Before the Bell

An Ameriprise Investment Research Group Publication

March 11, 2025

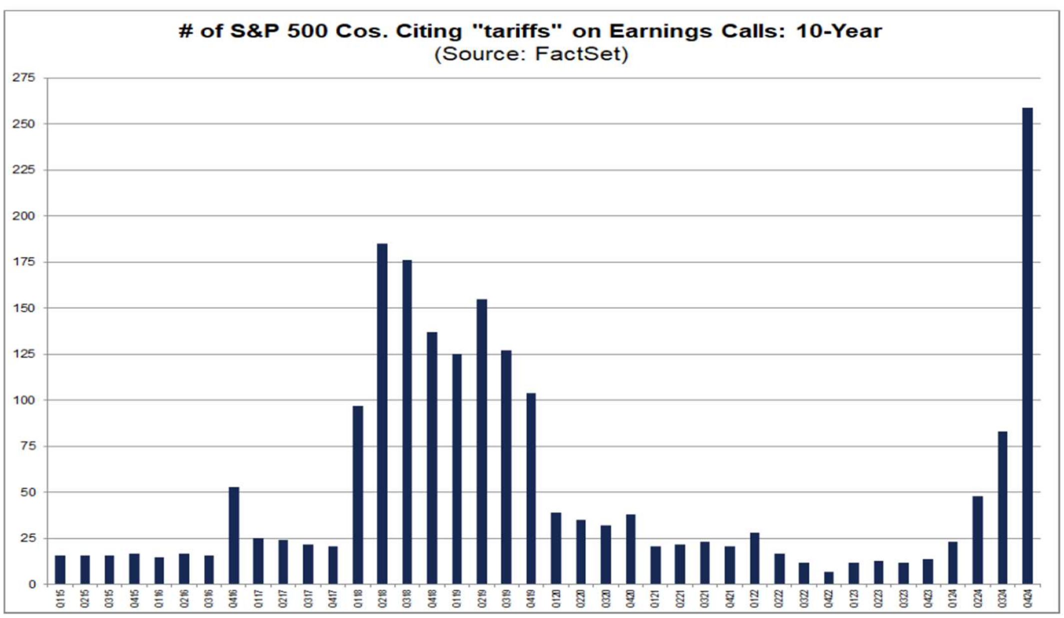
Starting the Day

- U.S. equity markets are pointing to a higher open.
- European markets are trading mostly lower at midday.
- Asian markets ended mostly lower.
- The term "Tariff" hits a 10-year high on Q1 earnings calls.
- A quick perspective on our year-end S&P 500 targets.
- 10-year Treasury yield at 4.23%.
- West Texas Intermediate (WTI) oil is trading at $66.82.
- Gold is trading at $2,919.40

Market Perspectives

Anthony Saglimbene, Chief Market Strategist

Tariff uncertainty on earnings calls rises to a 10-year high. Investors have been unnerved by the increasing threat of tariffs on economic growth as well as the constant headlines out of the White House that have, thus far, only intensified their unease. As a result, stocks have sold off sharply over the last few weeks. The S&P 500 Index is currently down almost 9.0% from its high, the NASDAQ Composite is in a correction (i.e., down 13.5% or more from its high), and semiconductors are firmly in a bear market (off more than 20% from their high). Aggressive selling pressure on Monday continued, with investors trying to come to grips with a Trump administration seemingly pushing ahead on a tariff policy that, from most objective measures, will likely cause more harm than good over the near-to-intermediate term. Interestingly, that concern was palpable across fourth quarter earnings calls, where the mention of the term "tariff" or "tariffs" jumped to a ten-year high. According to the *FactSet* chart above, the terms were mentioned across 259 S&P 500 company Q4'24 earnings calls, far greater than their mention when tariffs first entered investors' lexicon under President Trump's first term. S&P 500 companies across Industrials, Materials, Information Technology, Consumer Discretionary, and Consumer Staples most often talked about tariffs in their earnings calls, with most companies shaping the effects of tariffs as a headwind to growth. Not surprisingly, companies across these sectors were also some of the areas where Q1'25 estimates dropped the most.



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

Bottom line: Over the last month, Consumer Discretionary and Info Tech have been weighed down in part by tariff threats as well as concerns about AI spending and revenue impacts. In our view, recent stock pressure across Industrials and Materials makes sense, and based on potential negative effects on profits from increased tariffs, should they be levied at the rates proposed by the U.S. and others. However, Consumer Staples has been the best-performing sector over the last month, despite what could appear to be headwinds to supply chains from increased tariffs. That said, the defensive properties of Consumer Staples seem to be outweighing what we see as limited growth potential in 2025 and generally elevated valuations.

