Before the Bell

An Ameriprise Investment Research Group Publication

April 18, 2024

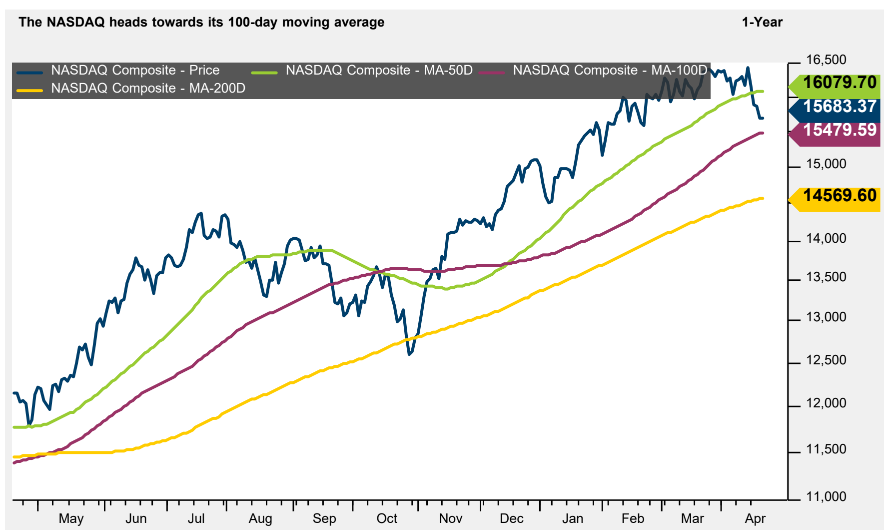
Starting the Day

- U.S. futures are pointing to a slightly higher open.
- European markets are trading higher at midday.
- Asian markets ended mostly higher.
- Stocks are finding it harder to gain upward traction.
- NVIDIA and semiconductors enter a correction.
- 10-year Treasury yield at 4.59%.
- West Texas Intermediate (WTI) oil is trading at $82.22.
- Gold is trading at $2,395.60

Market Perspectives

Anthony Saglimbene, Chief Market Strategist

Stocks begin to show signs of pressure. Investors may have forgotten that after five straight months of extraordinary gains across U.S. major averages, stocks can, and do, move lower from time to time. The S&P 500 Index, NASDAQ Composite, and Russell 2000 Index each finished lower on Wednesday for the fourth straight session. For the S&P 500, it's the longest consecutive daily losing streak since early January and after coming off its third straight week of losses. For its part, the NASDAQ has broken below its 50-day moving average and has quickly targeted its 100-day moving average for potential support, as the *FactSet* chart to the right shows. Rising tensions/uncertainty in the Middle East, stretched positioning across Technology/AI stocks, and reduced odds for the number of Fed rate cuts this year, combined with higher Treasury yields, have cast a more cautious tone among investors in April, particularly after the S&P 500's +10% plus gain in Q1 (the strongest start to the year since 2019). That said, the S&P 500 is just 4.6% or so off its all-time high, while the NASDAQ is off a little more than 5.0%. Neither qualifies as a typical correction, which is generally defined as a drawdown of 10% or more off a market top. Bottom line: Stocks are likely in the process of consolidating strong gains and at a time when investors are beginning to better align the realities of a still-solid economic backdrop, elevated inflation, and reduced odds for rate cuts this year. However, we will also soon be entering the heart of earnings season, which could help add support for stocks (via strong Q1 results and Q2 outlooks that don't miss expectations too much) or cast another stone at a recently wobbly market. Although the market is facing an uptick in crosscurrents at the moment, corporate fundamentals and profit outlooks on the second quarter may have more to say about where stocks go over the coming weeks than some of the macroeconomic items that seem to be driving recent headlines.



NOTE: FOR IMPORTANT DISCLOSURES, INCLUDING POSSIBLE CONFLICTS, PLEASE SEE THE DISCLOSURE PAGES AT THE END OF THIS DOCUMENT.

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 slightly higher open.** The markets' "fear gauge," or the VIX Index, has hit its highest levels since the end of October, as rising tensions in the Middle East and dialed-back Fed rate cuts have taken some momentum out of the market recently. Similarly, the ICE BofA Move Index, which tracks U.S. Treasury volatility, has moved back to levels last seen in early January. And while the overall stock market hasn't yet turned into a technical correction, the Philadelphia Semiconductor Index and NVIDIA have now dropped 10% or more from their recent market tops. NVIDIA has been the poster child for the AI theme, and semiconductors as a group have been a "go-to" industry to play the growth theme. Obviously, earnings reports from NVIDIA later in the earnings season and reports from the semiconductor industry more broadly will be closely watched. We suspect semiconductor companies, including NVIDIA, may have a lot to prove in their earnings reports, which will likely inform how near-term stock momentum shakes out from here. On the economic docket this morning: initial jobless claims, leading indicators, and existing home sales reports.

