

**BOND YIELDS CONTINUE TO GRIND LOWER REPLICATING THE MOVE OF 2011-2012, THIS WITHOUT EQUITIES DESPITE, MANY IN A VERY OVER BOUGHT STATE. A KEY RUN INTO MONTH END.**

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

- 1. BOND YIELDS LOWER? YIELDS CONTINUE TO GRIND LOWER WITH GERMANY POISED TO BREACH MAJOR LEVELS, TIME TO REPLICATE THE 2011-2012 SCENARIO.**
- 2. COMMODITES 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.



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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) : Progress is slow but we have remained sub the 38.2% ret 2.5001-2.4973 moving average.



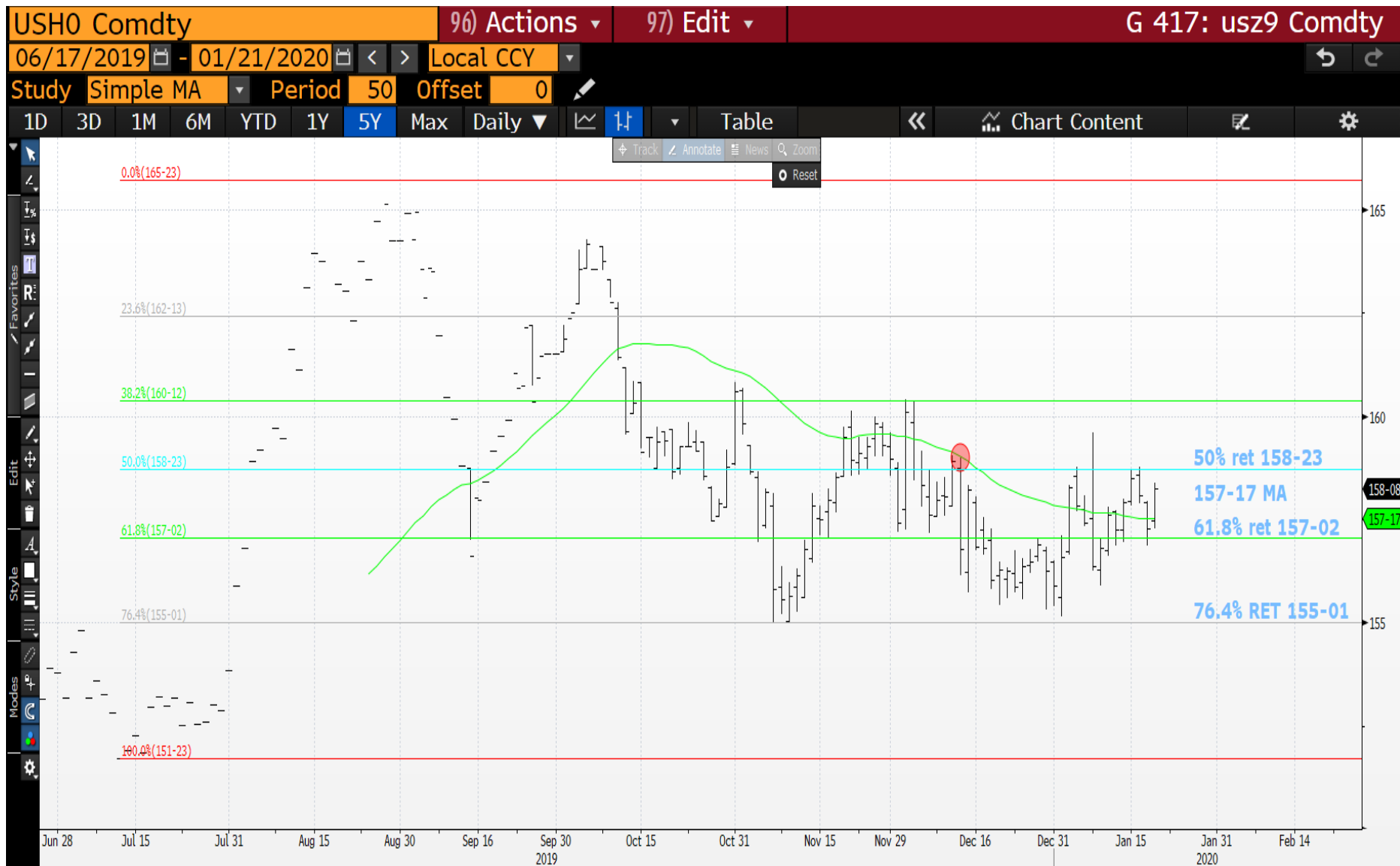
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USGG30yr yield daily : \*ONE TO WATCH\* The key here is to close the week below the 100 day moving average 2.2248. Again the RSI is of NO use.



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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.



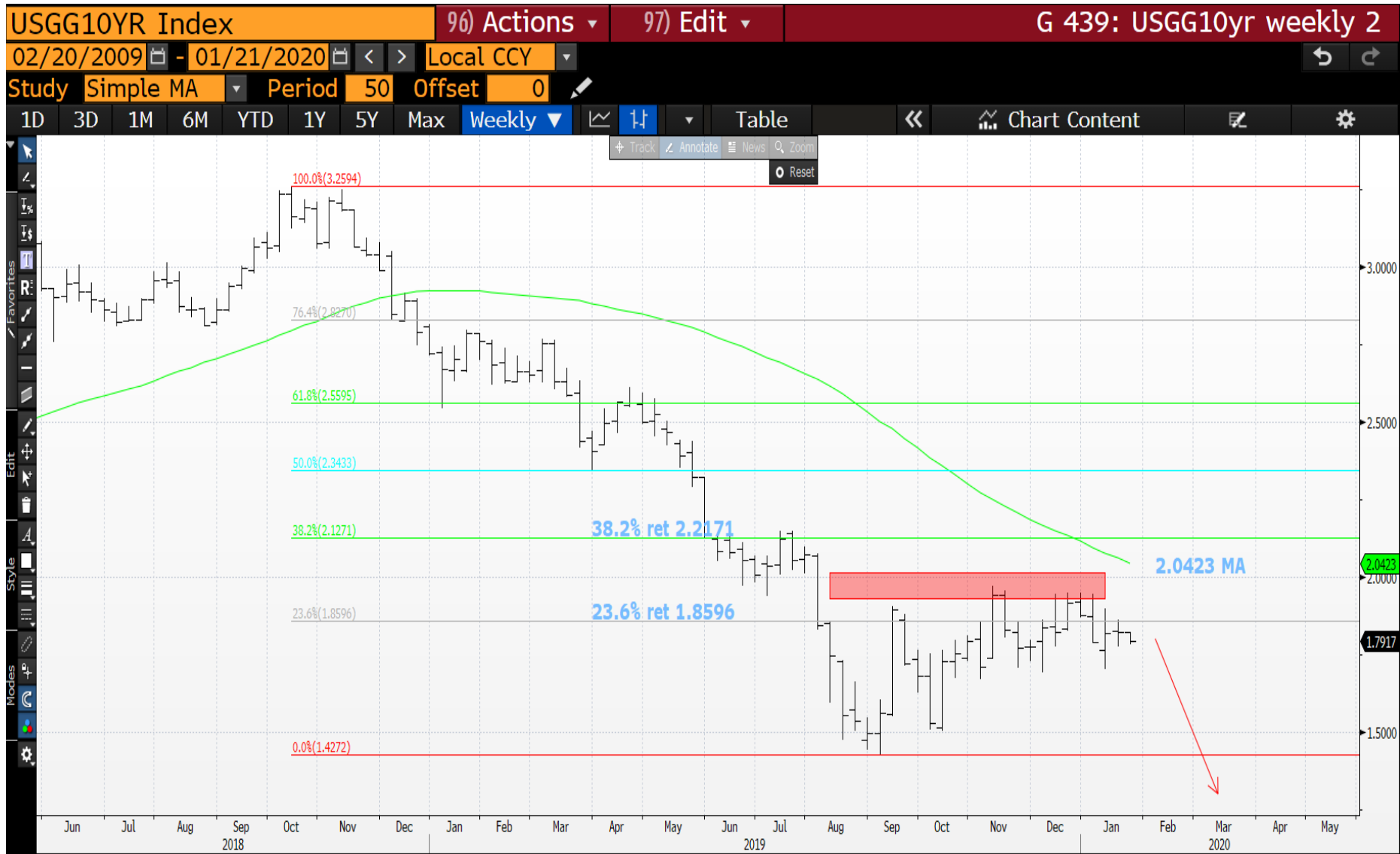
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# US 10yr yield weekly (Taken from Feb 2011 high to July 2012 low): That time we fell SHY of the retracement and MOVING AVERAGE.



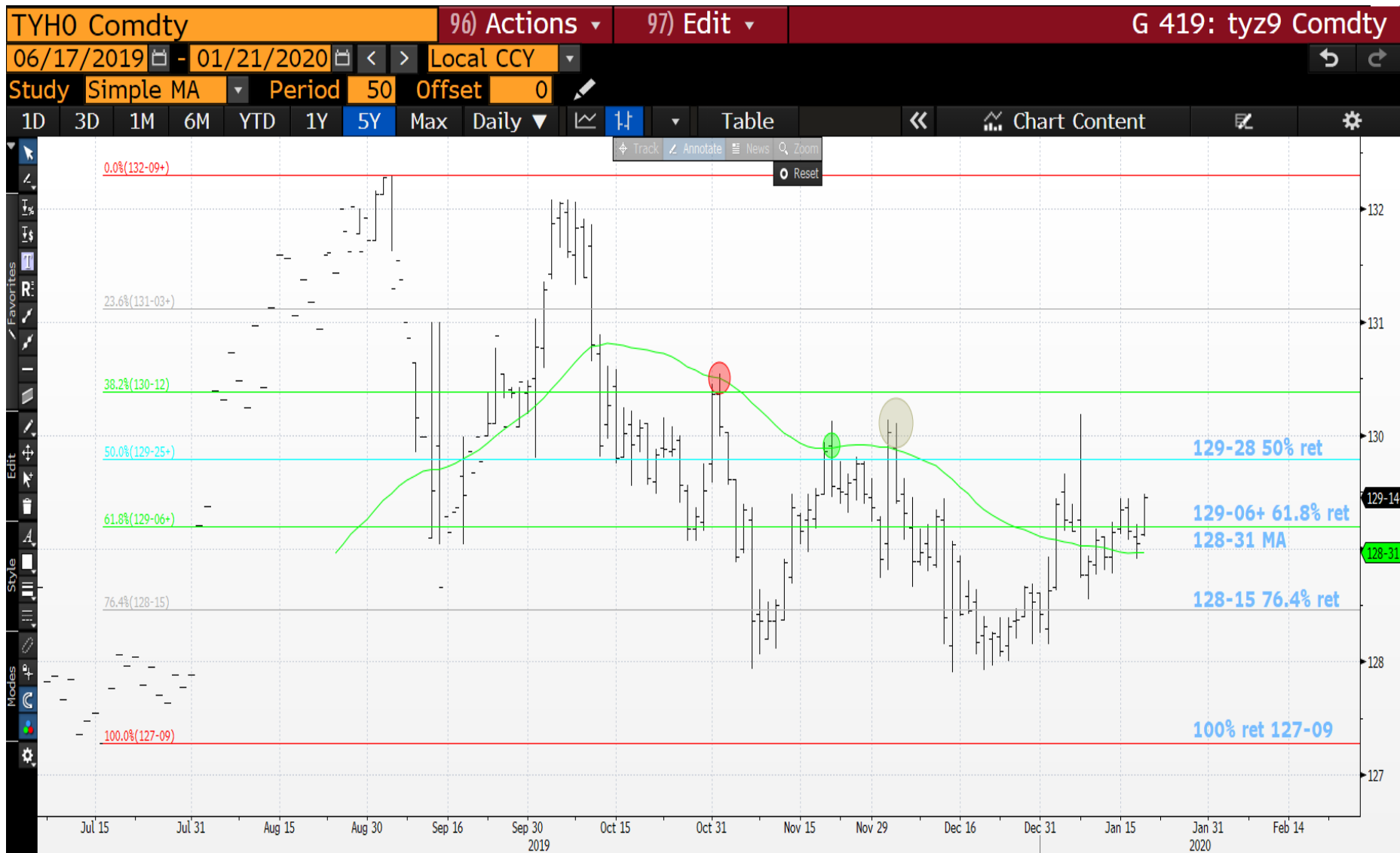
US 10yr yield weekly (Now) : A lot riding on this weeks close. Providing we remain sub the 23.6% ret 1.8596 level we should head lower.



USGG10yr daily : Ideally a close sub the 1.7595 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-grinding higher.



USGG5yr quarterly : \*\* Critical chart \*\* The key here is to remain sub the RELIABLE 1.8087 moving average. This could become a very historical rejection and see HISTORY being repeated. The RSI could be argued either way.



