

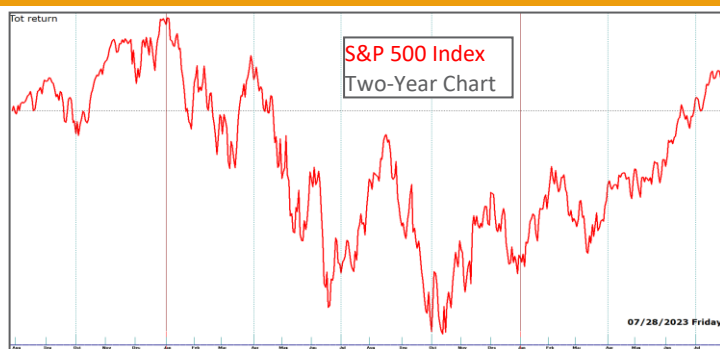


# RGB Perspectives

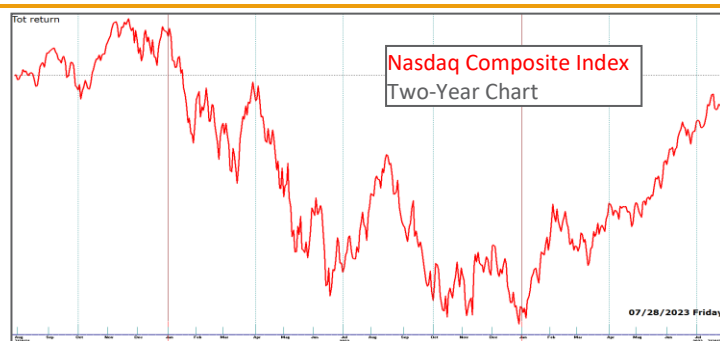
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Written by Rob Bernstein ([rob@rgbcapitalgroup.com](mailto:rob@rgbcapitalgroup.com))

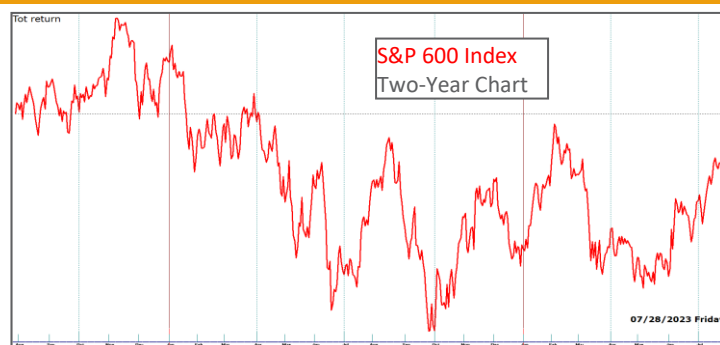
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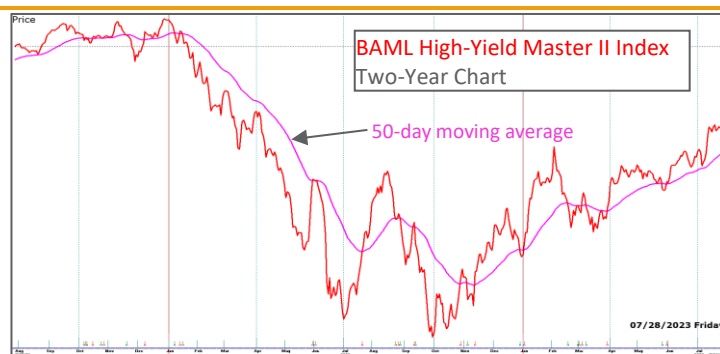
As widely expected, the Fed raised short-term interest rates last week by 0.25% and left the door open for potentially more rate hikes in the future depending on incoming inflation data. The **S&P 500 Index** continued to trend up on the news and reached a new 52-week high on Friday. The large-cap index is approaching its all-time high set back in early 2022.



While more rate hikes are possible in the coming months, many investors believe we may have reached the end of the current rate hiking campaign. If that is the case, interest-sensitive areas of the market, like the **Nasdaq Composite Index**, should continue to trend higher. The index is 10.8% below its all-time high and shows no signs of slowing down currently.



The **S&P 600 Index** of small-cap stocks has struggled this year compared to the two large-cap stock indices shown above. The index has managed to rally over the last few months and a breakout above the early 2023 high would be positive for small-cap stocks as well as the rest of the market. The index is 13.3% below its all-time high set in late 2021.



Junk bonds are sensitive to both interest rates and the overall economic environment. The **BAML High-Yield Master II Index** is in an uptrend trending above its 50-day moving average. Junk bonds, as well as other low volatility areas of the market, should benefit with an end of the current rate hiking cycle.

While the month of July isn't officially over until the end of the trading day later today, all the RGB Capital Group investment strategies are set to finish the month in positive territory. I increased exposure to low volatility mutual funds in our non-qualified strategies last week as these groups continue to provide excellent risk-adjusted returns. If we are at the end to the Fed's rate hiking campaign and the economy remains strong, these low volatility trends could persist for the foreseeable future.

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