

TECHNICAL SWAPS IDEAS : DAVID SANSOM AND I have been working on utilising TECHNICALS for SWAP ideas and here are 3 we have found. The USFS 10-20 we advocated a while ago at 3.3299.

Here are 3 very technical interpretations of various swap ideas. All have decent dislocations and thus the stops are cheap on all.

TRADE 1 USFS 10-20 WHAT NEXT : **STILL TIME TO RELOAD or ADD as we HEAD LOWER AGAIN.**

Similar to other markets we have witnessed ONLY a SLIGHT recovery to last months close. If “IN” the original trade (inception 3.3299) certainly add here OR initiate a new trade with stop above yesterdays high.

Above all this is a long term trade hence don't be afraid to sell new LOWS.

This chart corelates well with the outright yield charts which ALSO predict a move LOWER.

My BIG worry is that if equities fail then yields plummet and the RE ENTRY is missed.

Trade 2 EU 2-10

A simple chart highlighting a hit of a trend line from 2008 and RSI last seem in September 2014 (Page 7).

Trade 3 EU HICP ZC swaps

Pay fixed on 2y2y HICP ZC swaps OR Steepener EU HICP 1y2y VS 3y2y ZC Swaps

Again a simple chart and significant historical history well worth a look as it is complimented by NUMEROUS technical factors (Page9).

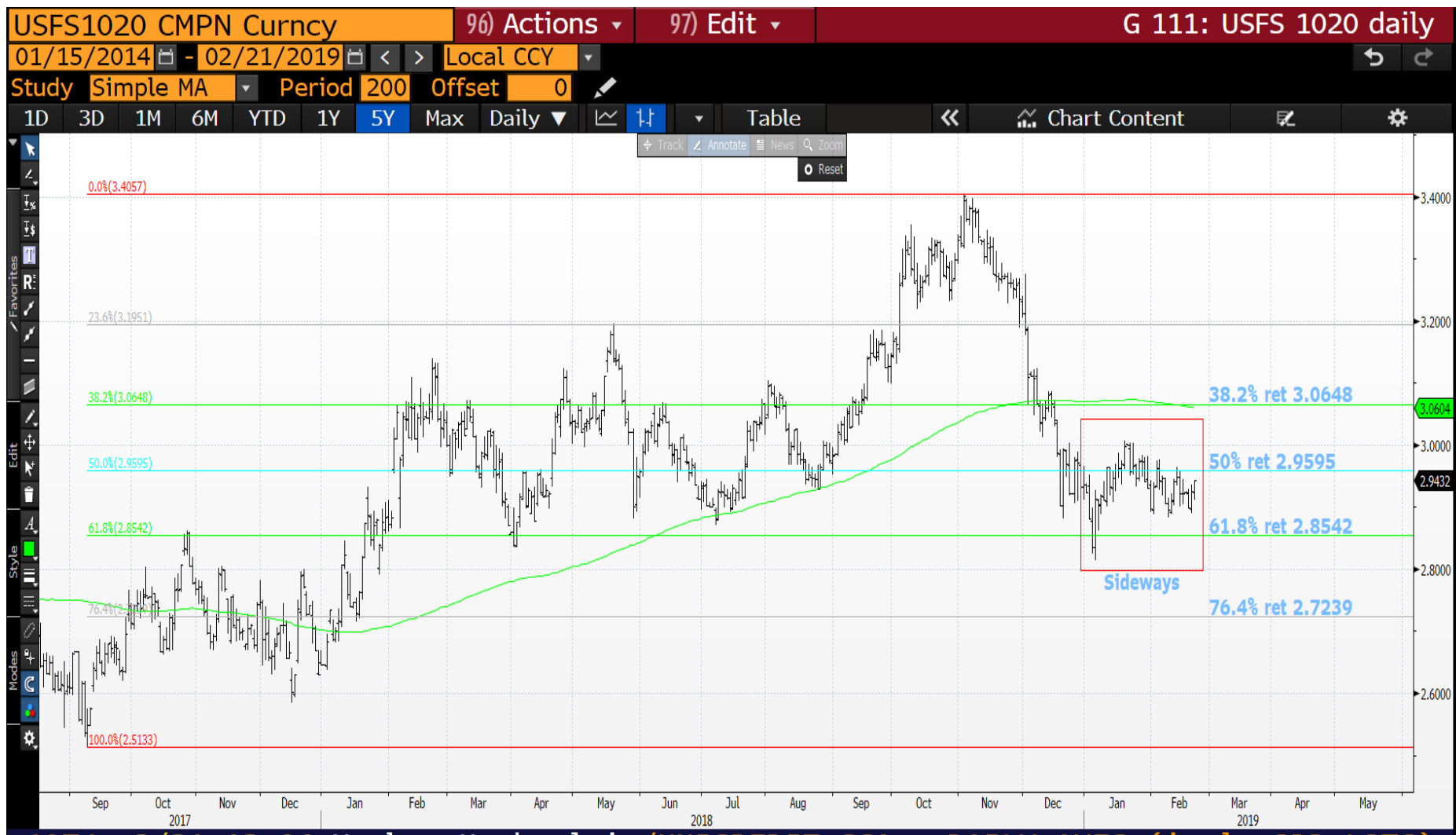
****Speak to David Sansom re any trade discussion on this idea, NEW OR ADDING. ****

