

Before the Bell

An Ameriprise Investment Research Group Publication

April 24, 2025

Starting the Day

- U.S. equity markets are pointing to a slightly lower open.
- European markets are trading mostly lower at midday.
- Asian markets ended mostly in the red.
- Mag Seven a major contributor to overall stock weakness.
- U.S./China trade comments stand at odds.
- 10-year Treasury yield at 4.35%.
- West Texas Intermediate (WTI) oil is trading at \$63.05.
- Gold is trading at \$3,354.00

Market Perspectives

Anthony Saglimbene, Chief Market Strategist

What's really weighing down major averages? A daily barrage of White House announcements that *flood the zone* and keep investors guessing about what will come next. A global trade war. Recession fears. Concerns about Federal Reserve independence. Weakening consumer/business sentiment that could sap profit growth. Foreign investors stepping away from the U.S. A potential loss in American exceptionalism. Simply, there's no shortage of headlines, concerns, or fears (credible or otherwise) keeping investors anxious and stock volatility elevated. And while the macroeconomic environment is extraordinarily difficult to navigate through currently, a simpler, more direct explanation around the recent selling pressure shouldn't be overlooked.

Magnificent 7 and S&P 500 Correlation



Source: Bloomberg

The Magnificent Seven (i.e., Apple, Amazon, Alphabet, Microsoft, Meta Platforms, NVIDIA, and Tesla) account for nearly 30% of the S&P 500 Index by market cap weight. Each of these stocks has seen periods of outsized returns over the last two-plus years versus the overall S&P 500, which, by the end of last year, saw many of these Big Tech stocks trading at elevated valuations depending on how one was valuing each. That said, the narratives on these high-growth companies were well understood by the market, and for most, their stock prices reflected a lot of positive momentum about their prospects for outsized profits ahead.

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

Fast forward to the present, and the Mag Seven is collectively down over 24% from its peak, seriously denting the return of the broader S&P 500 in 2025. Through April 22nd, the S&P 500 was down 9.7% YTD, but when excluding the Mag Seven from the return calculation, the broad-based Index was down less than 3.0% through Tuesday. In fact, the S&P 500's correlation with the Mag Seven is at its highest level over the last year. Meaning, as goes the Mag Seven, so goes the S&P 500.

What obviously wasn't fully priced into these handful of mega-cap stocks before December was the nagging concern about potentially lower capex spending more broadly across Tech due to an economic slowdown. Hiccups in Apple's AI rollout, ongoing capex/profit growth questions around AI, and new tariff headwinds/semiconductor restrictions on China have created a stew of additional concerns that have weighed on Mag Seven, Big Tech-driven sectors, and the S&P 500 more broadly this year.

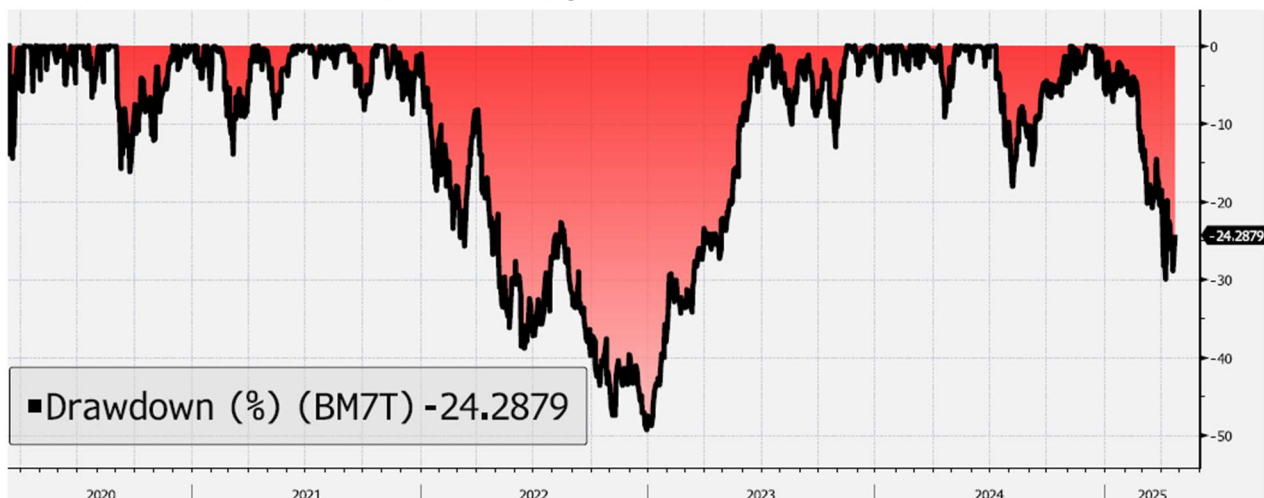
Bottom line: When stocks are priced for perfection, and obtaining that perfection looks less reasonable based on changing conditions, that's when swifter downturns often take place. Notably, Consumer Staples and Utilities are positive year-to-date. Four other S&P 500 sectors are down less than 3.0% in 2025. And two additional sectors are outperforming the S&P 500 this year. Leaving Communication Services, Information Technology, and Consumer Discretionary, the sectors that house the Mag Seven, as the main culprits in weighing down the S&P 500 this year.

