

BOND UPDATE : ALL CHIPS OFF THE TABLE!

YIELDS ARE “WAY” TOO LOW, EXIT ALL BOND LONG EXPOSURE AND LOOK FOR A MAJOR 5-30 FLATTENING. ITS BEEN A GOOD RUN BUT NOW RSI’S ARE OVER EXTENDED.

Going through the charts “one more time” it is FINALLY time to EXIT ALL BOND LONGS given YIELDS are too low.

****I don't think it is worth SHORTTING bonds just yet, ideally we need a day or 2 more to monitor equity performance here. ****

This should present and opportunity to sell the US 5-30 curve given the stop is CHEAP.

Also recommend taking back the USFS 10-20 swaps idea from November (update coming).

Tough to say it, but many YIELD CHART RSI’S are VERY OVERSOLD, BOTH weekly and daily horizons. The US 30yr page 3 has additionally hit a worth while retracement.

We might need another day to confirm this thought but the evidence is strong it’s been a good run, that said if stocks head LOWER then re position long bonds again.

Also remember ALL CTA s have rolled and are long given ALL major spreads have sold off.

**** Remember this is only “TIME OUT” in a bigger historical yield fall. ****

USGG30yr monthly : The great thing is this month we have already made a NEW YEAR low so the “damage” has been inflicted.



USGG30yr weekly : The RSI is now very low just as the market hits the 23.6% ret 2.5334. This is a great retracement hit and should be respected given the RSI.



USGG30yr yield daily : The daily RSI is the LOWEST EVER and the latest drop was too fast. Sadly no retracement hit.



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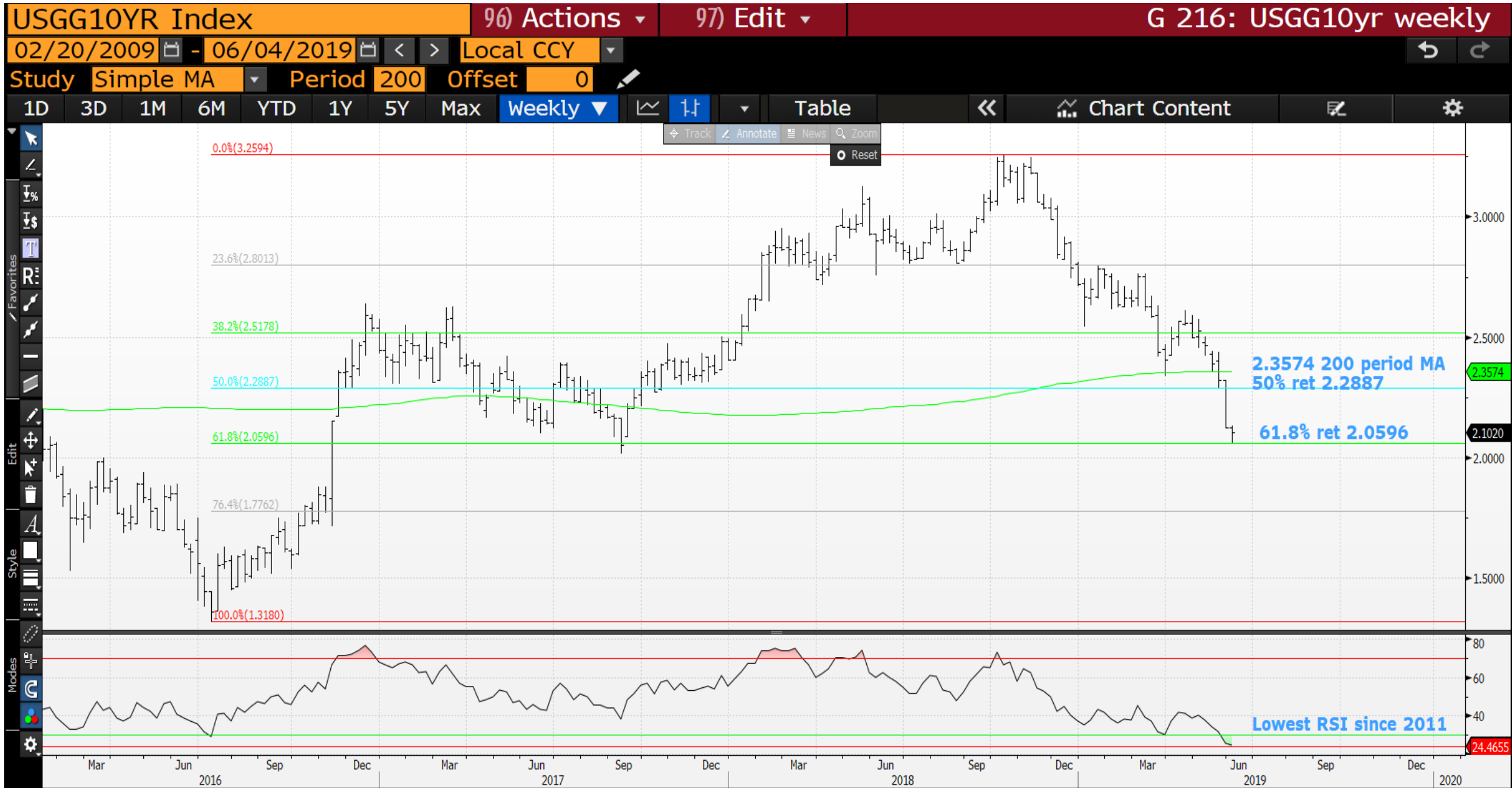
US 30yr futures daily : We are teasing the 223.6% ret highlighting this has been an incredible bounce. Providing we continue to fail the 223.6% ret 154-07 then a breach of the 200% ret 153-10 will be painful.



