

DESPITE THE SUSPENSION OF HOSTILITIES BETWEEN IRAN AND THE USA BOND YIELDS REMAIN POISED TO REPLICATE THE MOVE OF 2011-2012, I.E. YIELDS LOWER. EQUITIES ALSO SEEM CLOSE TO A TOP ESPECIALLY IN THE USA! A KEY WEEKLY CLOSE.

DEPITE THE LACK OF EQUITY MOVEMENT ALL YIELD CHARTS HAVE FAILED TO BOUNCE ABOVE CRITICAL LEVELS THUS SHOULD HEAD LOWER SHORTLY.

- 1. BOND YIELDS LOWER? YIELDS CONTINUE TO GRIND LOWER WITH GILTS LEADING THE WAY TODAY, TIME TO REPLICATE THE 2011-2012 SCENARIO.**
- 2. COMMODITIES HIGHER. GOLD HAS BROKEN THE RECENT HIGHS AND REMAINS A FIRM FAVOURITE AS AN INSURANCE POLICY FOR ESCALATING TENSIONS.**

BONDS :

THERE ARE MANY KEY CHARTS TO BACK UP THE REPLICATION OF THE 2011-2012 YIELD SCENARIO ESPECIALLY IN THE US, WHILST GERMANY IS ATTEMPTING TO BREAK BACK INTO THE LONGTERM DOWNTREND YIELD CHANNEL.

US BREAKEVENS AND USGGT :

BREAKEVENS COULD BE POISED TO TOP OUT.

COMMODITIES : VERY LITTLE GROUND HAS BEEN GIVEN BACK ON LAST YEARS RALLY WITH GOLD REMAINING IN VERY POSITIVE TERRITORY.

EQUITIES : NOT TOO SURE WHY BUT IT DOES NOW FEEL MANY STOCK RALLIES HAVE GONE TOO FAR. EXAMPLES ARE UNITED TECHNOLOGY AND APPLE, BOTH IN OVER BOUGHT TERRITORY.

USGG30yr monthly : **** ONE TO WATCH **** Quite a major reversal on the month with the market now back at the lows. This is a good time for fresh lows so we CAN emulate the 2011-2012 scenario.



USGG30yr weekly (Taken from Feb 2011 high to July 2012 low) : Hopefully this chart and the following will look similar. That time we failed the 38.2% retracement and 50 day moving average, formulating a new low shortly after.



USGG30yr weekly (Now) : As mentioned in the opening text, we have persistently failed the all important moving average 2.5114-38.2% ret 2.5001. As per the previous chart yields should head lower.



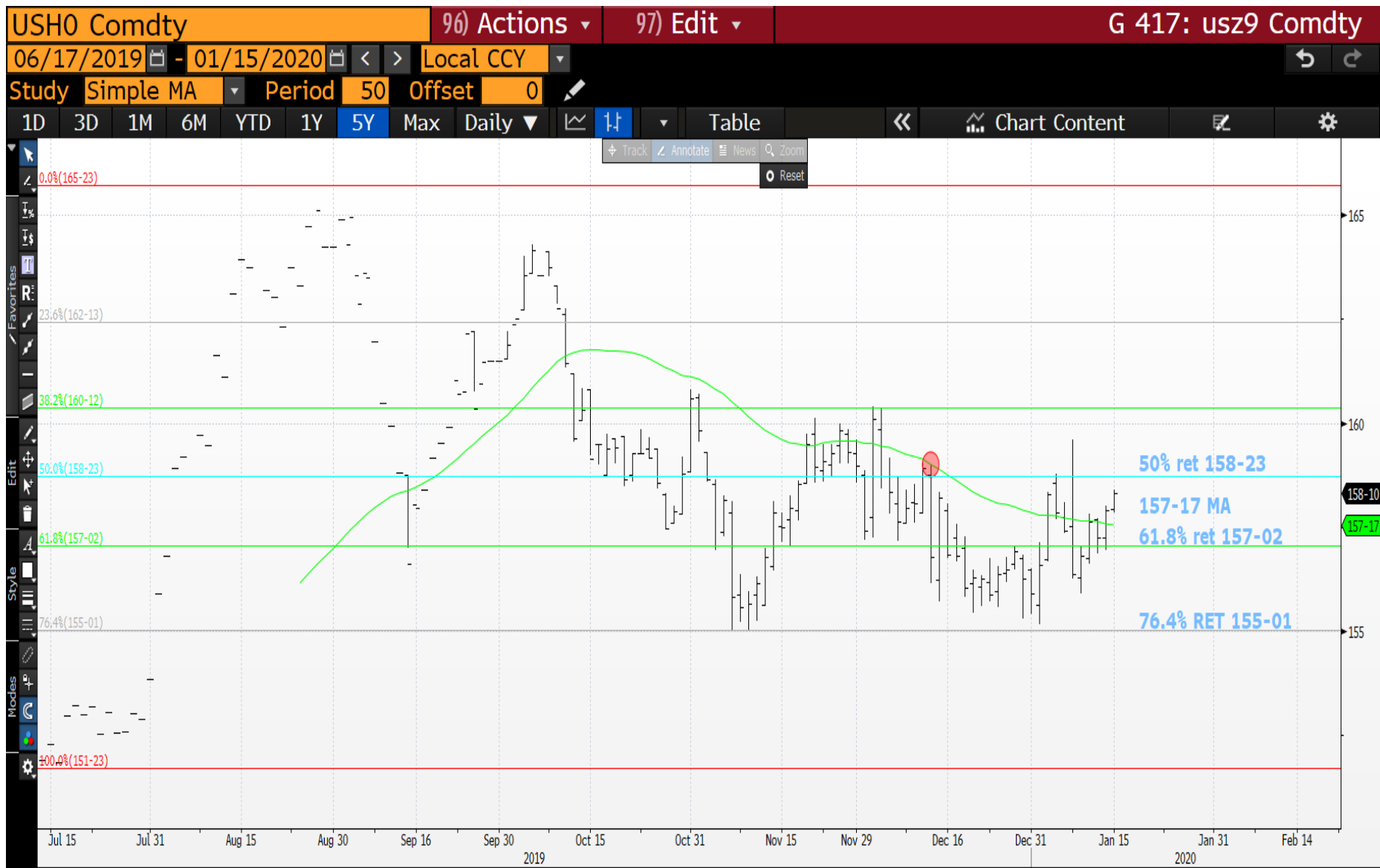
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USGG30yr yield daily : *ONE TO WATCH* The key here is to close the week below the 100 day moving average 2.2191. Again the RSI is of NO use.



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US 30yr futures daily : We are grinding higher but need to breach 160-12, this to be 100% sure the bond rally continues.



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US 10yr yield quarterly : *Possibly the chart to watch.* The quarterly RSI is off the lows BUT we CONTINUE to REJECT the all important 2.00 % yield level. This could a critical signal?



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USFS 10-20 monthly : Further support for the prominence of the level but the RSI is left very wanting. Could the 2008 low become relevant here given the RSI is rolling over.

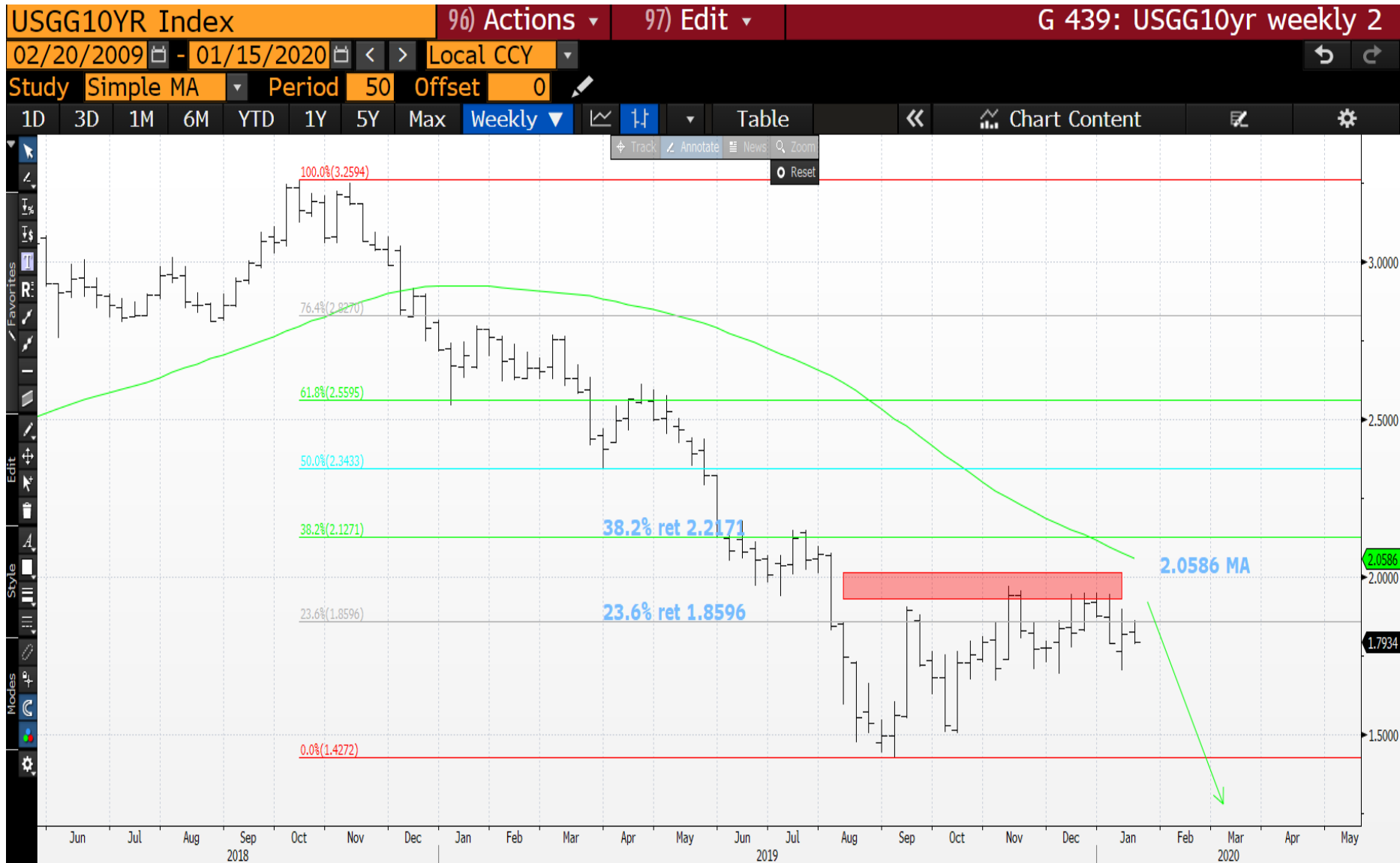


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US 10yr yield weekly (Taken from Feb 2011 high to July 2012 low): That time we fell SHY of the retracement and MOVING AVERAGE.



