

BOND, EQUITY AND BREAKEVEN DILEMA ** ONE TO DISCUSS IF POSSIBLE **

WHEN PUTTING TOGETHER YESTERDAYS BREAK EVEN PIECE IT THREW UP A MAJOR DILEMA, INCREASING THE EXPLOSIVE ELEMENT TO THE START OF NEXT MONTH.

BONDS :

THE LONGTERM YIELD CHARTS CONTINUE TO CALL FOR “ONE LAST” BIG DROP YET IN COMPLETE CONTRAST TO THE WEEKLY RSI’S-BREAKEVEN CHARTS. I PERSONALLY HAVE NEVER SEEN SUCH DIAMETRICALLY OPPOSED OPINION. IT FORMULATES FOR AN EXPLOSIVE TIME THAT WILL ONLY BECOME CLEAR NEXT MONTH!

EQUITY :

ALSO THE EQUITY STORY IS FAR FROM FINISHED! MR TRUMP HAS YET TO RESOLVE MANY ISSUES WITH CHINA AND THAT LEANS TOWARD MUCH LOWER STOCKS, ASSITING THE “ONE MORE MONTH” ARGUMENT FOR LOWER YIELDS. MANY SINGLE STOCKS REMAIN SUB MEANIGFUL MOVING AEVRAGES.

US BREAKEVENS AND USGGT :

GIVEN THE NATURAL CORRELATION WITH CORE YIELDS THE DILEMA IS WHETHER YIELDS BOUNCE HERE AIDED BY THE BREAKEVEN SUPPORT OR WE HEAD LOWER (IN YIELD) ONE LAST TIME.

**** A TENSE TIME, EVERYTHING EVENTUALLY CIRCLING BACK ROUND TO MR TRUMP AND THE FED! ****

WE SHALL SEE BUT NEXT MONTHS START “SHOULD” GIVE US A MAJOR HINT.

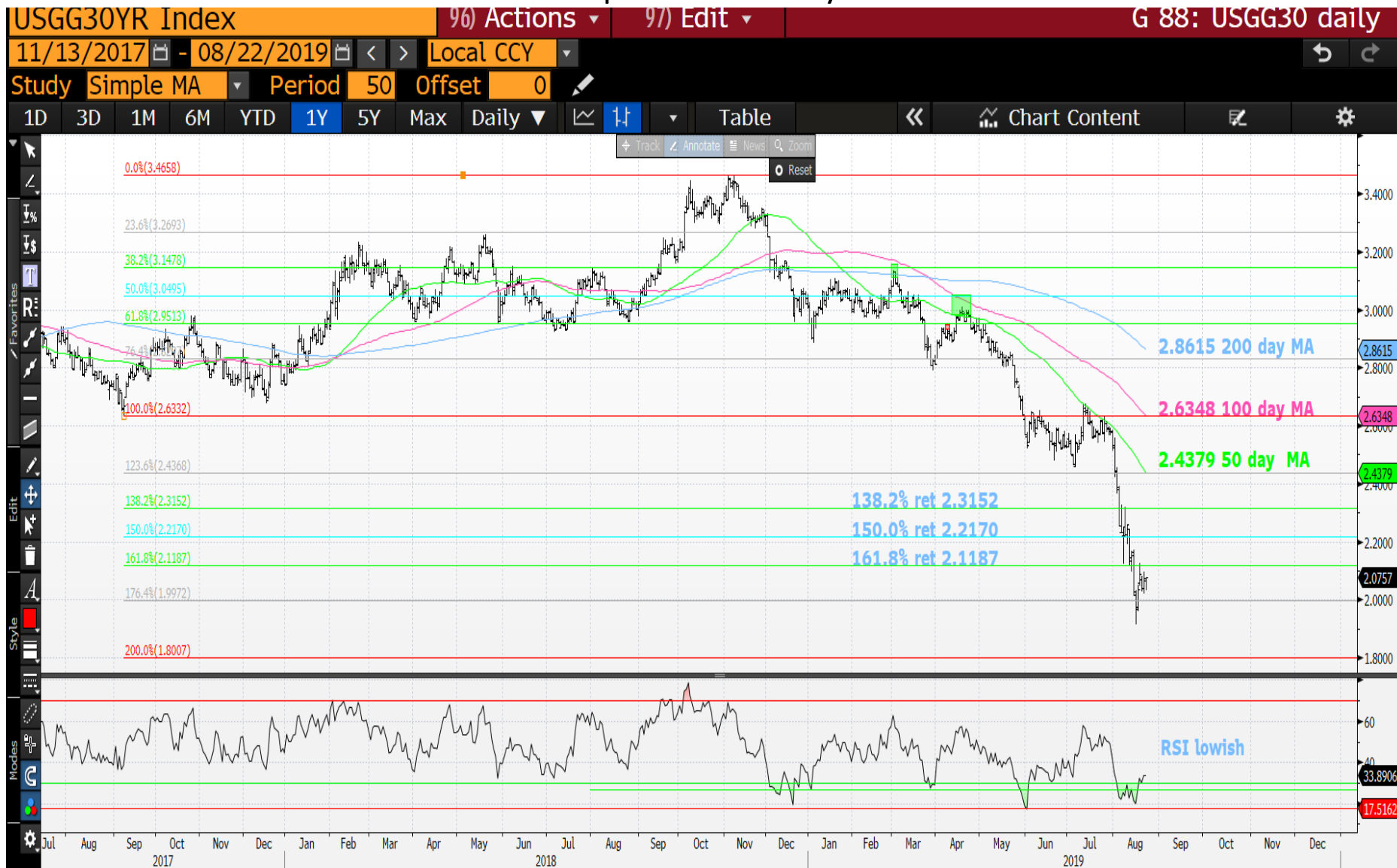
USGG30yr monthly : ** A VERY KEY CHART. ** This chart has been very useful in the past and now could hold the key to finding a BOTTOM. If we follow script highlighted in 2008 & 2011 then we have one more aggressive down month, 1.2750 area! ONLY then we BASE.



USGG30yr weekly : This chart has been a constant pain given the RSI dislocation! We should base given the RSI but as previously the trend wins through and ultimately we head lower.



USGG30yr yield daily : We continue to grind lower but as can be seen not extend the RSI to a worthy extreme! If we breach the 161.8% ret 2.1187 that MAY enhance the bounce potential in the previous weekly RSI.



US 10yr yield quarterly : We continue to trend lower with little support looming.



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USFS 10-20 monthly : Similar to the US 30yr yield chart there maybe one more aggressive down month before we BASE!



US 10yr yield weekly : Weekly charts a constant pain. Again the RSI is VERY dislocated but as before is it sufficient to reverse the TREND. A KEY time to watch the WEEKLY closes and next months OPEN.



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USGG10yr daily : Ironically like most daily charts the RSI isn't extended.



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USGG5yr quarterly : We have ONLY just failed the reliable moving average 1.9249. Do remember the original RSI dislocation was higher than that of 2000 and 2007.



USGG5yr weekly : Another annoying RSI dislocation similar to 2008! Again one to watch at the end of the week and start of next month.



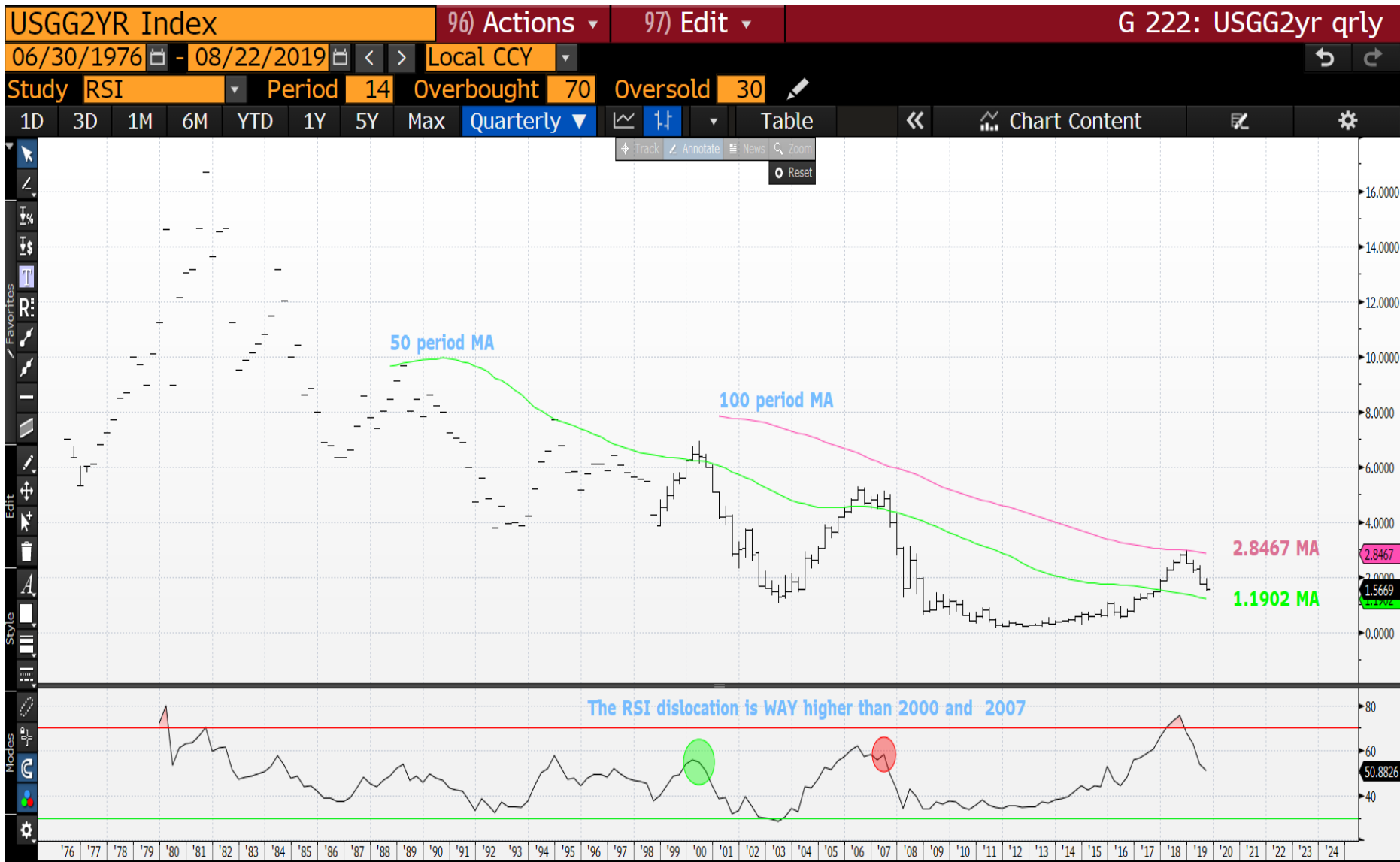
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USGG5yr daily : The daily RSI is OFF the lows but would use the reliable 100% ret 1.5971 as a REVERSAL signal.



USGG2yr quarterly : We continue to grind lower toward the 1.1902 moving average.



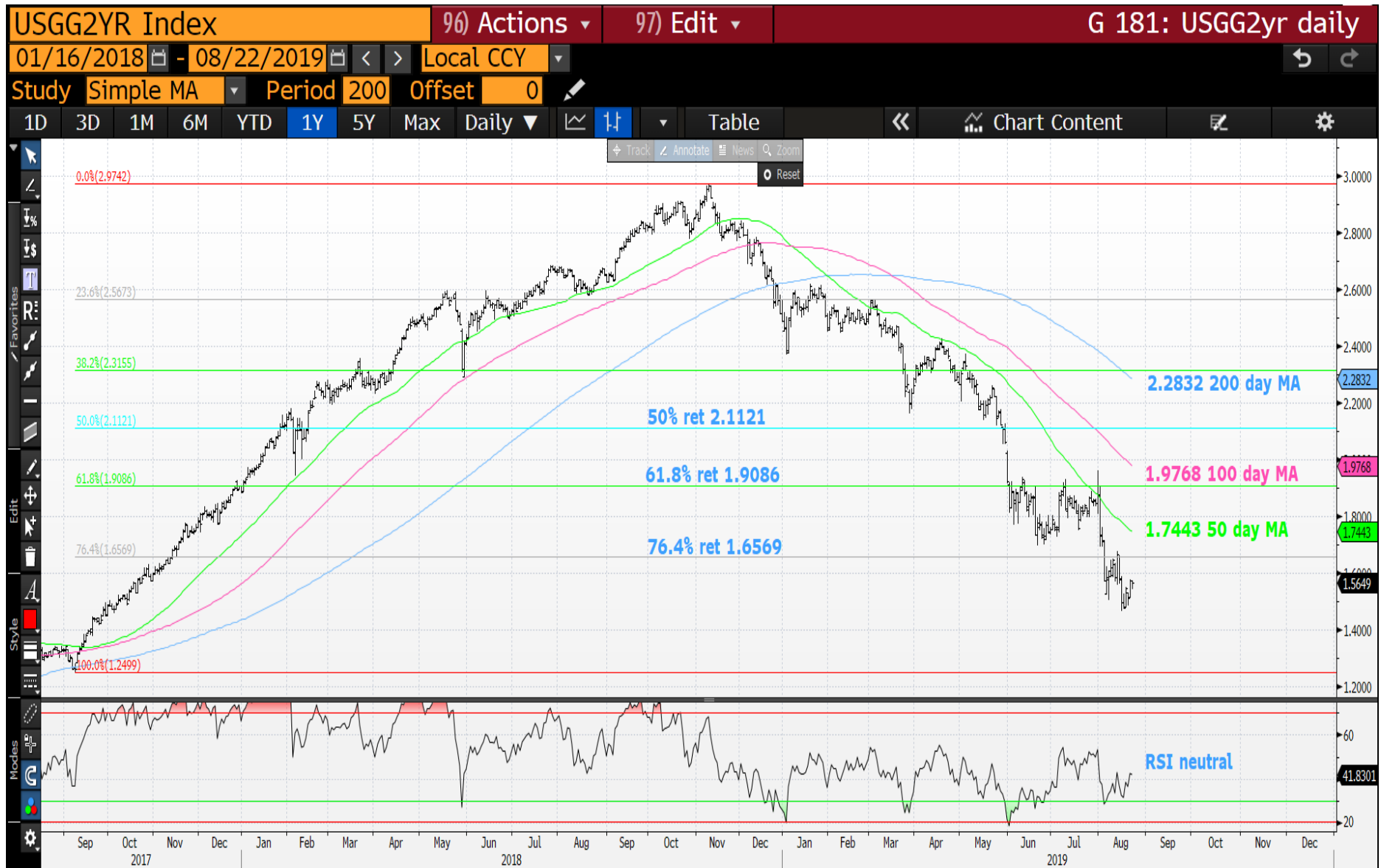
USG2yr monthly : We have breached the 23.6% ret 1.7448 and continue to grind lower.



