Before the Bell

An Ameriprise Investment Research Group Publication

May 17, 2024

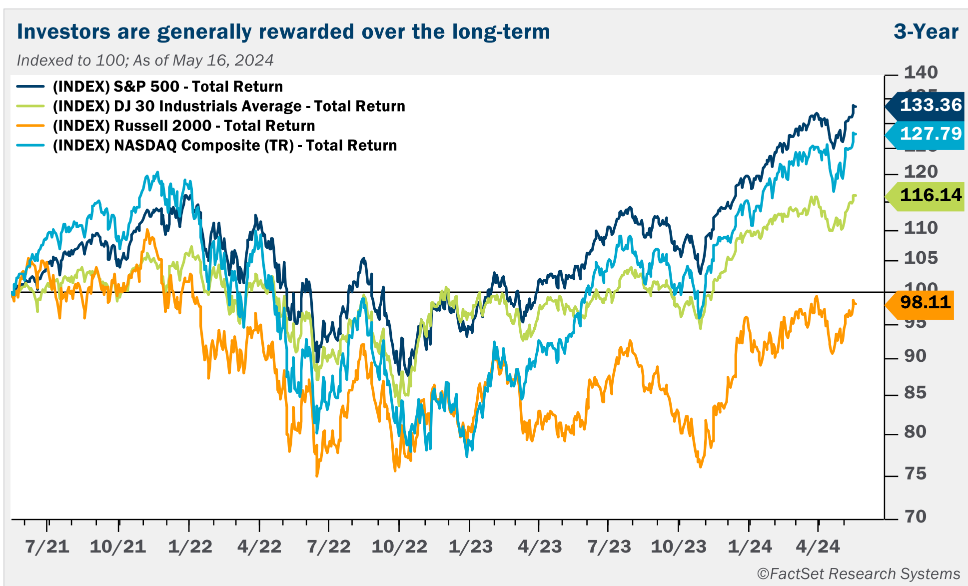
Starting the Day

- U.S. futures are pointing to a flattish open.
- European markets are trading mostly lower at midday.
- Markets in Asia ended mostly higher overnight.
- Don't let new highs in stocks prevent you from investing.
- The S&P 500 on pace for its fourth straight week of gains.
- 10-year Treasury yield is at 4.39%.
- West Texas Intermediate (WTI) oil is trading at $79.13.
- Gold is trading at $2,393.40

Market Perspectives

Anthony Saglimbene, Chief Market Strategist

Stocks hit new highs, rewarding patience and discipline. The S&P 500 Index touched a new intraday high on Thursday, while the Dow Jones Industrials Average crossed 40,000 for the first time. Although stocks finished the day slightly lower, all three major U.S. stock averages are on pace for solid weekly gains. Cooling consumer inflation last month, building evidence that shoppers are becoming more discerning in their spending patterns (e.g., a weaker-than-expected April retail sales report), and earnings updates that show big box retailers like Home Depot and Walmart continue to navigate the evolving consumer landscape well have helped send most major U.S. stock averages to new highs this week.



With stocks back on a trend higher, it's a gentle reminder to investors that letting the fears of what can go wrong or reacting too aggressively to short-term dislocations in the market can be a detriment to your stock portfolio.

For example, the last three years have certainly been a rollercoaster ride and difficult for investors to navigate. Over that period, investors rode the final highs of the 2021 post-pandemic rally and had to endure the depths of the 2022 interest rate/inflation-induced bear market. However, if an investor remained disciplined and stuck with a well-constructed stock portfolio, they likely came out the other side of that challenge in a position to enjoy stocks hitting new highs in the current bull market, of course, with some periods of volatility along the way. All the major U.S. stock averages, excluding the Russell 2000 Index, have posted strong-to-positive cumulative returns over the last three years.

Yes, inflation is still elevated. Interest rates are high. And slowing growth could create unexpected road bumps over the coming quarters, given current inflation/rate dynamics. However, overall, macroeconomic conditions have remained solid for a number of quarters, and this is one important reason stocks have moved higher since the end of 2022. Importantly, we see the economy continuing to grow and inflation falling this year. Thus, we believe corporate profitability could continue to improve along the way, providing a key fundamental support beam for stock prices in the quarters ahead.

And while the artificial intelligence boom is an important theme to recognize in helping lift major averages higher this year and may eventually create periods of dislocation as the theme matures, the transformational benefits of AI and its potential impact on growing corporate profitability across a range of industries are still untapped outside of a still very narrow set of companies.

The point of this Friday missive? There will always be reasons to sit on the sidelines, be worried about the future, or wait until the timing to put money in stocks "seems" better. Yet, with a long enough time horizon, those concerns are rarely a reason not to participate in the stock market. Our advice: Don't let stocks hitting new highs prevent you from investing in the stock market, particularly if you have cash on the sidelines earmarked for equity investments. In our view, employing dollar-costing strategies, maintaining a focus on quality companies, and utilizing a diversified investment approach could help mitigate timing risks should stocks move through another period of dislocation or consolidation.