USFS 1020 monthly : The long-term view hasn't changed given the moving average failure, RSI extension and inability to rally. The latest bounce has failed to achieve any major level breaches so lower we go, we just need to breach last months range!



21/02/2019

USFS 1020 daily : The moving average is a distant memory and now we are FAILING a very POOR bounce at the 50% ret 2.9595. This is one of the weakens bounces and any new low will open the flood gates. We just need to make a move and thus a statement.

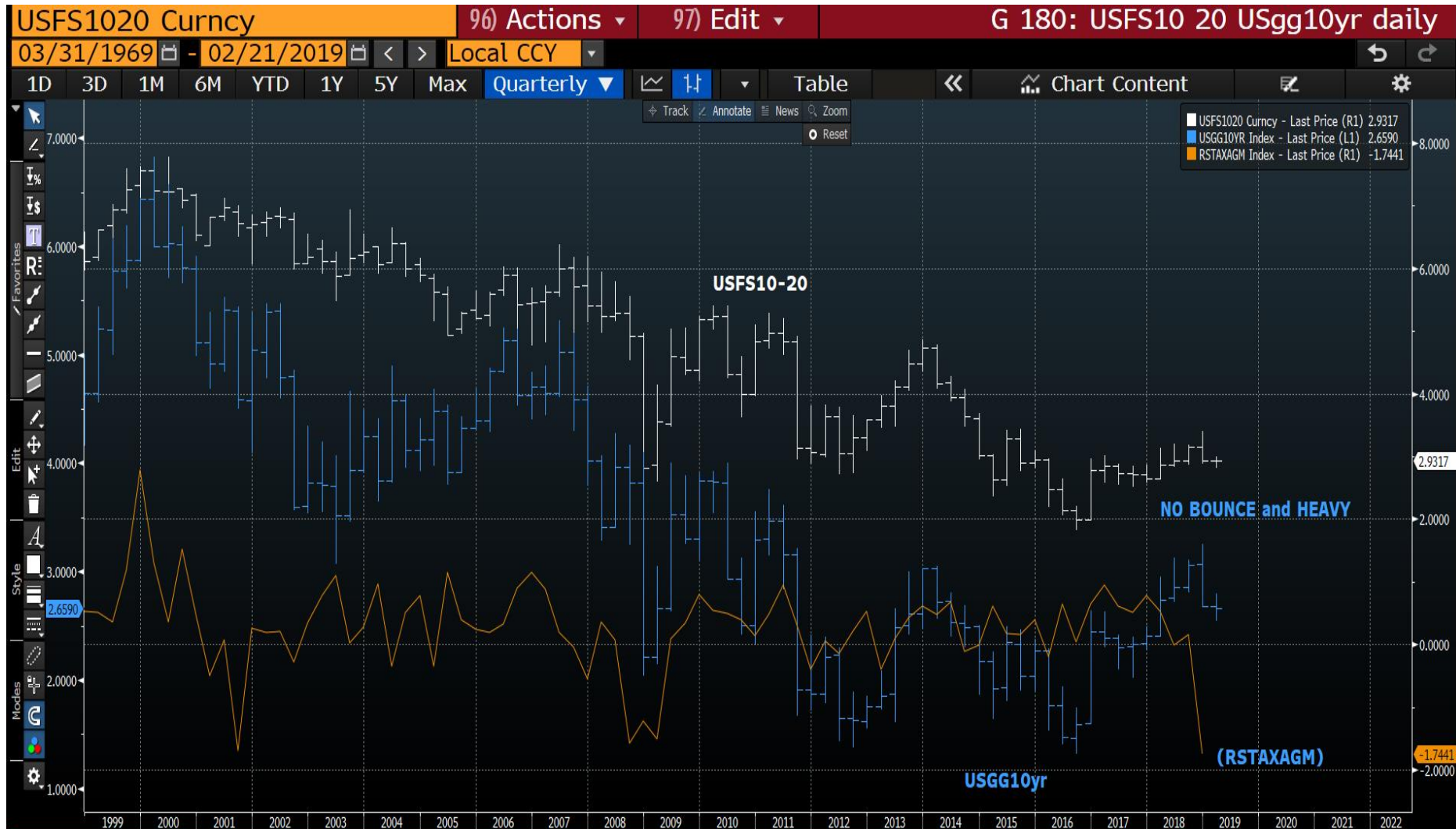


US 10yr yield quarterly : Hopefully this highlights the correlation with the USFS10-20 as this chart too has a NEW YEAR low. We are also sub the 2.7827 moving average with a nice 1984 RSI extension. Yields could see a savage drop.

