

MULTI ASSET UPDATE : ITS ALL ABOUT TO GET VERY INTERESTING!

WHATS THE REASON :

BOND YIELDS STALLED LAST WEEK CONTINUING THE OVERALL THEME LOWER AND HOPEFULLY THIS WEEK THAT VIEW IS ENDORSED BY A MONTH END MOVE. IT WILL BE INTERESTING IF FUTURES CLOSE ABOVE THIS WEEKS US ACUTION LEVEL. THE US HAS ALSO PERSISTED IN FAILING NUMEROUS HISTORICAL MOVING AVERAGES. A LOT RIDING ON TONIGHTS AUCTION OUTCOME.

US CURVES CONTINUE TO SEE THE PERFORMANCE SHIFT MORE TO THE FRONT END AND THE US 2-5 HAS A NICE BASE.

FX WATCH THIS IS NOW BACK IN VOGUE AS THE DXY BREACHES ITS RECENT HIGHS, QUESTION IS HOW FAR DOES IT GO? THE EURO IS ALSO ON THE VERGE OF MAJOR COLLAPSE.

EM FX, THE LATEST USD POP HAS LIMITED THE TREND PROGRESS OF LATE.

EQUITIES, THE LESS SAID THE BETTER, I STILL THINK WE SELL OFF THEIR PERFORMANCE SEEMS WRONG WHILST THE HANG SENG IS QUIETLY ROLLING OVER.

OIL IS RALLYING BUT IS RUNNING INTO A HEADWIND WHILST GOLD HAS BREACHED A MAJOR RETRACEMENT.

FX UPDATE

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BOND YIELD UPDATE : It looks like yesterday vindicated and continues the yield call LOWER, we just need to capitalise on that into the week-month end! The US has seen the biggest VOLUME buying at the lows on last weeks DIP.

We also need to extend some of the MINOR ranges we currently have.

The best contract to highlight KEY resistance across all maturities is US 5yr yields, failing MOST moving averages. We do need new yield lows on todays close.

It does feel we will have a concentration of activity around a month end!

Yields will need to fail into month end OR the BIGGER YIELD call lower will "PAUSE".

The LONGTERM charts remain unaffected BUT the recent daily volumes indicate significant profit taking especially in Germany.

USGG30yr monthly : Although the RSI is neutral the HISTORICAL representation remains for LOWER yields. This month sub the 3.0981 moving average maintains the negative theme.



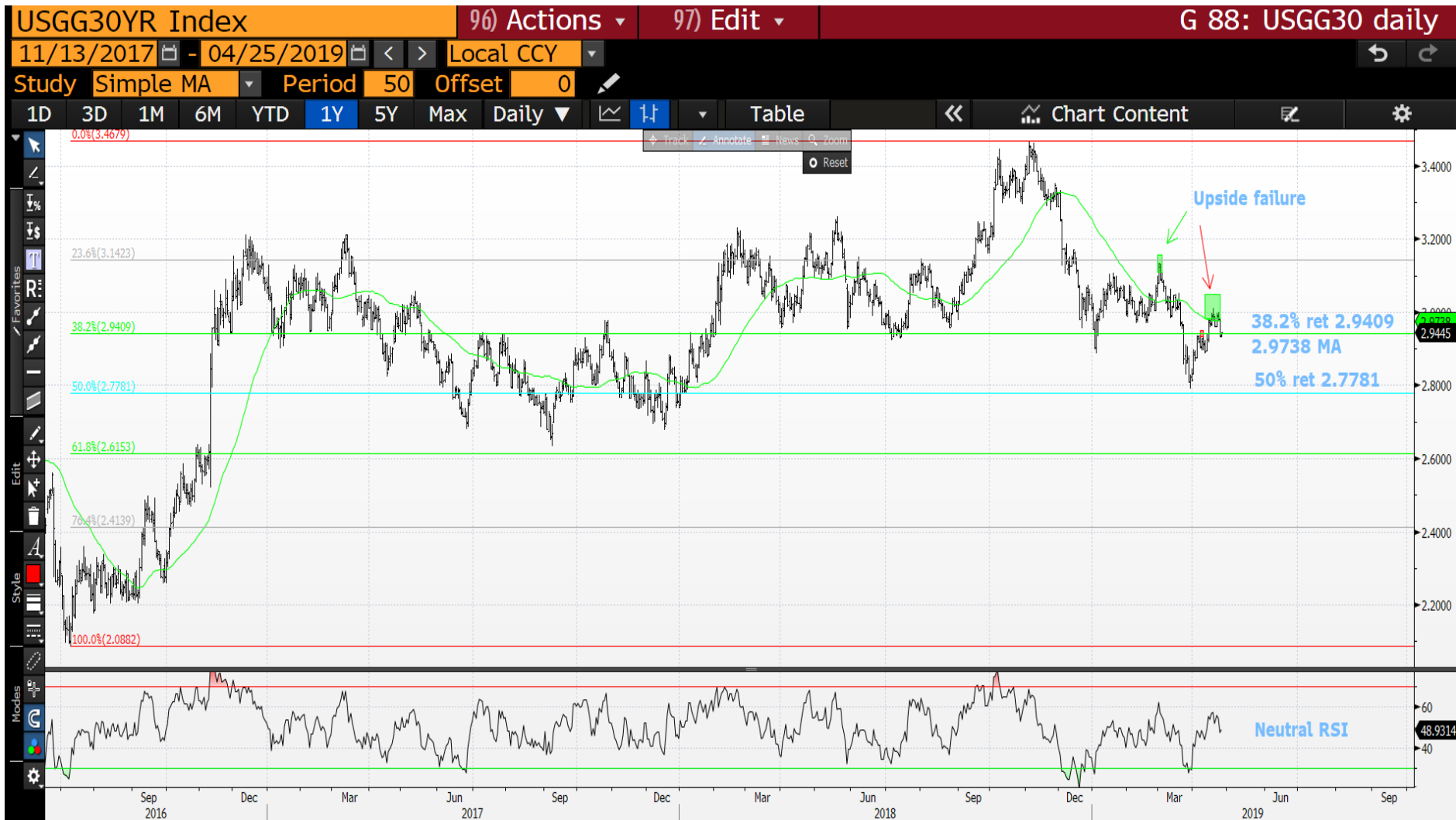
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USGG30yr weekly : We are failing the CHANNEL 2.9967 so hopefully progress lower into the week and month end. A close sub the 2.8876 moving average will help confirmation.

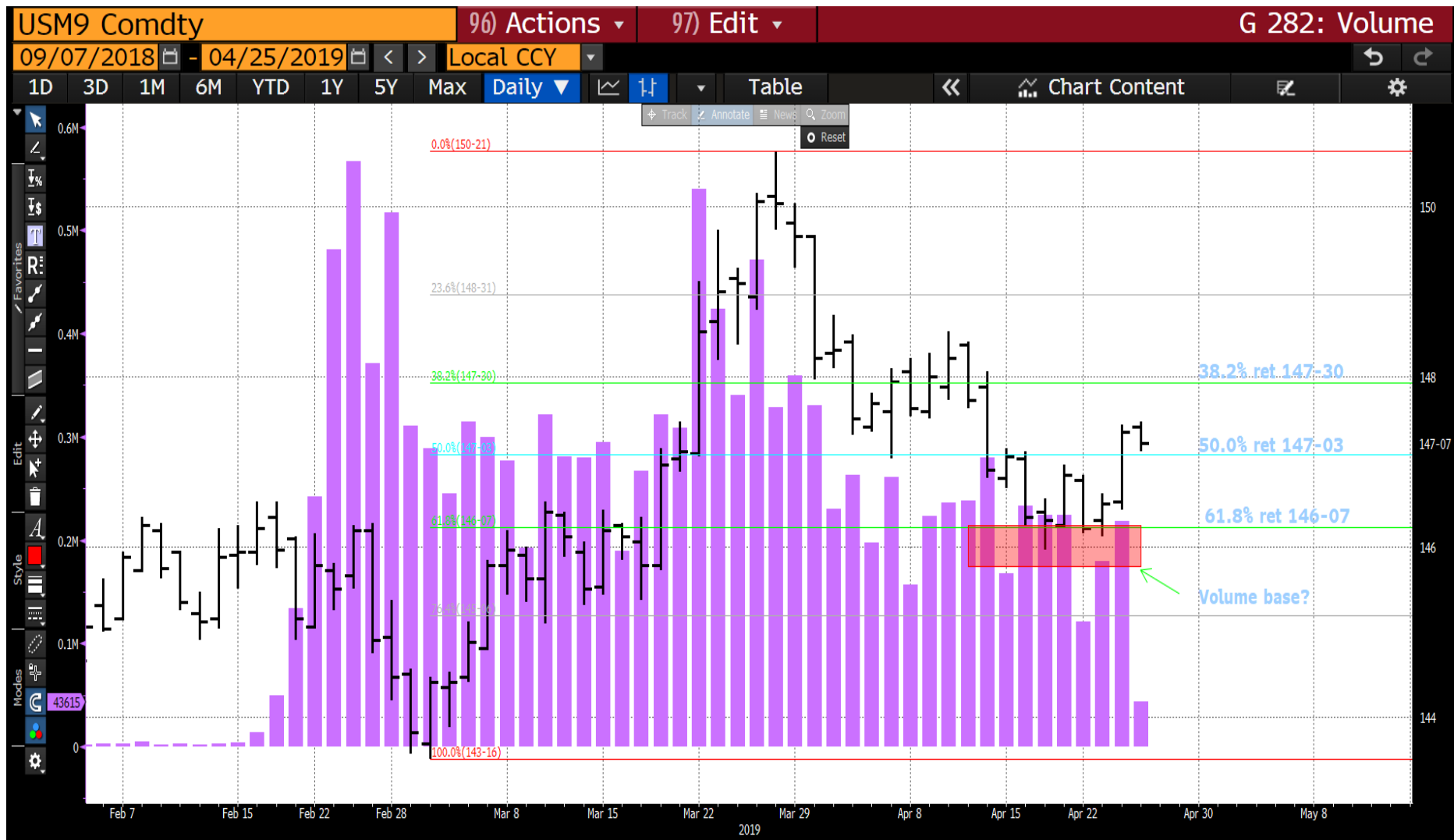


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USGG30yr yield daily : We have set up a similar formation to that early March thus hopefully we remain below the 38.2% ret 2.9409 into month end.



US 30yr futures and volume : A useful chart given the slight VOLUME BOOST at the lows-61.8% ret 146-07, we just need to maintain the grind higher! A close above the 38.2% ret 147-30 should be sufficient to confirm the trajectory higher.



US 10yr yield quarterly : Whilst sub the 2.7352 RELIABLE moving average “history repeats itself”.

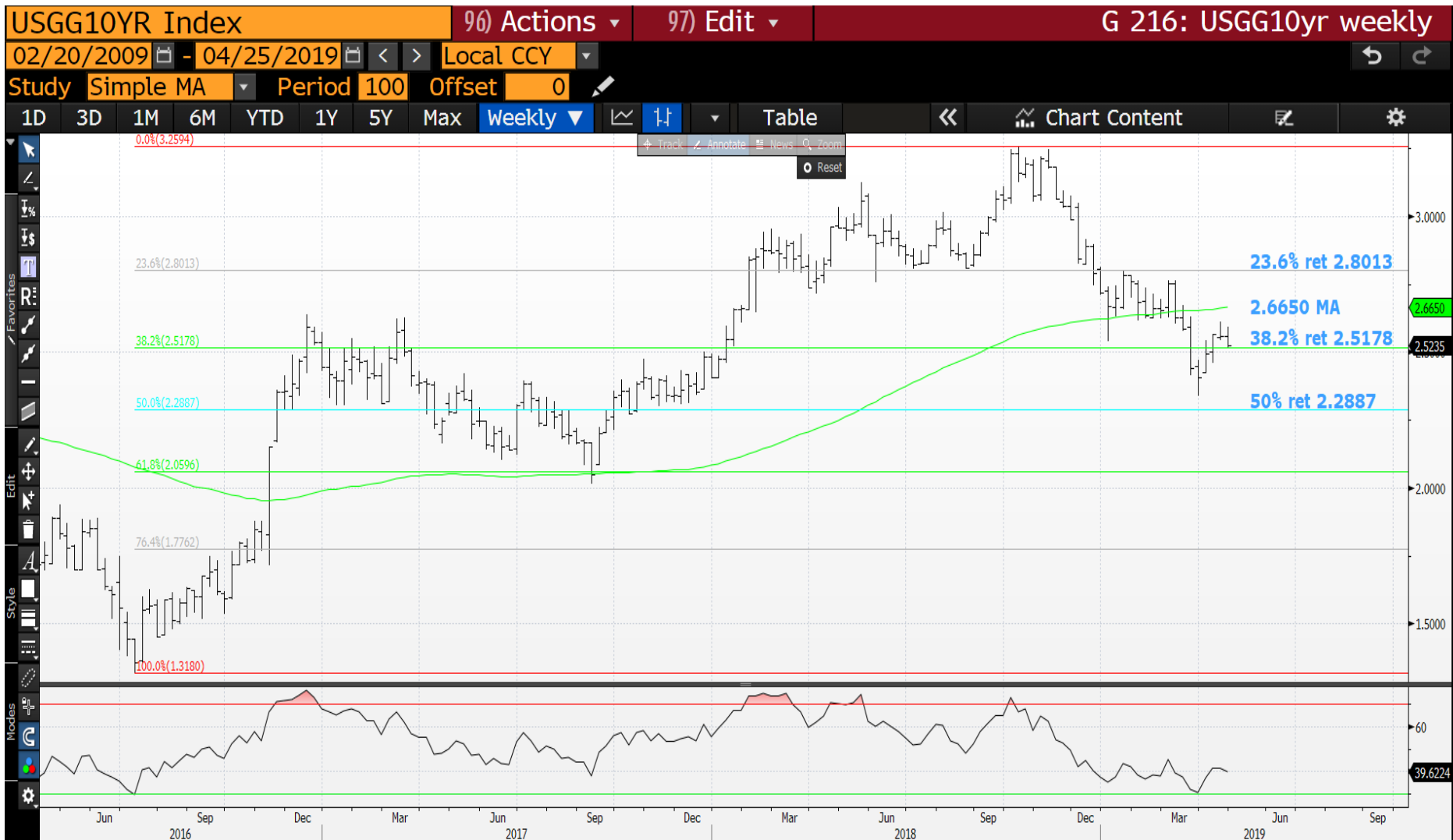


US 10yr yield monthly : We are in “no mans land” at the moment post the PERFECT moving average HIT.

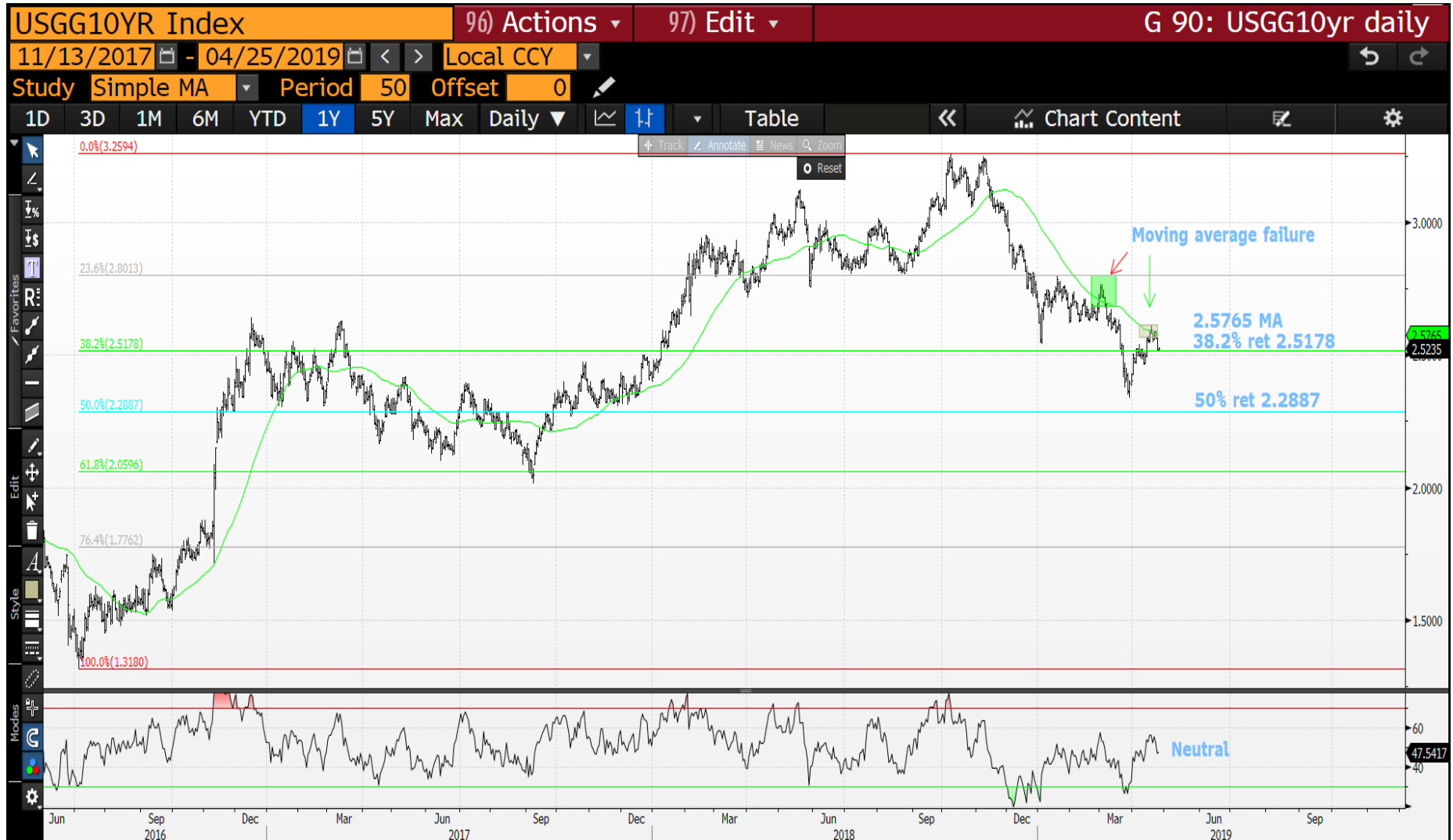


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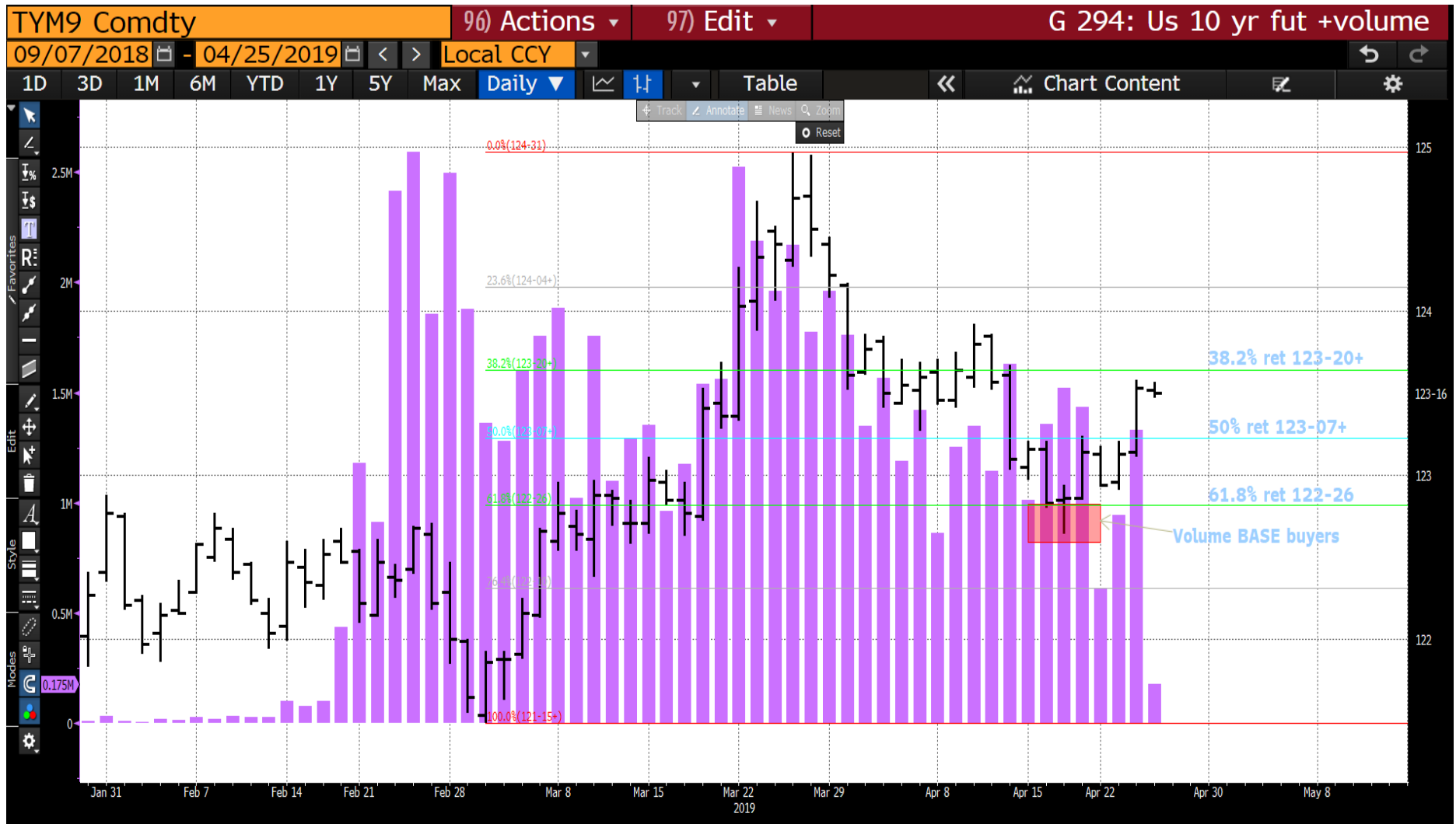
USGG10yr weekly : The RSI is off the lows AND we continue to remain sub the 2.6650 moving average, thus predicting lower yields. A breach of the 38.2% ret 2.5178 will be extremely helpful and looking likely.



USGG10yr daily : The RSI is neutral BUT we are FAILING the 2.5765 moving average, KEY we head sub the 38.2% ret 2.5178 by the week end. A repeat of March is looking likely.



