

BOND UPDATE : THERE IS A NEAR “PERFECT STORM” BREWING TECNICALLY!

FIRST MAJOR POINT IS THAT THE TRADING VOLUMES OF THIS MONTH, THEY OUTSTRIP THAT OF THE STANDARD ROLL PERIOD WHICH I CANNOT SAY I HAVE SEEN BEFORE. SECOND POINT IS THAT BOND YIELDS LOOK LIKELY TO STALL GIVEN WE HAVE HIT MANY KEY LEVELS AND SEEN “FURTHER” RSI EXTENSIONS.

WE HAVE “HUGE” TRADING VOLUMES AND THE ROLL PERIOD WILL BE AN ACCELERANT FOR AN EXPLOSIVE TIME! WE COULD BE IN FOR A DIFFICULT ROLL PERIOD GIVEN THE MAGNITUDE OF SHORTS AND A MARKET POISED FOR BOND YIELDS TO “FALL”!

IT “FINALLY” LOOKS LIKE BONDS ARE TO BASE WITH THE ADDED BONUS OF MAJOR RSI DISLOCATIONS AND YET MORE VOLUME!

LOOKING AT VOLUME, OPEN INTEREST AND LAST WEEKS SWAP CHARTS WE ARE COILING FOR A VERY “VOLATILE” END TO THIS MONTH.

THE OPEN INTEREST HAS STALLED THUS SOME SHORTS MAY OF COVERED BUT THE REMAINDER HAVE SIGNIFICANT SHORT POSITIONS.

THIS COULD GET “EXTREMELY MESSY” AND WONT BE EASY FOR REAL MONEY!

US102030 Swap monthly : This is a HUGE statement chart especially if we stall at the multi year 50% ret 34.4750 and more worrying emulate the 2008 situation.



US 5-30 Swap monthly : This time the RSI is lofty matching that of 2008! We are also teasing the previous high 115.713.



US 5-30 curve daily : The RSI is lofty as we HIT historical resistance.

