# Before the Bell

*An Ameriprise Investment Research Group Publication*

November 7, 2024

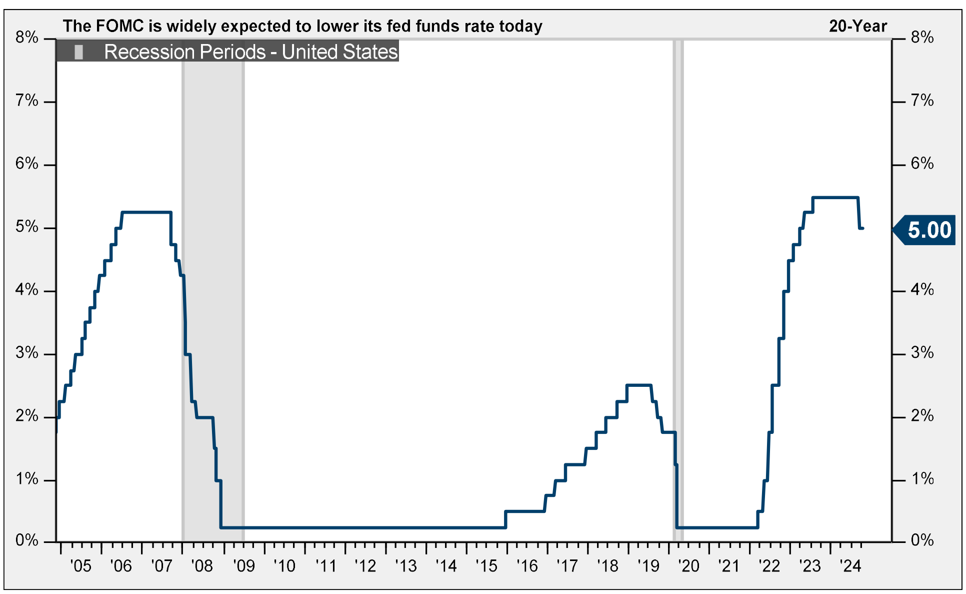
## Starting the Day

- U.S. futures are pointing to a higher open.
- European markets are trading higher at midday.
- Asian markets ended higher.
- The Dow sees its best day since November 2022.
- A Fed decision is on tap today.
- 10-year Treasury yield at 4.42%.
- West Texas Intermediate (WTI) oil is trading at $70.94.
- Gold is trading at $2,695.60

## Market Perspectives

**Anthony Saglimbene, Chief Market Strategist**

**It's Powell's turn to move markets. And a few quick thoughts on the U.S. election.** Stocks closed Wednesday materially higher. President-elect Trump's decisive White House victory on Tuesday and Republican's possible full control of Congress (the Senate is firmly in the R column, and the House is still too close to call) sent the Dow Jones Industrials Average to its best day since November 2022. The Dow climbed +3.6% on Wednesday, hitting a fresh all-time high, while the S&P 500 Index (+2.5%) and NASDAQ Composite (+3.0%) also hit fresh highs. Outperformers on the day included the Russell 2000 Index (+5.8%), Financials (+6.2%), and Industrials (+3.9%). Although Trump's electoral college win was decisive, he also locked down the popular vote, something he was unable to do in 2020 and 2016.




But that's yesterday's news. Today, we have a highly anticipated Federal Reserve meeting on tap, with the committee's policy decision delayed a day due to the election. Heading into today's FOMC policy update, the Federal Reserve is widely expected to lower its fed funds target rate by 25 basis points. As the *FactSet* chart above shows, the Fed lowered its policy rate by 50 basis points in September for the first time since 2020. However, odds for a December rate cut have come down post-election, with chances the Fed stands pat at its last meeting of the year gaining some ground.

Notably, market reactions to prospects for growth-based fiscal priorities under a second Trump administration have cut market expectations from four 25-basis point rate cuts in 2025 down to two cuts. Potentially lower taxes (not just extending current law), domestic production priorities, lower immigration, and possibly higher tariffs could complicate the inflation picture for Fed Chair Powell and company next year.

That said, two major items regarding the election and inflation should temper investor assumptions about how the Fed might respond moving forward. For one, it is not clear how Trump's priorities will be implemented or if initial assumptions on growth/inflation regarding tax policies, regulations, tariffs, and immigration reforms will play out exactly as political pundits and economists believe. And secondly, inflation has largely been tamed in many areas outside of shelter as growth trends normalize. How stimulative Trump's priorities will be for growth and if they are enough to change the current trajectory for inflation is also unknown. Therefore, we suspect policymakers will purposefully be light today on signaling any suspected effects on the economy from this week's election results, and in our view, for good, independent reasons.

