Before the Bell

An Ameriprise Investment Research Group Publication

May 2, 2025

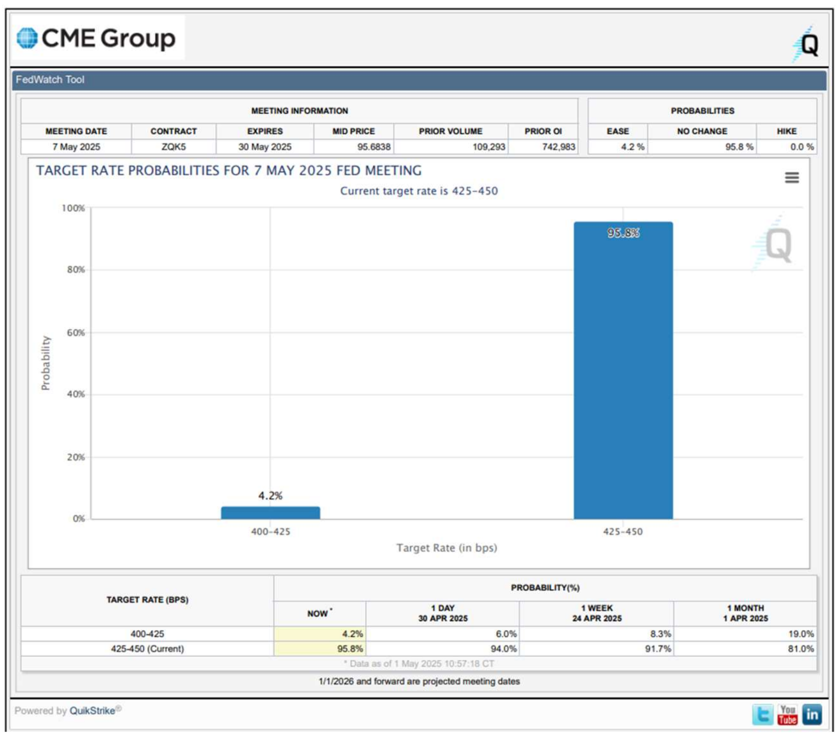
Starting the Day

- U.S. equity markets are pointing to a higher open.
- European markets are trading higher at midday.
- Asian markets ended higher.
- The Fed has ample room to cut if necessary.
- April nonfarm payrolls grew +177k last month.
- 10-year Treasury yield at 4.27%.
- West Texas Intermediate (WTI) oil is trading at $58.89.
- Gold is trading at $3,273.80

Market Perspectives

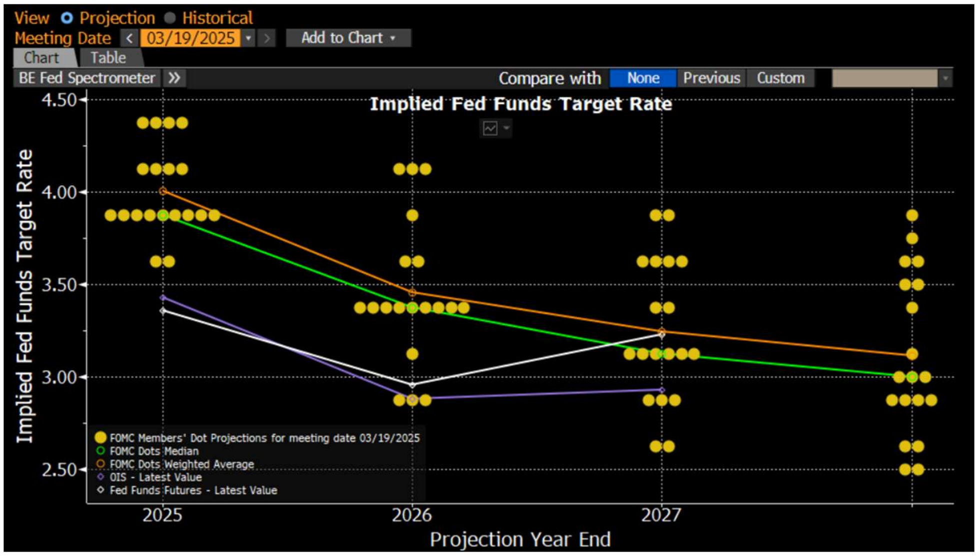
Anthony Saglimbene, Chief Market Strategist

