Before the Bell

An Ameriprise Investment Research Group Publication

September 6, 2024

Starting the Day

- U.S. futures pointing to a lower open.
- European markets are trading lower at midday.
- Asian markets ended mostly lower.
- It matters if rates come down the escalator or elevator.
- August nonfarm payrolls increase +142k.
- 10-year Treasury yield at 3.68%.
- West Texas Intermediate (WTI) oil is trading at $69.69.
- Gold is trading at $2,549.80

Market Perspectives

Anthony Saglimbene, Chief Market Strategist

Investors shouldn't root for aggressive rate cuts. That statement might sound counterintuitive for a market that has mostly run on zero-based interest rates for the better part of the last fifteen years or since the Financial Crisis. And with the Federal Reserve soon ready to embark on its next rate easing cycle, consumers and businesses are, rightfully so, looking ahead to an environment of lower rates for business and consumer loans, including across autos, home, and other popular lending products.

However, "investors" shouldn't really cheer an environment where the Fed has to aggressively/quickly cut its policy rate. As the *Ameriprise* table below shows, more often than not, when the Fed cuts rates swiftly and aggressively, it's because something is wrong in the economy, and it has to shift monetary policy suddenly in response. Historically, the S&P 500 Index has performed poorly in these types of environments over the next three, six, and twelve months after the first Fed rate cut.

Fed Easing Cycles and Market Performance

Date of First Cut	Date of Last Cut	Starting Rate	Ending Rate	No. of Cuts	Duration (months)	S&P 500 Post First Rate Cut Performance: 1M	3M	6M	1Y	Whole Cycle
06/01/89	09/04/92	9.75	3.00	20	39	-1.2%	9.9%	8.9%	12.8%	29.5%
07/06/95	11/17/98	6.00	4.75	7	40	0.9%	5.1%	11.3%	18.7%	105.7%
01/03/01	06/25/03	6.50	1.00	13	30	0.1%	-17.9%	-8.4%	-13.5%	-27.6%
09/18/07	12/16/08	5.25	0.25	10	15	1.3%	-4.3%	-12.4%	-20.6%	-39.9%
08/01/19	03/16/20	2.50	0.25	9	8	-0.9%	3.8%	9.2%	10.8%	-19.2%
					Average	0.0%	-0.7%	1.7%	1.6%	9.7%

Sources: Federal Reserve Board, FactSet

Rates are based on Target Fed Fund Rate Upper Limit; Our definition of Fed tightening cycle starts from first rate hike and ends with the last rate hike

Whether today's August nonfarm payrolls report helps inform a 25 or 50-basis point rate cut on September 18th, investors should prefer an environment where the Fed can take its time in cutting rates and can normalize monetary policy more gradually in response to evolving economic conditions.

For instance, the Fed, under former Chair Alan Greenspan, lowered the fed funds rate from 6.00% on the top end to 4.75% between the middle of 1995 and the end of 1998 to help support economic growth and after raising rates too aggressively in the front half of 1995. Conversely, unexpected event shocks or recessions typically precede large/quick rate cuts, resulting in activity/profit growth slowing more rapidly than the market anticipates, hence negative returns in the stock market through the rate-cutting cycle. The last three Fed rate cutting cycles are solid examples. Bottom line: Fed rate cuts are coming. But it's less important whether the first cut is 25 or 50 basis points, in our view. The more important dynamic for investors to keep tabs on is whether rate cuts take the escalator or elevator down from there.

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 lower open.** Through much of the morning and leading up to the August jobs report, stock futures were under pressure. Week-to-date, the S&P 500 is down 2.6%, while the NASDAQ Composite is off 3.3%. So far, September seasonality is living up to its reputation of poor performance. Growth concerns, weaker performance trends across Big Tech, and overall de-risking across shorter-term trading strategies have put pressure on stocks this week. As an example, hedge funds inside and outside the U.S. sold off stocks for the fifth straight month in August, according to *Goldman Sachs*. It's the fastest pace since March 2022.
- **The August employment report: Net employment growth was 142,000 in August, moderately lower than the 165,000 expected via Bloomberg consensus estimates.** In addition, the unemployment rate in August dropped to 4.2% which was in-line with expectations.

Europe:

Heading into the U.S. jobs print this morning, European stocks were trading lower. German industrial production fell an unexpectedly steep 5% y/y in July, primarily driven by autos. Notably, industrial production in Europe's number one economy remains over 10% below pre-pandemic levels.

