

# Technical Analysis Chart Pack

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October 22, 2020

# Key Market Themes

The medium to long-term trends remain the same for most of the markets as we identified before. The consolidations in US equity and credit markets last month are viewed as healthy corrections. The risk appetite remains tepid in last couple of weeks, as investors are waiting on the coming presidential election results, which could be the catalyst for the next big move in the markets. Please see the charts for details.

- **Interest Rate:**

- US 10 Yr Yield: The Short-Term Trend Is Turning Upward
- US 2s10s Curve: Steepening Trend Continues
- JGBs 10 Yr Yield: Close to Zero and Stable
- Bunds 10 Yr Yield: Remains In The Deep Negative Range
- Gilts 10 Yr Yield: The Momentum Of The Downtrend Slowed

- **Credit:**

- US HY Spreads: The Tightening Trend Remains
- US IG Spreads: The Tightening Trend Continues

- **Equity:**

- S&P 500: The Uptrend Is Intact After The Healthy Correction
- EM Equity: Is At A Key Inflection Point

- **FX:**

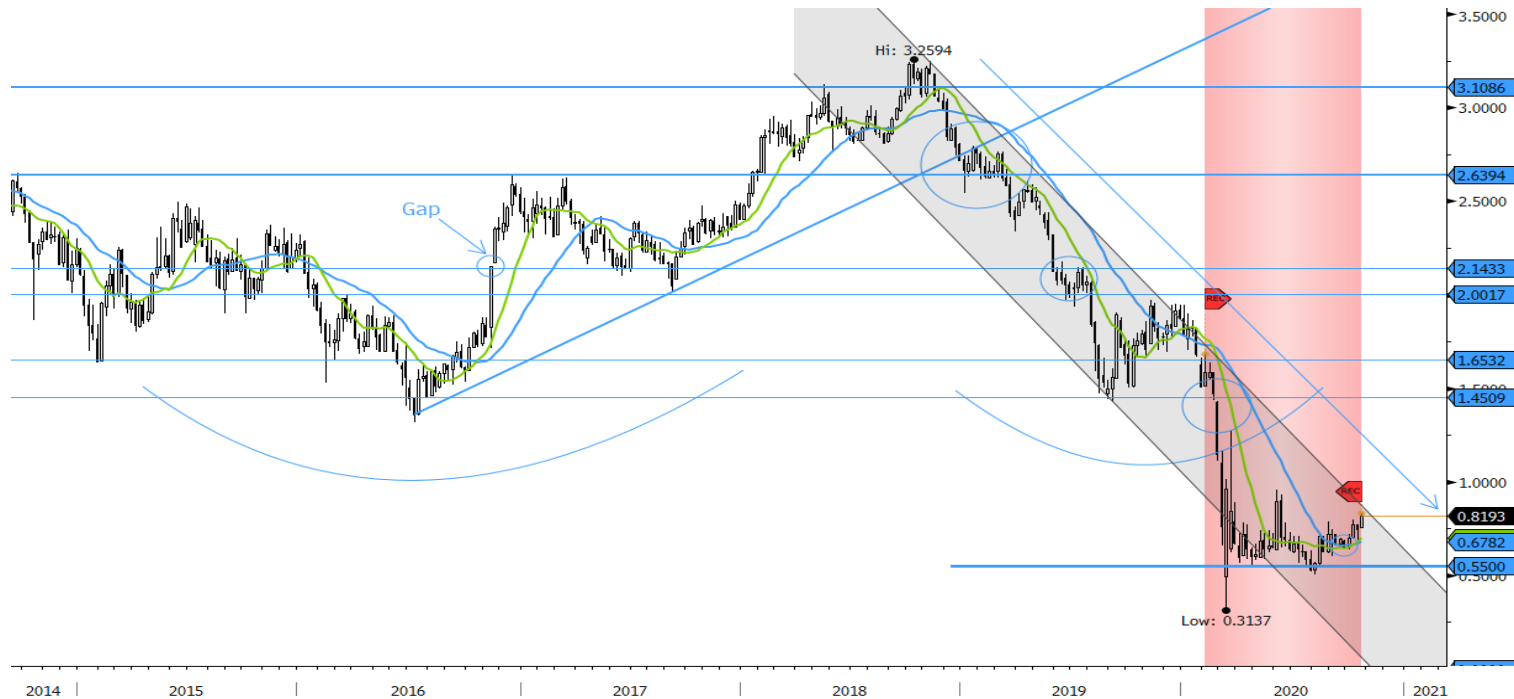
- DXY Dollar Index: A Short-Term Buy Signal Is Triggered

