Before the Bell

An Ameriprise Investment Research Group Publication

April 29, 2024

Starting the Day

- U.S. futures are pointing to a flattish open.
- European markets are trading higher at midday.
- Asian markets ended higher overnight.
- Stocks break their multi-week losing streak.
- The Fed, earnings, and jobs are on tap this week.
- 10-year Treasury yield at 4.63%.
- West Texas Intermediate (WTI) oil is trading at $83.69.
- Gold is trading at $2,352.70

Market Perspectives

Anthony Saglimbene, Chief Market Strategist

Weekly Market Perspectives: The S&P 500 Index climbed +2.7% last week, snapping a three-week losing streak. The NASDAQ Composite gained an even more impressive +4.2% on the week, snapping a four-week winless streak. Each stock benchmark posted its best week since November. The Dow Jones Industrials Average finished higher by +0.7%. However, the flow of the trading week was choppy and driven by investor reactions to a weaker-than-expected first look at Q1 GDP, inflation data that continues to run warm, and generally solid earnings reports from Big Tech. As a result, the S&P 500 ended the week a hair below the 5,100 level, fueled by the S&P 500 Information Technology Index roaring higher by over +5.0%.

U.S. Treasury prices were generally weaker across the curve, though 2-year and 10-year yields settled largely in line with where they started the week. Notably, the Treasury market absorbed another $183 billion in new issuance last week without much incident. The U.S. Dollar Index was roughly flat as the Japanese Yen hit fresh post-1990 lows. Gold gave up 2.3% on the week after four straight weeks of gains, and West Texas Intermediate (WTI) crude rose +2.0% following two consecutive weeks of losses.

From an economic perspective, growth in the U.S. is starting to show signs of slowing from above-average trends seen in 2023. Preliminary looks at April manufacturing and services activity missed forecasts, reflecting an overall decrease in new orders for the first time in six months. In addition, employers reduced employment for the first time in nearly four years.

Unfortunately, the stronger-than-expected growth in the first quarter, which economists and the Fed's own GDPNOW model forecast, didn't come to pass as scripted, at least in the first estimate. U.S. GDP expanded by a disappointing +1.6% in the first quarter, much weaker than the *FactSet* estimate of +2.2% and Q4's pace of +3.4%. While inventory destocking played a role in weaker GDP growth in the first quarter, consumer spending on services increased. At the same time, the Q1 GDP Chain Price came in at a surprising +3.1% quarter-over-quarter, warmer than the +2.7% expected and much hotter than the +1.6% pace seen in Q4.

Bottom line: Growth in the U.S. economy was slower than expected in the first quarter, and at the same time, prices paid for goods and services increased more than expected. And even though consumers still spent at a healthy clip in the first quarter, a possible stagflation environment (i.e., growth slowing while inflation remains elevated) adds a new wrinkle into the evolving economic narrative for this year. Although the March Personal Consumption Expenditures Price Index came in mostly in line with expectations last week, the Federal Reserve's preferred inflation measure is still running hotter than policymakers want to see. Thus, following last week's updates on the economy/inflation, market odds are pointing to little chance the Fed will cut

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rates at this week's meeting or at its June meeting. There is roughly a $1/3^{rd}$ chance they cut their fed funds target rate in July, and better than 50/50 odds rates will be lower when the Fed meets in September. Yet, market odds continue to point to just one or two rate cuts in 2024, which was further supported by last week's economic releases. However, we believe the stock market can come to grips with a reduced number of rate cuts for this year <u>if</u> fundamental conditions are sound and the Fed's next move is a rate cut.

On the earnings front last week, investors had to digest 158 S&P 500 company reports, with Big Tech the primary focus. Given the hype around Artificial Intelligence, the large gains across Big Tech stocks over the last 12-18 months, and stretched valuations, there was almost no room for disappointment in outlooks from this select group of companies.

While Meta Platforms surpassed earnings estimates in Q1, 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. Not surprisingly, Meta's commentary didn't sit well with investors after the stock's strong year-to-date gains. As a result, Meta's stock finished the week lower.

Yet, we would argue that one company's capital expenditure in AI is another company's revenue. Today, gobs of dollars need to be spent on building out the backbone, infrastructure, and language of generative AI, which predominately benefits a select group of hardware makers and Big Tech. However, as AI becomes increasingly accessible to smaller companies and software using AI becomes more ubiquitous across industries and households, we expect the benefits of the technology to reach far beyond today's obvious winners.

