

MULTI ASSET UPDATE :

Yields POPPED last week but chart wise that now seems to be over, especially in Germany. Equities did not have the major fall out predicted but making minimal progress higher, whilst adding too an over stretched set of RSI's.

Bond yields : Post last weeks yield pop it now looks like they should head lower, Germany the forerunner. Page 6 has an interesting US 2yr yield overlay with retail sales RSTAXAGM Index.

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.

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.

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. EM is finally on the move and remains a firm favourite with the REAL MONEY.

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 2.9441 average highlighting last quarters high, a key failure.



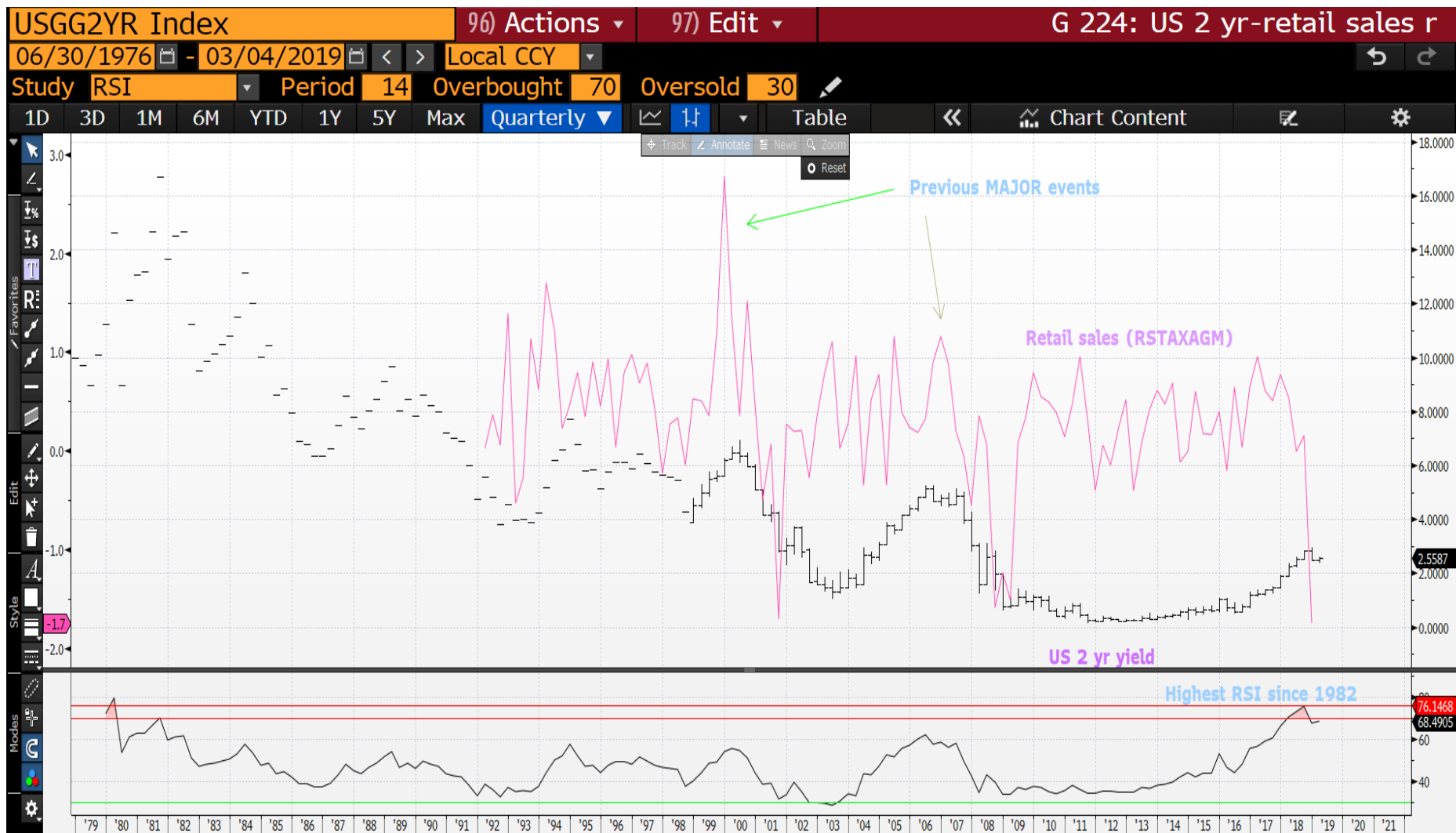
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US 2yr yield monthly : The monthly RSI dislocation backs up the previous chart, it will be key if we remain sub the 38.2% ret 2.7357. Any reversal to the lows will be a major statement.



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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.



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 2.7846 moving average, thus far. We could DROP SHARLPY!



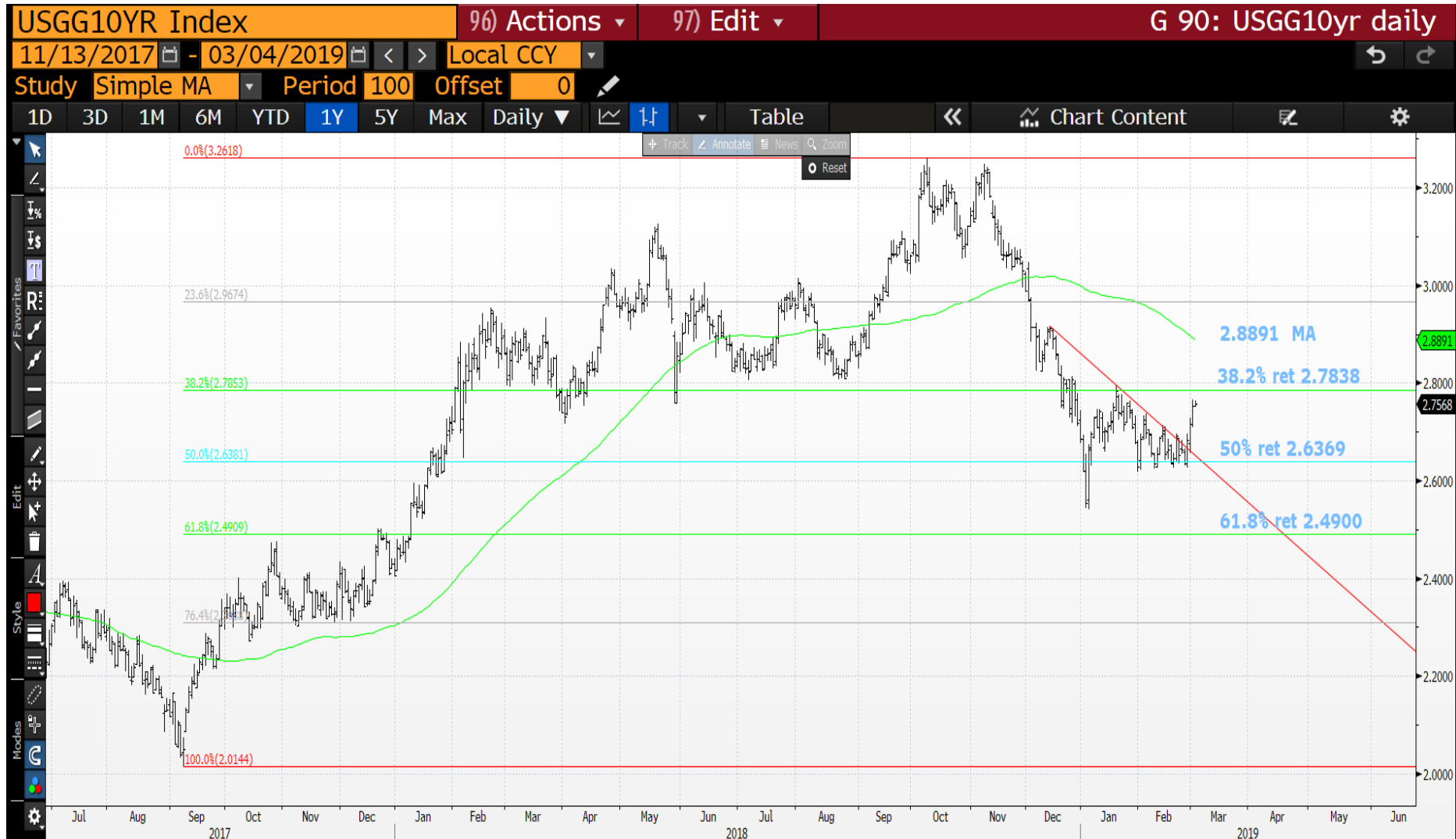
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USFS10-20 monthly : This has been a great boost to the argument for lower yields going forward (assisted by our swaps expert David Sansom), as the chart shows we have a similar historical pattern of failure at this moving average.



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US 10yr yield daily : We have breached the trendline but have instant resistance at the 38.2% ret 2.7838.



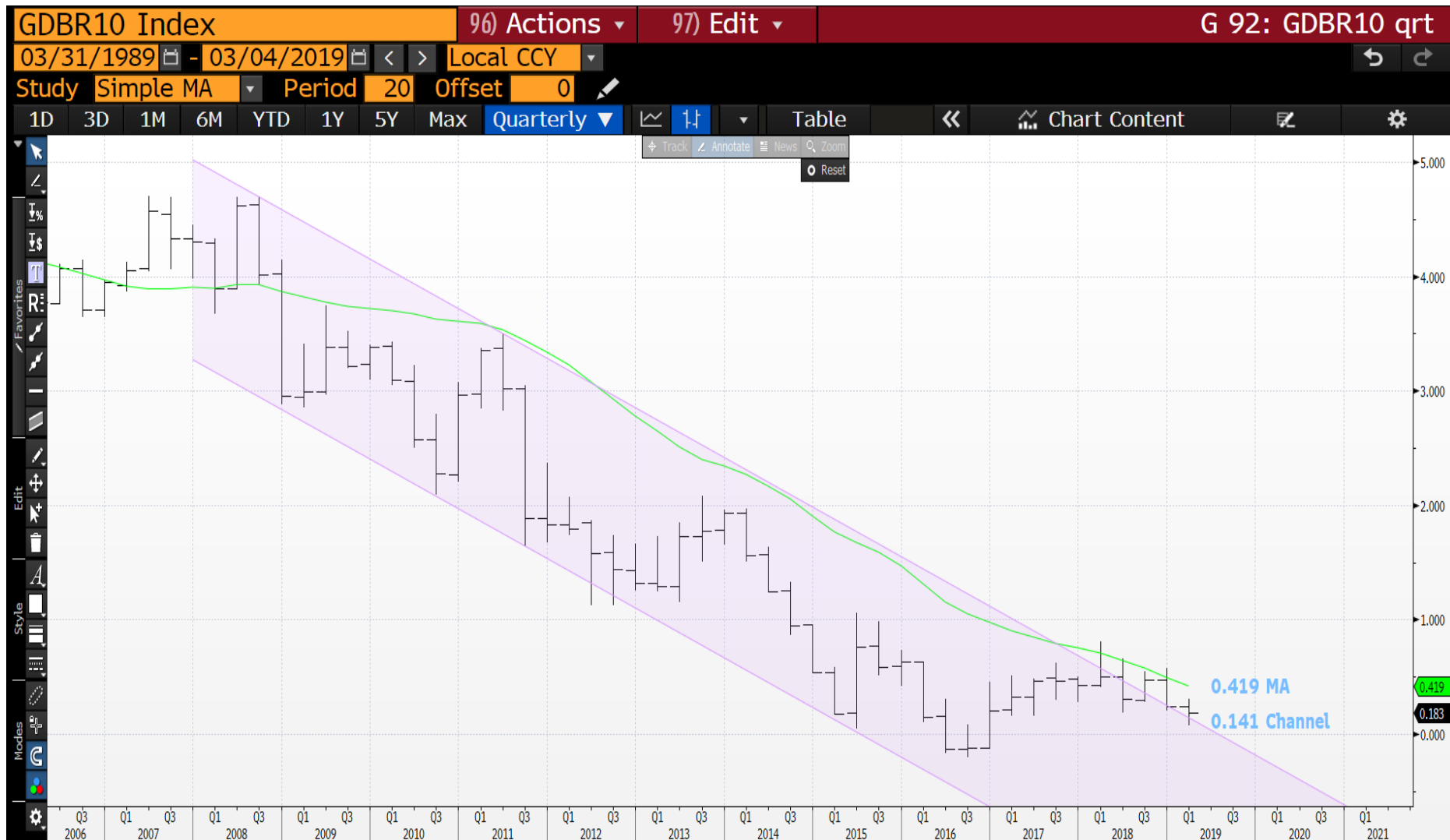
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US 5yr quarterly : This time we are above the moving average BUT the RSI remains lofty, 1982 proportions! Again we have a new yield low and close to last quarters close.



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



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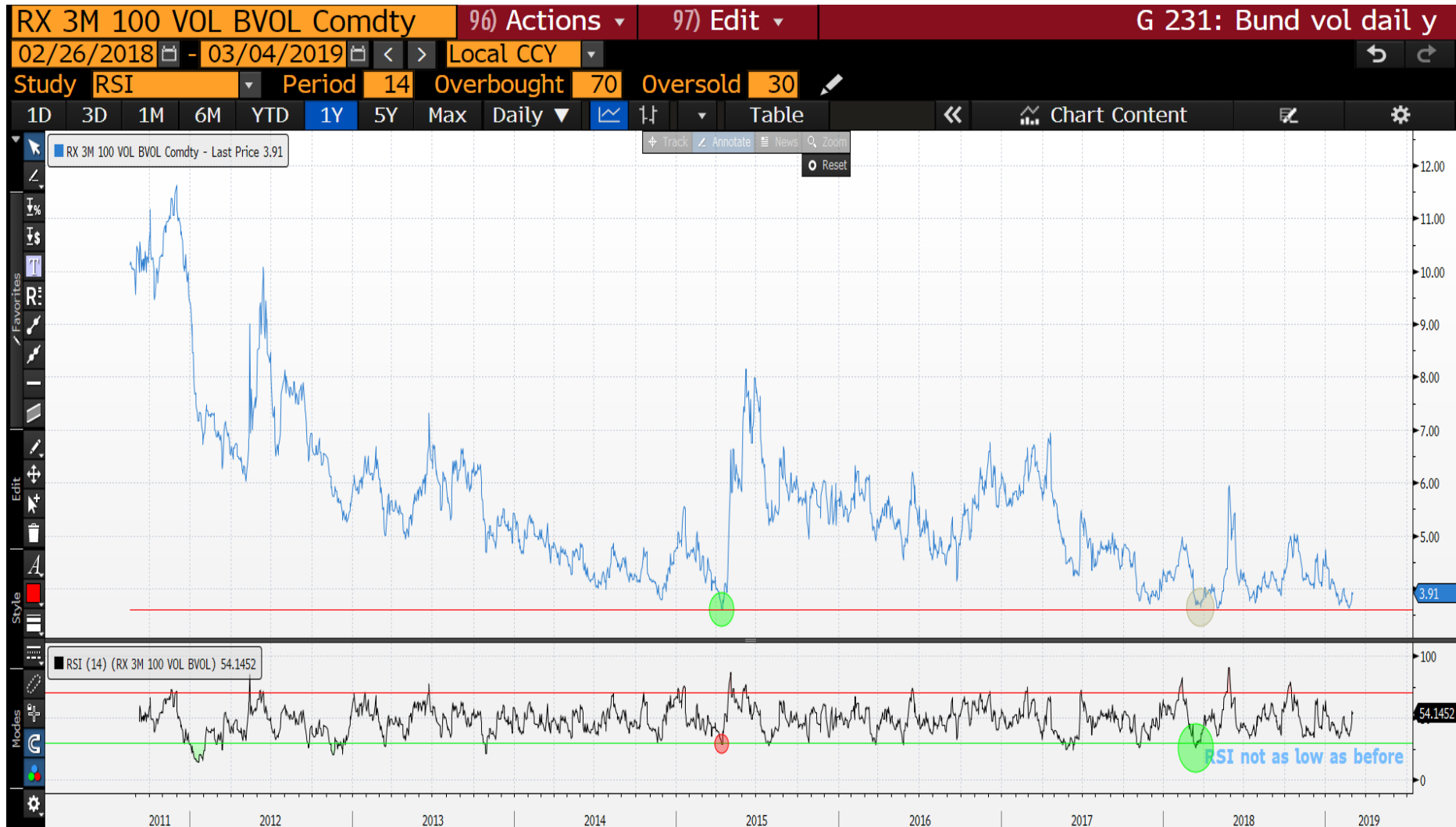
Generic German 10yr daily : We breached the previous low but we are already stalling against the 0.183 moving average.



