

Our Fundamental View:

Per usual, July started with fireworks but not from the usual source as cases of COVID-19 are what ‘exploded’ across the US. This *bad* news was accompanied with the *good* news of improved economic data, which led to some significant confusion in the pundits.

Going forward, we expect both to continue to rise with the tug-of-war between them lingering longer than many expect. Only time will tell whether COVID will again shut down the economy, or whether the resilience being shown by the economy is a fair representation of our determination to move past these extremely difficult circumstances.

Our Technical View:

Technically speaking, it continues to look as if stocks have put a meaningful (cyclical) bottom in place. As we noted last time, the classic pattern is to see ‘panic selling’ followed by ‘panic buying’, which can clearly be seen in the indicators to the right (A/B, C/D & E/F).

Our biggest worry remains with the 10-yr US Treasury Note, and the strong signal of deflation it sent when breaking 1.50% in February. Since then yields have held the 50bp level, which is indeed ‘good news’. Strength from here would go far in dispelling worries of a 1930’s repeat, and likely put a wind at the back of the market.

Consensus Call of the Month:

While we probably sound like a broken record here, we remain bullish on gold. Since its ‘breakout’ last summer the shiny yellow metal has formed a clear pattern of ‘higher highs and higher lows’, as have mining stocks.

What’s different this month, is that silver is now starting to follow gold higher. This is good news for both, and based on the recent historic high in the gold/silver ratio – is something we believe can continue.

Contrarian Call of the Month:

Finally, despite all the worry of a weak economy due to COVID and the ongoing trade war with the US, China’s stock market has been quite strong. While only time will tell whether stocks are foreshadowing the economy correctly, we’re inclined to trust the market over the pundits.

James Dondero, CFA
Portfolio Manager

Mike Hurley, CMT
Portfolio Manager



Charts courtesy of TradeStation, as of July 17, 2020

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.

Contact Information

NexBank Wealth Management
300 Crescent Court
Suite 700
Dallas, Texas 75201
www.nexbankwealth.com
info@nexbankwealth.com
972-419-2500



Statements in this communication may include forward-looking information and/or may be based on various assumptions. The forward-looking statements and other views or opinions expressed herein are made as of the date of this publication. Actual future results or occurrences may differ significantly from those anticipated and there is no guarantee that any particular outcome will come to pass. The statements made herein are subject to change at any time. Highland disclaims any obligation to update or revise any statements or views expressed herein.

No representation or warranty is made concerning the completeness or accuracy of the information contained herein. Some or all of the information provided herein may be or be based on statements of opinion. In addition, certain information provided herein may be based on third-party sources, which information, although believed to be accurate, has not been independently verified.

The information provided herein is not intended to be, nor should it be construed as an offer to sell or a solicitation of any offer to buy any securities. This commentary has not been reviewed or approved by any regulatory authority and has been prepared without regard to the individual financial circumstances or objectives of persons who may receive it. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. Highland encourages any person Considering any action relating to the securities discussed herein to seek the advice of a financial advisor.

Advisory services offered through NexBank Securities, Inc, a registered investment advisor.
NOT FDIC INSURED. MAY LOSE VALUE. NO BANK GUARANTEE.