

BOND YIELD UPDATE : THE YIELD DROP ISNT OVER, ITS ONLY JUST BEGUN! Soon people will REALISE they NEED yield, it will be a “MAD RUSH” into month-quarter end. Post the FED we have finally ENDORSED the MANY historical moving average rejections, that setting us on a path for lower yields. Many ranges are also too small and will probably end up replicating that of 4th quarter 2018, ITS GONNA GET MESSY. 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 : The 100 period moving average 3.1422 worked well to highlight the previous HISTORICAL failures. We are heading lower nicely with little support looming!

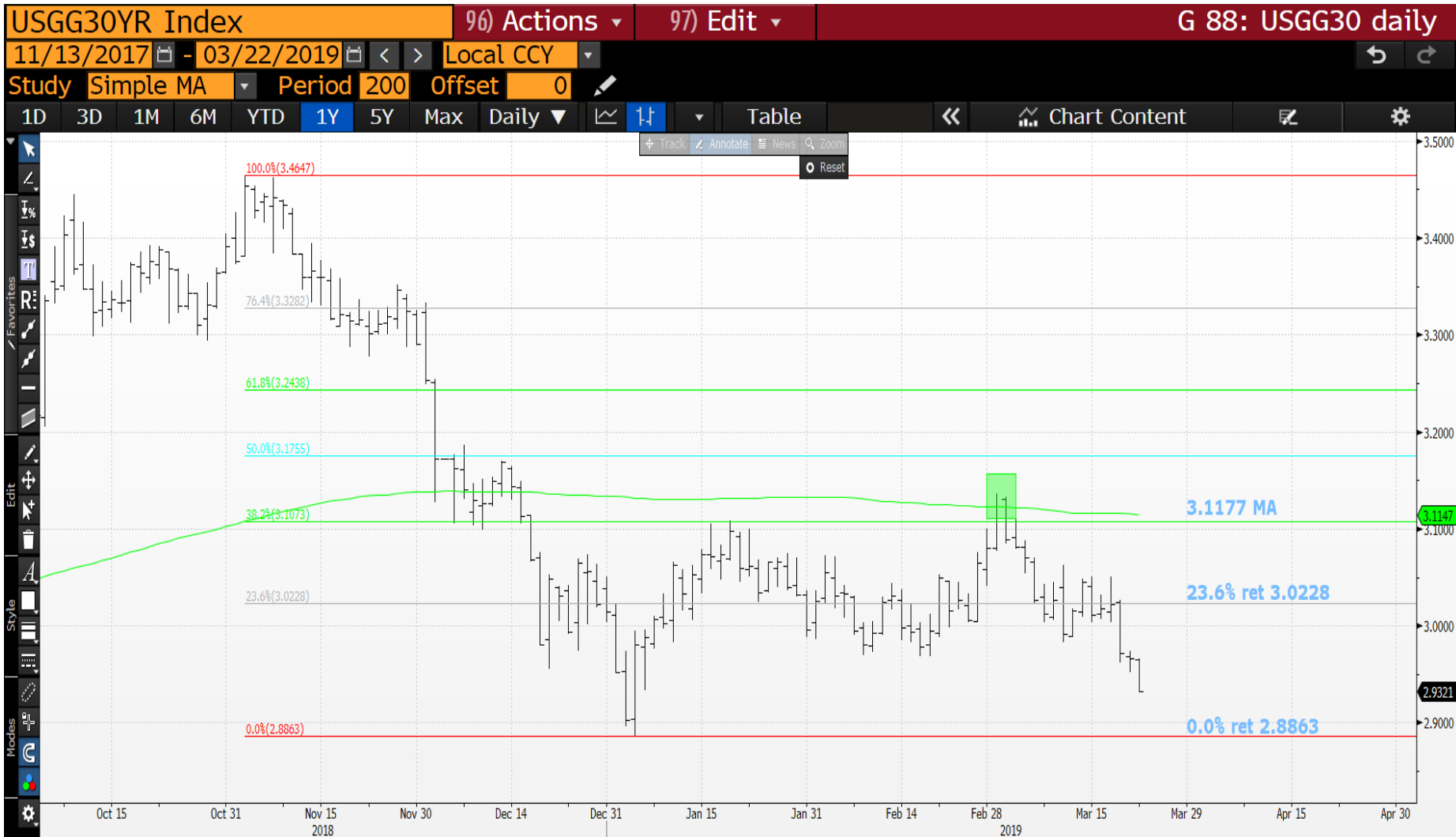


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USGG30yr weekly : This is where the CONFLICT remains, we are holding above the 200 period moving average 2.8919. Ideally we close sub the 38.2% ret 2.8028 this week, to then compliment the monthly and quarterly view.



USGG30yr daily : Little doubt now that yields are going lower given the rejection of the 200 day moving average 3.1177 and the recent low LOOMS.



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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.