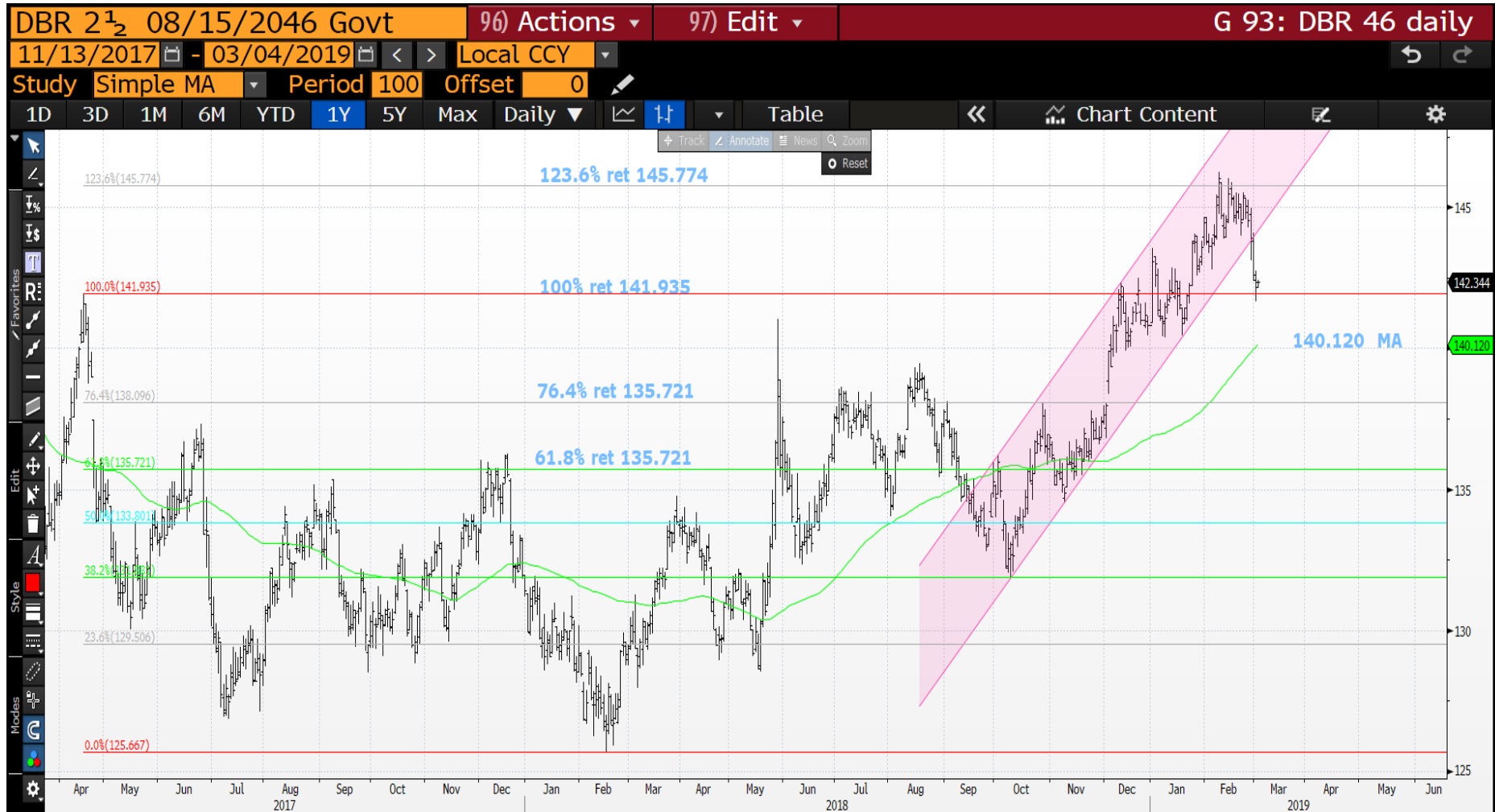
German bund VOL weekly : Vol has marginally picked up and should heads higher from this base.



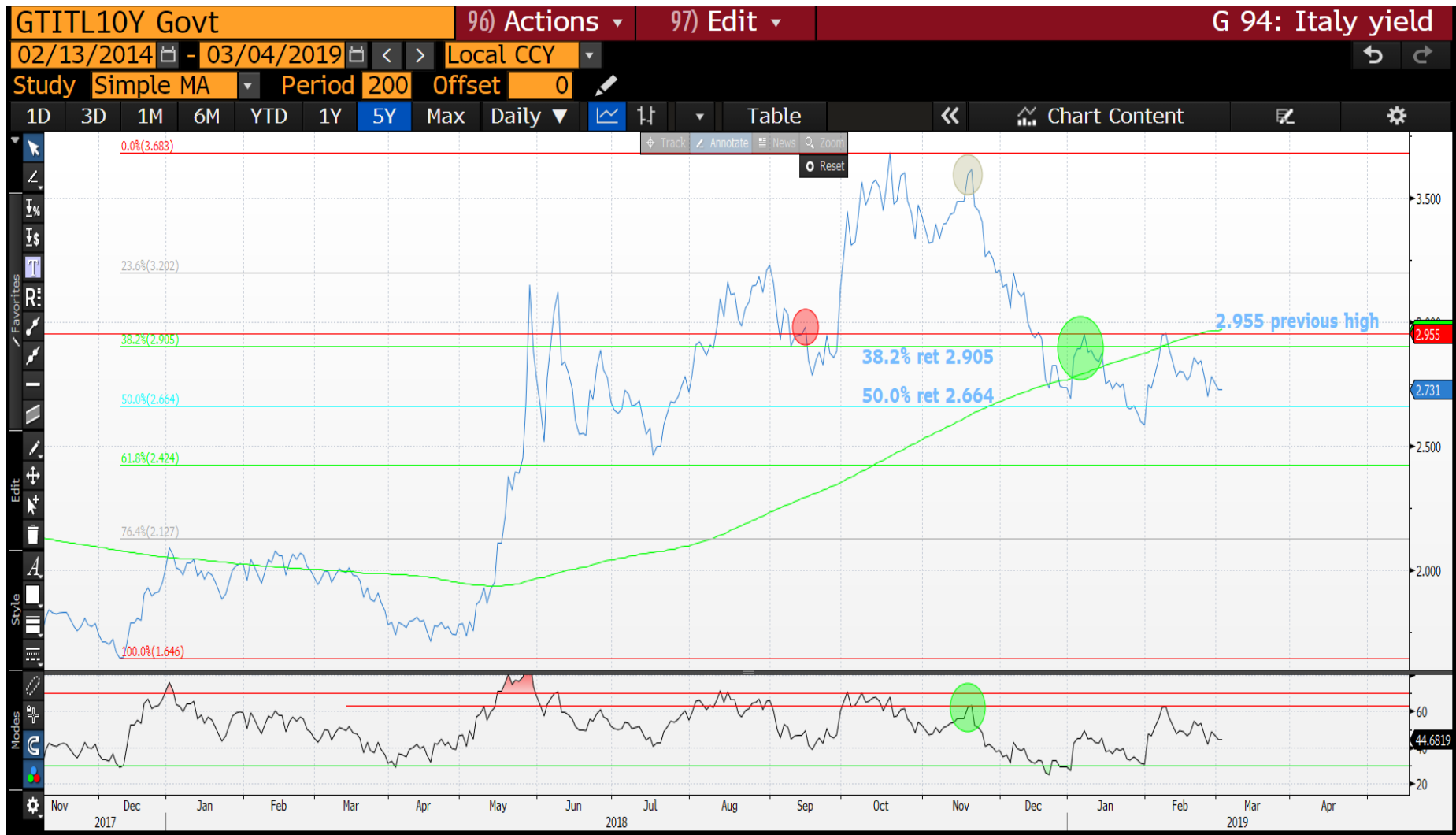
German bund VOL daily : This is a better highlight of the previous lows BUT sadly the RSI is lacking.



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.



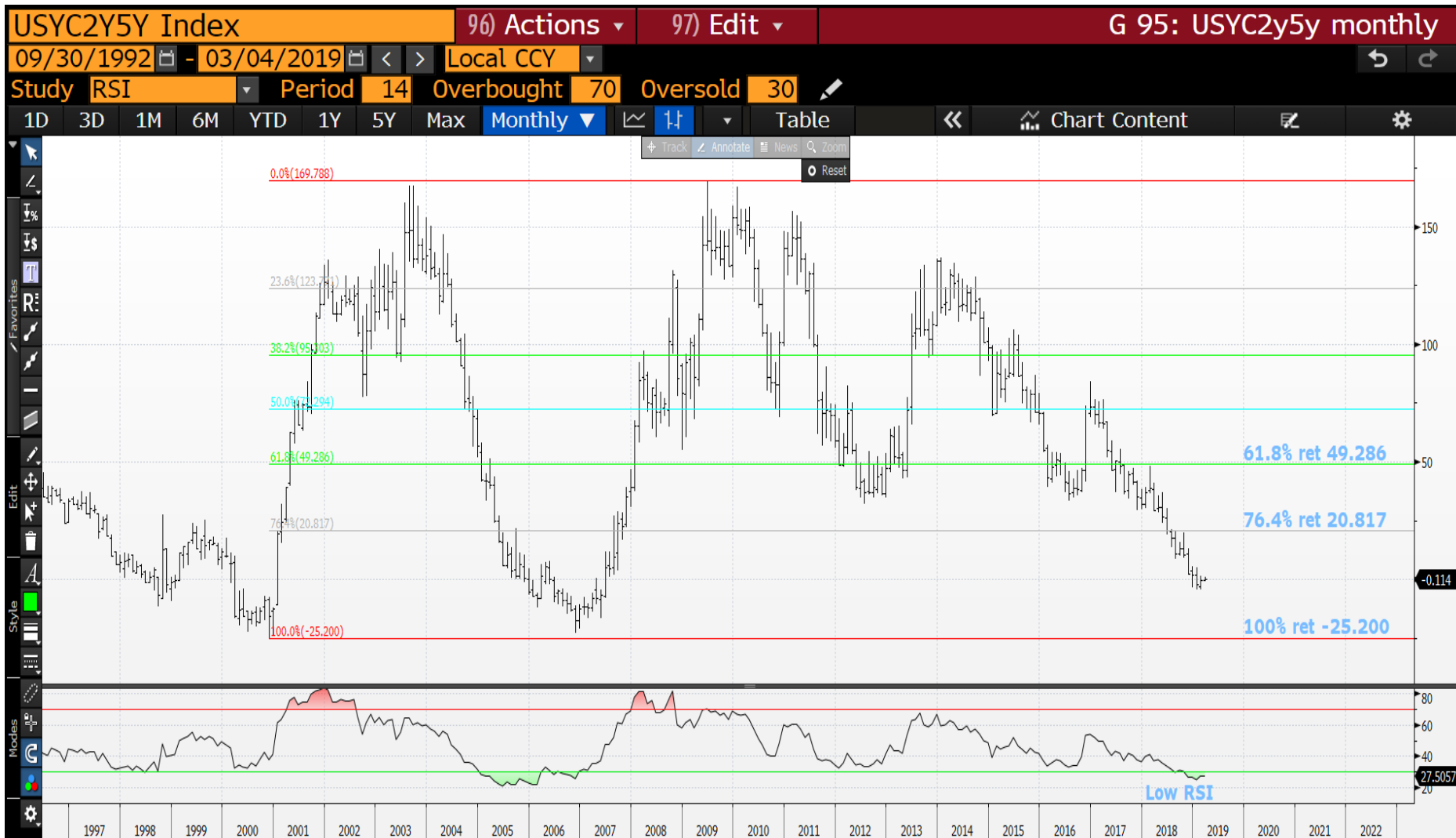
Italian generic 10yr daily : We have TEASED the previous high 2.955 and now failing aided by the RSI. Next stop the 50% ret 2.664.



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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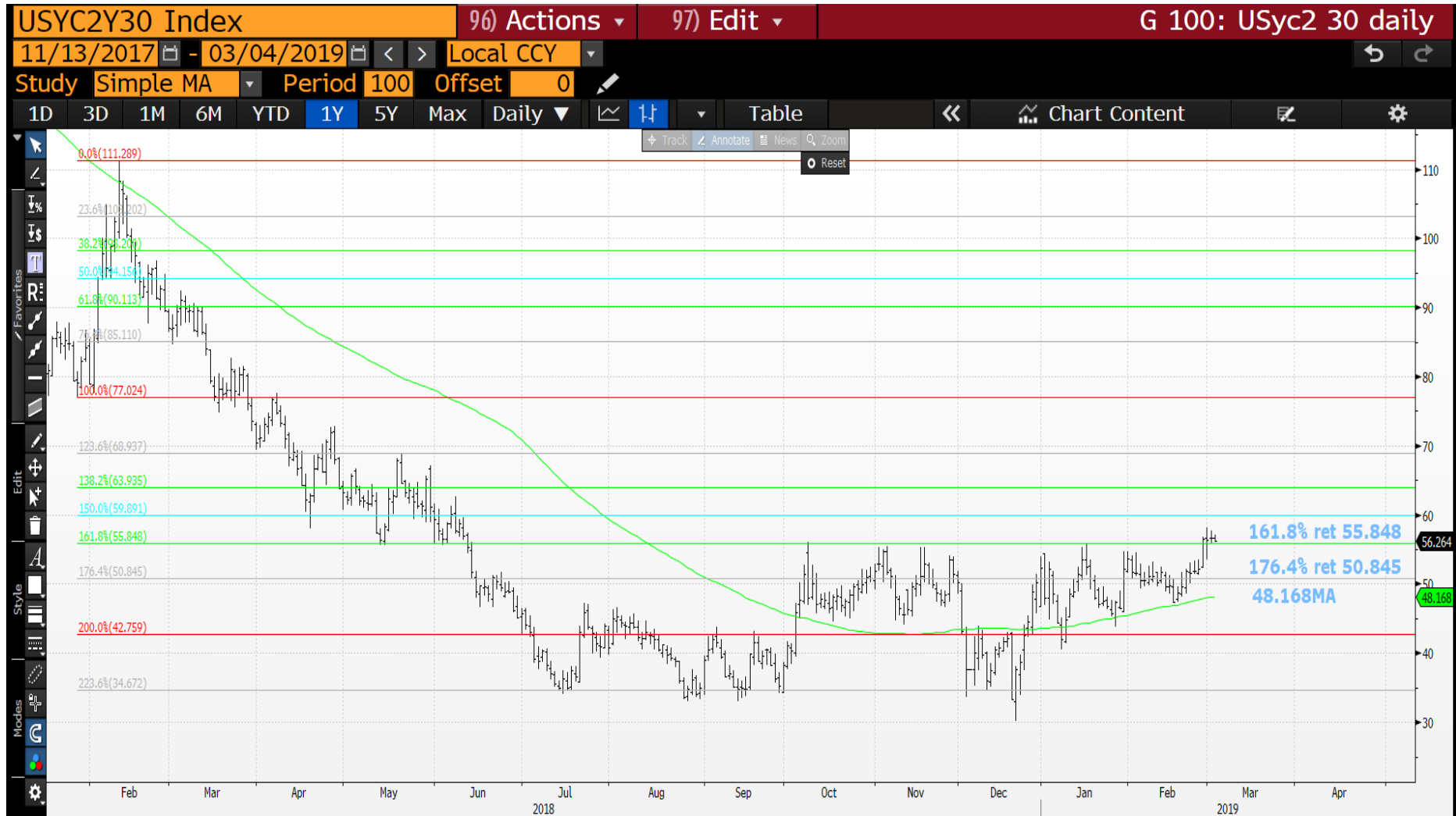
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US 2-30 curve monthly : ANOTHER PERFECT hit and possible PERFECT BOTTOM to trade from. TO me this remains a VERY long-term trade and “what a great entry” knowing the LOW has been tested TWICE. We should start heading higher from here!



