Before the Bell

An Ameriprise Investment Research Group Publication

May 14, 2024

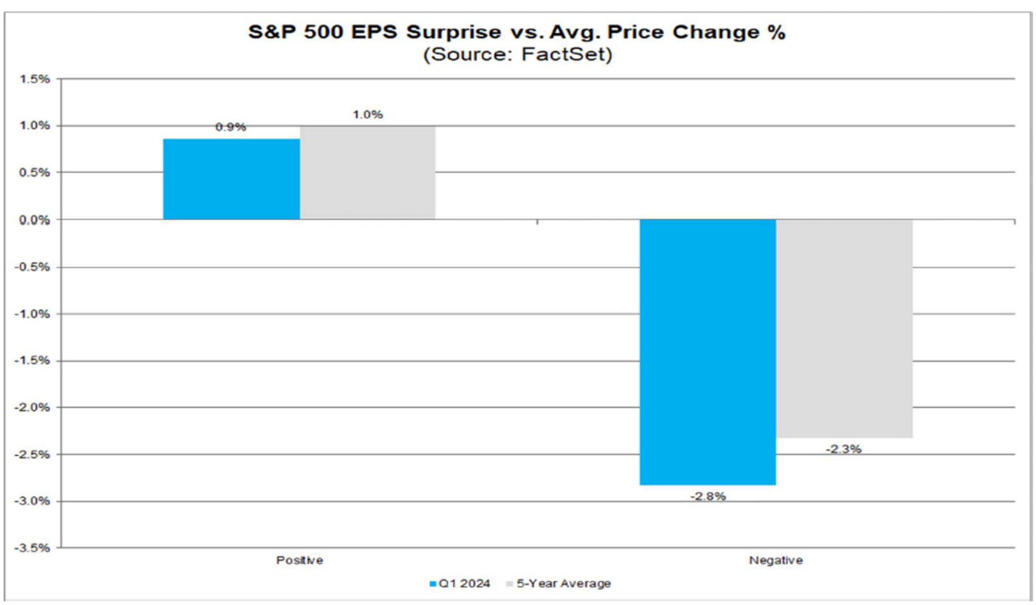
Starting the Day

- U.S. futures decline somewhat on hot PPI report.
- European markets are trading mixed at midday.
- Asian markets ended mixed.
- Stocks react positively to Q1 earnings releases.
- April PPI 'hot' but March rates cut by equal value.
- 10-year Treasury yield at 4.49%.
- West Texas Intermediate (WTI) oil is trading at $78.78.
- Gold is trading at $2,353.50

Market Perspectives

Anthony Saglimbene, Chief Market Strategist

Stock reactions to Q1 earnings. With the first quarter earnings season winding down and a batch of retail releases over the next two weeks set to help close out the season, stock reactions to first quarter results have largely come in line with the five-year average. As the *FactSet chart* below shows, S&P 500 companies in aggregate that have beaten analyst earnings per share (EPS) estimates for the first quarter have seen their stock price increase by +0.9% on average two days before and two days after their release. This is in line with the five-year average of a +1.0% gain. Similarly, S&P 500 companies that have missed EPS estimates have seen their stocks decline by 2.8% on average, which is slightly worse than the five-year average decline of 2.3%. Overall, Q1'24 S&P 500 EPS and revenue figures in aggregate handily surpassed analyst estimates at the end of March. And while the tone of profit results showed some mixed consumer and business trends, outlooks were generally positive. As a result, second quarter S&P 500 EPS estimates inched higher last month, while revenue forecasts held mostly steady. In our view, solid first quarter earnings results, corporate outlooks that were generally in line with expectations, and rising second quarter profit estimates have helped recenter investors' attention back to still strong corporate fundamentals. Since the first batch of bank earnings hit on April 12^{th}, the S&P 500 Index is higher by roughly +2.0%. Interestingly, upcoming first quarter earnings releases from retailers should help add important color to consumer trends. Given their later release cycle, these companies should also provide a window into how consumer



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

trends have evolved since the end of Q1. Updates on potentially shifting spending patterns, differences across low-end/high-end consumers, and inflation impacts are all areas investors should get a better handle on as retail earnings roll in.

