

# Before the Bell

An Ameriprise Investment Research Group Publication

December 12, 2024

## Starting the Day

- U.S. futures are pointing to a slightly lower open.
- European markets are trading mixed at midday.
- Asian markets ended mostly higher.
- A Fed rate cut next week appears locked in.
- Markets may be setting up for a January hangover.
- 10-year Treasury yield at 4.30%.
- West Texas Intermediate (WTI) oil is trading at \$70.36.
- Gold is trading at \$2,742.70.

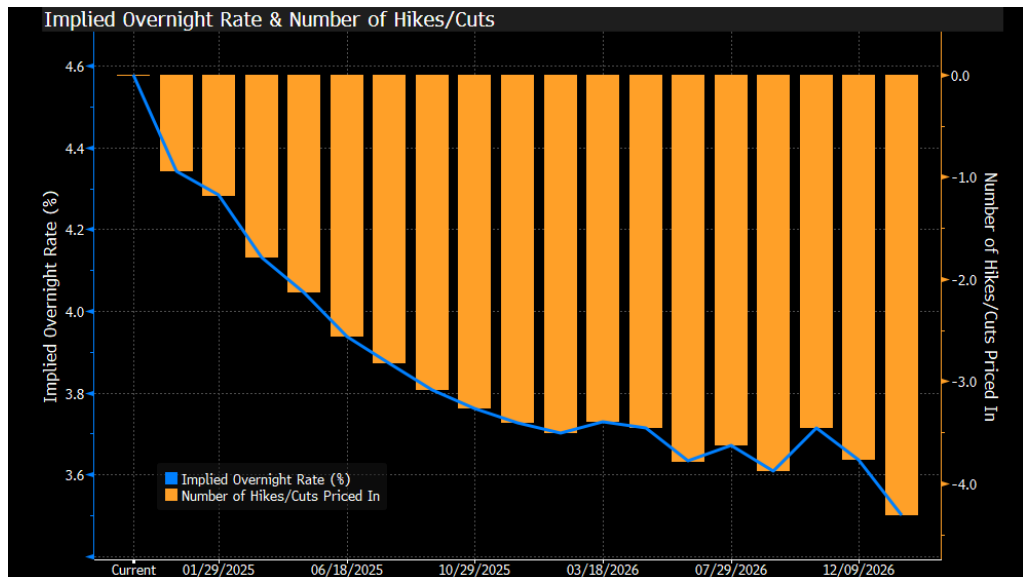
## Market Perspectives

Anthony Saglimbene, Chief Market Strategist

**Markets move higher as the Fed looks poised to cut rates again next week.** The November Consumer Price Index (CPI) came in mostly as expected on Wednesday, with the annualized headline measure rising +2.7%, matching estimates and coming in a tick hotter than the +2.6% level seen in October. Core CPI rose +3.3% on an annualized basis, matching consensus estimates as well as October's level. Notably, shelter inflation, which houses a large part of the lingering inflation pressures, came in weaker than expected in November and modestly lower than October levels.

Bottomline: A reacceleration in inflation pressures appears unlikely next year, which is supportive of a view of economic normalization in 2025.

However, as months of sticky inflation readings have shown, prices across shelter, food, used vehicles, and insurance appear stronger than most would prefer. That said, a largely in-line inflation report yesterday basically sets the stage for the Federal Reserve to lower its policy rate by another 25 basis points next week. Following the release of the November CPI report, odds of a quarter-point cut next week rose from 90% to 95%, according to the *CME FedWatch Tool*. When market odds are this high for a rate cut, this close to a Fed meeting, the committee hardly disappoints historically.



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

In terms of market reactions, the S&P 500 Index finished higher by +0.8% on Wednesday, while the NASDAQ Composite rose +1.8%. In fact, the NASDAQ hit a fresh new high and crossed 20,000 for the first time, led by Alphabet and Tesla. As the *Bloomberg* chart on page one shows, markets appear geared for still meaningful rate cuts in 2025 before the Fed's policy rate is expected to smooth out at a longer-term rate of around 3.75% to 3.5% in 2026 and based on market expectations. While this may very well be the case, the speed of anticipated cuts by investors next year may be out-of-step with how Fed officials message next week and what could be presented in their updated Summary of Economic Projections. Fortunately, market expectations already see the Fed's policy rate at the end of next year higher than where the Fed's dot plot put the median rate in their September SEP. This means the market is likely already geared for some Fed language next week, which could lean a little more hawkish on future rate cuts due to stronger growth and/or lingering inflation.

