

The Flow Show

Bubbles, Bubbly & the Pivot Back to Hikes

Scores on the Doors: crypto 60.5%, stocks 10.7%, gold 6.4%, HY bonds 4.2%, IG bonds 2.4%, cash 2.0%, US dollar 0.6%, govt bonds 0.4%, commodities -7.5%, oil -9.6% YTD.

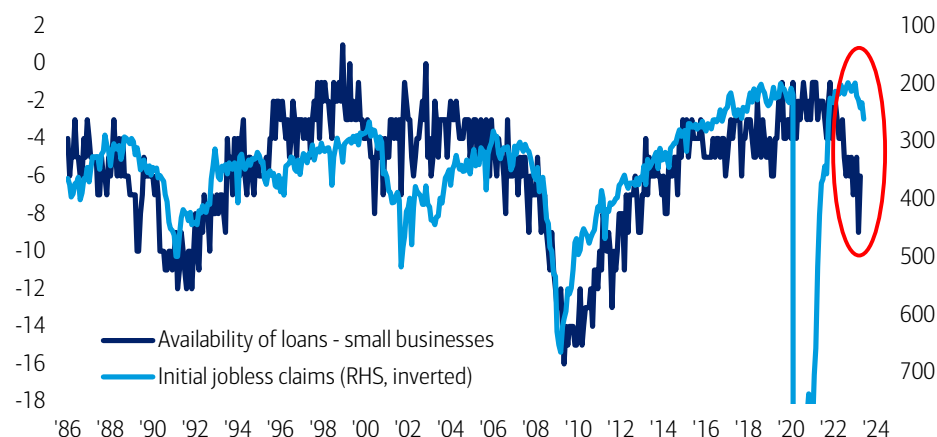
The Price is Right: Q1 recession fears melt into Q2 Goldilocks greed; broad NYSE index (US/global stocks + bond ETFs) annualizing 7.7% total return, IG annualizing 7.5%, S&P500 breaking out bull market bubbly (tho ex. Magnificent 7 SPX up teeny 1.2% YTD); rising rates/liquidity drain the -ve Q3 risk for longs in IG bonds, AI, US tech, EU luxury; no recession/China stimulus = +ve Q3 risk for shorts in oil, China, REITs, banks, retail.

Tale of the Tape: central banks pivoting....back to hikes; RBA & BoC join Norges in restarting rate hikes after "pause" (Australia/Canada 2-year yields @ 12 & 16-year highs - both correlated to US yields - Charts 3 & 4); low unemployment, high inflation (Table 1 & Chart 5)...Fed ain't done with hikes...we stick with "sell the last rate hike" call; watch Canada & Aussie FX...weaker on back of rate hikes = tell renewed hiking big "policy mistake."

The Biggest Picture: the "quiet credit crunch"...30 large US companies defaulted past 5 months, 11 past 4 weeks (vs 40 in 2022); watch June SBOI survey (Tuesday)...fresh decline in small business "credit availability" (say -10 or lower) just as unemployment claims turning higher (Chart 2) interrupts new "no recession '23" narrative.

Chart 2: No recession '23 driven by no credit crunch '23 = strong labor market

Availability of loans to small businesses vs initial jobless claims



Source: BofA Global Investment Strategy, Bloomberg

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More on page 2...

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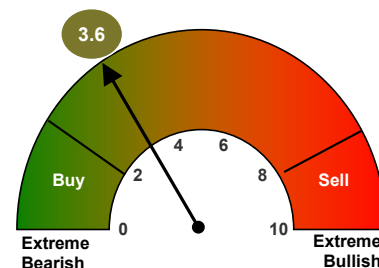
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Chart 1: BofA Bull & Bear Indicator

Rises to 3.6 from 3.5



Source: BofA Global Investment Strategy

The indicator identified above as the BofA Bull & Bear Indicator is intended to be an indicative metric only and may not be used for reference purposes or as a measure of performance for any financial instrument or contract, or otherwise relied upon by third parties for any other purpose, without the prior written consent of BofA Global Research. This indicator was not created to act as a benchmark.

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Weekly Flows: \$70.6bn to cash, \$13.4bn to bonds, \$7.7bn to stocks, \$0.5bn from gold.

Flows to Know:

- Cash: investors love 5% cash yields...another big weekly inflow (\$70.6bn)...inflows YTD mammoth \$837bn almost as large as record \$917bn in 2020,
- Bonds: strong inflows (\$13.4bn) across the board... inflows to Treasuries (\$4.8bn), IG bonds (\$4.1bn), & HY (\$2.7bn),
- Stocks: 2nd week of inflows (\$7.7bn) & strongest 2 weeks since Jan'23 as investors dragged back to stocks,
- Tech: 1st weekly outflow (\$1.2bn) in 8 weeks, after record \$8.5bn inflow last week,
- Financials: 3rd straight week of inflows (\$0.6bn),
- Energy: 11th consecutive week of outflows (\$0.8bn),
- Japan: largest weekly inflow (\$1.8bn) since Mar'23,
- China: 2nd week of inflows (\$2.3bn).

The Big Flow to Know: asset allocators most prominent allocation in 2023 = long cash, long IG bonds, short stocks; IG bond inflows up >\$100bn YTD while equity flows basically flat since Feb'22 (Chart 15)...a market truism when investors love IG bonds, stocks do well.

BofA Private Clients: \$3.1tn AUM...60.0% stocks, 21.5% bonds, 11.8% cash; smallest inflow to bonds in 3 months, smallest outflow from stocks in 2 months; private clients buying Japan, utilities, HY ETFs, selling energy, bank loans, EM debt ETFs.

BofA Bull & Bear Indicator: Bull & Bear Indicator rises to 3.6 from 3.5 on improving credit technicals, steady EM stock inflows.

