Before the Bell

An Ameriprise Investment Research Group Publication

April 7, 2025

Starting the Day

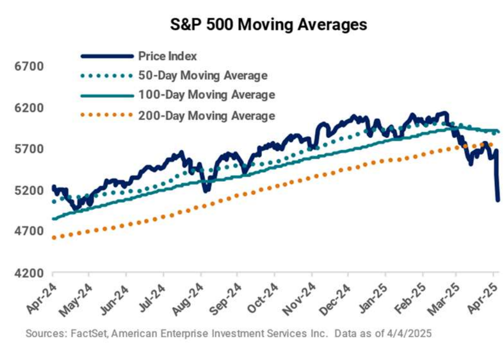
- U.S. futures are pointing to a lower open.
- European markets are trading sharply lower at midday.
- Asian markets ended sharply lower overnight.
- Where do markets go from here?
- Some quick thoughts on our S&P 500 targets.
- 10-year Treasury yield at 3.99%.
- West Texas Intermediate (WTI) oil is trading at $60.58.
- Gold is trading at $3,059.60

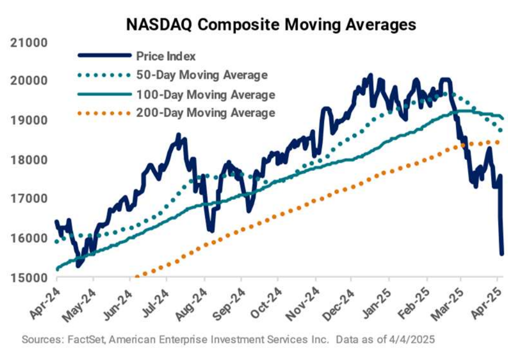
Market Perspectives

Anthony Saglimbene, Chief Market Strategist

Weekly Market Perspectives: Last week was the type of week that most investors might be best served by not logging into their investment accounts to see what happened. U.S. stocks shed $6.6 trillion in the last two days of the trading week as investors harshly rejected President Trump's tariff aggression on goods imports from nearly every country in the world. U.S. stocks posted their worst week since March 2020. Fresh looks at U.S. labor trends during the week showed a solid foundation, but investors ignored the signals, as the data is likely stale and too backward-looking to be relevant based on last week's tariff developments.

This week, key inflation reports and the start of the Q1 earnings season line the calendar, in addition to what is expected to be more heavy news flow from the White House. **Bottom line:** Investors should prepare for another difficult week if the Trump administration's narrative on tariffs does not soon begin to recognize the damage being incurred in financial markets.





Last Week in Review:

- On Wednesday, President Trump announced sweeping reciprocal tariffs, targeting over 180 countries. Over the weekend, a new 10% universal tariff rate was imposed on all U.S. imports from other countries. However, several key U.S. trading partners will face levies that are multiples of that figure beginning on April 9th. *If* this tariff policy is enacted in full for an extended period, we believe the global economy would likely slow materially, and corporate profits would suffer immensely. Such economic disruption is highly difficult to forecast, as is predicting what comes next. Thus, investors took a *sell first, ask questions later* approach to stocks last week.
- China quickly retaliated against the U.S. trade aggression (e.g., a 54% all-in tariff rate on Chinese imports to the U.S.) by slapping a 34% tariff rate on U.S. imports to China beginning April 10th. The European Union said it wants to negotiate with the U.S. but is prepared to

retaliate if necessary. Given USMCA goods were excluded from the latest round of tariffs, reactions from Canada and Mexico were more muted.

- The S&P 500 Index posted its worst back-to-back sessions on Thursday (-4.8%) and Friday (-6.0%) since March 2020. The broad-based U.S. stock benchmark fell over 9.0% on the week and is now down nearly 17.5% from its February high. Volatility (measured by the CBOE VIX Index) finished at its highest level since April 2020. All eleven S&P 500 sectors finished the week lower, with Consumer Staples (-2.2%) and Utilities (-4.5%) somewhat mitigating the selling pressure.
- The NASDAQ Composite and Russell 2000 Index fell 10.2% and 9.7% on the week, respectively. Both major U.S. stock indexes are in bear markets, off more than 20% from their recent highs. Notably, the Magnificent Seven, collectively, which powered the stock market's rise over the last two years, are now lower by roughly 28.5% from the high.
- The Dow Jones Industrials Average finished the week lower by 7.9% and is down roughly 15% from its recent high.
- U.S. Treasury prices rallied sharply as yields fell. Investors quickly sought shelter in government bonds, with the two-year yield falling to levels last seen in March 2023 and the ten-year yield dropping below 4.0% for the first time since October.
- Gold finished lower for only the second time in the past fourteen weeks, though the precious metal did set a fresh new high during the week. West Texas Intermediate (WTI) crude posted its largest weekly decline since March 2023 as global demand expectations reset lower. The U.S. Dollar Index also finished lower.
- In other highlights, March nonfarm payrolls grew a solid +228,000, stronger than the +120,000 – +140,000 jobs expected. The unemployment rate ticked higher to 4.2% from 4.1% in February, with average hourly earnings (a measure of wage inflation) coming in as expected. Job openings in February fell to December 2024 levels, Challenger job cuts in March jumped 60% month-over-month (the third highest jump on record), and March ISM manufacturing fell back into contraction. On Friday, Fed Chair Powell, in a speech, noted that tariffs could raise inflation and lead to slower growth. Notably, Powell said progress on bringing inflation back to the 2.0% target has slowed, and as tariffs work through the system, inflation is likely to rise over the coming quarters.

