

BOND YIELD (SHORT-TERM) UPDATE : There has been a decent run lower in yields but for those more short-term players the daily RSI's are oversold. We also have supply this week and stocks seem very reluctant to join yields. The LONGTERM charts remain unaffected.

****REMEMBER CTAs KEEP buying for their trend-momentum returns irrespective of yield levels.****

Real money has already been buying EM to lock in more attractive yields, am sure soon to ADD.

The long-term quarterly-monthly charts continue to forecast MUCH lower yields and little obstacles in their path!

On paper the quarterly and monthly charts are obvious, its MUCH lower yields. We are failing MANY RARE 50 and 100 period moving averages aided by RSI dislocations that date back to 1980's. The formations are staggering given the previous upsets in and around 2000 - 2007.

It seems from a chart perspective everyone is convinced rates are going MUCH HIGHER based on the HISTORICAL RSI dislocations. Expectation and positioning is way too optimistic.

The weekly charts are more optimistic for a HOLD but daily negate that almost instantly.

Daily charts have persisted in remaining sub numerous 200 day moving averages, so ideally its all a matter of time.

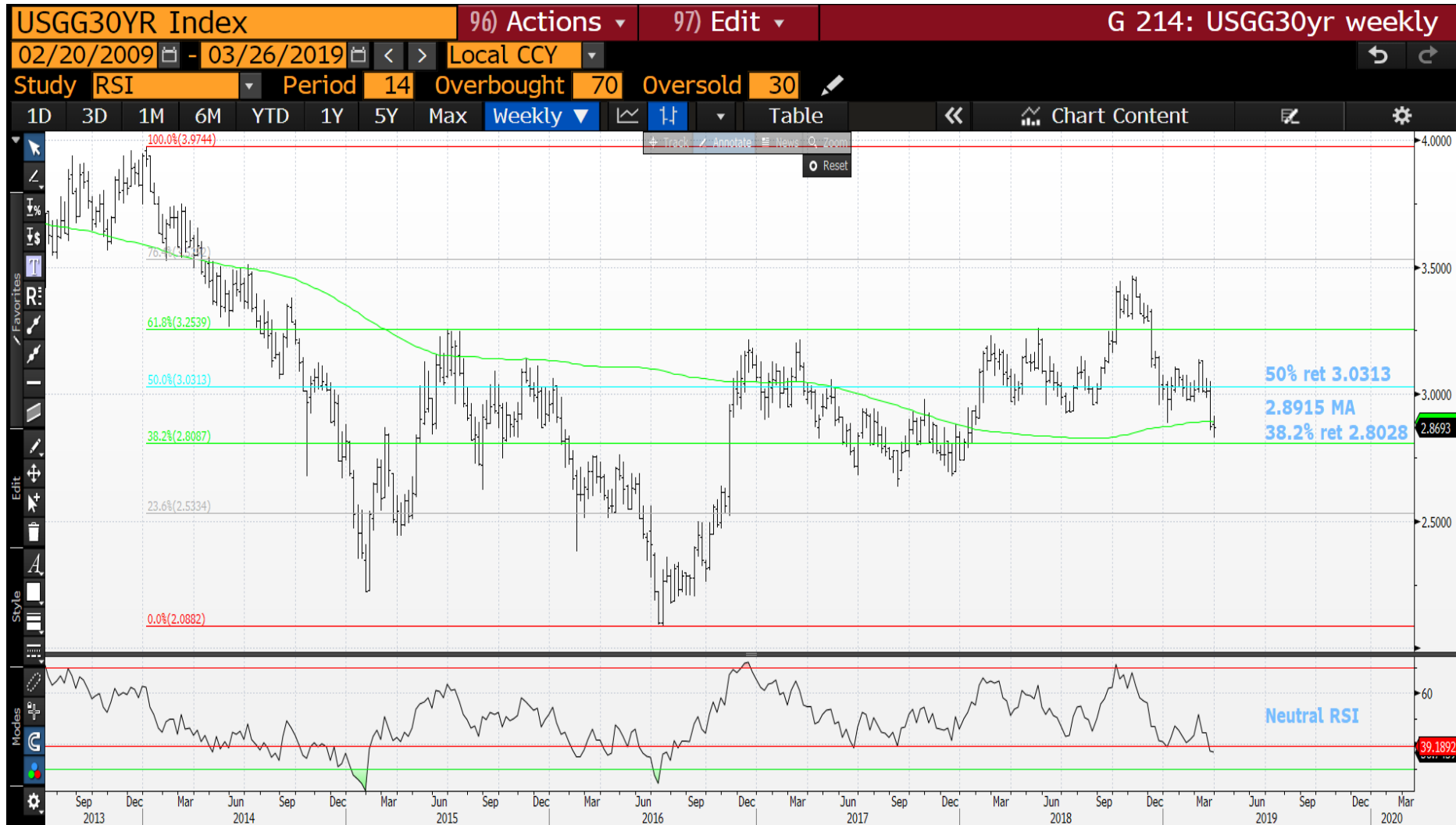
Germany and UK also point to lower yields, whilst Italy is pausing at a recent low.

USGG30yr monthly : We now have a decent rejection of the 100 period moving average 3.1127 so should continue lower in yield.

