

# Before the Bell

An Ameriprise Investment Research Group Publication

January 9, 2025

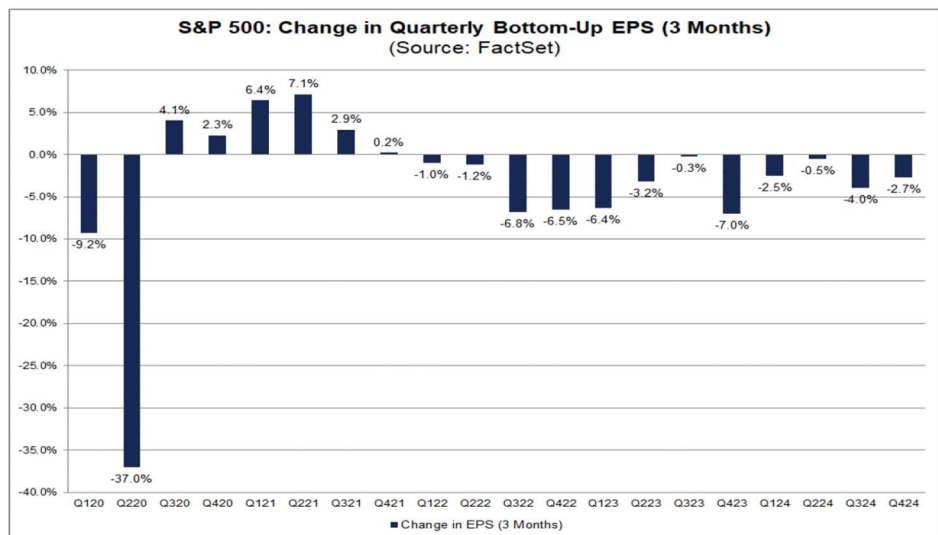
## Starting the Day

- U.S. equity markets finished mixed on Wednesday.
- European markets are trading mostly higher at midday.
- Asian markets ended lower.
- U.S. markets closed for Carter's National Day of Mourning.
- The Q4 profit bar was lowered, just not as much as usual.
- 10-year Treasury yield at 4.66%.
- West Texas Intermediate (WTI) oil is trading at \$73.52.
- Gold is trading at \$2,688.00

## Market Perspectives

Anthony Saglimbene, Chief Market Strategist

**Earnings expectations ease for Q4.** The U.S. stock market will be closed today in observance of the National Day of Mourning for the 39<sup>th</sup> President of the United States of America, Jimmy Carter. In our view, investors could use the day off to help regroup and digest evolving market conditions. At the start of the year, stock volatility has edged higher on growing concerns about tariffs, elevated valuations, and incoming economic data that likely supports the Federal Reserve pausing rate cuts later this month as inflation pressures remain sticky. As a result, higher U.S. Treasury yields have curbed risk appetite, particularly across rate-sensitive Big Tech and where valuations have become stretched. In our view, the upcoming fourth quarter earnings season, which starts in earnest next week with a batch of banks and key financial companies, could help provide a needed fundamental check-in on the health of corporate America. As the FactSet chart above shows, Q4'24 S&P 500 earnings per share (EPS) estimates fell 2.7% in the fourth quarter, helping lower the bar for companies to hurdle over in aggregate when reporting results. While that's less than the five-year average decline of 3.4% during a typical quarter, easing expectations likely help a market that sees the S&P 500 trading at a historically high 22x this year's EPS. At the sector level, Q4'24 EPS estimates came down most aggressively in the fourth quarter for Energy (-14.1%) and Materials (-12.5%), while they went up for Communication Services (+4.1%). Bottom line: In an environment where the macroeconomic backdrop and interest rate expectations are evolving, corporate earnings could play a critical role in helping either confirm what we continue to see as a solid fundamental foundation or, in some cases, act to push back on the more bullish assessments for 2025.



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## U.S. Premarket Indicators / Overnight International Market Activity

### United States:

Here is a quick news rundown to start your morning:

- **The U.S. stock market is closed for trading today in observance of former President Carer's funeral.** The S&P 500 Index closed higher on Wednesday by +0.2%, while the NASDAQ Composite fell 0.1%. Friday's December nonfarm payrolls report will be closely watched as markets reopen and gauge the health of the U.S. labor market. *FactSet* estimates call for +153,000 new jobs last month, down from +227,000 in November, with the unemployment rate holding steady at 4.2%. Earlier this week, the November JOLTS report showed job openings coming in stronger than expected at 8.098 million, while private payrolls in the ADP Survey slowed to 122,000 new jobs in December, down from 146,000 in November. Bottom line: Investors will be looking for nonfarm payrolls to cool in December and where data shows wage growth steady-to-cooling, and which doesn't add to inflation pressures. Separately, the December FOMC minutes noted upside risks to inflation, though most participants expected inflation would continue to move to its 2.0% target. Notably, policymakers referenced that President-elect Trump's trade and immigration policy could complicate inflation's path to 2.0%, and it could take longer than expected to achieve.

