



RGB Perspectives

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The **S&P 500 Composite Index** is dancing back and forth across a major resistance line (R1), a level defined by the 2018 highs. The large-cap index closed right at that level today. While the market hasn't surged through this level, it hasn't declined from it either. A period of sideways price movement as we have seen over the last week, is an indication that there are still buyers supporting this market.



The **S&P 600 Index** of small-cap stocks is still struggling to breakthrough the 2019 interim highs (R1). While small-cap stocks have underperformed large-cap stocks over the last several months, that is starting to change. The S&P 600 Index is up 1.5% this month while the S&P 500 (large-cap stocks) is down -0.5%. The recent outperformance of small-caps stocks is a positive indication.



One of my favorite indicators of the overall health of the market is the performance of the junk bond market. The BofAML High-Yield Master II Index has started to flatten out over the last week, but the overall trend remains up. As long as junk bonds remain above their 50-day moving average, I consider the market environment to be healthy.

The market started this week on a sour note as trade wars are back in the headlines. President Trump announced that he would raise tariffs on \$200 billion worth of Chinese goods by the end of the week. Markets sold off about 1.5% to 2% in early trading this morning, but recovered much of those losses by the end of the day. This is an indication that there are investors willing to "buy the dip" and is a sign of a strong market environment.

I have made no changes to the RGB Capital Group investment strategies and they remain invested in a variety of bond/income funds and/or equities depending on the strategy. All the strategies are hovering around the breakeven line for the month of May.

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