

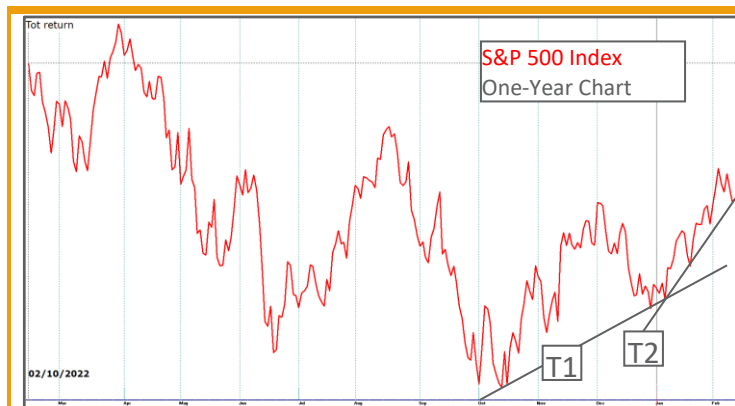


# RGB Perspectives

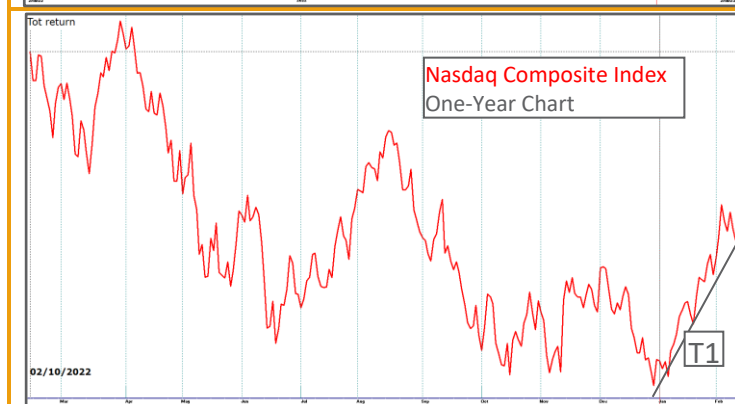
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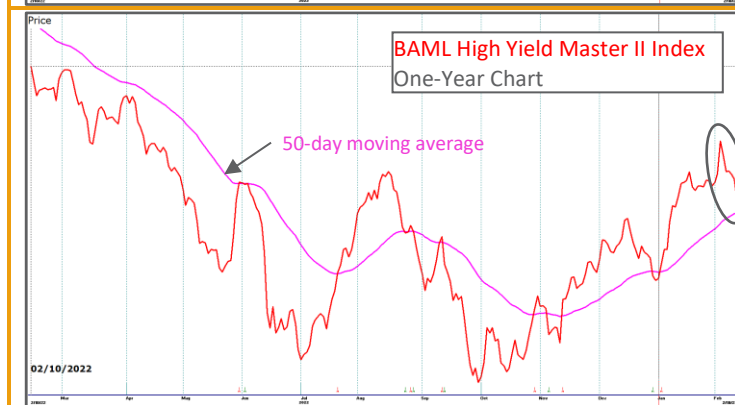
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The **S&P 500 Index** has trended up since October 2022 as depicted by the upward trend line T1. This trend gained momentum in January 2023 as represented by the series of rising troughs marked by T2. The current uptrend is strong (over 90% annualized rate of return) and not sustainable long-term. Some sort of pullback is likely in the near future. As long as the intermediate-term trend (T1) remains in tact, I consider the S&P 500 Index to be in an uptrend.



The **Nasdaq Composite Index** didn't bottom until the end of 2022 and has been in a strong uptrend (T1) since that time. The index declined last week and ended the week right at its primary trend line. The intermediate-term uptrend, which is extremely strong with a 260+% annualized rate of return, is not sustainable so additional price declines in the near future wouldn't be surprising.



While the equity markets look favorable, the behavior of junk bonds has caught my attention. The **BAML High-Yield Master II Index** tends to move with strong trend persistence. The pullback last week (see circled area) was uncharacteristic of this low volatility group if we are in the early stages of a new bull market. A significant drop below the 50-day moving average would be concerning for both junk bonds and stocks.

The release of a robust jobs report earlier this month has investors weighing the prospects of easing monetary policy later this year against the potential that inflation may not yet be fully contained. Investors will receive additional insights this week to help them better understand the current labor markets and the state of inflation. This includes the Consumer Price Index (CPI) for January on Tuesday, Retail Sales on Wednesday, and the Producer Price Index (PPI) and initial jobless claims on Thursday.

All the RGB Capital Group investment strategies remain fully invested and positive year-to-date. However, the recent decline in junk bonds and other low volatility groups held in the RGB Core and Balanced strategies have turned both strategies negative for the month. It is too early to tell whether this is just a correction in an ongoing uptrend or the start of a more significant decline. Regardless, I will continue to monitor the positions daily and take appropriate actions if the decline continues.

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