View: we remain bearish; still think biggest "pain trade" next 12 months Fed funds 6% not 3%, that <3% inflation requires >4% unemployment, convinced EPS up, rates down unsustainable; summer rip higher in risk assets will tighten financial conditions; math of \$220 EPS + 20x PE + 150bps rate cuts won't add up blah, blah, blah; we see consensus probably now around 70% soft landing, 25% hard landing, 5% no landing, but recognize investors on balance still bearish macro & markets and outside cash exclusively committed to high-quality "chicken cyclicals" like corporate bonds & tech; positioning remains the BFF for risk assets; couple of contrarian trades we like...

Long HSI, short AI:

- Weaker China currency + low bond yields + lower oil = China financial conditions easiest since Sep'20 (Chart 6); more blatant stimulus e.g. PBoC cuts, CGB issuance to tackle record 20% youth unemployment, new CNY lows for stalled export growth...normally +ve backdrop for stocks (see Europe last Oct, Japan this March); calmer US-China geopolitics a necessary catalyst,
- Tech/AI playing BSC/LTCM analog; higher rates, higher AI is bubble tell but expect 10-year yields >4% to cause angst in Magnificent Big Tech 7 trading on equal-weighted 70x (c/o Hang Seng on 9x).

Long oil, regional banks, real estate, short homebuilders & HY bonds:

- Oil recessionary price action...Saudis "the Fed" of oil market; latest 1mbpd Saudi oil production cut means -8% OPEC+ quota cuts Apr-Jul'23...lower supply not causing higher oil prices; unofficial Russian supply + ongoing US SPR drain (now lowest

since Sep'83 – Chart 7) factors but global recession most likely reason oil can't catch; oil -40% YoY and 5 of last 7 times this occurred since 1970 = recession (Chart 8),

- But oil, like REITs, banks, retail, already priced for hard landing; next 3 months either recession arrives (which would now be a surprise – despite ominous micro data e.g. US cardboard box demand -12% from Jan'22 peak – Chart 9 & 10), or it doesn't; arguably both a win for the “hard landing” plays; meanwhile homebuilders & tech & luxury are priced for no landing,
- US HY default rate up to 3.1% in May'23 vs 1.9% in Dec'22 (Chart 13), US bankruptcies up 38% YoY in Mar'23 (25% in Feb, 35% in Jan), 1ppt rise in unemployment rate normally consistent with +250bps in HY corporate bonds; and HY bonds relative to IG not trading weak macro data (Chart 12).

Chart 3: Australia gov't 2-year yield at 12-year high...

Australia vs US 2-year government bond yields %

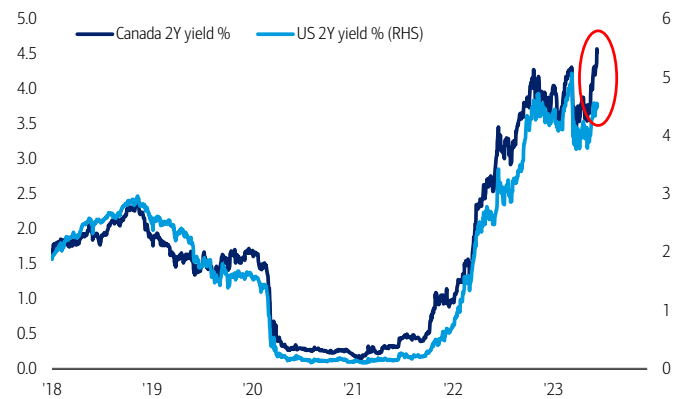


Source: BofA Global Investment Strategy, Bloomberg

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Chart 4: ...while Canada at 16-yr high as CBs pivot back to hikes

Canada vs US 2-year government bond yields %



Source: BofA Global Investment Strategy, Bloomberg

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Table 1: Real policy rates remain low/negative

Unemployment rates and central bank real policy rates

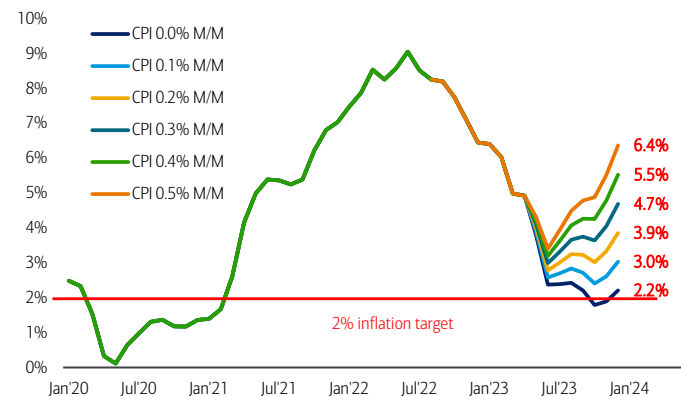
Central bank	Unemployment rate	Real policy rate	Course of decision
Fed	3.7%	0.35%	Pause?
ECB	6.5%	-2.35%	Hiking
BoJ	2.6%	-3.60%	YCC
BoE	3.9%	-4.20%	Hiking
BoC	5.0%	0.35%	Resumed hiking
RBA	3.7%	-2.70%	Resumed hiking

Source: BofA Global Investment Strategy, Bloomberg

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Chart 5: CPI <3% requires <0.1% M/M prints

Potential paths for US headline CPI based on M/M prints



Source: BofA Global Investment Strategy, Bloomberg

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Chart 6: China financial conditions easiest since Sep'20

Average of percentiles of China 10Y yield, CNY & oil price since 2010

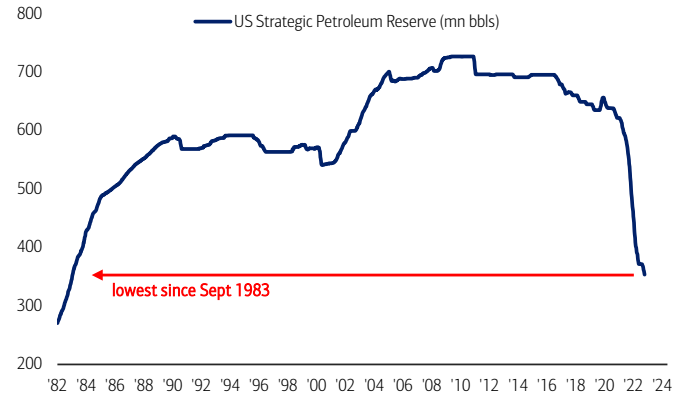


Source: BofA Global Investment Strategy, Bloomberg

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Chart 7: US SPR at lowest level since Sep'83