Expect few changes in the policy statement today, with nods to an uncertain economic outlook, yet with still healthy conditions that keep both sides of the Fed's dual mandate (e.g., price stability and full employment) largely balanced. We expect Federal Reserve Chair Powell to press into recent messaging that highlights a data-dependent approach and offers very little detail on the path forward for rate policy. Nothing new here. In the Q&A session, expect reporters to ask Powell about his views of a softening labor market, recent hawkish comments from other officials about a higher terminal rate, and questions on election ramifications. On the latter, we expect Powell to take a guarded approach.

**Finally, a few additional election notes to consider:**

- Small-caps, banks, Crypto, and U.S. Treasury yields have made some large moves this week. While momentum can continue to carry some of these Trump tailwind trades further (maybe through year-end), current fundamentals, like profit conditions, valuations, and economic activity, still matter. Bottom line: There is much undetermined about how a second Trump administration will increase already solid growth, lower/maintain tax rates, and affect global supply chains. Enjoy the ride higher in asset prices, but investors would be wise to look for more concrete details on what can be accomplished once the election euphoria fades.

- Speaking of taxes, Trump has proposed lowering the corporate tax rate from 21% to 15%. According to *Goldman Sachs*, this could boost S&P 500 earnings by roughly +4.0% over current estimates. In 2017, the Tax Cuts and Jobs Act boosted S&P 500 EPS by +12% in 2018. Current *FactSet* estimates call for S&P 500 earnings per share (EPS) to grow by +15.1% y/y on revenue growth of +5.7%. Here, investors should be careful about just assuming lower taxes are coming next year until we have a better handle on the balance of power in Congress as well as what a bill might look like that has a chance to pass through both chambers.

- Note: The table below shows investors how the S&P 500 Index reacts post-election and through year-end. Yesterday's strong performance helped bump up the average "Day After Election Day" performance to -0.16% from -0.5%. Over the last two election cycles, a positive day-after-election reaction has boded well for S&P 500 returns through year-end. Of course, history is not a guarantee of future performance, but the setup looks better than if stocks had moved lower yesterday.

**S&P 500 Index Performance (Price)**

| Year | U.S. Election | Day After Election Day | Week After Election Day | Election Through November | Election Through Year-End |
|---|---|---|---|---|---|
| 1992 | Clinton vs. George H.W. Bush | -0.67% | -0.31% | 2.72% | 3.76% |
| 1996 | Clinton vs. Dole | 1.46% | 2.16% | 6.00% | 3.72% |
| 2000 | George W. Bush vs Gore | -1.58% | -3.42% | -8.17% | -7.79% |
| 2004 | George W. Bush vs. Kerry | 1.12% | 2.97% | 3.83% | 7.20% |
| 2008 | Obama vs. McCain | -5.27% | -10.62% | -10.89% | -10.19% |
| 2012 | Obama vs. Romney | -2.37% | -3.77% | -0.85% | -0.15% |
| 2016 | Trump vs. Hillary Clinton | 1.11% | 1.91% | 2.77% | 4.64% |
| 2020 | Trump vs. Biden | 2.20% | 5.23% | 7.49% | 11.48% |
| 2024 | Trump vs. Harris | 2.53% | | | |
| | **Average** | -0.16% | -0.73% | 0.36% | 1.58% |
| | **Median** | 1.11% | 0.80% | 2.75% | 3.74% |

Sources: Bloomberg and American Enterprise Investment Services, Inc. S&P 500 performance is measured from close of election day through stated period.

## 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 slightly higher open.** Yesterday's strong performance in the S&P 500 marked the Index's 48th all-time high of 2024. Small-caps, Banks, and beneficiaries of deregulation, like Crypto and select Big Tech, climbed higher on Wednesday. Market action post-election could include continued unwinding of volatility hedging, lower volatility as a result, favorable seasonality factors, corporate buyback momentum, and a shift in focus back to healthy macroeconomic/corporate fundamentals. President-elect Trump is expected to close out the election with 312 electoral college votes, per *FactSet*, though Arizona and Nevada haven't officially been called. While a Red Wave looks possible, roughly 40 House of Representative seats have yet to be called. A GOP sweep would likely increase the odds of more forceful actions around tax cuts and deregulation. Finally, Vice President Harris conceded the election yesterday, while President Biden will address the nation today at 11 am EST.
- **Earnings Update:** With roughly 84% of S&P 500 third quarter reports complete, blended earnings per share (EPS) growth is higher by +5.2% year-over-year on revenue growth of +5.4%.

