Before the Bell

An Ameriprise Investment Research Group Publication

April 4, 2025

Starting the Day

- U.S. equity futures point to a materially lower open.
- European markets trading sharply lower at midday.
- Markets across the Asia /Pacific ended lower.
- Our market perspectives, given recent selling pressure.
- March nonfarm payrolls grow +228K.
- 10-year Treasury yield at 3.89%.
- West Texas Intermediate (WTI) oil is trading at $62.22.
- Gold is trading at $3,118.60.

Market Perspectives

Anthony Saglimbene, Chief Market Strategist

What investors need to know right now. Economic, policy, and market conditions, as well as expectations about future growth, are evolving quickly, making it very challenging to make hard and fast forecasts about where growth and profits are headed over the next few weeks and months — let alone for the rest of the year.

As is often the case in periods of high uncertainty (this time due to President Trump's barrage of aggressive tariff policies), investors should start by taking a step back from the headlines to carefully assess overall conditions before making any decisions around their investments.

As we have been highlighting since the start of the year, high-quality/income-producing assets, well-diversified investment strategies based on risk tolerance, and taking a "longer-term" approach to periods of volatility would likely be the ingredients necessary to navigating the market and economic environment this year. A little over three months into the year, and it seems the advice continues to hold merit.

Notably, before markets corrected in March, and President Trump more fully began laying out his tariff strategy in February, financial conditions were firm, and profit growth was expected to expand beyond just the handful of tech and tech-related companies tied to artificial intelligence. In addition, consumer/business balance sheets remained sound, employment trends were solid, and inflation was slowly trending to the Federal Reserve's 2.0% target (albeit slowly). At the same time, we believed U.S. GDP would grow in 2025, Treasury yields would glide modestly lower from levels at the end of last year, and U.S. equities would likely finish the year higher than where they started. While we aren't ready to change these forecasts just yet, given the still uncertain backdrop of tariff effects and possible changes in the degree/scope of the levies over the coming days, weeks, and months, it's safe to say we are less convicted in our year-end forecasts than even a few weeks ago. As we also take time to assess overall conditions, we would like to provide investors with a bulleted view of what we are thinking at the moment and highlight what investors need to know right now.

- Yesterday, the S&P 500 Index and NASDAQ Composite posted their worst day since the early days of COVID-19 in 2020. Rising global recession fears, potential bouts of higher inflation, and elevated concerns about unintended consequences on consumers/businesses from White House policies have increased uncertainty to levels last seen during the pandemic. The S&P 500 Index is now down over 12% from its February high, the NASDAQ Composite is down almost 18% from its December high, and the Russell 2000 Index is now in a bear market, down nearly 22% from its November 2024 high. Yes, stocks can certainly move lower, particularly if this growth scare turns into a recession. But we believe we are starting to approach levels that historically have provided good entry points for investors willing to stomach the volatility and have time to ride out the storms.

- Cyclical areas outside of technology and technology-related areas saw severe selling pressure on Thursday, as did Big Tech. Energy, Industrials, Financials, retail-related areas, multinational companies with high revenue exposure overseas/heavily integrated international supply chains (ex., Apple), and small-cap domestic companies all took major stock price hits yesterday. Investors appeared to take a *sell-first, ask-questions-later* approach, and the selling pressure may continue as some sectors of the S&P 500 were not fully discounting the potential profit pain Trump's tariff policies could instill on corporate America.

- President Trump's tariff strategy is outside of what most economists would consider sound economic policy. For instance, the formula the Trump administration used to determine the reciprocal tariff rates for each country was largely determined by a country's trade surplus with the U.S., which was divided by total bilateral trade and reduced by 50%. The across-the-board formula severely penalized countries with large trade surpluses with the U.S. and ignored services from the equation, just focusing on goods. For smaller countries, which produce goods for consumption in the U.S. and do not have the economic scale to buy U.S. products in equal measure, their new tariff rates are draconian, in our view. Measuring a country's success versus another based on bilateral trade surpluses/deficits and omitting services from the trade equation is not a very informative way to evaluate economies. In fact, America has benefited greatly from global trade for decades by expanding growth through higher-value services in technology and innovation, for example, which appears to go unrecognized in Trump's view of trade fairness.

