

Before the Bell

An Ameriprise Investment Research Group Publication

February 5, 2025

Starting the Day

- Equity Index futures trading lower.
- European markets mixed at midday.
- Asian markets ended mixed.
- A quick look at Energy and tariffs.
- Tariff volatility keeps a lid on stock momentum.
- 10-year Treasury yield at 4.45%.
- West Texas Intermediate (WTI) oil is trading at \$71.83
- Gold is trading at \$2,887.20

Market Perspectives

William Foley, ASIP Director Energy & Utilities

While tariffs on Canada and Mexico are on hold, we look at how a 10% tariff on Canadian oil and natural gas imports would impact the North American Energy Sector. President Trump's proposed tariffs on Canadian and Mexican imports, including a 10% levy on Canadian oil and natural gas and a 25% tariff on most Mexican goods, have been paused for at least 30 days following agreements with both nations. The pause, announced on Monday, provides a temporary reprieve as the U.S. works with Canada and Mexico to address border security and drug trafficking concerns. The agreement with Canada includes several key elements aimed at addressing U.S. concerns. Canadian Prime Minister Justin Trudeau announced that Canada would appoint a "fentanyl czar," list Mexican cartels as terrorist groups, and launch a "Canada-U.S. Joint Strike Force" to combat organized crime, fentanyl trafficking, and money laundering. Additionally, Canada will deploy 10,000 personnel to reinforce its southern border. These measures were sufficient to secure a 30-day pause on the proposed tariffs, which had initially included a 25% levy on most Canadian goods and a 10% tariff on energy imports. Similarly, Mexico agreed to reinforce its northern border with 10,000 troops and increase efforts to combat drug smuggling, leading to a parallel pause on tariffs targeting Mexican imports.

While the tariffs are on hold, it is worth examining the potential impacts of the proposed measures on the U.S. and Canadian energy sectors, particularly on oil and gas markets, refiners, and consumers. If implemented, the proposed 10% tariff on Canadian energy imports could widen the discount between Canadian and U.S. crude prices, as producers north of the border would have limited alternative export markets. U.S. consumers of refined products, such as gasoline, could face higher prices, while Midwestern refiners with significant exposure to Canadian crude would likely see margin compression due to increased input costs. The rerouting of seaborne Canadian exports to non-U.S. markets, such as Asia, could further complicate global trade flows, though the overall impact on global oil prices would probably be limited in the near term, in our view. In the natural gas market, the proposed tariff could modestly reduce Canadian exports to the U.S., but not by enough to materially impact U.S. natural gas prices, in our view.

In this hypothetical scenario, the proposed tariffs would disproportionately affect Canadian oil producers and U.S. consumers, with refiners also facing challenges. Canadian producers would likely bear most of the tariff burden, while U.S. gasoline prices could rise. In the natural gas market, the tariffs are likely to have a minimal impact on prices. Overall, the proposed measures introduce uncertainty into the energy markets, with potential ripple effects across global trade and economic growth.

Sources: Associated Press, FactSet, Reuters, S&P Global Commodity Insights, Ameriprise Financial.

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

U.S. Premarket Indicators / Overnight International Market Activity

United States:

Here is a quick news rundown to start your morning:

- **Stocks** Stock prices are indicated lower this morning. Yesterday, stocks were up, with the S&P 500 Index, NASDAQ Composite, and the Dow Jones Industrials Average all finishing higher.

Europe:

European markets are mixed at mid-day. France's CAC 40 index is down as well as Germany's DAX 30, while the STOXX Europe 50 is higher.

Asia-Pacific:

Shares in the Asia-Pacific region were mixed on Wednesday. In Japan, the Nikkei 225 closed slightly higher, while China's Shanghai Composite closed lower. The Hang Seng Index in Hong Kong ended the day lower.