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 flattish open.** After major U.S. stock averages recorded new highs this week, and the Dow Jones Industrials Average crossed 40,000 for the first time, stocks are hovering near the flat line in premarket trading. The S&P 500 is on pace to record its fourth straight week of gains and is up +1.4% week-to-date. The NASDAQ Composite is higher by +2.2%, and the Dow is up +0.9%.
- **Earnings Update:** With roughly 93% of S&P 500 first quarter reports complete, blended earnings per share (EPS) growth is higher by +5.6% year-over-year on revenue growth of +4.2%.

Europe:

Eurozone headline CPI held steady in April at +2.4% year-over-year, coming in as expected and matching March's print. Consumer inflation in the Eurozone is now tracing some of its lowest levels in roughly three years. Last April, headline CPI across the Eurozone stood at +7.0%. This April, cost pressures moderated across services, non-energy industrial goods, and energy. Eurozone core CPI declined for the ninth straight month to +2.7%, its lowest level since February 2022. The current inflation data suggests the European Central Bank may have room to start gradually easing monetary policy at its June meeting.

Asia-Pacific:

Updated looks at China's economy show a mixed picture. Industrial production rose +6.7% year-over-year last month, above the consensus forecast of +5.5% and March's level of +4.5%. However, April retail sales in China rose +2.3% year-over-year, missing economists forecast of +3.7% and March's +3.1% level. In addition, fixed asset investment in April came in weaker than the prior month, while real estate activity continued to deteriorate but was generally in line with expectations.

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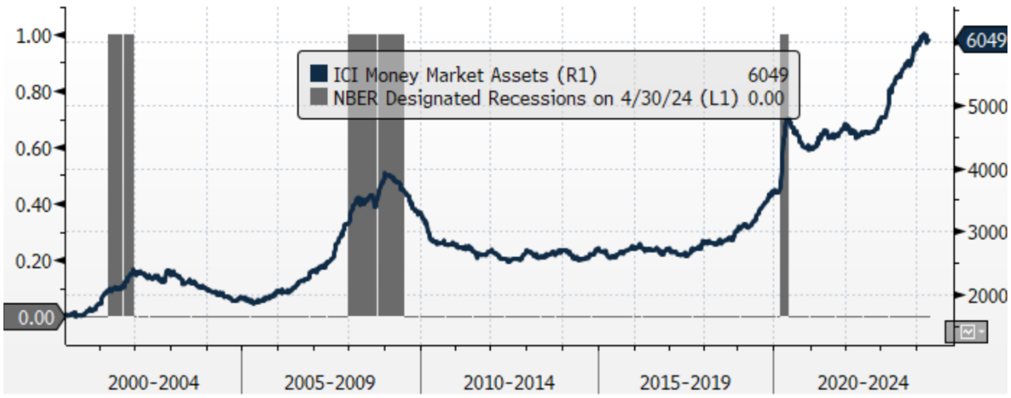
Fixed Income Market Perspectives

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

Investors begin putting money market cash to work – After reaching a record $6.1 trillion in December, the balance of funds held in money markets has begun to settle lower. Though tax payments likely played a role in the April dip, we note that investors appear to be gaining confidence in both stock and bond investments, as shown by rising prices of both asset types since the start of May.