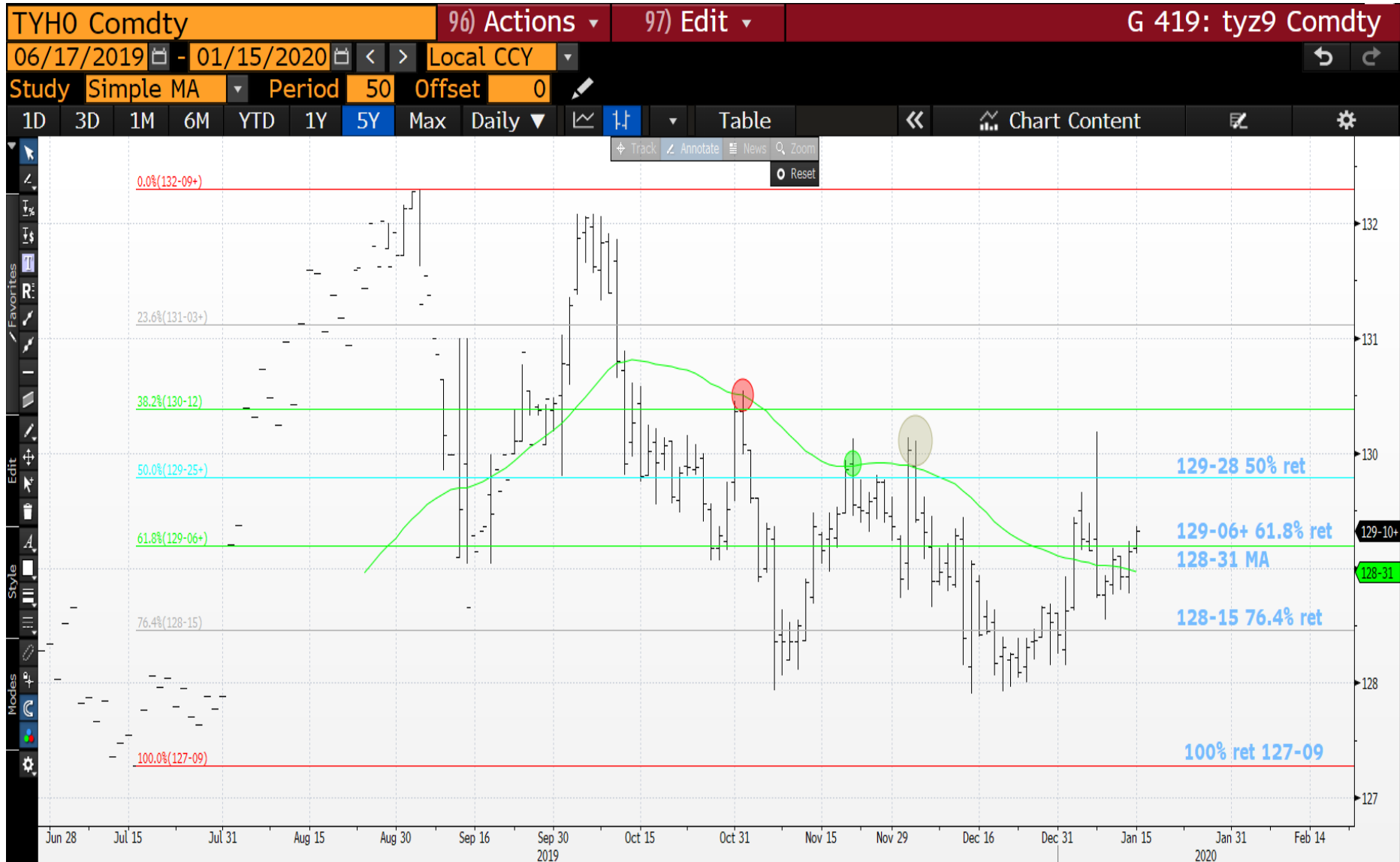
US 10yr yield weekly (Now) : A lot riding on this weeks close. Providing we remain sub the 23.6% ret 1.8596 level we should head lower.



USGG10yr daily : We continue to fall SHY of the 200 day 1.9675. Ideally a close sub the 1.7528 100 day moving average this week.



US 10yr futures daily : There remains a lot of work to do to eradicate the upside pierce of last week BUT we are consistently above the reliable moving average.



USGG5yr quarterly : ** Critical chart ** The key here is to remain sub the RELIABLE 1.8091 moving average. This could become a very historical rejection and see HISTORY being repeated. The RSI could be argued either way.



USGG5yr weekly (Taken from Feb 2011 high to July 2012 low) : That time the bounce was ONLY to the 23.6% ret 1.1520 indicating a very LAME bounce.



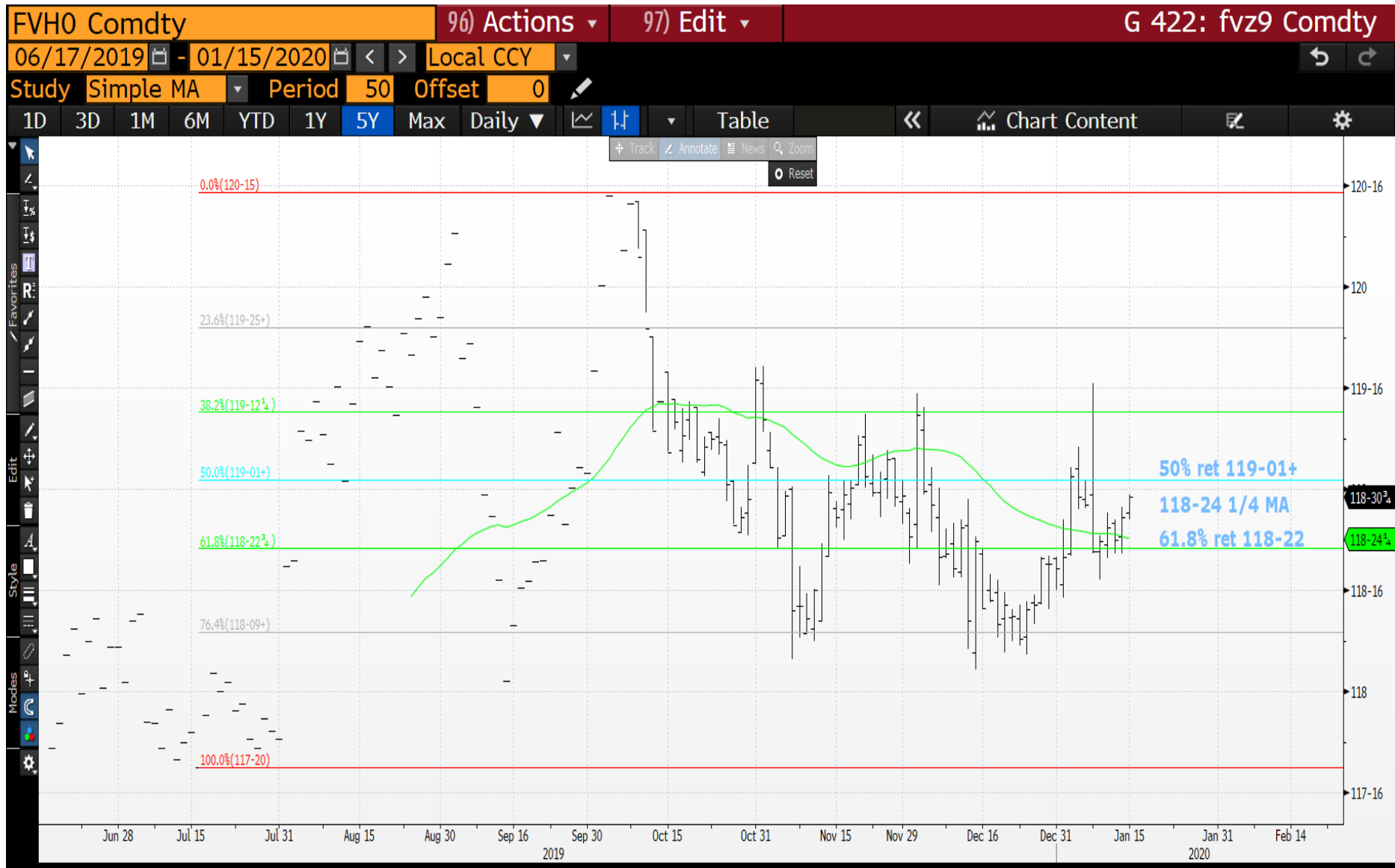
USGG5yr weekly (Now) : The 23.6% ret 1.7292 has been a persistent barrier, we just need to see yields BREACH 1.500%.



USGG5yr daily : Again we have failed to impact the 200 day moving average 1.7813. As before the CLOSE needs to be below 1.500%.



US 5yr futures daily : Wednesdays reversal-pierce is a major problem thus ultimately we need to breach that high.



USGG2yr monthly : We have a new yield low. This could be another KEY chart given we have not been able to breach the 23.6% ret 1.7448.



USGG2yr weekly : We persist in failing the prominent 1.7224 moving average. Lets see what the weekly close brings.