That said, Microsoft and Alphabet delivered very strong results <u>and</u> outlooks that sent their stock prices higher during the week. Microsoft beat elevated Q1 profit expectations with revenue growth accelerating in Azure by an eyepopping +31% year-over-year in Q1. AI helped boost Azure's profitability, and Microsoft's overall profit guidance impressed investors. Similarly, Alphabet reported a big Q1 profit beat, saw growth accelerate in Search/YouTube, and AI increased its contribution to Cloud performance. Along with solid margins, the initiation of its first dividend, and a healthy outlook, investors also liked what they heard from Alphabet last week. Notably, investors are breathing a sigh of relief that Big Tech earnings reports largely kept the positive narrative around AI intact, and the outlook for profit growth from these Index heavyweights remains bright.

With roughly half the S&P 500 now having reported their first quarter earnings, the blended earnings per share (EPS) growth rate stands at +3.5% year-over-year on revenue growth of +4.0%. Q1 earnings trends are largely where analysts expected profit growth to be at the end of March. In addition, the average company Q1 EPS beat rate stands at +8.4%, near the five-year average. As long as this week's profit reports/outlooks from Amazon (Tuesday) and Apple (Thursday) don't surprise to the downside, we believe the generally positive Q1 earnings season, as a whole, could offer support for stock prices in the second quarter. Of course, NVIDIA's earnings release later in May will likely play a key role in how investors interpret not only the Q1 earnings season but the AI profit outlook over the quarters ahead.

The Week Ahead: Despite last week's strong stock performance, major U.S. stock averages remain on pace to finish lower in April. Continued consumer resiliency and sticky inflation have led to a reset lower in the number of expected Fed rate cuts for this year. As a result, an aggressive push higher in interest rates in April has pushed back against the uninterrupted, upward momentum in stock prices seen over the last five months. With just two days left of trading in April, the S&P 500 is down 2.9% month-to-date, while the NASDAQ is off 2.7%.

While a few April showers have tempered the more aggressively bullish outlooks for stocks over the intermediate term, we continue to see a path higher for stocks as the second quarter evolves. The secular AI growth theme remains intact, first quarter earnings/outlooks are tracking well, and the earnings blackout period for corporate stock buybacks is coming to an end. In addition, consumers remain willing to spend on items such as housing, travel, and autos. Finally, though inflation is elevated, pressures appear contained. Yes, recent stagflation concerns, longer payback periods for AI investment, elevated valuations across Big Tech, and interest rate headwinds are certainly items to watch. These more bearish elements certainly have the potential to derail stock momentum in the months ahead. However, as long as the U.S. economy and corporate profits are expected to grow, stock prices are likely to climb the proverbial *wall of worry*, in our view.

In the coming days, investors are likely to see several stories in the press rehashing the annual *Sell in May and Go Away* market theory. The theory highlights that stocks underperform in the May through October time frame, and the best period for stock performance tends to be in the November through April period. However, this market theory relies on very long stretches of time, does not account for the diversification of asset types, tax consequences, or extended periods when the theory does not perform well. Though seasonal patterns in the stock market tend to exert <u>some</u> presence over very long periods, equities are most consistently influenced by growth in the economy and trends in corporate profits, regardless of the month on a calendar.

This week, investors will be very busy. The Federal Reserve will deliver its policy update on Wednesday and is widely expected to leave rate policy unchanged. Investors will parse the policy statement for potential changes to language that suggest/hint the Federal Reserve may delay rate cuts. Expect Fed Chair Powell to be grilled by reporters in his press conference after the release of the policy statement on whether a July or September rate cut remains in scope.

From an earnings perspective, this week is the busiest of the first quarter reporting season, with 175 S&P 500 companies scheduled to report results, including Amazon and Apple.

And finally, on the economic front, it's all about jobs, jobs, jobs. Wednesday's April ADP private payrolls report, and March JOLTS report will set up Friday's closely watched April nonfarm payrolls report. *FactSet* estimates see job growth in the U.S. moderating to +220,000 jobs this month, down from the eyepopping +303,000 pace in March. The unemployment rate is expected to hold steady at 3.8%. In the background this week, home data, consumer confidence, and updated looks at ISM manufacturing/services data will also capture investor interest.

