Before the Bell

An Ameriprise Investment Research Group Publication

March 6, 2025

Starting the Day

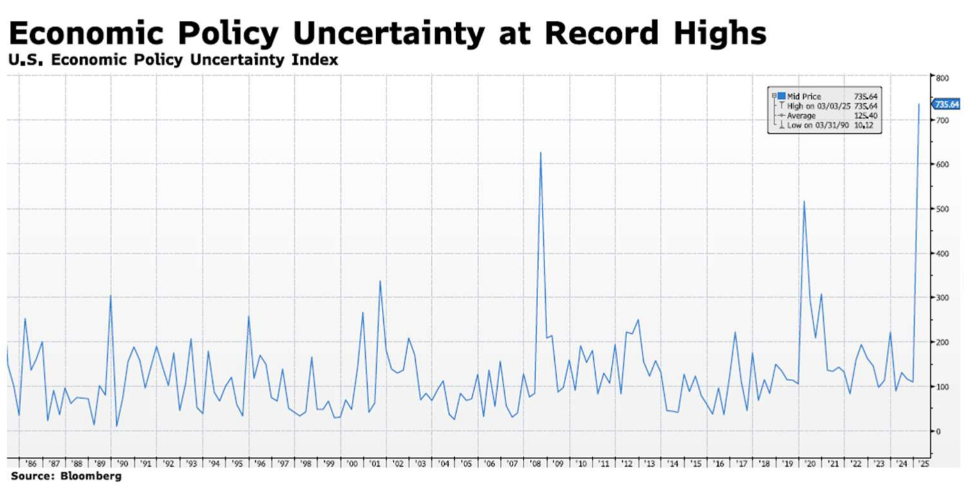
- U.S. equity markets are pointing to a lower open.
- European markets are trading mostly lower at midday.
- Asian markets ended higher.
- Stocks remain volatile and under pressure.
- Autos receive some temporary tariff relief.
- 10-year Treasury yield at 4.31%.
- West Texas Intermediate (WTI) oil is trading at $66.81.
- Gold is trading at $2,912.50

Market Perspectives

Anthony Saglimbene, Chief Market Strategist

Evolving tariff conditions keep investors guessing and stocks volatile. Traders and investors largely expected it was likely to be a volatile week for stocks, with pending tariff announcements and updates on employment trends in the U.S. this week. At least through Wednesday, that's exactly what we've seen. The S&P 500 Index and NASDAQ Composite extended their losses from February on Monday and Tuesday. By the end of Tuesday, major U.S. stock averages had given back all of their post-election gains, with the NASDAQ Composite flirting with a technical correction at one point during the day. However, stocks rebounded on Wednesday after President Trump granted a one-month exemption for the big three automakers from the 25% tariffs on imports from Canada and Mexico that went into effect on Tuesday. From a broader perspective, we believe the move shows that Trump does not want to tank the economy with blanket tariffs and remains open to negotiations and deal-making. Yet, a one-month delay is unlikely to remove the overhang of uncertainty for Detroit automakers and might just be kicking the can down the road until reciprocal tariffs take center stage in early April. Reports also suggest Trump is considering carveouts for the agriculture industry as well.

