



# RGB Perspectives

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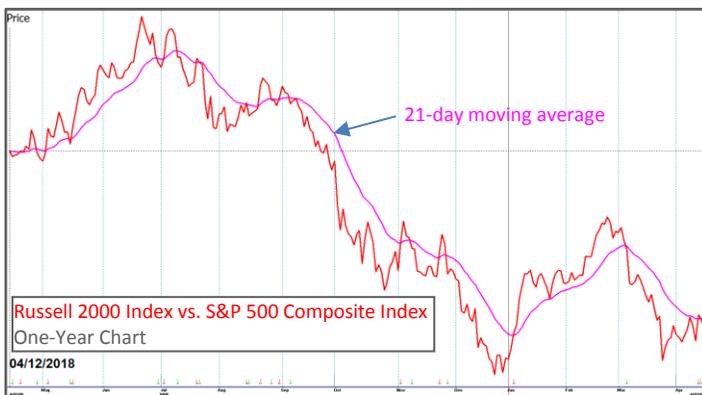
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For the most part, most of the major market indices continue to march higher and are now flirting with their 2018 all-time highs. For example, the **S&P 500 Composite Index** is now only 0.8% below that point (R1). Many of the market breadth indicators are confirming the positive market environment.



One of the few areas of the market that is underperforming is small-cap stocks. The **Russell 2000 Index** is still 9% below its 2018 all-time high and is currently struggling to get past the 2019 interim highs (R1). Generally in strong market environments, small-cap stocks tend to outperform large-cap stocks as investors are willing to take on additional risk.



The relative underperformance isn't limited to just this year. Small-cap stocks have been underperforming since last summer as can be easily seen on the relative performance chart of the **Russell 2000 Index vs. the S&P 500 Composite Index**. The downward sloping 21-day moving average helps us visualize the overall downtrend.

While the underperformance of small-cap stocks has caught my attention, it does not mean the stock market is on the brink of a decline. Most of the market indicators that I track are indicating a very positive market environment. The underperformance could simply be a reflection of investors' increased confidence that a trade deal will be signed by the US and China, which will certainly have a greater, positive impact on large-cap stocks. Whatever the reason, this is an area to monitor.

All the RGB Capital Group strategies remain fully invested. Over the last week, I added a little more exposure to junk bonds in the leveraged strategies. All strategies are up for the month of April.

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