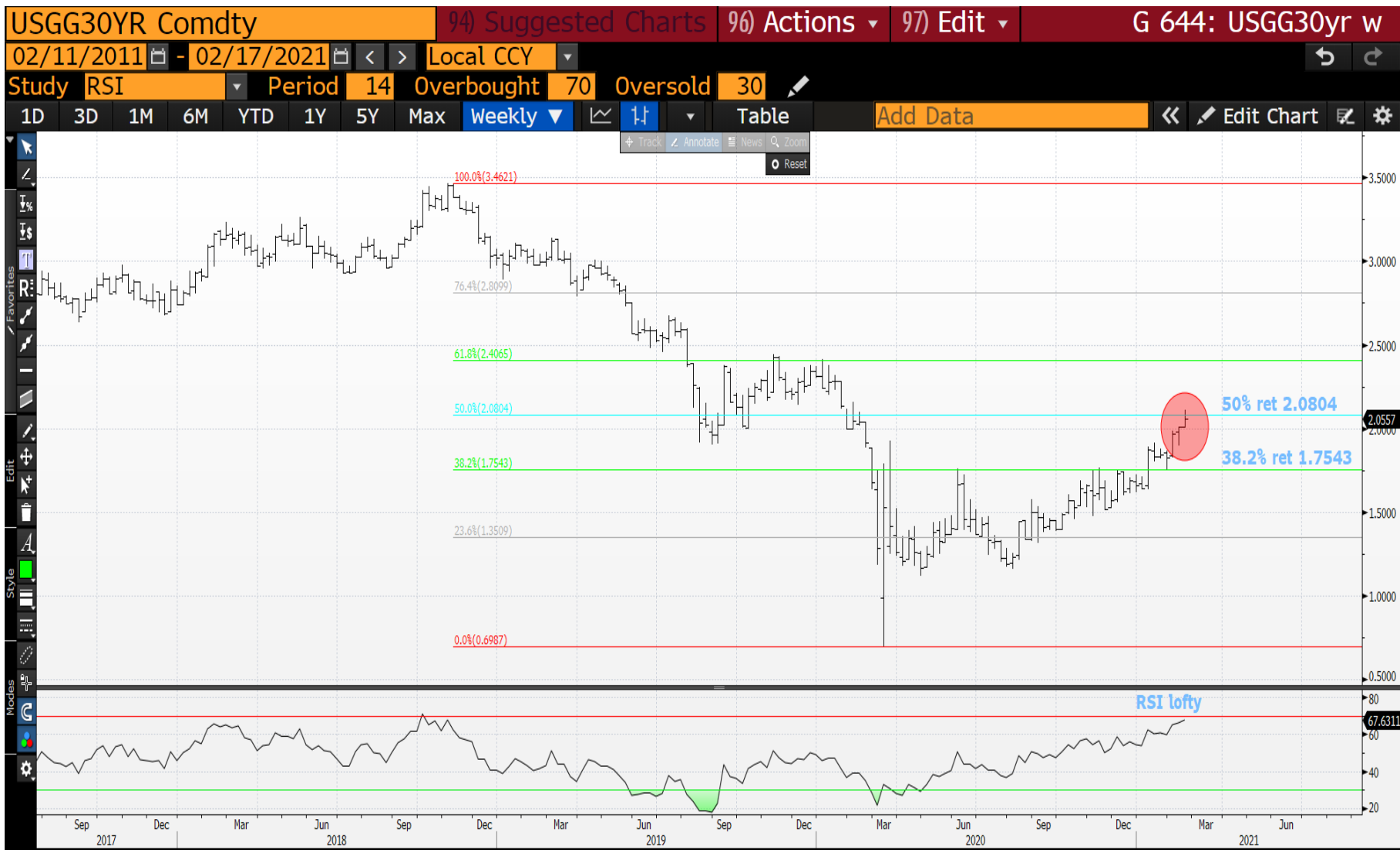


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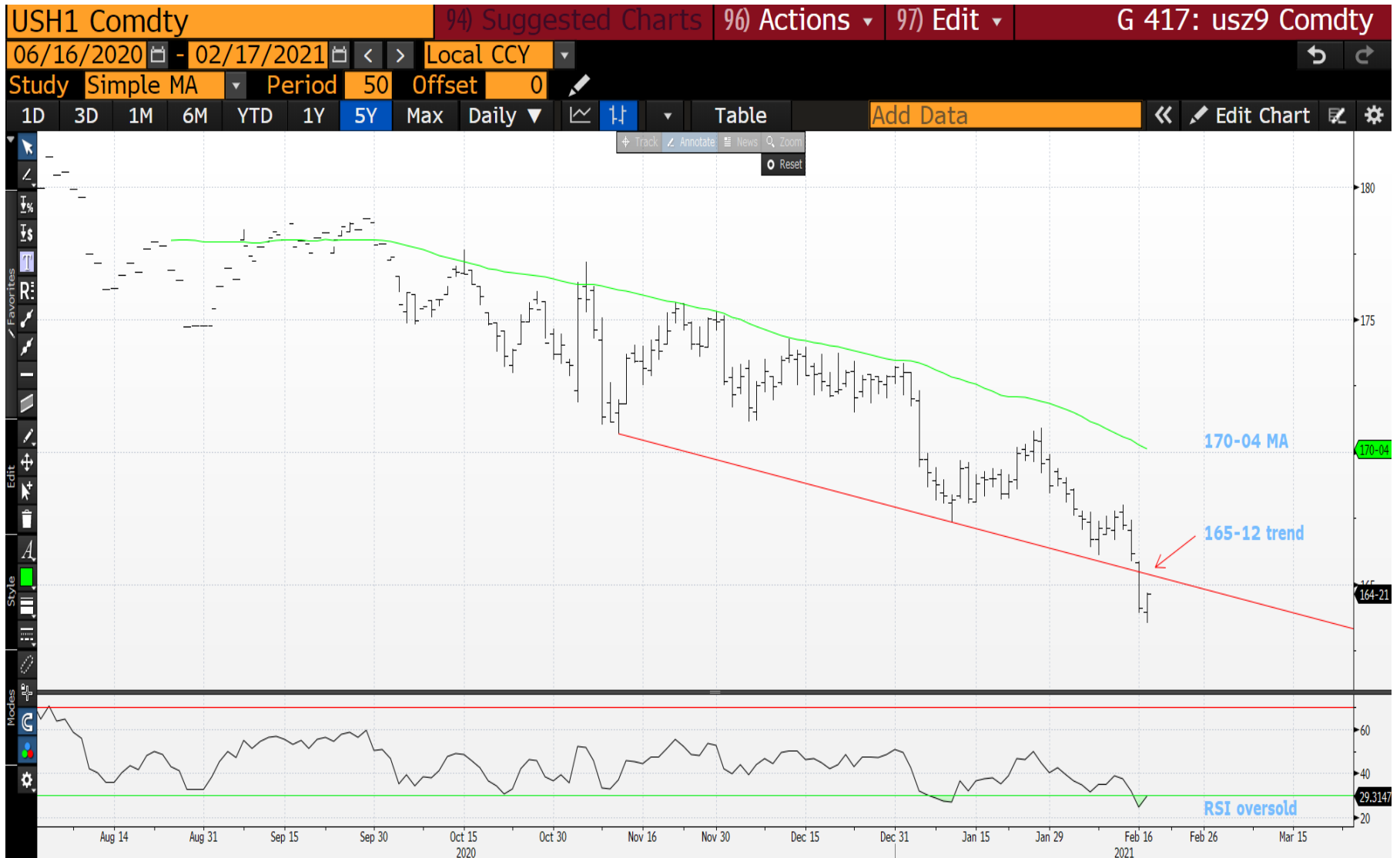
US 10-30 Swap monthly : The RSI is similar to 2008 and we are struggling to breach the 51.8086 previous high.



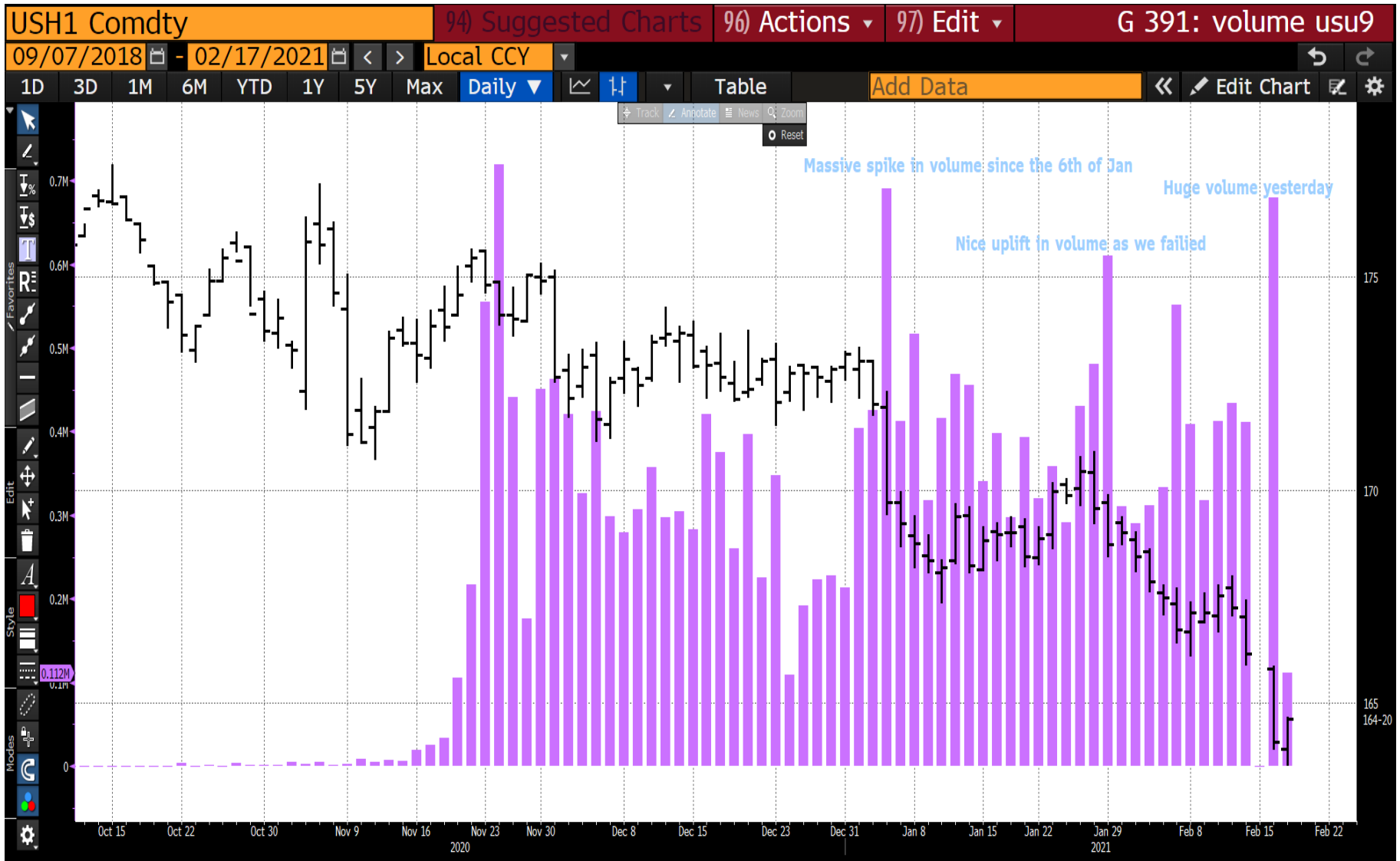
USGG30yr weekly : This would be the perfect place to stall technically given the RSI and 50% ret 2.0804.



