

Technical Analysis Chart Pack

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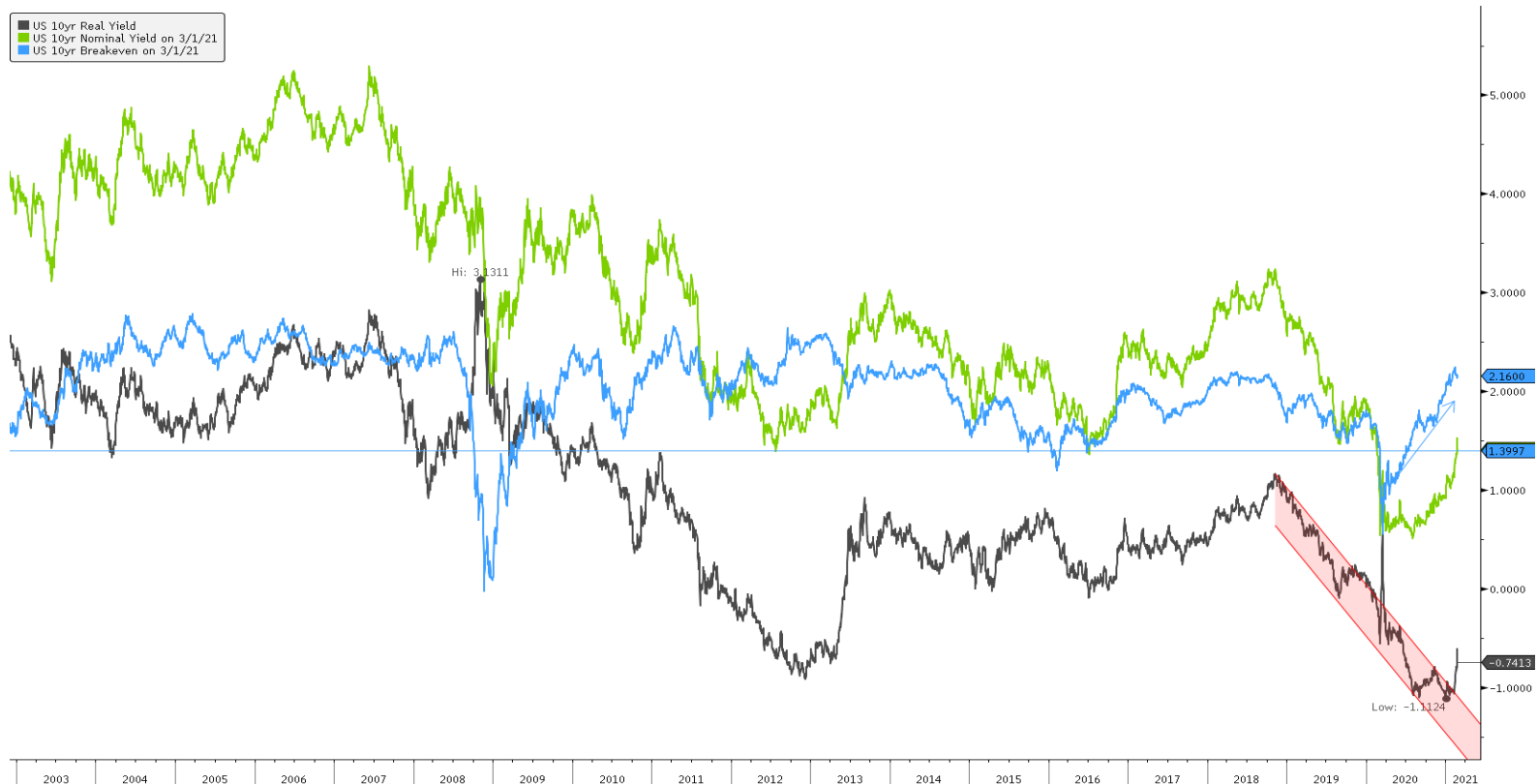
Key Market Themes

Reflation, Higher Interest Rates and Rotation remain the key drivers for the markets in the recent weeks. We see that several markets reached their key inflection points and extreme levels. HY spread is at the richest level since post-GFC. The greenback is at the key support. EM FX currency seems peaked already. Copper is very close to the record highs. Overall, the existing trends for many markets are intact, but how these inflections points are resolved will give us signals for next market moves.

