

BOND UPDATE : Yields have based at the appropriate level and poised to accelerate the move HIGHER. Oh and BTPS look to have stalled.(Page 23).

The BIGGEST issue this month is the WEEKLY CHARTS, they are forecasting a pretty major YIELD BOUNCE INCONTRAST to the monthly having ALREADY made a NEW YEAR low, this implying a very volatile period. We still need to close at or near the yield lows at month end.

Previously :

All US weekly yield charts have REDICULOUS RSI's so anyone buying bonds here is challenging major historical dislocation. (See pages 3,7,11,15). This is the difficulty as previous yield rallies from this extension have been sizeable, highlighted by the LAST rectangle on each chart. Additionally most have hit and HELD SOLID retracement levels. The daily charts also compliment the call for higher yields.

****I finally think it is worth SHORTTING bonds, ideally with stops above yesterdays highs OR preferred at recent yield retracement, listed on the weekly charts ****

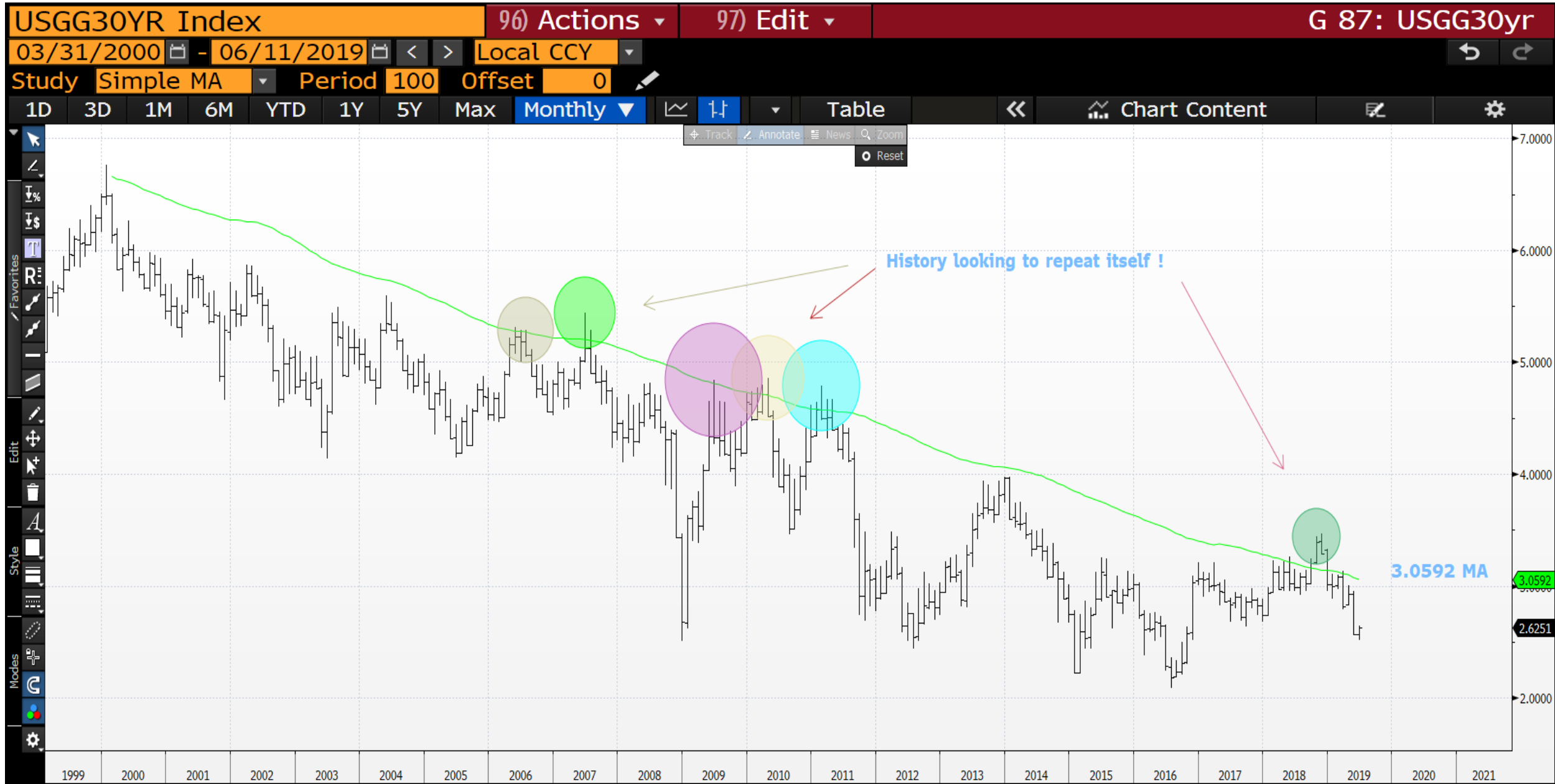
US 5-30 curve

This was the quickest stop out (post yesterdays recommendation) BUT do think it is worth one last flattening attempt. Stop at 82 initially to be on the safe side and ADD significantly on a close sub 74.701. The RSI is now on side.