### Europe:

Stocks are trading higher. While European stocks have traded well post-U.S. election, there is some trepidation that a Trump victory could impact growth in the region (e.g., increased tariff actions) and undermine the disinflation process, which could complicate central bank policies. The Bank of England, Riksbank, and Norges Bank are out with policy decisions today. The Riksbank cut its policy rate by 50 basis points, the Norges Bank left its rate unchanged, and the BOE is expected to cut its policy rate by 25 basis points.

### Asia-Pacific:

Equity markets ended the overnight session higher. President-elect Trump's election victory this week puts consequences for China's economic prospects/trade with the U.S. squarely in the crosshairs for investors. According to *FactSet,* China shipped $500 billion in exports to the U.S. in 2023. Trump has proposed slapping 60% or more tariffs on all China exports. *UBS* estimates such tariffs could dent China's GDP growth by as much as 2.5% and increase unemployment in the country, which has been a problem for the country's youth population. Notably, foreign investment in China could grind to a halt if the U.S. imposed such punitive tariffs on the world's number two economy. Retaliatory options from China are limited but could include targeting U.S. agricultural exports. China may also tolerate a weaker yuan to help offset "some" of the tariff pressure, should the U.S. follow through on such a strategy. The International Monetary Fund has warned that an escalating tariff war between the U.S. and China could hurt Asian economies more broadly and accelerate supply chain positioning, which could benefit India.

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## WORLD CAPITAL MARKETS

11/7/2024 As of: 8:30 AM ET

| Americas | % chg. | % YTD | Value |
|---|---|---|---|
| **S&P 500** | 2.5% | 25.7% | 5,929.0 |
| **Dow Jones** | 3.6% | 17.8% | 43,729.9 |
| **NASDAQ Composite** | 3.0% | 27.2% | 18,983.5 |
| **Russell 2000** | 5.8% | 19.4% | 2,392.9 |
| **Brazil Bovespa** | 0.2% | -2.7% | 130,628 |
| **S&P/TSX Comp.** (Canada) | 1.0% | 20.6% | 24,637.5 |
| **Russell 3000** | 2.8% | 24.9% | 3,395.4 |

| Europe (Intra-day) | % chg. | %YTD | Value |
|---|---|---|---|
| **DJSTOXX 50 (Europe)** | 0.8% | 10.4% | 4,840.1 |
| **FTSE 100** (U.K.) | 0.0% | 9.1% | 8,166.8 |
| **DAX Index** (Germany) | 1.5% | 15.4% | 19,328.6 |
| **CAC 40** (France) | 0.6% | 1.2% | 7,410.7 |
| **FTSE MIB** (Italy) | 0.4% | 12.3% | 34,075.5 |
| **IBEX 35** (Spain) | 0.8% | 19.6% | 11,586.8 |
| **MOEX Index** (Russia) | #VALUE! | #VALUE! | #N/A N/A |

| Asia/Pacific (Last Night) | % chg. | %YTD | Value |
|---|---|---|---|
| **Nikkei 225** (Japan) | -0.3% | 19.6% | 39,381.4 |
| **Hang Seng** (Hong Kong) | 2.0% | 28.3% | 20,953.3 |
| **Korea Kospi 100** | 0.0% | -2.2% | 2,564.6 |
| **Singapore STI** | 2.0% | 19.1% | 3,673.5 |
| **Shanghai Comp.** (China) | 2.6% | 16.7% | 3,470.7 |
| **Bombay Sensex** (India) | -1.0% | 11.5% | 79,541.8 |
| **S&P/ASX 200** (Australia) | 0.3% | 13.1% | 8,226.3 |

| Global | % chg. | % YTD | Value |
|---|---|---|---|
| **MSCI All-Country World Idx** | 1.4% | 19.6% | 854.7 |

| Developed International | % chg. | %YTD | Value |
|---|---|---|---|
| **MSCI EAFE** | -1.3% | 6.9% | 2,320.4 |

| Emerging International | % chg. | %YTD | Value |
|---|---|---|---|
| **MSCI Emerging Mkts** | -0.6% | 13.4% | 1,131.9 |

