NEXBANK NOTES

August 2018

Our Fundamental View:

Good old-fashioned economics finally displaced geopolitical issues for the headlines last month, with the majority of stocks that have reported earnings showing better-than-expected results on both their top and bottom lines. That being said, the *growth* in earnings does appear to have peaked, particularly in the industrials sector.

Additionally, while talk of trade and tariffs has taken a back seat of late, we suspect this is only a temporary respite and do believe that their potential impacts pose a major risk to economies and markets globally.

Our Technical View:

Strong earnings made for a strong market, pushing the S&P 500 up nearly 4% during July. Stepping back however, while mega-cap names such as Apple (which became the first stock ever to achieve a $1T market capitalization) drove the index higher, fewer and fewer stocks are joining the party and scoring new highs alongside AAPL.

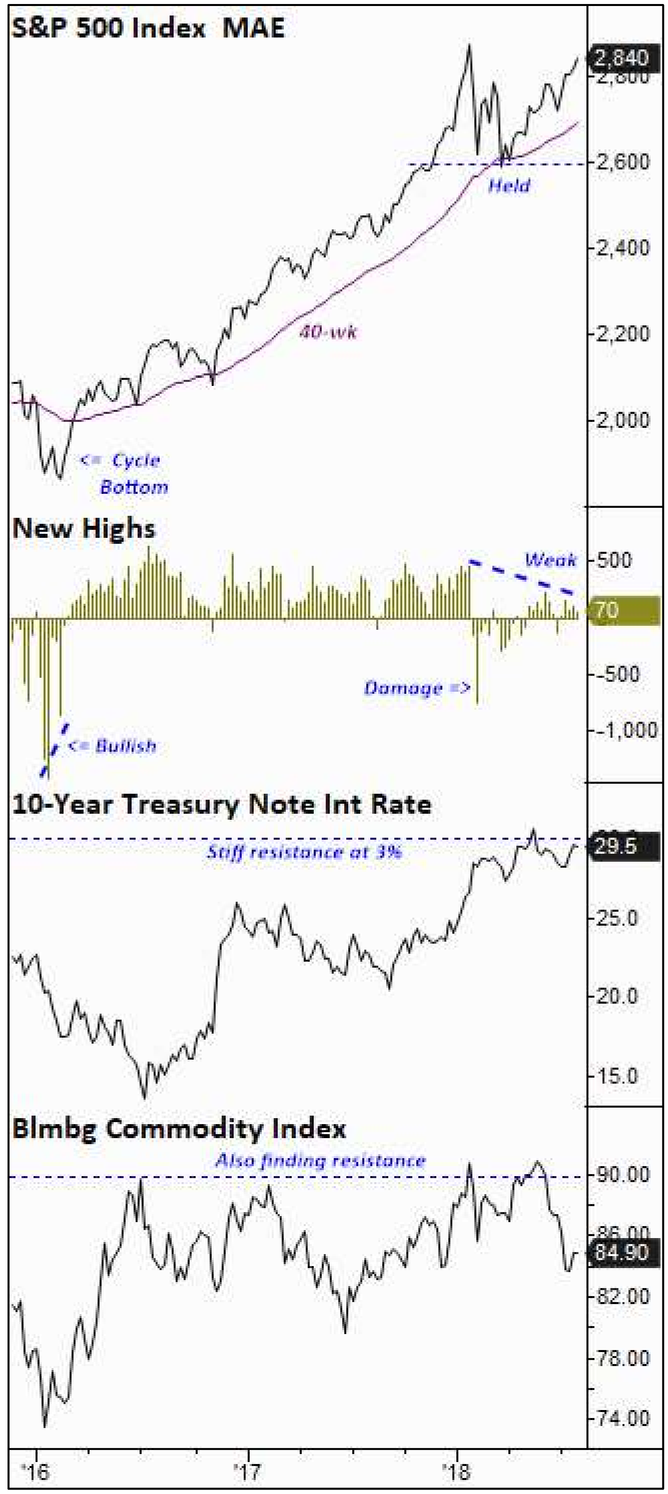
Additionally, as we noted last month, both commodities and interest rates are struggling at important areas of resistance. In the case of the 10-yr. US Treasury note, it is also at a very psychological number of 3%. The market appears to be far less concerned this time than when first approaching the area however, which makes us think that the 10-yr yield may surprise everyone by getting through this area.

Consensus Call of the Month:

As we discussed last month, we continue to believe the Federal Open Market Committee (FOMC) will again raise short term interest rates at their September meeting. This will likely lead to a *further* flattening of the yield curve here in the US, should the long end of the curve ease, or move sideways, as discussed above.

Contrarian Call of the Month:

We would also like to re-iterate our far less consensus view from last month, that stocks across the globe could see significant declines from current levels. While emerging markets such as China and Latin America are starting to bounce from their devastating declines, sentiment surrounding the developed markets remains complacent. We believe too complacent given the persistent geopolitical tensions and the increasingly weak technical footing on which stocks are trading.



Charts courtesy of TradeStation, current as of August 3, 2018

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NEXBANK WEALTH ADVISORS

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About NexBank Wealth Management

NexBank Wealth Management is a privately owned, independent wealth manager located in Dallas, Texas. The team is led by award-winning investment professionals, with an average of 25 years of experience working with some of the world's most distinguished institutional clients and financial institutions. NexBank Wealth's actively-managed approach guides clients through complex and evolving markets. Contact our Client Services Team for more information.

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