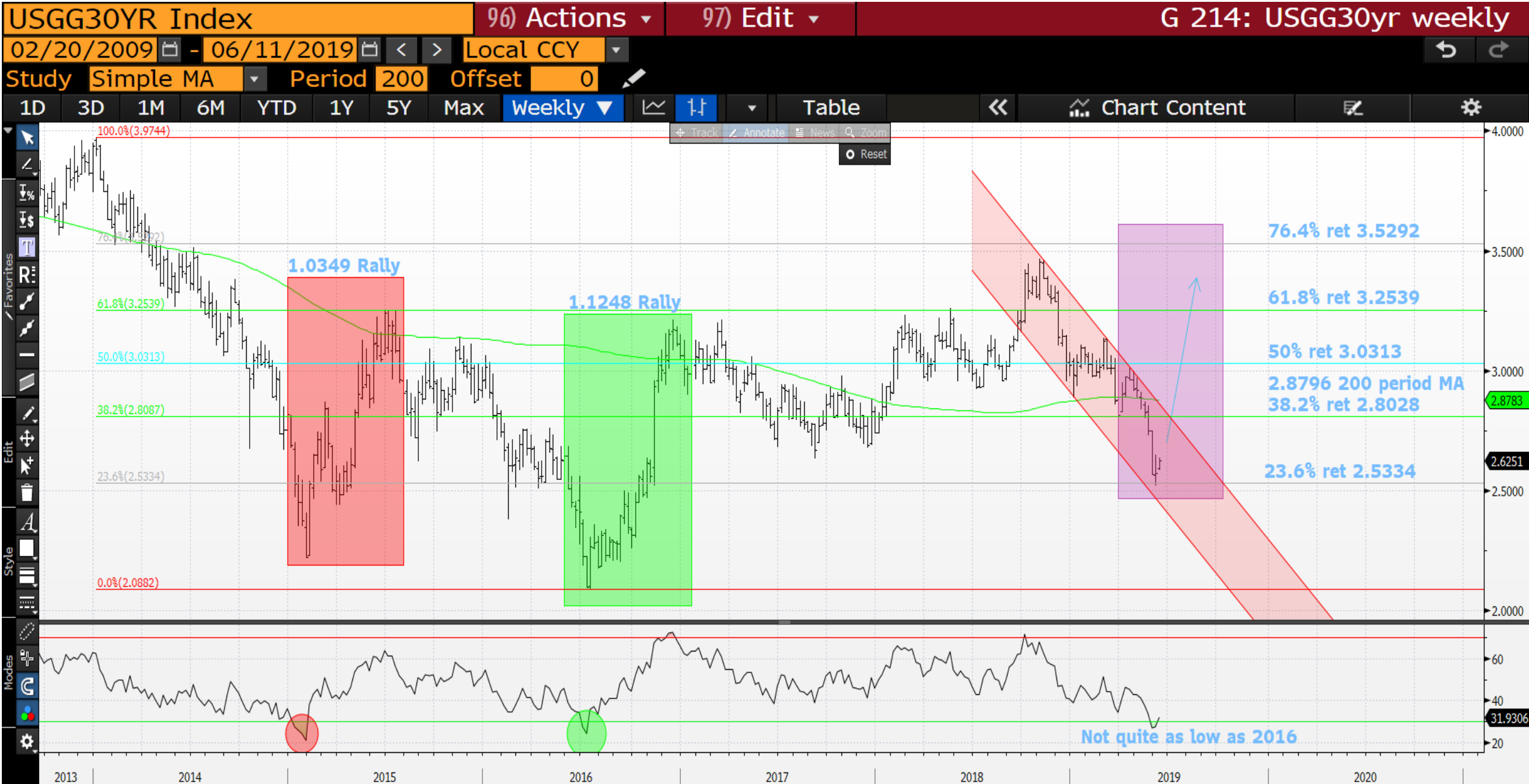
Also remember ALL CTA s have rolled and are long given ALL major spreads have sold off.

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

USGG30yr monthly : We are clawing our way up the range from last month BUT do remember we have a NEW YEAR yield low!



USGG30yr weekly : We have neatly held the 23.6% 2.5334 and are poised to breach last weeks high 2.6480. The RSI portrays there is still considerable tension, so the yield rally has only JUST started.



USGG30yr yield daily : The daily RSI is now off the lows but the weekly has only just started. A close above the 100% ret 2.6332 will trigger stops and draw us toward the 2.8373 50 day moving average.



US 30yr futures daily : We have formed a nice double top against the 223.6% ret 154-07 level, we just need to breach the 200% ret 153-10 to further progress. Then its FREEFALL TIME! We could target 150-29 on the DIP.



