Ameriprise Financial

Before the Bell

An Ameriprise Investment Research Group Publication

December 3, 2024

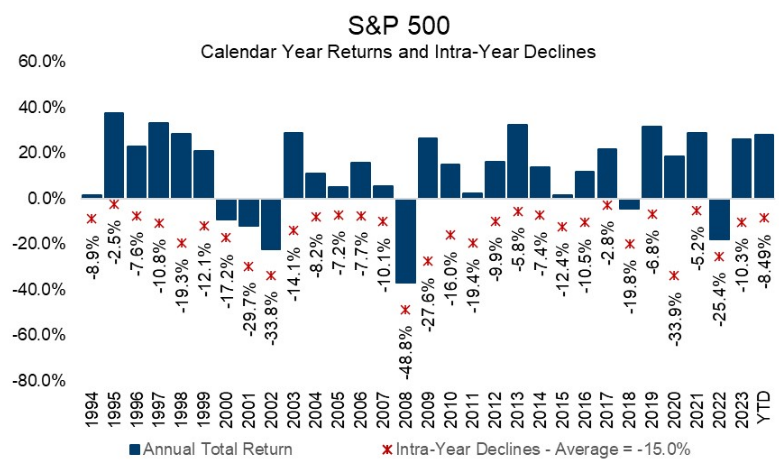
Starting the Day

- U.S. futures are pointing to a flattish open.
- European markets are trading higher at midday.
- Asian markets ended higher.
- Shallow drawdowns have replaced typical corrections.
- Political uncertainty in France; China's yuan moves lower.
- 10-year Treasury yield at 4.21%.
- West Texas Intermediate (WTI) oil is trading at $69.04.
- Gold is trading at $2,663.50

Market Perspectives

Anthony Saglimbene, Chief Market Strategist

Will stocks face more than air pockets in 2025? Of course they will. However, with so much optimism fueling stock prices to ever-increasing highs as of late, the real question is if investors can stomach a temporary decline that lasts longer than a few days or weeks and looks more like an "average" correction than the brief and shallow air pockets investors have become accustomed to this year. As we noted yesterday, the S&P 500 Index has not experienced a correction this year (i.e., a 10% or more decline from its market top). According to *Bespoke Investment Group*, the Index has historically experienced such drawdowns every 346 days on average, going back to 1928. Although since 2000, it's not unusual for stocks to go through longer stretches without a "textbook" correction, the *Ameriprise* table to the right shows that the Index has also faced several years where intra-year drawdowns can exceed 10% or more and still finish the year positively. Since 1994, the average intra-year drawdown for the S&P 500 has been 15.0%, with a median decline of 10.7%. As we noted yesterday, corrections help facilitate a healthy and functioning market over the longer term. In our view, the longer the market goes without a correction, the more concerned investors should become. That said, the S&P 500 recorded its 54th closing high of the year on Monday, while the NASDAQ Composite also logged a new closing high, so a pending correction over the very near term seems unlikely. However, outside of the expected rate cut this month, we believe the Federal Reserve is more likely to disappoint the market at some point when it comes to the magnitude of rate cuts over the intermediate term, as growth/employment could remain firm next year. At the same time, a new Trump administration offers wildcard impacts on markets/economy, given proposed changes to taxes, regulation, and tariffs. While a pro-growth set-up for next year is a benefit and could help stocks move higher in 2025, investors should expect more volatility for that benefit, which may require a more disciplined approach if air pockets turn into something that looks more like a typical correction at some point.



Source: Bloomberg, S&P Dow Jones Indices, American Enterprise Investment Services Inc.
Intra-year declines, represented by the red hash marks and stated returns, are price returns only and do not include dividends. Data as of 12/02/2024.

U.S. Premarket Indicators / Overnight International Market Activity

United States:

Here is a quick news rundown to start your morning:

- **Stocks are looking at a flattish open.** Stocks appear little changed after strength across Tech helped push the S&P 500 and NASDAQ Composite to new all-time closing highs on Monday. Investors will get their first taste of the week's employment data today with the October JOLTS report on tap. Job openings are expected to have remained near the 7.5 million mark in October but remain a little less than 1 million jobs above where they stood in December 2019 and prior to the pandemic. In terms of undercurrent market drivers at the moment, strong seasonality factors and corporate share buyback momentum are helping stocks move higher into yearend. Also, incoming economic data has been solid, Q4 GDP is tracking above +3.0% (based on the Atlanta Fed GDPNOW model), and the Fed is expected to cut its policy rate by 25 basis points later this month. Following a strong start to the holiday shopping season, investors already have the plates of cookies and milk out for Santa.