Stock Market Recap

Benchmark	Total Returns			LTM PE		Yield %	
	Weekly	MTD	YTD	Current	5-Year Median	Current	5-Year Median
S&P 500 Index: 5,100	2.7%	-2.9%	7.4%	25.1	21.5	1.4	1.6
Dow Jones Industrial Average: 38,240	0.7%	-3.9%	2.0%	22.7	19.8	1.9	2.0
Russell 2000 Index: 4,975	2.8%	-5.7%	-0.8%	45.0	36.7	1.4	1.3
NASDAQ Composite: 15,928	4.2%	-2.7%	6.3%	38.0	35.2	0.7	0.8
Best Performing Sector (weekly): Info Tech	5.1%	-3.7%	8.5%	36.1	29.6	0.7	0.9
Worst Performing Sector (weekly): Materials	0.7%	-3.6%	5.0%	24.6	18.1	1.9	2.0

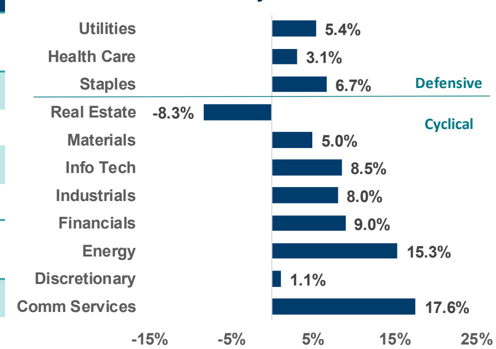
Source: Factset. Data as of 04/26/2024

Bond/Commodity/Currency Recap

Benchmark	Total Returns		
	Weekly	MTD	YTD
Bloomberg U.S. Universal	0.0%	-2.3%	-2.7%
West Texas Intermediate (WTI) Oil: $83.78	0.0%	-0.2%	16.5%
Spot Gold: $2,338.05	-2.3%	4.7%	13.3%
U.S. Dollar Index: 105.94	-0.2%	1.3%	4.5%
Government Bond Yields	Yield Chg		
	Weekly	MTD	YTD
2-year U.S. Treasury Yield: 4.97%	-1 bps chg	35 bps chg	72 bps chg
10-year U.S. Treasury Yield: 4.67%	5 bps chg	46 bps chg	78 bps chg

Source: Factset. Data as of 04/26/2024. bps = basis points

YTD Total Returns by S&P 500 Sector



Source: S&P Global, Factset. Data as of 04/26/2024

These figures are shown for illustrative purposes only and are not guaranteed. They do not reflect taxes or investment/product fees or expenses, which would reduce the figures shown here. An index is a statistical composite that is not managed. It is not possible to invest directly in an index. Past performance is not a guarantee of future results.

U.S. Premarket Indicators / Overnight International Market Activity

United States:

Here is a quick news rundown to start your morning:

- **Premarket activity points to a flattish open.** Following the best week for stocks since November, a Fed meeting, earnings, and updates on the labor market will help determine if stocks can maintain their positive momentum this week.
- **Earnings Update:** With roughly 46% of S&P 500 first quarter reports complete, blended earnings per share (EPS) growth is higher by +3.5% year-over-year on revenue growth of +4.0%.

Europe:

A first look at Eurozone Q1 GDP on Tuesday could show another quarter of anemic growth. In addition, tomorrow's April CPI update may signal a slowdown in the pace of decline in consumer inflation and, like in the U.S., start to push back on expectations for the number of rate cuts from central bankers this year.

Asia-Pacific:

Markets in Japan were closed overnight for Showa and will be closed for Constitution Day on Friday. A number of markets across Asia this week will be closed for May Day on Wednesday. PMI data lines the economic calendar across the region

WORLD CAPITAL MARKETS

4/29/2024 As of: 8:30 AM ET

Americas	% chg.	% YTD	Value
S&P 500	1.0%	7.4%	5,100.0
Dow Jones	0.4%	2.0%	38,239.7
NASDAQ Composite	2.0%	6.3%	15,927.9
Russell 2000	1.1%	-0.8%	2,002.0
Brazil Bovespa	1.5%	-5.7%	126,526
S&P/TSX Comp. (Canada)	0.4%	5.9%	21,969.2
Mexico IPC	1.3%	1.1%	57,833.9

Europe (Intra-day)	% chg.	%YTD	Value
DJSTOXX 50 (Europe)	-0.2%	12.0%	4,995.4
FTSE 100 (U.K.)	0.4%	7.2%	8,175.2
DAX Index (Germany)	-0.1%	8.3%	18,148.7
CAC 40 (France)	0.1%	7.3%	8,094.5
FTSE MIB (Italy)	-0.1%	12.7%	34,213.3
IBEX 35 (Spain)	-0.7%	11.7%	11,071.8
MOEX Index (Russia)	0.8%	13.1%	3,476.5

