



# Technical Analysis Chart Pack

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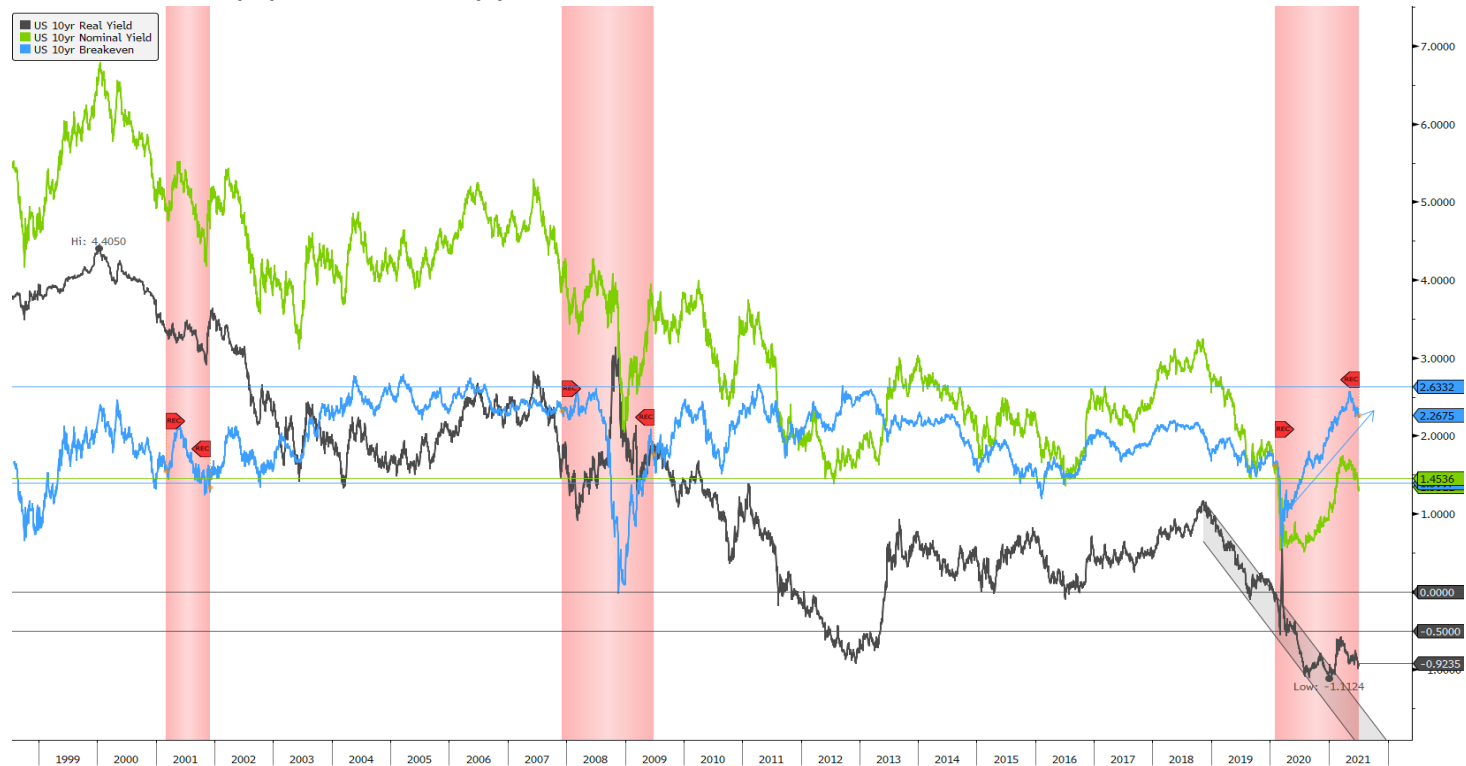
# Key Market Themes

The G4 government bond yields have been grinding lower from their recent peaks for last few weeks. The immediate downtrend may continue. US 2s10s yield curve spread seems to be more predictable than the 10yr yield level. Continued equity rally and tightening HY spread suggest that market sentiment remains bullish. US Dollar is stabilizing. Commodity rallies are intact, while they are approaching key resistances.

