

SPECIAL PIECE : EQUITIES AND BONDS.

FOR SOME TIME NOW THE LONGTERM YIELD CHARTS HAVE BEEN SUCCESSFULLY FORECASTING LOWER BOND YIELDS BUT WE ARE CLOSE TO THE NEXT ACCELERATION POINT. FOR MANY IT SEEMS HARD TO SEE YIELDS FALL MUCH LOWER BUT FOR THIS IS TO HAPPEN THEN EQUITIES NEED TO STALL, CHART WISE THEY ARE READY.

FUTURES VOLUMES ACROSS THE BOARD ARE UP SHOWING INCREASED APPETITE EVEN AT THESE LOW YIELD LEVELS. WE SHOULD SEE OPEN INTEREST CONTINUE TO CLIMB.

THERE ARE NUMEROUS PROMINENT CHARTS COMPLIAMENTING THE VIEW.

1. HANG SENG : THIS HAS ALREADY MOVED LOWER PRE THE CHINA DEAL AGREEMENT, DO THEY KNOW SOMETHING (PAGE 49).
2. US 10YR YIELD QUARTERLY (PAGE 6) HAS SIGNIFICANT DOWNSIDE POTENTIAL STILL.
3. US 10 AND 30 YEAR FUTURES VOLUMES HAVE SUBSTANTIALLY INCREASED IN THE LAST FEW DAYS HIGHLIGHTING COMMITMENT TO LONGS (PAGE 5 & 10).
4. ITALY HAS WITNESSED SOME LONG LIQUIDATION GIVEN THE RECENT FUTURES VOLUME. (PAGE 28).
5. THE DOW (PAGE 41) THIS COULD FORM THE ULTIMATE LONGTERM TRIPLE TOP!

***** THE BIGGEST ISSUE AT THE MOMENT IS SO MANY RSI'S ARE NEUTRAL THUS WE NEED PRICES TO MOVE. *****

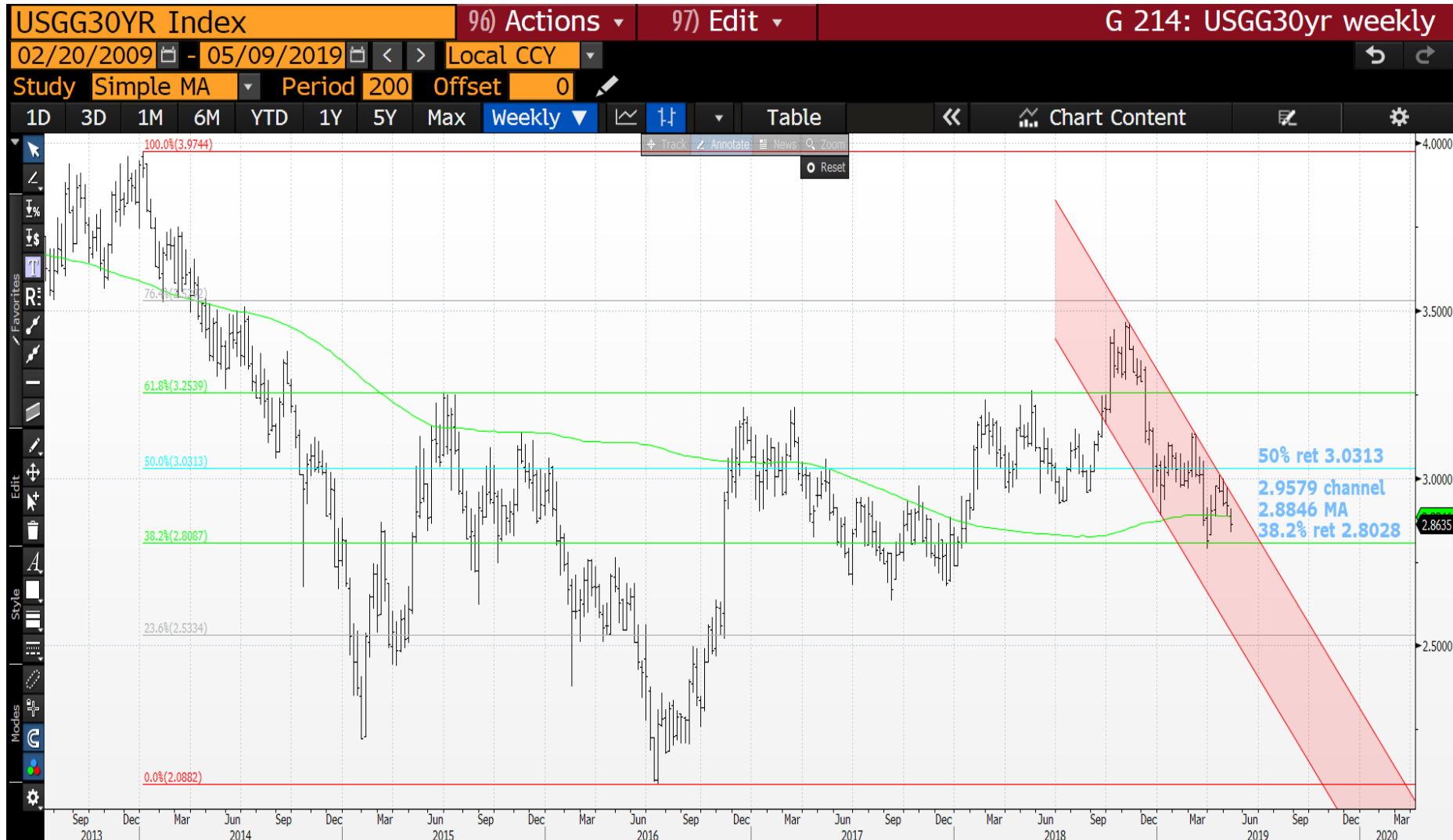
I ALSO BELIEVE CHINA ISNT IN SUCH GOOD SHAPE AS THE WORLD PERCIEVES AND THINK THE US STOCK MARKET IS WHOLLY WRONG IN ITS CURRENT LOCATION, TOO MUCH LYFT, UBER HYPE! STOP ALL EQUITY SHORTS ON ANY NEW HIGHS.

USGG30yr monthly : Although a familiar chart we continue to repeat history and remain sub the reliable 3.0809 moving average. The path of least resistance remains lower.



09/05/2019

USGG30yr weekly : A KEY week for performance given we have failed the 200 period moving average 2.8846, a further breach of the 38.2% ret 2.8028 will be major!



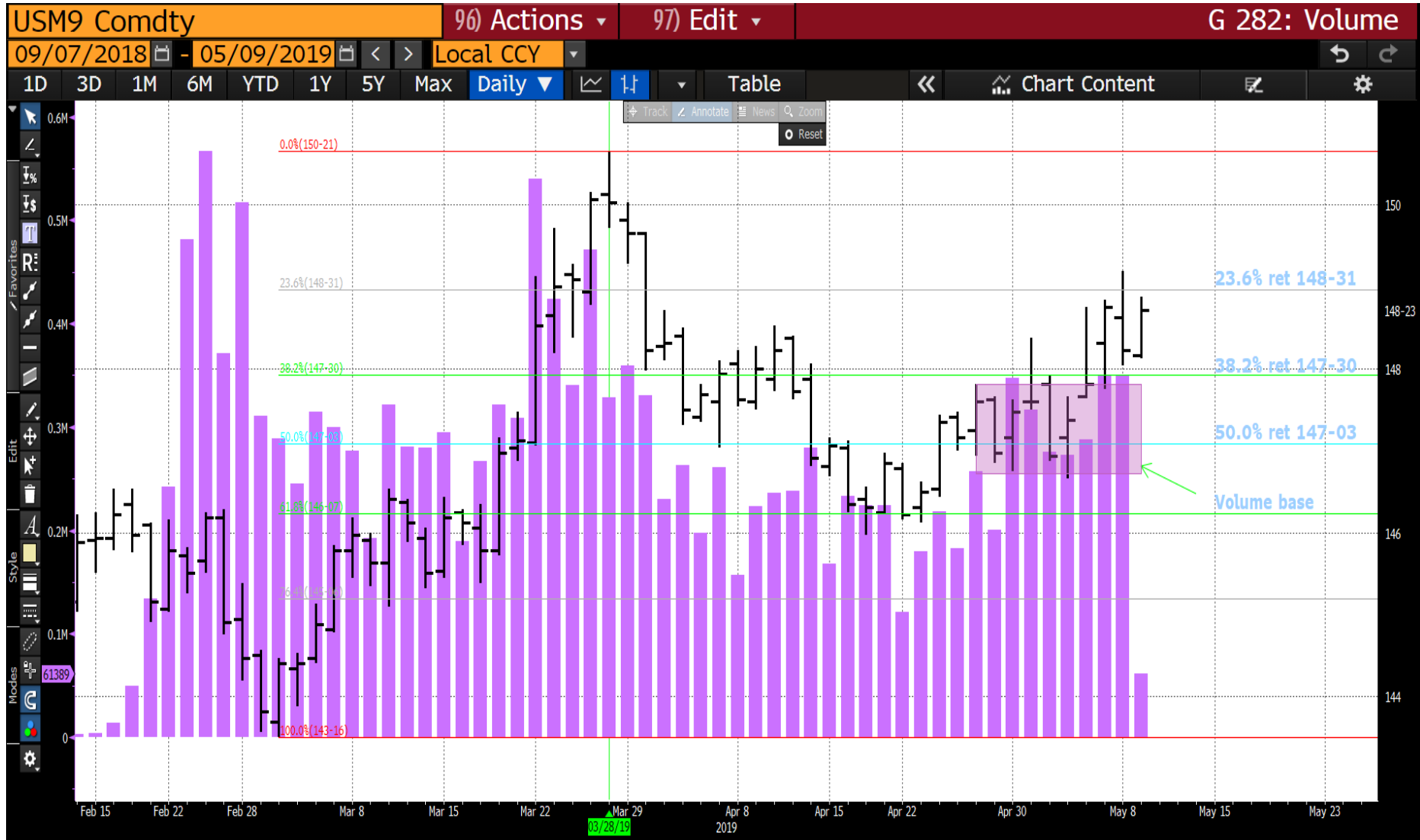
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USGG30yr yield daily : We continue to grind lower away from the reliable 50 day moving average, ideally we breach the 50% ret 2.7781 by Friday.



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US 30yr futures and volume : Seems people NEED to buy as associated with the sizeable volume bars of the last few days. A breach of 149-00 will help a lot.



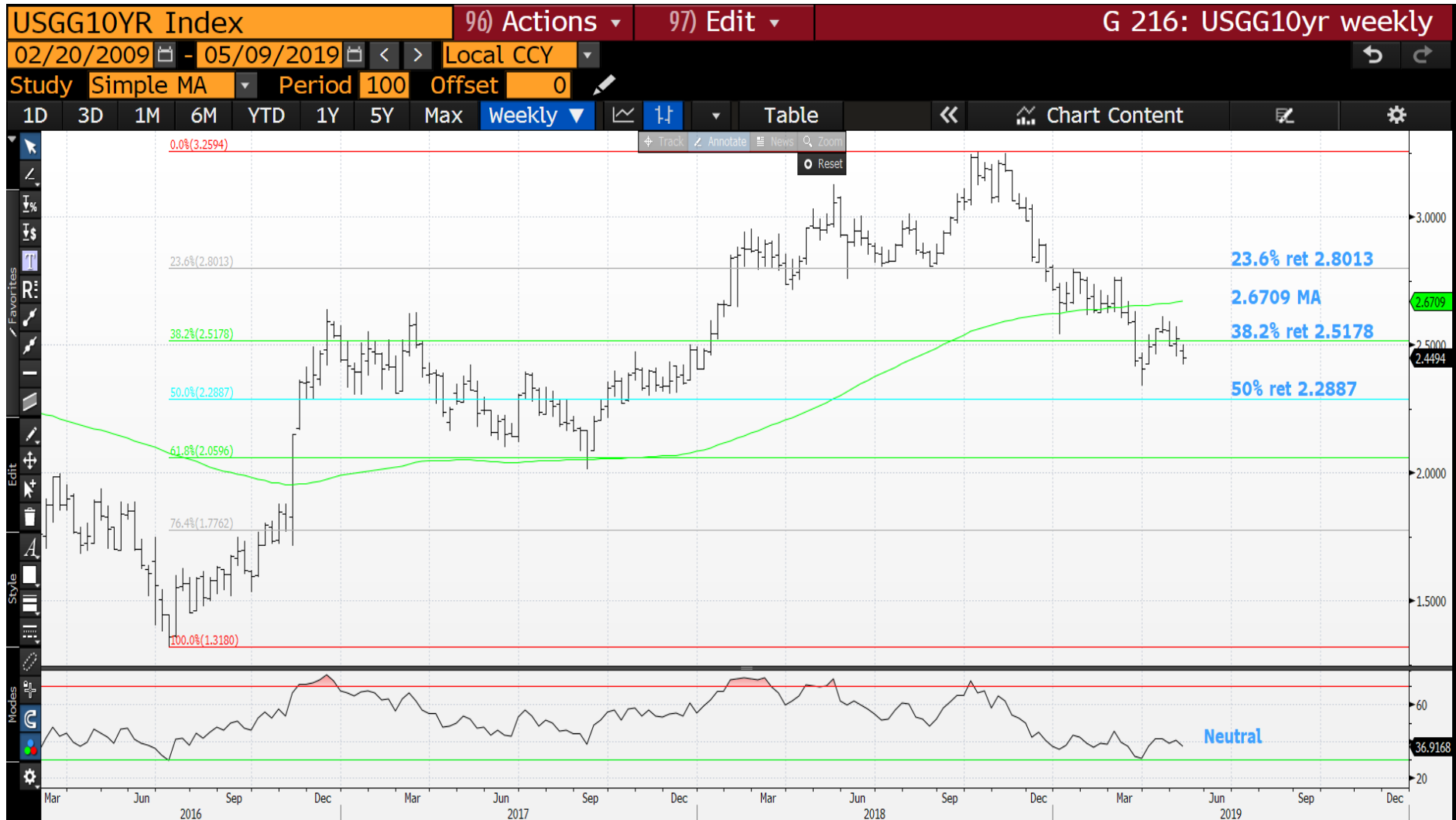
US 10yr yield quarterly : Whilst sub the 2.7327 moving average “history repeats itself”, should it do so we have a lot further to DROP!



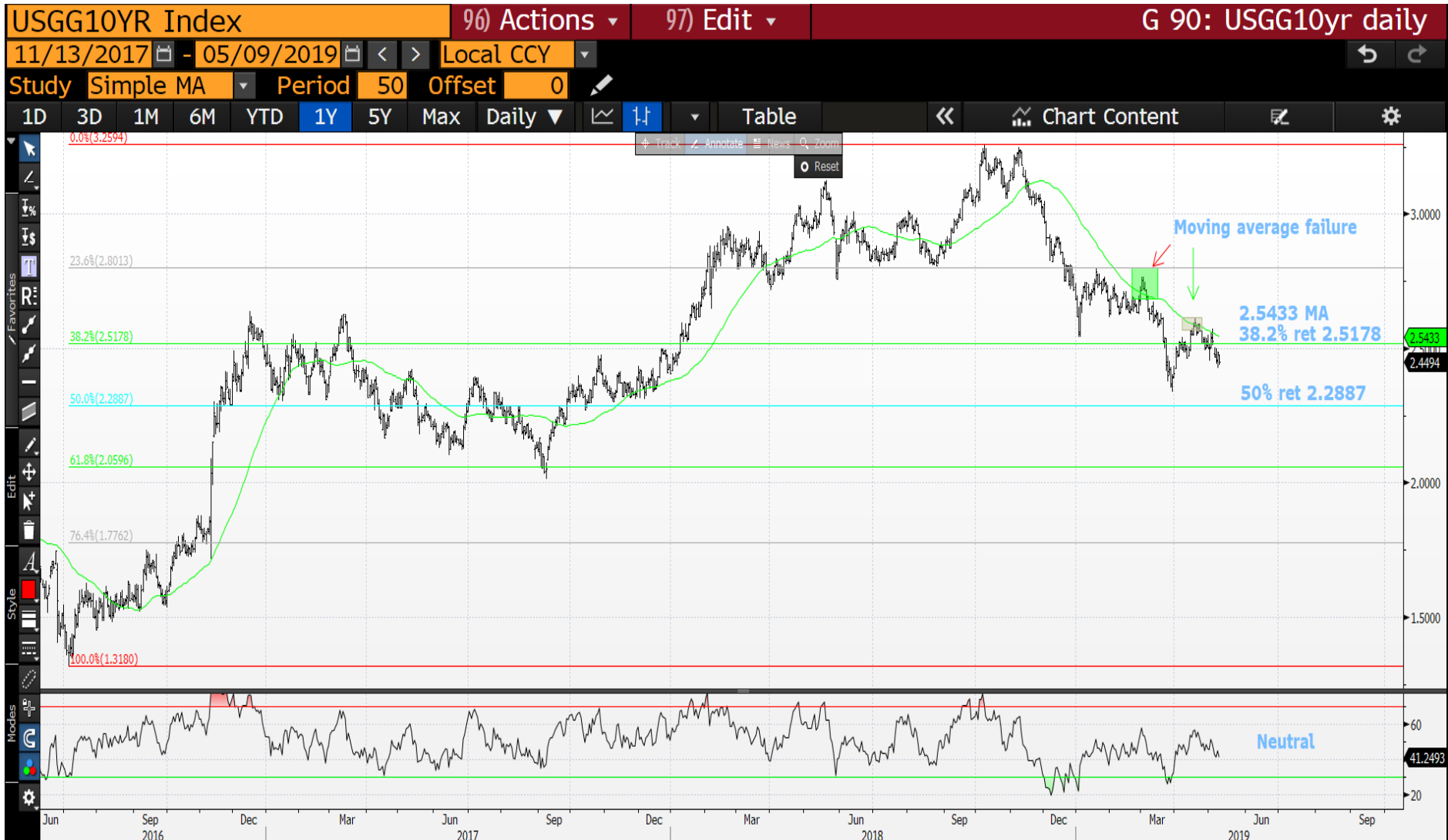
US 10yr yield monthly : We are in “no mans land” at the moment post the PERFECT moving average HIT.



USGG10yr weekly : The RSI is off the lows AND we continue to remain sub the 2.6709 moving average, thus predicting lower yields. We have breached the 38.2% ret 2.5178 so extremely helpful.

