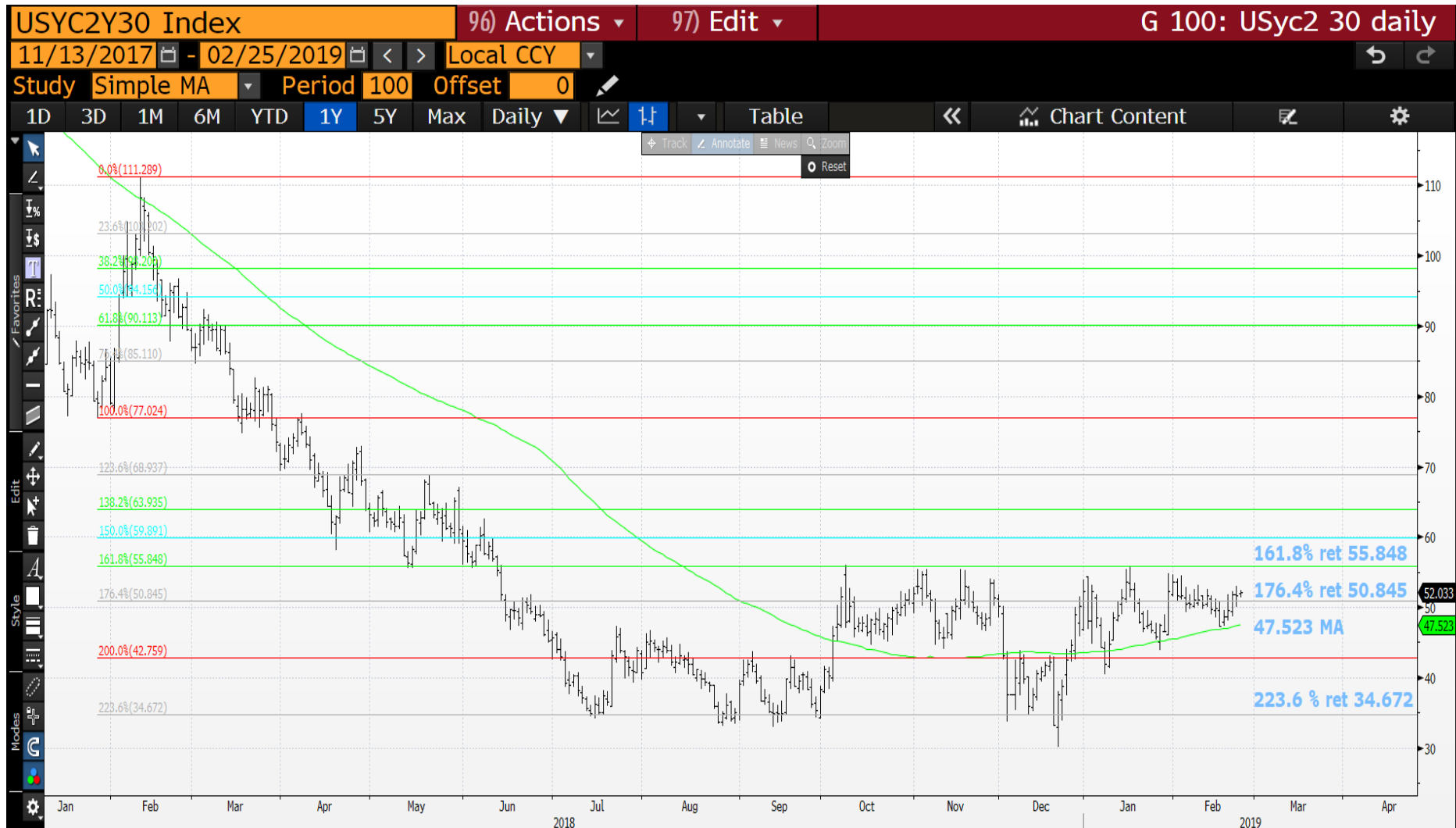
US 2-10 curve monthly : We might JUST have a base given we have a pierce! The RSI seems low enough, just need to get back above the 76.4% ret 26.639.



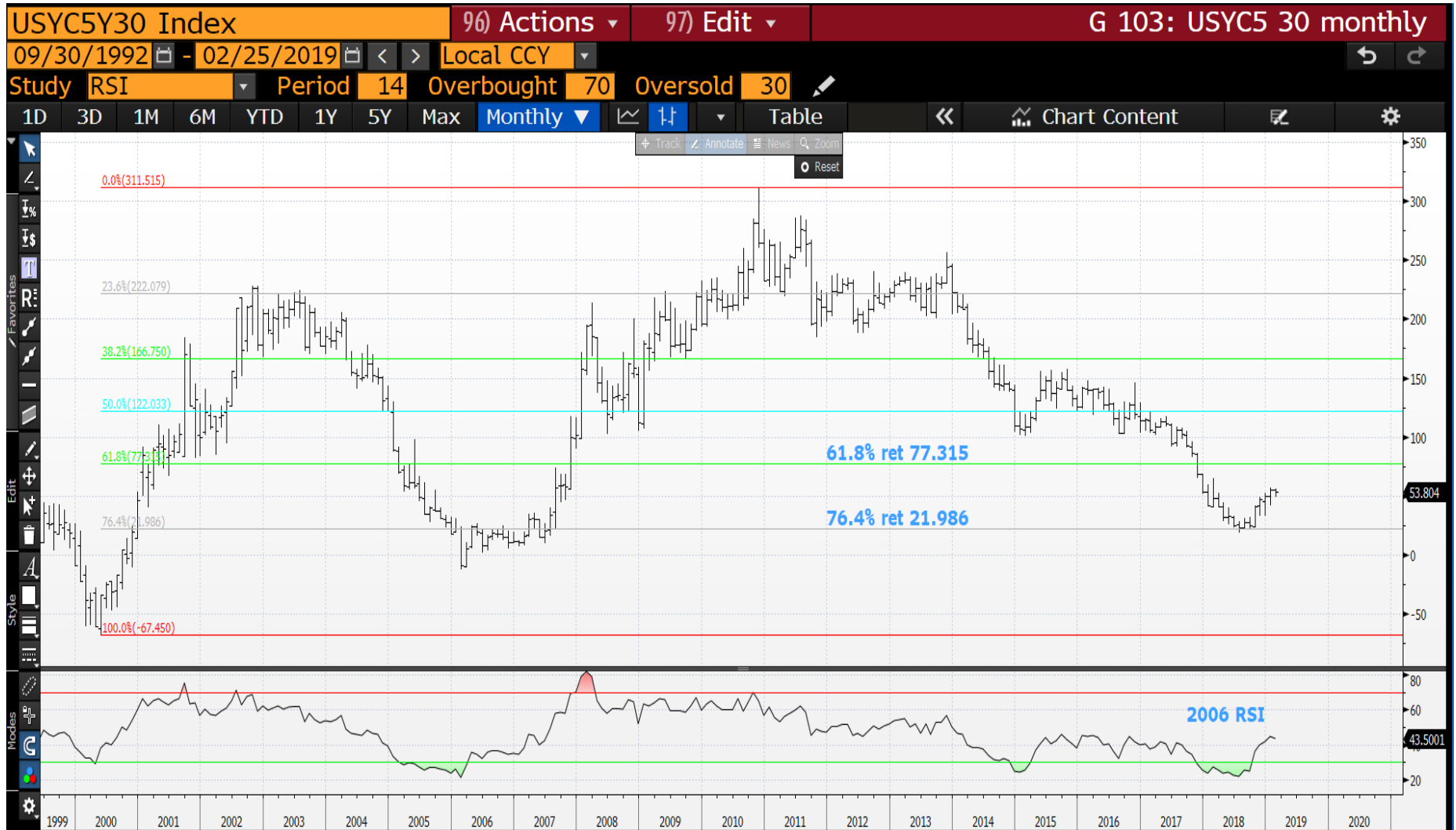
US 2-30 curve monthly : ANOTHER PERFECT hit and possible PERFECT BOTTOM to trade from. TO me this remains a VERY long-term trade and “what a great entry” knowing the LOW has been tested TWICE. We should start heading higher from here!



US 2-30 curve daily : A very SOLID base has now been BUILT against the 47.523 moving average, we just need to steepen. If we ever breach the 161.8% ret 55.848 we FLY.



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



US 10-30 curve monthly : A major steepening bias over all and next target the 61.8% ret 38.721. A breach of the 61.8% ret will be a BIG statement.



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EQUITIES

EQUITIES : A HUGE pain of late as the BOUNCE has been reasonable BUT many remain around 200 day moving averages, a tough obstacle!

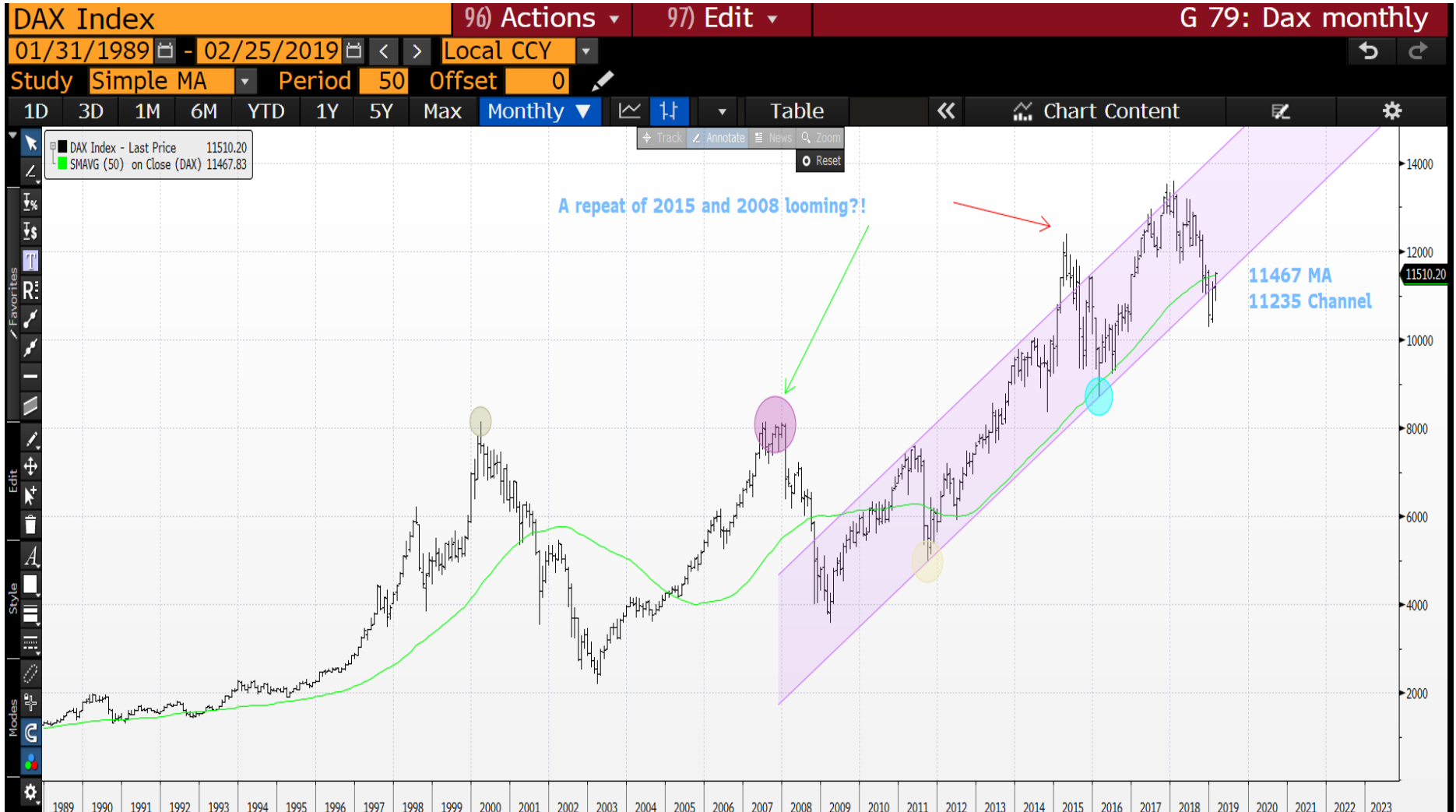
Although no NEW monthly lows we haven't rallied MUCH. It's a matter of TIME before stocks head lower AGAIN!

Europe is in a terminally bad way whilst the US is close to confirming the 10 year "RALLY" is over.

Both Nasdaq and Russell have 200 day moving average resistance.

