

# Before the Bell

An Ameriprise Investment Research Group Publication

October 15, 2024

## Starting the Day

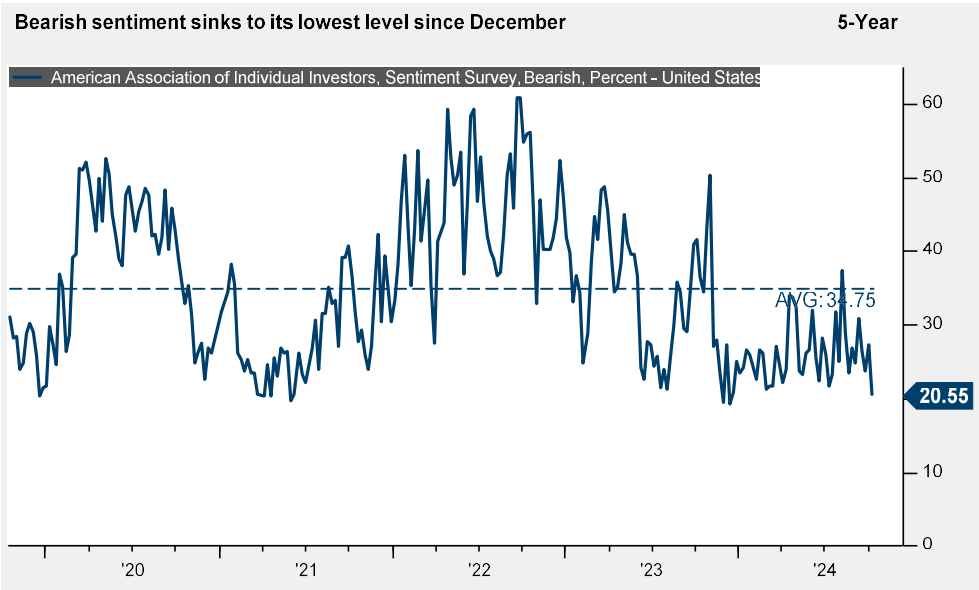
- U.S. futures are pointing to a flattish open.
- European markets are trading mixed at midday.
- Asian markets ended mixed.
- Bearish sentiment back near December lows.
- The SP 500 records its 46<sup>th</sup> all-time high of the year.
- 10-year Treasury yield at 4.07%.
- West Texas Intermediate (WTI) oil is trading at \$70.43.
- Gold is trading at \$2,669.10

## Market Perspectives

Anthony Saglimbene, Chief Market Strategist

**It's not easy being a bear in this market.** With all the press and commentary (including our own) on the current bull market turning two years old as of late, a market bear may be feeling a little left out in the cold. But what's not to like about the current macroeconomic backdrop at the moment? The U.S. economy remains on firm footing, corporate profits are growing, major stock averages are at or near all-time highs, and the Federal Reserve is in the early stages of cutting its policy rate as inflation has ebbed closer to normal. It's enough to send market bears into hibernation, which appears to be the case, based on recent trends in the *American Association of Individual Investors (AAII) Survey*.

As the *FactSet* chart to the right shows, the percentage of retail investors that are pessimistic about stock returns over the next six months has fallen to levels last seen in December. Note, at the time, investors were still rather concerned about a possible recession forming in 2024, as inflation and interest

