

MULTI ASSET UPDATE : NEW QUARTER UPDATE.

WHATS CHANGED :

BOND YIELDS ITS ALL ABOUT MAINTAINING MOMENTUM LOWER THIS WEEK, THAT SAID IT WILL BE MORE ABOUT THE CLOSES NOT INTRADAY. ALL DAILY US YIELD CHART ARE FAILING 38.2% RETRACEMENT LEVELS.

US CURVES CONTINUE TO SEE THE PERFORMANCE SHIFT MORE TO THE FRONT END.

FX WATCH THE EURO AS A SUSTAINED TIME SUB THE MULTI YEAR 1.1241 RETRACEMENT IS "NOT HEALTHY". DXY CONTINUED TO PUT IN A LAME PERFORMANCE.

EM FX, THIS CONTINUES TO ENDORSE FURTHER EM STRENGTH CONTINUING, WITH THE EXCEPTION OF TURKEY.

EQUITIES, THESE ARE THE BIGGEST PAIN! THEY CONTINUE TO GRIND HIGHER WHICH IS AT ODDS WITH THE MORE LONGTERM CHARTS. GIVEN EARNINGS SEASON IS UPON US I STILL REMAIN VERY SCEPTICAL ABOUT RESULTS AND FORWARD PROJECTIONS, ITS GOING TO BE A TOUGH YEAR FOR MANY.

OIL IS POISED TO STALL AS GOLD HOLDS.

FX UPDATE

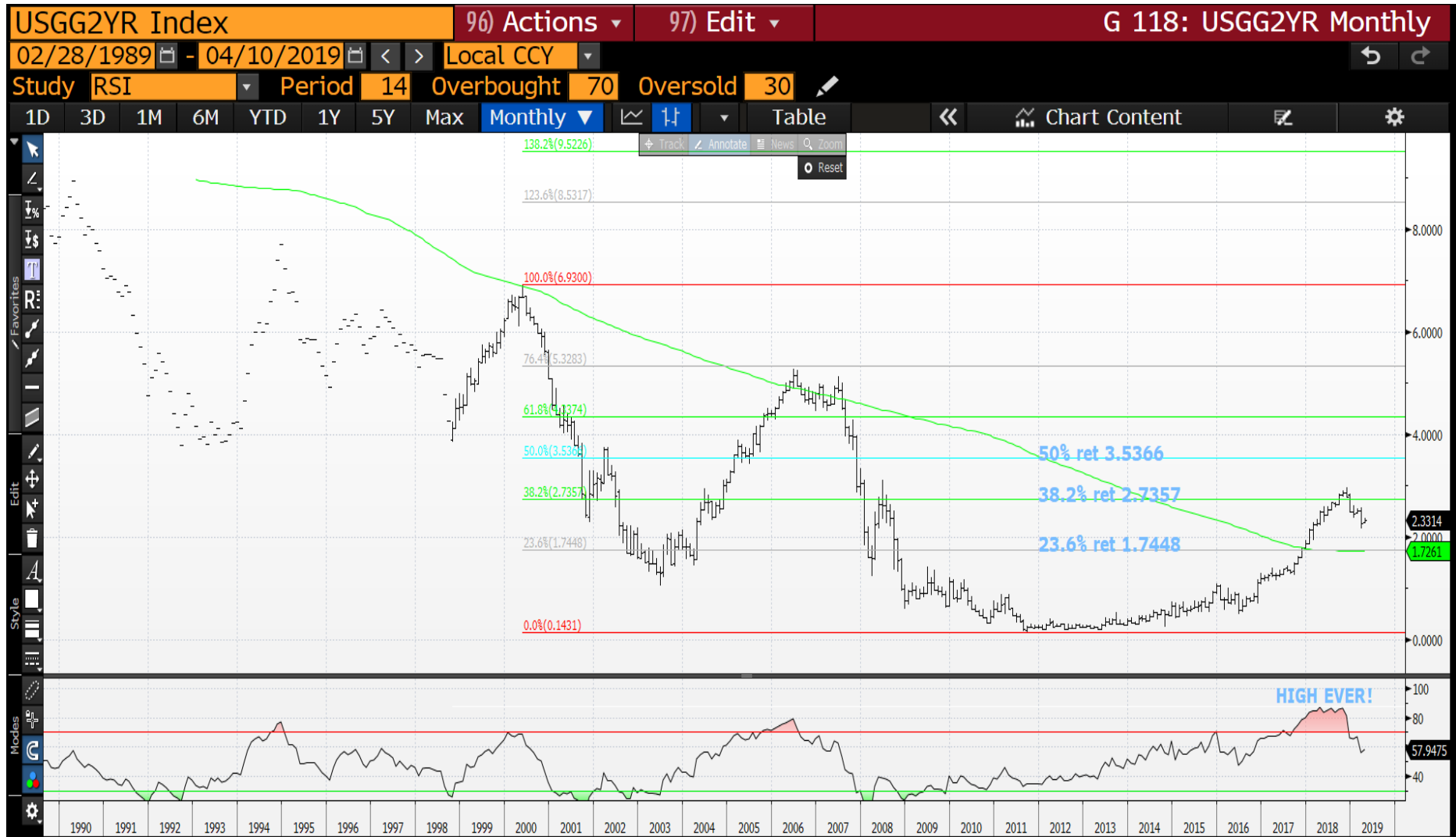
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US 2yr yield quarterly : The TOP has now been formed against the 2.9027 moving average and the RSI indicates plenty of yield downside. Its as if 2000 and 2007 were NON events.



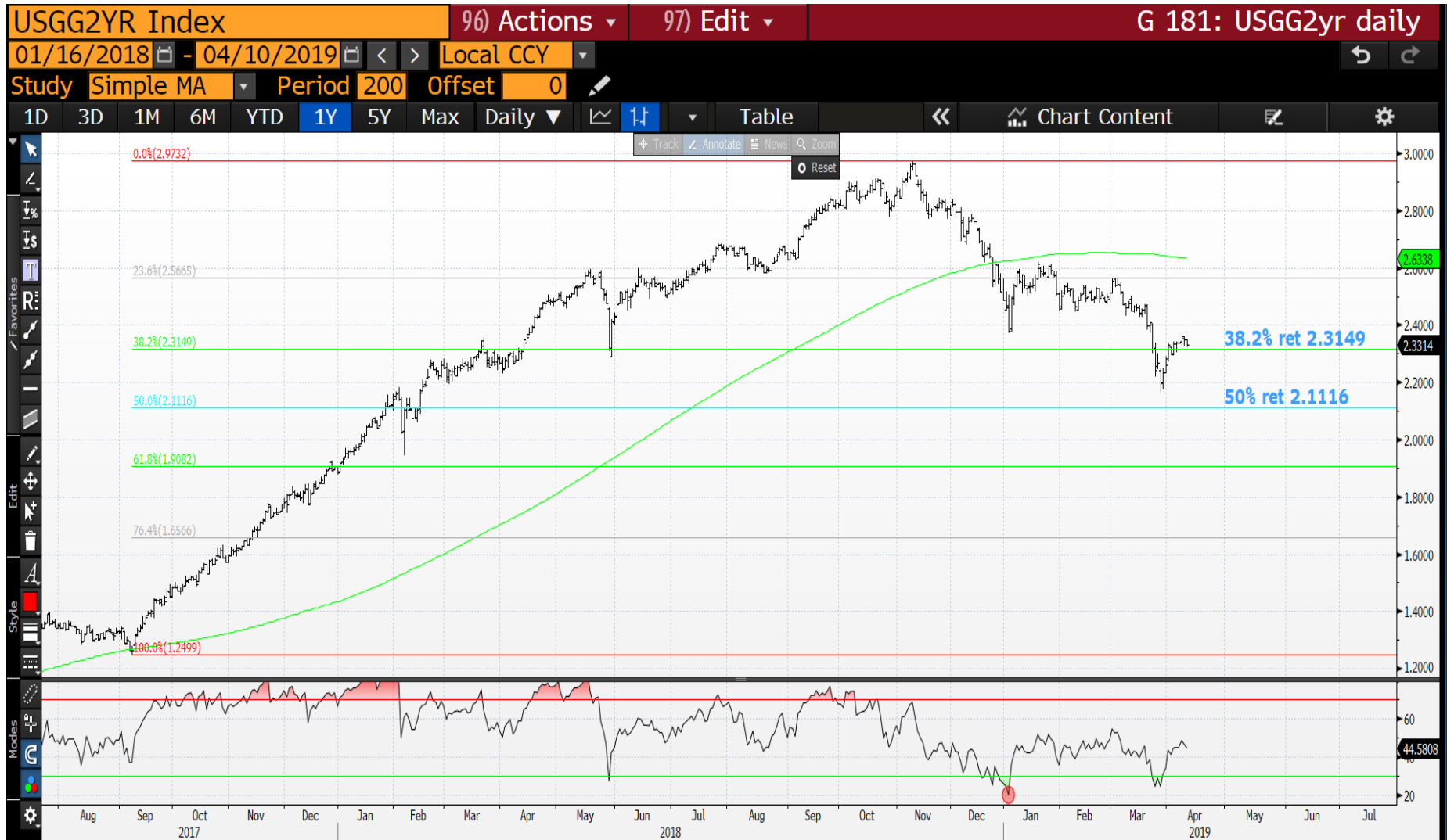
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US 2yr yield monthly : A decent range last month, the hope remains further progress toward the 23.6% ret 1.7448.



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US 2yr yield daily : We have popped the 38.2% ret 2.3149 but the hope is we are below if by the end of the week. We need to maintain the negative momentum.



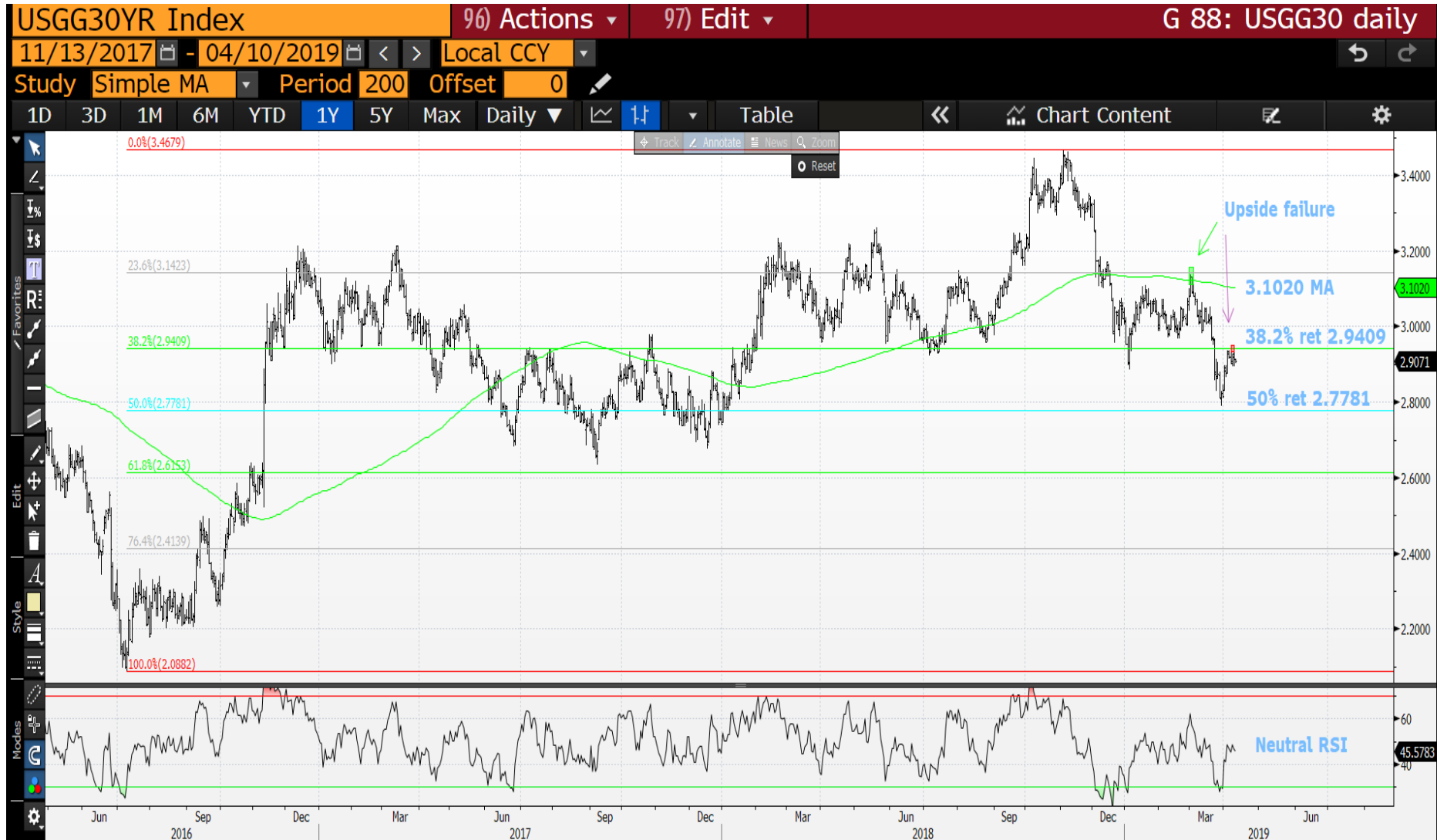
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USGG30yr monthly : History repeating itself. The path of least resistance is definitely lower.



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US 30yr yield daily : Another nice failure at the 38.2% ret similar to that of the 23.6% ret 3.1423, we do need to start moving lower on the week.



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.



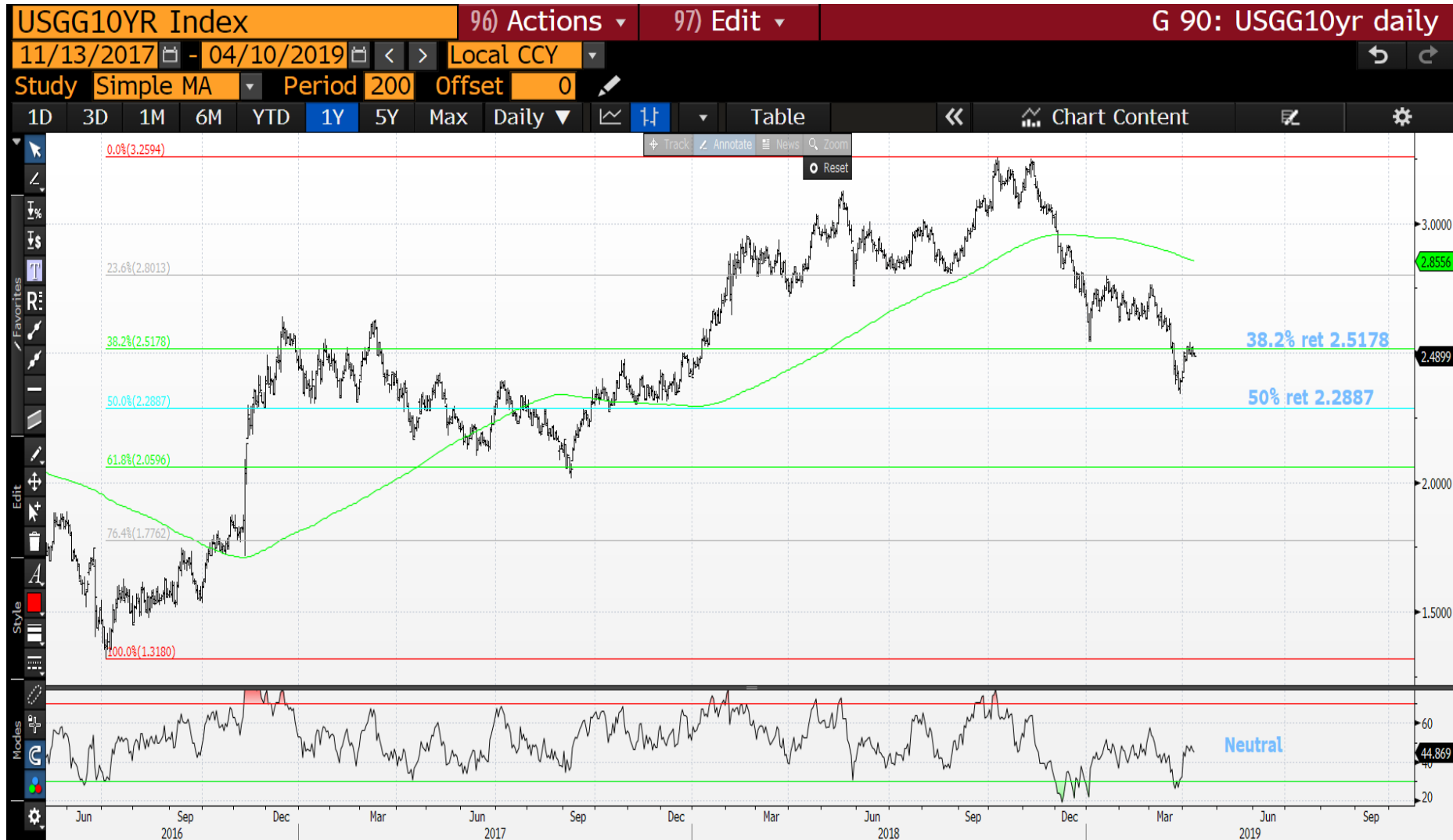
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US 10yr yield quarterly : Another historical formation pointing toward lower yields as depicted in 2000 and 2007. The RSI still has room so hopefully we see a new low shortly.



