

BOND AND EQUITY SPECIAL UPDATE : THIS COULD BE ONE OF THE MOST INFLUENTIAL NON-FARM PAYROLLS EVER!

I struggled this week with the very sideways equity performance, this frustration prompted a very **TIMELY BOND YIELD** update. This served as an **IDEAL** reminder of the level of expectation **STILL COILED** in most US quarterly and monthly yield charts.

****Yields could have a VERY SHARP FALL FROM GRACE.****

The dangers-dilemma's are flagged as follows :

- 1) Firstly, we make new yield lows pre NON-FARM.**
- 2) Secondly, NON-FARM forces yields lower again.**
- 3) Thirdly EQUITIES roll over, A TRIPLE WHAMMY!**

We have a very **TENSE** situation here, the stocks longs are happy having bought the dip and all worries of a long-term **TOP** have abated. Bond yields have dropped of their own volition this week prompting worries of further major declines.

The challenge is if we see **NEW YIELD** lows pre **NON-FARM**, this will present a huge **DILEMA** for the **BOND** shorts, do I cover **BEFORE** of **AFTER**?

This really is a **PINCH POINT** number.

******* I have also charted some nice extremes in the **AUD** and **CAD** market. **US-AUD** has the **BEST** long-term dislocation, whilst **US-CAD** has more of a short-term extreme **BIAS**. *******

FX UPDATE

Topics	PAGES
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US 2yr yield quarterly : ***KEY CHART *** 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 2.9437 average highlighting last quarters high, a key failure.



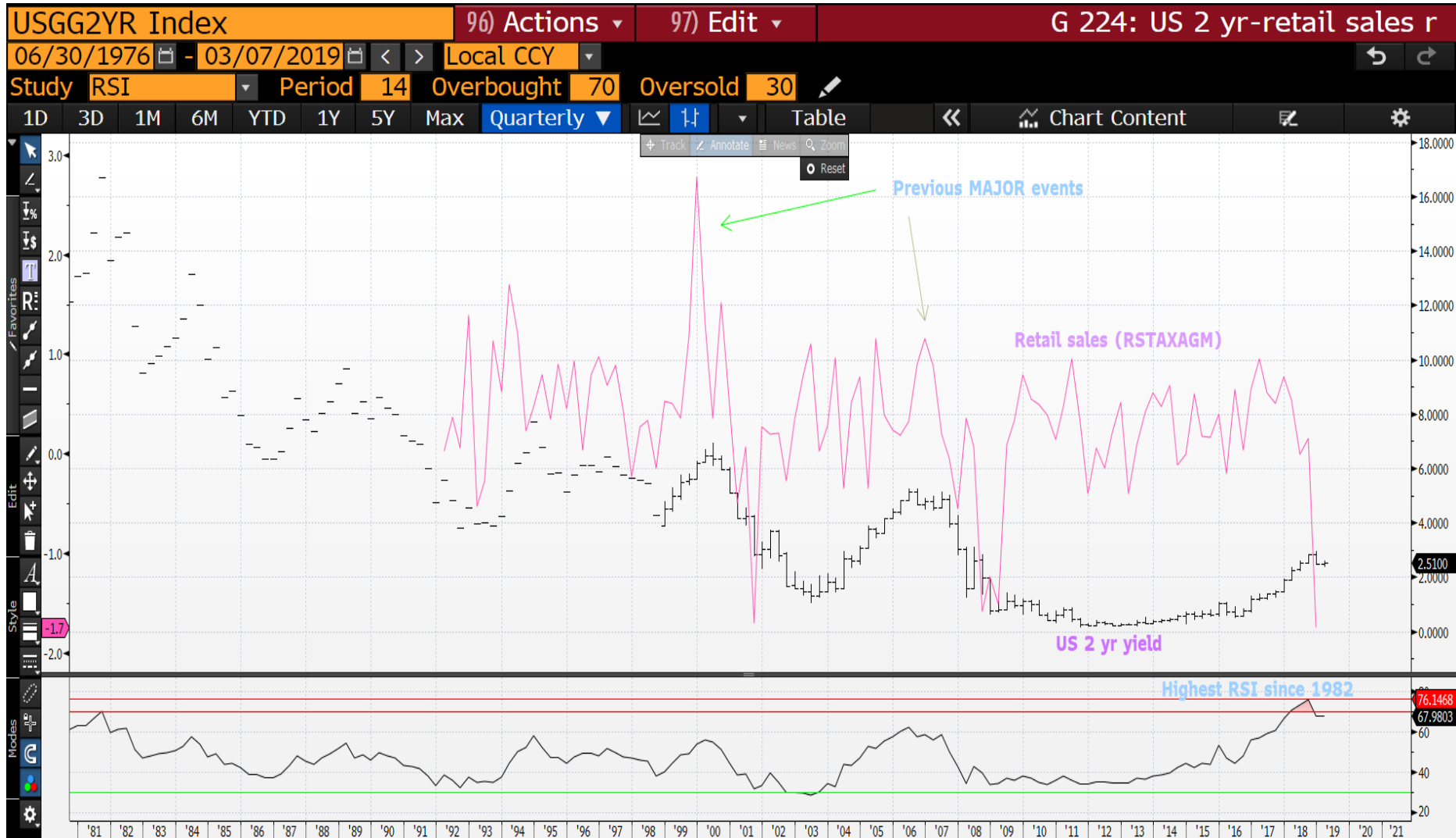
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US 2yr yield monthly : The monthly RSI dislocation backs up the previous chart, it will be key if we remain sub the 38.2% ret 2.7357. Any reversal to the lows will be a major statement.



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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 3.1151 is proving key resistance and thus must be noted. Previous failure is easily highlighted by the circles and the RSI remains high.



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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 2.7832 moving average, thus far. We could DROP SHARPLY!

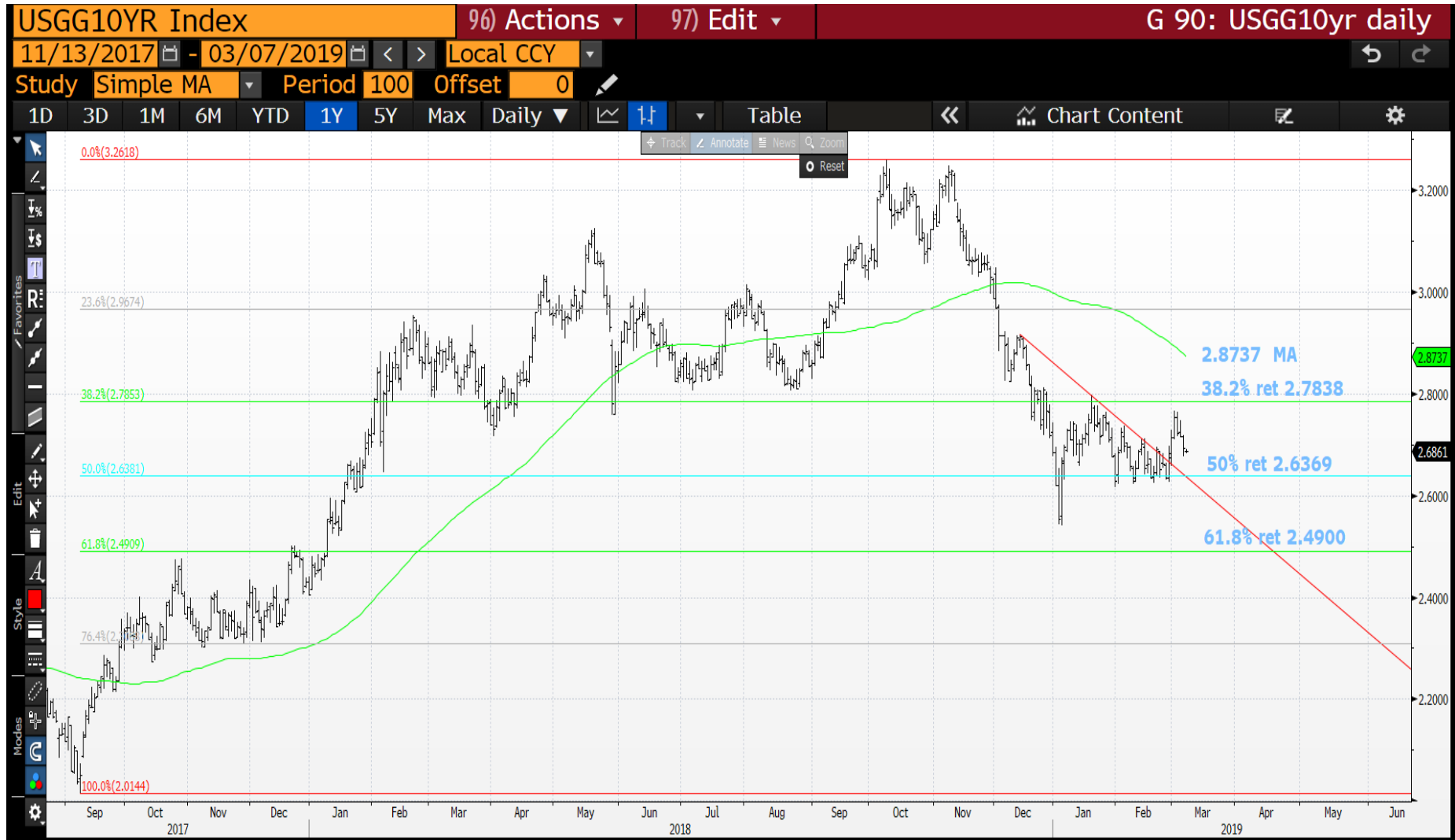


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USFS10-20 monthly : This has been a great boost to the argument for lower yields going forward (assisted by our swaps expert David Sansom), as the chart shows we have a similar historical pattern of failure at this moving average.



US 10yr yield daily : We have breached the trendline but have instant resistance at the 38.2% ret 2.7838. A breach of the 50% ret 2.6369 will help a lot.

