BILLS ASSET MANAGEMENT

BAM MARKET NOTE

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The S&P is on the verge of another break-out. After a small bout of profit-taking the index is up strongly today on the back of a decent employment report. At this point, it appears that the sideways consolidation that occurred from mid-December until the latter part of January was the pause that refreshes. Renewed buying interest today is pushing the important index back up near all-time highs.



Emerging markets have been fire as of late. While the US markets have mostly treaded water, the emerging market ETF is up over 10% since right before Christmas. As you can see, this is a volatile market area and not suitable for most conservative investors. However, it is worth looking at and we are watching this market sector for opportunities. Latin America has been particularly strong. It appears that some of the fears from President Trump's protectionist rhetoric has subsided.

Our Point

This morning's job report was met with cheers from Wall Street as futures already up for the morning doubled their gains heading into the open. The gains have held through the day and we would look for a strong close going into the weekend. While the report was far from stellar it was a good report. Interestingly, the unemployment rate ticked up as more workers came out and started looking for work. That is actually a good thing. As we have discussed recently, the market has turned from a Fed centric one to one focused on the economy. In fact, you would have hardly known that the Fed met this week as all eyes have shifted away from them for now. Interest rates were left unchanged and some of the language left many to believe that a rate hike in March was unlikely. A few strong economic reports could change that thinking but the current combination of a slowly improving economy and continued low rates has this market excited. We'll see if it continues into next week. Earnings have been solid. President Trump's reassurance this morning that a tax bill would be passed this year served to lock in some of the gains. We remain fully invested and continue to look for opportunities to upgrade our holdings.

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