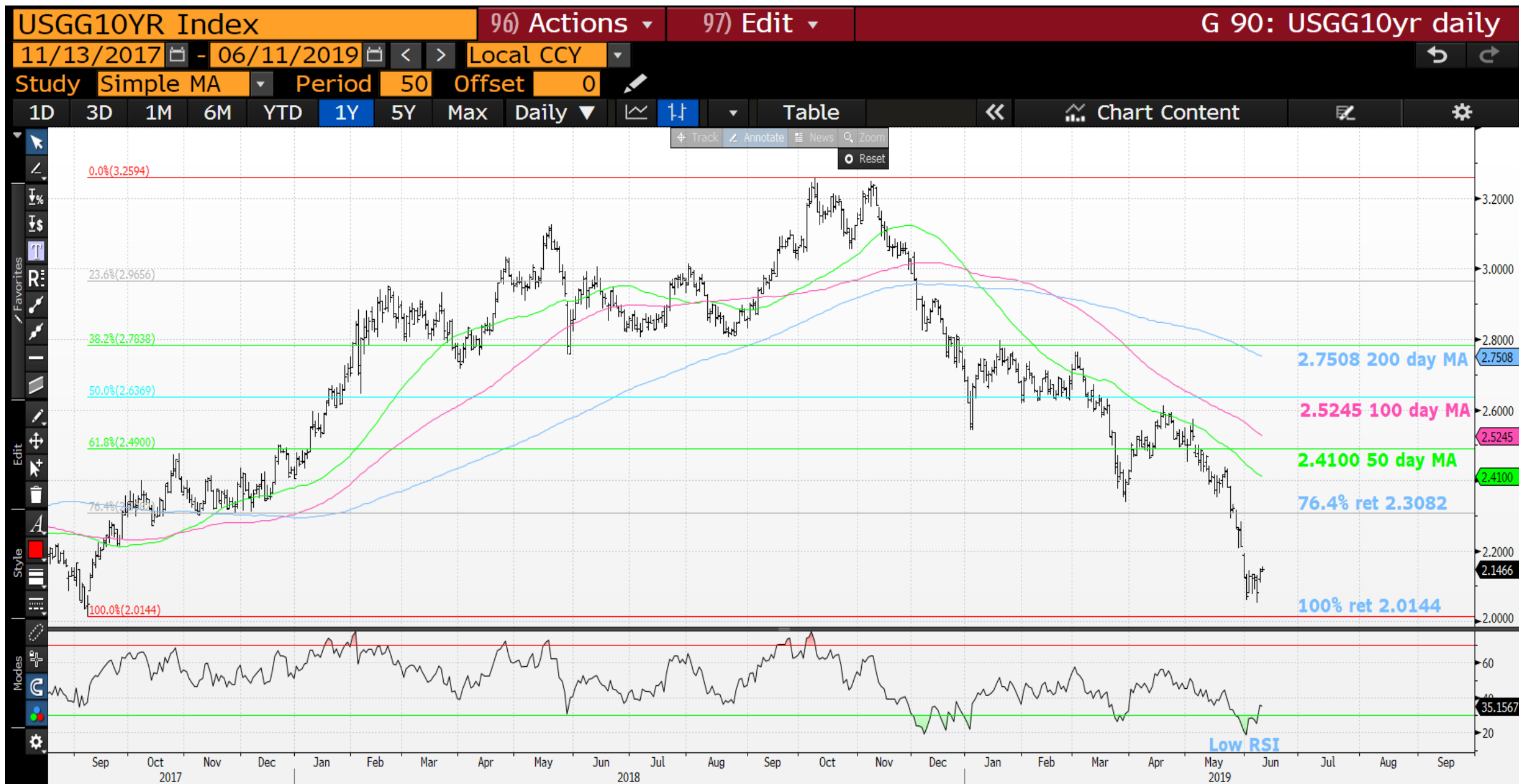
US 10yr yield quarterly : The long-term historical view remains for lower yields.



USGG10yr weekly : The RSI remains the KEY element here and it has only just "turned". There is obviously a lot of tension in this, thus expect a decent bounce.



USGG10yr daily : The RSI is now OFF its lows and poised to minimally target the 76.4% ret 2.3082 - 2.4100 50 day moving average.



US 10yr futures daily : We have formed a nice double top at the 223.6% ret 127-08+, hopefully we are about to break a lot lower, targeting the 125-20 area.



USGG5yr quarterly : We have breached the 1.9891 moving average and thus should continue lower.



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USGG5yr weekly : This is the most aggressive of all the charts and thus could have the greatest "SNAP BACK". We formed a perfect hit of the 50% ret 1.8144 and the RSI is of 2010 proportions so plenty of UPSIDE here.



USGG5yr daily : The RSI is off the lows but once above the 76.4% ret 1.9510 we should fly! The initial draw is the 61.8% ret 2.1699.