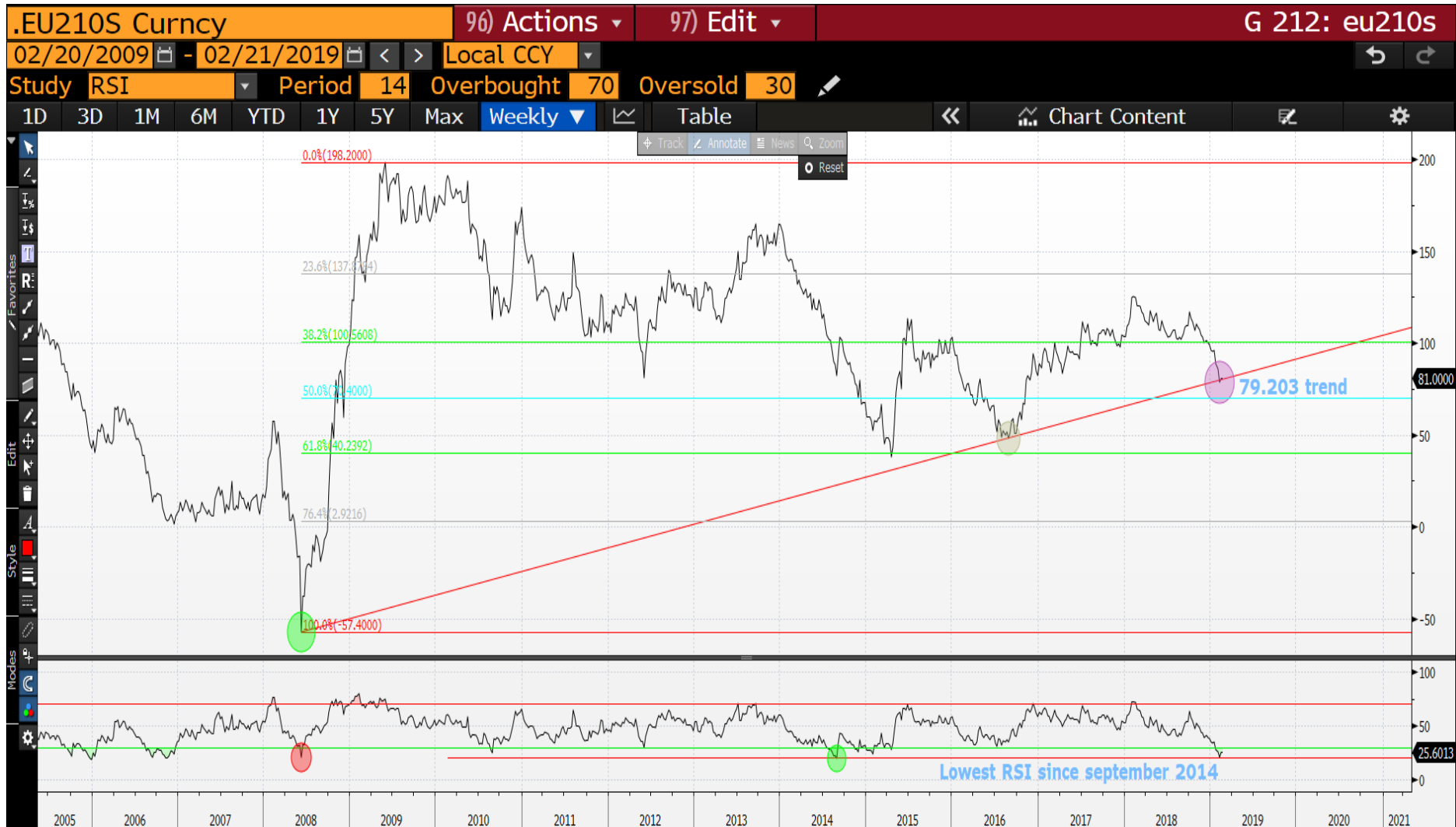


21/02/2019

USFS 10-20 , Retail sales (RSTAXAGM) and 10yr yield daily : A very decent correlation and more worryingly a miniscule bounce. Both markets generated upside pierces and the RSTAXAGM speaks for itself. We have significant room to go lower!

