



Technically Talking – Rates Daily

26th October 2023

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Thursday's Technical Themes:

Upside Failure:

As impressive as rejections of recent lows appeared, Wednesday saw across the board failures at resistance points, moves that have seen several first supports give way. This builds on potential for latest highs as lower extremes within long term downtrend patterns, from which fresh lows can be posted. See US 10yr and Bund comments, pages 3 and 4.

New Correction Lows:

Negative themes continue in the S&P Index, as latest upside failed, with selling pressure seeing new correction lows. Downside is now pressuring 4207.50 May 24th extremes, with closing breaks exposing deeper retracement moves. See S&P Index chart, page 10.

Chart of the Day:

US 10yr Daily: Upside Held by 106.170 and 106.00 Closing Breaks Suggest Failure



Scorecard: **Downtrend** Daily Trend: **Downtrend** Daily Momentum: **Crossing Lower?**



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Long Term/Short Term Momentum & Trending Scorecard

<u>Strong Uptrend</u>	<u>Uptrend</u>	<u>Downtrend</u>	<u>Strong Downtrend</u>
<u>Neutral</u>			
Euro Schatz ■		BTP Long ■	Aussie 10Yr ■
		BTP Short ■	Aussie 3Yr ■
		Canada 10Yr ■	UK Gilts ■
		Euro Bobl ■	US 10Yrs ■
		Euro Bund ■	US Ultra ■
		Euro Buxl ■	
		US 5Yrs ■	



Chart of the Week

US 10yr Daily: Upside Held by 106.170 and 106.00 Closing Breaks Suggest Failure



Scorecard: Downtrend Daily Trend: Downtrend Daily Momentum: Crossing Lower?

Support:

- 1st – 105.105, October 19th hold level
- 2nd – 104.160, August 2011 low trade
- 3rd – 102.260, Late July'11 extreme

Resistance:

- 1st – 106.050, Half latest sell-off move
- 2nd – 106.170, 38% retrace October sell-off
- 3rd – 106.290, Mid-point same move

- As impressive as the rejection of recent correction lows appeared in rate futures, upside has been viewed as limited within on-going long term downtrends.
- This has been particularly true in US Treasuries and 10yrs have failed at 106.170, the 38% retrace of latest declines, to close below 106.000 and expose 105.105 breaks.
- I will also be watching daily momentum as this is threatening to cross lower alongside MACD below zero, which will often be a fresh negative trigger to lower levels.

Preferred Bias: While trades are seen below 106.050 half latest declines, potential is for limited bounces and continued pressure. Closes under 106.000 suggest upside failure and extension of the downtrend to break 105.105 and on to 104.160 August 2011 extreme.

Alternative Bias: Closes above 106.170 are still needed to extend recovery moves towards the long term downtrend, currently at 107.195.



Euro Bund Daily: Rally Reversed by 129.05 and 128.38 Retrace Breaks Signal Failure



Scorecard: **Downtrend** Daily Trend: **Downtrend** Daily Momentum: **Crossing Lower?**

Support:

- 1st – 127.92, 62% retrace latest bounce
- 2nd – 127.18, Monday’s new correction low
- 3rd – 126.62, October monthly extreme

Resistance:

- 1st – 128.47, Half latest weakness
- 2nd – 129.05, 62% retrace October sell-off
- 3rd – 129.59, October 16th bounce failure

- The concern in Bunds is that while upside did materialise after the rejection of lows, strength has been held and reversed by 129.05 on both Tuesday and Wednesday.
- Significantly, this has now seen closes below 128.38 first retrace of this week’s rally, leaving another lower high within the downtrend to resume declines and pressure 127.92.
- After latest weakness, focus shifts to daily momentum as a new cross lower with MACD still below zero can be a fresh negative to expose lower levels.

Preferred Bias: While trades are seen below 128.47, potential is for limited bounces and further downside towards 127.92 deeper 62% retracement and if this gives way back to 127.18 October 23rd extremes.

Alternative Bias: Breaks above 129.05 are needed to resume upside, opening scope to 129.59, even 129.96 failure highs.



