

MULTI ASSET UPDATE : BOND YIELDS CONTINUE TO FALL AS HISTORY REPEATS ITSELF. THE LOWER YIELD PUSH IS AIDED BY CTA'S BUYING OF "FUTURES", DRIVING PROGRESS DESPITE MINIMAL YIELDS. THE 2019 YIELD RUSH IS ON, THE SCALE OF WHICH WILL OUTSTRIP 2000 AND 2007!

STOCKS CONTINUE TO BE A PAIN BUT AM SURE THEY WILL FOLLOW SOON, ADDING TO THE "SLOW DOWN" ARGUMENT.

****OVERALL THIS COULD BE A VERY MESSY CONCLUSION TO THE END OF THE WEEK GIVEN MANY MARKETS STILL HAVE CONSIDERABLE MOMENTUM!****

Equities : This could be the REAL PROBLEM, everyone is comfortable owning on the latest bounce BUT for me all PRESS is of poor results, forecasts and shut downs. It doesn't seem a positive scenario and yesterdays STALL may be one of the most CRITICAL EVER.

We continue the BATTLE with SO many overbought RSI's and remain AROUND MANY CRUCIAL 200 day moving averages. The RUSSELL page 36 portrays a negative situation. Bloomberg news is full of underperformance and profit warnings to share holders not to mention the TECH sector under a HUGE SPOT LIGHT.

FX : Its not all about the USD, far from it given Brexit, Europe and EM. The EURO continues to remain heavy and on the VERGE of failure.

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

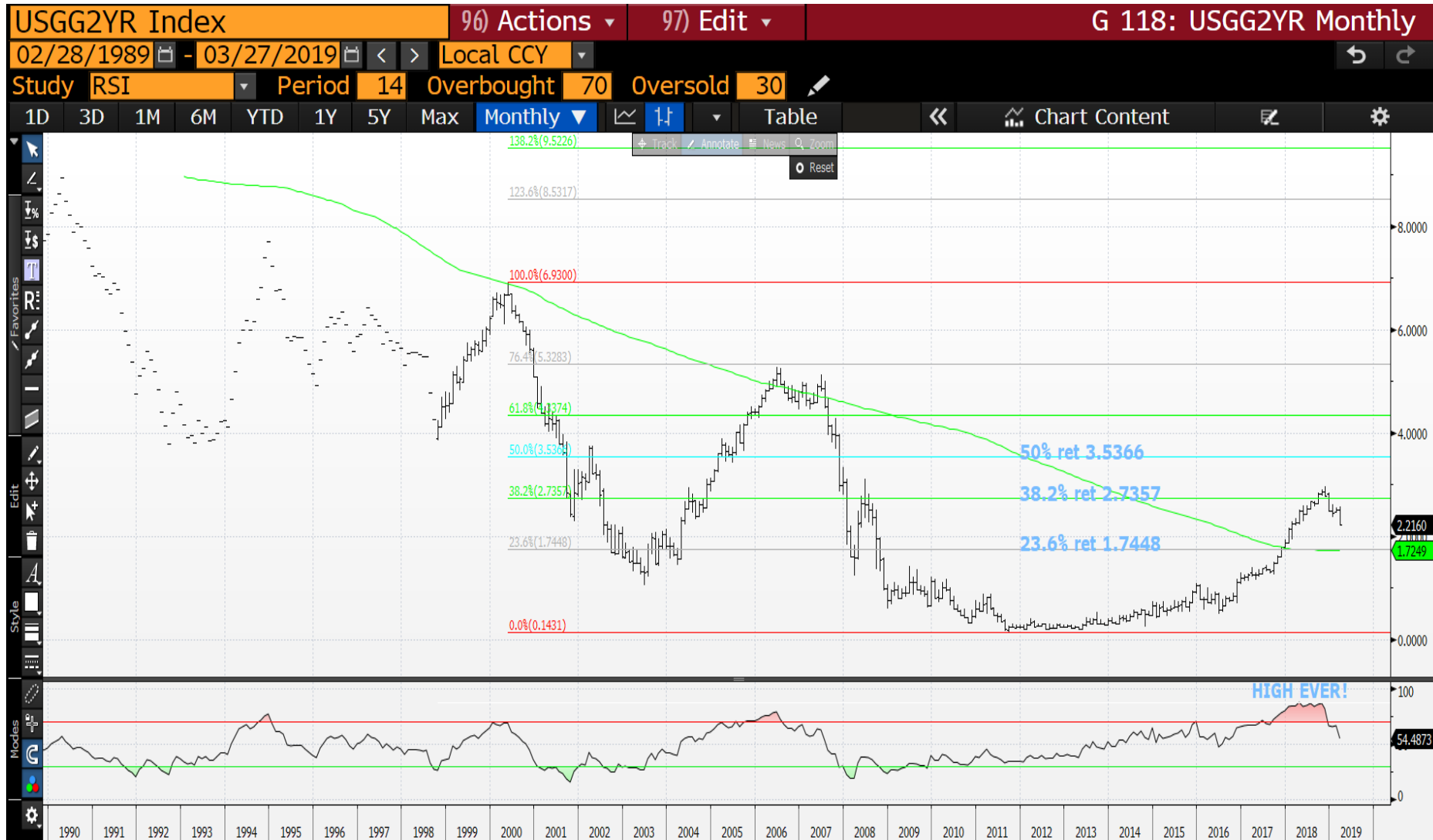
FX UPDATE

Topics	PAGES
1) BONDS	3 -19
2) US CURVES	20-25
3) EQUITIES	26-42
4) CORE FX	43-51
5) USD EM	52-60
6) Oil and GOLD	61-63

US 2yr yield quarterly : The TOP has now been formed against the 2.9407 moving average and the RSI indicates plenty of yield downside. Its as if 2000 and 2007 were NON events.

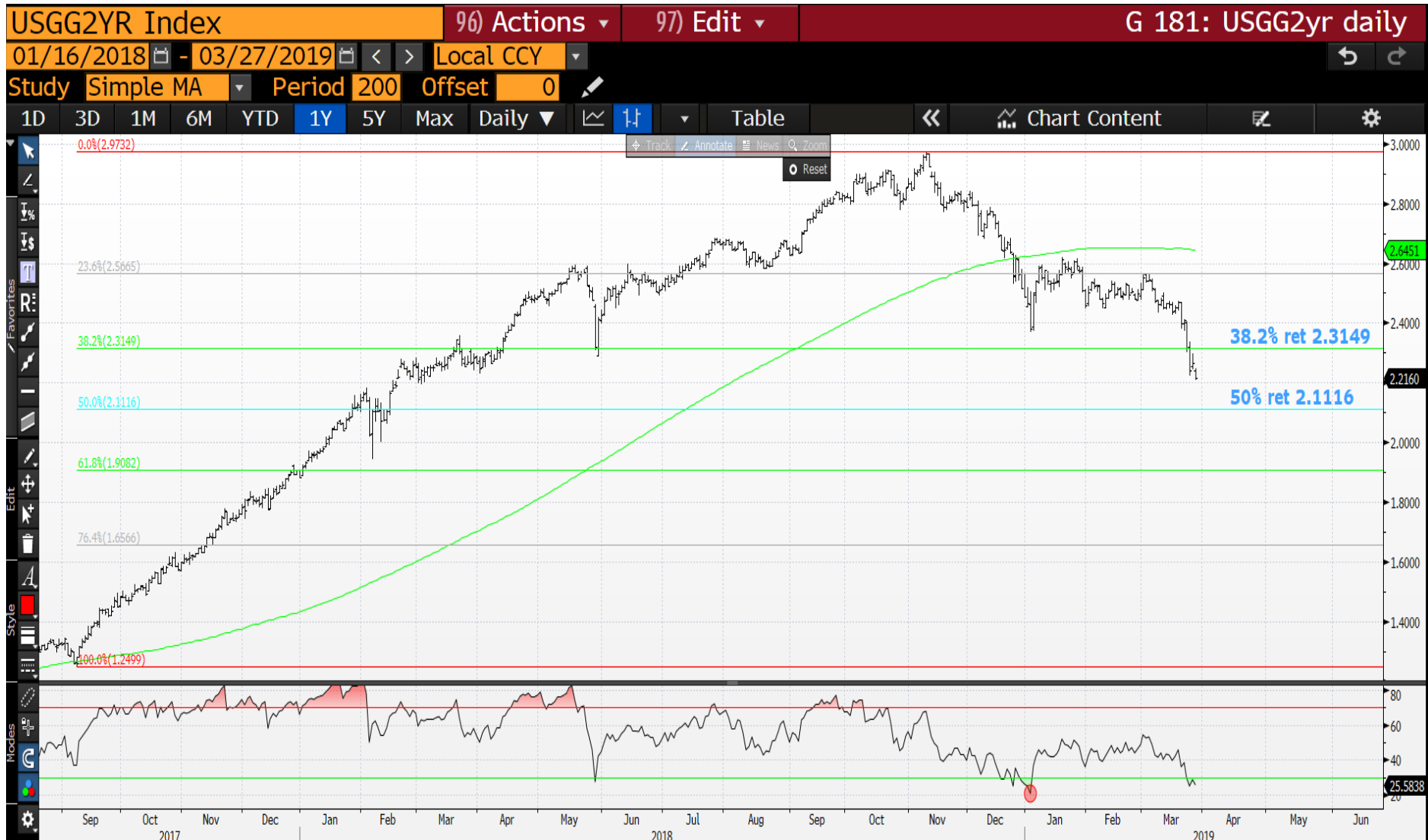


US 2yr yield monthly : A nasty range this month putting us well on the way to visiting the 23.6% ret 1.7448.



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US 2yr yield daily : The RSI might be low but it feels like we need to visit the 50% ret 2.1116 before basing.



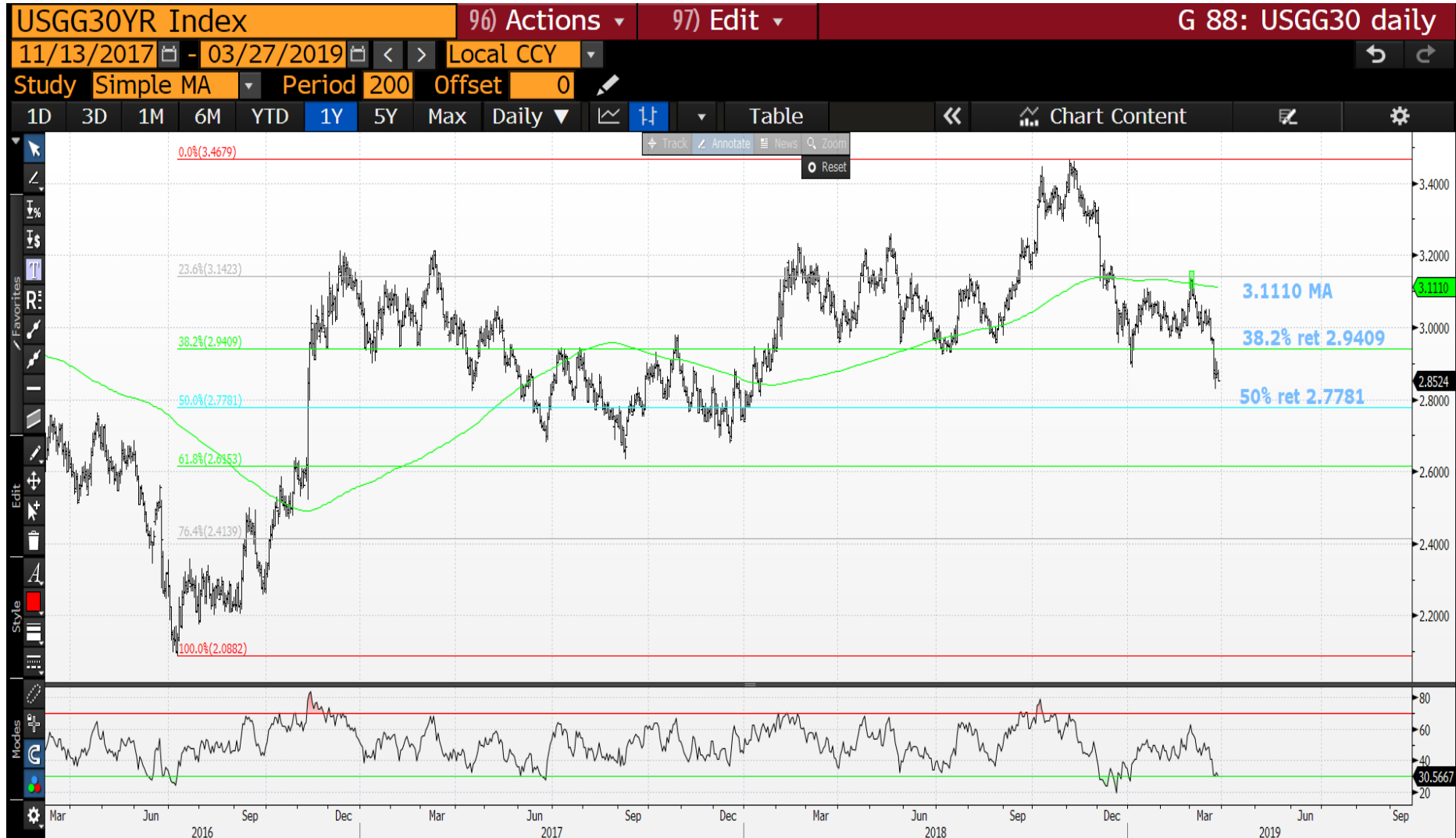
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USGG30yr monthly : History repeating itself. The path of least resistance is definitely lower.



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US 30yr yield daily : The RSI is low but does feel we need to visit the 50% ret 2.7781 first.



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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. Again we have only JUST started to FAIL.



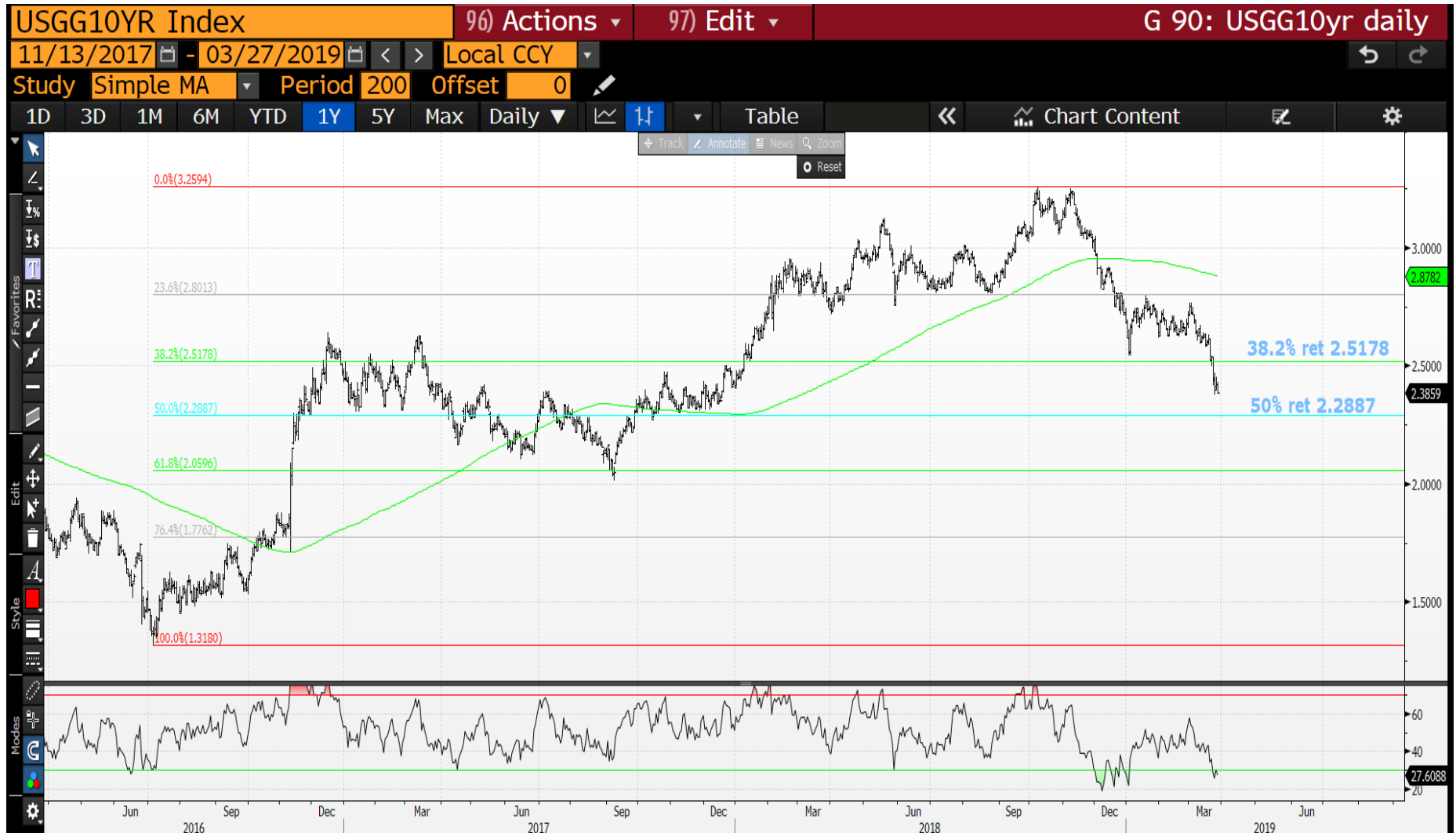
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US 10yr yield quarterly : Another historical formation pointing toward lower yields as depicted in 2000 and 2007. The RSI has barely turned and we have failed to breach the 2.7773 moving average, thus far. We could DROP SHARLPY!



