

MARKET UPDATE : BONDS FINALLY TOPPED BUT GIVEN THE RANGES POSTED IN 9 DAYS THIS MONTH IS GOING TO BE EMOTIONAL!

AVOID OVER TRADING AS IT WILL BE LIKE WAVING A BASEBALL BAT IN CARNEGIE HALL HOPING TO HIT THE SIDES.

BONDS SEEM TO BE THE ONES RESPONDING TO THE EXTENDED RSI'S ACROSS ALL DURATIONS SO FOR THE TIME BEING YIELDS WILL BOUNCE, HOW HIGH REMAINS AN ISSUE GIVEN THE EARLY INJECTION OF VOLATILITY.

BIGGEST NIGGLE HERE IS THAT BONDS ARE IN A 2008 RSI POSITION WHILST STOCKS CERTAINLY ARE NOT, AM SURE THE FALLOUT OF THIS VIRUS ISNT WHOLLY REPRESENTED IN STOCKS.

BOND YIELDS HAVE REPLICATED THE 2011-2012 HISTORICAL MOVE BUT WE DONE ENOUGH? ONLY EQUITIES CAN ANSWER THAT AS MANY LONGTERM CHARTS HAVE ONLY JUST TOPPED.

THIS VIRUS MIGHT BE UNDERCONTROL IN CHINA BUT THE ECONOMIC FALL OUT HAS YET TO BE POSTED!

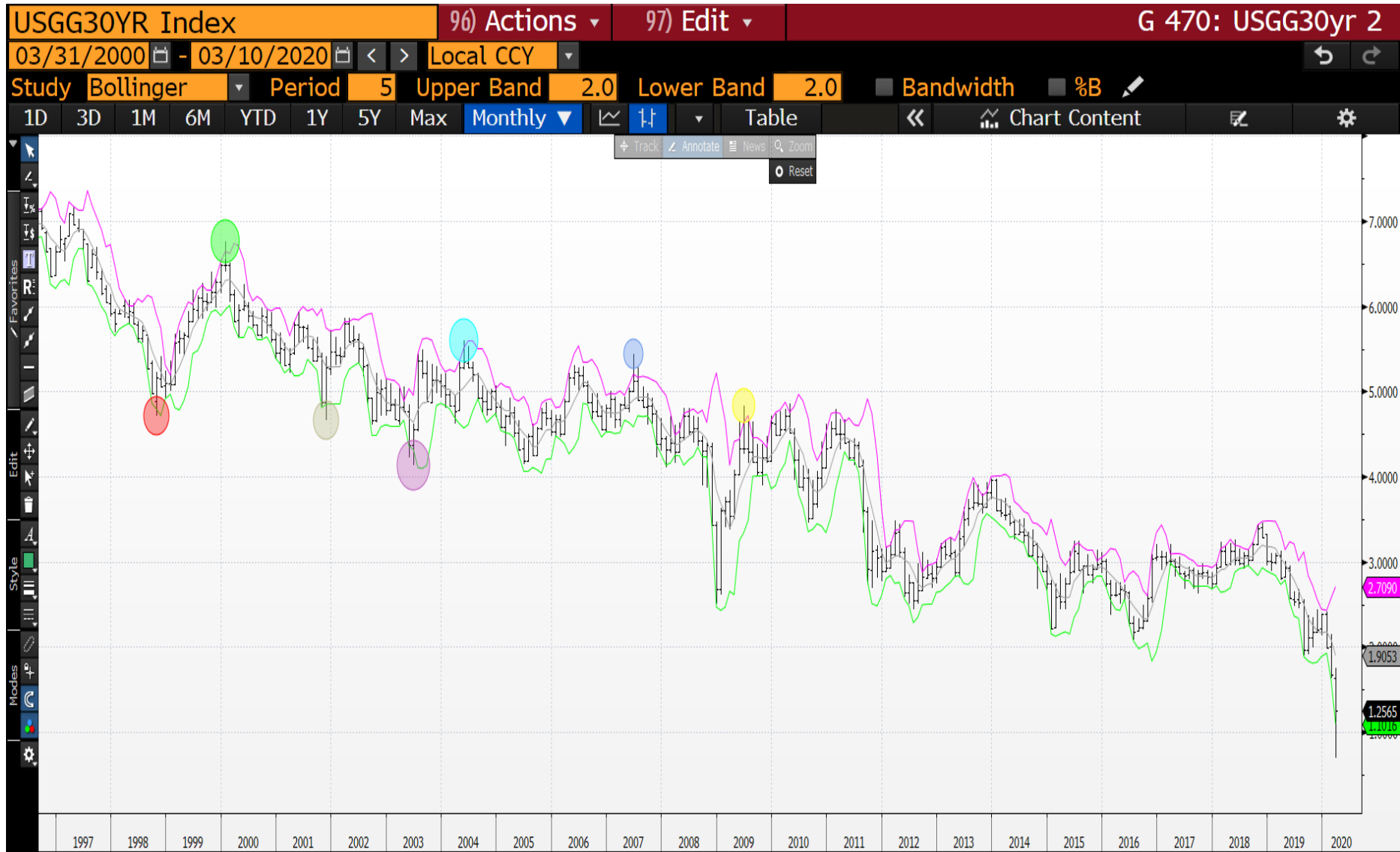
- 1. STOCKS : THEY CONTINUE TO HEAD LOWER WITH LITTLE RSI DISLOCATIONS COMPARED TO BONDS. THE CORONAVIRUS DOES NOT SEEM TO BE ABATING.**
- 2. BONDS : ALL DURATIONS OF RSI'S ARE NOW VERY DISLOCATED. THE ONLY PLACE TO WITNESS-SPOT A YIELD BOUNCE WILL BE IN THE "WHIPPY" BACK END.**

USGG30yr monthly : The BRAKES have been applied on this MONSTER range, it looks like being the emotional part of the curve.



