



RGB Perspectives

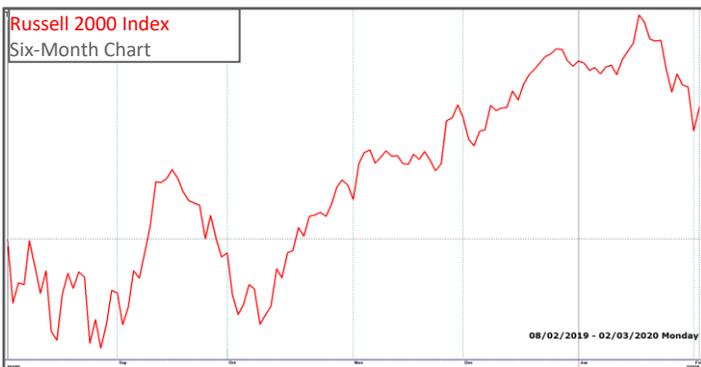
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Written by Rob Bernstein (rob@rgbcapitalgroup.com)

RGB Capital Group LLC • 858-367-5200 • www.rgbcapitalgroup.com



The stock market remains in a short-term downtrend as the threat of the coronavirus spreading continues to weigh on the markets. The **S&P 500 Composite Index** is down -2.4% from its mid-January high and up only 0.6% for the year.



In general, small-cap stocks tend to fall faster during times of higher risk and this time is no different. The **Russell 2000 Index** is down -4.3% from its mid-January high and down -2.2% for the year.



When risk starts to rise, investors tend to flock to the safety of US Treasuries. The demand for this safe haven asset drives Treasury prices up and yields down. The **10-Year US Treasury Yield Index** is back down to 1.54% which is at the lower end of the six-month trading range for yields. A break below the bottom of this range would be an indication that the short-term downtrend in stocks may evolve into a longer-term downtrend.



While risk is elevated, junk bonds have held up relatively well. The **Merrill Lynch High-Yield Master II Index** remains above its 50-day moving average and is down less than 0.7% since its' January peak. This suggests that junk bond investors are not overly concerned with the overall economic outlook.

Corrections are a normal part of investing and should be expected. The decline in stocks over the last two weeks doesn't show any signs of panic selling. While I have no way to predict the future, this appears to be a normal, short-term correction at this point. I will continue to monitor the market and our investment strategies and make adjustments if necessary, to control overall risk in line with our strategy objectives.

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