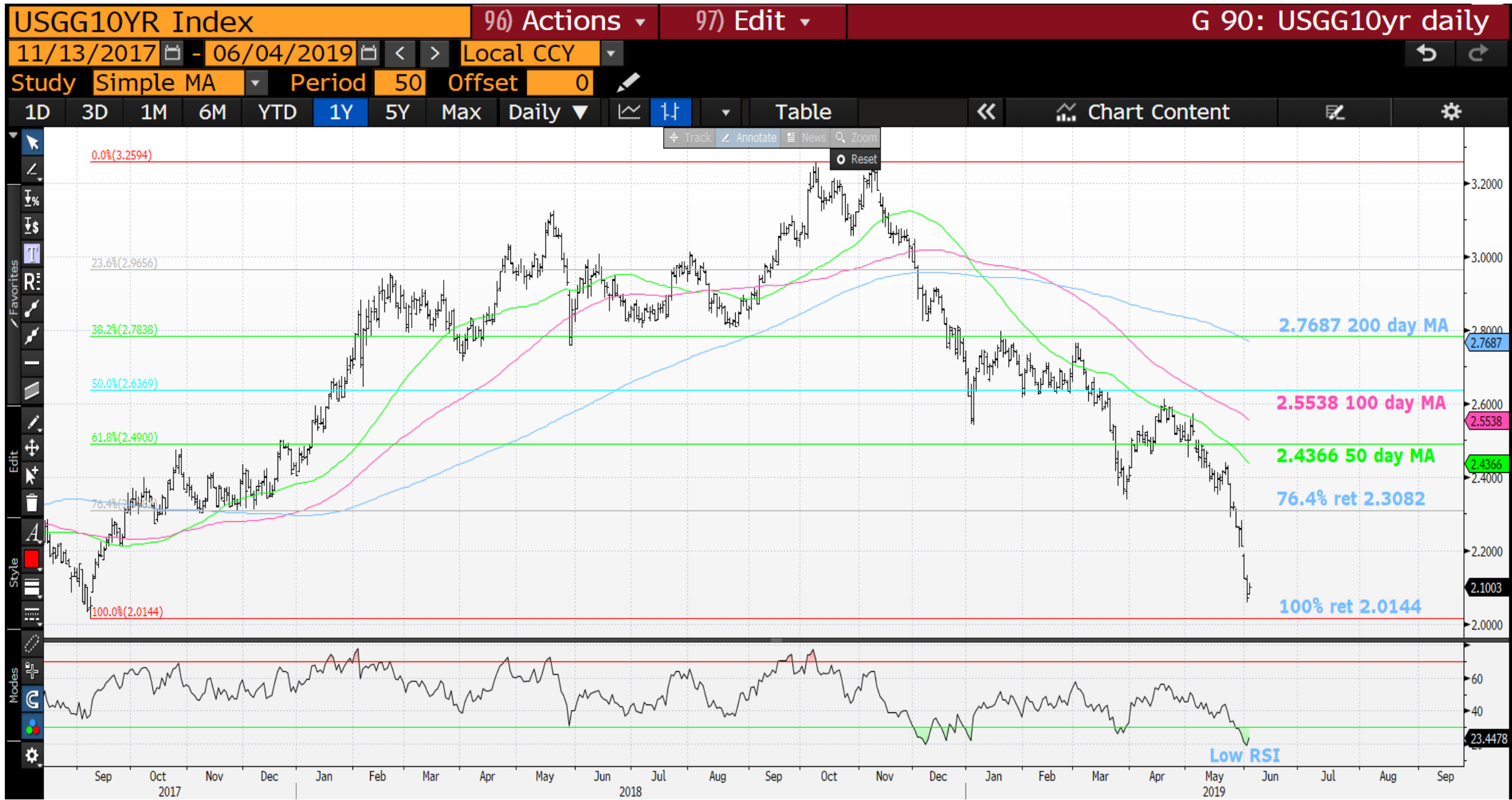
US 10yr yield quarterly : The long-term historical view remains for lower yields.