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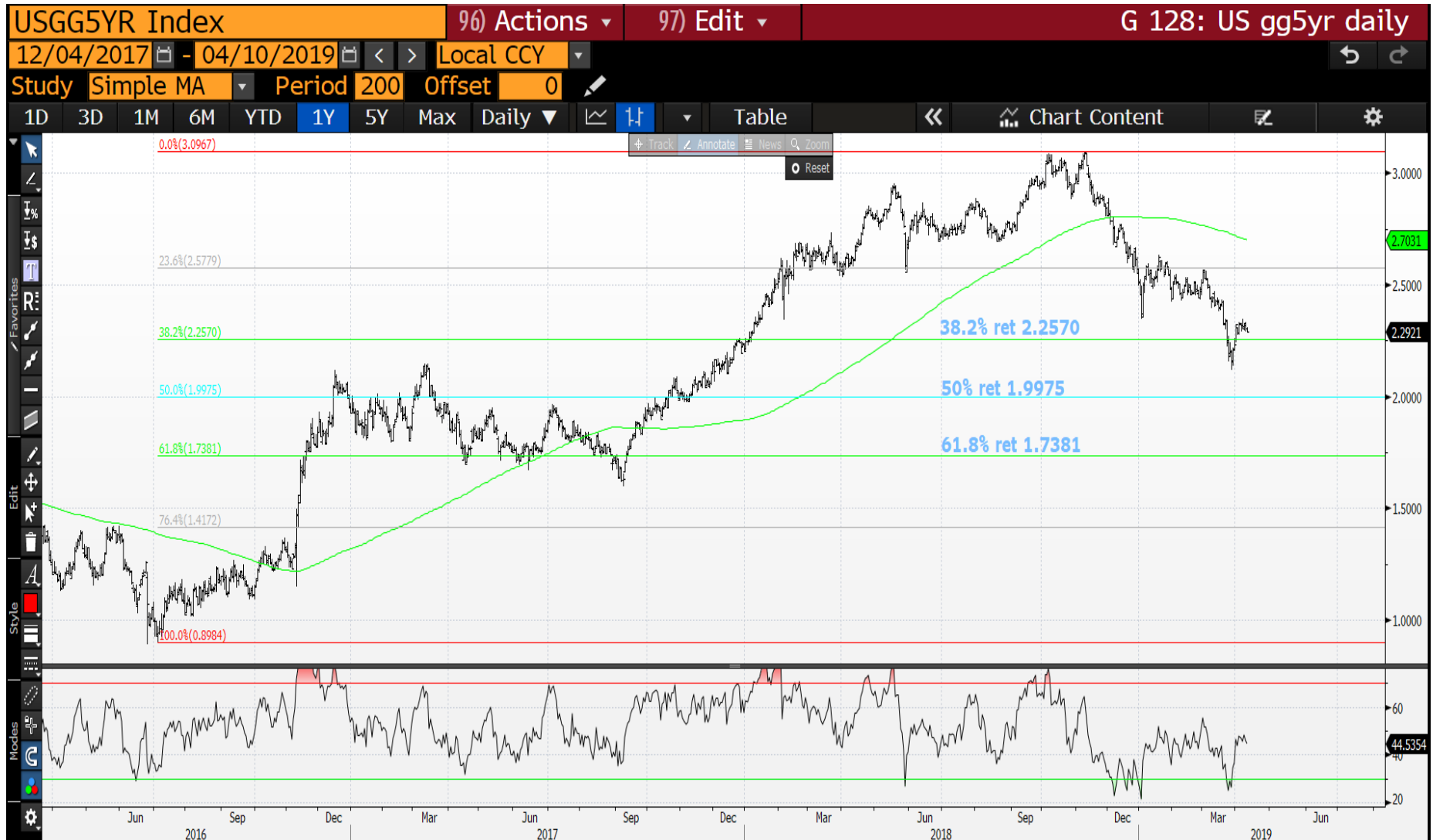
US 10yr yield daily : Yet ANOTHER 38.2% ret 2.5178 failure but we need to head lower this week.



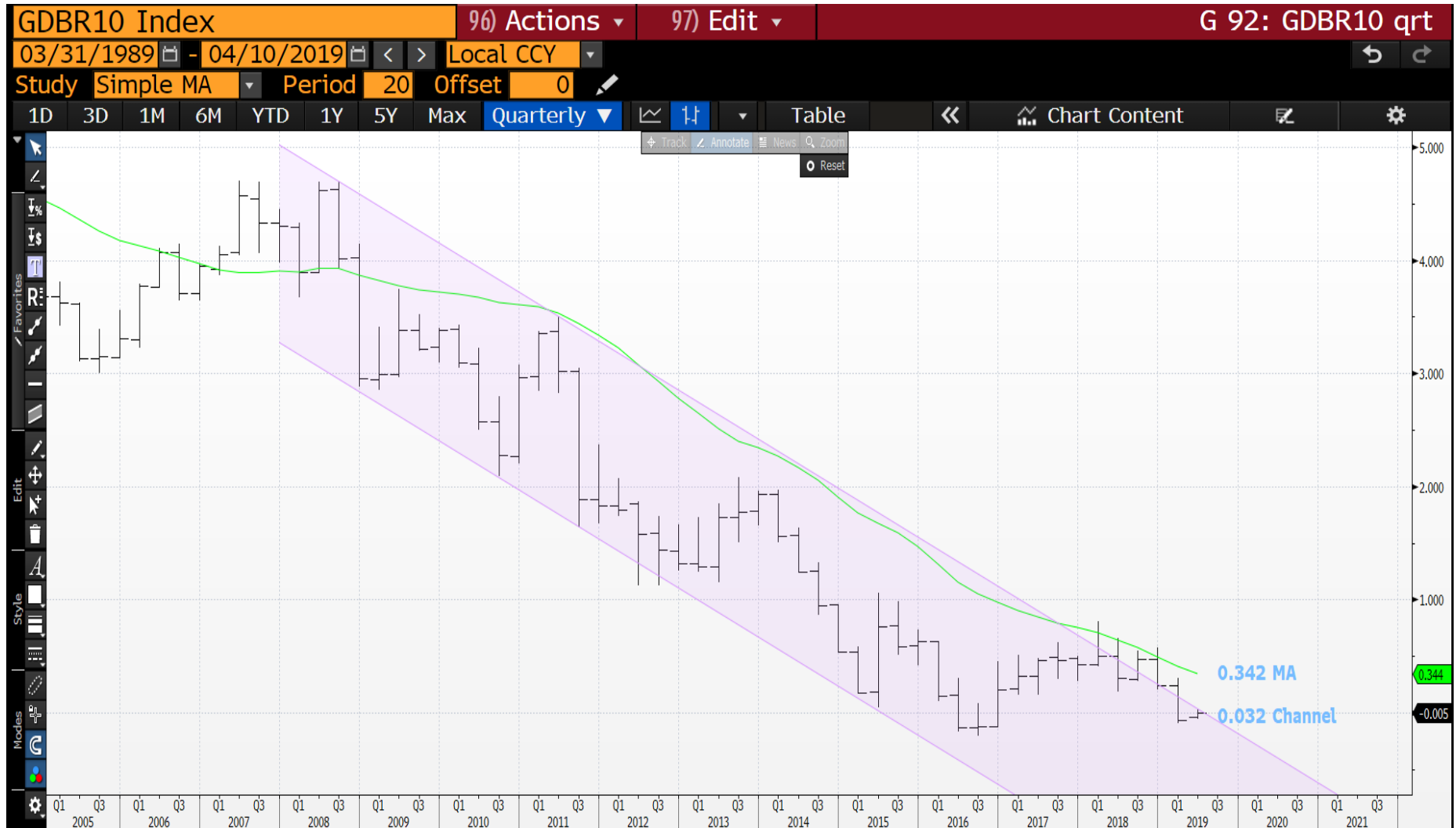
US 5yr quarterly : We are now targeting the 1.9967 moving average as the RSI unwinds SOME of its 1981 tension. Where were 2000 and 2007 in this chart?



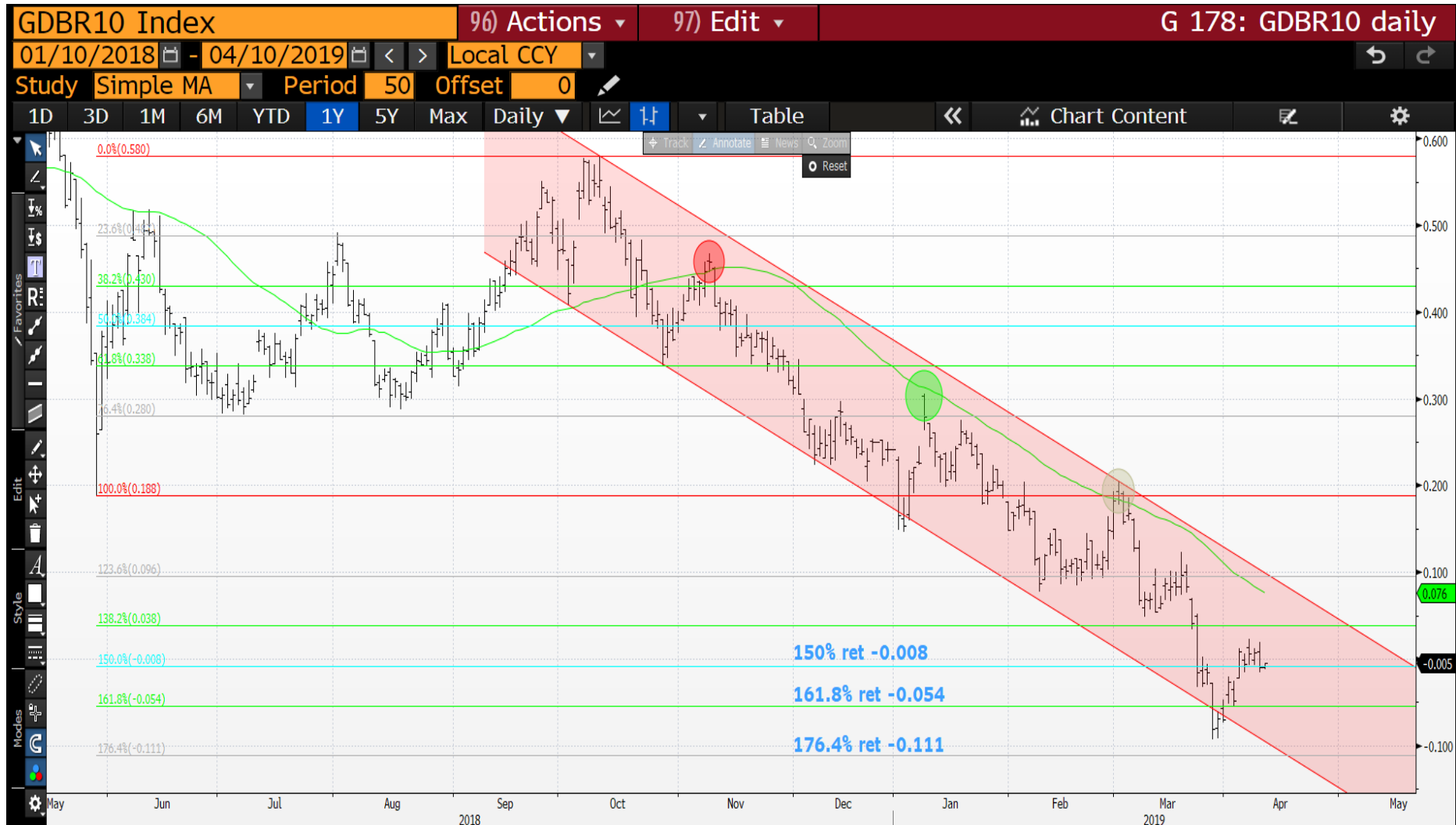
US 5yr daily : We need to breach the 38.2% ret 2.2570 to embark on the next FALL-OUT.



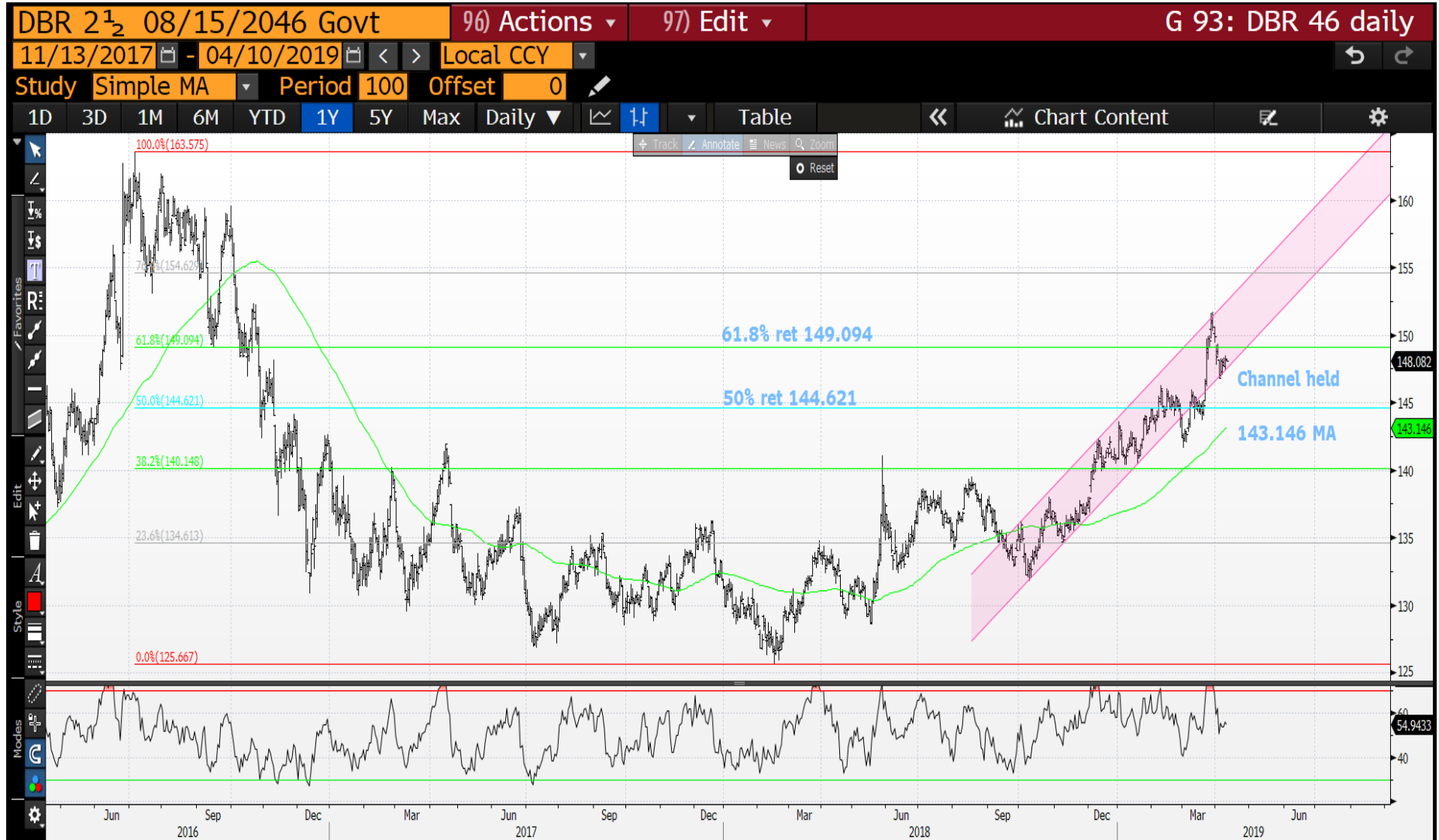
Generic German 10yr quarterly : Yields continue to grind lower now we are inside the channel resistance 0.032.



Generic German 10yr daily : We created a nice top last week but need to close sub the 150% ret -0.008.



