Before the Bell

An Ameriprise Investment Research Group Publication

March 4, 2025

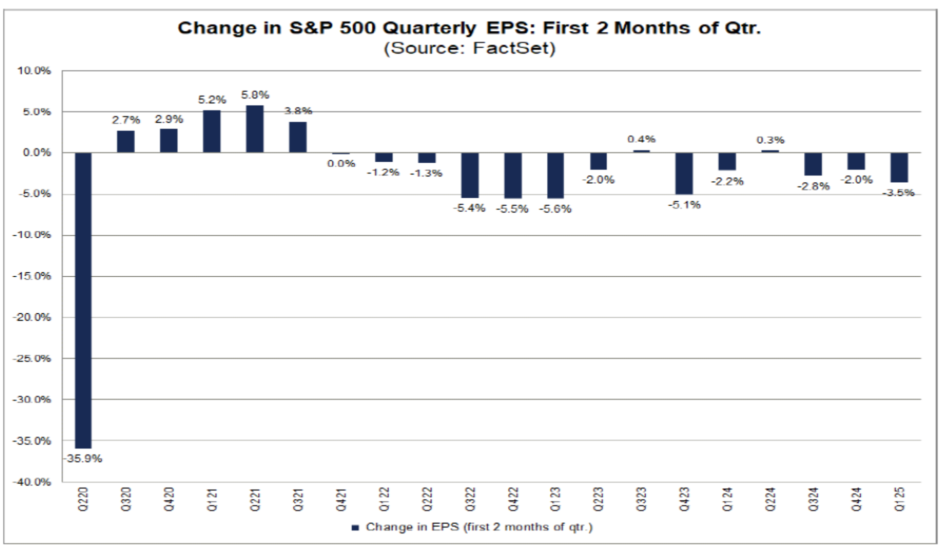
Starting the Day

- U.S. equity markets are pointing to a lower open.
- European markets are trading lower at midday.
- Asian markets ended lower.
- Q1 earnings estimates come down.
- New tariffs begin for Canada, Mexico, and China.
- 10-year Treasury yield at 4.14%.
- West Texas Intermediate (WTI) oil is trading at $67.38.
- Gold is trading at $2,934.00.

Market Perspectives

Anthony Saglimbene, Chief Market Strategist

Q1'25 S&P 500 earnings estimates decline. The tariff plot thickens. *Bloomberg* recently noted that the subject of tariffs was mentioned over 2,000 times on fourth quarter earnings calls, indicating the subject is top-of-mind for corporate stewards and analysts alike. It's likely one reason Q1'25 S&P 500 earnings per share (EPS) estimates dropped 3.5% during the first two months of the quarter. As the *FactSet* chart below shows, that's the steepest two-month drop in S&P 500 EPS estimates since Q4'24. In fact, the 3.5% decline in S&P 500 EPS estimates two months into the quarter is larger than the 2.6% average decline over the last five and ten-year periods and during the first two months of the quarter.



Bottom line: Tariff uncertainty, slowing growth concerns, and just the usual more cautious tone from companies at the start of the year are behind the lower EPS estimates in the first quarter. That said, analysts continue to see an environment where S&P 500 corporate profitability remains positive at the start of the year, and as EPS is expected to grow by a healthy +7.6% y/y on revenue growth of +4.3%. It's also important to remember that analysts routinely reduce profit estimates in January and February as a new year gets underway, fourth quarter results and outlooks are fresh, and stale forecasts for the current year, made in the previous year, are tied more closely to current conditions. And notably, while the Atlanta Federal Reserve GDPNow forecast took another tumble lower yesterday, moving from -1.5% to -2.8% (due to temporary factors that should adjust higher in the coming weeks), we continue to forecast positive growth in the U.S. economy during the first quarter — a factor that should help support growing profits across a range of S&P 500 sectors in Q1.

