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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/resistance
- BoJ intervention top remains in place
- Yuan remains in narrow range

Commodities & Sectors:

- BCOM lower on week
- Finding resistance at 110 & 40-wk.
- Energy & Ag's were the weak spots
- Risk to upside in NatGas technically
- Copper struggling at resistance at 4.20

Bottom Line:

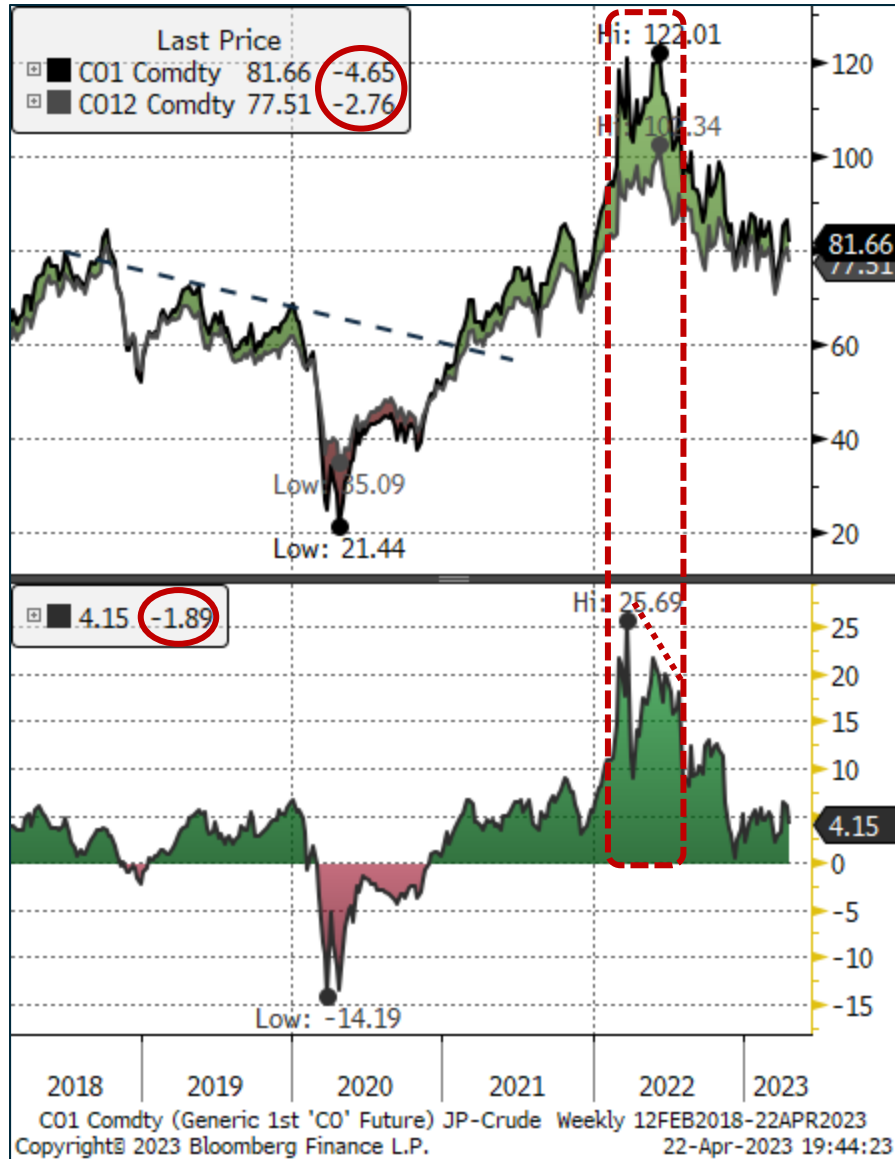
- US\$ testing support in 102 area
- Notable weakness in energy patch
- Risk to upside in NatGas technically
- All sub-sectors in long-term uptrends