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USGG30yr monthly bollinger : An obvious chart highlighting the magnitude of the recent DOWNSIDE bollinger pierce.

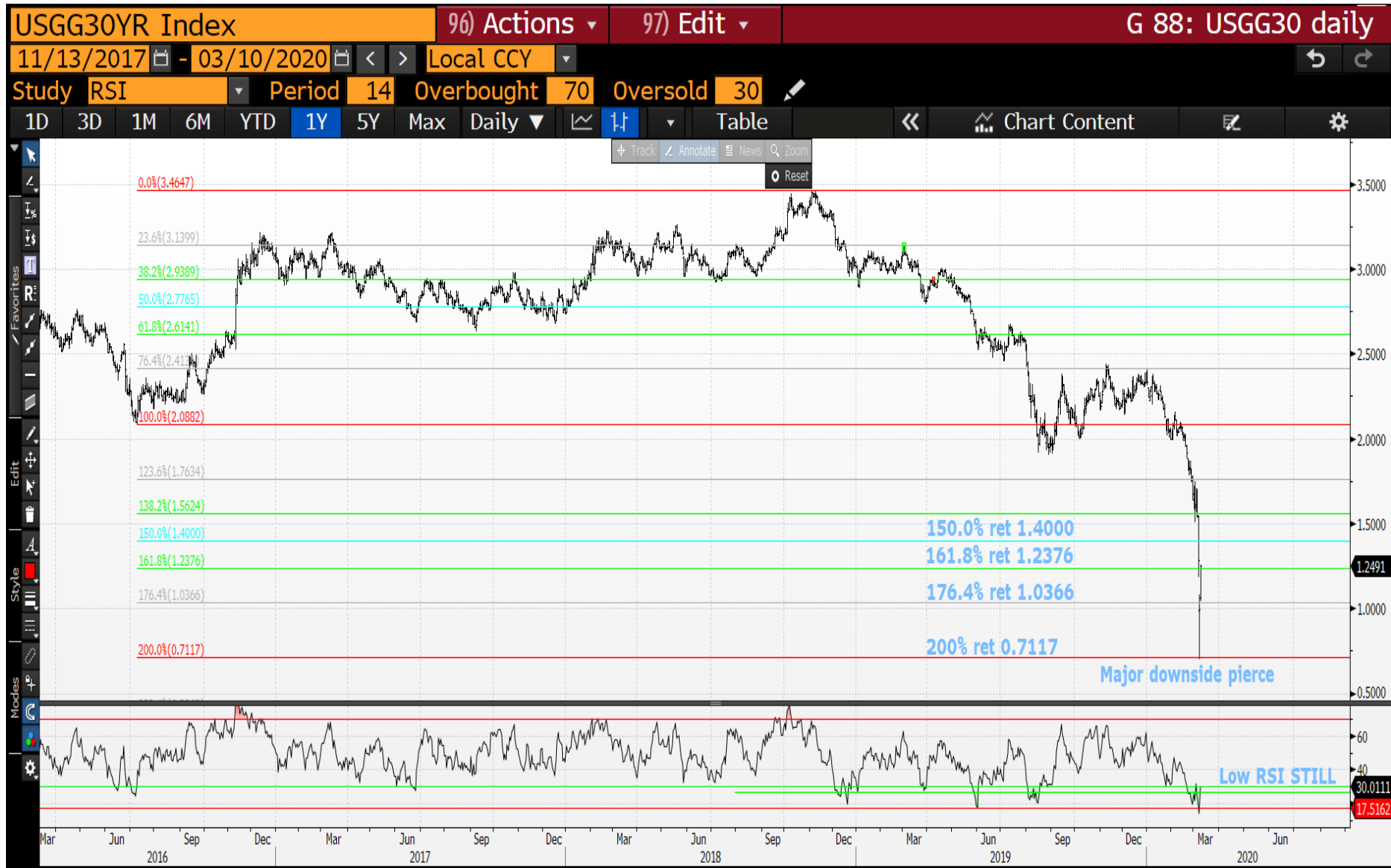


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USGG30yr weekly : It certainly feels like a low is in now given the AGGRESSIVE nature of that low. Am sure we will test-wash around at the lows for a few days but it should form a BASE for the next week or two. Be prepared for extended daily ranges in this area of the curve.

