

Technical Analysis

Yield UPDATE, even more of a DILEMMA!!

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BUILDING TEAM SPIRIT TOGETHER

NEWEDGE

I persisted in a lower yield call beginning January 2014, but now the charts are finding temporary support. This does not detract from the original yearly view but implies we might attain better opportune levels to initiate the next major bond long. I would again target the 30yr part of the curve for ideas as it has offered the most discipline. The prominent market in the argument is the US 30yr yield, it has already based. **Last week saw the yield bounce prediction pick up momentum but the latest “YIELD QUEST” (mainly in Europe's peripheral) has given all bonds a bid. I realized this was going to be a tricky month standing in front of the BIG yield drop call , and the latest developments have not helped. I struggle to go with the HERD today despite this being the “CORE” call, the timing isn't right i.e. middle of the month-middle of the week. Also all monthly bottom bollingers remain resolute in offering support, making life even more difficult. I'd still like to keep an open mind given the yield support however short term price action IS NOT going to be easy.**

It's the middle of the month-middle of the week and ALL 60 minute RSI are off the radar ! If we close on new day highs then obviously I will resend a follow up.(Update in red).

Reasons to believe there will be a yield bounce.

Most have been absent from the yield lower trade, but it appears as late as last week a few economists are starting to think that way. I feel it is a good time counter trend.

The bottom bollingers are offering major support via the kink on the bottom bollinger, especially in US 30yr.

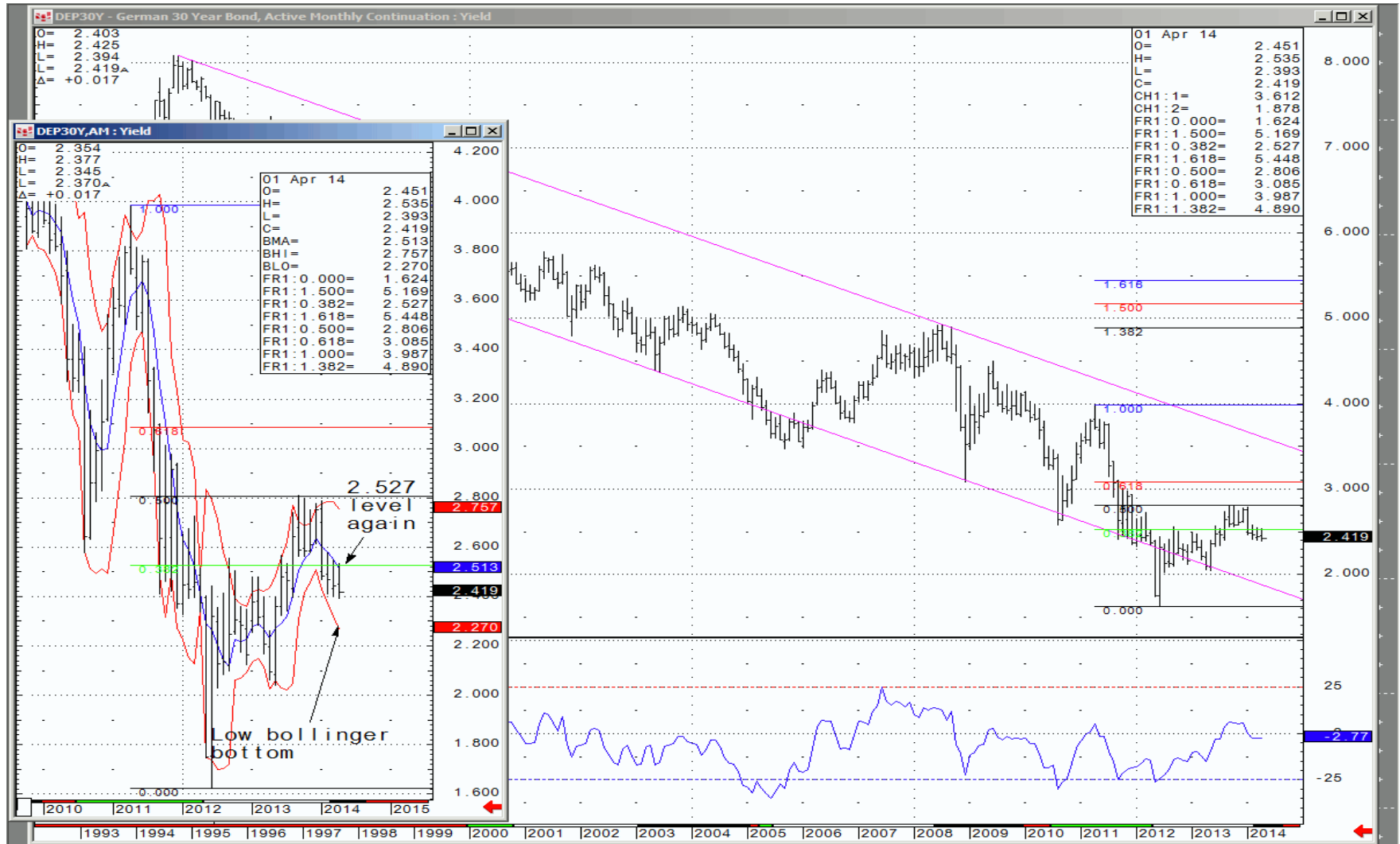
It is the beginning of the month and via last months late bearish yield performance peoples positioning has been formulated.