USGG10yr weekly : A weekly RSI extension that is hard to ignore just as we hit the 61.8% ret 2.0596. A very disciplined chart and facilitates a cheap stop on any futures short, yield stop sub 2.0596.



USGG10yr daily : No level hit but what and RSI.



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US 10yr futures daily : Again we have been drawn to the 223.6% ret 127-08+ extension and we are FAILING IT NICELY.



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USGG5yr quarterly : We have breached the 1.9886 moving average and thus should continue lower.



USGG5yr weekly : Another PERFECT chart providing a CHEAP YIELD stop for any one wishing to short bonds. Stops sub the 50% ret 1.8161. A very compelling RSI.



USGG5yr daily : We might be SUB all major moving averages but the RSI is over extended here too.



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USGG5yr daily : This market is more over extended than others i.e. above the 223.6% ret 117-18 hence helps add credence to the US 5-30 flattener.



USGG2yr quarterly : This chart is very clean and clear in its representation, we have hit a rare 100 period 2.9005 with an RSI dislocation matching that of 1980. This really is forecasting SIGNIFICANTLY LOWER YIELDS.



USGG2yr weekly : Main focus here is the RSI, the lowest since 2008!



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USGG2yr daily : The RSI is prominent and a close above the 61.8% ret 1.9086 negates all shorts.



