Ameriprise Financial

Before the Bell

An Ameriprise Investment Research Group Publication

April 3, 2025

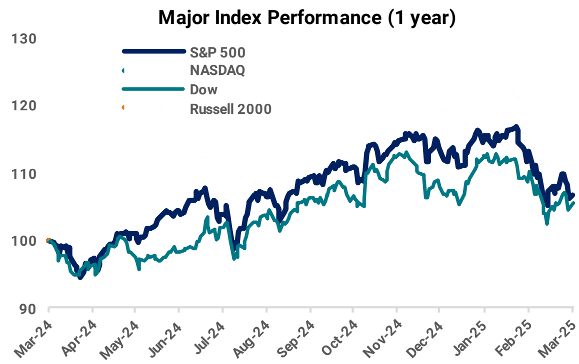
Starting the Day

- U.S. equity futures point to a materially lower open.
- European markets trading ~2% lower at midday.
- Markets across the Asia /Pacific ended sharply lower.
- Q1 review and Q2 outlook.
- "Liberation Day" falls flat with investors.
- 10-year Treasury yield at 4.05%.
- West Texas Intermediate (WTI) oil is trading at $67.03.
- Gold is trading at $3,104.90.

Market Perspectives

Anthony M. Saglimbene, Chief Market Strategist

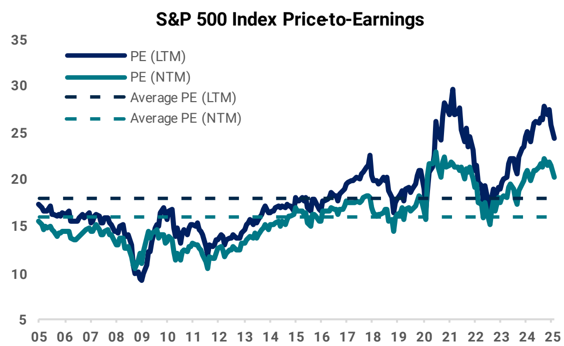
Stocks hit a rough patch of air in Q1. Will the turbulence continue? The first quarter of the year didn't exactly go the way investors scripted it out at the end of last year. Despite a bumpy December for stocks, many investors looked ahead to 2025 with anticipation, assuming a lighter regulatory touch out of Washington, increased capital markets activity, potentially more details on Republican plans designed to help lower taxes, and continued Big Tech momentum would be the notable factors that could keep stock prices pushing higher in the first quarter.



Sources: FactSet, American Enterprise Investment Services Inc. Data as of 3/31/2025

Instead, investors were greeted with a barrage of unexpected tariff headlines from the Trump administration that helped put a stranglehold on stock prices in Q1. A significant loss in momentum around the artificial intelligence theme was also another notable factor that drove major U.S. stock averages lower in the first three months of the year.

On the Washington front, President Trump unexpectedly ramped up tariff threats against Canada, Mexico, and China, particularly in March, which acted to dampen growth forecasts for this year while raising concerns that inflation could remain elevated longer than forecasters anticipated just a few months ago.

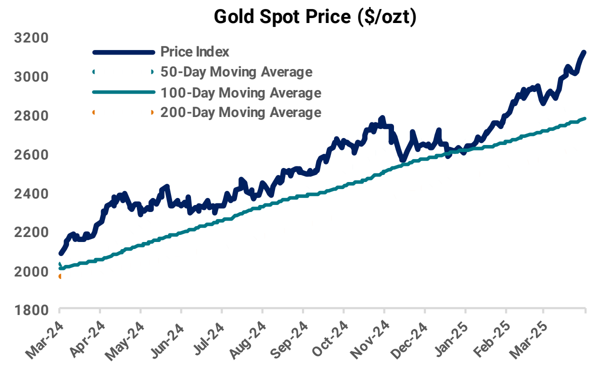


Sources: FactSet, American Enterprise Investment Services Inc. Data as of 3/31/2025

As a result, the S&P 500 Index (-4.6%) posted its worst quarter since Q3'22. However, declines were more severe in the NASDAQ Composite (-10.4%) and Russell 2000 Index (-9.8%), each of which posted its worst quarter since Q2'22. Yet, the value-orientated and more defensive Dow Jones Industrials Average (-1.3%) helped mitigate the selling pressure, outperforming the other three major U.S. stock averages.

