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Market Minute

December 27, 2022

Mike Hurley, CMT
Chief Market Strategist

775-750-8921

mhurley@nexpoint.com

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Important Last Week

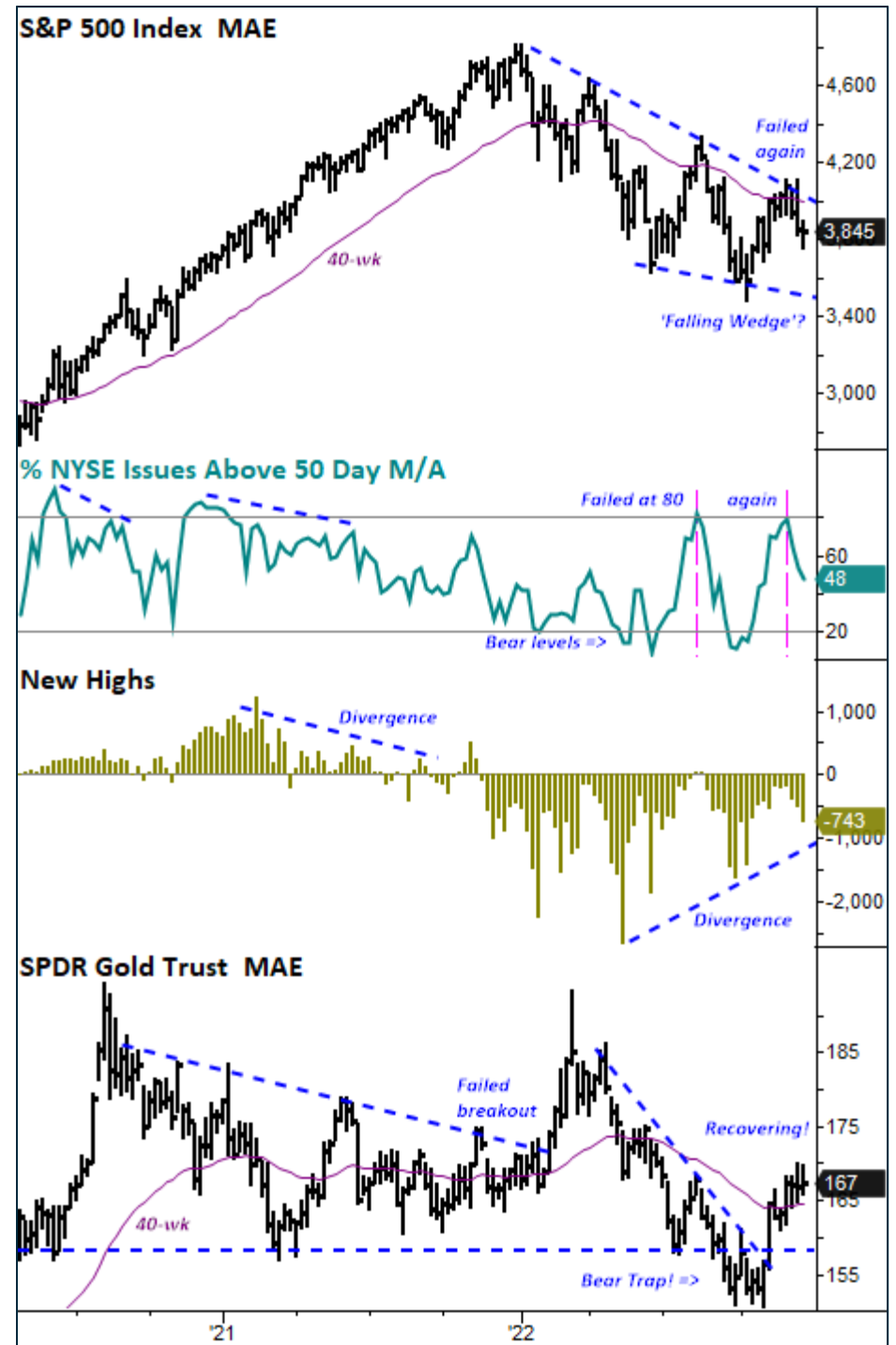
A Quiet Week

- Still trying to bottom – stuck on ‘Step 3’
- S&P 500 failed at resistance & 40-wk.
- Leadership diverging – potential bullish ‘wedge’
- Gold remains firm, after ‘bear trap’
- Worked well during 70’s, and during stagflation

Bottoming Process

- ✓ Set initial low
- ✓ Bounce & test that low
- ☐ Follow-through to the upside
- ☐ Test the breakout successfully

Note: Process can fail & restart



Big Picture

Commodities / US\$:

