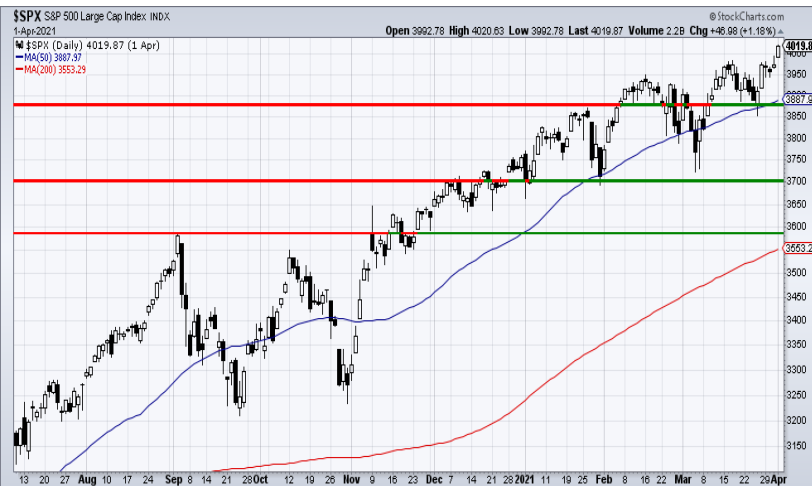


# BILLS ASSET MANAGEMENT

## BAM MARKET NOTE

APRIL 2, 2021

SAM BILLS (865) 525-1329  
BO BILLS (615) 371-5928



Large caps as represented by the S&P 500 inched up again this week logging another 1% in a relatively quiet week. Yesterday's move upward accounted for all the gains for the week and bodes well for a continuation of the rally into next week. The S&P made new highs this week and the highs of March now become minor support. The definition of an uptrend is higher highs and higher lows. Even with the scary declines in late January and early March, we can see a clear uptrend. The rally is unabated and is continuing. We remain bullish on equities and expect higher prices over the near-term.

While the uptrend in large caps is quite defined, small caps have struggled a bit more. The struggle was not entirely unexpected as the gains from November to early February was nothing short of extraordinary! However, small caps have gone nowhere since early February and closed yesterday at virtually the same levels as February 5<sup>th</sup>. That is not to say there hasn't been some excitement along the way. Small caps had declines of 6% and 10% over the last 2 months. IWM remains 4% from its highs but, like its large cap brethren, did strengthen a bit this week and is back above support. The overall market rally is not likely to continue without the participation of small caps. We believe that small caps will strengthen over the coming weeks and play a little catch up with the rest of the market.

## Our Point

The markets are closed today for Good Friday and the Easter weekend. However, the March jobs report was released this morning and showed impressive jobs growth. Wall Street likes the numbers as market futures jumped on the news and are solidly up indicating a good start to next week. Nearly 1 million jobs were added and surprised to the upside. Leisure and hospitality were the big winners adding over 25% of the 1 million jobs. It is a welcome sign and illustrates the continued reopening of the economy. With warmer weather on the horizon, vaccinations increasing, and covid cases declining, we expect this number to continue to drive the economy over the coming months. The economy remains about 8 million jobs short of where it was in February of 2020 – the peak before the shutdowns started. There is much room for improvement and reasons for optimism. Historically, April is among the best months for the stock market and this year is setting up for a strong month. Of course, we would never recommend investing based on historical patterns or what one thinks should happen. Rather, a reasoned approach looking at the charts and evaluating market trends is, in our view, a much better approach. As we have seen over the last year, things can (and often do) change quickly; so, while we are bullish in our views, we remain at the ready to change our outlook as market conditions evolve. We made no changes to our portfolio holdings this week. Our small cap holdings were close to stopping out but never reached our line in the sand. We will look to potentially upgrade our holdings over the coming weeks as new leaders emerge in a shifting market. After a cold start this morning, it looks to be a great weekend here in Middle Tennessee. We will be enjoying our first Easter Egg Hunt with our 21-month-old grandson! May you find lots of eggs and enjoy your family this weekend.

*The content of the BAM Market Note is provided for general informational purposes only and should not be construed as advice to purchase or to retain any interest in any of the investments mentioned. Any references to returns are not indicative of future performance and are subject to adjustment or revision.*