Before the Bell

An Ameriprise Investment Research Group Publication

June 3, 2024

Starting the Day

- U.S. equity futures are pointing to a slightly higher open.
- European markets are trading higher at midday.
- Asian markets ended higher overnight.
- The S&P 500 finishes May higher.
- Employment data on deck this week; ECB ready to cut.
- 10-year Treasury yield at 4.46%.
- West Texas Intermediate (WTI) oil is trading at $77.07.
- Gold is trading at $2,351.80

Market Perspectives

Anthony Saglimbene, Chief Market Strategist

Weekly Market Perspectives: Stocks finished the shortened holiday week lower. The S&P 500 Index and NASDAQ Composite snapped five-week winning streaks, while the Dow Jones Industrials Average recorded its second straight week of losses. Much of investors' attention last week centered on the recent loss of stock momentum despite the S&P 500 closing out May with its second-best month of the year and rebounding from April's losses.

Warmer-than-expected economic data, recent Fed speeches pointing to a higher-for-longer policy stance, and still elevated services inflation have led to bond yields creeping higher since the middle of last month. With the S&P 500 Index touching new highs in May and recently tracing the psychologically significant 5,300 level, stocks began to back off the level as the month wound down. By the end of the month, only 36% of S&P 500 stocks were trading above their 50-day moving average and not far off the same level seen at the end of April.

In our view, some of the recent weakness across equities late last month came from the unexpected upward momentum across government bond yields. For instance, while the 10-year U.S. Treasury yield finished May lower than where it entered the month, it spent the back half of the month mostly moving higher. Thus, major U.S. stock averages struggled to meaningfully move higher, given the rate headwinds. While not the majority of opinions across the market, some continue to see a risk of persistent inflation, growing caution about the amount of new Treasury auctions to fund debt/deficit spending, and the Federal Reserve leaving its policy rate unchanged through 2024 as reasons government bond yields should remain elevated.

These are certainly valid concerns, and investors shouldn't dismiss their influence on equity prices as we move through June. However, the stock market's reaction to a recent uptrend in rates should be taken in stride and considered against the S&P 500 sitting less than 1.5% below an all-time high. We believe firm economic conditions (e.g., Atlanta Fed Q2 GDPNOW is tracking at +2.7%), Q2 S&P 500 profit growth expected to come in at above +9.0% year-over-year, and an unemployment rate below 4.0% are notable reasons to remain constructive on equities, despite the rate environment. And if rates remain elevated this year and inflation takes longer than expected to move to the Fed's target, it's likely because economic and profit growth is holding up better than expected. All else equal, that's not a bad environment for stocks.

Speaking of inflation, last week's April Personal Consumption Expenditures (PCE) Price Index helped close out May on a high note. It showed that the Federal Reserve's preferred inflation measure remained mostly in line with the market's expectations. For example, core PCE (which excludes food and energy) rose +2.8% year-over-year, coming in as expected and matching March's level. Notably, core PCE remained at its lowest level since March 2021. And in the *bad news is good news* department, April personal spending increased +0.2% month-over-month, below the +0.3% expected and well below the +0.7% level seen in March.

Bottom line: Stocks rallied higher on the final day of the month following data showing personal income remaining largely static versus month-ago levels, the Fed's preferred inflation gauge coming in line with expectations, and spending trends cooling. Although we certainly wouldn't make too much of last week's data points on the economy, they did help reframe a potential soft-landing scenario that needed a little data support. Consequently, stocks reacted positively.

In other key items that helped shape markets last month, Big Tech was a big driver of stock momentum in May, with NVIDIA (+26.8%), Apple (+12.9%), Microsoft (+6.8%), and Alphabet (+6.0%) doing a lot of the heavy lifting in terms of returns. NVIDIA's strong profit update/outlook helped fuel excitement around the AI theme, which extended into areas outside of Tech, including Utilities and Copper. Notably, when stripping out the Magnificent Seven from first quarter S&P 500 earnings per share (EPS) growth, Q1 S&P 500 EPS falls to a decline of 1.8% year-over-year from +6.0%. In our view, Big Tech's influence on earnings growth and, subsequently, return performance cannot be understated at the moment. However, as the year moves forward, more S&P 500 companies, industries, and sectors are expected to contribute to earnings growth in 2024.