Europe:

If political uncertainty in Germany wasn't enough, French Prime Minister Barnier is likely to face a no confidence vote due to his controversial decision to use a constitutional maneuver to pass a budget. The move has created opposition from both the left and right within the National Assembly, according to the *Telegraph*. However, new elections aren't possible until July, and President Macron will need to appoint a new PM to navigate the deadlock, according to *FactSet*. With skeptical eyes already on France's budget and deficit issues and possible increased trade frictions with the U.S. next year, the Eurozone's number two economy is also casting some doubt on the areas ability to grow and remain stable in 2025.

Asia-Pacific:

China's onshore yuan fell to a one-year low overnight on growing concerns about a weak domestic economy and possibly higher tariffs starting early next year. According to *Reuters*, the People's Bank of China has been boosting support for the yuan by setting a stronger-than-expected daily fixing rate since President-elect Trump won the election. That said, the yuan underperformed other Asian peer currencies in November, as the concerns stated above, and weak impacts from government stimulus measures thus far have failed to turn the tide in sentiment.

WORLD CAPITAL MARKETS

12/3/2024 **As of: 8:30 AM ET**

Americas	% chg.	% YTD	Value
S&P 500	0.2%	28.4%	6,047.2
Dow Jones	-0.3%	20.9%	44,782.0
NASDAQ Composite	1.0%	30.1%	19,404.0
Russell 2000	0.0%	21.6%	2,434.1
Brazil Bovespa	-0.3%	-6.7%	125,236
S&P/TSX Comp. (Canada)	-0.2%	25.5%	25,590.3
Russell 3000	0.2%	28.0%	3,473.7

Europe (Intra-day)	% chg.	%YTD	Value
DJSTOXX 50 (Europe)	0.5%	11.4%	4,873.4
FTSE 100 (U.K.)	0.8%	12.2%	8,377.3
DAX Index (Germany)	0.1%	19.2%	19,962.5
CAC 40 (France)	0.3%	-0.8%	7,257.9
FTSE MIB (Italy)	1.2%	11.7%	33,891.4
IBEX 35 (Spain)	0.9%	22.3%	11,835.5
MOEX Index (Russia)	#VALUE!	#VALUE!	#N/A N/A

Asia/Pacific (Last Night)	% chg.	%YTD	Value
Nikkei 225 (Japan)	1.9%	19.2%	39,248.9
Hang Seng (Hong Kong)	1.0%	21.0%	19,746.3
Korea Kospi 100	1.9%	-4.6%	2,500.1
Singapore STI	0.9%	23.5%	3,786.1
Shanghai Comp. (China)	0.4%	13.6%	3,378.8
Bombay Sensex (India)	0.7%	13.4%	80,845.8
S&P/ASX 200 (Australia)	0.6%	17.2%	8,495.2

Global	% chg.	% YTD	Value
MSCI All-Country World Idx	0.2%	21.2%	864.6

Developed International	% chg.	%YTD	Value
MSCI EAFE	0.2%	7.0%	2,319.9

Emerging International	% chg.	%YTD	Value
MSCI Emerging Mkts	0.7%	8.9%	1,086.4

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	1.5%	37.4%	334.9
Consumer Discretionary	1.1%	28.5%	1,808.4
Consumer Staples	-0.1%	20.8%	900.0
Energy	-0.9%	15.8%	717.9
Financials	-0.9%	36.8%	844.3
Health Care	-0.1%	9.2%	1,711.5
Industrials	-0.7%	26.7%	1,206.0
Materials	-0.2%	11.8%	593.5
Real Estate	-1.4%	13.5%	277.6
Technology	1.0%	36.4%	4,605.5
Utilities	-2.1%	31.3%	410.0

Equity Income Indices	% chg.	% YTD	Value
JPM Alerian MLP Index	-1.4%	23.0%	312.8
FTSE NAREIT Comp. TR	-1.3%	12.6%	26,931.7
DJ US Select Dividend	-1.1%	24.7%	3,745.7
DJ Global Select Dividend	1.2%	12.7%	236.3
S&P Div. Aristocrats	-0.3%	15.6%	4,936.4

