

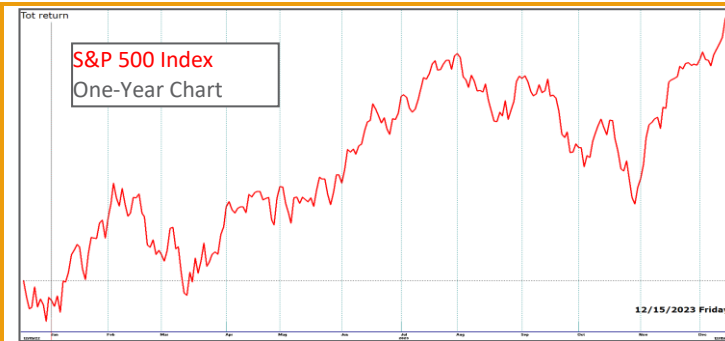


RGB Perspectives

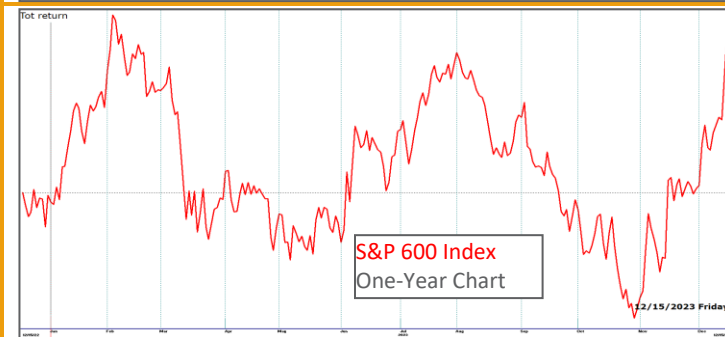
December 18, 2023

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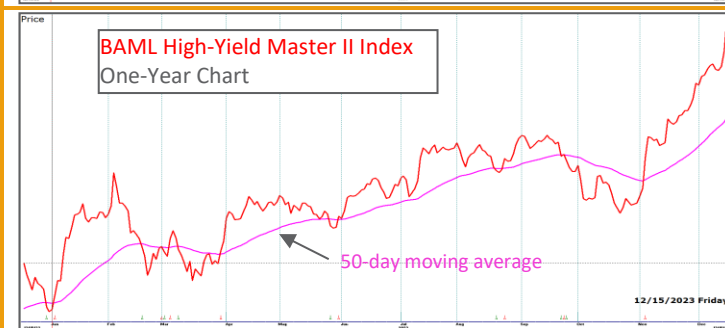
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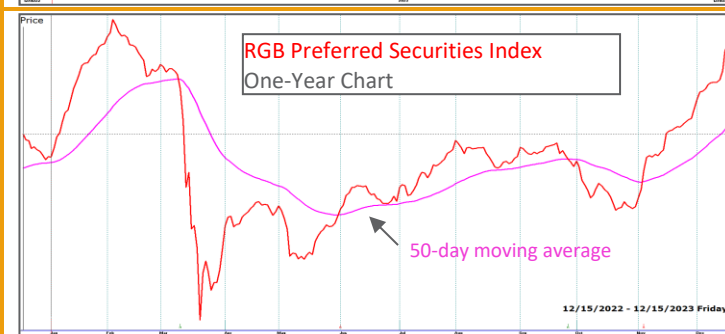
Last week, the Federal Reserve surprised investors by indicating that they were at the end of the current rate hiking campaign and shifting focus from an aggressive fight against inflation to a more balanced approach that also prioritizes economic growth. The stock market rallied on the news. The **S&P 500 Index** definitively broke above the summer peak and reached a new 52-week high. The index is up 3.3% month-to-date.



As part of the shift, the Fed indicated that they expect to start decreasing interest rates next year. US Treasury yields (not shown) dropped on the news which pushed interest rate sensitive segments of the market higher. For example, the **S&P 600 Index** of small cap stocks soared and is now up over 10% for the month.



Junk bonds are sensitive to both interest rates and overall economic conditions, so it isn't surprising that the recent Fed announcement pushed the **BAML High-Yield Master II Index** (junk bond index) higher. The junk bond index is indicating a favorable environment for junk bonds and most risk assets.



The drop in interest rates is providing support for many low volatility asset classes. The **RGB Preferred Securities Index**, for example, is providing excellent risk-adjusted returns as can be seen in the low volatility uptrend that has developed over the last two months.

Last week's Fed announcement represents a significant change in monetary policy which supports both the stock and bond markets heading into the new year. The RGB Capital Group investment strategies remain fully invested, capitalizing on the favorable market conditions.

For clients needing to complete any year-end transactions (i.e. RMDs, IRA contributions, etc.), please contact Stephanie (cs@rgbcapitalgroup.com) by December 20th to ensure timely processing before the year end.

Given the holiday schedule, this will be the last RGB Perspectives for the year. The next publication is scheduled for Monday, January 8th. The RGB Capital Group team wishes you a joyful holiday season and a prosperous New Year.

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Prepared with data through 12/15/2023