Before the Bell

An Ameriprise Investment Research Group Publication

January 13, 2025

Starting the Day

- U.S. futures are pointing to a lower open.
- European markets are trading lower at midday.
- Asian markets ended mostly lower overnight.
- Stocks continued to face headwinds last week.
- Your "North Star" and key inflation reports on tap.
- 10-year Treasury yield at 4.78%.
- West Texas Intermediate (WTI) oil is trading at $78.21.
- Gold is trading at $2,560.40

Market Perspectives

Anthony Saglimbene, Chief Market Strategist

Weekly Market Perspectives: The S&P 500 Index and NASDAQ Composite fell for a second-straight week. For the S&P 500, it was its fourth week lower out of the last five. Notably, the Russell 2000 Index snapped a two-week winning streak and is now back to levels last seen before the election. Much of the week's focus centered on employment data, which came in stronger than expected and contributed to pushing interest rates higher. In the background, lingering inflation concerns, tariff uncertainties, and stretched stock valuations heading into the fourth quarter earnings season weighed on stock prices.

This week, the fourth quarter earnings season kicks off in earnest with a host of key bank reports likely poised to shape stock direction in the new year. And on the economic front, December consumer and producer inflation reports are expected to show little progress on easing, which could create headwinds for stocks if it further pushes back Federal Reserve rate cuts for this year.

Last Week in Review:

- The S&P 500 finished lower by 1.9%. The broad-based stock index is down nearly 1.0% in January and after falling 2.8% from its Christmas Eve close through the end of last year — its worst performance during that period on record, according to *Bespoke Investment Group*.
- The NASDAQ Composite ended lower by 2.3%. The Magnificent Seven were mostly lower on the week, with NVIDIA and Tesla down 5.9% and 3.8%, respectively.
- The Dow Jones Industrials Average (-1.9%) and Russell 2000 Index (-3.5%) also fell on the week. After a strong post-election bounce in November on prospects for lower taxes and less regulation, the Russell 2000 is now down over 3.0% since November 5th. Concerns about lingering inflation, slowing growth, and new tariffs have contributed to sapping the post-election euphoria on small-cap stocks.
- Treasury yields again climbed higher, with the 2-year yield climbing to its highest level in three months, while the 10-year yield hit its highest level since the fourth quarter of 2023.
- The U.S. Dollar Index put in its sixth straight week of gains and is higher in fourteen of the last fifteen weeks. Gold ended higher by +1.9%, and West Texas Intermediate (WTI) crude rose +2.6%, finishing the week at its highest level since October 7th.
- The market has moved back to looking at *good news on the economy is bad news for stocks*. Simply, economic and inflation data that remains strong likely leaves less room for the Federal Reserve to cut its policy rate in the front half of this year and maybe beyond. Thus, higher rates for longer have recently challenged some market participants' assumptions regarding a macroeconomic backdrop that includes strong growth and rate cuts for this year. Note: In our

2025 Outlook report, we included just two 25-basis point rate cuts for this year in our base case assumptions. And in a favorable scenario, where growth is coming in stronger than expected, the Fed may not cut rates at all in 2025. However, it's still much too early in the year to draw any hard conclusions on what the Fed may or may not do this year.