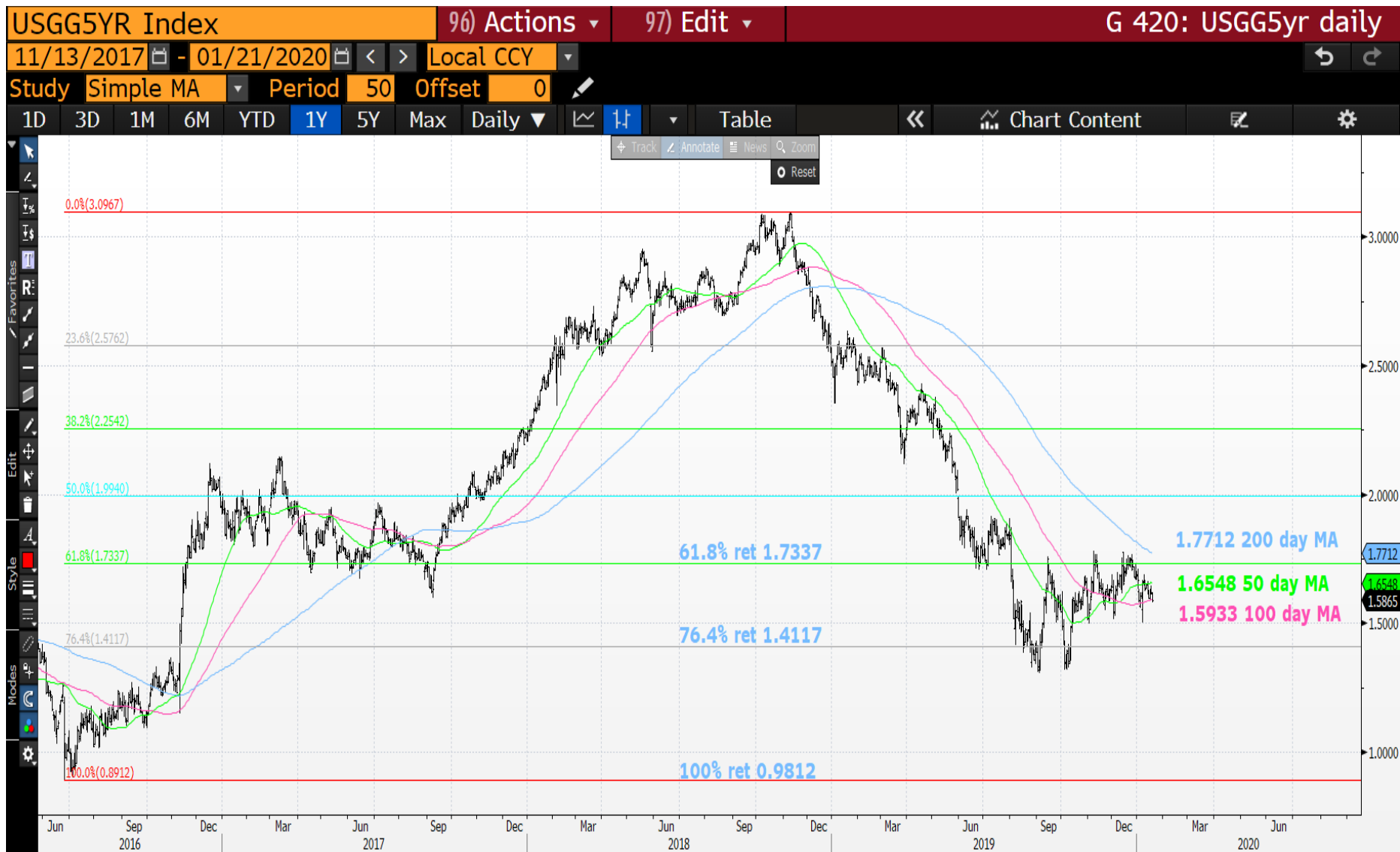
USGG5yr weekly (Taken from Feb 2011 high to July 2012 low) : That time the bounce was ONLY to the 23.6% ret 1.1520 indicating a very LAME bounce.



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

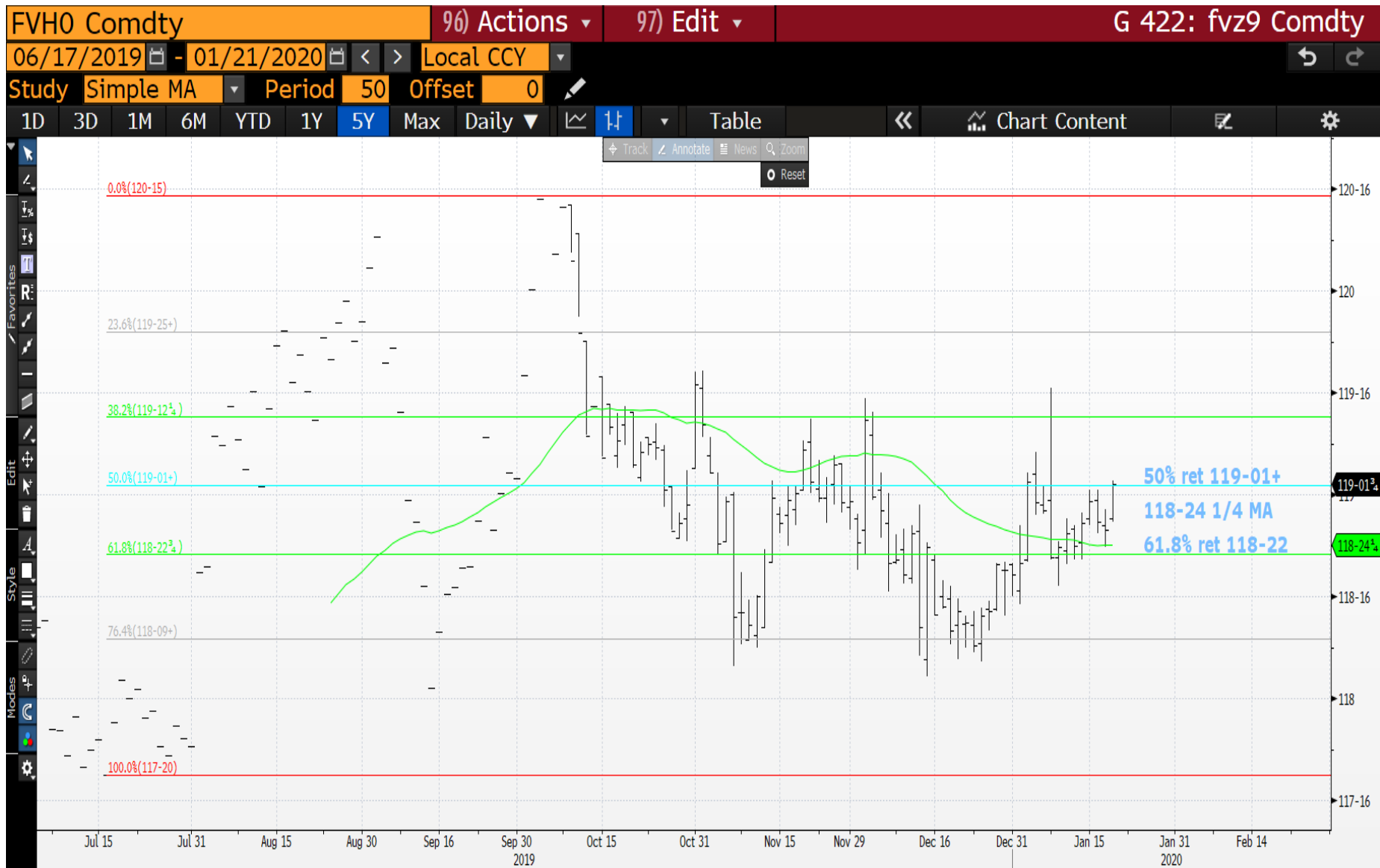


USGG5yr daily : Again we have failed to impact the 200 day moving average 1.7712. As before the CLOSE needs to be below 1.500%.





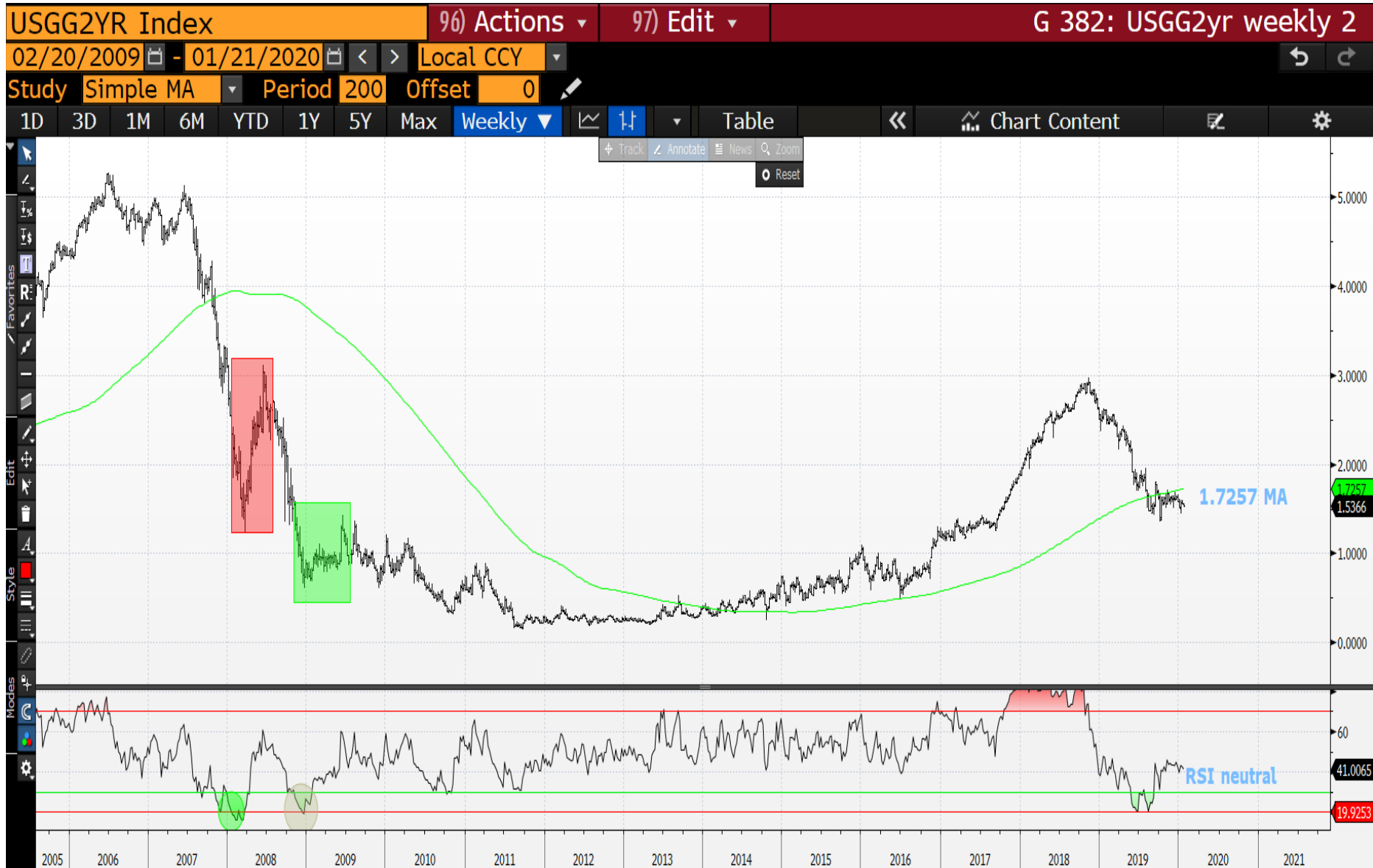
# US 5yr futures daily : Back on track higher given a perfect HOLD of the 118-24 ¼ moving average.