In addition, Fed commentary and speeches leaned more hawkish in May, helping reduce the odds of a September fed funds rate cut. ISM manufacturing and services activity weakened in April, while the most recent looks at consumer/producer price inflation measures came in mostly in line with expectations but pointed to still elevated services inflation. The labor market remained healthy, and consumers continued to spend (with some growing dispersion by income level). Also, further evidence of disinflation traction in the economy and weakening confidence helped color the edges of the macroeconomic narrative last month.

Finally, U.S. Treasury prices were firmer on the month as a whole and as yields slipped, but as stated above, the back half of the month saw yields climb, which created some headwinds for stocks. The U.S. Dollar Index declined for the fourth straight month, Gold edged higher for the third consecutive month, and West Texas Intermediate (WTI) crude fell in May.

The Week Ahead

As the final month of the second quarter begins, the stock market sits at an inflection point, in our view. Investors will likely need to balance themes that point to solid economic conditions with themes that point to slowing growth, narrow market leadership, and a Federal Reserve that is highly likely to keep policy rates at elevated levels throughout the summer.

And with the second quarter earnings season weeks away, economic updates may play a more significant role in shaping stock traffic versus the last month or so. Notably, updated looks at employment trends, inflation, and activity levels across the economy over the next few months could help determine if the Fed even cuts rates in 2024.

Yet, as we move deeper into the year, we would argue that corporate profit growth and trends across consumer demand are the key factors that will likely play large roles in driving stock momentum versus the current state of rates and inflation being the main levers of market momentum. Bottom line: Investors should remain cautiously optimistic about a Fed that is still hesitant to cut rates throughout the summer months. As long as the economy is performing well, profit growth is on an upward path, and consumers are working, stocks may look past a Fed willing to sit on the sidelines longer than most assumed at the start of the year. In fact, we would suggest such a backdrop could help stocks grind higher, all else being equal.

This week, there will be a host of data points that should provide greater clarity on where the economy stands at the moment. Notably, this week's updates could provide crucial information to help shape the Fed's Summary of Economic Projections, which will be updated at next week's policy meeting. May ISM manufacturing and services updates this week should provide more color on economic activity. ISM manufacturing activity is expected to remain in contraction. In contrast, services activity is expected to rebound back into expansion after unexpectedly falling into contraction in April (the first monthly contraction since December 2022).

However, most of the economic focus this week will be on key employment updates, with the Job Openings and Labor Turnover Survey (JOLTS) report released on Tuesday. Job openings are expected to fall to 8.36 million in April from 8.48 million in March. Notably, job openings in the U.S. are down nearly 30% from their March 2022 high of over 12 million. On Wednesday, May ADP private payrolls are expected to also trend lower to +170,000 from +192,000 in April.

But all eyes will be on Friday's May nonfarm payrolls report, with *FactSet* estimates showing jobs slightly increasing to +180,000 last month from +175,000 in April. The unemployment rate is expected to hold steady at 3.9%. Job growth has slowed from +315,000 in March and +236,000 in February. Notably, the unemployment rate has held below 4.0% since February 2022. In the background, this week, construction spending, auto sales, durable orders, and looks at consumer credit will be other items that help update the macroeconomic environment.