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US 10yr yield daily : Again despite the oversold RSI we may need to hit the 50% ret 2.2887 first.

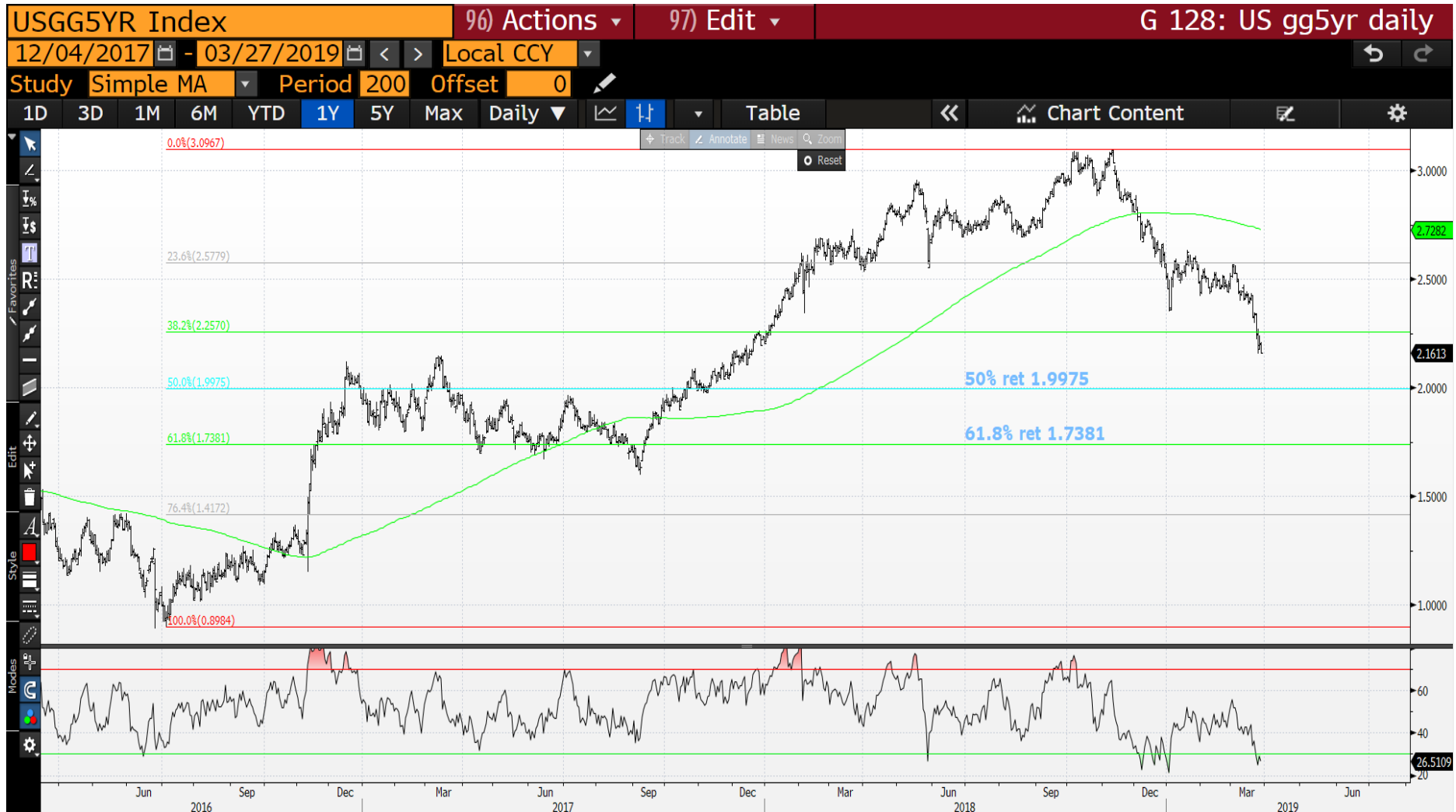


US 5yr quarterly : We are now targeting the 2.0433 moving average as the RSI unwinds SOME of its 1981 tension. Where were 2000 and 2007 in this chart?



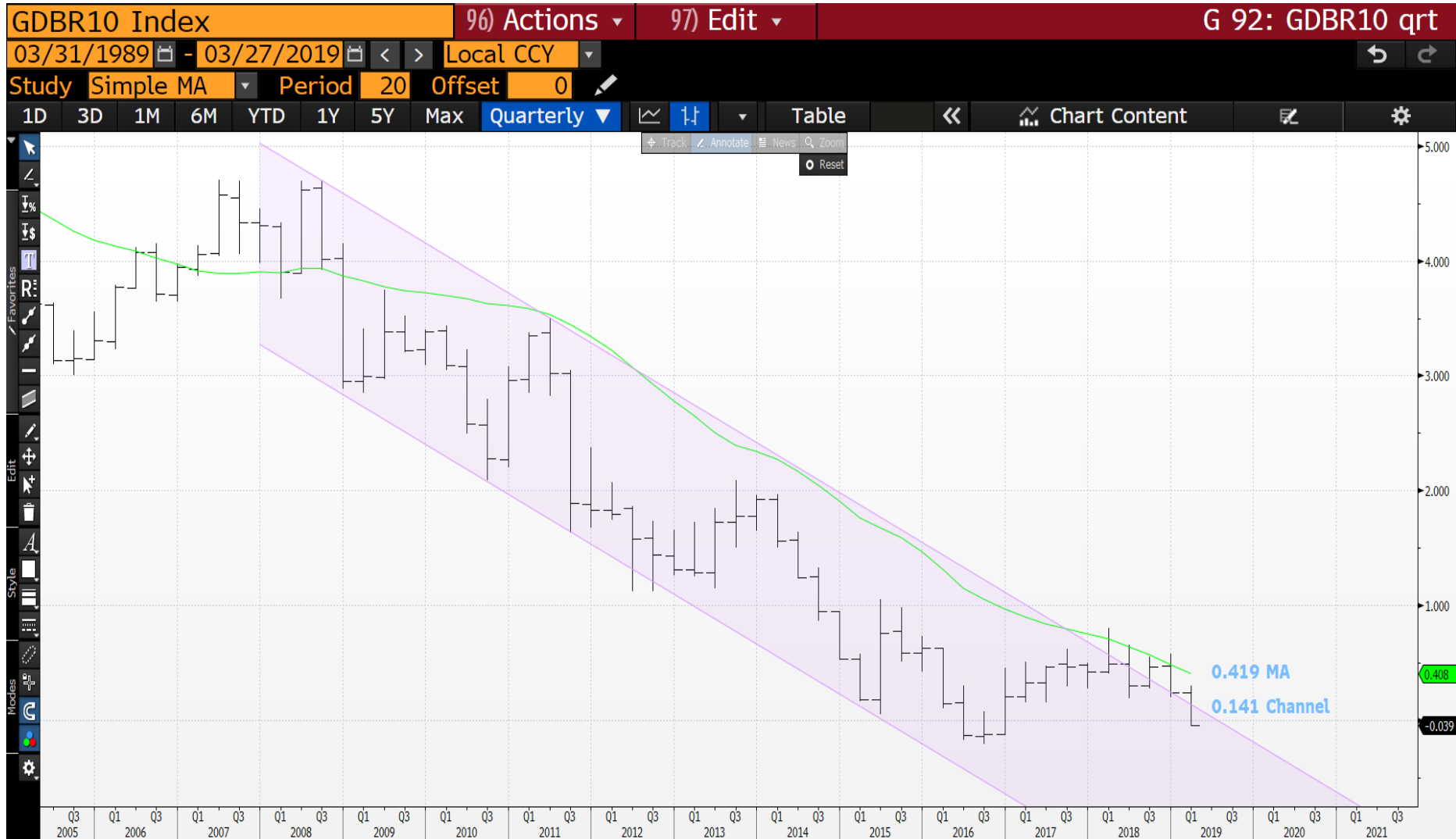
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US 5yr daily : The RSI is low but again we might need to visit the 50% ret 1.9975 first.

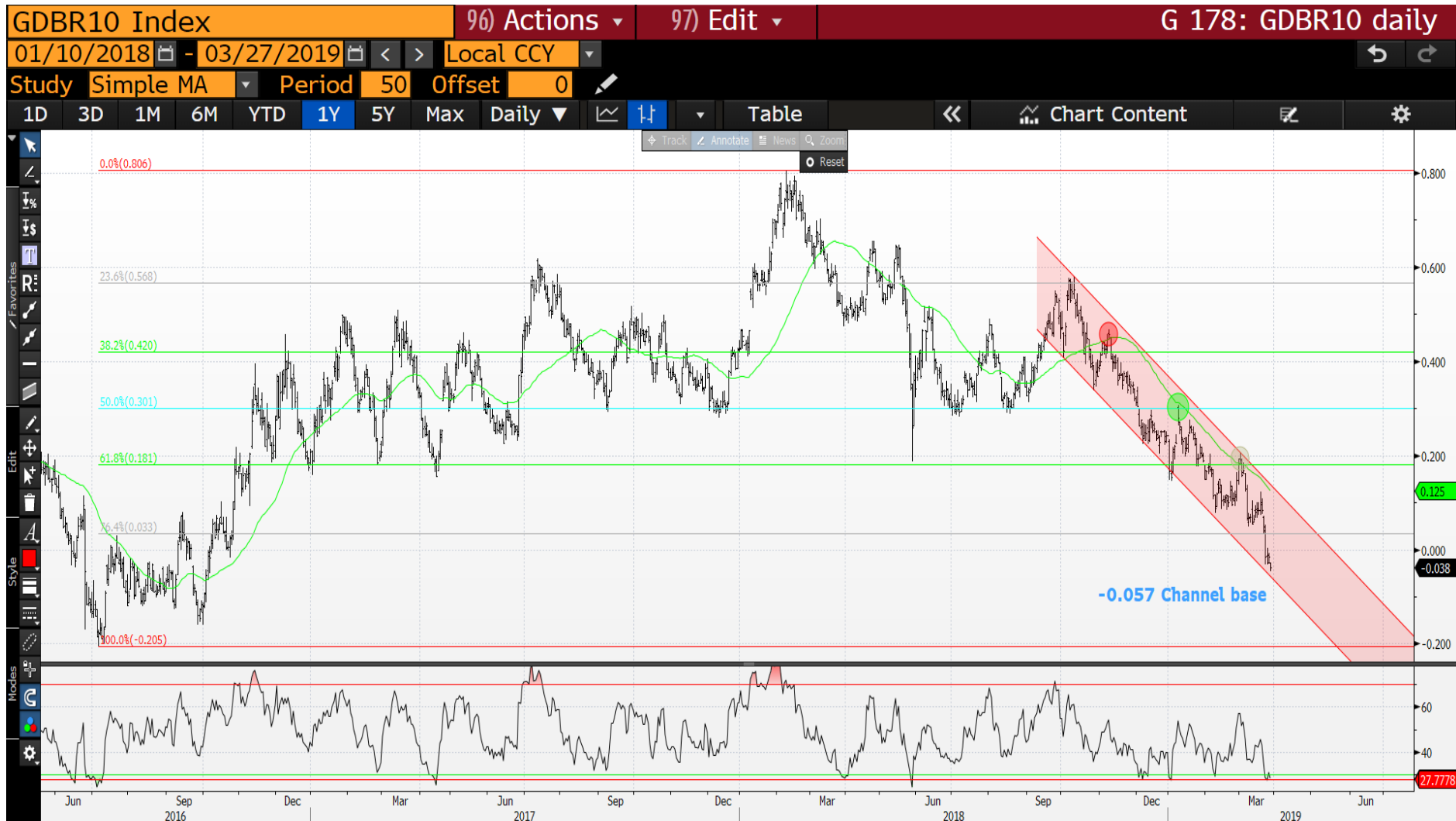


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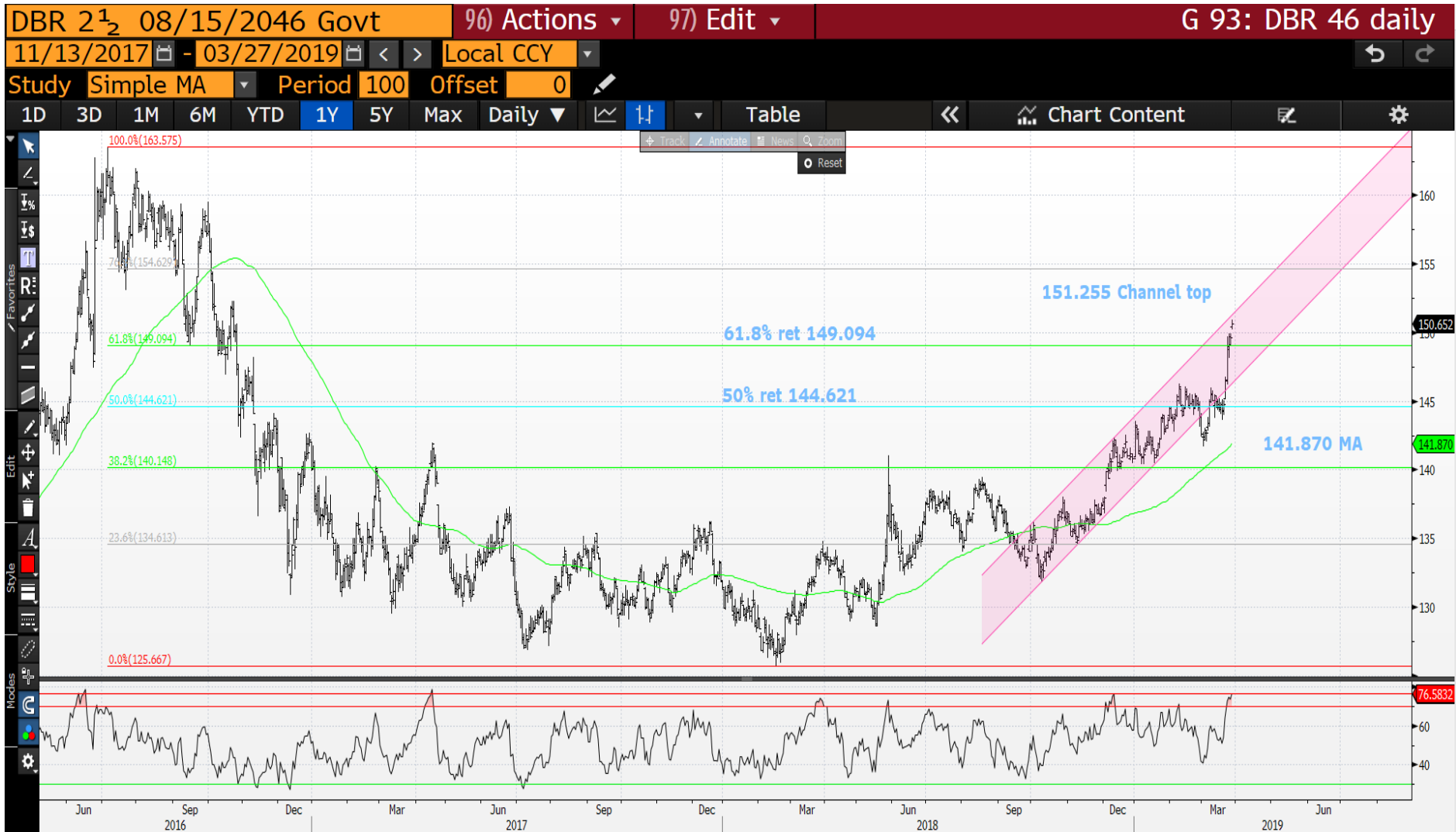
Generic German 10yr quarterly : Yields continue to grind lower now we are in the channel and CTA's add to futures longs.