Oil & Gold

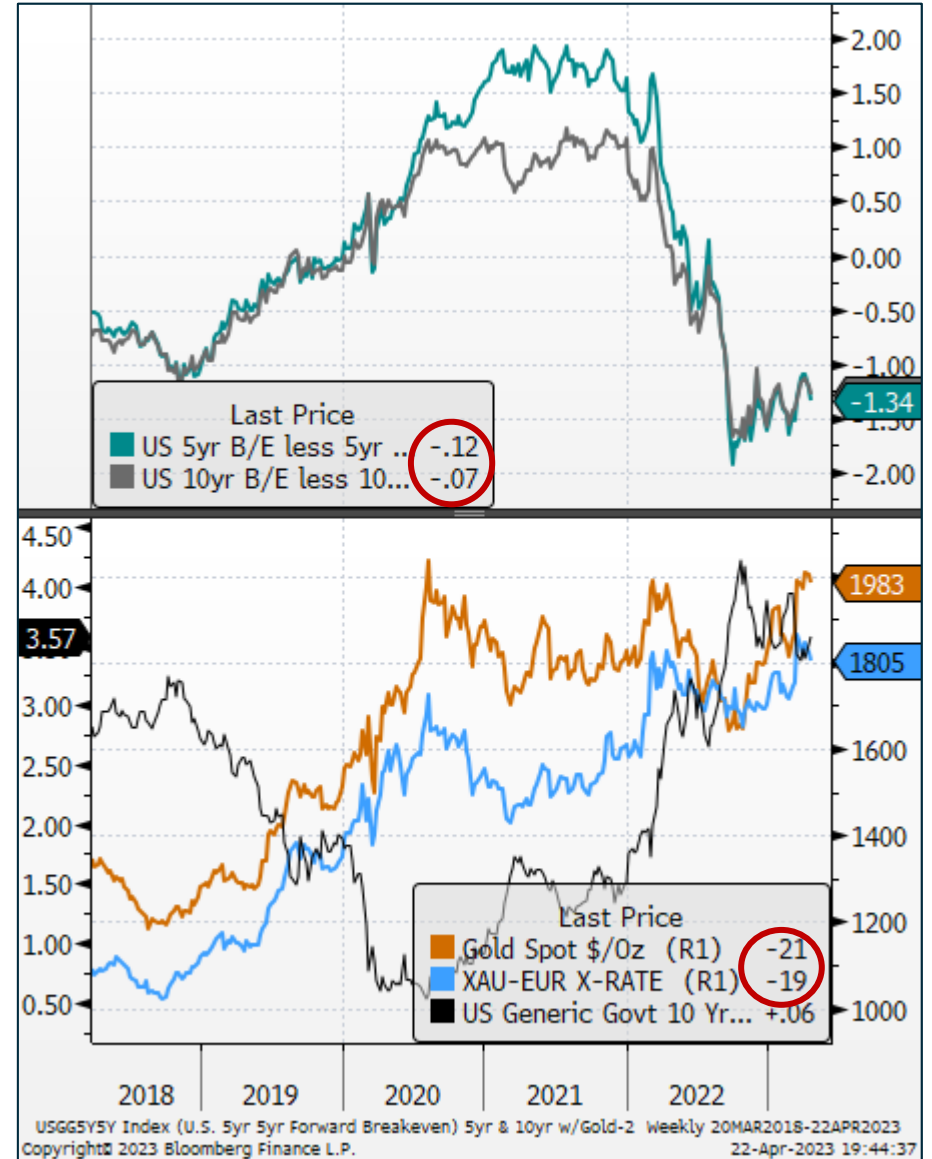
Oil:

- Brent (and spreads) lower on the week as well
- Still holding support in the key \$75-80 area
- Luskin calling for \$100 oil (unless bank crisis derails)



Gold:

- Spreads lower last week, TNX higher
- Gold down slightly in US\$ and Euros
- Gold in Euro's through 2022 highs



