Before the Bell

An Ameriprise Investment Research Group Publication

March 18, 2025

Starting the Day

- U.S. equity markets are pointing to a lower open.
- European markets are trading higher at midday.
- Asian markets ended higher.
- Mag Seven valuations reset amid recent selling pressure.
- NVIDIA keynote address on tap; Fed meeting begins.
- 10-year Treasury yield at 4.32%.
- West Texas Intermediate (WTI) oil is trading at $68.36.
- Gold is trading at $3,033.10

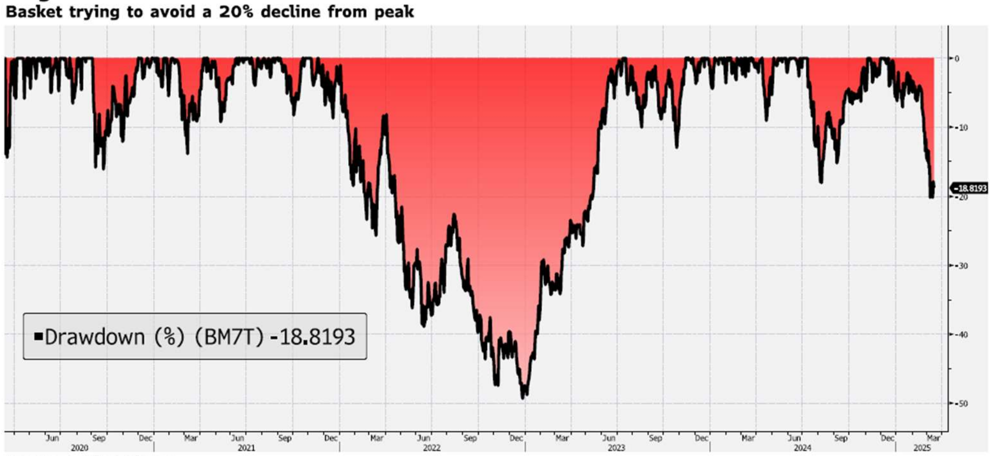
Market Perspectives

Anthony Saglimbene, Chief Market Strategist

The Mag Seven quickly go from market leaders to market laggards. Investors who have been closely watching the market over the last few weeks likely know by now where the most pronounced selling pressure has come from. Today, we thought we would help quantify some of that pressure and help add a little perspective on the overall market impact. Outside of the more speculative areas of the market (e.g., profitless companies, Bitcoin, etc.) and industries where increased tariffs could erode profits or affect consumer spending trends this year (e.g., small-caps, autos, consumer products, retailers, etc.), Big Tech has taken it on the chin this year. Areas that have helped mitigate recent selling pressure have come from defensive areas such as Health Care and Utilities or sectors where tariff impacts are minimal, like Real Estate and, to some degree Energy.

On the other hand, Technology and tech-related stocks, including semiconductors, have seen aggressive selling pressure over the last month, which, to some degree, can be rolled up to watching how the Magnificent Seven have performed over this period. The combination of Amazon.com, Alphabet, Apple, Meta Platforms, Microsoft, NVIDIA, and Tesla are now collectively well within correction territory. In fact, current declines are bordering on a bear market, defined as a drop of 20% or more from the peak.

Magnificent 7 Falls Into Correction
Basket trying to avoid a 20% decline from peak



Source: Bloomberg

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

Notably, the Mag Seven is responsible for nearly **all** the S&P 500's 3.86% year-to-date loss through last Friday. By most measures, that's a large and rapid sea change versus last year, where the exclusive group of mega-cap tech stocks accounted for over half of the S&P 500's +25.0% return in 2024.

	YTD Return Through March 14	Contribution to S&P 500 Return
S&P 500	**-3.86**	
AMAZON.COM INC	-9.77	-0.39
ALPHABET INC - COMBINED	-12.20	-0.48
APPLE INC	-14.65	-1.14
META PLATFORMS INC-CLASS A	3.86	0.09
MICROSOFT CORP	-7.63	-0.46
NVIDIA CORP	-9.39	-0.57
TESLA INC	-38.10	-0.83
S&P 500 Return	-3.86	
excluding AMAZON.COM INC	-3.47	
excluding ALPHABET INC - COMBINED	-3.38	
excluding APPLE INC	-2.72	
excluding META PLATFORMS INC-CLASS A	-3.94	
excluding MICROSOFT CORP	-3.40	
excluding NVIDIA CORP	-3.29	
excluding TESLA INC	-3.03	
S&P 500 Return Excluding Magnificent 7	**-0.07**	
Number of Stocks with Positive Return YTD		229
Number of Stocks with Negative Return YTD		275
Number of Stocks outperforming S&P 500 YTD		286
Number of Stocks underperforming S&P 500 YTD		218