US Strategic Petroleum Reserve (SPR)

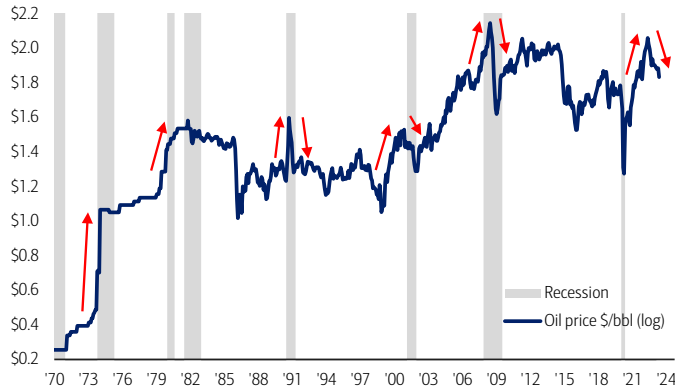


Source: BofA Global Investment Strategy, Bloomberg

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Chart 8: Sharp decline in oil price has historically marked recession

Oil prices and US recessions



Source: BofA Global Investment Strategy, Bloomberg

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Chart 9: Cardboard box demand hasn't been this weak since GFC

US cardboard box shipments YoY%, 3-month moving average



Source: BofA Global Investment Strategy, Bloomberg

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Chart 10: Shipping rates have flatlined, down 85-90% from peak

Container rates from Shanghai to Los Angeles & Rotterdam

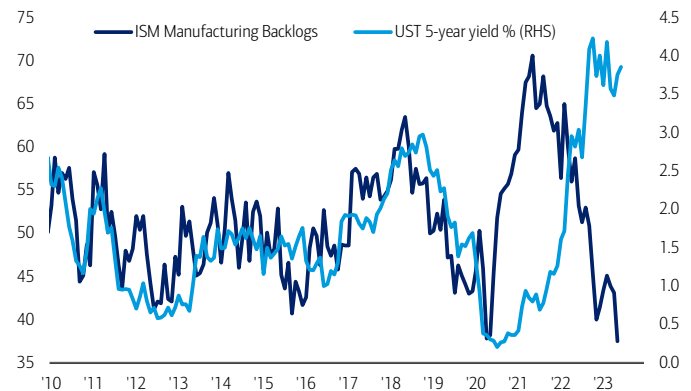


Source: BofA Global Investment Strategy, Bloomberg

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Chart 11: ISM backlog worst since Feb'09 yet bond yields sky high

ISM manufacturing backlog vs UST 5-year yield



Source: BofA Global Investment Strategy, Bloomberg

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Chart 12: ISM index in contraction, but US HY/IG spreads tight

ISM manufacturing index vs US HY/IG spread

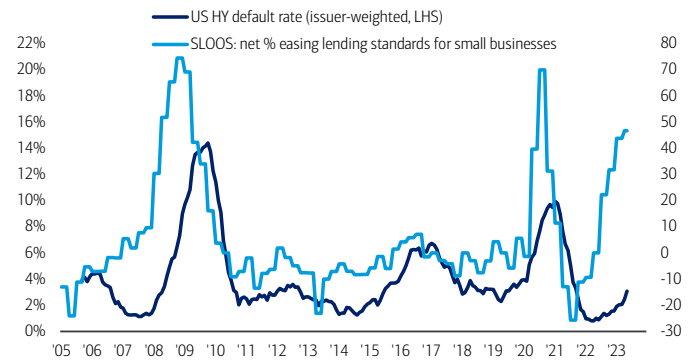


Source: BofA Global Investment Strategy, Bloomberg

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Chart 13: US HY default rate up to 3.1% in May'23

US HY default rate vs net % easing small biz lending standards



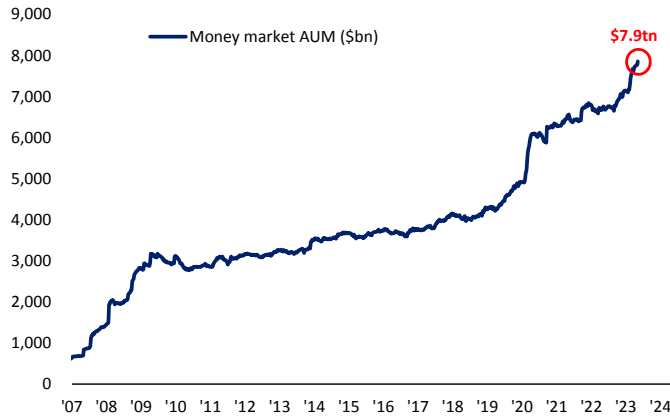
Source: BofA Global Investment Strategy, Bloomberg

SLOOS = Senior Loan Officer Opinion Survey

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Chart 14: Investors still piling into 'cash'

Global Money Market Assets Under Management (\$bn)

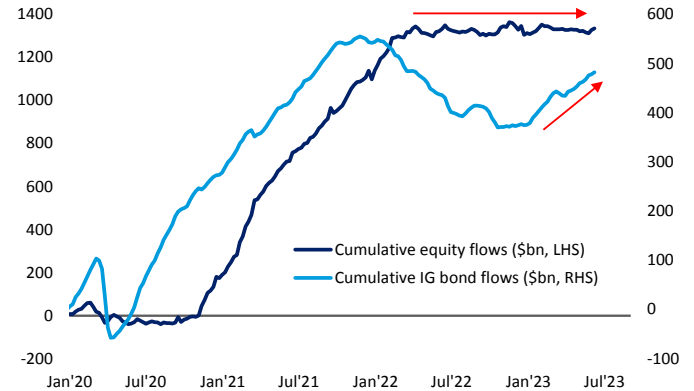


Source: BofA Global Investment Strategy, Bloomberg

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Chart 15: YTD 'flow to know' is investors long IG bonds, short stocks