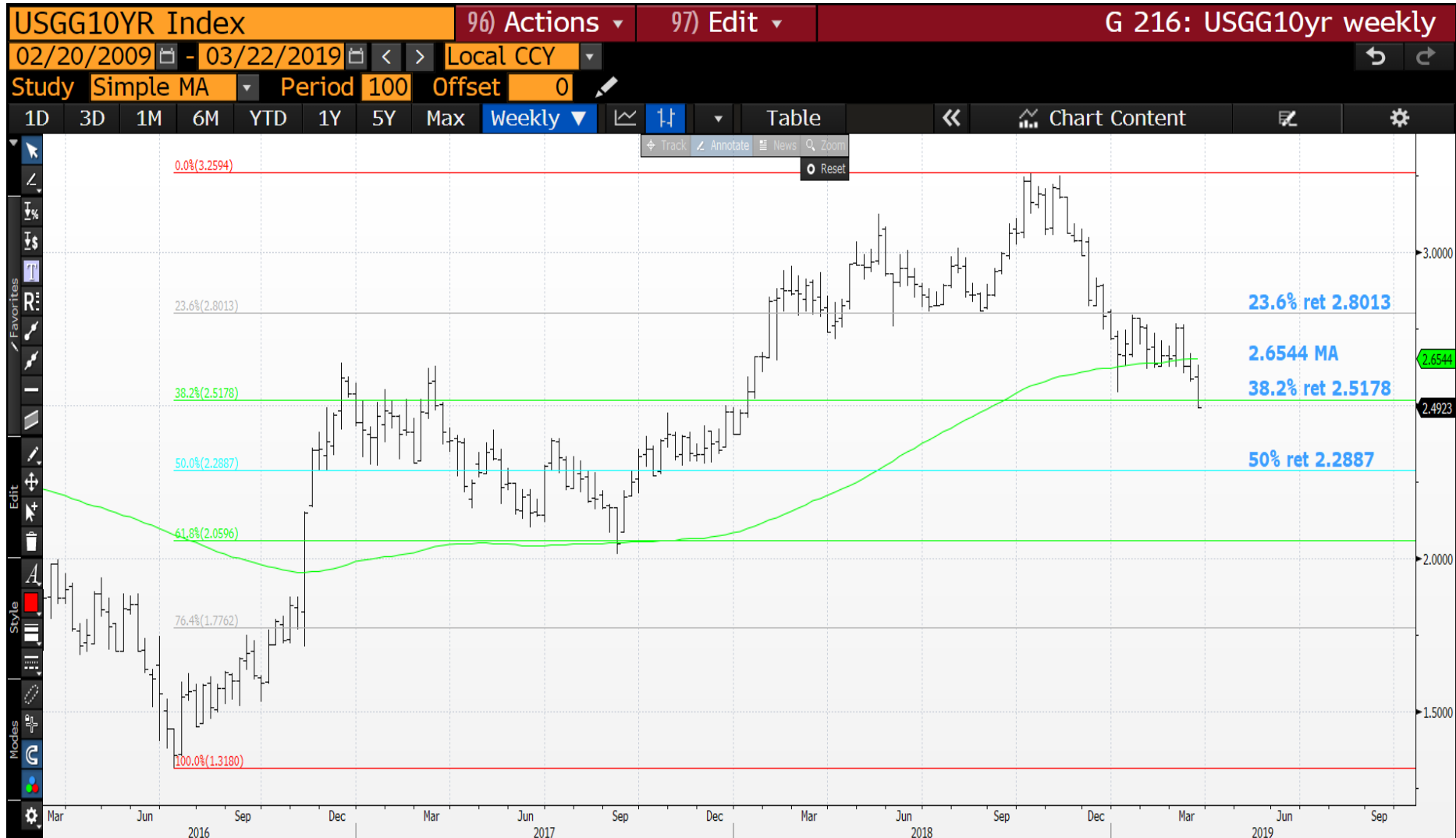


US 10yr yield monthly : A PERFECT hit on this 200 period monthly moving average 3.1526, talk about RARE! There is very little in the way of downside support till 2.000!