Asia/Pacific (Last Night)	% chg.	%YTD	Value
Nikkei 225 (Japan)	0.8%	14.2%	37,934.8
Hang Seng (Hong Kong)	0.5%	4.6%	17,746.9
Korea Kospi 100	1.2%	1.9%	2,687.4
Singapore STI	0.1%	2.8%	3,282.1
Shanghai Comp. (China)	0.8%	4.6%	3,113.0
Bombay Sensex (India)	1.3%	3.5%	74,671.3
S&P/ASX 200 (Australia)	0.8%	2.3%	7,637.4

Global	% chg.	% YTD	Value
MSCI All-Country World Idx	0.9%	5.6%	762.4

Developed International	% chg.	%YTD	Value
MSCI EAFE	0.4%	3.1%	2,275.3

Emerging International	% chg.	%YTD	Value
MSCI Emerging Mkts	1.3%	2.4%	1,041.5

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	4.7%	17.6%	288.1
Consumer Discretionary	1.3%	1.1%	1,430.5
Consumer Staples	-0.2%	6.7%	806.5
Energy	-1.0%	15.3%	731.3
Financials	-0.2%	9.0%	678.9
Health Care	0.0%	3.1%	1,630.8
Industrials	0.2%	8.0%	1,038.1
Materials	0.6%	5.0%	563.7
Real Estate	0.1%	-8.3%	228.6
Technology	1.9%	8.5%	3,679.4
Utilities	-1.1%	5.4%	336.1

Equity Income Indices	% chg.	% YTD	Value
JPM Alerian MLP Index	0.1%	11.8%	284.3
FTSE NAREIT Comp. TR	0.0%	-8.5%	21,888.6
DJ US Select Dividend	-0.3%	3.1%	3,096.8
DJ Global Select Dividend	0.7%	2.8%	224.5
S&P Div. Aristocrats	-0.3%	2.4%	4,373.6

Bond Indices	% chg.	% YTD	Value
Barclays US Agg. Bond	0.3%	-3.2%	2,093.1
Barclays HY Bond	0.2%	0.4%	2,490.1

Commodities Futures & Spot (Intra-day)	% chg.	% YTD	Value
CRB Raw Industrials	-0.1%	2.5%	557.3
NYMEX WTI Crude (p/bbl.)	-0.1%	16.9%	83.7
ICE Brent Crude (p/bbl.)	-0.4%	15.7%	89.1
NYMEX Nat Gas (mmBtu)	-0.1%	-23.5%	1.9
Spot Gold (troy oz.)	-0.1%	13.3%	2,336.5
Spot Silver (troy oz.)	0.6%	15.0%	27.4
LME Copper (per ton)	1.1%	16.4%	9,852.8
LME Aluminum (per ton)	0.1%	8.3%	2,539.7
CBOT Corn (cents p/bushel)	-0.2%	-9.1%	449.3
CBOT Wheat (cents p/bushel)	-1.4%	-5.0%	613.3

Foreign Exchange (Intra-day)	% chg.	% YTD	Value
Euro (€/$)	0.3%	-2.9%	1.07
British Pound (£/$)	0.4%	-1.5%	1.25
Japanese Yen ($/¥)	1.3%	-9.7%	156.27
Australian Dollar (A$/$)	0.6%	-3.6%	0.66
Canadian Dollar ($/C$)	0.1%	-3.0%	1.37
Swiss Franc ($/CHF)	0.3%	-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

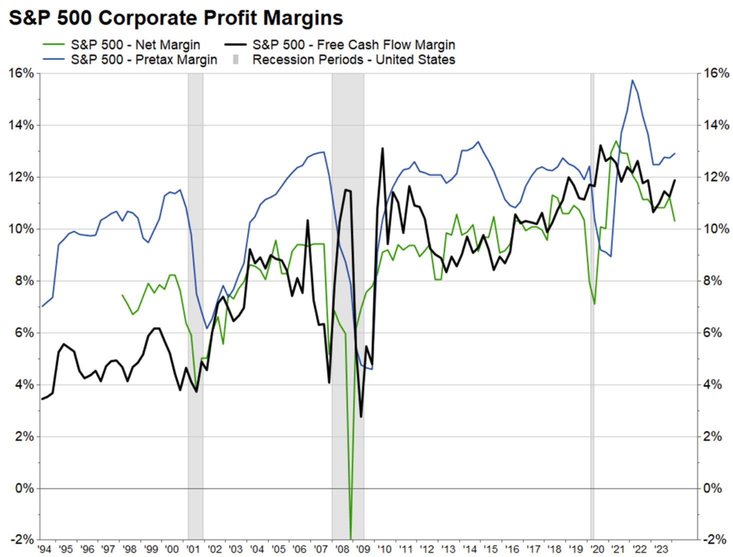
Index weightings are based on the regional market capitalizations of the MSCI All-Country World Index as of 03/21/2024. The GAAC Tactical Overlay, as well as the Recommended Tactical Weights, are derived from the Ameriprise Global Asset Allocation Committee (GAAC). Views are expressed relative to the 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.

