Before the Bell

An Ameriprise Investment Research Group Publication

May 23, 2025

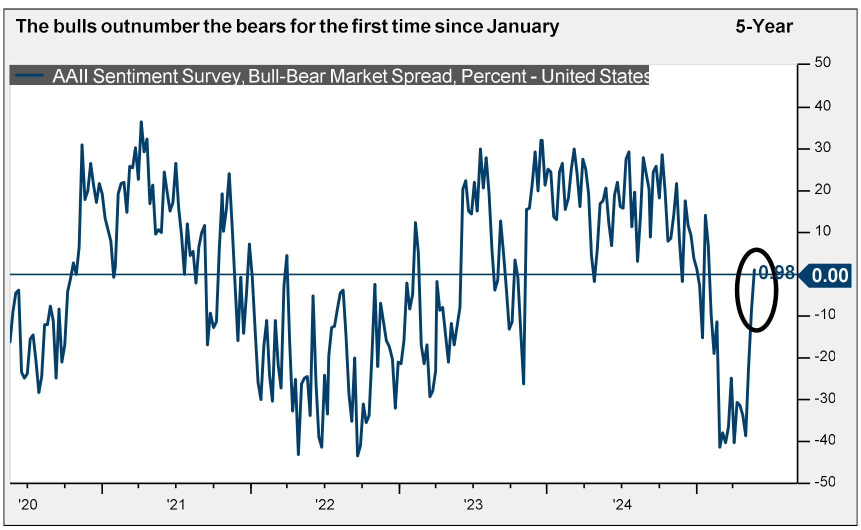
Starting the Day

- U.S. equity markets are pointing to a lower open.
- European markets are trading lower at midday.
- Asian markets ended mixed.
- The bulls finally outnumber the bears.
- Stocks are on pace for a weekly loss.
- 10-year Treasury yield at 4.49%.
- West Texas Intermediate (WTI) oil is trading at $61.24.
- Gold is trading at $3,328.10

Market Perspectives

Anthony Saglimbene, Chief Market Strategist

Checking in on investor sentiment — again. In last Friday's *Before the Bell*, we provided a quick update on investor sentiment trends. Thus, we don't normally turn around a week later and tackle the same topic in our headline commentary as we're doing this morning. However, this week's American Association of Individual Investors Survey update provided an interesting shift in retail sentiment we thought was worth highlighting. As the *FactSet* chart below shows, the percentage of retail investors optimistic about stock returns over the next six months just slightly surpassed the percentage of investors that are pessimistic about stock returns over the next six months. This is the first time the bulls have outnumbered the bears in the survey since late January. AAII bulls stood at 37.7% for the week ending May 21st, up from 35.9% the previous week. Conversely, the bears in the survey dropped to 36.7% in the most recent update, down from 44.4% the previous week and materially down from 62.7% in early April and around President Trump's reciprocal tariff announcement. After the S&P 500 Index has rebounded nearly +20.0% from its April lows, it's not surprising to see sentiment turn so quickly from being overly bearish to more neutral. Moving forward, some might argue that the tailwind of improving sentiment, which has played some role in helping stocks recover over recent weeks, may start to fade soon as market conditions further normalize around current levels. Particularly after extremely oversold stock conditions have closed, equity valuations across several pockets are no longer cheap, and fundamental catalysts that could help drive individual stocks higher (such as the Q2 earnings season) are more than a month out. Although sentiment data like this is often seen by most as a contrarian signal, retail investors finally turning marginally bullish after a prolonged period of being overly bearish isn't really a great reason to turn negative on stocks, in our view. That said, at current levels in the major U.S. stock indexes, further upside catalysts will likely be needed to push equities higher from here, even if retail investor sentiment continues to improve.