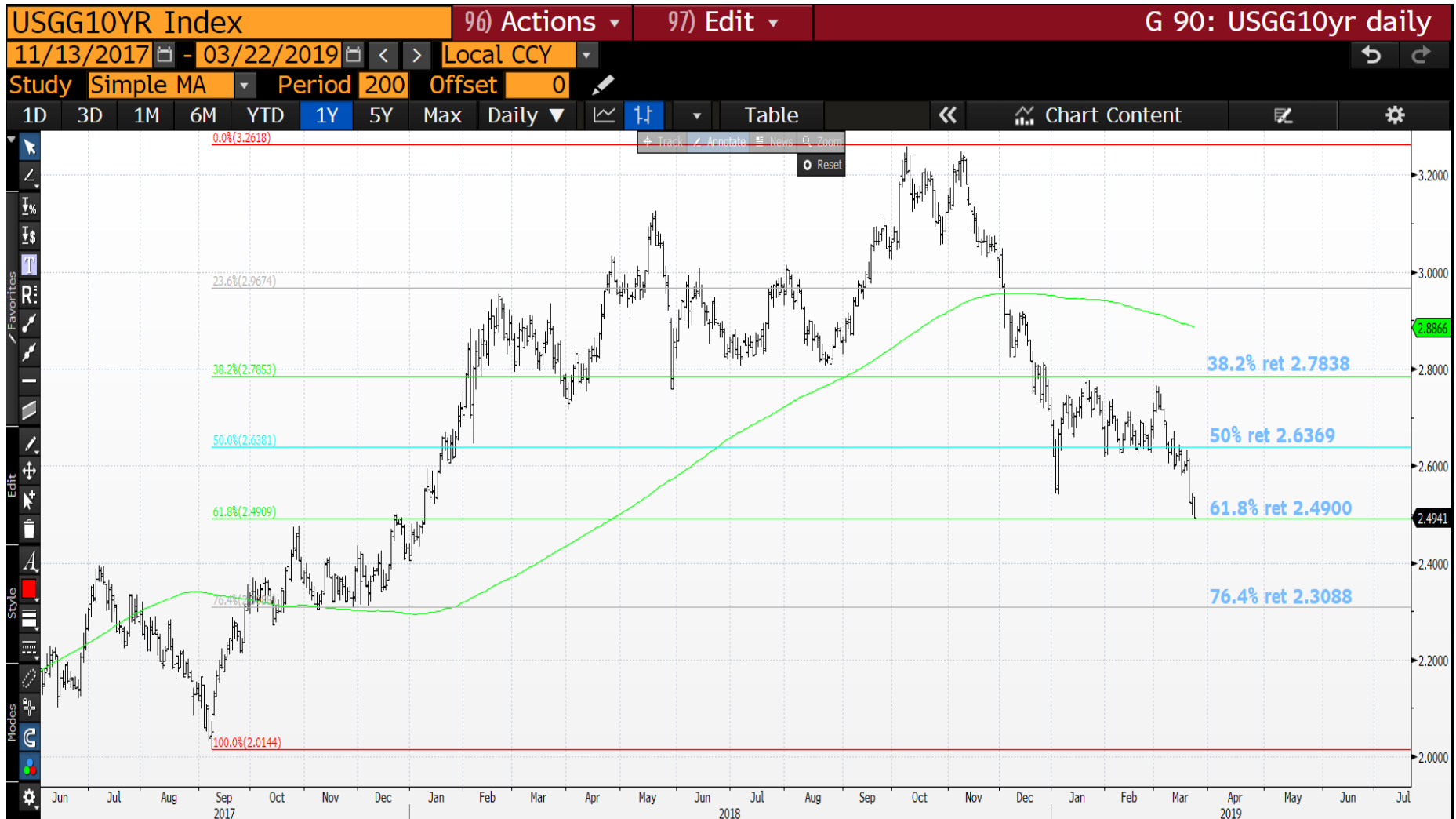
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USGG10yr weekly : We have breached the recent low and 38.2% ret 2.5178, two major draws are the 50% ret 2.2887 and 61.8% ret 2.0596.



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USGG10yr daily : We are well on the way to much lower yields, ideally a close sub the 61.8% ret 2.4900. Again little support looms.



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USGG5yr quarterly : We are well on the way to testing the 2.0460 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.



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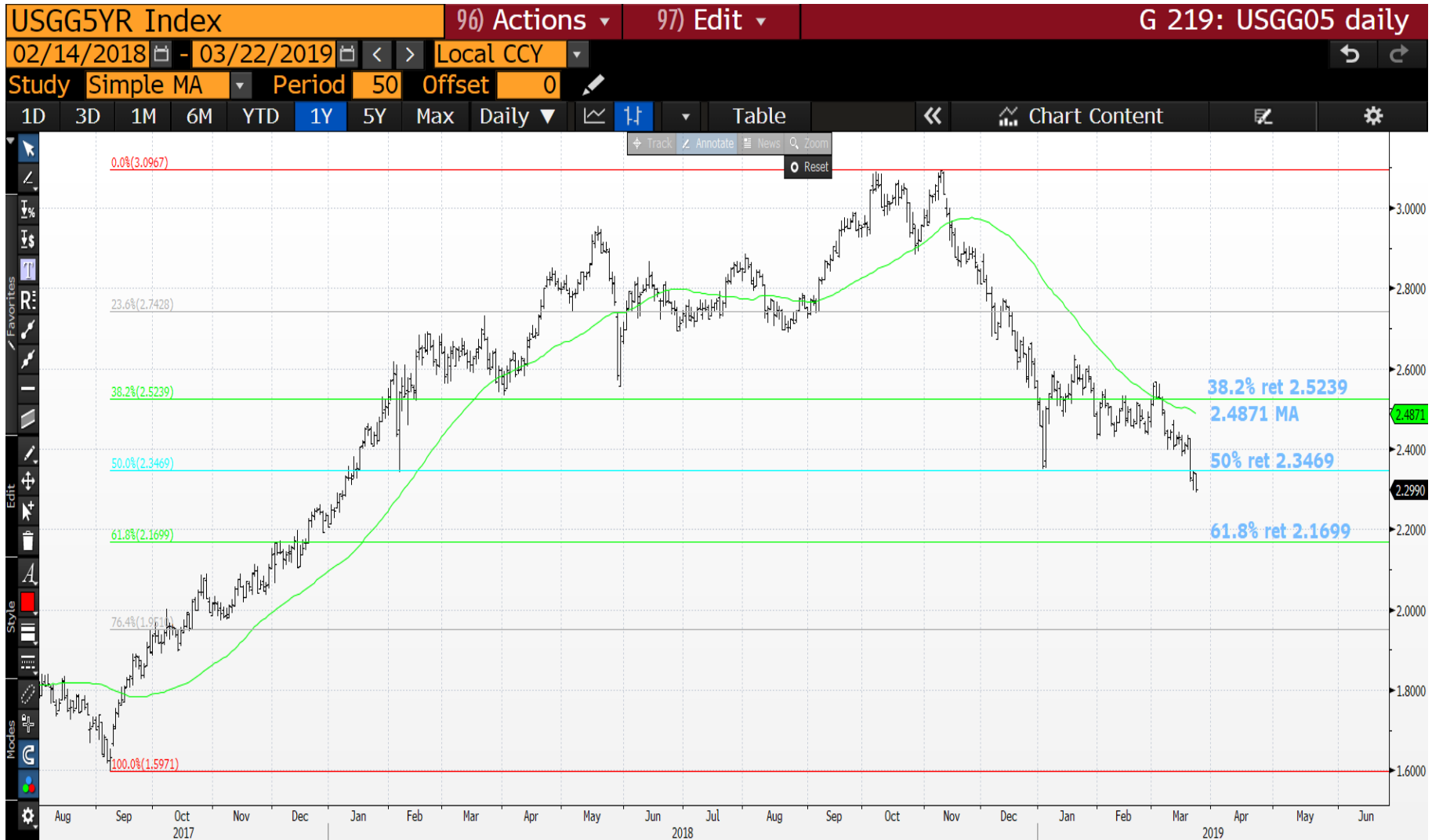
USGG5yr monthly : This time the 200 period moving average 2.4353 is very useful. We have breached it and in some style leaving the door WIDE OPEN for much lower yields.



