Before the Bell

An Ameriprise Investment Research Group Publication

January 6, 2025

Starting the Day

- U.S. equity futures are pointing to a higher open.
- European markets are trading solidly higher at midday.
- Asian markets ended mixed overnight.
- Stocks tumble in December but still hit the mark for 2024.
- Jobs data and a day of mourning line the week.
- 10-year Treasury yield at 4.59%.
- West Texas Intermediate (WTI) oil is trading at $74.35.
- Gold is trading at $2,655.40

Market Perspectives

Anthony Saglimbene, Chief Market Strategist

Weekly Market Perspectives: Last week included the S&P 500 Index closing out a second straight year of +20.0% plus annual returns, opening 2025 on a down note, and closing the week lower as investors appeared to take a more defensive posture. Trading activity was relatively light throughout the week, with market participants preoccupied with wrapping up the holidays and positioning for the new year. Market-moving economic releases were also light, with fresh looks at manufacturing activity and initial jobless claims doing little to change the overall fundamental narrative.

This week, expect market participants to fully reengage in trading activity and volumes to normalize amid a heavy schedule of economic releases, including Friday's highly anticipated December nonfarm payrolls report.

Last Week in Review:

- The S&P 500 and NASDAQ Composite each ended lower by 0.5% after closing in the red on the first day of trading in 2025.
- The Dow Jones Industrials Average fell 0.6%.
- All three major U.S. stock averages finished the seven-day Santa Claus rally window lower. Historically, the period is fertile ground for stocks to grind higher, which starts on December 24th and includes the final five trading days of the old year and the first two trading days of the new year. For the Dow, the failed Santa Claus rally is its first since 2016. However, the S&P 500 notched its second consecutive failed Santa rally, while the NASDAQ logged its fourth straight loss during the holiday window. On the bright side, these types of market statistics have little to no bearing on how stocks trade moving forward.
- The Russell 2000 Index bucked the trend last week and gained +1.1%. But that's after its miserable performance in December. More on that below.
- U.S. Treasury yields dipped slightly lower on the week. However, the 10-year U.S. Treasury yield closed 2024 at 4.57% after starting the year at 3.88%. The rise in yield weighed on Treasury prices in the final quarter of last year, particularly as the Treasury curve steepened and the 2/10 spread flipped positive in early September after being inverted since July 2022.
- The U.S. Dollar Index rose +0.9% last week. For all of 2024, the dollar rose +7.0%, and after softening 2.1% in 2023.
- West Texas Intermediate (WTI) crude settled the week higher by +3.7%. However, WTI was up just +0.1% in 2024, while Brent crude finished lower by 3.1%. Although WTI pushed near $90 per barrel in the spring, prices traded in a pretty narrow band in the final quarter of the year amid slower demand in China and increased output.

- Gold rose +0.7% last week. The precious metal shined bright in 2024, rising +27.5% and logging its best year since 2010. However, Gold fell in the final quarter of last year, logging its first quarterly decline in five quarters.
- Finally, December ISM manufacturing improved to its highest level since March (though it remains in contraction), with new orders again improving. Weekly initial jobless claims fell more than expected, as did continuing claims. And November pending home sales rose for the fourth consecutive month.

A final look at how stocks closed out 2024. And what's holding the market back at the start of 2025.

After a strong push higher in November following the election, stocks closed mostly lower in December and failed to follow through on scoring a late-year rally to help close out 2024 on a cheerful note. The Dow Jones Industrials Average lost 5.3% in December, while the S&P 500 closed lower by 2.5%. The Russell 2000 Index shed 8.4% in the final month of 2024 as investors grew less certain about the prospects for small-cap stocks under the incoming Trump administration and amid a higher-for-longer rate environment. Notably, the Dow and Russell 2000 Index saw their worst months of performance since September 2022. However, the NASDAQ Composite gained +0.5% in December as Tesla and Alphabet outperformed.

The S&P 500 and NASDAQ Composite ended the fourth quarter higher, gaining +2.1% and +6.2%, respectively. Each Index notched its fifth straight quarter of gains and set several new highs in the final three months of 2024. That said, the Dow (+0.5%) and Russell 2000 (+0.01%) saw much smaller gains in Q4. Interestingly, stocks experienced a big rally in November following a Trump win, as animal spirits, the prospects for lower taxes/regulation this year, and the removal of the election overhang sent investor sentiment climbing higher. However, already record allocations to U.S. stocks, high expectations for growth in 2025, concerns about tariff/inflation impacts from a Trump 2.0 administration and stretched equity valuations tempered stock enthusiasm in the final month of the year.