US 10yr futures : An even greater endorsement of a VOLUME base. It seems there were quite a few buyers at the lows-61.8% ret 122-26! A close post the auction above the 38.2% ret 123-20+ and 123-29+ a MAJOR BONUS.



USGG5yr quarterly : We are well on the way to testing the 1.9971 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. Take out the moving average and history will very much repeat itself.

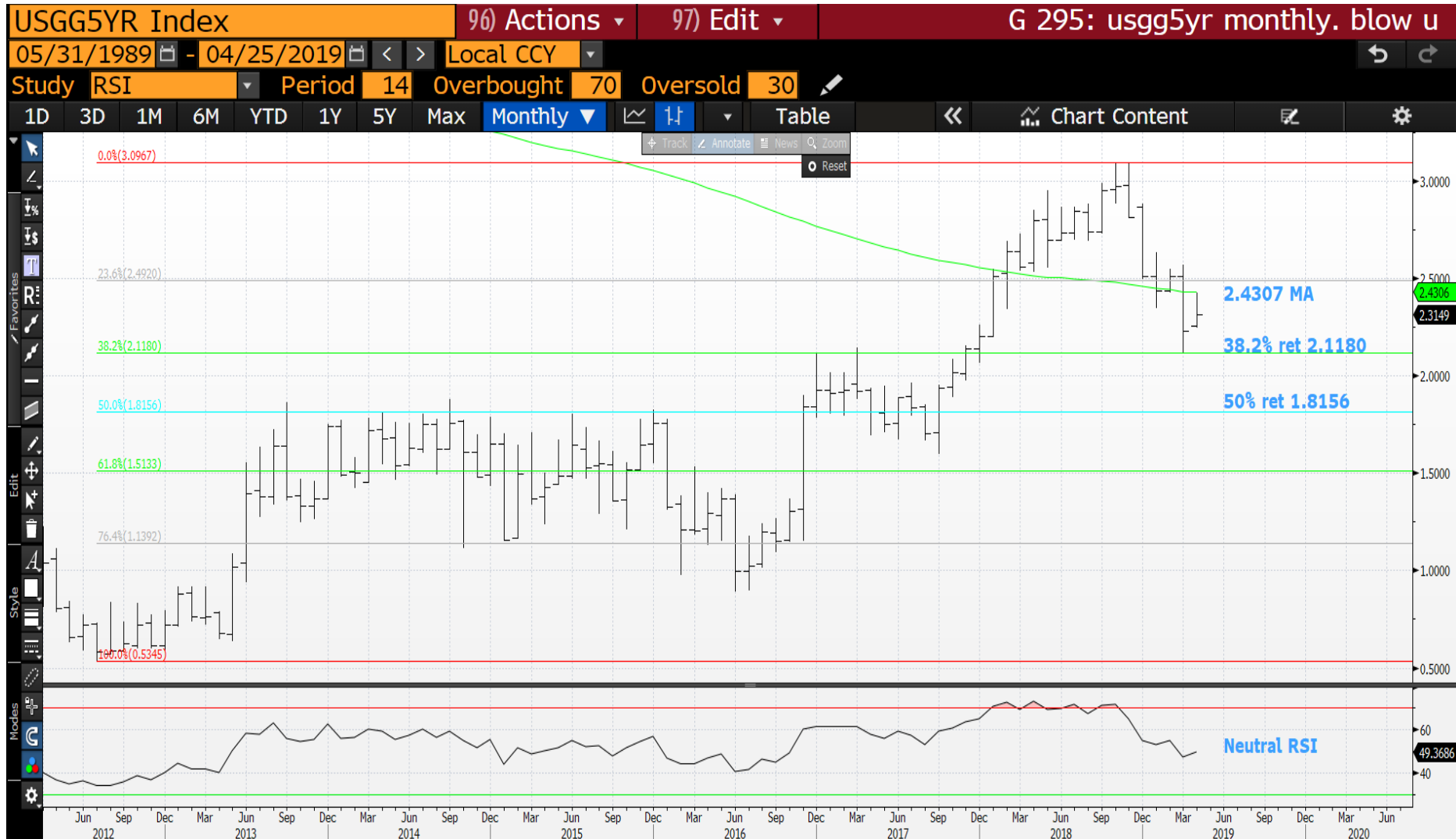


USGG5yr monthly : Despite the neutral RSI we have moved lower on the month FIRMLY rejecting the 2.4307 moving average. A breach of 2.1162 last months low will be IDEAL.



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USGG5yr monthly : A “blow up” of the previous chart to highlight the IMPORTANCE of this 2.4307 moving average failure. A breach or close near 2.1180 will be IDEAL.



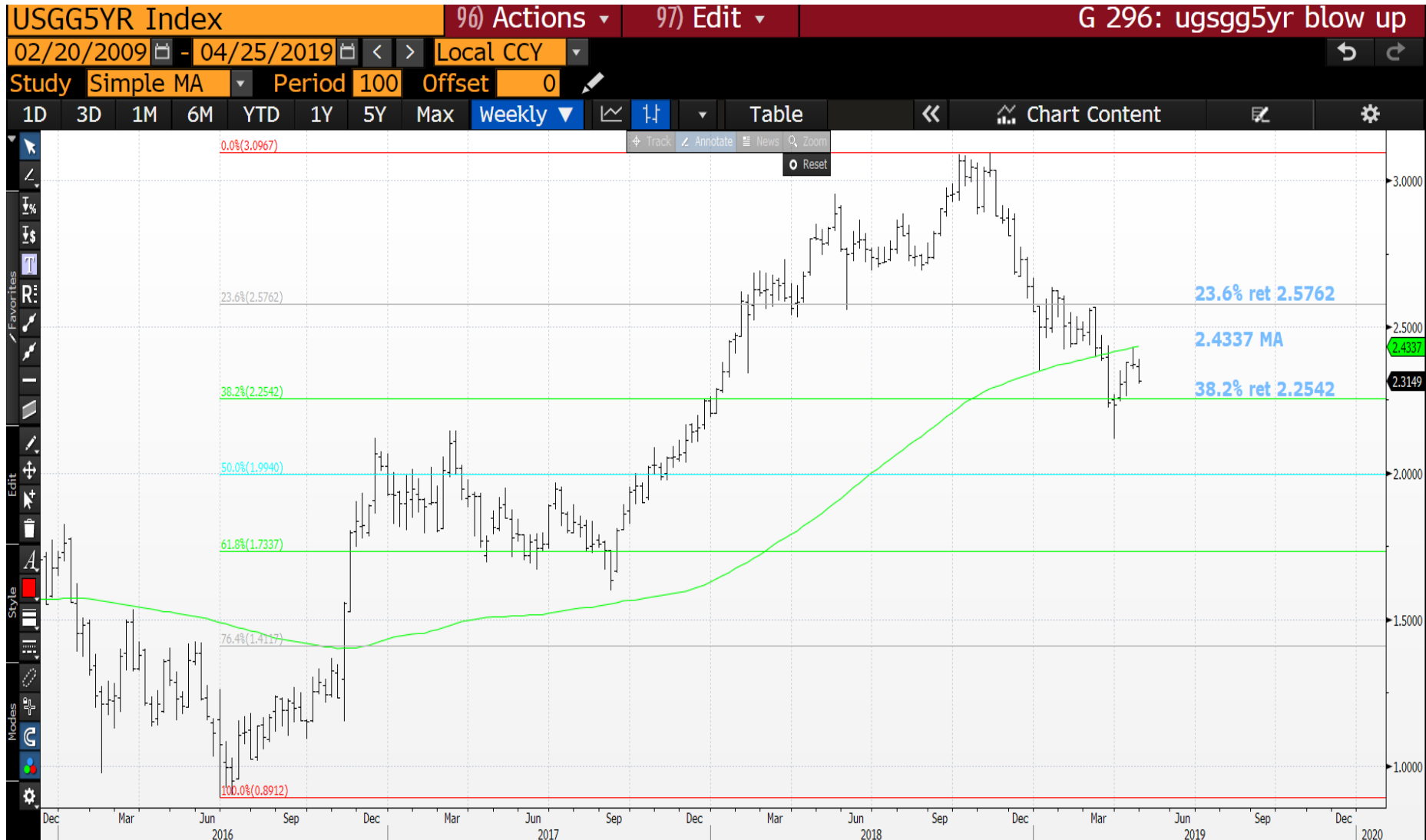
USGG5yr weekly : Again a FURTHER endorsement of the reliable moving average, this time we need to remain sub the 38.2% ret 2.3298. The moving average could be the perfect RESISTANCE.



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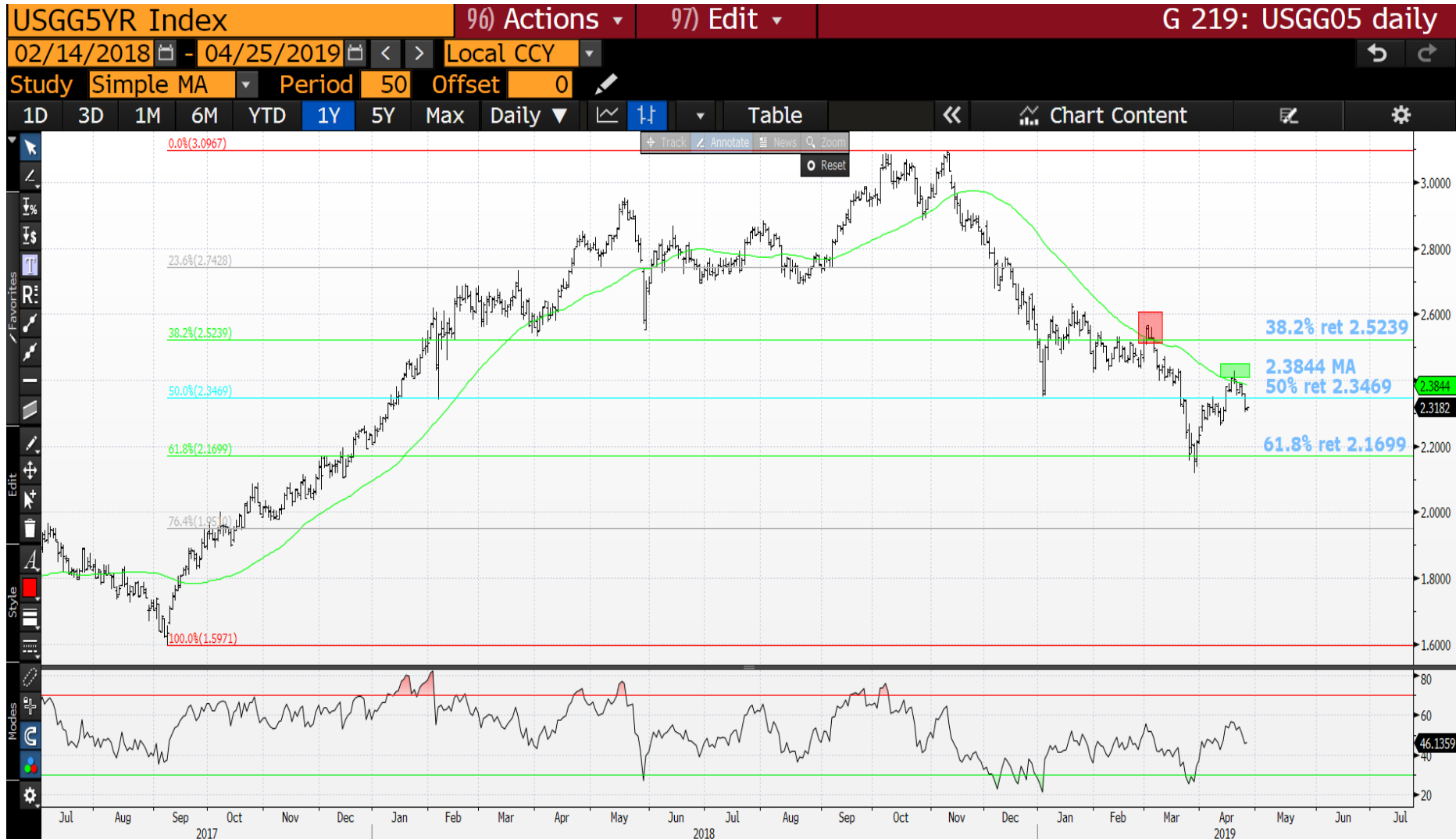
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USGG5yr weekly : Another “blow up” highlighting the weekly moving average resistance coming in at 2.4337. A close sub the 38.2% ret 2.2542 on the week will be VERY helpful.

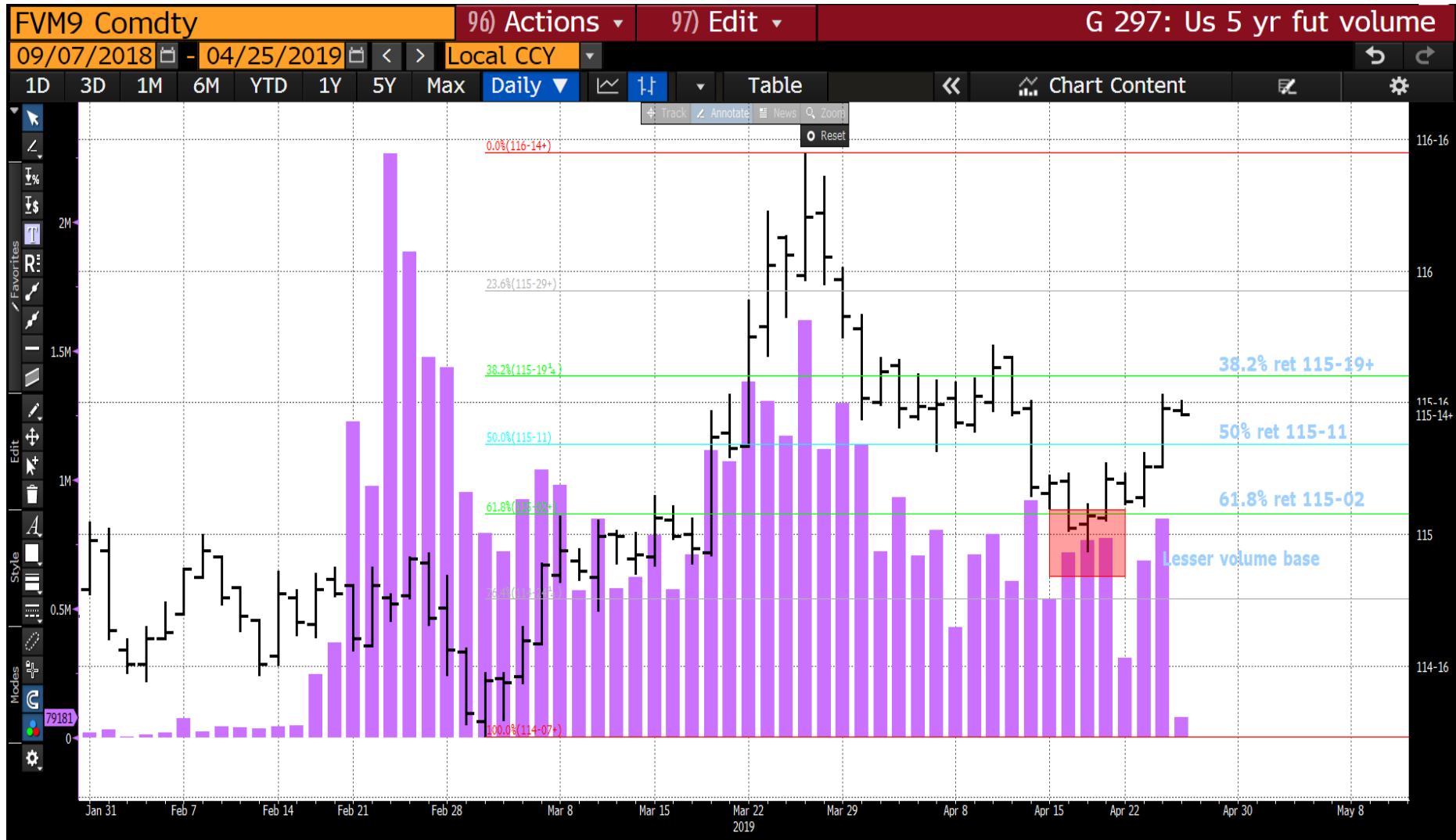


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USGG5yr daily : We HAVE stalled nicely against the 2.3844 moving average, a close sub the 50% ret 2.3469 will be ideal.



US 5yr futures : No major volume here but we have held the 61.8% ret 115-02 as with other futures contracts. Ideally we can breach the 38.2% ret 115-19+ or better still 115-23.



USGG2yr quarterly : This chart is very clean and clear in its representation, we have hit a rare 100 period 2.9026 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!



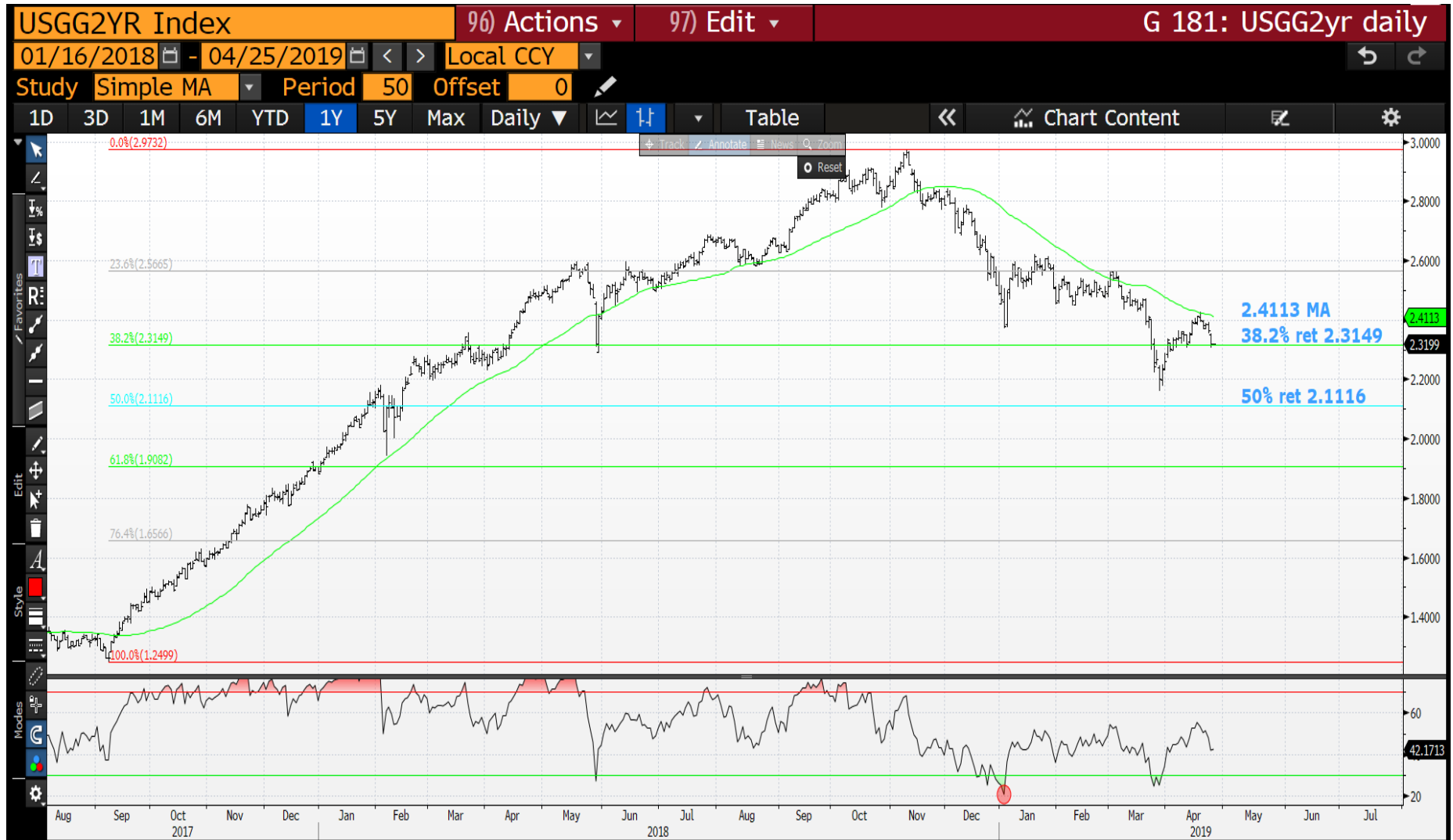
USGG2yr monthly : We have dropped down this months range and a step closer to last months low of 2.160.



