Technical Analysis Chart Pack

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MetLife Investment Management

Key Market Themes

The first chart in this report, US 30 Yr. Yield, suggests to us that the long-term downtrend is well and strong. There are some early signs that the short-term downtrends for G4 government bond yields may change. US HY Spread widened a bit in last couple of weeks, but we feel that the risk of a spread spike remains low. US equity continues its rally, and EM equity seems like already peaked in our view. We believe commodities remain solid, while US Dollar and Gold are in trading ranges.

- US 30 Yr. Yield: Long-Term Bullish Trend Remains Strong
- US 10 Yr. Yield: Some Very Early Signs
- Gilts 10 Yr. Yield: Me Too
- Bunds 10 Yr. Yield: Formed A Hammer Candlestick Pattern
- JGBs 10 Yr. Yield: Back To Zero
- US HY Spread: Bottomed?
- S&P 500: Rally Continues, Watch Out The Breadth Divergence
- EM Equity: Uptrend Broke Down
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- WTI Crude Oil: Uptrend Is Intact, But Momentum Has Slowed
- Copper: Do Not Chase The Rally
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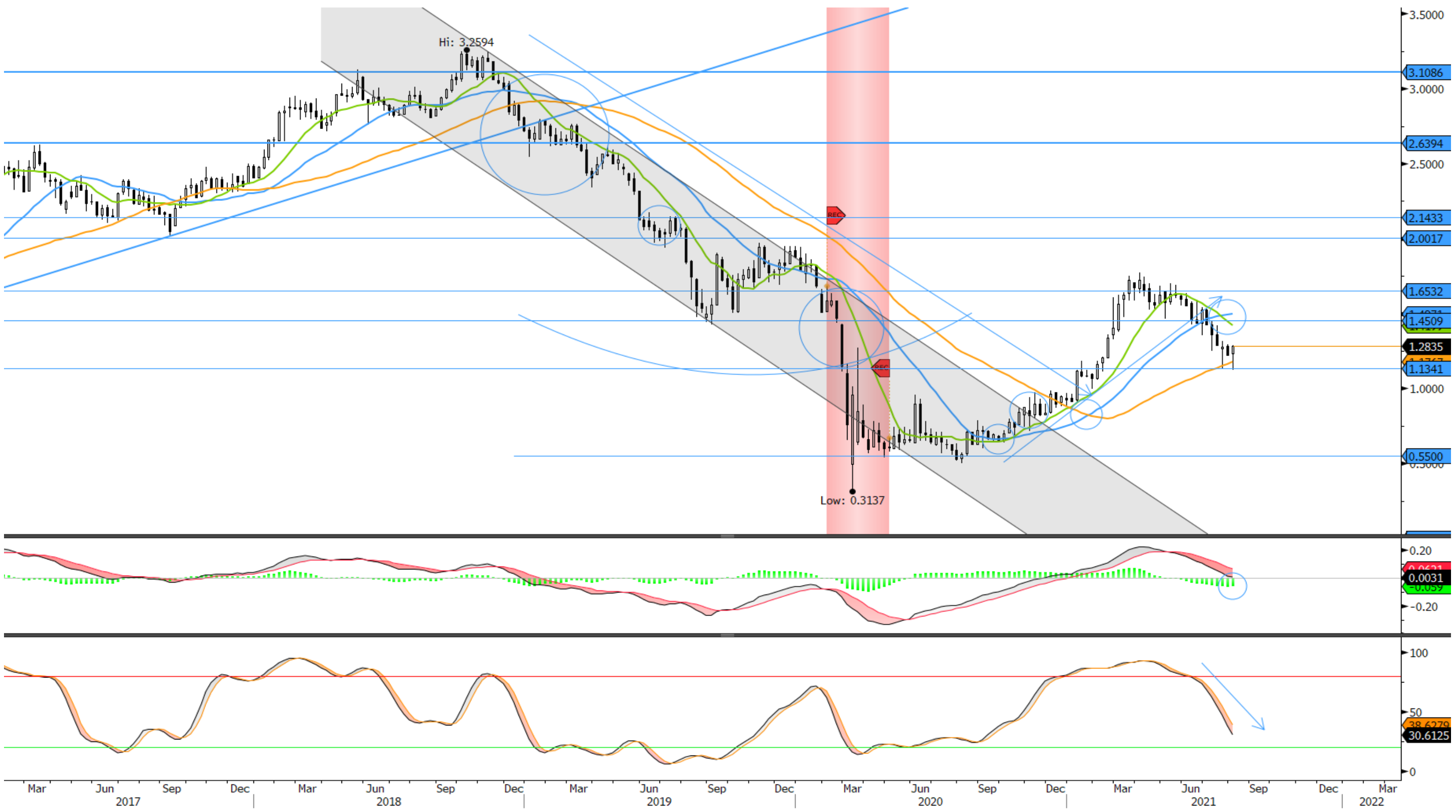
US 30 Yr Yield: Long-Term Bullish Trend Remains Strong

