

BOND UPDATE : WE HAVE FORMED A YIELD BASE AND THE BURNING QUESTION IS HOW HIGH WE BOUNCE? DO THINK THAT DECISION NEEDS TO BE MADE NEARER MONTH END AND AFTER A MORE SOLID CONCLUSION RE THE “TRADE DEAL”.

LOOKS LIKE WE HAVE ONE MORE MONTH OF EXTENDED YIELD DROP, THEN WE FINALLY BASE. (SEE PAGE 2).

PAGE 3 NEATLY HIGHLIGHTS THAT THE DROP NEXT MONTH SHOULD EMULATE FROM THE PREVIOUS MONTHS CLOSE AND NO HIGHER. BASICALLY IF WE ARE GOING TO GO LOWER AGAIN THEN IT WILL BE AN IMMEDIATE REJECTION.

PREVIOUSLY :

EVEN I, WHO HAS BEEN ADVOCATING LOWER YIELDS MIGHT THINK THINGS HAVE GONE TOO FAR. HOWEVER, THIS STATEMENT DOESN'T MAKE SENSE GIVEN, STOCKS ARE ONLY JUST BREAKING AND DAILY FUTURES POST NEW HIGHS. GIVE IT A MONTH.

**** ONE THING TO BEAR IN MIND IS, ALL YIELD CHARTS REMAIN BELOW THEIR MOVING AVERAGES. ****

THE OTHER ISSUE IS AS LONG AS FUTURES POST NEW HIGHS CTA'S WILL BUY. BASICALLY THE NAME OF THE GAMES REMAINS TAKING PROFITS NOT RELINQUISHING LONGS.

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 monthly (Blow up chart) : As the 2 circles highlight the last time we witnessed such an extended fall-range we FAILED from the previous months close thus a KEY start to next month.

