

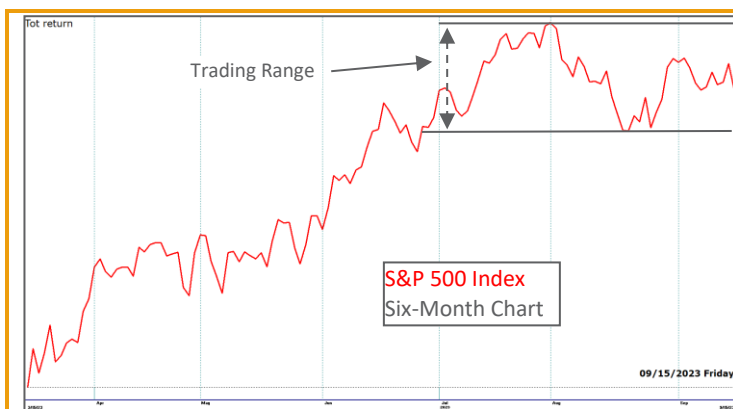


# RGB Perspectives

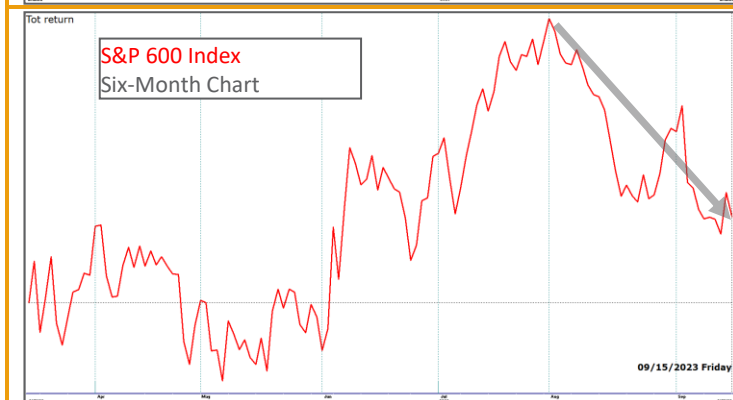
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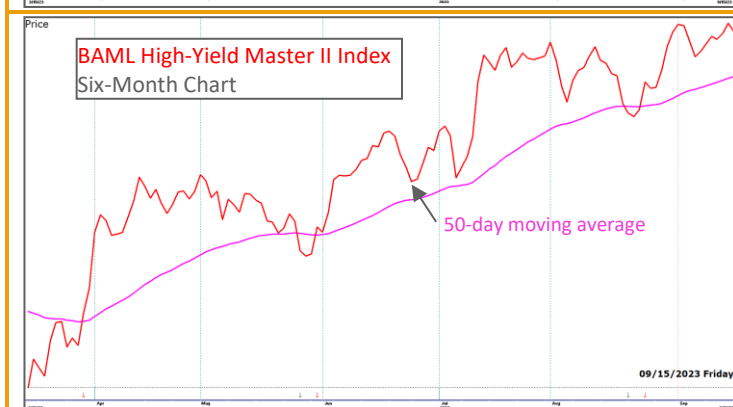
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The **S&P 500 Index** is trending sideways and at the same level it was at on June 1<sup>st</sup>. When the market enters this type of trading range, we can use a break above the top of the range as an indication that the uptrend that has persisted for most of this year is likely to continue. However, a break below the bottom of the range could indicate a market top. The S&P 500 Index currently sits about 3% below the top of the range.



Small-cap stocks have already entered an intermediate-term downtrend. The **S&P 600 Index** peaked on August 1<sup>st</sup> and has trended down since that time. The index is down 7.5% from the recent peak.



Despite the conflicting signals between the large- and small-cap stock indices shown above, the junk bond index remains in a positive configuration. The **BAML High-Yield Master II Index** continues to trend up above its 50-day moving average and doesn't show any signs of elevated risk. This is encouraging as junk bonds generally turn down at significant turning points in the stock market and makes me a little more optimistic about the stock market going into the last three months of the year.

Despite some elevated inflation numbers released this past week, the market has held up relatively well. The Federal Open Market Committee meets this week, and it is widely expected that the committee will hold interest rates steady. More importantly, investors will be looking for clues from Fed Chairperson Jerome Powell as to the future path of interest rates which could set the tone for the next significant move in the market.

I have not made any changes to the RGB Capital Group investment strategies, and they remain mostly invested. Once we have more clarity on the future direction of the stock market, I will be prepared to make adjustments to keep in sync with the primary trends of the market.

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