Ameriprise Financial

Before the Bell

An Ameriprise Investment Research Group Publication

February 28, 2025

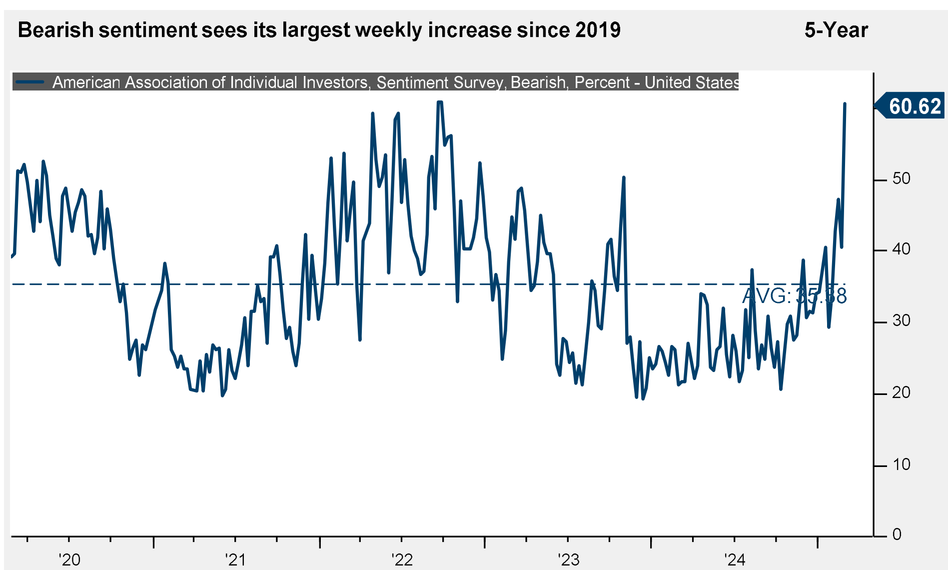
Starting the Day

- U.S. equity markets are pointing to a higher open.
- European markets are trading lower at midday.
- Asian markets ended lower.
- Retail investor pessimism rises to record levels.
- Tariff concerns and Big Tech send stocks lower this week.
- 10-year Treasury yield at 4.25%.
- West Texas Intermediate (WTI) oil is trading at $69.34.
- Gold is trading at $2,871.40

Market Perspectives

Anthony Saglimbene, Chief Market Strategist

Da Bears. No, we aren't referring to former Chicago Bear Coach Mike Ditka or the famous Saturday Night Live Bill Swerski's Super Fans skits from the 1990s. Instead, today's title is in relation to the dramatic weekly increase in bearish sentiment within the latest *American Association of Individuals Investors (AAII) Survey*. Retail investors reporting they are pessimistic about stock returns over the next six months shot up over 20 percentage points this week to 60.6% — the largest weekly increase since August 2019. The AAII figure also represents the largest percentage of bears since September 2022, with only six other times bearishness among retail investors having been higher in the survey's history dating back to 1987.



According to *Bespoke Investment Group*, those other times included the 1990 recession/Iraq's invasion of Kuwait, late in the Financial Crisis, and in September 2022, right before the bear market lows were in and the stock market set off on a new bull market run. Notably, large spikes in bearishness usually come when markets have already suffered meaningful losses, yet, currently, the S&P 500 is off around 4.5% from its all-time high.

Interestingly, bullishness fell 20% this week, and those reporting they are neutral on stock returns over the next six months fell to multi-year lows. At least based on the latest survey, retail investors have taken their sides on where they think the market is headed over the next six months, with very few willing to waffle in between. Per *Bespoke*, in prior instances when pessimism was 60% or higher, S&P 500 returns over the next one, three, and six months, as well as over the next year, were very strong.

That said, none of those periods included the S&P 500 less than 13% away from its 52-week high, meaning the Index was already in a correction or worse by the time pessimism reached such elevated levels. Thus, the current rise in pessimism is unprecedented based on where the S&P 500 sits in relation to its last high.

