

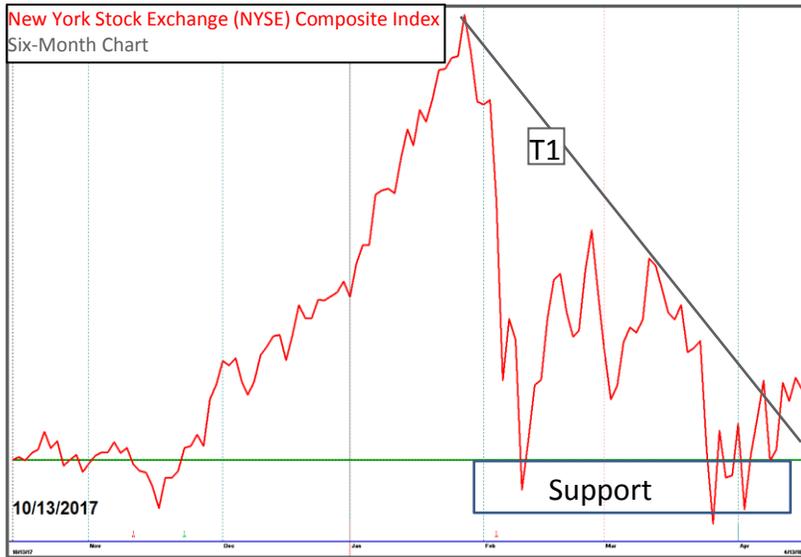


RGB Perspectives

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The **New York Stock Exchange (NYSE) Composite Index** appears to be establishing a bottom. The NYSE continues to hold at or above the significant area of support as indicated on the chart to the left. Last week this broad index broke above the primary downtrend line (T1). Although the bounce has not been spectacular, it does indicate that buyers are starting to return to the market.



Junk bonds are also indicating that investors are willing to take on additional risk. The **Merrill Lynch High-Yield Master II Index** has had an impressive bounce. The junk bond index crossed above its 50-day moving average last week and the 50-day moving average has also started to turn up. When junk bonds turn up like this, it is generally a good sign for the market as a whole.

The downtrend that started in early February appears to be subsiding. Many of the headlines that drove the recent market volatility (i.e. potential trade wars with China, tension over an escalating conflict in Syria, Facebook's use of personal data, etc.) appear to be diminishing. Earnings season for the first quarter is just getting started and reports that beat expectations or provide strong future guidance could propel the markets higher.

The RGB Capital Group models entered the month of April defensively positioned and, as a result, all of the models are flat month-to-date. With the improving market environment, I took a small step back into the market last week in all the RGB models. If the equity markets continue to improve, I will continue to increase our exposure.

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