



RGB Perspectives

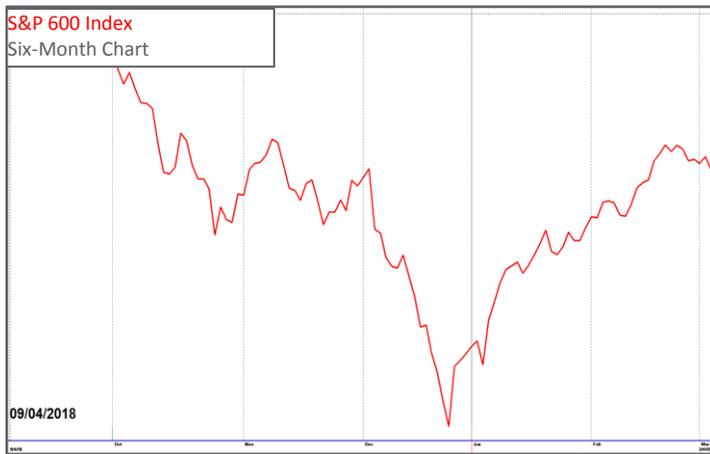
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The **S&P 500 Composite Index** remains in an uptrend, however, the rate of increase is starting to slow. Over the last six trading days the large-cap index is essentially flat. Not too surprisingly, the slowdown is happening as it approaches the October / November peaks (R1) which could act as a significant level of resistance for the market.



The slowdown in the market is more evident in the **S&P 600 Index** (small-cap stocks) which is in the early stages of a short-term decline. Over the last six trading days, this small-cap index is down -1.84%. During critical turning points, small-caps typically lead large cap stocks, so this reversal in trend is worth watching.



Junk bonds tend to follow the overall trend of the equity markets but on significantly less volatility. The fact that the **Merrill Lynch High-Yield Master II Index** continues to trend up above its 50-day moving average is an indication that the slowdown in the equity markets looks like a minor pause as opposed to the start of meaningful trend reversal, at least for now.

It is too early to discern whether we are experiencing a pause in an ongoing correction or the start of a more meaningful decline. However, I will continue to monitor the markets and make adjustments based on what the charts are indicating. All the RGB Capital Group strategies were up for the month of February.

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