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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.** With the 30-year U.S. Treasury yield topping 5.1% this week and the 10-year yield breaching 4.6% at one point, stock momentum has recently struggled. Week-to-date, the S&P 500 Index is down nearly 2.0%, while the NASDAQ Composite is off 1.5%. Moody's downgrade of the creditworthiness of the U.S., combined with House Republicans passing a spending bill that will likely add over $3.0 trillion to our national debt over ten years, has weighed on traders' willingness to push stocks higher this week. Economic data has been light over recent days. However, preliminary looks at May manufacturing and services activity yesterday highlighted a U.S. economy that continues to expand and is holding up well in the face of increased tariffs. Looking ahead and following the Monday Memorial Day break, investors next week will focus on housing data, May consumer confidence, FOMC minutes, and a second look at Q1 GDP. Yet, the highlight of the week will be NVIDIA's earnings report on Wednesday. Though the AI chip leader is expected to post solid results for the previous quarter, its outlook will be the key focus for investors. We expect NVIDIA CEO Jenson Huang to provide a pretty rosy view of AI trends moving forward and the company's ability to meet growing AI demand across its suite of solutions on Wednesday. How much better or worse that view is versus already pretty loft investor expectations will likely be the catalyst that moves NVIDIA's stock and the broader tech space around post earnings report.
- **Earnings Update:** With roughly 96% of S&P 500 first quarter reports complete, blended earnings per share (EPS) growth is higher by +12.9% year-over-year on revenue growth of +4.9%.

Europe:

UK retail sales surprised to the upside in April, coming in much stronger than expected and well above March levels. UK retail sales have been positive for four straight months and demonstrate consumer resiliency in the face of rising household costs and global trade frictions. A second look at German Q1 GDP showed the economy grew by +0.4% q/q, twice the rate of the initial estimate. The jump in growth last quarter reflects stronger-than-anticipated consumer spending and business investment as companies rushed to capitalize on trade opportunities before U.S. tariffs were imposed.

Asia-Pacific:

Japan government bond yields moved lower after recent volatility this week, including the 20-year yield jumping to a record high. Notably, Japan's core inflation rose more than expected in April, coming in at the highest level since January 2023. However, ex-fresh food and energy inflation was +3.0% y/y, matching estimates and coming down from +2.9% in March, which was the highest level since February 2024.

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WORLD CAPITAL MARKETS

5/23/2025 As of: 8:30 AM ET

Americas	% chg.	% YTD	Value
S&P 500	0.0%	-0.2%	5,842.0
Dow Jones	0.0%	-1.0%	41,859.1
NASDAQ Composite	0.3%	-1.7%	18,925.7
Russell 2000	0.0%	-7.8%	2,045.6
Brazil Bovespa	-0.4%	14.1%	137,273
S&P/TSX Comp. (Canada)	0.1%	5.7%	25,854.0
Russell 3000	0.0%	-0.6%	3,320.9

Europe (Intra-day)	% chg.	%YTD	Value
DJSTOXX 50 (Europe)	-2.5%	10.7%	5,290.1
FTSE 100 (U.K.)	-1.2%	7.6%	8,637.1
DAX Index (Germany)	-2.1%	18.0%	23,498.6
CAC 40 (France)	-2.5%	6.3%	7,671.0
FTSE MIB (Italy)	-2.8%	14.5%	39,138.4
IBEX 35 (Spain)	-2.4%	22.5%	13,925.9
MOEX Index (Russia)	#VALUE!	#VALUE!	#N/A N/A

Asia/Pacific (Last Night)	% chg.	%YTD	Value
Nikkei 225 (Japan)	0.5%	-6.0%	37,160.5
Hang Seng (Hong Kong)	0.2%	19.3%	23,601.3
Korea Kospi 100	-0.1%	9.3%	2,592.1
Singapore STI	0.1%	5.0%	3,882.4
Shanghai Comp. (China)	-0.9%	-0.1%	3,348.4
Bombay Sensex (India)	1.0%	4.9%	81,721.1
S&P/ASX 200 (Australia)	0.1%	4.5%	8,360.9

Global	% chg.	% YTD	Value
MSCI All-Country World Idx	-0.3%	4.5%	871.0

Developed International	% chg.	%YTD	Value
MSCI EAFE	-1.1%	16.1%	2,575.2

Emerging International	% chg.	%YTD	Value
MSCI Emerging Mkts	-0.8%	9.6%	1,165.4

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	0.3%	2.5%	348.8
Consumer Discretionary	0.6%	-6.7%	1,704.2
Consumer Staples	-0.4%	6.2%	898.5
Energy	-0.4%	-3.7%	620.2
Financials	-0.1%	4.3%	834.4
Health Care	-0.8%	-4.7%	1,519.4
Industrials	0.0%	7.6%	1,194.8
Materials	-0.1%	2.8%	540.9
Real Estate	-0.4%	0.5%	254.5
Technology	0.1%	-2.5%	4,479.6
Utilities	-1.4%	6.6%	405.3

