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NEXPOINT

Weekly Market Deep Dive

March 6, 2023

Mike Hurley, CMT
Chief Market Strategist

775-750-8921

mhurley@nexpoint.com

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Commodities / Dollar

US\$ / FX:

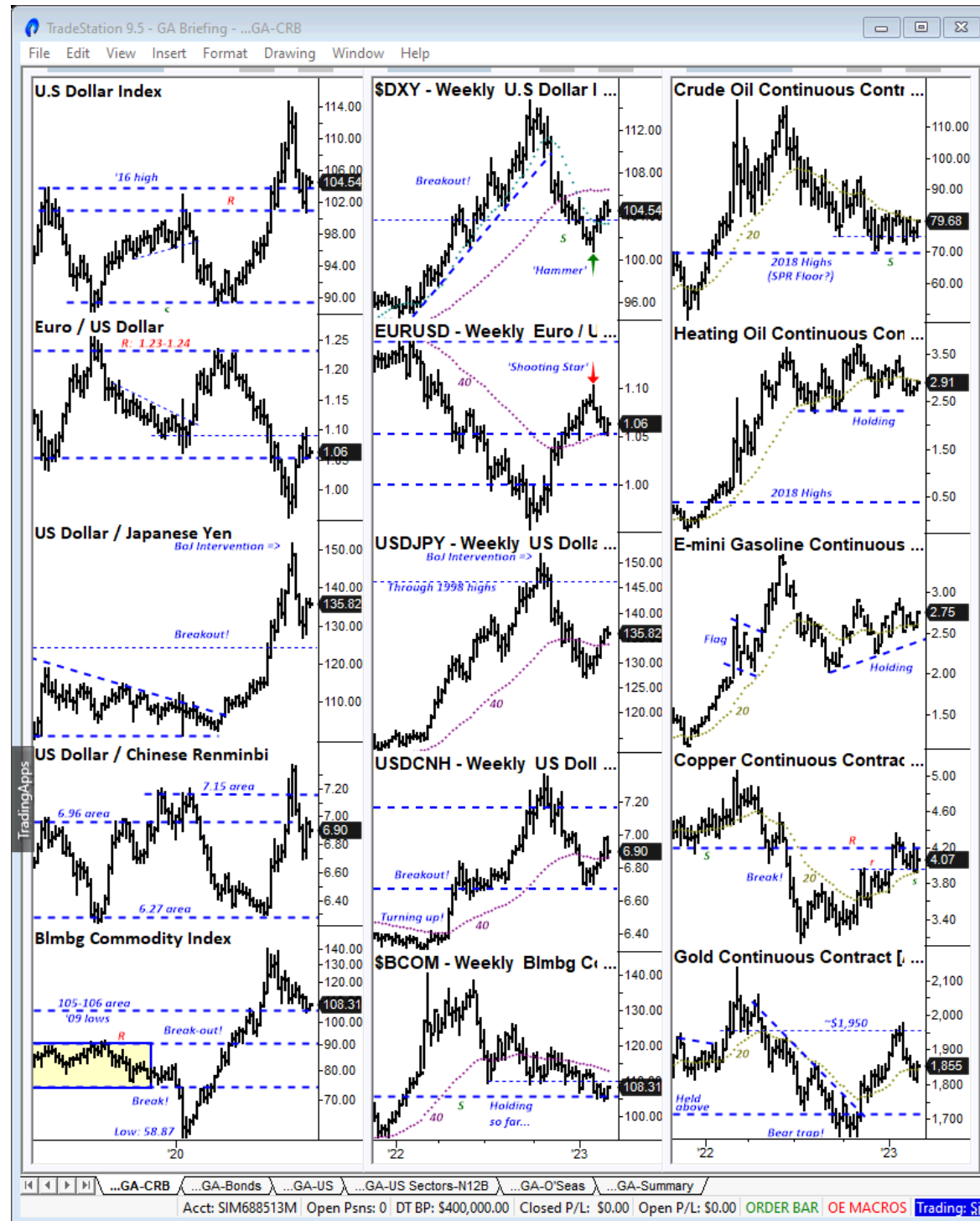
- US\$ lower, but ST bottom remains intact
- Euro holding 40-wk. average
- BoJ intervention top remains in place

Commodities & Sectors:

- BCOM holding key 105-106 area
- Crude holding support at \$70 & SPR bid
- Quiet week for energy, in general
- ULSD & unleaded charts relatively stronger
- Copper holding support at 4
- Gold testing 20-wk. average

Bottom Line:

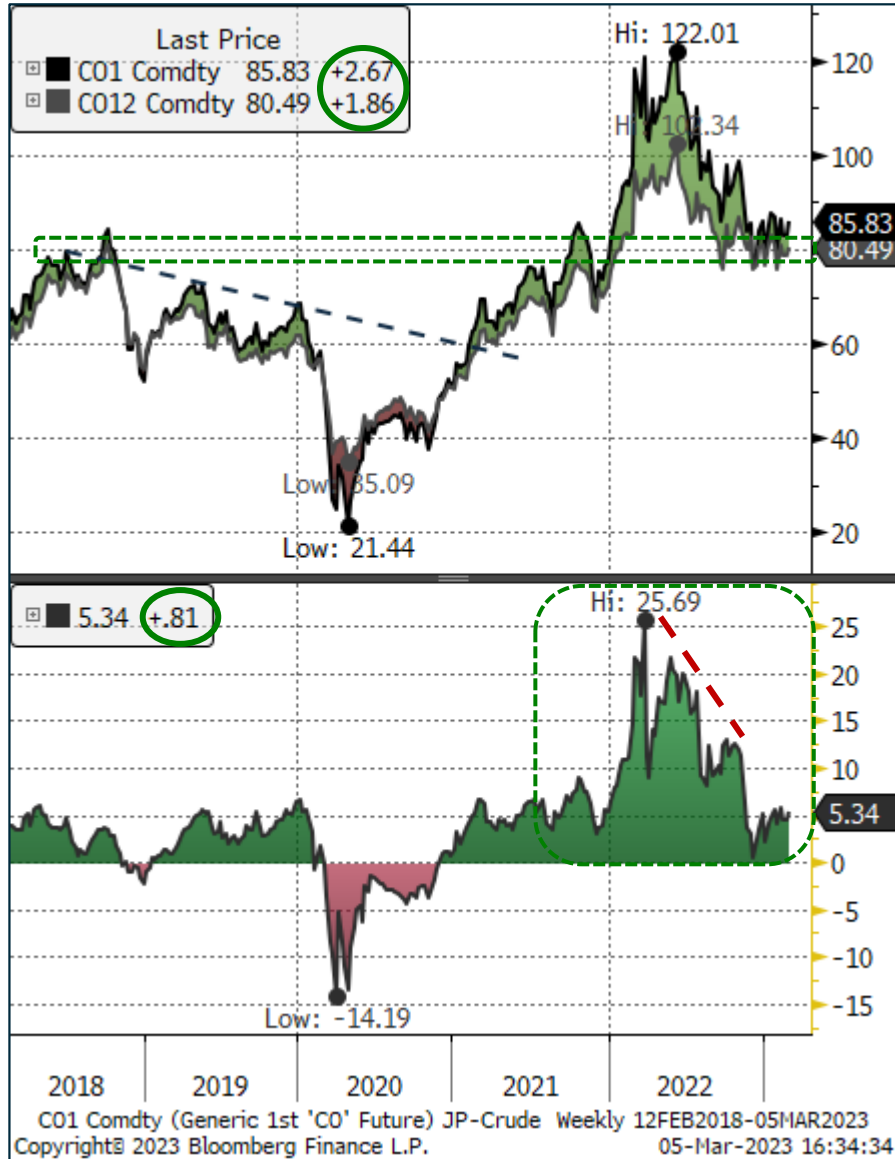
- Euro holding 40-wk. average
- BCOM & crude holding key support
- Russia production cuts poised to start