At least for now, investors seem to have their cake and can eat it, too. Inflation is likely tame enough for the Fed to keep cutting policy rates slowly, and potentially guarded language from Fed Chair Powell and company that points to a patient approach or walks back a rate cut or two in the updated dot plot probably doesn't move the market a whole lot, in our view. That's because investors largely already assume these views in their rate expectations today. The rub, of course, is if those expectations further need to adjust next year and based on the changing tides around tariffs, trade, and fiscal policies.

## 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 slightly lower open.** Markets appear to be digesting Wednesday's stock gains following yesterday's CPI print that likely keeps a 25-basis point rate cut from the Federal Reserve firmly on the table for next week. And while stocks may be biased to the upside through yearend (and depending on how investors respond to Fed messaging and updated projections next week), technical conditions in the market point to stretched (but not excessive) optimism and elevated valuations. In our view, the market may be setting up for a modest hangover in January, given some tax selling may fall into the new year as investors look to delay taking gains until 2025 in hopes that personal tax rates and/or capital gains taxes could be lower under the incoming Trump administration/Republican-controlled Congress.

### Europe:

The European Central Bank (ECB) is expected to cut its policy rate by 25 basis points today. Today's meeting could highlight the internal balancing act ECB officials now face, where the magnitude of future rate cuts that stimulate growth are accompanied by the need to keep inflation in check. Recent inflation prints and wage growth figures support a cautious rate approach, while projections of weaker activity may prompt some officials to be more responsive to rate cuts. Throw in uncertainty about the fiscal positions of Germany/France, trade/tariff policies with the U.S., and knock-on effects from developments in China, and there is no shortage of items to keep ECB officials busy in 2025.

### Asia-Pacific:

On Thursday, South Korean President Yoon Suk Yeol called his failed attempt to declare martial law last week an "act of governance" and dismissed insurrection charges against him, according to *FactSet*. Yoon will face another impeachment vote on Saturday, with the opposition still needing eight ruling People's Power Party (PPP) members to vote in support. Following a widely panned address from Yoon this week, PPP chief Han-Dong-hoon now supports Yoon's impeachment, a position he was unwilling to vote for last week.

**WORLD CAPITAL MARKETS**

12/12/2024

As of: 8:30 AM ET

Americas				Europe (Intra-day)				Asia/Pacific (Last Night)			
	% chg.	% YTD	Value		% chg.	%YTD	Value		% chg.	%YTD	Value
<b>S&amp;P 500</b>	0.8%	29.2%	6,084.2	<b>DJUSTOX 50 (Europe)</b>	0.0%	13.3%	4,958.5	<b>Nikkei 225 (Japan)</b>	1.2%	21.0%	39,849.1
<b>Dow Jones</b>	-0.2%	19.3%	44,148.6	<b>FTSE 100 (U.K.)</b>	0.1%	11.3%	8,306.5	<b>Hang Seng (Hong Kong)</b>	1.2%	25.0%	20,397.1
<b>NASDAQ Composite</b>	1.8%	34.4%	20,034.9	<b>DAX Index (Germany)</b>	0.0%	21.8%	20,401.8	<b>Korea Kospi 100</b>	1.6%	-5.3%	2,482.1
<b>Russell 2000</b>	0.5%	19.6%	2,394.2	<b>CAC 40 (France)</b>	-0.1%	1.4%	7,417.6	<b>Singapore STI</b>	0.4%	24.2%	3,809.3
<b>Brazil Bovespa</b>	1.1%	-3.4%	129,593	<b>FTSE MIB (Italy)</b>	0.5%	15.0%	34,894.0	<b>Shanghai Comp. (China)</b>	0.8%	16.4%	3,461.5
<b>S&amp;P/TSX Comp. (Canada)</b>	0.6%	25.9%	25,657.7	<b>IBEX 35 (Spain)</b>	-0.1%	21.8%	11,783.1	<b>Bombay Sensex (India)</b>	-0.3%	14.0%	81,290.0
<b>Russell 3000</b>	0.8%	28.6%	3,488.8					<b>S&amp;P/ASX 200 (Australia)</b>	-0.3%	14.9%	8,330.3

Global				Developed International				Emerging International			
	% chg.	% YTD	Value		% chg.	%YTD	Value		% chg.	%YTD	Value
<b>MSCI All-Country World Idx</b>	0.1%	22.3%	872.2	<b>MSCI EAFE</b>	0.2%	8.0%	2,340.0	<b>MSCI Emerging Mkts</b>	0.6%	11.9%	1,115.4

