

BILLS ASSET MANAGEMENT

BAM MARKET NOTE

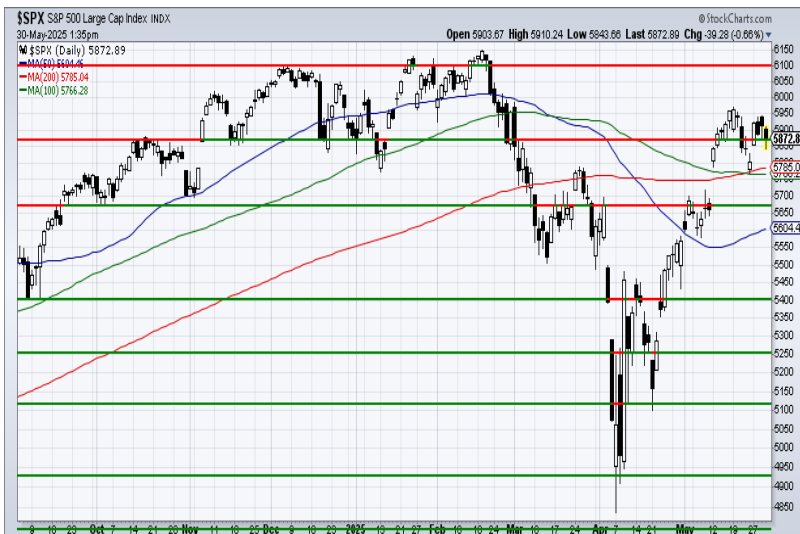
MAY 30, 2025

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After a tumultuous April, the markets have roared back in May. The S&P looks to close up over 5% for the month. Importantly, the widely followed index has blasted through several levels of resistance and has held above to this point. Any overbought conditions have been mitigated by timely sideways action after large up-moves. The uptrend has stalled since the mid-May high which is a little concerning but key support levels have held. We continue to believe that any weakness should be contained by the up trending 100 and 200-day moving averages. If those levels should fail, additional support is just below. Weakness should continue to be bought but volatility could increase as tariff news continues to come out of Washington daily. Some of the easy money has been made but new highs are likely in the coming months.



High yields continue to show no market concern for significant weakness in the economy. While we are likely to continue to have some level of market volatility, bond traders are becoming increasingly comfortable with the idea that tariffs will be worked out and that the economy remains stable.

Our Point

Stock markets are very intuitive and eventually evolve to efficiently process new information. With the pace and disruption of the current administration, it has taken awhile for Wall Street to catch up. However, the markets are beginning to adapt to the new administration. Tweets and new information are having less and less influence on knee jerk reactions in the market. For example, this morning, President Trump posted that negotiations with China were going nowhere and that a harder line would be needed. A few weeks ago, the market would have sold off significantly on such a statement. However, the market is getting used to the White House negotiating tactics and, accordingly, the market moved little on the news. I heard recently that you should not take President Trump literally but that you should take him seriously. I believe that is a good synopsis. President Trump says a number of questionable things but, to this point anyway, he seems to have been proven correct in tariff negotiations. Time will tell and until deals are signed the jury remains out. However, as with any administration, I am rooting for President Trump and the USA to secure better and fairer trade deals. Despite Wall Street getting used to the news flow, new announcements (positive and negative) will continue to create volatility in the markets. With earnings season largely behind us, economic reports, tariff news and Fed speak will move the market over the coming weeks. As mentioned last week, earnings from Nvidia would move the market. Nvidia reported positive earnings, and the market responded with the tech sector moving up yesterday. However, other economic and tariff news muted the response. Markets continue to show strength towards the end of the day which is positive. Next week is a little light on scheduled market moving news. We do have the jobs report next Friday which will be watched closely for signs that employment is stalling. Other than that, we will have the usual tariff and other global developments (as always, there are many) to watch and consider for potential market movements. The winds remain at our backs. Market conditions are favorable but that doesn't mean they will stay that way. We are positioned to continue to take advantage of the positive markets. When markets change, so will we. We remain fully invested and enjoying the ride. All of our portfolios enjoyed positive gains for May. The Vols are well represented in the College World Series with both the men's and women's teams hitting the diamond tonight. Go Vols. It looks to be a beautiful next few days so get out and enjoy wherever the weekend finds you.

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