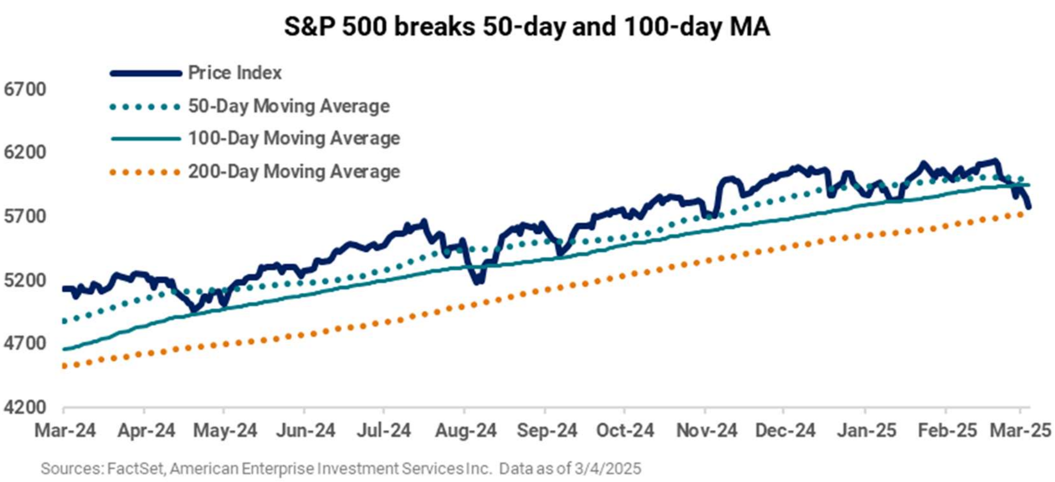
For weeks, markets assumed that there was room for the U.S., Canada, and Mexico to avoid escalating tariffs. However, as it stands at the moment, economically damaging tariffs for each country are being put in place, which creates increased economic policy uncertainty and risks growth in North America. Notably, U.S. economic policy uncertainty currently sits at its highest level going back to the late 1980s, as the *Bloomberg* chart above demonstrates. As it applies to tariffs, and at the levels being levied by the U.S. and Canada (and possibly soon Mexico), risks have materially risen that, if these tariffs are in place for an extended period, economic and corporate profits could slow much more than expected at the start of the year and possibly turn negative. This is why stocks have struggled this week on



NOTE: FOR IMPORTANT DISCLOSURES, INCLUDING POSSIBLE CONFLICTS, PLEASE SEE THE DISCLOSURE PAGES AT THE END OF THIS DOCUMENT.

top of already weaker performance in February across Big Tech and the Russell 2000 Index (which is off roughly 15% from its high). On a positive note, broader stock averages have shown incredible resiliency despite the increased volatility, possibly indicating investors believe the tariff spat between the U.S., Canada, and Mexico will be short-lived and lead to an even closer trading relationship down the road. That said, we believe China tariffs (now 20% on all imports) are likely to be more lasting and add to already elevated geopolitical frictions between the U.S. and China.

From a market perspective, major averages across the U.S. have taken a hit over the last five trading days. For example, The S&P 500 has broken its 50-day and 100-day support levels, with the important 200-day (longer-term trend line) now less than 2.0% below current levels. As one might expect, Consumer Staples and Health Care have materially outperformed the major averages over the last several days. Real Estate (a sector largely insulated from tariff risks and which has benefited from declining U.S. Treasury yields) has also outperformed.



Obviously, high tariffs with our closest trading partners that are in place for an extended period, which contribute to disrupting supply chains, create a less efficient movement of goods, drive higher costs to transportation/production, and/or increase prices for producers and consumers are a clear negative for growth and profits.

That said, temporary tariffs that slow but don't stall economic growth, help cool services inflation, reset elevated expectations for policy benefits this year, bring down interest rates, and/or allow the Federal Reserve to lower policy rates later in the year (albeit if tariffs don't add materially to inflation) isn't necessarily a bad development for the U.S. economy or markets, in our view. Thinking that can be managed prescriptively by the Trump administration through the use of tariffs, however, is a pretty big leap of faith for investors.

Thus, we believe economic and corporate profit outcomes from tariffs will remain fluid, industry-specific, and hard to predict as importers, producers, and end consumers all likely absorb some portion of the tariff costs.

