

# Before the Bell

*An Ameriprise Investment Research Group Publication*

March 25, 2025

## Starting the Day

- U.S. equity futures indicate a modestly higher open.
- European markets are solidly higher at midday.
- Asian markets were once again mixed overnight.
- All eyes on April 2<sup>nd</sup> (tariff announcements)
- New home sales and Confidence out at 10 ET.
- 10-year Treasury yield at 4.36%.
- West Texas Intermediate (WTI) oil is trading at \$69.62.
- Gold is trading at \$3,021.40

## Market Perspectives

**Brian Erickson, CFA Chief Fixed Income Strategist**

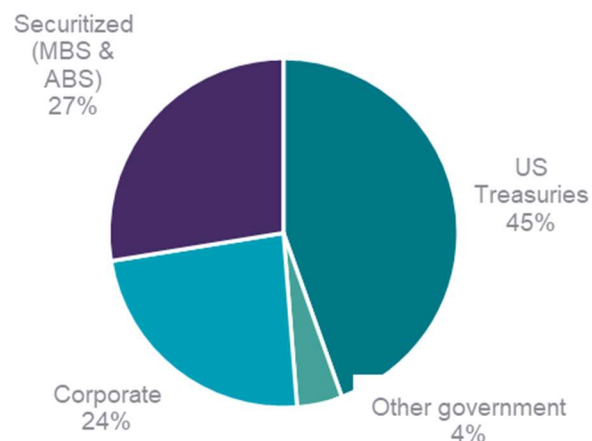
**What's the Bloomberg US Aggregate Comprised of?** When markets get choppy and uncertainty rises, it's the bond portion of a portfolio that can provide a measure of price stability and liquidity to a portfolio. Fixed income total returns come from coupon returns and price returns. Coupons offer a tailwind of positive return on top of price returns with a lower correlation to risky assets. Further, rather than selling stocks when they are down to raise cash for unforeseen needs, bonds can serve as an alternative asset class for liquidity needs

The Bloomberg US Aggregate Index (US Aggregate) is synonymous with core fixed-income investments, encompassing U.S. Treasuries, agency debentures, mortgage-backed securities, and investment-grade corporate bonds. Sources of funds providing repayment for bonds in the US Aggregate range from government taxes & fees to consumer credit and corporate borrowing.

**A select group of bonds:** To be included in the US Aggregate, bonds must be high-quality and receive investment-grade ratings by Moody's and S&P. Bonds included in the index are fixed-rate, taxable, US dollar-denominated, and have at least one year left to maturity. As of Monday, the index's market value stood at \$33 trillion.

**Low default rise & high repayment prospects:** Over a rolling 5-year period from 1983-2024, investment-grade bonds defaulted just 0.85% of the time according to a Moody's default study, meaning they are very likely to make interest and principal payments when due. The index seeks to reflect the outstanding US dollar-denominated bond universe and directly reflects all publicly available issues greater than \$100MM.

### Composition of the US Aggregate Index



Source: Bloomberg L.P.

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

When investors purchase core bond funds, those funds typically benchmark against the US Aggregate Index. When incorporating core bonds into a portfolio, it's their high quality that makes core bonds an effective diversifier of blended stock and bond portfolios.

**Broad investor base and deep liquidity:** While US Treasuries are the largest single issuer market in the world, with \$28 trillion outstanding as of year-end 2024, maintaining the tradability of US Aggregate bond segments is a primary goal of the Federal Reserve. Thus, bonds seem to be investments that are significantly more stable than other asset markets and can be easily traded for cash and liquidity. Recall that in the wake of COVID-19 business closures, the Fed stepped in to ensure markets continued to function well.

**Diversification within bond portfolios, too:** Given this year's stepped-up market volatility, we remind investors of the benefit of diversification, both between stocks and bonds and within fixed income. To the extent investors may have become overly weighted on any one of the US Aggregate's underlying segments, we recommend diversifying broadly across segments to potentially smooth the ride for portfolios.

Attractive yields for core fixed income today: The US Aggregate ended Monday yielding 4.70%. Current levels are remarkably higher than during periods post-GFC, when the Federal Reserve sought to depress bond yields to support investment in broader markets. The near 5% level also reflects a strong return potential for a low-risk investment, in our view.

### Appendix: Segments of the US Aggregate defined

**US Treasuries:** T-bills, notes and bonds issued by the United States Treasury. T-bills mature in less than one year and are offered as zero-coupon bonds at a discount. Notes mature in one to twenty years, and bonds, often referred to as the long-bond, mature in 30 years. This includes Treasury Inflation Protected securities (linked to CPI) and floating rate Treasury notes as well.