U.S. Premarket 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.** Investors received their first update on April inflation this morning, as the headline Producer Price Index (PPI) rose +0.5% m/m last month. The increase was "hotter" than the +0.3% increase forecast, but a reduction in the previously reported March results more than offset the miss. Core PPI rose +2.4% y/y in April. Tomorrow, the April Consumer Price Index will be released at 8:30 am EST. *FactSet* estimates call for both headline and core CPI to fall in April from March levels on a y/y basis. The April retail sales report is also out tomorrow.
- **Earnings Update:** With roughly 92% of S&P 500 first quarter reports complete, blended earnings per share (EPS) growth is higher by +5.4% year-over-year on revenue growth of +4.1%. Home Depot reported Q1 revenue that missed analyst estimates, citing higher interest rates as a reason why shoppers are delaying larger home renovation projects. That said, the company reaffirmed full-year guidance. Particularly for larger projects/purchases that require financing, Home Depot's results show consumers are waiting for rates to drop before pulling the trigger.

Europe:

German economic sentiment reached its highest level since February 2022. Additionally, the current conditions component of the index also improved more than expected following stronger-than-expected German GDP growth in Q1. Improving economic conditions across the Eurozone and China have also contributed to sentiment rising for the tenth straight month. However, the ZEW indicator, which measures sentiment across financial experts, remains deeply in negative territory.

Asia-Pacific:

Trading overnight was relatively quiet as investors were in a "wait and see" mode ahead of key U.S. inflation data. That said, the MSCI Asia Pacific ex-Japan Index hit a fresh 52-week high overnight, led by gains in India and Taiwan.

WORLD CAPITAL MARKETS

5/14/2024 As of: 8:30 AM ET

Americas	% chg.	% YTD	Value
S&P 500	0.0%	10.0%	5,221.4
Dow Jones	-0.2%	5.3%	39,431.5
NASDAQ Composite	0.3%	9.4%	16,388.2
Russell 2000	0.1%	2.2%	2,062.1
Brazil Bovespa	0.4%	-4.5%	128,155
S&P/TSX Comp. (Canada)	-0.2%	7.4%	22,259.2
Russell 3000	0.0%	9.2%	2,985.6

Europe (Intra-day)	% chg.	%YTD	Value
DJSTOXX 50 (Europe)	0.0%	14.6%	5,076.6
FTSE 100 (U.K.)	0.1%	10.6%	8,426.4
DAX Index (Germany)	-0.1%	11.8%	18,721.0
CAC 40 (France)	0.0%	10.7%	8,212.7
FTSE MIB (Italy)	0.6%	15.4%	35,031.1
IBEX 35 (Spain)	0.2%	12.9%	11,177.6
MOEX Index (Russia)	0.1%	13.7%	3,461.6

Asia/Pacific (Last Night)	% chg.	%YTD	Value
Nikkei 225 (Japan)	0.5%	15.5%	38,356.1
Hang Seng (Hong Kong)	-0.2%	12.9%	19,073.7
Korea Kospi 100	0.1%	3.6%	2,730.3
Singapore STI	0.3%	5.0%	3,313.4
Shanghai Comp. (China)	-0.1%	5.7%	3,145.8
Bombay Sensex (India)	0.5%	1.6%	73,104.6
S&P/ASX 200 (Australia)	-0.3%	4.1%	7,726.8

Global	% chg.	% YTD	Value
MSCI All-Country World Idx	0.1%	8.6%	782.8

Developed International	% chg.	%YTD	Value
MSCI EAFE	0.2%	7.0%	2,352.0

Emerging International	% chg.	%YTD	Value
MSCI Emerging Mkts	0.7%	6.2%	1,078.7

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	-0.2%	19.1%	291.8
Consumer Discretionary	-0.2%	2.7%	1,452.6
Consumer Staples	-0.3%	9.3%	826.0
Energy	-0.2%	12.9%	714.8
Financials	-0.4%	11.3%	692.4
Health Care	-0.1%	5.7%	1,670.7
Industrials	-0.5%	10.2%	1,058.0
Materials	-0.1%	7.6%	577.8
Real Estate	0.3%	-4.7%	237.5
Technology	0.5%	12.3%	3,805.5
Utilities	0.0%	13.5%	361.3

Equity Income Indices	% chg.	% YTD	Value
JPM Alerian MLP Index	-1.2%	9.1%	277.5
FTSE NAREIT Comp. TR	0.4%	-4.8%	22,766.2
DJ US Select Dividend	0.1%	7.1%	3,216.0
DJ Global Select Dividend	-0.1%	6.2%	230.8
S&P Div. Aristocrats	-0.2%	5.2%	4,493.3

Bond Indices	% chg.	% YTD	Value
Barclays US Agg. Bond	0.1%	-1.9%	2,122.0
Barclays HY Bond	0.0%	1.5%	2,516.7

