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NEXPOINT

Weekly Market Deep Dive

April 17, 2023

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Commodities / Dollar

US\$ / FX:

- US\$ testing support & Jan lows
- Euro nudging through 110 area
- BoJ intervention top remains in place
- Yuan remains in narrow range

Commodities & Sectors:

- BCOM back through 105 area
- Crude back above \$70 & SPR bid
- Building off its bullish gap higher
- Can argue unleaded is breaking out
- Risk to upside in NatGas technically
- Copper holding 4, with bullish COT

Bottom Line:

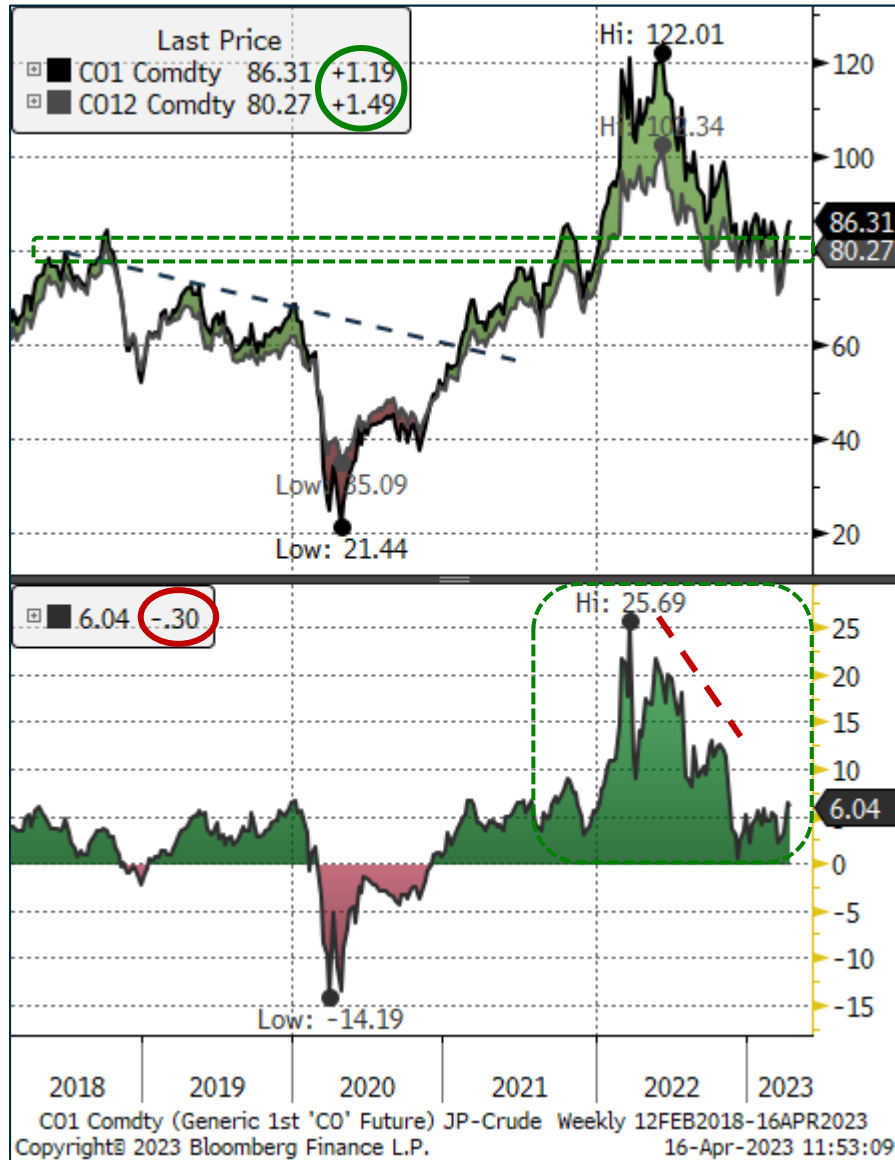
- US\$ holding, while Euro pushing through
- Crude formed 'bear trap'; gapping higher
- Risk to upside in NatGas technically
- All sub-sectors in long-term uptrends