Bottom line: Retail investors are nervous after already strong gains during the last two years. Stocks that have led the rally are starting to waver, and fiscal/monetary policies offer an uncertain stew of potential outcomes that are increasing investor/consumer anxiety. However, when the market becomes so decidedly negative and so quickly, it's worth at least considering a move to the less crowded side of the boat — at least if one finds some value in a contrarian approach.

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 higher open.** It's been another tough week for stocks. The S&P 500 Index is down 2.5% WTD, while the NASDAQ Composite is off roughly 5.0%. With the S&P 500 down approximately 3.0% in February, stocks are on pace for their worst month since April 2024. Helping to weigh on indexes this week, and despite a very impressive earnings report and outlook on Wednesday after market close, NVIDIA's stock dropped 8.5% on Thursday. High expectations and slower growth compared to a year ago have left less room for traders to bid up the stock. Thus, NVIDIA has been used as a source of profit taking to derisk over the near term, in our view, which was on full display yesterday. Further tariff announcements (e.g., 25% tariffs on all EU imports) and confusion about when/if the White House will be imposing additional duties on Canada and Mexico (set to go into effect on Tuesday) have also stalled market momentum this week. According to a Harris Poll conducted by *Bloomberg*, 60% of American adults expect Trump's tariffs, if enacted, will lead to even higher prices, with 44% saying they are likely bad for the U.S. economy. Roughly 31% of survey respondents say Trump's tariffs would boost the U.S. economy. Weaker consumer sentiment surveys, record high investor pessimism, concern among professional money managers, and recent polls all point to one key factor about tariffs — they all suggest Americans do not agree with President Trump that tariffs are positive for growth, inflation, or their portfolio. Notably, Tech tailwinds have turned into headwinds, with Mag Seven names falling into a correction this week. And tariff uncertainty is ramping higher as 25% levies are scheduled to kick in next week on our closest trading partners, and an additional 10% tariff is set to be imposed on China. In our opinion, the weekend can't start soon enough. Finally, January PCE is on the docket today at 8:30 am EST.
- **Earnings Update:** With 97% of S&P 500 fourth quarter reports complete, blended earnings per share (EPS) growth is higher by +18.1% year-over-year on revenue growth of +5.3%.

Europe:

Economic signals remain mixed in Germany, with the latest report on retail sales showing some improvement last month, though employment figures are softening. However, European inflation trends remained on a downward trend in February, with Germany and France seeing a slowdown.

Asia-Pacific:

Initial reactions from Beijing to President Trump's threat to raise the tariff rate on all Chinese imports by another 10% next week have been largely muted. Earlier this month, when China was hit with a new 10% tariff on its imports, officials quietly announced retaliatory tariffs on U.S. crude, agricultural machinery, and cars/pickups. Investors should expect the same type of measured response from Beijing to additional U.S. tariffs on China but more direct actions that may match the increasing level of trade friction between both countries. However, reports from both countries continue to point out that Trump and China President Xi Jinping are open to trade and investment deals

WORLD CAPITAL MARKETS

2/28/2025 **As of: 8:30 AM ET**

Americas	% chg.	% YTD	Value
S&P 500	-1.6%	-0.1%	5,861.6
Dow Jones	-0.4%	1.9%	43,239.5
NASDAQ Composite	-2.8%	-3.9%	18,544.4
Russell 2000	-1.6%	-3.9%	2,139.7
Brazil Bovespa	0.0%	3.8%	124,799
S&P/TSX Comp. (Canada)	-0.8%	2.0%	25,128.2
Russell 3000	-1.5%	-0.4%	3,338.5

Europe (Intra-day)	% chg.	%YTD	Value
DJSTOXX 50 (Europe)	-0.7%	11.3%	5,434.2
FTSE 100 (U.K.)	0.3%	7.9%	8,779.6
DAX Index (Germany)	-0.6%	12.6%	22,422.8
CAC 40 (France)	-0.5%	9.4%	8,062.8
FTSE MIB (Italy)	-0.3%	12.7%	38,518.6
IBEX 35 (Spain)	0.0%	15.0%	13,268.8
MOEX Index (Russia)	#VALUE!	#VALUE!	#N/A N/A

