RGB Perspectives

August 14, 2023

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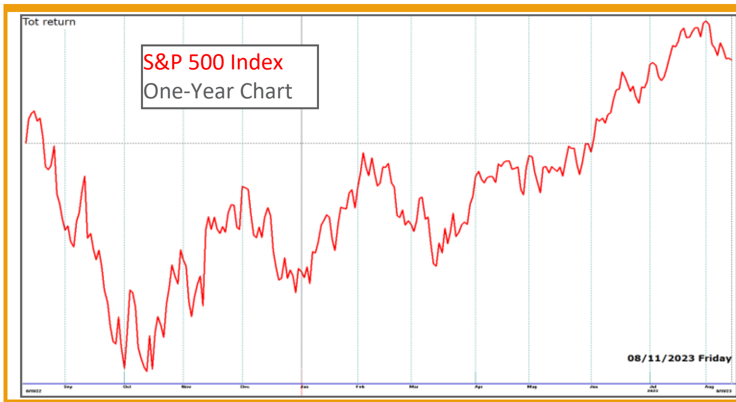
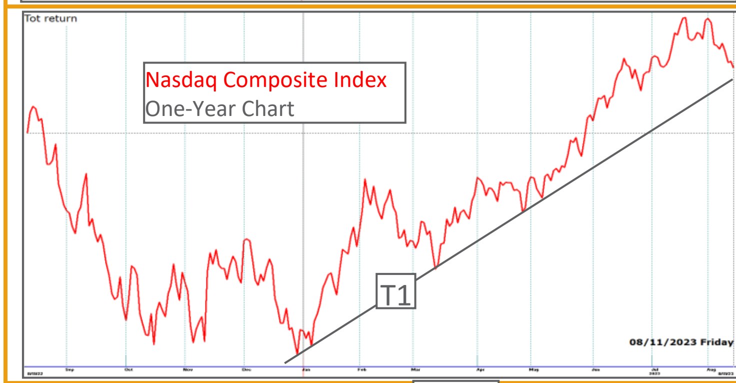
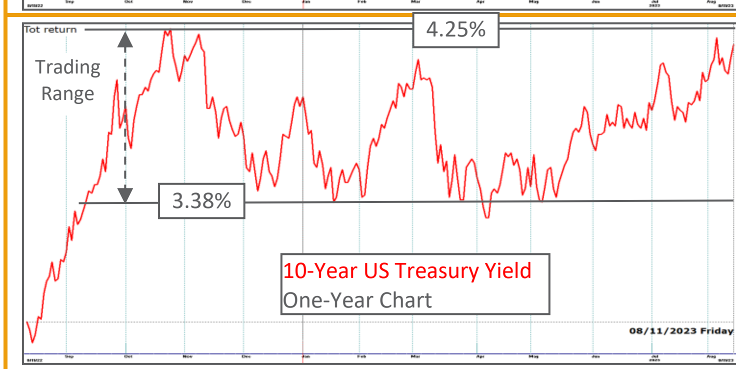


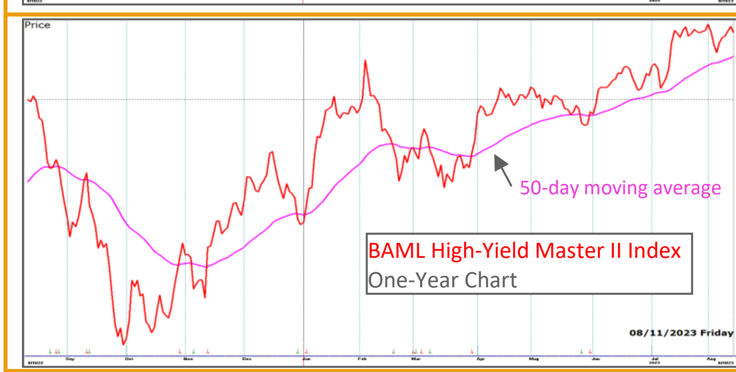
Most of the major equity indices remain in a short-term decline that started at the beginning of this month. The pull back has been minor so far and appears to be nothing more than a short-term decline within a long-term uptrend. The S&P 500 Index is down 2.7% for the month but remains up 16.2% for the year.



The Nasdaq Composite Index, one of the stronger performing indices this year, declined 4.9% since August 1. The index remains above the primary trend line (T1) that has defined the uptrend over the last 7 months. If the index drops below T1, it may be an indication that market conditions are changing.



Interest rates have climbed recently which may be putting downward pressure on the stock market. Despite mostly favorable inflation reports released last week, the 10-Year US Treasury Yield has climbed back towards the top of a wide trading range that has defined much of the movement in yields over the last year. A break above the top of the range could put additional downward pressure on stock prices.



Despite the increase in yields, junk bonds have held up remarkably well. The BAML High-Yield Master II Index continues to trend above its 50-day moving average and is near its 52-week high, which is a positive indicator for junk bonds and the stock market.

Not all small declines turn into significant market pullbacks, but all major pullbacks start out as small declines. Therefore, the recent market weakness bears watching. No changes have been made to the RGB Capital Group investment strategies over the last week and the strategies remain fully invested. If the market weakness persists, our sell stops will be triggered, and I will move to a more conservative posture.

Prepared with data through 8/11/2023