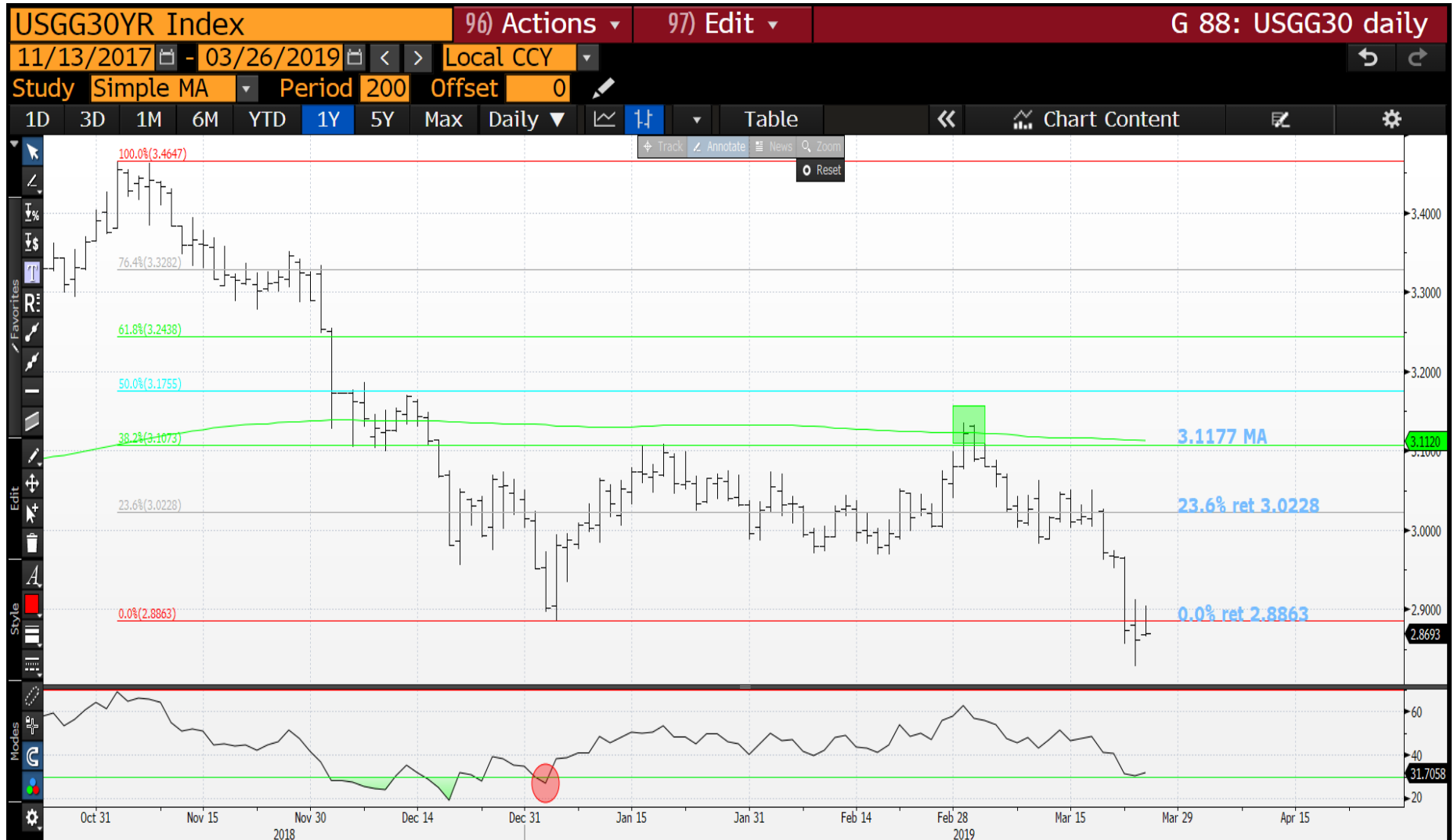


26/03/2019

USGG30yr weekly : The RSI is low just as we finally fail the 200 period moving average 2.8915, sub the 38.2% ret 2.8028 will trigger more major stops.



USGG30yr daily : A savage drop from the moving average and the RSI is NOW dislocated.



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US 10yr yield quarterly : Another superb extreme example, few times ever have we kissed this 50 period moving average (Currently 2.7796). The RSI is also of note given it is the HIGHEST (level of expectation) since 1984!! Looking at last quarters range I think we replicate that in a late rush to this quarter end, taking us to the 2.360 area.



