



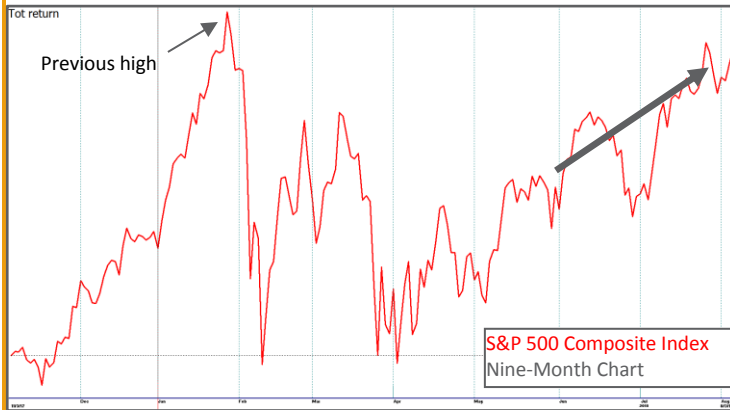
RGB Perspectives

August 6, 2018

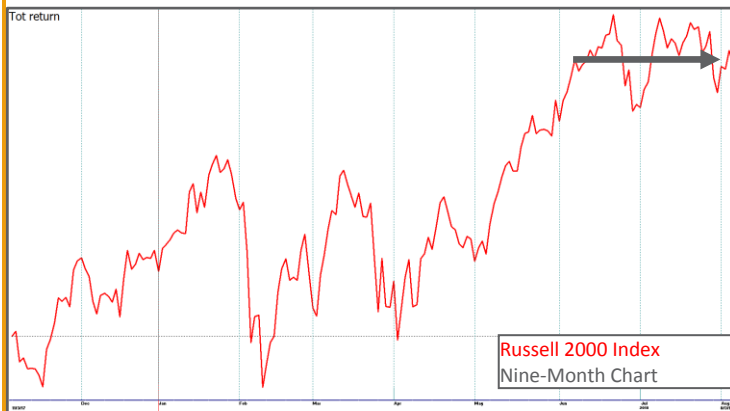
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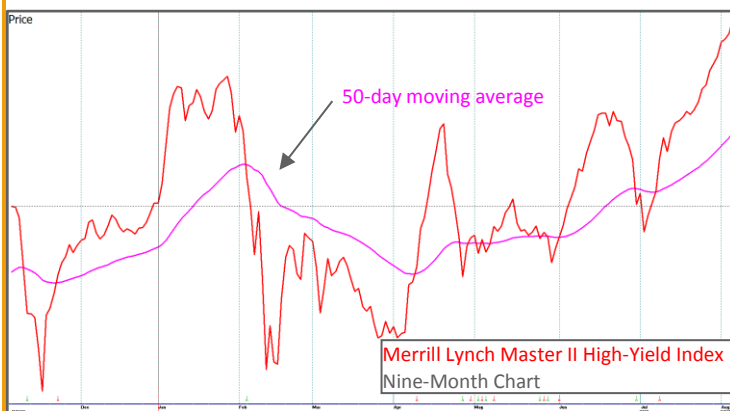
All clients and friends of RGB Capital Group are invited to attend our annual meeting scheduled for Saturday, September 29 in Los Angeles and Saturday, October 6 in San Diego. For details and online registration please use the following links: [Los Angeles Meeting Details and Registration](#) or [San Diego Meeting Details and Registration](#). If you would like to attend one of these meetings, you must register. For questions, please contact Lois at lois@rgbcapitalgroup.com or 858-367-5200.



The **S&P 500 Composite Index** is in an uptrend and approaching its' previous all-time high. A break above the January high would be positive for the market and an indication that investors are once again willing to take on risk.



Generally, small-cap stocks will outperform large-cap stocks in strong market environments as investors are willing to take on more risk. The **Russell 2000 Index** of small-cap stocks has outperformed large-cap stocks for most of the year until recently. Small-cap stocks have leveled out over the last two months while large-cap stocks have continued to trend higher. While this change in the market is worth noting, it is too early to tell if small-caps are forming a topping pattern or simply consolidating recent gains.



Junk bonds, on the other hand, are indicating a 'risk on' environment. Junk bonds tend to trend higher when the economic outlook is positive and the risk of default is low. After meandering sideways for most of the year, the **Merrill Lynch High-Yield Master II Index** (junk bond index) has resumed trending up. It is trending up above its rising 50-day moving average and recently broke above its January high.

Despite the recent sideways trend of small-cap stocks, the market in general looks to be trending higher and I am generally optimistic about overall market conditions. The January highs in many of the major indices will likely provide some overhead resistance and will be a true test of the validity of the recent uptrend. The RGB Capital Group models are up a little for the month of August.

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