

**MULTI ASSET UPDATE** : Biggest struggle here is to abandon the EQUITY LOWER call, certainly whilst BOND YIELDS still look vulnerable its worth being optimistic.

Bond yields continue to stall in a VERY SIDEWAYS performance. Equities have rallied BUT again its been marginal, hence would remain with a short bias whilst yields look likely to fail.

Bond yields : We have been playing a near 2 week range without any sizeable breach. The long-term yield charts STILL endorse much lower yields.

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. The back end steepeners continue to perform and obviously endorse the yield lower call.

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. The RUSSELL page 32 portrays a negative situation.

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. DXY now looks poised to stall given the latest upside pierces.

RUB,INR and MXN now on the move aided by REAL MONEY longs.

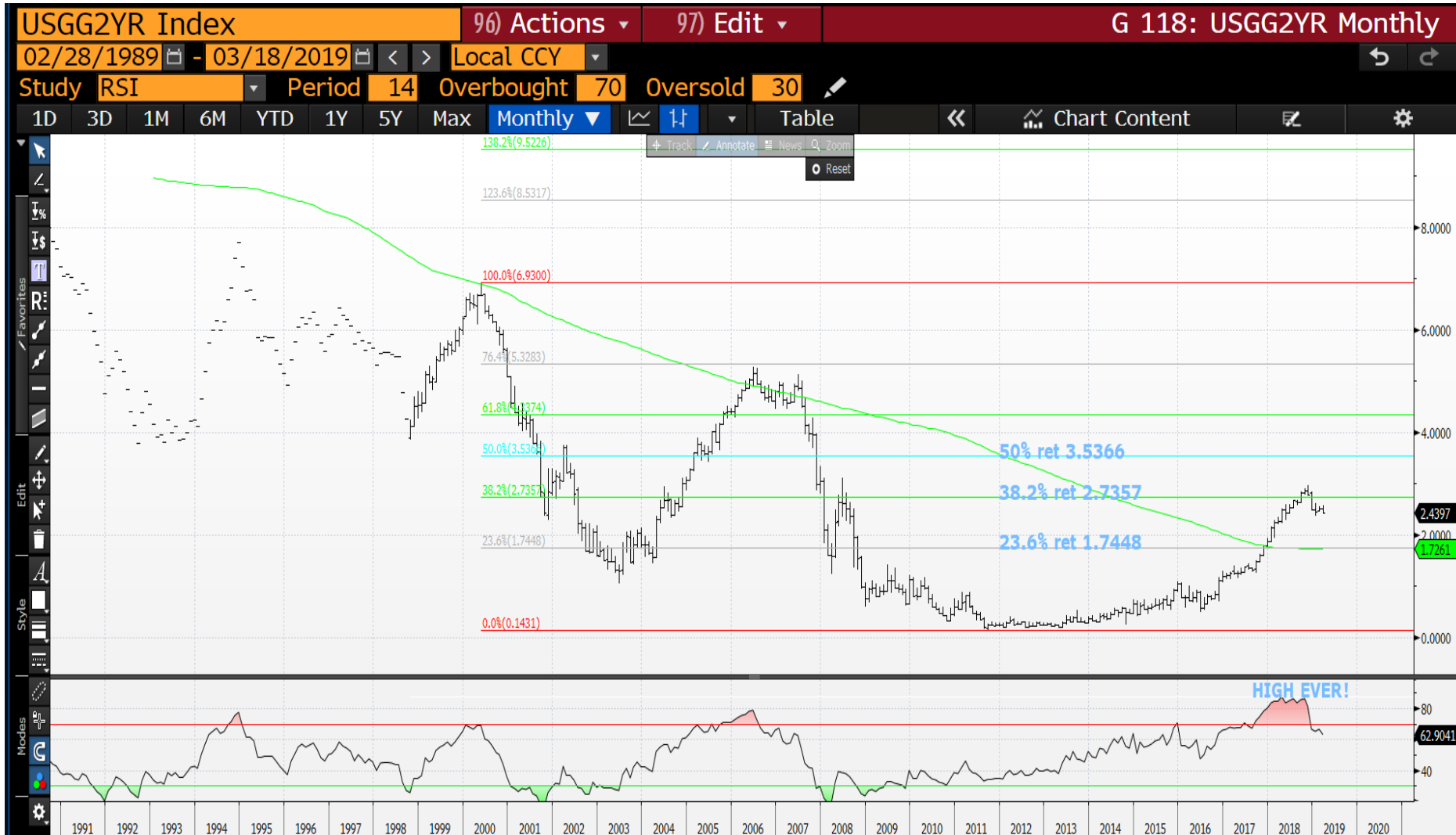
## FX UPDATE

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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 2.9429 average highlighting last quarters high, a key failure.



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 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 2.7814 moving average, thus far. We could DROP SHARLPY!



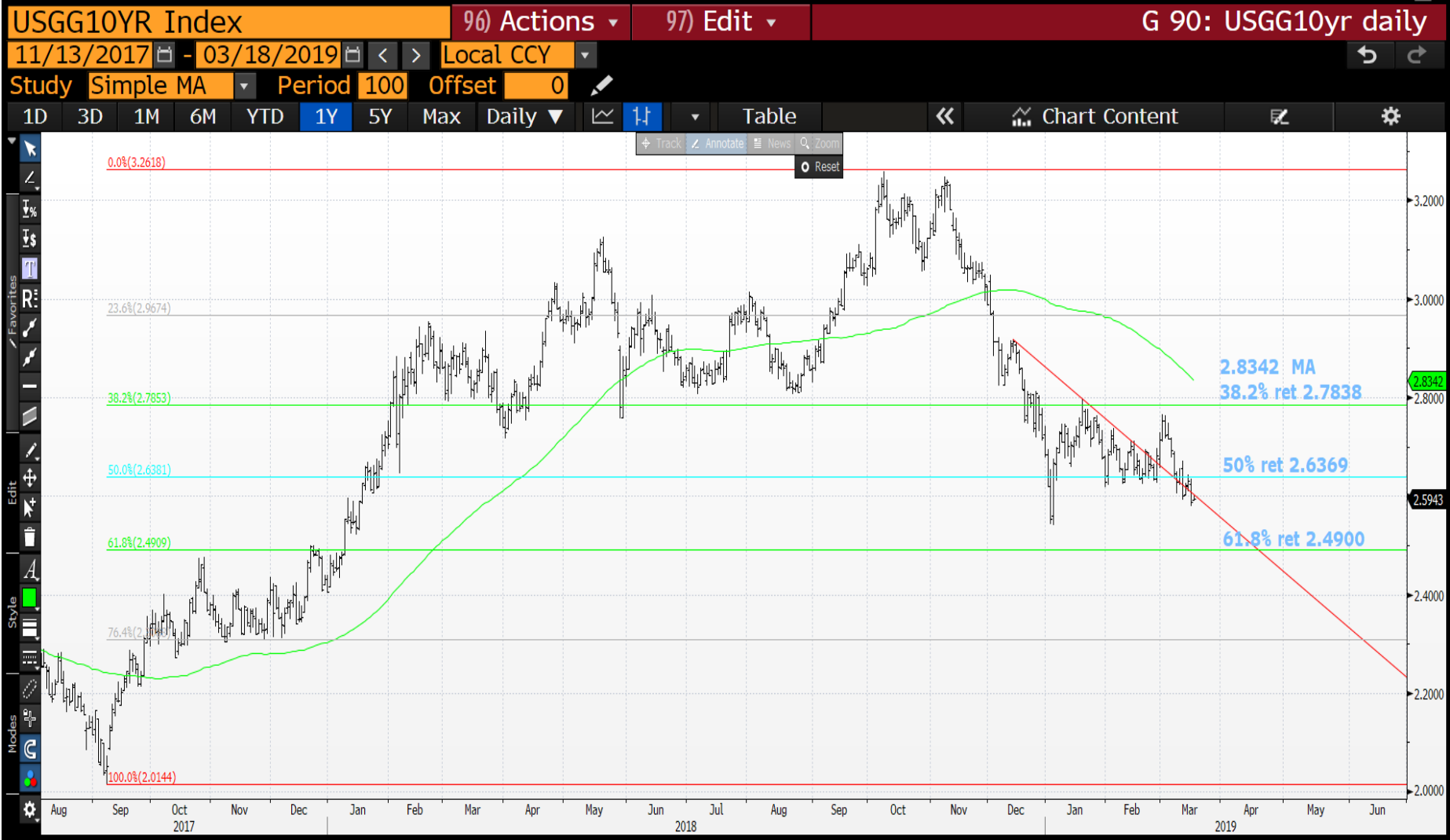
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USFS10-20 monthly : This has been a great boost to the argument for lower yields going forward (assisted by our swaps expert David Sansom), as the chart shows we have a similar historical pattern of failure at this moving average. Lower we go.



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US 10yr yield daily : We have breached the trendline 2.6019 once again so should head a lot lower.



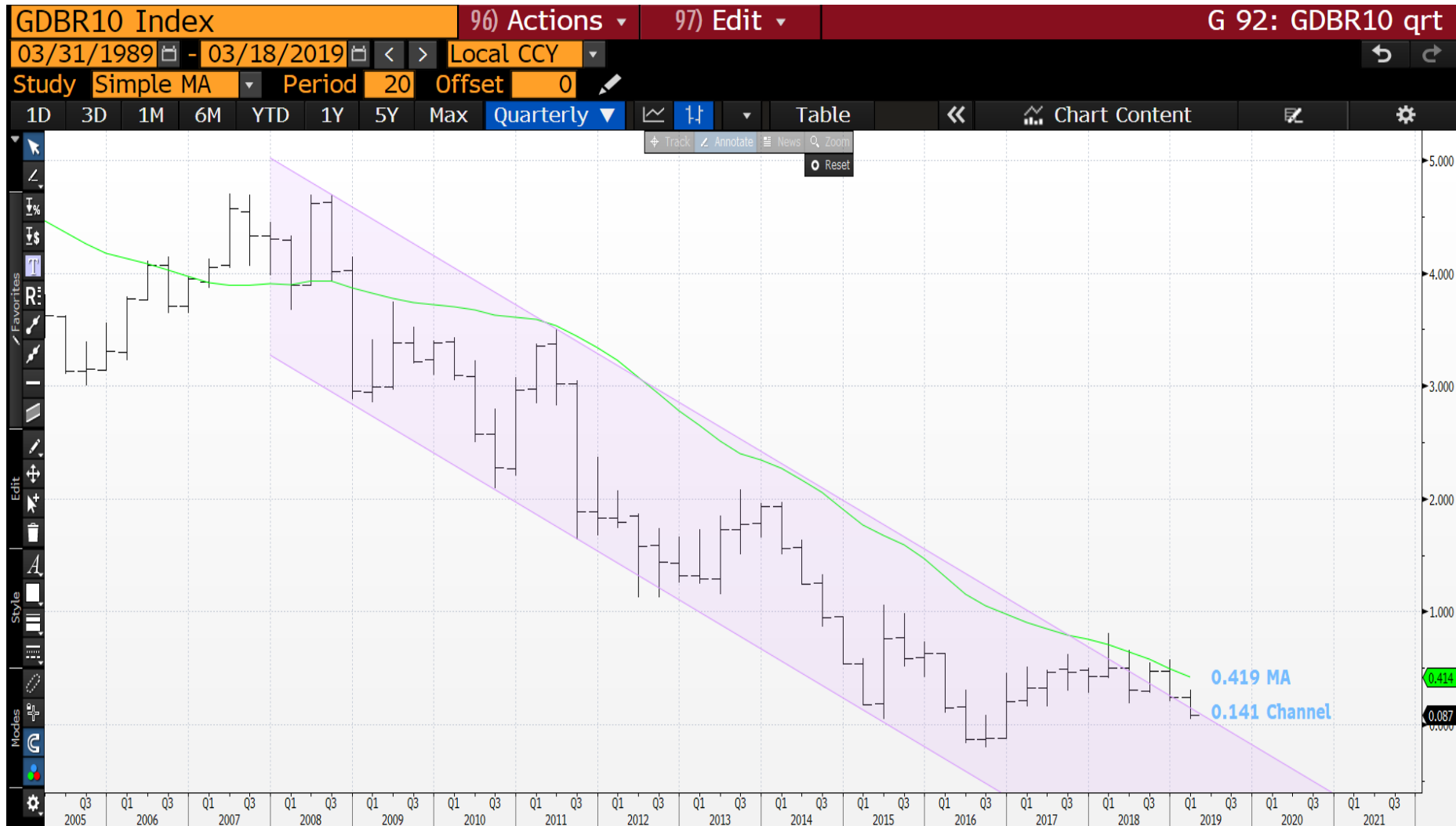
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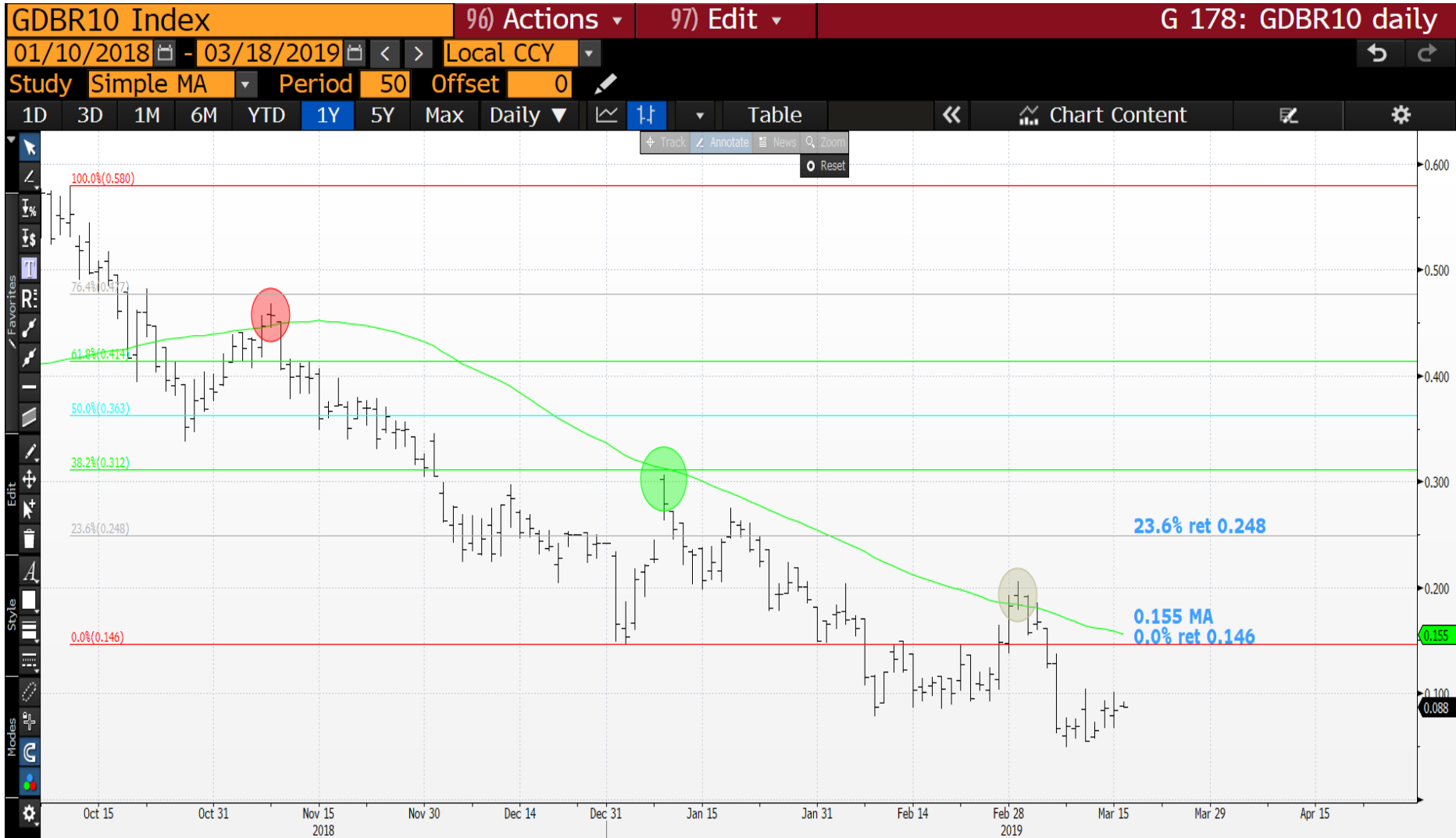
US 5yr quarterly : This time we are above the moving average BUT the RSI remains lofty, 1982 proportions! Again we have a new yield low and close to last quarters close.