Stock Market Recap

Benchmark	Total Returns			LTM PE		Yield %	
	Weekly	MTD	YTD	Current	5-Year Median	Current	5-Year Median
S&P 500 Index: 5,278	-0.5%	5.0%	11.3%	25.4	21.9	1.3	1.6
Dow Jones Industrial Average: 38,686	-0.9%	2.6%	3.5%	23.1	19.8	1.9	2.0
Russell 2000 Index: 5,145	0.0%	5.0%	2.7%	50.7	36.9	1.3	1.3
NASDAQ Composite: 16,735	-1.1%	7.0%	11.8%	38.7	34.8	0.7	0.8
Best Performing Sector (weekly): Energy	2.0%	-0.4%	12.4%	13.5	11.0	3.1	3.9
Worst Performing Sector (weekly): Info Tech	-1.5%	10.1%	17.3%	37.9	30.0	0.7	0.9

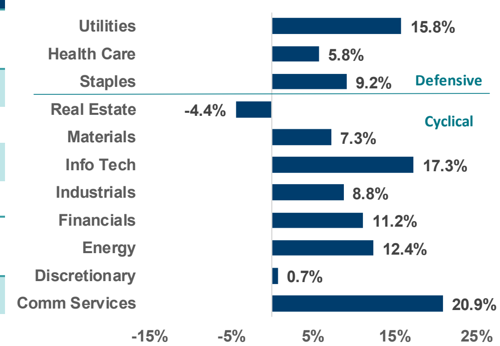
Source: Factset. Data as of 05/31/2024

Bond/Commodity/Currency Recap

Benchmark	Total Returns		
	Weekly	MTD	YTD
Bloomberg U.S. Universal	0.0%	1.7%	-1.2%
West Texas Intermediate (WTI) Oil: $76.98	-1.9%	-7.8%	7.1%
Spot Gold: $2,327.20	-0.3%	1.8%	12.8%
U.S. Dollar Index: 104.67	-0.1%	-1.5%	3.3%
Government Bond Yields	**Yield Chg**		
	Weekly	**MTD**	**YTD**
2-year U.S. Treasury Yield: 4.87%	-8 bps chg	-17 bps chg	61 bps chg
10-year U.S. Treasury Yield: 4.49%	2 bps chg	-20 bps chg	60 bps chg

Source: Factset. Data as of 05/31/2024. bps = basis points

YTD Total Returns by S&P 500 Sector



Source: S&P Global, Factset. Data as of 05/31/2024

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 flat-to-higher open.** Stocks open June coming off gains in May, but after a shaky finish to the month and given a backup in rates. NVIDIA and AMD are higher in pre-market trading, which is helping the NASDAQ Composite trade higher this morning. The meme stock, GameStop, is surging higher in premarket after Keith Gill (i.e., Roaring Kitty) posted a screenshot of what could be his portfolio holding a significant number of shares and call options, according to *CNBC*. April construction spending and May ISM manufacturing are on deck later this morning.

Europe:

Thursday's European Central Bank (ECB) meeting will likely be the region's focal point of the week. ECB officials have recently made it clear that a 25-basis point rate cut is on the table for this week and likely won't be the last. If the ECB does cut rates this week, it will be their first move since August 2023 and the first rate cut since 2016. That said, consumer inflation is not currently at the ECB's target, and services inflation ticked higher in May. This suggests ECB officials could provide a "hawkish cut" this week, indicating future cuts will be contingent on data showing inflation is steadily moving to target.

Asia-Pacific:

China Caixin manufacturing PMI expanded to its highest level in roughly two years last month. The measure of China's manufacturing activity sat in expansion for the seventh straight month. The Caixin services PMI report is out on Wednesday.

