

Before the Bell

An Ameriprise Investment Research Group Publication

April 25, 2024

Starting the Day

- U.S. equity futures look for a weaker open.
- European markets are trading lower at midday.
- Asian markets ended mixed.
- Quarterly Capital Market reports published.
- Q1 GDP, and Microsoft and Alphabet earnings on tap.
- 10-year Treasury yield at 4.65%.
- West Texas Intermediate (WTI) oil is trading at \$83.08.
- Gold is trading at \$2,341.90

Market Perspectives

Anthony Saglimbene, Chief Market Strategist

Quarterly Capital Market Updates. Following a drawdown of 5.5% in the S&P 500 Index from its market top on Friday, investors have used the slight pullback in stocks this week as an opportunity to readjust and do a little “dip buying.” That said, light rain showers over recent weeks have dampened stock momentum through much of April. With just a few trading days left in the month, stocks are on track to close April lower — which would be a first for the S&P 500 in five months. That said, key earnings reports from Microsoft and Alphabet tonight could be a catalyst for shaping if April’s showers turn into May flowers or if stocks need to move through a rainy season.

Notably, we have updated the *Quarterly Capital Market Digest (QCMD)* and *Quarterly Capital Market Monitor (QCMM)* reports. *QCMD* and *QCMM* include a look at key trends driving markets and the Committee’s take on macroeconomic events shaping the investment landscape over the coming quarters.

Below is a snapshot view of the tactical highlights for Q2:

The Macro Environment: Stocks are coming off a strong first quarter but have faced increased headwinds at the start of the second quarter. Elevated stock valuations, rising interest rates, reduced Federal Reserve rate cut expectations, sticky inflation, and escalating tensions in the Middle East are causing investors to reign in their horns after five straight months of stock gains.

The Fundamentals: Stronger-than-expected economic growth in the U.S. and abroad this year, combined with improving profit trends and solid consumer/business activity, could provide a supportive environment for risk assets despite recent stock weakness.

The Portfolio: Continue to remain well-diversified, use potential pullbacks in stocks and bonds to allocate excess cash, and overweight investments that have visible profit catalysts or can help increase income, given the elevated rate environment.

For a deeper dive into our market outlook and asset allocation views, please refer to the latest edition of the *Quarterly Capital Market Digest (QCMD)* report. Also, please refer to the recently updated *Quarterly Capital Market Monitor (QCMM)* deck for a quick-hitting visual walkthrough of current market/economic trends.

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 weaker open.** Broader stock averages may come under some pressure this morning as shares of Meta Platforms are trading lower in the pre-market and after the company provided revenue guidance that was light of expectations. Meta also said the ramp in investment in AI and the Metaverse would cost more than initially reported and that the payoff (i.e., generating revenue on these investments) would take longer. Microsoft and Alphabet are out with their earnings reports after the bell today. Given the hype around AI, the large gains across Big Tech stocks over the last 12-18 months, and stretched valuations, there is almost no room for disappointment in outlooks from this select group of companies. Investors' reaction to Meta this morning is the latest example.
- **Earnings Update:** With roughly 31% of S&P 500 first quarter reports complete, blended earnings per share (EPS) growth is down 1.4% year-over-year on revenue growth of +3.6%.

Europe:

European stocks are digesting a batch of earnings reports at mid-day and news that Anglo American received a takeover bid from BHP that could reshape the global mining industry. According to *Bloomberg*, the potential combination could be the largest M&A deal of the year to date. The combination of the two companies would also create the world's biggest copper miner, producing roughly 10% of the world's output, per *FactSet*.

Asia-Pacific:

The latest *Bloomberg* poll of economists shows that GDP estimates for China this year have bumped up to +4.8% from +4.6% previously. Beijing officials have targeted a growth rate of roughly +5.0% for this year. Better-than-expected economic data in the first quarter likely contributed to the improved economic sentiment for the full year. However, deflation remains a risk in China, and projections for CPI and PPI were revised lower in the latest *Bloomberg* poll. A property overhang and more cautious consumer spending, as a result, continue to be a headwind for the economy, in our view.

WORLD CAPITAL MARKETS

4/25/2024

As of: 8:30 AM ET

Americas	% chg.	% YTD	Value
S&P 500	0.0%	6.8%	5,071.6
Dow Jones	-0.1%	2.6%	38,460.9
NASDAQ Composite	0.1%	4.9%	15,712.8
Russell 2000	-0.4%	-1.2%	1,995.4
Brazil Bovespa	-0.3%	-7.0%	124,741
S&P/TSX Comp. (Canada)	-0.6%	5.4%	21,873.7
Mexico IPC	-0.3%	-1.3%	56,464.0

Europe (Intra-day)	% chg.	%YTD	Value
DJSTOXX 50 (Europe)	-0.7%	10.8%	4,955.5
FTSE 100 (U.K.)	0.7%	6.2%	8,098.0
DAX Index (Germany)	-0.5%	7.4%	17,992.2
CAC 40 (France)	-0.9%	6.4%	8,022.7
FTSE MIB (Italy)	-0.2%	12.6%	34,188.2
IBEX 35 (Spain)	0.3%	11.0%	11,062.7
MOEX Index (Russia)	0.2%	11.7%	3,435.2

