Before the Bell

An Ameriprise Investment Research Group Publication

February 10, 2025

Starting the Day

- U.S. equity futures look to a solidly higher open.
- European markets are about +0.5% higher at midday.
- Asian markets ended mostly lower overnight.
- What has investors unsettled at the moment?
- Inflation reports, Powell testimony, and earnings on deck.
- 10-year Treasury yield at 4.50%.
- West Texas Intermediate (WTI) oil is trading at $71.89.
- Gold is trading at $2,931.50

Market Perspectives

Anthony Saglimbene, Chief Market Strategist

Weekly Market Perspectives: Stocks took a rollercoaster ride last week as tariff drama, earnings/economic releases, and falling consumer sentiment weighed on markets. This week, investors will dial in on inflation updates to help add color to forward Federal Reserve policy expectations. Fed Chair Powell will also add to the narrative as he goes to Capital Hill for his bi-annual testimony to the Senate Banking Committee on Tuesday and the House Financial Services Committee on Wednesday.

Last Week in Review:

- The S&P 500 Index fell 0.2%. The Dow Jones Industrials Average and NASDAQ Composite fell roughly 0.5%. However, the rather sanguine weekly declines mask larger moves to the downside and upside during the week. The Russell 2000 Index lost 0.4%.
- The 10-year U.S. Treasury yield ended near 4.5%, and Gold hit a record high on Friday, gaining +2.3% for the week.
- The U.S. Dollar Index fell for the third straight week, and West Texas Intermediate (WTI) crude lost 2.6%.
- On the employment front, the U.S. economy added +143,000 jobs in January, while November and December job gains were revised higher by a cumulative +100,000. The unemployment rate stood at 4.0% last month.
- 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.
- A preliminary look at February Consumer Sentiment unexpectedly declined, moving lower for the second straight month and hitting its lowest level since July.
- Finally, on the earnings front, Alphabet, Amazon, and AMD results/outlooks weighed on stock benchmarks. Though results for the previous quarter were solid, investor concerns about capex spending and data center/cloud demand pressured the stocks post-reports.

What has investors unsettled at the moment?

Big Tech earnings for the previous quarter were solid, but AI spending plans have investors more cautious. Profit growth for the Magnificent Seven in the final quarter of 2024 generally came in as expected and, in several cases, surpassed analyst estimates. However, China's DeepSeek artificial intelligence model, which "allegedly" was created for far less money to train/build than American AI, has recently sent shockwaves across Big Tech. This has caused mixed reactions to Big Tech's profit results/outlooks during the latest earnings season. As a result, investors are starting to call into question Big Tech's

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spending spree to spur the development of AI in the U.S. In fact, Meta Platforms, Amazon, Alphabet, and Microsoft intend to spend a staggering $320 billion combined on AI infrastructure in 2025, according to company filings and CEO comments.

Although markets have somewhat discounted DeepSeek developments, and companies like Meta Platforms and Alphabet have reiterated the need to spend aggressively on AI to compete, investors have begun to more closely scrutinize the near-term profit outlook, given high expectations, elevated valuations and massive spending on AI. That said, we believe a little reset in expectations, and possibly more volatility across Big Tech this year, is actually healthy longer-term and likely warranted, given how far this select group of stocks has run since the end of 2022.

Bottom line: We believe the AI secular trend remains well-intact, profit growth for Big Tech should remain strong in 2025, and some volatility should be expected in these stocks, though it shouldn't detract from their longer-term opportunities to profit from the early stages of AI expansion.

