

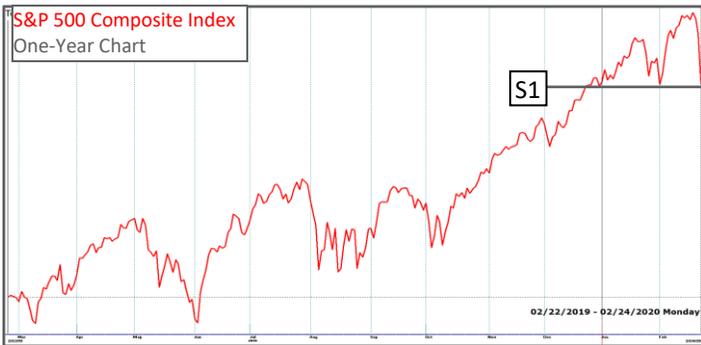


RGB Perspectives

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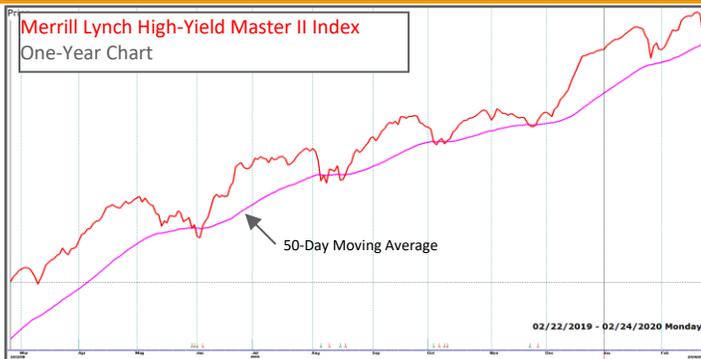
The relative steady uptrend in the US stock markets was halted today as the markets tumbled on renewed fears that the coronavirus, or COVID-19, will have a bigger economic impact than first anticipated as the number of new cases rose in countries outside of China over the weekend. The **S&P 500 Composite Index** fell -3.35% wiping out all the gains for the month and the year. The index is currently resting at the January low, which serves as an important level of support.

Index	Market Segment	Returns		
		2/24/2020	Month-to-Date	Year-to-Date
S&P 500 Composite Index	Large-cap stocks	-3.35%	0.01%	-0.15%
Dow Jones Industrials	Large-cap stocks	-3.56%	-1.04%	-2.02%
S&P 400 Index	Mid-cap stocks	-2.96%	0.76%	-1.96%
S&P 600 Index	Small-cap stocks	-2.93%	0.02%	-4.03%
Nasdaq	Growth/Technology	-3.71%	0.77%	2.77%
Nasdaq 100	Large Growth/Technology	-3.89%	0.98%	3.97%
New York Stock Exchange	Broad Index	-3.16%	-0.59%	-2.72%

Selling today was broad-based with most of the major indices falling by 3% or more today. All the indices, with the exception of the Nasdaq and Nasdaq 100, are now negative year-to-date. Risk is elevated and the short-term trend of the market is down.



When risk in the market rises, investors flee to the safety of US Treasuries driving treasury prices higher (not shown) and treasury yields lower. The **10-Year US Treasury Yield Index** closed today at the second lowest level over the last 50+ years at 1.38%. The previous low was set in July 2016 at 1.37%. The continuation of the decline in yields over the last year, as can be witnessed by the declining 50-day moving average, certainly does not portray a strong, vibrant economy.



High-yield bonds, also known as junk bonds, were not immune to the selling today but, as is usually the case, the decline today was a fraction of that of the equity markets. The **Merrill Lynch High-Yield Master II Index** fell -0.72% today and is up 0.46% year-to-date. More importantly, the index has held above its 50-day moving average. I am just not seeing the panic selling in the junk bond market, at least not at this point.

The ultimate impact of COVID-19 on the stock market is still unknown. It will depend on the ability of authorities around the globe to contain the spread of the virus. The selling, at least so far, appears to be orderly. While there are reasons to be concerned, I think there are also reasons to believe that the market could rebound and march to new highs. During times like this, it is important to remain diligent to your investment strategy and to avoid emotional decision making. I will continue to manage the RGB Capital Group strategies according to the parameters of the strategies and make adjustments when necessary. All the RGB Capital Group strategies remain positive month-to-date and year-to-date.

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