Oil & Gold

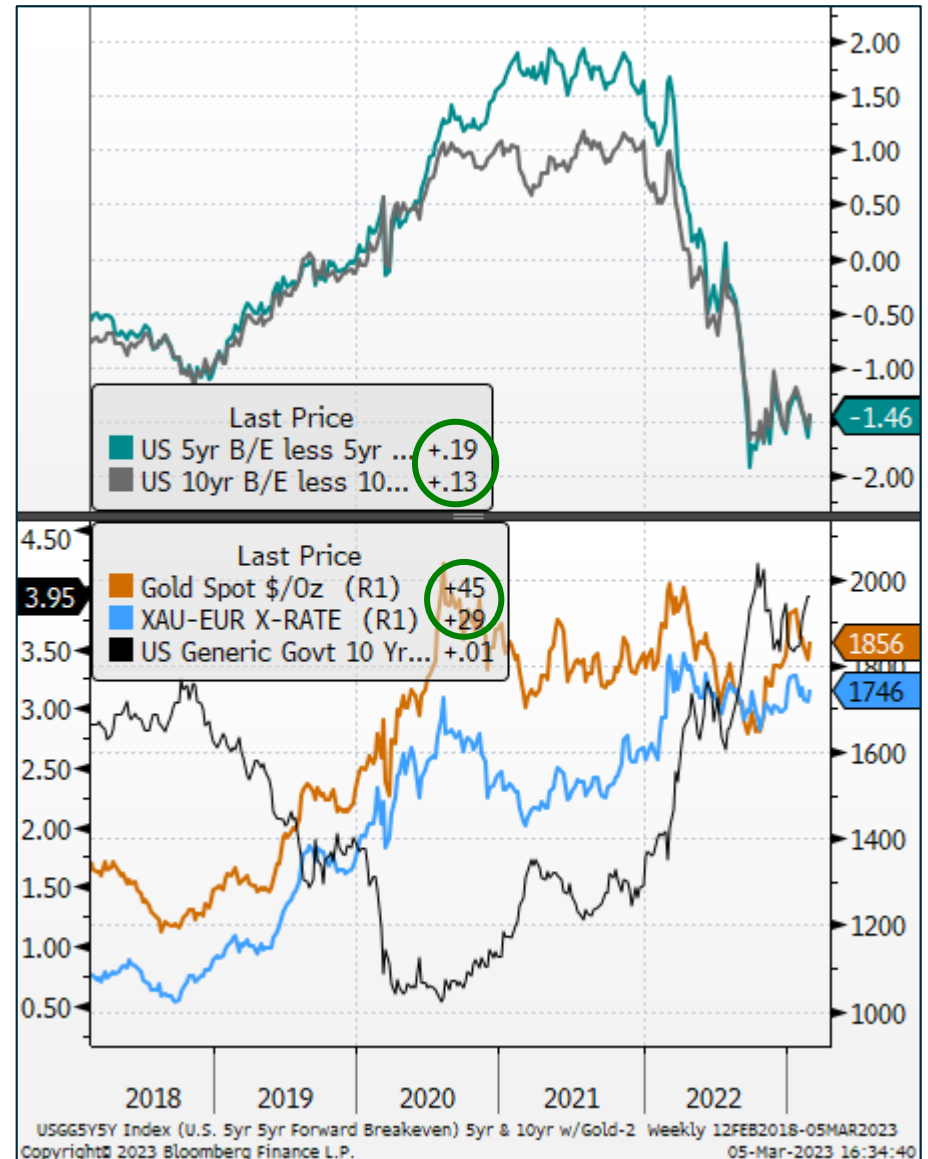
Oil:

- Brent still holding key \$80 area
- Spread wider, back above \$5
- Russia to cut 500k bbl./day in March



Gold:

- Both spreads wider last week - 19 & 13 bp
- Gold higher, despite US 10-yr. yields holding firm
- Gold in both US\$ & Euros in wide, sloppy, range