Tariffs — are they on or off? Unfortunately, it's a question investors may be grappling with for some time, adding an element of uncertainty in the market that makes forecasting growth, profits, and global trade dynamics very difficult to predict. Starting last week, the White House announced it would impose a 25% levy on all Canadian and Mexican imports, a 10% tariff on Canadian oil, and a 10% tariff on all imports from China. In response, Canada announced retaliatory tariffs of 25% on $105 billion in U.S. imports to Canada, targeting beer, bourbon, fruits, clothing and household appliances. Most of these tariffs were scheduled to go into effect on February 4th. However, before the tariffs went into effect, Mexico said it would hold off on retaliatory tariffs for one month as it works with the U.S. on border security and drug trafficking. As a result, President Trump delayed U.S. tariffs on Mexico by one month. The U.S. and Canada also announced they would delay their tariff actions against each other by one month as they worked to find solutions to border and trade issues. That said, the tariff rate on China increased by 10% on all imports this month, with Beijing providing measured retaliatory tariffs against U.S. energy exports and farm machinery, while Chinese regulators revived antitrust investigations into some U.S. tech companies. Finally, President Trump continues to threaten additional tariffs that could further threaten global trade stability.

For now, we believe investors and the market as a whole continue to view President Trump's use of tariffs predominantly as a tool to drive American interests (e.g., border security/drug trafficking and better trade deals). And while market volatility has risen since December, stocks have weathered temporary downdrafts reasonably well due to investors' ability to look past the tariff uncertainty and focus on still solid U.S. growth trends, which remain supportive of asset prices, in our view.

Nevertheless, we believe the overall market could see steeper declines if the proposed tariffs are enacted in full and if they are levied over a prolonged period. Markets assume today that even if U.S. tariffs and retaliatory responses from other countries were put in place, they would be in place for just weeks or months until U.S. demands are met.

Yet, tariff actions that escalate due to deteriorating global relationships, become entrenched, create dislocations in supply chains, reduce global efficiencies, increase cost/inflation pressures, or stall growth/corporate profitability are factors not fully priced into the overall market today. If such an environment were to develop, we would expect to see more severe selling pressure across consumer, industrial, material, and technology companies, for example. For a period, this would likely pressure the overall stock market as well and sap investor sentiment.

Will higher interest rates and/or delayed Federal Reserve policy rate cuts start taking a bigger bite out of U.S. growth? Admittedly, the stock market seems to be doing just fine, with a 10-year U.S. Treasury yield hovering around 4.5%, and investors predominantly expecting the next Fed rate cut not to happen until the June or July meeting.

Tack on an Atlanta Fed GDPNOW forecast currently calling for outsized U.S. growth of +2.9% in the first quarter, and S&P 500 earnings estimates pointing to +13% annualized growth in 2025, and the elevated rate environment has currently taken a backseat to Big Tech and tariff concerns. But with core inflation hovering well above the Fed's +2.0% target, U.S. unemployment sitting at just 4.0% in January, and growing investor concerns about the trajectory for U.S. government spending/debt levels, it stands to reason that rates could be stuck in a higher-for-longer environment this year.

Though this is an under-the-surface issue at the moment, a higher rate environment could eventually start stressing smaller companies looking to refinance debt, further slow consumer/business borrowing, and make future corporate profits look less attractive when discounted back to the present (which often uses risk-free rates like the 10-year U.S. Treasury yield).

<u>Bottom line:</u> Rising government bond yields and less room for Fed rate cuts this year added to the stock volatility seen in December and early January. For now, investors appear to be looking past this risk from a day-to-day perspective as yields and Fed expectations have settled into their current state. Nevertheless, macroeconomic developments that send rates higher (e.g., tariffs, sticky inflation, stronger growth, increased fiscal deficits) or further delay Fed easing could quickly see stock volatility rise.

Our advice: Avoid reacting to the news cycle. Stand still and let tariff, Big Tech, and interest rate developments play out over the near term. There's a pause, for now, on major tariffs in North America. Recent updates confirm Big Tech's profitability remains strong. And the U.S. economy appears to be absorbing the current rate environment pretty well. However, investors should expect headlines to stay fluid on these subjects and, in some cases, undetermined. Making investment decisions on still unknown outcomes increases the risk of being wrong or offside if developments shift in the opposite direction.

The Week Ahead:

Along with key inflation reports, updates on retail sales and Fed Chair Powell's semiannual update to Congress should grab headlines this week.