In 2024, the S&P 500 gained +23.3%, while the NASDAQ Composite rose +28.6%. For the S&P 500, 2024 marked the second straight year of +20.0% plus gains. The S&P 500 logged 57 fresh record closes last year, with performance across the Index largely driven by outsized gains across the Magnificent Seven as well as other artificial intelligence-related stocks.

For some perspective, the Mag Seven saw an average gain of roughly +57% in 2024. The gang of seven now accounts for over one-third of the S&P 500's entire market capitalization weight, and their size and influence on the benchmark for U.S. stocks is unprecedented, even when compared to the dotcom era. Gains across the other major stock averages in 2024 trailed Big Tech-related behemoths, with the Dow gaining +12.9% last year and the Russell 2000 Index settling higher by +10.0%. In any other year, and when not compared to Tech, those returns would be very respectable and considered a win by investors.

Over the last two years, the S&P 500 is higher by nearly +58%, its best two-year run since 97/98, while the NASDAQ Composite is higher by over +87%, its best two-year run since 2019/2020. So, what did the S&P 500 do after rising by that much in the late 1990s? In 1999, the S&P 500 went on to increase another +20% before the onset of the dotcom bust in 2000.

Stocks were able to climb higher in 2024 and outperform expectations coming into the year based on AI tailwinds, firm economic conditions, falling inflation, and easing central bank policies. If stocks are going to continue their winning ways in 2025, profit growth will likely need to accelerate in non-tech areas this year, economic conditions will need to remain stable, and to some extent, fiscal/monetary expectations will likely need to be met. While "guarded optimism" sums up our 2025 outlook, we expect more bumps in the road this year compared to the last couple of years.

As the calendar has shifted to 2025, the market continues to have difficulty building upward momentum and needs some new catalysts to re-inspire investors. While the picture of solid fundamentals continues to cast a mostly positive outlook for where stock prices can go this year, the lingering/unanswered questions about tariffs and policy direction amid elevated stock valuations appear to have stalled the market recently.

High interest rates, the path for fiscal spending this year, and very high expectations for growth across AI have also complicated the investing picture. Rebalancing effects may also muddy the waters early this month, as large index heavyweights that captured the bulk of the returns last year potentially see some pressure as proceeds are distributed to other parts of the market. And maybe the simplest explanation to help contextualize recent market headwinds is that stocks just need to take a breather after a strong run higher last year. At least this early in the year, it's as good an explanation as anything else.

Nevertheless, we believe investors are best served by reviewing our suite of Outlook reports published near the end of last year (if they haven't already) for themes and investment guidance we believe can help support their portfolios in 2025.

The Week Ahead:

The 119th Congress convenes and will certify the election results on Monday, ahead of the January 20th inauguration of President-elect Trump. Notably, the U.S. stock market will be closed on Thursday for a National Day of Mourning in respect to the passing of the 39th President of the United States, Jimmy Carter. The bond market will be open until 1 PM ET.

- *FactSet* estimates suggest December payrolls grew by +155,000, down from the +227,000 pace in November, while the unemployment rate held steady at 4.2%. In our view, such figures would add to the probability that the Federal Reserve leaves interest rate policy unchanged when it meets at the end of the month.
- Other releases this week include fresh looks at job openings, private payrolls, December ISM services activity, and a preliminary read on January Michigan Consumer Sentiment.

Stock Market Recap

Benchmark	Total Returns			LTM PE		Yield %	
	Weekly	MTD	YTD	Current	5-Year Median	Current	5-Year Median
S&P 500 Index: 5,942	-0.5%	1.0%	1.0%	27.9	23.7	1.2	1.5
Dow Jones Industrial Average: 42,732	-0.6%	0.5%	0.5%	25.1	20.6	1.6	2.0
Russell 2000 Index: 5,638	1.1%	1.7%	1.7%	74.1	38.4	1.2	1.3
NASDAQ Composite: 19,622	-0.5%	1.6%	1.6%	42.0	38.4	0.6	0.8
Best Performing Sector (weekly): Energy	3.2%	1.9%	1.9%	14.4	11.0	3.4	3.8
Worst Performing Sector (weekly): Materials	-2.0%	-1.1%	-1.1%	24.5	20.0	2.1	1.9