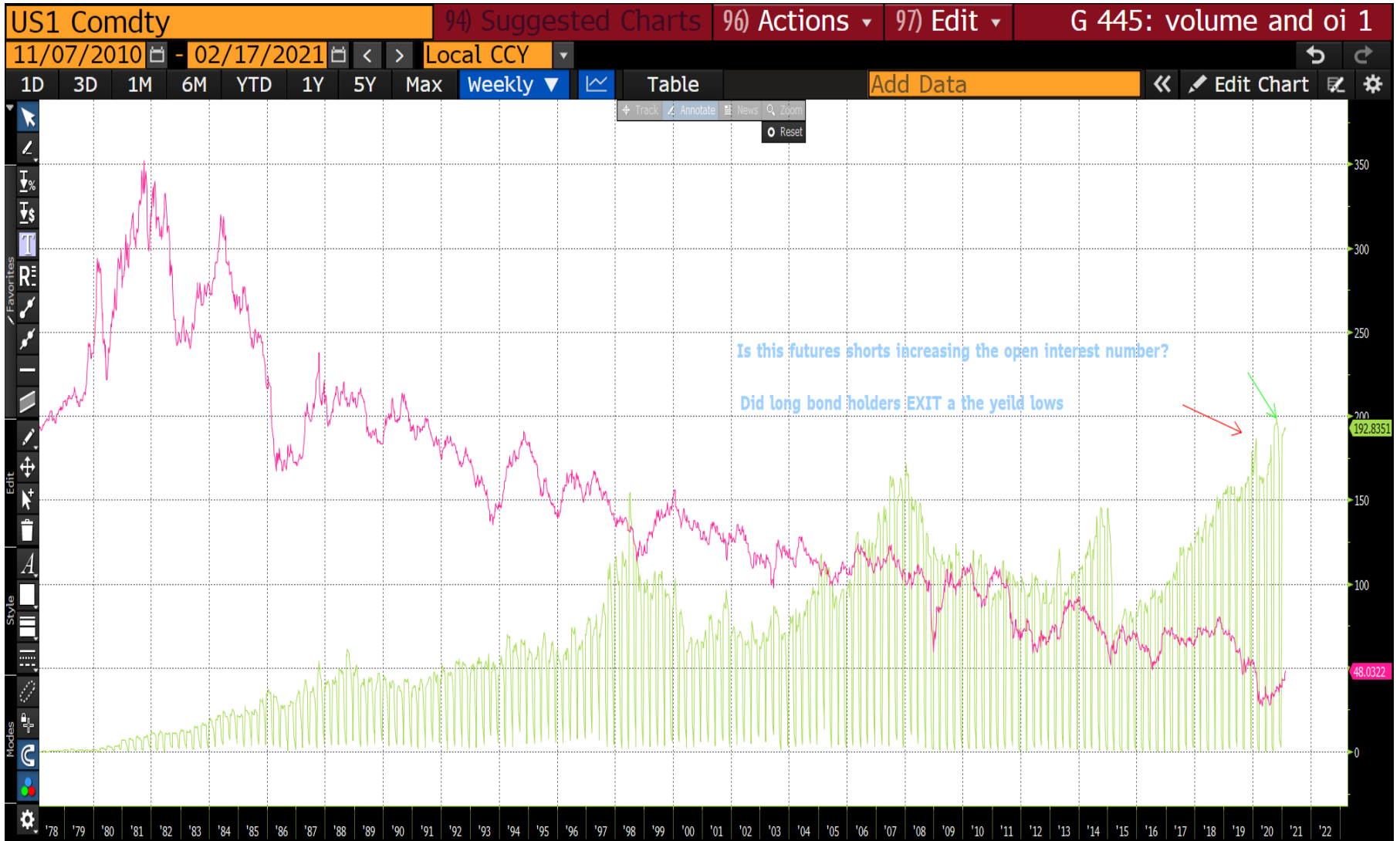
US 30yr futures daily : The RSI remains low so ideally we close back above the trend line 165-12.



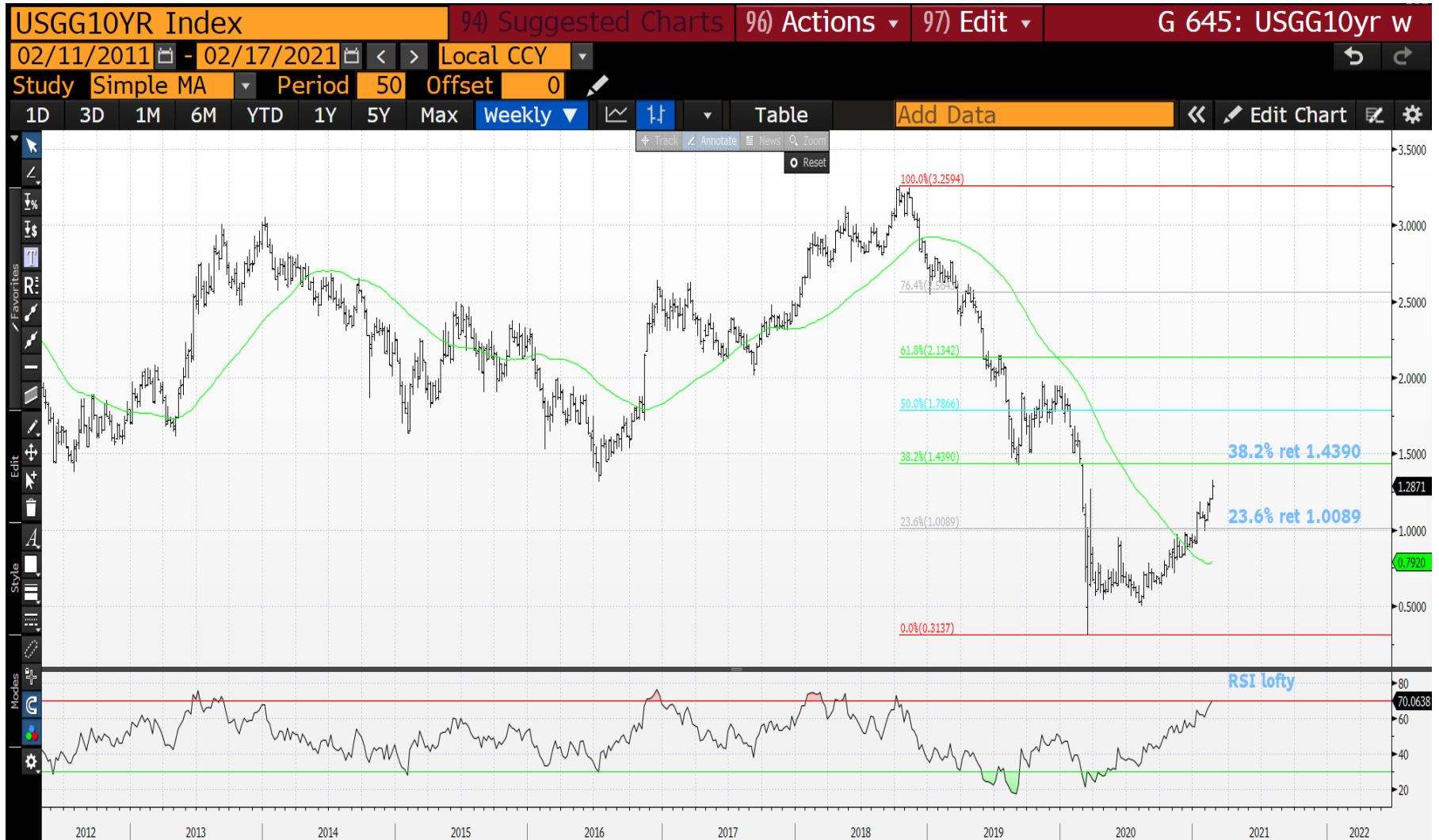
US 30yr futures and volume daily : HUGE volume this month and compare that with the standard roll period in late November!



