



Technical Analysis Chart Pack

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Key Market Themes

The intermarket relationship shows that the overall markets are approaching to an inflection point, while most of the current trends remain and may still have some room to run. Commodity price actions may provide some early signals about the direction of the next big move of other markets.

Rates:

- 10yr yields of U.S. Treasuries, Bunds and Gilts continue surging, except JGBs are capped by the upper-bound target of the Bank of Japan's Yield Curve Control (YCC).

Credit:

- The widening trends for U.S. IG and HY are intact, although the magnitudes are small relative to the historical levels. We don't expect spreads to have a major risk-off move, given the solid corporate fundamentals.

Equity:

- The market breadth and moving-average-cross indicators issued a sell signal for DM equity. The downtrend for EM equity continues. U.S. equity remains under downward pressure. Chinese equity remains a downtrend and is testing a key support.

Commodities:

- WTI crude oil, Copper and Gold are consolidating around their prior peaks / key resistance levels, while the uptrends are intact. The commodity prices, especially energy, are one of the main drivers for higher inflation and higher rates.

FX:

- The strengthening trend for the greenback continues, but some of the pairs, e.g., EUR, AUD and DKK, are approaching to their key support/resistance levels. Commodity currencies outperformed, such as ZAR, COP, BRL, and CLP. Some European currencies are negatively impacted by Russian/Ukraine crisis. The BOJ's YCC and the global yield surge have driven USDJPY to the highest level in 20 years.

U.S. 10 Yr Yield: Is the Current Uptrend Close to the End?

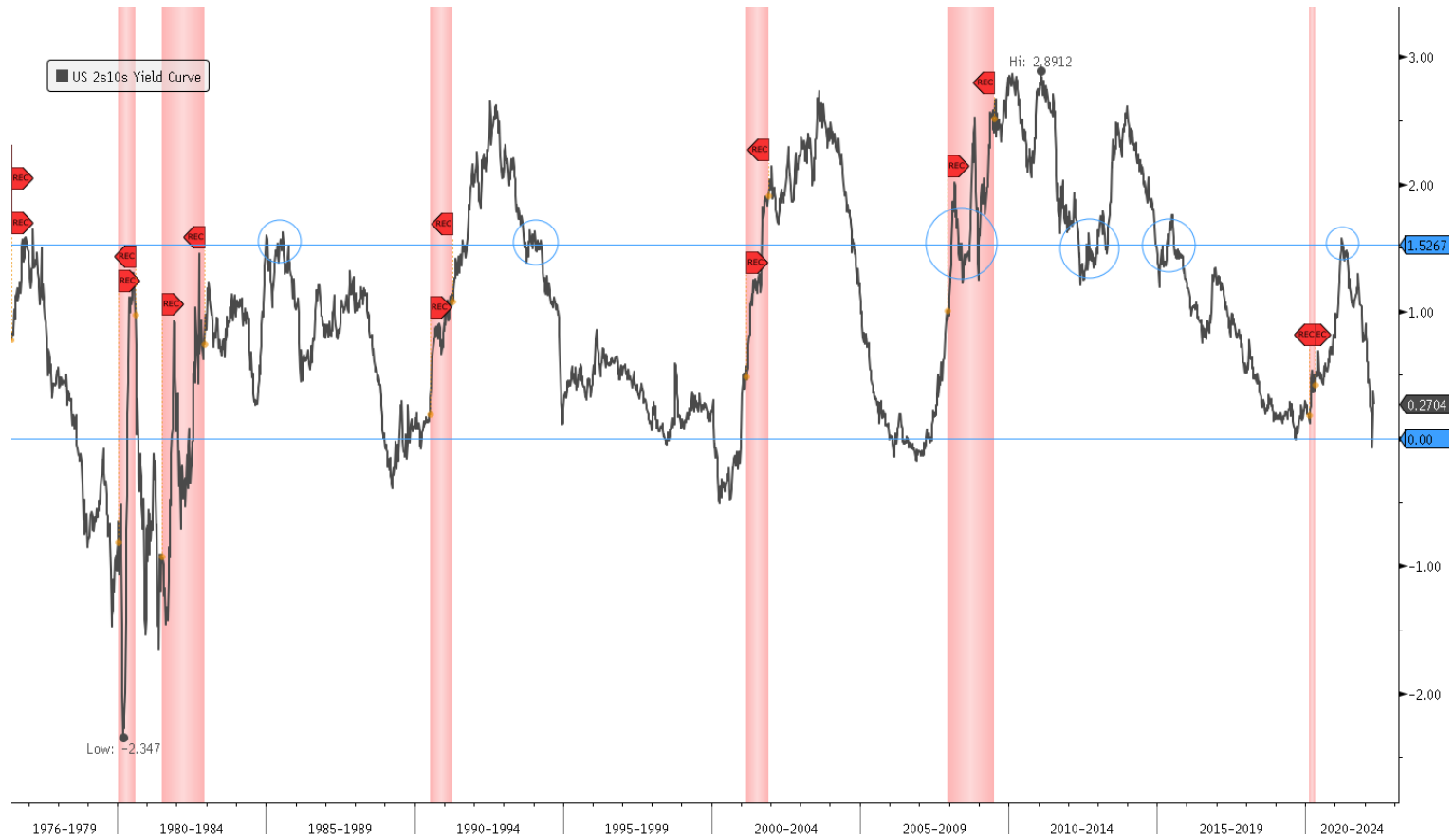
- The yield has crossed above the 2.64% level, a prior identified support level, without any hesitation.
- The short and medium-term trends remain upward in our view.
- We see the next stronger support is around 3%, which we believe should be able to hold. We feel 3.25% is the next support level.
- We feel the stochastic indicator in the second panel shows that 10yr treasury bond is currently oversold, but it has not issued a buy signal.
- A “Doji Star” candlestick pattern seems developing this week, which is a bearish signal, but it has not been confirmed yet. It is worth closely monitoring to identify early trend-turning signal.