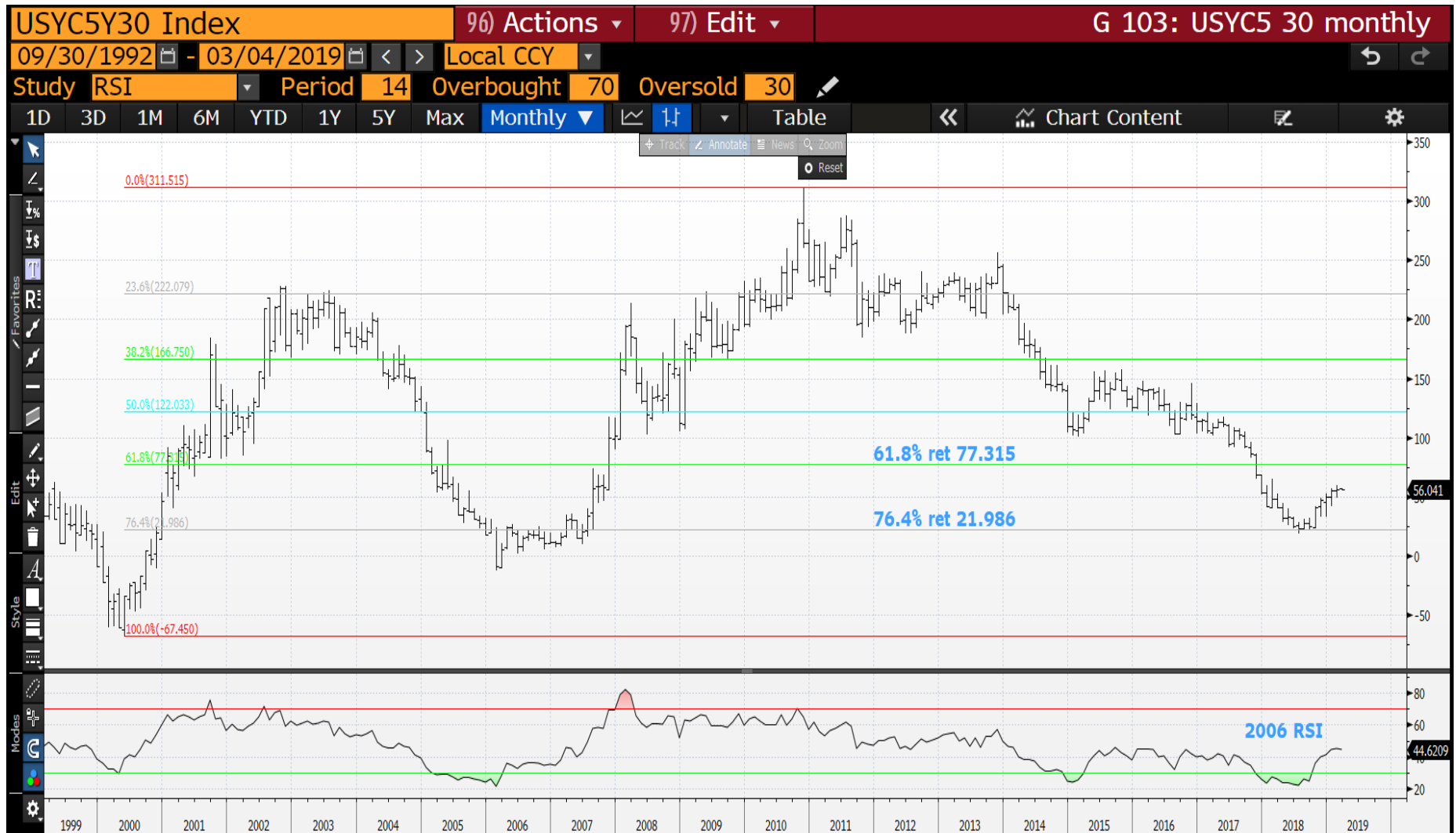
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US 2-30 curve daily : We have breached the 161.8% ret 55.848 thus should continue to grind higher.

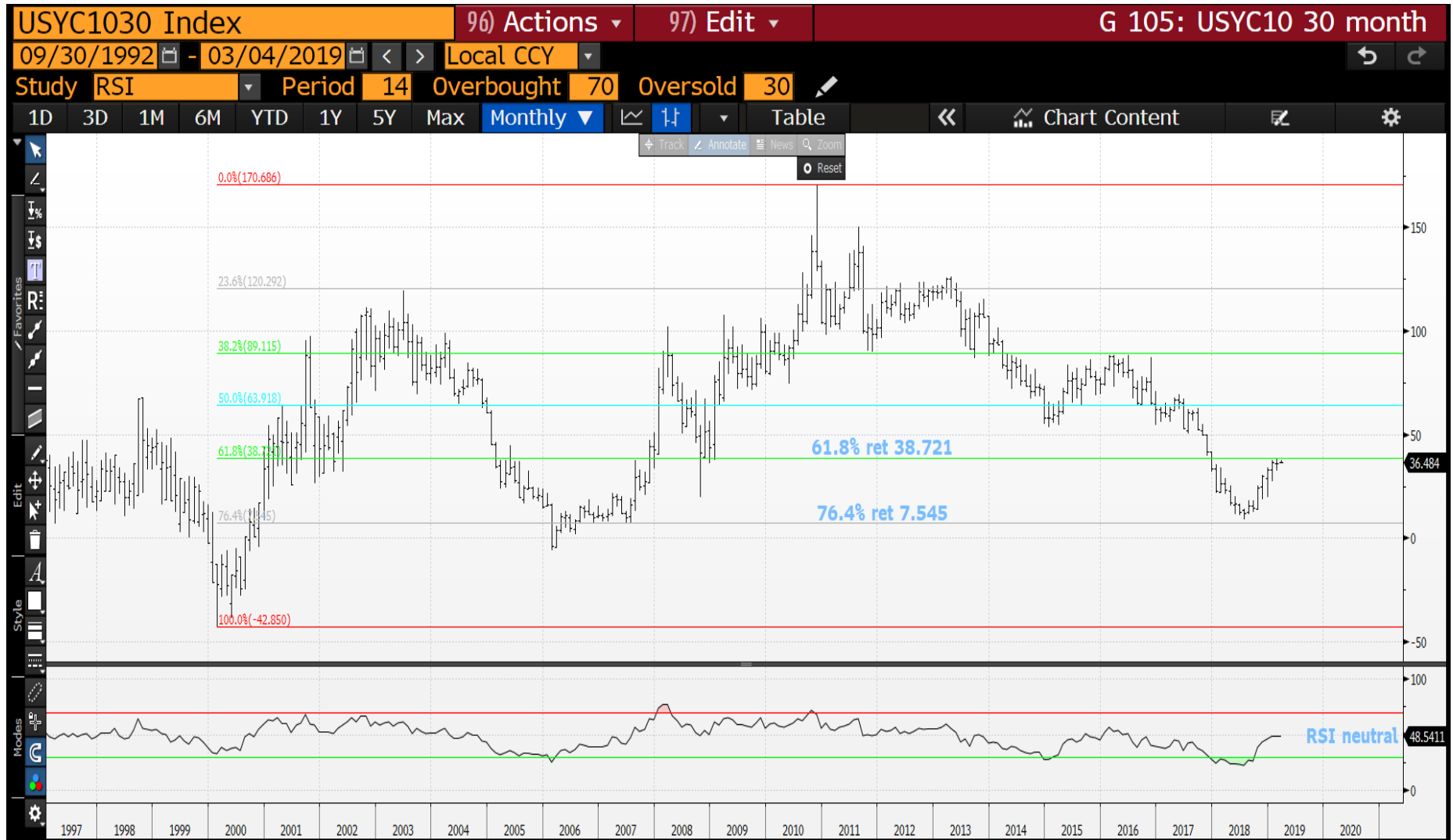


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US 5-30 curve monthly : A VERY SOLID performance but watching the neutral RSI.



US 10-30 curve monthly : A key test of the multi-year 61.8% ret 38.721. A breach of this will be a BIG statement.



EQUITIES

EQUITIES : 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.

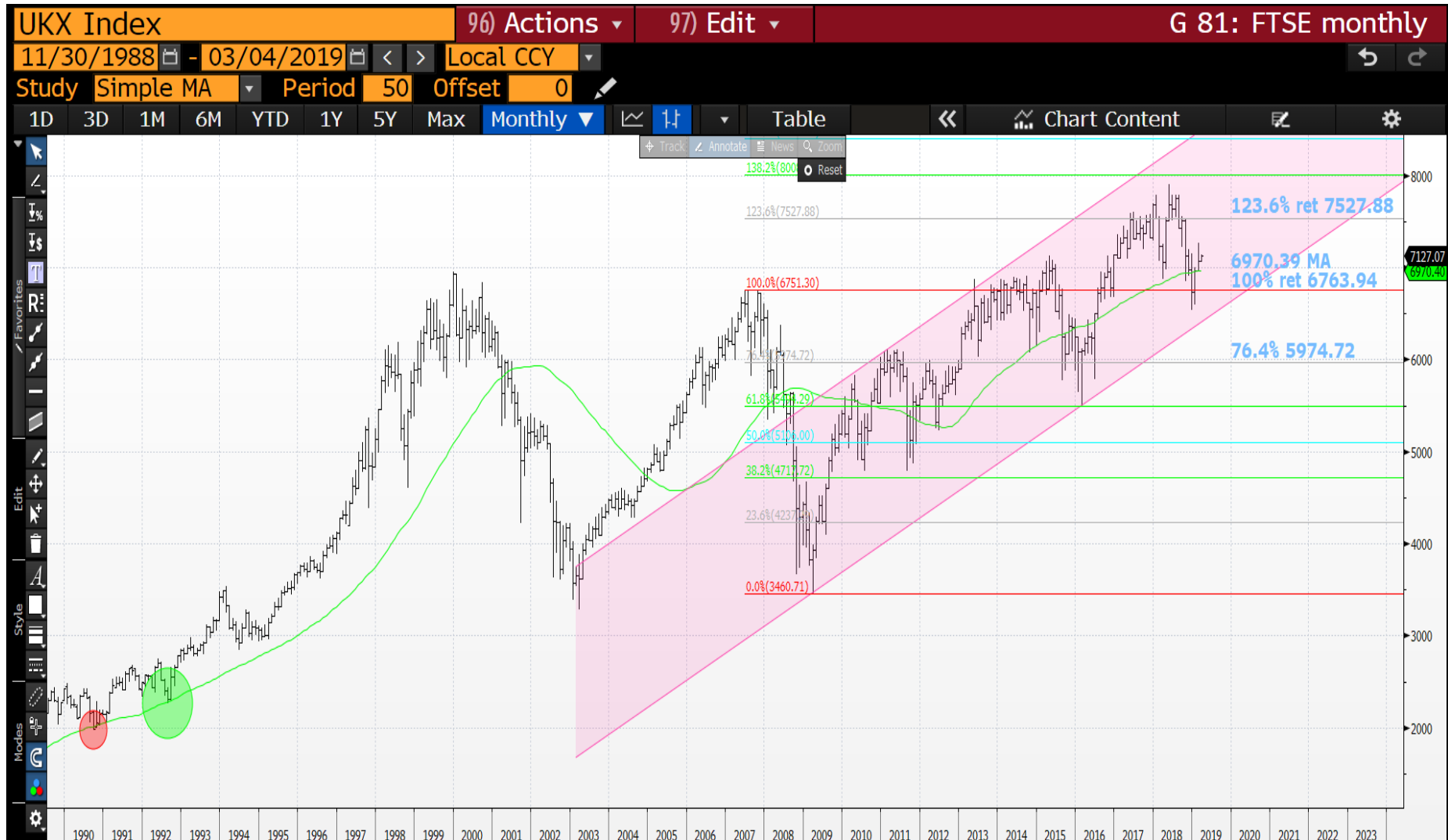
DAX monthly : We continue to flirt with the multi year moving average 11486.



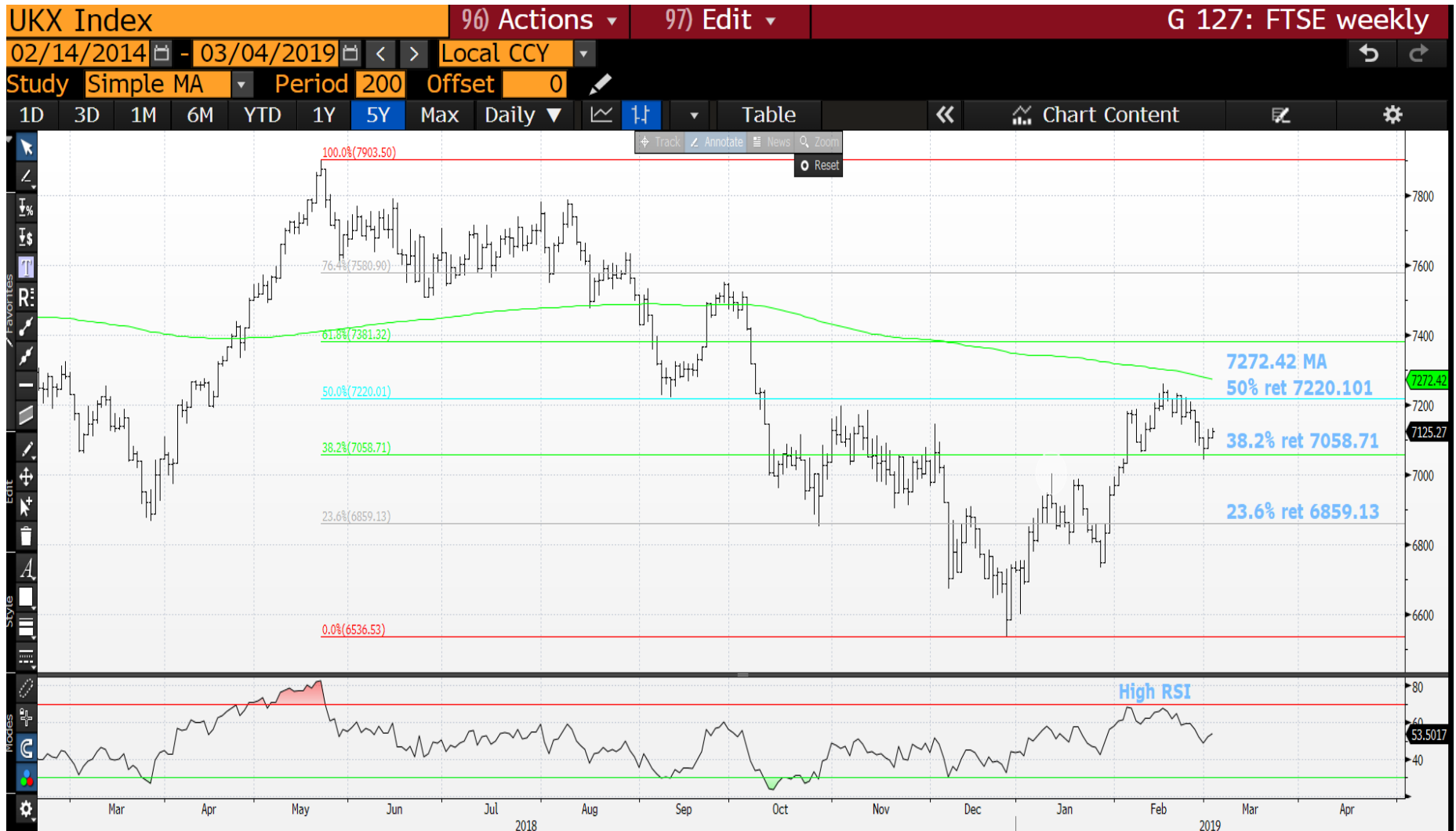
Dax daily : We really are in a range BUT the RSI is now VERY LOFTY.



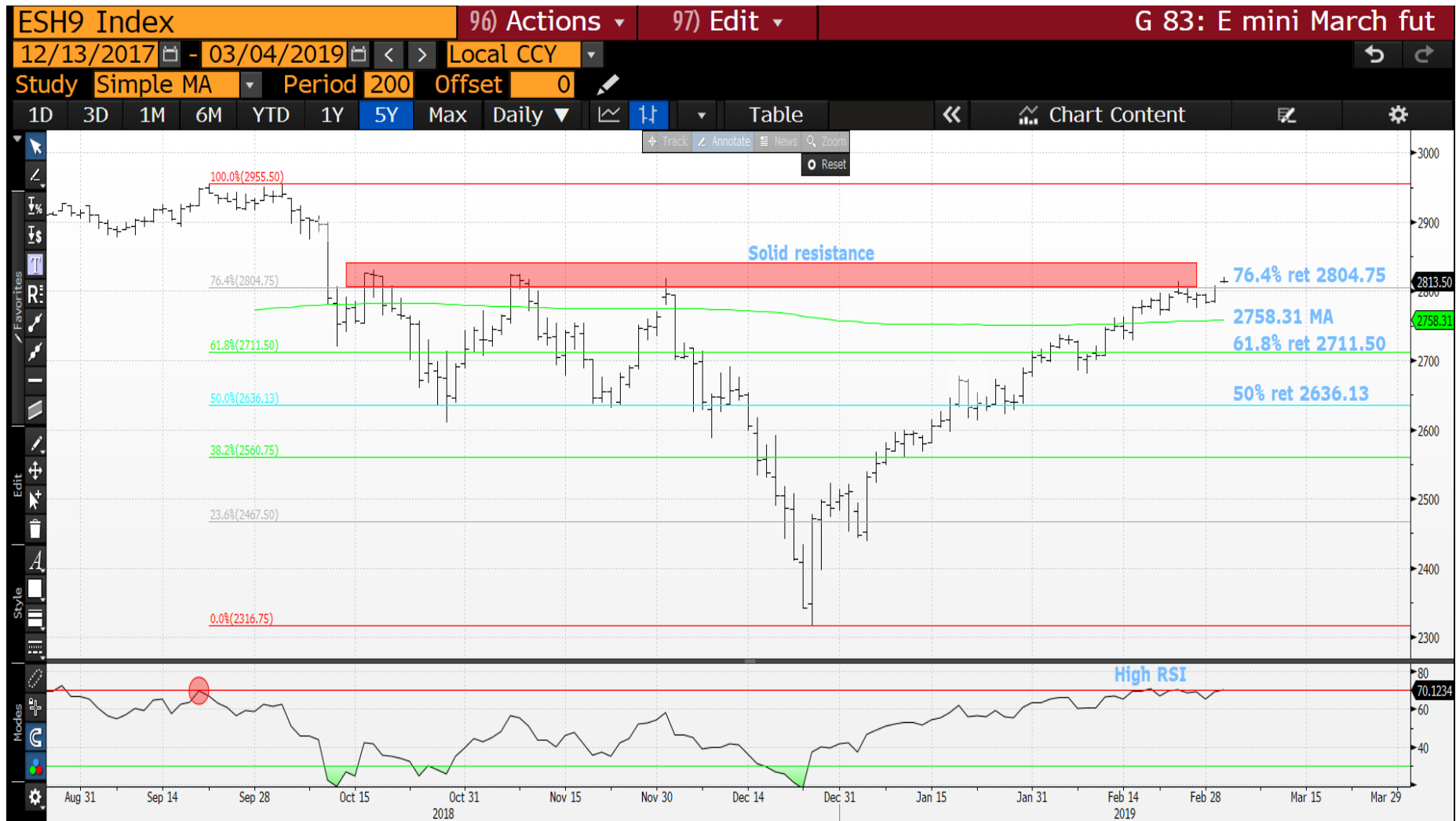
FTSE monthly : Not a great deal of progress either way on this index BUT a breach of the 6970.39 moving average will be helpful.