Europe:

Stocks are trading higher at midday, with a light economic calendar. Central banker speeches out of the region are receiving some focus today. Bank of England Governor Andrew Bailey said next month's inflation data could show a sizeable drop relative to the previous report. At the same time, ECB officials continue to stress that rate policy is not contingent on the path of Fed policy.

Asia-Pacific:

Equities across the region largely finished higher overnight. According to *Reuter*s, President Biden called for a substantial increase in U.S. tariffs on Chinese metal products, including a tariff jump to 25% on steel and aluminum coming from China, well over the current 7.5% rate under Section 301. The Biden administration is also pressing Mexico to prohibit China from selling its metal products indirectly to the U.S.

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WORLD CAPITAL MARKETS

4/18/2024 As of: 8:30 AM ET

Americas	% chg.	% YTD	Value
S&P 500	-0.6%	5.7%	5,022.2
Dow Jones	-0.1%	0.7%	37,753.3
NASDAQ Composite	-1.1%	4.7%	15,683.4
Russell 2000	-1.0%	-3.5%	1,947.9
Brazil Bovespa	-0.2%	-7.5%	124,171
S&P/TSX Comp. (Canada)	0.1%	4.3%	21,656.1
Mexico IPC	-0.7%	-3.2%	55,415.7

Europe (Intra-day)	% chg.	%YTD	Value
DJSTOXX 50 (Europe)	0.4%	9.9%	4,934.4
FTSE 100 (U.K.)	0.2%	3.1%	7,867.2
DAX Index (Germany)	0.1%	6.2%	17,785.8
CAC 40 (France)	0.4%	6.5%	8,013.7
FTSE MIB (Italy)	0.3%	11.1%	33,722.8
IBEX 35 (Spain)	0.8%	7.6%	10,721.6
MOEX Index (Russia)	-0.3%	12.0%	3,443.5

Asia/Pacific (Last Night)	% chg.	%YTD	Value
Nikkei 225 (Japan)	0.3%	14.5%	38,079.7
Hang Seng (Hong Kong)	0.8%	-3.4%	16,385.9
Korea Kospi 100	2.0%	-0.2%	2,634.7
Singapore STI	1.0%	-0.8%	3,187.7
Shanghai Comp. (China)	0.1%	3.3%	3,074.2
Bombay Sensex (India)	-0.6%	0.5%	72,489.0
S&P/ASX 200 (Australia)	0.5%	2.4%	7,642.1

Global	% chg.	% YTD	Value
MSCI All-Country World Idx	-0.4%	3.6%	749.1

Developed International	% chg.	%YTD	Value
MSCI EAFE	-0.3%	1.1%	2,238.0

Emerging International	% chg.	%YTD	Value
MSCI Emerging Mkts	0.3%	-0.5%	1,012.5

*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	-0.1%	16.1%	284.4
Consumer Discretionary	-0.6%	-0.4%	1,408.8
Consumer Staples	0.5%	3.5%	783.6
Energy	-0.3%	13.5%	719.6
Financials	0.2%	6.0%	660.3
Health Care	-0.2%	2.0%	1,613.3
Industrials	-0.6%	6.7%	1,025.1
Materials	0.2%	4.4%	560.5
Real Estate	-0.8%	-10.1%	224.0
Technology	-1.7%	7.5%	3,644.3
Utilities	2.1%	2.0%	325.4

Equity Income Indices	% chg.	% YTD	Value
JPM Alerian MLP Index	1.2%	7.9%	274.3
FTSE NAREIT Comp. TR	-0.8%	-10.1%	21,508.5
DJ US Select Dividend	0.6%	0.2%	3,009.0
DJ Global Select Dividend	0.6%	-1.3%	216.0
S&P Div. Aristocrats	0.1%	1.4%	4,331.1

Bond Indices	% chg.	% YTD	Value
Barclays US Agg. Bond	0.5%	-2.9%	2,098.5
Barclays HY Bond	0.0%	-0.2%	2,473.8

Commodities Futures & Spot (Intra-day)	% chg.	% YTD	Value
CRB Raw Industrials	0.3%	2.2%	555.7
NYMEX WTI Crude (p/bbl.)	-0.6%	14.7%	82.2
ICE Brent Crude (p/bbl.)	-0.7%	12.6%	86.7
NYMEX Nat Gas (mmBtu)	2.4%	-30.3%	1.8
Spot Gold (troy oz.)	1.0%	15.6%	2,384.3
Spot Silver (troy oz.)	0.8%	19.6%	28.5
LME Copper (per ton)	1.4%	12.1%	9,489.7
LME Aluminum (per ton)	1.4%	10.2%	2,585.8
CBOT Corn (cents p/bushel)	-0.3%	-11.0%	439.5
CBOT Wheat (cents p/bushel)	0.7%	-13.9%	556.0