USGG5yr weekly : We have finally breached the 100 period moving average 2.4094 and 38.2% ret 2.3298, little now between us and 2.000.



USGG5yr daily : We are below ALL major levels and well on the way to an initial stop at the 61.8 %ret 2.1699.



USGG2yr quarterly : This chart is very clean and clear in its representation, we have hit a rare 100 period 2.9423 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!



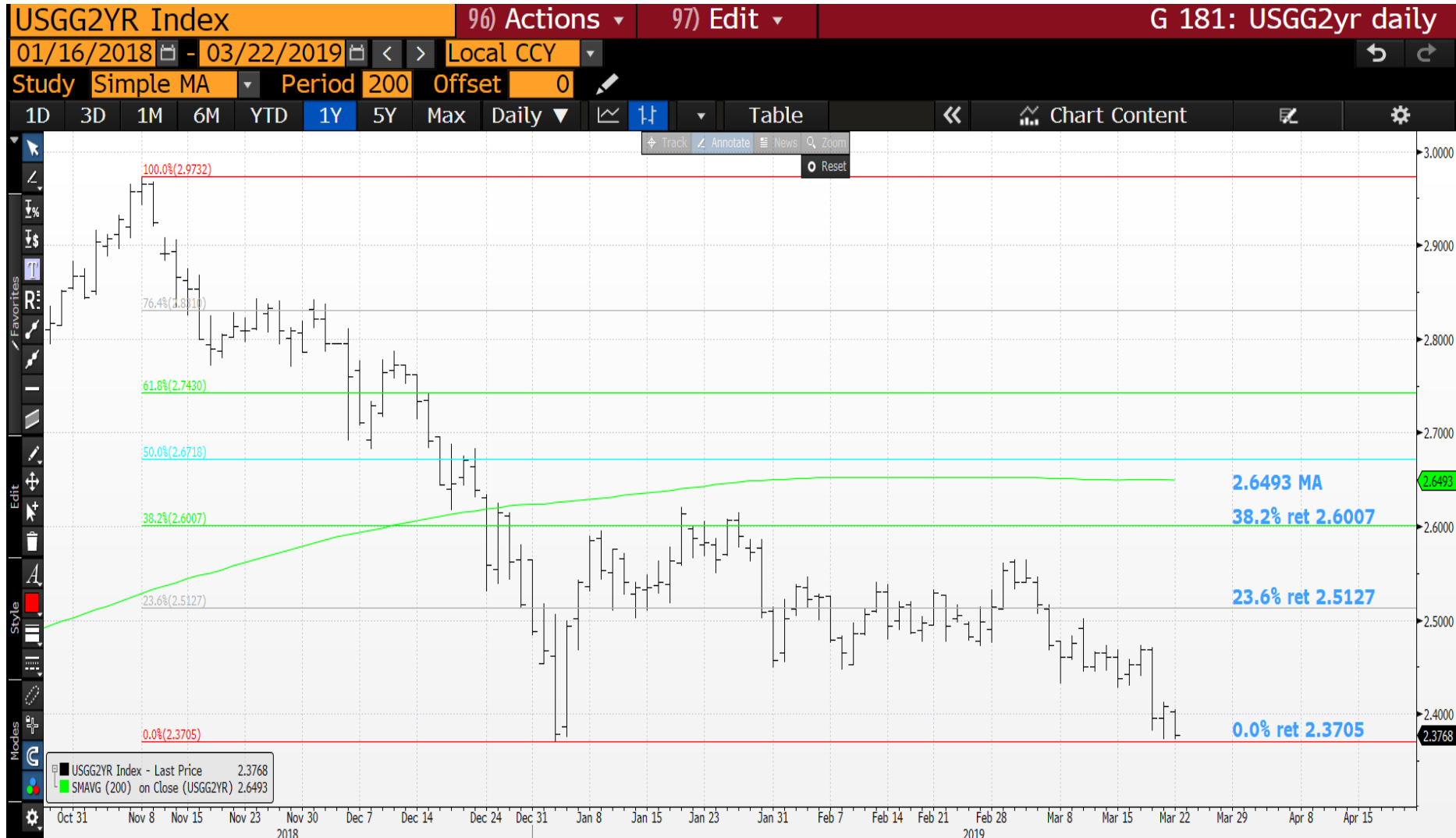
USGG2yr monthly : We are well on the way lower and the 23.6% ret 1.7448 is a natural draw.



