

BILLS ASSET MANAGEMENT
BAM MARKET NOTE
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The S&P has recovered all of its losses from the early October correction. We are now entering a very favorable time for stocks.



While most of the major indices have recaptured their highs, high yield bonds have struggled. High yield bonds are often a harbinger of the market. It is worth watching to see if this group can strengthen along with the rest of the market.

Our Point

All things point to a strong finish to this year but there remain cautionary flags that should be watched. The market was surprised overnight as China unexpectedly reduced their lending rates. It was the first time China had reduced their rates since July 2012. Additionally, Mario Draghi of the ECB fueled speculation in a speech that the European Union was much closer to a sovereign quantitative easing than many expected. The result of both of these actions was to fuel a rally on the US indices this morning. Both of these actions bode well for the near term strength of the market.