*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** | 2.4% | 34.4% | 327.9 |
| **Consumer Discretionary** | 3.6% | 20.4% | 1,697.1 |
| **Consumer Staples** | -1.6% | 14.7% | 855.8 |
| **Energy** | 3.5% | 15.1% | 717.3 |
| **Financials** | 6.2% | 33.4% | 824.2 |
| **Health Care** | 0.2% | 10.0% | 1,725.4 |
| **Industrials** | 3.9% | 25.3% | 1,195.4 |
| **Materials** | 1.2% | 12.0% | 596.0 |
| **Real Estate** | -2.6% | 9.2% | 267.4 |
| **Technology** | 2.5% | 34.9% | 4,557.2 |
| **Utilities** | -1.0% | 25.5% | 393.8 |

| Equity Income Indices | % chg. | % YTD | Value |
|---|---|---|---|
| **JPM Alerian MLP Index** | 2.4% | 14.9% | 292.3 |
| **FTSE NAREIT Comp. TR** | -2.0% | 9.2% | 26,131.2 |
| **DJ US Select Dividend** | 2.7% | 21.8% | 3,657.6 |
| **DJ Global Select Dividend** | 1.0% | 12.0% | 235.3 |
| **S&P Div. Aristocrats** | 1.1% | 13.4% | 4,844.8 |

| Bond Indices | % chg. | % YTD | Value |
|---|---|---|---|
| **Barclays US Agg. Bond** | -0.7% | 1.3% | 2,190.2 |
| **Barclays HY Bond** | 0.1% | 7.7% | 2,671.4 |

| Commodities<br>Futures & Spot (Intra-day) | % chg. | % YTD | Value |
|---|---|---|---|
| **CRB Raw Industrials** | -0.8% | 0.7% | 547.4 |
| **NYMEX WTI Crude** (p/bbl.) | -0.3% | -0.2% | 71.5 |
| **ICE Brent Crude** (p/bbl.) | -0.1% | -2.9% | 74.8 |
| **NYMEX Nat Gas** (mmBtu) | -0.8% | 8.4% | 2.7 |
| **Spot Gold** (troy oz.) | 0.9% | 30.1% | 2,683.5 |
| **Spot Silver** (troy oz.) | 1.4% | 32.8% | 31.6 |
| **LME Copper** (per ton) | -4.2% | 8.7% | 9,199.6 |
| **LME Aluminum** (per ton) | -1.8% | 9.9% | 2,578.1 |
| **CBOT Corn** (cents p/bushel) | -0.1% | -15.4% | 425.8 |
| **CBOT Wheat** (cents p/bushel) | 0.0% | -14.3% | 573.5 |

| Foreign Exchange (Intra-day) | % chg. | % YTD | Value |
|---|---|---|---|
| **Euro** (€/$) | 0.5% | -2.3% | 1.08 |
| **British Pound** (£/$) | 0.7% | 1.8% | 1.30 |
| **Japanese Yen** ($/¥) | 0.7% | -8.2% | 153.63 |
| **Australian Dollar** (A$/$) | 1.3% | -2.3% | 0.67 |
| **Canadian Dollar** ($/C$) | 0.3% | -4.7% | 1.39 |
| **Swiss Franc** ($/CHF) | 0.2% | -3.8% | 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% | 32.5% |
| **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% |

*As of: September 30, 2024*

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.

### Global Equity Regions - Tactical Views

| | 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% |
| **Canada** | 2.8% | Underweight | 1.0% | 1.8% |
| **Middle East / Africa** | 1.2% | Underweight | -1.2% | 0.0% |

as of: September 30, 2024

Index weightings are based on the regional market capitalizations of the MSCI All-Country World Index as of 09/26/2024. 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.