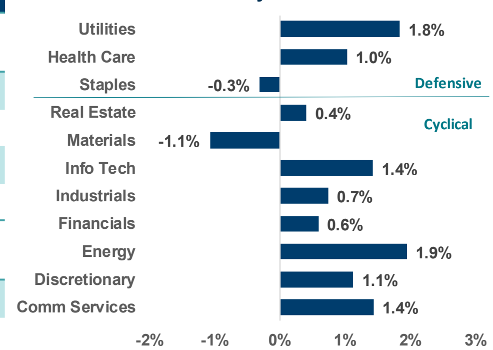
Source: Factset. Data as of 01/03/2025

Bond/Commodity/Currency Recap

Benchmark	Total Returns		
	Weekly	MTD	YTD
Bloomberg U.S. Universal	0.2%	-0.1%	-0.1%
West Texas Intermediate (WTI) Oil: $73.94	3.7%	2.1%	2.1%
Spot Gold: $2,639.73	0.7%	0.6%	0.6%
U.S. Dollar Index: 108.95	0.9%	0.4%	0.4%
Government Bond Yields	**Yield Chg**		
	Weekly	MTD	YTD
2-year U.S. Treasury Yield: 4.28%	-3 bps chg	3 bps chg	3 bps chg
10-year U.S. Treasury Yield: 4.60%	-3 bps chg	2 bps chg	2 bps chg

Source: Factset. Data as of 01/03/2025. bps = basis points

YTD Total Returns by S&P 500 Sector



Source: S&P Global, Factset. Data as of 01/03/2025

These figures are shown for illustrative purposes only and are not guaranteed. They do not reflect taxes or investment/product fees or expenses, which would reduce the figures shown here. An index is a statistical composite that is not managed. It is not possible to invest directly in an index. Past performance is not a guarantee of future results.

U.S. Premarket Indicators / Overnight International Market Activity

United States:

Here is a quick news rundown to start your morning:

- **Premarket activity points to a higher open.** After snapping a five-day losing streak on Friday, stocks look set to carry their positive momentum into the new week. A final look at December services PMI and November durable/factory order data will be out later this morning.

Europe:

Final looks at Eurozone PMIs showed the composite figure in December rose to a two-month-high but remained in contraction. However, services activity across the region remained in expansion last month. Additionally, Eurozone sentiment in November fell to its weakest level since November 2023.

Asia-Pacific:

In December, China Caixin services PMI expanded at its fastest pace since January 2023 and sits at its highest level since May. Manufacturing activity weighed on the composite figure, however, which sits at levels last seen in September.

WORLD CAPITAL MARKETS

1/6/2025 As of: 8:30 AM ET

Americas	% chg.	% YTD	Value
S&P 500	1.3%	1.1%	5,942.5
Dow Jones	0.8%	0.5%	42,732.1
NASDAQ Composite	1.8%	1.6%	19,621.7
Russell 2000	1.6%	1.7%	2,268.5
Brazil Bovespa	-1.3%	-1.5%	118,533
S&P/TSX Comp. (Canada)	0.7%	1.4%	25,073.5
Russell 3000	1.3%	1.2%	3,395.8

Europe (Intra-day)	% chg.	%YTD	Value
DJSTOXX 50 (Europe)	1.9%	1.4%	4,962.9
FTSE 100 (U.K.)	0.1%	0.7%	8,229.8
DAX Index (Germany)	1.3%	1.3%	20,159.3
CAC 40 (France)	2.0%	0.7%	7,427.7
FTSE MIB (Italy)	1.5%	1.3%	34,626.4
IBEX 35 (Spain)	0.7%	1.3%	11,735.3
MOEX Index (Russia)	#VALUE!	#VALUE!	#N/A N/A

Asia/Pacific (Last Night)	% chg.	%YTD	Value
Nikkei 225 (Japan)	-1.5%	-1.5%	39,307.1
Hang Seng (Hong Kong)	-0.4%	-1.6%	19,688.3
Korea Kospi 100	1.9%	3.7%	2,488.6
Singapore STI	0.5%	0.9%	3,821.8
Shanghai Comp. (China)	-0.1%	-4.3%	3,206.9
Bombay Sensex (India)	-1.6%	-0.2%	77,965.0
S&P/ASX 200 (Australia)	0.1%	1.2%	8,257.4