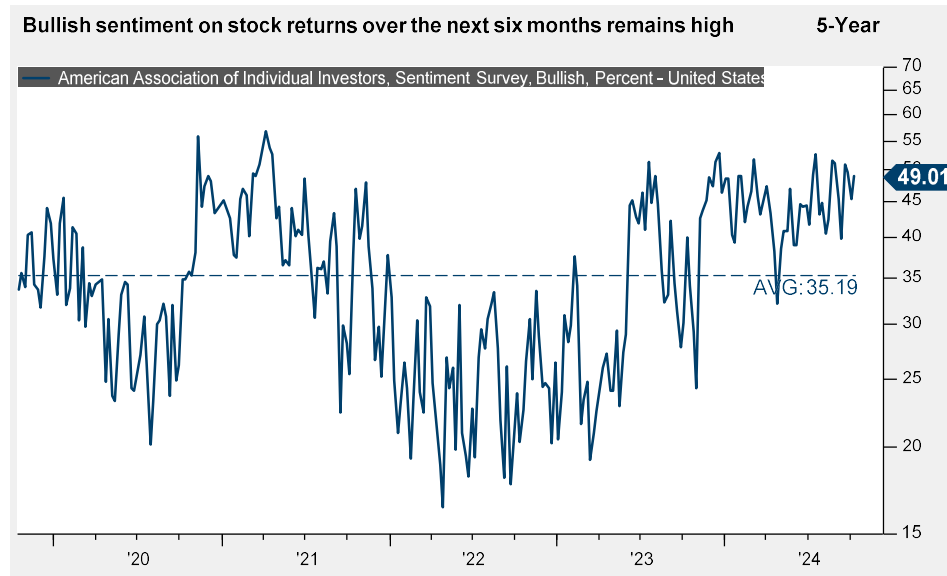


rates remained elevated and following double-digit stock gains across the S&P 500 and NASDAQ Composite in 2023. Conversely, the percentage of retail investors currently optimistic about forward stock returns over the next six months remains at elevated levels today relative to the five-year average (please see the *FactSet* chart on the next page). That said, given the long stretch of pessimism seen in mid-2021 through mid-2023, we're not surprised to see retail stock optimism sustain more bullish levels this year, given current economic/profit conditions.

NOTE: FOR IMPORTANT DISCLOSURES, INCLUDING POSSIBLE CONFLICTS, PLEASE SEE THE DISCLOSURE PAGES AT THE END OF THIS DOCUMENT.

**Bottom line:** Many investors are feeling pretty good about the market right now, and for good reason. However, investors should be aware that sentiment gauges, like the AAI Survey, are looking a little stretched historically. In addition, stock valuations currently assume a pretty "bullish outlook" for growth/activity at the broad index level and leave little room for unexpected hiccups along the way (e.g., lengthy and legally contested U.S. election results or a broader conflict across the Middle East).

Importantly, when sentiment indicators reach extremes, they can sometimes act as a contrarian indicator for stock returns moving forward. Yet, with current macro conditions on firm ground and sentiment rather weak for an extended period, an immediate and downward turn lower in bullish sentiment seems less likely in the absence of an event shock/sudden deterioration in fundamentals. **In our view, investors should remain cautiously optimistic about forward stock returns but principally balanced and well-diversified across their portfolio should the unexpected cause market bears to come out of their hibernation.**



## U.S. Pre-market Indicators / Overnight International Market Activity

### United States:

Here is a quick news rundown to start your morning:

- **Stocks are looking at a flattish open.** Stocks started the week on Monday higher, with the S&P 500 Index recording its 46<sup>th</sup> all-time high of the year. Technology and Utilities led stock gains on the day and ahead of the ramp higher in the third quarter earnings season. On the day, Bank of America, Goldman Sachs, Citigroup, Johnson & Johnson, UnitedHealth Group, and Walgreens Boots Alliance are all on deck with their Q3 report cards.
- **Improving optimism isn't just for retail investors.** The latest *Bank of America Global Fund Manager Survey* saw its biggest jump in optimism since June 2020 and the fifth biggest jump in global growth expectations since 1994. Improved optimism among professional money managers comes from expectations for additional Federal Reserve rate cuts and continued economic growth (i.e., the soft landing scenario). Cash levels fell to February 2021 lows, and equity allocations rose the most since June 2020. Long Magnificent Seven stocks were the most crowded trade for the 19<sup>th</sup> straight month but well off its peak, as long gold and China stocks took some exposure away from the Big Tech group.

### Europe:

The latest German ZEW Indicator of Economic Sentiment showed an improvement, but that's coming off a pretty weak position in the prior month. The pickup in sentiment reflects improved inflation conditions and the prospect of further European Central Bank rate cuts this year. In addition, expectations for improved exports to the U.S. and China stimulus were other factors that lifted German sentiment. That said, current conditions deteriorated during the month, as the German government downgraded its growth outlook, currently forecasting a slight contraction in 2024 GDP, with growth turning positive in 2025 on improving private consumption.

### Asia-Pacific:

Stocks finished the session mixed. A recent *Reuters* poll finds that economists see China's GDP for Q3'24 coming in at +4.5% y/y, which would mark the slowest pace since Q1'23 and slower than the +4.7% pace recorded in Q2'24. China is expected to release a batch of economic data on Friday, including reports on Q3 GDP and September data on retail sales, industrial production, and investment.