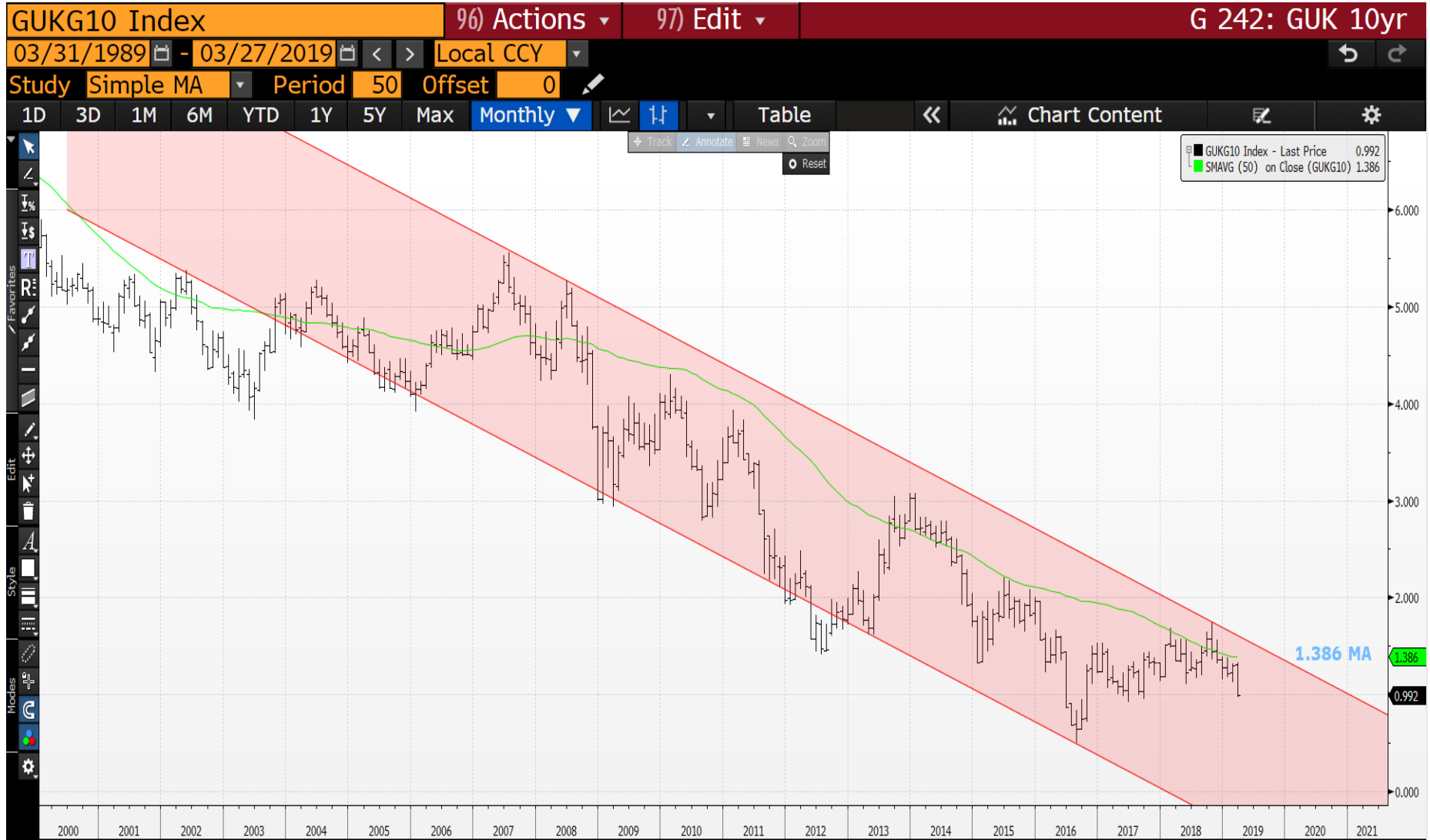
Generic German 10yr daily : Another low RSI and channel base approaching at -0.057, that said lets see if it HOLDS.



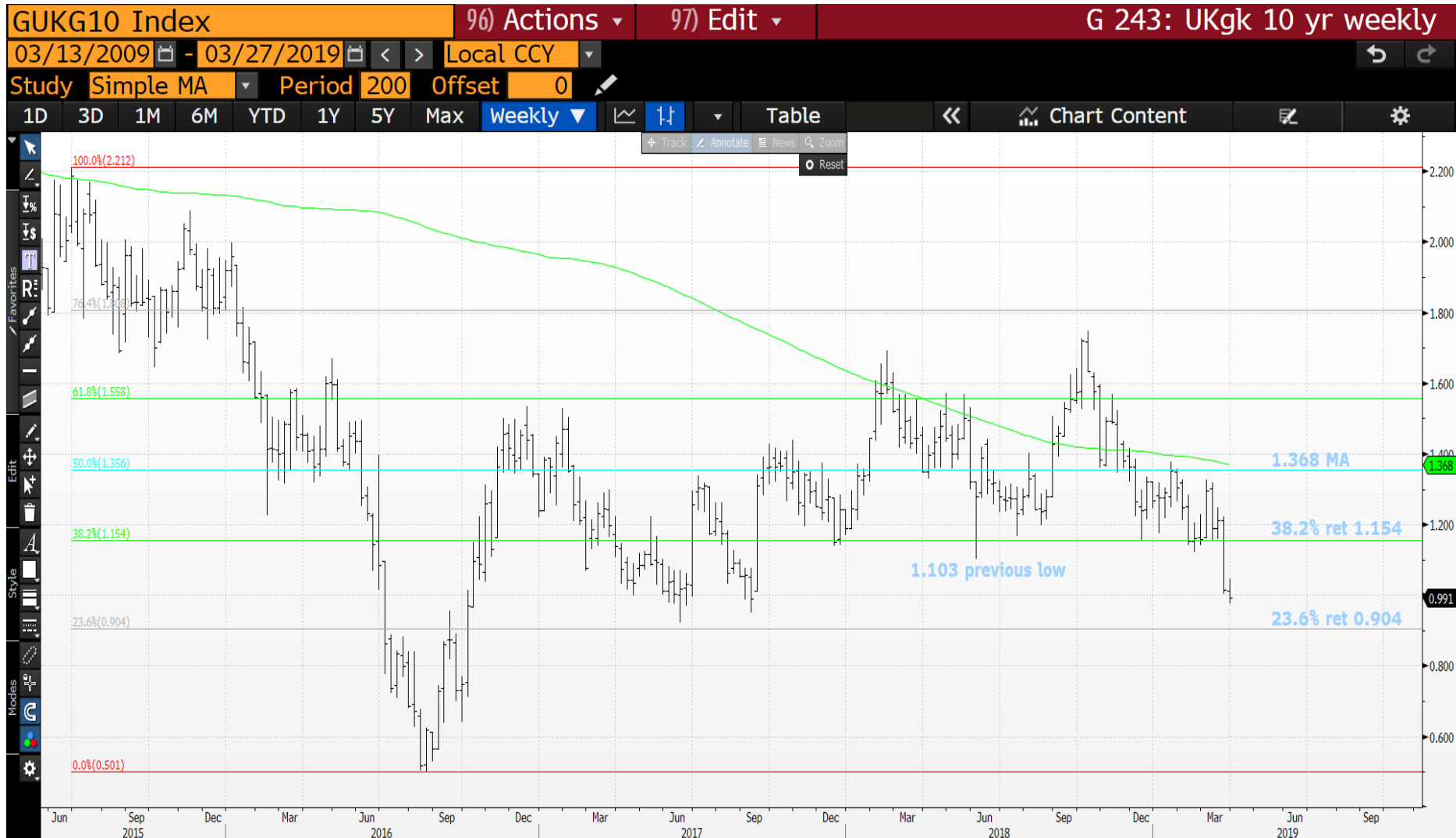
DBR 46 daily : This reliable bond does it again, we have exploded through the highs and targeting 155.00.



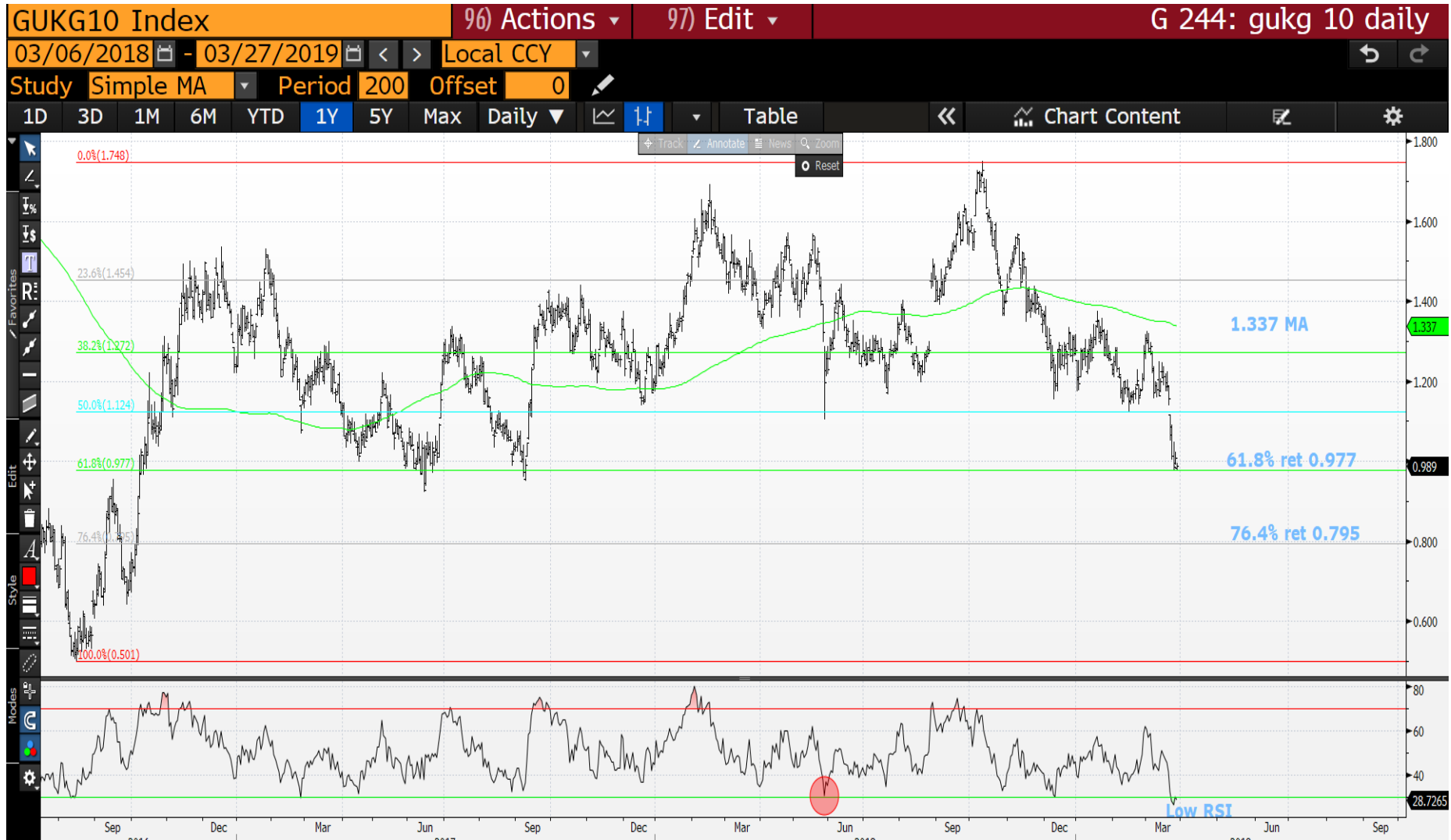
UK 10yr yield monthly : Similar to the German yield chart the path of least resistance remains LOWER.



UK 10yr yield weekly : We have breached the recent low and likely to test the 23.6% ret 0.904.



UK 10yr yield daily : **This might be one to watch given the RSI is low and the 61.8% ret 0.977 is holding.**



Italian generic 10yr daily : We are TEASING the 2.463 previous low so a MAJOR DROP if we close below it.



27/03/2019

US curves a once in a lifetime opportunity?

- **Curves : We may JUST be forming a useful base in the frontend curves and thus a MAJOR snap back coming.**
- **** The BACK END ideas have had a good run so maybe time to get long US 2-5 and 2-10 steepener. 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!**

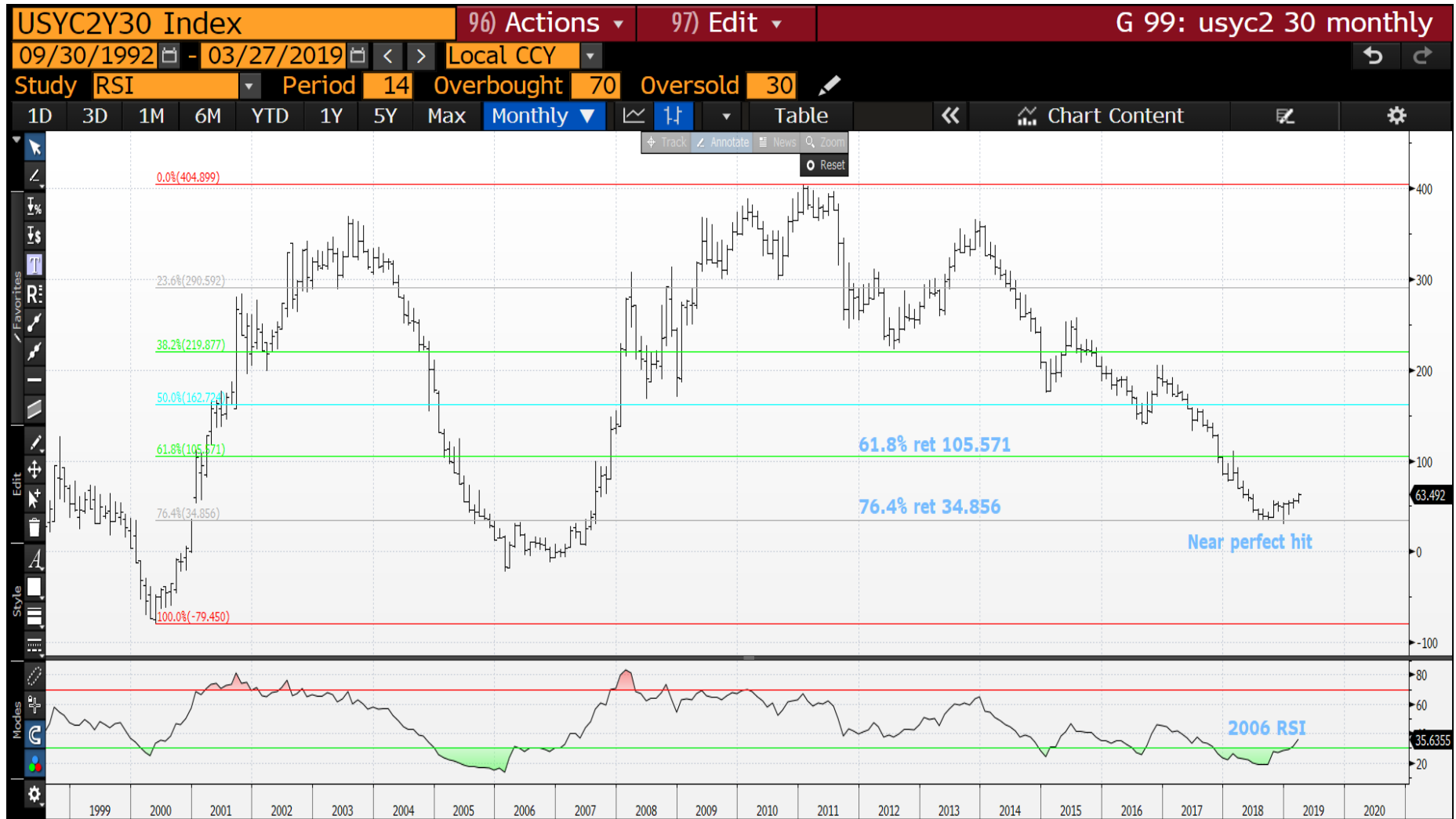
US 2-5 curve monthly : A BASE is FINALLY forming to work from given the potential for a downside PIERCE this month.