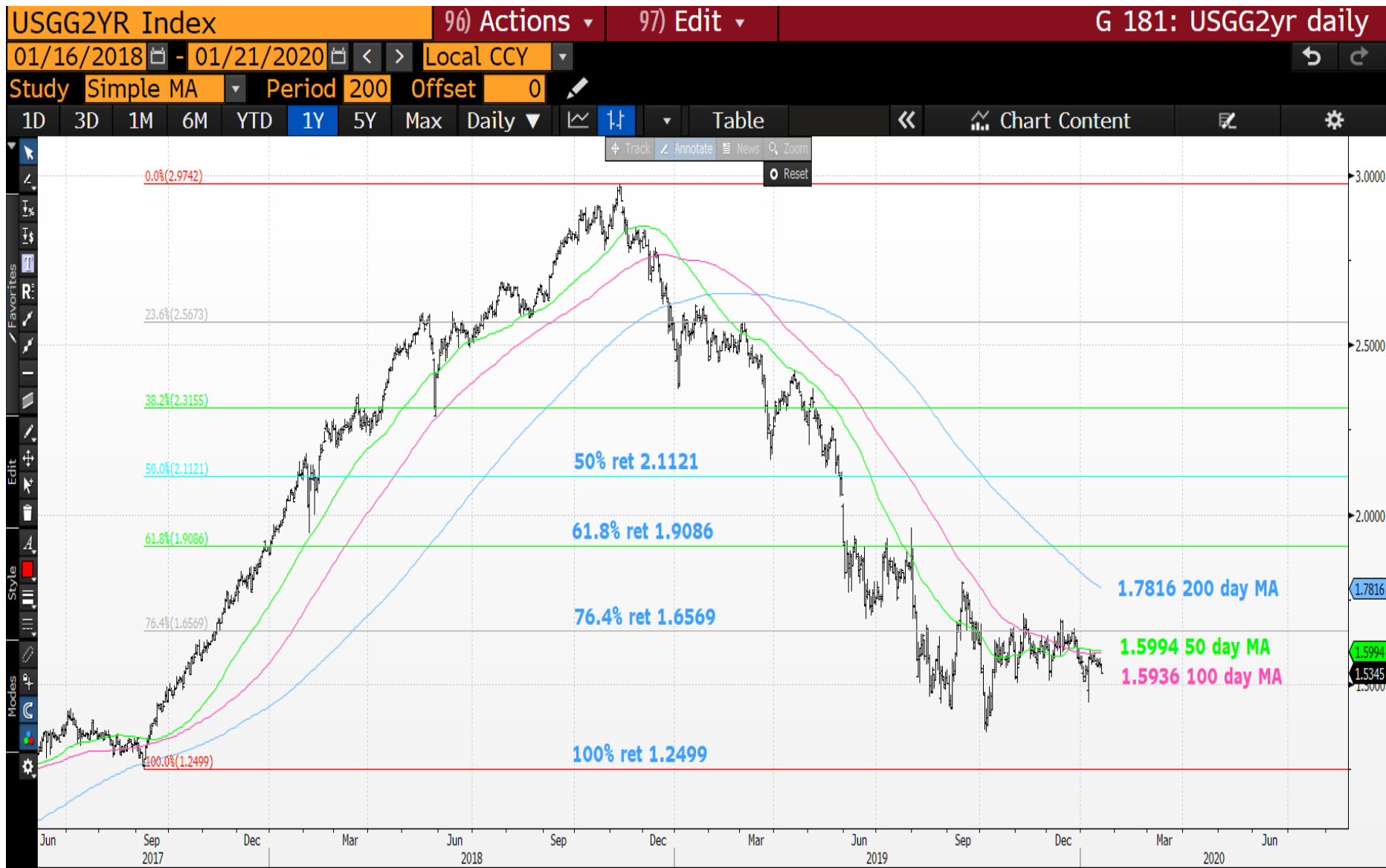
USGG2yr monthly : We have a new yield low. This could be another KEY chart given we have not been able to breach the 23.6% ret 1.7448.



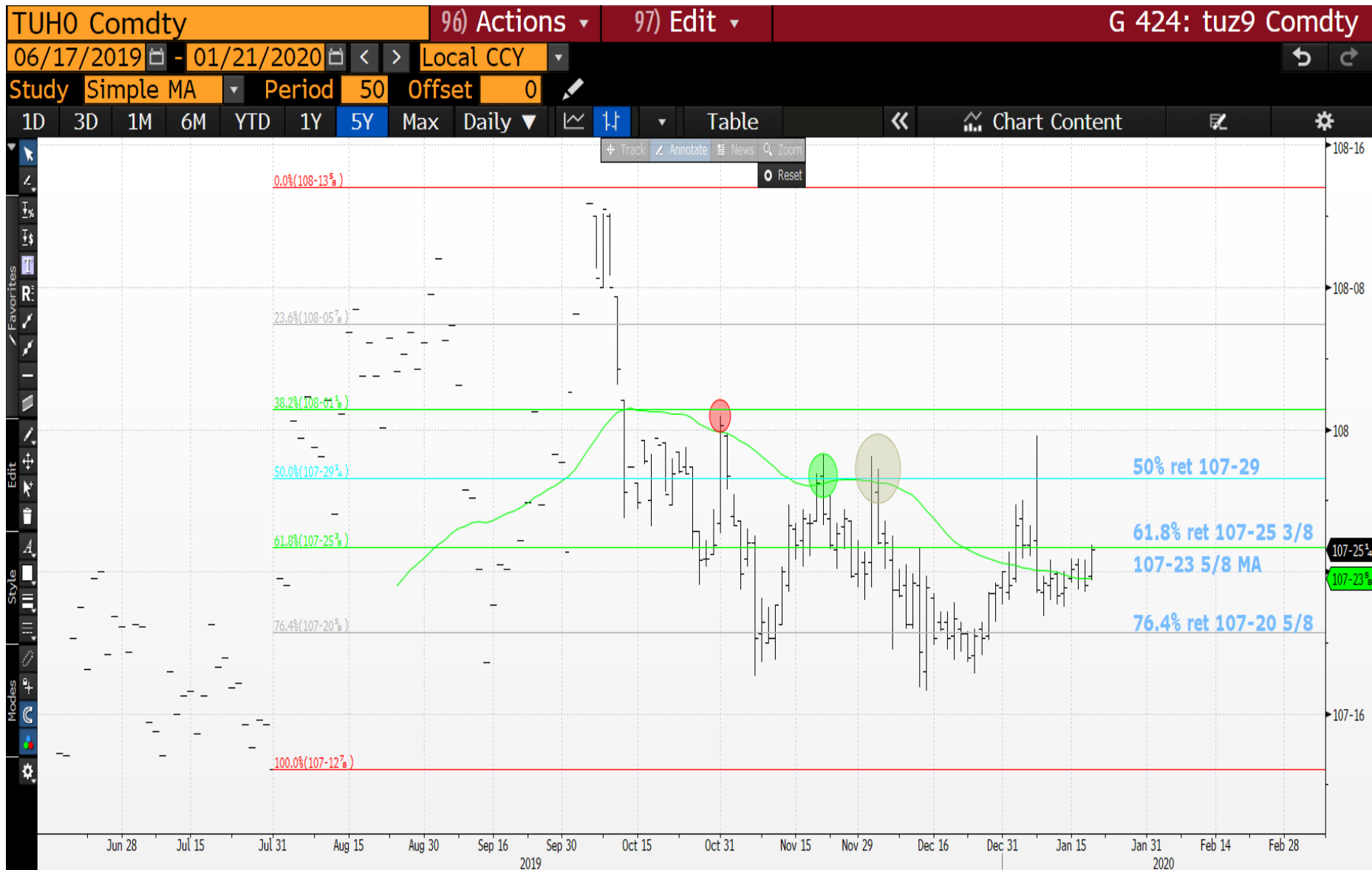
USGG2yr weekly : We persist in failing the prominent 1.7257 moving average. Lets see what the weekly close brings.



# USGG2yr daily : \*\*Further evidence of the STRUGGLE.\*\* A CLEAR rejection of ALL moving averages.



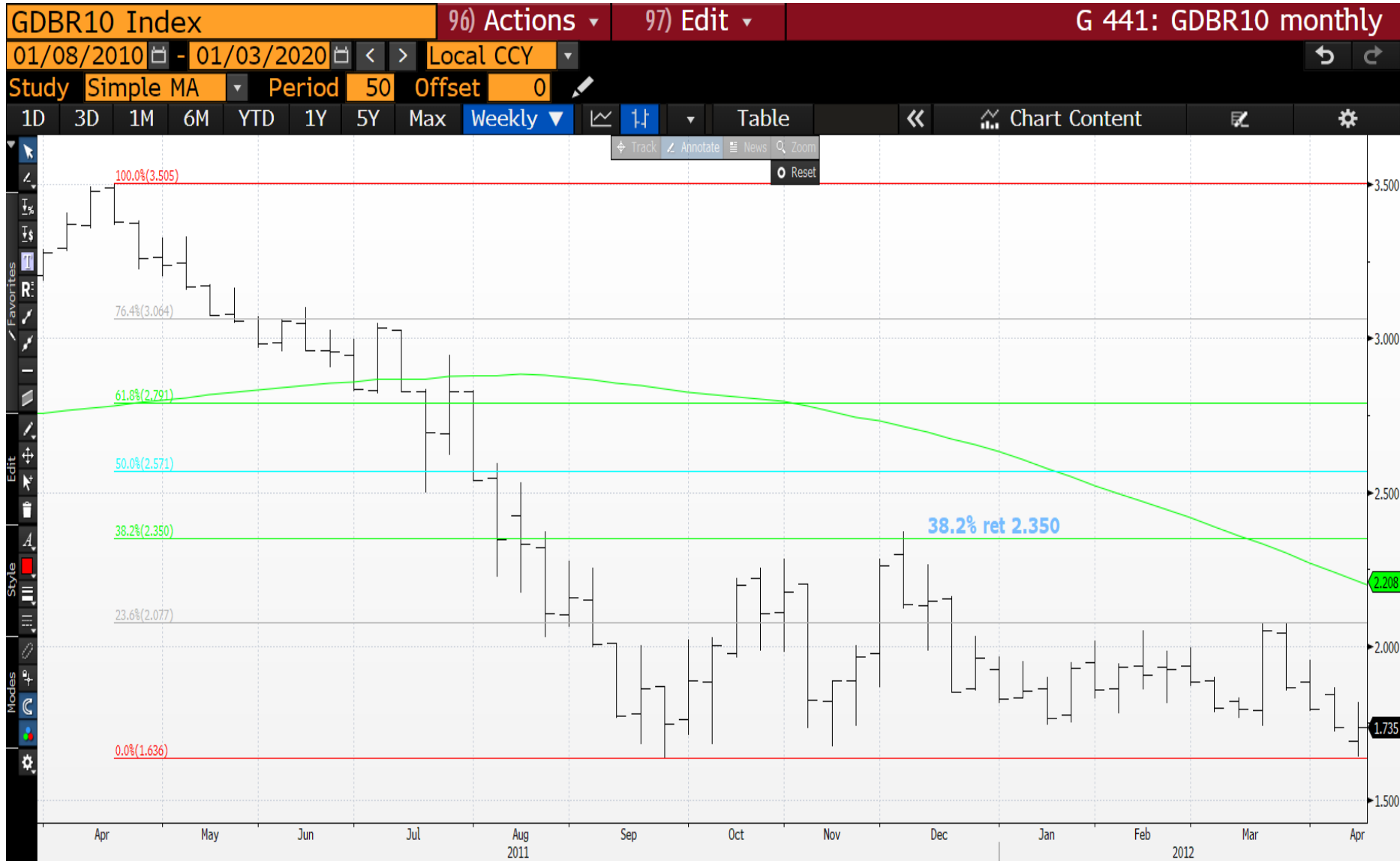
US 2yr future daily : A close above the 61.8% ret 107-25 5/8 should help the RALLY.



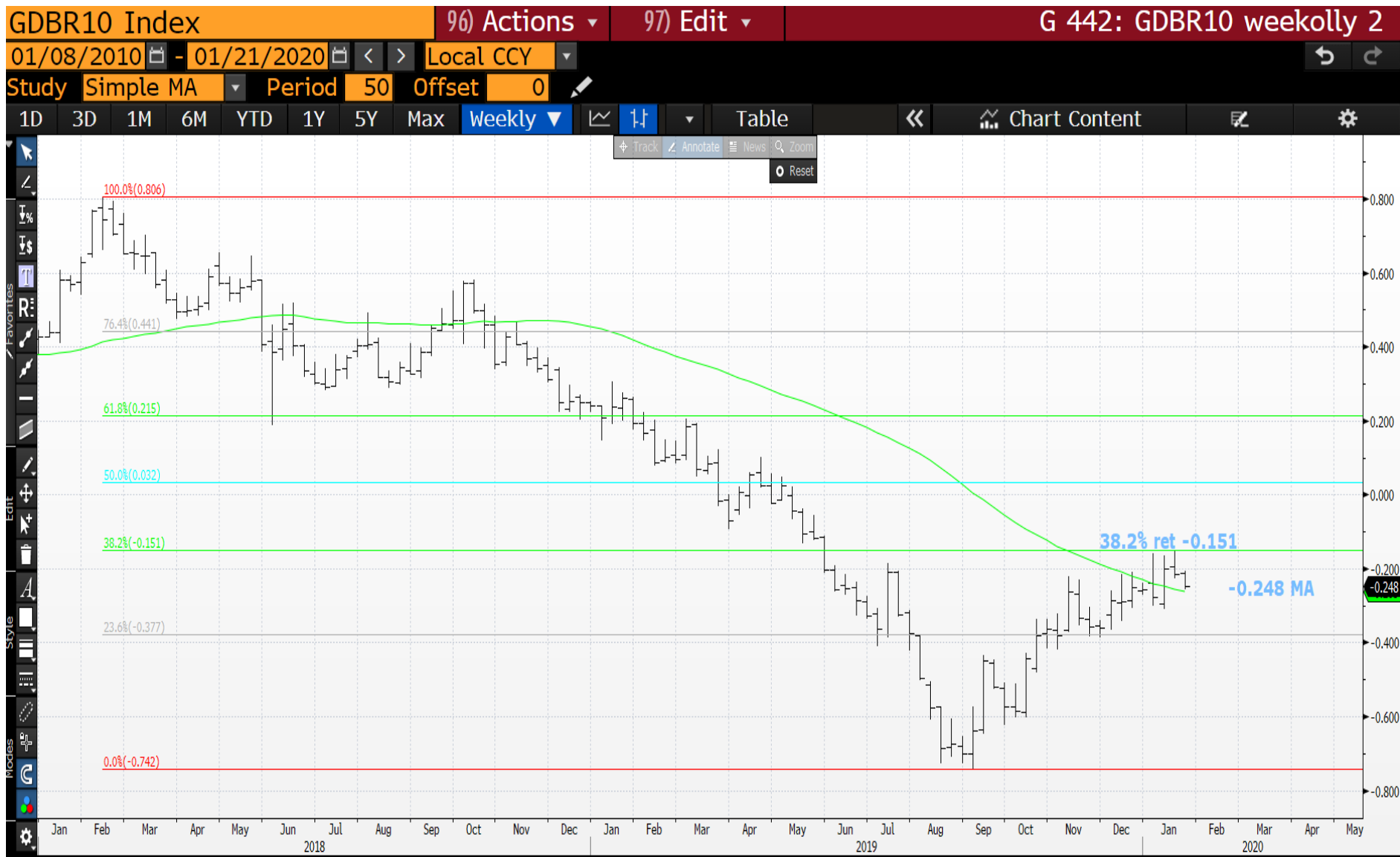
Generic German 10yr quarterly : This has been a VERY KEY chart, so significant if we re-enter the CHANNEL -0.293.



