## Our Fundamental View:

August was anything but dull, with a major escalation in the trade war between the US and China starting things off. Tensions between the FOMC and Trump administration also reached a near boiling point, before both were ultimately soothed. An all too familiar pattern.

As we noted last month, company earnings remain firm and are quite attractive given the collapse in US Treasury yields. Put differently, a stock yielding 3% looks pretty good when the 10-yr US T-Note is 1½%.

Finally, while many continue to argue the FOMC is 'behind the curve', we remain comforted they are headed the right direction. Given Mr. Draghi reinitiated QE in the Eurozone as his final duty as ECB Chair, there is potential Chairman Powell starts cutting quicker in the US.

## Our Technical View:

Technically speaking, stocks are in much better shape than our last installment. The bulls are clearly back from their August vacations, and again reasserting their leadership.

More specifically, key areas of support on the indices have held, and the rally off them is starting to broaden. This can be seen in both the in the Advance-Decline Line, as well as the 'breakout' in indices which have been lagging, such as the Russell 2000.

Finally, to the surprise of many, Chinese markets also look to be 'turning the corner'. We believe this move may well have legs, which is why we added ASHR to our model portfolio in early Sep.

## Consensus Call of the Month:

We remain among the majority of investors who believe gold is embarking on a new bull market. While our initial target in the $1,550 area has now been achieved, we do believe the shiny yellow metal ultimately scores 'higher highs' from here.

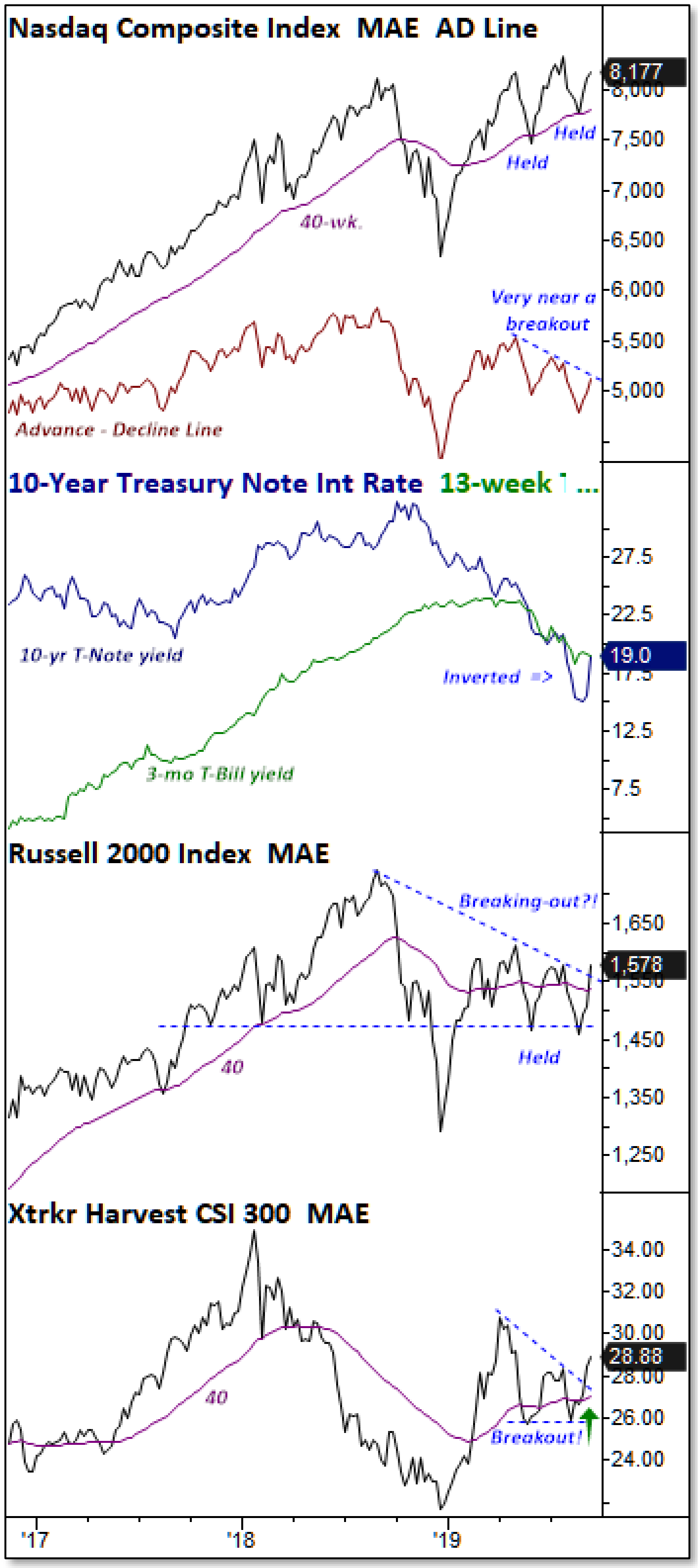
## Contrarian Call of the Month:

Regarding the 'collapse in US Treasury yields' noted above, we believe yields have likely seen their low for the year. Not only is there strong support the 1.50% area, but sentiment is quite extreme.

One example being, JPMorgan's recent call for 0% on the 10-yr US Note. While this may come to pass, it reminds us a lot of Jamie Dimon's comment during Oct'18 warning investors to 'refi now before the 10-yr goes to 4%'.

**James Dondero, CFA**
**Portfolio Manager**

**Mike Hurley, CMT**
**Portfolio Manager**




*Charts courtesy of TradeStation, as of September 13, 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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