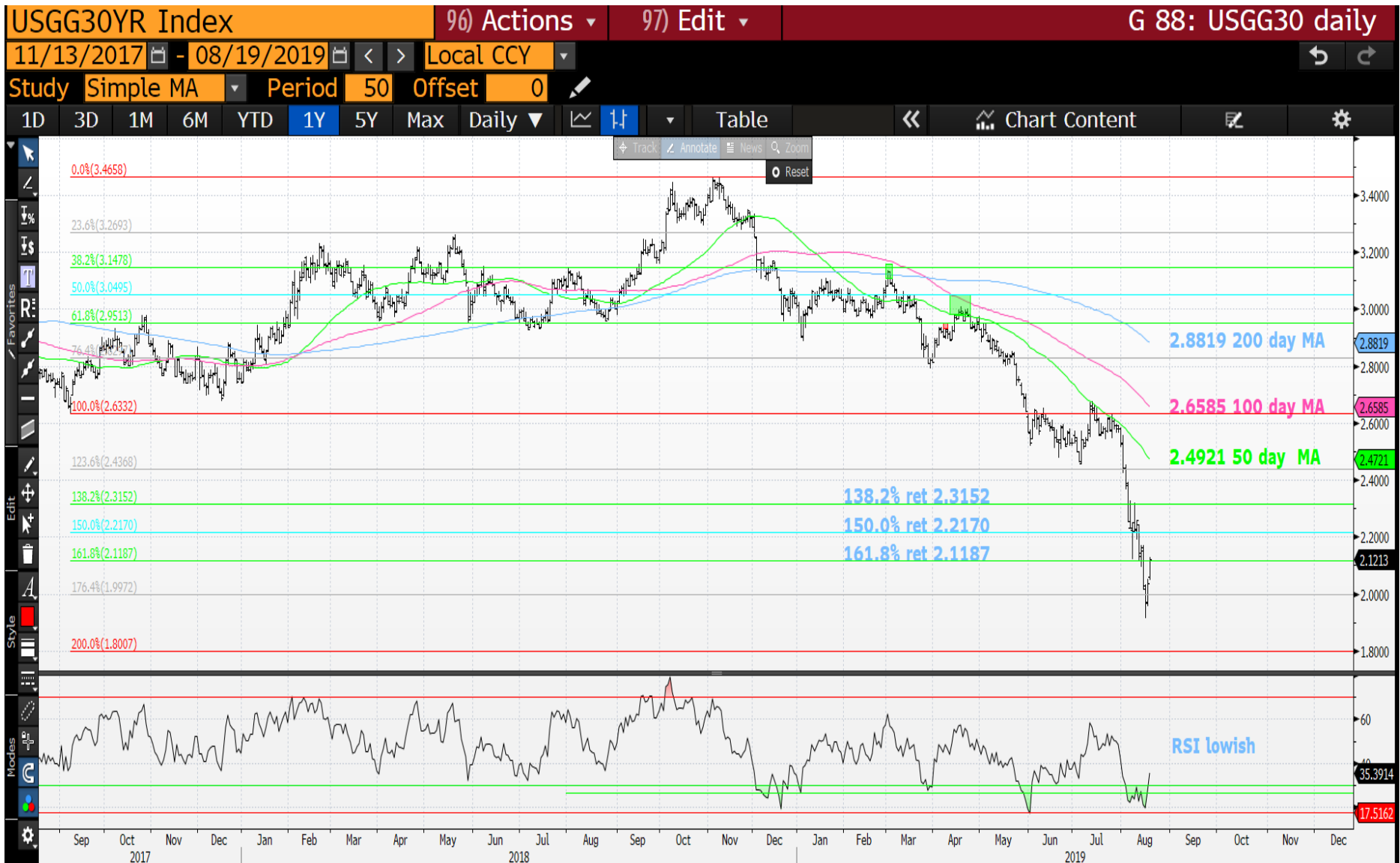


USGG30yr weekly : This chart has been a constant pain given the RSI dislocation! Some sort of bounce is coming, how high is a struggle but nearer month end we'll know more.



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USGG30yr yield daily : We have several major retracements to fail at whilst we also remain below ALL moving average.



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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!