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 yesterday's stock declines, equity futures are pointing to a slightly lower open at the time of this writing. New tariffs on Canada, Mexico, and China are weighing on sentiment. The Russell 2000 Index is now down almost 15% from its high, while the NASDAQ Composite is lower by more than 9.0% from its December high, with the tech-heavy index flirting with correction territory. Major U.S. stock averages have given back all their post-election euphoria and are now lower since November 6th or once the results were clear to investors.
- **The next leg in the tariff saga moves forward.** President Trump has been pretty clear for weeks, saying tariffs on Canada, Mexico, and China were coming. Even when Trump decided to delay the tariffs on Canada and Mexico, he and his administration continued to beat the drum on increasing tariff announcements across the globe. Maybe to investors' surprise, yesterday, the President was direct with the press, saying there was no room left for tariffs to be delayed on Canada and Mexico, and tariffs on both countries would proceed with an additional 10% levy applied to Chinese imports. Stocks tumbled lower yesterday as a result and are trading flat-to-lower this morning. So, here's where we stand now. A 25% tariff on all Canadian and Mexican imports begins today, with the tariff on all Chinese imports bumping up to 20% from 10%. According to the U.S. Census Bureau, the U.S. imported $466.6 billion from Mexico and $377.2 billion from Canada last year through November. The U.S. imported $401.4 billion from China last year through November. These three countries, by far, represent America's largest trading partners (outside the EU block), with food, vehicles, vehicle parts, oil, and electronics representing the largest items imported. Canada has responded by saying it would rapidly impose 25% tariffs on roughly $100 billion in U.S. imports, starting with $20 billion immediately. China has said it will enact retaliatory tariffs on U.S. food and farm goods and added 15 U.S. firms to its export control list while expanding the number of American companies on its "unreliable entity" list. Details from Mexico on retaliatory tariffs are sparse, though Mexican President Claudia Sheinbaum has said previously her country would respond in equal measure. Bottom line: Expect markets to remain volatile and possibly pressured by evolving tariff conditions over the near term. However, at the current levels of tariffs being levied by each country, we would not expect these levies on free trade between the U.S., Canada, and Mexico to last.
- **Earnings Update:** With 97% of S&P 500 fourth quarter reports complete, blended earnings per share (EPS) growth is higher by +18.2% year-over-year on revenue growth of +5.3%.

Europe:

Europe is trading lower as tariff sentiment is weighing on the region. President Trump suspending all military aid to Ukraine is also weighing on the area, as it implies Europe will likely need to decide how it wants to fill the potential gap. Press reports point to some countries in Europe floating the idea of linking more than $200 billion in frozen Russian assets to a ceasefire deal.

Asia-Pacific:

Asian equities finished mostly lower on Tuesday following the escalation of U.S./China tariffs. However, losses on the day were most pronounced in Japan and Taiwan.

WORLD CAPITAL MARKETS

3/4/2025 As of: 8:30 AM ET

Americas	% chg.	% YTD	Value
S&P 500	-1.8%	-0.3%	5,849.7
Dow Jones	-1.5%	1.8%	43,191.2
NASDAQ Composite	-2.6%	-4.9%	18,350.2
Russell 2000	-2.8%	-5.6%	2,102.2
Brazil Bovespa	-1.6%	2.1%	122,799
S&P/TSX Comp. (Canada)	-1.5%	1.5%	25,001.6
Russell 3000	-1.8%	-0.7%	3,327.4

Europe (Intra-day)	% chg.	%YTD	Value
DJSTOXX 50 (Europe)	-2.3%	10.9%	5,414.3
FTSE 100 (U.K.)	-0.5%	8.5%	8,827.2
DAX Index (Germany)	-2.4%	13.4%	22,585.9
CAC 40 (France)	-1.5%	9.6%	8,076.5
FTSE MIB (Italy)	-2.8%	11.1%	37,972.1
IBEX 35 (Spain)	-2.3%	13.2%	13,063.0

