

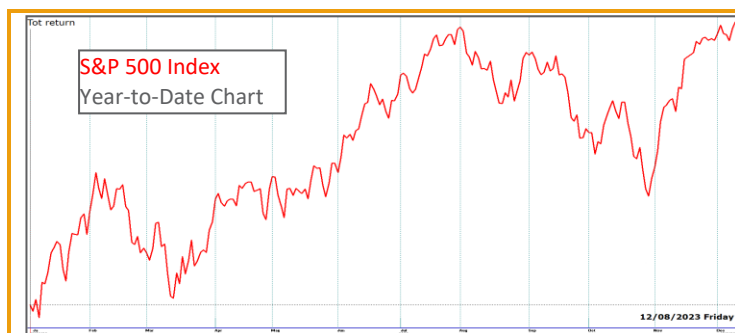


RGB Perspectives

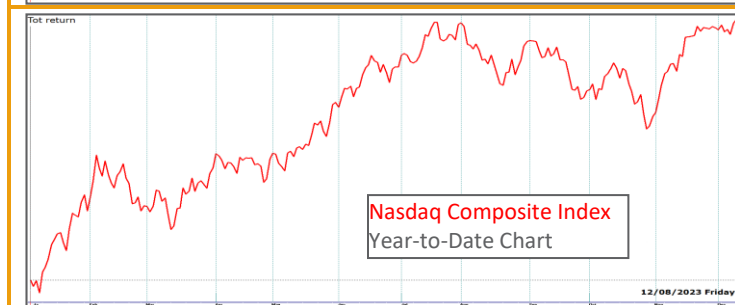
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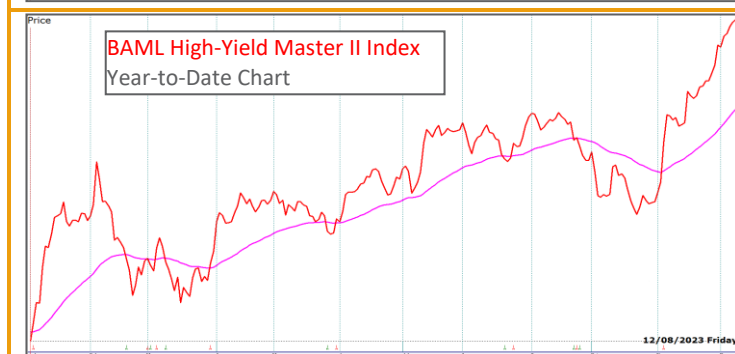
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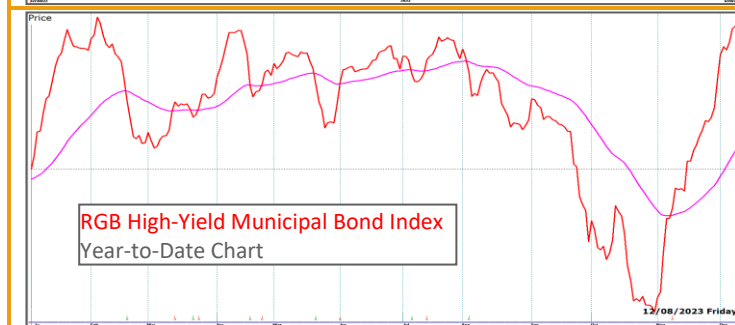
The **S&P 500 Index** has recovered all of the summer decline and is consolidating near the year-to-date highs. The CPI and PPI reports scheduled to be released this week will likely dictate whether we see a continuation of the intermediate-term uptrend that has developed since the October lows.



The **Nasdaq Composite Index** has been moving sideways for the last few weeks and looks like it is ready to break out to a new year-to-date high as the index climbed 1.8% over the last two trading days.



The **BAML High-Yield Master II Index** continues to climb higher and is well above its 50-day moving average. Junk bonds are benefiting from a drop in interest rates that started in mid-October. When junk bonds are moving higher on low volatility, as they are currently, it is generally a sign that market risk is below normal.



Other segments of the bond market are benefiting from the decline in interest rates as well. The **RGB High-Yield Municipal Bond Index** is in a very strong, low volatility uptrend. Since the end of October, the index has been climbing at over 100% annualized rate of return. While this rate of return will not last forever, it can persist, particularly if we continue to see a drop in market interest rates.

Overall market conditions remain favorable. In addition to the updated CPI and PPI numbers this week, the FOMC will conclude its final meeting of the year which may provide clues to any anticipated changes in monetary policy as we head into the new year. While the market appears to be pricing in a soft landing for the economy, the risk of a recession next year is still a possibility. A recession would be negative for stocks, but bonds would likely benefit as the Fed would be forced to loosen monetary policy including adjusting interest rates to stimulate growth.

All the RGB Capital Group investment strategies remain fully invested and are benefiting from the positive market environment.

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