Source: Bloomberg and MIM

U.S. 2s10s Yield Curve: Stays Above the Zero, For Now

- We feel the trend for the 2s10s yield spread remains downward.
- It bounced off the zero level and avoided the curve inversion, for now.



Source: Bloomberg and MIM

Gilts 10 Yr Yield: The Uptrend Remains

- The yield broke above the trading zone of 1.0% and 1.5%.
- The short- and medium-term trends remain upward in our view.
- It is approaching to 2%, the next support, around which we expect a consolidation or correction.
- After 2%, the next support could be around 2.3%, the 76% retracement level from 2020 lows.



Source: Bloomberg and MIM

Bunds 10 Yr Yield: Formed a Strong Rounding Bottom

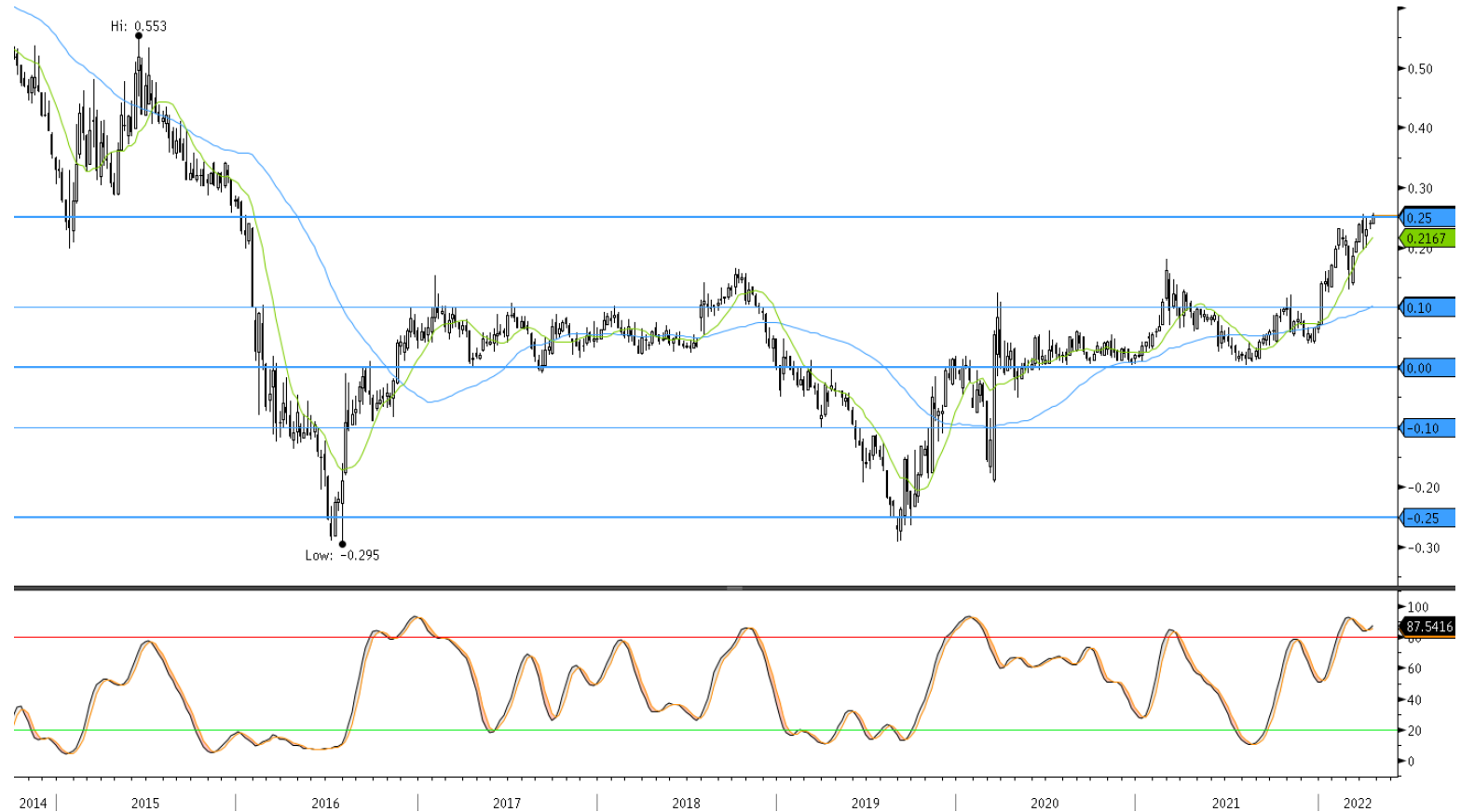
- The uptrend for Bunds 10-year yield continues.
- The yield formed a multi-year rounding bottom pattern by breaking above the 0.656 level, which suggests to us the risk is to the upside.
- We feel the immediate support is at about 1.0%. If the yield breaks above that, the next stronger support could be as high as 2% in our view.



Source: Bloomberg and MIM

JGBs 10 Yr Yield: Reached the Ceiling of BOJ's YCC

- The yield reached 0.25%, which is the upper-bound target of the Bank of Japan's Yield Curve Control (YCC).
- The global yield surge and the potential for policy rates from other central banks to increase are putting upward pressure on the JGBs 10 yr yield.
- As the BOJ remains committed to its YCC policy, we do expect a consolidation around 0.25%.



