

**BILLS ASSET MANAGEMENT**

**BAM MARKET NOTE**

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## Our Point

I am traveling today but did want to post a quick note. April was a very ugly month to say the least. Today's trading is the last day of the month, and the S&P looks to finish down close to 6%. The NASDAQ has been the real underperformer down almost 11% this month at the time of this writing. While hawkish remarks by the Fed through the week explains some of the weakness, it has been earnings that have been the real driver. Google started off a bad week with lackluster earnings. Microsoft tempered some of the ill mood with a decent outlook. Facebook provided some hope for the NASDAQ with a nice earnings report though the stock had been beat down earlier this year so it might be a case of less bad than expected. Amazon and Apple reported last night and both disappointed with either current earnings or future outlooks. There is not much to be excited about in tech space. The ongoing lockdown in China is sure to affect the ongoing supply chain issues for months to come. We will have to wait to see exactly what impact that will have but Apple's outlook provided some clues, and it was not good. Thankfully, April has come to an end. Perhaps the sell in May crowd got a little antsy and started early! With such a dismal April, it would not be a surprise to see some modest strength in May before the summer starts and weakness possibly returns. It continues to be a very dangerous market. The Fed continues to loom with interest rate hikes in a slowing economy. We'll have to see how they manage what looks more and more like a hard landing. We made no changes to our portfolios this week and remain modestly invested. Though down for the month, our losses were a small fraction of the losses of the major indices. We continue to be cautious in this treacherous market and recommend that you do the same. We are picking our spots and trying to find pockets of strength – it is not easy as there are not many. High yields remain very weak and don't show any signs currently of an economic recovery. The weakness in high yields is actually a very good thing for patient investors as the continued decline is setting up an extremely favorable investing opportunity once they find a bottom. Patience and capital retention are the watch words currently and it is what we intend to do as we wait for the markets to muddle through this current malaise. Better times are coming but they aren't here yet. Remain diligent, cautious and patient. Enjoy your weekend as we head into May.

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