

US AND CAD CURVES : IF BOND YIELDS “TOP” THEN WHATS THE BEST PART OF THE CURVE. THE “TECHNICAL” ANSWER ISNT EASY GIVEN ALL HAVE MAJOR RSI DISLOCATIONS. THE 10-30 HAVE HELD THE RECENT LOW AND CONTINUES TO PERFORM BUT 5-30 IS FAVOURED SLIGHTLY IF IT PLAYS CATCH UP!

CURVES ARE CLOSE TO SOME BIG BREAK LEVELS FORCING THAT LONGTERM STEEPENING, THERE ARE “RARE” HISTORICAL EXAMPLES BEING REPLICATED.

PREVIOUSLY :

THE FOLLOWING CHARTS IMPLY TECHNICALLY A MAJOR STEEPENING BIAS FOR SOME TIME TO COME, THE IMPLICATION IS THAT IT WILL TAKE PLACE OVE THE NEXT FEW MONTHS.

CANADA, THERE IS A LESSER RSI DISLOCATION TO THE US BUT WE ARE HITTING KEY LEVELS.

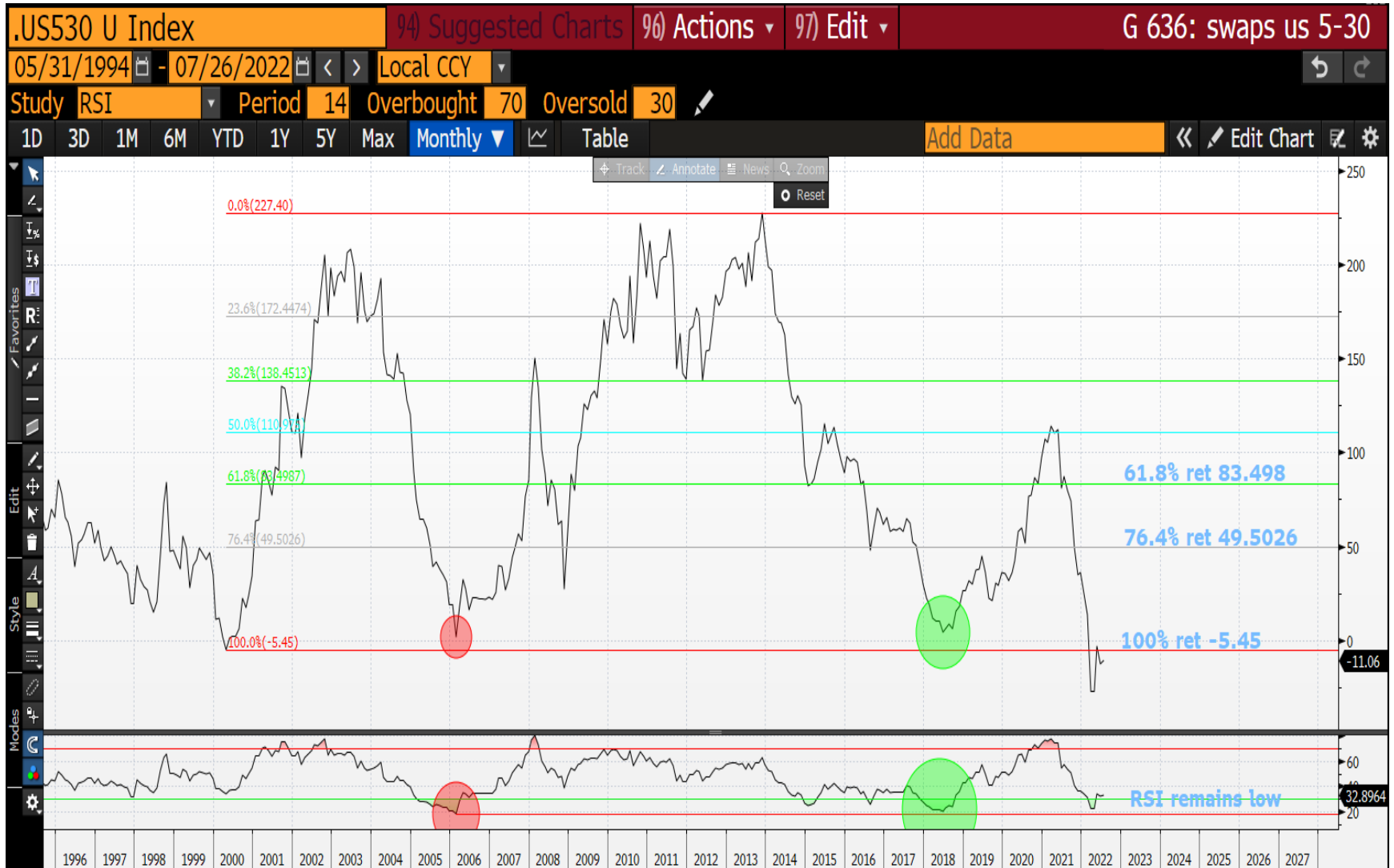
US102030 Swap monthly : The 20yr has presented opportunities in early 2021 and first quarter of this year BUT currently the RSI is neutral.