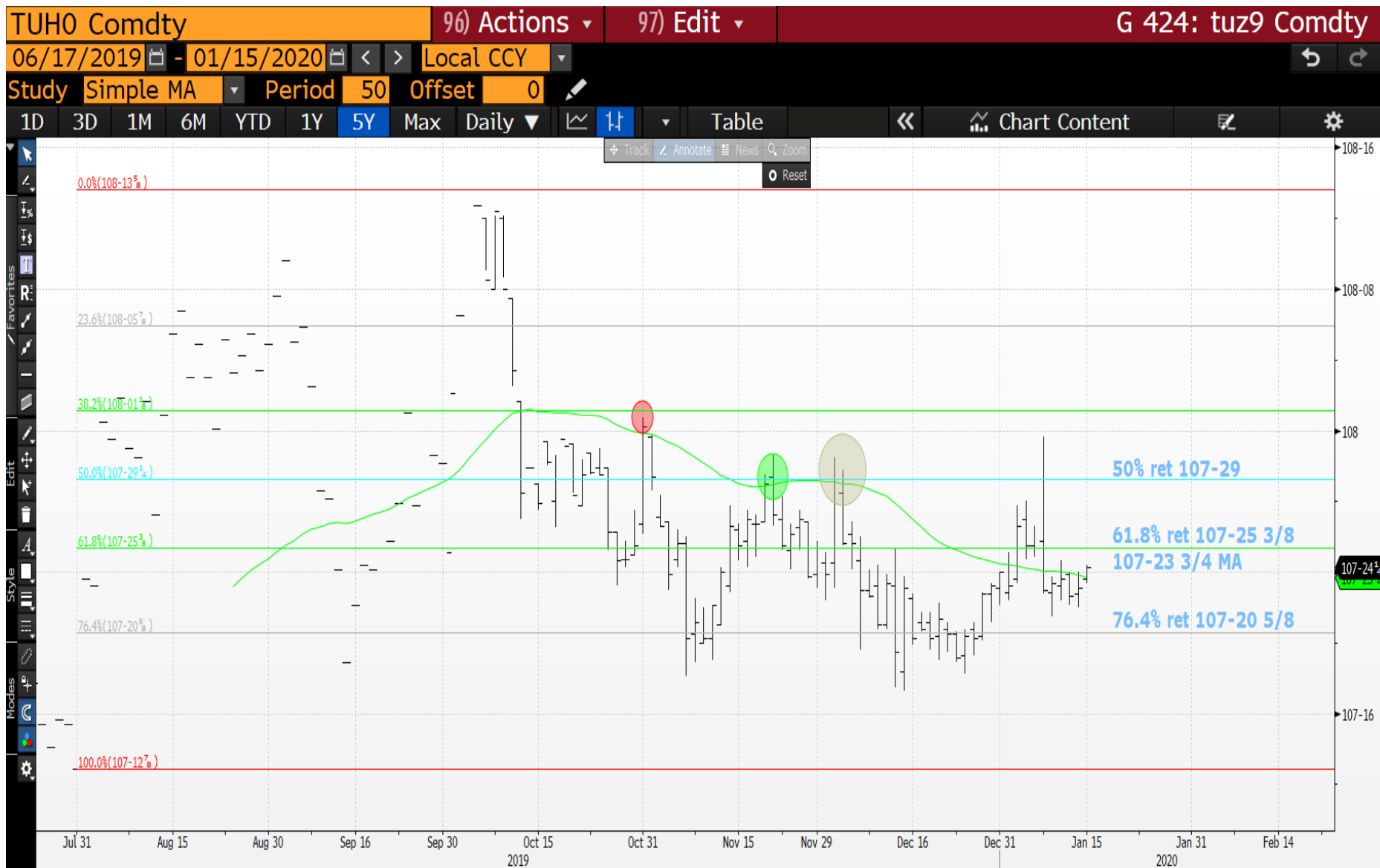


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USGG2yr daily : **Further evidence of the STRUGGLE.**
Having spent the week battling with the 100 day moving average 1.5943 it could now be time for yields to head a lot lower.



US 2yr future daily : Wednesday did a lot of damage again! All about the weekly close.

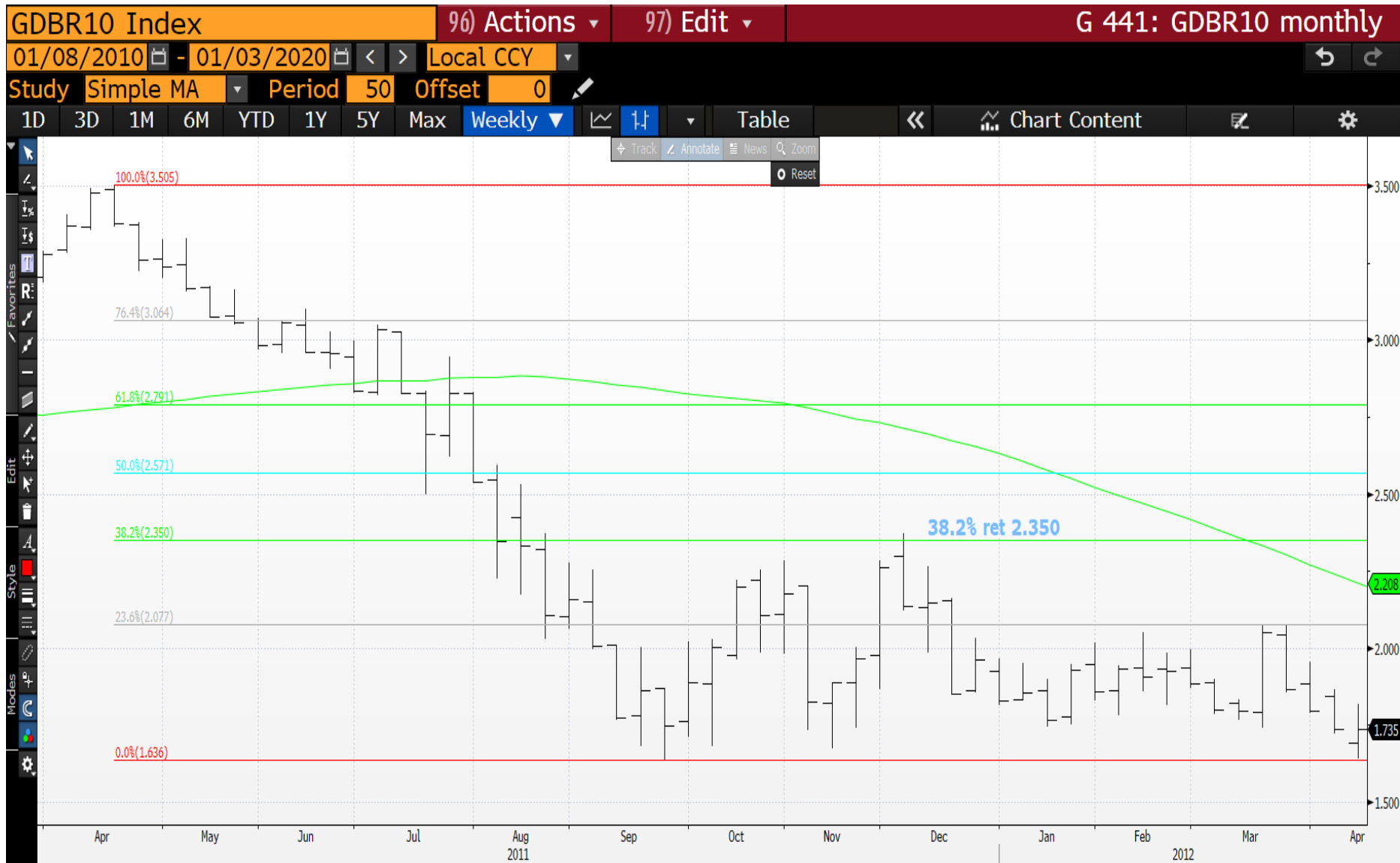


Generic German 10yr quarterly : This has been a VERY KEY chart, so significant if we re-enter the CHANNEL?



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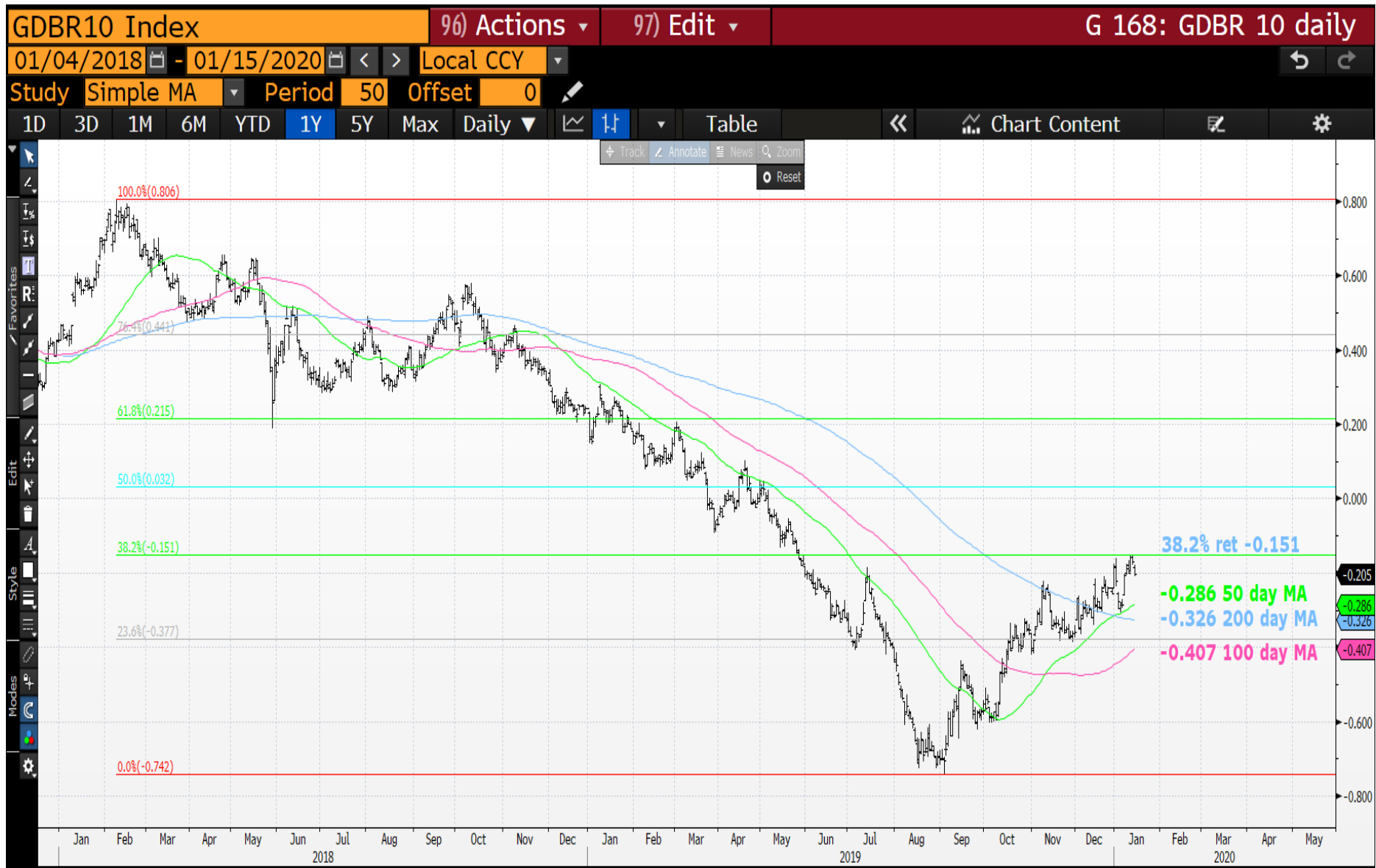
Generic German 10yr weekly (Taken from April 2011 high to April 2012 low) : That time we hit the 38.2% ret 2.350 and failed.