- Under this construct, it's currently difficult to see how some countries can easily reduce or eliminate these tariffs. Although President Trump has said he has left room for countries to negotiate, and U.S. Treasury Secretary Scott Bessent noted these new tariffs could be considered the highwater mark for countries that don't retaliate, it is becoming clear the world will operate at new higher tariff rates when trading with the U.S. for the foreseeable future. Note that we still need to see how countries ultimately respond to U.S. aggression, which they most certainly will (e.g., China's recent response is an ominous example). Bottom line: Tariffs are a tax on consumption. That tax will be borne by consumers principally, producers, and importers/exporters. The U.S. is the largest consumption market on the planet, meaning every American is likely to see higher prices for almost every good they buy if these tariffs remain in place. America First is great. America alone is a recipe for more economic pain over the near term.

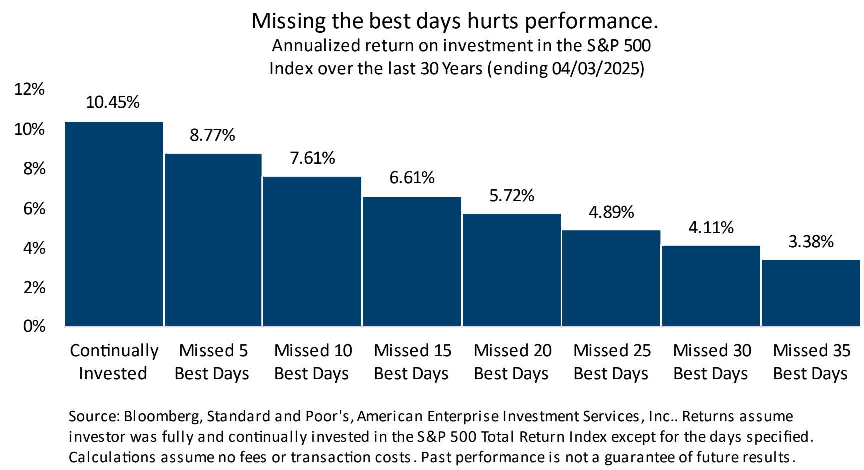
- *FactSet* estimates call for S&P 500 profits to grow by roughly +11.0% year-over-year in 2025. With yesterday's stock decline, the S&P 500 now trades at 20x 2025 earnings per share (EPS). The good news is that it's meaningfully down from the 24x the Index was trading at the beginning of the year. The bad news is that it's still meaningfully above 15 and 20-year averages. In our view, there is a growing risk that S&P 500 companies could lower guidance and provide weaker outlooks over the coming weeks on Q1 earnings calls. This would likely cause analysts to bring down their earnings estimates for the second quarter and possibly beyond over the coming weeks. Yesterday's negative stock reactions are partly a function of investors getting ahead of this potential reality.

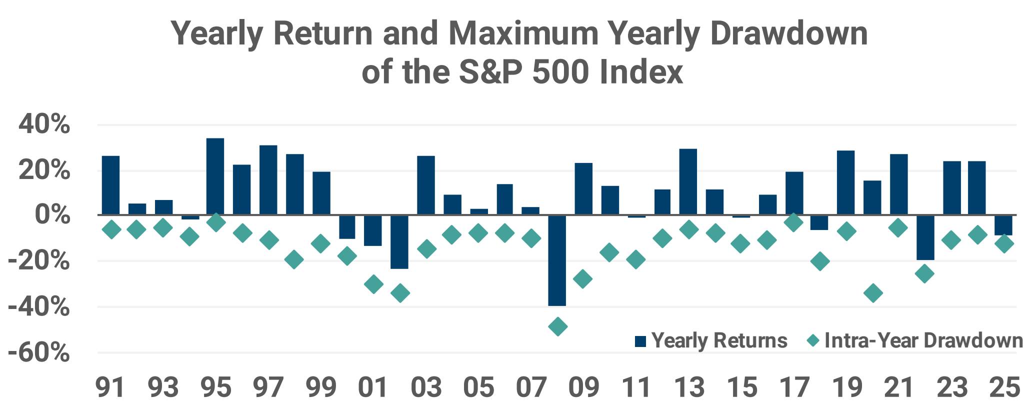
- Technically, stock conditions are very oversold at the moment, and they will likely become even more oversold by the end of today. At our 5,500 adverse year-end target, which accounts for some of the unexpected tariff developments we have seen thus far, the S&P 500 is trading well below that level. At some point, we would expect the Index to test its 200-day moving-day average (around 5,760), which is well above our adverse target for the year, particularly if a recession is avoided or more positive developments start coming out of Washington.

