Before the Bell

An Ameriprise Investment Research Group Publication

April 16, 2024

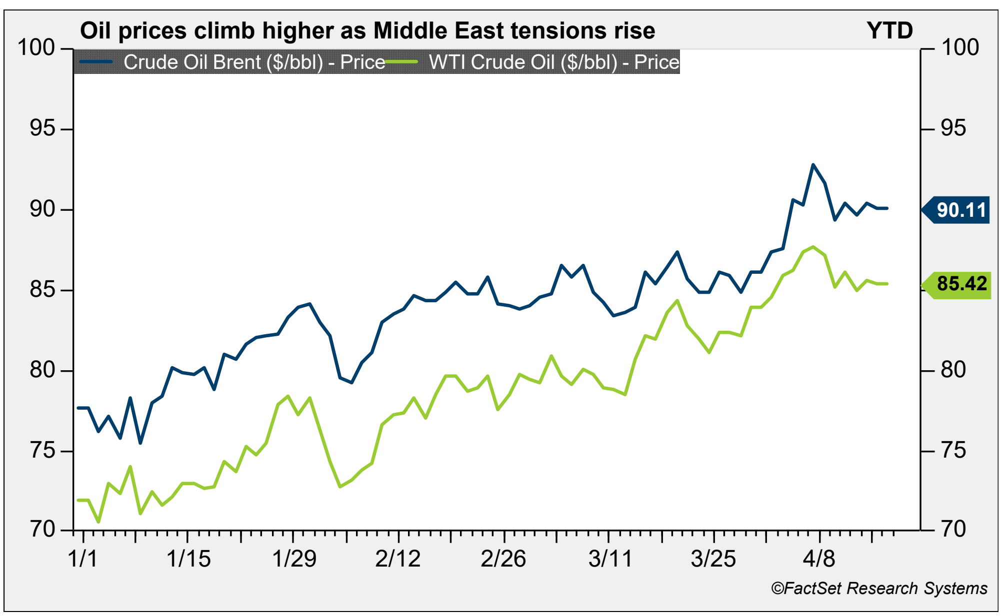
Starting the Day

- U.S. futures are pointing to a flattish open.
- European markets are trading lower at midday.
- Asian markets ended lower.
- Israel's war cabinet weighs its response.
- Markets turn risk-off.
- 10-year Treasury yield at 4.65%.
- West Texas Intermediate (WTI) oil is trading at $85.05.
- Gold is trading at $2,386.30

Market Perspectives

Anthony Saglimbene, Chief Market Strategist

Navigating rising tensions in the Middle East: Since Hamas launched their attack against Israel on October 7th, tensions in the Middle East have steadily ratcheted higher. Recent developments in the region have raised concerns that a broader regional war could disrupt global oil supplies, slow shipping routes, increase transportation costs, and, under worst-case scenarios, possibly even draw in superpowers like the U.S., Russia, and China. Until this weekend, Israel has concentrated its retaliation against Hamas, principally in Gaza, but also in other areas where terrorist groups have attacked (and continue to attack) the country.



However, Iran's aggression against Israel last weekend, from Iranian soil (a first), has the potential to change established calculous in the region. Israel's Minister of Defense told U.S. Defense Secretary Lloyd Austin that Israel has no choice but to respond to last weekend's missile attack by Iran.

Investors are hoping the U.S. and others can help lower the temperature in the region. Still, as of now, Israel's response remains unknown other than it plans to answer Iran's aggression with a response. Various reports point to Israel's war cabinet engaging in discussions on how and when to respond. While we are certainly no military experts, Israel could choose to attack Iran conventionally/directly, increase pressure on Iran's proxies across the region (e.g., Hezbollah and Houthis), or use more elegant/covert solutions such as engaging in cyberattacks against Iranian infrastructure and nuclear/oil production facilities. At the moment, we suspect all of these potential responses are on the table for debate inside Israel's war cabinet. As for the worst-case scenario noted at the top of our commentary, the U.S. has stated it would **not** play a part in a military offensive against Iran should Israel choose a conventional military option. For now, this should help ease investors' anxiety around a broader regional conflict that draws in superpowers like the U.S.

