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Market Minute

August 28, 2023

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Important Last Week

Pullback Continues

- Stocks in Week 4 of their pullback
- Divergences pinpointed the top
- '1st line of defense' didn't hold (50-day's)
- Holding in area of 1st Fibonacci's
- Daily charts seeing an 'oversold bounce'
- Weekly charts not yet oversold
- 4,200 and 12,250 'last lines of defense'
- Still in a seasonally weak period



Big Picture

Commodities / US\$:

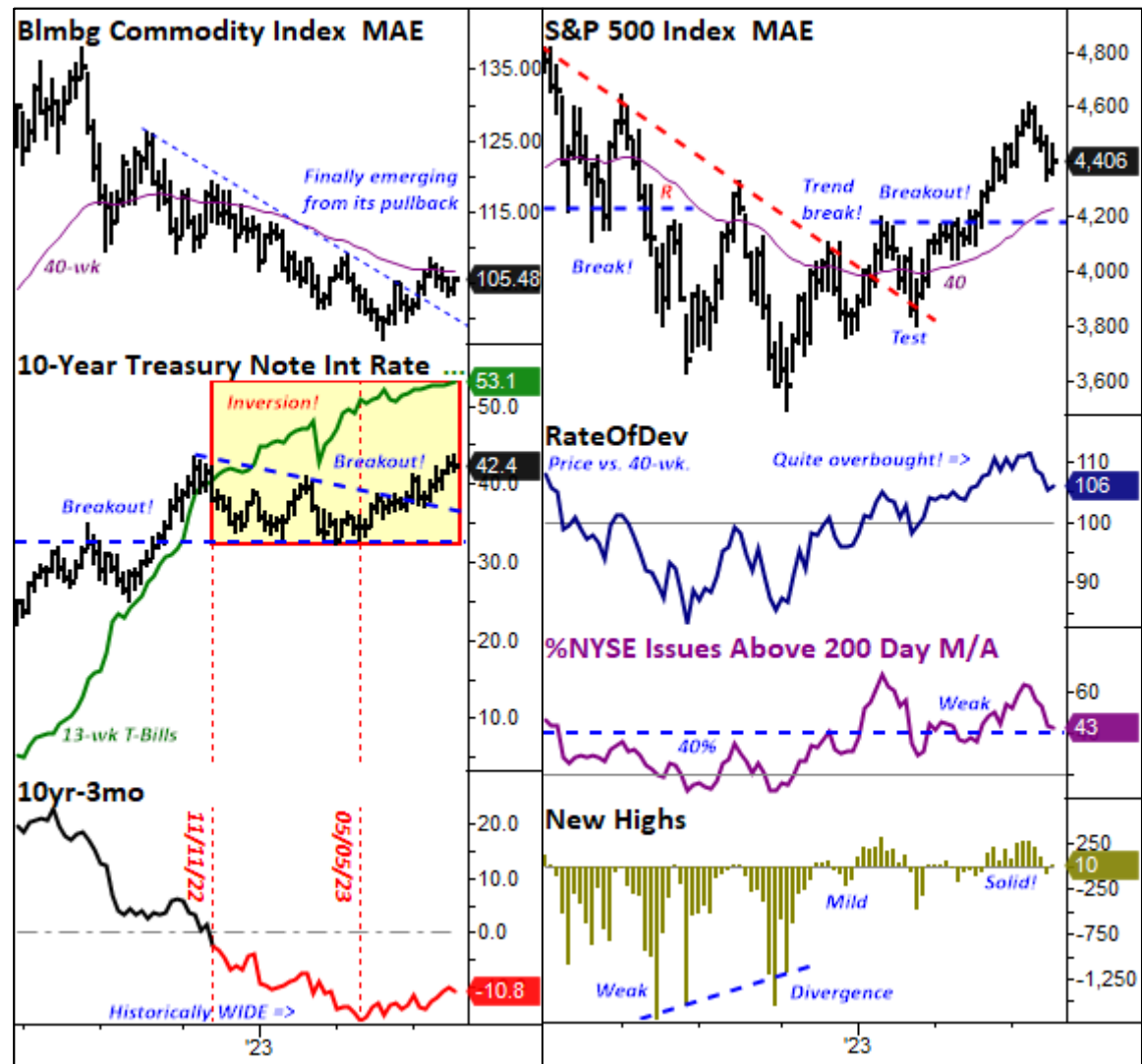
- Commodities emerging from pullback
- Energy patch leading the way higher
- Crude & copper very GDP sensitive

Yields / Credit:

- 10-yr. yield pushing Oct'22 highs
- 3-mo. T-Bills at new cycle highs
- Yield curve inversion largest since 1981
- Reliable forecaster of recessions
- Lead time is 12-mo. on avg (range: 5-22)

Stocks:

- Saw a typical 'bear market'
- Look to have formed cyclical bottom
- Internals weaker than a typical bull
- Pulling back to test breakout



| Trends | LT | Notes |
|-------------|-------|---|
| Commodities | ▲ | Have seen a meaningful pullback. Crude firming, which is a good canary of GDP |
| Bonds/Rates | ▼ / ▲ | Rates likely in secular uptrend; US 10-yr. now pressing Oct'22 highs at 4.33% |
| Stocks | ▲ | Saw an 'average' bear, a typical bottom and now likely in a cyclical 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: August 25, 2023, and courtesy of TradeStation and/or Bloomberg, unless otherwise noted.

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