And if tariffs are ultimately less biting than feared or a temporary stick used to elicit better trading agreements for the U.S., it might not be a bad idea to refrain from making hard and fast portfolio adjustments based on near-term tariff developments. But we do expect market volatility to stay elevated and tariff developments to knock stocks around over the near-to-intermediate term. At a high level, we continue to recommend that investors lean on a well-diversified portfolio of high-quality assets across equity, fixed income, cash, and alternative investments. Income-generating strategies, which can include defensive sectors and high-quality stocks/bonds, are also another way to stay invested but lower portfolio volatility.

Bottom line: In our view, investors should avoid overreacting to the headlines, which, admittedly, could test investors' patience in following a "stay-the-course" approach. However, we continue to believe the U.S. economy will likely grow in 2025, and inflation is likely to ebb lower, as tariffs on our closest trading partners could be short-lived or ultimately less disruptive than feared. And as corporate profit growth is expected to expand to sectors outside of Technology this year, a wider swath of areas may look more attractive from a long-term perspective over time, especially if broader markets move through a shorter-term dislocation over the coming days, weeks, or months.

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 lower open.** After major U.S. stock averages finished higher on Wednesday, equities are again under pressure in the premarket. Despite U.S. tariff carveouts for autos and possibly for the agriculture industry, stocks remain volatile and under pressure. Notably, Canada said it would not back off its tariff strategy on the U.S. until all new American tariffs were removed. Mexico is expected to announce its retaliatory tariffs on the U.S. over the weekend. In addition to the Washington drama, semiconductors are leading premarket declines this morning, as high AI profit expectations for the group have unsettled investors despite an in-line report from Marvel.
- **Earnings Update:** With 98% 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:

The European Central Bank is expected to cut its key policy rate by 25 basis points today to 2.5% for the fifth consecutive meeting and the sixth time since June 2024. Although today's rate decision is expected to be unanimous, the closer the ECB policy rate moves to a neutral position (between 2.25% and 1.75%), there could be increased dispersion among officials' views on where rates head next. We believe the ECB will maintain optionality in the statement to move policy based on growth and inflation dynamics. And we expect ECB Governor Christine Lagarde to provide some early views on the growth environment if the U.S. and EU increase tariffs on each other.

Asia-Pacific:

In a China National People's Congress press conference, officials said there was room for further fiscal policy expansion to address growth concerns and achieve the country's +5.0% growth target for 2025. In addition, the People's Bank of China (PBoC) said the central bank will implement a "looser" rate policy when appropriate. Finally, China's commerce minister noted that Beijing has and will take proper countermeasures to U.S. tariffs

WORLD CAPITAL MARKETS

3/6/2025 As of: 8:30 AM ET

Americas	% chg.	% YTD	Value
S&P 500	1.1%	-0.5%	5,842.6
Dow Jones	1.1%	1.4%	43,006.6
NASDAQ Composite	1.5%	-3.8%	18,552.7
Russell 2000	1.0%	-5.6%	2,100.7
Brazil Bovespa	0.2%	2.3%	123,047
S&P/TSX Comp. (Canada)	1.2%	1.0%	24,870.8
Russell 3000	1.2%	-0.8%	3,324.4

Europe (Intra-day)	% chg.	%YTD	Value
DJSTOXX 50 (Europe)	-0.2%	12.2%	5,478.8
FTSE 100 (U.K.)	-1.0%	6.9%	8,668.0
DAX Index (Germany)	0.5%	16.5%	23,189.1
CAC 40 (France)	-0.5%	10.4%	8,135.3
FTSE MIB (Italy)	0.0%	12.7%	38,517.1
IBEX 35 (Spain)	-0.5%	13.9%	13,145.2
MOEX Index (Russia)	#VALUE!	#VALUE!	#N/A N/A

Asia/Pacific (Last Night)	% chg.	%YTD	Value
Nikkei 225 (Japan)	0.8%	-5.4%	37,704.9
Hang Seng (Hong Kong)	3.3%	22.3%	24,369.7
Korea Kospi 100	0.7%	7.8%	2,576.2
Singapore STI	0.5%	3.6%	3,917.1
Shanghai Comp. (China)	1.2%	0.9%	3,381.1
Bombay Sensex (India)	0.8%	-4.6%	74,340.1
S&P/ASX 200 (Australia)	-0.6%	0.5%	8,094.7