I would initiate downside bond trades for May and see how far this reversal will run.

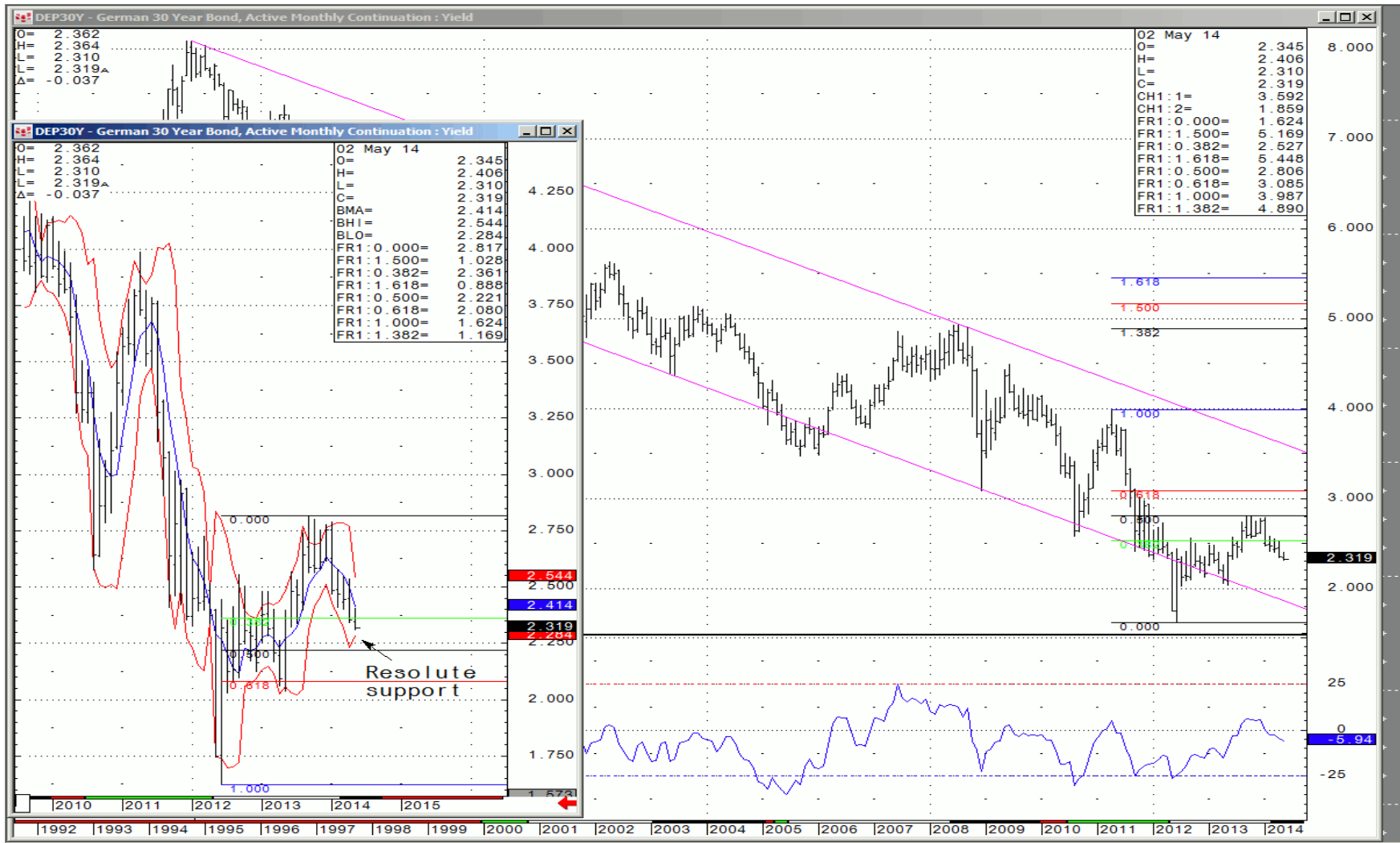
I will continue to remain short bonds via the options given the uncertainty of the yield charts as whole. If bonds fail today it will hurt and ADD more venom to the yield rally call of last week.