**Other government bonds:** This segment includes US agency debt, USD foreign sovereign bonds, and supranational issuers like the import-export bank. Government agencies include Fannie Mae, Freddie Mac, Federal Farm Credit Bank, Federal Home Loan Bank, and Tennessee Valley Authority.

**Mortgage-backed securities** represent financing for pools of residential mortgages issued by many of the government agencies listed above that fit "conforming" or standardized requirements. The pools do not include large balance mortgages, mortgages issued to riskier borrowers, or mortgages on homes in specific vulnerable locations.

**Investment-grade corporate bonds** are issued by large corporations with diverse mixes of industry-leading products. The companies generate strong, repeatable cash flow, and maintain modest levels of leverage. Based on Moody's default study, the lowest-rated investment grade bond had only a 1.5% chance of defaulting over a 5-year period since 1920.

## U.S. Premarket Indicators / Overnight International Market Activity

### United States:

U.S. equity markets rebounded Monday on optimism that the implementation of tariffs might be more measured. Some nations may be granted an exemption from planned reciprocal tariffs, easing the potential disruption in trade and the consequences of the administration's tariff proclivity. This morning, markets are seeing the imposition of 25% tariffs on nations purchasing Venezuela's crude exports as a new way to use tariffs as a cudgel, adding yet another dimension of uncertainty around trade. We believe the tariff on countries purchasing crude from Venezuela actually targets Venezuela for the "criminals" President Trump said the nation contributed to the US's criminal immigration problems.

- U.S. equity futures are flat this morning as Monday's rally fizzles out amidst the new use of tariffs as a trade policy.
- As of Monday's close, the Dow Jones Index returned to a positive year-to-date total return. The S&P 500 Index remains off 1.9% year to date on a total return basis, while the NASDAQ remains -5.8% lower on the year.
- Atlanta Federal Reserve President Raphael Bostic stated that he only forecast one quarter-point rate cut this year in a Bloomberg TV interview, matching his view to a dot in the latest Summary of Economic Projections. It's not surprising that some of the Fed's members concerned about inflation would begin speaking up after President Trump called for the

Fed to lower rates. While seeking to not antagonize President Trump, members of the Fed are likely to trickle out messaging that reinforces the latest Fed policy decision and underlines the independence of the Fed.

- Economic data scheduled for today includes January FHFA House Price Index at 9:00 am ET (estimated to be up 0.3% based on Bloomberg's estimates, February New Home Sales at 10:00 am ET (estimated at 680k up from 657 in January), and finally March Consumer Confidence (estimated at 94.0 down from 98.3 in February).

### **Europe:**

Stocks in Europe were solidly higher midway through their second trading session of the week. Optimism that some nations may be exempt from reciprocal US tariffs. The emergence of third-nation tariffs, as the Administration announced against nations that import Venezuela's crude, opened the door to a new genre of tariffs in the trade war that could be target other nations over time.

- Euro Stoxx 50 fell 8 points Monday and more than gained that back in trading today, rising 61 points to 5477 ahead of the open to U.S. trading today.
- Germany's DAX rose 0.5%, France's CAC gained 0.7% and the UK's FTSE 100 Index moved higher by 0.4% in morning trading.

### **Asia-Pacific:**

The US dollar stabilized over the last two weeks but will likely remain a headwind if the U.S. economy manages to muscle through tariff tensions with reasonable growth.

- The Nikkei 225 Index rose 0.52% to 37,805 this morning. Meanwhile, the Hang Seng fell 2.35% to 23,344 as investors took profits on year-to-date gains.
- India's NSE Nifty 50 Index is up more than 7% already in March and returned to positive total return territory on a year-to-date basis.
- The Nikkei Index rose 278 to 38798, up 0.7% today, and the Hang Seng Index lost 5 points to reach 8373.

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**WORLD CAPITAL MARKETS**

3/25/2025

As of: 8:30 AM ET

Americas	% chg.	% YTD	Value
<b>S&amp;P 500</b>	1.8%	-1.6%	5,767.6
<b>Dow Jones</b>	1.4%	0.5%	42,583.3
<b>NASDAQ Composite</b>	2.3%	-5.7%	18,188.6
<b>Russell 2000</b>	2.5%	-5.2%	2,109.4
<b>Brazil Bovespa</b>	-0.8%	9.2%	131,321
<b>S&amp;P/TSX Comp. (Canada)</b>	1.3%	3.0%	25,304.1
<b>Russell 3000</b>	1.9%	-1.8%	3,285.7

