



RGB Perspectives

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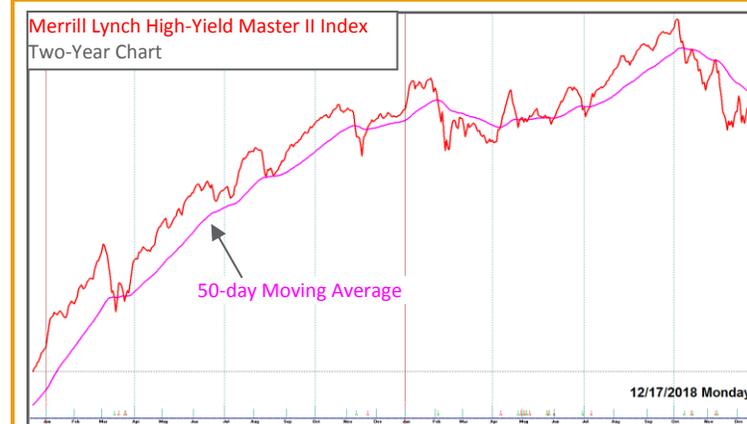
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The market sell-off continues. Stocks across the capitalization spectrum have steep declines. Small-cap stocks have been hit hard and the **Russell 2000 Index** is down 20.8% since its peak just a little over three months ago. It recently broke through the early 2018 lows which was an important level of support (S1). That level will now act as a level of resistance. The next logical support level is the bottom of a multi-month trading range from 2017 (S2).



The **S&P 500 Composite Index** broke below the 2018 lows (R1) today and is now down 13.1% since its late September peak. Based on my review of the two-year chart, there doesn't appear to be any reasonable support nearby. Unless we see a turnaround in the markets soon, this selling could intensify.



Junk bonds are trending down as well. The **Merrill Lynch High-Yield Master II Index** is below its 50-day moving average and down 3.0% since its early October high. However, as the selloff in the equity markets intensified over the last two weeks, junk bonds have bounced around sideways and remain above their November lows.

This is an extremely challenging environment for both equities and many of the lower volatility bond and income funds that we use to manage volatility. We have increased our cash position in all the RGB strategies throughout the month and I don't plan on redeploying that cash until the volatility has subsided. All the models remain down for the month, but less than the overall market.

The good news is that the current selloff is creating some good buying opportunities which I will strive to take advantage of when the opportunity presents itself. Thanks for your continued trust and confidence.

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