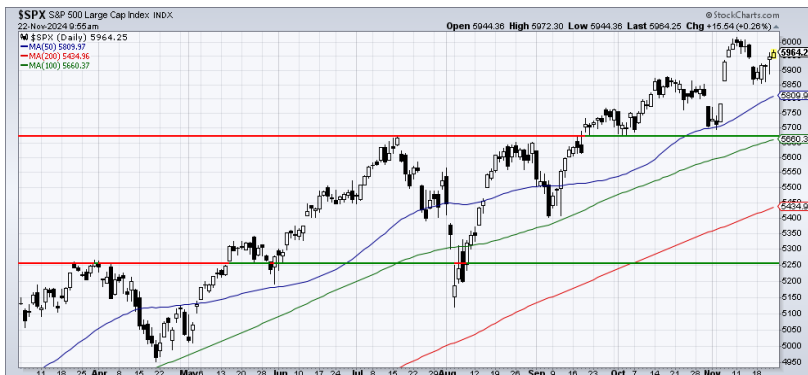


BILLS ASSET MANAGEMENT

BAM MARKET NOTE

NOVEMBER 22, 2024

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The markets fell last week after the election week surge. As we noted last Friday, the decline was not particularly alarming, and we expected the market to stabilize at or near last week's lows. After some back in forth early this week, the S&P has resumed its uptrend and is a stone's throw away from its highs. We would expect new highs over the coming weeks. We are in the strongest part of the year for the next few months. There will certainly be some volatility and some down weeks, but we believe that higher prices lay ahead.



High yield bonds weakened last week and touched their 50-day moving average. Support held and they have resumed their uneven uptrend. There is not great strength in this important sector, but they are drifting upward and showing no undue concerns about the economy or upcoming weakness. High yields continue to confirm the move up by the major market indices.

Our Point

The markets have stabilized and have recaptured a large portion of last week's decline. Since the election, the S&P is up over 4% and has resumed its uptrend. As we mentioned last Friday, Nvidia was the big story this week and they did not disappoint. It is remarkable that they continue to grow at the current pace. Quarterly expectations keep going up and they keep meeting and exceeding even the rosier of expectations. Despite their impressive earnings, the stock has traded down a bit this week as investors continue to digest their earnings. Despite the fall in NVDA (it represents approximately 25% of current year S&P gains), the rest of the market has picked up the slack. With the election, nearly all significant earnings reports, and the Fed out of the way (at least for a month), the market should have little in the way of market moving news to influence it. The easy path is a continued grind upward. That said, there continues to be saber rattling in Russia as the threat of nuclear warhead usage has moved to the forefront. Absent an escalation in world tensions (something nobody can plan for), we fully expect the markets to continue upward for the next several weeks. Heading into the election, we surmised that the markets cared little about who won or lost but rather just wanted certainty. With the clear winner, the markets have embraced the certainty and are now looking forward to what the winners and losers in a Trump administration will be. With the new administration promising fewer regulations at least two clear winners have emerged – others are sure to follow as the new administration takes shape. Banks have taken off since the election. Additionally, with President-elect embracing crypto currencies, bitcoin has surged to new heights. We believe that both will continue to be outperformers over the coming months. It should be noted that crypto currencies can be extremely volatile, are speculative and may not be appropriate for all investors. To the extent that it is used as an investment choice, we would suggest keeping it a very small portion of your overall portfolio and to take gains as they materialize. Used correctly and in small positions, crypto currencies may be a helpful non-correlated asset in your portfolio. As we near the end of the year and look forward to Thanksgiving next week, we are reminded of how much we have to be thankful for. We are thankful for you – our clients and loyal readers. We would not be doing this without you, and we don't take you for granted. Thank you for your trust in us and your willingness to allow us to help you with your investments. With turkey on Thursday, we will take a week off from this note and spend Friday digesting. We will resume our Friday notes on December 6th. Until then, enjoy your family, your turkey and dressing and the rest of your Thanksgiving traditions.