

BILLS ASSET MANAGEMENT

BAM MARKET NOTE

DECEMBER 12, 2025

BO BILLS (615) 371-5928
CARTER BILLS (615) 585-6867



The S&P has consolidated over the last couple of weeks with little movement. The index bumped up against its highs yesterday but is pulling back today. We are likely to make another run at the highs before the end of the year and 7000 remains a viable target before December 31st. Any weakness should be contained by the rising 50-day moving average. We have been pounding the table all year to buy any weakness with any excess cash, and we remain in the bullish camp. 2026 will bring new challenges and opportunities - we'll be talking about that over the coming weeks.



Big tech, as represented by the Nasdaq 100, has struggled a bit more than the S&P. Multiple support levels are being tested today. We anticipate support to hold and for tech to participate in any year-end rally. The Nasdaq has led for most of the year, and we don't expect that to change in the near-term.

Our Point

As we noted last week, there was no chance that the Fed wouldn't cut rates this week. As expected, Chairman Powell announced another 25-basis cut in the Fed Funds rate. Powell, however, played a little bit of the grinch role as he downplayed any future cuts. Even with the current rate cut announcement, the press conference after the announcement was decidedly more hawkish than the market anticipated. Regardless, the markets rallied on the cut with small caps (as we mentioned last week) and banks the biggest beneficiaries. Chairman Powell is a lame duck Fed chair, and his words carry less and less weight. With a new Fed chair handpicked by President Trump set to take the reins in May, the pick and their view on monetary policy will carry more weight than any parting comments by Powell. It is no secret that the White House would like a new chair that is willing to lead the charge on lower rates. So, even though Powell indicated only one more interest rate cut in 2026, we are likely to get more as a friendlier chairman takes the helm of the Federal Reserve. The hope of a more dovish Fed will likely continue the rally into 2026. The Fed meeting was the last significant data point for 2025. With little new information, the markets should continue to drift up. As noted here a number of times in recent weeks, many advisors have missed much of the rally this year and will face pressure to make what they can before the end of the year. Additionally, there should be some buying pressure in some of the bigger names as advisors want to show their portfolios holding those winners when they report to their clients at the end of the year. Mutual fund distributions have mostly been completed, and trading volume will drift down over the remaining weeks of 2025. The result should be a market with less volatility and in the direction of the current trend – up. We made no changes to our holdings this week and are fully invested as we await Santa. While we expect higher prices by year-end, we remain vigilant for anything that could change that narrative. It will be a frigid weekend in Tennessee with temperatures in the teens – I am ready for Spring, and we haven't even officially hit winter! 13 shopping days until the big guy comes so bundle up and get out there and do your part to buoy this economy. Enjoy your weekend wherever it finds you.