

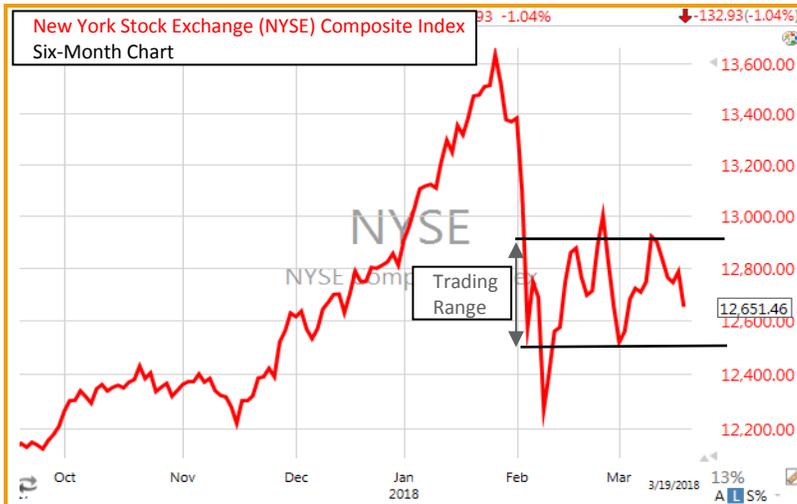


RGB Perspectives

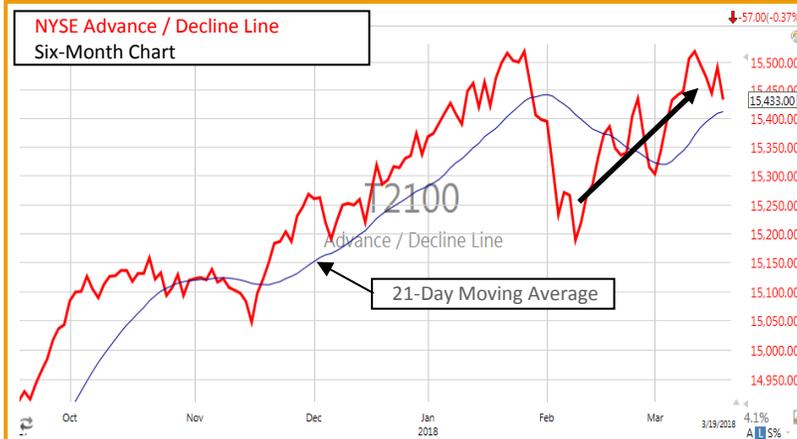
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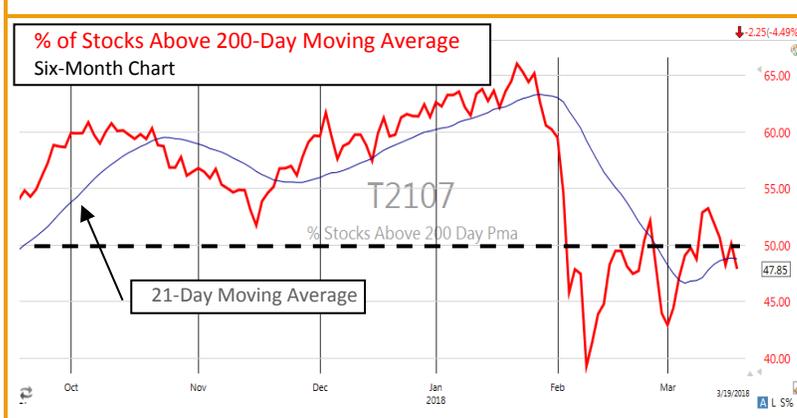
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This **New York Stock Exchange (NYSE) Composite Index** peaked in late January and fell 10% in 9 trading days. Since then the index bounced and recovered some of those losses but remains 7.2% below the January high. The NYSE Composite Index is now trending sideways within a trading range. A break above the top of the trading range may indicate that the recovery has further to go. However, a break below the bottom of the trading range may indicate that a more significant downtrend has started.



The **NYSE Advance / Decline Line** is the cumulative daily net advancing issues on the NYSE Composite Index. When more stocks are advancing than declining, the line will trend up. Despite the trading range pattern of the NYSE Composite Index, the Advance / Decline line trended up since the market bottomed in early February. This is a positive indication that there is some underlining strength in the market.



Tracking the **% of Stocks Above 200-Day Moving Average** helps us put the longer-term trend of the market into perspective. Generally in long-term uptrends, more than 50% of stocks will be trending above their 200-day moving average. The indicator has spent the majority of the last six weeks below the neutral 50% level (dashed line) and may be indicating continued weakness in the market.

The direction of the market is uncertain. Many of the indicators that I track (including the ones presented above) are providing conflicting signals. Some show underlining strength (such as the Advance / Decline Line) and others show the market continuing to deteriorate. In times like this, I consider risk to be above normal.

The RGB Capital Group models have some exposure to the market but the risk level is much less than that of the major equity indices. If the market deteriorates from here I will take steps to reduce risk. Conversely, if the market stabilizes and resumes trending up, I will likely add exposure over time. The RGB Capital Group models are down a little for the month.

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