Notably, Iran is the third largest OPEC oil producer, and the Straits of Hormuz float one-fifth of global oil production daily. As the *FactSet* chart on page one shows, oil prices have climbed higher this year partly due to rising uncertainty in the Middle East but also because of a strong U.S. economy, OPEC production discipline, and rebounding manufacturing conditions globally. Yet, as long as tensions in the Middle East remain elevated, and the risk of a broader regional conflict remains possible (hence the possibility of disrupted oil production/transportation), we believe oil prices could remain elevated over the coming weeks and months. Here at home, such dynamics could keep headline inflation well above the Federal Reserve's target and add a wrinkle to expectations for lower interest rates later this year.

In a scenario that sees a further escalation in the Iranian/Israeli situation, flight to safety trades, such as Gold and U.S. Treasuries, could provide a near-term haven for investors. Nevertheless, it's important to note that ongoing inflation dynamics, Treasury issuance, and expectations regarding monetary policies may continue to exert the most influence on these assets over the intermediate term.

For investors, Israel's response has not yet been discounted in terms of stock prices. Major stock averages in the U.S. sold off on Monday as the uncertainty of growing friction in the Middle East becomes less palatable for investors, particularly with U.S. averages near all-time highs. For now, we expect stock volatility to rise, oil prices to be susceptible to upside shocks, and safe-haven assets to catch a bid should tensions in the Middle East move higher over the coming days and weeks. That said, on a relative basis, U.S. stocks may act as a port in the storm relative to the rest of the world's stock markets as investors seek safety.

However, if, for example, the S&P 500 Index were to shed over 500 points (which we believe is a pretty big move on Middle East tensions alone), such a move would mark a roughly 10% correction from its late-March high. Historically, stocks can see a 5% to 15% correction intra-year on any number of factors. Our point? Traders may be looking for an excuse to book some profits and wait for the smoke to clear before re-entering the market. Investors, on the other hand, would be wise not to attempt timing geopolitical events. Markets have a long history of eventually looking past such events/tensions, particularly if the effect on items such as oil is temporary or limited. Currently, the S&P 500 is less than 4.0% off its high.

Bottom line: The uncertainty in the Middle East should not be discounted and could have a meaningful impact on oil prices should Iran's oil production facilities be targeted by Israel or supply channels like the Straits of Hormuz become disrupted. For a period, stock prices could also come under pressure as investors attempt to discount evolving conditions in the Middle East. However, the global economy is growing, the U.S. is on sound fundamental footing, and corporate profit trends are expected to improve this year. Given the degree of cash on the sidelines (e.g., over $6 trillion in money market funds), we suspect a brief pullback in the market, should one occur, could eventually be greeted with buying activity. For now, investors should maintain their current allocations and remain well-diversified across stocks, bonds, cash, and alternatives.

U.S. Pre-market Indicators / Overnight International Market Activity

United States:

Here is a quick news rundown to start your morning:

- **Stocks are looking at a mixed open.** Events in the Middle East have somewhat overshadowed the ramp higher in the Q1 earnings season this week. Johnson & Johnson and Bank of America are out with their reports this morning, while on the econ front, March housing starts and industrial production data is on the docket.

Europe:

European equities are lower at mid-day and somewhat playing catch up with the risk-off trading in the U.S. from Monday. Reports overnight suggest world leaders are stepping up efforts to convince Israel against striking back against Iran.

Asia-Pacific:

Asian equities closed lower overnight. China Q1 GDP expanded by +5.3% y/y, above the +4.6% expected and the +5.2% pace in Q4. Sequentially, China's economy grew by +1.6% q/q and above the +1.0% rate in Q4. Stronger-than-expected growth trends in January - February contributed to the faster pace of growth in Q1, though March data softened.