- On Wednesday, the core Consumer Price Index (CPI) is expected to tick lower to +3.1% year-over-year in January from +3.2% in December. The headline figure is expected to hold steady at +2.9% on an annualized basis. Such readings could increase already elevated odds that the Federal Reserve will keep its policy rate steady at its March meeting.
- Powell will provide monetary policy updates/testimony to Congress on Tuesday and Wednesday.
- Weather impacts could weigh on January retail sales (Friday).
- During the week, 78 S&P 500 companies are scheduled to report profit results for the previous quarter.

Stock Market Recap

Benchmark	Total Returns			LTM PE		Yield %	
	Weekly	MTD	YTD	Current	5-Year Median	Current	5-Year Median
S&P 500 Index: 6,026	-0.2%	-0.2%	2.6%	28.1	23.9	1.2	1.5
Dow Jones Industrial Average: 44,303	-0.5%	-0.5%	4.2%	26.0	21.2	1.6	1.9
Russell 2000 Index: 5,666	-0.3%	-0.3%	2.3%	73.9	38.4	1.2	1.3
NASDAQ Composite: 19,523	-0.5%	-0.5%	1.1%	41.6	38.5	0.6	0.8
Best Performing Sector (weekly): Consumer Staples	1.6%	1.6%	3.6%	23.2	22.8	2.4	2.5
Worst Performing Sector (weekly): Consumer Discretionary	-3.6%	-3.6%	0.7%	32.6	31.2	0.6	0.8

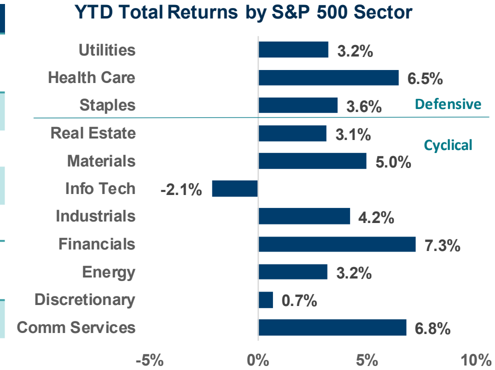
Source: Factset. Data as of 02/07/2025

Bond/Commodity/Currency Recap

Benchmark	Total Returns		
	Weekly	MTD	YTD
Bloomberg U.S. Universal	0.4%	0.4%	1.0%
West Texas Intermediate (WTI) Oil: $70.98	-2.6%	-2.6%	-2.0%
Spot Gold: $2,861.25	2.3%	2.3%	9.0%
U.S. Dollar Index: 108.04	-0.3%	-0.3%	-0.4%
Government Bond Yields	**Yield Chg**		
	Weekly	MTD	YTD
2-year U.S. Treasury Yield: 4.29%	8 bps chg	8 bps chg	4 bps chg
10-year U.S. Treasury Yield: 4.49%	-6 bps chg	-6 bps chg	-9 bps chg

Source: Factset. Data as of 02/07/2025. bps = basis points

YTD Total Returns by S&P 500 Sector



Source: S&P Global, Factset. Data as of 02/07/2025

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 higher open.** Following weaker performance on Friday that dragged major averages lower last week, stocks are looking to open the week in the green. Notably, investors appear willing to look past comments from President Trump on Air Force One Sunday indicating he will announce 25% tariffs on all imported steel and aluminum, without saying when they would take effect. According to *FactSet*, Canada, Brazil, Mexico, South Korea, and Vietnam are the largest sources of U.S. steel imports. Additionally, 79% of U.S. aluminum imports came from Canada between January and November of last year.
- **Earnings Update:** With 62% of S&P 500 fourth quarter reports complete, blended earnings per share (EPS) growth is higher by a very healthy +16.4% year-over-year on revenue growth of +5.2%.

Europe:

This week, a second look at Eurozone Q4'24 GDP should show that Europe's economy stagnated in the final quarter of last year, growing just +0.1% q/q. Meanwhile, German consumer inflation remains too high, with January's reading expected to be confirmed at +2.8% y/y.