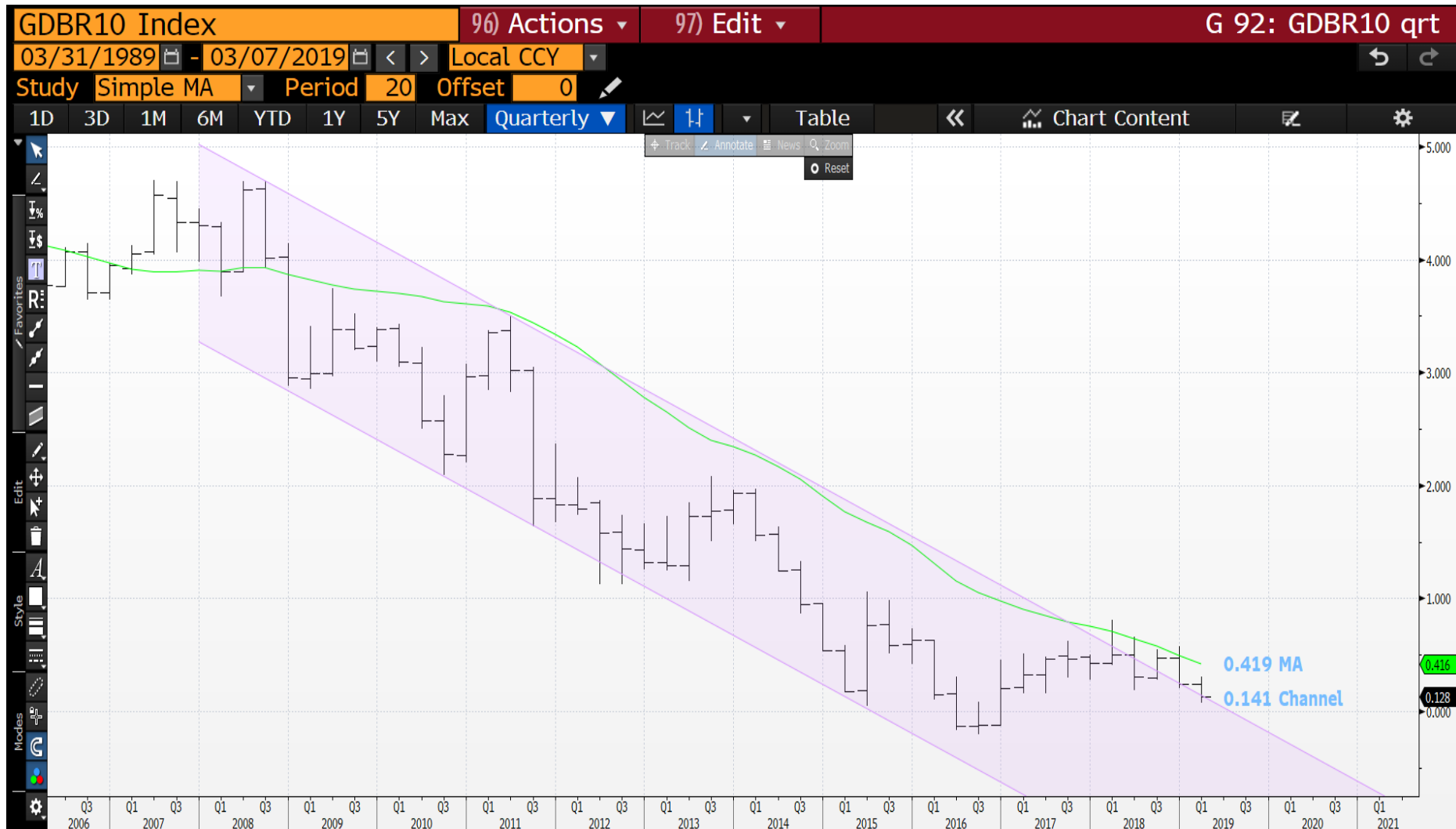


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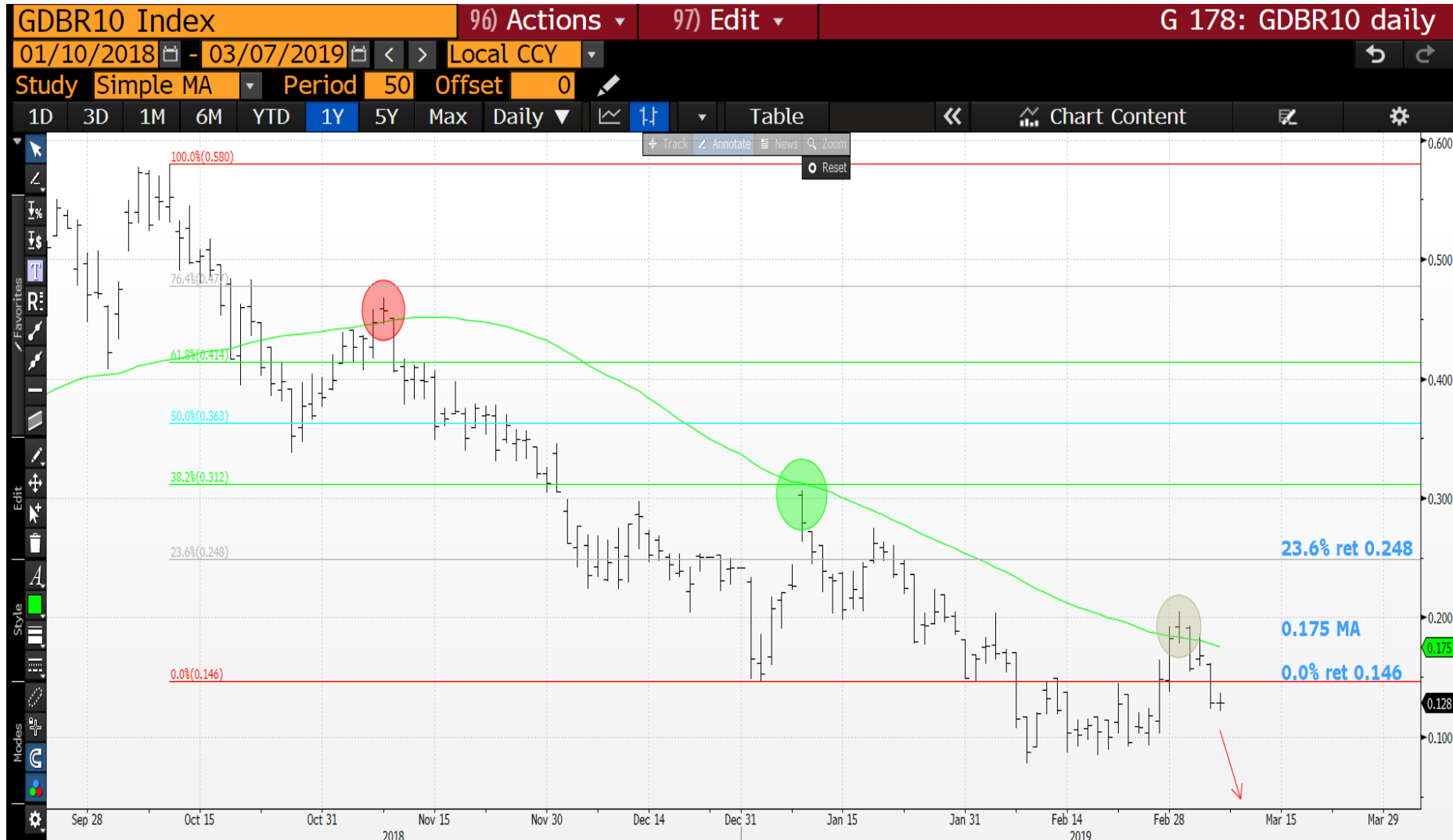
US 5yr quarterly : This time we are above the moving average BUT the RSI remains lofty, 1981 proportions! Again we have a new yield low and close to last quarters close.



Generic German 10yr quarterly : Yields have popped back in the 0.141 channel and the daily is forecasting a fresh push at the yield lows.



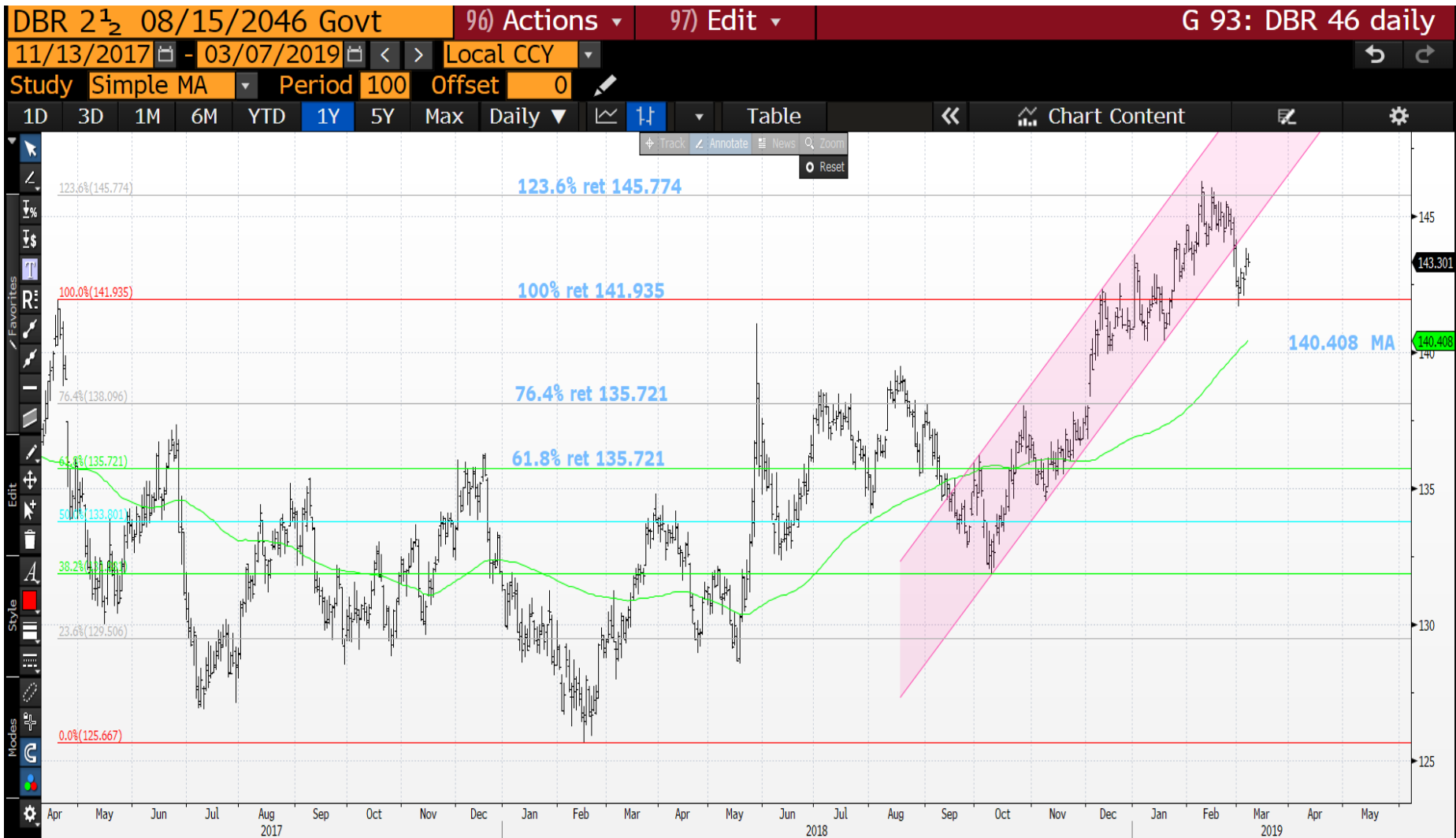
Generic German 10yr daily : We are back below previous low so fresh lows soon.