Source: Bloomberg and MIM

U.S. HY Spread: The Mild Widening Trend Is Intact

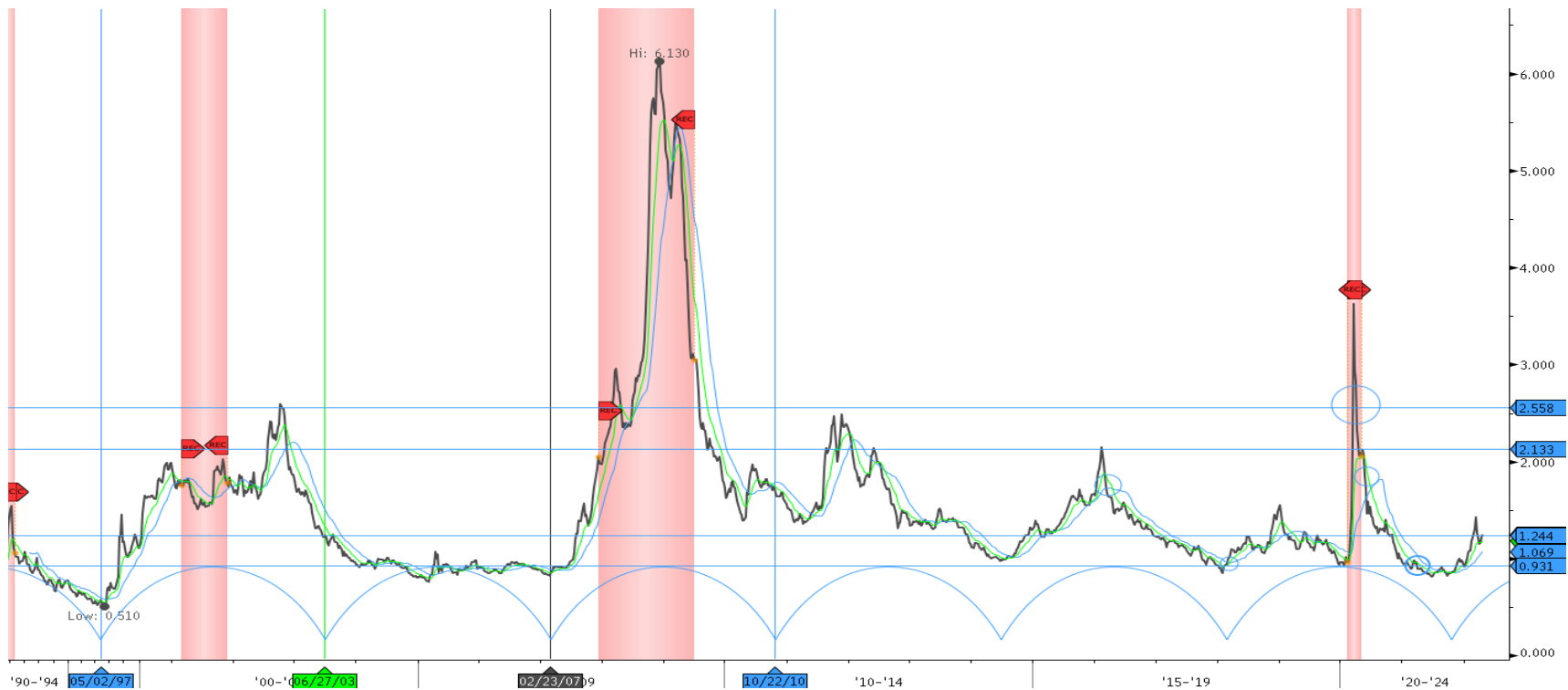
- The spread seems to have formed a bottom.
- The spread widened 70bps and retraced most of that in last month or so, but the slightly upward-tilted trend remains intact.
- The current spread level remains relatively low compared to the pre-pandemic levels, and doesn't suggest a major risk-off movement, in our opinion.
- We believe that the solid economic outlook and the strong corporate fundamentals are supportive for the HY spread.



Source: Bloomberg and MIM

U.S. IG Spread: The Widening Trend Is Intact

- The U.S. IG spread has a similar pattern and trend as that for the U.S. HY spread.
- The short-term trend has turned upward, and the spread remains relatively low-to-fair compared to the longer history.



Source: Bloomberg and MIM

MSCI World Equity: Downward Pressure Remains

- The index has crossed below the short-term moving average.
- The MACD momentum indicator in the second panel has issued a sell signal.
- The market breadth indicator, the percentage of members above their 200-day moving average in the third panel, has been in a declining trend since last year.
- All three signals suggests to us that the world equity index remains under downward pressure.
- The next support could be the upper bound of the upward trading channel and then the long-term moving average (the blue line in the first panel) in our view.



Source: Bloomberg and MIM

DM Equity: A Sell Signal Has Been Issued

- A sell signal has been issued by the “Death Cross” pattern, i.e., the short-term moving average crossed below the long-term moving average.
- The market breadth indicator in the second panel also issued a trend-turning signal with a bearish-divergence pattern, meaning the prices were trending upward, while the market breadth was in a downtrend.