Asia/Pacific (Last Night)	% chg.	%YTD	Value
Nikkei 225 (Japan)	-2.2%	13.2%	37,628.5
Hang Seng (Hong Kong)	0.5%	1.9%	17,284.5
Korea Kospi 100	-1.8%	-0.4%	2,628.6
Singapore STI	-0.2%	2.8%	3,287.8
Shanghai Comp. (China)	0.3%	2.6%	3,052.9
Bombay Sensex (India)	0.7%	3.1%	74,339.4
S&P/ASX 200 (Australia)	0.0%	2.9%	7,683.0

Global	% chg.	% YTD	Value
MSCI All-Country World Idx	0.2%	5.1%	759.5

Developed International	% chg.	%YTD	Value
MSCI EAFE	0.2%	3.3%	2,282.8

Emerging International	% chg.	%YTD	Value
MSCI Emerging Mkts	1.5%	1.7%	1,034.7

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	-0.1%	17.0%	286.7
Consumer Discretionary	0.5%	0.0%	1,414.7
Consumer Staples	0.9%	7.2%	810.4
Energy	0.1%	15.9%	735.2
Financials	-0.1%	9.7%	683.7
Health Care	-0.3%	3.7%	1,641.2
Industrials	-0.8%	7.5%	1,033.3
Materials	0.1%	3.6%	556.3
Real Estate	0.4%	-7.9%	229.6
Technology	0.0%	6.4%	3,606.9
Utilities	0.6%	6.3%	339.0

Equity Income Indices	% chg.	% YTD	Value
JPM Alerian MLP Index	0.5%	12.0%	284.7
FTSE NAREIT Comp. TR	0.0%	-7.9%	22,024.3
DJ US Select Dividend	0.6%	4.1%	3,126.2
DJ Global Select Dividend	0.2%	1.9%	222.8
S&P Div. Aristocrats	0.0%	3.3%	4,413.3

Bond Indices	% chg.	% YTD	Value
Barclays US Agg. Bond	-0.2%	-3.1%	2,094.3
Barclays HY Bond	0.0%	0.5%	2,491.3

Commodities	% chg.	% YTD	Value
Futures & Spot (Intra-day)			
CRB Raw Industrials	0.1%	2.3%	555.9
NYMEX WTI Crude (p/bbl.)	0.4%	16.0%	83.1
ICE Brent Crude (p/bbl.)	0.3%	14.6%	88.3
NYMEX Nat Gas (mmBtu)	-0.4%	-34.5%	1.6
Spot Gold (troy oz.)	0.4%	12.8%	2,326.1
Spot Silver (troy oz.)	0.7%	15.0%	27.4
LME Copper (per ton)	0.5%	14.1%	9,654.8
LME Aluminum (per ton)	0.0%	10.5%	2,591.4
CBOT Corn (cents p/bushel)	0.0%	-9.2%	448.5
CBOT Wheat (cents p/bushel)	0.7%	-4.5%	617.0

Foreign Exchange (Intra-day)	% chg.	% YTD	Value
Euro (€/\$)	0.2%	-2.9%	1.07
British Pound (£/\$)	0.3%	-1.8%	1.25

	% chg.	% YTD	Value
Japanese Yen (\$/¥)	-0.2%	-9.4%	155.61
Australian Dollar (A\$/S)	0.4%	-4.2%	0.65

	% chg.	% YTD	Value
Canadian Dollar (\$/C\$)	0.1%	-3.2%	1.37
Swiss Franc (\$/CHF)	0.1%	-7.9%	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					S&P 500			
	Index Weight	GAAC Tactical View	GAAC Tactical Overlay	GAAC Recommended Weight		Index Weight	GAAC Tactical View	GAAC Tactical Overlay	GAAC Recommended Weight
Consumer Staples	5.9%	Overweight	2.0%	7.9%	Communication Services	8.9%	Equalweight	-	8.9%
Information Technology	30.0%	Equalweight	-	30.0%	Energy	3.9%	Equalweight	-	3.9%
Health Care	12.3%	Equalweight	-	12.3%	Utilities	2.1%	Equalweight	-	2.1%
Financials	13.1%	Equalweight	-	13.1%	Materials	2.3%	Equalweight	-	2.3%
Industrials	8.8%	Equalweight	-	8.8%	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					MSCI All-Country			
	World Index Weight	GAAC Tactical View	GAAC Tactical Overlay	GAAC Recommended Weight		World Index Weight	GAAC Tactical View	GAAC Tactical Overlay	GAAC Recommended Weight
United States	62.4%	Overweight	2.1%	64.5%	Latin America	1.0%	Equalweight	-	1.0%
Europe ex U.K.	13.5%	Overweight	2.0%	15.5%	Asia-Pacific ex Japan	10.3%	Underweight	-3.0%	7.3%
Japan	5.6%	Overweight	1.0%	6.6%	Canada	2.9%	Underweight	-1.0%	1.9%
United Kingdom	3.2%	Equalweight	-	3.2%	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 Thursday April 25, 2024