26/03/2019

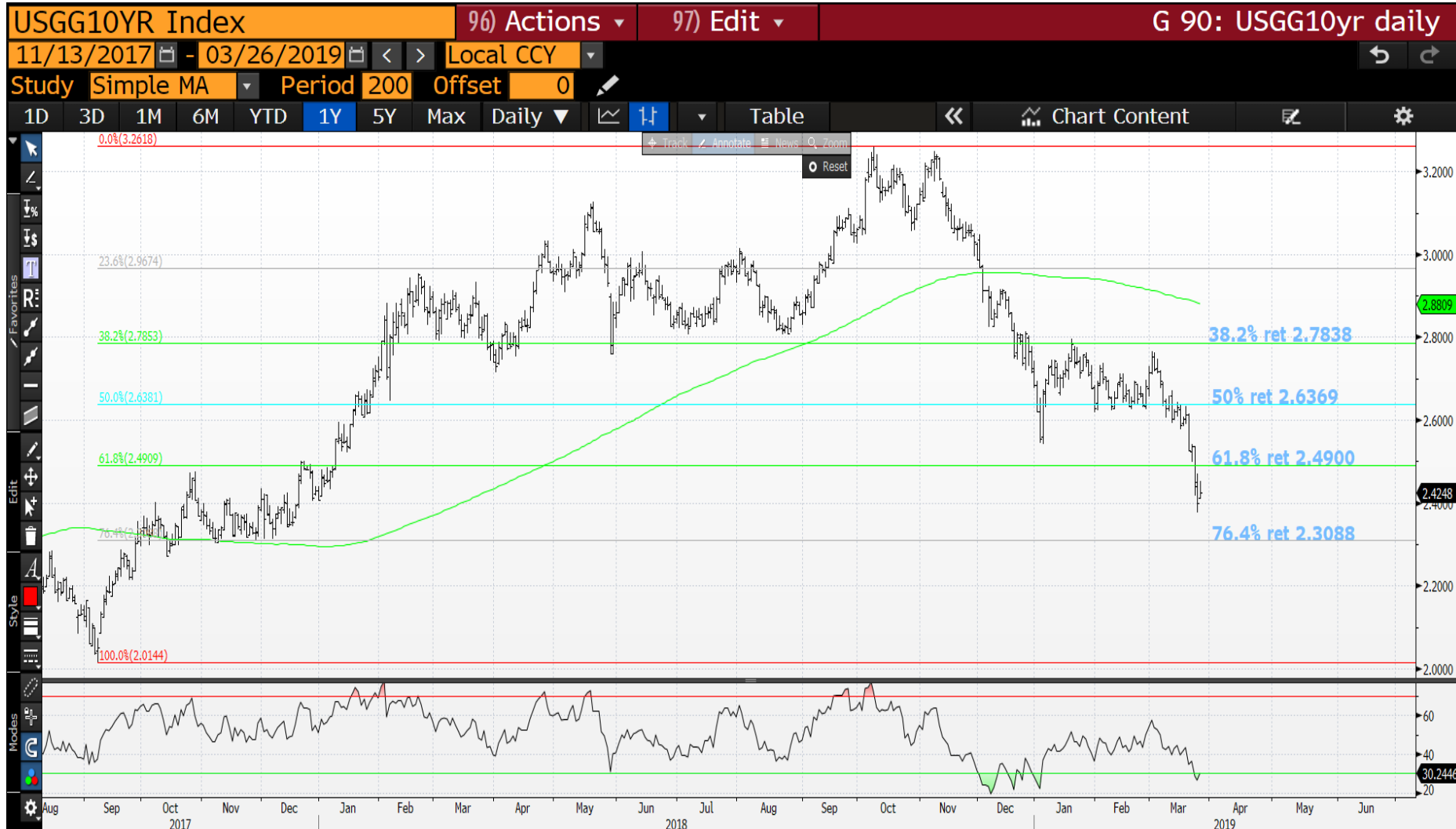
US 10yr yield monthly : A PERFECT hit on this 200 period monthly moving average 3.1526, talk about RARE! There is very little in the way of downside support till 2.000!



USGG10yr weekly : This time the weekly RSI is low but no retracement level hit YET.



USGG10yr daily : The RSI is low but we may need to visit the 76.4% ret 2.3088 first.



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USGG5yr quarterly : We are well on the way to testing the 2.0442 50 period moving average but the “clincher” is the RSI, it is at 1981 proportions! Historically it is telling me peoples perceptions on rate expectations have gotten ahead of reality.



USG5yr monthly : This time the 200 period moving average 2.4410 is very useful. We have breached it and in some style leaving the door WIDE OPEN for much lower yields.



