Before the Bell

An Ameriprise Investment Research Group Publication

July 2, 2024

Starting the Day

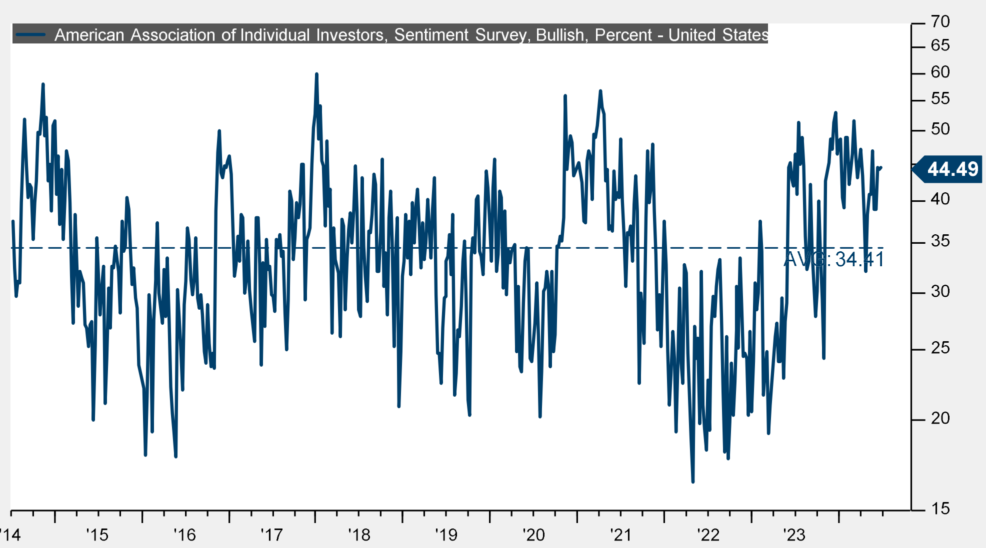
- U.S. futures are pointing to a lower open.
- European markets are trading lower at midday.
- Asian markets ended mixed, but mostly lower.
- Bullish sentiment above its long-term average.
- The 10-year Treasury yield jumps nearly 20 basis points.
- 10-year Treasury yield at 4.43%.
- West Texas Intermediate (WTI) oil is trading at $84.11.
- Gold is trading at $2,333.20

Market Perspectives

Anthony Saglimbene, Chief Market Strategist

Checking in on investor sentiment. Yesterday, we ran through a review of market and economic conditions in the first half. In addition, we briefly touched on the conditions that may keep stock prices moving higher in the second half or, conversely, challenge markets should those conditions evolve differently than the expected soft-landing narrative implies. Interestingly, recent reads on consumer confidence have been cautiously optimistic, particularly on present conditions versus expectations. Yet, the guarded optimism among consumers about today has been tempered by rising/continued concerns about their personal financial conditions and job prospects for tomorrow. And while inflation expectations among consumers appear well-anchored, the cumulative effects of years of rising prices have weighed on sentiment regarding the future, particularly among lower-to-middle-end consumers. That said, investor sentiment has risen sharply since the October/November lows and following the dip in April, with bullish sentiment in the *American Association of Individual Investors (AAII) Survey* finishing the first half of the year well above its long-term average. As the *FactSet* chart above helps demonstrate, bullish sentiment among retail investors can be quite volatile, making it difficult to assign a forward narrative for stocks based on where sentiment stands at any one point in time. However, with rising stock prices, an artificial intelligence boom, a stable economic backdrop, and expectations of improving profits this year, it's not hard to see why investor confidence is a little more bullish about the future compared to consumers. Yet, with bearish sentiment in the survey on the lower end of historical averages (see *FactSet* chart