Global	% chg.	% YTD	Value
MSCI All-Country World Idx	0.9%	0.7%	847.2

Developed International	% chg.	%YTD	Value
MSCI EAFE	-0.2%	-0.3%	2,254.8

Emerging International	% chg.	%YTD	Value
MSCI Emerging Mkts	0.2%	-0.1%	1,073.2

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

S&P 500 Sectors	% chg.	% YTD	Value
Communication Services	0.8%	1.4%	346.6
Consumer Discretionary	2.4%	1.1%	1,851.8
Consumer Staples	0.1%	-0.3%	850.9
Energy	0.9%	1.9%	667.6
Financials	0.8%	0.6%	809.1
Health Care	1.0%	1.0%	1,620.8
Industrials	1.1%	0.7%	1,123.9
Materials	0.0%	-1.1%	523.9
Real Estate	1.4%	0.4%	256.8
Technology	1.6%	1.4%	4,674.8
Utilities	1.1%	1.8%	392.0

Equity Income Indices	% chg.	% YTD	Value
JPM Alerian MLP Index	0.3%	1.8%	299.8
FTSE NAREIT Comp. TR	1.3%	0.4%	25,191.9
DJ US Select Dividend	0.6%	0.5%	3,518.6
DJ Global Select Dividend	1.2%	1.6%	227.2
S&P Div. Aristocrats	0.6%	0.0%	4,572.2

Bond Indices	% chg.	% YTD	Value
Barclays US Agg. Bond	-0.2%	-0.1%	2,186.2
Barclays HY Bond	0.1%	0.3%	2,691.6

Commodities Futures & Spot (Intra-day)	% chg.	% YTD	Value
CRB Raw Industrials	0.0%	-0.2%	540.0
NYMEX WTI Crude (p/bbl.)	0.7%	3.8%	74.5
ICE Brent Crude (p/bbl.)	0.6%	3.1%	77.0
NYMEX Nat Gas (mmBtu)	7.5%	-0.7%	3.6
Spot Gold (troy oz.)	0.3%	0.9%	2,648.2
Spot Silver (troy oz.)	2.4%	4.9%	30.3
LME Copper (per ton)	0.9%	1.3%	8,768.0
LME Aluminum (per ton)	-1.6%	-2.4%	2,465.2
CBOT Corn (cents p/bushel)	1.3%	-0.4%	456.5
CBOT Wheat (cents p/bushel)	1.3%	-2.8%	536.0

Foreign Exchange (Intra-day)	% chg.	% YTD	Value
Euro (€/$)	1.1%	0.7%	1.04
British Pound (£/$)	1.0%	0.2%	1.25
Japanese Yen ($/¥)	0.4%	0.4%	156.58
Australian Dollar (A$/$)	1.3%	1.8%	0.63
Canadian Dollar ($/C$)	1.0%	0.6%	1.43
Swiss Franc ($/CHF)	0.8%	0.7%	0.90

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	13.5%	Overweight	2.0%	15.5%
Consumer Staples	5.5%	Equalweight	-	5.5%
Information Technology	32.8%	Equalweight	-	32.8%
Industrials	8.1%	Equalweight	-	8.1%
Communication Services	9.4%	Equalweight	-	9.4%
Energy	3.0%	Equalweight	-	3.0%
Utilities	2.3%	Equalweight	-	2.3%
Materials	1.9%	Equalweight	-	1.9%
Real Estate	2.0%	Equalweight	-	2.0%
Consumer Discretionary	11.5%	Equalweight	-	11.5%
Health Care	10.0%	Underweight	-2.0%	8.0%

As of: January 2, 2025

Index weightings represent the respective market capitalization of each sector in the S&P 500 as of 12/19/2024. 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	66.1%	Overweight	3.2%	69.3%
Europe ex U.K.	11.3%	Equalweight	-	11.3%
Latin America	0.8%	Equalweight	-	0.8%
Japan	4.7%	Equalweight	-	4.7%
United Kingdom	3.0%	Equalweight	-	3.0%
Asia-Pacific ex Japan	10.2%	Underweight	-1.0%	9.2%
Canada	2.7%	Underweight	-1.0%	1.7%
Middle East / Africa	1.2%	Underweight	-1.2%	0.0%

as of: January 2, 2025

Index weightings are based on the regional market capitalizations of the MSCI All-Country World Index as of 12/26/2024. 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.