Where do markets head after the worst week in over five years?

We will start by saying that the tariff policy announcements that came out of the White House last week, as well as China's retaliatory response, if enacted as proposed, are likely going to be far more disruptive to economic and profit growth this year than most expected. Though U.S. carve-outs for USMCA goods and temporary exemptions for pharmaceuticals and semiconductor imports may be underappreciated by investors at the moment, the risk of a global trade war, and thus much slower global growth in 2025, has become a real threat to our outlook for this year. Last week's tariff moves will move the average U.S. tariff rate from 2.5% in 2024 to more than 20% if they go into effect — the highest level since the 1930s. At the same time, stock prices have quickly moved lower in anticipation of these negative developments.

For example, two of the four major U.S. stock indexes, the NASDAQ Composite and Russell 2000 Index, have quickly fallen into bear markets. Arguably, each of these indexes has already started to price in recessionary conditions as it pertains to technology and small-cap domestic companies. Typically, when major stock indexes fall more than 20% from their highs, it precedes the onset of a recession. However, that point isn't very informative to longer-term investors because by the time a recession is clearly visible or officially called, economic/profit conditions are usually on the road to recovery. Importantly, broader measures of the U.S. stock market, including the S&P 500 Index and Dow Jones Industrials Average, *have not* yet fallen into a bear market, despite each Index being down 15% or more from their recent highs. Unfortunately, it won't take much more pain this week to push these broad measures of the U.S. stock market into bear markets at the rate stock prices are currently declining.

Sources: FactSet, American Enterprise Investment Services Inc. Data as of 4/4/2025

Fortunately, economic fundamentals sit in a position of strength heading into this difficult period, profit estimates for this year continue to point toward growth (though that could quickly change), and President Trump can change the tariff policy narrative with a simple tweet or social post. In our view, the market is in desperate need of some positive news out of the White House, which could drive a modest relief rally, at least temporarily, given such oversold stock conditions. Yet, further trade aggression this week or tone-deaf responses from the White House could quickly tip broader stock indices into bear markets and do more lasting damage to consumer/business confidence, which would likely erode economic/profit conditions, leading to stalling growth momentum. History is very clear on market event shocks. When the negativity loop gets rolling to this type of scale, it's very hard to reverse without a strong fiscal/monetary policy response to help break the fog of decline. But in this case, the negativity in the market is *because* of U.S. fiscal policies (i.e., tariffs), and in our view, monetary support is likely at lower stock levels. In our view, the Federal Reserve has room to cut rates to support labor markets (should they falter). Nevertheless, because of still elevated inflation/uncertainty around tariff impacts, policymakers may be delayed in their response. **Bottom line:** Investors and the stock market may be on their own for the time being to manage through the volatility, and if the White House doesn't soon course correct.

But keep these important points in mind as we all navigate the coming days and weeks, which could be very volatile. When volatility spikes to the levels we saw last week, which is usually accompanied by steep stock price declines, S&P 500 returns over the next one, three, and five years tend to be *above* average. While last week's decline is making this point harder to lean on, the S&P 500 usually faces corrections in any given year, and often, it still finishes the year higher, particularly when a recession is avoided.