Source: Bloomberg. Data as of 03/14/2025

	YTD Return Through December 31	Contribution to S&P 500 Return
S&P 500	**25.00**	
AMAZON.COM INC	44.39	1.52
ALPHABET INC - COMBINED	35.83	1.31
APPLE INC	30.70	2.01
MICROSOFT CORP	12.92	0.97
MICROSOFT CORP	12.92	0.97
NVIDIA CORP	171.25	5.43
TESLA INC	62.52	0.88
S&P 500 Return	25.00	
excluding AMAZON.COM INC	23.48	
excluding ALPHABET INC - COMBINED	23.69	
excluding APPLE INC	22.99	
excluding MICROSOFT CORP	24.03	
excluding MICROSOFT CORP	24.03	
excluding NVIDIA CORP	19.57	
excluding TESLA INC	24.12	
S&P 500 Return Excluding Magnificent 7	**11.92**	
Number of Stocks with Positive Return YTD		348
Number of Stocks with Negative Return YTD		155
Number of Stocks outperforming S&P 500 YTD		140
Number of Stocks underperforming S&P 500 YTD		363

Source: Bloomberg. Data as of 12/31/2024

It's difficult to predict if the Mag Seven as a group, and/or Big Tech as a whole, will begin to consolidate around current levels over the very near term or see further deterioration from here. Given the current sentiment around growth and tariffs and ahead of the Q1 earnings season, we believe the odds are low for a quick snapback from here. But it's important to remember that strong earnings growth (one of the main long-term drivers of stock prices) relative to the rest of the market, as well as the expectation for outsized profit growth from secular artificial intelligence drivers in the future, is what drove Mag Seven stocks higher over a number of quarters.

Certainly, one can argue investors may have gotten a little too bullish on the near-term outlook for Tech and AI-related profitability over the last few quarters. Nevertheless, strong earnings growth accompanied that bullishness, which, in our view, is an important distinction when trying to draw comparisons between what is happening in Tech now versus the dot-com bust.

Notably, just over the last few weeks, valuation metrics across the Mag Seven have improved. Case in point, the Mag Seven currently trades at roughly 31x its previous twelve months of earnings, which is off the 39.5x level six months ago and below the five-year average of 41.4x.

Further, on a trailing price-to-cash flow basis, the Mag Seven currently trades at 23x, below the 28.5x level seen six months ago and the 27.3x level over the last five years. For comparison, the S&P 500 trades at a trailing price-to-cash flow basis of 19.2x. Given the amount of free cash flow the Mag Seven generates versus the rest of the market, one should expect a higher multiple versus the S&P 500. Importantly, earnings growth across Technology and Communication Services this year is expected to be robust relative to the S&P 500 as well as several other cyclical areas. These two sectors house most of the Mag Seven companies as well as other large-to-mid-sized tech companies tied to AI and/or technology-related innovation themes.

Bottom line: The selling pressure across technology stocks has been pronounced, and in some cases, expectations that may have been too optimistic at the start of the year have been modestly reset as a result. Although no investor really roots for the kind of declines Tech has experienced this year, corrections are healthy longer-term and necessary to reset the deck chairs, particularly after long stretches of outsized returns.

Moving forward, Mag Seven and Tech as a whole could see further selling pressure **if** S&P 500 Q1'25 profit estimates fall over the coming weeks, even if the profit warnings are not coming from the group itself. Unfortunately, potentially weaker growth sentiment (maybe driven by Q1 earnings estimates coming down) could keep some investors/traders more inclined to rotate out of Mag Seven/Tech names ahead of the earnings season.

That said, if profit trends for Tech remain on track in Q1 and beyond, and sentiment around the growth environment eventually stabilizes, we believe investors may begin to reevaluate Mag Seven/Big Tech, particularly after already steep declines. And importantly, the group could trade less homogenously moving forward as well, making security selection a top priority when looking for opportunities across Tech. In our view, investors can look to high-quality active management solutions within the Large Growth category to help offload these decisions for you. Strategies in this category tend to have high exposure to Technology stocks. Finally, for investors looking for individual security recommendations within Technology, ask your Ameriprise financial advisor for a copy of the latest Ameriprise Equity Recommended List.