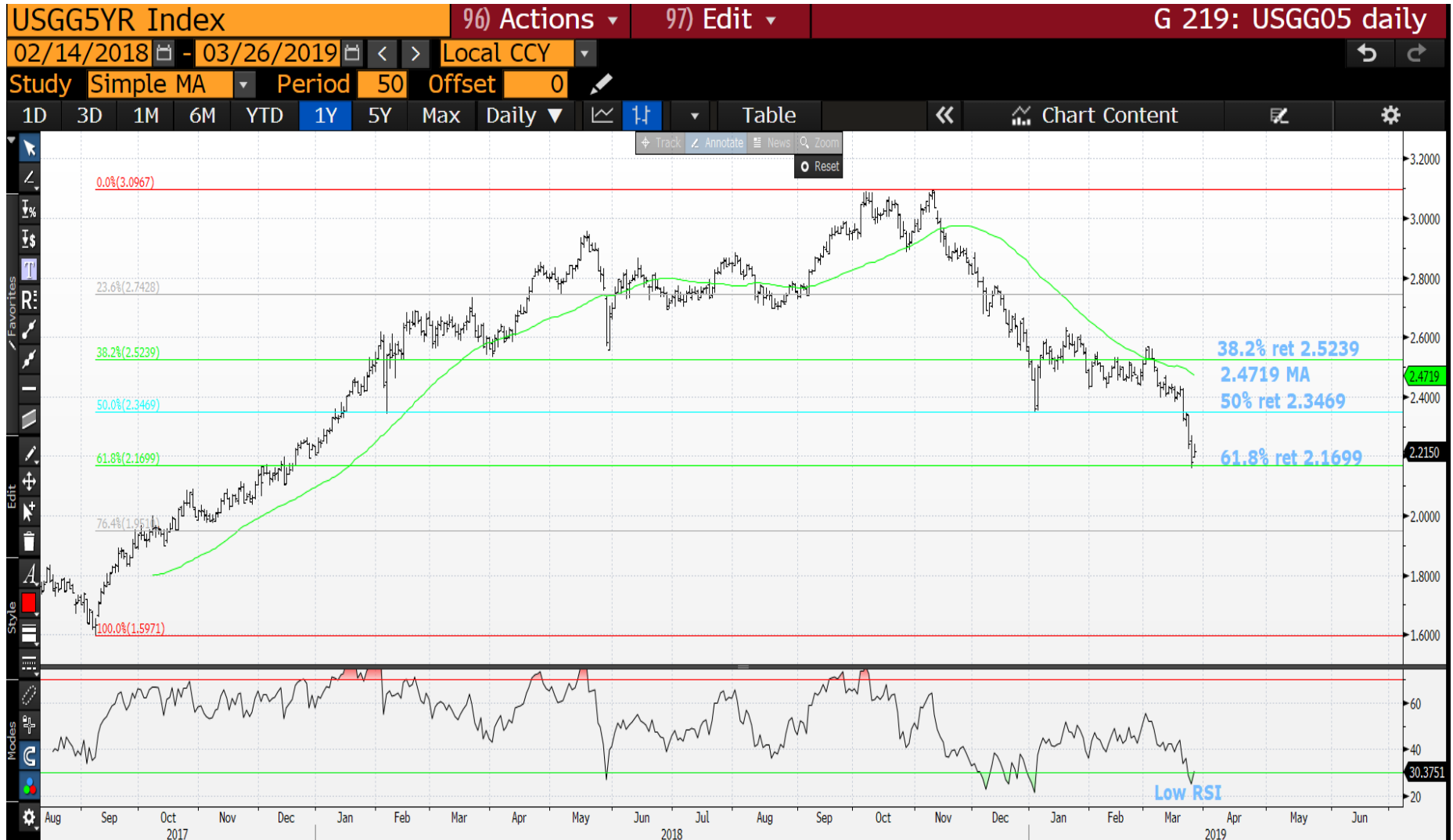
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USGG5yr weekly : We have finally breached the 100 period moving average 2.4128 and 38.2% ret 2.3298, little now between us and 2.000.



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USGG5yr daily : This might be “the one to watch” given the RSI dislocation coincides with the 61.8% ret 2.166.