- Inflation Expectation: Might Have Peaked
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- JGBs 10 Yr Yield: A Long-Term Rang Bound Game
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- Gilts 10 Yr Yield: Turned Downward
- US HY Spread: On The Way To Challenge All-Time Lows
- S&P 500: 100% Return Since March 2020
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- WTI Crude Oil: Uptrend Approaching to A Key Resistance – \$80/barrel
- Copper: Not A Confirmed Sell, At Least Not Yet
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# Inflation Expectation: Might Have Peaked

- US 10yr breakeven failed to break above the key resistance around 2.6%, which is a cap level that has been held for the last 20+ years.
- The inflation expectation has been the key driver for the higher US 10yr yield since the mid-last year, when the real yield basically are going sideways.
- In last few weeks, as the inflation expectation seems to have peaked and may move lower, the real yield is the only remaining force that could drive up the nominal yield. The continued US and global economic recovery/expansion is supportive for higher real yield. Our house view on US 10yr yield is 1.75% by year-end.



Source: Bloomberg and MetLife Investment Management (MIM)

# US 10 Yr. Yield: Short-Term Trend Is Downward

- The yield broke below the key resistance of 1.45%, which suggests to us that the risk is to the downside.
- The negative momentum confirms the short-term downtrend, as the MACD indicator shown in the second panel.
- The stochastic indicators (in the third panel) broke below 80, which also signals that the downtrend may continue.
- We believe the next resistance is about 1.10 ~1.20%, which is the long-term moving average, the orange line in the first panel.



Source: Bloomberg and MIM

# US 2s10s Curve: Capped by 1.5%

- 1.5% is a well tested level in past few economic cycles. Please see all the blue circles.
- The US 2s10s yield curve usually peaks between 1.5% and 3% after a recession, based on the limited historical peaks in the chart below.
- Although the short-term trend for the spread has turned downward, we feel the long-term uptrend is intact.



Source: Bloomberg and MIM

# JGBs 10 Yr. Yield: A Long-Term Rang Bound Game

- The yield keeps grinding down toward 0% in last few months, 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 foreseeable future.



Source: Bloomberg and MIM

# Bunds 10 Yr. Yield: Failed to Stay Above -0.20%

- The yield breached the key support of -0.20% a few weeks ago, but now is back below it.
- The momentum indicator suggests to us that the downward move may haven't run its course yet.
- We believe the next resistance is around -0.40% and then -0.50%.



Source: Bloomberg and MIM

# Gilts 10 Yr Yield: Turned Downward

- The yield broke below the key resistance – 0.72%, and may continue to move lower with the supportive signal from the momentum indicator in the second panel.
- We feel the next support is about 0.5% and then 0.4%.