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DBR 46 daily : This reliable bond does it again, we have held the previous high 100% ret 141.935 and should head higher from here.



Italian generic 10yr daily : We await the next step given we have hit and recognised the 2.586 previous low. The RSI is of little use so need a LEVEL break.



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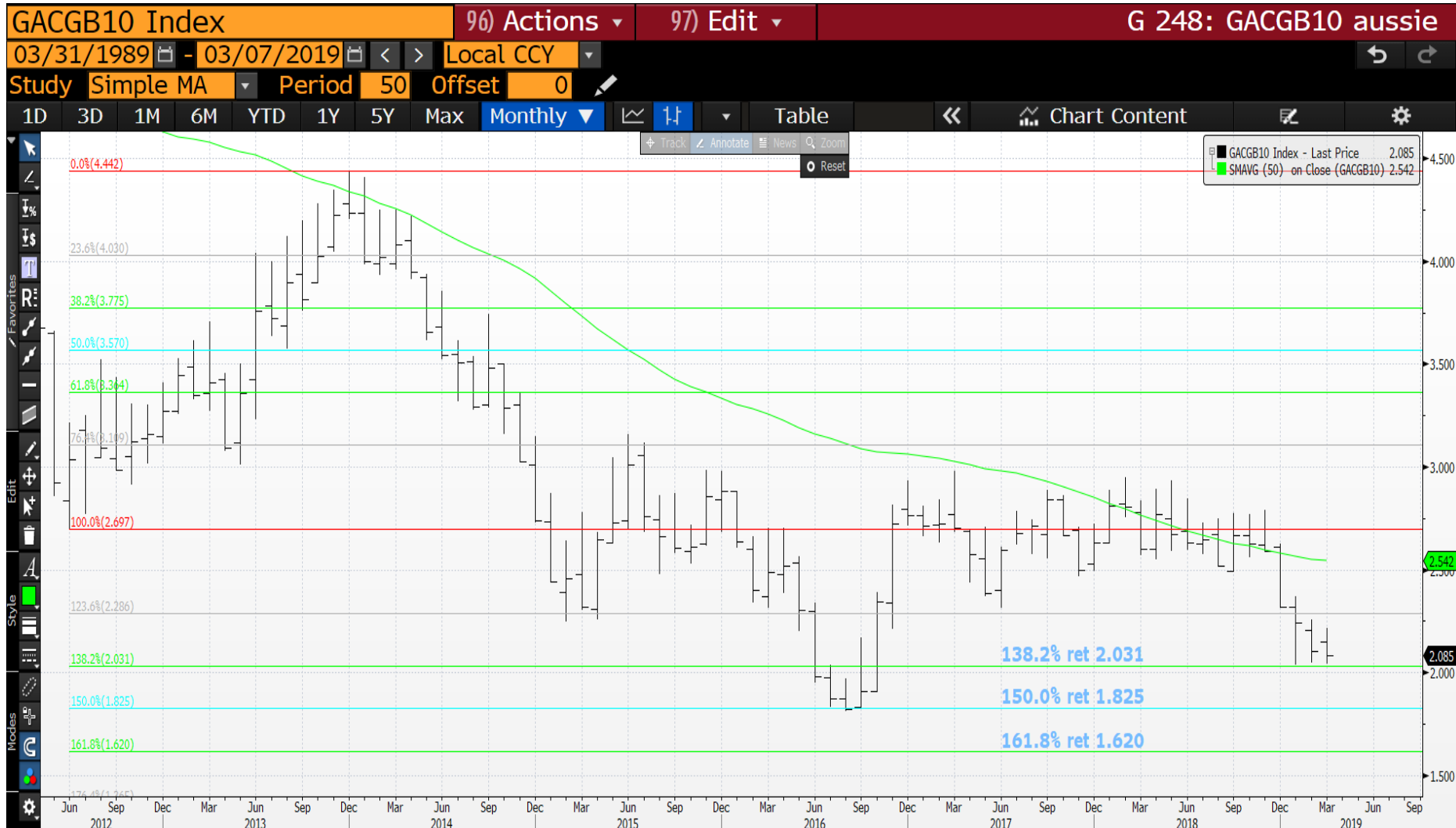
AUD generic 10yr yield monthly : This seems to be an avid fan of the 50 period moving average 2.542 and should probably continue to head lower in yield.



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AUD generic 10yr yield monthly : Here is a set of retracement projections to target if we drop further. The RSI excluded, is not oversold.



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AUD generic 2yr yield monthly : We look to of failed the 50 day moving average this month 1.831, again should head lower.



AUD generic 2yr yield daily : Despite a choppy period the RSI neutral so all moves are down to price.



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USGG10yr GACGB10yr quarterly : As can be seen this is producing a very extended RSI but sadly not LEVEL as yet to FADE it.



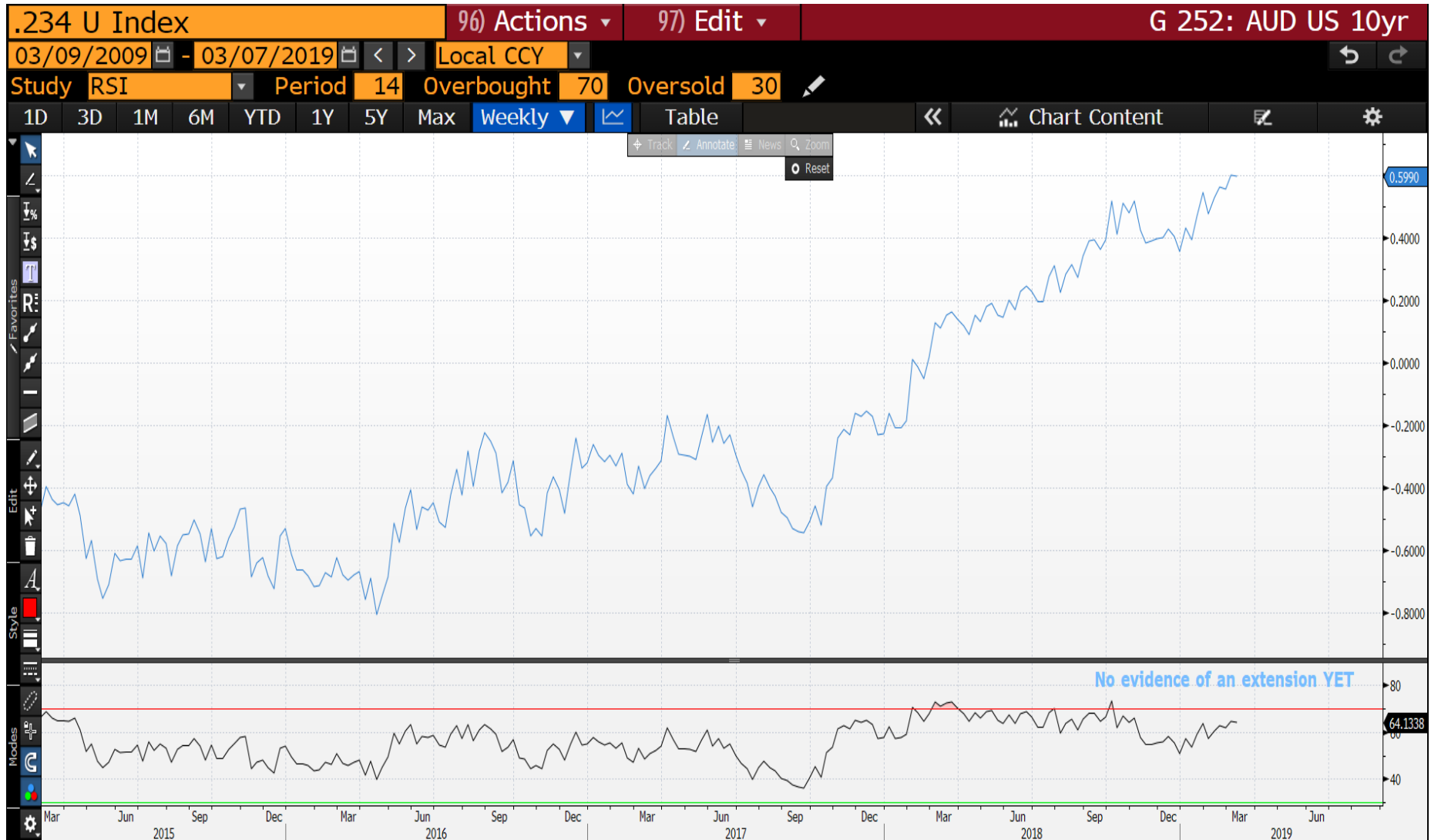
USGG10yr GACGB10yr monthly : The monthly fully endorses the extreme so when it does turn could be a very good trend to get onto.