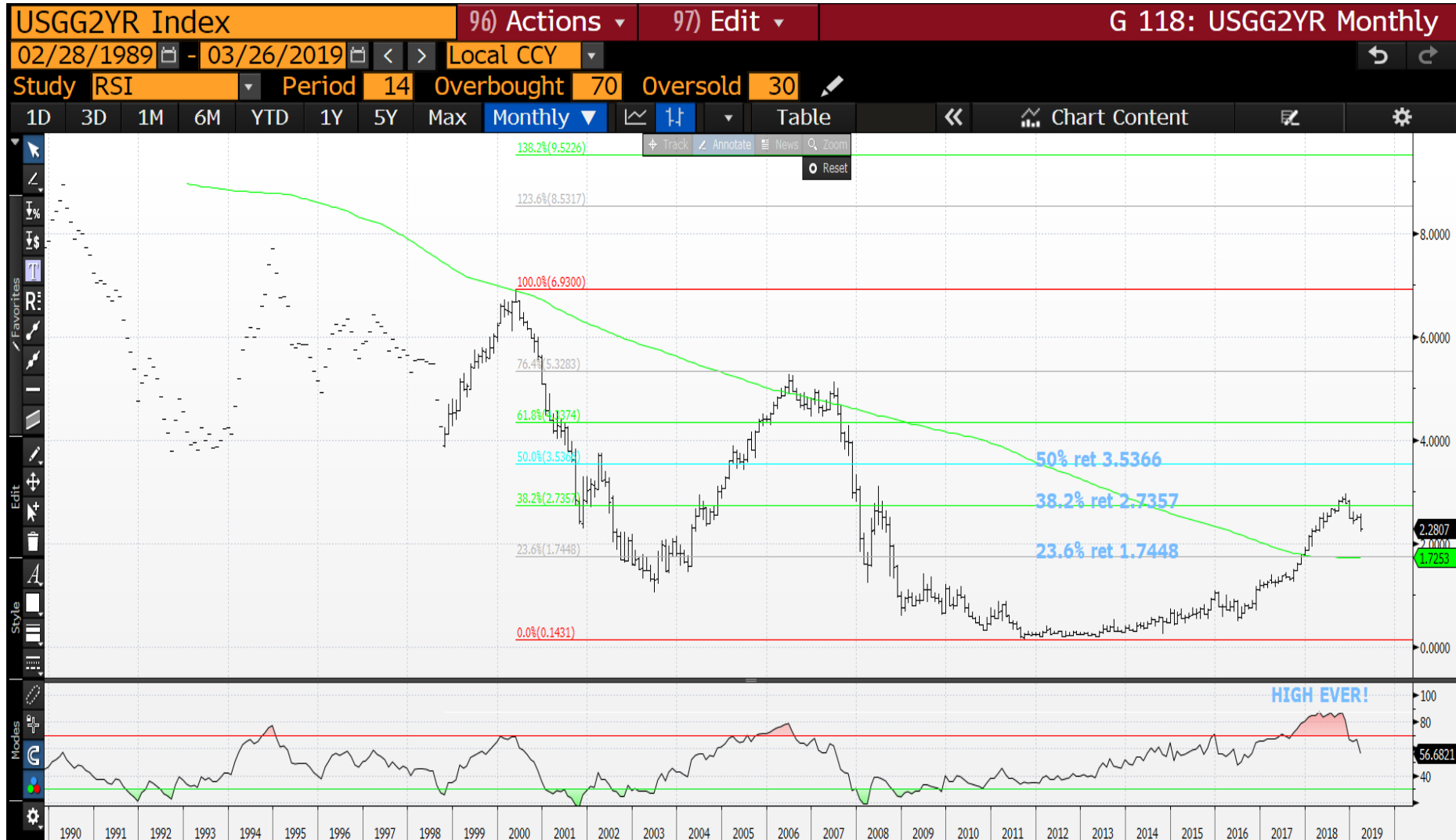


USGG2yr quarterly : This chart is very clean and clear in its representation, we have hit a rare 100 period 2.9414 with an RSI dislocation matching that of 1980. It is worth noting that since 1980 we have had other event miles-stones that failed to really influence the RSI, as NOW.

This tells me there is a lot of positions and expectation on this bet for higher rates!



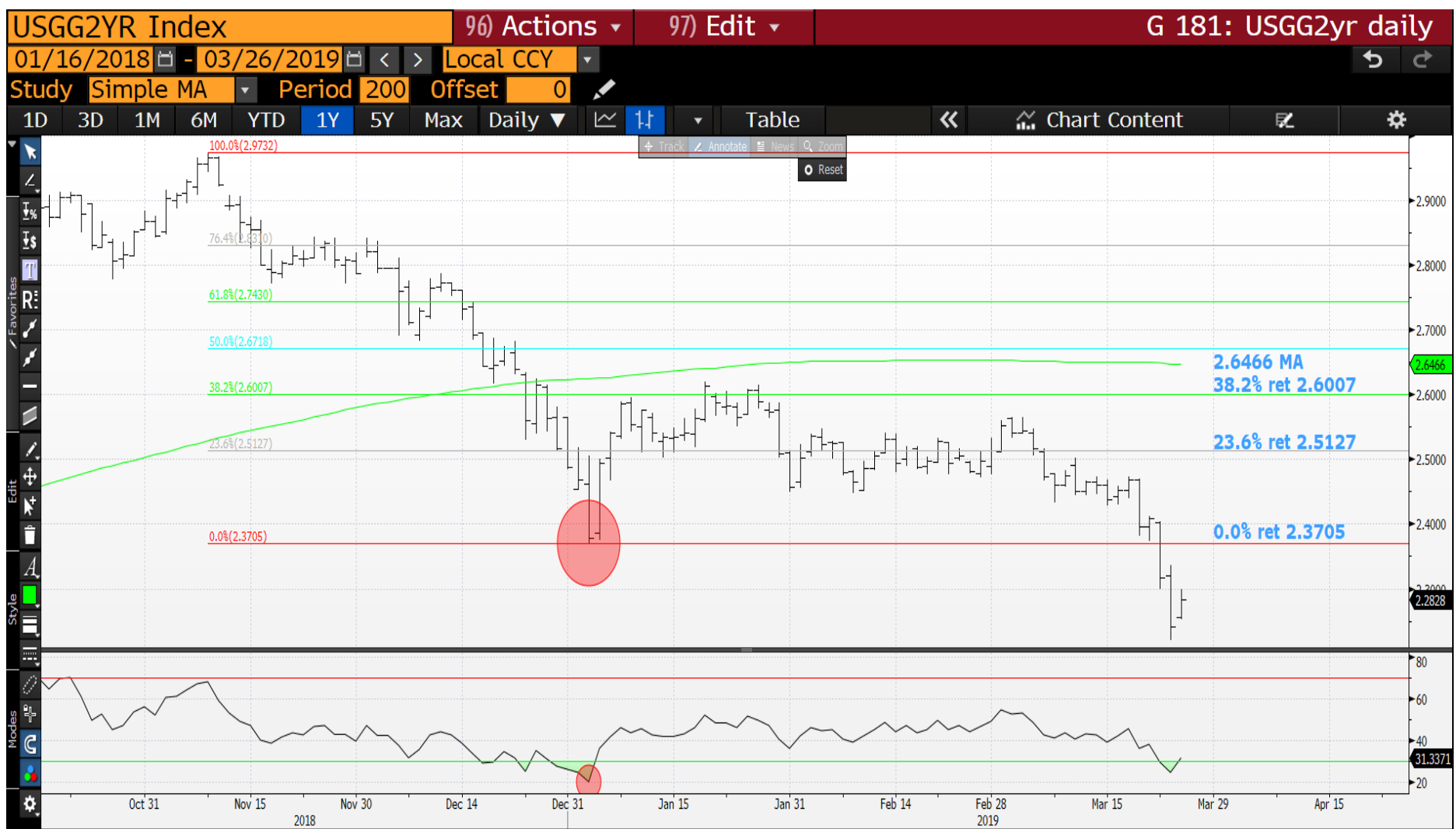
USGG2yr monthly : We are well on the way lower and the 23.6% ret 1.7448 is a natural draw.