US 5-10 monthly USYC5-10 : The RSI remains dislocated and has scope to STEEPEN given the previous (circled) examples. This part of the curve has spent several months consolidating sub the MULTI-YEAR 76.4% ret 3.561. This retracement NEEDS to be breached before any further steepening.



US 5-30 Swap monthly 100 * (USSW30 Curncy - USSW5 Curncy) : One of the many examples of RARE RSI dislocations. We are CLOSE to some MAJOR lows looking back at previous moves in 2006 and 2018. A NICE base so far but once above the 100% ret -5.45 we should accelerate. If we do BASE then this chart highlights the potential steepening possibilities!



US 5-30 monthly USYC5-30 : Another superb EXAMPLE given the RSI is HOLDING the 2006 , 2015, 2018 LOWS. Ideally we can close up NEARER the 76.4% ret 21.7763 and CREATE that LOW, but so far so good. It looks like the LOW is finally in and the RSI has ROOM!



US 5-30 weekly : The WEEKLY RSI is off its lows so ideally we need to close above the 76.4% ret 21.7763 SOON.



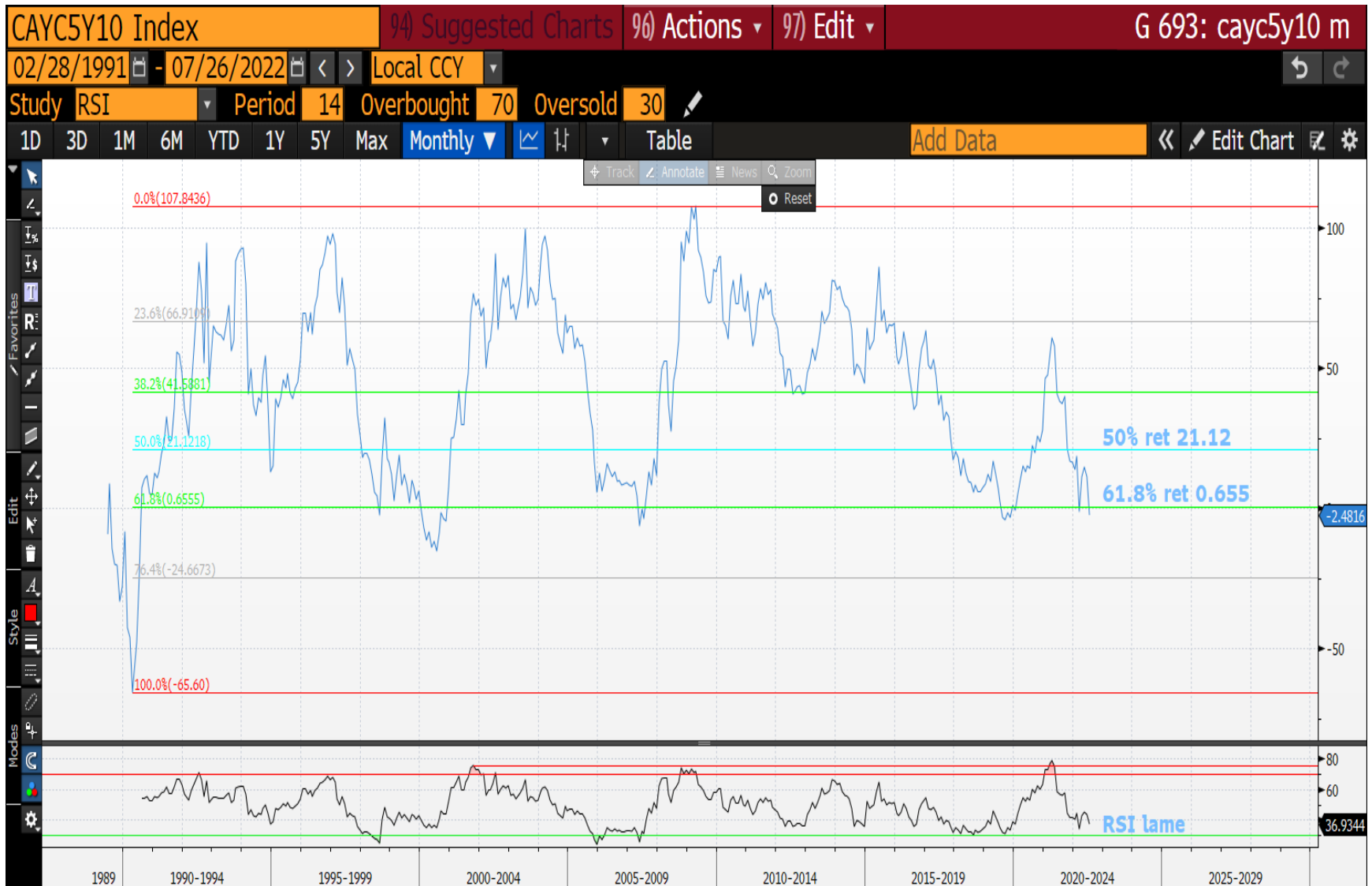
US 10-30 monthly : HISTORICALLY a good chart given we have hit the RSI low matching 2006, 2015 and 2018. We are above the MULTI_YEAR 76.4% ret 7.544 which should kick start a MAJOR steepening signal. Ideally we REMAIN above the trend line 20.4022.