DAX monthly : ***DAMAGED GOODS STILL***

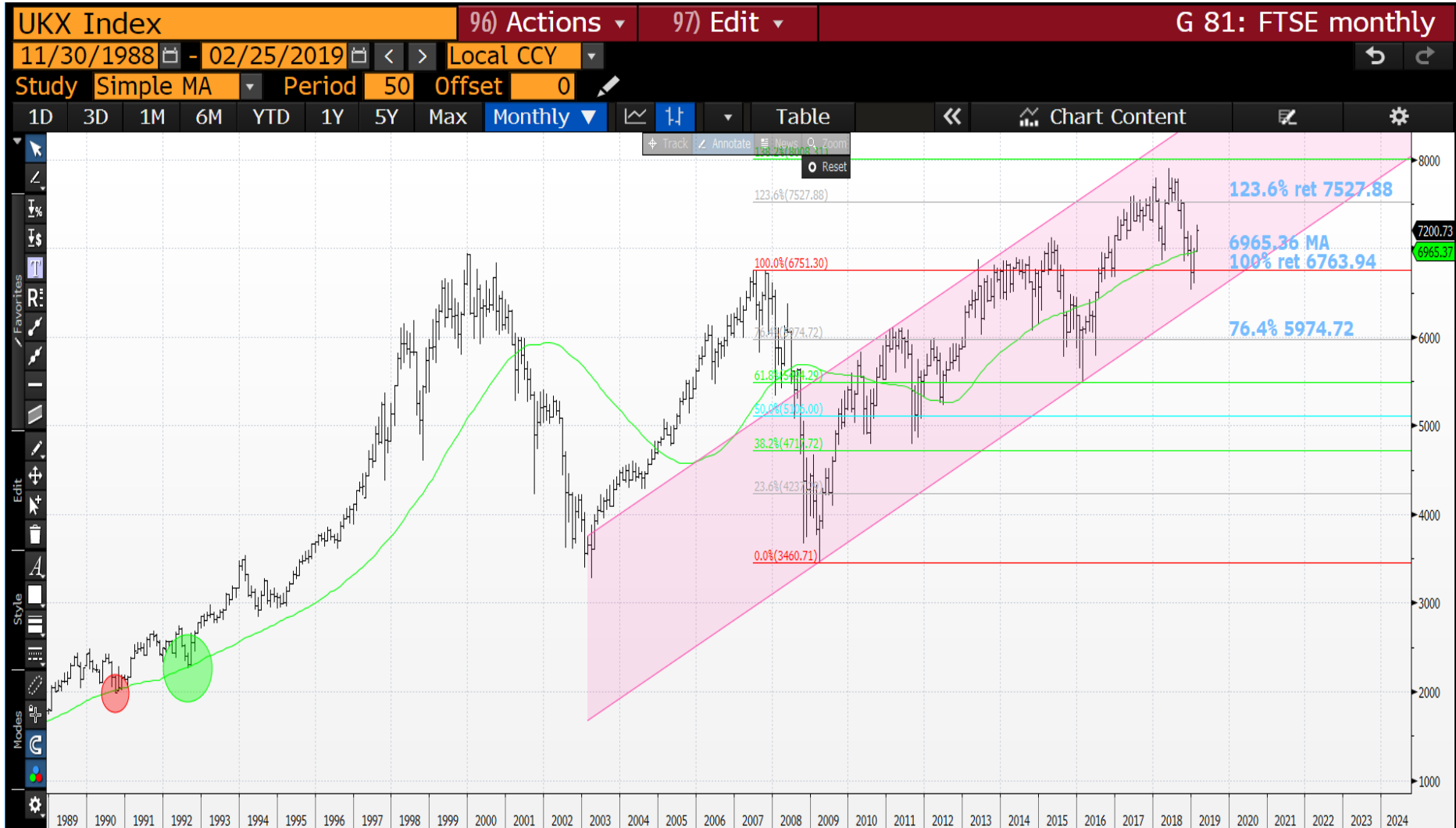
We continue to flirt with the multi year moving average 11467.



Dax daily : We really are in a range BUT the RSI is now VERY LOFTY.



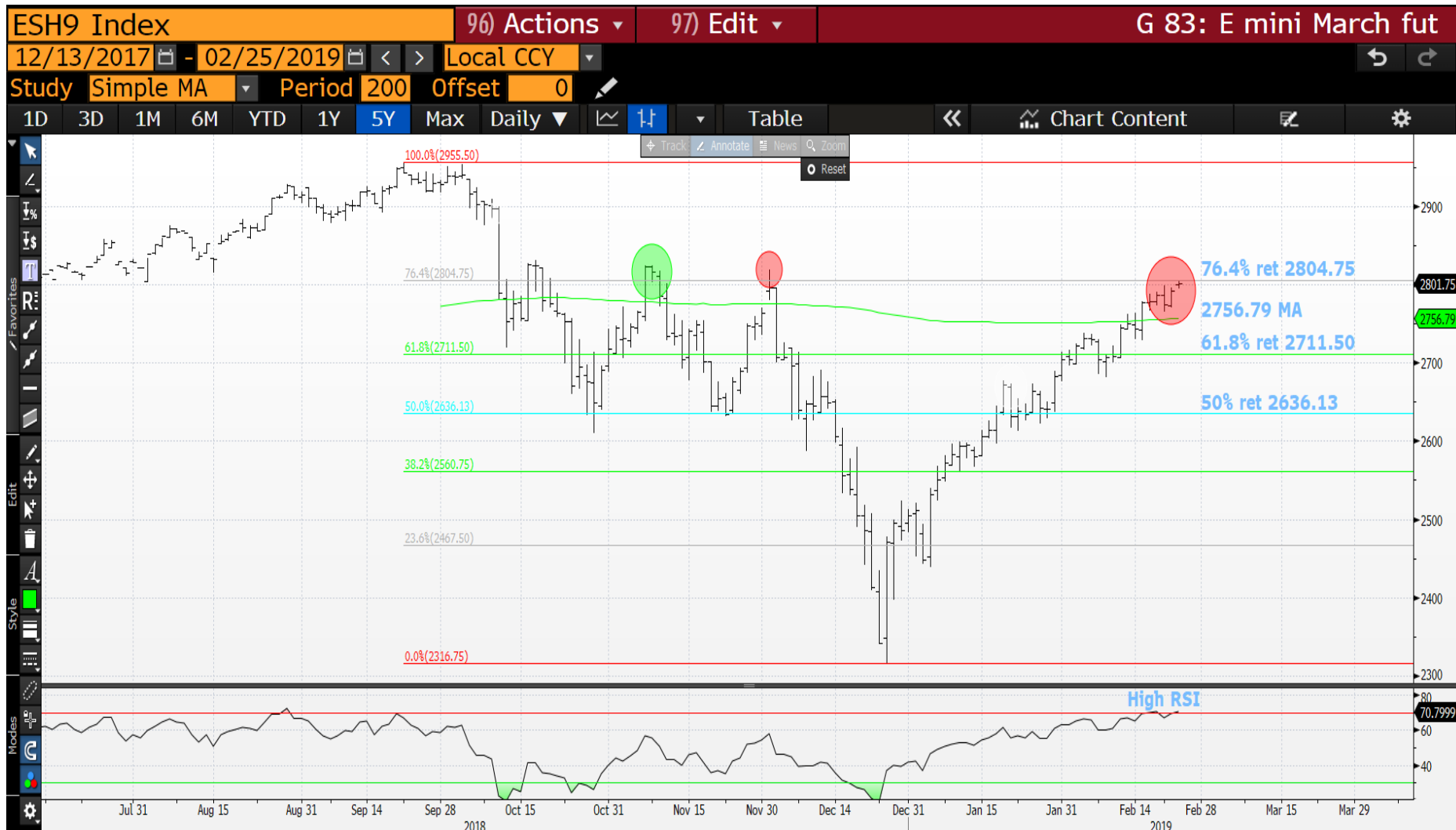
FTSE monthly : Not a great deal of progress either way on this index.



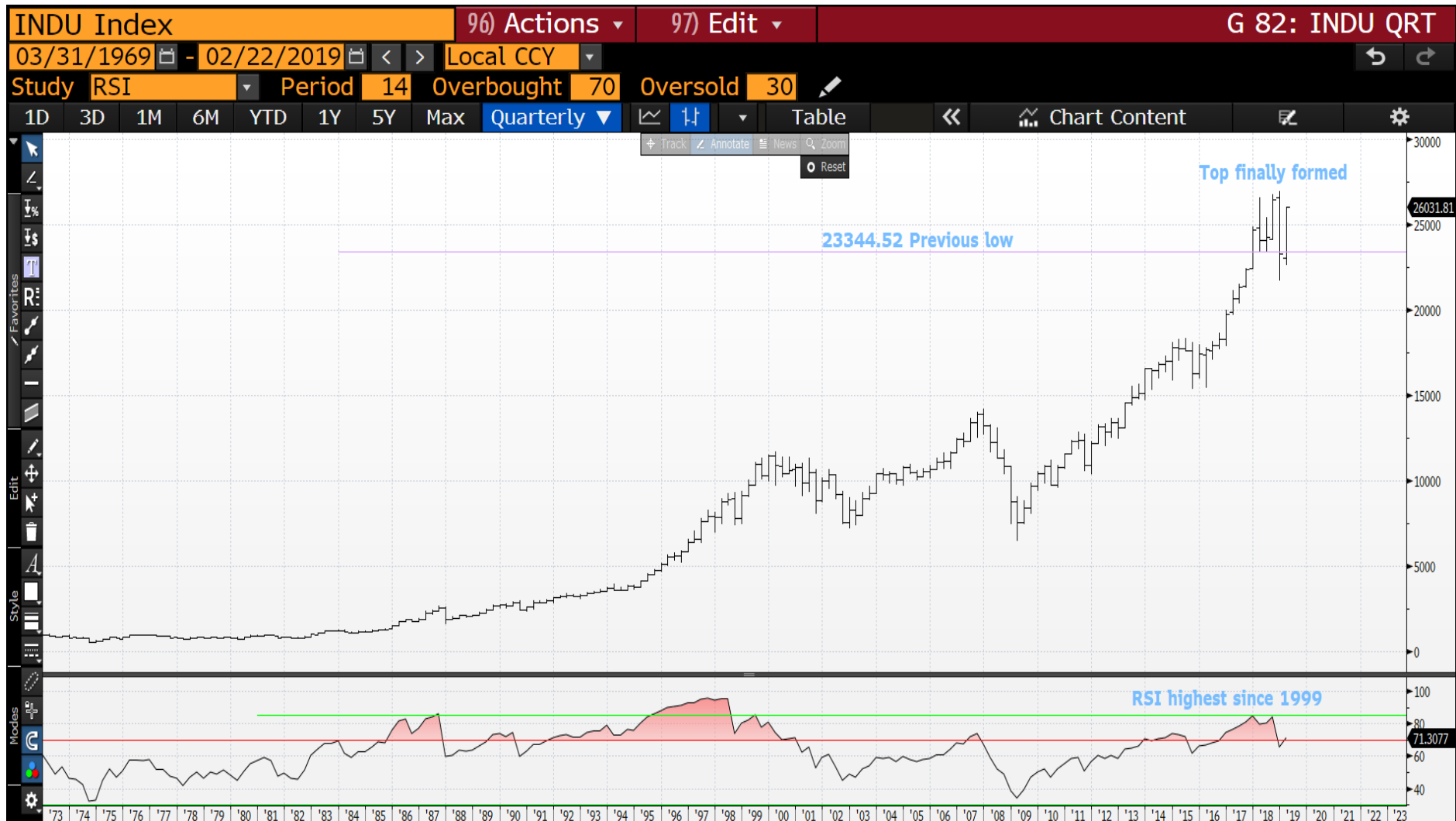
FTSE daily : The bounce has been painful for the bearish call but the RSI has now worked itself in to an over bought state. We continue to FAIL the 7289.09 moving average.