WORLD CAPITAL MARKETS

4/16/2024 As of: 8:30 AM ET

Americas	% chg.	% YTD	Value
S&P 500	-1.2%	6.6%	5,061.8
Dow Jones	-0.7%	0.7%	37,735.1
NASDAQ Composite	-1.8%	6.0%	15,885.0
Russell 2000	-1.4%	-2.2%	1,975.7
Brazil Bovespa	-0.5%	-6.6%	125,334
S&P/TSX Comp. (Canada)	-0.7%	4.7%	21,740.2
Mexico IPC	-1.0%	-2.1%	55,984.0

Europe (Intra-day)	% chg.	%YTD	Value
DJSTOXX 50 (Europe)	-1.0%	9.9%	4,935.7
FTSE 100 (U.K.)	-1.3%	3.0%	7,861.7
DAX Index (Germany)	-1.0%	6.5%	17,848.4
CAC 40 (France)	-1.0%	5.9%	7,964.1
FTSE MIB (Italy)	-1.3%	10.4%	33,520.7
IBEX 35 (Spain)	-0.9%	6.3%	10,590.4
MOEX Index (Russia)	-0.3%	12.6%	3,461.5

Asia/Pacific (Last Night)	% chg.	%YTD	Value
Nikkei 225 (Japan)	-1.9%	15.7%	38,471.2
Hang Seng (Hong Kong)	-2.1%	-4.2%	16,249.0
Korea Kospi 100	-2.3%	-1.2%	2,609.6
Singapore STI	-1.2%	-2.1%	3,144.8
Shanghai Comp. (China)	-1.6%	1.1%	3,007.1
Bombay Sensex (India)	-0.6%	1.1%	72,943.7
S&P/ASX 200 (Australia)	-1.8%	2.0%	7,612.5

Global	% chg.	% YTD	Value
MSCI All-Country World Idx	-1.0%	4.9%	758.0

Developed International	% chg.	%YTD	Value
MSCI EAFE	-0.3%	3.1%	2,282.6

Emerging International	% chg.	%YTD	Value
MSCI Emerging Mkts	-1.1%	1.3%	1,030.7

Note: International market returns shown on a local currency basis. The equity index data shown above is on a total return basis, inclusive of dividends.

S&P 500 Sectors	% chg.	% YTD	Value
Communication Services	-1.6%	16.3%	285.1
Consumer Discretionary	-1.6%	0.6%	1,424.2
Consumer Staples	-0.5%	3.0%	779.5
Energy	-0.9%	14.8%	728.3
Financials	-0.5%	6.4%	663.1
Health Care	-0.2%	2.1%	1,615.8
Industrials	-0.7%	7.5%	1,032.9
Materials	-0.5%	4.9%	563.4
Real Estate	-1.8%	-8.0%	229.3
Technology	-2.0%	9.1%	3,699.3
Utilities	-0.9%	1.3%	323.1

Equity Income Indices	% chg.	% YTD	Value
JPM Alerian MLP Index	-1.6%	7.3%	272.8
FTSE NAREIT Comp. TR	-1.6%	-8.1%	21,994.8
DJ US Select Dividend	-0.6%	0.6%	3,019.8
DJ Global Select Dividend	-1.0%	-1.6%	215.3
S&P Div. Aristocrats	-0.5%	1.8%	4,347.0

Bond Indices	% chg.	% YTD	Value
Barclays US Agg. Bond	-0.6%	-3.1%	2,094.8
Barclays HY Bond	-0.3%	0.1%	2,483.1

Commodities Futures & Spot (Intra-day)	% chg.	% YTD	Value
CRB Raw Industrials	0.0%	2.3%	556.3
NYMEX WTI Crude (p/bbl.)	-0.4%	18.7%	85.0
ICE Brent Crude (p/bbl.)	-0.4%	16.5%	89.8
NYMEX Nat Gas (mmBtu)	0.5%	-32.4%	1.7
Spot Gold (troy oz.)	-0.4%	15.1%	2,374.7
Spot Silver (troy oz.)	-1.7%	19.3%	28.4
LME Copper (per ton)	1.8%	12.2%	9,499.5
LME Aluminum (per ton)	4.9%	9.5%	2,568.2
CBOT Corn (cents p/bushel)	-0.3%	-10.4%	442.8
CBOT Wheat (cents p/bushel)	-0.4%	-12.5%	565.0

Foreign Exchange (Intra-day)	% chg.	% YTD	Value
Euro (€/$)	0.2%	-3.6%	1.06
British Pound (£/$)	0.1%	-2.2%	1.25
Japanese Yen ($/¥)	-0.2%	-8.8%	154.63
Australian Dollar (A$/$)	-0.3%	-5.7%	0.64
Canadian Dollar ($/C$)	0.1%	-3.9%	1.38
Swiss Franc ($/CHF)	-0.1%	-7.8%	0.91

Data/Price Source: Bloomberg. Equity Index data is total return, inclusive of dividends, where applicable.

