

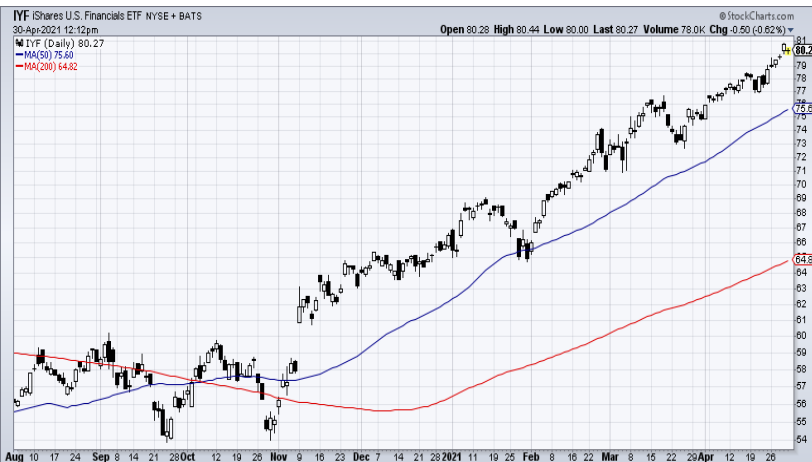
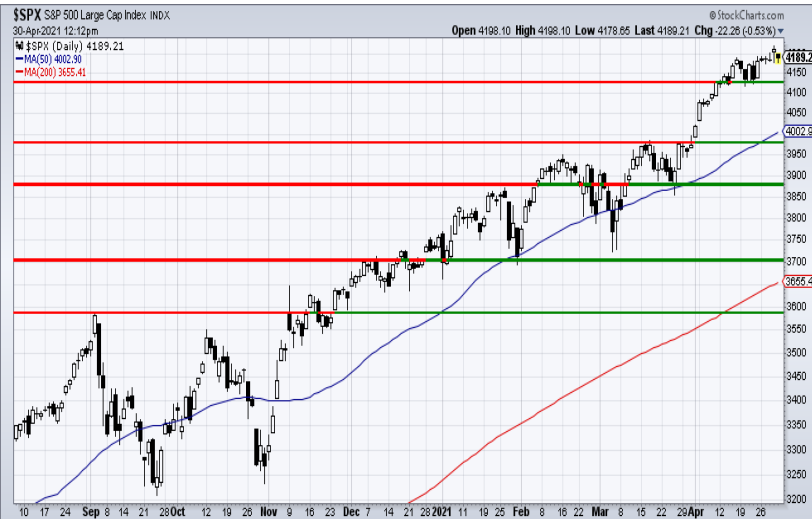
# BILLS ASSET MANAGEMENT

## BAM MARKET NOTE

APRIL 30, 2021

SAM BILLS (865) 525-1329

BO BILLS (615) 371-5928



Since our last note, the S&P has traded sideways and has gone nowhere fast. Two Fridays ago, the index closed at \$4,185 and, as we write this note, it is trading at \$4,187. That is the definition of a flat market! The lack of movement could be interpreted either one of two ways. The bulls will argue that we are digesting the gains and setting up for a move higher. The bears will argue that the market is tired and is getting ready to sell-off after a big run up over the last several weeks. In reality, both have good arguments, and we will have to see which way the market breaks. We tend to favor the bullish view and still believe this market has a little more upside before a correction takes hold.

While the major indices have languished in a sideways manner over the last couple of weeks, certain areas of the market have continued the uptrend. One such area is financials. The ETF IYF is up nearly 3% over the last 2 weeks and is in a strong uptrend. Financials benefit from rising interest rates so the increase in rates of late have been a tailwind for this sector. As long as interest rates hold steady or move up at a modest pace, this sector should continue to do well. We have some exposure to financials in our portfolios.

## Our Point

Where has the year gone? Today marks the end of April and 2021 is flying by. It has been an excellent year for the markets thus far. As the calendar turns into May, you will begin hearing the “sell in May” crowd crowing loudly. While this “indicator” holds some validity, it is by no means a reason to get out of the market and sell everything. There are plenty of years where May and beyond proved to be an excellent source of market returns. That said, this may be a year to watch things more closely. The markets have had a great start to 2021 and are overextended by a number of measures as we head into a traditionally weak time of the year. As Thomas Edison quipped, “We shall have no better conditions in the future if we are satisfied with all those which we have at present.” Do not become complacent or smug with your investing success – things can, and very often do, change quickly. Earnings have largely come in very positively. This week, the likes of Apple, Amazon, Google and Facebook all reported stellar earnings. However, the market was unimpressed and gains in each of these stocks were muted (along with the Nasdaq). The market’s lack of excitement is concerning. To break out of the current sideways trading range, the market will need a catalyst of some sort. It was the hope of many (us included) that positive earnings would provide such impetus. However, to this point, that has not been the case. We’ll keep watching the charts for warning signs of danger. While there are always things to worry about, most of our market measures remain favorable. As such, we made no changes to our portfolios and will enjoy the market as long as we are able. We spent last weekend at a Kentucky wedding, and it was a bit surreal to be in a large crowd of people for the first time in over a year! We’ll get an even greater taste of that in a few weeks as we head to my niece’s Las Vegas wedding! Until then, we will hang low and enjoy the spring weather. Have a great weekend.

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