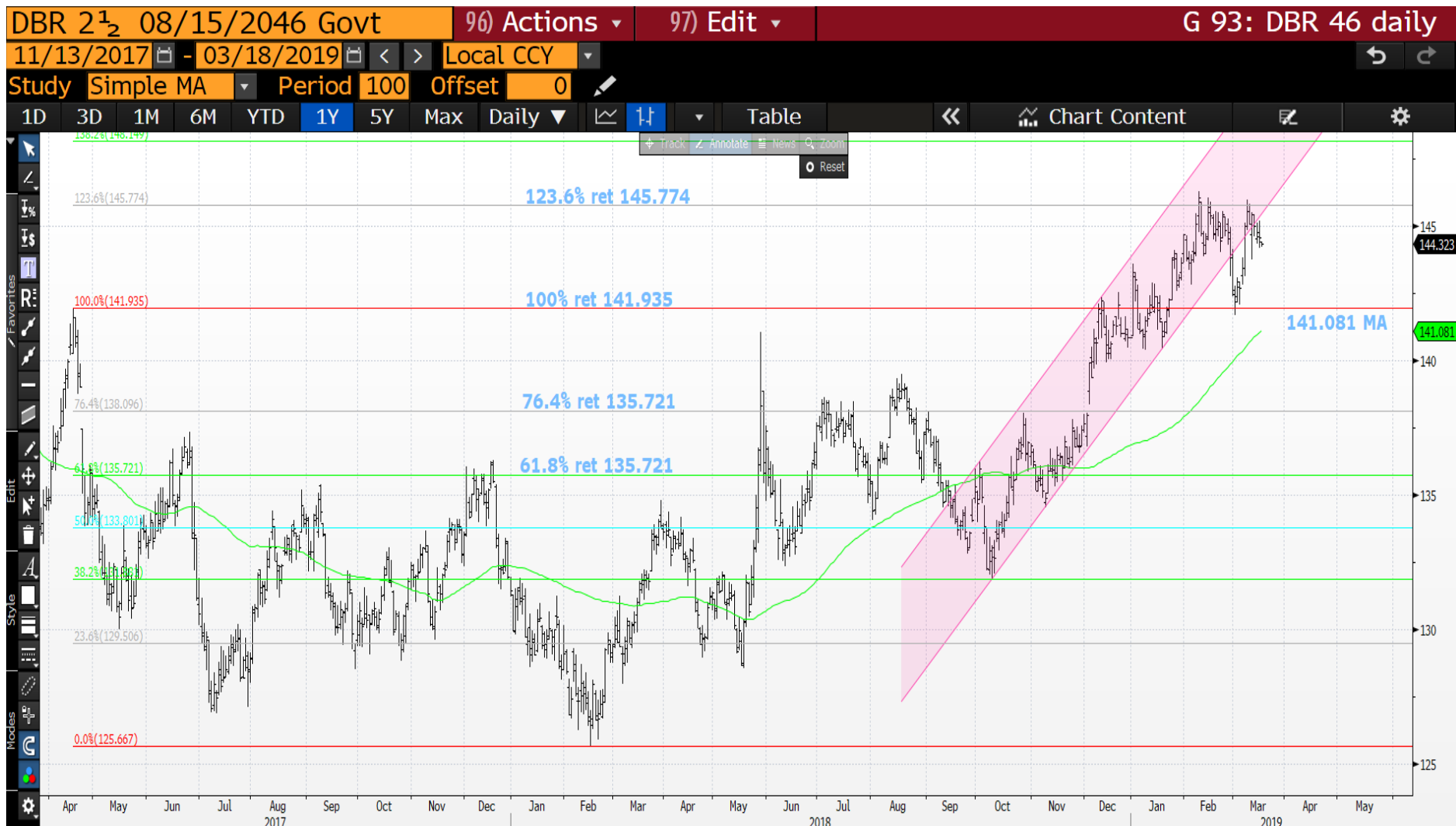
Generic German 10yr quarterly : Yields have popped out of the 0.141 channel but the daily does not forecasting this happening for much longer.



Generic German 10yr daily : We remain below ALL key levels and should see a new low shortly.



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 : Could we now have a KEY break! We have breached the 2.463 previous low so a MAJOR DROP is now forecast!



## 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.



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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 : We have breached the 161.8% ret 55.848 thus should continue to grind higher.



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



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US 10-30 curve monthly : We have breached the multi-year 61.8% ret 38.721 thus a BIG statement.



# EQUITIES

**EQUITIES** : These have been a pain for the overall short bias but we are at a **KEY** location. I still believe whilst bond yields look ready to drop, then so will stocks. Realistically many markets have traded sideways.

They continue to perform but further upside progress seems limited. We remain around numerous 200 day moving averages!

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

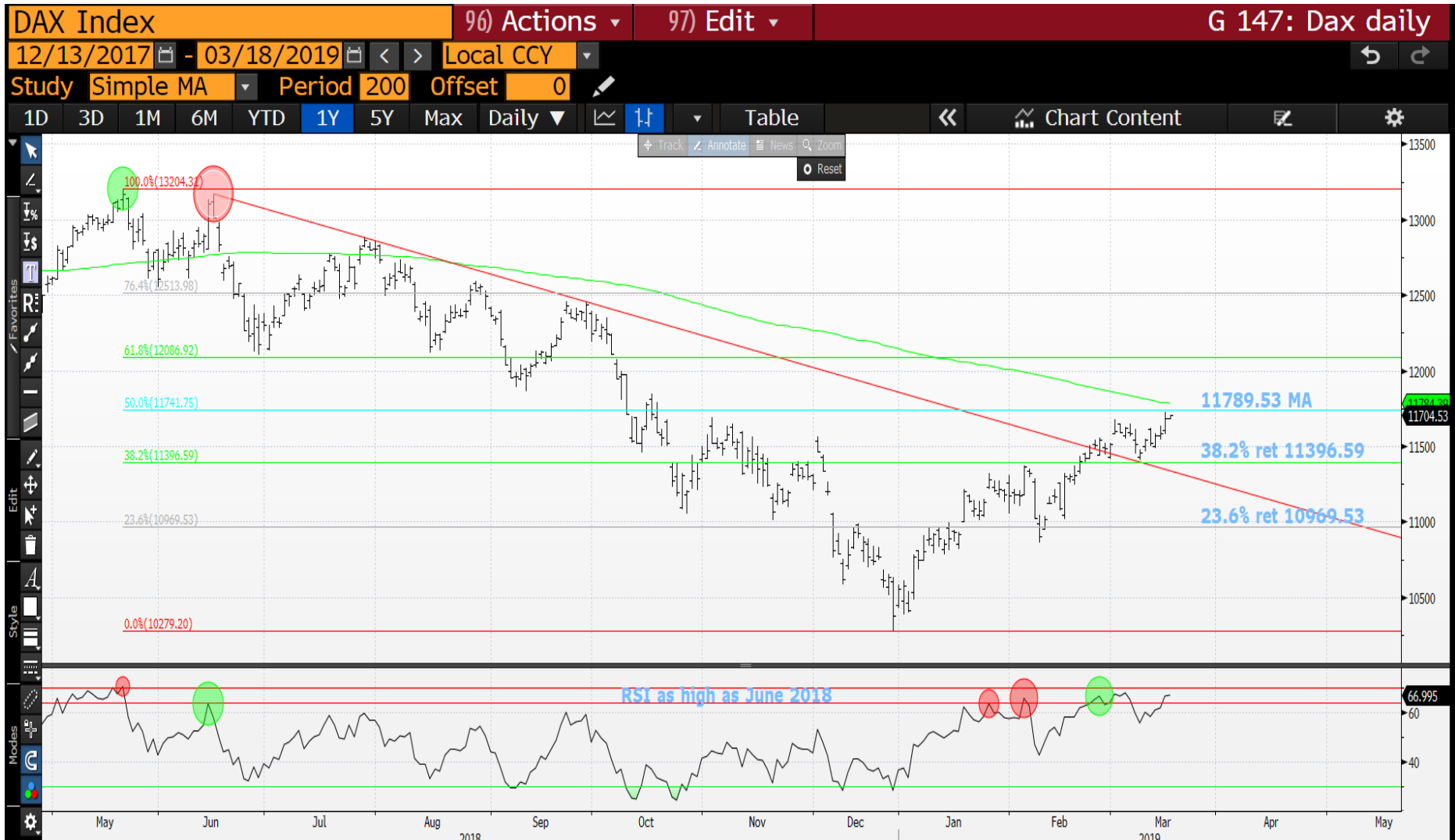
Europe is in a terminally bad way whilst the **US** is close to confirming the 10 year "**RALLY**" is over.

Both Nasdaq and Russell have 200 day moving average resistance.

