

After the Close

An Ameriprise Global Asset Allocation Committee publication

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May 12, 2025

Progress on trade with China

On the day

Constructive trade talks between the U.S. and China over the weekend show recognition of the critical nature of trade between the two countries. Finding common ground in what began as a heated round of tariffs and counter-tariffs in the wake of liberation day is great news for stocks in our view.

The agreement rolls back U.S. tariffs for 90 days on imports from China to 30%, down from 145%, while China reduced import tariffs to 10% from 125%. The arrangement likely resets global trade back closer to where trade stood pre-tariffs, with a moderate tariff barrier to trade in place. The deal comes as President Trump departs for his first overseas tour since beginning his second term in office and highlights a receptiveness toward working with other nations to redefine trade arrangements.

In a way, positive news on trade with China led to a string of geopolitical breakthroughs. Other notable news today included: 1) A ceasefire between Pakistan and India following a week of military skirmishes that threatened to escalate tensions that began with the deaths of 16 tourists on April 22 in an India-controlled region of Kashmir. 2) Ukrainian President Zelensky aligned with a proposal by President Trump to meet for talks with Russia in Istanbul, Türkiye, on Thursday, though Russia has yet to commit. 3) The 40-year revolution by the Kurdish militant group PKK against Türkiye was resolved by an agreement that included disarmament by the rebels.

U.S. equity markets rallied. The NASDAQ Index rose more than 4% to 18708 and the S&P 500 Index rose more than 3% to 5844. The Dow Jones Industrial Average rose 1160 points to 42410 today. Both the S&P 500 and Dow are narrowly short of unchanged on a year-to-date basis. Finally, VIX, a CBOE (Chicago Board Options Exchange) measure of stock market volatility, fell to 18.16, returning below the key 20-point level potentially signaling smoother markets ahead for the first time since March 28.

Stock markets rose and the dollar rebounded. The U.S. dollar index, DXY, bound to nearly 102, up from a low of just over 98 back on April 21. The latest round of clarity appears to have infused some new life in the U.S. exceptionalism theme for foreign investors. However, weakness likely remains with the Eurozone becoming more internally dependent for defense and military industrialization.

Committee View

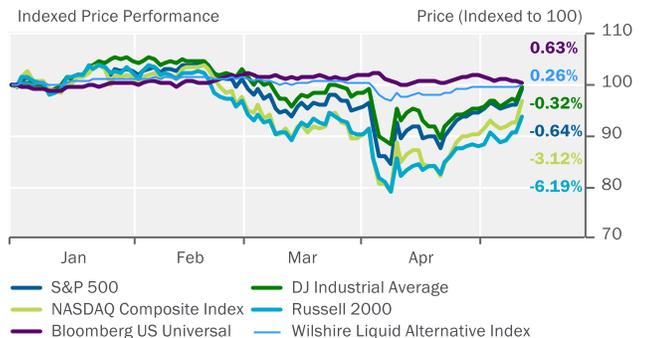
Though major details remain around trade between the U.S. and China, we see the latest news as a big step back from the rapid escalation we saw last month which is a positive sign for markets. It's days like today that remind us that stepping out of the market with even a small portion of your portfolio may lead to missed growth opportunities in long-term portfolios.

Today's Market Action at a Glance

Benchmark	Index Level	Net Change	% Change
S&P 500 Index	5,844	+184	+3.26%
Russell 2000 Index	2,092	+69	+3.41%
NASDAQ Composite	18,708	+779	+4.35%
Best Performing S&P Sector: Cons Discretionary			5.66%
Worst Performing S&P Sector: Utilities			-0.68%
10-year U.S. Treasury Yield:	4.47%		+9 basis points
West Texas Intermediate (WTI) Oil: \$61.95		+0.93 per barrel	
Spot Gold: 3,236		\$-2.14 per troy oz	

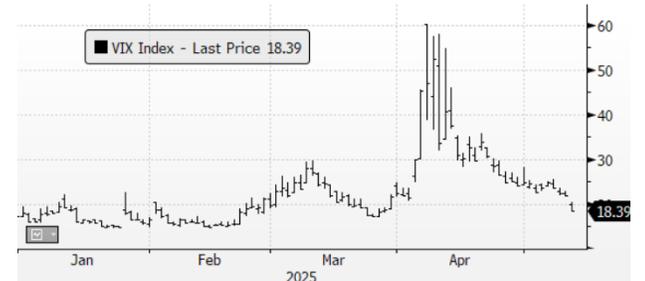
All data and charts via FactSet as of approximately 4 PM ET. Past performance is not a guarantee of future results.

Year-to-Date Price Performance Through the Prior Day



VIX settled below 20, a key level for investor psychology

Chicago Board Options Exchange Volatility Index



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