

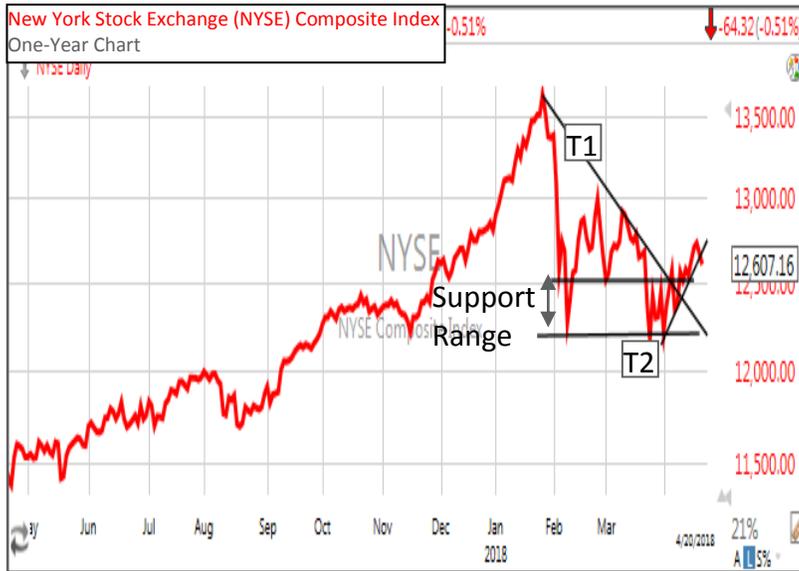


RGB Perspectives

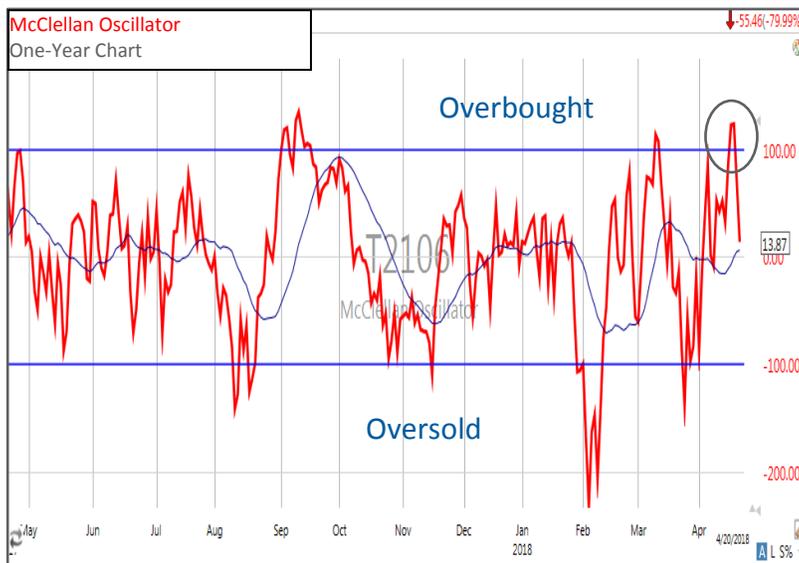
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The **New York Stock Exchange (NYSE) Composite Index**, as well as most of the major equity indices, sold off slightly at the end of last week. The selloff broke slightly below the current, short-term uptrend (T2) but not enough to indicate that the short-term uptrend that started at the beginning of April is over. If the NYSE Composite Index does break decisively below T2, it will be important for the index to hold above the support range and the downtrend line T1. A break below the bottom of the support range would likely lead to additional selling.



The selloff at the end of last week wasn't too surprising as the market was overbought on a short-term basis. The **McClellan Oscillator**, a market breadth indicator derived from the number of advancing and declining stocks on the New York Stock Exchange, jumped into overbought territory (see circled area) before returning back into the normal range between +100 and -100. As such, market activity during the early part of this week should be driven by normal market forces and not the overbought condition that existed late last week.

The tactical (short-term) environment has improved over the last two weeks and the recent, short-term overbought condition has been worked off. I am less certain about the longer term trend. It is still too early to tell whether the downside volatility that started in late January will continue or if the longer-term uptrend that began in 2016 will resume.

Due to the uncertainty in the longer term trend, the RGB Capital Group models have some market exposure, but are not aggressively invested. I continue to monitor the market for more evidence that the short-term downtrend that started almost 3 months ago has run its course. Depending on what the charts indicate over the next few weeks, I will adjust our portfolios accordingly.

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