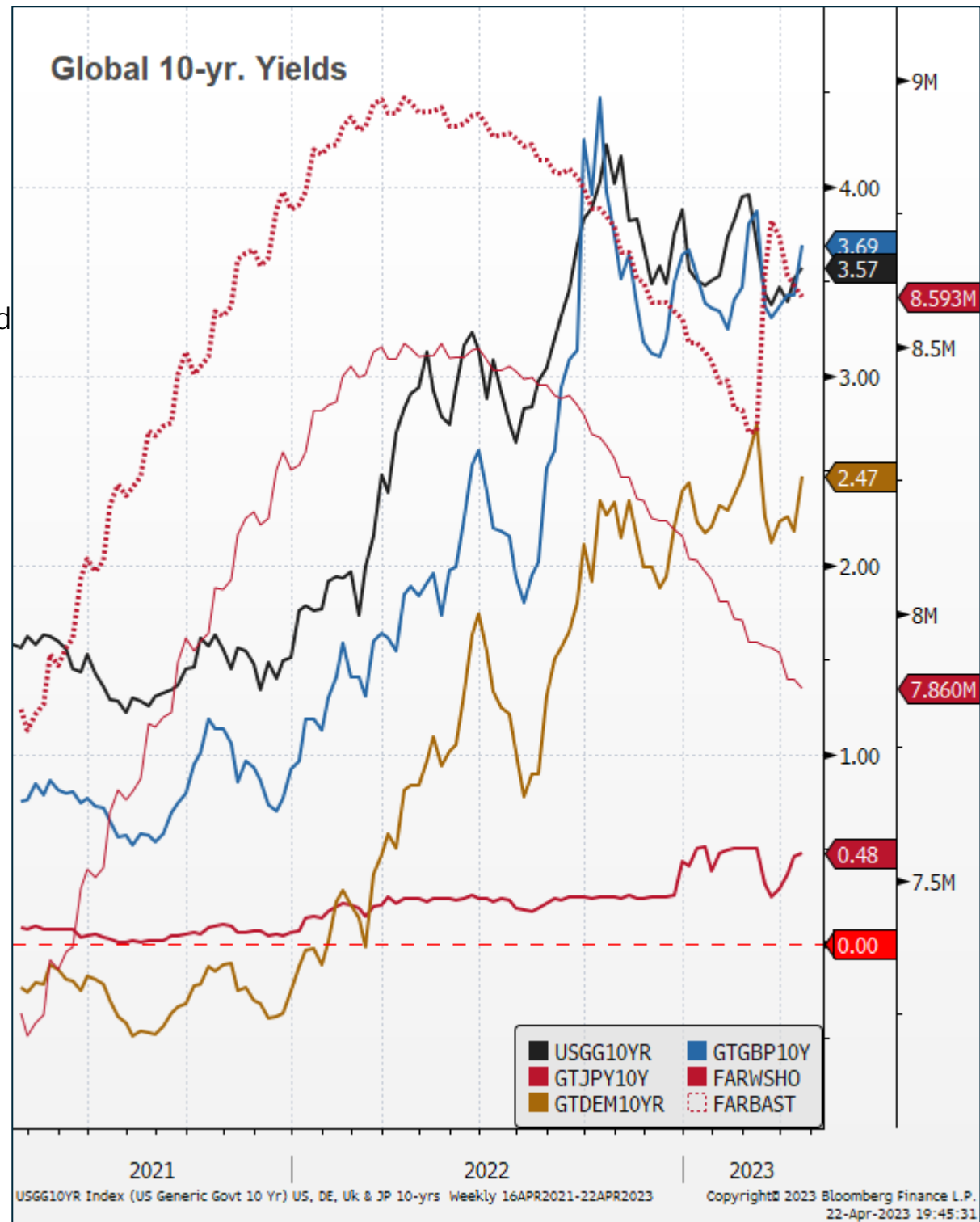
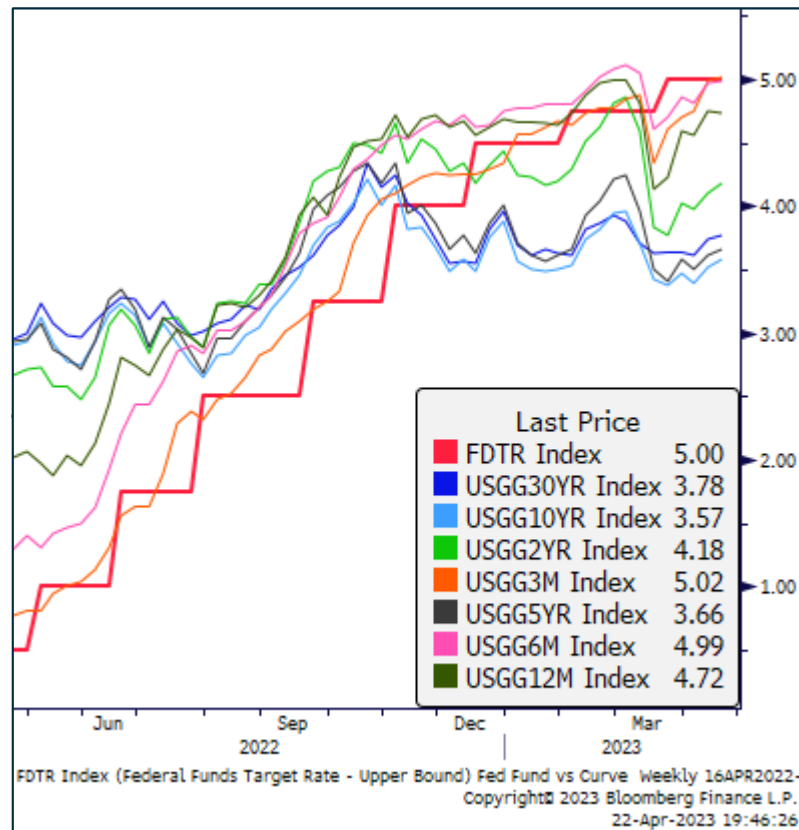
Global Yields