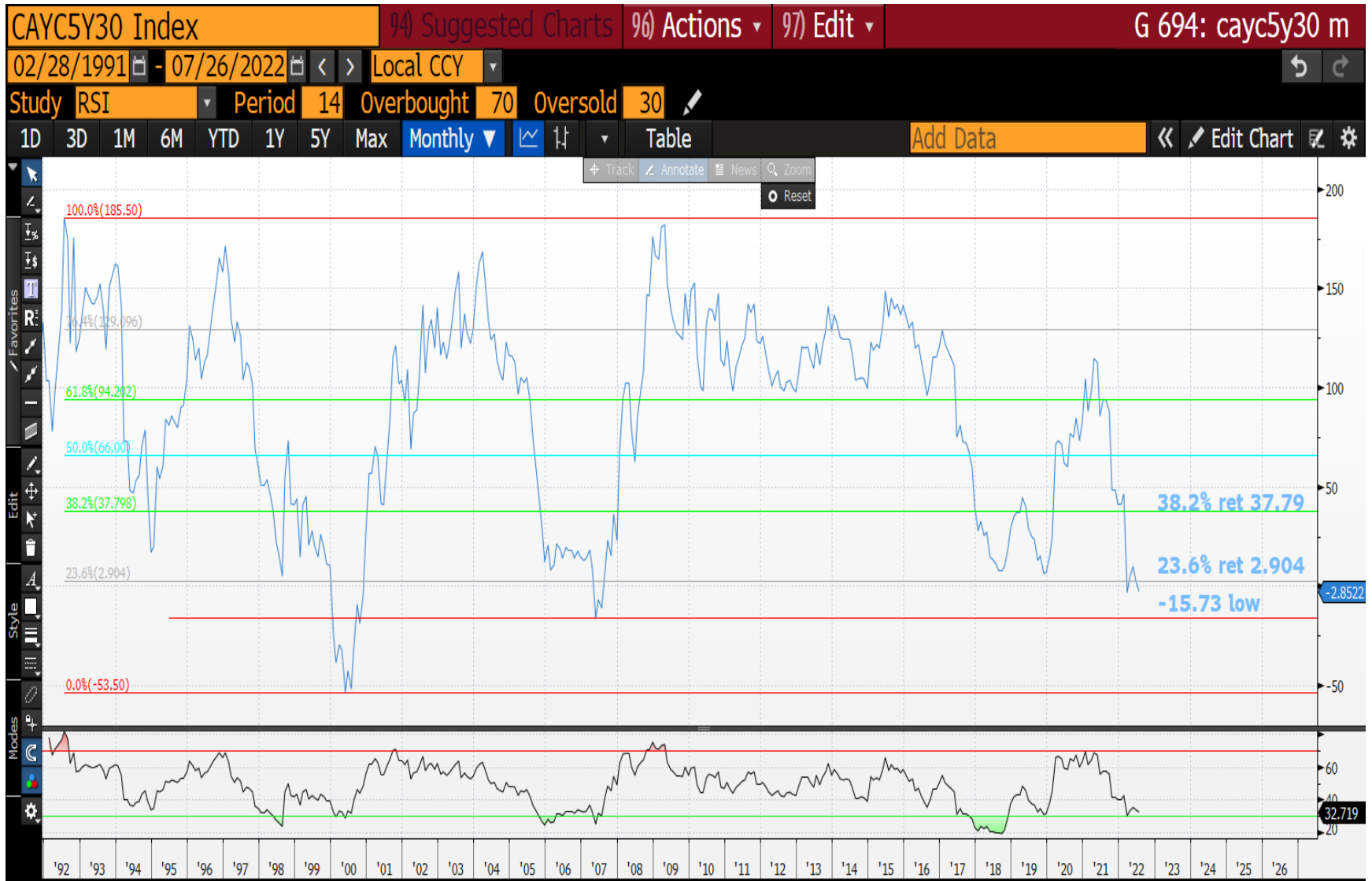
US 10-30 weekly : The RSI has less of a dislocation BUT we have a similar pattern to the 5-30. Above the previous low 9.1156 is helping.