Asia/Pacific (Last Night)	% chg.	%YTD	Value
Nikkei 225 (Japan)	-2.9%	-6.8%	37,155.5
Hang Seng (Hong Kong)	-3.3%	14.8%	22,941.3
Korea Kospi 100	-3.4%	6.0%	2,532.8
Singapore STI	-0.7%	3.1%	3,895.7
Shanghai Comp. (China)	-2.0%	-0.9%	3,320.9
Bombay Sensex (India)	-1.9%	-6.1%	73,198.1
S&P/ASX 200 (Australia)	-1.2%	0.8%	8,172.4

Global	% chg.	% YTD	Value
MSCI All-Country World Idx	-1.4%	2.1%	857.3

Developed International	% chg.	%YTD	Value
MSCI EAFE	-0.9%	8.2%	2,442.0

Emerging International	% chg.	%YTD	Value
MSCI Emerging Mkts	-1.0%	4.8%	1,124.0

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	-1.8%	0.9%	344.2
Consumer Discretionary	-1.8%	-7.0%	1,700.9
Consumer Staples	0.0%	6.4%	906.3
Energy	0.5%	4.5%	679.5
Financials	0.6%	5.8%	849.2
Health Care	-0.4%	7.1%	1,713.3
Industrials	-0.4%	2.1%	1,137.3
Materials	-0.7%	4.6%	553.4
Real Estate	0.4%	5.3%	268.9
Technology	-3.8%	-5.8%	4,336.9
Utilities	-2.2%	3.1%	395.0

Equity Income Indices	% chg.	% YTD	Value
JPM Alerian MLP Index	-0.4%	8.6%	319.8
FTSE NAREIT Comp. TR	0.6%	4.4%	26,212.0
DJ US Select Dividend	-0.4%	4.0%	3,641.0
DJ Global Select Dividend	-0.8%	5.1%	233.8
S&P Div. Aristocrats	0.1%	3.2%	4,721.6

Bond Indices	% chg.	% YTD	Value
Barclays US Agg. Bond	-0.1%	2.3%	2,240.2
Barclays HY Bond	0.0%	2.0%	2,737.2

Commodities Futures & Spot (Intra-day)	% chg.	% YTD	Value
CRB Raw Industrials	-0.1%	4.0%	562.7
NYMEX WTI Crude (p/bbl.)	-1.4%	-3.3%	69.4
ICE Brent Crude (p/bbl.)	-1.2%	-2.0%	73.1
NYMEX Nat Gas (mmBtu)	-1.7%	6.5%	3.9
Spot Gold (troy oz.)	-0.6%	9.0%	2,860.0
Spot Silver (troy oz.)	-0.3%	7.9%	31.2
LME Copper (per ton)	-0.7%	8.4%	9,381.3
LME Aluminum (per ton)	0.1%	4.8%	2,648.9
CBOT Corn (cents p/bushel)	0.1%	3.4%	481.5
CBOT Wheat (cents p/bushel)	0.9%	0.9%	567.5

Foreign Exchange (Intra-day)	% chg.	% YTD	Value
Euro (€/$)	0.1%	0.5%	1.04
British Pound (£/$)	0.0%	0.7%	1.26
Japanese Yen ($/¥)	-0.6%	4.3%	150.76
Australian Dollar (A$/$)	-0.3%	0.5%	0.62
Canadian Dollar ($/C$)	0.1%	-0.3%	1.44
Swiss Franc ($/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
Financials	13.5%	Overweight	2.0%	15.5%
Consumer Staples	5.5%	Equalweight	-	5.5%
Information Technology	32.8%	Equalweight	-	32.8%
Industrials	8.1%	Equalweight	-	8.1%
Communication Services	9.4%	Equalweight	-	9.4%
Energy	3.0%	Equalweight	-	3.0%
Utilities	2.3%	Equalweight	-	2.3%
Materials	1.9%	Equalweight	-	1.9%
Real Estate	2.0%	Equalweight	-	2.0%
Consumer Discretionary	11.5%	Equalweight	-	11.5%
Health Care	10.0%	Underweight	-2.0%	8.0%

