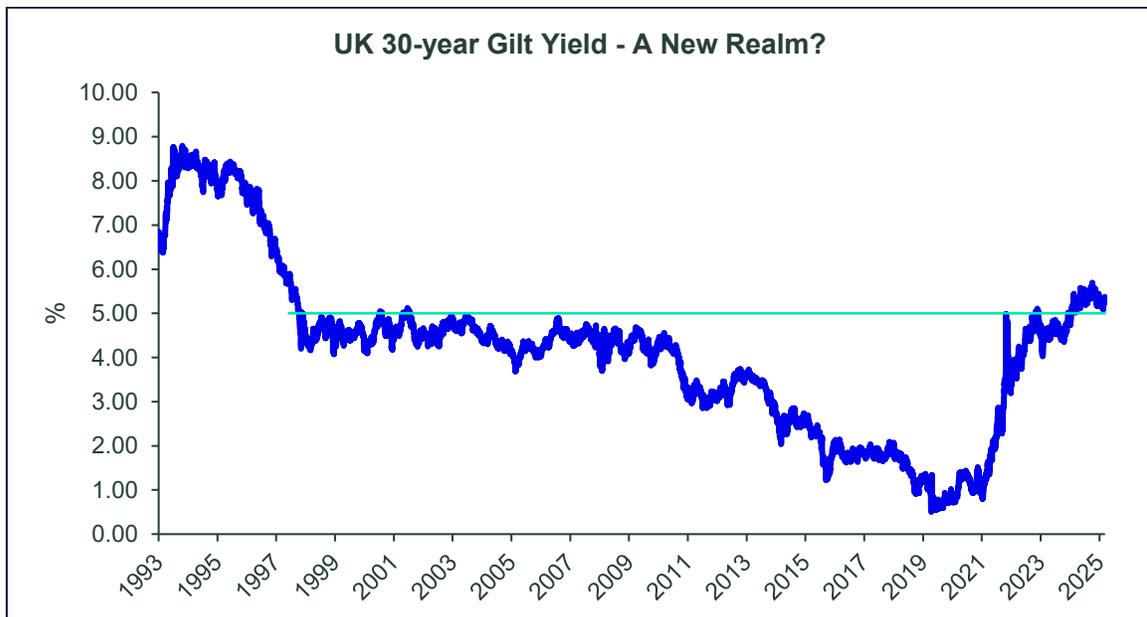


COMMENTARY
February 26, 2026

Mind on the Market

Chart of the Week



Source: Bloomberg. Data from 11/30/1993 to 2/6/2026.

Bond yields are particularly well suited to technical analysis, as they fluctuate slowly around fundamentals such as growth, inflation, and creditworthiness. The UK Gilt market offers a timely example. As the chart above shows, 5% has acted as a critical long-term level for 30-year Gilts, capping yields for decades before finally breaking in late 2024. Once breached, major technical ceilings often become floors—raising the question of whether 5% now represents the minimum yield investors are willing to accept.

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Weekly Highlights

Gold Trading Near Recent
Highs at

\$5,143/t oz.

Source: Bloomberg. Data as of
2/25/2026.

10Y JGB Yield Edges
Toward a 27Y High at

2.28%

Source: Bloomberg. Data as of
2/9/2026.

US Treasuries Are the
Largest Share of Global
Government Bonds

~35%

Source: Bloomberg. Data as of
2/25/2026.