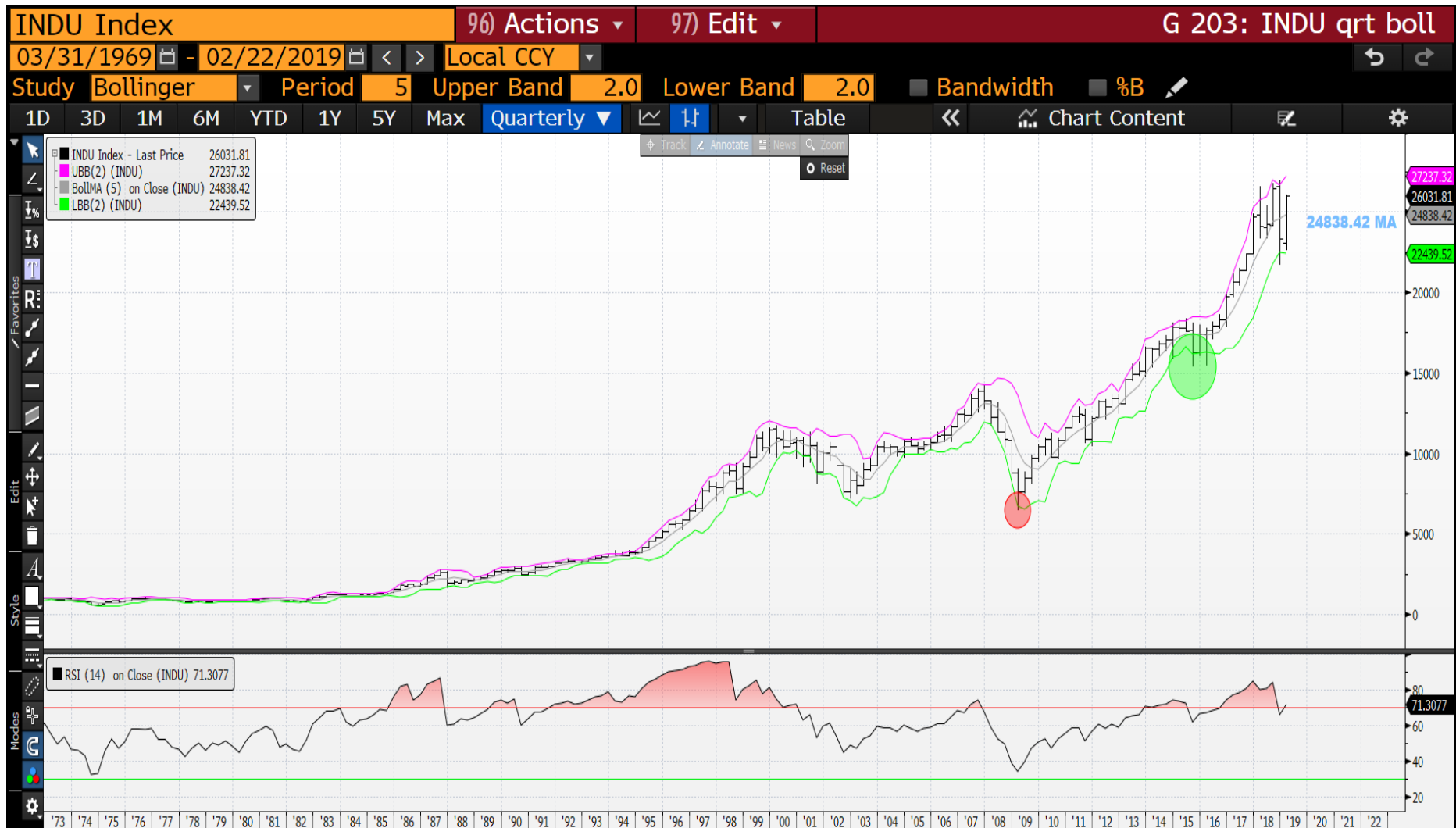
E mini S*P daily : We have snuck above the 200 day moving average BUT history shows that has not been a POSITIVE signal. Failure this week sub the 76.4% ret 2804.75 will be VERY bearish. NOTE the HIGH RSI.



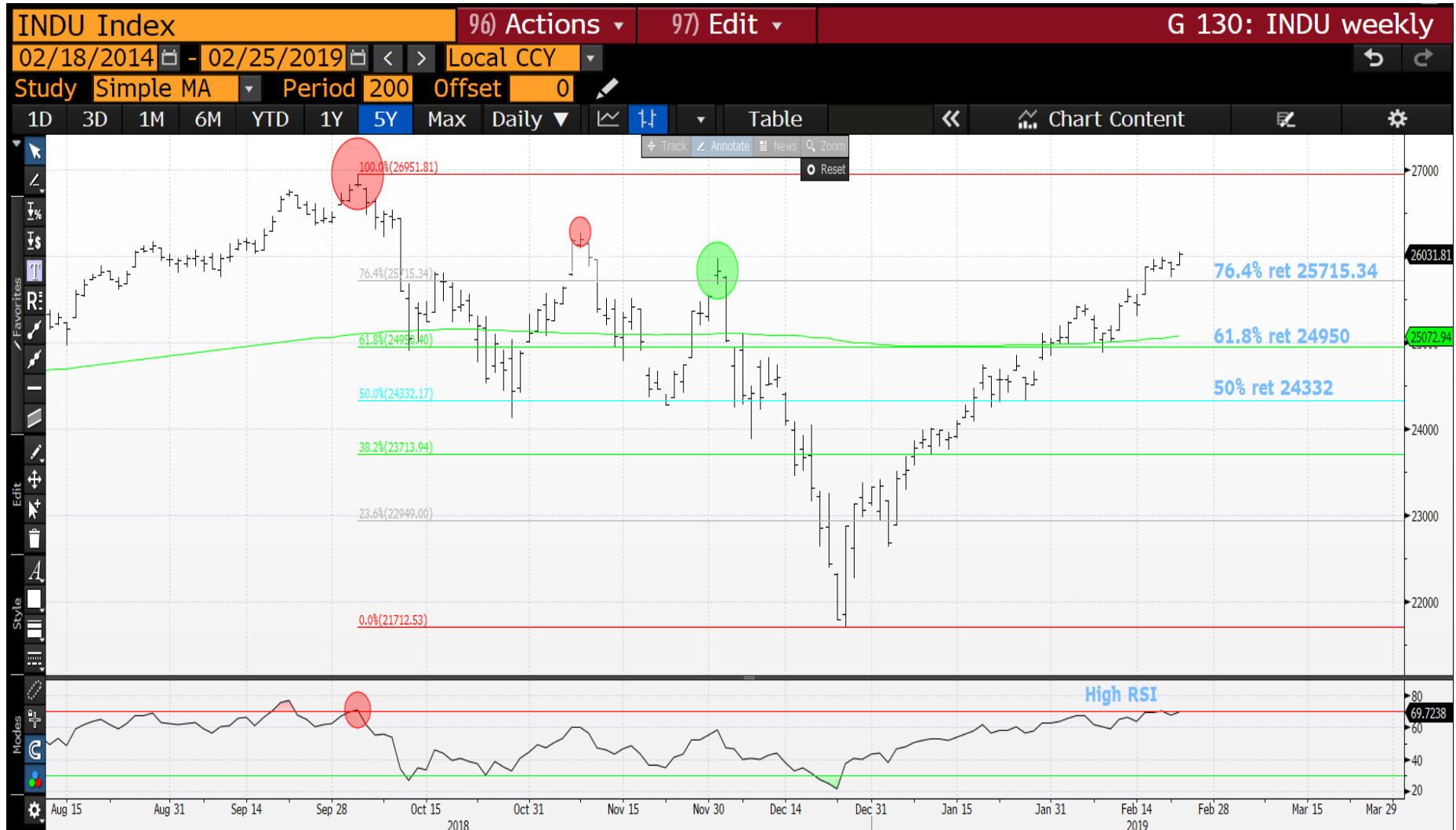
DOW quarterly : We have a “TOP” but need to capitalise on that with a move SUB the 23344.52 previous low.



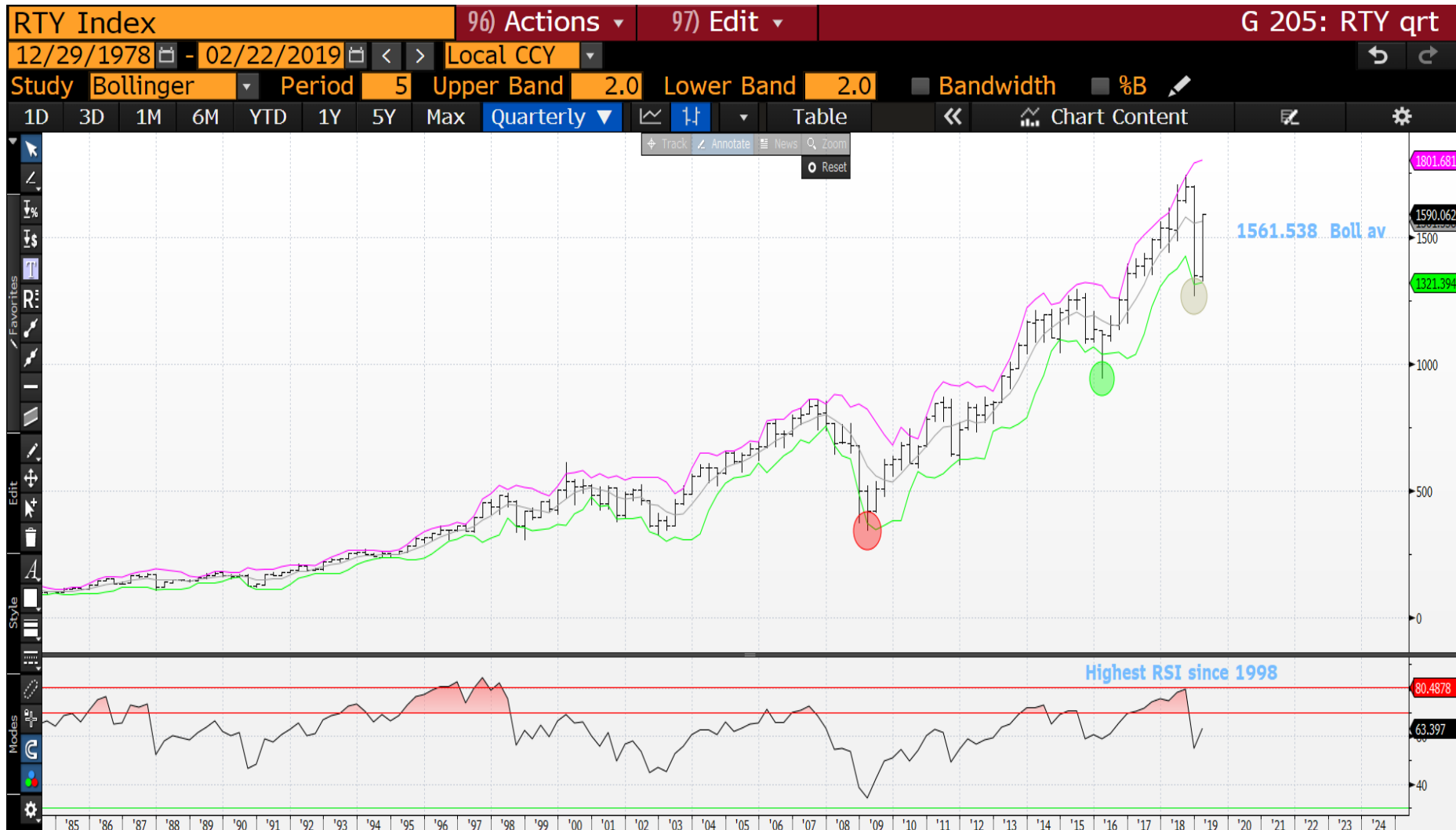
DOW quarterly : Last quarter generated pierces at either end of the range so IDEALLY to continue the bearish outlook we need to fail the 24838.42 moving average.