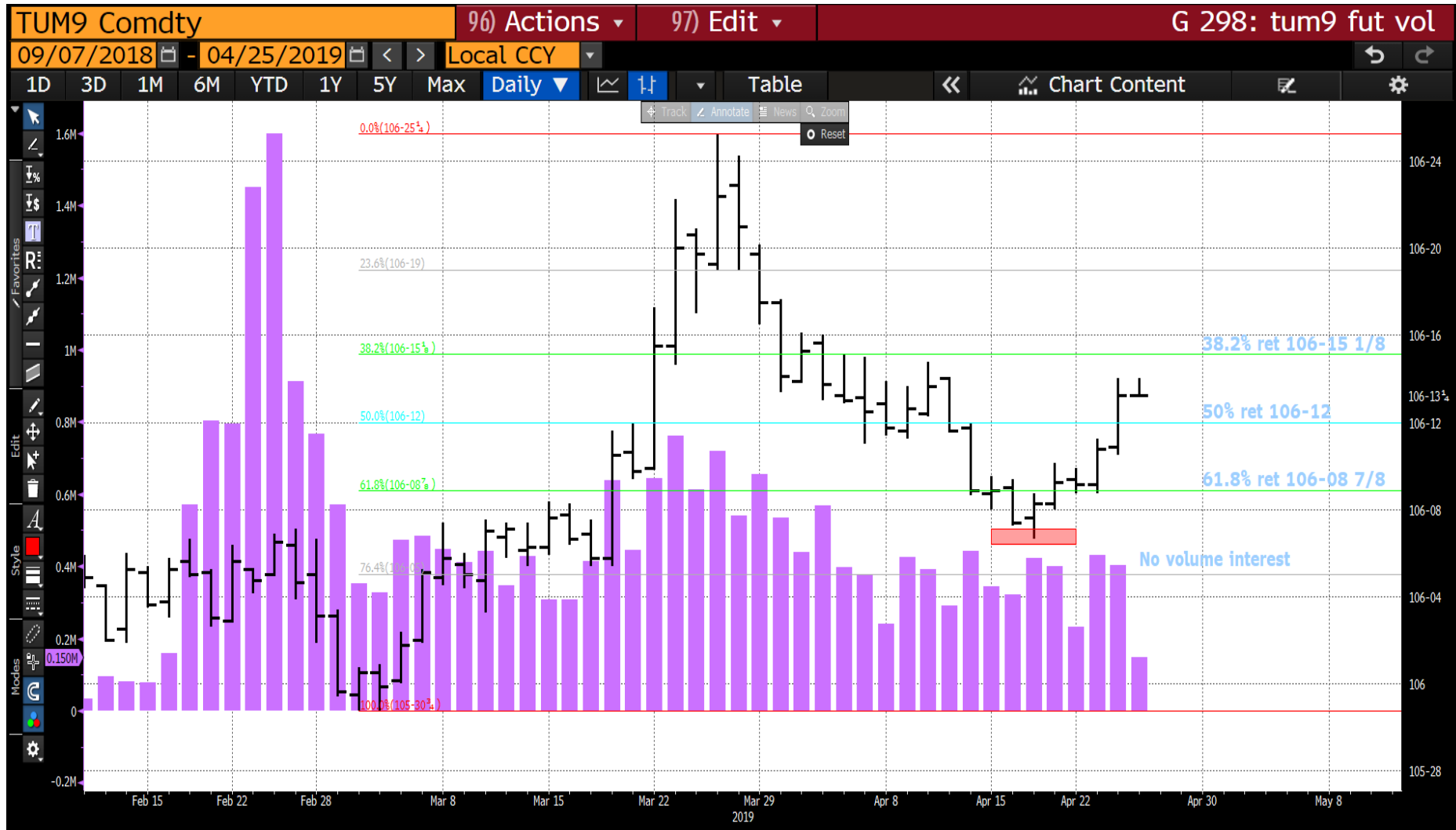
USGG2yr weekly : A VERY quick roll over from the 100 period moving average 2.1918 bounce, breach this and the flood gates OPEN.



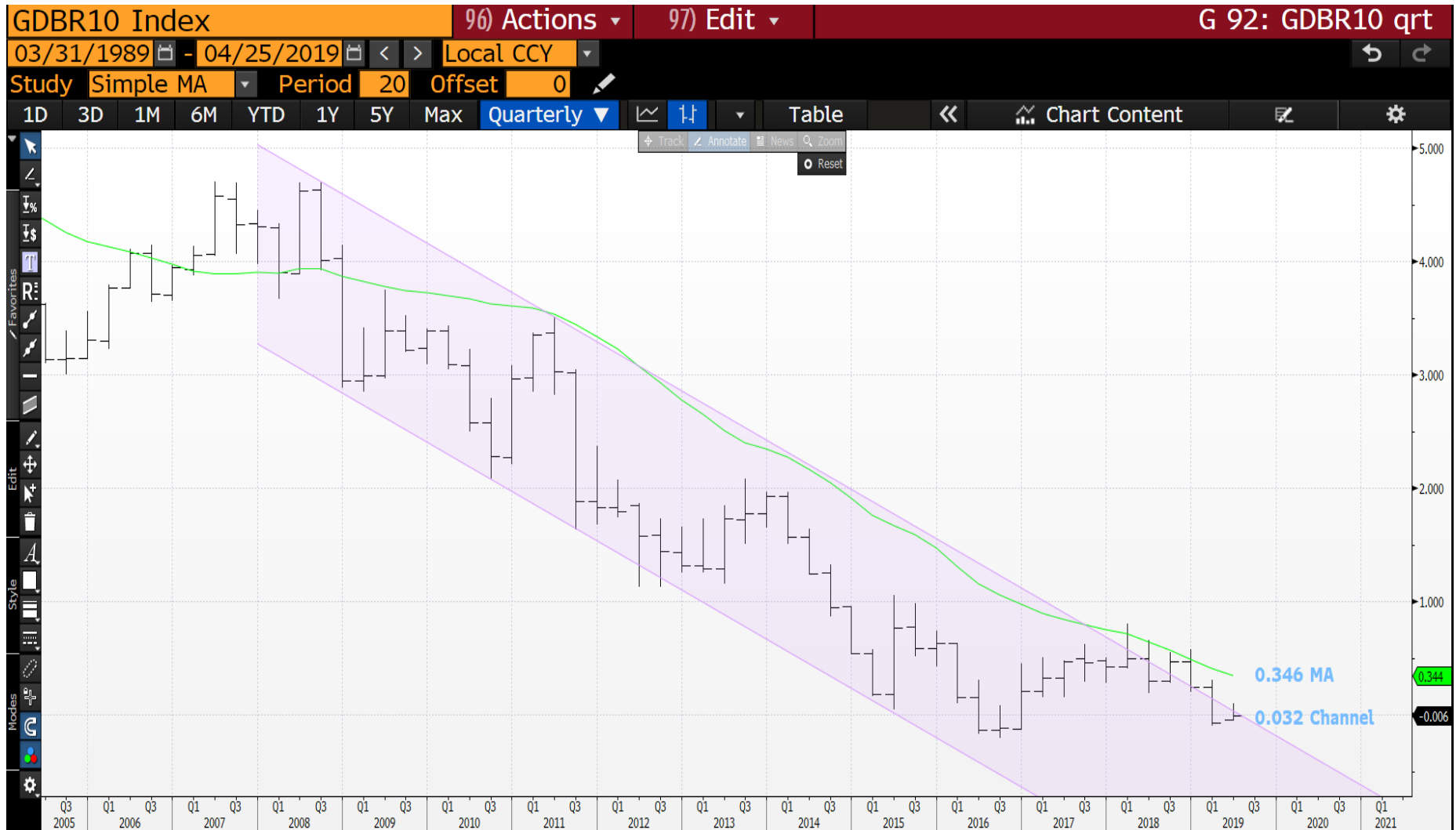
USGG2yr daily : Yet another failure of the 2.4113 moving average and look like heading a lot lower. A close sub the 38.2% ret 2.3149 will be VERY helpful.



US 2yr futures : No real VOLUME base to endorse the rally BUT above the 38.2% ret
 106-15 1/8 will help A LOT.



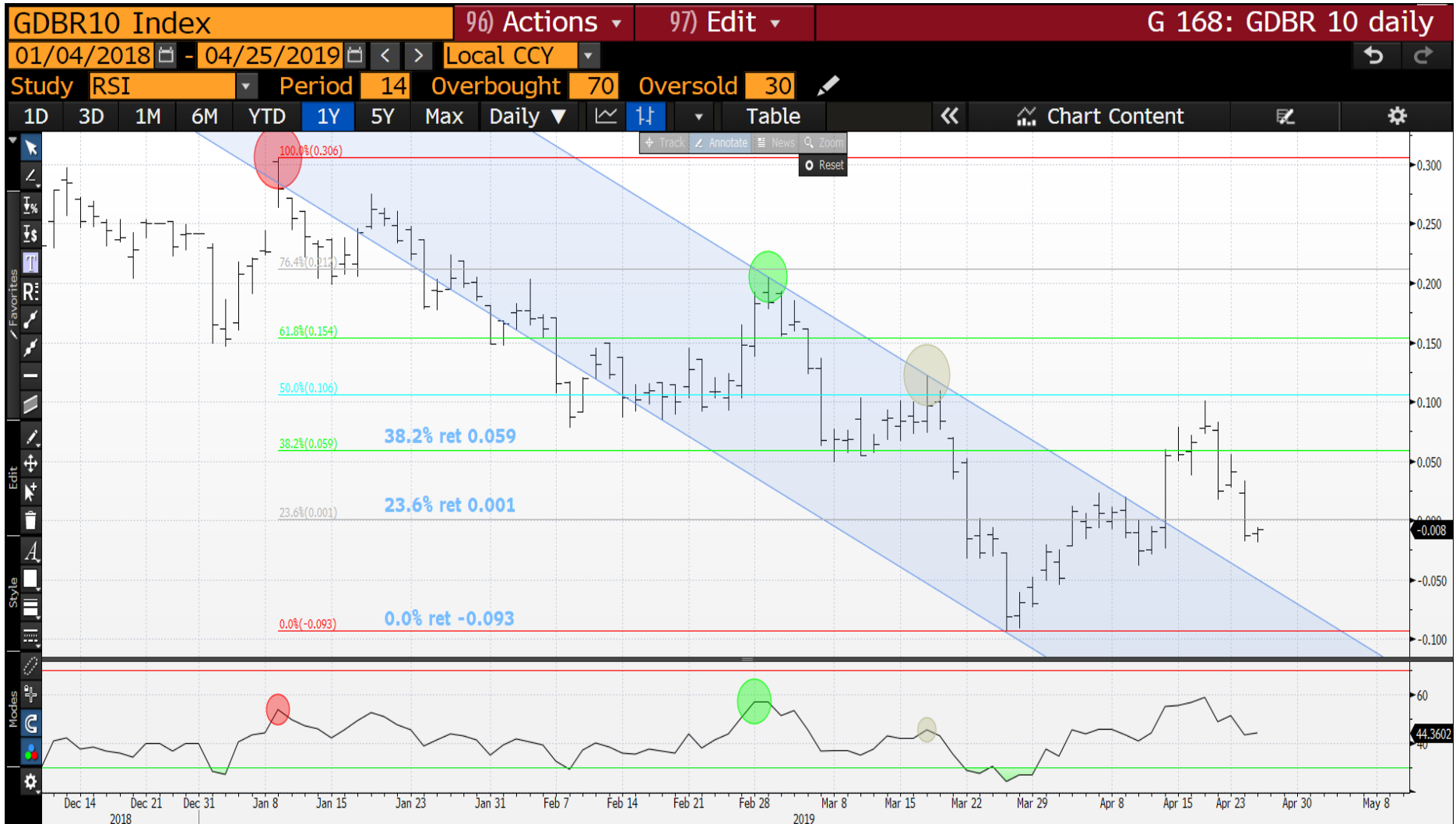
Generic German 10yr quarterly : We are back INSIDE the channel and so should head lower.



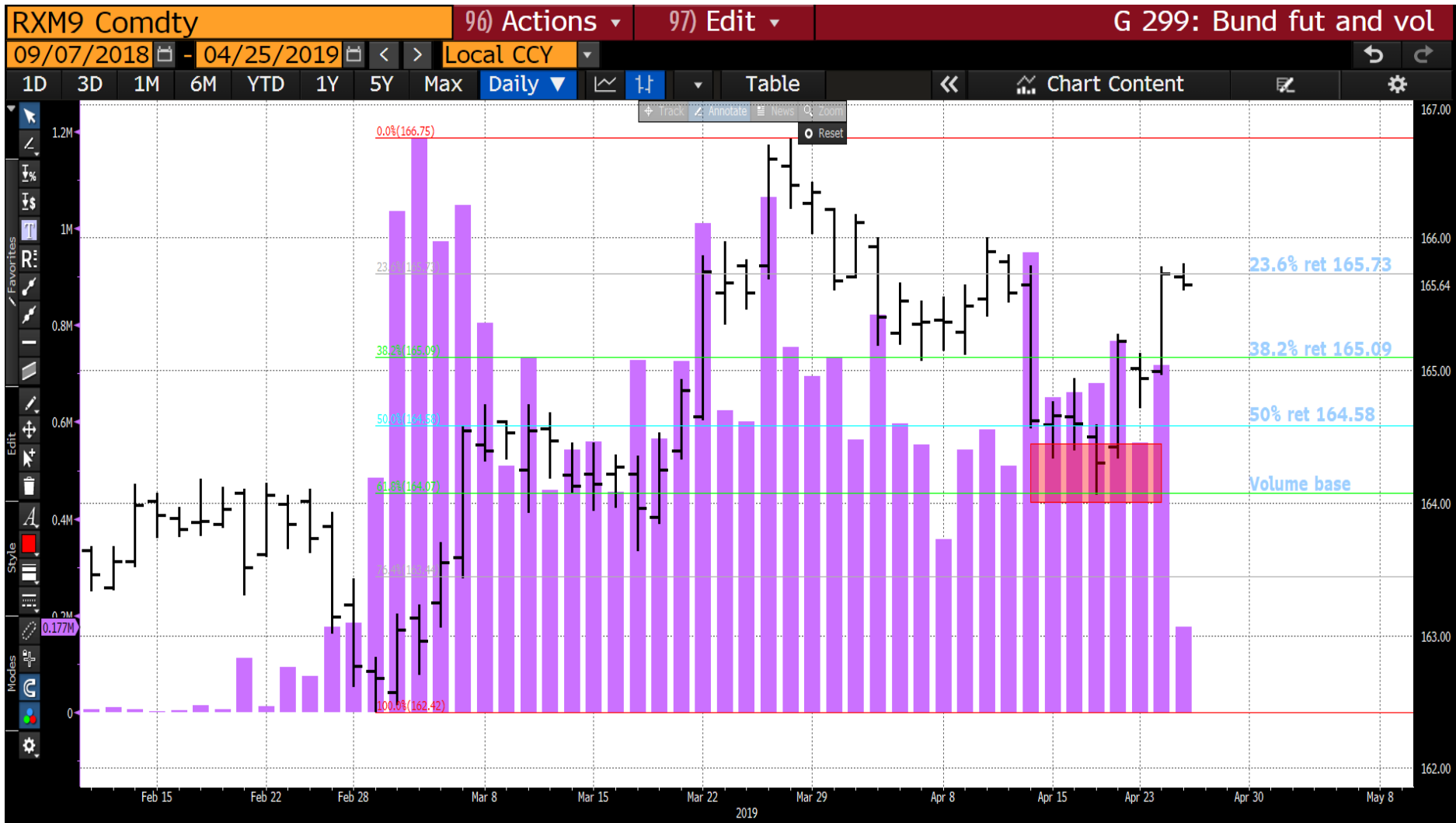
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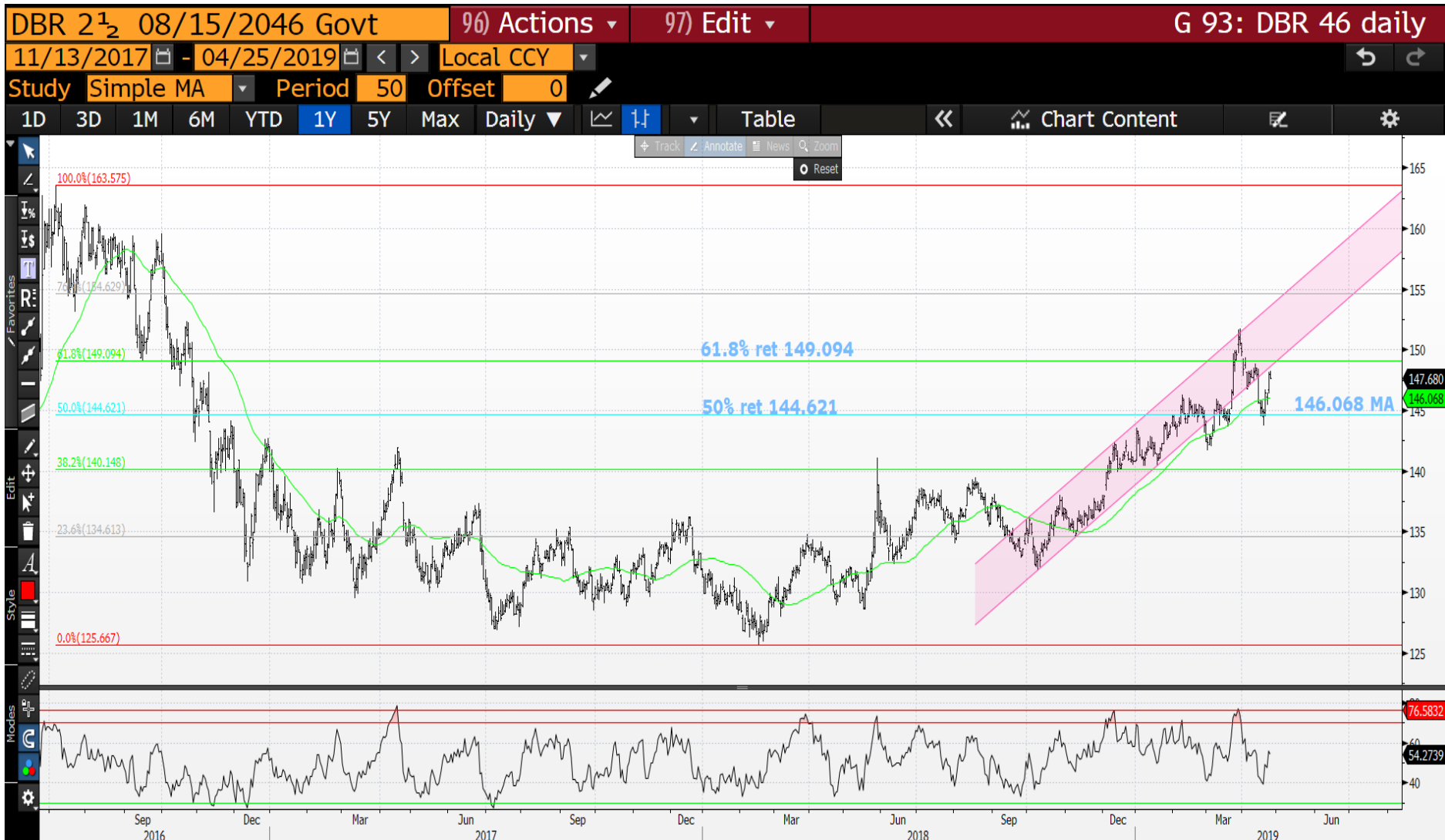
Generic German 10yr daily : We have breached the 23.6% ret 0.001 thus the next target is the recent lows 0.0% ret -0.093.



Bund futures : This witnessed a MAJOR VOLUME BASE at the 61.8% ret 164.07 low indicating the optimism for a further bounce. A close above the 23.6% ret 165.73 obviously helps.



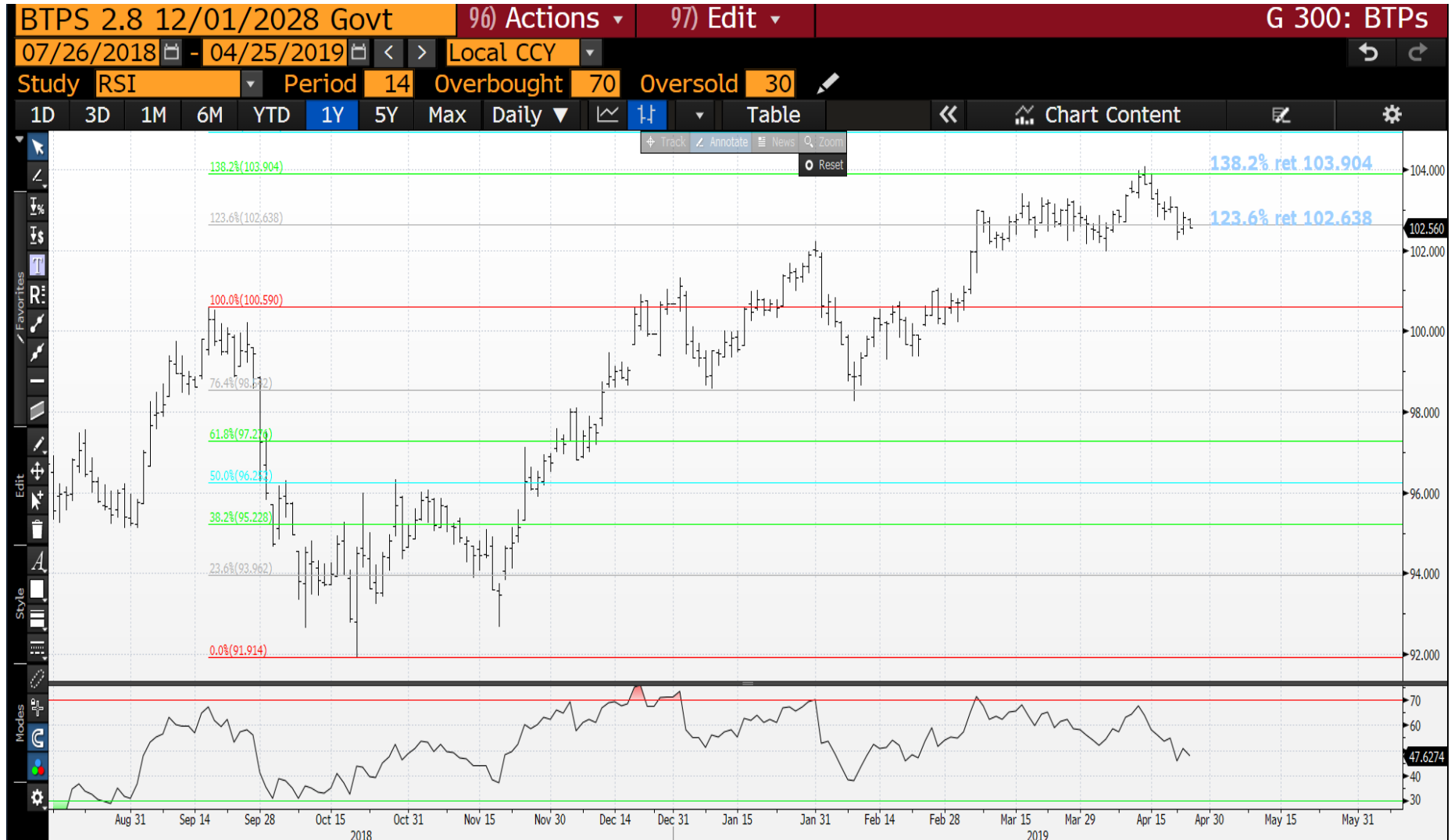
DBR 46 daily : We have HELD the 50% ret 144.621 and now need to take advantage of that. The channel and 61.8% ret 149.09 resistance looms!