Commodities Futures & Spot (Intra-day)	% chg.	% YTD	Value
CRB Raw Industrials	0.5%	2.6%	557.8
NYMEX WTI Crude (p/bbl.)	-0.2%	10.2%	78.9
ICE Brent Crude (p/bbl.)	-0.2%	8.0%	83.2
NYMEX Nat Gas (mmBtu)	-1.3%	-6.6%	2.3
Spot Gold (troy oz.)	0.3%	13.6%	2,344.1
Spot Silver (troy oz.)	0.6%	19.2%	28.4
LME Copper (per ton)	1.9%	19.1%	10,082.4
LME Aluminum (per ton)	0.5%	6.4%	2,495.8
CBOT Corn (cents p/bushel)	0.6%	-3.8%	475.3
CBOT Wheat (cents p/bushel)	-0.3%	6.0%	684.8

Foreign Exchange (Intra-day)	% chg.	% YTD	Value
Euro (€/$)	0.0%	-2.2%	1.08
British Pound (£/$)	-0.1%	-1.4%	1.26
Japanese Yen ($/¥)	-0.2%	-9.9%	156.46
Australian Dollar (A$/$)	0.0%	-3.0%	0.66
Canadian Dollar ($/C$)	0.0%	-3.1%	1.37
Swiss Franc ($/CHF)	0.1%	-7.3%	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		S&P 500 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%
As of: March 29, 2024					Consumer Discretionary	10.4%	Underweight	-2.0%	8.4%

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		MSCI All-Country 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

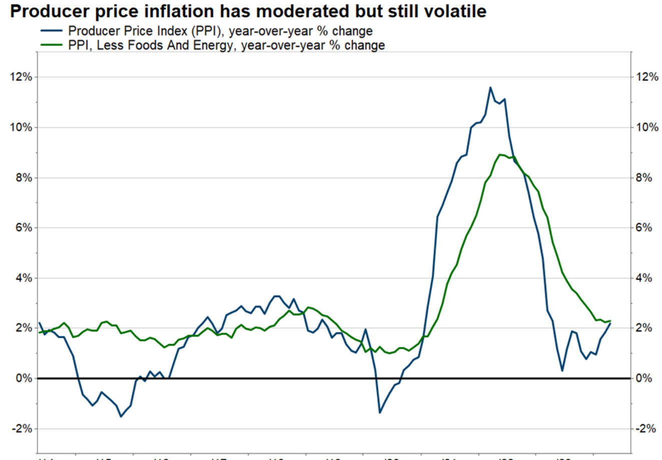
Releases for Tuesday May 14, 2024 — **All times Eastern. Consensus estimates via Bloomberg**

Time	Period	Release	Consensus Est.	**Actual**	Prior	Revised to
6:00 AM	APR	NFIB Small Business Optimism Index)	88.2	**89.7**	88.5	
8:30 AM	APR	Producer Price Index (PPI)(MoM)	+0.3%	**+0.5%**	+0.2%	-0.1%
8:30 AM	APR	Core PPI – Less Food & Energy (MoM)	+0.2%	**+0.5%**	+0.2%	-0.1%
8:30 AM	APR	Producer Price Index (PPI)(YoY)	+2.2%	**+2.2%**	+2.1%	+1.8%
8:30 AM	APR	PPI – Less Food & Energy (YoY)	+2.3%	**+2.4%**	+2.4%	+2.1%

Commentary:

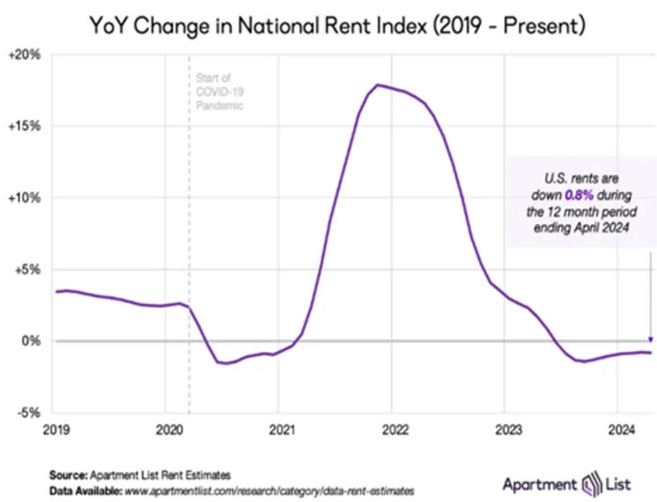
- **Producer prices came-in hotter than expected for the month of April but its results for March showed downward revisions that mostly offset the over-shoot.**
- Services provided most of the upside to the overall figures in the month. Service prices were a strong 0.6% higher in the month but this comes after the segment showed a 0.1% m/m decline in March. The segment has shown considerable volatility in recent months and overall it was +2.7% higher versus year-ago levels.
- Finished consumer goods, meanwhile, offered upside as the segment was a very strong +2.2% for the month. This comes, however, after it experienced a 1.0% decline in March.
- *The chart at right is sourced from FactSet and HAS been updated to reflect today's release.*