Cumulative equity vs IG bonds flows since start of 2020 (\$bn)

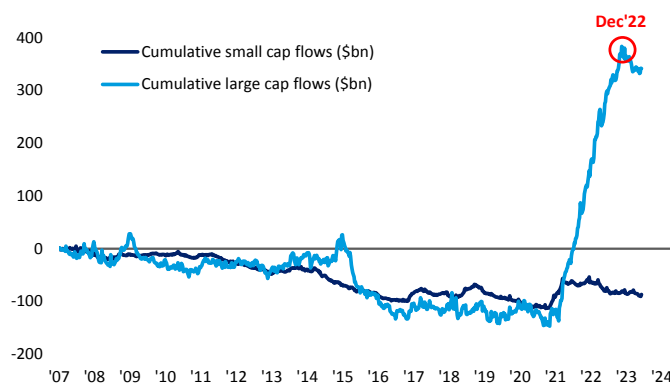


Source: BofA Global Investment Strategy, EPFR

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Chart 16: Large cap flows peaked end of 2022

Cumulative large cap vs small cap equity flows since 2007 (\$bn)

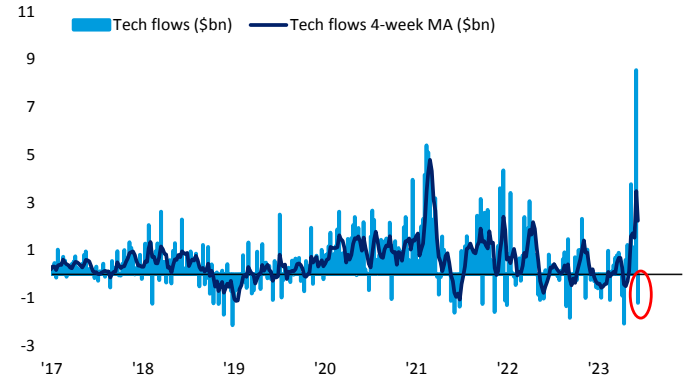


Source: BofA Global Investment Strategy, EPFR

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Chart 17: First tech outflow in 8 weeks

Weekly tech flows vs 4-wk ma (\$bn)



Source: BofA Global Investment Strategy, EPFR

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Asset Class Flows (Table 3)

Equities: \$7.7bn inflow (\$16.1bn inflow to ETFs, \$8.3bn outflow from mutual funds), inflows past 2 weeks

Bonds: inflows past 11 weeks (\$13.4bn)

Precious metals: 2nd week of outflows (\$0.5bn)

Fixed Income Flows (Chart 13)

IG bond inflows past 10 weeks (\$4.1bn)

HY Bond inflows resume (\$2.7bn)

EM Debt outflows past 5 weeks (\$60mn)

Munis inflows resume (\$0.6bn)

Govt/Tsy inflows past 17 weeks (\$4.8bn)

TIPS outflows past 41 weeks (\$6mn)

Bank loan first week of inflows in 20 weeks (\$0.3bn)

Equity Flows (Table 4)

US: inflows past 2 weeks (\$0.5bn)

Japan: inflows resume (\$1.8bn)

Europe: outflows past 13 weeks (\$2.6bn)

EM: inflows past 2 weeks (\$2.6bn)

By style: inflows **US small cap** (\$3.7bn), **US growth** (\$0.2bn), outflows **US large cap** (\$0.4bn), **US value** (\$3.4bn).

By sector: inflows **financials** (\$0.6bn), **consumer** (\$150mn), **com** **svs** (\$50mn), outflows **hcare** (\$15mn), **real estate** (\$0.4bn), **utilities** (\$0.7bn), **energy** (\$0.8bn), **materials** (\$0.9bn), **tech** (\$1.2bn).

Table 2: Flows to equities are effectively flat YTD

Global flows by asset class, \$mn

	Wk % AUM	YTD	YTD %AUM
Equities	0.0%	22,170	0.1%
ETFs	0.2%	127,872	1.7%
LO	-0.1%	-104,945	-1.2%
Bonds	0.2%	166,702	2.5%
Commodities	-0.4%	2,067	0.6%
Money-market	0.9%	837,473	11.3%

*week of 05/31/2023: Source: EPFR Global

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Table 3: Net fund inflows to EM, outflows from DM YTD

Global equity flows by region

	Wk % AUM	YTD
Total Equities	0.0%	22,170
long-only funds	-0.1%	-104,945
ETFs	0.2%	127,872
Total EM	0.2%	62,482
Brazil	-0.9%	-897
Russia	0.0%	-19
India	0.7%	2,225
China	0.7%	34,139
Total DM	0.0%	-40,312
US	0.0%	-54,491
Europe	-0.2%	-17,796
Japan	0.3%	-5,844
International	0.1%	37,500

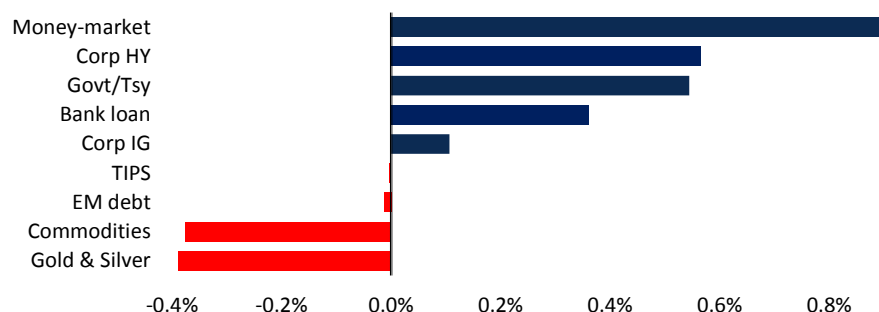
Total Equities = Total EM + Total DM

Source: EPFR Global

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Chart 18: FICC inflows to cash, HY bonds, Treasuries, outflows from commodities