Generic German 10yr weekly (Now) : A simple rejection of the 38.2% ret -0.151 could be KEY.
A cheap stop above this level for those wishing to enter BOND LONGS.



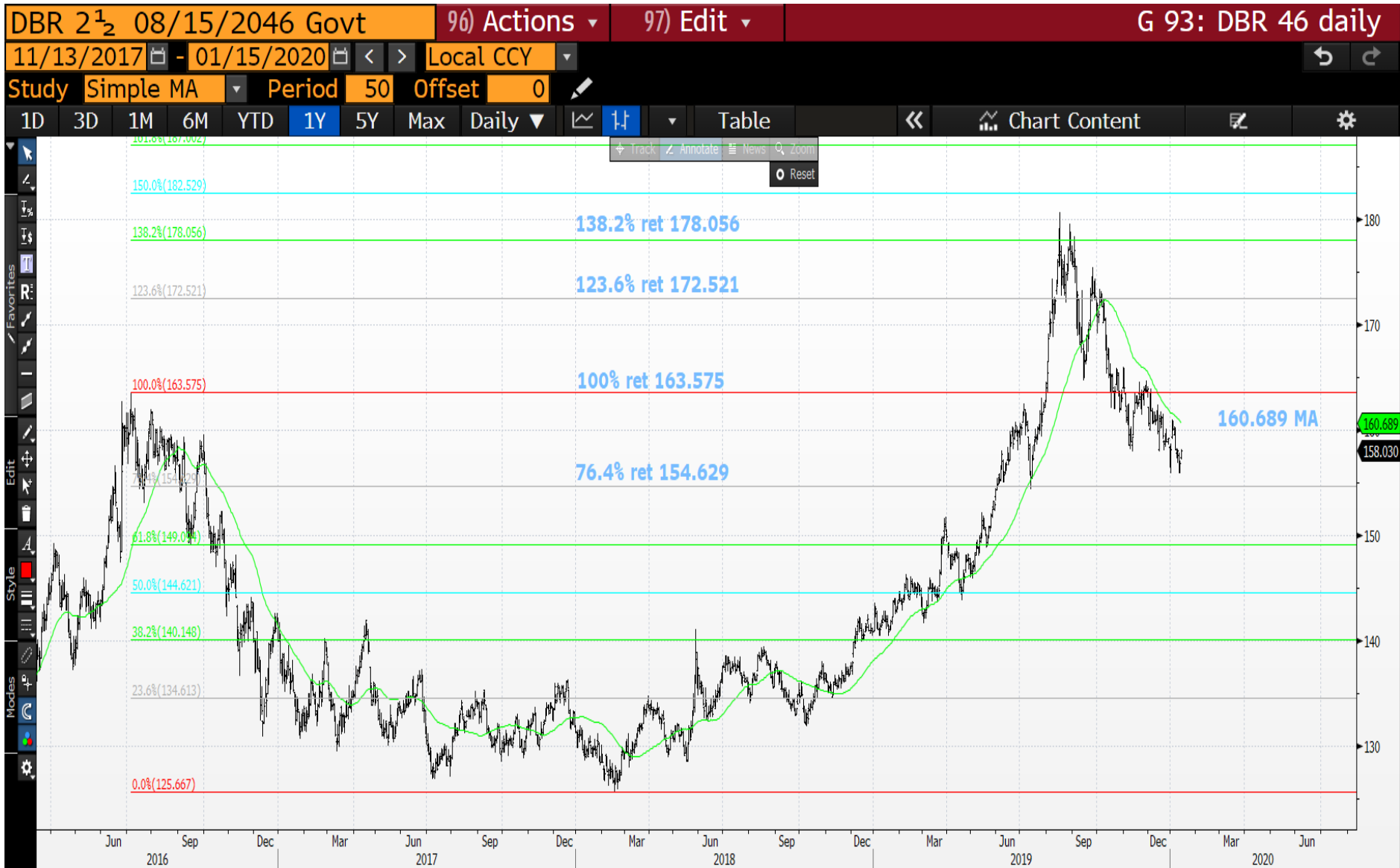
Generic German 10yr daily : Given we have failed the 38.2% ret we just need to start impinging on the moving averages.



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DBR 46 daily : Only help here will be if this bond breaches the reliable 160.689 moving average.



Bund future daily : A lot of work to do but we seem to of BASED.



Gilt future daily : Gilts making a major statement today given we have moved far away from the 132.07 moving average.

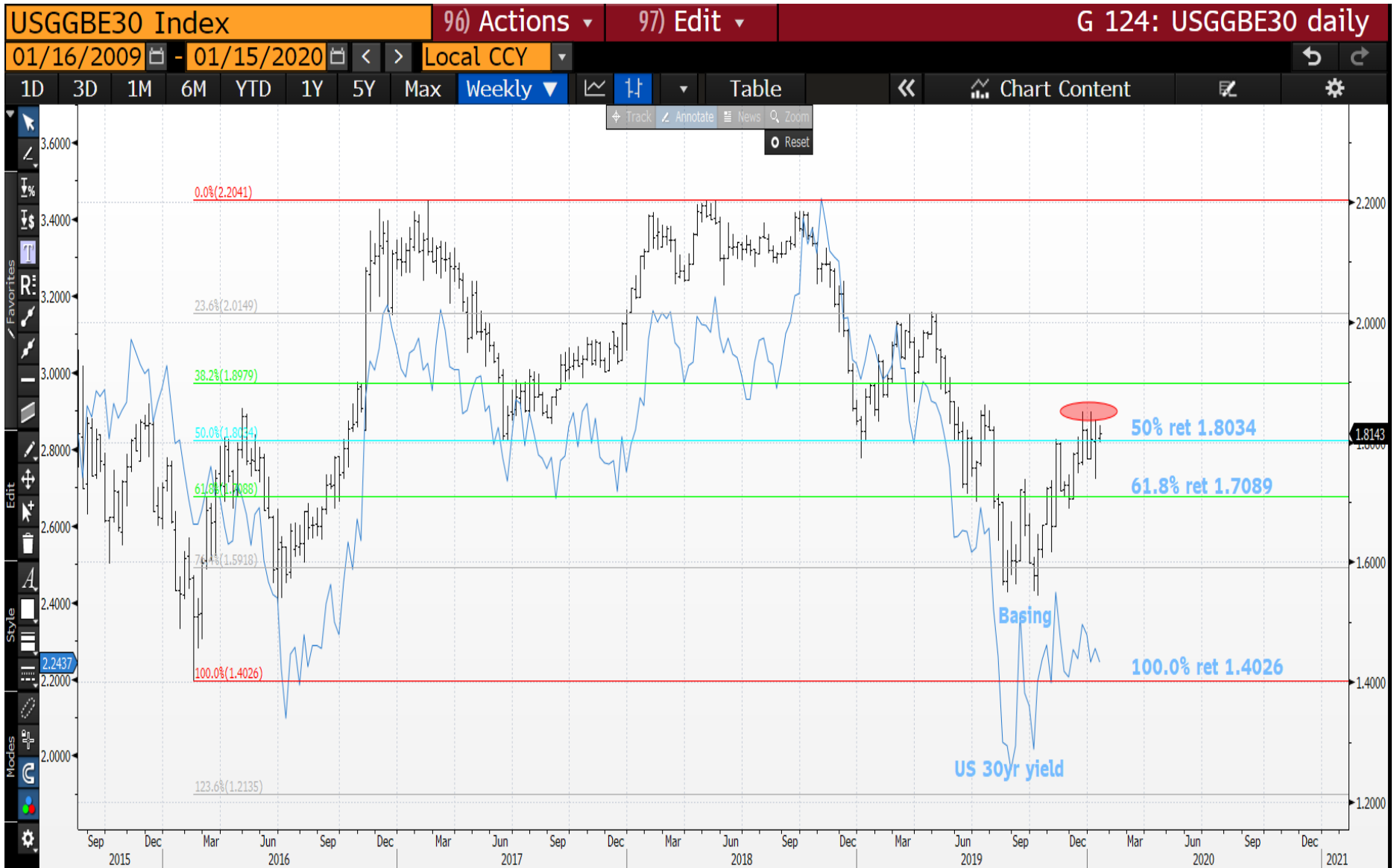


US BREAKEVENS :

