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Market Minute

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Mike Hurley, CMT
Chief Market Strategist

775-750-8921

mhurley@nexpoint.com

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Important Last Week

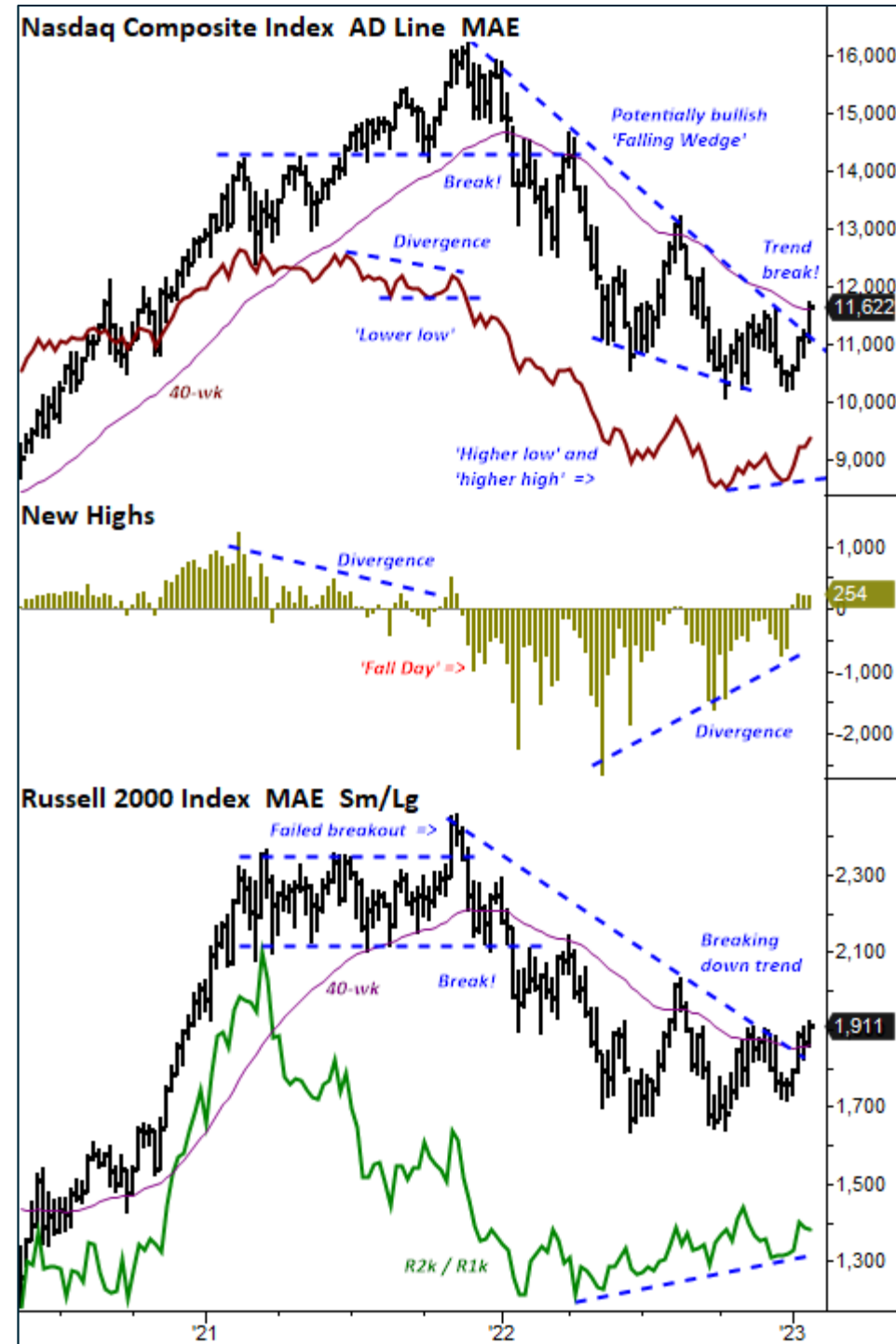
Breaking Downtrends

- Another good week for stocks
- Bulls 'have the ball' – now moving it down field
- Internals strong, and building off divergences
- Small caps showing good relative strength
- 'Risk-on' sectors also strong & leading
- Now checking 'Step 3' of bottoming process

Bottoming Process

- ✓ Set initial low
- ✓ Bounce & test that low (can do so more than once)
- ☐ *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 holding 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:

- Have seen a typical 'bear market'
- Market internals improving dramatically
- Now breaking down trendlines (Step 3)
- Still a 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 27, 2023, courtesy of TradeStation or Bloomberg, unless otherwise noted.