Ameriprise Global Asset Allocation Committee (GAAC)

U.S. Equity Sector - Tactical Views

	S&P 500 Index Weight	GAAC Tactical View	GAAC Tactical Overlay	GAAC Recommended Weight
Consumer Staples	5.9%	Overweight	2.0%	7.9%
Information Technology	30.0%	Equalweight	-	30.0%
Health Care	12.3%	Equalweight	-	12.3%
Financials	13.1%	Equalweight	-	13.1%
Industrials	8.8%	Equalweight	-	8.8%
Communication Services	8.9%	Equalweight	-	8.9%
Energy	3.9%	Equalweight	-	3.9%
Utilities	2.1%	Equalweight	-	2.1%
Materials	2.3%	Equalweight	-	2.3%
Real Estate	2.3%	Equalweight	-	2.3%
Consumer Discretionary	10.4%	Underweight	-2.0%	8.4%

As of: March 29, 2024

Index weightings represent the respective market capitalization of each sector in the S&P 500 as of 3/21/2024. The GAAC Tactical Overlay, as well as Recommended Tactical Weights, is derived from the Ameriprise Global Asset Allocation Committee (GAAC).Views are expressed relative to the Index and are provided to represent investment conviction in each region. Tactical Allocations are designed to augment Index returns over a 6-12 month time horizon. Numbers may not add due to rounding.

Global Equity Regions - Tactical Views

	MSCI All-Country World Index Weight	GAAC Tactical View	GAAC Tactical Overlay	GAAC Recommended Weight
United States	62.4%	Overweight	2.1%	64.5%
Europe ex U.K.	13.5%	Overweight	2.0%	15.5%
Japan	5.6%	Overweight	1.0%	6.6%
United Kingdom	3.2%	Equalweight	-	3.2%
Latin America	1.0%	Equalweight	-	1.0%
Asia-Pacific ex Japan	10.3%	Underweight	-3.0%	7.3%
Canada	2.9%	Underweight	-1.0%	1.9%
Middle East / Africa	1.1%	Underweight	-1.1%	0.0%

as of: March 29, 2024

Index weightings are based on the regional market capitalizations of the MSCI All-Country World Index as of 03/21/2024. The GAAC Tactical Overlay, as well as the Recommended Tactical Weights, are derived from the Ameriprise Global Asset Allocation Committee (GAAC). Views are expressed relative to the Index and are provided to represent investment conviction in each region. Tactical Allocations are designed to augment Index returns over a 6-12 month time horizon. Numbers may not add due to rounding.

Economic News and Views:

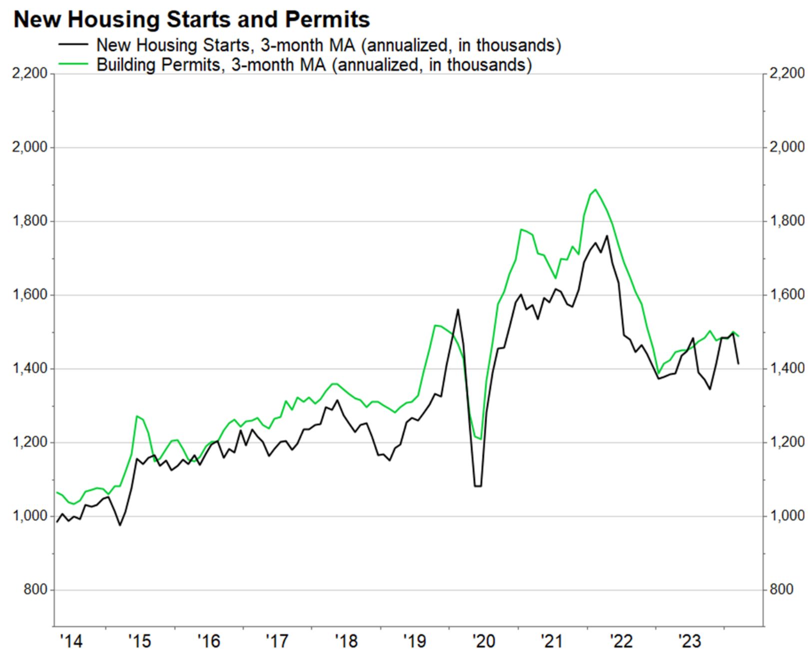
Russell T. Price, CFA – Chief Economist

Releases for Tuesday April 16, 2024 — **All times Eastern. Consensus estimates via Bloomberg**

Time	Period	Release	Consensus Est.	**Actual**	Prior	Revised to
8:30 AM	MAR	Housing Starts (annualized)	1480k	**1321k**	1521k	1549k
8:30 AM	MAR	Housing Starts (MoM)	-2.7%	**-14.7%**	+10.7%	+12.7%
8:30 AM	MAR	Building Permits (annualized)	1510k	**1458k**	1524k	
8:30 AM	MAR	Building Permits (MoM)	-0.9%	**-4.3%**	+2.4%	
9:15 AM	MAR	Industrial Production (MoM)	+0.4%		+0.1%	
9:15 AM	MAR	Capacity Utilization	78.5%		78.3%	
9:15 AM	MAR	Manufacturing Output (MoM)	+0.2%		+0.8%	

Commentary:

- **New housing starts drop after February's surge.** After jumping 13% in February, new housing starts dropped 15% in March amid more difficult weather and some reversion to the mean. Single and Multi-family starts were both down materially with single-family off 12% month-over-month (m/m) and multi-family starts down 22% m/m.
- On a year-over-year basis, total new starts were down 4% last month with all of the downward contribution coming from the multi-family segment (which includes apartments) where supply has better caught-up with demand. Single-family starts were a strong 21% above year-ago levels in March while multi-family were 44%.
- Though we see today's report as largely reflecting normal fluctuations in the series, today's much weaker than expected results could ease market concerns about delayed Federal Reserve interest rate cuts.
- Overall, we maintain our positive outlook on the homebuilding industry given the housing market's limited inventory and the need for builders to add to the housing stock (primarily single-family units) over the next several years. Eventually, modestly lower mortgage rates should also support sales in the market. However, we also note that new home sales have held-up better than existing home sales in recent quarters as builders are able to offer incentives, upgrades, and mortgage-rate buydowns to entice prospective buyers.
- *The chart at right is sourced from FactSet and HAS been updated to reflect today's release.*



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Ameriprise Economic Projections

Forecast:	Full-year				Quarterly						
	Actual	Actual	Est.	Est.	Actual	Actual	Actual	Est.	Est.	Est.	Est.
	2022	2023	2024	2025	Q2-2023	Q3-2023	Q4-2023	Q1-2024	Q2-2024	Q3-2024	Q4-2024
Real GDP (annualized)	1.9%	2.5%	1.5%	1.7%	2.1%	4.9%	3.3%	1.8%	1.4%	1.7%	1.5%
Unemployment Rate	3.6%	3.7%	4.4%	4.2%	3.6%	3.8%	3.7%	3.9%	4.1%	4.3%	4.3%
CPI (YoY)	8.0%	3.4%	2.1%	1.8%	3.0%	3.7%	3.4%	3.1%	2.5%	2.0%	2.2%
Core PCE (YoY)	5.2%	2.9%	1.8%	1.7%	4.3%	3.6%	2.9%	2.7%	2.2%	1.8%	1.9%

Sources: Historical data via FactSet. Estimates (Est.) via American Enterprise Investment Services Inc.
YoY = Year-over-year, Unemployment numbers are period ending. GDP: Gross Domestic Product; CPI: Consumer Price Index
PCE: Personal Consumption Expenditures Price Index. Core excludes food and energy.

