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Weekly Market Deep Dive

April 10, 2023

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Commodities / Dollar

US\$ / FX:

- US\$ testing support & Jan lows
- Euro pressing resistance at 110 area
- Holding key long-term areas technically
- BoJ intervention top remains in place

Commodities & Sectors:

- BCOM back through 105 area
- Crude back above \$70 & SPR bid
- Gapped higher last week
- ULSD & unleaded still holding
- Crude COT pressing 2016 highs
- Copper COT remains net positive

Bottom Line:

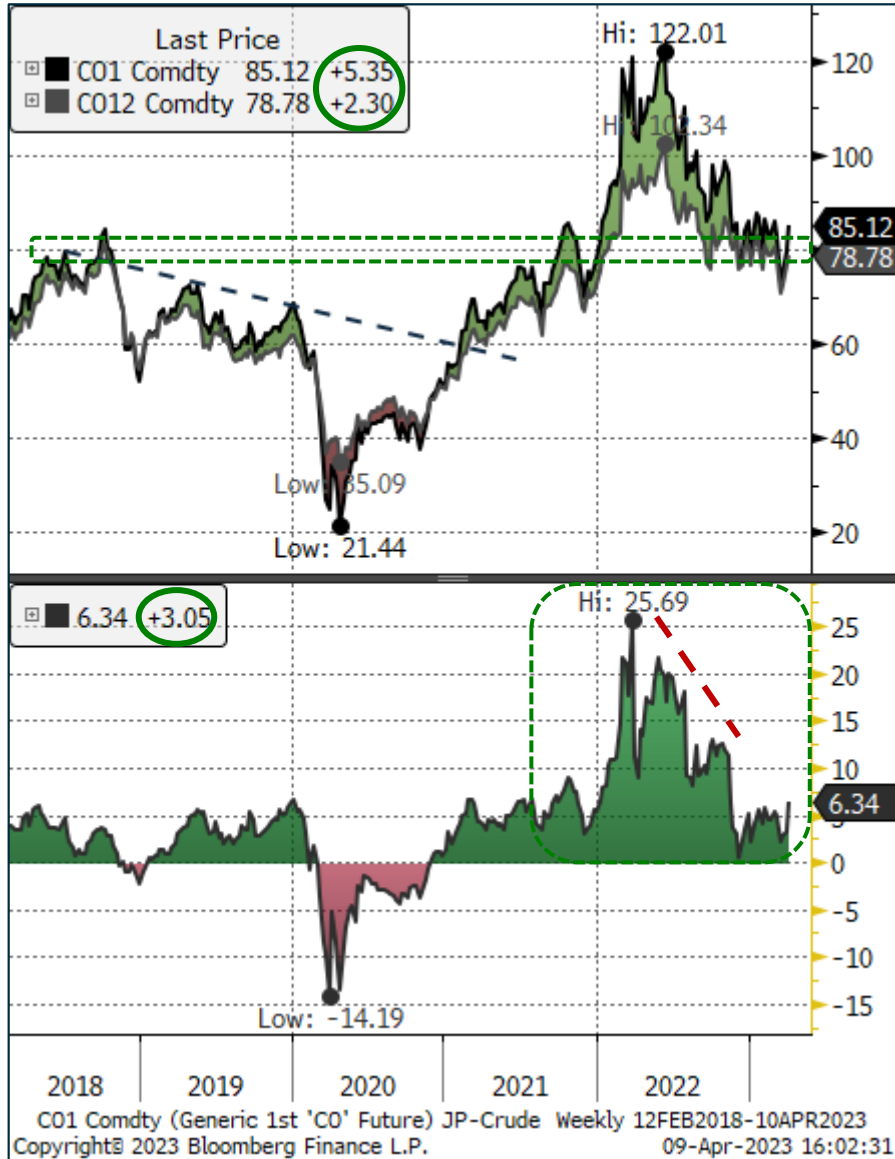
- US\$ & Euro holding LT support/resistance
- Crude formed 'bear trap'; gapping higher
- Very bullish COTs in crude & copper
- All sub-sectors in long-term uptrends