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.

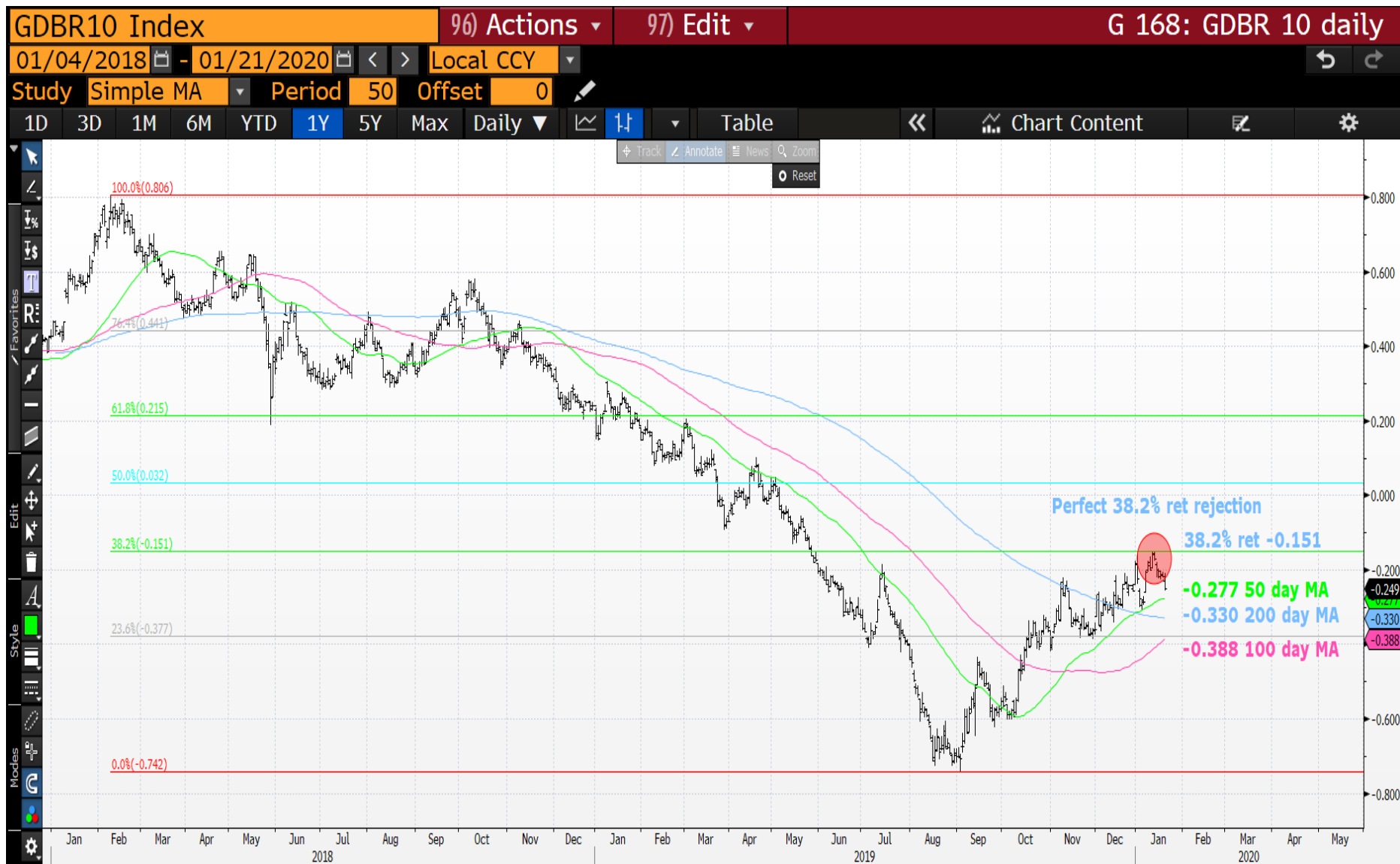


Generic German 10yr weekly (Now) : \*\* A NEAR PERFECT CHART \*\* A simple rejection of the 38.2% ret -0.151, all we need now is to breach the -0.248 moving average.

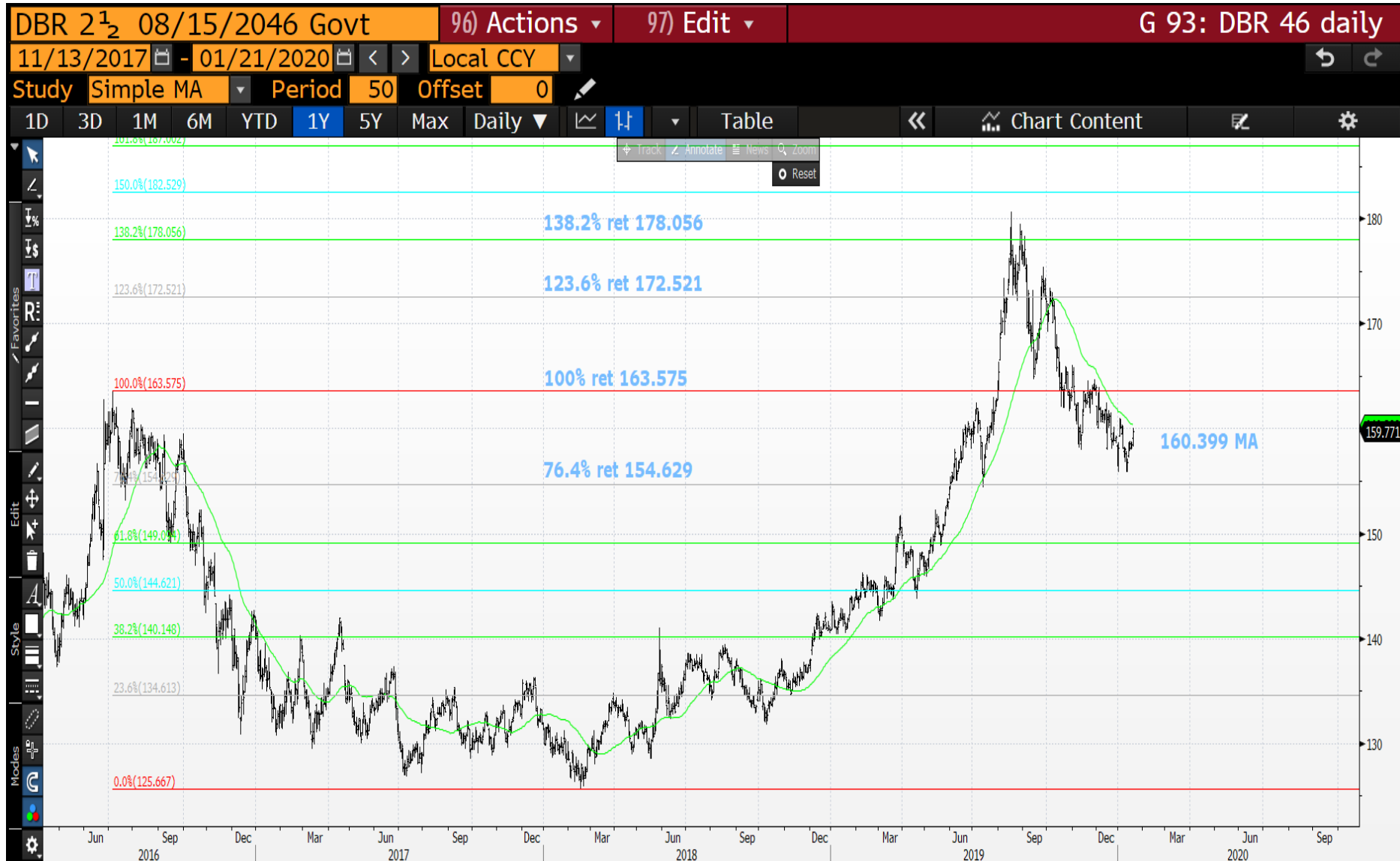




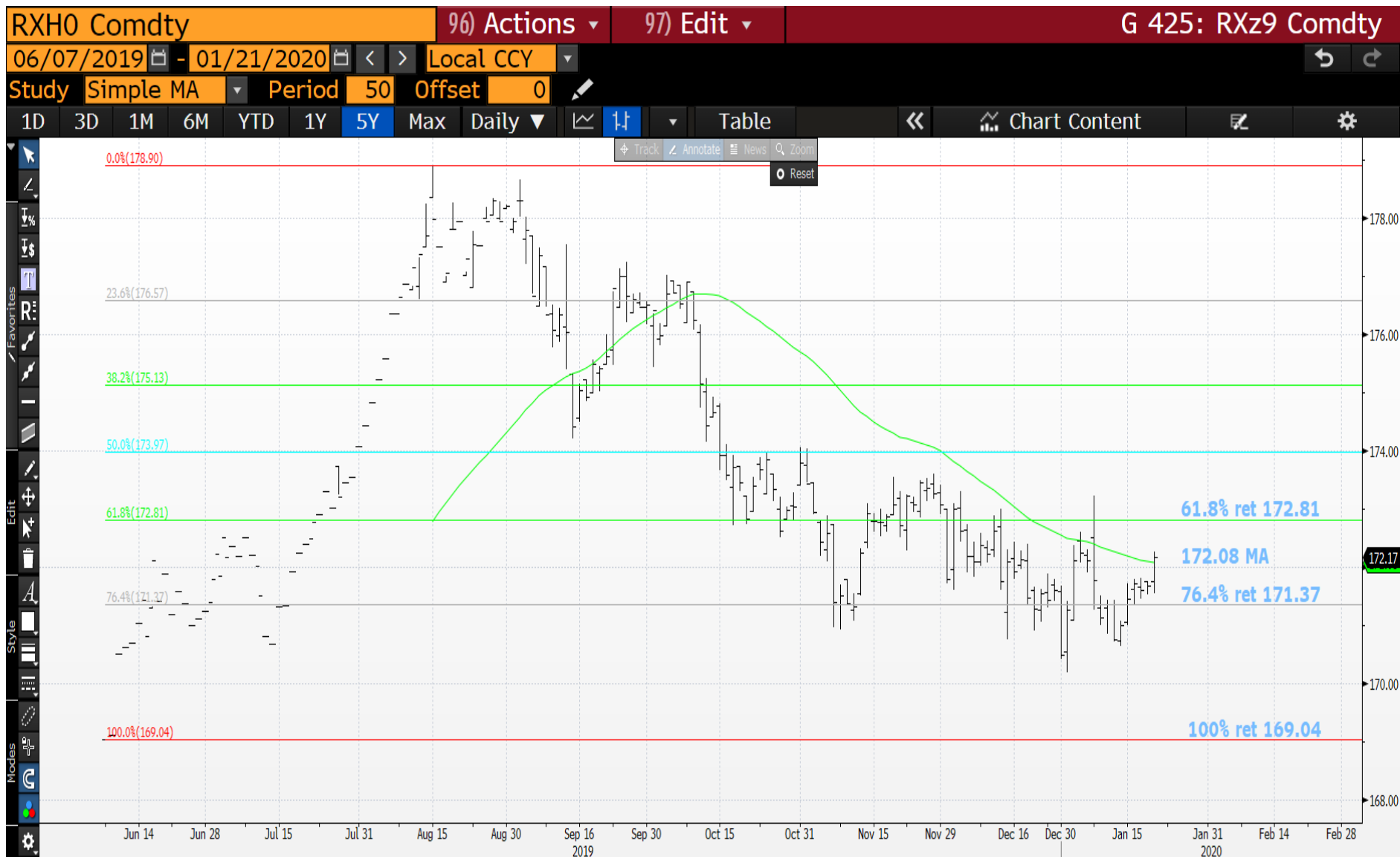
Generic German 10yr daily : Given we have failed the 38.2% ret we just need to start impinging on the moving averages.