The Week Ahead:

Russell T. Price, CFA, Chief Economist

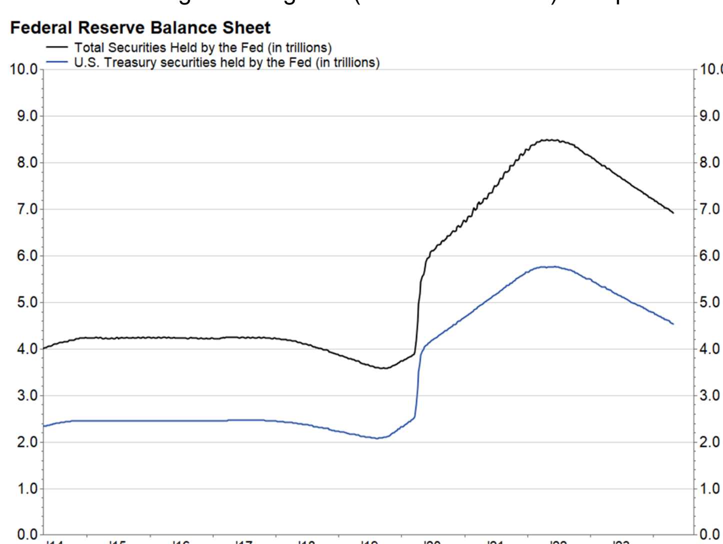
Unless otherwise noted, all economic estimates are sourced from Bloomberg and all corporate earnings measures are sourced from FactSet.

- **A very busy week lies ahead.** This will be the heaviest week for Q1 earnings, it's also a very active week for economic releases and the Federal Reserve will announce its latest monetary decision on Wednesday afternoon followed by a press conference with Fed Chair Powell.
- **Q1 Earnings Update:** Q1 earnings growth is rebounding as we near the half-way mark. This will be the busiest week of the Q1 earnings release season with 175 S&P 500 constituents on the docket including 6 that are also members of the Dow Jones Industrial Average. Through last Friday, 46% of S&P 500 companies had reported their results for the period.
- Last week, some 158 S&P 500 companies reported results that brought some upside to earnings estimates for the period. Blended Earnings Per Share (EPS) estimates (actuals plus estimates) for Q1 now look for growth of +3.3% on sales growth of +4.0%. Coming into last week, EPS were estimated to grow by +0.2% on sales growth of +3.5%. After a difficult start to the release season, EPS growth projections are back to where they started; at the end of calendar Q1 analyst estimates were looking for EPS growth of +3.4%.
- So far, 77% of reporting companies have beaten analyst estimates which is in-line with the 5-year average for the measure but moderately ahead of the 10-year average of 74%. In aggregate, companies have reported earnings that have been 8.4% above estimates.
- The Health Care sector is offering the greatest downside to the aggregate EPS growth. Overall, the sector is contributing 4.3 percentage points of downside to the S&P 500 EPS growth estimate with most of the downside (2.9 pp) coming from one company, Bristol-Meyers Squibb. The company had pre-released on much greater than expected R&D expenses.



- More broadly, corporate profit margins have been moderating over the last few quarters, but they remain at relatively high levels when compared to the last 30-years. The chart at right depicts Q1 profit margins for actual results only. According to FactSet, the blended net profit margin for the Index currently stands at +11.5%. All data mentioned in this commentary, as well as the chart at right, has been sourced from FactSet.

