



# RGB Perspectives

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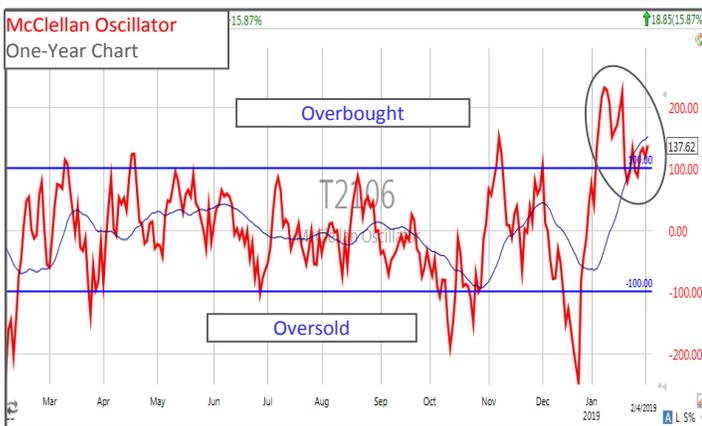
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The stock market continues to shoot higher and has recovered much of the December 2018 decline. The **S&P 500 Composite Index**, for example, is a little over 1% away from its December 1<sup>st</sup> level. The index is quickly approaching its 200-day moving average which may (or may not) provide some resistance to the current uptrend. I say ‘may not’ as this rally has blown through most reasonable areas of resistance (including the 2018 lows and the October/November lows) without much of a pause.



The rally has been broad-based, meaning that stocks across the market capitalization spectrum are participating. The **NYSE Advance Decline Line** has surpassed the October/November peaks and is closing in on the peak set back in August of last year. As the NYSE Advance Decline Line treats each stock equally, regardless of the capitalization, it shows that most stocks are trending higher. This is a positive indication for the market.



One concern I have for the current market environment is that the market remains overbought on a short-term basis. The **McClellan Oscillator** has been sitting in overbought territory (> +100) for most of the month of January. While this overbought condition can persist for a period of time, at some point the market will need to work off this overbought condition. This typically happens through a quick correction or a period of sideways market movement.

There is usually something to be concerned about with respect to the market. In today’s environment we have concerns over trade negotiations with China, slowing global growth, political dysfunction in Washington D.C. and an overbought stock market to name a few. However, the market is in a steady, strong uptrend. Let’s enjoy the uptrend while it lasts.

The RGB Capital Group strategies are invested to take advantage of the strong market environment however with less day-to-day volatility than the market. All strategies are invested in economically sensitive bond/income funds and/or equities. The strategies all ended the month of January in positive territory.

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