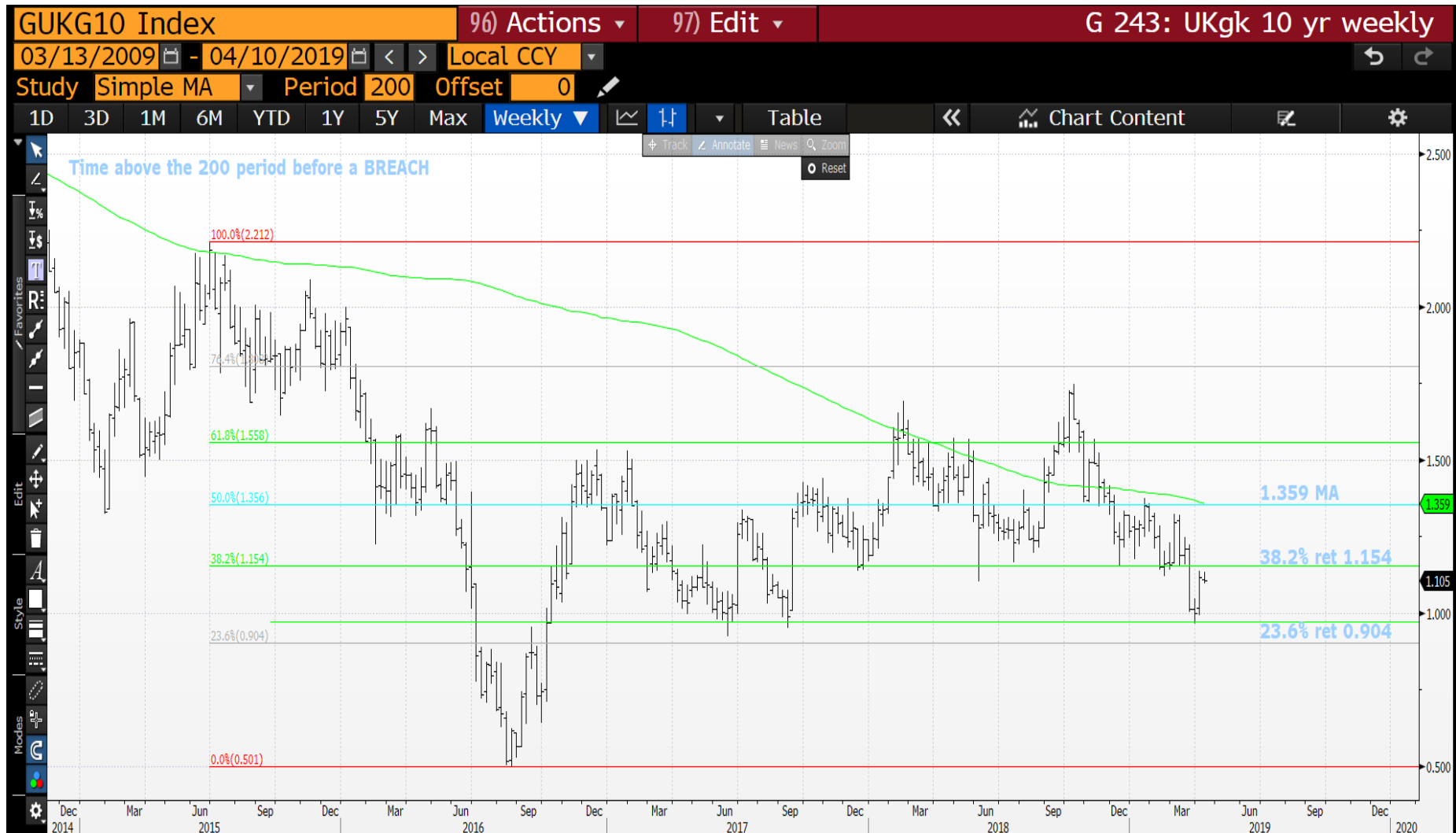
DBR 46 daily : We are HOLDING the channel on the latest dip. Hopefully we can recover above the 61.8% ret 149.094 soon.



UK 10yr yield monthly : Similar to the German yield chart the path of least resistance remains LOWER. We are close to last month low 0.967.



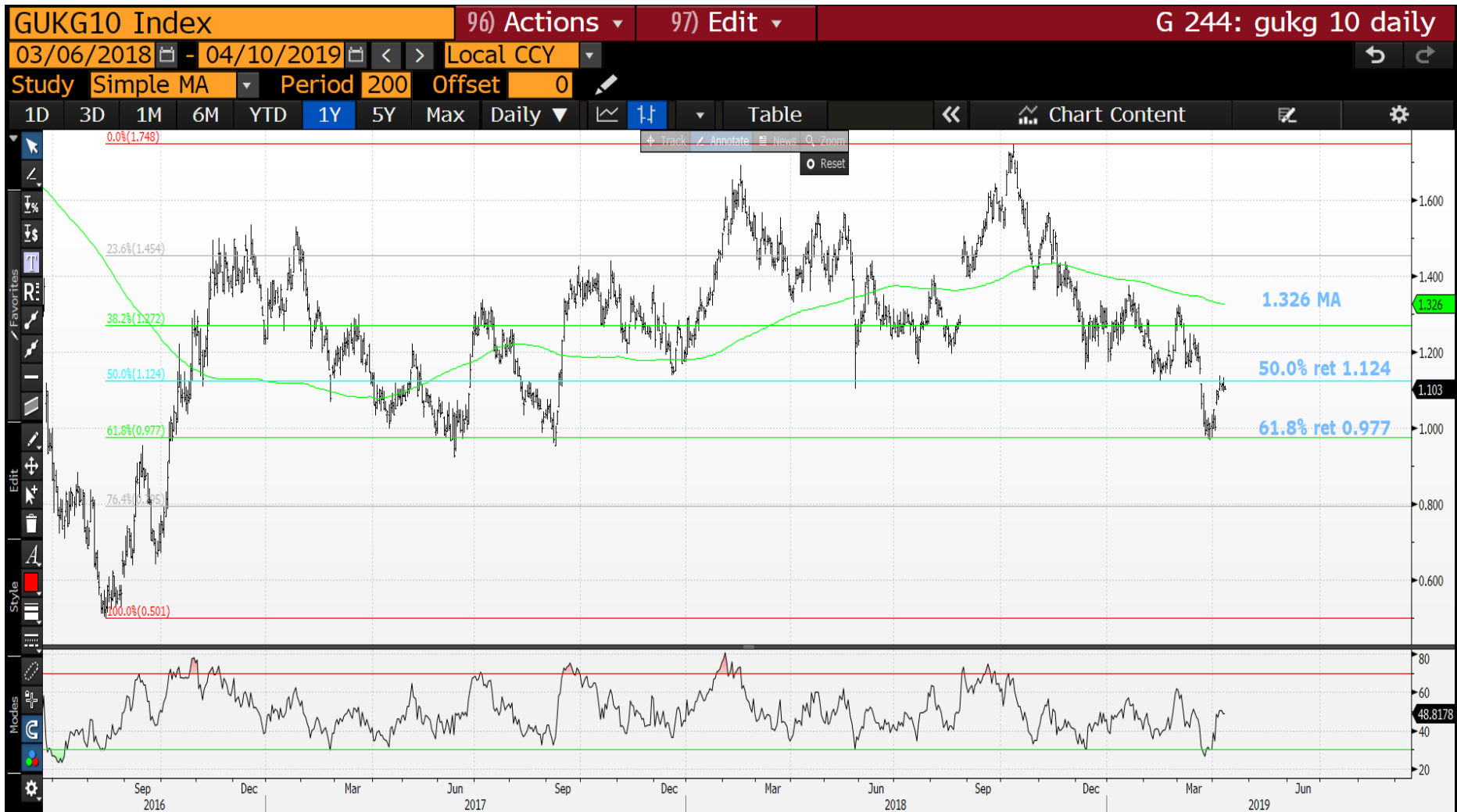
UK 10yr yield weekly : The market remains in a very negative mode and hopefully can breach the 23.6% ret 0.904.



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UK 10yr yield daily : A very clinical performance, failing the 50% ret 1.124 we just need to capitalise on that.



Italian generic 10yr daily : We have FINALLY breached the previous low 2.463, sub the 50% ret 2.361 will set on a rapid yield drop to the 61.8% ret 2.050.



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.

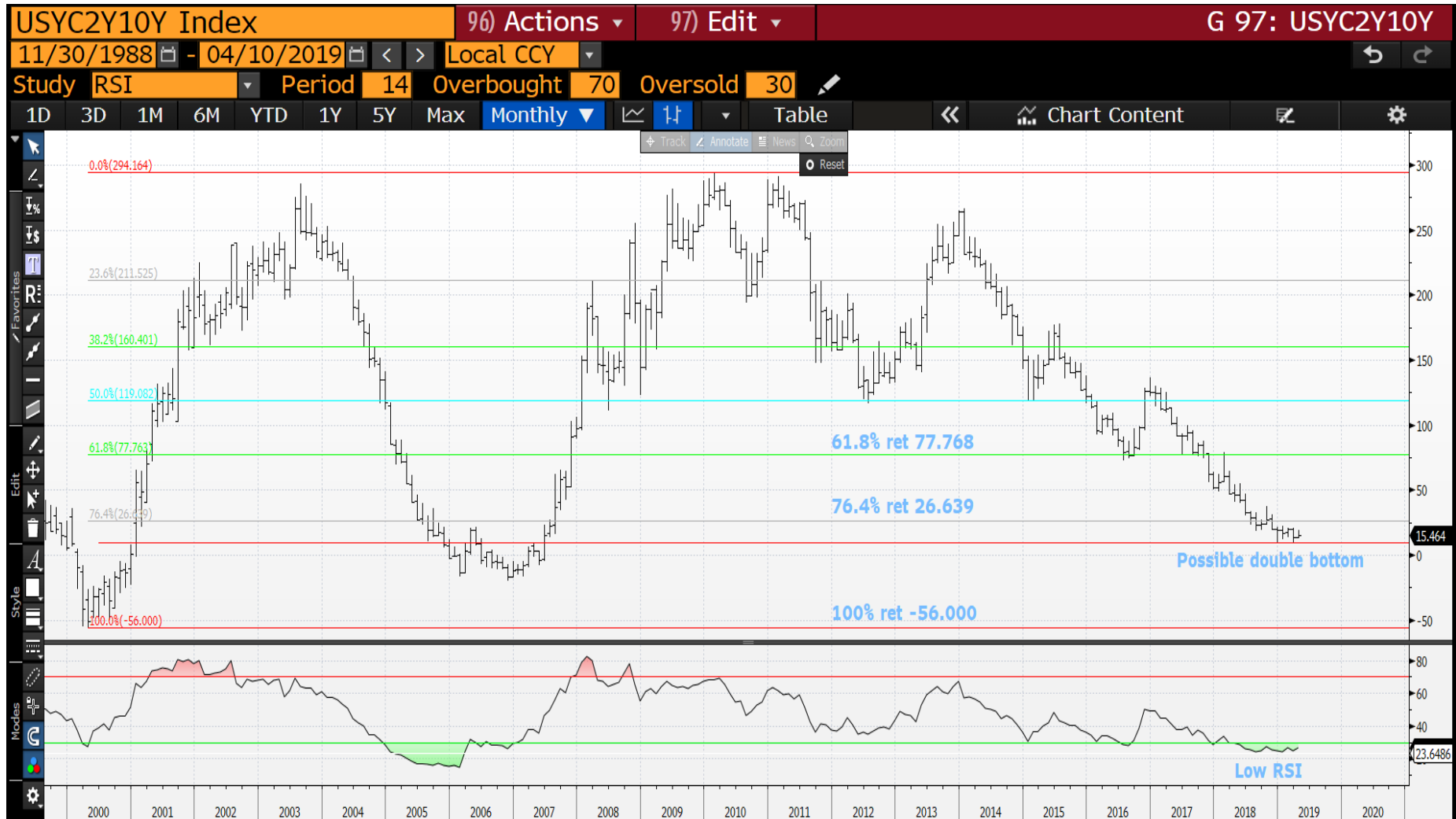
All generally have low RSI's, MANY at 2006 levels.

- 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!**

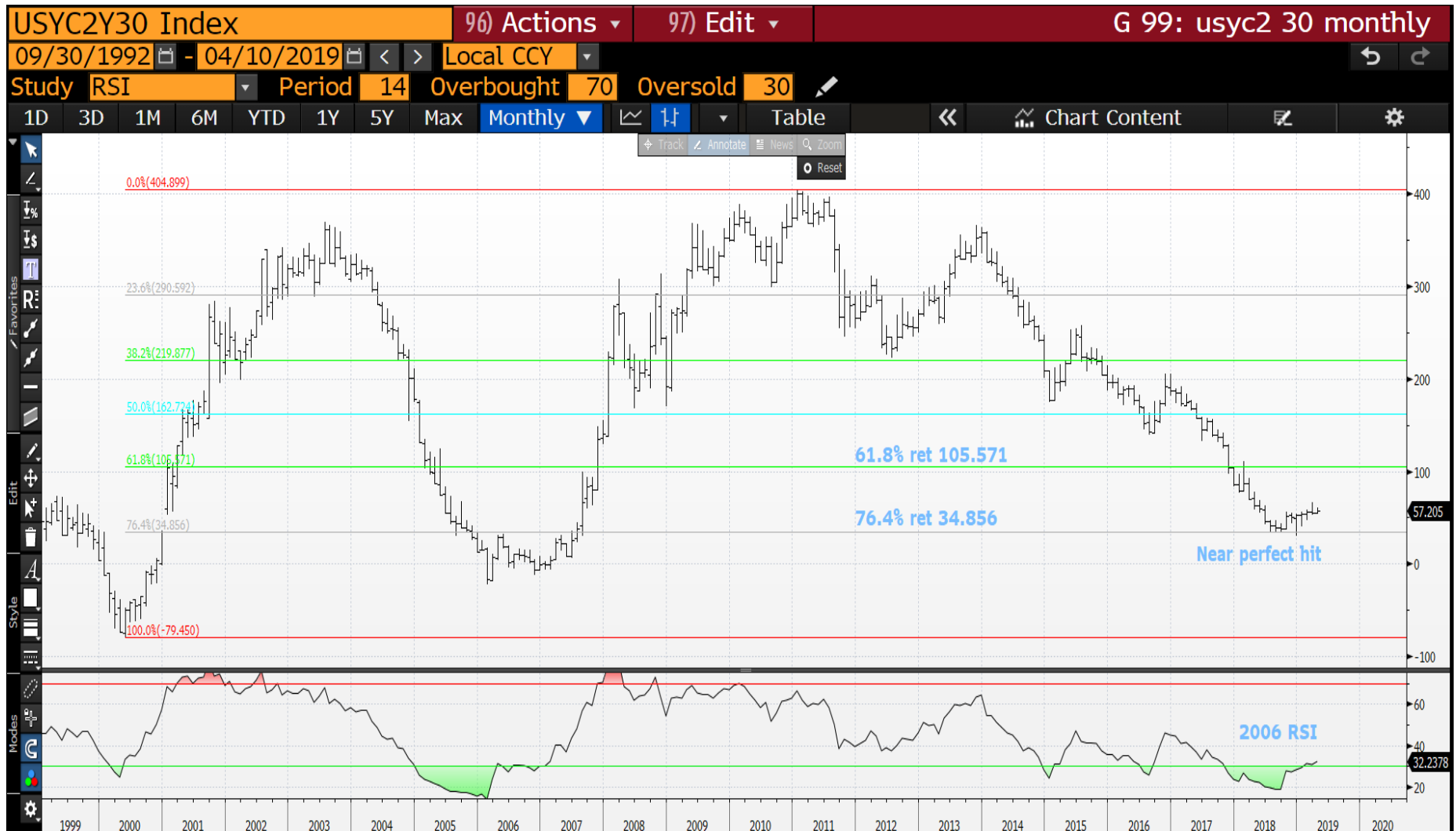
US 2-5 curve monthly : A VERY strong close creating a major downside pierce, it FINALLY looks like a BASE is in!



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 : ANOTHER PERFECT hit and possible PERFECT BOTTOM to trade from. TO me this remains a VERY long-term trade but performance is now being over shadowed by the front end orientated curves.



US 5-30 curve monthly : The latest RSI and PIERCE are highlighting a STALL, lets see how this month evolves.



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US 10-30 curve monthly : We have a pretty major upside pierce so likely to dip below the 61.8% ret 38.721 soon.



