

Technical Chart Packet Mar 27, 2024

Brackets Busted!

If anyone reading this note picked any of the following bracket busting upsets – Oakland over Kentucky, Duquesne over BYU, Yale over Auburn, James Madison over Wisconsin, and Grand Canyon over St. Mary's – then you have a non-decaying free option from me to buy you lunch when I am next in your town.

But there's another potential bracket busting scenario brewing and it has nothing to do with the NCAA men's, or women's, hoops tournament. **The potential bracket busting scenario is for those who've made the decision to still be short global government bond markets** (being short here means shorting price). **And I think this is going to be a bracket busting trade because despite the deteriorating price / technical action for yield** (and improving action for price), **many of the market participants I speak with generally prefer being short** (i.e., again this means being short price) **government bonds owing to their belief that another bout of raging inflation is nigh and / or the US government's debt levels are reaching ever more worrying levels.**

The text is from
Sunday night's
note:
Brackets Busted!

Please send me an email if you'd like to see the entire chart packet.

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Technical Chart Packet Mar 25, 2024

Brackets Busted!

As the table here shows, Technical Scores across the US YC are Neutral (37 ½% of the entire 62 ½% Neutral figure) and the Technical Scores for the US 12-Month, 2-Year and 3-Year tenors moved lower in the last week. 2s and 10s for Canada and the UK are also Neutral as are 2s for Germany and Italy. However, yields are weakest for the 10s in China, 2s and 10s in France, 10s in Germany, 10s in Italy, and the 2s and 10s in Spain. Pushing the mostly Neutral Scores into the concerning camp is that over the last week not one of the yields in this table moved up in Score while 12 moved down in Score. In addition, only 50% of the yields on the list are above their 50-Day Moving Averages while a fragile 12 ½% are above their respective 200-Day Moving Averages.

To emphasize just how weak the yield trends are / are becoming, consider how uncomfortable you'd feel if you owned 24 stocks in your equity portfolio and only 12 ½% were above their 200-Day Moving Averages? In short, get long Notes and Bonds. Please check the table and charts that follow.

		Good / Strong		Neutral	Weak					
Global Yields Technical Scorecard		8.33%	62.50%	29.00%						
					Net Up		% > 50 Day	% > 200 Day		
					-12		50.00%	12.50%		
				Technical Change vs. 50 Day		> 50 Day	200 Day	> 200 Day		
Symbol	Name	PX_LAST	Score	Last Week	Mov Avg	Mov Avg?	Mov Avg	Mov Avg?		
1 USGG3M Index	US Generic Govt 3 Mth	5.36	2	NC	5.37	NO	5.40	NO		
2 USGG6M Index	US Generic Govt 6 Mth	5.29	2	NC	5.28	YES	5.40	NO		
3 USGG12M Index	US Generic Govt 12 Mth	4.96	2	Down	4.90	YES	5.17	NO		
4 USGG2YR Index	US Generic Govt 2 Yr	4.59	2	Down	4.51	YES	4.75	NO		
5 USGG3YR Index	US Generic Govt 3 Yr	4.35	2	Down	4.29	YES	4.48	NO		
6 USGG5YR Index	US Generic Govt 5 Yr	4.18	2	NC	4.14	YES	4.27	NO		
7 USGG7YR Index	US Generic Govt 7 Yr	4.20	2	NC	4.17	YES	4.26	NO		
8 USGG10YR Index	US Generic Govt 10 Yr	4.20	2	NC	4.17	YES	4.22	NO		
9 USGG30YR Index	US Generic Govt 30 Yr	4.38	2	NC	4.35	YES	4.35	YES		
10 GCAN2YR Index	Canadian Govt Bonds 2 Year Not	4.10	2	Down	4.13	NO	4.44	NO		
11 GCAN10YR Index	Canadian Govt Bonds 10 Year No	3.44	2	Down	3.47	NO	3.57	NO		
12 GCNY10YR Index	China Govt Bond Generic Bid Yi	2.31	0	NC	2.42	NO	2.60	NO		
13 GFRN2 Index	France Govt Oats Btan 2 Yr Bta	2.80	0	Down	2.81	NO	3.20	NO		
14 GFRN10 Index	France Govt Oats Btan 10 Yr Oa	2.80	1	Down	2.83	NO	3.01	NO		
15 GDBR2 Index	GERMANY GOVT BND 2 YR BKO	2.83	2	Down	2.76	YES	2.93	NO		
16 GDBR10 Index	GERMANY GOVT BND 10 YR DBR	2.32	1	Down	2.35	NO	2.48	NO		
17 GBTPGR2 Index	Italy Govt Bonds 2 Year Gross	3.38	2	Down	3.31	YES	3.58	NO		
18 GBTPGR10 Index	Italy Generic Govt 10Y Yield	3.64	1	NC	3.81	NO	4.16	NO		
19 GJGB2 Index	Japan Govt 2Y Simple Yield	0.20	4	NC	0.13	YES	0.06	YES		
20 GJGB10 Index	Japan Govt 10 Yr	0.74	3	Down	0.72	YES	0.67	YES		
21 GSPG2 Index	Spanish Govt Generic Bonds 2 Y	2.99	1	Down	2.96	YES	3.29	NO		
22 GSPG10 Index	Spain Generic Govt 10Y Yield	3.16	1	NC	3.23	NO	3.47	NO		
23 GUKG2 Index	UK Gilts 2 Year	4.12	2	NC	4.38	NO	4.71	NO		
24 GUKG10 Index	UK Gilts 10 Yr	3.93	2	NC	4.01	NO	4.21	NO		

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Technical Chart Packet Mar 8, 2024

Yields Chart Packet – Dracula Slowly Dying



The chart here is a monthly version for the US 10-Year Yield, along with its 12-Month MA and Monthly MACD, from 1990 to date.

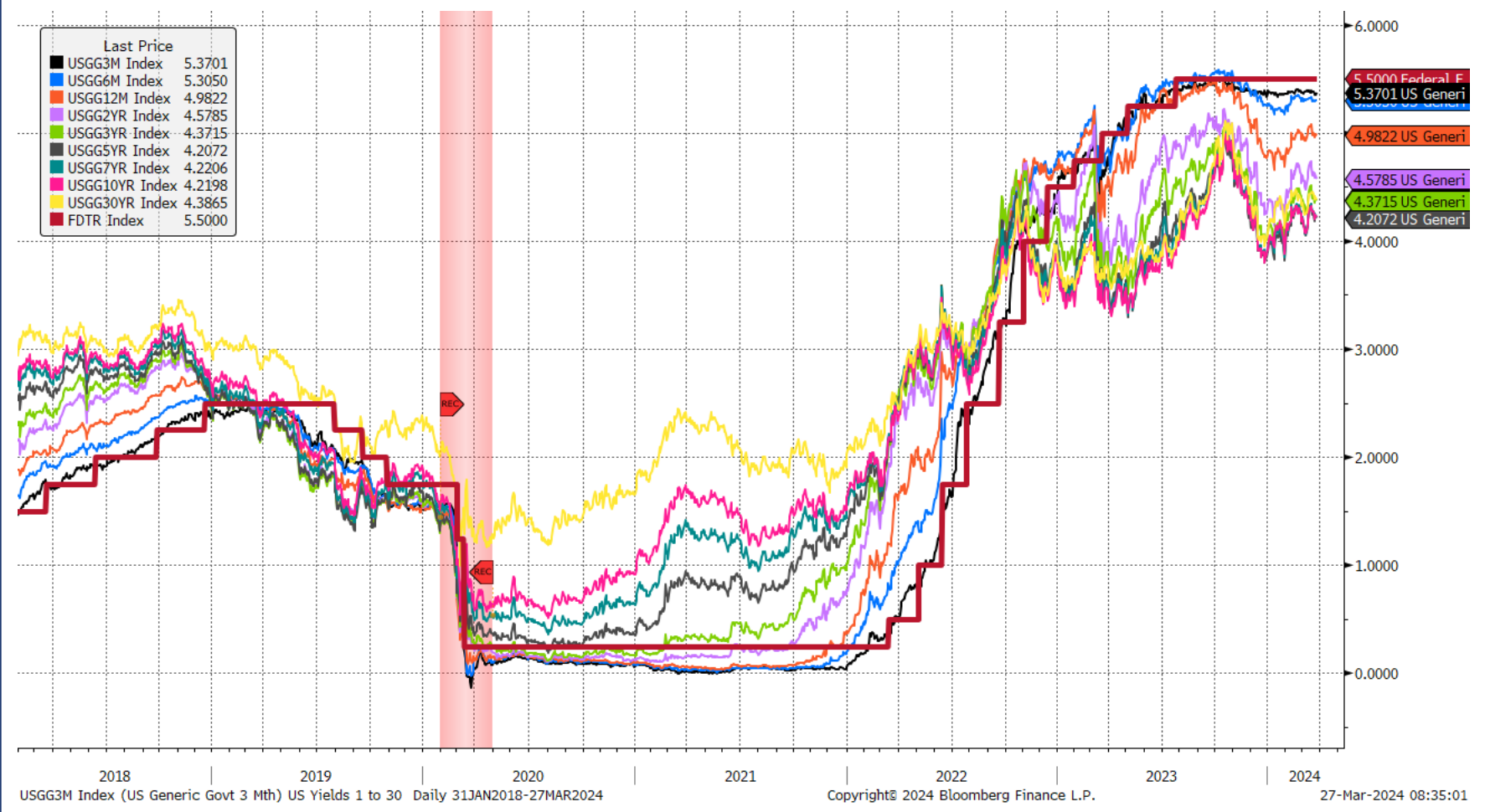
Monthly momentum via the MACD has crested and is rolling which suggests yield bounces are capped and the 10-Year Note is a buy here and on any yield bounce. Too, the US 10-Year Yield is right on its upward-sloping 12-Month MA. A move for the yield below the 12-Month MA and a cresting / rolling of the 12-Month MA would be a dagger in the heart of the higher yields / short bonds trade. I think that's already happening, but in the movies, they really had to kill **Dracula** dead dead for anyone to believe he was finished.

