Before the Bell

An Ameriprise Investment Research Group Publication

April 23, 2024

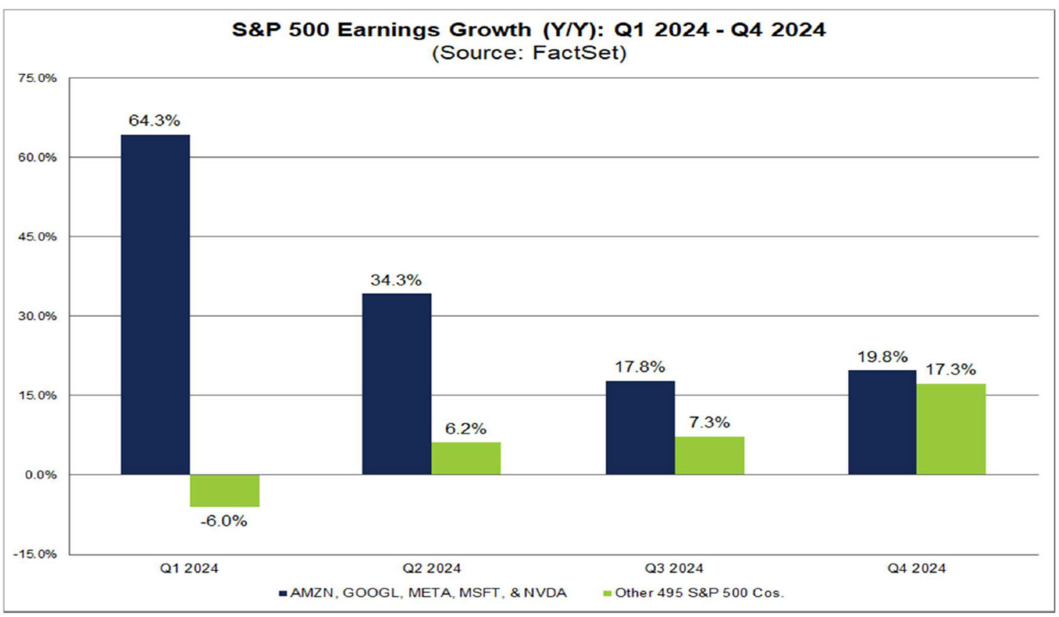
Starting the Day

- U.S. equity futures looking for a modestly higher open.
- European markets are trading higher at midday.
- Asian markets ended higher.
- Big Tech's profit influence is expected to decline.
- Stocks jumped higher on Monday.
- 10-year Treasury yield at 4.64%.
- West Texas Intermediate (WTI) oil is trading at $81.16.
- Gold is trading at $2,321.70

Market Perspectives

Anthony Saglimbene, Chief Market Strategist

A Big Week for Big Tech. Tesla reports their Q1 profit results after the bell today, while Meta Platforms is out with their earnings results on Wednesday. Microsoft and Alphabet follow on Thursday, making this week one of the biggest weeks of the earnings season for Big Tech. As we noted yesterday, five companies (Amazon, Alphabet, Meta Platforms, Microsoft, and NVIDIA) are expected to drive roughly 64% of the earnings per share (EPS) growth in the S&P 500 in Q1. As the *FactSet* chart to the right shows, the other 495 companies in the Index are expected to see their Q1'24 EPS decline by 6.0% in aggregate. As the chart also shows, the dispersion in EPS growth between these five companies and the rest of the S&P 500 is expected to decline over the next three quarters. And while investors should expect results and outlooks from these five companies to be closely scrutinized, which could have a material influence on whether stocks more broadly continue to see downward pressure or if the recent drop in the market begins to attract buyers, its profit trends across the other 495 companies that also matter.



Bottom line: Analysts expect profit growth across a broader set of S&P 500 companies to improve this year relative to the contribution of EPS growth coming from a select group of stocks in Big Tech. However, sticky inflation and higher interest rates that linger deeper into the year could somewhat challenge this assessment, even if overall economic activity remains positive in 2024. Particularly for interest rate sensitive areas of the market, rates that linger higher for longer could dent profitability in the back half of the year. Though Big Tech will likely get all the attention this week, we believe earnings trends/outlooks across the rest of the market are increasingly becoming important to keeping the soft-landing outlook intact.

