



# RGB Perspectives

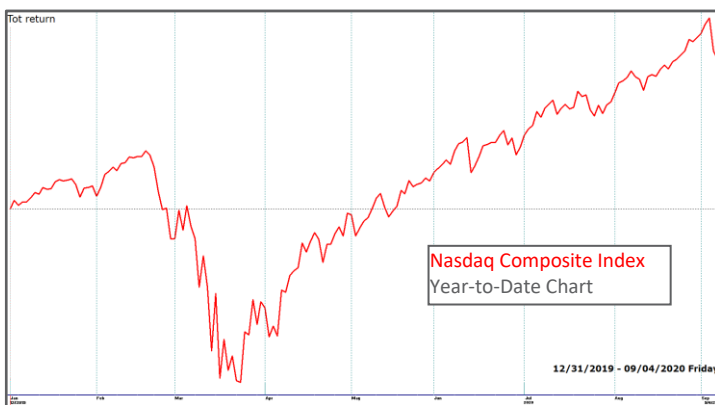
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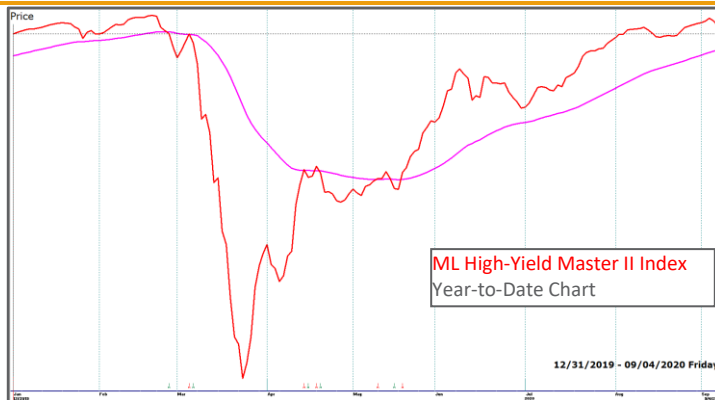
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The stock market has entered into a short-term down trend with the widely followed **S&P 500 Index** falling -4.3% over the last two trading days. On an intermediate-term basis, the index is still in an uptrend that began in late March and remains up +6.1% year-to-date.



Most of the current decline is focused on the high-flying technology stocks that have pulled the rest of the market higher over the last six months. The **Nasdaq Composite Index**, which has a heavy concentration in technology and growth stocks, is down -6.2% since its peak earlier last week. While the technology heavy index is down sharply, it is still up 26.1% year-to-date.



Junk bonds generally follow the general trend of the stock market but tend to lag a bit at significant turning points. The **ML High-Yield Master II Index** fell -0.5% during the last two trading days of last week. If the short-term downtrend in the equity markets continues, the decline in junk bonds will likely accelerate.

The short-term weakness in the equity markets is not too surprising given the consistent uptrend that started earlier this year. The stock market does not trend up in a straight line, but rather moves in a series of up legs and down legs. As long as the up legs are stronger than the down legs, the market is considered to be in an uptrend. It is too early to tell if the market has entered into a significant decline or this is just a pause in the strong, intermediate-term uptrend that started in late March.

The RGB Conservative strategies are up very slightly for the month, while the Balanced and Flex+ strategies are down. At this point, I have made no changes to the RGB Capital Group investment strategies. If the down trend continues, some of our stops will likely be triggered and I will make adjustments accordingly.

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