

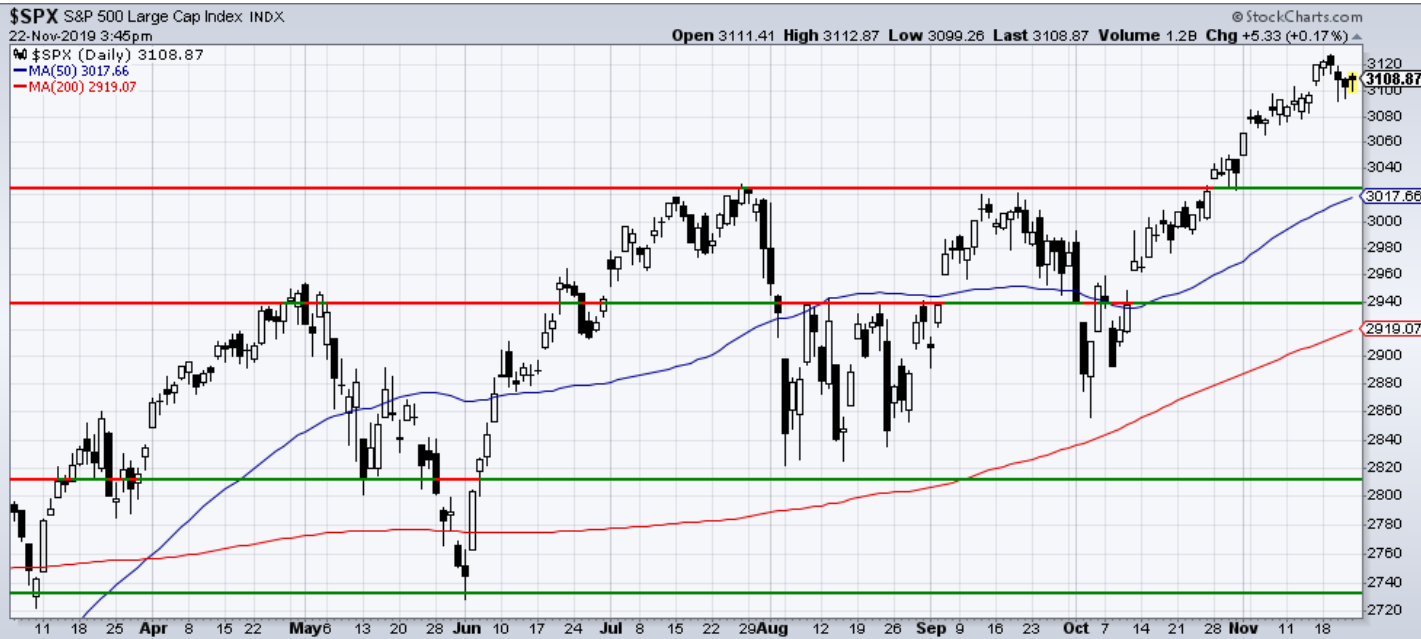
# BILLS ASSET MANAGEMENT

## BAM MARKET NOTE

NOVEMBER 22, 2019

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### Our Point

It has been a mostly quiet week with the major indices close to unchanged. For the week, the S&P was down .32%. The other indices show similar results. The bulls would argue that the market is digesting their gains from the advance over the last few weeks. The bears would argue that the market is tired and overbought and a correction is coming soon. Frankly speaking, nobody knows who is correct but the weight of evidence suggests that the market is just taking a pause before heading higher. The markets are overbought and the sideways movement of the last two weeks has helped to alleviate that somewhat. The conditions that produced the October/November rally remain in effect. Namely a favorable Fed and improving economic conditions. Additionally, high yield bonds, which often foretell economic problems, are showing no sign of weakening and remain in a slow and steady uptrend. The impeachment proceedings have done little to roil the markets as most people continue to expect the House to impeach and the Senate to acquit resulting in nothing more than bad publicity (depending on where you sit politically) for the President. With hearings and testimony over with in the House, it remains very unlikely that the Senate will enforce the impeachment and some wonder if the House will even actually go down that road. In any event, at this point the impeachment process has been met with a yawn on Wall Street. Trade talks continued with their back and forth this week. Negative news on one day and positive news on the next day. Wall Street has become less reactionary on the back and forth and that is a good thing. With the traditional strongest part of the year coming up, it seems likely that the market will continue its upward move into year-end. We may yet get a small pullback but that should be used to better position yourself for the remainder of the year. Mutual fund distributions are often paid out in December so unexpectedly large down moves in a specific fund should be evaluated before over-reacting. We continue to like the behavior of small caps as they are tracking with the other major indices. As we have mentioned here before, small caps have been a laggard all year and have some catching up to do should the market continue up. Often small caps outperform in the 4<sup>th</sup> quarter so it remains an area to monitor. We sold one of our remaining bond positions this week to free up some cash for deployment over the next week or two. We will wait for either a pullback or the re-establishment of the uptrend to put that money to work. With Thanksgiving next Thursday it will be a short trading week with low volumes (especially on Wednesday and Friday). We will not be posting a note next week unless there are significant market changes. Enjoy your weekend and we hope you get your fill of family, friends, turkey and dressing. We count our blessings each year and among them are our family, friends and clients that entrust us with their financial assets. We do not take it for granted.

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