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Market Minute

February 13, 2023

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Important Last Week

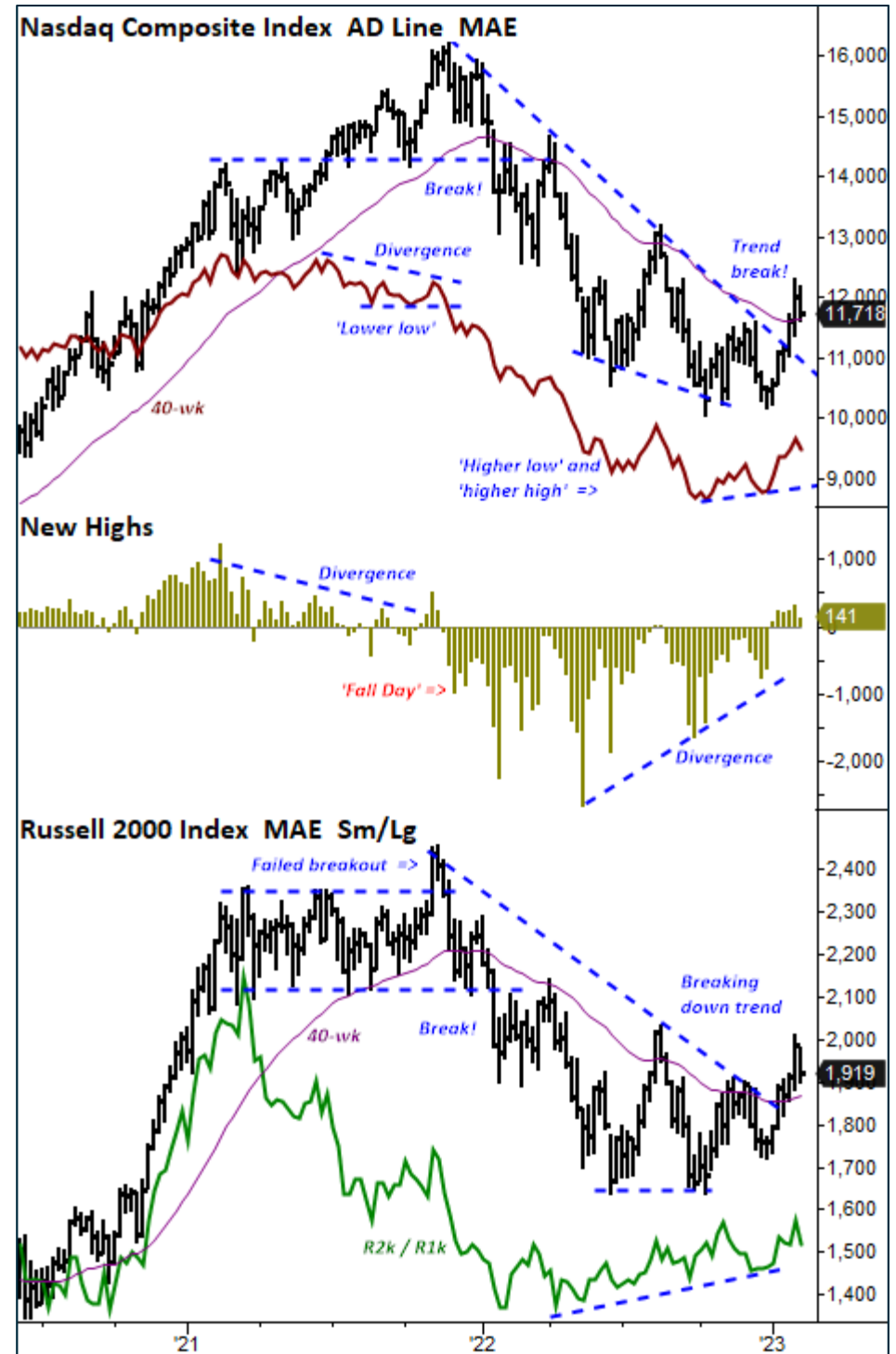
‘Pullback Week’

- A ‘pullback week’ for stocks
- No damage to charts technically
- Internals strong, and moving off divergences
- Small caps have been leading the way higher
- ‘Risk-on’ sectors also strong & leading
- Have checked ‘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 key 105 area
- Potentially big news from Russia on oil

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)
- Look to be embarking on new cyclical bull



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 seen an 'average' bear decline, and now breaking key down trendline



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: February 10, 2023, courtesy of TradeStation or Bloomberg, unless otherwise noted.