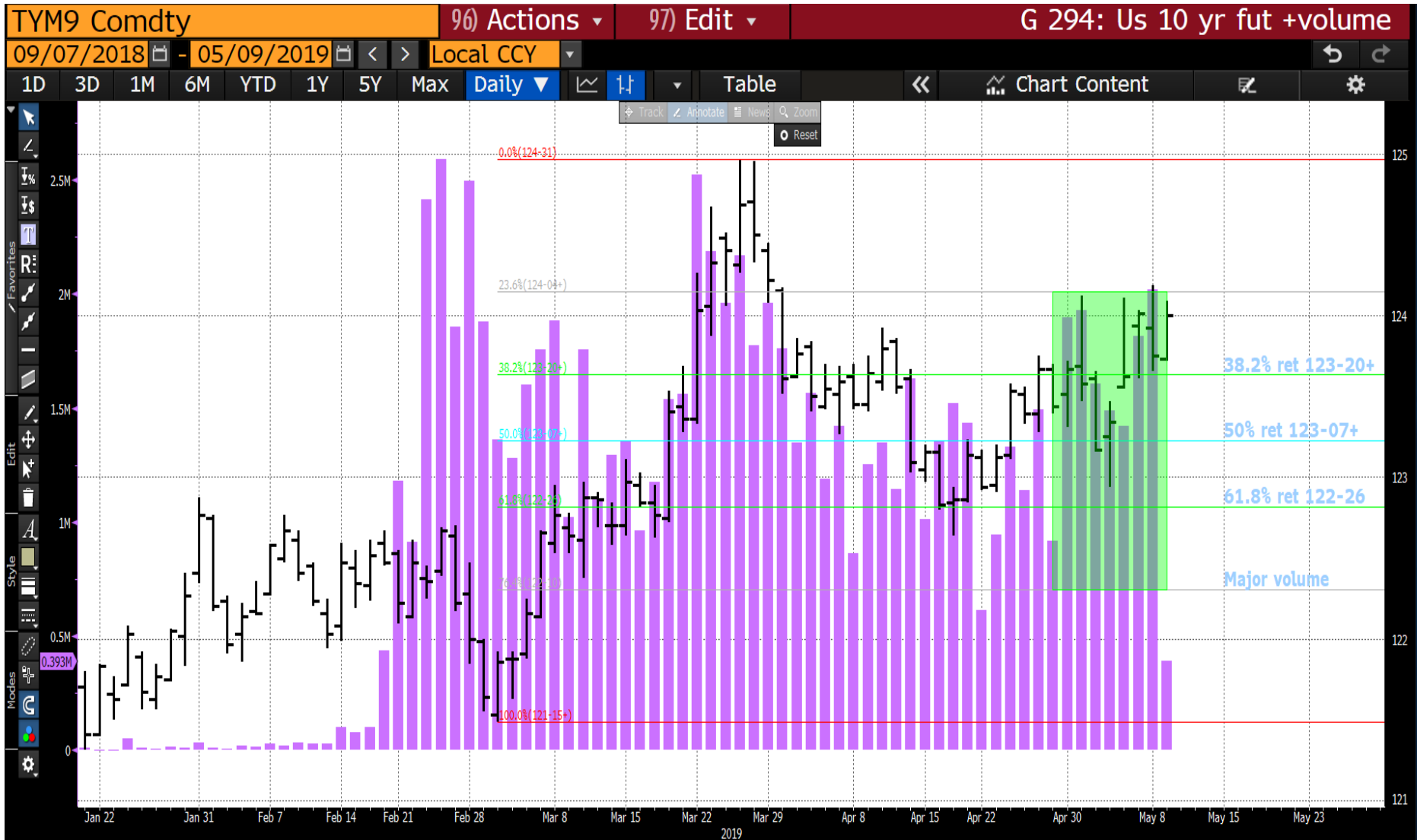


USGG10yr daily : The RSI is neutral BUT we are FAILING the 2.5433 moving average all the time. Sub the 38.2% ret 2.5178 should see us target the 50% ret 2.2887.



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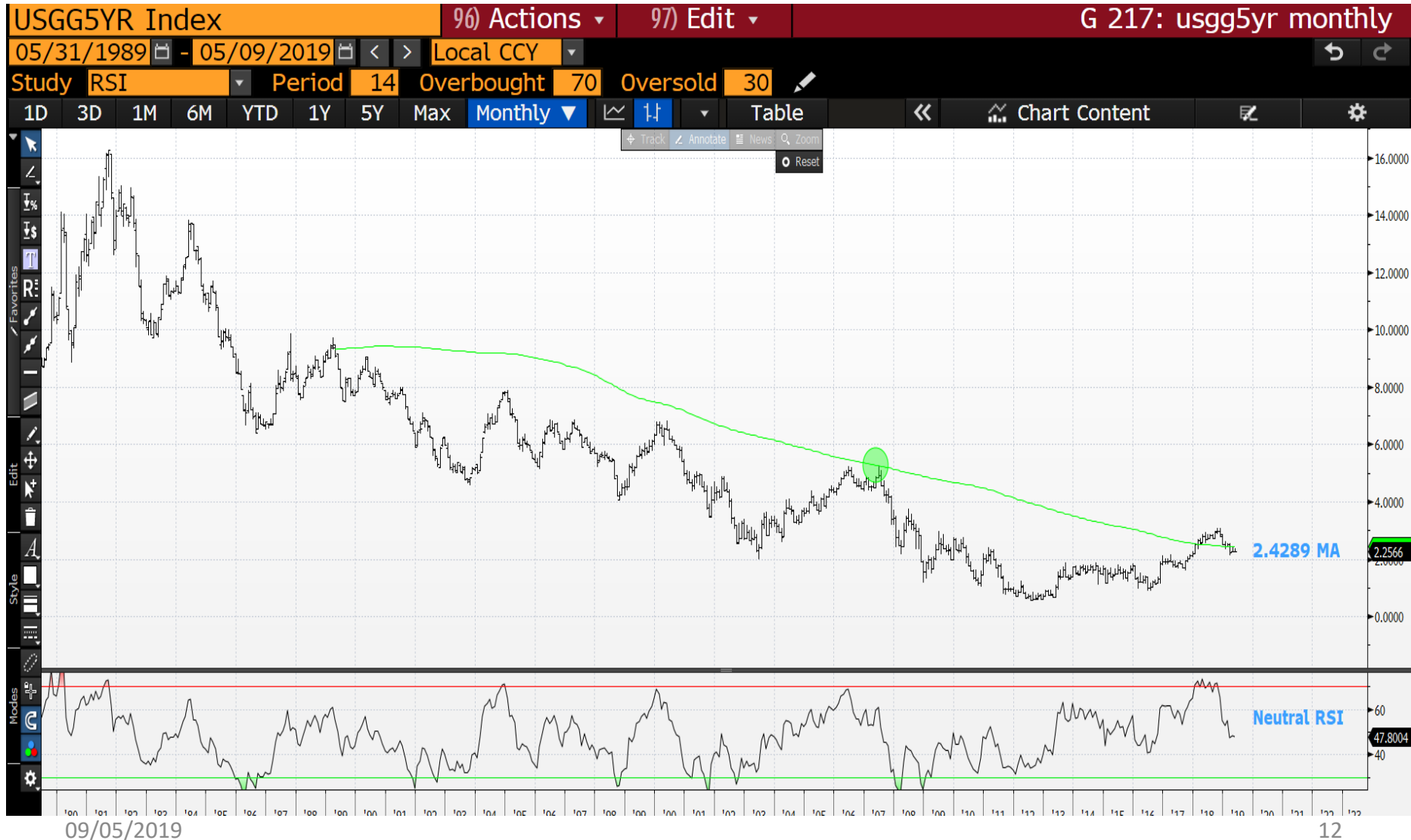
US 10yr futures : An even greater volume endorsement over the last few days, ideally we can breach the 23.6% ret 124-04+.



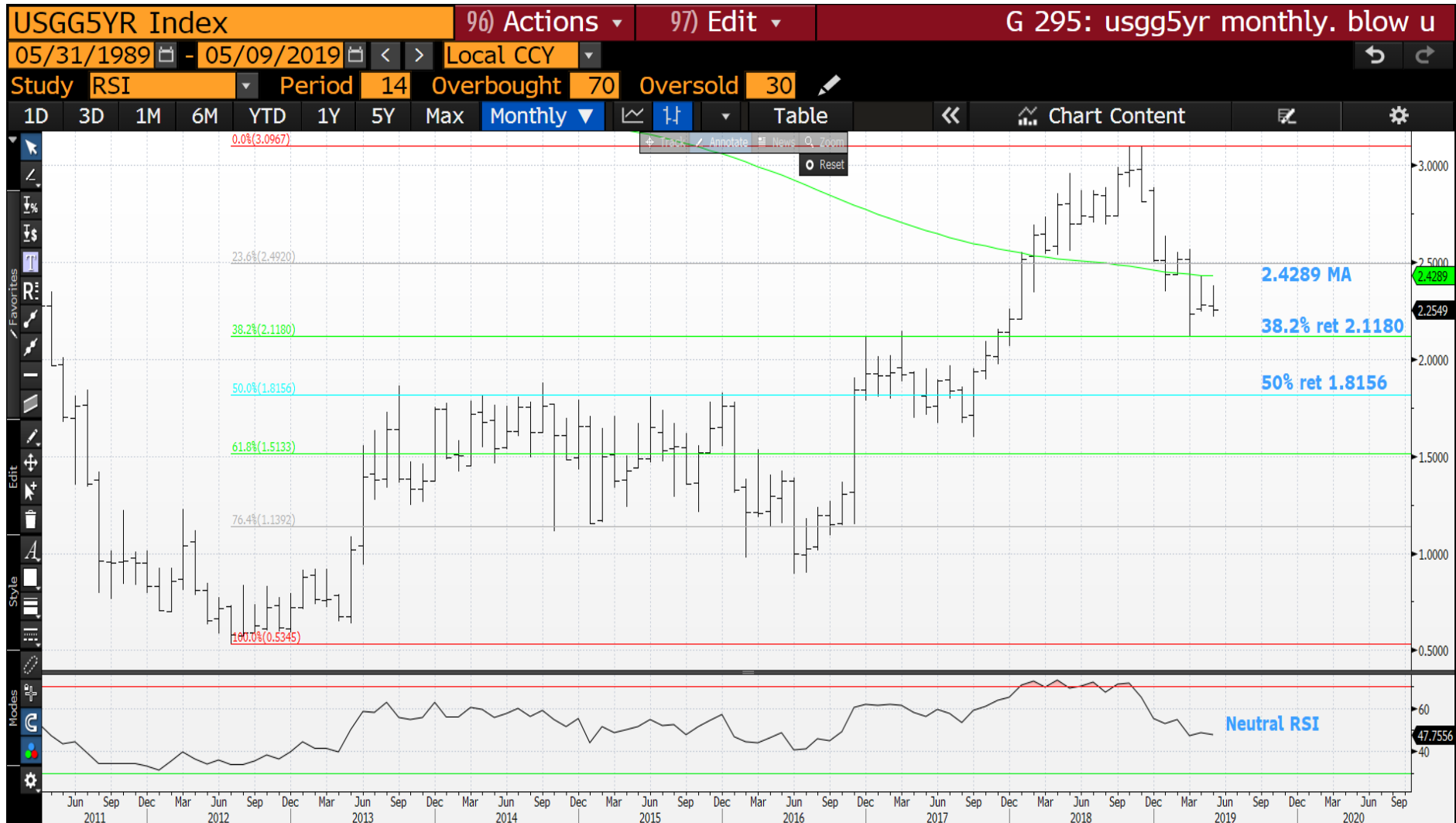
USGG5yr quarterly : We are well on the way to testing the 1.9960 50 period moving average but the “clincher” is the RSI, it is at 1981 proportions! The worry here is if we do drop it will be far more accelerated than 2000 and 2007! Stand back from the platform edge!



USGG5yr monthly : Despite the neutral RSI we have moved lower on the month FIRMLY rejecting the 2.4289 moving average. A breach of 2.1162 previous months low will be IDEAL.



USGG5yr monthly : A “blow up” of the previous chart to highlight the IMPORTANCE of this 2.4289 moving average failure. A breach or close near the 38.2% ret 2.1180 will be IDEAL.



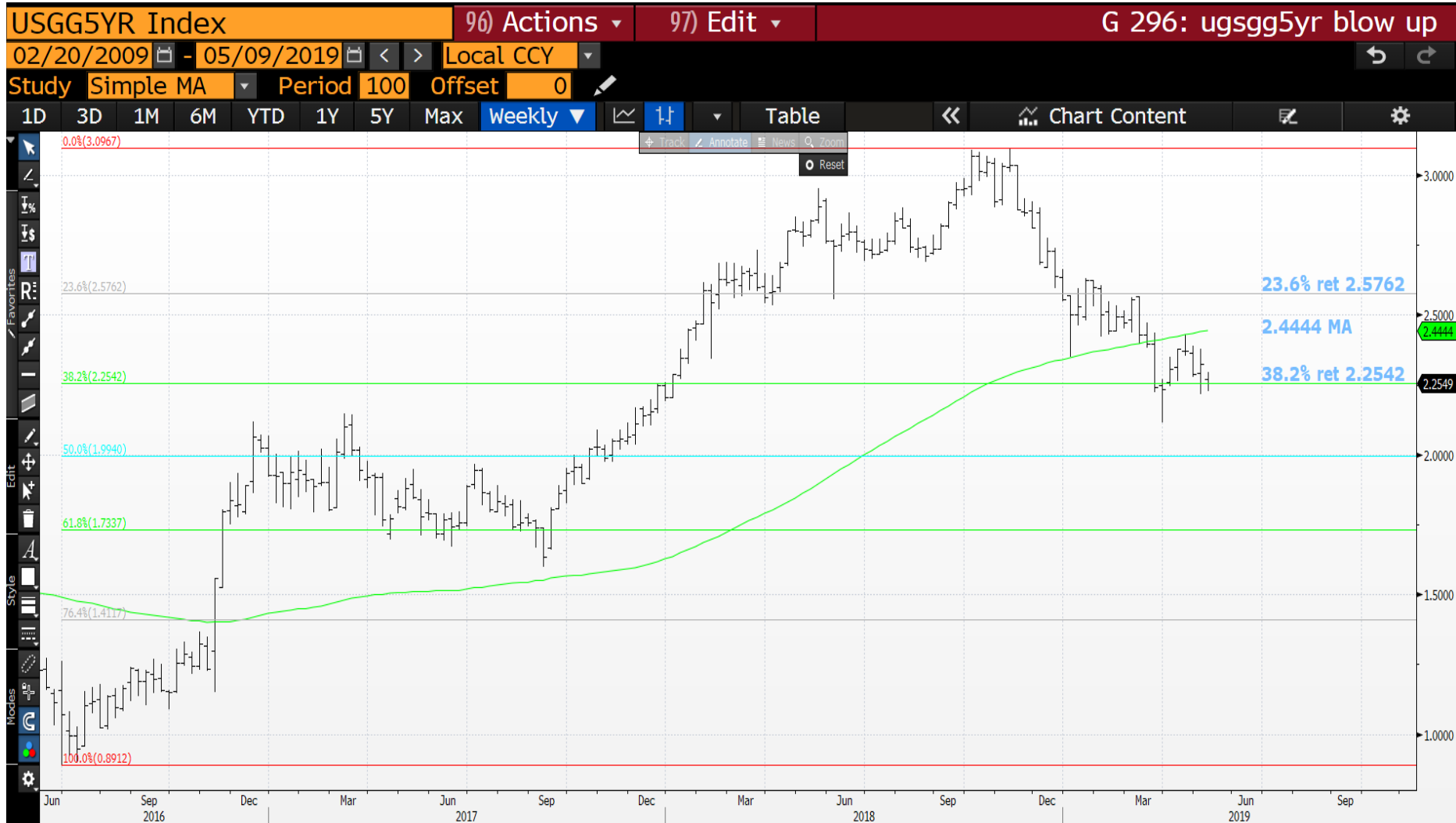
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USGG5yr weekly : Again a FURTHER endorsement of the reliable moving average endorsed by a nice failure if the 38.2% ret 2.3298.