Please send me an email if you'd like to see the entire chart packet.

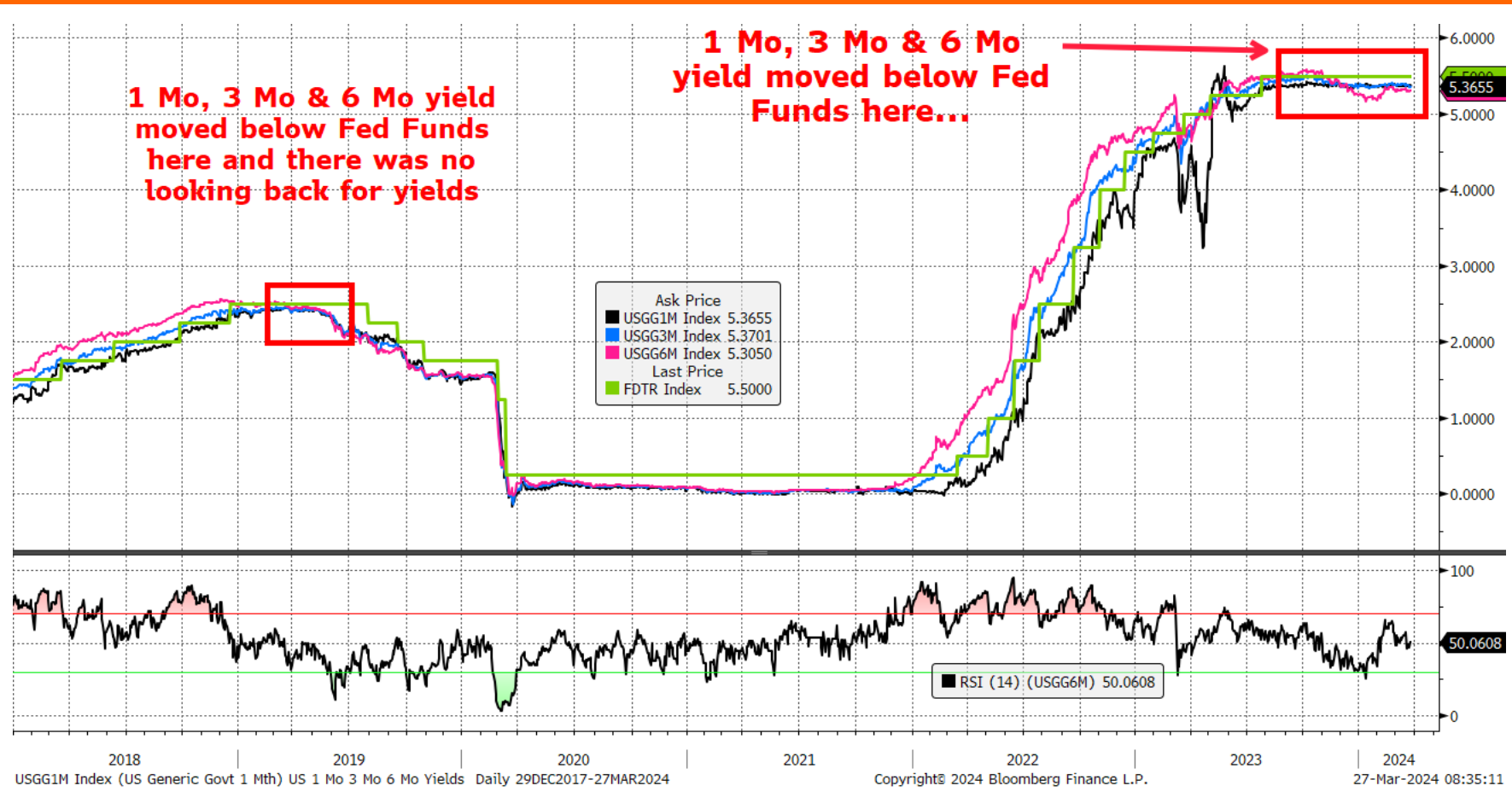
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US T Yields Fed Funds and 3 Months – 30 Years

With the entire YC below the Fed Funds rate I'm still going with the idea that the entire YC is topping

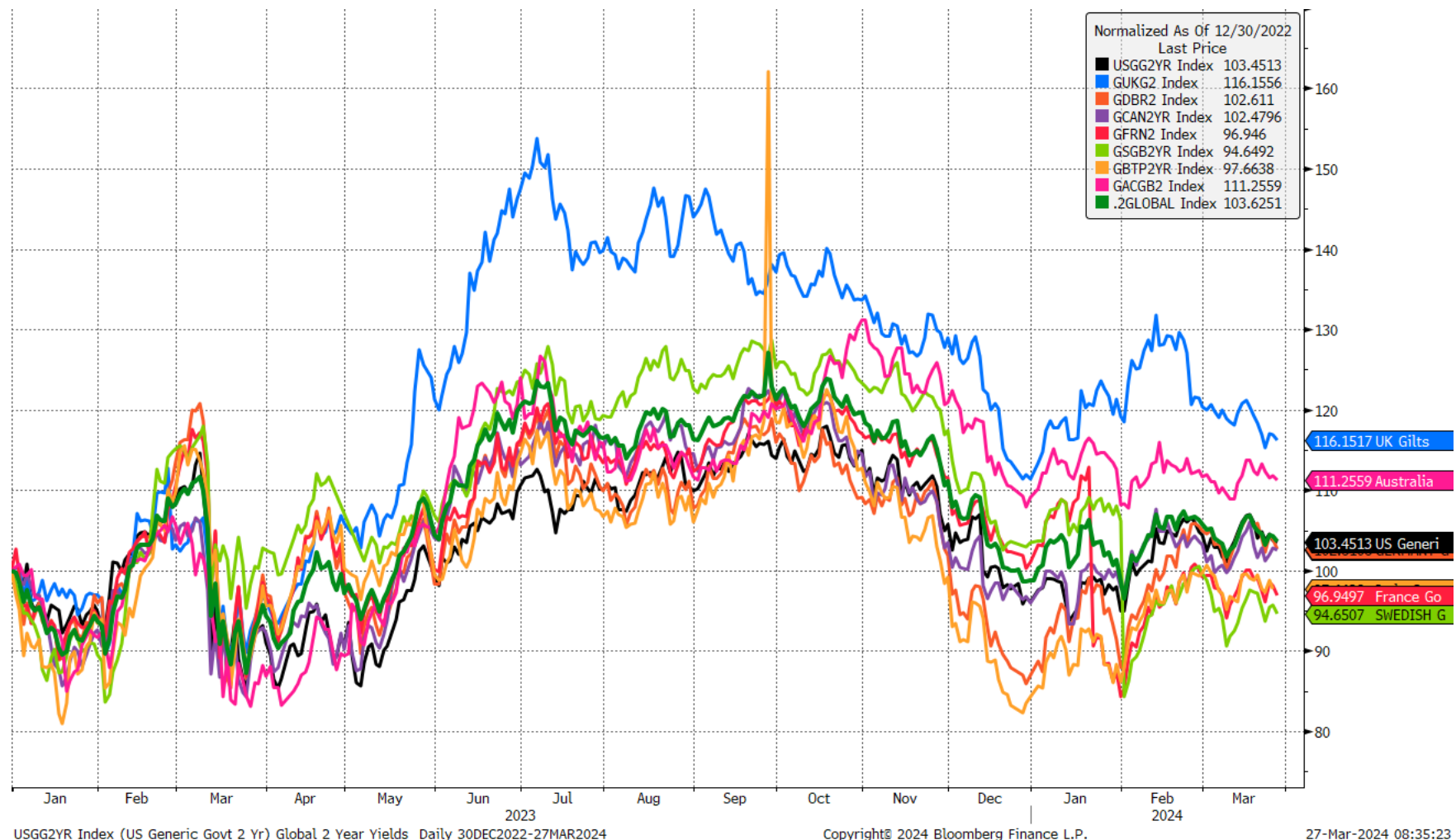


**1, 3, and 6-Month Yields also below Fed Funds.
Template: 1) Mo slows, 2) 1 Mo, 3 Mo & 6 Mo Yields get
under Fed Funds, 3) Yield Top is in**



