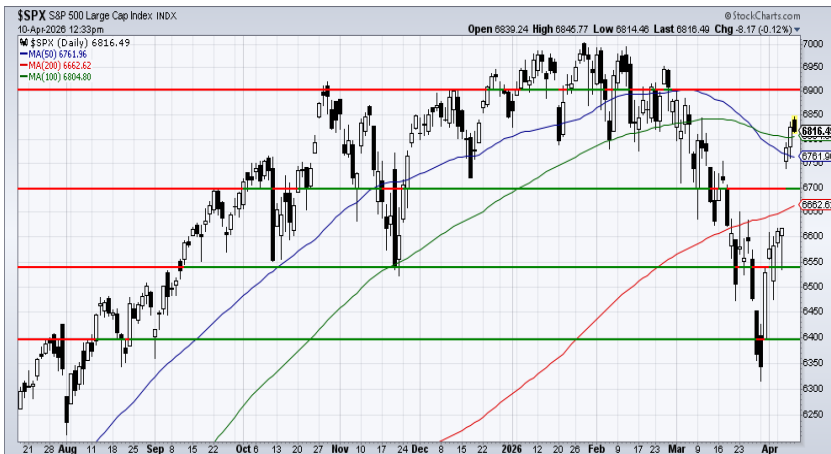


**BILLS ASSET MANAGEMENT**  
**BAM MARKET NOTE**  
**APRIL 10, 2026**

**BO BILLS (615) 371-5928**  
**CARTER BILLS (615) 585-6867**  
**PREPARED BY: BO BILLS**



What a difference a little bit of peace brings. After a short-covering rally last week, the S&P continued to rally this week on hopes of a resolution to the war in Iran. Much of the technical damage done in March is on the way to repair as the large cap index surged through multiple resistance levels and has overcome the 50, 100 and 200-day moving averages in the space of a few days. The markets are overbought at current levels so some weakness next week would not be unexpected. The durability of the rally relies entirely on whether or not the cease fire holds and if talks over the next few days are productive. We still remain cautious but a lot less so than 2 weeks ago.



The volatility index (VIX) spiked in early March as the war in Iran began and maintained an elevated level up until the cease fire was announced. Historically, readings above 25 make it very difficult to make money in the markets. Levels below 20 are much more accommodating. With the VIX falling below 20 this week, things are looking much calmer. Will it last? It all hinges on what happens with the cease fire and continued resolution of the conflict. Holding below 20 will be key to maintaining the current rally.

## Our Point

The market decline in March and the rally over the last 2 weeks illustrates that the market direction currently depends almost entirely on the resolution of the Iran conflict. The rally over the last few weeks is why we discussed event risk a few weeks ago. Event risk can be easily solved with the removal or resolution of the event. It is only if the event bleeds into the economy that it becomes much more destructive. When the event is settled (or at least determined what the economic effects are) the market quickly prices that in and a rally ensues. As we noted several weeks ago, the war in Iran would have little long-lasting effect on the economy as long as it was settled in a reasonable amount of time. While the cease fire is tenuous at best, things are trending in a better direction. Investors believe that the US economy is strong and that any disruption due to the war will be short-lived. This morning's CPI inflation report came in elevated (due to the increase in oil prices) but in-line with expectations. Even though the report showed inflation accelerating, traders are overlooking the hotter number as they believe oil prices will normalize once the conflict is settled and that inflation will again trend back in the right direction. While the rally has been impressive, much of it is predicated on an open Strait of Hormuz and an end to the Iran war. Hiccups this weekend and/or next week as talks continue could easily result in another fall in the markets. We aren't out of the woods yet and we wouldn't wave the all clear to put any cash you have to work at these levels. With the gap up from the 200-day moving average on the S&P, any weakness could easily fall back to those levels. However, we will only see those levels if talks fail and tensions reaccelerate. We'll know more over the next few days. Bank earnings kick off earnings season next week. Another quarter of good earnings would be another positive for the markets and another reason for strength. However, earnings alone won't be enough to overcome uncertainty in the Middle East. We made no changes to our portfolios this week and still have a little bit of cash to put to work. We will likely move to get fully invested again on any significant weakness next week. Masters weekend is always a little sad for me as it marks the last of the sporting events that I am interested in until football starts in 4 months – sports purgatory for me. I will be watching this weekend but will be developing a long list of home chores to do without sports to distract me. Enjoy your weekend wherever it finds you.

*The content of the BAM Market Note is provided for general informational purposes only and should not be construed as advice to purchase or to retain any interest in any of the investments mentioned. Any references to returns are not indicative of future performance and are subject to adjustment or revision.*