Before the Bell

An Ameriprise Investment Research Group Publication

May 22, 2025

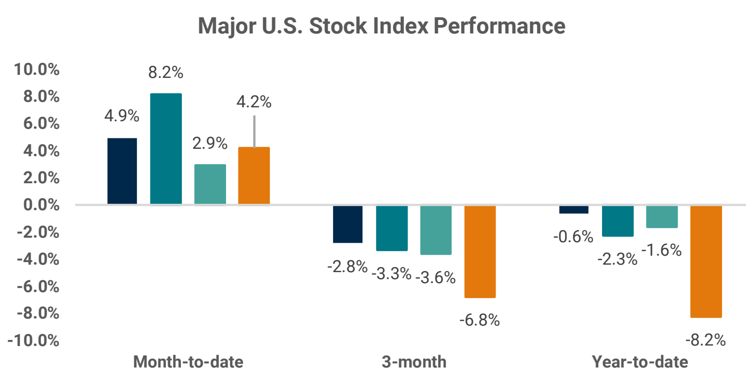
Starting the Day

- U.S. equity markets are pointing to a slightly higher open.
- European markets are trading lower at midday.
- Asian markets ended lower.
- Stocks turn lower on Wednesday.
- The House passes a reconciliation bill.
- 10-year Treasury yield at 4.60%.
- West Texas Intermediate (WTI) oil is trading at $60.33.
- Gold is trading at $3,290.10

Market Perspectives

Anthony Saglimbene, Chief Market Strategist

Stocks take a needed breather. Stocks finished lower yesterday after a few impressive runs of successive days of gains over the last few weeks. The S&P 500 Index fell 1.6% on Wednesday, and the NASDAQ Composite dropped 1.4%. On Monday, the S&P 500 Index stretched above 5950 — its highest level since the end of February. At least earlier in the week, the Index looked set to close in on the psychologically significant 6,000 level, which, if breached, would have placed the February high of 6,147 squarely on traders' radar. Though yesterday's S&P 500 decline in itself doesn't take a near-term run to new highs off the table, weeks of aggressive gains following April's steep declines may be starting to finally take a toll on traders' willingness to keep bidding stocks higher. Recent earnings reports from Walmart, Home Depot, and Target haven't exactly impressed investors either, with Target reporting disappointing results on Wednesday, cutting full-year guidance, and pointing to tariff headwinds as a reason for some of the company's uncertainty.



Sources: FactSet, American Enterprise Investment Services Inc. Data as of 5/21/2025

Also, economic releases this week have been pretty light, the Q1 earnings season is mostly in the rearview mirror (sans NVIDIA's release next week), and progress on trade developments has been lacking as of late. In addition, a House reconciliation bill was passed today, which included several last-minute changes. Following Moody's downgrade of the creditworthiness of the U.S., the GOP's proposed bill and its impacts on longer-term debt/deficits are now front and center with investors. Notably, the Congressional Budget Office (CBO) said the House's plan (before last night's changes) would increase the deficit by $2.3 trillion over ten years. The Joint Committee on Taxation projects the bill will add $3.8 trillion to the deficit over the same period. Bottom line: The bill that passed in the House today still needs to move through the Senate, so changes to its final draft are very likely. However, based on what is being proposed in Congress, investors should expect the fiscal situation of the U.S. to likely worsen over time based on the cost of maintaining the current tax policy, accounting for the additional measures included (e.g., SALT adjustments) and without making more significant cuts to spending. Notably, government bond yields have moved

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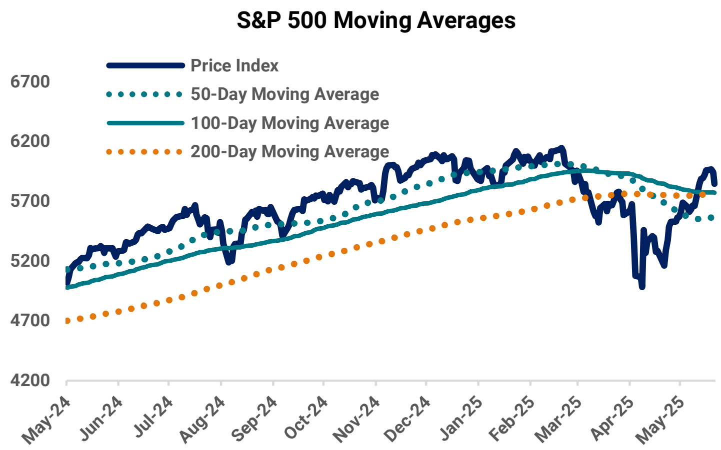
higher in response to what has passed in the House/Moody's downgrade, which has contributed to somewhat dampening stock momentum this week. Lastly, less than encouraging geopolitical headlines, including a potential Israeli strike against Iran's nuclear facilities, are also stalling risk appetite on the margins.