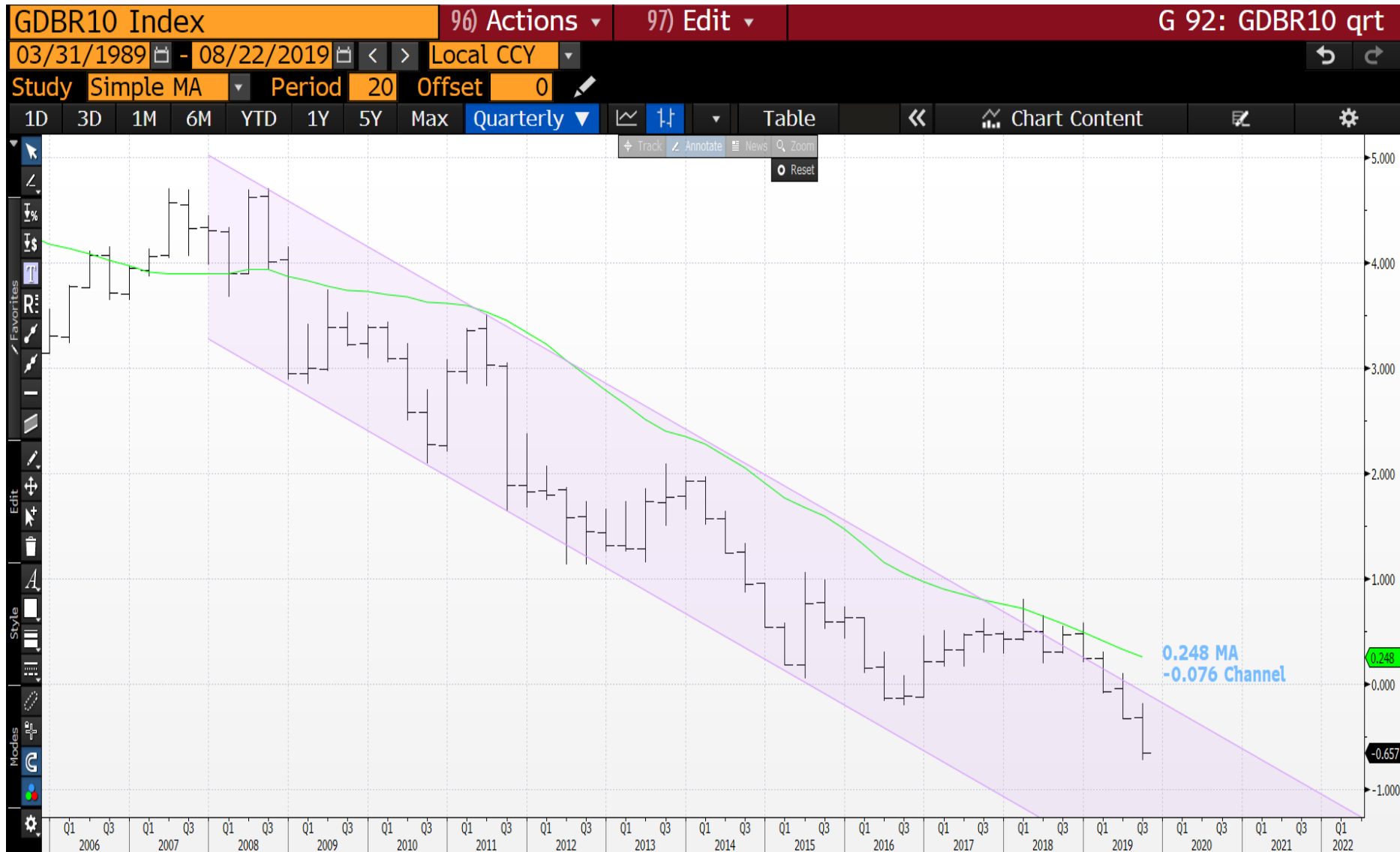
USGG2yr monthly : Another VERY LOW RSI that would be assisted by a breach of the 1.6457 moving average.



USGG2yr daily : The trend prevails and whilst sub the 76.4% ret 1.6569 we head lower.



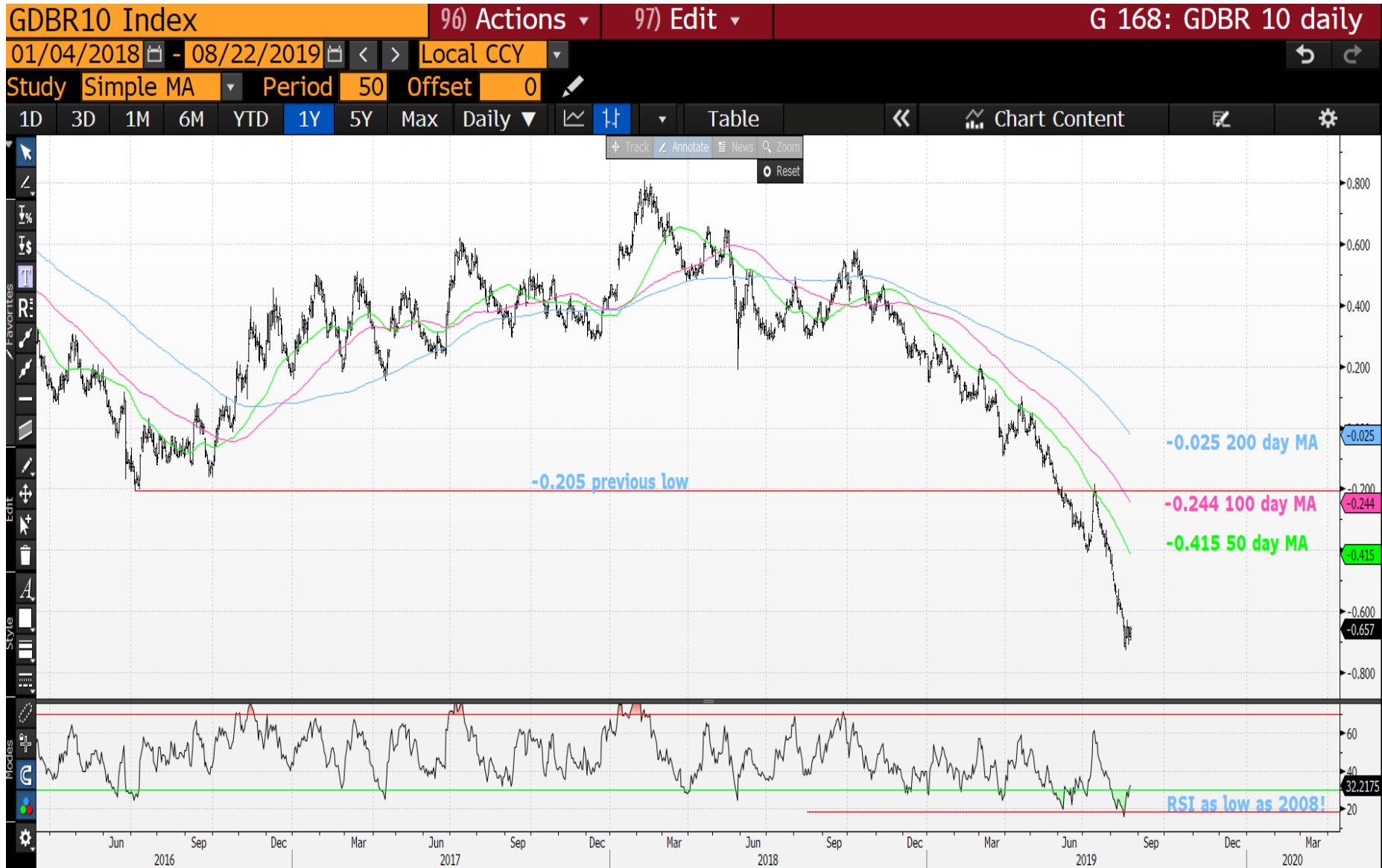
Generic German 10yr quarterly : We have NEW YEAR yield low despite the yields involved.
CTA's continue to ADD to bond longs. Very little chance of a bottom on this chart!



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Generic German 10yr daily : Another 2008 low RSI but thus far still not enough to alter the TREND. We are also a long way from the moving averages.



DBR 46 daily : Given this has been one of the MOST reliable bonds its well worth watching-noting SHOULD the 123.6% ret 172.521 be BREACHED.



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EQUITIES

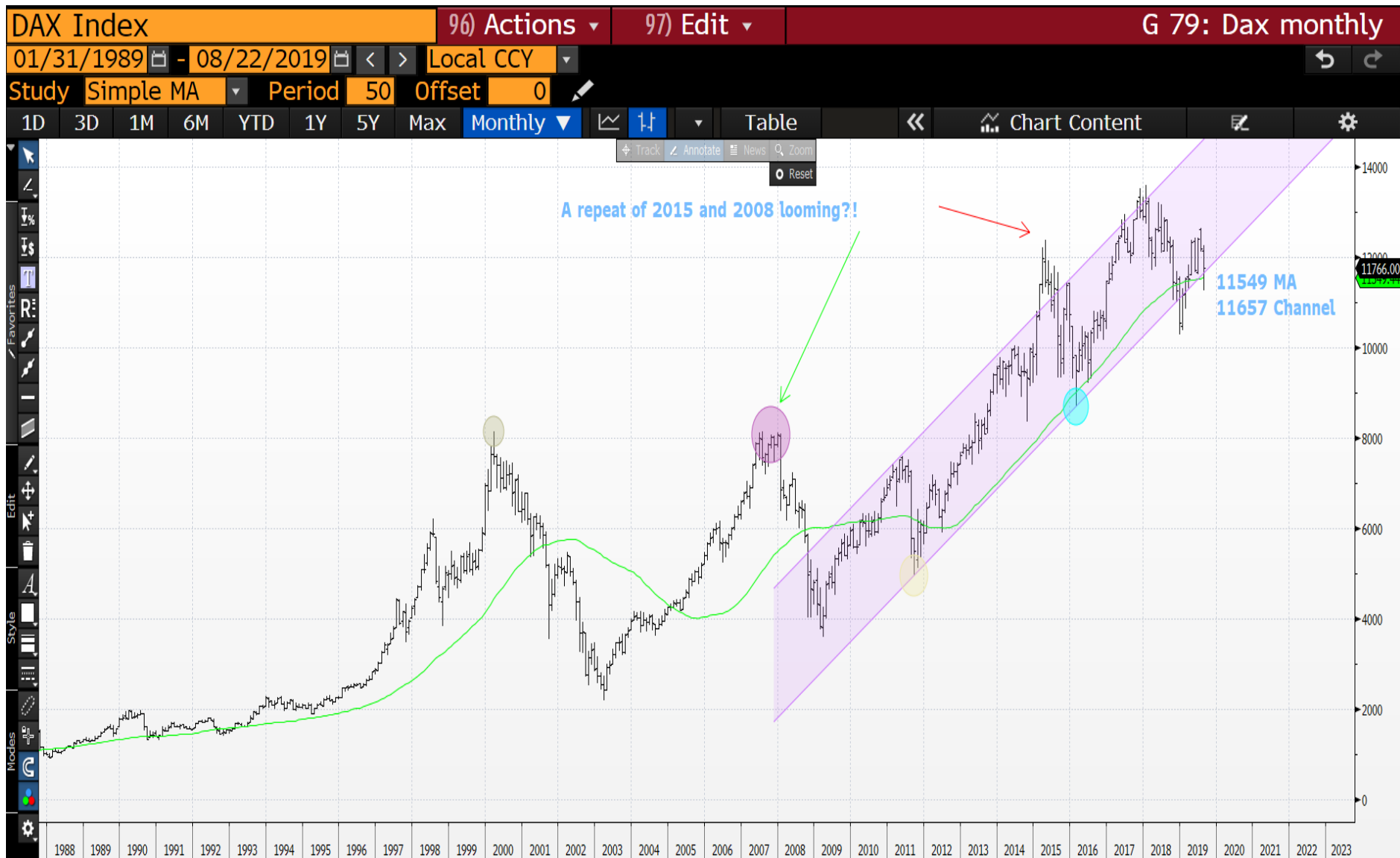
EQUITY UPDATE : STOCKS ARE CURRENTLY HOLDING MANY OF THE PREVIOUSLY MENTIONED 200 DAY MOVING AVERAGES. AGAIN IT'S THE US WITH BETTER "BOUNCE" POTENTIAL, WHILST EUROPE AND ASIA CONTINUE TO STRUGGLE.

MANY MARKETS HAVE ALREADY POSTED NEW LOWS AND AS A RESULT ARE DAMAGED GOODS. THAT WEAKNESS NEEDS TO BE CONFIRMED BY MONTH END CLOSES.

***** SINGLE STOCKS REMAIN HEAVY *****

A REAL MONEY MANAGER TOLD ME ONCE THEIR BEST RETURNS EMULATED FROM 200 DAY MOVING AVERAGES, HENCE THEY ARE KEY!!!!!!

DAX monthly : We are teasing the channel 11657 and moving average 11549 so things have now become VERY serious!



