

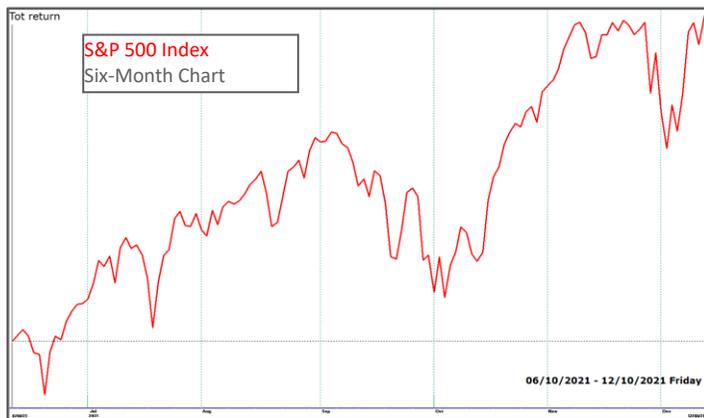


RGB Perspectives

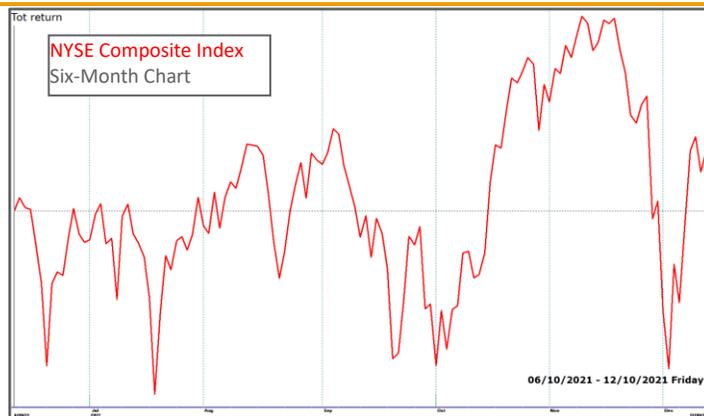
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Written by Rob Bernstein (rob@rgbcapitalgroup.com)

RGB Capital Group LLC • 858-367-5200 • www.rgbcapitalgroup.com



The **S&P 500 Index** had a remarkable turnaround last week and recovered all of the late November decline. The large-cap index rallied 4.4% since December 1st and closed at an all-time high on Friday. However, this is not indicative of the market as a whole as the large-cap index was the only major equity index to close at an all-time high.



The **NYSE Composite Index**, which is a broad-based index capturing stocks across the market capitalization spectrum, also rallied last week, but remains below its all-time high. The index rallied 4.5% since its recent low and remains 2.6% below its all-time high. This is an indication that the recent rally has been concentrated in the large-cap segment of the market.



The **BAML High-Yield Master II Index** rallied along with stocks and broke above its 50-day moving average. While this is an indication that some of the uncertainty in the stock market has passed, the rally puts junk bonds back into the trading range that has persisted for the last several months. Note how the junk bond index is at the same level it was at the beginning of September. A breakout to new highs would be a sign that the recent uncertainty has passed.

The stock market rallied last week despite reports that the Consumer Price Index (CPI) climbed at the fastest pace since the early 1980s. The recent spike in inflation will likely put pressure on the Federal Reserve to accelerate the reduction of its bond-buying activities sooner than originally anticipated and open the door for interest rate hikes during the first six months of next year to slow down the pace of economic expansion.

The impact of higher inflation and a less accommodative Fed could increase stock market volatility. This is a time to pay attention to what is happening in the stock market. I will continue to monitor the charts and adjust the RGB investment strategies as necessary to keep overall risk levels in line with the objectives of each strategy. The Balanced and Flex+ strategies are positive for the month and the Core strategies are slightly above the breakeven level. Thank you for your continued trust.

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