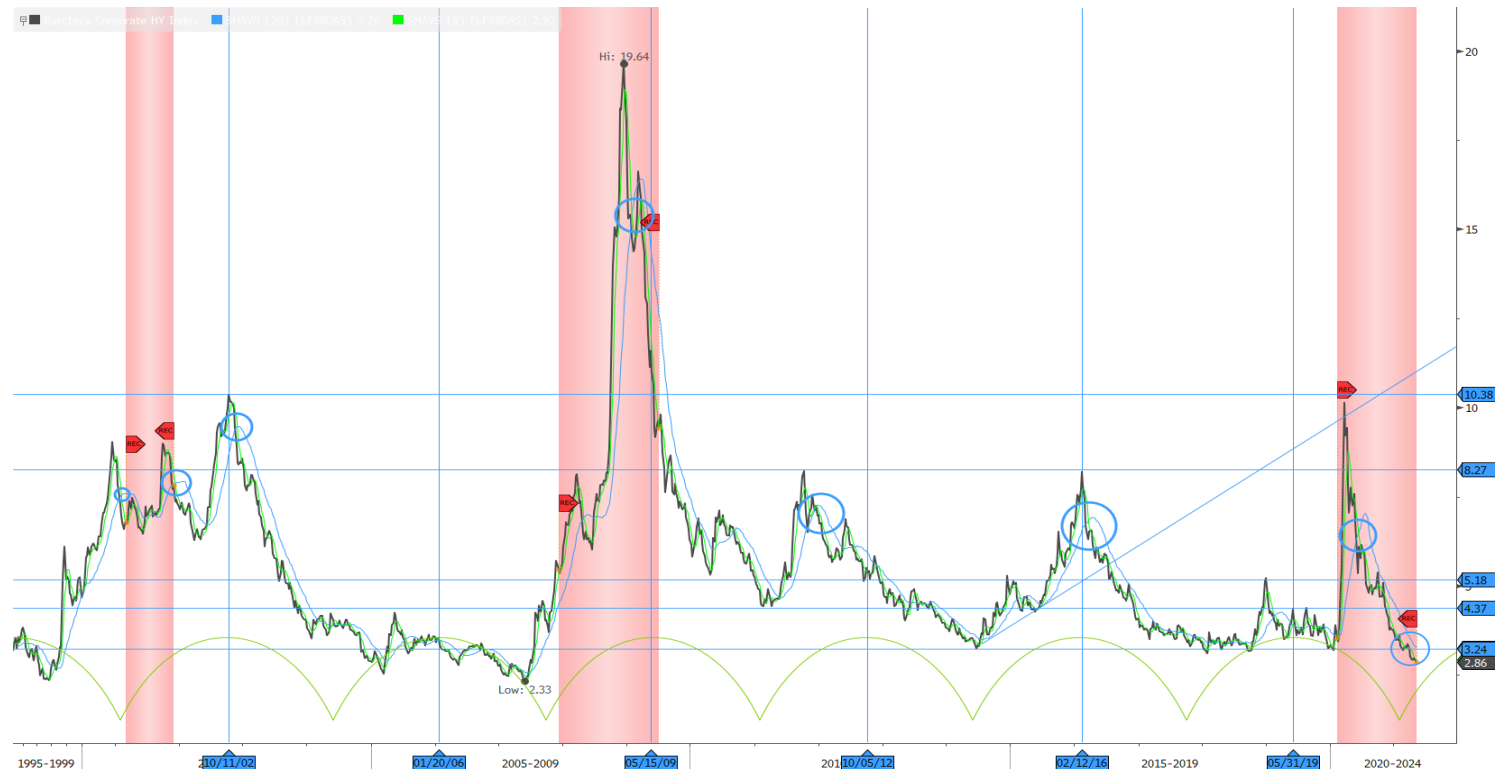


Source: Bloomberg and MIM



# US HY Spread: On The Way To Challenge All-Time Lows

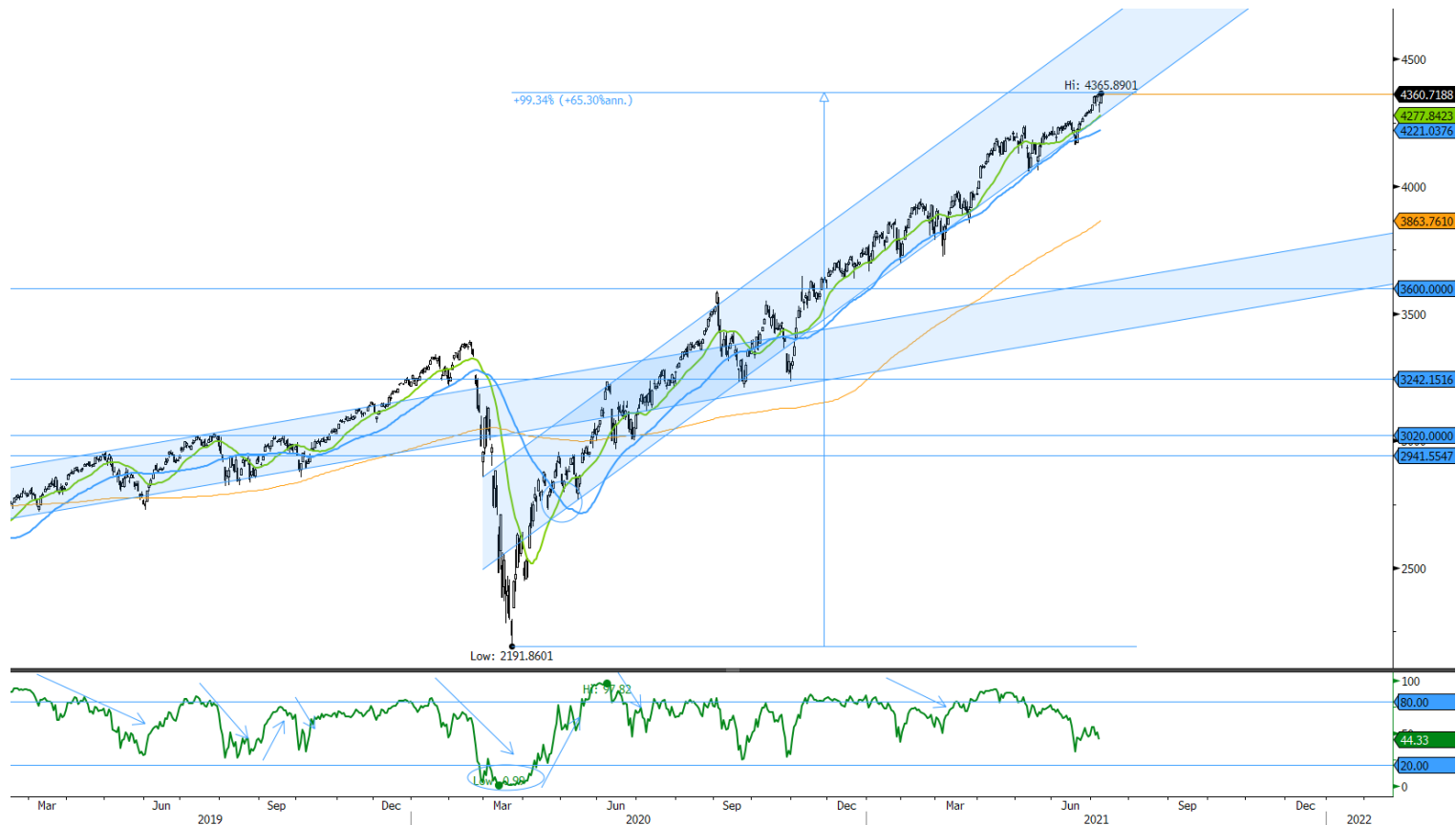
- The spread continues tightening, which we feel confirms the bull market for equity.
- The spread has reached the lowest level post-GFC, and is lower than those of pre-COVID.
- It is only about 50 bps away from all-time lows on record (233 bps in 2007).
- According the cycle indicator at the bottom, the spread may have reached the through or at least very close to through in this cycle. It means that the room for further tightening is limited, but does not necessarily mean the spread would widen immediately. The 2004 to 2007 cycle is an example that spread could remain pretty tight for an extended period.



Source: Bloomberg and MIM

# S&P 500: 100% Return Since March 2020

- We feel the uptrend remains loud and clear.
- The return from the very bottom in March 2020 to today, is almost 100%.
- We believe the next resistance is about 4400/4500.
- The lower bound of the upward trading channel may serve as the short-term support.



Source: Bloomberg and MIM

# DXY Dollar Index: Forming A Double Bottom - Not Confirmed

- The greenback is forming a double bottom pattern, but only if the prices break above 93, that would confirm the bullish pattern in our view.
- The greenback is able to maintain above the support of 89, and is traded in a broad trading range, which indicates that dollar bear may start losing ground.