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				Equity Income Indices				Commodities			
	% chg.	% YTD	Value		% chg.	% YTD	Value	Futures & Spot (Intra-day)			
									% chg.	% YTD	Value
<b>Communication Services</b>	3.1%	47.2%	358.8	<b>JPM Alerian MLP Index</b>	0.9%	18.5%	301.5	<b>CRB Raw Industrials</b>	0.1%	0.6%	547.0
<b>Consumer Discretionary</b>	2.0%	37.1%	1,928.8	<b>FTSE NAREIT Comp. TR</b>	-0.3%	9.6%	26,214.7	<b>NYMEX WTI Crude (p/bbl.)</b>	0.3%	-1.6%	70.5
<b>Consumer Staples</b>	-0.6%	19.3%	888.2	<b>DJ US Select Dividend</b>	-0.5%	20.8%	3,628.0	<b>ICE Brent Crude (p/bbl.)</b>	0.1%	-4.4%	73.6
<b>Energy</b>	0.0%	10.6%	685.6	<b>DJ Global Select Dividend</b>	0.0%	11.0%	232.4	<b>NYMEX Nat Gas (mmBtu)</b>	-2.4%	31.1%	3.3
<b>Financials</b>	0.3%	34.0%	826.3	<b>S&amp;P Div. Aristocrats</b>	-0.6%	12.4%	4,800.0	<b>Spot Gold (troy oz.)</b>	-0.4%	31.3%	2,708.5
<b>Health Care</b>	-1.3%	5.5%	1,652.8					<b>Spot Silver (troy oz.)</b>	-0.4%	33.6%	31.8
<b>Industrials</b>	-0.2%	22.9%	1,169.9					<b>LME Copper (per ton)</b>	-0.3%	7.2%	9,074.1
<b>Materials</b>	-0.4%	7.1%	568.2	<b>Bond Indices</b>				<b>LME Aluminum (per ton)</b>	-0.3%	9.0%	2,556.9
<b>Real Estate</b>	-0.2%	10.2%	269.3	<b>Barclays US Agg. Bond</b>	-0.2%	2.8%	2,221.7	<b>CBOT Corn (cents p/bushel)</b>	-0.2%	-13.0%	447.5
<b>Technology</b>	1.5%	39.3%	4,700.4	<b>Barclays HY Bond</b>	0.1%	9.2%	2,707.3	<b>CBOT Wheat (cents p/bushel)</b>	0.4%	-16.8%	565.3
<b>Utilities</b>	-0.6%	25.6%	391.9								

Foreign Exchange (Intra-day)				Japanese Yen (\$/¥)				Canadian Dollar (\$/C\$)			
	% chg.	% YTD	Value		% chg.	% YTD	Value		% chg.	% YTD	Value
<b>Euro (€/€)</b>	0.0%	-5.0%	1.05	<b>Australian Dollar (A\$/S)</b>	0.4%	-6.1%	0.64	<b>Swiss Franc (S/CHF)</b>	-0.5%	-5.4%	0.89
<b>British Pound (£/£)</b>	-0.2%	0.0%	1.27								

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 Overlay	GAAC Recommended Weight		S&P 500 Index Weight	GAAC Tactical Overlay	GAAC Recommended Weight
<b>Financials</b>	12.9%	Overweight	14.9%	<b>Energy</b>	3.2%	Equalweight	3.2%
<b>Consumer Staples</b>	5.9%	Overweight	32.5%	<b>Utilities</b>	2.5%	Equalweight	2.5%
<b>Information Technology</b>	31.9%	Equalweight	31.9%	<b>Materials</b>	2.3%	Equalweight	2.3%
<b>Health Care</b>	11.5%	Equalweight	11.5%	<b>Real Estate</b>	2.3%	Equalweight	2.3%
<b>Communication Services</b>	8.8%	Equalweight	8.8%	<b>Consumer Discretionary</b>	10.2%	Underweight	8.2%
				<b>Industrials</b>	8.5%	Underweight	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 Overlay	GAAC Recommended Weight		MSCI All-Country World Index Weight	GAAC Tactical Overlay	GAAC Recommended Weight
<b>United States</b>	62.8%	Overweight	65.0%	<b>United Kingdom</b>	3.2%	Equalweight	3.2%
<b>Europe ex U.K.</b>	12.9%	Equalweight	12.9%	<b>Latin America</b>	0.9%	Equalweight	0.9%
<b>Asia-Pacific ex Japan</b>	11.0%	Equalweight	11.0%	<b>Canada</b>	2.8%	Underweight	1.8%
<b>Japan</b>	5.2%	Equalweight	5.2%	<b>Middle East / Africa</b>	1.2%	Underweight	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 Thursday, December 12, 2024