Despite the volatility and selling pressure broadly across the market, we would say the decline has thus far been orderly. Selling pressure is more acute in the areas where valuations and expectations are high and/or tariffs pose a threat to revenue. Conversely, selling pressure has been less pronounced in defensive parts of the market for obvious reasons, but could pose a risk if mounting growth fears don't materialize in such a draconian way. Thus, we believe tactical investors should use defensive sectors cautiously, incorporate active managers to help make such decisions within your equity allocation, and lean on a combination of cash, high-quality fixed income, and alternative strategies as a means to lower portfolio volatility.

As we highlighted on Monday, now is the time to have a proactive discussion with your Ameriprise financial advisor about strategies that can help address the volatility today, as well as form a plan to navigate through and on to the other side of this pressure where opportunities usually present themselves for long-term investors.

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 slightly higher open.** After the NASDAQ Composite recorded its worst day since September 2022 on Monday and the Dow Jones Industrials Average broke below its 200-day moving average for the first time since November 1st, 2023, major U.S. stock averages are looking to bounce slightly higher this morning. The JOLTS report is out this morning, with February CPI on tap tomorrow.
- **Is Delta Airlines' profit warning the start of a consumer rollback in spending?** It's hard to say, but strong travel and leisure spending over many quarters have played a meaningful role in consumer trends among higher-income households. In a somewhat surprising announcement, Delta guided earnings lower for the current quarter on weaker travel demand, though said demand for premium and international travel, as well as loyalty revenue, were still on track with forecasts. Bottom line: Travel is a discretionary purchase for most consumers, and one of the largest airlines in the country is now saying that the unease about the macroeconomic environment that has been showing up in survey data is now flowing through to its business. We'll have to see over the coming days and weeks if Delta's profit warning filters through to other airlines, hotels, and booking companies. Obviously, this could put additional pressure on these companies and begin to alter the narrative around consumer trends.
- **Quick thoughts about our year-end S&P 500 targets:** For now, we are comfortable holding our ranges for the year-end S&P 500 targets across our favorable, base, and adverse scenarios, as seen on page 5 of this report. However, our conviction in the favorable target has been reduced at the moment, given we now see less room for earnings and multiples to expand beyond our base case assumptions at the end of the year, given the quickly mounting risks tariffs impose on the growth outlook. Recall: We outlined in our 2025 Outlook reports at the end of last year that the tariff threat was the "known unknown" that could derail our forecasts if conditions evolved less favorably. Clearly, the tariff situation is evolving poorly at the moment, at least based on market reactions. That said, we have more than nine months before 2025 is a wrap, and a year-end S&P 500 target of 6,500 remains a valid base case scenario if the tariff uncertainty today is less onerous than feared and profit growth comes in as we expect. Notably, broad profit conditions in the U.S. remain sound (despite Delta's warnings), and expectations for Q1'25 are being reduced, which could allow companies to outperform those expectations should tariff threats recede. At a current level of around 5,600, the S&P 500 is closely approaching our adverse 5,500 year-end target. Here, we would say shorter-term dislocations could take the S&P 500 lower than 5,500 for a period if tariffs are enacted at proposed levels. However, without a lasting strain on the economy and profits throughout the year, we would likely take the other side of that pressure and use the dislocation to start buying U.S. stocks, particularly if such levels are reached over the coming weeks and months. **Bottom line:** The U.S. economy and corporate profit conditions remain on solid footing, though tariffs are obviously a threat to the foundation. As stocks do, they are currently in the process of pricing in that threat and possibly may assume the worst and hope for the best. Importantly, stocks can overreact to the upside and overreact to the downside, which is why investors, including strategists, should take a measured approach when adjusting their outlooks. We will continue to monitor our targets and make changes when/if appropriate. Please refer to the latest *Quarterly Capital Market Digest* report for a deeper dive into the scenarios behind our S&P 500 year-end targets.

Europe:

European equities are mostly lower at midday. Germany's Green party provided a counteroffer to German Chancellor-in-waiting Friedrich Merz's plan to boost defense spending and exempt military spending from debt limits. The counteroffer broadens what can be exempt and includes a demand for infrastructure funds that prioritizes climate initiatives.

Asia-Pacific:

Equities in Asia finished mostly lower on Tuesday and followed behind declines in the U.S. on Monday. That said, equities across China rebounded by the close as futures in the U.S. improved.