- The long-term downward trading channel clearly captures the downward trend.
- The most recent peak, around 2.5%, seems perfectly capped by the upper bound of the channel.
- The RSI indicator, in the second panel, shows that it could time the peaks pretty well, as these blue circles indicate.

Source: Bloomberg and MIM

US 10 Yr Yield: Some Very Early Signs

- While the short-term down trend remains, we see that there are a couple of early signs of potential changing trend.
- First, the yield seems having difficulty to break below the resistance of 1.13% in the last 3 weeks.
- Second, the momentum of the short-term downtrend is slowing, as the MACD indicator shows in the second panel (the blue circle).
- These two are very early sines. A price conformation is needed.
- The Stochastic indicator in the third panel continues decreasing, and gives an opposite signal that the current downtrend may continue.



Source: Bloomberg and MIM

Gilts 10 Yr Yield: Me Too

- The Gilts yield has a very similar pattern to that of US 10 Yr. yield.
- The improving momentum in the second panel also issued a very early signal of potential changing trend.
- We believe the next resistance is about 0.5%, and then 0.4%.

Source: Bloomberg and MIM

Bunds 10 Yr. Yield: Formed A Hammer Candlestick Pattern

- The yields formed a hammer candlestick pattern (the latest blue circle in the first panel) this week, i.e., a long lower shadow candlestick following an existing downtrend. This has historically been a bullish pattern, meaning the downtrend may turn upward.
- The momentum indicator in the second panel has not issued any signal of changing trend yet.
- We believe the next resistance is around -0.50%.

