

After the Close

An Ameriprise Global Asset Allocation Committee publication

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Markets Rebound after Monday Sell-Off

On the day

Markets rebounded on Tuesday after Monday's S&P 500 pullback, which was the biggest in nearly two years. To recap, all major US indices were down 3% or more on Monday, with volatility spiking to levels (using the VIX as a measure of volatility) not seen since the Great Financial Crisis or the depths of the COVID-19 pandemic. Globally, Japan's Nikkei 225 Index (a price-weighted Index like the Dow Jones Industrial Average) closed down over 12% on Monday, marking its second-largest pullback since the 15% drop following the October 1987 crash and prompting a rush by investors to de-risk their portfolios.

Fast-forward to Tuesday and markets have filled part of the gap, with Japan rebounding 10% in a single session and US markets up over 1%, albeit not erasing Monday's weakness. In our view, as investment managers parsed the myriad of factors (and uncertainty) that drove Monday's weakness, cooler heads prevailed, and attention moved back to fundamental factors that drive stock prices over the long term (i.e., earnings growth, valuation, etc.)

Sector dynamics on Tuesday reflected a focus on areas of the economy that could benefit from lower interest rates. In fact, today's top-performing sectors were Real Estate (+2.3%) and Financials (+1.5%), both of which are expected to benefit from a highly anticipated Fed rate cut in September. Tech was up 1.1% today, erasing some of the prior day's losses. Note that for the beleaguered Real Estate sector, Monday's gains are welcomed as it remains the second-worst performing sector year-to-date (+3.6% vs. the S&P 500 +10%).

Committee View

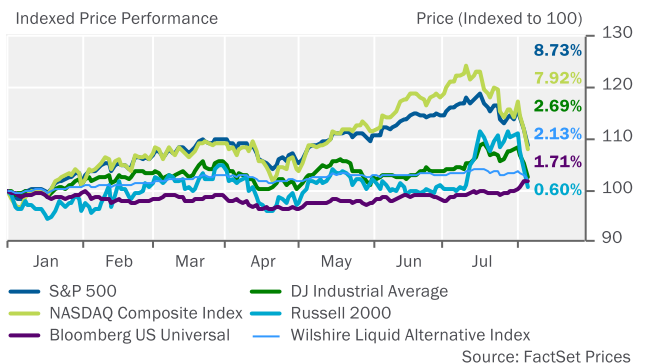
Stock market corrections are almost always accompanied by an outside factor (in this case, Japan and the yen carry trade), which can lead to outsized volatility, near-term uncertainty, and sharp swings for broad markets. Is this latest 'crisis' over? It's too early to tell, but as hedge funds "unwind" leveraged positions over the coming days, bouts of volatility cannot be ruled out. However, long-term investors should find solace that while daily gyrations can be unsettling, long-term performance remains healthy and reflective of a growing domestic economy. To drive this point home, the S&P 500 is up 10% year-to-date, 22% over the past three years, and 95% over the past five years. While past performance does not guarantee future results, the Ameriprise Global Asset Allocation Committee stresses that investors have a long-term time horizon, a risk appetite reflecting their goals, and a diversified portfolio designed to weather short-term volatility.

Today's Market Action at a Glance

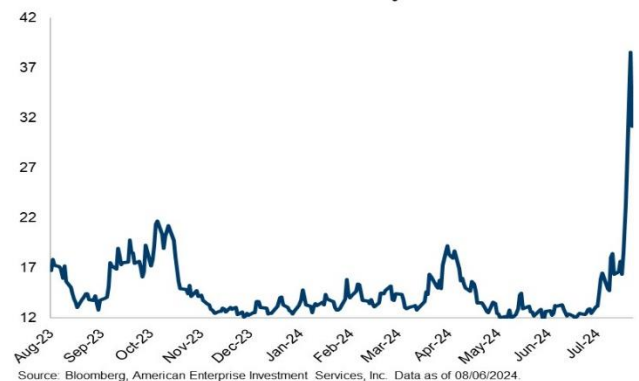
Benchmark	Index Level	Net Change	% Change
S&P 500 Index	5,240	53.70	1.04%
Russell 2000 Index	2,065	25.45	1.25%
NASDAQ Composite	16,367	166.77	1.03%
Best Performing S&P Sector: Real Estate			2.30%
Worst Performing S&P Sector: Energy			0.40%
10-year U.S. Treasury Yield:	3.90%		+12 basis points
West Texas Intermediate (WTI) Oil:	\$73.04		-0.55% per barrel
Spot Gold: \$2,409.00			-1.3% 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 History



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	Count	Percent
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HOLD	14	9%
TOTAL	160	100%

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