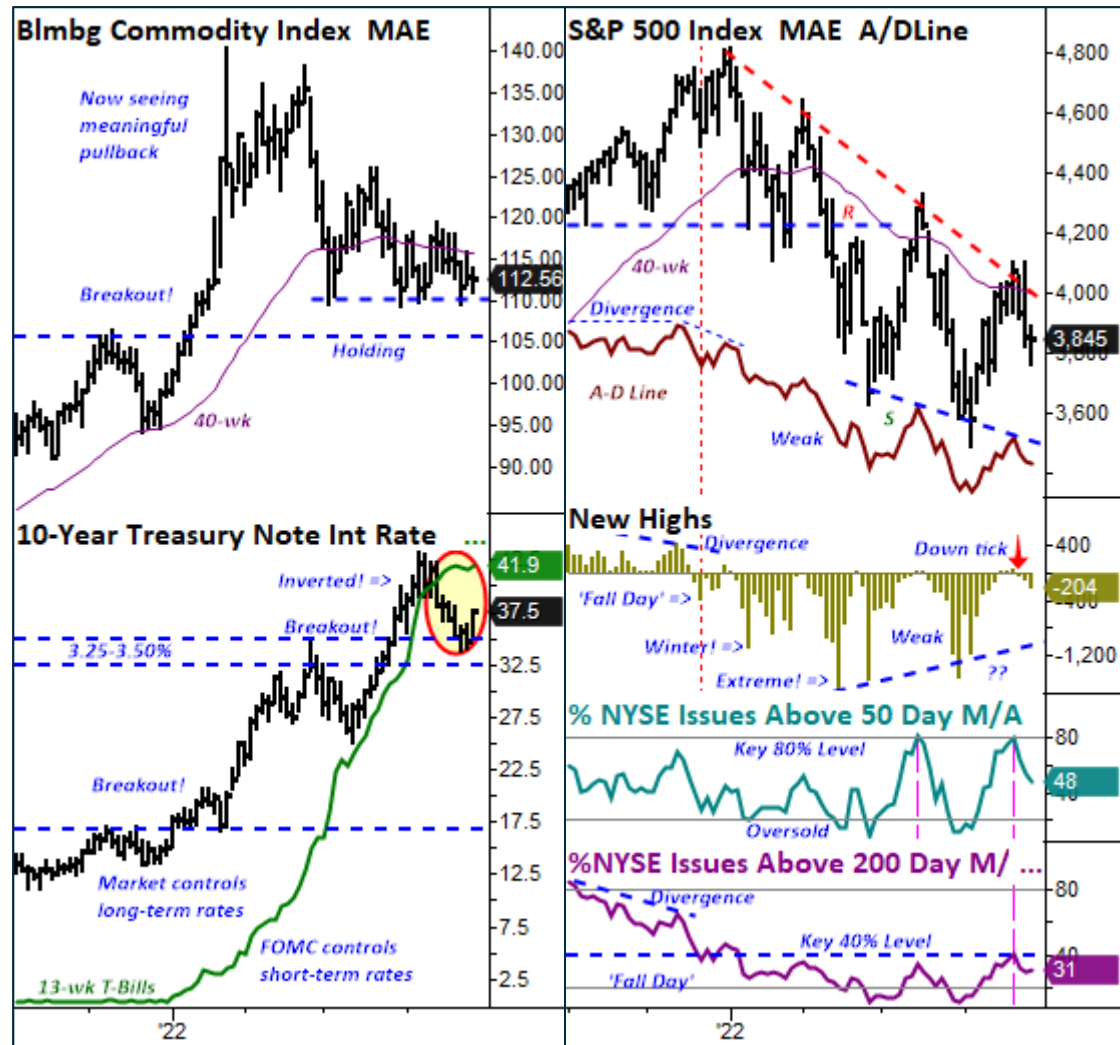
- Commodities strong – up 2x since Mar'20
- BCOM Index still holding key 110 area
- ‘Stagflation’ a very real worry

Yields / Credit:

- 10-yr. finding support in 3½% area
- 3-mo. / 10-yr. curve solidly inverted
- Corp. credit improving meaningfully

Stocks:

- Saw a cyclical top, and a ‘bear market’
- Market trying to form a cyclical bottom
- Again failed at down trendlines
- Still a real chance of secular bear



Trends	LT	Notes
Commodities	▲	Finally seeing a meaningful pullback, BCOM Index holding key 110 area
Bonds/Rates	▼ / ▲	10-yr. finding support in 3½% area; corporate credit now improving
Stocks	---	Have put in a cyclical top & seen bear declines; now trying to bottom



About Mike

Mike Hurley, CMT serves as Chief Market Strategist and Portfolio Manager for NexPoint Advisors, L.P.

Prior to joining NexPoint he launched 2 of the first 100 'alternative mutual funds', including the Fusion Global Long/Short Fund (FGLSX) which posted a positive return in 2008 and won the Lipper Performance Achievement Award in the Long/Short category for the one-year period ending December 31, 2008 (ranked #1 of 90).

Mike also served as Chief Technical Strategist for several boutique research firms, including: SoundView Technology Group and E*Offering (The Investment Bank of E*TRADE).

He proudly served in the United States Navy, where he flew over 50 combat missions during Operation Desert Storm, earning two Air Medals.

Mike is a graduate of UC Santa Barbara, where he received BA degrees in both Business Economics and Chemistry. He is Series 7, 63 & 65 licensed and is a Chartered Market Technician (CMT).

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Charts as of: December 23, 2022, courtesy of TradeStation or Bloomberg, unless otherwise noted.