

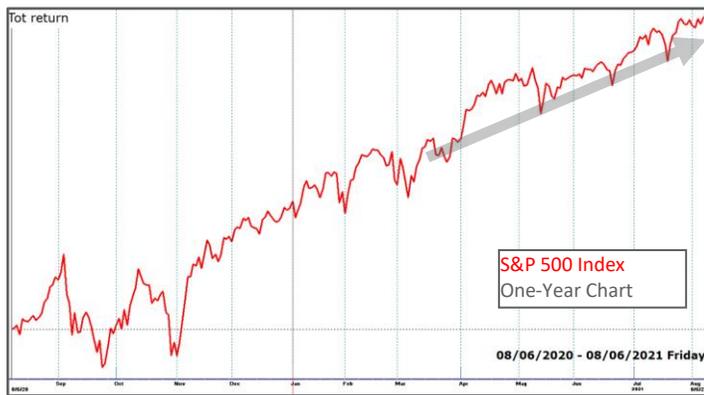


RGB Perspectives

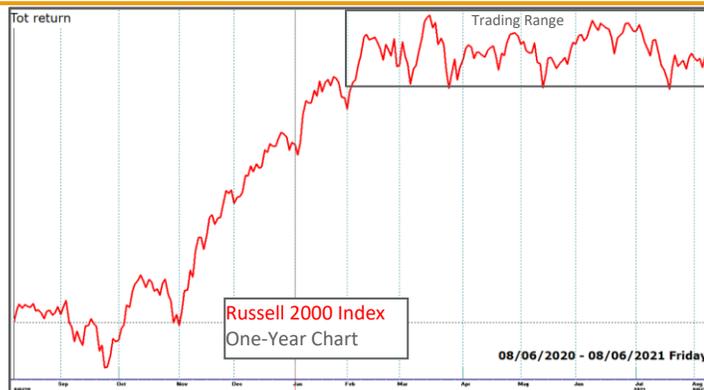
August 9, 2021

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The stock market continues to provide mixed signals as the major stock market indices trend in different directions. The **S&P 500 Index** is in short-, intermediate- and long-term uptrends.



Small- and mid-cap stocks are telling a different story. For example, the **Russell 2000 Index** (small-cap stocks) is in a short- and long-term uptrend, but the index remains mired in an intermediate-term trading range. This trading range environment, which stretches back to February of this year, reflects a balance between buyers and sellers. A breakout above the top or bottom of this range would indicate that this balance has been broken.



Junk bonds, which have trended up along with large-cap stocks for most of the pandemic recovery, are starting to flatten out. The **BAML High-Yield Master II Index** is at the same level it was five weeks ago.

The stock market continues to be pulled by conflicting forces. Strong corporate earnings, an increase in the number of jobs created and hopes an infrastructure bill will be passed as early as this week are offset by supply chain constraints, higher inflation expectations and the spread of the COVID Delta variant including the additional restrictions that are put in place to stop the spread. Maybe the surge in cases will give the Fed a little more leeway in the tapering of its bond purchases and extend the timeframe for increasing short-term interest rates. We are likely to learn more about the Fed's intentions during the much-anticipated Jackson Hole meeting at the end of this month.

Whatever the market does in the future, I will continue to manage risk according to the objectives of the RGB Capital Group strategies. While we remain fully invested, I am prepared to take protective action if our sell signals are triggered. The market does not go up in a straight line, so a little uncertainty for a period of time is not uncommon. This does not mean the market will go down but does mean we should pay a little more attention. Thanks for your continued trust in managing your portfolios.

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