### WORLD CAPITAL MARKETS

10/15/2024

As of: 8:30 AM ET

| Americas                          | % chg. | % YTD | Value    | Europe (Intra-day)         | % chg.  | %YTD    | Value    | Asia/Pacific (Last Night)          | % chg. | %YTD  | Value    |
|-----------------------------------|--------|-------|----------|----------------------------|---------|---------|----------|------------------------------------|--------|-------|----------|
| <b>S&amp;P 500</b>                | 0.8%   | 24.2% | 5,859.9  | <b>DJSTOXX 50 (Europe)</b> | -0.4%   | 14.5%   | 5,023.0  | <b>Nikkei 225 (Japan)</b>          | 0.8%   | 21.1% | 39,910.6 |
| <b>Dow Jones</b>                  | 0.5%   | 16.0% | 43,065.2 | <b>FTSE 100 (U.K.)</b>     | -0.4%   | 10.1%   | 8,256.0  | <b>Hang Seng (Hong Kong)</b>       | -3.7%  | 24.2% | 20,318.8 |
| <b>NASDAQ Composite</b>           | 0.9%   | 24.0% | 18,502.7 | <b>DAX Index (Germany)</b> | 0.3%    | 16.8%   | 19,560.6 | <b>Korea Kospi 100</b>             | 0.4%   | 0.2%  | 2,633.5  |
| <b>Russell 2000</b>               | 0.6%   | 12.1% | 2,248.6  | <b>CAC 40 (France)</b>     | -0.8%   | 2.9%    | 7,539.5  | <b>Singapore STI</b>               | 0.0%   | 16.4% | 3,595.5  |
| <b>Brazil Bovespa</b>             | 0.8%   | -2.4% | 131,005  | <b>FTSE MIB (Italy)</b>    | -0.3%   | 14.0%   | 34,589.3 | <b>Shanghai Comp. (China)</b>      | -2.5%  | 7.6%  | 3,201.3  |
| <b>S&amp;P/TSX Comp. (Canada)</b> | 0.7%   | 19.6% | 24,471.2 | <b>IBEX 35 (Spain)</b>     | 0.3%    | 22.0%   | 11,890.6 | <b>Bombay Sensex (India)</b>       | -0.2%  | 14.5% | 81,820.1 |
| <b>Russell 3000</b>               | 0.7%   | 22.8% | 3,337.9  | <b>MOEX Index (Russia)</b> | #VALUE! | #VALUE! | #N/A     | <b>S&amp;P/ASX 200 (Australia)</b> | 0.8%   | 14.1% | 8,318.4  |

| Global                            | % chg. | % YTD | Value | Developed International | % chg. | %YTD  | Value   | Emerging International    | % chg. | %YTD  | Value   |
|-----------------------------------|--------|-------|-------|-------------------------|--------|-------|---------|---------------------------|--------|-------|---------|
| <b>MSCI All-Country World Idx</b> | 0.5%   | 19.9% | 857.2 | <b>MSCI EAFE</b>        | 0.1%   | 11.4% | 2,421.4 | <b>MSCI Emerging Mkts</b> | 0.0%   | 16.1% | 1,160.1 |

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   | Equity Income Indices            | % chg. | % YTD | Value    | Commodities                           | % chg. | % YTD  | Value   |
|-------------------------------|--------|-------|---------|----------------------------------|--------|-------|----------|---------------------------------------|--------|--------|---------|
| <b>Communication Services</b> | 0.5%   | 29.7% | 316.2   | <b>JPM Alerian MLP Index</b>     | -0.1%  | 14.0% | 289.8    | <b>Futures &amp; Spot (Intra-day)</b> |        |        |         |
| <b>Consumer Discretionary</b> | 0.2%   | 12.1% | 1,580.3 | <b>FTSE NAREIT Comp. TR</b>      | 0.6%   | 11.7% | 26,720.7 | <b>CRB Raw Industrials</b>            | -0.6%  | 1.8%   | 553.5   |
| <b>Consumer Staples</b>       | 0.4%   | 17.7% | 879.6   | <b>DJ US Select Dividend</b>     | 0.6%   | 18.8% | 3,568.1  | <b>NYMEX WTI Crude (p/bbl.)</b>       | -4.2%  | -1.2%  | 70.8    |
| <b>Energy</b>                 | -0.1%  | 14.3% | 713.4   | <b>DJ Global Select Dividend</b> | -0.4%  | 12.6% | 237.4    | <b>ICE Brent Crude (p/bbl.)</b>       | -3.9%  | -3.3%  | 74.5    |
| <b>Financials</b>             | 0.6%   | 25.8% | 777.9   | <b>S&amp;P Div. Aristocrats</b>  | 0.7%   | 14.6% | 4,894.4  | <b>NYMEX Nat Gas (mmBtu)</b>          | -0.2%  | -1.0%  | 2.5     |
| <b>Health Care</b>            | 0.5%   | 14.9% | 1,804.1 |                                  |        |       |          | <b>Spot Gold (troy oz.)</b>           | 0.0%   | 28.4%  | 2,648.1 |
| <b>Industrials</b>            | 0.6%   | 23.3% | 1,176.9 |                                  |        |       |          | <b>Spot Silver (troy oz.)</b>         | -0.2%  | 30.8%  | 31.1    |
| <b>Materials</b>              | 0.5%   | 14.3% | 608.5   | <b>Bond Indices</b>              |        |       |          | <b>LME Copper (per ton)</b>           | -1.3%  | 12.6%  | 9,526.5 |
| <b>Real Estate</b>            | 0.7%   | 11.9% | 274.2   | <b>Barclays US Agg. Bond</b>     | 0.0%   | 2.9%  | 2,225.3  | <b>LME Aluminum (per ton)</b>         | -2.2%  | 9.0%   | 2,555.4 |
| <b>Technology</b>             | 1.4%   | 34.7% | 4,551.6 | <b>Barclays HY Bond</b>          | 0.0%   | 7.5%  | 2,665.7  | <b>CBOT Corn (cents p/bushel)</b>     | -0.4%  | -19.2% | 406.8   |
| <b>Utilities</b>              | 1.3%   | 29.8% | 407.6   |                                  |        |       |          | <b>CBOT Wheat (cents p/bushel)</b>    | -0.2%  | -12.7% | 584.3   |

