Before the Bell

An Ameriprise Investment Research Group Publication

March 3, 2025

Starting the Day

- U.S. futures are pointing to a higher open.
- European markets are trading higher at midday.
- Asian markets ended mostly higher overnight.
- Stocks finish a difficult run in February.
- Tariffs and employment data are in focus this week.
- 10-year Treasury yield at 4.25%.
- West Texas Intermediate (WTI) oil is trading at $69.91.
- Gold is trading at $2,886.50.

Market Perspectives

Anthony Saglimbene, Chief Market Strategist

Weekly Market Perspectives: Despite a late Friday rally, stocks ended last week lower amid continued investor concerns regarding tariffs, a loss of momentum across Big Tech, and anxiety that growth is slowing more than expected. During the week, the Magnificent Seven briefly fell into a correction (defined as a decline of 10% or more from a recent market top), while small-cap stocks are now down 12% off their November highs.

With how markets might react to potential 25% tariffs on all imports from Canada and Mexico going into effect early in the week, an additional 10% tariff on all Chinese imports, and February jobs data later in the week, there's certainly no shortage of items for investors to sort through in the days ahead.

Last Week in Review:

- The S&P 500 Index closed the week lower by 1.0%, finishing down for the second straight week and posting its worst two-week run since early September. In February, the Index lost 1.3%, posting its largest monthly point and percentage drop since December.
- The Magnificent Seven (i.e., Tesla, Microsoft, Amazon, Alphabet, Apple, NVIDIA, and Meta Platforms), or the companies that have fueled Big Tech's rise and powered major U.S. stock averages higher over the last two years, briefly dipped into a correction last week — a first since August/September. Pressure across this group led to the NASDAQ Composite falling 3.5% last week and ending February lower by nearly 4.0% (its worst month since April).
- Notably, NVIDIA's solid earnings report for the previous quarter and strong outlook for revenue and demand for its advanced artificial intelligence chips over the coming quarters failed to lift momentum and turn the tide on Technology stocks as well as the broader market. NVIDIA fell over 7.0% last week but ended February higher by almost +4.0%. That said, Tesla (-27.6%), Alphabet (-16.5%), and Amazon (-10.8%) experienced heavy selling pressure in February and weighed on major U.S. stock averages all month.
- Pressure across the Dow Jones Industrials Average was less pronounced, with the Dow 30 closing the week higher by +1.0% and February down 1.4%. The Russell 2000 Index continues to struggle amid tariff and growth concerns, falling 1.4% last week and ending February down 5.3%. Along with the NASDAQ, the Russell 2000 is lower two months into 2025.
- U.S. Treasury yields fell aggressively last week as investors sought safety in government bonds.
- In February, West Texas Intermediate (WTI) crude posted its first monthly loss since November, the U.S. Dollar Index fell less than 1.0%, and Gold ended higher.

- February consumer confidence posted its largest monthly drop since August 2021. The Citi Economic Surprise Index (measuring whether economic data is coming in better or worse than expected) fell into negative territory. At the same time, the Atlanta Federal Reserve GDPNow forecast for the first quarter shows the U.S. economy contracting by 1.5%. Note: strong import activity ahead of potential tariffs is likely influencing this figure at the moment. In our view, this influence should moderate as imports move to inventories, consumption, or capital expenditures by the time the first advance reading of Q1'25 GDP is provided in April. We forecast the U.S. economy will grow by +1.6% in the first quarter.
- The latest read on the core Personal Consumption Expenditures (PCE) Price Index showed the Fed's preferred inflation gauge coming in at an annualized rate of +2.6% for January, in line with expectations and below December's level of +2.9%. Personal income rose more than expected in January, while personal spending slightly missed estimates. Notably, *Moody's Analytics* recently found that the wealthiest 10% of American households (those making $250,000 a year or more) now account for half of all U.S. consumer spending and at least one-third of the country's total GDP. Not since 1989 have the top-decile earners in America accounted for such a large share of overall consumer spending. Although top earners usually account for a majority of the consumer spending in the U.S. each year, their influence, and thus potential impact on slowing growth should they decide to reign in their horns, is an obvious risk to markets/corporate profitability/economic growth.
- Finally, approaching tariffs on Canada, Mexico, and China, as well as President Trump's threats of 25% tariffs on the European Union in April, kept fiscal policy uncertainty high last week. House Republicans passed a framework for a budget resolution, which includes room to extend the 2017 tax cuts, reduces spending by $1.5 trillion over ten years, and provides funding for defense and security while raising the debt ceiling by $4 trillion. And, notably, the world watched on Friday a devolving relationship between President Trump and Ukraine President Zelensky unfold on television as both men could not find common ground on a minerals deal which is/was expected to pave the way to a broader peace agreement with Russia.