Investors Begin to Deploy Money Market Assets
$ in Billions

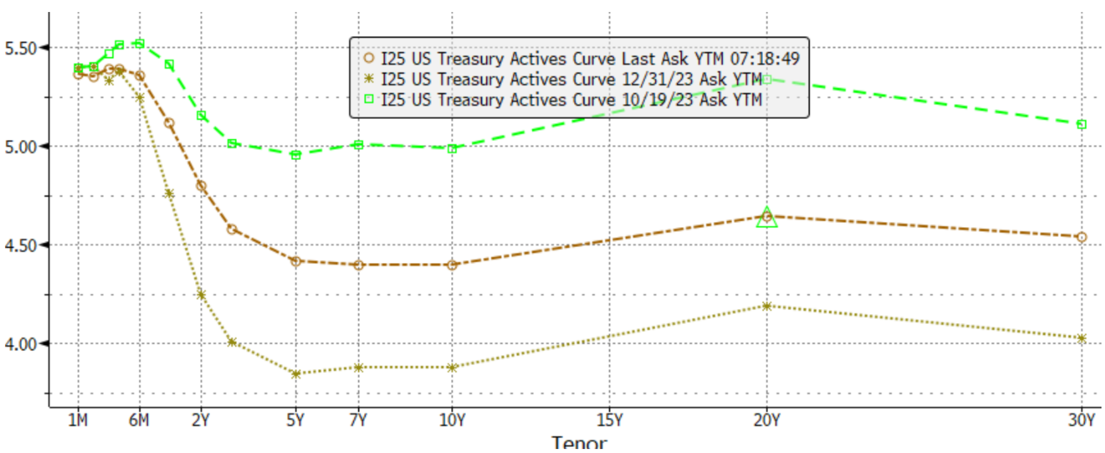


Source: Bloomberg L.P., ICI

Our view is that when inflation cools sufficiently for the Fed to move ahead with rate cuts, the investors likely shrink the inflation premium built into intermediate and long-term bond yields as well. As Fed rate cuts begin to lead cash investment yields lower, investors looking for a way to lock in higher yields could seek to move cash investments into short-term and intermediate-term fixed income. But with lower inflation already trimming inflation premiums across the curve, investors may be disappointed in a missed opportunity to lock in yields at current levels before inflation cooled.

Think back to how the Treasury curve broadly shifted lower between the highs of October 2023 through year-end. Five-year Treasury yields fell from 4.96% to 3.88% as the market priced in lower inflation ahead and expectations that the Fed would substantially cut policy rates in 2023. We see this recent shift as likely to repeat in a fashion as inflation cools this yea r.

Treasury yield curve shifts solidly lower between October 19 and year-end 2023. With yields reset higher today, we anticipate a similar potential shift as inflation cools.



Source: Bloomberg L.P.

See our report, *Fixed Income Perspectives – Put cash to work in Fixed Income* dated February 4, 2024, for more information.

WORLD CAPITAL MARKETS

5/17/2024 As of: 8:30 AM ET

Americas	% chg.	% YTD	Value
S&P 500	-0.2%	11.7%	5,297.1
Dow Jones	-0.1%	6.5%	39,869.4
NASDAQ Composite	-0.3%	11.6%	16,698.3
Russell 2000	-0.6%	3.9%	2,096.2
Brazil Bovespa	0.2%	-4.4%	128,284
S&P/TSX Comp. (Canada)	0.1%	7.6%	22,299.8
Russell 3000	-0.3%	10.8%	3,028.5

Europe (Intra-day)	% chg.	%YTD	Value
DJSTOXX 50 (Europe)	-0.4%	14.2%	5,052.6
FTSE 100 (U.K.)	-0.4%	10.6%	8,406.0
DAX Index (Germany)	-0.4%	11.4%	18,664.4
CAC 40 (France)	-0.4%	9.9%	8,158.0
FTSE MIB (Italy)	-0.1%	16.6%	35,382.7
IBEX 35 (Spain)	0.0%	14.2%	11,303.0
MOEX Index (Russia)	0.3%	14.9%	3,497.6

Asia/Pacific (Last Night)	% chg.	%YTD	Value
Nikkei 225 (Japan)	-0.3%	16.8%	38,787.4
Hang Seng (Hong Kong)	0.9%	15.8%	19,553.6
Korea Kospi 100	-1.0%	3.4%	2,724.6
Singapore STI	0.3%	5.0%	3,313.5
Shanghai Comp. (China)	1.0%	6.0%	3,154.0
Bombay Sensex (India)	0.3%	2.7%	73,917.0
S&P/ASX 200 (Australia)	-0.8%	5.2%	7,814.4

Global	% chg.	% YTD	Value
MSCI All-Country World Idx	-0.1%	10.1%	793.1

Developed International	% chg.	%YTD	Value
MSCI EAFE	-0.5%	7.9%	2,370.0

Emerging International	% chg.	%YTD	Value
MSCI Emerging Mkts	0.0%	8.2%	1,098.0

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	0.0%	20.7%	295.8
Consumer Discretionary	-0.8%	2.4%	1,447.9
Consumer Staples	1.5%	10.8%	836.6
Energy	-0.4%	12.9%	711.9
Financials	0.0%	12.6%	700.6
Health Care	-0.1%	7.6%	1,700.3
Industrials	-0.7%	10.2%	1,057.7
Materials	-0.7%	7.1%	574.9
Real Estate	-0.1%	-2.5%	242.8
Technology	-0.3%	15.6%	3,915.9
Utilities	-0.4%	15.1%	365.8

Equity Income Indices	% chg.	% YTD	Value
JPM Alerian MLP Index	-0.5%	9.5%	278.4
FTSE NAREIT Comp. TR	-0.1%	-2.9%	23,233.9
DJ US Select Dividend	0.0%	8.1%	3,247.0
DJ Global Select Dividend	-0.2%	7.7%	233.9
S&P Div. Aristocrats	0.3%	5.7%	4,514.9

