NEX ADVISORS

August 2026

# NEX NEWS

*Keen monthly insights on both the economy and the markets*

## THE ECONOMY

The US economy remained on track in July, posting one of the strongest earnings season in history. Growth rates, surprise rates and beat rates were all quite strong, as were estimates of earnings growth going forward.

The potential downside to all this good news is, that all this growth may push the FOMC to raise interest rates (to cool a potentially overheating economy). In fact, per BMO Capital Markets, the FOMC has raised interest rates 7 of the last 8 times the S&P 500 Forward EPS growth rate exceeded 20%.

Finally, given we are always hesitant to rely on economic *estimates*, it is reassuring to see the continued strength in the Index of Coincident Economic Indicators – which consists of 4 key measures of employment, wages and production.

## THE MARKETS

The big news in the markets last month was not with stocks, but bonds. Specifically, the yield on the 10-yr. US Treasury finished July at 4¾%, which pushed it through the down trendline which has defined the chart since '23.

While the FOMC sets short-term interest rates, longer-term rates are based on market action and investor's inflation expectations. The rise in commodity prices from 2020-2022 clearly pushed interest rates higher. While only time will tell, we believe the recent move higher in the BCOM Index will likely again push rates higher.

Finally, none of this has bothered stocks – or at least not yet. The uptrend in the S&P remains intact, and we have seen no potential problems in market internals. For now, the bulls remain in charge and it's best to assume the uptrend is intact.

**Mike Hurley, CMT**
**Chief Investment Officer**

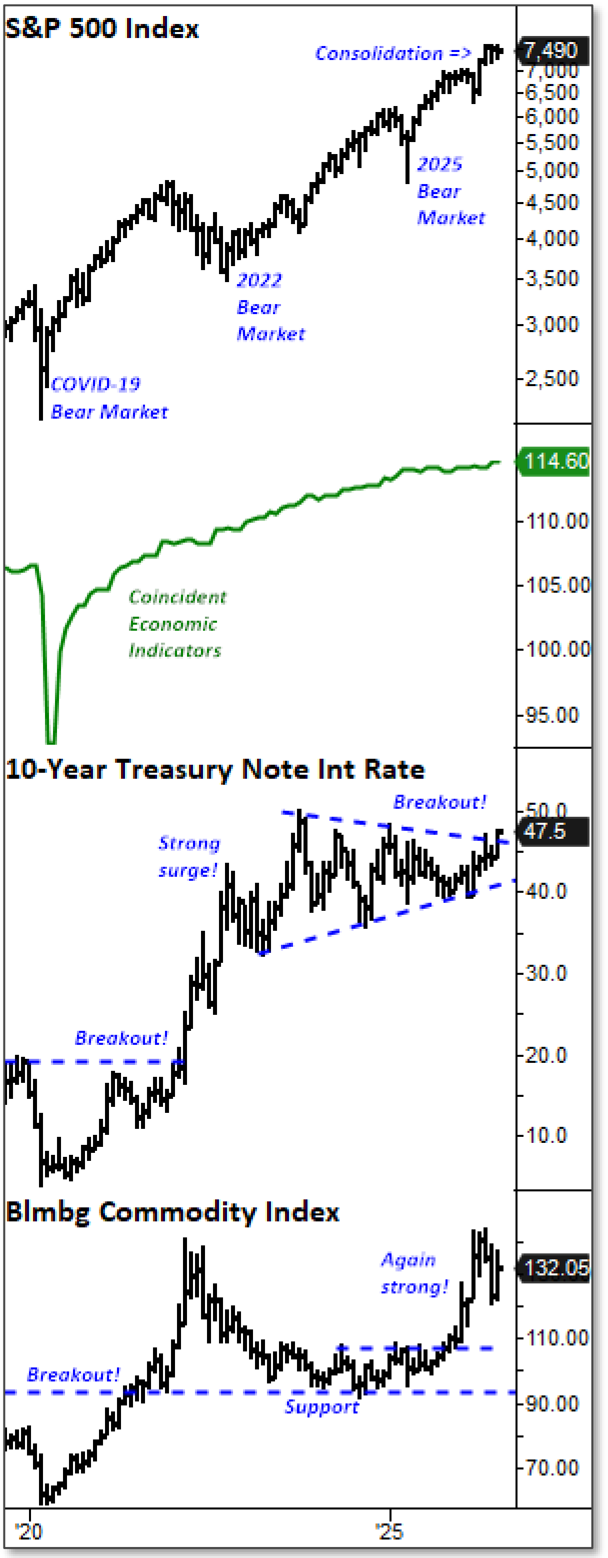


*Chart courtesy of TradeStation – as of July 31, 2026*

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## 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.



The S&P 500 is a market-capitalization-weighted index that tracks the market performance of the 500 largest U.S. publicly traded companies. The Bloomberg Economic Surprise Index shows the degree to which economic analysts under- or over-estimate the trends in the business cycle. The surprise element is defined as the percentage (or percentage point) difference between analyst forecasts and the published value of economic data releases.




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