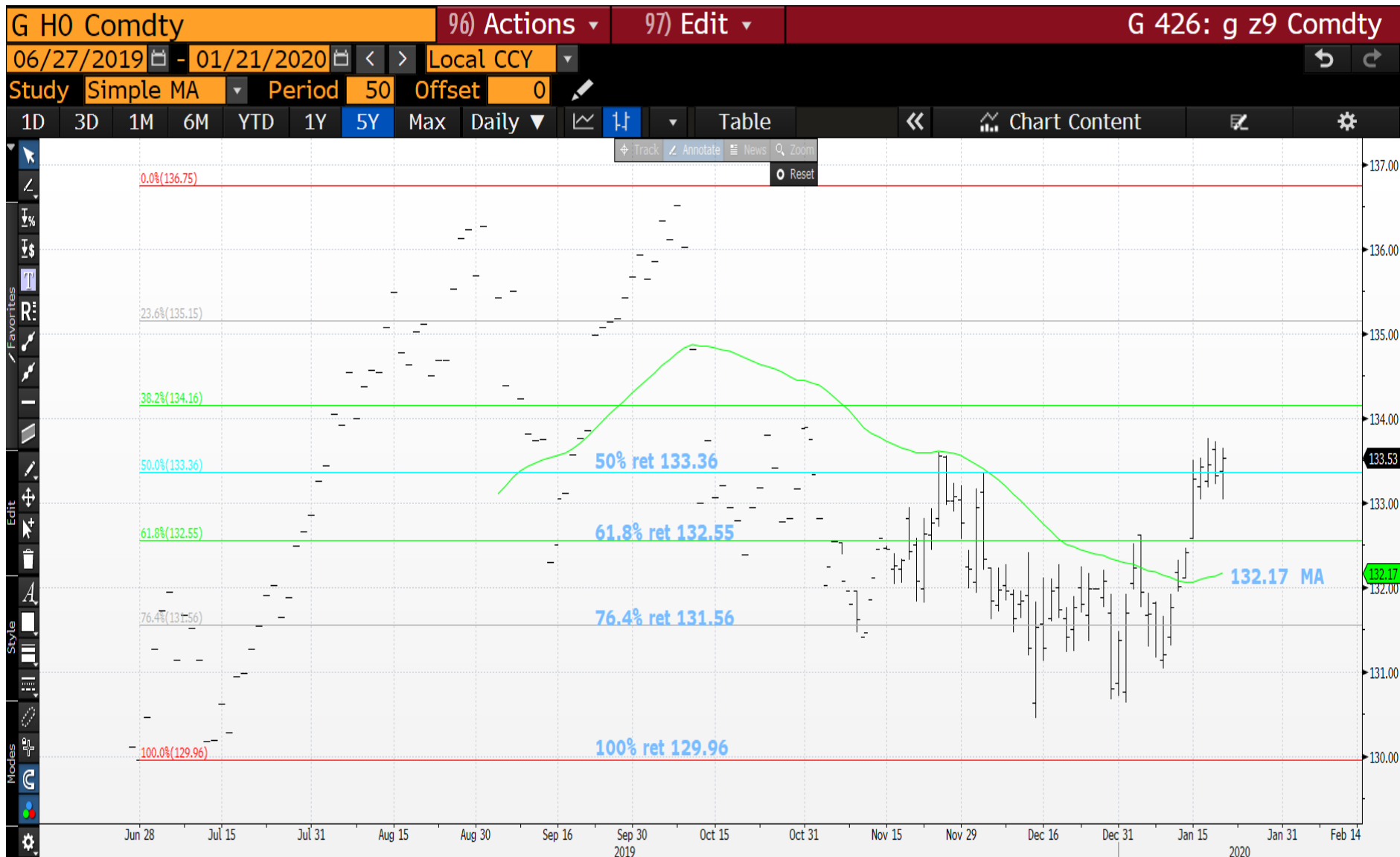
DBR 46 daily : This remains a KEY chart especially if we breach the reliable 160.399 moving average.



Bund future daily : A lot of work to do but we seem to of BASED and nudged above the moving average 172.08.



Gilt future daily : Ideally tomorrow we print a new weekly HIGH.



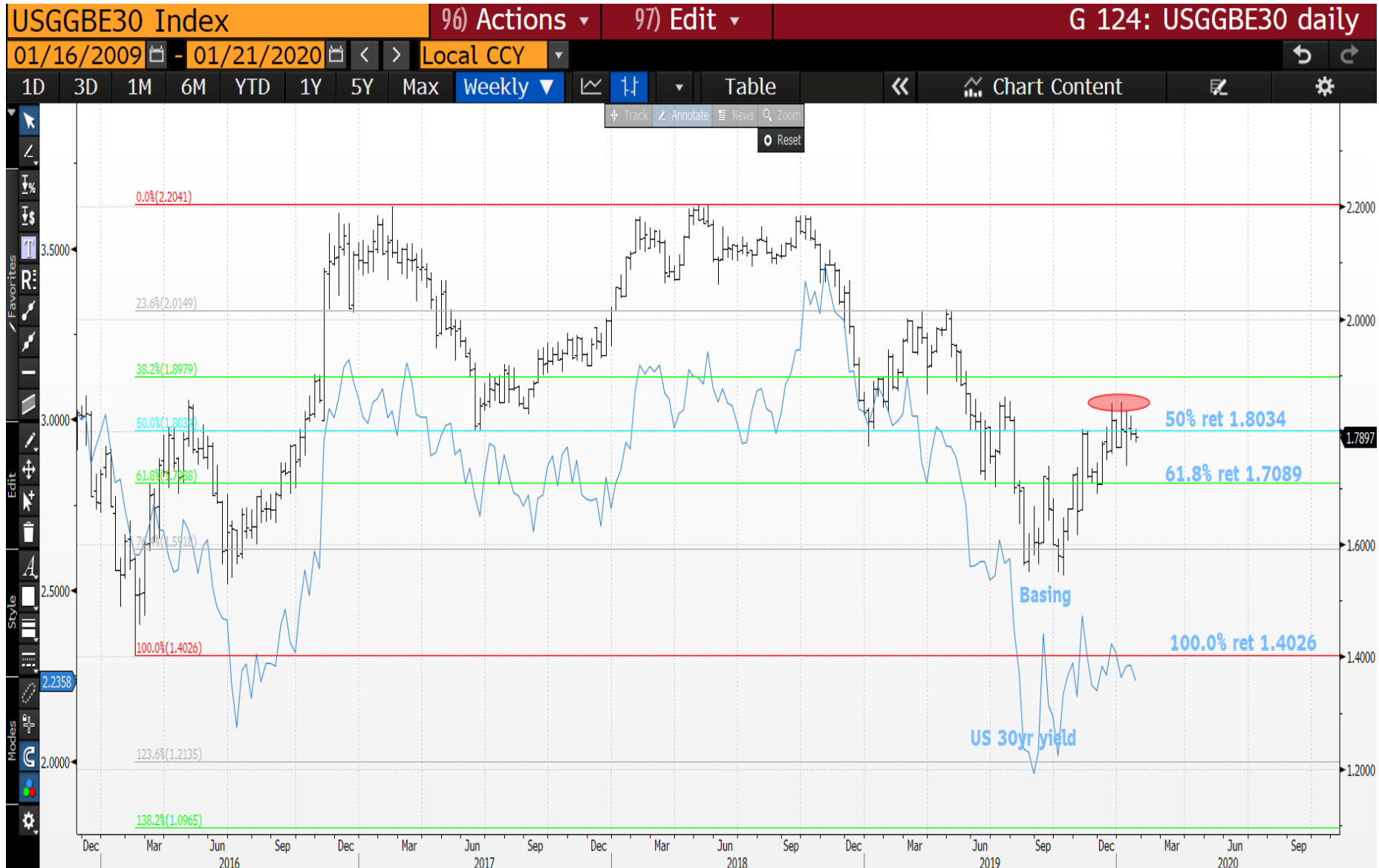
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## US BREAKEVENS :

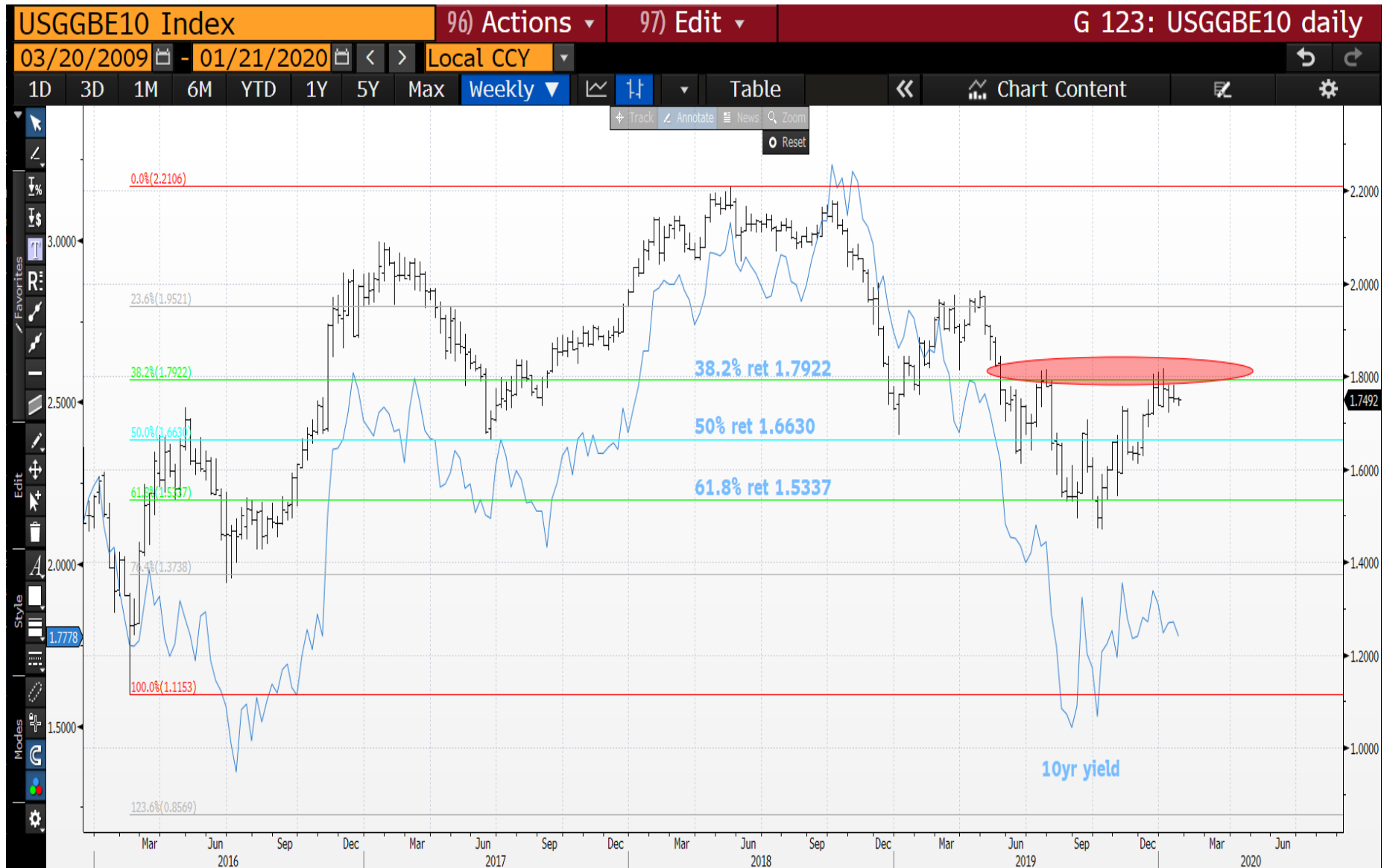
DESPITE THE YIELD LOWER CALL MANY BREAKEVEN CHARTS ARE STILL INDICATION FOR A MOVE HIGHER, WE SHALL SEE.

MANY CHARTS HAVE BOND YIELD OVERLAYS.