Bullish sentiment starts the second half above its long-term average 10-Year



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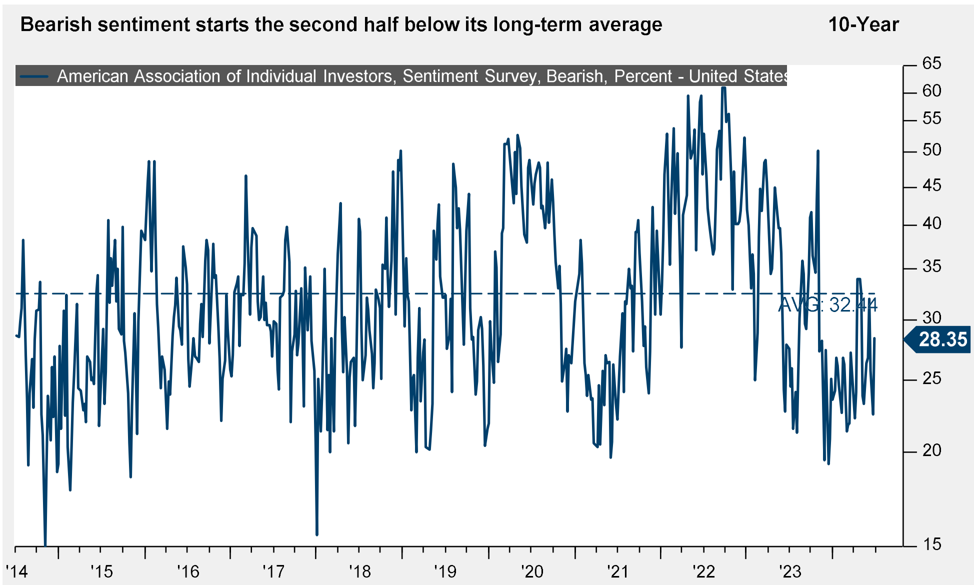
below), it may not be a bad idea to maintain a cautiously optimistic view at the start of Q3, given investor sentiment and stock prices can bounce around over the short term. Notably, bullish sentiment starts the second half lower than where it entered the year, while bearish sentiment has risen since the start of the year. Meaning after all the noise from week-to-week changes and longer-term averages for reference, bullish sentiment ended the first half lower than where it started, and bearish sentiment ended higher. Something to note as the second half gets rolling. **For a deeper dive into how to navigate tactical asset allocations at the start of the third quarter, please refer to the latest *Tactical Asset Allocation Update (TAAU)* report for more details.**



U.S. Premarket Indicators / Overnight International Market Activity

United States:

Here is a quick news rundown to start your morning:

- **Stocks are pointing to a slightly lower open.** Coming off some small gains on Monday to start the third quarter, stocks are looking at a slightly lower open this morning. Investors and market pundits continue to search for clues about the near-term direction of stocks after such a strong first half. The S&P 500 Index rose over +15% in the first six months of this year. This morning, the May Job Openings and Labor Turnover Survey (JOLTS) will grab investor's attention. In April, job openings fell by nearly 300,000 to 8.05 million open roles, the lowest level since February 2021. Notably, the 10-year U.S. Treasury yield has risen roughly twenty basis points in two sessions despite cooling PCE inflation and a weaker-than-expected June ISM manufacturing read yesterday. Increasing market odds of a Republican sweep in November following last Thursday's presidential debate and French election uncertainty are some of the reasons behind the rate move. For example, Republican control of the White House and Congress increases the odds that expiring provisions in the 2017 Tax Cut and Jobs Act could be extended "as is." Yields are moving higher in part because tax cut extensions, increased tariffs, and stiffer immigration standards have the potential to increase deficit spending and put upward pressures on inflation.

Europe:

A preliminary look at June Eurozone consumer inflation shows headline CPI declined to +2.5% y/y from +2.6% in May. Eurozone Core CPI (ex-food and energy) remained unchanged at +2.9% y/y last month. The release leaves European Central Bank (ECB) policy likely unchanged, with officials recently signaling a slow and steady approach to further rate cuts given mixed signals in the economy.

Asia-Pacific:

With economic activity and domestic demand slowing in China over the second quarter, calls for further deflationary pressures in the second half have increased. Notably, geopolitical frictions with the West, ongoing U.S. tariffs, and the potential threat of "increased" tariffs following the U.S. election keep uncertainty high around China's growth path, particularly as the country/officials struggle with a slowly deflating property bubble.