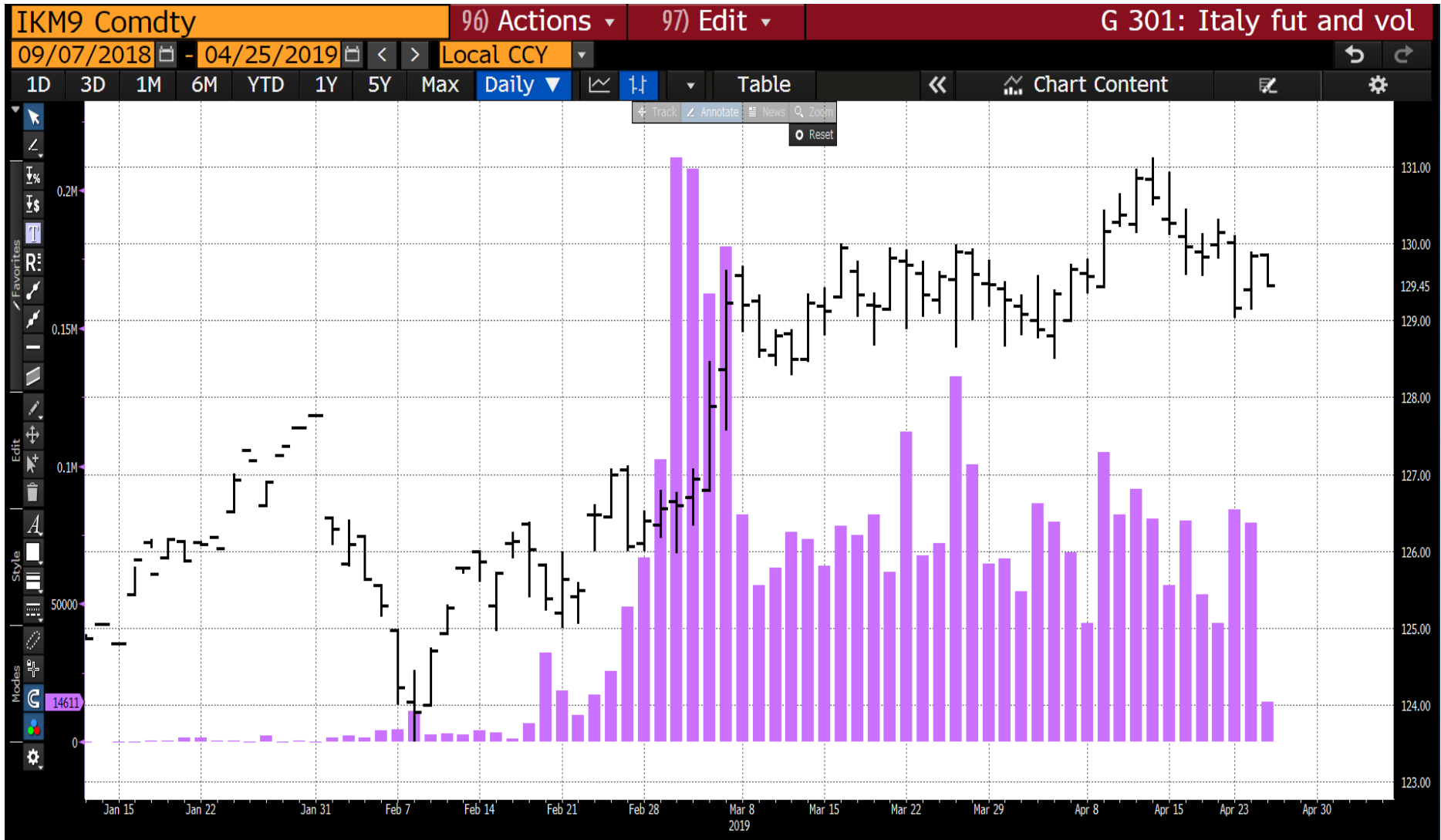
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BTP 12/28 daily : We have lost the RSI dislocation so neutral here to be honest, sub 102.00 would be a time to exit longs.



Italian futures : It looks like the March longs have not exited!



GUKG10 monthly : We continue to remain sub the 1.374 historical moving average, thus history should repeat itself.



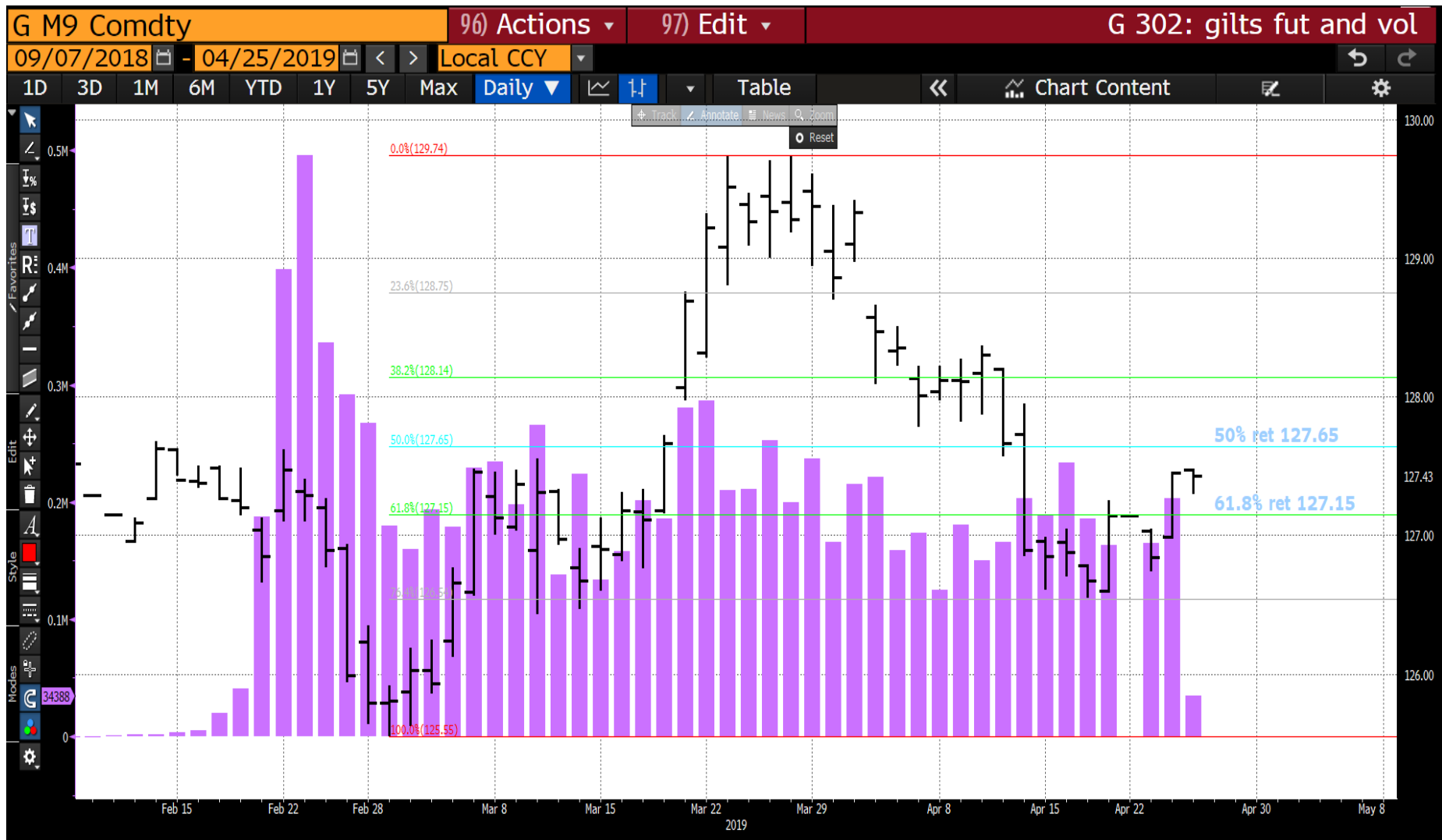
GUKG10 weekly : The channel is proving its worth and so we should continue lower, sub the 38.2% ret 1.154 will help a lot.



GUKG10yr daily : The RSI is reasonably high and we have dipped below the 1.212 moving average. We NEED to head lower into the weekend.



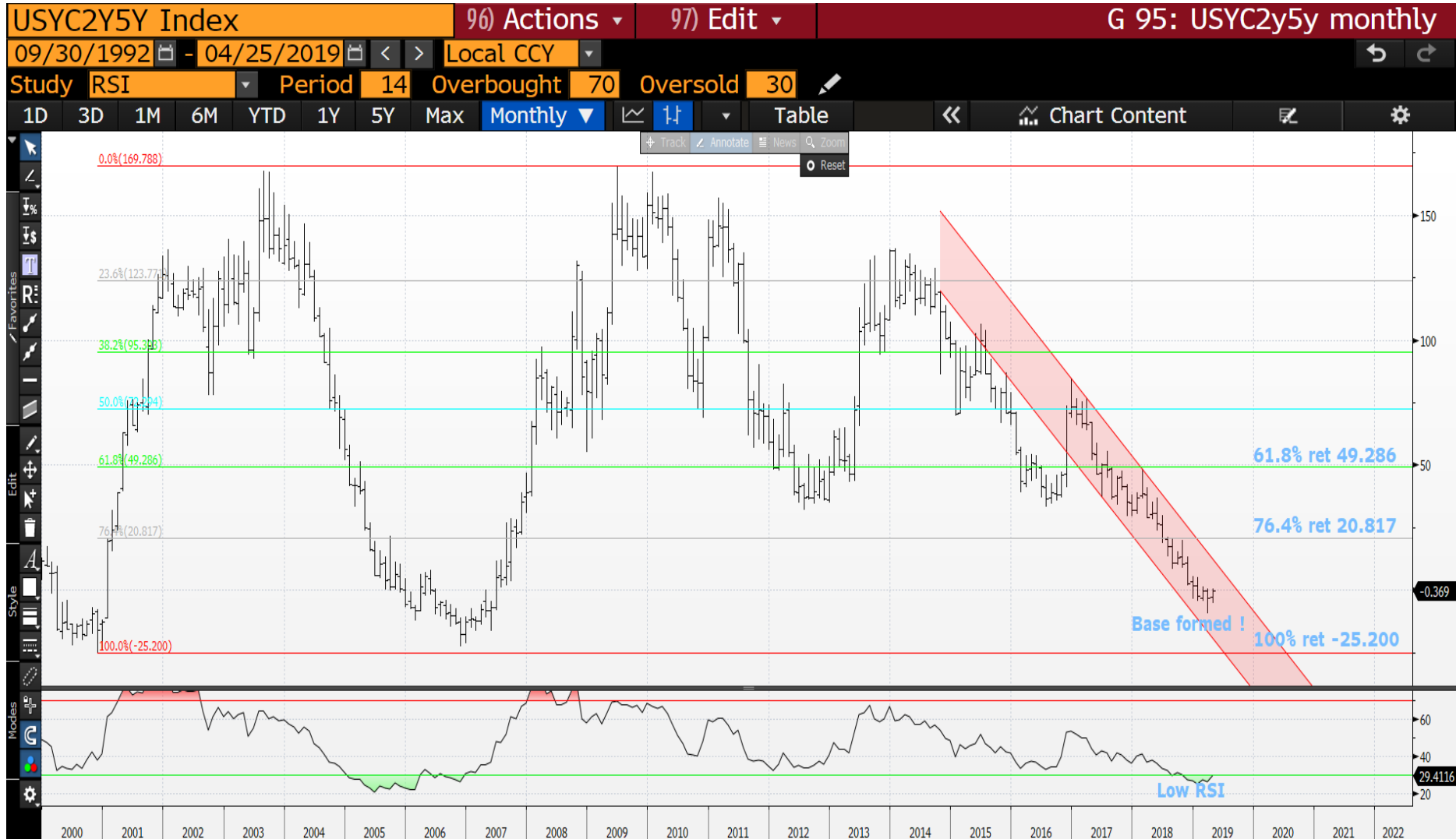
Gilt futures : Volume has been steady with a marginal pick up at the lows, ideally we need to breach the 50% ret 127.65. We do have a new futures high today thus CTAS should be buying.



US curves a once in a lifetime opportunity?

- **Curves** : The frontend curves now look like a **PERFORMER** given the strong steepening closes last quarter. Certainly looks like the **BASES** are in.
- **** 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 : We HAVE formed a DECENT BASE. Yet to decide if this reflects a yield direction change so happy to defer that and go with the curve idea. We now have an established pierce so should head a lot higher.



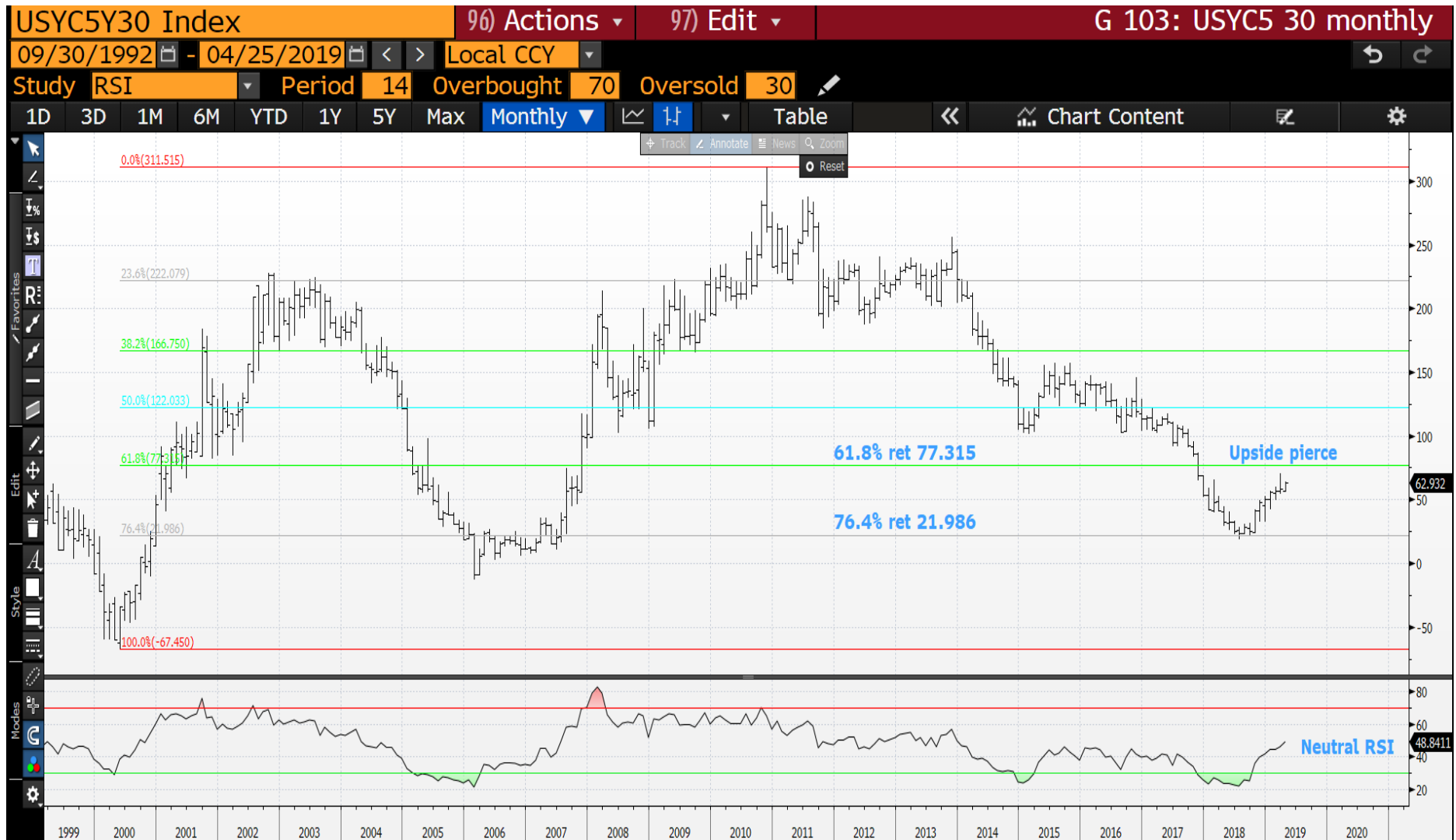
US 2-10 curve monthly : We have now formed a DECENT base over the last few months, a good time to get involved in a steepener. Add on a breach of the 76.4% ret 26.639.



US 2-30 curve monthly : A tricky time here as we have an upside pierce from last month but that is being close to a breach.



US 5-30 curve monthly : We have a sizeable negative upside pierce, we just need to see if it survives.



US 10-30 curve monthly : We have a pretty major upside pierce BUT have yet to breach the 61.8% ret 38.721.



US 10-30 curve monthly : We have a pretty major upside pierce BUT seem to have done little with that.



US 2-7-30 fly monthly : We are now HOLDING the previous low -31.3224.



US 2-7-30 fly weekly : We have now based and poised to head higher!



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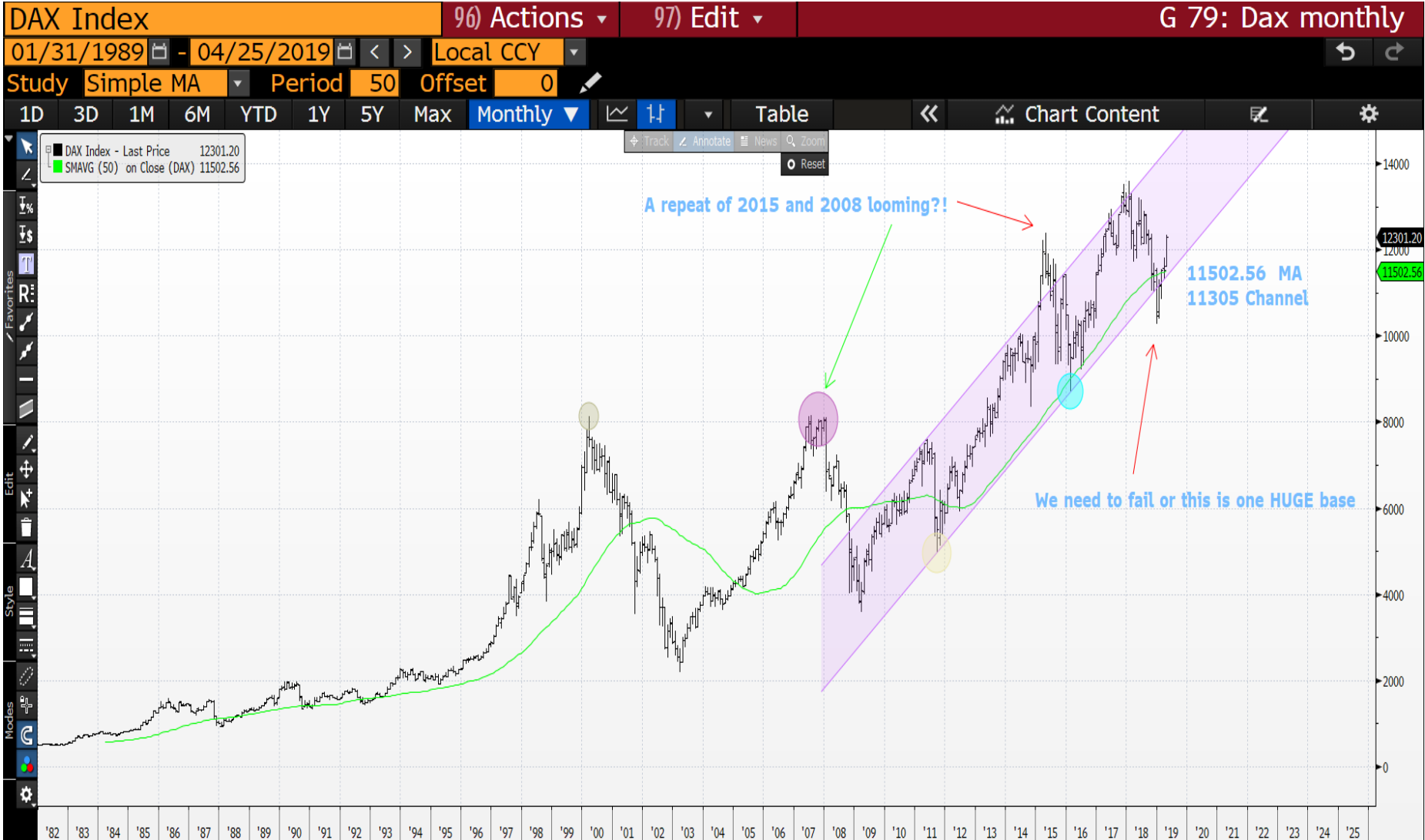
EQUITIES

EQUITIES : One area that remains a SIZEABLE frustration BUT things still don't add up, especially if bond yields break lower at month end!

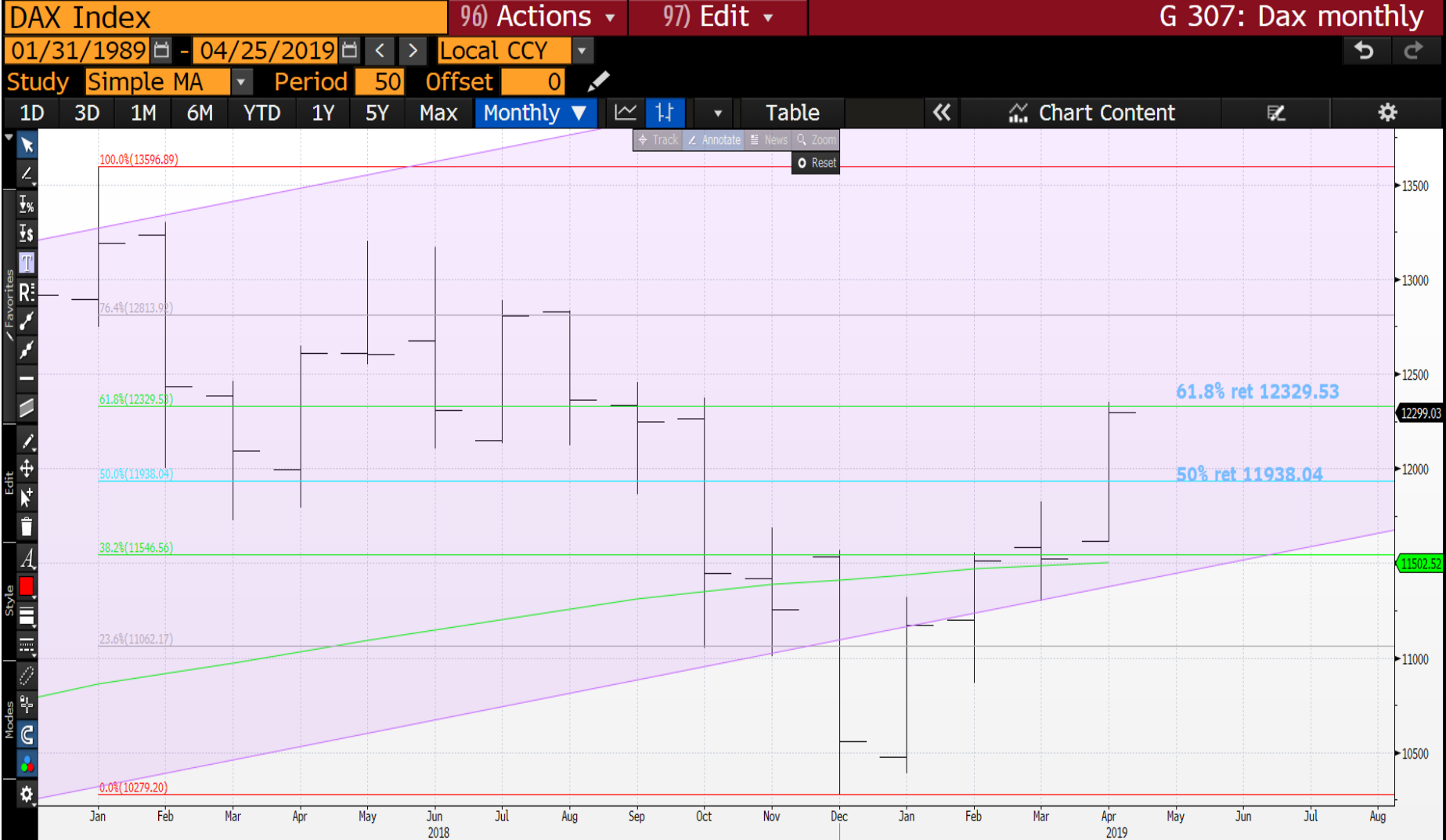
Many will argue that stocks are FINE and a level of comfort is now built in. This has never been more of a critical location TO FAIL. Optimism is built in along with positions however MANY EARNINGS SEASON is here and CHYYYYYNA deal yet to be finalised.

