

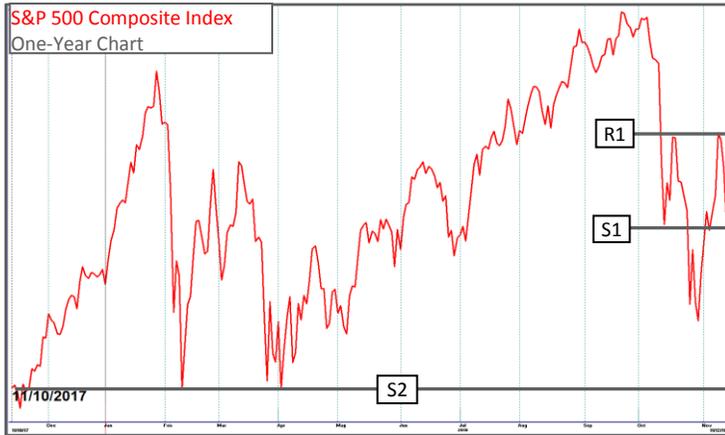


RGB Perspectives

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The **S&P 500 Composite Index** (large-cap stocks) started the month on a positive note recovering some of the decline from the month before. It hit overhead resistance (R1) before declining again. The index closed today resting on near-term support (S1). Holding above S1 would be a positive indication while a break below S1 may test the longer term support (S2).



The **Russell 2000 Index** (small-cap stocks) bounced at the end of October as well. The Russell 2000 climbed 7.7% before giving up some of those gains over the last few trading days. It remains above the lows established earlier this year (S1).



The **Merrill Lynch High-Yield Master II Index** (junk bonds) rallied along with the rest of the equity markets during the first part of November but failed right at its 50-day moving average. Although I don't attribute much weight on very short-term market movements, it is interesting to note that the Merrill Lynch High-Yield Master II Index did move up today which was a down day on the market.

The major market indices recovered some of their October declines and remain above the lows established earlier in the year. Although we have seen many V-shaped bottoms over the last several years, that isn't the norm. Bottoming patterns typically take weeks or months to form. Think of it as a tug-of-war between the bulls and the bears. Therefore, some additional up and down volatility over the near-term wouldn't be surprising.

Happy Veteran's Day to all those who served and sacrificed for our country.

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