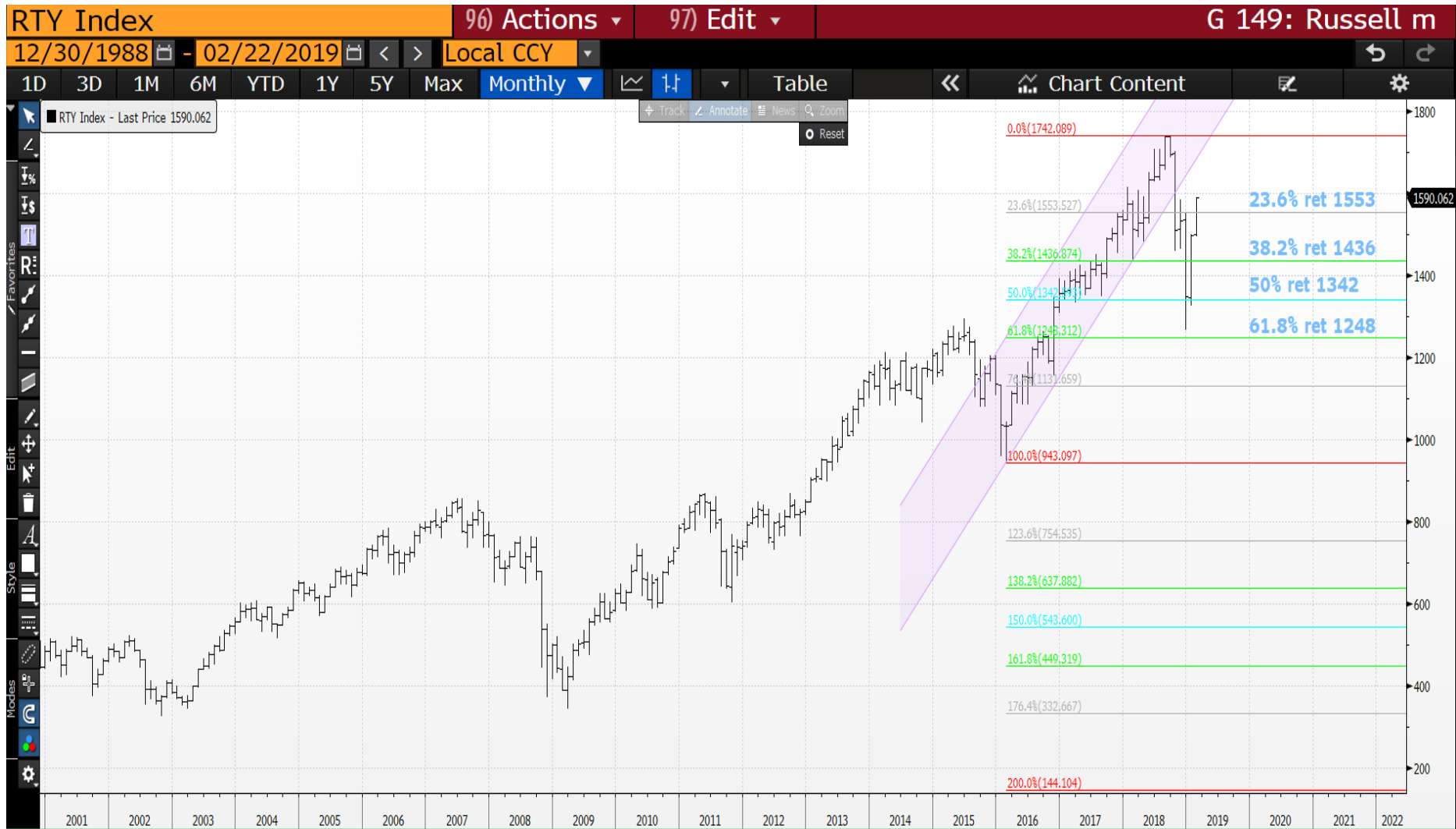
DOW daily : We are above the 200 day moving average as before BUT finally the RSI is similar!



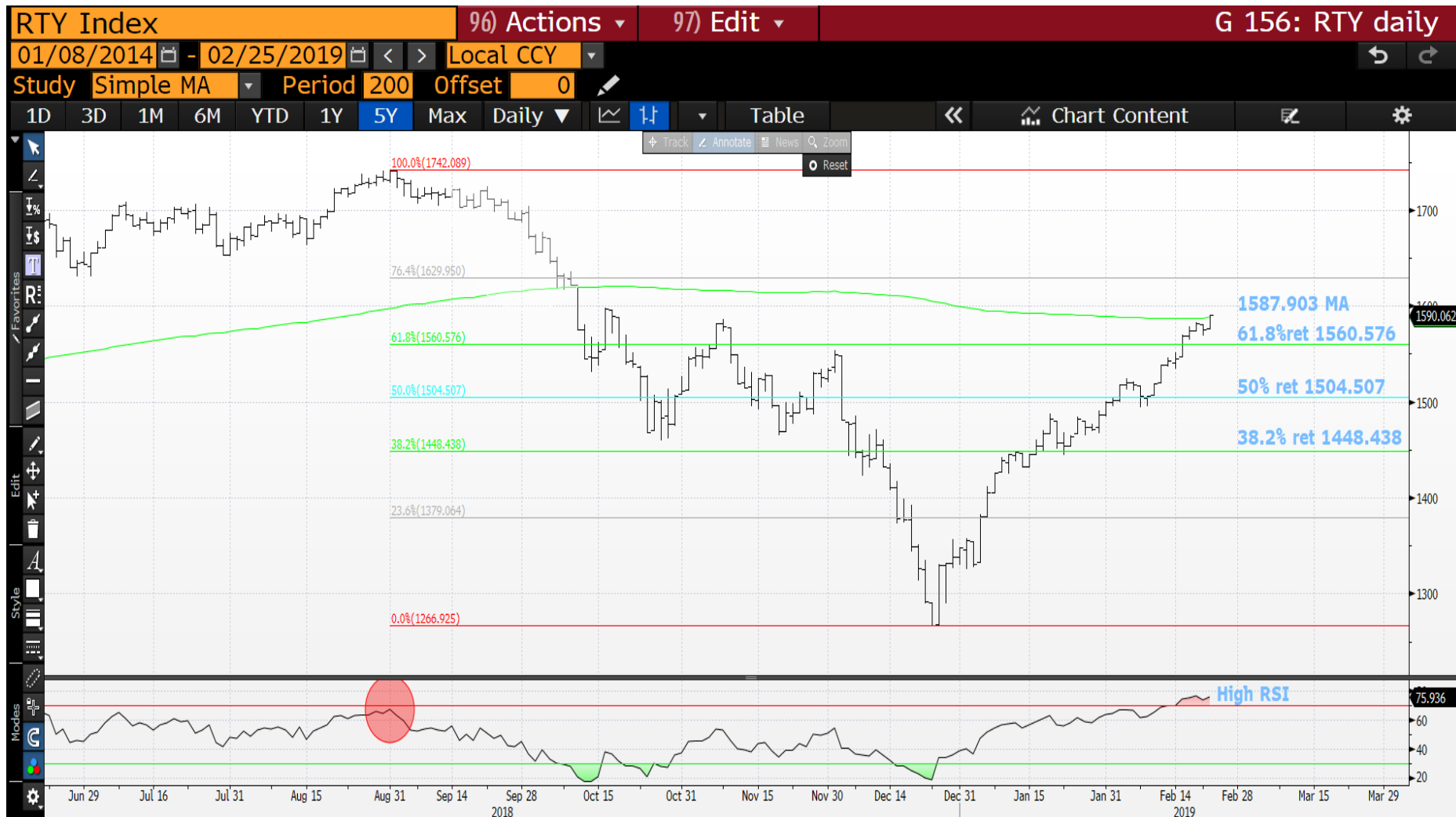
Russell quarterly : We have had a sizeable bounce but looks doubtful it will repair the terminal damage. Ideally we need to breach back below the 1561.538 bollinger average.



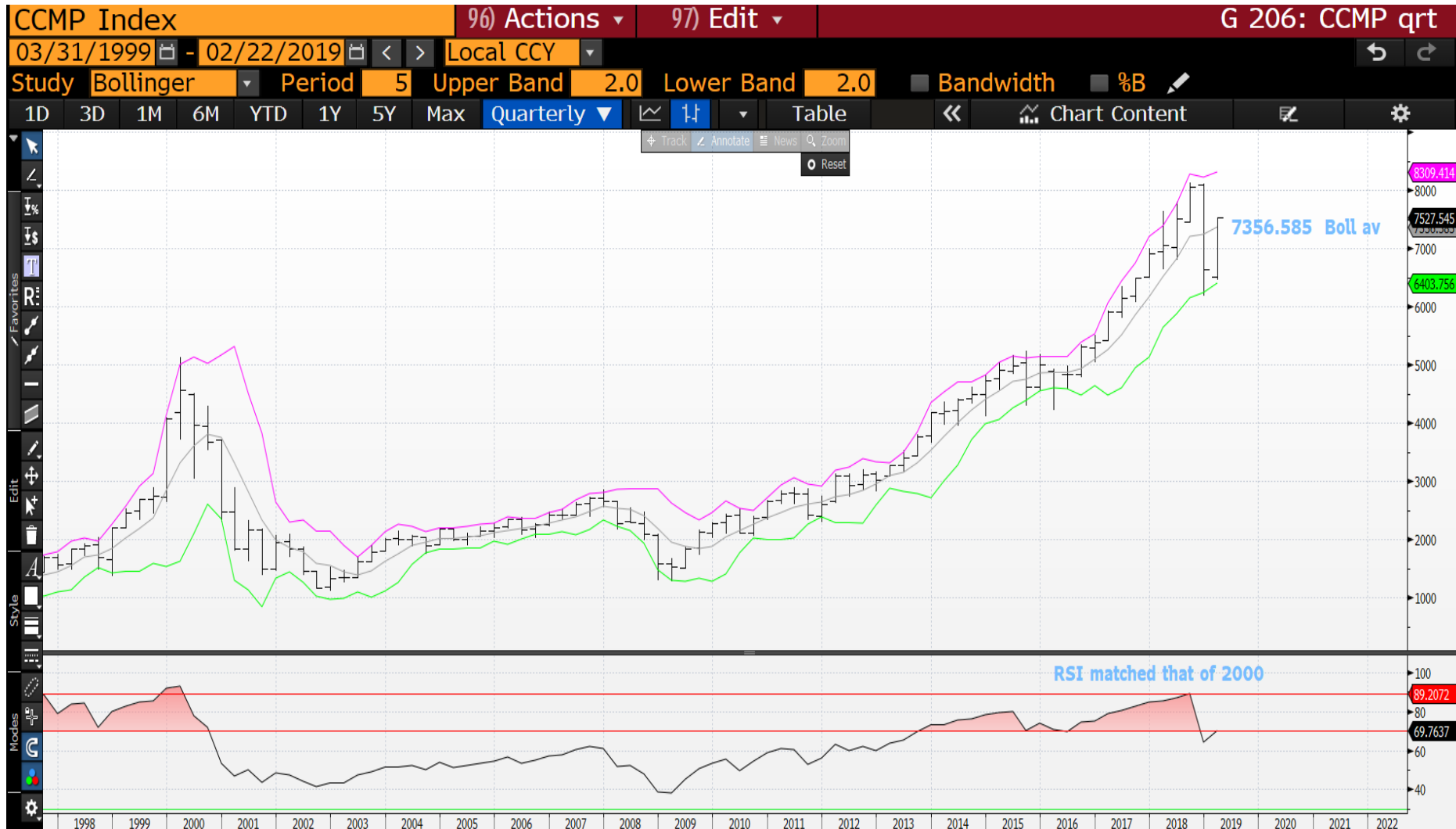
Russell monthly : We have had a sizeable bounce and ideally nip back below the 23.6% ret 1553.



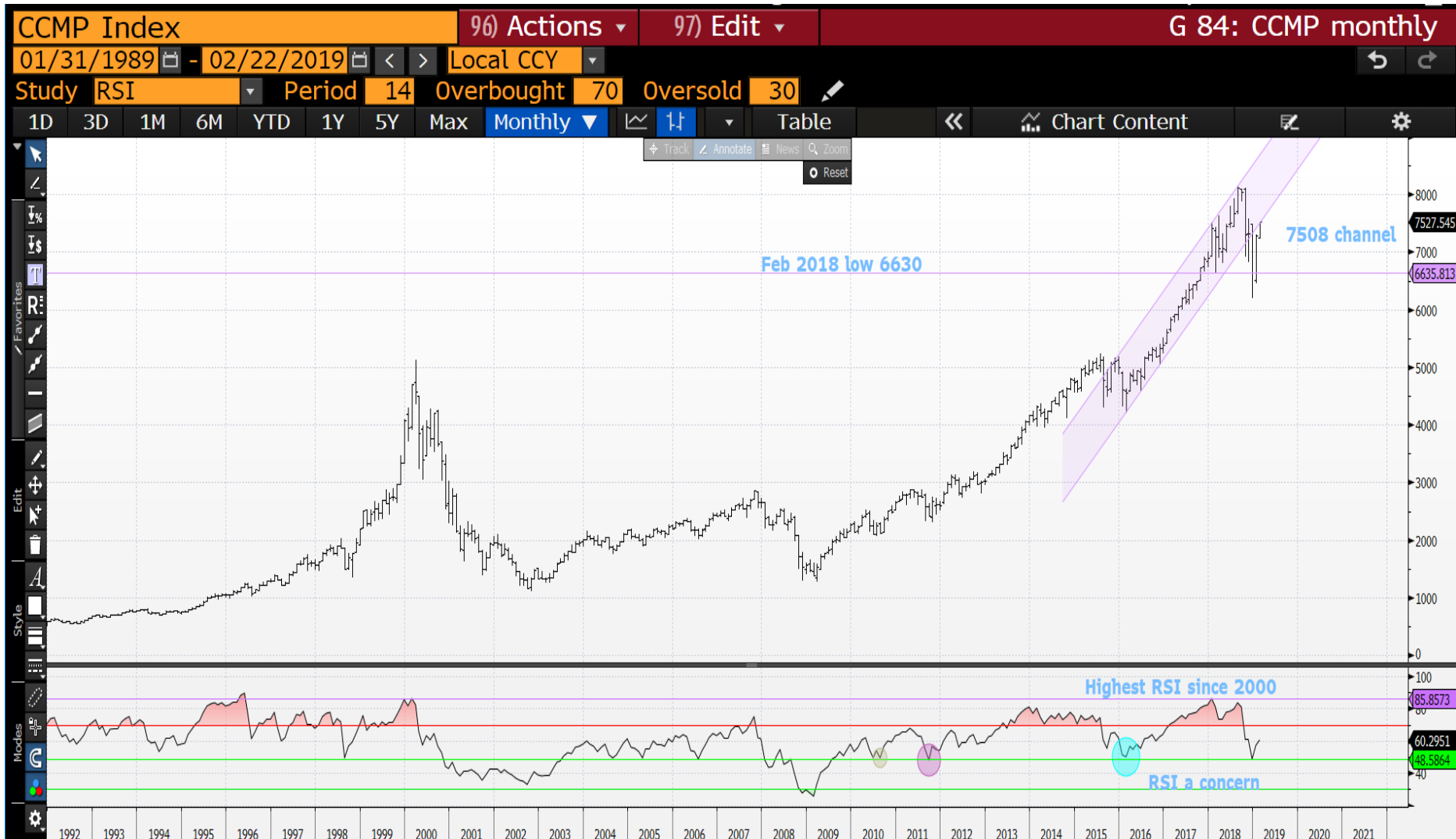
Russell daily : The RSI is now in VERY overbought territory and ideally we can breach the 61.8% ret 1560.576. The 200 day moving average 1587.903 continues to be pending resistance.