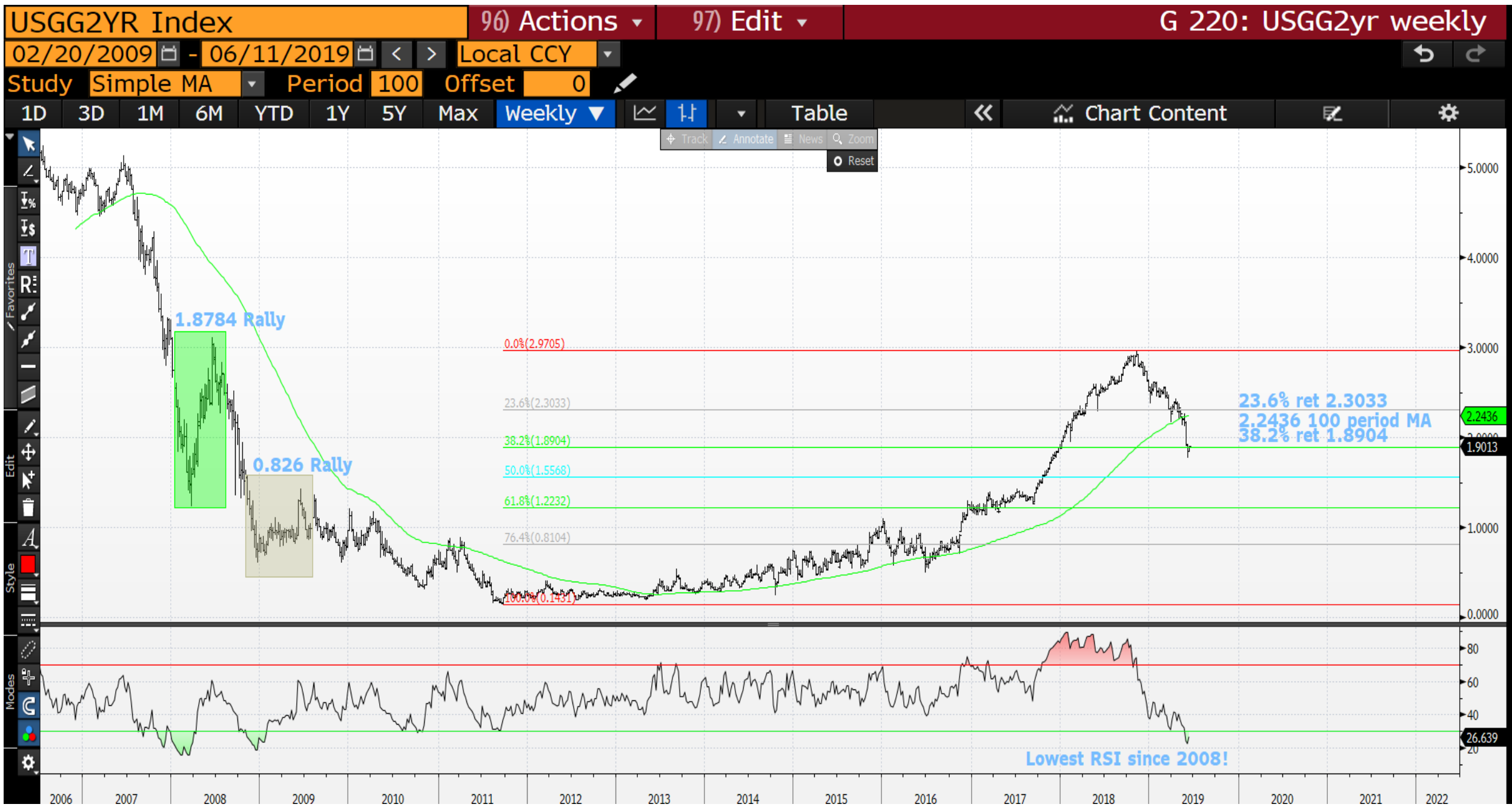
USGG5yr daily : We have formed a top and time to capitalise on that with a breach of the 200% ret 117-09 3/4, sub that should force major stops.



USGG2yr quarterly : This chart is very clean and clear in its representation, we have hit a rare 100 period 2.8976 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! We are now back above the 38.2% ret 1.8904 so should head a lot higher.



USGG2yr daily : The RSI is prominent and a close above the 61.8% ret 1.9086 will bring stops.