All times Eastern. Consensus estimates via Bloomberg

Time	Period	Release	Consensus Est.	Actual	Prior	Revised to
8:30 AM	Dec. 7	Initial Jobless Claims	220k	<b>242k</b>	224k	225k
8:30 AM	Nov. 30	Continuing Claims	1877k	<b>1886k</b>	1871k	
8:30 AM	NOV	Producer Price Index (PPI)(MoM)	+0.2%	<b>+0.4%</b>	+0.2%	+0.3%
8:30 AM	NOV	Core PPI – Less Food & Energy (MoM)	+0.2%	<b>+0.2%</b>	+0.3%	
8:30 AM	NOV	Producer Price Index (PPI)(YoY)	+2.6%	<b>+3.0%</b>	+2.4%	+2.6%
8:30 AM	NOV	PPI – Less Food & Energy (YoY)	+3.2%	<b>+3.4%</b>	+3.1%	+3.4%

### Ameriprise Economic Projections

Forecast:	Full-year				Quarterly						
	Actual	Actual	Est.	Est.	Actual	Actual	Actual	Actual	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%	2.7%	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

	Favorable Scenario	Base-Case Scenario	Adverse Scenario
<b>2024 Year-end Targets:</b>			
<b>S&amp;P 500 Index:</b>	6,100	<b>6,000</b>	5,300
<b>10-Year U.S. Treasury Yield:</b>	4.00%	<b>3.75%</b>	3.00%
<b>Fed Funds Target Range:</b>	4.25% to 4.50%	<b>4.50% to 4.75%</b>	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
<b>Equity</b>	<ul style="list-style-type: none"> <li>U.S. Large Cap Growth</li> <li>U.S. Large Cap Value</li> </ul>	<ul style="list-style-type: none"> <li>U.S. Mid Cap Value</li> <li>U.S. Mid Cap Growth</li> <li>U.S. Small Cap Value</li> <li>U.S. Small Cap Growth</li> </ul>	<ul style="list-style-type: none"> <li>Developed Foreign Equity</li> <li>Emerging Foreign Equity</li> </ul>
<b>S&amp;P 500 Sectors</b>	<ul style="list-style-type: none"> <li>Consumer Staples</li> <li>Financials</li> </ul>	<ul style="list-style-type: none"> <li>Communication Services</li> <li>Energy</li> <li>Health Care</li> <li>Information Technology</li> <li>Materials</li> <li>Real Estate</li> <li>Utilities</li> </ul>	<ul style="list-style-type: none"> <li>Consumer Discretionary</li> <li>Industrials</li> </ul>
<b>Global Equity Regions</b>	<ul style="list-style-type: none"> <li>United States</li> </ul>	<ul style="list-style-type: none"> <li>Asia Pacific ex. Japan</li> <li>Europe ex U.K.</li> <li>Japan</li> <li>Latin America</li> <li>United Kingdom</li> </ul>	<ul style="list-style-type: none"> <li>Middle East/Africa</li> <li>Canada</li> </ul>
<b>Fixed Income</b>	<ul style="list-style-type: none"> <li>U.S. Government</li> <li>U.S. Investment Grade Corp.</li> </ul>	<ul style="list-style-type: none"> <li>U.S. High Yield Bonds</li> <li>Developed Foreign Bonds</li> </ul>	<ul style="list-style-type: none"> <li>Emerging Foreign Bonds</li> <li>Municipal Bonds</li> </ul>
<b>Alternatives</b>		<ul style="list-style-type: none"> <li>Real Assets</li> </ul>	<ul style="list-style-type: none"> <li>Alternative Strategies</li> </ul>
<b>Cash</b>		<ul style="list-style-type: none"> <li>Cash</li> <li>Cash Investments</li> </ul>	

Note: Our Tactical Allocations are designed to augment a Strategic portfolio over a 6-12-month time horizon. **Asset Allocation and diversification do not ensure or guarantee better performance and do not eliminate the risk of investment losses. Investors should note that rising interest rates could have a detrimental effect on bond prices. Please consult with your financial advisor.** Cash generally refers to assets, securities and/or products low in risk and highly liquid. For asset allocation purposes, instruments can include Treasury bills, certificates of deposit, money market funds and high-quality bonds whose maturities are less than 3 months. Outside of asset allocation purposes, cash investments can also include illiquid cash held in a mutual fund or pledged as collateral for derivatives. You can only access this cash by redeeming the fund using it, subject to fees or time constraints associated with redemptions.

As of September 30, 2024

Major Market Indices	Rolling Returns			
	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

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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.

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