Weekly Market Perspectives

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"At the end of April, we lowered our year-end S&P 500 targets versus our December forecast to reflect the extreme uncertainty around tariffs and, based on what was known at the time, likely negative impacts on growth, inflation, and profits. But over recent months investors have come to learn more about how this White House operates and seen its continued willingness to walk back aggressive trade stances, leaving more room for bilaterial negotiations with countries. It appears the Trump administration is unwilling to push a trade strategy that would move the U.S. economy into a recession or create lasting spikes in inflation. As such, we have moved our 2025 year-end Base and Favorable targets back to where we initiated them at the end of last year."

2025 Year-End Targets Revised Higher

Major U.S. stock averages closed slightly lower last week, despite the S&P 500 Index and NASDAQ Composite touching new highs. A ramp higher in tariff threats from the White House, a lack of market-moving economic data, and guarded trading ahead of the second quarter earnings season kept the market in neutral.

This week, the second quarter earnings season kicks into gear with 42 S&P 500 companies scheduled to report results. On the economic front, fresh reads on inflation, including the June Consumer Price Index, will be front and center ahead of the July 30 Federal Reserve rate decision and the August 1 reciprocal tariff deadline.

Last week in review:

- The S&P 500 and NASDAQ Composite hit new highs on Thursday but closed the week lower by 0.3% and 0.1%, respectively. NVIDIA became the first company in history to crack the $4 trillion market capitalization level.
- The Dow Jones Industrials Average and Russell 2000 Index also closed the week lower.
- Kicking off the Q2 earnings season, Delta Airlines closed the week higher by over +11.0%, boosted by stronger-than-forecasted profit results for the previous quarter and better guidance.
- U.S. Treasury prices were mostly weaker across the curve, with yields grinding a little higher.
- The U.S. Dollar Index ended the week in the green, Gold edged higher, and West Texas Intermediate (WTI) crude rose, despite announced OPEC+ production hikes. Copper gained nearly +9.0% due to President Trump announcing a 50% tariff on the important industrial metal.
- Speaking of tariffs, the White House sent out several tariff letters to various countries ahead of the August 1 deadline. If countries don't reach a trade deal/framework with the U.S. by the imposed deadline, tariff rates outlined in the letter will be applied. For example, Brazil would face a tariff rate of 50% on its imported goods to the U.S., Japan, and South Korea would face a 25% rate, and Canada would face a 35% rate for goods not covered under USMCA. President Trump also put out into the ether that all countries could face a universal reciprocal tariff rate of 15% to 20%, up from 10% currently.
- The June Federal Reserve meeting minutes provided few surprises, but suggested several members are divided about whether to cut rates in July or to even cut rates at all throughout the rest of the year.
- Finally, the latest New York Fed Survey of Consumer Expectations showed median year-ahead inflation expectations falling from May levels and fears of losing one's job falling to the lowest level since December 2024. In addition, the latest NFIB Small Business Optimism Index remained in line with expectations.

Ameriprise 2025 year-end S&P 500 targets raised, despite elevated trade risks in the second half.

At the end of April, we lowered our year-end S&P 500 targets versus our December forecast to reflect the extreme uncertainty around tariffs and, based on what was known at the time, likely negative impacts on growth, inflation, and profits. But over recent months investors have come to learn more about how this

White House operates and seen its continued willingness to walk back aggressive trade stances, leaving more room for bilaterial negotiations with countries. It appears the Trump administration is unwilling to push a trade strategy that would move the U.S. economy into a recession or create lasting spikes in inflation. As such, we have moved our 2025 year-end Base and Favorable targets back to where we initiated them at the end of last year.

Of course, this doesn't mean there won't be periods of tariff volatility or surprises that develop in the second half, only that the Trump administration is more likely than not to ultimately course correct trade policy at some point if it becomes obvious that market reactions are turning too negative. At the moment, one could argue that U.S. trade negotiations with other countries aren't going very well. President Trump appears to be lashing out through aggressive tariff rate announcements, as seen last week and over the weekend, or is attempting to apply maximum pressure on countries ahead of the August 1 trade deadline.