- **Commodity:**

- WTI Crude Oil: Remains Capped By \$42/Barrel
- Gold: Consolidation Continues
- Copper: The Uptrend Continues

# US 10 Yr Yield: The Short-Term Trend Is Turning Upward

- The yield has been in a sideways market for the last 6 months. The strong base pattern (holding above 0.55%) suggests to us that the risk is to the upside.
- The short-term moving average (the green line) crossed above the long-term moving average (the blue line), which indicates that the trend is likely to turn upward in our view.
- However, the yield remains being confined within the downward trading channel (the grey shaded area), meaning that the long-term trend appears to remain downward.
- If there is a break above the upper bound of the trading channel, the yield could move to 1.0%. After that, the next support level is around 1.50% in our view.
- Given the upcoming presidential election in next month, the volatility is expected to increase.



Source: Bloomberg and MetLife Investment Management (MIM)

# US 2s10s Curve: Steepening Trend Continues

- The yield curve has steepened about 13bps, since our last report.
- We see that the steepening trend is likely to continue.
- 1% is the initial target; if that is cleared, 1.5% is the next level in our view.



Source: Bloomberg and MIM

# JGBs 10 Yr Yield: Close to Zero and Stable

- After the big swing in early March, the yield is back to normal, i.e., close to zero, which is the target of Bank of Japan's Yield Curve Control (YCC).
- We expect the yield to remain in the tight 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: Remains In The Deep Negative Range

- The short and long-term trends remain downward. However, the momentum has slowed.
- We believe the next resistance level is around -0.74%.



Source: Bloomberg and MIM

# Gilts 10 Yr Yield: The Momentum Of The Downtrend Slowed

- While the medium to long-term trend remains downward, the momentum has slowed.
- The yield seems being able to stay above 0%, which serves as a strong resistance level for the bond.
- We believe the next support is about 0.41%.



Source: Bloomberg and MIM

# US HY Spreads: The Tightening Trend Remains

- Although the spreads widened a bit in last month, as of this week, the spreads has tightened to the lowest level since March.
- The medium to long-term downtrend remains.
- We believe the next resistance is about 437bps.
- Based on the cycle indicator at the bottom of the chart, we expect that the spreads could continue tighten through the end of this year and early next year at least.



Source: Bloomberg and MIM



# US IG Spreads: The Tightening Trend Continues

- The medium to long-term downtrend remains in our view.
- However, the level of the spreads is pretty tight already, and the room for further tightening is limited.
- We believe the next resistance is about 100pbs.



Source: Bloomberg and MIM

# S&P 500: The Uptrend Is Intact After The Healthy Correction

- We believe the medium and long-term uptrends are intact after the correction last month.
- The current price is not very far from the all-time highs.
- The index was in a choppy range in last the two weeks. One explanation could be that investors are waiting on the election results to get more clarity on where the market is going.
- We believe the next resistance is about 3600, and the next support is about 3300.



Source: Bloomberg and MIM

# EM Equity: Is At A Key Inflection Point

- The index fully recovered from the crash in March.
- The uptrend remains. However, the index is at the prior peak level, which is a key resistance level.
- We believe the index is overbought. A clear breakout (above 1138) would confirm the uptrend continuation.



Source: Bloomberg and MIM

# DXY Dollar Index: A Short-Term Buy Signal Is Triggered

- While the medium-term downtrend is intact, the index has reached the key support of 92.
- The index is currently oversold in our view based on the stochastics indicator in the second panel.



Source: Bloomberg and MIM

# WTI Crude Oil: Remains Capped By \$42/Barrel

- WTI Crude Oil has been in a sideways market with relatively large volatility in last month.
- The momentum is close to zero and the trend is turning sideways, which suggests to us that the trading-range market could continue.