WORLD CAPITAL MARKETS

7/2/2024 As of: 8:30 AM ET

Americas	% chg.	% YTD	Value
S&P 500	0.3%	15.6%	5,475.1
Dow Jones	0.1%	4.9%	39,169.5
NASDAQ Composite	0.8%	19.6%	17,879.3
Russell 2000	-0.9%	0.9%	2,030.1
Brazil Bovespa	0.7%	-7.1%	124,718
S&P/TSX Comp. (Canada)	-0.3%	6.1%	21,875.8
Russell 3000	0.2%	13.7%	3,104.1

Europe (Intra-day)	% chg.	%YTD	Value
DJSTOXX 50 (Europe)	-1.0%	10.8%	4,878.4
FTSE 100 (U.K.)	-0.4%	7.5%	8,133.8
DAX Index (Germany)	-1.2%	7.9%	18,079.0
CAC 40 (France)	-0.9%	2.1%	7,493.1
FTSE MIB (Italy)	-1.2%	9.8%	33,322.8
IBEX 35 (Spain)	-1.8%	10.4%	10,861.5
MOEX Index (Russia)	3.2%	3.4%	3,123.4

Asia/Pacific (Last Night)	% chg.	%YTD	Value
Nikkei 225 (Japan)	1.1%	20.8%	40,074.7
Hang Seng (Hong Kong)	0.3%	6.6%	17,769.1
Korea Kospi 100	-0.8%	5.6%	2,780.9
Singapore STI	0.9%	6.8%	3,367.9
Shanghai Comp. (China)	0.1%	0.7%	2,997.0
Bombay Sensex (India)	0.0%	10.9%	79,441.5
S&P/ASX 200 (Australia)	-0.4%	4.1%	7,718.2

Global	% chg.	% YTD	Value
MSCI All-Country World Idx	0.2%	11.8%	803.8

Developed International	% chg.	%YTD	Value
MSCI EAFE	0.2%	6.0%	2,319.9

Emerging International	% chg.	%YTD	Value
MSCI Emerging Mkts	0.1%	7.8%	1,087.4

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	0.1%	26.8%	310.5
Consumer Discretionary	0.7%	6.4%	1,503.1
Consumer Staples	-0.7%	8.2%	814.3
Energy	0.0%	11.0%	698.4
Financials	0.2%	10.4%	685.8
Health Care	-0.6%	7.2%	1,690.8
Industrials	-1.1%	6.6%	1,020.6
Materials	-1.5%	2.5%	547.9
Real Estate	-1.0%	-3.4%	238.8
Technology	1.3%	29.9%	4,397.5
Utilities	-0.7%	8.7%	344.0

Equity Income Indices	% chg.	% YTD	Value
JPM Alerian MLP Index	0.7%	14.3%	290.7
FTSE NAREIT Comp. TR	-0.9%	-3.1%	23,180.4
DJ US Select Dividend	-0.5%	4.5%	3,137.4
DJ Global Select Dividend	-0.5%	3.7%	221.6
S&P Div. Aristocrats	-1.0%	1.1%	4,320.6

Bond Indices	% chg.	% YTD	Value
Barclays US Agg. Bond	-0.6%	-1.3%	2,134.2
Barclays HY Bond	-0.1%	2.4%	2,540.6

Commodities Futures & Spot (Intra-day)	% chg.	% YTD	Value
CRB Raw Industrials	0.1%	2.5%	557.1
NYMEX WTI Crude (p/bbl.)	0.7%	17.2%	84.0
ICE Brent Crude (p/bbl.)	0.7%	13.1%	87.2
NYMEX Nat Gas (mmBtu)	-1.0%	-2.4%	2.5
Spot Gold (troy oz.)	-0.5%	12.5%	2,320.8
Spot Silver (troy oz.)	-0.7%	22.9%	29.2
LME Copper (per ton)	0.3%	12.0%	9,482.8
LME Aluminum (per ton)	-0.6%	5.4%	2,471.7
CBOT Corn (cents p/bushel)	0.6%	-16.0%	423.0
CBOT Wheat (cents p/bushel)	-1.1%	-11.0%	583.8

Foreign Exchange (Intra-day)	% chg.	% YTD	Value
Euro (€/$)	-0.2%	-2.9%	1.07
British Pound (£/$)	0.0%	-0.6%	1.27
Japanese Yen ($/¥)	-0.1%	-12.7%	161.61
Australian Dollar (A$/$)	-0.2%	-2.4%	0.66
Canadian Dollar ($/C$)	0.0%	-3.6%	1.37
Swiss Franc ($/CHF)	-0.1%	-6.9%	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.