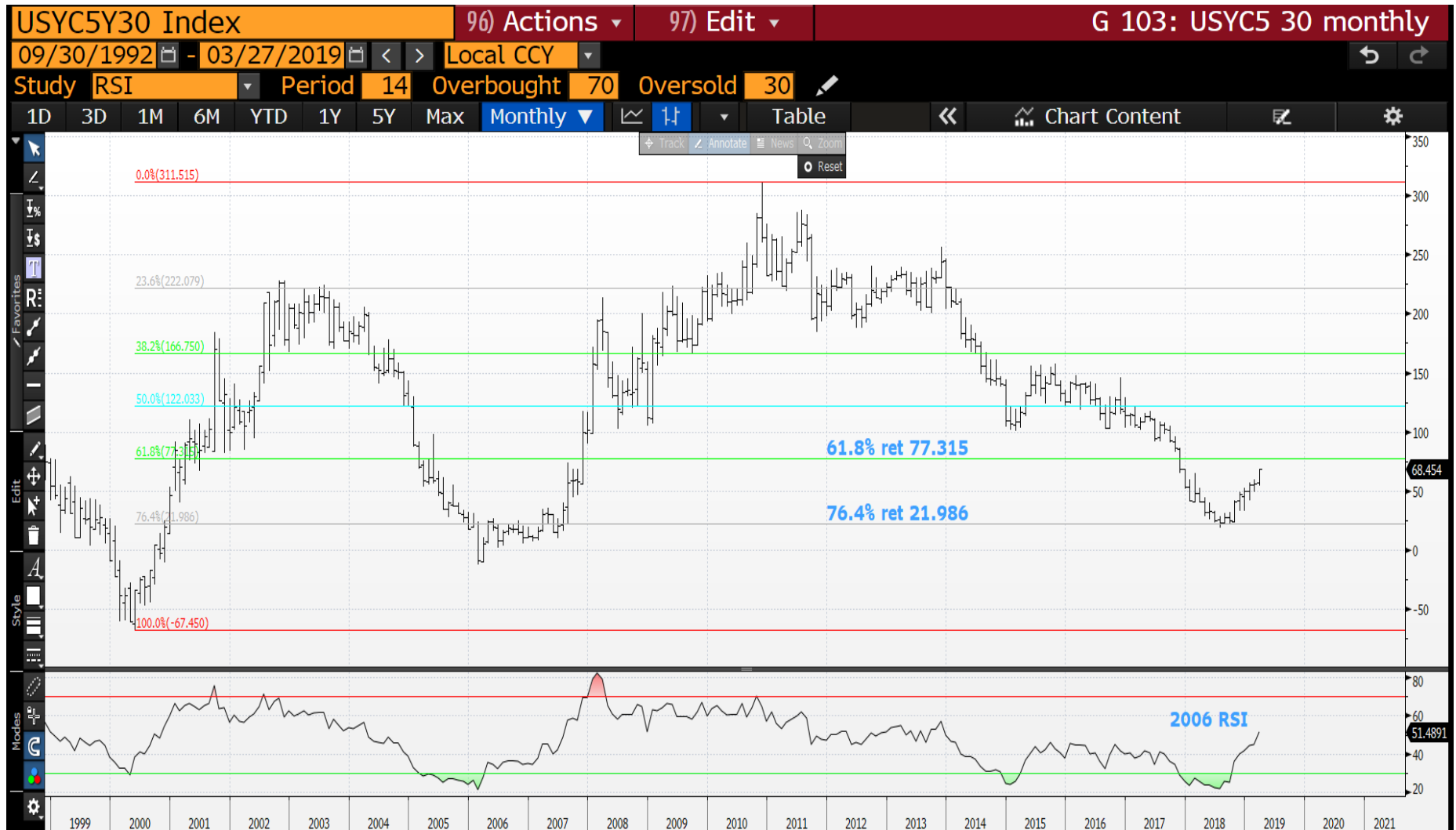
US 2-10 curve monthly : We have a base given we have a pierce! The RSI seems low enough, just need to get back above the 76.4% ret 26.639. Go long a steepener here 17.543 with a stop at 9.500, whilst adding on a break of 76.4% ret 26.639.



US 2-30 curve monthly : ANOTHER PERFECT hit and possible PERFECT BOTTOM to trade from. TO me this remains a VERY long-term trade but performance might be over shadowed by the more front end orientated curves.



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



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



27/03/2019

25

EQUITIES

EQUITIES : STILL a pain but continue to REMIAN sub ALL relevant levels. They could be the WILD CARD MOVER INTO QUARTER END.

Many will argue that stocks are FINE and a level of comfort is now built in. This has never been more of a critical location TO FAIL. Optimism is built in along with positions however MANY US markets remain sub key 200 day moving averages. If bond yields drop too it will be a double WHAMMY.

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!

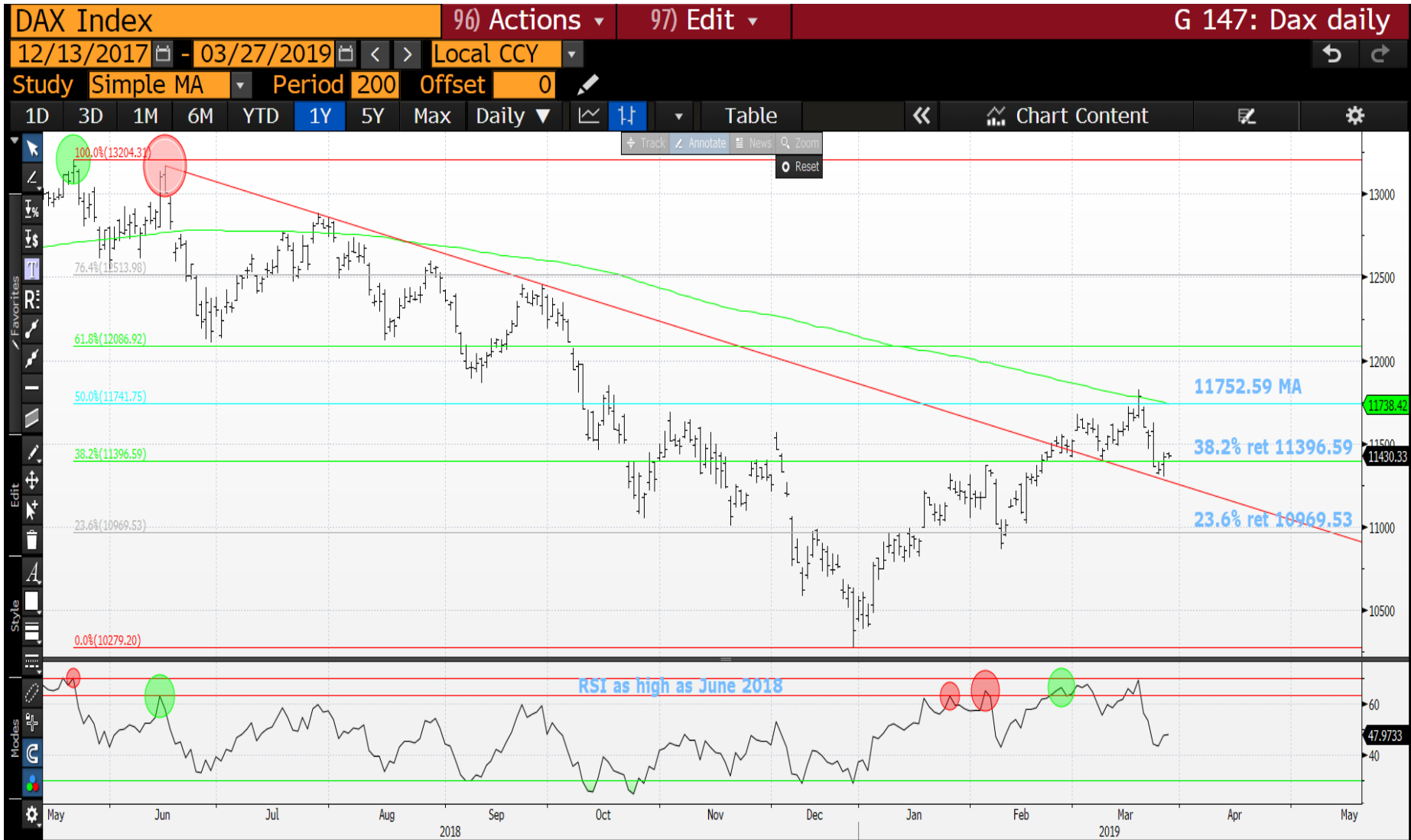
Europe is in a terminally bad way whilst the US is close to confirming the 10 year "RALLY" is over.

Both Nasdaq and Russell have 200 day moving average resistance.

DAX monthly : We are testing the very useful trend channel 11305.



Dax daily : We have yet to breach any major levels but if we do ideally it is the 11270 trend line.

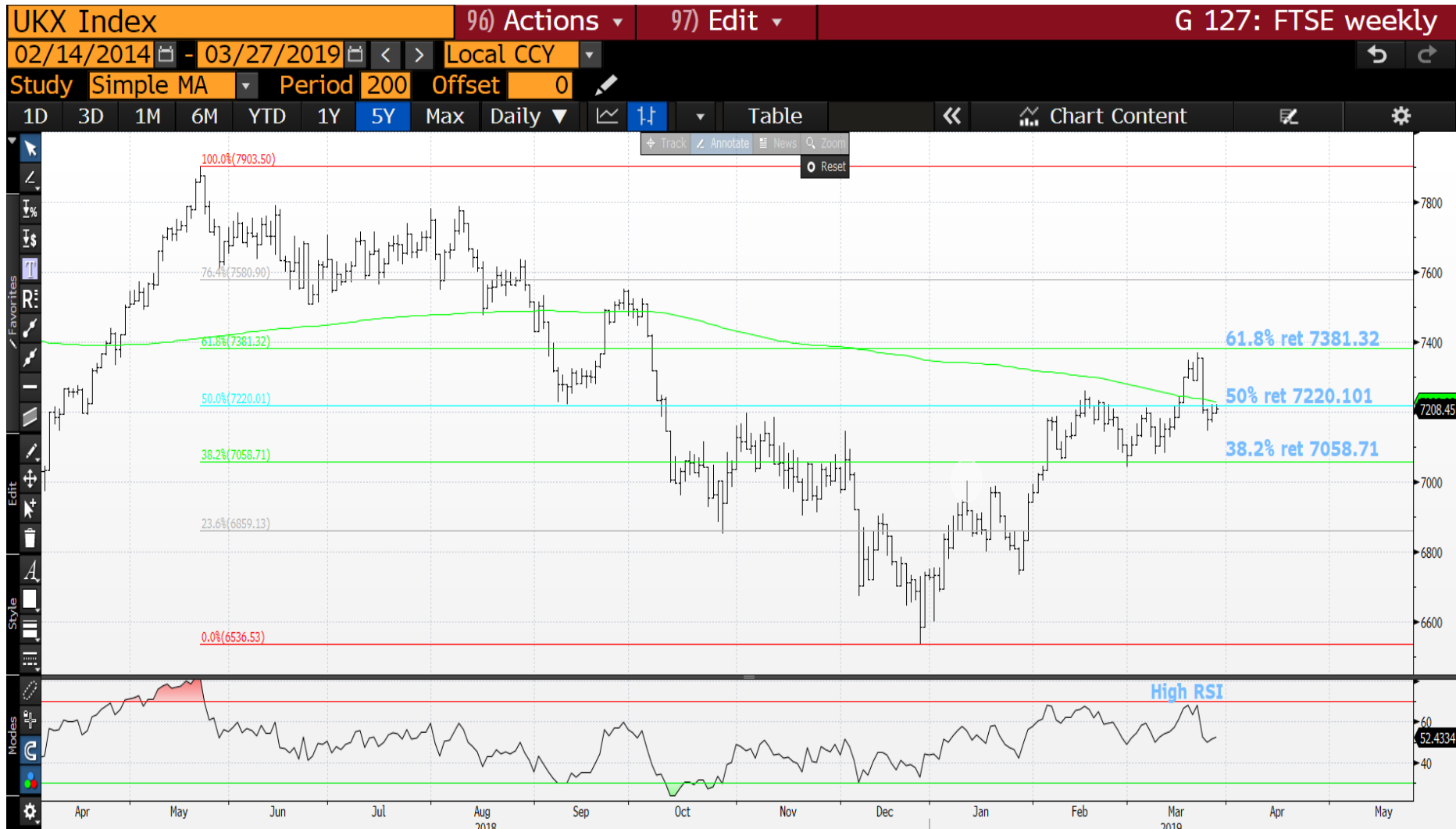


FTSE monthly : We have tailed off from the months high but need to capitalise on that with a WEAK close by the weekend.