Weekly FICC flows as a % AUM



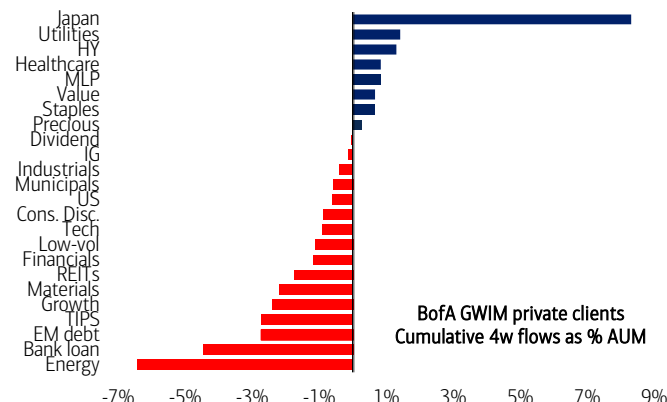
Source: EPFR Global

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BofA private client flows & allocations

Chart 19: GWIM clients buy Japan, sell energy past 4 wks

BofA private clients 4-week ETF flows as % of AUM

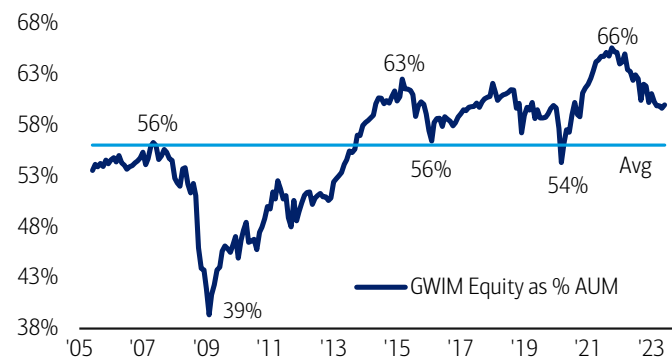


Source: BofA Global Investment Strategy

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Chart 20: GWIM equity allocation at 60%

BofA private client equity holdings as % of AUM



Source: BofA Global Investment Strategy

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Chart 21: GWIM debt allocation at 21%

BofA private client debt holdings as % of AUM

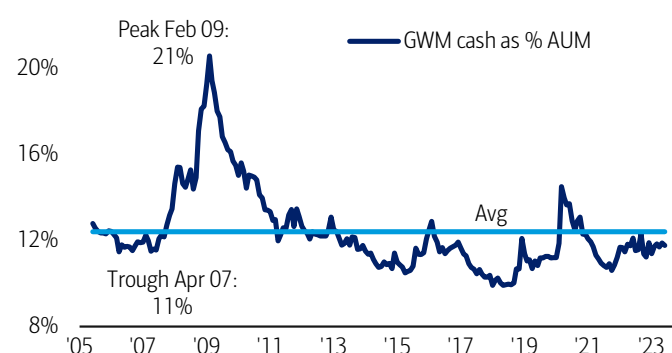


Source: BofA Global Investment Strategy

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Chart 22: GWIM cash allocation vs LT average

BofA private client cash holdings as % of AUM

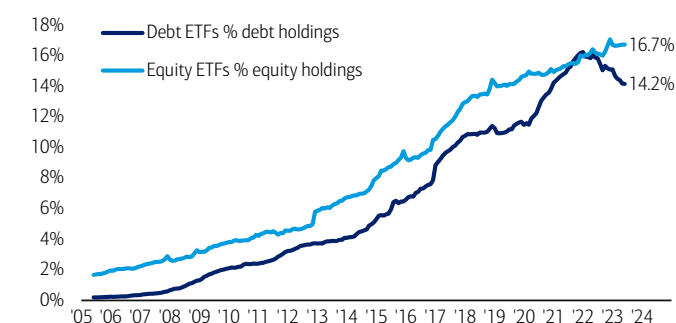


Source: BofA Global Investment Strategy

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Chart 23: GWIM ETF holdings as % of AUM

BofA private client ETF holdings as % of AUM



Source: BofA Global Investment Strategy

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Chart 24: GWIM top 10 stocks for 1-year SPX beta

1-yr S&P 500 beta for top 10 stocks held by BofA private clients



Source: BofA Global Investment Strategy. Cash & T-bills.

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The Asset Class Quilt of Total Returns