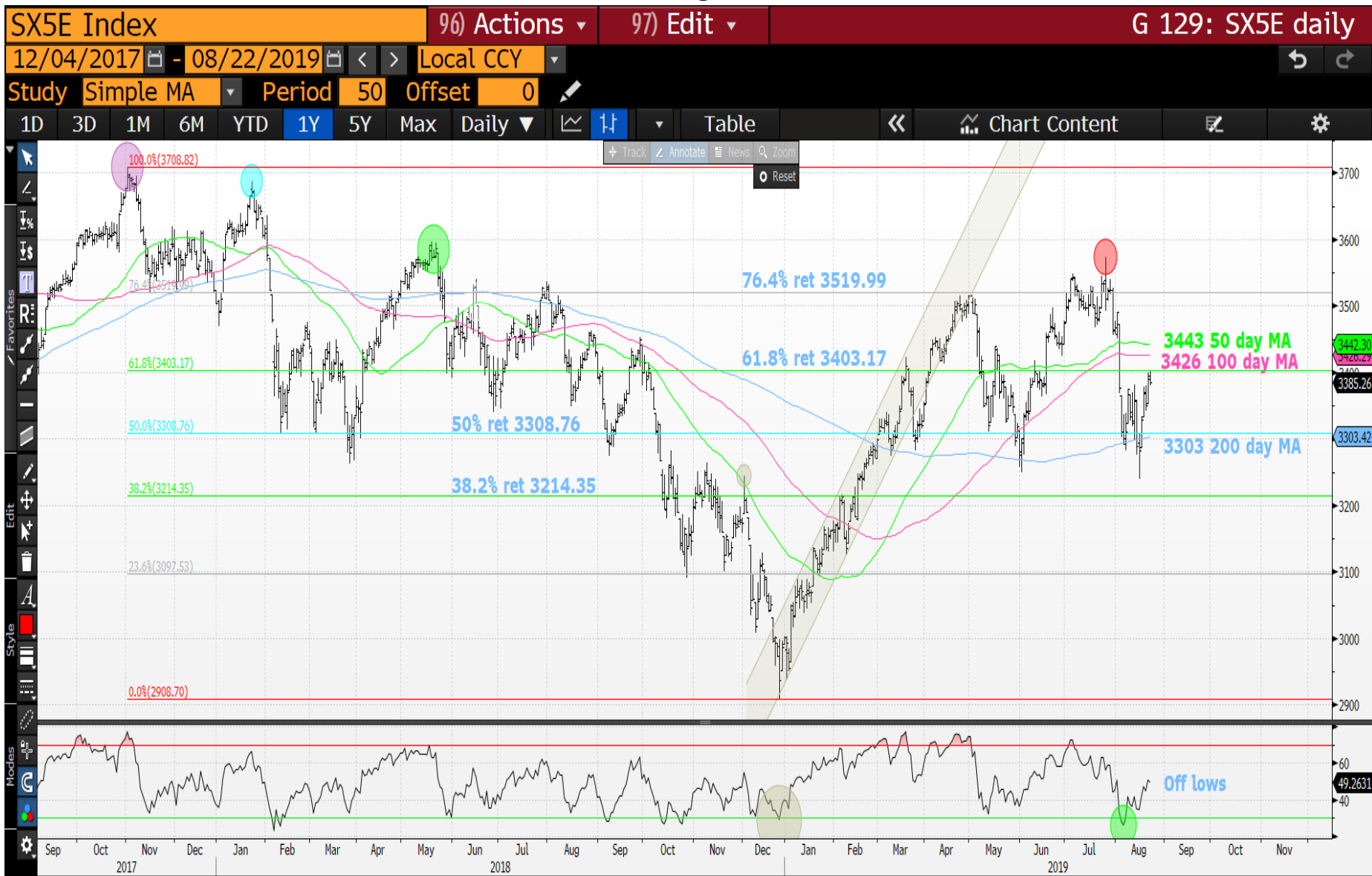
Dax daily : KEY CHART. We have a new low whilst SUB MOST moving averages. The RSI significance is lost so cannot be counted upon to contribute much. KEY aspect is do we continue to remain weak and sub the 50-100 day moving averages.



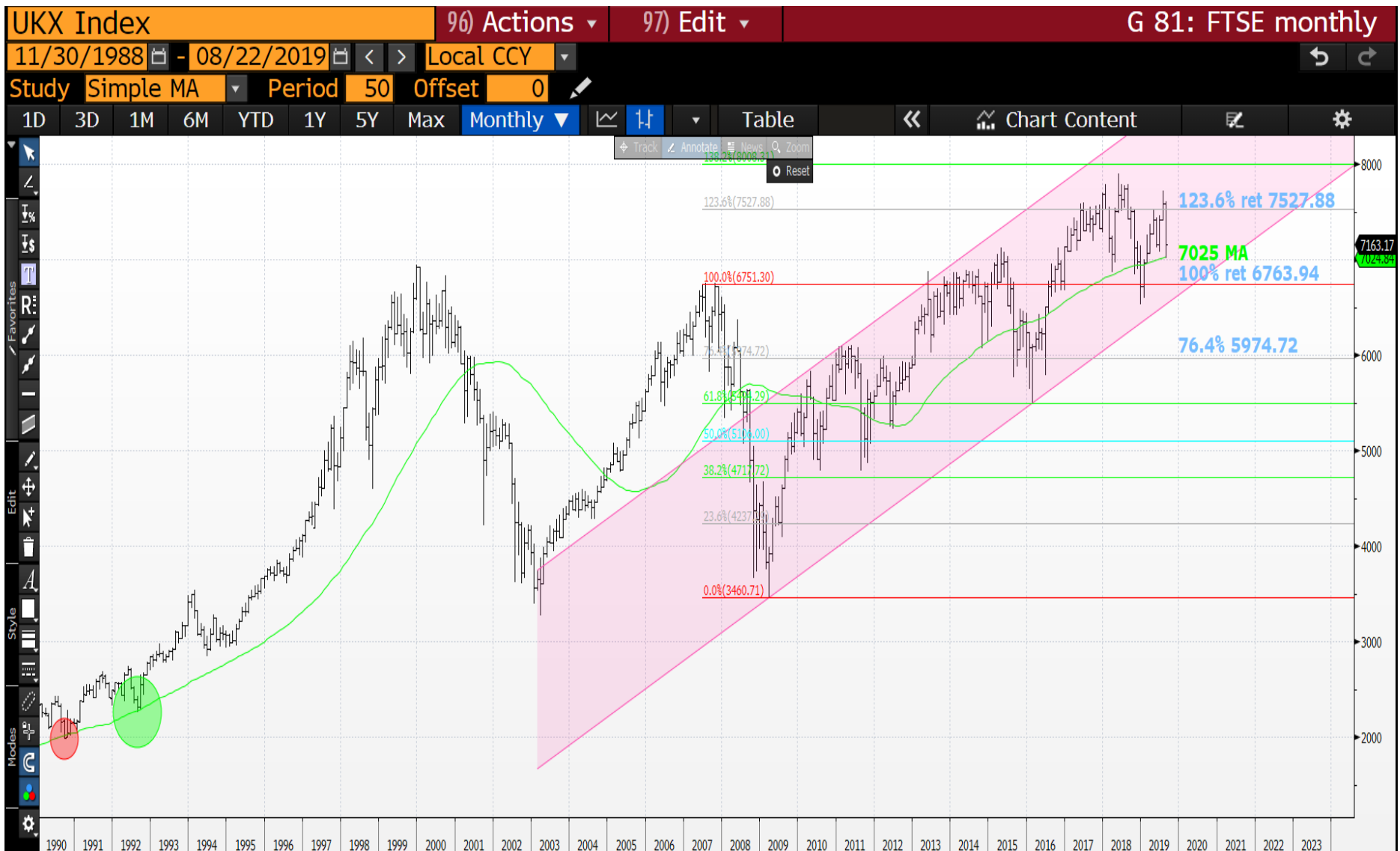
Eurostoxx monthly : This is still a TERMINAL top formation providing the trend line isn't breached.



Eurostoxx daily : We had breached the 200 day moving average 3301 but are now above it, lets see where the week ends. Again key aspect is remaining sub the 50-100 day moving averages.

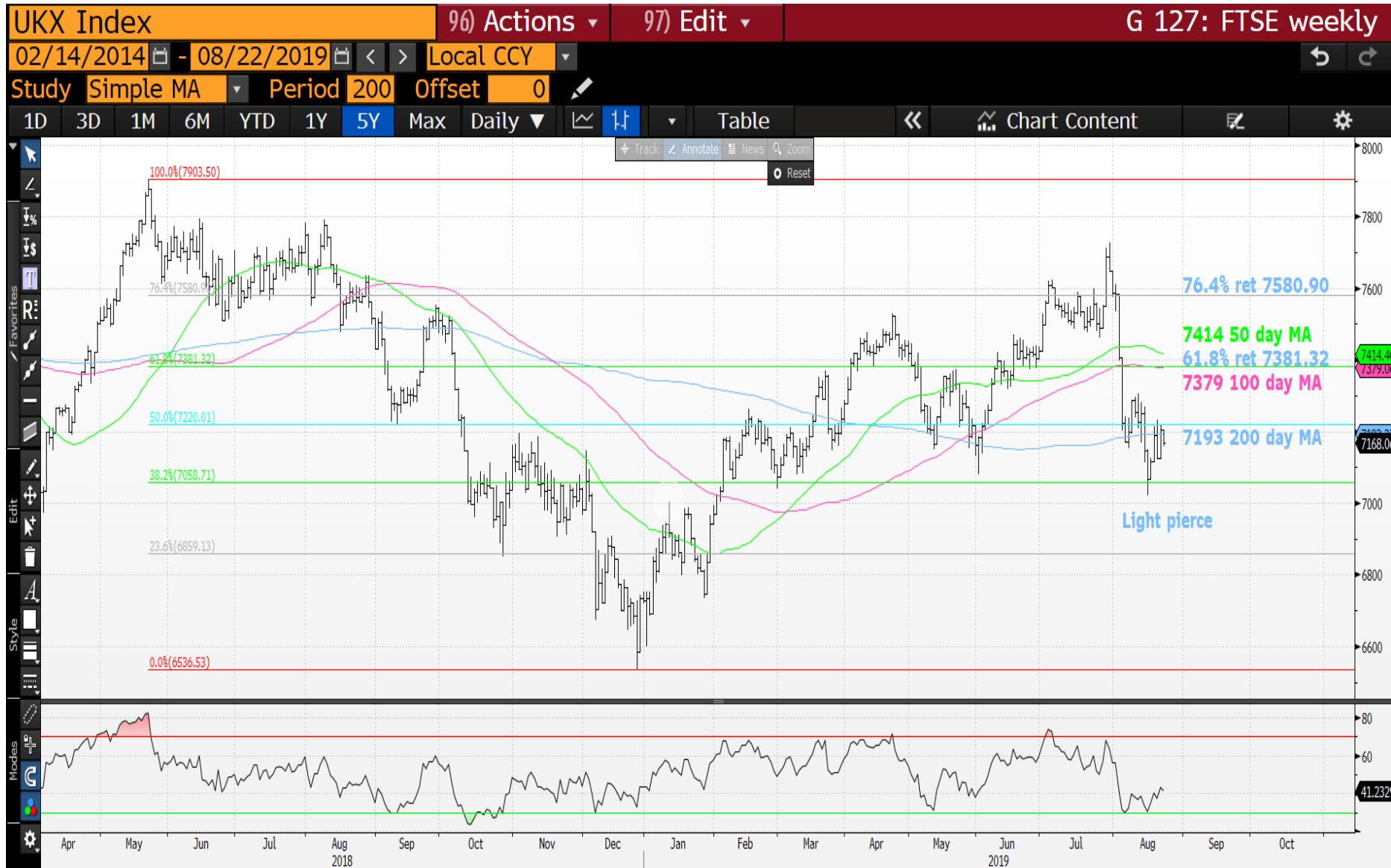


FTSE monthly : We have YET to breach the moving average 7024 but it is close and WHAT a multi-year top.

