Before the Bell

An Ameriprise Investment Research Group Publication

May 9, 2025

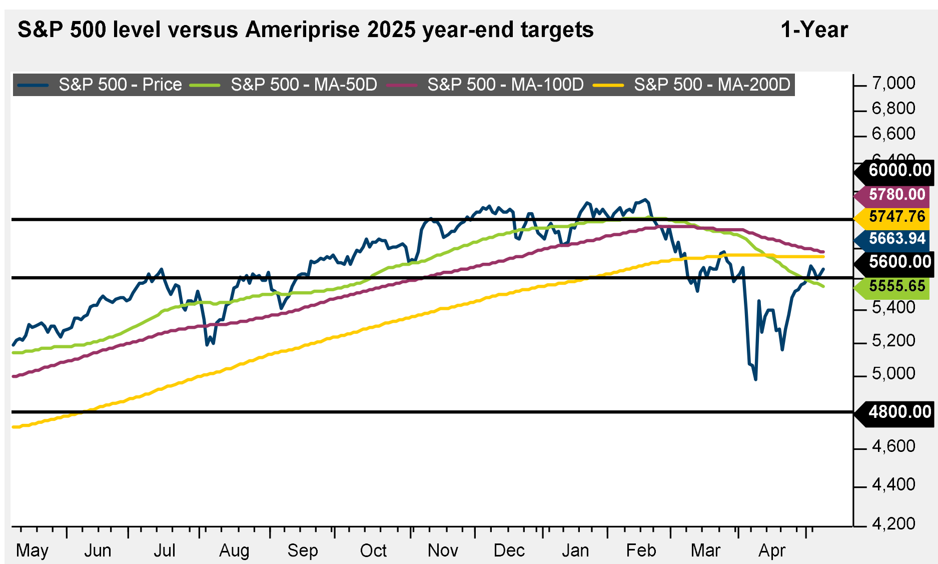
Starting the Day

- U.S. equity markets are pointing to a higher open.
- European markets are trading mostly higher at midday.
- Asian markets ended mixed.
- Stocks continue their upward momentum.
- The U.S. and China are scheduled to meet in Switzerland.
- 10-year Treasury yield at 4.38%.
- West Texas Intermediate (WTI) oil is trading at $61.25.
- Gold is trading at $3,333.70

Market Perspectives

Anthony Saglimbene, Chief Market Strategist

Can stocks post their third straight week of gains? As the *FactSet* chart below shows, the S&P 500 Index bottomed on April 8th amid a sea of uncertainty and fear that President Trump's announcement on April 2nd, highlighting he was forging ahead with aggressive tariff rates on key U.S. trading partners, would quickly stall the global economy and possibly cause a recession. By April 8th, the S&P 500 Index was down roughly 19% from its February high and off by over 10% in April. And while recession risks remain elevated and tariff uncertainty is still high, since April 9th, the White House has made a series of adjustments, carveouts for key products/goods/raw materials, and trade deals that keep the most aggressive/damaging tariff rates previously announced (outside of China) at bay. Since the April 8th lows, the S&P 500 Index is higher by +13.7% — the strongest one-month rally since April 2020 and coming off the COVID-19 lows. As *Bespoke Investment Group* recently noted, it's rare for the S&P 500 to rally +10% or more in a month. What's even less common is for the Index to do it so closely after losing 10% or more. Notably, in periods where the S&P 500 has gained and lost +10% or more in such a close proximity, returns tend to match the average over the next six months and tend to be above average over the next year.



Stocks moved higher on Thursday. Helping add to yesterday's gains was news that the U.S. and United Kingdom announced it had agreed to a framework deal that cuts tariffs on some goods like autos, beef and steel/aluminum, opens up access to UK markets for the U.S., and maintains a 10% universal rate for UK imports entering the U.S. on products not carved out in the agreement. Notably, both sides agreed to the terms on a 12-month temporary basis and said a more comprehensive trade deal will be made in the coming months. Bottom line: Stocks reacted positively to the U.S./U.K. deal as it may provide a

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blueprint of sorts for how the U.S. and other countries interact in striking bilateral trade agreements moving forward (again, sans China).

Other factors driving markets this week include a Federal Reserve that still believes risks to growth and inflation are balanced and confident the economy is strong enough to handle the Fed's patient policy approach. In addition, first quarter S&P 500 earnings per share (EPS) are higher by +13.6% y/y, much stronger than the +7.2% analysts penciled in at the end of March. While there are several negative macro factors still driving weak sentiment (e.g., higher inflation expectations, reduced job confidence, geopolitical tensions, etc.), oversold conditions in the U.S. during early April propelled some to buy the dip and take a "glass-half-full" approach. A possible de-escalation in U.S./China trade tensions as both countries meet in Switzerland over the weekend has also helped stock sentiment this week.