Amid the tariff uncertainty and stock volatility, corporate profits offer fundamental support under the surface.

Volatility across stocks has risen this year, largely due to elevated expectations/valuations for a few mega-cap U.S. companies, anxiety about tariffs and their influence on growth/inflation, and falling consumer/investor confidence levels. And while pressure across Mag Seven companies, industries closely tied to tariff impacts, and the Russell 2000 Index has been rising this year, the broader S&P 500 has remained relatively resilient. Note: The S&P 500 ended last week roughly 3.0% away from its all-time high.

Importantly, nine of the S&P 500's eleven sectors are higher in 2025, which collectively represent nearly 60% of the Index. A stable economic environment, solid consumer/business trends, and growing profits have helped support areas of the market where trends are expected to improve this year and expectations aren't so stretched.

Outside of Energy, Materials, and Consumer Staples, profits for S&P 500 sectors are expected to rise in the first quarter, with Information Technology, Health Care, and Communication Services forecasted to see outsized profit growth. Yet, first quarter earnings expectations for a host of S&P 500 sectors have fallen meaningfully since the end of December, particularly in cyclical areas outside of Technology that were expected to see more robust growth at the start of the year. Under the surface of the front and center issues facing the market, which are routinely covered in headlines and commentary, falling profit expectations for the first quarter have also been a headwind for broader U.S. stock averages.

That said, analysts continue to see an environment where corporate profitability remains positive at the start of the year. As discussed above, during the fourth quarter earnings season, expectations for the current quarter were lowered, which means the hurdle rate for companies to surpass profit forecasts has become easier to achieve. For example, at the end of December, Q4'24 S&P 500 earnings per share (EPS) were expected to rise roughly +11.5% on an annualized basis. With 97% of S&P 500 fourth quarter reports now complete, blended earnings per share (EPS) growth is higher by +18.1% year-over-year — well above forecasts at the end of last year.

Bottom line: S&P 500 companies, in aggregate, routinely surpass analyst estimates in normalized environments and where economic conditions are stable. Obviously, tariffs and other fiscal/monetary unknowns at the moment are a risk to maintaining stable economic conditions and, thus, corporate profits that can surpass expectations. Nevertheless, as markets continue to focus on near-term volatility factors associated with tariffs, policy, and Big Tech, profit conditions across several areas of the market could offer fundamental support for investors who are willing to look through potential short-term dislocations.

The Week Ahead:

Tariffs, job data, and looks at manufacturing and services activity line the week.

- President Trump is scheduled to hit Canada and Mexico with 25% tariffs on all imports to the U.S. on Tuesday and China with an additional 10% tariff. The President will address a joint session of Congress on Tuesday at 9 pm EST, his first speech to Congress of his second term.
- Despite all the headlines on DOGE and government layoffs, its influence on this week's employment reports will not play much, if any, factor in the results. February private ADP payrolls (Wednesday) are seen modestly declining from January levels. Friday's closely watched February nonfarm payrolls report is expected to show job gains of +158,000, up from +143,000 in January. The unemployment rate last month is expected to hold steady at 4.0%.
- February ISM manufacturing and services reports on Monday and Wednesday, respectively, should show trends in each didn't change much from January.