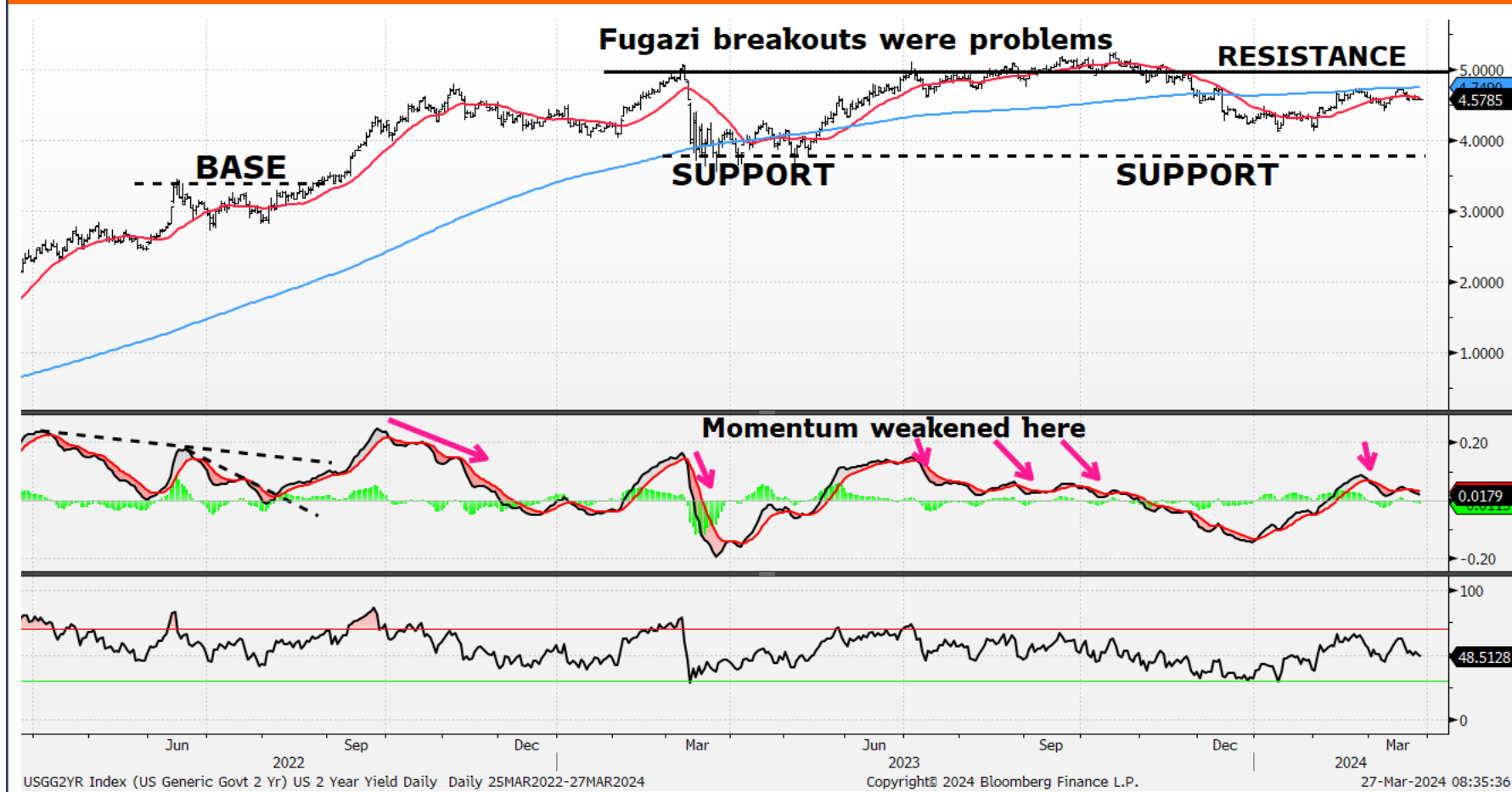
Global 2-Year Yields: 2s Hearts Beat as One (11/5/23)

It's all one trade. Yields rolling again.

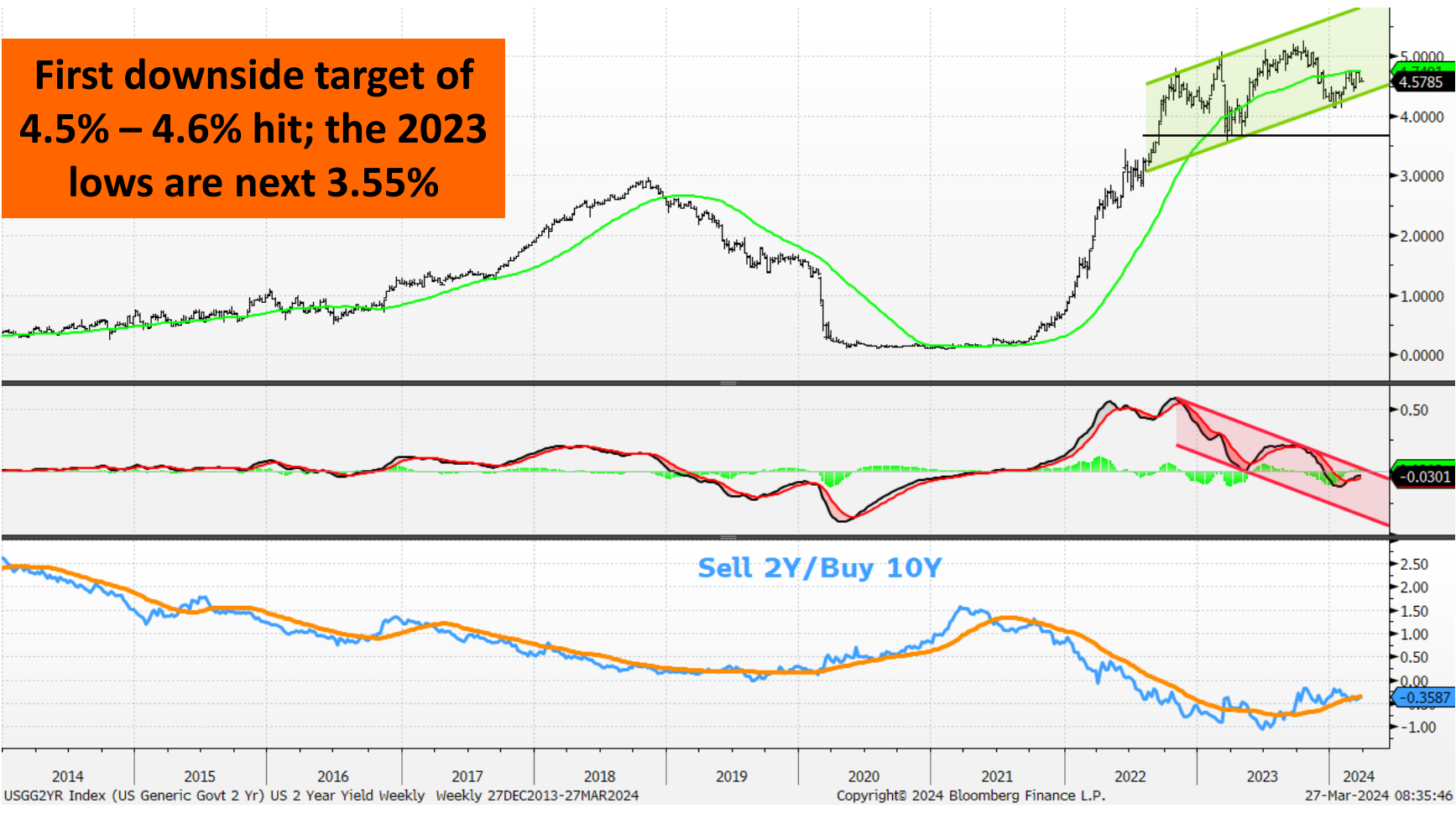


US 2-Yr Yield Daily w/ 21 and 200-Day MAs w/ MACD & RSI

The 200-Day MA in blue did its best Hakeem Olajuwon impersonation (shot blocked last week for 2nd time in last 16 days). If this was a stock, you'd be selling the heck out of it.