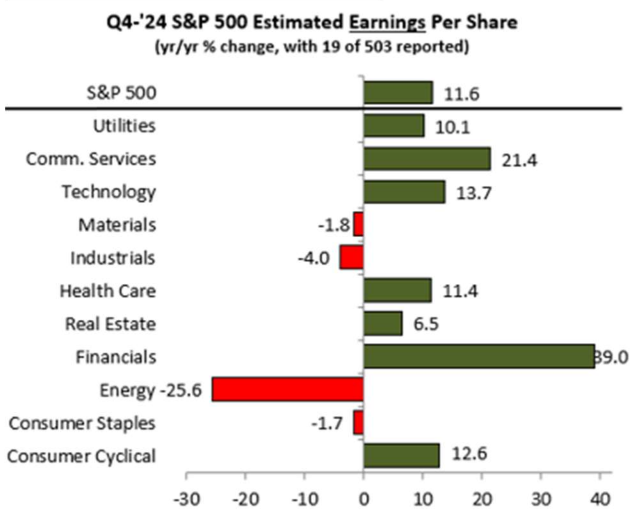
The Week Ahead:

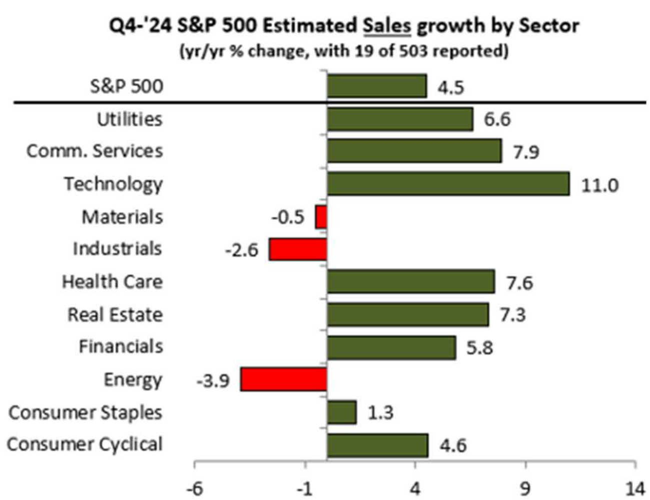
Russell T. Price, CFA, Chief Economist

Unless otherwise noted, all economic estimates are sourced from Bloomberg and all corporate earnings measures are sourced from FactSet.

- **Earnings:** The fourth quarter earnings release season gets off to a very slow start this week with just three S&P 500 member companies scheduled to release their results. Analyst consensus estimates currently look for fourth quarter (Q4) S&P 500 earnings per share (EPS) growth of +11.6% on sales growth of 4.5%. If achieved it would be the strongest pace of year-over-year (y/y) EPS growth for the Index since Q4-2021. By comparison, S&P 500 earnings were 6.0% higher in Q3 on sales growth of 5.5%.
- So, what accounts for the expected doubling of EPS growth in Q4 and is it achievable? We believe three reasons support the view that near 12% growth, or better, is indeed achievable.
- First, a large one-time charge at Apple subtracted 1.3 percentage points of growth from the Q3 y/y EPS figure, thus sustainable Q3 results were generally stronger than the headline result implies. Second, y/y Q4 comparisons should benefit considerably from very easy comparisons to Q4-2023 results, particularly in the financials space. In fact, the Financials sector alone is expected to contribute 5.4 percentage points (pp) to the overall EPS growth figure in Q4. Third, despite the Apple charge, S&P 500 EPS grew at a 1.8% quarter-over-quarter (q/q) rate in Q3 whereas the projected q/q growth rate for Q4 sees a much lower bar of +0.5%.
- On the downside, results related to companies in the Energy and Materials sectors are expected to pressure Q4 results largely due to lower commodity prices. Given the modest size of these segments, however, the Energy sector is forecast to contribute 1.8 points of downside to the overall S&P 500 EPS growth rate. The Industrials sector, meanwhile, is expected to weigh on the overall results by -0.4 pp. *All data mentioned in this commentary, including that depicted in the graphics below, has been sourced from FactSet.*

