Before the Bell

An Ameriprise Investment Research Group Publication

November 8, 2024

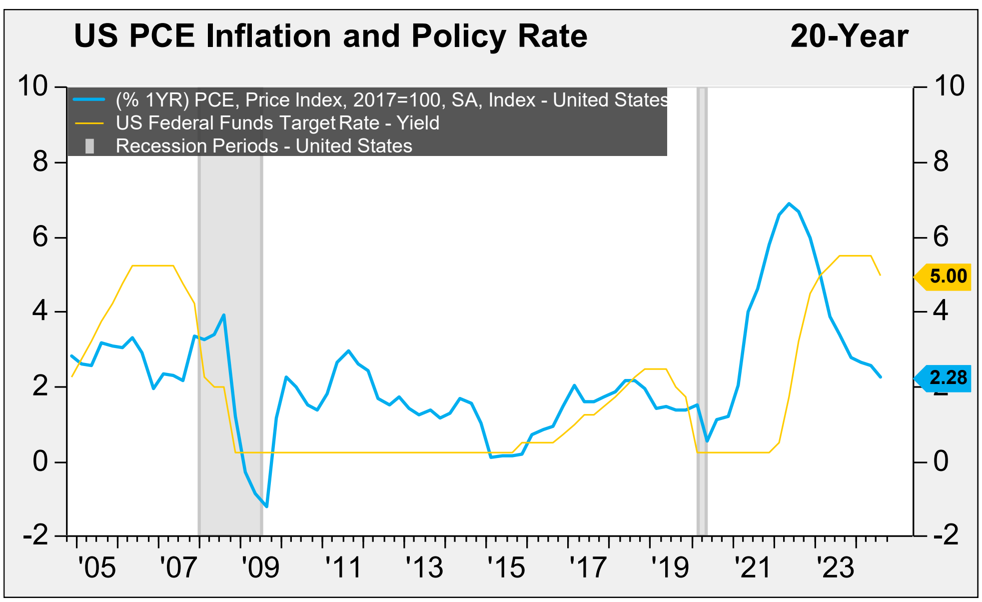
Starting the Day

- U.S. futures are pointing to a slightly higher open.
- European markets are trading mostly higher at midday.
- Asian markets ended mostly higher.
- Measuring stock performance around elections.
- It's Election Day. Make your voice heard.
- 10-year Treasury yield at 4.32%.
- West Texas Intermediate (WTI) oil is trading at $71.92.
- Gold is trading at $2,749.60

Market Perspectives

Anthony Saglimbene, Chief Market Strategist

The Federal Reserve cuts its policy rate. And Powell isn't going anywhere. Yesterday, the Federal Open Market Committee (FOMC) continued its rate easing cycle (as expected) by reducing the fed funds target rate by 25 basis points to 4.50% - 4.75%. See the *FactSet* chart below. As the chart also shows, the Personal Consumption Expenditures Index (in this case, the headline figure) has fallen aggressively from its high-water mark back in 2022. In fact, Fed Chair Jerome Powell said yesterday, *"inflation has fallen substantially,"* indicating the current spread between the fed funds rate and the Fed's preferred inflation measure may have more room to narrow — as long conditions progress as expected. Notably, the Fed continues to message in a balanced approach regarding growth and inflation, setting the table for a continued environment where these two sides of the dual mandate can move closer in harmony. Thus, rates still have some room to move lower, in our view, though policymakers may take a little more time than investors would like if growth/employment gains remain on a solid pace. Policymakers unanimously decided to cut rates. Notably, the updated policy statement showed little change from the September version, adding that the decision to cut rates was made in "support of its goals" instead of *"in light of progress on inflation and balance of risks."* On the inflation/employment front, the statement tweaked some language, and there was no change to balance sheet policy. Bottom line: The Fed continued to normalize rate policy this week and sees economic conditions that inform future policy decisions as largely balanced. No surprises in the Fed decision or policy statement, which, for some Americans/investors this week, is a welcomed relief.