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



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



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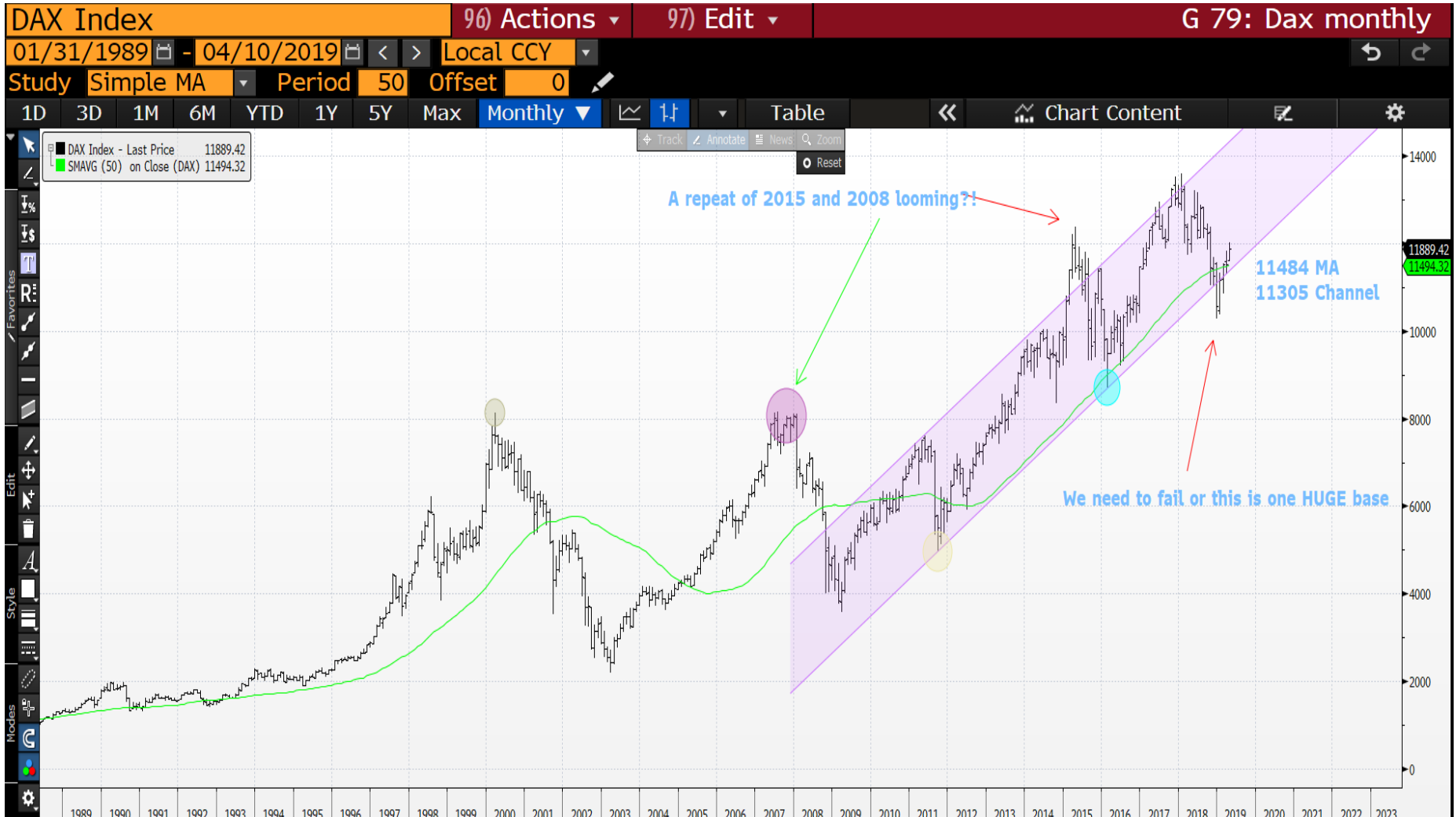
EQUITIES

EQUITIES : One area that remains a SIZEABLE frustration!

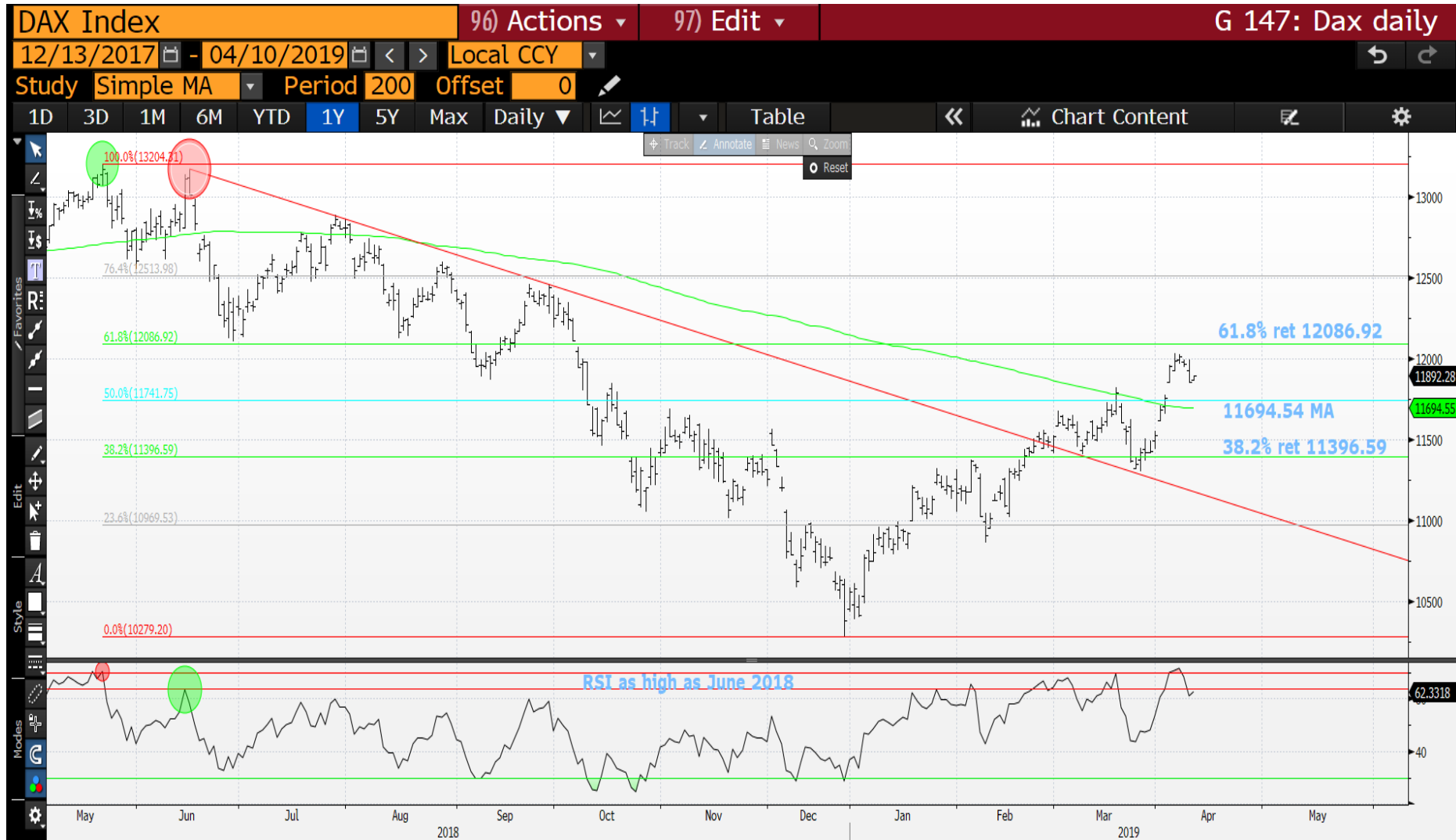
Many will argue that stocks are FINE and a level of comfort is now built in. This has never been more of a critical location TO FAIL. Optimism is built in along with positions however MANY EARNINGS SEASON is upon us and personally I don't think it will go well.

They continue to perform but further upside progress seems limited.

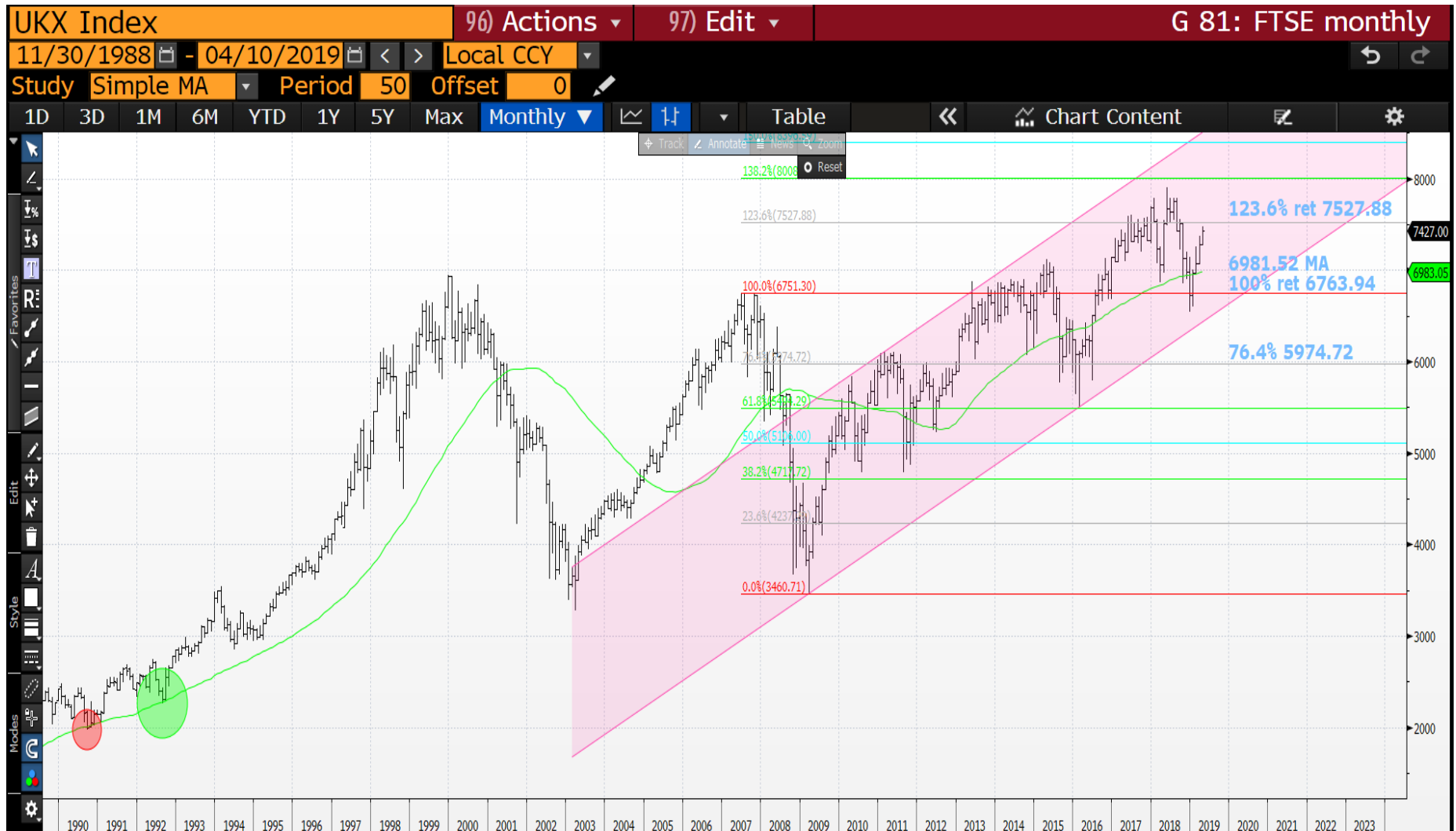
DAX monthly : We above BOTH the moving average and channel.



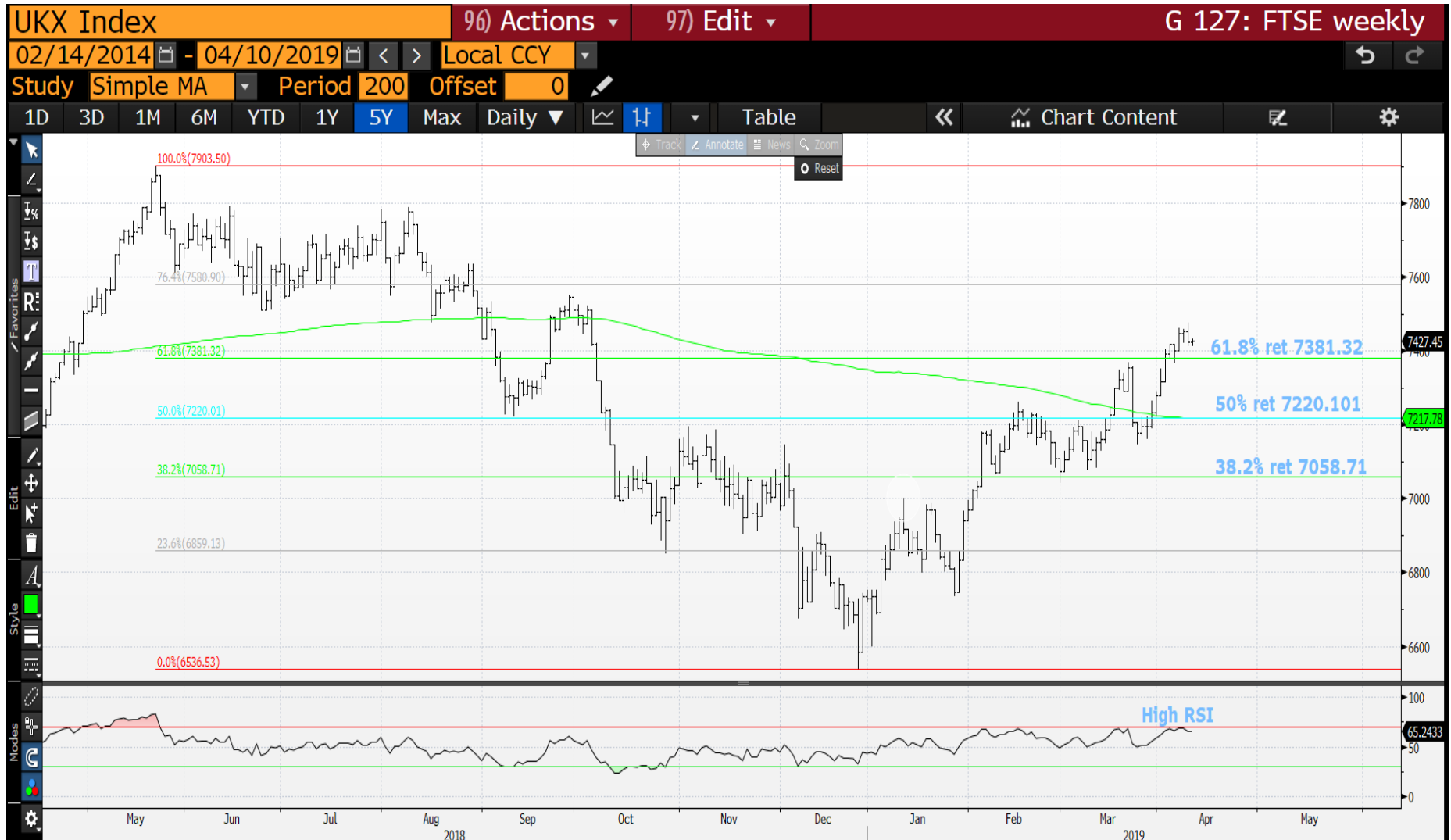
Dax daily : Similar to the daily yield charts we have formed a TOP but JUST need to capitalise on that. The RSI remains HIGH.



FTSE monthly : We have had a sizeable bounce but lets see if we have the momentum to breach the 123.6% ret 7527.88.



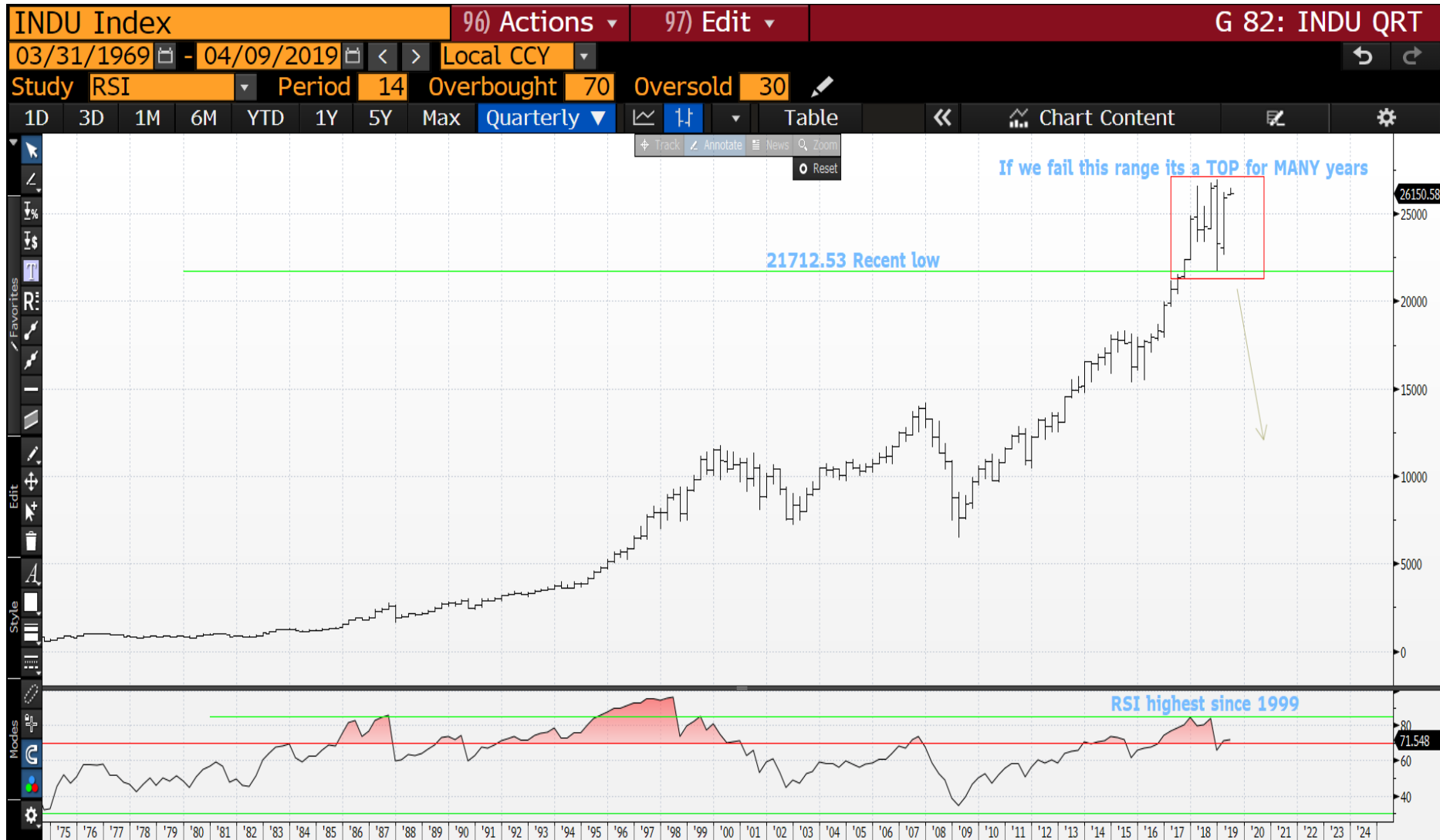
FTSE daily : We have a sizeable pierce from yesterday but ideally NEED to be below the 61.8% ret 7381.32.