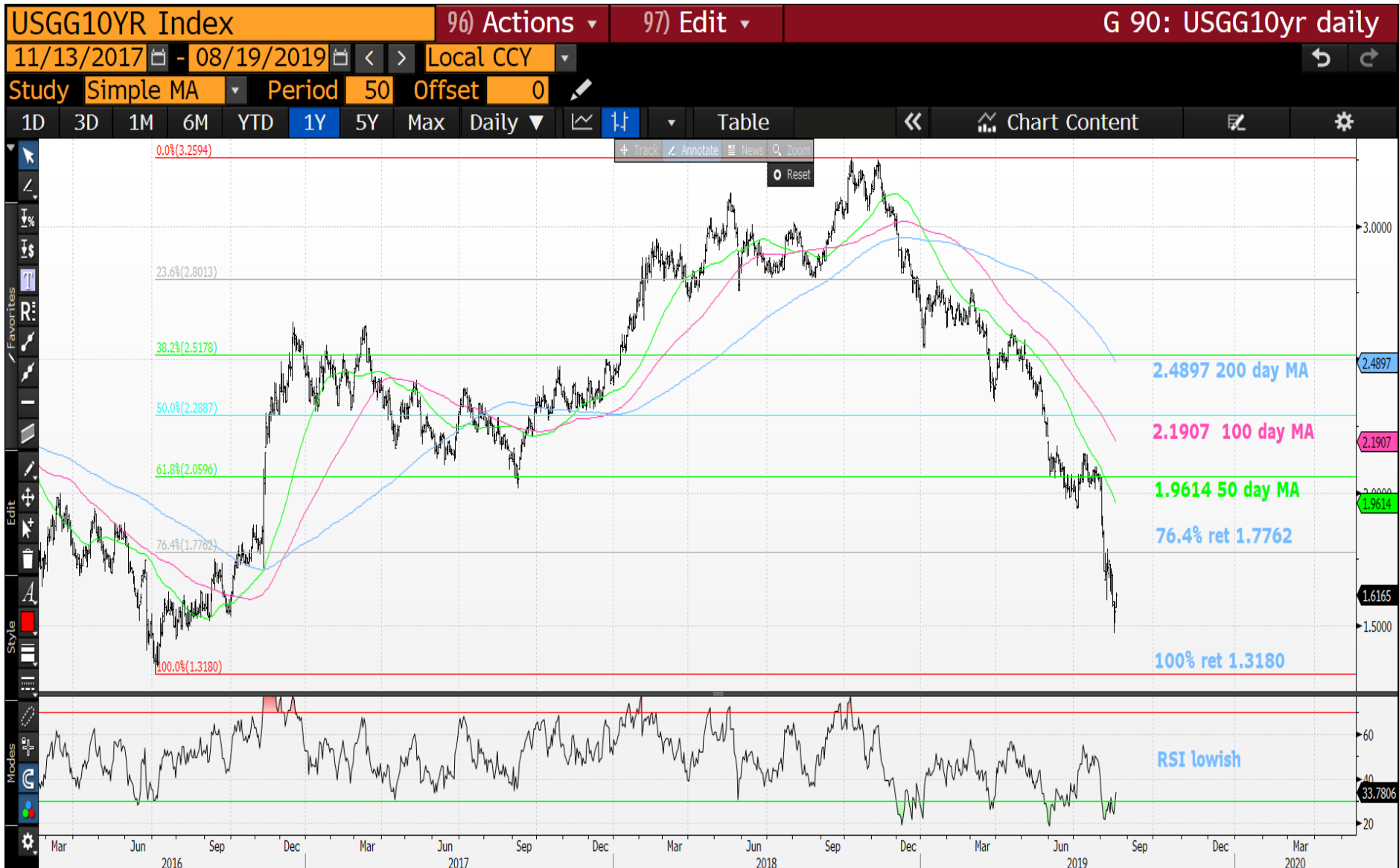


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US 10yr yield weekly : Weekly charts a constant pain. Again the RSI is dislocated but as before IT IS struggling to reverse the TREND.



USGG10yr daily : Ironically like most daily charts the RSI isn't extended and we are a long way below ALL moving averages.