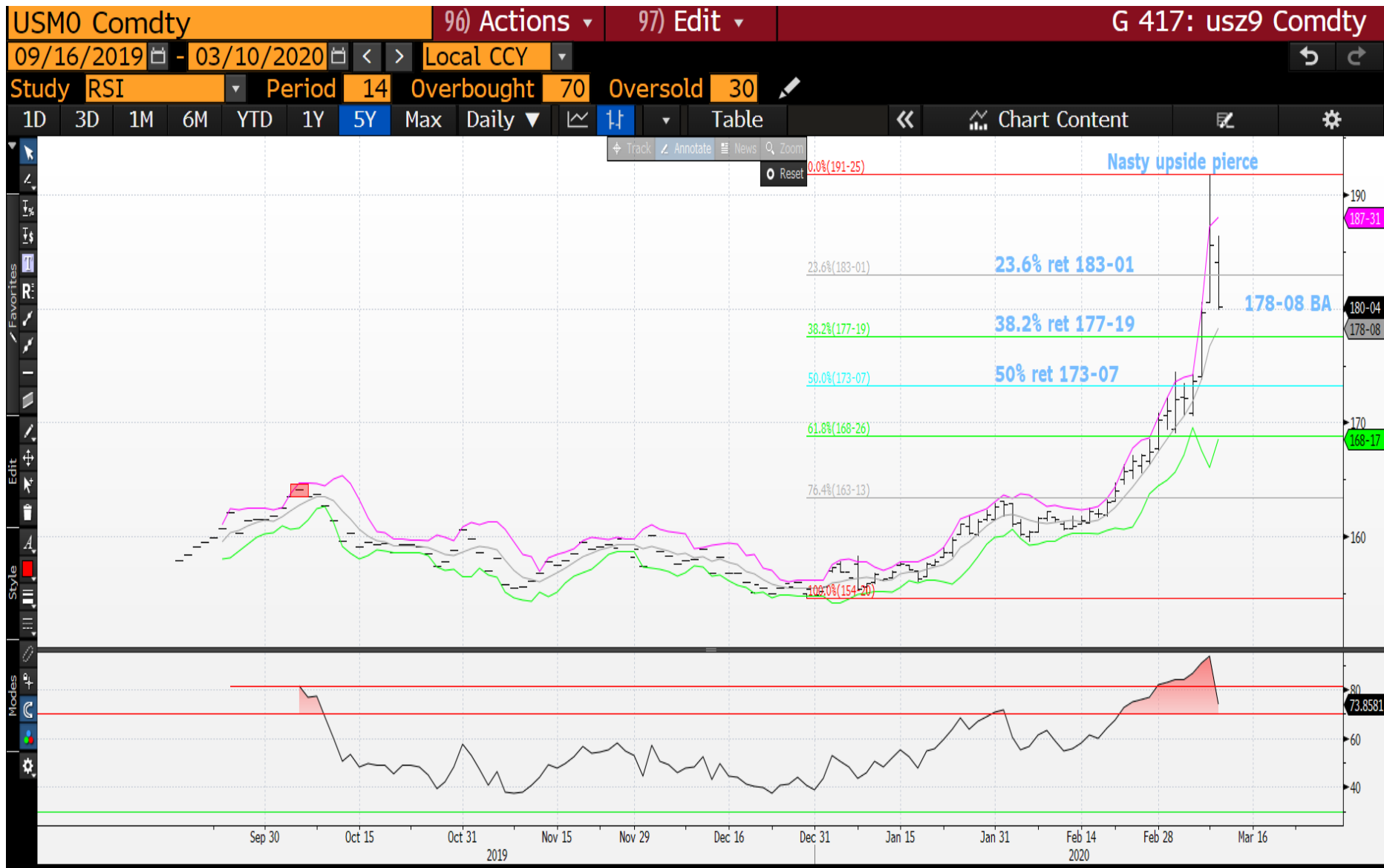


USGG30yr yield daily : A very NASTY low is in place backed by the RSI, lets see how high the yield bounce is.



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US 30yr futures daily : A very significant upside pierce similar to a stalled stunt plane. Hard to tell how low we go though.



US 10yr yield quarterly : A quarterly chart where the RSI is lower than 2008-09!



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US 10yr yield weekly : A very quick reversal yesterday thus the low looks to be in.



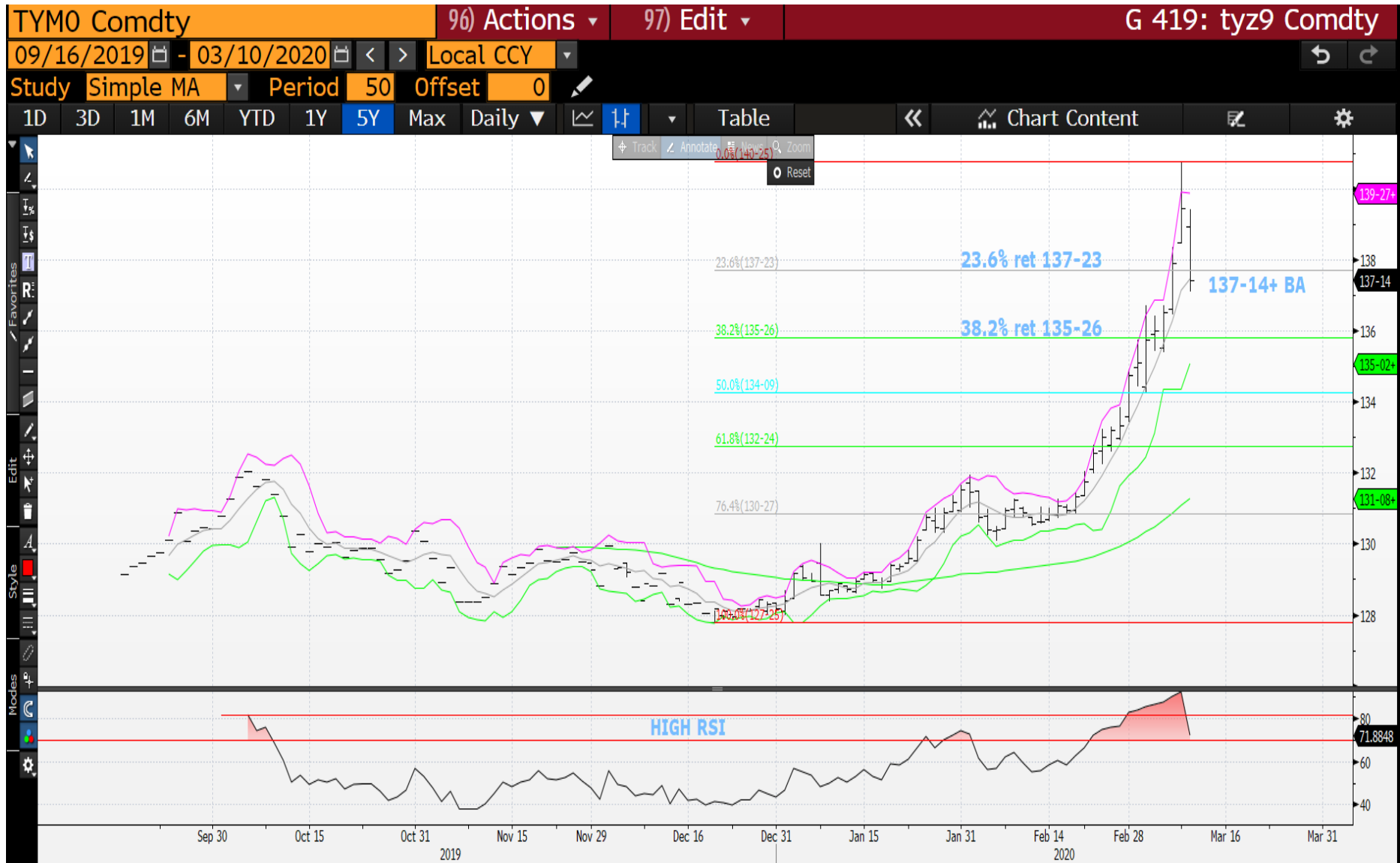
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USGG10yr daily : Another RSI dislocation replicating the previous durations.