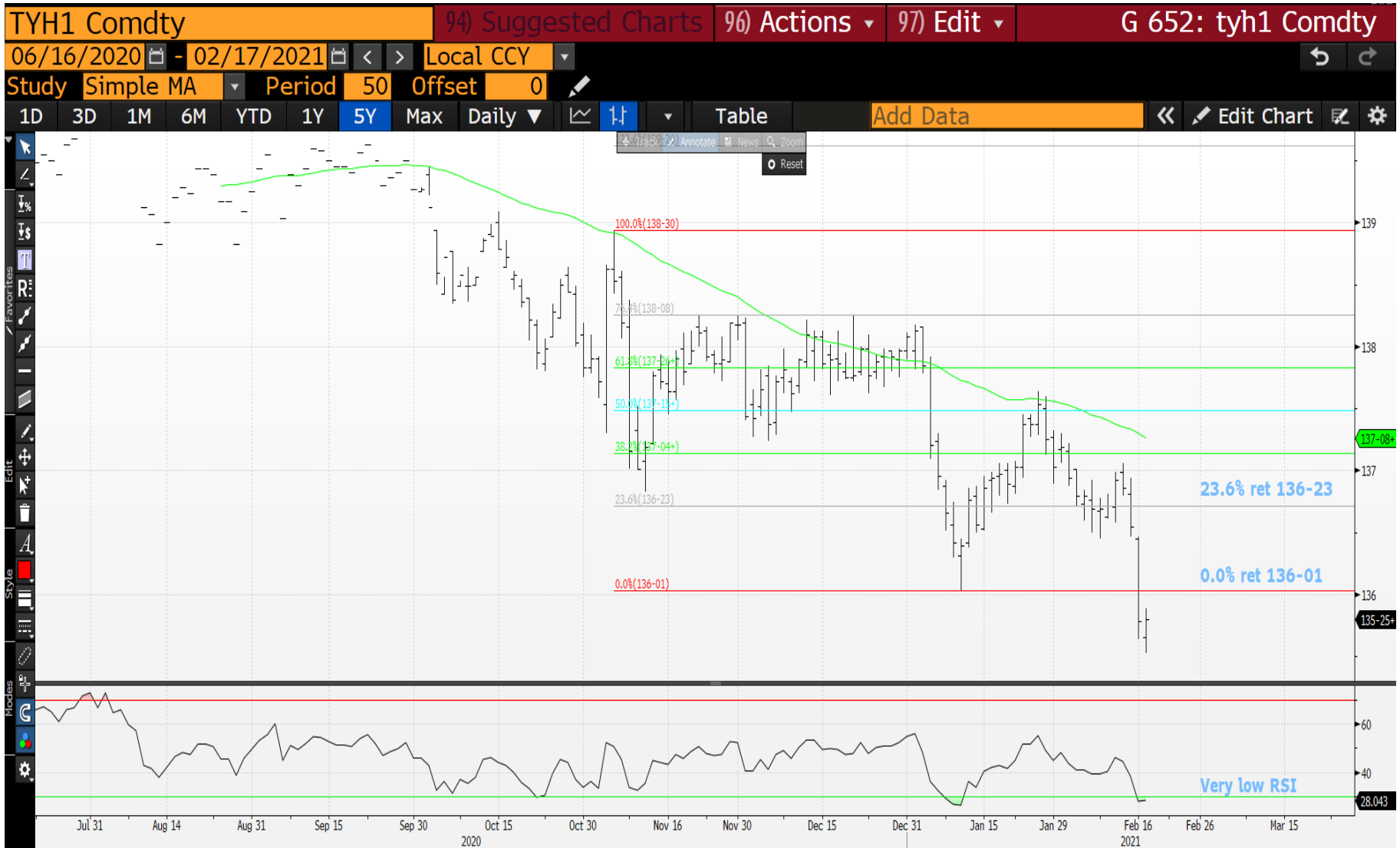
US 30yr open interest : A very telling chart highlighting bond longs exit at the yield lows whilst explaining that the latest OI INCREASE (of shorts) is due to the overwhelming volume on the recent downdraft. We could see the shorts rolled then have exit their June positions almost immediately.



