

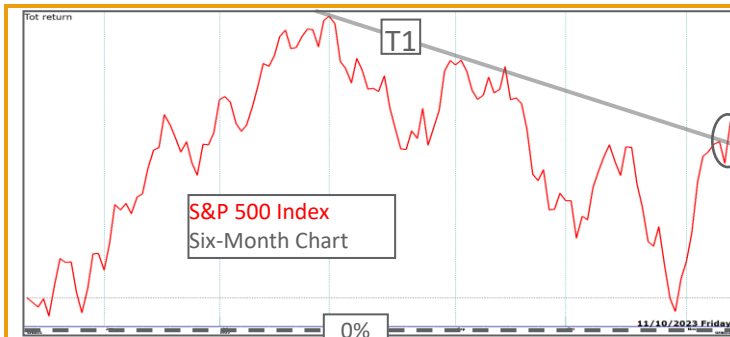


RGB Perspectives

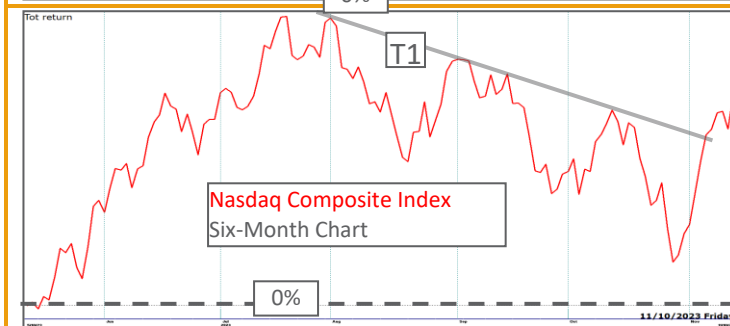
November 13, 2023

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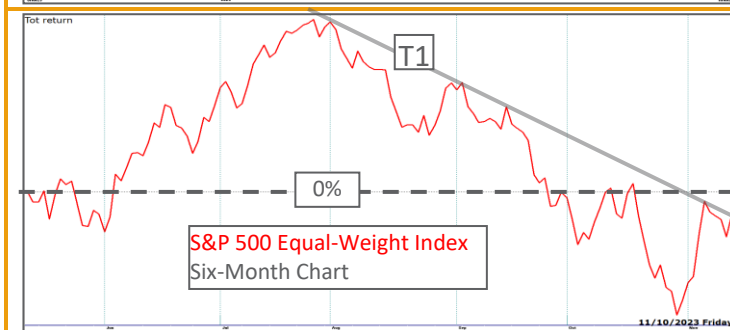
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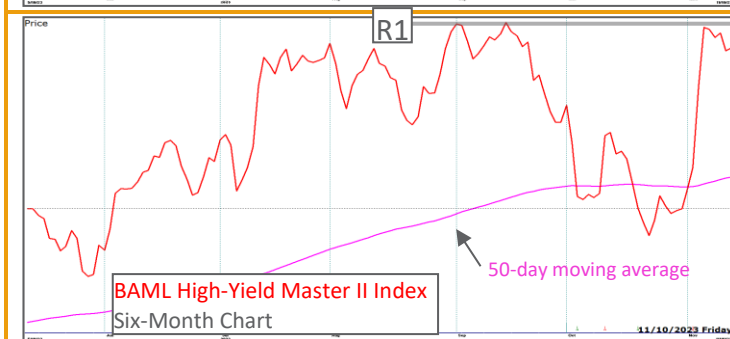
The stock market spent most of last week in a relatively tight range until Friday when stocks surged higher. The surge pushed the **S&P 500 Index** above the primary downtrend line (T1) (see circled area) that has defined the index's activity since the summer and increases the probability that the market weakness experienced over the summer is over.



The **Nasdaq Composite Index** also pushed higher. The index definitively broke above the downtrend line (T1) two weeks ago and looks to be moving higher. With the S&P 500 Index and Nasdaq Composite Index both rising, there is an expectation that it will pull the rest of the market up along with them.



However, that is not the case; at least not yet. The **S&P 500 Equal-Weight Index** remains in a well-defined downtrend. Even the rally on Friday only brought the index back to its primary trendline (T1). Small-cap stocks (not shown) are also in a downtrend.



Junk bonds, which serve as a pretty good barometer of the overall health of the financial markets, pulled back a little last week. The **BAML High-Yield Master II Index** reached an area of resistance (R1) but could not penetrate this level. If risk in the market is subsiding, I would expect to see the junk bond index move higher in the coming weeks.

The market environment has improved considerably since the summer downturn, and I am cautiously optimistic of a continuation of the recent short-term trends into the end of the year. However, I make investment decisions based on what the market is doing, rather than what I think it will do. Therefore, I will continue to adjust our exposure to the market as the market environment changes.

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Prepared with data through 11/10/2023