The Fed meets next week — key points to consider. After an extremely busy week of earnings and economic data this week, investors will soon turn their attention, at least briefly, to the Federal Reserve. The Federal Open Market Committee meets on Tuesday and Wednesday next week. As the *CME FedWatch Tool* chart below shows, the committee is widely expected to hold its policy rate steady at the conclusion of its two-day confab. Investors should expect the updated policy statement to strike a similar tone as the March statement, noting inflation remains somewhat elevated versus the Fed's target, the committee remains attentive to risks to both sides of its dual mandate, and uncertainty around the economic outlook has increased.



Recent speeches from Fed officials since the March meeting, including from Fed Chair Powell himself, have noted that the evolving tariff environment has increased risk to growth conditions and could put upward pressures on inflation this year. However, we believe next week's updated policy statement and comments from Fed Chair Powell in his press conference will remain guarded and largely balanced. At this stage and based on limited economic impacts from tariffs thus far, it's unlikely the Fed will tip its hand next week about revealing whether it plans to cut its policy rate at the June meeting. Here, the *CME FedWatch Tool* suggests there is a roughly 60/40 chance the fed funds rate will be lower in June by at least 25 basis points. By the July meeting, most market participants expect the fed funds rate to be lower by "at least" 25 basis points.

Similarly, market odds point to a lower fed funds rate by the end of the year compared to what policymakers penciled in when they provided their forecasts in the March Summary of Economic Projections, as the *Bloomberg* chart below highlights. Since the next SEP won't be updated until the June meeting, we expect reporters to press Fed Chair Powell pretty hard in Wednesday's press conference for clues on whether he believes the Fed is soon ready to cut rates to help support growth, even if inflation isn't at target. The key question: Is June a live meeting for a rate cut?



Finally, whether in June, July, or later this year, we believe the Fed has ample room to cut its policy rate if necessary. If growth slows to levels that cause unemployment to rise and activity across the U.S. economy to stall, then we believe the Fed would likely lower rates to support growth, even if inflation isn't at the Fed's target. Of course, the committee will remain attentive to inflation pressures and tariff dynamics over the coming weeks and months. These conditions could cloud the picture for monetary policy, potentially delaying a Fed response to slower growth that could disrupt markets for a period should such a condition unfold. Yet, if unemployment is creeping higher over the coming months in response to weaker activity, we believe the Fed would look through temporary tariff pressures and cut rates to support growth. That said, if employment remains solid over the coming months and economic activity slows but doesn't stall, the Fed may be less willing to cut rates until later this year, or it sees more need to do so. As such, we expect investors will want to hear more from Powell next week about where those goalposts might lie and under what conditions would prompt further rate cuts from here or delay a Fed response.

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 higher open.** It's been a week and one that may have investors thinking that they somehow slipped into Doc Brown's DeLorean with Marty McFly and went back to 2024. The S&P 500 Index and Dow Jones Industrials Average finished Thursday's session higher for the eighth straight day. And with Big Tech moving higher after strong earnings reports from Meta Platforms and Microsoft earlier in the week, the NASDAQ Composite on Thursday had recovered everything it had lost after President Trump's reciprocal tariff announcement on April 2nd. That said, Apple and Amazon are trading lower in the premarket this morning after underwhelming earnings reports and outlooks, which could weigh on major averages at the open. Apple saw iPhone growth accelerating in the previous quarter. Still, services revenue disappointed, China growth was a weak spot, the company provided ho-hum guidance, and details were light around the tariff uncertainty. Amazon revenue during the previous quarter came in largely in line with estimates, but AWS revenue growth was a tad light, the outlook was below what analysts were looking for, and tariff uncertainty weighed on guidance, even though the company said demand has been solid across its platform. In addition, while AWS growth was light, easing capacity constraints in the second half and still strong margin expansion across the cloud business were notably positives. The S&P 500 enters the final trading day of the week higher by +1.4% WTD, with the Dow up +1.6% and the NASDAQ higher by +1.9%.
- **The April employment report:** The Labor Department reported net employment growth of 177,000 in April. The number was well ahead of the 135,000 expected but numbers for the prior two months were revised lower by 58,000. The unemployment rate held steady at 4.2%.