Asia-Pacific:

The Lunar New Year holiday contributed to slightly lifting January inflation levels in China. On Monday, China's 10% to 15% retaliatory tariffs on several U.S. products took effect.

WORLD CAPITAL MARKETS

2/10/2025 **As of: 8:30 AM ET**

Americas	% chg.	% YTD	Value
S&P 500	-0.9%	2.6%	6,026.0
Dow Jones	-1.0%	4.2%	44,303.4
NASDAQ Composite	-1.4%	1.1%	19,523.4
Russell 2000	-1.2%	2.3%	2,279.7
Brazil Bovespa	-1.3%	3.6%	124,619
S&P/TSX Comp. (Canada)	-0.4%	3.1%	25,442.9
Russell 3000	-0.9%	2.9%	3,451.4

Europe (Intra-day)	% chg.	%YTD	Value
DJSTOXX 50 (Europe)	0.4%	9.4%	5,347.1
FTSE 100 (U.K.)	0.6%	7.1%	8,751.1
DAX Index (Germany)	0.3%	9.8%	21,857.6
CAC 40 (France)	0.3%	8.4%	7,993.4
FTSE MIB (Italy)	0.4%	8.8%	37,206.7
IBEX 35 (Spain)	0.3%	10.3%	12,727.0
MOEX Index (Russia)	#VALUE!	#VALUE!	#N/A N/A

Asia/Pacific (Last Night)	% chg.	%YTD	Value
Nikkei 225 (Japan)	0.0%	-2.7%	38,801.2
Hang Seng (Hong Kong)	closed	7.7%	21,522.0
Korea Kospi 100	0.0%	5.1%	2,521.3
Singapore STI	0.4%	2.4%	3,875.1
Shanghai Comp. (China)	0.6%	-0.9%	3,322.2
Bombay Sensex (India)	-0.7%	-0.9%	77,311.8
S&P/ASX 200 (Australia)	-0.3%	4.0%	8,482.8

Global	% chg.	% YTD	Value
MSCI All-Country World Idx	-0.7%	3.5%	869.4

Developed International	% chg.	%YTD	Value
MSCI EAFE	-0.5%	5.5%	2,385.3

Emerging International	% chg.	%YTD	Value
MSCI Emerging Mkts	0.6%	3.2%	1,108.5

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	-1.2%	6.8%	364.4
Consumer Discretionary	-2.5%	0.7%	1,843.2
Consumer Staples	-0.4%	3.6%	883.2
Energy	0.0%	3.2%	674.6
Financials	-0.6%	7.2%	861.1
Health Care	-0.5%	6.5%	1,705.5
Industrials	-0.3%	4.2%	1,162.0
Materials	-1.2%	5.0%	555.9
Real Estate	-0.4%	3.1%	263.7
Technology	-1.0%	-2.1%	4,511.5
Utilities	-0.3%	3.2%	396.9

Equity Income Indices	% chg.	% YTD	Value
JPM Alerian MLP Index	-0.8%	8.6%	319.8
FTSE NAREIT Comp. TR	-0.3%	2.2%	25,659.0
DJ US Select Dividend	-0.6%	2.2%	3,580.0
DJ Global Select Dividend	0.1%	3.7%	231.6
S&P Div. Aristocrats	-0.5%	1.6%	4,647.8

Bond Indices	% chg.	% YTD	Value
Barclays US Agg. Bond	-0.3%	0.9%	2,209.2
Barclays HY Bond	-0.2%	1.4%	2,719.7

Commodities Futures & Spot (Intra-day)	% chg.	% YTD	Value
CRB Raw Industrials	0.3%	2.6%	555.6
NYMEX WTI Crude (p/bbl.)	1.3%	0.2%	71.9
ICE Brent Crude (p/bbl.)	1.3%	1.3%	75.6
NYMEX Nat Gas (mmBtu)	3.2%	-6.0%	3.4
Spot Gold (troy oz.)	1.5%	10.7%	2,904.6
Spot Silver (troy oz.)	1.3%	11.5%	32.2
LME Copper (per ton)	1.4%	7.3%	9,287.6
LME Aluminum (per ton)	0.3%	4.2%	2,632.9
CBOT Corn (cents p/bushel)	-0.3%	6.1%	486.3
CBOT Wheat (cents p/bushel)	-0.6%	5.1%	579.5