Source: Bloomberg and MIM

EM Equity: The Downtrend Continues

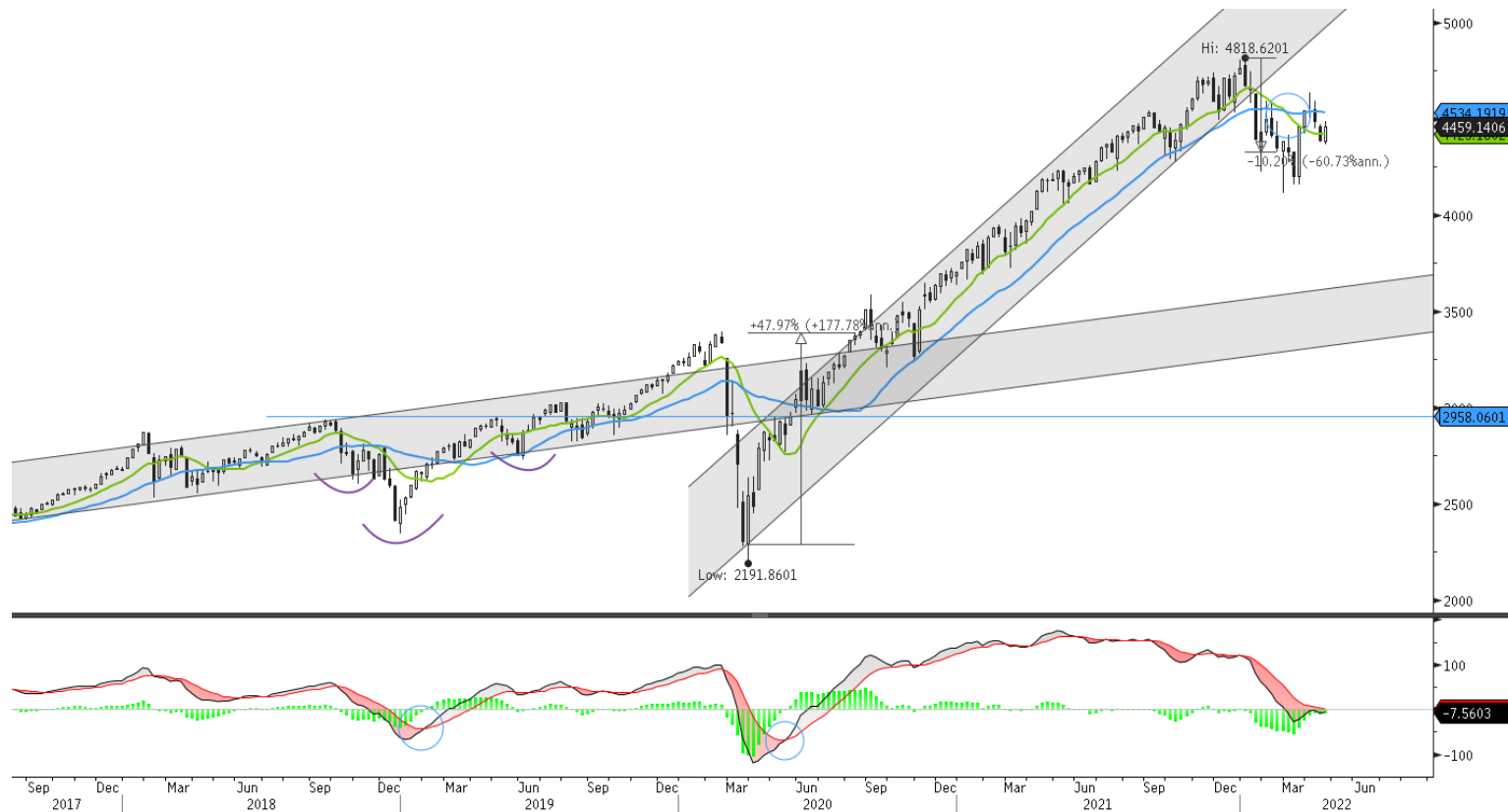
- Both the short and long-term trends remain downward.
- The MACD indicator in the second panel shows some improvement on the momentum, but we don't see it does not signal trend turning.
- The stochastic indicator in the third panel suggests to us that the index remains oversold.
- We feel the next support is the psychological level - 1000, and then the support line around 929 in our view.



Source: Bloomberg and MIM

S&P 500: Turning Sideway, while Downward Pressure Remains

- The index has a similar pattern as the DM equity index.
- The momentum is close to zero, as shown in the second panel.
- The downward pressure remains, as higher interest rates put pressure on tech/growth stock valuations.



Source: Bloomberg and MIM

Copper: Continues Consolidating around the Peak Levels

- It seems that the copper prices have been consolidating around the prior peaks and the 2011 highs, although we feel the long-term uptrend remains intact.
- Given that the global manufacturing PMI index is slowing, we feel, it is very likely that copper has peaked.
- The next key support is around 407, in our view.