Oil & Gold

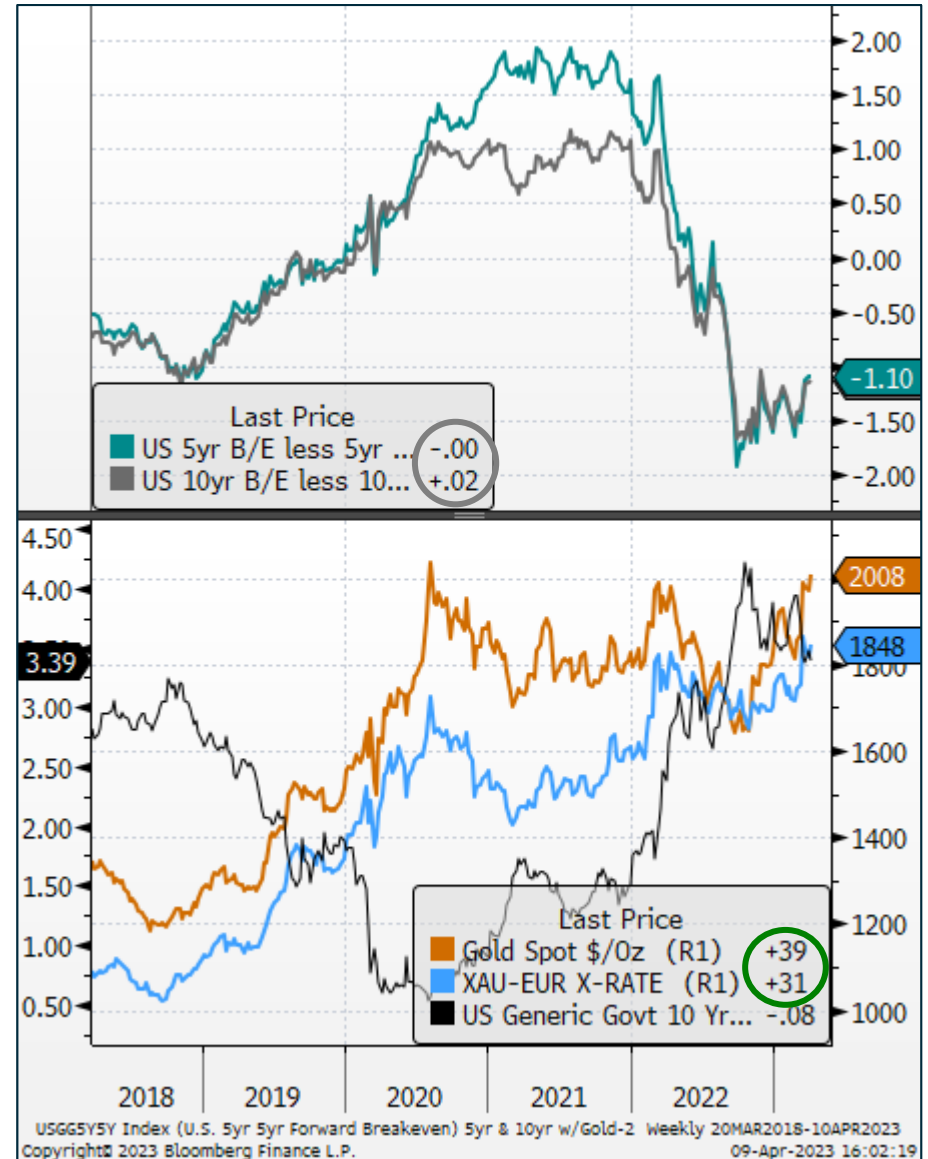
Oil:

- Brent holding back above key \$80 area
- Spread higher on week, back above \$6
- Lusk calling for \$100 oil (unless bank crisis derails)



Gold:

- Spreads little changed last week
- Gold higher, back above \$2,000/oz.
- Gold in Euro's through 2022 highs