All estimates other than GDP are period ending. **Last Updated: March 14, 2024**

Ameriprise Global Asset Allocation Committee Targets and Views

Targets

2024 Year-end Targets:	Favorable Scenario	Base-Case Scenario	Adverse Scenario
S&P 500 Index:	5,400	5,200	4,200
10-Year U.S. Treasury Yield:	4.00%	3.50%	3.00%
Fed Funds Target Range:	4.25% to 4.50%	4.50% to 4.75%	3.75% to 4.00%

Estimates (Est.) via American Enterprise Investment Services Inc.
Please see latest *Quarterly Capital Market Digest* for more information. **Last Updated: January 2, 2024**

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Global Asset Allocation Committee Views

AMERIPRISE GLOBAL ASSET ALLOCATION COMMITTEE TACTICAL ASSET CLASS VIEWS

2024 Year-end S&P 500 Target: 5,200
2024 Year-End 10-year Treasury Target: 3.50%

as of 03/27/2024

	Overweight	Equalweight	Underweight
Equity	• U.S. Large Cap Value • Developed Foreign Equity	• U.S. Large Cap Growth • U.S. Mid Cap Value • U.S. Mid Cap Growth • U.S. Small Cap Value • U.S. Small Cap Growth	• Emerging Foreign Equity
S&P 500 Sectors	• Consumer Staples	• Communication Services • Energy • Financials • Health Care • Industrials • Information Technology • Materials • Real Estate • Utilities	• Consumer Discretionary
Global Equity Regions	• United States • Europe ex U.K. • Japan	• Latin America • United Kingdom	• Asia Pacific ex Japan • Middle East/Africa • Canada
Fixed Income	• U.S. Government • U.S. Investment Grade Corp.	• Developed Foreign Bonds • U.S. High Yield Bonds	• Emerging Foreign Bonds • Municipal Bonds
Alternatives		• Real Assets	• Alternative Strategies
Cash		• Cash • Cash Investments	

Note: Our Tactical Allocations are designed to augment a Strategic portfolio over a 6-12-month time horizon. **Asset Allocation and diversification do not ensure or guarantee better performance and do not eliminate the risk of investment losses. Investors should note that rising interest rates could have a detrimental effect on bond prices. Please consult with your financial advisor.** Cash generally refers to assets, securities and/or products low in risk and highly liquid. For asset allocation purposes, instruments can include Treasury bills, certificates of deposit, money market funds and high quality bonds whose maturities are less than 3 months. Outside of asset allocation purposes, cash investments can also include illiquid cash held in a mutual fund or pledged as collateral for derivatives. You can only access this cash by redeeming the fund using it, subject to fees or time constraints associated with redemptions.

	Rolling Returns			
Major Market Indices	Q1'24	1-year	3-years	5-years
Russell 3000® Index (U.S. Equity)	10.02%	29.29%	9.78%	14.34%
MSCI ACWI Ex USA Index – net (Foreign Equity)	4.69%	13.26%	1.94%	5.97%
Bloomberg U.S. Universal Bond Index (Fixed Income)	-0.47%	2.67%	-2.11%	0.69%
Wilshire Liquid Alternative Index (Alternatives)	3.16%	8.25%	1.95%	2.92%
FTSE Three-Month Treasury Bill Index (Cash)	1.37%	5.52%	2.70%	2.07%

Past performance is not a guarantee of future performance. Performance calculations use FactSet data and are as of March 29, 2024

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The Ameriprise Investment Research Group

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As of March 31, 2024

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Diversification and **Asset Allocation** do not assure a profit or protect against loss.

Risk Factors

Dividend and interest payments are not guaranteed. The amount of dividend payment, if any, can vary over time and issuers may reduce or eliminate dividends paid on securities in the event of a recession or adverse event affecting a specific industry or issuer. Should a company be unable to pay interest on a timely basis a default may occur and interruption or reduction of interest and principal occur. Investments in a narrowly focused sector may exhibit higher volatility than investments with broader objectives and is subject to market risk and economic risk.

