

Before the Bell

An Ameriprise Investment Research Group Publication

May 21, 2024

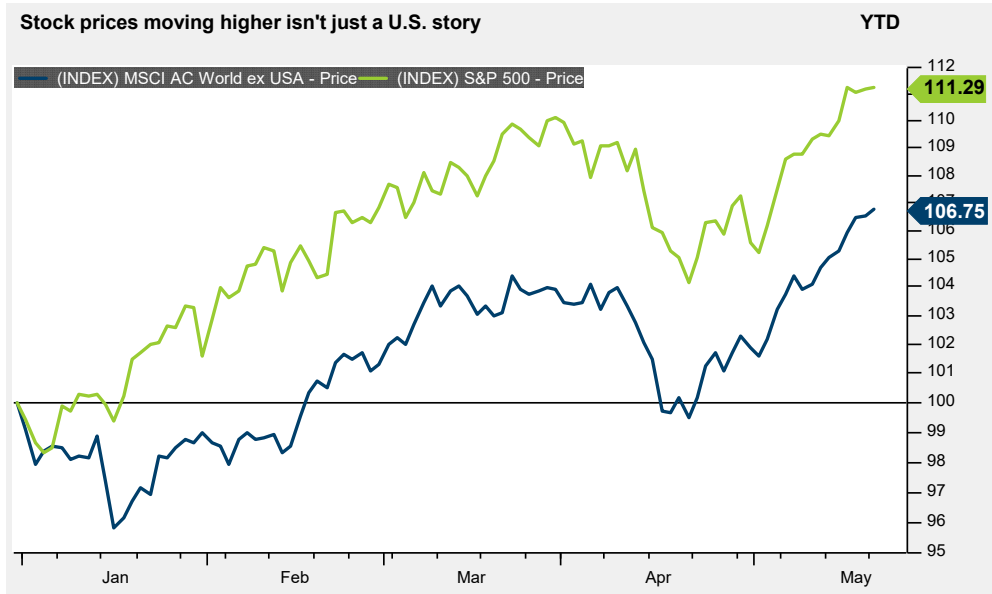
Starting the Day

- U.S. futures are pointing to a flattish open.
- European markets are trading flat-to-lower at midday.
- Asian markets ended lower.
- Stocks move higher across the globe.
- Investors wait on NVIDIA and the latest FOMC minutes.
- 10-year Treasury yield at 4.42%.
- West Texas Intermediate (WTI) oil is trading at \$78.04.
- Gold is trading at \$2,422.40

Market Perspectives

Anthony M. Saglimbene, Chief Market Strategist

Stocks are on the rise around the globe. As the FactSet chart below shows, the S&P 500 Index is higher by over +11% this year, while the MSCI All Country World ex-U.S. Index is higher by +6.8%. However, since mid-April and following a brief lull from the late March highs, stocks have accelerated higher, both here and abroad. The story in the U.S. is well understood. Big Tech and AI have played a dominant role in carrying U.S. stocks to new highs, and falling inflation, combined with solid economic/profit conditions, have left Federal Reserve rate cuts on the table for this year. And while stalled inflation trends in the U.S. over recent months saw some renewed easing in April, consumer inflation has been on a downward trend in other parts of the world as well. For example, in the Eurozone, core consumer inflation stood at +2.7% y/y in April and has moved significantly closer to the European Central Bank's +2.0% target over recent months. As a result, many expect the ECB to cut their



target rate sometime in the summer, offering a slightly less restrictive policy to help support economic growth in the coming quarters. Combined with European companies beating a low earnings bar in Q1, regional European indices, including major indexes across the UK, Germany, France, Italy, and Spain hit fresh highs last week. In Canada and Australia, a higher concentration of metal miners and oil producers benefiting from higher oil/commodity prices has also helped lift the major averages of these countries to new highs. In Japan, lower inflation, stronger corporate governance, expectations of monetary policy normalization, and a weaker yen contributed to lifting the Nikkei to a new high in March. And finally, India has seen stocks hit new highs this month on economic stability and increased government investment, while equities in China have

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seen improved performance following signs of growing stabilization in economic activity. Bottom line: The rise in stock prices since April is not just a U.S. phenomenon but one that includes several regionally significant areas of the globe, particularly as economic conditions remain supportive. Although the drivers of each market can be unique, recent stock sentiment has shifted higher around the world.

U.S. Premarket Indicators / Overnight International Market Activity

United States:

Here is a quick news rundown to start your morning:

- **Stocks are looking little changed at the open.** Yesterday, major U.S. stock averages pushed higher, with semiconductors as a group moving higher and ahead of NVIDIA's earnings report tomorrow. Both the NASDAQ Composite and Dow Jones Industrials Average recorded fresh intraday highs on Monday, while the S&P 500 sits less than 0.5% below its high made last week. News flow should be rather quiet today and ahead of NVIDIA's earnings report as well as the May FOMC minutes on Wednesday. Investors will look for more details about the generally dovish interpretation of the last Fed meeting, where Fed Chair Powell noted there was a high bar for further rate hikes. That said, some expect the minutes to lean more hawkish than Powell's press conference sounded and continue to point to a higher for longer rate environment as progress on bringing inflation back to target is job number one at the Fed. Either way, we don't anticipate much market reaction to the Fed minutes tomorrow, as the policy narrative is well understood.
- **Earnings Update:** With roughly 94% of S&P 500 first quarter reports complete, blended earnings per share (EPS) growth is higher by +5.7% year-over-year on revenue growth of +4.2%.