They continue to perform but further upside progress seems limited.

DAX monthly : Do now have that sinking feeling that the latest BASE is in!



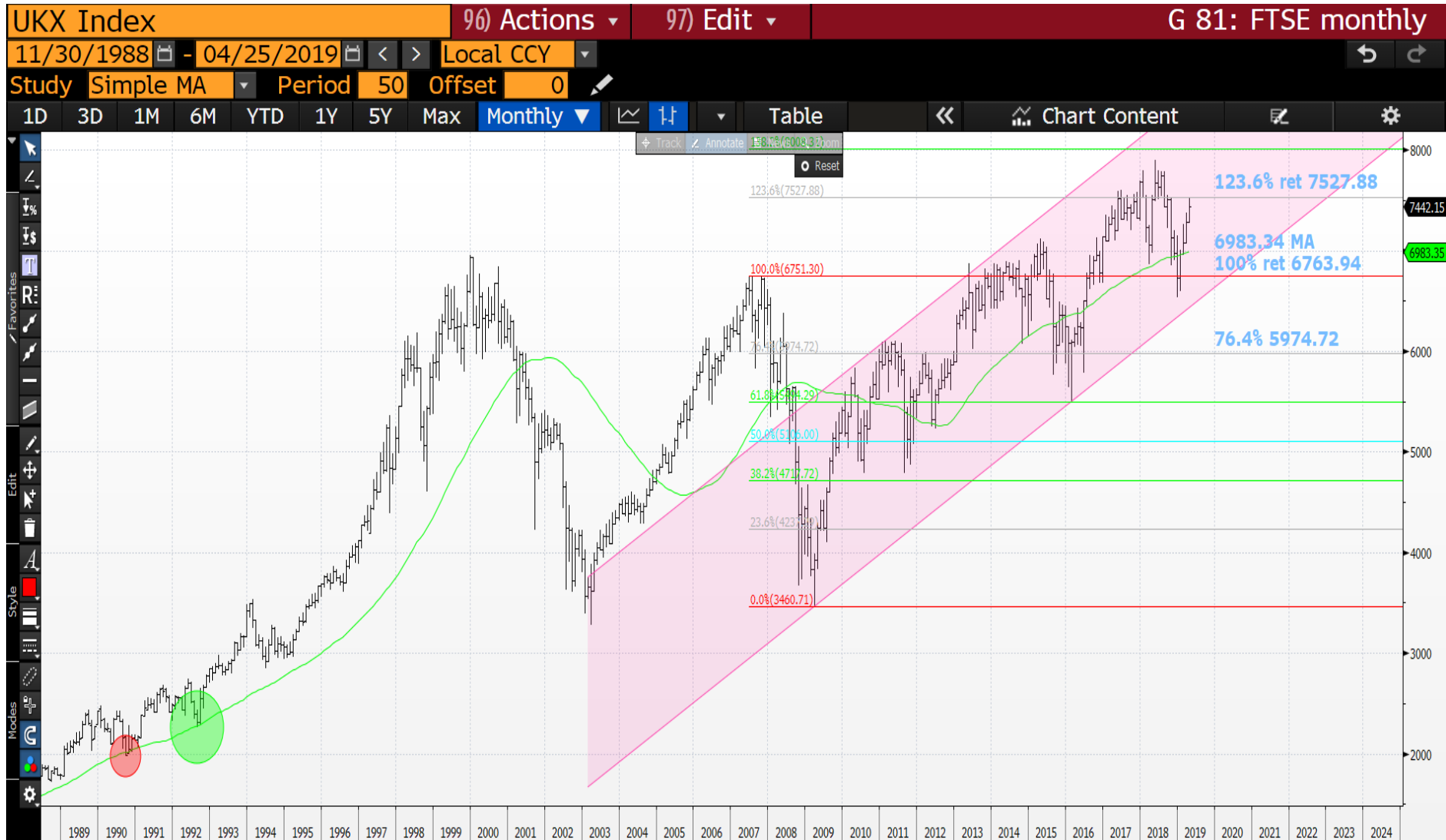
DAX monthly : For what it is worth we have hit the 61.8% ret 12329.53.



Dax daily : Not that it has made much difference before BUT the RSI is now the highest since November 2017! Ideally we need to close below the 61.% ret 12086.92 to be classed as a FAIL.

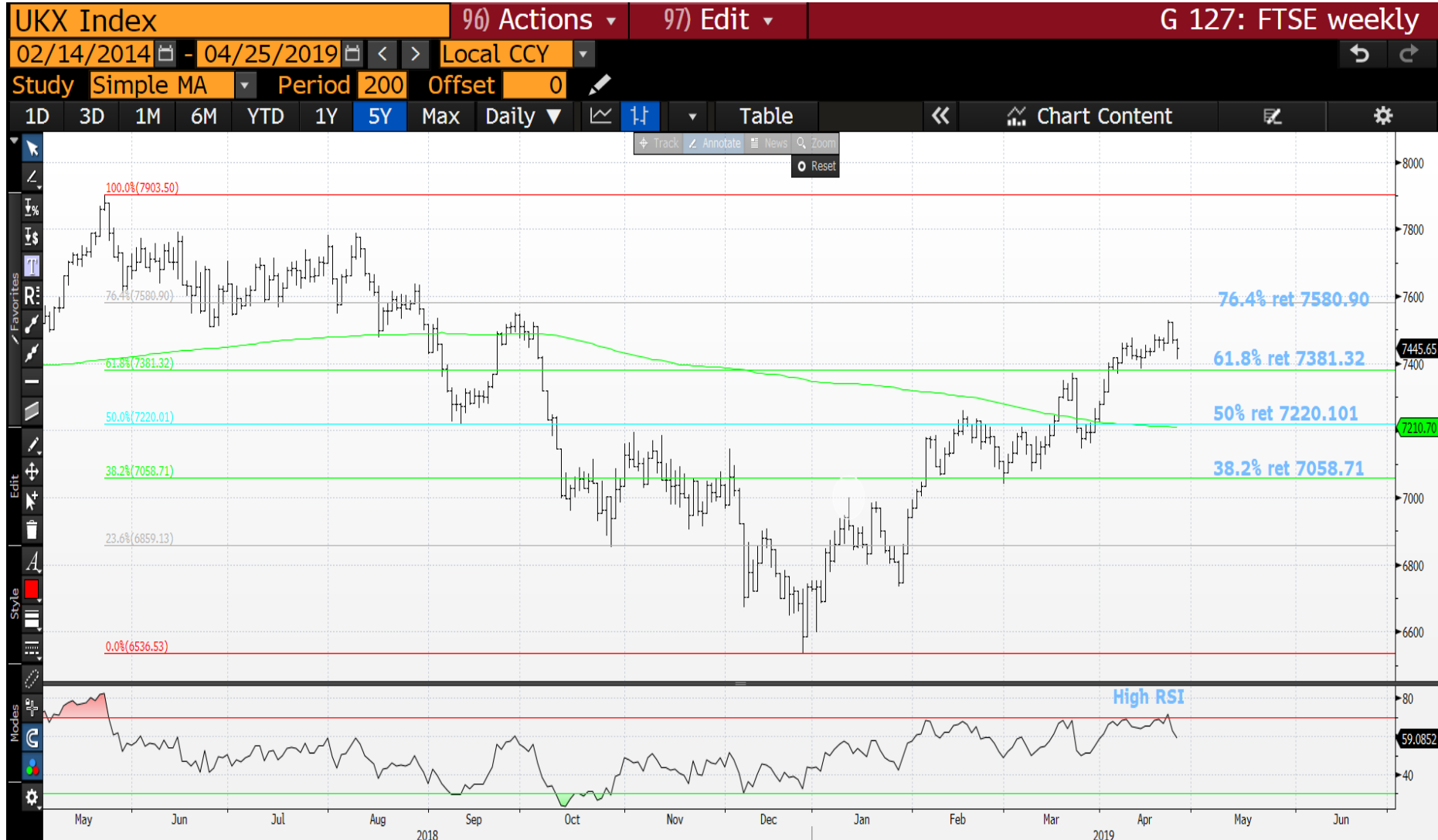


FTSE monthly : This has ALWAYS been a VERY technical contract thus the latest failure at the 123.6% ret 7527.88 might be VERY significant.

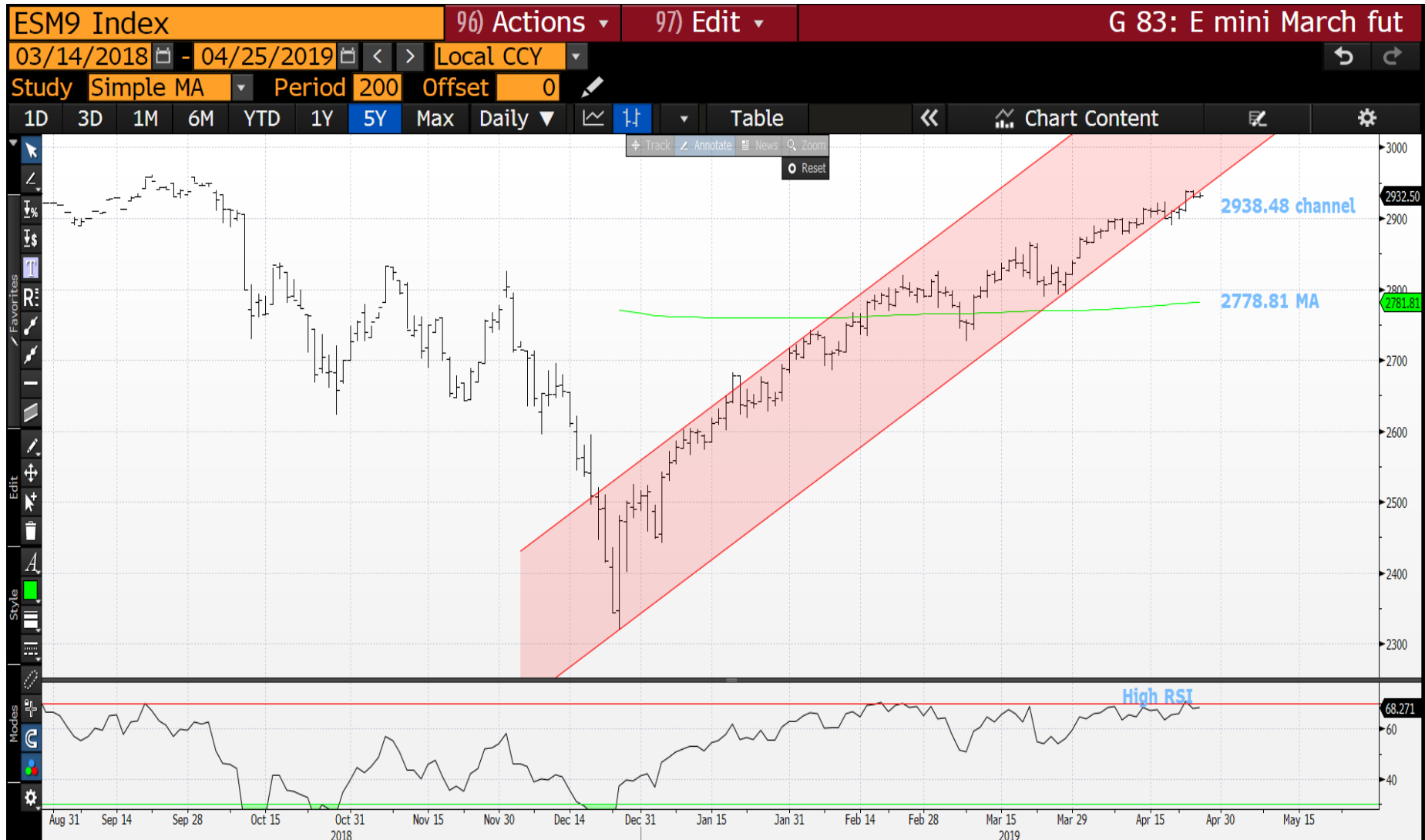


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FTSE daily : Again we have a high RSI so any breach of the 61.8% ret 7381.32 will be helpful.



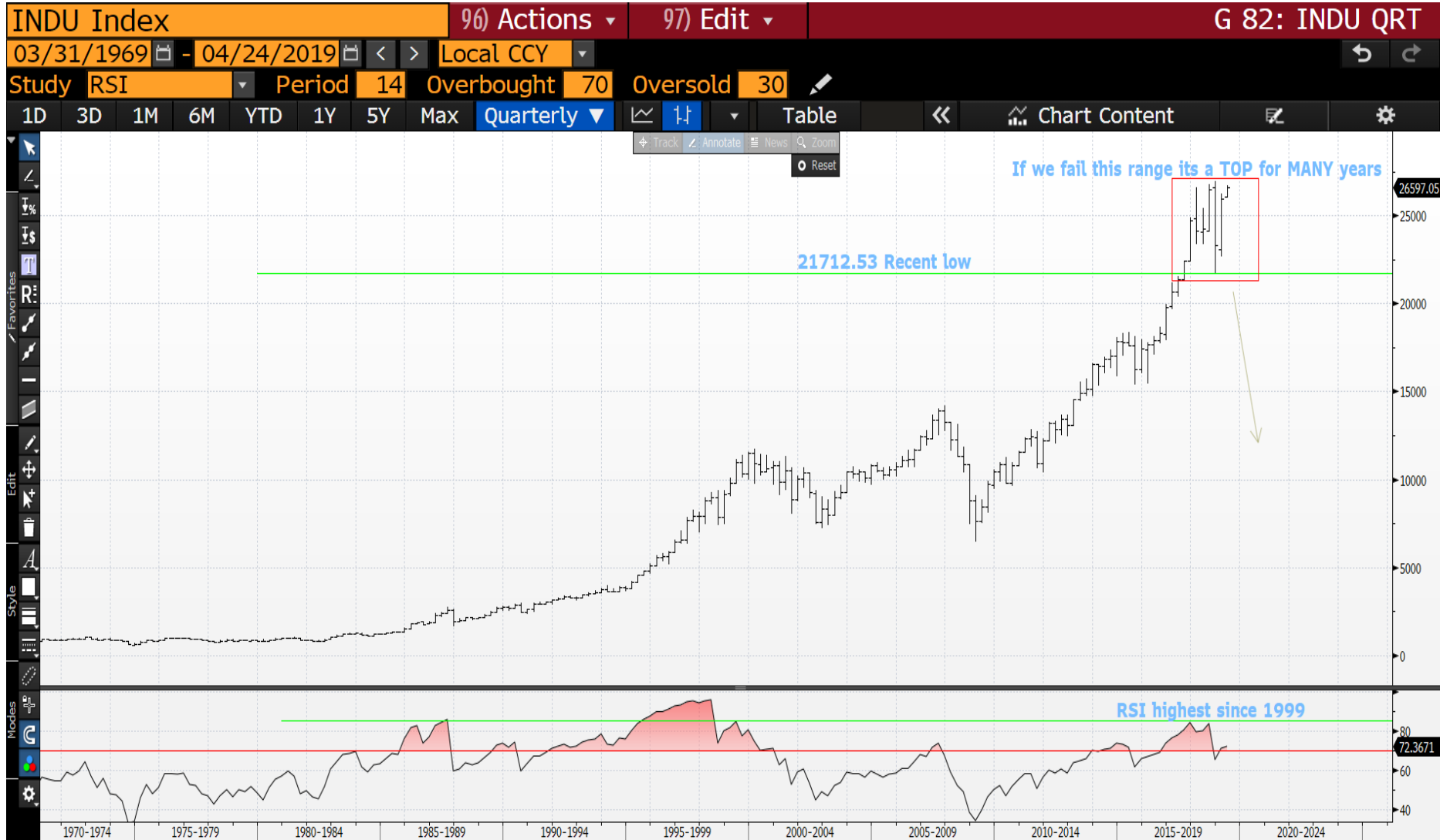
E mini S*P daily : The RSI has been high before but this time we are outside the TREND CHANNEL.



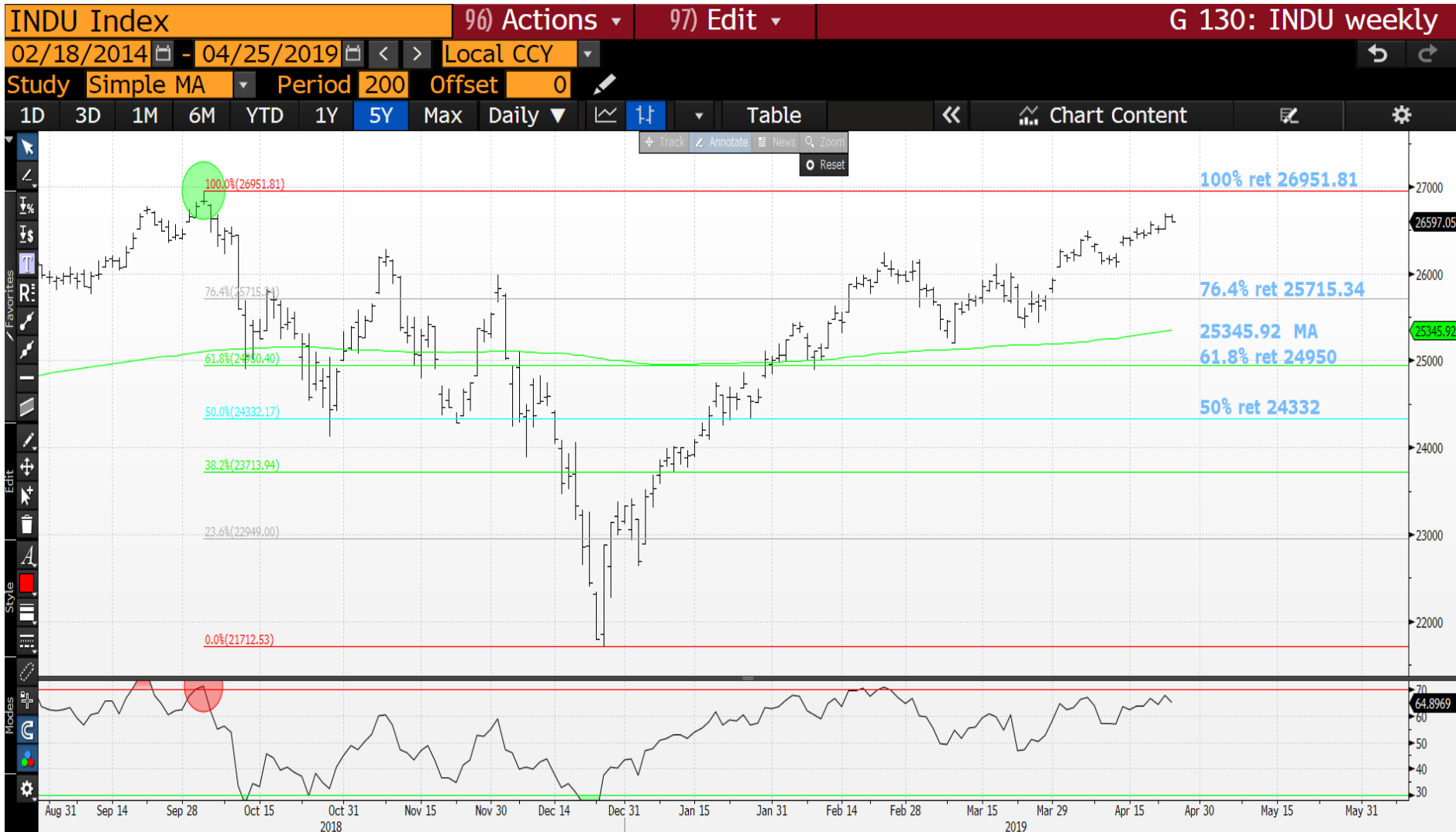
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DOW quarterly : We have breached the last quarters highs so shall see.