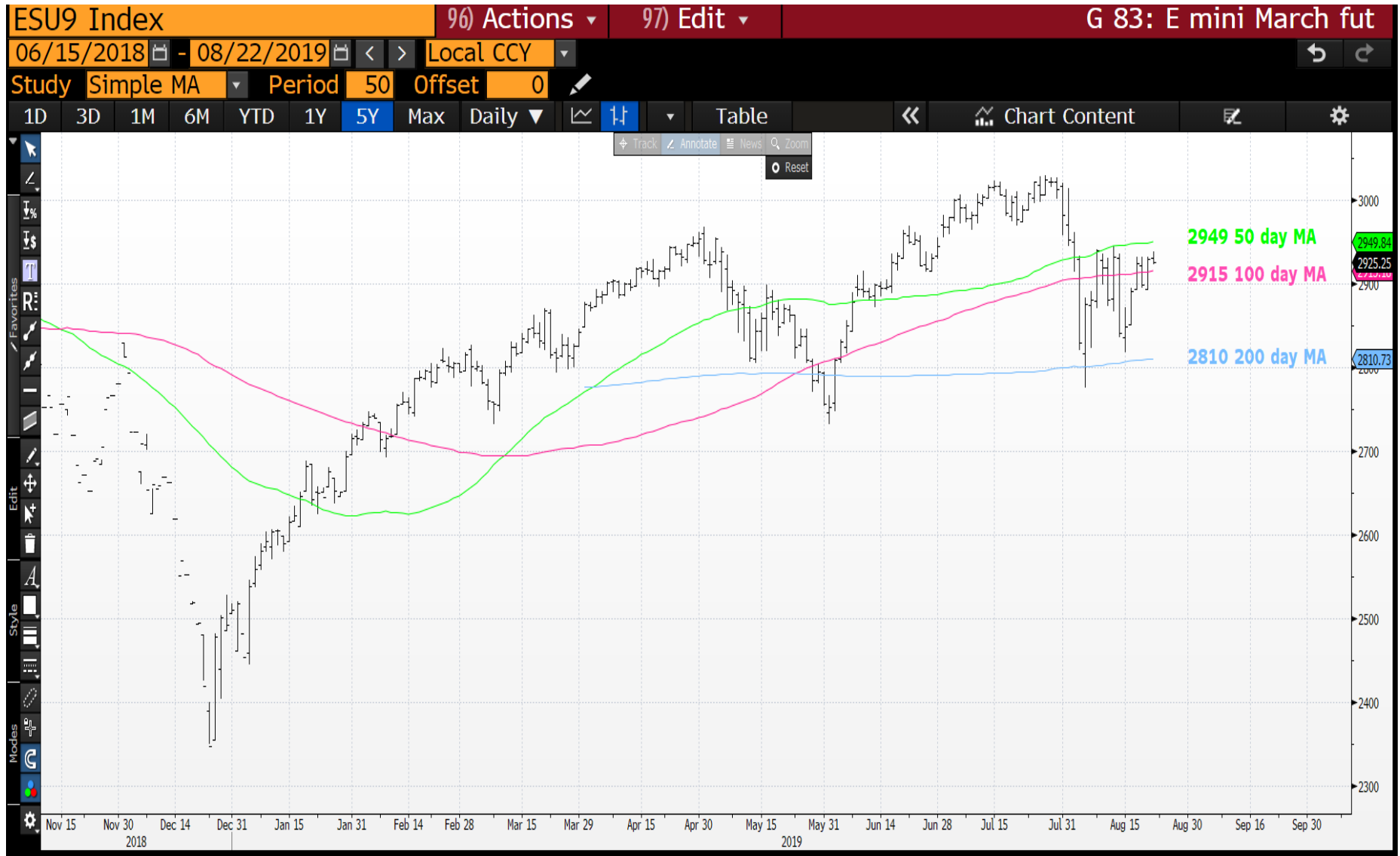


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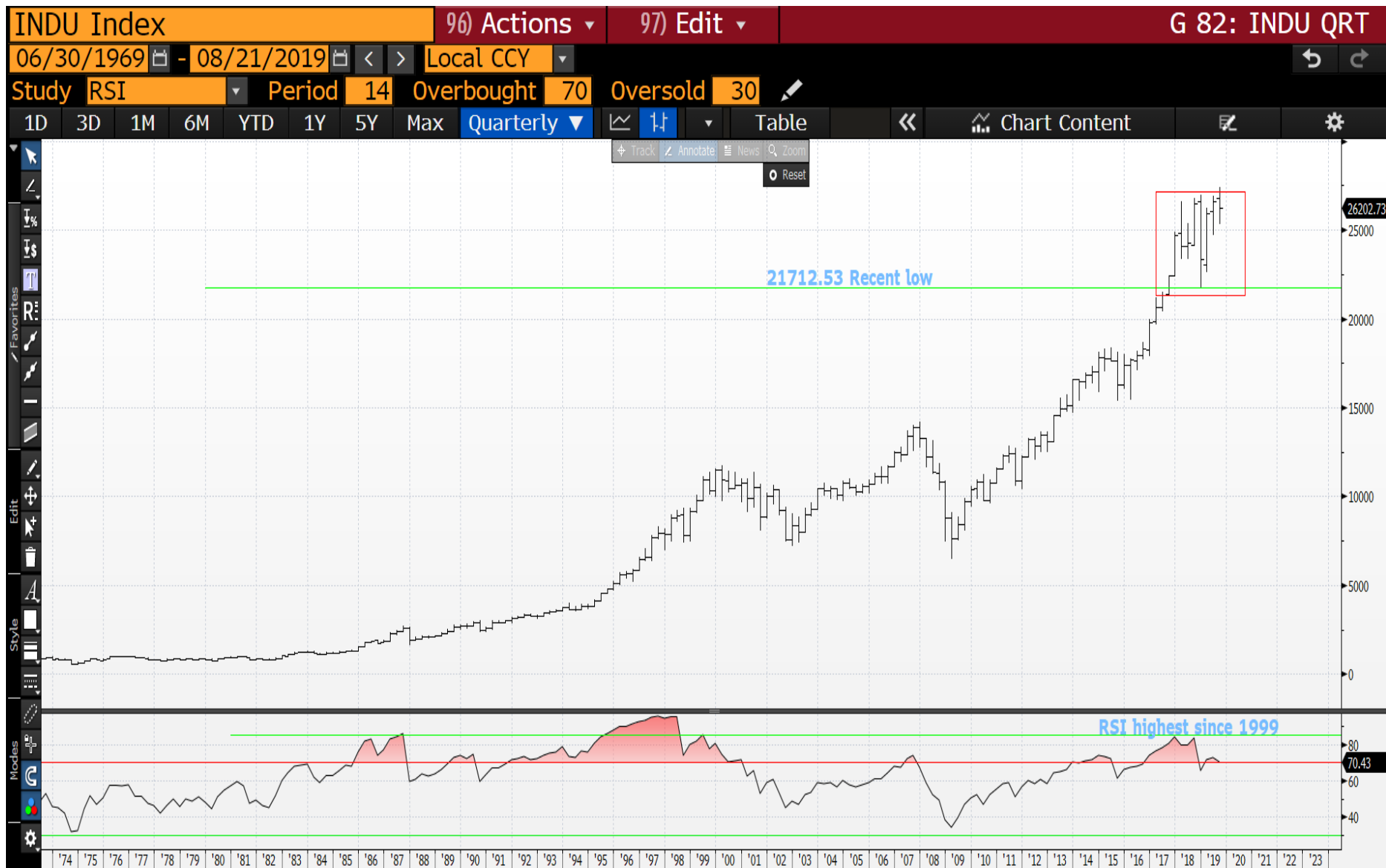
FTSE daily : Lower we go? Performance continues to remain HEAVY as we SIT around the 200 day moving average.



S&P (future) daily : Again another DIFFICULT location TEASING the 50 day moving average 2949.



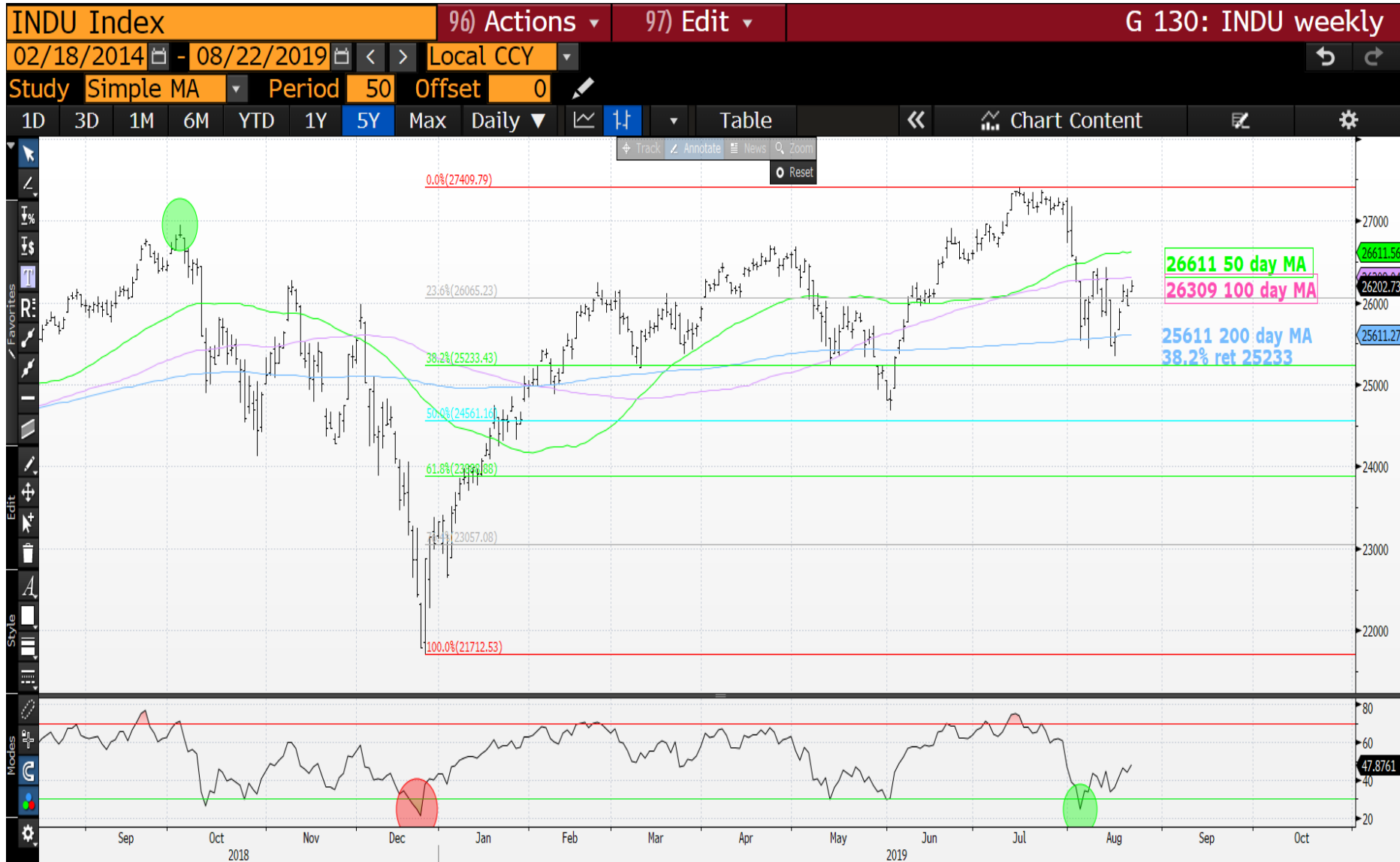
DOW quarterly : This COULD FINALLY look like a FALSE BREAK.



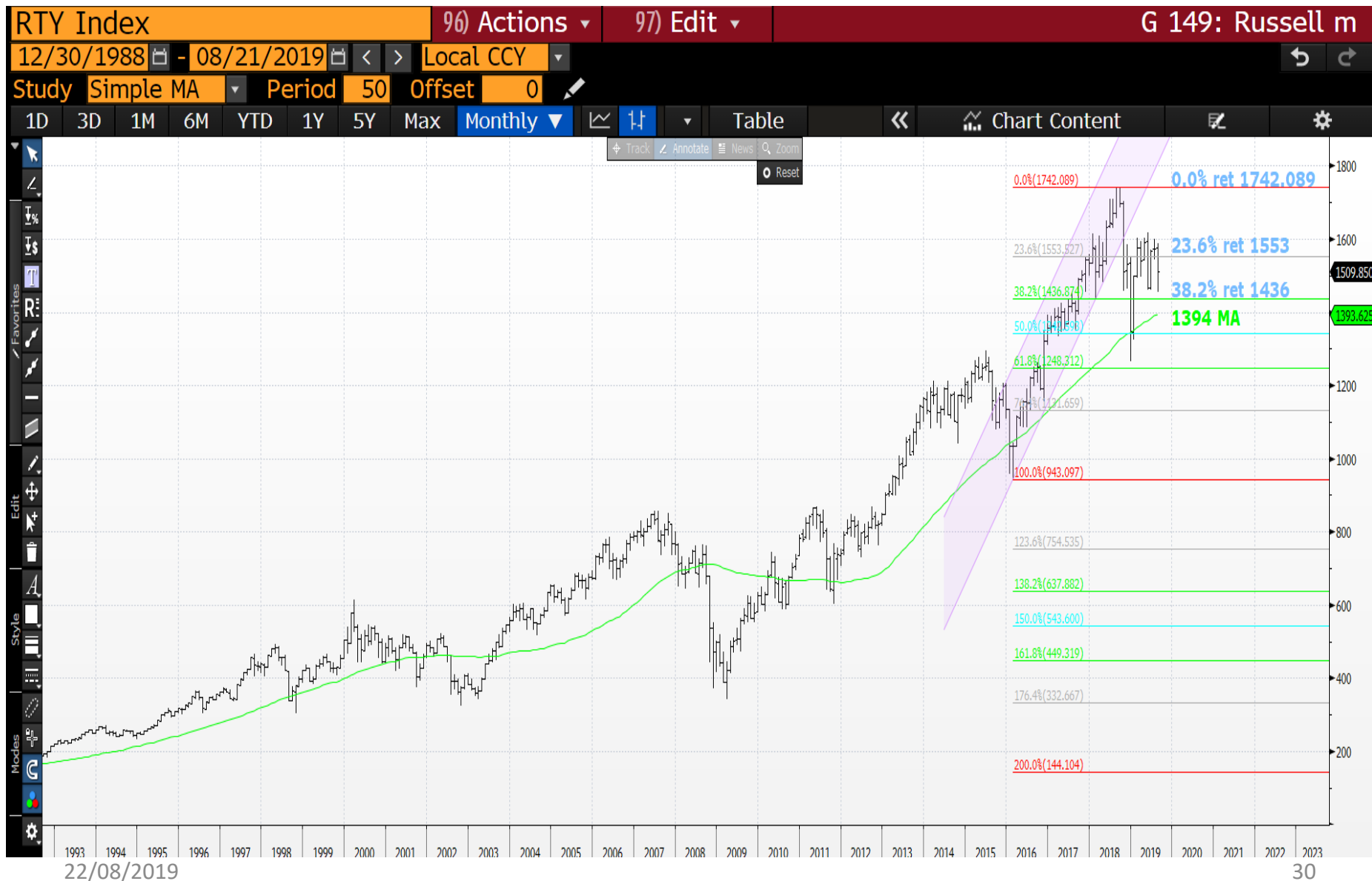
DOW weekly : A serious juncture given we are TEASING the 25657 moving average and sub the TREND line TOP.