- Helping feed concerns about a strong economy, which could lead to less rate cuts and a higher terminal rate in 2025, was last week's employment data. December nonfarm payrolls grew by a very impressive +256,000, well above the consensus estimates of 150,000 to 160,000. In addition, the unemployment rate fell to 4.1% in December from 4.2% the prior month, with average hourly earnings (a measure of wage inflation) coming in at 3.9%. Combined with a solid December ADP private payrolls report last week and stronger-than-expected job openings in November, the U.S. employment picture remains on very firm ground. All else equal, investors should cheer for good news on the labor front rather than wish for weaker data that could lead to more rate cuts but will likely be accompanied by much higher levels of economic uncertainty.
- *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. 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.
- In other items, a preliminary look at January Michigan sentiment showed one-year ahead inflation expectations jumping to their highest level since May. A look at the December FOMC meeting minutes showed policymakers see upside risks to inflation but expect inflation to move toward its 2.0% target over time. Notably, policy messages around new tariffs complicated the market's assessment of near-term impacts. A *Washington Post* report highlighted that new tariffs from the incoming Trump administration would be targeted and dialed back, which President-elect Trump said was "wrong." In addition, other reports highlighted the incoming president could declare a national economic emergency, which could provide broad, legal cover for new tariffs. Bottom line: Markets could remain volatile until investors have a better handle on the shape and degree (and potential retaliatory responses) of a new U.S. tariff regime, which, technically, will begin on January 20th.
- Finally, fires continue to ravage parts of the Los Angeles area, including the Pacific Palisades. Some experts suggest the incident could be one of the costliest wildfires in modern U.S. history. Preliminary estimates from *AccuWeather* put total economic losses between $135 billion and $150 billion. However, several early estimates of "insured" losses have come in around $20 billion.

Taking inventory of where market conditions stand at the start of the year. Stay focused on the North Star.

In our view, stocks have increasingly become rate-sensitive over recent weeks as U.S. Treasury yields have climbed higher. On a one-month basis, the change in yields across the Treasury curve has equated to an outsized two-standard deviation move. Simply, higher Treasury yields make the future earnings of companies (which come with a higher degree of uncertainty) less valuable in the present. Below are a few key headwinds we see facing stocks at the moment.

- Higher bond yields are challenging elevated stock valuations.
- Rebalancing efforts may be putting pressure on mega-cap stocks, which had an impressive run of performance in 2024 and have outsized influence on major U.S. stock benchmarks.
- Stronger-than-expected growth trends, stickier inflation, tariff uncertainties, and a pickup in stock volatility have investors more nervous about the near-term direction of interest rates and stock prices.

At the same time, there are reasons to remain cautiously optimistic about the intermediate-term direction of stock prices.

- Investor sentiment and positioning among traders and hedge funds have become less stretched compared to November and following a late 2024 drawdown in stock prices.
- Economic growth remains positive, and labor trends are solid.
- Q4'24 S&P 500 profits are expected to grow at their fastest pace in three years. In 2025, S&P 500 profits are forecast to grow by +14.5%, which would mark the strongest annualized pace since 2021.
- Artificial Intelligence headlines remain upbeat, equity inflows are positive, prospects for merger and acquisition activity look favorable, and consumers are resilient and willing to spend (i.e., on travel and goods).

We believe markets could act volatile over the near term and possibly see further downside pressure should interest rates creep higher or earnings results/outlooks over the coming weeks disappoint elevated expectations. Investors may even see more market indigestion should the Federal Reserve decide to stand pat on rate policy later this month and/or message that additional cuts may be further out in the future. However, fundamental conditions in the U.S. economy and among businesses are solid. That key point should remain investors "North Star" when it comes to their investment decisions.

The Week Ahead:

With markets wobbling as of late and searching for catalysts to inform near-term stock direction, key reports on inflation and retail sales this week, as well as the start of the fourth quarter earnings season, will likely carry added weight.

- The December Consumer Price Index (CPI) on Wednesday is likely to show little progress from November levels, with some potential upward pressures coming from gasoline. Tuesday's producer price inflation report is also expected to show an upward bias on an annualized measure versus November levels. Bottom line: Based on market forecasts, investors shouldn't expect much relief on the inflation front in this week's December's update.
- On Thursday, the December retail sales report is expected to show solid gains based on strong holiday spending and a continued uplift in building material sales from hurricanes Helene and Milton.
- On Wednesday, JPMorgan Chase, Goldman Sachs, Wells Fargo, and Citigroup will kick off the Q4'24 earnings season. Fourth quarter S&P 500 earnings per share (EPS) are expected to grow +11.7% year-over-year on sales growth of +4.7%. As always, key Financial earnings at the start of the reporting season usually provide a unique window into the current state of the economy and outlook for consumers/businesses.

