Before the Bell

An Ameriprise Investment Research Group Publication

February 6, 2025

Starting the Day

- U.S. equity markets are pointing to a flat-to-higher open.
- European markets are trading higher at midday.
- Asian markets ended mostly higher.
- The S&P 500 is just 1.0% away from a new high.
- The BOE cuts rates; Greater China trading higher WTD.
- 10-year Treasury yield at 4.44%.
- West Texas Intermediate (WTI) oil is trading at $71.41
- Gold is trading at $2,891.70

Market Perspectives

Anthony Saglimbene, Chief Market Strategist

Stocks continue to show their resiliency. It's been an interesting week thus far. Investors opened the week prepared for stiff U.S. tariffs to kick in on our North American neighbors before the Trump administration suddenly reversed course by the end of Monday and provided a 30-day reprieve. Monday's broad (but measured) stock declines reversed course on Tuesday, with a follow-through in gains on Wednesday. That said, the tariff rate on China increased by 10% on all imports starting Tuesday, with Beijing providing measured retaliatory tariffs on U.S. energy exports and farm machinery, while Chinese regulators revived antitrust investigations into Alphabet and NVIDIA, and possibly soon, Intel.

On the economic front, January ISM Manufacturing hit its highest level since September 2022, expanding for the first time in 26 months. And while ISM services missed estimates for January, the critical read on the state of economic activity in the U.S. remained firmly in expansion mode last month. These conditions bode well for a positive economic start to the new year, with the latest Atlanta Fed GDPNOW forecast currently pointing to +2.9% growth in Q1'25.

On the employment front, job openings in December continued to moderate lower, with sharper-than-expected declines in available roles across business services, health care/social assistance, and finance/insurance. Yet, ADP payrolls showed private sector job growth of +183,000 last month — the strongest level since October. On Friday, January, nonfarm payrolls are expected to show that the U.S. economy added a healthy +170,000 jobs last month, while unemployment held steady at 4.1%.

Finally, on the earnings front, Alphabet and AMD reported profit results for the previous quarter that disappointed investors' pretty high expectations, sending their stocks lower on Wednesday. Alphabet missed fourth quarter revenue estimates and said it would spend $75 billion on capital expenditures this year as it boosts investment in AI. Although AMD reported solid results for the previous quarter, data-center metrics underwhelmed elevated expectations. However, S&P 500 overall earnings for the fourth quarter are coming in ahead of expectations. With more than half of Q4'24 S&P 500 company reports complete, blended earnings per share (EPS) growth is higher by +15.5% y/y, well ahead of the +14.1% forecast at the start of Q4.

In our view, in a stew of uncertainty and unknowns around fiscal and monetary policy at the moment, expanding profit growth across the S&P 500 has been a welcomed support beam for the overall market over the last few weeks. With six S&P 500 sectors on pace to post double-digit EPS growth in the final quarter of 2024 and seven sectors expected to post double-digit EPS growth for the full year 2025, the broader market's profit engines continue to fire on all cylinders. This will likely need to continue if elevated valuations are to be supported over the coming quarters.

As the *FactSet* chart on page one shows, the S&P 500 has been building a base in the sub-6,100 to 5,800 range for the last several weeks. Frankly, investors should be ecstatic that despite a modest jump in volatility since December, the broad-based U.S. stock benchmark is roughly 1.0% away from logging another new all-time high. Given last year's strong gains and a high degree of fiscal policy uncertainty at the moment, we believe added volatility that appears to be helping the S&P 500 build a new base and consolidate around current levels isn't necessarily a bad development as conditions currently stand.

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.** The January nonfarm payrolls report is out tomorrow and follows below-consensus job growth in December, as well as a stronger-than-expected January ADP private payrolls report. Most economists see the healthy job market that marked 2024 continuing in 2025. Positive seasonal adjustments, as well as negative impacts from the L.A. wildfires, could cloud tomorrow's January jobs report. Still, they shouldn't detract from what should be an overall healthy employment picture in the U.S.
- **Earnings Update:** With 58% of S&P 500 fourth quarter reports complete, blended earnings per share (EPS) growth is higher by +15.5% year-over-year on revenue growth of +5.2%.

Europe:

The Bank of England cut its policy rate by 25 basis points for the third time this cycle. A slowing U.K. economy and weakening retail sales activity have put more pressure on the BOE to provide monetary support. Core inflation falling to a lower-than-expected rate of +2.5% in December also likely gave policymakers some breathing room today to adjust policy rates lower.