- **Earnings Update:** With roughly 71% of S&P 500 first quarter reports complete, blended earnings per share (EPS) growth is higher by +13.0% year-over-year on revenue growth of +4.8%.

Europe:

Eurozone headline CPI remained unchanged at +2.2% y/y in April versus March. However, April Core CPI (ex-food and energy) accelerated to +2.7% y/y from +2.4% in March. Services inflation was the primary culprit in pushing CPI higher last month, partly because of the timing of the Easter holiday. Depending on how inflation conditions evolve, the European Central Bank may look through the inflation dynamics and instead be more responsive to growth dynamics based on potential fallout from U.S. tariffs.

Asia-Pacific:

Reports suggest China is weighing the possibility of trade talks with the U.S. However, repeated attempts by the U.S. to engage with Beijing have thus far been unsuccessful, as China's Commerce Ministry has made statements indicating it wants to see "sincerity" from the U.S. first. That "sincerity" on China's part includes lowering tariffs before discussions begin. How, who, where, and to what purpose trade discussions between the U.S. and China evolve remain unknown.

WORLD CAPITAL MARKETS

5/2/2025 **As of: 8:30 AM ET**

Americas	% chg.	% YTD	Value
S&P 500	0.6%	-4.3%	5,604.1
Dow Jones	0.2%	-3.7%	40,753.0
NASDAQ Composite	1.5%	-8.1%	17,710.7
Russell 2000	0.6%	-11.0%	1,975.9
Brazil Bovespa	0.0%	12.3%	135,067
S&P/TSX Comp. (Canada)	-0.2%	1.2%	24,795.6
Russell 3000	0.6%	-4.8%	3,183.2

Europe (Intra-day)	% chg.	%YTD	Value
DJSTOXX 50 (Europe)	1.4%	8.1%	5,234.0
FTSE 100 (U.K.)	0.8%	6.3%	8,564.6
DAX Index (Germany)	1.7%	15.0%	22,890.7
CAC 40 (France)	1.5%	5.3%	7,709.6
FTSE MIB (Italy)	1.1%	11.2%	38,016.6
IBEX 35 (Spain)	0.3%	17.2%	13,332.5
MOEX Index (Russia)	#VALUE!	#VALUE!	#N/A N/A

Asia/Pacific (Last Night)	% chg.	%YTD	Value
Nikkei 225 (Japan)	1.0%	-6.8%	36,830.7
Hang Seng (Hong Kong)	1.7%	13.4%	22,504.7
Korea Kospi 100	0.1%	7.9%	2,559.8
Singapore STI	0.3%	3.4%	3,845.1
Shanghai Comp. (China)	-0.2%	-2.2%	3,279.0
Bombay Sensex (India)	0.3%	3.3%	80,502.0
S&P/ASX 200 (Australia)	1.1%	2.5%	8,238.0

Global	% chg.	% YTD	Value
MSCI All-Country World Idx	0.2%	0.0%	835.2

Developed International	% chg.	%YTD	Value
MSCI EAFE	-0.8%	11.2%	2,481.4

Emerging International	% chg.	%YTD	Value
MSCI Emerging Mkts	-0.1%	4.3%	1,112.0

Note: International market returns shown on a local currency basis. ***The equity index data shown above is on a total return basis, inclusive of dividends.***

S&P 500 Sectors	% chg.	% YTD	Value
Communication Services	1.6%	-4.0%	326.7
Consumer Discretionary	1.0%	-13.2%	1,585.7
Consumer Staples	-0.8%	5.7%	895.3
Energy	0.4%	-4.5%	619.8
Financials	-0.1%	1.3%	810.5
Health Care	-2.8%	-0.3%	1,591.4
Industrials	0.7%	0.7%	1,119.2
Materials	-0.5%	0.1%	527.2
Real Estate	0.2%	2.5%	259.8
Technology	2.2%	-9.3%	4,174.0
Utilities	0.3%	5.4%	402.2

