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NEXPOINT

Weekly Market Deep Dive

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Commodities / Dollar

US\$ / FX:

- US\$ & FX little changed on week
- Still testing support from 2020 highs
- BoJ intervention top remains in place
- AD & CD not bouncing as DXY pulls back
- Potentially concerning (economic) signal

Commodities & Sectors:

- BCOM again lower on week
- Finding resistance at 110 & 40-wk.
- Crude & copper again weak spots
- Longer term, sectors remain in uptrends
- Risk to upside in NatGas technically
- Copper trying to hold support at 3.80

Bottom Line:

- US\$ testing support in 102 area
- Notable weakness in energy patch
- Risk to upside in NatGas technically
- All sub-sectors in long-term uptrends



Oil & Gold

Oil:

- Rig count peaked in Dec'22 (cycle high: 784)
- COT also just off recent highs (Feb'16 was 169k)
- Brent holding support – bkgd. positive, but less so



Gold:

- Monthly chart at new closing high
- Still showing bullish 'cup & handle'
- Gold leading silver – not yet speculative



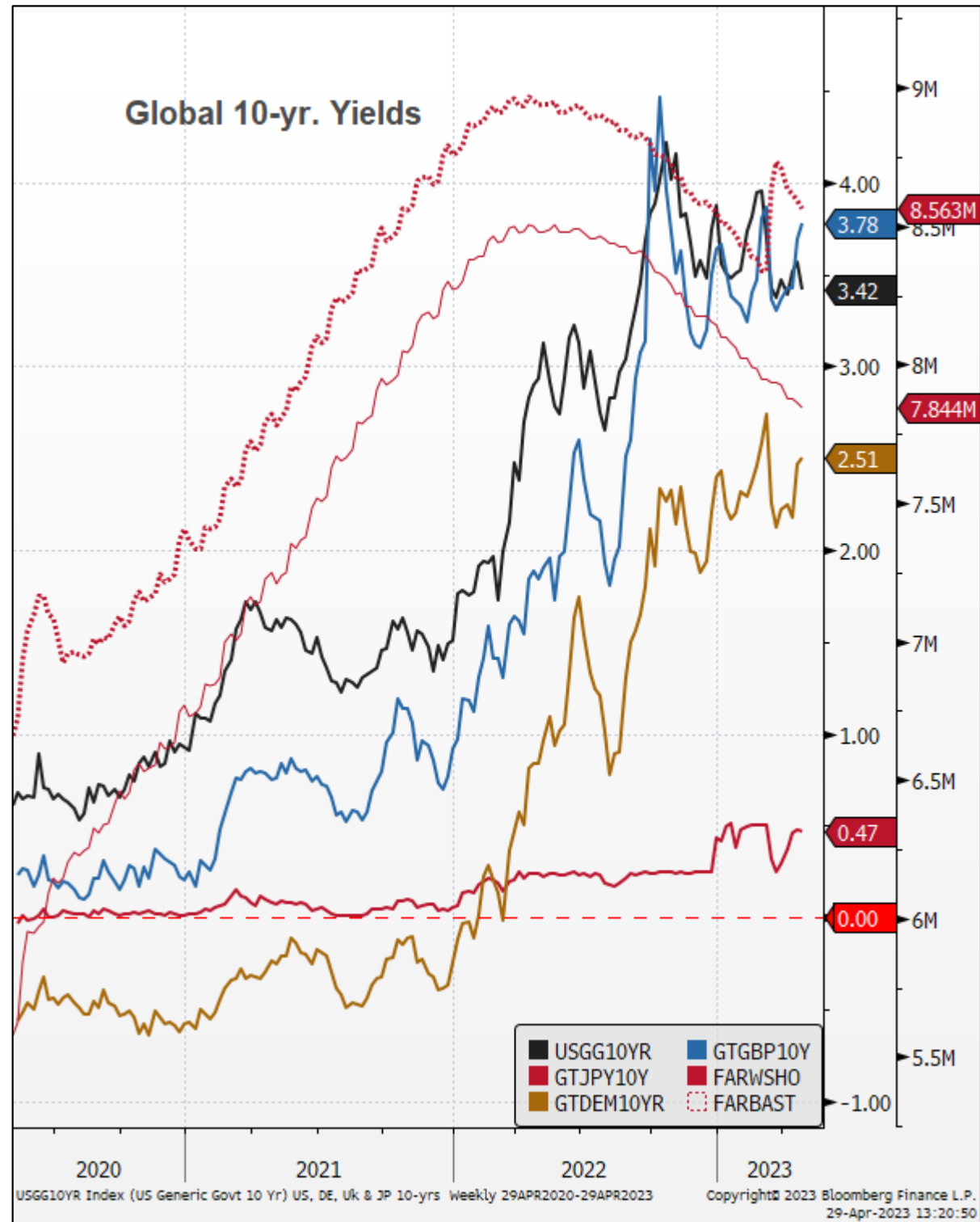
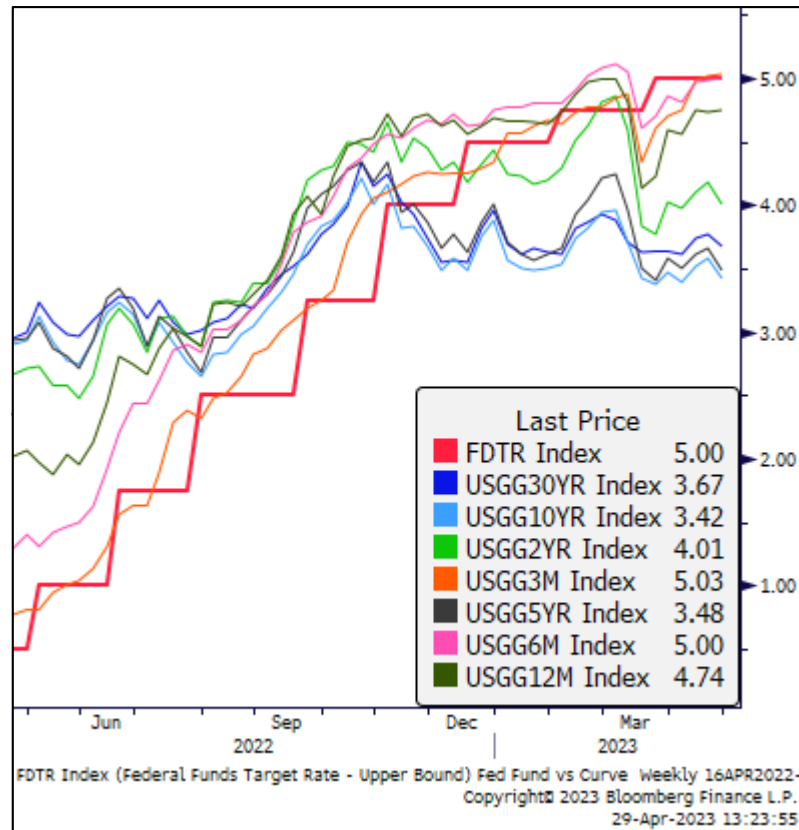
Global Yields

Global 10-yr. yields mixed

- 3-mo. higher than Fed Funds; 6-mo. equal
- US: ▼ 15 bp – significantly below UK 10-yr.
- UK: ▲ 9 bp – Big inversion over last 6-mo.
- Germany: ▲ 4 bp – Main move in short end
- Japan: ▼ 1 bp – Still seeing YCC (for now)

Fed BS: ▼ \$16B; ▼ \$661B in total

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



Bonds / Rates

Daily Charts:

- Rates lower on the week – weak on SVB
- 3-mo. – 10-yr. inversion remains deep

Weekly Charts:

- Rates held lower Bollinger Band
- Consolidation starting to look a channel
- RSI turned up from 40 area; now rolling?
- LQD & HYG still pressing 40-wk avgs.