Finally, staying invested in stocks continuously, even during periods of extreme market stress, materially outperforms strategies that attempt to time the market over longer periods. We don't know how much of investors' anxiety about a pretty dire environment for this year is already priced into stock prices — arguably 9% - 10% more than a week ago. **However, we do know that at current levels, it likely makes more sense to focus on the following: Know what you own. Maintain a high-quality investment bias. Bonds and cash are doing their job and reducing portfolio stress. And at some point, long-term investors will want to be thinking about buying stocks as opposed to selling. Along with diversification strategies, income-producing assets, large-cap value stocks, international stocks, consumer staples/utilities, and alternative investments could also help mitigate further downside pressure.**

Granted, the average S&P 500 bear market decline is roughly 35% going back to 1950, which means there's plenty of more downside for stocks from here if conditions continue to get worse. But a diversified portfolio (including cash, bonds, and alternative investments) should help insulate some of that decline and keep you invested until stocks (at some point) turn the corner. Let's hope that turn happens before these tariff threats do real damage to the economy and profits.

The Week Ahead:

While this week's fresh looks at consumer and producer inflation are largely too backward-looking to inform where the ball is headed, given last week's developments, we suspect investors will still closely monitor the reports as they could serve as the jumping off point for where inflation trends head from here. The big U.S. banks kick off the first quarter earnings season on Friday, and investors will likely be looking for commentary that sheds additional light on how consumers and businesses are responding to recent volatility.

- The March headline Consumer Price Index (CPI) is expected to decline to +2.6% from +2.8% in February on an annualized basis, while the core rate (ex-food and energy) is expected to tick lower to +3.0% from +3.1%. The core Producer Price Index (PPI) is expected to tick higher to +3.5% in March on an annualized basis from +3.4% in February.
- The latest reads on small business optimism, consumer credit, and a preliminary look at April Michigan consumer sentiment will provide investors with fresh looks at consumer/business trends. In addition, the latest FOMC meeting minutes could provide further insight into policymaker's views on rate policy. However, this information has also become stale, given market and tariff developments since the March meeting.
- Delta Airlines, JPMorgan Chase, Morgan Stanely, BlackRock, and Wells Fargo all report earnings results this week. Q1'25 S&P 500 earnings per share (EPS) is expected to grow by +7.0% year-over-year on sales growth of +4.2%. During the first quarter, analysts cut Q1 estimates by 4.2%, which is above the five and ten-year averages.

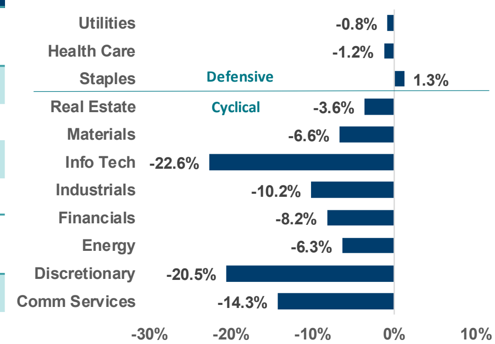
Stock Market Recap							
Benchmark	Total Returns			LTM PE		Yield %	
	Weekly	MTD	YTD	Current	5-Year Median	Current	5-Year Median
S&P 500 Index: 5,074	-9.1%	-9.6%	-13.4%	22.7	24.4	1.4	1.5
Dow Jones Industrial Average: 38,315	-7.8%	-8.7%	-9.5%	21.4	21.5	1.8	1.9
Russell 2000 Index: 4,541	-9.6%	-9.2%	-17.8%	51.6	39.8	1.6	1.3
NASDAQ Composite: 15,588	-10.0%	-9.9%	-19.1%	31.1	38.6	0.8	0.7
Best Performing Sector (weekly): Consumer Staples	-2.2%	-3.8%	1.3%	23.1	22.7	2.5	2.5
Worst Performing Sector (weekly): Energy	-14.1%	-15.0%	-6.3%	13.5	11.0	3.7	3.8

Source: Factset. Data as of 04/04/2025

Bond/Commodity/Currency Recap			
Benchmark	Total Returns		
	Weekly	MTD	YTD
Bloomberg U.S. Universal	0.9%	0.7%	3.4%
West Texas Intermediate (WTI) Oil: $62.02	-11.1%	-13.7%	-14.4%
Spot Gold: $3,037.89	-1.5%	-2.7%	15.8%
U.S. Dollar Index: 103.02	-1.0%	-1.1%	-5.0%
Government Bond Yields	Yield Chg		
	Weekly	MTD	YTD
2-year U.S. Treasury Yield: 3.68%	-22 bps chg	-21 bps chg	-57 bps chg
10-year U.S. Treasury Yield: 4.01%	-25 bps chg	-20 bps chg	-57 bps chg

Source: Factset. Data as of 04/04/2025. bps = basis points

YTD Total Returns by S&P 500 Sector



Source: S&P Global, Factset. Data as of 04/04/2025

These figures are shown for illustrative purposes only and are not guaranteed. They do not reflect taxes or investment/product fees or expenses, which would reduce the figures shown here. An index is a statistical composite that is not managed. It is not possible to invest directly in an index. Past performance is not a guarantee of future results.

