

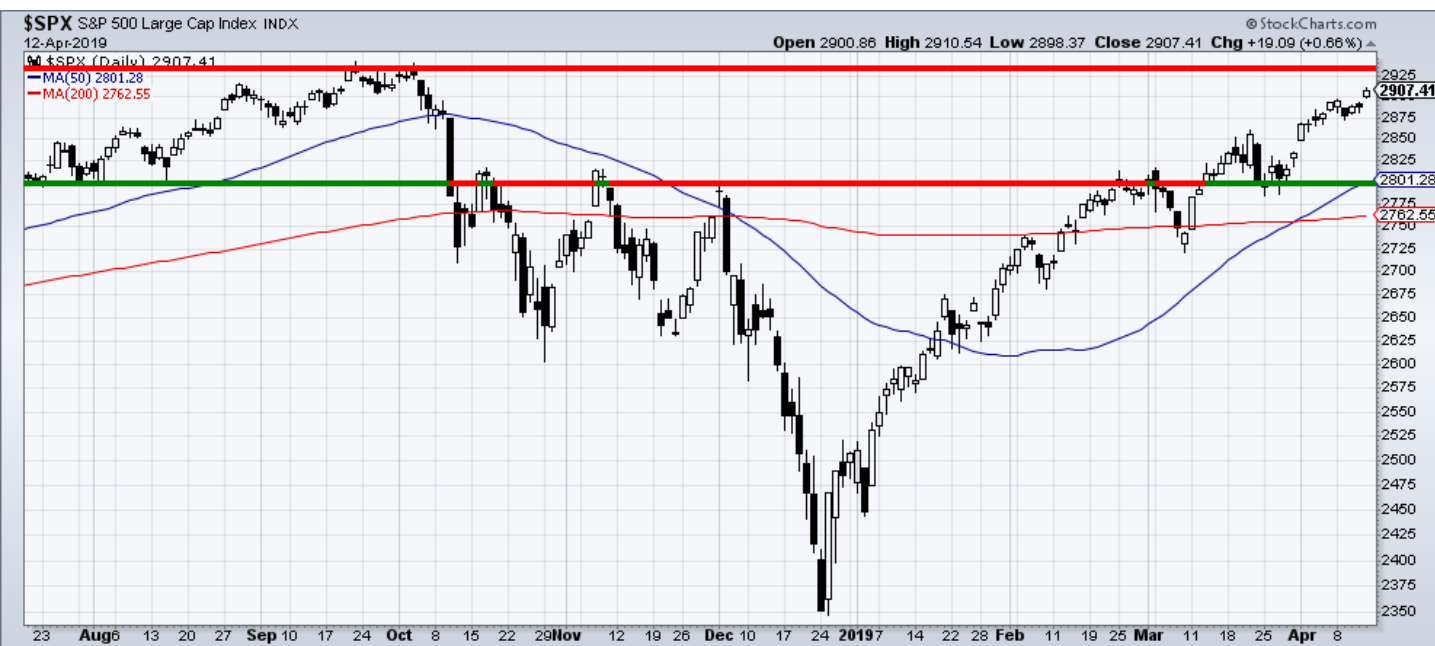
BILLS ASSET MANAGEMENT

BAM MARKET NOTE

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Our Point

It was a relatively quiet week on Wall and Broad as the indices were mostly flat heading into today. Positive earnings from JP Morgan and Wells Fargo as well as the announcement of the acquisition of Anadarko Petroleum by Chevron, led to a jump at the opening bell; which mostly held throughout the day. The S&P finished up a little over ½% for the week. The last 2 weeks are marked by very low volatility as the S&P digests some of the recent gains. The sideways market is very constructive and lends itself to a continuation of the rally. As we have mentioned the last several weeks, significant resistance lies ahead in the form of the 2018 highs. The S&P is one good day away from those levels and it seems a foregone conclusion that the highs will be reached in the near future. With earnings season beginning in earnest next week, a couple of good reports will be all that is needed to push the large caps up to resistance. What it does from there will be much more important. Monthly options expiration happens next Friday so volume will pick up and there is usually an upward bias leading up to expiration. A break above resistance that lasts for a few days would put the markets in uncharted territory and would likely lead to another up leg in the markets. Where we go from here will largely depend on earnings. Expectations are low so upside surprises (both in current results and with future guidance) will be rewarded. Small caps (not shown) were a bit of a laggard this week but did manage to hold their gains from the last 3 weeks. They still have a lot of catching up to do and will be a prime investment opportunity should the large caps continue upward. We made no changes to our portfolios this week. Utilities continue to be on our sell watch but are holding on for now and enjoyed a good day today. We are watching the S&P closely and portfolio changes will be forthcoming dependent upon how the market handles the resistance just ahead. With college basketball season over, football months ahead, and the Masters halfway done, the next few months are sports purgatory for me. Thankfully, I get a little reprieve with the Predators in the NHL playoffs – hopefully it lasts and will carry me through some of the summer. Have a good weekend and Go Preds.

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