



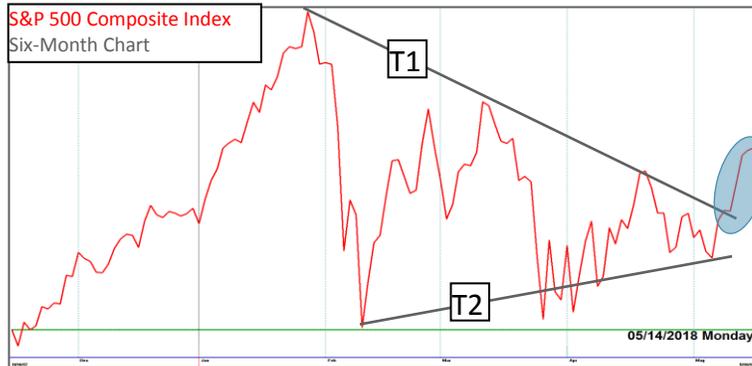
RGB Perspectives

May 14, 2018

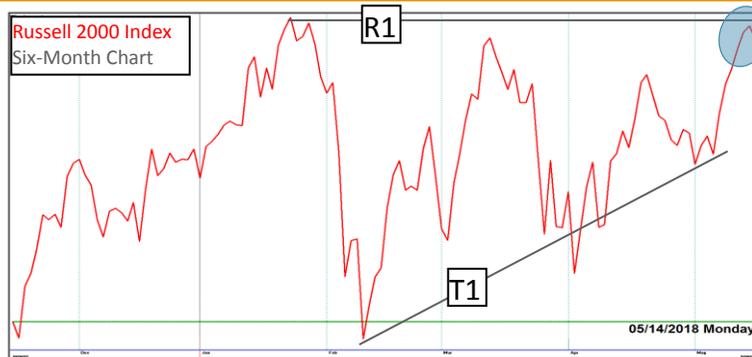
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All clients and friends of RGB Capital Group are invited to attend our annual meeting scheduled for Saturday, September 29 in Los Angeles and Saturday, October 6 in San Diego. For details and online registration please use the following links: [Los Angeles Meeting Details and Registration](#) or [San Diego Meeting Details and Registration](#). If you would like to attend, you must register. For questions, please contact Lois at lois@rgbcapitalgroup.com or 858-367-5200.



The **S&P 500 Composite Index** has been trading between T1 and T2 forming a triangle pattern over the last three months. Prices broke out of this trading pattern last week by moving decisively above T1 (see shaded area). This is certainly bullish behavior that indicates, at least in the short-term, prices may move higher. However, there is significant overhead resistance ahead including the February/March peaks and then the January peak.



The **Russell 2000 Index** is currently at significant resistance. On Friday, the index of small cap stocks approached its late January high (R1) but then turned back today (see shaded area). If the Russell 2000 fails to penetrate and maintain above R1, we may see a continuation of the volatility that started in early February.



Junk bonds provide a good indicator of overall market sentiment. The **Merrill Lynch High-Yield Master II Index** bolted higher in early April only to give back much of those gains in the second half of the month. It is now trending up, but the uptrend is weak. I consider this an indication that investors are uncertain about the current market environment and some caution is still warranted.

Although there are positive indications that the recent market volatility may be subsiding, I don't think we are completely out of the woods yet. There is significant overhead resistance with most of the major indices. If the market can trend up through these resistance levels I think the odds would favor a continuation of the longer-term uptrend.

We remain defensively positioned awaiting more evidence that an uptrend has resumed. The RGB Capital Group models are flat to up slightly for the month.

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