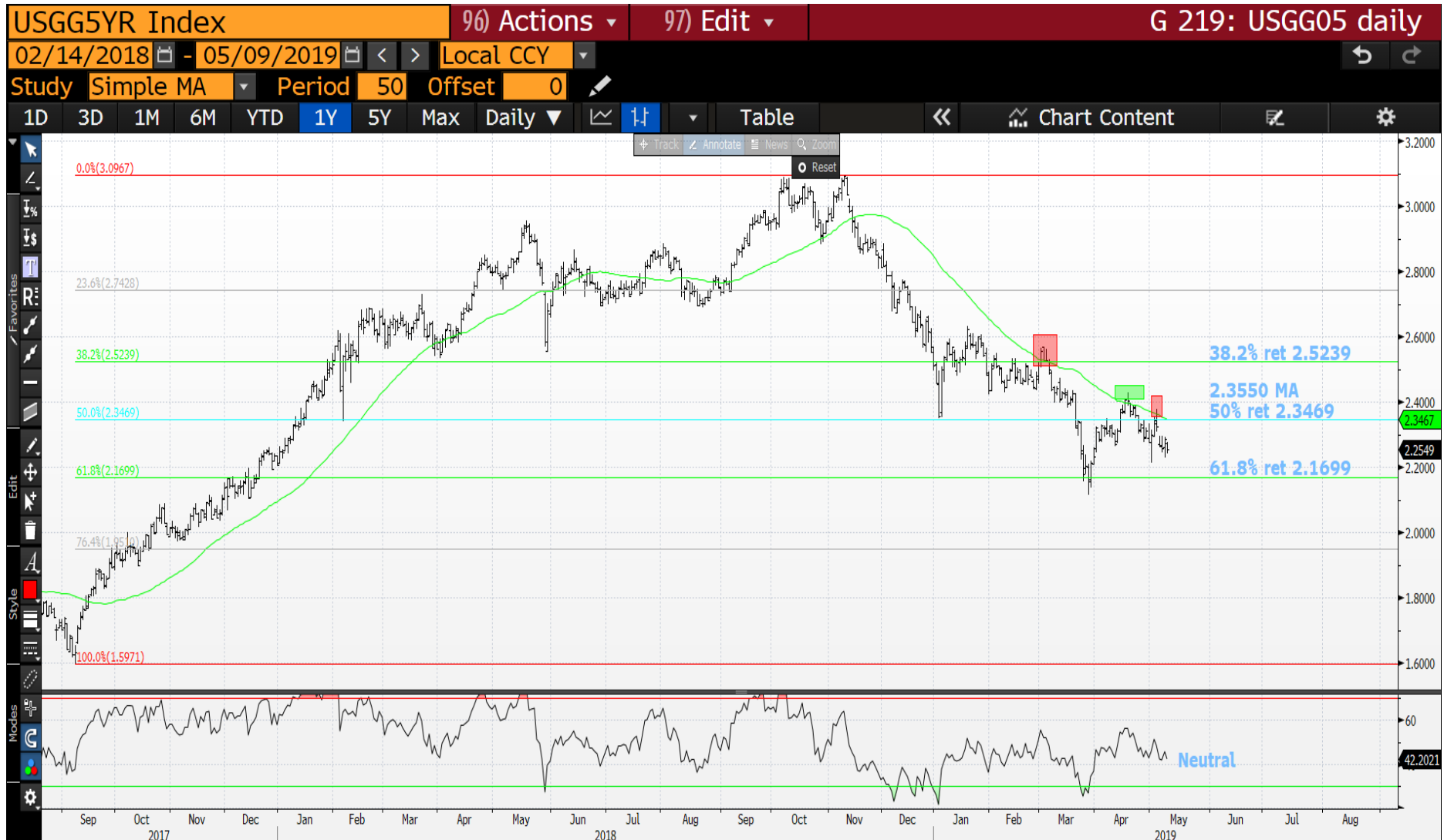


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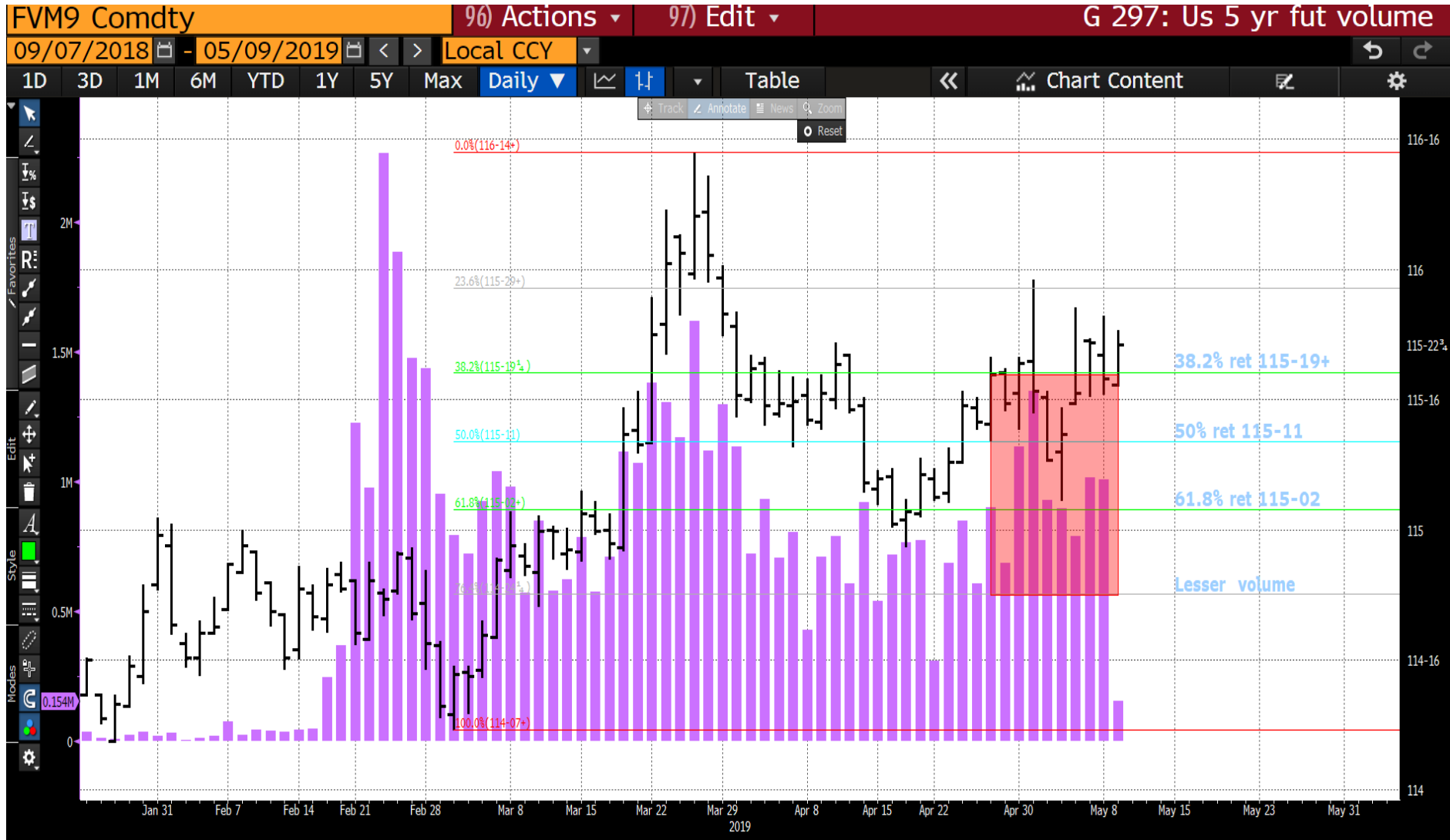
USGG5yr weekly : Another “blow up” highlighting the weekly moving average resistance coming in at 2.4444. A close sub the 38.2% ret 2.2542 on the week will be VERY helpful.



USGG5yr daily : We HAVE stalled nicely against the 2.3550 moving average and breached the 50% ret 2.3469. History continues to repeat itself, next stop the 61.8% ret 2.1699.



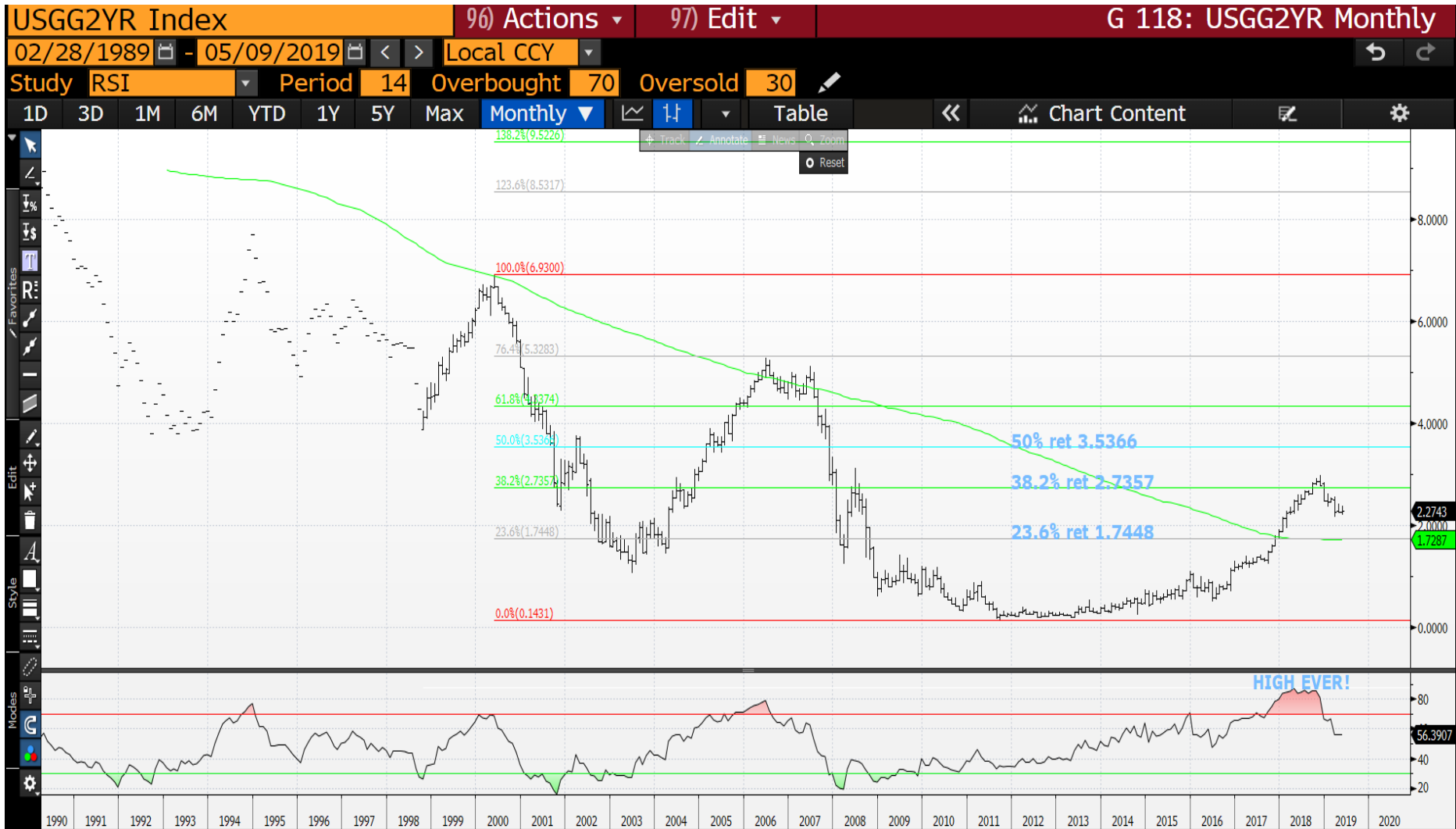
US 5yr futures : Less volume in this area of the curve but supportive none the less.



USGG2yr quarterly : This chart is very clean and clear in its representation, we have hit a rare 100 period 2.9021 with an RSI dislocation matching that of 1980. The VERY BIG danger here is if will FALL then 2000 and 2007 were a blip compared to the current RSI!



USGG2yr monthly : We have posted a new low beating last month.



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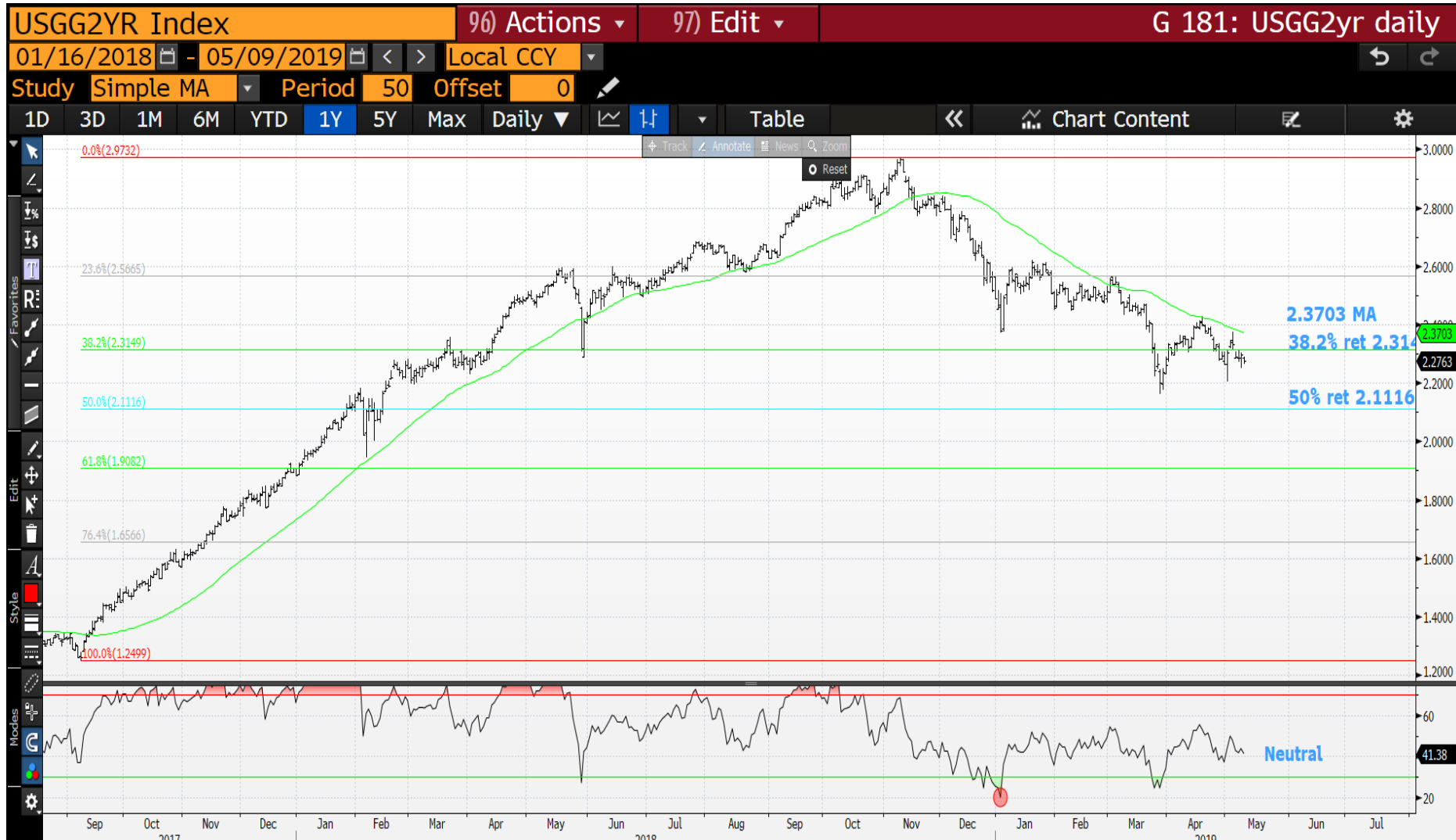
USGG2yr weekly : ** KEY CHART ** This is the second time we have found the 100 period moving average to be of use, sub it 2.113 will open the flood gates.



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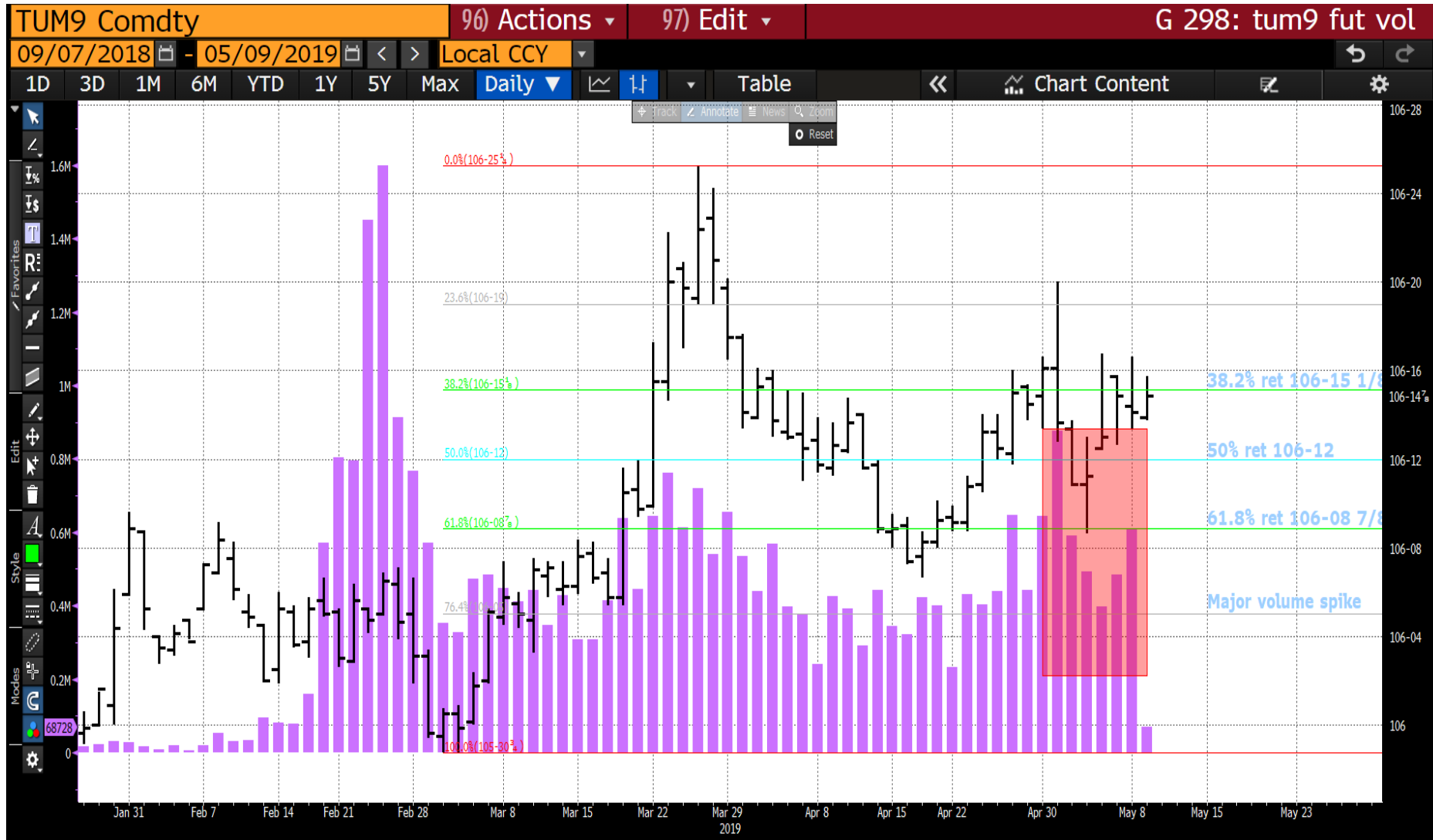
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USGG2yr daily : Yet another failure of the 2.3703 moving average and look like heading a lot lower. Maintaining below the 38.2% ret 2.3149 will be VERY helpful.

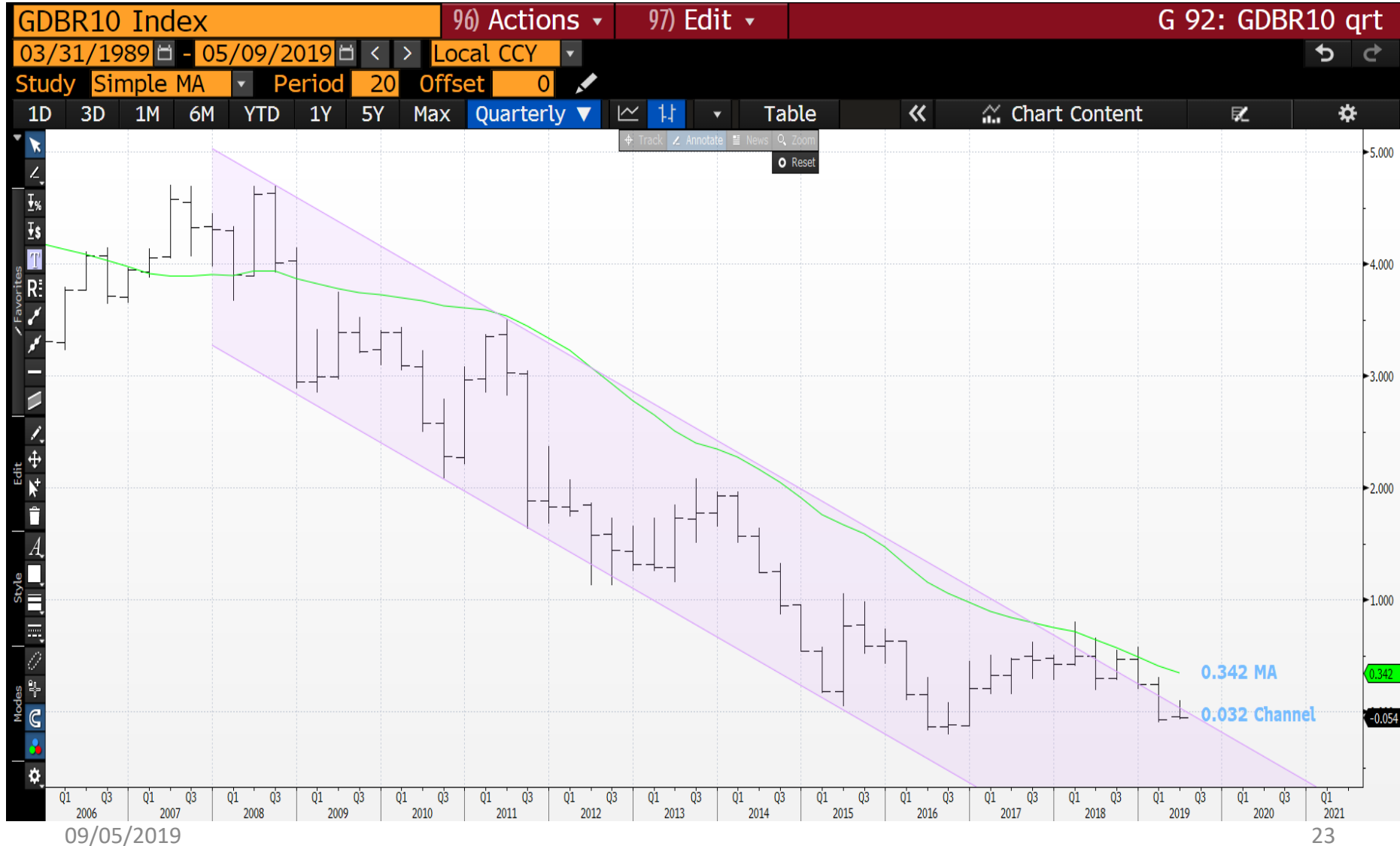


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US 2yr futures : Last week saw a decent volume spike but ideally we need a move back above the 38.2% ret 106-15 1/8th soon.