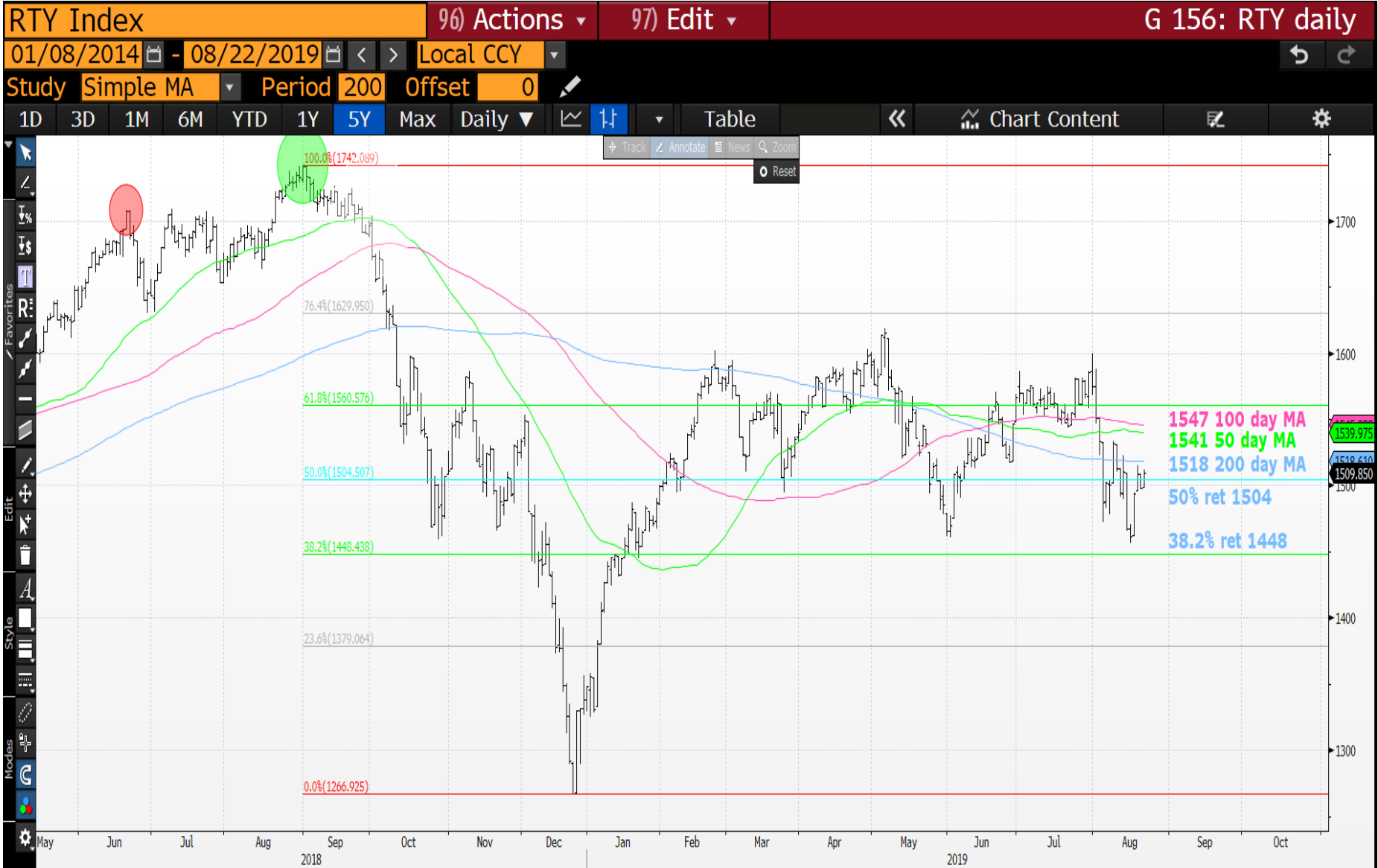
DOW daily : Another problem chart where we have held the 200 day moving average 25611 first time down yet FAILED to breach the 50-100 day averages. ALL to play for.



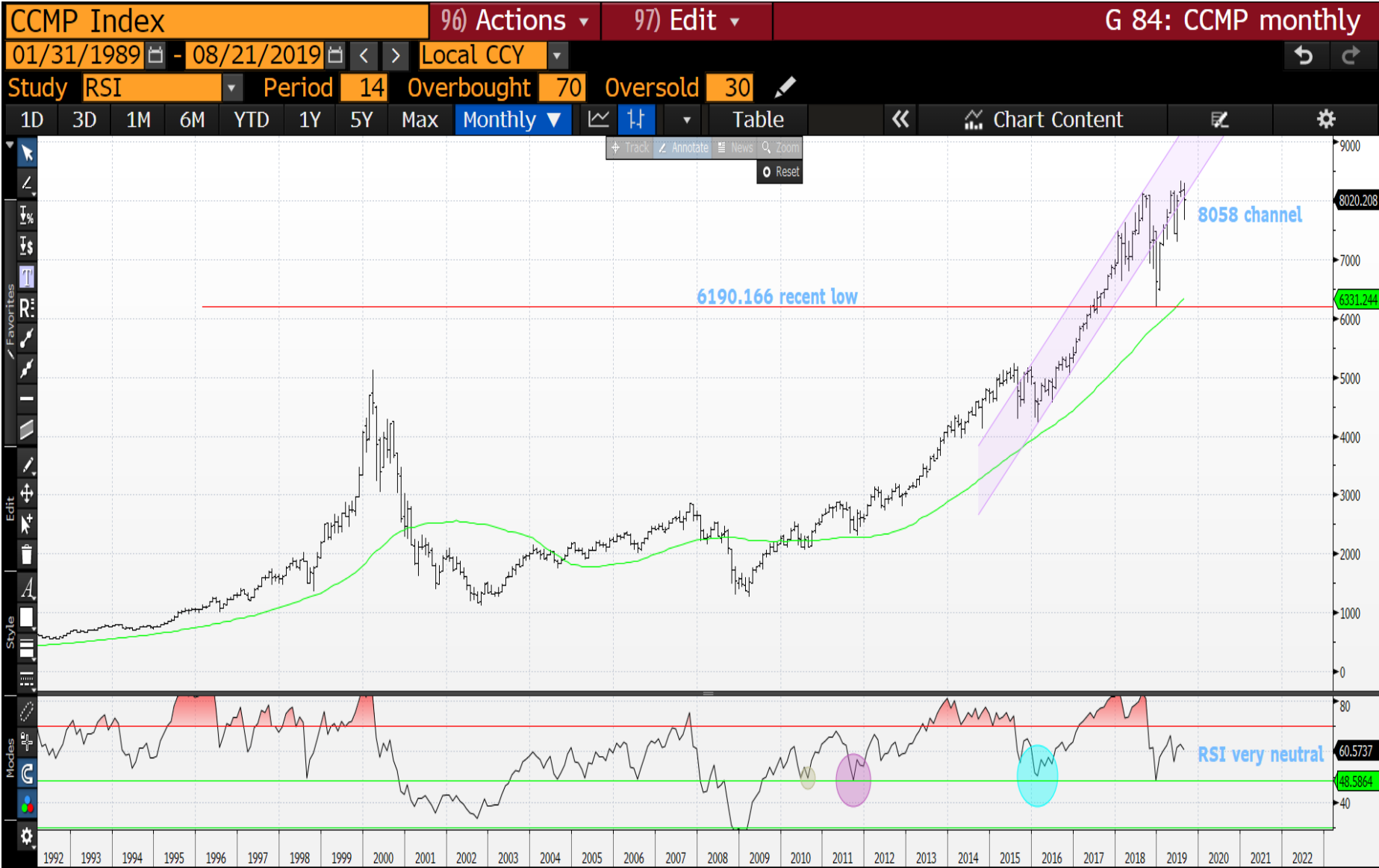
Russell monthly : A MAJOR drop today with a breach of the 38.2% ret 1436 being KEY.



RTY daily : This continues to be a VERY LAME market, sub ALL moving averages.



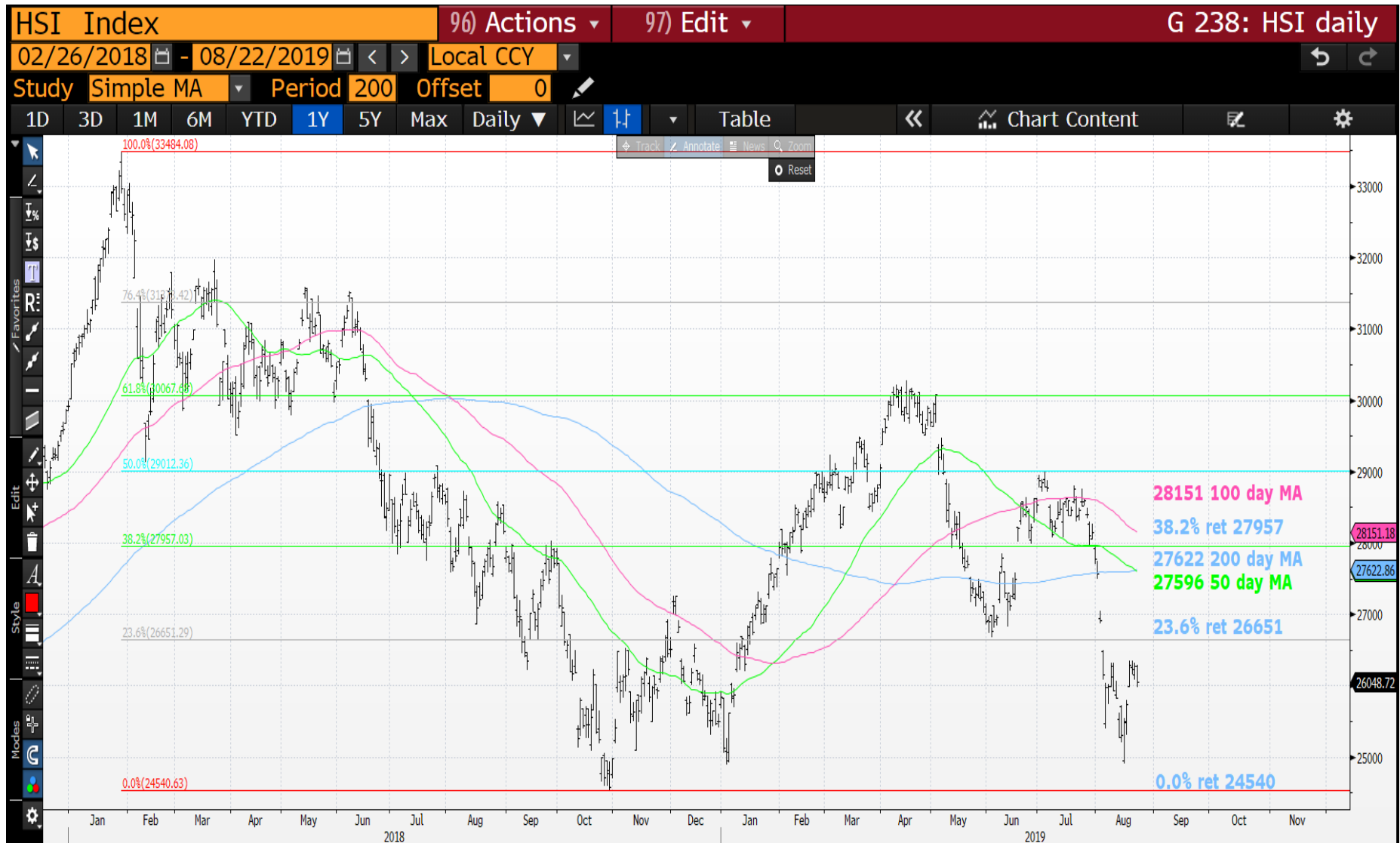
CCMP monthly : Outside the channel and ominous!



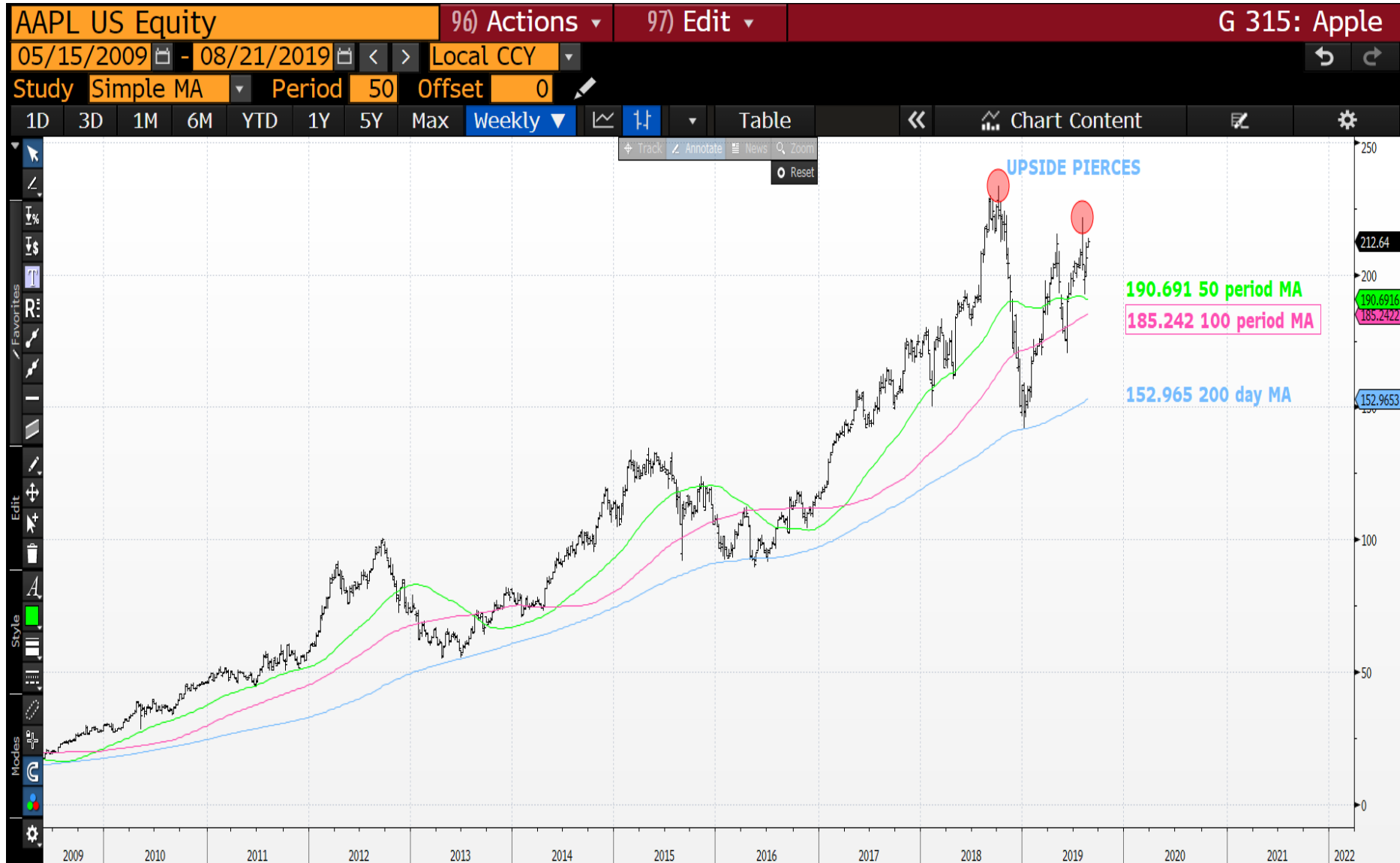
Hang Seng monthly : We are currently holding the all important 23.6% ret 25601.22 BUT any subsequent breach will give every chance to see the 38.2% ret 20724.54.