Monthly Charts:

- TNX has broken secular downtrend
- New high in RSI (a bullish thing, longer term)
- Failure Swing now 'in place'
- Now testing that breakout (3-3¼% area)
- Biggest inversion since '81 (15.1% & 13.5%)

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 slightly higher on week
- Found resistance at trendlines & 'levels'
- Broken trendlines remain intact

CCC Trends:

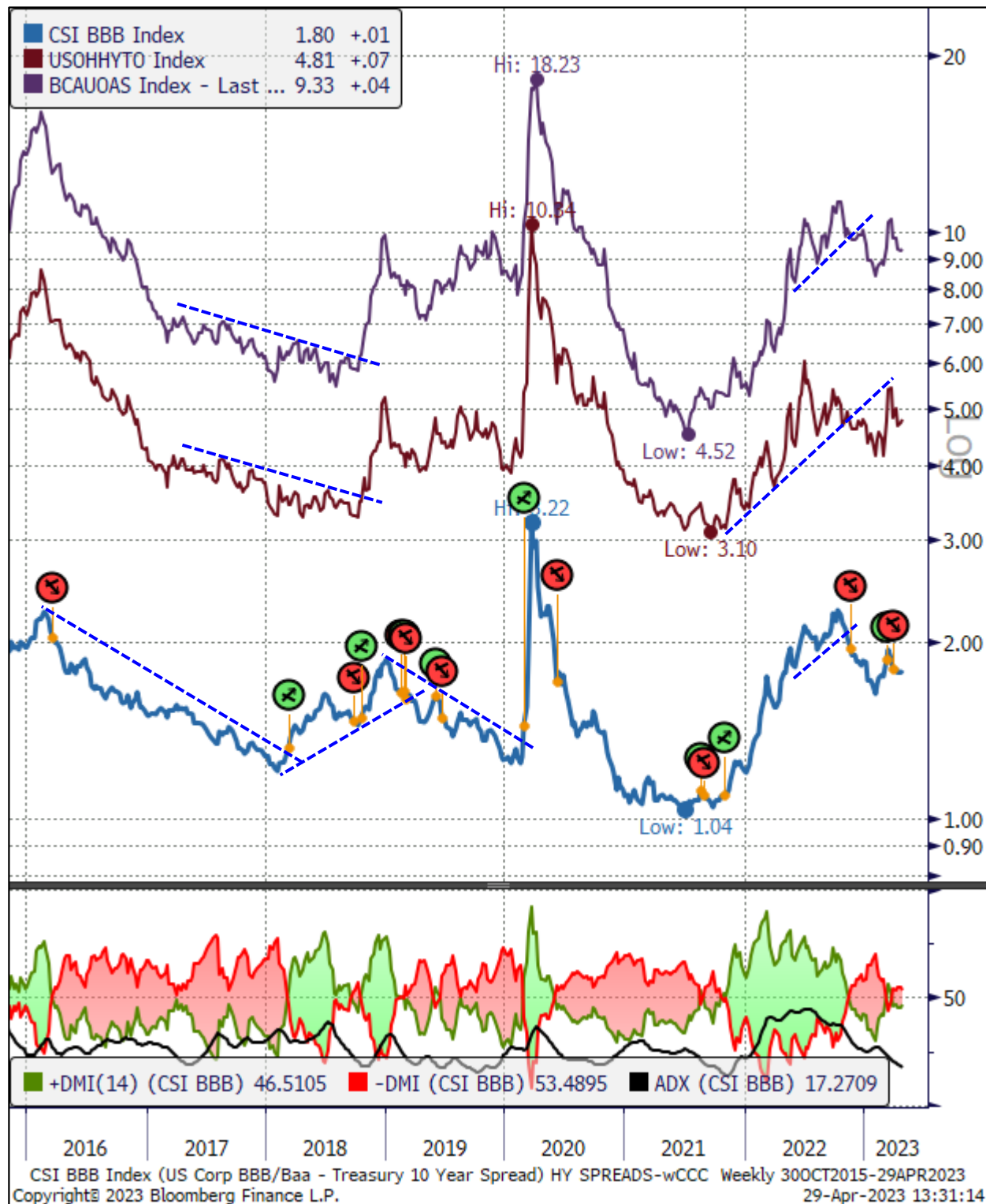
- ▲ 4 bp; (to 9.33%)
- Back below 10%
- Cycle high: 11.24%