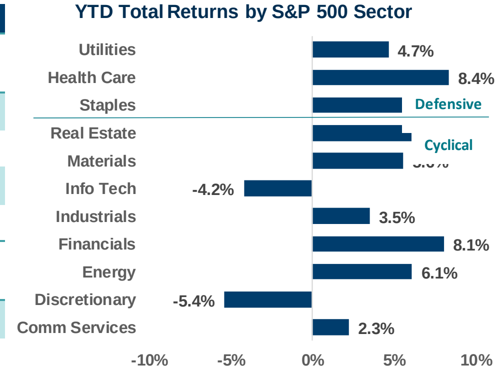
Stock Market Recap							
Benchmark	**Total Returns**			**LTM PE**		**Yield %**	
	Weekly	**MTD**	**YTD**	**Current**	**5-Year Median**	**Current**	**5-Year Median**
S&P 500 Index: 5,955	-1.0%	-1.3%	1.4%	26.6	24.1	1.2	1.5
Dow Jones Industrial Average: 43,841	1.0%	-1.4%	3.3%	25.2	21.2	1.6	1.9
Russell 2000 Index: 5,376	-1.4%	-5.3%	-2.9%	58.2	37.5	1.3	1.3
NASDAQ Composite: 18,847	-3.5%	-3.9%	-2.3%	38.4	38.6	0.7	0.8
Best Performing Sector (weekly): Financials	2.8%	1.4%	8.1%	18.9	15.4	1.3	1.8
Worst Performing Sector (weekly): Info Tech	-4.0%	-1.3%	-4.2%	39.2	33.4	0.6	0.9

Source: Factset. Data as of 02/28/2025

Bond/Commodity/Currency Recap			
Benchmark	**Total Returns**		
	Weekly	**MTD**	**YTD**
Bloomberg U.S. Universal	1.2%	2.1%	2.7%
West Texas Intermediate (WTI) Oil: $69.73	-1.4%	-4.3%	-3.7%
Spot Gold: $2,858.14	-2.7%	2.2%	8.9%
U.S. Dollar Index: 107.61	0.9%	-0.7%	-0.8%
Government Bond Yields	**Yield Chg**		
	Weekly	**MTD**	**YTD**
2-year U.S. Treasury Yield: 3.97%	-23 bps chg	-23 bps chg	-28 bps chg
10-year U.S. Treasury Yield: 4.20%	-23 bps chg	-35 bps chg	-38 bps chg

Source: Factset. Data as of 02/28/2025. bps = basis points

YTD Total Returns by S&P 500 Sector



Source: S&P Global, Factset. Data as of 02/28/2025

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.** Markets remain attuned to tariff developments, with Canada, Mexico, and China tariffs scheduled to take effect tomorrow. Reports suggest President Trump and team are still deciding on a final rate for Canada and Mexico and whether the full 25% rate will be applied.
- **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:

Following Friday's devolving U.S./Ukraine relationship, European leaders pledged support for Ukraine after President Zelensky visited Europe over the weekend. Over the weekend, Zelensky said he would meet with President Trump again for "serious" talks. EU defense stocks are higher midday as Europe is seen as maintaining and possibly increasing support to Ukraine if the U.S. removes military support.

Asia-Pacific:

In the face of a new 10% U.S. tariff on Chinese imports, reports indicate Beijing is considering tariff and non-tariff countermeasures that could focus on agriculture and food products. China is the largest market for U.S. farm products, according to *FactSet*.

WORLD CAPITAL MARKETS

3/3/2025 As of: 8:30 AM ET

Americas	% chg.	% YTD	Value
S&P 500	1.6%	1.4%	5,954.5
Dow Jones	1.4%	3.4%	43,840.9
NASDAQ Composite	1.6%	-2.3%	18,847.3
Russell 2000	1.1%	-2.9%	2,163.1
Brazil Bovespa	-1.6%	2.1%	122,799
S&P/TSX Comp. (Canada)	1.1%	3.1%	25,393.5
Russell 3000	1.5%	1.2%	3,389.9

Europe (Intra-day)	% chg.	%YTD	Value
DJSTOXX 50 (Europe)	1.2%	13.2%	5,528.1
FTSE 100 (U.K.)	0.7%	9.1%	8,873.8
DAX Index (Germany)	1.9%	15.4%	22,970.2
CAC 40 (France)	1.3%	11.4%	8,215.6
FTSE MIB (Italy)	0.8%	14.0%	38,979.7
IBEX 35 (Spain)	0.1%	15.8%	13,360.2