CCMP quarterly : A nasty bounce that minimally needs a close sub the 7356.585 moving average.



CCMP monthly : The RSI is a concern here so all to play for as we approach channel resistance 7508. The RSI is a pain.



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CCMP monthly : The RSI is lofty but we do need to breach the 61.8% ret 7391.021 and 7470.732 moving average.

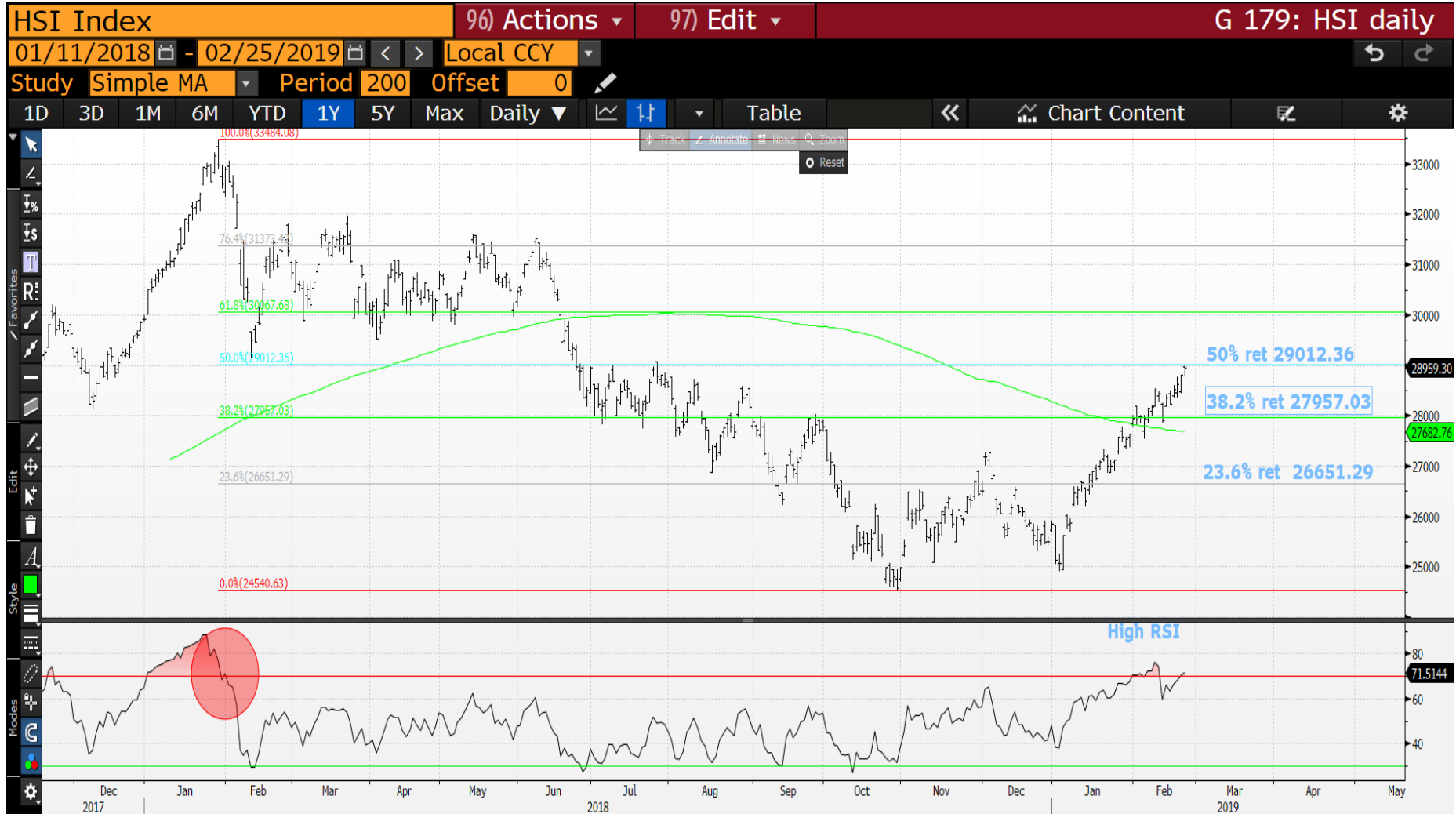


Hang Seng monthly : This is the biggest obstacle to a any short as this market formed a MAJOR base against its long-term moving average 25342.91.



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Hang Seng daily : The RSI is confused but we are hitting the 50% ret 29012.36.



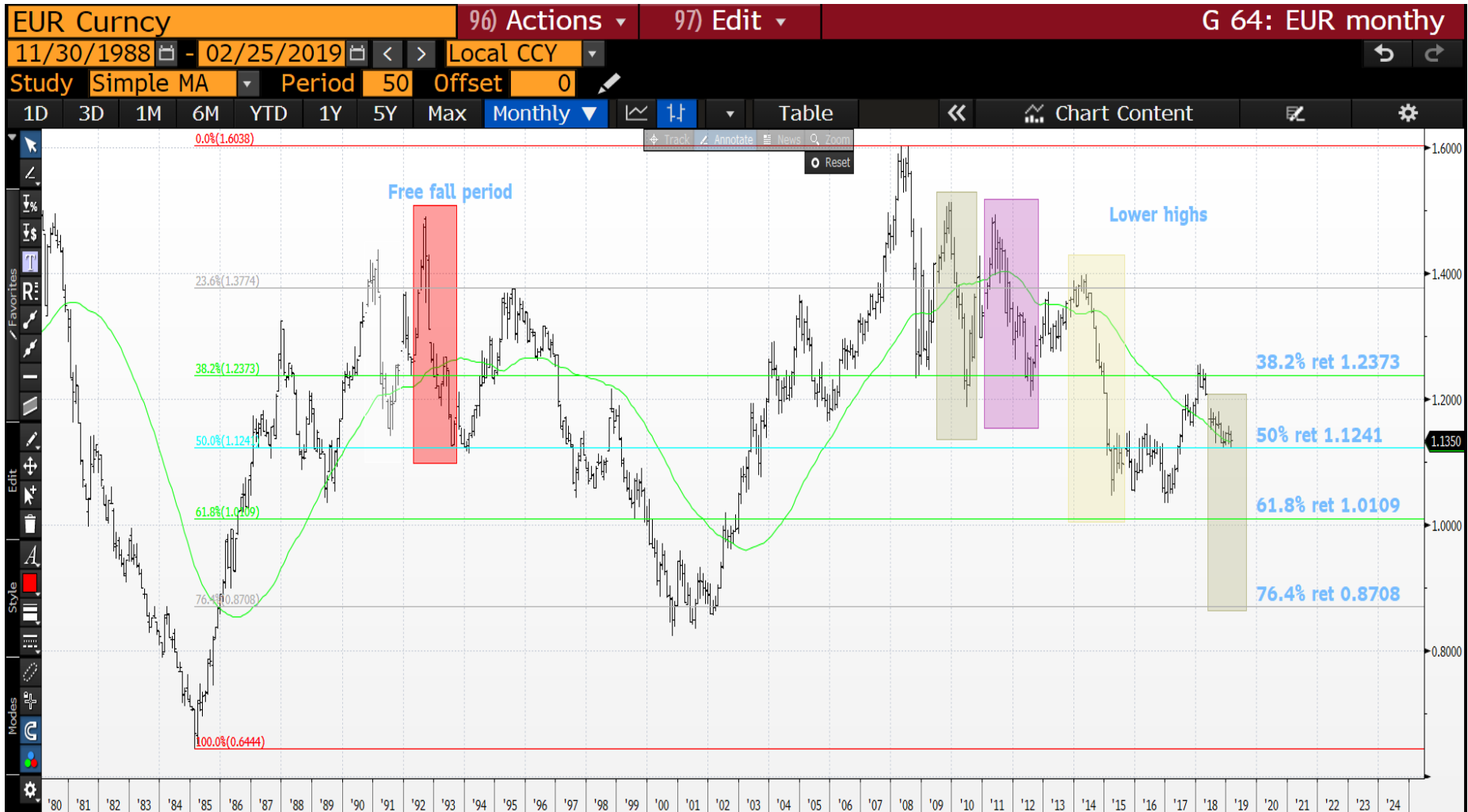
Nikkei monthly : A similar story to the Hang Seng in that we need to breach the 50% ret 20489.16.



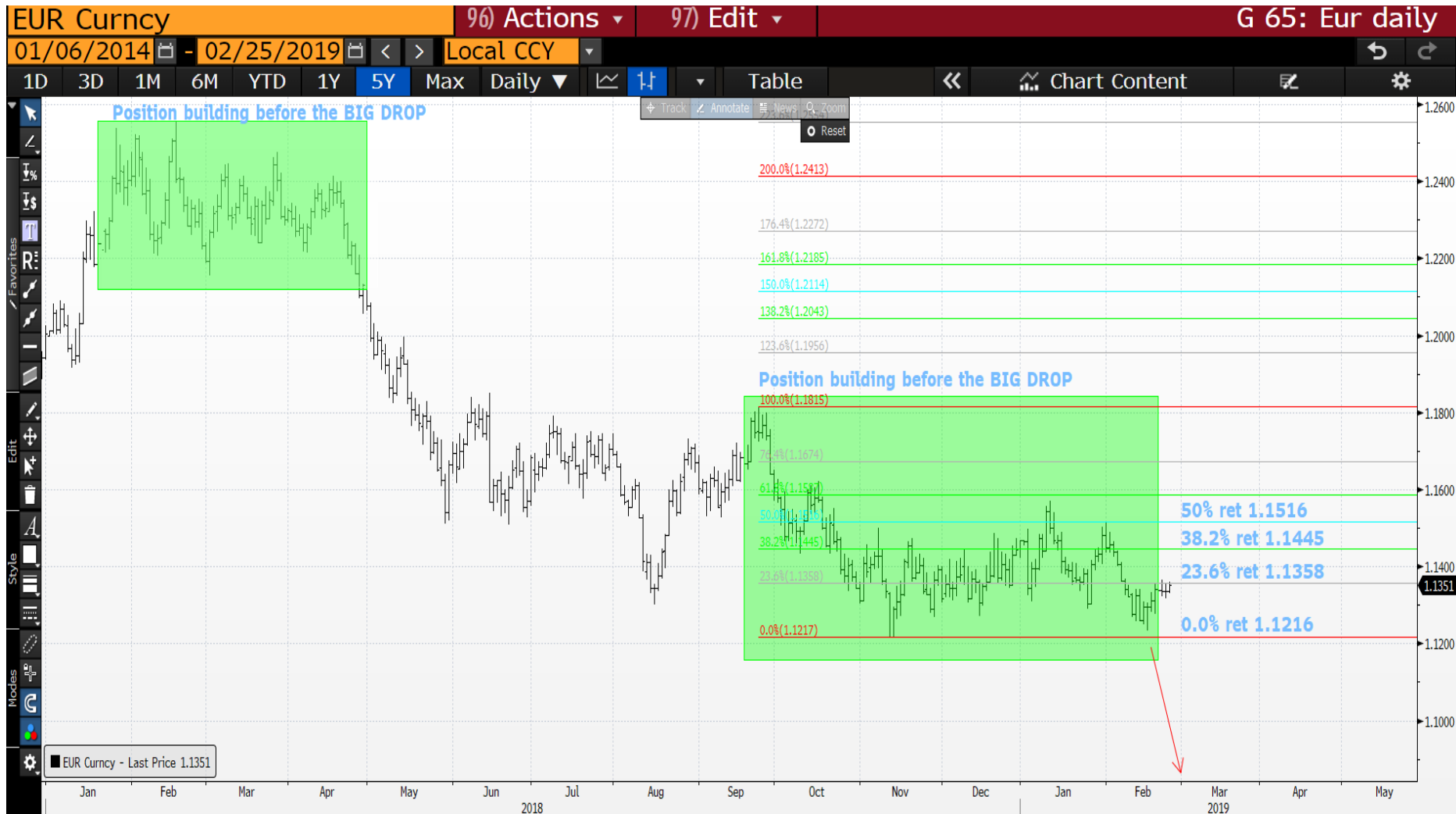
FX UPDATE

- **FX UPDATE :**
- **EURO :** The EURO is “HOTTING UP” as we ease toward a Brexit conclusion. Sub 1.1241 will be catastrophic. If 1.1241 is ever breached then EUROPE-EU has a MAJOR CREDIBILITY ISSUE.
- **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** is teasing the 50% ret 95.859 with little RSI drive.
- **EM** now stepping forward as MANY multi year tops are close to being confirmed. EM is a firm favourite with REAL MONEY.