Option ideas on page 12.

German 30yr monthly yield



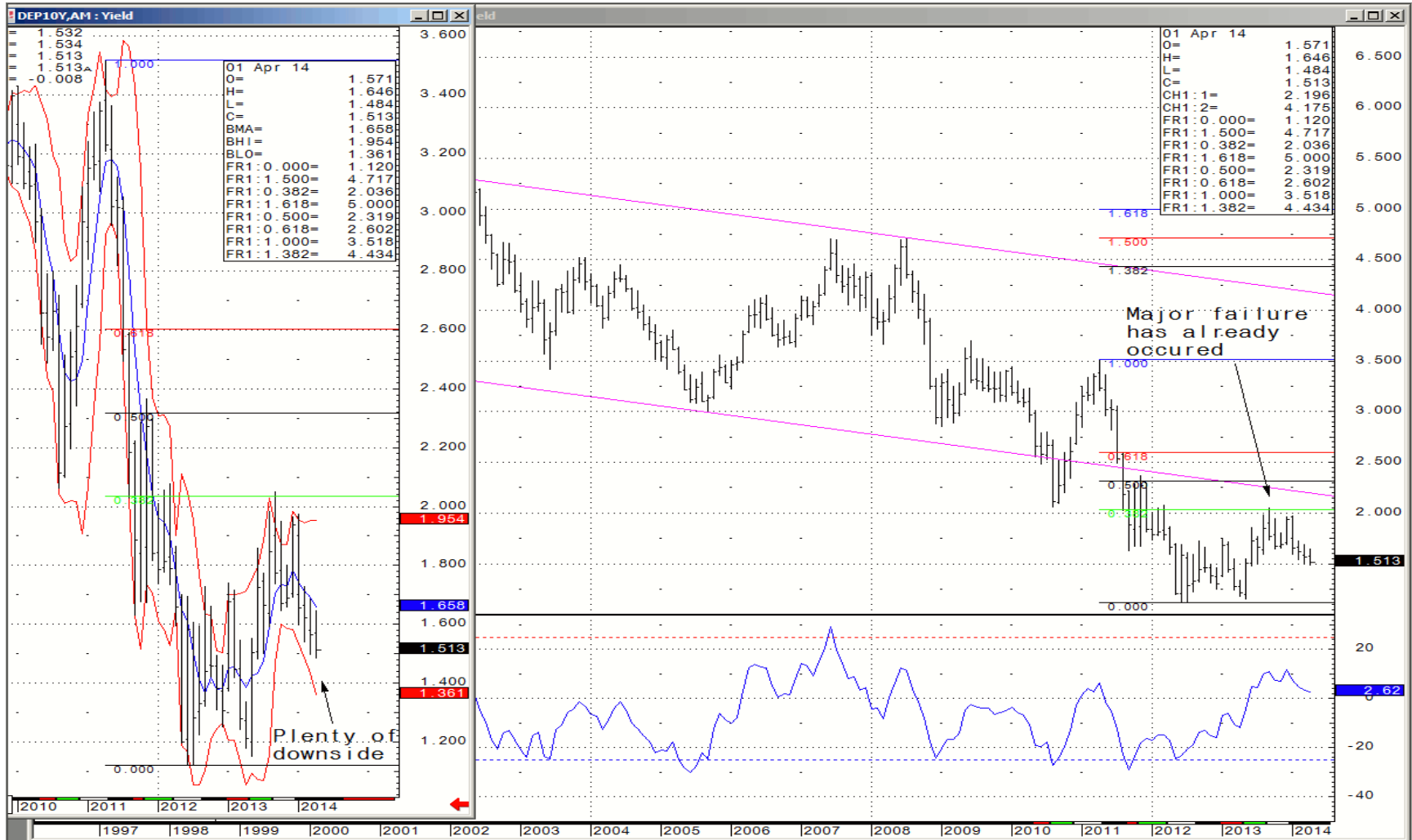
CONTINUED: THIS HAS MADE NEW YIELD LOWS BUT THE BOLLINGER IS STILL OFFERING SUPPORT.



