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Market Minute

January 17, 2023

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Important Last Week

Another Good Week

- 'Sneaky Obviously good' week for stocks
- Potential 'bullish wedge' on S&P and NASDAQ
- NASDAQ breadth showing bullish divergence
- Leadership strongest level since market top
- While still in a 'bear', risks tilted to upside
- Still trying to bottom – close to checking 'Step 3'

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\$:

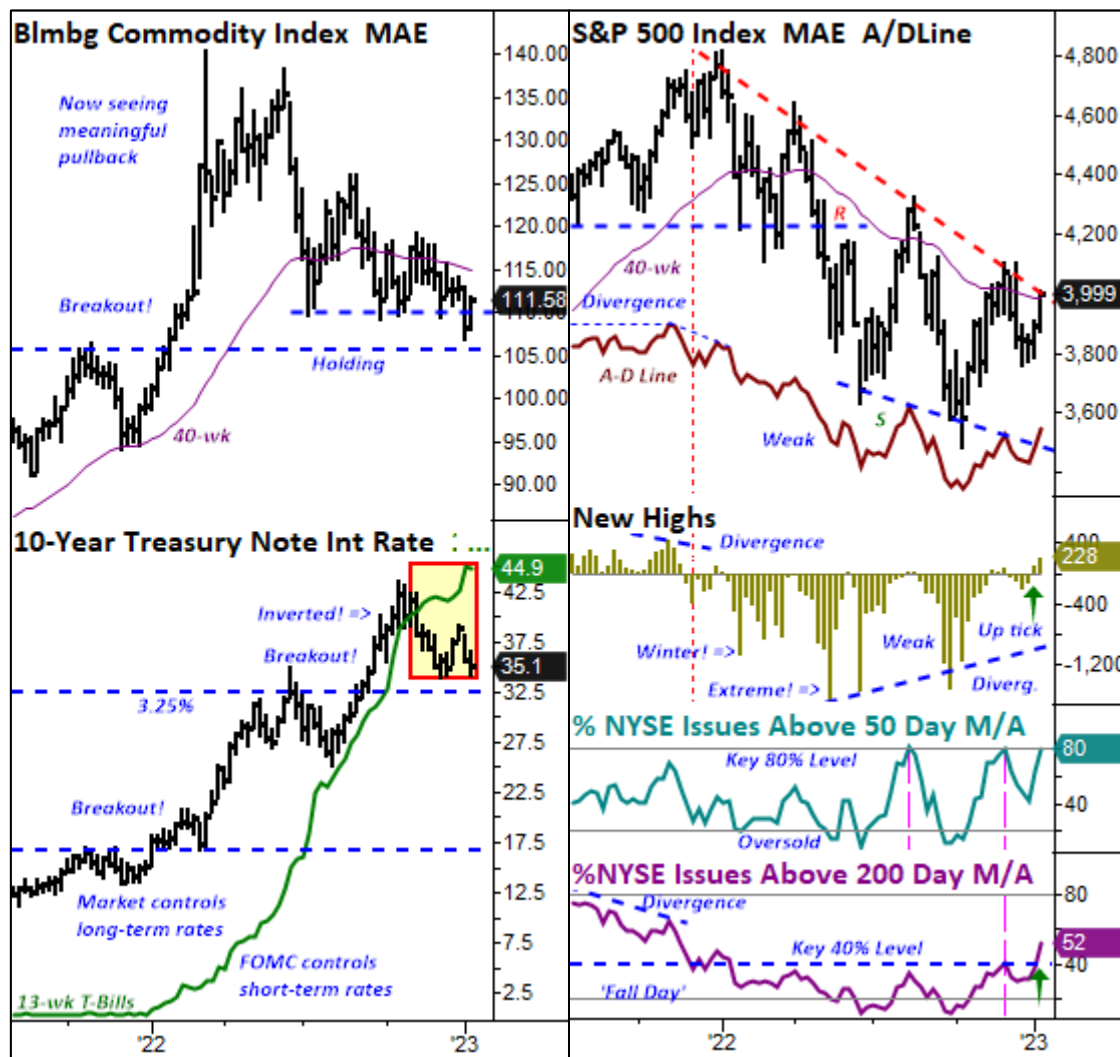
- Commodities up 2x since Mar'20
- BCOM back through 110 area
- 'Stagflation' a very real worry

Yields / Credit:

- 10-yr. finding support in 3½% area
- Biggest yield curve inversion since 1981
- Corporate credit markets improving

Stocks:

- Saw a cyclical top, and a 'bear market'
- No follow-through to upside yet (Step 3)
- Market internals improving dramatically
- Still a real chance of secular bear



Trends	LT	Notes
Commodities	▲	Finally seeing a meaningful pullback, BCOM Index slipping through 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: January 13, 2023, courtesy of TradeStation or Bloomberg, unless otherwise noted.