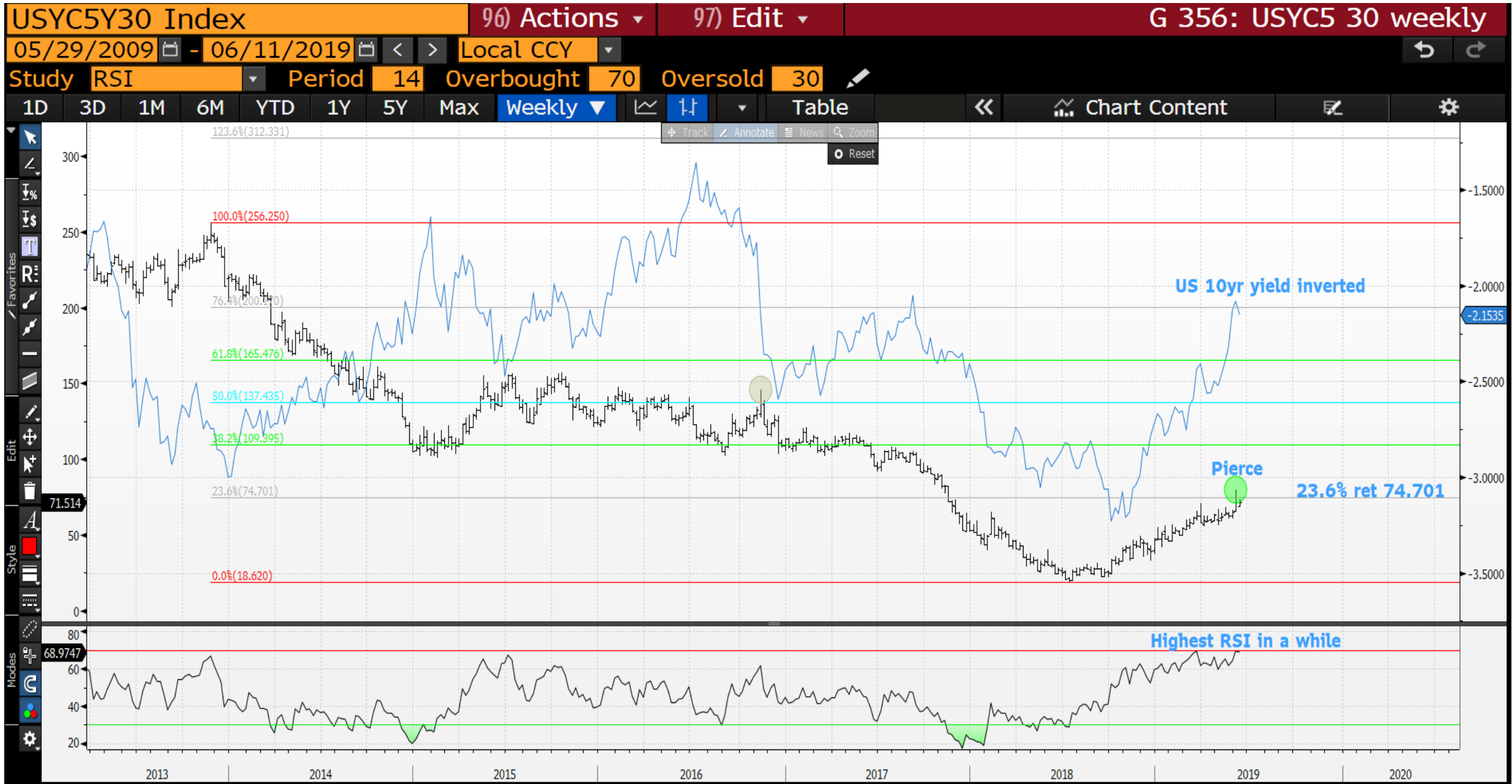


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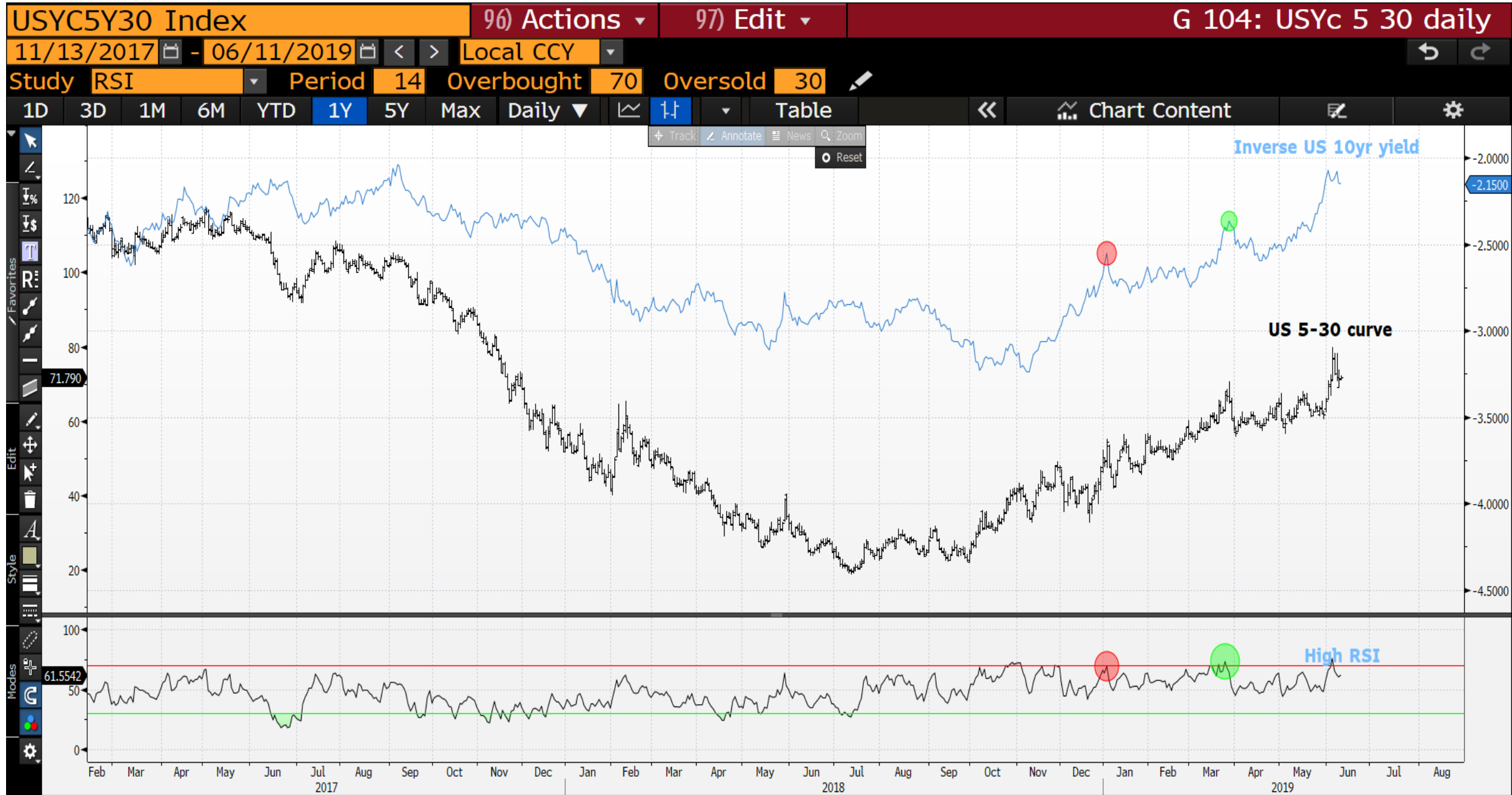
USGG2yr daily : A PERFECT technical performance hitting the 223.6% ret 107-17 1/8th on the NOSE. Other technical hits highlighted. Sub the 176.4% ret 109-09 3/8th should help.