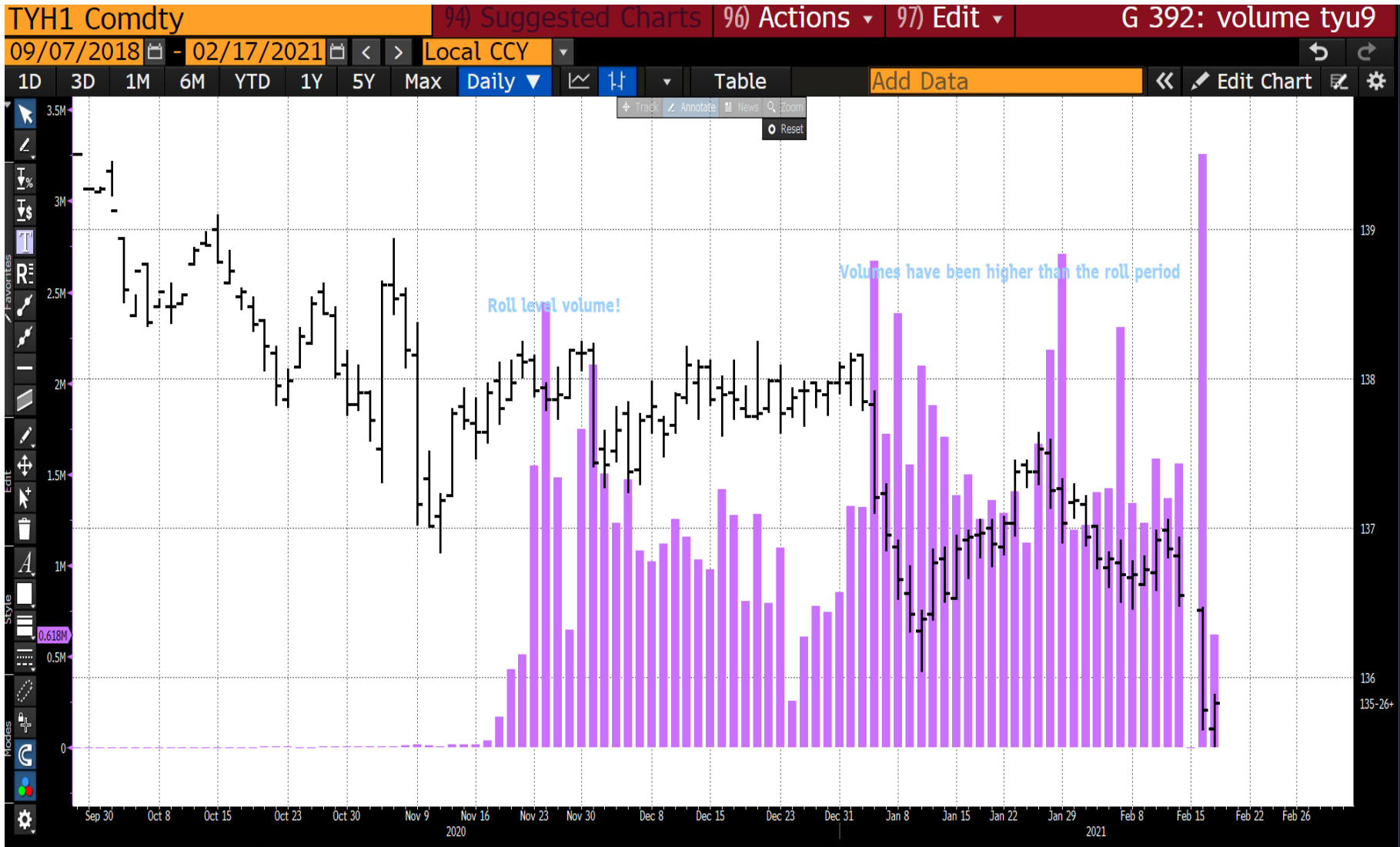
US 10yr yield weekly : The RSI is FINALLY pushed to a sizeable dislocation thus hopefully yields STALL!



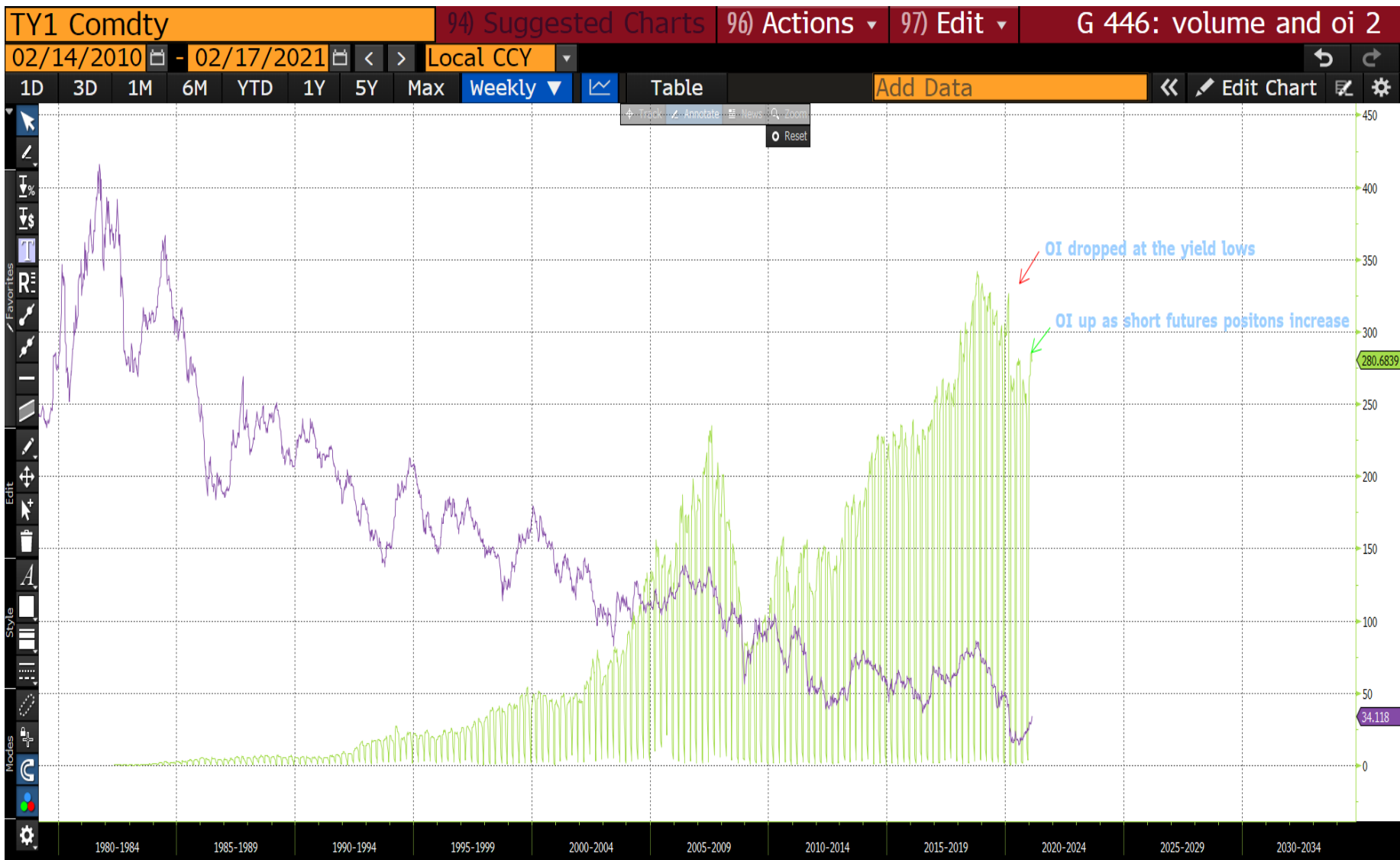
US 10yr futures daily : The RSI is low once again and minimally we need to close back above the previous low 136-01.