2 Year T Yield Wkly w/ 40-Wk MA, MACD & 2Y 10Y Spread
40-Week MA acting as resistance.
Think Lester Hayes, former CB for the Oakland / LA Raiders,
on an opposing receiver



Buy 2-Year Treasury Note
Daily w/ 21- and 200-Day MAs and MACD
The 21-Day MA is helpful w/ near-term price action
MACD was extremely o/b & got oversold; Buy 2-Yr Note
Still looks like a bottom in price (i.e. a top in yield)



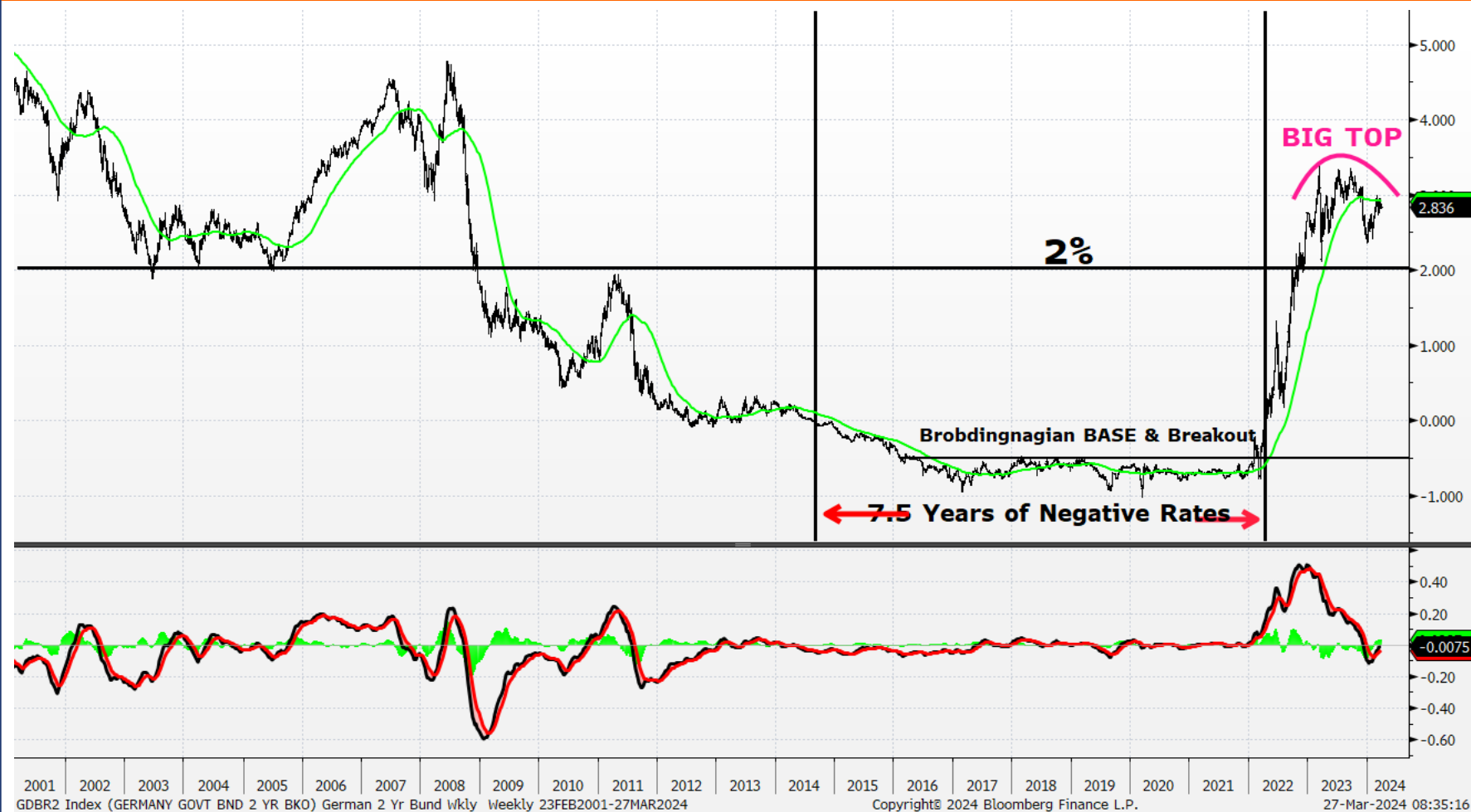
**German 2-Yr Yield –
Daily w/ 50- & 200-Day MAs & MACD;
Buy Schatz / Bunds; 3% Big Resistance; Target 2%
Big Top / Distribution: “Anatomy of a Yield Top” (11/29)**



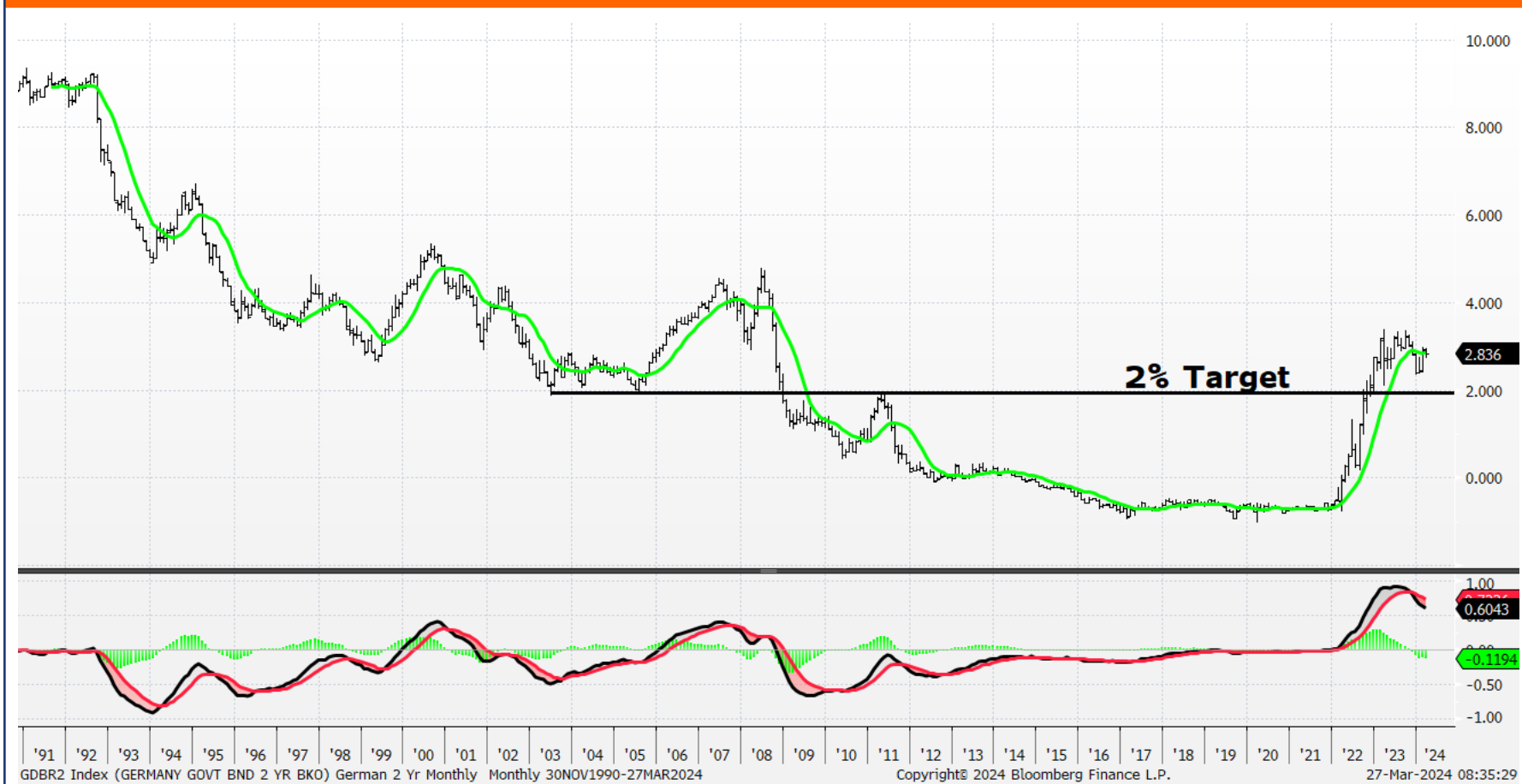
German 2-Year Yield –Wkly w/ 40-Wk MA and MACD

Get Long Schatz-ee; Target 2%. MACD gonzo.