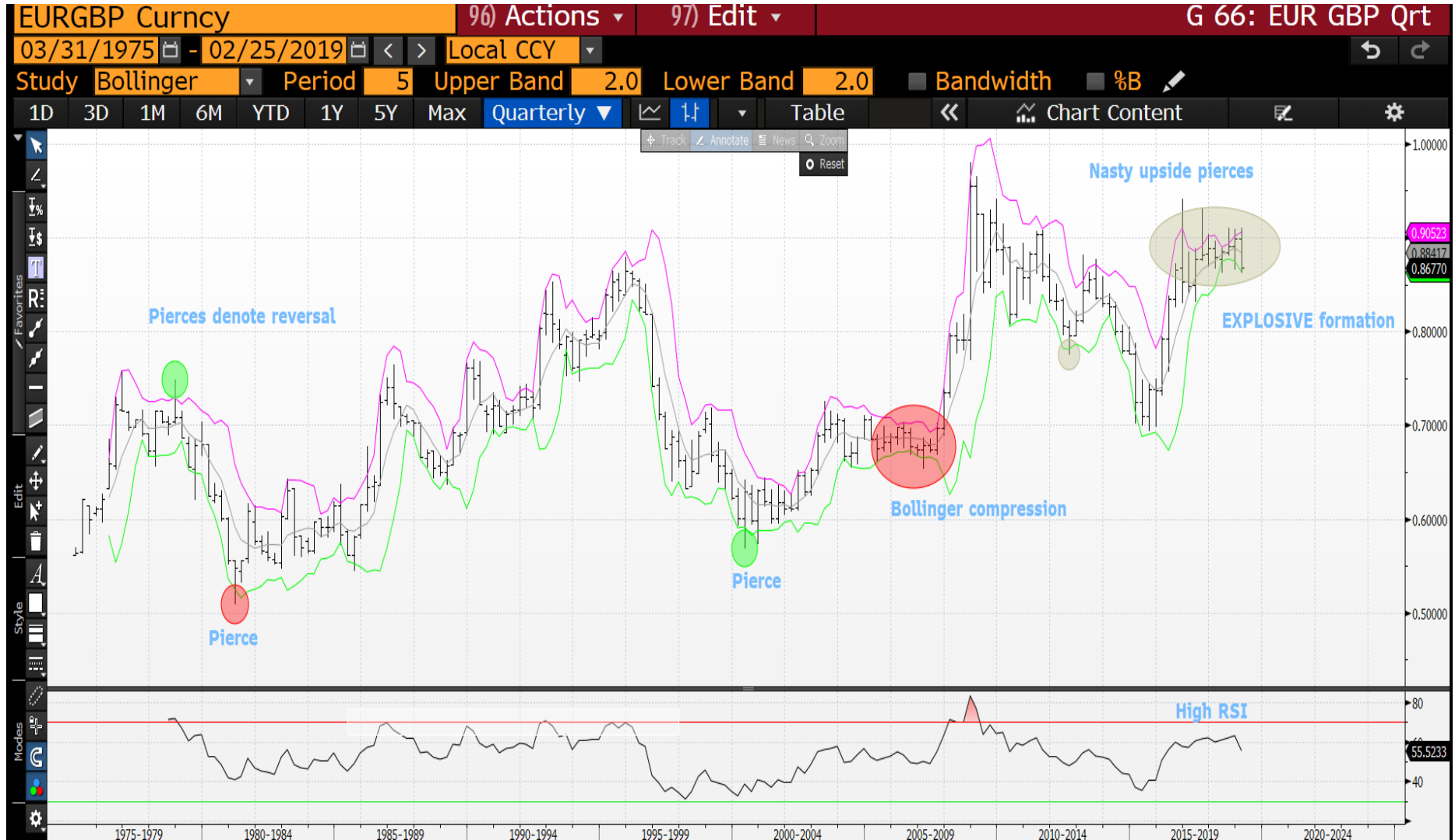
EUR USD monthly : The niggles here is we have HELD the 50% ret 1.1241 but continue to trade sideways with little bounce. Sub 1.1241 we freefall, there are previous range extensions highlighted.



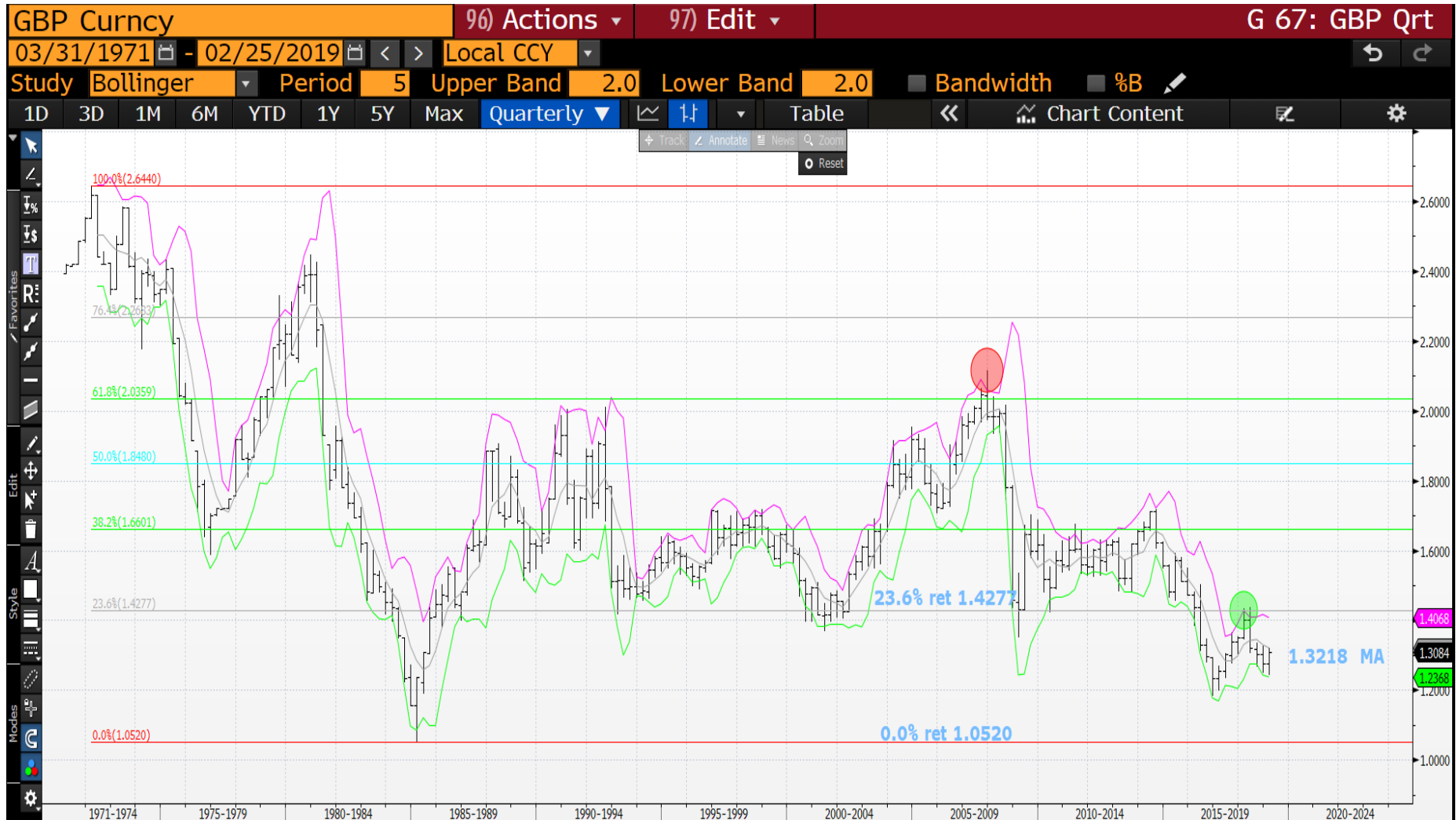
EUR USD daily : We have spent a longer period of time in a sideways pattern but any bounce is minimal so it's a troubled market. Any breach of 1.1214 will be catastrophic.



EUR GBP quarterly : This is a VERY RARE formation and a MEGA bearish one for the EURO over the POUND. We have SEVERAL upside pierces and coiling formation! For obvious reasons the one to watch but the speed of the move will be the killer blow!



Cable quarterly : A reasonable recovery with in the bollinger bands, a BIGGER statement will be made above the 1.3218 moving average.



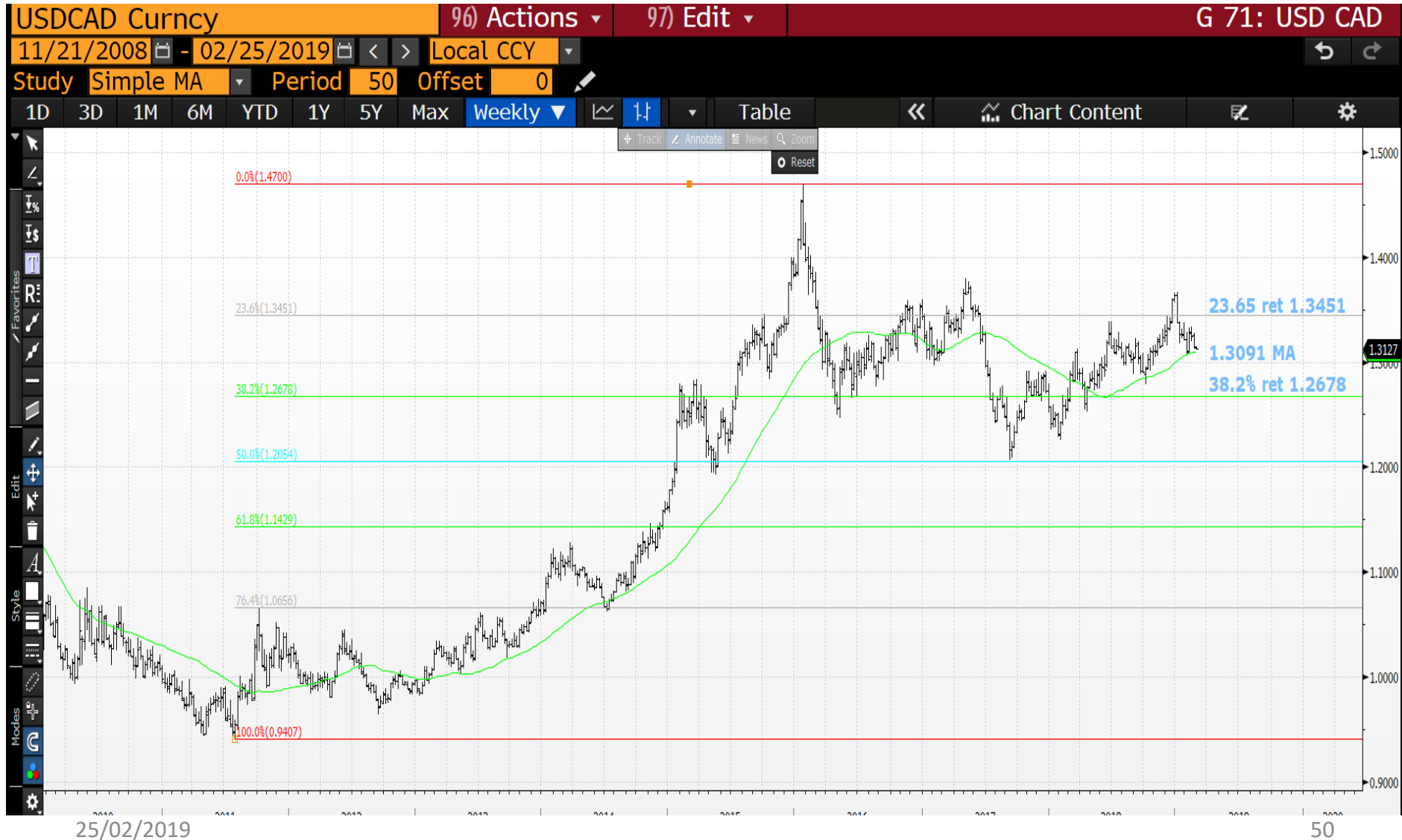
DXY monthly : A tricky location and rather a neutral one being at a 50% ret 95.859 of the last 18 years. We are teasing the 50 period moving average BUT limited scope to break higher.



