

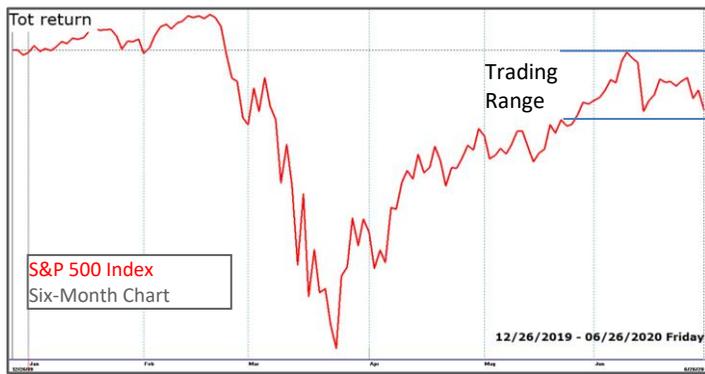


RGB Perspectives

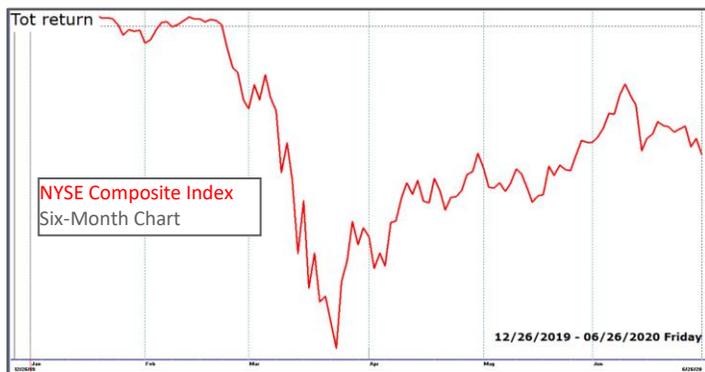
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The widely followed **S&P 500 Index** is trending sideways as it digests the strong gains from the prior two months. The large-cap index is currently at the lower end of a short-term trading range. The index is down -1.2% for the month of June and down -6.9% for the year-to-date period.



The **NYSE Composite Index** is a more diversified index as it includes over 1,900 stocks across the market capitalization spectrum. The NYSE Composite Index is following the same general pattern as the large-cap market as it consolidates recent gains. However, the index is down -1.7% for the month and remains down -16.6% year-to-date.



Junk bonds generally follow the overall trend of the stock market however on a fraction of the volatility. The lower volatility characteristics of junk bonds make them an ideal tool to assess the overall risk in the market. Like the stock market indices shown above, the **Merrill Lynch High Yield Master II Index** has trended sideways over the last two weeks but remains above its 50-day moving average.

The recent surge in coronavirus cases in the United States has increased uncertainty with the economic recovery. While the intermediate-term uptrend in the stock market is still intact, the recent pullback is a reminder that the stock market will not move up in a straight line. Uptrends are defined by stronger up legs interrupted by weaker down legs. The recent sideways market following the recent strong surge in the stock market is a healthy manner in which to consolidate the recent gains. A break below the bottom of the trading range would increase the likelihood that we have entered a short-term decline.

The stock market continues to be driven by news headlines; both positive and negative. While the recent news surrounding the surge in cases has been negative, there will be positive news including progress towards the development of a vaccine. With the recent aggressive steps taken by the Federal Reserve, it is unlikely that we will see a decline similar to the decline experienced earlier this year.

I don't know what the future holds, so I will continue to monitor the RGB Capital Group investment strategies based on what the market is doing. I have made no changes to the strategies during the last week. As we head into the last two trading days of the month both the Core and Balanced strategies are in positive territory while the Flex+ strategy is down in line with the overall stock market.

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