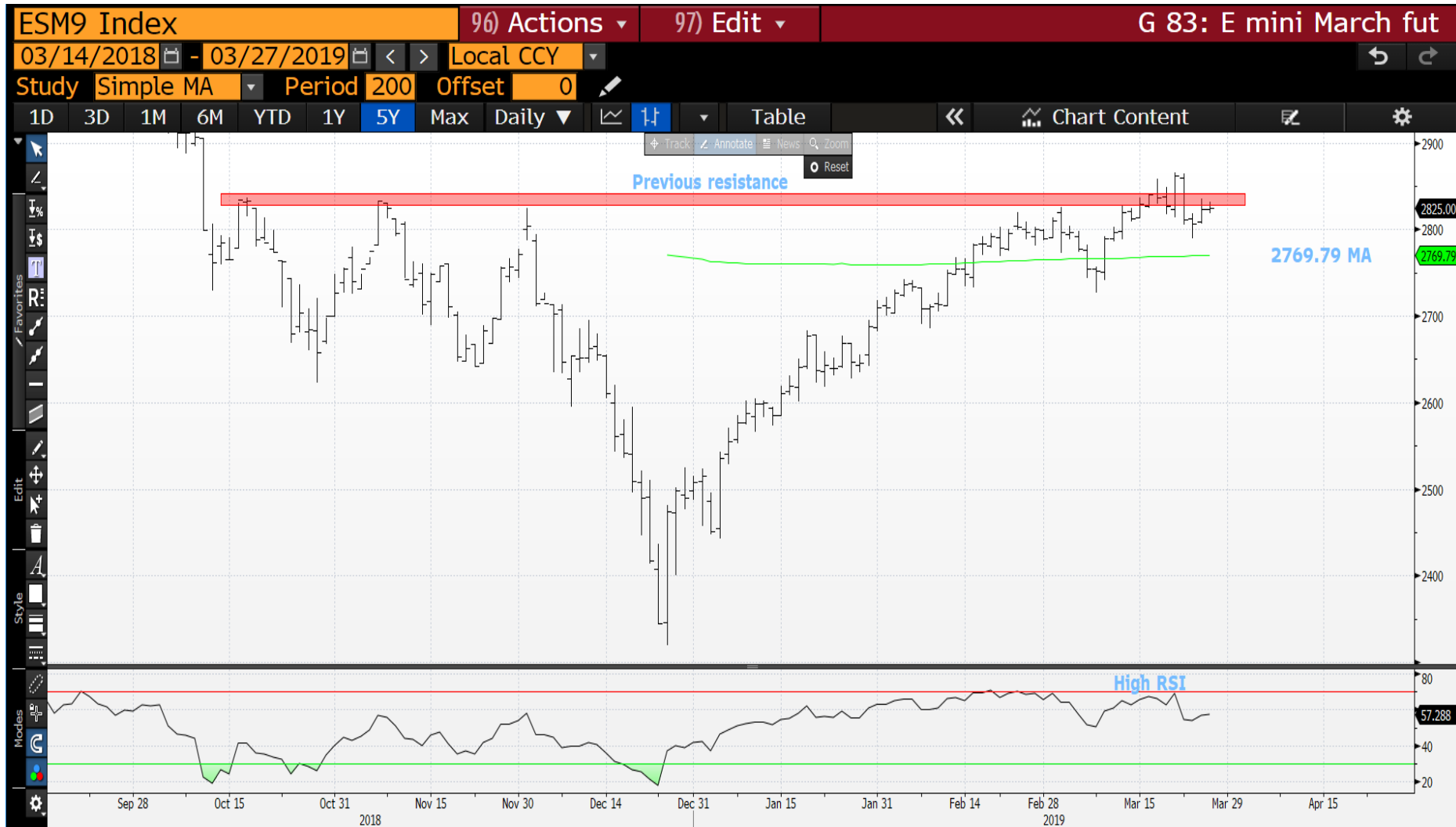


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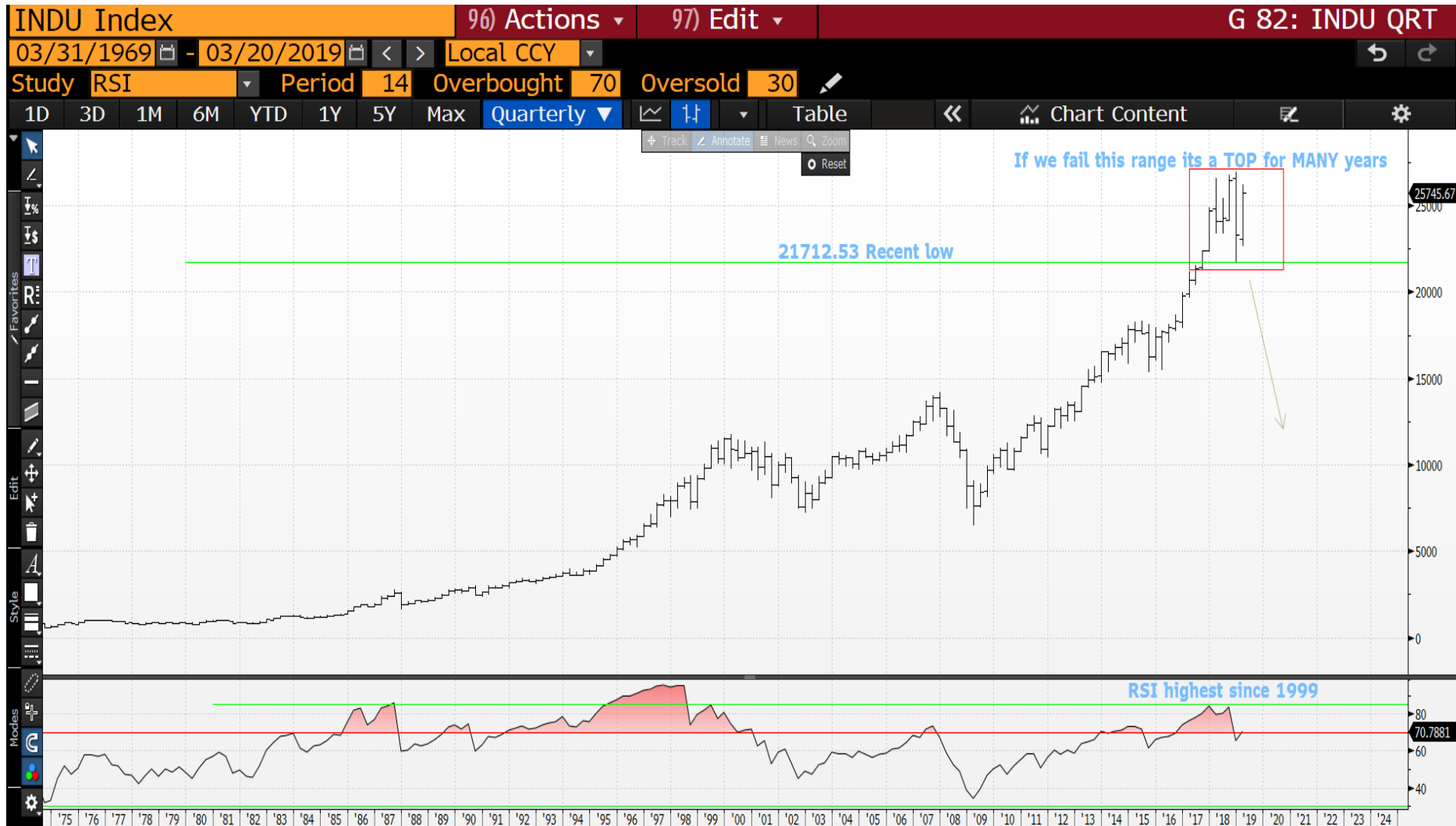
FTSE daily : We are now sub the 50% ret 7220.101-moving average, hopefully we head lower from here.



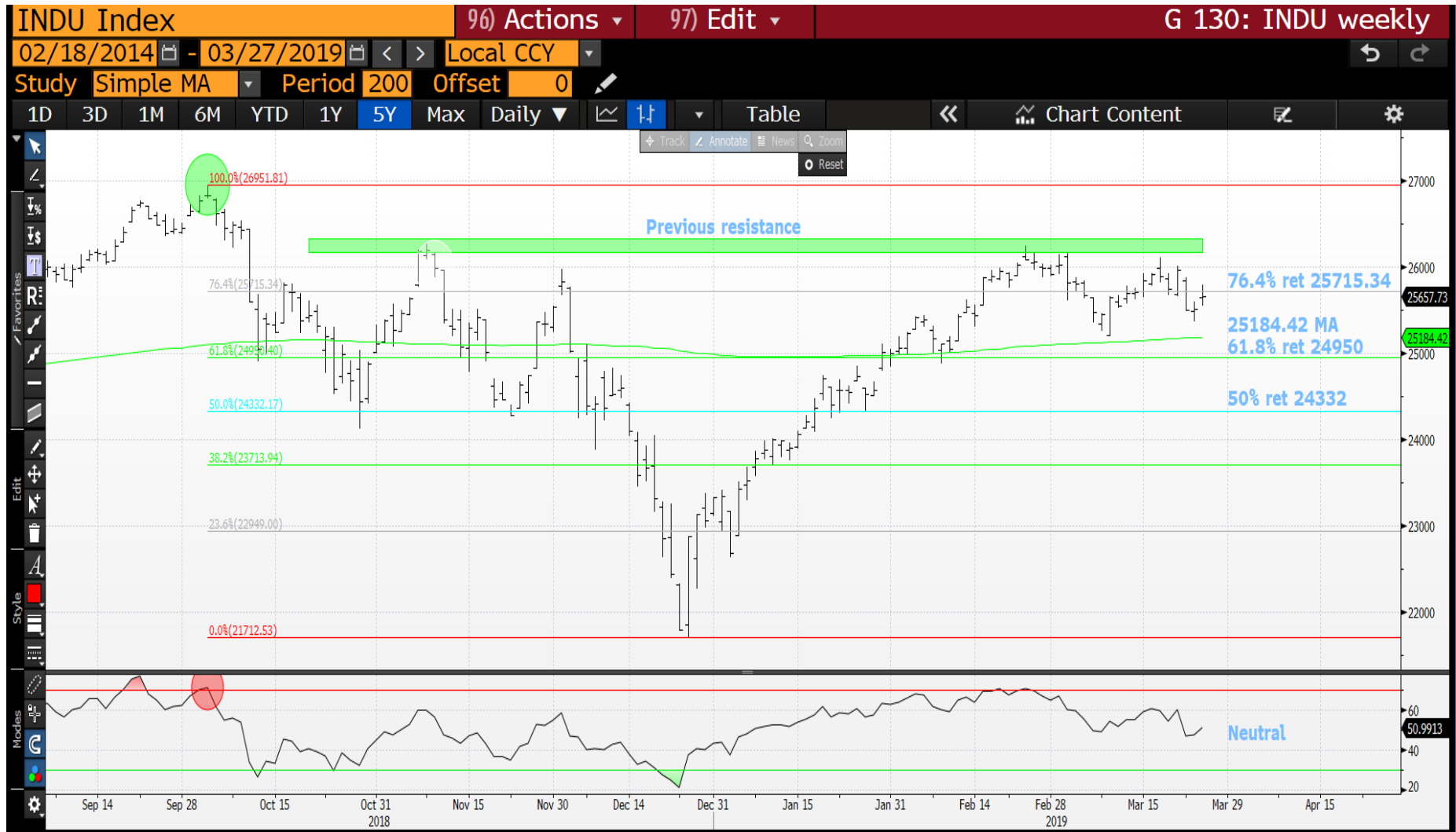
E mini S*P daily : Again NOW OR NEVER, we remain at solid previous resistance. The RSI is high so JUST NEED to move lower.



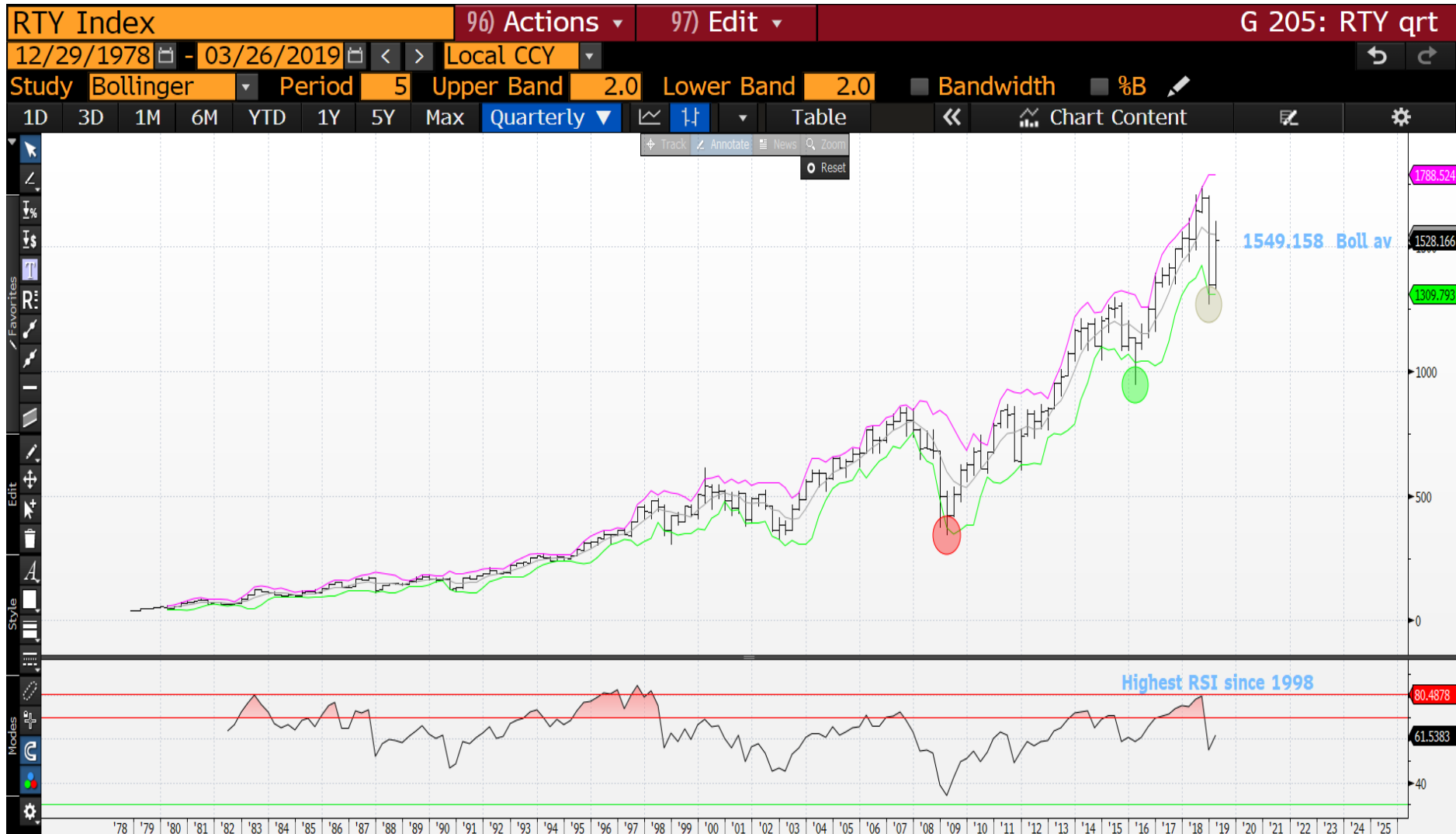
DOW quarterly : We have a “TOP” but need to capitalise on that with a move SUB the 23344.52 previous low.



DOW daily : We have failed the familiar resistance, sub the 61.8% ret 24950 will be helpful and KEY.



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 1549.158 bollinger average.



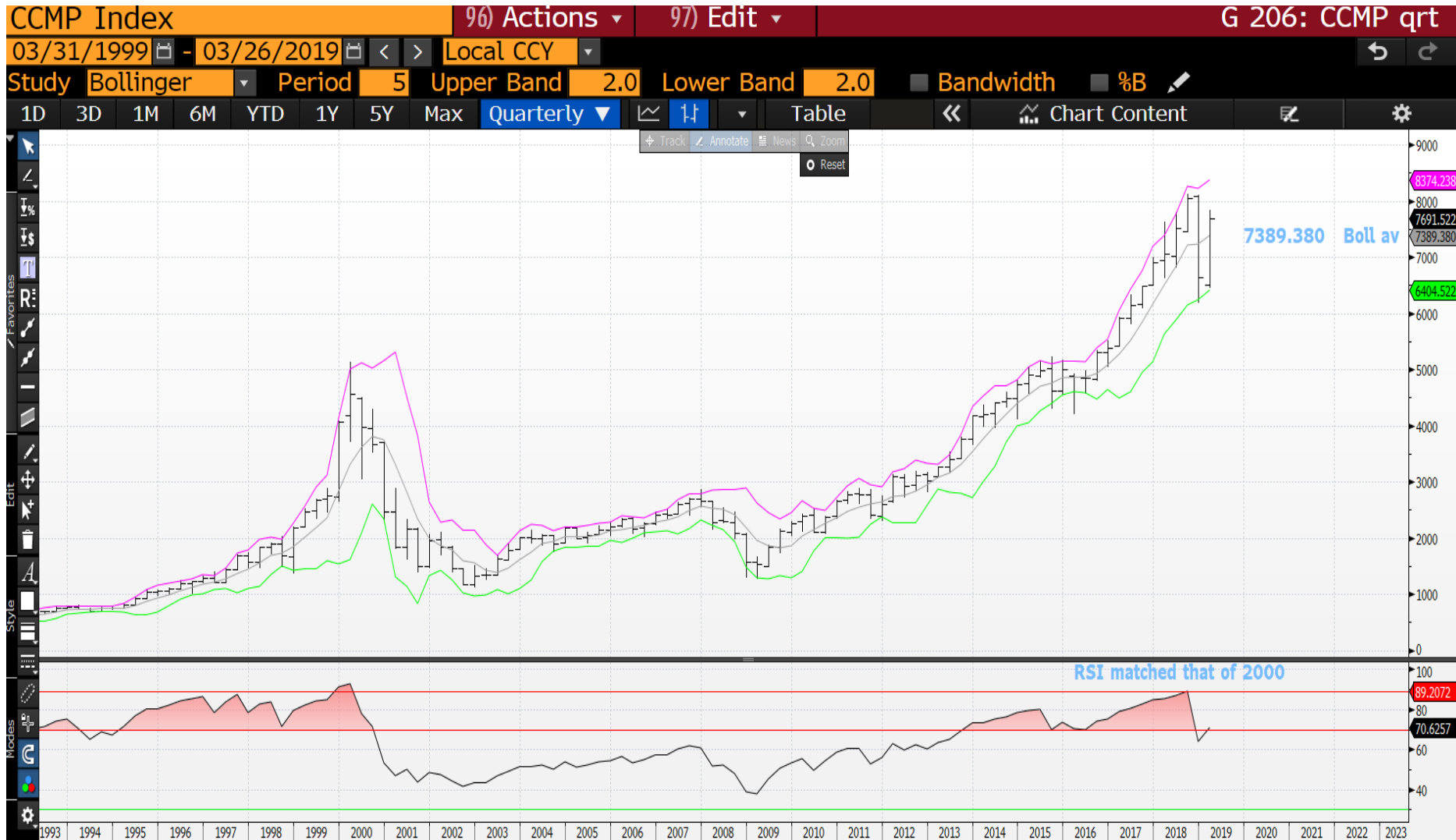
Russell monthly : We have matched last months range and ideally can close at the lows!