- In our view, the risk to growth outweighs the risk of higher inflation based on the current U.S. tariff policy. Thus, we believe the Federal Reserve may need to act sooner rather than later by cutting its policy rate if it also believes or sees a deterioration in the labor market based on current fiscal policies. The Fed will deliver its next policy decision in a little over a month, which may feel like an eternity based on how rapidly markets are moving. But the odds of a 25-basis point Fed rate cut on May 7th has jumped to roughly 33% from approximately 11% on Wednesday. Most of the market now sees one or two 25 basis point rate cuts by the June meeting. Though a potential stagflation environment would challenge the Fed, we believe there is ample room for the central bank to support growth and cut rates if needed.

- Diversification is working. Stay the course. The Bloomberg U.S. Universal Bond Index (+3.4%) and the Bloomberg U.S. Government Bond Index (+3.8%) are higher year-to-date, as high-quality bonds have added stability within a portfolio. Gold is higher by over +18.2% this year, the Bloomberg Commodity Index is higher by +6.7%, and the Credit Suisse Hedge Fund Index (a measure of alternative strategies) is higher by +2.4% in 2025. Times like this is why an investor doesn't put all their eggs in one basket.

- Finally, the charts below are a good reminder that investing takes discipline, patience, and an understanding that market and economic conditions move through good times and bad times. How one reacts or doesn't react to the stress is what largely determines investment success over time. Simply, staying invested continuously generally outperforms market timing, and where missing the best days in performance, which often cluster around the worst days in performance, can have dramatically negative effects on long-term returns. Notably, there have been many times in history when stocks experienced significant drawdowns intra-year (similar to now) and still finished the year higher, particularly when recessions were avoided. Recently, we have published a series of *Committee Perspectives* reports that highlight some principles of investing and address our thoughts on market volatility from a longer-term perspective. Please ask your Ameriprise financial advisor for copies of *How Good is Your Aim*, *Compounding is Hard*, *Catching the Wave*, and *It Takes Time for Trees and Portfolios to Grow*.





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.** U.S. stocks in the premarket are reacting negatively this morning to the tariff news coming out of China and adding to yesterday's slide. Big Tech, as well as a wider set of cyclical stocks tied to the direction of economic growth, are all set to open materially lower. WTI is down sharply this morning due to fears of global recession, and the 10-year U.S. Treasury yield has sunk below 4.0%, hitting levels last seen in October of last year.
- **The March employment report:** *Bloomberg* estimates for nonfarm payrolls called for +140k new jobs last month, higher than the +117k print in February (revised lower from +151k). In addition, the unemployment rate in March was expected to rise to 4.2% from 4.1% previously. **Following today's Bureau of Labor Statistics release, jobs in the U.S. rose by +228k last month, while the unemployment rate rose to 4.2%.**

Europe:

Investors in Europe are facing varying degrees of challenge when it comes to U.S. tariffs. Disruption across autos is the most obviously impacted industry, with companies that have a high sales exposure to the U.S. seeing the most pressure. According to *FactSet,* the sporting goods industry could also face headwinds in a global trade war, as it relies heavily on Asian manufacturing. However, European pharmaceuticals have limited exposure to U.S. tariffs (for now) due to temporary relief. Further, capital goods companies in Europe could be more insulated as sales are more localized in Europe. A slowdown in Europe, however, or a possible recession, would likely weigh on European financials.