WORLD CAPITAL MARKETS

3/11/2025 As of: 8:30 AM ET

Americas	% chg.	% YTD	Value
S&P 500	-2.7%	-4.3%	5,614.6
Dow Jones	-2.1%	-1.1%	41,911.7
NASDAQ Composite	-4.0%	-9.4%	17,468.3
Russell 2000	-2.7%	-9.3%	2,019.1
Brazil Bovespa	-0.4%	3.5%	124,519
S&P/TSX Comp. (Canada)	-1.5%	-0.9%	24,380.7
Russell 3000	-2.8%	-4.8%	3,187.4

Europe (Intra-day)	% chg.	%YTD	Value
DJSTOXX 50 (Europe)	0.0%	10.3%	5,384.3
FTSE 100 (U.K.)	-0.3%	5.7%	8,570.7
DAX Index (Germany)	0.2%	13.9%	22,676.1
CAC 40 (France)	-0.2%	9.0%	8,033.6
FTSE MIB (Italy)	0.0%	11.8%	38,218.3
IBEX 35 (Spain)	-0.5%	12.8%	13,015.2
MOEX Index (Russia)	#VALUE!	#VALUE!	#N/A N/A

Asia/Pacific (Last Night)	% chg.	%YTD	Value
Nikkei 225 (Japan)	-0.6%	-7.7%	36,793.1
Hang Seng (Hong Kong)	0.0%	19.3%	23,782.1
Korea Kospi 100	-1.3%	6.2%	2,537.6
Singapore STI	-1.9%	1.2%	3,825.8
Shanghai Comp. (China)	0.4%	0.8%	3,379.8
Bombay Sensex (India)	0.0%	-5.0%	74,102.3
S&P/ASX 200 (Australia)	-0.9%	-2.0%	7,890.1

Global	% chg.	% YTD	Value
MSCI All-Country World Idx	-2.3%	-0.7%	832.7

Developed International	% chg.	%YTD	Value
MSCI EAFE	-1.1%	9.5%	2,467.1

Emerging International	% chg.	%YTD	Value
MSCI Emerging Mkts	-1.4%	3.8%	1,113.1

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	-3.5%	-3.2%	329.9
Consumer Discretionary	-3.9%	-13.9%	1,573.9
Consumer Staples	-0.7%	5.6%	898.7
Energy	0.9%	3.1%	670.2
Financials	-2.3%	-0.6%	796.8
Health Care	-1.1%	7.4%	1,718.3
Industrials	-1.6%	0.3%	1,116.1
Materials	-2.1%	2.3%	539.9
Real Estate	-1.0%	3.4%	263.8
Technology	-4.3%	-11.4%	4,076.8
Utilities	1.0%	3.3%	394.9

Equity Income Indices	% chg.	% YTD	Value
JPM Alerian MLP Index	0.5%	6.8%	314.6
FTSE NAREIT Comp. TR	-1.0%	2.8%	25,810.0
DJ US Select Dividend	-0.7%	1.7%	3,562.8
DJ Global Select Dividend	0.2%	8.6%	241.3
S&P Div. Aristocrats	-0.4%	4.7%	4,787.5

Bond Indices	% chg.	% YTD	Value
Barclays US Agg. Bond	0.5%	2.6%	2,246.5
Barclays HY Bond	-0.2%	1.6%	2,724.8

Commodities Futures & Spot (Intra-day)	% chg.	% YTD	Value
CRB Raw Industrials	-0.2%	4.1%	563.5
NYMEX WTI Crude (p/bbl.)	1.1%	-6.9%	66.8
ICE Brent Crude (p/bbl.)	1.1%	-6.1%	70.1
NYMEX Nat Gas (mmBtu)	1.3%	25.2%	4.5
Spot Gold (troy oz.)	0.8%	10.9%	2,910.8
Spot Silver (troy oz.)	1.2%	12.4%	32.5
LME Copper (per ton)	-1.0%	9.9%	9,510.0
LME Aluminum (per ton)	-0.4%	7.2%	2,709.0
CBOT Corn (cents p/bushel)	0.6%	1.9%	474.8
CBOT Wheat (cents p/bushel)	-0.6%	-0.6%	559.0

Foreign Exchange (Intra-day)	% chg.	% YTD	Value
Euro (€/$)	0.7%	5.3%	1.09
British Pound (£/$)	0.4%	3.3%	1.29
Japanese Yen ($/¥)	-0.2%	6.5%	147.54
Australian Dollar (A$/$)	0.2%	1.7%	0.63
Canadian Dollar ($/C$)	0.3%	-0.1%	1.44
Swiss Franc ($/CHF)	0.0%	3.0%	0.88

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 Tuesday, March 11, 2025 — **All times Eastern. Consensus estimates via Bloomberg**

Time	Period	Release	Consensus Est.	**Actual**	Prior	Revised to
6:00 AM	FEB	Small Business Optimism	101.0	**100.7**	102.8	
10:00 AM	FEB	Job Openings (JOLTs report)	7,725k		7,600k	

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**

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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Definitions of terms 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

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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