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 modestly higher open.** Stocks ended Monday higher, rebounding some from the steep declines seen last week and after three consecutive weeks of losses. The S&P 500 closed back above the 5,000 level yesterday as investors continued to unwind Israel/Iran tensions and come to grips with a higher-for-longer rate environment. Coming into the week, the S&P 500 was down 5.5% from its high. As *FactSet* noted, that's roughly 3% above the smallest drawdown on record in 1995 but 5% below last year's 10.2% correction and more than 10% below the average intra-year drawdown going back to 1928. *Goldman Sachs* also pointed out that short-term trading strategies sold roughly $10 billion of S&P 500 stocks last week, but they remain long equities, which also sit below historical max long positions. Bullish sentiment in the *American Association of Individual Investors* remains one standard deviation above the long-term average, and outflows across equity funds have been shallow compared to other drawdown periods. All of this suggests that the pullback in stocks this month appears muted compared to history. However, fundamental conditions remain strong, and stocks have risen higher for a number of months. A shallow pullback or some sideways trading also isn't a bad development for investors and occurs in the market quite frequently over any given year.
- **Earnings Update:** With roughly 17% of S&P 500 first quarter reports complete, blended earnings per share (EPS) growth is higher by +0.3% year-over-year on revenue growth of +3.5%. Early themes out of the first quarter earnings season show banks pointing to a recovery in capital markets/investment banking and highlighting still strong consumer/corporate balance sheets. That said, the market is skeptical about rewarding reserve releases and somewhat disappointed in net interest income guidance, given renewed interest rate uncertainty. Airlines have pointed to solid demand, with leisure travel and a rebound in corporate travel helping to boost results/outlooks. However, early results from some of the semiconductor makers show a high bar in expectations/comparisons with softer demand across smartphones, PCs, and autos.

Europe:

Eurozone April flash PMIs showed a continued recovery in the region, with the composite reading hitting an eleven-month high at 51.4. Services activity continued to expand in April, also hitting an eleven-month high, though manufacturing activity moved to a four-month low. In the UK, April flash PMI showed the fastest rate of expansion in the private sector since May 2023. Services activity in the UK is at an eleven-month high.

Asia-Pacific:

April flash PMIs in Japan showed manufacturing activity stabilizing, coming in a tick below the expansionary level of 50. Declines in manufacturing output, new orders, and exports moderated. Services activity in Japan continued to strengthen, marking its highest level since May 2023.

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WORLD CAPITAL MARKETS

4/23/2024 **As of: 8:30 AM ET**

Americas	% chg.	% YTD	Value
S&P 500	0.9%	5.5%	5,010.6
Dow Jones	0.7%	2.0%	38,240.0
NASDAQ Composite	1.1%	3.1%	15,451.3
Russell 2000	1.0%	-2.6%	1,967.5
Brazil Bovespa	0.4%	-6.4%	125,573
S&P/TSX Comp. (Canada)	0.3%	5.3%	21,872.0
Mexico IPC	1.2%	-1.1%	56,551.9

Europe (Intra-day)	% chg.	%YTD	Value
DJSTOXX 50 (Europe)	0.9%	11.2%	4,980.9
FTSE 100 (U.K.)	0.2%	5.4%	8,042.7
DAX Index (Germany)	0.9%	7.6%	18,030.3
CAC 40 (France)	0.4%	7.1%	8,075.1
FTSE MIB (Italy)	1.4%	12.7%	34,213.1
IBEX 35 (Spain)	1.4%	10.8%	11,038.3
MOEX Index (Russia)	-0.5%	12.6%	3,462.8

Asia/Pacific (Last Night)	% chg.	%YTD	Value
Nikkei 225 (Japan)	0.3%	13.0%	37,552.2
Hang Seng (Hong Kong)	1.9%	-0.8%	16,828.9
Korea Kospi 100	-0.2%	-0.6%	2,623.0
Singapore STI	1.5%	1.9%	3,272.7
Shanghai Comp. (China)	-0.7%	1.6%	3,022.0
Bombay Sensex (India)	0.1%	2.2%	73,738.5
S&P/ASX 200 (Australia)	0.4%	2.9%	7,683.5

Global	% chg.	% YTD	Value
MSCI All-Country World Idx	0.8%	3.7%	749.3

Developed International	% chg.	%YTD	Value
MSCI EAFE	0.7%	1.8%	2,251.6

Emerging International	% chg.	%YTD	Value
MSCI Emerging Mkts	0.8%	-0.5%	1,011.8

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	0.4%	14.9%	281.7
Consumer Discretionary	0.7%	-1.7%	1,391.3
Consumer Staples	0.9%	6.0%	801.7
Energy	0.6%	15.2%	730.6
Financials	1.2%	9.1%	679.9
Health Care	0.4%	2.7%	1,625.1
Industrials	0.7%	6.9%	1,027.1
Materials	0.1%	4.4%	560.6
Real Estate	0.8%	-9.1%	226.7
Technology	1.3%	4.6%	3,545.1
Utilities	1.0%	5.2%	335.4

Equity Income Indices	% chg.	% YTD	Value
JPM Alerian MLP Index	0.6%	11.0%	282.3
FTSE NAREIT Comp. TR	0.8%	-8.8%	21,824.1
DJ US Select Dividend	0.8%	3.0%	3,093.6
DJ Global Select Dividend	0.7%	1.1%	221.3
S&P Div. Aristocrats	0.6%	3.1%	4,403.7