All times Eastern. Consensus estimates via Bloomberg

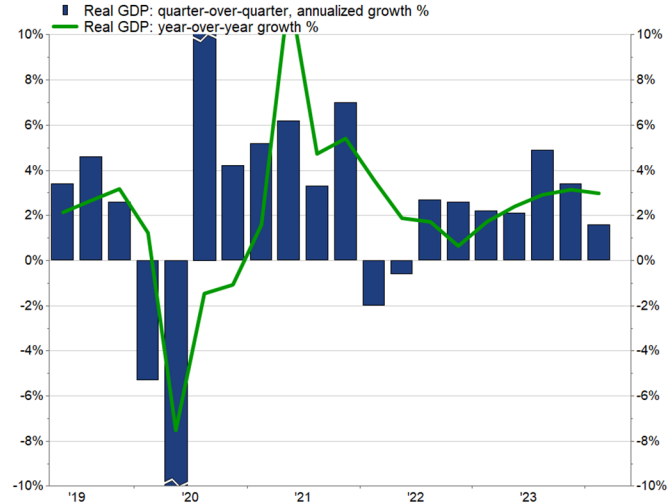
Time	Period	Release	Consensus Est.	Actual	Prior	Revised to
8:30 AM	Apr. 20	New Unemployment Claims	215k	207k	212k	
8:30 AM	Apr. 13	Continuing Claims	1815k	1781k	1812k	
8:30 AM	Q1-A	Q1 Real GDP Advance estimate	+2.5%	+1.6%	+3.4%	
8:30 AM	Q1-A	Q1 Personal Consumption	+3.0%	+2.5%	+3.3%	
8:30 AM	MAR	Advance Goods Trade Balance	-\$91.0B	-\$91.8B	-\$90.3B	
10:00 AM	MAR	Pending Home Sales (MoM)	+0.4%		+1.6%	
10:00 AM	MAR	Pending Home Sales (YoY)	-3.0%		-2.2%	

Commentary:

- Economic growth underperforms in the first quarter.** The U.S. economy grew at a quarter-over-quarter, annualize real rate (inflation subtracted) of 1.6% in the first quarter. The results were about one percentage point (pp) weaker than forecaster's expectations for the first time in several quarters.
- Relative to our expectations (for a +2.6% gain) moderately weaker consumer spending accounted for 0.2 percentage points of the 1.0 pp shortfall. A decline in business inventories shaved 0.4 pp (versus our estimate of a flat performance) and net trade subtracted a sizable 0.9 pp (versus our estimate that looked for a -0.6 pp drag). These pressures were somewhat offset by moderately stronger than expected business investment spending. Higher business investment added 0.4 pp to the performance.

- Futures are initially lower immediately following the report which could reflect concerns about the potential development of a “stagflation” scenario developing should the economy to slow and inflation remain strong. However, Fed rate cut expectations have been pushed back in recent months, partially due to strong economic data. Today’s report, showing a moderately weaker pace could yet offer positive influences on equity market sentiment.
- We note that the relatively large drawdown in inventory levels, at a time when inventories in most business categories were already relatively tight, offers positive implications for future GDP measures as inventories are replenished.
- *The chart at right is sourced from FactSet and HAS been updated to reflect today’s release.*

U.S. Economic Growth



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

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	<ul style="list-style-type: none"> U.S. Large Cap Value Developed Foreign Equity 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Emerging Foreign Equity
S&P 500 Sectors	<ul style="list-style-type: none"> Consumer Staples 	<ul style="list-style-type: none"> Communication Services Energy Financials Health Care Industrials Information Technology Materials Real Estate Utilities 	<ul style="list-style-type: none"> Consumer Discretionary
Global Equity Regions	<ul style="list-style-type: none"> United States Europe ex U.K. Japan 	<ul style="list-style-type: none"> Latin America United Kingdom 	<ul style="list-style-type: none"> Asia Pacific ex Japan Middle East/Africa Canada
Fixed Income	<ul style="list-style-type: none"> U.S. Government U.S. Investment Grade Corp. 	<ul style="list-style-type: none"> Developed Foreign Bonds U.S. High Yield Bonds 	<ul style="list-style-type: none"> Emerging Foreign Bonds Municipal Bonds
Alternatives		<ul style="list-style-type: none"> Real Assets 	<ul style="list-style-type: none"> Alternative Strategies
Cash		<ul style="list-style-type: none"> 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.

Major Market Indices	Rolling Returns			
	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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Investors should consider the investment objectives, risks, charges and expenses of a mutual fund or exchange traded fund (ETF) carefully before investing. For a free prospectus, which contains this and other important information about the funds, please contact your financial advisor. The prospectus should be read carefully before investing.

Tactical asset class recommendations mentioned in this report reflect The Ameriprise Global Asset Allocation Committee’s general view of the financial markets, as of the date of the report, based on then current conditions. Our tactical recommendations may differ materially from what is presented in a customized long-term financial plan or portfolio strategy. You should view our recommendations in conjunction with a broader long-term portfolio strategy. Not all products, services, or asset classes mentioned in this report may be available for sale at Ameriprise Financial Services, Inc. Please consult with your financial advisor.

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.

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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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