

### Our Fundamental View:

Markets were choppy and quite 'mixed' last month, as were the headlines. While economic data continued to improve, COVID cases around the world also 'spiked'. The key question now being, will the uptick in COVID cases derail the uptick in economic data, or more simply, the economic recovery.

We don't think so, for several reasons. First, while it's true the number of new COVID cases reported (in the US) each day is significantly higher than anytime prior, the number of daily deaths attributed to COVID is less than half that seen in April. The reason clearly being, the nearly ten-fold increase in testing from March to November. Additionally, as we have mentioned before, we believe there is a high level of 'COVID fatigue' in the US and that many Americans are ready to get back to normalcy, *despite* the risk.

### Our Technical View:

Technically speaking, the market remains healthy. Market internals held firm during the recent consolidation, including the number of stocks above their 200-day average – a good barometer of whether stocks are in a bull or bear market.

Surprising to many, is that numerous markets around the globe are also showing healthy up trends. Among the strongest is China, despite increasing geo-political tensions with the US. A 40% weight in the EEM ETF, strength in China clearly helped EEM 'breakout' last week. Even more attractive (and surprising) is the great relative strength it has shown since June.

### Consensus Call of the Month:

Also 'trending higher' has been gold, as many a pundit and PM have noted for months. We continue to like gold as well and think the 'crowd' is right. Having spent the last several months consolidating its meteoric, 1H20 rise, we believe the yellow metal is now offering a very nice entry point.

### Contrarian Call of the Month:

Finally, given President Trump has not yet conceded the Presidential race, our call last month of his 'comeback win' is technically still in play.

That being said, we disagree with the majority who believes a contested process will harm the markets. As noted above, stocks are in good shape technically and we believe will continue to *trend* higher regardless of who is in the White House on Jan 21<sup>st</sup>, or the path it takes for them to get there.

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Charts courtesy of TradeStation, as of November 6, 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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