HY Trends:

- ▲ 7 bp; (to 4.81%)
- 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



Ari Wald: Stock Market Seasonality (4/29)

A Soft Month of May Often Leads to a Summer Rally

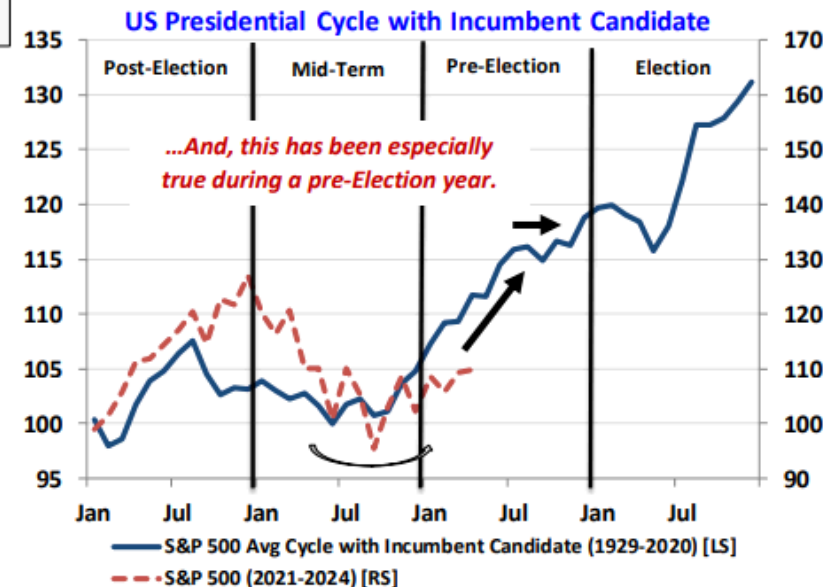
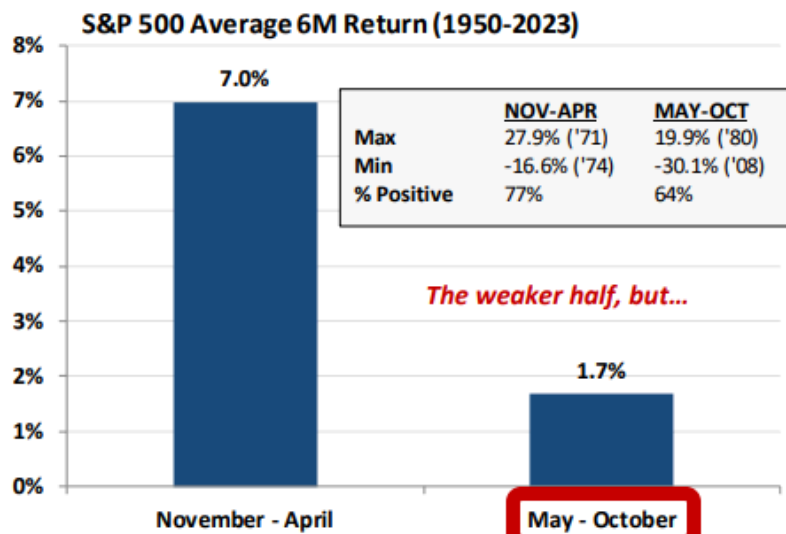
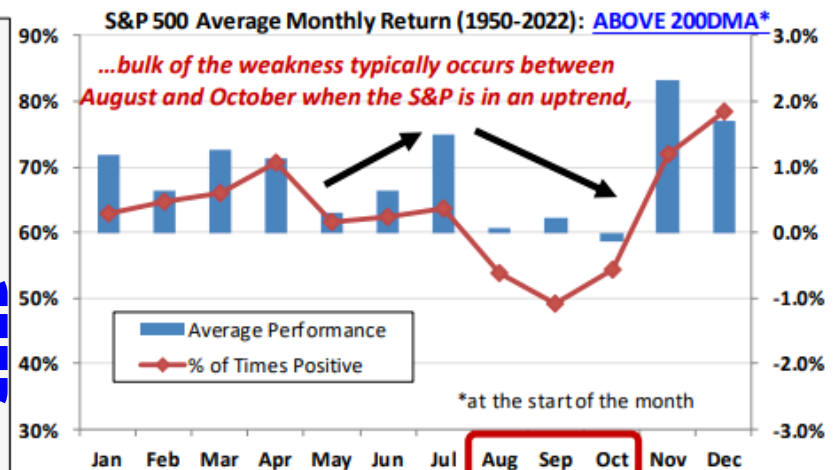
Technical Analysis