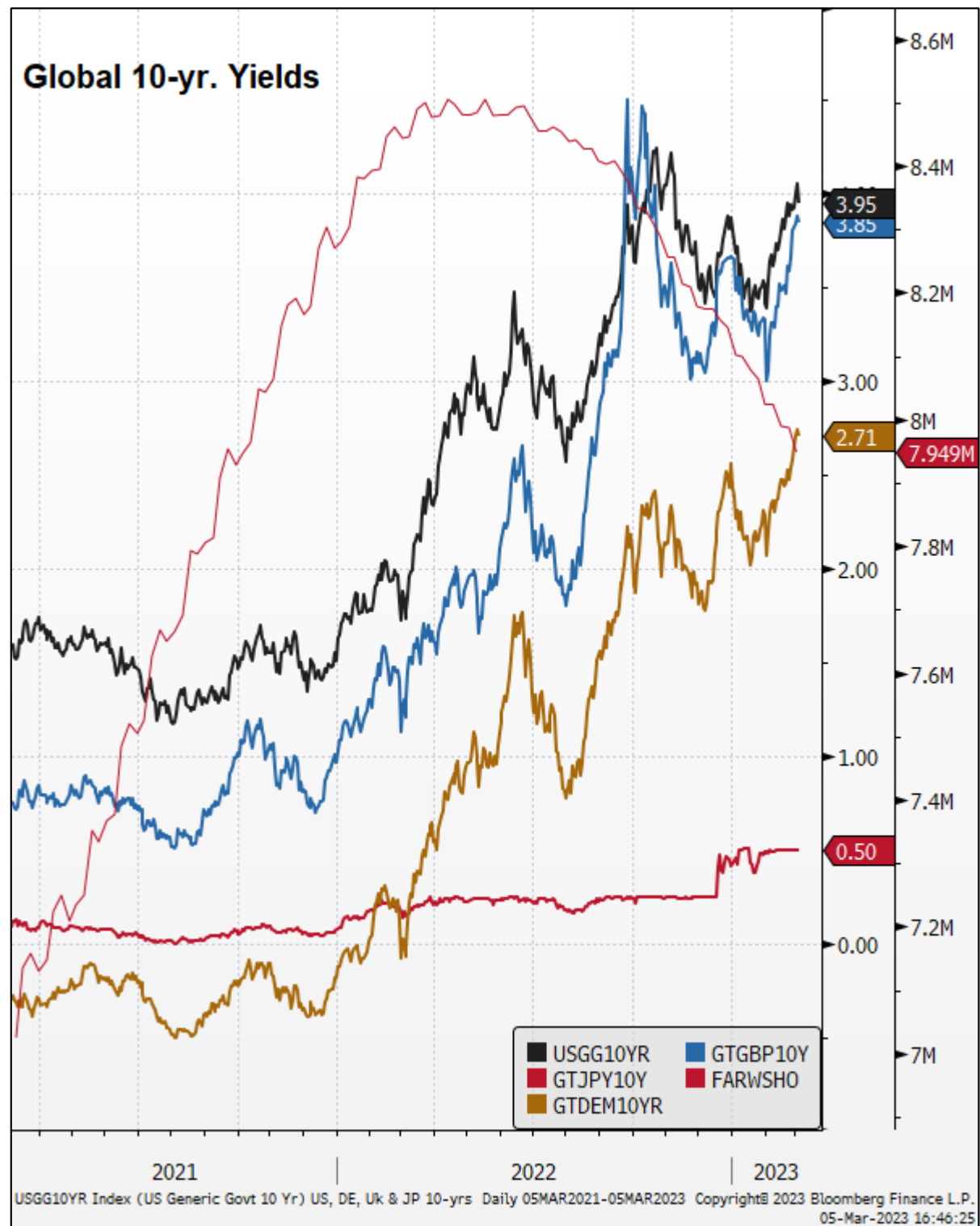
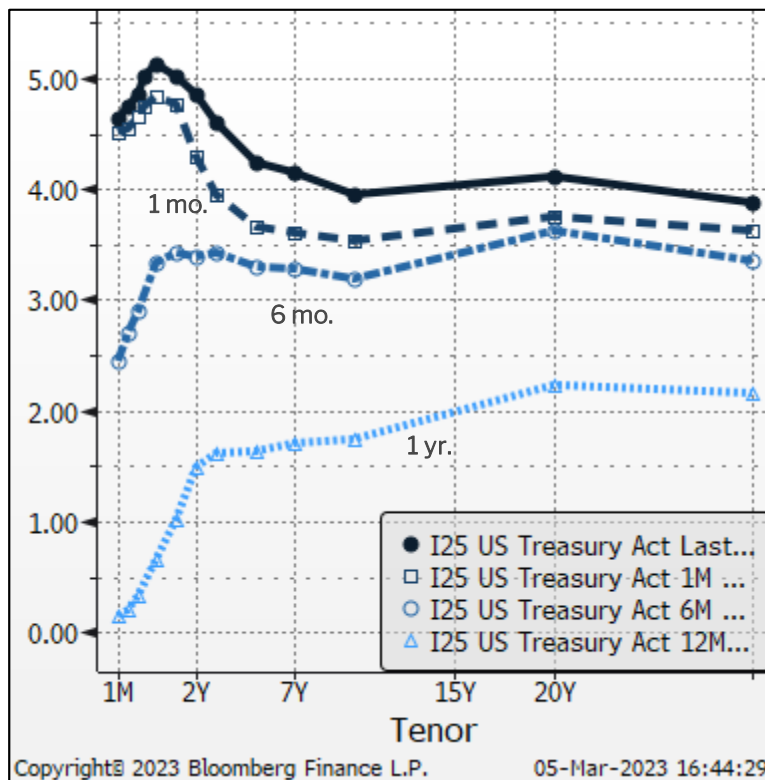
Global Yields

Global 10-yr. yields again higher

- US curve shown over last year
- US: ▲ 1 bp – 30-yr now lowest on curve
- UK: ▲ 19 bp – Inversion since Oct lows
- Germany: ▲ 18 bp – new cycle high
- Japan: Unch. – holding ½%

Fed BS: ▼\$38B; ▼\$556B in total

- Planned reduction from Sep: \$95B/mo.
- Peak: \$8.505 on 4/13/22



Bonds / Rates

Daily Charts:

- 10-yr. battling round number of 4%
- RSI made it to 70 area
- 3-mo. – 10-yr.inversion narrowing

Weekly Charts:

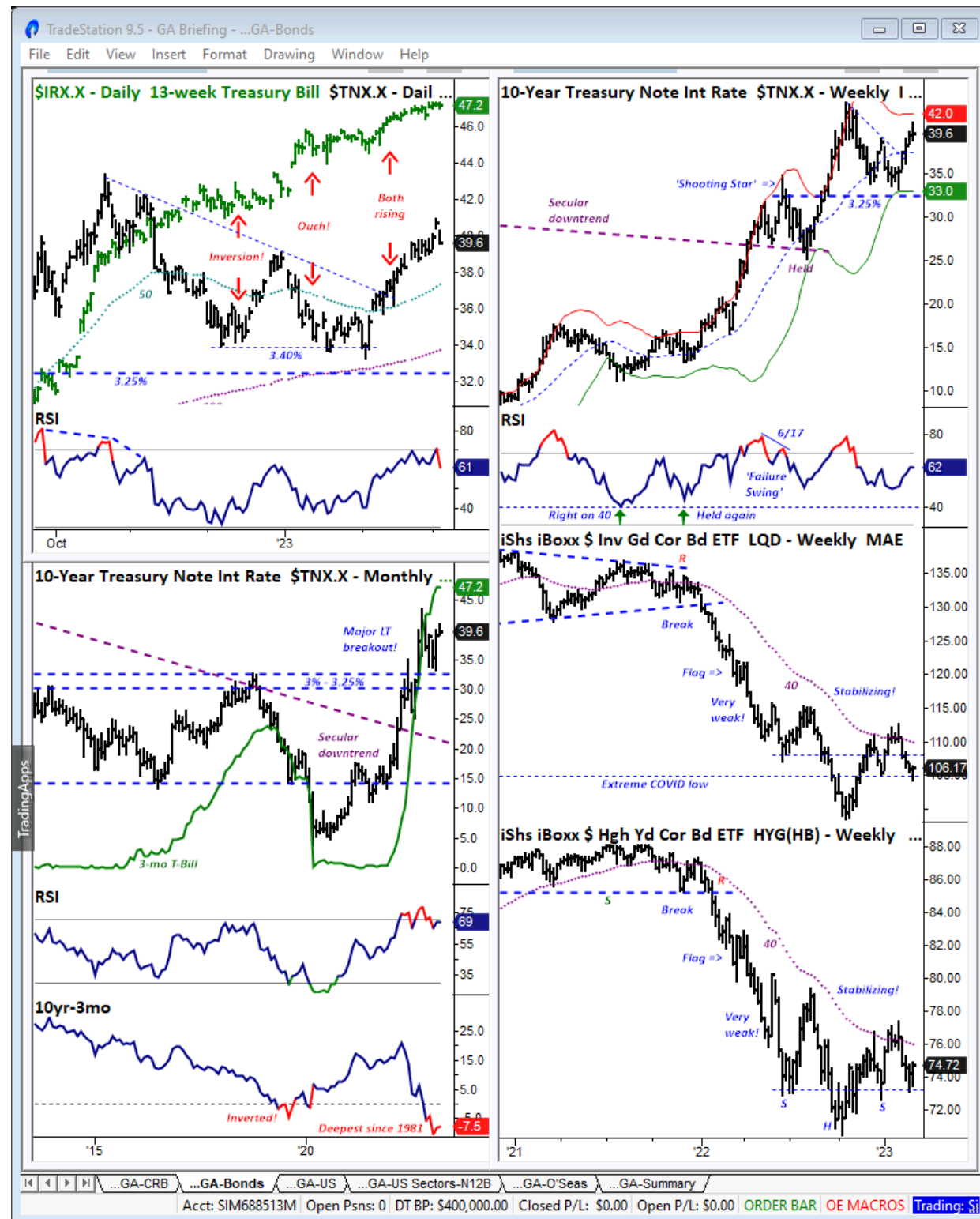
- Rates held lower Bollinger Band
- Upper band near Oct highs (4¼% area)
- RSI held 50 level
- LQD & HYG **holding** ‘shoulder’ support

Monthly Charts:

- TNX has broken secular downtrend
- Biggest inversion since ‘81 (15.1% & 13.5%)
- New high in RSI (a bullish thing, longer term)

Bottom Line:

- Important LT breakout in US 10-yr.
- Breakout tested successfully
- 3-mo. / 10-yr. most inverted since 1981
- LQD & HYG stabilizing / improving



Credit Spreads

Spreads:

- Spreads again mixed on week
- Still looks like a bounce in downtrend

CCC Trends:

- ▼ 15 bp; (to 8.76%)
- Back below 9%
- Cycle high: 11.24%

HY Trends:

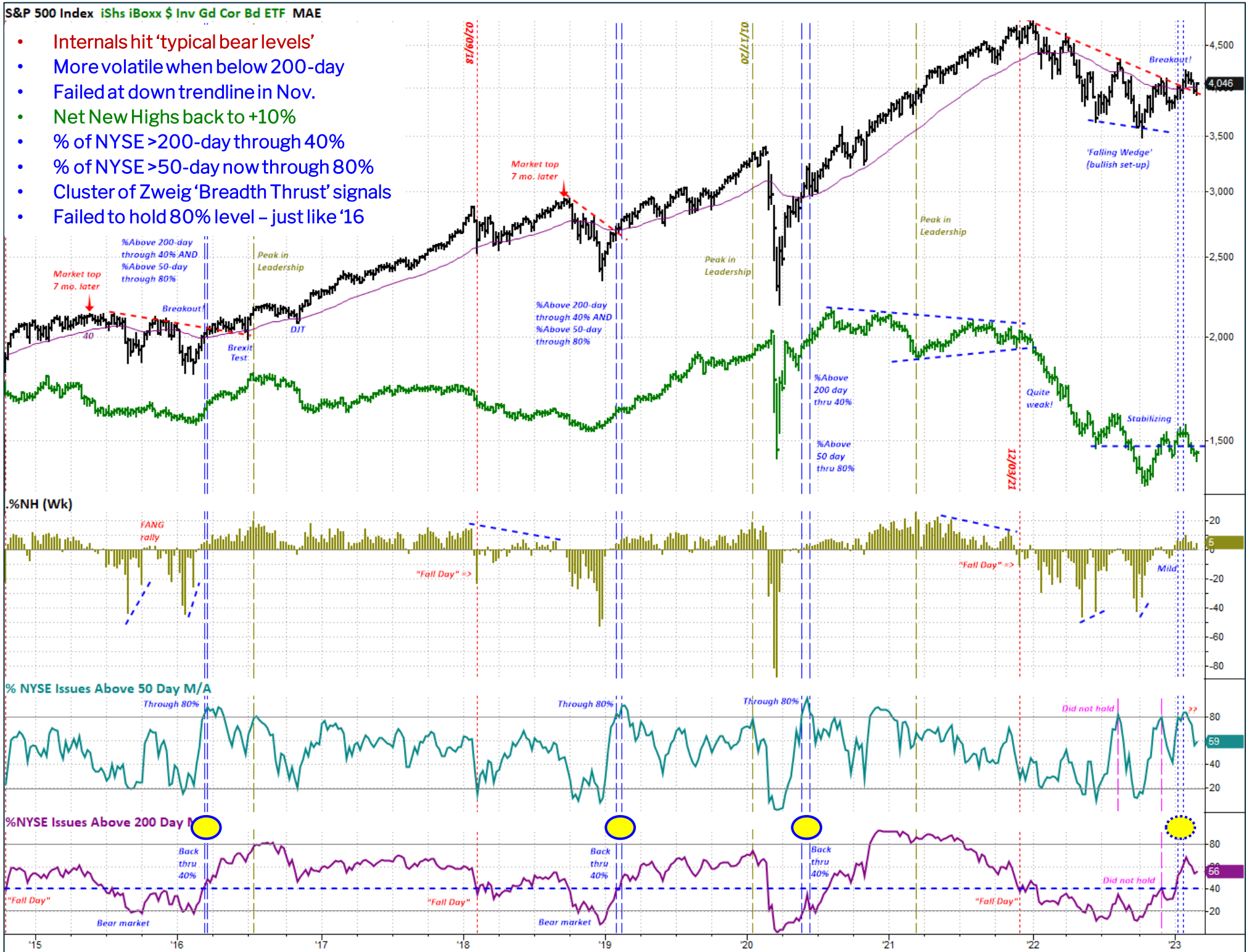
- ▲ 7 bp; (to 4.23%)
- Back below 5%
- Cycle high: 6.03%
- Has broken up trendline

IG Trends:

- ▼ 1 bp; (to 1.75%)
- Cycle high: 2.27%
- Broke Parabolic – Nov 4th
- Flashed DMI ‘Sell’ – Nov 18th
- Last ‘Buy’: 10/29/21



- Internals hit 'typical bear levels'
- More volatile when below 200-day
- Failed at down trendline in Nov.
- Net New Highs back to +10%
- % of NYSE >200-day through 40%
- % of NYSE >50-day now through 80%
- Cluster of Zweig 'Breadth Thrust' signals
- Failed to hold 80% level - just like '16



Stocks

Daily Charts:

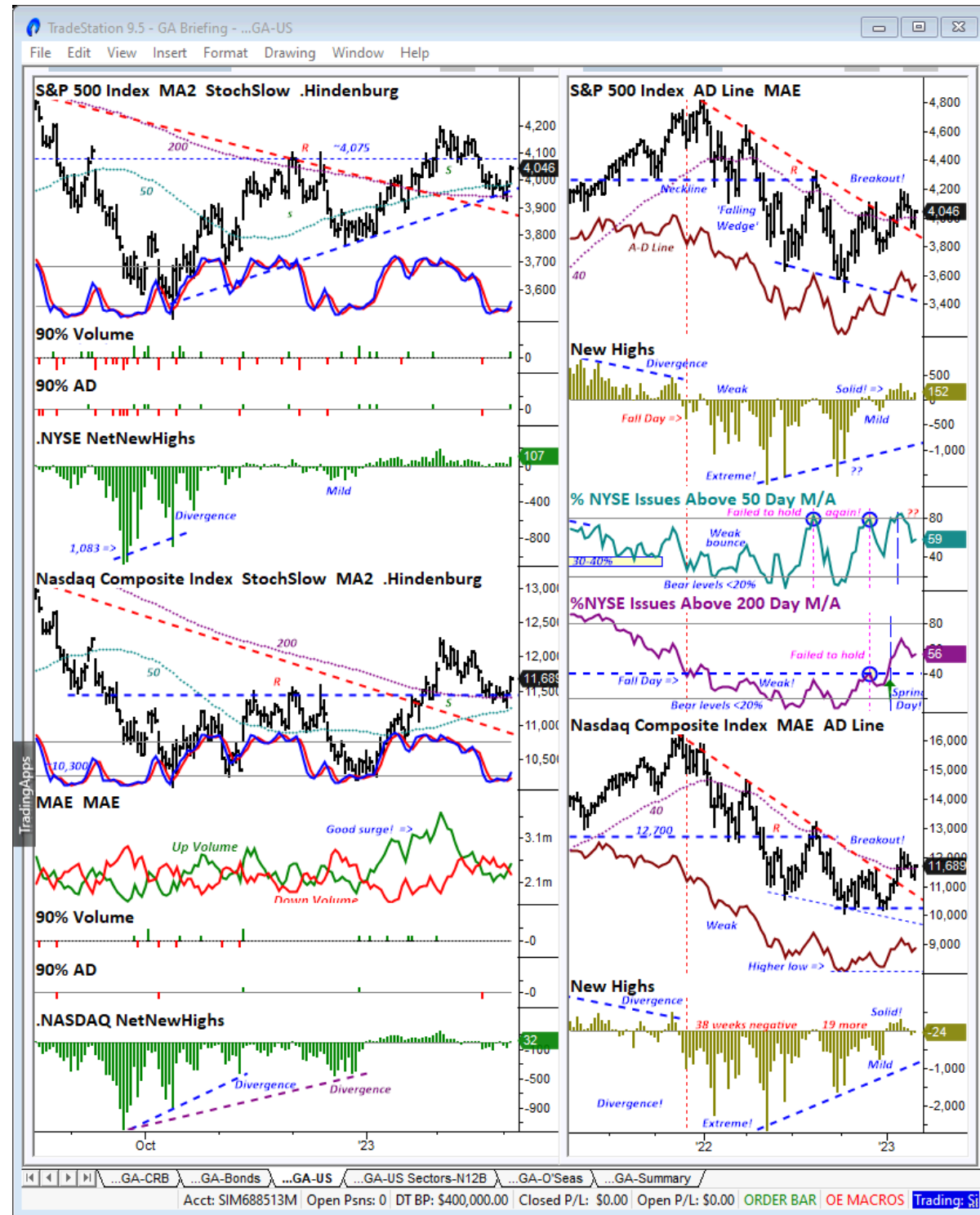
- Strong move off support
- Friday was '80% Up Day' (NYSE)
- IBD: 'Uptrend Resumes' (from 'Under Pressure')
- So far, the tests look successful
- Bottoming usually a 4-step process
 - ✓ Set initial low
 - ✓ Bounce & test that low
 - ✓ Follow through to the upside
 - ❑ Test the breakout

Weekly Charts:

- Internals strong on breakouts
- Remain firm, with mild selling
- Other indices also testing successfully

Bottom Line:

- Now seeing 'Step 4' of process
- So far, the tests look successful

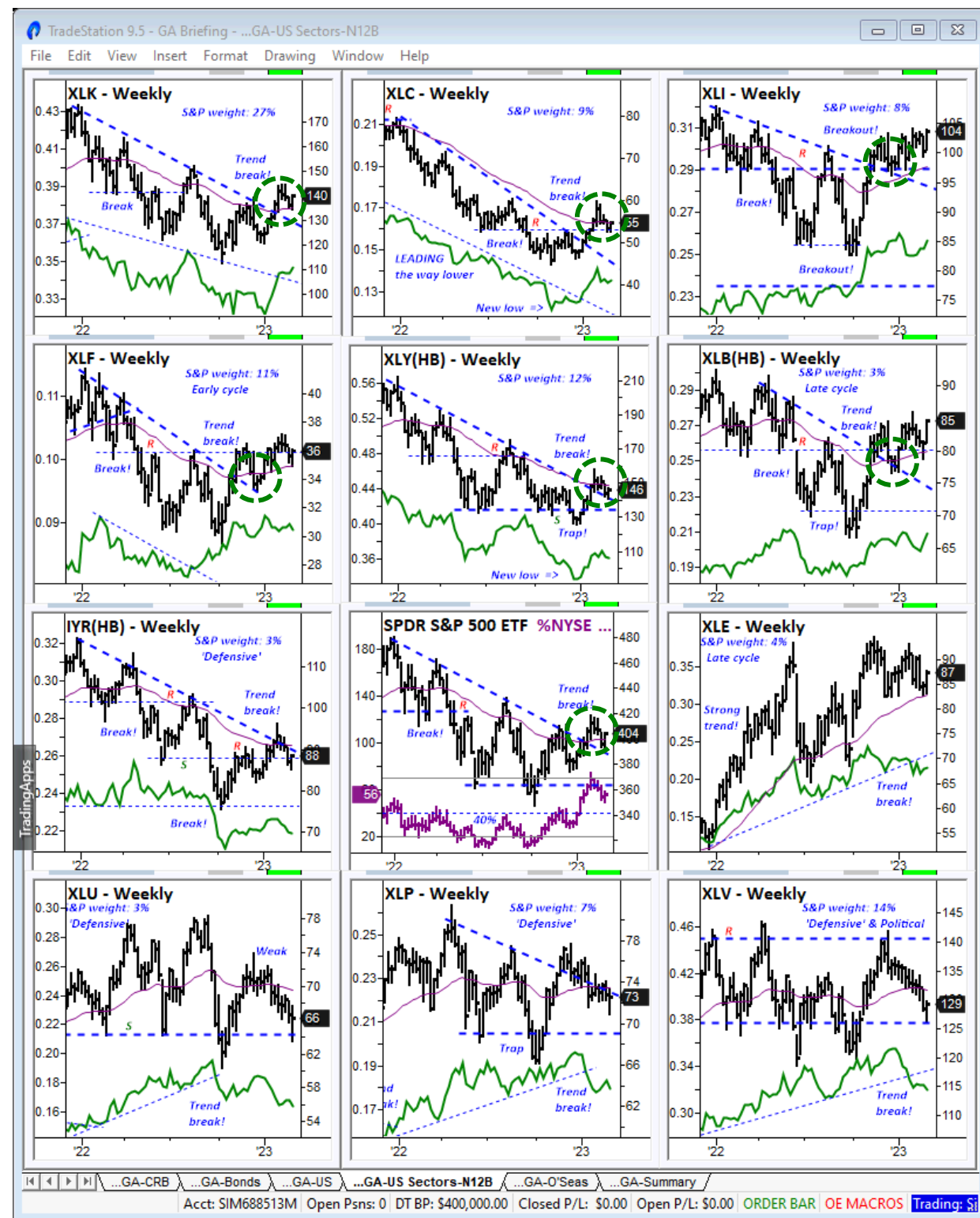


Market Sectors

Symbol	%Wk	%Yr	Yr...	PrY...	POL	MOL	W...
XLB(HB)	4.2%	9%	-14%	27%	28%	26	
XLI	3.3%	6%	-7%	25%	26%	26	
XLE	3.1%	0%	58%	27%	38%	26	
XLK	3.0%	13%	-28%	24%	28%	26	
XLC	2.9%	14%	-38%	22%	33%	26	
SPY	2.1%	6%	-19%	16%	20%	26	
XLY(HB)	1.7%	13%	-37%	16%	33%	26	
IYR(HB)	1.5%	5%	-28%	17%	30%	26	
XLV	0.9%	5%	-12%	22%	25%	26	
XLV	0.5%	-5%	-4%	8%	18%	26	
XLP	-0.2%	-3%	-3%	10%	17%	26	
XLU	-0.5%	-6%	-2%	10%	30%	26	
\$COMPX	2.6%	12%	-33%	16%	22%	26	
\$RUT	2.0%	9%	-22%	17%	22%	26	
\$SPX.X	1.9%	5%	-19%	16%	20%	26	
MDY(HB)	1.9%	9%	-14%	21%	25%	26	
\$INDU	1.7%	1%	-9%	17%	21%	26	
TLT	1.1%	2%	-33%	11%	19%	26	
HYG(HB)	0.7%	1%	-15%	6%	10%	26	
LQD	0.3%	1%	-20%	8%	14%	26	
IWO(HB)	2.8%	11%	-27%	18%	22%	26	
IWF(HB)	2.5%	9%	-30%	16%	20%	26	
IWD	1.5%	3%	-10%	17%	21%	26	
IWN	1.5%	8%	-16%	17%	23%	26	

Key Points:

- Sectors & indices mostly higher on week
- 'Risk-on' week, led by 'growth'
- Also seeing key trend breaks holding
- Results in '23 opposite of '22
- Relative strength in U, P & V weakening



Overseas Markets

Indices:

- Overseas ETFs higher on week
- RS of EFA breaking very long downtrend
- No similar turn in EEM vs. EFA

Country Tour:

- Germany: 'H&S' bottom in place
- France: 'H&S' bottom in place
- UK: 'H&S' bottom in place
- Japan: Holding 'H&S Neckline'
- Korea: Holding 'H&S Neckline'
- China: MCHI struggling at 2018 lows
- India: Testing support from COVID highs
- Russia: Ruble to weakening off highs
- Brazil: Testing bottom of LT range

Bottom Line:

- Continued outperformance in EFA
- RS of EFA breaking very long downtrend
- Numerous 'head & shoulders' on DMs





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: March 6, 2023, courtesy of TradeStation or Bloomberg, unless otherwise noted.