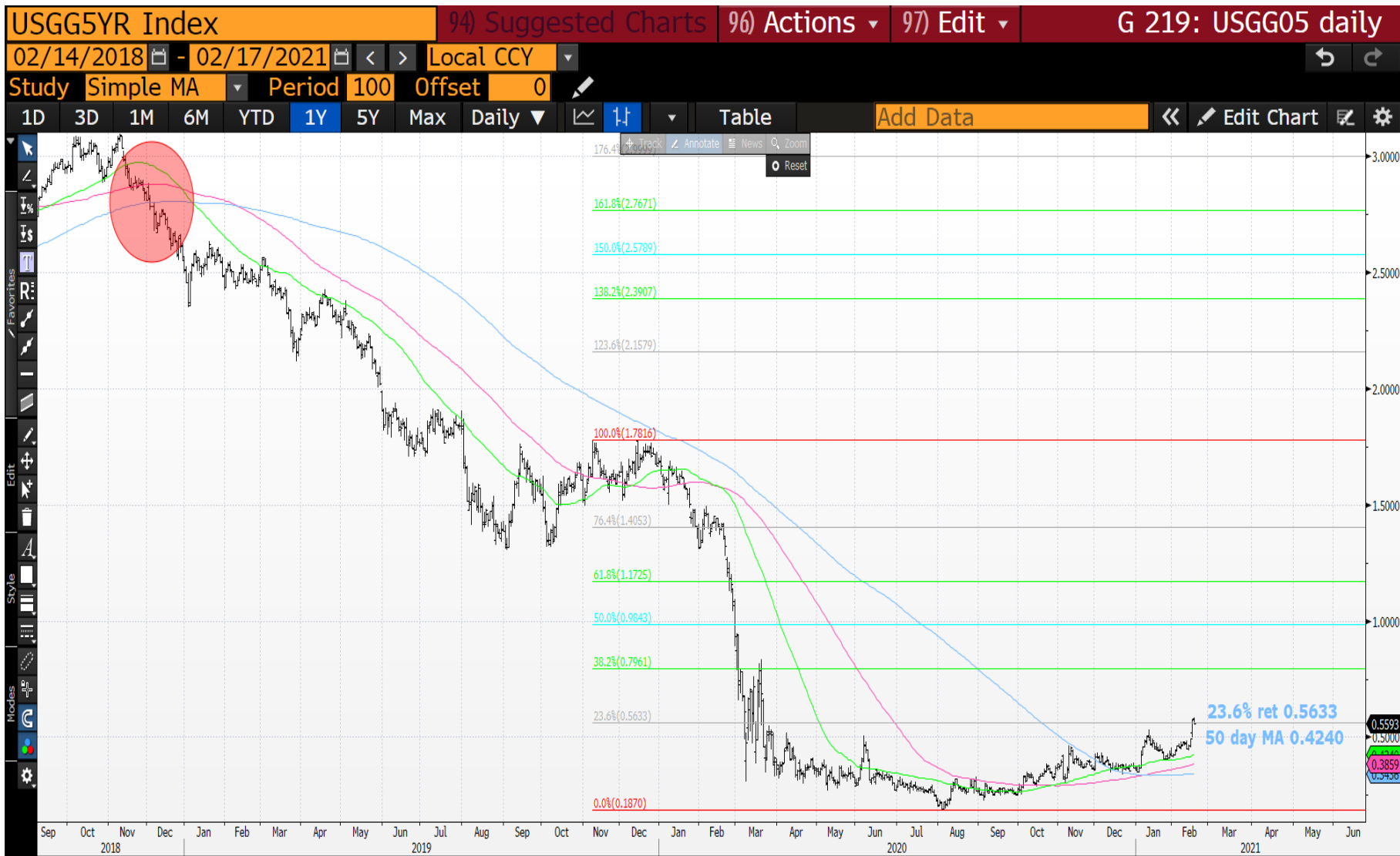
US 10yr futures and volume daily : This part of the curve seems to have attracted most attention given the volume of late DWARF that of the roll period in November. Some may of covered bond shorts in the move yesterday but “MOST” still remains short.



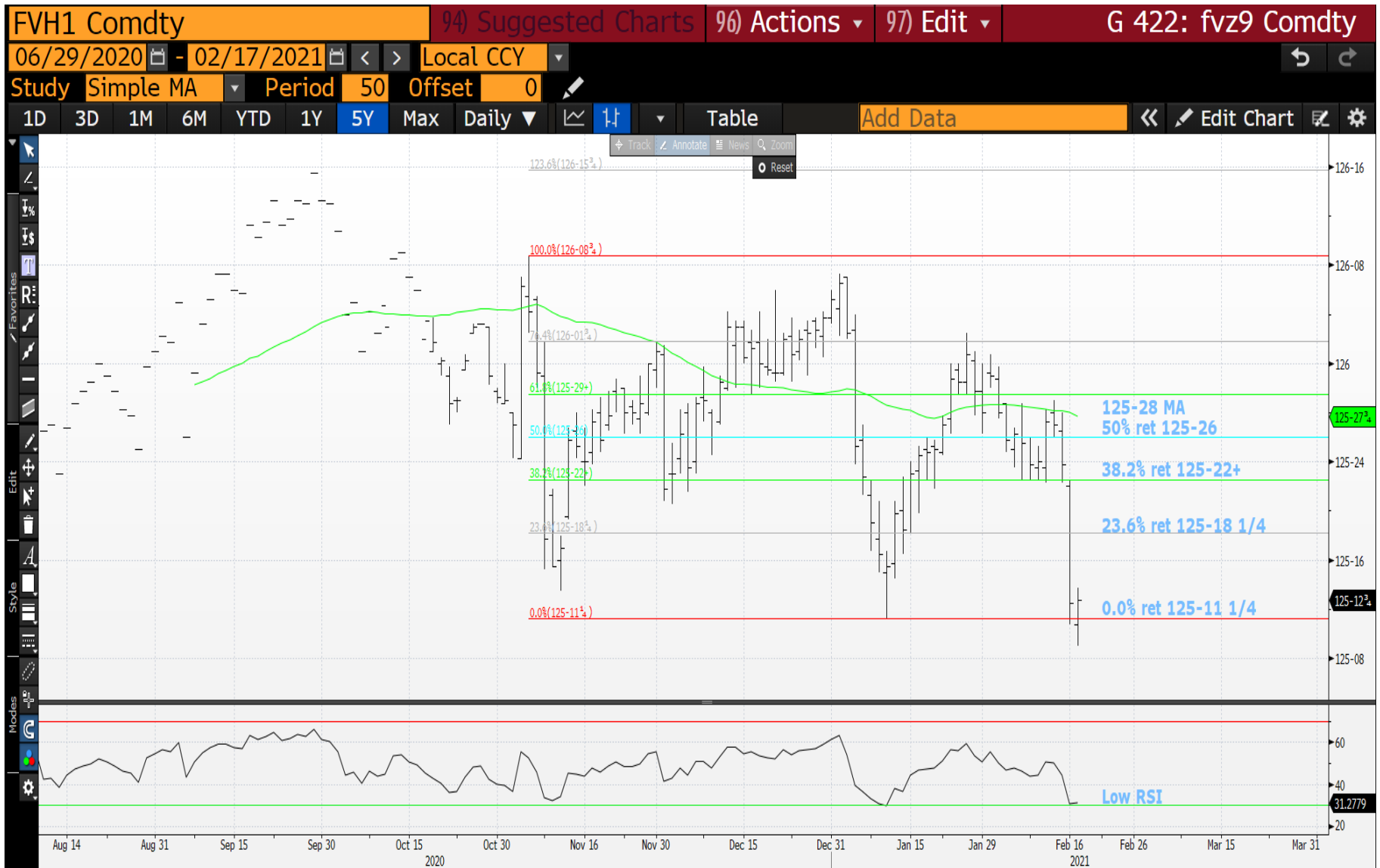
US 10yr open interest : Another nasty spike in OI which is short positioning. It looks like "SOME" short positions were squared off yesterday BUT the rest remain short.



