

BOND UPDATE : SINCE THE US 10YR YIELD HELD ITS 200 DAY MOVING AVERAGE IT HAS TAKEN THE “MOMENTUM” OUT OF THE BIGGER YIELD DROP. FOR THE FIRST TIME IN A WHILE MANY RSI’S HAVE HIT A “VERY” NEUTRAL STATE, ADDITIONALLY CURVES AND US 10-20-30 FLY HAVE HIT MULTI YEAR RETRACEMENTS. THIS MEANS TECHNICALLY WE ARE AT A DIFFICULT JUNCTURE TO PREDICT THE NEXT FEW WEEKS, THE MOMENTUM AND TREND IS FOR LOWER YIELDS OVERALL BUT THE DRIVERS ARE NOW “NEUTRAL”. THAT SAID ANY NEW YIELD LOWS OR 200 DAY MOVING AVERAGE BREACHES (US 10 AND 30YR) THEN THE TREND REMAINS.

CURVES SHOULD ALSO PERSIST IN TRENDING FLATTER AS MOST MONTHLY RSI ROLLED OVER FROM 2008-1994 DISLOCATIONS.

*****BIG QUESTION IS IF YIELDS FALL SIGNIFICANTLY WHERE DOES THAT LEAVE STOCKS AND BREAKEVENS? BREAKEVENS TECHNICALLY-HISTORICALLY ARE ALSO FAILING ON “RARE” SEEN RSI DISLOCATIONS.*****

US BOND AND SWAP CURVES CONTINUE TO “SCREAM” FOR A MAJOR FLATTENING GIVEN THE HISTORICAL RSI DISLOCATION. THE OTHER POINTER IS THE 102030 SWAP CURVES CONTINUES TO INDICATE THE 20YR IS “OUT OF LINE” WITH THE WINGS!

US102030 Swap monthly : We are spending longer than anticipated at this multi year
 38.2% ret 25.7843, ideally it is breached before month end to AID the over call for lower
 bond yields.



US 5-30 Swap monthly : Again we are spending longer than anticipated at the multi year
61.8% ret 83.498, again a breach of this at month end will help.



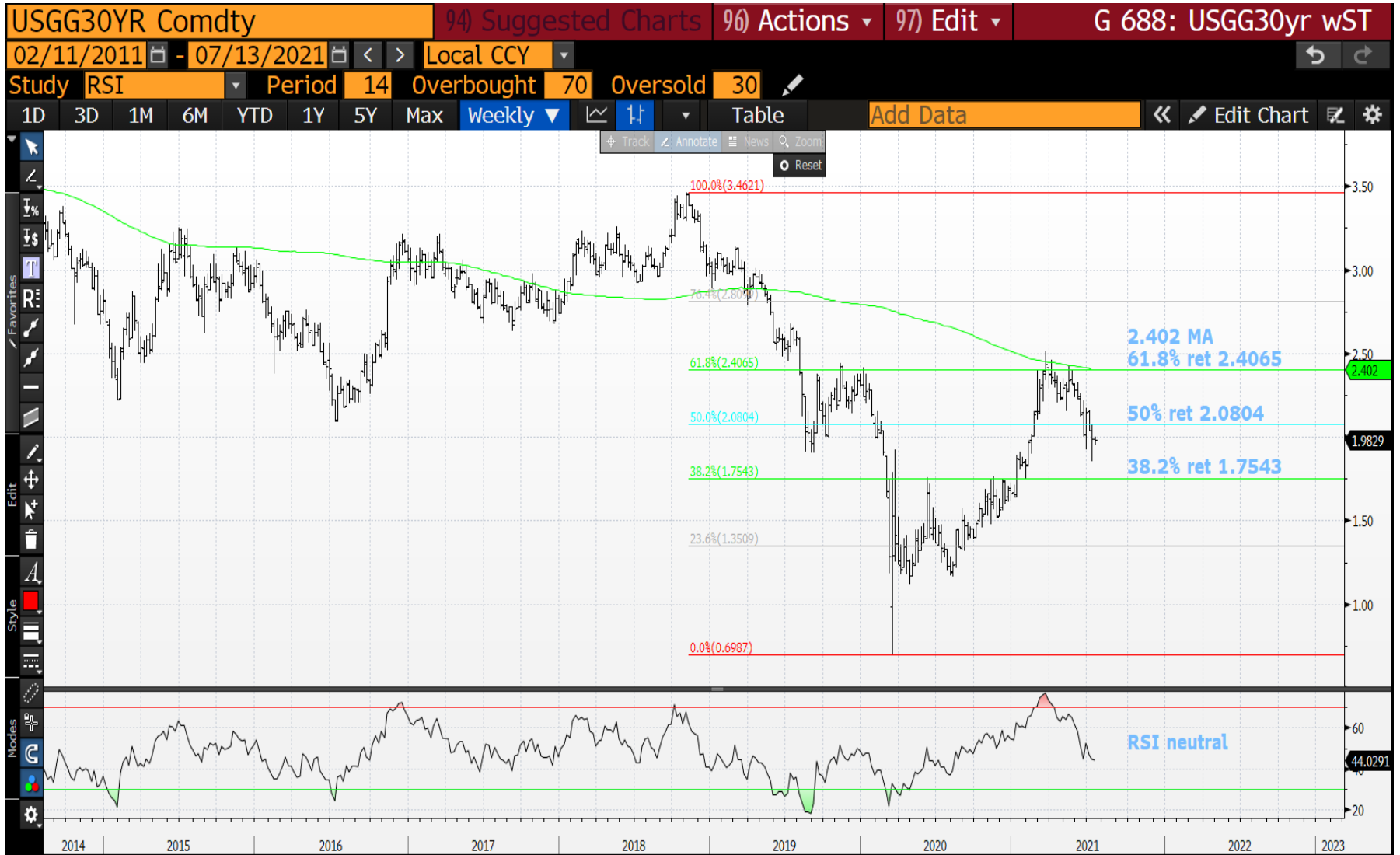
US 5-30 monthly : We need to remain SUB the 50% ret 121.588 and into month end.