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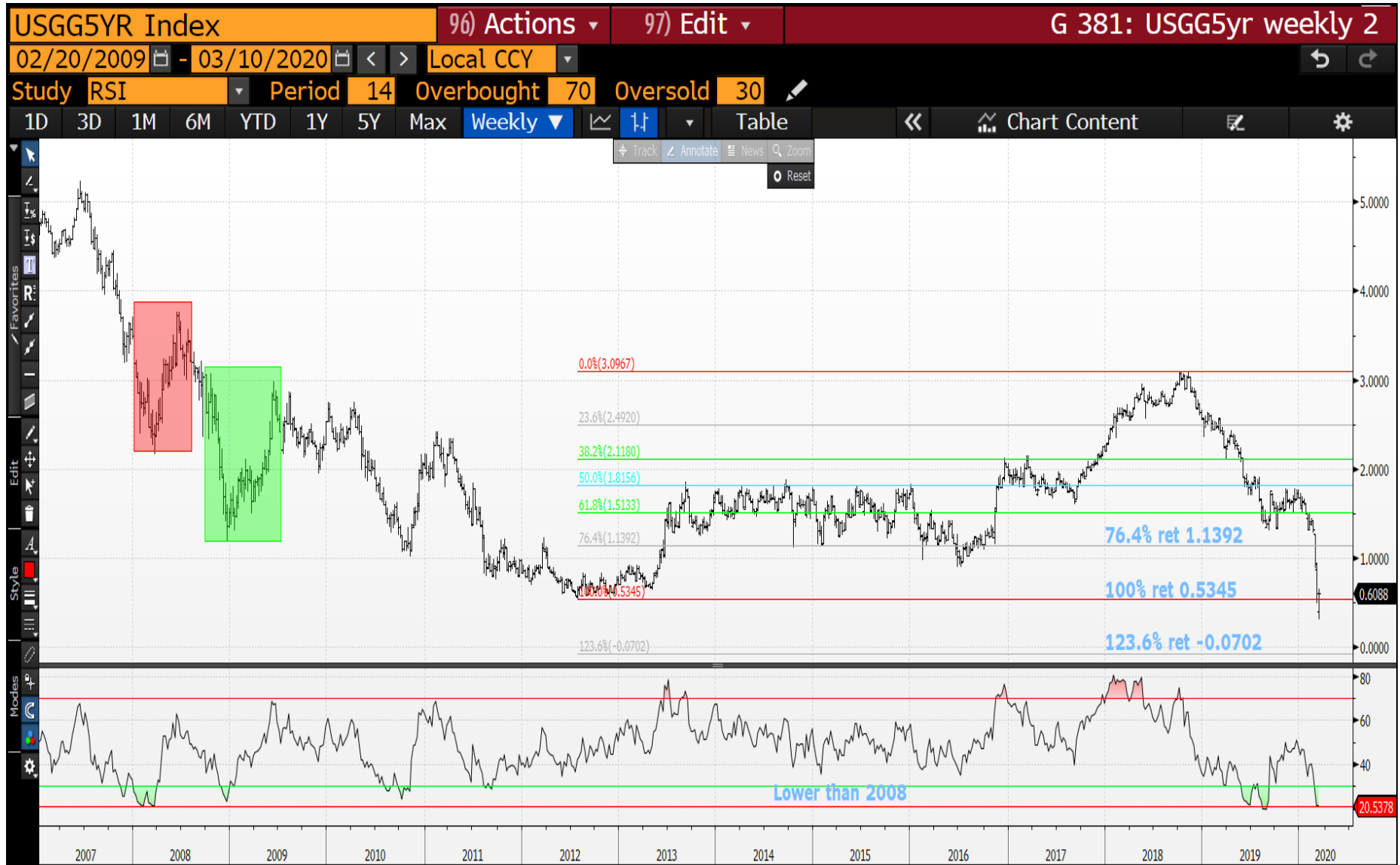
US 10yr futures daily : Again this chart has produced a sizeable pierce, hopefully we will close sub the 137-14+ bollinger average. The RSI has plenty of room.