Asia/Pacific (Last Night)	% chg.	%YTD	Value
Nikkei 225 (Japan)	1.7%	-5.2%	37,785.5
Hang Seng (Hong Kong)	0.3%	15.1%	23,006.3
Korea Kospi 100	-3.4%	6.0%	2,532.8
Singapore STI	0.3%	3.4%	3,908.9
Shanghai Comp. (China)	-0.1%	-1.0%	3,316.9
Bombay Sensex (India)	-0.2%	-6.3%	73,085.9
S&P/ASX 200 (Australia)	0.9%	1.7%	8,245.7

Global	% chg.	% YTD	Value
MSCI All-Country World Idx	0.3%	3.1%	865.8

Developed International	% chg.	%YTD	Value
MSCI EAFE	1.5%	9.0%	2,459.5

Emerging International	% chg.	%YTD	Value
MSCI Emerging Mkts	0.1%	2.4%	1,098.2

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	1.4%	2.3%	348.9
Consumer Discretionary	1.8%	-5.4%	1,731.5
Consumer Staples	1.3%	7.9%	918.3
Energy	1.5%	6.1%	689.9
Financials	2.1%	8.0%	866.8
Health Care	1.2%	8.4%	1,734.3
Industrials	1.3%	3.5%	1,152.5
Materials	0.9%	5.6%	558.2
Real Estate	0.8%	6.1%	271.1
Technology	1.7%	-4.2%	4,411.3
Utilities	1.4%	4.7%	400.6

Equity Income Indices	% chg.	% YTD	Value
JPM Alerian MLP Index	1.9%	10.6%	325.8
FTSE NAREIT Comp. TR	0.8%	5.2%	26,414.4
DJ US Select Dividend	1.3%	5.3%	3,688.4
DJ Global Select Dividend	0.9%	6.5%	236.7
S&P Div. Aristocrats	1.3%	4.6%	4,784.5

Bond Indices	% chg.	% YTD	Value
Barclays US Agg. Bond	0.4%	2.7%	2,249.1
Barclays HY Bond	0.0%	2.0%	2,738.1

Commodities Futures & Spot (Intra-day)	% chg.	% YTD	Value
CRB Raw Industrials	-0.4%	3.5%	560.2
NYMEX WTI Crude (p/bbl.)	0.0%	-2.7%	69.8
ICE Brent Crude (p/bbl.)	0.2%	-2.3%	72.9
NYMEX Nat Gas (mmBtu)	0.5%	6.1%	3.9
Spot Gold (troy oz.)	0.6%	9.6%	2,875.4
Spot Silver (troy oz.)	1.3%	9.1%	31.5
LME Copper (per ton)	-0.5%	7.9%	9,338.1
LME Aluminum (per ton)	-1.0%	3.7%	2,621.1
CBOT Corn (cents p/bushel)	-0.7%	0.1%	466.3
CBOT Wheat (cents p/bushel)	0.3%	-0.9%	557.5

Foreign Exchange (Intra-day)	% chg.	% YTD	Value
Euro (€/$)	0.8%	1.0%	1.05
British Pound (£/$)	0.7%	1.2%	1.27
Japanese Yen ($/¥)	-0.4%	4.0%	151.22
Australian Dollar (A$/$)	0.3%	0.6%	0.62
Canadian Dollar ($/C$)	0.2%	-0.4%	1.44
Swiss Franc ($/CHF)	0.2%	0.7%	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%

	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
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%

	MSCI All-Country World Index Weight	GAAC Tactical View	GAAC Tactical Overlay	GAAC Recommended Weight
United Kingdom	3.0%	Equalweight	-	3.0%
Asia-Pacific ex Japan	10.2%	Underweight	-1.0%	9.2%
Canada	2.7%	Underweight	-1.0%	1.7%
Middle East / Africa	1.2%	Underweight	-1.2%	0.0%