| Foreign Exchange (Intra-day) | % chg. | % YTD | Value |                                  | % chg. | % YTD | Value  |                                 | % chg. | % YTD | Value |
|------------------------------|--------|-------|-------|----------------------------------|--------|-------|--------|---------------------------------|--------|-------|-------|
| <b>Euro (€/€)</b>            | -0.1%  | -1.3% | 1.09  | <b>Japanese Yen (\$/¥)</b>       | 0.2%   | -5.6% | 149.41 | <b>Canadian Dollar (\$/C\$)</b> | -0.2%  | -4.2% | 1.38  |
| <b>British Pound (£/£)</b>   | 0.1%   | 2.7%  | 1.31  | <b>Australian Dollar (A\$/S)</b> | -0.2%  | -1.4% | 0.67   | <b>Swiss Franc (\$/CHF)</b>     | 0.0%   | -2.4% | 0.86  |

Data/Price Source: Bloomberg. Equity Index data is total return, inclusive of dividends, where applicable.

### Ameriprise Global Asset Allocation Committee (GAAC)

#### U.S. Equity Sector - Tactical Views

| S&P 500 Index                 | GAAC Tactical Overlay | GAAC Recommended Weight | S&P 500 Index                 | GAAC Tactical Overlay | GAAC Recommended Weight |
|-------------------------------|-----------------------|-------------------------|-------------------------------|-----------------------|-------------------------|
| <b>Consumer Staples</b>       | Overweight            | 7.8%                    | <b>Industrials</b>            | Equalweight           | 8.1%                    |
| <b>Information Technology</b> | Equalweight           | 32.5%                   | <b>Energy</b>                 | Equalweight           | 3.6%                    |
| <b>Financials</b>             | Equalweight           | 12.3%                   | <b>Utilities</b>              | Equalweight           | 2.3%                    |
| <b>Health Care</b>            | Equalweight           | 11.7%                   | <b>Materials</b>              | Equalweight           | 2.2%                    |
| <b>Communication Services</b> | Equalweight           | 9.4%                    | <b>Real Estate</b>            | Equalweight           | 2.1%                    |
|                               |                       |                         | <b>Consumer Discretionary</b> | Underweight           | 10.0%                   |
|                               |                       |                         |                               |                       | -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 | GAAC Tactical Overlay | GAAC Recommended Weight | MSCI All-Country World Index | GAAC Tactical Overlay | GAAC Recommended Weight |
|------------------------------|-----------------------|-------------------------|------------------------------|-----------------------|-------------------------|
| <b>United States</b>         | Overweight            | 65.7%                   | <b>Latin America</b>         | Equalweight           | 0.8%                    |
| <b>Europe ex U.K.</b>        | Overweight            | 14.8%                   | <b>Asia-Pacific ex Japan</b> | Underweight           | 10.6%                   |
| <b>Japan</b>                 | Overweight            | 6.1%                    | <b>Canada</b>                | Underweight           | 2.7%                    |
| <b>United Kingdom</b>        | Equalweight           | 3.3%                    | <b>Middle East / Africa</b>  | Underweight           | 1.1%                    |
|                              |                       |                         |                              |                       | -3.0%                   |
|                              |                       |                         |                              |                       | -1.0%                   |
|                              |                       |                         |                              |                       | -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 Tuesday October 15, 2024