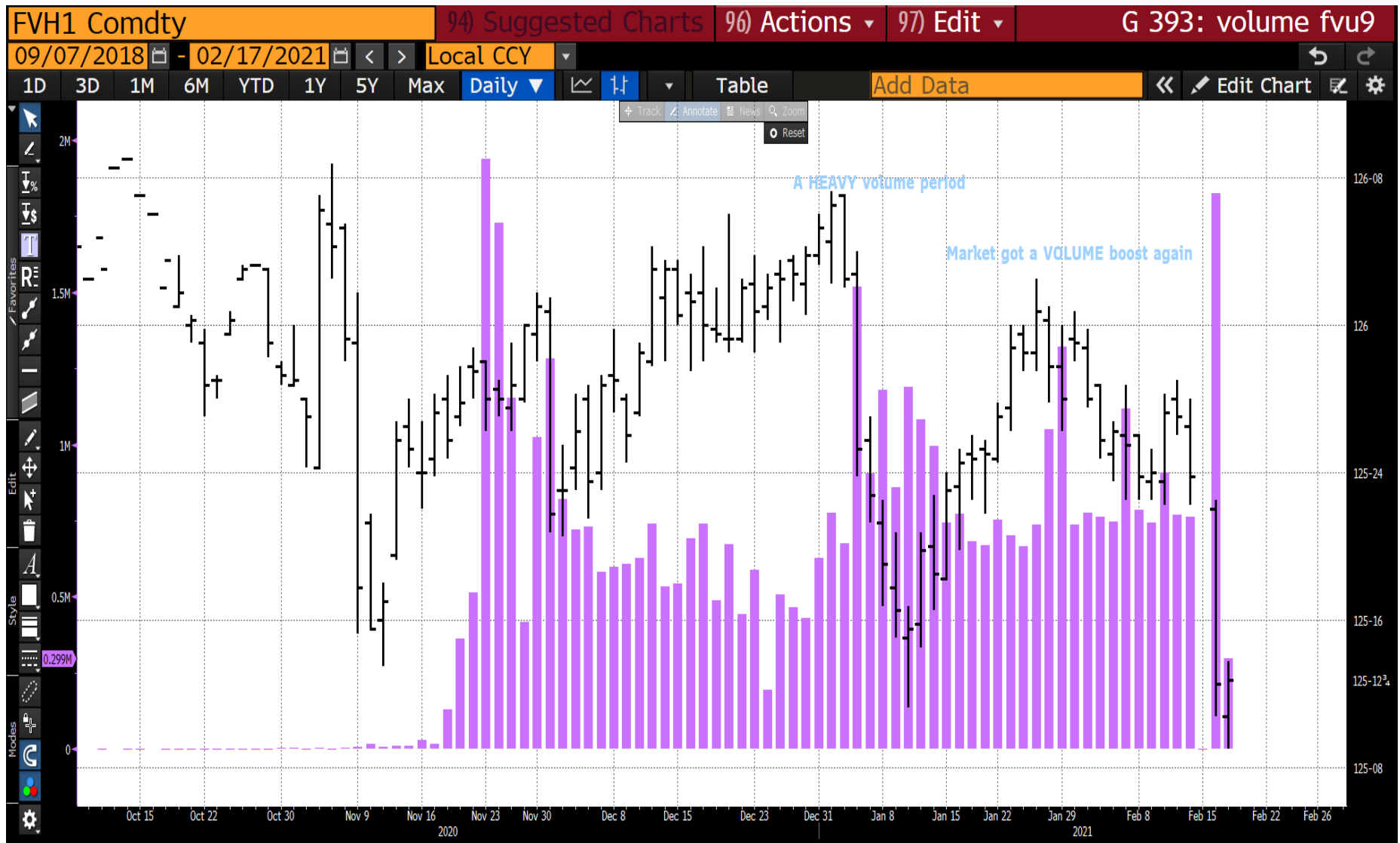
USGG5yr daily : A nice TARGET 23.6% ret 0.5633 hit yesterday and so now time for 5yr yields to stall.



