

BILLS ASSET MANAGEMENT

BAM MARKET NOTE

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SAM BILLS (865) 525-1329

BO BILLS (615) 371-5928



Our Point

Due to the Thanksgiving holiday this will be an abbreviated note.

The relief rally earlier this month seems like a long time ago as the markets have now returned to the lows visited in October. We currently sit right on those lows and the bulls will need to make a stand here or risk another downdraft back down to the February and April lows. Thanksgiving week is often a quiet week with a slow upward bias. Not this year! Monday and Tuesday of this week saw losses of 3.5% in the S&P before a feeble bounce on Wednesday. Weakness has returned this morning. It is imperative for the market to hold at current levels or we are very likely headed back down the lows of earlier this year (some 2% lower). If those lows fail to hold, then a compelling argument could be made that a new bear market has begun and much deeper losses would be coming. The normal holiday tailwinds have yet to materialize but Santa may yet come to lessen the blow. Risk is very high and any bounces should be viewed with skepticism. We are happily sitting this out and watching from the sidelines. If a sustainable rally begins we will redeploy the portfolios but we remain very cautious.

We trust you had a very Happy Thanksgiving with family, friends and other loved ones. We certainly did with Kelly's family yesterday and tomorrow we will do it again with our nuclear family as we put up our tree and begin decorating for Christmas. It is a busy but very joyous time. Have a great weekend and enjoy your leftovers!