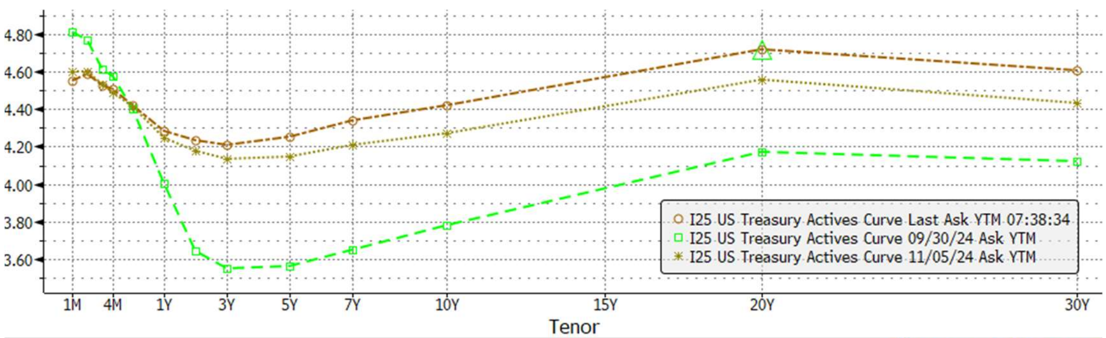
# Fixed Income Market Perspectives

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

**Bond market reaction since Tuesday:** Treasury yields trimmed their losses in trading Wednesday relative to where they stood ahead of the open to U.S. equity markets yesterday. Though Treasury yields hold higher levels this morning, there is a definite sense of pause ahead of the Fed's policy meeting this afternoon. Though Treasury markets already adjusted to higher levels since the end of September, we view the potential skew as more likely to continue higher over the next three months, rather than lower based on the potential fiscal and policy direction from Washington.

While the move to higher yields in the coming months may create a headwind for fixed income performance, we recognize the heightened level of geopolitical risk from open conflicts and trade frictions suggest fixed income allocations may dampen overall portfolio volatility at times as well. Our tactical (6 to 12-month) guidance maintains an overweight to fixed-income and an equal weight on equities. In a complex world, stacking your chips on a single outcome may have the same result as shifting all passengers to one side of a sailboat. We believe the best path forward is a balanced approach, which matches both our long-term Strategic Allocation guidance and Tactical (6 to 12-month) Allocation guidance.

**U.S. Treasury Yield Curve Comparison**

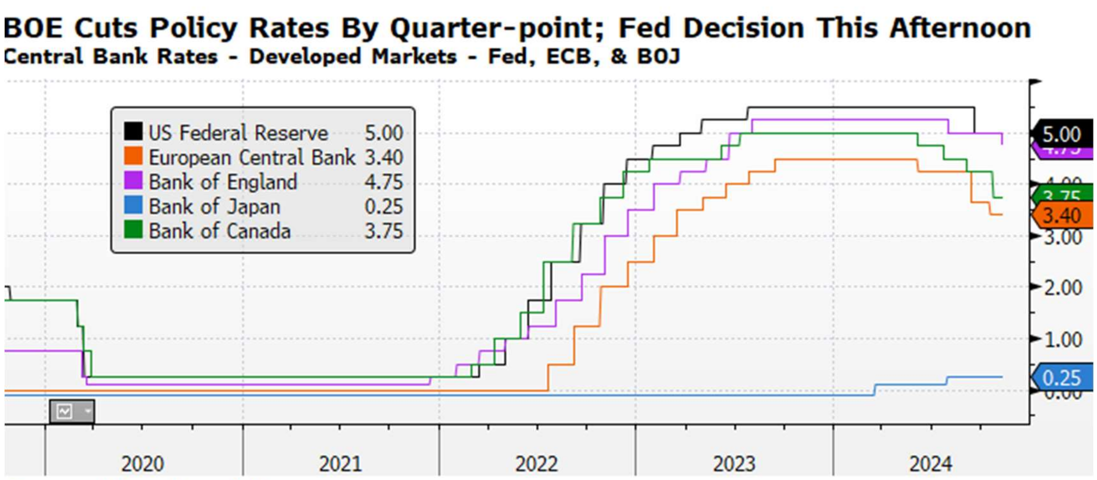



| Curve Id | 1M | 3M | 2Y | 5Y | 10Y | 20Y | 30Y |
|---|---|---|---|---|---|---|---|
| 11) I25 Last | 4.554 | 4.526 | 4.235 | 4.250 | 4.420 | 4.717 | 4.610 |
| 12) I25 11/05/24 | 4.601 | 4.530 | 4.176 | 4.149 | 4.271 | 4.557 | 4.435 |
| 13) I25 09/30/24 | 4.813 | 4.617 | 3.641 | 3.558 | 3.781 | 4.175 | 4.119 |
| 14) I25 (Last-11/05/24) | -4.7 | -0.4 | 5.8 | 10.0 | 14.9 | 16.0 | 17.5 |
| 15) I25 (Last-09/30/24) | -26.0 | -9.1 | 59.4 | 69.1 | 63.9 | 54.2 | 49.1 |

All Tenors · Key Tenors

Source: Bloomberg L.P.