USGG5yr quarterly : The RSI now matches that of 2008-09.



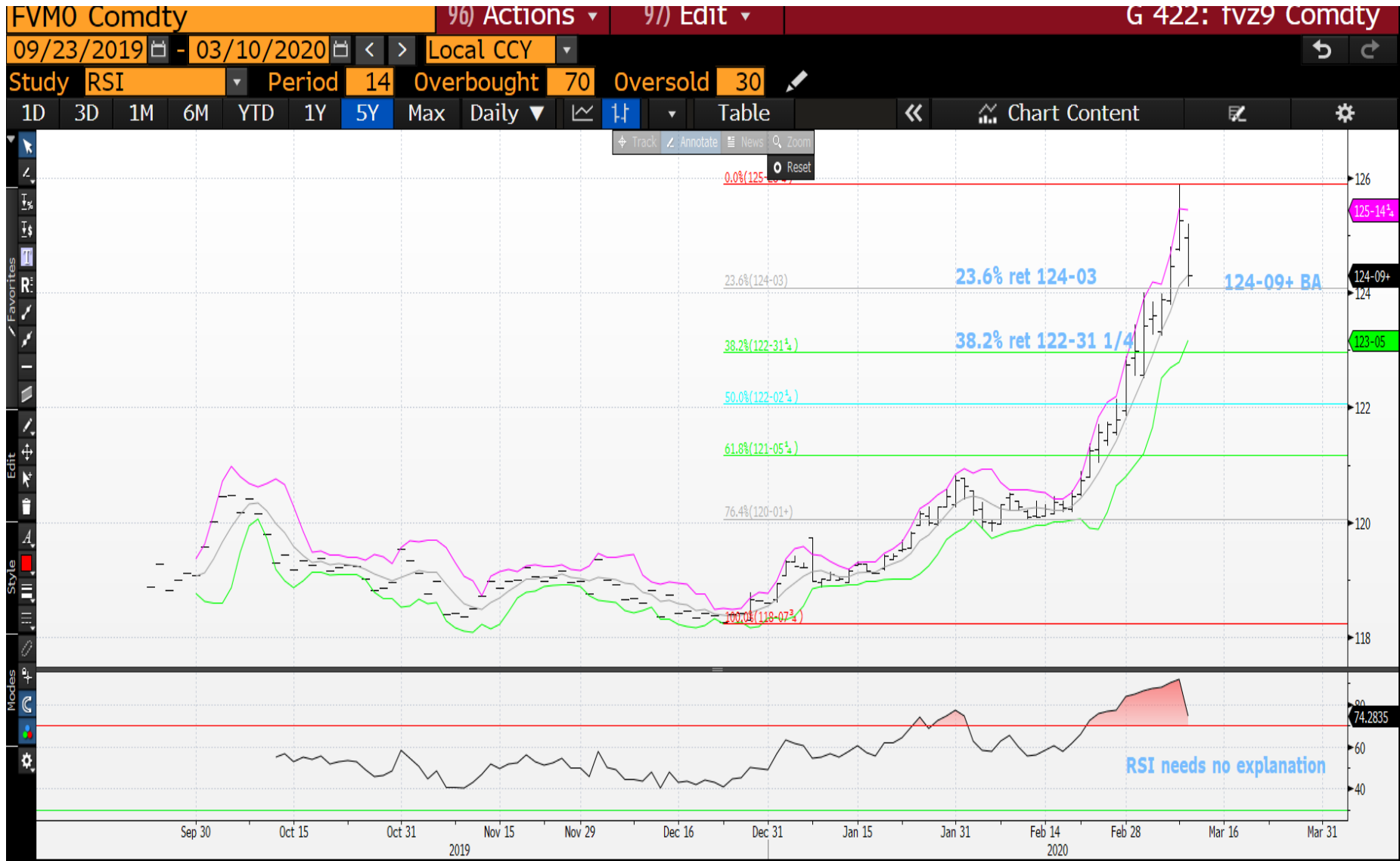
USGG5yr weekly : Less reaction to the low in this part of the curve but none the less the RSI is lower than 2008 and surely that must matter.



USGG5yr daily : The RSI says it all as we have HELD the 123.6% ret 0.3708.