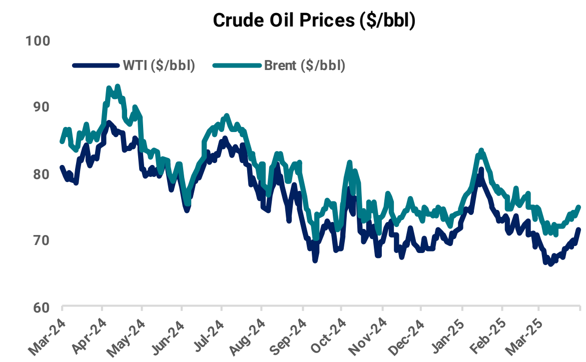
NOTE: FOR IMPORTANT DISCLOSURES, INCLUDING POSSIBLE CONFLICTS, PLEASE SEE THE DISCLOSURE PAGES AT THE END OF THIS DOCUMENT.

Interestingly, the Magnificent Seven (i.e., Apple, Alphabet, Amazon, Microsoft, NVIDIA, Meta Platforms, and Tesla) collectively fell around 16% in Q1 and ended the quarter in a bear market — down 21% from the December 2024 peak. These seven stocks were the principal drivers behind the selling pressure during the previous quarter, as investors reset expectations despite generally stable profit outlooks from the companies themselves during their latest earnings releases. That said, areas outside of Big Tech and tech-related sectors posted gains in Q1, with seven of eleven S&P 500 sectors finishing the first quarter higher. Energy (+9.3%), Health Care (+6.1%), and Consumer Staples (+4.6%) performed quite well over the first three months of the year as investors rotated toward more defensive-orientated areas of the stock market.



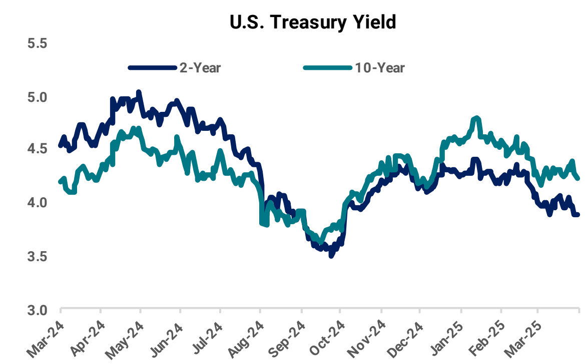
Sources: FactSet, American Enterprise Investment Services Inc. Data as of 3/31/2025

Importantly, portfolio diversification worked well in the first quarter, with international stocks, bonds, and some alternative investments also finishing with gains. Gold rose over +19%, its best quarterly performance since Q3'86. The U.S. Dollar Index fell 4.0%, and West Texas Intermediate (WTI) crude lost 0.3%.



Sources: FactSet, American Enterprise Investment Services Inc. Data as of 3/31/2025

Bottom line: Corrections in the stock market happen much more frequently than investors typically assume or remember, and historically, they serve as a healthy function to right size expectations with current conditions. While tariff uncertainty is a great go-to excuse for why stocks saw increased volatility in Q1, we believe a healthy reset in expectations, particularly around Tech, also played a role in shaping volatility.



Sources: FactSet, American Enterprise Investment Services Inc. Data as of 3/31/2025

So, where does that leave markets at the start of the second quarter? In our view, the U.S. economy remains on firm footing, and corporate profits are expected to grow across several sectors over the coming quarters. In our view, these two points should not be easily discounted by investors and have likely played a role in adding a degree of resiliency across stocks despite Big Tech and tariff headwinds.

Nevertheless, tariff uncertainty is a meaningful threat to our outlook and could lower our assessment of growth/profits over the coming quarters. The latest round of reciprocal tariffs announced by the White House yesterday is just the latest example. As a result, stock prices could see further selling pressure if the cumulative threat of tariff announcements becomes an entrenched reality and begins to sap CEO confidence, raise inflation, lower employment, and generally slow U.S./global economic conditions. We believe tariff announcements, as presented thus far, could lower U.S. GDP growth meaningfully depending on how conditions evolve.