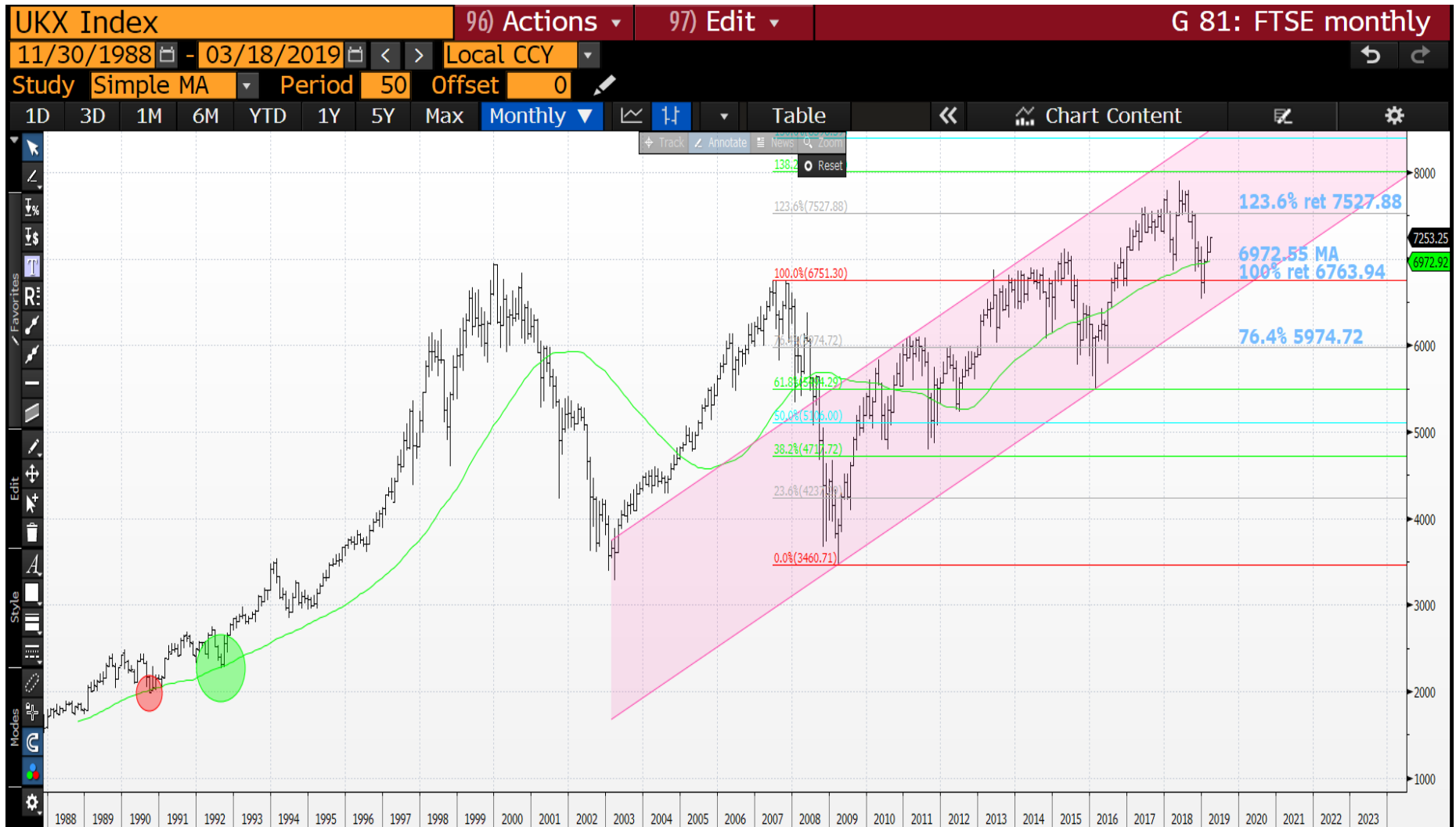
DAX monthly : We are now above all NEGATIVE levels BUT the daily REMAINS SUB key levels, admittedly JUST.



Dax daily : We are testing the last line of defence i.e. the 11789.53 moving average. The RSI remains very lofty similar to May 2018.

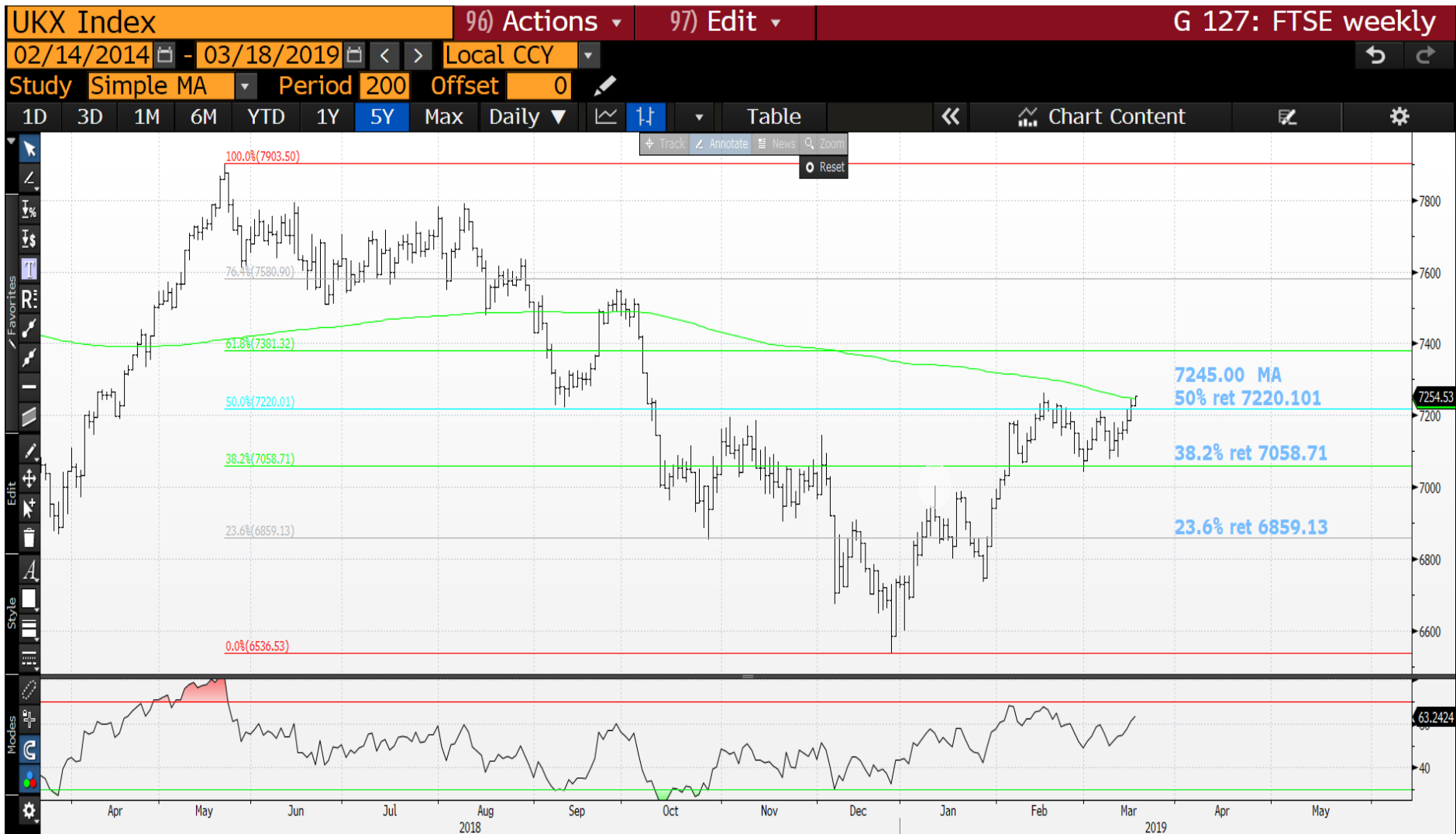


FTSE monthly : We are approaching last monthly high SO little negative bout this chart.

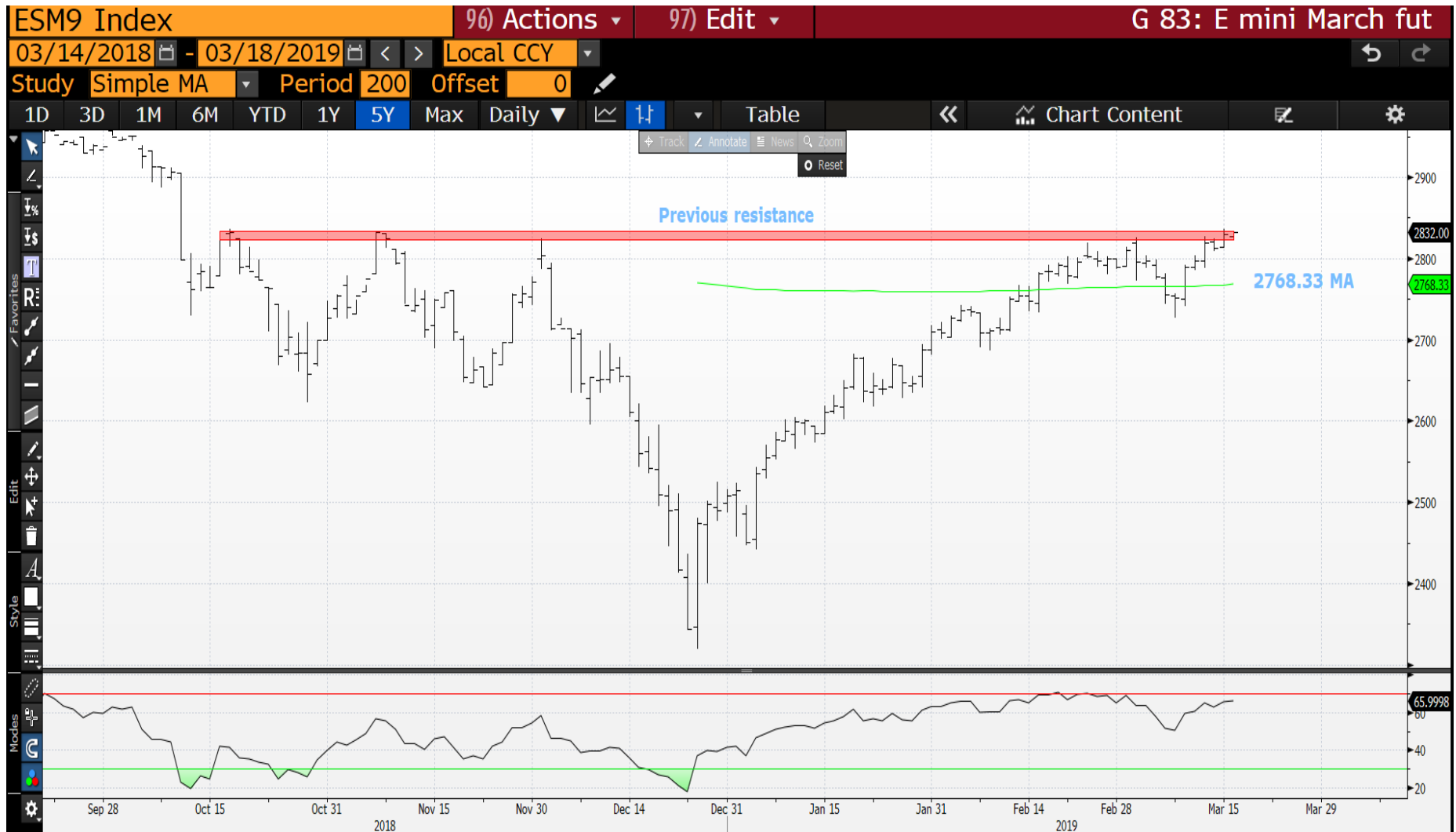




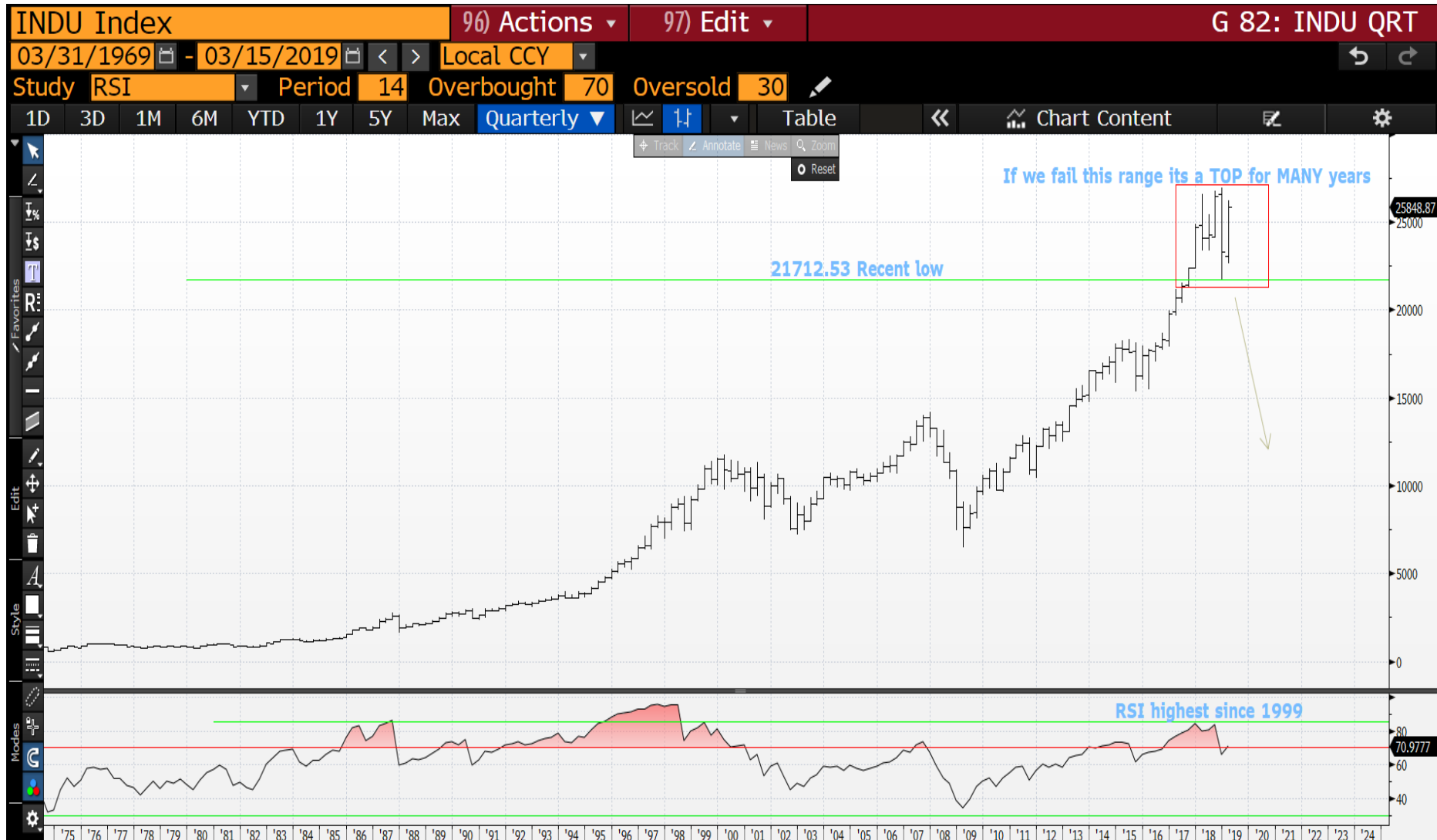
FTSE daily : A major test here of the 7245.00 moving average and ideally need a move below the 50% ret 7220.101.