Global 10-yr. yields higher

- 3-mo. now higher than Fed Funds (only)
- US: ▲ 6 bp – Inversion has worsened
- UK: ▲ 26 bp – Big inversion over last 6-mo.
- Germany: ▲ 29 bp – Main move in short end
- Japan: ▲ 2 bp – Still seeing YCC (for now)

Fed BS: ▼ \$18B; ▼ \$645B in total

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



Bonds / Rates

Daily Charts:

- Rates slightly higher on the week
- 3-mo. – 10-yr. inversion remains wide

Weekly Charts:

- Rates holding lower Bollinger Band
- RSI turning up from 40 area
- LQD & HYG still pressing 40-wk avgs.
- Quiet week for both (NR7 & inside week)

Monthly Charts:

- TNX has broken secular downtrend
- Now testing that breakout (3-3 ¼% 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 mixed / little changed on week
- Finding resistance at trendlines & levels
- Broken trendlines remain intact

CCC Trends:

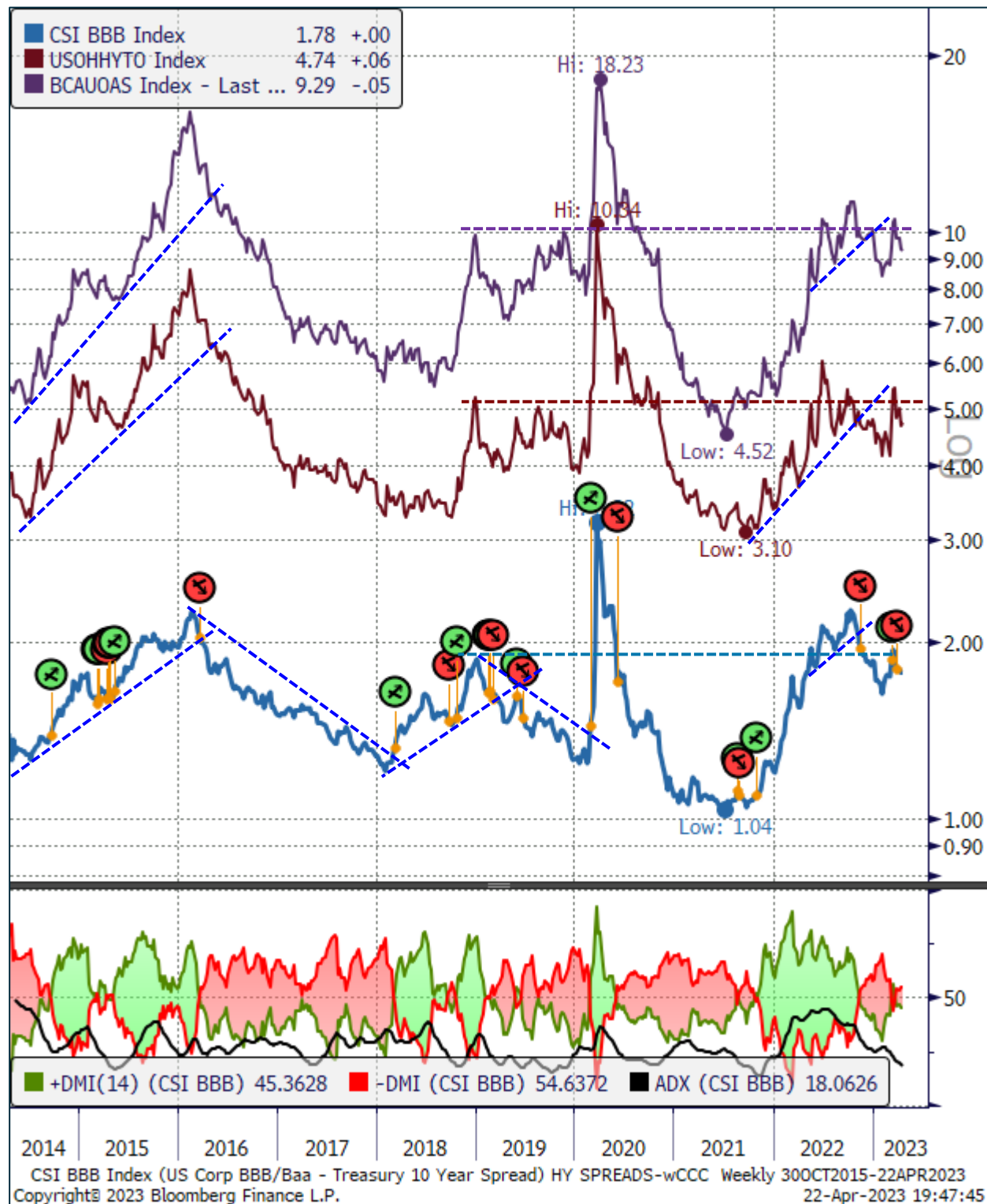
- ▼ 5 bp; (to 9.29%)
- Back below 10%
- Cycle high: 11.24%