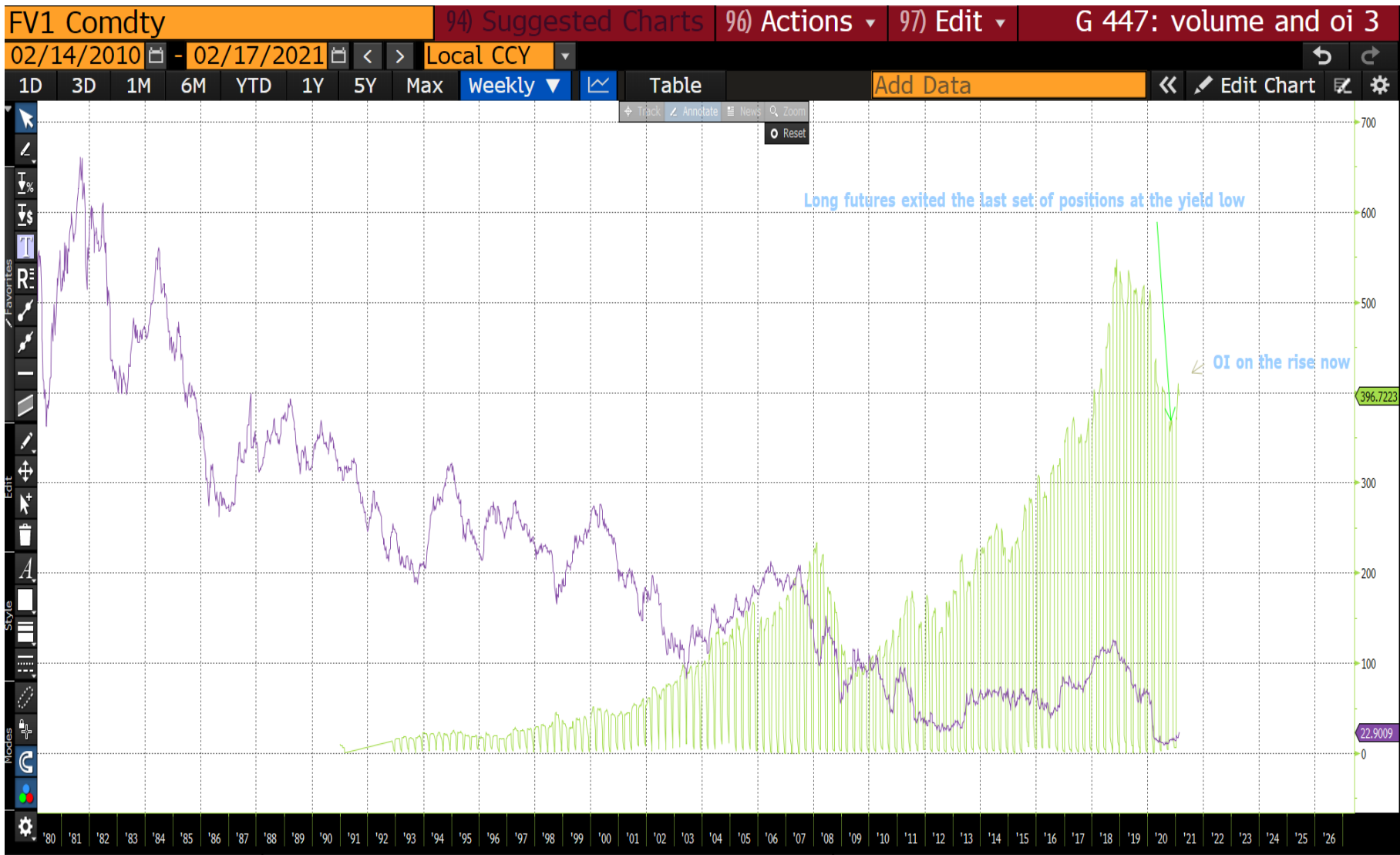
US 5yr futures daily : We are back above the recent low 125-11 ¼ so ideally we continue to grind higher given the RSI.



US 5yr futures and volume daily : Another HUGE volume day yesterday!!



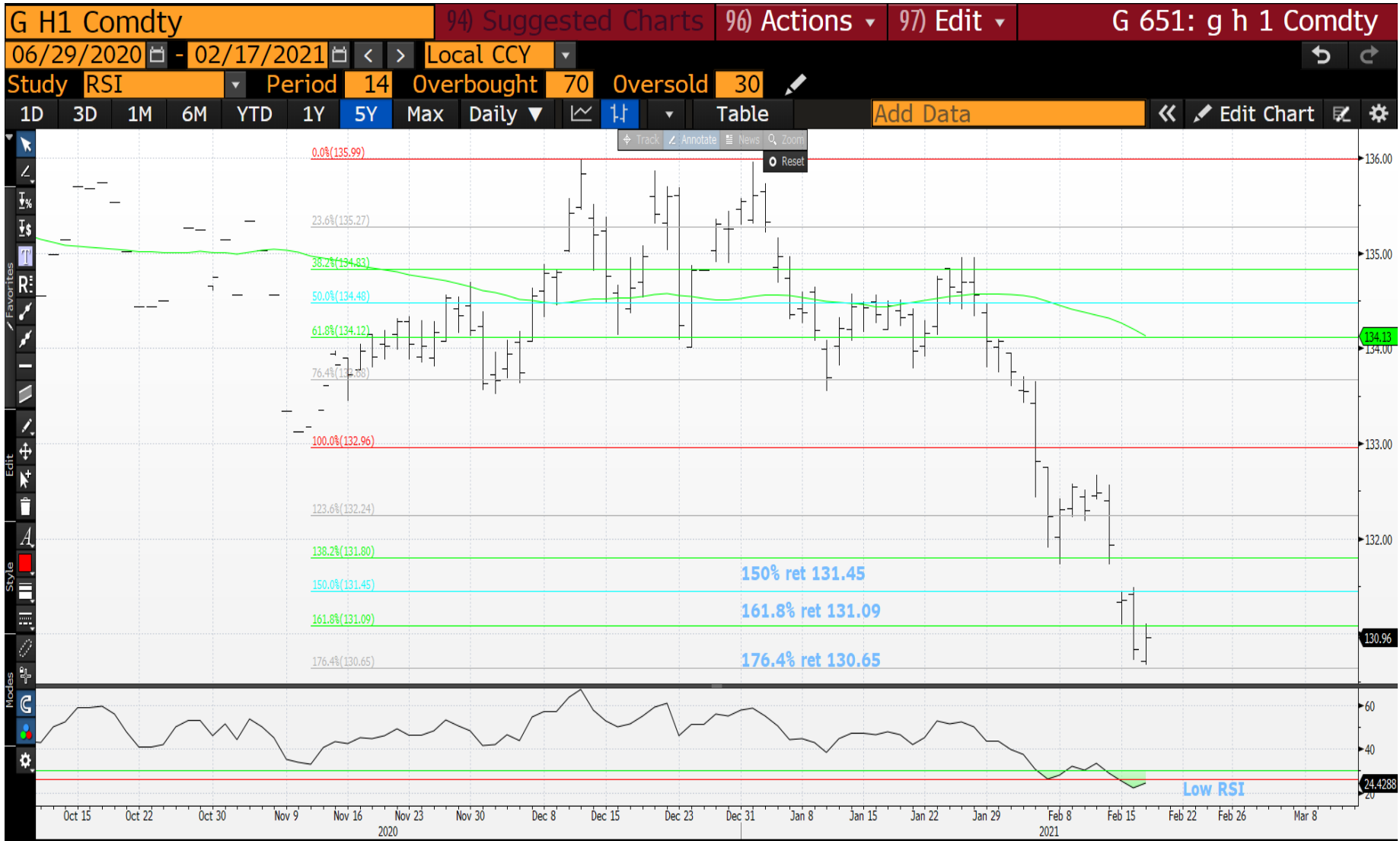
US 5yr open interest : Another nasty spike in OI which is short positioning.



DBR 46 daily : The RSI is the lowest since 2015 so should hold soon.



Gilt future daily : The RSI is extended again and we still have a GAP to fill.



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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