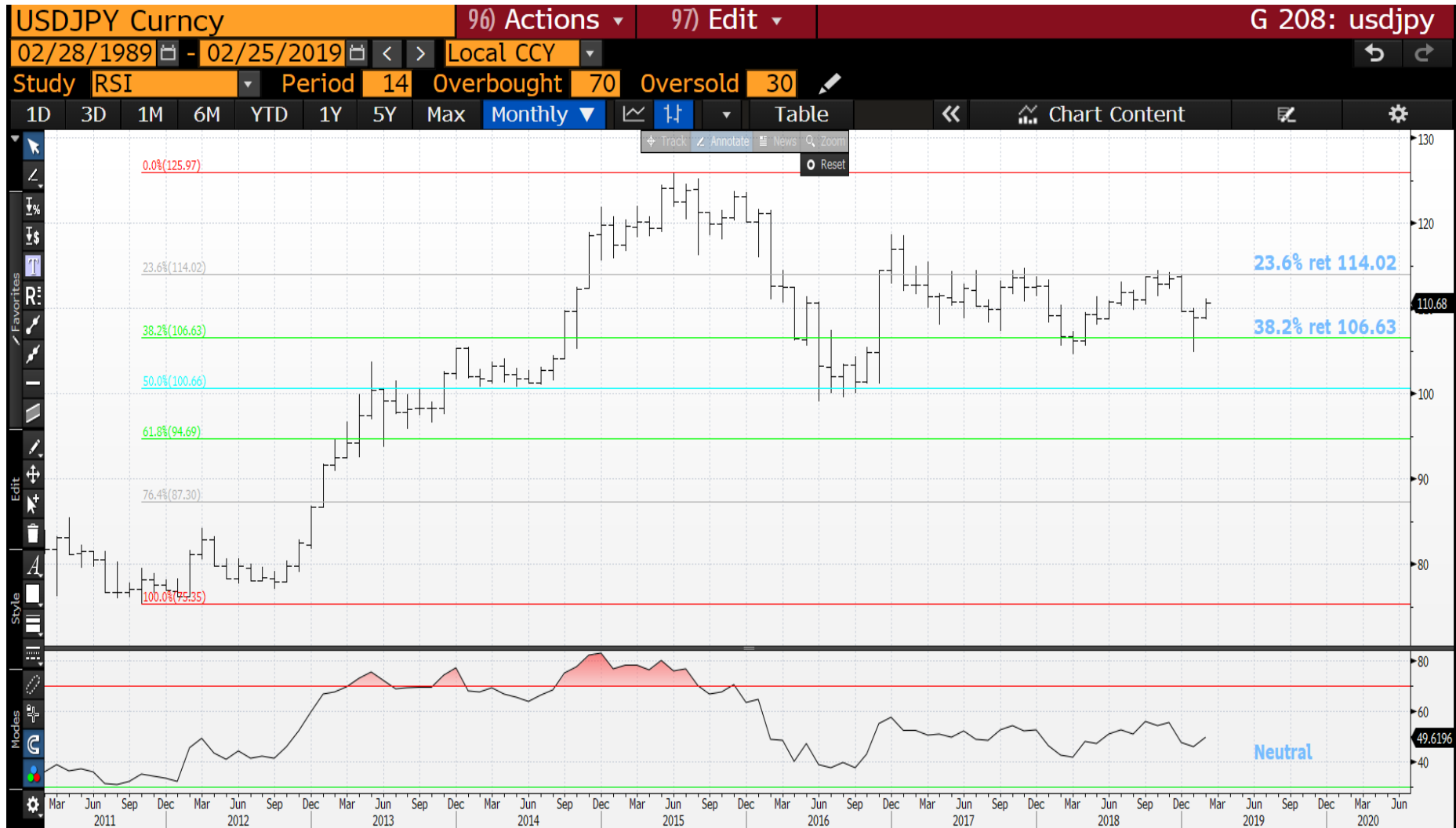
AUD USD monthly : This is a PRETTY bullish formation given last months pierce, we just need to breach the 61.8% ret 0.7185.



USD CAD weekly : Key test is to hold the 1.3091 moving average.



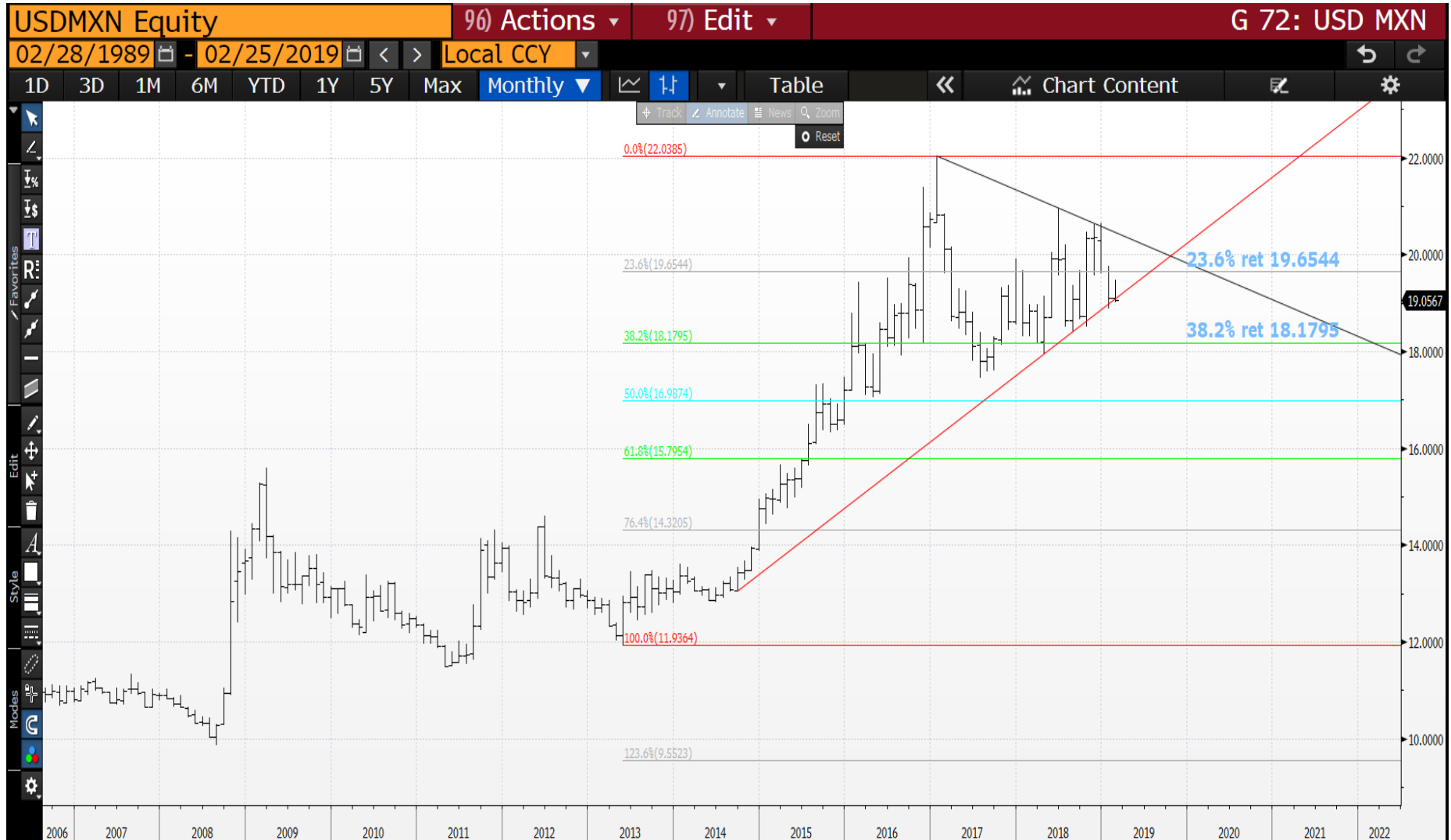
USD JPY monthly : I had to include this but the RSI and market is very neutral.



EM UPDATE

- **EM : A significant proportion of the EM crosses have created multi year tops and should see EM continue to perform regardless of USD direction.**
- **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 AND poised to break lower!**

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



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



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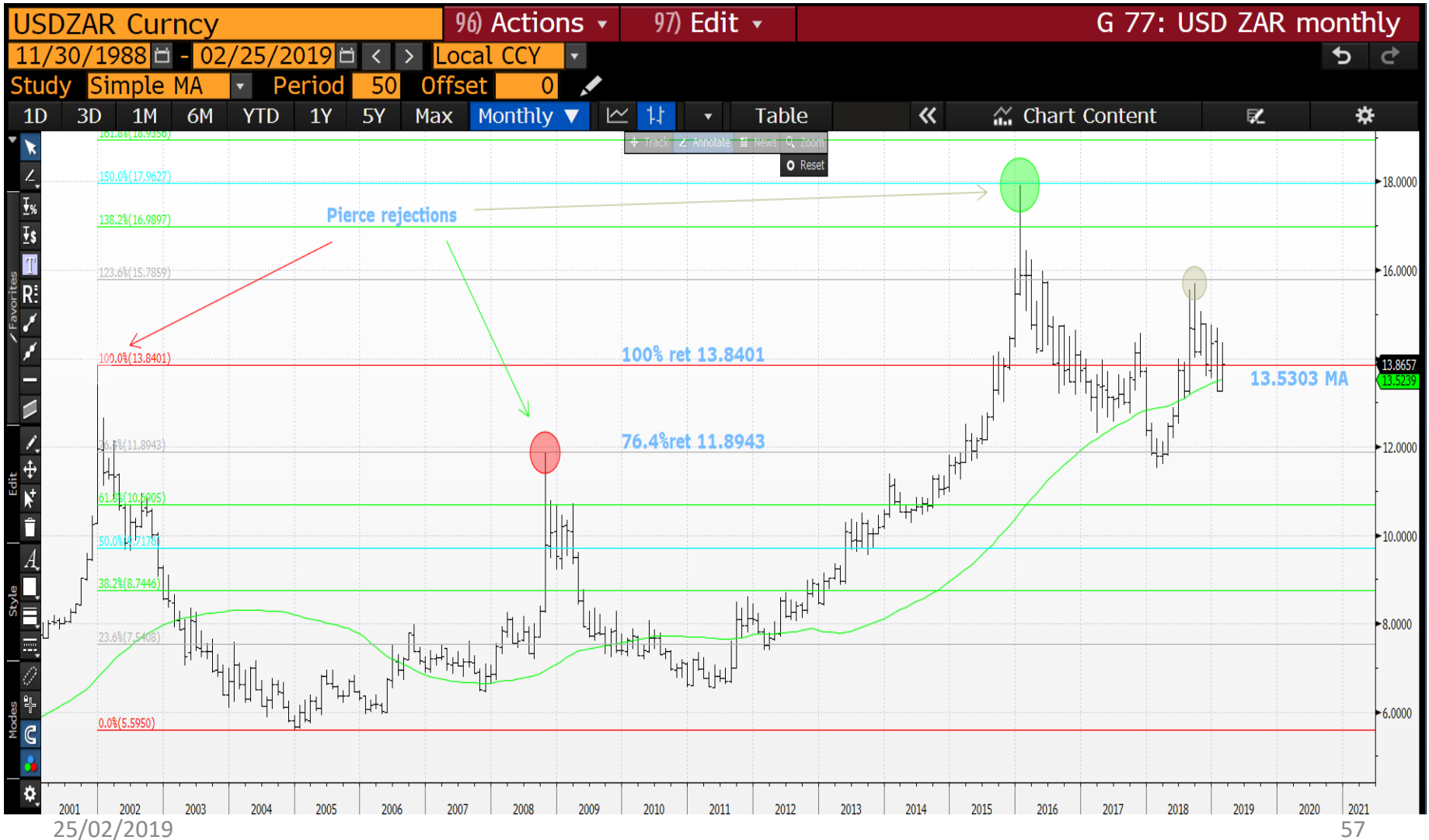
GTBRL10Y weekly : We need ideally to remain sub the 100% ret 9.117.