Chart Technicals and the Long End of Sovereign Yield Curves

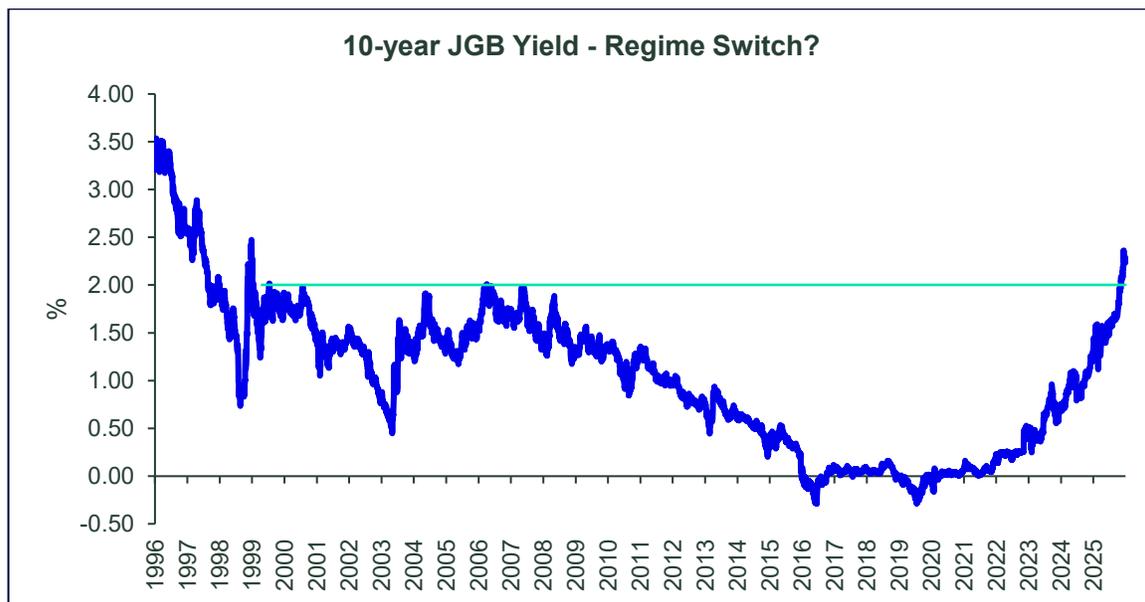
Technical analysis is particularly well suited to some markets and less so for others. A nation's benchmark yield can be readily compared with its level 20 years ago (unlike stock prices, where compounded growth typically makes longer-span historic comparisons irrelevant), and that long-term perspective can offer insights on potential regime shifts that might otherwise be difficult to detect, given how slowly the fundamentals change.

The long end of the Gilt market has provided the inspiration for this edition of Mind on the Market. As we can see in the Chart of the Week, there is a level around 5% that appears to be a major line in the fiscal sand for 30-year Gilt investors. From the late 1990s to the eve of the Global Financial Crisis, 5% was tested a number of times and held each time, establishing itself as something of a ceiling on 30-year yields.

After some time in chart wilderness, the 5% cap made a dramatic return. Prime Minister Liz Truss' infamous mini budget was a perfect storm to re-test the historic key level. It was tested again in the following two years and finally caved in amid a broad selloff in G7 yields toward the end of 2024. Once breached, a well-established ceiling can often become a new floor—i.e., what was previously an attractive entry point can become a profitable exit level. It is too early to be definitive, but we may be entering a phase where 5% is the lowest acceptable yield for investors in 30-year Gilts. Domestic economic conditions and the supply-demand balance, among other factors, will determine that acceptable level. Gilts do not operate in splendid isolation, however, and are influenced by sovereign yields across other advanced countries—it is wise to keep an eye on Britain's G7 peers as these dynamics play out.

Japan offers another example of a potential regime shift. The bold move by Japan’s recently appointed prime minister, Sanae Takaichi, in calling a snap election has paid off handsomely. The commanding majority secured by her LDP-led coalition gives her the latitude she needs to pursue a “responsible yet aggressive” fiscal policy. The impetus from the election win is merely the latest chapter in the story— JGBs have been pricing in a very different fiscal and monetary policy stance for several quarters. The controlling lower-house majority may well add impetus and conviction to the trade.

The conspicuous breakout of several nodes on the Japanese sovereign curve to hit multi-decade highs is the manifestation of this. Even more so than long-dated Gilts, it appears the benchmark 10-year JGB has made a decisive breakout from a regime defined by a 2% limit.



Source: Bloomberg. Data from 2/13/1996 to 2/10/2026.