Chart 25: Commodities worst returning asset class YTD

Ranked cross asset returns by year since 2000

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023*
Commodities 58.2%	US Treasuries 6.7%	Commodities 39.5%	MSCI EM 56.3%	REITS 32.0%	MSCI EM 34.5%	REITS 37.5%	MSCI EM 39.8%	US Treasuries 14.0%	MSCI EM 79.0%	Gold 29.2%	US Treasuries 9.8%	REITS 23.8%	S&P 500 32.4%	S&P 500 13.7%	S&P 500 1.4%	Commodities 17.5%	MSCI EM 37.8%	Cash 1.8%	S&P 500 31.5%	Gold 24.8%	Commodities 46.3%	Commodities 31.1%	S&P 500 12.0%
US Treasuries 13.4%	Global IG 4.6%	Gold 25.6%	MSCI EAFE 39.2%	Commodities 28.7%	Commodities 33.7%	MSCI EM 32.6%	Commodities 33.0%	Gold 4.3%	Global HY 62.0%	MSCI EM 19.2%	Gold 8.9%	Global HY 19.3%	MSCI EAFE 23.3%	REITS 11.7%	US Treasuries 0.8%	Global HY 14.8%	MSCI EAFE 25.9%	US Treasuries 0.8%	REITS 27.4%	MSCI EM 18.8%	REITS 37.1%	Cash 1.5%	MSCI EAFE 10.3%
REITS 8.5%	Cash 4.4%	Global IG 14.9%	REITS 33.5%	MSCI EM 26.0%	Gold 17.8%	MSCI EAFE 26.9%	Gold 31.9%	Cash 2.1%	MSCI EAFE 32.5%	REITS 15.9%	Global IG 4.5%	MSCI EM 18.6%	Global HY 8.0%	US Treasuries 6.0%	Cash 0.1%	S&P 500 12.0%	S&P 500 22.0%	Gold -1.9%	MSCI EAFE 22.8%	S&P 500 18.4%	S&P 500 28.7%	Gold -0.8%	Gold 6.2%
Cash 6.2%	Global HY 3.1%	US Treasuries 11.6%	Commodities 30.1%	MSCI EAFE 20.7%	MSCI EAFE 14.0%	Gold 23.2%	MSCI EAFE 11.6%	Global IG -8.3%	REITS 31.7%	S&P 500 15.1%	Global HY 2.6%	MSCI EAFE 17.9%	REITS 0.7%	Global IG 3.2%	MSCI EAFE -0.8%	MSCI EM 11.2%	Gold 12.9%	Global HY -3.3%	Commodities 20.1%	Global IG 10.3%	MSCI EAFE 11.9%	US Treasuries -12.9%	MSCI EM 5.1%
Global IG 3.1%	Gold -0.7%	Cash 1.8%	Global HY 30.7%	Global HY 12.4%	REITS 10.7%	S&P 500 15.8%	US Treasuries 9.1%	Global HY -27.9%	S&P 500 26.5%	Global HY 13.9%	S&P 500 2.1%	S&P 500 16.0%	Global IG 0.1%	Gold 0.1%	REITS -3.4%	Gold 8.6%	REITS 11.5%	Global IG -3.4%	MSCI EM 18.6%	MSCI EAFE 8.4%	Global HY 1.4%	Global HY -13.2%	Global HY 4.2%
Gold -5.4%	MSCI EM -2.4%	Global HY -1.1%	S&P 500 28.7%	S&P 500 10.9%	S&P 500 4.9%	Global HY 13.5%	Global IG 7.3%	S&P 500 -37.0%	Commodities 26.1%	Commodities 13.3%	Cash 0.1%	Global IG 11.1%	Cash 0.1%	Cash 0.0%	Global IG -3.8%	Global IG 4.3%	Global HY 10.2%	REITS -3.9%	Gold 17.9%	US Treasuries 8.2%	Cash 0.0%	MSCI EAFE -13.9%	Global IG 2.3%
Global HY -5.8%	REITS -7.8%	REITS -2.4%	Gold 19.9%	Global IG 9.4%	Cash 3.1%	Global IG 7.2%	S&P 500 5.5%	Commodities -42.6%	Gold 25.0%	MSCI EAFE 8.2%	Commodities -2.6%	Gold 8.3%	Commodities -2.1%	Global HY -0.1%	Global HY -4.2%	REITS 1.3%	Global IG 9.3%	S&P 500 -4.3%	Global HY 13.7%	Global HY 8.0%	MSCI EM -2.3%	Global IG -16.7%	Cash 2.0%
S&P 500 -9.1%	S&P 500 -11.9%	MSCI EM -6.0%	Global IG 14.5%	Gold 4.6%	US Treasuries 2.8%	Cash 4.9%	Cash 5.0%	MSCI EAFE -43.1%	Global IG 19.2%	Global IG 6.0%	REITS -9.4%	US Treasuries 2.2%	MSCI EM -2.3%	MSCI EM -1.8%	Gold -10.4%	US Treasuries 1.1%	Commodities 7.6%	Commodities -13.1%	Global IG 11.4%	Cash 0.5%	US Treasuries -2.4%	S&P 500 -18.1%	REITS 1.6%
MSCI EAFE -14.0%	MSCI EAFE -21.2%	MSCI EAFE -15.7%	US Treasuries 2.3%	US Treasuries 3.5%	Global HY 1.5%	US Treasuries 3.1%	Global HY 3.0%	REITS -50.2%	Cash 0.2%	US Treasuries 5.9%	MSCI EAFE -11.7%	Cash 0.1%	US Treasuries -3.3%	MSCI EAFE -4.5%	MSCI EM -14.9%	MSCI EAFE 1.0%	US Treasuries 2.4%	MSCI EAFE -13.2%	US Treasuries 7.0%	REITS -4.4%	Global IG -3.0%	MSCI EM -19.8%	US Treasuries 1.6%
MSCI EM -30.6%	Commodities -21.4%	S&P 500 -22.1%	Cash 1.1%	Cash 1.3%	Global IG -3.0%	Commodities -0.2%	REITS -10.0%	MSCI EM -53.2%	US Treasuries -3.7%	Cash 0.1%	MSCI EM -18.2%	Commodities -0.3%	Gold -27.3%	Commodities -29.3%	Commodities -29.4%	Cash 0.3%	Cash 0.8%	MSCI EM -14.3%	Cash 2.2%	Commodities -15.0%	Gold -4.1%	REITS -25.2%	Commodities -7.5%

Source: BofA Global Investment Strategy, Bloomberg. *2023 YTD

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BofA Rules & Tools

Table 4: BofA Global Investment Strategy Proprietary Indicators

Current reading of all BofA Global Investment Strategy Proprietary Indicators

Proprietary Indicators	Category	Current reading	Current signal	Duration of signal
Contrarian				
BofA Bull & Bear Indicator (B&B) Sell when investor sentiment > 8.0; Buy when investor sentiment < 2.0	Contrarian	3.6	Neutral	1-3 months
BofA Global FMS Cash Indicator Buy when cash at or above 5.0%; Sell when cash at or below 4.0%	Contrarian	5.6%	Buy	4 weeks
BofA Global Breadth Rule Buy when net 88% of markets in MSCI ACWI trading below 200-day moving & 50-day moving averages	Contrarian	8.9%	Neutral	3 months
BofA Global Flow Trading Rule Buy when outflows from global equities & HY > 1.0% AUM over 4wks; Sell when inflows > 1.0% AUM over 4wks	Contrarian	0.0%	Neutral	8 weeks
BofA EM Flow Trading Rule Buy when outflows from EM equities > 3.0% of AUM; Sell when inflows > 1.5% of AUM over 4 wks	Contrarian	0.7%	Neutral	8 weeks
Macro				
BofA Global EPS Growth Model Model indicates trend in year-on-year change in 12-month forward global EPS growth.	Macro	-16%	EPS growth declining	6-12 months