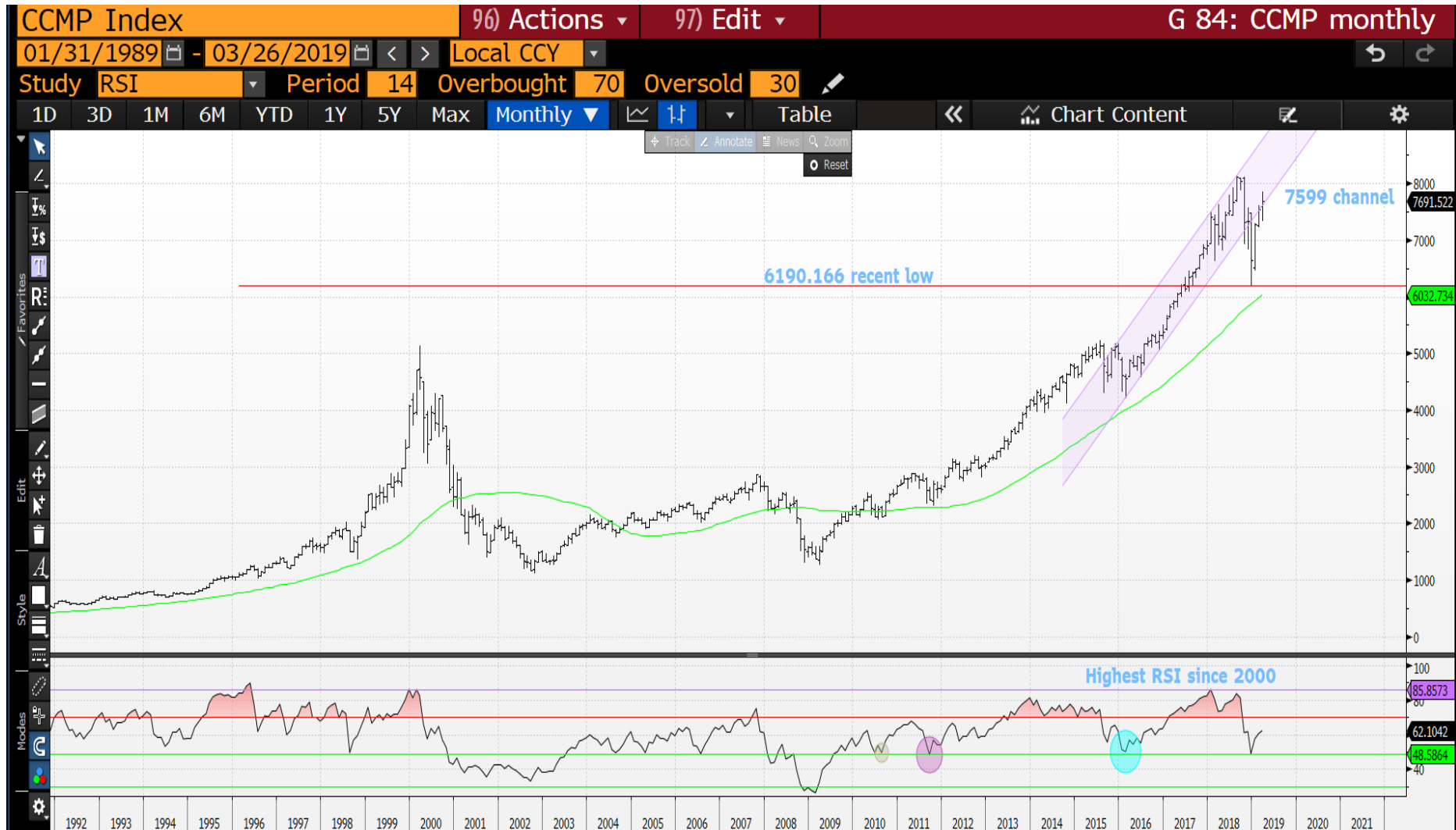
Russell daily : We are GRINDING lower at a painful pace but that should pick up if we fail the 50% ret 1504.507.



CCMP quarterly : A nasty bounce that minimally needs a close sub the 7389.380 moving average.

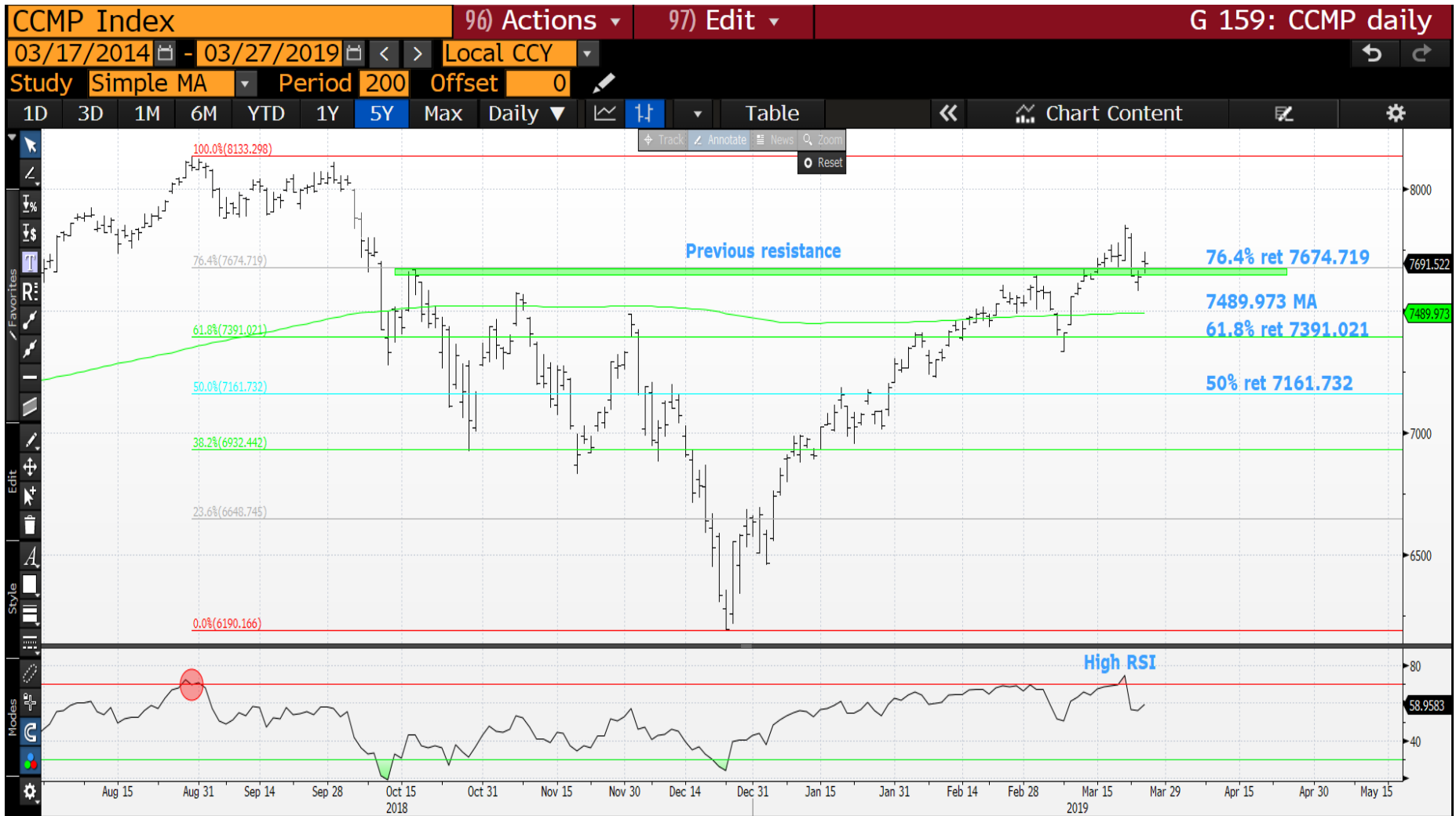


CCMP monthly : We have opened this month TESTING the channel resistance at 7599.



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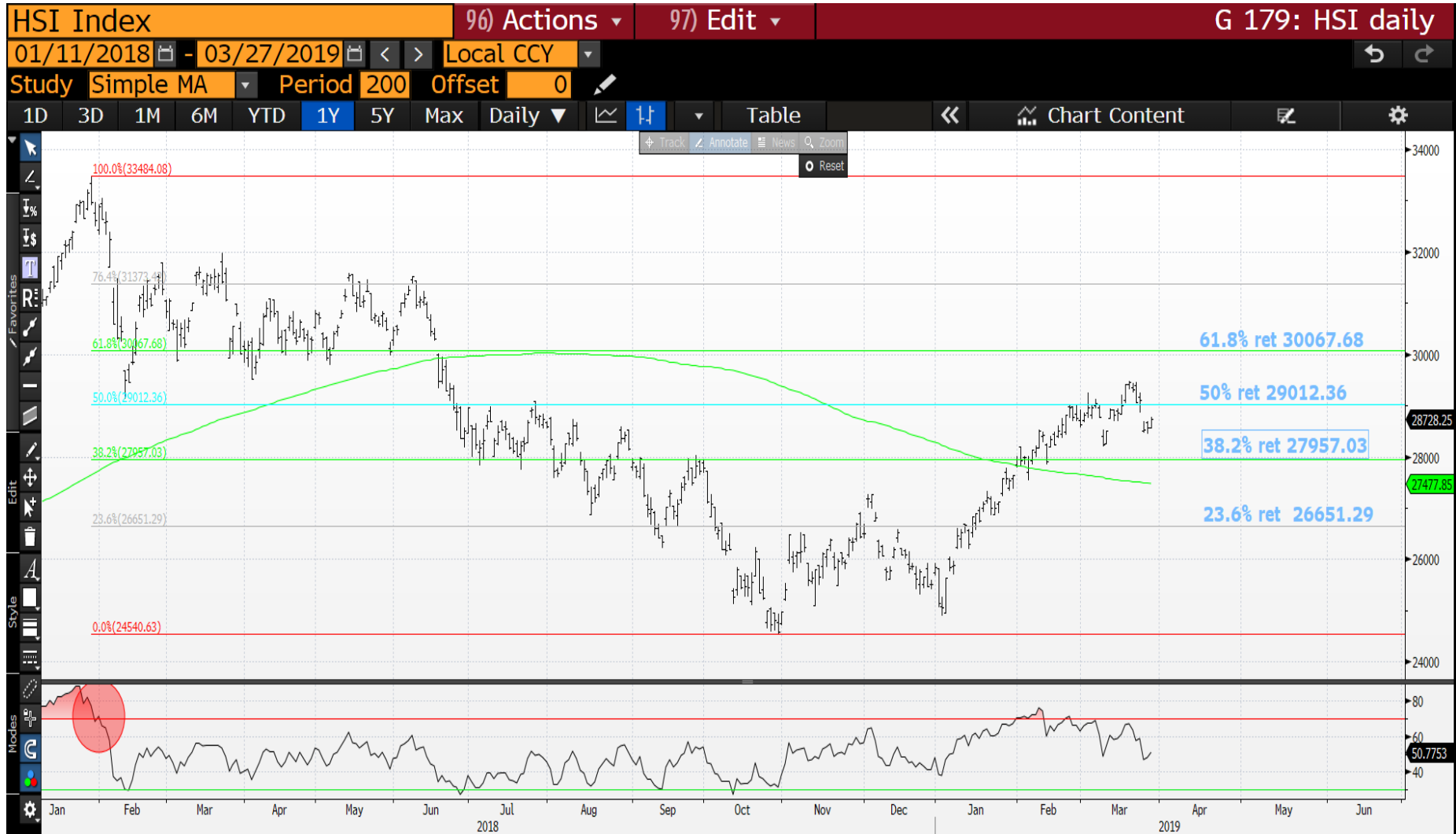
CCMP monthly : We continue to TEASE the previous resistance-76.4% ret 7674.719, we need a WEAK CLOSE.



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 neutral but we do seem to be heading lower overall, sub the 38.2% ret 27957.03 will help a lot.



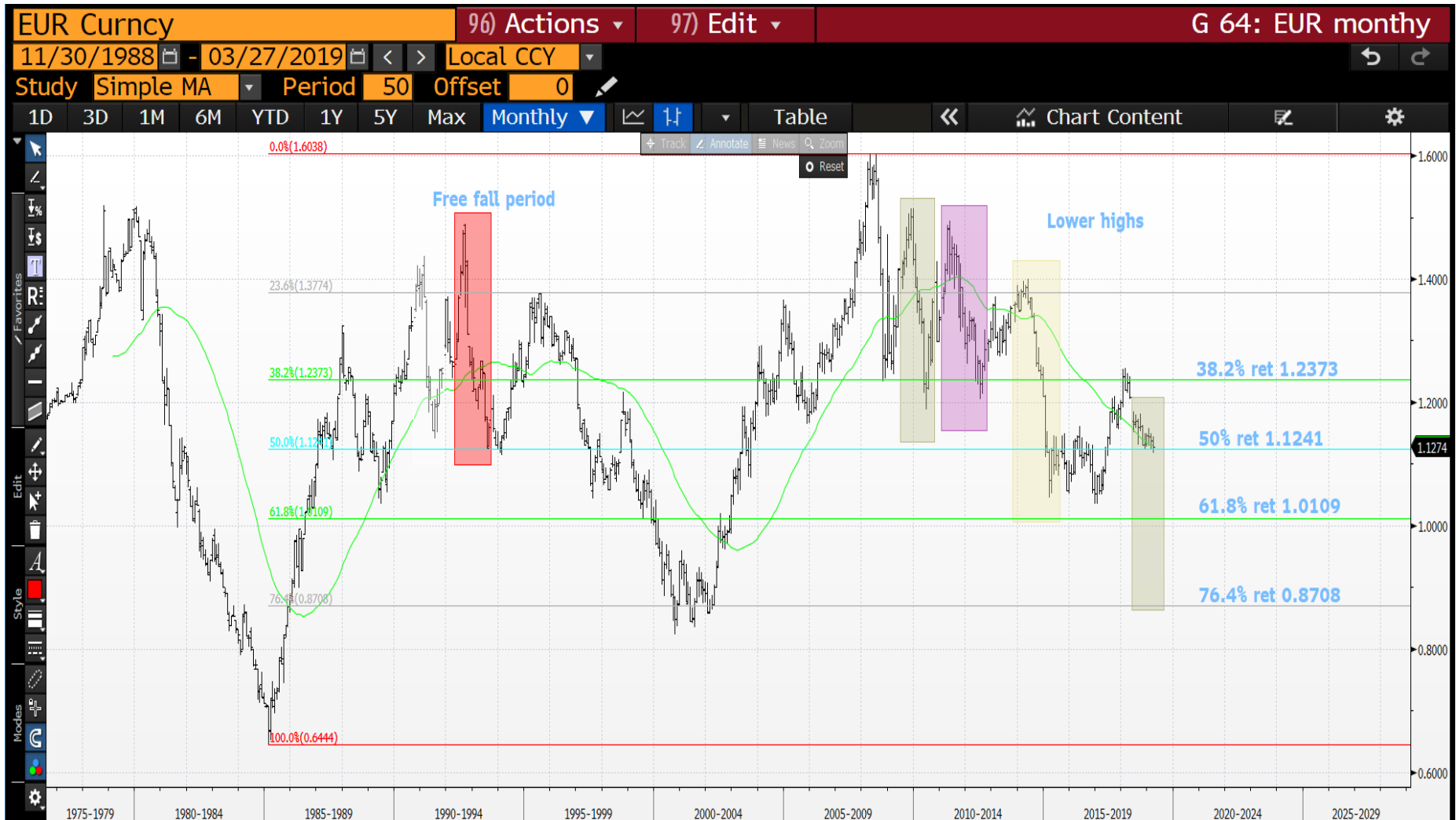
Nikkei monthly : A similar story to the Hang Seng in that we need to breach the 50% ret 20489.16.



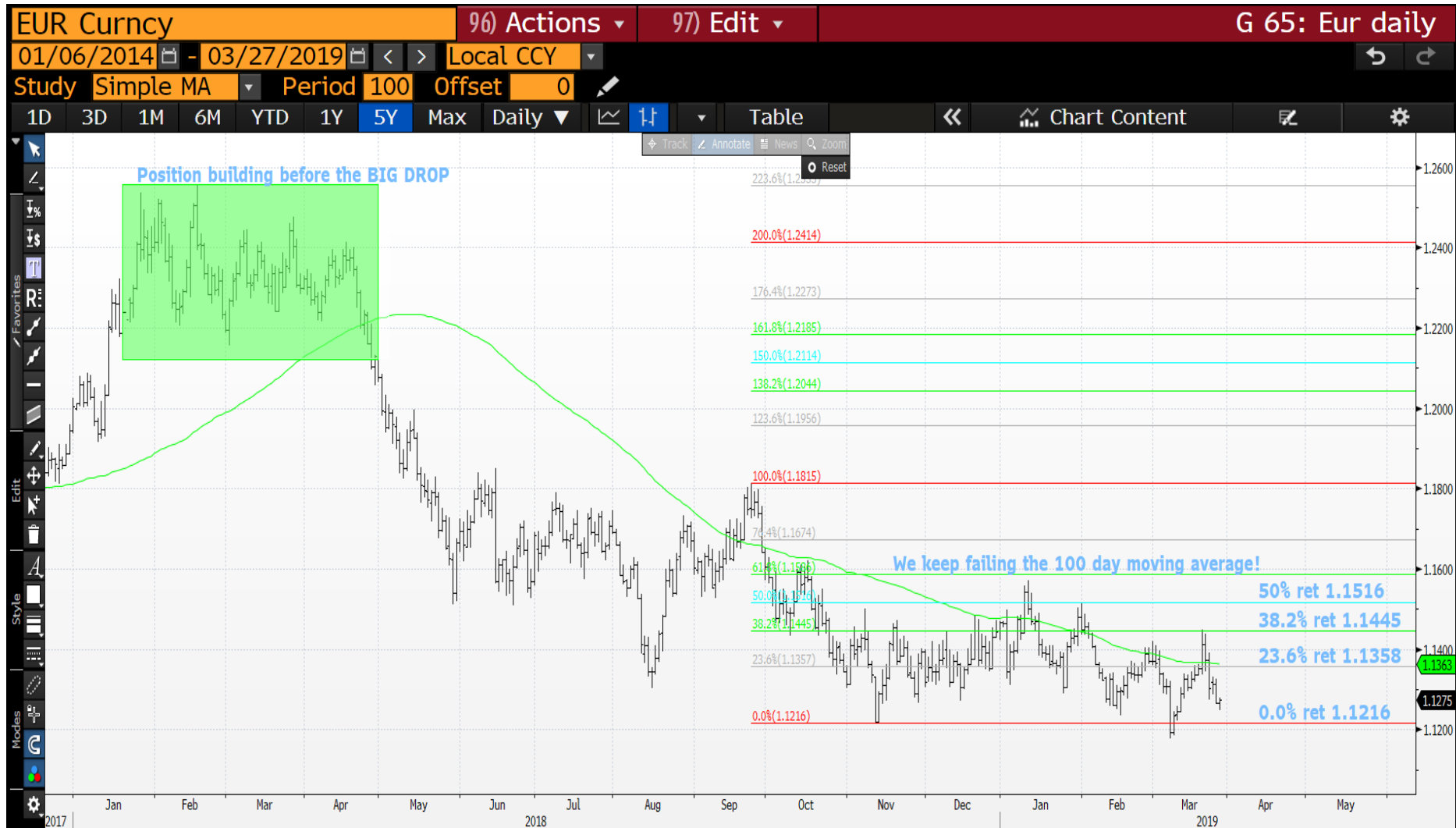
FX UPDATE

- **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. We have a major test on right now as we TEASE constant moving average resistance 1.1358.
- **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. If we fail the subsequent move will be HARD AND FAST.