Foreign Exchange (Intra-day)	% chg.	% YTD	Value
Euro (€/$)	-0.1%	-0.4%	1.03
British Pound (£/$)	-0.1%	-1.0%	1.24
Japanese Yen ($/¥)	-0.4%	3.4%	152.07
Australian Dollar (A$/$)	0.0%	1.4%	0.63
Canadian Dollar ($/C$)	-0.3%	0.3%	1.43
Swiss Franc ($/CHF)	-0.1%	-0.4%	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%

	S&P 500 Index Weight	GAAC Tactical View	GAAC Tactical Overlay	GAAC Recommended Weight
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		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

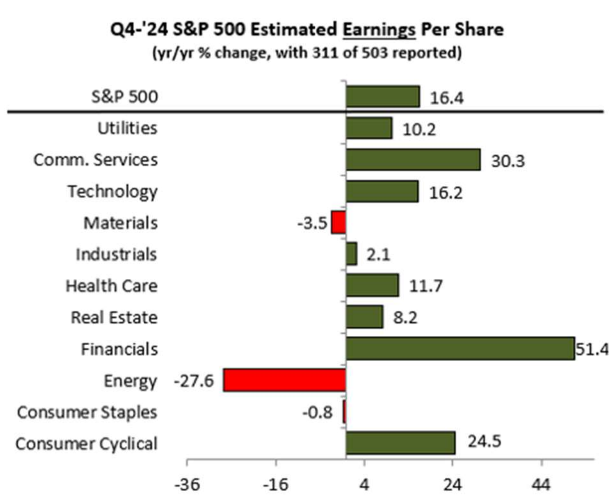
Index weightings are based on the regional market capitalizations of the MSCI All-Country World Index as of 12/26/2024. The GAAC Tactical Overlay, as well as the Recommended Tactical Weights, are derived from the Ameriprise Global Asset Allocation Committee (GAAC). Views are expressed relative to the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

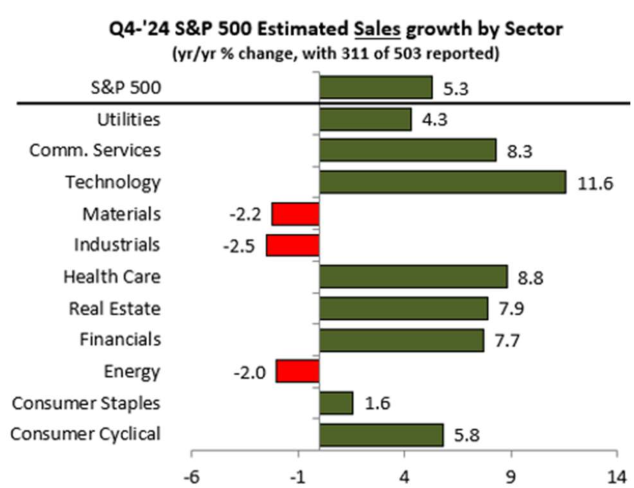
The Week Ahead:

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.