Oil & Gold

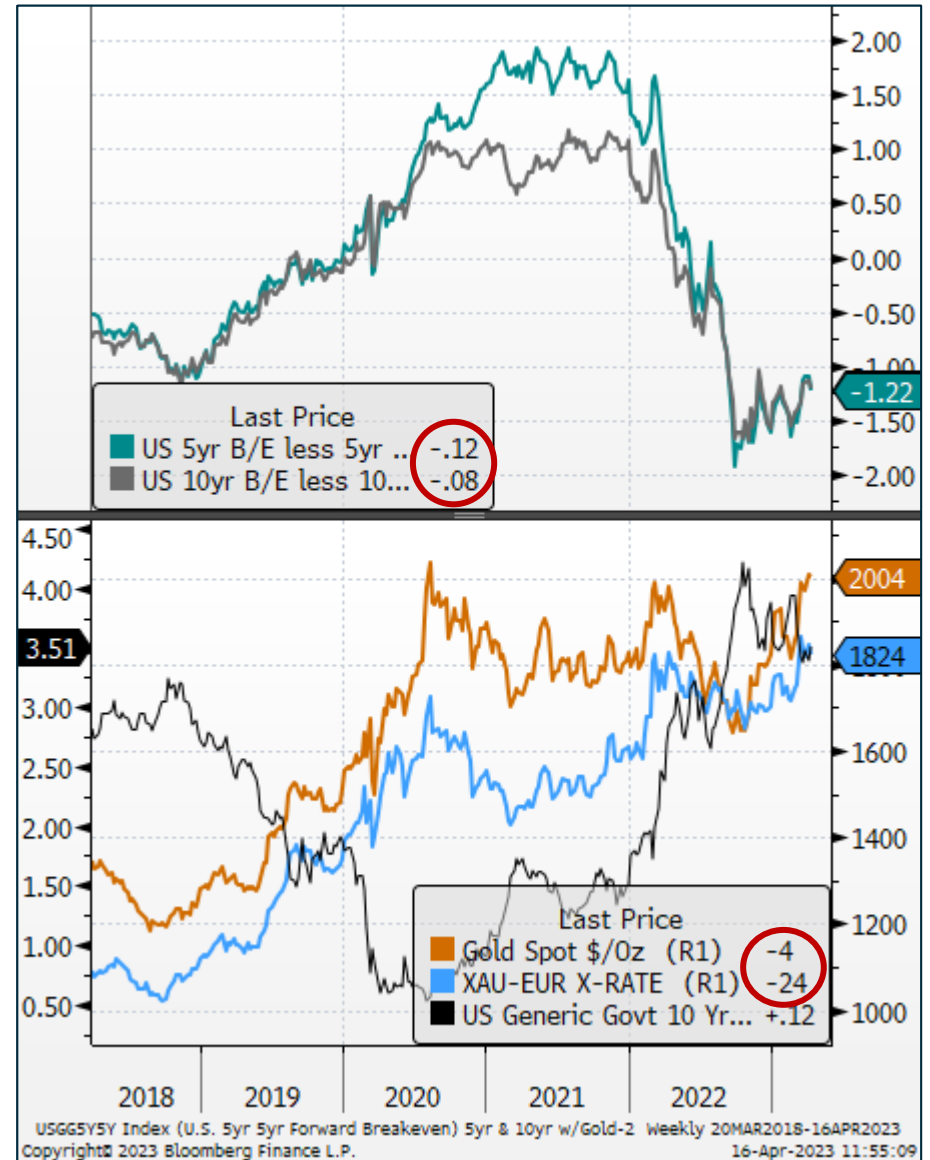
Oil:

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



Gold:

- Spreads lower last week, TNX higher
- Gold holding above \$2,000/oz.
- Gold in Euro's through 2022 highs