Stock Market Recap

Benchmark	Total Returns			LTM PE		Yield %	
	Weekly	MTD	YTD	Current	5-Year Median	Current	5-Year Median
S&P 500 Index: 5,827	-1.9%	-0.9%	-0.9%	27.3	23.7	1.2	1.5
Dow Jones Industrial Average: 41,938	-1.8%	-1.4%	-1.4%	24.6	20.6	1.7	2.0
Russell 2000 Index: 5,441	-3.5%	-1.8%	-1.8%	71.6	38.4	1.3	1.3
NASDAQ Composite: 19,162	-2.3%	-0.8%	-0.8%	41.1	38.4	0.6	0.8
Best Performing Sector (weekly): Energy	0.9%	2.9%	2.9%	14.5	11.0	3.3	3.8
Worst Performing Sector (weekly): Real Estate	-4.1%	-3.7%	-3.7%	38.1	37.4	3.5	3.1

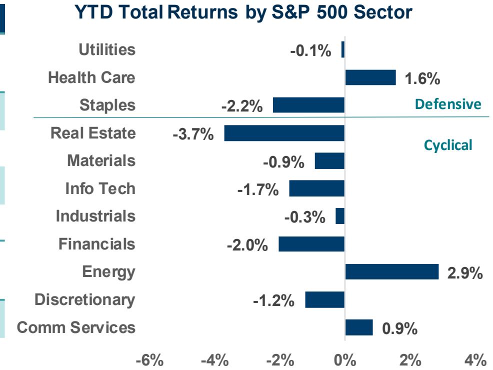
Source: Factset. Data as of 01/10/2025

Bond/Commodity/Currency Recap

Benchmark	Total Returns		
	Weekly	MTD	YTD
Bloomberg U.S. Universal	-0.8%	-0.9%	-0.9%
West Texas Intermediate (WTI) Oil: $76.57	2.6%	5.7%	5.7%
Spot Gold: $2,689.38	1.9%	2.5%	2.5%
U.S. Dollar Index: 109.65	0.6%	1.1%	1.1%
Government Bond Yields	**Yield Chg**		
	Weekly	**MTD**	**YTD**
2-year U.S. Treasury Yield: 4.38%	10 bps chg	14 bps chg	14 bps chg
10-year U.S. Treasury Yield: 4.77%	17 bps chg	19 bps chg	19 bps chg

Source: Factset. Data as of 01/10/2025. bps = basis points

YTD Total Returns by S&P 500 Sector



Source: S&P Global, Factset. Data as of 01/10/2025

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 lower open.** With government bond yields creeping higher this morning, stocks look set to open the week under pressure.

Europe:

The focus in the area continues to be on UK borrowing costs, which have reached 27-year highs. Concerns about the government's fiscal strategy and higher yields forcing spending cuts or tax increases have weighed on sentiment.

Asia-Pacific:

China's foreign exchange committee said it would take steps to support the yuan, which currency experts suggest is on pace for continued weakness versus the U.S. dollar. Policymakers in Beijing have preferred to maintain stability in currency markets over recent weeks versus letting the yuan slip sharply lower.