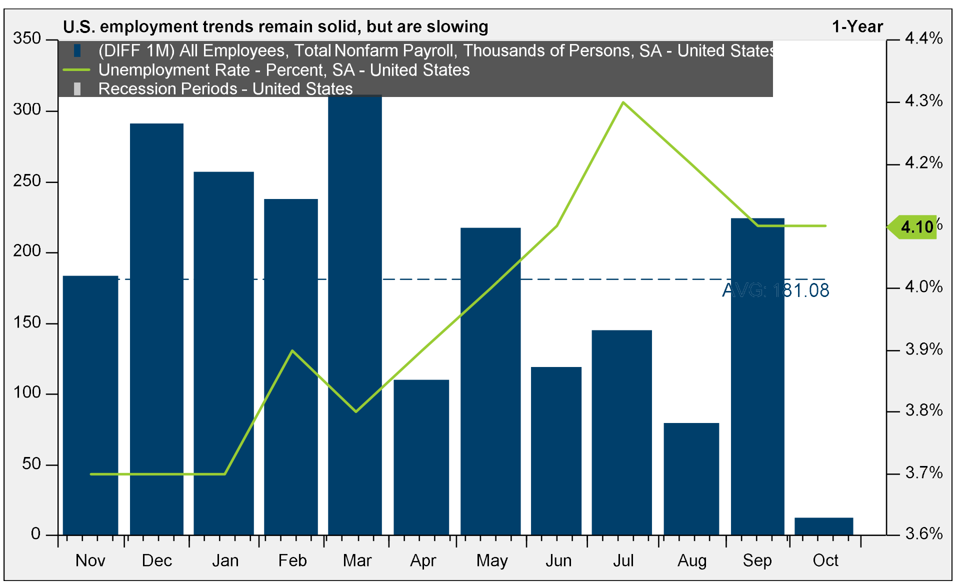


Below are some additional perspectives on yesterday's Fed decision:

- *"No."* That's the response Federal Reserve Chair Jerome Powell gave when asked by reporters in the press conference if he would resign if requested by President-elect Donald Trump. *"Not permitted under the law."* By far, this was the most entertaining part of the whole Fed Day on Thursday. Trump appointed Powell in 2017 but then repeatedly criticized and lashed out at the Fed during his first term. In October, Trump told *Bloomberg* that he thought the president should be able to weigh in on interest rate decisions, maybe not directly, but through comments. In yesterday's press conference, Powell also said the election would have no effects on near-term policy decisions. He also highlighted that the Fed does not know what the policies are or have a sense of when they would be implemented.

- Importantly, Powell reiterated that *"the federal government's fiscal path, fiscal policy, is on an unsustainable path."* Powell added that rising U.S. deficit spending remains headwinds to the U.S. economy. In our view, it will be interesting to see how a second Trump administration and a new Congress navigate some of the tax and spending priorities proposed in an environment where debt and deficits matter. On the campaign trail, U.S. debt and deficits were rarely discussed. Inside the halls of Washington, however, these two items matter (somewhat), at least when it comes to crafting/passing legislation.

- Politics aside, Mr. Powell said he was *"feeling good"* about the U.S. economy. The labor market is not a significant source of inflationary pressure, with payroll expansion slowing and the unemployment rate increasing. The Fed has the flexibility to adjust policy based on evolving conditions and is not on a predetermined course. Importantly, Powell believes policy remains restrictive and that lower borrowing costs are necessary to achieve maximum employment and price stability. In our view, as long as inflation is hovering around the target and labor conditions are holding around current monthly trends (see chart below), there is further room to cut.



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 lower open.** The S&P 500 Index is higher by over +4.0% on the week, while the Dow Jones Industrials Average is up a little less than +4.0% WTD. Both U.S. stock averages are on pace for their best week since November 2023. The NASDAQ Composite is higher by +5.6% on the week. The post-election bounce this week has helped all three major averages hit new all-time highs. With the U.S. election and Fed meeting now out of the way, investors' near-term focus will likely shift to favorable fundamental and seasonality factors, as well as the wind-down of the earnings season and some game planning around what a second-term Trump administration looks like. *Goldman Sachs* noted that the median return for the S&P 500 between October 27th and December 31st is +5.22% going back to 1928. In election years, that figure jumps to +6.25% going back to 1928. In 2016 and 2020, Financials and Technology outperformed the S&P 500 as the year wound down, per *JPMorgan*.

- **Earnings Update:** With roughly 90% of S&P 500 third quarter reports complete, blended earnings per share (EPS) growth is higher by +5.5% year-over-year on revenue growth of +5.4%.

Europe:

European Central Bank officials have begun to weigh in on President-elect Trump's election victory. Some officials remain upbeat about the economic prospects for Europe but are cautious about negative impacts on growth from potential U.S. tariffs and trade barriers that affect productivity/financial stability. Markets have started pricing in more aggressive ECB cuts due to the potential for lower demand/tariff implications, with some estimates projecting an ECB neutral rate of 1.5%. Currently, the ECB's key policy rate stands at 3.25%.

Asia-Pacific:

China's National People's Congress approved the details of a $1.4 trillion debt swap plan designed to help resolve issues across local government debt and address a slowing economy. While the scale of the debt swap was in the higher range of estimates, the market is somewhat disappointed, as there were no announcements of fresh public spending initiatives or plans to directly stimulate domestic consumption.