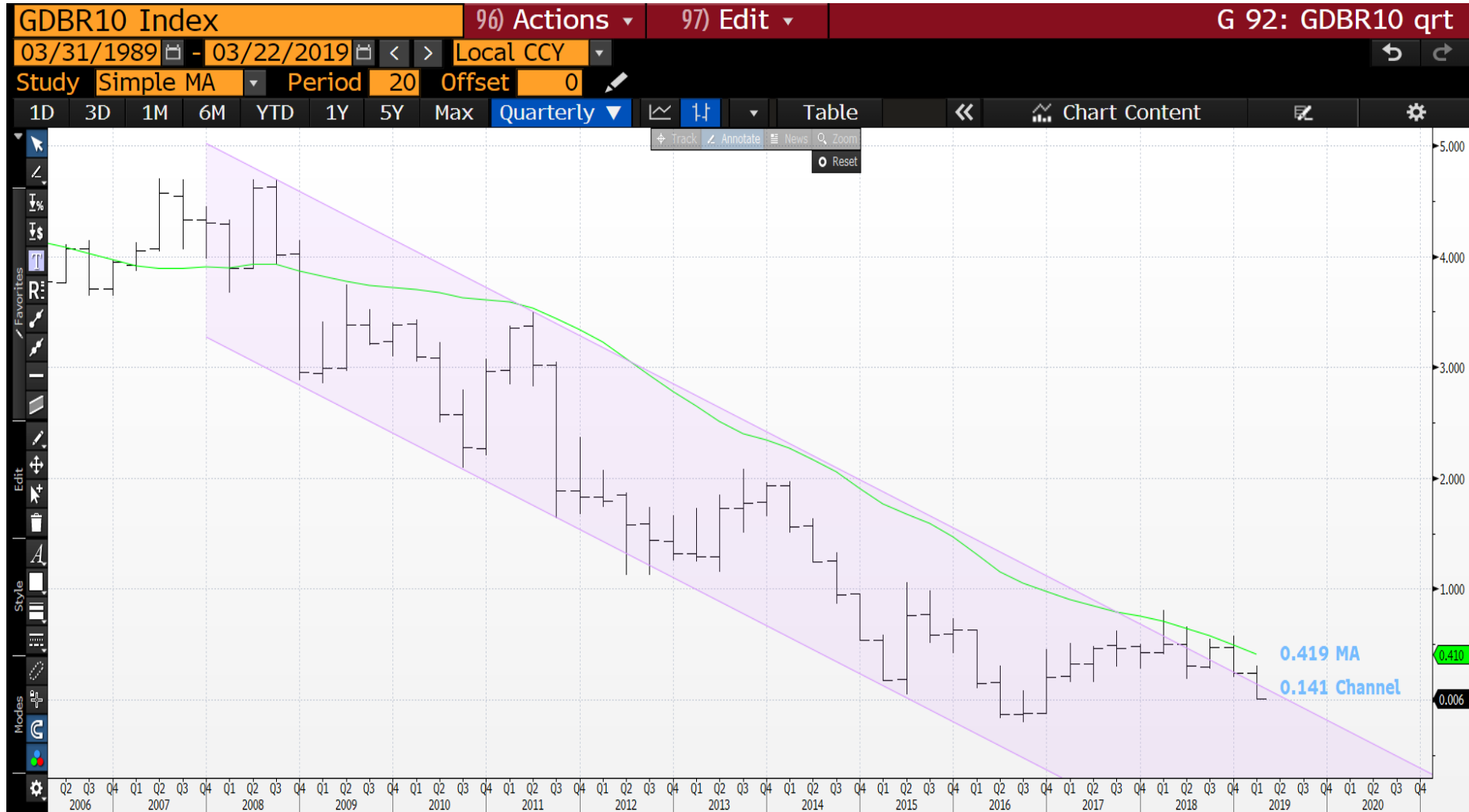
USGG2yr weekly : We are breaking lower every week and the 38.2% ret 2.1035 remains the next target.