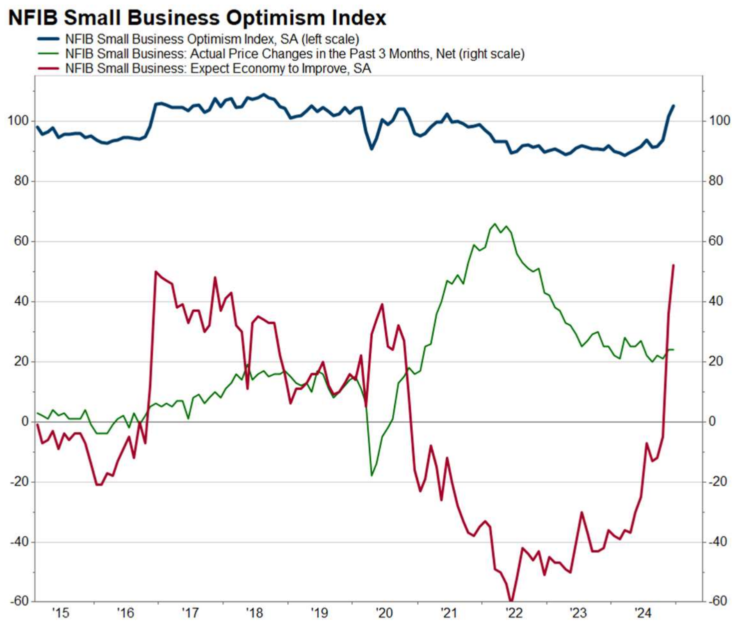
- Earnings: **Q4 earnings estimates leap higher.** The number of fourth-quarter earnings reports peaked last week at 131 S&P 500 Index members, and the results posted generated considerable upside to the aggregate earnings growth picture. At this time last week, S&P 500 companies were expected to see Q4 earnings per share (EPS) growth of 13.1% year-over-year (y/y) on sales growth of +4.8%. Today, the blended EPS growth estimate stands at +16.4% y/y on sales growth of +5.3%.
- Overall, S&P 500 companies are now seen as posting Q4 EPS of $64.59, a full $1.83 above the $62.76 expected just a week prior. At the end of Q4, analyst consensus estimates were looking for Q4 S&P 500 earnings growth of +11.6% on sales growth of +4.5%. While the Q4 results have been quite good, in our view, estimates for the following three quarters (Q1, Q2, and Q3-2025) have been revised lower by a cumulative $1.59 last week with “tariffs” often mentioned as a key source of uncertainty and possible earnings pressure.
- So, which sectors offered the most upside to the week-over-week (w/w) EPS gain? Blended earnings growth estimates for 10 of the S&P 500’s 11 sectors improved w/w. The utilities sector, which saw its estimated growth drop by 0.2 percentage points, was the only sector where estimates declined. Meanwhile, two sectors—industrials and consumer discretionary—contributed the bulk of the upward push to growth estimates last week. Blended y/y estimates for the Industrials sector went from -12% to +2%, while EPS growth for the consumer discretionary sector jumped from +13.7% to +24.5%.
- The energy sector still looks to be the most significant drag on results for the period. The sector is forecast to see a 27.5% decline in y/y EPS results, largely on lower energy commodity prices.
- Through Friday, 311 or about 62% of S&P 500 companies, had reported their fourth-quarter results. This week, another 78 companies are on the docket, including 3 that are also members of the Dow Jones Industrial Average. All data depicted in the graphics below has been sourced from FactSet.





- **Fed Chair Powell's semi-annual testimony to Congress.** Federal Reserve Chairman Jerome Powell will testify before Congress this week (the Senate Banking Committee on Tuesday and the House Financial Services Committee on Wednesday). It will be less than two weeks since the Federal Open Market Committee's (FOMC) latest interest rate decision and press conference by the Fed Chair, but investors will be eager to hear any possible nuances in Mr. Powell's tone as to the inflation outlook and his thoughts on the implications from the president's tariff plans. Notably, the latest Consumer Price Index report will be released a few hours ahead of the Chairman's House testimony.

- **The Economic Release Calendar:** The pace of economic releases slows considerably this week as inflation moves to centerstage. For the most part, forecasters are looking for inflation rates to remain fairly steady on a year-over-year (y/y) basis. Meanwhile, Friday's Retail Sales report should also carry some influence, but it's expected to be weak given January's difficult winter weather, including the devastating Los Angeles wildfires which began early in the month.