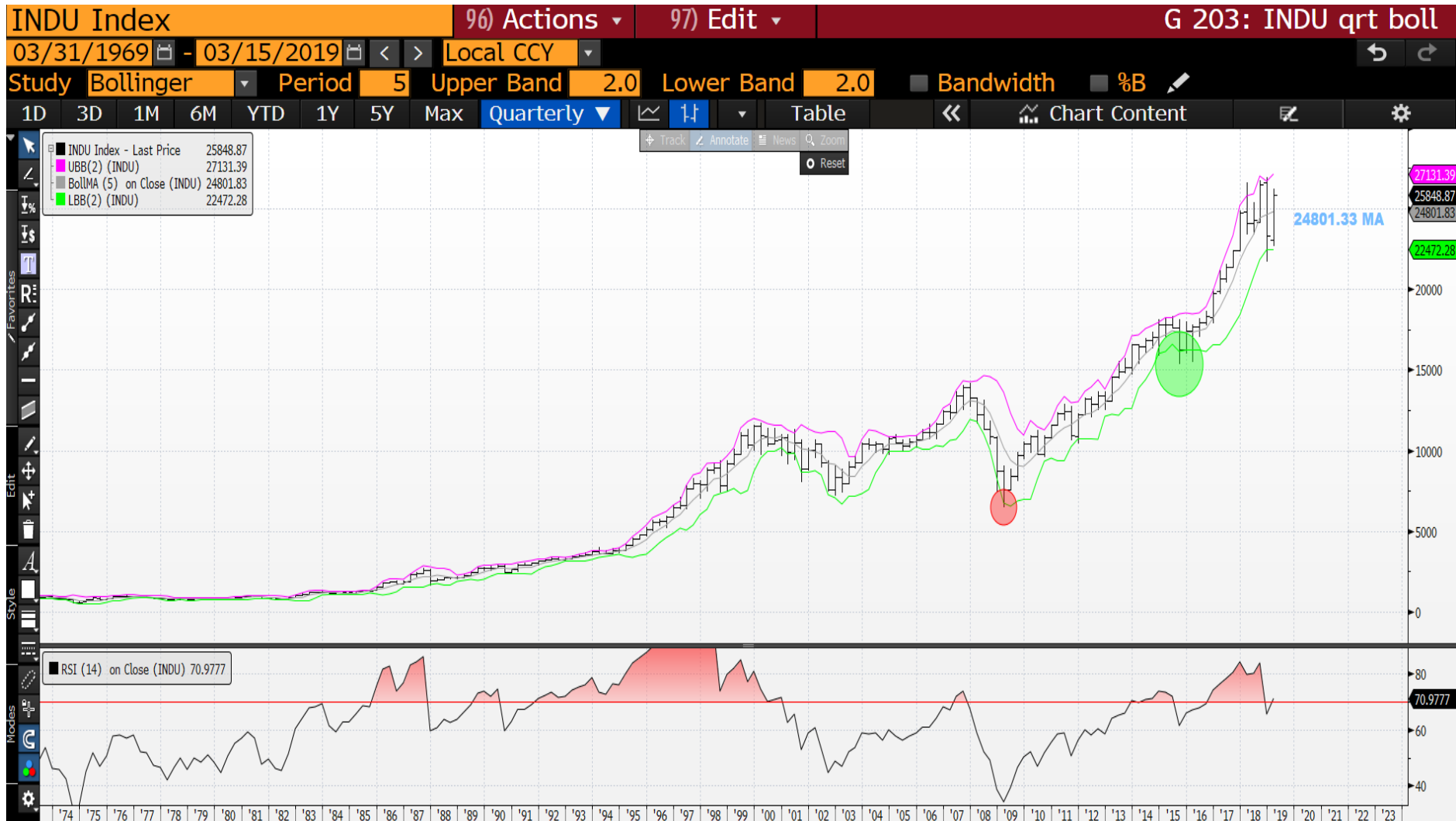
E mini S\*P daily : We have snuck above the 200 day moving average BUT history shows that has not been a POSITIVE signal. We do need to fail here at the previous resistance or else.



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



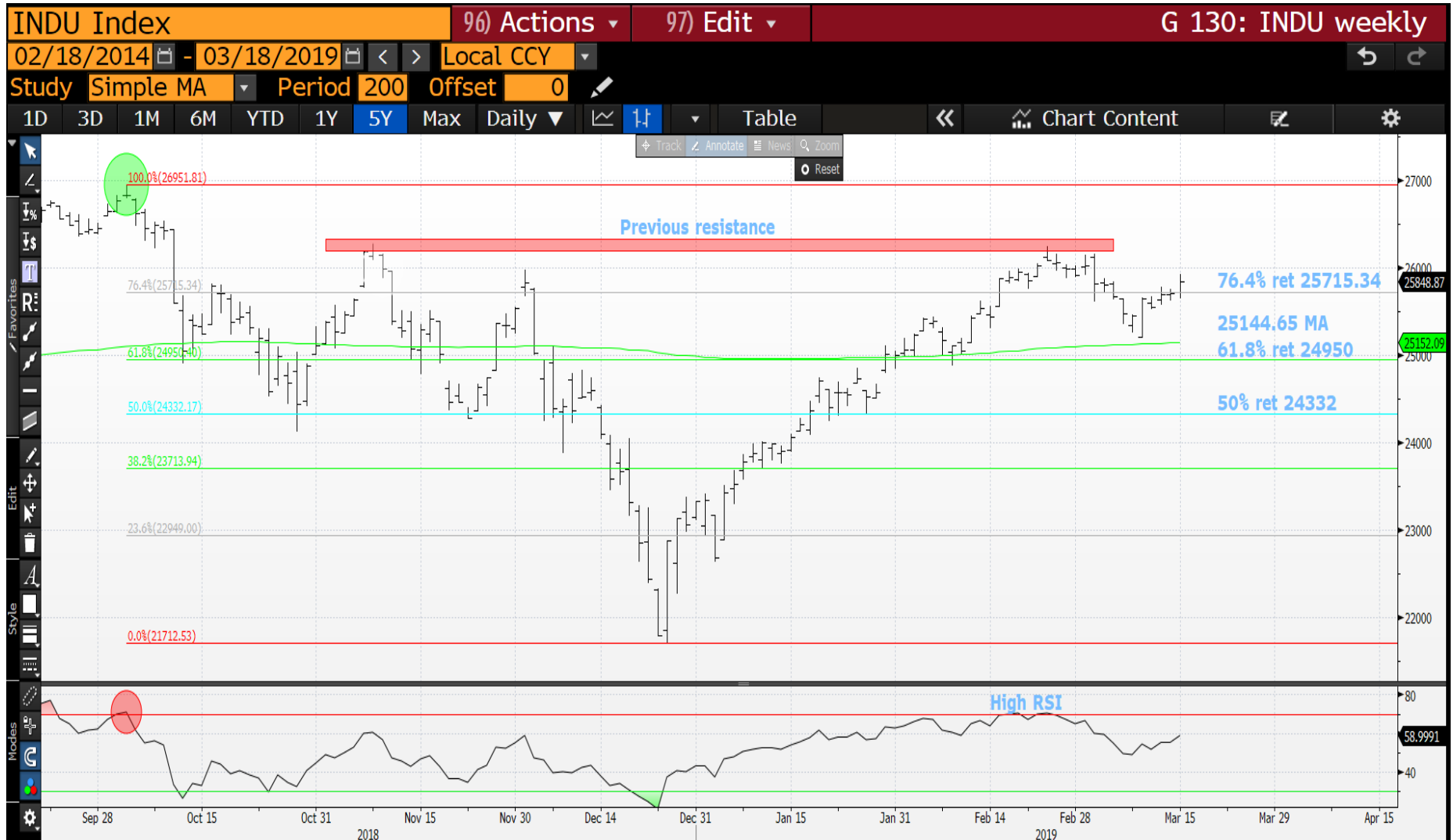
DOW quarterly : Last quarter generated pierces at either end of the range so IDEALLY to continue the bearish outlook we need to fail the 24801.33 moving average.



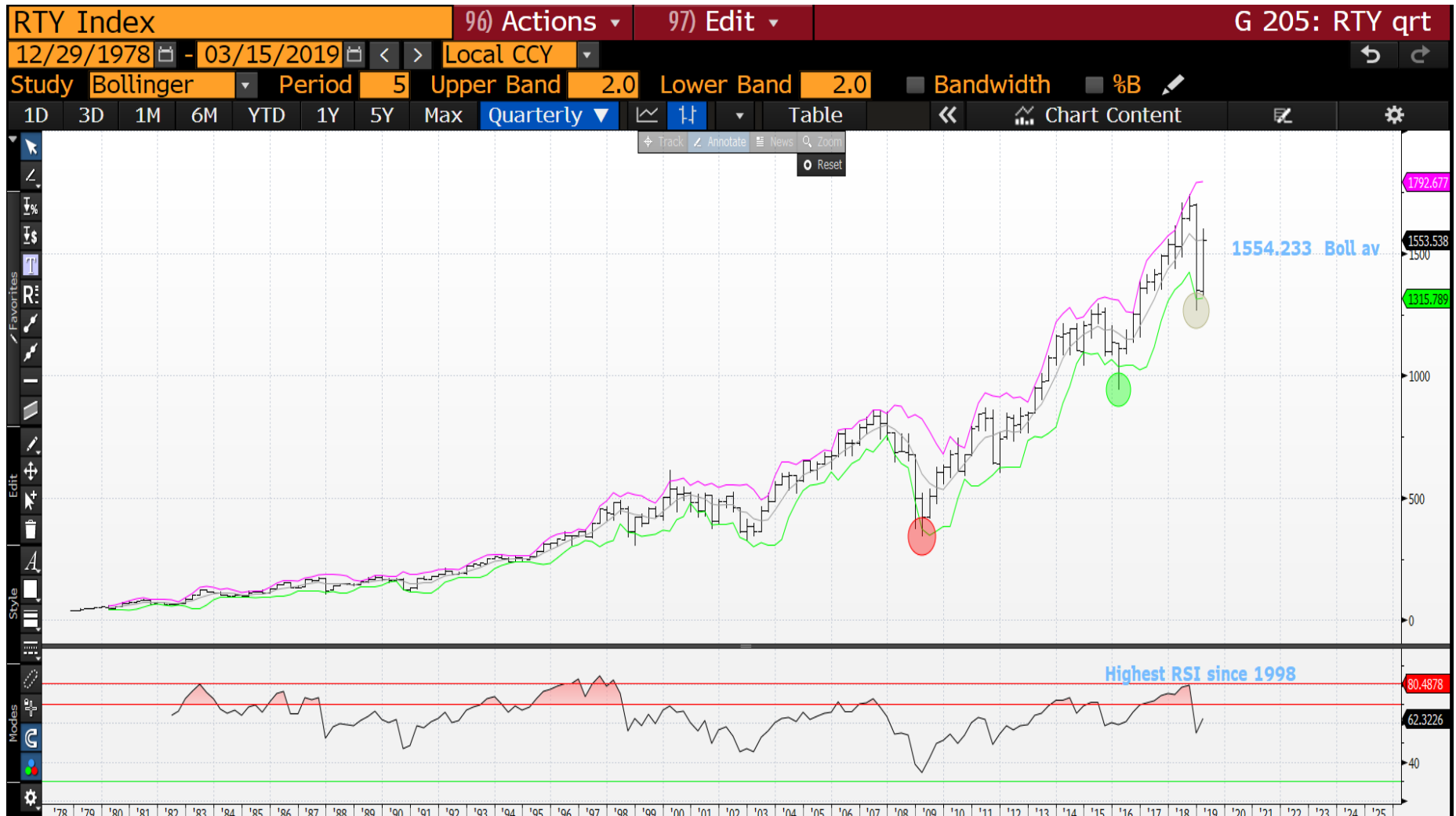
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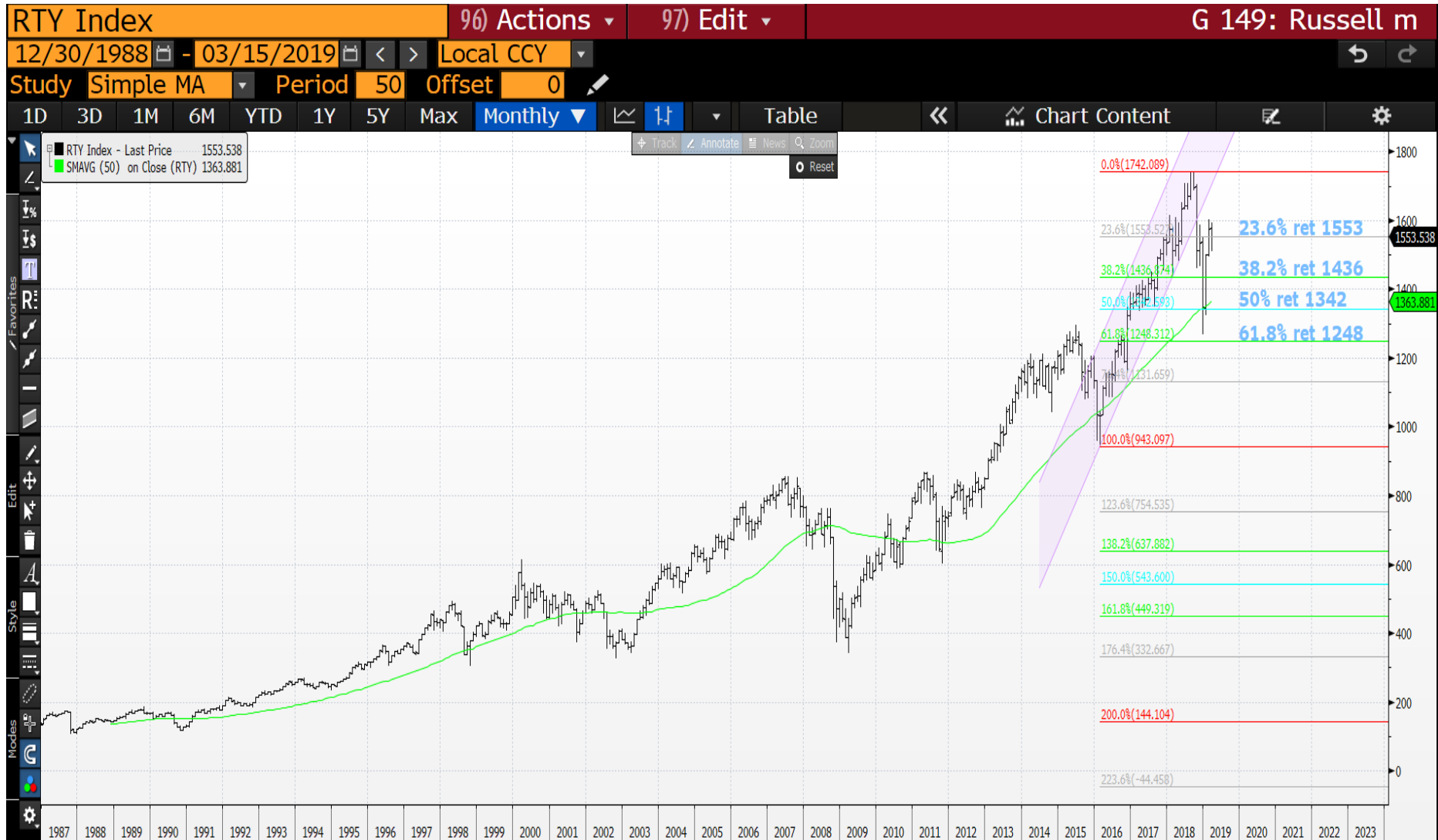
DOW daily : Like the previous charts we are poised to stall at previous resistance.