HY Trends:

- ▲ 6 bp; (to 4.74%)
- Back below 5%
- Cycle high: 6.03%
- Has broken up trendline

IG Trends:

- Unch; (at 1.78%)
- 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
- %Abv200's back above 40% – 'Spring Day'
- Indicators on weak side, S&P still holding



Stocks

Daily Charts:

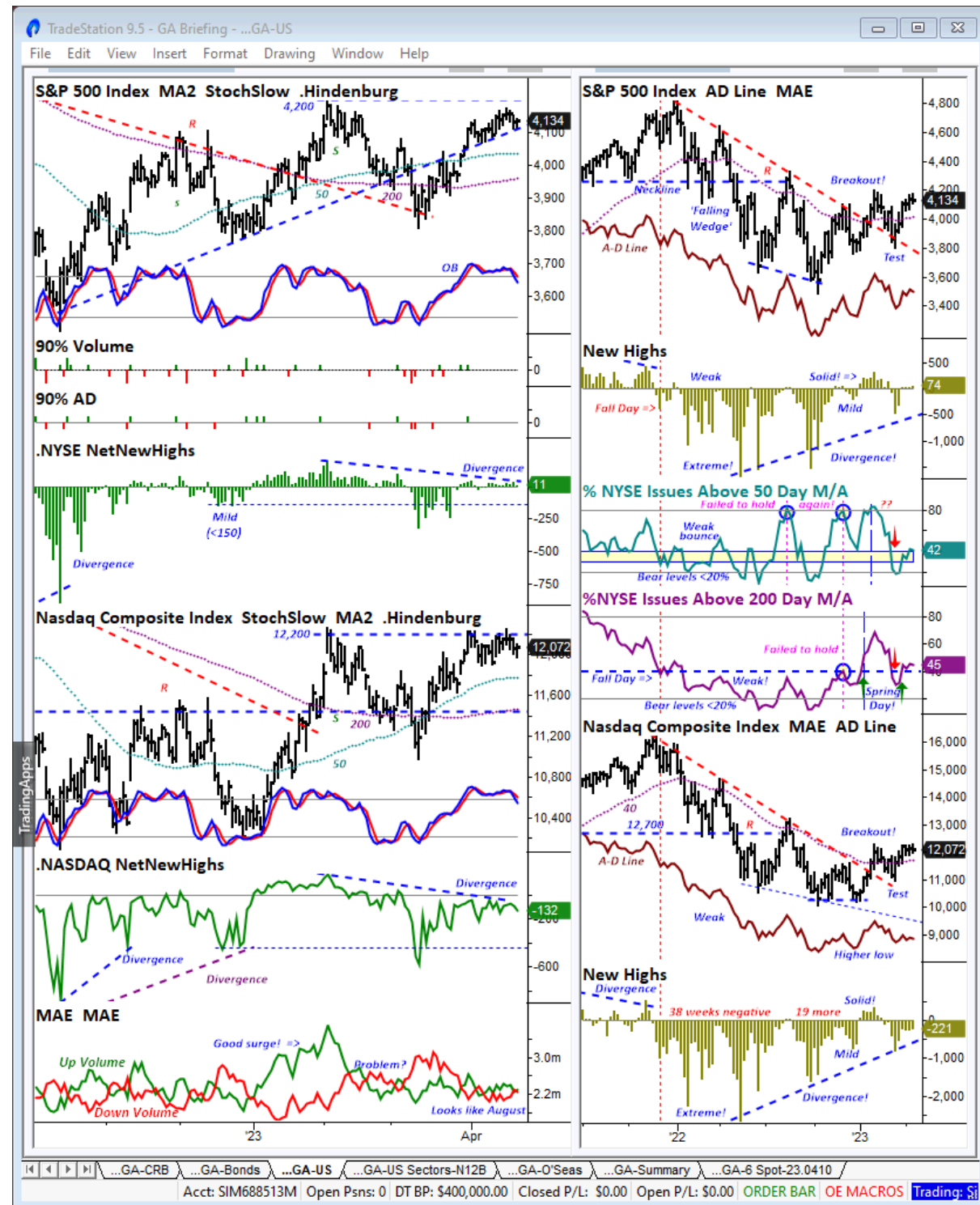
- Stocks little changed on week
- Still battling key areas of resistance
- Seeing divergences in leadership (NH)
- Still looks like a bottom is 'in place'
 - ✓ Set initial low
 - ✓ Bounce & test that low
 - ✓ Follow through to the upside
 - ✓ Test the breakout

