Before the Bell

An Ameriprise Investment Research Group Publication

July 26, 2024

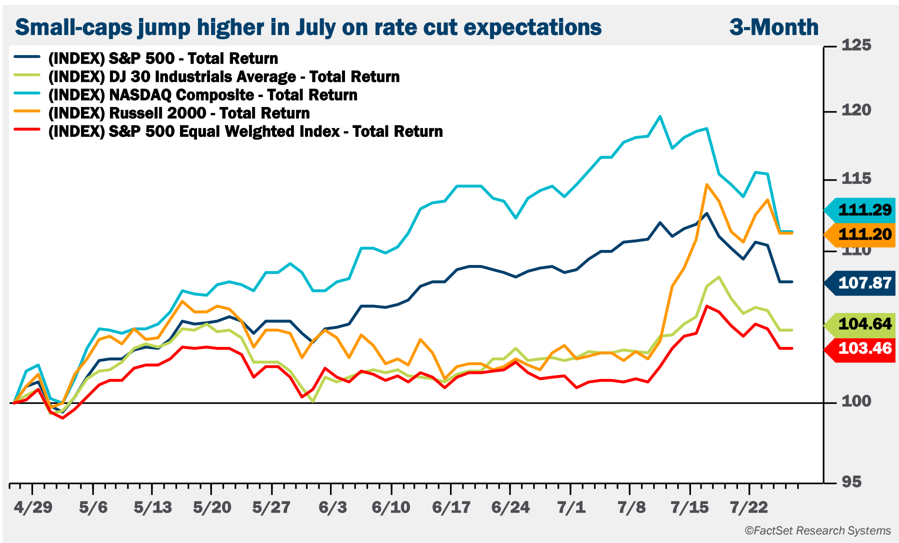
Starting the Day

- U.S. futures are pointing to a stronger open.
- European markets are trading mostly higher at midday.
- Asian markets ended mostly higher.
- The latest QCMD and QCMM reports are now available.
- June core PCE rises +2.6% y/y.
- 10-year Treasury yield at 4.23%.
- West Texas Intermediate (WTI) oil is trading at $77.97.
- Gold is trading at $2,372.00

Market Perspectives

Anthony M. Saglimbene, Chief Market Strategist

Quarterly Capital Market Updates: Some selling pressure across Big Tech in July and a little rotation into areas of the market that struggled to keep pace with the S&P 500 Index in the first half have colored the market environment at the start of the second half. Additionally, a few wild weeks in American politics ahead of November's U.S. election have also suddenly grabbed investors' attention in July.



Notably, inflation is cooling, the economy is growing, second quarter profits are tracking for double-digit year-over-year gains, and the Federal Reserve is on pace to cut rates in September. While markets could face bouts of volatility in the second half, we believe fundamental conditions remain conducive for stocks and bonds to finish the year higher.

Below is a snapshot view of the tactical highlights for Q3:

The Macro Environment: In the U.S. and Europe, economic and inflation conditions are in better balance. This should allow central bankers the opportunity to gradually ease restrictive monetary policies in the second half, which could help maintain positive but slower economic momentum.

The Fundamentals: In the U.S., economic activity is normalizing, corporate profits are growing, and consumer and business fundamentals are sound. Current conditions support a generally balanced view of risks and opportunities, in our view.

The Portfolio: Favor U.S. assets, focusing on secular growth opportunities. Ensure the portfolio is properly allocated to other cyclical areas that haven't kept pace with this year's stock rally. Look to move excess cash earmarked for investment into high-quality fixed-income and stocks if allocations have drifted away from strategic/tactical targets. Use potential pullbacks/volatility to invest or to dollar-cost average into existing holdings.

For a deeper dive into our market outlook and asset allocation views, please refer to the latest edition of the Quarterly Capital Market Digest (QCMD) report. Also, please refer to the recently updated Quarterly Capital Market Monitor (QCMM) deck for a quick-hitting visual walkthrough of current market/economic trends.