WORLD CAPITAL MARKETS

1/13/2025 As of: 8:30 AM ET

Americas	% chg.	% YTD	Value
S&P 500	-1.5%	-0.9%	5,827.0
Dow Jones	-1.6%	-1.4%	41,938.5
NASDAQ Composite	-1.6%	-0.8%	19,161.6
Russell 2000	-2.2%	-1.8%	2,189.2
Brazil Bovespa	-0.8%	-1.2%	118,856
S&P/TSX Comp. (Canada)	-1.2%	0.3%	24,767.7
Russell 3000	-1.6%	-0.8%	3,327.7

Europe (Intra-day)	% chg.	%YTD	Value
DJSTOXX 50 (Europe)	-0.8%	1.0%	4,939.5
FTSE 100 (U.K.)	-0.3%	0.7%	8,224.3
DAX Index (Germany)	-0.5%	1.0%	20,105.8
CAC 40 (France)	-0.7%	0.1%	7,380.5
FTSE MIB (Italy)	-1.0%	1.6%	34,737.5
IBEX 35 (Spain)	-0.3%	1.2%	11,684.6
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)	-1.0%	-5.6%	18,874.1
Korea Kospi 100	-1.0%	3.8%	2,489.6
Singapore STI	-0.3%	0.1%	3,791.7
Shanghai Comp. (China)	-0.2%	-5.7%	3,160.8
Bombay Sensex (India)	-1.4%	-2.3%	76,330.0
S&P/ASX 200 (Australia)	-1.2%	0.4%	8,191.9

Global	% chg.	% YTD	Value
MSCI All-Country World Idx	-1.4%	-0.8%	833.9

Developed International	% chg.	%YTD	Value
MSCI EAFE	-1.2%	-0.7%	2,244.9

Emerging International	% chg.	%YTD	Value
MSCI Emerging Mkts	-0.9%	-1.6%	1,057.1

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

S&P 500 Sectors	% chg.	% YTD	Value
Communication Services	-1.0%	0.9%	344.2
Consumer Discretionary	-1.0%	-1.2%	1,808.6
Consumer Staples	-1.1%	-2.2%	834.5
Energy	0.3%	2.9%	673.6
Financials	-2.4%	-2.1%	787.2
Health Care	-0.6%	1.6%	1,629.2
Industrials	-1.1%	-0.3%	1,112.5
Materials	-1.0%	-0.9%	524.6
Real Estate	-2.5%	-3.7%	246.3
Technology	-2.2%	-1.7%	4,529.8
Utilities	-0.6%	-0.1%	384.4

Equity Income Indices	% chg.	% YTD	Value
JPM Alerian MLP Index	-0.8%	2.5%	301.8
FTSE NAREIT Comp. TR	-2.3%	-3.9%	24,127.5
DJ US Select Dividend	-1.7%	-2.0%	3,432.1
DJ Global Select Dividend	-0.2%	-1.3%	220.6
S&P Div. Aristocrats	-1.6%	-2.1%	4,478.5

Bond Indices	% chg.	% YTD	Value
Barclays US Agg. Bond	-0.5%	-1.0%	2,167.1
Barclays HY Bond	-0.3%	0.0%	2,684.1

Commodities Futures & Spot (Intra-day)	% chg.	% YTD	Value
CRB Raw Industrials	0.7%	1.5%	549.4
NYMEX WTI Crude (p/bbl.)	2.2%	9.1%	78.2
ICE Brent Crude (p/bbl.)	1.9%	8.9%	81.3
NYMEX Nat Gas (mmBtu)	3.5%	13.7%	4.1
Spot Gold (troy oz.)	-0.7%	1.8%	2,671.3
Spot Silver (troy oz.)	-2.2%	2.9%	29.7
LME Copper (per ton)	0.2%	3.9%	8,991.9
LME Aluminum (per ton)	1.5%	1.2%	2,557.9
CBOT Corn (cents p/bushel)	1.0%	3.6%	475.0
CBOT Wheat (cents p/bushel)	1.6%	-2.3%	539.0

Foreign Exchange (Intra-day)	% chg.	% YTD	Value
Euro (€/$)	-0.5%	-1.5%	1.02
British Pound (£/$)	-0.7%	-3.2%	1.21
Japanese Yen ($/¥)	0.4%	0.1%	157.07
Australian Dollar (A$/$)	0.0%	-0.6%	0.61
Canadian Dollar ($/C$)	0.0%	-0.3%	1.44
Swiss Franc ($/CHF)	0.1%	-0.9%	0.92