 Source: BofA Global Investment Strategy/ For a [guide to our trading models](#)

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BofA Bull & Bear Indicator (B&B)

Our BofA Bull & Bear Indicator is at 3.6, signal is Neutral.

Chart 26: BofA Bull & Bear Indicator

Rises to 3.6 from 3.5



Source: BofA Global Investment Strategy

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Table 5: BofA B&B Indicator

BofA Bull & Bear current component readings

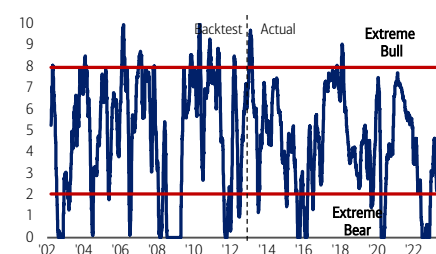
Components	Percentile	Sentiment
HF positioning	31%	Neutral
Credit mkt technicals	40%	Neutral
Equity market breadth	55%	Bullish
Equity flows	79%	V Bullish
Bond flows	46%	Neutral
LO positioning	6%	V Bearish

Source: BofA Global Investment Strategy, Bloomberg, EPFR Global, Lipper FMI, Global FMS, CFTC, MSCI

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Chart 27: BofA Bull & Bear Indicator

BofA Bull & Bear Indicator since 2002



Source: BofA Global Investment Strategy, EPFR Global, FMS, CFTC, MSCI

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Disclaimer: The indicators identified above as the BofA Bull & Bear Indicator, MVP Model, BofA Global Breadth Rule, BofA EM Flow Trading Rule, BofA Global Flow Trading Rule, BofA Global FMS Macro Indicator, BofA Global FMS Cash Rule, Global Wave, Sell-Side Indicator, and Global Financial Stress Indicator are intended to be indicative metrics only and may not be used for reference purposes or as a measure of performance for any financial instrument or contract, or otherwise relied upon by third parties for any other purpose, without the prior written consent of BofA Global Research. These indicators were not created to act as a benchmark.

The analysis of the BofA Bull & Bear Indicator in this report is back-tested and does not represent the actual performance of any account or fund. Back-tested performance depicts the hypothetical back-tested performance of a particular strategy over the time period indicated. In future periods, market and economic conditions will differ and the same strategy will not necessarily produce the same results. No representation is being made that any actual portfolio is likely to have achieved returns similar to those shown herein. In fact, there are frequently sharp differences between back-tested returns and the actual results realized in the actual management of a portfolio. Back-tested performance results are created by applying an investment strategy or methodology to historical data and attempts to give an indication as to how a strategy might have performed during a certain period in the past if the product had been in existence during such time. Back-tested results have inherent limitations including the fact that they are calculated with the full benefit of hindsight, which allows the security selection methodology to be adjusted to maximize the returns. Further, the results shown do not reflect actual trading or the impact that material economic and market factors might have had on a portfolio manager's decision-making under actual circumstances. Back-tested returns do not reflect advisory fees, trading costs, or other fees or expenses.

2023 Cross-Asset Winners & Losers

Table 6: 2023 YTD ranked returns

Year-to-date ranked cross asset returns

Ranked Returns, USD-terms (2023)

Assets		Equities		Sectors		Fixed Income		FX vs. USD		Commodities	
1 Japan Equities	12.7%	1 Greece Equities	36.8%	1 ACWI Info Tech	28.9%	1 CCC HY	7.8%	1 Bitcoin	59.0%	1 Gold	6.4%
2 US Equities	12.2%	2 Mexico Equities	26.6%	2 ACWI Telecoms	22.7%	2 European HY	4.9%	2 Mexican peso	12.3%	2 Copper	-1.0%
3 Europe Equities	11.6%	3 Taiwan Equities	20.6%	3 ACWI Cons. Discretionary	16.2%	3 US Corp HY	4.7%	3 Brazilian real	7.2%	3 Silver	-2.1%
4 UK Equities	7.6%	4 Korea Equities	17.5%	4 ACWI Industrials	8.4%	4 BBB IG	2.5%	4 Indonesian rupiah	4.6%	4 Iron Ore	-3.2%
5 Gold	6.4%	5 Italy Equities	17.3%	5 ACWI Materials	1.6%	5 EM Sovereign	2.4%	5 British pound	2.9%	5 Platinum	-4.6%
6 EM Equities	5.1%	6 Spain Equities	16.6%	6 ACWI Consumer Staples	0.3%	6 US Corp IG	2.4%	6 Swiss franc	1.6%	6 Commodities	-7.5%
7 High Yield Bonds	4.2%	7 Germany Equities	15.4%	7 ACWI Financials	0.0%	7 EM Corporate	2.3%	7 Canadian dollar	1.4%	7 WTI Crude Oil	-9.6%
8 EM Sovereign Bonds	2.4%	8 France Equities	13.8%	8 ACWI Banks	-1.7%	8 3-Month Treasury Bills	1.9%	8 Indian rupee	0.2%	8 Brent Crude Oil	-10.4%
9 Investment Grade Bonds	2.4%	9 Japan Equities	12.7%	9 ACWI Healthcare	-1.9%	9 TIPS	1.8%	9 Taiwanese dollar	0.0%		
10 US Dollar	0.6%	10 US Equities	12.2%	10 ACWI Utilities	-2.7%	10 US Mortgage Master	1.7%	10 Euro	-0.1%		
11 Government Bonds	0.4%	11 Brazil Equities	12.0%	11 ACWI Energy	-4.1%	11 Treasury Master	1.6%	11 Singapore dollar	-0.7%		
12 Pacific Rim xJapan	-0.4%	12 Switzerland Equities	11.0%	12 ACWI BioTechnology	-7.3%	12 30-year Treasury	1.3%	12 Australian dollar	-2.4%		
13 Industrial Metals	-6.8%	13 UK Equities	7.6%			13 German Govt	1.0%	13 Korean won	-2.9%		
14 Oil	-9.6%	14 Canada Equities	6.0%			14 2-year Treasury	0.9%	14 Chinese renminbi	-3.3%		
		15 India Equities	2.2%			15 UK Govt	-0.1%	15 Swedish krona	-4.3%		
		16 Portugal Equities	1.9%			16 Non-US IG Government	-0.5%	16 NZ dollar	-4.9%		
		17 Australia Equities	1.4%			17 Japan Govt	-3.1%	17 Japanese yen	-6.4%		
		18 Singapore Equities	1.2%					18 South African rand	-10.8%		
		19 China Equities	-4.2%					19 Norwegian krone	-11.2%		
		20 S. Africa Equities	-5.8%					20 Turkish lira	-19.5%		
		21 Hong Kong Equities	-6.1%								
		22 Turkey Equities	-11.8%								