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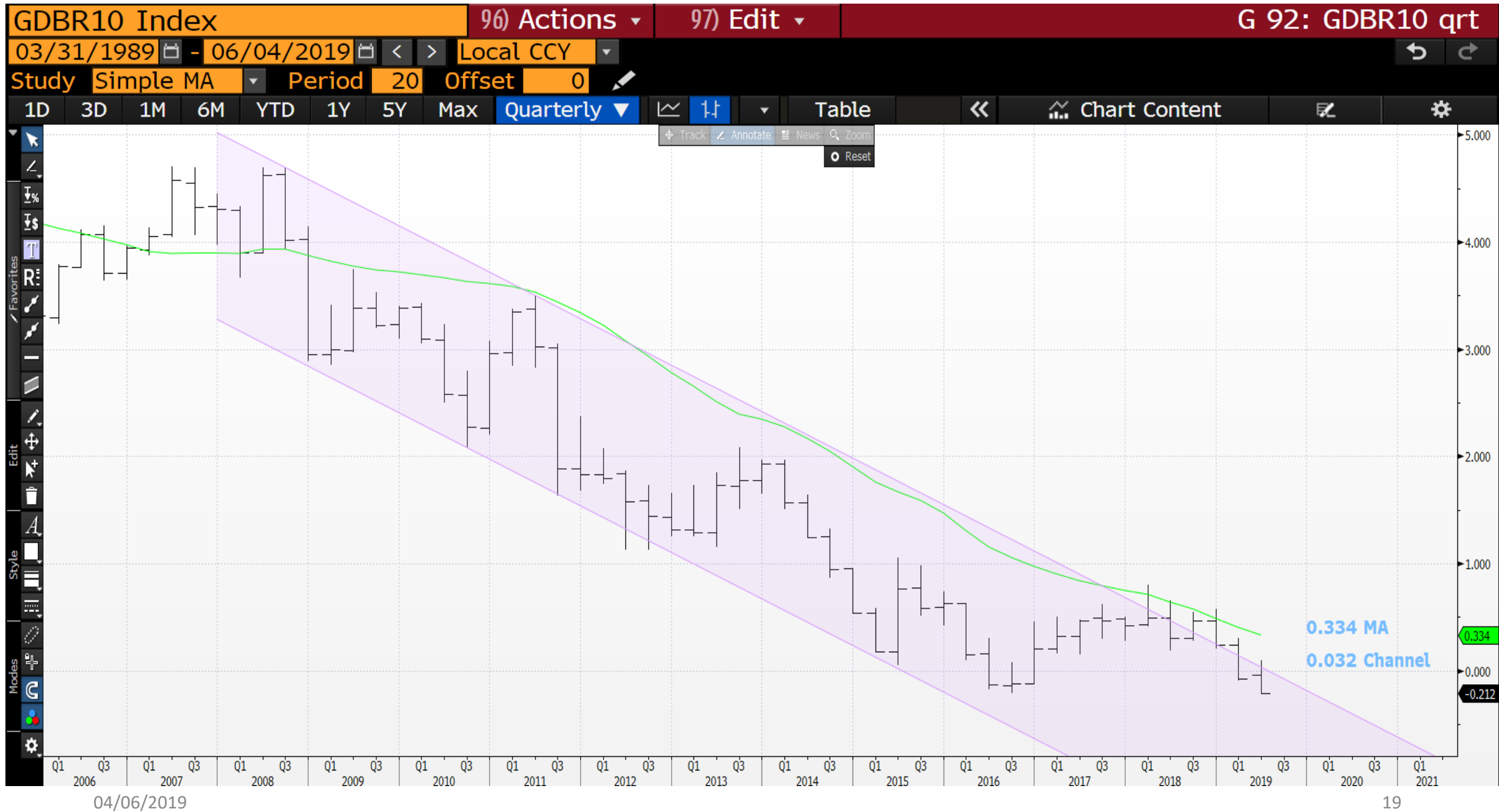
USGG2yr daily : A PERFECT technical performance hitting the 223.6% ret 107-17 1/8th on the NOSE. Other technical hits highlighted.