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

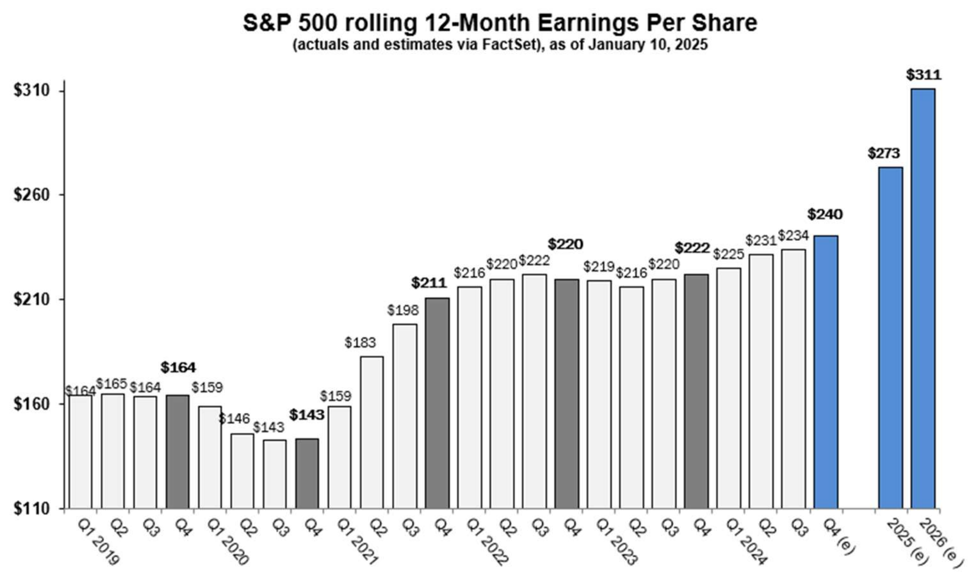
Index weightings are based on the regional market capitalizations of the MSCI All-Country World Index as of 12/26/2024. The GAAC Tactical Overlay, as well as the Recommended Tactical Weights, are derived from the Ameriprise Global Asset Allocation Committee (GAAC). Views are expressed relative to the 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.

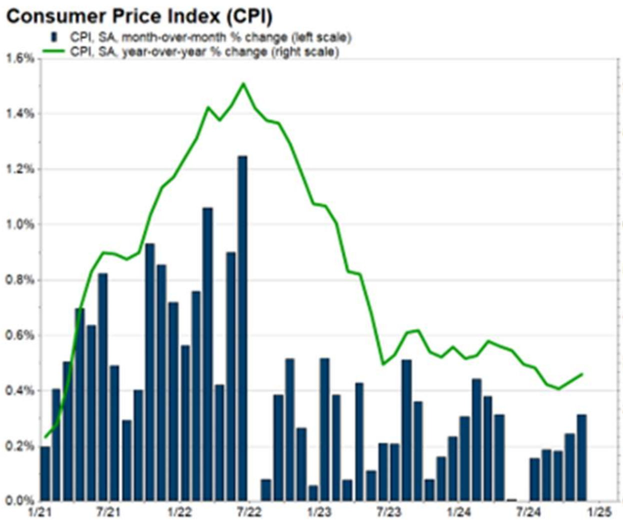
- **Earnings:** As the fourth quarter earnings release season gets underway analyst consensus estimates are looking for S&P 500 earnings per share (EPS) to have grown +11.4% from year-ago levels. If so, it would be the best pace of earnings growth in two years (Q4-2021). By comparison, Q3 S&P 500 earnings were 6.0% higher on sales growth of 5.5%.
- Earnings reports see a slow acceleration this week with 20 S&P 500 companies on the docket, including 3 that are also members of the Dow Jones Industrial Average. As is always the case, some of the nation's largest financial institutions dominate this week's list of early reporters.
- This year, the Ameriprise Global Asset Allocation Committee (the Committee) is forecasting S&P 500 EPS to grow at a pace that is stronger than expected Index price appreciation. Specifically, the Committee is looking for an approximate 10% full-year gain for the S&P 500 Index (with a year-end target of 6,500) on full-year S&P 500 EPS growth of about 13%. This combination, if achieved would see the Index's trailing Price to Earnings ratio (P/E) decline by about one point.
- So, what accounts for the expected doubling of EPS growth in Q4 and is it achievable? We believe three primary reasons support the view that 12% y/y growth, or better, is achievable:
  1. Apple took a large one-time charge in Q3 that subtracted 1.3 percentage points from the Q3 y/y EPS growth figure, thus sustainable Q3 results were generally stronger than the headline result implies.
  2. Second, y/y Q4 comparisons should benefit smartly from very easy comparisons to Q4-2023 results, particularly in the Financial Sector. In fact, financials alone are expected to contribute 5.4 percentage points (pp) to the overall EPS growth figure in Q4.
  3. Third, despite the Apple charge noted above, 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%.
- *All data mentioned in this commentary, including that depicted in the graphic below, has been sourced from FactSet.*