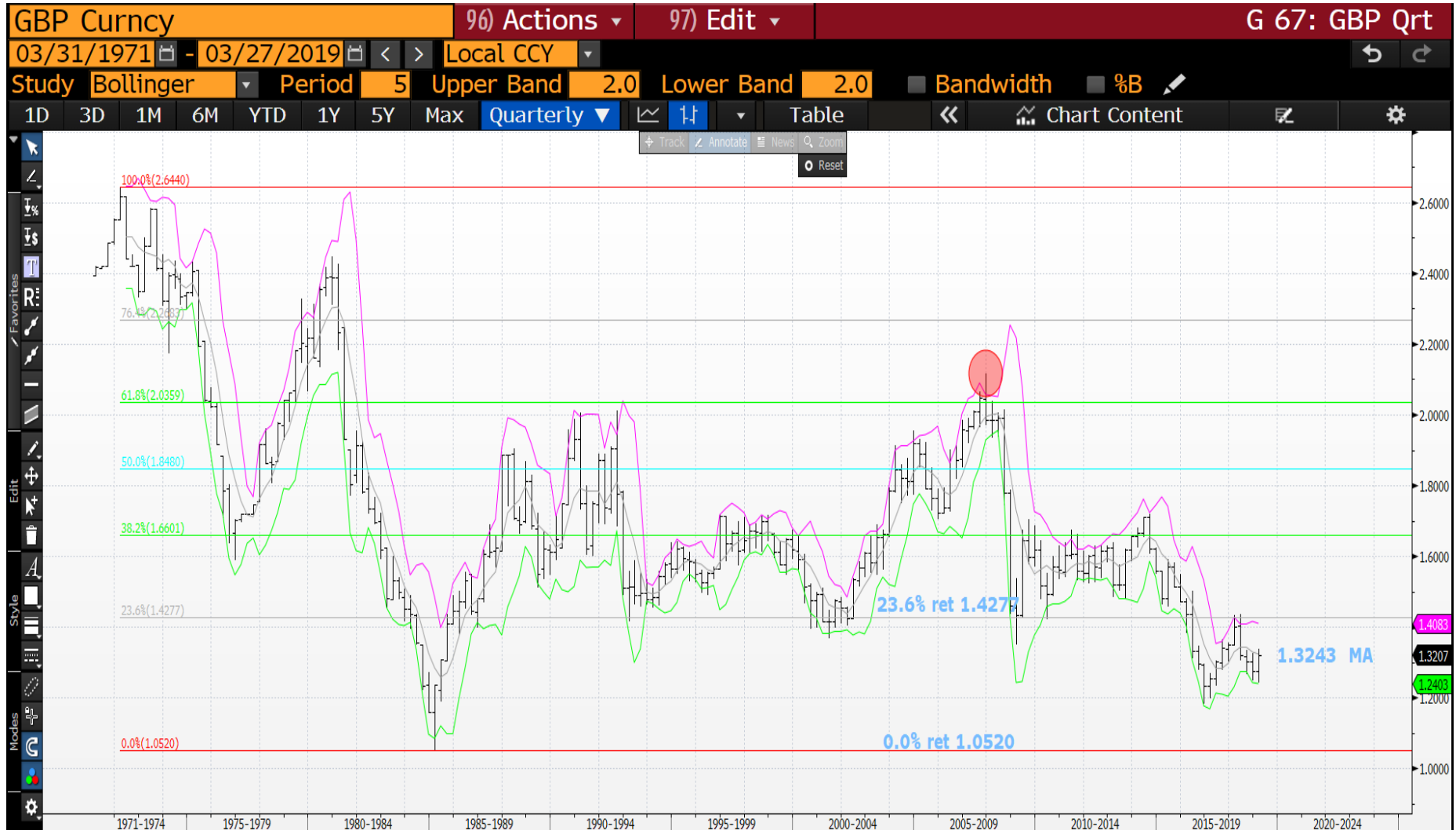
EUR USD daily : We continue to fail the 100 day moving average on EVERY attempt so hopefully we came make new lows soon.



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 1.3243 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.



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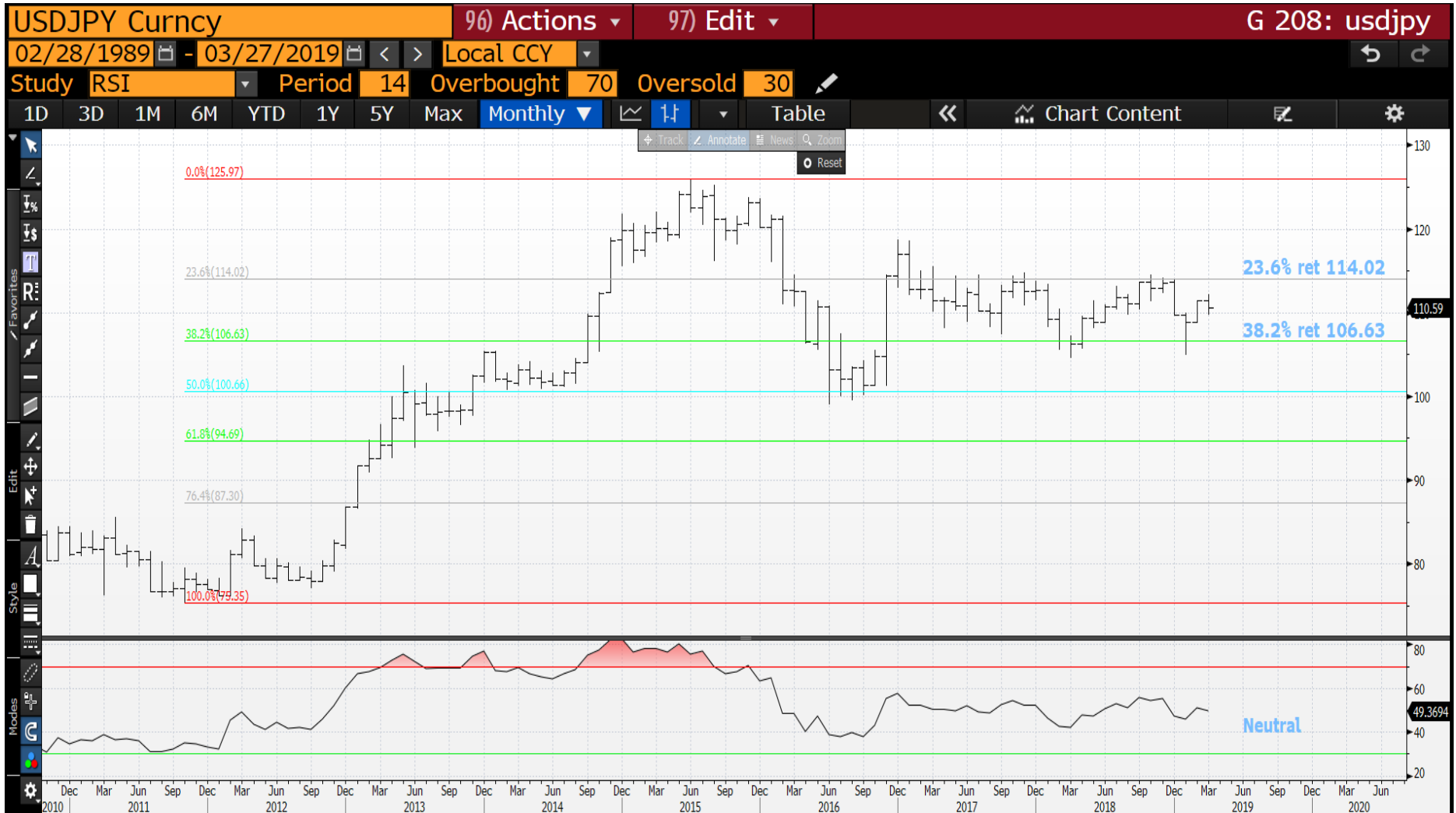
AUD USD monthly : AUD low in place and now ready for a decent move higher. The latest pierces are very positive. Above the 61.8% ret 0.7185 will help ALOT.



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.



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

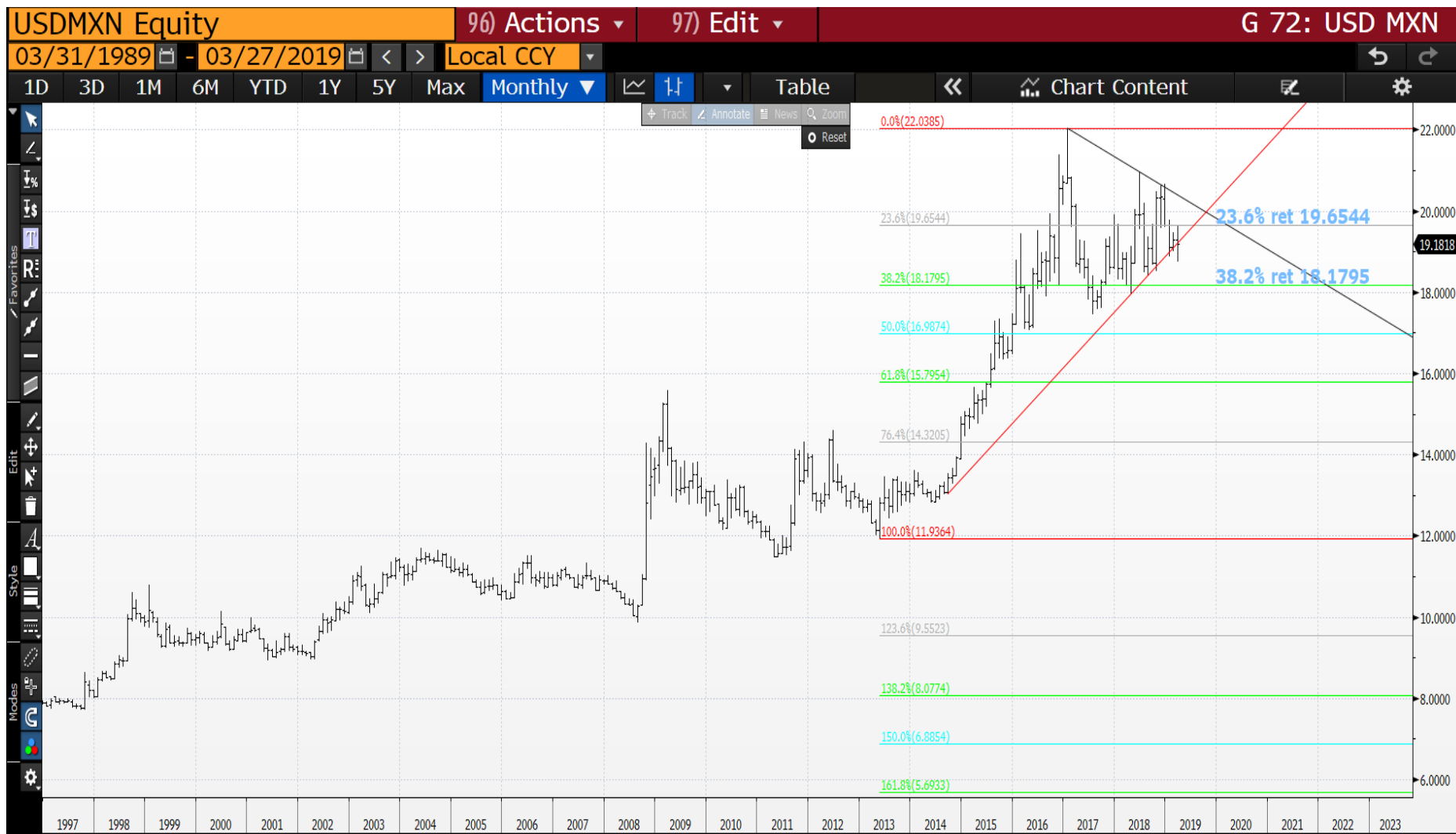


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EM UPDATE

- **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 : We have broken the out of the VERY TEDIOUS triangle so the 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.

