Before the Bell

An Ameriprise Investment Research Group Publication

January 10, 2025

Starting the Day

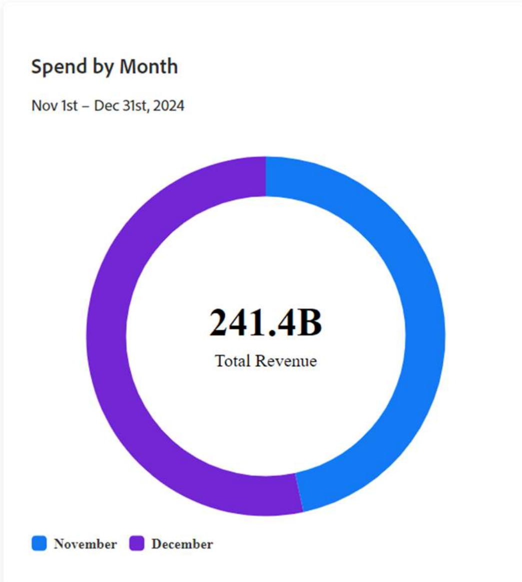
- U.S. equity markets are pointing to a lower open.
- European markets are trading mixed at midday.
- Asian markets ended lower.
- Consumers spent $241.4 billion online during the holidays.
- Too strong? December payrolls grow by +256k.
- 10-year Treasury jumps to 4.78% after Jobs Report.
- West Texas Intermediate (WTI) oil is trading at $76.65.
- Gold is trading at $2,705.70

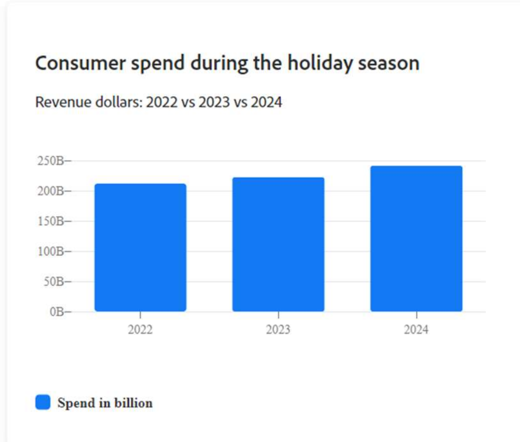
Market Perspectives

Anthony Saglimbene, Chief Market Strategist

Consumers spent at record levels online over the holidays. Earlier this week, *Adobe* released online shopping data for the 2024 holiday period, which runs from November 1st to December 31st. According to its report, consumers spent a record $241.4 billion online this holiday, up +8.7% over the 2023 holiday shopping season. As the *Adobe* chart below shows, $131.5 billion of that total was made on mobile devices, including smartphones and tablets, which was also a record total. In fact, smartphones accounted for 54.5% of all online shopping in November and December, with 79% of the Buy Now, Pay Later (BNPL) purchases coming from a smartphone. Notably, *Adobe* highlighted that the use of AI-powered chatbots as shopping assistants to find deals or locate products quickly grew by an eye-popping +1,300% this holiday season. So, while consumers spent at a record clip online over the holidays, they increasingly used technology to help them find deals or get to the products they desired quickly. Speaking of products, electronics, including TVs, Bluetooth headphones/speakers, smartwatches, and fitness trackers, were the top sellers during the 2024 holiday. In apparel, puffer/fleece jackets, boots, purses/crossbody bags, and socks (bummer if that was your gift) were also top gifts. Finally, strong consumer spending online during the holidays was driven by net new demand and not higher prices. In fact, Adobe's Digital Price Index shows e-commerce prices have fallen for 27 consecutive months and was down 2.6% year-over-year in November. Bottom line: Consumers spent online at record levels this past holiday season, which should bode well for earnings reports from retailers that have strong online presences, managed inventory well, and were able to meet the growing demand in an increasingly technology-driven shopping world.

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





Source: Adobe.

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 flat-to-higher open.** All three major U.S. stock averages are on track for slight losses this week, with the S&P 500 Index off 0.4% week-to-date. Today's labor report shouldn't do much to change the odds of the Federal Reserve standing pat on rate policy later this month. Odds for a pause currently stand at around 93%. Although the fourth quarter earnings season kicks off in earnest next week, this morning, Delta Air Lines reported it beat earnings and sales forecast for the final three months of the year and boosted its first quarter outlook on strong travel demand. The company said it expects to generate more than $4 billion in free cash flow in 2025, up +18% over 2024 levels. On Wednesday, JPMorgan Chase, Goldman Sachs, Wells Fargo, and Citigroup will unofficially kick off the Q4 earnings season. Fourth quarter S&P 500 earnings per share (EPS) are expected to grow +11.2% y/y on sales growth of +3.1%. If such profit forecasts are achieved, it would mark the strongest profit growth for the Index since Q4'21 and the sixth consecutive quarter of y/y EPS growth.
- **The December employment report:** This morning, the Labor Department reported a net employment gain of 256,000 for the month of December. The total was solidly ahead of the Bloomberg consensus estimate of +165,000. The Unemployment Rate, meanwhile, ticked a tenth lower to end 2024 at 4.1%.