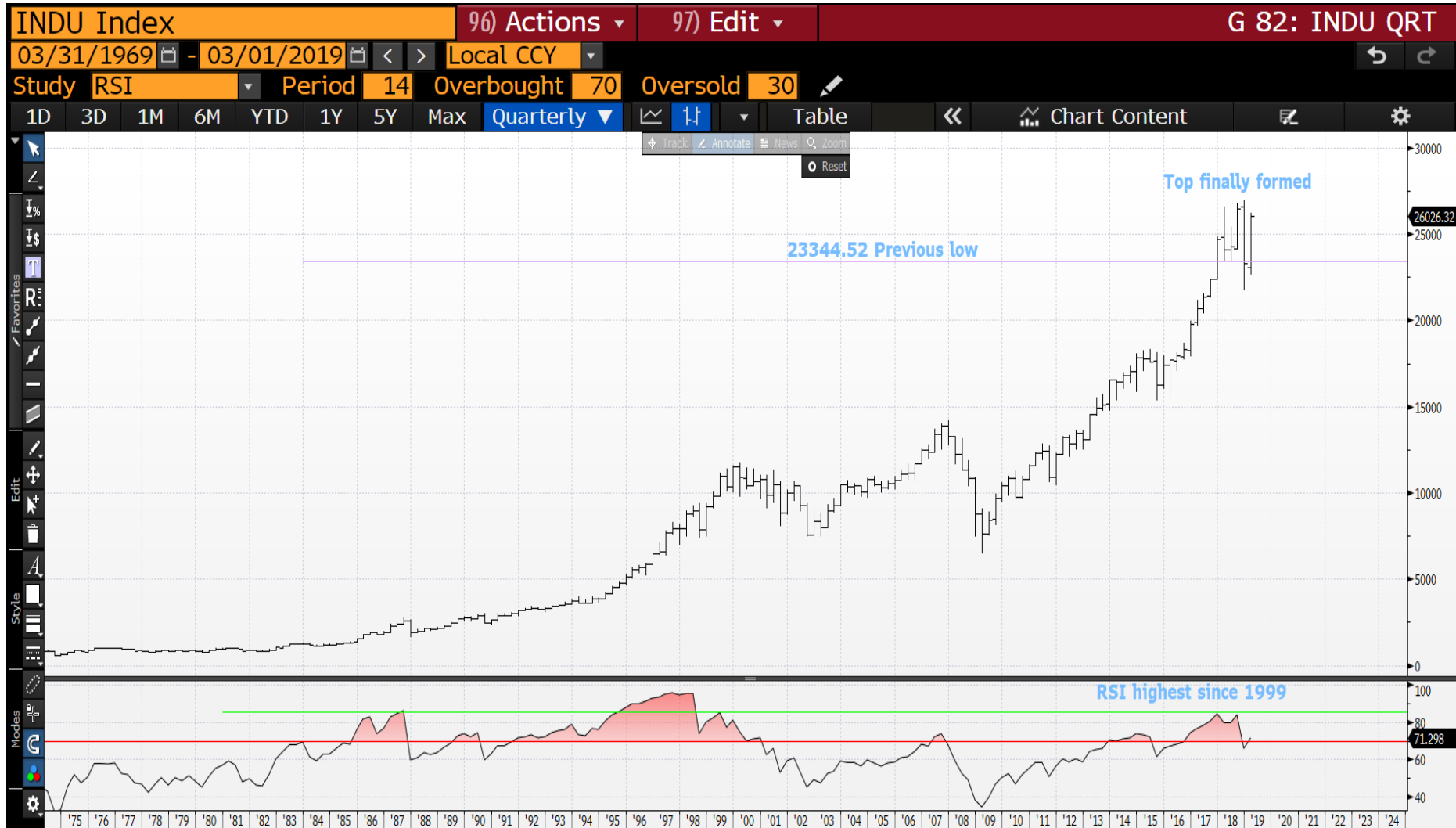
FTSE daily : The bounce has been painful for the bearish call but the RSI has now worked itself in to an over bought state. We continue to FAIL the 7272.42 moving average.



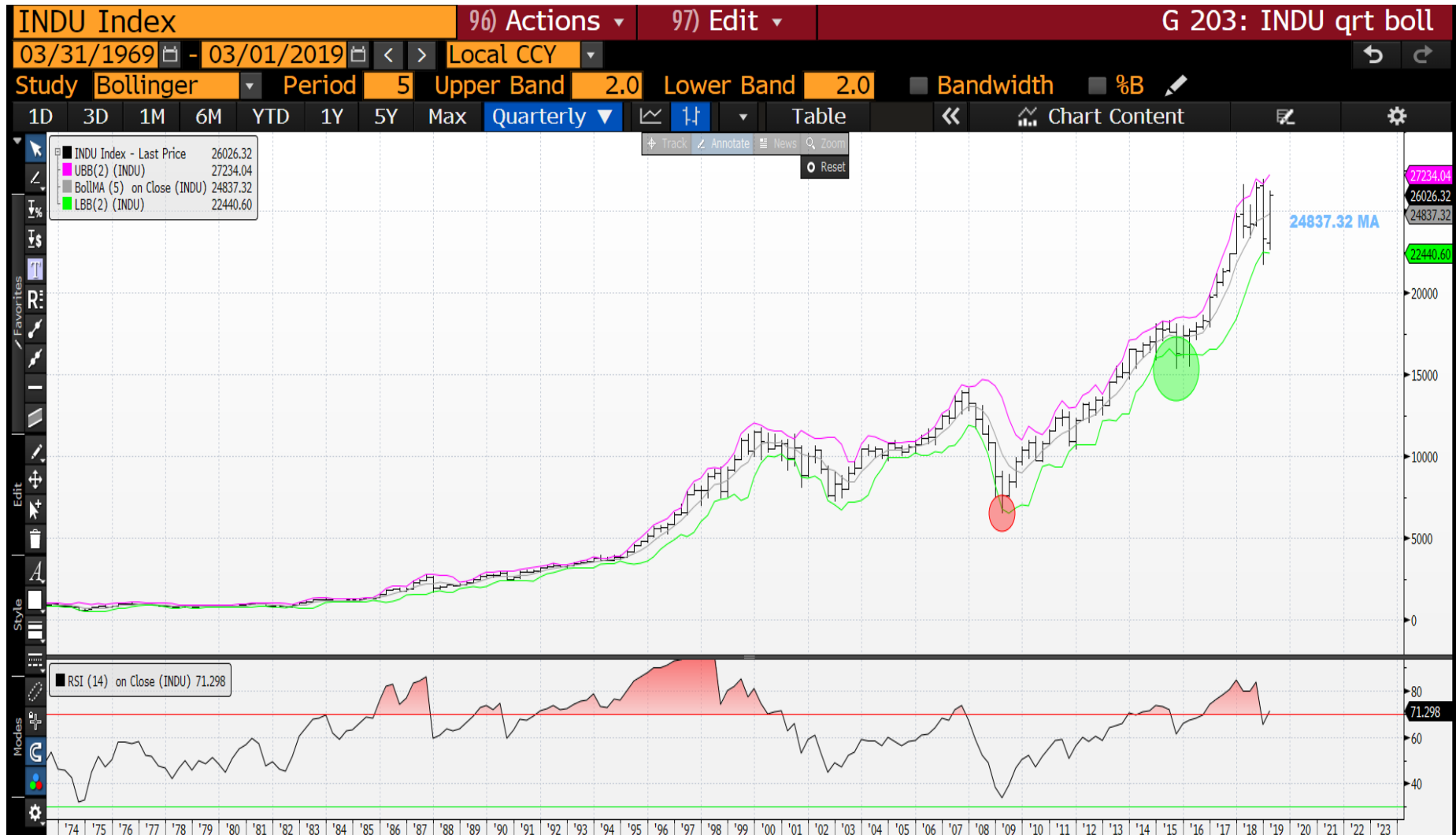
E mini S*P daily : We have snuck above the 200 day moving average BUT history shows that has not been a POSITIVE signal. Failure this week sub the 76.4% ret 2804.75 will be VERY bearish. NOTE the HIGH RSI, its still high.



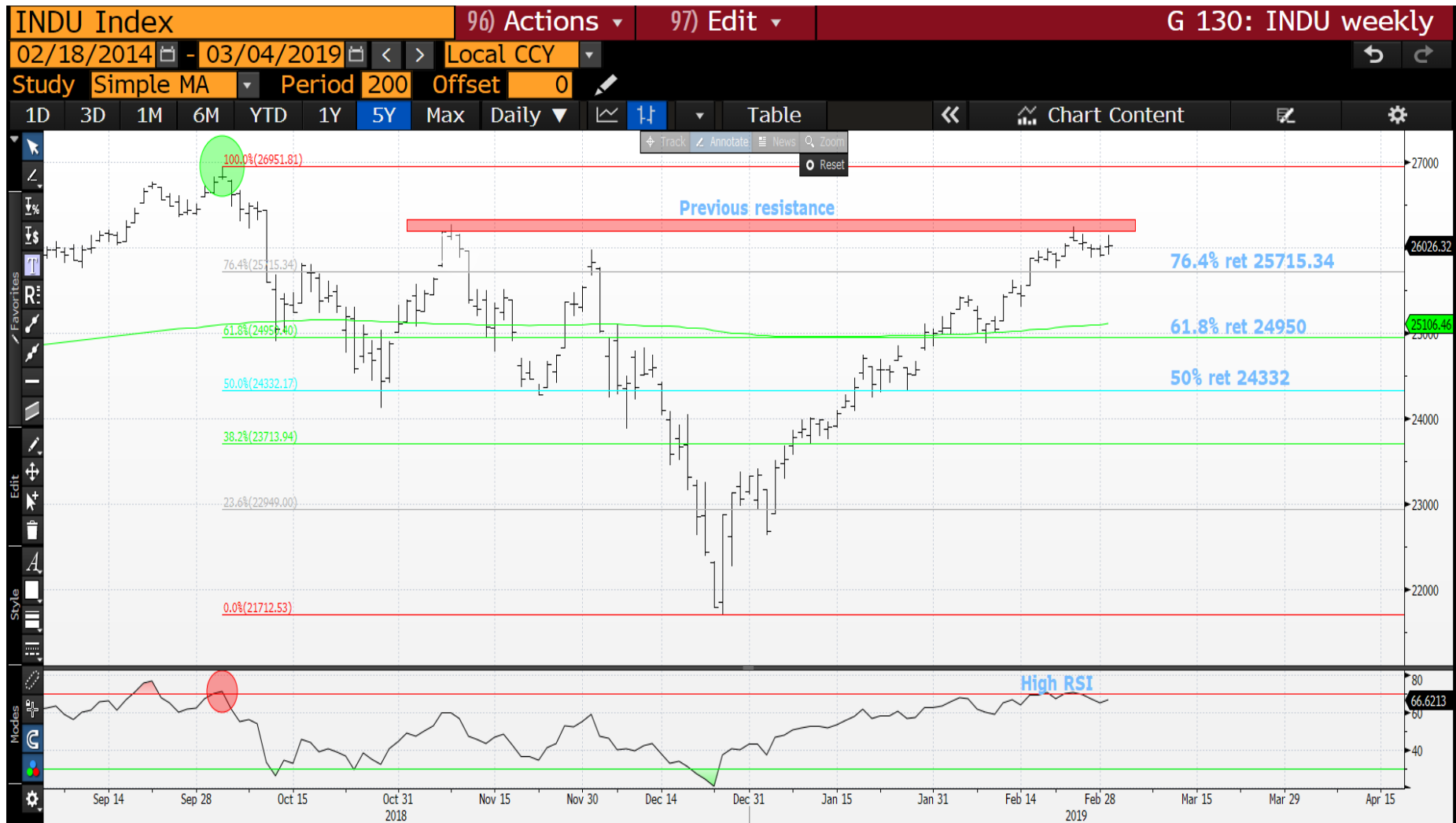
DOW quarterly : We have a “TOP” but need to capitalise on that with a move SUB the 23344.52 previous low.



DOW quarterly : Last quarter generated pierces at either end of the range so IDEALLY to continue the bearish outlook we need to fail the 24837.32 moving average.

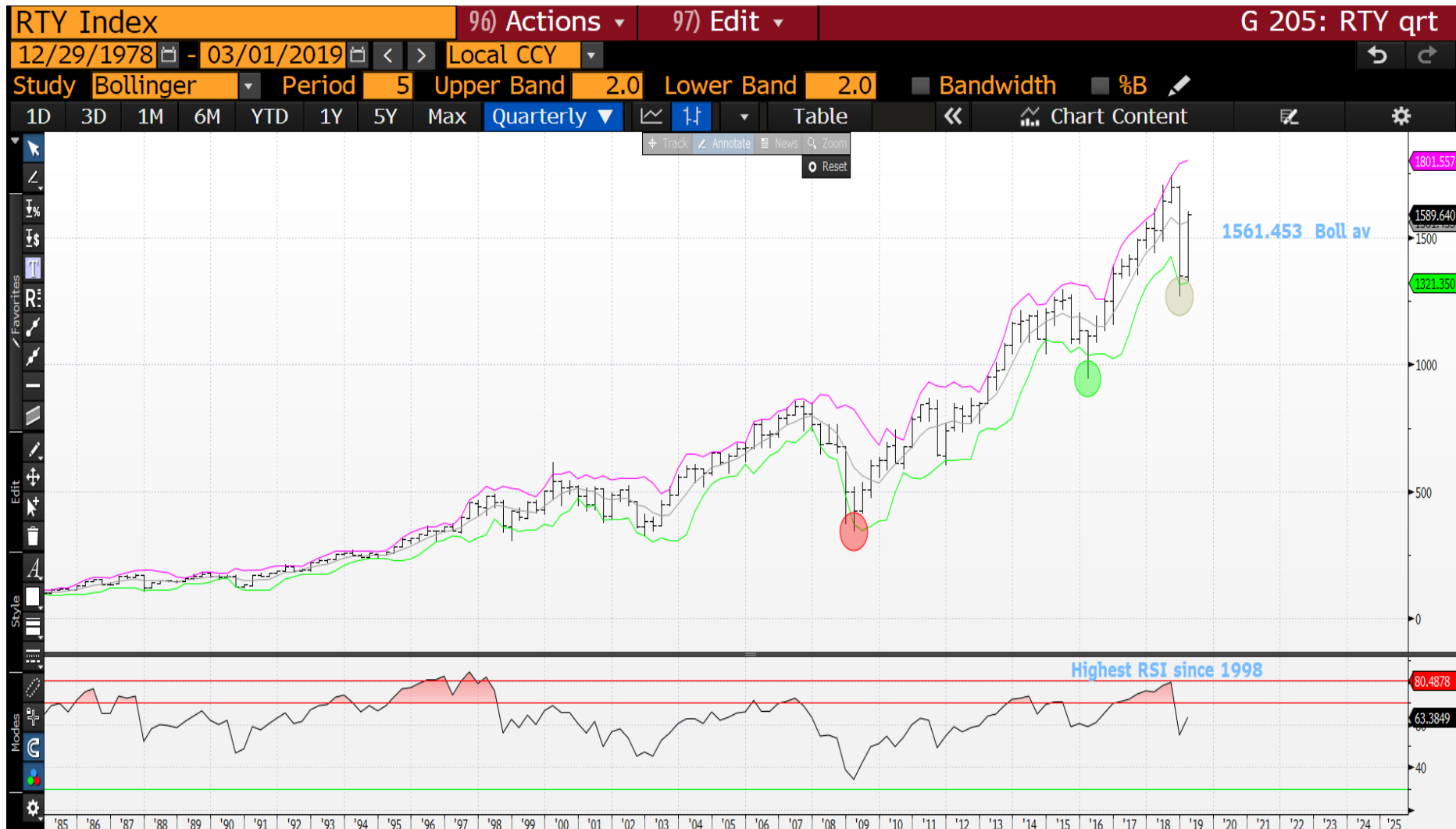


DOW daily : We are above the 200 day moving average as before BUT finally the RSI is similar to September 2018!