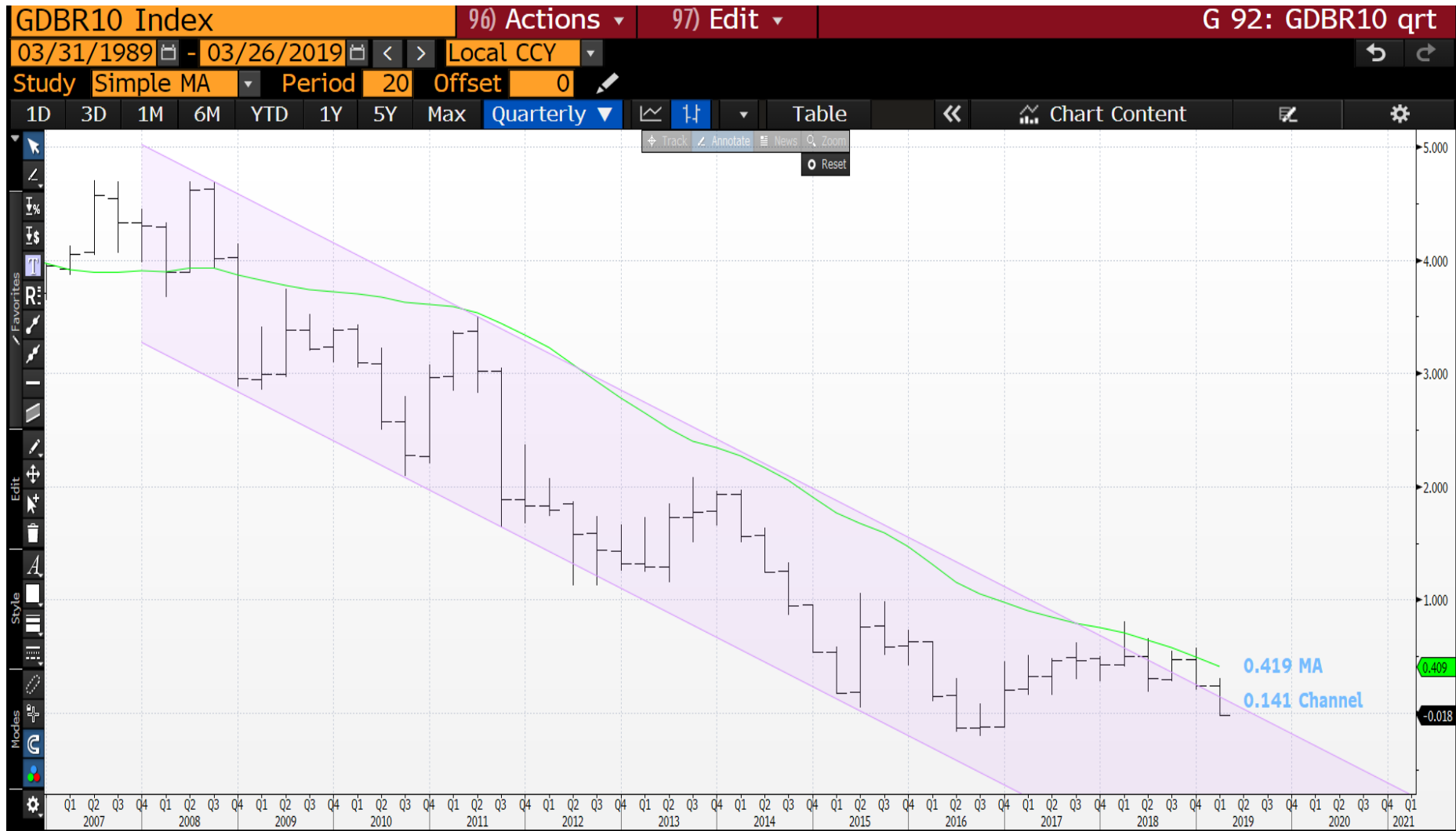
USGG2yr weekly : We are breaking lower every week and the 38.2% ret 2.1035 remains the next target.



USGG2yr daily : The RSI matches that of the January low so might be worth covering some positioning.