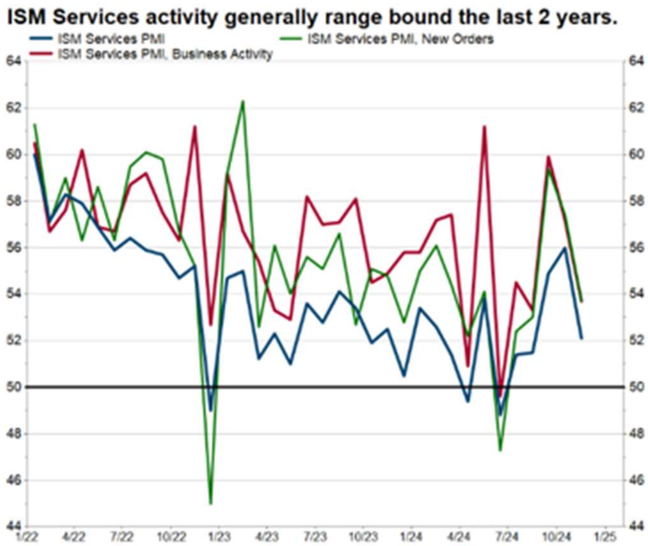
S&P 500 Fourth Quarter Outlook:

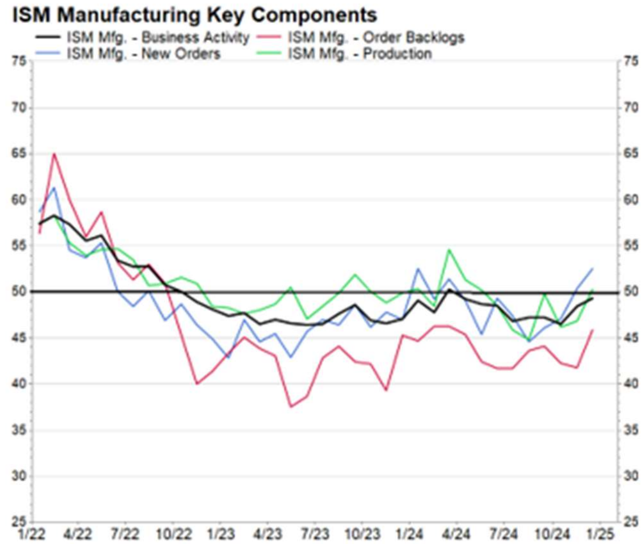




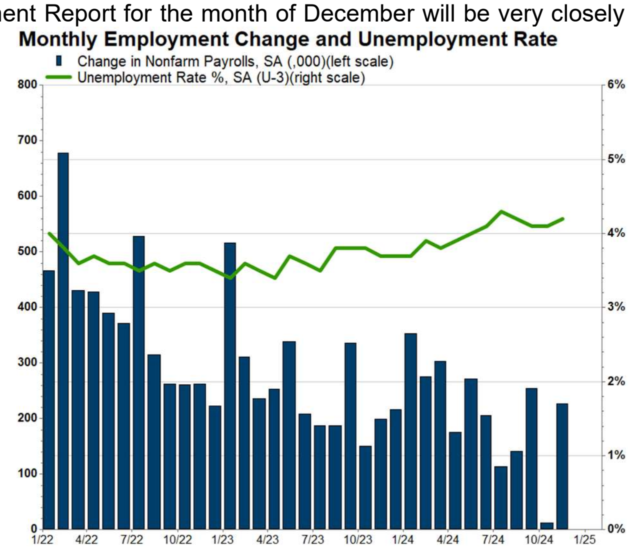
- **The Economic Release Calendar:** Many financial market participants coming back to the office today after some extended year-end holidays will be greeted by an active economic release schedule this week. Aside from the always important Employment Report on Friday, investors will also have to consider activity in the Service sector, Trade, Consumer Sentiment. Further, Notes from the December 18th Federal Open Market Committee (FOMC) meeting where officials cut the central bank's overnight lending rate by 25 basis points and indicated a slower than expected pace to be likely in the months ahead, will be released on Wednesday.
- **December ISM Services:** The Institute of Supply Management (ISM) will release the results of its December survey of Service sector conditions on Tuesday. Forecasters as surveyed by Bloomberg expect a fairly solid Index number of 53.3 (versus November's 52.1). The consensus estimate is largely in-line with our own forecast, but we note that the December reading has seen some downside pressure each of the last two years.
- **December ISM Manufacturing Index (released Friday):** Last Friday, the ISM released its Manufacturing Index for December. The report came-in with a better-than-expected reading of 49.3 versus the 48.2 expected. It was the second-strongest reading of the last two years and was primarily generated by solid growth in new orders. The New Order component of the Index came-in with a reading of 52.5 – thus matching its strongest result since May 2022.

- Production levels were also in positive territory for the first time since May 2024. Despite these metrics, we believe the manufacturing sector remains weak, a situation that was reflected in the hiring component of the report which posted a contractionary reading of 45.3.