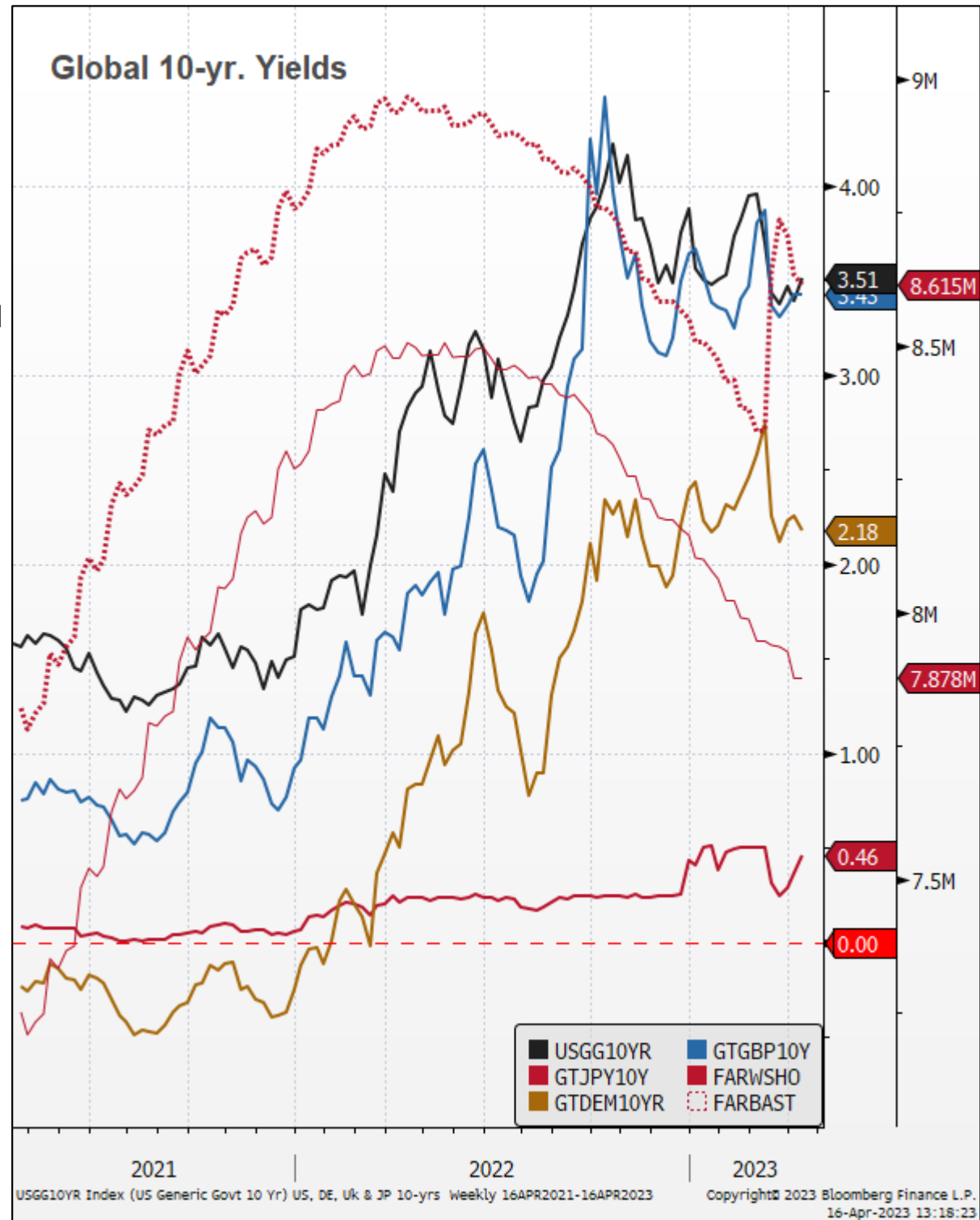
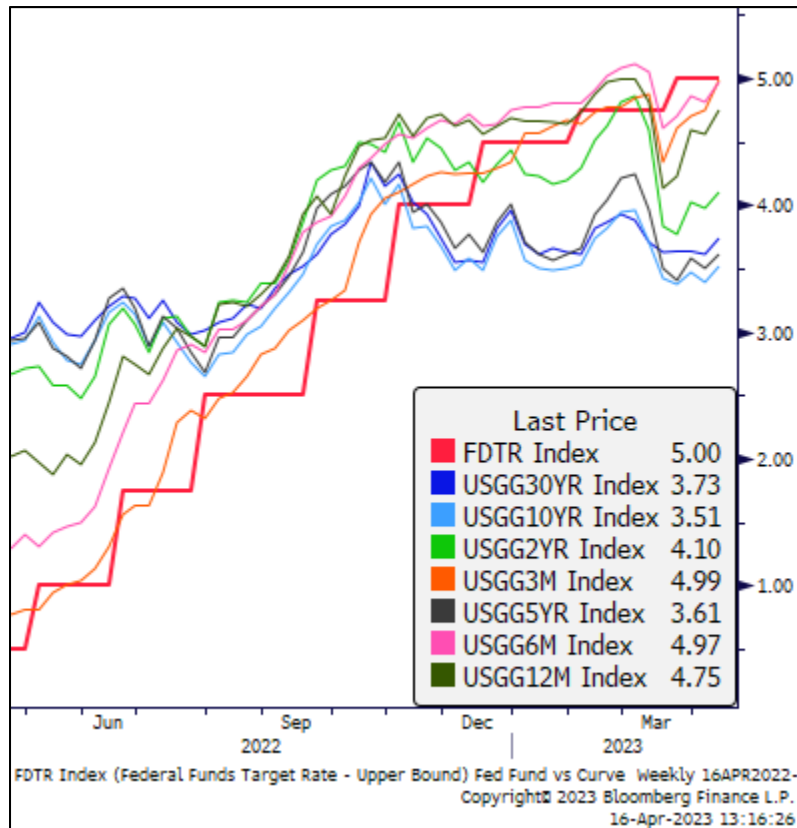
Global Yields

