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Market Minute

July 3, 2023

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Important Last Week

Pullback Held

- Stocks 'broke-out' to new cycle highs
- Market rally got extended over short term
- Consolidated via 'bullish flag' pattern
- Leg in often similar to leg out
- If so, technical target in 4,650 area

Internals Improved!

- Internals improved meaningfully on week
- Removed potential divergences
- Russell 2000 held support
- So far, a 'garden variety' pullback



Big Picture

Commodities / US\$:

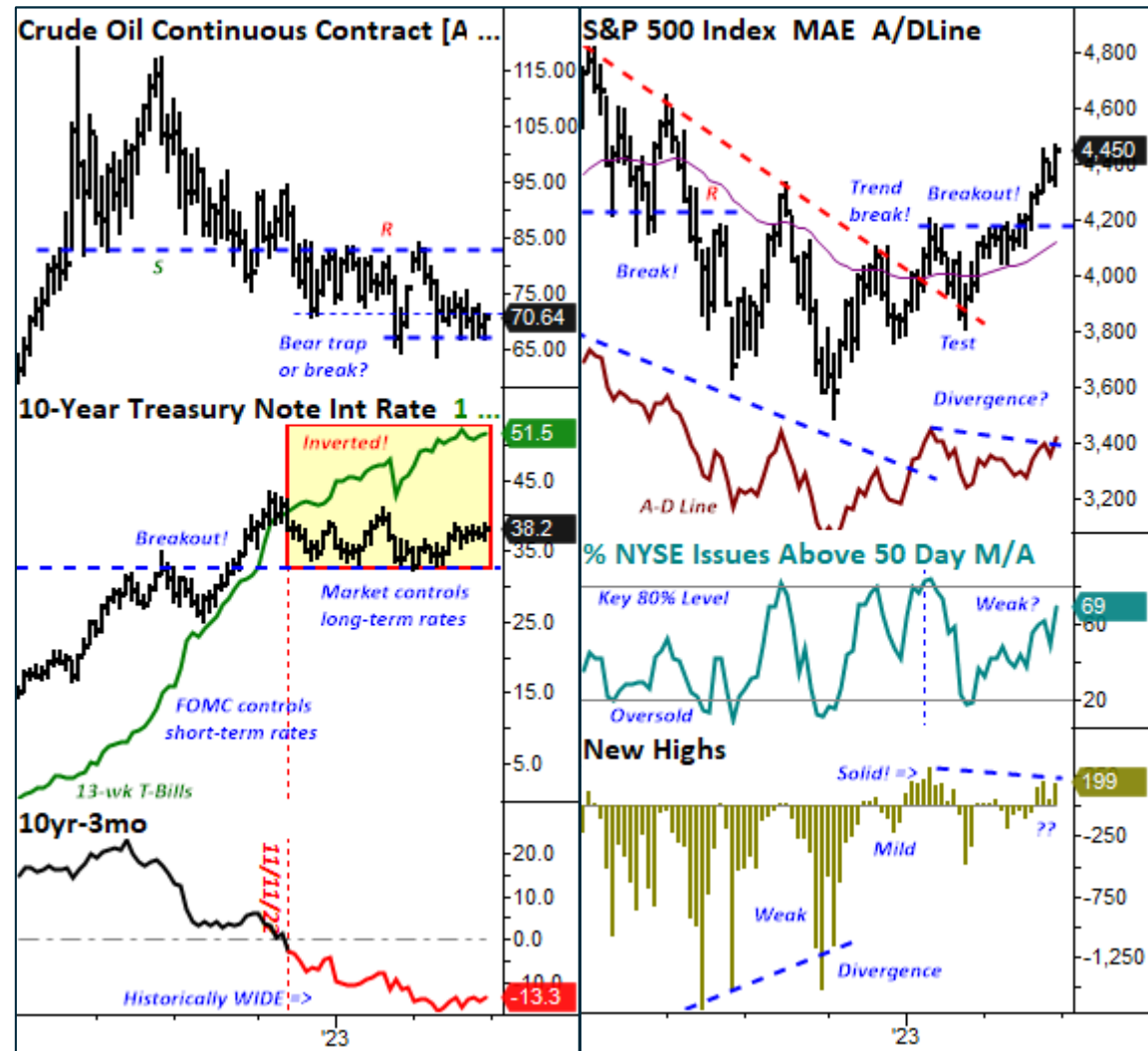
- Commodities up 2x since Mar'20
- Oil a key 'canary', very GDP sensitive
- Risk of secular bull and/or 'stagflation'

Yields / Credit:

- 10-yr. yield now pressing top of channel
- Yield curve inversion largest since 1981
- Reliable forecaster of recessions

Stocks:

- Saw a typical 'bear market'
- Market has likely formed cyclical bottom
- Have tested breakouts successfully
- Internals have been weak, now improving



Trends	LT	Notes
Commodities	▲	Finally seeing a meaningful pullback, crude & copper good canaries of GDP
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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These forward-looking statements are based on our current expectations and assumptions regarding the fund's portfolio and performance, the economy and other future conditions and forecasts of future events, circumstances and results. As with any projection or forecast, they are inherently susceptible to uncertainty and changes in circumstances.

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Charts as of: June 30, 2023, and courtesy of TradeStation or Bloomberg, unless otherwise noted.