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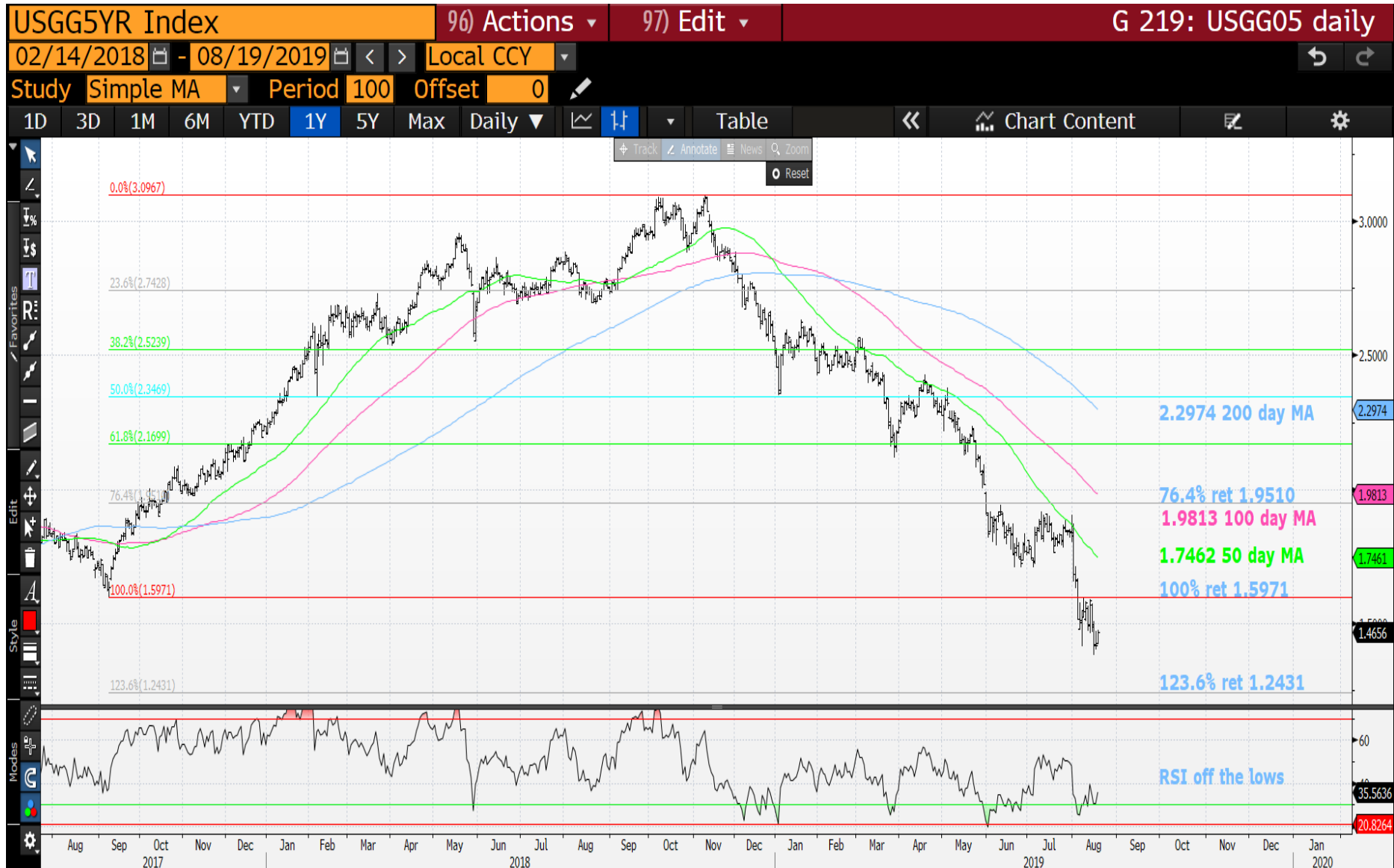
USGG5yr quarterly : We have ONLY just failed the reliable moving average 1.9249. Do remember the original RSI dislocation was higher than that of 2000 and 2007.



USGG5yr weekly : Another annoying RSI dislocation similar to 2008! Do we get a short term reprieve?



USGG5yr daily : The daily RSI is OFF the lows and additionally we continue to remain sub the 100% ret 1.5971. For those concerned we have gone too far the stop out all bond longs if this retracement is breached.



USGG2yr quarterly : We continue to grind lower toward the 1.1909 moving average.



USGG2yr monthly : We have breached the 23.6% ret 1.7448 and continue to grind lower.



USGG2yr monthly : Another lowish RSI but whilst sub the 1.6454 moving average all remains negative for yields.



