

# BILLS ASSET MANAGEMENT

## BAM MARKET NOTE

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The back and forth, yin and yang of the market continued this week as some of last week's gains were given back. A couple of things of note: 1) the S&P has developed a short term uptrend in the form of higher lows (marked by red arrows) and higher highs (black arrows) and 2) the 50 day moving average is rising and held as support as the market has bounced off this line in trading today. Despite the back and forth of the market, we are in a short-term uptrend that should be respected. We will have to see if today's modest gains hold into next week.



Market leadership is important. When defensive issues (health care, staples, REITs, etc.) are leading, caution is warranted. However, when more aggressive areas of the market lead, the appetite for risk in the market is apparent and a continuation of the rally becomes more likely. Currently, technology is leading this market higher. Technology makes up about 23% of the S&P 500 so a large reason the S&P remains in a short-term uptrend is due to the contribution of this sector.

### Our Point

The last 3 weeks have seen the S&P down 2%, up 3.5% and back down 1.4%. The markets have gone nowhere fast but, importantly, have developed some semblance of an uptrend and have held onto key support at the 50 day moving average. The technology sector is one to watch as it is the clear market leader and the market will either follow it up or turn down when it does. There will be some Fed speak next week as the FOMC meets Tuesday and Wednesday. The market is expecting another .25% rate hike so any deviation or language that indicates a change from the anticipated 3 rate hikes this year would be a market mover. We have made no changes to our holdings and remain approximately 70% invested. We will look to make portfolio changes once some of the week to week volatility subsides. Hope your brackets aren't busted and that you are enjoying the start of March Madness.

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