Unfortunately, the second quarter may bring with it as much uncertainty and volatility for investors as the first quarter of the year. While we believe investors should remain cautiously optimistic about market opportunities for this year, based on currently firm U.S. economic and profit conditions, the threat of Trump administration tariff policies and possible retaliatory tariffs from other countries could quickly alter our outlook.

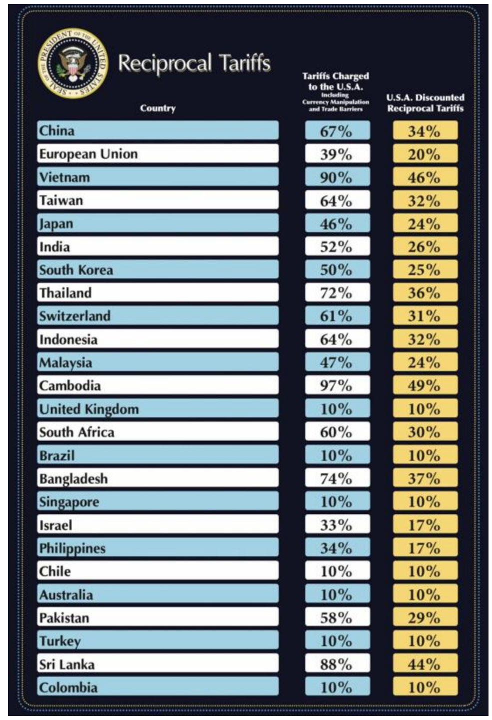
But that point should not cause one to deviate from a well-diversified portfolio. In our view, investors should focus on holding high-quality assets across their portfolio, ensure their allocations match their risk tolerance, and take a longer-term view of the current market stress, which, historically, can create opportunities to dollar-cost average into high-quality assets over time.

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 sharply lower open.** President Trump's reciprocal tariff announcement yesterday has quickly elevated concerns that a global trade war will soon lead to a worldwide recession. Across the board, U.S. stocks are lower in the premarket, with autos and retailers like Nike, Adidas, Five Below, Dollar Tree, Gap, and Apple, which have heavily integrated supply chains overseas, seeing very aggressive selling pressure this morning.
- **"Liberation Day" Highlights:** On Wednesday, after U.S. markets closed, President Trump announced his highly anticipated reciprocal tariff strategy to the world. **It's an understatement to say markets didn't like what they heard from the President yesterday. Stocks are facing a materially lower open this morning based on premarket activity, with Asian markets ending down sharply on Thursday and Europe trading materially lower at midday.** Sweeping tariffs, targeting over 180 countries, were outlined in the White House Rose Garden on Wednesday. At the highest level, a new 10% universal tariff rate will be imposed on all U.S. imports from other countries starting on April 5th. However, several key U.S. trading partners will face levies that are multiples of that figure. For example, tariff rates on China imports will include a 34% reciprocal rate "on top" of the existing 20% rate currently imposed (a 54% rate in total). Imports from the European Union will face a 20% tariff rate, while imports from Vietnam, Taiwan, and Japan face new rates of 46%, 32%, and 24%, respectively. Rates for countries President Trump considers "bad actors" on trade received higher tariff rates in lieu of the 10% universal rate, which will kick in on April 9th. However, in a small positive from yesterday's announcement, Canada and Mexico caught a break, with all USMCA trade remaining exempt from tariffs. Nevertheless, each country is still subject to the 25% tariffs tied to drug trafficking and illegal immigration. Semiconductors and pharmaceuticals were also not included in this latest round of tariffs, a concern that had come to the surface over recent days.



Reciprocal Tariffs

Country	Tariffs Charged to the U.S.A. Including Currency Manipulation and Trade Barriers	U.S.A. Discounted Reciprocal Tariffs
China	67%	34%
European Union	39%	20%
Vietnam	90%	46%
Taiwan	64%	32%
Japan	46%	24%
India	52%	26%
South Korea	50%	25%
Thailand	72%	36%
Switzerland	61%	31%
Indonesia	64%	32%
Malaysia	47%	24%
Cambodia	97%	49%
United Kingdom	10%	10%
South Africa	60%	30%
Brazil	10%	10%
Bangladesh	74%	37%
Singapore	10%	10%
Israel	33%	17%
Philippines	34%	17%
Chile	10%	10%
Australia	10%	10%
Pakistan	58%	29%
Turkey	10%	10%
Sri Lanka	88%	44%
Colombia	10%	10%

Source: President Donald Trump; Truth Social.