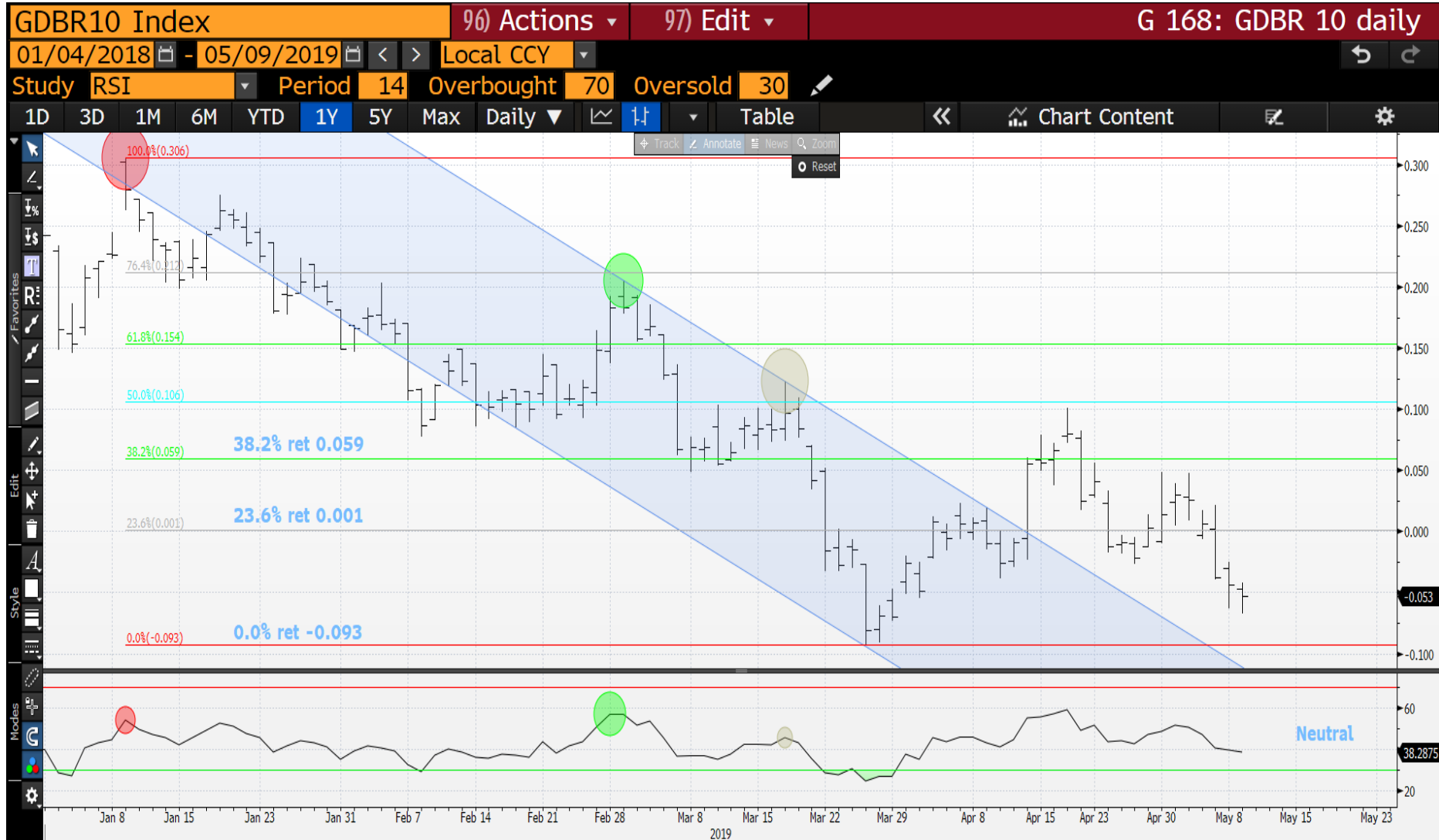


Generic German 10yr quarterly : We are back INSIDE the channel and so heading lower.

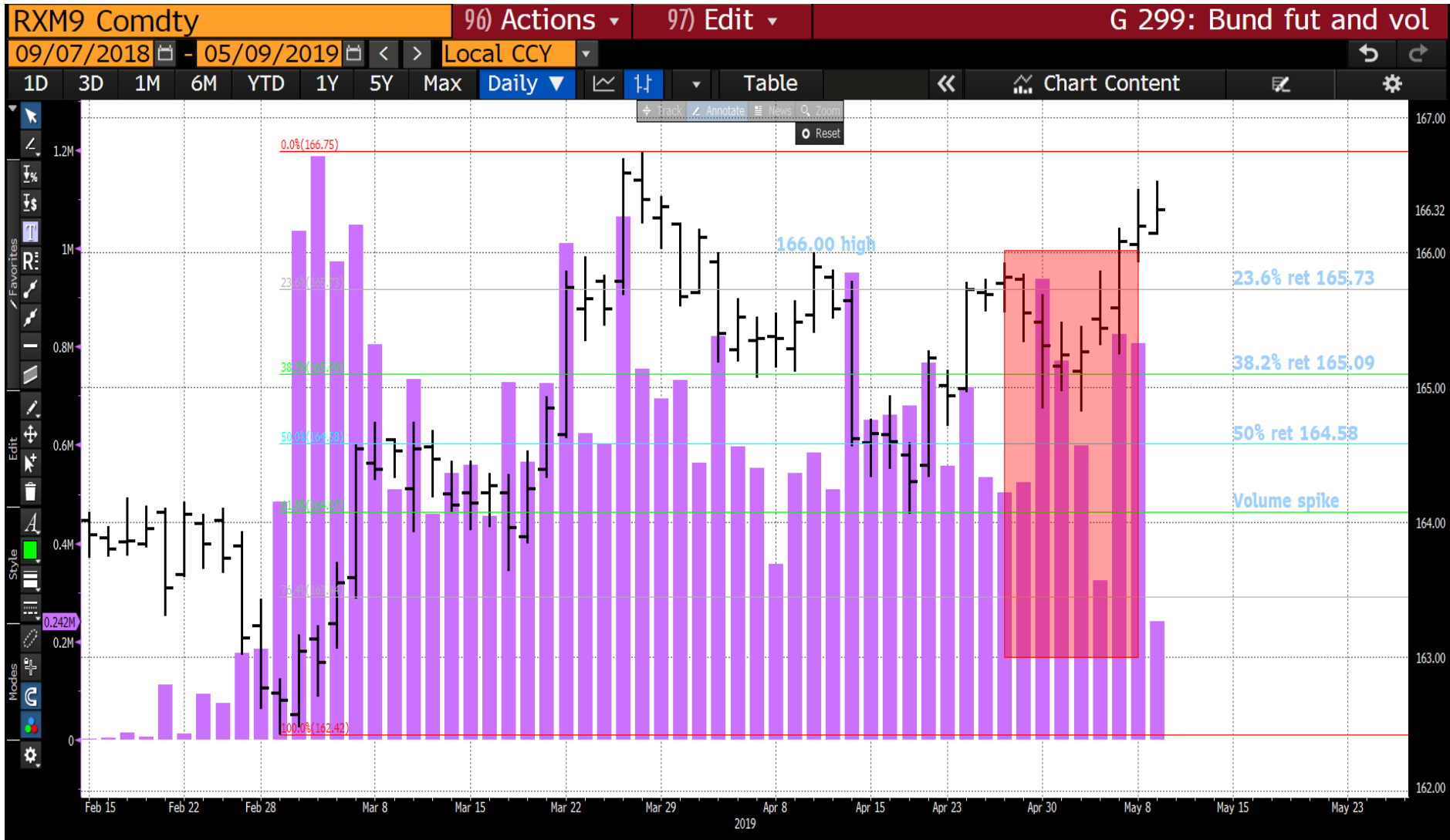


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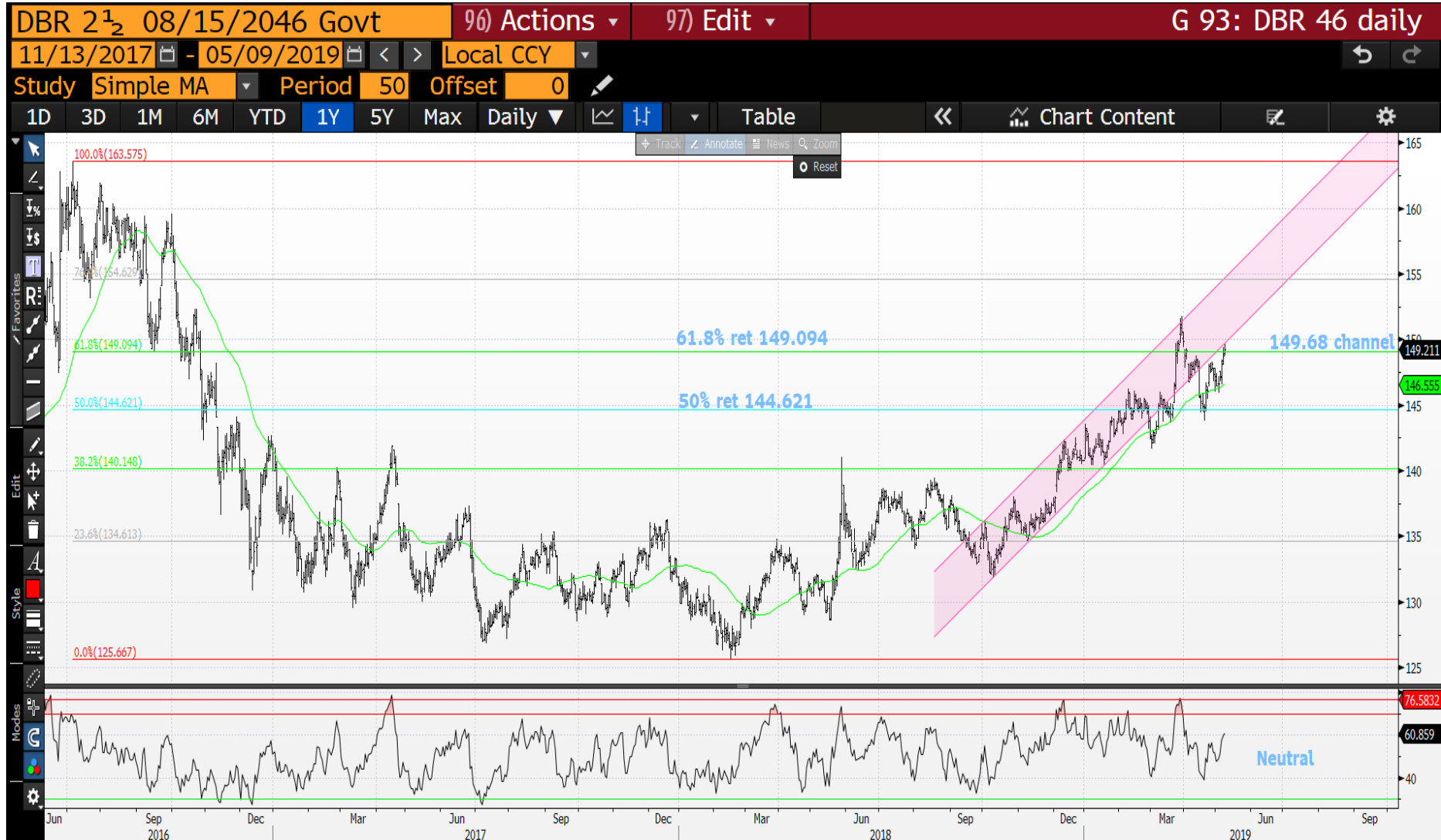
Generic German 10yr daily : We have breached the 23.6% ret 0.001 thus the next target is the recent lows 0.0% ret -0.093.



Bund futures : Despite the low yield levels there seems to be sizeable futures buyers.

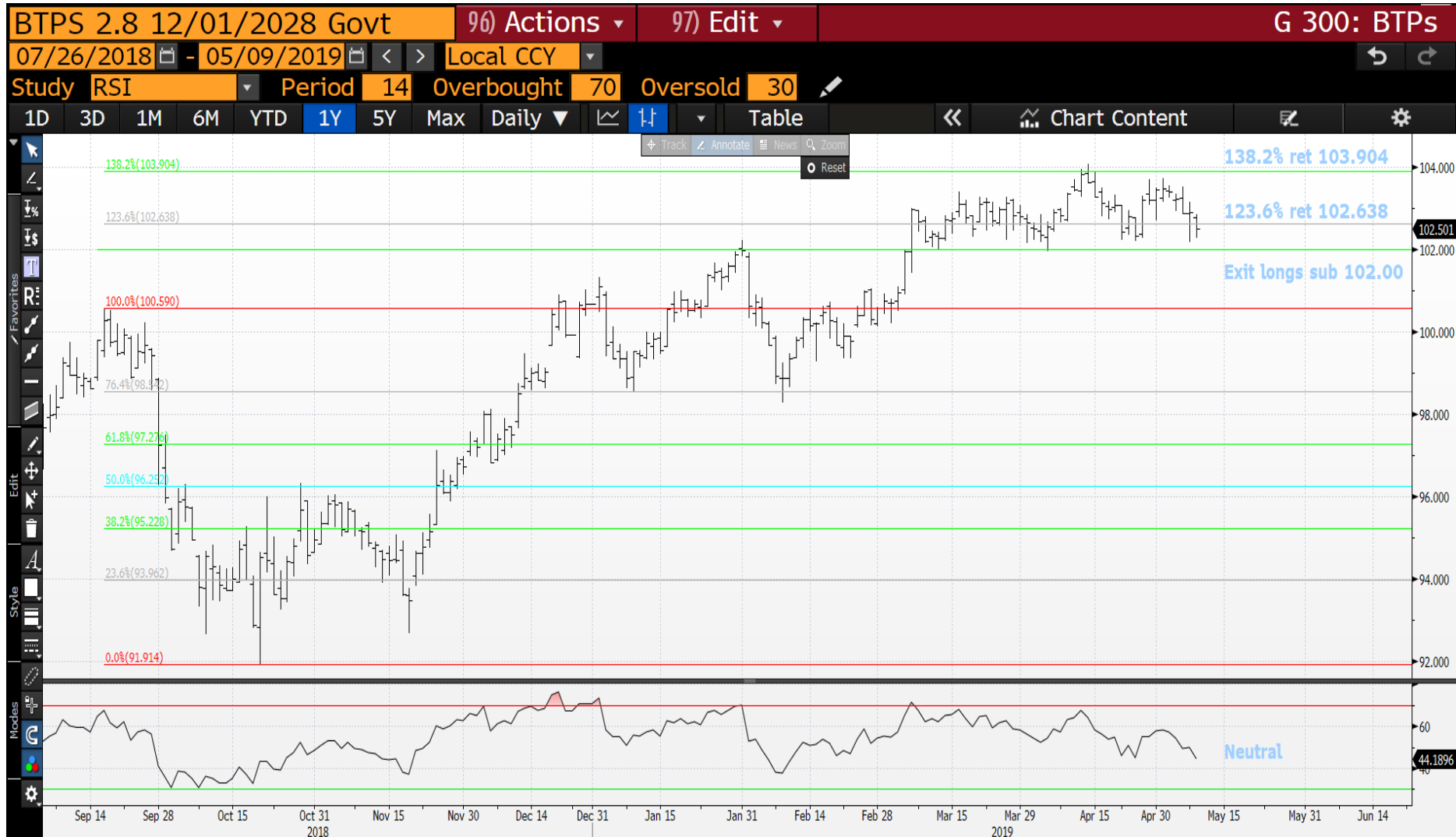


DBR 46 daily : One of the most reliable bonds! We just need to breach the channel 149.68.



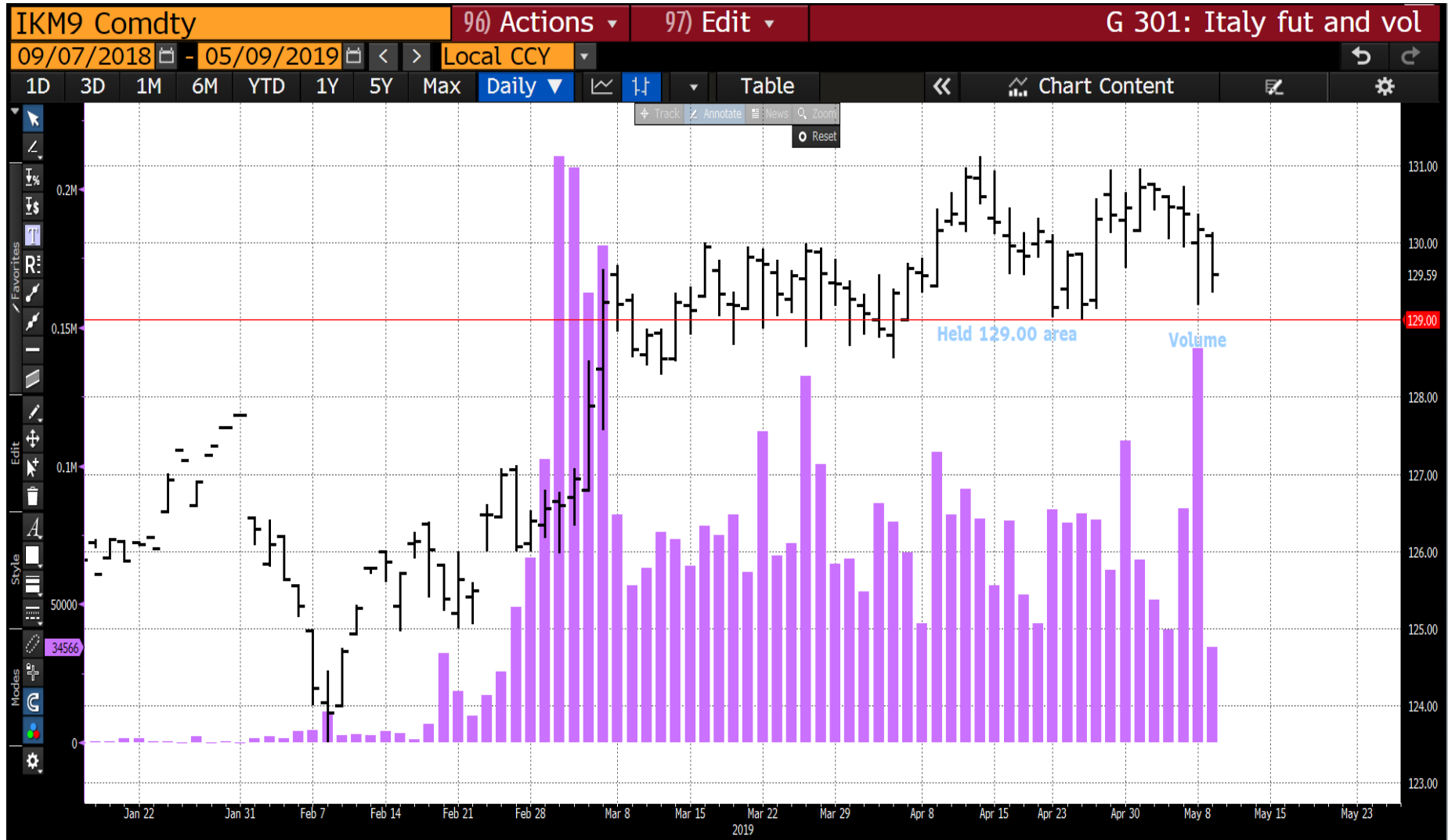
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BTP 12/28 daily : We have lost the RSI dislocation BUT we are holding and grinding higher.
Exit all longs sub 102.00.