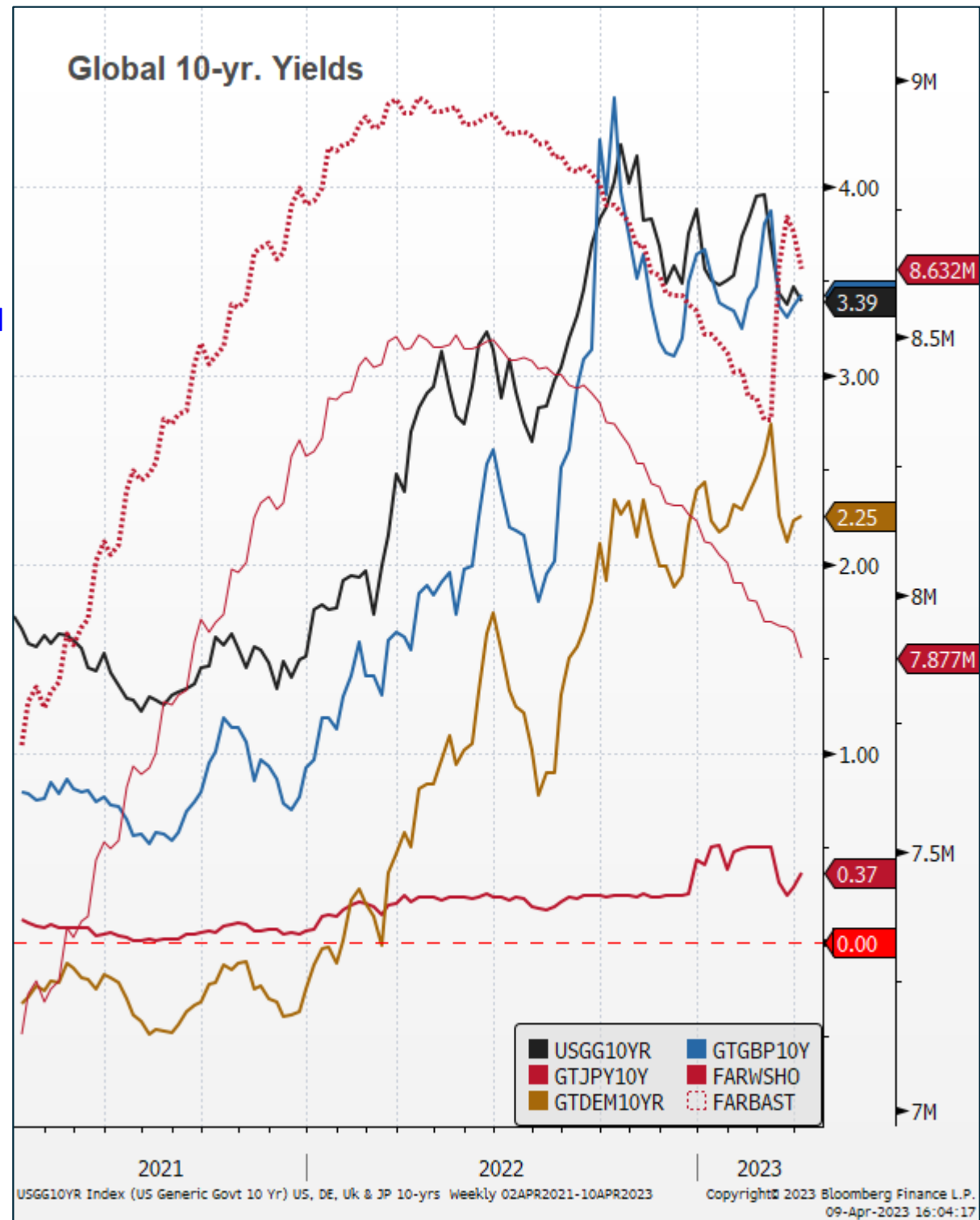
Global Yields

Global 10-yr. yields little changed

- Curves shown over last 6 mo. (since low)
- US: ▼ 8 bp – Inversion has worsened
- UK: ▲ 2 bp – Big inversion over last 6-mo
- Germany: ▲ 3 bp – Main move in short end
- Japan: ▲ 8 bp – Still seeing YCC – for now

Fed BS: ▼\$49B; ▼\$628B in total

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



Bonds / Rates

Daily Charts:

- Rates mixed on the week
- 3-mo. – 10-yr.inversion widening
- Failed to hold 3.40% area, testing 3¼%

Weekly Charts:

- Rates failed near upper Bollinger Band
- Testing support & lower band (3¼% area)
- LQD & HYG mixed – pressing 40-wk's.

Monthly Charts:

- TNX has broken secular downtrend
- Failure Swing now 'in place'
- Long-term support in 3-3¼% area
- 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.
- Now testing key 3¼% area
- LQD & HYG continue to stabilize



Credit Spreads

Spreads:

- Spreads up slightly – after large drops
- Broken trendlines remain intact
- IG spreads back on DMI 'Sell' signal

CCC Trends:

- ▲ 4 bp; (to 9.78%)
- Back above 10%
- Cycle high: 11.24%

HY Trends:

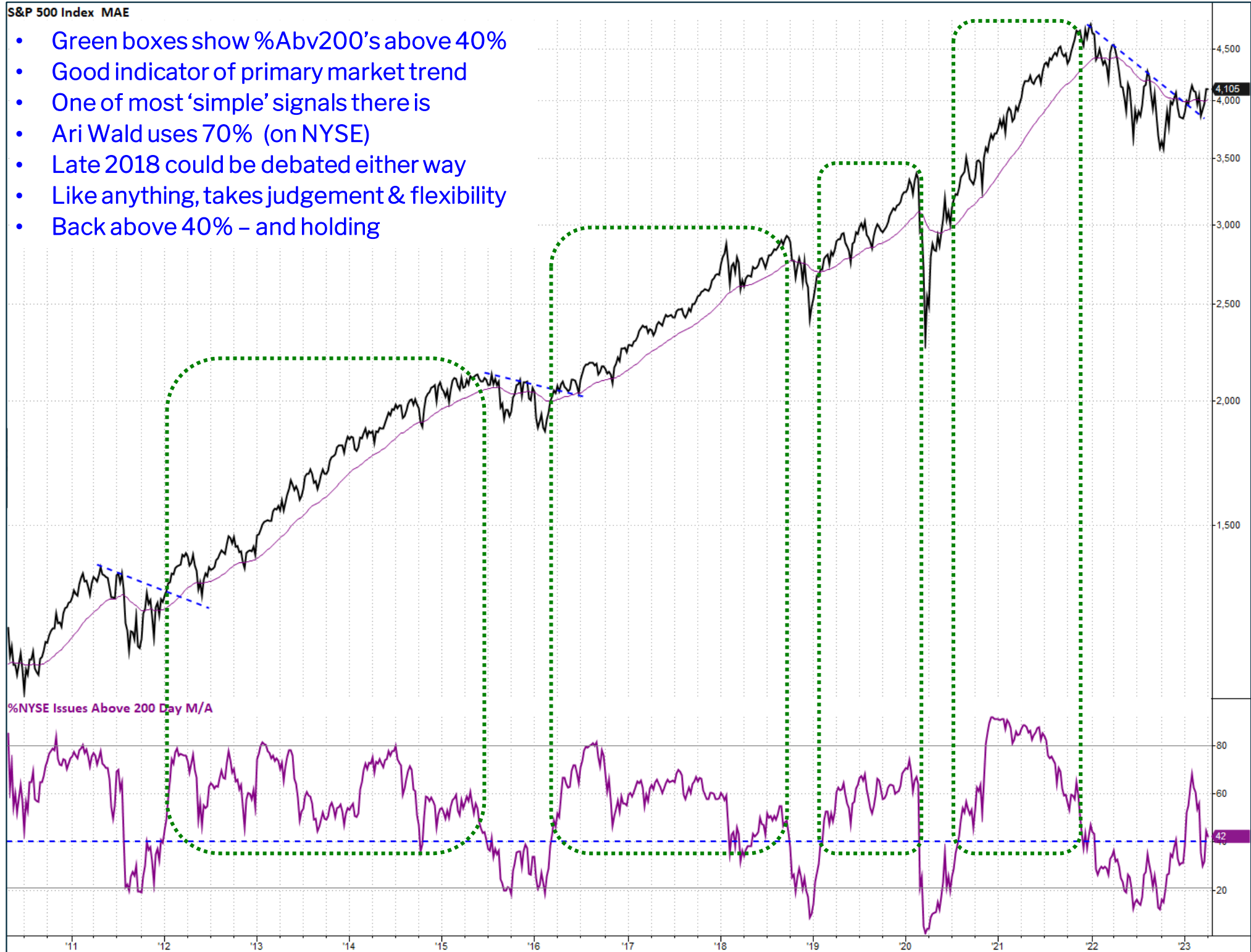
- ▲ 17 bp; (to 4.99%)
- Back above 5%
- Cycle high: 6.03%
- Has broken up trendline

IG Trends:

- ▲ 2 bp; (to 1.82%)
- Cycle high: 2.27%
- Flashed DMI 'Sell' – Nov 18th
- 1 week whipsaw in March
- Broke Parabolic – Nov 4th



- Green boxes show %Abv200's above 40%
- Good indicator of primary market trend
- One of most 'simple' signals there is
- Ari Wald uses 70% (on NYSE)
- Late 2018 could be debated either way
- Like anything, takes judgement & flexibility
- Back above 40% – and holding



Stocks

Daily Charts:

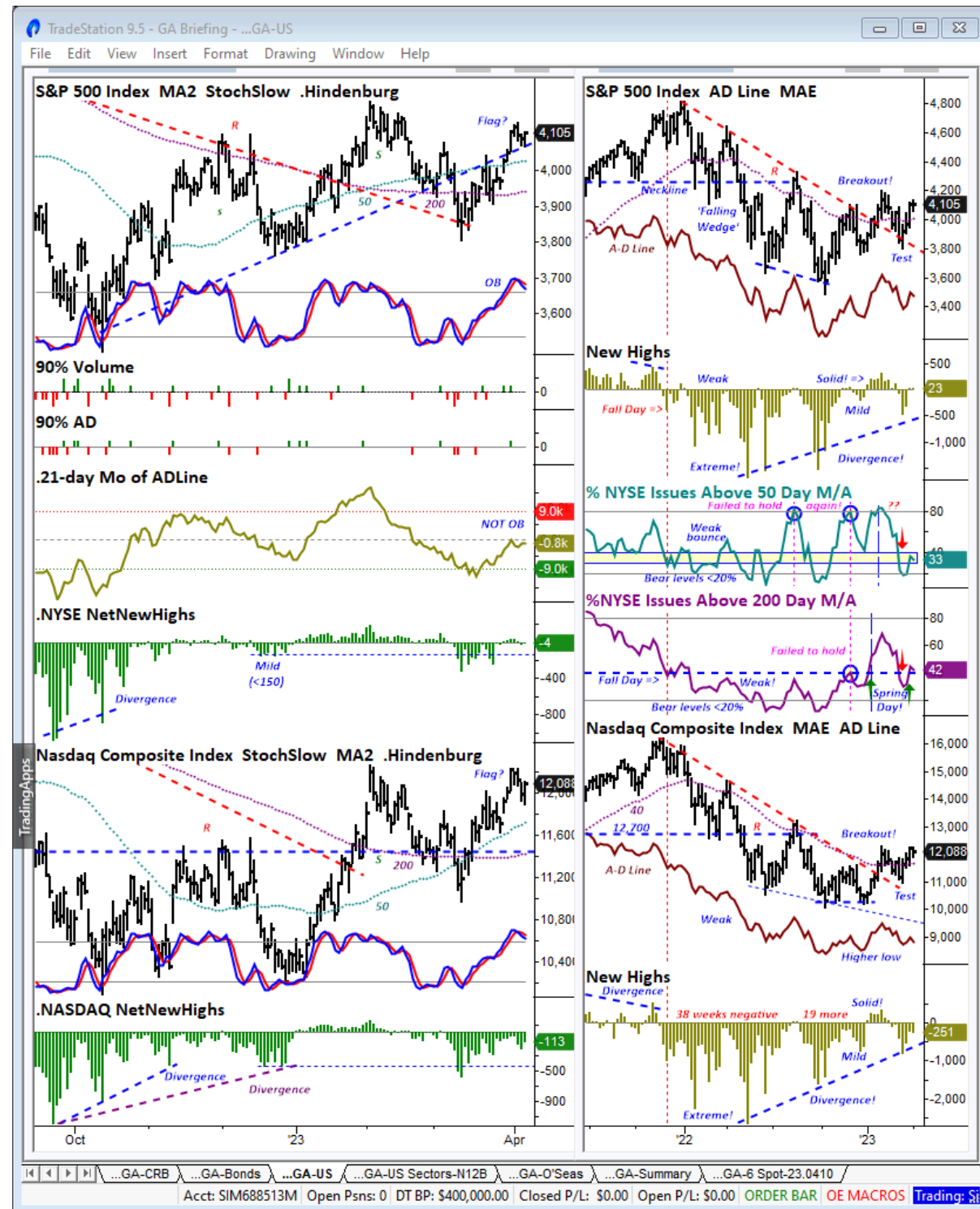
- Mixed week for stocks, again strong closes
- IBD: Confirmed Rally (Follow-through Wed)
- Can argue short-term overbought – or not
- Bottoming usually a 4-step process
 - ✓ Set initial low
 - ✓ Bounce & test that low
 - ✓ Follow through to the upside
 - ✓ Test the breakout

Weekly Charts:

- Look to have tested breakouts successfully
- Internals continue to look like a bottom
- Internals weaker than during Jan rally
- %Above 200-day's on NYSE holding 40%
- NYSE Net New Highs holding positive

Bottom Line:

- Quiet week for stocks, again strong closes
- Look to have tested breakouts successfully