- 89 is a well-tested the support. We feel 93 is a near-term resistance, and then 95.



Source: Bloomberg and MIM

# WTI Crude Oil: Uptrend Approaching to A Key Resistance - 80

- The rally of WTI crude oil continues.
- The resistance of \$80/barrel needs to be monitored.
- We believe the strong demand from global economic recovery/expansion and rational behavior from OPEC members support higher oil prices.



Source: Bloomberg and MIM

# Copper: Not A Confirmed Sell Signal, At Least Not Yet

- Copper prices took a dive after peaking around 490, but we feel the uptrend is intact as it is still traded within the upward trading channel.
- The stochastic indicator issued a sell signal, as the blue circle shows in the second panel.
- However, we would more convinced if the price breaks below the support of 407 and the lower bound of the upward trading channel, which we believe would confirm the change of the uptrend.



Source: Bloomberg and MIM

# Gold: A Sideways Market

- The current gold prices are about the same at those at the beginning of the year, although they are volatile.
- Gold has been struggling to resume the medium to long-term uptrend for the last couple of months, but it remains traded in a range bound.
- However, the stochastic indicator in the second panel is tentative to issue a buy signal for the immediate-term, as it may be currently over sold.
- We believe the next support is about 1756, and the next resistance is about 1913.



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.

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