Equity Income Indices	% chg.	% YTD	Value
JPM Alerian MLP Index	-1.0%	-0.4%	293.3
FTSE NAREIT Comp. TR	0.1%	0.8%	25,313.7
DJ US Select Dividend	-0.3%	-1.5%	3,447.8
DJ Global Select Dividend	0.5%	13.9%	249.9
S&P Div. Aristocrats	-0.8%	-1.5%	4,505.3

Bond Indices	% chg.	% YTD	Value
Barclays US Agg. Bond	-0.3%	2.8%	2,251.3
Barclays HY Bond	0.2%	1.2%	2,715.0

Commodities Futures & Spot (Intra-day)	% chg.	% YTD	Value
CRB Raw Industrials	-0.4%	3.1%	558.2
NYMEX WTI Crude (p/bbl.)	-0.8%	-18.1%	58.8
ICE Brent Crude (p/bbl.)	-0.7%	-17.4%	61.7
NYMEX Nat Gas (mmBtu)	0.7%	-3.6%	3.5
Spot Gold (troy oz.)	0.8%	24.4%	3,263.8
Spot Silver (troy oz.)	-0.4%	11.7%	32.3
LME Copper (per ton)	1.3%	6.8%	9,239.9
LME Aluminum (per ton)	1.0%	-5.2%	2,395.1
CBOT Corn (cents p/bushel)	0.2%	0.9%	473.0
CBOT Wheat (cents p/bushel)	1.7%	-5.2%	540.0

Foreign Exchange (Intra-day)	% chg.	% YTD	Value
Euro (€/$)	0.5%	9.6%	1.13
British Pound (£/$)	0.1%	6.2%	1.33
Japanese Yen ($/¥)	0.6%	8.7%	144.56
Australian Dollar (A$/$)	0.8%	4.0%	0.64
Canadian Dollar ($/C$)	0.2%	4.1%	1.38
Swiss Franc ($/CHF)	0.8%	10.2%	0.82

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%

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

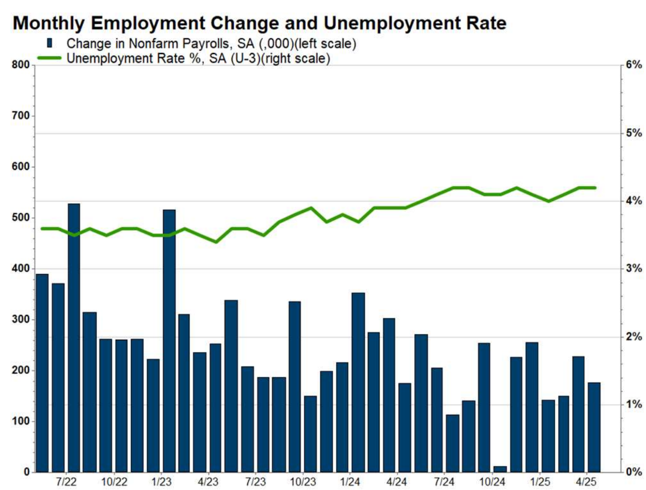
Releases for Friday, May 2, 2025

All times Eastern. Consensus estimates via Bloomberg

Time	Period	Release	Consensus Est.	Actual	Prior	Revised to
8:30 AM	APR	Change in Nonfarm Payrolls	+135k	**+177k**	+228k	+185k
8:30 AM		Two-Month Payroll Net Revision		**-58k**		
8:30 AM	APR	Change in Private Payrolls	+122K	**+167k**	+209k	+170k
8:30 AM	APR	Change in Manufacturing Payrolls	-5k	**-1k**	+1K	+3k
8:30 AM	APR	Unemployment Rate	4.2%	**4.12**	4.2%	
8:30 AM	APR	Average Hourly Earnings (MoM)	+0.3%	**+0.2%**	+0.3%	
8:30 AM	APR	Average Hourly Earnings (YoY)	+3.9%	**+3.8%**	+3.8%	
8:30 AM	APR	Average Work Week	34.2	**34.3**	34.2	34.3
8:30 AM	APR	Labor Force Participation	62.5%	**62.6%**	62.5%	
10:00 AM	MAR	Factory Orders	+4.5%		+0.6%	

Commentary:

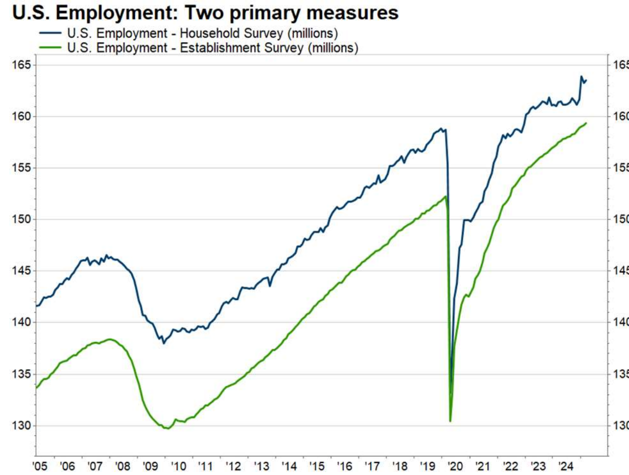
- **The U.S. economy generated 177,000 net new jobs last month.** The number was 42,000 above consensus estimates, but numbers for the prior two months were revised lower by a combined 58,000.
- The Unemployment Rate held steady at 4.2%
- Behind the headline numbers: Overall, job growth was well distributed. The Manufacturing sector, which shed 1,000 jobs, the retail sector (-2,000) and government (-9,000) were the only primary sectors to see total employment decline.
- Hiring in the Leisure and Hospitality sector was solidly positive (+24,000) in the month which comes as somewhat of a healthy surprise given the recent cautious comments from companies participating on the sector.
- On a 3-month moving average basis job growth was 155,000 while on a 6-month average basis the number was +193,000 in reflection of the strong gains seen in Q4-2024.
- Early market reaction to the report has been positive. Prior to the release, equity Index futures were looking for a gain of about 0.4%. Ten minutes after the release premarket indicators were looking for a +0.8% increase.



- **Average hourly earnings** were 3.8% above year-ago levels last month. This is generally in line with the metric's recent trends, and generally suggests little upward inflation pressure from wages.
- *The charts at right and below are sourced from FactSet and HAVE been updated to reflect today's release.*
- **How many jobs does the U.S. economy NEED to generate?** Each month, the Labor Department reports the number net new jobs created in the prior month. In evaluating the results, the numbers are compared to forecaster expectations and recent averages, and from there, the number is generally considered "good" or "bad." But rarely do you hear mention

of the results being compared to the number of jobs NEEDED each month to keep the unemployment rate steady. What is this number? About 150,000 (per the Labor Department).

- Essentially, this number comes down to the number of people coming of working age, times the labor force participation rate, minus the number of people who leave the labor force.
- The size of the U.S. labor force can change noticeably from month-to-month, largely due to statistical error. The number is derived from the Labor Department's Household Survey, which is considerably smaller than its Establishment Survey, which produces the headline change in nonfarm payroll employment. Being of a smaller statistical sample size, the Household Survey simply comes with a much larger degree of error. Notably, the Household survey is also the source of the unemployment rate. It also produces its own estimate of total employment, but this number, too, varies significantly each month due to the smaller sample size. As seen in the chart below, the Household Survey produces a higher employment number primarily due to its ability to capture more small business employment. *The chart at right is sourced from FactSet.*



Ameriprise Economic Projections

Forecast:	Full-year				Quarterly						
	Actual **2023**	Actual **2024**	Est. **2025**	Est. **2026**	Actual Q2-2024	Actual Q3-2024	Actual Q4-2024	Actual Q1-2025	Est. Q2-2025	Est. Q3-2025	Est. Q4-2025
Real GDP (annualized)	2.9%	2.8%	0.7%	1.8%	3.0%	2.8%	2.3%	-0.3%	0.8%	0.2%	1.5%
Unemployment Rate	3.7%	4.1%	4.5%	4.5%	4.1%	4.1%	4.1%	4.2%	4.4%	4.5%	4.5%
CPI (YoY)	3.4%	2.9%	3.7%	2.4%	3.0%	2.4%	2.9%	2.4%	3.6%	4.0%	3.7%
Core PCE (YoY)	2.9%	2.8%	3.4%	2.6%	2.6%	2.7%	2.8%	2.6%	3.5%	3.7%	3.8%

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.