WORLD CAPITAL MARKETS

2/5/2025

As of: 8:30 AM ET

Americas	% chg.	% YTD	Value
S&P 500	0.7%	2.7%	6,037.9
Dow Jones	0.3%	4.8%	44,556.0
NASDAQ Composite	1.4%	1.8%	19,654.0
Russell 2000	1.4%	2.7%	2,290.2
Brazil Bovespa	-0.7%	4.0%	125,147
S&P/TSX Comp. (Canada)	0.1%	2.5%	25,279.4
Russell 3000	0.7%	3.1%	3,458.7

Europe (Intra-day)	% chg.	%YTD	Value
DJSTOXX 50 (Europe)	-0.1%	7.6%	5,260.0
FTSE 100 (U.K.)	0.1%	5.1%	8,580.4
DAX Index (Germany)	0.0%	8.0%	21,499.9
CAC 40 (France)	-0.2%	7.1%	7,892.8
FTSE MIB (Italy)	-0.6%	6.8%	36,507.2
IBEX 35 (Spain)	1.1%	8.3%	12,503.1

Asia/Pacific (Last Night)	% chg.	%YTD	Value
Nikkei 225 (Japan)	0.1%	-2.7%	38,831.5
Hang Seng (Hong Kong)	-0.9%	3.1%	20,597.1
Korea Kospi 100	1.1%	4.6%	2,509.3
Singapore STI	-0.2%	0.8%	3,815.4
Shanghai Comp. (China)	-0.6%	-3.6%	3,229.5
Bombay Sensex (India)	-0.4%	0.3%	78,271.3
S&P/ASX 200 (Australia)	0.5%	3.2%	8,416.9

Global	% chg.	% YTD	Value
MSCI All-Country World Idx	0.2%	3.3%	868.6

Developed International	% chg.	%YTD	Value
MSCI EAFE	0.7%	5.0%	2,374.1

Emerging International	% chg.	%YTD	Value
MSCI Emerging Mkts	0.4%	2.2%	1,097.2

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	1.5%	10.7%	377.6
Consumer Discretionary	1.4%	4.5%	1,912.9
Consumer Staples	-0.5%	2.2%	871.2
Energy	2.2%	4.8%	685.3
Financials	-0.3%	5.8%	849.9
Health Care	-0.3%	6.9%	1,713.0
Industrials	0.1%	4.0%	1,160.0
Materials	0.3%	5.9%	560.9
Real Estate	0.0%	1.7%	259.8
Technology	1.5%	-3.3%	4,458.2
Utilities	-0.9%	2.5%	394.3

Equity Income Indices	% chg.	% YTD	Value
JPM Alerian MLP Index	0.8%	10.5%	325.4
FTSE NAREIT Comp. TR	0.0%	0.7%	25,284.1
DJ US Select Dividend	0.0%	2.3%	3,581.3
DJ Global Select Dividend	0.4%	3.0%	230.0
S&P Div. Aristocrats	-0.3%	2.2%	4,675.1

Bond Indices	% chg.	% YTD	Value
Barclays US Agg. Bond	0.2%	0.8%	2,206.2
Barclays HY Bond	0.1%	1.3%	2,717.7

Commodities	% chg.	% YTD	Value
Futures & Spot (Intra-day)			
CRB Raw Industrials	0.7%	2.0%	552.2
NYMEX WTI Crude (p/bbl.)	-1.3%	0.1%	71.8
ICE Brent Crude (p/bbl.)	-1.2%	0.8%	75.3
NYMEX Nat Gas (mmBtu)	-1.9%	-12.2%	3.2
Spot Gold (troy oz.)	0.9%	9.3%	2,868.9
Spot Silver (troy oz.)	0.5%	11.8%	32.3
LME Copper (per ton)	0.5%	4.3%	9,024.7
LME Aluminum (per ton)	0.7%	4.8%	2,647.7
CBOT Corn (cents p/bushel)	0.4%	8.2%	496.3
CBOT Wheat (cents p/bushel)	0.7%	5.3%	581.0

Foreign Exchange (Intra-day)	% chg.	% YTD	Value
Euro (€/\$)	0.3%	0.6%	1.04
British Pound (£/\$)	0.4%	0.2%	1.25

	% chg.	% YTD	Value
Japanese Yen (\$/¥)	1.0%	2.8%	152.86
Australian Dollar (A\$/S)	0.4%	1.5%	0.63