	YTD Return Through April 22	Contribution to S&P 500 Return
S&P 500	-9.74	
AMAZON.COM INC	-21.06	-0.85
ALPHABET INC - COMBINED	-19.53	-0.75
APPLE INC	-20.15	-1.55
META PLATFORMS INC-CLASS A	-14.48	-0.39
MICROSOFT CORP	-12.80	-0.77
NVIDIA CORP	-26.35	-1.66
TESLA INC	-41.07	-0.89
S&P 500 Return	-9.74	
excluding AMAZON.COM INC	-8.89	
excluding ALPHABET INC - COMBINED	-8.99	
excluding APPLE INC	-8.19	
excluding META PLATFORMS INC-CLASS A	-9.35	
excluding MICROSOFT CORP	-8.97	
excluding NVIDIA CORP	-8.08	
excluding TESLA INC	-8.85	
S&P 500 Return Excluding Magnificent 7	-2.88	
Number of Stocks with Positive Return YTD		156
Number of Stocks with Negative Return YTD		351
Number of Stocks outperforming S&P 500 YTD		288
Number of Stocks underperforming S&P 500 YTD		219

Source: Bloomberg. Data as of 04/22/2025

Magnificent 7 Falls Into A Bear Market

Basket down more than 20% from the peak



Source: Bloomberg

Finally, Alphabet reports its results after the close tonight, with all other Mag Seven companies on the earnings calendar next week, sans NVIDIA, which will report later in May. Yesterday's more positive news coming from the White House on trade, and President Trump cooling his rhetoric against Fed Chair Powell helped major U.S. stock averages string together their second straight day of solid returns. Not surprisingly, the three Big Tech sectors that have done most of the damage to the S&P 500 this year have been the three sectors that have led gains over recent days.

In our view, the fundamental updates investors will soon receive from the rest of the Mag Seven could influence whether markets can build on this momentum and if the profit engine that powered these stocks higher over recent years remains on track. Under the oxygen-sucking headlines of trade, White House policy, and economic concerns, earnings reports/outlooks from these handful of companies could have more to say about where the market heads over the near term, and maybe more than most currently assume.

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 flat-to-lower open.** Following two strong days of stock performance across the major U.S. averages, premarket activity this morning is pointing to a more subdued open. Stocks have reacted positively over recent days to White House comments that have pointed to softening tariffs on China and easing investor concerns about looking for ways to remove Fed Chair Powell from his post. Outside of the White House, preliminary services activity in April missed estimates, while manufacturing activity moved back into expansion. Yet the composite figure, while still in expansion, fell to a 16-month low in April. The Fed's latest Beige Book showed little economic change across the Fed's districts, though uncertainty around trade remains high. Notably, the S&P 500 Index has gained or lost at least 1.0% in seven of the last ten trading sessions, with the Index facing its most volatile calendar month since the COVID crash, according to *Dow Jones Market Data*.
- **Earnings Update:** With roughly 30% of S&P 500 first quarter reports complete, blended earnings per share (EPS) growth is higher by +8.0% year-over-year on revenue growth of +4.3%.

Europe:

The German Ifo Business Climate Index extended its run of improvement in April, posting its fourth straight month higher after a sharp drop in December. The improvement in business sentiment stands in contrast to German PMI hitting a four-month low in April and ZEW investor sentiment recording its worst reading since July 2023 due to U.S. tariffs.