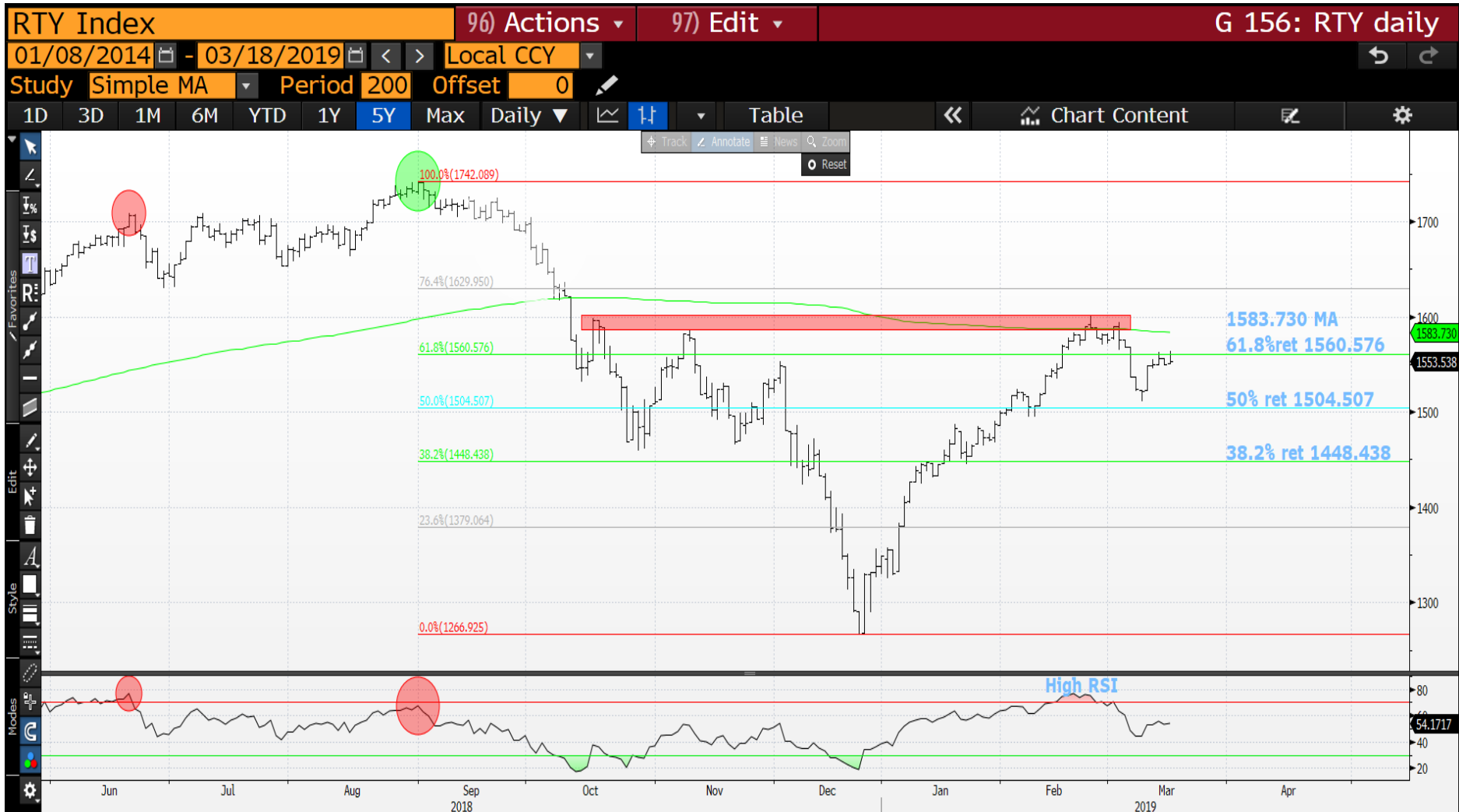
Russell quarterly : We have had a sizeable bounce but looks doubtful it will repair the terminal damage. Ideally we need to breach back below the 1554.233 bollinger average.



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

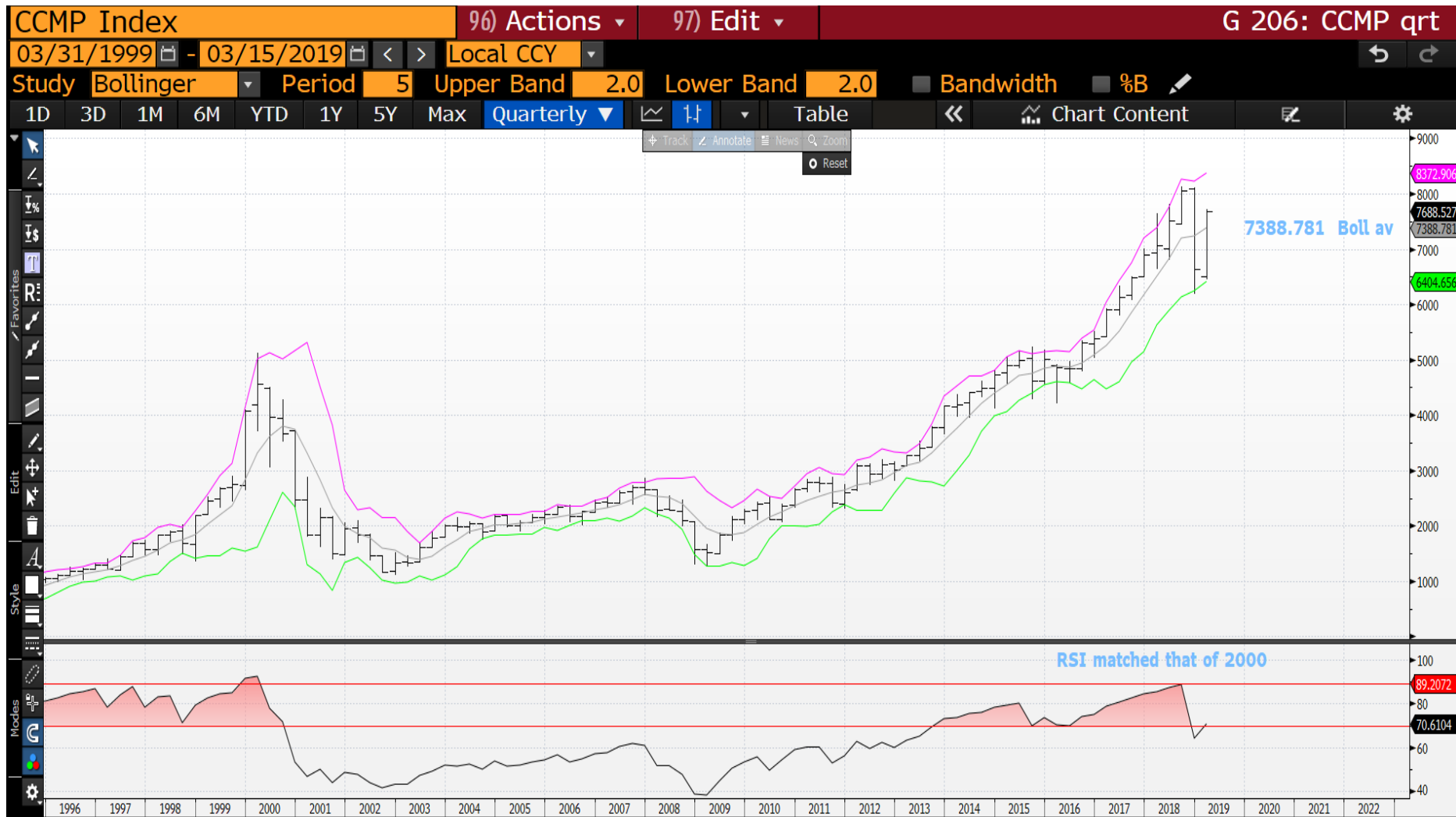


Russell daily : The RSI may be neutral but the resistance is obvious.