Global 10-yr. yields mixed

- Entire US curve still below Fed Funds
- US: ▲ 12 bp – Inversion has worsened
- UK: Unch. – Big inversion over last 6-mo.
- Germany: ▼ 7 bp – Main move in short end
- Japan: ▲ 9 bp – Still seeing YCC (for now)

Fed BS: ▲ \$1B; ▼ \$627B in total

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



Bonds / Rates

Daily Charts:

- Rates higher on the week
- 3-mo. – 10-yr. inversion remains wide
- Support at 3¼% clearly holding

Weekly Charts:

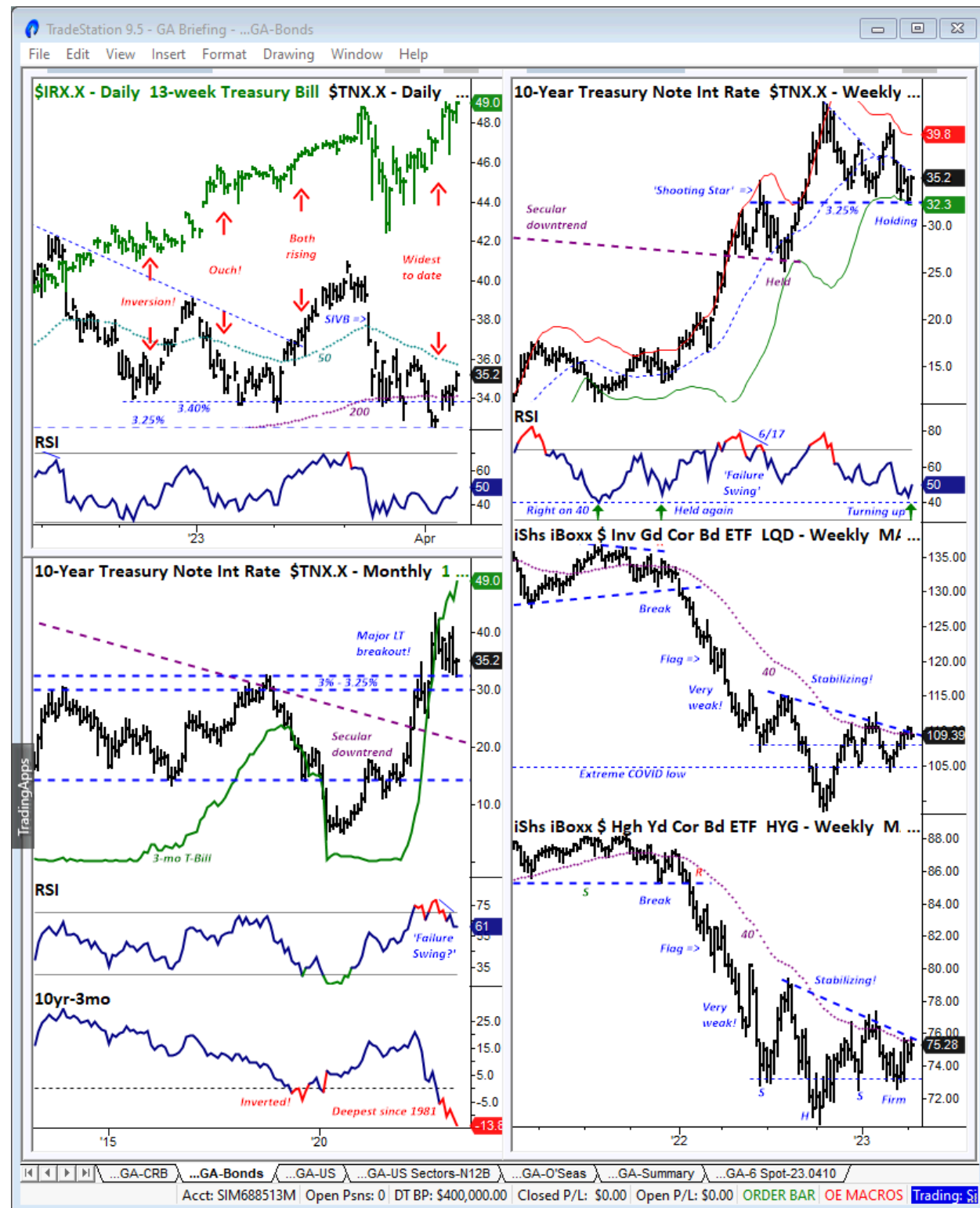
- Rates holding lower Bollinger Band
- RSI turning up from 40 area
- LQD & HYG still pressing 40-wk avgs.