Either way, the market's muted reaction suggests investors do not believe the President will ultimately act on his threats. With stocks near all-time highs and little effects thus far on inflation and growth from current tariff policy, Trump may feel he has some room to be aggressive. That said, if the White House acts on some or all of its recent tariff threats in the coming weeks, and this is not a "boy who cried wolf" situation, we believe the stock market is at levels that could lead to a modest drawdown in the summer. However, given solid fundamental conditions and the propensity for Trump to reverse course if and when market conditions become too disruptive, we would be a buyer of stocks on increased trade volatility.

As was the case in the first half, well-constructed diversification strategies likely remain key in the second half. We would note that a balanced portfolio of stocks and bonds based on risk tolerance outperformed the S&P 500 Index through the first six months of the year, which may continue in the second half if we see periods of increased volatility. Also, looking beyond large-cap S&P 500 and Big Tech companies, international strategies, high-quality bonds, and income-producing equities continue to offer attractive opportunities, in our view.

For more information on the themes we see driving stock prices through year-end and the scenario analysis that informs our year-end targets, please ask your Ameriprise financial advisor for a copy of *Committee Perspectives: Second Half Outlook Brief.*

Ameriprise year-end 2025 S&P 500 target summaries

Year-end **Base** Scenario S&P 500 Target: **6,500** up from 5,600. Accounts for solid corporate profitability through the rest of 2025, less downward volatility from trade headlines, and manageable tariff impacts on growth and inflation. However, with the major average back at stretched valuations historically, fundamental conditions in the U.S. will need to remain conducive to growth during the second half.

Year-end **Favorable** Scenario S&P 500 Target: **7,000** up from 6,000. For the U.S. stock index to push toward or beyond our favorable target for 2025, everything must line up almost perfectly in the second half. Corporate profits have to meet or exceed analyst forecasts for this year, the economy has to grow more than our base case assumptions, trade frictions have to dissipate, the Fed has to ease policy rates, and, oh, by the way, there can't be any slip-ups around the AI-theme.

Year-end **Adverse** Scenario S&P 500 Target: **5,700** up from 4,800. In our view, investors' worst-case fears around tariffs are off the table, meaning it's unlikely the S&P 500 would retest its April lows in the second half without a material change for the worse in White House trade policy. That said, tariff impacts are largely unknown still, and effects are just beginning to filter their way through the economy and corporate profits. This creates a risk that with the Index priced for a pretty benign outlook in the second half, any significant and unexpected twists across trade policy, inflation dynamics, or slower-than-forecasted growth in the second half could quickly dampen stock sentiment.

Source: American Enterprise Investment Services, Inc.

The week ahead:

- Several key banks will kick off the second quarter earnings season this week, with JPMorgan, Wells Fargo, Citigroup, and Bank of America all scheduled to report results. *FactSet* estimates are calling for Q2'25 S&P 500 earnings per share (EPS) to grow by roughly +5.0% year-over-year, which would mark the slowest pace of growth since Q4'23. However, we expect S&P 500 companies in aggregate to outperform profit expectations over the reporting season, with guidance across technology and other cyclical industries playing an important role in shaping stock direction over the coming weeks.

- Inflation data will also be in the spotlight this week. The June Consumer Price Index is out on Tuesday, with the Producer Price Index updated on Wednesday. After four months of declines in gasoline prices, higher prices in June could put some upward pressure on headline CPI.
- June retail sales on Thursday are expected to bounce higher after a decline in May, and there will be a heavy slate of Federal Reserve speeches this week, with the Fed's Beige Book due on Wednesday.

Stock Market Recap

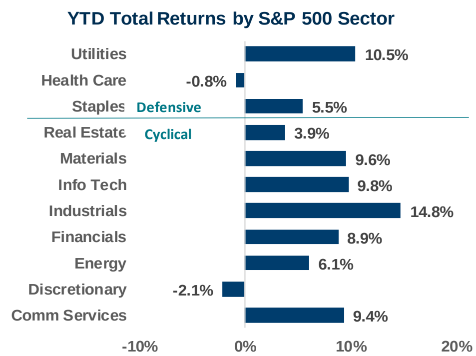
Benchmark	Total Returns			LTM PE		Yield %	
	Weekly	MTD	YTD	Current	5-Year Median	Current	5-Year Median
S&P 500 Index: 6,260	-0.3%	0.9%	7.2%	27.5	25.0	1.2	1.4
Dow Jones Industrial Average: 44,372	-1.0%	0.7%	5.3%	24.0	22.2	1.6	1.9
Russell 2000 Index: 5,554	-0.6%	2.8%	0.9%	68.4	39.6	1.3	1.3
NASDAQ Composite: 20,586	-0.1%	1.1%	7.0%	40.0	38.3	0.6	0.7
Best Performing Sector (weekly): Energy	2.5%	5.3%	6.1%	15.8	11.0	3.3	3.7
Worst Performing Sector (weekly): Financials	-1.9%	-0.3%	8.9%	19.2	15.9	1.3	1.7