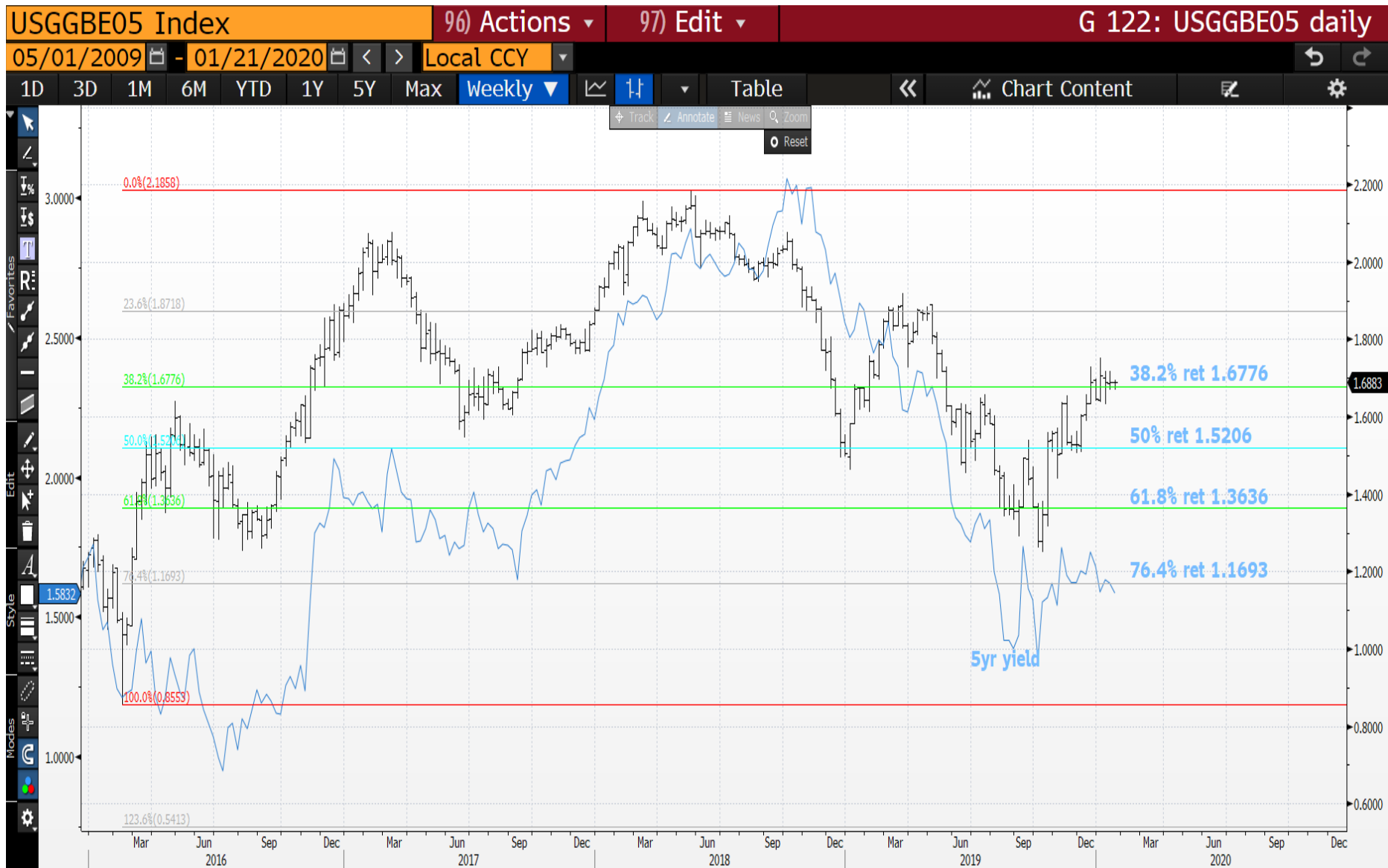
UKGGBE30 and 30yr yield weekly : We look like creating a nasty DOUBLE TOP! A close sub the 50% ret 1.8034 will confirm a STALL.



# 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.



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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.



# 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.



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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.

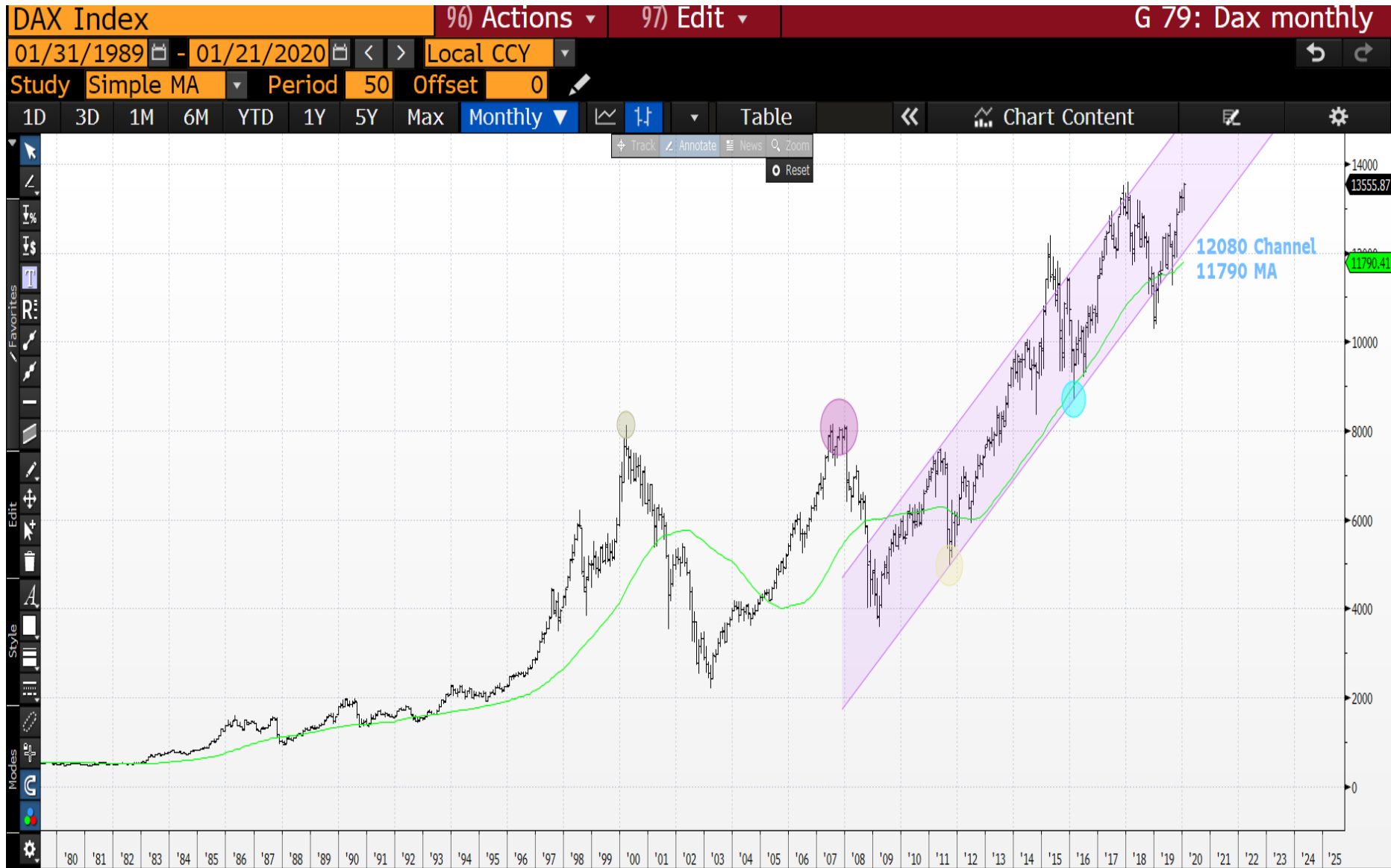


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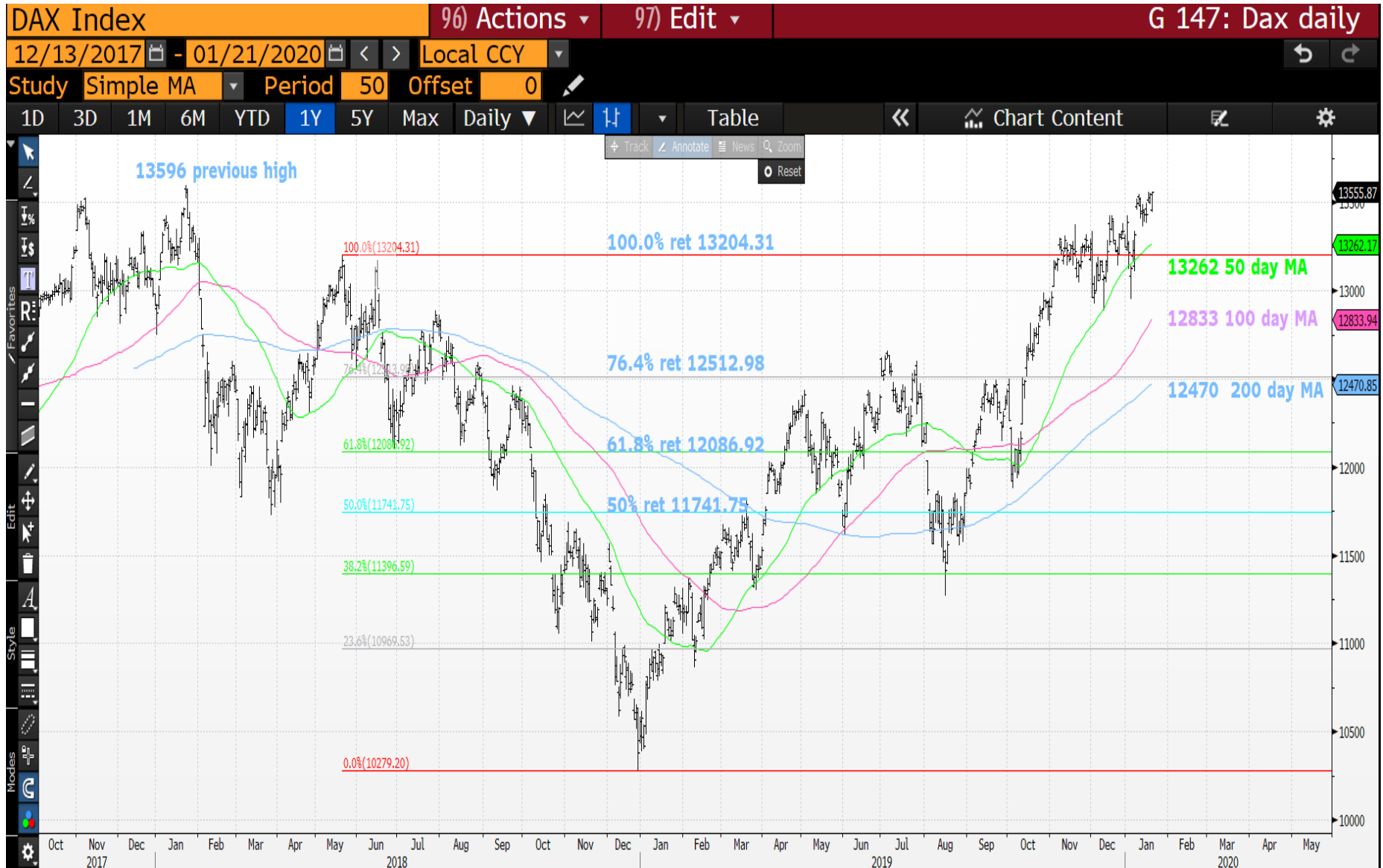
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# DAX monthly : This continues to grind higher.