Asia-Pacific:

After being hit with 54% tariffs on all its exports to America, Beijing responded aggressively, imposing 34% tariffs on all U.S. imports coming into China beginning April 10th. China will also place export controls on seven types of rare earth materials and add some U.S. tech companies to its "unreliable entity" list. Bejing urged the U.S. to cancel its unilateral tariff measures immediately and look to resolve trade differences through consultation. Stocks in Asia ended sharply lower on Friday (China markets closed for a holiday) despite some Asian countries pledging to buy more U.S.-made goods and/or expressed a willingness to negotiate further with the White House.

WORLD CAPITAL MARKETS

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

Americas	% chg.	% YTD	Value
S&P 500	-4.8%	-7.9%	5,396.5
Dow Jones	-4.0%	-4.3%	40,545.9
NASDAQ Composite	-6.0%	-14.1%	16,550.6
Russell 2000	-6.6%	-14.0%	1,910.5
Brazil Bovespa	0.0%	9.0%	131,141
S&P/TSX Comp. (Canada)	-3.8%	-0.8%	24,335.8
Russell 3000	-5.1%	-8.4%	3,062.9

Europe (Intra-day)	% chg.	%YTD	Value
DJSTOXX 50 (Europe)	-5.3%	-0.6%	4,843.7
FTSE 100 (U.K.)	-4.2%	0.4%	8,118.3
DAX Index (Germany)	-5.7%	2.9%	20,477.9
CAC 40 (France)	-4.7%	-1.7%	7,242.3
FTSE MIB (Italy)	-7.8%	0.0%	34,195.0
IBEX 35 (Spain)	-6.4%	7.2%	12,349.5

Asia/Pacific (Last Night)	% chg.	%YTD	Value
Nikkei 225 (Japan)	-2.8%	-14.6%	33,780.6
Hang Seng (Hong Kong)	-1.5%	14.7%	22,849.8
Korea Kospi 100	-0.9%	3.8%	2,465.4
Singapore STI	-3.0%	1.4%	3,825.9
Shanghai Comp. (China)	-0.2%	-0.3%	3,342.0
Bombay Sensex (India)	-1.2%	-3.3%	75,364.7
S&P/ASX 200 (Australia)	-2.4%	-4.6%	7,667.8

Global	% chg.	% YTD	Value
MSCI All-Country World Idx	-1.2%	-4.6%	798.3

Developed International	% chg.	%YTD	Value
MSCI EAFE	-4.6%	2.6%	2,301.3

Emerging International	% chg.	%YTD	Value
MSCI Emerging Mkts	-0.7%	2.4%	1,095.1

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	-4.8%	-9.9%	307.2
Consumer Discretionary	-6.4%	-16.8%	1,520.7
Consumer Staples	0.7%	6.1%	899.8
Energy	-7.5%	2.6%	666.3
Financials	-5.0%	-1.0%	793.7
Health Care	-0.8%	4.5%	1,669.7
Industrials	-5.4%	-4.1%	1,065.9
Materials	-4.2%	-0.4%	525.0
Real Estate	-3.0%	1.1%	256.5
Technology	-6.9%	-17.4%	3,800.8
Utilities	-0.6%	5.1%	401.3

Equity Income Indices	% chg.	% YTD	Value
JPM Alerian MLP Index	-3.9%	8.0%	318.1
FTSE NAREIT Comp. TR	-3.1%	0.1%	25,120.9
DJ US Select Dividend	-4.3%	-0.7%	3,475.8
DJ Global Select Dividend	-2.5%	5.8%	233.0
S&P Div. Aristocrats	-2.5%	0.8%	4,612.9

Bond Indices	% chg.	% YTD	Value
Barclays US Agg. Bond	0.6%	3.6%	2,267.5
Barclays HY Bond	-0.9%	0.4%	2,693.2