Asia-Pacific:

Stocks finished the session mostly lower. Japan household spending remained weak in August despite household income accelerating. Former Bank of Japan Governor Haruhiko Kuroda said the central bank has a lot of room to raise borrowing rates and normalize monetary policy.

WORLD CAPITAL MARKETS

9/6/2024 As of: 8:30 AM ET

Americas	% chg.	% YTD	Value
S&P 500	-0.3%	16.5%	5,503.4
Dow Jones	-0.5%	9.6%	40,755.8
NASDAQ Composite	0.3%	14.7%	17,127.7
Russell 2000	-0.6%	6.2%	2,132.1
Brazil Bovespa	0.3%	1.7%	136,502
S&P/TSX Comp. (Canada)	-0.2%	12.0%	22,988.3
Russell 3000	-0.3%	15.0%	3,131.9

Europe (Intra-day)	% chg.	%YTD	Value
DJSTOXX 50 (Europe)	-0.4%	9.2%	4,796.3
FTSE 100 (U.K.)	-0.3%	9.4%	8,216.4
DAX Index (Germany)	-0.5%	10.4%	18,491.2
CAC 40 (France)	-0.2%	1.1%	7,417.9
FTSE MIB (Italy)	-0.3%	10.6%	33,567.5
IBEX 35 (Spain)	-0.4%	14.9%	11,233.9
MOEX Index (Russia)	#VALUE!	#VALUE!	#N/A N/A

Asia/Pacific (Last Night)	% chg.	%YTD	Value
Nikkei 225 (Japan)	-0.7%	9.8%	36,391.5
Hang Seng (Hong Kong)	-0.1%	6.3%	17,444.3
Korea Kospi 100	-1.2%	-3.2%	2,544.3
Singapore STI	-0.1%	11.8%	3,454.5
Shanghai Comp. (China)	-0.8%	-7.0%	2,765.8
Bombay Sensex (India)	-1.2%	13.6%	81,183.9
S&P/ASX 200 (Australia)	0.4%	9.4%	8,013.4

Global	% chg.	% YTD	Value
MSCI All-Country World Idx	-0.3%	13.4%	812.7

Developed International	% chg.	%YTD	Value
MSCI EAFE	-0.5%	9.8%	2,392.9

Emerging International	% chg.	%YTD	Value
MSCI Emerging Mkts	0.2%	7.5%	1,076.1

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	0.5%	20.4%	294.3
Consumer Discretionary	1.4%	6.4%	1,499.3
Consumer Staples	-0.4%	18.7%	890.3
Energy	-0.8%	6.4%	664.4
Financials	-1.0%	20.6%	746.7
Health Care	-1.4%	14.3%	1,797.9
Industrials	-1.2%	12.4%	1,074.0
Materials	-0.8%	7.4%	572.4
Real Estate	-0.4%	10.9%	273.3
Technology	0.0%	21.1%	4,093.2
Utilities	-0.3%	23.1%	387.2

Equity Income Indices	% chg.	% YTD	Value
JPM Alerian MLP Index	0.2%	10.8%	281.7
FTSE NAREIT Comp. TR	-0.3%	10.7%	26,493.0
DJ US Select Dividend	-0.5%	15.3%	3,463.2
DJ Global Select Dividend	-0.2%	10.9%	235.3
S&P Div. Aristocrats	-0.8%	10.0%	4,701.1

Bond Indices	% chg.	% YTD	Value
Barclays US Agg. Bond	0.2%	4.3%	2,253.9
Barclays HY Bond	0.2%	6.5%	2,642.2

Commodities Futures & Spot (Intra-day)	% chg.	% YTD	Value
CRB Raw Industrials	0.0%	-0.2%	542.5
NYMEX WTI Crude (p/bbl.)	0.4%	-3.1%	69.5
ICE Brent Crude (p/bbl.)	0.4%	-5.3%	73.0
NYMEX Nat Gas (mmBtu)	0.4%	-10.0%	2.3
Spot Gold (troy oz.)	0.0%	22.0%	2,516.0
Spot Silver (troy oz.)	-0.1%	21.0%	28.8
LME Copper (per ton)	1.6%	6.1%	8,978.7
LME Aluminum (per ton)	-0.6%	0.7%	2,361.0
CBOT Corn (cents p/bushel)	0.1%	-18.4%	411.0
CBOT Wheat (cents p/bushel)	-0.4%	-14.4%	572.5