Source: Bloomberg and MIM

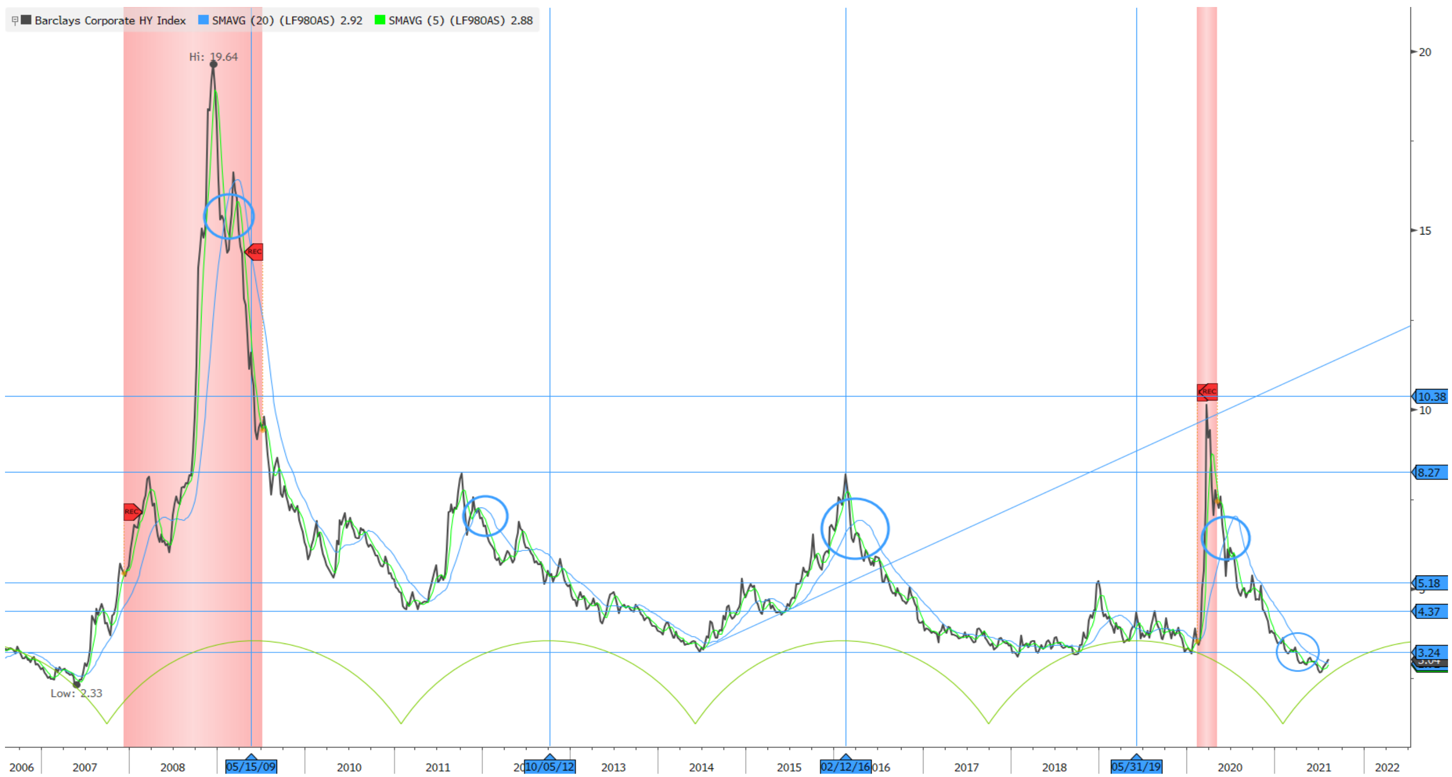
JGBs 10 Yr. Yield: Back To Zero

- The yield has kept grinding down toward to 0% in last few month, which is the target of Bank of Japan's Yield Curve Control (YCC).
- We expect the yield to remain in the range of 0% and 0.10%, given that Bank of Japan is not likely to make any changes about YCC in the near term.

Source: Bloomberg and MIM

US HY Spread: Bottomed?

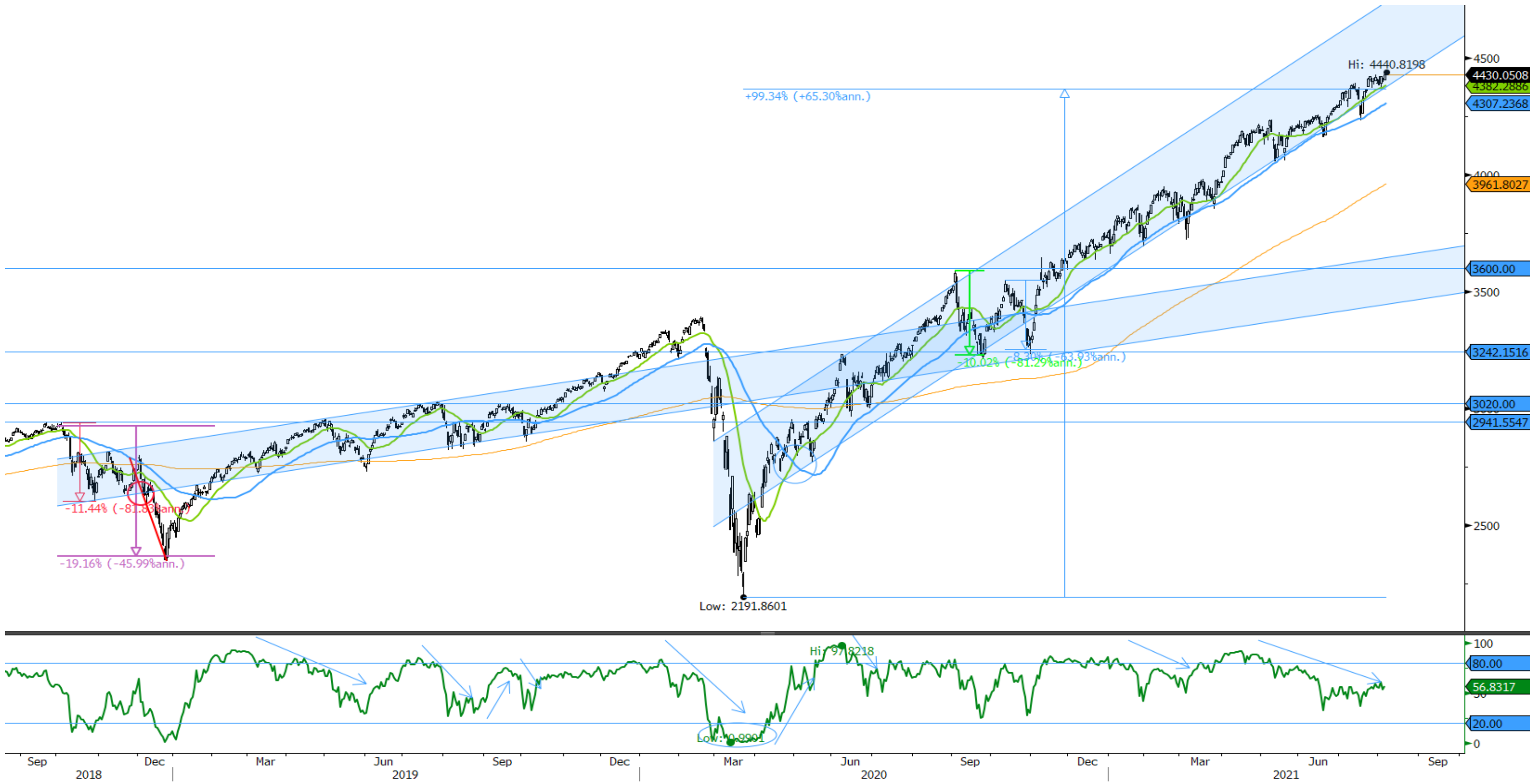
- We see that the tightening trend for the HY spread is intact.
- But the momentum has slowed, which we feel indicates that the spread is very close to or has reached the bottom of this tightening cycle.
- Considering the current extremely-low spread level and the stage of the spread cycle, we believe that the spread is more likely to move sideways, than either continuing moving lower or spiking higher.
- We believe the solid economic outlook and strong corporate fundamentals remain supportive for the HY spread.