“Anatomy of a Yield Top” (11/29)

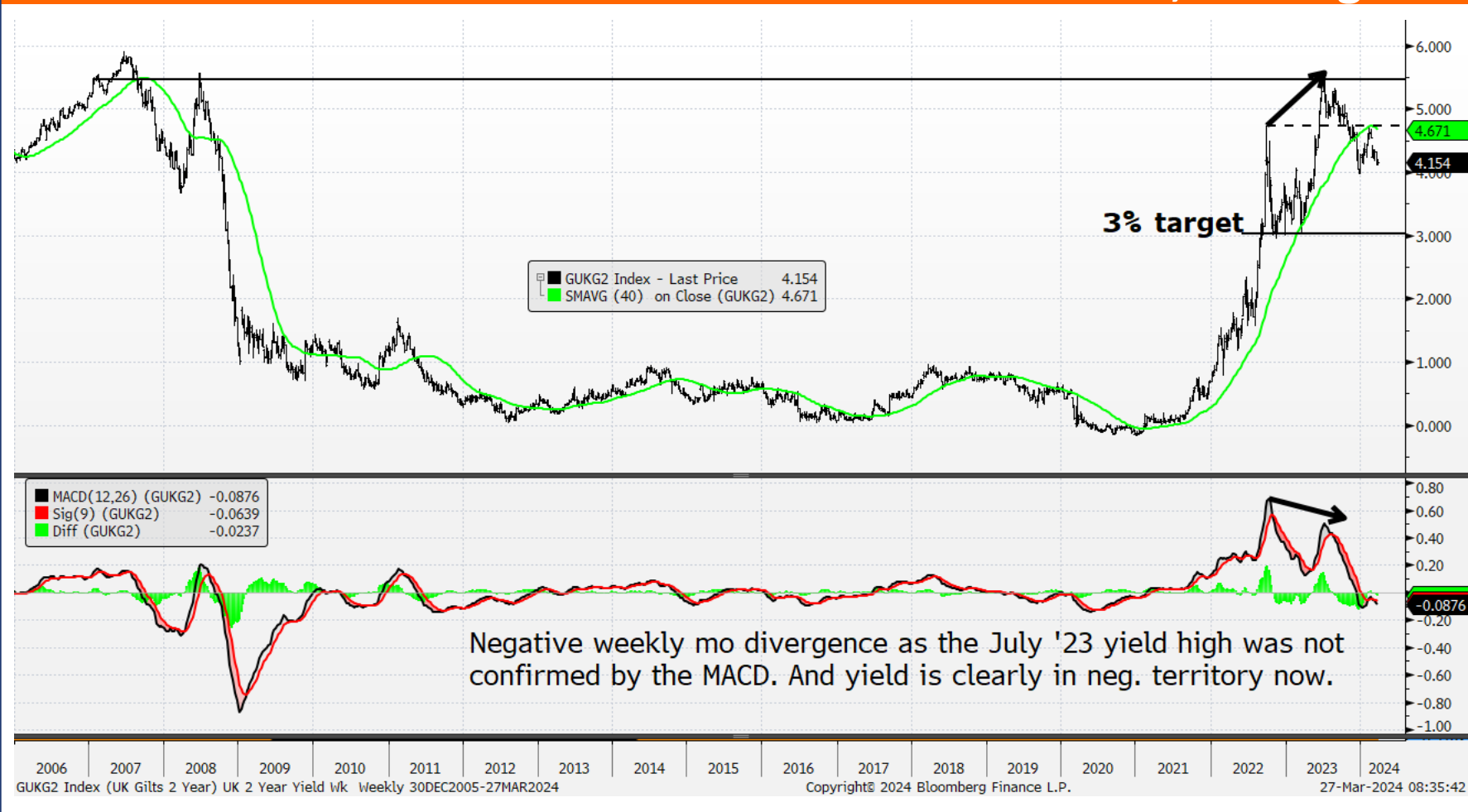


German 2-Year Yield – Monthly w/ 12-Mo MA and MACD Yield and 12-Month MA cresting. Buy 2-Year Schatz This is NOT the spot to be short / sell Schatz.



Anatomy of a
Yield Top –
Nov 29, 2023

UK 2-Year Yield – Weekly w/ 40-Wk MA, MACD and 2s 10s Spread Get Long UK 2-Year Price; Thought Wouldn't Hold 40-Wk MA It didn't and 40-Wk MA was resistance on bounce; 3% target



This is an
amber
flashing light
warning
signal...

US 10-Year Yield Weekly w/ 40-Week MA and MACD

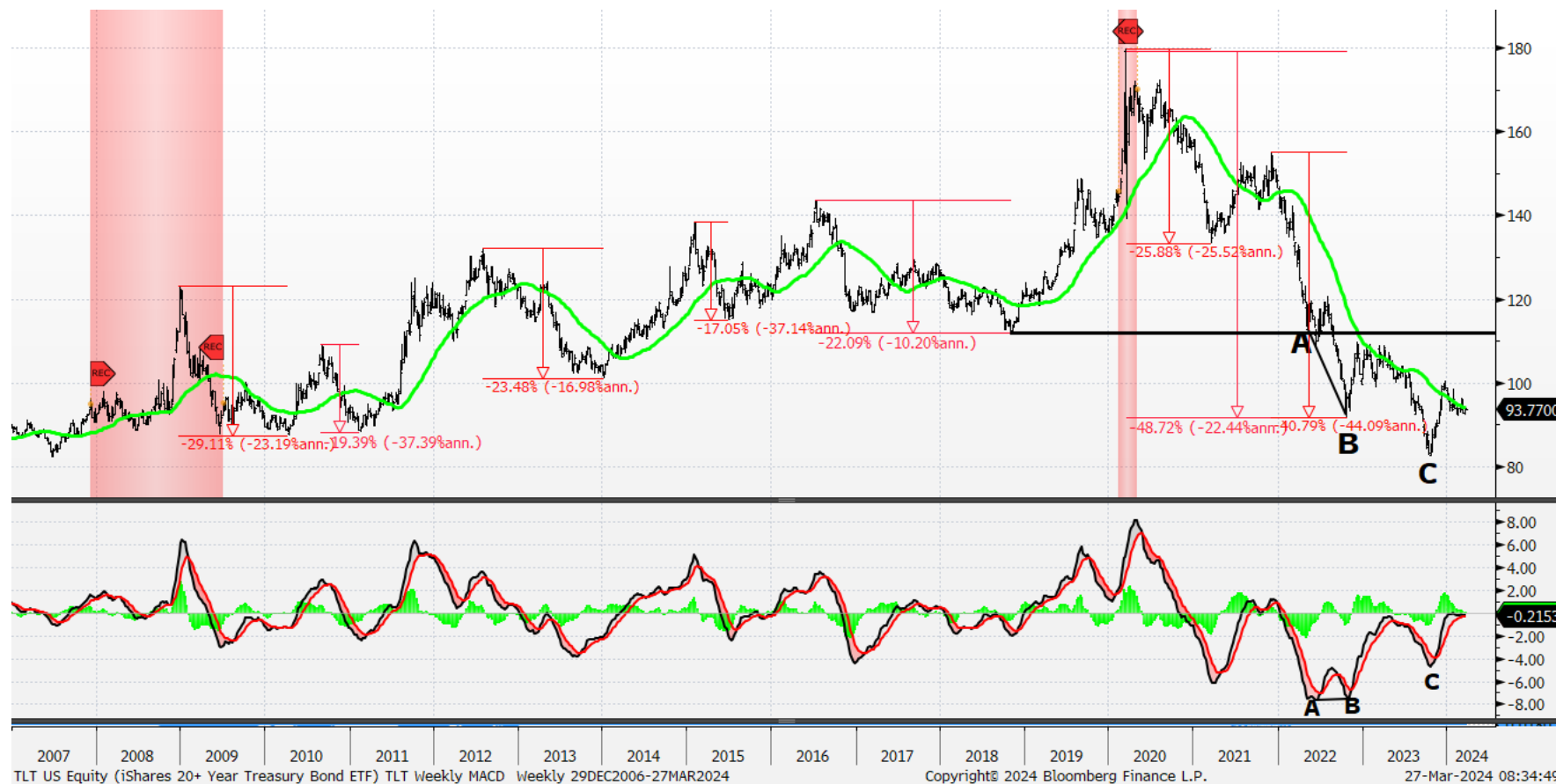
Resistance @ 4.35% and then up to 5%.