Europe:

Fresh catalysts across Europe are sparse today. Stocks in the region are largely flat-to-down at mid-day as major averages continue to consolidate recent gains. On the economic front, Eurozone labor costs accelerated in the first quarter but remained below the 2022 peak. Such wage data likely pushes back on expectations for "multiple" rate cuts out of the European Central Bank this year. Yet, the data wasn't hot enough to remove expectations for at least one rate cut in 2024.

Asia-Pacific:

Stocks across the region closed lower overnight. The Hang Seng Index snapped a three-day winning streak, while stocks in mainland China also finished the session lower. The latest Reserve Bank of Australia minutes showed policymakers weighed the case for another rate hike but opted to keep its cash rate steady as it looks through short-term inflation fluctuations. The Reserve Bank of New Zealand meets tomorrow and is expected to hold rate policy steady.

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WORLD CAPITAL MARKETS

5/21/2024

As of: 8:30 AM ET

Americas	% chg.	% YTD	Value
S&P 500	0.1%	11.9%	5,308.1
Dow Jones	-0.5%	6.4%	39,806.8
NASDAQ Composite	0.7%	12.2%	16,794.9
Russell 2000	0.3%	4.2%	2,102.5
Brazil Bovespa	-0.3%	-4.8%	127,751
S&P/TSX Comp. (Canada)	0.7%	8.4%	22,465.4
Russell 3000	0.1%	11.1%	3,035.5

Europe (Intra-day)	% chg.	%YTD	Value
DJSTOXX 50 (Europe)	-0.7%	14.2%	5,039.6
FTSE 100 (U.K.)	-0.4%	10.4%	8,390.4
DAX Index (Germany)	-0.5%	11.5%	18,676.5
CAC 40 (France)	-1.0%	9.8%	8,116.3
FTSE MIB (Italy)	-0.8%	13.8%	34,532.2
IBEX 35 (Spain)	-0.3%	14.4%	11,309.8
MOEX Index (Russia)	-1.1%	12.6%	3,430.3

Asia/Pacific (Last Night)	% chg.	%YTD	Value
Nikkei 225 (Japan)	-0.3%	17.3%	38,946.9
Hang Seng (Hong Kong)	-2.1%	13.8%	19,220.6
Korea Kospi 100	-0.7%	3.4%	2,724.2
Singapore STI	-0.2%	4.8%	3,307.9
Shanghai Comp. (China)	-0.4%	6.2%	3,158.0
Bombay Sensex (India)	-0.1%	2.8%	73,953.3
S&P/ASX 200 (Australia)	-0.2%	5.8%	7,851.7

Global	% chg.	% YTD	Value
MSCI All-Country World Idx	0.1%	10.5%	796.1

Developed International	% chg.	%YTD	Value
MSCI EAFE	0.2%	8.7%	2,386.1

Emerging International	% chg.	%YTD	Value
MSCI Emerging Mkts	0.2%	8.6%	1,101.9

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	0.3%	21.7%	298.3
Consumer Discretionary	-0.7%	2.1%	1,444.4
Consumer Staples	-0.7%	9.8%	828.7
Energy	-0.6%	13.8%	717.0
Financials	-1.2%	11.9%	696.3
Health Care	-0.3%	7.5%	1,698.0
Industrials	0.2%	10.6%	1,060.8
Materials	0.1%	8.2%	580.7
Real Estate	-0.7%	-3.2%	241.1
Technology	1.3%	16.6%	3,948.8
Utilities	-0.2%	15.0%	365.1

Equity Income Indices	% chg.	% YTD	Value
JPM Alerian MLP Index	0.7%	11.4%	283.2
FTSE NAREIT Comp. TR	-0.6%	-3.4%	23,110.1
DJ US Select Dividend	-0.4%	7.9%	3,240.1
DJ Global Select Dividend	-0.3%	7.9%	234.1
S&P Div. Aristocrats	-0.5%	5.4%	4,504.2

Commodities	% chg.	% YTD	Value
Futures & Spot (Intra-day)			
CRB Raw Industrials	0.4%	3.6%	563.1
NYMEX WTI Crude (p/bbl.)	-1.9%	9.3%	78.3
ICE Brent Crude (p/bbl.)	-1.9%	6.6%	82.1
NYMEX Nat Gas (mmBtu)	-2.1%	7.2%	2.7
Spot Gold (troy oz.)	0.1%	17.7%	2,427.8
Spot Silver (troy oz.)	-0.1%	33.6%	31.8
LME Copper (per ton)	1.9%	27.6%	10,800.8
LME Aluminum (per ton)	0.6%	9.8%	2,574.5
CBOT Corn (cents p/bushel)	-0.8%	-7.5%	456.8
CBOT Wheat (cents p/bushel)	-0.3%	6.4%	687.0