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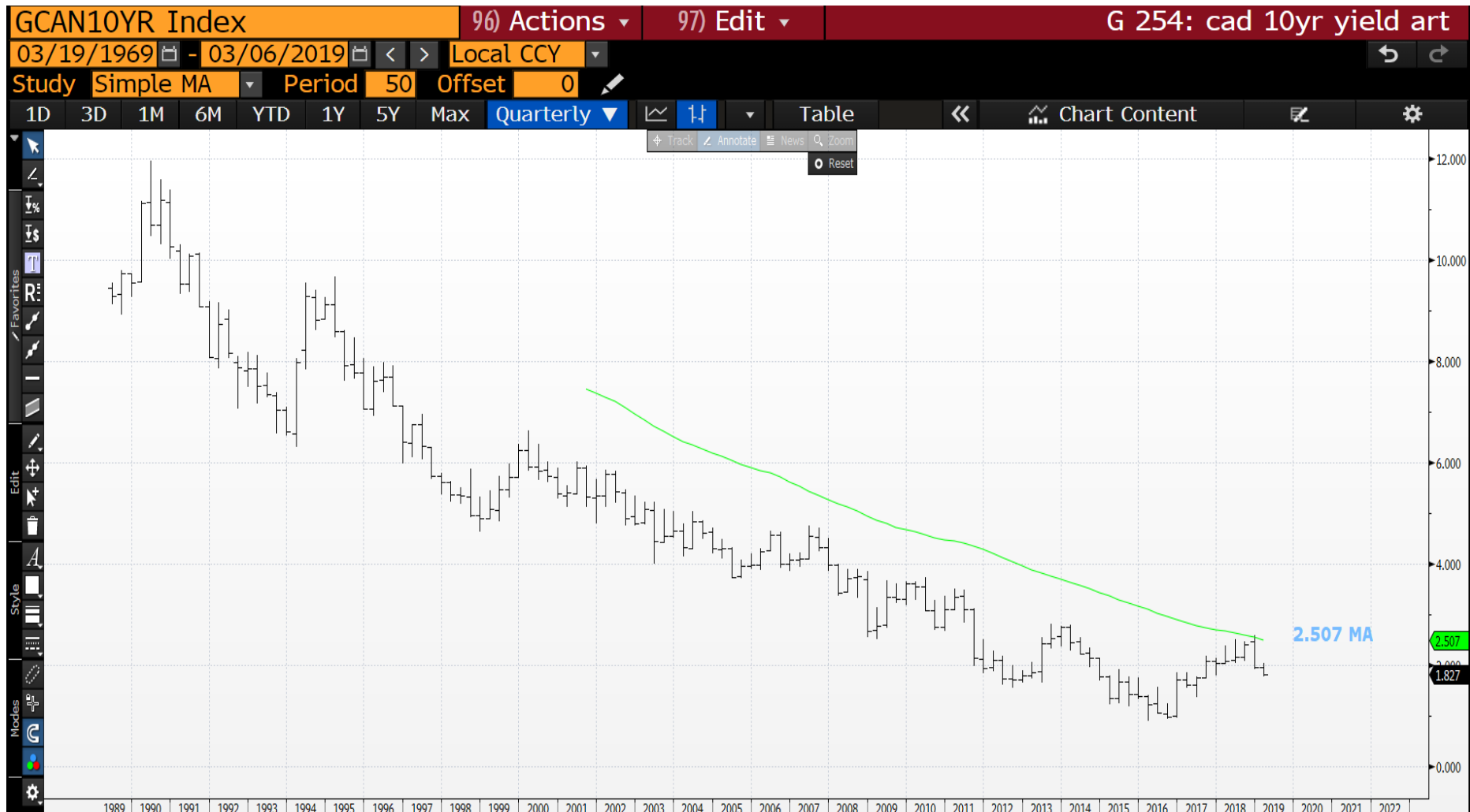
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USGG10yr GACGB10yr weekly : We are struggling to find a DECENT RSI dislocation to FADE.
One to keep an eye on.



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Canadian generic 10yr yield quarterly : A nice hit of the 50 period moving average last quarter and predicting lower yields going forward.



Canadian generic 10yr yield monthly : We are sub the 100 period moving average 1.986 and poised to breach the 1.685 50 period.



USGG10YR Index - GCAN10YR Index quarterly : NO extreme like the AUD switch despite the recent high looming so this would be a short term weekly or daily horizon chart FADE.



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USGG10YR Index - GCAN10YR Index daily : The daily is offering the chance of a top similar to those previously highlighted but only based on a DAILY chart so lacks the longevity of AUD – US.



EQUITIES

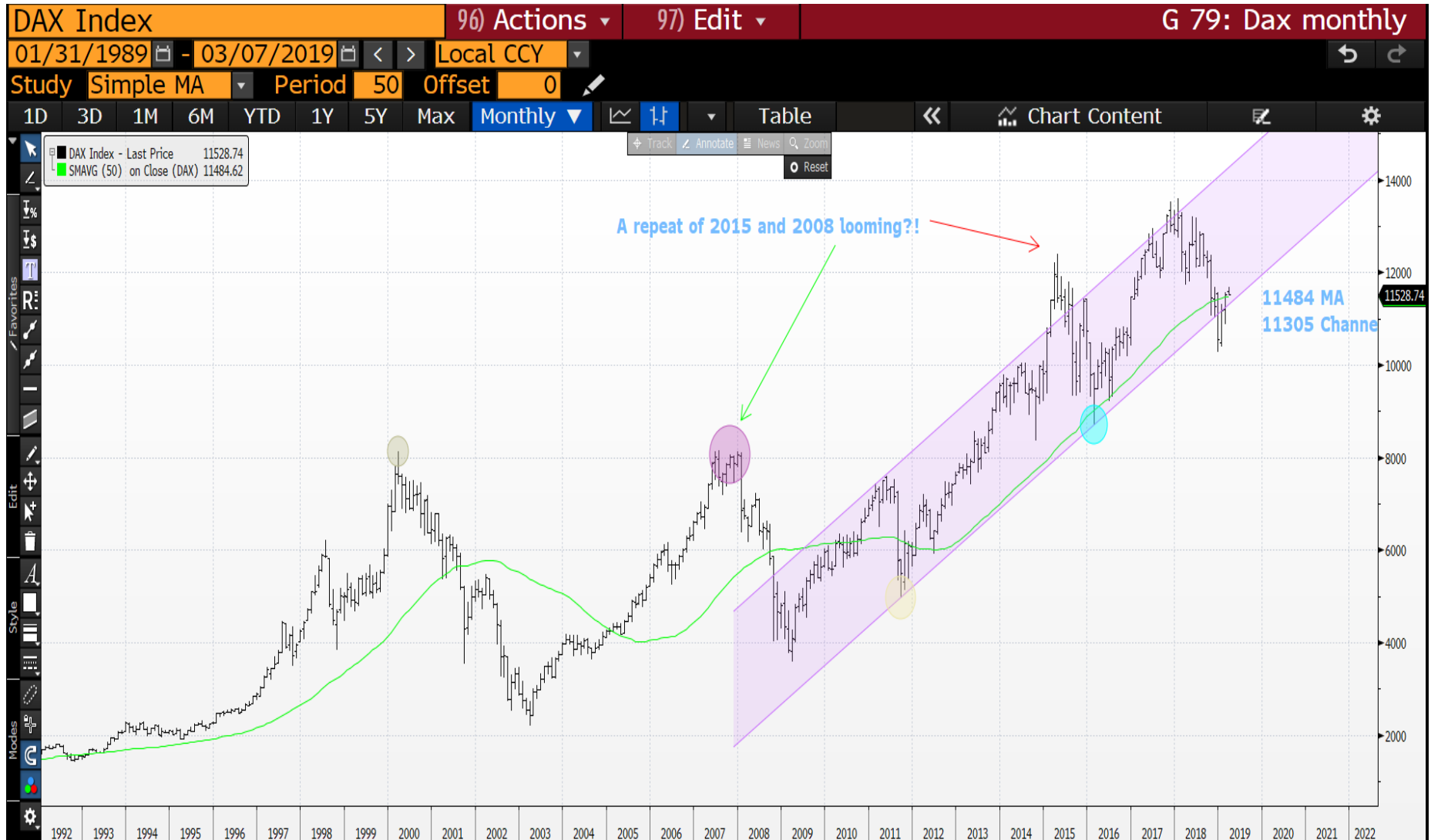
EQUITIES : They have been a pain the last few days however that said haven't really gone anywhere apart from sideways. We remain around or **BELOW** numerous 200 day moving averages so negative bias prevails!

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** are around 200 day moving average resistance.

DAX monthly : We continue to flirt with the multi year moving average 11484.



Dax daily : The RSI remains high as we fail the 200 day moving average 11826.23.
Sub the 38.2% ret 11396.59 will accelerate the drop.



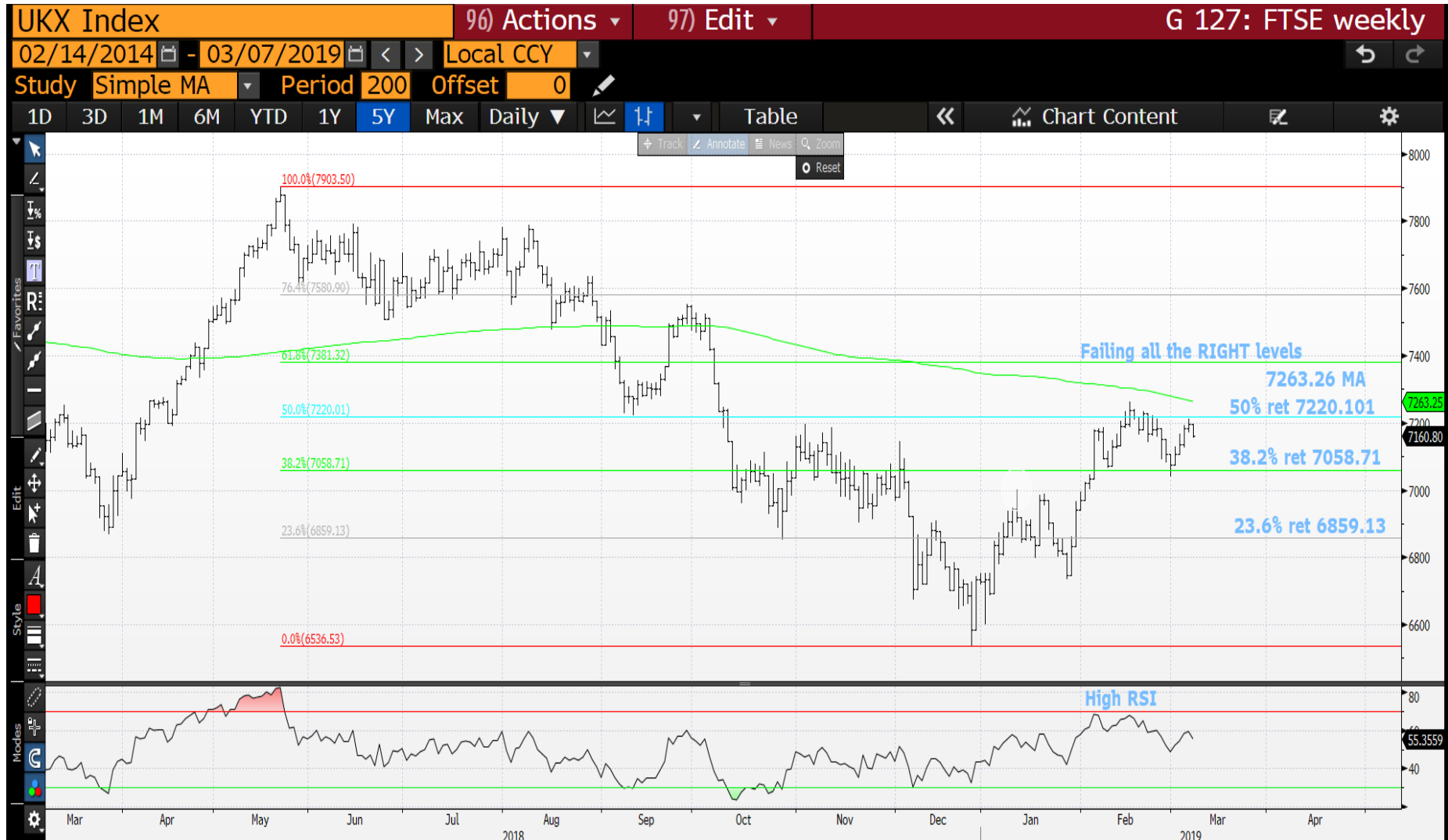
FTSE monthly : Not a great deal of progress either way on this index BUT a breach of the 6971.01 moving average will be helpful.



