



SUMMARY

POSITIONS

+ US TNotes

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[Alpha capture Performance to date from 2006](#)

Multi-Asset Trade Recommendation

12th October 2018

John Lewis

Mark Sturdy



Summary

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3rd October 2018 Sell US TNote Dec 18 @ 118.23 Stop 120.20



(1) TECHNICAL: 3rd October 2018 Sell US TNote Dec 18 @ 118.23 Stop 120.20.

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WEEKLY Chart –

The Double Top suggest moves down as far as 110.
The break of the rising diagonal – established at multiple lows – adds to the bear momentum.



Daily Chart Dec18

The clear break down in the short-term charts is exciting too.

The continuation triangle suggest moves with a minimum target of 116.50.

On rallies, there is a band of resistance above the market from the Prior Lows at 118.43 and 118.85.

The market is set to ratchet lower.



(1) **FUNDAMENTAL:** 3rd October 2018 Sell US TNote Dec 18 @ 118.23 Stop 120.20.

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The TNote sold off on fears of rising inflation, Trump's unhelpful comments about the Fed's current policy and wider concerns about international trade friction, especially between the US and China.

The Fed has made it clear during the course of this year that it is concerned an already tight labour market is a major risk factor for higher inflation. Last week's unemployment report that saw the unemployment rate drop to a multi decades low of 3.7% serves to highlight those concerns.

The benign bond market environment that has existed over that past several decades has come to an end. Globalisation helped economies such as China and India emerge with cheap labour allowing faster growth rates in mature economies with subdued inflation.

Trump's attack on those established trading relationships is unwinding those benefits sowing the seeds of a bear market in Bonds.

In summary we remain bearish of this market and advise holding the trade.



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SEVEN DAYS AHEAD

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