Source: Bloomberg and MIM

Gold: The Uptrend Remains, but Capped by 2000

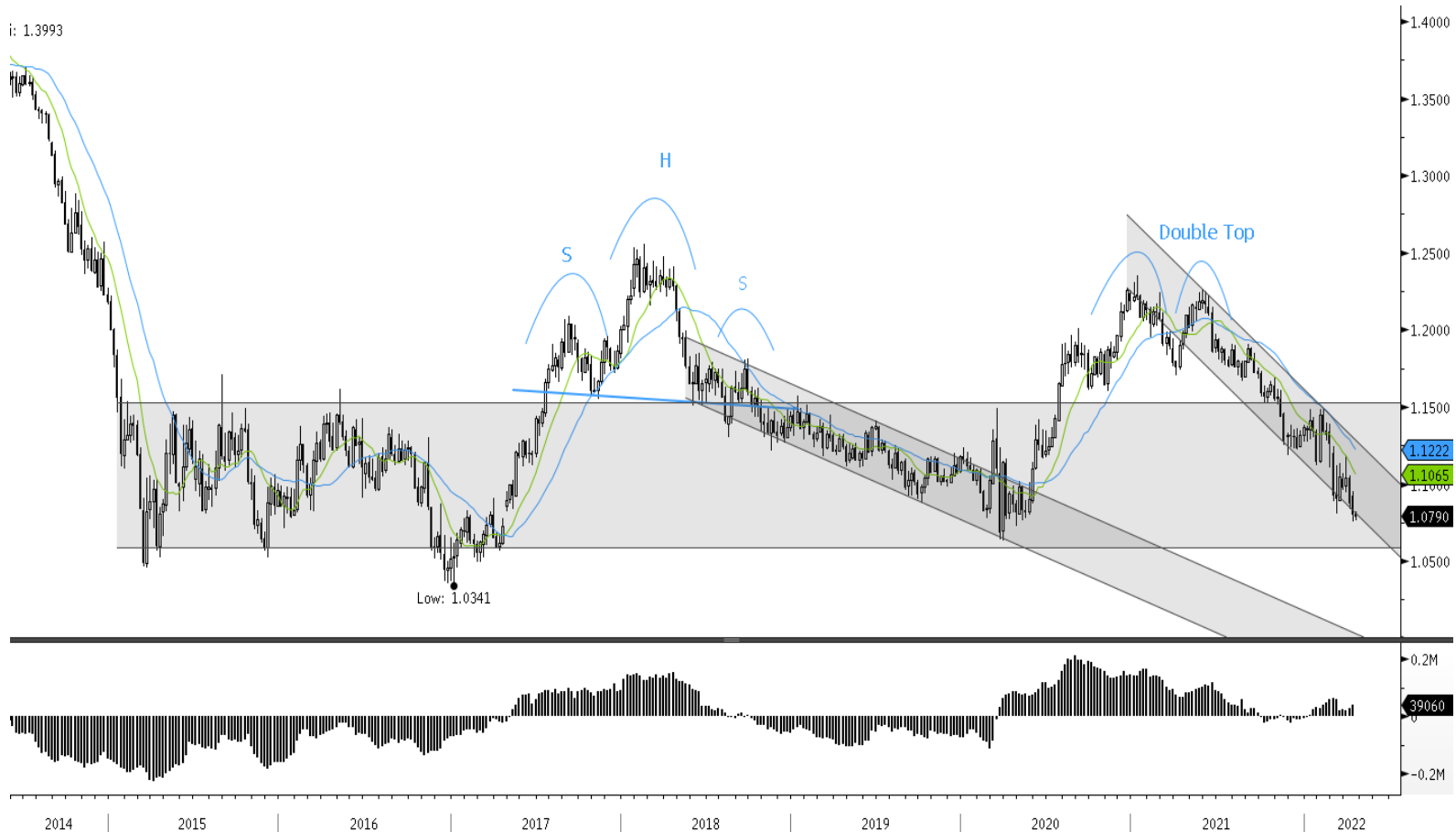
- Gold made a swift upward move, after breaking above the upper side of the symmetric triangle pattern.
- It has been capped by the key resistance – 2000 in the last few weeks.
- While we feel the trend remains upward, it needs to break above 2000 to continue the upward trend.
- The MACD indicator in the second panel shows that the momentum is slowing in our view.



Source: Bloomberg and MIM

EURUSD: Is Closer to the End of Current Downtrend?

- The downward trend for EURUSD remains.
- It is approaching to the well-tested key support - 1.06.
- The CFTC position data, in the second panel, indicates that investors are building up their long position in EUR.