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 positive open.** Major U.S. stock benchmarks finished mixed on Thursday, with the S&P 500 Index and NASDAQ Composite finishing lower and the Russell 2000 Index climbing higher. For the week, the S&P 500 and NASDAQ are on pace for losses, while the Russell 2000 and Dow Jones Industrials Average are bucking the trend and could finish the week with gains. Notably, Communication Services and Information Technology are each down more than 3.5% over the last five trading days and down meaningfully month-to-date. Comm Services is on track for its worst month since December 2022, while Info Tech is on pace for its worst month since April. Microsoft, Apple, Amazon.com, and Meta Platforms all report second quarter profit results next week, representing roughly one-third of the NASDAQ by market-cap weight. If investors thought this week was volatile for Big Tech, buckle up for next week. A Fed meeting and the July nonfarm payrolls report next week will also keep investors very busy. This morning, the Federal Reserve's preferred measure of inflation, the Core Personal Consumption Expenditure Price Index, is in focus.
- **Earnings Update:** With roughly 40% of S&P 500 second quarter reports complete, blended earnings per share (EPS) growth is higher by approximately +9.6% year-over-year on revenue growth of +5.0%.

Europe:

The European Central Bank (ECB) is expected to cut its key policy rate for a second time in September following last week's pause. The recent release of the ECB's consumer expectations survey for June showed little change in inflation expectations. Over the next 12 months, European consumers see inflation at +2.8% y/y, unchanged from May, which was the lowest level since September 2021.

Asia-Pacific:

Tokyo core CPI rose +2.2% y/y in July, matching estimates and coming in a tick lower than June's +2.1% level. Core CPI (ex-food and energy) came in at +1.5% y/y, its lowest level since August 2022. *Reuters* noted that some Bank of Japan (BOJ) governors are expected to support a rate hike at next week's BOJ policy meeting. That said, earlier reports suggest some members of the BOJ remain cautious about raising rates too quickly and want to monitor wage and consumption trends before tightening policy further.

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WORLD CAPITAL MARKETS

7/26/2024 **As of: 8:30 AM ET**

Americas	% chg.	% YTD	Value
S&P 500	-0.5%	14.1%	5,399.2
Dow Jones	0.2%	7.1%	39,935.1
NASDAQ Composite	-0.9%	14.9%	17,181.7
Russell 2000	1.3%	10.5%	2,223.0
Brazil Bovespa	-0.4%	-6.1%	125,954
S&P/TSX Comp. (Canada)	-0.1%	9.8%	22,608.0
Russell 3000	-0.3%	13.1%	3,085.7

Europe (Intra-day)	% chg.	%YTD	Value
DJSTOXX 50 (Europe)	1.0%	10.5%	4,859.2
FTSE 100 (U.K.)	0.9%	9.1%	8,256.0
DAX Index (Germany)	0.5%	9.8%	18,385.5
CAC 40 (France)	0.9%	2.1%	7,493.5
FTSE MIB (Italy)	0.2%	11.5%	33,846.7
IBEX 35 (Spain)	-0.1%	13.8%	11,137.8
MOEX Index (Russia)	#VALUE!	#VALUE!	#N/A N/A

Asia/Pacific (Last Night)	% chg.	%YTD	Value
Nikkei 225 (Japan)	-0.5%	13.5%	37,667.4
Hang Seng (Hong Kong)	0.1%	3.1%	17,021.3
Korea Kospi 100	0.8%	3.8%	2,731.9
Singapore STI	-0.1%	8.6%	3,426.5
Shanghai Comp. (China)	0.1%	-2.8%	2,890.9
Bombay Sensex (India)	1.6%	13.6%	81,332.7
S&P/ASX 200 (Australia)	0.8%	6.9%	7,921.3

Global	% chg.	% YTD	Value
MSCI All-Country World Idx	-0.7%	11.0%	796.8

Developed International	% chg.	%YTD	Value
MSCI EAFE	-1.5%	6.3%	2,325.5

Emerging International	% chg.	%YTD	Value
MSCI Emerging Mkts	-0.8%	6.9%	1,074.0

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	-1.9%	17.8%	287.9
Consumer Discretionary	-0.4%	3.4%	1,460.1
Consumer Staples	0.0%	11.0%	833.5
Energy	1.5%	11.6%	702.3
Financials	0.3%	14.6%	711.3
Health Care	-0.6%	10.2%	1,736.1
Industrials	0.8%	9.7%	1,050.5
Materials	0.3%	5.9%	566.1
Real Estate	-0.6%	1.8%	251.4
Technology	-1.1%	22.6%	4,148.1
Utilities	-0.9%	13.1%	358.0