**The Fed decision today:** Looking ahead, the Fed and Bank of England are both scheduled to make their latest policy decisions tomorrow. We anticipate a quarter-point rate cut to 4.50-4.75% when the Fed wraps up its policy meeting tomorrow. We see little impact on the Fed's decision Thursday arising from the U.S. election, but the path of U.S. fiscal policy could be impact how the Fed may respond in our view.




**Source: Bloomberg L.P.**

**Bank of England cuts policy rates:** With the glare of the U.S. presidential election behind us, global bond markets continue to step ahead in time. This morning, the Bank of England cut its primary policy rate by a quarter-point to 4.75%, down from a high water mark of 5.25% as recently as July. So far, the BOE has reduced its policy rate by half-of-a-percent, essentially catching up with where the Fed stands after its first 50 basis point cut and lagging behind the European Central Bank's (ECB) 75 basis points of cuts this rate cycle. At a high level, we see policy rates becoming less restrictive for the Fed, BOE and ECB over the next year as restrictive policy postures may no longer fit the economic environment. Growth globally is projected to slow by the IMF, and inflation pressures have largely abated.

# Economic News and Views:

**Russell T. Price, CFA – Chief Economist**

**Releases for Thursday, November 7, 2024** — **All times Eastern. Consensus estimates via Bloomberg**

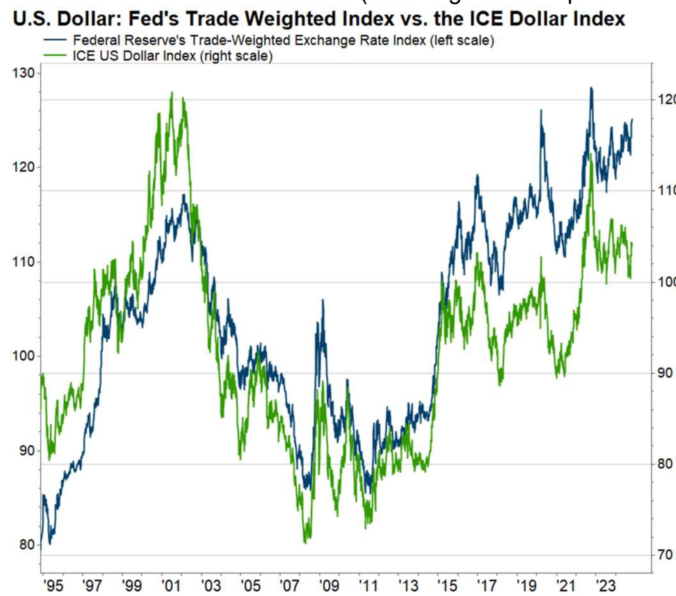
| Time | Period | Release | Consensus Est. | **Actual** | Prior | Revised to |
|---|---|---|---|---|---|---|
| 8:30 AM | Nov. 2 | Initial Jobless Claims | 225k | **221k** | 216k | |
| 8:30 AM | Oct. 26 | Continuing Claims | 1870k | **1892k** | 1867k | |
| 8:30 AM | Q3 P | Unit Labor Costs (annualized) | +1.0% | **+1.9%** | +0.4% | +2.4% |
| 8:30 AM | Q3 P | Labor Productivity (annualized) | +2.5% | **+2.2%** | +2.5% | +2.1% |
| 2:00 PM | NA | FOMC Rate (upper bound) | 4.75% | | 5.00% | |
| 2:00 PM | NA | FOMC Rate (lower bound) | 5.00% | | 4.75% | |
| 3:00 PM | SEP | Consumer Credit | +$12.1B | | +$8.9B | |

**Commentary:**

- **Disappointing data on Unit Labor Costs could leave some Fed officials open to a pause in their decision later today.** Preliminary Unit Labor Costs for the third quarter came-in much stronger than expected, according to this morning's report from the Labor Department. More concerning, ULC for Q2 were revised materially higher. On a year-over-year basis, worker output per hour was 2.0% higher while compensation was 5.5% higher.
- Fed officials are widely expected to cut the fed funds rate by a ¼ of a percent at the time of their announcement today at 2 PM ET. Such a move would follow the ½ point cut they implemented at the time of their last policy decision on September 18th.
- Overall, we believe there is still some room to work inflation rates lower and at the same time economic activity seems to be doing fine. **As such, we would not be surprised to see officials pause at today's meeting and cut by a ¼ point at the time of their next policy decision date of December 18th.**
- **A pause today could surprise markets as unexpected developments do. We would not see it as a reason for concern, however.**

