

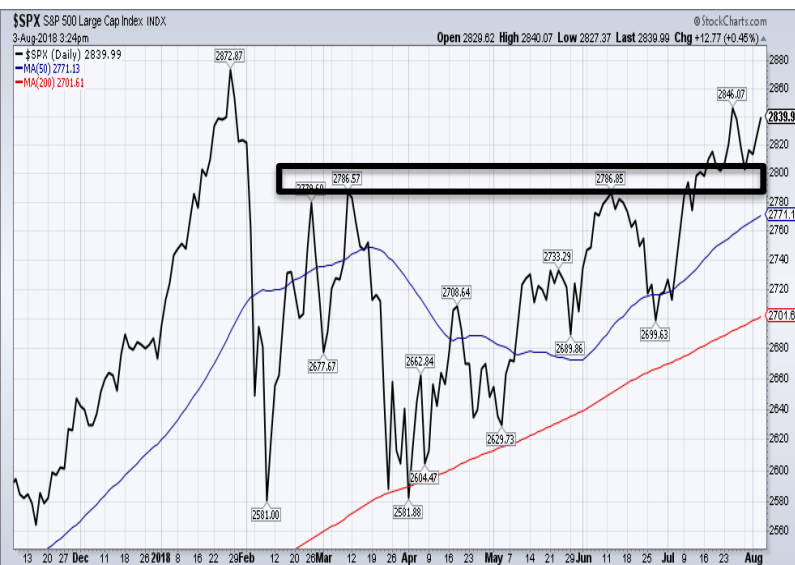
# BILLS ASSET MANAGEMENT

## BAM MARKET NOTE

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After testing support at 2800 last week, the S&P is on its way to re-establishing the short-term up trend that began in late June. Broken resistance becomes support and when that support holds (as it did in late July) it serves to make that support all the stronger and more relevant. The S&P is now only a shade over 1% from its 2018 high. From a technical standpoint, the recent late July weakness looks like nothing more than a modest correction in an otherwise strong up leg. The day by day tariff threats and headlines continue to generate a little volatility but it seems that the market is mostly shrugging off the talk.



High yield bonds are confirming the strength of the general market uptrend and barely nudged during the late July swoon. High yields often provide some warning of trouble ahead and when they are trending up it is usually a sign that traders expect continued economic strength. We'll see if this one month surge continues but the chart bodes favorably for the upcoming month or two. The JNK ETF is right at its 2018 highs.

## Our Point

The markets were roiled over the last week or two with some high profile earnings disappointments. However, the majority of earnings have been quite good and the weakness last week has mostly been erased. The major indices all look to finish the week up. The Fed kept rates unchanged earlier this week and today's jobs report was below expectations. Both events (which are often market movers) produced little more than yawns from the traders. While the headline jobs number was disappointing, the upward revisions to the prior month likely offset any concerns. The relative weakness in small caps continue to be of some concern. We still maintain a healthy holding in small caps but it is something that we are watching. We made no changes to the rest of our portfolios. August is another low volume month so there can be some wild swings. Everything looks reasonably healthy right now but that can change quickly and we are always seeking out the best performing areas for our investments. We hope you are enjoying your summer and have had a chance for some rest and relaxation. Have a great weekend.

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