

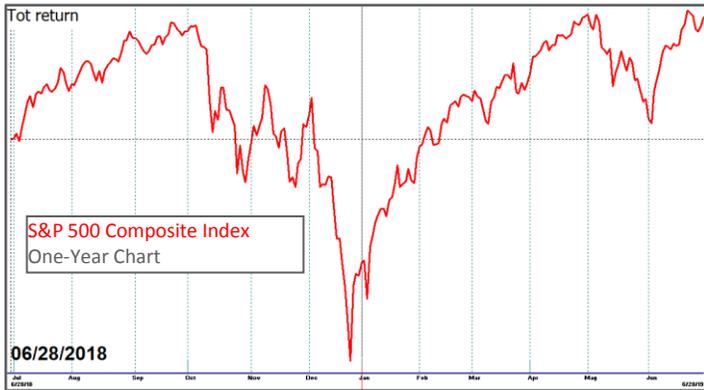


# RGB Perspectives

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The short-term trend of the **S&P 500 Composite Index** is up. After a disappointing May, the large-cap index put in a V-shaped bottom in early June and spent the remainder of the month recapturing the losses from the previous month. It now stands less than ½% away from its all-time high.



Small-cap stocks, as represented by the **Russell 2000 Index**, had a strong month of June as well, but not strong enough to recover the almost 8% decline from the previous month. In addition, it remains down 10% from its August 31, 2018 all-time high. The underperformance of small-cap stocks remains a concern for the overall health of the current uptrend as small-cap stocks generally outperform during strong bull markets.



While the performance of small-cap stocks provides some concern, I tend to put more emphasis on the performance of junk bonds. When economic conditions are strong, junk bonds tend to trend up reflecting a willingness of investors to take on more risk. The **BofAML High-Yield Master II Index** briefly dipped below its 50-day moving average before bottoming in early June along with stocks. It is once again solidly above its 50-day moving average and just slightly below its all-time high.

While the financial markets appear to be in strong short-term uptrends, they continue to move in sync with news headlines. As I write this weekly note, the index futures are up strong after what appears to be progress in the trade negotiations between the United States and China.

While I don't have the final numbers for the month of June, all the RGB Capital Group investment strategies are positive month-to-date. The conservative portion of the strategies are fully invested and margined, while the equity portion of the strategies are 100% allocated to equities. I will continue to monitor the markets and will make adjustments when our signals to sell are generated.

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