WORLD CAPITAL MARKETS

6/3/2024 **As of: 8:30 AM ET**

Americas	% chg.	% YTD	Value
S&P 500	0.8%	11.3%	5,277.5
Dow Jones	1.5%	3.6%	38,686.3
NASDAQ Composite	0.0%	11.8%	16,735.0
Russell 2000	0.7%	2.7%	2,070.1
Brazil Bovespa	-0.5%	-9.0%	122,098
S&P/TSX Comp. (Canada)	0.9%	7.6%	22,269.1
Mexico IPC	-0.3%	-3.0%	55,179.2

Europe (Intra-day)	% chg.	%YTD	Value
DJSTOXX 50 (Europe)	0.6%	13.8%	5,015.6
FTSE 100 (U.K.)	0.1%	9.1%	8,286.8
DAX Index (Germany)	0.7%	11.2%	18,629.6
CAC 40 (France)	0.3%	9.0%	8,018.3
FTSE MIB (Italy)	0.7%	14.5%	34,744.6
IBEX 35 (Spain)	0.7%	15.3%	11,400.1
MOEX Index (Russia)	-3.3%	2.5%	3,110.6

Asia/Pacific (Last Night)	% chg.	%YTD	Value
Nikkei 225 (Japan)	1.1%	17.2%	38,923.0
Hang Seng (Hong Kong)	1.8%	9.3%	18,403.0
Korea Kospi 100	1.7%	1.8%	2,682.5
Singapore STI	0.4%	6.2%	3,348.9
Shanghai Comp. (China)	-0.3%	3.5%	3,078.5
Bombay Sensex (India)	3.4%	6.5%	76,468.8
S&P/ASX 200 (Australia)	0.8%	4.6%	7,761.0

Global	% chg.	% YTD	Value
MSCI All-Country World Idx	0.6%	9.1%	785.5

Developed International	% chg.	%YTD	Value
MSCI EAFE	0.7%	7.5%	2,355.7

Emerging International	% chg.	%YTD	Value
MSCI Emerging Mkts	-0.9%	3.5%	1,049.0

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	0.6%	20.9%	296.2
Consumer Discretionary	0.2%	0.7%	1,423.5
Consumer Staples	1.5%	9.2%	824.2
Energy	2.5%	12.4%	708.0
Financials	1.4%	11.1%	691.3
Health Care	1.4%	5.8%	1,670.9
Industrials	1.2%	8.8%	1,042.9
Materials	1.1%	7.3%	575.3
Real Estate	1.9%	-4.4%	238.0
Technology	0.0%	17.3%	3,972.2
Utilities	1.7%	15.8%	367.5

Equity Income Indices	% chg.	% YTD	Value
JPM Alerian MLP Index	1.5%	8.7%	276.4
FTSE NAREIT Comp. TR	1.9%	-4.3%	22,893.1
DJ US Select Dividend	1.9%	7.2%	3,218.9
DJ Global Select Dividend	0.6%	7.1%	231.1
S&P Div. Aristocrats	1.8%	3.6%	4,426.5

Bond Indices	% chg.	% YTD	Value
Barclays US Agg. Bond	0.4%	-1.6%	2,126.5
Barclays HY Bond	0.2%	1.6%	2,520.3

Commodities Futures & Spot (Intra-day)	% chg.	% YTD	Value
CRB Raw Industrials	-0.3%	2.6%	557.7
NYMEX WTI Crude (p/bbl.)	0.2%	7.6%	77.1
ICE Brent Crude (p/bbl.)	0.2%	5.5%	81.3
NYMEX Nat Gas (mmBtu)	3.9%	6.9%	2.7
Spot Gold (troy oz.)	0.2%	13.0%	2,331.1
Spot Silver (troy oz.)	0.0%	27.7%	30.4
LME Copper (per ton)	-0.9%	17.1%	9,913.4
LME Aluminum (per ton)	-1.9%	11.2%	2,607.1
CBOT Corn (cents p/bushel)	-0.3%	-10.0%	444.8
CBOT Wheat (cents p/bushel)	1.3%	6.4%	687.3

Foreign Exchange (Intra-day)	% chg.	% YTD	Value
Euro (€/$)	-0.1%	-1.8%	1.08
British Pound (£/$)	-0.1%	0.0%	1.27
Japanese Yen ($/¥)	0.4%	-10.0%	156.67
Australian Dollar (A$/$)	0.0%	-2.3%	0.67
Canadian Dollar ($/C$)	-0.1%	-2.9%	1.36
Swiss Franc ($/CHF)	0.1%	-6.7%	0.90

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.