Bond Indices	% chg.	% YTD	Value
Barclays US Agg. Bond	-0.2%	-1.2%	2,136.9
Barclays HY Bond	0.0%	1.9%	2,527.1

Commodities Futures & Spot (Intra-day)	% chg.	% YTD	Value
CRB Raw Industrials	0.0%	2.8%	559.0
NYMEX WTI Crude (p/bbl.)	0.1%	10.6%	79.3
ICE Brent Crude (p/bbl.)	0.1%	8.2%	83.4
NYMEX Nat Gas (mmBtu)	0.4%	-0.4%	2.5
Spot Gold (troy oz.)	0.4%	15.7%	2,387.5
Spot Silver (troy oz.)	0.4%	24.8%	29.7
LME Copper (per ton)	2.2%	22.2%	10,343.2
LME Aluminum (per ton)	-0.6%	8.1%	2,534.3
CBOT Corn (cents p/bushel)	0.4%	-7.1%	459.0
CBOT Wheat (cents p/bushel)	1.2%	4.0%	671.5

Foreign Exchange (Intra-day)	% chg.	% YTD	Value
Euro (€/$)	-0.2%	-1.8%	1.08
British Pound (£/$)	-0.2%	-0.7%	1.26
Japanese Yen ($/¥)	-0.3%	-9.5%	155.90
Australian Dollar (A$/$)	-0.4%	-2.4%	0.67
Canadian Dollar ($/C$)	-0.2%	-2.9%	1.36
Swiss Franc ($/CHF)	-0.4%	-7.5%	0.91

Data/Price Source: Bloomberg. Equity Index data is total return, inclusive of dividends, where applicable.

Ameriprise Global Asset Allocation Committee (GAAC)

U.S. Equity Sector - Tactical Views

	S&P 500 Index Weight	GAAC Tactical View	GAAC Tactical Overlay	GAAC Recommended Weight
Consumer Staples	5.9%	Overweight	2.0%	7.9%
Information Technology	30.0%	Equalweight	-	30.0%
Health Care	12.3%	Equalweight	-	12.3%
Financials	13.1%	Equalweight	-	13.1%
Industrials	8.8%	Equalweight	-	8.8%
Communication Services	8.9%	Equalweight	-	8.9%
Energy	3.9%	Equalweight	-	3.9%
Utilities	2.1%	Equalweight	-	2.1%
Materials	2.3%	Equalweight	-	2.3%
Real Estate	2.3%	Equalweight	-	2.3%
Consumer Discretionary	10.4%	Underweight	-2.0%	8.4%

As of: March 29, 2024

Index weightings represent the respective market capitalization of each sector in the S&P 500 as of 3/21/2024. The GAAC Tactical Overlay, as well as Recommended Tactical Weights, is derived from the Ameriprise Global Asset Allocation Committee (GAAC).Views are expressed relative to the Index and are provided to represent investment conviction in each region. Tactical Allocations are designed to augment Index returns over a 6-12 month time horizon. Numbers may not add due to rounding.

Global Equity Regions - Tactical Views

	MSCI All-Country World Index Weight	GAAC Tactical View	GAAC Tactical Overlay	GAAC Recommended Weight
United States	62.4%	Overweight	2.1%	64.5%
Europe ex U.K.	13.5%	Overweight	2.0%	15.5%
Japan	5.6%	Overweight	1.0%	6.6%
United Kingdom	3.2%	Equalweight	-	3.2%
Latin America	1.0%	Equalweight	-	1.0%
Asia-Pacific ex Japan	10.3%	Underweight	-3.0%	7.3%
Canada	2.9%	Underweight	-1.0%	1.9%
Middle East / Africa	1.1%	Underweight	-1.1%	0.0%

as of: March 29, 2024

Index weightings are based on the regional market capitalizations of the MSCI All-Country World Index as of 03/21/2024. The GAAC Tactical Overlay, as well as the Recommended Tactical Weights, are derived from the Ameriprise Global Asset Allocation Committee (GAAC). Views are expressed relative to the Index and are provided to represent investment conviction in each region. Tactical Allocations are designed to augment Index returns over a 6-12 month time horizon. Numbers may not add due to rounding.

Economic News and Views:

Russell T. Price, CFA – Chief Economist

Releases for Friday May 17, 2024			All times Eastern. Consensus estimates via Bloomberg			
Time	Period	Release	Consensus Est.	**Actual**	Prior	Revised to
10:00 AM	APR	Leading Index	-0.3%		-0.3%	

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

The Ameriprise Investment Research Group

With Ameriprise Financial, you can benefit from our dedicated team of experienced investment research and due diligence professionals. Our objective market insight, strategies and guidance are designed to provide you with insight into investment strategies and solutions to help you feel more confident about your financial future. It's the higher level of sophistication and service you've come to expect from Ameriprise.

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As of March 31, 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.

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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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