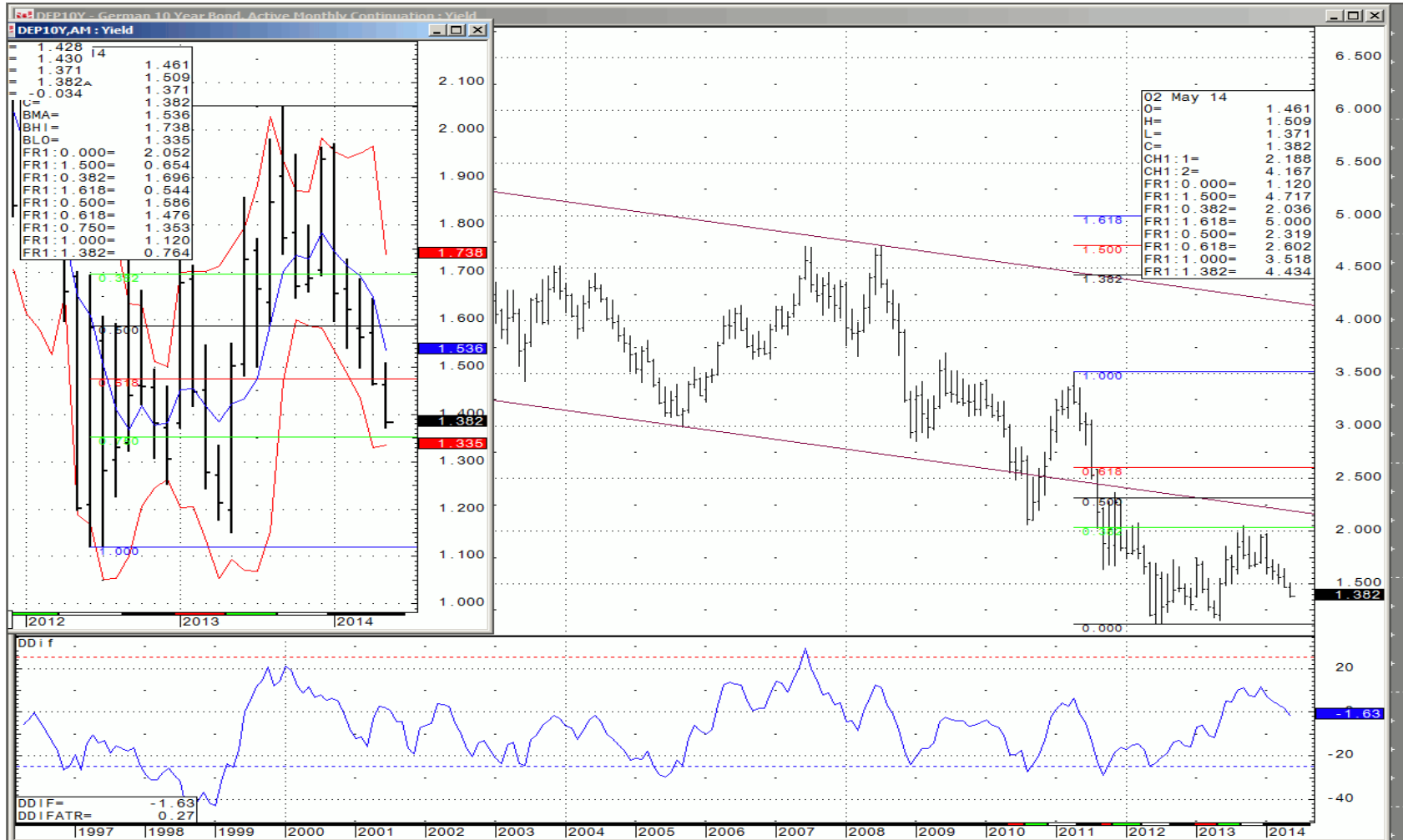
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German 10yr yield monthly