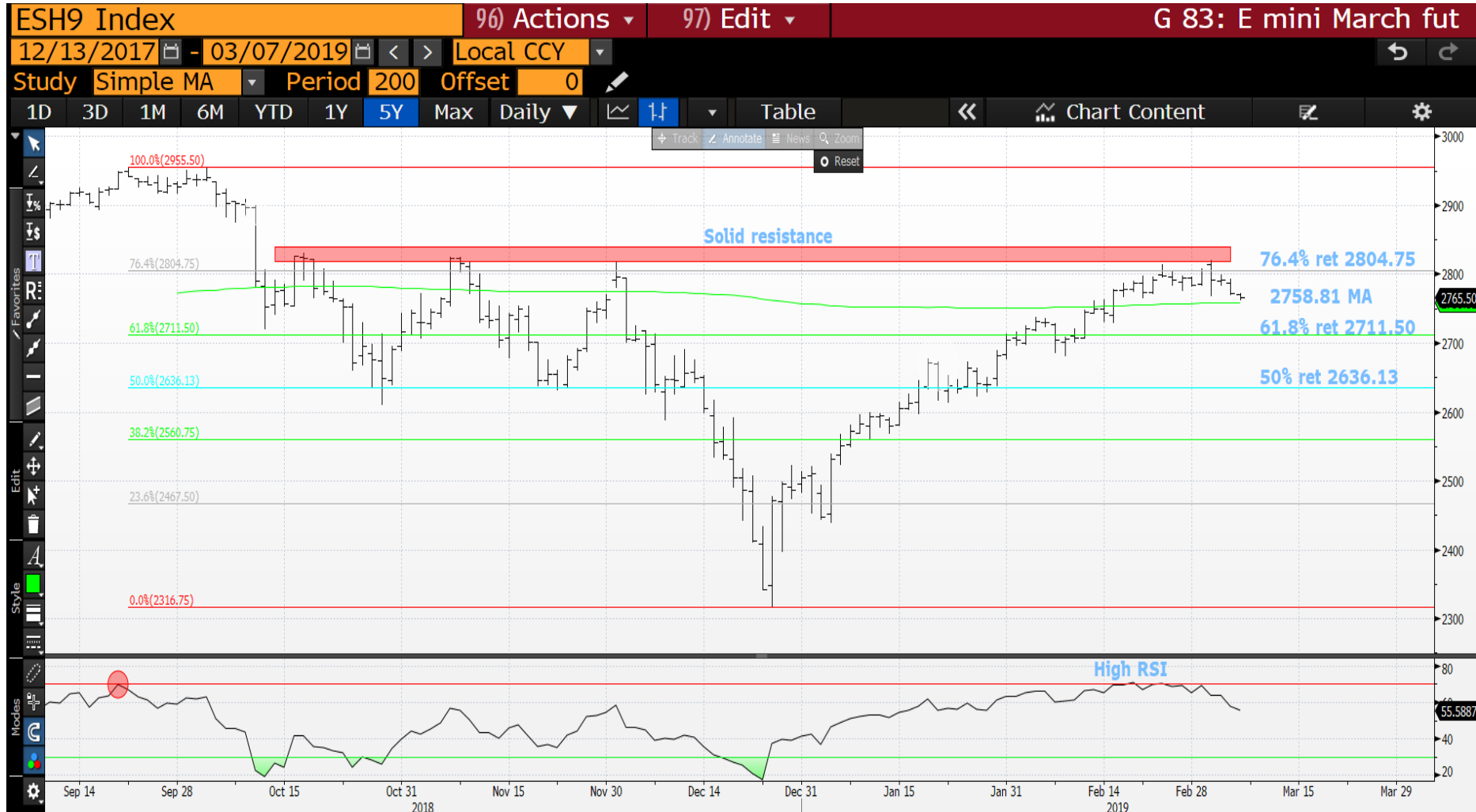
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FTSE daily : Sub the 200 day moving average again whilst rejecting the 50% ret 7220.101.
Sub the 38.2% ret 7058.71 will trigger major stops.



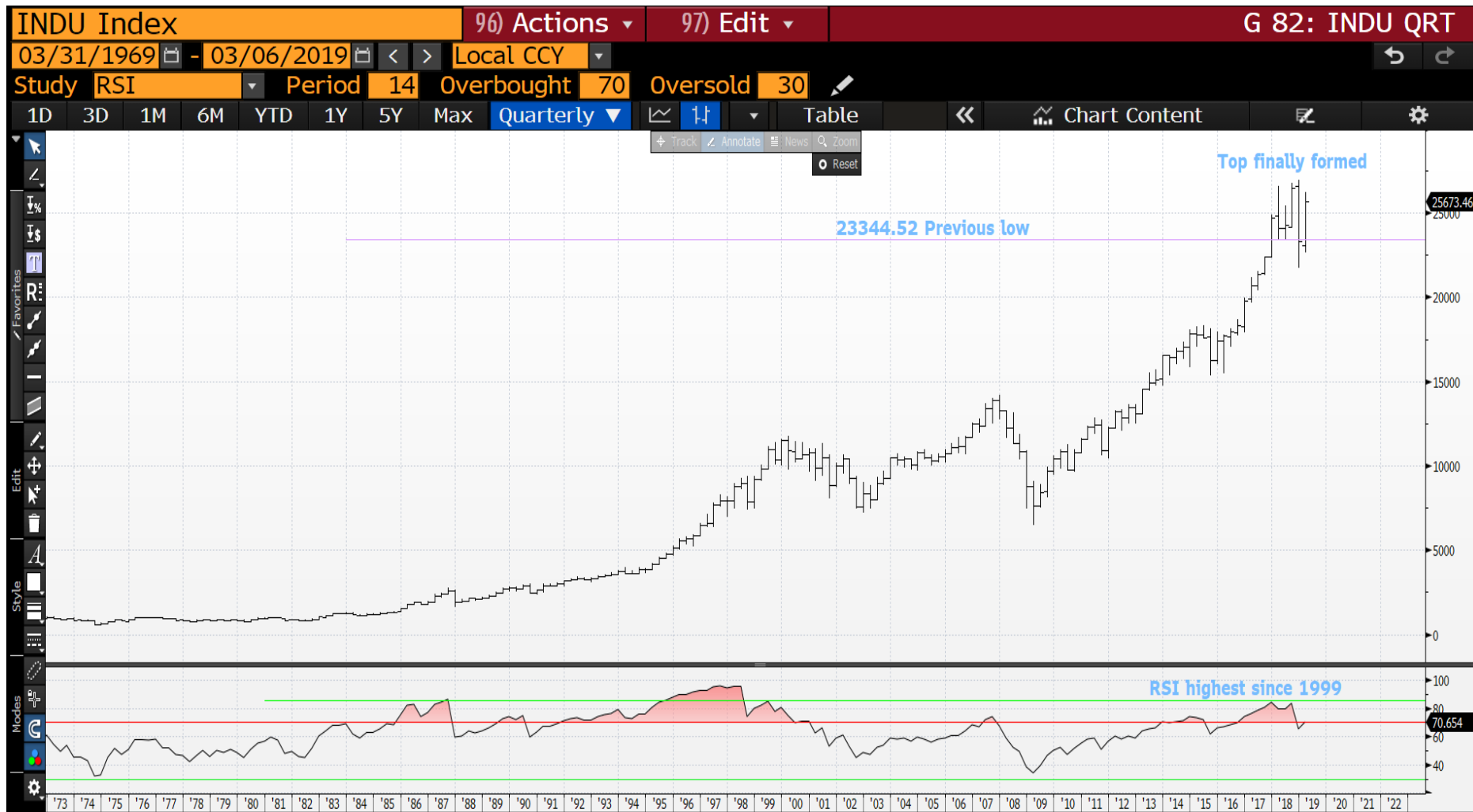
E mini S*P daily : We have snuck above the 200 day moving average BUT history shows that has not been a POSITIVE signal. A close this week sub the 61.8% ret 2711.50 will be VERY NEGATIVE.



