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Overview

- An overview of the longer-term technical condition of the DXY and other major currencies points mostly to the USD remaining weak or extending losses later in 2026.
- USDJPY is the main exception in this analysis, with the JPY's latest bout of softness leaving the door open for the USD to retest the 2024 high.
- The AUD may be close to a bullish trigger, with gains through the low 0.67 area liable to trigger a deeper rebound from the historically weak level reached in April.

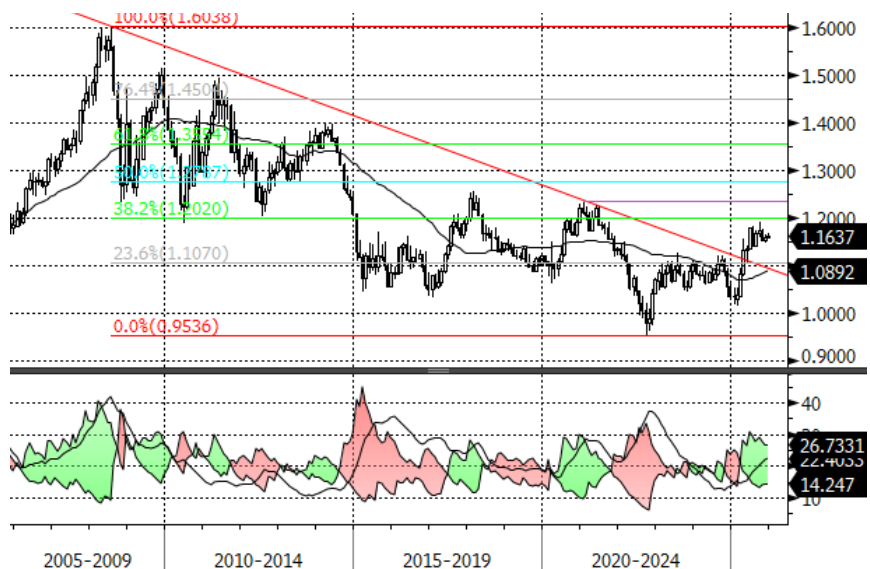
DXY

DXY—The long term (monthly) chart reflects a weak DXY that has managed to stabilize around key, long-term bull trend channel support whilst failing to recover from the significant H1 2025 slide. The index put trend channel support (currently 97.3) under pressure twice this year and both times, the index rebounded forcefully (bullish outside range month in July and a bullish “morning star” monthly candle pattern in Sep). But the rebound failed to flourish, and the index retains a weak undertone (amid bearish monthly trend momentum), holding a broad range between 96/100 since mid-year. Absent a stronger rebound (above 100 to target 103/104), the main directional risk for the index seems to be geared towards a retest of the 96 area in 2026; a break under this point should target a further (roughly 4%) drop to 92.75 (50% retracement of 2008/22 gain).