Since 1950, the S&P 500 has averaged a mere 1.7% gain between the months of May and October vs. a 7.0% gain between November and April. Hence the Wall Street cliché, “sell in May, and go away.”

Last year we argued that deteriorating internal breadth was more worrisome than usual due to these seasonal headwinds. This year we’re more upbeat.

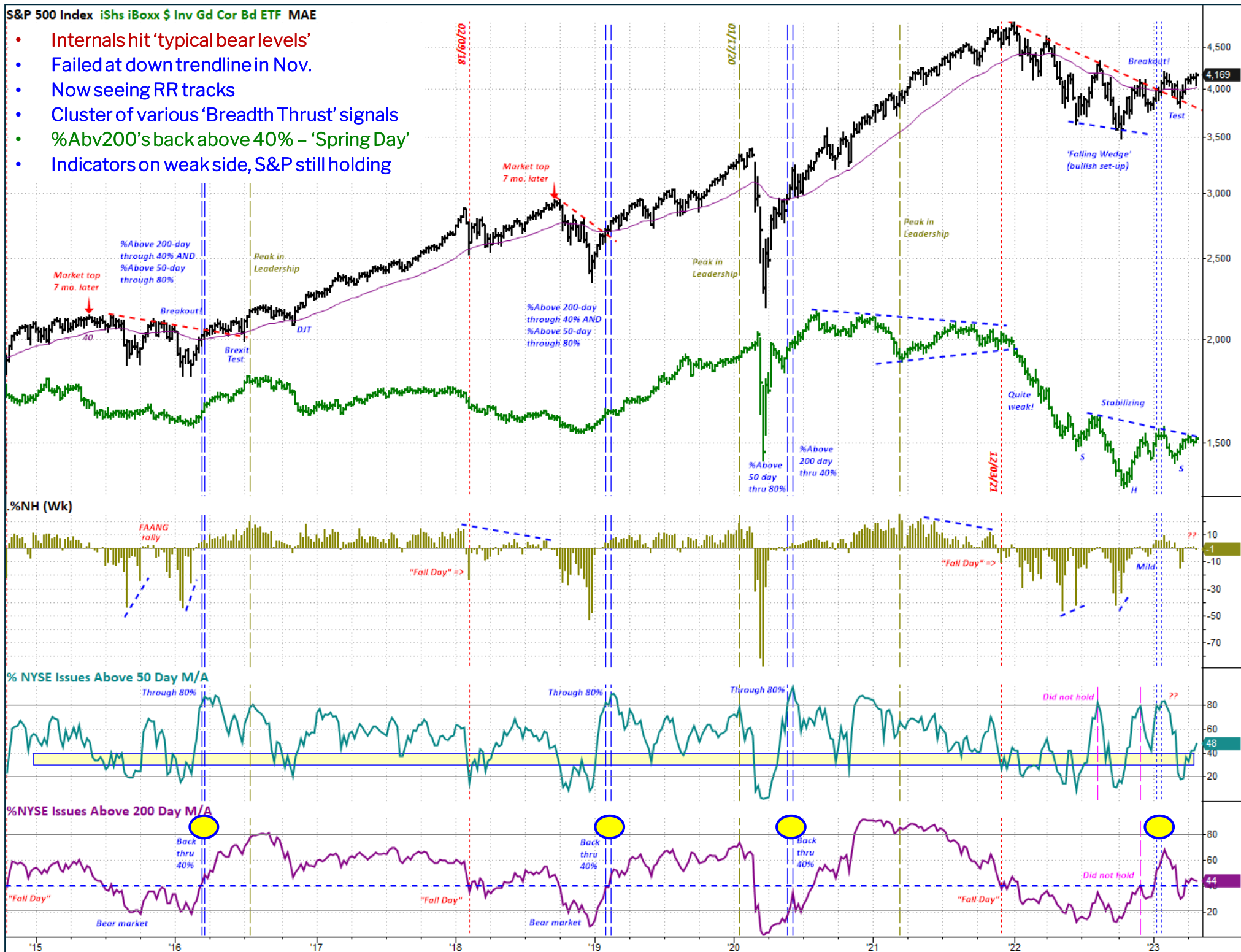
Our analysis shows that a soft May return has been followed by a summertime rally through July when the S&P 500 starts each month above its 200-day average. The S&P 500 has also been especially strong through the summer months of a pre-Election year.

