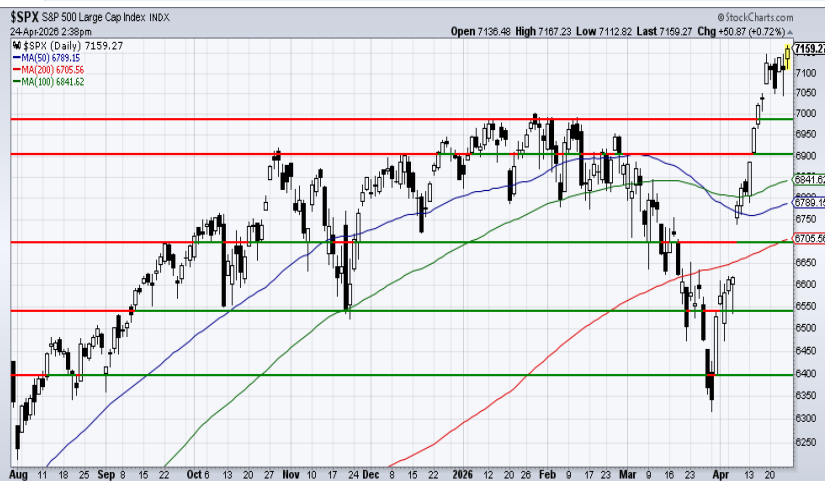


BILLS ASSET MANAGEMENT
BAM MARKET NOTE
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As we mentioned last week, a correction of some import would not have been unexpected this week. While the correction hasn't come yet, the markets did move sideways to work off some of the overbought conditions. While we still expect a 2-4% correction over the next few weeks, the churn of this week has helped relieve some of the pressure and good earnings could spur this market even higher. We would reiterate our advice to buy on any weakness that we see. Support rests at 7000 and just below that at 6900. With the support of what we expect to be a good earnings season, things are looking pretty good though complications in the Middle East could upset things.



We wrote several weeks ago about the relative strength of value stocks over growth stocks. The chart to the left is moving up when value stocks are outperforming and down when growth takes the lead. As you can see, from the bottom in late March, growth has left value in the dust. The shift is significant and shows a more risk on environment. We had shifted some assets to the value side earlier this year but are now considering upgrading those positions to the growth side.

Our Point

This market seems to have nearly completely disregarded any bumps in the Middle East road. Despite the continued deferral of deadlines, the breaking of the ceasefire and the open/not open Strait of Hormuz, the market continues to climb higher. After a sideways market all week, Intel's blowout earnings last night sparked another buying frenzy. This is illustrated most in the Nasdaq which is up over 1.5% at this point in the day. Intel itself is up 21% on its earnings. The day-to-day Iran headline volatility has largely disappeared. Wall Street is convinced that the war is over and it is just a matter of time before peace (or at least a return to normalcy) returns to the Middle East. Even with crude oil and gas prices still elevated, traders are discounting that and expecting lower prices in the coming months. Earnings continue next week with a slew of big tech names – Amazon, Google, Meta, Microsoft and Apple will all report. Four of these Mag 7 stocks report after the bell on Wednesday, so Thursday will be an active day in the market. In addition to earnings, we'll also get the ever-important PCE report which will provide the Fed with new inflation readings. Speaking of the Fed, news broke this morning that the DOJ has dropped its investigation of Chairman Powell. The abandonment of the lawsuit further paves the way for Kevin Warsh to be confirmed as the next Fed Chairman. Powell's term ends on May 15th, so it is increasingly likely that Kevin Warsh will take the helm at that time. Warsh should bring a "friendlier" Fed, but we will have to wait to see. In any event, the acrimony between the White House and the Fed should be tempered and the prospect of interest rate cuts should be more likely with the change. As we have noted, we generated a little bit of cash during the March weakness and have been waiting on a pause in the market advance to put that cash back to work. While we didn't get the correction we had expected, the sideways movement in the market this week provided us with a window to make a few buys. We purchased some additional international exposure, another long-short fund, and a specific tech sector. We are much closer to fully invested but still have a little bit of cash. Though we had some cash, our portfolios have kept up with the markets, and we have enjoyed the ride over the last few weeks. I will be traveling some next week attending an investment conference in Florida. It is a small gathering of like-minded advisors and the only conference I attend. I always come back with a notebook full of new ideas. Have a great weekend!

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