



RGB Perspectives

September 20, 2021

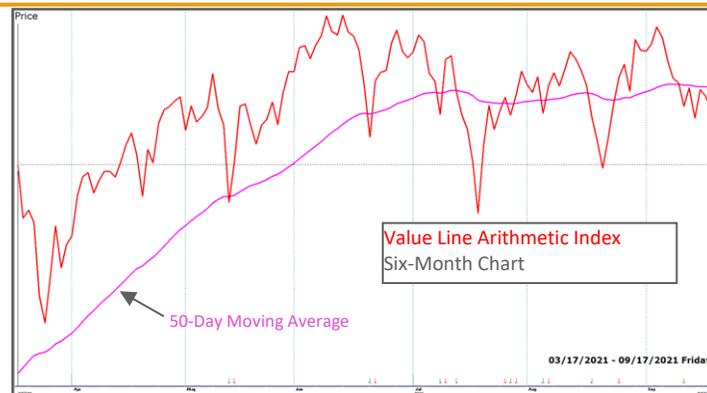
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The charts below are the same charts I shared last week. While the market was down a bit last week, not much has changed with the intermediate- and long-term trends of the market.



The **S&P 500 Index** fell -0.6% last week but held above its 50-day moving average. The widely followed large-cap stock market index is down -2.0% for the month which is consistent with past corrections during this six-month time period. Any further deterioration would drop the index below its 50-day moving average which could be an indication that this correction may have further to go.



The **Value Line Arithmetic Index**, a broad-based index of approximately 1,700 stocks across the market capitalization spectrum, was only down -0.1% last week. While we don't want to put too much weight on price movements over a one-week time period, the relative outperformance of the Value Line Arithmetic Index over large-cap stocks may be an early indication that there is some support building under the surface.



High yield bonds (junk bonds) continued to move up. The **BAML High-Yield Master II Index** climbed 0.2% last week and so far hasn't confirmed the weakness in the broader stock market indices. If risk increases dramatically, high yield bond investors will likely demand higher yields to hold these lower credit quality bonds which would in turn drive junk bond prices lower.

The decline in the stock market this month continues to look like a short-term correction in a long-term uptrend. The major market indices are down again this morning as I write this note. What happens at the end of the day will provide clues to what we might expect. A strong rally into the close today that keeps the S&P 500 near its 50-day moving average would be a positive sign.

The RGB Capital Group investment strategies remain fully invested and no changes have been made to our holdings. The RGB Flex+ strategy is down in line with the major stock market indices this month. The Balanced strategies are down a little while the Core strategies are positive month-to-date. I will continue to monitor the market and adjust our holdings to manage risk according to the objectives of each strategy.

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