as of: January 2, 2025

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

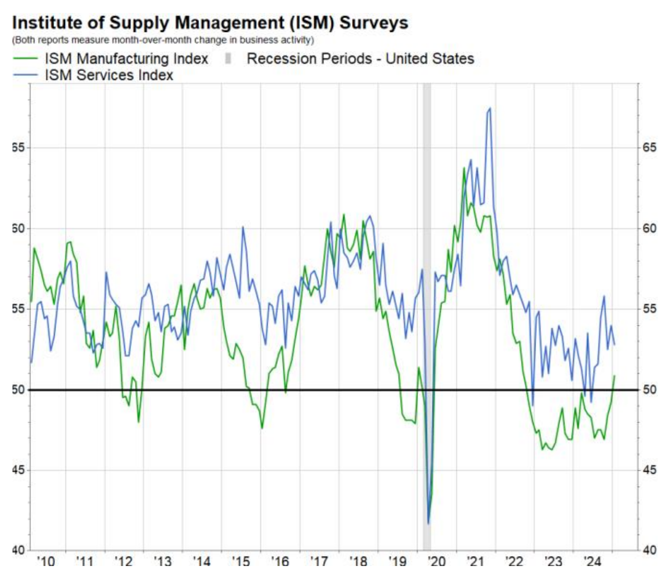
The Week Ahead:

Russell T. Price, CFA, Chief Economist

Unless otherwise noted, all economic estimates are sourced from Bloomberg, and all corporate earnings measures are sourced from FactSet.

- **Earnings:** Through Friday, 488, or about 97% of S&P 500 companies had reported their results for the quarter. Overall, the earnings release season has gone quite well, in our view. Earnings results for Q4 far exceeded expectations, although estimates for Q1 and Q2 have declined a bit more than normal.
- This week there are 12 S&P 500 companies on the docket as retailers increasingly come to dominate the schedule.
- S&P 500 earnings per share (EPS) for Q4-2024 are now seen as having grown by 18.1% year-over-year (y/y) on sales growth of 5.3%. At the end of Q4, analyst consensus estimates were looking for S&P 500 earnings growth of +11.6% on sales growth of 4.5%. By comparison, Q3-2024 S&P 500 earnings were 6.0% higher on sales growth of 5.5%.
- *All data mentioned in this commentary has been sourced from FactSet.*

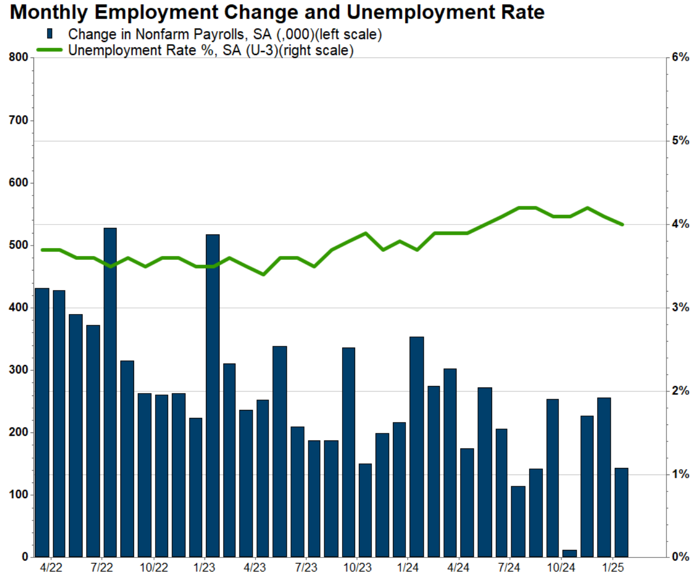
- **The Economic Release Calendar:** The economic calendar picks up considerably this week. Data on employment, manufacturing activity, job openings, service sector activity, auto sales, and trade are all on the schedule. The trade figures, which often get overlooked, will take on much more significance this week given the exceptionally sharp increase in the Advance report on the trade in Goods as reported on Friday. According to the report, the U.S. ran a net goods trade deficit in January of -$153B, far exceeding any prior goods deficit ever reported.
- **February manufacturing activity:** The Institute of Supply Management (ISM) will release its manufacturing index for the month of February on Monday. Forecasters, as surveyed by Bloomberg, see the Index as remaining modestly in expansionary territory with a consensus estimate of 50.8. If the actual number comes in at 50 or above, it would be a second straight month of indicated expansion for the sector, and also, it would be just the second month that the number has been at 50 or above since October 2022. As a reminder, ISM readings above '50' indicate month-over-month an expansion in activity, while readings below indicate a contraction. Although our estimate (50.2) is above the threshold, we believe there is ample room for the reading to once again dip below 50.