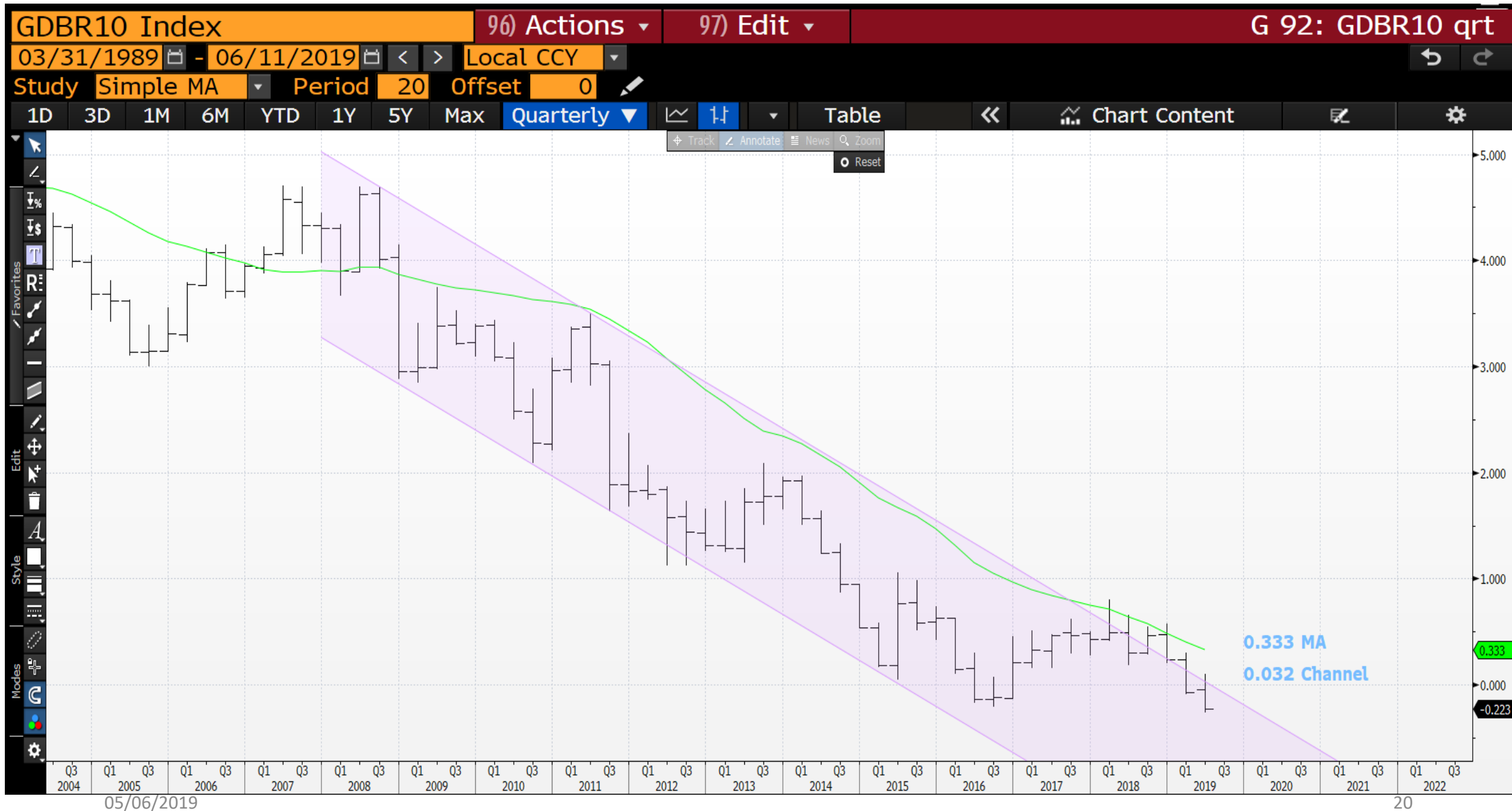
US 5-30 curve weekly : TAKE TWO : Given looking for US yields to bounce then selling into a US 5-30 flattener should work well. The 5yr sector has the "longest reach" above the 223.6% ret. Any stop would have to be at 82.00 initially and ADD on a close below the 23.6% ret 74.701.