Global	% chg.	% YTD	Value
MSCI All-Country World Idx	1.5%	2.3%	858.7

Developed International	% chg.	%YTD	Value
MSCI EAFE	2.2%	10.5%	2,492.7

Emerging International	% chg.	%YTD	Value
MSCI Emerging Mkts	2.1%	4.0%	1,115.6

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	1.5%	2.0%	347.9
Consumer Discretionary	1.7%	-7.5%	1,692.4
Consumer Staples	0.4%	7.0%	911.4
Energy	-1.5%	0.0%	650.0
Financials	0.6%	4.0%	834.2
Health Care	1.0%	8.9%	1,741.7
Industrials	1.6%	1.6%	1,131.3
Materials	2.6%	4.7%	553.2
Real Estate	1.0%	6.8%	272.6
Technology	1.4%	-6.3%	4,315.5
Utilities	-0.7%	2.4%	391.8

Equity Income Indices	% chg.	% YTD	Value
JPM Alerian MLP Index	-1.0%	6.4%	313.3
FTSE NAREIT Comp. TR	1.0%	5.6%	26,513.5
DJ US Select Dividend	0.2%	2.1%	3,574.5
DJ Global Select Dividend	0.7%	7.9%	239.9
S&P Div. Aristocrats	0.8%	3.5%	4,734.3

Bond Indices	% chg.	% YTD	Value
Barclays US Agg. Bond	-0.4%	2.3%	2,239.8
Barclays HY Bond	0.1%	2.0%	2,736.0

Commodities Futures & Spot (Intra-day)	% chg.	% YTD	Value
CRB Raw Industrials	0.6%	3.8%	561.9
NYMEX WTI Crude (p/bbl.)	0.7%	-6.9%	66.8
ICE Brent Crude (p/bbl.)	0.6%	-6.6%	69.7
NYMEX Nat Gas (mmBtu)	-1.2%	21.0%	4.4
Spot Gold (troy oz.)	-0.6%	10.5%	2,901.3
Spot Silver (troy oz.)	-1.0%	11.9%	32.3
LME Copper (per ton)	2.8%	10.8%	9,586.9
LME Aluminum (per ton)	1.5%	5.5%	2,665.9
CBOT Corn (cents p/bushel)	0.3%	-1.9%	457.0
CBOT Wheat (cents p/bushel)	0.2%	-2.3%	549.5

Foreign Exchange (Intra-day)	% chg.	% YTD	Value
Euro (€/$)	0.1%	4.3%	1.08
British Pound (£/$)	0.0%	3.0%	1.29
Japanese Yen ($/¥)	0.8%	6.5%	147.66
Australian Dollar (A$/$)	0.0%	2.4%	0.63
Canadian Dollar ($/C$)	-0.2%	0.1%	1.44
Swiss Franc ($/CHF)	0.5%	2.4%	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		S&P 500 Index Weight	GAAC Tactical View	GAAC Tactical Overlay	GAAC Recommended Weight
Financials	13.5%	Overweight	2.0%	15.5%	Energy	3.0%	Equalweight	-	3.0%
Consumer Staples	5.5%	Equalweight	-	5.5%	Utilities	2.3%	Equalweight	-	2.3%
Information Technology	32.8%	Equalweight	-	32.8%	Materials	1.9%	Equalweight	-	1.9%
Industrials	8.1%	Equalweight	-	8.1%	Real Estate	2.0%	Equalweight	-	2.0%
Communication Services	9.4%	Equalweight	-	9.4%	Consumer Discretionary	11.5%	Equalweight	-	11.5%
As of: January 2, 2025					Health Care	10.0%	Underweight	-2.0%	8.0%