Bond Indices	% chg.	% YTD	Value
Barclays US Agg. Bond	0.1%	-3.1%	2,095.9
Barclays HY Bond	0.3%	0.1%	2,482.7

Commodities Futures & Spot (Intra-day)	% chg.	% YTD	Value
CRB Raw Industrials	-0.2%	3.0%	559.8
NYMEX WTI Crude (p/bbl.)	-0.8%	13.4%	81.3
ICE Brent Crude (p/bbl.)	-0.7%	12.1%	86.4
NYMEX Nat Gas (mmBtu)	0.6%	-28.4%	1.8
Spot Gold (troy oz.)	-0.9%	11.8%	2,306.8
Spot Silver (troy oz.)	-0.7%	13.5%	27.0
LME Copper (per ton)	-0.6%	15.1%	9,742.0
LME Aluminum (per ton)	1.5%	15.0%	2,697.6
CBOT Corn (cents p/bushel)	-0.2%	-9.2%	448.8
CBOT Wheat (cents p/bushel)	0.7%	-8.4%	591.8

Foreign Exchange (Intra-day)	% chg.	% YTD	Value
Euro (€/$)	0.2%	-3.3%	1.07
British Pound (£/$)	0.4%	-2.6%	1.24
Japanese Yen ($/¥)	0.0%	-8.9%	154.79
Australian Dollar (A$/$)	0.1%	-5.2%	0.65
Canadian Dollar ($/C$)	0.0%	-3.3%	1.37
Swiss Franc ($/CHF)	0.1%	-7.7%	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:

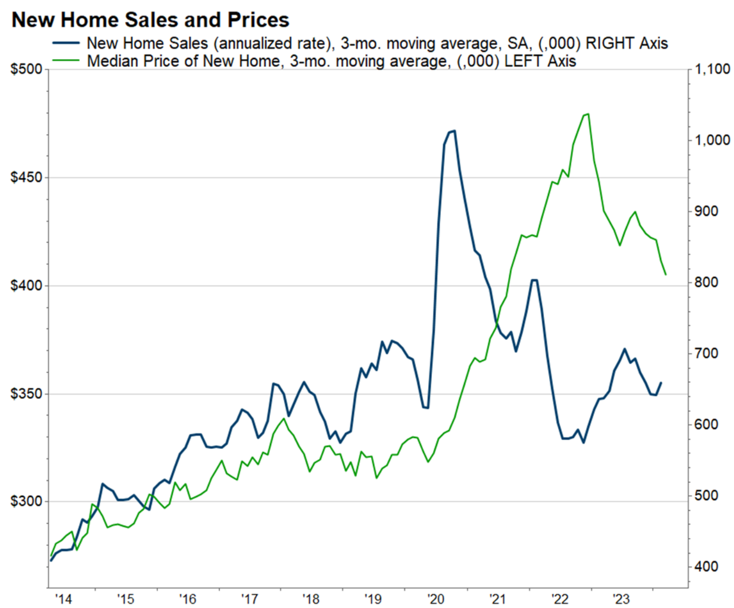
Russell T. Price, CFA – Chief Economist

Releases for Tuesday April 23, 2024 **All times Eastern. Consensus estimates via Bloomberg**

Time	Period	Release	Consensus Est.	**Actual**	Prior	Revised to
10:00 AM	MAR	New Home Sales (annualized)	668k		662k	
10:00 AM	MAR	New Home Sales (MoM)	+1.1%		-0.3%	

Commentary:

- **March New Home Sales:** The Census Department is scheduled to release its figures on March new home sales at 10 AM ET today. Forecasters expect the report to show a relatively flat number of transactions month-over-month (m/m). If sales come-in generally as expected, they would be about 4% higher on a year-over-year (y/y) basis.
- We note that new home sales are measured at the time a contract for purchase is signed. This contrasts with existing home sales where a sale is not recorded until the closing – which usually comes a month or two after contract signing.



- Last week's report showing a rather large month-over-month (m/m) drop in new home construction added some trepidation to housing market views. New starts were down a sharp 15% month-over-month (m/m), but this came after a 13% increase in February. The fluctuation was largely weather related, in our view.
- On a year-over-year (y/y) basis, total new starts were down 4% in March with all the downside attributable to the very volatile multi-family sector. Single-family starts were 21% higher y/y last month while multi-family was down 44%.
- Fears that the recent back-up in mortgage rates might be causing a renewed downturn in the sector were widely discussed after last week's starts report. Certainly, the housing market is likely THE most interest rate sensitive sector of the economy, so mortgage rates should be expected to be very influential. However, builder's also have the ability to "buydown" a prospect's mortgage rate as a sales incentive, thus offering some cushion to the overall pace of sales.
- *The chart at right is sourced from FactSet. Please note that the sales rate depicted in the chart is shown on a 3-month annualized basis as to reduced volatility of the series.*

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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%	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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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

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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.

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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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