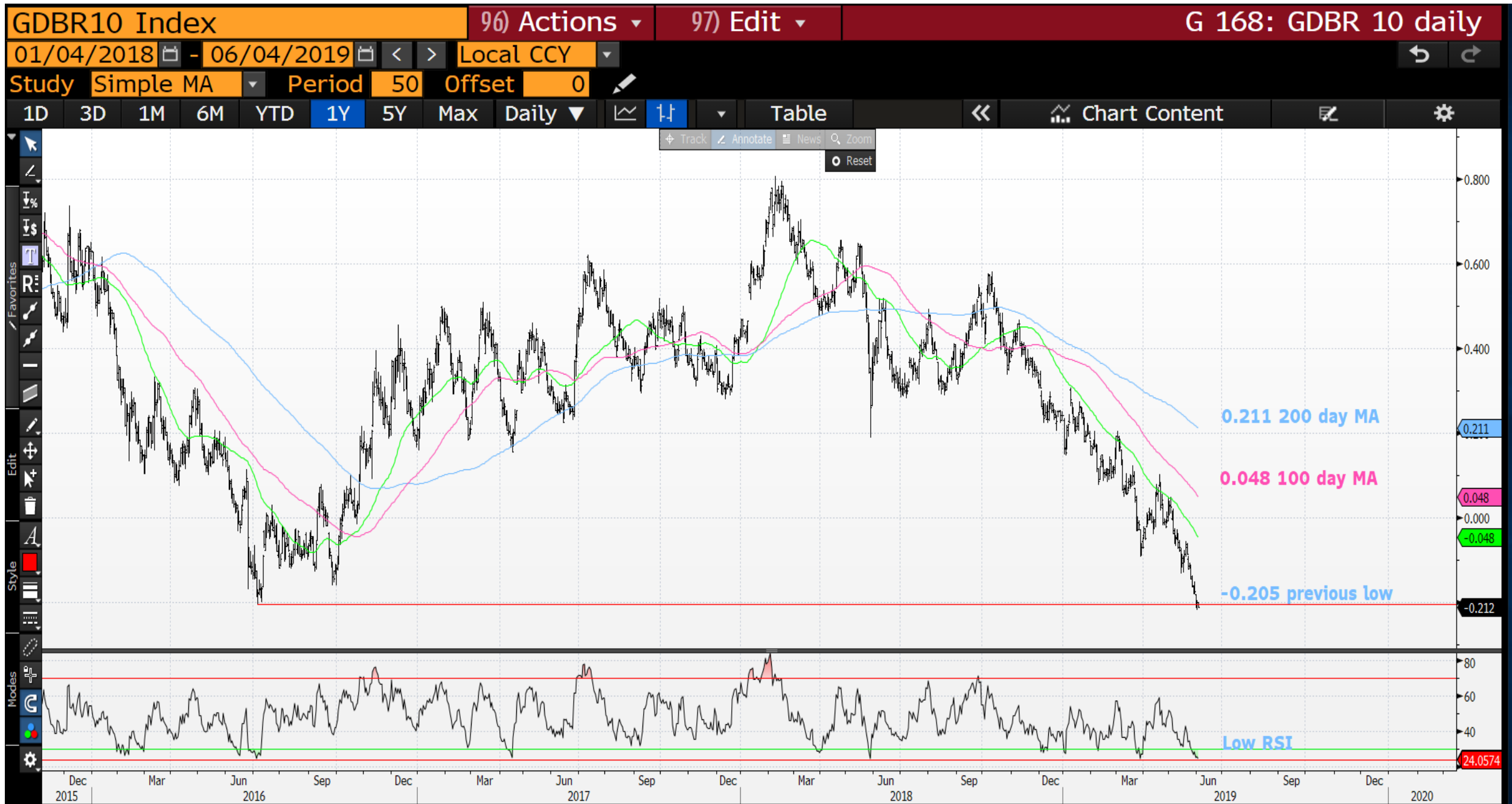
US 5-30 curve weekly : Given looking for US yields to bounce then selling into a US 5-30 flattener should work well. The 5yr sector has the “longest reach” above the 223.6% ret. Any stop would also be CHEAP i.e. above the 38.2% ret 71.628.