Europe (Intra-day)	% chg.	%YTD	Value
<b>DJSTOXX 50 (Europe)</b>	1.4%	12.7%	5,493.8
<b>FTSE 100 (U.K.)</b>	0.8%	7.5%	8,707.3
<b>DAX Index (Germany)</b>	1.4%	16.4%	23,167.4
<b>CAC 40 (France)</b>	1.5%	10.4%	8,140.4
<b>FTSE MIB (Italy)</b>	1.3%	15.5%	39,479.0
<b>IBEX 35 (Spain)</b>	1.4%	17.1%	13,505.0
<b>MOEX Index (Russia)</b>	#VALUE!	#VALUE!	#N/A N/A

Asia/Pacific (Last Night)	% chg.	%YTD	Value
<b>Nikkei 225 (Japan)</b>	0.5%	-5.2%	37,780.5
<b>Hang Seng (Hong Kong)</b>	-2.3%	17.2%	23,344.3
<b>Korea Kospi 100</b>	-0.6%	9.7%	2,615.8
<b>Singapore STI</b>	0.5%	4.8%	3,954.5
<b>Shanghai Comp. (China)</b>	0.0%	0.5%	3,370.0
<b>Bombay Sensex (India)</b>	0.0%	0.1%	78,017.2
<b>S&amp;P/ASX 200 (Australia)</b>	0.1%	-1.2%	7,942.5

Global	% chg.	% YTD	Value
<b>MSCI All-Country World Idx</b>	1.2%	1.6%	851.7

Developed International	% chg.	%YTD	Value
<b>MSCI EAFE</b>	-0.5%	9.8%	2,472.0

Emerging International	% chg.	%YTD	Value
<b>MSCI Emerging Mkts</b>	0.4%	6.2%	1,136.0

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
<b>Communication Services</b>	2.1%	-1.3%	336.6
<b>Consumer Discretionary</b>	4.1%	-10.2%	1,641.6
<b>Consumer Staples</b>	0.7%	2.4%	869.8
<b>Energy</b>	1.0%	9.3%	709.8
<b>Financials</b>	1.8%	4.2%	835.3
<b>Health Care</b>	0.8%	7.4%	1,717.0
<b>Industrials</b>	1.9%	2.3%	1,137.7
<b>Materials</b>	1.2%	3.3%	544.8
<b>Real Estate</b>	1.4%	3.5%	263.2
<b>Technology</b>	1.7%	-7.8%	4,242.5
<b>Utilities</b>	0.0%	4.0%	397.4

Equity Income Indices	% chg.	% YTD	Value
<b>JPM Alerian MLP Index</b>	0.6%	10.7%	325.8
<b>FTSE NAREIT Comp. TR</b>	1.4%	2.6%	25,760.9
<b>DJ US Select Dividend</b>	0.8%	2.9%	3,604.2
<b>DJ Global Select Dividend</b>	0.7%	10.7%	245.2
<b>S&amp;P Div. Aristocrats</b>	0.9%	2.2%	4,675.1

Bond Indices	% chg.	% YTD	Value
<b>Barclays US Agg. Bond</b>	-0.4%	2.1%	2,235.9
<b>Barclays HY Bond</b>	0.2%	1.8%	2,730.3

Commodities	% chg.	% YTD	Value
<b>CRB Raw Industrials</b>	0.1%	5.4%	570.3
<b>NYMEX WTI Crude (p/bbl.)</b>	0.7%	-2.9%	69.6
<b>ICE Brent Crude (p/bbl.)</b>	0.7%	-1.5%	73.5
<b>NYMEX Nat Gas (mmBtu)</b>	1.8%	9.6%	4.0
<b>Spot Gold (troy oz.)</b>	0.2%	15.0%	3,016.9
<b>Spot Silver (troy oz.)</b>	1.2%	15.6%	33.4
<b>LME Copper (per ton)</b>	1.0%	14.6%	9,916.5
<b>LME Aluminum (per ton)</b>	-0.5%	3.8%	2,622.9
<b>CBOT Corn (cents p/bushel)</b>	-0.8%	-1.1%	460.8
<b>CBOT Wheat (cents p/bushel)</b>	-0.4%	-2.9%	546.0

Foreign Exchange (Intra-day)	% chg.	% YTD	Value
<b>Euro (€/€)</b>	0.2%	4.5%	1.08
<b>British Pound (£/£)</b>	0.2%	3.5%	1.30

	% chg.	% YTD	Value
<b>Japanese Yen (\$/¥)</b>	0.4%	4.7%	150.09
<b>Australian Dollar (A\$/S)</b>	0.5%	2.1%	0.63