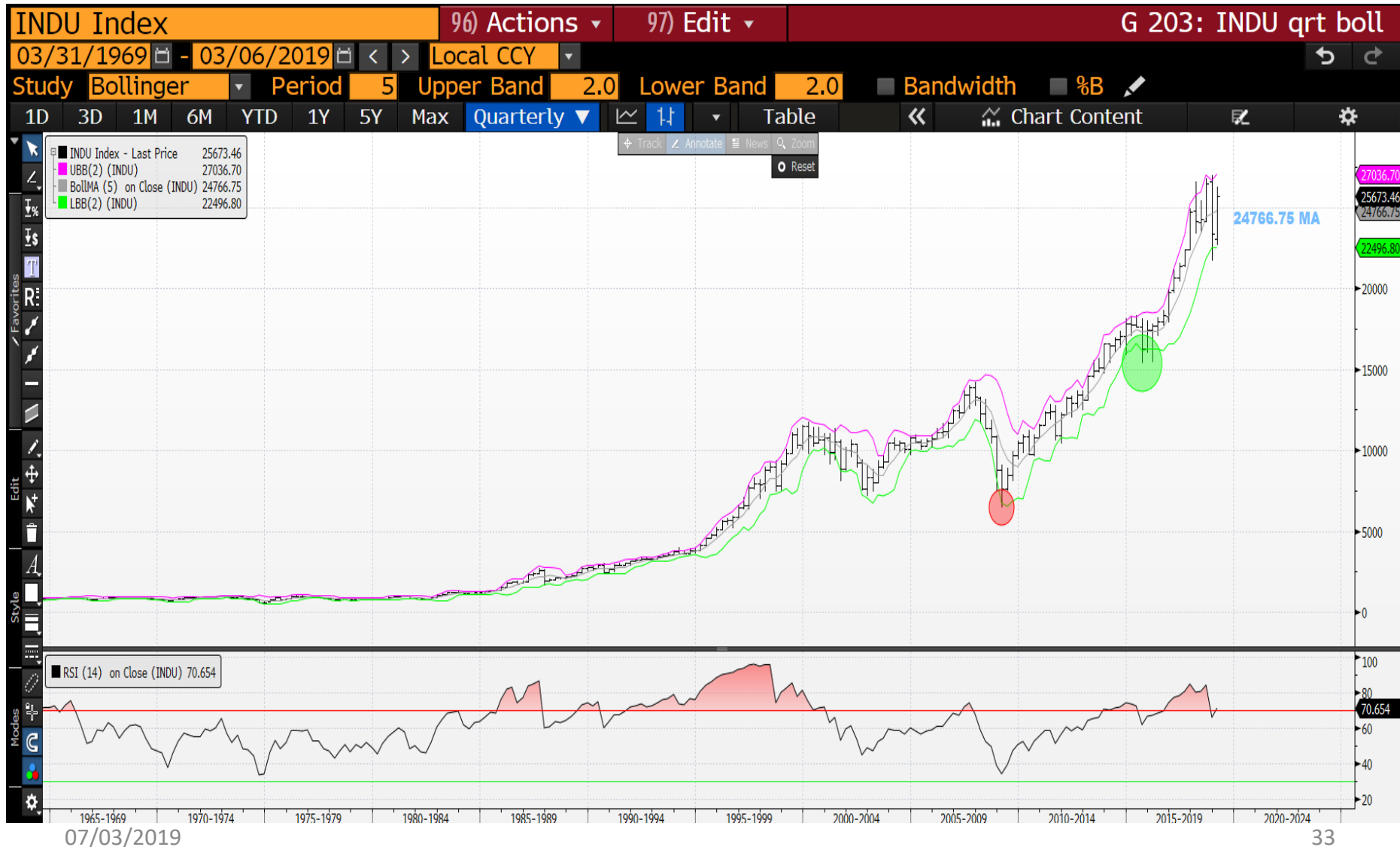
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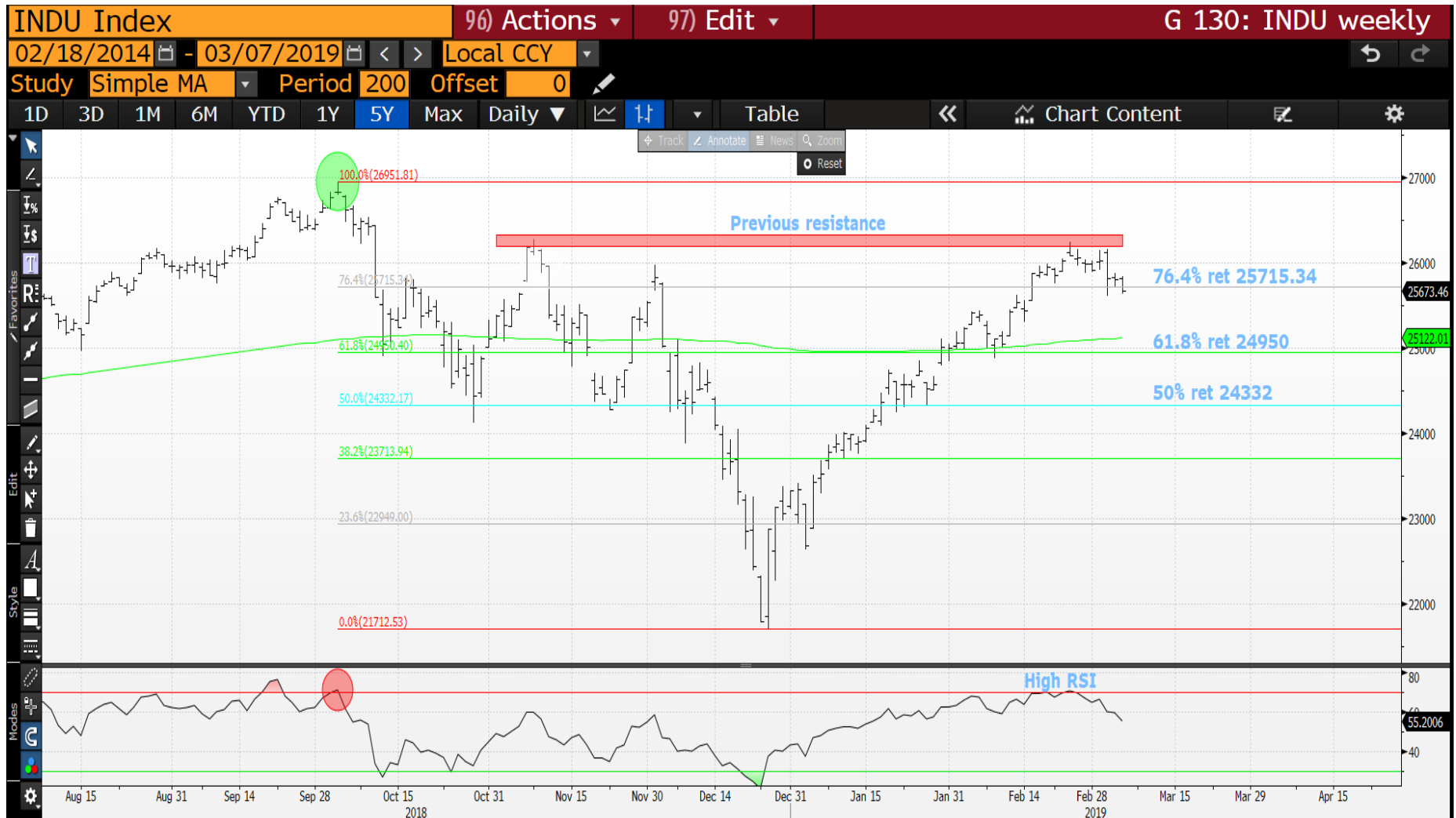
DOW quarterly : We have a “TOP” but need to capitalise on that with a move SUB the 23344.52 previous low. This could very well be the LAST TIME we see these levels!



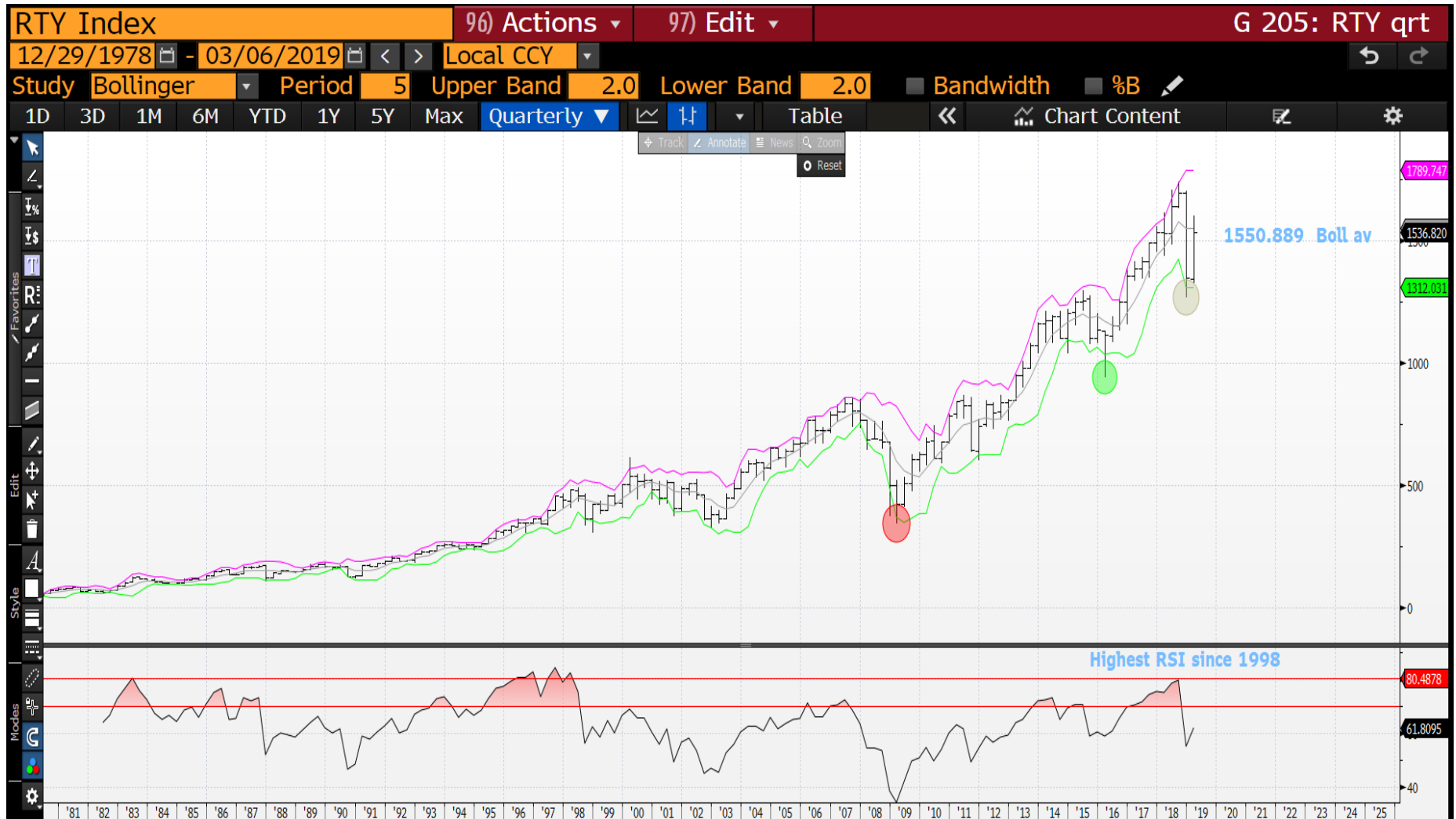
DOW quarterly : Last quarter generated pierces at either end of the range so IDEALLY to continue the bearish outlook we need to fail the 24766.75 moving average.