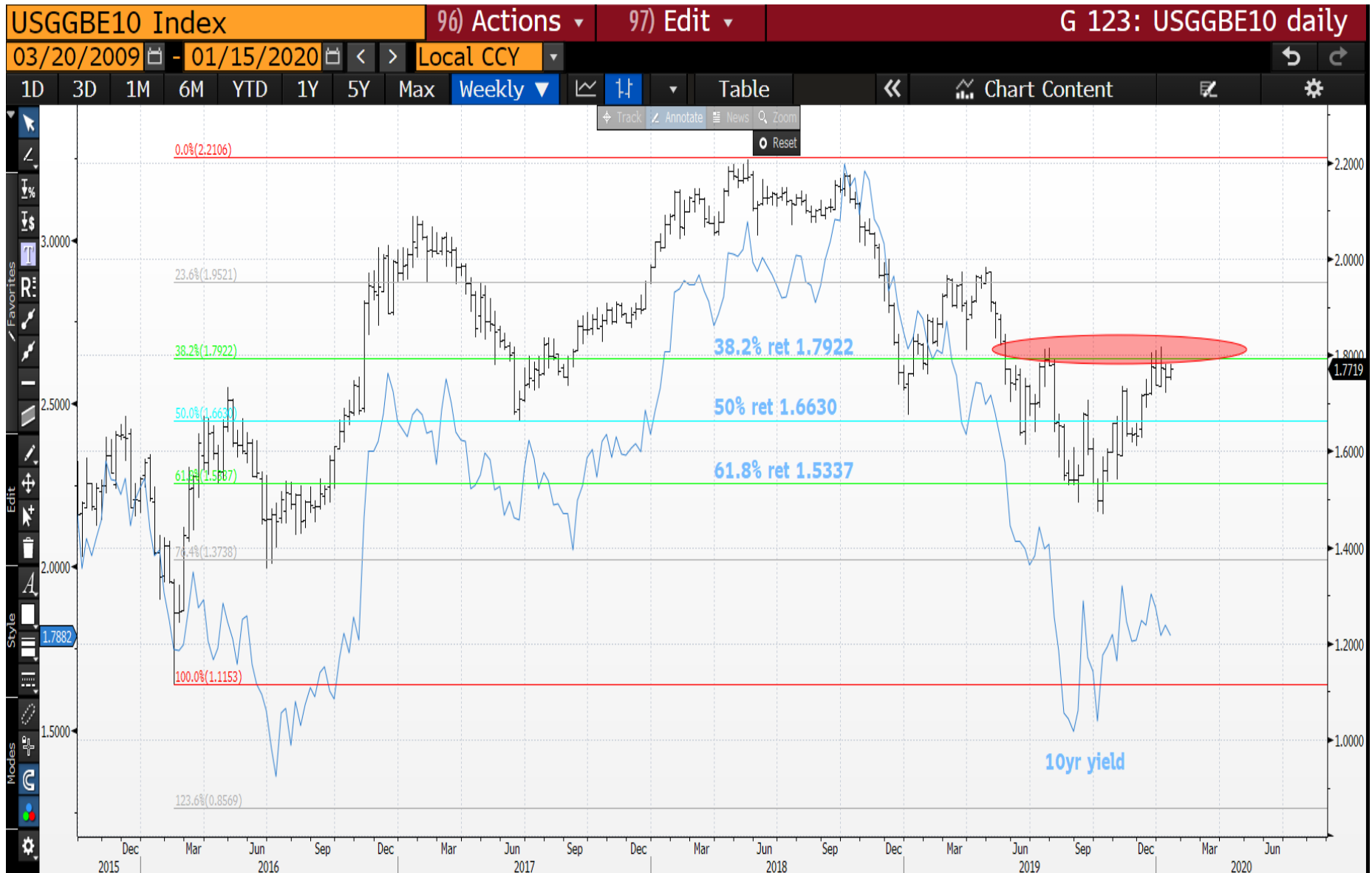
DESPITE THE YIELD LOWER CALL MANY BREAKEVEN CHARTS ARE STILL INDICATION FOR A MOVE HIGHER, WE SHALL SEE.

MANY CHARTS HAVE BOND YIELD OVERLAYS.

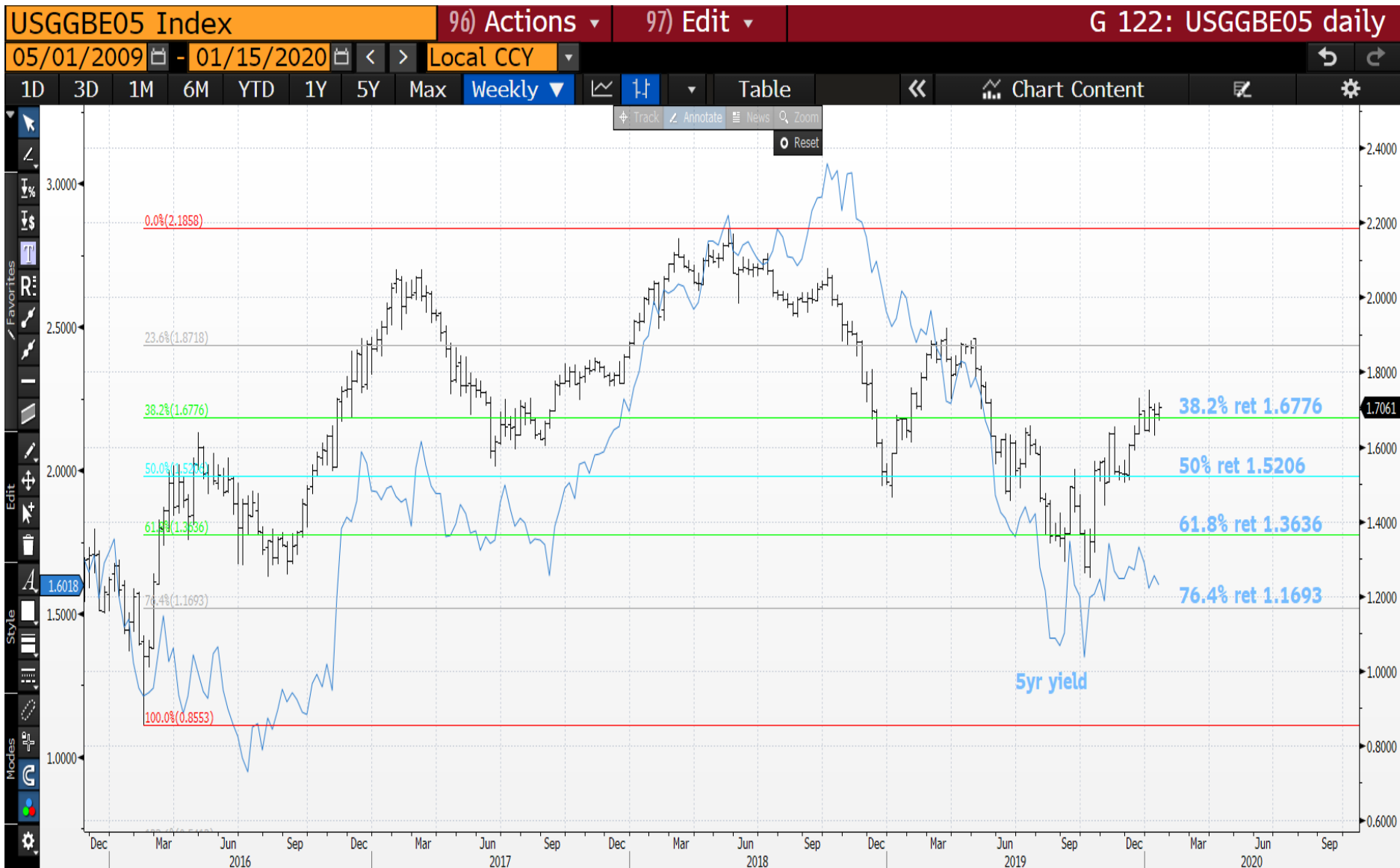
UKGGBE30 and 30yr yield weekly : We look like creating a nasty DOUBLE TOP! A close sub the 50% ret 1.8034 will confirm a STALL.



USGGBE10 and 10yr yield weekly : A POTENTIAL TOP if REMAIN sub the 38.2% ret 1.7992.



USGGBE05 and 5yr yield weekly : As with the previous charts its all about closing SUB the 38.2% ret 1.6776.



COMMODITIES

This could be time for them to fly given the middle east situation.

Very little of the recent performance in Gold and Oil has been taken back, they have held in WELL. They continue to be a SAFE HAVEN.

Gold has made a new high and seems to be the protection trade for many if the middle east tensions increase.

GOLD monthly : A HEAVY month so far but we should rally over the next few weeks.



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SILVER monthly : Am sure this will play catch up, certainly if the 61.8% ret 19.4783-moving average 19.764 is breached.



OIL monthly : Given this is not a MINOR infringement on the middle east then OIL should spike higher however it is weird we have reversed so much already.



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EQUITIES

EQUITIES : THE RELENTLESS TRAIN RUMBLES ON UNEFFECTED BY THE POSSIBLE CONTINUATION OF HOSTILITIES.

THESE COULD BECOME A CONCERN GIVEN MANY LOFTY RSI'S ESPECIALLY APPLE AND UNITED TECHNOLOGIES TO NAME BUT A FEW. EUROPE DOESN'T HAVE THE SAME OVER EXTENSION AS THE USA.

FTSE COULD BE THE CHART TO WATCH GIVEN THE HISTORICAL TOP BEING ESTABLISHED.

****THE NEXT 3 CHARTS ARE ONES TO WATCH OVER THE NEXT FEW DAYS****

APPLE weekly : A VERY OVERBOUGHT SITUATION THAT MUST NEED ADDRESSING, ONE CHART TO WATCH.



INTEL weekly : For any failure here we need to breach the 23.6% ret 58.0142.