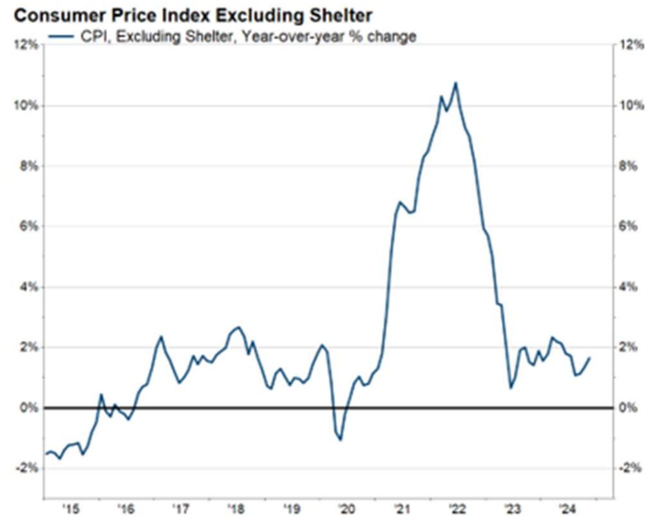


- **The Economic Release Calendar:** Inflation and consumer spending loom prominently on this week's economic calendar. We believe both reports (the Consumer Price Index and Retail Sales) could be strong, thus furthering the recent market view that additional Fed rate cuts are unnecessary over the near-term and likely to be delayed at best. The economic calendar rounds out the week on Friday with reports Housing Starts and Industrial Production.
- **December Consumer Price Index (CPI):** As indicated by the blue bars in the chart at left at the top of the next page, the CPI has been running a bit "hot" over the last several months with above average month-over-month gains. Since August, the m/m gains have consistently been stronger than the rate which it would leave the annualized pace at, or below, the Fed's target of about +2.0%. A monthly rate equivalent to a 2% annualized rate is approximately +0.16%.
- The outlook for December CPI: Forecasters as surveyed by Bloomberg expect December's headline CPI rate to be up 0.3% m/m with a Core level (CPI minus food and energy prices) gain of +0.2%. On a y/y basis, headline CPI is projected