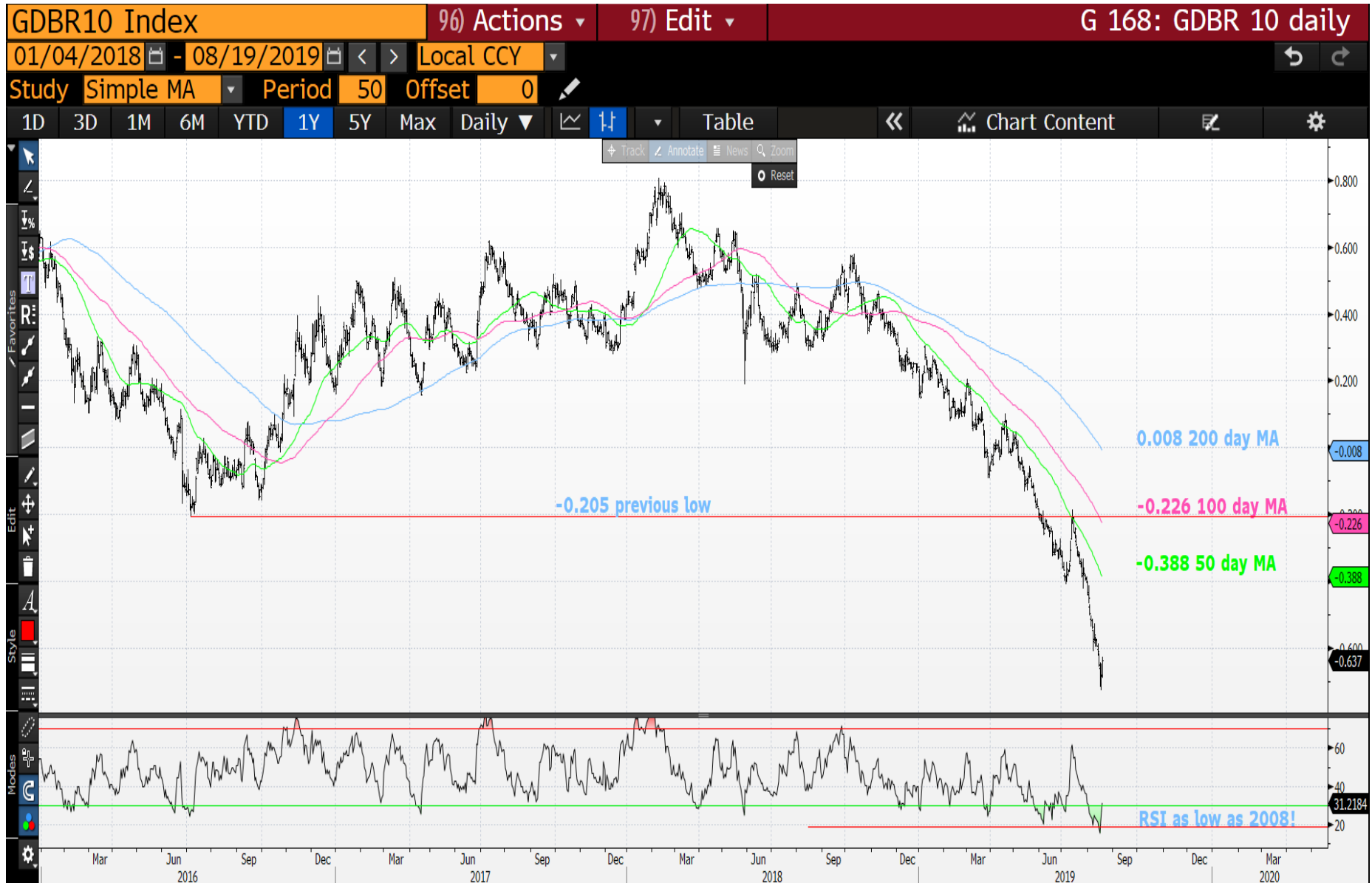
USGG2yr daily : The trend prevails and whilst sub the 76.4% ret 1.6569 we head lower.



Generic German 10yr quarterly : We have NEW YEAR yield low despite the yields involved.
CTA's continue to ADD to bond longs.