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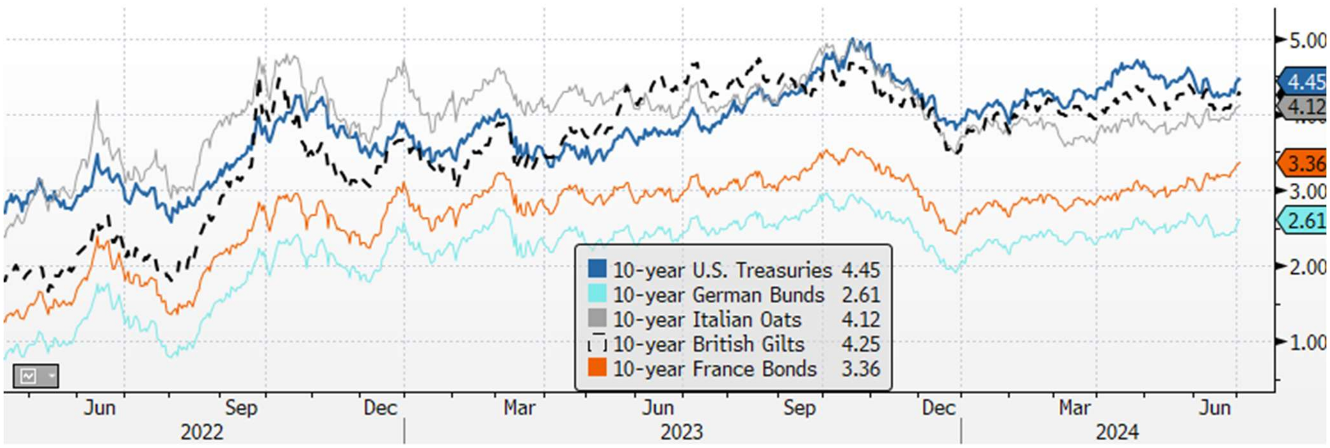
Fixed Income Market Perspectives

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

Populist elections in Europe push government bond yields higher: The shift in voter sentiment in Italy and France has pushed their respective sovereign debt yields higher since early June. Key to the populist shift have been positions more independent of E.U. fiscal limits and supportive of further spending. We look back to the 2022 election of Liz Truss in Britain as an example of staunch bond market resistance to excessive spending when growth remained strong. At that time, 10-year British bond yields rose from 1.86% on August 1 to 4.50% on September 27, forcing debt service and fiscal discipline back into the conversation.

Voter Surge of Populist Political Leaders Lifts Sovereign Debt Yields in June
Yield in %



Source: Bloomberg. L.P.

We see the widening spread to 10-year German Bund yields as highlighting the divide between the E.U.'s proverbial safe haven and those potentially facing a shift to more populist leadership. The recent rise in the spread between French 10-year bonds and German 10-year Bunds highlights the divergence well, with a spread of 82 basis points last Thursday, setting the widest level since 2012 amidst the debt crisis on the periphery of the Eurozone.

Eurozone Debt Spread to German Bunds
10-year sovereign comparison

Source: Bloomberg L.P.

Treasury yields higher here at home too: Here in the U.S. Treasury yields have stepped higher over the past few trading sessions as well. Bond market's favorite election outcome is gridlock in Washington. A divided Congress or divides between the White House and a party's control of Congress point to a low propensity for big spending on either party's favorite issues, which waylays government bondholder concern over further fiscal deficits and adding to the nation's debt load. Over the past week, markets have contemplated a potential sweep by Republicans that could bring spending to the forefront. Partly spurred by outcomes in European politics, U.S. government bond investors recognize that debt and deficits can quickly move to the forefront as defining issues for politicians, especially once the country's creditors get a proverbial vote in what increased spending may cost a nation.

Coming into the year, we anticipated that the debt ceiling, which expires in January, and our nation's debt level would remain on the side-line through the election as politicians sought to keep fiscal discipline out of the news through the election. It's clear to us now that with the shift further across the spectrum of populism for leaders in Europe, debt levels and deficit spending may move into the mix of factors driving the direction for yields. Our expectation that Treasury yields would follow inflation lower may prove optimistic if that is the case. Regardless, we continue to see current inflation-adjusted yields for fixed income as attractive for long-term investors, even if concerns over debt levels mute price returns to a degree.

Intermediate Treasury Yields Over the Past Week
Yield in %

Source: Bloomberg L.P.