Overall, this seasonal trajectory is consistent with what we expect to be a continued grind higher over the coming months.



Source: Oppenheimer & Co. and Bloomberg. Note: These results cannot and should not be viewed as an indicator of future performance.

- Internals hit 'typical bear levels'
- Failed at down trendline in Nov.
- Now seeing RR tracks
- Cluster of various 'Breadth Thrust' signals
- %Abv200's back above 40% - 'Spring Day'
- Indicators on weak side, S&P still holding



Stocks

Daily Charts:

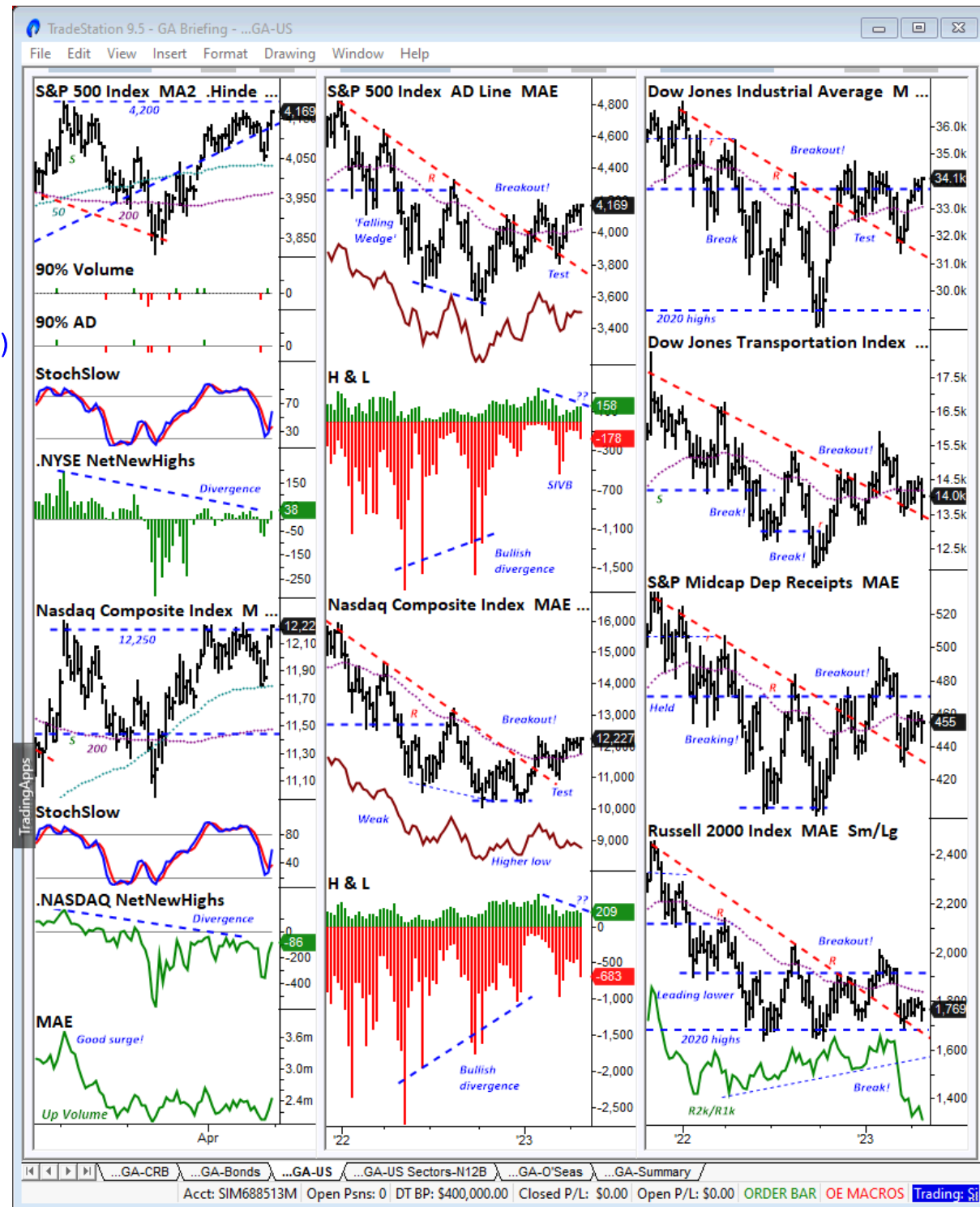
- Stocks closed the week strongly
- Again attacking key areas of resistance
- Bulls again have the ball (stochastics turning up)
- Still looks like a bottom is 'in place'
 - ✓ Set initial low
 - ✓ Bounce & test that low
 - ✓ Follow through to the upside
 - ✓ Test the breakout