Foreign Exchange (Intra-day)	% chg.	% YTD	Value
Euro (€/$)	0.0%	-3.3%	1.07
British Pound (£/$)	0.1%	-2.1%	1.25
Japanese Yen ($/¥)	0.0%	-8.6%	154.34
Australian Dollar (A$/$)	0.1%	-5.4%	0.64
Canadian Dollar ($/C$)	0.1%	-3.7%	1.38
Swiss Franc ($/CHF)	0.2%	-7.5%	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.

Fixed Income Market Perspectives

Brian M. Erickson, CFA, VP Fixed Income Research & Strategy

Strong economy = higher Treasury yields. Stronger than expected jobs and inflation reports this year led Treasury yields higher and prices lower. As a result, total returns for the US Universal Index were -0.4% through the first quarter and -2.5% through April 17.

Stepping back, we viewed the rout in Treasury yields – from 4.99% on the 10-year in October to 3.88% at the end of the year as too far too fast. We thought Treasuries were overvalued and elected to pivot our tactical duration guidance for total return investors to neutral with our benchmark, the Bloomberg US Universal Index duration of 6 years, from a favorable total return positioning long duration positioning in the second half of 2023. The bounce higher for yields in the first quarter brought the yield back to a more reasonable level in our view. Over the last three weeks, anticipation of strong economic data weighed on Treasury prices, and a wave of long-term Treasury auctions beginning last week tested investor convictions, sending 10-year to 4.70% on Tuesday.

Treasury auctions test convictions. Ten-year Treasury yields finished the week of April 5 at 4.40% after a strong March payroll report showed 303k new nonfarm payroll jobs were added in March. Heading into the March CPI release Wednesday, April 10, the 10-year Treasury yield had retraced the majority of the prior Friday's sell-off. When March CPI data came in stronger than expected a week ago Wednesday, prospects for greater persistence of inflation pushed 10-year higher as investors contemplated what yield level provided an attractive inflation-adjusted return and decided the high CPI print merited adding a more inflation compensation. By the end of the trading session, the 10-year Treasury yield closed up 18 basis points at 4.54%, an increase that sliced more than a point off the price of the bond. Then, last Thursday, a 2.4% March PPI print ex-food, energy, and trade came in higher than 2.3% Bloomberg expectations leading 10-year yields higher once again Thursday to 4.58%.

Though 10-year and 30-year Treasury auctions last week priced with tails, the 20-year auction Wednesday was more easily absorbed. Two-year Treasury yields closed at 4.99% Tuesday, and drifted lower Wednesday as investors gained more confidence that the recent rise in Treasury yields provides a much more interesting entry point for adding Government Bonds to long-term portfolios in our view. Similarly, 5-year Treasury yields set a new 2024 high of 4.70% on Tuesday and 10-year Treasuries reached 4.66% before demand drew yields lower. We see current levels as an excellent entry point for long-term income investors and also an attractive point for total return investors to extend duration per our quarter end guidance for targeting a 6.5 year duration.

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Economic News and Views:

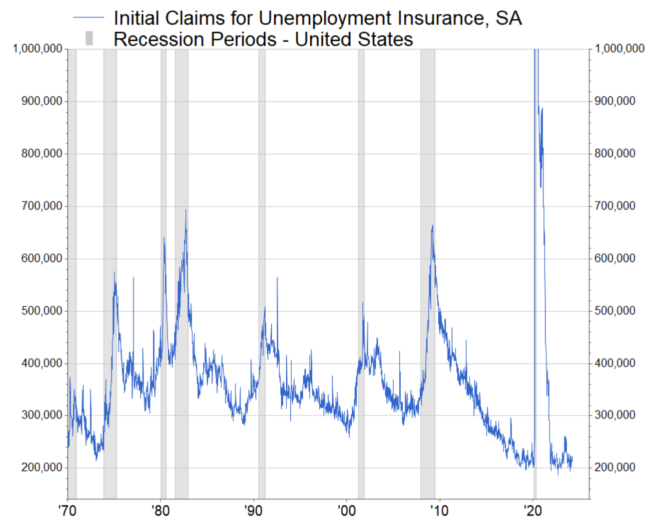
Russell T. Price, CFA – Chief Economist

Releases for Thursday April 18, 2024 **All times Eastern. Consensus estimates via Bloomberg**