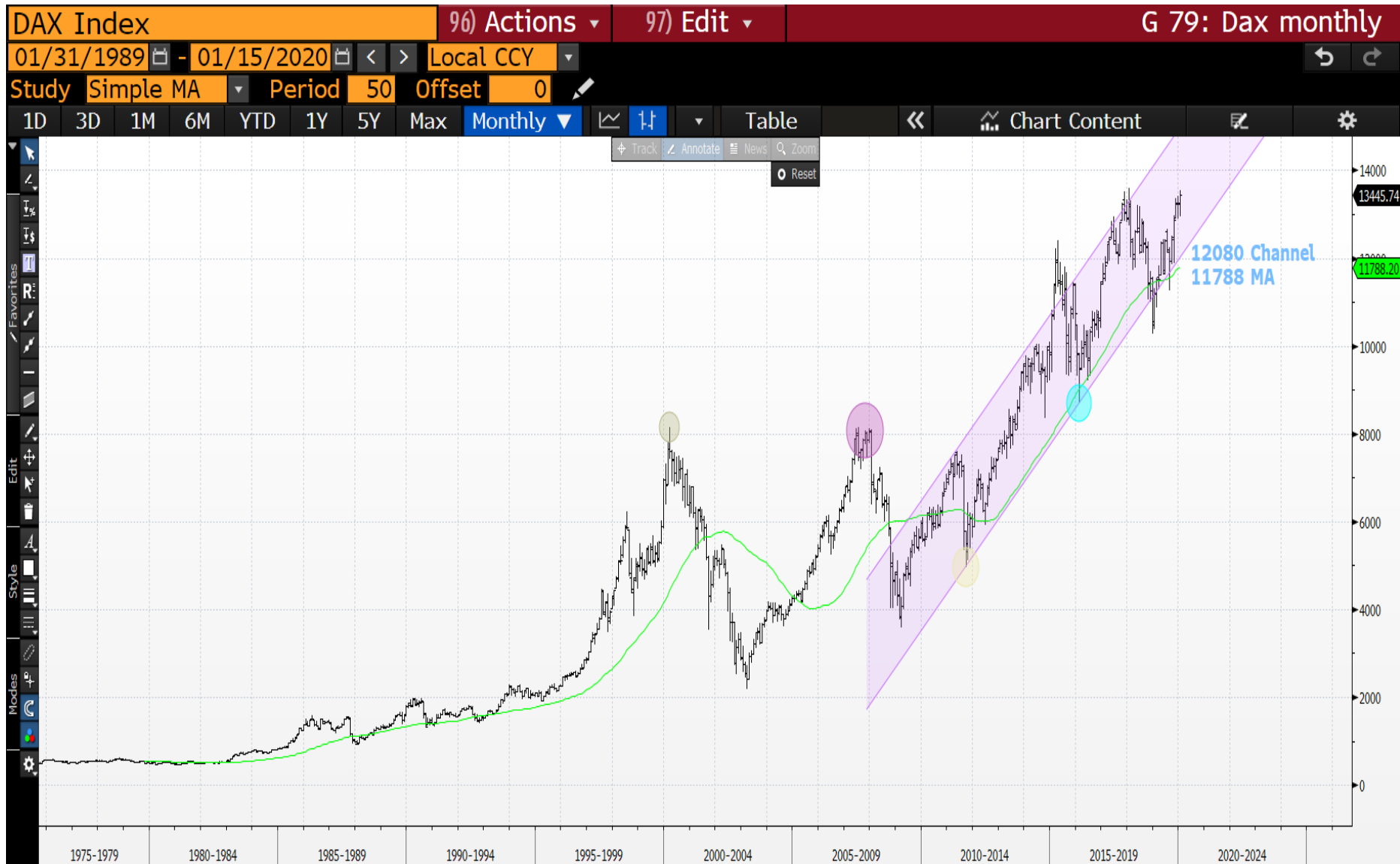
UNITED TECHNOLOGIES weekly : This could be a KEY chart given we have failed the 153.79 trend line.



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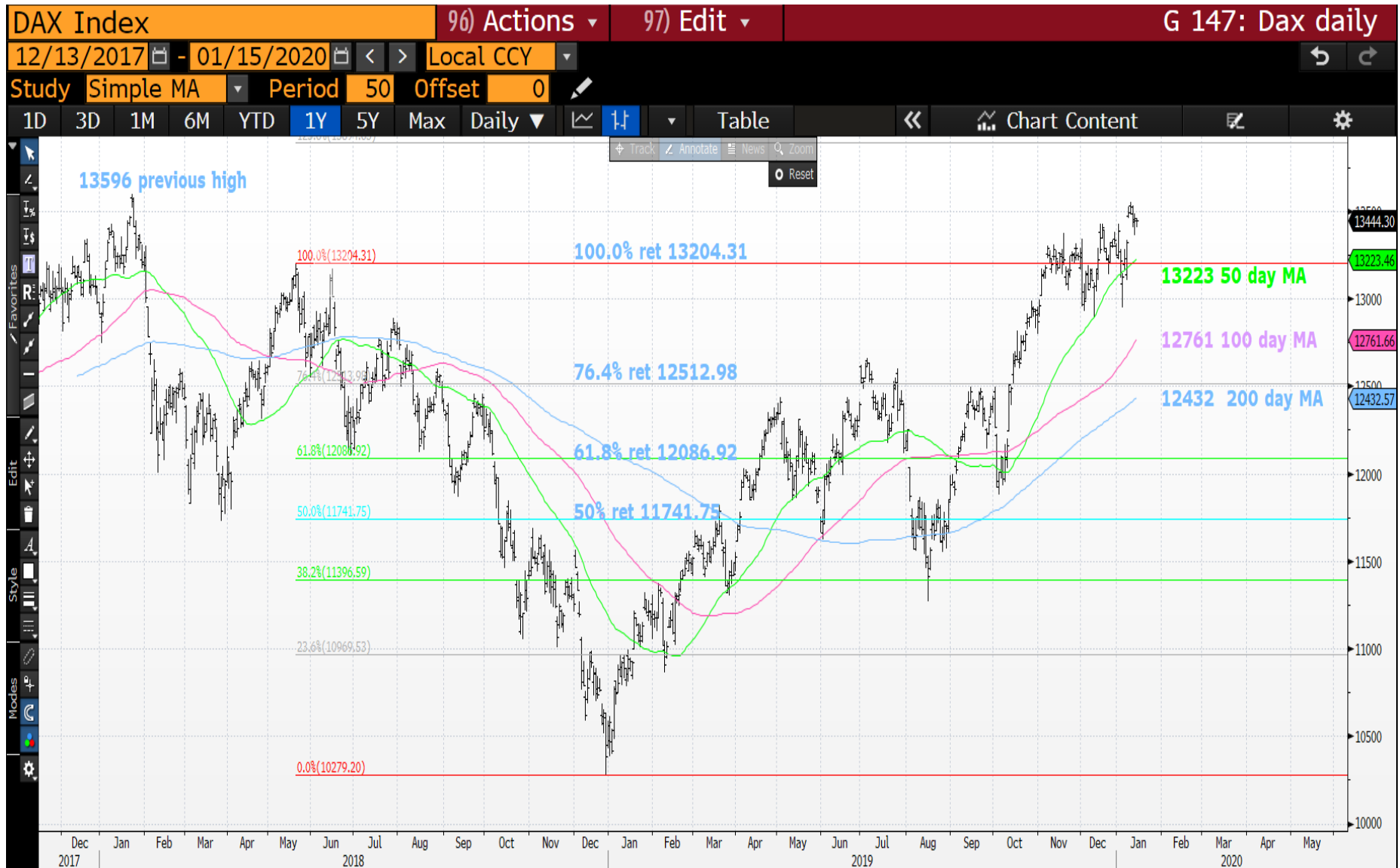
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DAX monthly : This continues to grind higher.

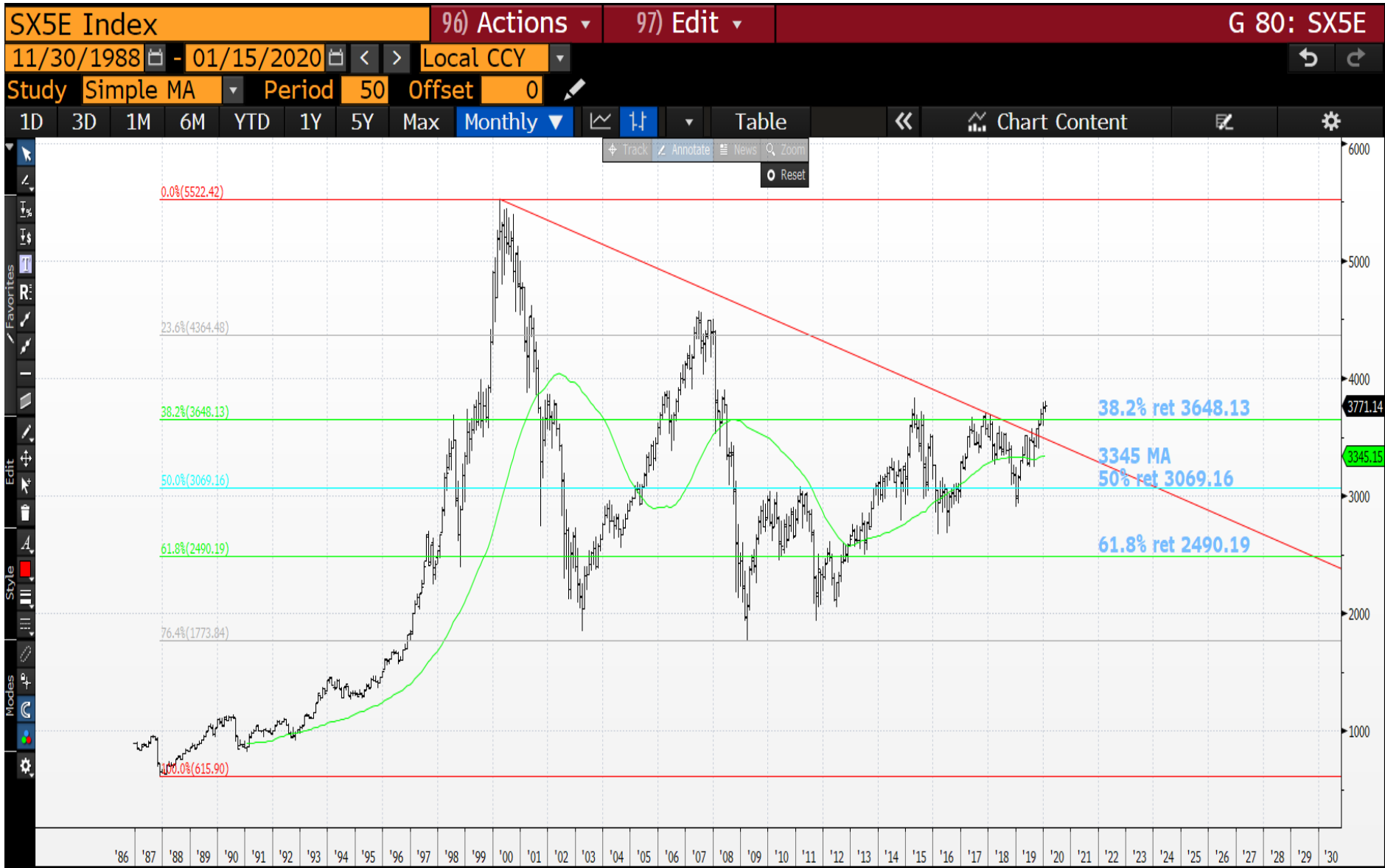


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DAX daily : We HELD the reliable 50 day moving average 13223 and have a new high, seems nothing will shake the equity buyers.