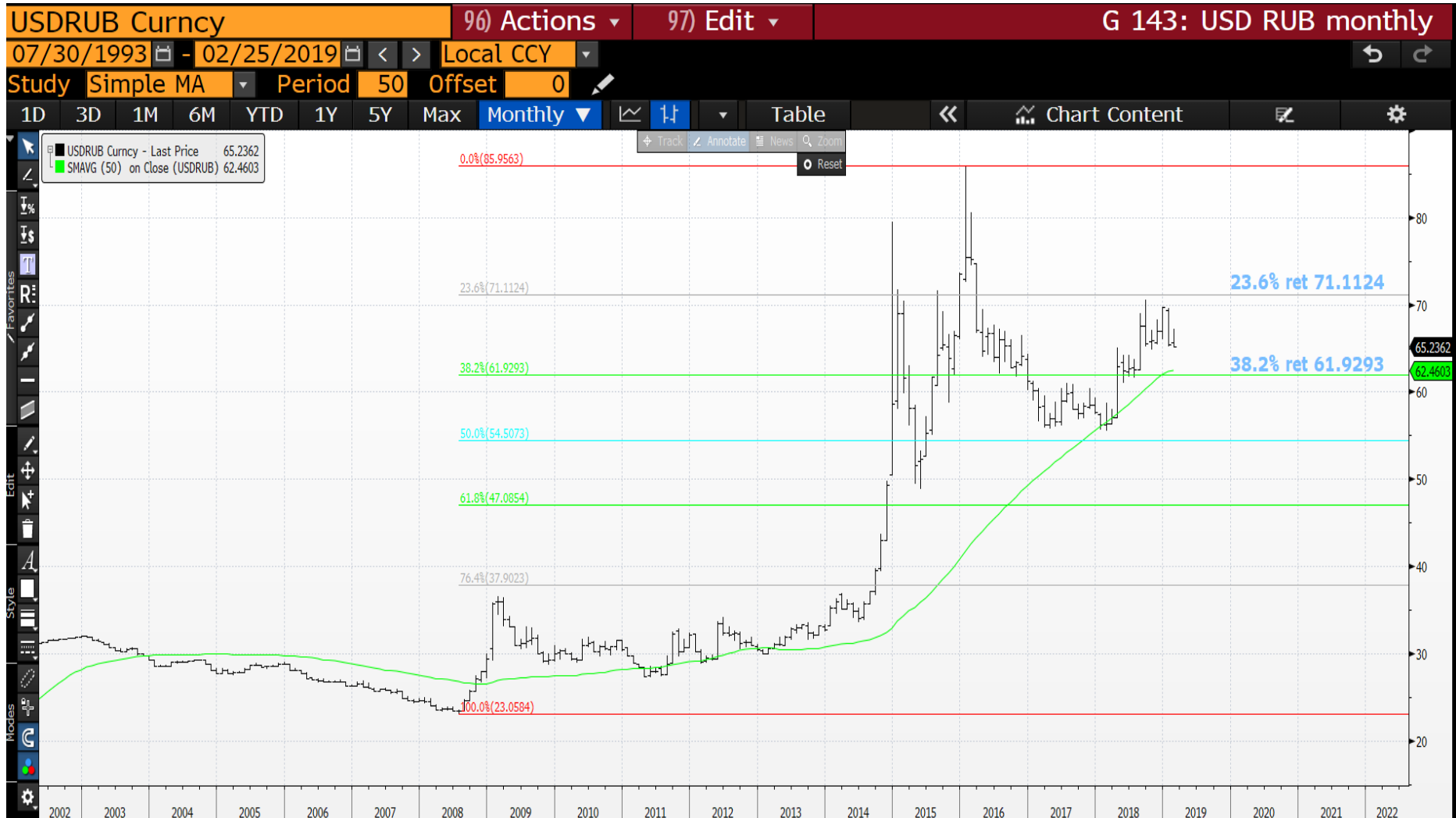
USD TRY monthly : The recent POP has formed a very subtle and nasty UPSIDE pierce endorsing a continuation of the trend move lower. A break of the 38.2% ret 4.9197 will be key.



USD ZAR monthly : We need to fail here and head back below the 13.5303 moving average again.

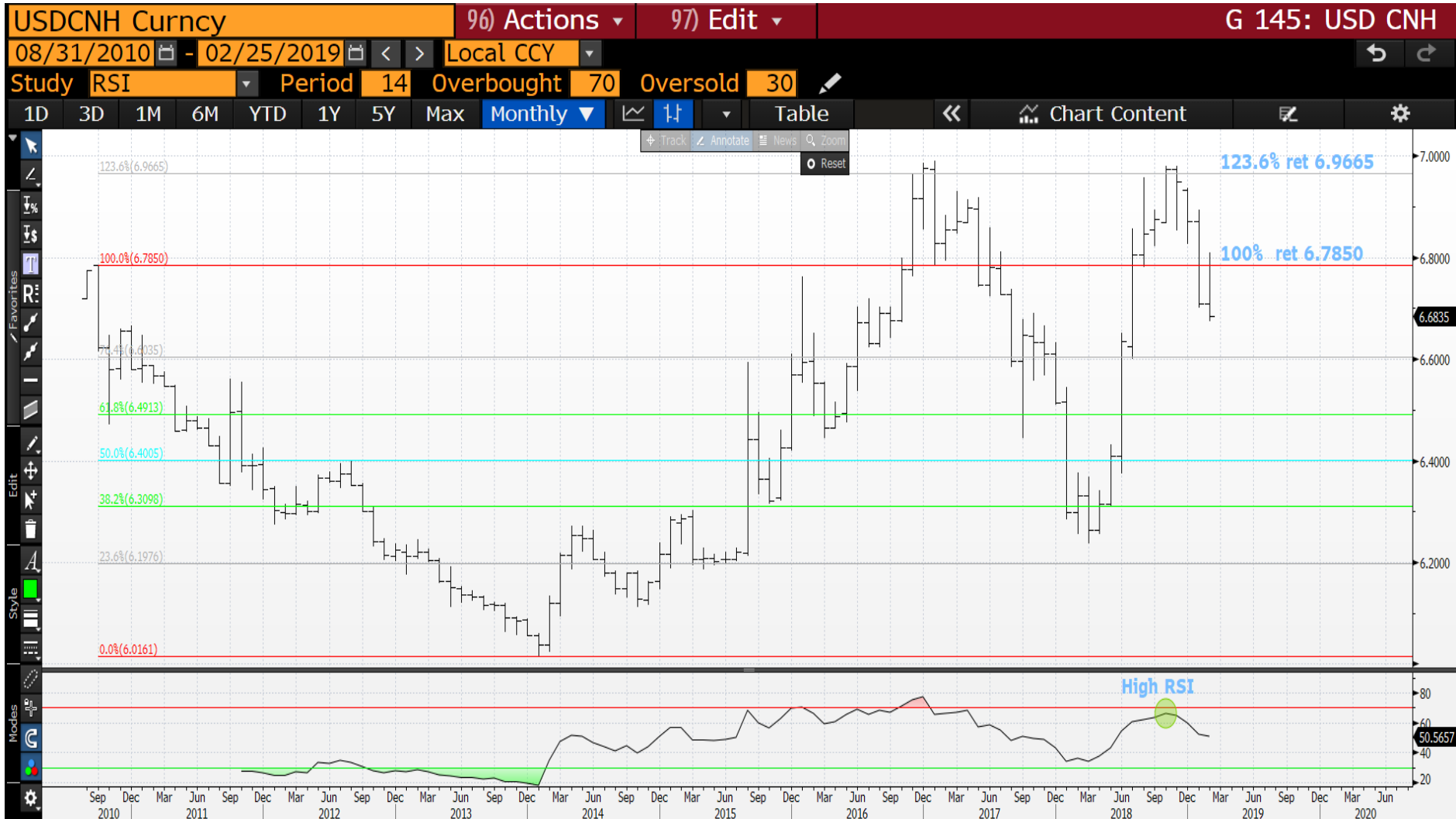


USD RUB monthly : A nice break of the recent low and the next big test the 38.2% ret 61.9293.



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USD CNH monthly : Certainly one to note going forward given it TECHNICAL HIT! We have failed the multi year 100% ret 6.7850 and heading toward 6.6000.



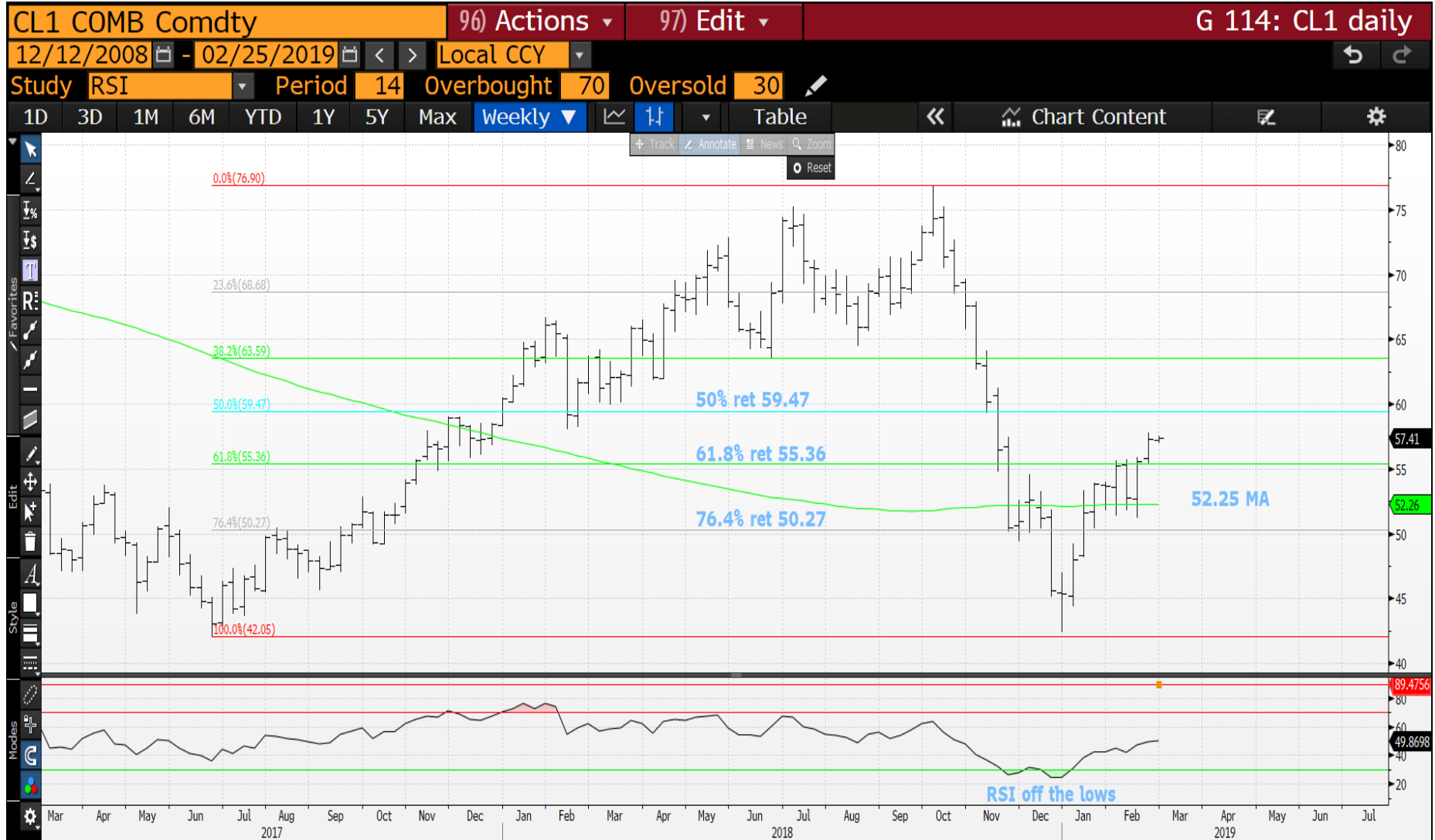
USD INR monthly : The RSI is as HIGH as September 2013 and we APPEAR to be forming a TOP.



CL1 monthly : A nice chart given we have hit and held the 76.4% ret 42.72 first time down. It seems we need to see the 61.8% ret 62.75 first, before the next drop.



CL1 weekly : We appear to be struggling over all but are now above the 61.8% ret 55.36.



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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 and an AUD bounce may help.



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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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