Equity Income Indices	% chg.	% YTD	Value
JPM Alerian MLP Index	-0.7%	13.2%	287.9
FTSE NAREIT Comp. TR	-0.7%	2.1%	24,424.9
DJ US Select Dividend	0.5%	11.3%	3,342.9
DJ Global Select Dividend	0.4%	7.4%	229.4
S&P Div. Aristocrats	0.6%	5.5%	4,508.9

Bond Indices	% chg.	% YTD	Value
Barclays US Agg. Bond	0.2%	0.4%	2,170.5
Barclays HY Bond	0.0%	4.2%	2,583.5

Commodities Futures & Spot (Intra-day)	% chg.	% YTD	Value
CRB Raw Industrials	-0.2%	-0.2%	542.7
NYMEX WTI Crude (p/bbl.)	-0.4%	8.8%	77.9
ICE Brent Crude (p/bbl.)	-0.6%	6.3%	81.9
NYMEX Nat Gas (mmBtu)	-0.9%	-19.5%	2.0
Spot Gold (troy oz.)	0.5%	15.2%	2,376.1
Spot Silver (troy oz.)	-0.2%	16.8%	27.8
LME Copper (per ton)	0.3%	6.4%	9,003.5
LME Aluminum (per ton)	-1.6%	-5.6%	2,214.7
CBOT Corn (cents p/bushel)	-0.7%	-17.0%	417.8
CBOT Wheat (cents p/bushel)	-0.2%	-18.2%	536.5

Foreign Exchange (Intra-day)	% chg.	% YTD	Value
Euro (€/$)	0.1%	-1.6%	1.09
British Pound (£/$)	0.1%	1.0%	1.29
Japanese Yen ($/¥)	-0.3%	-8.7%	154.45
Australian Dollar (A$/$)	0.3%	-3.7%	0.66
Canadian Dollar ($/C$)	0.0%	-4.2%	1.38
Swiss Franc ($/CHF)	-0.2%	-4.8%	0.88

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	5.8%	Overweight	2.0%	7.8%
Information Technology	32.5%	Equalweight	-	32.5%
Financials	12.3%	Equalweight	-	12.3%
Health Care	11.7%	Equalweight	-	11.7%
Communication Services	9.4%	Equalweight	-	9.4%
Industrials	8.1%	Equalweight	-	8.1%
Energy	3.6%	Equalweight	-	3.6%
Utilities	2.3%	Equalweight	-	2.3%
Materials	2.2%	Equalweight	-	2.2%
Real Estate	2.1%	Equalweight	-	2.1%
Consumer Discretionary	10.0%	Underweight	-2.0%	8.4%

As of: June 30, 2024

Index weightings represent the respective market capitalization of each sector in the S&P 500 as of 6/30/2024. 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	63.6%	Overweight	2.1%	65.7%
Europe ex U.K.	12.8%	Overweight	2.0%	14.8%
Japan	5.1%	Overweight	1.0%	6.1%
United Kingdom	3.3%	Equalweight	-	3.3%
Latin America	0.8%	Equalweight	-	0.8%
Asia-Pacific ex Japan	10.6%	Underweight	-3.0%	7.6%
Canada	2.7%	Underweight	-1.0%	1.7%
Middle East / Africa	1.1%	Underweight	-1.1%	0.0%

as of: June 30, 2024

Index weightings are based on the regional market capitalizations of the MSCI All-Country World Index as of 06/30/2024. 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:

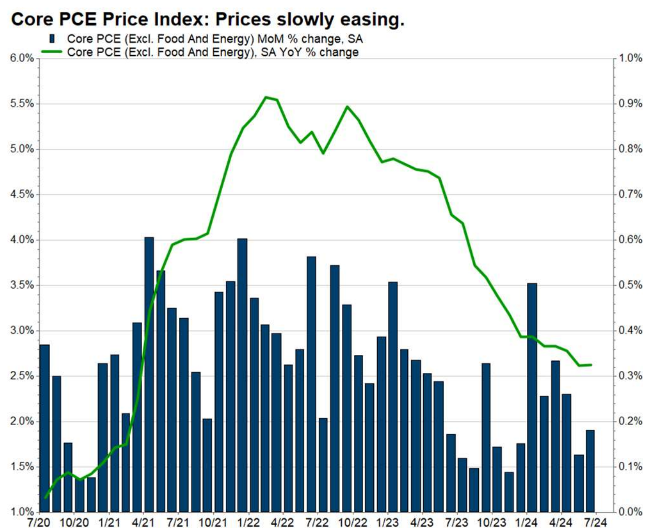
Russell T. Price, CFA – Chief Economist

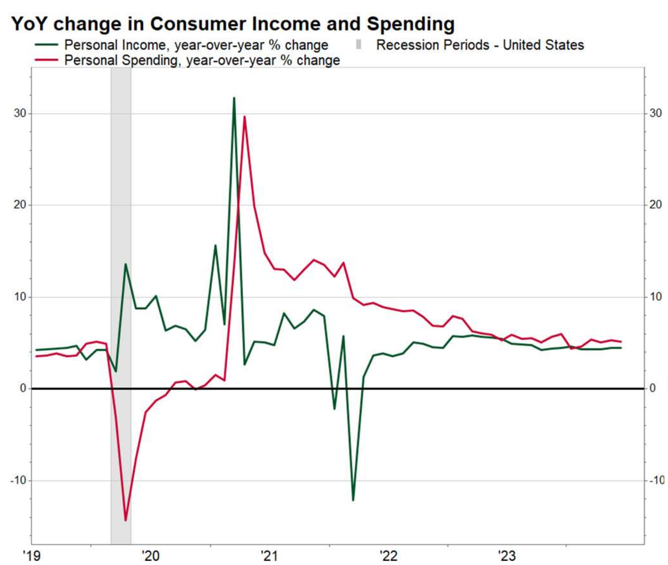
Releases for Friday July 26, 2024 **All times Eastern. Consensus estimates via Bloomberg**

Time	Period	Release	Consensus Est.	**Actual**	Prior	Revised to
8:30 AM	JUN	Personal Income	+0.4%	**+0.2%**	+0.5%	+0.4%
8:30 AM	JUN	Personal Spending	+0.3%	**+0.3%**	+0.2%	+0.4%
8:30 AM	JUN	PCE Deflator (MoM)	+0.0%	**+0.1%**	+0.0%	
8:30 AM	JUN	Core PCE Deflator (MoM)	+0.1%	**+0.2%**	+0.1%	
8:30 AM	JUN	PCE Deflator (YoY)	+2.5%	**+2.5%**	+2.6%	
8:30 AM	JUN	Core PCE Deflator (YoY)	+2.5%	**+2.6%**	+2.6%	
10:00 AM	Jul. F	U. of M. Consumer Sentiment	66.4		66.0	

Commentary:

- **The Fed's preferred inflation measure, the Core Personal Consumption Expenditure (PCE) Price Index remained fairly muted in June, though it came-in a tick stronger than forecasters expected.**
- Most importantly, the Federal Reserve's preferred measure of inflation, Core PCE was a moderately stronger than expected 0.2% higher and was 2.6% higher year-over-year (y/y).
- **Personal income** was a modest 0.2% higher in June after rising 0.4% in May. The most important category of income, wages and salaries, grew 0.3% month-over-month (m/m) and was 4.7% higher on a y/y basis. Total consumer incomes were also a solid 4.5% higher versus year-ago levels.
- **Personal spending**, meanwhile, remained strong with a 5.2% increase over year-ago levels.
- Overall, we continue to see consumers as being in good financial shape and thus in good position to positively support economic growth over the intermediate-term at least. Most metrics of consumer outlays, however, have evidenced some deceleration in recent quarters which we see as a healthy development that should slowly bring income and spending growth rates into balance at sound levels.
- *The charts at right are sourced from FactSet and HAVE been updated to reflect today's release.*
- *CORRECTION: in yesterday's commentary following the release of the Durable Goods report we noted that the sharp decline in the headline number (-6.6% m/m) emanated from the Transports sector and by relation, we believed that it was likely due to a drop in new orders for automobiles given the systems outage at the dealer level late in the month. This was incorrect. As the dollar-level segment details became available, the sharp decline was actually due to a net negative dollar value of new orders in the civilian aircraft industry.*





