

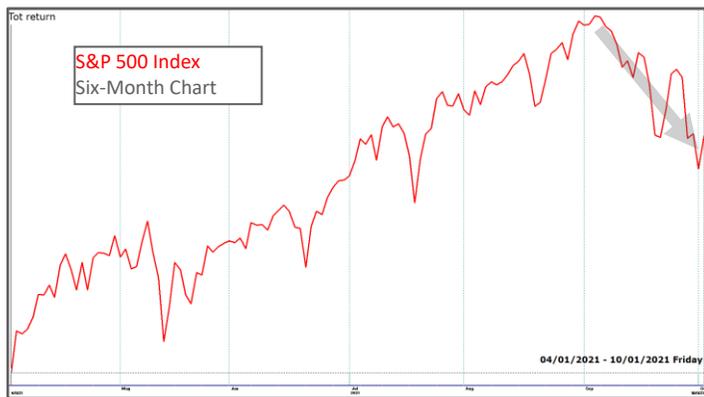


RGB Perspectives

October 4, 2021

Written by Rob Bernstein (rob@rgbcapitalgroup.com)

RGB Capital Group LLC • 858-367-5200 • www.rgbcapitalgroup.com



Most of the major stock market indices are in intermediate-term downtrends. The **S&P 500 Index**, shown here, peaked in early September and declined steadily throughout the month. The index was down -2.2% last week and is down -4.0% from the early September peak.



High-yield bonds peaked in mid-September before starting to decline. The **BAML High-Yield Master II Index** is now in a short-term downtrend indicating that risk is rising. However, the downtrend has been mild so far. The index was down -0.3% last week and -0.5% since its mid-September peak.



Treasury yields continue to climb higher which is putting pressure on some bonds and equities. The **US Treasury 10-Year Bond Yield** is up 24% since early August. While the rise in rates has been rapid, rates remain relatively low by historical standards. In fact, the US Treasury 10-Year Bond Yield is currently hovering near the pre-pandemic lows that were witnessed over the last 10 years.

As is usually the case, there are lots of concerns for investors to consider. The Fed is contemplating the timing of changes to monetary policy including tapering the quantity of bonds it purchases each month and then increasing interest rates a year or two down the road. Complicating changes to monetary policy, is inflation that appears to be more persistent than the Fed expected. Congress is also considering massive spending bills and, of course, tax increases to pay for the additional spending. The US debt ceiling is also in focus as the Treasury department estimates it has until mid-October before it will reach the current borrowing limit. However, given these and other issues, the recent decline has been mild so far.

While risk has increased over the last month, I don't see anything alarming at this point. I certainly don't know what the future holds, so I will continue to manage risk according to the objectives of each of the RGB Capital Group investment strategies. The Flex+ and Balanced strategies were down for the month, while the Core strategies provided positive returns. If you are interested in receiving the monthly performance reports for the RGB Capital Group investment strategies, please email Lois at lois@rgbcapitalgroup.com.

RGB Perspectives is provided for general information purposes only. It does not constitute an offer to sell or a solicitation to buy a security and is not an offer to provide any specific investment advice. Securities held in the RGB models are subject to change without notice. Past performance is not a guarantee of future performance. It is not possible to invest directly in an index. Individual account results will vary from RGB models due to timing of investment, amount of investment and actual securities used. Advisory fees are deducted within the first month of the quarter for the prior quarter. Most data and charts are provided by www.fasttrack.net or TC2000 (www.worden.com). RGB Capital Group contact info: (858) 367-5200. Email: info@rgbcapitalgroup.com