U.S. Premarket Indicators / Overnight International Market Activity

United States:

Here is a quick news rundown to start your morning:

- **Premarket activity points to a sharply lower open.** Over the weekend, President Trump and his key architects of the White House's tariff strategy held firm, saying Americans will have to be patient with the plan and continued to point to U.S. deficits with other countries as the main reason for the tariffs. In addition, Trump told reporters on Sunday that he didn't want anything to go down (in relation to the stock market) but that "*sometimes, you have to take medicine to fix something*." As a result of White House responses to the volatility over the weekend, stocks are again set for a materially lower open this morning.
- **A quick note on our S&P 500 targets.** We have been asked recently when/if we are going to change our S&P 500 targets for this year. The short answer is yes — they will likely need to be adjusted. We officially review the targets/scenarios quarterly and publish adjustments (if necessary) in the *Quarterly Capital Market Digest*. On occasion, we will adjust our scenarios and targets intra-quarter when there is a meaningful shift in our outlook. While some strategists on the street have made modest adjustments to their base targets over recent weeks, others, such as us, are waiting to see a more complete picture of the tariff environment so we can better assess impacts on growth and profits over the rest of the year. As it stands currently, our 7,000 favorable S&P 500 target/scenario looks unlikely and will come down in our next update. In addition, our conviction in the base target/scenario of 6,500 (which represents a roughly +28% gain from Friday's close) has certainly come down since the end of last year. However, if the tariffs are short-lived, lead to improved trade negotiations, and prove less damaging than feared on corporate profitability, an S&P 500 level somewhere "around" our base target may still be achievable by year-end. Admittedly, we likely need to see some positive movement on this front sooner rather than later. In our view, the White House is quickly losing control of the fiscal narrative, and irreversible damage to our base target is starting to form. And suppose the tariffs are sticky and lead to more dire consequences for the economy and profits over the near-to-intermediate term (and assuming at some point in the year there is monetary policy relief). In that case, our year-end 5,500 adverse target remains achievable, even if growth slows over the next quarter or two and stocks, for a time, drift meaningfully lower from here. That said, all of our

current targets assume either no recession or a shallow slowdown in growth. Obviously, if a recessionary environment develops, we will need to make larger changes to the forecasts. **Bottom line:** When we can make more concrete forecasts about the economic and profit impacts from tariffs and have a little more visibility into the ultimate White House tariff objectives (they are far from clear), we will update our S&P 500 targets and scenarios. **Our next *Quarterly Capital Market Digest* report will be published later this month and will include adjustments to the targets and accompanying scenarios.** Regardless, daily commentary in *Before the Bell* and our *Weekly Market Perspectives* report are great sources for investors to stay up to date on our latest thinking on markets, the economy, and tariff developments. Importantly, our strategic and tactical asset allocation guidance is where investors should focus their attention currently and when it comes to "what to do" about the volatility, as it includes our views on how portfolios should be positioned to navigate the current investing environment.

Europe:

Europe is down sharply at midday and following steep losses last week. Major stock averages in Italy, France, Switzerland, and Germany are now in correction. Unfortunately, April declines are reversing the positive performance European stocks saw in the first quarter, which had rallied on German fiscal reforms, lower rates/inflation, and more attractive valuations versus the U.S.

Asia-Pacific:

Asia ended Monday sharply lower. The Hang Seng Index finished down over 13% on the day, while mainland China stock indices finished lower between 7.5% and nearly 11.0%. *Bloomberg* noted that over the weekend, policymakers/officials in China met to talk about economic support measures focused on increasing consumption, boosting birth rates, and providing subsidies for some exports. Regulators also discussed details about a stock market stabilization fund. Interest rate cuts and accelerating the rollout of previously planned fiscal measures were also discussed.

WORLD CAPITAL MARKETS

4/7/2025 As of: 8:30 AM ET

Americas	% chg.	% YTD	Value
S&P 500	-6.0%	-13.4%	5,074.1
Dow Jones	-5.5%	-9.5%	38,314.9
NASDAQ Composite	-5.8%	-19.1%	15,587.8
Russell 2000	-4.4%	-17.8%	1,827.0
Brazil Bovespa	-3.0%	5.8%	127,256
S&P/TSX Comp. (Canada)	-4.7%	-5.5%	23,193.5
Russell 3000	-5.9%	-13.8%	2,882.5