	% chg.	% YTD	Value
Canadian Dollar (\$/C\$)	0.2%	0.7%	1.43
Swiss Franc (\$/CHF)	0.3%	0.6%	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		S&P 500 Index Weight	GAAC Tactical View	GAAC Tactical Overlay	GAAC Recommended Weight
Financials	13.5%	Overweight	2.0%	15.5%	Energy	3.0%	Equalweight	-	3.0%
Consumer Staples	5.5%	Equalweight	-	5.5%	Utilities	2.3%	Equalweight	-	2.3%
Information Technology	32.8%	Equalweight	-	32.8%	Materials	1.9%	Equalweight	-	1.9%
Industrials	8.1%	Equalweight	-	8.1%	Real Estate	2.0%	Equalweight	-	2.0%
Communication Services	9.4%	Equalweight	-	9.4%	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		MSCI All-Country World Index Weight	GAAC Tactical View	GAAC Tactical Overlay	GAAC Recommended Weight
United States	66.1%	Overweight	3.2%	69.3%	United Kingdom	3.0%	Equalweight	-	3.0%
Europe ex U.K.	11.3%	Equalweight	-	11.3%	Asia-Pacific ex Japan	10.2%	Underweight	-1.0%	9.2%
Latin America	0.8%	Equalweight	-	0.8%	Canada	2.7%	Underweight	-1.0%	1.7%
Japan	4.7%	Equalweight	-	4.7%	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 Wednesday, February 5, 2025

All times Eastern. Consensus estimates via Bloomberg

Time	Period	Release	Consensus Est.	Actual	Prior	Revised to
8:15 AM	JAN	ADP Employment	+150k	+183k	+122k	+176k
8:30 AM	DEC	Trade Balance	-\$96.8B	-\$98.4B	-\$78.2B	-\$78.9B
10:00 AM	JAN	ISM Services	54.2		54.0	

Ameriprise Economic Projections

Forecast:	Full-year				Quarterly						
	Actual 2022	Actual 2023	Actual 2024	Est. 2025	Actual Q4-2023	Actual Q1-2024	Actual Q2-2024	Actual Q3-2024	Actual Q4-2024	Est. Q1-2025	Est. Q2-2025
Real GDP (annualized)	2.5%	2.9%	2.8%	2.4%	3.2%	1.6%	3.0%	2.8%	2.3%	2.8%	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%	2.9%	2.0%	3.4%	3.5%	3.0%	2.4%	2.9%	2.4%	2.4%
Core PCE (YoY)	5.2%	2.9%	2.8%	2.0%	2.9%	2.8%	2.6%	2.7%	2.8%	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 31, 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	<ul style="list-style-type: none"> U.S. Large Cap Growth U.S. Large Cap Value 	<ul style="list-style-type: none"> U.S. Mid Cap Value U.S. Mid Cap Growth U.S. Small Cap Value U.S. Small Cap Growth 	<ul style="list-style-type: none"> Developed Foreign Equity Emerging Foreign Equity
S&P 500 Sectors	<ul style="list-style-type: none"> Financials 	<ul style="list-style-type: none"> Communication Services Consumer Discretionary Consumer Staples Energy Industrials Information Technology Materials Real Estate Utilities 	<ul style="list-style-type: none"> Health Care
Global Equity Regions	<ul style="list-style-type: none"> United States 	<ul style="list-style-type: none"> Europe ex U.K. Japan Latin America United Kingdom 	<ul style="list-style-type: none"> Middle East/Africa Asia-Pacific ex Japan Canada
Fixed Income	<ul style="list-style-type: none"> U.S. High Yield Bonds 	<ul style="list-style-type: none"> U.S. Government U.S. Inv. Grade Corporates Developed Foreign Bonds 	<ul style="list-style-type: none"> Emerging Foreign Bonds Municipal Bonds
Alternatives		<ul style="list-style-type: none"> Real Assets Alternative Strategies 	
Cash		<ul style="list-style-type: none"> 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 December 31, 2024

Major Market Indices	Rolling Returns			
	QTD	1-year	3-years	5-years
Russell 3000 [®] Index (U.S. Equity)	2.63%	23.81%	8.01%	13.86%
MSCI ACWI Ex USA Index – net (Foreign Equity)	-7.60%	5.53%	0.82%	4.10%
Bloomberg U.S. Universal Bond Index (Fixed Income)	-2.73%	2.04%	-1.95%	0.06%
Wilshire Liquid Alternative Index (Alternatives)	-1.87%	4.33%	1.50%	2.48%
FTSE Three-Month Treasury Bill Index (Cash)	1.23%	5.45%	4.05%	2.54%

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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As of December 31, 2024

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Alternative investments involve substantial risks and are more volatile than traditional investments, making them more suitable for investors with an above-average tolerance for risk.