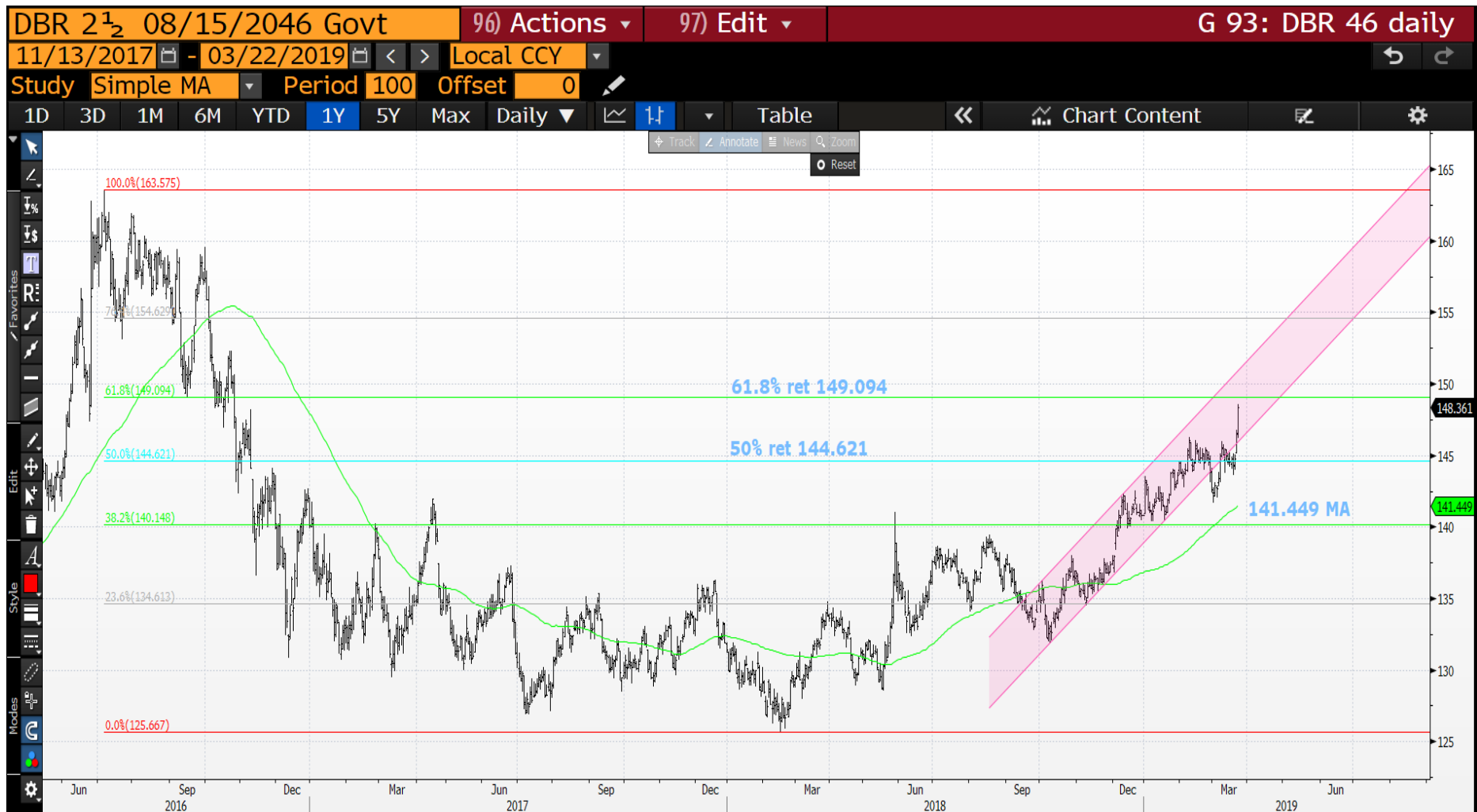
USGG2yr daily : This will be a key week if we close sub the previous low 2.3705.



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



DBR 46 daily : Plenty of room left in this reliable bond once we have breached the 61.8% ret 149.094.