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Italian futures : It looks like the March longs have exited yesterday!



GUKG10 monthly : We continue to remain sub the 1.367 historical moving average, thus history should repeat itself.



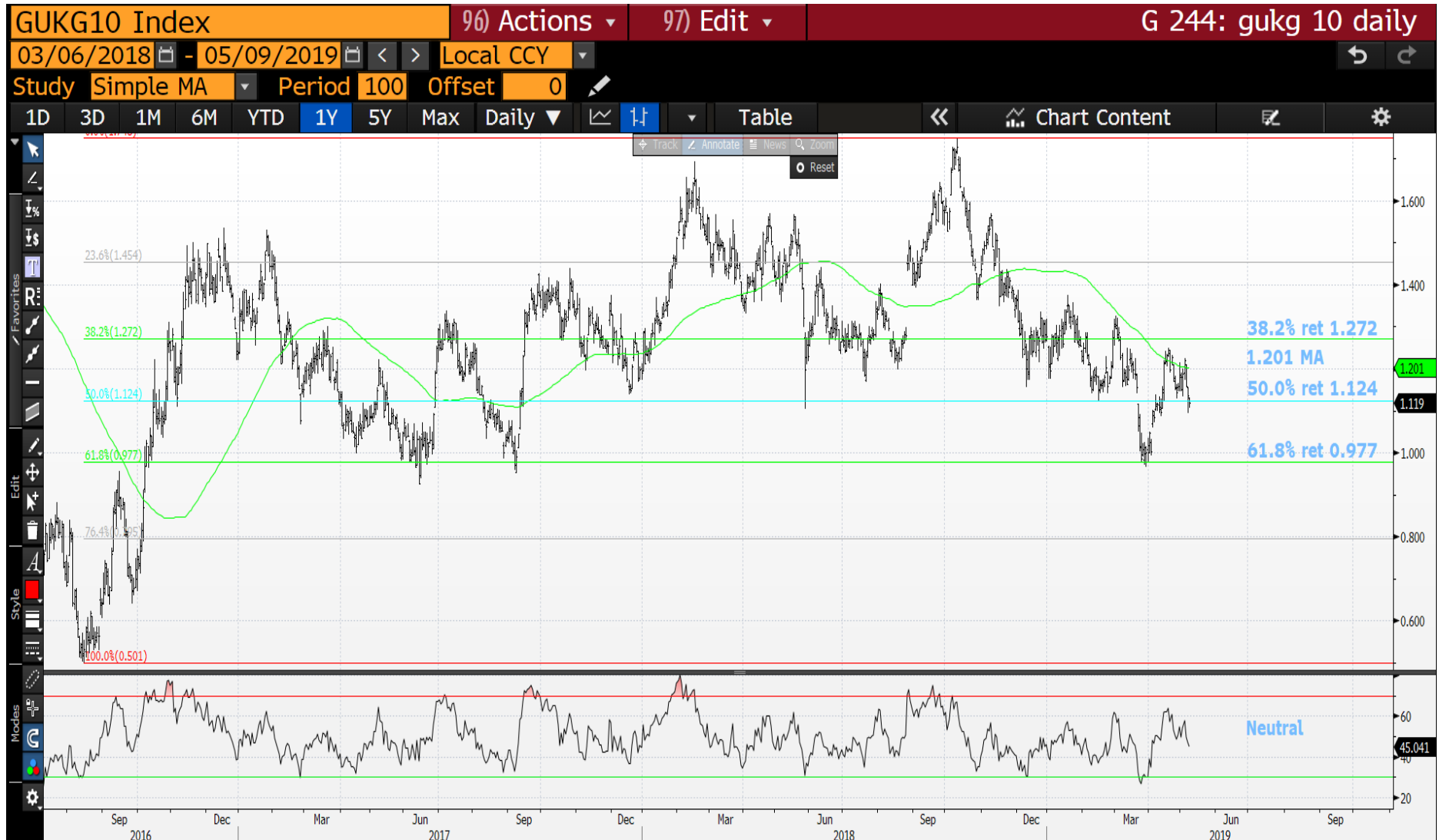
GUKG10 weekly : The channel is proving its worth and so we should continue lower, sub the 38.2% ret 1.154 will help a lot.



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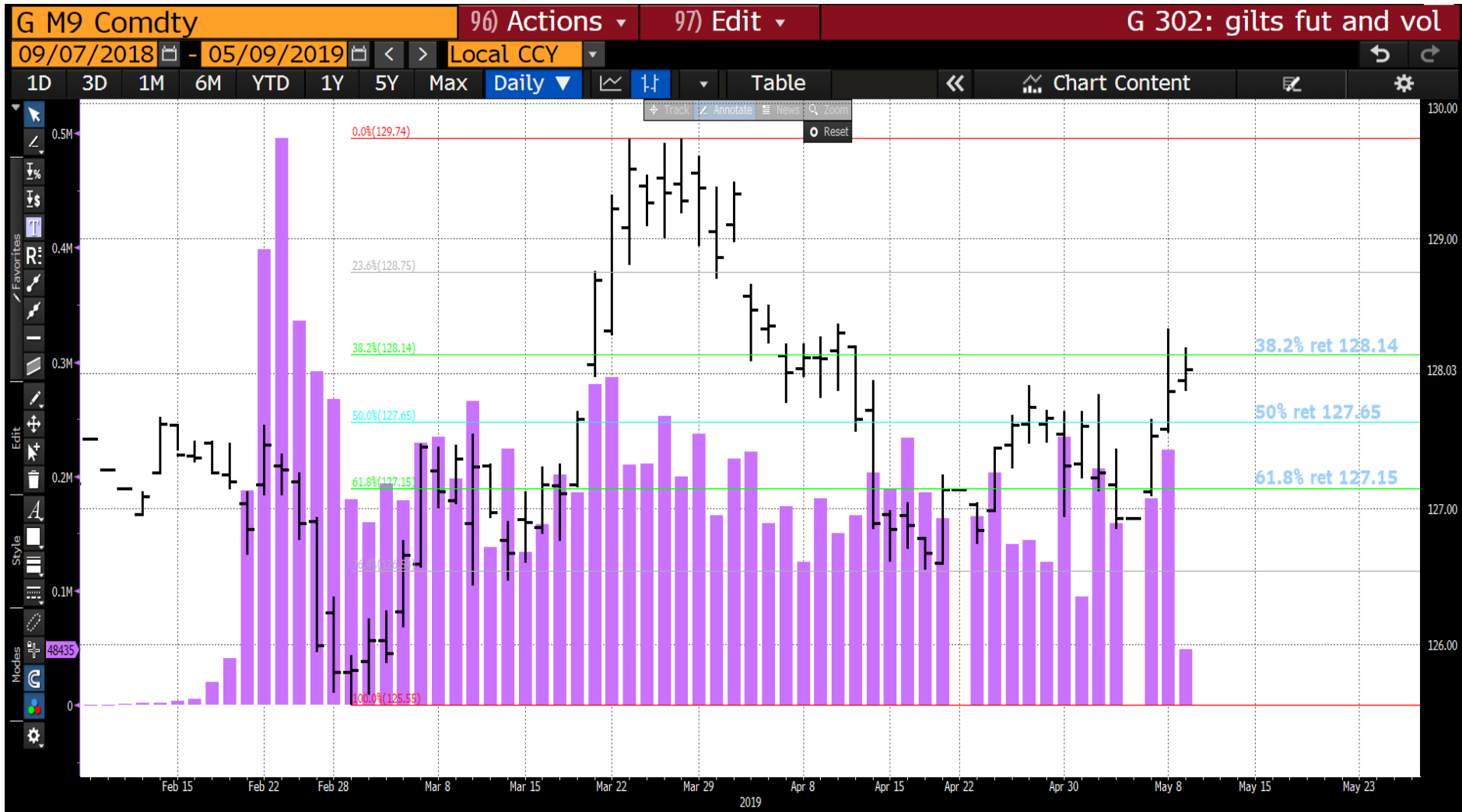
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GUKG10yr daily : The RSI is reasonably high and we have dipped below the 1.201 moving average. We NEED to head lower into the week.



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Gilt futures : Volume has been steady with a marginal pick up at the lows, ideally we need to remain above the 38.2% ret 128.14.



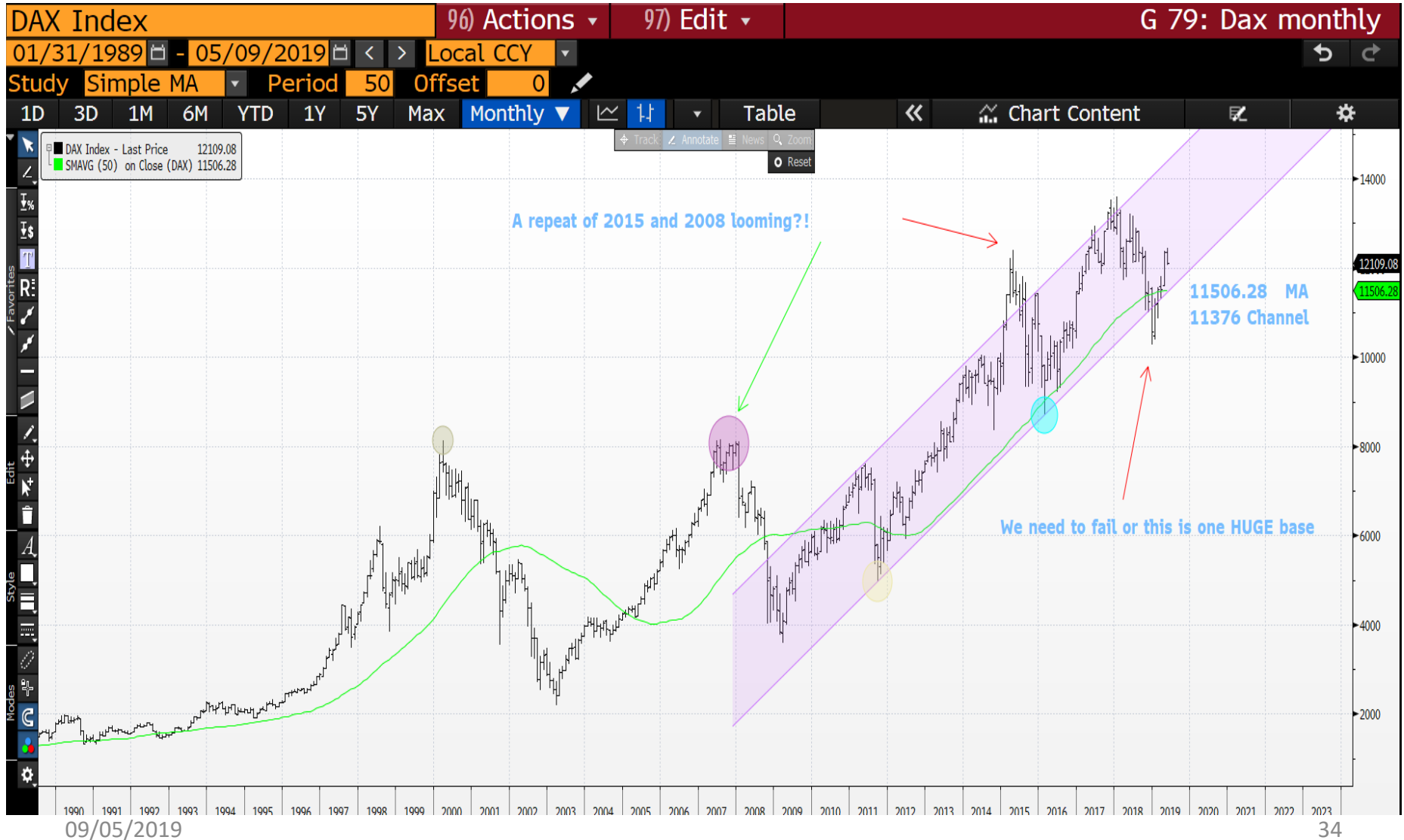
EQUITIES

EQUITIES : They continue to be the biggest obstacle to lower bond yields but the hope is Mr Trump will help in forming a stock TOP. Keep an eye on the HANG SENG as it has TOPPED and might be on a SOLO MISSION.

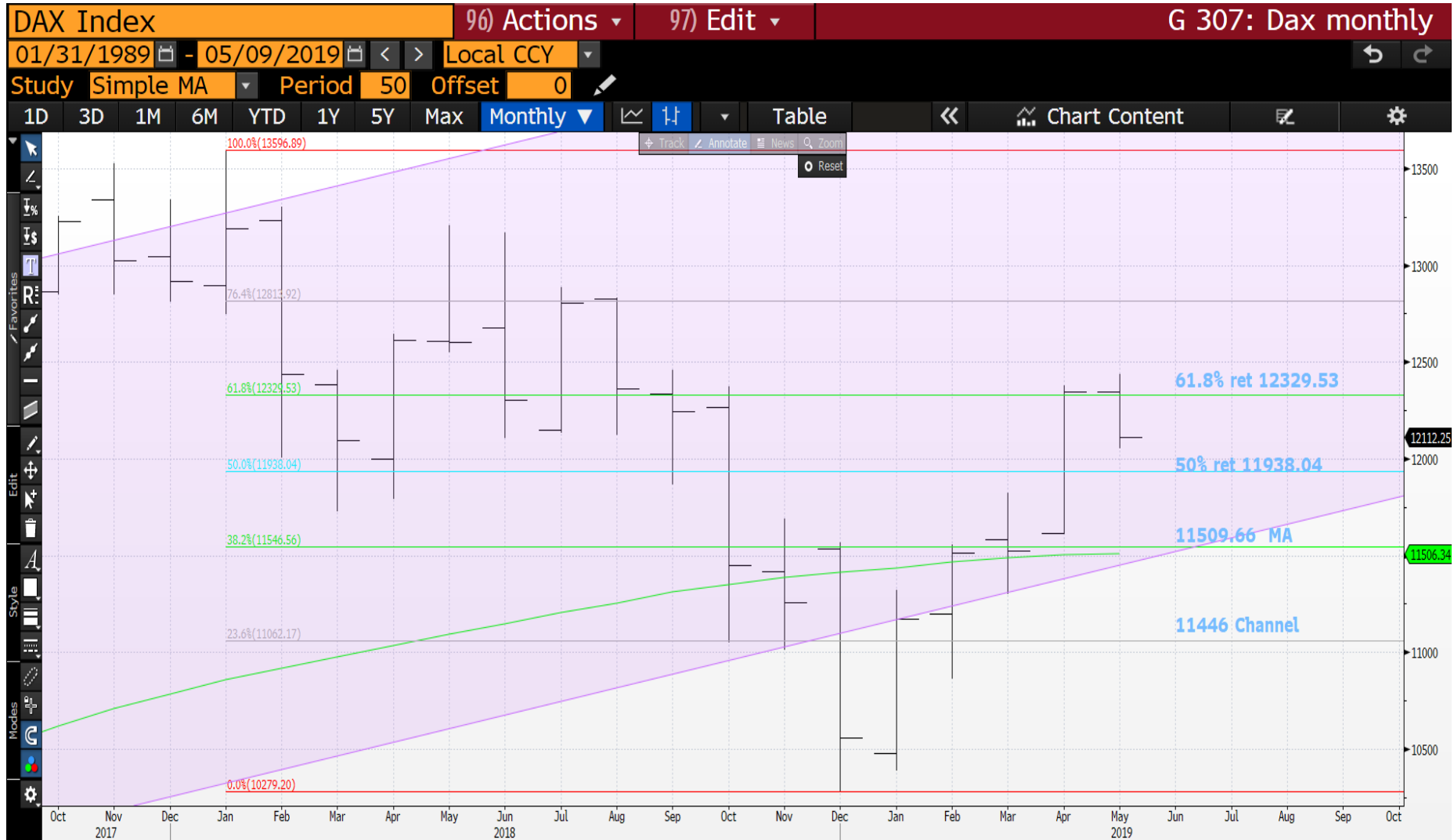
Many will argue that stocks are FINE and a level of comfort is now built in. This has never been more of a critical location TO FAIL. Optimism is built in along with positions however MANY EARNINGS SEASON is upon us and personally I don't think it will go well.

They continue to perform but further upside progress seems limited.

DAX monthly : This is the first major reversal but we have a lot of work to do!