Commodities Futures & Spot (Intra-day)	% chg.	% YTD	Value
CRB Raw Industrials	-0.8%	5.6%	571.3
NYMEX WTI Crude (p/bbl.)	-8.5%	-14.6%	61.3
ICE Brent Crude (p/bbl.)	-7.8%	-13.4%	64.6
NYMEX Nat Gas (mmBtu)	-1.8%	11.9%	4.1
Spot Gold (troy oz.)	-0.2%	18.5%	3,109.1
Spot Silver (troy oz.)	-2.6%	7.4%	31.0
LME Copper (per ton)	-3.5%	7.7%	9,319.3
LME Aluminum (per ton)	-1.8%	-4.2%	2,420.5
CBOT Corn (cents p/bushel)	-1.4%	-3.1%	451.3
CBOT Wheat (cents p/bushel)	-2.0%	-6.6%	525.3

Foreign Exchange (Intra-day)	% chg.	% YTD	Value
Euro (€/$)	0.2%	6.9%	1.11
British Pound (£/$)	-0.6%	4.0%	1.30
Japanese Yen ($/¥)	0.8%	8.5%	144.87
Australian Dollar (A$/$)	-3.6%	-1.5%	0.61
Canadian Dollar ($/C$)	-0.7%	1.3%	1.42
Swiss Franc ($/CHF)	1.2%	6.9%	0.85

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	14.4%	Overweight	2.0%	16.4%
Information Technology	30.4%	Equalweight	-	30.4%
Consumer Discretionary	10.2%	Equalweight	-	10.2%
Communication Services	9.4%	Equalweight	-	9.4%
Industrials	8.4%	Equalweight	-	8.4%
Consumer Staples	5.8%	Equalweight	-	5.8%
Energy	3.6%	Equalweight	-	3.6%
Utilities	2.5%	Equalweight	-	2.5%
Real Estate	2.2%	Equalweight	-	2.2%
Materials	2.0%	Equalweight	-	2.0%
Health Care	11.1%	Underweight	-2.0%	9.1%

Index weightings represent the respective market capitalization of each sector in the S&P 500 as of 3/31/2025. 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.

Ameriprise Global Asset Allocation Committee (GAAC)

Global Equity Regions - Tactical Views

Region	MSCI All-Country World Index Weight	GAAC Tactical View	GAAC Tactical Overlay	GAAC Recommended Weight
Europe ex U.K.	13.2%	Overweight	2.0%	15.2%
United States	62.8%	Overweight	1.2%	64.0%
Japan	5.1%	Equalweight	-	5.1%
United Kingdom	3.4%	Equalweight	-	3.4%
Latin America	0.9%	Equalweight	-	0.9%
Middle East / Africa	1.2%	Underweight	-1.2%	0.0%
Asia-Pacific ex Japan	10.6%	Underweight	-1.0%	9.6%
Canada	2.8%	Underweight	-1.0%	1.8%

Index weightings are based on the regional market capitalizations of the MSCI All-Country World Index as of 3/31/2025. 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 Friday, April 4, 2025

All times Eastern. Consensus estimates via Bloomberg

Time	Period	Release	Consensus Est.	Actual	Prior	Revised to
8:30 AM	MAR	Change in Nonfarm Payrolls	+140k	**+228k**	+151k	+117k
8:30 AM		Two-Month Payroll Net Revision		**-48k**		
8:30 AM	MAR	Change in Private Payrolls	+135K	**+209k**	+140k	+116k
8:30 AM	MAR	Change in Manufacturing Payrolls	0k	**+1k**	+10K	+8k
8:30 AM	MAR	Unemployment Rate	4.1%	**4.2%**	4.1%	
8:30 AM	MAR	Average Hourly Earnings (MoM)	+0.3%	**+0.3%**	+0.3%	+0.2%
8:30 AM	MAR	Average Hourly Earnings (YoY)	+4.0%	**+3.8%**	+4.0%	
8:30 AM	MAR	Average Work Week	34.2	**34.2**	34.1	34.2
8:30 AM	MAR	Labor Force Participation	62.4%	**62.5%**	62.4%	

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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Director – High yield and investment grade credit

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