WORLD CAPITAL MARKETS

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

Americas	% chg.	% YTD	Value
S&P 500	0.7%	26.7%	5,973.1
Dow Jones	0.0%	17.8%	43,729.3
NASDAQ Composite	1.5%	29.1%	19,269.5
Russell 2000	-0.4%	18.9%	2,382.7
Brazil Bovespa	-0.5%	-3.4%	129,682
S&P/TSX Comp. (Canada)	0.8%	21.6%	24,845.9
Russell 3000	0.7%	25.8%	3,418.7

Europe (Intra-day)	% chg.	%YTD	Value
DJSTOXX 50 (Europe)	-0.6%	10.0%	4,821.8
FTSE 100 (U.K.)	-0.7%	8.0%	8,083.8
DAX Index (Germany)	-0.6%	14.9%	19,253.3
CAC 40 (France)	-0.6%	0.7%	7,377.9
FTSE MIB (Italy)	-0.4%	11.5%	33,839.6
IBEX 35 (Spain)	0.2%	19.6%	11,590.9
MOEX Index (Russia)	#VALUE!	#VALUE!	#N/A N/A

Asia/Pacific (Last Night)	% chg.	%YTD	Value
Nikkei 225 (Japan)	0.3%	19.9%	39,500.4
Hang Seng (Hong Kong)	-1.1%	26.9%	20,728.2
Korea Kospi 100	-0.1%	-2.3%	2,561.2
Singapore STI	1.4%	20.7%	3,724.4
Shanghai Comp. (China)	-0.5%	16.0%	3,452.3
Bombay Sensex (India)	-0.1%	11.4%	79,486.3
S&P/ASX 200 (Australia)	0.8%	14.0%	8,295.1

Global	% chg.	% YTD	Value
MSCI All-Country World Idx	0.9%	20.7%	862.6

Developed International	% chg.	%YTD	Value
MSCI EAFE	1.5%	8.5%	2,354.1

Emerging International	% chg.	%YTD	Value
MSCI Emerging Mkts	0.8%	14.2%	1,140.5

Note: International market returns shown on a local currency basis. ***The equity index data shown above is on a total return basis, inclusive of dividends.***

S&P 500 Sectors	% chg.	% YTD	Value
Communication Services	1.9%	37.0%	334.2
Consumer Discretionary	1.4%	22.1%	1,720.4
Consumer Staples	0.4%	15.1%	859.0
Energy	-0.4%	14.6%	714.7
Financials	-1.6%	31.3%	810.9
Health Care	0.6%	10.7%	1,736.5
Industrials	-0.6%	24.6%	1,188.2
Materials	0.5%	12.6%	599.0
Real Estate	1.2%	10.5%	270.6
Technology	1.8%	37.4%	4,640.8
Utilities	0.2%	25.7%	394.4

Equity Income Indices	% chg.	% YTD	Value
JPM Alerian MLP Index	-0.2%	14.7%	291.7
FTSE NAREIT Comp. TR	0.9%	10.2%	26,364.8
DJ US Select Dividend	-0.7%	20.9%	3,630.9
DJ Global Select Dividend	-0.3%	11.7%	234.7
S&P Div. Aristocrats	-0.1%	13.3%	4,839.1

Bond Indices	% chg.	% YTD	Value
Barclays US Agg. Bond	0.7%	2.0%	2,205.3
Barclays HY Bond	0.3%	8.0%	2,678.2

Commodities Futures & Spot (Intra-day)	% chg.	% YTD	Value
CRB Raw Industrials	0.8%	1.5%	551.9
NYMEX WTI Crude (p/bbl.)	-1.6%	-0.7%	71.2
ICE Brent Crude (p/bbl.)	-1.3%	-3.2%	74.6
NYMEX Nat Gas (mmBtu)	1.0%	8.2%	2.7
Spot Gold (troy oz.)	-0.6%	30.5%	2,691.2
Spot Silver (troy oz.)	-1.7%	32.3%	31.5
LME Copper (per ton)	3.6%	12.6%	9,527.1
LME Aluminum (per ton)	3.2%	13.5%	2,661.7
CBOT Corn (cents p/bushel)	0.3%	-14.8%	428.8
CBOT Wheat (cents p/bushel)	0.2%	-14.4%	572.5

Foreign Exchange (Intra-day)	% chg.	% YTD	Value
Euro (€/$)	-0.3%	-2.4%	1.08
British Pound (£/$)	-0.3%	1.7%	1.29

	% chg.	% YTD	Value
Japanese Yen ($/¥)	0.4%	-7.4%	152.36
Australian Dollar (A$/$)	-0.8%	-2.8%	0.66

	% chg.	% YTD	Value
Canadian Dollar ($/C$)	-0.4%	-4.8%	1.39
Swiss Franc ($/CHF)	0.1%	-3.5%	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%

	S&P 500 Index Weight	GAAC Tactical View	GAAC Tactical Overlay	GAAC Recommended Weight
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		MSCI All-Country World Index Weight	GAAC Tactical View	GAAC Tactical Overlay	GAAC Recommended Weight
United States	62.8%	Overweight	2.2%	65.0%	**United Kingdom**	3.2%	Equalweight	-	3.2%
Europe ex U.K.	12.9%	Equalweight	-	12.9%	**Latin America**	0.9%	Equalweight	-	0.9%
Asia-Pacific ex Japan	11.0%	Equalweight	-	11.0%	**Canada**	2.8%	Underweight	1.0%	1.8%
Japan	5.2%	Equalweight	-	5.2%	**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.