Last time 10-Year Yields moved from just under 4% in July '23 to 5% in Oct '23 the DJIA was -9%, the S&P Equal-Weighted Index -14%, the Russell 2000 -17%, and the KBW Bank Index -20%.

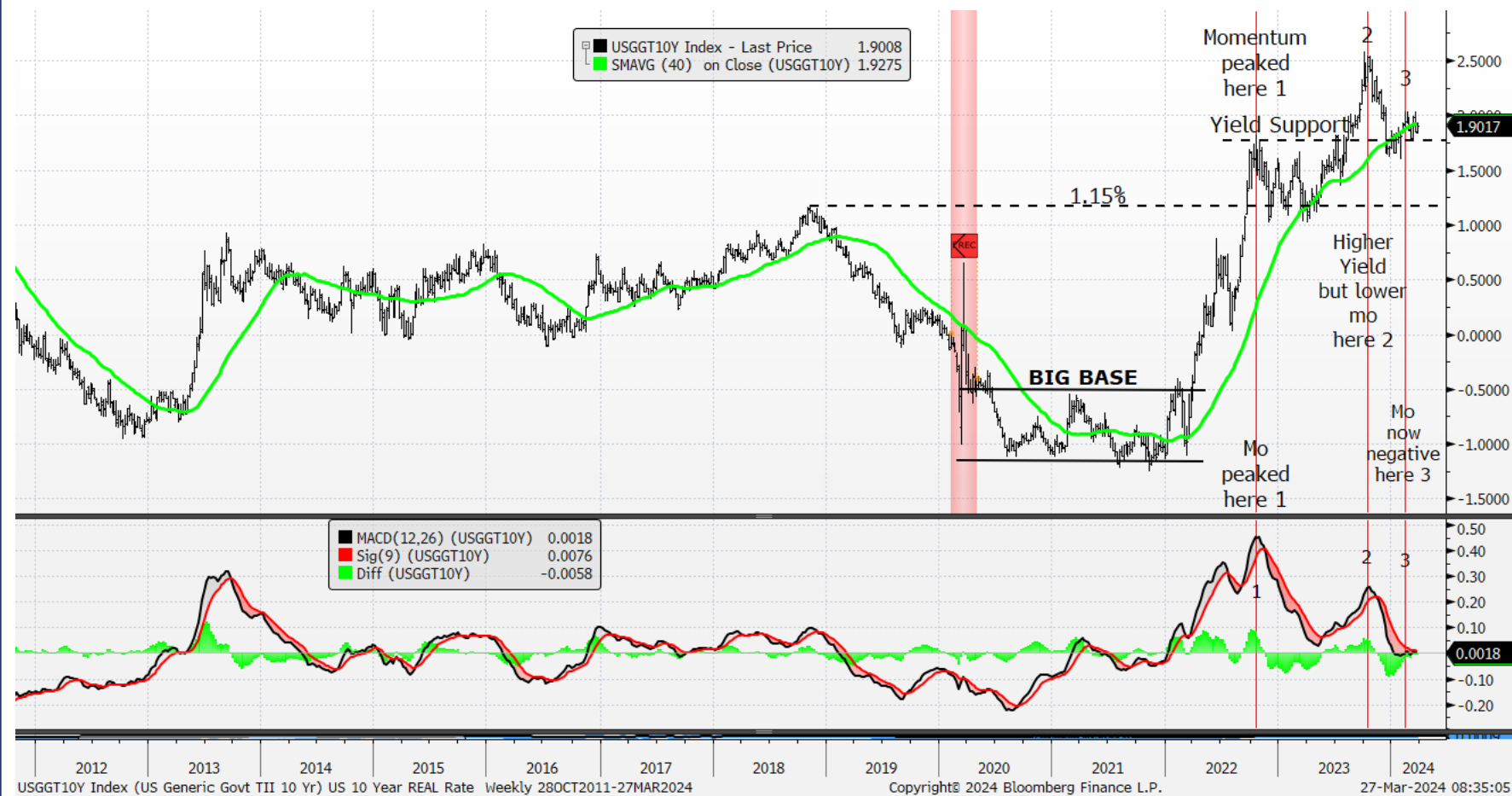


iShares 20+ Year Treasury Bond ETF (TLT) w/ 40-Week MA and MACD

Price is bottoming by continuing a now obvious positive momentum divergence (check B to C in both panels).



Real 10-Year Treasury Yield: Weekly w/ 12-Month MA and MACD
Please check comments on page 22: they're the same here, too.
Real yields lower as well. A plus for gold. See gold on page 17.



Gold

Daily w/ 200-Day MA and MACD

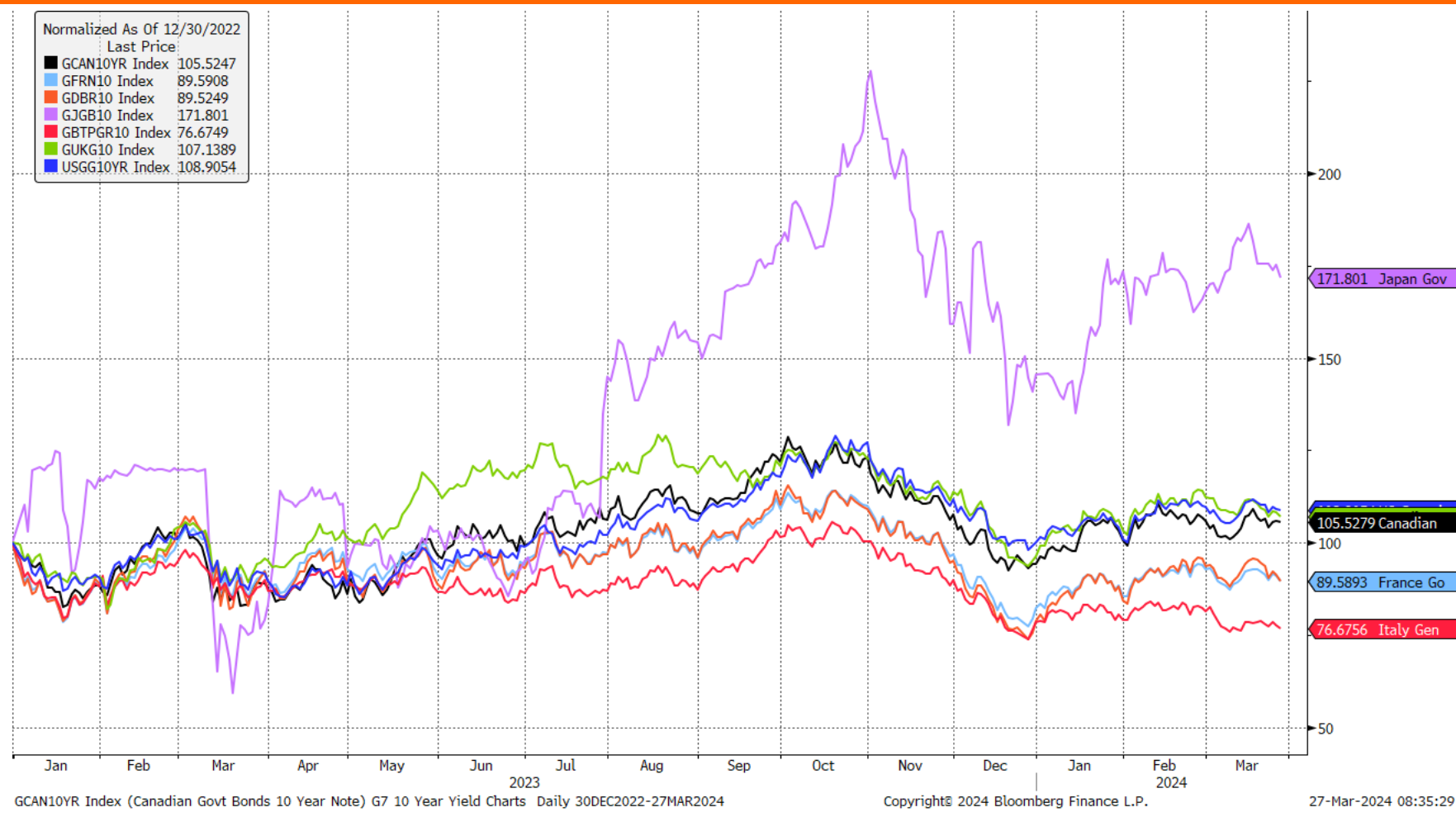
Gold broke out, anew, above 2064. It was the King of Agita, but I think it's a good idea to trust the current thrust. Check annotations below for derivation of the 2444 price target.