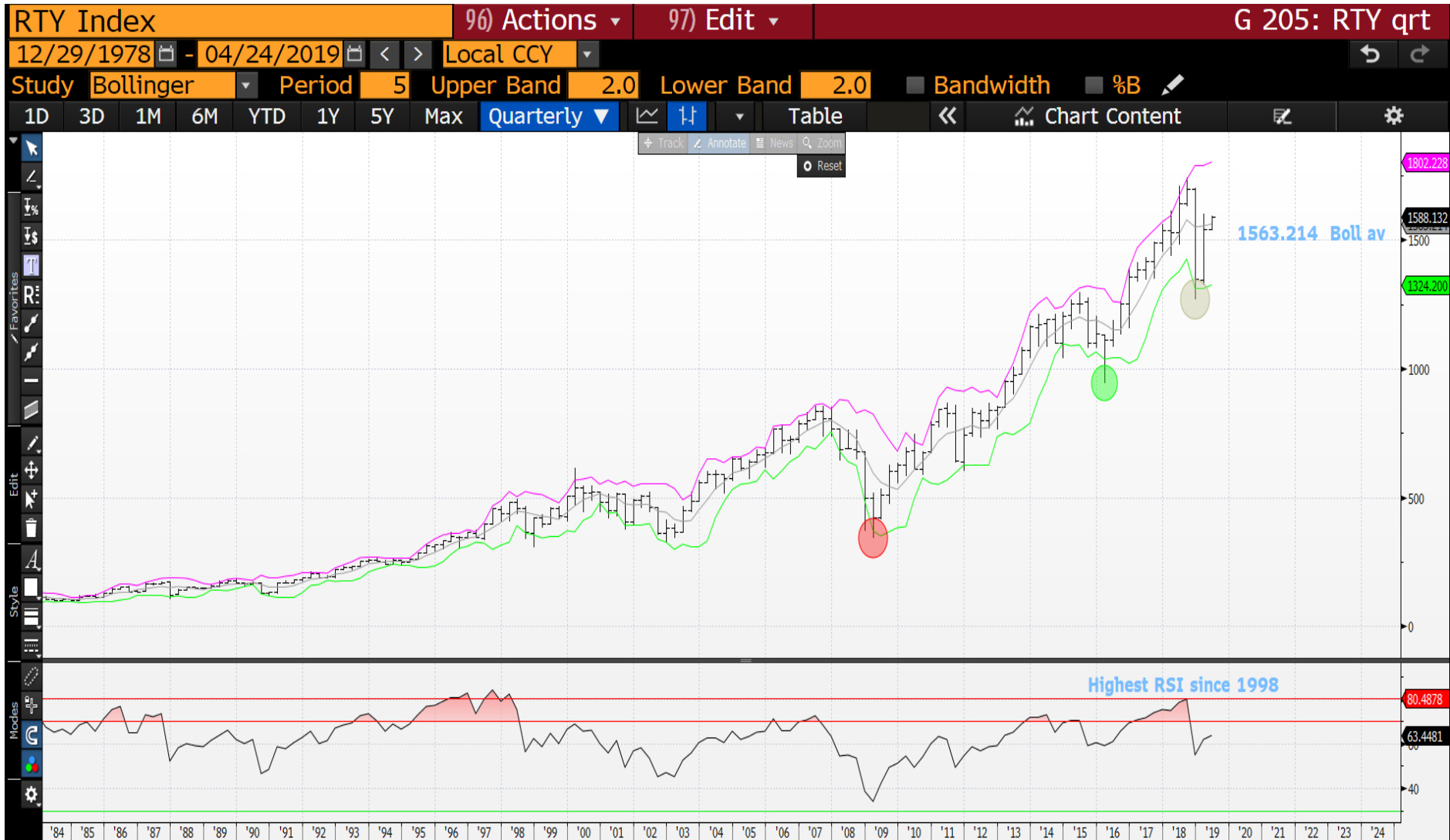
DOW daily : Some upside progress but seems limited.



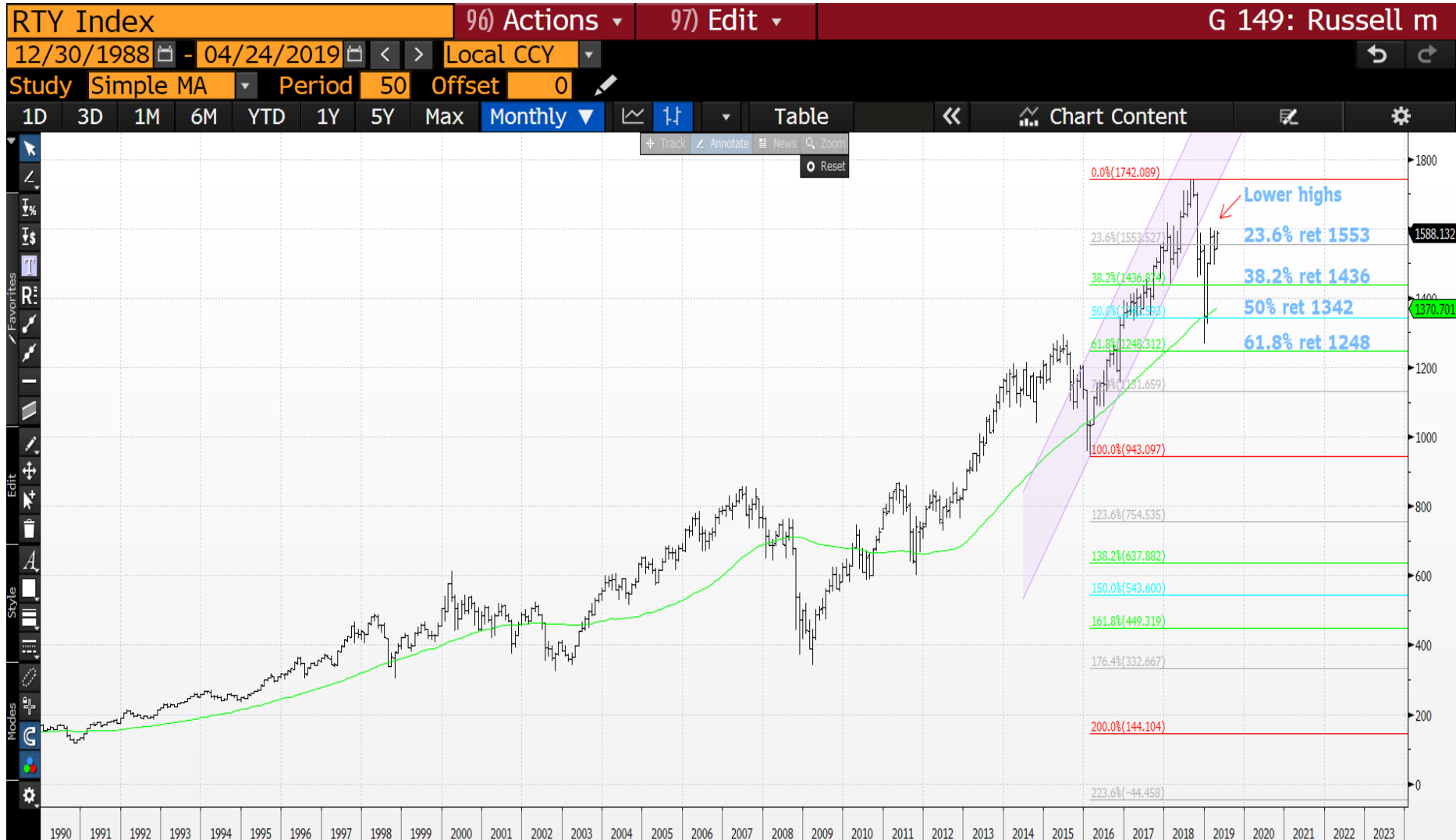
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Russell quarterly : We have had a sizeable bounce but looks doubtful it will repair the terminal damage. Ideally we need to REMAIN below the 1563.214 bollinger average.

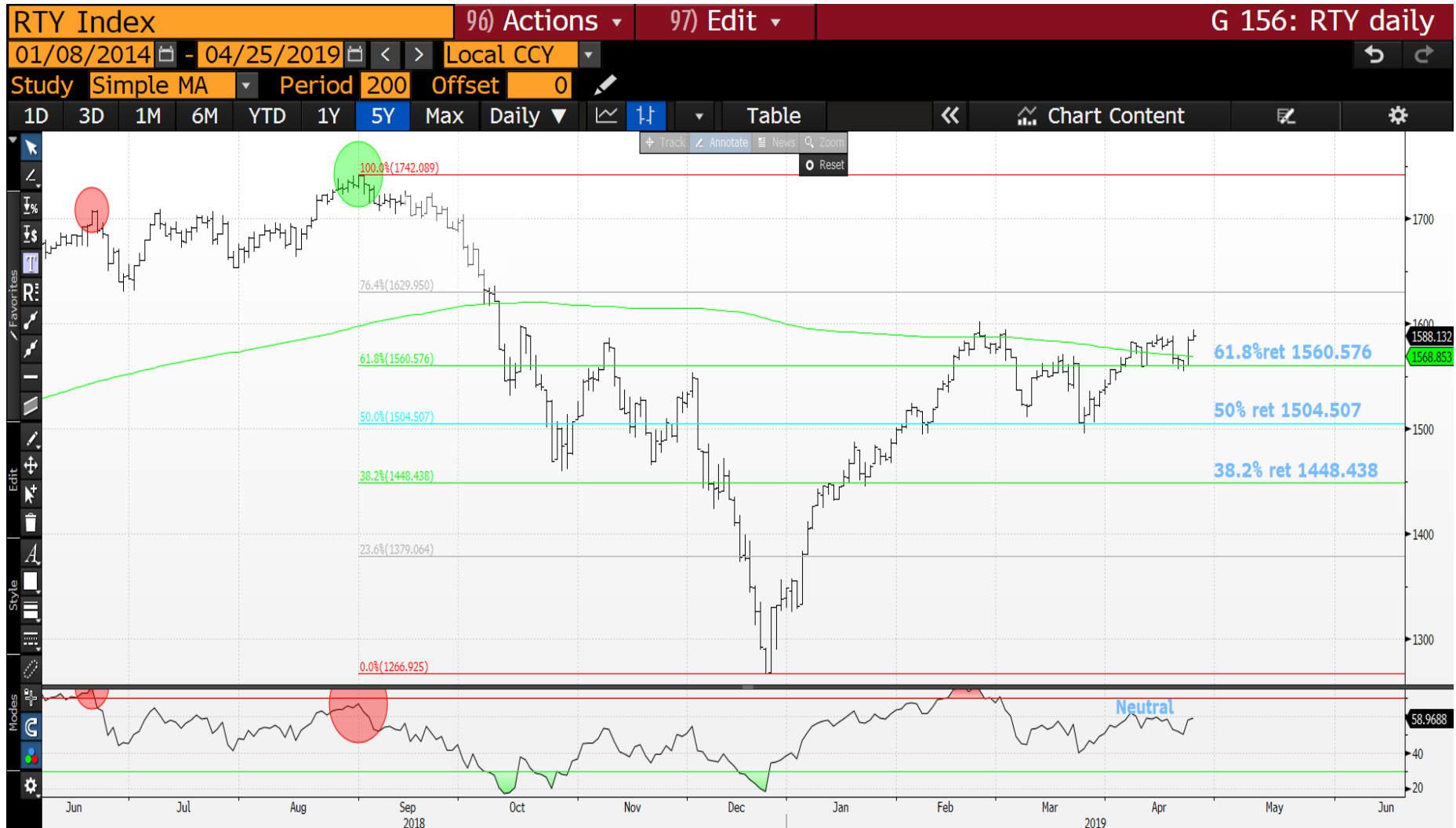


Russell monthly : Currently we REMAIN below last months HIGH and teasing the 23.6% ret 1553.

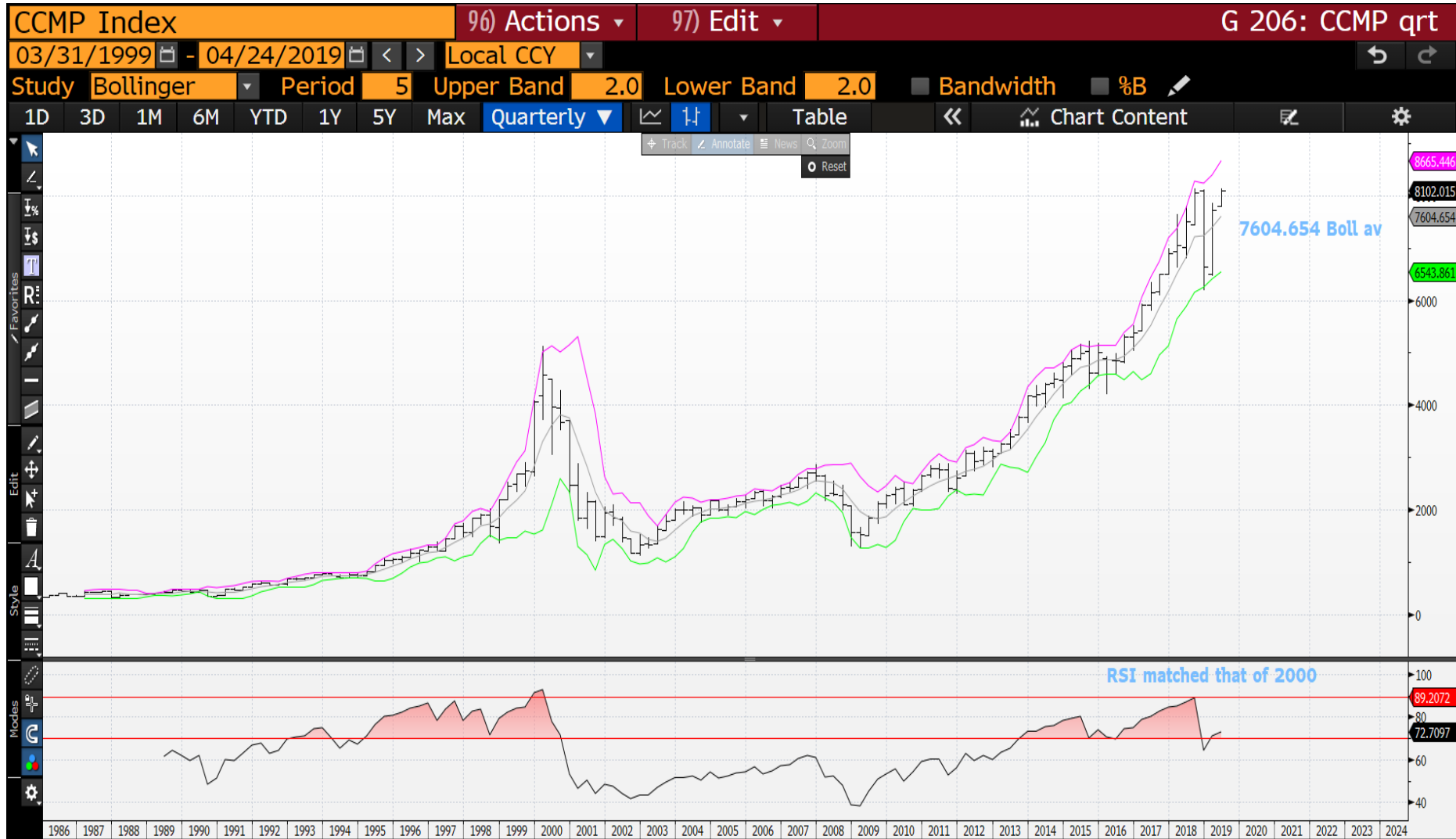


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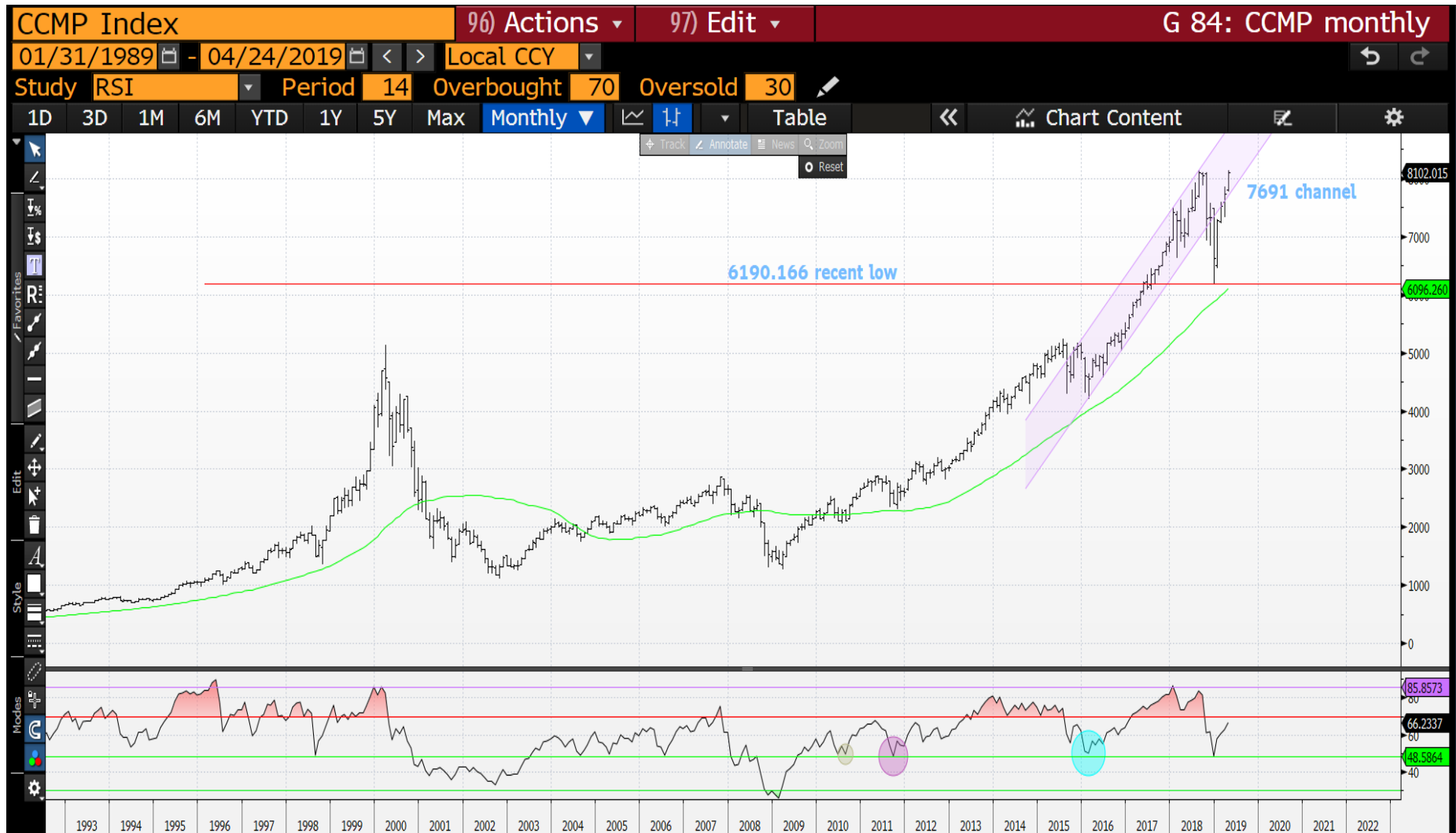
Russell daily : Still a VERY negative chart given the very sideways performance since February. A close sub the 61.8% ret 1560.576 will help a great deal.



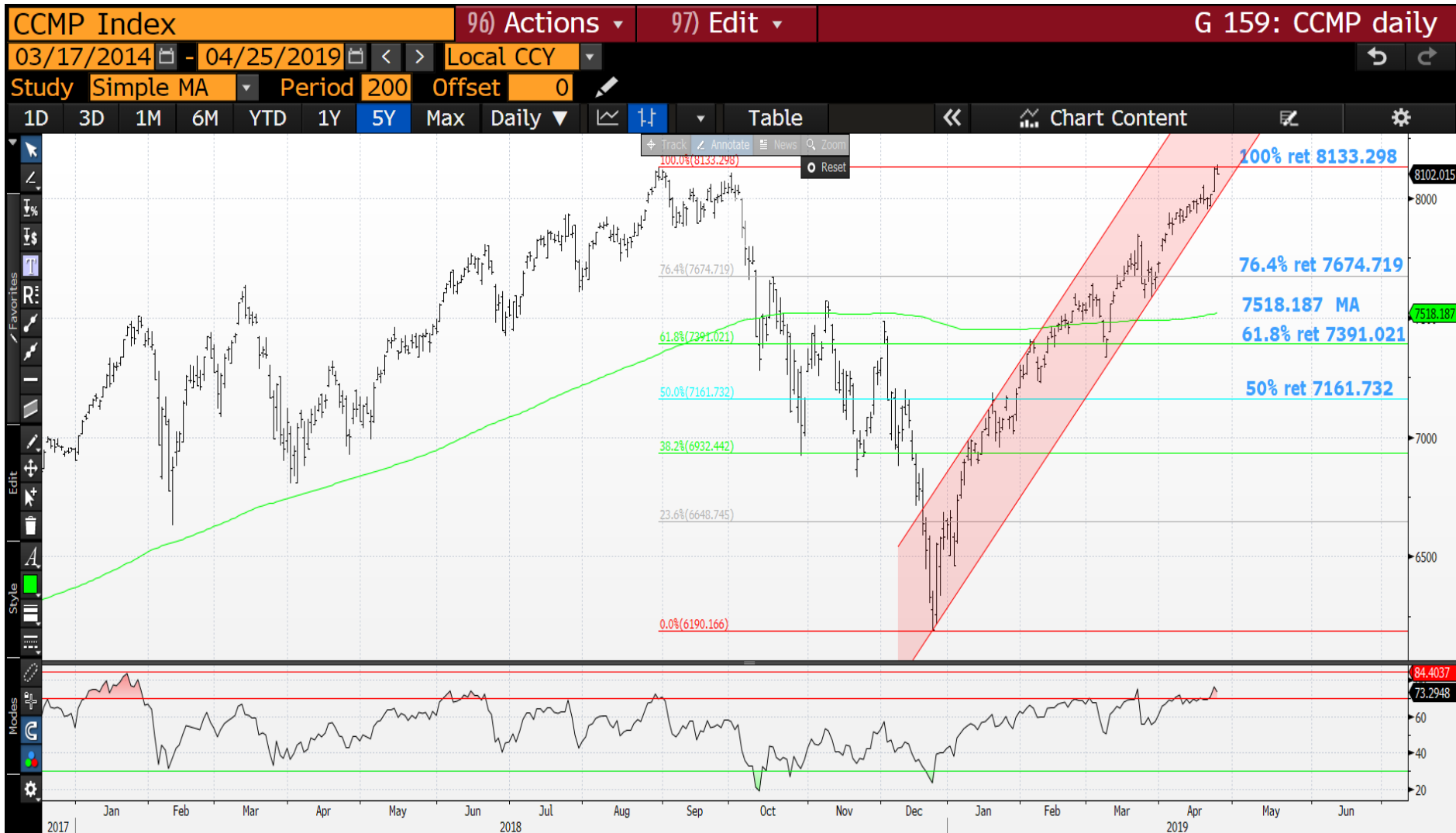
CCMP quarterly : We are now above last months high and in positive territory, SO A LOT OF WORK NEEDED to negate this.