Europe:

The focus in the region has shifted to the UK lately. UK assets, including Gilts, have come under pressure as investors are growing more concerned about government policies that could increase debt and inflation. UK Chancellor Reeves has told his cabinet colleagues to come up with draft alternative plans to boost growth amid the market's concern about the government's economic strategy. The Bank of England remains cautious on rate cuts this year, with the timing and degree of cuts "to be determined." Notably, Gilts have moved in lockstep with U.S. Treasuries since September, though recent weakness in Gilt pricing (and subsequently higher yields) have been linked to this week's poor demand in the Gilt auction.

Asia-Pacific:

Asian markets fell for the third consecutive day on Friday amid continued concerns about China's recovery. Beijing continued to defend the yuan, which is hovering near a 16-month low, in part by suspending its purchases of government bonds to add to the issuance of yuan-denominated bills.

WORLD CAPITAL MARKETS

1/10/2025 As of: 8:30 AM ET

Americas	% chg.	% YTD	Value
S&P 500	0.2%	0.7%	5,918.3
Dow Jones	0.3%	0.3%	42,635.2
NASDAQ Composite	-0.1%	0.9%	19,478.9
Russell 2000	-0.5%	0.4%	2,239.0
Brazil Bovespa	0.1%	-0.4%	119,781
S&P/TSX Comp. (Canada)	0.1%	1.5%	25,073.4
Russell 3000	0.1%	0.7%	3,380.4

Europe (Intra-day)	% chg.	%YTD	Value
DJSTOXX 50 (Europe)	0.1%	2.7%	5,023.3
FTSE 100 (U.K.)	-0.4%	1.4%	8,284.5
DAX Index (Germany)	0.4%	2.4%	20,393.6
CAC 40 (France)	0.2%	1.8%	7,502.9
FTSE MIB (Italy)	0.2%	3.5%	35,380.0
IBEX 35 (Spain)	-1.0%	2.0%	11,786.0
MOEX Index (Russia)	#VALUE!	#VALUE!	#N/A N/A

Asia/Pacific (Last Night)	% chg.	%YTD	Value
Nikkei 225 (Japan)	-1.0%	-1.8%	39,190.4
Hang Seng (Hong Kong)	-0.9%	-4.7%	19,064.3
Korea Kospi 100	-0.2%	4.8%	2,515.8
Singapore STI	-1.6%	0.4%	3,801.6
Shanghai Comp. (China)	-1.3%	-5.5%	3,168.5
Bombay Sensex (India)	-0.3%	-1.0%	77,378.9
S&P/ASX 200 (Australia)	-0.4%	1.7%	8,294.1

Global	% chg.	% YTD	Value
MSCI All-Country World Idx	0.0%	0.6%	845.6

Developed International	% chg.	%YTD	Value
MSCI EAFE	0.0%	0.5%	2,271.2

Emerging International	% chg.	%YTD	Value
MSCI Emerging Mkts	-0.4%	-0.8%	1,066.5

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

S&P 500 Sectors	% chg.	% YTD	Value
Communication Services	-0.7%	1.8%	347.7
Consumer Discretionary	0.2%	-0.3%	1,826.3
Consumer Staples	0.5%	-1.1%	844.1
Energy	-0.1%	2.5%	671.3
Financials	0.3%	0.4%	806.9
Health Care	0.5%	2.1%	1,638.6
Industrials	0.4%	0.8%	1,125.0
Materials	0.5%	0.1%	529.8
Real Estate	0.4%	-1.3%	252.5
Technology	0.1%	0.5%	4,633.0
Utilities	0.0%	0.5%	386.6

Equity Income Indices	% chg.	% YTD	Value
JPM Alerian MLP Index	1.8%	3.3%	304.2
FTSE NAREIT Comp. TR	0.3%	-1.6%	24,706.4
DJ US Select Dividend	0.1%	-0.3%	3,492.8
DJ Global Select Dividend	0.0%	-0.1%	223.4
S&P Div. Aristocrats	0.2%	-0.5%	4,549.7

Bond Indices	% chg.	% YTD	Value
Barclays US Agg. Bond	0.0%	-0.5%	2,178.8
Barclays HY Bond	0.1%	0.3%	2,691.9

Commodities Futures & Spot (Intra-day)	% chg.	% YTD	Value
CRB Raw Industrials	0.0%	0.8%	545.7
NYMEX WTI Crude (p/bbl.)	3.5%	6.7%	76.5
ICE Brent Crude (p/bbl.)	3.5%	6.7%	79.6
NYMEX Nat Gas (mmBtu)	3.6%	5.6%	3.8
Spot Gold (troy oz.)	0.4%	2.0%	2,678.2
Spot Silver (troy oz.)	0.6%	4.9%	30.3
LME Copper (per ton)	0.6%	3.7%	8,971.6
LME Aluminum (per ton)	2.1%	-0.3%	2,520.3
CBOT Corn (cents p/bushel)	0.3%	-0.2%	457.5
CBOT Wheat (cents p/bushel)	0.0%	-3.2%	533.8

Foreign Exchange (Intra-day)	% chg.	% YTD	Value
Euro (€/$)	0.0%	-0.5%	1.03
British Pound (£/$)	0.0%	-1.6%	1.23
Japanese Yen ($/¥)	0.1%	-0.5%	158.05
Australian Dollar (A$/$)	-0.2%	0.0%	0.62
Canadian Dollar ($/C$)	-0.1%	-0.2%	1.44
Swiss Franc ($/CHF)	-0.2%	-0.7%	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
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.