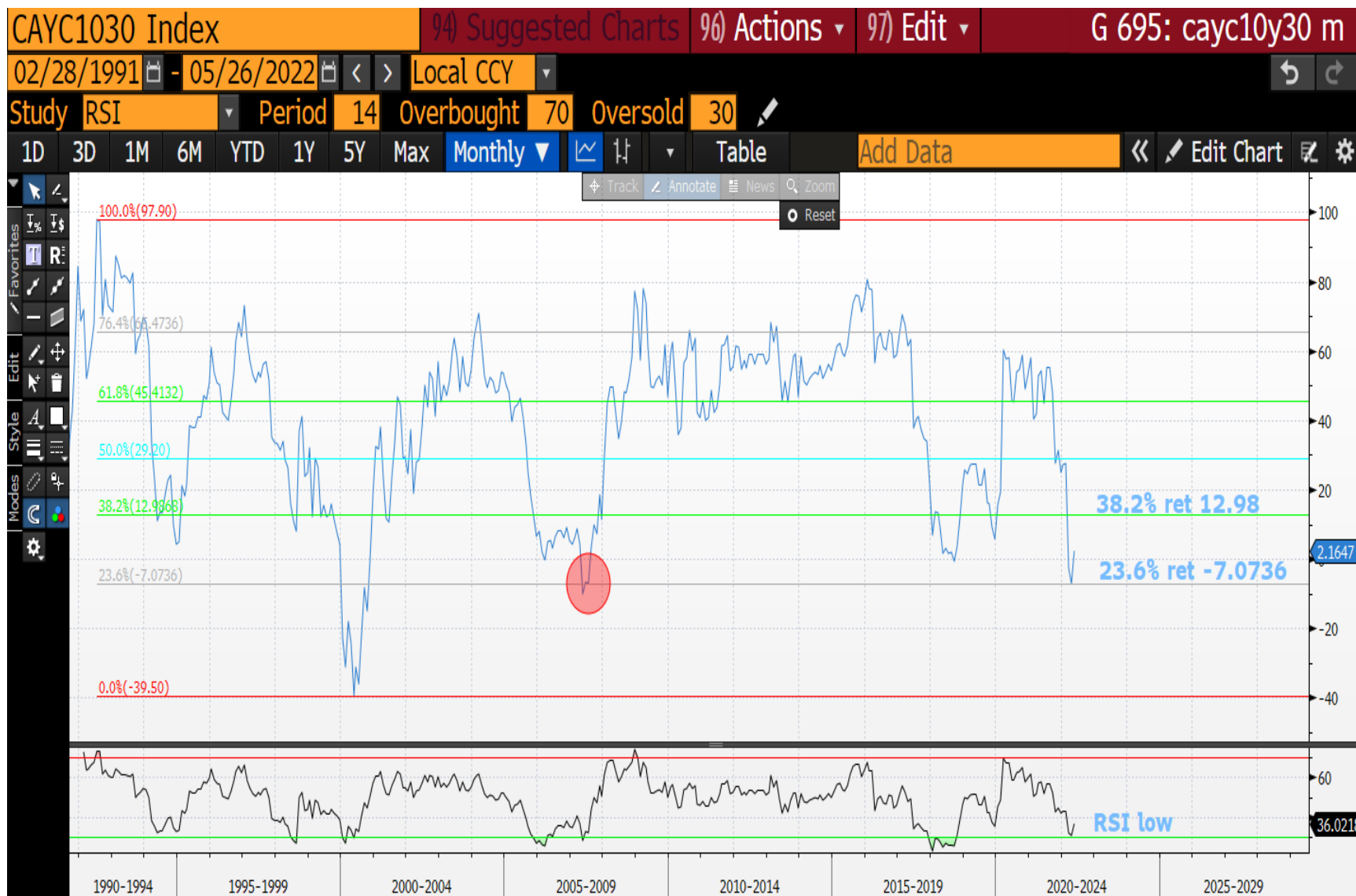
CAD 5-10 monthly : TECHNICALLY INTERESTING that we have HELD the 61.8% ret 0.655, the RSI is nothing like the US extension. A nice HOLD but all action should be in the MORE over extended US RSI'S. We NEED to HOLD the 61.8% ret.



CAD 5-30 monthly : Historically a nice PATTERN. It looks like we have a low in. This really has only been a reaction to the US. We might need to DIP to the -15.73 low first, BUT this is NOTHING like the US extensions.



CAD 10-30 monthly : The RSI is not as extended as the US but we seem to be trying to HOLD the 23.6% ret -7.0736. This could be the area of the curve KEEN to HOLD first.



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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