



RGB Perspectives

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Much of the selling during the first two weeks of September has been concentrated in the largest technology stocks, which are best represented by the **Nasdaq 100 Index**. The Nasdaq 100 Index penetrated the lower end of its upward trading channel indicating a change in the overall trend. The technology index has found some short-term support at S1 and is down -6.9% for the month of September. A drop below S1 may be an indication that there is further selling to come.



The largest five stocks in the **S&P 500 Index** (a capitalized weighted index) are all technology stocks and therefore it is not a surprise that the index declined sharply as well. However, the decline was not as dramatic as the Nasdaq 100 Index as it is down “only” -3.3% for the month. The good news is that the index remains within the upward sloping trading channel that has defined the majority of the price movement over the last five months. As long as the index remains in this channel, the trend should be considered up.



The **S&P 500 Equal Weight Index**, which gives equal weight to each stock in the calculation of the index value, is down -0.7% month-to-date. This is one indication that the recent selloff was highly concentrated among the large-cap technology stocks and has had a relatively minor impact on the rest of the market.



There is no indication of elevated selling in the junk bond market either. Junk bonds generally follow the general trend of the overall stock market. The **ML High-Yield Master II Index** has moved sideways over the last few weeks and remains above its 50-day moving average. There is no indication of elevated risk currently.

So far, the recent decline is focused in the large-cap technology stocks and has not spilled over to the broader market. While I have no way to predict the future, this appears to be a correction in an ongoing, intermediate-term uptrend as opposed to the start of a significant decline. The RGB Capital Group Core strategies are up for the month, while the Balanced and Flex+ strategies are down.

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