- **Bottom line:** The tariff rates announced by President Trump yesterday are more consistent with investors' worst-case scenarios for the economy and corporate profits. The new tariffs will complicate global trade with the U.S., and the price of almost everything here is likely to rise over time, depending on how sticky/lasting these reciprocal tariffs prove to be. And a significant unknown remains. How will some of America's closest trading allies respond? Unfortunately, we believe these new tariff developments will likely put additional strain on trading relationships with the U.S. and add to macroeconomic uncertainty for the foreseeable future. While initial market reactions aren't always the correct longer-term direction of stock prices when it comes to event shocks like this, it's hard to see how near-term stock momentum improves in the absence of more positive catalysts coming out of the White House. Moving forward, incoming economic data and commentary from corporate America on upcoming earnings calls will carry added weight over the coming weeks and months as investors attempt to sort through immediate/longer-term tariff impacts across industries and whether the global economy (including the U.S.) is headed for much slower-than-expected growth over the coming quarters. **Our advice: Avoid reactionary responses over the coming days and maintain portfolio diversification. While stocks are likely headed lower today, government bond prices are moving higher, and alternative investments designed to reduce equity volatility could outperform.**

Europe:

European stocks are down aggressively at midday. Leaders in the EU quickly responded to yesterday's U.S. tariff aggression by saying they stand ready to negotiate but are also prepared to retaliate. The Eurozone could face considerable economic and profit pressure under the new U.S. tariff regime. Earnings estimates for the region are likely subject to material downward revisions depending on how long the new tariff rates are in place. *Goldman Sachs* noted the Stoxx Europe 600 Index generates roughly 40% of its revenue from Europe and 26% from North America, with media, health care, food, beverage, and tobacco particularly vulnerable. The odds of a European Central Bank rate cut later this month have moved above 90%.

Asia-Pacific:

Asian equities ended sharply lower on Thursday and in reaction to President Trump's reciprocal tariff announcements on Wednesday. Japan's Nikkei fell to an eight-month low, while Vietnam's HNX saw the region's worst declines on the day, selling off roughly 7.0%. China, the second-largest economy in the world, has already vowed to retaliate but hasn't provided specifics. *Bloomberg* estimates Chinese exports to the U.S. could shrink by as much as 80%, while several estimates from larger banks suggest China's GDP could shrink by as much as 1% - 2% this year based on the new tariff regime.

WORLD CAPITAL MARKETS

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

Americas	% chg.	% YTD	Value
S&P 500	0.7%	-3.3%	5,671.0
Dow Jones	0.6%	-0.3%	42,225.3
NASDAQ Composite	0.9%	-8.7%	17,601.1
Russell 2000	1.6%	-8.0%	2,045.4
Brazil Bovespa	0.0%	9.1%	131,190
S&P/TSX Comp. (Canada)	1.1%	3.1%	25,307.2
Russell 3000	0.8%	-3.6%	3,226.0

Europe (Intra-day)	% chg.	%YTD	Value
DJSTOXX 50 (Europe)	-2.8%	5.7%	5,154.6
FTSE 100 (U.K.)	-1.6%	4.8%	8,473.7
DAX Index (Germany)	-2.3%	9.9%	21,882.6
CAC 40 (France)	-2.7%	3.8%	7,645.4
FTSE MIB (Italy)	-2.4%	9.8%	37,545.8
IBEX 35 (Spain)	-1.5%	14.1%	13,147.1

Asia/Pacific (Last Night)	% chg.	%YTD	Value
Nikkei 225 (Japan)	-2.8%	-12.2%	34,735.9
Hang Seng (Hong Kong)	-1.5%	14.7%	22,849.8
Korea Kospi 100	-0.8%	4.7%	2,486.7
Singapore STI	-0.3%	4.5%	3,942.2
Shanghai Comp. (China)	-0.2%	-0.3%	3,342.0
Bombay Sensex (India)	-0.4%	-2.1%	76,295.4
S&P/ASX 200 (Australia)	-0.9%	-2.2%	7,859.7