Source: Bloomberg and MIM

AUDUSD: The Risk is to the Downside, in the Short-Term

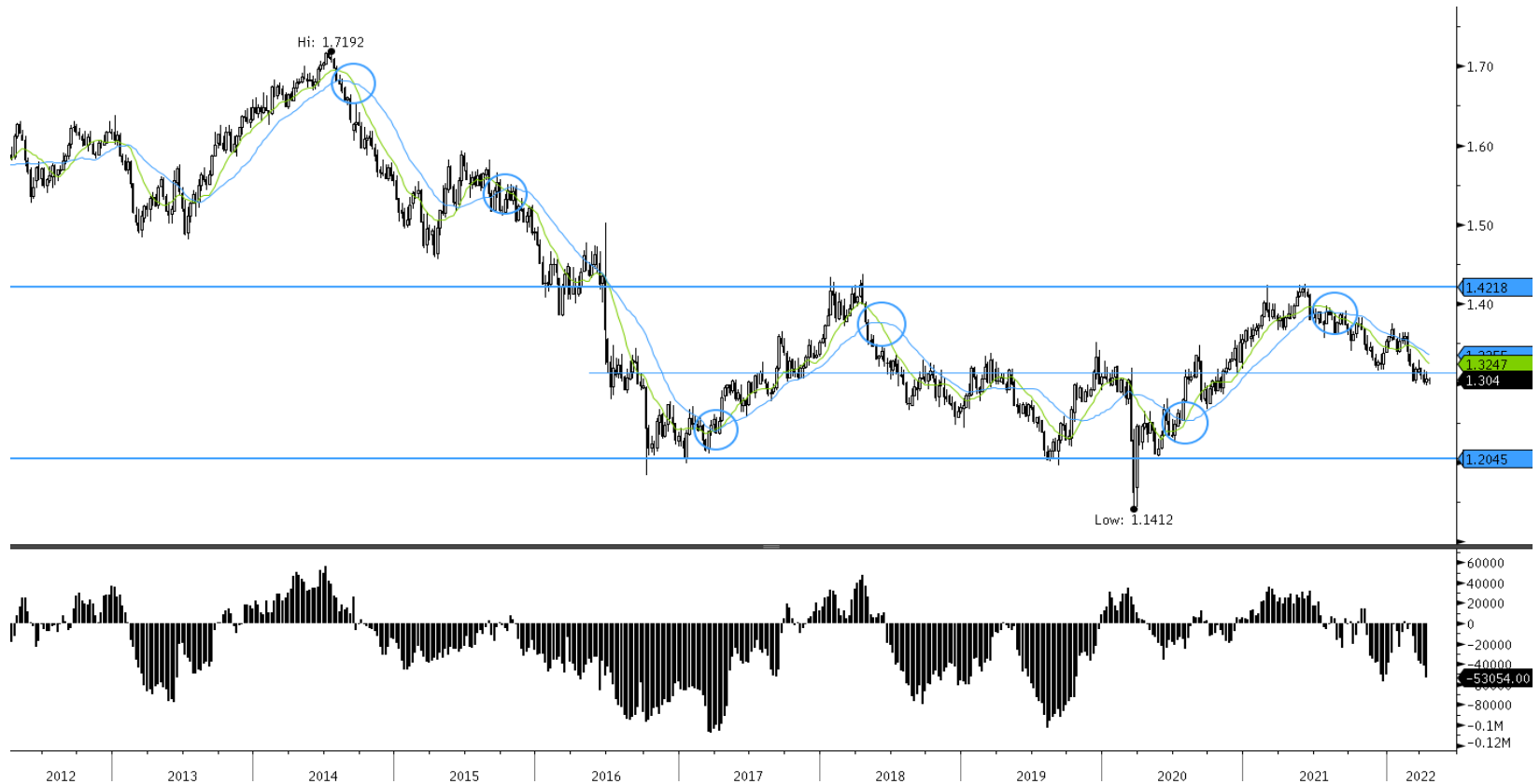
- The uptrend for the pair was rejected by the resistance – 0.75.
- The upward momentum is also slowing.
- The CFTC position data shows that investors are trimming their extreme short positions, which may limit the magnitude of a potential downward move.
- The next support is about 0.70, and the next resistance is about 0.75 and then 0.80, in our view.



Source: Bloomberg and MIM

GBPUSD: The Downward Trend Continues

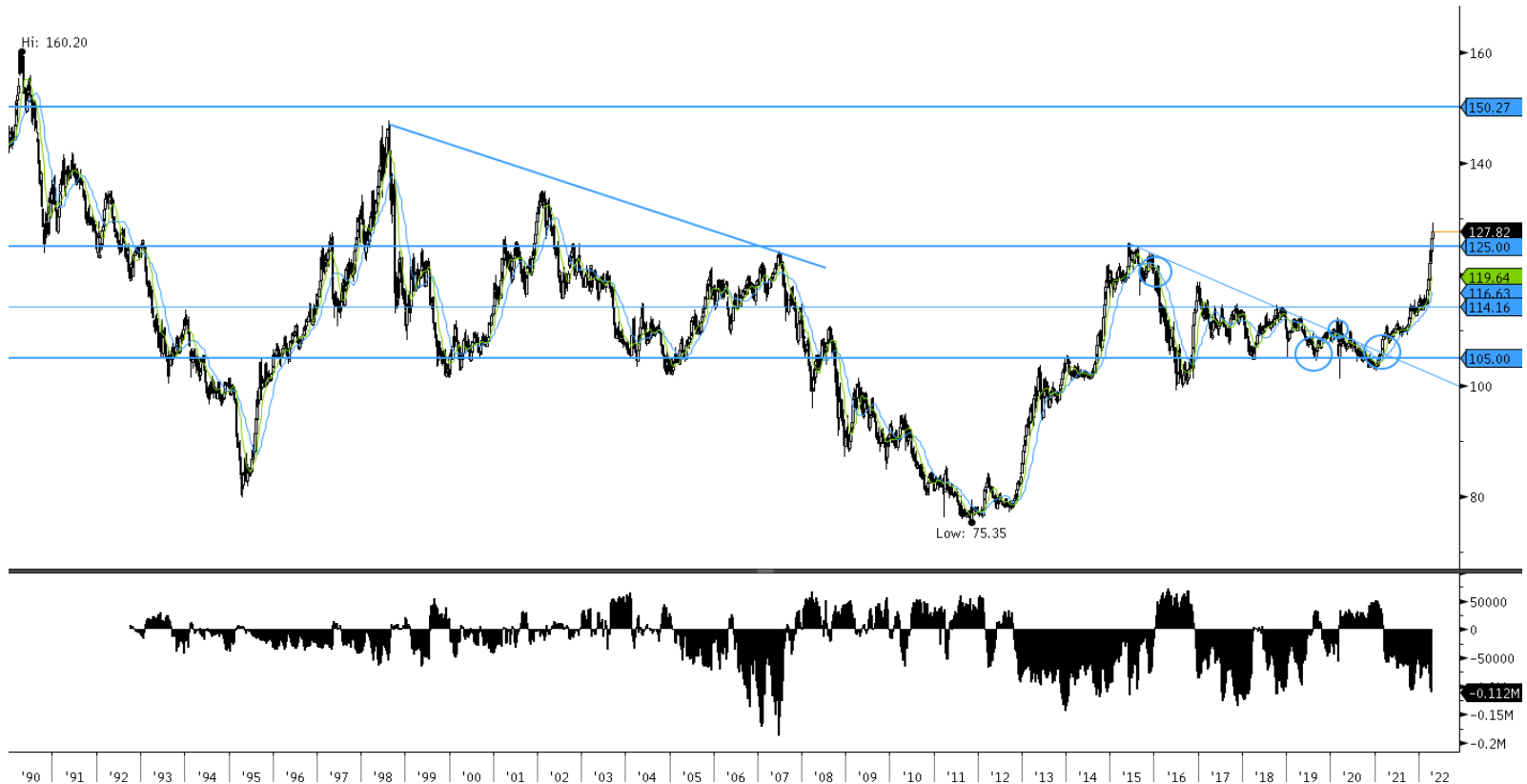
- The pair has formed a downward trend since mid-2021.
- The trend seems in the process of breaking below the support – 1.31.
- The CFTC position data shows that investors remains short the pair.
- We believe that the current trend could continue.
- The next support is about 1.20 in our view.