- **February Auto Sales:** Auto sales will be an important indicator when released on Monday. Bad weather has been blamed on the dip in auto sales seen in January (15.6 million units on a seasonally adjusted, annualized basis, or SAAR, versus the 16.8 million units reported for December). A sound rebound is expected for February with forecasters looking for unit sales of 16.2 million units.
- **February service sector activity:** While the manufacturing sector has been in a slump the last two years, overall activity has been more than supported by sound expansion in the services sector; can that continue?
- For February, the measure is expected to post a reading of 53.0, thus expanding its streak. The measure has been below 50 only three times since the pandemic.
- **Initial jobless claims:** New claims for unemployment insurance typically run under the radar most weeks. Over the near-term, the report could cause some concerns as it jumps higher amid government-related layoffs. Last week, new claims jumped to 242,000, matching their highest levels since hurricane-induced jumps in September.

- **<u>February Employment Report:</u>** As a reminder, the Labor Department's employment numbers are compiled during the week that contains the 12th of the month. As such, Friday's report for February should show very little influence from more recent government-related layoffs – although net hiring in the sector is likely to be down modestly.
- The Bloomberg consensus looks for 160,000 net new jobs to have been created last month which would be a deceleration from recent trend rates. On a 3-month rolling average basis, the U.S. economy has generated 237,000 jobs per month and 180,000 on a six-month rolling average basis.
- The Unemployment Rate, meanwhile, is projected to remain steady at 4.0%. Average hourly earnings growth is expected to show a 0.3% gain for the month, equating to a y/y increase of about 4.1%.
- We are projecting a net job gain of 150,000 for the month with an unemployment rate of 4.1%.
- *The charts at right have been sourced from FactSet.*

Monthly Employment Change and Unemployment Rate



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

March 3	4	5	6	7
Markit Manufacturing Index	*Consumer Confidence - Japan*	**ADP Employment Estimate**	**Initial Jobless Claims**	**Employment Report**
Construction Spending	*Services PMI - Japan*	**Factory Orders**	**Challenger Layoff Notices**	**Consumer Credit**
ISM Manufacturing Index	*GDP - S. Korea*	**ISM Services Index**	**Labor Productivity**	*Trade - China*
U.S. Auto Sales	*Unemployment - Eurozone*	**Markit Services Index**	**Unit Labor Costs**	*Bank Lending - India*
Manufacturing PMI - Japan		*Inflation - S. Korea*	**Trade Balance**	*GDP - Eurozone*
Manufacturing PMI - China			*Trade - Japan*	
Unemployment - Japan			*Retail Sales - Eurozone*	
Industrial Production - S. Korea				
Inflation - Eurozone				