Income Risk: We note that dividends are declared solely at the discretion of the companies' boards of directors. Dividend cuts or eliminations will likely negatively impact underlying company valuations. Published dividend yields are calculated before fees and taxes. Dividends paid by foreign companies to ADR holders may be subject to a withholding tax which could adversely affect the realized dividend yield. In certain circumstances, investors in ADR shares have the option to receive dividends in the form of cash payments, rights shares or ADR shares. Each form of dividend payment will have different tax consequences and therefore generate a different yield. In some instances, ADR holders are eligible to reclaim a portion of the withholding tax.

International investing involves increased risk and volatility due to political and economic instability, currency fluctuations, and differences in financial reporting and accounting standards and oversight. Risks are particularly significant in **emerging markets**.

Market Risk: Model portfolios and markets in general could sustain significant volatility due to several factors. As we have seen recently, both economic and geopolitical issues could have a material impact on this model portfolio and the equity market as a whole.

Sector Risk: The Ameriprise Global Asset Allocation Committee and managers of this model portfolio can elect to overweight or underweight (or completely avoid) certain economic sectors. This could lead to substantial underperformance versus a more diversified or balanced weighting.

Security Recommendation Risk: The research team may not be successful in selecting securities that collectively perform better than the benchmark. When viewing return comparisons investors should keep in mind the following information. Our model portfolio generally maintains less than 50 securities, whereas benchmark indices contain several times that amount. The benchmark index is market capitalization weighted, providing greater weight to the larger company movements, whereas our model portfolio is designed to be equally dollar weighted. Furthermore, the model portfolio may deviate significantly, at times, from the sector allocation of the benchmark due to our interpretation of economic conditions and market factors as well as our security selection process.

The benchmark index returns are taken from Bloomberg Financial Markets and reflect dividends reinvested. Additionally, there is no fee or cost assumption in the index comparison return.

Product Risk Disclosures

Corporate Bonds are debt instruments issued by a private corporation. Non-Investment grade securities, commonly known as "high-yield" or "junk" bonds, are historically subject to greater risk of default, including the loss of principal and interest, than higher-rated bonds, which may result in greater price volatility than experienced with a higher-rated issue.

American Depository Receipts (ADR) are securities issued by a U.S. bank that typically represent a foreign company's equity and that trade similarly to domestic equities, and are either listed on an exchange or over-the- counter. As with any equity investment, ADRs are subject to market and company specific risks. ADRs will also be subjected to foreign market risks. These risks include possible losses due to foreign currency translation, geopolitical instability, and deviations in the market value of an ADR compared to that of the underlying common shares in its primary market. ADRs may suffer from a lack of investor protection and recourse. In the event of a liquidation of the underlying company, the holders of its ADRs are not guaranteed of being able to enforce their right of claim and therefore they may lose their entire investment. Investors of ADRs may also take on risks associated with the parties involved with the sponsoring Bank.

Alternative investments cover a broad range of strategies and structures designed to be low or non-correlated to traditional equity and fixed-income markets with a long-term expectation of illiquidity. **Alternative investments** involve substantial risks and are more volatile than traditional investments, making them more suitable for investors with an above-average tolerance for risk.

There are risks associated with **fixed-income investments**, including bond funds, such as credit risk, interest rate risk, and prepayment and extension risk. In general, bond prices rise when interest rates fall and vice versa. This effect is usually more pronounced for longer-term securities.

Growth securities, at times, may not perform as well as value securities or the stock market in general and may be out of favor with investors.

International investing involves increased risk and volatility due to political and economic instability, currency fluctuations, and differences in financial reporting and accounting standards and oversight. Risks are enhanced for **emerging market** issuers.

Interest payments on **inflation-protected securities** may be more volatile than interest payments on ordinary bonds. In periods of deflation, these securities may provide no income.

Index definitions

An index is a statistical composite that is not managed. It is not possible to invest directly in an index.

Definitions of individual indices mentioned in this report are available on our website at ameriprise.com/legal/disclosures/ in the **Additional Ameriprise research disclosures** section, or through your Ameriprise financial advisor.

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One or more members of the research team who prepared this research report may have a financial interest in securities mentioned in this research report through investments in a discretionary separately managed account program.

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