CCMP monthly : We have opened inside the channel 7691 so a lot to do to FAIL.



CCMP monthly : We have hit the previous high 8133.298 and produced an RSI to match!



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Hang Seng monthly : Little talked about but this has witnessed a MAJOR reversal, do the Chinese know something on the DEAL?



Hang Seng daily : We seem to of formed a SOLID top given the time and volume spent FAILING the 61.8% ret 30067.68.



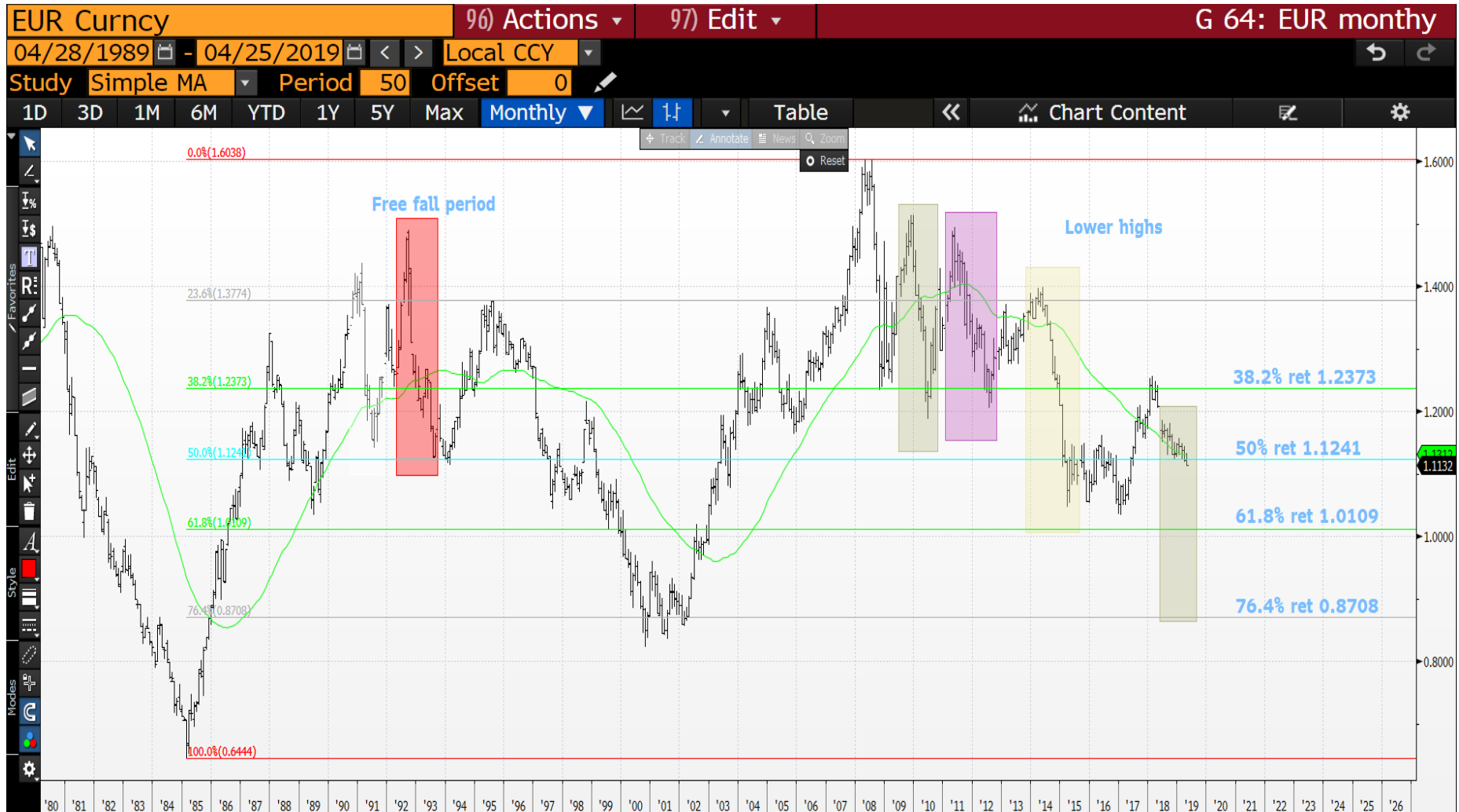
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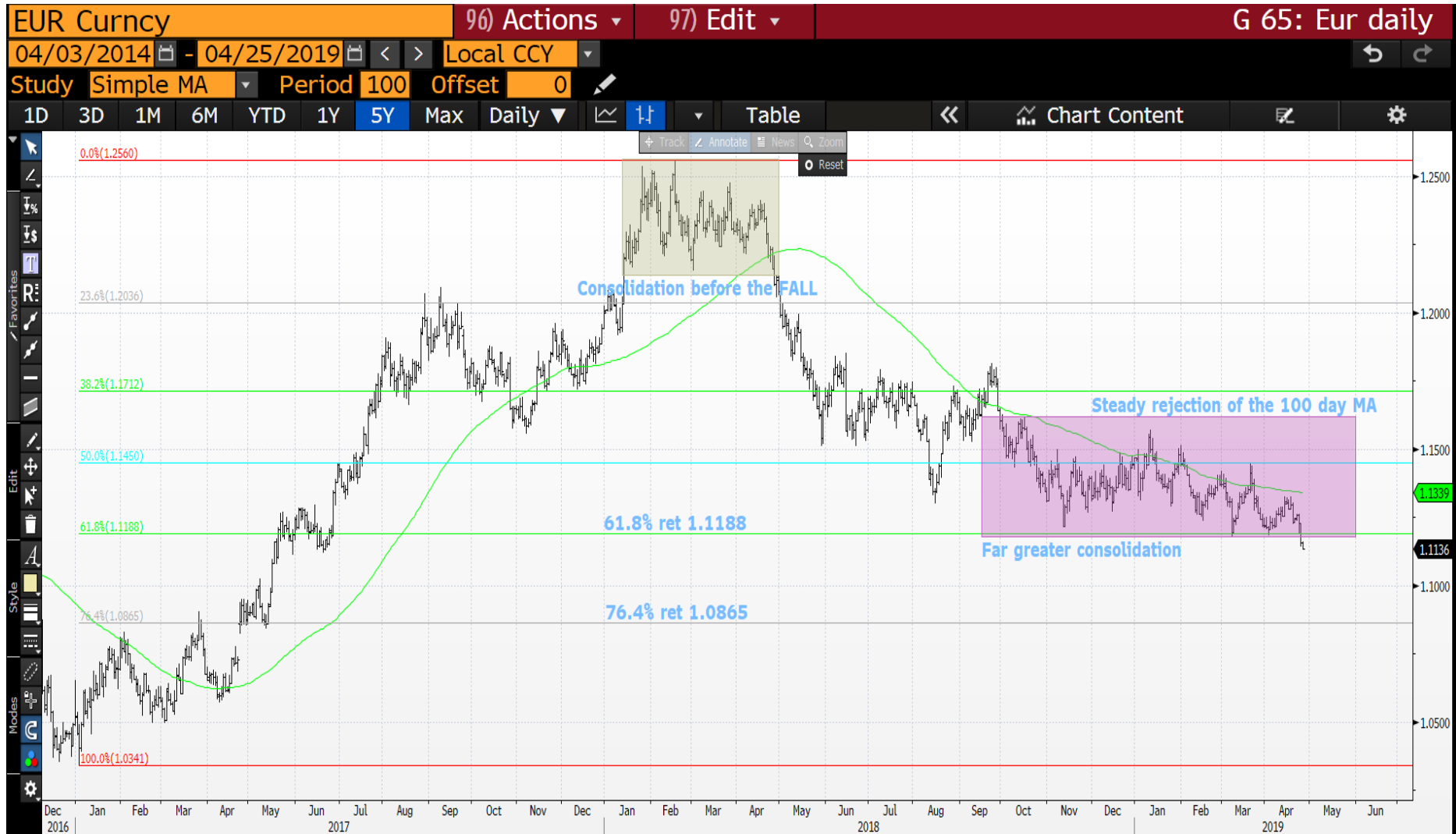
FX UPDATE

- **FX UPDATE :**
- **EURO :** The EURO is “HOTTING UP” as we ease toward European elections. Given 1.1241 is breached then EUROPE-EU has a MAJOR CREDIBILITY ISSUE. We have a major test on right now, FAIL and its 1.08 handle.
- **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** has breached the recent highs but real question is how far does it rally?
- **EM** now stepping forward as MANY multi year tops are close to being confirmed. EM is a firm favourite with REAL MONEY but been held back on the latest USD rally.

EUR USD monthly : We have FINALLY breached the multi year 50% ret 1.1241, this should mean a SAVAGE drop in the next few weeks.



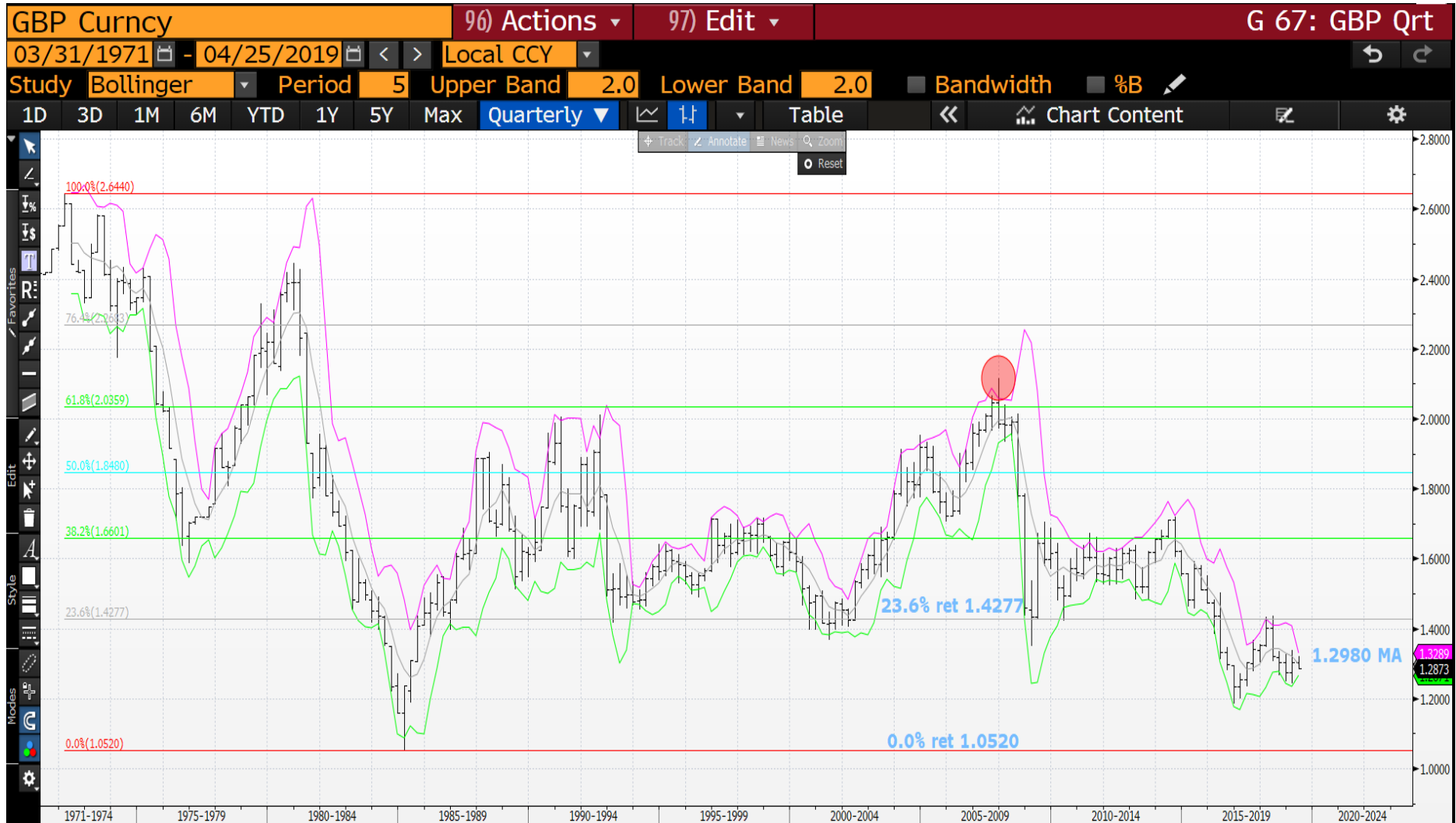
EUR USD daily : Providing we remain sub the 61.8% ret 1.1188 then the next MAJOR draw is the 76.4% ret 1.0865.



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 : The bollingers have narrowed reflecting the stalemate over Brexit.



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DXY monthly : We have finally POPPED the 5 month high and stops naturally drawing us higher.



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DXY daily : A tricky call here given the new high but the RSI is already LOFTY, think we need a few more days of price action. A close sub the 61.8% ret 97.873 will halt the latest rally.



AUD USD monthly : The pierce of 3 months ago continues to call for a higher AUD but the latest USD pop is hindering that.

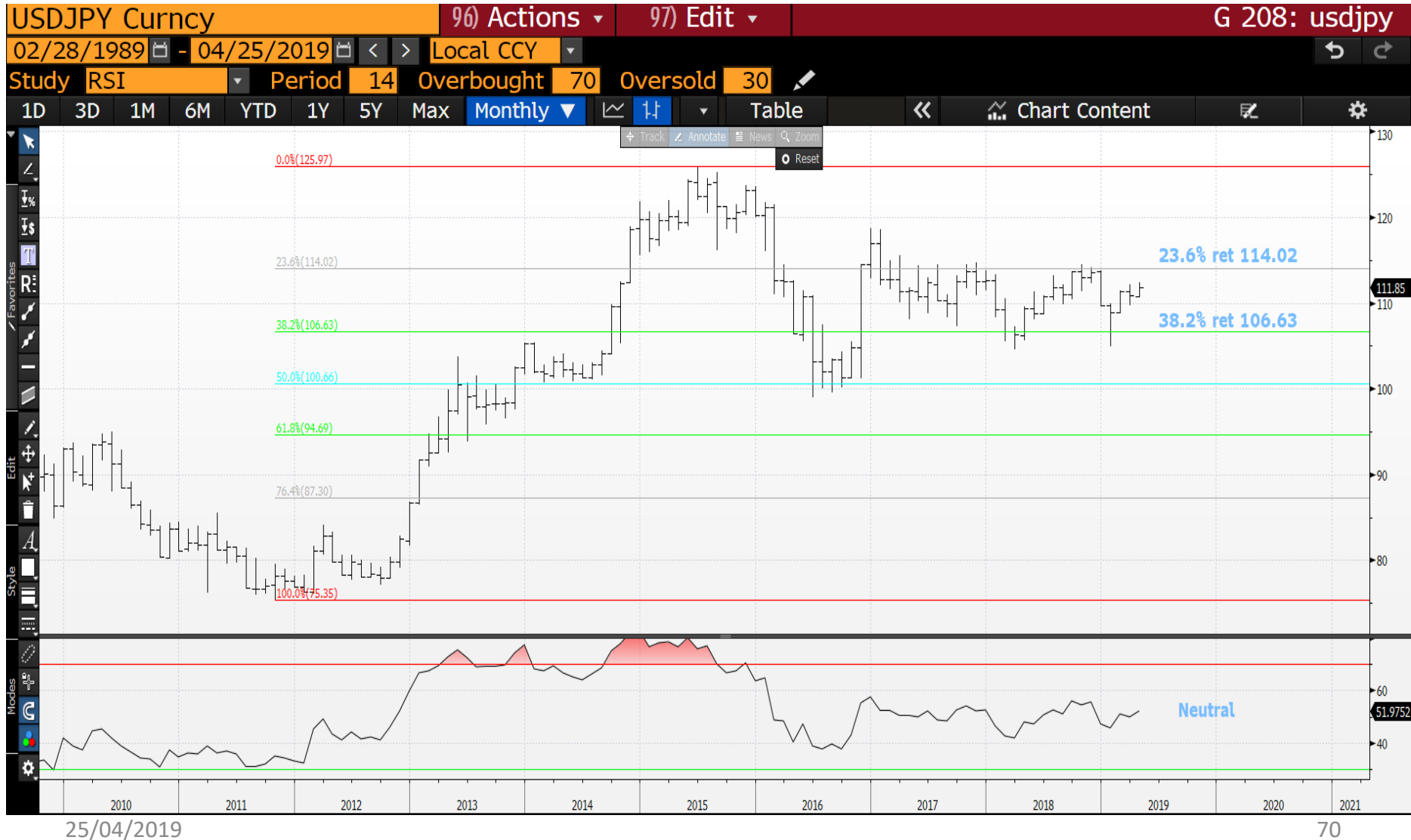


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USDCAD weekly : After holding the moving average persistently we have FINALLY breached the 23.6% ret 1.3451.



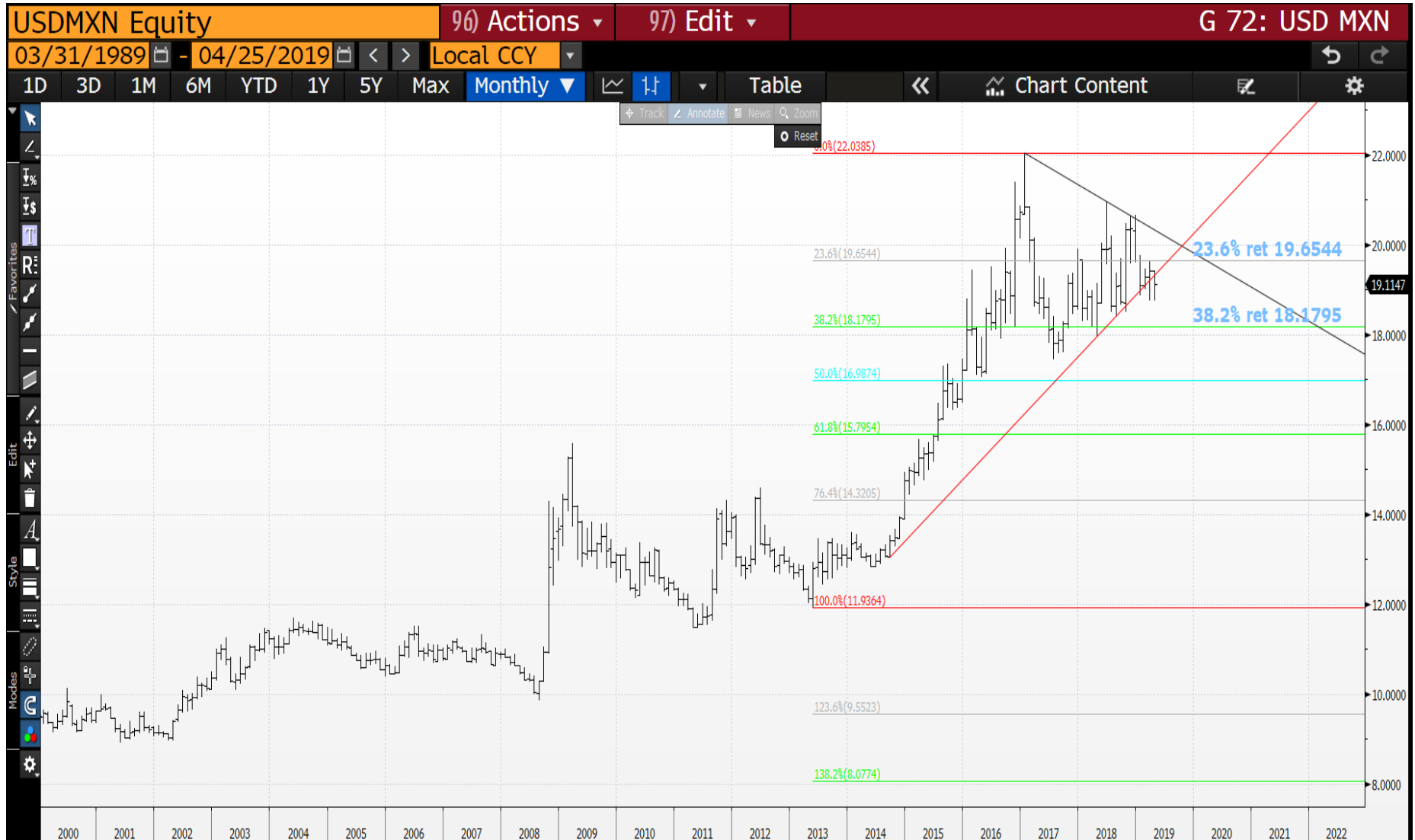
USD JPY monthly : I had to include this but the RSI and market is very neutral, not a conversation piece.