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.** Stocks finished Monday higher after the S&P 500 and NASDAQ Composite put in their fourth week of losses. That said, last Friday's gain in the S&P 500, along with Monday's positive finish, gave the Index its first back-to-back days of gains since February 19th, which, by the way, marked the all-time high on the Index. A lack of major developments/announcements out of the White House and oversold conditions are cited as the reasons behind the bounce. Speaking of Big Tech above, NVIDIA's GPU Tech Conference will take place this week, with CEO Jensen Huang delivering the keynote address today. Previews suggest that analyst Q&A tomorrow will focus on pipeline updates around existing chips (including Blackwell Ultra) and possibly more details on Rubin, which is the company's next-gen chip. Mr. Huang could also speak to longer-term opportunities in robotics and autonomous vehicles. Finally, the Federal Reserve kicks off its two-day policy meeting today, where officials are widely expected to leave rate policy unchanged on Wednesday. The policy statement and updated Summary of Economic Projections will carry investors' focus, as will Fed Chair Powell's press conference. As we noted yesterday, the Fed has a very difficult messaging strategy ahead, likely needing to acknowledge potential growth headwinds and, at the same time, its commitment to bring elevated inflation back to target.

Europe:

German ZEW economic sentiment saw a significant jump in March, which was the biggest increase since January 2023, and followed a notable improvement in February. Moving quickly on a CDU/CSU coalition government and announcements of large spending plans, which lawmakers will vote on today, have improved economic sentiment across Germany.

Asia-Pacific:

Stocks finished higher on Tuesday. According to *Bloomberg*, foreign inflows into mainland China securities hit a record $228.1 billion in February. Net flows, including outbound investments, moved to inflow for the first time since September. Notably, the MSCI China Index is up over +20% in 2025, driven by tech (e.g., DeepSeek developments) and positive sentiment around Beijing's push to support growth this year.

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WORLD CAPITAL MARKETS

3/18/2025 As of: 8:30 AM ET

Americas	% chg.	% YTD	Value
S&P 500	0.6%	-3.2%	5,675.1
Dow Jones	0.9%	-1.2%	41,841.6
NASDAQ Composite	0.3%	-7.6%	17,808.7
Russell 2000	1.2%	-7.0%	2,068.3
Brazil Bovespa	1.5%	8.8%	130,834
S&P/TSX Comp. (Canada)	0.9%	0.8%	24,785.1
Russell 3000	0.8%	-3.5%	3,229.6

Europe (Intra-day)	% chg.	%YTD	Value
DJSTOXX 50 (Europe)	0.9%	12.6%	5,494.8
FTSE 100 (U.K.)	0.2%	7.4%	8,701.7
DAX Index (Germany)	1.2%	17.7%	23,442.8
CAC 40 (France)	0.6%	10.2%	8,124.2
FTSE MIB (Italy)	1.3%	15.6%	39,516.3
IBEX 35 (Spain)	1.0%	15.1%	13,285.2
MOEX Index (Russia)	#VALUE!	#VALUE!	#N/A N/A

Asia/Pacific (Last Night)	% chg.	%YTD	Value
Nikkei 225 (Japan)	1.2%	-5.1%	37,845.4
Hang Seng (Hong Kong)	2.5%	24.2%	24,740.6
Korea Kospi 100	0.1%	9.5%	2,612.3
Singapore STI	0.9%	3.1%	3,895.0
Shanghai Comp. (China)	0.1%	2.3%	3,429.8
Bombay Sensex (India)	1.5%	-3.4%	75,301.3
S&P/ASX 200 (Australia)	0.1%	-2.3%	7,860.4

Global	% chg.	% YTD	Value
MSCI All-Country World Idx	0.9%	0.6%	843.5

Developed International	% chg.	%YTD	Value
MSCI EAFE	1.3%	10.9%	2,498.2

Emerging International	% chg.	%YTD	Value
MSCI Emerging Mkts	1.1%	5.7%	1,131.4

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	0.1%	-3.1%	330.3
Consumer Discretionary	-0.4%	-14.0%	1,571.1
Consumer Staples	1.6%	3.5%	879.8
Energy	1.6%	6.5%	691.6
Financials	1.2%	1.6%	814.7
Health Care	1.1%	6.7%	1,705.0
Industrials	1.3%	0.9%	1,122.3
Materials	1.1%	3.4%	545.6
Real Estate	1.6%	3.7%	263.9
Technology	0.2%	-9.2%	4,181.7
Utilities	0.4%	4.6%	399.9

Equity Income Indices	% chg.	% YTD	Value
JPM Alerian MLP Index	1.8%	11.0%	326.9
FTSE NAREIT Comp. TR	1.6%	2.9%	25,827.0
DJ US Select Dividend	1.0%	2.6%	3,591.8
DJ Global Select Dividend	0.4%	10.9%	246.1
S&P Div. Aristocrats	1.1%	2.8%	4,700.3