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									

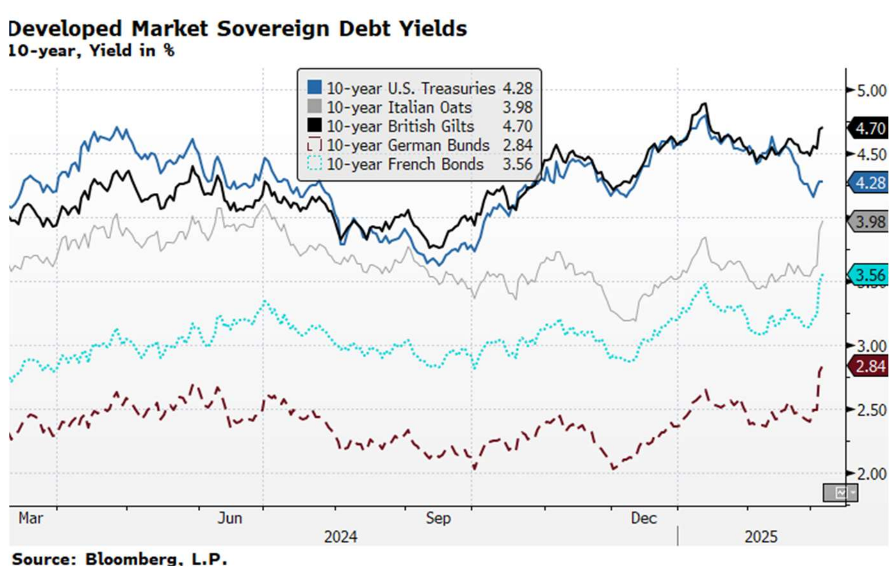
Index weightings are based on the regional market capitalizations of the MSCI All-Country World Index as of 12/26/2024. The GAAC Tactical Overlay, as well as the Recommended Tactical Weights, are derived from the Ameriprise Global Asset Allocation Committee (GAAC). Views are expressed relative to the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

Fixed Income Market Perspectives

Brian M. Erickson, CFA, VP Fixed Income Research & Strategy

Spending Initiatives Send German Bund Yields Higher. Germany's Chancellor in waiting, Friedrich Merz, outlined a plan to spend approximately 500 billion euros on infrastructure improvements over the next decade, and a similar commitment to rebuild its military capacity. He pledged to do "whatever it takes" including exempting defense spending from fiscal spending limits. Germany, a stalwart of conservative fiscal policy, also advocated for the EU to permit further deficit spending given the geopolitical circumstances. Bond markets see EU indebtedness as the burden of the more conservative northern European nations, and especially Germany given its size. The return of deficit spending to Germany coupled with the potential for greater spending latitude across the EU shook global bond markets Wednesday and into today.

More spending and borrowing sent 10-year German Bund yields higher by 29 basis points Wednesday, topping 2.83% in trading today. That's the highest level since October 2024 and approaching the 13-year high of 2.96% set on October 3, 2023. The jump in yield of one of the key high-quality nations led to a selloff in bond yields across Asia and Europe.



We noted in our 2025 Fixed Income Outlook that global bond markets could face greater volatility this year. We noted, "globally, sovereign debt levels may move to the forefront in 2025 as highly indebted nations remain dependent on borrowing to fund deficit spending" in our *2025 Fixed Income Outlook* dated December 25, 2024. Higher levels of deficit spending typically emanate from more populist spending efforts to draw political support, or from higher defense spending in a re-globalizing world. We believe global debt markets may continue to stack the quality among countries and suggest broadly diversifying core fixed-income allocations as a buffer to volatility. We recommend investors consider core or core plus strategies that can actively diversify across US Treasuries, agencies, mortgage-backed securities, corporates, and foreign bond exposures.