Asia-Pacific:

Several major stock benchmarks across the region are higher for the week, seemingly looking past recent tariff actions by the U.S. and China. Notably, despite increased U.S. tariff actions against Beijing, Greater China stock averages are on pace for WTD gains, with Hong Kong and Technology-related stocks seeing the strongest gains of the week

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WORLD CAPITAL MARKETS

2/6/2025 As of: 8:30 AM ET

Americas	% chg.	% YTD	Value
S&P 500	0.4%	3.1%	6,061.5
Dow Jones	0.7%	5.6%	44,873.3
NASDAQ Composite	0.2%	2.0%	19,692.3
Russell 2000	1.1%	3.9%	2,316.2
Brazil Bovespa	0.0%	4.4%	125,559
S&P/TSX Comp. (Canada)	1.1%	3.6%	25,569.8
Russell 3000	0.5%	3.6%	3,474.3

Europe (Intra-day)	% chg.	%YTD	Value
DJSTOXX 50 (Europe)	0.9%	8.8%	5,318.0
FTSE 100 (U.K.)	1.7%	7.3%	8,766.9
DAX Index (Germany)	0.9%	9.4%	21,788.2
CAC 40 (France)	1.0%	8.2%	7,973.6
FTSE MIB (Italy)	0.8%	7.8%	36,863.6
IBEX 35 (Spain)	0.8%	9.5%	12,637.2
MOEX Index (Russia)	#VALUE!	#VALUE!	#N/A N/A

Asia/Pacific (Last Night)	% chg.	%YTD	Value
Nikkei 225 (Japan)	0.6%	-2.1%	39,066.5
Hang Seng (Hong Kong)	closed	4.5%	20,891.6
Korea Kospi 100	1.1%	5.7%	2,536.8
Singapore STI	0.4%	1.2%	3,830.4
Shanghai Comp. (China)	1.3%	-2.4%	3,270.7
Bombay Sensex (India)	-0.3%	0.0%	78,058.2
S&P/ASX 200 (Australia)	1.2%	4.4%	8,520.7

Global	% chg.	% YTD	Value
MSCI All-Country World Idx	0.6%	3.7%	871.7

Developed International	% chg.	%YTD	Value
MSCI EAFE	1.1%	5.4%	2,382.3

Emerging International	% chg.	%YTD	Value
MSCI Emerging Mkts	0.3%	2.0%	1,095.8

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
Communication Services	-2.8%	7.6%	367.1
Consumer Discretionary	-1.6%	2.8%	1,882.4
Consumer Staples	0.9%	3.1%	878.9
Energy	0.1%	4.9%	686.1
Financials	1.1%	6.9%	859.0
Health Care	1.0%	8.0%	1,730.4
Industrials	0.1%	4.1%	1,161.1
Materials	0.0%	5.9%	560.7
Real Estate	1.6%	3.3%	264.0
Technology	1.6%	-1.7%	4,528.2
Utilities	1.0%	3.6%	398.3

Equity Income Indices	% chg.	% YTD	Value
JPM Alerian MLP Index	0.8%	11.4%	328.0
FTSE NAREIT Comp. TR	1.4%	2.1%	25,637.1
DJ US Select Dividend	0.3%	2.6%	3,592.7
DJ Global Select Dividend	0.0%	3.6%	231.3
S&P Div. Aristocrats	0.2%	2.4%	4,686.2

Bond Indices	% chg.	% YTD	Value
Barclays US Agg. Bond	0.5%	1.3%	2,217.2
Barclays HY Bond	0.2%	1.5%	2,724.1

Commodities Futures & Spot (Intra-day)	% chg.	% YTD	Value
CRB Raw Industrials	0.0%	2.0%	552.2
NYMEX WTI Crude (p/bbl.)	0.5%	-0.5%	71.4
ICE Brent Crude (p/bbl.)	0.4%	0.4%	74.9
NYMEX Nat Gas (mmBtu)	0.9%	-6.7%	3.4
Spot Gold (troy oz.)	-0.2%	9.0%	2,861.9
Spot Silver (troy oz.)	-0.9%	10.8%	32.0
LME Copper (per ton)	1.0%	5.3%	9,114.5
LME Aluminum (per ton)	-1.1%	3.6%	2,618.9
CBOT Corn (cents p/bushel)	0.2%	7.7%	494.0
CBOT Wheat (cents p/bushel)	0.5%	4.3%	575.0

Foreign Exchange (Intra-day)	% chg.	% YTD	Value
Euro (€/$)	-0.4%	0.0%	1.04
British Pound (£/$)	-1.0%	-1.1%	1.24
Japanese Yen ($/¥)	0.1%	3.1%	152.42
Australian Dollar (A$/$)	-0.4%	1.2%	0.63
Canadian Dollar ($/C$)	-0.3%	0.2%	1.43
Swiss Franc ($/CHF)	-0.4%	0.2%	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

Sector	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

Region	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 Thursday, February 6, 2025

All times Eastern. Consensus estimates via Bloomberg

Time	Period	Release	Consensus Est.	**Actual**	Prior	Revised to
8:30 AM	Feb. 1	Initial Jobless Claims	213k	**219k**	207k	208k
8:30 AM	Jan. 31	Continuing Claims	1870k	**1886k**	1858k	1850k
8:30 AM	Q4-P	Nonfarm Productivity	+1.4%	**+1.2%**	+2.2%	
8:30 AM	Q4-P	Unit Labor Costs	+3.4%	**+3.0%**	+0.8%	

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**

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. Government • 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 December 31, 2024	Rolling Returns			
Major Market Indices	**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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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.

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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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