Economic News and Views:

Russell T. Price, CFA – Chief Economist

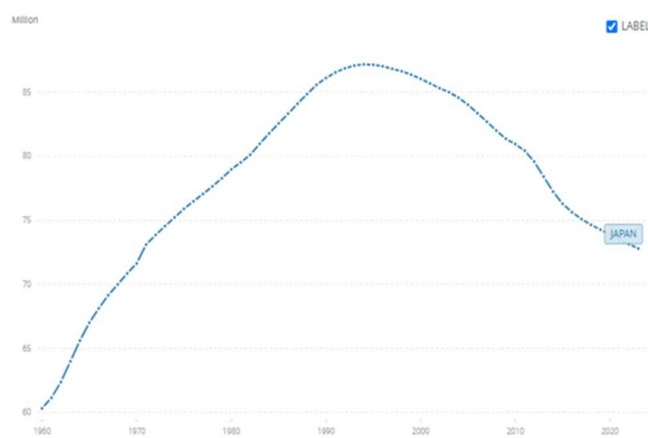
Releases for Friday, November 8, 2024 — **All times Eastern. Consensus estimates via Bloomberg**

Time	Period	Release	Consensus Est.	**Actual**	Prior	Revised to
10:00 AM	Nov. P	U. of M. Consumer Sentiment	71.0		70.5	

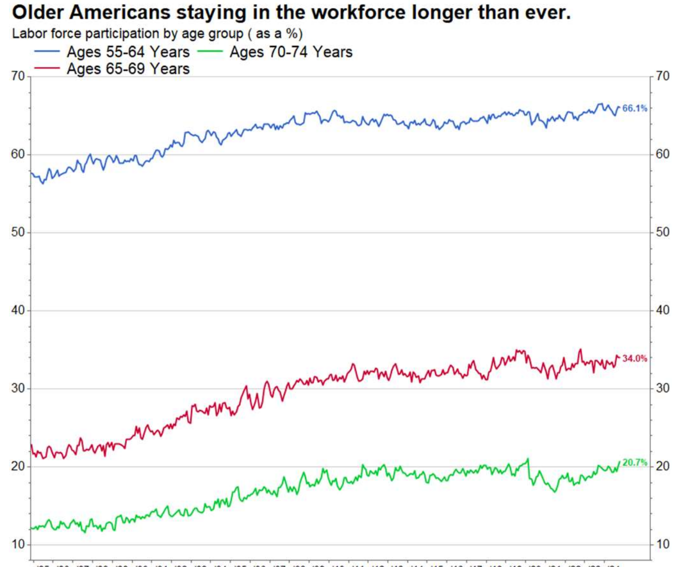
Commentary:

- **Slower population growth has negative implications for economic growth, but expanding productivity and working longer in life provides direct offsets.** Around the world populations are aging and the number of working age individuals has been expanding at an ever-slower pace. In a few countries, the working age population is in outright decline. The implications of this long-term phenomenon can be stark, but such influences emerge slowly.
- All else remaining equal, fewer working age individuals equates to slower potential economic growth. This influence can be offset, however, by productivity gains and people working longer. Potential economic growth for any country is a function of how many people are available to work and how productive they are.
- Globally, the most extreme example of this phenomenon is seen in Japan where the working age population has been in outright decline since 1995 (according to the World Bank). We should note that while this dynamic is a direct headwind for economic growth a common offset is a lower relative unemployment rate. The unemployment rate in Japan is currently 2.6%. *The chart at right is sourced from the World Bank.*
- Here in the U.S., the working age population is still growing, primarily due to immigration but people are also working longer. Unfortunately, some of these individuals are certainly doing so out of economic necessity but as our economy has slowly transformed into a services-oriented economy over the decades it's also provided opportunities for older individuals to remain working by choice.
- As seen in the chart below, U.S. workforce participation by older individuals has a long-term pattern of slowly moving higher. The percentage of individuals active in the workforce (working or looking for work) aged 65 to 69 for

Japan: Working age population, in millions.



Older Americans staying in the workforce longer than ever.



example is currently 34%, according to the Labor Department, as compared to 24.5% in December 2000. *The second 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**

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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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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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