Before the Bell

An Ameriprise Investment Research Group Publication

October 22, 2024

Starting the Day

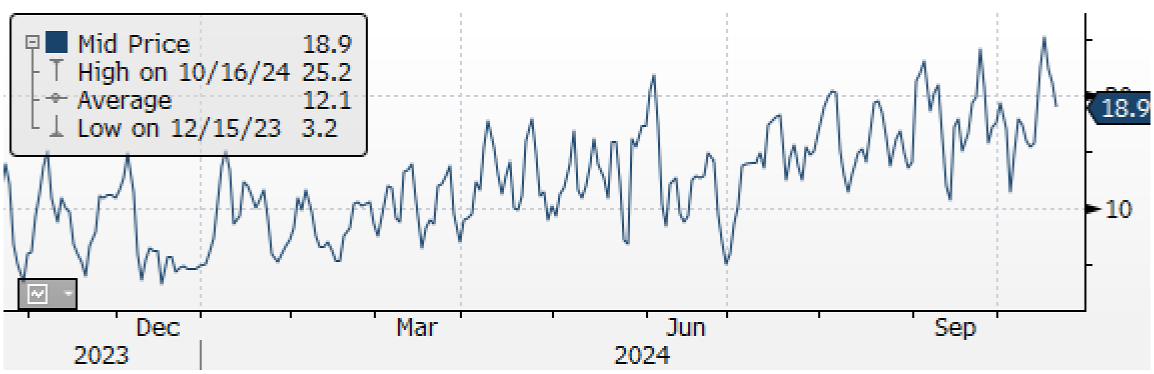
- U.S. futures are pointing to a lower open.
- European markets are trading lower at midday.
- Asian markets ended mostly lower overnight.
- Stocks pulled back on Monday with 10/11 sectors lower.
- Earnings are the focus this week.
- 10-year Treasury yield at 4.20%.
- West Texas Intermediate (WTI) oil is trading at $70.56.
- Gold is trading at $2,723.10

Market Perspectives

Brian Erickson, CFA Director of Fixed Income Strategy

Municipals – Headwinds from sustained new issuance: Municipal new issuance typically moderates following a surge in May and June, but that has not been the case. This year, supply steadily grew since the start of June. The chart below shows the visible supply generally grinding higher after peaking in early June, an unusual seasonal pattern but one that tracks with the need for financing and the desire for issuers to avoid the window around the U.S. Presidential election. It is better to tap the market now rather than wait for the shortened window between the Thanksgiving and year-end holidays to price new deals.

Bloomberg 30-Day Visible Municipal Supply Index
$ in billions



Source: Bloomberg L.P.

Supply looks strong into the first half of next year - Looking out over fiscal year 2025, which wraps up at the end of June for municipal issuers, municipalities appear primed for robust issuance to catch up on infrastructure spending and to plug revenue gaps. Now that Federal aid for COVID relief has all but dried up, municipalities are taking advantage of funds available through the Infrastructure Investment and Jobs Act to undertake improvements where possible. We anticipate that the pace of infrastructure borrowing could continue to build next year.

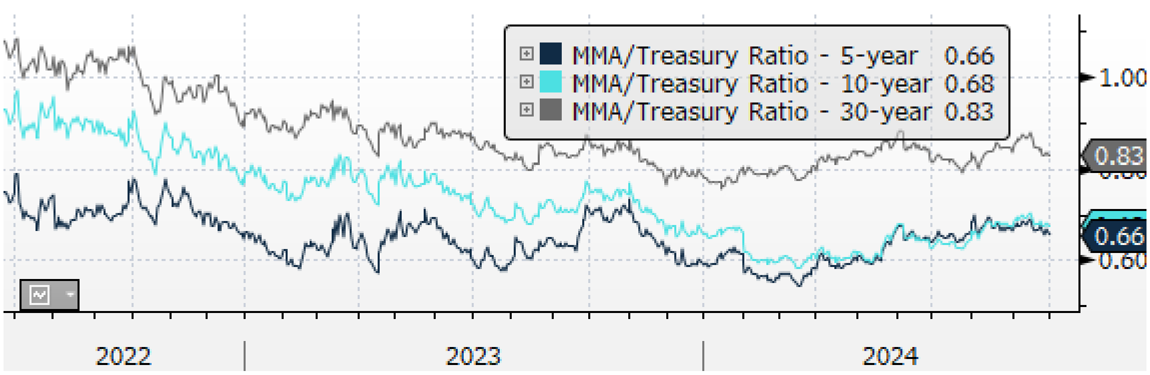
Inflows keep valuations full - Meanwhile, retail investors anticipating the potential for higher taxes spurred strong flows in the segment. The Investment Company Insititute reported $2 million of net new money in the week ending October 9, surging into the segment, with positive net flows in 14 of 18 weeks since early May. Though supply should have weakened valuations over the past three or four months, we point to inflows for why valuations may not have benefitted as much as we would anticipate.

