

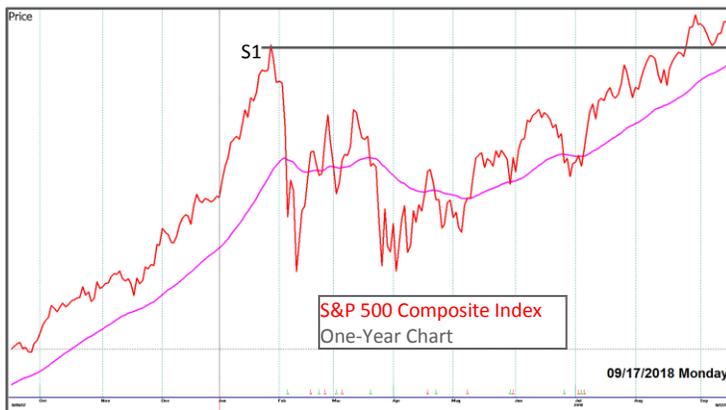


# RGB Perspectives

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The longer-term uptrend in the **S&P 500 Composite Index** remains intact as it trends up above its rising 50-day moving average. However, the uptrend is losing some momentum. After bouncing off the January highs (marked as S1) a little over a week ago, it has failed to exceed the previous high. A break below S1 would certainly be a negative indication for the market.



The signs of weakness are more evident in the technology heavy **Nasdaq 100 Index**. It has put in a lower high and closed today right above its 50-day moving average. In addition, it appears to be breaking below the trendline T1 that has defined the recent uptrend.



While the US markets have trended up over the last few months, the global financial markets have struggled. The **SPDR S&P World ex-US ETF**, which is comprised of the major developed countries including Japan, United Kingdom, France, Germany and Canada, has been in a steady decline. Can the US markets continue to climb while the rest of the world is in decline?

The recent weakness in the US markets looks very similar to the previous selloffs that have defined the choppy uptrend that started almost six months ago. We will have to wait to see how the market behaves over the next several days/weeks before determining if this is just a pause in an ongoing uptrend or the beginning of a change in the overall trend.

The RGB Conservative models have not changed over the last week and continue to hold primarily low volatility bond/income type mutual funds. The RGB Flexible models have some exposure to the US markets as well as exposure to lower volatility bond and income funds. I have recently reduced the equity exposure and will continue to reduce that exposure if the weakness continues. The RGB models are about flat for the month with the Conservative models up slightly and the Flexible models down just a little.

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