Bond Indices	% chg.	% YTD	Value
Barclays US Agg. Bond	0.1%	2.2%	2,237.3
Barclays HY Bond	0.2%	1.2%	2,716.6

Commodities Futures & Spot (Intra-day)	% chg.	% YTD	Value
CRB Raw Industrials	0.0%	5.6%	571.5
NYMEX WTI Crude (p/bbl.)	1.3%	-4.5%	68.5
ICE Brent Crude (p/bbl.)	1.2%	-3.6%	72.0
NYMEX Nat Gas (mmBtu)	-0.5%	10.1%	4.0
Spot Gold (troy oz.)	1.0%	15.5%	3,030.1
Spot Silver (troy oz.)	0.7%	18.0%	34.1
LME Copper (per ton)	0.7%	13.3%	9,799.3
LME Aluminum (per ton)	0.1%	7.0%	2,704.0
CBOT Corn (cents p/bushel)	-0.8%	-1.8%	457.5
CBOT Wheat (cents p/bushel)	0.3%	1.3%	570.0

Foreign Exchange (Intra-day)	% chg.	% YTD	Value
Euro (€/$)	0.0%	5.4%	1.09
British Pound (£/$)	-0.2%	3.6%	1.30
Japanese Yen ($/¥)	-0.3%	5.0%	149.66
Australian Dollar (A$/$)	-0.2%	2.9%	0.64
Canadian Dollar ($/C$)	0.0%	0.6%	1.43
Swiss Franc ($/CHF)	0.2%	3.2%	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:

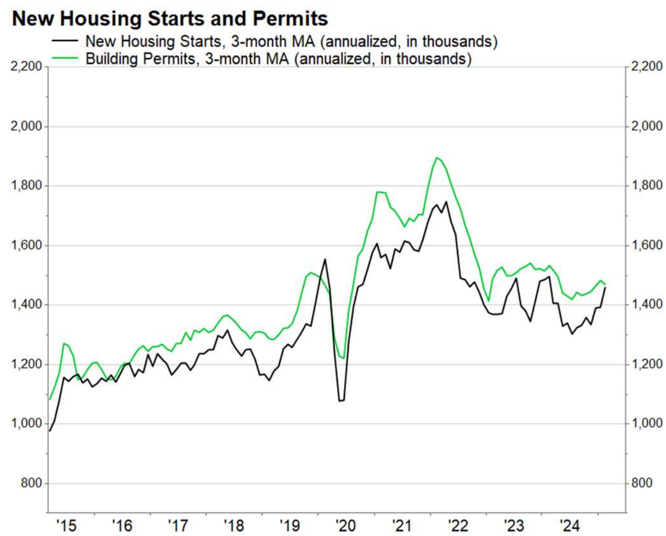
Russell T. Price, CFA – Chief Economist

Releases are for Tuesday, March 18, 2025. All times are Eastern. Consensus estimates via Bloomberg

Time	Period	Release	Consensus Est.	**Actual**	Prior	Revised to
8:30 AM	FEB	Housing Starts (annualized)	1381k	**1501k**	1366k	1350k
8:30 AM	FEB	Housing Starts (MoM)	+1.1%	**+11.2%**	-9.8%	-11.5%
8:30 AM	FEB	Building Permits (annualized)	1450k	**1456k**	1473k	
8:30 AM	FEB	Building Permits (MoM)	-1.6%	**-1.2%**	-0.6%	
8:30 AM	FEB	Import Prices (MoM)	-0.1%	**+0.4%**	+0.3%	
8:30 AM	FEB	Import Prices (YoY)	+1.6%	**+2.0%**	+1.9%	
9:15 AM	FEB	Industrial Production (MoM)	+0.2%		+0.5%	
9:15 AM	FEB	Capacity Utilization	77.8%		77.8%	
9:15 AM	FEB	Manufacturing Output (MoM)	+0.3%		-0.1%	

Commentary:

- **New housing starts showed a significant rebound in February after difficult winter weather sent building activity sharply lower in January.**
- Overall, new starts were 11.2% higher month-over-month (m/m) in February after seeing an 11.5% drop in January.
- On a year-over-year basis, single-family starts were down 2.3% while multi-family starts were 4.6% lower.
- Despite the solid month-over-month improvement, new starts were still 2.9% lower than year-ago levels due to a tough year-ago comparison. In February 2024, new housing starts jumped to an annualized pace of 1.546 million units, their highest rate since early 2022.
- *The chart at right is sourced from Factset and HAS been updated to reflect today's release.*



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Ameriprise Economic Projections

Forecast:	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
	Full-year				Quarterly						
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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