- US 10 Yr Real Yield: Is Moving To The Driver Seat
- DXY Dollar Index: Long-Term Downtrend Is Intact
- EM Currency Index: Reached To The Mountain Top
- US 10 Yr Yield: Short To Medium-Term Uptrend Remains
- US 30 Yr Yield: Moving Closer To The Long-Term Support
- US HY Spread: Tightest Level Since Post-GFC
- S&P 500: Uptrend Is Intact
- US Value vs. Growth: Value Continues Outperforming
- WTI Crude Oil: Closer To The Key Resistance
- Copper: Too Fast, Too High
- Gold: Losing Its Shine

US 10 Yr Real Yield: Is Moving To The Driver Seat

- Inflation expectation is moving closer to the highest level since post-GFC. Although the trend remains upward, we believe that it is very difficult to break above 2.5~3.0%.
- The most recent sharp increase of US 10yr nominal interest rate was mainly driven by the increase of the real yield.
- The real yield swiftly broke above the upper bound of the downward trading channel, which could be viewed as a confirmation of the ongoing economic recovery from the bond market.



Source: Bloomberg and MetLife Investment Management (MIM)

DXY Dollar Index: Long-Term Downtrend Is Intact

- The greenback continues to hold above the key support of 89 since our last report, but the long-term downtrend remains.
- Given the higher inflation, negative 2-year real yield differential and still overvalued based on REER, we expect the greenback to remain under pressure.
- However, if there is a break above 92, it would indicate turning of the current downtrend.



Source: Bloomberg and MIM

EM Currency Index: Reached To The Mountain Top

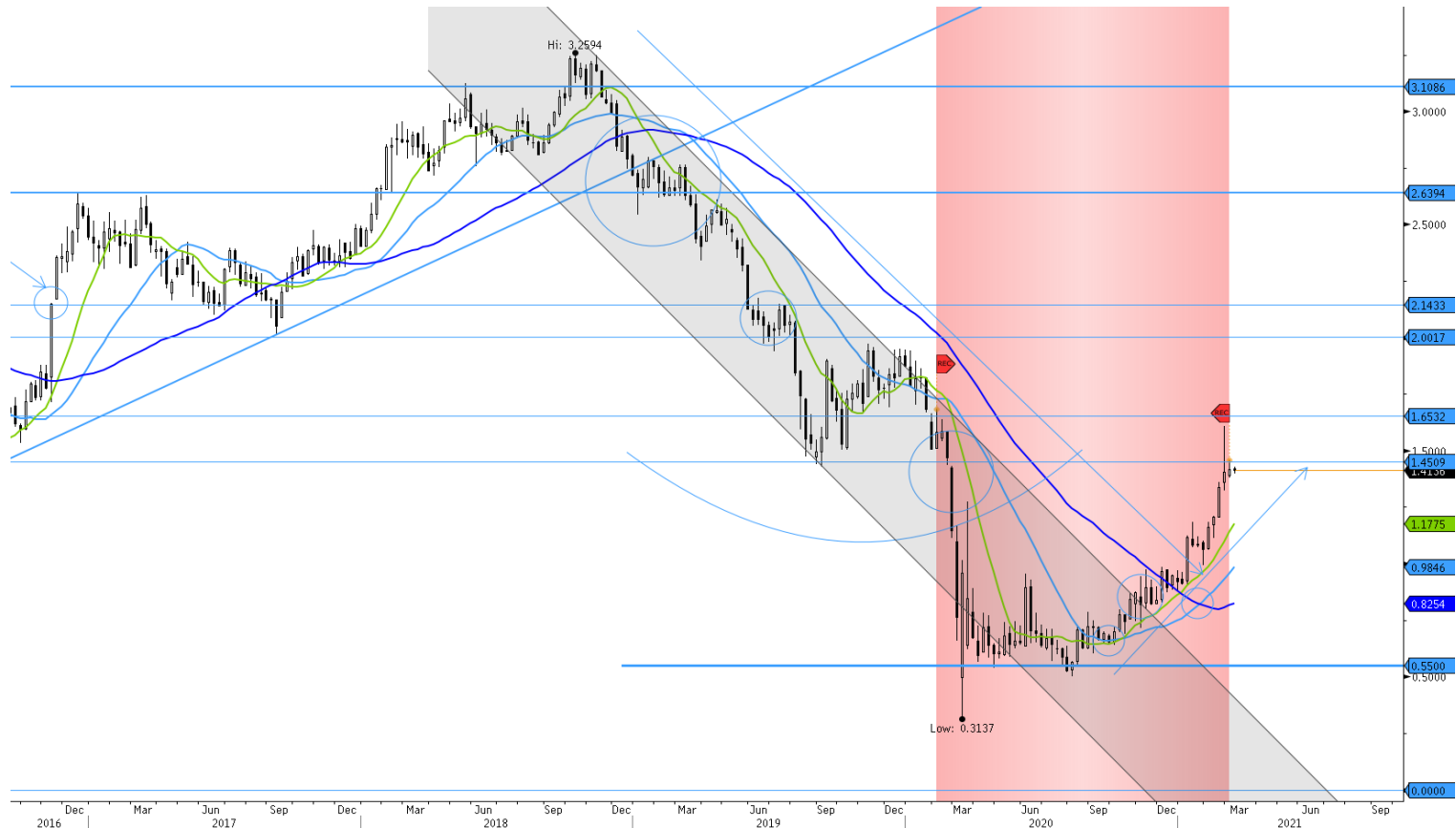
- As the DXY index is holding above the key support (shown in the last slide), the EM currency index has reached all-time highs and now is consolidating.
- The MACD indicator (in the second panel) suggests that the momentum of the current rally has turned negative, which suggests that a correction or trend-turning could follow.
- EM equity is highly correlated with EM currency index. Therefore, the current uptrend for EM equity would be under pressure, if the EM currency starts weakening from here.