Weekly Charts:

- Look to have tested breakouts successfully
- Internals 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:

- 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

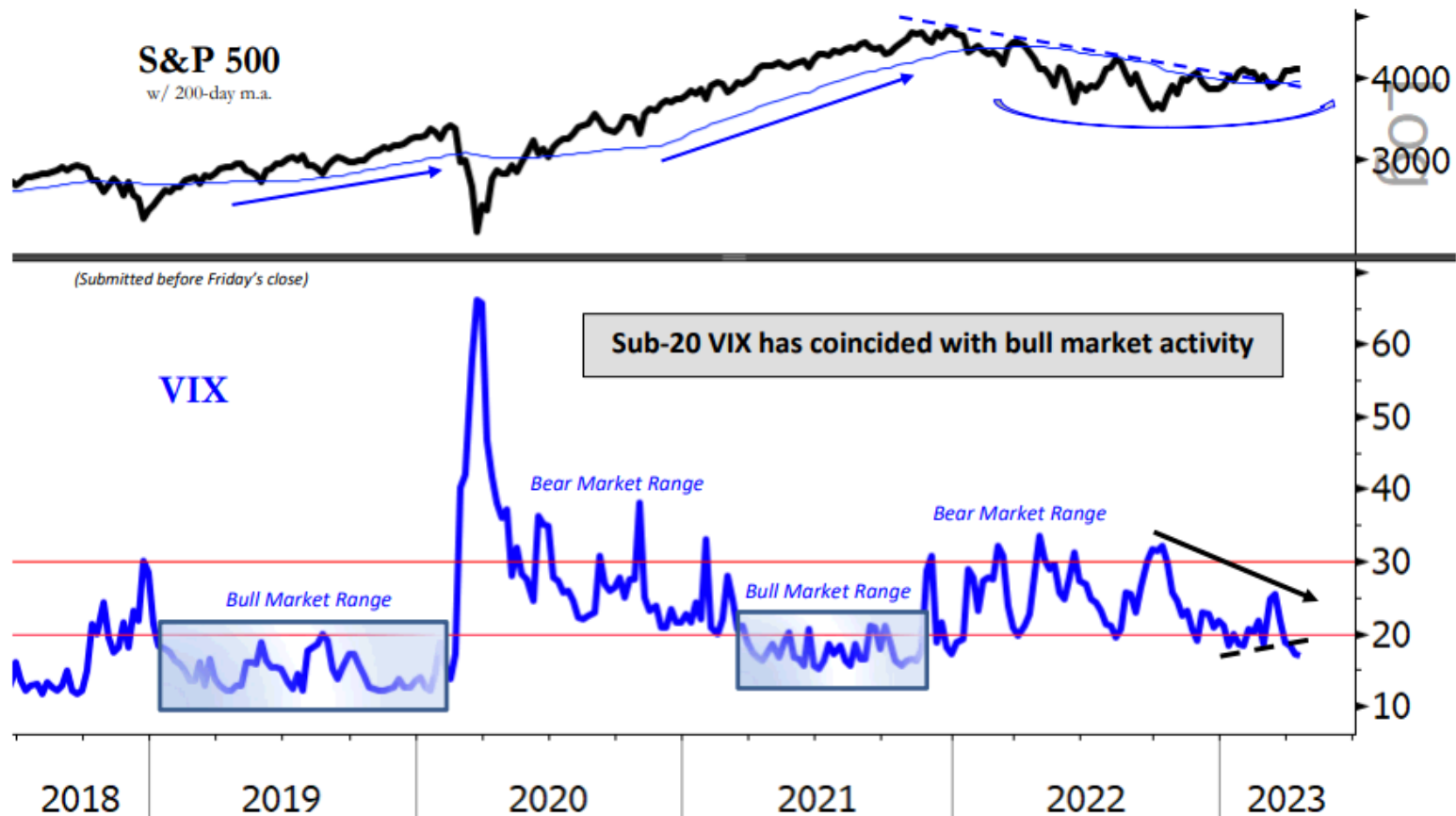


Ari Wald: VIX Range (4/22)

Technical Analysis

VIX Confirming a “Bull Market Range”

The VIX fell to its lowest intra-day reading (16) since November 2021 last week—some see this as a contrarian reason to sell stocks. While VIX readings around 20 marked opportunities to sell stocks in 2022, this occurred while the S&P 500 was trending below its 200-day average. Now, with the S&P above its 200-day average, we see lower VIX readings as confirmation of the S&P's bullish reversal because sub-20 VIX readings have historically been within the confines of what we would call a *bull market range*. In the following chart, we show that the VIX has generally oscillated in a lower range during a bull market, and a higher range during a bear market.



SPX Index (S&P 500 INDEX) SPX vs. VIX_weekly Weekly 14JAN2013-20APR2023 Copyright© 2023 Bloomberg Finance L.P. 20-Apr-2023 09:41:55
Source: Oppenheimer & Co. and Bloomberg.

Market Sectors

Symbol	%Wk	%Yr	%Yr	% (11f) 1w	% (11f) 1w	% (11f) 1w
XLP	1.8%	3%	-3%	11%	12%	26
IYR	1.6%	0%	-28%	8%	23%	26
XLU	1.1%	-1%	-2%	10%	17%	26