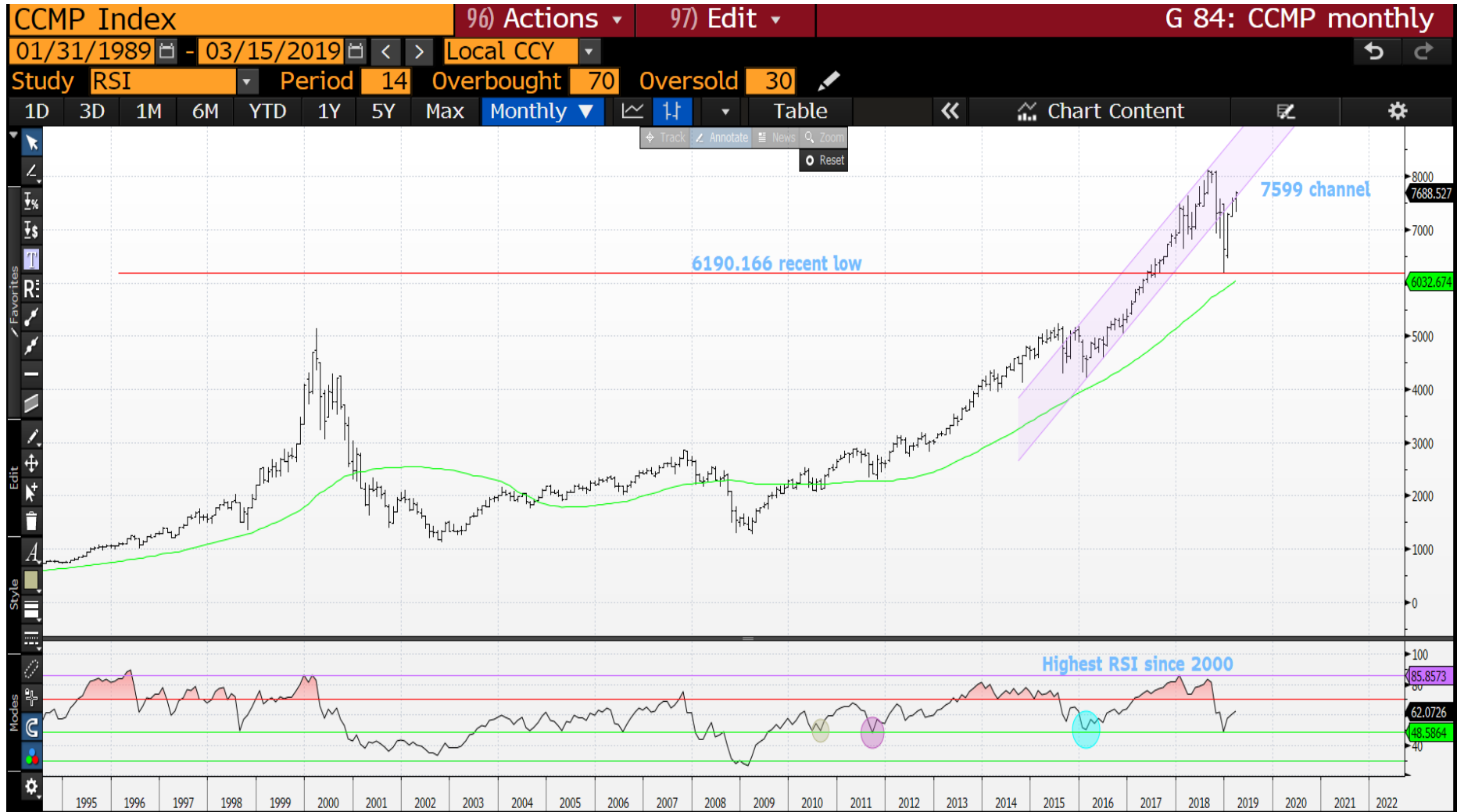




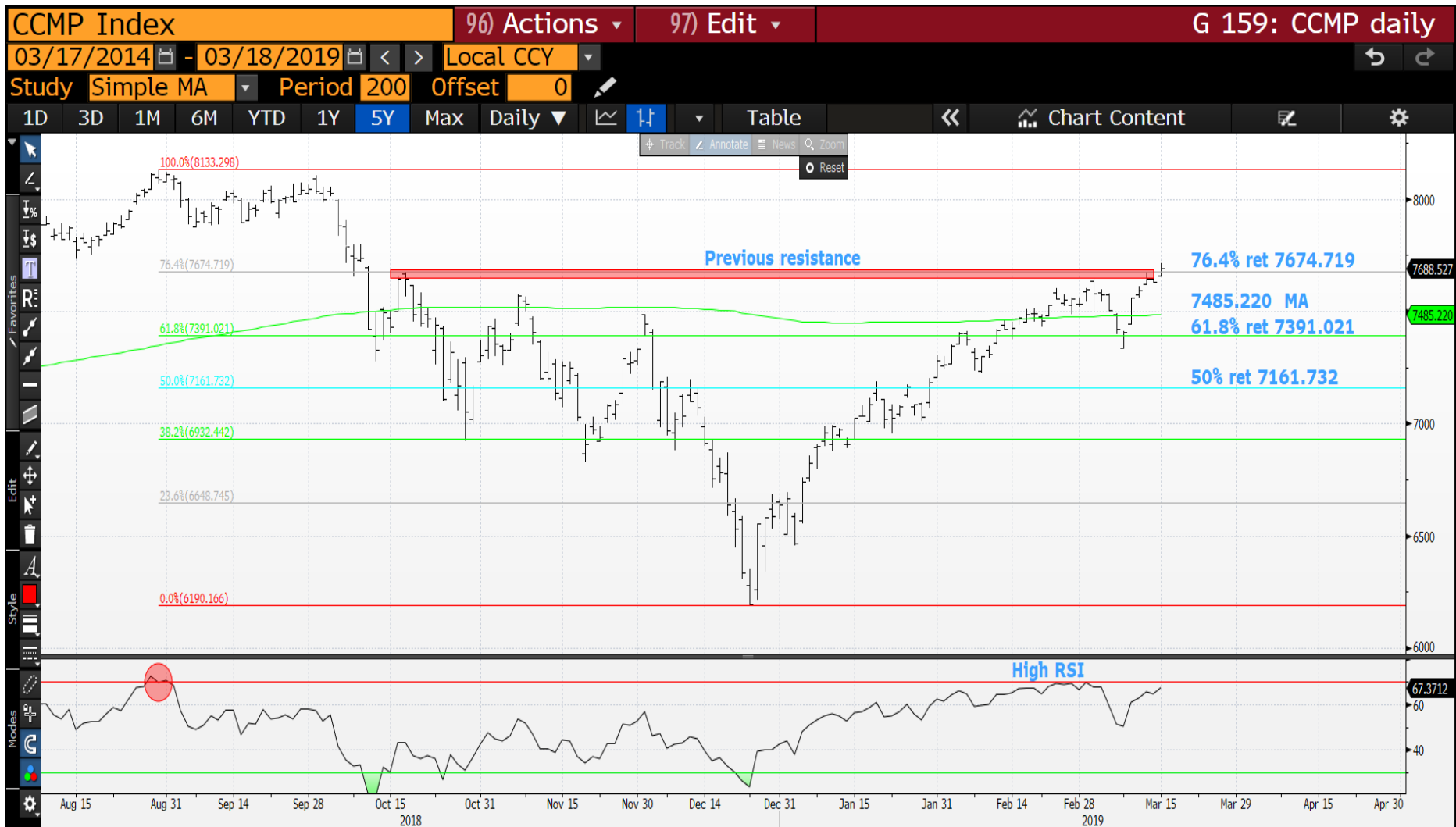
CCMP quarterly : A nasty bounce that minimally needs a close sub the 7388.781 moving average.



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



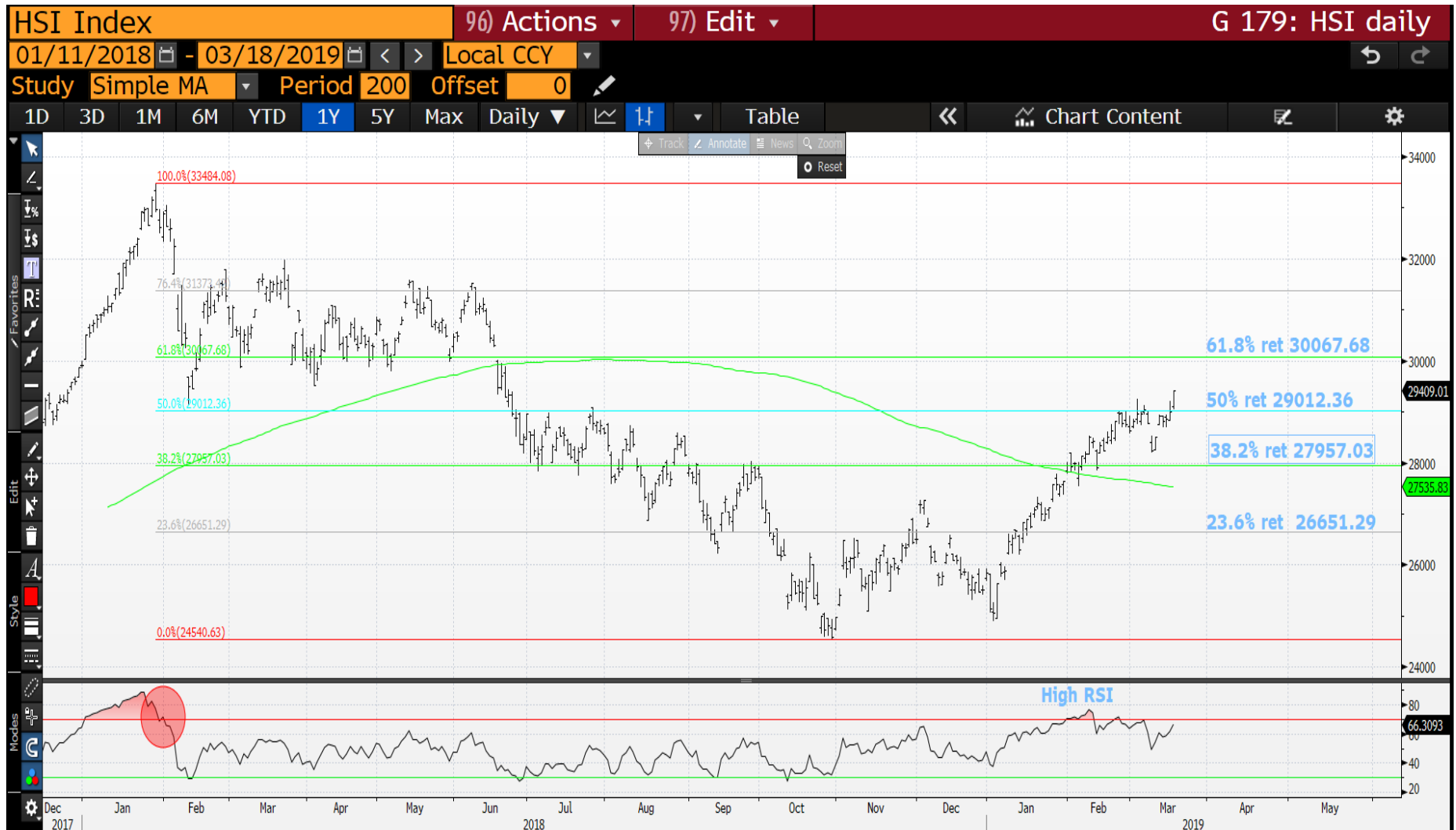
CCMP monthly : The last line of DEFENCE! We need to fail here at the previous resistance-76.4% ret 7674.719.



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.



Hang Seng daily : We have breached ALL levels and the RSI is neutral.



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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 the market looks poised to stretch its legs, am convinced this will come with the EURO breaching 1.1241. This could be the STAR trade for 2019.
- **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.

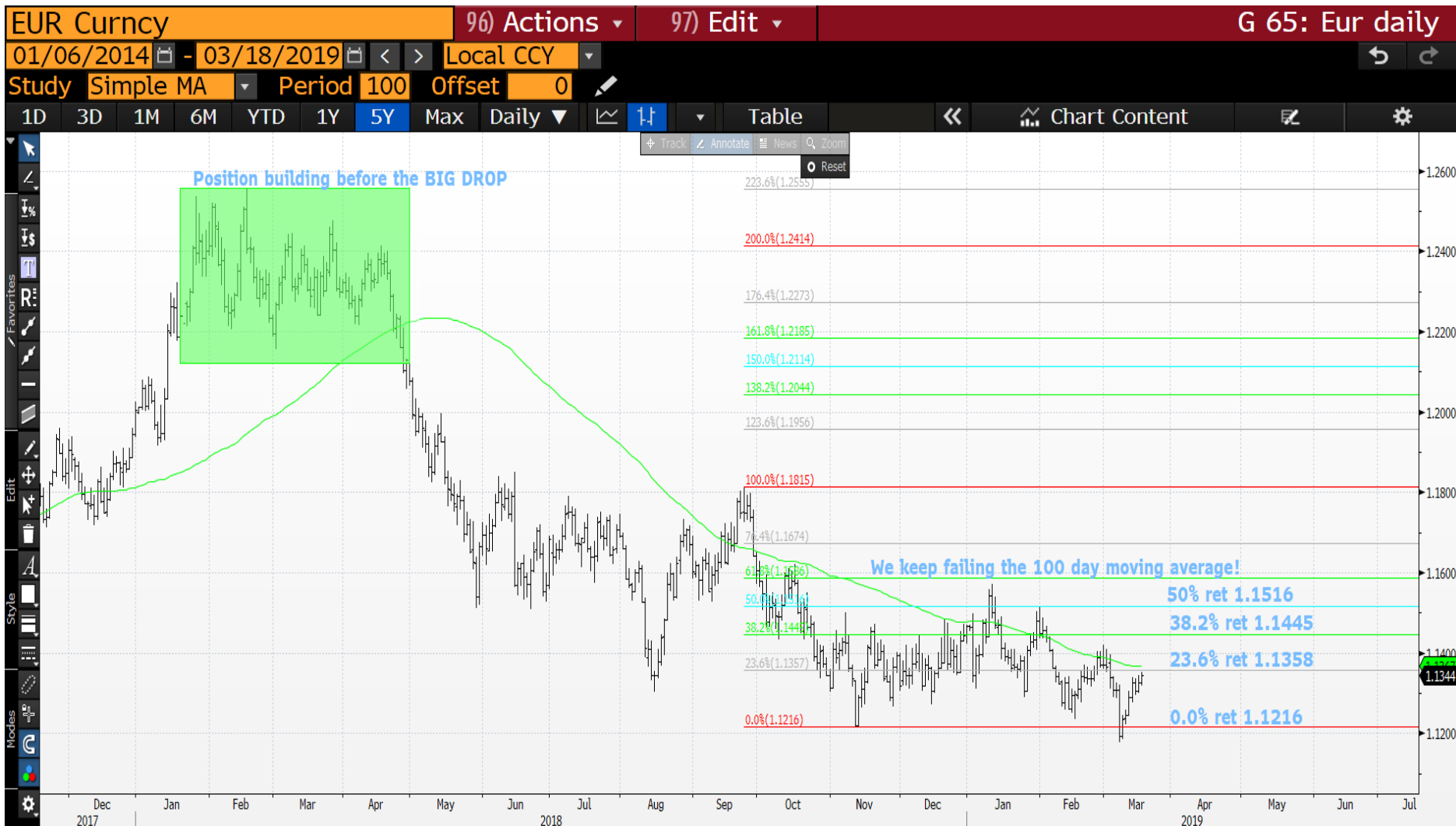


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# EUR USD daily : Familiar resistance looms in the shape of the 100 day moving average