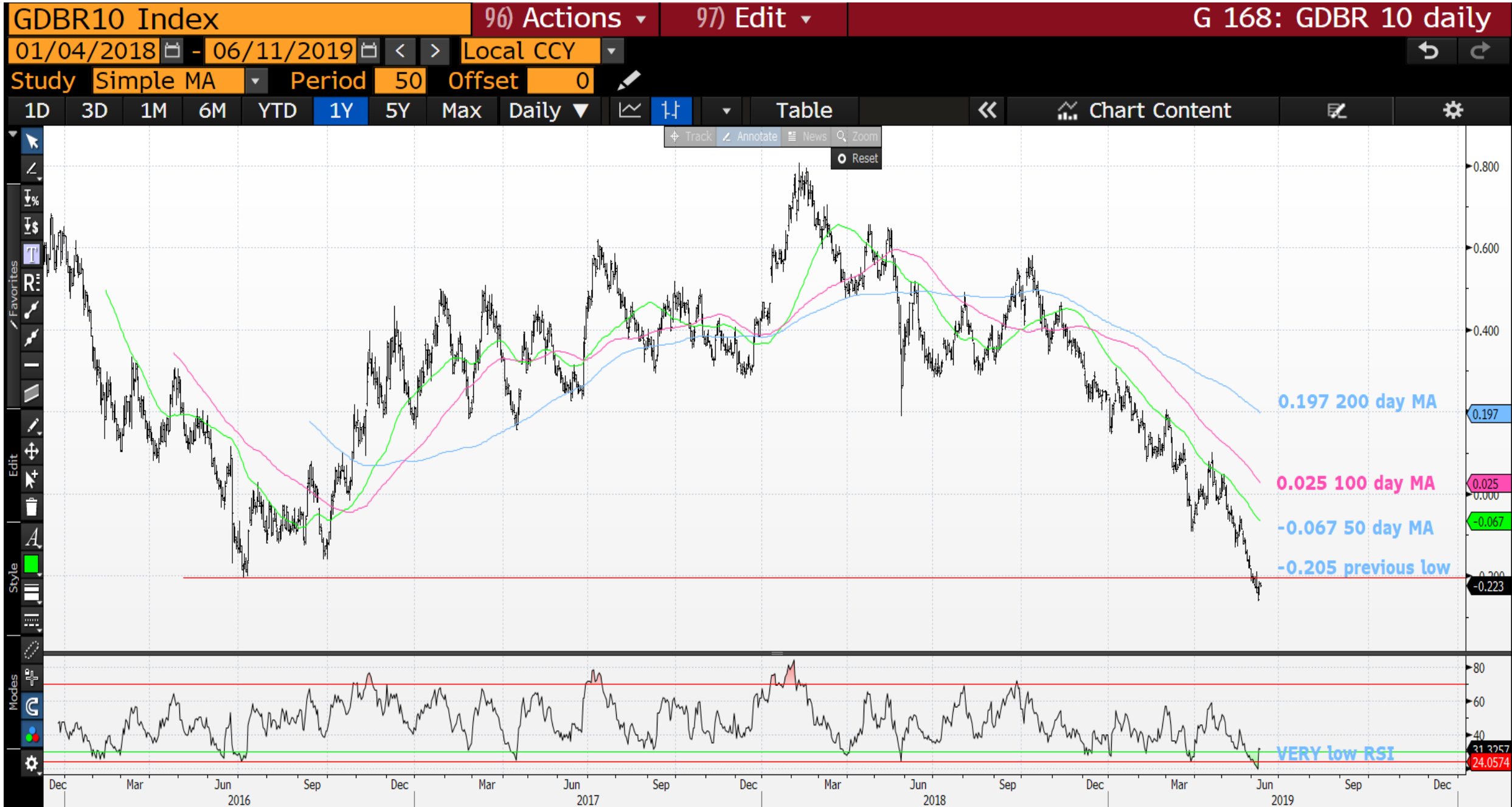
US 5-30 curve daily : The daily curve RSI is now extended and vindicates the call flatter aided by the obvious correlation.



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



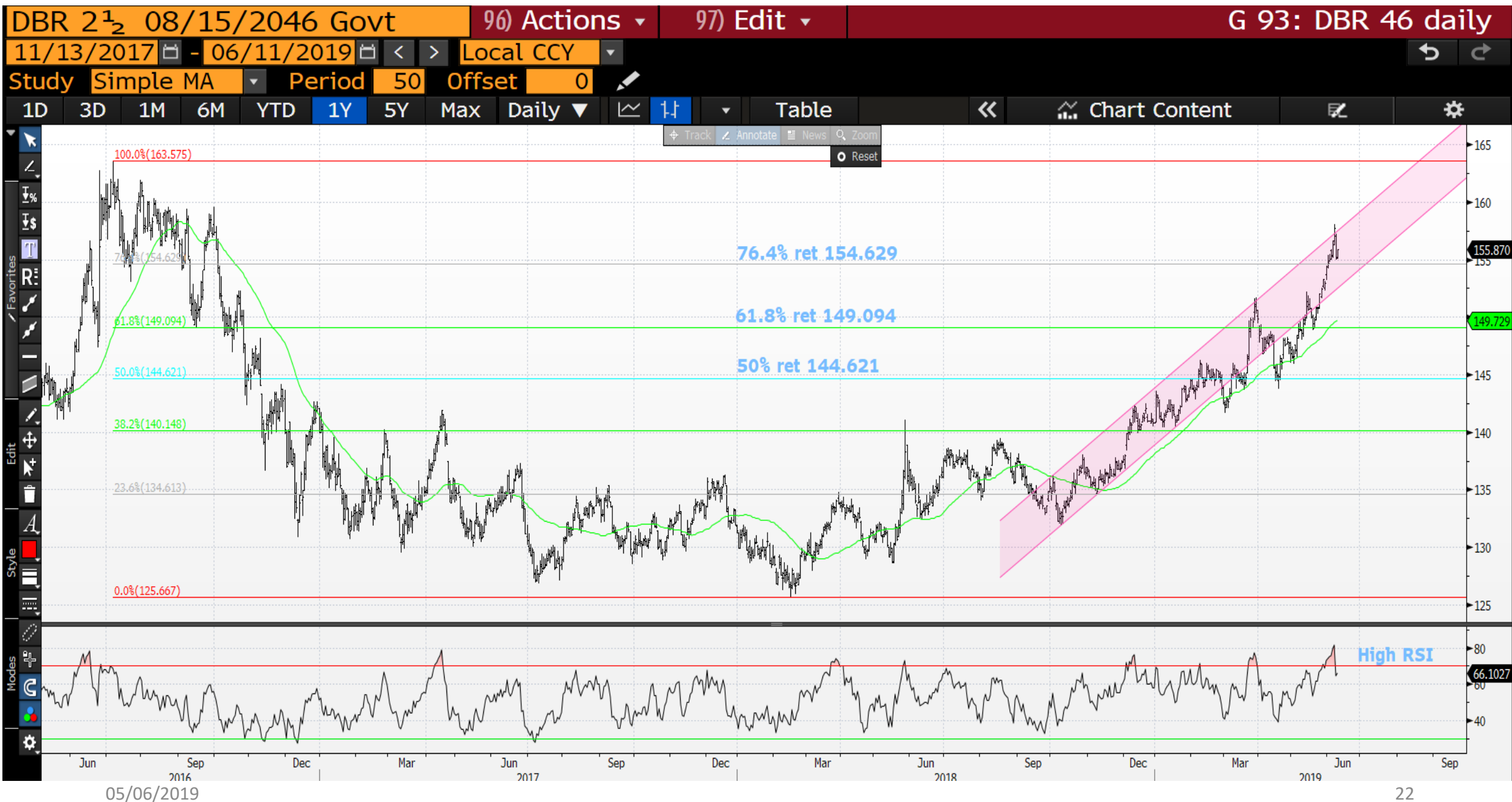
Generic German 10yr daily : Despite the RSI we have yet to break above the -0.205 previous low, should we do so then expect major stops.