Economic News and Views:

Russell T. Price, CFA – Chief Economist

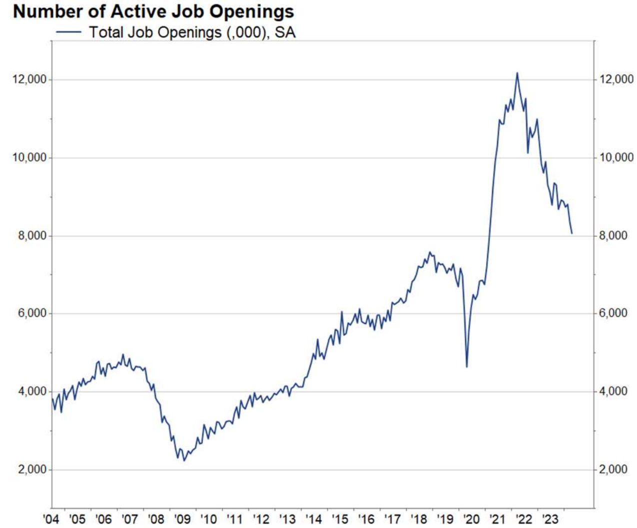
Releases for Tuesday July 2, 2024 | **All times Eastern. Consensus estimates via Bloomberg**

Time	Period	Release	Consensus Est.	**Actual**	Prior	Revised to
10:00 AM	MAY	Job Openings	7.864M		8.059M	
NA	JUN	U.S. Light Vehicle Sales (annualized)	15.9M		15.8M	

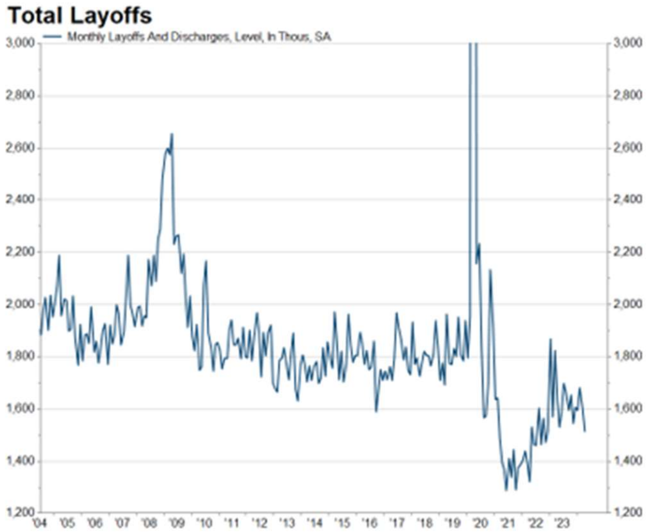
Commentary:

- **Job Openings could be a signal for Friday's Employment Report.** The Labor Department will release its latest Job Openings and Labor Turnover (JOLTs) report at 10 AM ET this morning.
- The report is expected to show a further decline in the overall number of active job openings. Any change would follow fairly steep declines over the prior two months. In April, the report showed 8.06 million openings, approximately 9% below the 8.81 million reported just two months earlier (February) and an acceleration of the slowing trend already in place.
- Although today's Openings report is for the month of May, it still provides a good indication of the demand for labor coming into the month of June. Additionally, recall that the Establishment Survey of the Employment Report (which gives us the nonfarm payroll figure) is conducted during the week that contains the 12th of each the month. As such, the monthly reports are actually a reflection on hiring over the final two weeks of the preceding month and the first two weeks of the reported month.

Number of Active Job Openings



- As seen in the charts below, layoff activity remains well below pre-pandemic averages, thus indicating a healthy job market. However, the number of people quitting their job has also steadily declined which is often an indicator of the number of people getting new jobs or how people feel about their ability to secure a new position if they quit. *All charts shown here are sourced from FactSet.*



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%	2.1%	1.8%	2.1%	4.9%	3.4%	1.4%	1.4%	2.5%	1.9%
Unemployment Rate	3.6%	3.7%	4.1%	4.2%	3.6%	3.8%	3.7%	3.8%	3.9%	4.1%	4.1%
CPI (YoY)	8.0%	3.4%	2.6%	2.0%	3.0%	3.7%	3.4%	3.5%	3.1%	2.7%	2.6%
Core PCE (YoY)	5.2%	2.9%	2.4%	2.0%	4.3%	3.6%	2.9%	2.8%	2.6%	2.5%	2.4%

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: July 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**

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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The Ameriprise Investment Research Group

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As of March 31, 2024

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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.

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.

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An index is a statistical composite that is not managed. It is not possible to invest directly in an index.

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