

### Our Fundamental View:

The economic storm clouds we discussed last month may finally be breaking, thanks largely due to Chairman Powell stating the FOMC would be on 'pause' regarding hikes in US short term interest rates.

While the economic data has not yet had time to reflect his dovish Jan 30<sup>th</sup> comments, numerous releases prior that date remained firm, despite some rough weather and the prolonged US government shutdown. Good news for those looking to see if the US has turned the corner. Progress on trade tensions with China could be the last domino to finally fall.

### Our Technical View:

Despite the uncertainty noted above, the markets had a very nice month. More specifically, after suffering the 'worst December since 1932', last month was the 'best January best since 1987'.

Looking beyond those fun facts, the market rally in January was extremely strong technically. Market breadth is at/near a new all-time high (depending on which measure you use) and when taken with December's extreme reading in new lows reaffirms that December was likely an important cyclical bottom for the market. Getting through its 40-wk. moving average would make it 'official'.

Finally, while stocks in the US are clearly on the mend, overseas markets such as the DAX in Germany have yet to make it back through broken areas of support, or their 40-wk moving averages. Many of the emerging markets have however, and after spending all of 2018 in a bear market the EEM ETF also clearly looks to be 'turning the corner'.

### Consensus Call of the Month:

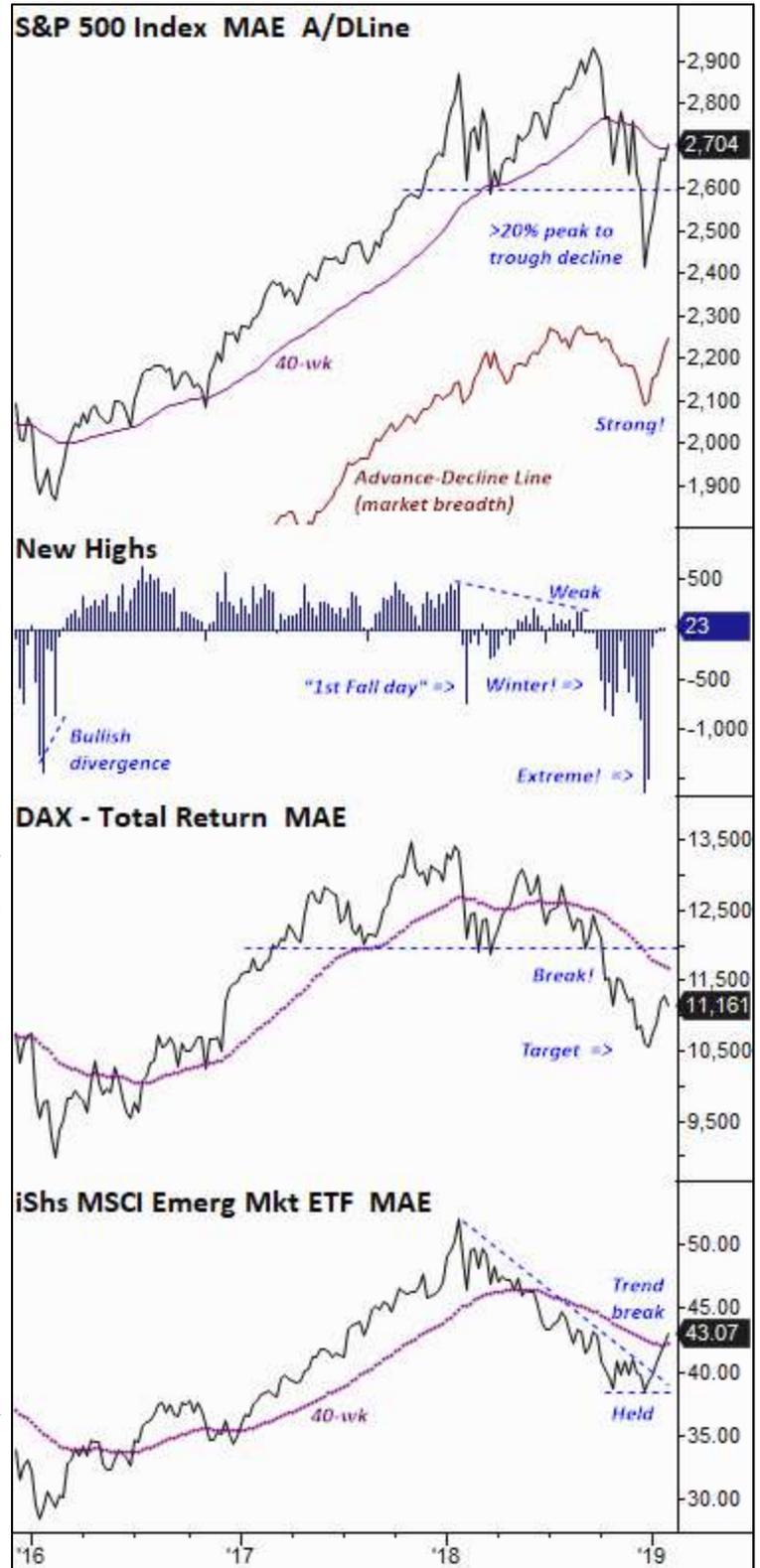
As we noted last month, every FOMC meeting will now be 'live' which means there is the potential to see a move in short term interest rates at any meeting. That being said, we agree with the vast majority of professional investors which places the chance of a hike in interest rates by the FOMC at the March meeting at 0%.

### Contrarian Call of the Month:

While not nearly as contrarian as it was last month, we still believe stocks have seen an important cyclical bottom. The difference from our opinion in January being, that we're far less inclined to think that the Christmas Eve low will ever see a test.

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Charts courtesy of TradeStation, current as of January 31, 2019

### 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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