10-Year Yields for G-7 Countries – Indexed to 100 as of 12/30/22.

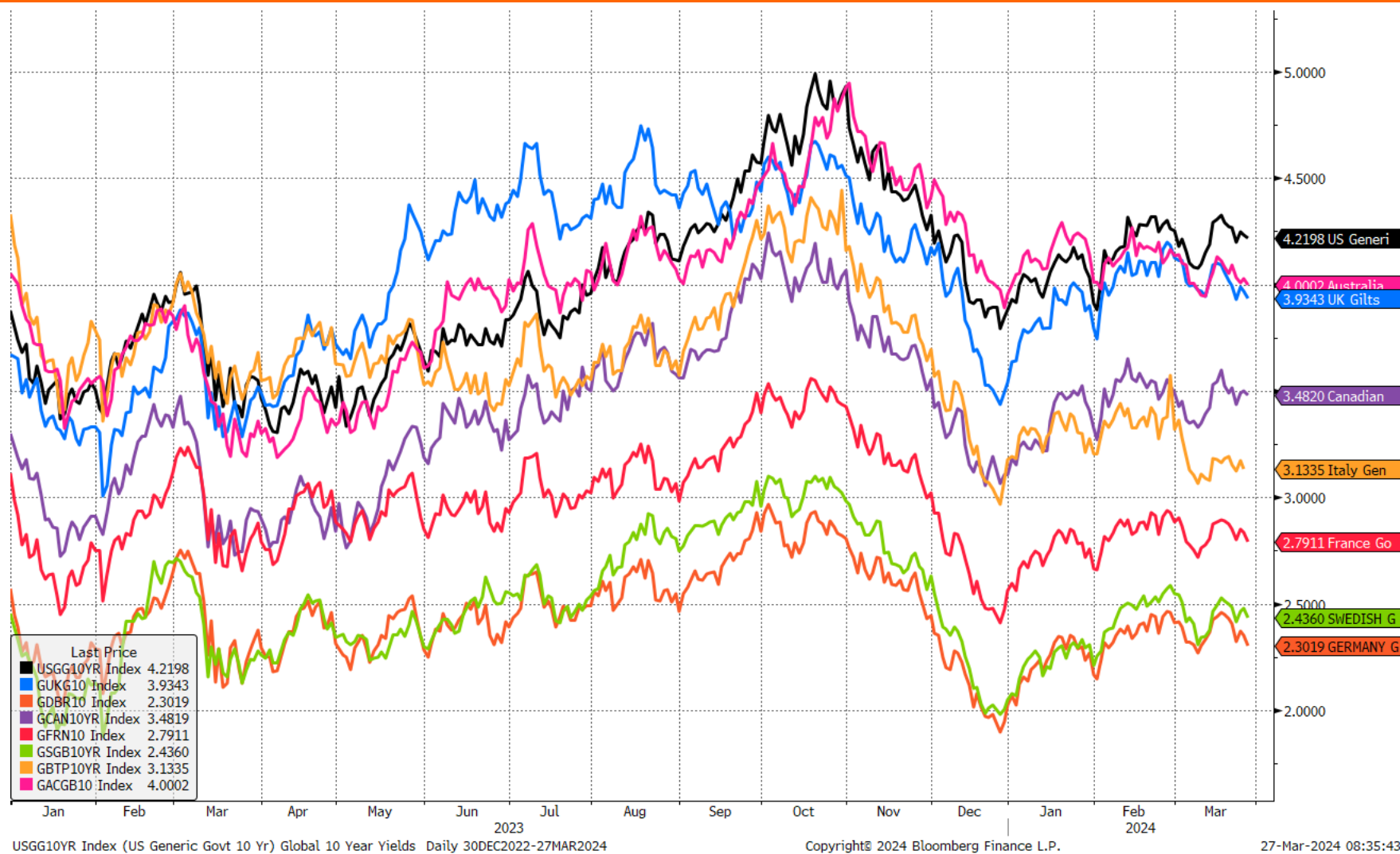
Japan's 10-Yr Yield different than others;

There's G-6 Homogeneity



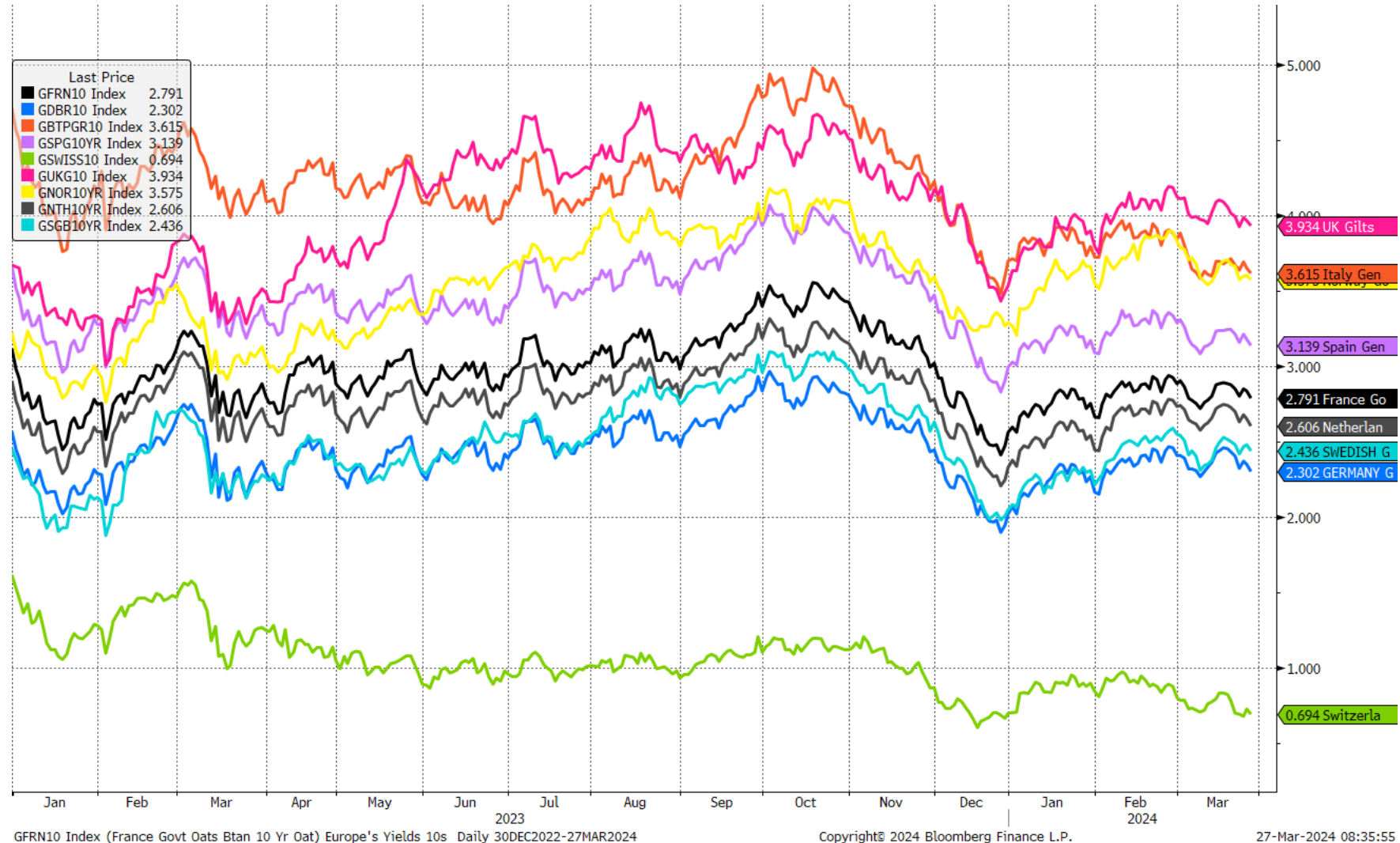
Global 10-Year Yields - Homogenous behavior