Europe (Intra-day)	% chg.	%YTD	Value
DJSTOXX 50 (Europe)	-4.5%	-4.4%	4,661.1
FTSE 100 (U.K.)	-4.4%	-4.8%	7,700.6
DAX Index (Germany)	-4.3%	-0.7%	19,764.4
CAC 40 (France)	-4.5%	-5.7%	6,946.3
FTSE MIB (Italy)	-4.8%	-3.5%	32,974.8
IBEX 35 (Spain)	-4.9%	2.5%	11,807.7
MOEX Index (Russia)	#VALUE!	#VALUE!	#N/A N/A

Asia/Pacific (Last Night)	% chg.	%YTD	Value
Nikkei 225 (Japan)	-7.8%	-21.3%	31,136.6
Hang Seng (Hong Kong)	-13.2%	-0.4%	19,828.3
Korea Kospi 100	-5.6%	-2.0%	2,328.2
Singapore STI	-7.5%	-5.8%	3,540.5
Shanghai Comp. (China)	-7.3%	-7.6%	3,096.6
Bombay Sensex (India)	-3.0%	-6.2%	73,137.9
S&P/ASX 200 (Australia)	-4.2%	-8.7%	7,343.3

Global	% chg.	% YTD	Value
MSCI All-Country World Idx	-5.4%	-8.7%	764.3

Developed International	% chg.	%YTD	Value
MSCI EAFE	-5.4%	1.8%	2,281.2

Emerging International	% chg.	%YTD	Value
MSCI Emerging Mkts	-1.4%	1.8%	1,087.6

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	-4.9%	-14.3%	292.2
Consumer Discretionary	-4.5%	-20.5%	1,452.2
Consumer Staples	-4.5%	1.3%	858.9
Energy	-8.7%	-6.3%	608.3
Financials	-7.4%	-8.2%	735.0
Health Care	-5.5%	-1.2%	1,577.8
Industrials	-6.3%	-10.2%	998.9
Materials	-6.3%	-6.6%	492.0
Real Estate	-4.6%	-3.6%	244.6
Technology	-6.3%	-22.6%	3,560.4
Utilities	-5.6%	-0.8%	378.9

Equity Income Indices	% chg.	% YTD	Value
JPM Alerian MLP Index	-8.7%	-1.4%	290.3
FTSE NAREIT Comp. TR	-4.4%	-4.3%	24,009.8
DJ US Select Dividend	-5.4%	-6.1%	3,288.4
DJ Global Select Dividend	-4.2%	0.2%	220.6
S&P Div. Aristocrats	-5.2%	-4.4%	4,373.6

Bond Indices	% chg.	% YTD	Value
Barclays US Agg. Bond	0.1%	3.7%	2,269.8
Barclays HY Bond	-1.1%	-0.7%	2,663.7

Commodities Futures & Spot (Intra-day)	% chg.	% YTD	Value
CRB Raw Industrials	-1.5%	4.0%	562.8
NYMEX WTI Crude (p/bbl.)	-2.4%	-15.6%	60.5
ICE Brent Crude (p/bbl.)	-2.2%	-14.1%	64.1
NYMEX Nat Gas (mmBtu)	0.2%	5.8%	3.8
Spot Gold (troy oz.)	-0.1%	15.7%	3,035.7
Spot Silver (troy oz.)	2.5%	5.0%	30.3
LME Copper (per ton)	-6.5%	0.7%	8,717.1
LME Aluminum (per ton)	-3.1%	-7.2%	2,346.0
CBOT Corn (cents p/bushel)	-0.3%	-1.5%	458.8
CBOT Wheat (cents p/bushel)	0.0%	-6.0%	529.0

Foreign Exchange (Intra-day)	% chg.	% YTD	Value
Euro (€/$)	-0.1%	5.7%	1.09
British Pound (£/$)	-0.6%	2.3%	1.28

	% chg.	% YTD	Value
Japanese Yen ($/¥)	0.4%	7.4%	146.39
Australian Dollar (A$/$)	-0.1%	-2.5%	0.60

	% chg.	% YTD	Value
Canadian Dollar ($/C$)	-0.2%	0.9%	1.43
Swiss Franc ($/CHF)	0.7%	6.1%	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		S&P 500 Index Weight	GAAC Tactical View	GAAC Tactical Overlay	GAAC Recommended Weight
Financials	13.5%	Overweight	2.0%	15.5%	**Energy**	3.0%	Equalweight	-	3.0%
Consumer Staples	5.5%	Equalweight	-	5.5%	**Utilities**	2.3%	Equalweight	-	2.3%
Information Technology	32.8%	Equalweight	-	32.8%	**Materials**	1.9%	Equalweight	-	1.9%
Industrials	8.1%	Equalweight	-	8.1%	**Real Estate**	2.0%	Equalweight	-	2.0%
Communication Services	9.4%	Equalweight	-	9.4%	**Consumer Discretionary**	11.5%	Equalweight	-	11.5%
As of: January 2, 2025					**Health Care**	10.0%	Underweight	-2.0%	8.0%

