

## Our Fundamental View:

The improving economic data we noted last month continued into August, surprising many of the well-known pundits. Some pleasantly, while others who are firmly in the bear camp, less so. This includes PMI's across the Eurozone, ISM numbers here and of course getting American workers back on the job.

While only time will tell, we're optimistic COVID numbers will continue to improve as well. Despite several, lingering, hotspots the overall trend is encouraging, at least as of this writing. Should that change, we also believe most Americans are ready to resume their lives, regardless of the risk from COVID.

## Our Technical View:

Stepping back, the stock market remains in great shape technically. The past several months we have discussed how 'panic selling followed by panic buying' typically marks market bottoms. Market breadth can also confirm these important turning points, which it did on 7/31 when over 40% of the stocks on the NYSE moved above their 40-wk avg.

Another market showing meaningful improvement is China – despite the increasingly negative headlines. While trade wars and/or cold wars are not an ideal backdrop for markets, Chinese A-Shares remain strong and suggest the Chinese economy may be in better shape than feared. Couple this with the government's propensity to prop their market up, and you have a compelling case to believe the recent 'breakout'.

## Consensus Call of the Month:

While we remain bullish on gold longer term, we're getting quite concerned about it over the short term. Since its breakout last summer gold is now trading well above its 40-wk moving avg, while the GLD ETF has seen the largest YTD inflows of any of the major ETFs we track.

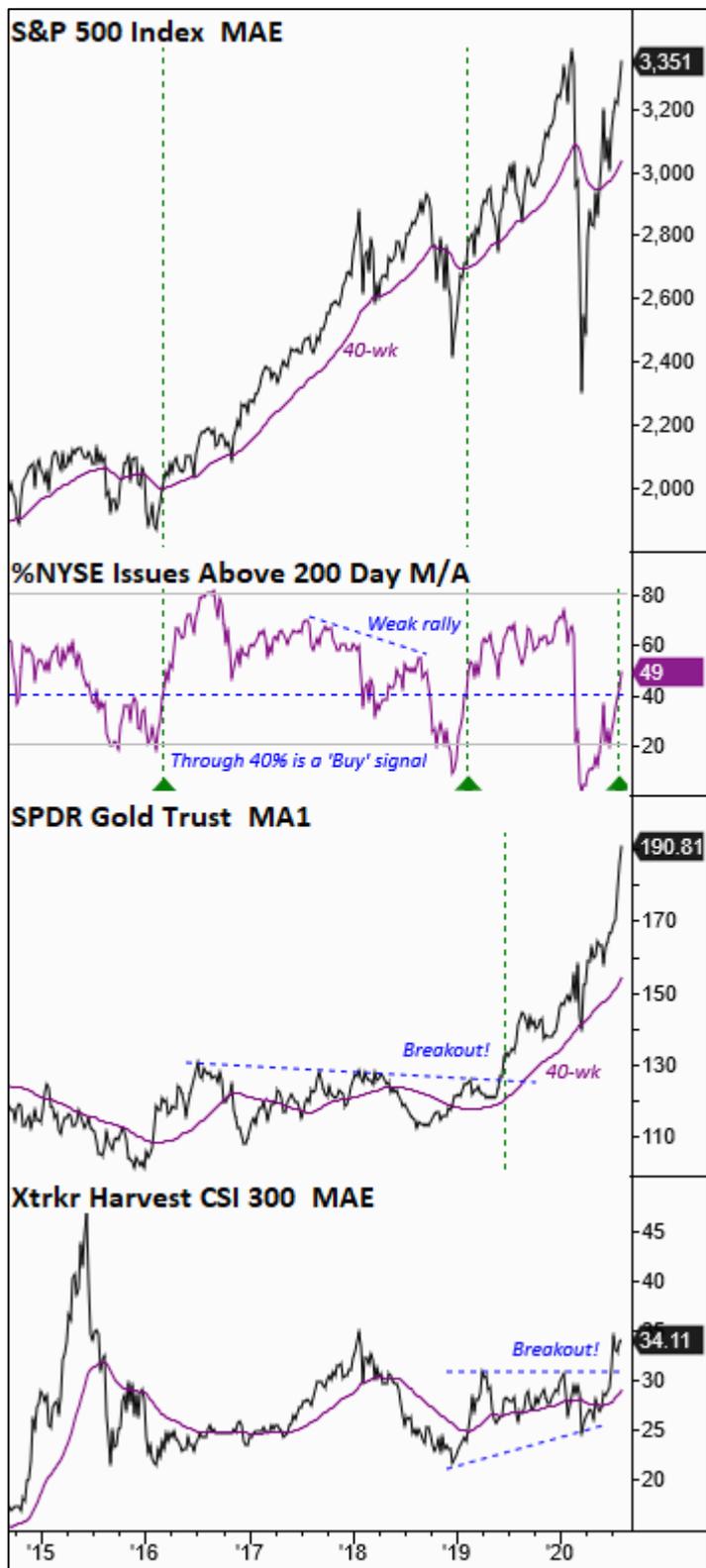
Our point being, while clearly a pattern of 'higher highs & higher lows', it would be very normal for gold to take a breather and consolidate the (roughly) 50% gain scored since its June 2019 breakout.

## Contrarian Call of the Month:

Finally, despite the polls which suggest otherwise, we believe President Trump will pull another stunning comeback and win re-election in Nov. Still roughly 3 months away, a lot will likely happen between now and election day, including debates on Sep 29<sup>th</sup>, Oct 15<sup>th</sup> & Oct 22<sup>nd</sup>.

**James Dondero, CFA**  
Portfolio Manager

**Mike Hurley, CMT**  
Portfolio Manager



Charts courtesy of TradeStation, as of August 7, 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](http://www.nexbankwealth.com)  
[info@nexbankwealth.com](mailto: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.