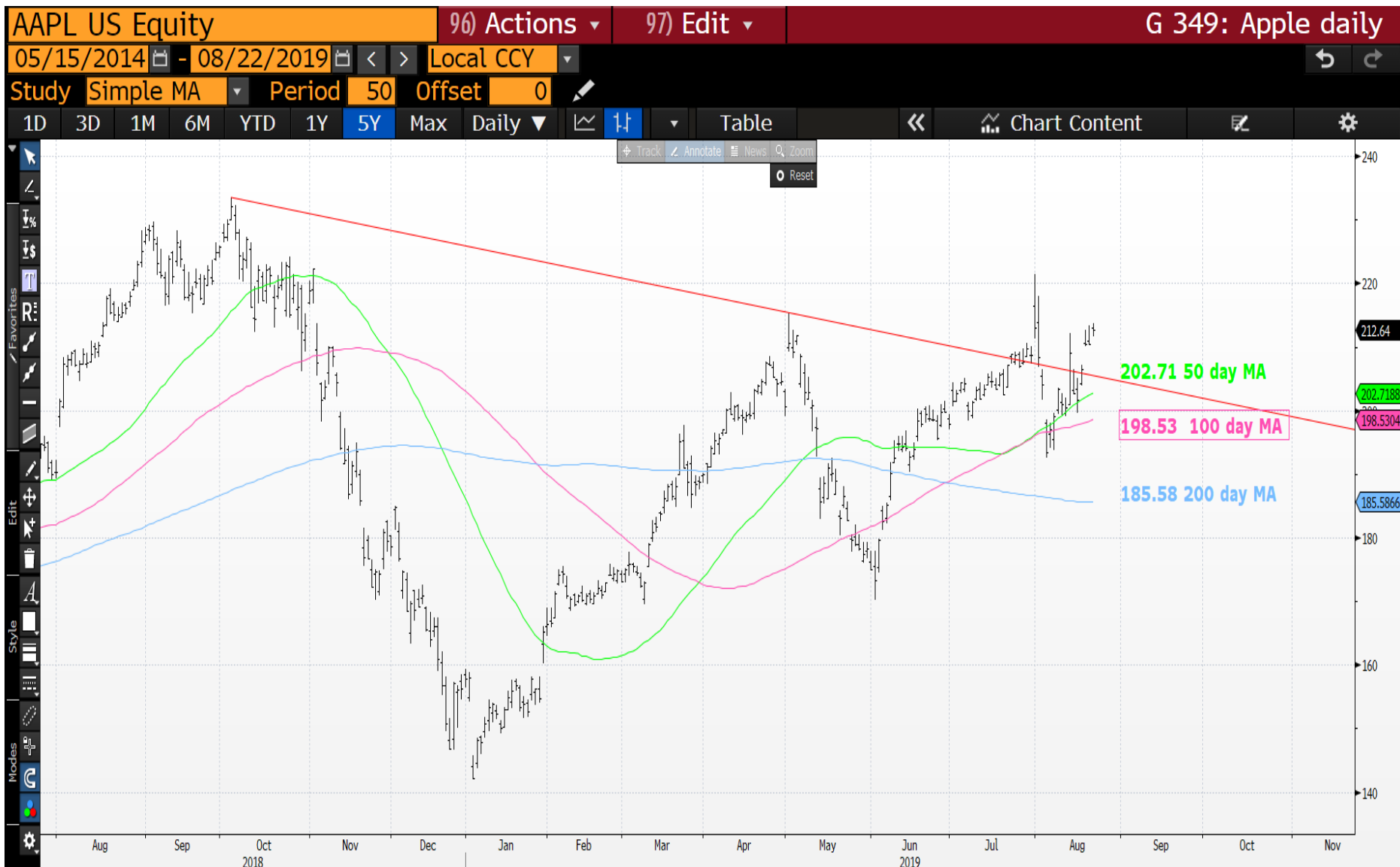
Hang Seng daily : NO BOUNCE HERE. We continue to REMAIN sub all the moving averages and the 23.6% ret 26651.



APPLE weekly : A SERIES of upside pierces spelling the END of the APPLE rally! We need to breach the 190.691 50 period moving average.



APPLE daily : A mixed set of signals now given the trend is breached.



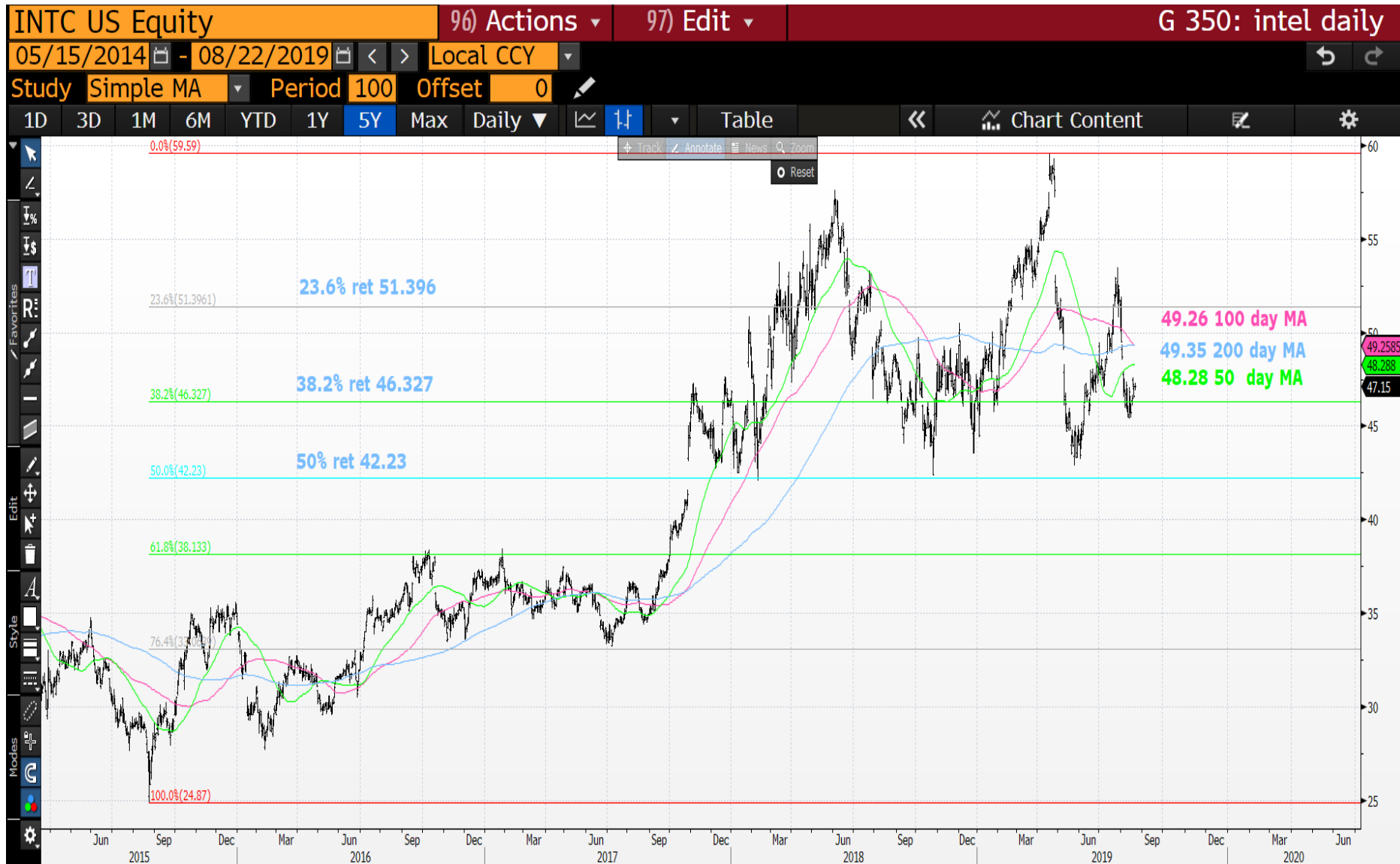
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INTEL weekly : ONE TO WATCH! A VERY nasty top formed and once below the 38.2% ret 47.0033, spells danger.