However, our two cents, we see risks and opportunities in the market largely balanced at the moment and expect more periods of volatility ahead, especially if hard economic data (e.g., employment) softens or trade negotiations/conditions worsen, particularly if U.S./China tariffs don't come down soon. Yet, this week, a patient Fed (though ready to support labor markets if necessary), some solid earnings reports, and a little positive movement on trade have helped major averages push higher, and possibly by the end of trading today, into their third consecutive week of gains.

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.** Heading into the final day of trading this week, the S&P 500 is down 0.4% WTD, while the NASDAQ Composite is down 0.3%. On the week, Industrials are outperforming, while Health Care, Energy, and Communication Services have seen pressure.
- **Earnings Update:** With roughly 90% of S&P 500 first quarter reports complete, blended earnings per share (EPS) growth is higher by +13.6% year-over-year on revenue growth of +4.8%.

Europe:

As expected, the Bank of England cut its policy rate by 25 basis points to 4.25% on Thursday. Following yesterday's BOE meeting, the probability for two more 25 basis point rate cuts this year fell markedly. BOE Governor Andrew Bailey said further rate cuts are not a done deal and that a "gradual and careful" approach to policy is needed, given current inflation, growth, and trade dynamics.

Asia-Pacific:

U.S. Treasury Secretary Scott Bessent and U.S. Trade Representative Jamieson Greer are headed to Switzerland this weekend to discuss trade relations with their Chinese counterparts. U.S. markets have moved higher in the back half of this week on the potential that the U.S. and China will soon de-escalate their trade embargo with one another. On Thursday, President Trump said the 145% tariff rate on China would be coming down, predicting concessions from Beijing would help bring about a substantive outcome. Previously, Bessent had tempered expectations for this weekend's meeting with China. Some reports suggest the White House is considering cutting tariffs on Chinese imports to between 50% and 54% and reducing tariffs for other Asian nations, depending on how discussions go over the weekend.

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WORLD CAPITAL MARKETS

5/9/2025 As of: 8:30 AM ET

Americas	% chg.	% YTD	Value
S&P 500	0.6%	-3.3%	5,663.9
Dow Jones	0.6%	-2.2%	41,368.5
NASDAQ Composite	1.1%	-7.0%	17,928.1
Russell 2000	1.8%	-8.7%	2,026.4
Brazil Bovespa	2.1%	13.3%	136,232
S&P/TSX Comp. (Canada)	0.4%	3.1%	25,254.1
Russell 3000	0.7%	-3.5%	3,225.0

Europe (Intra-day)	% chg.	%YTD	Value
DJSTOXX 50 (Europe)	0.4%	10.4%	5,308.2
FTSE 100 (U.K.)	0.3%	6.3%	8,560.1
DAX Index (Germany)	0.5%	17.9%	23,472.1
CAC 40 (France)	0.6%	6.3%	7,740.2
FTSE MIB (Italy)	0.7%	14.8%	39,261.7
IBEX 35 (Spain)	0.3%	19.0%	13,533.9
MOEX Index (Russia)	#VALUE!	#VALUE!	#N/A N/A

Asia/Pacific (Last Night)	% chg.	%YTD	Value
Nikkei 225 (Japan)	1.6%	-5.1%	37,503.3
Hang Seng (Hong Kong)	0.4%	15.3%	22,867.7
Korea Kospi 100	-0.1%	8.7%	2,577.3
Singapore STI	0.7%	4.4%	3,876.2
Shanghai Comp. (China)	-0.3%	-0.3%	3,342.0
Bombay Sensex (India)	-1.1%	1.9%	79,454.5
S&P/ASX 200 (Australia)	0.5%	2.6%	8,231.2

Global	% chg.	% YTD	Value
MSCI All-Country World Idx	0.2%	1.3%	845.9

Developed International	% chg.	%YTD	Value
MSCI EAFE	-0.6%	13.0%	2,515.9

Emerging International	% chg.	%YTD	Value
MSCI Emerging Mkts	-0.3%	6.4%	1,133.6

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	0.6%	-3.6%	328.2
Consumer Discretionary	1.4%	-12.0%	1,607.4
Consumer Staples	-0.5%	5.9%	896.7
Energy	1.3%	-3.7%	624.4
Financials	0.7%	3.5%	828.3
Health Care	-0.9%	-2.1%	1,562.2
Industrials	1.3%	3.5%	1,150.3
Materials	1.2%	1.1%	532.6
Real Estate	-0.5%	2.4%	259.3
Technology	0.8%	-8.0%	4,233.9
Utilities	-0.9%	6.6%	406.5