Source: Bloomberg and MIM

UYDJPY: Going to 150?

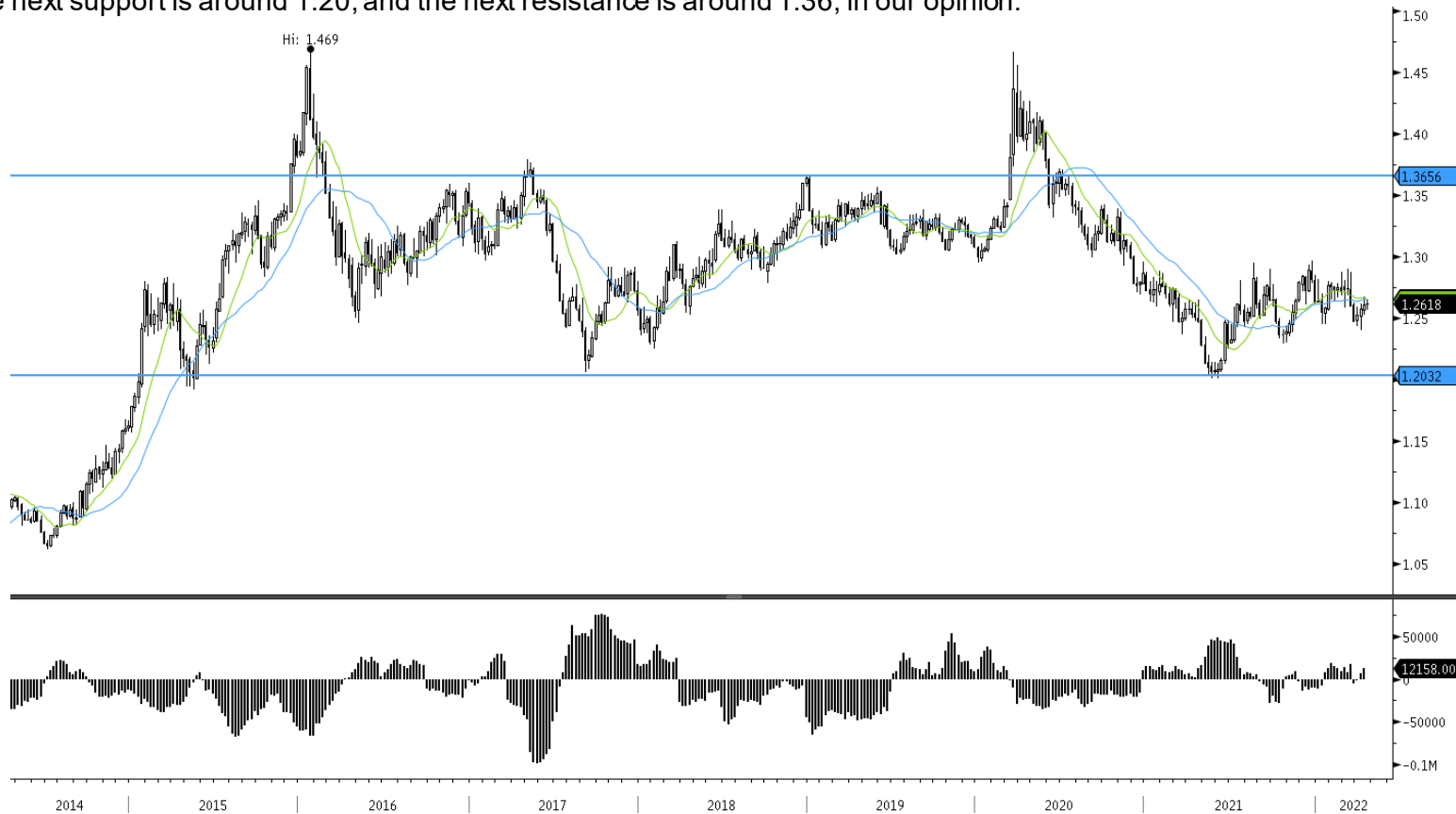
- The pair broke above the prior peak level – 125, without much resistance.
- Investors remains bearish on Yen, maintaining their extreme short position.
- The CFTC position data shows that investors have a pretty good track record to be on the right side of the Yen market.
- The next stronger resistance is about 150 in our view.
- While the current uptrend remains, we believe that the pace of the uptrend may slow.



