RGB Perspectives

January 7, 2019

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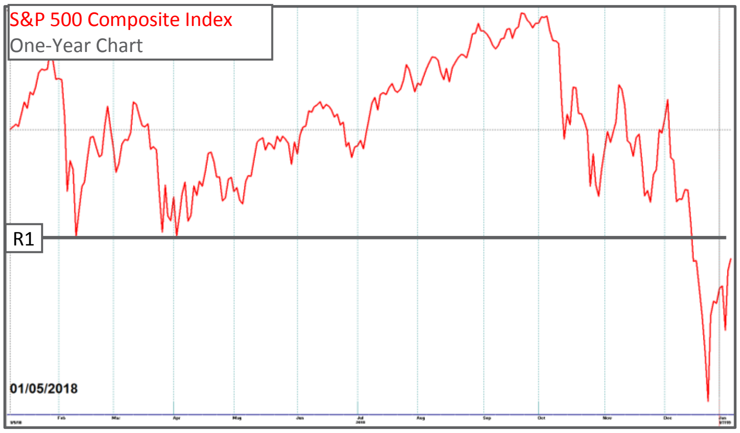
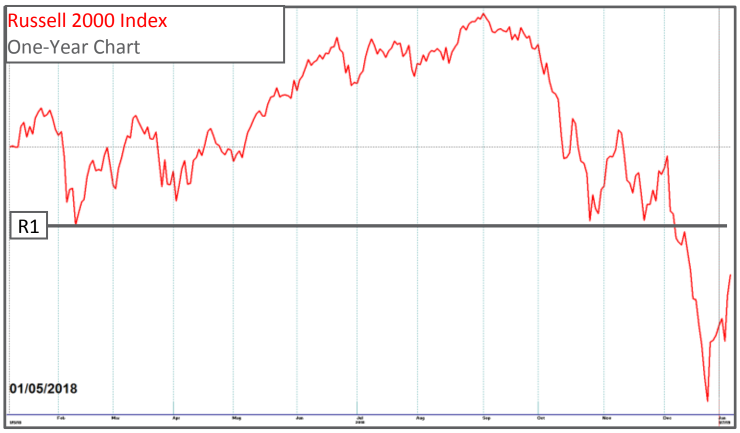
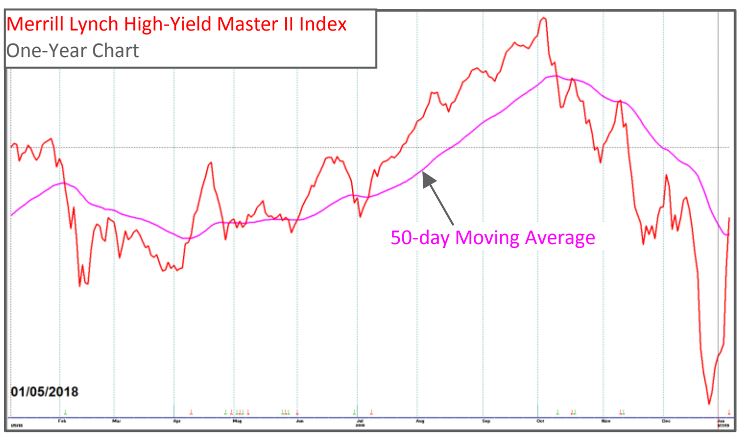


Stocks have recovered some of the declines from the fourth quarter but remain well below the 2018 peaks. The S&P 500 Composite Index has climbed an impressive 8.5% over the last eight trading days but still needs to climb another 15% to reach its September high. The index is quickly approaching the early 2018 lows (R1) which will likely act as an area of resistance for the market. A meaningful penetration of R1 will likely encourage more buyers to enter the market.



Small cap stocks remain well beolw their 2018 highs as well. The Russell 2000 Index has gained 10.9% since the December 24th low but still needs to climb another 23.9% to reach its 2018 high.



Junk bonds have also had an impressive rally. The Merrill Lynch High-Yield Master II Index gained 2.8% since December 26th and just crossed over its 50-day moving average which has also started to turn up. Junk bond investors demand higher yields when market risk is elevated driving prices lower, so the quick reversal of this trend over the last week is encouraging.

Some of the news headlines that drove the market lower in 2018 are now driving the market higher. Most importantly is a shift by Federal Reserve Chairman, Jerome Powell who now promises to be "patient" meaning that the Fed will no longer maintain a preset course of interest rate hikes and balance sheet reduction but rather rely on incoming economic data to make policy adjustments.

The market appears to be providing at least a tradable rally at this point. As a result, I have increased exposure to the market over the last week with exposure to equities in the RGB Flex+ strategy, economic sensitive bond funds in the RGB Conservative strategy and both equity and bond fund exposure in the RGB Flexible strategy.

Prepared with data through 1/7/2019