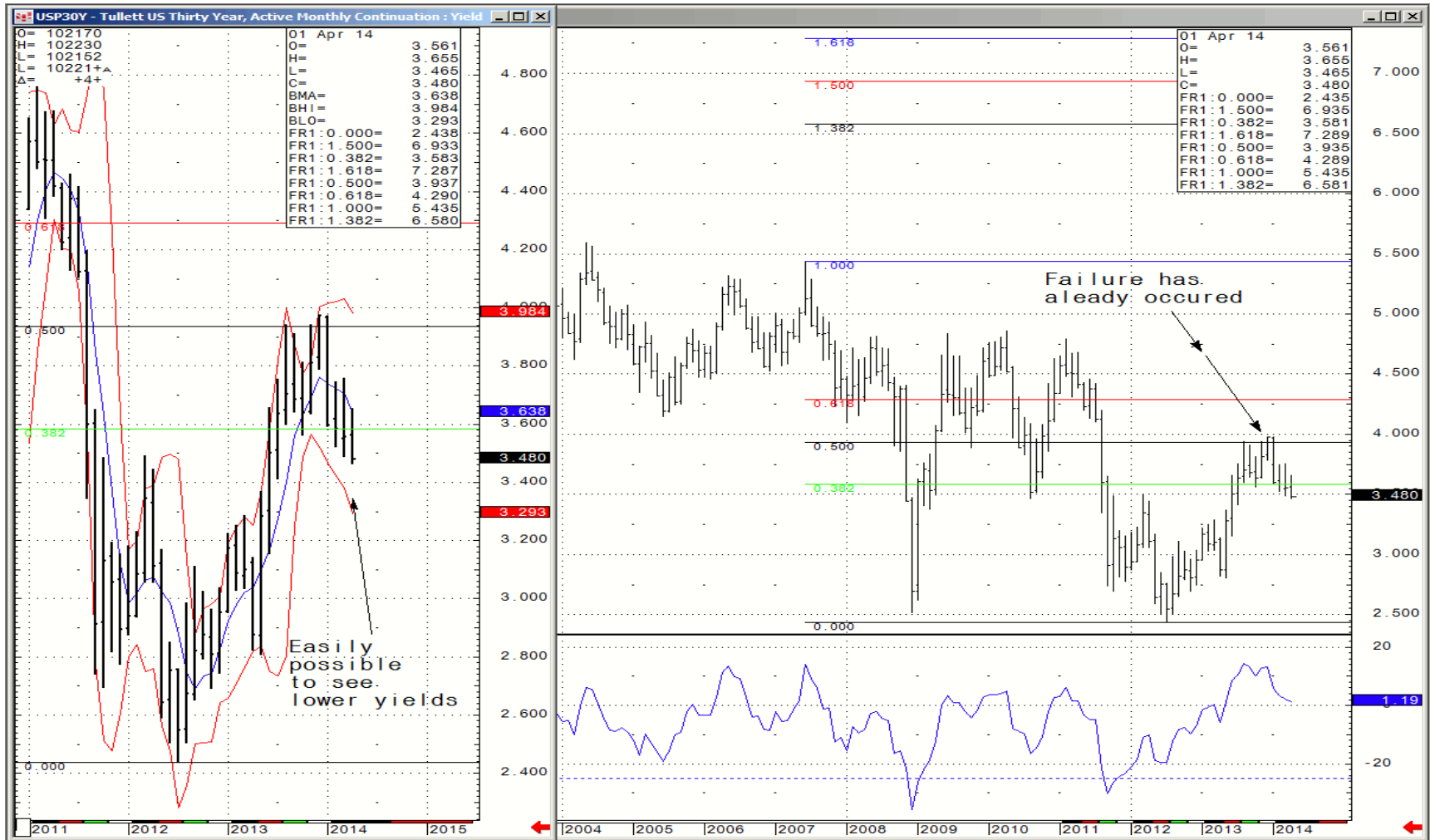
CONTINUED : THIS TOO IS OFFERING SUPPORT VIA THE BOLLINGER AND 1.35 75% RET.