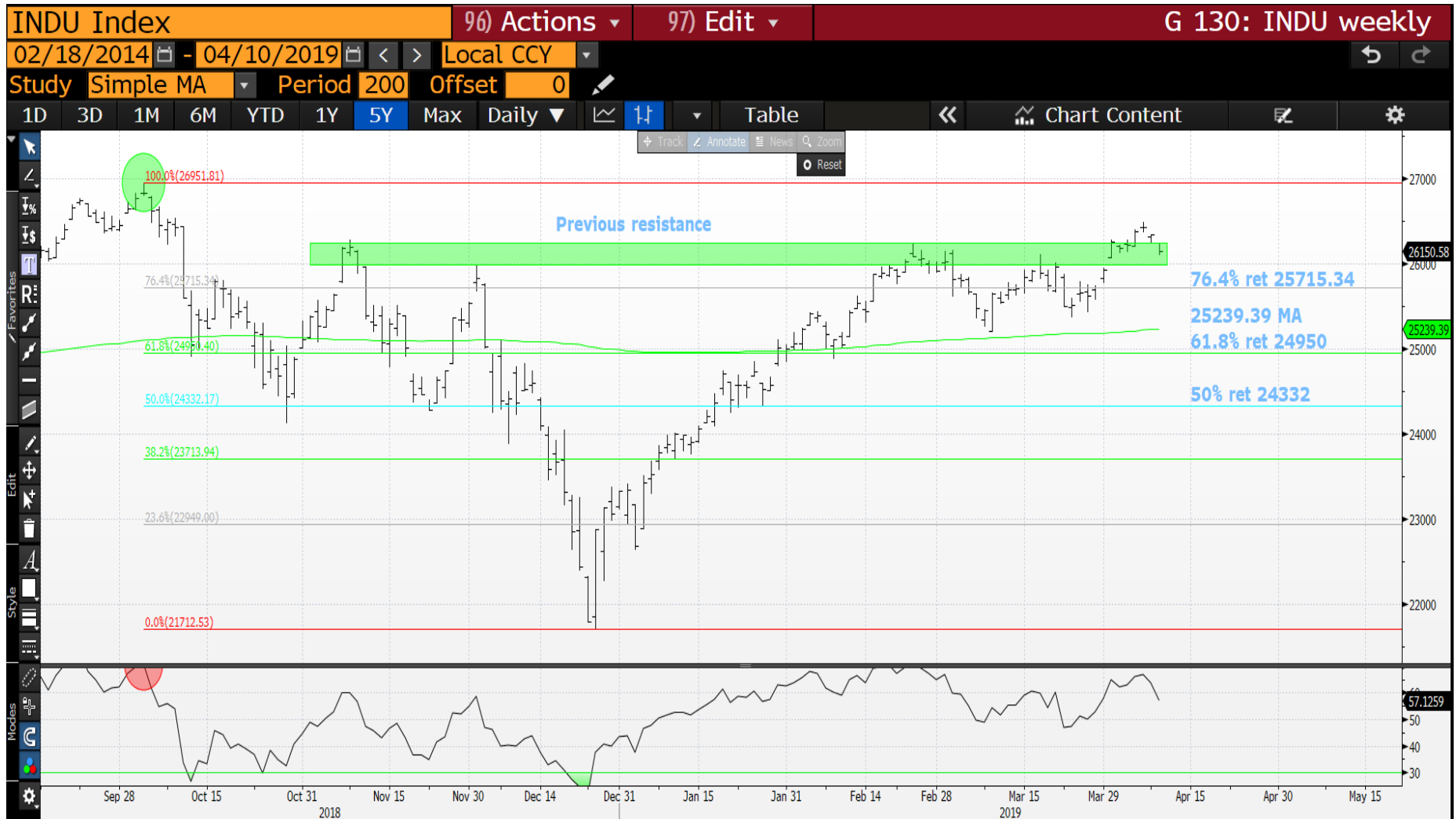
E mini S*P daily : We have popped the previous resistance but this HAS taken the RSI to lofty levels, we shall see but should fail.



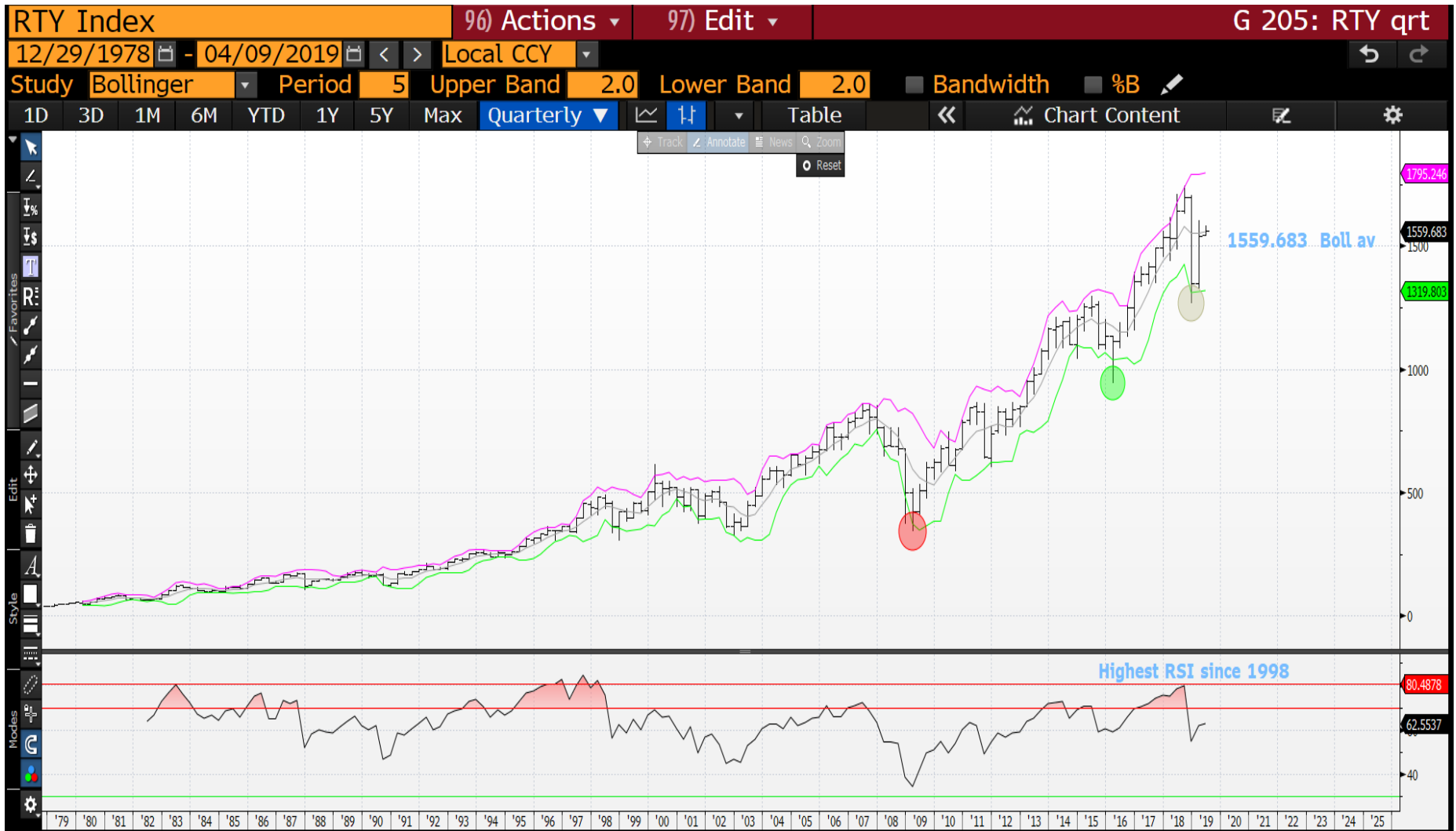
DOW quarterly : A very limited range for a market that breached last quarters high so does that now mean we FAIL?



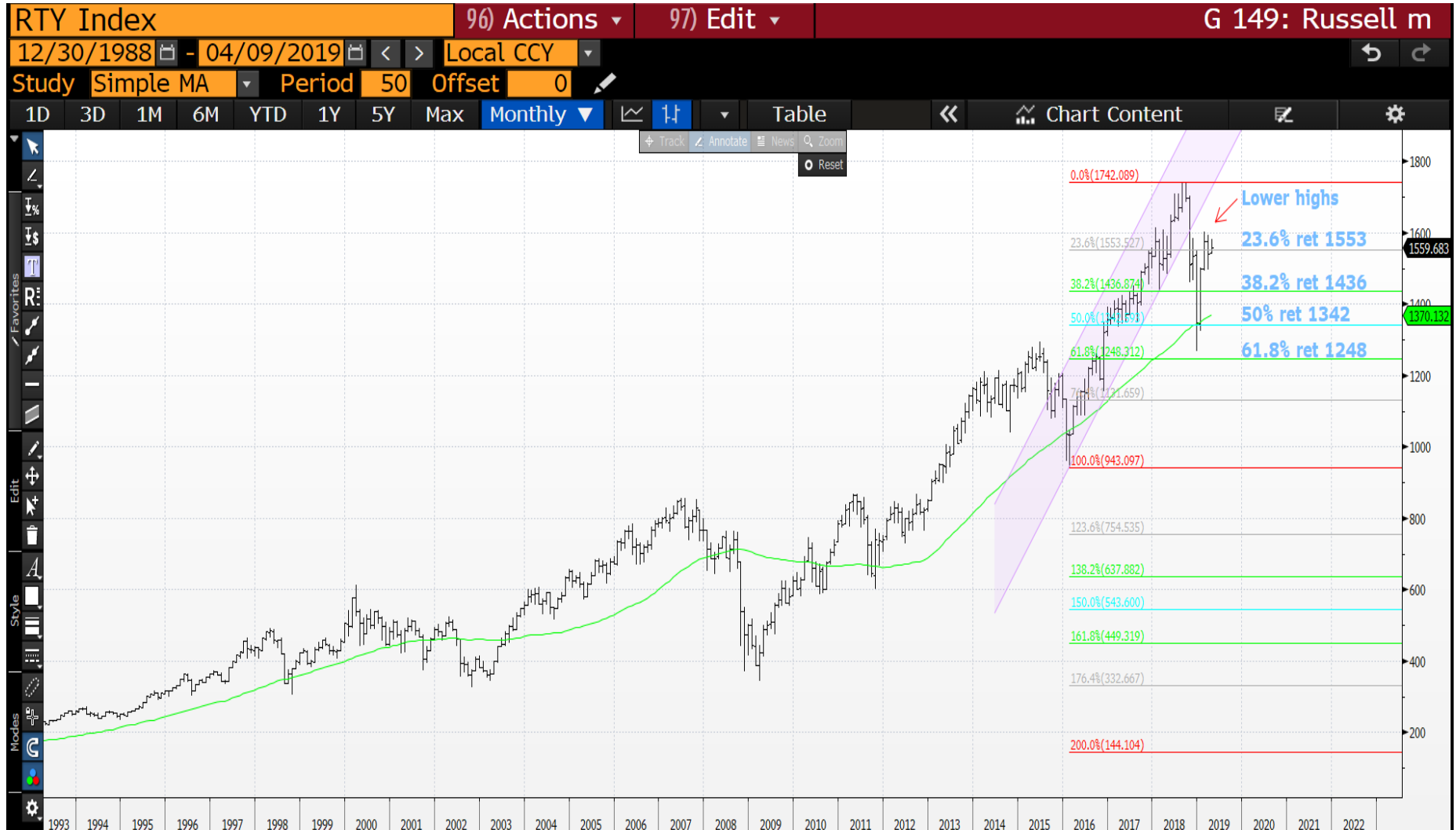
DOW daily : We are TEASING the familiar resistance, sub the 76.4% ret 25715.34 will be helpful.



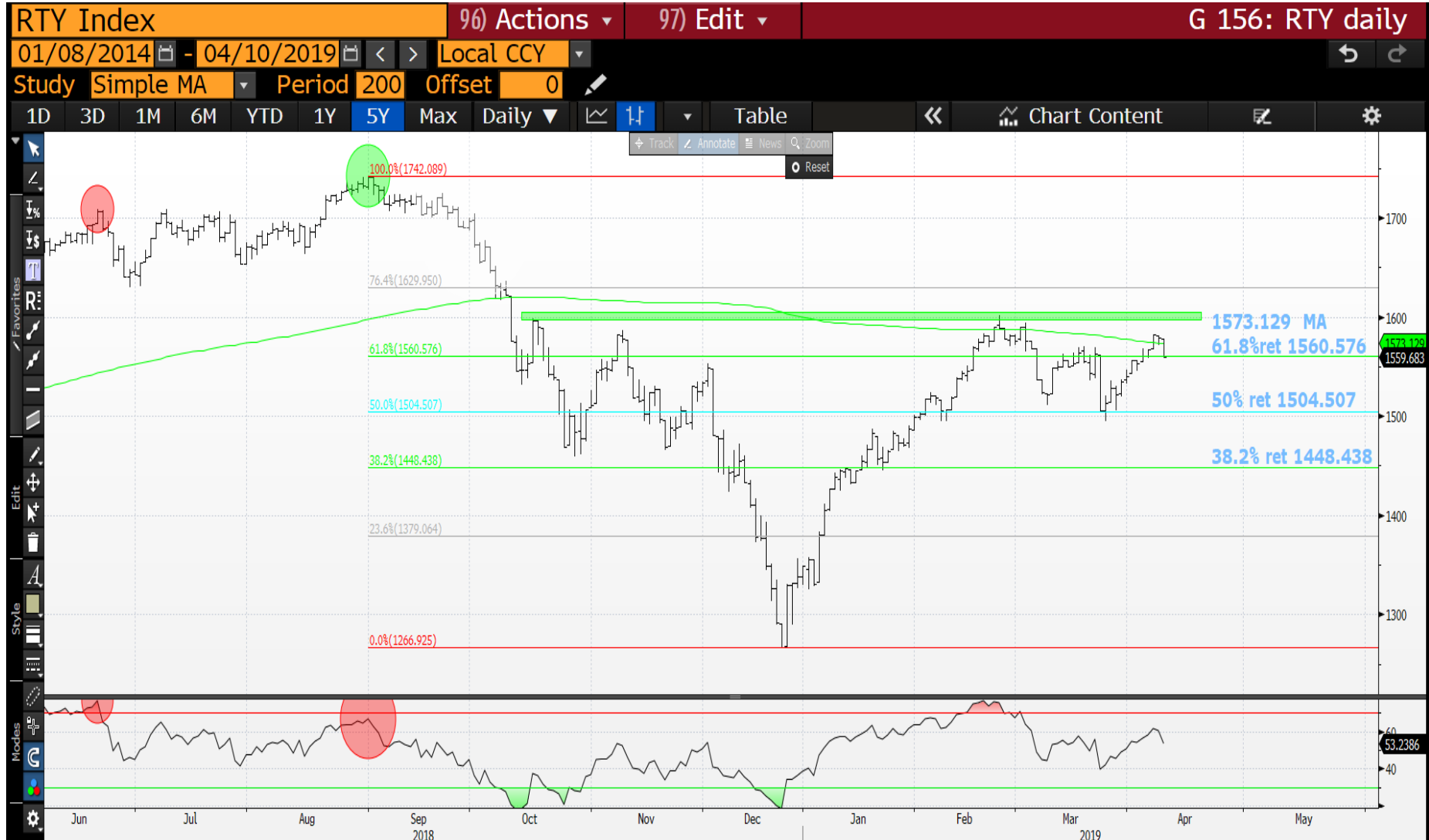
Russell quarterly : We have had a sizeable bounce but looks doubtful it will repair the terminal damage. Ideally we need to REMAIN below the 1559.683 bollinger average.



