RGB Perspectives

July 23, 2018

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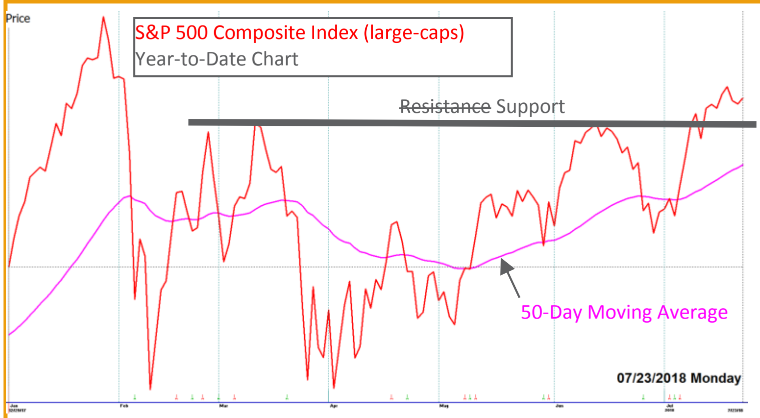
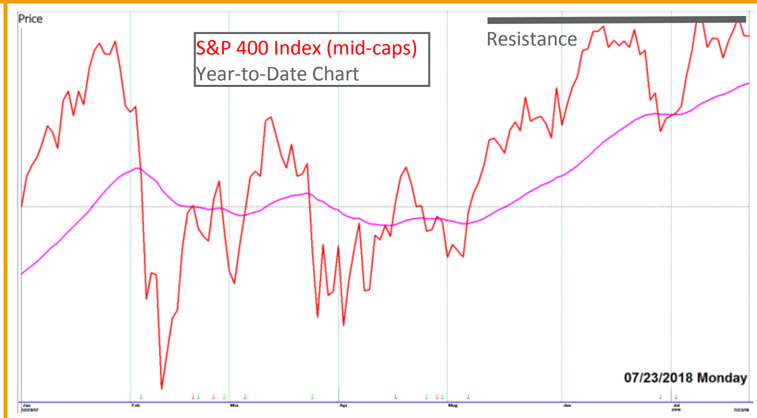
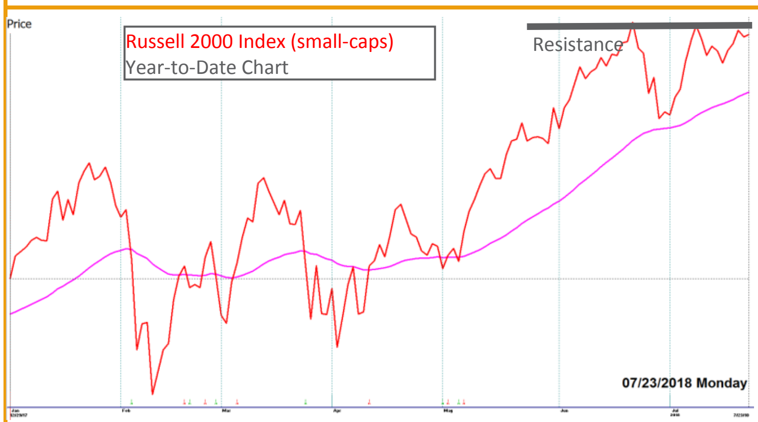
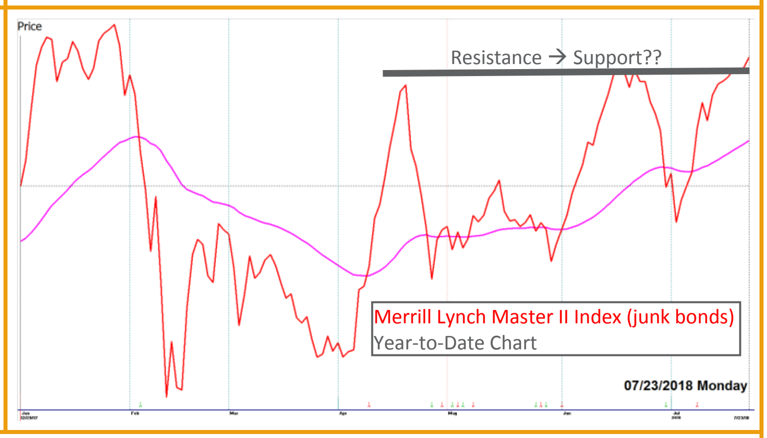
All clients and friends of RGB Capital Group are invited to attend our annual meeting scheduled for Saturday, September 29 in Los Angeles and Saturday, October 6 in San Diego. For details and online registration please use the following links: Los Angeles Meeting Details and Registration or San Diego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









There is no perfect index to measure the performance of the stock market. Therefore I look at a lot of different charts to get a flavor for what the “market” is doing. The charts above represent four segments that I consider important to understand how the market is performing.

All four of the indices have been bouncing up against a significant level of resistance over the last several months. The S&P 500 Composite Index did break above that resistance level last week turning that area into an area of support. The S&P 400 Index and the Russell 2000 Index have climbed back to their major resistance levels but have not penetrated that level…at least not yet. Today, junk bonds pierced its major resistance line. Although I don’t consider this a decisive penetration, at least not yet, odds favor the continuation of the short term uptrend in junk bonds given their high trend persistence.

If mid-cap stocks and small-cap stocks can penetrate the resistance levels marked on the charts above, it would signify a significant change in the overall market environment. It would represent a shift in the balance of buyers and sellers that could drive stocks prices higher.

When the S&P 500 Composite Index broke above resistance last week, I increased equity exposure in the Flexible models and are now about 50% invested in equities. I will likely increase this exposure if the rest of the ‘market’ can break above near-term resistance levels. The returns for the Flexible models have been held back this month due to an allocation to real estate that is close to the stops that I have set. The Conservative models are primarily invested in bond and income funds.

Prepared with data through 7/23/2018