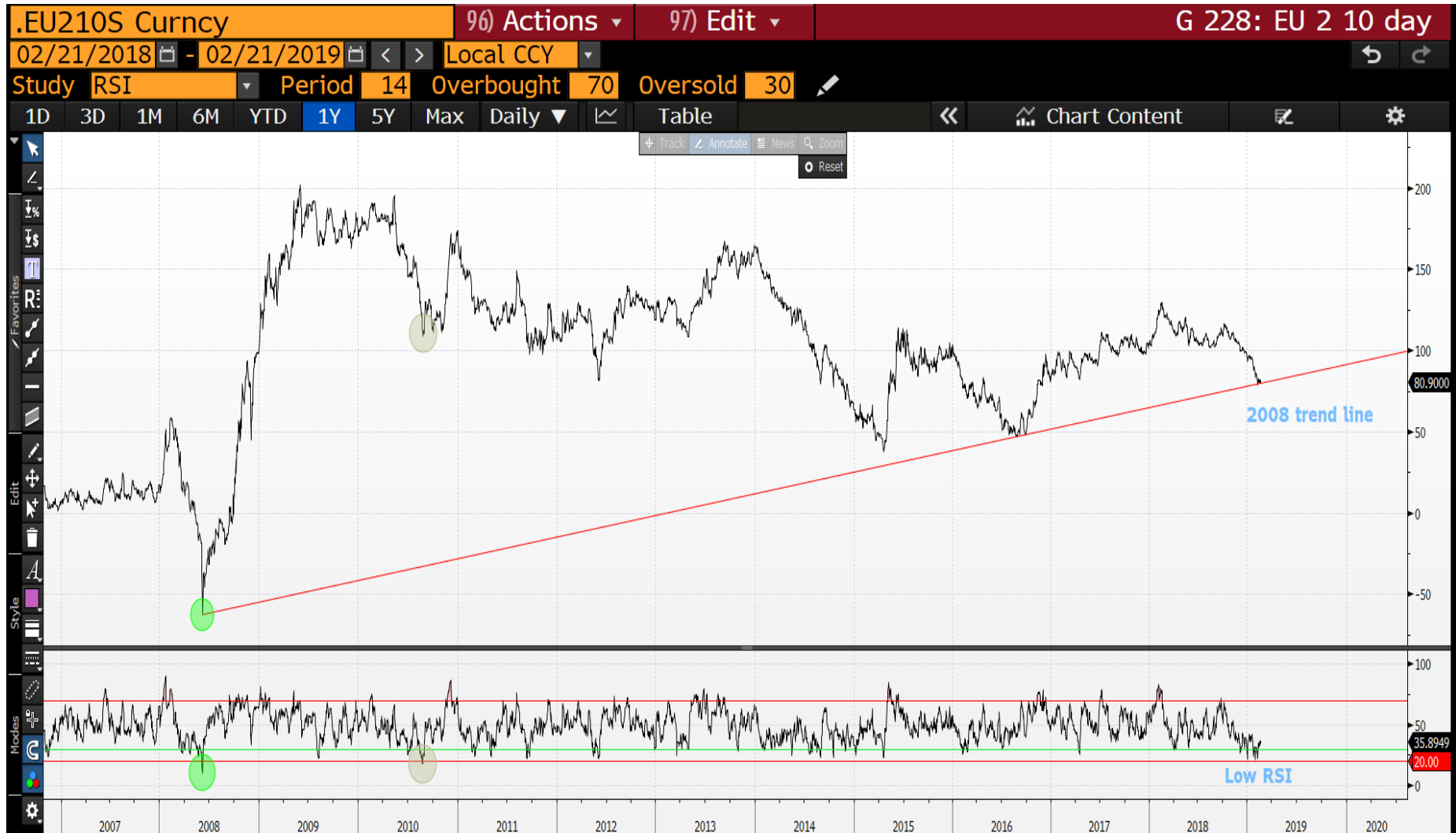


EU 2-10 Swaps : A great opportunity TECHNICALLY. We have a weekly RSI lowest since 2014 and rarely scene, a 2008 trend line hit and as a result should have a sustained move higher. The stop is cheap even if unsure of the technical view.



21/02/2019

EU 2-10 daily : This chart compliments the previous with another low RSI.



21/02/2019

EUR HICP weekly : As the chart highlights we have a VERY RARE RSI dislocation, only seen twice since 2004. Nicely enough this also coincides with the VERY USEFUL 200 period moving average and 23.6% ret 1.1554. We should bounce from here.



21/02/2019

EUR HICP daily : The RSI has now lost its momentum and obvious key objective is to BREACH the steadfast 38.2% ret-50 day moving average at 1.2880. A clinical point and stop cheap.



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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