USGG30yr monthly : The RSI still has significant room for yields to head lower but we may have a period of consolidation given the NEXT CHART (weekly) has a VERY neutral stance.



USGG30yr weekly : We have breached the 50% ret 2.0804 but the RSI is now VERY NEUTRAL.



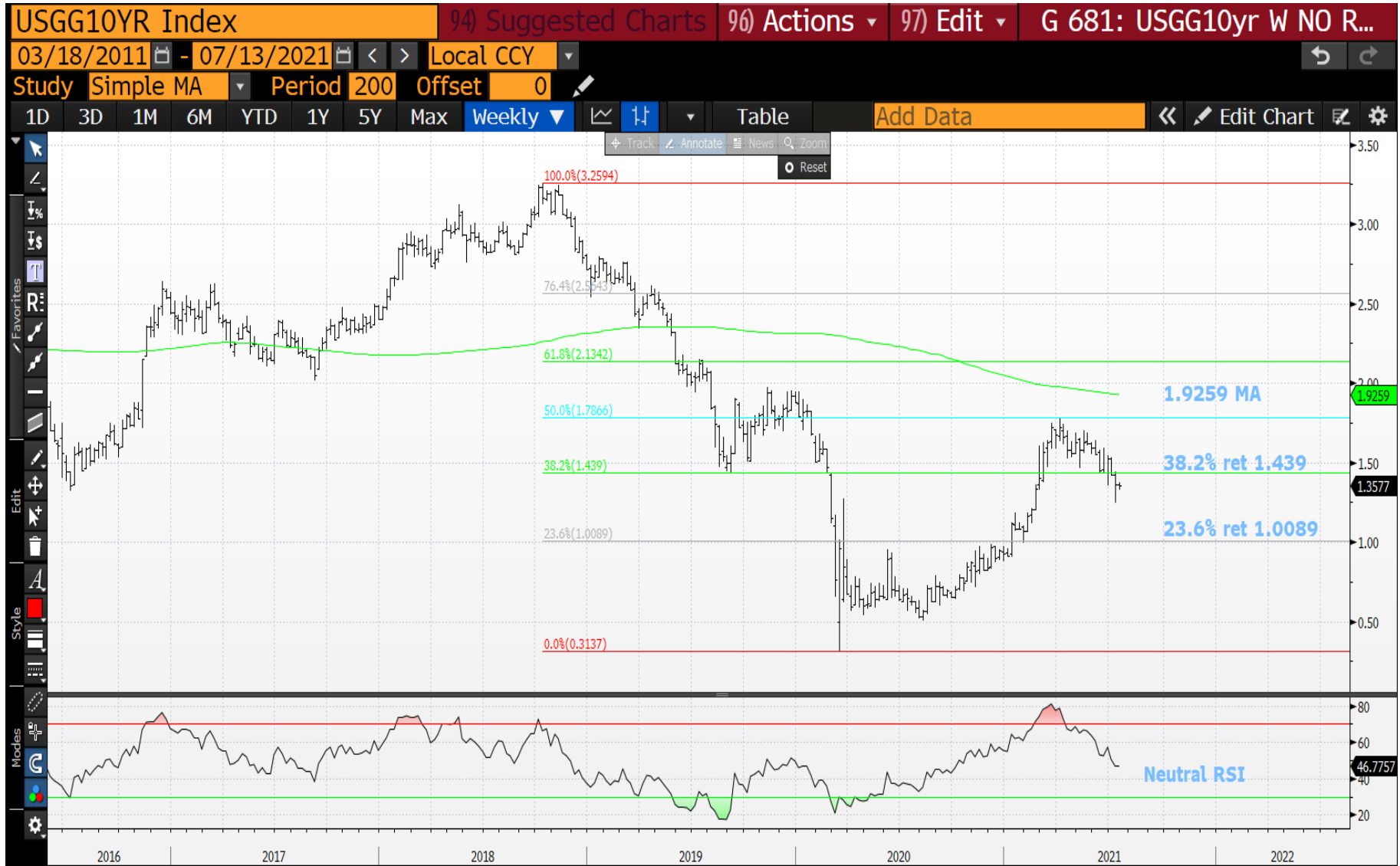
USGG30yr daily : The 50-100 day moving averages have finally crossed. Although the RSI is low it has had mixed results so we should consolidate with a lower yield BIAS especially if the 200 day moving average 1.9667 is breached.



US 10yr yield monthly : The RSI still has momentum for lower yields BUT as with the US 30YR the weekly RSI is VERY NEUTRAL!



US 10yr yield weekly : We have breached the 38.2% ret 1.439 BUT presumably consolidate given the RSI.



US 10yr yield daily : The 200 day moving average 1.2399 HELD as did the US 30yr previously but remember the over all BIAS is lower. The 50-100 day moving averages have JUST crossed and certainly a breach of the 200 day will trigger the yield lower call is well and truly back in play.



US 5yr yield weekly : This has proved to be MASSIVE resistance 23.6% ret 0.8737 which has worked well again.



DBR 46 weekly : We have breached the 50% ret 157.561 and as long as we hold it on any dip all remains positive. The RSI is neutral so all depends on where we close the month.



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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