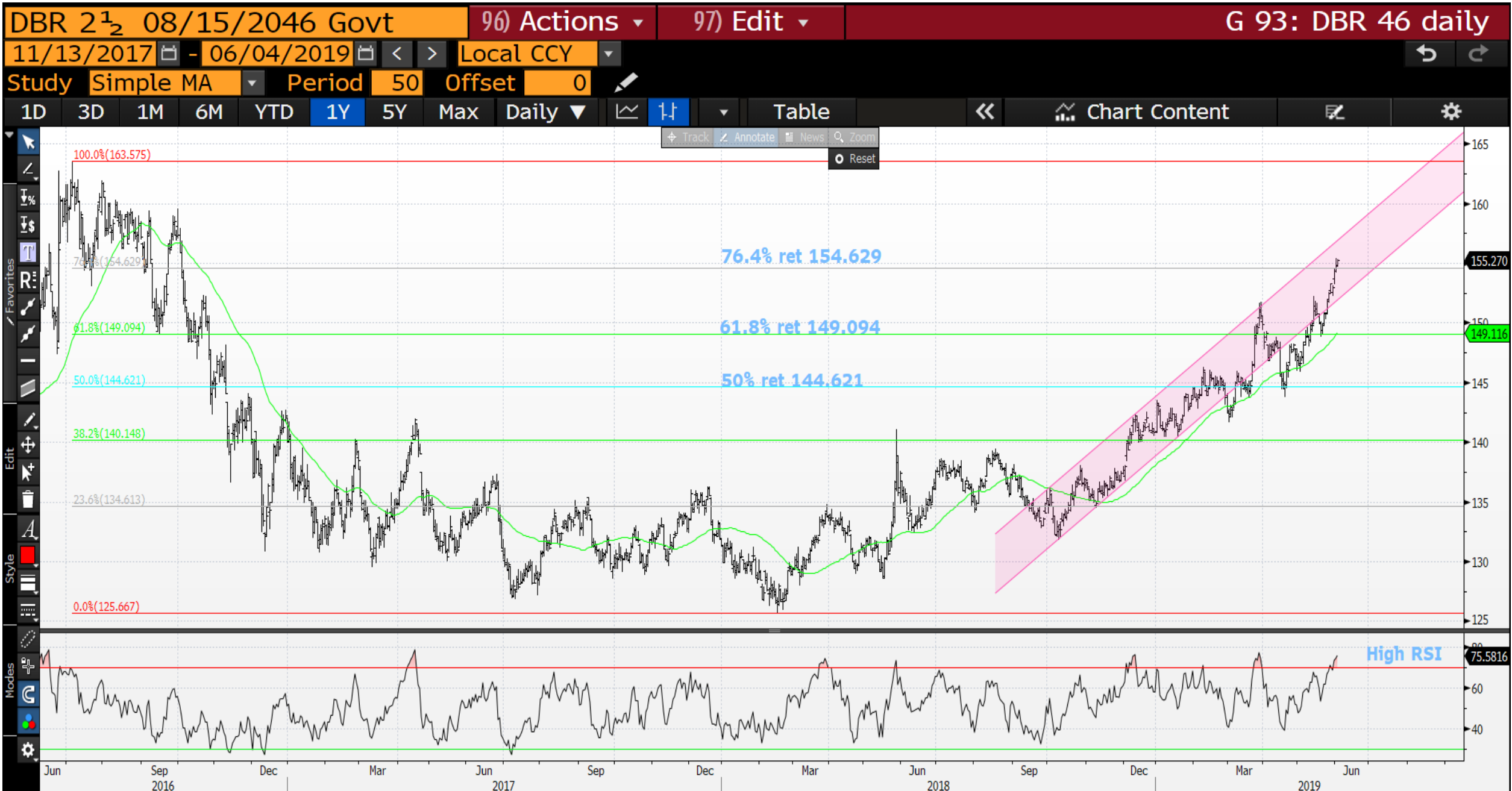
Generic German 10yr quarterly : Despite the yields involved we look to continue a lot lower.



Generic German 10yr daily : Europe is less stretched compared to the US but this RSI remains low.



