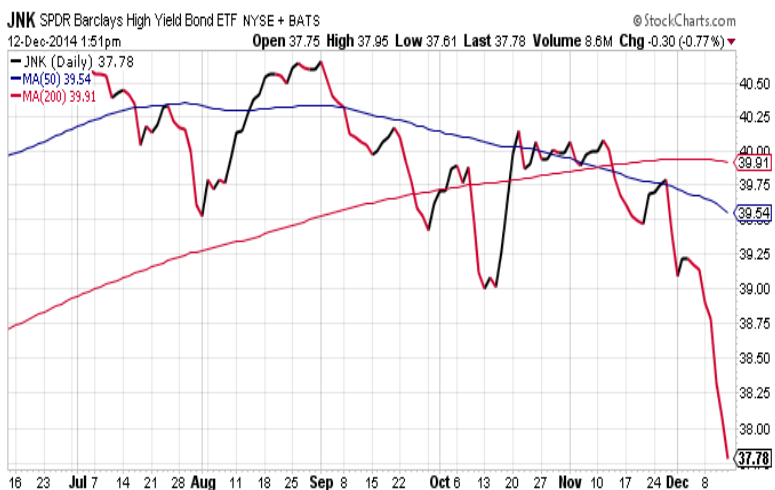


BILLS ASSET MANAGEMENT
BAM MARKET NOTE
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SAM BILLS (865) 525-1329
Bo BILLS (615) 371-5928



The S&P has begun a period of some weakness. Over the last week, the index has fallen 2.5%. In the grand scheme of things, the decline is not particularly noteworthy. However, every decline should be evaluated and considered. This decline is no exception and we are watching things carefully.



High yield bonds are often a harbinger of things to come. If that is the case currently, then we may not have seen the worst of the decline. About 20% of the high yield market lives in the energy space and has been hit hard by the precipitous fall in energy prices. A very good buying opportunity is developing both in the high yield and energy markets.

Our Point

December is one of the strongest months of the year but this calendar week is often the weakest week of the month. Let's hope that is the case and that the uptrend resumes next week. While it has been an uncomfortable decline, many factors remain intact that should lead to higher prices in the near term. We will want to see this bout of selling come to an end over the next few days and for the uptrend to resume. If it does not resume next week, then we will need to re-evaluate things.