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
United States	66.1%	Overweight	3.2%	69.3%	**United Kingdom**	3.0%	Equalweight	-	3.0%
Europe ex U.K.	11.3%	Equalweight	-	11.3%	**Asia-Pacific ex Japan**	10.2%	Underweight	-1.0%	9.2%
Latin America	0.8%	Equalweight	-	0.8%	**Canada**	2.7%	Underweight	-1.0%	1.7%
Japan	4.7%	Equalweight	-	4.7%	**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.

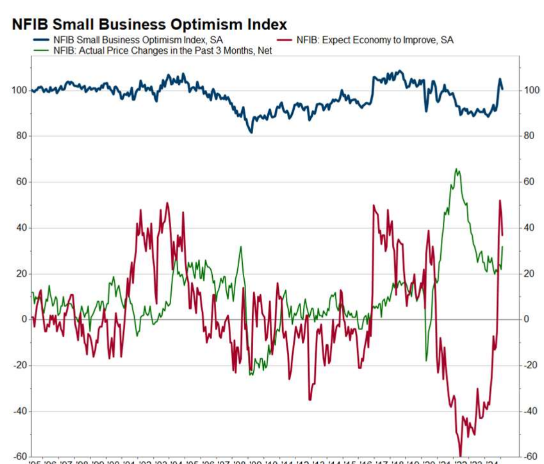
The Week Ahead:

Russell T. Price, CFA, Chief Economist

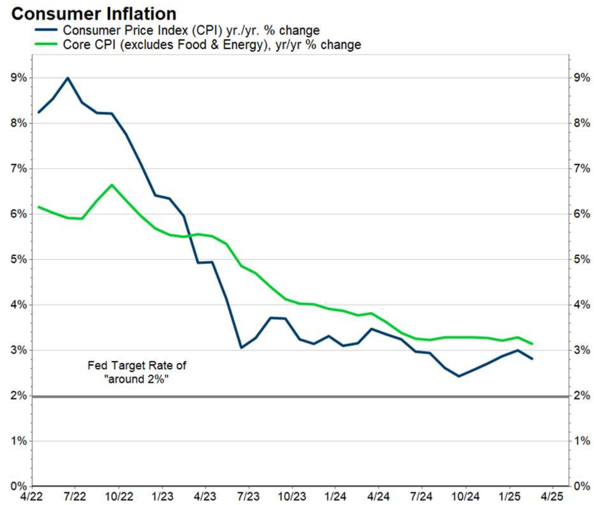
Unless otherwise noted, all economic estimates are sourced from Bloomberg, and all corporate earnings measures are sourced from FactSet.

- **Earnings Outlook:** The first quarter earnings release season gets underway late this week with some of the nation's largest financial institutions on the docket Friday.
- **S&P 500 earnings per share (EPS) for Q1-2025 are currently projected to have grown by 6.9% year-over-year (y/y) on sales growth of 4.2%.**
- By comparison, Q4-2024 S&P 500 earnings were a very strong 18.2% higher on sales growth of 5.3%. In Q4, year-over-year earnings growth benefited from easy year-ago comparisons, particularly for the Financials sector where EPS results were an exceptional 56.2% higher y/y. The Financial sector results added 7.7 points of upside to the overall Q4 EPS growth rate. *All data mentioned in this commentary has been sourced from FactSet.*

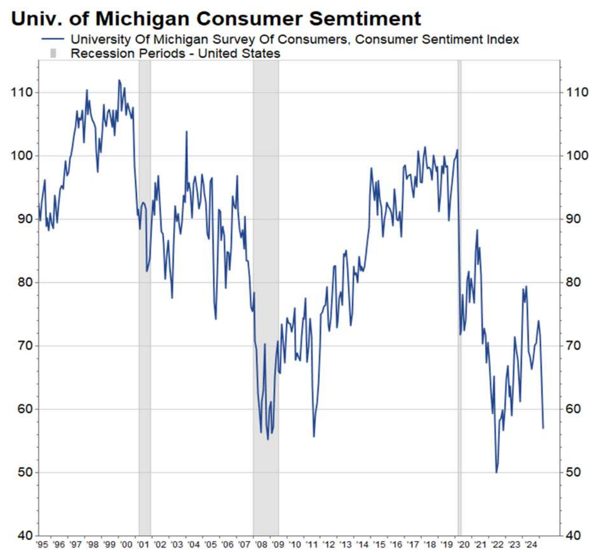
- **The Economic Release Calendar:** The economic calendar is fairly slow this week albeit for the inflation data out on Thursday and Friday.
- **NFIB Small Business Optimism Index:** On Tuesday, the National Federation of Independent Businesses (NFIB) will release its Small Business Optimism Index for the month of March. Forecasters expect the measure to decline for a third straight month to a level of about 99.0. The survey had reached a more than six-year high of 105.1 as of December.
- Since the survey responses were received prior to the White House announcement on tariffs, the downward pressure is likely to be light – thus representing further tariff-related uncertainties and apprehension, but not the extreme tariff measures that were actually released.