Asia/Pacific (Last Night)	% chg.	%YTD	Value
Nikkei 225 (Japan)	-1.2%	-6.4%	37,331.2
Hang Seng (Hong Kong)	-0.3%	14.8%	22,941.8
Korea Kospi 100	-0.2%	5.8%	2,528.9
Singapore STI	-0.5%	2.9%	3,890.8
Shanghai Comp. (China)	0.2%	-0.8%	3,324.2
Bombay Sensex (India)	-0.1%	-6.4%	72,989.9
S&P/ASX 200 (Australia)	-0.6%	1.2%	8,198.1

Global	% chg.	% YTD	Value
MSCI All-Country World Idx	-0.1%	1.8%	854.7

Developed International	% chg.	%YTD	Value
MSCI EAFE	-0.5%	8.8%	2,455.0

Emerging International	% chg.	%YTD	Value
MSCI Emerging Mkts	-0.2%	2.1%	1,094.9

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%	0.9%	344.2
Consumer Discretionary	-2.3%	-7.5%	1,691.6
Consumer Staples	0.6%	8.5%	923.9
Energy	-3.5%	2.4%	665.7
Financials	-0.9%	7.1%	859.4
Health Care	0.4%	8.8%	1,740.4
Industrials	-1.5%	2.0%	1,135.8
Materials	-2.1%	3.4%	546.5
Real Estate	0.8%	7.0%	273.1
Technology	-3.5%	-7.6%	4,255.8
Utilities	0.2%	4.9%	401.3

Equity Income Indices	% chg.	% YTD	Value
JPM Alerian MLP Index	-0.7%	9.8%	323.4
FTSE NAREIT Comp. TR	0.7%	6.0%	26,598.9
DJ US Select Dividend	-0.5%	4.8%	3,670.1
DJ Global Select Dividend	-0.4%	5.8%	235.3
S&P Div. Aristocrats	-0.2%	4.4%	4,774.6

Bond Indices	% chg.	% YTD	Value
Barclays US Agg. Bond	0.2%	3.0%	2,254.3
Barclays HY Bond	0.0%	2.0%	2,737.5

Commodities Futures & Spot (Intra-day)	% chg.	% YTD	Value
CRB Raw Industrials	0.3%	3.8%	561.8
NYMEX WTI Crude (p/bbl.)	-1.4%	-6.0%	67.4
ICE Brent Crude (p/bbl.)	-1.7%	-5.6%	70.4
NYMEX Nat Gas (mmBtu)	-0.9%	12.4%	4.1
Spot Gold (troy oz.)	1.0%	11.3%	2,920.2
Spot Silver (troy oz.)	0.6%	10.3%	31.9
LME Copper (per ton)	0.6%	8.6%	9,394.3
LME Aluminum (per ton)	0.1%	3.8%	2,622.6
CBOT Corn (cents p/bushel)	-1.3%	-3.3%	450.5
CBOT Wheat (cents p/bushel)	-1.1%	-3.7%	541.8

Foreign Exchange (Intra-day)	% chg.	% YTD	Value
Euro (€/$)	0.6%	1.9%	1.05
British Pound (£/$)	0.3%	1.8%	1.27
Japanese Yen ($/¥)	0.9%	6.1%	148.22
Australian Dollar (A$/$)	0.3%	0.9%	0.62
Canadian Dollar ($/C$)	0.4%	-0.2%	1.44
Swiss Franc ($/CHF)	1.0%	2.2%	0.89

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.

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.

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With Ameriprise Financial, you can benefit from our dedicated team of experienced investment research and due diligence professionals. Our objective market insight, strategies and guidance are designed to provide you with insight into investment strategies and solutions to help you feel more confident about your financial future. It's the higher level of sophistication and service you've come to expect from Ameriprise.

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As of December 31, 2024

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

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

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

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

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

There are risks associated with **fixed-income investments**, including bond funds, such as credit risk, interest rate risk, and prepayment and extension risk. In general, bond prices rise when interest rates fall and vice versa. This effect is usually more pronounced for longer-term securities.

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

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

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

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

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

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

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

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

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

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

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

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

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

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