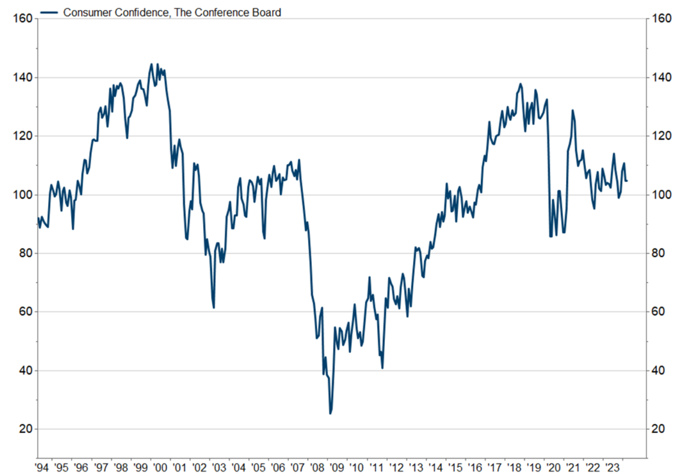
- **FOMC Decision:** The Federal Reserve's Open Market Committee (FOMC) will announce its latest monetary policy decision on Wednesday at 2 PM ET. No change in the Fed's overnight lending rate (the fed funds rate) is expected but investors will be keenly focused on the statement and comments from Fed Chair Powell at the press conference which follows the decision.
- Recent economic data showing persistent inflation pressures and very strong labor market conditions has pushed expectations for the start of a Fed rate cut cycle back considerably in recent weeks. Mr. Powell is likely to take a hawkish stance given these developments as to keep expectations low, the question is, however, will he be more hawkish than investors currently expect.
- Fed officials are also expected to provide guidance relative to a conclusion of their quantitative tightening via the sale of securities from the Fed's balance sheet. Through last Friday, the Fed's balance sheet held just over $6.9 trillion



in Treasury and Mortgage-backed securities after peaking at $8.5 trillion in April 2022.

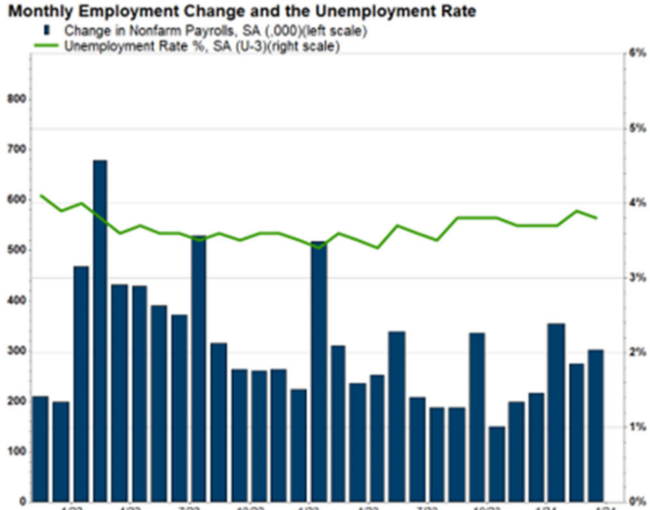
- **The Economic Calendar:** It's a busy week for economic releases. Friday's Employment Report is always a potential market mover and given the extra importance of labor market conditions as they relate to intermediate-term Fed policy, Friday's Employment report should be even more influential than usual.
- **April Consumer Confidence:** The Conference Board's measure of Consumer Confidence has been range-bound over the last two years. The Bloomberg consensus estimate for this week's report looks for a reading of 104 – practically unchanged from its April 2023 reading of 103.7. Consumer perceptions of generally good labor market conditions have been offset in recent months by persistently high inflation and expectations for "higher for longer" interest rates.

