NEX ADVISORS

July 2026

NEX NEWS

Keen monthly insights on both the economy and the markets

THE ECONOMY

The US economy continued to roll along in June, much to the surprise of those who thought an oil shock would derail it. While the potential was real, both output and the job market remain robust.

The best predictor of the US economy has been the US stock market, which is why economists consider the S&P 500 a 'Leading Economic Indicator'. The track record remains intact, as evidenced by the strength the S&P has shown since its March low (which correctly forecasted the strong economy).

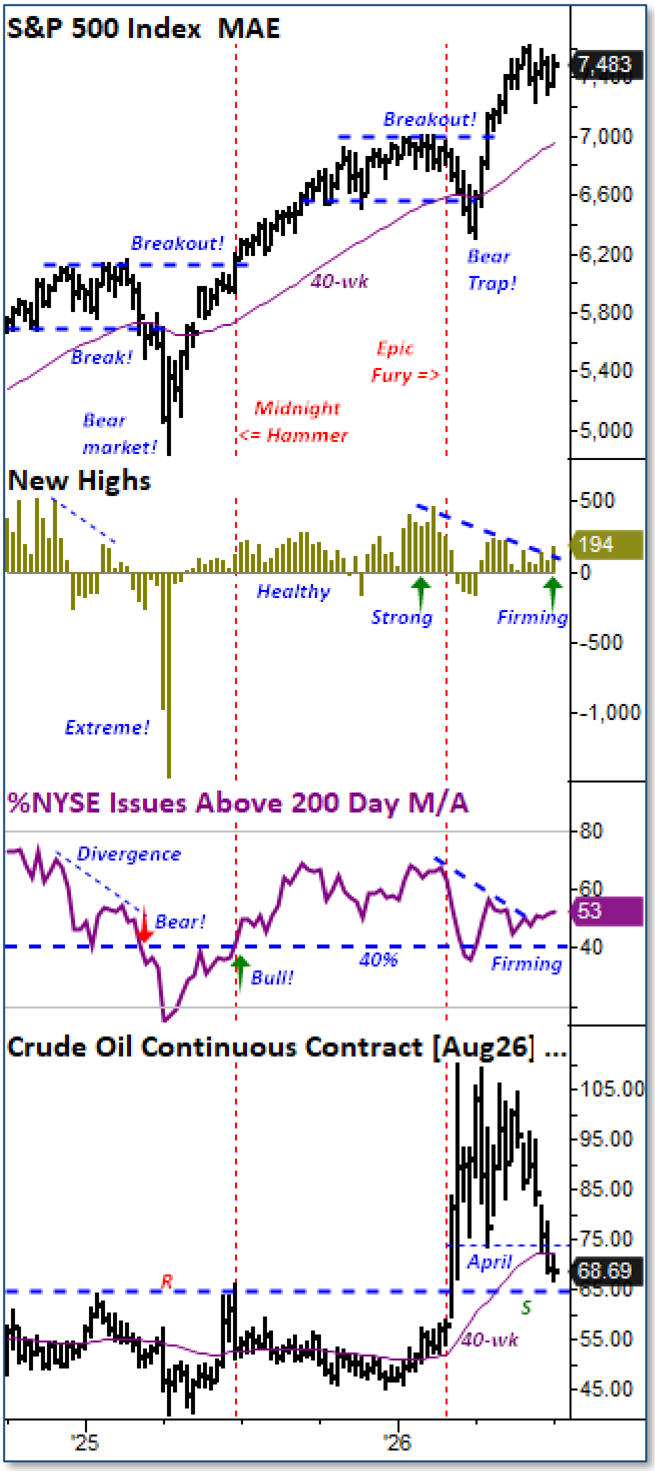

Chart courtesy of TradeStation – as of July 5, 2026

THE MARKETS

Technically speaking, market internals are (finally) turning back up. Both breadth and leadership are moving back through recent down trendlines, with breadth being defined by the percent of stocks now above their 200-day average and leadership by the number of them making a new 52-week high.

Arguably the more important chart these days, is that of crude oil. As noted above, an oil shock truly is a major risk to the global economy. Crude is now trading below its April lows, which is very good news technically.

While we believe stocks are merely consolidating and poised to resume their advance, a wide variety of things could happen to prove us wrong. Should stocks weaken from here, the 7,000 area on the S&P 500 remains is critical. As long as it holds, it is wisest to bet on the bulls.

Mike Hurley, CMT
Chief Investment Officer

NEX ADVISORS
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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