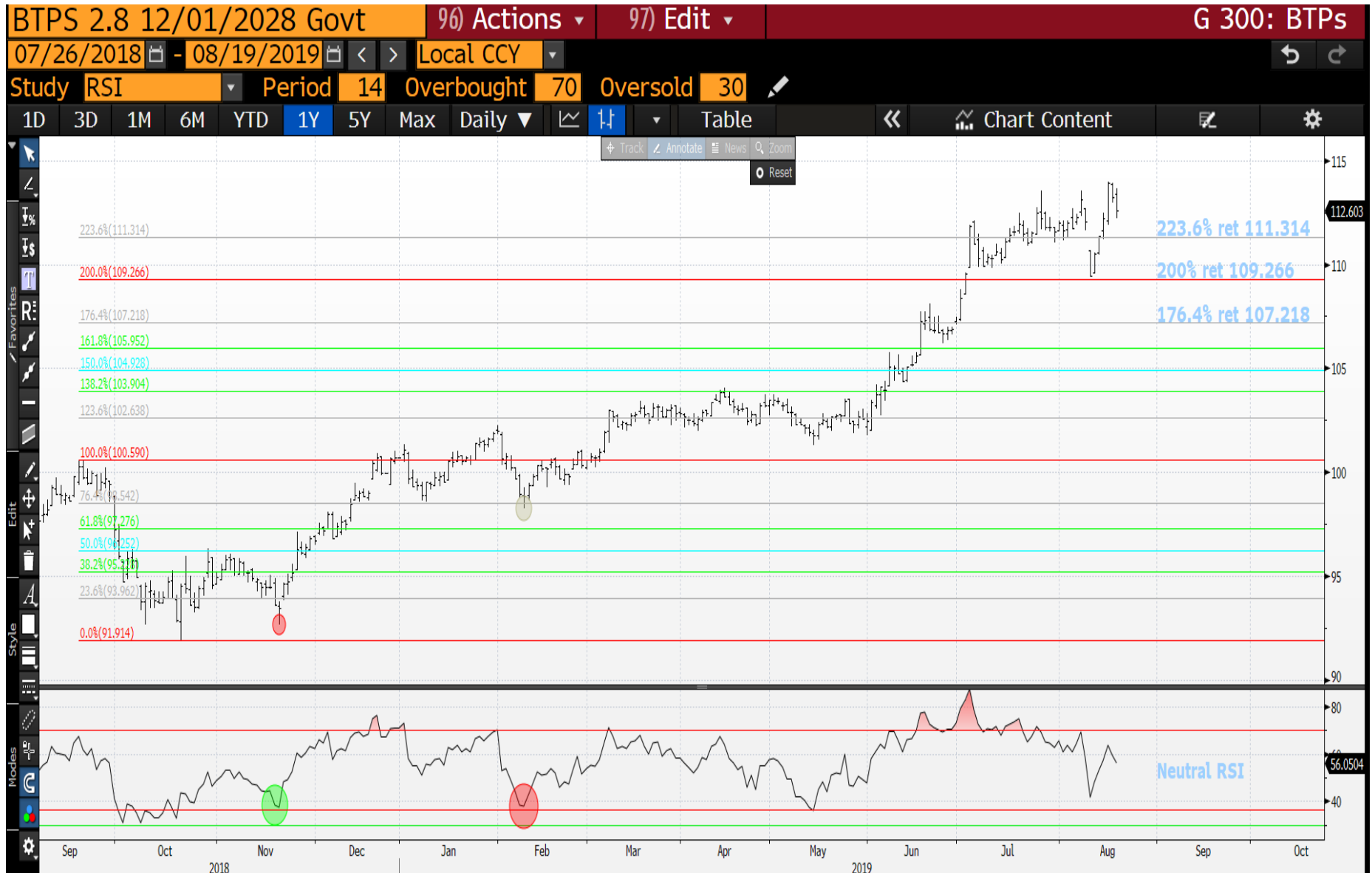
Generic German 10yr daily : Another 2008 low RSI that has formulated a "TINY" correction.
We are BELOW ALL moving averages.



DBR 46 daily : A nasty reversal and peak, this was the bond to flatten exposure on, that said Awaiting the dip.



BTP 12/28 daily : The dip was short lived but overall a neutral RSI but feel it should follow other bond markets higher.



GUKG10 monthly : Similar to Germany, plenty more downside so don't rush into relinquishing bond longs in a hurry.



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GUKG10 daily : The RSI is off its lows and whilst we make new yields lows remain BOND long, CTA's will persist in buying no matter what yield! Again we REMAIN below ALL major moving averages.



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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