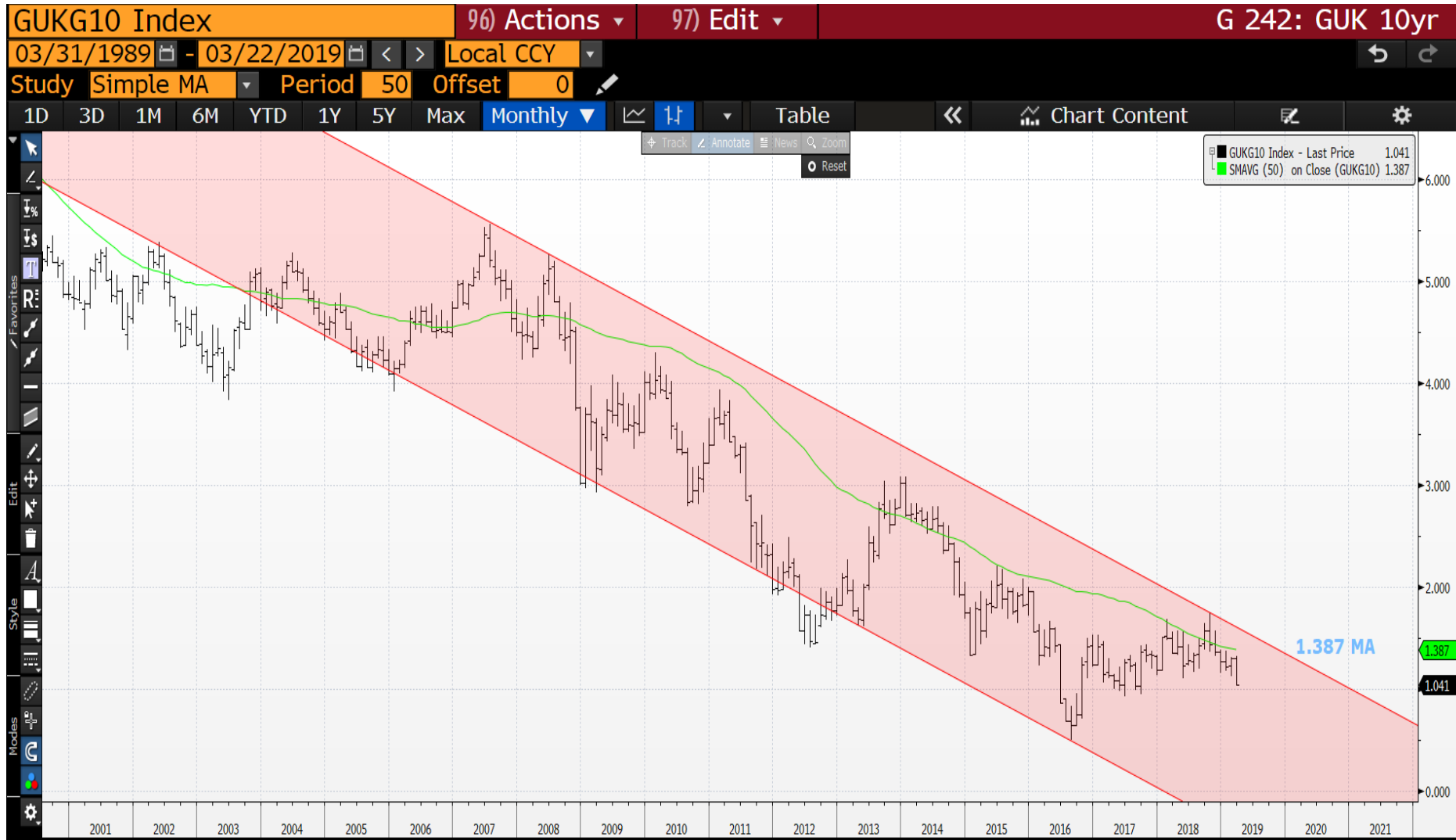


Italian generic 10yr daily : We are TEASING the all IMPORTANT 2.463 previous low, should this be breached it will free fall.