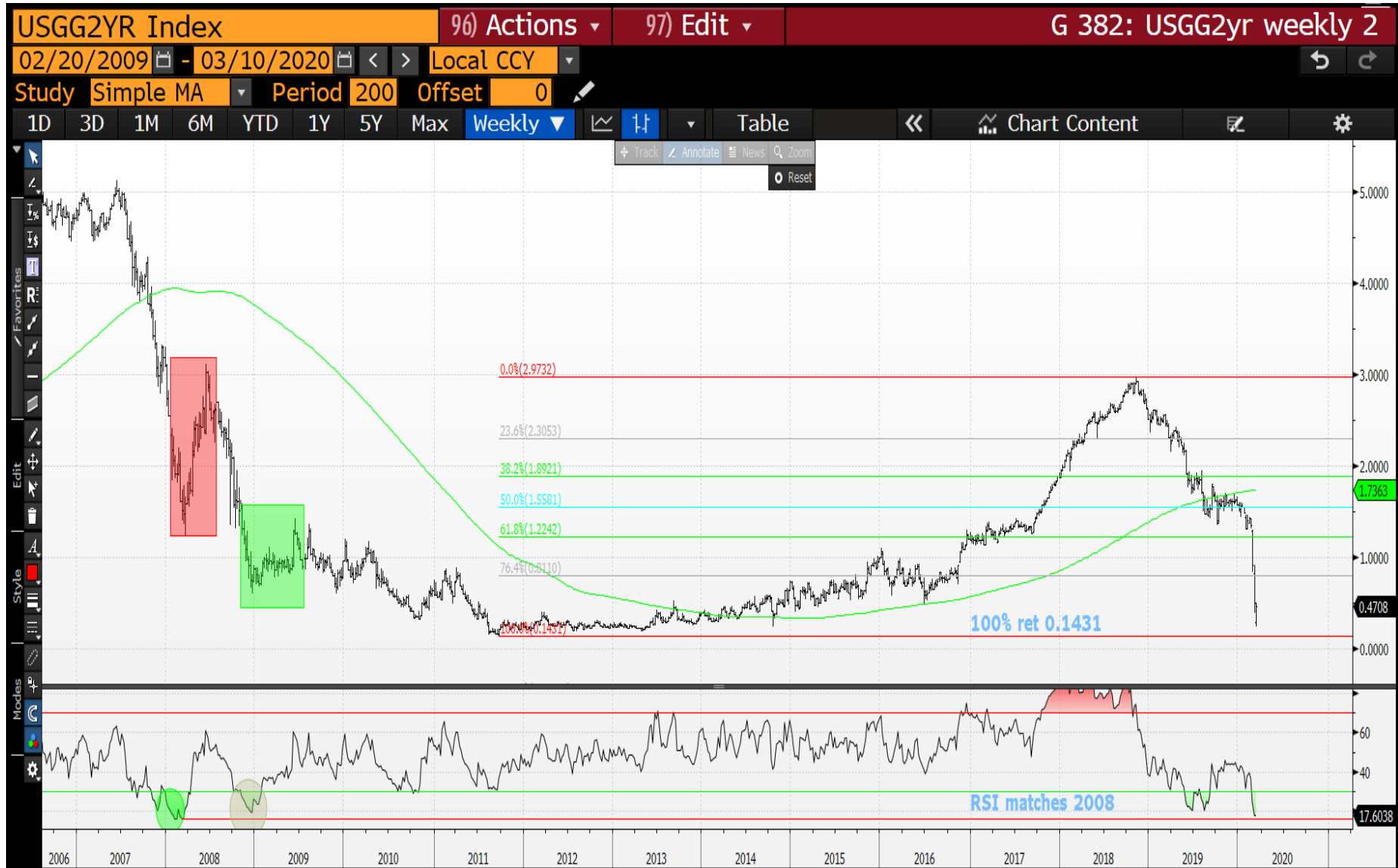
US 5yr futures daily : The RSI says it all, we just need to breach the 23.6% ret 124-03 to continue the DROP.



USGG2yr monthly : The RSI is less pronounced but we are close to the previous low.



USGG2yr weekly : The RSI matches that of 2008 but a shame we haven't hit the 100% ret 0.1431.