Foreign Exchange (Intra-day)	% chg.	% YTD	Value
Euro (€/\$)	0.0%	-1.6%	1.09
British Pound (£/\$)	0.0%	-0.1%	1.27

	% chg.	% YTD	Value
Japanese Yen (\$/¥)	-0.1%	-9.8%	156.36
Australian Dollar (A\$/S)	0.1%	-2.0%	0.67

	% chg.	% YTD	Value
Canadian Dollar (\$/C\$)	0.0%	-2.8%	1.36
Swiss Franc (S/CHF)	0.1%	-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	GAAC Tactical	GAAC Recommended		S&P 500 Index	GAAC Tactical	GAAC Recommended
	Weight	Tactical View	Weight		Weight	Tactical View	Weight
Consumer Staples	5.9%	Overweight	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%

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

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 21, 2024

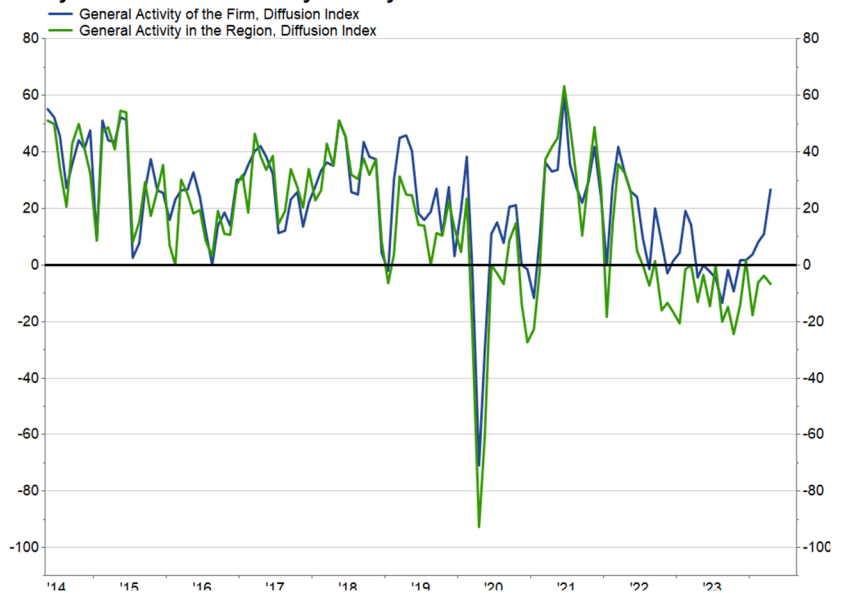
All times Eastern. Consensus estimates via Bloomberg

<u>Time</u>	<u>Period</u>	<u>Release</u>	<u>Consensus Est.</u>	<u>Actual</u>	<u>Prior</u>	<u>Revised to</u>
8:30 AM	MAY	Philly Fed. Services Index	NA	-0.6	-12.4	

Commentary:

- **Service sector business managers seeing mixed changes in regional activity this month.**
- Perceptions of regional business activity improved this month, but aggregate views of their own firm’s performance eased amongst business leaders.
- The Philadelphia Federal Reserve’s Nonmanufacturing (i.e., Services) business activity survey has not been around for very long - as economic reports go. The report was first initiated in 2011. Still, as with other regional surveys, we believe it adds color to the broader array of industry measures for a segment of the economy, Services, that accounts for about two-thirds of business activity.
- Firm Sales grew at their best pace since December and the month-over-month pace of growth in Prices Paid eased – though remained at a high level. Demand for workers, meanwhile, remained positive – though slightly so. Further, business continue to see the need for expanding capital spending, which is a good sign of confidence in the road ahead, in our view.
- *The chart at left is sourced from FactSet and has **NOT** been updated to reflect today’s release for the month of May.*

Philly Fed. Services Activity Survey



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Ameriprise Economic Projections												
Forecast:	Full-year				Quarterly							
	Actual <u>2022</u>	Actual <u>2023</u>	Est. <u>2024</u>	Est. <u>2025</u>	Actual <u>Q2-2023</u>	Actual <u>Q3-2023</u>	Actual <u>Q4-2023</u>	Actual <u>Q1-2024</u>	Est. <u>Q2-2024</u>	Est. <u>Q3-2024</u>	Est. <u>Q4-2024</u>	
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			
<u>2024 Year-end Targets:</u>	<u>Favorable Scenario</u>	<u>Base-Case Scenario</u>	<u>Adverse Scenario</u>
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	<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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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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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.

American Depositary 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.

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