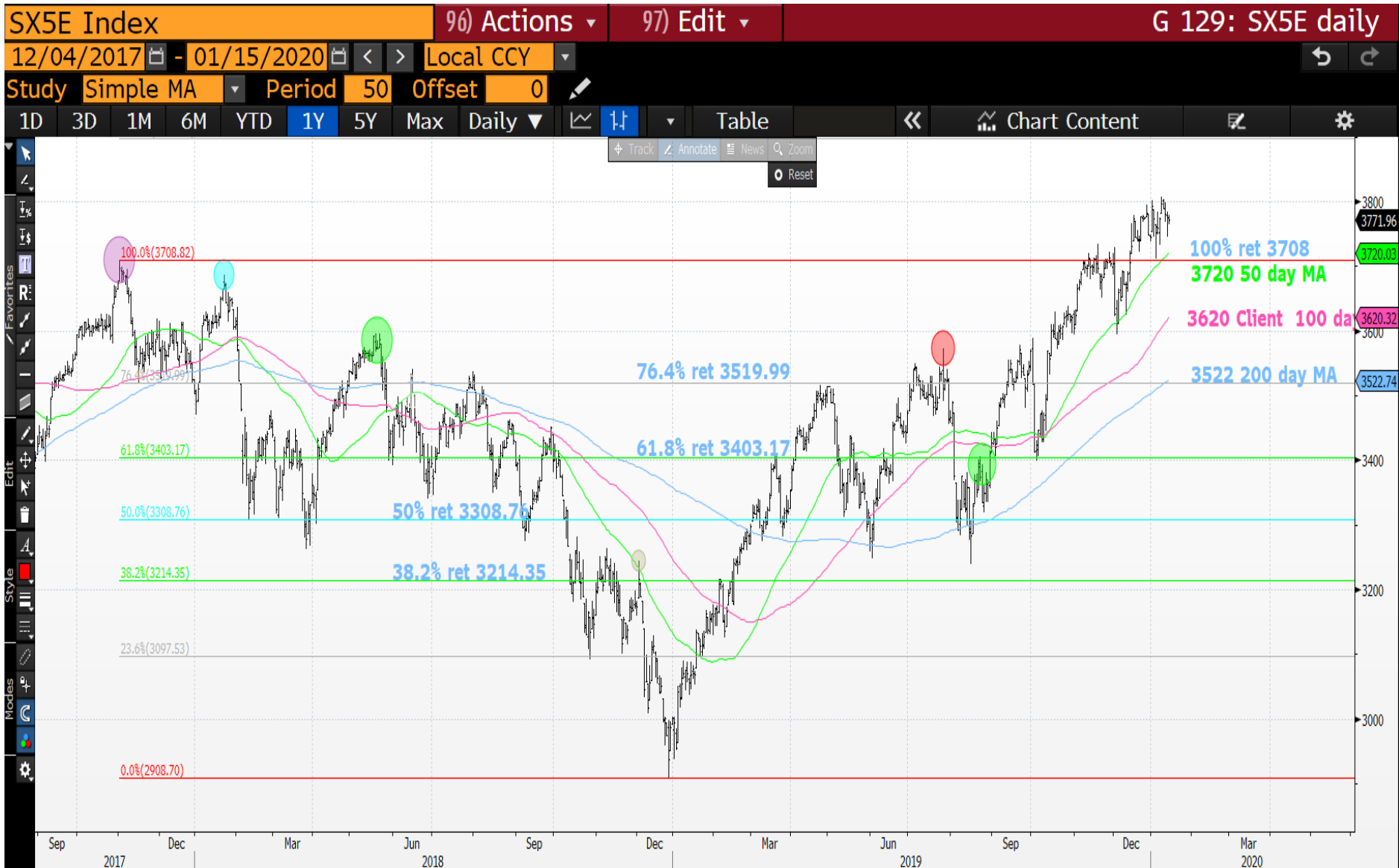


Eurostoxx monthly : New highs again!

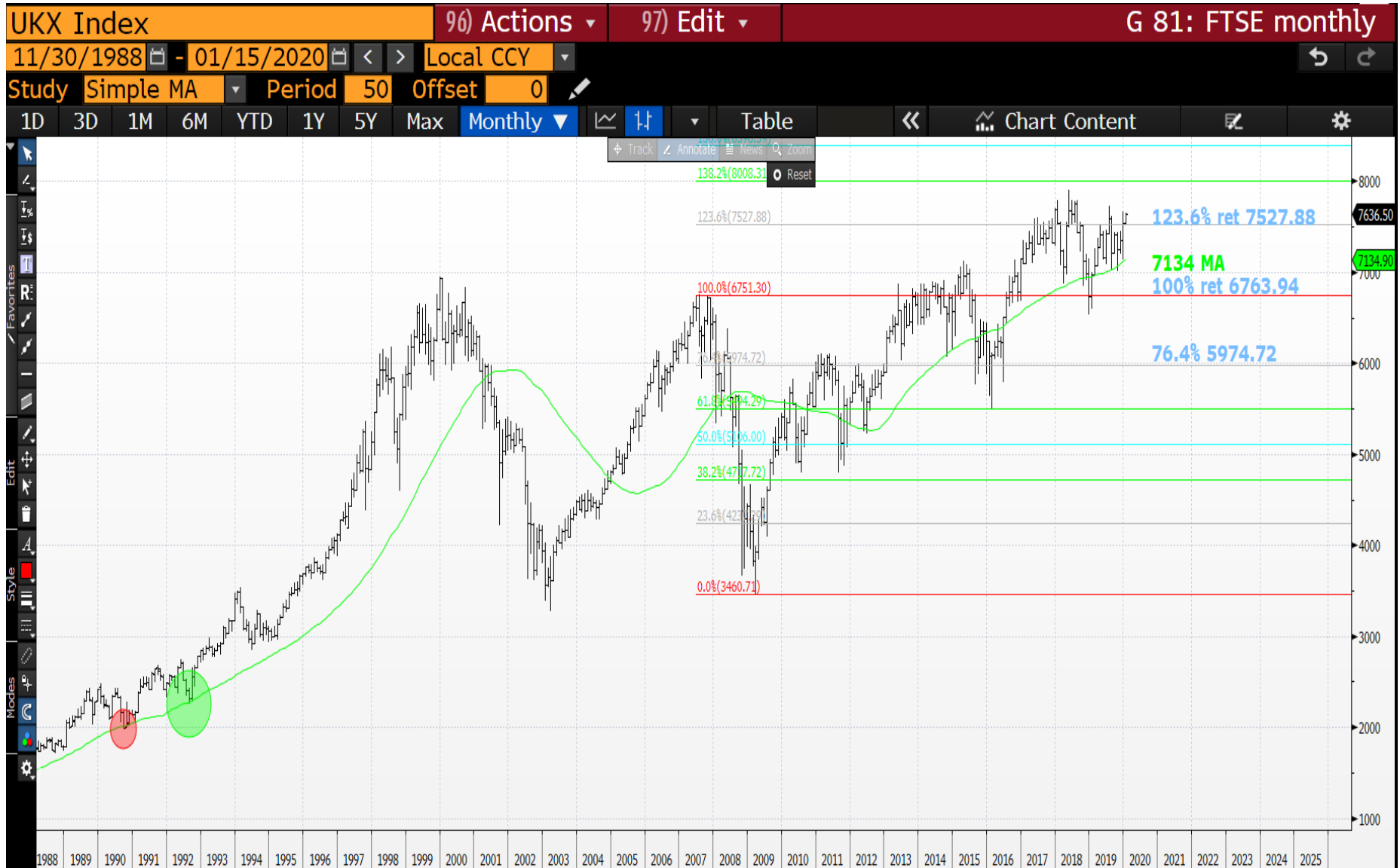


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Eurostoxx daily : We are off the highs but do need to breach the 3720 moving average before any trend is breached.