Foreign Exchange (Intra-day)	% chg.	% YTD	Value
Euro (€/$)	0.0%	0.6%	1.11
British Pound (£/$)	-0.1%	3.5%	1.32
Japanese Yen ($/¥)	0.3%	-1.4%	143.05
Australian Dollar (A$/$)	-0.1%	-1.1%	0.67
Canadian Dollar ($/C$)	0.1%	-1.9%	1.35
Swiss Franc ($/CHF)	0.1%	-0.2%	0.84

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

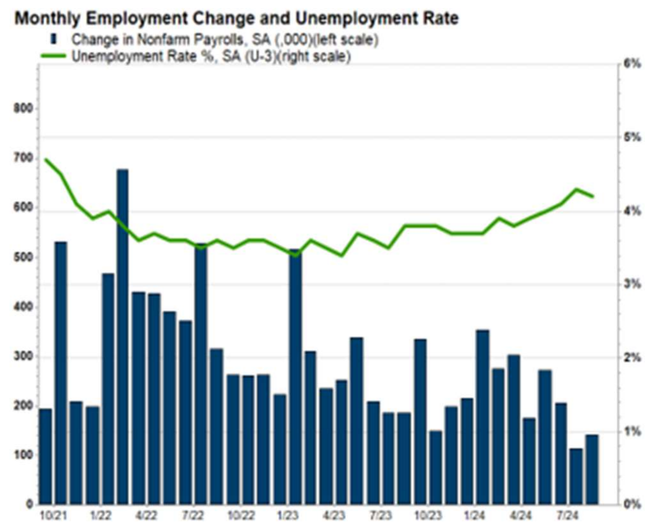
Releases for Friday September 6, 2024 — **All times Eastern. Consensus estimates via Bloomberg**

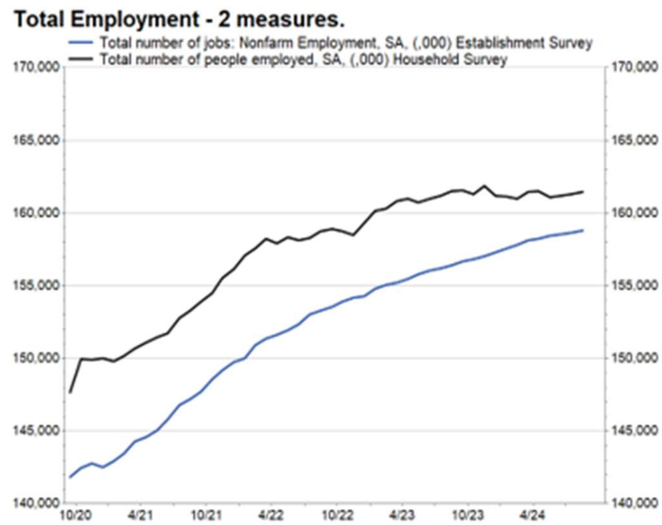
Time	Period	Release	Consensus Est.	**Actual**	Prior	Revised to
8:30 AM	JUL	Change in Nonfarm Payrolls	+165k	**+142k**	+114k	+89k
8:30 AM		Two-Month Payroll Net Revision		**-86k**	-29k	
8:30 AM	JUL	Change in Private Payrolls	+148k	**+118k**	+97k	+74k
8:30 AM	JUL	Change in Manufacturing Payrolls	-7k	**-24k**	+1k	+6k
8:30 AM	JUL	Unemployment Rate	4.3%	**4.2%**	4.3%	
8:30 AM	JUL	Average Hourly Earnings (MoM)	+0.3%	**+0.4%**	+0.2%	
8:30 AM	JUL	Average Hourly Earnings (YoY)	+3.7%	**+3.8%**	+3.6%	
8:30 AM	JUL	Labor Force Participation	62.7%	**62.7%**	62.7%	

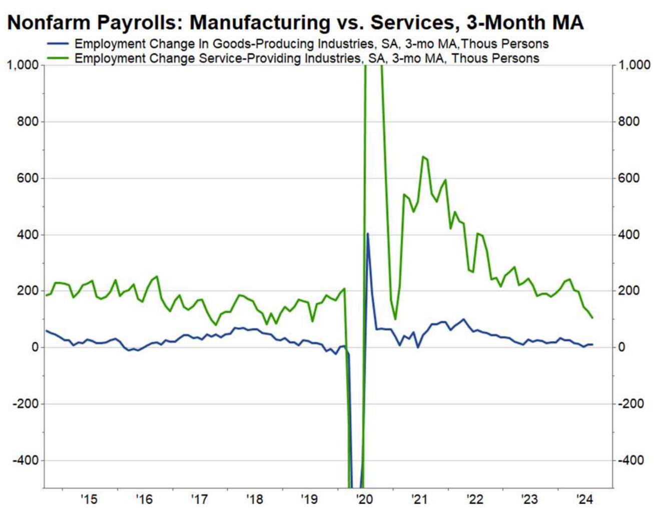
Commentary:

- **A near perfect report, in our opinion.** Job growth was good, but not too good as to keep the Fed on hold at their current fed funds interest rate target and not too soft as to raise fears of a collapsing labor market.
- **First: Net job growth bounced modestly higher in August after what could have been a Hurricane Beryl impact on the numbers in July.** The unemployment rate also ticked a tenth lower as the number of people entering the job market (+120k) was lower than the number of people that found jobs in the month (+168k). We note that these numbers, including the unemployment rate, are derived from the Labor Department's Household Survey.
- **Second: What does today's release suggest for the Fed's monetary decision in two weeks?** Overall, we believe today's release is fully supportive of the 25-basis point cut in the fed funds rate and somewhat supportive of a 50 basis point cut. Fed fund futures: Prior to this morning's Employment Report release, fed fund futures as traded on the CME and reported by Bloomberg, showed the odds of a 25-basis point cut on September 18th at 100% and the odds of a 50-basis point cut at 37.5%. Ten minutes following the release, the derived odds of a 50-basis point cut had risen to 54.2%.
- Following today's release, the 3-month moving average of job growth stands at +116,000 while the 6-month MA stands at 164,000. Comparison: We note that job growth averaged +167,000 in the year before the pandemic's arrival (2019).

- Next up for Fed officials... the Consumer Price Index (CPI). Today's Jobs Report is the last broad-scale labor market report before the Fed's next monetary policy decision due on September 18th. Next week, the Consumer Price Index for August will be released (9/11) in what will be the final broad-scale look at consumer inflation trends prior to their decision. Currently, our model predicts a close call between a 0.1% or 0.2% gain for the month. Headline and Core (excluding food and energy prices) is looking the same. Year-over-year rates, however, should show a more definitive decline. We forecast the headline Index to drop to 2.6% (from a July rate of +2.9%) and a Core rate of 3.1% (from 3.2%). Will such rates be close enough to the Fed's inflation target level of about 2.0% to justify a 50-basis point move? Generally speaking, we believe the balance of economic risks may have migrated enough from inflation to jobs as to make a 50-basis point cut more likely. Aside from the CPI release, we believe the balance may depend on unemployment claims data. Here, next week's unemployment claims data will be the final release before the Fed decision date.
- *The charts shown below are sourced from FactSet and HAVE been updated to reflect today's release.*







Ameriprise Economic Projections

Forecast:	Full-year				Quarterly						
	Actual 2022	Actual 2023	Est. 2024	Est. 2025	Actual Q3-2023	Actual Q4-2023	Actual Q1-2024	Actual Q2-2024	Est. Q3-2024	Est. Q4-2024	Est. Q1-2025
Real GDP (annualized)	1.9%	2.5%	2.6%	1.7%	4.9%	3.4%	1.4%	3.0%	2.4%	1.5%	1.8%
Unemployment Rate	3.6%	3.7%	4.4%	4.2%	3.8%	3.7%	3.8%	4.1%	4.3%	4.4%	4.4%
CPI (YoY)	8.0%	3.4%	2.4%	2.0%	3.7%	3.4%	3.5%	3.0%	2.5%	2.4%	2.1%
Core PCE (YoY)	5.2%	2.9%	2.4%	2.0%	3.6%	2.9%	2.8%	2.6%	2.5%	2.3%	2.2%

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: August 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:	5,900	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.

As of June 30, 2024	Rolling Returns			
Major Market Indices	**Q2'24**	**1-year**	**3-years**	**5-years**
Russell 3000® Index (U.S. Equity)	3.22%	23.13%	8.05%	14.14%
MSCI ACWI Ex USA Index – net (Foreign Equity)	0.96%	11.62%	0.46%	5.55%
Bloomberg U.S. Universal Bond Index (Fixed Income)	0.19%	3.47%	-2.68%	0.11%
Wilshire Liquid Alternative Index (Alternatives)	0.49%	7.30%	1.37%	2.75%
FTSE Three-Month Treasury Bill Index (Cash)	1.37%	5.64%	3.17%	2.22%

Past performance is not a guarantee of future performance. Performance calculations use FactSet data and are as of Date.

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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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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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