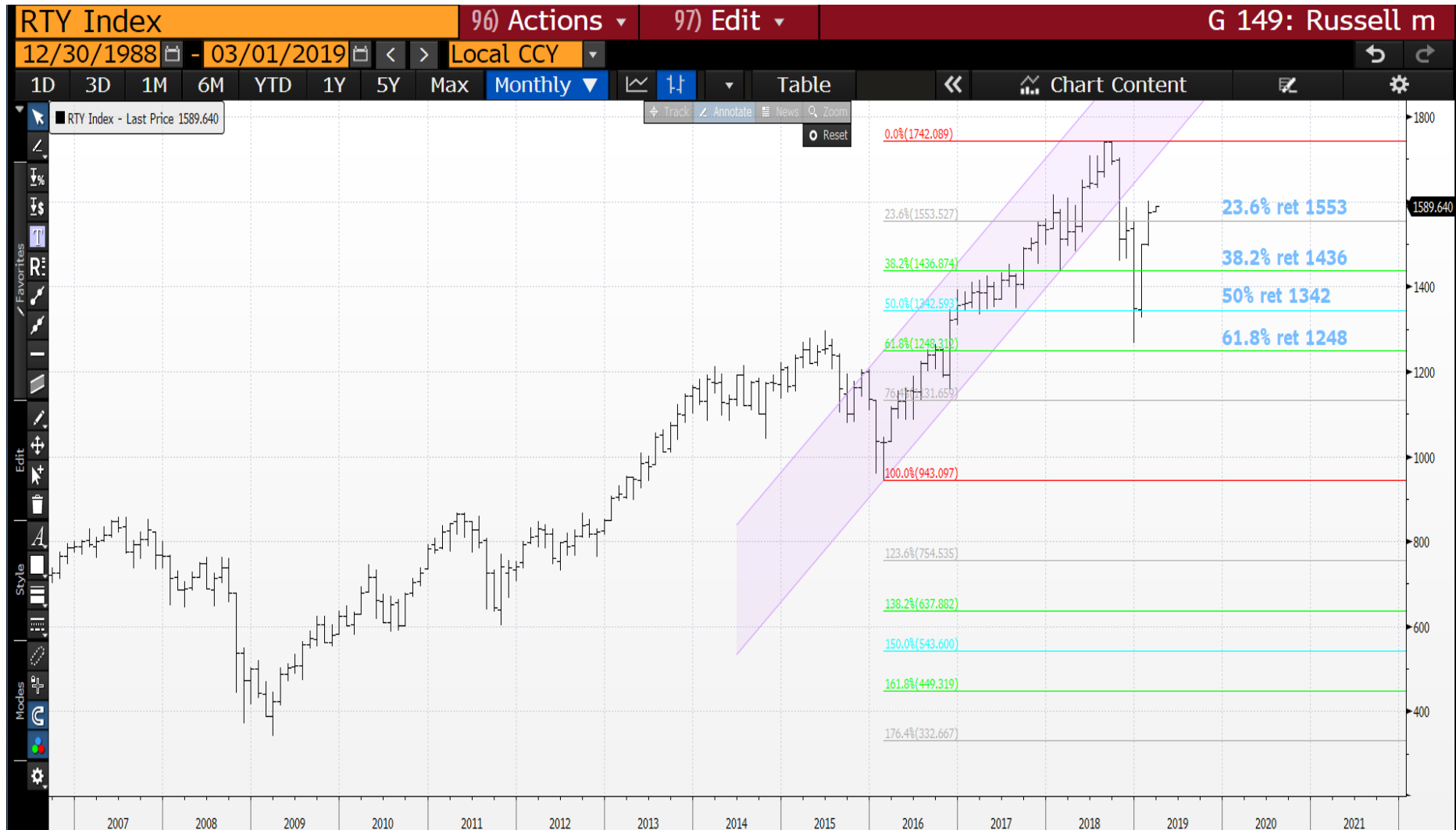


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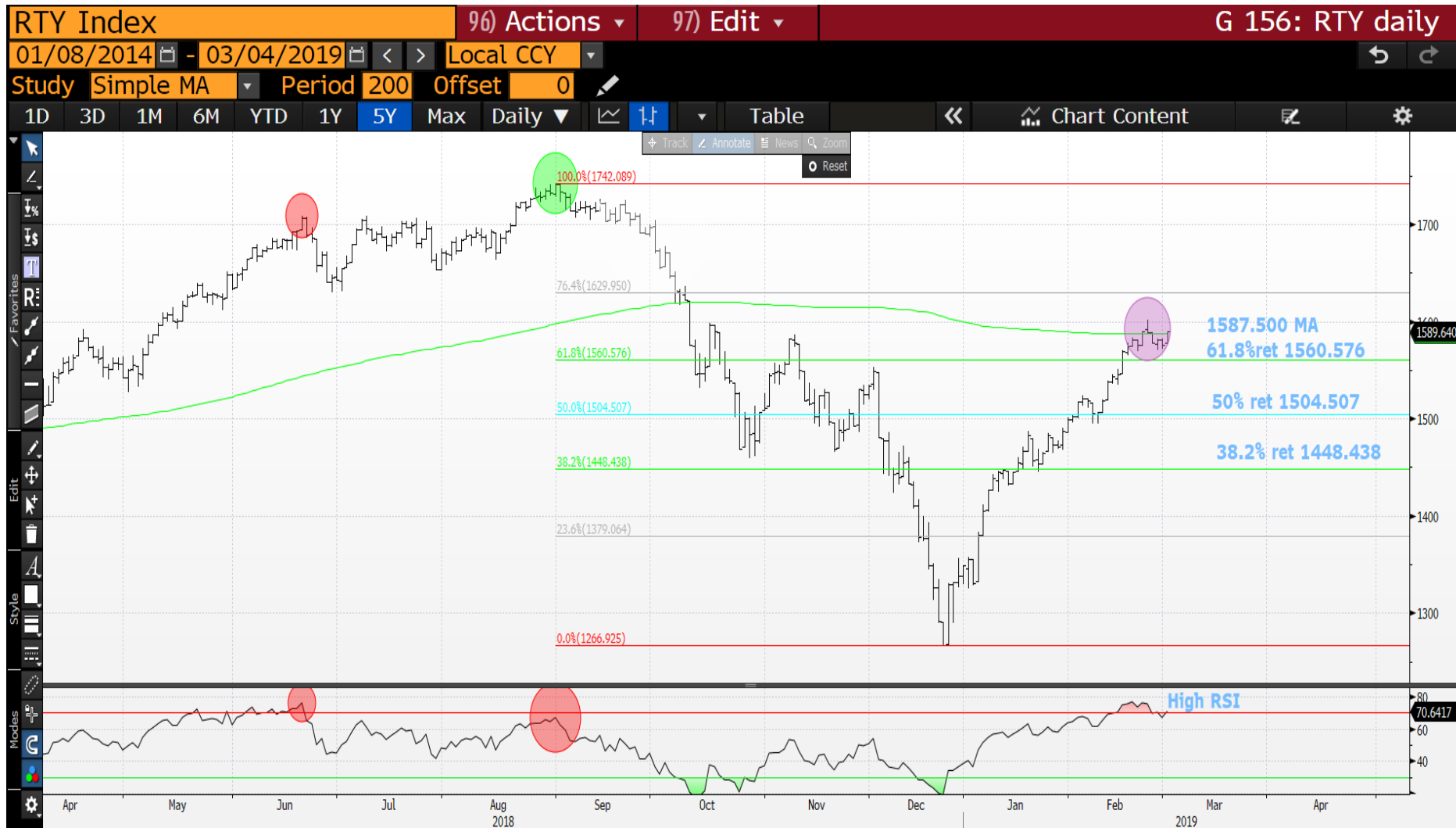
Russell quarterly : We have had a sizeable bounce but looks doubtful it will repair the terminal damage. Ideally we need to breach back below the 1561.453 bollinger average.



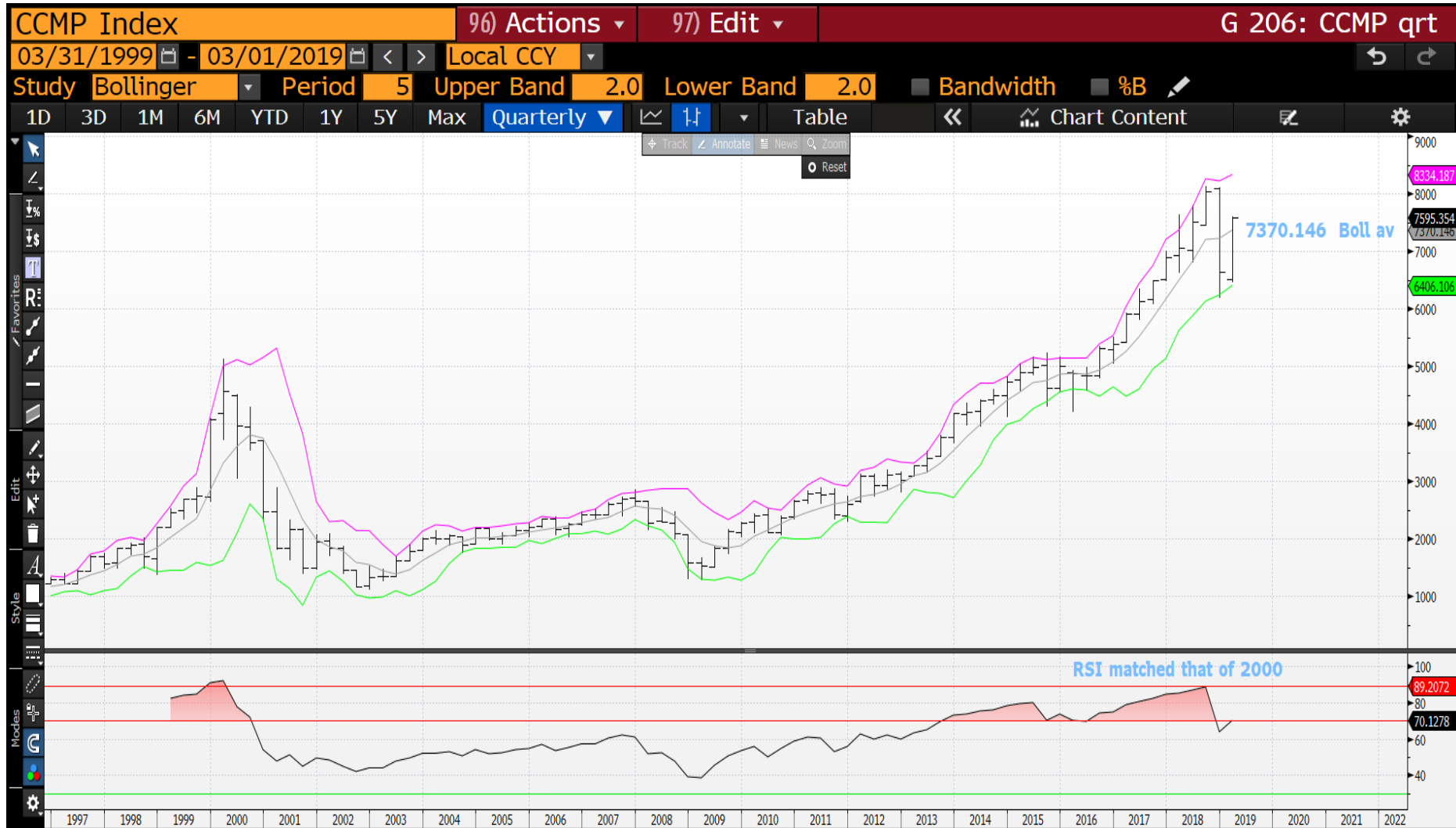
Russell monthly : We have had a sizeable bounce and ideally nip back below the 23.6% ret 1553.



Russell daily : The RSI is now in VERY overbought territory and ideally we can breach the 61.8% ret 1560.576. The 200 day moving average 1587.500 continues to be pending resistance.

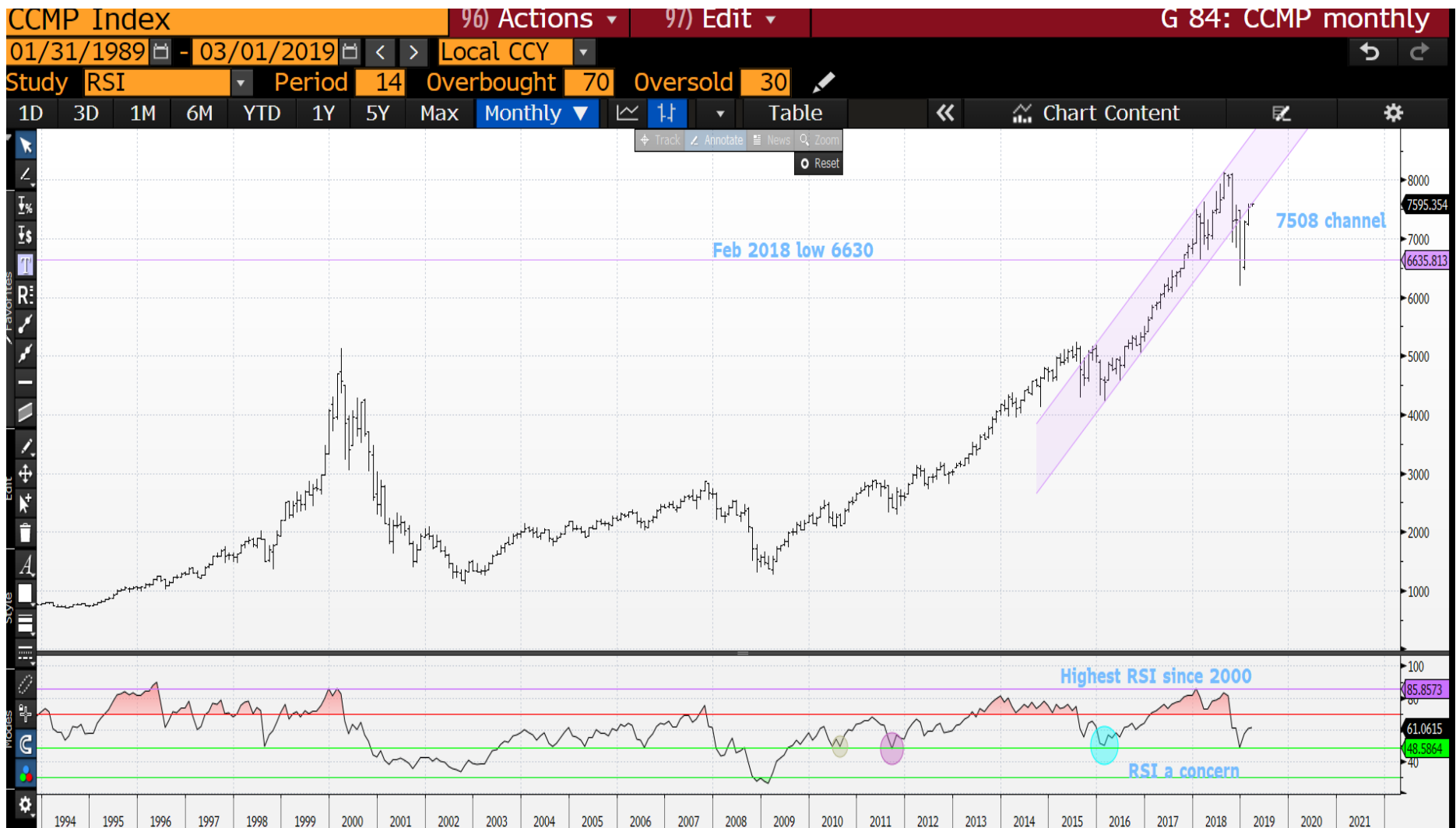


CCMP quarterly : A nasty bounce that minimally needs a close sub the 7370.146 moving average.



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CCMP monthly : We have opened this month testing the channel resistance at 7508.