Weekly Charts:

- Look to have tested breakouts successfully
- Internals look like a long-term bottom
- Internals weaker than during Jan rally
- Other indices holding, but again weak

Bottom Line:

- Look to have tested breakouts successfully
- Internals on the weak side – but not failing
- Probably better to give the bulls the benefit of doubt at this point in cycle



- Sectors again mixed on week
- Notable 'risk on' theme
- FAANGs led the way higher
- Tech & Discretionary still strongest YTD
- Small-caps remain notably weak



Stock Update

MSFT:

- Suffered a near 40% decline
- Has 'turned the corner', leading higher
- **Very strong on the week**

MCD:

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

GOOG:

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

V:

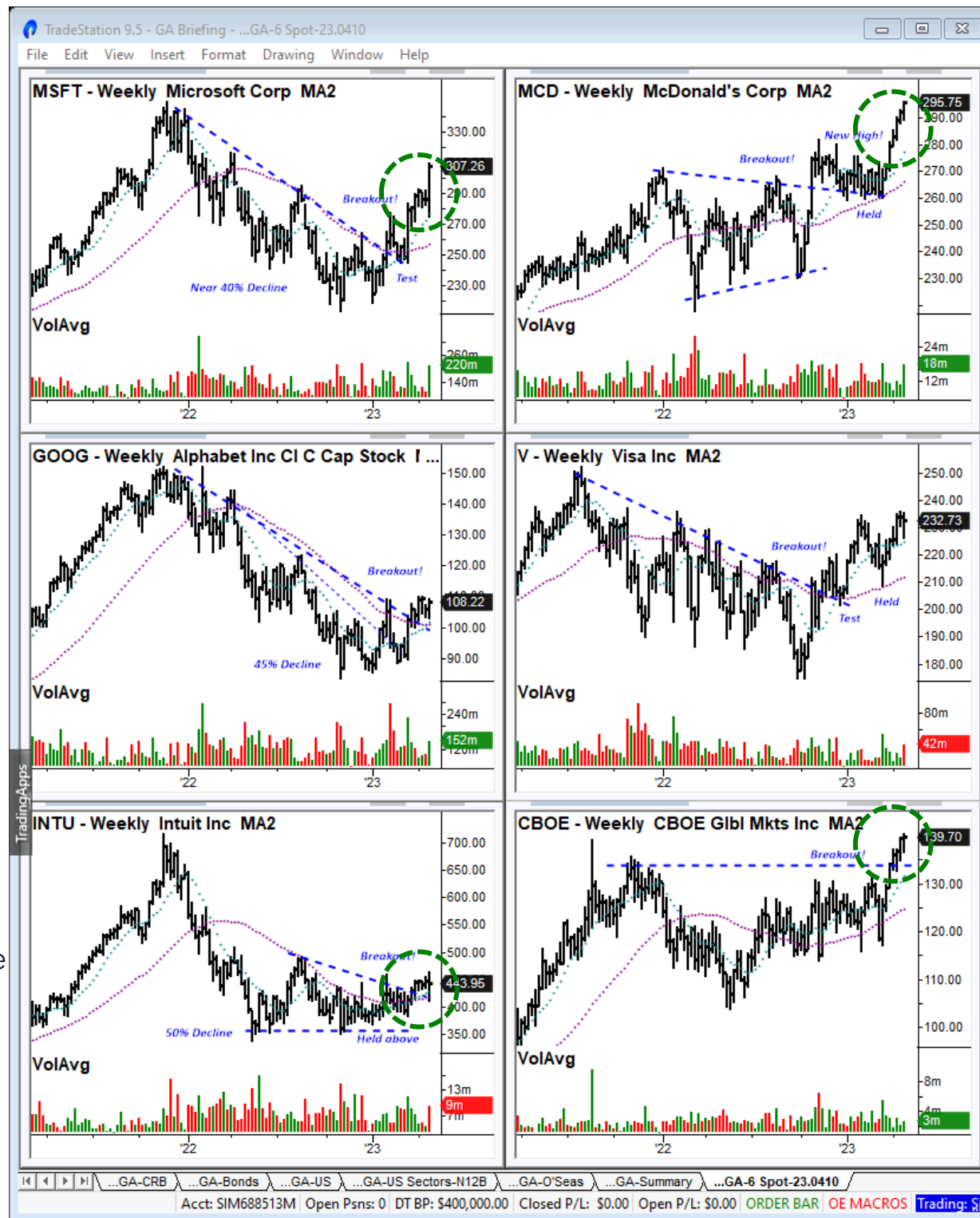
- Like MSFT, in healthy up trend
- Key name in XLF – and consumer health