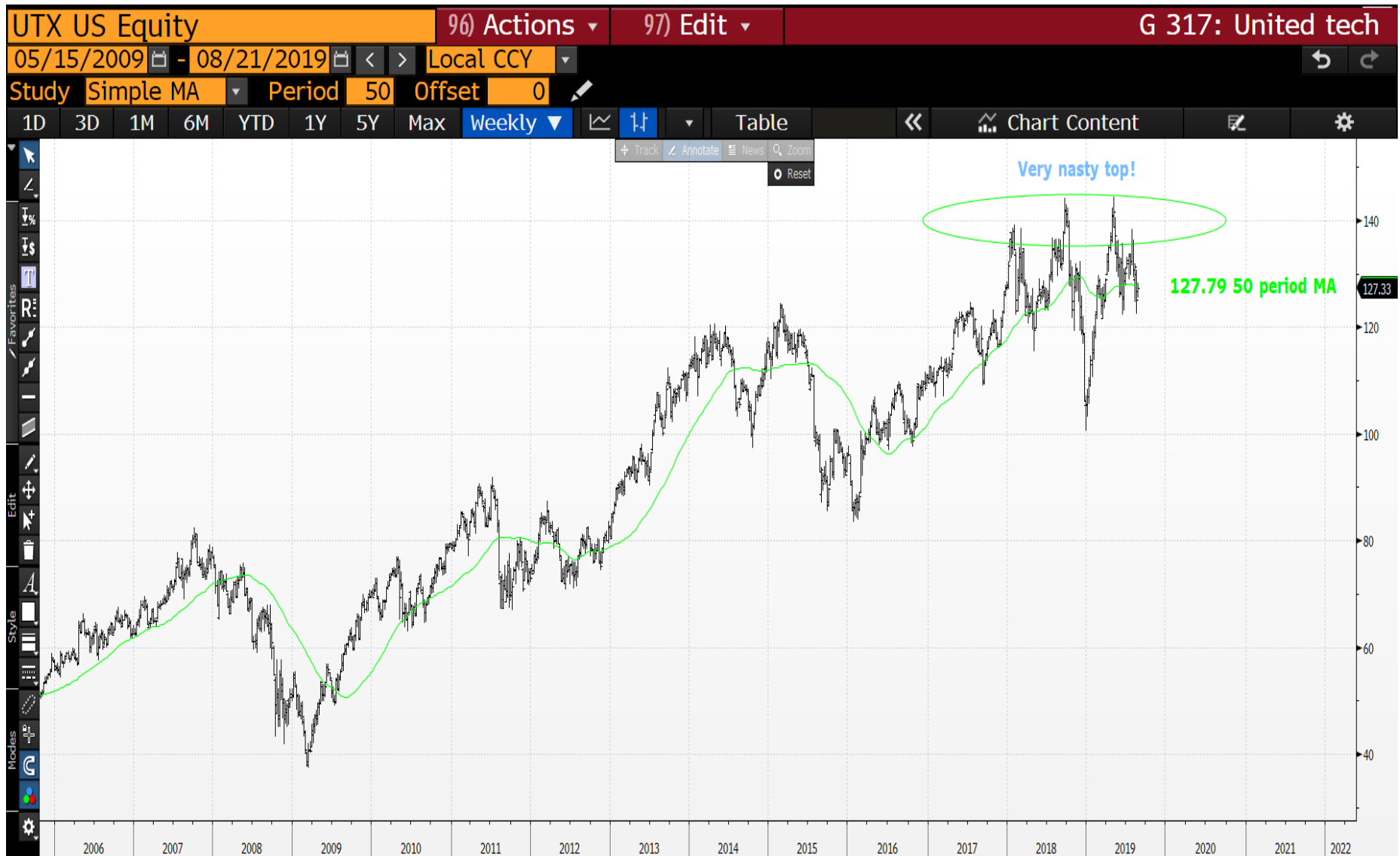


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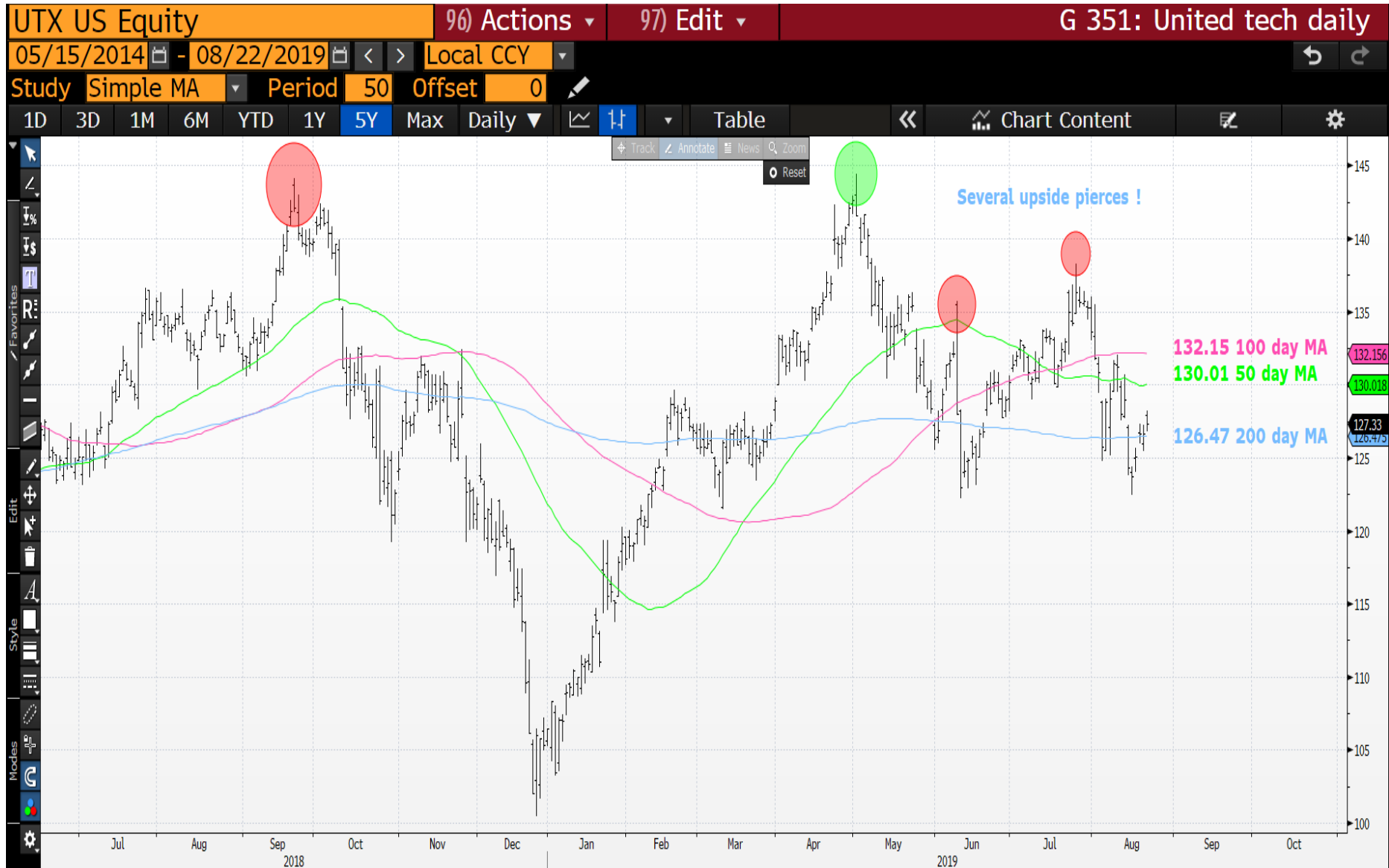
INTEL daily : We continue to FAIL ALL moving averages but the PRIZE is to close the week sub the 38.2% ret 46.327.



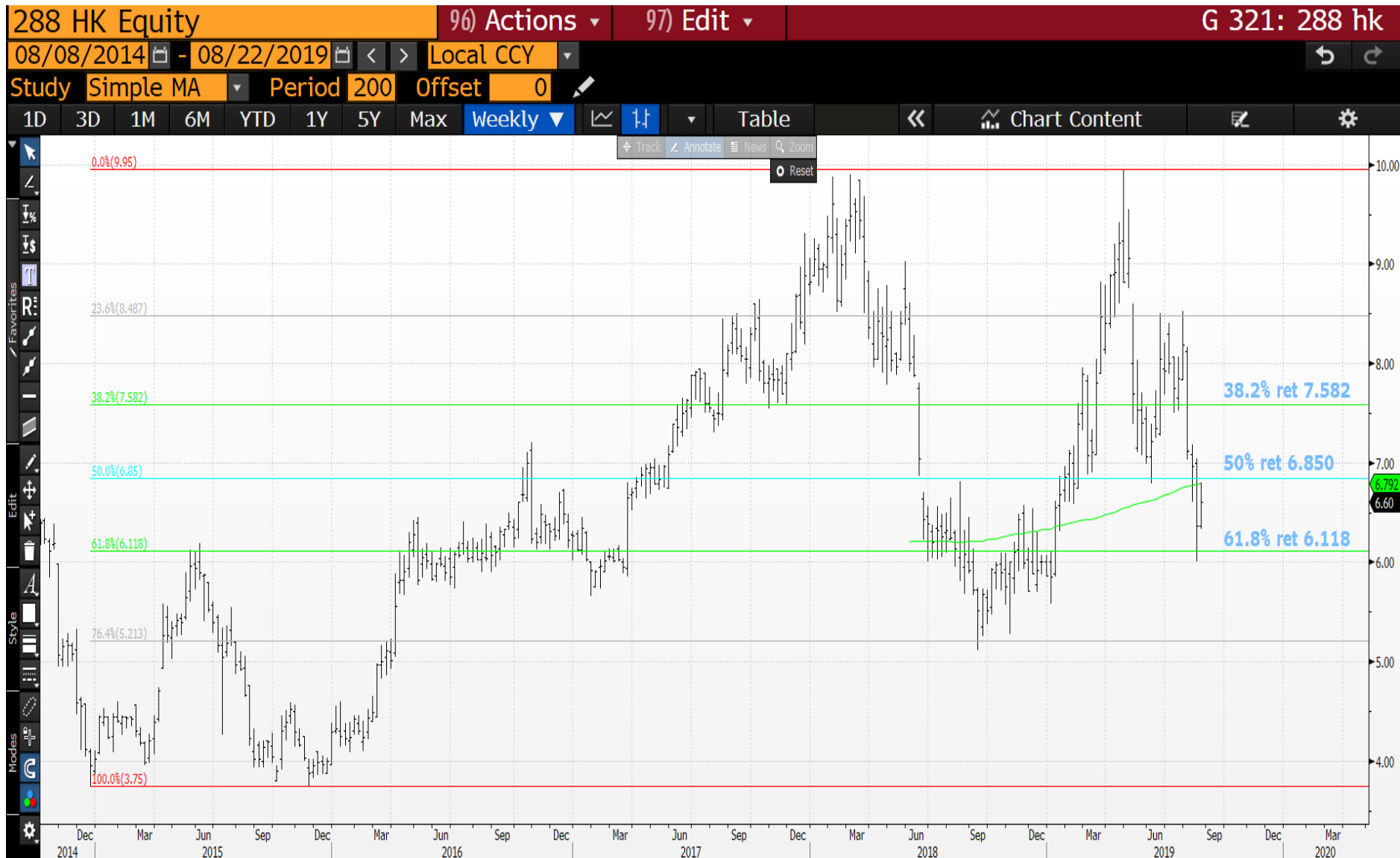
UNITED TECHNOLOGIES weekly : A TERMINAL TOP IS FORMING! A series of tops to be confirmed by a close sub the 127.79 50 period moving average. Sub 120 there will be NO argument.



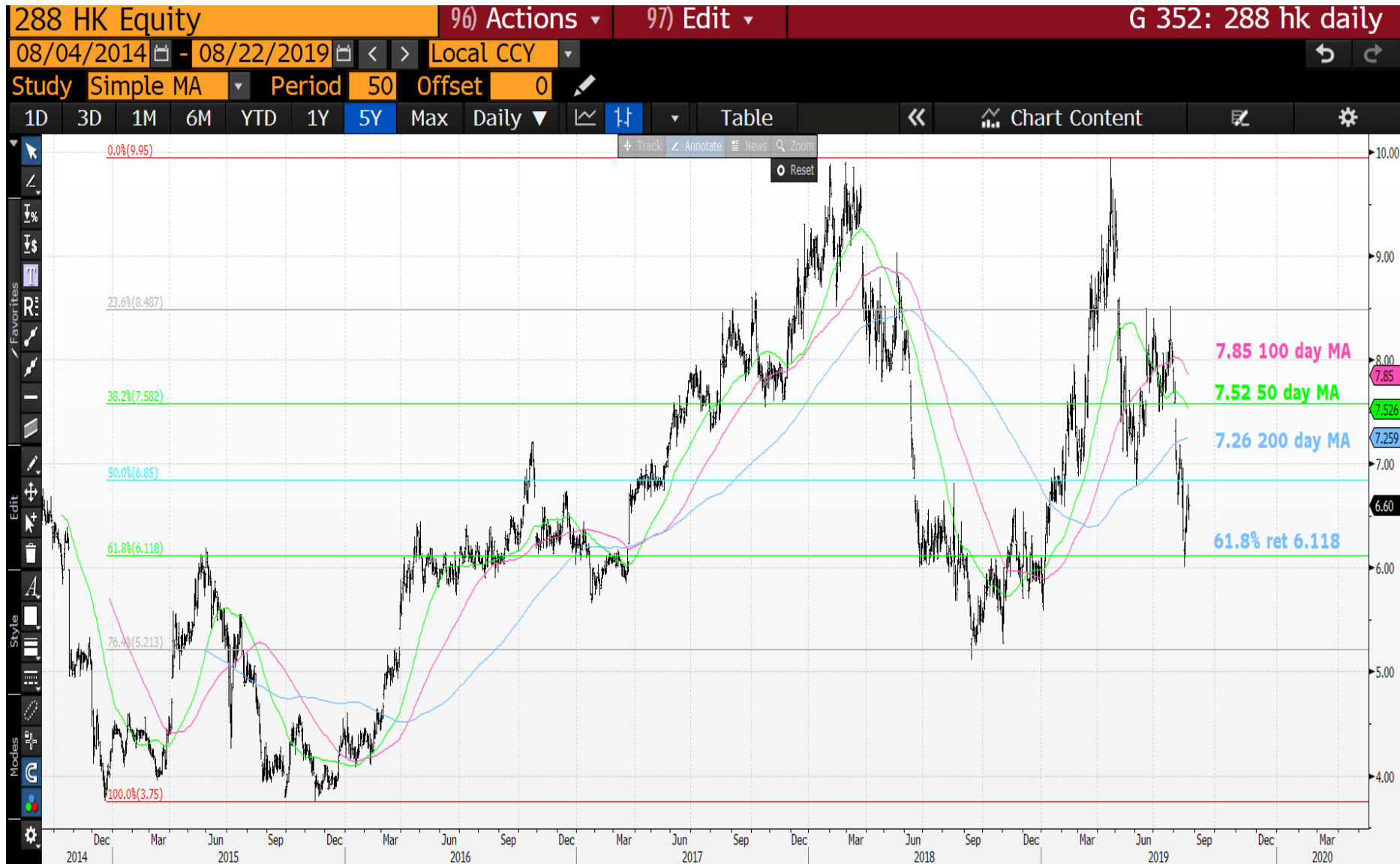
UNITED TECHNOLOGIES daily : The poor performer! One way for this market if we get back below the 200 day moving average 126.47.



WH GROUP weekly : Asia not taking things very well. A VERY negative response overall as we await some sort of trade resolution. Currently failing the 50% ret 6.850.



WH GROUP daily : We continue to remain below ALL moving averages BUT holding the 61.8% ret 6.118.



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TECHTRONIC INDUSTRY weekly : TERMINAL TOP. All we need to do now is BREACH the 50.08 50 period moving average.



US BREAKEVENS AND USGGT :

GIVEN THE NATURAL CORRELATION WITH CORE YIELDS THE DILEMA IS WHETHER YIELDS BOUNCE HERE AIDED BY THE BREAKEVEN SUPPORT OR WE HEAD LOWER (IN YIELD) ONE LAST TIME.

MANY CHARTS HAVE BOND YIELD OVERLAYS.

USGGT05Y and 5yr yield monthly : We have breached the 38.2% ret 0.1344 and little sign of holding given THIS RSI. Lets see what happens as not the MOST CLEARST of chart opinions.



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USGGT05 weekly : The RSI is “BUMPING” along the lows but for any HOLD we would need to bounce back above the 38.2% ret 0.1344.



USGGT10 and 10yr yield monthly : The RSI is a LOT lower just as we are hitting the familiar 23.6% ret 0.0198 support. This looks like the best to enter a position on.



USGGT10 and 10yr yield weekly : Similar to the 10yr yield weekly (Page 7) we have a VERY dislocated RSI! Thus one to watch! This chart highlights the HISTORICAL support associated with the 23.6% ret 0.0198.



USGGT30 weekly : The RSI is not as low as the previous chart NOR hitting any retracement level.