Source: Bloomberg and MIM

S&P 500: Rally Continues, Watch Out The Breadth Divergence

- We feel the uptrend remains loud and clear.
- We believe the next resistance is about 4500.
- The lower bound of the upward trading channel could serve as the short-term support.
- There is warning signal from the market breadth indicator (% of members above 50-day moving average) in the second panel. The market breadth has deteriorated from above 80% to 56% since April, during the same period the S&P 500 index has increased 6%, which creates a bearish divergence pattern. We believe that a caution for a correction is warranted.



Source: Bloomberg and MIM

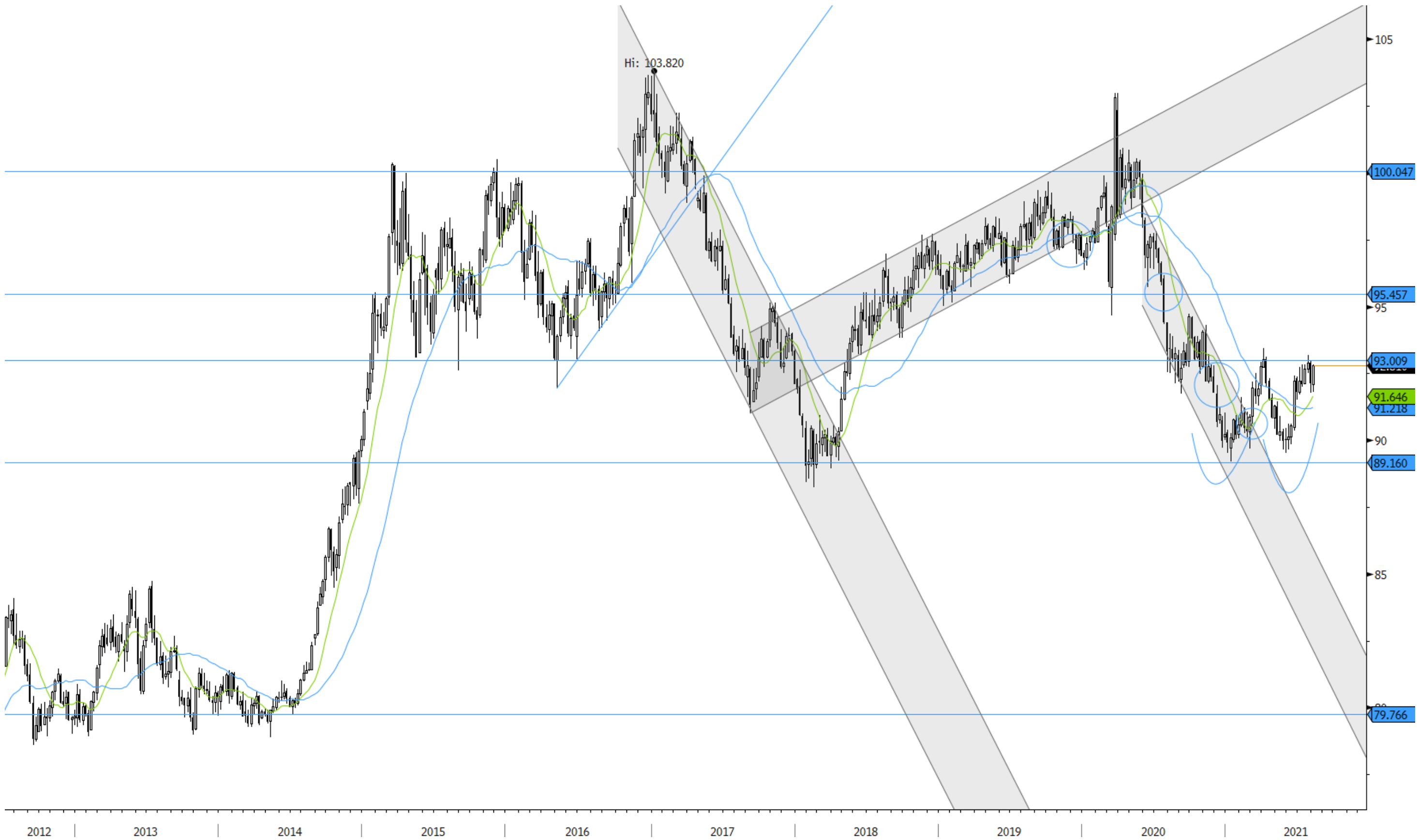
EM Equity: Uptrend Broke Down

- The short-term trend has tilting downward, after breaking the rally began in March 2020.
- The MACD and Stochastic momentum indicators in the second and third panels suggests to us that the current downtrend may still have room to run.
- The index is currently right above the support of 1275. If there is a break below this level, we could see the index to continue moving lower.
- We believe the next support is about 1204.

Source: Bloomberg and MIM

DXY Dollar Index: Stuck In The Range

- The greenback failed to confirm the double bottom pattern at its first attempt.
- It is currently traded in a broad range between 89 and 93.
- Our longer-term view remains bearish on the greenback.



Source: Bloomberg and MIM

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WTI Crude Oil: Uptrend Is Intact, But Momentum Has Slowed

- The prior peak formed around 2018 servers as a key resistance.
- After that, the next resistance of $80/barrel needs to be monitored.
- The RSI indicator in the second panel indicates that the upward momentum has slowed, after reaching an overbought condition.

Source: Bloomberg and MIM

Copper: Do Not Chase The Rally

- We feel the uptrend is intact, but the price has reached to an extremely-high level, compared to the last 15 years.
- The stochastic indicator issued a sell signal, as the blue circle shows in the second panel, which we identified in our last report.
- We feel the rally may have run its course. Even if there is still some room left, the upside potential is limited in our view, given the magnitude of the price increases from the through in Mach 2020 and the current extremely-high price level.

Source: Bloomberg and MIM

Gold: Sideways Market Continues

- We feel that gold is in a sideways and volatile market.
- Currently, it is at the lower bound of the trading range between 1756 and 1913.
- If there is a break below 1756, we believe that the next support is around 1678.

Source: Bloomberg and MIM

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Jun Jiang is a Market Strategist in Global Economic & Market Strategy team, where he helps to develop and communicate the firm's global macro-economic outlook and market views as well as assisting in the overall asset allocation and portfolio management process. Previously, Mr. Jiang was in the Global Portfolio Strategy unit, where he worked on portfolio strategy and portfolio analytics. Mr. Jiang joined MetLife in 2011. Prior to joining MetLife, Mr. Jiang was a Credit & Portfolio Risk Management Analyst at Citigroup.

Mr. Jiang earned a Ph.D. degree in Polymer Physics from SUNY-Stony Brook in 2007 and an MBA degree from Cornell University in 2009. Mr. Jiang is a Chartered Market Technician (CMT) and Chartered Financial Analyst (CFA) charterholder.

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