

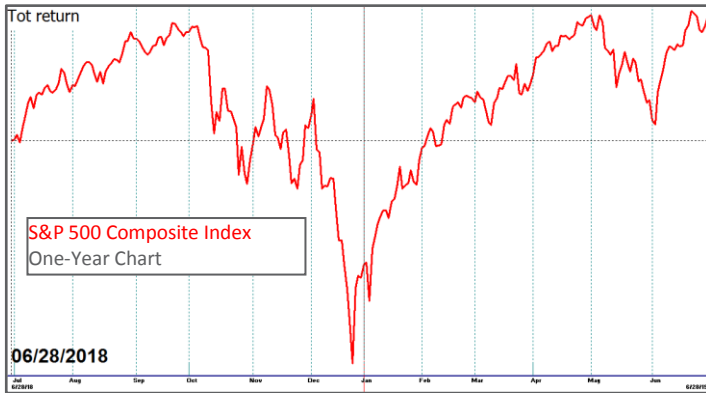


RGB Perspectives

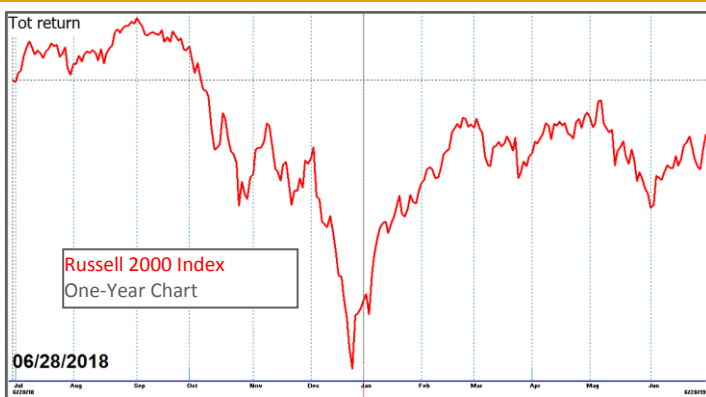
July 1, 2019

Written by Rob Bernstein (rob@rgbcapitalgroup.com)

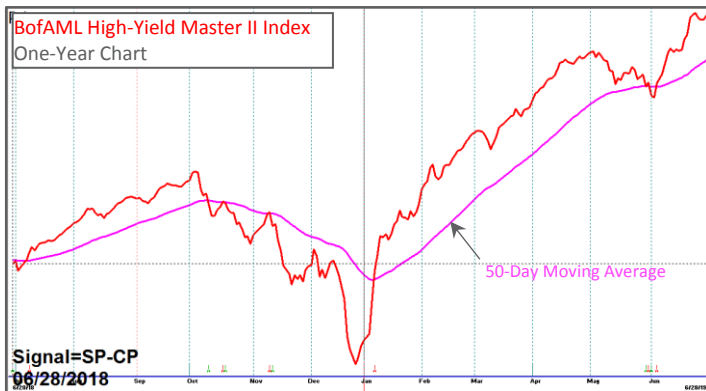
RGB Capital Group LLC • 858-367-5200 • www.rgbcapitalgroup.com



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.

RGB Perspectives is provided for general information purposes only. It does not constitute an offer to sell or a solicitation to buy a security, and is not an offer to provide any specific investment advice. Securities held in the RGB models are subject to change without notice. Past performance is not a guarantee of future performance. It is not possible to invest directly in an index. Individual account results will vary from RGB models due to timing of investment, amount of investment and actual securities used. Advisory fees are deducted within the first month of the quarter for the prior quarter. Most data and charts are provided by www.fasttrack.net or TC2000 (www.worden.com). RGB Capital Group contact info: (858) 367-5200. Email: info@rgbcapitalgroup.com