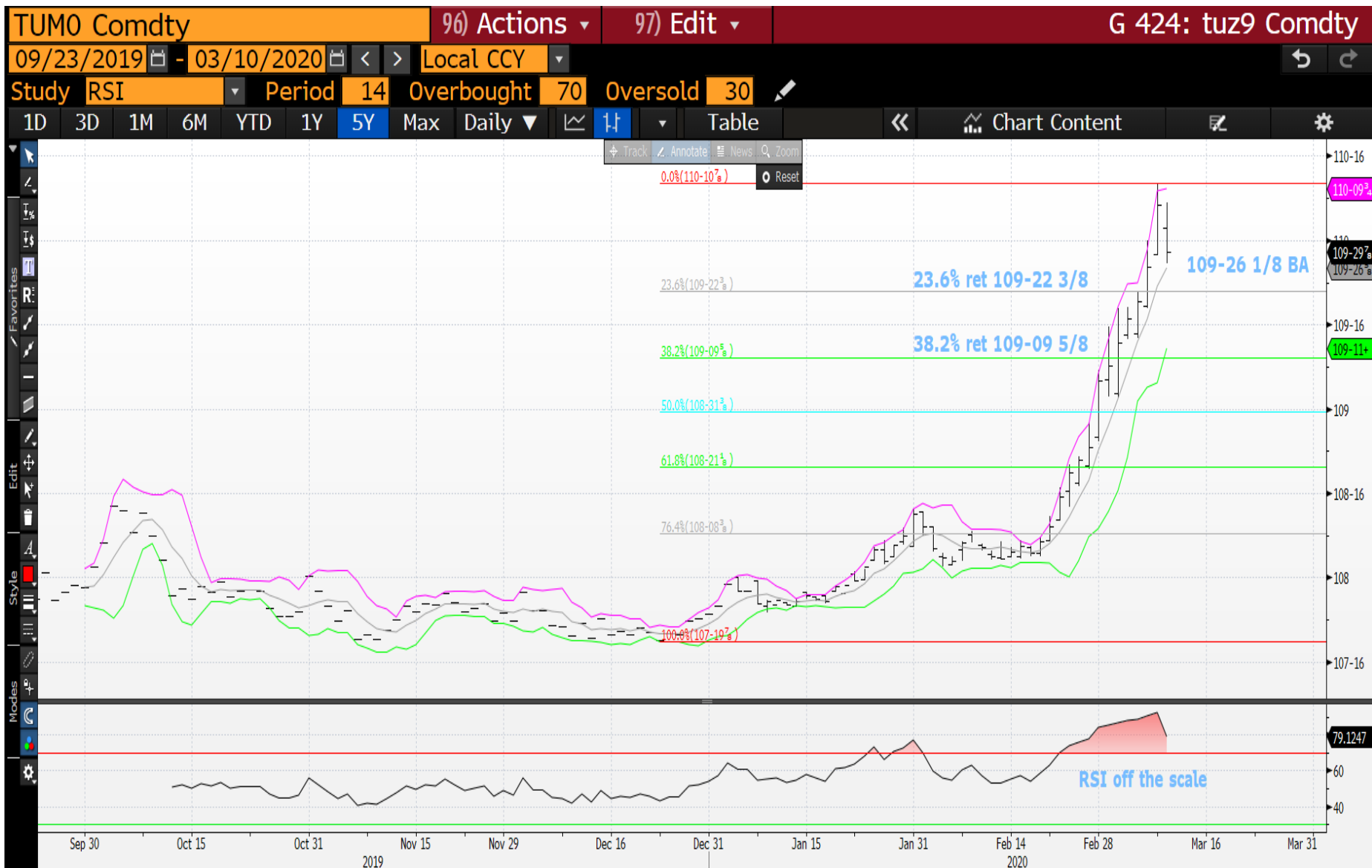


USGG2yr daily : A VERY low RSI and what a fall from grace.



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US 2yr future daily : The RSI speaks for itself but again look to the back end for a bollinger pierce, we have one but its small. The big break will come once we break the 109-26 1/8th bollinger average.



Generic German 10yr quarterly : Back in the centre of the channel with room to go lower.



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Generic German 10yr weekly : The RSI is not as dislocated as it s US counterparts but we have spiked back above the 0.0% ret -0.742. We need to close above it.



Generic German 10yr daily : Only the daily RSI is low.



DBR 46 daily : A very reliable chart and the RSI highlights significant downside.



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Bund future daily : The RSI is high but not as displaced as US counterparts, that said sub the 23.6% ret 176.58 will aid a drift lower.



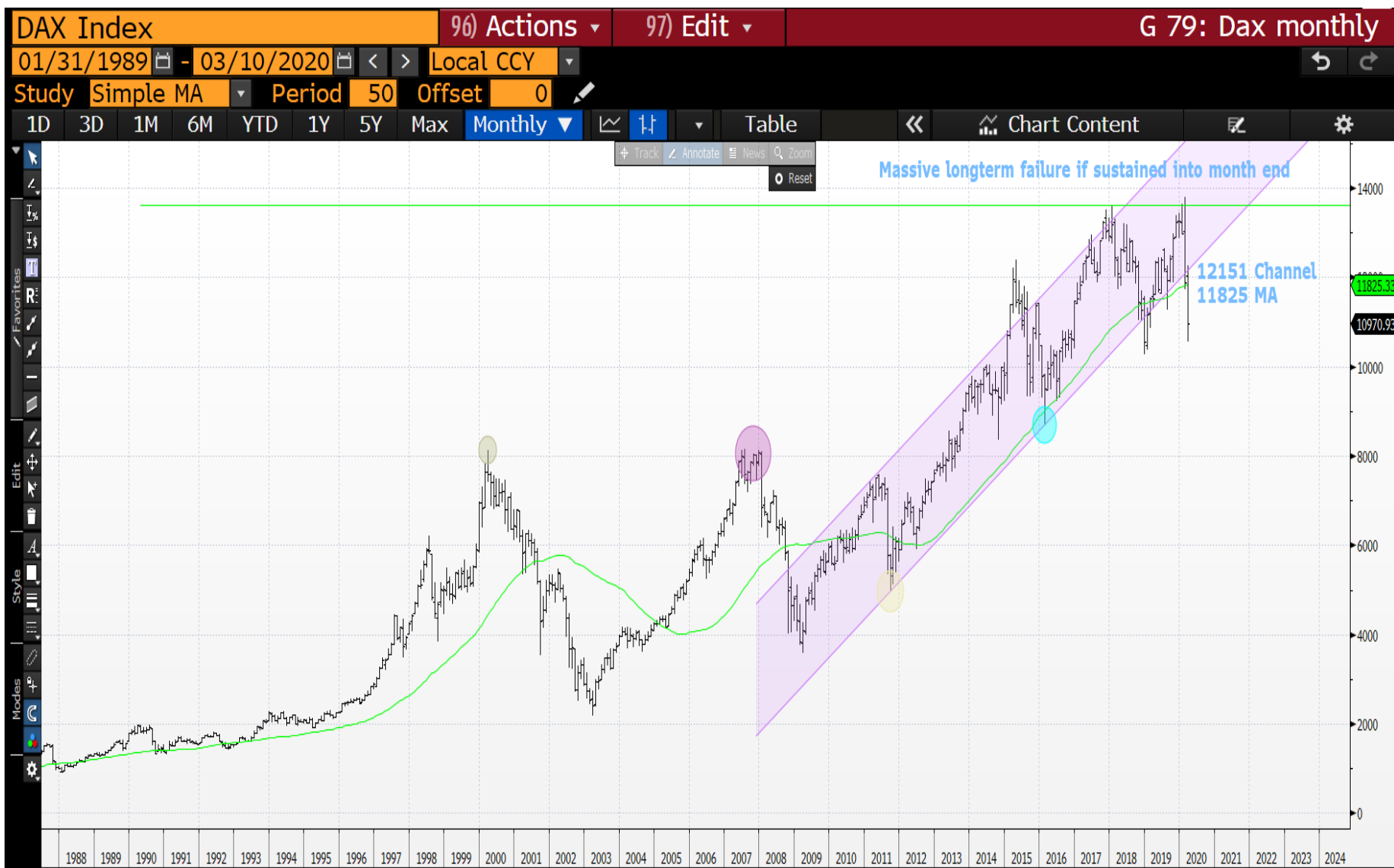
EQUITIES

THESE ARE THE BIG PROBLEM : SO MANY HAVE ONLY JUST TOPPED AND THUS A BEAR MARKET LOOMS. DIFFICULTY IS THE BONDS ARE ALREADY OVERSTRETCHED SO WE “MAY” HAVE A PAUSE!