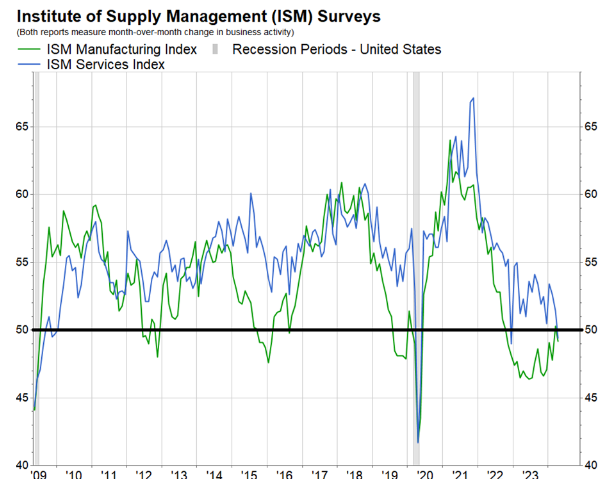
The Week Ahead:

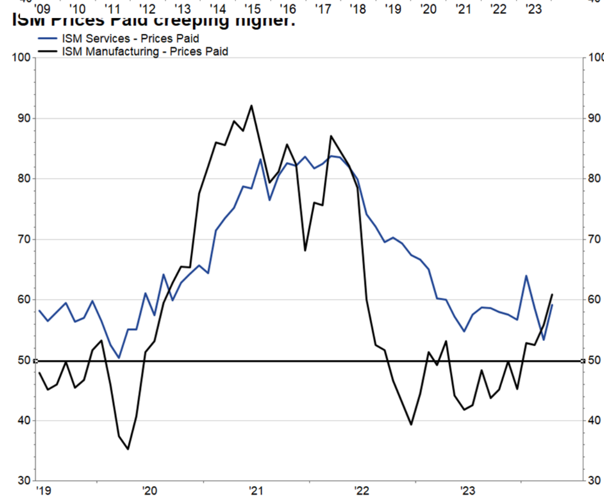
Russell T. Price, CFA, Chief Economist

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

- **Q1 Earnings Update:** There was very limited change in actual or expected Q1 earnings over the last week. S&P 500 **earnings per share (EPS) growth is currently seen as being 6.0% higher than year-ago levels in the period on sales growth of about 4.3%**. At the end of Q1, analyst consensus estimates were looking for EPS growth of 3.0% on sales growth of 3.1%. If the final EPS growth figure holds above +5.0% it will be the best pace of expansion since Q2-2022.