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US 30YR YIELD



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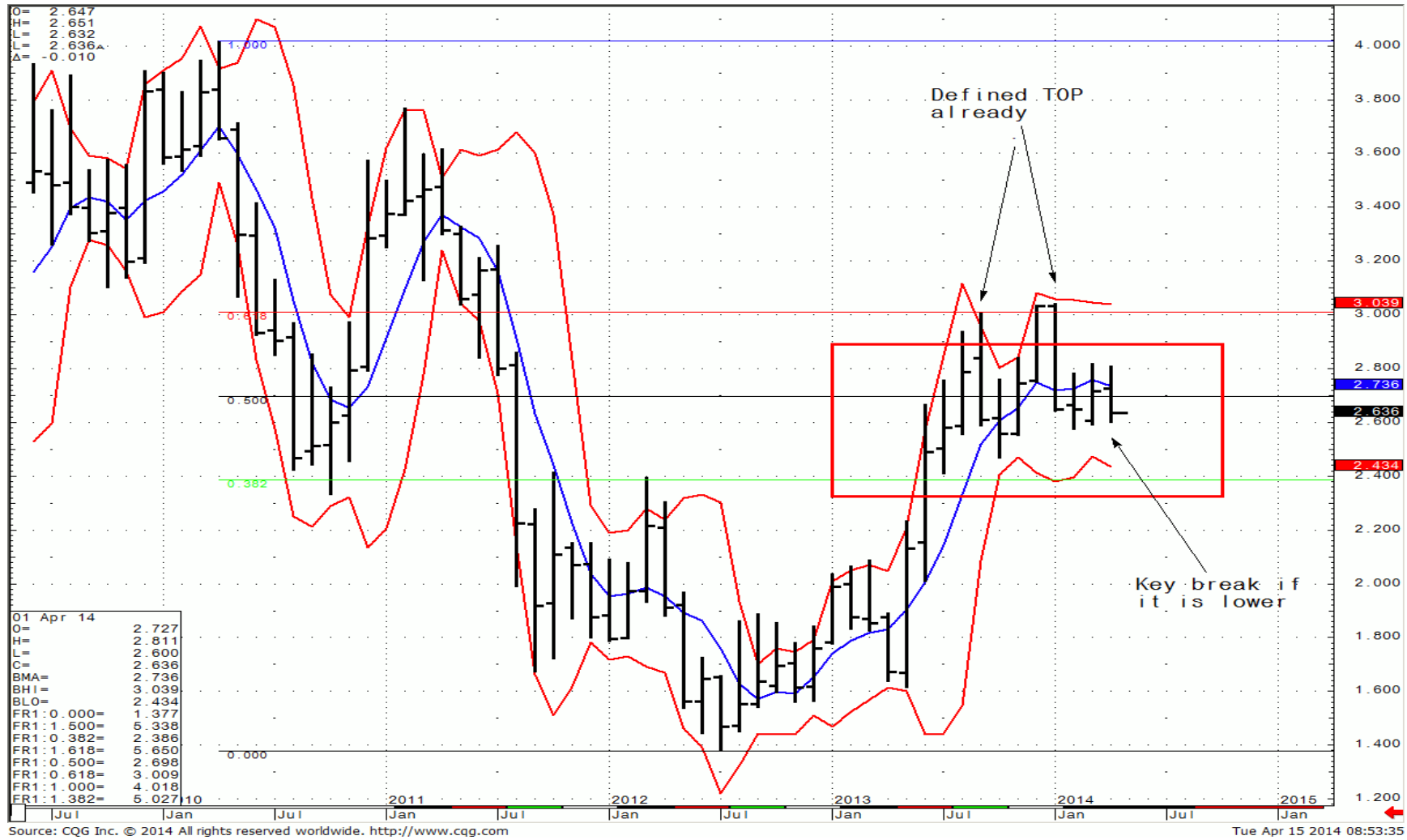
CONTINUED : THESE REFUSE TO GIVE UP GROUND AS WE PERSIST IN HOLDING THE 38.2% RET 3.38 AND BOTTOM BOLLINGER.