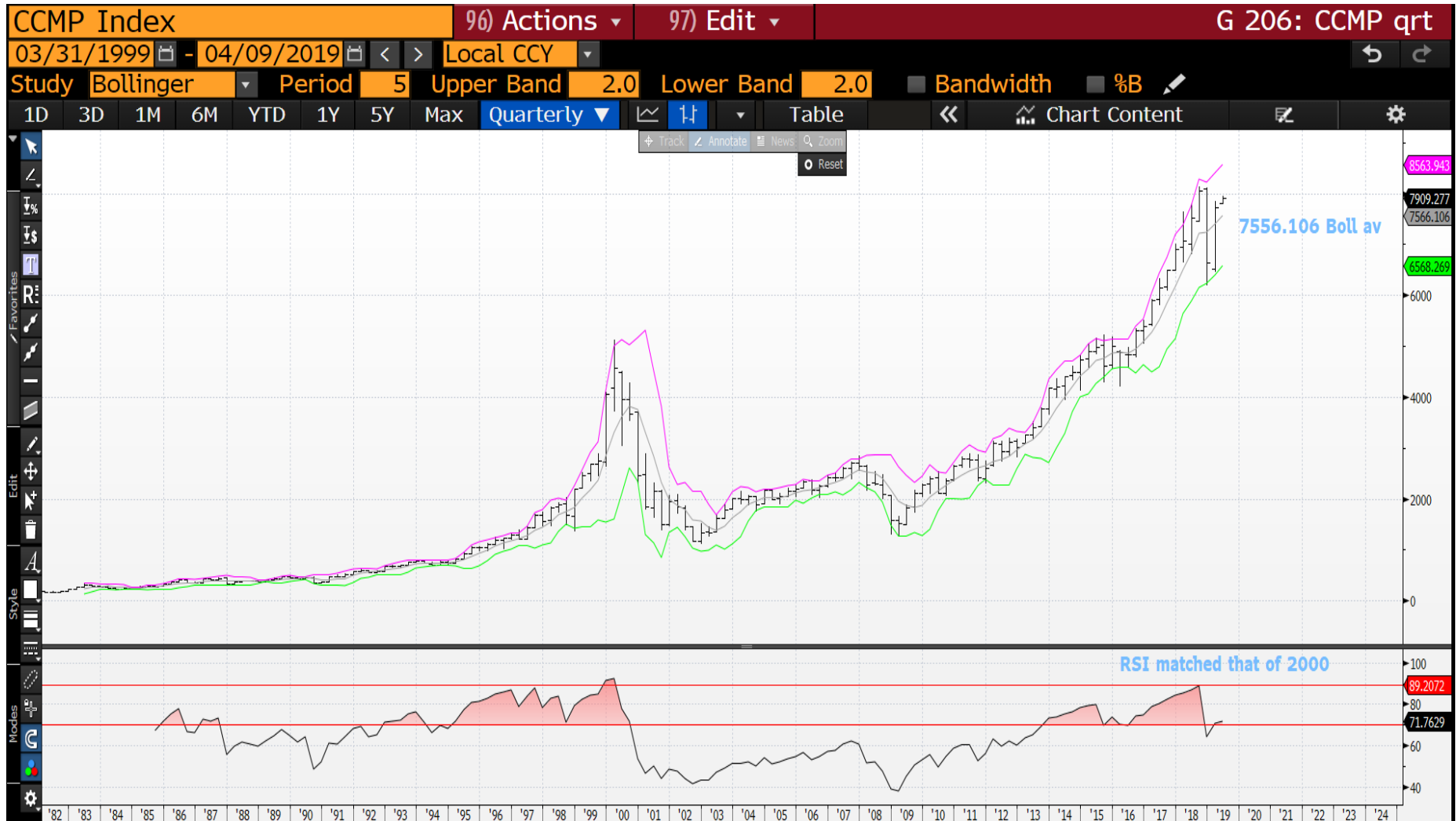
Russell monthly : Currently we REMAIN below last months HIGH and teasing the 23.6% ret 1553.



Russell daily : Still a VERY negative chart but ideally we need to make progress toward the 50% ret 1504.507.



CCMP quarterly : We have opened close to last months highs but a move sub the 7550.033 bollinger average will help.



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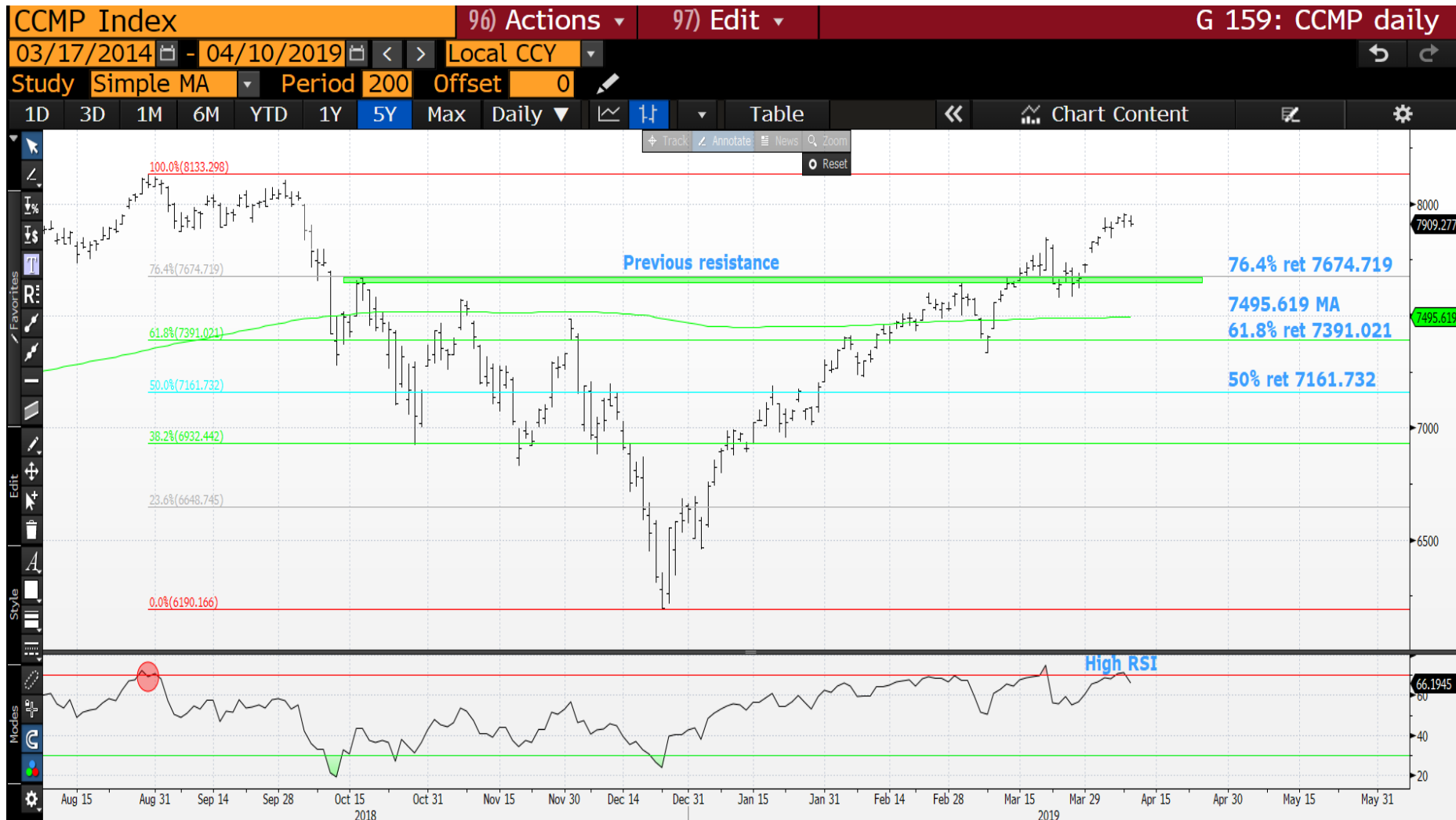
CCMP monthly : We have opened inside the channel 7691 so a lot to do to FAIL.



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CCMP monthly : We have breached the previous resistance but the RSI is now dislocated, we need to head lower soon.

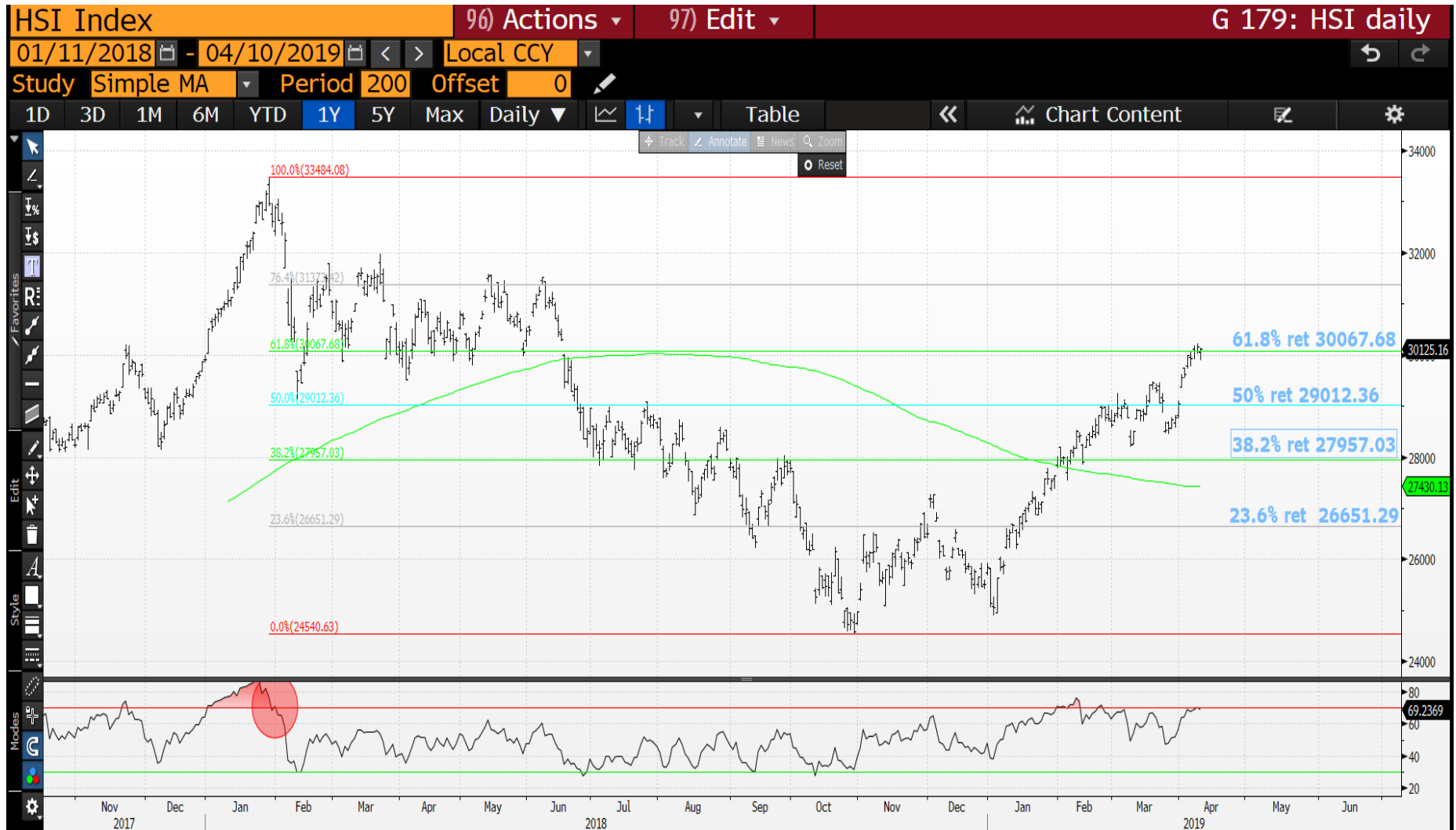


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Hang Seng monthly : This is the biggest obstacle to a any short as this market formed a MAJOR base against its long-term moving average 25547.83.



Hang Seng daily : The RSI is now HIGH so ideally we reject the 61.8% ret 30067.68 and head lower.



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

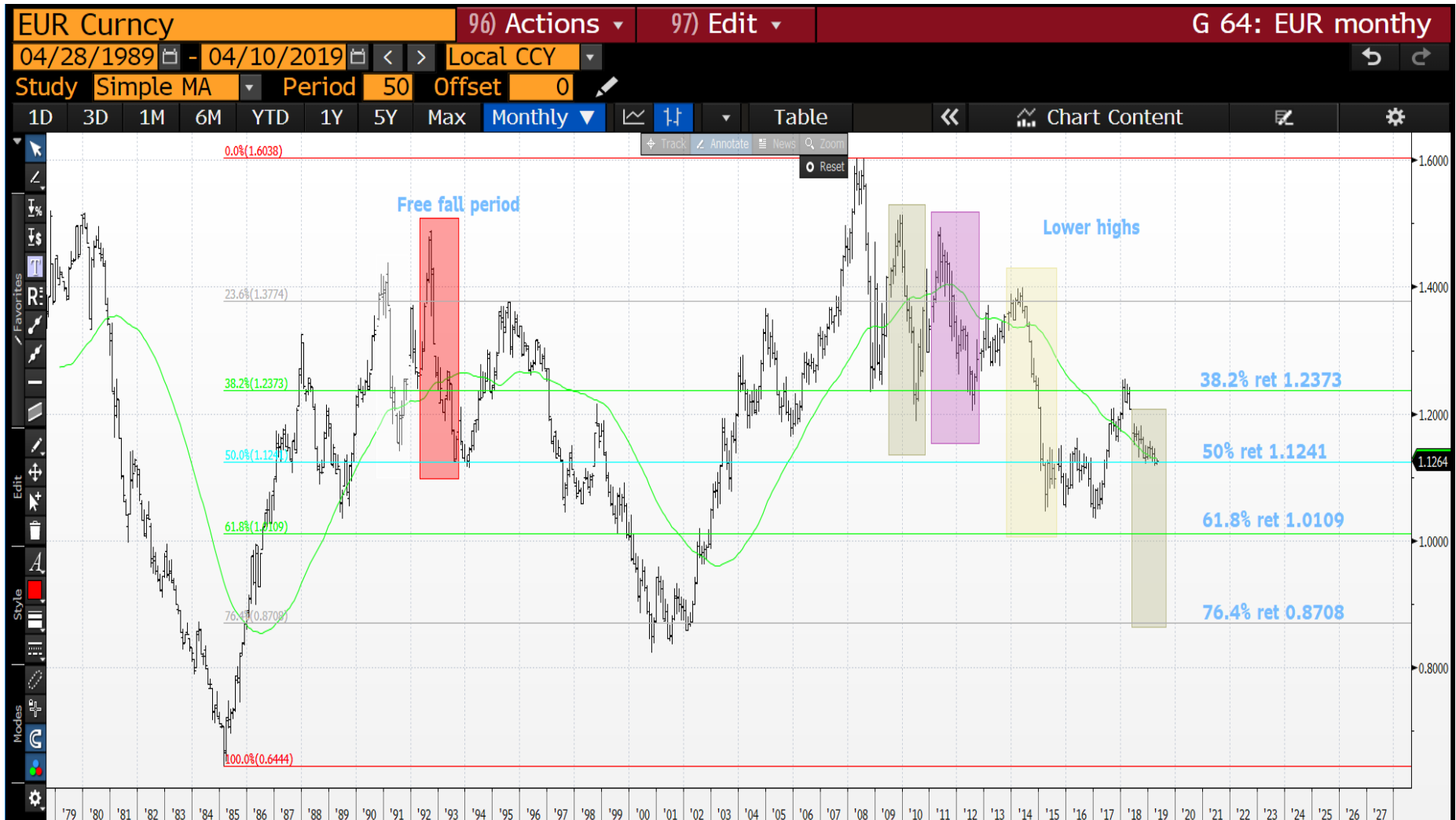


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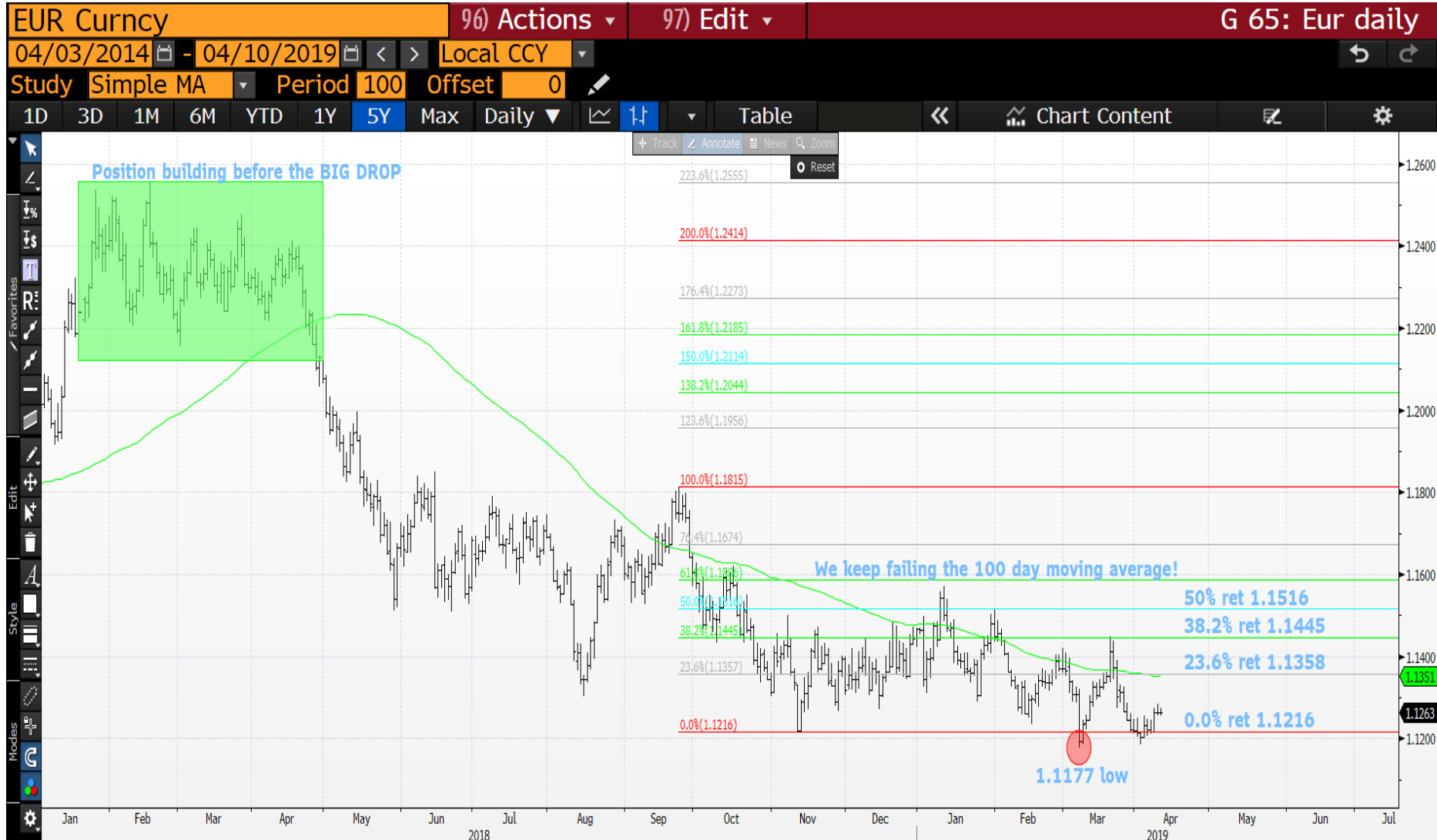
FX UPDATE

- **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.