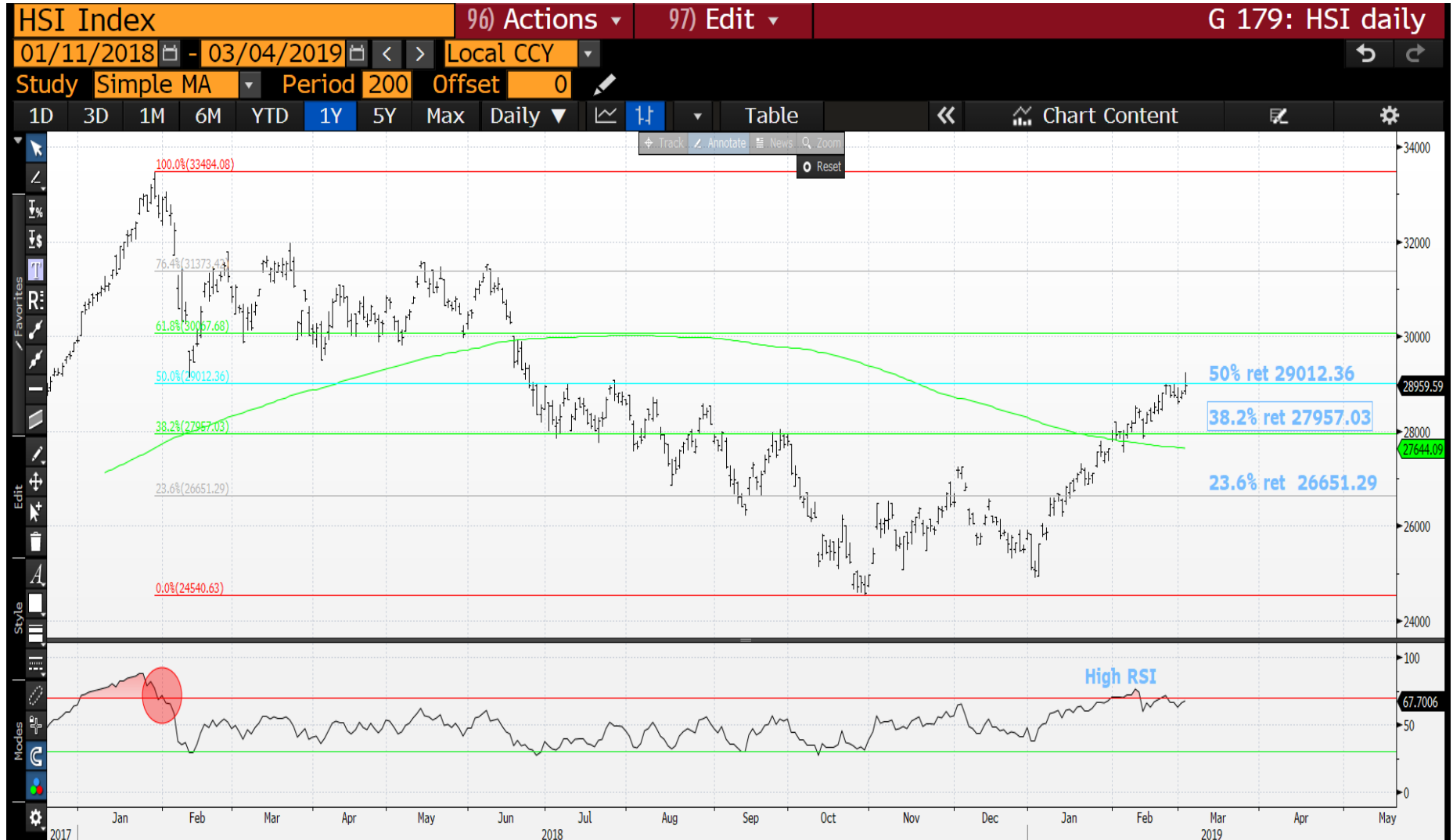
CCMP monthly : The RSI continues to match that of August 2018 so hopefully we can breach the moving average and 61.8% ret 7391.021.



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 : The RSI is high just as we look to have rejected the 50% ret 29012.36.



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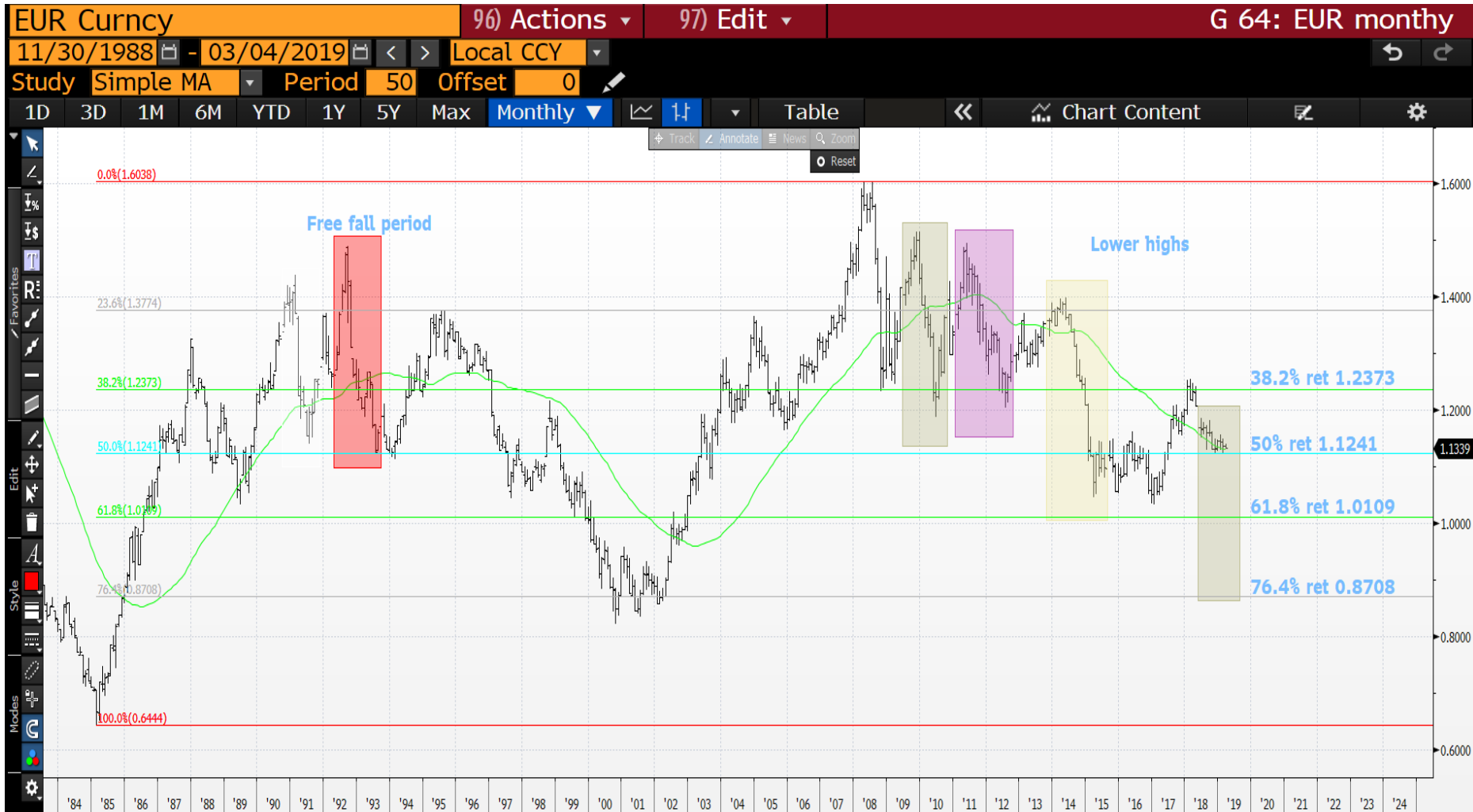
Nikkei monthly : A similar story to the Hang Seng in that we need to breach the 50% ret 20489.16.



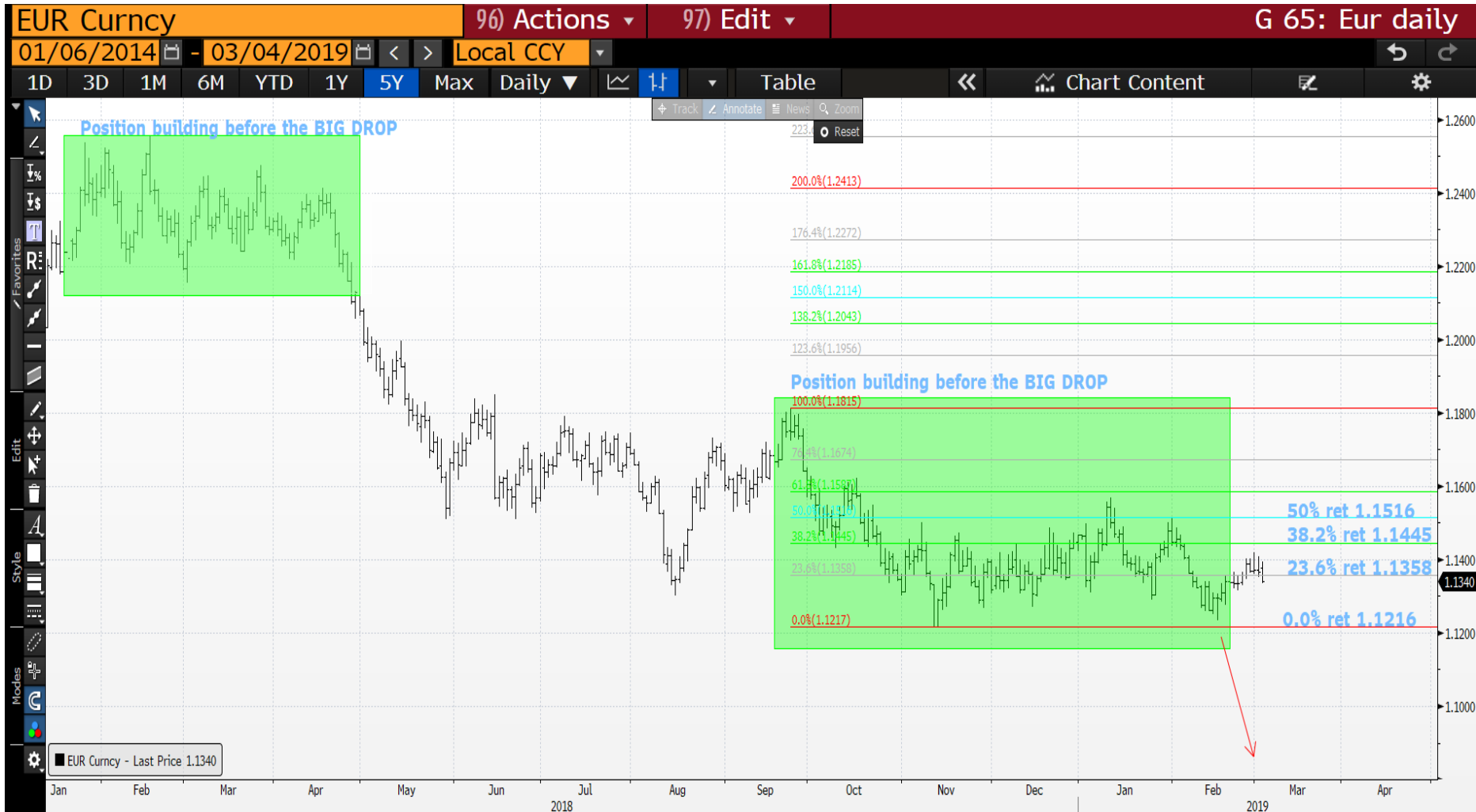
FX UPDATE

- **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.

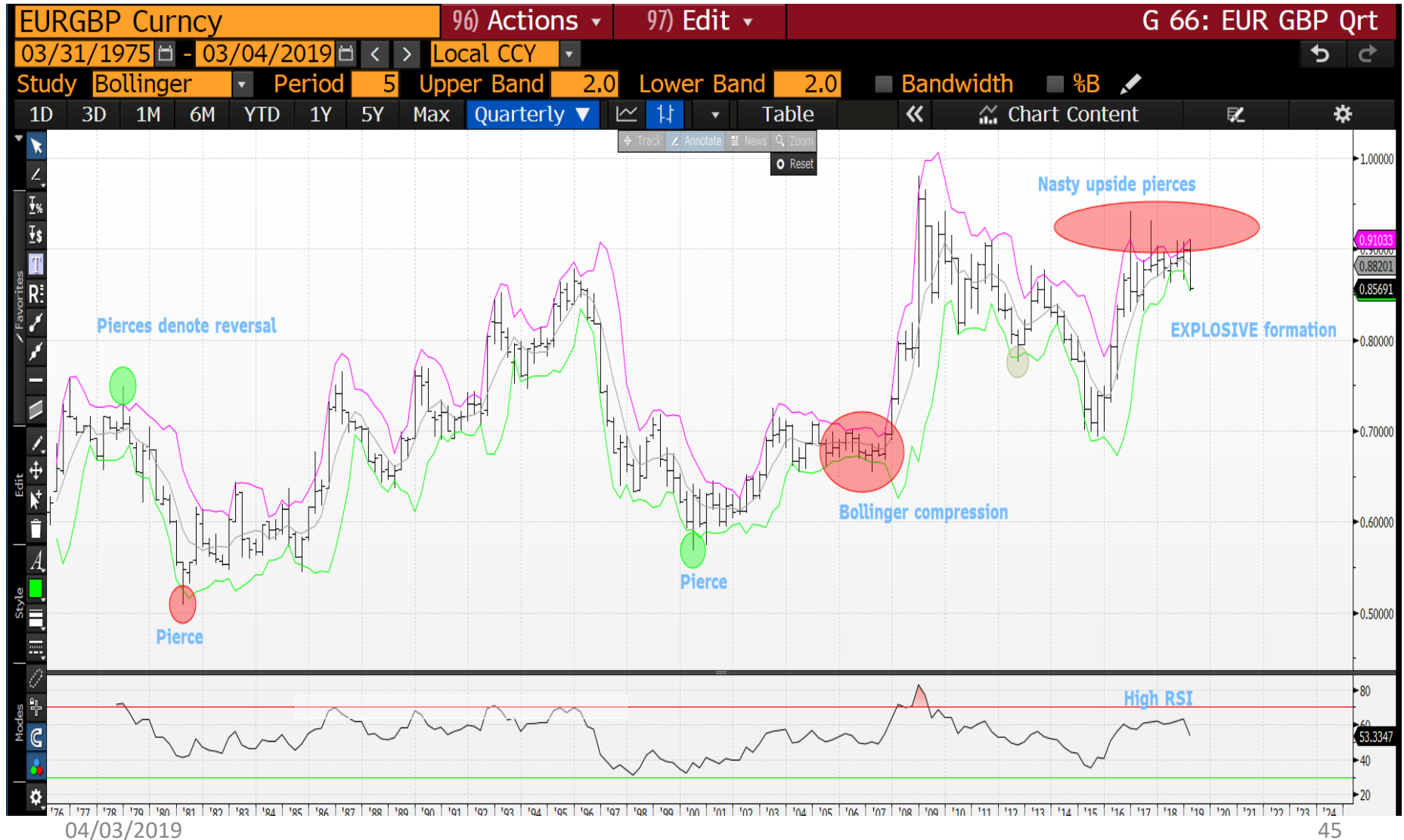
EUR USD monthly : The niggles here is we have HELD the 50% ret 1.1241 but continue to trade sideways with little bounce. Sub 1.1241 we freefall, there are previous range extensions highlighted.