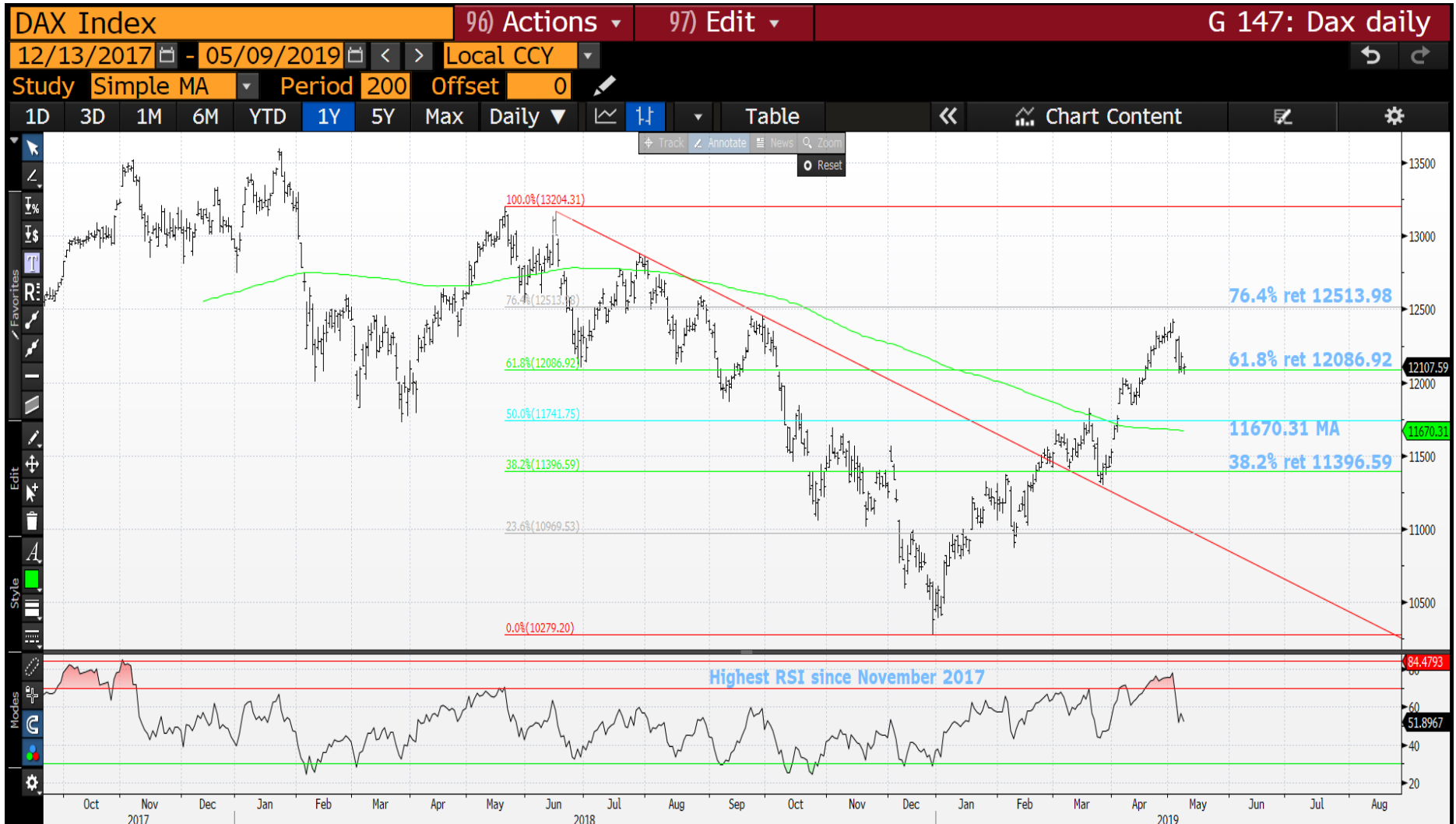


DAX monthly : We are now failing the 61.8% ret 12329.53, so a start!

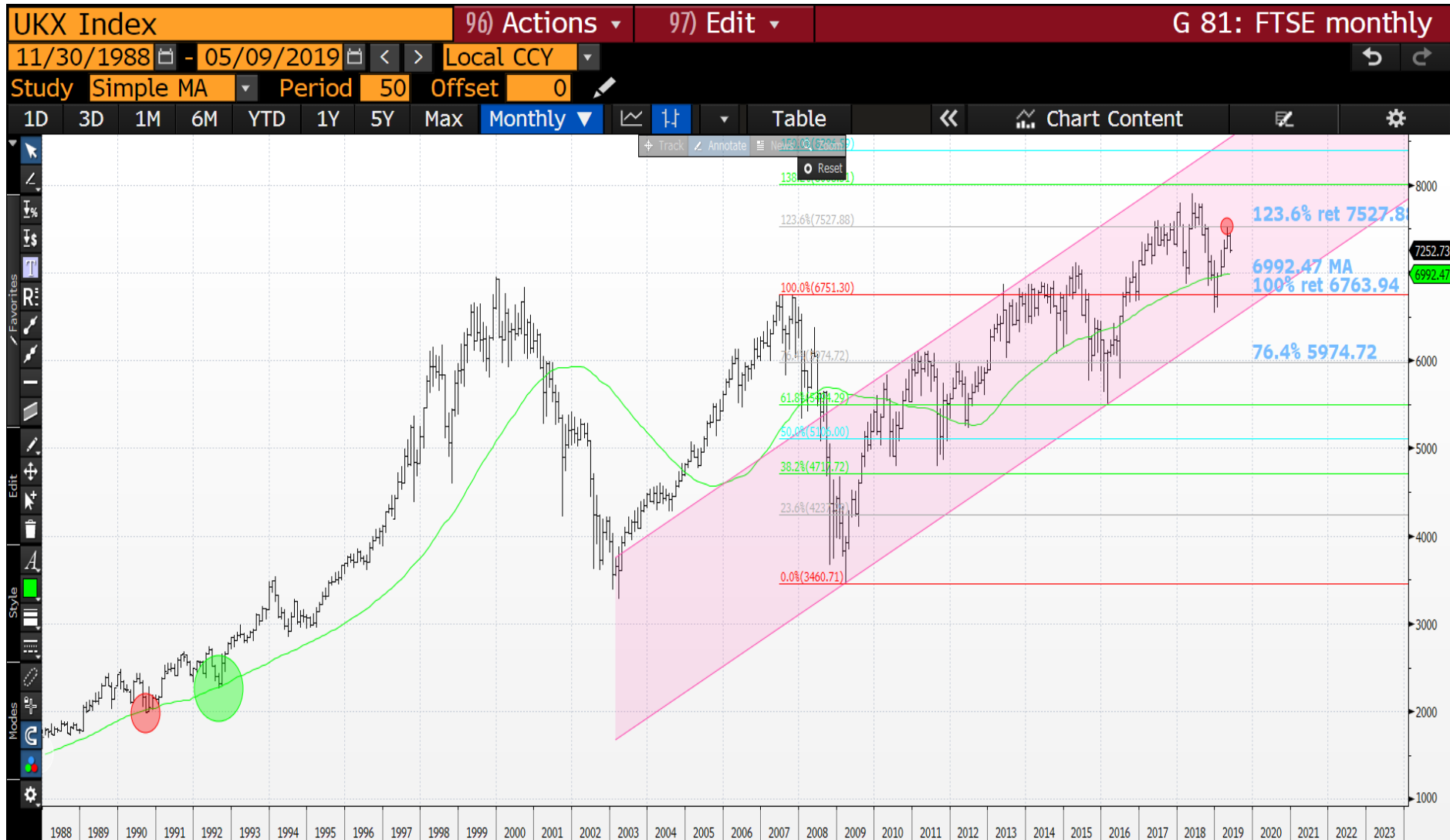


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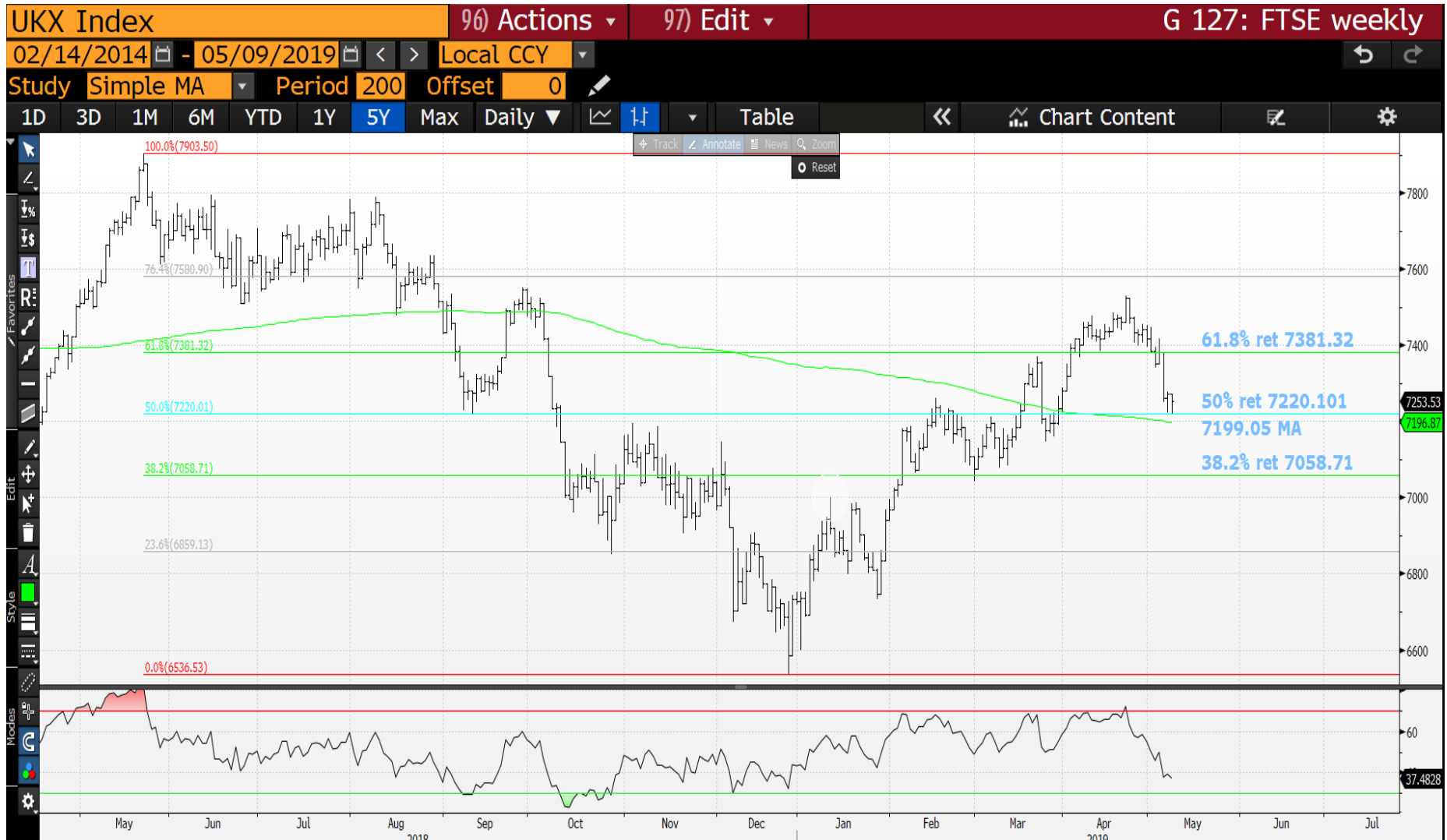
Dax daily : The HIGH RSI kicked in and ideally we close the week sub the 61.8% ret 12086.92.



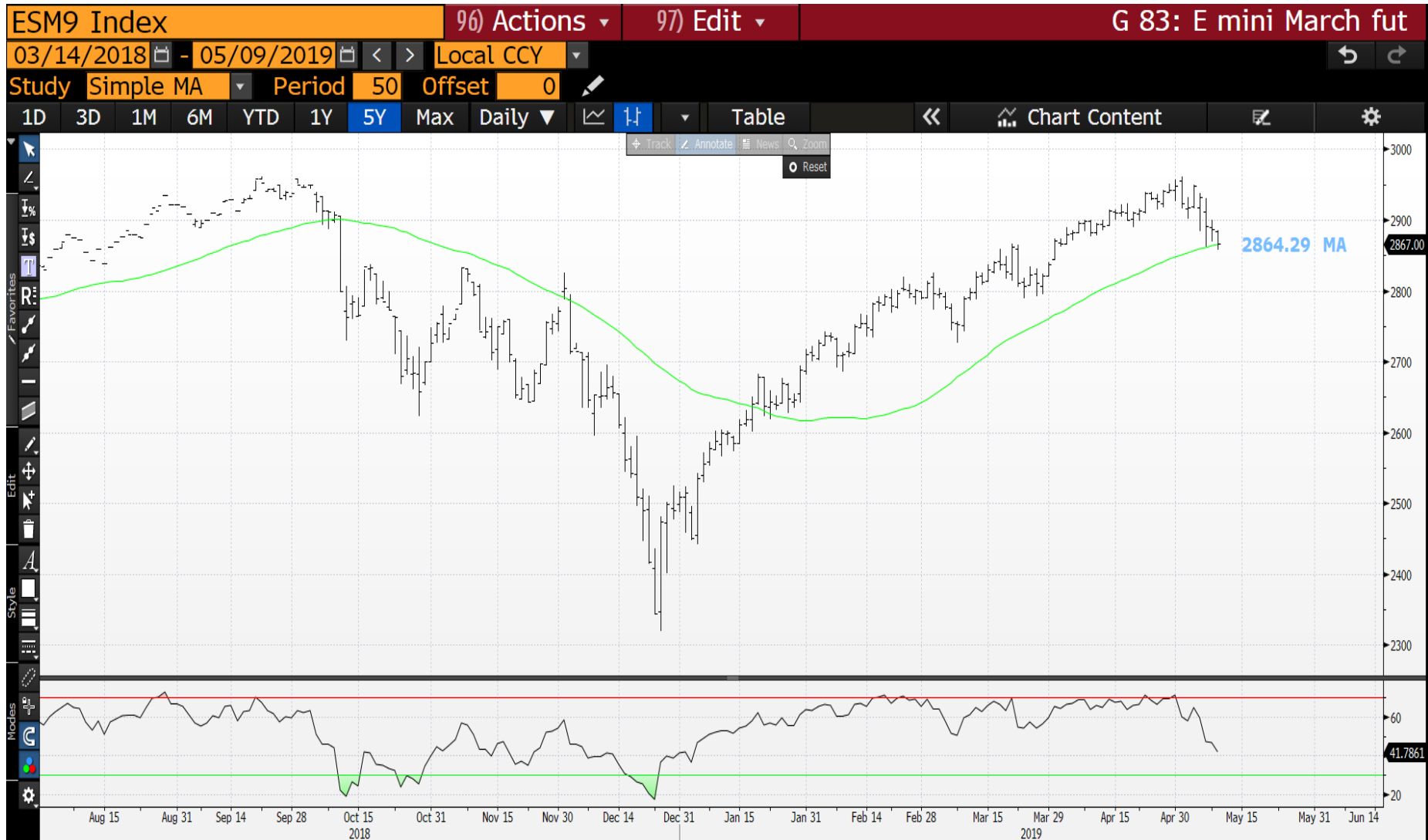
FTSE monthly : This has ALWAYS been a VERY technical contract thus the latest failure at the 123.6% ret 7527.88 might be VERY significant. A more encouraging chart for FAILURE.



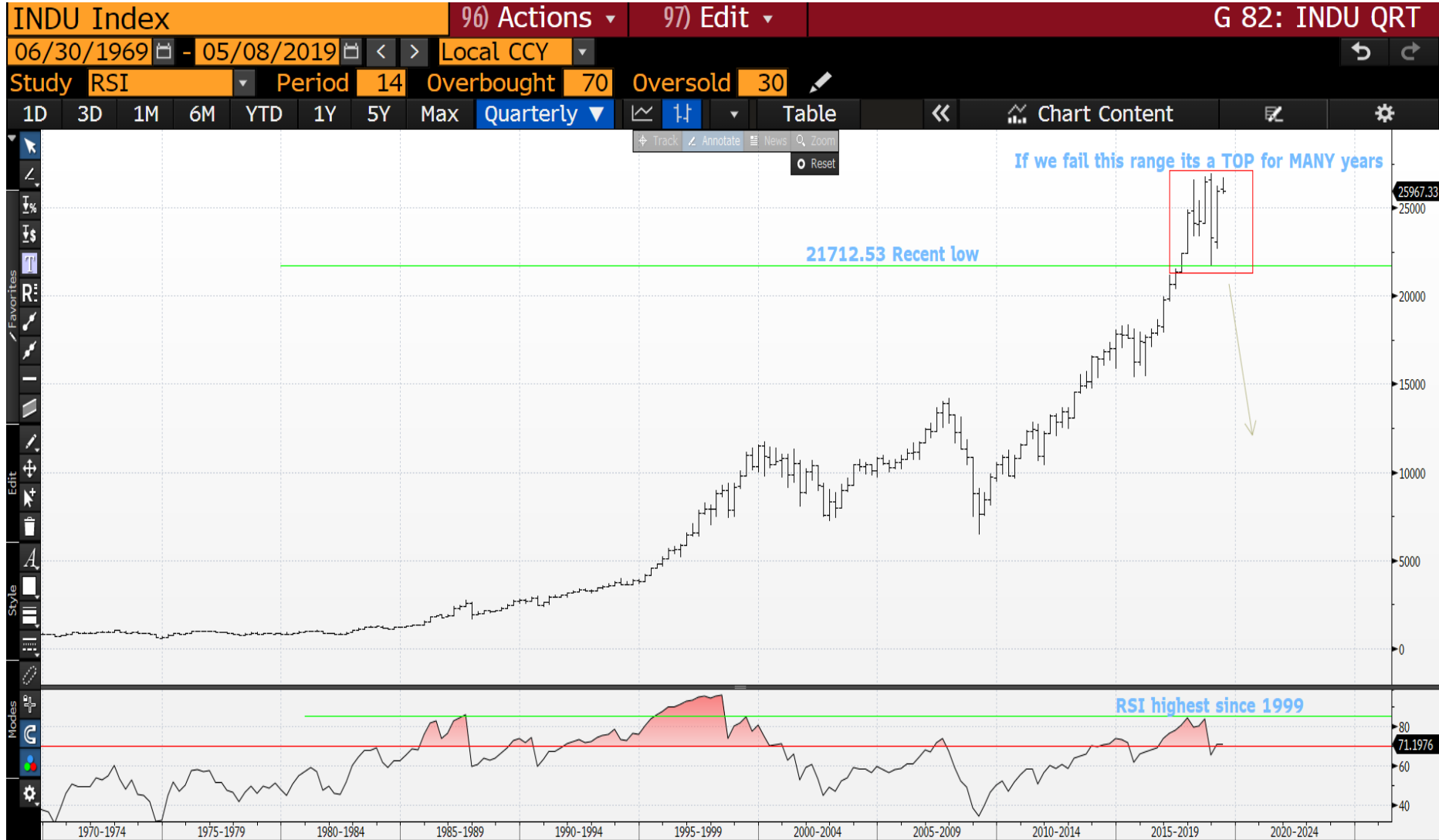
FTSE daily : The RSI is close to the lows but as easily portrayed any close sub the 7199.05 moving average will be critical.