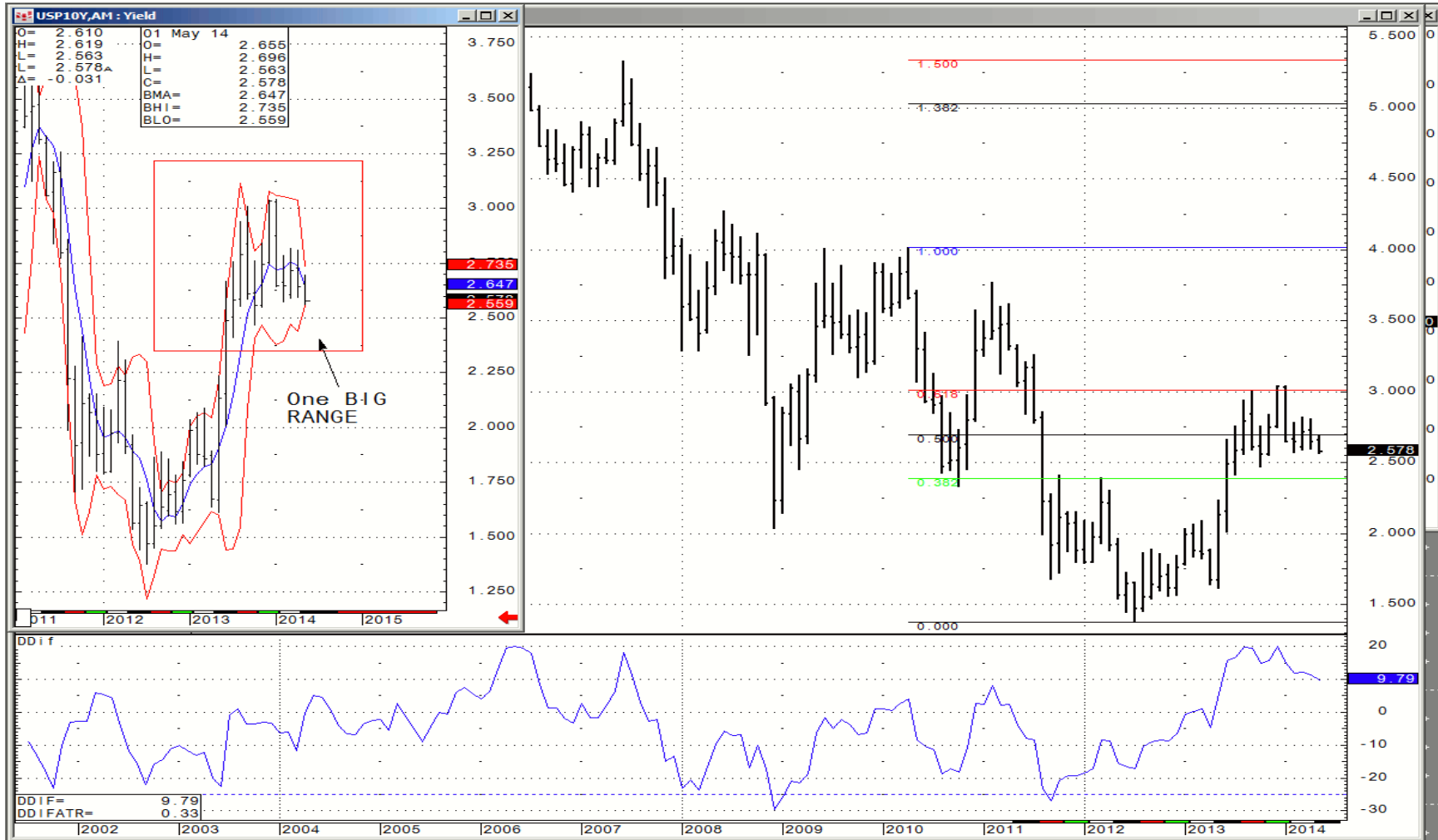
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US 10YR YIELD



CONTINUED : THE BOLLINGER CHART PERSISTS WITH THE RANGE IDEA, WE ARE NOW AT YIELD LOWS OF THAT RANGE.