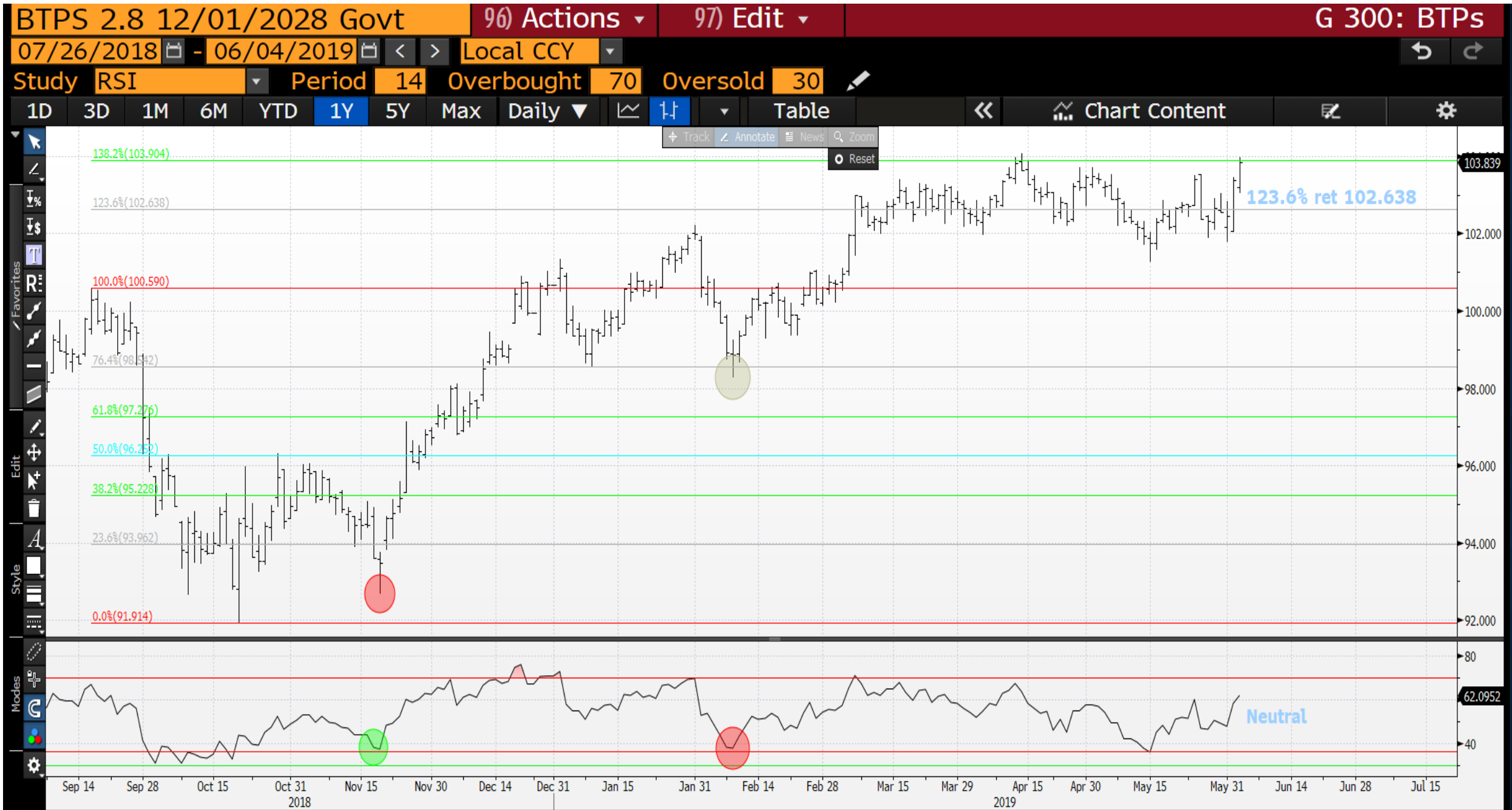
DBR 46 daily : As always the ever reliable bond but take off all longs if we breach the 76.4% ret 154.629.



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BTP 12/28 daily : We are pushing new highs but not sure about overall momentum.



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GUKG10yr daily : The RSI now looks very LOW.



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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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