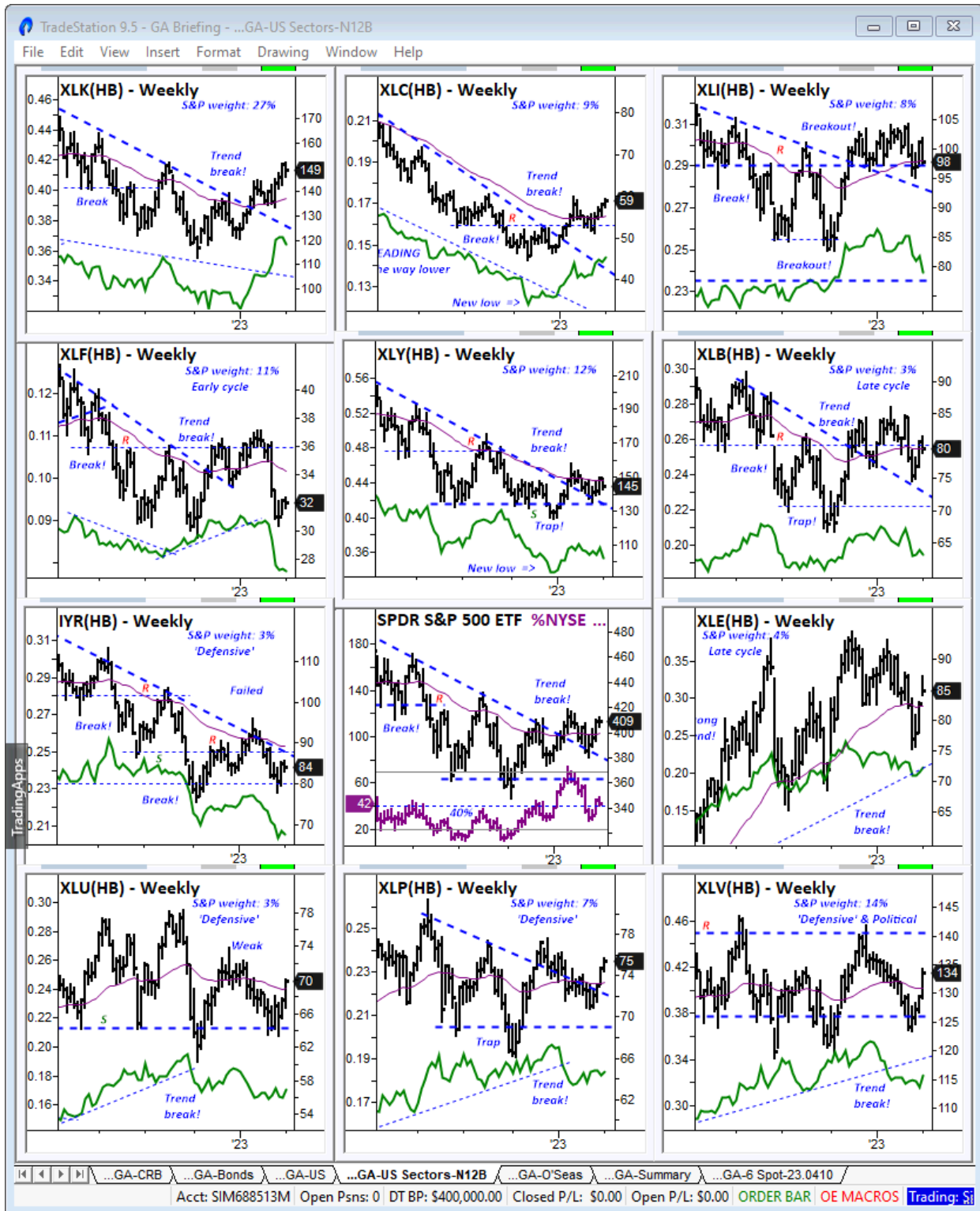


Market Sectors

	Symbol	%Wk	%Yr		%1Yflw		
			Yr...	PrYr...	POL	MOL	W...
→	XLV(HB)	3.1%	-2%	-4%	11%	18%	26
→	XLU(HB)	3.1%	-1%	-2%	16%	22%	26
	XLE(HB)	2.6%	-3%	58%	13%	26%	26
→	XLC(HB)	1.7%	23%	-38%	31%	33%	26
→	XLP(HB)	0.9%	1%	-3%	14%	17%	26
→	SPY(HB)	-0.2%	7%	-19%	18%	20%	26
	XLF(HB)	-0.5%	-6%	-12%	8%	25%	26
	IYR(HB)	-0.8%	0%	-28%	11%	27%	26
	XLB(HB)	-1.3%	3%	-14%	19%	28%	26
→	XLK(HB)	-1.3%	20%	-28%	32%	34%	26
→	XLY(HB)	-3.1%	12%	-37%	15%	25%	26
	XLI(HB)	-3.4%	0%	-7%	18%	26%	26
	\$INDU	0.6%	1%	-9%	17%	21%	26
	\$SPX.X	-0.1%	7%	-19%	18%	20%	26
	\$COMPX	-1.1%	15%	-33%	20%	22%	26
	MDY(HB)	-2.6%	1%	-14%	12%	25%	26
	\$RUT	-2.7%	0%	-22%	7%	22%	26
	TLT(HB)	2.0%	9%	-33%	18%	19%	26
	LQD(HB)	0.7%	5%	-20%	12%	14%	26
	HYG(HB)	-0.9%	2%	-15%	6%	10%	26
	IWD(HB)	0.1%	1%	-10%	14%	21%	26
	IWF(HB)	-0.6%	13%	-30%	20%	22%	26
	IWN(HB)	-2.4%	-4%	-16%	4%	23%	26
	IWO(HB)	-2.6%	3%	-27%	10%	22%	26

Key Points:

- Sectors & indices mixed on week
- 'Defensive' tone to tape – for the week
- Tech & Discretionary still strongest YTD
- Small & mid-caps remain weak



Bank Stocks

KRE:

- Bad break of support on heavy volume
- Remains biggest concern technically

ZION:

- Key name and likely canary going forward
- Price stabilizing – weak longer term

FRC:

- Most levered name in group
- Viciously break of support – not bouncing
- Also a ‘key canary’ going forward

KEY:

- Among those holding up the best
- Price stabilizing – weak longer term

TCBI:

- Holding up quite well – best I could find
- Can argue now breaking / playing catch-up

CMA:

- Price stabilizing – weak longer term
- Also a key name going forward



Stronger Stocks

MSFT:

- Suffered a near 40% decline
- Has 'turned the corner', leading higher

MCD:

- Staples name – firm over last year
- Now printing new all-time highs

GOOG:

- Also endured sever bear market
- Also has 'turned the corner'

V:

- Like MSFT, in healthy up trend
- Key name in XLF – and consumer health

INTU:

- Suffered 50% bear, now recovering
- Can argue now breaking out of base

CBOE:

- Another key – consumer focused – financial
- Also strong, seeing new all-time high



Overseas Markets

Indices:

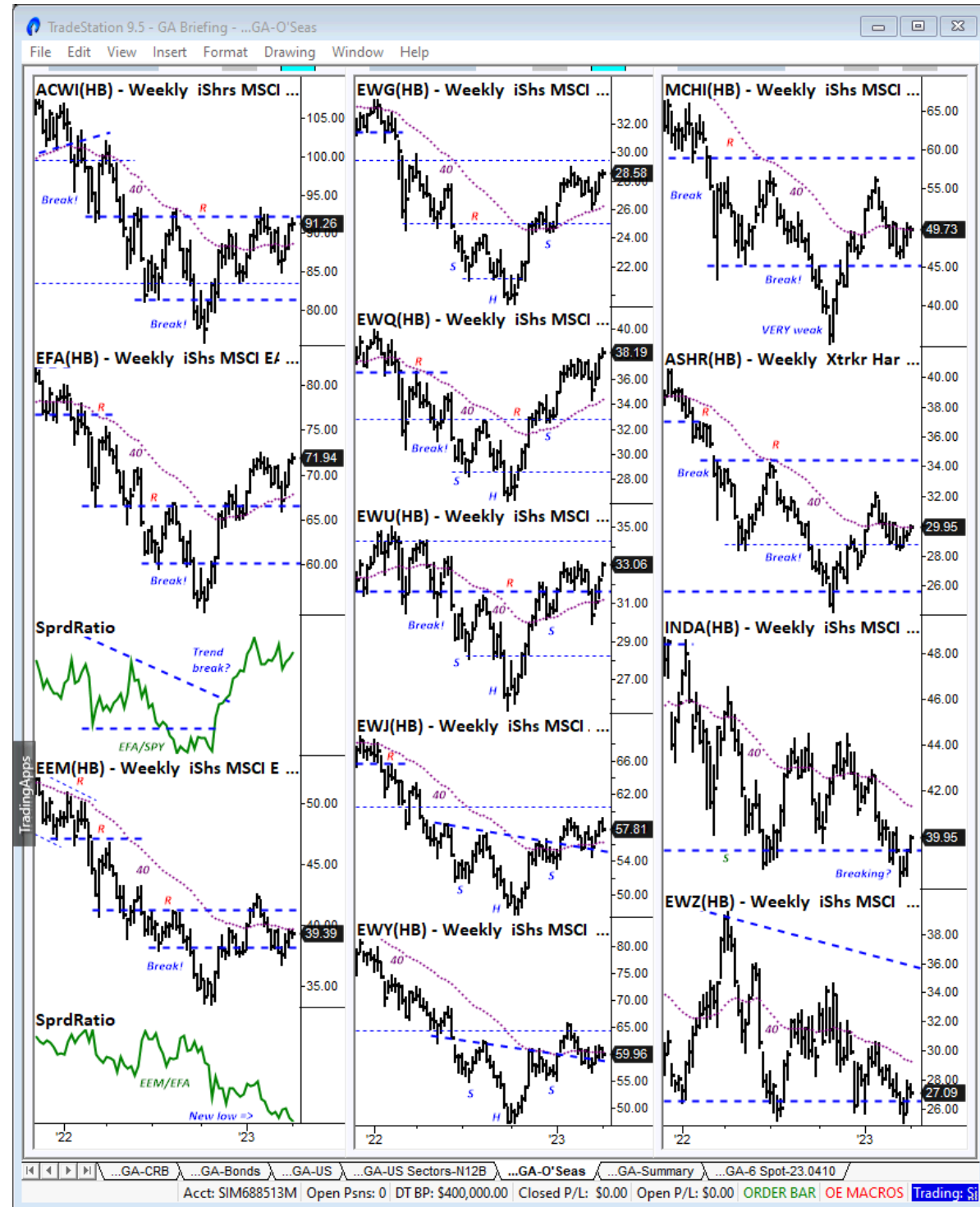
- Overseas ETFs also quiet last week
- RS of EFA remains strong
- RS of EEM seeing new lows

Country Tour:

- Germany: 'H&S' bottom in place
- UK: Back through 40-wk. avg.
- Japan: 'H&S' bottom in place
- Korea: 'H&S' bottom in place
- China: Can argue forming bottoms
- India: Holding support above COVID highs
- Brazil: Holding bottom of LT range