Source: Bloomberg and MIM

US 10 Yr Yield: Short To Medium-Term Uptrend Remains

- The yield has reached the key support – 1.5%, which was identified previously.
- A consolidation is expected, while the short to medium-term trend remains upward.
- If there is a break above 1.5%, the next support is likely to be around 1.65% before testing the much stronger support of 2%.



Source: Bloomberg and MIM

US 30 Yr Yield: Moving Closer To The Long-Term Support

- The yield increased dramatically in last few weeks. Now it is about 30bps below the upper bound of the downward trading channel.
- While the trend remains upward, the bond is oversold (the blue circle in the second panel). As we can see from the historical oversold conditions, the yield usually peaked and went down once the RSI indicator issued a buy signal. Currently, there is no confirmation for a buy signal yet.
- The upper bound of the downward trading channel, around 2.5%, is the next support in our view.



Source: Bloomberg and MIM

- The HY credit market has tightened back to the pre-pandemic level.
- The spread is currently traded around the key resistance level – 324.
- While the HY bond index is extremely rich, there is no confirming signal for spread widening.
- However, the cycle indicator at the bottom of the chart shows that the spread may have reached the trough of this cycle.



S&P 500: Uptrend Is Intact

- As stated before, the uptrend for S&P 500 is loud and clear.
- The volatile market started last week should be viewed as a healthy correction/consolidation, although it has not been fully resolved. The lower bound of the upward trading channel is worth being closely monitored. If there is a break below that level, it would imply a change of the medium-term uptrend.
- We feel the next resistance is about 4000, and the next support is about 3700.



Source: Bloomberg and MIM

US Value vs. Growth: Value Continues Outperforming

- The US value stocks continue outperforming the US growth stocks in last few weeks.
- As mentioned in our prior report, we expect the US 10yr yield to move higher, but not dramatically. Therefore, we believe that values stocks may outperform growth stocks modestly, unless the US 10yr yield jumps significantly.



Source: Bloomberg and MIM

WTI Crude Oil: Closer To The Key Resistance

- WTI Crude Oil continues its current rally.
- Our price target range is about \$60 to \$65/barrel.
- \$65 is a much stronger resistance, which has been held for a couple of years.



Source: Bloomberg and MIM

Copper: Too Fast, Too High

- The dramatic increase of copper prices implies the solid economic outlook for the next few quarters, which is good news.
- However, the copper price has reached an extremely-high level. Currently, it is at an inflection point, around 407. The last week's shooting star candlestick pattern suggests that a consolidation/correction is very likely.



Source: Bloomberg and MIM

Gold: Losing Its Shine

- The short to medium-term has turned downward.
- The short-term moving average (the green line) crossed below the long-term moving average (the blue line), which is a negative signal.
- In addition, the gold price breached below the lower bound of the upward trading channel, which will be also a sell signal if the weekly bar closes below the lower bound.



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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