Source: Bloomberg and MIM

# Gold: Consolidation Continues

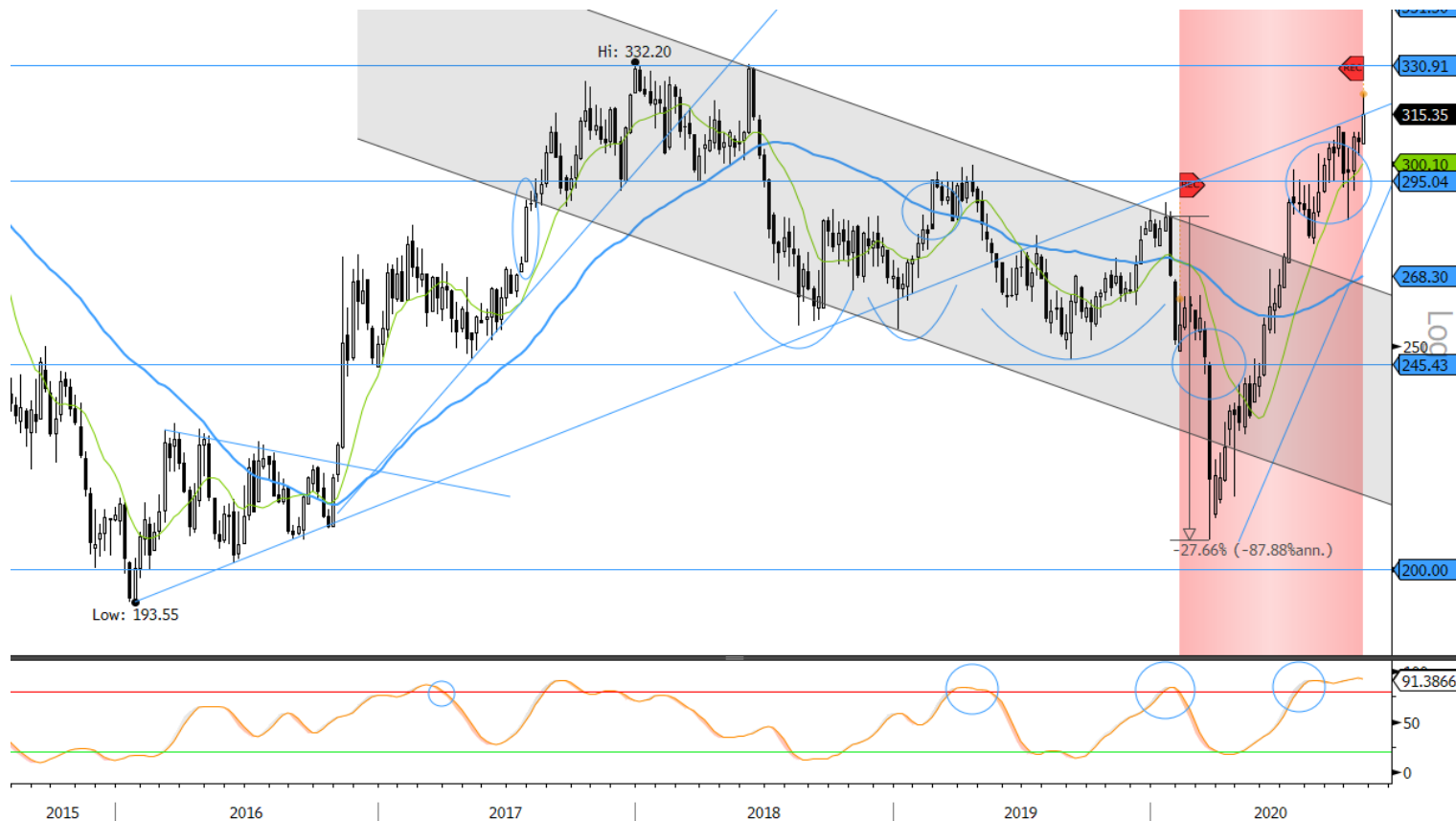
- The recent price drop is being viewed as a healthy consolidation, because the speed of the rally is not sustainable in our view.
- While the long-term uptrend remains intact, we feel the short-term correction is not over.



Source: Bloomberg and MIM

# Copper: The Uptrend Continues

- As stated in our last report, copper prices broke above the key resistance of 295, which suggested that the trend may continue.
- Since then, the price has keep increasing.
- We feel that the trend could continue, and the next resist is about 331 in our view.
- We feel the stochastic indicator in the second panel indicates that copper is currently overbought.



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 Investment Management, Mr. Jiang was a Credit & Portfolio Risk Management Analyst at Citigroup.

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