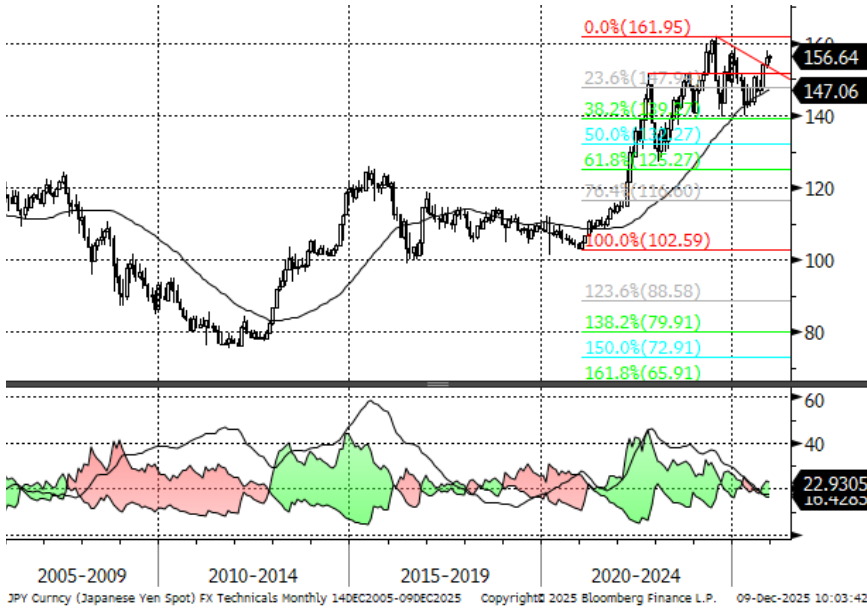


EURUSD

EURUSD is consolidating 2025 gains above long-term bear trend (now distant support at 1.10), just below key retracement resistance 1.2020 (38.2% Fibonacci of the 2008/22 EUR decline). EUR gains stalled in Sep, with spot peaking at 1.1920 via a bearish “evening star” candle pattern (reflecting the developments in the DXY noted above). But losses were limited and the EUR retains a firm undertone, aided and abetted by a bullish alignment of trend momentum oscillators across a range of time frames. This situation rather suggests the EUR will remain well-supported on shallow dips in the event of typical (seasonal) early calendar year weakness and mount another challenge of 1.19/1.20 later in 2026. Key support is 1.15 and 1.1390/00 now.

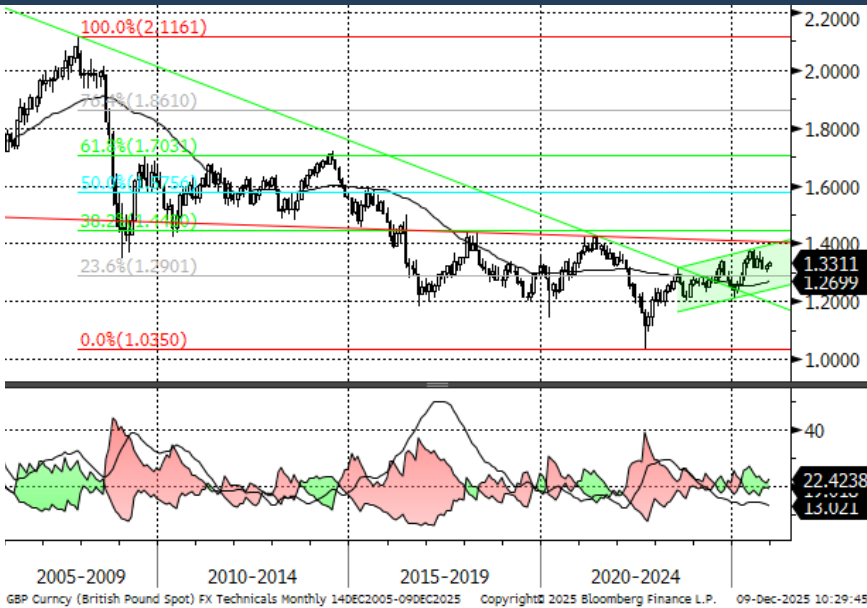


USDJPY



USDJPY retains a bullish undertone, with the USD's recent push through 16-month bear trend resistance at 153.75 (now support) rekindling bullish, albeit still weak, momentum and putting a retest of the 2024 high near 162 back on the radar. Resilient USD support around the 140 level in 2024 and 2025 (coinciding with long-term retracement support at 139.25, derived from the 2021/24 bull move in the USD) has provided the platform for sustained USD gains. This area remains major, long-term pivot for the USD ahead of a push back to the 125/130 region.

GBPUSD



GBPUSD's long-term (monthly) technicals remains favourable despite short-term term volatility in the pound. Cable retains a positive trend, supported by a bullish-leaning monthly DMI signal, after breaking above long-term trend resistance (off the 2008 peak) last year. Broadly, there is more scope for the pound to correct long-term losses and push for a test of the 1.40+ area in the coming months. There is some (relatively weak) trend resistance at 1.4060 (off Cable highs reached in 2018 and 2021). A clear push above 1.41 should clear the way for additional gains towards 1.4475 (382% retracement of the 2008/22 losses). Cable support is 1.30 and, stronger, 1.27.

AUDUSD



AUDUSD continues to grind higher after the significant bout of early year weakness. April price action carved out a distinct bull reversal (outside range month), with the AUD strongly rejecting historically weak levels below 0.60. The AUD has moved above loose, long-term trend resistance (between 0.6500/75—now support) and a clear move through the Sep peak at 0.6710 should see gains develop towards the 0.69/0.71 range—more or less the mid-point of the 0.60/0.80 range in place over the past 10 years or so.

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