Daily Charts and Levels

Euro Bobl Daily: Rejection From 115.98 Closes Below 115.69, Exposing 115.47 Next



Scorecard: **Downtrend** Daily Trend: **Downtrend** Daily Momentum: **Crossing Lower?**

Support:

- 1st – 115.47, 62% retrace latest rally
- 2nd – 115.07, October 4th extreme
- 3rd – 114.88, September 28th rally point

Resistance:

- 1st – 115.98, 62% retrace October sell-off
- 2nd – 116.16, October 16th bounce failure
- 3rd – 116.38, October 13th rejection level

Euro Schatz Daily: Signs of Upside Failure but 104.93 Closing Breaks Needed



Scorecard: **Neutral** Daily Trend: **Neutral** Daily Momentum: **Recovering**

Support:

- 1st – 104.930, Half latest upside move
- 2nd – 104.800, Thursday’s session low
- 3rd – 104.765, September 21st session low

Resistance:

- 1st – 105.120, 62% retrace October sell-off
- 2nd – 105.235, October 11th failure point
- 3rd – 105.320, October monthly extreme



Euro Buxl Daily: Risks of Downside Resumption to 116.42 After 119.87 Closing Break



Scorecard: Downtrend Daily Trend: **Downtrend** Daily Momentum: **Negative**

Support:

- 1st – 118.88, Wednesday’s session low
- 2nd – 117.92, October 23rd rally point
- 3rd – 116.42, October 4th extreme

Resistance:

- 1st – 119.87, 38% retrace this week’s range
- 2nd – 121.33, Higher 62% retracement
- 3rd – 123.02, October 24th bounce failure

US 5Yr Daily: Signs of Rejection From 104.220 as 104.075 Closing Breaks Seen



Scorecard: Downtrend Daily Trend: **Downtrend** Daily Momentum: **Recovering**

Support:

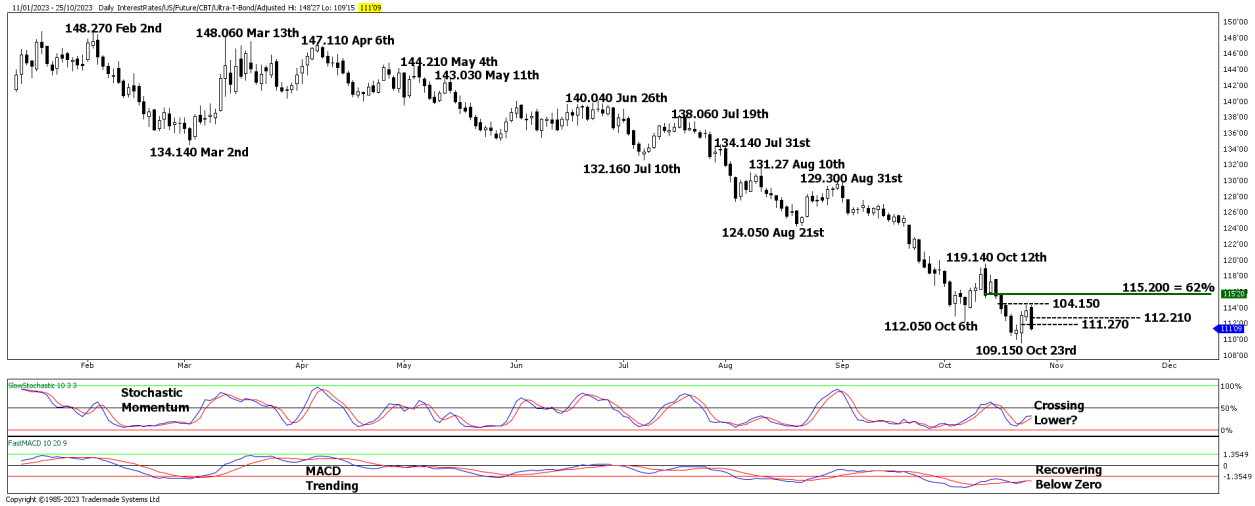
- 1st – 104.030, Wednesday’s session low
- 2nd – 103.200, Lower limits of channel
- 3rd – 102.160, April 2011 monthly low

Resistance:

- 1st – 104.220, Mid-point October sell-off
- 2nd – 104.295, Higher 62% retracement
- 3rd – 105.000, Downtrend since July high



Ultra-Bond Daily: Close Below 111.270 Negative Trigger for 109.150 Retests



Scorecard: Downtrend Daily Trend: Downtrend Daily Momentum: Negative

Support:

- 1st – 111.040, Wednesday’s session low
- 2nd – 109.150, Monday’s session low trade
- 3rd – 109.050, Late July 2011 extreme

Resistance:

- 1st – 112.210, Half this weeks sell-off
- 2nd – 114.150, Mid-point Sep/Oct decline
- 3rd – 115.200, Higher 62% retracement

Canada 10Yr Daily: 115.21 Rejection and 114.45 Closing Breaks Expose 113.48 Risks



Scorecard: Downtrend Daily Trend: Downtrend Daily Momentum: Negative

Support:

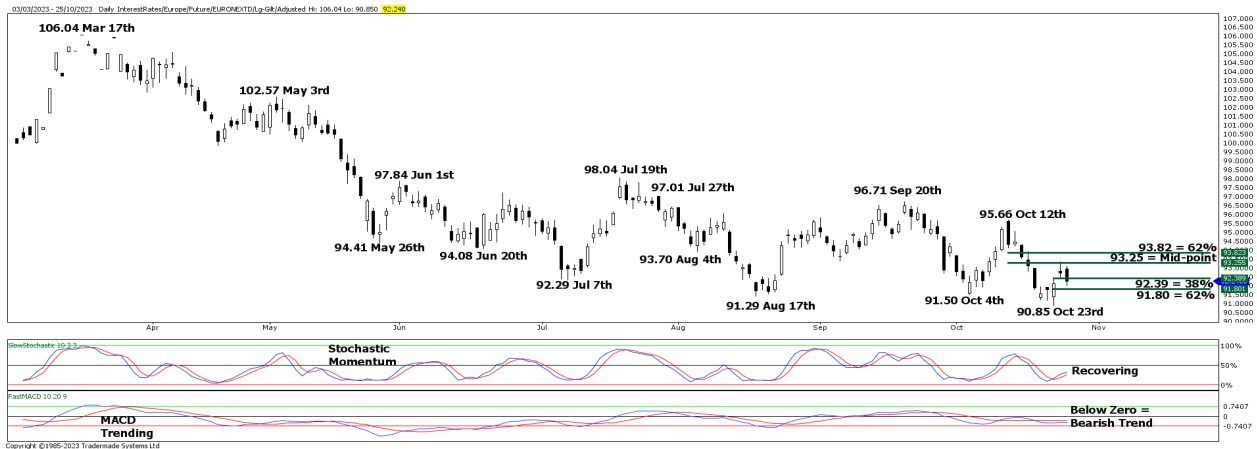
- 1st – 113.48, October 19th session low
- 2nd – 113.11, October 6th session low
- 3rd – 112.59, October 4th rally point

Resistance:

- 1st – 115.21, 62% retrace October sell-off
- 2nd – 116.28, October 11th rejection high
- 3rd – 116.82, September 20th bounce failure



UK Gilts Daily: Push Higher Held by 93.25 Mid-Point, to See 92.39 Closing Break



Scorecard: **Downtrend** Daily Trend: **Downtrend** Daily Momentum: **Negative**

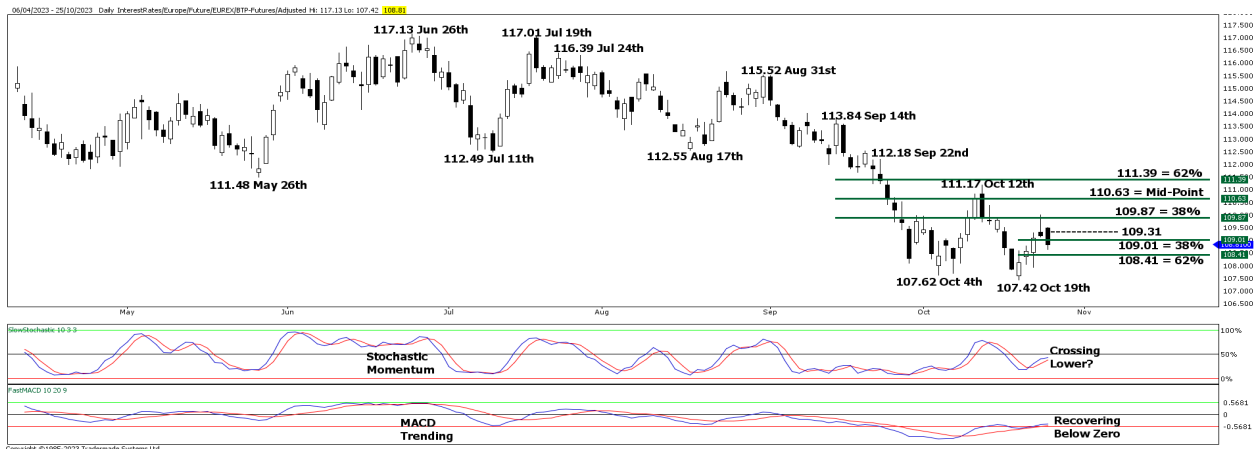
Support:

- 1st – 91.80, 62% retrace latest upside
- 2nd – 90.85, Monday’s session low
- 3rd – 88.25, October 2022 spike low

Resistance:

- 1st – 93.25, Mid-point October sell-off
- 2nd – 93.82, Higher 62% retracement
- 3rd – 94.44, Gap left from Oct 16th close

BTP Daily: Rejection Develops From 109.87 for 109.01 Closing Break Watching 108.41



Scorecard: **Downtrend** Daily Trend: **Downtrend** Daily Momentum: **Negative**

Support:

- 1st – 108.41, 62% retrace latest rally
- 2nd – 107.93, October 23rd hold level
- 3rd – 107.42, October 19th extreme

Resistance:

- 1st – 109.22, Half latest sell-off
- 2nd – 109.87, 38% Sep 14th/Oct 19th
- 3rd – 110.63, Mid-point same move



Short Term BTP Daily: 104.29 Retrace Holds for Downside, 104.05 Breaks Negative



Scorecard: Downtrend Daily Trend: Downtrend Daily Momentum: Crossing Lower?

Support:

- 1st – 103.91, 62% retrace latest upside
- 2nd – 103.72, September 28th extreme
- 3rd – 103.68, October 19th rally point

Resistance:

- 1st – 104.13, Half latest sell-off move
- 2nd – 104.29, 38% retrace Aug/Oct sell-off
- 3rd – 104.37, October 12th rejection high

Aussie 3yr Daily: Momentum Lower Fresh Negative to Expose Risks to 95.503



Scorecard: Downtrend Daily Trend: Downtrend Daily Momentum: Negative

Support:

- 1st – 95.660, Latest correction low
- 2nd – 95.503, Late March 2012 low trade
- 3rd – 95.339, March 2012 hold level

Resistance:

- 1st – 95.750, Half latest sell-off
- 2nd – 95.842, 38% retrace October sell-off
- 3rd – 95.895, Mid-point same move



Aussie 10Yr Daily: Failure From 95.346 Threatens 95.155 Breaks to 95.054 Low



Scorecard: Downtrend Daily Trend: Downtrend Daily Momentum: Negative

Support:

- 1st – 95.155, Latest correction low trade
- 2nd – 95.134, May 2014 monthly extreme
- 3rd – 95.054, Late April' 14 hold level

Resistance:

- 1st – 95.346, 38% retrace October sell-off
- 2nd – 95.405, Mid-point same move
- 3rd – 95.464, Higher 62% retracement

S&P Index Daily: Failure and Pressure on 4207.50, Closing Breaks Expose 4162.25



Scorecard: Downtrend Daily Trend: Downtrend Daily Momentum: Negative

Support:

- 1st – 4207.50, May 24th hold level
- 2nd – 4173.00, Mid-point Oct'222/Jul'23
- 3rd – 4162.25, May 4th rally point

Resistance:

- 1st – 4247.00, Half latest sell-off move
- 2nd – 4290.50, 38% retrace latest sell-off
- 3rd – 4317.00, Mid-point same move



Eurostoxx Index Daily: Recovery Above 4061.00 Seeing 4101.00 Retests for Failure



Scorecard: Downtrend Daily Trend: Downtrend Daily Momentum: Recovering

Support:

- 1st – 4048.00, Half latest upside move
- 2nd – 4006.00, Monday's session low
- 3rd – 3994.00, 38% retrace Oct'22/Aug'23

Resistance:

- 1st – 4101.00, 38% retrace October sell-off
- 2nd – 4131.00, Mid-point same move
- 3rd – 4160.00, Higher 62% retracement



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