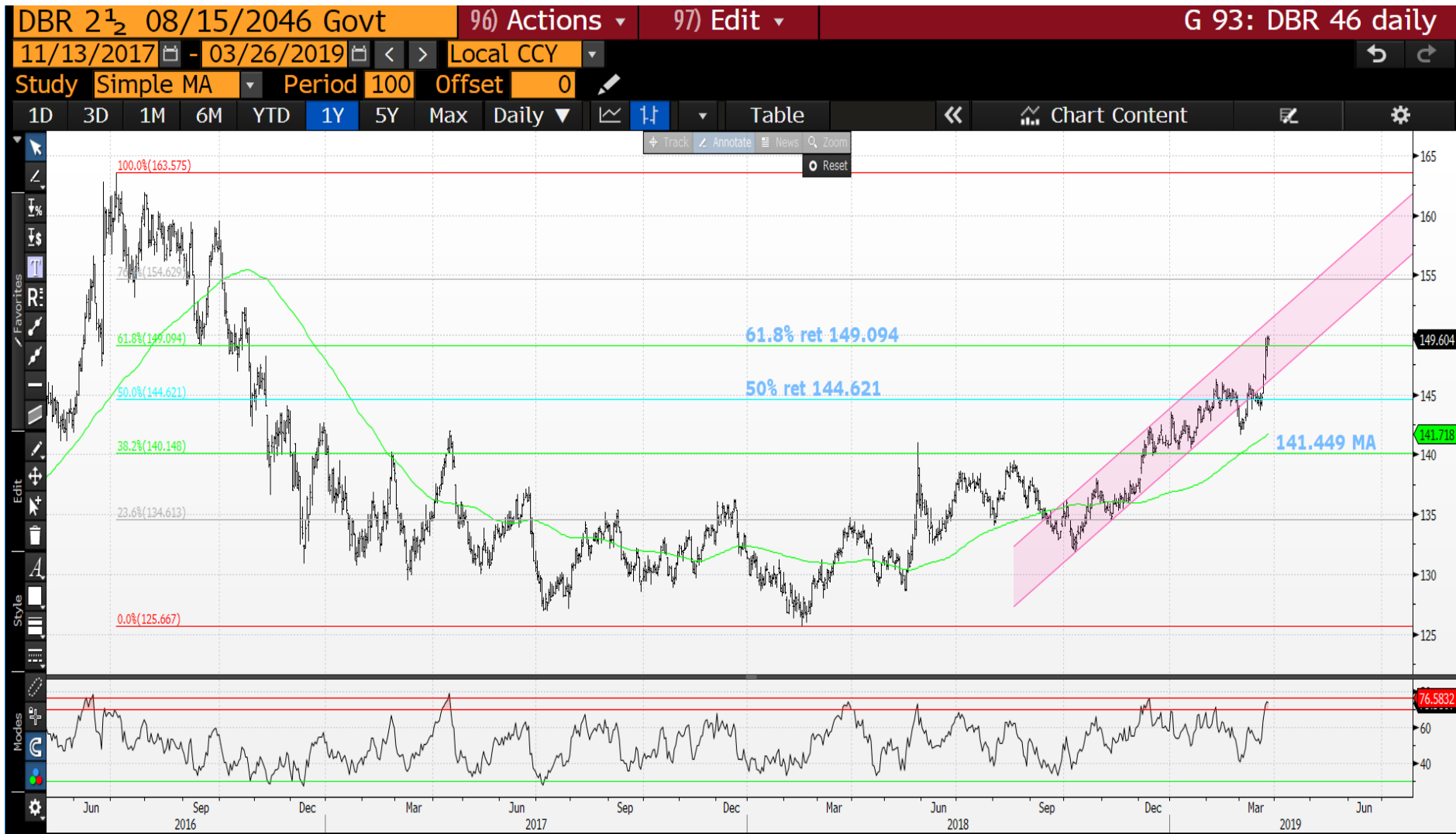
Generic German 10yr quarterly : We have plenty of room to go lower, just running out of yield!



26/03/2019

17

DBR 46 daily : We have breached the 61.8% ret 149.094 but the RSI is getting lofty.



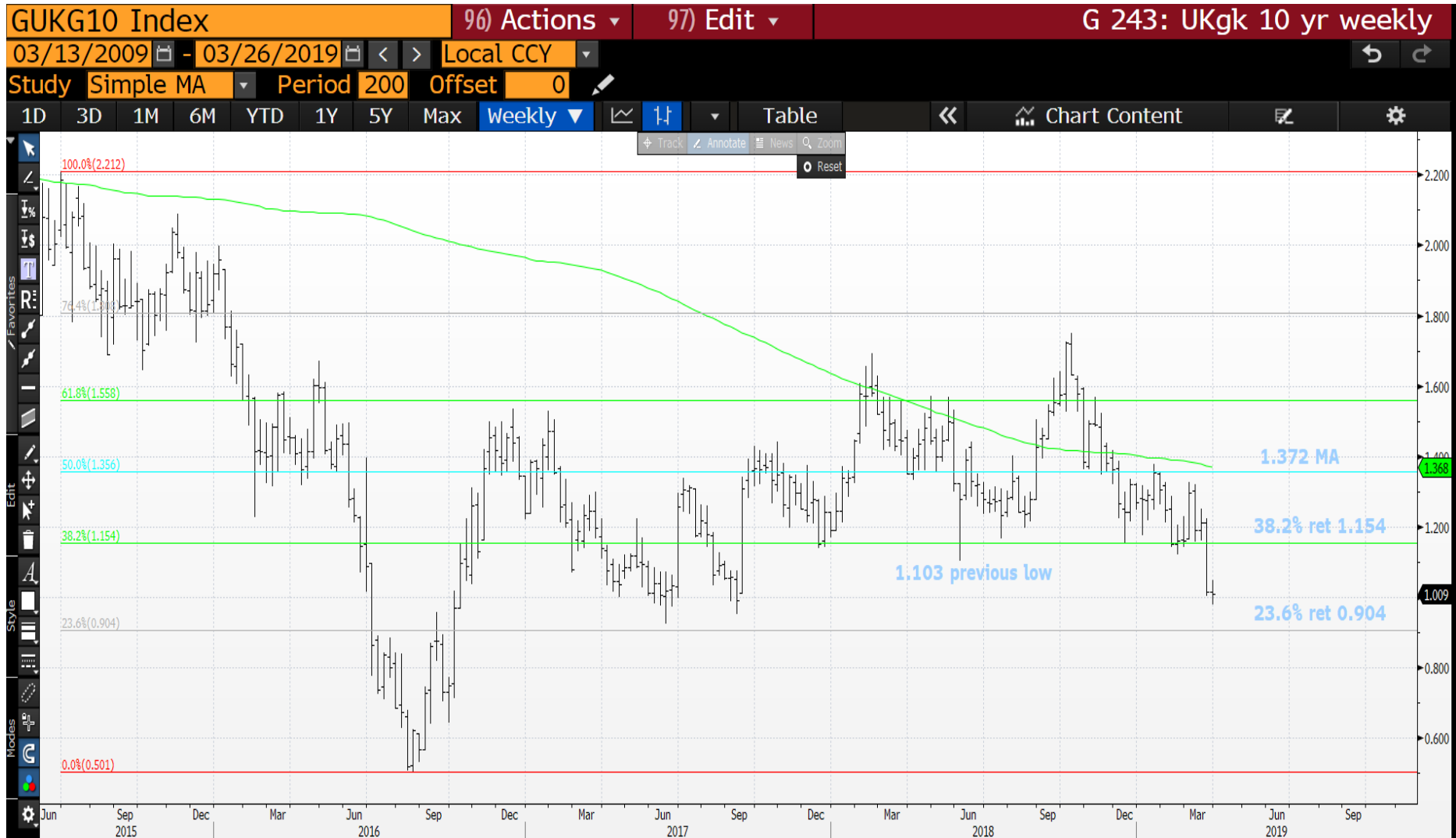
Italian generic 10yr daily : We are TEASING the all IMPORTANT 2.463 previous low, should this be breached it will free fall.