Source: Bloomberg and MIM

USDCAD: A Sideways Market

- CAD has appreciated significantly against USD, 18%, from April 2020 to May 2021.
- Since then, the pair has been traded in a sideways market.
- The CFTC position data shows that investors don't have a strong directional bet currently, which confirms to us the range round price pattern.
- The next support is around 1.20, and the next resistance is around 1.36, in our opinion.



Source: Bloomberg and MIM

NZDUSD: The Medium-Term Downtrend is Intact

- The medium-term downtrend for the pair remains in our view.
- The CFTC position data shows that investors are in a neutral stand.
- 0.62 and 0.74 serve as the next support and resistance respectively, in our view.



Source: Bloomberg and MIM

USDILS: The Long-Term Downtrend Remains

- The pair broke below the long-held support – 3.37 in late 2020.
- We feel the current downtrend is intact, despite the recent correction.
- We see that 3.37 serves as a key resistance.



Source: Bloomberg and MIM

USDDKK: Uptrend Continues, but Closer to a Key Resistance

- We feel the current trend remains upward, but the pair is approaching a key resistance level around 7.00.
- The pair has been swinging between 6 and 7 over the last seven years.
- We believe that the pair would be capped by the key resistance – 7.00.



Source: Bloomberg and MIM

USDSEK: Approaching to the Multi-Decade Highs

- We feel the trend remains upward.
- The pair is moving closer to the prior peak levels formed during pandemic, which should be held in our view.
- We believe that the level -10.39 may offer a good risk/reward ratio for a short position.
- The stochastic indicator in the second panel gives a countertrend signal, meaning that the uptrend may change. However, the price pattern has not confirmed that.



Source: Bloomberg and MIM

USDPLN: The Uptrend Remains

- The long-term uptrend remains intact, while the pair is moving closer to 4.65/4.74 the prior peak levels formed in 2000.
- The short-term trend remains upward as well in our view.
- We think that the upper bound of the upward trading channel and the prior peaks could serve as a stronger resistance. Therefore, we expect the pair to be capped around 4.65.



Source: Bloomberg and MIM

USDNOK: Formed An Ascending Triangle

- The pair has been in a broad range bound market in last several years, except the pandemic year 2000.
- After recovering from the pandemic shock, the pair has formed an ascending triangle pattern during the last year or so.
- Statistically speaking, a breakout from the upper side is more likely than the lower side of an ascending triangle pattern.
- However, the 9.15 level seems to us like a very strong resistance.



Source: Bloomberg and MIM

USDMXN: Testing the Long-Term Upward Trendline

- USDMXN has been in a downtrend since November last year.
- It is currently sitting above the long-term uptrend.
- We believe the stochastic indicator in the second panel shows that the pair is oversold.
- We expect the pair to maintain above the long-term upward trendline, which is around 20. However, if it breaks below 20, the next support could be around 19 in our view.



Source: Bloomberg and MIM

USDZAR: Short-Term Downtrend Remains, Momentum Slowing

- We feel the short-term down trend remains.
- The next support is around 13.25 in our view.
- The range of 13.25 and 16.25 seems to us t be a long-term broad trading zone.



Source: Bloomberg and MIM

USDBRL: A Crowded Trade

- The pair broke below the lower bound of the trading range, 4.96, which signals to us a continued appreciation trend for BRL against USD is likely.
- However, the extreme long BRL position data indicates that this is a crowded trade, as shown in the second panel.
- We feel the stochastic indicator suggests that the pair is currently oversold.
- The next support is around 4.17 in our view.



Source: Bloomberg and MIM

USDCLP: The Risk Is to the Downside

- The pair broke below the upward trendline, after rejected by the prior peak around 879.
- Subsequently, the short-term moving average crossed below the long-term moving average, which suggests to us that the trend has turned downward.
- The current level offers a good entry point for shorting the pair, with a good risk/reward ratio in our view.
- It is worth pointing out that the pair is oversold in our view, suggested by the stochastic indicator in the second panel.



Source: Bloomberg and MIM

USDCOP: Break or No Break?

- The short-term downtrend for the pair remains, but it may have run its course if the lower bound of the upward trading channel could be maintained.
- However, we feel the higher commodity prices supports stronger COP, so a break below is not impossible.



Source: Bloomberg and MIM

USDHUF: A Consolidation Could be Expected

- The long-term uptrend remains in our view.
- We expect the pair to remain capped by the upper bound of the upward trading channel.
- The current level offers an attractive risk/reward ratio for taking a short position in our view.



Source: Bloomberg and MIM

USDCNY: The Downtrend May Have Run Its Course

- The pair has dropped about 12% from the prior peak.
- The downtrend was halted by the key 6.31 support.
- We feel the pair is currently at an inflection point, while the trend remains tilting downward, but with a much slower pace.
- The MACD indicator also suggests to us that the downtrend has lost its momentum.



Source: Bloomberg and MIM

USDIDR: A Stable and Narrowing Trading Range

- The pair has been in a sideways market with an extremely narrow range.
- The pair formed a symmetric triangle pattern.
- A breakout from either side of the triangle would signal the direction of the next move.



Source: Bloomberg and MIM

USDMYR: The Risk Is to the Upside, after the Breakout

- The pair formed an ascending triangle pattern over the last few years.
- This week, it had a breakout above the upper side of the triangle, which suggests to us that the risk is to the upside.
- Our initial price projection is around 4.5, which is also the prior peak and a stronger resistance.



Source: Bloomberg and MIM

USDSGD: Grinding Higher

- The pair has been traded in a very tight range in the last year or so, with a slightly tilted uptrend.
- The trend remains in our view.
- We feel the next resistance is about 1.38.



Source: Bloomberg and MIM

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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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