- The NFIB's components related to costs and pricing will be very closely examined given that there were signs of upward pressure on goods prices even before the tariffs were announced.
- **Consumer Prices.** Market participants will eagerly await Thursday's Labor Department release of its March Consumer Price Index (CPI) report. Headline prices are expected to offer a sanguine picture largely due to lower gasoline prices in the month. According to data from the Energy Information Administration (EIA), national average gasoline prices declined 1.2% in the month against what is normally a seasonal increase of about 3.9%. Given the weighting of gasoline in the Index, we estimate that the weaker prices should deduct approximately 0.2 percentage points from the month-over-month gain.



- Overall, the Bloomberg consensus looks for a 0.1% increase in the headline CPI rate and a 0.3% gain at the Core level (which excludes food and energy prices). If so, the year-over-year rates would be 2.6% for the headline (down from +2.8% in February) and 3.0% at the core level (versus +3.1% in February).
- We believe there could be some opportunity for the inflation rates to come in slightly softer and are projecting headline CPI to have been flat in the month.
- **U. of M. Consumer Sentiment**: While we believe Thursday's CPI report could offer some positive sentiment for investors to consider, that may be wiped out on Friday when the University of Michigan reports the results of its latest Consumer Sentiment survey. Friday's release will cover most of the first two weeks of April – which, of course, includes the President's tariff announcements and the resulting stock market sell-off.
- Currently, the Bloomberg consensus looks for the U. of M. survey to tumble down to 54 from March's final reading of 57. In December the measure was 74.0. We note that the lowest U. of M. Sentiment survey reading of the last 30-years occurred in June 2022 when it registered a reading of 50.



The calendar below is sourced from American Enterprise Investment Services Inc.

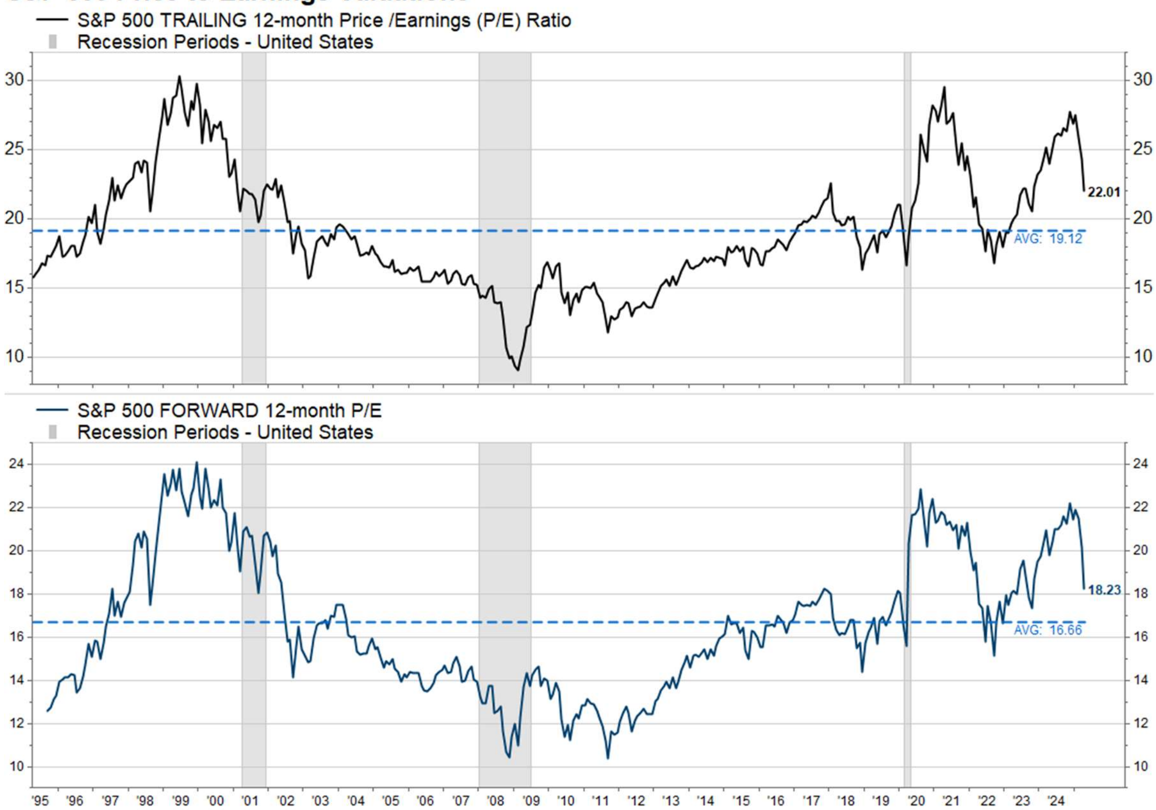
April 7	8	9	10	11
Consumer Credit	**NFIB Small Business Index**	**Wholesale Inventories**	**Initial Jobless Claims**	**UofM Consumer Sentiment**
Leading Index - Japan	*Unemployment - S. Korea*	*Bank Lending - Japan*	**Consumer Price Index**	**Producer Price Index**
Retail Sales - Eurozone	*Loan Growth - China*	*Consumer Confidence - Japan*	**Federal Budget Balance**	*Industrial Production - India*
Economic Sentiment - Eurozone		*Inflation - China*		