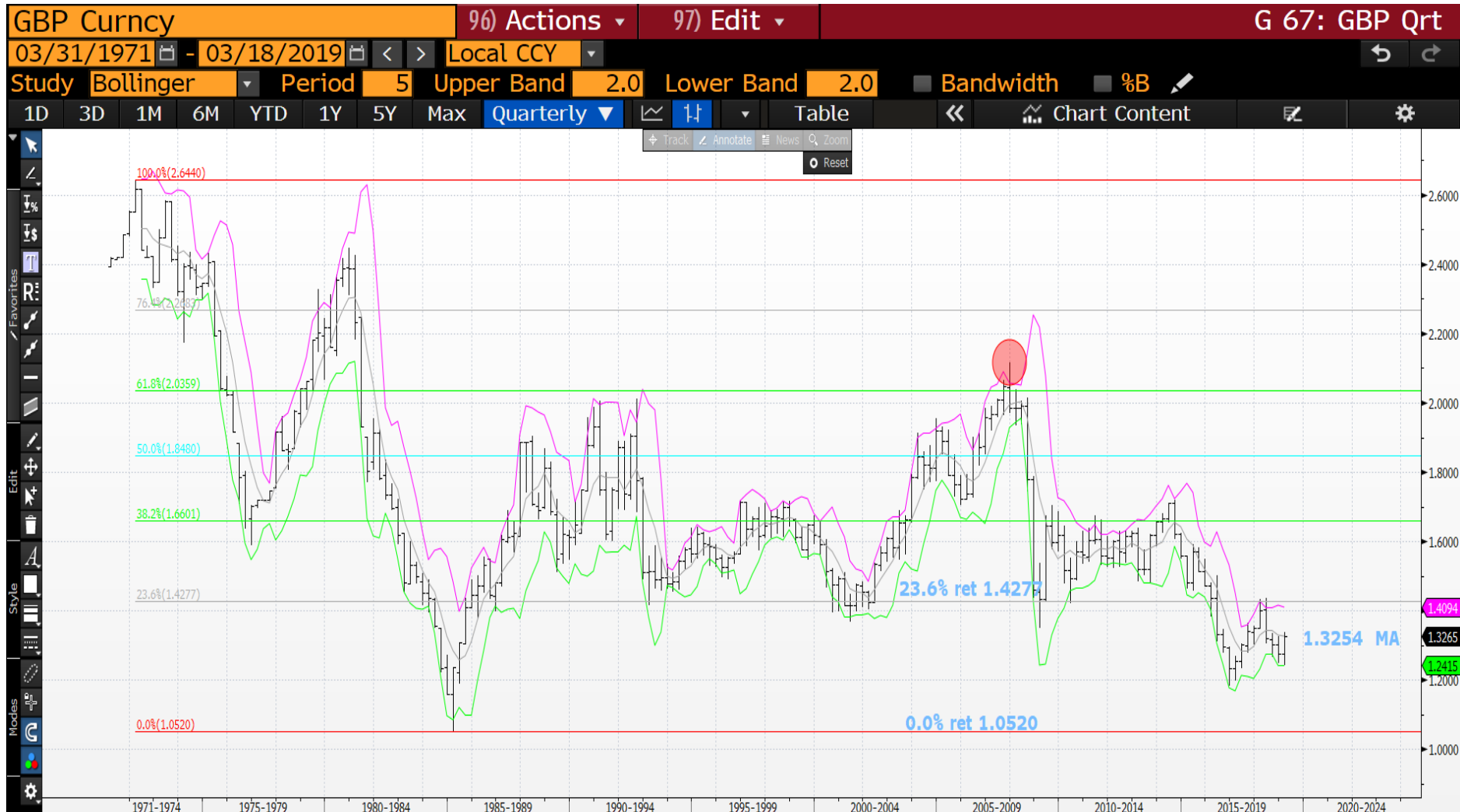
## 1.1367.



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 has been made above the 1.3254 moving average.



DXY monthly : A tricky location and rather a neutral one being at a 50% ret 95.859 of the last 18 years. Issue here though is that the recent upside pierces are forecasting a BEARISH move lower soon.



AUD USD monthly : AUD low in place and now ready for a decent move higher. The latest pierces are very positive. Above the 61.8% ret 0.7185 will help ALOT.

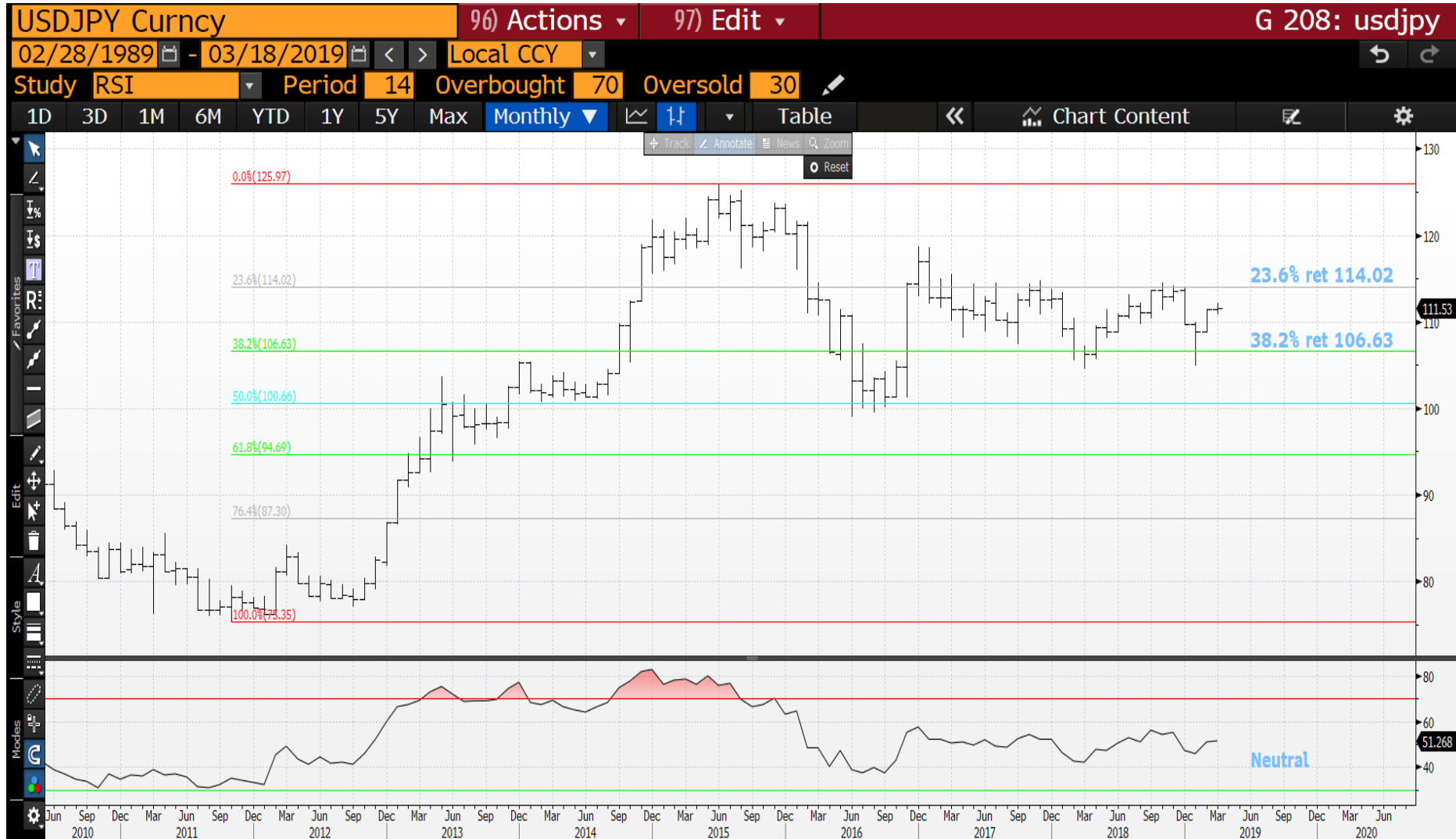


USD CAD weekly : The moving average continues to be the solid support on any dip, next step is to breach the 23.6% ret 1.3451.



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



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# 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 are poised to breach a VERY TEDIOUS triangle. Next target is the 38.2% ret 18.1795.



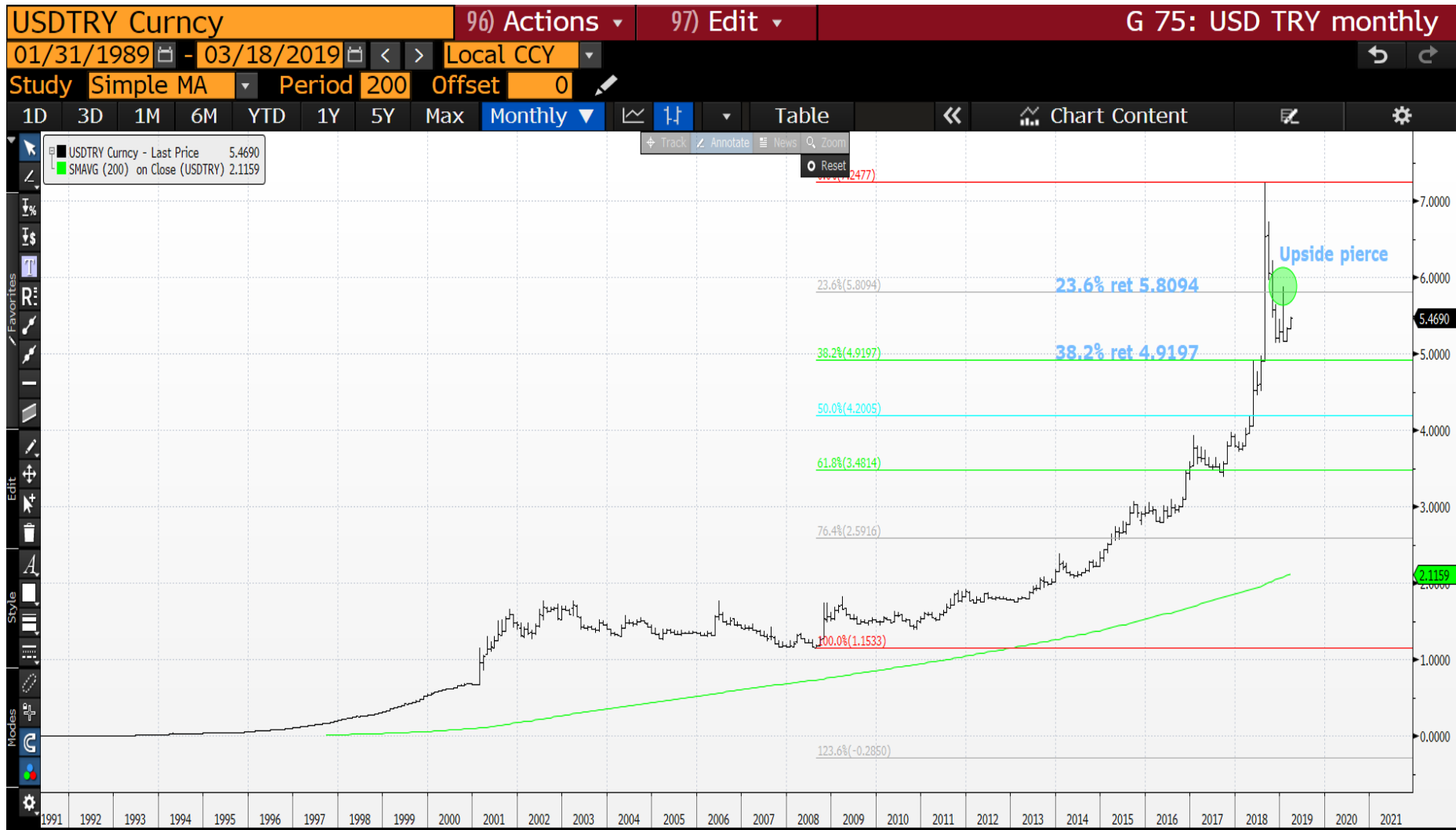
USD BRL monthly : We now have a very sizeable volume top and any breach of the 23.6% ret 3.6078 will be HUGE.



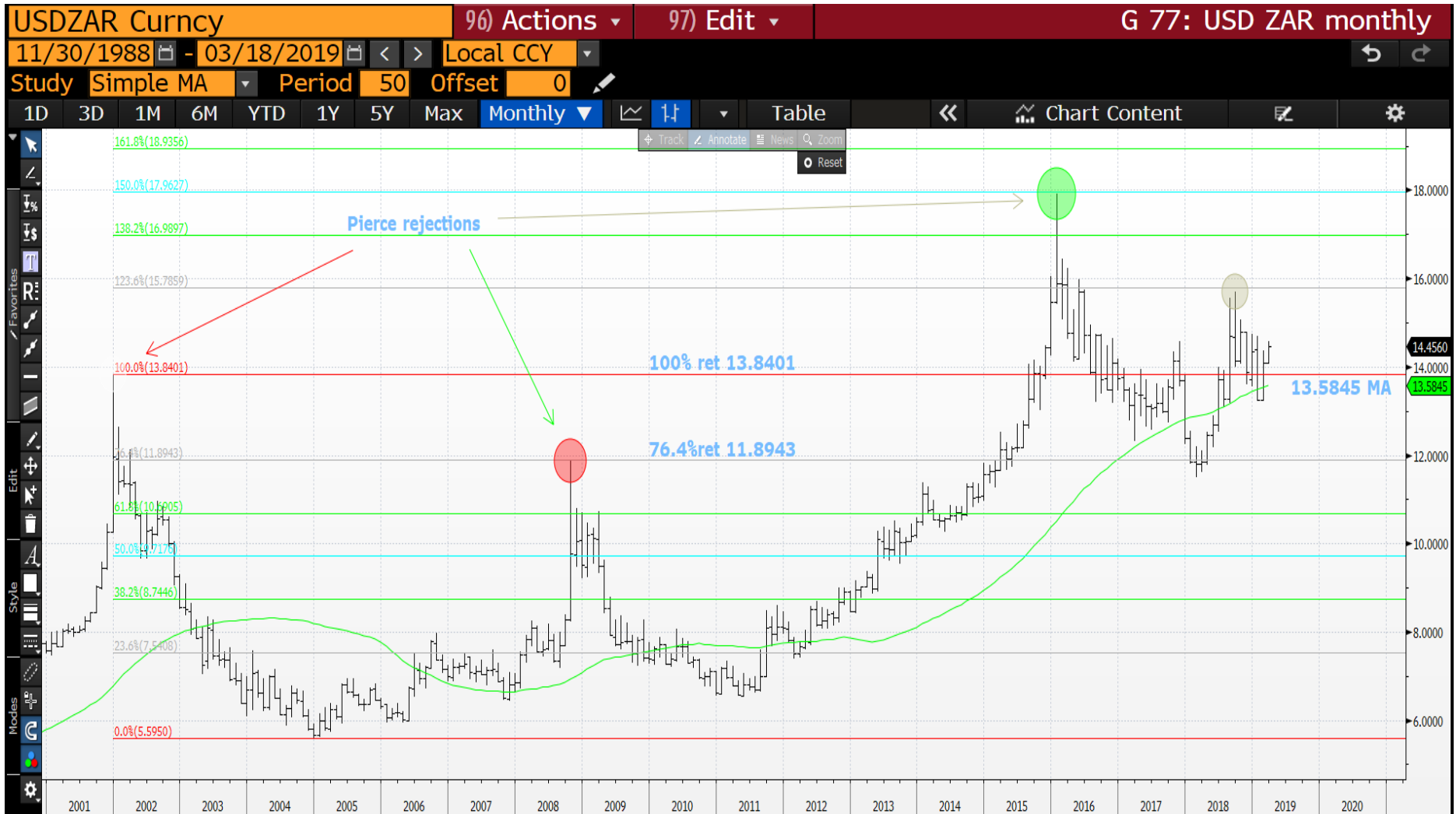
GTBRL10Y weekly : Yields have to continued to remain sub the 100% ret 9.117.