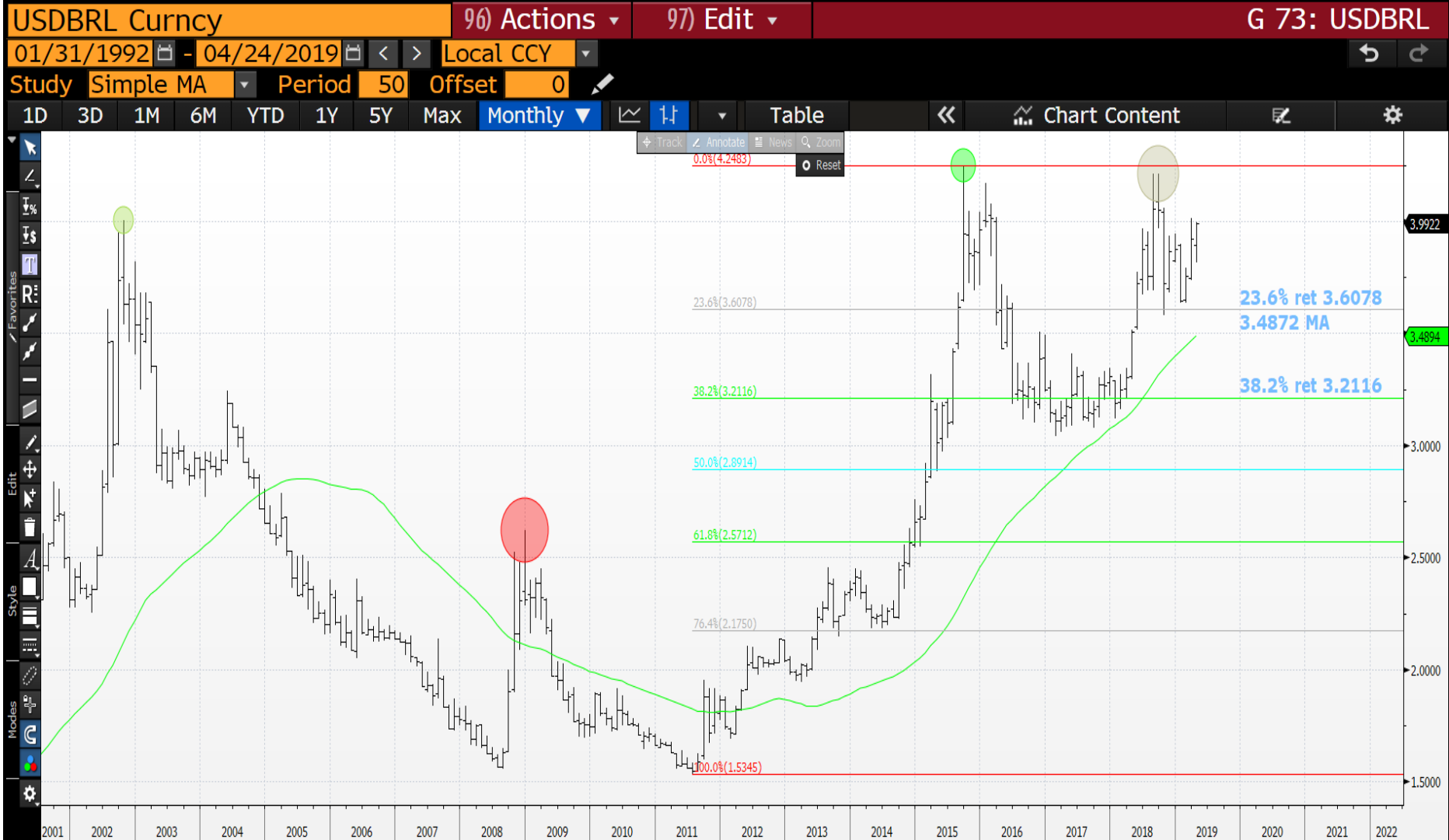
EM UPDATE

- **EM : A significant proportion of the EM crosses have created multi year tops and should see EM continue to perform regardless of USD direction. We have seen a recent HALT to the trend lower given the latest USD pop.**
- **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!**

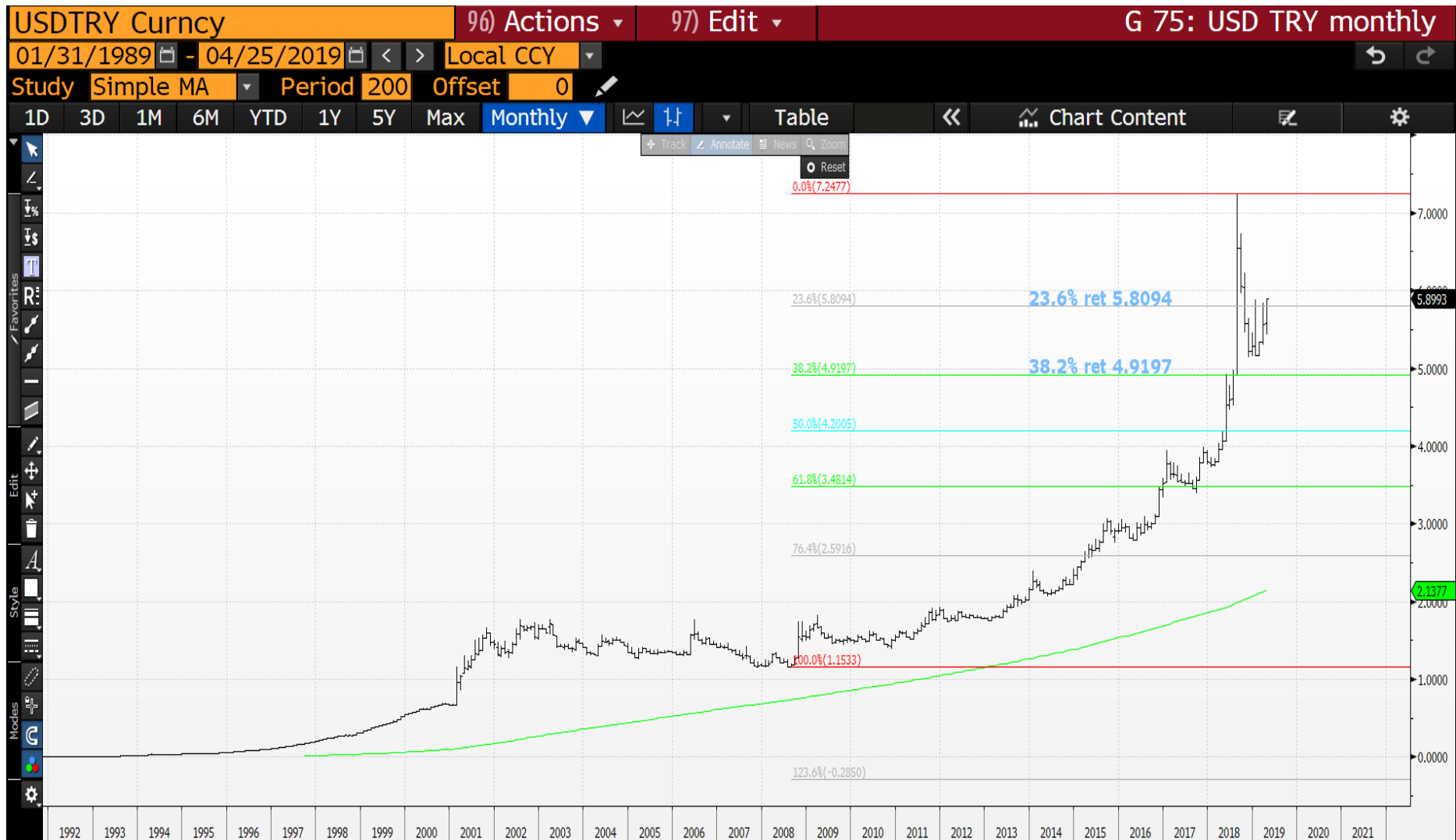
USD MXN monthly : The latest USD pop has forced a bounce back up the breakout range.



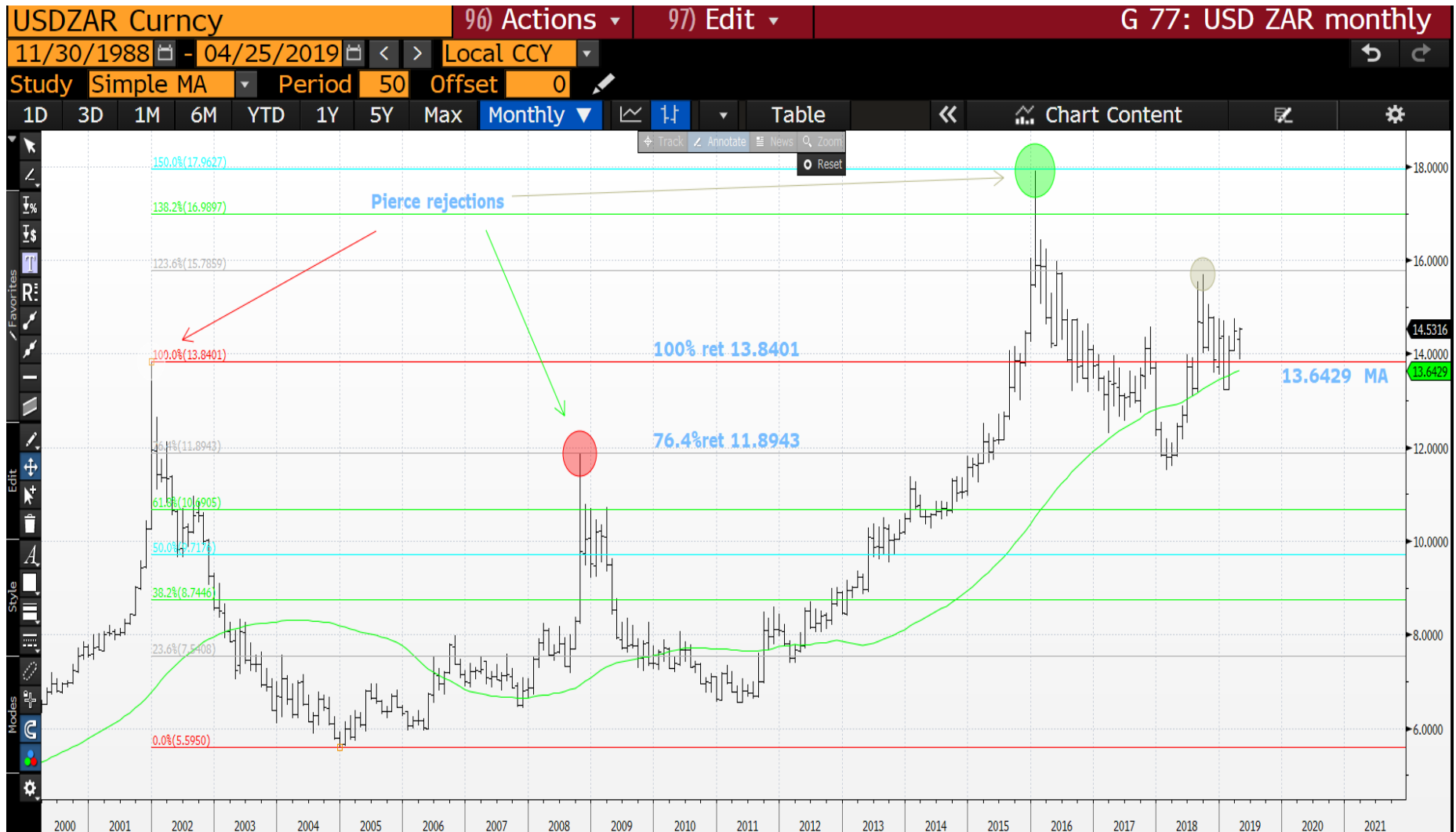
USD BRL monthly : A crucial test here as we are close to last months high.



USD TRY monthly : The TRY has been weakening generally and popped last months high-23.6% ret 5.8094 on the latest DXY move.



USD ZAR monthly : The USD bounce has eroded a lot of the month move, we shall see if the recent high holds.



USD RUB monthly : The USD strength has halted the market ahead of the 38.2% ret 61.9293-moving average.



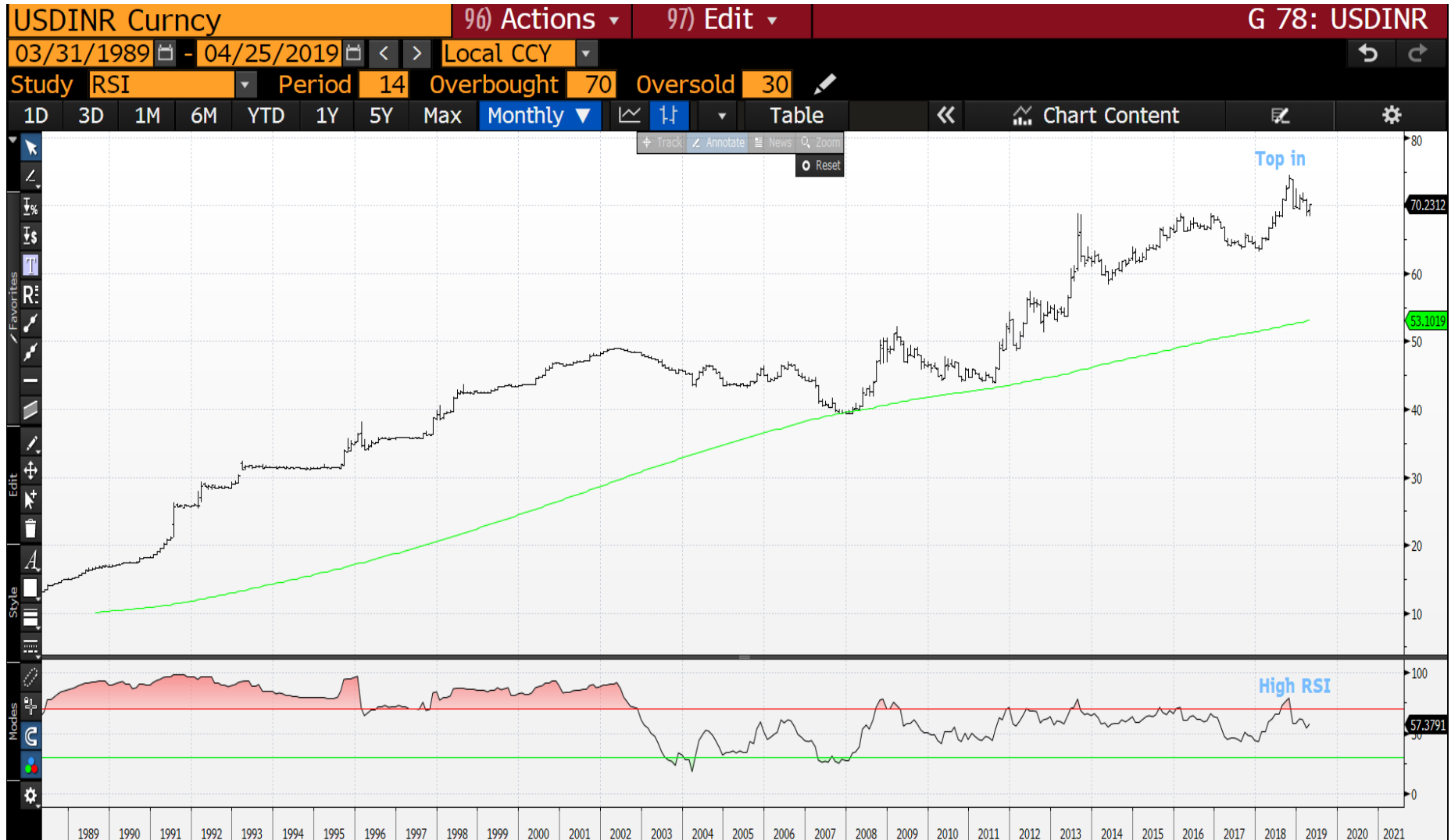
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USD CNH monthly : Certainly one to note going forward given its TECHNICAL HIT! We have failed the multi year 100% ret 6.7850 and heading toward 6.6000.



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USD INR monthly : A BIG ONE for 2019 as PLENTY of downside possibility. The RSI is as HIGH as September 2013 and we APPEAR to be forming a TOP.



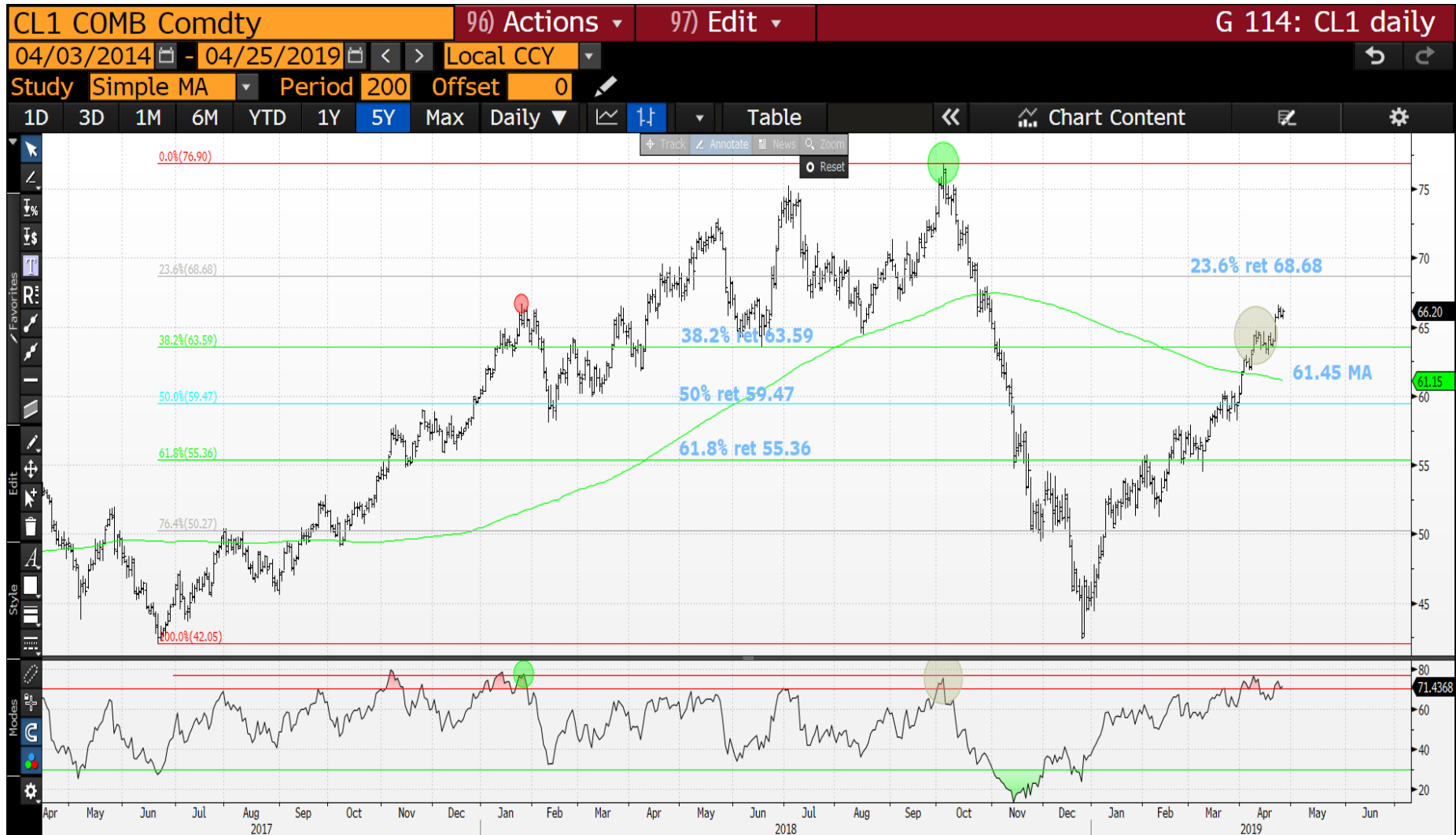
CL1 monthly : We SHOULD struggle against the 68.02 moving average.



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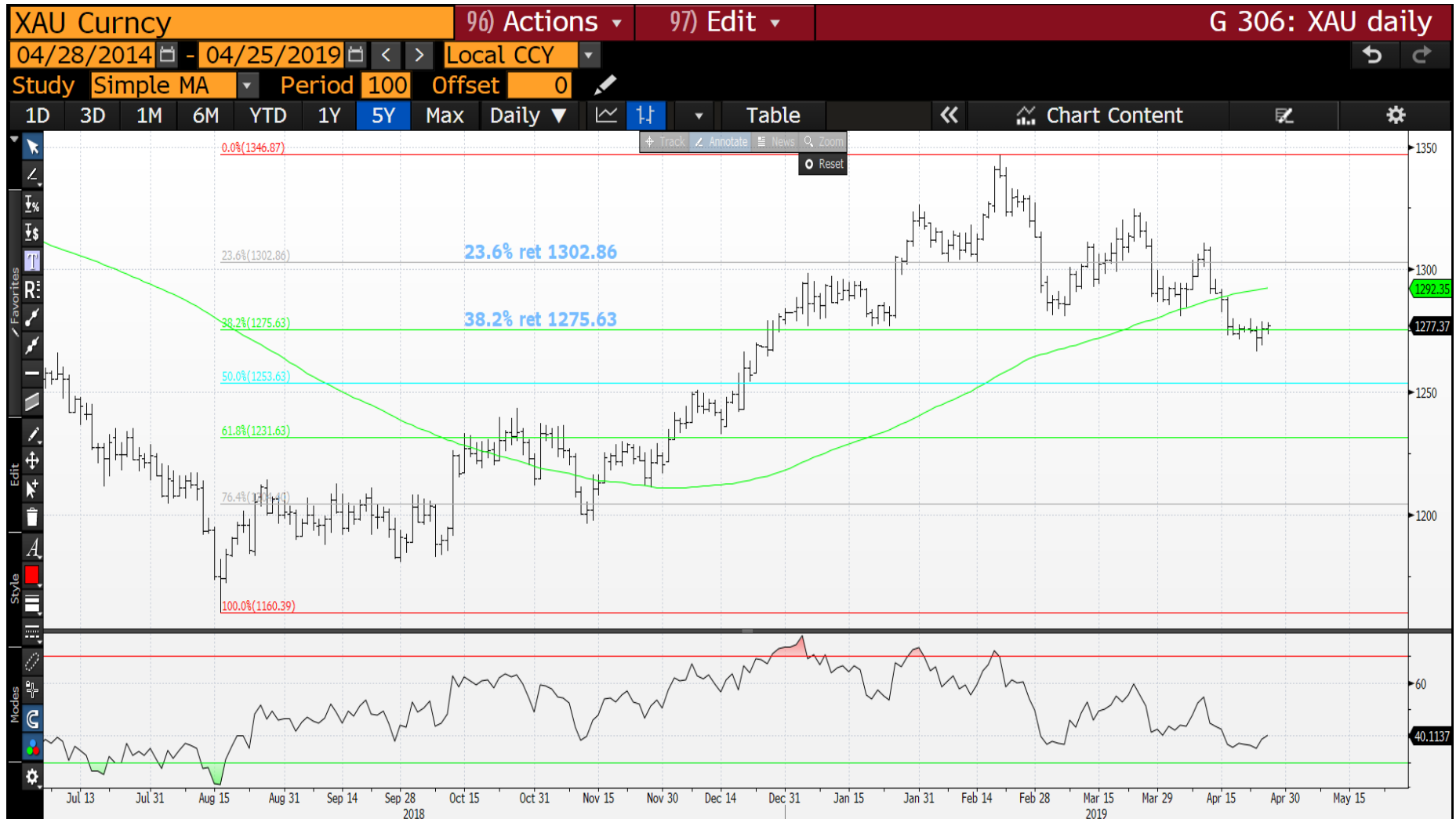
CL1 daily : The RSI has been this extended before so lets see if we FAIL here or at the 23.6% ret 68.68.



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.



GOLD daily : The RSI is low and we should hold the 38.2% ret 1275.63.



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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