### Europe:

European markets are trading mostly higher at midday. November Eurozone retail sales came in slower than expected, while November German industrial production beat estimates.

### Asia-Pacific:

Markets in Asia closed mostly lower overnight. Renewed strength in the U.S. dollar and concerns about China's path to economic recovery weighed on sentiment in the region. Consumer inflation in China weakened to just +0.1% y/y last month from +0.2% in November. Consumer inflation sits at its lowest level since March and did little to change the overall narrative that "deflation" remains a key risk in China.

### WORLD CAPITAL MARKETS

1/9/2025

As of: 8:30 AM ET

Americas	% chg.	% YTD	Value	Europe (Intra-day)	% chg.	%YTD	Value	Asia/Pacific (Last Night)	% chg.	%YTD	Value
S&P 500	0.2%	0.6%	5,918.3	DJSTOXX 50 (Europe)	0.2%	2.3%	5,006.3	Nikkei 225 (Japan)	-0.9%	-0.7%	39,605.1
Dow Jones	0.3%	0.2%	42,635.2	FTSE 100 (U.K.)	0.7%	1.7%	8,305.3	Hang Seng (Hong Kong)	-0.2%	-3.8%	19,240.9
NASDAQ Composite	-0.1%	0.9%	19,478.9	DAX Index (Germany)	0.0%	2.1%	20,321.2	Korea Kospi 100	0.0%	5.1%	2,521.9
Russell 2000	-0.5%	0.4%	2,239.0	CAC 40 (France)	0.4%	1.5%	7,485.8	Singapore STI	-0.6%	2.0%	3,862.6
Brazil Bovespa	-1.3%	-0.5%	119,625	FTSE MIB (Italy)	0.4%	3.1%	35,237.9	Shanghai Comp. (China)	-0.6%	-4.2%	3,211.4
S&P/TSX Comp. (Canada)	0.5%	1.4%	25,051.7	IBEX 35 (Spain)	0.6%	2.4%	11,867.2	Bombay Sensex (India)	-0.7%	-0.7%	77,620.2
Russell 3000	0.1%	0.7%	3,380.4	MOEX Index (Russia)	#VALUE!	#VALUE!	#N/A N/A	S&P/ASX 200 (Australia)	-0.2%	2.1%	8,329.2
Global	% chg.	% YTD	Value	Developed International	% chg.	%YTD	Value	Emerging International	% chg.	%YTD	Value
MSCI All-Country World Idx	-0.1%	0.6%	846.0	MSCI EAFE	-0.7%	0.4%	2,271.3	MSCI Emerging Mkts	-0.9%	-0.4%	1,070.8

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	Equity Income Indices	% chg.	% YTD	Value	Commodities	% chg.	% YTD	Value
Communication Services	-0.7%	1.8%	347.7	JPM Alerian MLP Index	1.8%	3.3%	304.2	Futures & Spot (Intra-day)	% chg.	% YTD	Value
Consumer Discretionary	0.2%	-0.3%	1,826.3	FTSE NAREIT Comp. TR	0.3%	-1.6%	24,706.4	CRB Raw Industrials	0.0%	0.8%	545.5
Consumer Staples	0.5%	-1.1%	844.1	DJ US Select Dividend	0.1%	-0.3%	3,492.8	NYMEX WTI Crude (p/bbl.)	0.3%	2.5%	73.5
Energy	-0.1%	2.5%	671.3	DJ Global Select Dividend	-0.2%	-0.1%	223.3	ICE Brent Crude (p/bbl.)	0.4%	2.4%	76.4
Financials	0.3%	0.4%	806.9	S&P Div. Aristocrats	0.2%	-0.5%	4,549.7	NYMEX Nat Gas (mmBtu)	-1.9%	-1.5%	3.6
Health Care	0.5%	2.1%	1,638.6					Spot Gold (troy oz.)	0.4%	1.8%	2,672.4
Industrials	0.4%	0.8%	1,125.0	Bond Indices	% chg.	% YTD	Value	Spot Silver (troy oz.)	0.8%	5.0%	30.3
Materials	0.5%	0.1%	529.8	Barclays US Agg. Bond	0.1%	-0.4%	2,179.4	LME Copper (per ton)	0.3%	3.1%	8,917.3
Real Estate	0.4%	-1.3%	252.5	Barclays HY Bond	-0.1%	0.3%	2,690.4	LME Aluminum (per ton)	-0.8%	-2.3%	2,467.7
Technology	0.1%	0.5%	4,633.0					CBOT Corn (cents p/bushel)	0.0%	-1.0%	454.0
Utilities	0.0%	0.5%	386.6					CBOT Wheat (cents p/bushel)	-0.3%	-3.0%	534.8
Foreign Exchange (Intra-day)	% chg.	% YTD	Value		% chg.	% YTD	Value		% chg.	% YTD	Value
Euro (€/\$)	-0.2%	-0.5%	1.03	Japanese Yen (\$/¥)	0.4%	-0.3%	157.73	Canadian Dollar (\$/C\$)	-0.1%	-0.1%	1.44
British Pound (£/\$)	-0.7%	-1.9%	1.23	Australian Dollar (A\$/S)	-0.3%	0.2%	0.62	Swiss Franc (\$/CHF)	-0.1%	-0.5%	0.91