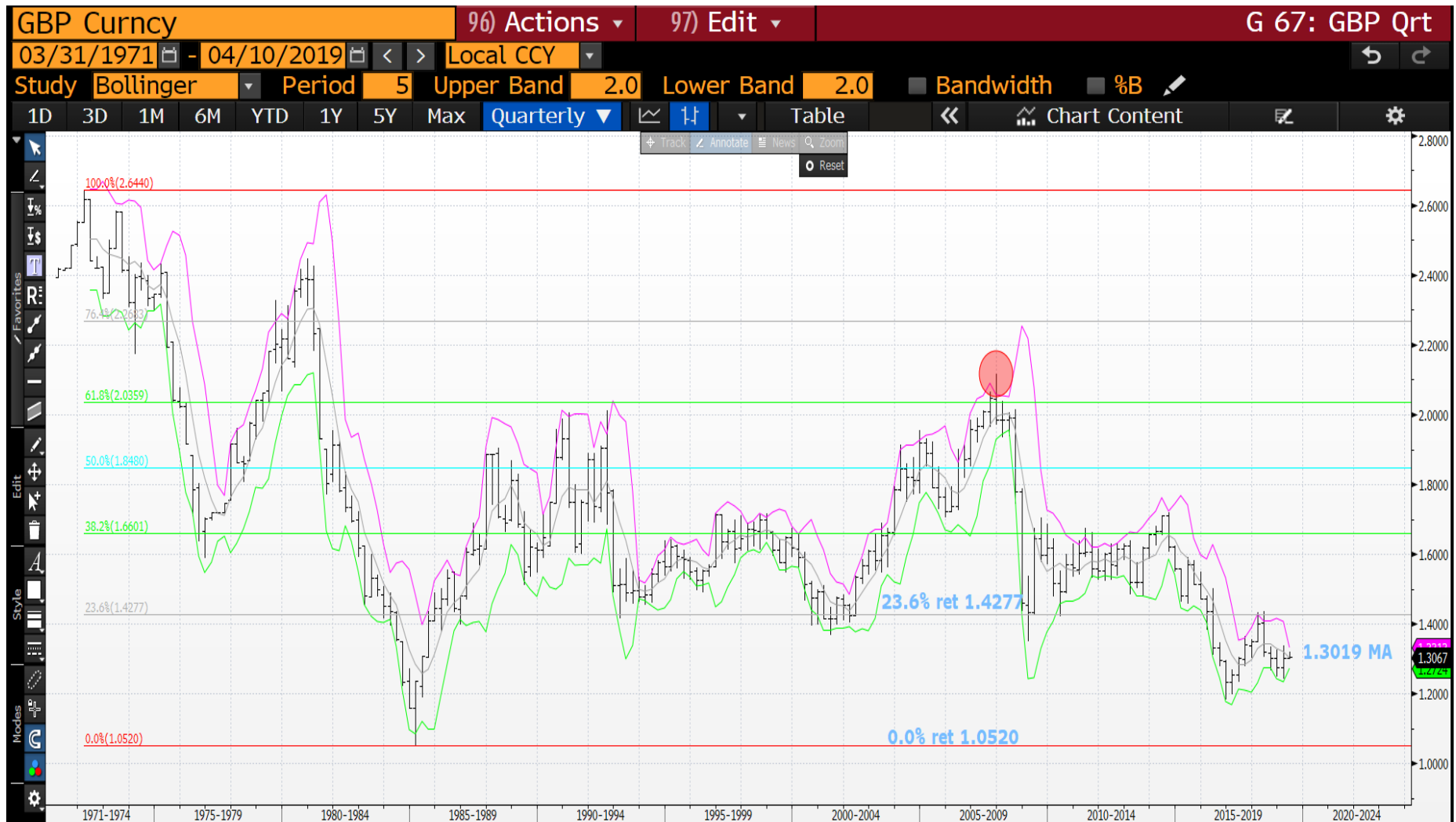
EUR USD daily : A very sideways market BUT it remains heavy.



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 : A tricky location and rather a neutral one being at a 50% ret 95.859 of the last 18 years. Performance looks limited but sub the 50% ret 95.859 is bearish.



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.

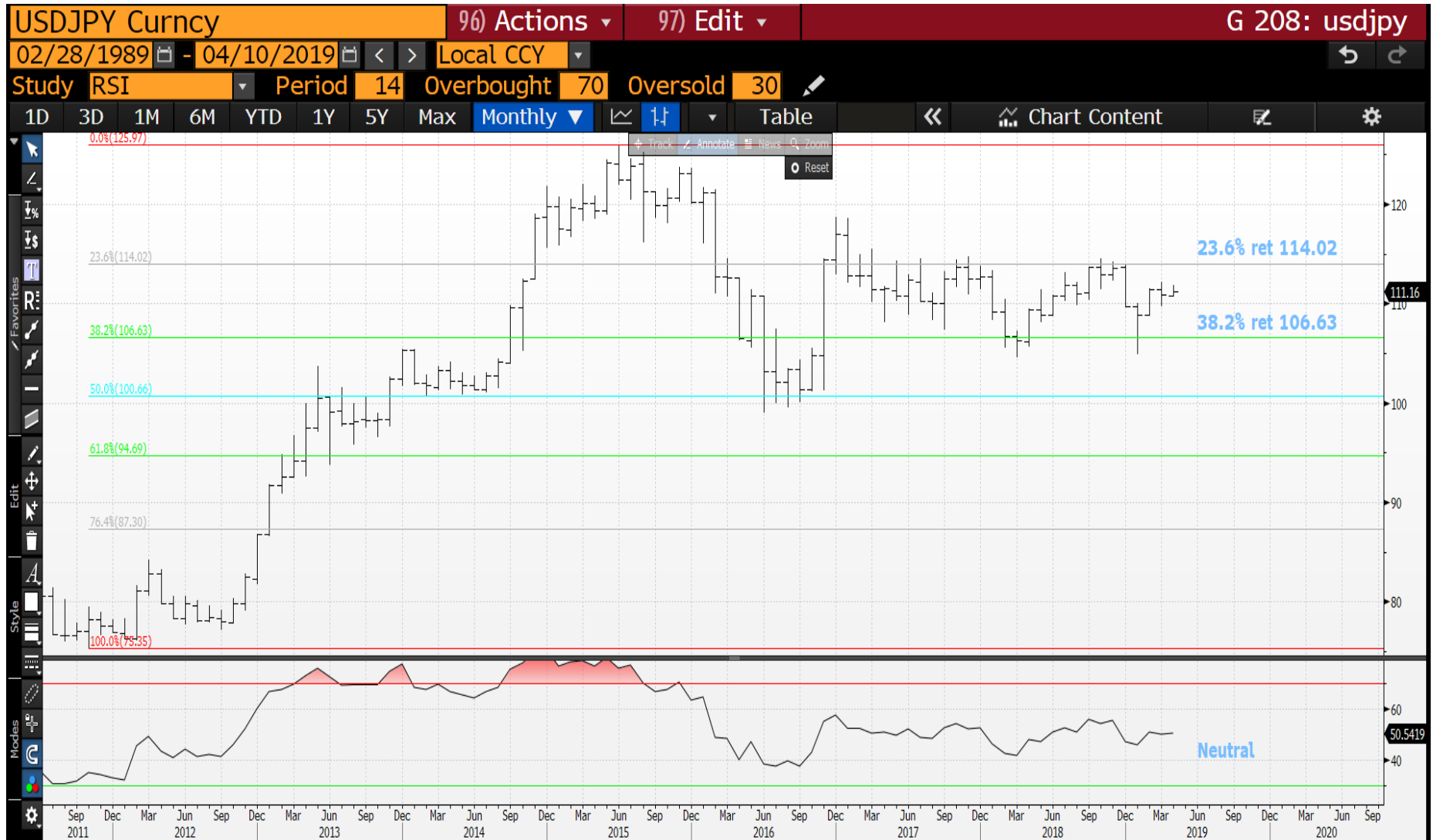


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USD CAD weekly : The moving average continues to be the solid support on any dip, next step is to breach the 23.6% ret 1.3451.



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



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EM UPDATE

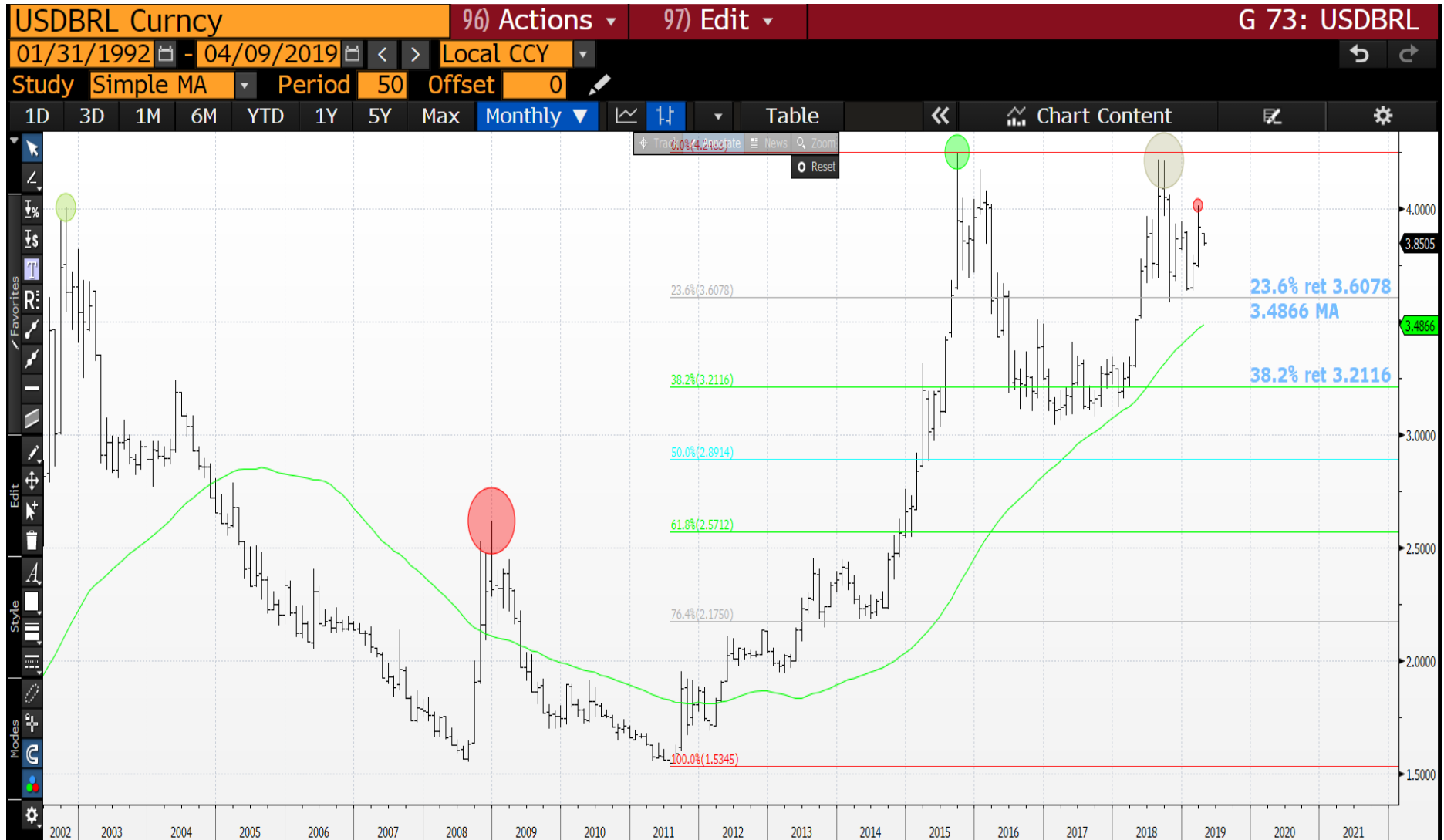
- **EM : A significant proportion of the EM crosses have created multi year tops and should see EM continue to perform regardless of USD direction. We are on the move LOWER again.**
- **MANY USD-EM crosses now have SIZEABLE long-term tops formed. I think it is a combination of EM relief that the Turkey-Argentina 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.