Monthly Charts:

- TNX has broken secular downtrend
- Now testing that breakout (3-3¼% area)
- Failure Swing now 'in place'
- 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 3-3¼% area
- LQD & HYG continue to stabilize/firm



Credit Spreads

Spreads:

- Spreads lower – resuming down trends
- Broken trendlines remain intact
- IG spreads back on DMI 'Sell' signal

CCC Trends:

- ▼ 44 bp; (to 9.34%)
- Back below 10%
- Cycle high: 11.24%

HY Trends:

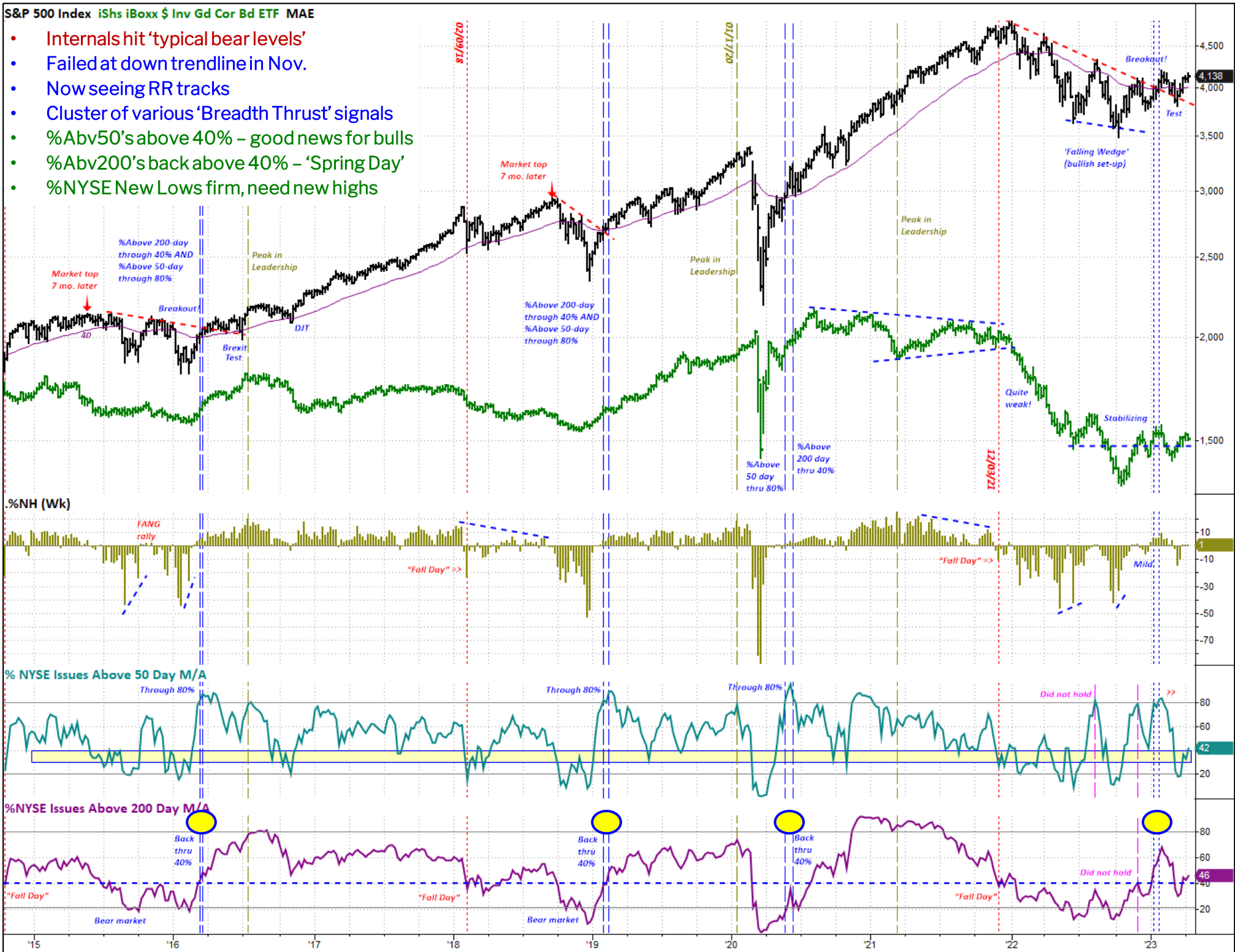
- ▼ 4 bp; (to 4.64%)
- Back below 5%
- Cycle high: 6.03%
- Has broken up trendline

