NEXADVISORS

November 2024

NEX NEWS

Keen monthly insights on both the economy and the markets

THE ECONOMY

November has indeed started with a BANG, seeing both the FOMC cut short-term interest rates by ¼%, and Donald Trump winning the 2024 US election. A victory many are interpreting as: “It’s Morning Again in America”, in reference to Reagan’s famous 1984 campaign ad.

Also ‘historic’, is that Veterans Day marked the 2-yr. anniversary of the inversion in the 3 mo. – 10 yr. yield curve. This is by far the longest such inversion in US history, and the primary reason many economists remain worried the economy will fall into a recession.

We remain optimistic, largely due to market action. The Conference Board themselves have designated the S&P 500 as one of their ten ‘leading economic indicators’, and we whole-heartedly agree!

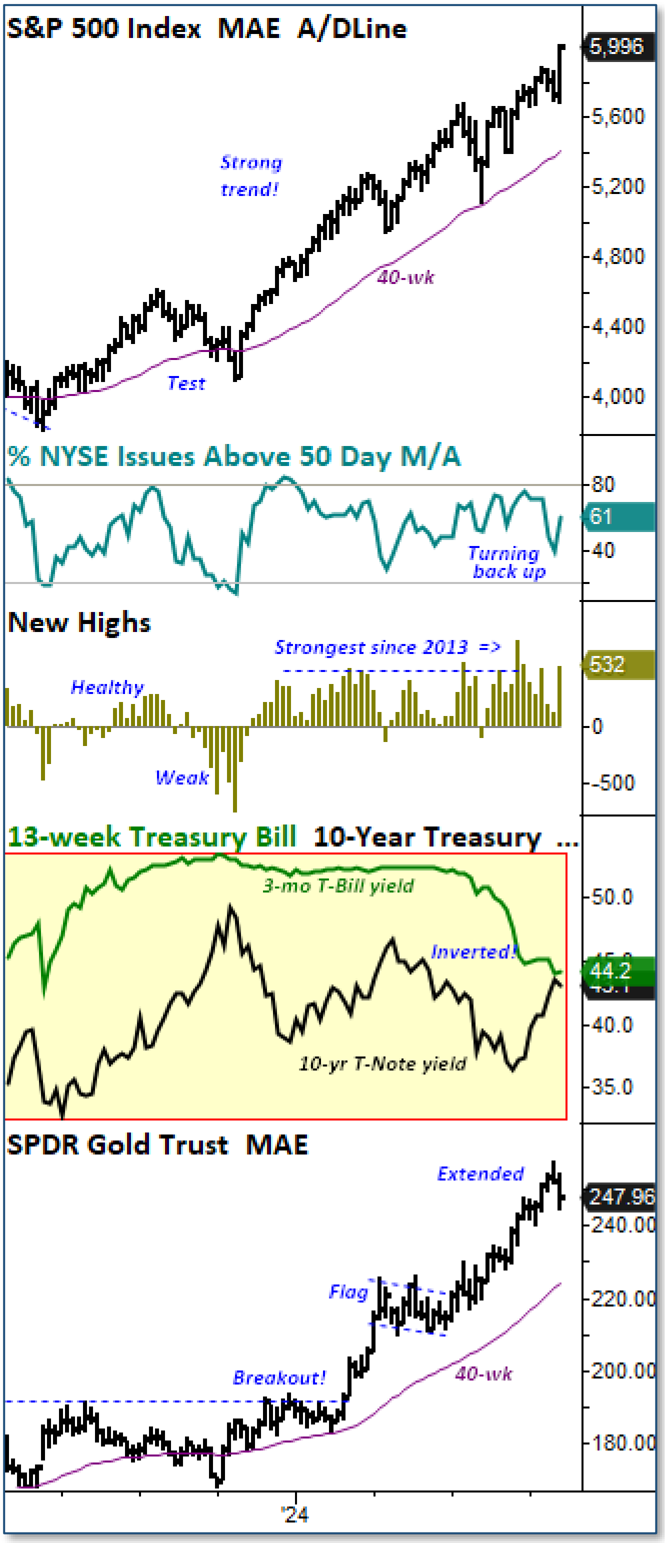
THE MARKETS

Regarding the S&P 500, it surged to an all-time high post the Trump landslide and, per Bloomberg, logged the largest post-election day percentage gain ever.

Going forward, stocks are now in a seasonally strong period and internals remain healthy. As we noted last month, the worst thing you can say about stocks is that they could be considered a bit extended and potentially vulnerable to a pullback.

Also extended, gold is finally starting to pull back from its historic, all-time, highs. Not surprising, given it had rallied over 30% just on the year. While we believe this consolidation could last several months, we also expect it to be temporary and for the bull market in gold to ultimately resume.

Mike Hurley, CMT
Chief Investment Officer



Charts courtesy of TradeStation, as of November 8, 2024

NEXADVISORS
www.nexadvisors.com

300 Crescent Ct., Suite 700
Dallas, Texas 75201
214-550-8350
info@nexadvisors.com

Traditional Strategies

We start our process with traditional, modern portfolio theory models, then adjust them based on our outlook. Specifically, we seek to:

1) Maintain higher cash levels when we're expecting a cyclical downturn, or 'bear' market
2) Add gold to portfolios during periods of inflation
3) Tilt fixed income positions based on credit conditions and the trends in interest rates

We offer Conservative, Moderate and Aggressive models, which use stock/bond ratios of 40/60, 60/40 & 80/20, as their starting points, respectively.

Adaptive Strategy

Our 'adaptive' model breaks from modern portfolio theory, based on the observation that markets typically become highly correlated when under stress.

This strategy applies momentum and risk parity to a universe of 10 ETFs, selecting a portfolio of 5. The portfolio is rebalanced monthly using the 60-day volatility to weight the top 5 ETFs. The goal being, to provide stock like returns with lower volatility.

About NexAdvisors

NexAdvisors is a privately owned, independent wealth manager located in Dallas, Texas, comprised of professionals with over 100 years of combined experience in the industry. We provide both traditional investment strategies along with forward-thinking approaches to help our clients meet their goals. Please visit www.nexadvisors.com or call us at 214-550-8350 to learn more.

NexAdvisors is a NexAnnuity company. NexAnnuity's mission is to develop and deliver solutions for modern retirement needs. Please visit www.nexannuity.com to learn more about NexAnnuity solutions.

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The Conference Board Leading Economic Index® (LEI) and Coincident Economic Index® (CEI) are comprised of multiple independent indicators which are designed to signal peaks and troughs in the US business cycle. The CEI reflects current economic conditions and is highly correlated with real GDP. The LEI is a predictive tool that anticipates turning points in the business cycle by ~7 months. The S&P 500 a market-capitalization-weighted index that tracks the market performance of the 500 largest U.S. publicly traded companies.

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