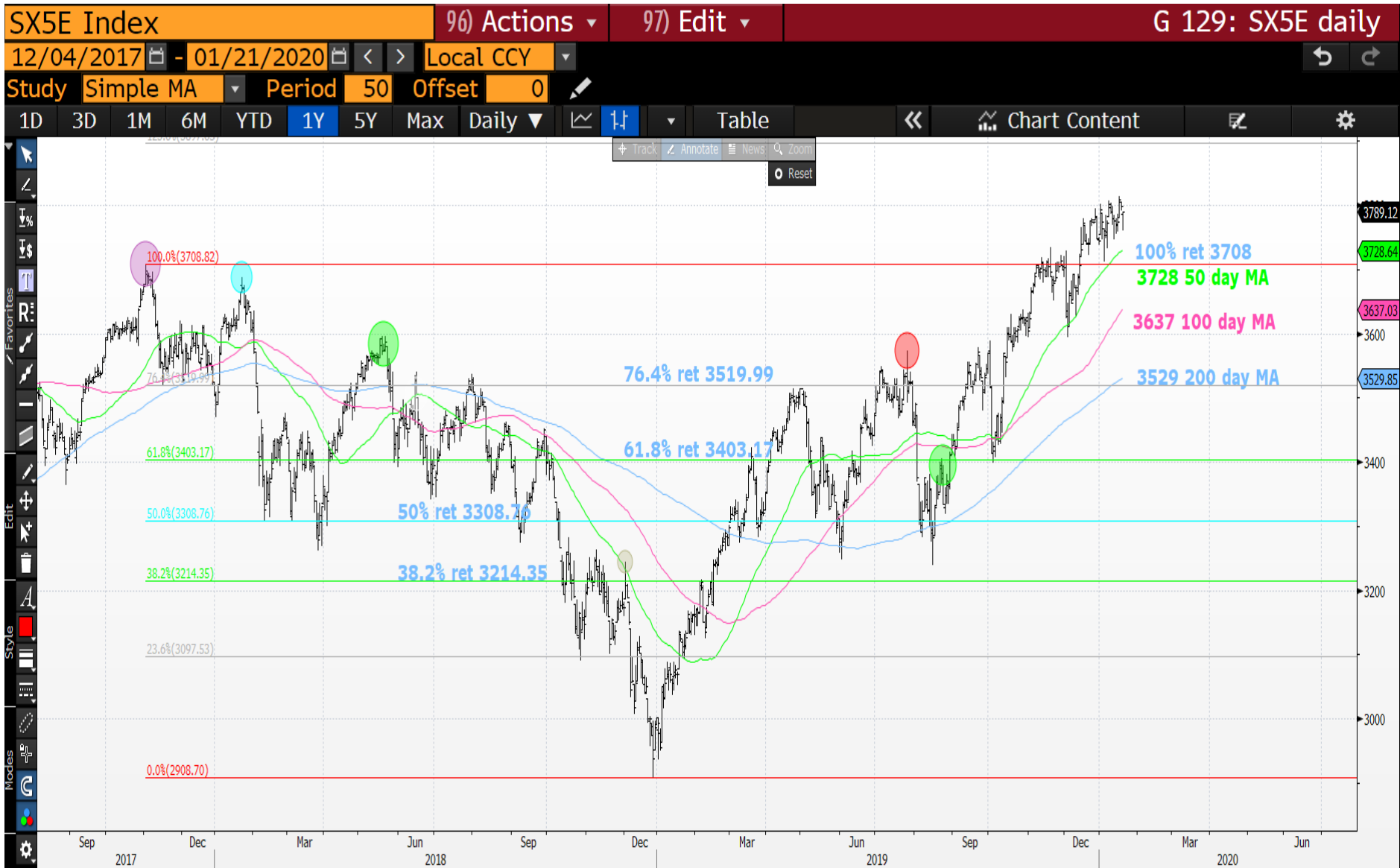
DAX daily : We HELD the reliable 50 day moving average 13262 and have a new high, seems nothing will shake the equity buyers.



# Eurostoxx monthly : New highs again!

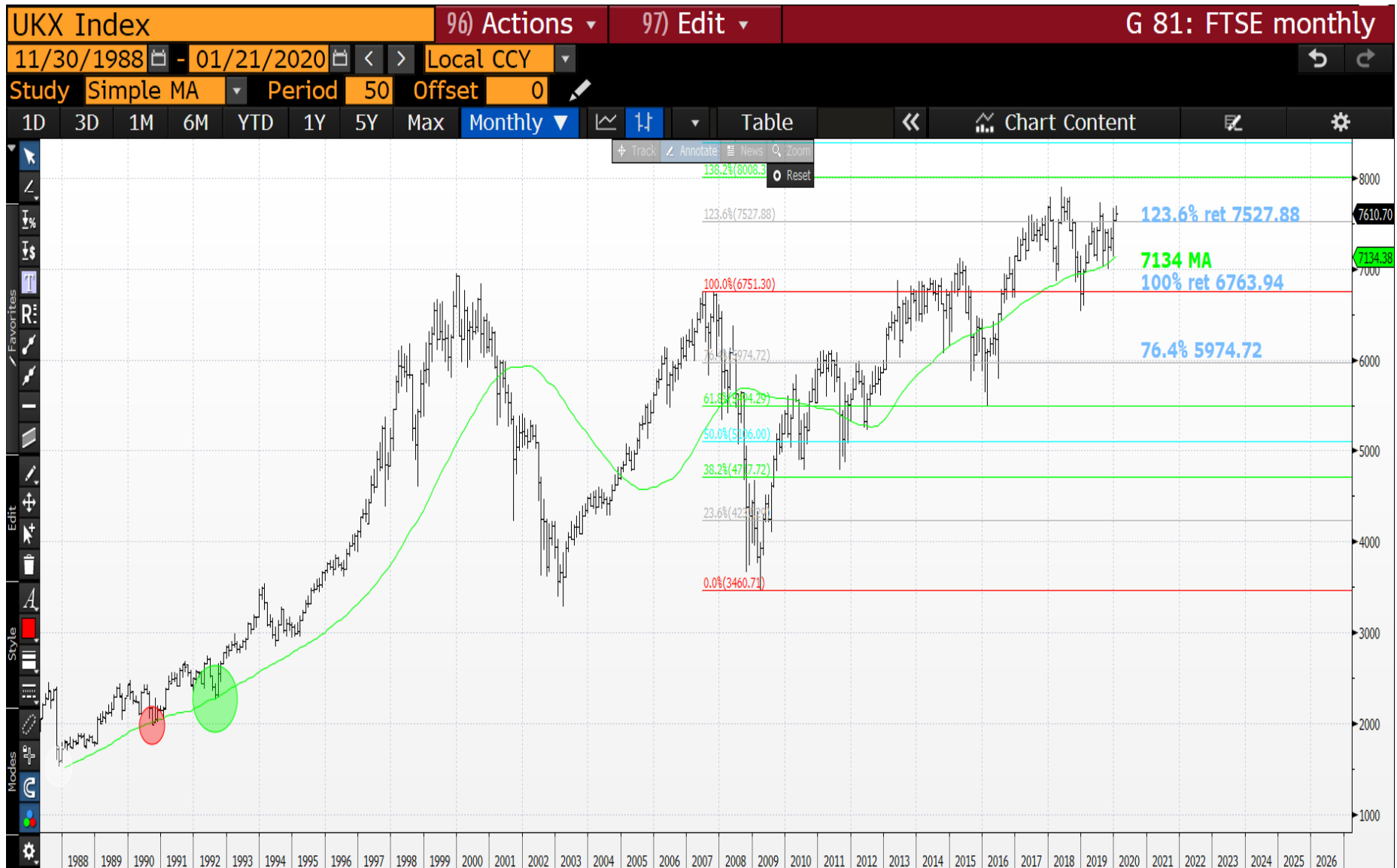


Eurostoxx daily : We are off the highs but do need to breach the 3728 moving average before any trend is breached.



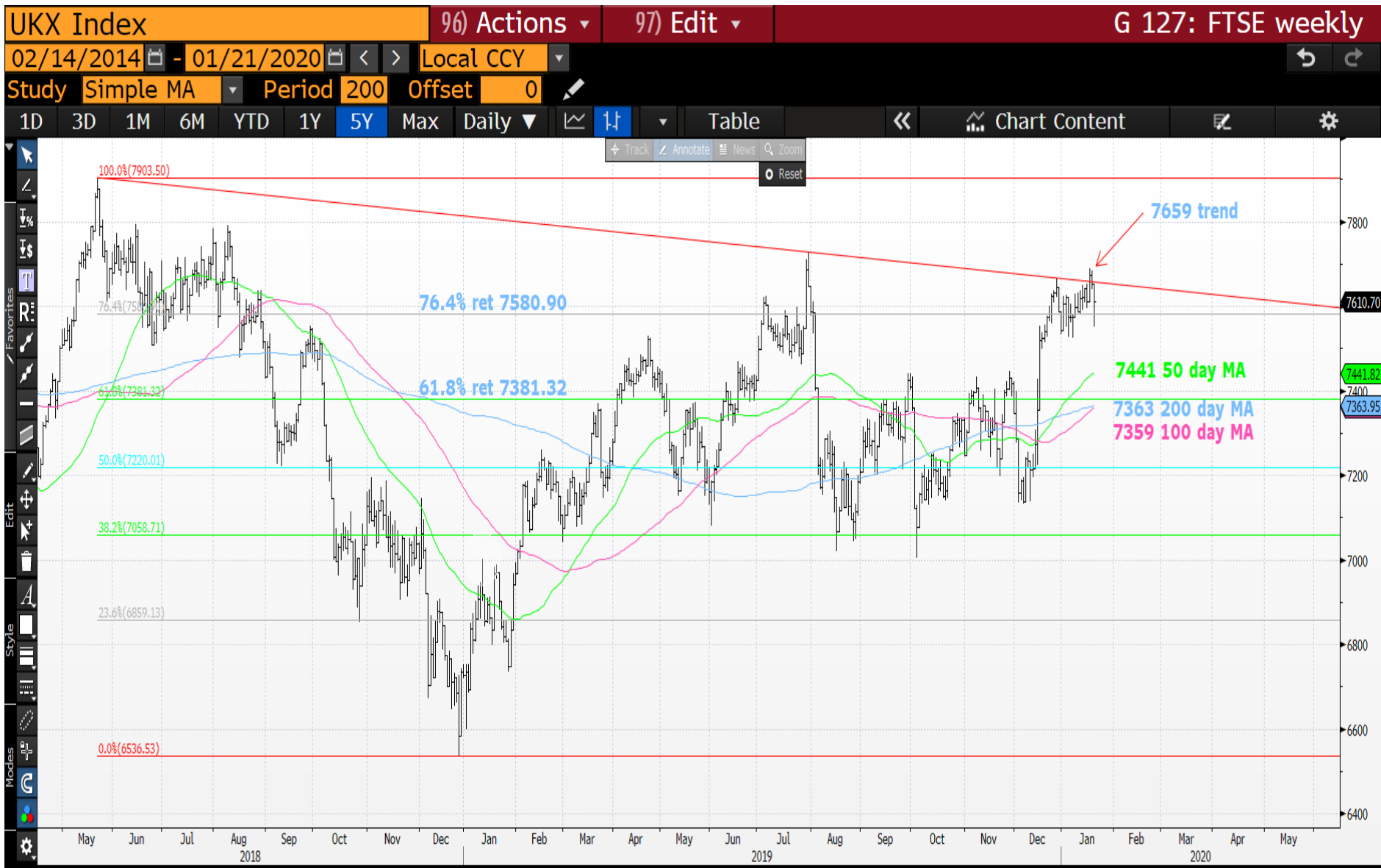
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FTSE monthly : No issue here certainly whilst we remain above the 123.6% ret 7527.88.



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



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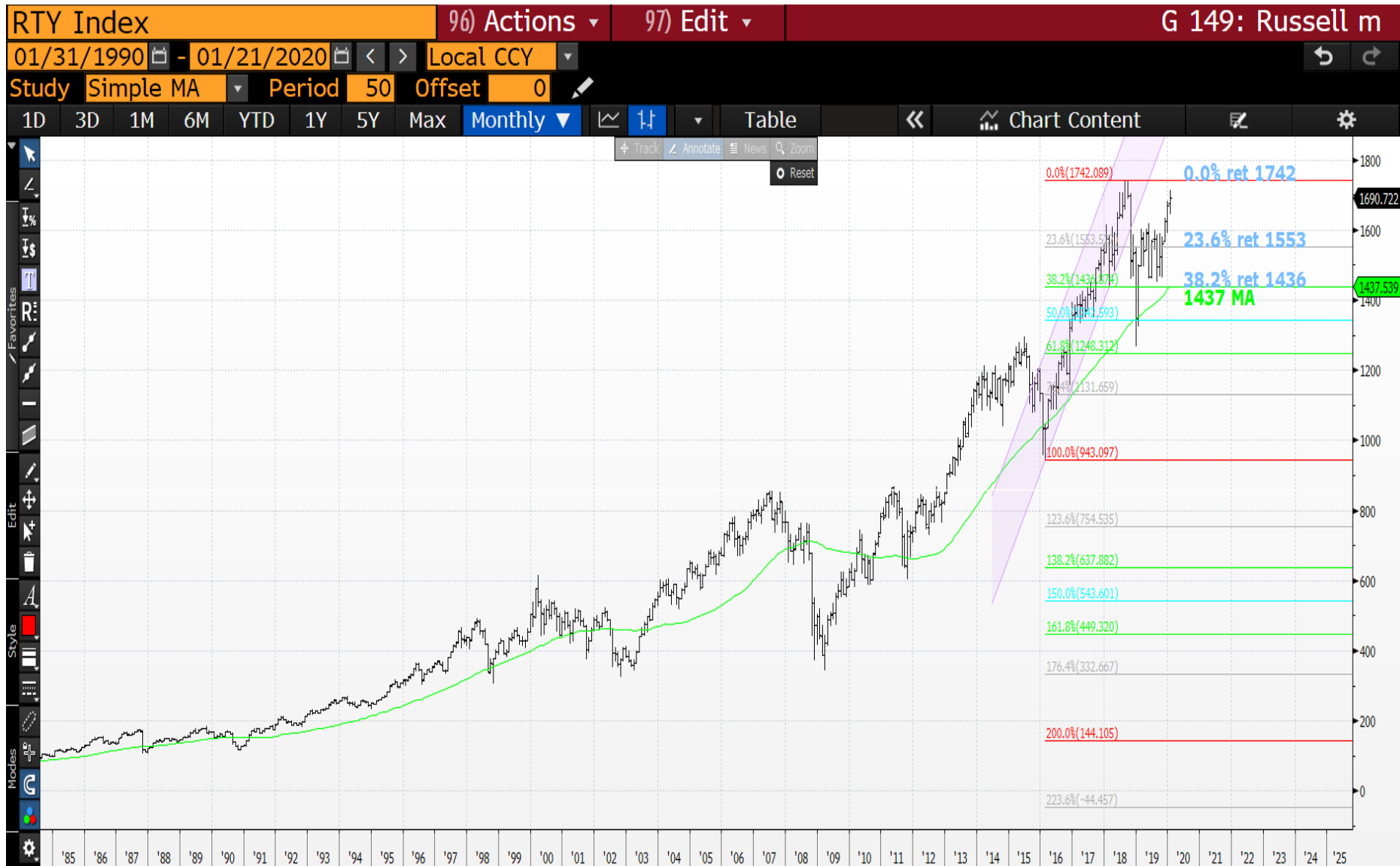
DOW weekly : Despite new highs recently this does feel a VERY over stretched situation.