IG Trends:

- ▼ 1 bp; (to 1.80%)
- Cycle high: 2.27%
- Flashed DMI 'Sell' Nov 18th (1-wk whip)
- Broke Parabolic Nov 4th



- Internals hit 'typical bear levels'
- Failed at down trendline in Nov.
- Now seeing RR tracks
- Cluster of various 'Breadth Thrust' signals
- %Abv50's above 40% – good news for bulls
- %Abv200's back above 40% – 'Spring Day'
- %NYSE New Lows firm, need new highs



Stocks

Daily Charts:

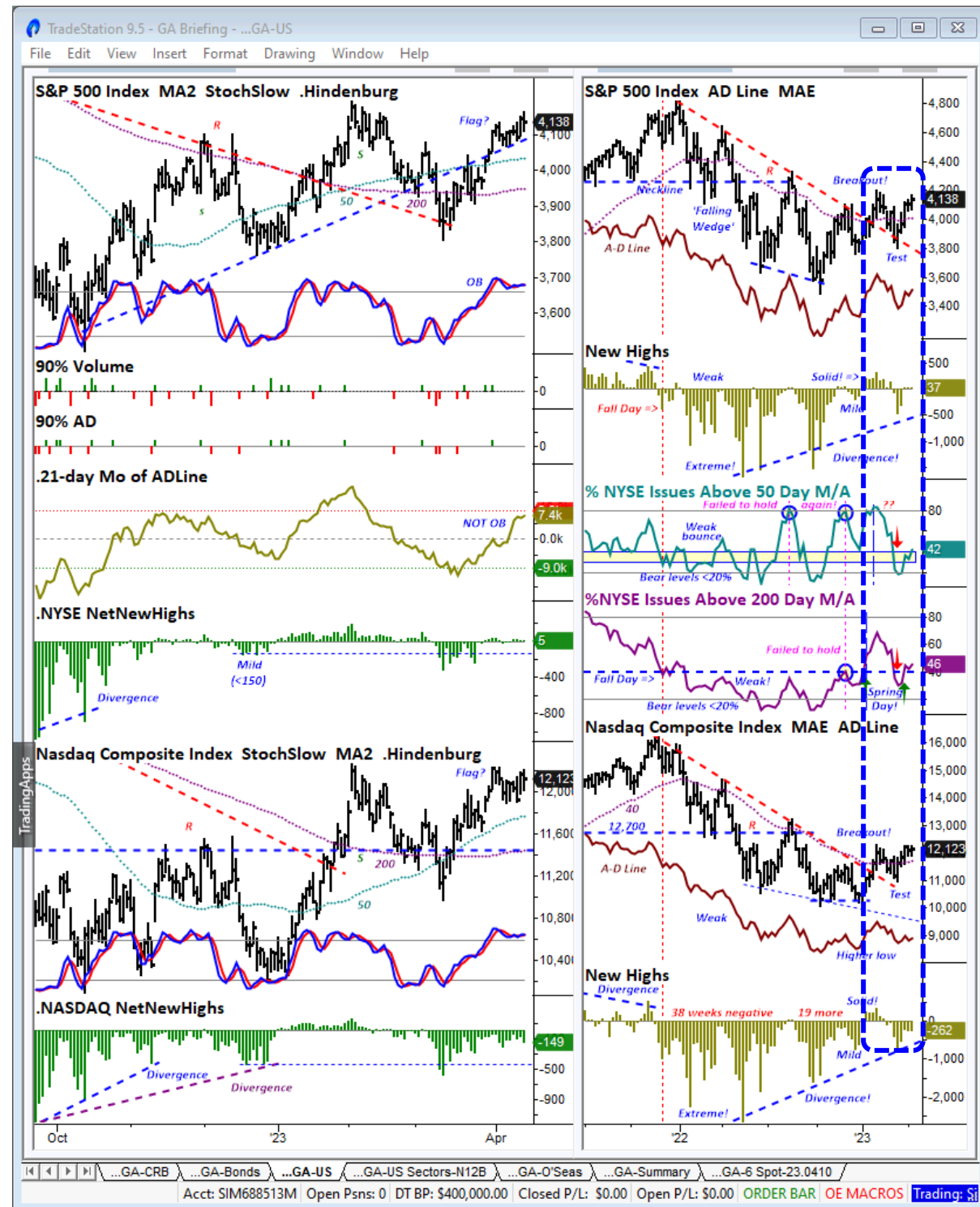
- Stocks again higher, moving out of flags(?)
- IBD: Confirmed Rally (Follow-through Wed)
- Can argue short-term overbought – or not
- So far, looks like a bottom is 'in place'
 - ✓ Set initial low
 - ✓ Bounce & test that low
 - ✓ Follow through to the upside
 - ✓ Test the breakout