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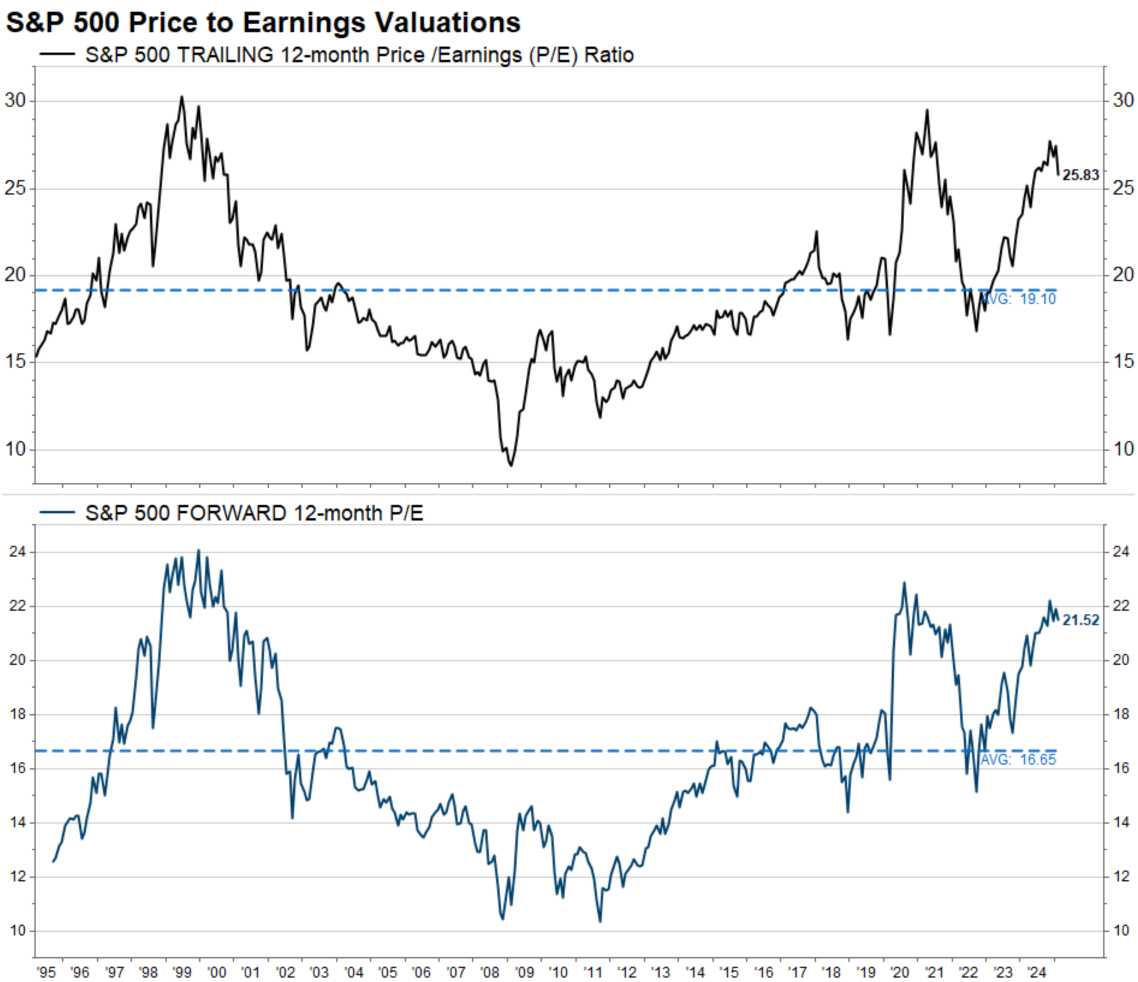
Where Market Fundamentals Stand Heading into The Week:

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
3/3/2025	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 $$ amount				$53.34	$54.52	$58.91	$55.56	$56.45	$60.54	$61.64	$65.80	$60.65	$66.13	$70.78	$73.30	
change over last week											$0.69	$0.00	$0.03	$0.12	$0.13	$0.38
yr/yr				-1.2%	-3.6%	6.1%	4.2%	5.8%	11.0%	5.0%	18.4%	7.4%	9.2%	14.8%	11.4%	
qtr/qtr				0.1%	2.2%	8.1%	-5.7%	1.6%	7.2%	1.8%	6.7%	-7.8%	9.0%	7.0%	3.6%	
Trailing 4 quarters $$	$143.08	$211.09	$222.33	$218.71	$216.67	$220.08	$222.33	$225.44	$231.46	$234.19	$244.43	$248.63	$254.22	$263.36	$270.86	$308.82
yr/yr % change	-13.0%	47.5%	4.2%				0.0%				9.9%				10.8%	14.0%
Implied P/E based on a S&P 500 level of: 5955											24.4	24.0	23.4	22.6	22.0	19.3

Economic News and Views:

Russell T. Price, CFA – Chief Economist

Releases for Monday, March 3, 2025 — **All times Eastern. Consensus estimates via Bloomberg**