INTU:

- Suffered 50% bear, now moving out of base
- **Wide week last week, but closed firmly**

CBOE:

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



LSGV (4/28/23)

LSGV Model

- Based on crosses in MAs (13 & 34)
- Shows performance of small vs. large (top); growth vs. value (bottom)
- Monthly charts left side; weekly right
- Neither are correlated to tops & bottoms in overall equity market

Current Status

- Large vs Small
 - 'Large' on weekly and monthly charts
 - Monthly chart posting new low in ratio
- Growth vs Value
 - Monthly on 'Value', weekly 'Growth'
 - Monthly spent 14 years on 'Growth'
 - Can now see signal on weekly chart
 - Clear trendline break on weekly chart

Bottom Line:

Models moving back to Large; mixed on Growth / Value



Overseas Markets

Indices:

- EFA & EEM clearly tied to DXY
- EFA remains relatively stronger than EEM
- HEDJ & DXJ also stronger than SPY
- Both are very bullish long-term charts
- EM Bonds at key spot on the chart

Country Tour:

- Germany: 'H&S' bottom in place
- France: Strong despite current unrest
- **UK: Nearing a break through '20 highs.**
- Japan: 'H&S' bottom in place
- Korea: Strong last week, as was Samsung
- China: Struggling at 40-wk avgs.
- India: Holding support above COVID highs
- Brazil: Struggling at 40-wk avgs.

Bottom Line:

- Continued outperformance in EFA
- Meaningful strength on numerous charts



Summary

Commodities / US\$:

- US\$ still testing LT support
- Crude & copper struggling at resistance
- Notable weakness in AD & CD
- Gold near a potential LT breakout

Yields / Credit:

- Holding LT support in 3-3¼% area
- Can argue have seen cycle high in rates
- Spreads finding resistance at t'lines & levels
- LQD & HYG remain firm/improving

Stocks:

- Stocks again attacking critical resistance
- Internals suggest cyclical low – weak vs Jan
- Indices still holding but pressing breakouts
- Still better to give bulls benefit of doubt

Overseas:

- Meaningful strength on numerous charts
- DM's showing very bullish LT 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 28, 2023, courtesy of TradeStation or Bloomberg, unless otherwise noted.