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Ameriprise Economic Projections

Forecast:	Full-year				Quarterly						
	Actual 2022	Actual 2023	Est. 2024	Est. 2025	Actual Q3-2023	Actual Q4-2023	Actual Q1-2024	Est. Q2-2024	Est. Q3-2024	Est. Q4-2024	Est. Q1-2025
Real GDP (annualized)	1.9%	2.5%	2.1%	1.8%	4.9%	3.4%	1.4%	2.8%	2.5%	1.8%	2.1%
Unemployment Rate	3.6%	3.7%	4.4%	4.2%	3.8%	3.7%	3.8%	4.1%	4.2%	4.4%	4.3%
CPI (YoY)	8.0%	3.4%	2.6%	2.0%	3.7%	3.4%	3.5%	3.0%	2.7%	2.6%	2.4%
Core PCE (YoY)	5.2%	2.9%	2.4%	2.0%	3.6%	2.9%	2.8%	2.6%	2.5%	2.4%	2.3%

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 25, 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:	5,900	5,750	5,000
10-Year U.S. Treasury Yield:	4.00%	3.75%	3.00%
Fed Funds Target Range:	4.50% to 4.75%	4.75% to 5.00%	4.25% to 4.50%

Estimates (Est.) via American Enterprise Investment Services Inc.

Please see latest *Quarterly Capital Market Digest* for more information. **Last Updated: July 8, 2024**

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Ameriprise Global Asset Allocation Committee Tactical Asset Class Views

As of 6/30/24

	Overweight	Equalweight	Underweight
Equity	• U.S. Large Cap Growth • Developed Foreign Equity	• U.S. Large Cap Value • 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	• Europe ex U.K. • Japan • United States	• Latin America • United Kingdom	• Asia-Pacific ex Japan • Canada • Middle East / Africa
Fixed Income	• U.S. Government • U.S. Inv. Grd Corporate	• Developed Foreign Bond	• Emerging Foreign Bond • High Yield Bond
Alternatives		• Real Assets	• Alternative Strategies
Cash		• Cash	

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 June 30, 2024

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Risk Factors

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.

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.

Investing in **derivatives** is a specialized activity that involves special risks that subject the fund to significant loss potential, including when used as leverage, and may result in greater fluctuation in fund value.

Diversification and **Asset Allocation** do not assure a profit or protect against loss.

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.

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.

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 certain risks and volatility due to potential political, economic currency instabilities and different financial and accounting standards. 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.

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.

The **mutual funds** and **ETFs** included in this report are subject to specific risk factors, generally the same as those of the underlying securities and may result in a loss of the principal amount invested.

Non-investment-grade (high-yield or junk) securities present greater price volatility and more risk to principal and income than higher rated securities.

Quantitative Strategy Risk: Stock selection and portfolio maintenance strategies based on quantitative analytics carry a unique set of risks. Quantitative strategies rely on comprehensive, accurate and thorough historical data. The Ameriprise Investment Research Group utilizes current and historical data provided by third-party data vendors. Material errors in database construction and maintenance could have an adverse effect on quantitative research and the resulting stock selection strategies.

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.

Investments in **small- and mid-capitalization companies** involve greater risks and volatility than investments in larger, more established companies.

The products of **technology companies** may be subject to severe competition and rapid obsolescence, and their stocks may be subject to greater price fluctuations.

Value securities may be unprofitable if the market fails to recognize their intrinsic worth or the portfolio manager misgauged that worth.

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Definitions of terms 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

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

Disclaimer section

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

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