USD TRY monthly : We have opened above last months high so this has tempered the bearish view.



USD ZAR monthly : We need to fail here and head back below the 13.5809 moving average again.

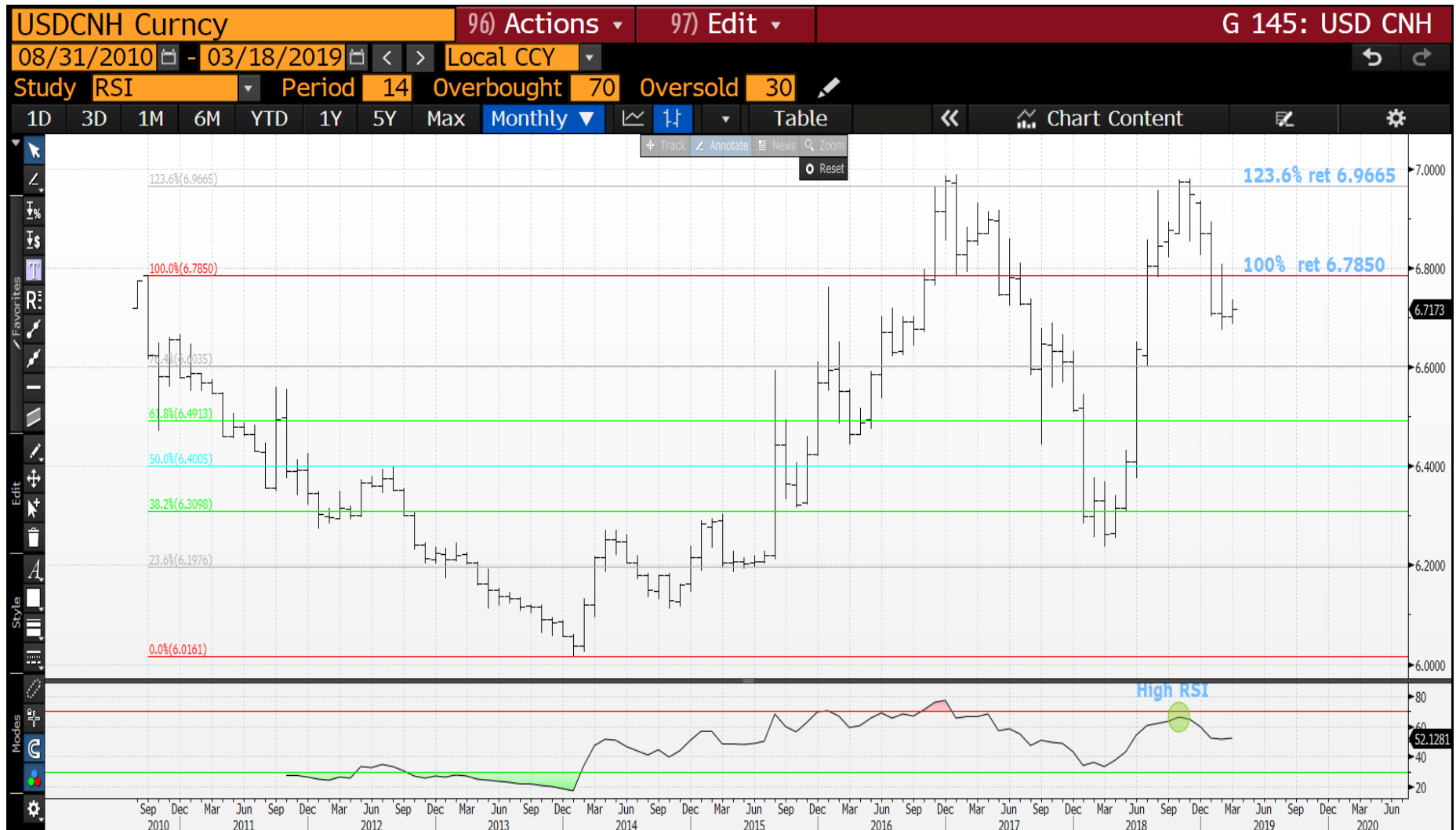


USD RUB monthly : A nice break of the recent low and the next big test the 38.2% ret 61.9293.

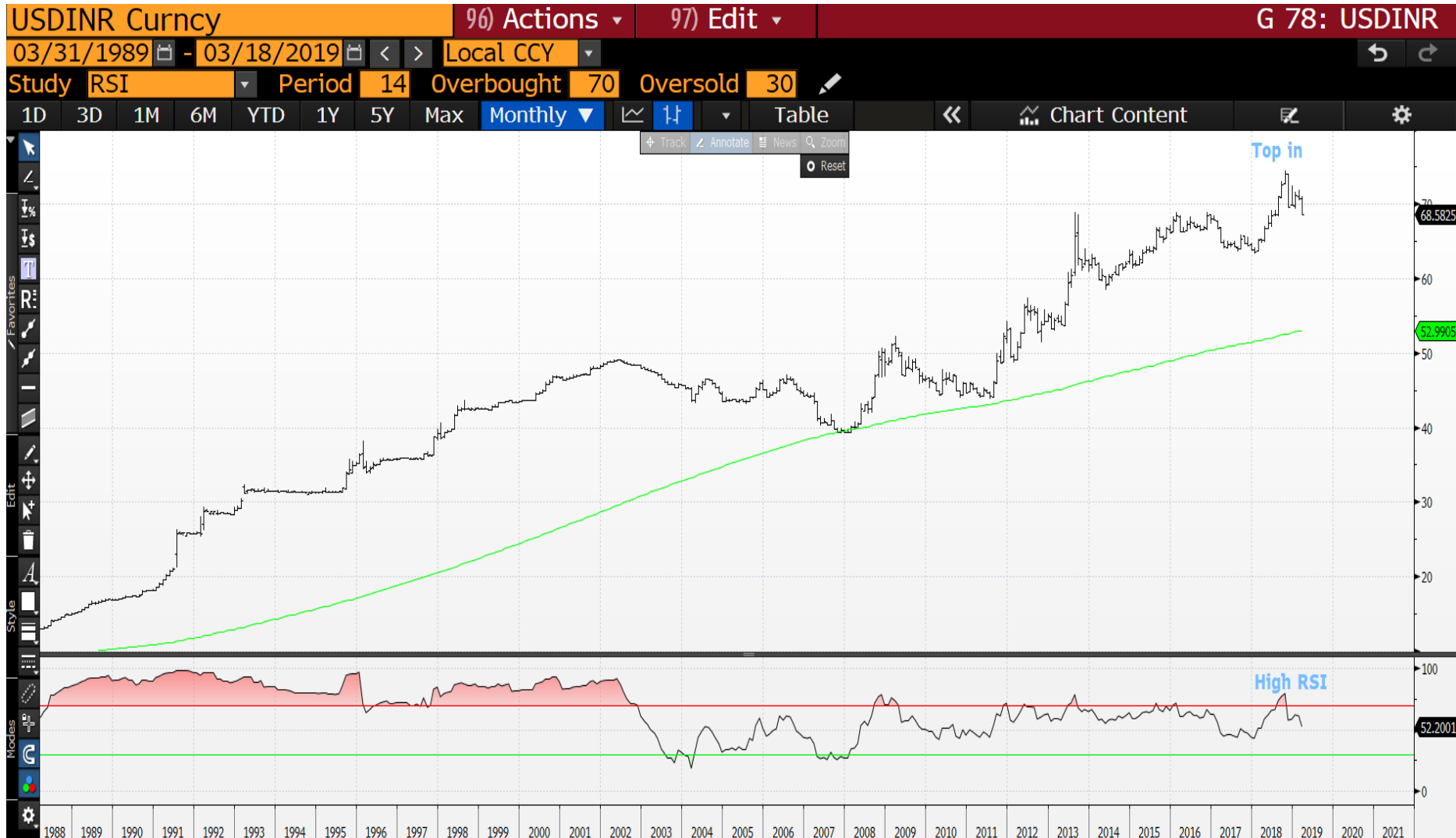


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USD CNH monthly : Certainly one to note going forward given its TECHNICAL HIT! We have failed the multi year 100% ret 6.7850 and heading toward 6.6000.



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

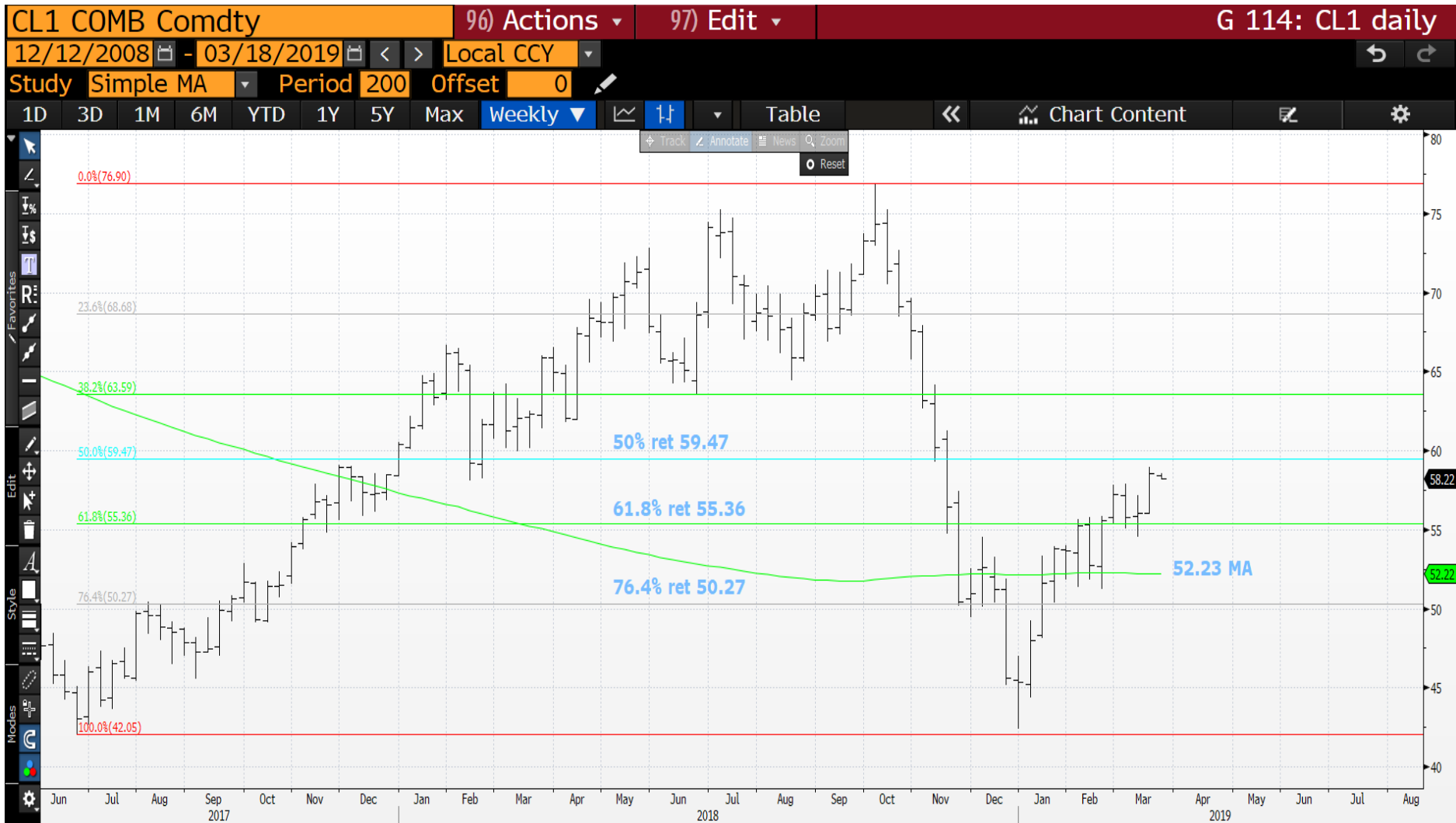




CL1 monthly : A nice chart given we have hit and held the 76.4% ret 42.72 first time down. It seems we need to see the 61.8% ret 62.75 first, before the next drop.



CL1 weekly : We appear to be struggling as the 50% ret 59.47 looms.



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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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