Economic News and Views:

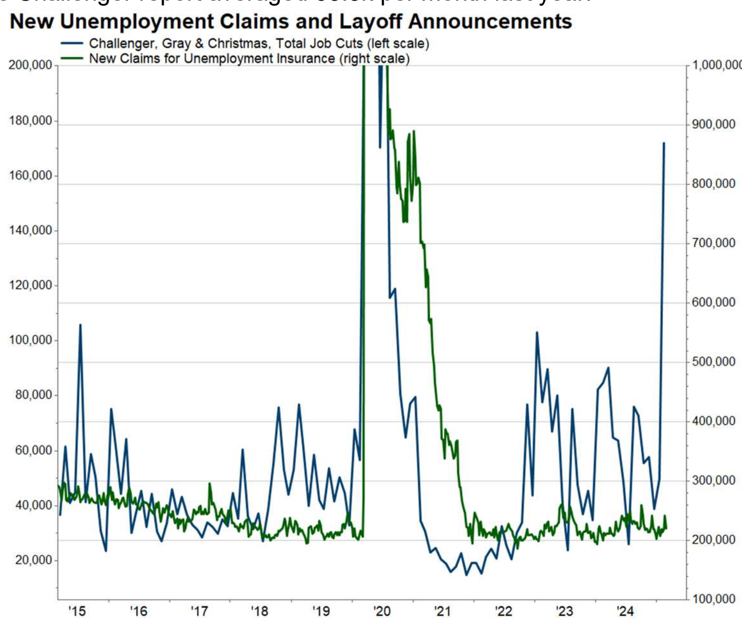
Russell T. Price, CFA – Chief Economist

Releases for Friday, March 7, 2025 — **All times Eastern. Consensus estimates via Bloomberg**

Time	Period	Release	Consensus Est.	**Actual**	Prior	Revised to
7:30 AM	FEB	Challenger Job Cuts	na	**172k**	49.8k	
8:30 AM	Mar. 1	Initial Jobless Claims	235k	**221k**	242k	220k
8:30 AM	Feb. 22	Continuing Claims	1874k	**1897k**	1862k	1855k
8:30 AM	JAN	Trade Balance	-$128.8B	**-$131.4B**	-98.4B	
8:30 AM	Q4 F	Nonfarm Productivity	+1.2%	**+1.5%**	+1.2%	
8:30 AM	Q4 F	Unit Labor Costs	+3.0%	**+1.2%**	+3.0%	
10:00 AM	JAN	Wholesale Inventories	+0.7%		+0.7%	

Commentary:

- **There is a very heavy Washington influence in today's economic data.:** Last month, Challenger layoff announcements jumped to their highest level since the pandemic was still fresh in July 2020. According to the Challenger, Grey and Christmas report, there were 172k announced job cuts in February, more than 3 times more than seen in January. For comparison, monthly job cut announcements via the Challenger report averaged 63.5k per month last year.
- Announcements were heavily concentrated in the Northeast (which includes Washington D.C.), and most of the increase is reflective of the recent surge in government job cuts.
- In fact, of the 122,000 month-over-month increase in announced cuts, the government sector accounted for about half the gain with a 62,000 increase. The retail sector was the second largest source of job cuts (increasing by 32.5k m/m), but such is common for this time of year. We note that the Challenger data is not seasonally adjusted.
- **Separately, we will be closely watching the wholesale inventory report out at 10 AM ET** for evidence that much of the recent surge in imports is indeed going into inventories. Inventory expansion is a positive contributor to real GDP growth, thus it would be at least a partial offset to the recent surge in imports, which are a subtraction from the real GDP calculation. Regardless, the inventory data should be reflected in the Atlanta Federal Reserve Bank's *GDPNow* estimate which is scheduled to be updated later today. As of the Atlanta Fed's most recent update, their model suggests a 2.8% decline in real GDP for Q1. As previously noted, we believe this sharp decline is a temporary estimate, and the bank's forecast should slowly rise as additional data on the quarter is released.



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.

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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