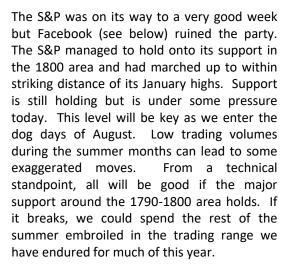
## BILLS ASSET MANAGEMENT BAM MARKET NOTE

**JULY 27, 2018** 

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To say that Facebook disappointed Wall Street would be a gross understatement. The stock was punished on Thursday as it lost 19% of its value. It was the largest capitalization loss in stock market history. Revenues, earnings and users all missed expectations and the reverberations were felt throughout the market. Surprisingly, Facebook is adding to its losses today. On the positive side and with all things considered, the market held up very well.

## **Our Point**

Facebook's major earnings misstep shook the market but considering its capitalization and its contribution to the major indices, the losses were measured. The apparent concession by the European Union on its trade tariffs also served to lessen Facebook's impact on the markets. With the big exception of Facebook, earnings have been very good and had served to rally the markets. Amazon's positive earnings report and the Commerce Department's release of the second quarter GDP this morning helped buoy the market early but selling has returned this afternoon. As reported, second quarter GDP hit 4.1% and further illustrates the strengthening economy. We suspect the market will digest the disappointing Facebook news and will continue its rally over the coming weeks. However, as always, we do not invest on what we suspect might happen but rather what is actually happening. Despite the hiccup by Facebook, the markets continue to look healthy. As we mentioned last week, we were waiting on the S&P to break out of the months long trading range before committing new capital to the market. We got that earlier this week and responded by investing the small remaining capital we had left in our client portfolios. Energy and health were the beneficiaries of our investments and we are fully invested in our moderate and aggressive portfolios while maintaining a small cash position in our conservative accounts. Enjoy this last weekend of July.

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