- **January NFIB Small Business Optimism:** How are small business leaders feeling about the Trump agenda so far? On Tuesday, the National Federation of Independent Businesses (NFIB) will release its latest survey of small business optimism.
- The Bloomberg consensus has the Index declining slightly, to 104.7 from December's 105.1. December's reading was the highest for the series since October 2018 as the percentage of respondents expecting the economy to improve over the next six months has surged (see red line in chart at right). Overall, the headline Index has jumped 11.4 points since October.
- **January Consumer Price Index (CPI):** Headline and Core inflation metrics are expected to have run slightly "hot" in January as both are forecast to have seen a +0.3% m/m gain.
- Tariffs will be a non-issue for the January reading, but there will be plenty of other moving parts to consider. Commodity food prices have been on the rise, and we could see some upside pressure from insurance costs (for both home and auto). Travel costs could also see some sustained upward pressure even though energy commodity price movements were largely in line with normal seasonal patterns in January.
- Seasonal adjustment factors, however, could play a notable role in this week's release. The Labor Department will release new seasonal adjustment factors starting with this week's release – factors that in the past have had a very notable influence on CPI results, particularly early in the year. In January 2024, for instance, headline inflation on a seasonally adjusted basis was up +0.3% but was +0.5% higher on a non-seasonally adjusted basis.
- **January Retail Sales:** After four consecutive strong m/m gains, forecasters look for retail sales to have declined slightly last month. The Bloomberg consensus looks for a 0.1% m/m decline in total sales which would equate to a y/y growth rate of about +4.5%. We believe the m/m decline could be modestly larger as we forecast a 0.4% m/m drop.
- Sharply weaker auto sales are thought to weigh heavily on the results. Ward's Automotive reported unit vehicle sales of 15.6 million (on a seasonally adjusted, annualized basis) versus the multi-month high of 16.9 million seen in December.

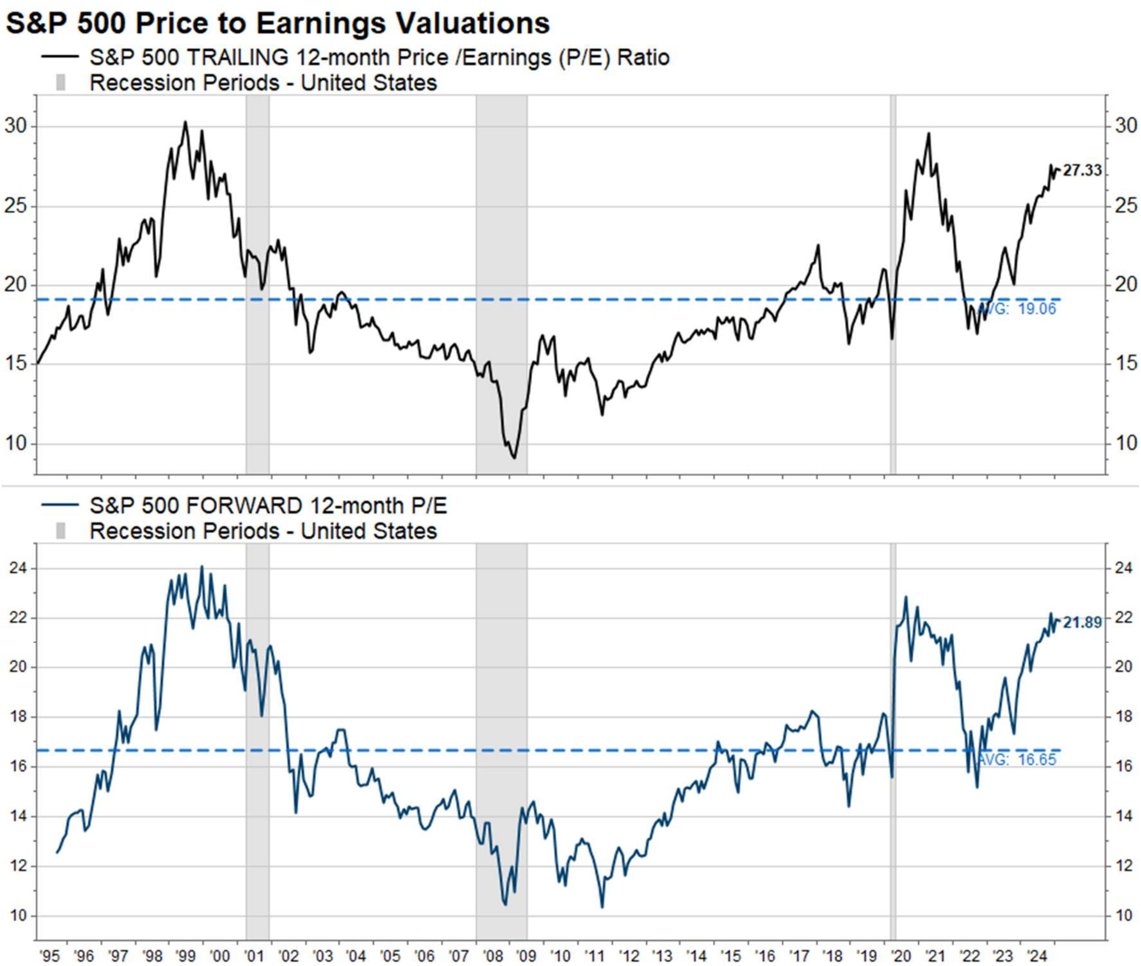
The calendar below is sourced from American Enterprise Investment Services Inc.