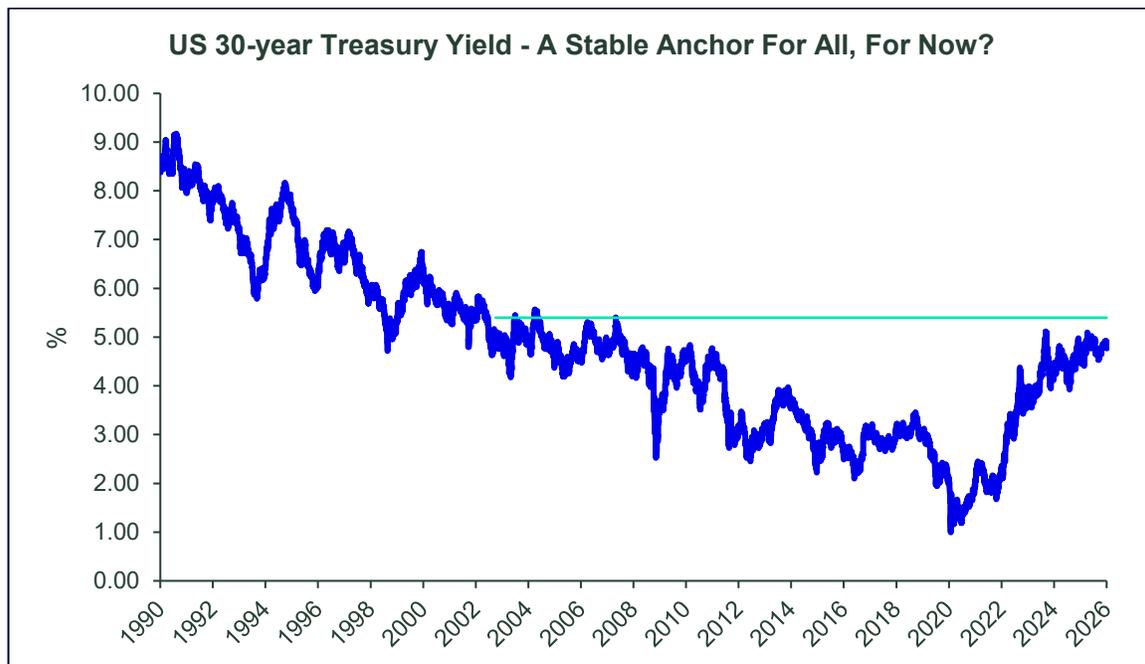
As we saw above with the Gilt chart, a similar pattern seems to be forming here. Having provided support for years, the 2% threshold has been taken out with a vengeance. The previous buying level now looks more like a take-profit trigger.

While 2% is an easily identified support/resistance level, it is hard to find similarly well-defined support points above it. There was some congestion around the 2.5% level in late 1996 and early 1997, and then again in the early 1999 cycle high, making this a plausible interim support zone. Importantly, real-money domestic investors—particularly banks—have increasingly signaled appetite to add on dips in the 2.5–

3% range, which could help build a floor around this level. Beyond that zone, the next meaningful technical support likely sits closer to 3.5%.

None of these markets trades in a vacuum. Longer-dated yields tend to be quite well correlated, since arbitrage opportunities help keep yields and spreads in check for a given set of fundamentals. As the largest and most liquid bond market, the US Treasury market still serves as a global reference and the linchpin for global yields.

In that respect, it is interesting to note that the 30-year US Treasury yield has remained in its current regime. Despite well-aided concerns around large, unaddressed US deficits, it seems the supply dynamic has alleviated the upward pressure for now. The levels are less clearly defined in the chart below. Nonetheless, there appears to be a degree of established support between 5¼% and 5½%, which was tested and held from 2003 to 2007. Markets have a penchant for round numbers (25 and 50 basis points are round numbers in yield terms), and that 5½% level may develop magnetic qualities in the coming quarters.



Source: Bloomberg. Data from 2/12/1990 to 2/12/2026.

Chart levels suggest that we may have entered new territory in some markets—the long end of the Gilt market and the 10-year JGB are notable cases. Interestingly, the US Treasury market shows no signs of

testing major levels on the upside just yet. As the global benchmark, that should help government bond investors sleep well at night.

For clarity, our [Global Market Outlook](#) for 2026 points to favorable prospects for sovereign debt this year. We anticipate modest returns—most likely low single digit—in a number of the major markets. We favor the belly of the curve, have some concerns around longer-dated yields given existing high debt levels, and envisage further steepening. The views expressed here are aligned with that perspective, in that we see greater risks of breakouts among some of the longer-dated sovereign issues.

Source: State Street Investment Management, Bloomberg.

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Generally, among asset classes, stocks are more volatile than bonds or short-term instruments. Government bonds and corporate bonds generally have more moderate short-term price fluctuations than stocks, but provide lower potential long-term returns. U.S. Treasury Bills maintain a stable value if held to maturity, but returns are generally only slightly above the inflation rate.

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