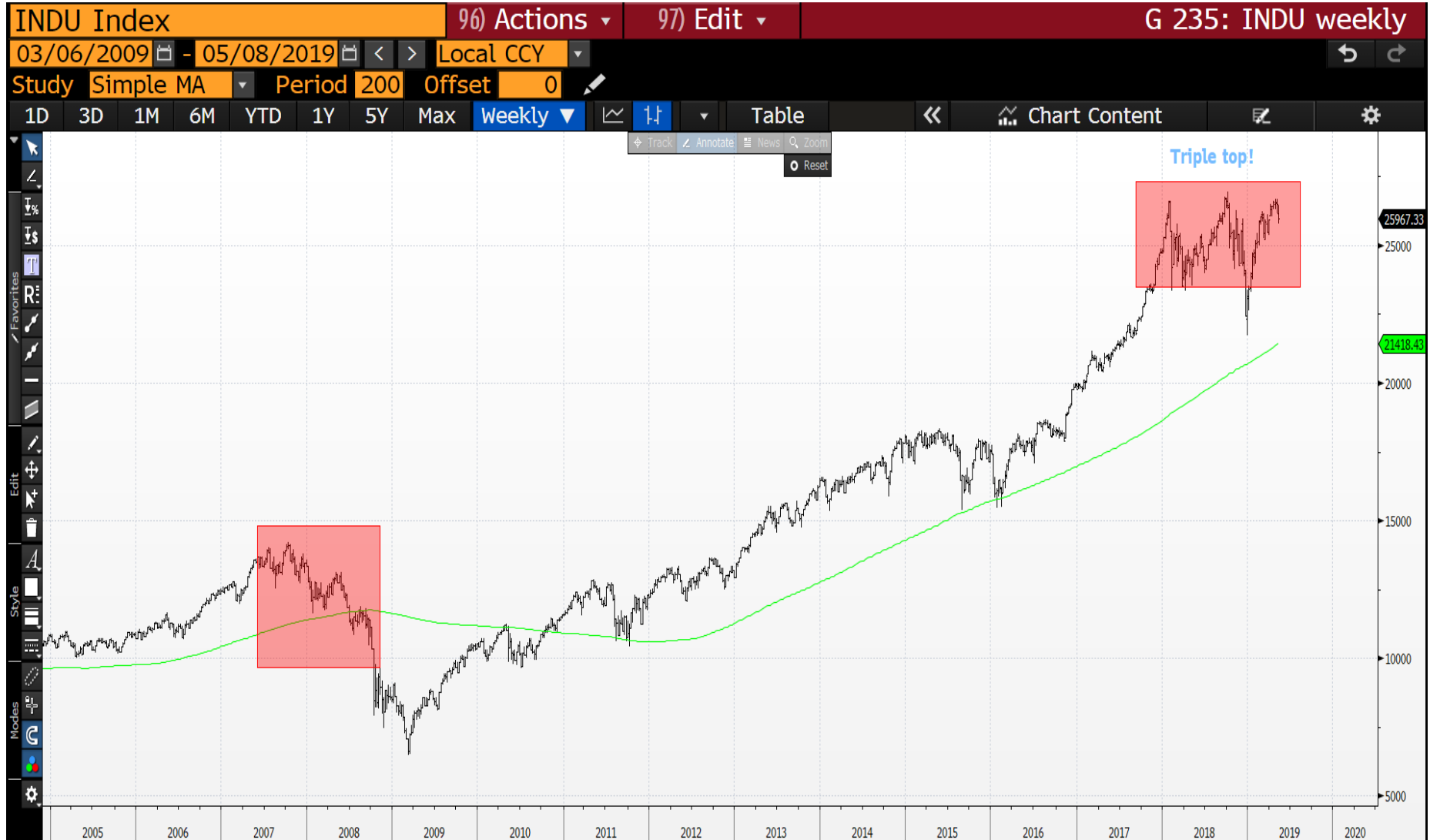
E mini S*P daily : The obvious level here is the much trusted 50 day moving average 2864.29, sub this opens the flood gates.



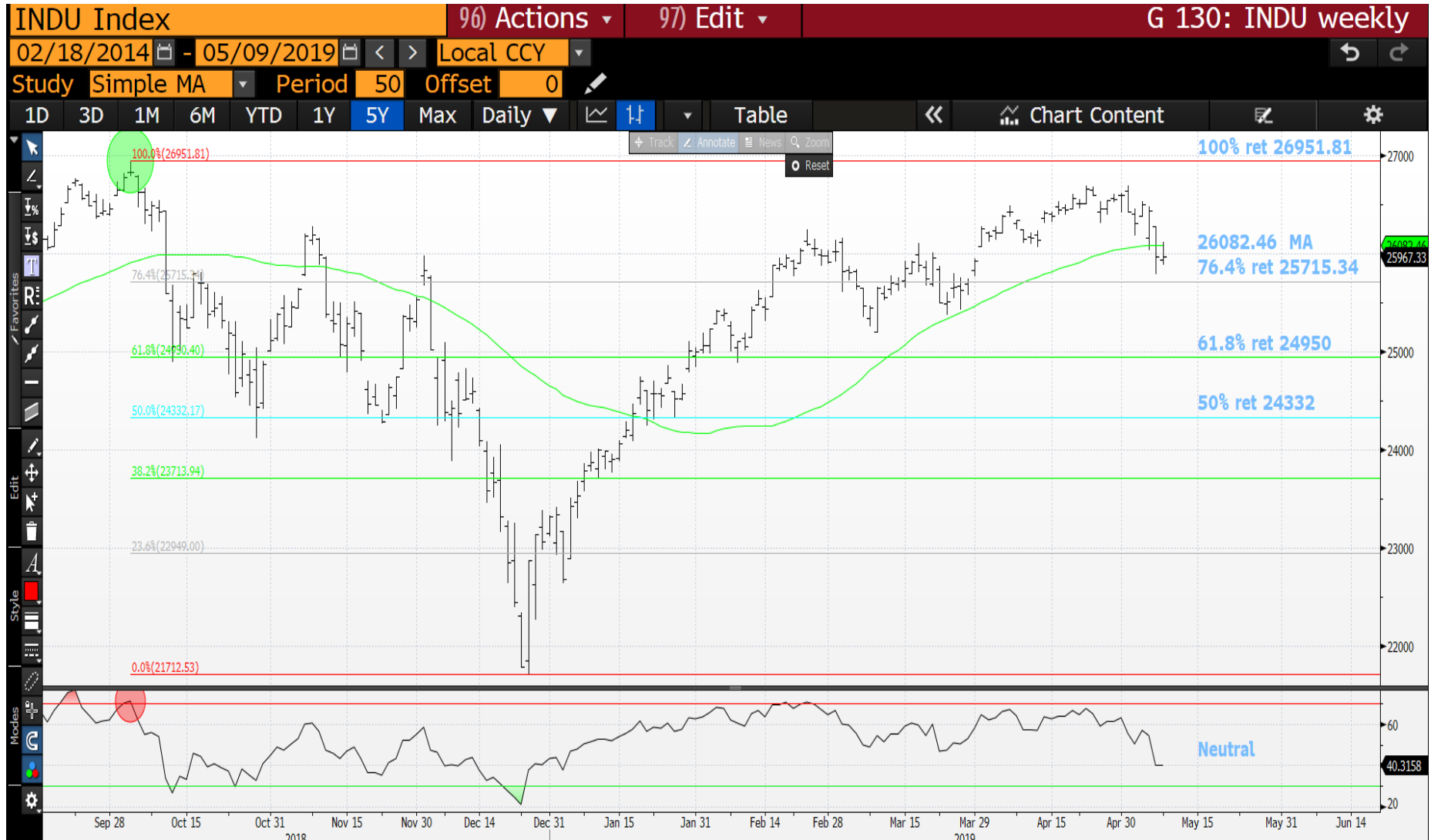
DOW quarterly : The big worry here is the continued period of optimism at the highs and NO REWARD, failure subsequently will hurt. Any breach of the 21712.53 low will be a KILLER BLOW.



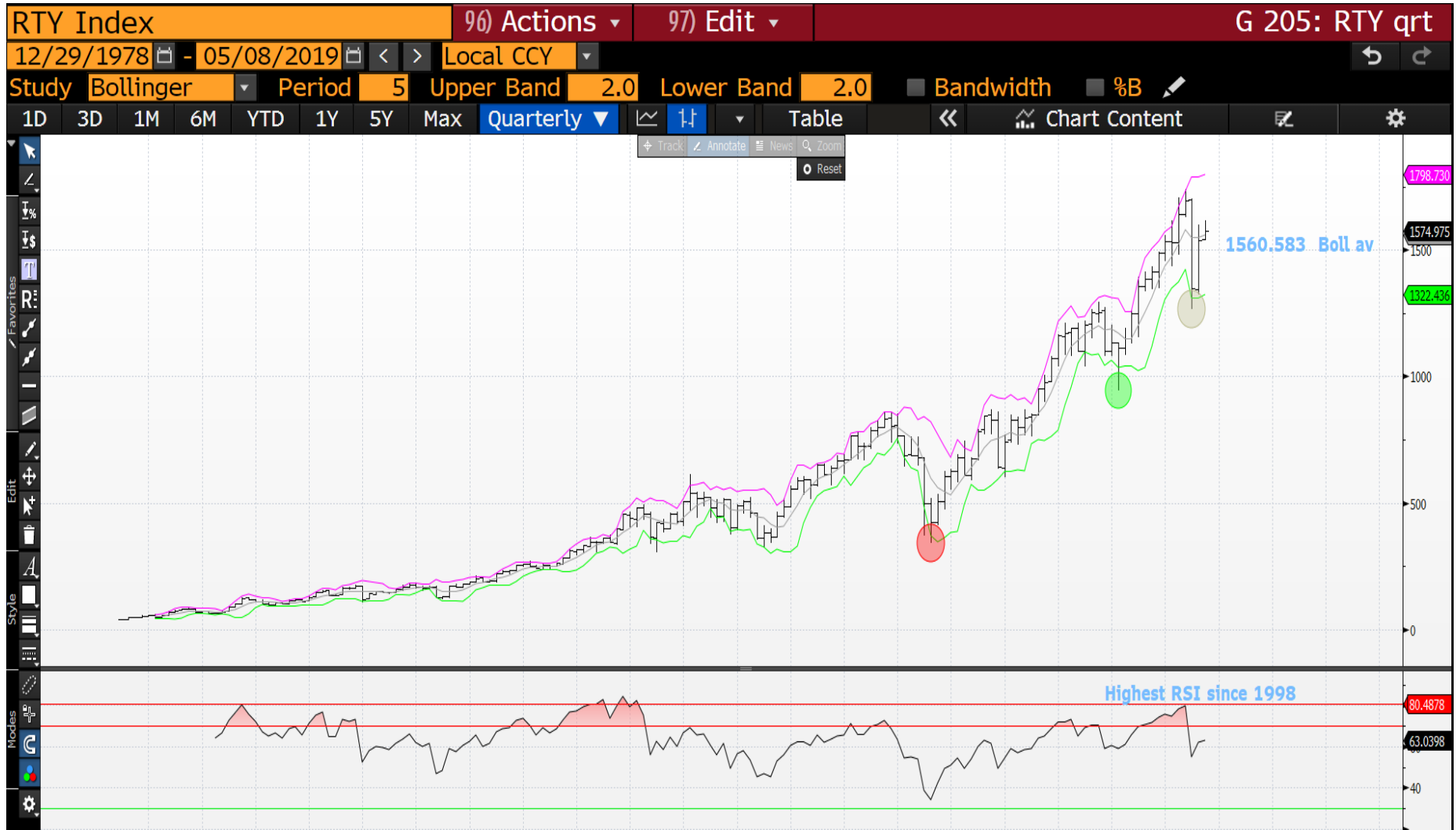
DOW quarterly : A VERY NASTY pattern if we progress lower from here!



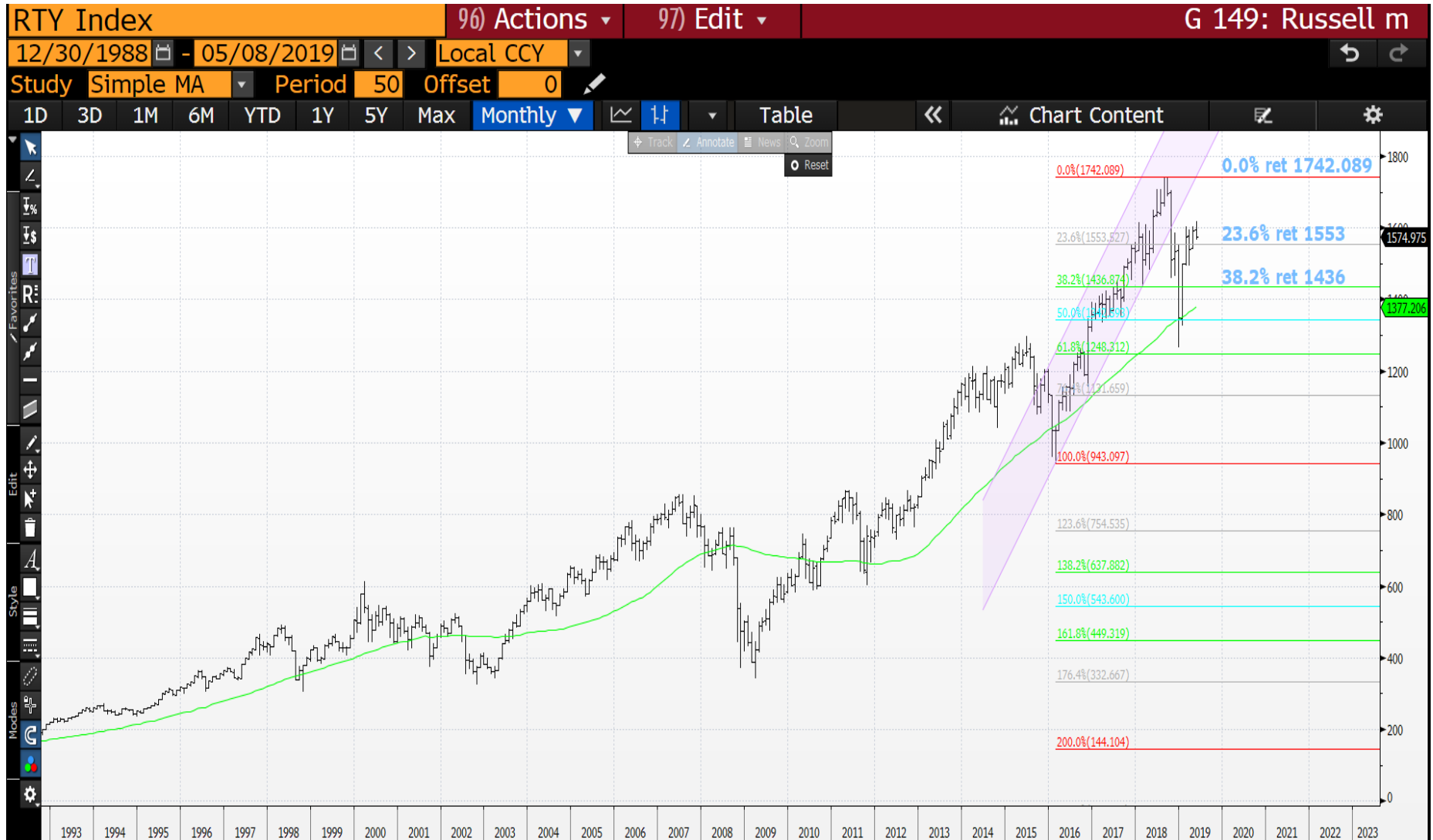
DOW daily : The RSI is neutral but we are back below the key 50 day moving average 26082.46, a breach of the 76.4% ret 25715.34 will be significant.



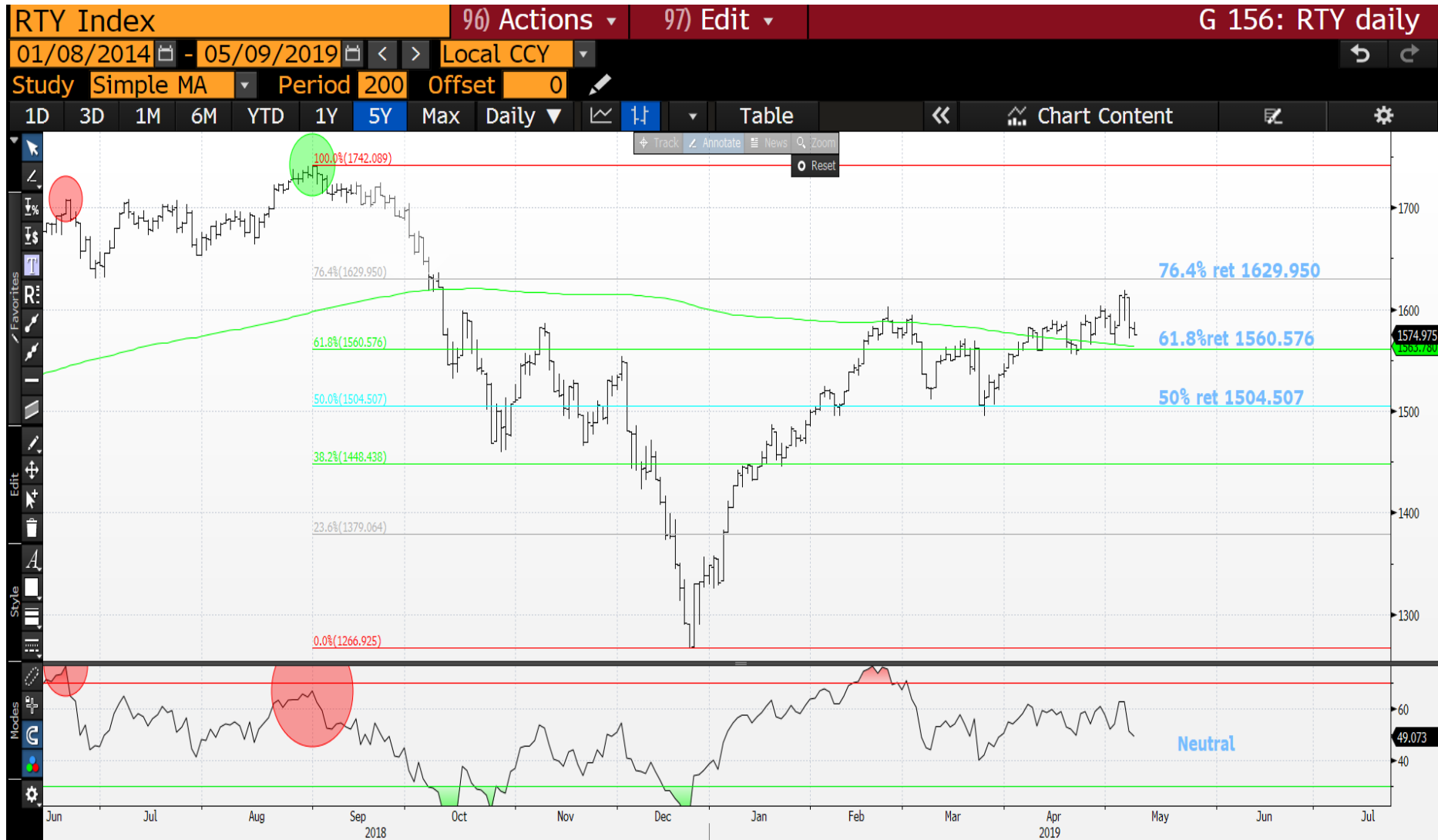
Russell quarterly : We have had a sizeable bounce but looks doubtful it will repair the terminal damage. Ideally we need to REMAIN below the 1560.583 bollinger average.