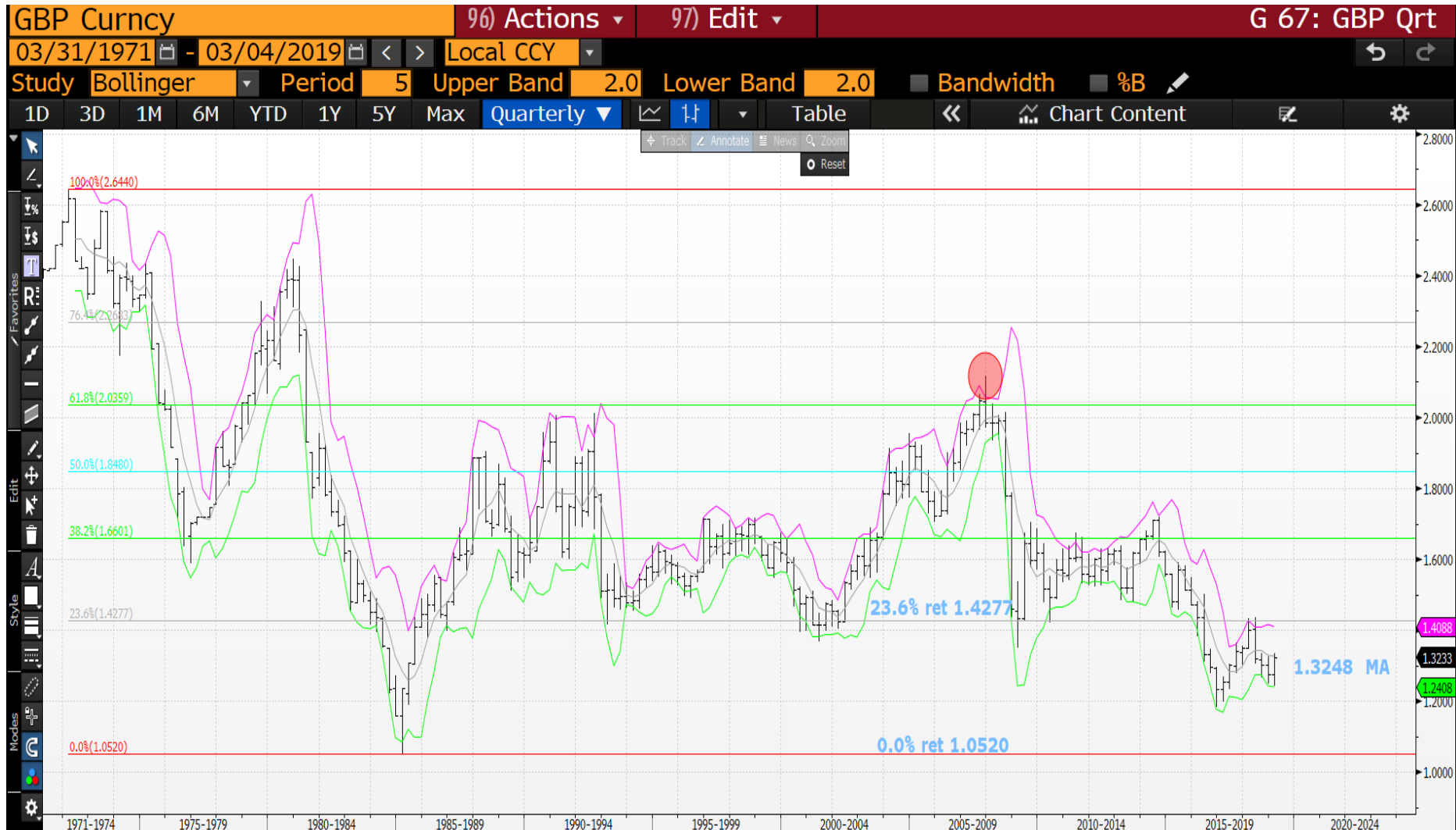
EUR USD daily : We look to have quietly TOPPED OUT last week and should retest the recent lows.



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 will be made above the 1.3248 moving average.

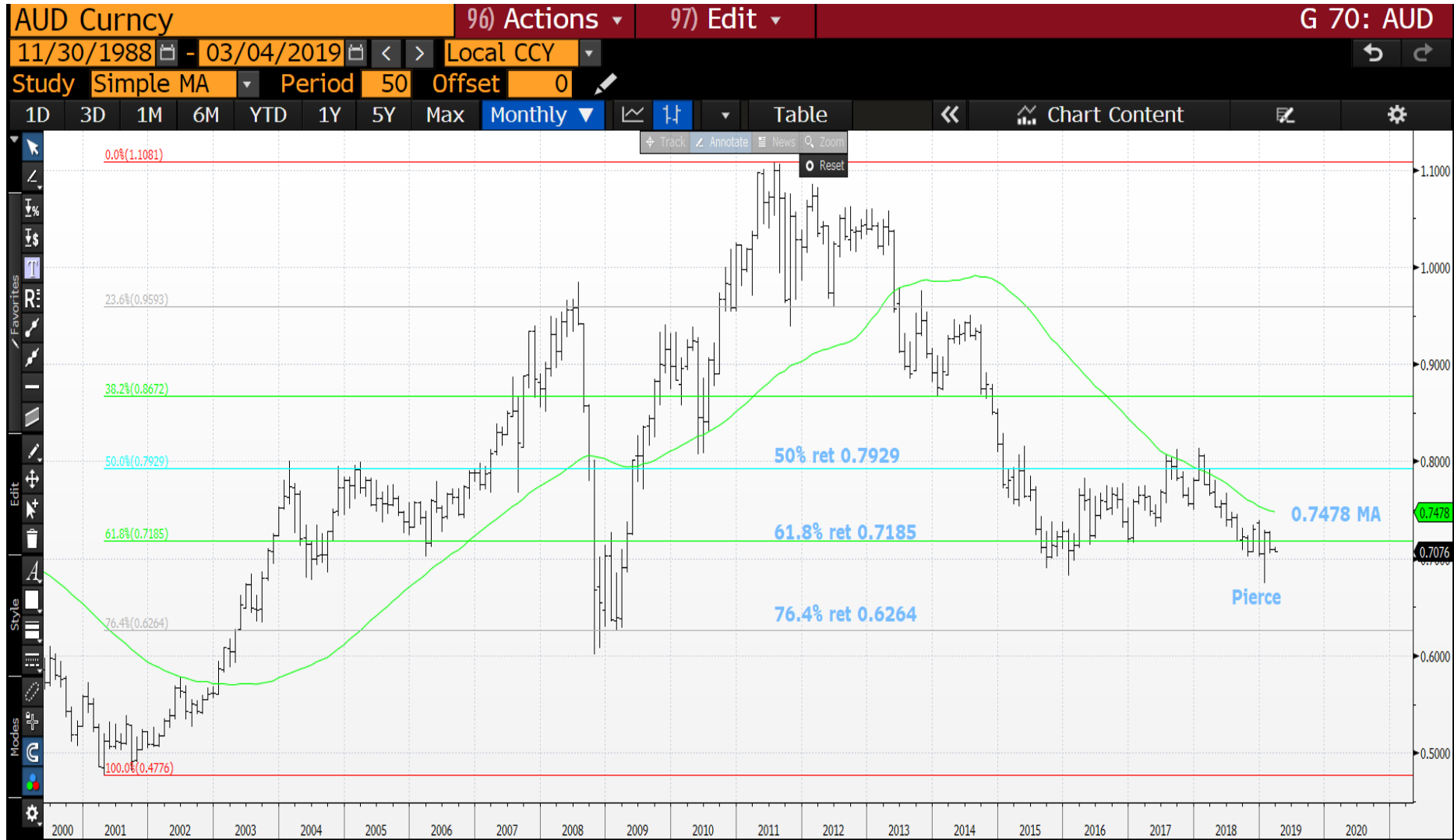


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DXY monthly : A tricky location and rather a neutral one being at a 50% ret 95.859 of the last 18 years. We are teasing the 50 period moving average BUT limited scope to break higher.



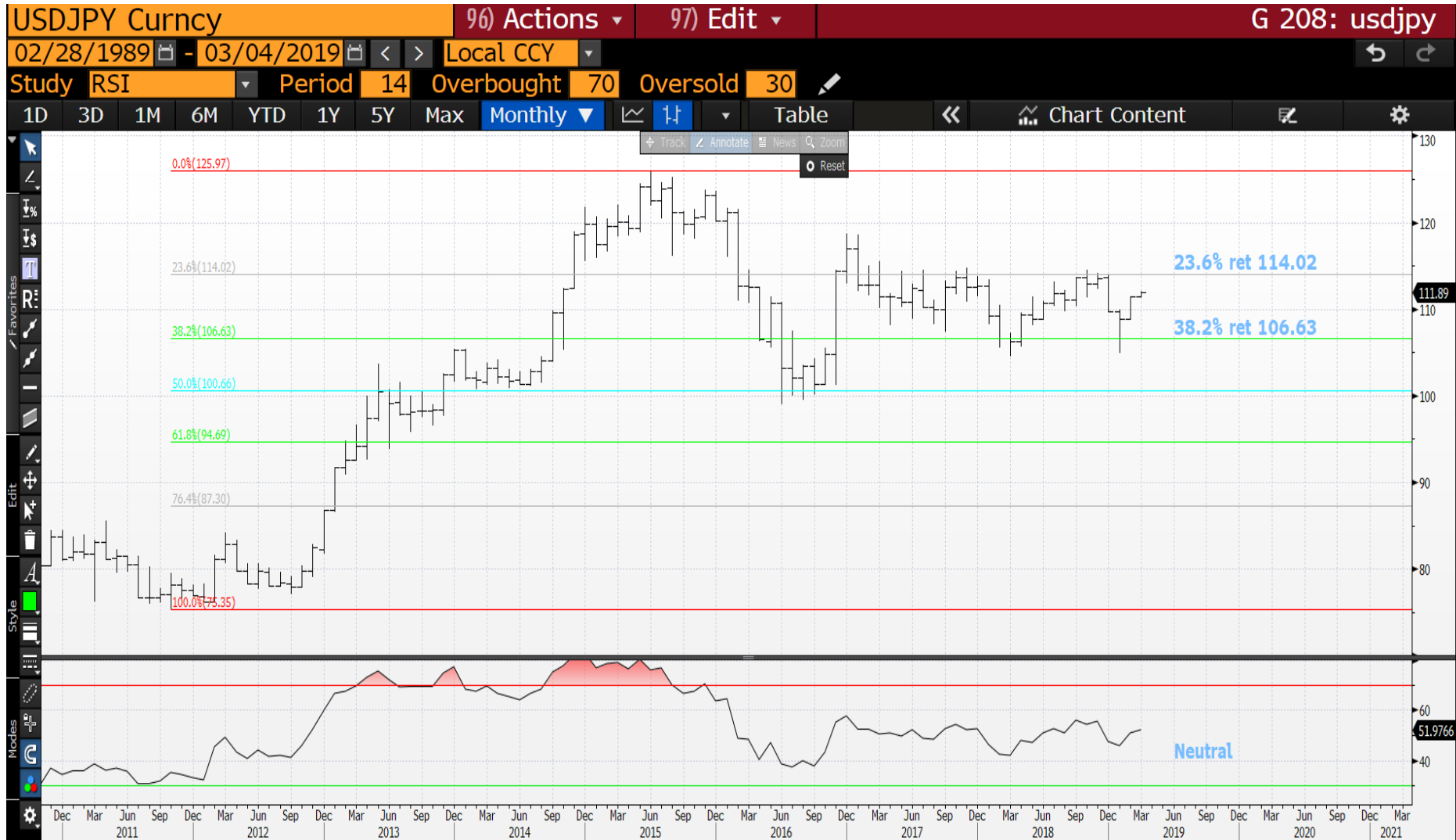
AUD USD monthly : This is a PRETTY bullish formation given last months pierce, we just need to breach the 61.8% ret 0.7185.



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.



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

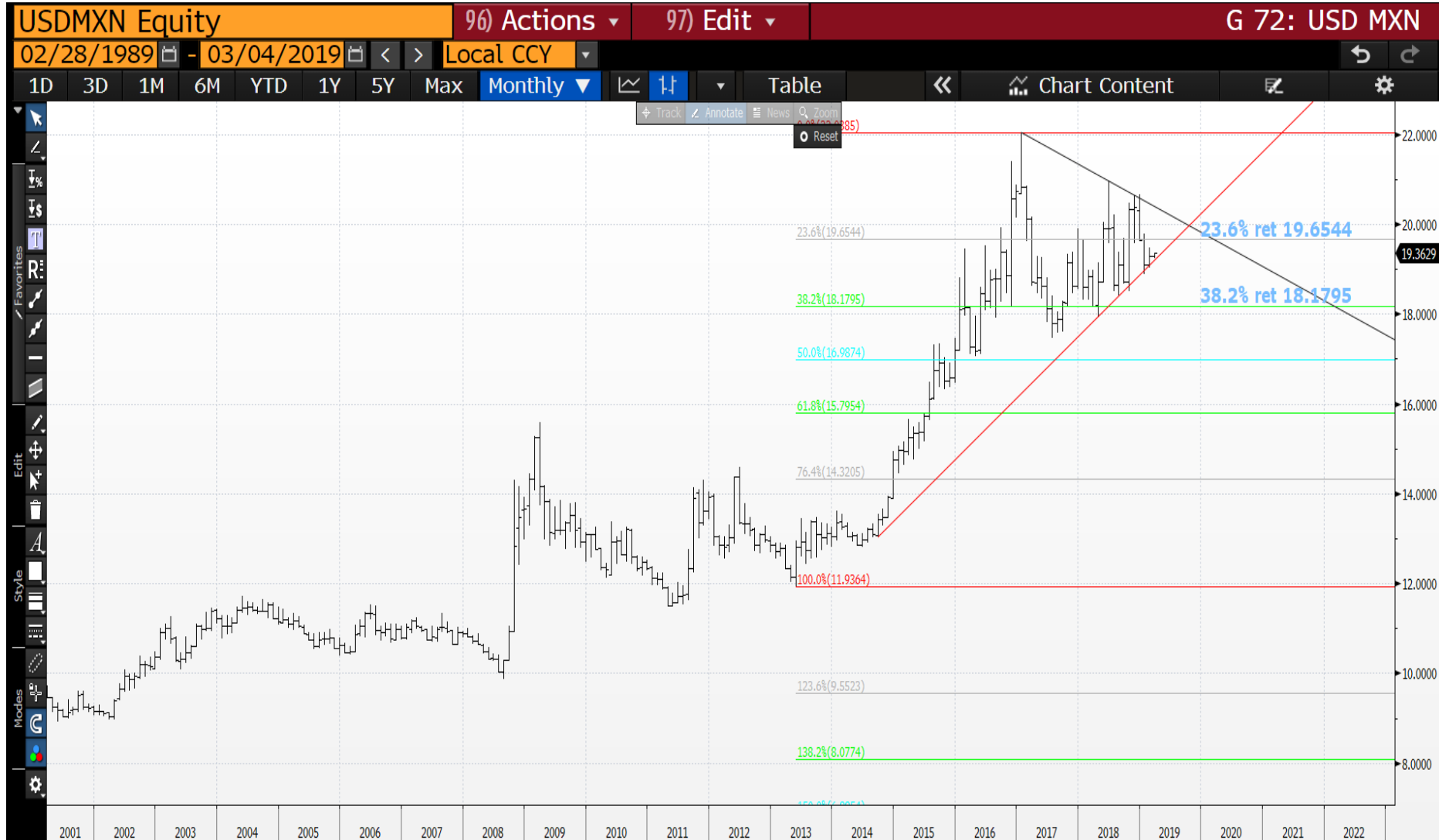


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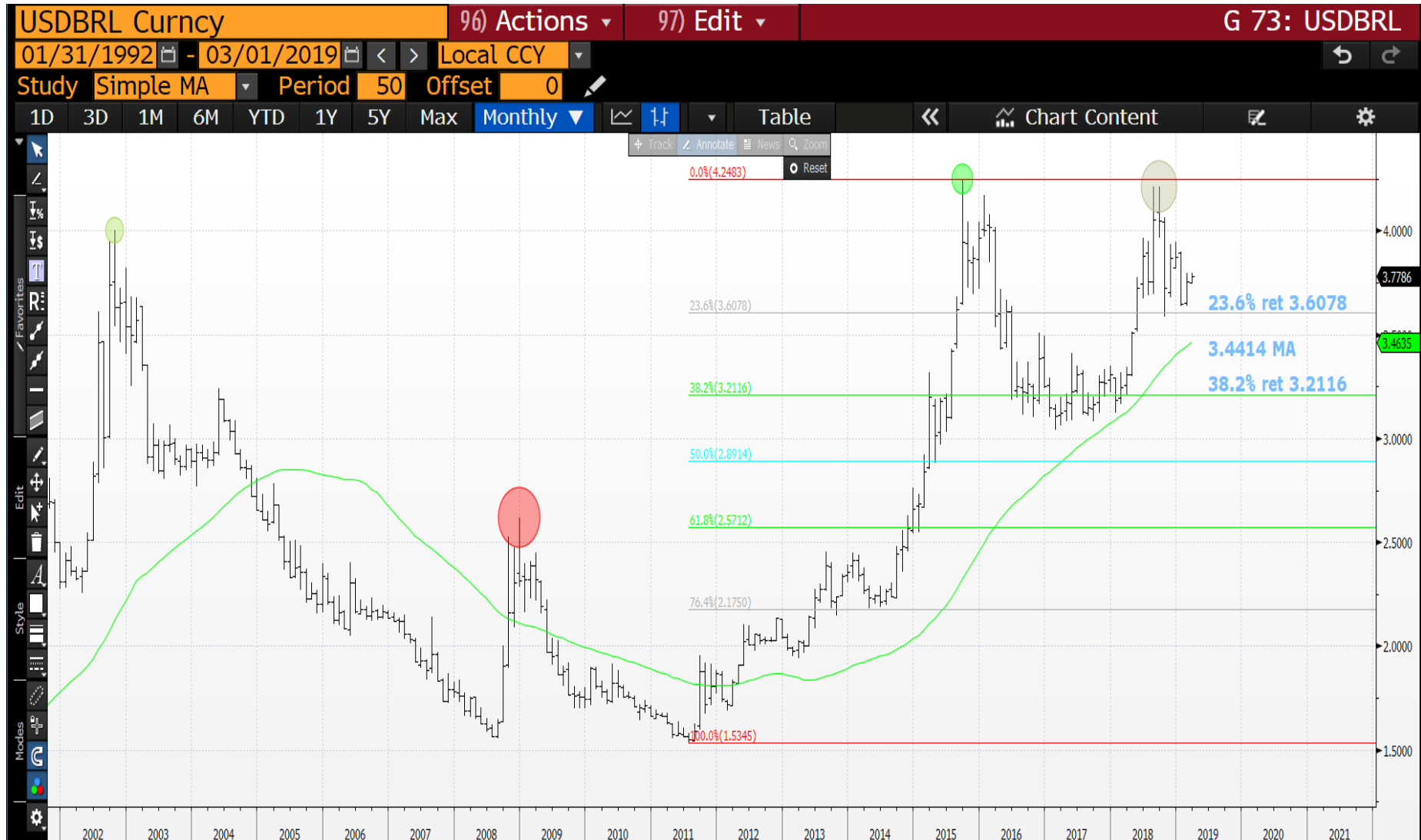
EM UPDATE

- **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 have breached the 23.6% ret 19.6544 thus should continue to head a lot lower. 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 : We need ideally to remain sub the 100% ret 9.117.