As of: January 2, 2025

Index weightings represent the respective market capitalization of each sector in the S&P 500 as of 12/19/2024. The GAAC Tactical Overlay, as well as Recommended Tactical Weights, is derived from the Ameriprise Global Asset Allocation Committee (GAAC).Views are expressed relative to the Index and are provided to represent investment conviction in each region. Tactical Allocations are designed to augment Index returns over a 6-12 month time horizon. Numbers may not add due to rounding.

Global Equity Regions - Tactical Views

	MSCI All-Country World Index Weight	GAAC Tactical View	GAAC Tactical Overlay	GAAC Recommended Weight
United States	66.1%	Overweight	3.2%	69.3%
Europe ex U.K.	11.3%	Equalweight	-	11.3%
Latin America	0.8%	Equalweight	-	0.8%
Japan	4.7%	Equalweight	-	4.7%
United Kingdom	3.0%	Equalweight	-	3.0%
Asia-Pacific ex Japan	10.2%	Underweight	-1.0%	9.2%
Canada	2.7%	Underweight	-1.0%	1.7%
Middle East / Africa	1.2%	Underweight	-1.2%	0.0%

as of: January 2, 2025

Index weightings are based on the regional market capitalizations of the MSCI All-Country World Index as of 12/26/2024. The GAAC Tactical Overlay, as well as the Recommended Tactical Weights, are derived from the Ameriprise Global Asset Allocation Committee (GAAC). Views are expressed relative to the Index and are provided to represent investment conviction in each region. Tactical Allocations are designed to augment Index returns over a 6-12 month time horizon. Numbers may not add due to rounding.

Economic News and Views:

Russell T. Price, CFA – Chief Economist

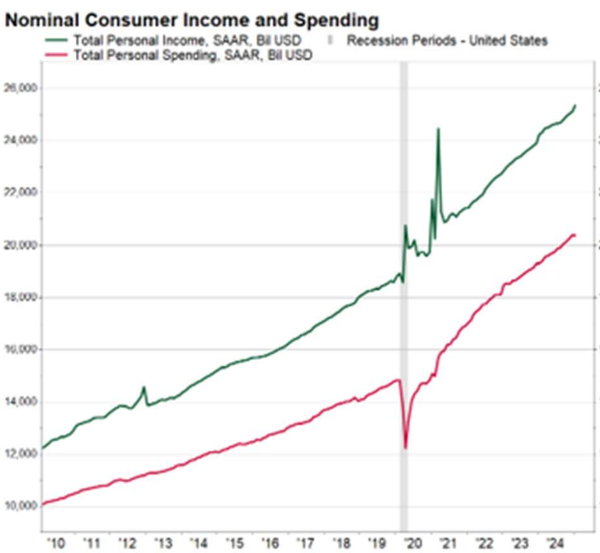
Releases for Friday, February 28, 2025 **All times Eastern. Consensus estimates via Bloomberg**

