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Market Minute

June 26, 2023

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Important Last Week

Pullback Week

- Stocks have 'broken-out' to new cycle highs
- Market rally got extended over short term
- S&P finally pulling back
- Holding above 50 & 200-day averages

Internals 'Concerning'

- Internals improving, but remain weak
- Small & mid-caps remain the problem
- Rough week for Russell 2000
- This pullback will be key window into health of the overall market rally



Big Picture

Commodities / US\$:

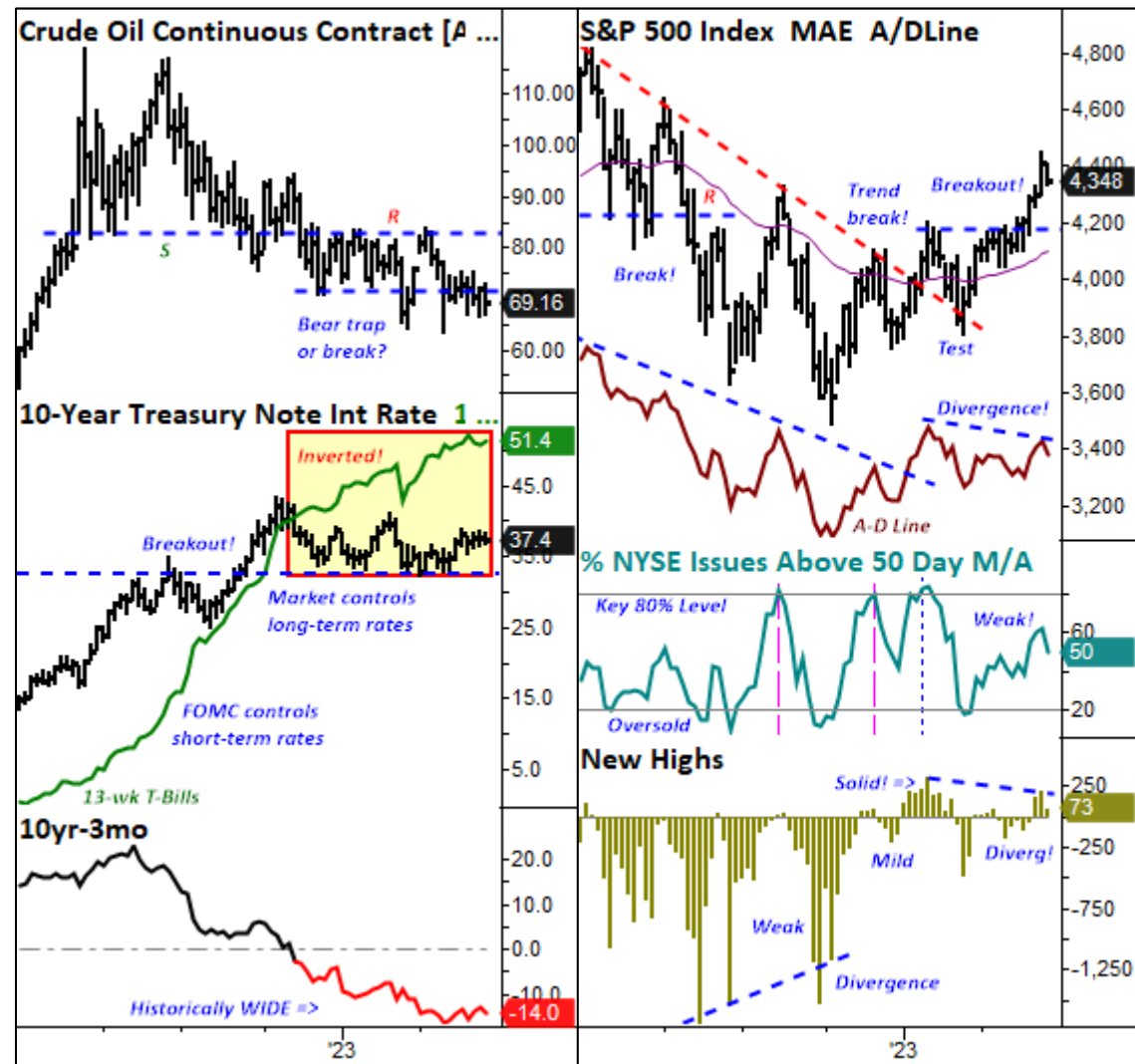
- Commodities up 2x since Mar'20
- Oil a key 'canary', very GDP sensitive
- Risk of secular bull and/or 'stagflation'

Yields / Credit:

- 10-yr. yield holding bottom of range
- Yield curve inversion largest since 1981
- Reliable forecaster of economic recession

Stocks:

- Saw a typical 'bear market'
- Market has likely formed cyclical bottom
- Have tested recent breakouts successfully
- Internals remain weak, now diverging badly



Trends	LT	Notes
Commodities	▲	Finally seeing a meaningful pullback, BCOM Index testing key 105 area
Bonds/Rates	▼ / ▲	Rates likely in secular uptrend; corporate credit now improving
Stocks	▲	Saw an 'average' bear, a typical bottom and now likely a new bull



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: June 23rd, 2023, and courtesy of TradeStation or Bloomberg, unless otherwise noted.