Asia-Pacific:

China's Ministry of Commerce said there are no ongoing trade talks with the U.S., and all pronouncements of progress in negotiations are groundless, according to *Bloomberg*. Beijing said that if the U.S. wants to solve the problem, it should lift unilateral tariffs. Bottom line: We suspect that trade tensions between the U.S. and China could linger, as it may take longer to find common ground and/or an off-ramp from tariff actions versus other countries

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WORLD CAPITAL MARKETS

4/24/2025

As of: 8:30 AM ET

Americas	% chg.	% YTD	Value
S&P 500	1.7%	-8.2%	5,375.9
Dow Jones	1.1%	-6.4%	39,606.6
NASDAQ Composite	2.5%	-13.3%	16,708.1
Russell 2000	1.5%	-13.6%	1,919.1
Brazil Bovespa	1.3%	9.9%	132,216
S&P/TSX Comp. (Canada)	0.7%	-0.1%	24,472.7
Russell 3000	1.7%	-8.6%	3,055.4

Europe (Intra-day)	% chg.	%YTD	Value
DJSTOXX 50 (Europe)	-0.3%	4.8%	5,083.3
FTSE 100 (U.K.)	-0.1%	4.1%	8,391.1
DAX Index (Germany)	-0.3%	9.9%	21,888.4
CAC 40 (France)	-0.3%	1.7%	7,460.9
FTSE MIB (Italy)	0.9%	7.6%	36,799.8
IBEX 35 (Spain)	-0.3%	15.2%	13,167.8
MOEX Index (Russia)	#VALUE!	#VALUE!	#N/A N/A

Asia/Pacific (Last Night)	% chg.	%YTD	Value
Nikkei 225 (Japan)	0.5%	-11.4%	35,039.2
Hang Seng (Hong Kong)	-0.7%	10.2%	21,909.8
Korea Kospi 100	-0.1%	6.2%	2,522.3
Singapore STI	0.0%	2.0%	3,831.9
Shanghai Comp. (China)	0.0%	-1.6%	3,297.3
Bombay Sensex (India)	-0.4%	2.4%	79,801.4
S&P/ASX 200 (Australia)	0.6%	-0.9%	7,968.2

Global	% chg.	% YTD	Value
MSCI All-Country World Idx	1.5%	-3.3%	808.2

Developed International	% chg.	%YTD	Value
MSCI EAFE	0.8%	9.1%	2,438.3

Emerging International	% chg.	%YTD	Value
MSCI Emerging Mkts	2.1%	2.7%	1,096.1

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	2.3%	-8.8%	310.4
Consumer Discretionary	2.8%	-17.1%	1,515.3
Consumer Staples	-0.4%	6.4%	901.2
Energy	-0.3%	-3.9%	624.0
Financials	1.2%	-0.9%	793.6
Health Care	0.5%	-0.9%	1,581.1
Industrials	1.2%	-3.9%	1,068.2
Materials	0.0%	-2.3%	514.9
Real Estate	0.1%	0.2%	254.0
Technology	2.9%	-16.1%	3,858.7
Utilities	0.4%	4.3%	398.1

Equity Income Indices	% chg.	% YTD	Value
JPM Alerian MLP Index	0.5%	2.1%	300.6
FTSE NAREIT Comp. TR	0.0%	-1.3%	24,768.6
DJ US Select Dividend	0.3%	-2.4%	3,417.1
DJ Global Select Dividend	0.2%	11.1%	244.0
S&P Div. Aristocrats	-0.1%	-1.7%	4,495.1

Bond Indices	% chg.	% YTD	Value
Barclays US Agg. Bond	0.2%	1.8%	2,228.5
Barclays HY Bond	0.7%	0.5%	2,697.4

Commodities	% chg.	% YTD	Value
Futures & Spot (Intra-day)			
CRB Raw Industrials	0.3%	4.1%	563.1
NYMEX WTI Crude (p/bbl.)	1.3%	-12.0%	63.1
ICE Brent Crude (p/bbl.)	1.1%	-10.5%	66.8
NYMEX Nat Gas (mmBtu)	-2.1%	-18.5%	3.0
Spot Gold (troy oz.)	1.5%	27.2%	3,338.4
Spot Silver (troy oz.)	-0.5%	15.6%	33.4
LME Copper (per ton)	0.1%	8.2%	9,363.4
LME Aluminum (per ton)	2.2%	-5.0%	2,399.2
CBOT Corn (cents p/bushel)	0.2%	2.5%	480.3
CBOT Wheat (cents p/bushel)	-0.1%	-4.7%	543.0

Foreign Exchange (Intra-day)	% chg.	% YTD	Value
Euro (€/€)	0.5%	9.9%	1.14
British Pound (£/\$)	0.4%	6.4%	1.33

	% chg.	% YTD	Value
Japanese Yen (\$/¥)	0.6%	10.3%	142.54
Australian Dollar (A\$/S)	0.3%	3.1%	0.64

	% chg.	% YTD	Value
Canadian Dollar (\$/C\$)	0.1%	3.8%	1.39
Swiss Franc (\$/CHF)	0.7%	10.0%	0.83

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

As of: March 31, 2025

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.

