

### Our Fundamental View:

Music to the ears of all but the bears, the good news continued to flow in August with both economic & COVID numbers continuing to improve. As we noted last month, we believe this trend will persist and even if it doesn't that 'COVID fatigue' minimizes the risk of another US shutdown.

Providing additional 'good news' this week was the FOMC, with Chmn. Powell reiterating their commitment to keeping short-term interest rates low *for the next 3 years*. Hence, prioritizing full employment in the US over the risk of inflation overshooting their target of 2%. This should help many key sectors of our economy, such as housing.

### Our Technical View:

Technically speaking, stocks are finally starting to digest the gains scored during their 'summer rally'. So far, this process has been orderly and is not flashing any warning signs. To the contrary in fact, we are now seeing a subtle shift in leadership under the surface of this consolidation, *away* from Facebook, Amazon, Apple, Netflix & Google, and *into* a broader basket of economically sensitive stocks, such as trucking companies.

Leadership can also be seen in the homebuilding stocks, as represented by both the XHB & ITB, ETFs. This is of course due to the commitment to low rates noted above. This is a very important positive given construction represents such a large part of the US economy.

### Consensus Call of the Month:

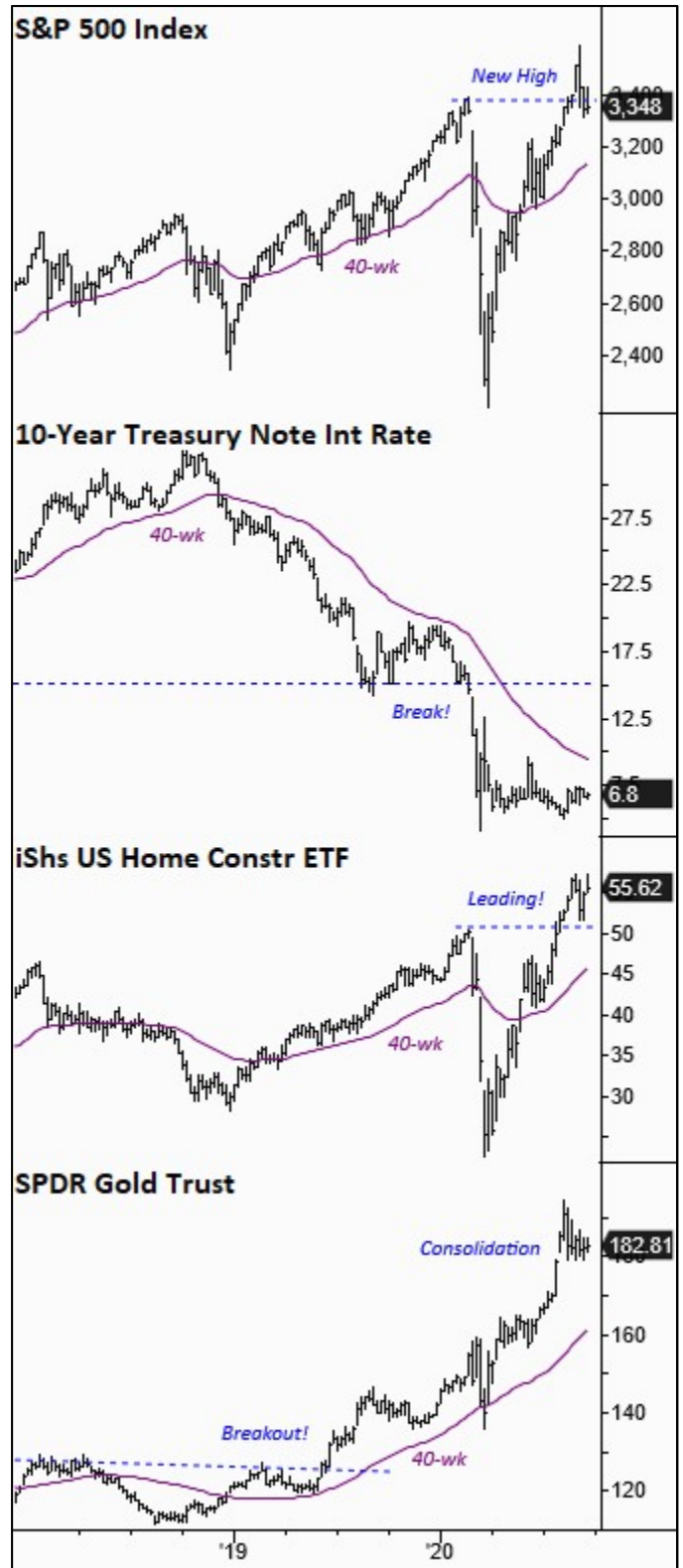
While we have been steadfastly bullish on gold for over a year now, we noted last month that its rally was getting quite extended (as measured by how far gold was trading above its 40-wk moving avg). That condition is now being fixed, as gold is also digesting its recent gains in an orderly manner technically. Our point being, it is much more likely than not that gold emerges from this consolidation to the upside, and to new highs.

### Contrarian Call of the Month:

Finally, while the polls still suggest otherwise, we continue to believe President Trump will pull another stunning comeback and win re-election in Nov. The reason being, debates remain scheduled for Sep 29<sup>th</sup>, Oct 15<sup>th</sup> & Oct 22<sup>nd</sup> in which he – debatably – holds an advantage over Mr. Biden.

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Charts courtesy of TradeStation, as of September 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.

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