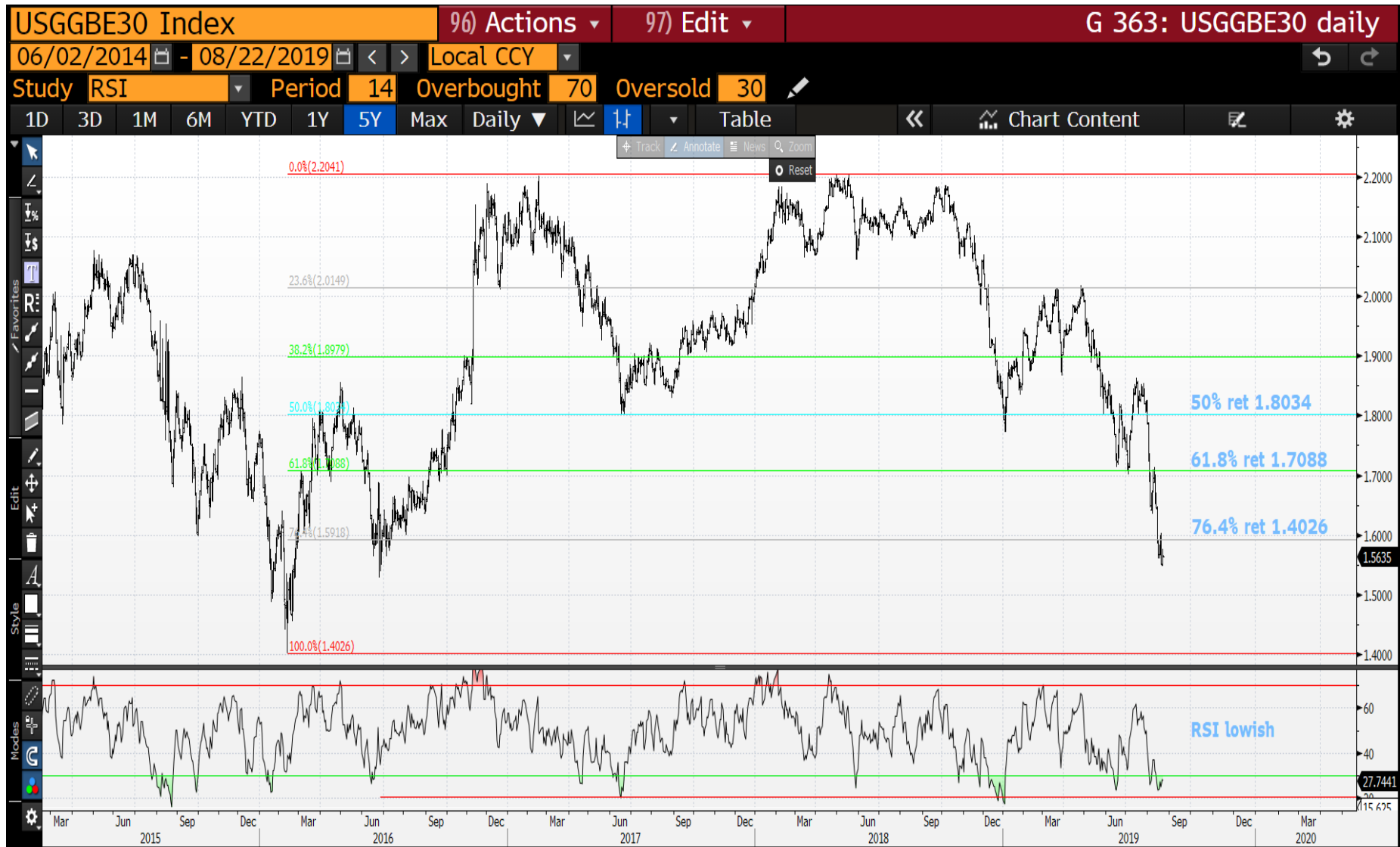
USGGT30 and 30yr yield weekly : Again no level but the RSI is dislocated and we have a DOWNSIDE pierce.



UKGGBE30 and 30yr yield weekly : We have breached the MULTI year retracement 76.4% ret 1.402 aided by a FLAKY RSI.



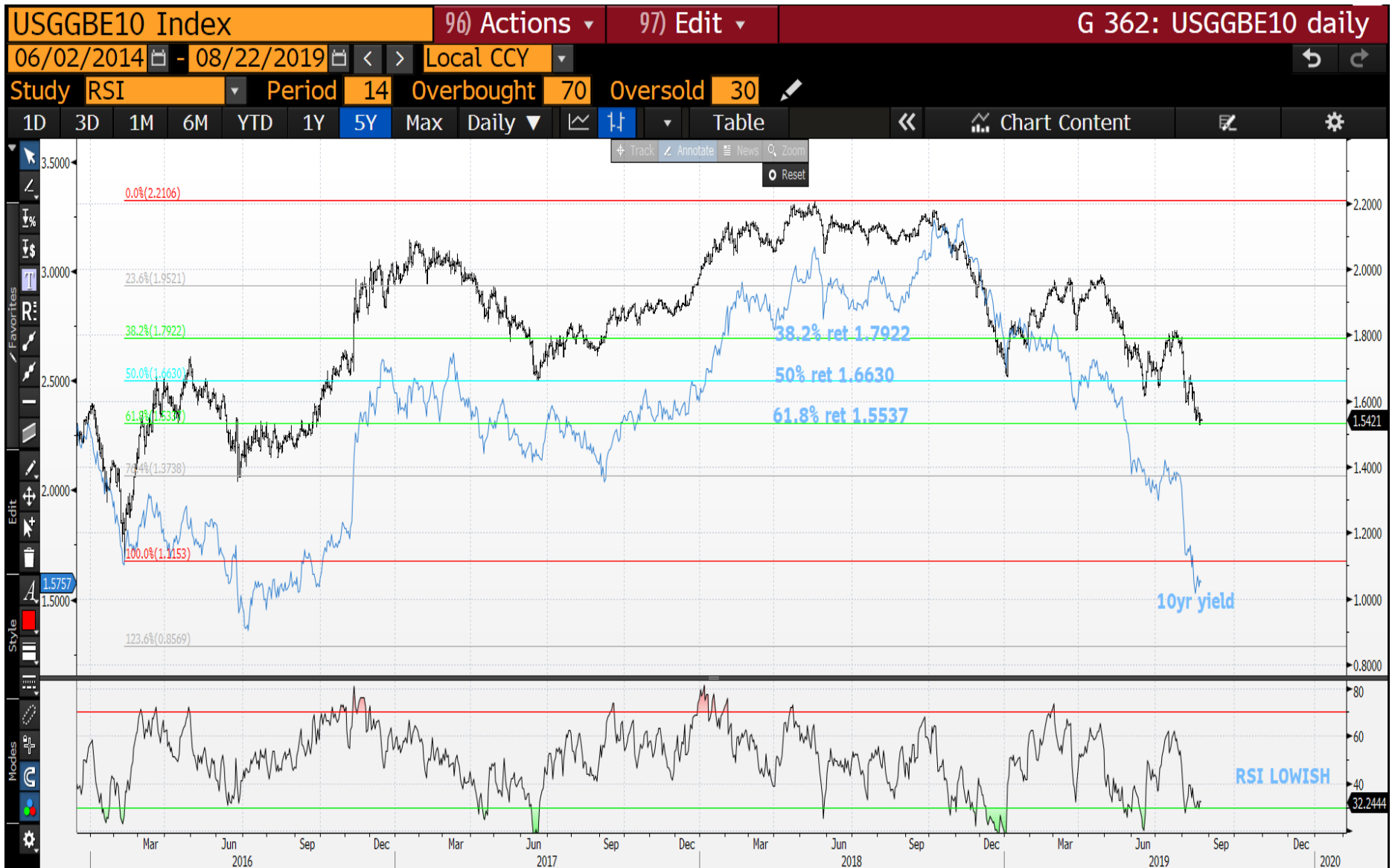
USGGBE30 daily : The level has been breached and the RSI is dubious still.



USGGBE10 and 10yr yield weekly : Finally we hit the 61.8% ret 1.5337 and the RSI matches that of June's bounce.

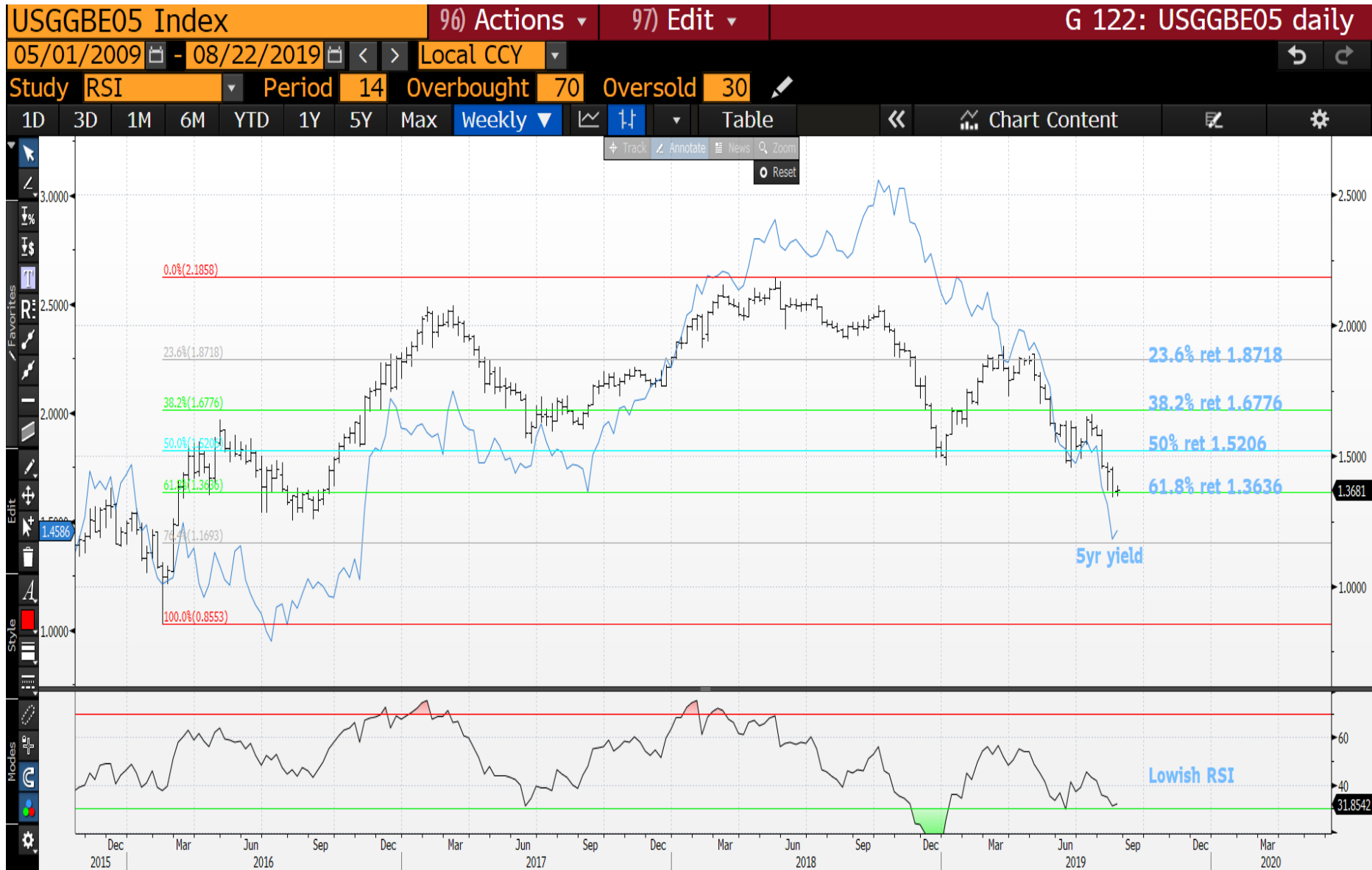


USGGBE10 and 10yr yield daily : This highlights the retracement hit BUT RSI flaky.

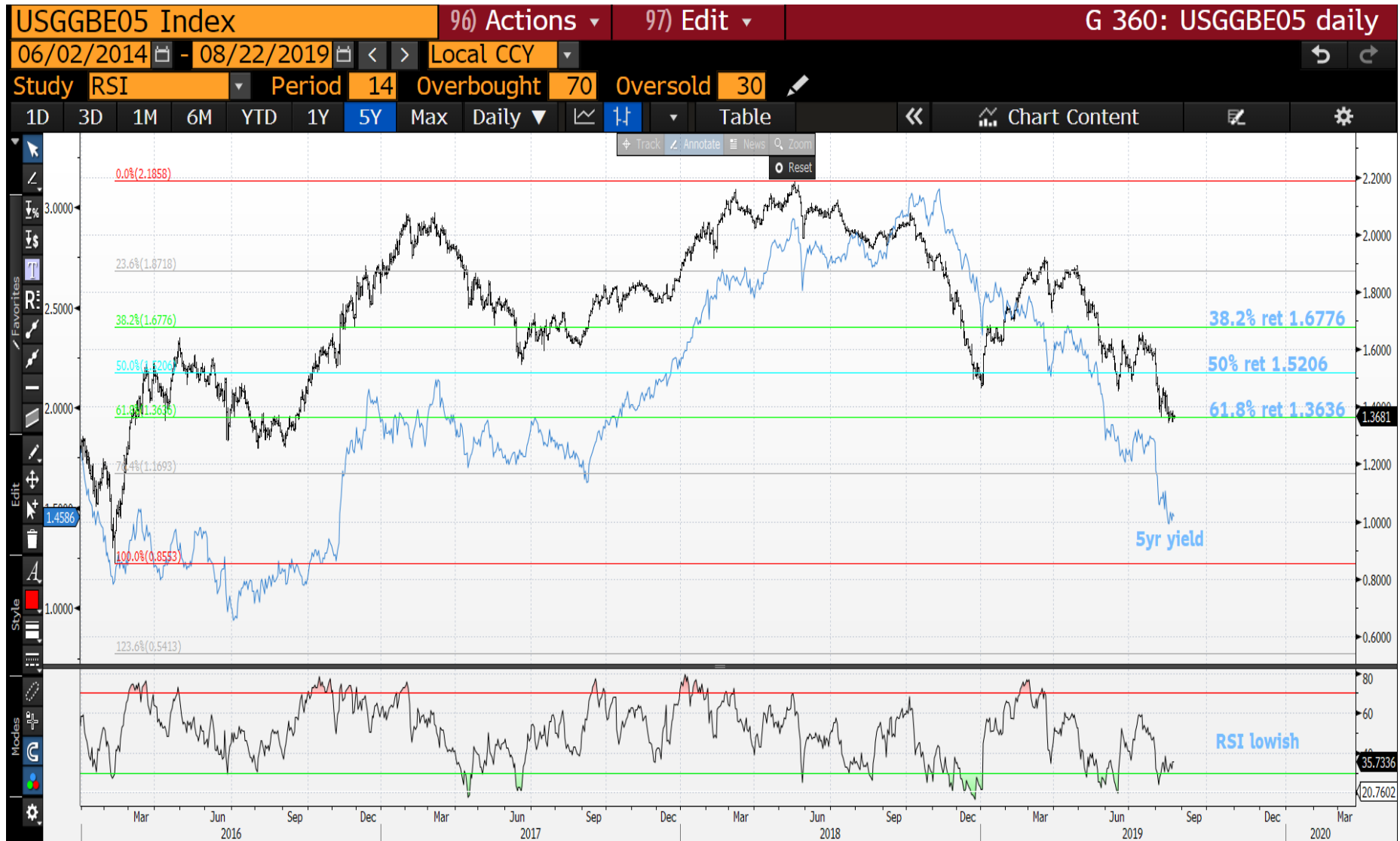


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USGGBE05 and 5yr yield weekly : The RSI is a little mixed but the retracement hit is good.



USGGBE05 and 5yr yield daily : We are holding the level but the RSI is mixed.



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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