Global	% chg.	% YTD	Value
MSCI All-Country World Idx	-0.1%	-0.3%	835.0

Developed International	% chg.	%YTD	Value
MSCI EAFE	-0.5%	7.5%	2,410.8

Emerging International	% chg.	%YTD	Value
MSCI Emerging Mkts	-0.7%	3.2%	1,103.7

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%	-5.4%	322.6
Consumer Discretionary	2.0%	-11.1%	1,625.5
Consumer Staples	-0.2%	5.3%	893.6
Energy	0.1%	10.9%	720.4
Financials	0.9%	4.2%	835.6
Health Care	0.6%	5.3%	1,683.1
Industrials	0.9%	1.3%	1,126.8
Materials	0.8%	4.0%	548.0
Real Estate	0.5%	4.2%	264.4
Technology	0.6%	-11.3%	4,080.9
Utilities	0.4%	5.7%	403.8

Equity Income Indices	% chg.	% YTD	Value
JPM Alerian MLP Index	0.7%	12.5%	331.2
FTSE NAREIT Comp. TR	0.4%	3.3%	25,926.3
DJ US Select Dividend	0.6%	3.8%	3,633.3
DJ Global Select Dividend	-0.1%	9.9%	241.9
S&P Div. Aristocrats	0.3%	3.4%	4,731.9

Bond Indices	% chg.	% YTD	Value
Barclays US Agg. Bond	-0.1%	3.0%	2,254.5
Barclays HY Bond	0.2%	1.3%	2,718.8

Commodities Futures & Spot (Intra-day)	% chg.	% YTD	Value
CRB Raw Industrials	-0.1%	6.4%	575.7
NYMEX WTI Crude (p/bbl.)	-5.8%	-5.8%	67.5
ICE Brent Crude (p/bbl.)	-5.5%	-5.1%	70.8
NYMEX Nat Gas (mmBtu)	0.6%	12.3%	4.1
Spot Gold (troy oz.)	-1.4%	17.7%	3,090.2
Spot Silver (troy oz.)	-4.3%	12.2%	32.4
LME Copper (per ton)	0.0%	11.6%	9,653.7
LME Aluminum (per ton)	-0.9%	-2.4%	2,465.6
CBOT Corn (cents p/bushel)	-1.7%	-3.4%	450.0
CBOT Wheat (cents p/bushel)	-2.1%	-6.2%	527.8

Foreign Exchange (Intra-day)	% chg.	% YTD	Value
Euro (€/$)	2.1%	7.0%	1.11
British Pound (£/$)	1.3%	5.2%	1.32
Japanese Yen ($/¥)	2.0%	7.4%	146.38
Australian Dollar (A$/$)	0.8%	2.6%	0.64
Canadian Dollar ($/C$)	0.9%	1.9%	1.41
Swiss Franc ($/CHF)	2.5%	5.4%	0.86

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 Thursday, April 3, 2025

All times Eastern. Consensus estimates via Bloomberg

Time	Period	Release	Consensus Est.	Actual	Prior	Revised to
8:30 AM	Mar. 29	Initial Jobless Claims	225k	219k	224k	225k
8:30 AM	Mar. 22	Continuing Claims	1870k	1903k	1856k	1874k
8:30 AM	FEB	Trade Balance	-$123.5B	-122.7B	-$131.4B	-$130.7B
10:00 AM	MAR	ISM Services	+0.4%		+1.7%	

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%	2.0%	2.1%	1.6%	3.0%	2.8%	2.3%	0.8%	2.4%	2.3%
Unemployment Rate	3.7%	4.1%	4.2%	4.2%	3.8%	4.1%	4.1%	4.1%	4.1%	4.2%	4.2%
CPI (YoY)	3.4%	2.9%	2.4%	2.2%	3.5%	3.0%	2.4%	2.9%	2.5%	2.5%	2.4%
Core PCE (YoY)	2.9%	2.8%	2.5%	2.1%	2.8%	2.6%	2.7%	2.8%	2.6%	2.6%	2.5%

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 31, 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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