



RGB Perspectives

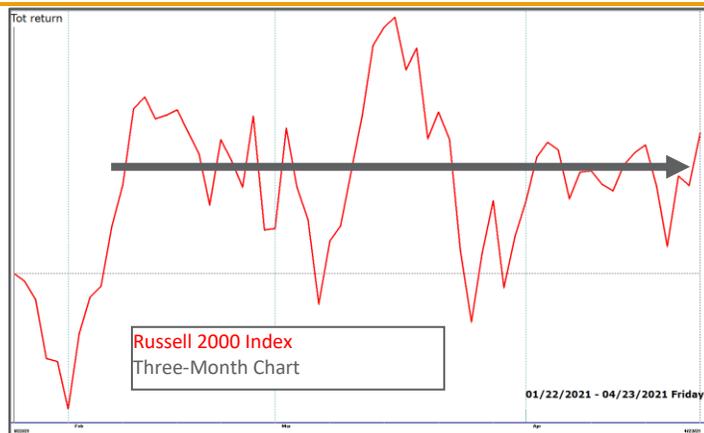
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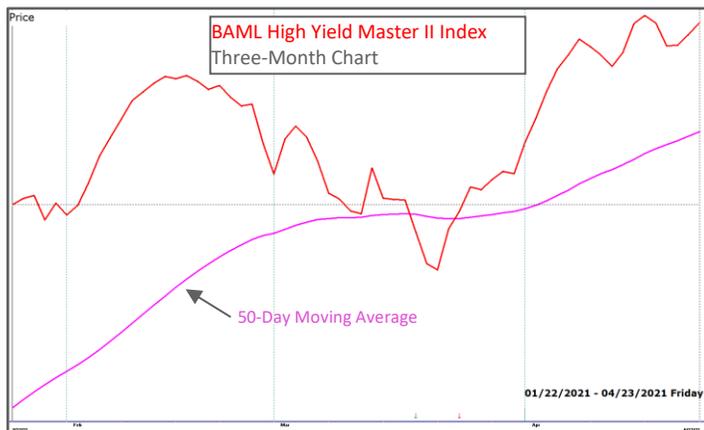
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The **S&P 500 Index** had a volatile week ending at about the same place it started (-0.13%). Despite the increase in volatility, the uptrend in this large-cap stock index remains up and it closed near its all-time high on Friday. Many stock market indices ended the week at or near all-time highs.



Small-cap stocks are an exception. The **Russell 2000 Index** had a volatile week as well but ended the week slightly higher than where it started (+0.41%). However, the small-cap stock index has been mired in a trading range over the last several months. A break above or below this range would give us clues to the future direction of the market.



Junk bonds are trending above their 50-day moving average indicating that investors continue to take on risk. The **BAML High Yield Master II Index** dropped below this mark last month but quickly recovered. As long as junk bonds continue to trend up, it is a pretty good indication that the environment remains healthy.

There continues to be plenty of headlines that drive the markets up and down including increasing Covid-19 cases in certain parts of the world, safety concerns with some vaccines, a proposed \$2.3 trillion infrastructure bill, a proposed tax plan that would increase taxes on high income earners, the Fed's continued support for the market and generally positive corporate earnings. I find the best way to ascertain the impact of all these variables on the stock market is to look at the trend. Right now, with some exceptions, the trend of the stock market remains up.

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