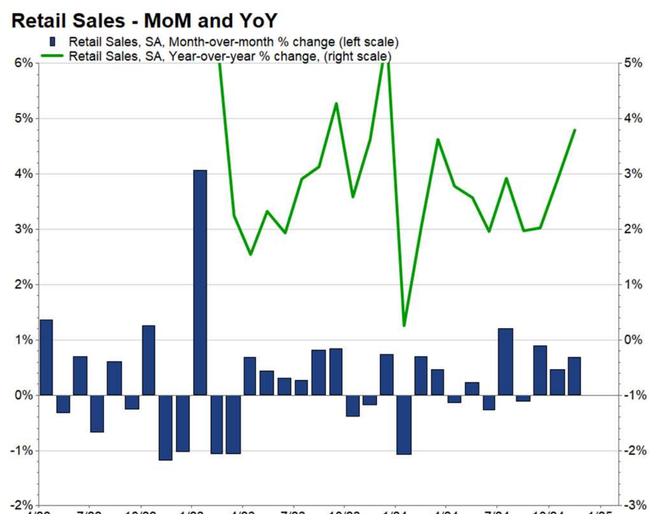
to grow by two tenths, to +2.9% (which would be a five-month high) while the core rate is anticipated to remain steady at +3.3% (consistent with the last four months).

- <u>"Shelter" update:</u> CPI's "Shelter" component remains THE primary determinant of near and intermediate-term inflation trends given its outsized weighting and the fact that it continues to run "hot" on a year-over-year basis. Still, we believe the component is slowly easing. In October, CPI minus just the Shelter component was a slim 1.3% higher y/y while prices excluding food, energy and shelter were 2.1% higher. As a quick reminder, shelter accounts for a dominant 36% of the headline CPI, 44% of the Core and is primarily based on housing rental rates.
- *The charts below have been sourced from FactSet.*





- **<u>December Retail Sales:</u>** Forecasters expect December to have been another strong month for retail sales. Sales are expected to have grown by about 0.6% (as compared to a +0.7% gain in November) which would leave the year-over-year (y/y) rate at about +4.0%.
- Strong auto sales and active holiday-season sales are thought to have fueled December's expected strong m/m gain. According to Ward's Auto, automobile sales grew to 16.8 million units on a seasonally adjusted, annualized basis (SAAR), up from what was an already strong rate in November of 16.5 million. We believe there could be modest upside risk to the December retail sales results, and we are forecasting a m/m rate of +0.7%.
- *The charts associated with this commentary are sourced from FactSet.*



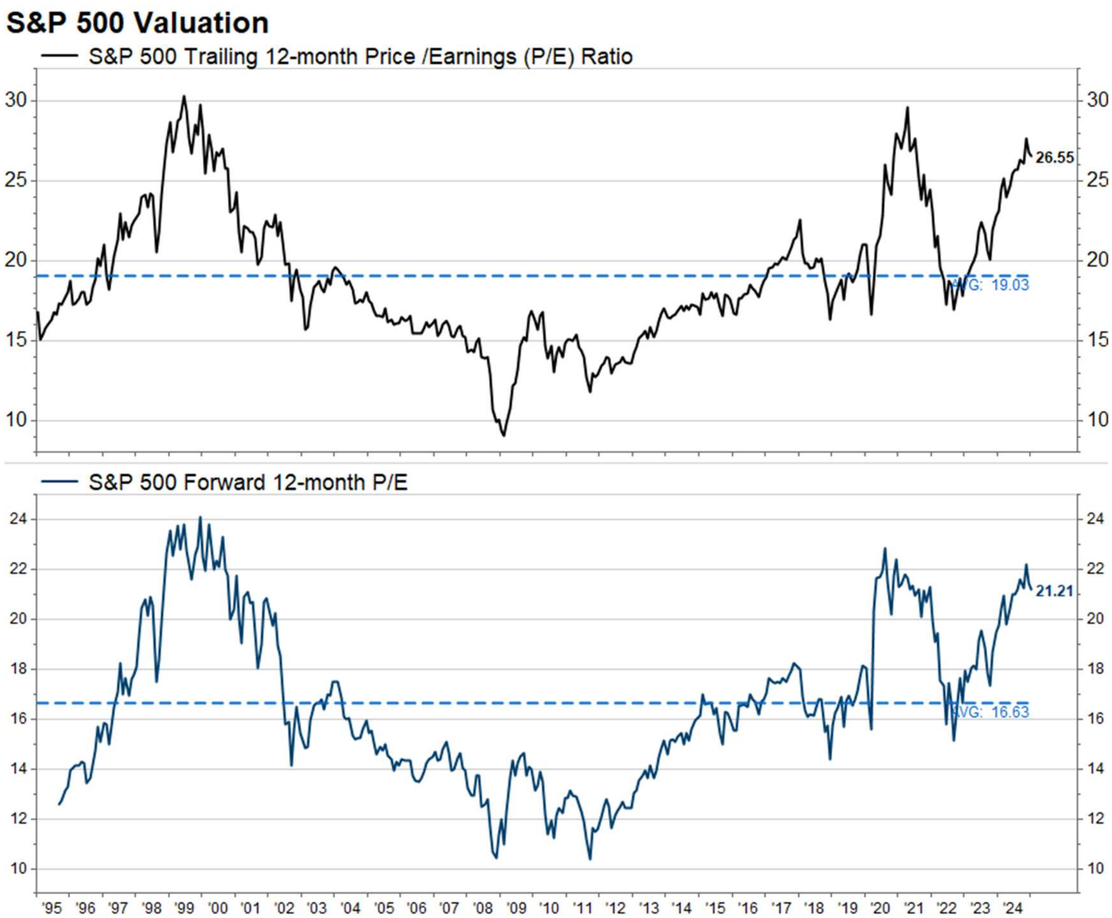
The calendar below is sourced from American Enterprise Investment Services Inc.