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		S&P 500 Index Weight	GAAC Tactical View	GAAC Tactical Overlay	GAAC Recommended Weight
<b>Financials</b>	13.5%	Overweight	2.0%	15.5%	<b>Energy</b>	3.0%	Equalweight	-	3.0%
<b>Consumer Staples</b>	5.5%	Equalweight	-	5.5%	<b>Utilities</b>	2.3%	Equalweight	-	2.3%
<b>Information Technology</b>	32.8%	Equalweight	-	32.8%	<b>Materials</b>	1.9%	Equalweight	-	1.9%
<b>Industrials</b>	8.1%	Equalweight	-	8.1%	<b>Real Estate</b>	2.0%	Equalweight	-	2.0%
<b>Communication Services</b>	9.4%	Equalweight	-	9.4%	<b>Consumer Discretionary</b>	11.5%	Equalweight	-	11.5%
					<b>Health Care</b>	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		MSCI All-Country World Index Weight	GAAC Tactical View	GAAC Tactical Overlay	GAAC Recommended Weight
<b>United States</b>	66.1%	Overweight	3.2%	69.3%	<b>United Kingdom</b>	3.0%	Equalweight	-	3.0%
<b>Europe ex U.K.</b>	11.3%	Equalweight	-	11.3%	<b>Asia-Pacific ex Japan</b>	10.2%	Underweight	-1.0%	9.2%
<b>Latin America</b>	0.8%	Equalweight	-	0.8%	<b>Canada</b>	2.7%	Underweight	-1.0%	1.7%
<b>Japan</b>	4.7%	Equalweight	-	4.7%	<b>Middle East / Africa</b>	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.

## Economic News and Views:

Russell T. Price, CFA – Chief Economist

#### Releases for Thursday January 9, 2025

All times Eastern. Consensus estimates via Bloomberg

Time	Period	Release	Consensus Est.	Actual	Prior	Revised
7:30 AM	DEC	Challenger Layoff Announcements	NA		57.7k	

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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%	2.8%	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			
	Favorable Scenario	Base-Case Scenario	Adverse Scenario
<b>2025 Year-end Targets:</b>			
<b>S&amp;P 500 Index:</b>	7,000	6,500	5,500
<b>10-Year U.S. Treasury Yield:</b>	5.00%	4.25%	3.00%
<b>Fed Funds Target Range:</b>	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
<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>Financials</li> </ul>	<ul style="list-style-type: none"> <li>Communication Services</li> <li>Consumer Discretionary</li> <li>Consumer Staples</li> <li>Energy</li> <li>Health Care</li> <li>Industrials</li> <li>Information Technology</li> <li>Materials</li> <li>Real Estate</li> <li>Utilities</li> </ul>	<ul style="list-style-type: none"> <li>Health Care</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>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>Asia-Pacific ex Japan</li> <li>Canada</li> </ul>
<b>Fixed Income</b>	<ul style="list-style-type: none"> <li>U.S. High Yield Bonds</li> </ul>	<ul style="list-style-type: none"> <li>U.S. Inv. Grade Corporates</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> <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 <sup>®</sup> 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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## 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.

## Definitions of terms

Definitions of terms mentioned in this report are available on our website at [ameriprise.com/legal/disclosures/](https://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/](https://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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