Weekly ICI Municipal Fund Flows
Net fund flows in Millions of $

Source: ICI and Bloomberg L.P.

Our tactical (6-12 month timeframe) positioning on Municipals remains Underweight anticipating that supply should create more opportunities in the sector. However, sentiment around potentially higher taxes ahead seems to be boosting inflows and muting how high the ratios of MMA yields to Treasury yields can rise. At this point, investors may begin to look more favorably on the segment as demand remains firm and markets are willing to accept new supply at 65% of Treasury yields in the 10-year sector, only modestly higher than the low of 58% in March. We prefer to hold our recommendation until after the election settles out at current levels.

New Issue Supply Persists Lifting Ratios
MMA Index Yields / U.S. Treasury Yields



Source: Bloomberg L.P. and Municipal Market Analytics

U.S. Premarket Indicators / Overnight International Market Activity

United States:

Earnings season is in full swing this week, with a whole cadre of companies on tap to report their latest quarter earnings. So far 14% of companies in the S&P 500 have reported earnings with 7 out of 10 topping estimates, according to FactSet. Markets continue to focus on the Fed's future path for policy rates, with Fed futures markets backing out a half of a percent from the potential path of Fed policy rates in the first half of 2025 relative to where markets had priced in on September 24.

- The S&P 500 Index closed at 5864, a new high to end last week; the index stepped modestly lower to 5,853 at the close Monday and looks primed to open lower this morning.
- The Dow Jones Industrial Average fell more than 300 points Monday to 42,931, ending a three-day streak of positive performance.
- Yields on Treasuries five years and longer rose 11 basis points Monday as Treasury prices fell. While a more cautious pace of Fed rate cuts may be the logical driver, 10-year/2-year Treasury yield spreads rose three basis points as the curve steepened modestly through trading Monday. Overnight, Treasury prices drifted higher before firming mid-way through the night.
- On the economics front, the most significant data of the week appears on Thursday with Jobless Claims and S&P Global Preliminary October Manufacturing PMI, and September Preliminary Durable Goods Orders and the University of Michigan Sentiment.
- The U.S. Dollar paused this morning on its march stronger. The DXY Index stands just shy of 104 this morning. We see the strength coming from three avenues: 1) stronger than expected economic data of late, 2) prospects for a potentially slower pace of Fed rate cuts over the next six months, and 3) outcomes from the U.S. election that would support a strong USD.

Europe:

With a light data schedule, investors focused on strong tech earnings in the Eurozone and broader market sentiment around the path ahead for ECB and Fed policy rates. The ECB lowered its policy rate by a quarter-point last week, leaving the ECB's main refinancing rate lower by 110 basis points since June 1.

- European bourses moved lower in early trading ahead of the opening of U.S. stock markets. The FTSE 100 Index was off -0.7%, the CAC 40 lower by -0.7%, and the IBEX 35 was down -1.2% as of 7:20 am ET.

Asia-Pacific:

More China stimulus, but markets remain somewhat skeptical. The PBOC cut policy rates, the Ministry of Finance offered more lending, and government handouts were announced, but the CSI 300 still stands lower than its recent high of 4256 seen on October 8, after stock markets rallied on access to new borrowing for dealers, banks and investment funds. The latest round offered Monday targeted short-term corporate and consumer borrowers. One-year loan prime rates (LPR) were quoted at 3.10% Monday, down by a quarter-percent from September, and 5-year loan prime rates dropped by a quarter-point to 3.60%. While most new and outstanding loans reference the 1-year LPR, which should reduce the interest cost for borrowers, the 5-year LPR serves as a reference point for mortgages and long-term loans. Broadly, the effort helps rather than hurts but may not spur new consumer and corporate demand in our view. Last week, China's state-owned lenders lowered their deposit rates in anticipation of LPR cuts to preserve already low bank margins from being squeezed even further.

In India, the Nifty 50 is down by more than 5% from the late September peak. Investors may be hoping for more than they might get from the Reserve Bank of India on Friday after Governor Shaktikanta Das stated that rate cuts at this point would be premature and risky.

