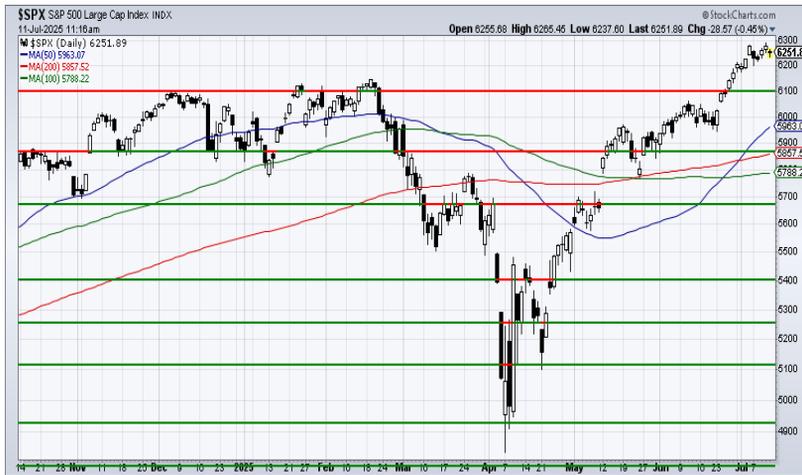


BILLS ASSET MANAGEMENT
BAM MARKET NOTE
JULY 11, 2025

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It has been a go nowhere market this week. That is not particularly bad news as the market is again consolidating rather than declining. Since our last note of two weeks ago, the S&P is up 1.5% adding to its annual totals which now stands at 6.5% YTD. Despite all the headlines and media narratives, the markets continue to churn higher. While we continue to expect a pull back of 2-5% over the coming weeks, we remain bullish and expect higher prices for the second half of the year. Any weakness in the markets is being bought and that should continue. As we have learned over our 30 years of doing this, markets can change on a dime but there is nothing currently that is of undue concern.



Higher risk assets like the Nasdaq 100 have done even better than the S&P. QQQ is up nearly 9% year to date. It recently broke to new highs and is also consolidating gains this week. New leadership has taken over as 4 of the 7 stocks that make up the magnificent 7 have lagged the market significantly. The emergence of new leaders and the rotation into them is further evidence of a healthy market.

Our Point

It has been a relatively quiet week as the major market indices look to finish mostly unchanged. There has been no lack of news as tariff developments are announced daily. Additionally, the "One Big Beautiful Bill" was signed into law on July 4th. While one can argue the merits of the bill with regards to the national debt and social programs, the effects on the economy and the stock market will be significant. Without passing the legislation, taxpayers would have seen a massive increase in their tax bills come next year. Companies would have also seen much higher tax rates and the estate tax exemption would have returned to pre 2017 levels. The markets did not react to the passage as it was largely priced in once it passed in the House. With regards to the continuing stream of tariff news, we mentioned a couple of weeks ago that the markets have largely become accustomed to President Trump's negotiating style and are not reacting to the back and forth of negotiations. The market will react once deals are signed. As I read someone say recently, "take Trump seriously, but not literally." I think that is appropriate and the markets seem to agree. The quiet of this week will succumb to lots of market moving news next week. Second quarter earnings season begins with the big banks reporting beginning on Tuesday. We'll also get Netflix on Thursday afternoon which could move the Nasdaq. The CPI and PPI inflation reports come out on Tuesday and Wednesday. Surprises in either direction will directly impact future Fed rate policy. Finally, the retail sales report on Friday will give a gauge on the strength of the consumer. It will be a lot for the market to digest, and we won't see the mundane week we just had! We made a small change in our conservative portfolios by selling one position and upgrading to another. We are fully invested but have tightened our stops on a few positions to try and generate a little cash on any pullback. All of our portfolios enjoyed a very good second quarter and are well positioned for additional market strength. Should things not go as we think, we are ready to move to a more defensive posture. For non-clients reading this note, please contact us if you are unsatisfied with your current portfolio. We would be happy to meet with you and give you our unbiased thoughts. No charge and no sales presentation! Our annual Pawleys Island Bills Family beach trip is next week. 27 of us will gather for a week of sunshine, fun, good food and general chaos! Sadly, Carter and Landon will not be joining us as they will stay close to home with their new baby. Carter will put out a market note next Friday. Thank you for your trust and have a wonderful weekend.