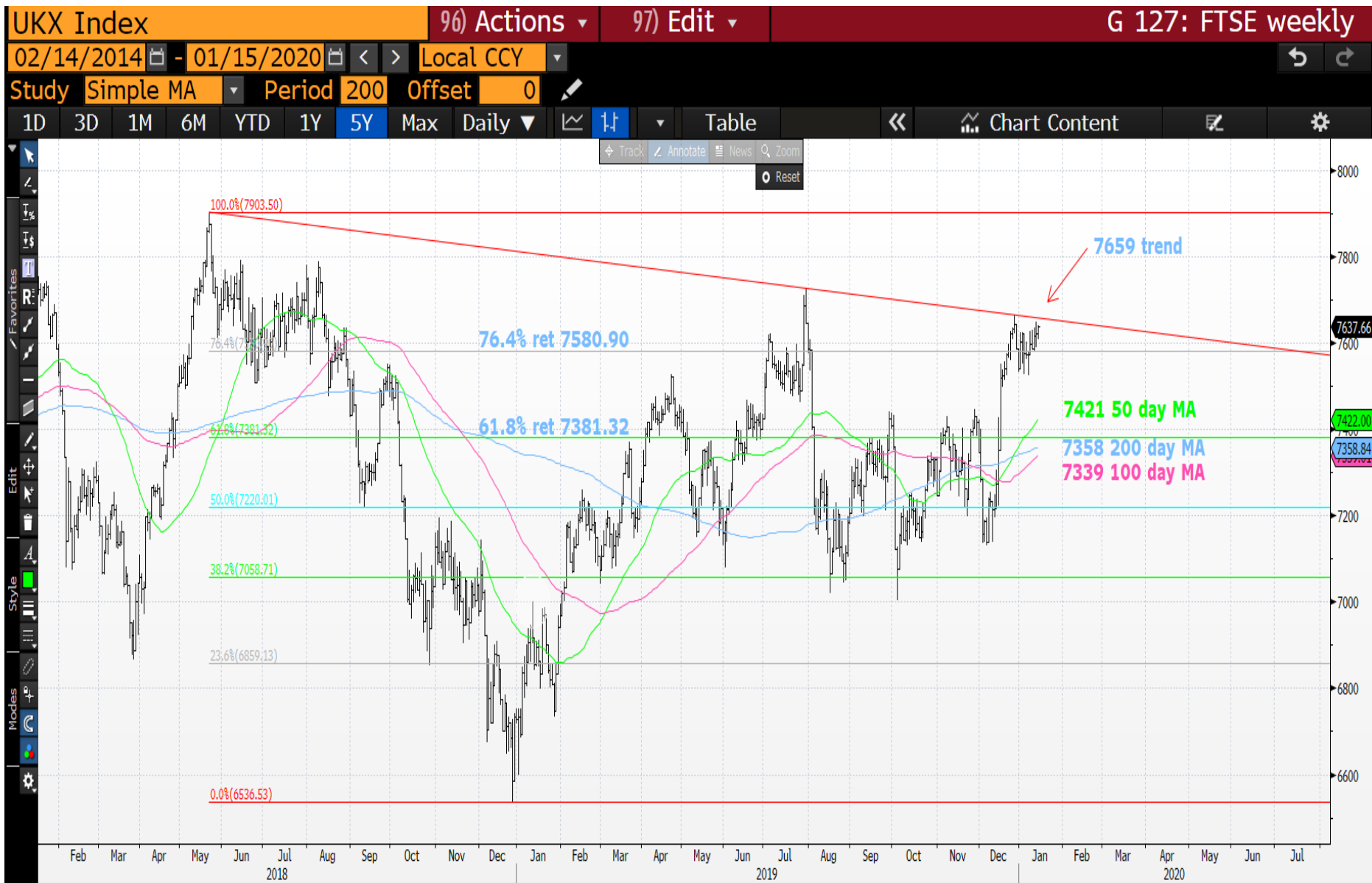


FTSE monthly : No issue here certainly whilst we remain above the 123.6% ret 7527.88.



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FTSE monthly : Ideally we can remain sub the 7659 trend line high.

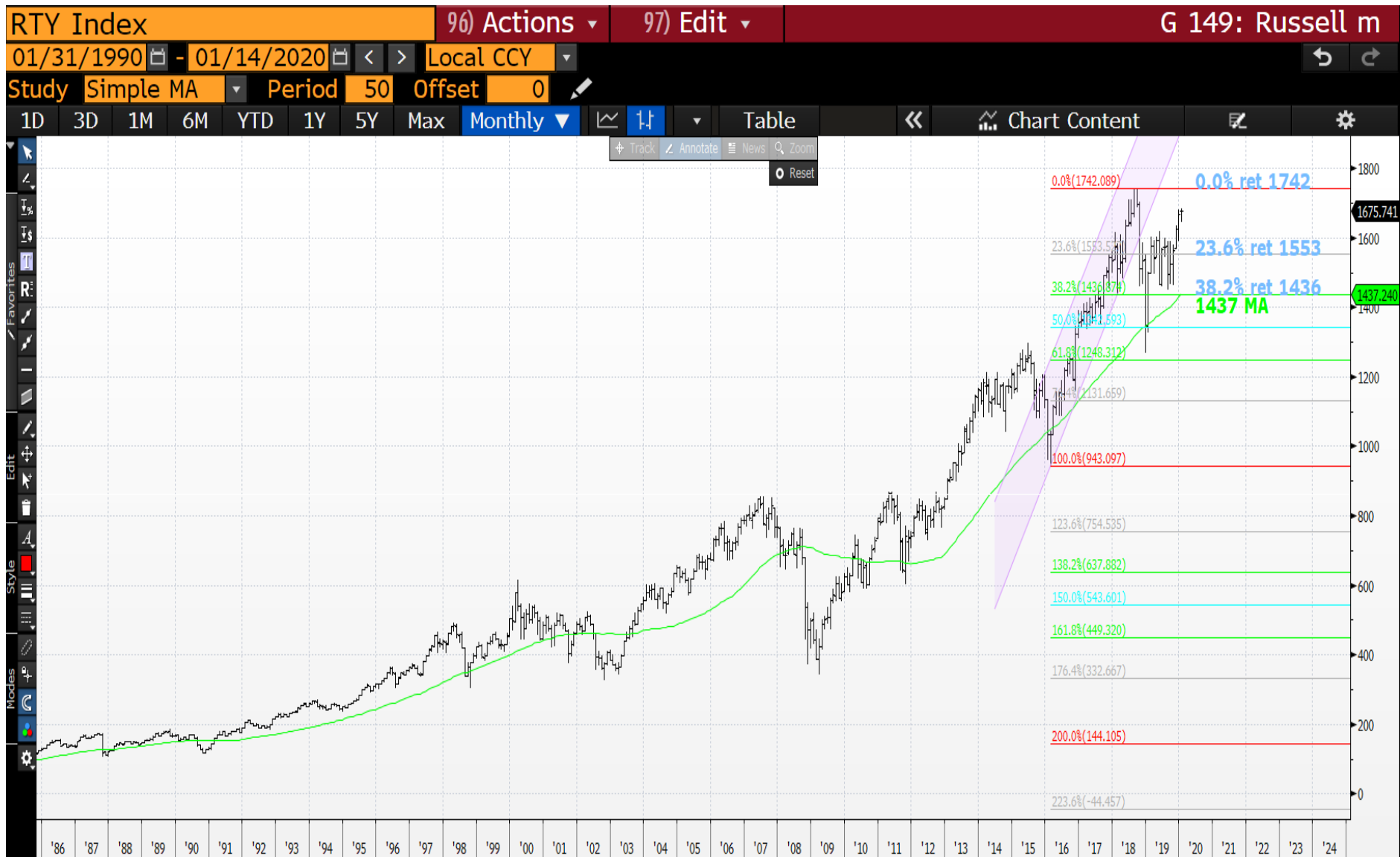


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DOW weekly : Despite new highs recently this does feel a VERY over stretched situation.



Russell monthly : No major statement here just similar to others we are sub last months high.



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CCMP monthly : This remains a positive chart whilst in the channel 8516, relentless.

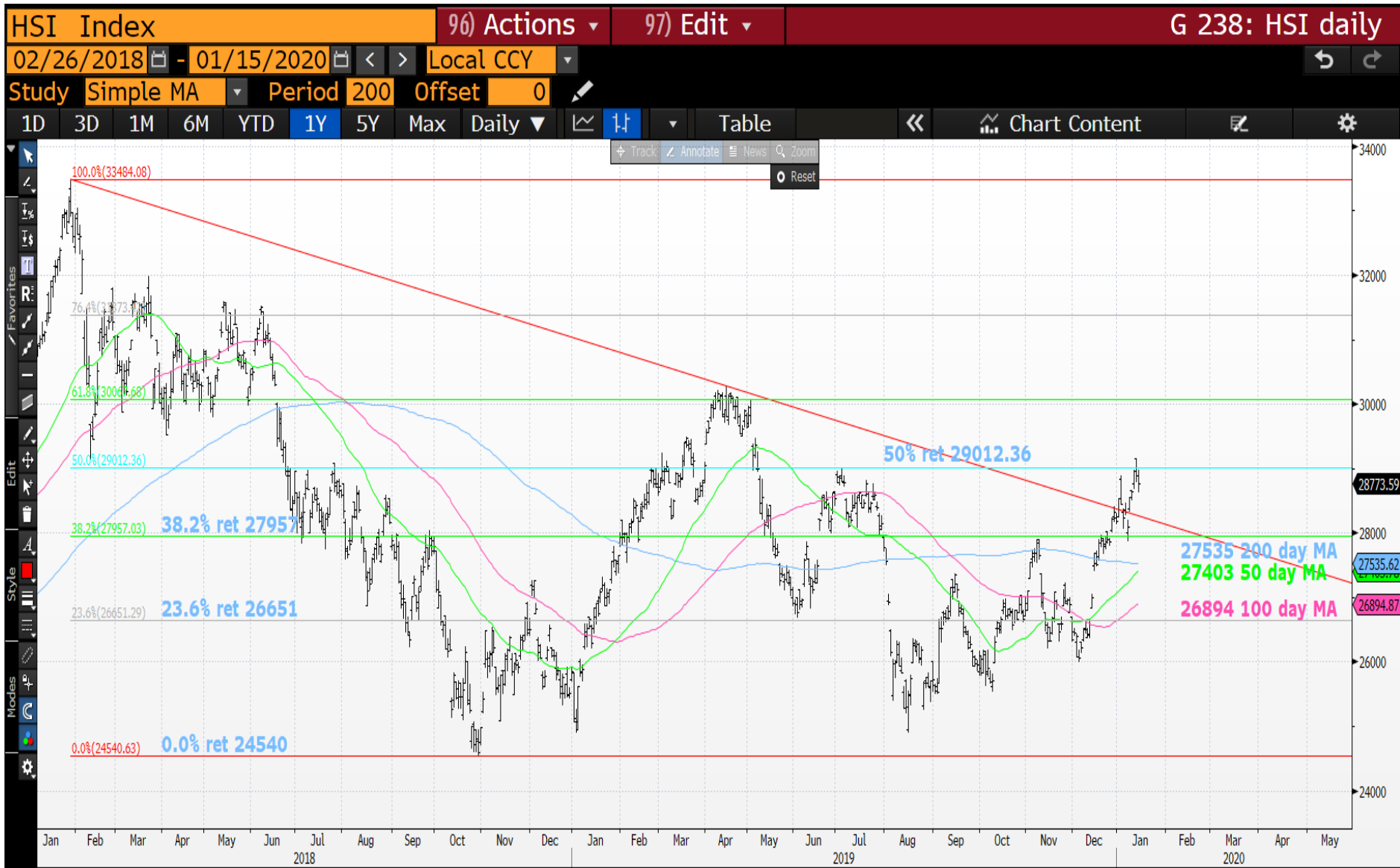


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Hang Seng monthly : Again little reaction, but potential TOP.



Hang Seng daily : Key chart given we have REVERSED back through the 50.0% ret 29012.36.



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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