February 10	11	12	13	14
Bank Lending - Japan	**NFIB Small Business Index**	**Consumer Price Index**	**Initial Jobless Claims**	**Retail Sales**
Loan Growth - China		**Federal Budget Balance**	**Producer Price Index**	**Import Price Index**
Economic Sentiment - Eurozone		*Foreign Investment - China*	*Unemployment - S. Korea*	**Business Inventories**
		Inflation - India	*Industrial Production - Eurozone*	**Industrial Production**
		Industrial Production - India		*Trade - India*
				GDP - Eurozone

Where Market Fundamentals Stand Heading into The Week:

S&P 500 Trailing and Forward P/E valuations: *Source: FactSet*

Please note: 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 per share. The calculation of earnings (operating earnings versus 'as reported' or GAAP) also often differ modestly from one data source to another due to the proprietary use of calculation methodologies.



Consensus Earnings Estimates: *Source: FactSet*

Please note: 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
2/10/2025	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 $$ amount				$53.34	$54.52	$58.91	$55.56	$56.45	$60.54	$61.64	$64.59	$61.00	$66.29	$70.74	$73.08	
change over last week											$1.83	-$0.88	-$0.44	-$0.27	$0.41	-$1.51
yr/yr				-1.2%	-3.6%	6.1%	4.2%	5.8%	11.0%	5.0%	16.3%	8.1%	9.5%	14.8%	13.1%	
qtr/qtr				0.1%	2.2%	8.1%	-5.7%	1.6%	7.2%	1.8%	4.8%	-5.6%	8.7%	6.7%	3.3%	
Trailing 4 quarters $$	$143.08	$211.09	$222.33	$218.71	$216.67	$220.08	$222.33	$225.44	$231.46	$234.19	$243.22	$247.77	$253.52	$262.62	$271.11	$308.78
yr/yr % change	-13.0%	47.5%	4.2%				0.0%				9.4%				11.5%	13.9%
Implied P/E based on																
a S&P 500 level of: 6026											24.8	24.3	23.8	22.9	22.2	19.5

Economic News and Views:

Russell T. Price, CFA – Chief Economist

Releases for Monday, February 10, 2025 — **All times Eastern. Consensus estimates via Bloomberg**

None Scheduled

Ameriprise Economic Projections

Forecast:	Full-year				Quarterly						
	Actual	Actual	Actual	Est.	Actual	Actual	Actual	Actual	Actual	Est.	Est.
	2022	**2023**	**2024**	**2025**	Q4-2023	Q1-2024	Q2-2024	Q3-2024	Q4-2024	Q1-2025	Q2-2025
Real GDP (annualized)	2.5%	2.9%	2.8%	2.4%	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	• 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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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.

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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.

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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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