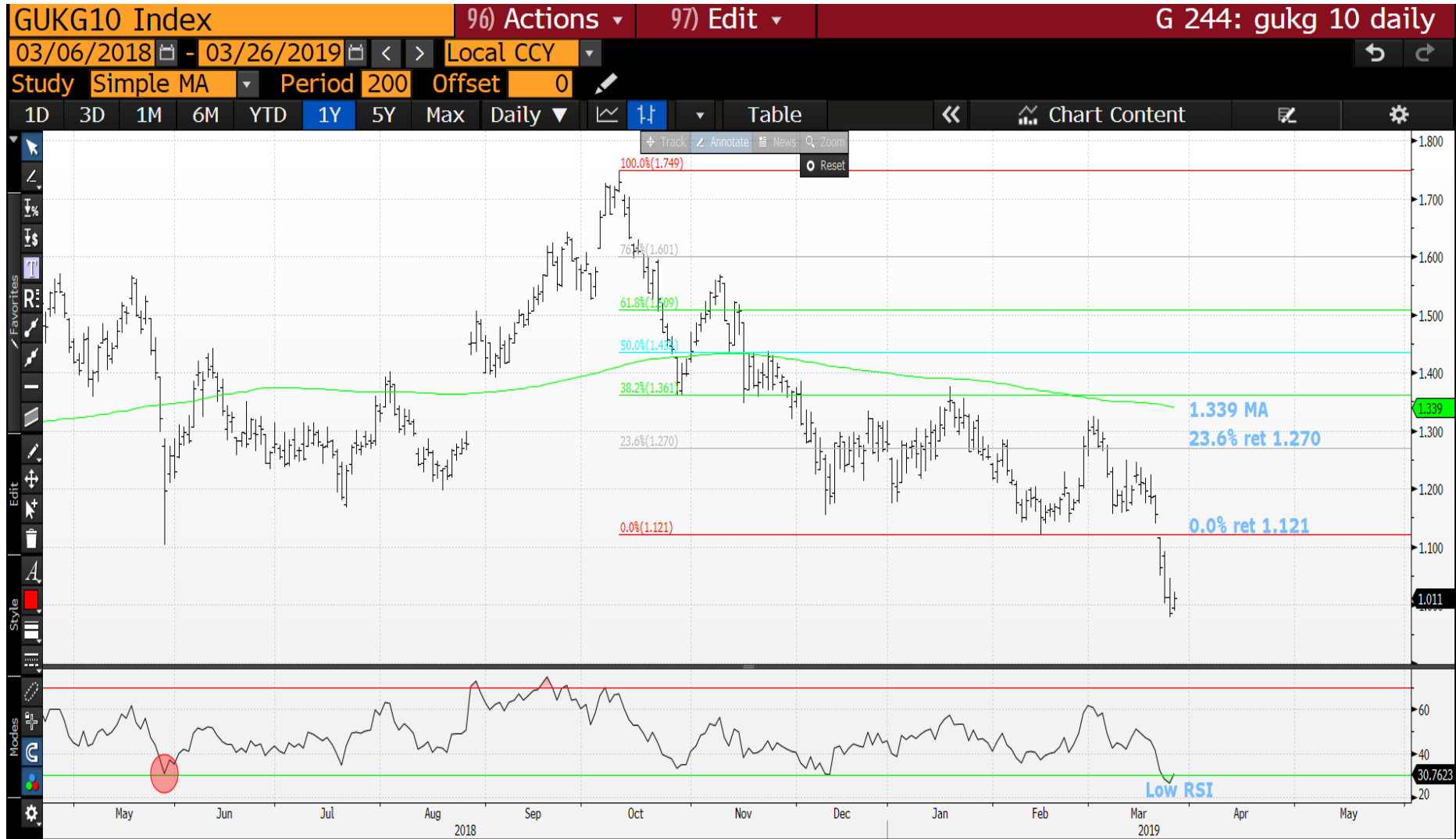
GUKG10 monthly : This highlights a singular trend lower, sub the 100 period moving average since 2009. PLENTY of room left.



GUKG10 weekly : We are heading nicely lower and a breach of the 23.6% ret 0.904 will help a lot.



GUKG10yr daily : The RSI is now pretty low so maybe reduce some position exposure.



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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