Source: Factset. Data as of 07/11/2025

Bond/Commodity/Currency Recap

Benchmark	Total Returns		
	Weekly	MTD	YTD
Bloomberg U.S. Universal	-0.3%	-0.7%	3.4%
West Texas Intermediate (WTI) Oil: $66.59	-2.3%	0.4%	-8.1%
Spot Gold: $3,324.02	-0.1%	2.5%	26.7%
U.S. Dollar Index: 97.85	0.7%	1.0%	-9.8%
Government Bond Yields	**Yield Chg**		
	Weekly	**MTD**	**YTD**
2-year U.S. Treasury Yield: 3.89%	1 bps chg	17 bps chg	-35 bps chg
10-year U.S. Treasury Yield: 4.42%	8 bps chg	19 bps chg	-16 bps chg

Source: Factset. Data as of 07/11/2025. bps = basis points



Source: S&P Global, Factset. Data as of 07/11/2025

These figures are shown for illustrative purposes only and are not guaranteed. They do not reflect taxes or investment/product fees or expenses, which would reduce the figures shown here. An index is a statistical composite that is not managed. It is not possible to invest directly in an index. Past performance is not a guarantee of future results.

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Diversification does not assure a profit or protect against loss.

There are risks associated with **fixed-income** investments, including credit (issuer default) 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.

International investing involves certain risks and volatility due to potential political, economic, social, or currency instabilities and different financial and accounting standards. These risks are enhanced for **emerging markets**.

Stock investments involve risk, including loss of principal. High-quality stocks may be appropriate for some investment strategies. Ensure that your investment objectives, time horizon and risk tolerance are aligned with investing in stocks, as they can lose value.

Past performance is not a guarantee of future results.

An index is a statistical composite that is not managed. It is not possible to invest directly in an index.

Definitions of individual indices and sectors mentioned in this article are available on our website at ameriprise.com/legal/disclosures in the Additional Ameriprise research disclosures section.

The **S&P 500 Index** is a basket of 500 stocks that are considered to be widely held. The S&P 500 index is weighted by market value (shares outstanding times share price), and its performance is thought to be representative of the stock market as a whole. The S&P 500 index was created in 1957 although it has been extrapolated backwards to several decades earlier for performance comparison purposes. This index provides a broad snapshot of the overall US equity market. Over 70% of all US equity value is tracked by the S&P 500. Inclusion in the index is determined by Standard & Poor's and is based upon their market size, liquidity, and sector.

The **NASDAQ Composite** index measures all NASDAQ domestic and international based common type stocks listed on the Nasdaq Stock Market.

The **Dow Jones Industrial Average** (DJIA) is an index containing stocks of 30 Large-Cap corporations in the United States. The index is owned and maintained by Dow Jones & Company.

The **Russell 2000 Index** measures the performance of the small-cap segment of the US equity universe. The Russell 2000 is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set. The Russell 2000 includes the largest 2000 securities in the Russell 3000.

The **US Dollar Index** (USDX) indicates the general international value of the USD. The USDX does this by averaging the exchange rates between the USD and major world currencies. This is computed by using rates supplied by approximately 500 banks.

West Texas Intermediate (WTI) is a grade of crude oil commonly used as a benchmark for oil prices. WTI is a light grade with low density and sulfur content.

The New York Fed's Survey of Consumer Expectations (SCE) gathers information on consumer expectations regarding inflation, household finance, the labor and housing markets, and other economic issues.

The National Federation of Independent Business (NFIB) Small Business Optimism Index is a composite of ten seasonally adjusted components. It provides a indication of the health of small businesses in the U.S.

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