Weekly Charts:

- Look to have tested breakouts successfully
- Internals also 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:

- Stocks again higher, emerging from flags(?)
- Look to have tested breakouts successfully

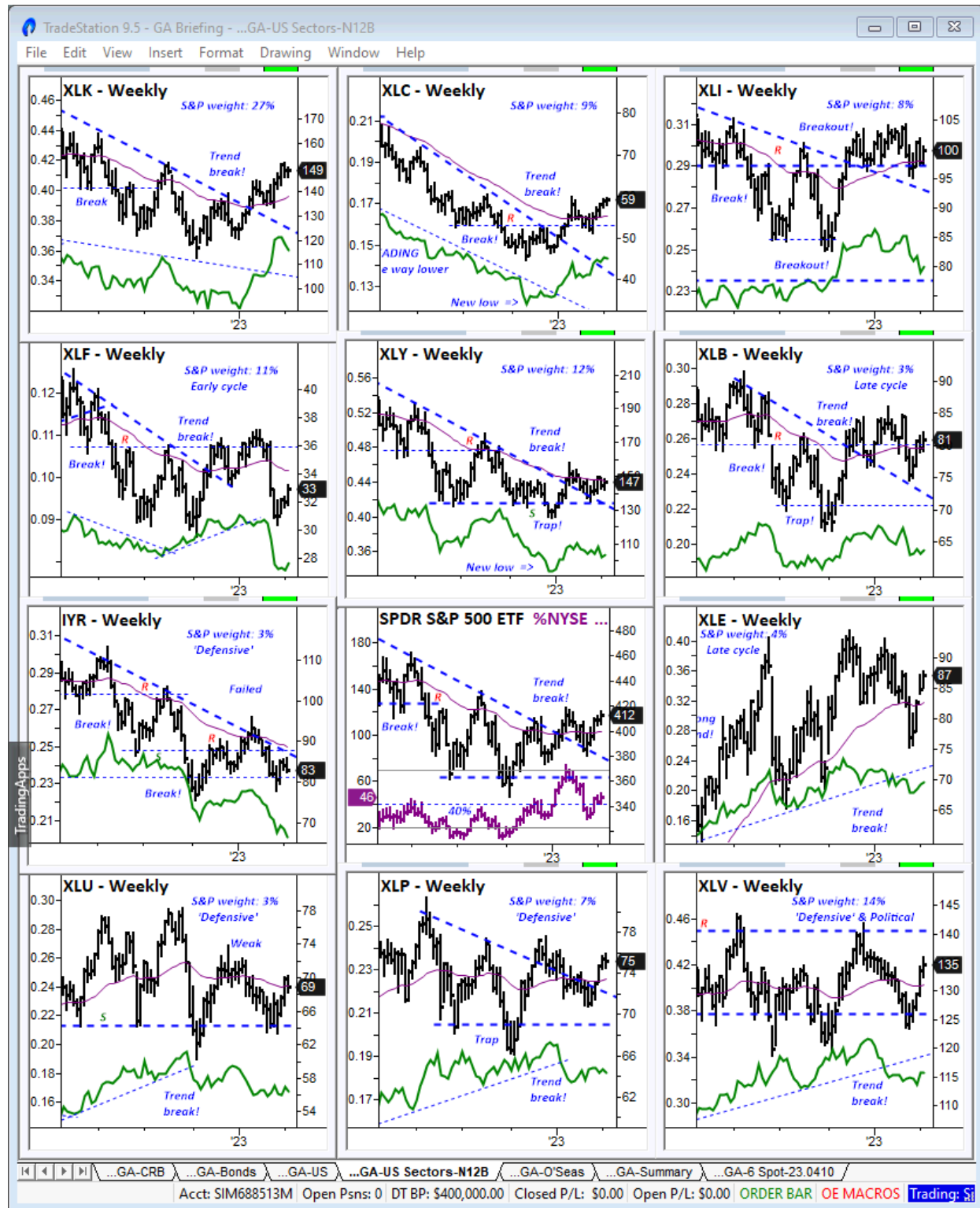


Market Sectors

Symbol	%Wk	%Yr	PrY...	POL	MOL	W...
XLF	2.8%	-4%	-12%	8%	22%	26
XLE	2.6%	0%	58%	16%	26%	26
XLI	2.1%	2%	-7%	16%	21%	26
XLB	1.6%	4%	-14%	16%	24%	26
XLV	1.4%	14%	-37%	17%	25%	26
SPY	1.0%	8%	-19%	13%	15%	26
XLV	0.8%	-1%	-4%	9%	15%	26
XLC	0.5%	23%	-38%	32%	33%	26
XLP	-0.2%	1%	-3%	11%	15%	26
XLK	-0.3%	19%	-28%	26%	28%	26
XLU	-1.3%	-2%	-2%	11%	19%	26
IYR	-1.4%	-1%	-28%	8%	24%	26
MDY	1.7%	3%	-14%	11%	22%	26
\$RUT	1.5%	1%	-22%	5%	18%	26
\$INDU	1.2%	2%	-9%	13%	16%	26
\$SPX.X	0.8%	8%	-19%	14%	15%	26
\$COMPX	0.3%	16%	-33%	19%	20%	26
HYG	0.6%	2%	-15%	5%	8%	26
LQD	-0.9%	4%	-20%	11%	14%	26
TLT	-3.1%	6%	-33%	14%	19%	26
IWO	2.1%	5%	-27%	9%	19%	26
IWD(HB)	1.2%	2%	-10%	11%	16%	26
IWN	0.9%	-3%	-16%	5%	23%	26
IWF	0.5%	14%	-30%	17%	18%	26

Key Points:

- Sectors mixed on week
- No 'theme', save strength in XLF
- Tech & Discretionary still strongest YTD
- Small & mid-caps trying to catch up



Overseas Markets

Indices:

- Overseas ETFs stronger than US last week
- RS of EFA remains strong
- RS of EEM seeing new lows

Country Tour:

- Germany: 'H&S' bottom in place
- **France: Strong despite current unrest**
- UK: Back through 40-wk. avg.
- Japan: 'H&S' bottom in place
- **Korea: Strong last week, as was Samsung**
- China: Can argue forming bottoms
- India: Holding support above COVID highs
- **Brazil: Surging off bottom of LT range**

Bottom Line:

- Overseas ETFs stronger than US last week
- Continued outperformance in EFA
- Meaningful strength on numerous charts



Summary

Commodities / US\$:

- Crude building off of gap higher
- Gold holding above \$2,000/oz.
- Large 'cup & handle' on monthly gold chart

Yields / Credit:

- Holding LT support in 3-3¼% area
- Can argue have seen cycle high in rates
- LQD & HYG remain firm/improving
- Spreads holding below broken trendlines

Stocks:

- Good week for stocks, grinding higher
- Look to have tested breakouts successfully
- Internals weak compared to January
- Regional Banks remain a big concern
- DJTA/DJIA & Copper/Gold potential 'chinks...'

Overseas:

- O'seas markets stronger than US, last week
- Meaningful strength on numerous charts





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 14, 2023, courtesy of TradeStation or Bloomberg, unless otherwise noted.