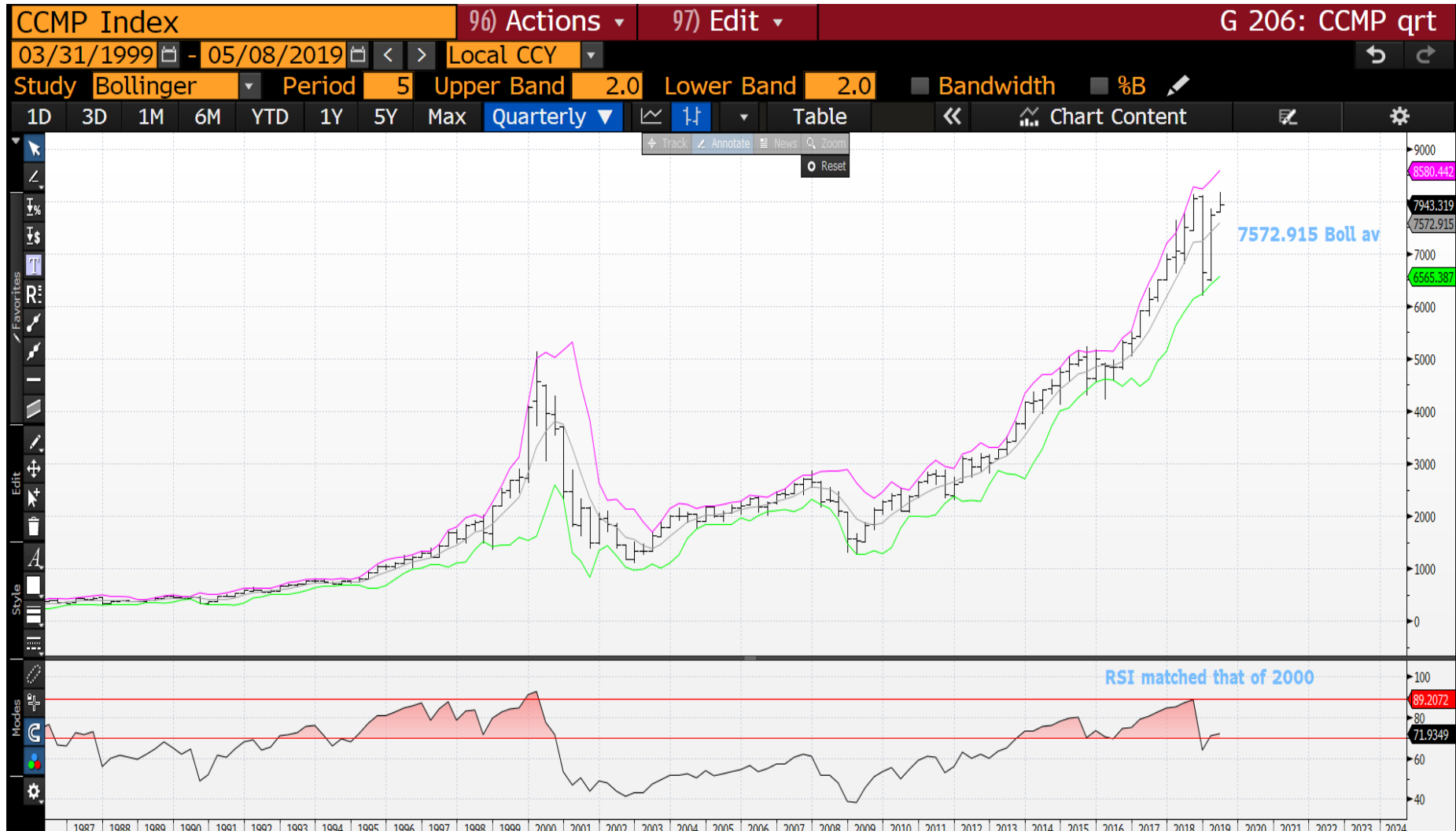
Russell monthly : We have a new high on the month so ideally need to reverse that and close sub the 23.6% ret 1553.



Russell daily : We have seen VERY LITTLE performance of late thus a breach of the 61.8% ret 15600.576 will be significant.



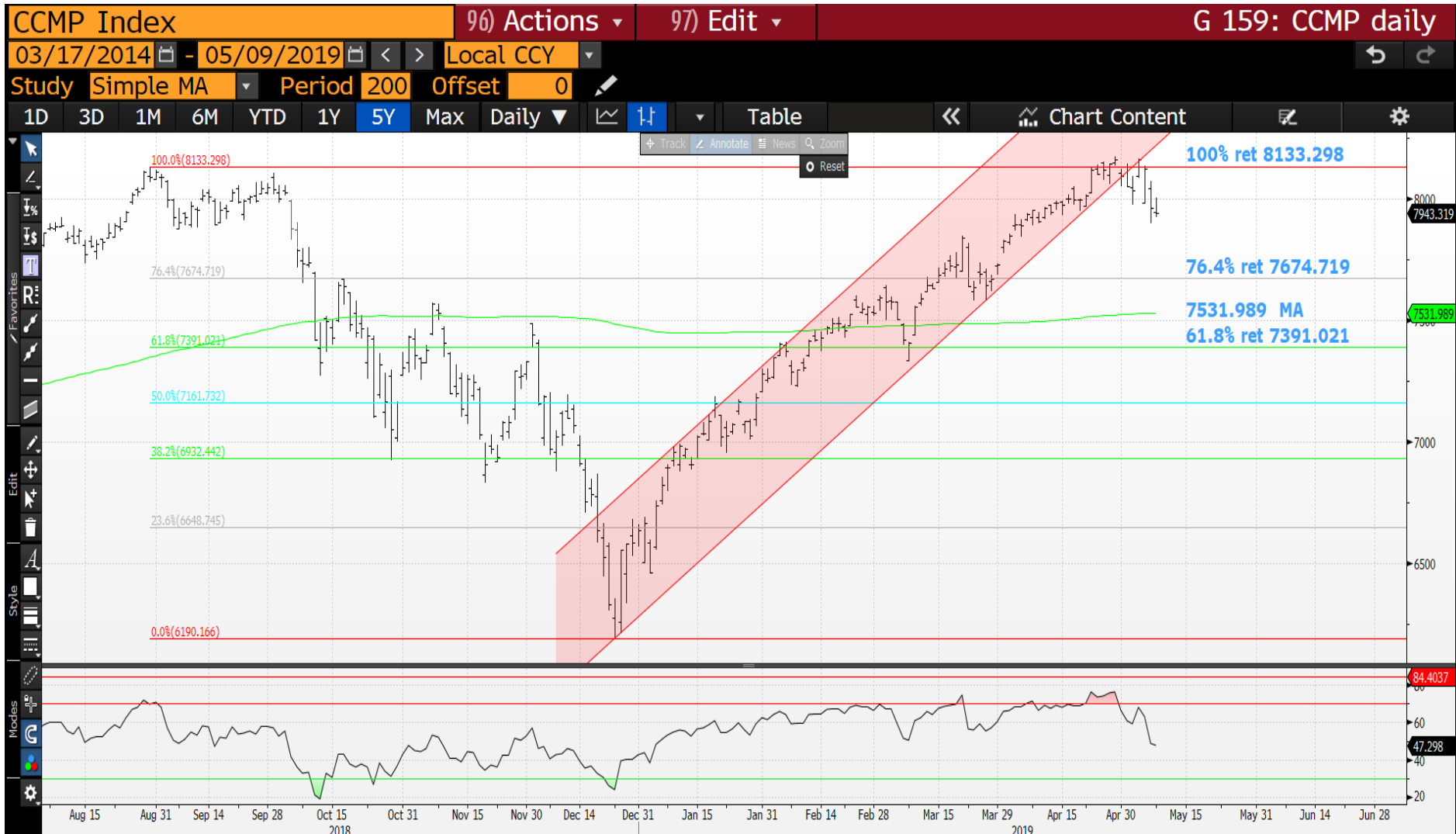
CCMP quarterly : We are now above last months high and in positive territory, SO A LOT OF WORK NEEDED to negate this.



CCMP monthly : Key element here is to break back outside the channel base 7783.

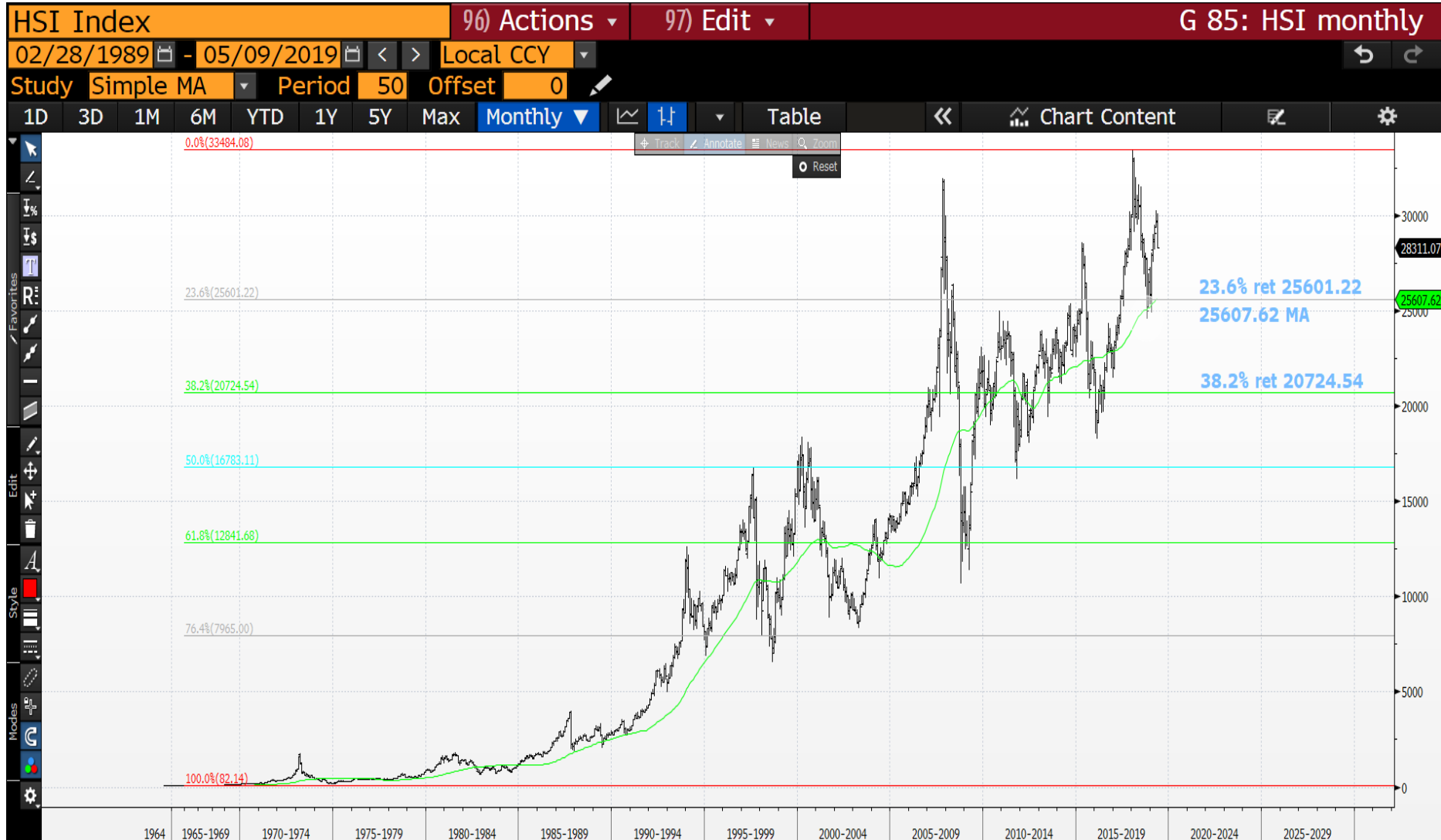


CCMP monthly : We have hit the previous high 8133.298 and produced an RSI to match!
 We are failing but this needs to persist.



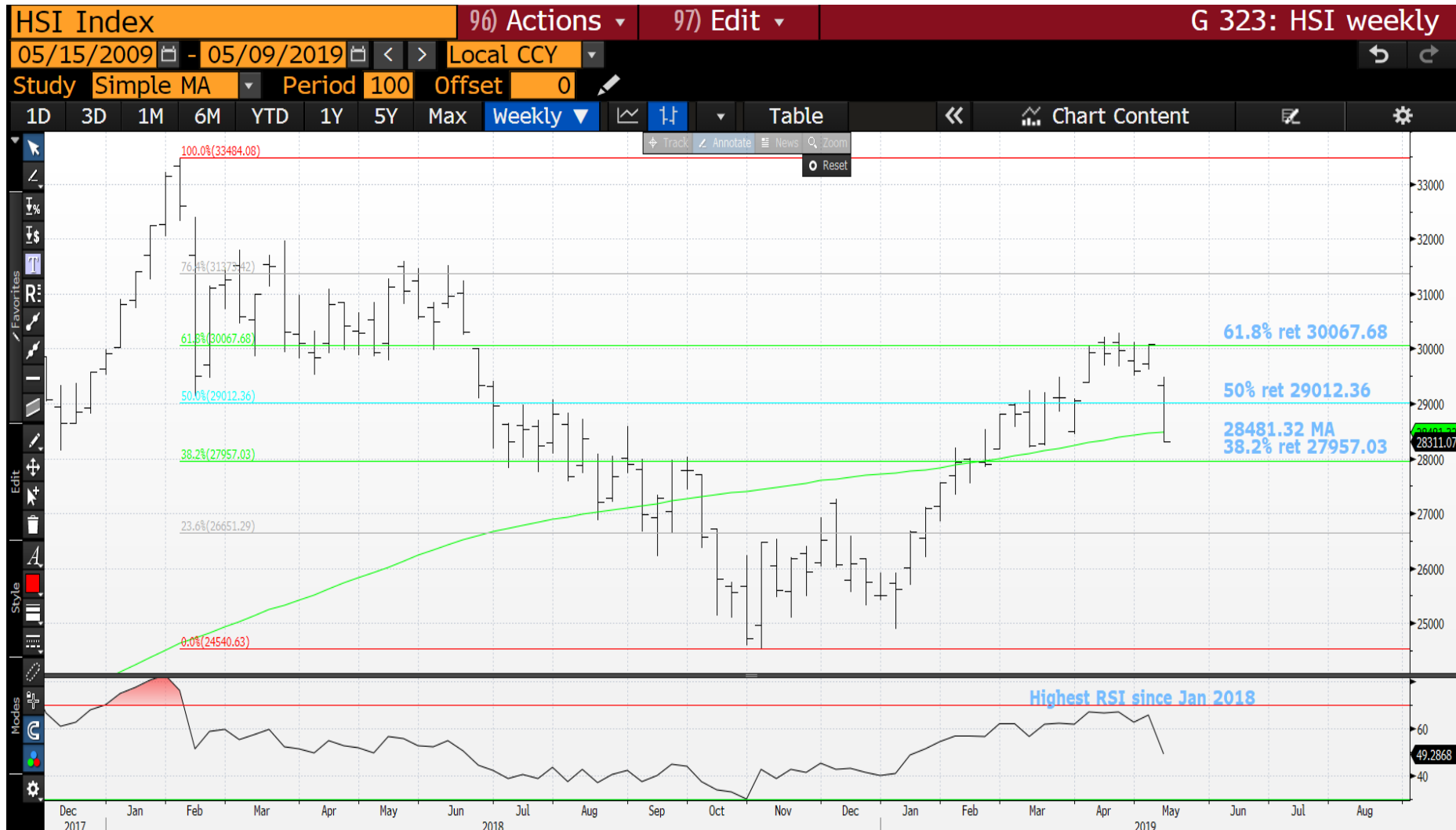
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Hang Seng monthly : Little talked about but this has witnessed a MAJOR reversal, do the Chinese know something? This is now a NASTY TOP!

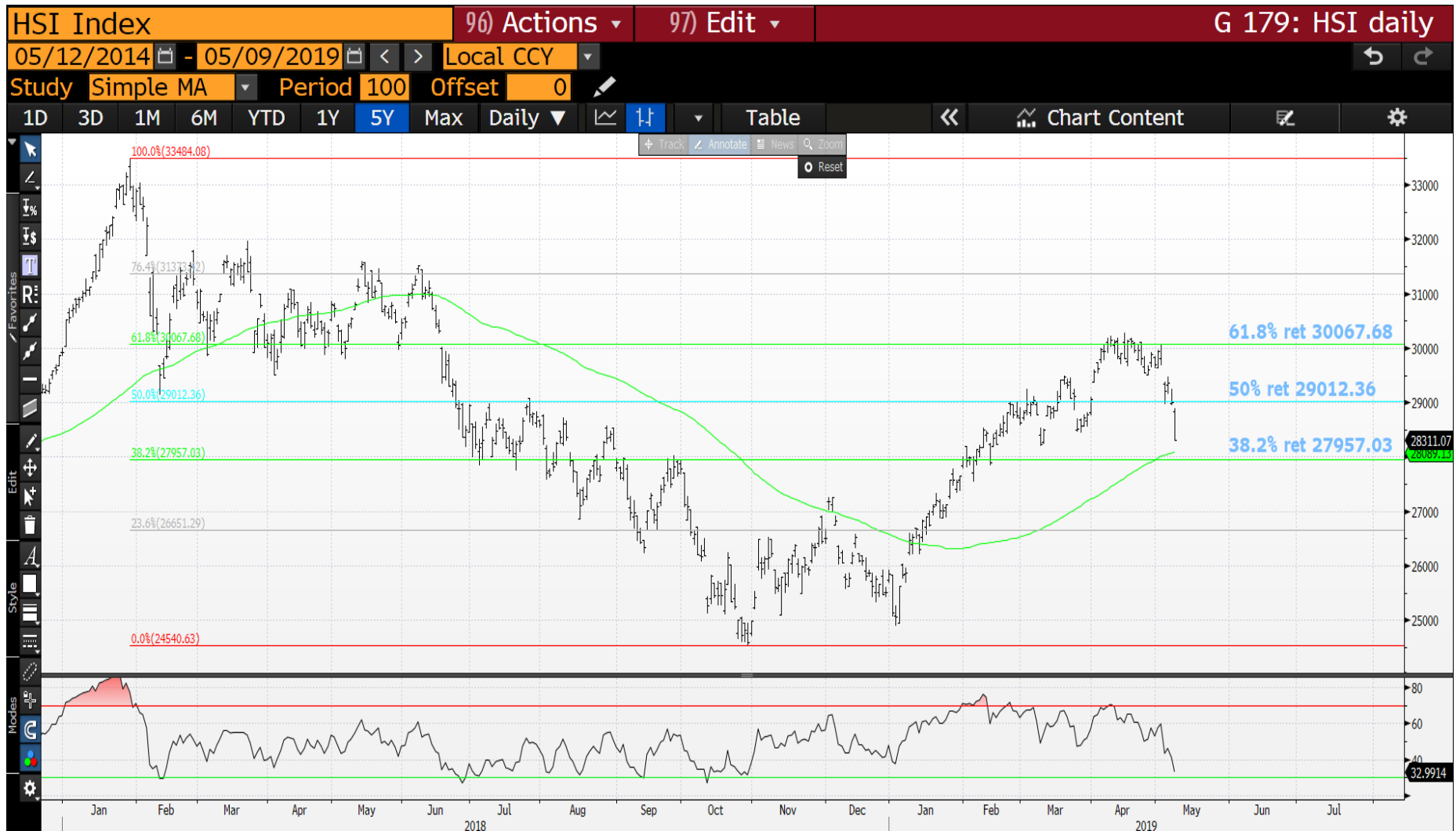


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Hang Seng weekly : The high RSI kicked in and we are now sub the 28481.32 moving average.



Hang Seng daily : We formed a SOLID top given the time-volume spent at the 61.8% ret 30067.68. Sub the 38.2% ret-moving average 27957.03 will trigger stops.



09/05/2019

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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