Source: BofA Global Investment Strategy, Bloomberg, as of 07 Jun 2023.

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Table 7: The Overbought & Oversold

Ranked deviation from 200-day moving averages in US dollar terms

Ranked Deviation from 200-Day Moving Average, USD-terms (as of 07 Jun'23)

Assets		Equities		Sectors		Fixed Income		FX vs. USD		Commodities	
1 Japan Equities	11.3%	1 Greece Equities	29.7%	1 ACWI Info Tech	17.7%	1 CCC HY	4.1%	1 Mexican peso	9.1%	1 Silver	5.8%
2 Europe Equities	8.7%	2 Mexico Equities	15.2%	2 ACWI Telecoms	13.0%	2 European HY	3.4%	2 Brazilian real	5.0%	2 Gold	5.5%
3 US Equities	8.1%	3 Taiwan Equities	14.0%	3 ACWI Cons. Discretionary	7.5%	3 EM Sovereign	3.0%	3 British pound	3.7%	3 Platinum	3.3%
4 UK Equities	6.3%	4 Korea Equities	13.3%	4 ACWI Industrials	7.4%	4 US Corp HY	3.0%	4 Swiss franc	2.9%	4 Iron Ore	-0.1%
5 Gold	5.4%	5 Italy Equities	12.5%	5 ACWI Materials	1.5%	5 EM Corporate	2.5%	5 Indonesian rupiah	2.3%	5 Copper	-1.4%
6 EM Equities	4.5%	6 Spain Equities	12.1%	6 ACWI Financials	0.8%	6 3-Month Treasury Bills	1.6%	6 Euro	1.9%	6 WTI Crude Oil	-7.9%
7 High Yield Bonds	3.5%	7 Japan Equities	11.3%	7 ACWI Consumer Staples	0.8%	7 BBB IG	1.6%	7 Korean won	1.8%	7 Brent Crude Oil	-8.8%
8 EM Sov Bonds	3.0%	8 Germany Equities	11.1%	8 ACWI Healthcare	0.8%	8 US Corp IG	1.4%	8 Canadian dollar	1.1%	8 Natural Gas	-45.6%
9 Investment Grade Bonds	1.8%	9 Brazil Equities	10.6%	9 ACWI Utilities	-0.7%	9 Japan Govt	1.1%	9 Singapore dollar	0.9%		
10 Pacific Rim xJapan	0.6%	10 France Equities	9.2%	10 ACWI Banks	-0.8%	10 US Mortgage Master	0.8%	10 Taiwanese dollar	0.5%		
11 Government Bonds	0.2%	11 US Equities	8.1%	11 ACWI Energy	-1.7%	11 2-year Treasury	0.5%	11 Russian ruble	0.0%		
12 US Dollar	-1.3%	12 Switzerland Equities	8.0%	12 ACWI BioTechnology	-3.5%	12 TIPS	0.3%	12 Australian dollar	-0.5%		
13 Industrial Metals	-4.5%	13 UK Equities	6.3%	13 ACWI Real Estate	-5.2%	13 Treasury Master	0.3%	13 Indian rupee	-0.6%		
14 Oil	-7.9%	14 Portugal Equities	4.1%			14 Non-US IG Government	0.1%	14 NZ dollar	-1.7%		
		15 India Equities	3.5%			15 German Govt	-1.3%	15 Japanese yen	-2.0%		
		16 Canada Equities	2.9%			16 30-year Treasury	-2.0%	16 Chinese renminbi	-2.2%		
		17 Turkey Equities	1.7%			17 UK Govt	-4.6%	17 Swedish krona	-2.8%		
		18 Australia Equities	1.1%					18 South African rand	-6.1%		
		19 Singapore Equities	0.7%					19 Norwegian krone	-6.3%		
		20 Russia Equities	0.0%					20 Turkish lira	-18.5%		
		21 Hong Kong Equities	-0.7%					21 Argentine peso	-23.9%		
		22 S. Africa Equities	-2.2%								
		23 China Equities	-2.3%								

Source: BofA Global Investment Strategy, Bloomberg, as of 07 Jun 2023.

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Acronyms

FMS – Fund Manager Survey

GWIM – Global Wealth and Investment Management

YCC – Yield Curve Control



QE – Quantitative Easing
 QT – Quantitative Tightening
 S&L – Savings & Loan
 MMF – Money Market Fund
 LTCM – Long-Term Capital Management

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R1}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

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