- The U.S. dollar strengthened against the Yen as U.S. Treasury yields rose (and prices fell) since the start of October. Continued U.S. growth called into question how quickly the Fed might cut rates, leading to the knock-on effects in currencies and, now, into the stocks in Japan. The Nikkei lost 542 points, falling to 38411 in trading today. Stocks in China held their ground, with the Hang Seng up 20 points to 20498 and the CSI 300 gained 22 points, rising to 2957.

WORLD CAPITAL MARKETS

10/22/2024 As of: 8:30 AM ET

Americas	% chg.	% YTD	Value
S&P 500	-0.2%	24.1%	5,854.0
Dow Jones	-0.8%	15.6%	42,931.6
NASDAQ Composite	0.3%	24.2%	18,540.0
Russell 2000	-1.6%	11.7%	2,239.7
Brazil Bovespa	-0.1%	-2.8%	130,362
S&P/TSX Comp. (Canada)	-0.4%	20.9%	24,723.3
Russell 3000	-0.3%	22.6%	3,334.2

Europe (Intra-day)	% chg.	%YTD	Value
DJSTOXX 50 (Europe)	-0.5%	12.0%	4,916.3
FTSE 100 (U.K.)	-0.7%	10.1%	8,256.3
DAX Index (Germany)	-0.3%	15.8%	19,393.8
CAC 40 (France)	-0.8%	2.1%	7,479.4
FTSE MIB (Italy)	-1.2%	13.8%	34,546.2
IBEX 35 (Spain)	-1.1%	20.1%	11,705.0
MOEX Index (Russia)	#VALUE!	#VALUE!	#N/A N/A

Asia/Pacific (Last Night)	% chg.	%YTD	Value
Nikkei 225 (Japan)	-1.4%	16.5%	38,412.0
Hang Seng (Hong Kong)	0.1%	25.3%	20,499.0
Korea Kospi 100	-1.3%	-2.1%	2,570.7
Singapore STI	-0.8%	16.2%	3,587.4
Shanghai Comp. (China)	0.5%	10.5%	3,285.9
Bombay Sensex (India)	-1.1%	12.3%	80,220.7
S&P/ASX 200 (Australia)	-1.7%	12.6%	8,205.7

Global	% chg.	% YTD	Value
MSCI All-Country World Idx	-0.4%	19.4%	853.6

Developed International	% chg.	%YTD	Value
MSCI EAFE	-0.7%	10.1%	2,391.7

Emerging International	% chg.	%YTD	Value
MSCI Emerging Mkts	-0.6%	14.9%	1,148.4

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%	29.3%	315.4
Consumer Discretionary	-0.6%	12.5%	1,585.5
Consumer Staples	-0.8%	17.1%	874.2
Energy	-0.2%	11.2%	693.8
Financials	-0.9%	27.0%	785.2
Health Care	-1.2%	12.4%	1,763.5
Industrials	-0.4%	23.0%	1,173.1
Materials	-0.8%	15.0%	612.0
Real Estate	-2.1%	12.1%	274.7
Technology	0.9%	35.2%	4,568.9
Utilities	-0.4%	32.1%	414.7

Equity Income Indices	% chg.	% YTD	Value
JPM Alerian MLP Index	-1.0%	11.2%	282.9
FTSE NAREIT Comp. TR	-2.0%	12.0%	26,791.4
DJ US Select Dividend	-1.1%	19.0%	3,573.7
DJ Global Select Dividend	-0.4%	12.6%	237.3
S&P Div. Aristocrats	-0.9%	14.5%	4,891.7

Bond Indices	% chg.	% YTD	Value
Barclays US Agg. Bond	-0.6%	2.3%	2,212.1
Barclays HY Bond	-0.1%	7.7%	2,671.5

Commodities Futures & Spot (Intra-day)	% chg.	% YTD	Value
CRB Raw Industrials	0.1%	1.7%	553.0
NYMEX WTI Crude (p/bbl.)	0.9%	-0.6%	71.2
ICE Brent Crude (p/bbl.)	1.0%	-2.6%	75.1
NYMEX Nat Gas (mmBtu)	1.0%	-7.1%	2.3
Spot Gold (troy oz.)	0.5%	32.5%	2,734.1
Spot Silver (troy oz.)	1.8%	44.6%	34.4
LME Copper (per ton)	-0.9%	11.3%	9,420.8
LME Aluminum (per ton)	-0.7%	9.1%	2,559.6
CBOT Corn (cents p/bushel)	0.2%	-18.5%	410.3
CBOT Wheat (cents p/bushel)	-0.7%	-15.0%	568.5