Our projections currently assume an average import tariff rate of 20% over the projection period.

All estimates other than GDP are period ending. **Last Updated: April 30, 2025**

Please note: The economic outlook remains highly dynamic and heavily reliant on developments related to the Trump administration's tariff policies.

Ameriprise Global Asset Allocation Committee Targets and Views

Targets

2025 Year-end Targets:	**Favorable Scenario**	**Base-Case Scenario**	**Adverse Scenario**
S&P 500 Index:	6,000	5,600	4,800
10-Year U.S. Treasury Yield:	5.00%	4.00%	3.00%
Fed Funds Target Range:	3.75% to 4.00%	3.25% to 3.75%	2.75% to 3.00%

Estimates (Est.) via American Enterprise Investment Services Inc.

Please see latest *Quarterly Capital Market Digest* for more information. **Last Updated: April 30, 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: 5,600
2025 Year-End 10-year Treasury Target: 4.00%

as of 04/30/2025

	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	• Emerging Foreign
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. Investment Grade • Municipals	• U.S. Government • U.S. High Yield • Developed Foreign	• Emerging Foreign
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 March 31, 2025	Rolling Returns			
Major Market Indices	**Q1'25**	**1-year**	**3-years**	**5-years**
Russell 3000® Index (U.S. Equity)	-4.72%	7.22%	8.22%	18.18%
MSCI ACWI Ex USA Index – net (Foreign Equity)	5.23%	6.09%	4.48%	10.92%
Bloomberg U.S. Universal Bond Index (Fixed Income)	2.66%	5.24%	1.01%	0.32%
Wilshire Liquid Alternative Index (Alternatives)	0.76%	2.00%	2.43%	4.49%
FTSE Three-Month Treasury Bill Index (Cash)	1.10%	5.17%	4.42%	2.69%

Past performance is not a guarantee of future performance. Performance calculations use FactSet data and are as of Date.

The Ameriprise Investment Research Group

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Investment Research Leader

John C. Simmons, CFA
Vice President

Strategists

Chief Market Strategist
Anthony M. Saglimbene
Vice President

Thomas Crandall, CFA, CFP®, CMT, CAIA
Vice President – Asset allocation

Jun Zhu, CFA, CAIA
Sr. Analyst – Quantitative, Asset allocation

Sumit Chugh, CFA
Sr. Manager

Amit Tiwari, CFA
Sr. Associate I

Chief Economist
Russell T. Price, CFA
Vice President

Equity Research

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Sr. Director – Industrials and materials

Andrew R. Heaney, CFA
Director – Technology and Communication Services

Bishnu Dhar
Sr. Analyst - Quantitative strategies and international

Research Support

Jillian Willis
Sr Administrative Assistant

Kimberly K. Shores
Investment Research Coordinator

Jeff Carlson, CLU®, ChFC®, RICP®, CRPC™
Business Risk Manager

Manager Research

Michael V. Jastrow, CFA
Vice President

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Vice President

Peter W. LaFontaine
Sr Analyst

Gaurav Sawhney
Analyst II

Ryan Elvidge, CFA
Sr Analyst

Matthew Burandt
Analyst II

Parveen Vedi
Sr. Associate I

Harish Chauhan
Sr. Associate I

Ankit Srivastav
Lead Business Analyst

Pulkit Kumar
Associate I

Sameer Asif
Associate II

Equities
Benjamin L. Becker, CFA
Sr Director – International and global equity

Cynthia Tupy, CFA
Director – Value and equity income equity

Andrew S. Murphy, CFA
Analyst II – Core equity

Teneshia Butler
Analyst II – Growth equity

Kuldeep Rawat
Sr Associate I

Multi-Asset and Fixed income
Mark Phelps, CFA
Sr. Director – Multi-asset solutions

Josh Whitmore, CFA
Director – Fixed Income

Lukas Leijon
Sr Associate II – Fixed Income

Diptendu Lahiri
Sr Associate I – Fixed Income

Fixed Income Research

Brian M. Erickson, CFA
Vice President

Jon Kyle Cartwright
Sr Director – High yield and investment grade credit

Stephen Tufo
Director – High yield and investment grade credit

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As of March 31, 2025

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