- **<u>December Employment Report:</u>** With a backdrop of very high equity market valuations, 10-year Treasury rates at elevated levels, and a more cautious Fed, Friday's Employment Report for the month of December will be very closely monitored and could bring a considerable reaction should the results deviate materially from expectations. Also, employment results around the holidays can be volatile given the significant hiring and subsequent firing of temporary holiday period workers.
- Forecasters look for a sound yet moderate number of net new payroll positions to have been added in December. The Bloomberg consensus looks for 160,000 new jobs, down from November's 227,000. We note that the November number was very likely a partial rebound from October's strike and weather induced weakness of just 36,000.
- The Unemployment Rate, meanwhile, is projected to hold steady, ending the year at 4.2%.
- We are projecting a net job gain of 150,000 for the month with an unempyment rate of 4.3%.
- *The chart at right has been sourced from FactSet.*



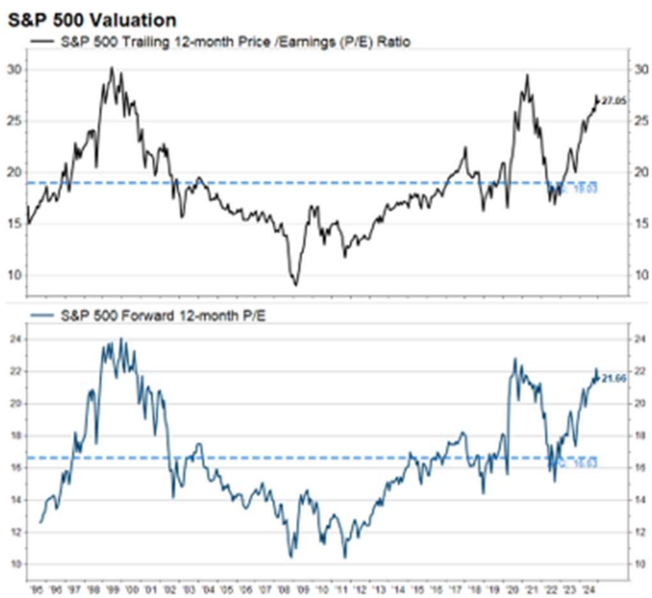
The calendar below is sourced from American Enterprise Investment Services Inc.

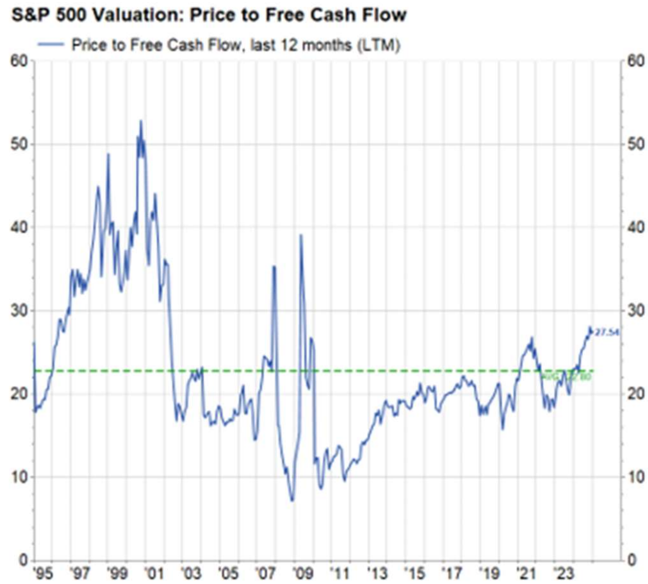
January 6	7	8	9	10
Factory Orders	**JOLTS / Job Openings**	**ADP Employment Estimate**	**U.S. equity markets closed**	**Employment Report**
Markit Prelim. Mfg. Index	**Trade Balance**	**Initial Jobless Claims**	**in Day of Mourning for**	**UofM Consumer Sentiment**
Manufacturing PMI - Eurozone	**ISM Services Index**	**Wholesale Inventories**	**President Carter**	*Leading Index - Japan*
Services PMI - Eurozone	*Inflation - Eurozone*	**Dec 18th FOMC Minutes**	**Challenger Layoff Notices**	*Industrial Production - India*
	Unemployment - Eurozone	**Consumer Credit**	*Trade - Japan*	*Bank Lending - India*
		Consumer Confidence - Japan	*Retail Sales - Eurozone*	
		Inflation - China		
		Consumer Confidence - Eurozone		

Where Market Fundamentals Stand Heading into The Week:

S&P 500 Trailing and Forward P/E valuations: *Source: FactSet*

<u>Please note:</u> Although we try to maintain consistency as much as possible, Price to Earnings (P/E) ratios may differ from one source to another. Most notably, P/E numbers can often show their most notable differences during an earnings release season as some sources may still use the last full 'actual' earnings number while others use earnings per share that are updated via a combination of actual and estimated earnings. The calculation of earnings (operating earnings versus 'as reported' or GAAP) also often differ modestly from one data source to another due to the use of proprietary calculation methodologies.