Conference Board: Consumer Confidence

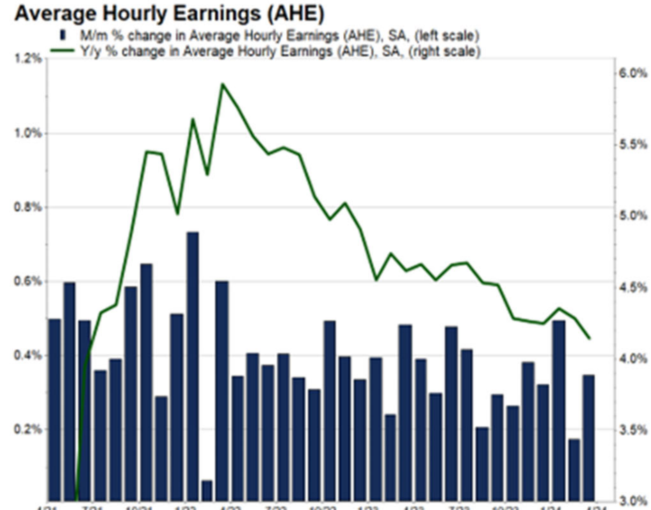


- **April ISM Manufacturing Index:** Can manufacturing remain in expansion for a second straight month? The Institute of Supply Management's (ISM) Manufacturing Index showed a surprise expansion of activity in March (50.3). It was the first reading for the Index above its break-even level of "50" in 17 months. The ISM Indexes are diffusion indexes meaning numbers above 50 indicate month-over-month (m/m) expansion while numbers below indicate (m/m) contraction.
- Forecasters do expect the reading to remain in expansion territory this month, but just barely. Consensus estimates look for the Index to post a reading of 50.1 when released on Wednesday
- **April Employment Report:** Can net employment gains continue to surprise to the upside? Through March, the number of net new jobs created each month has averaged 276,000 this year, the strongest quarterly rate since Q1 2023. In other words, the pace of job creation has remained surprisingly strong over the last year.
- This week, forecasters as surveyed by Bloomberg estimate April to have been another strong month with a forecast 250,000 net new jobs to have been created. To put this in perspective, in 2029 (pre-pandemic) average monthly job creation was 167,000 and the year-ending with an unemployment rate of 3.6%.
- The April unemployment rate, meanwhile, is expected to remain steady at 3.8%. Average Hourly Earnings (AHE) will also be closely watched. Forecasters expect AHE to have grown by 0.3% m/m (versus +0.3% in March) and +4.0% on a y/y basis (vs. +4.1% in March). Minimum wage hikes in California could offer an incremental boost but shouldn't have a material impact overall. *The charts below are sourced from FactSet.*

Monthly Employment Change and the Unemployment Rate



Average Hourly Earnings (AHE)



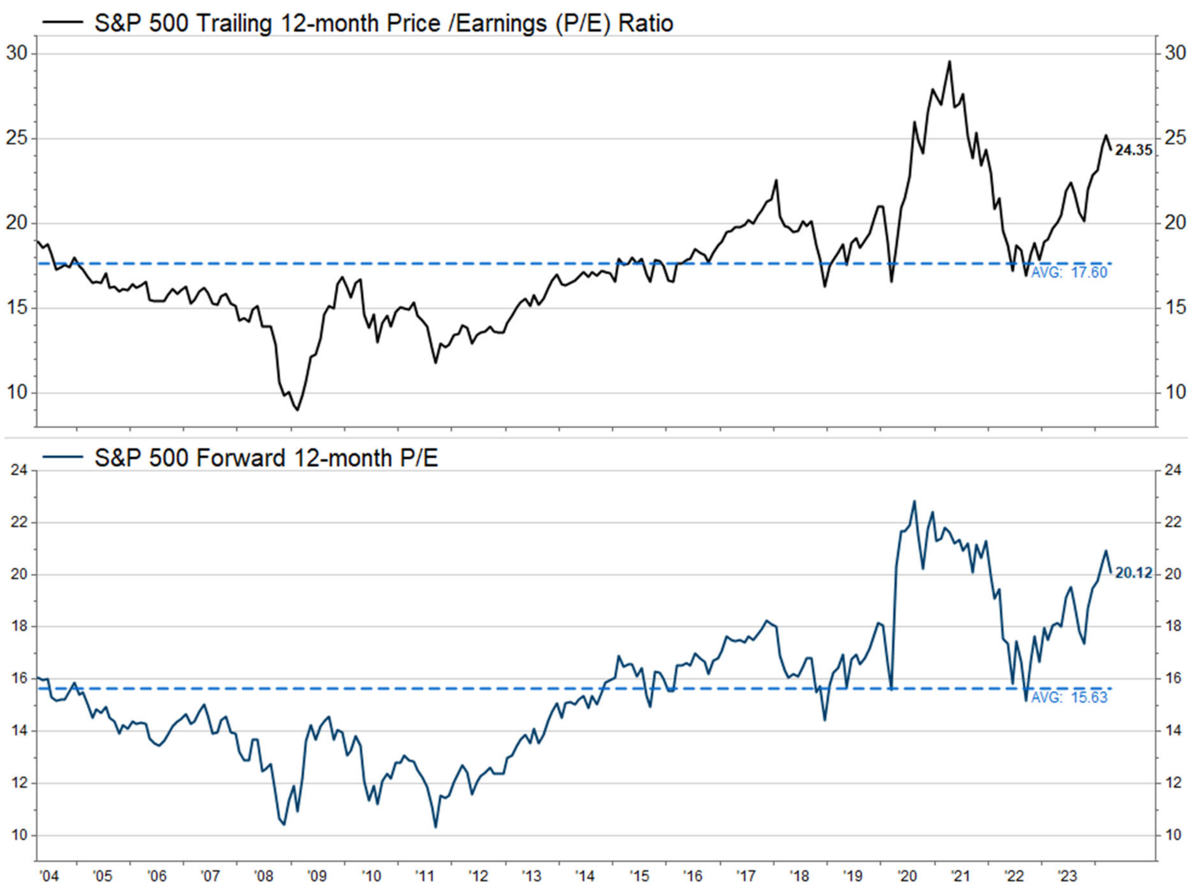
The calendar below is sourced from American Enterprise Investment Services Inc.