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DBR 46 daily : We have finally pulled back into the channel and sub the 76.4% ret 154.629 will trigger more major stops.

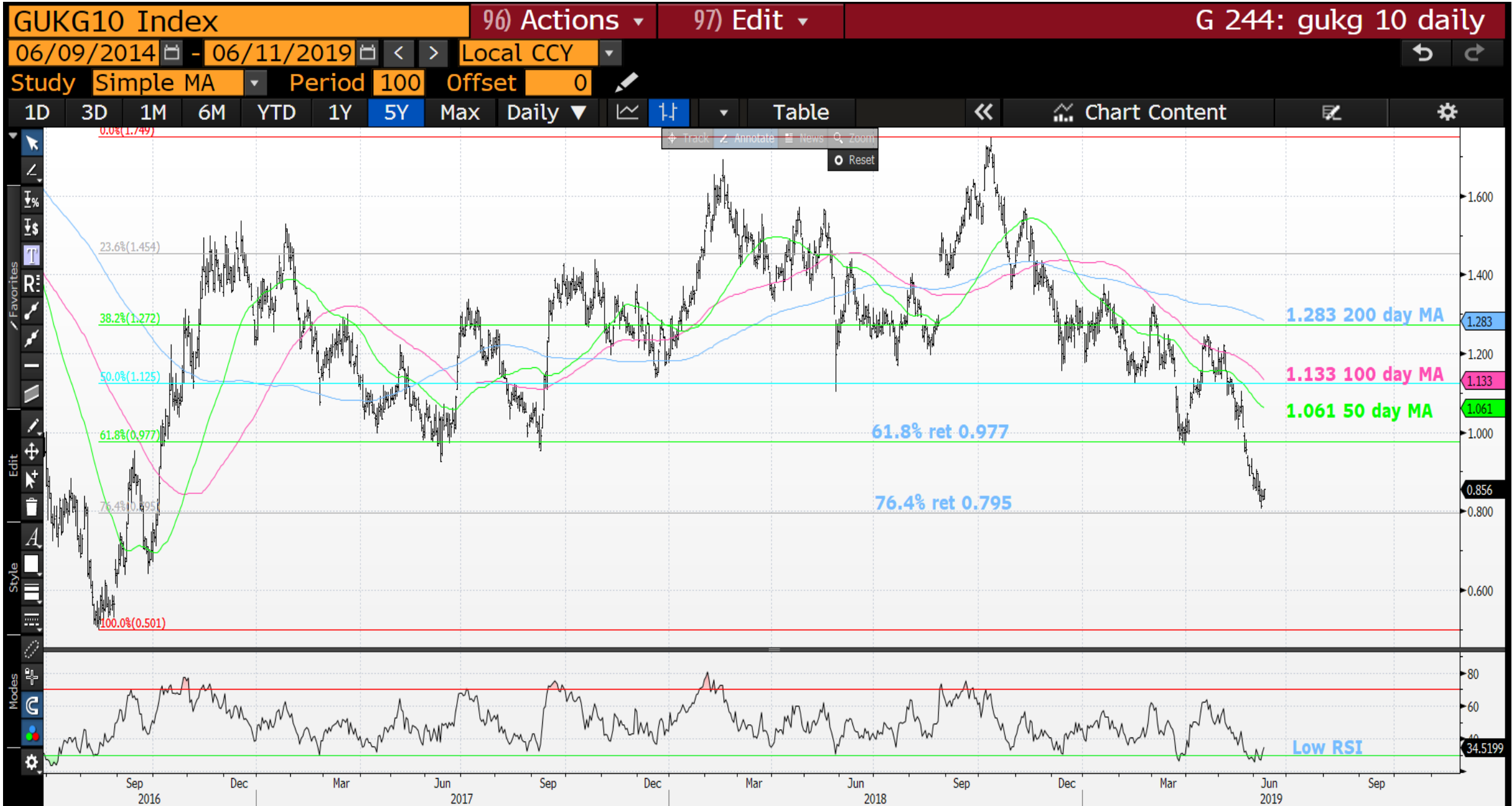


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BTP 12/28 daily : Chart wise BTPS should STALL here given the RSI and pierced high last week.



GUKG10yr daily : The RSI now looks very LOW and yields should rally.



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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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