Sources: FactSet, American Enterprise Investment Services Inc. Data as of 5/21/2025

All that said, major U.S. stock indexes remain on track for strong gains in May. In fact, the S&P 500 is on pace for its strongest May return in several years. And if the S&P 500 can hold on to its gains through next week, it will be the first positive monthly close for the broad-based index on a price-only basis since January. After a roller coaster ride in April and May, stocks could use a chance to catch their breath before a new batch of economic data pops up in June, and the next round of earnings releases begins in July. And did we mention the 90-day reciprocal tariff reprieve ends in early July? Bottom line: A little consolidation around current levels for a period wouldn't necessarily be a bad development in our book, and if that's what the next few weeks or so bring to investors. Even storms offer a few breaks in the action.

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 lower open.** Headlines are generally quiet this morning. The House of Representatives passed President Trump's 'big, beautiful bill" in time to meet Speaker Johnson's commitment to have a bill passed by Memorial Day. The bill, which will extend the 2017 tax cuts and include other spending priorities, will now head to the Senate. While the exact language of the passed legislation isn't exactly clear yet, concessions included raising the SALT deduction cap, moving up the start of Medicaid work requirements, and accelerating the rollback of IRA tax credits, according to *FactSet.*
- **Earnings Update:** With roughly 94% of S&P 500 first quarter reports complete, blended earnings per share (EPS) growth is higher by +13.8% year-over-year on revenue growth of +4.8%.

Europe:

European stocks are trading lower at midday, with the STOXX 600 giving back all of their gains this week. May manufacturing and services activity disappointed, with the composite figure unexpectedly contracting. Services activity hit its lowest level since January and business confidence among services firms across the Eurozone fell to near three-year lows.

Asia-Pacific:

Stocks across the region fell overnight. A preliminary look at May manufacturing activity in Japan rose slightly from April levels but remained in contraction. Services activity, however, fell versus April levels. And while services activity remains in expansion, it fell more than expected as new business dropped to an 11-month low

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WORLD CAPITAL MARKETS

5/22/2025 As of: 8:30 AM ET

Americas	% chg.	% YTD	Value
S&P 500	-1.6%	-0.1%	5,844.6
Dow Jones	-1.9%	-1.0%	41,860.4
NASDAQ Composite	-1.4%	-2.0%	18,872.6
Russell 2000	-2.8%	-7.8%	2,046.6
Brazil Bovespa	-1.6%	14.6%	137,881
S&P/TSX Comp. (Canada)	-0.8%	5.6%	25,839.2
Russell 3000	-1.7%	-0.5%	3,321.5

Europe (Intra-day)	% chg.	%YTD	Value
DJSTOXX 50 (Europe)	-1.0%	12.9%	5,397.8
FTSE 100 (U.K.)	-0.8%	8.6%	8,717.5
DAX Index (Germany)	-0.9%	20.1%	23,910.6
CAC 40 (France)	-1.0%	8.6%	7,830.1
FTSE MIB (Italy)	-1.0%	17.5%	40,164.4
IBEX 35 (Spain)	-1.0%	24.6%	14,167.9
MOEX Index (Russia)	#VALUE!	#VALUE!	#N/A N/A

Asia/Pacific (Last Night)	% chg.	%YTD	Value
Nikkei 225 (Japan)	-0.8%	-6.4%	36,985.9
Hang Seng (Hong Kong)	-1.2%	19.0%	23,544.3
Korea Kospi 100	-1.2%	9.4%	2,593.7
Singapore STI	-0.1%	4.9%	3,880.1
Shanghai Comp. (China)	-0.2%	0.8%	3,380.2
Bombay Sensex (India)	-0.8%	3.9%	80,952.0
S&P/ASX 200 (Australia)	-0.5%	4.4%	8,348.7

Global	% chg.	% YTD	Value
MSCI All-Country World Idx	-0.9%	4.8%	874.0

Developed International	% chg.	%YTD	Value
MSCI EAFE	0.5%	17.3%	2,602.7

Emerging International	% chg.	%YTD	Value
MSCI Emerging Mkts	0.6%	10.4%	1,174.6

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	0.7%	2.1%	347.7
Consumer Discretionary	-1.9%	-7.2%	1,694.7
Consumer Staples	-0.9%	6.6%	902.2
Energy	-1.8%	-3.3%	623.0
Financials	-2.1%	4.5%	835.4
Health Care	-2.4%	-3.9%	1,531.0
Industrials	-1.7%	7.6%	1,194.9
Materials	-1.2%	2.8%	541.3
Real Estate	-2.6%	0.9%	255.6
Technology	-1.8%	-2.7%	4,474.2
Utilities	-1.9%	8.1%	411.1