XLF	1.0%	-3%	-12%	9%	22%	26
XLI	0.8%	2%	-7%	13%	17%	26
XLY	0.3%	14%	-37%	17%	25%	26
SPY	-0.1%	8%	-19%	12%	13%	26
XLV	-0.2%	-1%	-4%	9%	15%	26
XLB	-0.3%	4%	-14%	13%	21%	26
XLK	-0.6%	19%	-28%	25%	28%	26
XLE	-2.6%	-3%	58%	13%	26%	26
XLC	-2.6%	20%	-38%	29%	33%	26
\$RJUT	0.6%	2%	-22%	6%	18%	26
MDY	0.4%	3%	-14%	9%	19%	26
\$SPX.X	-0.1%	8%	-19%	12%	13%	26
\$INDU	-0.2%	2%	-9%	8%	11%	26
\$COMPX	-0.4%	15%	-33%	18%	20%	26
LQD	-0.4%	3%	-20%	10%	14%	26
HYG	-0.4%	2%	-15%	4%	8%	26
TLT	-0.6%	5%	-33%	14%	19%	26
IWO	1.0%	6%	-27%	9%	18%	26
IWN	0.2%	-3%	-16%	5%	23%	26
IWF	-0.1%	14%	-30%	17%	19%	26
IWD	-0.1%	2%	-10%	8%	13%	26

Key Points:

- Sectors again mixed on week
- Slight 'defensive' theme
- XLF again firm
- Tech & Discretionary still strongest YTD
- Small & mid-caps trying to catch up



Stock Update

MSFT:

- Suffered a near 40% decline
- Has 'turned the corner', leading higher

MCD:

- Staples name – firm over last year
- Now 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 recovering
- Can argue now breaking out of base

CBOE:

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



Overseas Markets

Indices:

- Overseas ETFs mixed last week: DM>EM
- 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: Struggling at 40-wk avgs.
- India: Holding support above COVID highs
- Brazil: Struggling at 40-wk avgs.