DOW daily : We are above the 200 day moving average as before BUT finally the RSI is similar to September 2018! The previous resistance held and a push lower looks on the cards.



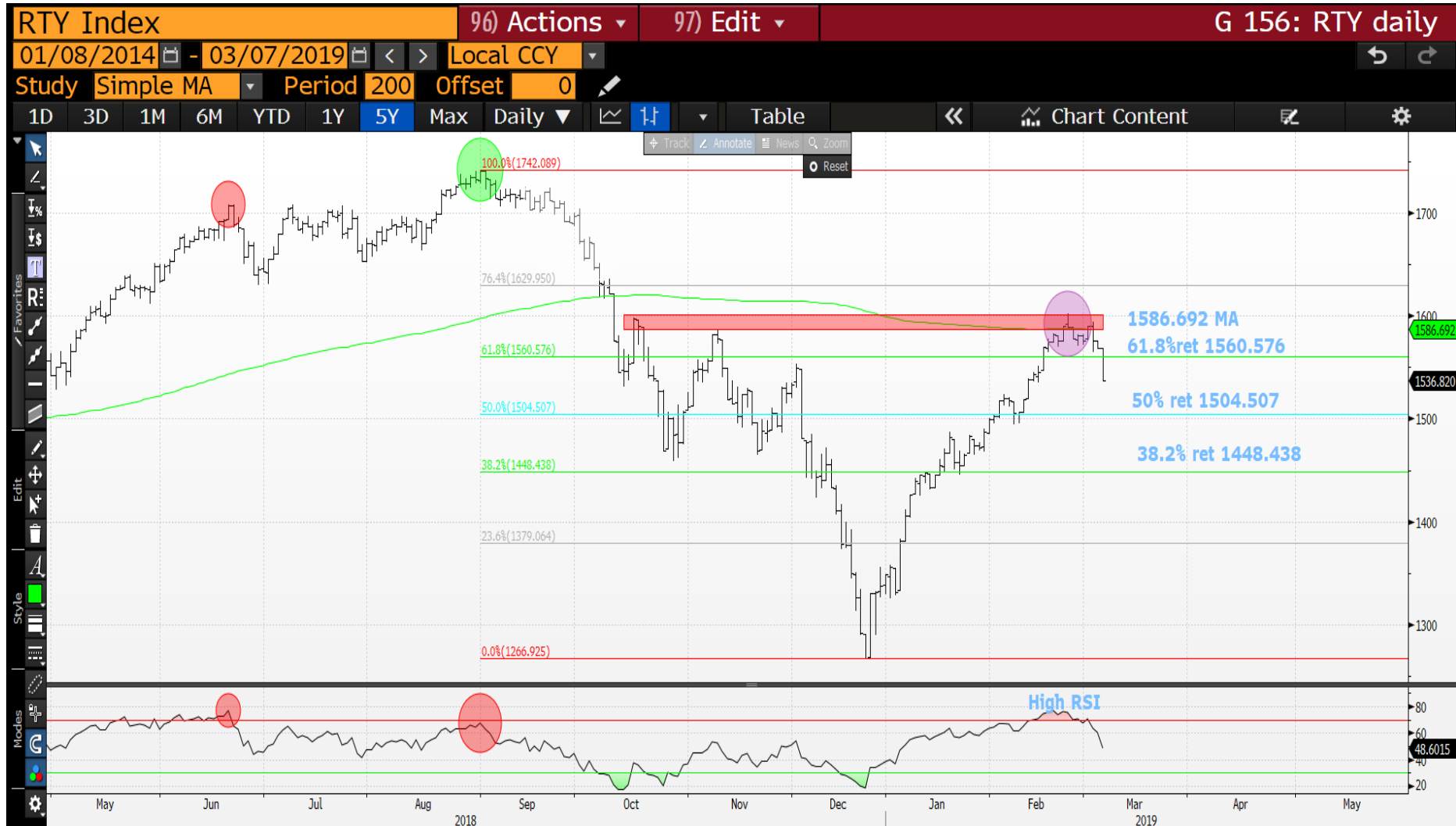
Russell quarterly : We have had a sizeable bounce but looks doubtful it will repair the terminal damage. Ideally we need to breach back below the 1550.889 bollinger average.



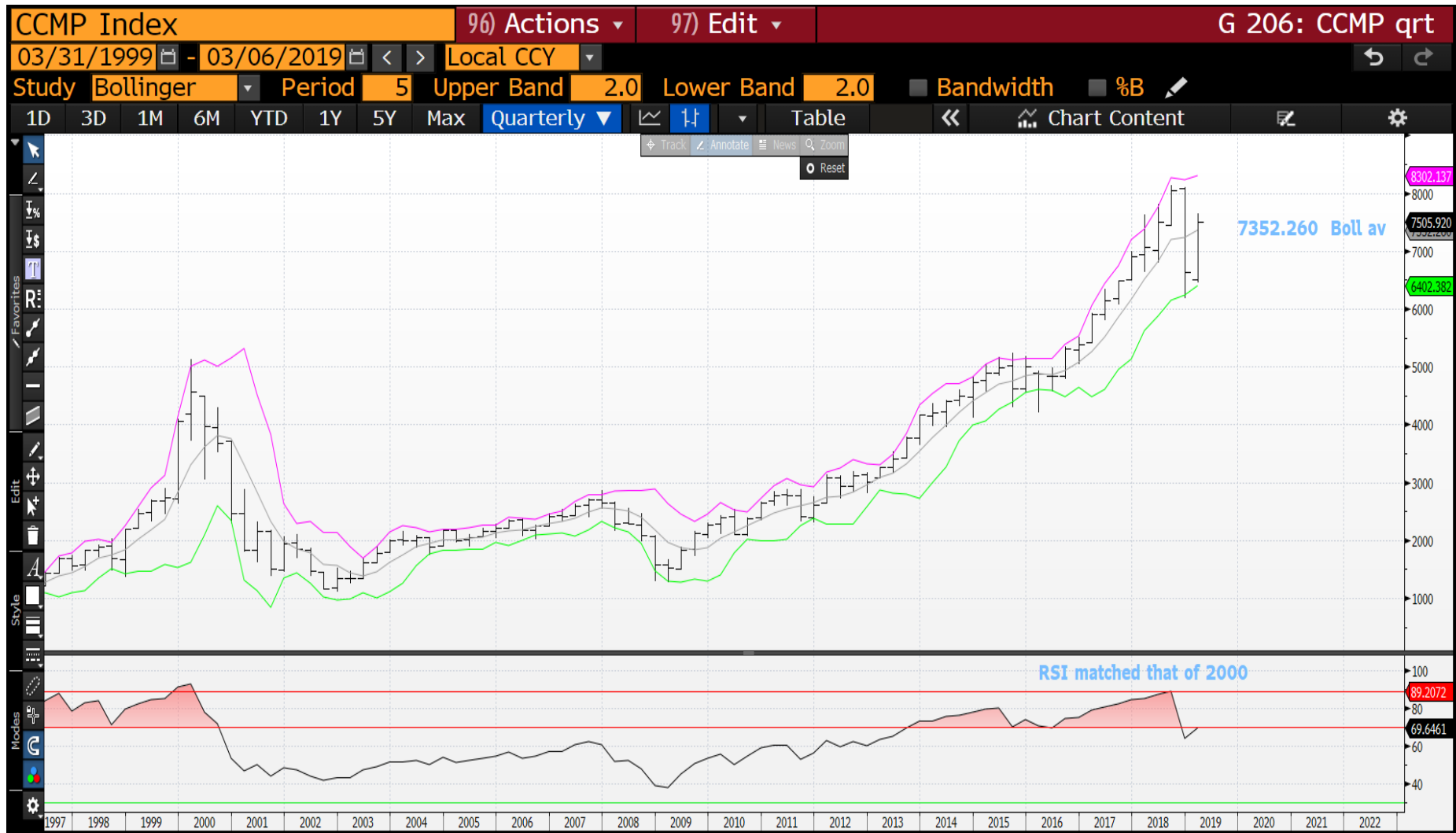
Russell monthly : We fell short of last months high and have dipped back below the 23.6% ret 1553.