Economic News and Views:

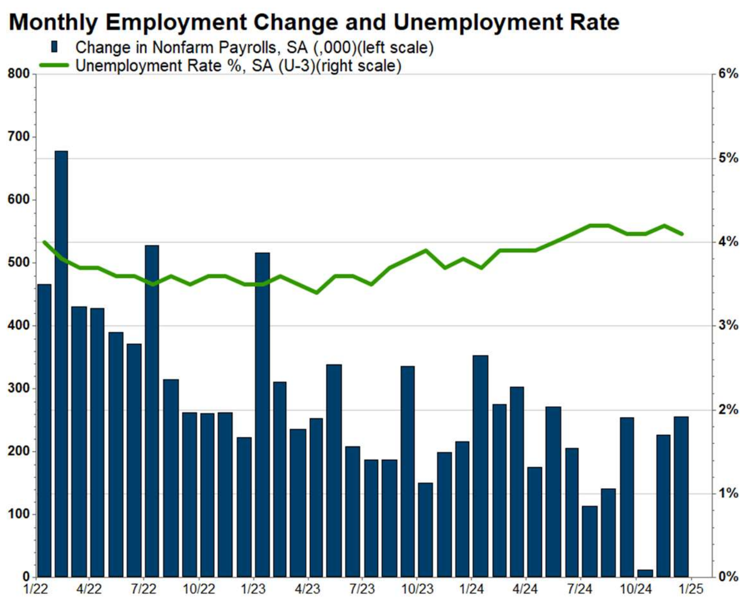
Russell T. Price, CFA – Chief Economist

Releases for Friday January 10, 2025 **All times Eastern. Consensus estimates via Bloomberg**

Time	Period	Release	Consensus Est.	**Actual**	Prior	Revised
8:30 AM	DEC	Change in Nonfarm Payrolls	+165k	**+256k**	+227k	+212k
8:30 AM		Two-Month Payroll Net Revision		**-8k**		
8:30 AM	DEC	Change in Private Payrolls	+140K	**+223k**	+194k	+182k
8:30 AM	DEC	Change in Manufacturing Payrolls	+5k	**-13k**	+22K	+25k
8:30 AM	DEC	Unemployment Rate	4.2%	**4.1%**	4.2%	
8:30 AM	DEC	Average Hourly Earnings (MoM)	+0.3%	**+0.3%**	+0.4%	
8:30 AM	DEC	Average Hourly Earnings (YoY)	+4.0%	**+3.9%**	+4.0%	
8:30 AM	DEC	Average Work Week	34.3	**34.3**	34.3	
8:30 AM	DEC	Labor Force Participation	62.5%	**62.5%**	62.5%	

Commentary:

- **The U.S. labor market generated a very strong 256,000 net new jobs in December.** The number was well ahead of consensus estimates for the period. The Unemployment rate also ticked down a tenth to end the year at 4.1%.
- Goods producing industries shed 8,000 jobs according to the report but this comes after the segment added 25,000 in November.
- While always highly anticipated, today's Employment Report was incrementally awaited as it was seen as being the first "clean" report in several months. Since August the Employment Report has seen considerable fluctuations due to temporary factors including major hurricanes (Helene and Milton) and sizable labor strikes.
- The Services side of the economy added all of the gains in the month with nearly all segments participating in the expansion. The Retail sector, which is always a particularly important segment in the end-of-year holiday period, saw a strong gain of 43,000 (yes, the data is seasonally adjusted). This gain, however, follows a loss of 29,000 reported in November.
- Early market reaction to this strong report has been negative as the result has caused market-based interest rates to jump. The yield on the 10-year Treasury was at 4.70% pre-release but jumped to 4.78% immediately after. Indeed, a continuation of very strong job market conditions leaves little incentive or compunction for Fed officials to cut their overnight lending rate, the fed funds rate, anytime soon, in our opinion.
- *The charts at right are sourced from FactSet and HAVE been updated to reflect today's release.*



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meriprise 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.

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As of December 31, 2024

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Tactical asset class recommendations mentioned in this report reflect The Ameriprise Global Asset Allocation Committee's general view of the financial markets, as of the date of the report, based on then current conditions. Our tactical recommendations may differ materially from what is presented in a customized long-term financial plan or portfolio strategy. You should view our recommendations in conjunction with a broader long-term portfolio strategy. Not all products, services, or asset classes mentioned in this report may be available for sale at Ameriprise Financial Services, LLC. Please consult with your financial advisor.

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

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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