

## 10-YEAR US TREASURY YIELD: ABOUT TO MAKE A PAUSE AFTER A SHARP RISE

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In September 2021, we reviewed the 10-year US Treasury yield – 1.34% at the time – calling for a sharp rise. Now at 2.95%, the yield is nearing a very strong resistance area with the former 2013 high near 3.02% and the 2018 high near 3.25%, while the momentum indicators on the lower panel are in overbought status, for the slow Stochastics at 93% and rising toward the 2018 high for the MACD. In the past 5 months, these indicators reflect a very strong momentum but they may call for a reaction as the 10-year US Treasury yield is nearing the resistance area, very soon leading to a pause likely between 3% and 2.70%, which is currently the level of the upper Bollinger Band.

Despite the fact that the 3.00-3.25% area is likely to cap the rise of the 10-year US Treasury yield for a

while, the recent parabolic rise from the 1.34% area gives a hint, together with the momentum indicators, that the yield will one day break that formidable resistance area to rise further toward the Fibi target of 4.65%, as displayed on the monthly chart.

Meanwhile, the expected coming pause in the 10-year US Treasury yield may also correspond with a temporary top for the US\$ Index near 104, as displayed on the upper panel (orange dotted line). It may also correspond to a temporary re-allocation from stocks to bonds as the S&P500 is threatening to break a major support area near 4114. Therefore, in the first weeks of May 2022, it will be important to monitor the charts of both the US bonds and the US equities markets as major technical levels are going to be seen!

*The 10-year US Treasury yield in monthly candlesticks with a 20-month MA surrounded by two Bollinger Bands and the Ichimoku Cloud, which offers some support near 1.71%, and the 40-month MA currently at 1.537%.*

*On the upper panel is the spread between the 10-year US Treasury yield minus the 10-year German yield (black line) and the US\$ index (orange dotted line).*

*On the lower panel are the momentum indicators: Slow Stochastic (which is in an overbought area near 93%), and the rising MACD reaching a high above the 2018 high.*

**Source of data:** Stockcharts.com.  
Supports line & parameters are provided by BEST.



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