All times Eastern. Consensus estimates via Bloomberg

| Time    | Period | Release                    | Consensus Est. | Actual | Prior | Revised to |
|---------|--------|----------------------------|----------------|--------|-------|------------|
| 8:30 AM | OCT    | Empire Manufacturing Index | 3.6            | -11.9  | 11.5  |            |

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### Ameriprise Economic Projections

| Forecast:             | Full-year      |                |              |              | Quarterly         |                   |                   |                 |                 |                 |                 |  |
|-----------------------|----------------|----------------|--------------|--------------|-------------------|-------------------|-------------------|-----------------|-----------------|-----------------|-----------------|--|
|                       | Actual<br>2022 | Actual<br>2023 | Est.<br>2024 | Est.<br>2025 | Actual<br>Q4-2023 | Actual<br>Q1-2024 | Actual<br>Q2-2024 | Est.<br>Q3-2024 | Est.<br>Q4-2024 | Est.<br>Q1-2025 | Est.<br>Q2-2025 |  |
| Real GDP (annualized) | 2.5%           | 2.9%           | 2.7%         | 1.8%         | 3.2%              | 1.6%              | 3.0%              | 2.7%            | 1.9%            | 1.8%            | 2.0%            |  |
| Unemployment Rate     | 3.6%           | 3.7%           | 4.4%         | 4.2%         | 3.7%              | 3.8%              | 4.1%              | 4.1%            | 4.4%            | 4.4%            | 4.4%            |  |
| CPI (YoY)             | 8.0%           | 3.4%           | 2.4%         | 2.0%         | 3.4%              | 3.5%              | 3.0%              | 2.4%            | 2.3%            | 2.0%            | 2.0%            |  |
| Core PCE (YoY)        | 5.2%           | 2.9%           | 2.4%         | 2.0%         | 2.9%              | 2.8%              | 2.6%              | 2.4%            | 2.3%            | 2.2%            | 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: October 14, 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                | <ul style="list-style-type: none"> <li>U.S. Large Cap Growth</li> <li>Developed Foreign Equity</li> </ul> | <ul style="list-style-type: none"> <li>U.S. Large Cap Value</li> <li>U.S. Mid Cap Value</li> <li>U.S. Mid Cap Growth</li> <li>U.S. Small Cap Value</li> <li>U.S. Small Cap Growth</li> </ul>  | <ul style="list-style-type: none"> <li>Emerging Foreign Equity</li> </ul>   |
| S&P 500 Sectors       | <ul style="list-style-type: none"> <li>Consumer Staples</li> </ul>  | <ul style="list-style-type: none"> <li>Communication Services</li> <li>Energy</li> <li>Financials</li> <li>Health Care</li> <li>Industrials</li> <li>Information Technology</li> <li>Materials</li> <li>Real Estate</li> <li>Utilities</li> </ul> | <ul style="list-style-type: none"> <li>Consumer Discretionary</li> </ul>  |
| Global Equity Regions | <ul style="list-style-type: none"> <li>Europe ex U.K.</li> <li>Japan</li> <li>United States</li> </ul>    | <ul style="list-style-type: none"> <li>Latin America</li> <li>United Kingdom</li> </ul>   | <ul style="list-style-type: none"> <li>Asia-Pacific ex Japan</li> <li>Canada</li> <li>Middle East / Africa</li> </ul> |
| Fixed Income          | <ul style="list-style-type: none"> <li>U.S. Government</li> <li>U.S. Inv. Grd Corporate</li> </ul>        | <ul style="list-style-type: none"> <li>Developed Foreign Bond</li> </ul>  | <ul style="list-style-type: none"> <li>Emerging Foreign Bond</li> <li>High Yield Bond</li> </ul>                      |
| Alternatives          |   | <ul style="list-style-type: none"> <li>Real Assets</li> </ul>   | <ul style="list-style-type: none"> <li>Alternative Strategies</li> </ul>  |
| Cash                  |   | <ul style="list-style-type: none"> <li>Cash</li> </ul>  |   |

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

| Major Market Indices                               | Rolling Returns |        |         |         |
|--|-----------------|--------|---------|---------|
|  | Q2'24           | 1-year | 3-years | 5-years |
| Russell 3000 <sup>®</sup> 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

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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