



# RGB Perspectives

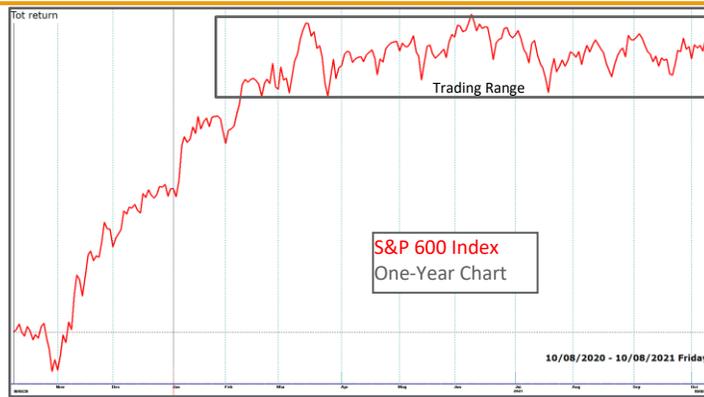
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Written by Rob Bernstein ([rob@rgbcapitalgroup.com](mailto:rob@rgbcapitalgroup.com))

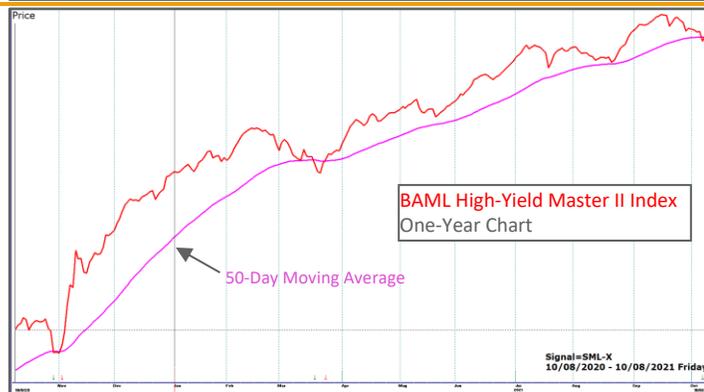
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The **S&P 500 Index** has been in a relatively low volatility uptrend for the better portion of the last 12 months. The index pulled back to trend line T1 multiple times during this period but remained above that level until last month. In September, the index decisively broke below T1 and is currently in an intermediate-term downtrend. The downtrend has been mild so far with the S&P 500 Index down -3.2% from its all-time high set back in early September.



The chart for small-cap stocks looks much different. The **S&P 600 Index** trended up strongly during the last part of 2020 and early 2021. It then moved sideways for the last eight months indicating a balance between buyers and sellers. This balance will ultimately be broken with a break above the top or down through the bottom of the trading range. The direction it takes will likely indicate the direction of the next move in the market.



The trend of junk bonds hasn't changed much over the last 12 months. The **BAML High-Yield Master II Index** has tested its 50-day moving average several times with one small break below that level back in March. The index is down less than 1% from its September peak and resting right at its 50-day moving average now. A break below its 50-day moving average would indicate that risk is starting to rise.

Many of the major stock market indices bounced nicely last week but that bounce didn't change the current trends of the market. A continuation of the rebound in equities this week will put the intermediate-term downtrend in jeopardy, but it is too early to tell. Junk bonds often lag the equity markets at critical turning points in the market, so if the market does continue to move up, I would suspect junk bonds will follow.

The RGB Capital Group strategies are fully invested, and the non-qualified strategies remain in a margined position (although I have reduced our exposure over the last few weeks). The RGB Core strategies are hovering around the flat line for the month, while the Balanced and Flex+ strategies are up a little. We don't know what the future holds, and risk management remains a critical component to managing your financial portfolio. I will continue to adjust the holdings in the RGB strategies as necessary to keep overall risk and volatility in line with the strategy objectives.

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