Bottom Line:

- Like US, quiet week for EM & DM
- Continued outperformance in EFA
- Numerous 'head & shoulders' on charts



Summary

Commodities / US\$:

- Crude 'gapping' off support at \$70
- Gold back above \$2,000/oz.
- Large 'cup & handle' on monthly gold chart

Yields / Credit:

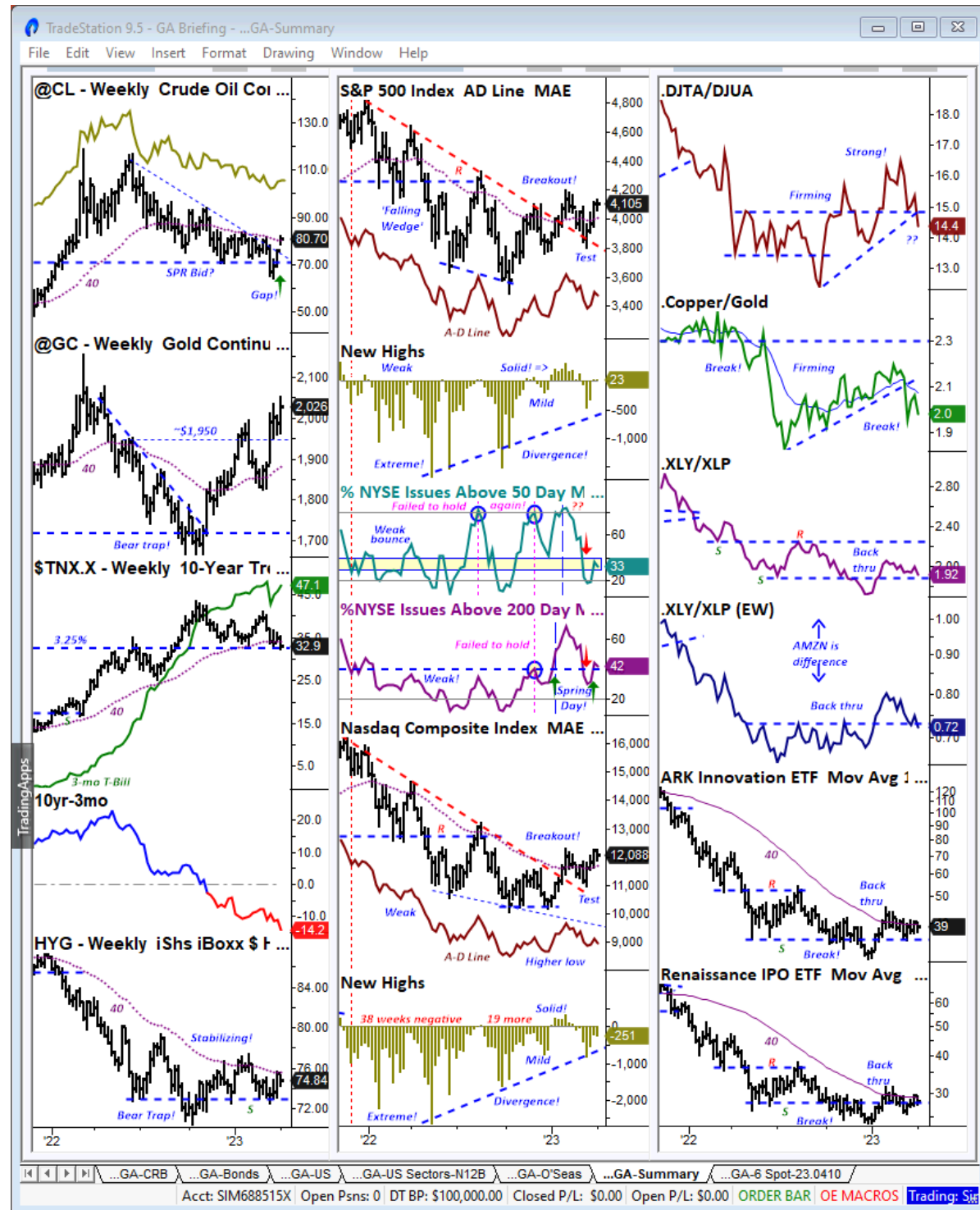
- Testing LT support in 3¼% area
- Can argue have seen cycle high in rates
- LQD & HYG remain firm, pushing 40-wk.
- Spreads holding below broken trendlines

Stocks:

- Quiet week for stocks, again closed strongly
- Look to have tested breakouts successfully
- Regional Banks remain a big concern
- Many other names quite strong
- DJTA/DJIA & Copper/Gold the first 'chinks...'

Overseas:

- Like US, quiet week for EM & DM
- China 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: April 7, 2023, courtesy of TradeStation or Bloomberg, unless otherwise noted.