Bottom Line:

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



Summary

Commodities / US\$:

- US\$ & FX little changed on week
- BCOM lower on week
- Notable weakness in energy patch

Yields / Credit:

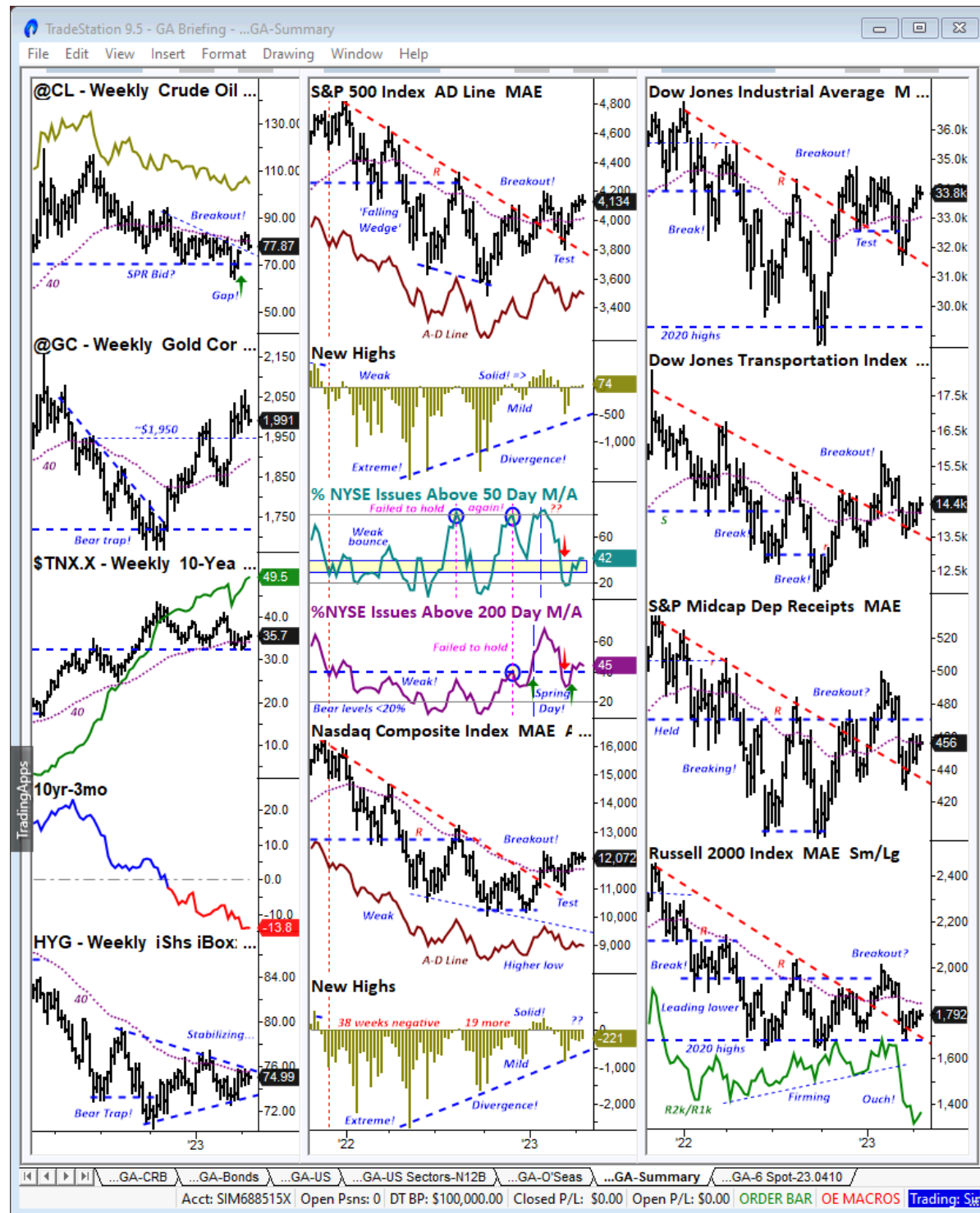
- Holding LT support in 3-3¼% area
- Can argue have seen cycle high in rates
- Spreads finding resistance at t'lines & levels
- LQD & HYG remain firm/improving

Stocks:

- Stocks little changed on week
- Still battling key areas of resistance
- Internals on the weak side – not failing yet
- Most indices still holding breakouts
- Still better to give bulls benefit of doubt

Overseas:

- Meaningful strength on numerous charts
- China: Struggling at 40-wk avgs.





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 21, 2023, courtesy of TradeStation or Bloomberg, unless otherwise noted.