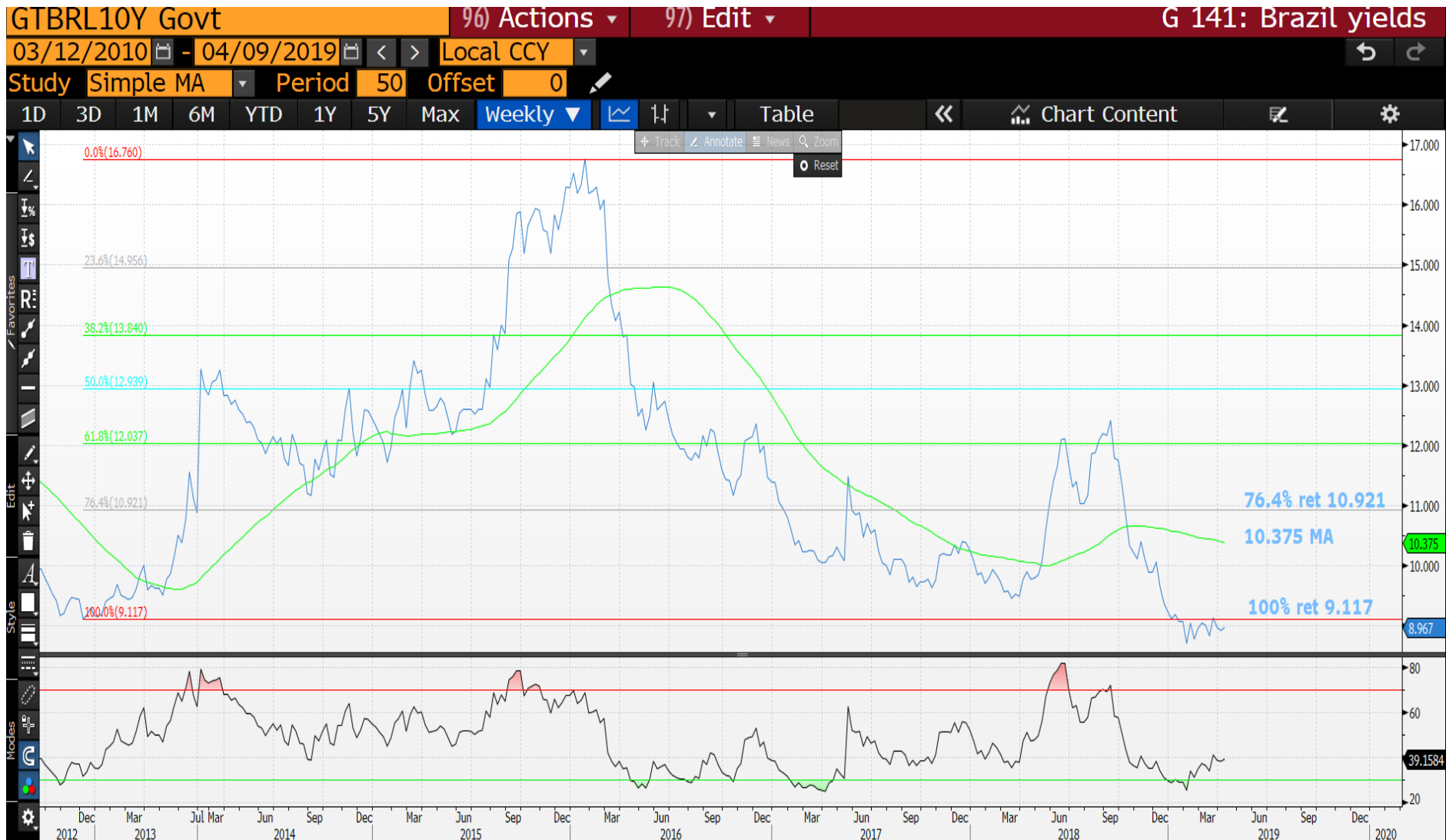


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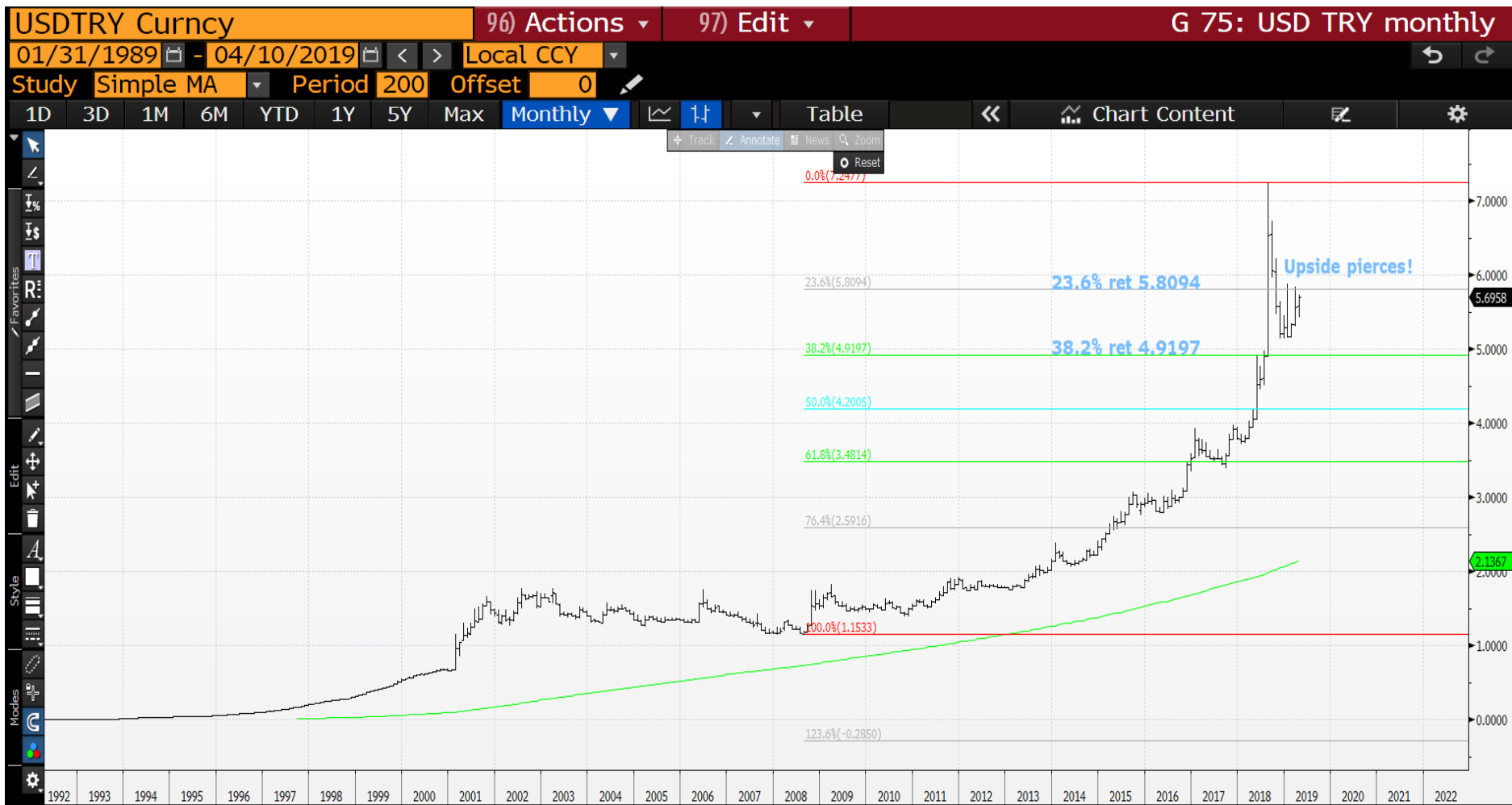
USD BRL monthly : We now have a very sizeable volume top and any breach of the 23.6% ret 3.6078 will be HUGE.



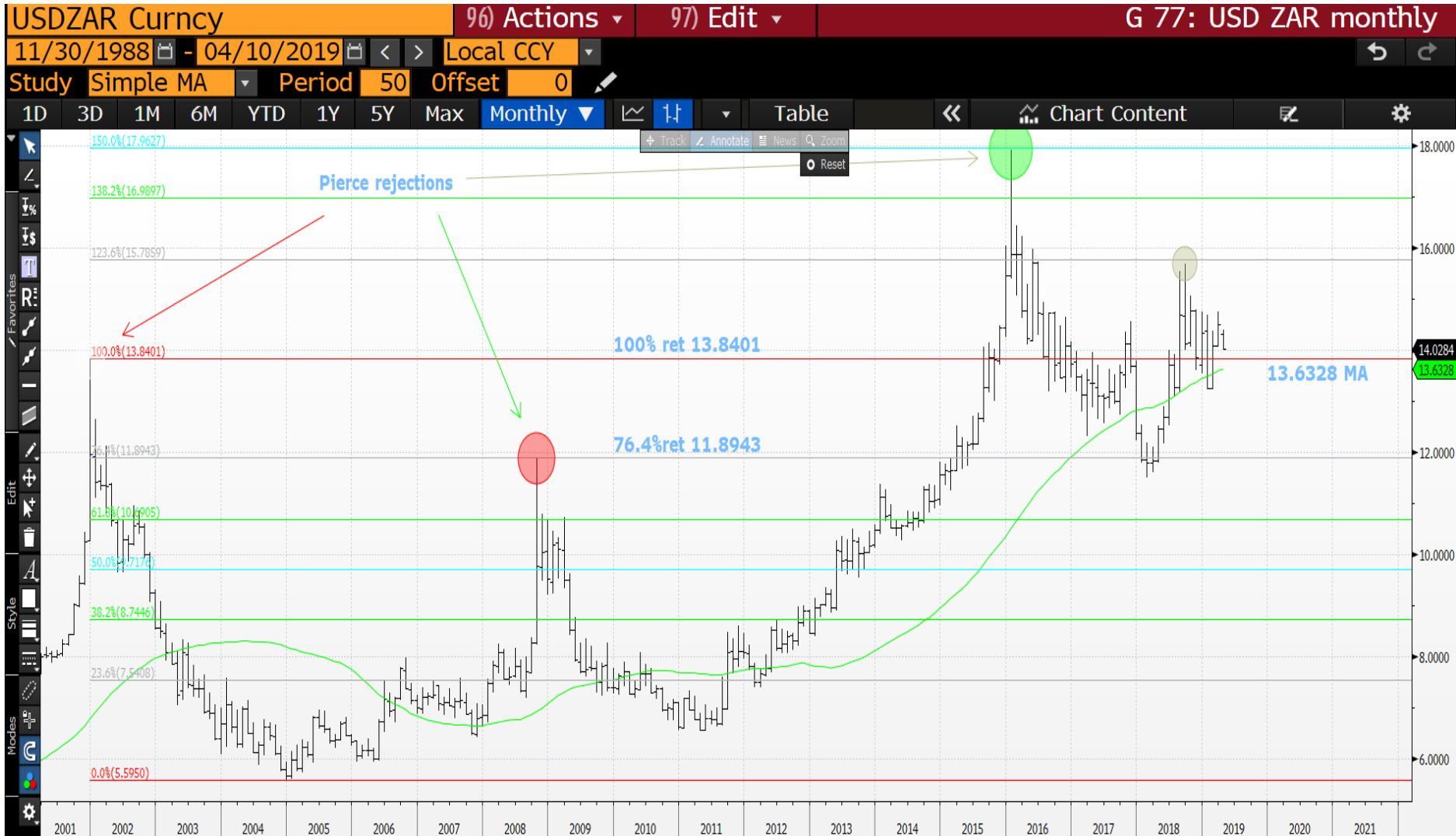
GTBRL10Y weekly : Yields have to continued to remain sub the 100% ret 9.117.



USD TRY monthly : The one fly in the ointment but whilst sub the 23.6% ret 5.8094 all remains bearish.



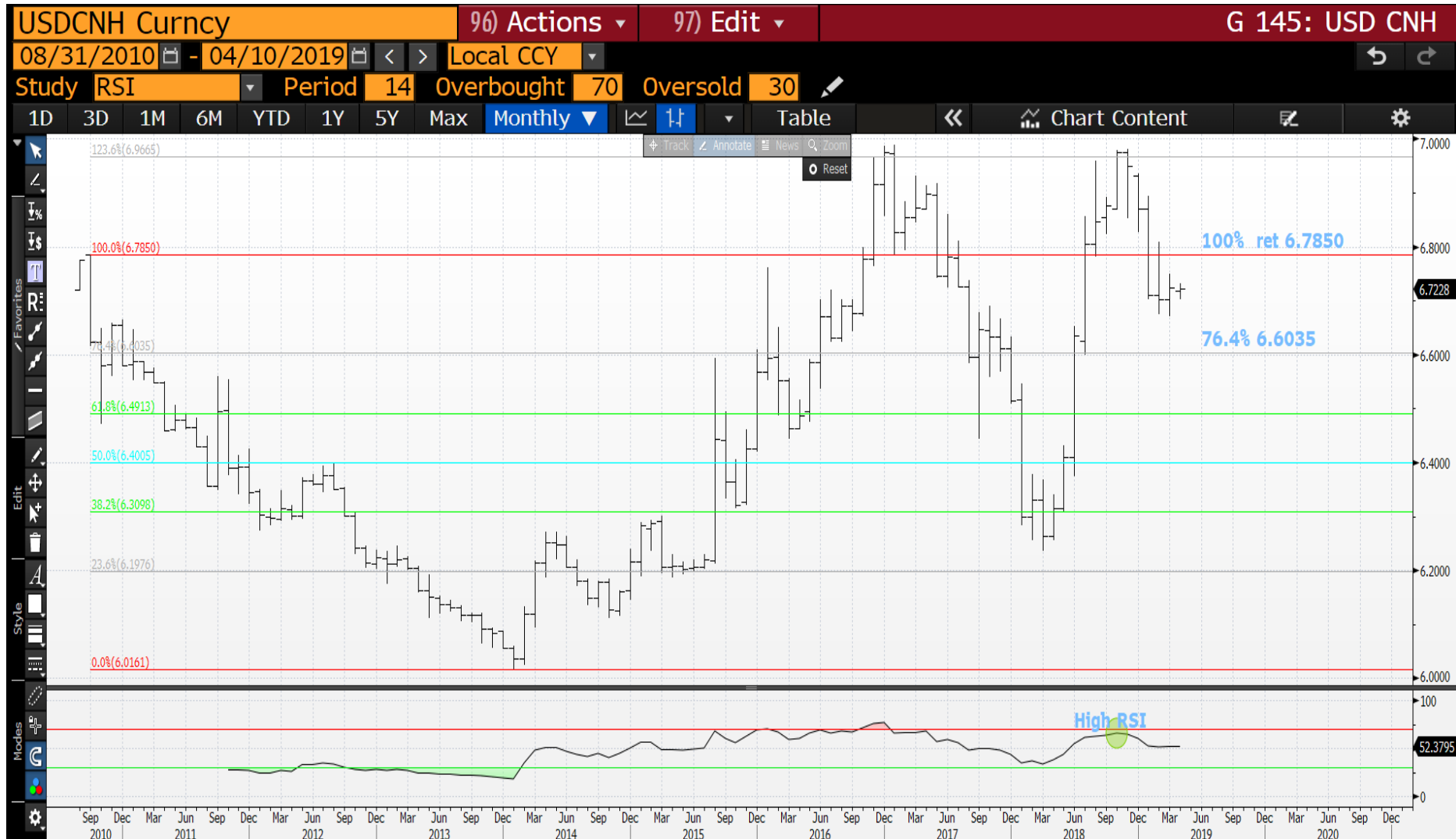
USD ZAR monthly : We continue to fail and should shortly be breaching the 100% ret 13.8401, THEN we head a lot LOWER.



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 its TECHNICAL HIT! We have failed the multi year 100% ret 6.7850 and heading toward 6.6000.



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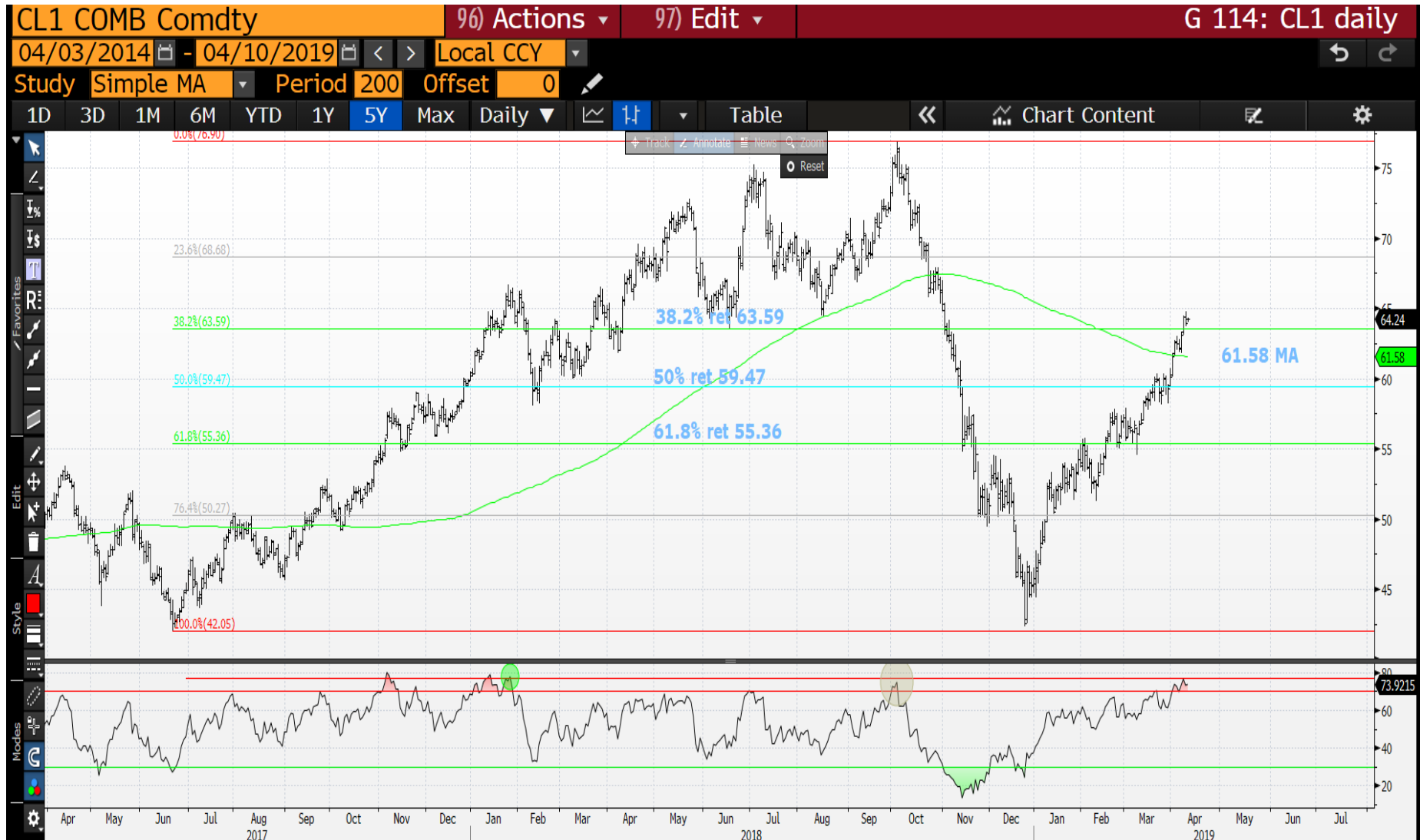
USD INR monthly : A BIG ONE for 2019 as PLENTY of downside possibility. The RSI is as HIGH as September 2013 and we APPEAR to be forming a TOP.



CL1 monthly : We have breached the 61.8% ret 62.65 and heading toward the 68.01 moving average.



CL1 daily : The RSI has been this extended before in October 2018, not difficult to see the outcome!



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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 the CLEANEST safe haven.



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