Equity Income Indices	% chg.	% YTD	Value
JPM Alerian MLP Index	-0.1%	1.5%	298.7
FTSE NAREIT Comp. TR	-0.4%	-0.8%	24,888.6
DJ US Select Dividend	-0.4%	0.0%	3,501.1
DJ Global Select Dividend	-0.4%	17.3%	255.1
S&P Div. Aristocrats	-0.5%	0.3%	4,588.7

Bond Indices	% chg.	% YTD	Value
Barclays US Agg. Bond	0.2%	1.4%	2,220.8
Barclays HY Bond	-0.1%	2.1%	2,738.3

Commodities Futures & Spot (Intra-day)	% chg.	% YTD	Value
CRB Raw Industrials	-0.2%	3.7%	561.4
NYMEX WTI Crude (p/bbl.)	-1.7%	-16.2%	60.1
ICE Brent Crude (p/bbl.)	-1.6%	-15.0%	63.4
NYMEX Nat Gas (mmBtu)	0.3%	-10.2%	3.3
Spot Gold (troy oz.)	1.7%	27.7%	3,351.2
Spot Silver (troy oz.)	0.0%	14.4%	33.1
LME Copper (per ton)	-0.3%	10.0%	9,516.4
LME Aluminum (per ton)	-0.7%	-3.1%	2,448.2
CBOT Corn (cents p/bushel)	-0.6%	-1.8%	460.3
CBOT Wheat (cents p/bushel)	-0.3%	-4.7%	542.8

Foreign Exchange (Intra-day)	% chg.	% YTD	Value
Euro (€/$)	0.2%	9.2%	1.13
British Pound (£/$)	0.5%	7.8%	1.35
Japanese Yen ($/¥)	0.8%	10.1%	142.80
Australian Dollar (A$/$)	0.5%	4.1%	0.64
Canadian Dollar ($/C$)	0.2%	4.1%	1.38
Swiss Franc ($/CHF)	0.6%	10.1%	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
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.

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Economic News and Views:

Russell T. Price, CFA – Chief Economist

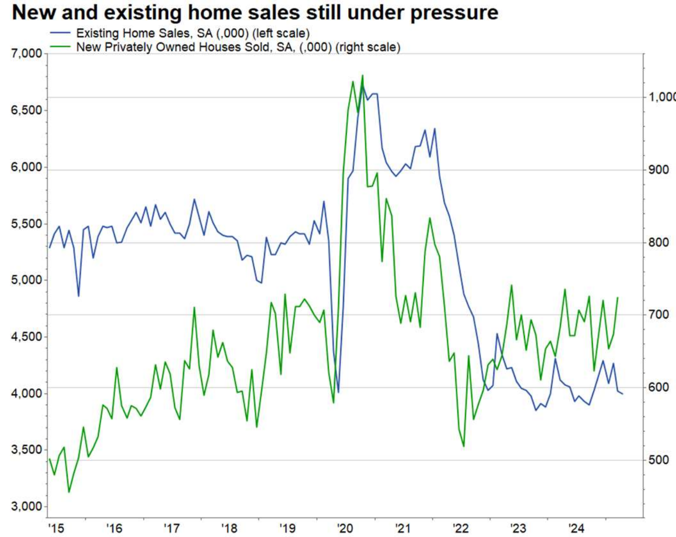
Releases for Friday, May 23, 2025 — **All times Eastern. Consensus estimates via Bloomberg**

Time	Period	Release	Consensus Est.	**Actual**	Prior	Revised to
10:00 AM	APR	New Home Sales (annualized)	695k		742k	
10:00 AM	APR	New Home Sales (MoM)	-4.0%		-7.4%	

Commentary:

- **New Home sales outlook:** The Census Bureau is scheduled to release its figures on April new home sales at 10 AM ET today. After registering a 7.4% month-over-month (m/m) decline in March, sales are expected to have declined an additional 4% in April. This would generally follow the pattern of the existing home market, where sales were shown to have declined 0.5% in the month after seeing a 5.9% drop in March.
- Indeed, last month's stock market turbulence likely pushed some prospective home buyers back to the sidelines, at least temporarily. In this context, it's important to remember that existing home sales are based on sales closings, which typically take place a month or two after the sales agreement has been signed.
- New home sales, meanwhile, are recorded at the time of the contract being signed. As such, new home sales are typically more reactive to month-to-month developments. In this case, the sharp decline in stock prices occurred after the Trump administration announced its much higher-than-expected reciprocal tariff rates on April 2nd. *The chart at right is sourced from FactSet.*

New and existing home sales still under pressure



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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%	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

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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.

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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

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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.

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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.
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