

# UK Gilt 10y Yield – Weekly Chart

UK 10Yr Yield Weekly Chart - Rising Wedge Formation



**Trend: Bull cycle and rising wedge formation**

**Key price points:**

**Resistance:**

- 5.01% - Top of the wedge
- 5.56% - High Jul 2007
- 5.90% - High Jan 2000

**Support:**

- 4.36% - Low Apr 7 2025
- 4.26% - Bottom of the wedge

**Observation:**

The trend is **bullish**.

- A rising wedge has appeared on the long-term chart - a triangle - with both support and resistance lines sloping in the same direction.
- Occurs at the final stages of a mature trend and highlights the risk of a reversal.
- 30Yr Gilts are in an uptrend for now and a triangle breakout reinforces this theme. MA studies are in a bull-mode position - highlighting an uptrend.

**Opportunities/Threats:**

- **UK fiscal risk** – Nov 26<sup>th</sup> Budget presents unique threat of reduced fiscal headroom and backbench opposition to welfare spending cuts
- **BoE easing cycle** – Unfavourable CPI turnouts and falling data reliability have pushed back BoE rate cut pricing (next decisions: Sep18, Nov6, Dec18)
- **Food price inflation** – August CPI showed higher-than-expected rises in food prices, driving headline inflation above expectations

# UK Gilt 10y Yield – Monthly Chart

UK 10YR Yield Monthly Candle Chart



Jan 2000 and Jul 2007 highs - KEY RESISTANCE POINTS - that need to be cleared to strengthen a bull condition, if yields continue to trend higher

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# UK Gilt 30y Yield – Daily Chart

UK Gilts 30Yr Yield Daily Candle Chart



**Trend: Bull cycle and rising wedge formation**

**Key price points:**

- Support:**
- 5.48% - 50-day EMA (current value)

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# US ICE USD Index – Monthly Chart



USD Index (DXY) Monthly Candle Chart



**Trend: Multiyear Bull Cycle into M/T Bearish Phase**

**Key price points:**

**Support:**

- 96.83 - Long-term trendline drawn from the May 2011 low.
- 95.24 - 76.4% retracement of the 2021 - 2022 bull cycle.

**Resistance:**

- 101.87 - 50-month EMA

**Observation:**

The trend is **bearish**.

- Bear leg since Sep 2022 a correction.
- The correction has arrived at a crossroads - at trendline support drawn from the May 2011 low.
- Price in July highlights a potential reversal signal - a monthly bullish engulfing candle.
- If correct, it signals the end of the medium-term correction OR at least the start of a recovery in the index in the months ahead.
- A clear break of the trendline would send a strong bearish USD signal.

**Opportunities/Threats:**

- **Fed Independence** – Trump’s desired removal of Lisa Cook and preference for inside hires could lean the balance of the FOMC in 2026
- **Slowing Labor Market** – August NFP came in well below expectations, signalling near-term econ weakness
- **Prolonged Tariff Inflation Phase** – Data shows minimal inflationary pressure from import tariffs yet, but could emerge into year-end as supply chains are re-oriented

# Europe Banking Stock Index (SX7E) – Monthly Chart



Europe Banking Stock Index (SX7E) Monthly Candle Chart



**Trend: L/T Trend Up, Retracing Major Bear Cycle**

**Key price points:**

**Resistance:**

- 242.85 - High Oct 2009
- 269.96 - 50.0% retracement of the 2007 - 2020 bear leg

**Support:**

- 198.45 - High Mar 2025
- 185.41 - 50-week EMA

**Observation:**

The trend is **bullish**.

- Daily, weekly and monthly scales are in a bull-mode position, highlighting a strong uptrend.
- The bullish acceleration from the Apr low highlights a current medium-term overbought trend position. This suggests scope for a corrective cycle.

**Opportunities/Threats:**

- **ECB policy** – A more pessimistic view on domestic demand or the impact of the easing cycle so far could raise the risk of sub-neutral policy rates in medium-term
- **Geopolitical risk** – European banks are large holders of peripheral and emerging market debt, with greater-than-average sensitivity to geopolitical risk stemming from Russia, Israel or elsewhere
- **European politics** – The recent fall of the French PM shows the still-surging wave of support for populist political views, bringing national regulatory uncertainty into focus

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