

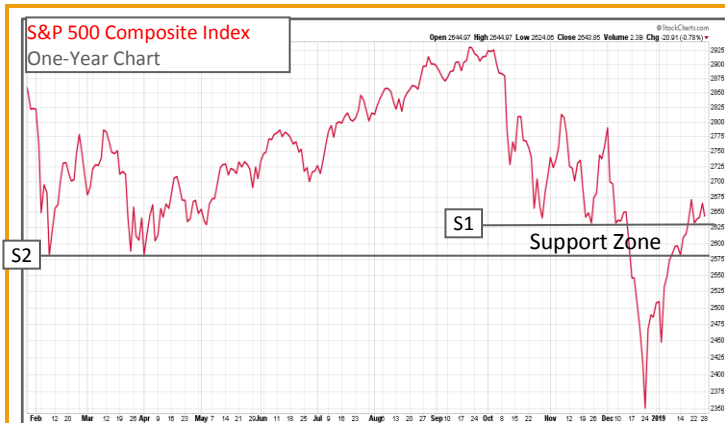


RGB Perspectives

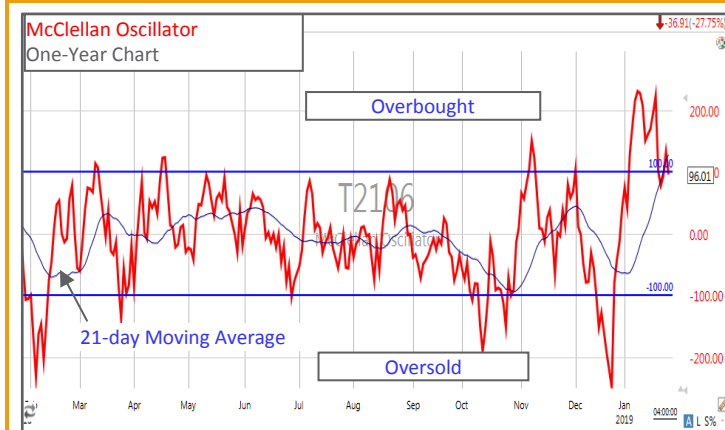
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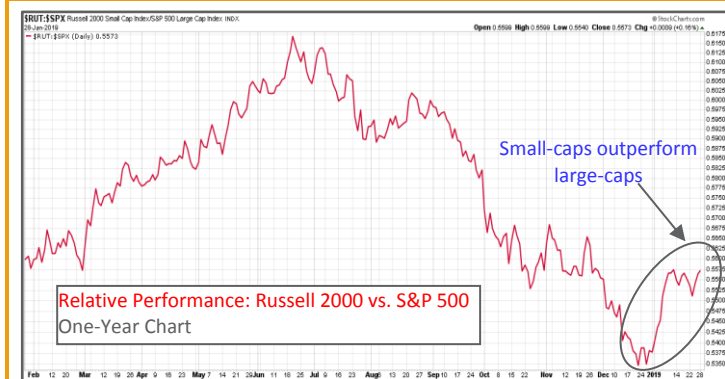
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The **S&P 500 Composite Index** rallied back from a deeply oversold condition in late December and has recovered about one-half the decline off the September peak. The index has held above the significant area of support defined by the October/November lows (S1) and the 2018 lows (S2). As long as the index doesn't fall below this support zone, the market should be considered in an uptrend.



And it wouldn't be a surprising to see an increase in selling pressure as the market is overbought on a short-term basis. The **McClellan Oscillator**, which is derived from the advancing and declining stocks on the NYSE, reached an extremely overbought level (> +200) but has since pulled back from those lofty levels. With the 21-day moving average now above +100, the market is now overbought on an intermediate term basis as well.



One indication of a healthy stock market is the relative outperformance of small-cap stocks compared to large-cap stocks. Small-caps underperformed large-cap stocks prior to and during the late 2018 sell-off. However, the pattern has reversed with small-caps now taking the lead as evidenced by the upward trend of the relative strength line. This is a sign that investors are willing to take on market risk.

While we don't know what the future holds, many of the indicators that I follow point to a fairly healthy market environment. How the market works off the current overbought condition will give us additional clues as to the health of the market. The most constructive way to work off the overbought condition is through a period of sideways price movement as opposed to a steep sell-off.

The RGB Capital Group Conservative strategy remains invested in a variety of bond/income funds, the Flex+ strategy is partially invested in equities and the Flexible strategy has a combination of both bond/income funds and equities. The Flex+ and Flexible strategies are positive for the month while the Conservative strategy is just slightly above breakeven.

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