Bond Indices	% chg.	% YTD	Value
Barclays US Agg. Bond	0.1%	3.0%	2,226.9
Barclays HY Bond	0.1%	8.8%	2,697.6

Commodities Futures & Spot (Intra-day)	% chg.	% YTD	Value
CRB Raw Industrials	-0.4%	0.1%	544.0
NYMEX WTI Crude (p/bbl.)	1.7%	-3.3%	69.3
ICE Brent Crude (p/bbl.)	1.6%	-5.3%	73.0
NYMEX Nat Gas (mmBtu)	-2.7%	24.3%	3.1
Spot Gold (troy oz.)	0.1%	28.1%	2,642.6
Spot Silver (troy oz.)	1.1%	29.6%	30.8
LME Copper (per ton)	-0.2%	4.8%	8,874.1
LME Aluminum (per ton)	-0.4%	9.4%	2,565.8
CBOT Corn (cents p/bushel)	0.4%	-15.6%	434.3
CBOT Wheat (cents p/bushel)	1.2%	-18.5%	553.8

Foreign Exchange (Intra-day)	% chg.	% YTD	Value
Euro (€/$)	0.1%	-4.8%	1.05
British Pound (£/$)	-0.1%	-0.7%	1.26

	% chg.	% YTD	Value
Japanese Yen ($/¥)	0.0%	-5.8%	149.67
Australian Dollar (A$/$)	0.1%	-4.9%	0.65

	% chg.	% YTD	Value
Canadian Dollar ($/C$)	0.1%	-5.6%	1.40
Swiss Franc ($/CHF)	0.1%	-5.0%	0.89

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.

Economic News and Views:

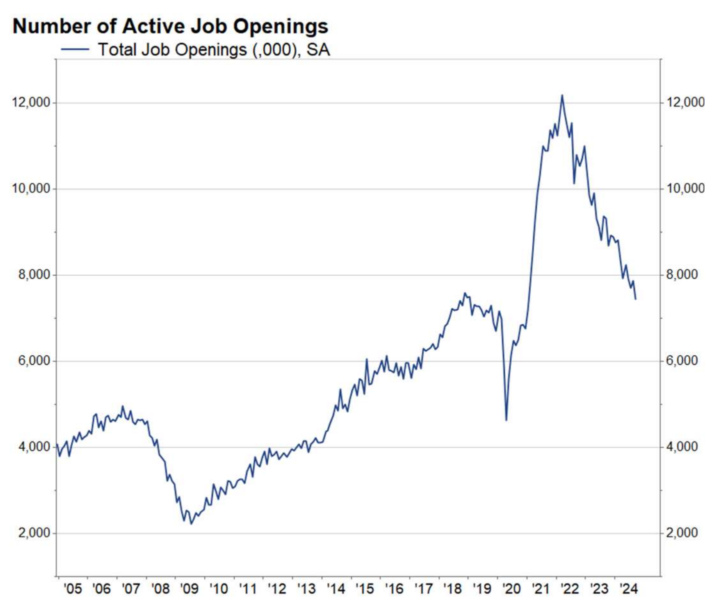
Russell T. Price, CFA – Chief Economist

Releases for Tuesday, December 3, 2024 — All times Eastern. Consensus estimates via Bloomberg

Time	Period	Release	Consensus Est.	Actual	Prior	Revised to
10:00 AM	OCT	Job Openings (JOLTs Report)	7430k		7443k	
NA	NOV	U.S. auto sales	16.0m		16.04m	

Commentary:

- **Job openings expected to see further moderation.** The Labor Department will release its latest Job Openings and Labor Turnover survey at 10 AM ET this morning. Forecasters as surveyed by Bloomberg estimate a further slight decline in the total number of active openings in October. On a non-seasonally adjusted basis October is traditionally a very heavy month for holiday related hiring.
- Through September the total number of job openings still exceeded the total number of unemployed (6.83m).
- As seen in the chart at right, the total number of active openings has been steadily declining over the last 2 year and a half years. The overall level is currently close to its pre-pandemic levels, a time when the unemployment rate was 3.7%.
- *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**

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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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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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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

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