Consensus Earnings Estimates: *Source: FactSet*

<u>Please note:</u> The consensus earnings estimates shown below should viewed cautiously. The business environment remains very dynamic, thus leaving current estimates with greater uncertainty than usual, in our view. The table below is sourced from American Enterprise Investment Management Inc and is based on data from FactSet.

S&P 500 Earnings Estimates	2020	2021	2022	2023				2024				2025				2026
1/6/2025	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Est.	Est.	Est.	Est.	Est.	Est.
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	FY
Quarterly $$ amount				$53.34	$54.52	$58.91	$55.56	$56.45	$60.54	$61.63	$61.88	$62.88	$67.16	$71.04	$72.21	
change over last week											-$0.13	-$0.41	-$0.31	-$0.23	-$0.18	-$0.51
yr/yr				-1.2%	-3.6%	6.1%	4.2%	5.8%	11.0%	5.0%	11.4%	11.4%	10.9%	15.3%	16.7%	
qtr/qtr				0.1%	2.2%	8.1%	-5.7%	1.6%	7.2%	1.8%	0.4%	1.6%	6.8%	5.8%	1.6%	
Trailing 4 quarters $$	$143.08	$211.09	$222.33	$218.71	$216.67	$220.08	$222.33	$225.44	$231.46	$234.18	$240.50	$246.93	$253.55	$262.96	$273.29	$311.00
yr/yr % change	-13.0%	47.5%	4.2%				0.0%				8.2%				13.6%	13.8%
<u>Implied P/E based on a S&P 500 level of:</u> 5942											24.7	24.1	23.4	22.6	21.7	19.1

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Economic News and Views:

Russell T. Price, CFA – Chief Economist

Releases for Monday January 6, 2025

All times Eastern. Consensus estimates via Bloomberg

Time	Period	Release	Consensus Est.	**Actual**	Prior	Revised
10:00 AM	NOV	Factory Orders	-0.4%		+0.2%	

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%	2.8%	2.0%	3.2%	1.6%	3.0%	2.8%	2.7%	1.8%	2.3%
Unemployment Rate	3.6%	3.7%	4.4%	4.2%	3.7%	3.8%	4.1%	4.1%	4.2%	4.2%	4.2%
CPI (YoY)	8.0%	3.4%	2.5%	2.0%	3.4%	3.5%	3.0%	2.4%	2.5%	2.2%	2.1%
Core PCE (YoY)	5.2%	2.9%	2.7%	2.0%	2.9%	2.8%	2.6%	2.7%	2.7%	2.3%	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: December 12, 2024

Ameriprise Global Asset Allocation Committee Targets and Views

Targets

2025 Year-end Targets:	Favorable Scenario	Base-Case Scenario	Adverse Scenario
S&P 500 Index:	7,000	6,500	5,500
10-Year U.S. Treasury Yield:	5.00%	4.25%	3.00%
Fed Funds Target Range:	4.25% to 4.50%	3.75% to 4.00%	3.25% to 3.50%

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

Please see latest *Quarterly Capital Market Digest* for more information.

Last Updated: January 2, 2025

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Global Asset Allocation Committee Views

AMERIPRISE GLOBAL ASSET ALLOCATION COMMITTEE TACTICAL ASSET CLASS VIEWS

2025 Year-end S&P 500 Target: 6,500
2025 Year-End 10-year Treasury Target: 4.25%

as of 12/30/2024

	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	• Financials	• Communication Services • Consumer Discretionary • Consumer Staples • Energy • Health Care • Industrials • Information Technology • Materials • Real Estate • Utilities	• Health Care
Global Equity Regions	• United States	• Europe ex U.K. • Japan • Latin America • United Kingdom	• Middle East/Africa • Asia-Pacific ex Japan • Canada
Fixed Income	• U.S. High Yield Bonds	• U.S. Inv. Grade Corporates • 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.

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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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.

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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.

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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.

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