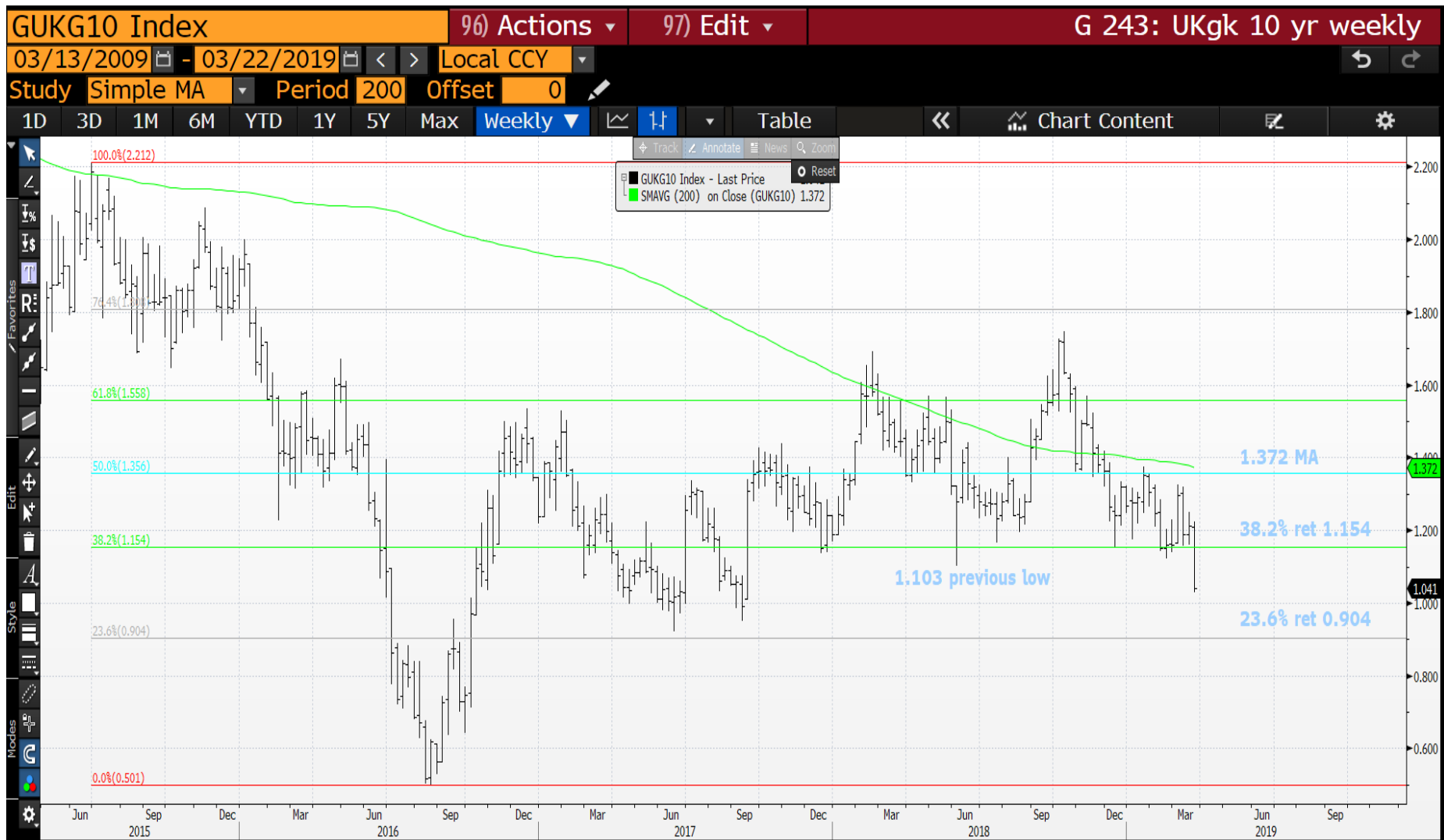


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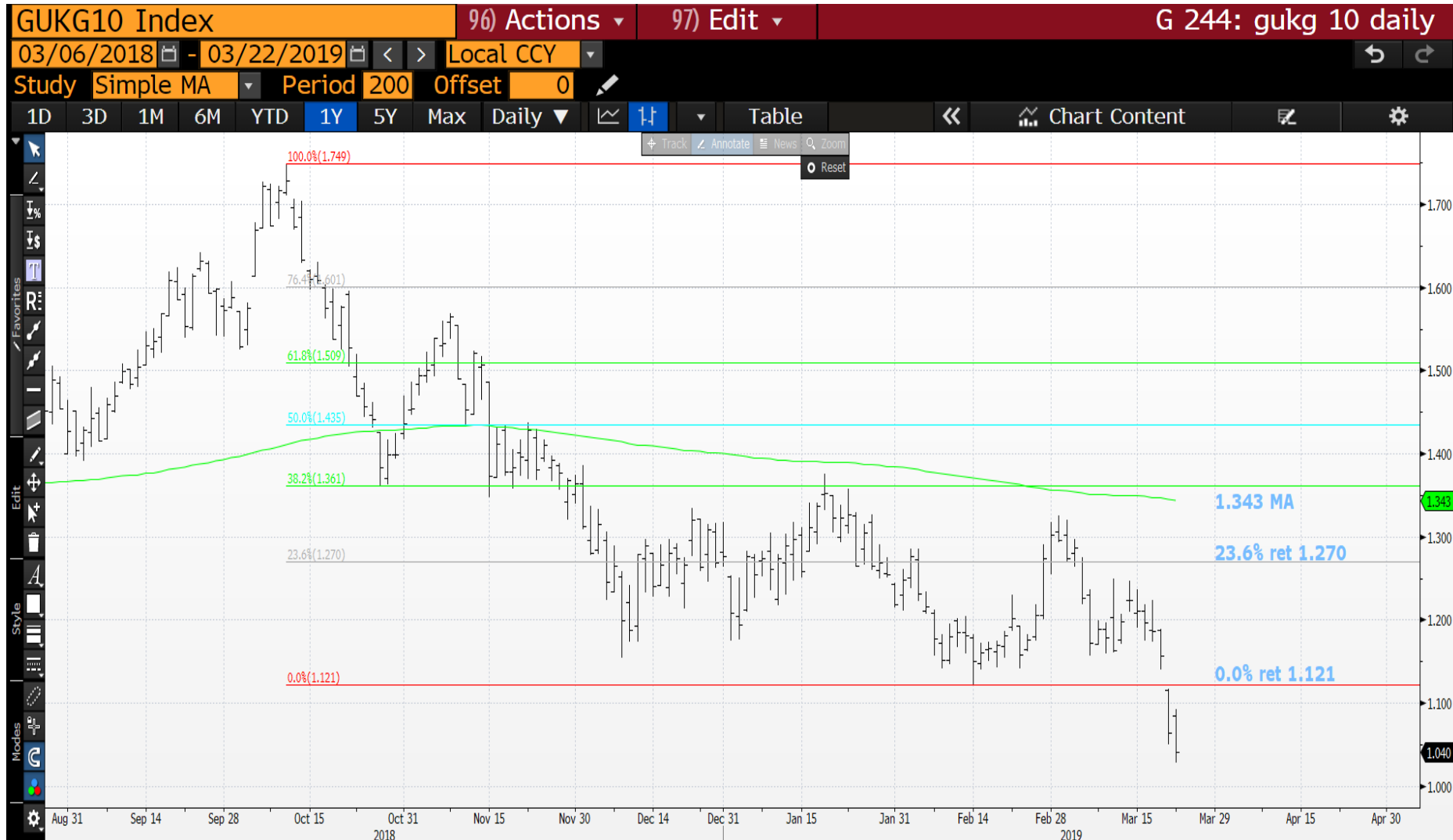
GUKG10 monthly : This highlights a singular trend lower, sub the 100 period moving average since 2009. PLENTY of room left.



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



GUKG10yr daily : We are through the previous low 1.121 so thus should be resistance now.



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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