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
Europe ex U.K.	13.2%	Overweight	2.0%	15.2%	Latin America	0.9%	Equalweight	-	0.9%
United States	62.8%	Overweight	1.2%	64.0%	Middle East / Africa	1.2%	Underweight	-1.2%	0.0%
Japan	5.1%	Equalweight	-	5.1%	Asia-Pacific ex Japan	10.6%	Underweight	-1.0%	9.6%
United Kingdom	3.4%	Equalweight	-	3.4%	Canada	2.8%	Underweight	-1.0%	1.8%

as of: March 31, 2025

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

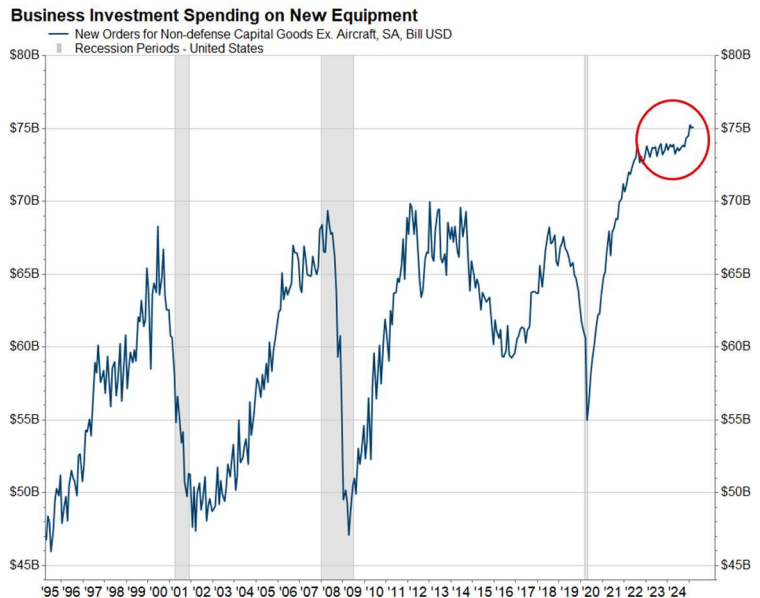
Releases for Thursday, April 24, 2025

All times Eastern. Consensus estimates via Bloomberg

Time	Period	Release	Consensus Est.	Actual	Prior	Revised to
8:30 AM	Apr. 19	Initial Jobless Claims	222k	222k	215k	
8:30 AM	Apr. 12	Continuing Claims	1870k	1841k	1885k	
8:30 AM	MAR	New Orders for Durable Goods	+2.0%	+9.2%	+1.0%	
8:30 AM	MAR	Durable Orders – ex. transports	+0.3%	+0.0%	+0.7%	
10:00 AM	MAR	Existing Home Sales (annualized)	4.13m		4.26m	
10:00 AM	MAR	Existing Home Sales (MoM)	-3.1%		+4.2%	

Commentary:

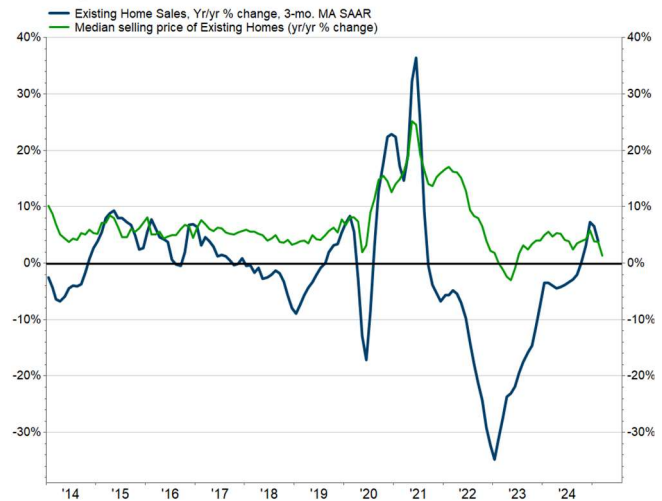
- **New orders for durable goods surged dramatically last month almost exclusively on a jump in monthly new orders at Boeing.** Forecasters were looking for a solid gain of about 2.0%, but estimates were widely distributed as forecasters were left to guess the timing of a large increase in new aircraft orders at Boeing. Boeing reported 163 net new jet orders for March, a substantial improvement over February's 13. The full effect of Boeing orders is sometimes not seen in the month reported due to timing differences.
- Excluding the transports sector, new orders were flat on the month and thus much more reflective of actual business conditions, in our view.
- On a year-over-year basis, total new orders were 10.9% higher. Excluding the volatile transports sector new orders were still a solid 2.3% higher, however.
- The report's closely watched indicator of business investment spending, *new orders for nondefense capital goods excluding aircraft*, was up 0.1% in the month, but a strong 5.0% higher on a 3-month annualized basis.
- Forecasters were surely interested in today's measure of business investment spending to gauge any early impact from tariff-related disruptions or caution. As seen in the chart at right, business investment spending has historically posted significant pullbacks during periods of economic contraction. We note, however, that the worst of the tariff picture, that being the reciprocal tariffs announced on April 2nd, came after March new orders would have been tallied.
- Today's report showed: Underlying details of the report were mixed. Orders for computers and electronics were down 1.2% m/m (+4.1% y/y) and demand for electrical equipment was off 0.5% (+3.2% y/y). Most other key segments posted modest gains.
- *The chart at right is sourced from FactSet and HAS been updated to reflect today's release.*



Continued on next page...

- **Existing Home Sales:** At 10 AM ET, the National Association of Realtors will release its report on March Existing Home Sales. Sales are expected to show a decline of about +3% after posting a surprisingly strong +4.2% jump in February. The February gain was at least partially reflective of a bounce back. Sales had declined 4.7% in January amidst particularly difficult weather conditions across much of the country.
- In March, mortgage rates were generally at their lowest levels in quite some time, with the national average 30-year fixed rate spending most of the month just below 6.5%, according to the Mortgage Bankers Association.
- Existing home sales, however, are recorded at the time of closing. Thus, the influence of mortgage rate changes often shows up in the sales figures with a one to two-month delay. *The chart at right is sourced from FactSet.*

Existing Home Sales and Prices



Ameriprise Economic Projections

Forecast:	Full-year				Quarterly						
	Actual	Actual	Est.	Est.	Actual	Actual	Actual	Actual	Est.	Est.	Est.
	2023	2024	2025	2026	Q1-2024	Q2-2024	Q3-2024	Q4-2024	Q1-2025	Q2-2025	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 fully reflect tariff related considerations. We anticipate making such adjustments shortly.

Ameriprise Global Asset Allocation Committee Targets and Views

Targets

	Favorable Scenario	Base-Case Scenario	Adverse Scenario
2025 Year-end Targets:			
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 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.

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 03/31/2025

	Overweight	Equalweight	Underweight
Equity	<ul style="list-style-type: none"> • U.S. Large Cap Growth 	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Emerging Foreign
S&P 500 Sectors	<ul style="list-style-type: none"> • Financials 	<ul style="list-style-type: none"> • Communication Services • Consumer Discretionary • Consumer Staples • Energy • Industrials • Information Technology • Materials • Real Estate • Utilities 	<ul style="list-style-type: none"> • Health Care
Global Equity Regions	<ul style="list-style-type: none"> • United States • Europe ex U.K. 	<ul style="list-style-type: none"> • Japan • Latin America • United Kingdom 	<ul style="list-style-type: none"> • Middle East/Africa • Asia-Pacific ex Japan • Canada
Fixed Income	<ul style="list-style-type: none"> • U.S. Investment Grade • Municipals 	<ul style="list-style-type: none"> • U.S. Government • U.S. High Yield • Developed Foreign 	<ul style="list-style-type: none"> • Emerging Foreign
Alternatives		<ul style="list-style-type: none"> • Real Assets • Alternative Strategies 	
Cash		<ul style="list-style-type: none"> • 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

Major Market Indices	Rolling Returns			
	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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Matthew Burandt
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Director – High yield and investment grade credit

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