Corporate Bonds are debt instruments issued by a private corporation. Non-Investment grade securities, commonly known as “high-yield” or “junk” bonds, are historically subject to greater risk of default, including the loss of principal and interest, than higher-rated bonds, which may result in greater price volatility than experienced with a higher-rated issue.

Investing in **derivatives** is a specialized activity that involves special risks that subject the fund to significant loss potential, including when used as leverage, and may result in greater fluctuation in fund value.

Diversification and **Asset Allocation** do not assure a profit or protect against loss.

Dividend and interest payments are not guaranteed. The amount of dividend payment, if any, can vary over time and issuers may reduce or eliminate dividends paid on securities in the event of a recession or adverse event affecting a specific industry or issuer. Should a company be unable to pay interest on a timely basis a default may occur and interruption or reduction of interest and principal occur. Investments in a narrowly focused sector may exhibit higher volatility than investments with broader objectives and is subject to market risk and economic risk.

There are risks associated with **fixed-income investments**, including bond funds, such as credit risk, interest rate risk, and prepayment and extension risk. In

general, bond prices rise when interest rates fall and vice versa. This effect is usually more pronounced for longer-term securities.

Growth securities, at times, may not perform as well as value securities or the stock market in general and may be out of favor with investors.

Income Risk: We note that dividends are declared solely at the discretion of the companies' boards of directors. Dividend cuts or eliminations will likely negatively impact underlying company valuations. Published dividend yields are calculated before fees and taxes. Dividends paid by foreign companies to ADR holders may be subject to a withholding tax which could adversely affect the realized dividend yield. In certain circumstances, investors in ADR shares have the option to receive dividends in the form of cash payments, rights shares or ADR shares. Each form of dividend payment will have different tax consequences and therefore generate a different yield. In some instances, ADR holders are eligible to reclaim a portion of the withholding tax.

International investing involves certain risks and volatility due to potential political, economic currency instabilities and different financial and accounting standards. Risks are enhanced for **emerging market** issuers.

Interest payments on **inflation-protected securities** may be more volatile than interest payments on ordinary bonds. In periods of deflation, these securities may provide no income.

Market Risk: Model portfolios and markets in general could sustain significant volatility due to several factors. As we have seen recently, both economic and geopolitical issues could have a material impact on this model portfolio and the equity market as a whole.

The **mutual funds** and **ETFs** included in this report are subject to specific risk factors, generally the same as those of the underlying securities and may result in a loss of the principal amount invested.

Non-investment-grade (high-yield or junk) securities present greater price volatility and more risk to principal and income than higher rated securities.

Quantitative Strategy Risk: Stock selection and portfolio maintenance strategies based on quantitative analytics carry a unique set of risks. Quantitative strategies rely on comprehensive, accurate and thorough historical data. The Ameriprise Investment Research Group utilizes current and historical data provided by third-party data

vendors. Material errors in database construction and maintenance could have an adverse effect on quantitative research and the resulting stock selection strategies.

Sector Risk: The Ameriprise Global Asset Allocation Committee and managers of this model portfolio can elect to overweight or underweight (or completely avoid) certain economic sectors. This could lead to substantial underperformance versus a more diversified or balanced weighting.

Security Recommendation Risk: The research team may not be successful in selecting securities that collectively perform better than the benchmark. When viewing return comparisons investors should keep in mind the following information. Our model portfolio generally maintains less than 50 securities, whereas benchmark indices contain several times that amount. The benchmark index is market capitalization weighted, providing greater weight to the larger company movements, whereas our model portfolio is designed to be equally dollar weighted. Furthermore, the model portfolio may deviate significantly, at times, from the sector allocation of the benchmark due to our interpretation of economic conditions and market factors as well as our security selection process.

The benchmark index returns are taken from Bloomberg Financial Markets and reflect dividends reinvested. Additionally, there is no fee or cost assumption in the index comparison return.

Investments in **small- and mid-capitalization companies** involve greater risks and volatility than investments in larger, more established companies.

The products of **technology companies** may be subject to severe competition and rapid obsolescence, and their stocks may be subject to greater price fluctuations.

Value securities may be unprofitable if the market fails to recognize their intrinsic worth or the portfolio manager misgauged that worth.

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Index definitions

An index is a statistical composite that is not managed. It is not possible to invest directly in an index.

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

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