Equity Income Indices	% chg.	% YTD	Value
JPM Alerian MLP Index	-1.8%	1.5%	299.0
FTSE NAREIT Comp. TR	-2.5%	-0.4%	24,998.4
DJ US Select Dividend	-2.3%	0.4%	3,515.1
DJ Global Select Dividend	-0.8%	17.7%	256.2
S&P Div. Aristocrats	-1.9%	0.8%	4,611.1

Bond Indices	% chg.	% YTD	Value
Barclays US Agg. Bond	-0.6%	1.2%	2,215.9
Barclays HY Bond	-0.3%	2.1%	2,739.7

Commodities Futures & Spot (Intra-day)	% chg.	% YTD	Value
CRB Raw Industrials	0.0%	3.9%	562.4
NYMEX WTI Crude (p/bbl.)	-1.7%	-15.6%	60.5
ICE Brent Crude (p/bbl.)	-1.7%	-14.5%	63.8
NYMEX Nat Gas (mmBtu)	-1.3%	-8.5%	3.3
Spot Gold (troy oz.)	-0.5%	25.7%	3,299.2
Spot Silver (troy oz.)	-1.9%	13.3%	32.7
LME Copper (per ton)	0.3%	10.3%	9,547.5
LME Aluminum (per ton)	-0.2%	-2.4%	2,465.4
CBOT Corn (cents p/bushel)	-0.7%	-2.3%	458.0
CBOT Wheat (cents p/bushel)	-1.2%	-4.7%	542.5

Foreign Exchange (Intra-day)	% chg.	% YTD	Value
Euro (€/$)	-0.2%	9.2%	1.13
British Pound (£/$)	0.0%	7.2%	1.34
Japanese Yen ($/¥)	0.1%	9.5%	143.57
Australian Dollar (A$/$)	-0.2%	3.8%	0.64
Canadian Dollar ($/C$)	-0.1%	3.7%	1.39
Swiss Franc ($/CHF)	-0.1%	9.8%	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:

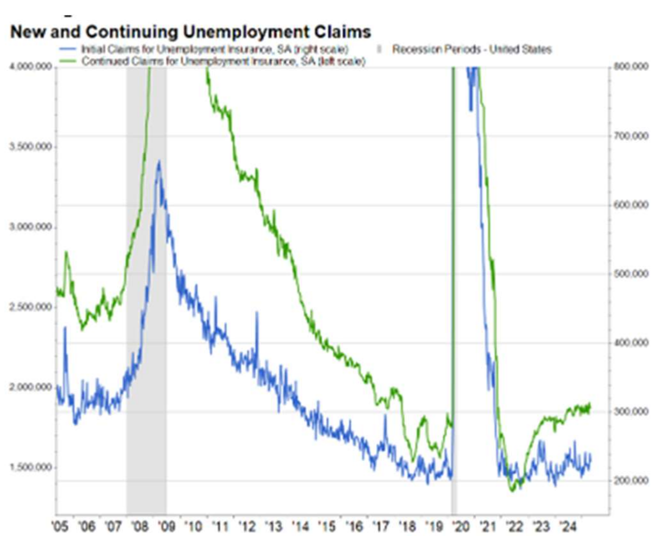
Russell T. Price, CFA – Chief Economist

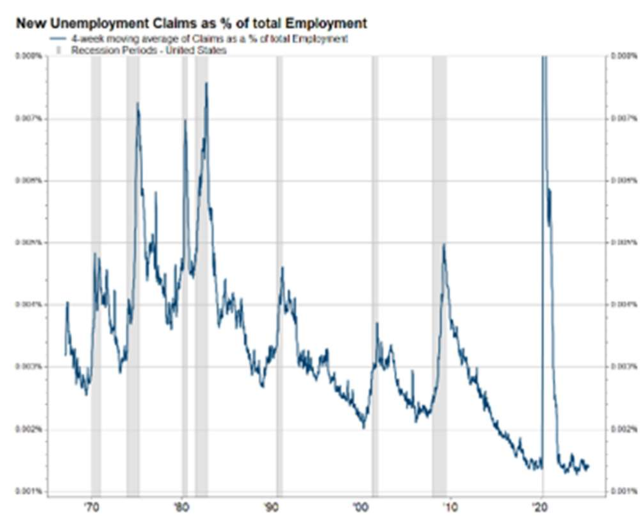
Releases for Thursday, May 22, 2025 **All times Eastern. Consensus estimates via Bloomberg**