Where Market Fundamentals Stand Heading into The Week:

S&P 500 Trailing and Forward P/E valuations: *Source: FactSet*

Please note: Although we try to maintain consistency as much as possible, Price to Earnings (P/E) ratios may differ from one source to another. Most notably, P/E numbers can often show their most notable differences during an earnings release season as some sources may still use the last full 'actual' earnings number while others use earnings per share that are updated via a combination of actual and estimated earnings per share. The calculation of earnings (operating earnings versus 'as reported' or GAAP) also often differ modestly from one data source to another due to the proprietary use of calculation methodologies.

S&P 500 Price to Earnings Valuations



Consensus Earnings Estimates: *Source: FactSet*

Please note: The consensus earnings estimates shown below should viewed cautiously. The business environment remains very dynamic, thus leaving current estimates with greater uncertainty than usual, in our view. The table below is sourced from American Enterprise Investment Management Inc and is based on data from FactSet.

S&P 500 Earnings Estimates	2020	2021	2022	2023				2024				2025				2026
4/7/2025	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Est.	Est.	Est.	Est.	Est.
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	FY
Quarterly $$ amount				$53.34	$54.52	$58.91	$55.56	$56.45	$60.54	$62.84	$65.77	$60.23	$65.47	$70.23	$72.88	
change over last week												-$0.03	-$0.12	-$0.15	-$0.06	-$0.67
yr/yr				-1.2%	-3.6%	6.1%	4.2%	5.8%	11.0%	5.0%	18.4%	6.7%	8.1%	11.8%	10.8%	
qtr/qtr				0.1%	2.2%	8.1%	-5.7%	1.6%	7.2%	3.8%	4.7%	-8.4%	8.7%	7.3%	3.8%	
Trailing 4 quarters $$	$143.08	$211.09	$222.33	$218.71	$216.67	$220.08	$222.33	$225.44	$231.46	$235.39	$245.60	$249.38	$254.31	$261.70	$268.81	$307.43
yr/yr % change	-13.0%	47.5%	4.2%				0.0%				10.5%				9.5%	14.4%
Implied P/E based on																
a S&P 500 level of: 5074											20.7	20.3	20.0	19.4	18.9	16.5

Economic News and Views:

Russell T. Price, CFA – Chief Economist

Releases for Monday, April 7, 2025 — **All times Eastern. Consensus estimates via Bloomberg**

Time	Period	Release	Consensus Est.	**Actual**	Prior	Revised to
3:00 PM	FEB	Consumer Credit	+$15.0B		+$18.1B	

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%	2.2%	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**

Please note: Our economic forecasts do not yet reflect any consideration for tariffs. We anticipate making such adjustments shortly.

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**

When we can make more concrete forecasts about the economic and profit impacts from tariffs and have a little more visibility into the ultimate White House tariff objectives, we will update our S&P 500 targets and scenarios. **Our next *Quarterly Capital Market Digest* report will be published later this month and will include adjustments to the targets and accompanying scenarios.**

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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.

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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 March 31, 2025

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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.

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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.

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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.

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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.

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