

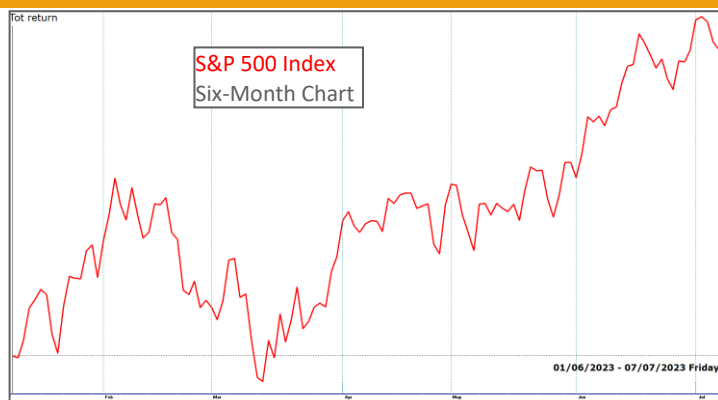


# RGB Perspectives

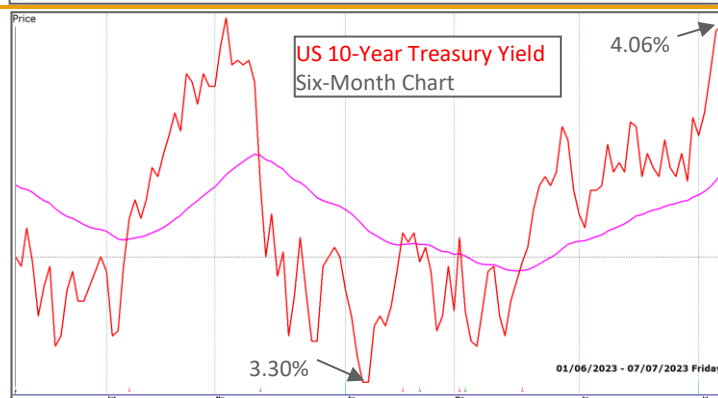
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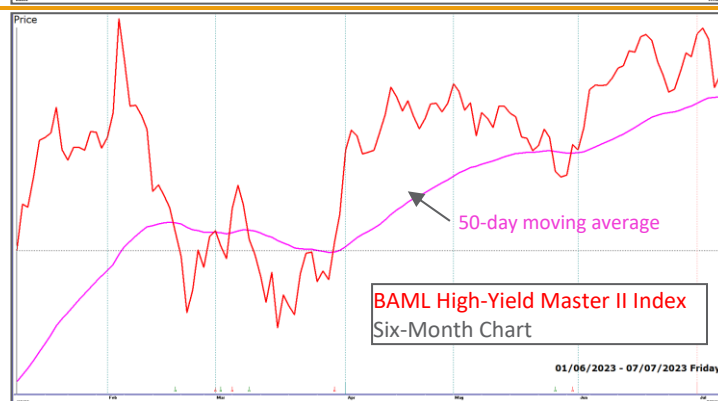
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The minutes from the last FOMC meeting were released last week and generally drove stocks lower as the Fed appears to be committed to one or more 0.25% rate hikes before the end of the year. The **S&P 500 Index** fell a little over 1% last week but remains in a strong uptrend.



Interest rates spiked higher on the news. The **US 10-Year Treasury Yield** moved up over 4% for the first time since early March.



Higher rates put pressure on certain asset classes such as junk bonds. The **BAML High-Yield Master II Index** (junk bond index) moved lower but remained above its 50-day moving average. While technically the junk bond index remains in a positive configuration, it does not reflect a particularly strong market environment.

The June jobs report was released on Friday and indicated that 209,000 new jobs were created last month. This is a solid jobs number; however, it was less than the 306,000 jobs created in May and less than what many experts anticipated. The market was initially up on the news and then sold off into the close. The labor markets have shown resiliency despite aggressive monetary policy changes over the last year and the Fed will likely keep rates at these higher levels, or even continue raising rates, until they see a meaningful softening in the labor markets.

The slight pullback in the market last week did not trigger any of our sell stops and the RGB investment strategies remain invested in low volatility mutual funds and/or equities depending on the strategy. All strategies are down a little for the first week of July. At some point the Fed will stop raising rates and once this happens, I am optimistic for an opportunity to take advantage of outsized, low volatility returns.

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