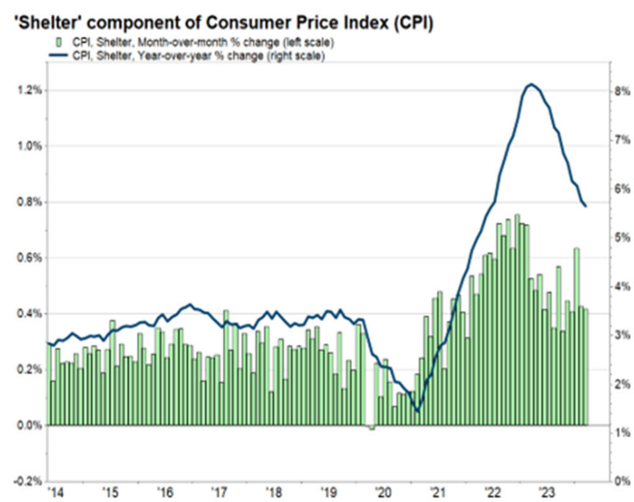
Producer price inflation has moderated but still volatile



- **Small business owners feel slightly better.** The National Federation of Independent Business (NFIB) Small Business Index came-in more than a full point better than expected this morning. Overall, the Index jumped 1.4 points (due to rounding) for its first month-over-month increase of the year.
- Underlying details of the NFIB report, however, were lackluster. Business owners remain downtrodden on the economic outlook but April's measure of the percentage of respondents that expect a better economy over the months ahead remained generally steady at -37 (versus -36 in March). Though the rate is well off the positive readings typically see via this measure prior to the pandemic , the rate is generally in-line with its averages of the last several months.

- **Will tomorrow's CPI report finally start to show a break-down in shelter costs?** Forecasters have been looking for a breakdown in the shelter component of the Labor Department's Consumer Price Index (CPI) for months. The segment accounts for approximately a third of the overall Index (and about 42% of the Core rate) and has been the principal source of CPI upside in recent inflation results. Excluding just this one component, headline inflation was +2.3% in March, a 9-month high. A surge in insurance rates (home and auto) offered further upside in March and such fluctuations in various components are likely for several months to come, at least.
- Still, inflation has little chance of seeing a material deceleration until the same can be said for shelter costs. Shelter's year-over-year (y/y) pace has been easing over the last year, but it was still +5.7% higher in March. This is off its recent y/y high of +8.2% (March 2023) but its monthly pace nevertheless equated to a compound annual growth rate of +5.3%. If monthly rates do not decelerate neither will the y/y rate. Overall, shelter contributed 0.15 percentage points (pp) to March's month-over-month (m/m) headline gain of +0.38%.
- With this backdrop, the question becomes…how much of an expected further deceleration in inflation, thus improving prospects for the start of a rate cutting cycle by the central bank, is already priced into markets? Within the next several months we believe shelter costs should ease more prominently thus improving market sentiment around the issue. Markets may also celebrate clear signs of a breakdown in shelter costs, but much of the related financial market upside may already be priced-in. The charts below are sourced from Apartmentlist.com and FactSet.





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Ameriprise Economic Projections

Forecast:	Full-year				Quarterly						
	Actual 2022	Actual 2023	Est. 2024	Est. 2025	Actual Q2-2023	Actual Q3-2023	Actual Q4-2023	Actual 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%	1.6%	2.6%	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%	2.8%	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: May 1, 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	4,500
10-Year U.S. Treasury Yield:	4.00%	3.50%	3.00%
Fed Funds Target Range:	4.25% to 4.50%	4.75% to 5.00%	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: April 24, 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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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.

Disclosures of potential conflicts of interest

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.

Disclaimer section

Except for the historical information contained herein, certain matters in this report are forward-looking statements or projections that are dependent upon certain risks and uncertainties, including but not limited to, such factors and considerations as general market volatility, global economic and geopolitical impacts, fiscal and monetary policy, liquidity, the level of interest rates, historical sector performance relationships as they relate to the business and economic cycle, consumer preferences, foreign currency exchange rates, litigation risk, competitive positioning, the ability to successfully integrate acquisitions, the ability to develop and commercialize new products and services, legislative risks, the pricing environment for products and services, and compliance with various local, state, and federal health care laws. See latest third-party research reports and updates for risks pertaining to a particular security.

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