Equity Income Indices	% chg.	% YTD	Value
JPM Alerian MLP Index	0.0%	-0.6%	292.6
FTSE NAREIT Comp. TR	-0.5%	0.7%	25,276.9
DJ US Select Dividend	0.4%	-0.2%	3,493.0
DJ Global Select Dividend	0.2%	15.2%	252.2
S&P Div. Aristocrats	0.6%	-0.4%	4,557.7

Bond Indices	% chg.	% YTD	Value
Barclays US Agg. Bond	-0.5%	2.1%	2,235.5
Barclays HY Bond	0.1%	1.5%	2,723.5

Commodities Futures & Spot (Intra-day)	% chg.	% YTD	Value
CRB Raw Industrials	-0.4%	3.9%	562.5
NYMEX WTI Crude (p/bbl.)	1.8%	-14.9%	61.0
ICE Brent Crude (p/bbl.)	1.7%	-14.4%	63.9
NYMEX Nat Gas (mmBtu)	1.6%	0.5%	3.7
Spot Gold (troy oz.)	0.8%	26.9%	3,331.2
Spot Silver (troy oz.)	0.2%	12.6%	32.5
LME Copper (per ton)	0.4%	9.5%	9,477.3
LME Aluminum (per ton)	2.2%	-4.8%	2,406.6
CBOT Corn (cents p/bushel)	1.3%	-3.3%	453.5
CBOT Wheat (cents p/bushel)	0.9%	-6.3%	533.8

Foreign Exchange (Intra-day)	% chg.	% YTD	Value
Euro (€/$)	0.2%	8.6%	1.12
British Pound (£/$)	0.2%	6.0%	1.33
Japanese Yen ($/¥)	0.5%	8.3%	145.17
Australian Dollar (A$/$)	0.0%	3.4%	0.64
Canadian Dollar ($/C$)	0.0%	3.3%	1.39
Swiss Franc ($/CHF)	0.1%	9.2%	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
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
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%

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 9, 2025 **All times Eastern. Consensus estimates via Bloomberg**

None Scheduled

Commentary:

- **Higher tax returns give consumers a welcome bump.** Tax returns were modestly higher this year, thus giving consumers a little more spending fuel. According to the IRS, based on data through April 25th, the total dollar value of refunds issued this tax season was $265.7 billion, a 2.0% increase over last year. However, 1.3% fewer people received a refund this year, lifting the average refund to $2,945, providing a +3.2% year-over-year gain.
- Some interesting notes from the filing season: a) 53.4% of individual tax filings were received from tax professionals, while 46.6% were self-prepared. And, b) middle and lower income filers saw their refunds grow at a modestly stronger pace relative to year-ago levels, according to the Bank of America Institute (BAI)(see chart at left below).
- So, what do refund recipients intend to do with the extra cash? Well, let's just say their *intentions* are good. According to the BAI, the majority of refund recipients say they intend to use the cash to pay down debt or save it. Less than 5% of recipients were honest (just kidding) in saying they intend to simply go shopping. What's interesting about consumers' refund intentions this year, however, is the higher percentage of recipients intending to save or pay down debt. Both numbers were higher this year, while the percentage planning to simply spend it declined materially. *The charts below are sourced from the Bank of America Institute.*

Exhibit 9: Lower- and middle-income households saw larger gains in their tax refunds than their higher-income counterparts
Average tax refund per household through April 30, 2025 (refunds include both federal and state refunds, %YoY)

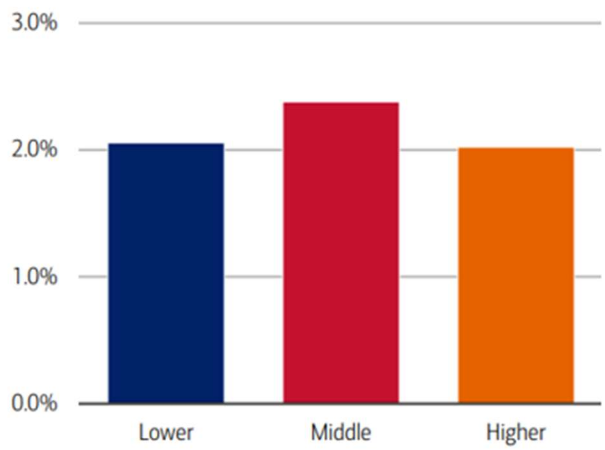
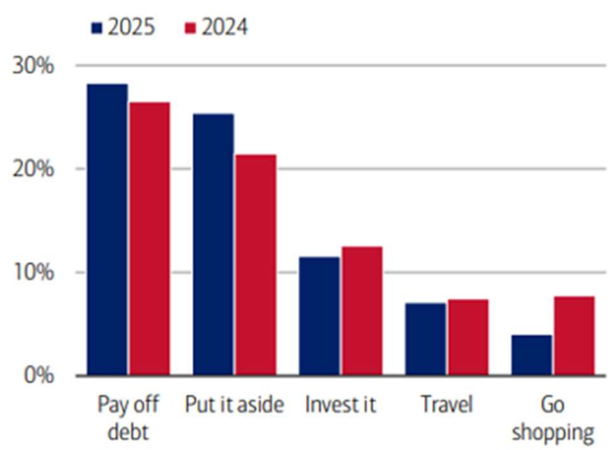