THE BIG BUG BEAR FOR ME IS THAT MANY BOND MARKETS HAVE POSTED 2008 LEVELS OF RSI DISLOCATION WHEN THE EQUITY SITUATION IS SO SO DIFFERENT. WE HAVE ONLY JUST FORMULATED THE HIGHS.

THE HANG SENG HAS FINALLY BREACHED ITS MASSIVE MULTI YEAR 23.6% RET 25601.07 LEVEL.

DAX monthly : We have formed a major high now given we are outside the trend channel, it helps highlight that equities are only just getting going when bonds have already reached 2008 RSI levels.



DAX daily : A nasty rejection and we still are struggling to BASE.



Eurostox monthly : Again a nasty long-term rejection is in play, a close sub 3000 will no doubt be a clincher.

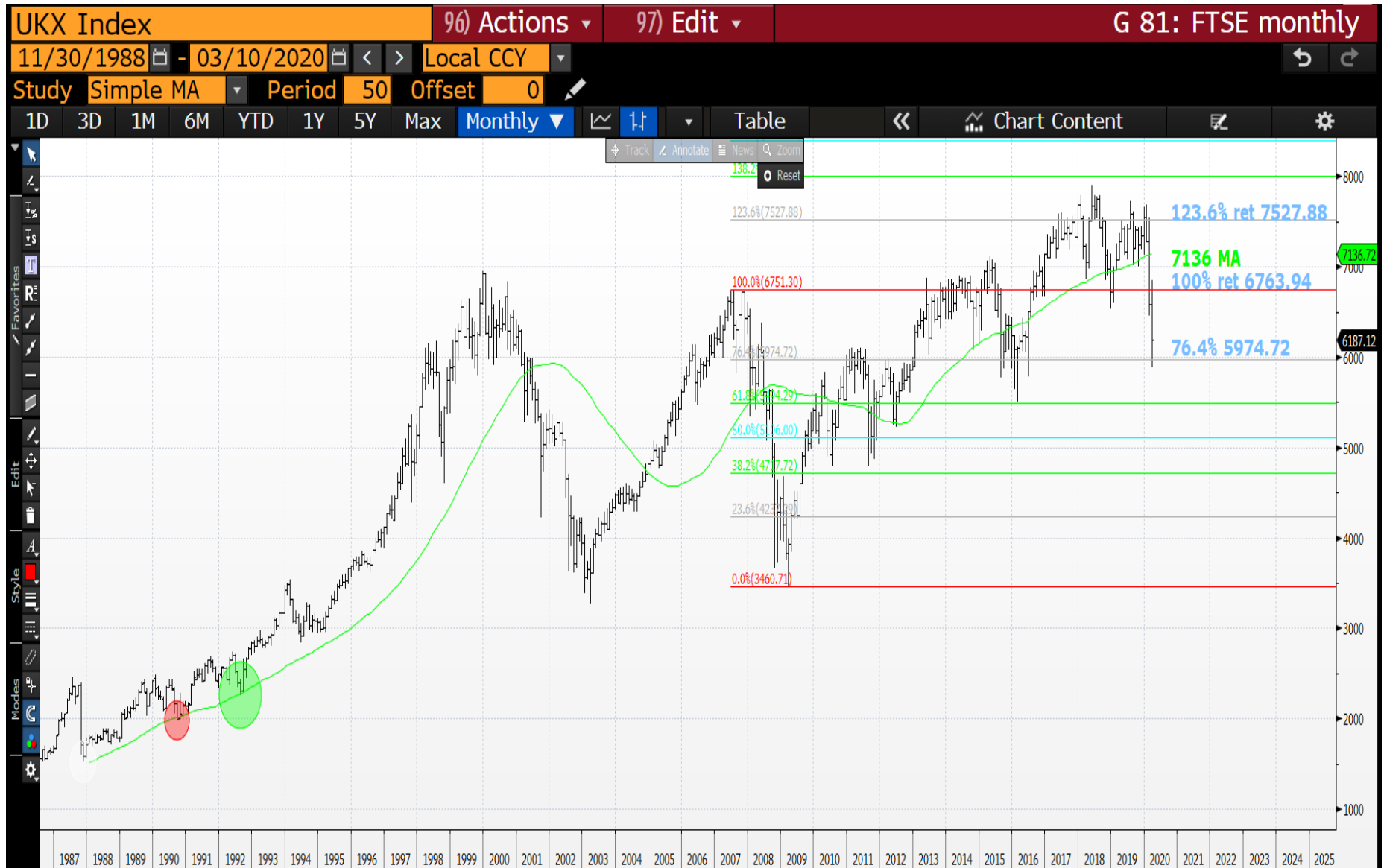


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Eurostox daily : Despite the RSI we still struggle to BASE.



FTSE monthly : Another long-term top has been formed and a breach of the 76.4% ret 5974.72 will be significant.



FTSE daily : Another daily chart with every reason to bounce but little response from the market.



10/03/2020

30

E Mini S&P daily : We have a low RSI and this looks like holding.



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Russell monthly : A long-term top is in place.



Hang Seng monthly : A HUGE problem now that we have breached the 26223 moving average and 23.6% ret 25601.22.



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Hang Seng daily : Again a low RSI is not reflecting a bounce.



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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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