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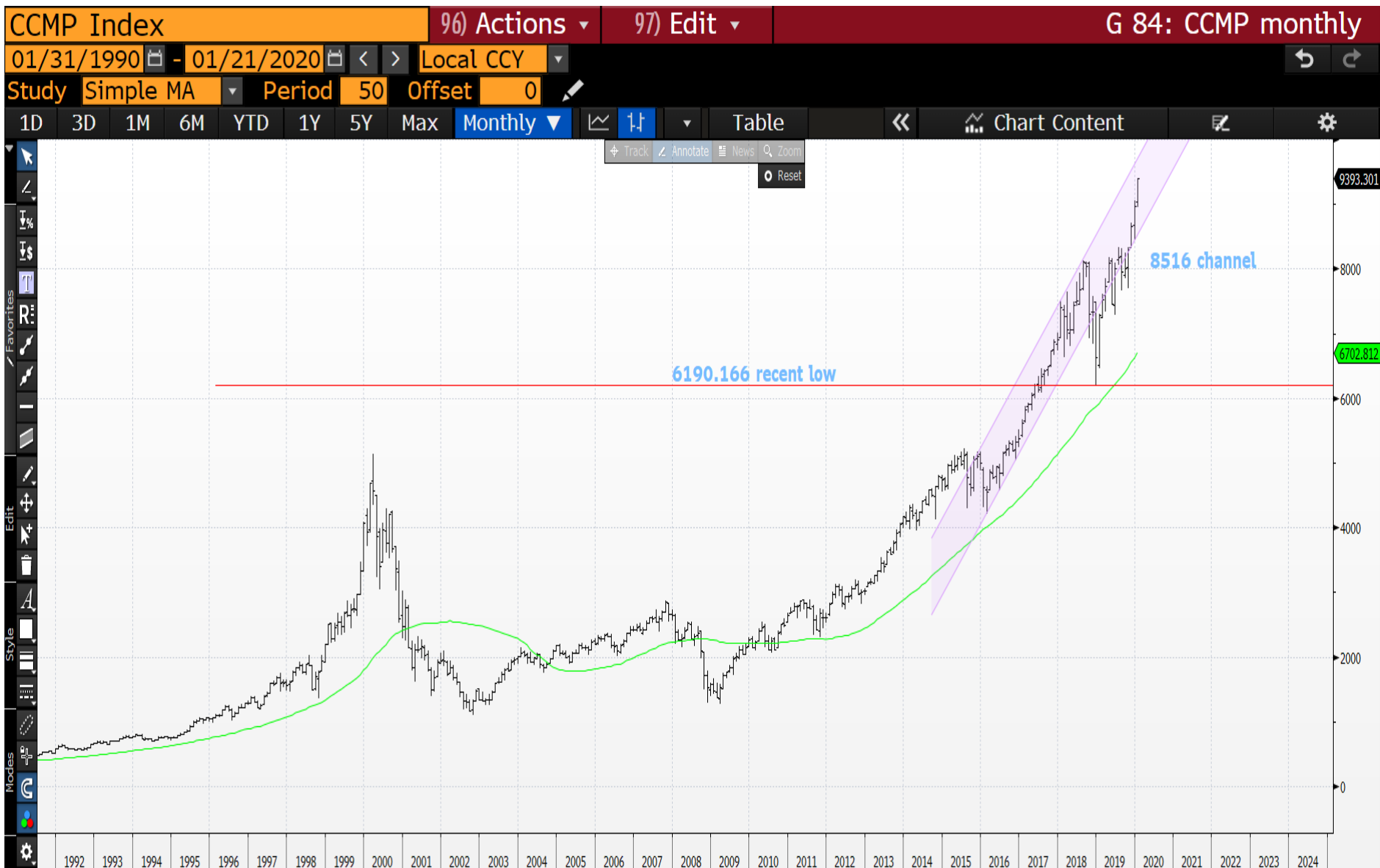
Russell monthly : No major statement here just similar to others we are sub last months high.



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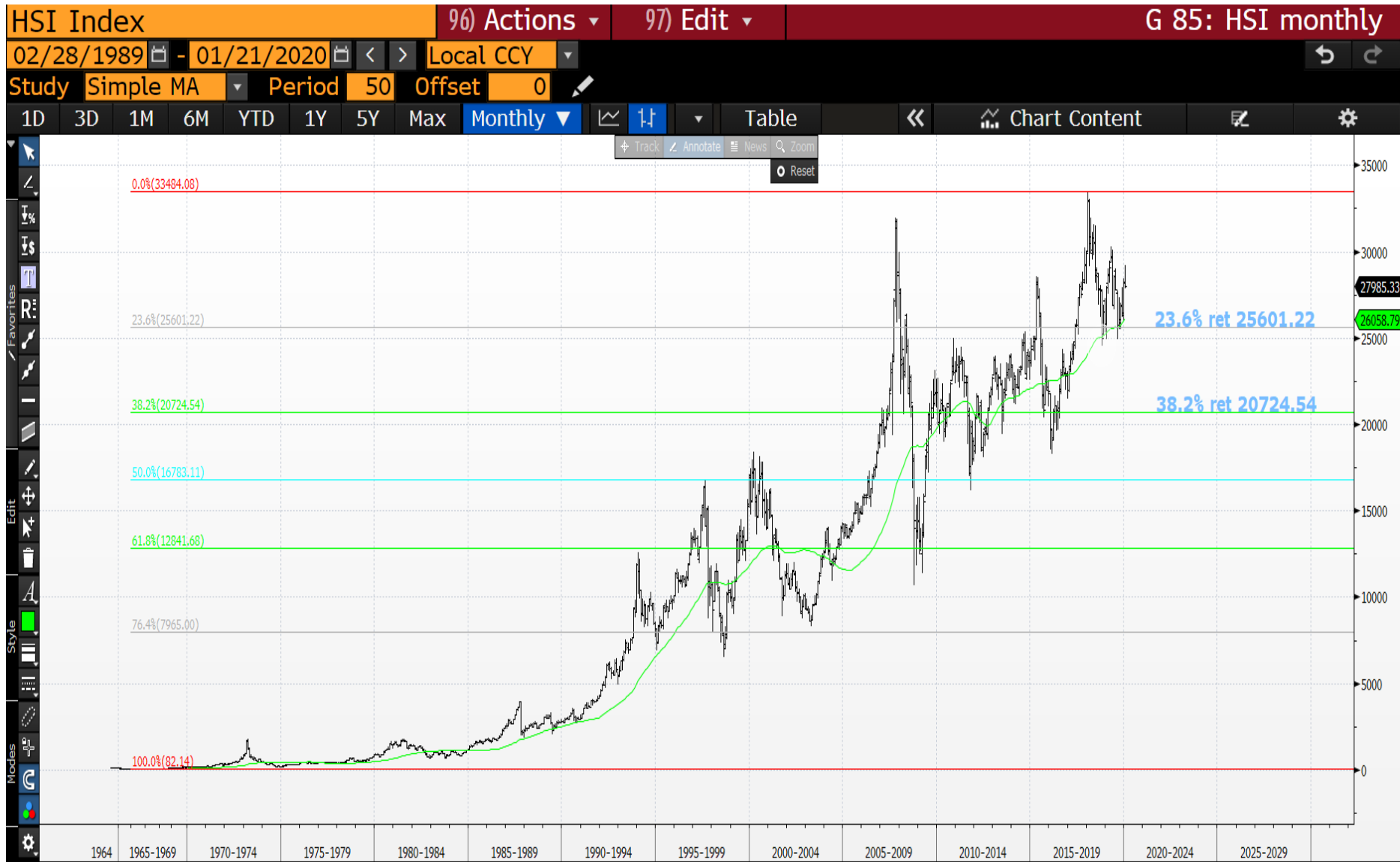


CCMP monthly : This remains a positive chart whilst in the channel 8516, relentless.

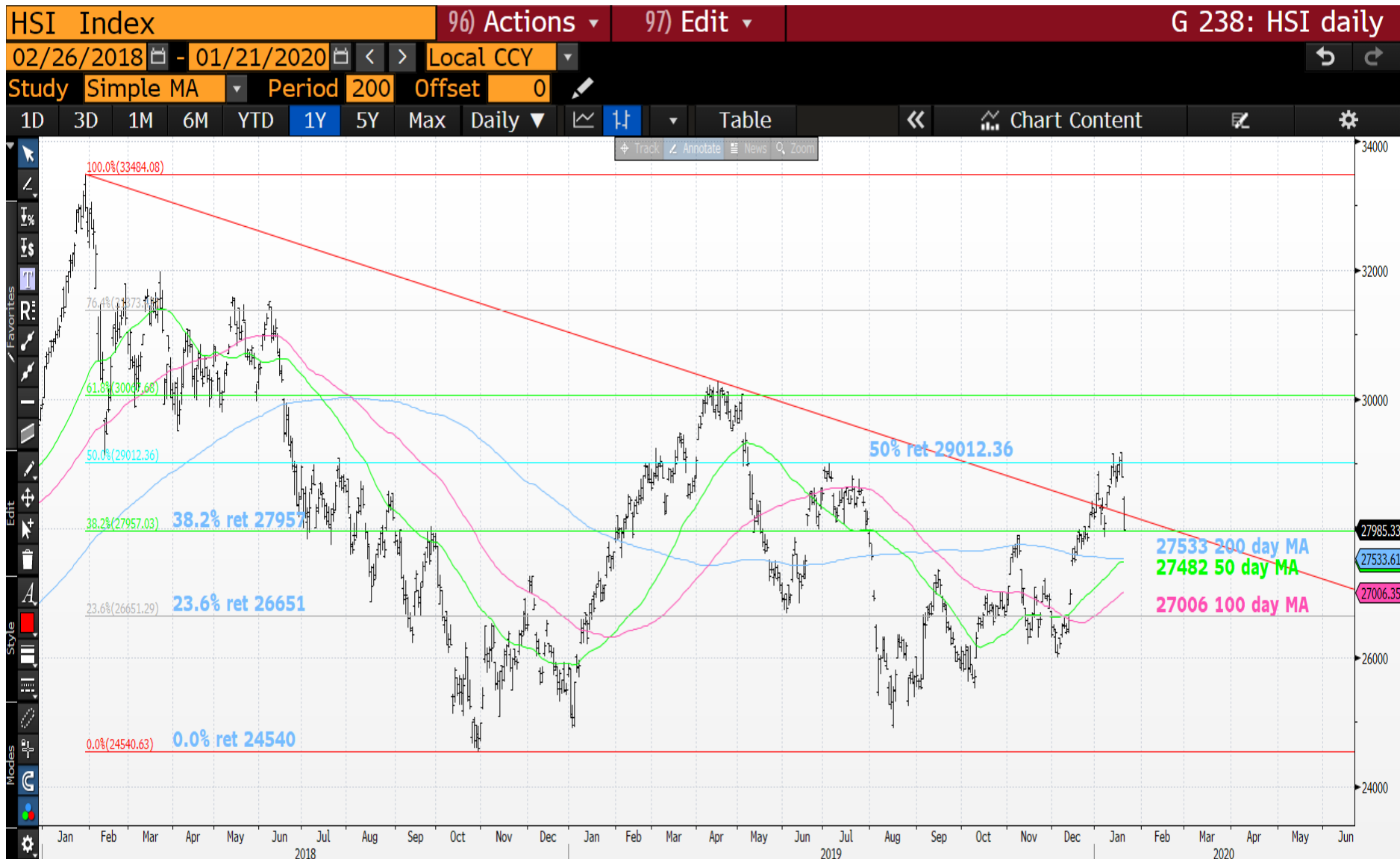


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# Hang Seng monthly : A potential TOP has gone in?!



Hang Seng daily : Key chart given we have REVERSED back through the trend line, sub the 38.2% ret 27957 will be a STATEMENT.



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