Exhibit 10: Over half of survey respondents plan to pay off debt or boost savings with their tax refunds this year
Survey results: How do you plan to spend your tax refund this year? (yearly, %)



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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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As of March 31, 2025

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Alternative investments involve substantial risks and are more volatile than traditional investments, making them more suitable for investors with an above-average tolerance for risk.

Corporate Bonds are debt instruments issued by a private corporation. Non-Investment grade securities, commonly known as "high-yield" or "junk" bonds, are historically subject to greater risk of default, including the loss of principal and interest, than higher-rated bonds, which may result in greater price volatility than experienced with a higher-rated issue.

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.

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International investing involves certain risks and volatility due to potential political, economic currency instabilities and different financial and accounting standards. Risks are enhanced for **emerging market** issuers.

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.

Market Risk: Model portfolios and markets in general could sustain significant volatility due to several factors. As we have seen recently, both economic and geopolitical issues could have a material impact on this model portfolio and the equity market as a whole.

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.

Non-investment-grade (high-yield or junk) securities present greater price volatility and more risk to principal and income than higher rated securities.

Quantitative Strategy Risk: Stock selection and portfolio maintenance strategies based on quantitative analytics carry a unique set of risks. Quantitative strategies rely on comprehensive, accurate and thorough historical data. The Ameriprise Investment Research Group utilizes current and historical data provided by third-party data vendors. Material errors in database construction and maintenance could have an adverse effect on quantitative research and the resulting stock selection strategies.

Sector Risk: The Ameriprise Global Asset Allocation Committee and managers of this model portfolio can elect to overweight or underweight (or completely avoid) certain economic sectors. This could lead to substantial underperformance versus a more diversified or balanced weighting.

Security Recommendation Risk: The research team may not be successful in selecting securities that collectively perform better than the benchmark. When viewing return comparisons investors should keep in mind the following information. Our model portfolio generally maintains less than 50 securities, whereas benchmark indices contain several times that amount. The benchmark index is market capitalization weighted, providing greater weight to the larger company movements, whereas our model portfolio is designed to be equally dollar weighted. Furthermore, the model portfolio may deviate significantly, at times, from the sector allocation of the benchmark due to our interpretation of economic conditions and market factors as well as our security selection process.

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.

Investments in **small- and mid-capitalization companies** involve greater risks and volatility than investments in larger, more established companies.

The products of **technology companies** may be subject to severe competition and rapid obsolescence, and their stocks may be subject to greater price fluctuations.

Value securities may be unprofitable if the market fails to recognize their intrinsic worth or the portfolio manager misgauged that worth.

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Definitions of terms mentioned in this report are available on our website at ameriprise.com/legal/disclosures/ in the Additional Ameriprise research disclosures section, or through your Ameriprise financial advisor

Index definitions

An index is a statistical composite that is not managed. It is not possible to invest directly in an index. Definitions of individual indices mentioned in this report are available on our website at ameriprise.com/legal/disclosures/ in the Additional Ameriprise research disclosures section, or through your Ameriprise financial advisor

Disclaimer section

Except for the historical information contained herein, certain matters in this report are forward-looking statements or projections that are dependent upon certain risks and uncertainties, including but not limited to, such factors and considerations as general market volatility, global economic and geopolitical impacts, fiscal and monetary policy, liquidity, the level of interest rates, historical sector performance relationships as they relate to the business and economic cycle, consumer preferences, foreign currency exchange rates, litigation risk, competitive positioning, the ability to successfully integrate acquisitions, the ability to develop and commercialize new products and services, legislative risks, the pricing environment for products and services, and compliance with various local, state, and federal health care laws. See latest third-party research reports and updates for risks pertaining to a particular security.

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