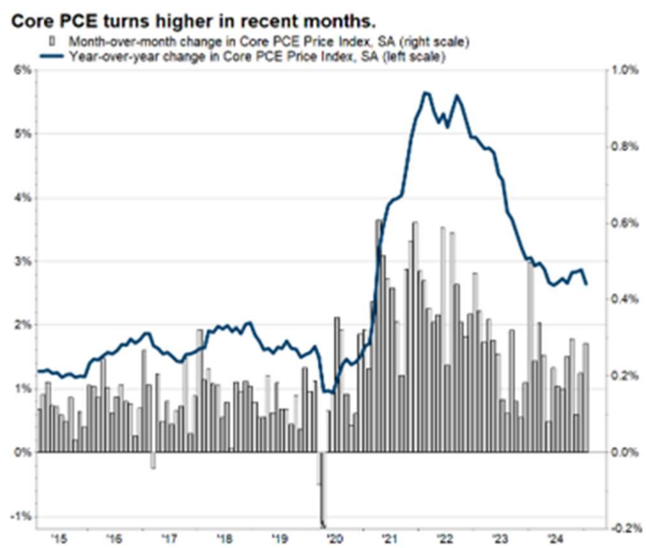
Time	Period	Release	Consensus Est.	Actual	Prior	Revised to
8:30 AM	JAN	Personal Income	+0.4%	**+0.9%**	+0.4%	
8:30 AM	JAN	Personal Spending	+0.2%	**-0.2%**	+0.7%	+0.8%
8:30 AM	JAN	PCE* Deflator (MoM)	+0.3%	**+0.3%**	+0.3%	
8:30 AM	JAN	Core PCE Deflator (MoM)	+0.3%	**+0.3%**	+0.2%	
8:30 AM	JAN	PCE Deflator (YoY)	+2.5%	**+2.5%**	+2.6%	
8:30 AM	JAN	Core PCE Deflator (YoY)	+2.6%	**+2.6%**	+2.8%	
8:30 AM	JAN	Advance Goods Trade Balance	-$116.6B	**-$153.3**	-$122.0B	

*PCE = Personal Consumption Expenditures

Commentary:

- Some surprising numbers this morning as personal income surges, spending drops month-over-month and the trade deficit in goods jumps to record highs. The sharp expansion of the trade deficit holds materially negative implications for Q1 real GDP, but the pull forward of imports is likely to at least partially reverse in Q2.
- **Personal income surged last month, jumping 0.9%, its strongest m/m pace since July 2022.** The largest driver of the increase was a 2.8% m/m increase in Social Security payments. Annual social security cost of living adjustments go into effect each January but the data is also seasonally adjusted.
- **Spending, meanwhile, declined slightly** as growth in services related spending was not enough to overcome the drop in spending on goods. The January retail sales report (which showed a -0.9% month-over-month decline) total spending in the month was weak due to bad weather across much of the South and Midwest, in combination with the devastating wildfires in California.
- **PCE inflation:** The Fed's preferred measure of inflation, the Core PCE rate, was an as expected 0.3% higher which equated to a +2.6% rate – down notably from the +2.9% rate seen in December.
- *The charts below are sourced from FactSet and HAVE been updated to reflect today's releases.*





Ameriprise Economic Projections

Forecast:	Full-year				Quarterly						
	Actual 2023	Actual 2024	Est. 2025	Est. 2026	Actual Q1-2024	Actual Q2-2024	Actual Q3-2024	Actual Q4-2024	Est. Q1-2025	Est. Q2-2025	Est. Q3-2025
Real GDP (annualized)	2.9%	2.8%	2.4%	2.1%	1.6%	3.0%	2.8%	2.3%	2.8%	2.3%	2.5%
Unemployment Rate	3.7%	4.1%	4.2%	4.2%	3.8%	4.1%	4.1%	4.1%	4.2%	4.2%	4.2%
CPI (YoY)	3.4%	2.9%	2.5%	2.2%	3.5%	3.0%	2.4%	2.9%	2.4%	2.4%	2.4%
Core PCE (YoY)	2.9%	2.8%	2.3%	2.1%	2.8%	2.6%	2.7%	2.8%	2.5%	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: February 18, 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.

The Ameriprise Investment Research Group

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.

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

Disclaimer section

Except for the historical information contained herein, certain matters in this report are forward-looking statements or projections that are dependent upon certain risks and uncertainties, including but not limited to, such factors and considerations as general market volatility, global economic and geopolitical impacts, fiscal and monetary policy, liquidity, the level of interest rates, historical sector performance relationships as they relate to the business and economic cycle, consumer preferences, foreign currency exchange rates, litigation risk, competitive positioning, the ability to successfully integrate acquisitions, the ability to develop and commercialize new products and services, legislative risks, the pricing environment for products and services, and compliance with various local, state, and federal health care laws. See latest third-party research reports and updates for risks pertaining to a particular security.

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