April 29	30	May 1	2	3
Dallas Fed Mfg. Index	**Consumer Confidence**	**ADP Employment Estimate**	**Initial Jobless Claims**	**Employment Report**
Manufacturing PMI - China	**S&P /CaseShiller Home $$$**	**Construction Spending**	**Challenger Layoff Notices**	**ISM Services Index**
Services PMI - China	**Chicago Purch. Mgr. Index**	**ISM Manufacturing Index**	**Trade Balance**	*Bank Lending - India*
Industrial Production - S. Korea	*Manufacturing PMI - Japan*	**JOLTS / Job Openings**	**Labor Productivity**	
Retail Sales - S. Korea	*Trade - S. Korea*	**FOMC Rate Decision**	**Unit Labor Costs**	
Industrial Production - Japan	*Inflation - Eurozone*	**U.S. Auto Sales**	**Factory Orders**	
Retail Sales - Japan	*GDP - Eurozone*	*Inflation - S. Korea*	*Consumer Confidence - Japan*	
			Manufacturing PMI - Eurozone	

Where Market Fundamentals Stand Heading into The Week:

S&P 500 Trailing and Forward P/E valuations: *Source: FactSet*

Please note: Although we try to maintain consistency as much as possible, Price to Earnings (P/E) ratios may differ from one source to another. Most notably, P/E numbers can often show their most notable differences during an earnings release season as some sources may still use the last full 'actual' earnings number while others use earnings per share that are updated via a combination of actual and estimated earnings per share. The calculation of earnings (operating earnings versus 'as reported' or GAAP) also often differ modestly from one data source to another due to the proprietary use of calculation methodologies.



Consensus Earnings Estimates: *Source: FactSet*

<u>Please note:</u> The consensus earnings estimates shown below should viewed cautiously. The business environment remains very dynamic, thus leaving current estimates with greater uncertainty than usual, in our view. The table below is sourced from American Enterprise Investment Management Inc and is based on data from FactSet.

S&P 500 Earnings Estimates	2019	2020	2021	2022				2023				2024				2025
4/29/2024	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Est.	Est.	Est.	Est.	Est.
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	FY
Quarterly $$ amount				$54.05	$56.65	$55.61	$53.43	$53.34	$54.52	$58.91	$55.56	$54.94	$59.62	$63.59	$65.31	
change over last week												$1.68	$0.07	-$0.03	-$0.07	$0.55
yr/yr				10.2%	7.3%	3.2%	-3.5%	-1.3%	-3.8%	5.0%	4.0%	3.0%	9.4%	7.9%	17.5%	
qtr/qtr				-2.4%	4.8%	-1.8%	-3.9%	-0.2%	2.2%	8.1%	-5.7%	-1.1%	8.5%	6.7%	2.7%	
Trailing 4 quarters $$	$163.13	$140.46	$210.86	$216.10	$219.95	$221.69	$219.74	$219.03	$216.90	$220.20	$222.33	$223.93	$229.03	$233.71	$243.46	$277.25
yr/yr % change	1.0%	-13.9%	50.1%				4.2%				1.2%				9.5%	13.9%
<u>Implied P/E based on</u>																
<u>a S&P 500 level of:</u> 5100												22.8	22.3	21.8	20.9	18.4

Economic News and Views:

Russell T. Price, CFA – Chief Economist

Releases for Monday April 29, 2024	**All times Eastern. Consensus estimates via Bloomberg**

<u>Time</u>	<u>Period</u>	<u>Release</u>	<u>Consensus Est.</u>	<u>**Actual**</u>	<u>Prior</u>	<u>Revised to</u>
10:30 AM	APR	Dallas Fed. Manufacturing Index	-11.3		-14.4	

Ameriprise Economic Projections

Forecast:	**Full-year**				**Quarterly**						
	Actual	Actual	**Est.**	**Est.**	Actual	Actual	Actual	Est.	Est.	Est.	Est.
	<u>2022</u>	**<u>2023</u>**	**<u>2024</u>**	**<u>2025</u>**	<u>Q2-2023</u>	<u>Q3-2023</u>	<u>Q4-2023</u>	<u>Q1-2024</u>	<u>Q2-2024</u>	<u>Q3-2024</u>	<u>Q4-2024</u>
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 <u>period ending</u>. **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	• 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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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.

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