- **U.S. dollar implications under tariffs.** The election results provided a strong lift to equity values yesterday, but they also provided some upside to the U.S. dollar. Of particular note, we believe investors were evaluating the potential currency implications of expanded tariff actions, should they be implemented. Tariffs could lead to lower demand for foreign currency (to pay for imported goods) while also resulting in higher inflation and potentially higher interest rates.
- There are a great many factors that can affect currency exchange rates. Such factors can lead to reasonable "follow through logic" (i.e., …this should mean…) that may imply a currency's direction. However, similar to the "buy the rumor, sell the news" movements often seen in equities, what may seem to be straightforward logic can often result in contrary movements.
- *Continued on next page…*

- Foreign exchange rates can very often be volatile and unpredictable. Generally speaking, we believe it is highly unadvisable to allocate investment dollars based on expected changes in currency exchange rates. When the U.S. dollar weakens versus a foreign currency it can be a direct boost to the returns of the domestic investor (as foreign earned profits can translate into more U.S. dollars in an unhedged position), but currencies can see abrupt directional changes. It should also be recalled that currencies are a zero-sum game. If a currency rises or falls in value it means that one or more other currencies must be falling or rising in relation.
- As seen in the chart below, the value of the U.S. dollar is currently at elevated levels relative to its history. Somewhat contrary to our comments above, president-elect Trump has vowed to weaken the currency as to stimulate demand for U.S. made goods and services on the global market. We believe the U.S. economy would be best served over the intermediate term by a somewhat weaker currency as to better balance the U.S. trade picture. However, some countries could look to manipulate the value of their domestic currency versus the dollar to offset tariff pressure if they are implemented. The chart at right is sourced from FactSet.




## Ameriprise Economic Projections

| Forecast: | Full-year | | | | Quarterly | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Actual 2022 | Actual 2023 | Est. 2024 | Est. 2025 | Actual Q4-2023 | Actual Q1-2024 | Actual Q2-2024 | Actual Q3-2024 | Est. Q4-2024 | Est. Q1-2025 | Est. Q2-2025 |
| **Real GDP** (annualized) | 2.5% | 2.9% | 2.7% | 1.8% | 3.2% | 1.6% | 3.0% | 2.8% | 1.9% | 1.8% | 2.0% |
| **Unemployment Rate** | 3.6% | 3.7% | 4.4% | 4.2% | 3.7% | 3.8% | 4.1% | 4.1% | 4.2% | 4.1% | 4.0% |
| **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% | 2.7% | 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 31, 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:** | 6,100 | **6,000** | 5,300 |
| **10-Year U.S. Treasury Yield:** | 4.00% | **3.75%** | 3.00% |
| **Fed Funds Target Range:** | 4.25% to 4.50% | **4.50% to 4.75%** | 4.00% to 4.25% |

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

Please see latest *Quarterly Capital Market Digest* for more information. **Last Updated: October 30, 2024**

# 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<br>• U.S. Large Cap Value | • U.S. Mid Cap Value<br>• U.S. Mid Cap Growth<br>• U.S. Small Cap Value<br>• U.S. Small Cap Growth | • Developed Foreign Equity<br>• Emerging Foreign Equity |
| S&P 500 Sectors | • Consumer Staples<br>• Financials | • Communication Services<br>• Energy<br>• Health Care<br>• Information Technology<br>• Materials<br>• Real Estate<br>• Utilities | • Consumer Discretionary<br>• Industrials |
| Global Equity Regions | • United States | • Asia Pacific ex. Japan<br>• Europe ex U.K.<br>• Japan<br>• Latin America<br>• United Kingdom | • Middle East/Africa<br>• Canada |
| Fixed Income | • U.S. Government<br>• U.S. Investment Grade Corp. | • U.S. High Yield Bonds<br>• Developed Foreign Bonds | • Emerging Foreign Bonds<br>• Municipal Bonds |
| Alternatives | | • Real Assets | • Alternative Strategies |
| Cash | | • Cash<br>• 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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# 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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**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.

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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.

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**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.

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**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

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