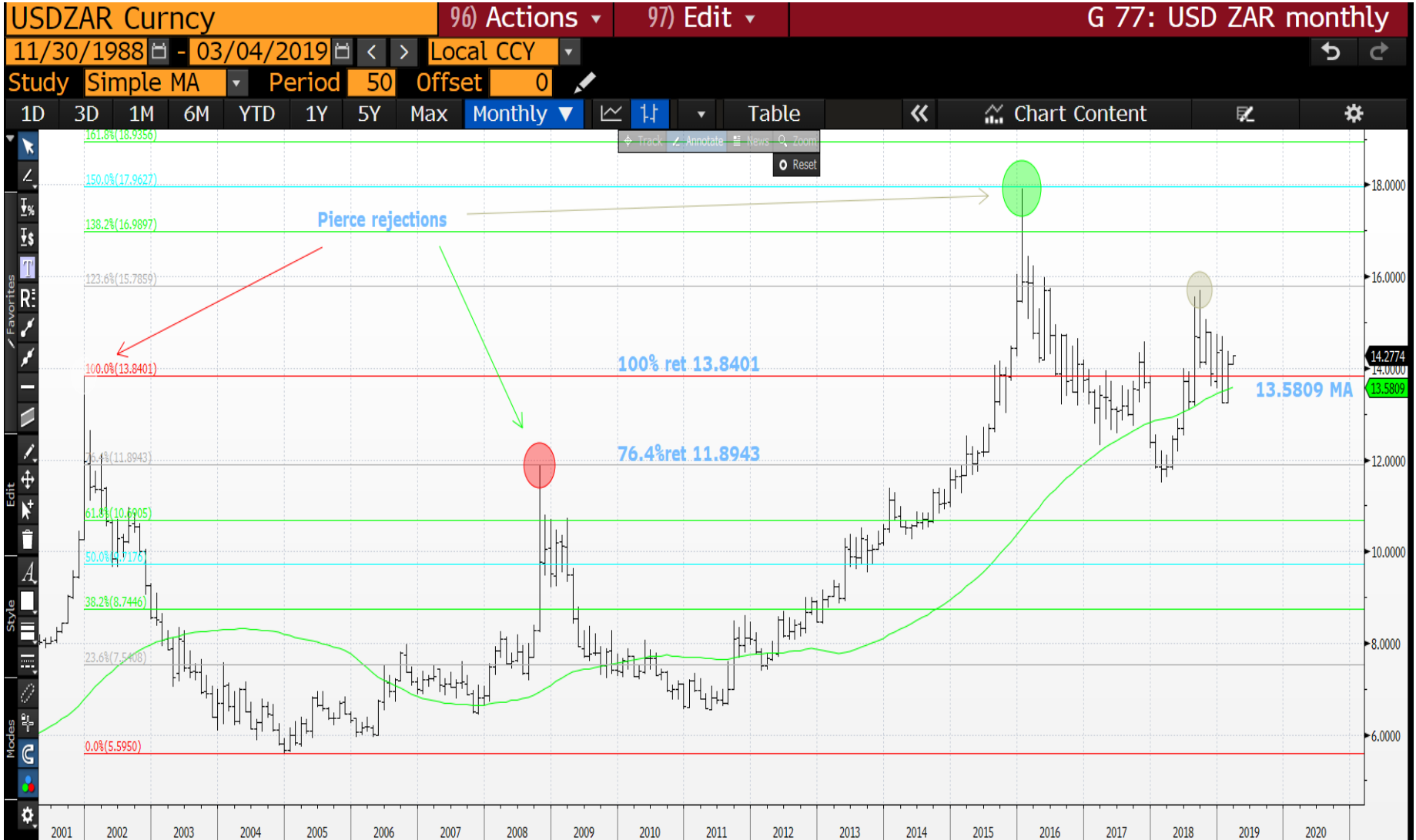
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USD TRY monthly : We have opened above last months high so this has tempered the bearish view.



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

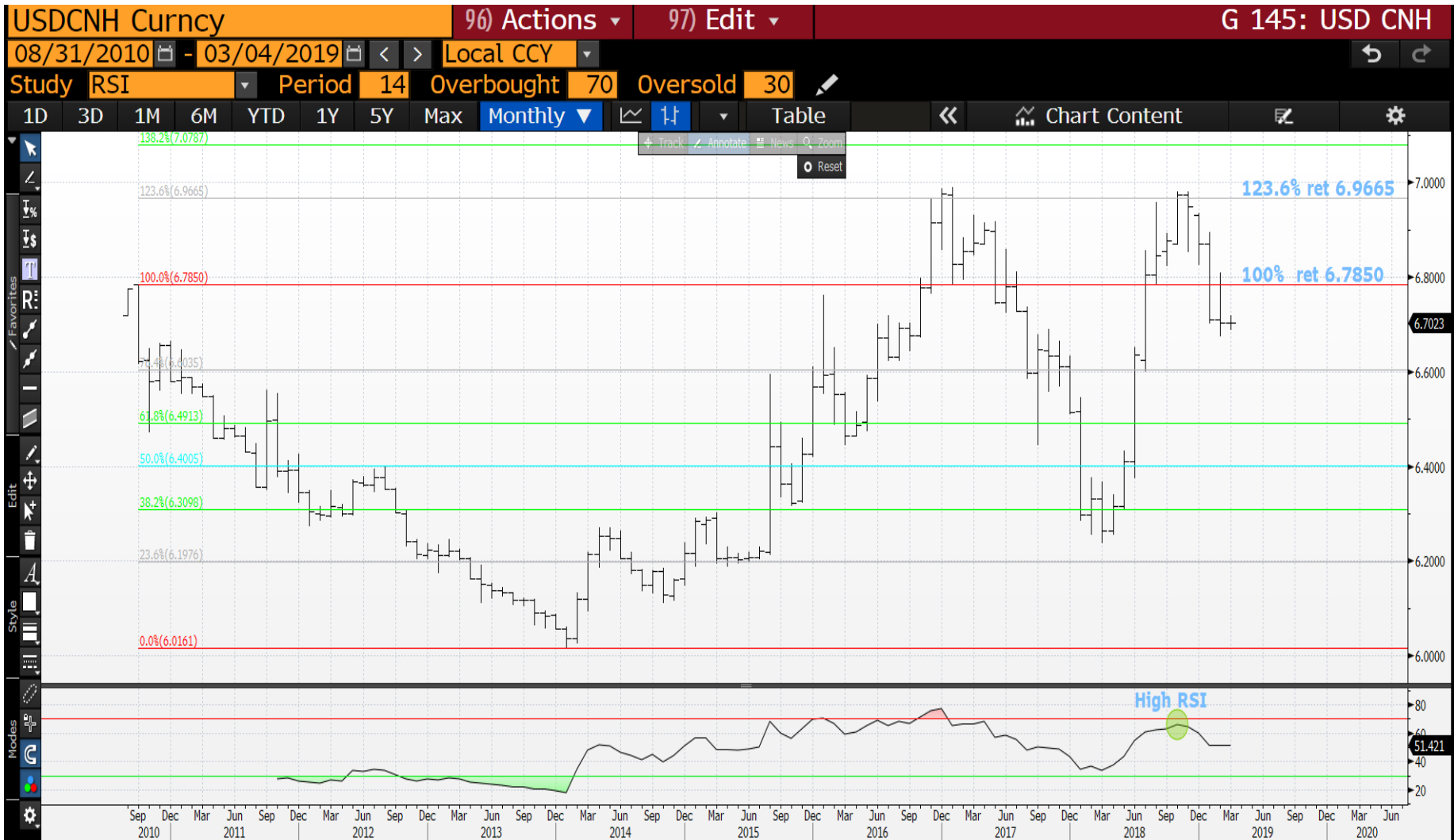


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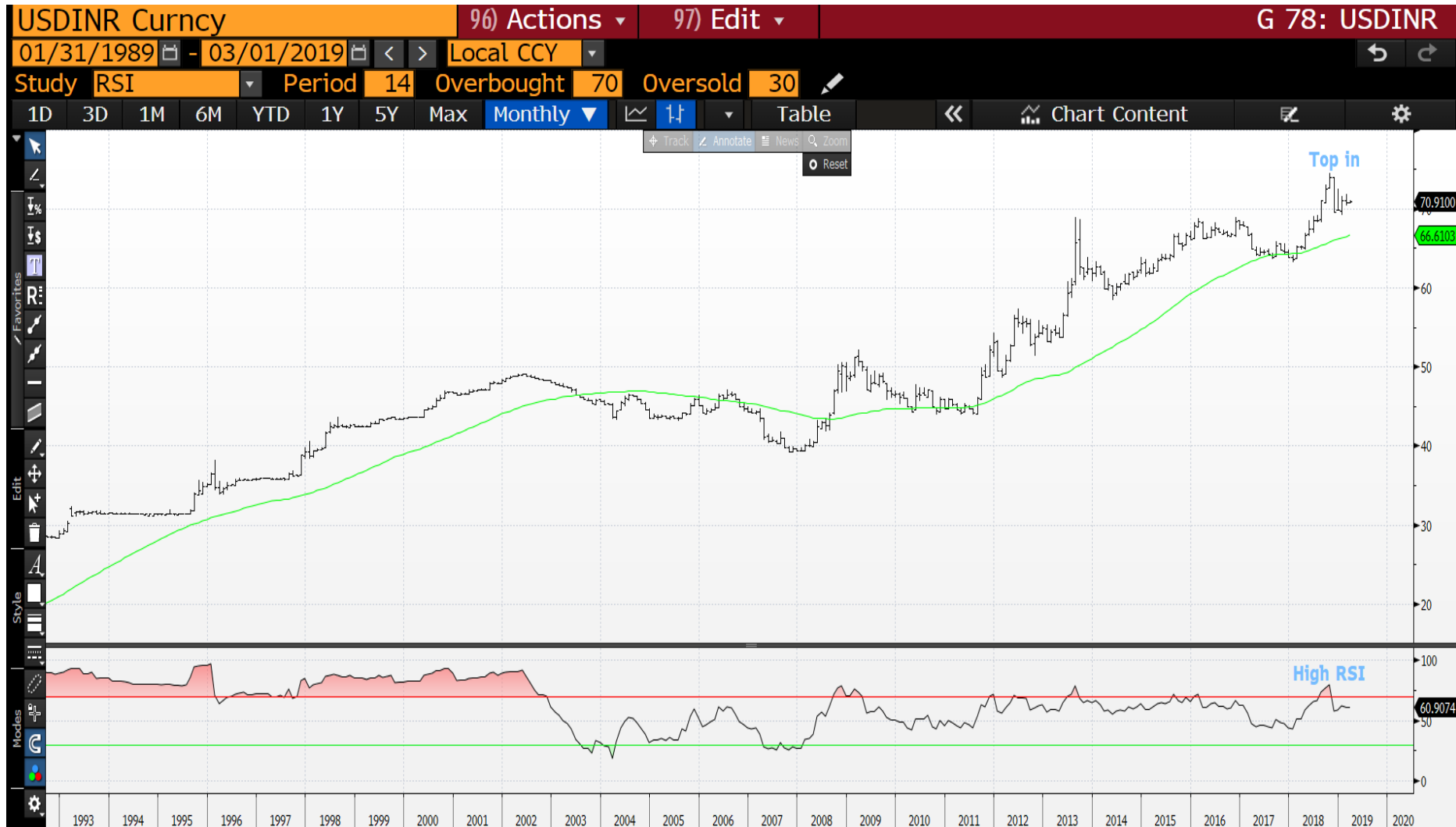
USD RUB monthly : A nice break of the recent low and the next big test the 38.2% ret 61.9293.



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



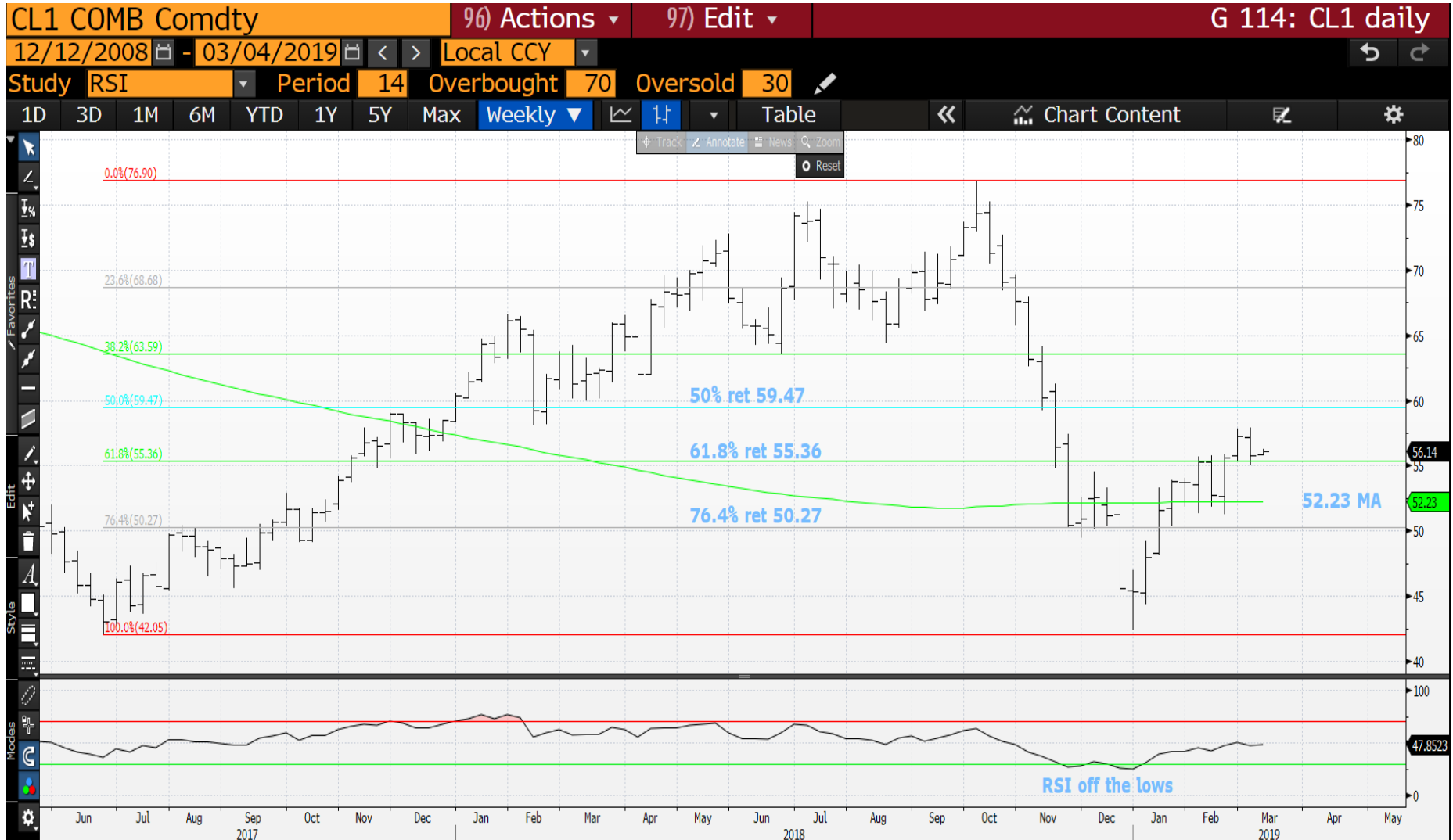
USD INR monthly : The RSI is as HIGH as September 2013 and we APPEAR to be forming a TOP.



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 over all but are now above the 61.8% ret 55.36.



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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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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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