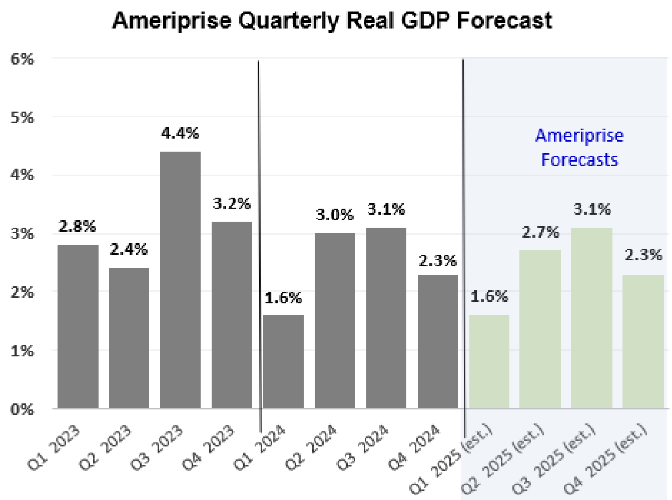
Time	Period	Release	Consensus Est.	**Actual**	Prior	Revised to
10:00 AM	FEB	ISM Manufacturing Index	50.5		50.9	
10:00 AM	FEB	ISM Prices Paid	56.0		54.9	
10:00 AM	FEB	ISM Employment	49.5		50.3	
10:00 AM	FEB	ISM New Orders	52.0		55.1	
10:00 AM	JAN	Construction Spending (MoM)	-0.1%		0.5%	
NA	FEB	U.S. Auto Sales (annualized)	15.9M		15.6M	

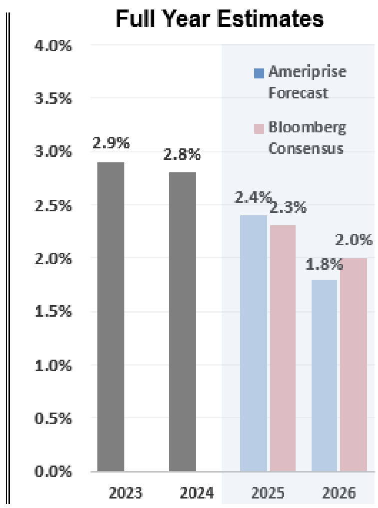
Commentary:

- **Our Q1 real GDP estimate now stands at +1.6%. Q2 bumped up to +2.7%.** On Friday, the Atlanta Federal Reserve updated its Q1 real Gross Domestic Product (GDP) estimate, shifting it from solidly positive (+2.3%) to solidly negative (-1.5%). In our view, the Atlanta Fed's estimate should not be taken as a true indication of ultimate Q1 real GDP growth prospects. The estimate is based on a non-dynamic methodology, meaning that it is reflective of measures as reported and does not consider the likelihood of follow-on developments (in this case, that much of the surge in imports will very likely go into inventory).

- Friday's sharp cut in the Atlanta Fed estimate came after January real consumer spending figures were reported as being weaker than expected (-0.5% m/m versus -0.1% m/m expected), and the January trade in goods showed a deficit far above any prior levels by a wide margin (-$153B vs. -$117B expected). Essentially, domestic businesses sharply accelerated their imports ahead of potential tariffs. According to the Atlanta Fed, the weaker consumer spending numbers shaved 0.6 percentage points (pp) from their Q1 real GDP estimate, and the surge in imports shaved off a remarkable 3.2 pp.

- So, is the -1.5% estimate an accurate reflection of Q1 growth prospects? No, not in our view. Given that the Atlanta Fed Model is static (i.e., does not consider follow-on considerations), it does not consider that much of the surge in imports (which are a direct negative contribution to GDP) is likely to end up in business inventories (which are a direct boost to GDP).
- Our model, however, takes this into consideration. As such, our model looks for net trade to shave about 3.2 pp from our Q1 GDP figure, BUT with inventory accumulation as offering a strong but partial offset of +2.7 pp. Overall, our Q1 real GDP estimate now stands at +1.6%. Further, since much of the surge in imports is likely a “pull-forward” of product, imports are likely to decline noticeably in Q2 and possibly Q3, thus partially boosting our GDP estimates. As such, our estimate for Q2 now stands at +2.7% as opposed to a prior +2.3%. Our estimate for full-year 2025 real GDP growth remains at +2.4%. *Actuals depicted in the chart at the top of the next page are sourced from the Commerce Department, while estimates are sourced from AEIS Inc. and Bloomberg.*





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%	1.6%	2.7%	3.1%
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: March 3, 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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Diversification and **Asset Allocation** do not assure a profit or protect against loss.

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

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

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

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

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