Time	Period	Release	Consensus Est.	**Actual**	Prior	Revised to
8:30 AM	May 17	Initial Jobless Claims	230k	**227k**	229k	
8:30 AM	May 10	Continuing Claims	1882k	**1903k**	1881k	1867k
10:00 AM	APR	Existing Home Sales (annualized)	4.10m		4.02m	
10:00 AM	APR	Existing Home Sales (MoM)	+2.0%		-5.9%	

Commentary:

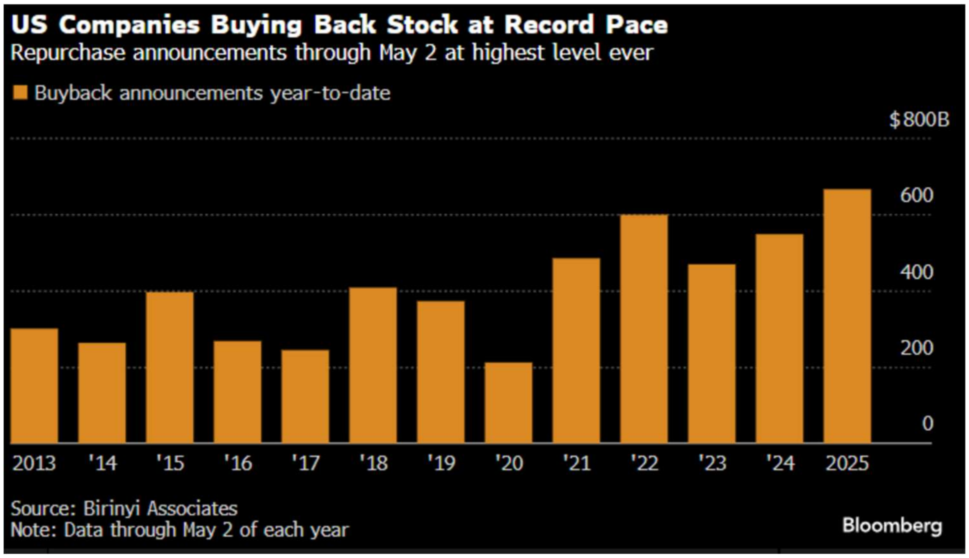
- **Jobless claims remain low.** Despite recent economic turbulence, as fueled by significant changes in the present and pending U.S. tariff picture, the number of weekly unemployment claims being filed remains muted (see comments below). Continuing claims, meanwhile, showed a modest gain in reflection of what we see as a more cautious hiring backdrop.
- **Layoffs less prevalent under today's demographics.** Over the last few months, consumer confidence has plunged, and business uncertainty has risen to elevated levels. Despite that backdrop, companies are being much more cautious in their new hiring (as evidenced by the number of Job Openings across the U.S., as reported by the Labor Department's Job Opening and Labor Turnover report), but they are still hanging on fairly tightly to the employees they currently have. Historically, companies were fairly quick to trim workers amid the first signs of economic uncertainty. During the pandemic, however, many businesses got their first glimpse of the tighter labor market reality that's being driven by demographics. Growth in the U.S. labor force has been slowing for years; a trend we expect to continue. This should have the consequence of fewer prospective employees being available, but to the benefit of workers, it should result in lower long-term unemployment rate averages.
- *The charts shown below are sourced from FactSet and have NOT been updated to reflect today's release.*





- **Corporate buyback plans running at record levels.** According to Birinyi Associates, via Bloomberg, U.S. companies announced stock buyback plans amounting to $233.8 billion in the month of April. It was the second highest value for any given month ever recorded (from data going back to 1984). Last month's announcements were only bettered by the $242.8 billion in buybacks announced in April 2022.
- Investors typically love share buybacks as it usually lowers the number of shares outstanding which makes the remaining shares that much more valuable (net of the number of shares allocated to employee compensation plans).
- *Continued on next page…*

- Additionally, corporate buybacks are typically viewed as management's endorsement of company prospects. Currently, however, this aspect seems to be at odds with the background situation as related to the heightened economic uncertainty associated with tariffs. Still, we believe large U.S. based companies (as defined by the S&P 500) currently have strong balance sheets in aggregate, thus supporting buyback initiatives. The chart at right shows the value of buyback announcements year-to-date through May 2nd and is sourced from Bloomberg.



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%	1.2%	1.8%	3.0%	2.8%	2.3%	-0.3%	1.5%	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: May 20, 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**

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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Risk Factors

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.

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.

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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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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