Thought yield bounces would fail; Rolling again



Europe's 10-Year Yields

Strong uniformity here; have thought yield bounces would fail



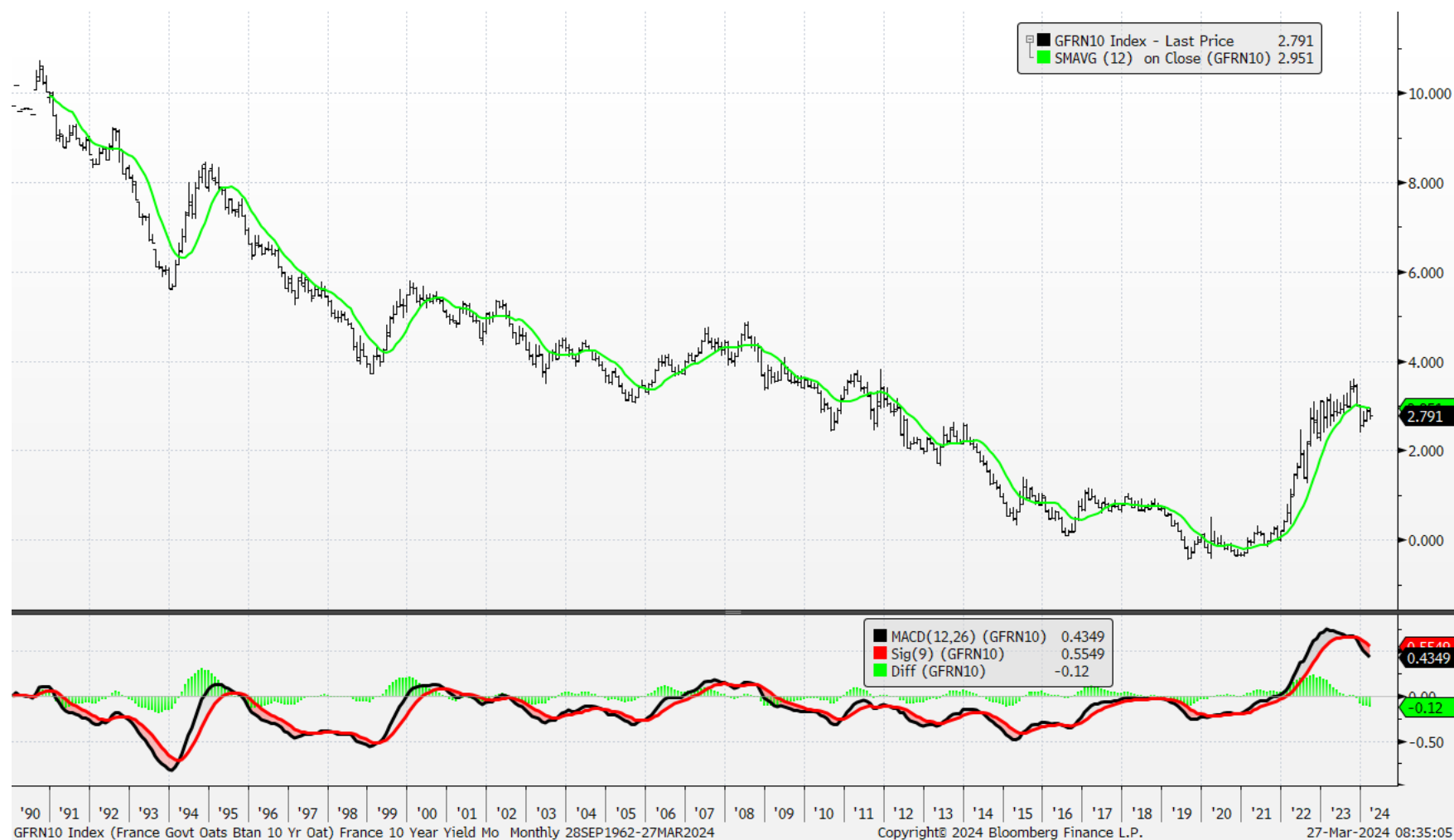
Canadian 10-Year Yield Monthly w/12-Mo MA & MACD

Yield rolling and MACD has rolled; it's early. Buy Canadian 10s.



France 10-Year Yield Monthly w/12-Mo MA & MACD

Yield rolling and MACD has crested and rolled. Buy French 10s



Germany 10-Year Yield Monthly w/12-Mo MA & MACD

Yield is rolling and MACD has rolled. Buy 10-Year Bunds.

A downside yield target is 1.52%.



Italian 10-Year Yield Monthly w/12-Mo MA & MACD

Yield and MACDE have rolled aggressively and are further along vs. the others. Buy 10-Year BTPs



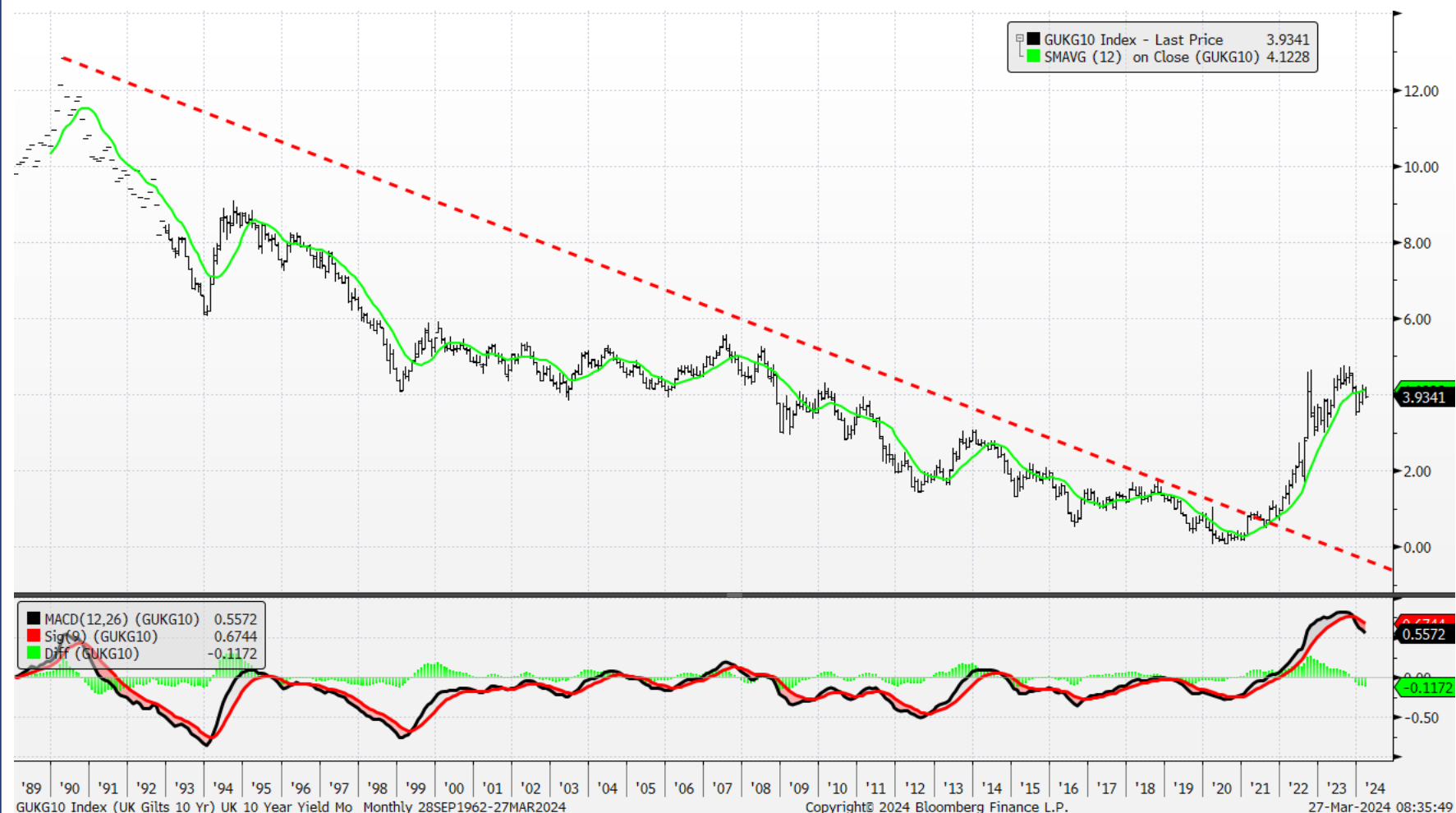
Japan 10-Year Yield Monthly w/12-Mo MA & MACD

Different than the other yields among G-7 countries.



UK 10-Year Yield Monthly w/12-Mo MA & MACD

Yield cresting and MACD has already crested/ is rolling.
Buy 10-Year Gilts.



UK 10-Year Price Monthly w/12-Mo MA & MACD
Yield weakening (see table) as the Gilt price is back above its flattening 12-Month MA and the Monthly MACD has clearly turned up for price (see bottom panel). Buy 10-Year Gilt (price).



10-Year Treasury Yield: Monthly w/ 12-Month MA and MACD
Still believe the 10-Year Yield has peaked / is topping. Check monthly MACD in lower panel – that's also putting in a top.



US 30-Year Yield Monthly w/12-Mo MA, MACD, & 30/2 YC Ratio

Yield cresting and MACD has crested. Buy 30-Year Bonds.