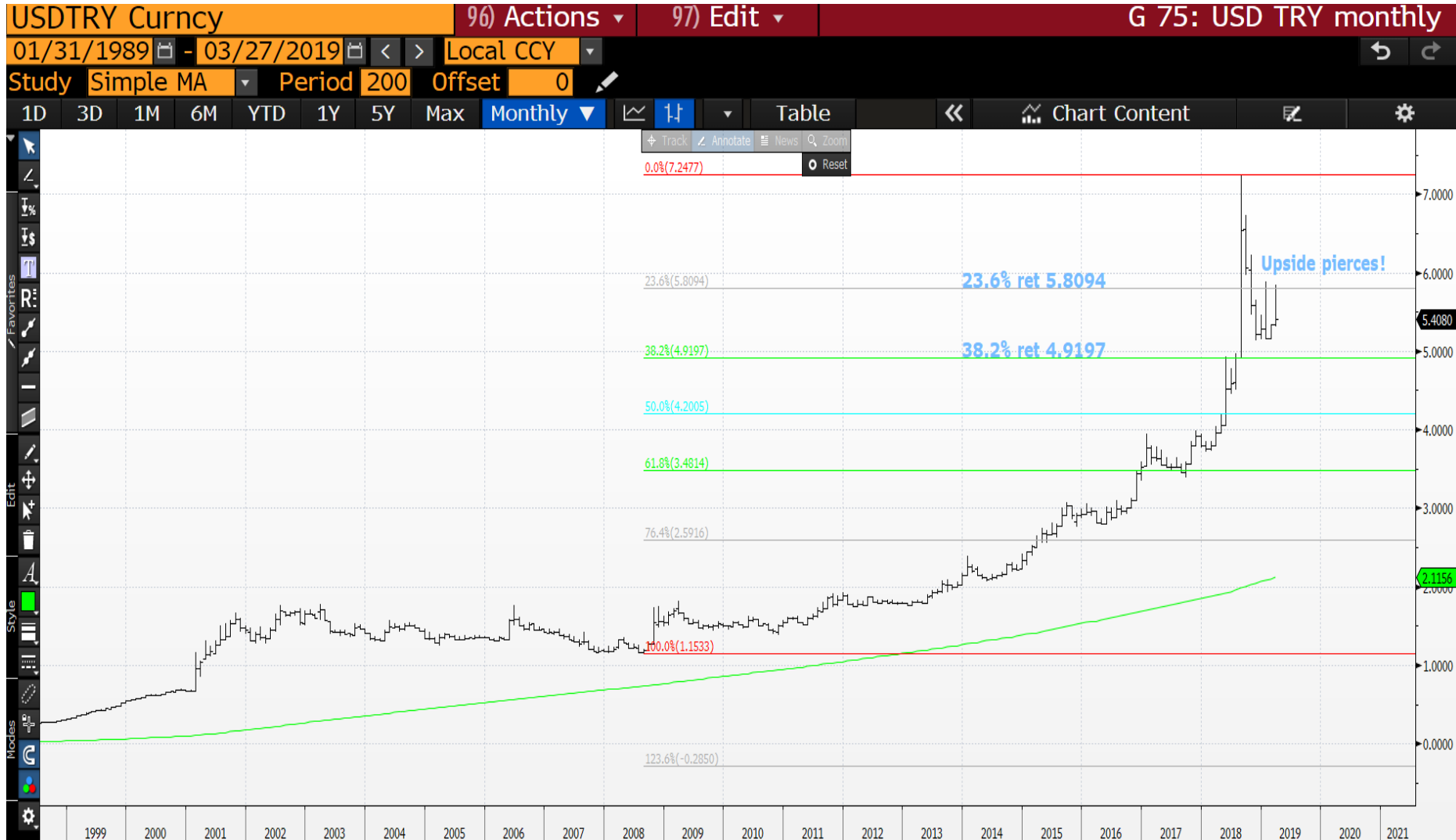


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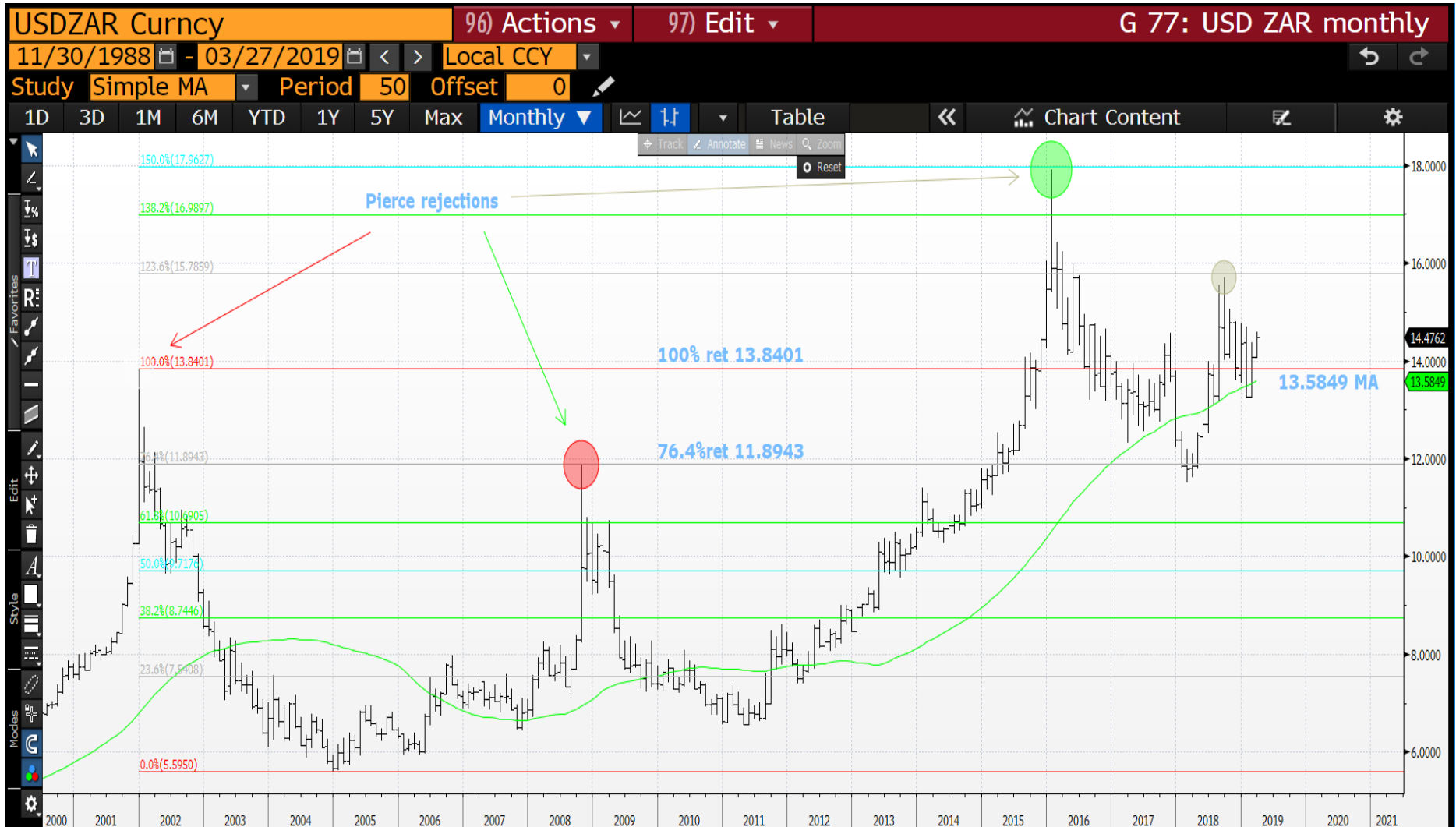
GTBRL10Y weekly : Yields have to continued to remain sub the 100% ret 9.117.



USD TRY monthly : A very nice failure producing a decent monthly upside pierce, we just need to capitalise on that failure. Sub the 38.2% ret 4.9197 will be a killer blow.



USD ZAR monthly : We need to fail here and head back below the 100% ret 13.8401.



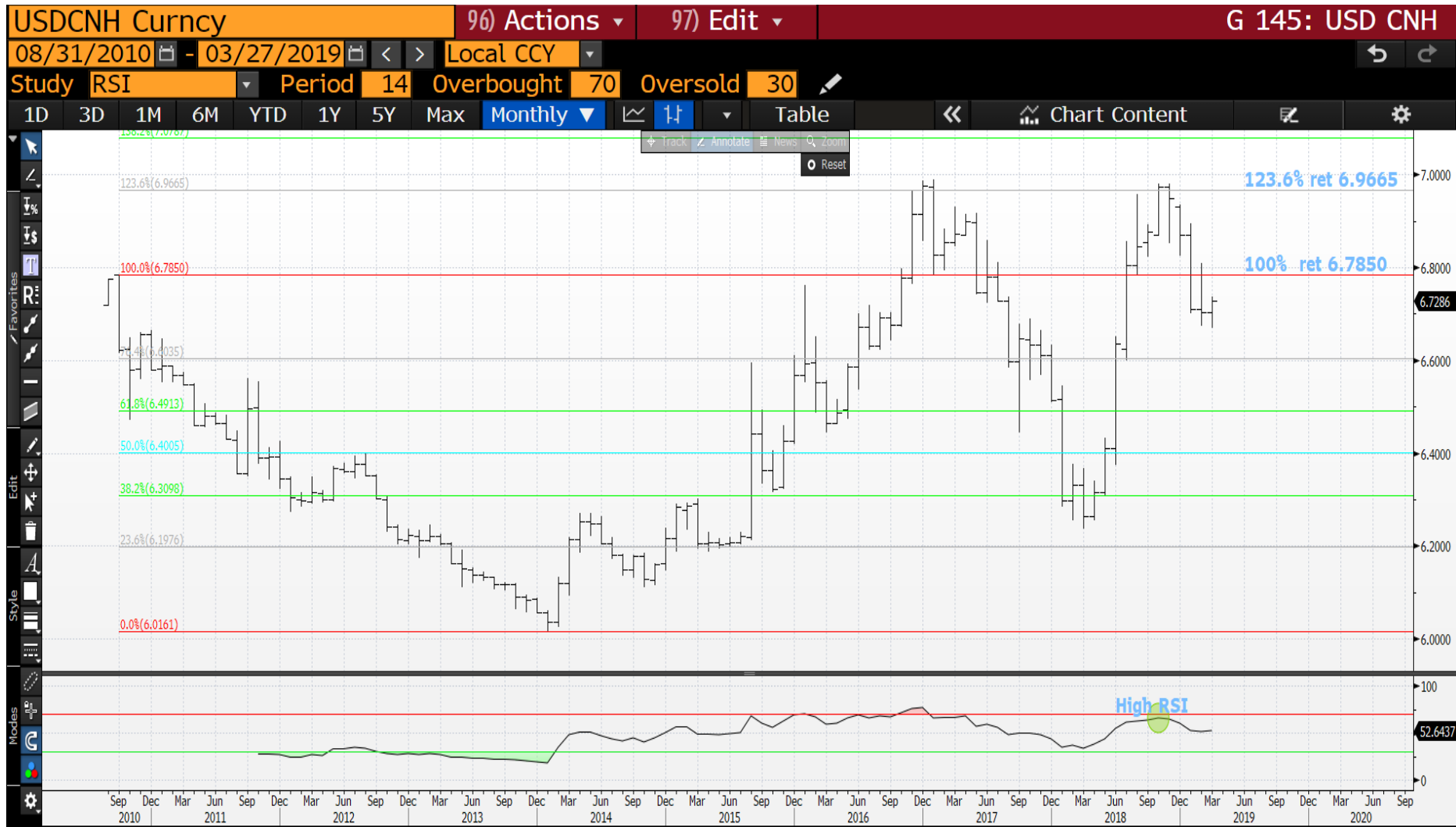
USD RUB monthly : A nice break of the recent low and the next big test the 38.2% ret 61.9293.



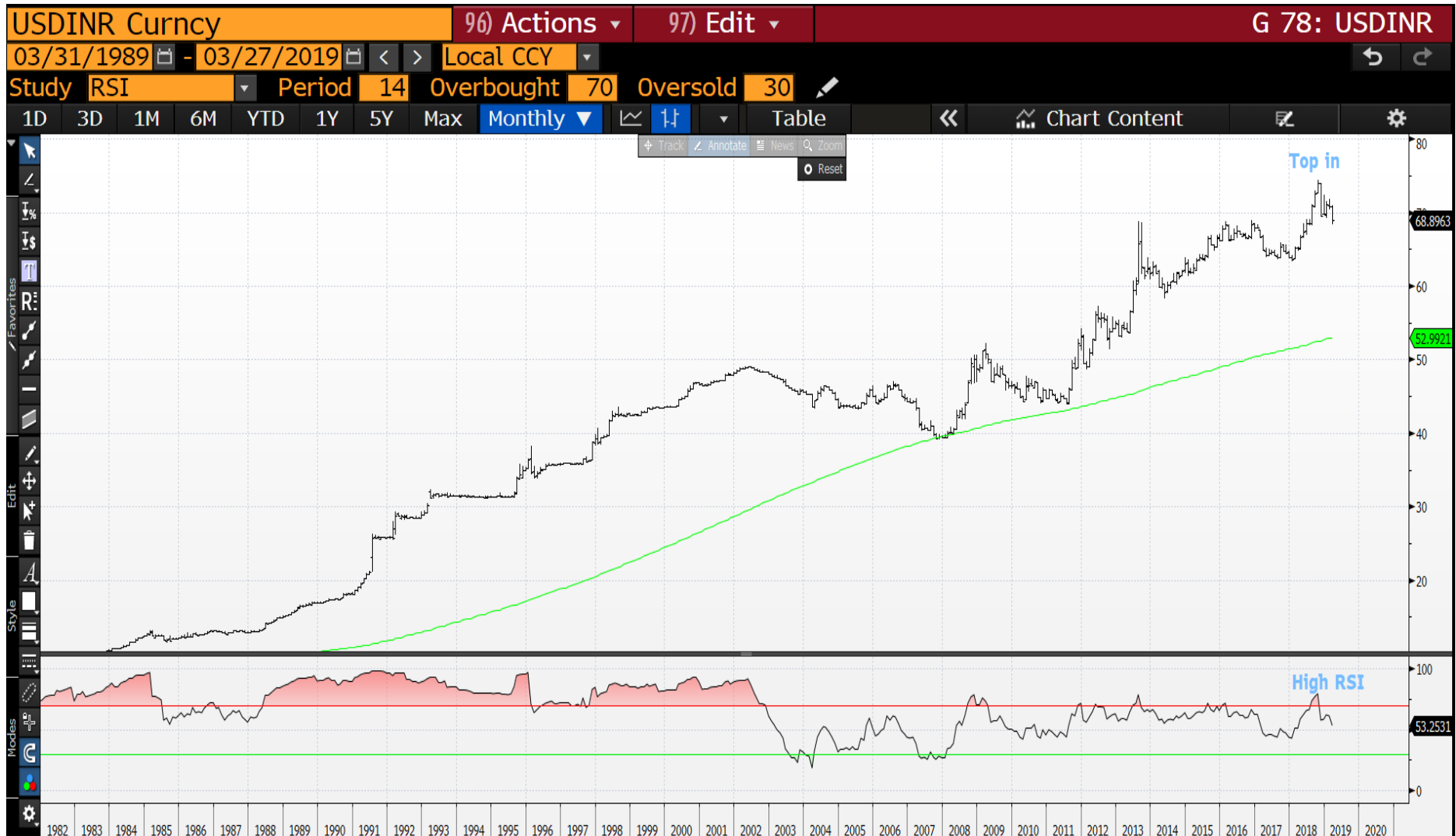
27/03/2019

58

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.



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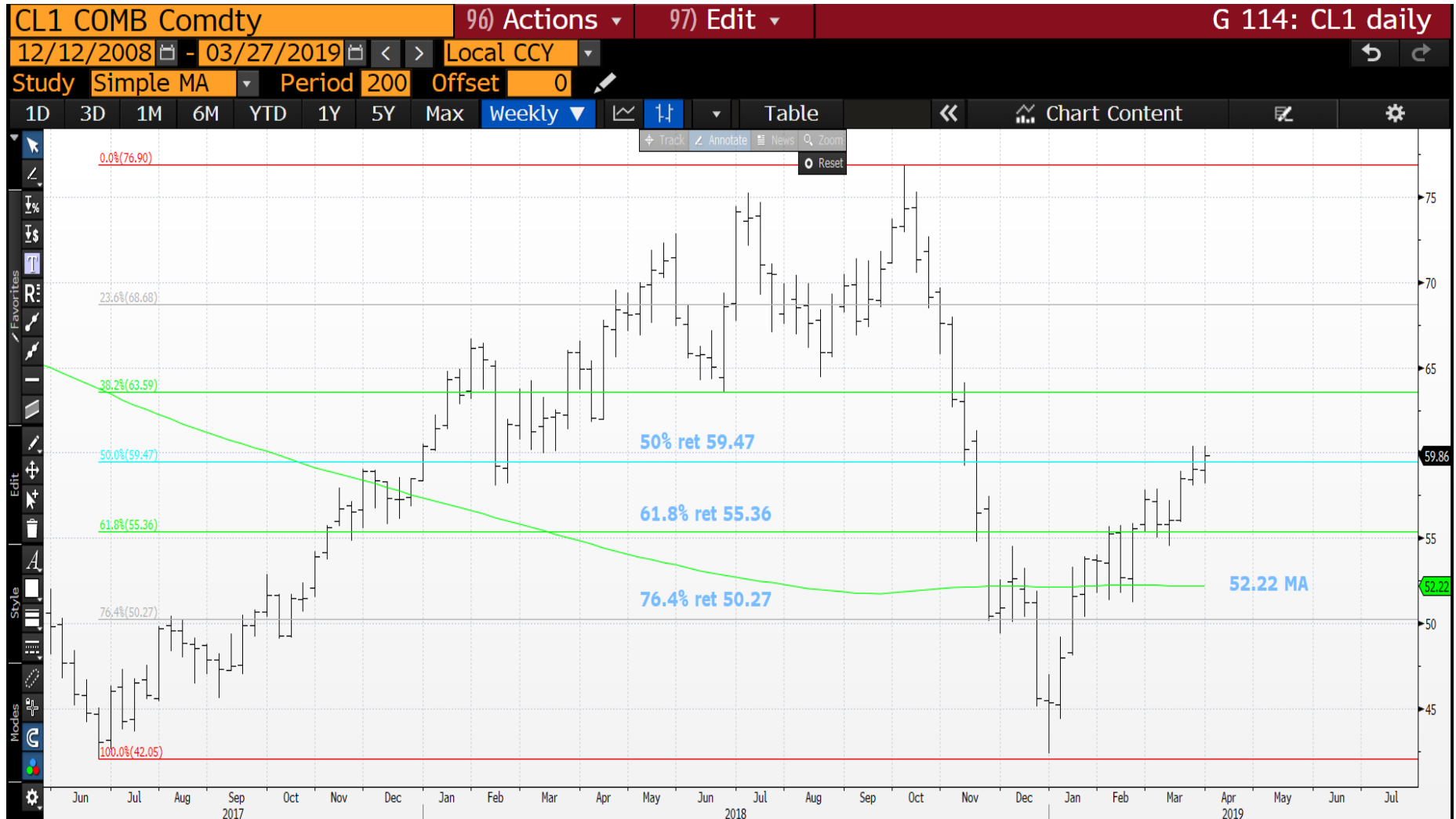
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CL1 monthly : A nice chart given we have hit and held the 76.4% ret 42.72 first time down. It seems we need to see the 61.8% ret 62.75 first, before the next drop.



27/03/2019

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



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 the CLEANEST safe haven.



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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