- **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 of late (relative to potential Fed policy decisions), Friday's Labor Department release will again be seen as very influential.
- **May ISM Manufacturing Index:** The Institute of Supply Management's (ISM) Manufacturing Index slipped back into contraction territory in April (49.2) after having seen its first expansionary reading in 17 months in March (50.2). The ISM measures (Manufacturing and Services) are diffusion indices with a breakeven level of 50. Readings above 50 indicate month-over-month expansion in the respective sector while numbers below suggest contraction m/m.
- A consensus of forecasters as surveyed by Bloomberg look for the Manufacturing Index to post a reading of 49.6 with today's release for May. We believe there could be room added downside given the ongoing production disruptions at one of the nation's largest manufacturers, Boeing and its suppliers.
- **May ISM Services Index:** The ISM Manufacturing Index's sister report covering the broad services side of the economy is due out on Thursday. Here, conditions are somewhat reversed relative to manufacturing. As seen in the first chart at right, the Services sector recorded its first contractionary reading in April (49.4) following 15 straight months of expansion. The Bloomberg consensus looks for the measure to have returned to expansion mode in May with a predicted reading of 51.0.
- **May Employment Report:** Did April's nonfarm payroll weakness indicate the start of a softer labor landscape? In April, the Labor Department reported 175,000 net new payroll positions to have been created. For the first time in many months this was below the forecast level as indicated by the Bloomberg consensus which was at 240,000.
- Forecasters have been predicting a weakening of net new hiring for more than a year. Indeed, overall labor market data continues to suggest a limited number of individuals still on the sidelines and available to be brought back into the fold. Friday's number will closely examined as to consider it the April number was a true turning point or just a temporary slip below the 200,000 level.
- Forecasters as surveyed by Bloomberg estimate May employment to have grown by 190,000 net new jobs. To put this in perspective, in 2019 (pre-pandemic) average monthly job creation was +167,000, a pace that produced a year-ending unemployment rate of 3.6%.
- The April unemployment rate, meanwhile, is expected to remain steady at 3.9%. A slight uptick in the rate to about 4% would likely be greeted warmly by equity markets given that it would be seen as supportive of weaker wage pressures and thus the possibility of more Fed rate cuts this year than is currently assumed.
- Finally, forecasters currently see Average Hourly Earnings (AHE) to have grown by 0.3% m/m (up from the April reported rate of +0.2%). *The charts below are sourced from FactSet.*





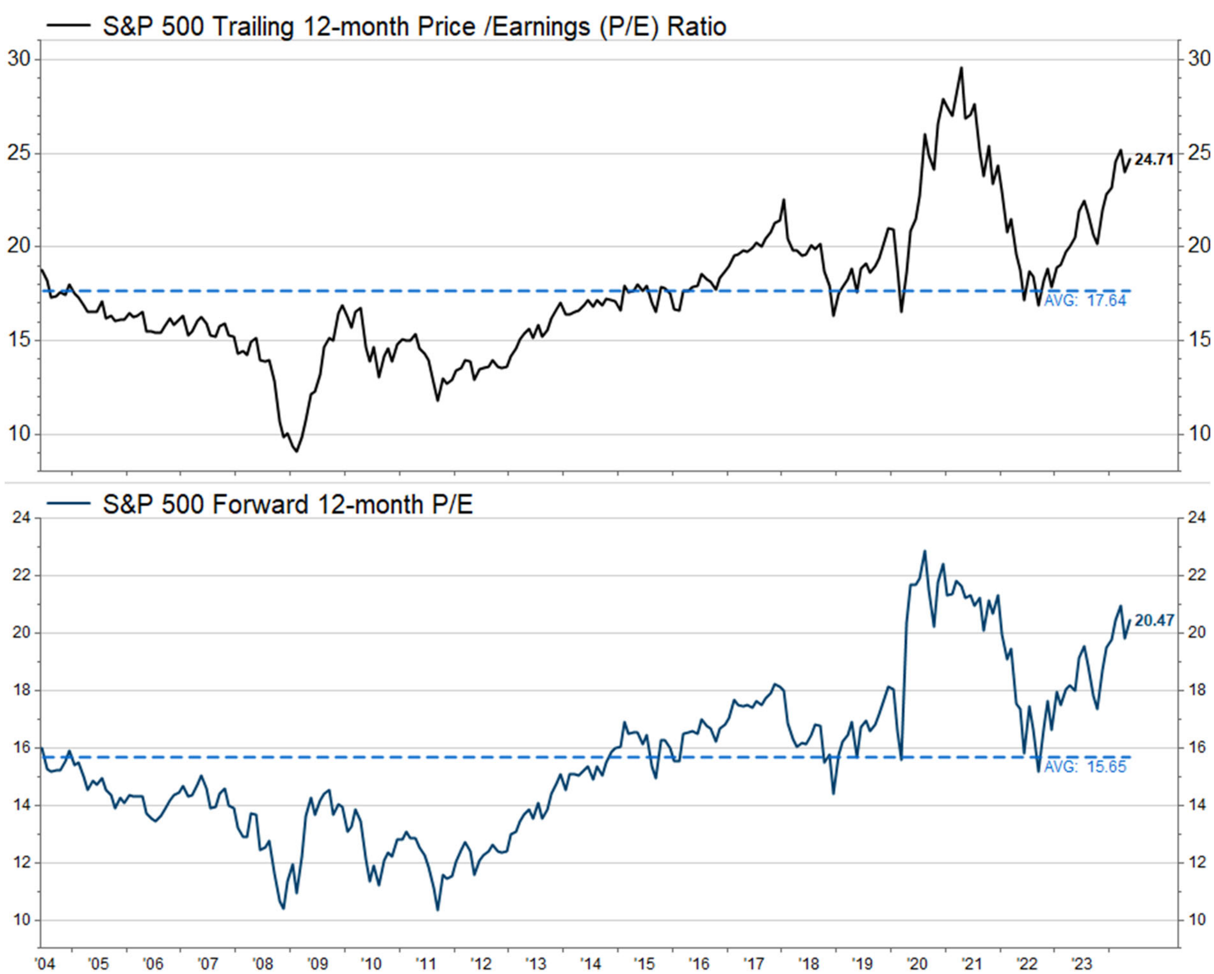
The calendar below is sourced from American Enterprise Investment Services Inc.