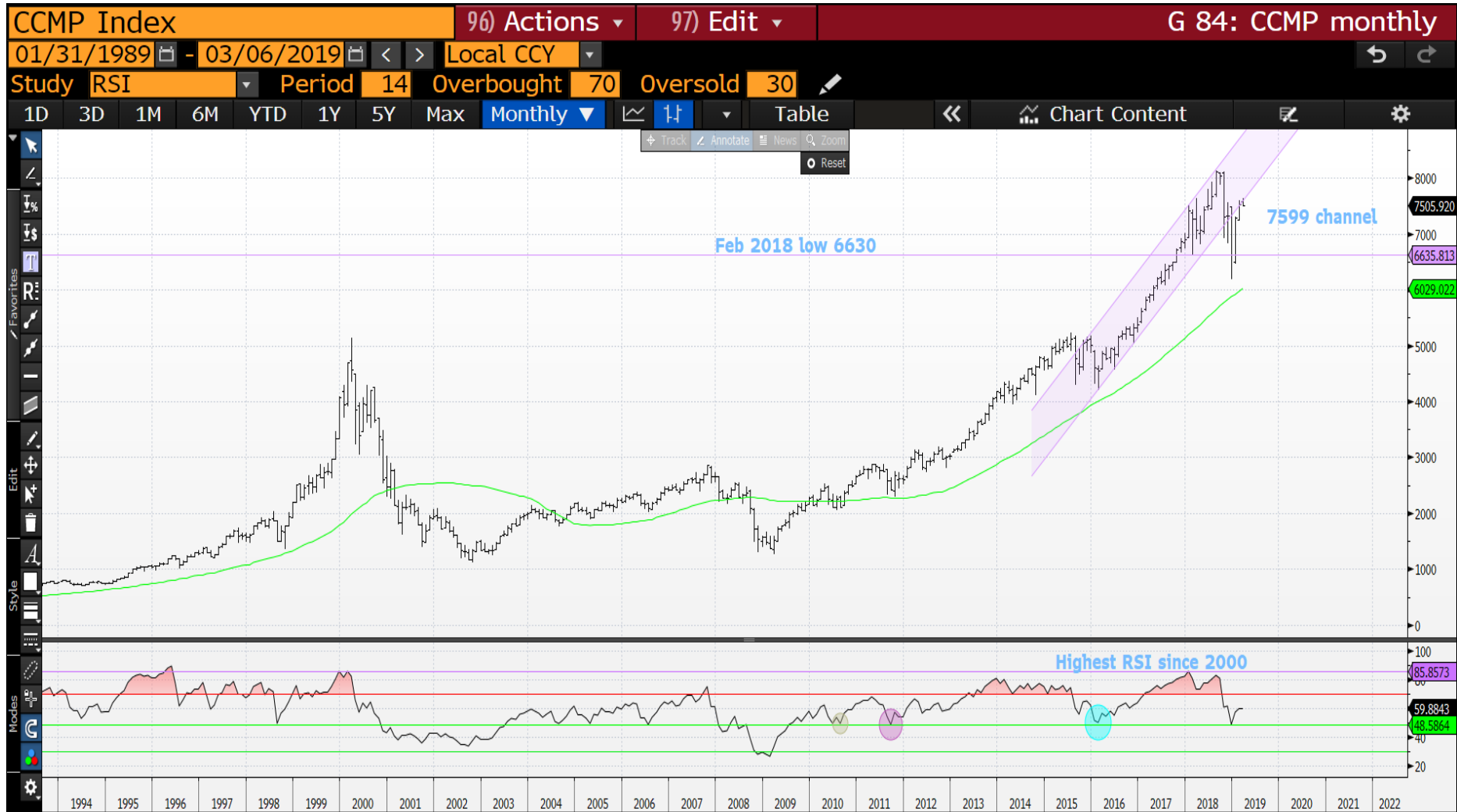
Russell daily : We have failed at previous resistance levels and are now sub the 200 day moving average 1586.692. No turning back now, lower we go.



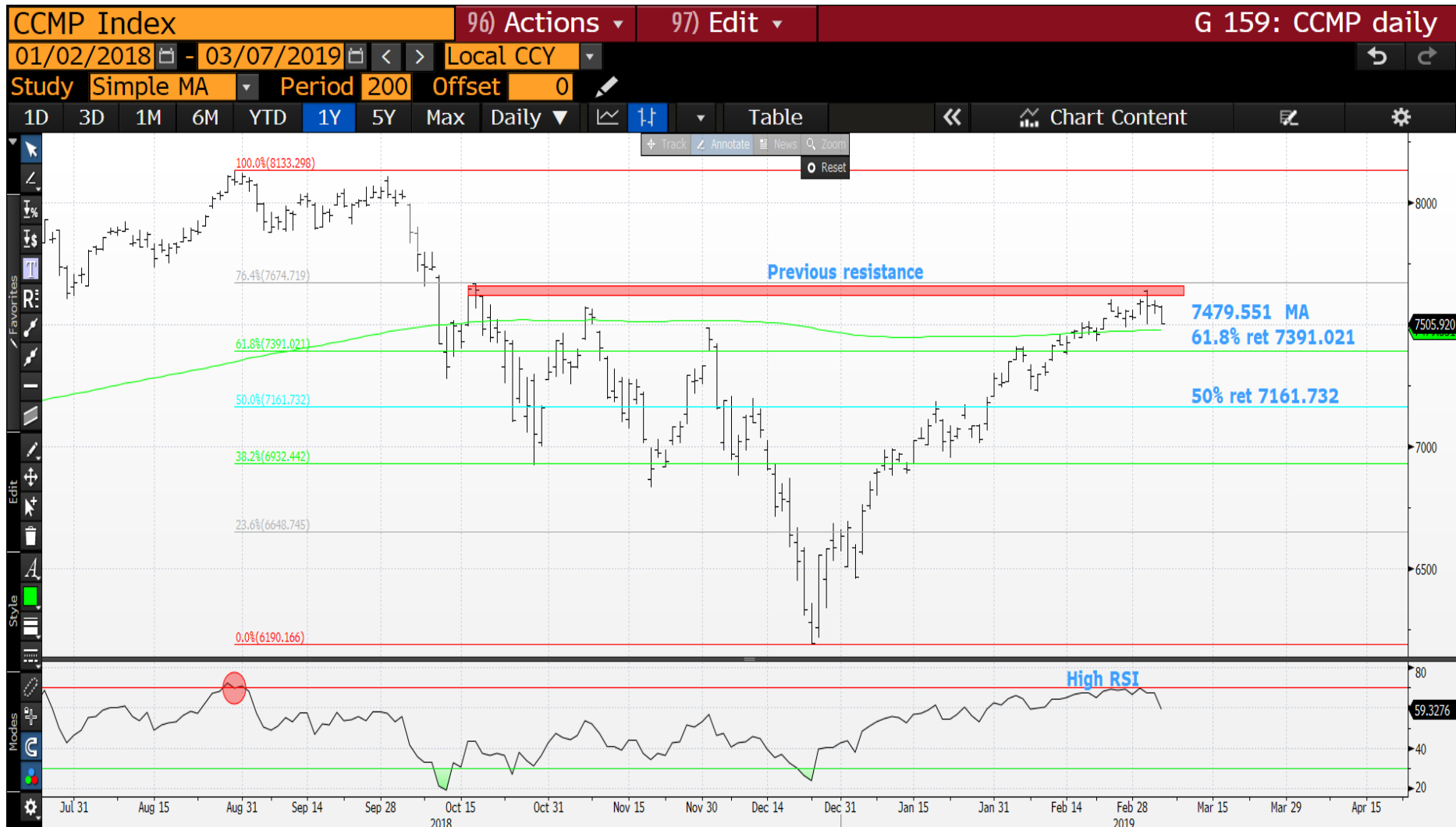
CCMP quarterly : A nasty bounce that minimally needs a close sub the 7352.260 bollinger average.



CCMP monthly : We have opened this month FAILING the channel resistance at 7599.



CCMP monthly : The resistance is obvious and so maybe the TOP! Sub the 61.8% ret 7391.021 will confirm overall FAILURE.

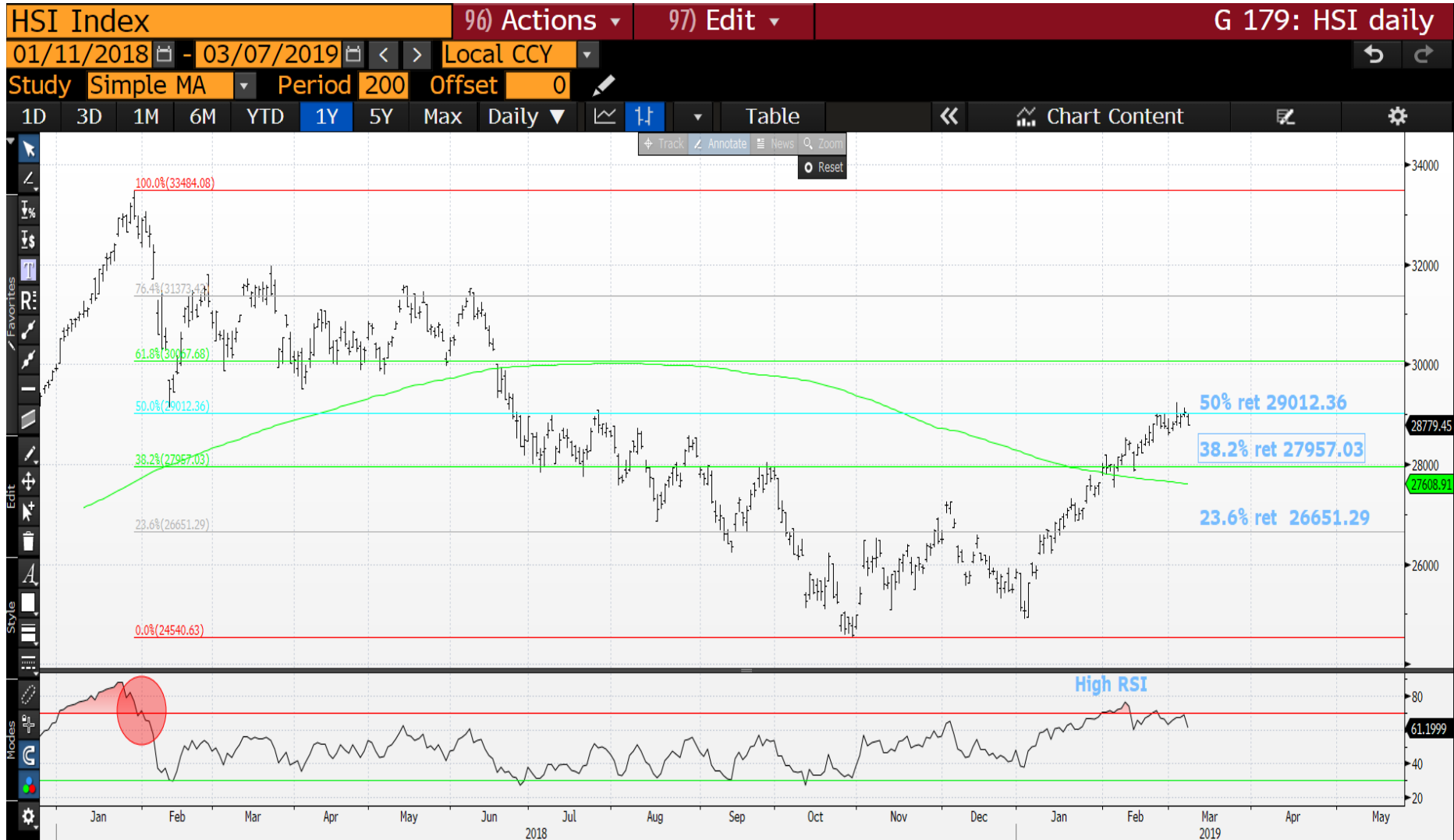


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Hang Seng monthly : This is the biggest obstacle to a any short as this market formed a MAJOR base against its long-term moving average 25435.46.



Hang Seng daily : The RSI is high just as we reject the 50% ret 29012.36, lower we go.



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



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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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