January 13	14	15	16	17
Bank Lending - Japan	**NFIB Small Business Index**	**Consumer Price Index**	**Initial Jobless Claims**	**Housing Starts**
Inflation - India	**Producer Price Index**	**Empire Mfg. Index**	**Import Price Index**	**Industrial Production**
		Retail Sales - Japan	**Retail Sales**	*Foreign Investment - China*
		Trade - India	**Business Inventories**	*Inflation - Eurozone*
		Industrial Production - Eurozone	**NAHB Housing Index**	
			Philly Fed Business Index	
			GDP - China	
			Retail Sales - China	
			Trade - 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
1/13/2025	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 $$ amount				**$53.34**	**$54.52**	**$58.91**	**$55.56**	**$56.45**	**$60.54**	**$61.63**	**$61.82**	**$62.83**	**$67.07**	**$71.07**	**$72.28**	
change over last week											-$0.06	-$0.05	-$0.09	$0.03	$0.07	$0.19
yr/yr				**-1.2%**	**-3.6%**	**6.1%**	**4.2%**	**5.8%**	**11.0%**	**5.0%**	**11.3%**	**11.3%**	**10.8%**	**15.3%**	**16.9%**	
qtr/qtr				0.1%	2.2%	8.1%	-5.7%	1.6%	7.2%	1.8%	0.3%	1.6%	6.7%	6.0%	1.7%	
Trailing 4 quarters $$	**$143.08**	**$211.09**	**$222.33**	**$218.71**	**$216.67**	**$220.08**	**$222.33**	**$225.44**	**$231.46**	**$234.18**	**$240.44**	**$246.82**	**$253.35**	**$262.79**	**$273.25**	**$311.19**
yr/yr % change	**-13.0%**	**47.5%**	**4.2%**				**0.0%**				**8.1%**				**13.6%**	**13.9%**
<u>Implied P/E based on</u>																
<u>a S&P 500 level of:</u> **5827**											24.2	23.6	23.0	22.2	21.3	18.7

Economic News and Views:

Russell T. Price, CFA – Chief Economist

Releases for Monday January 13, 2025 — All times Eastern. Consensus estimates via Bloomberg

None Scheduled

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%	4.1%	4.2%	3.7%	3.8%	4.1%	4.1%	4.1%	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: January 13, 2025**

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 • 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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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.

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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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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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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.

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