June 3	4	5	6	7
Construction Spending	**JOLTS / Job Openings**	**ADP Employment Estimate**	**Initial Jobless Claims**	**Employment Report**
ISM Manufacturing Index	**Factory Orders**	**ISM Services Index**	**Challenger Layoff Notices**	**Wholesale Inventories**
U.S. Auto Sales	*Services PMI - China*	*Services PMI - Eurozone*	**Trade Balance**	**Consumer Credit**
Manufacturing PMI - China	*Services PMI - Japan*		**Labor Productivity**	*Trade - China*
Inflation - S. Korea			**Unit Labor Costs**	*GDP - Eurozone*
Manufacturing PMI - Eurozone			*Trade - Japan*	
			Monetary Policy - Eurozone	
			Retail Sales - 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*
Please note: 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
6/3/2024	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Est.	Est.	Est.	Est.
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	FY
Quarterly $$ amount				$54.05	$56.65	$55.61	$53.43	$53.34	$54.52	$58.91	$55.56	$56.49	$59.42	$63.53	$65.24	
change over last week												-$0.01	-$0.07	$0.01	$0.00	$0.01
yr/yr				10.2%	7.3%	3.2%	-3.5%	-1.3%	-3.8%	5.0%	4.0%	5.9%	9.0%	7.8%	17.4%	
qtr/qtr				-2.4%	4.8%	-1.8%	-3.9%	-0.2%	2.2%	8.1%	-5.7%	1.7%	5.2%	6.9%	2.7%	
Trailing 4 quarters $$	$163.13	$140.46	$210.86	$216.10	$219.95	$221.69	$219.74	$219.03	$216.90	$220.20	$222.33	$225.48	$230.38	$235.00	$244.68	$278.89
yr/yr % change	1.0%	-13.9%	50.1%				4.2%				1.2%				10.1%	14.0%
Implied P/E based on a S&P 500 level of: 5278												23.4	22.9	22.5	21.6	18.9

Economic News and Views:

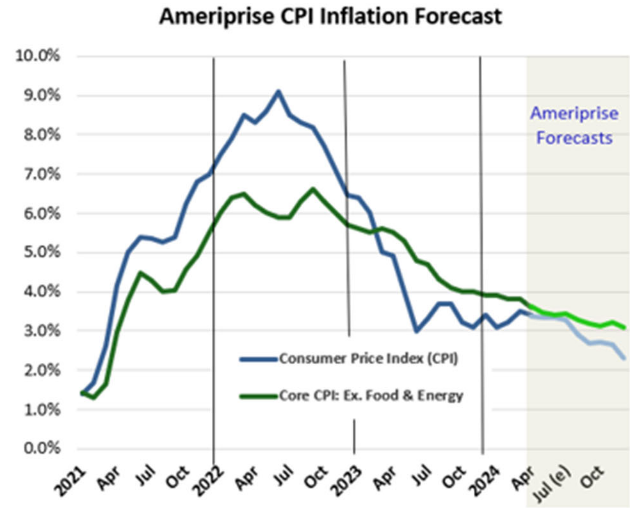
Russell T. Price, CFA – Chief Economist

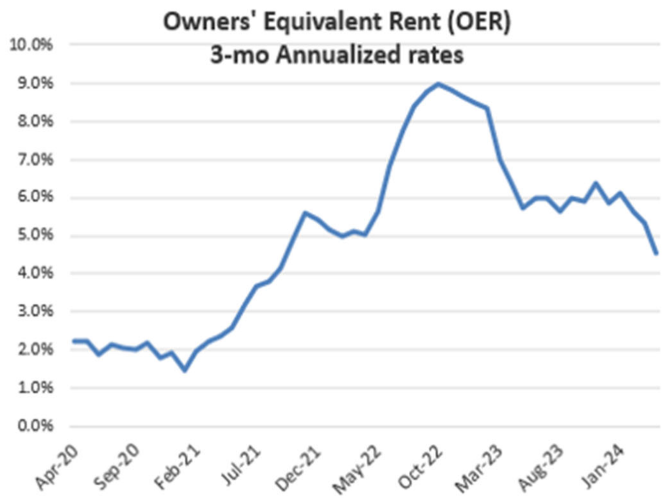
Releases for Monday June 3, 2024 — **All times Eastern. Consensus estimates via Bloomberg**

Time	Period	Release	Consensus Est.	**Actual**	Prior	Revised to
10:00 AM	MAY	ISM Manufacturing Index	49.6		49.2	
10:00 AM	MAY	ISM Prices Paid	59.5		60.9	
10:00 AM	MAY	ISM New Orders	49.6		49.1	
10:00 AM	MAY	ISM Employment	49.6		48.6	
N/A	MAY	Light Vehicle Sales (annualized)	15.8M		15.7M	

Commentary:

- **Updating our inflation outlook following last week's inflation data.** Inflation data for the month of May was generally as expected, but monthly rates were still stronger than what it would take to get either the Consumer Price Index (CPI) or Personal Consumption Expenditures Index (PCE) down to the Fed's desired target of around 2.0%.
- On Friday, the Commerce Department released its Consumer Spending report for the month of May. The report is particularly important as it also produces the Federal Reserve's preferred measure of inflation, the Personal Consumption Expenditures (PCE) Deflator. Specifically, the Fed prefers the 'Core' rate which excludes the volatility offered by the food and energy components.
- The Core PCE number for May showed month-over-month (m/m) and (y/y) rates that were both in line with forecast estimates. M/m the core rate was up 0.22% (its slowest pace since December) equating to a y/y gain of +2.8%. As has been the case over the last few quarters, nearly all of the upside came from the Services sector where prices were 0.25% higher in the month and +3.9% versus year-ago levels. Goods prices were almost flat with year-ago levels (+0.1%) but were a much "hotter" +0.22% higher m/m.
- Looking forward, we believe broad inflation measures should continue to see a deceleration trend in the months ahead particularly as shelter costs continue to ease (see chart at bottom right). Inflation measures could look quite good when released for May. Gasoline prices were basically flat in the month versus a historical norm of +3.6% m/m. By our calculation this should shave about 0.2 percentage points from the headline CPI figure for the month. Very importantly, the chart at right below depicts the 3-month, annualized rate of growth in the CPI report's Owners' Equivalent Rent (OER), thus showing its recent improvement trend. *The charts below are sourced from Labor Department and AEIS Inc.*





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%	1.3%	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 30, 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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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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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.

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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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