Foreign Exchange (Intra-day)	% chg.	% YTD	Value
Euro (€/$)	0.1%	-1.9%	1.08
British Pound (£/$)	0.0%	2.0%	1.30
Japanese Yen ($/¥)	0.0%	-6.5%	150.86
Australian Dollar (A$/$)	0.4%	-1.8%	0.67
Canadian Dollar ($/C$)	0.0%	-4.2%	1.38
Swiss Franc ($/CHF)	0.1%	-2.8%	0.87

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
Financials	12.9%	Overweight	2.0%	14.9%
Consumer Staples	5.9%	Overweight	2.0%	7.9%
Information Technology	31.9%	Equalweight	-	31.9%
Health Care	11.5%	Equalweight	-	11.5%
Communication Services	8.8%	Equalweight	-	8.8%
Energy	3.2%	Equalweight	-	3.2%
Utilities	2.5%	Equalweight	-	2.5%
Materials	2.3%	Equalweight	-	2.3%
Real Estate	2.3%	Equalweight	-	2.3%
Consumer Discretionary	10.2%	Underweight	-2.0%	8.2%
Industrials	8.5%	Underweight	-2.0%	6.5%

Index weightings represent the respective market capitalization of each sector in the S&P 500 as of 9/26/2024. 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.

Ameriprise Global Asset Allocation Committee (GAAC)

Global Equity Regions - Tactical Views

Region	MSCI All-Country World Index Weight	GAAC Tactical View	GAAC Tactical Overlay	GAAC Recommended Weight
United States	62.8%	Overweight	2.2%	65.0%
Europe ex U.K.	12.9%	Equalweight	-	12.9%
Asia-Pacific ex Japan	11.0%	Equalweight	-	11.0%
Japan	5.2%	Equalweight	-	5.2%
United Kingdom	3.2%	Equalweight	-	3.2%
Latin America	0.9%	Equalweight	-	0.9%
Middle East / Africa	1.2%	Underweight	-1.2%	0.0%
Canada	2.8%	Underweight	-1.0%	1.8%

Index weightings are based on the regional market capitalizations of the MSCI All-Country World Index as of 9/04/2024. 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 22, 2024 — **All times Eastern. Consensus estimates via Bloomberg**

Time	Period	Release	Consensus Est.	**Actual**	Prior	Revised to
8:30 AM	OCT	Philly Fed. Services Index	+4.0		-6.1	

Ameriprise Economic Projections

Forecast:	Full-year				Quarterly						
	Actual	Actual	**Est.**	**Est.**	Actual	Actual	Actual	Est.	Est.	Est.	Est.
	2022	**2023**	**2024**	**2025**	Q4-2023	Q1-2024	Q2-2024	Q3-2024	Q4-2024	Q1-2025	Q2-2025
Real GDP (annualized)	2.5%	2.9%	2.6%	1.8%	3.2%	1.6%	3.0%	2.5%	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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Global Asset Allocation Committee Views

AMERIPRISE GLOBAL ASSET ALLOCATION COMMITTEE TACTICAL ASSET CLASS VIEWS

2024 Year-end S&P 500 Target: 5,750
2024 Year-End 10-year Treasury Target: 3.75%

as of 09/27/2024

	Overweight	Equalweight	Underweight
Equity	• U.S. Large Cap Growth • 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	• Developed Foreign Equity • Emerging Foreign Equity
S&P 500 Sectors	• Consumer Staples • Financials	• Communication Services • Energy • Health Care • Information Technology • Materials • Real Estate • Utilities	• Consumer Discretionary • Industrials
Global Equity Regions	• United States	• Asia Pacific ex. Japan • Europe ex U.K. • Japan • Latin America • United Kingdom	• Middle East/Africa • Canada
Fixed Income	• U.S. Government • U.S. Investment Grade Corp.	• U.S. High Yield Bonds • Developed Foreign 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.

As of September 30, 2024	Rolling Returns			
Major Market Indices	**Q3'24**	**1-year**	**3-years**	**5-years**
Russell 3000® Index (U.S. Equity)	6.23%	35.19%	10.29%	15.26%
MSCI ACWI Ex USA Index – net (Foreign Equity)	8.06%	25.35%	4.14%	7.59%
Bloomberg U.S. Universal Bond Index (Fixed Income)	5.20%	12.08%	-1.05%	0.70%
Wilshire Liquid Alternative Index (Alternatives)	2.56%	10.18%	2.35%	3.18%
FTSE Three-Month Treasury Bill Index (Cash)	1.37%	5.63%	3.63%	2.38%

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

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As of September 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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