	% chg.	% YTD	Value
<b>Canadian Dollar (\$/C\$)</b>	0.2%	0.7%	1.43
<b>Swiss Franc (\$/CHF)</b>	0.2%	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		S&P 500 Index Weight	GAAC Tactical View	GAAC Tactical Overlay	GAAC Recommended Weight
<b>Financials</b>	13.5%	Overweight	2.0%	15.5%	<b>Energy</b>	3.0%	Equalweight	-	3.0%
<b>Consumer Staples</b>	5.5%	Equalweight	-	5.5%	<b>Utilities</b>	2.3%	Equalweight	-	2.3%
<b>Information Technology</b>	32.8%	Equalweight	-	32.8%	<b>Materials</b>	1.9%	Equalweight	-	1.9%
<b>Industrials</b>	8.1%	Equalweight	-	8.1%	<b>Real Estate</b>	2.0%	Equalweight	-	2.0%
<b>Communication Services</b>	9.4%	Equalweight	-	9.4%	<b>Consumer Discretionary</b>	11.5%	Equalweight	-	11.5%
					<b>Health Care</b>	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		MSCI All-Country World Index Weight	GAAC Tactical View	GAAC Tactical Overlay	GAAC Recommended Weight
<b>United States</b>	66.1%	Overweight	3.2%	69.3%	<b>United Kingdom</b>	3.0%	Equalweight	-	3.0%
<b>Europe ex U.K.</b>	11.3%	Equalweight	-	11.3%	<b>Asia-Pacific ex Japan</b>	10.2%	Underweight	-1.0%	9.2%
<b>Latin America</b>	0.8%	Equalweight	-	0.8%	<b>Canada</b>	2.7%	Underweight	-1.0%	1.7%
<b>Japan</b>	4.7%	Equalweight	-	4.7%	<b>Middle East / Africa</b>	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 25, 2025

All times Eastern. Consensus estimates via Bloomberg

Time	Period	Release	Consensus Est.	Actual	Prior	Revised to
10:00 AM	FEB	New Home Sales (annualized)	680k		657k	
10:00 AM	FEB	New Home Sales (MoM)	+3.5%		-10.5%	
10:00 AM	MAR	Consumer Confidence	93.6		98.3	

### 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%	1.0%	3.2%	2.9%
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%	2.6%	2.7%	2.6%
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 17, 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
<b>Equity</b>	<ul style="list-style-type: none"> <li>U.S. Large Cap Growth</li> <li>U.S. Large Cap Value</li> </ul>	<ul style="list-style-type: none"> <li>U.S. Mid Cap Value</li> <li>U.S. Mid Cap Growth</li> <li>U.S. Small Cap Value</li> <li>U.S. Small Cap Growth</li> </ul>	<ul style="list-style-type: none"> <li>Developed Foreign Equity</li> <li>Emerging Foreign Equity</li> </ul>
<b>S&amp;P 500 Sectors</b>	<ul style="list-style-type: none"> <li>Financials</li> </ul>	<ul style="list-style-type: none"> <li>Communication Services</li> <li>Consumer Discretionary</li> <li>Consumer Staples</li> <li>Energy</li> <li>Industrials</li> <li>Information Technology</li> <li>Materials</li> <li>Real Estate</li> <li>Utilities</li> </ul>	<ul style="list-style-type: none"> <li>Health Care</li> </ul>
<b>Global Equity Regions</b>	<ul style="list-style-type: none"> <li>United States</li> </ul>	<ul style="list-style-type: none"> <li>Europe ex U.K.</li> <li>Japan</li> <li>Latin America</li> <li>United Kingdom</li> </ul>	<ul style="list-style-type: none"> <li>Middle East/Africa</li> <li>Asia-Pacific ex Japan</li> <li>Canada</li> </ul>
<b>Fixed Income</b>	<ul style="list-style-type: none"> <li>U.S. High Yield Bonds</li> </ul>	<ul style="list-style-type: none"> <li>U.S. Government</li> <li>U.S. Inv. Grade Corporates</li> <li>Developed Foreign Bonds</li> </ul>	<ul style="list-style-type: none"> <li>Emerging Foreign Bonds</li> <li>Municipal Bonds</li> </ul>
<b>Alternatives</b>		<ul style="list-style-type: none"> <li>Real Assets</li> <li>Alternative Strategies</li> </ul>	
<b>Cash</b>		<ul style="list-style-type: none"> <li>Cash</li> <li>Cash Investments</li> </ul>	

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

Major Market Indices	Rolling Returns			
	QTD	1-year	3-years	5-years
Russell 3000 <sup>®</sup> 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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*Director – High yield and investment grade credit*

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