

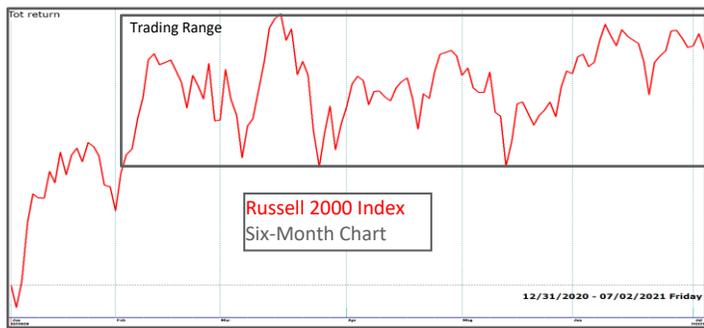


# RGB Perspectives

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Parts of the stock market remain mired in trading ranges. The **Russell 2000 Index** has been trending sideways for the last five months. Other stock market indices, including S&P 400 Index and the New York Stock Exchange (not shown), have very similar chart patterns.



Other segments of the stock market are in well defined uptrends. The **S&P 500 Index** and the Nasdaq Composite Index (not shown) are trending up and closed at all time highs on Friday.



Junk bonds are trending up as well. The **BAML High-Yield Master II Index** is trending above its 50-day moving average on low volatility. This configuration is generally a good sign that investors are willing to take on risk and therefore a good indicator of overall market sentiment.



Concerns of rising inflation drove interest rates up earlier this year. That trend has now started to move the other way. The **US 10-Year Treasury Yield** peaked at 1.74% about three months ago and has dropped over 17% to 1.44% on Friday. Concerns over persistent inflationary pressures appears to have subsided.

The US economy continues to recover from the pandemic induced shutdowns last year. The June jobs report showed strong growth with an 850K increase in nonfarm payrolls. Corporate earnings continue to be strong. With the strong economic back drop, an up trending junk bond market and a decline in interest rates, I believe that odds favor a continuation of the stock market rally.

As most readers know, I don't manage the RGB investment strategies based on what I think will happen in the market. I use our investment models to set stops and to protect our capital. The longer the post-COVID rally continues without a significant correction, the more significant that correction might be. While the stock market looks good currently, that will change at some point in the future. All the RGB investment strategies are up for the month of June.

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