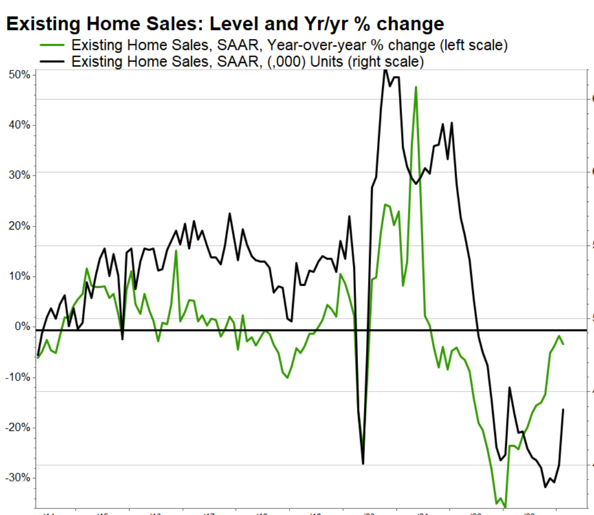
Time	Period	Release	Consensus Est.	**Actual**	Prior	Revised to
8:30 AM	Apr. 13	Initial Jobless Claims	215k	**212k**	211k	
8:30 AM	Apr. 6	Continuing Claims	1820k	**1812k**	1817k	
8:30 AM	APR	Philly Fed. Index	+2.0		+3.2	
10:00 AM	MAR	Leading Index	-0.1%		+0.1%	
10:00 AM	MAR	Existing Home Sales (annualized)	4.2M		4.38M	
10:00 AM	MAR	Existing Home Sales (MoM)	-4.1%		+9.5%	

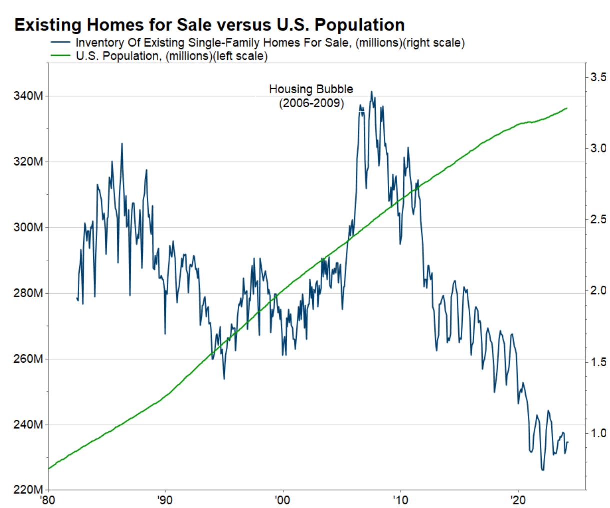
Commentary:

- **Initial jobless claims remain exceptionally low.** Labor market data has been under closer scrutiny in recent months as some measures have shown a moderation in demand. The number of Job Openings across the economy is still well above its pre-pandemic levels but at a recent 8.8 million the level is well below its peak of 12.0 million as seen in March 2022.
- The surprising strength of today's payroll numbers are likely to further push-out Fed rate cut expectations.
- New unemployment claims however, continue to reflect very strong labor market conditions. We note the chart at right which shows current levels relative to their long-term results. As seen, today's run rates are even well below those seen historically when total employment levels were much lower.



- **Existing Home Sales:** The National Association of Realtors (NAR) will release their Existing Home Sales report for the month of March at 10 AM ET. After a very strong month-over-month gain in February, Forecasters are looking for a moderation in March as higher mortgage rates should have had a depressive influence.
- Existing home sales are understandably very sensitive to material changes in mortgage rates. But since existing home sales are recorded at the time of closing – a date that typically comes a month or two after a sales agreement is signed, the influence of mortgage rates is typically seen in the sales numbers with a lag of a month or two.





Ameriprise Economic Projections

Forecast:	Full-year				Quarterly						
	Actual 2022	Actual 2023	Est. 2024	Est. 2025	Actual Q2-2023	Actual Q3-2023	Actual Q4-2023	Est. Q1-2024	Est. Q2-2024	Est. Q3-2024	Est. Q4-2024
Real GDP (annualized)	1.9%	2.5%	2.2%	1.8%	2.1%	4.9%	3.4%	2.3%	2.8%	1.9%	1.6%
Unemployment Rate	3.6%	3.7%	4.2%	4.2%	3.6%	3.8%	3.7%	3.8%	4.0%	4.1%	4.2%
CPI (YoY)	8.0%	3.4%	2.3%	2.0%	3.0%	3.7%	3.4%	3.5%	3.3%	2.6%	2.3%
Core PCE (YoY)	5.2%	2.9%	2.1%	1.9%	4.3%	3.6%	2.9%	2.7%	2.5%	2.2%	2.1%

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: April 18, 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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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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