

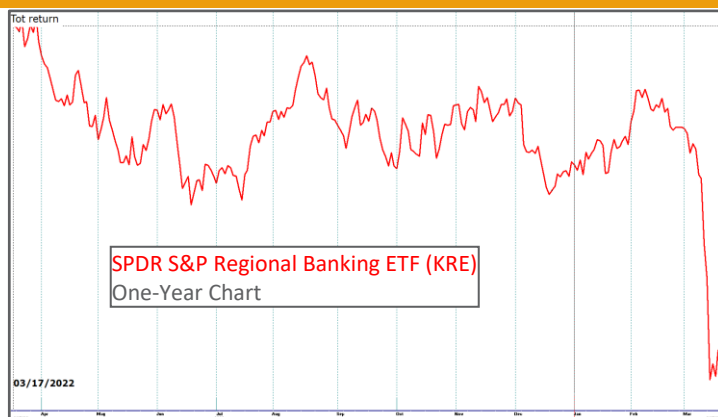


RGB Perspectives

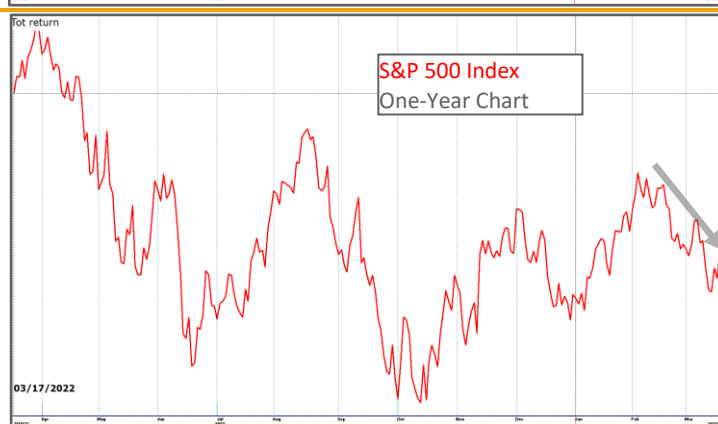
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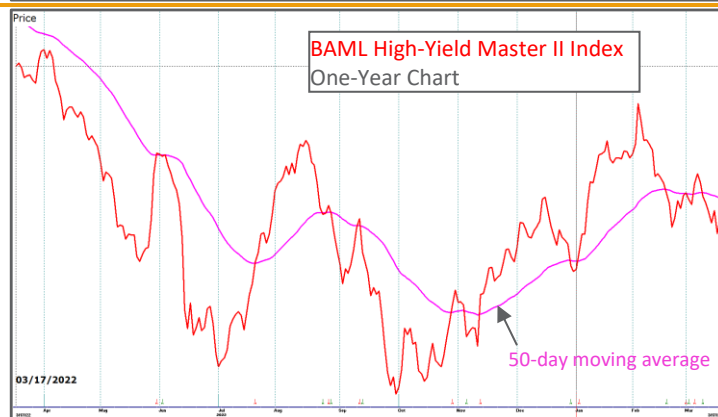
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The banking sector has been crushed this month as investors scramble to figure out whether the Silicon Valley Bank and Credit Suisse bank failures are an indication of a more systemic banking crisis. The **SPDR S&P Regional Banking ETF (KRE)** fell an additional 14% last week and is down 29.4% month-to-date.



The uncertainty in the banking sector has spilled over into the broader stock market. The **S&P 500 Index** is now in an intermediate-term decline after peaking in early February. The index is down -1.4% for the month but remains up 2% year-to-date.



The **BAML High-Yield Master II Index** had a strong rally since October, but that rally looks like another false breakout as the index has fallen with the rest of the stock market. The index peaked in early February and is now trending below its 50-day moving average.

The Fed usually raises rates until something breaks, and the recent banking issues are the first cracks as rising rates have contributed to the recent banking crisis. The FOMC meets this week and will conclude its meeting on Wednesday. The markets expect that the Fed will raise rates by 0.25% at the conclusion of that meeting and investors will be looking for clues to the future path of interest rate hikes. Predictions are for the Fed to pause after this meeting and even start to reduce interest rates before the end of the year.

The RGB Core and Balanced strategies moved to a more defensive position during the month as market conditions deteriorated. The Flex+ strategy remains invested as the models have not triggered a move to cash at this point. If the recent uncertainty persists, the Flex+ model is likely to move to a reduced risk profile. I will continue to focus on risk management during these uncertain times. All strategies are down for the month.

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Prepared with data through 3/17/2023