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OPTION IDEAS

Bunds June

Buy 143.50 / 142.50 put spread 12.5 / 13.5 (0.0 / 0.01)

Buy 143.00 / 142.00 put spread 7.0 / 8.0 (0.0 / 0.0)

TY June

Buy 123.50 / 122.50 put spread 6 / 7 (0.0 / 0.0)

US 30 yr June

Buy 133.00 / 132.00 put spread 4 / 6 (0.0 / 0.01)

Buy 134.00 / 133.00 put spread 9 / 11 (0.01 / 0.03)

Please shout if interest in any of the above and refresh on the prices !!

P&L ON INCEPTION

	Ticker	Position	CostPx	MktPx	Deal Ccy	P&L	P&L Port Ccy
						Total	-6916.24
Bund downside play							2053.9
RXM4P 142.50 Comdty	RXM4P 142.50 Comdty	-500	0.06	0.06 EUR		2500	2053.9
RXM4P 143.50 Comdty	RXM4P 143.50 Comdty	500	0.19	0.19 EUR		0	0
Bund downside play 2							-2054.12
RXM4P 142.00 Comdty	RXM4P 142.00 Comdty	-500	0.02	0.03 EUR		-2500	-2054.12
RXM4P 143.00 Comdty	RXM4P 143.00 Comdty	500	0.1	0.1 EUR		0	0
TY downside							0
TYM4P 122.5 Comdty	TYM4P 122.5 Comdty	-1k	0.03125	0.039063 USD		-7812.5	-4610.16
TYM4P 123.5 Comdty	TYM4P 123.5 Comdty	1k	0.140625	0.148438 USD		7812.5	4610.16
US 30 yr yiled ideas							-2305.08
USM4P 132 Comdty	USM4P 132 Comdty	-500	0.0625	0.070313 USD		-3906.25	-2305.08
USM4P 133 Comdty	USM4P 133 Comdty	500	0.15625	0.15625 USD		0	0
US yield play							-4610.94
USM4P 133 Comdty	USM4P 133 Comdty	-500	0.15625	0.15625 USD		0	0
USM4P 134 Comdty	USM4P 134 Comdty	500	0.328125	0.3125 USD		-7812.5	-4610.94

CURRENT P&L

	Ticker	Position	MktPx	1DayP&L%	P&L	P&L Port Ccy
					-28.25 Total	-215281.59
Bund downside play					-16.67	-51289.45
RXM4P 142.50 Comdty	RXM4P 142.50 Comdty	-500	0.01	0	25000	20528.9
RXM4P 143.50 Comdty	RXM4P 143.50 Comdty	500	0.02	-25	-87500	-71818.35
Bund downside play 2					0	-32820
RXM4P 142.00 Comdty	RXM4P 142.00 Comdty	-500	0.01	0	5000	4118.9
RXM4P 143.00 Comdty	RXM4P 143.00 Comdty	500	0.01	0	-45000	-36938.9
TY downside					-30.55	-64430.63
TYM4P 122.5 Comdty	TYM4P 122.5 Comdty	-1k	0.0083125	0	22937.5	13452.75
TYM4P 123.5 Comdty	TYM4P 123.5 Comdty	1k	0.0083125	-46.8	-132312.5	-77883.38
US 30 yr yiled ideas					-34.04	-23104.29
USM4P 132 Comdty	USM4P 132 Comdty	-500	0.0083125	46.8	27093.75	15930.75
USM4P 133 Comdty	USM4P 133 Comdty	500	0.0234375	-57.14	-66406.25	-39035.04
US yield play					-32	-43637.23
USM4P 133 Comdty	USM4P 133 Comdty	-500	0.0234375	57.14	66406.25	39035.04
USM4P 134 Comdty	USM4P 134 Comdty	500	0.046875	-66.67	-140625	-82672.27

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