

US Rates Watch

Follow the money: FHLBs, MMF, & Fed May 4 update

Money map: FHLBs, MMF, & Fed

Key takeaway: banking system stress remains elevated & there are ongoing concerns around certain banks. Negative bank headlines do not appear to be spilling over into demand for FHLB advances this week as FHLB debt is down \$9b. However, FHLB loans have increased from start of last week. Fed H.4.1 data will likely show shifts in borrowing due to First Republic acquisition; we will watch for any additional signs of stress. MMFs continue to see inflows but this is not being reflected in ON RRP take-up.

FHLB activity: FHLB OF published official debt issuance figures for April earlier this week, which showed FHLB debt grew \$12b on the month (Exhibit 4), a significant slowdown from the \$247b increase in March. According to our estimates, FHLB issuance picked up in the last week of April (+\$38b) but has since reversed, totaling \$9b in net paydowns WTD (Exhibit 2). Market color from FHLBs noted a broad range of reasons for last week's higher issuance, including advances to banks, pre-funding, and precautionary funding. This was likely preempted by bank earnings and negative headlines.

Money market funds: According to Crane data, MMF AUM increased \$65b WoW, primarily into gov't institutional funds (Exhibit 6). Gov't institutional MMF AUM is now \$298b higher than levels seen on March 10th.

ON RRP: take-up declined \$9bn on Wednesday, but still \$70b higher since March 10 (Exhibit 8). Despite MMF inflows, ON RRP take-up has not increased to the same degree, likely due to FHLB issuance and some gov't MMFs unable to invest in repo.

We expect MMF take-up at the ON RRP to increase heading into the X-date as MMFs typically want to avoid bills maturing following projected X-dates. We recently updated our bill supply projections but continue to forecast a large wave post debt limit resolution which will likely pull money out of ON RRP ([May refunding 03 May 2023](#)).

Fed data: Fed H.8 data for the week ending April 19th showed domestic bank balance sheets declined \$118b, stemming from cash on the asset side (Exhibit 10) and deposits on the liabilities side. This corresponds with a \$183b fall in reserves which continued to decline by \$33b the following week. The decline in reserves is supported by a \$210b build in TGA (4/12 – 4/26) due to April tax receipts.

Note: Our "Follow the Money" publication has shifted to a weekly timeline, but we will continue to make updates on an ad hoc basis as necessary

04 May 2023

Rates Research
United States

Katie Craig
Rates Strategist
BofAS
+1 646 855 6625
katie.craig@bofa.com

Mark Cabana, CFA
Rates Strategist
BofAS
+1 646 855 9591
mark.cabana@bofa.com

US Rates Research
BofAS
+1 646 855 8846

[See Team Page for List of Analysts](#)

Abbreviations:

BTFP: bank term funding program
CB: Central bank
DW: discount window
FHLB: Federal Home Loan Banks
FIMA: Foreign and international monetary authorities
Gov't: government
GSE: Government sponsored enterprises
Inst'l: institutional
MMF: Money market funds
ON RRP: Overnight reverse repo facility
P&I: principal & interest
TGA: Treasury General Account
w/w: week on week
DL: debt limit
WTD: week to date
DN: Discount Note

Trading ideas and investment strategies discussed herein may give rise to significant risk and are not suitable for all investors. Investors should have experience in relevant markets and the financial resources to absorb any losses arising from applying these ideas or strategies.

BofA Securities does and seeks to do business with issuers covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Refer to important disclosures on page 6 to 8. Analyst Certification on page 6. 12553876

Timestamp: 04 May 2023 06:00AM EDT

Exhibit 1: Data on FHLB issuance + ON RRP / MMF flows (\$bn)

FHLB net issuance is offset by ON RRP decline & MMF inflows; funding markets are working

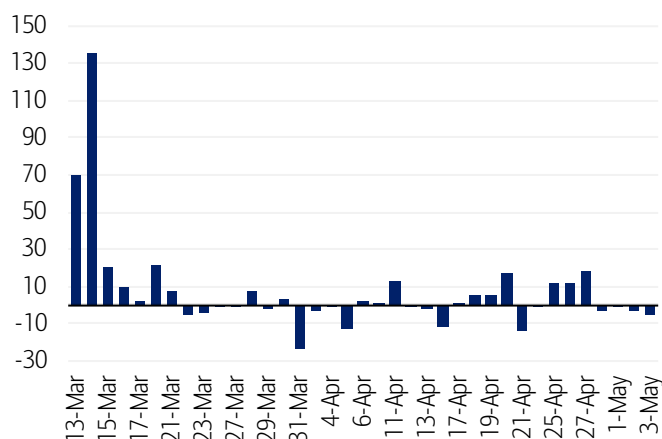
FHLBs	19-Apr	20-Apr	21-Apr	24-Apr	25-Apr	26-Apr	27-Apr	28-Apr	1-May	2-May	3-May
Total	5.01	17.37	-13.47	-1.27	11.47	11.88	18.58	-2.90	-0.42	-2.95	-5.18
DN outstanding	508.31	518.65	507.19	507.25	521.49	527.37	538.85	508.53	503.27	506.21	495.79
Money Markets	19-Apr	20-Apr	21-Apr	24-Apr	25-Apr	26-Apr	27-Apr	28-Apr	1-May	2-May	3-May
ON RRP Total	2,294.68	2,277.26	2,290.02	2,308.54	2,275.40	2,279.56	2,273.93	2,325.48	2,239.87	2,267.13	2,258.22
ON RRP Change (d/d)	55.68	-17.42	12.76	18.51	-33.14	4.16	-5.64	51.55	-85.61	27.26	-8.91
MMF Flows	-9.17	22.51	3.43	15.97	14.18	8.68	0.11	-21.17	45.13	14.55	
MMF Inflow - RRP Change	-64.85	39.93	-9.33	-2.54	47.32	4.52	5.74	-72.72	130.74	-12.72	

Source: BofA Global Research, Bloomberg, FHLB Office of Finance, Crane Data. Note: For FHLB data we use estimates of daily net issuance, we adjust the month-end DN outstanding number to reflect FHLB OF

BofA GLOBAL RESEARCH

Exhibit 2: Daily net FHLB debt issuance (\$bn)

FHLB daily debt issuance has slowed

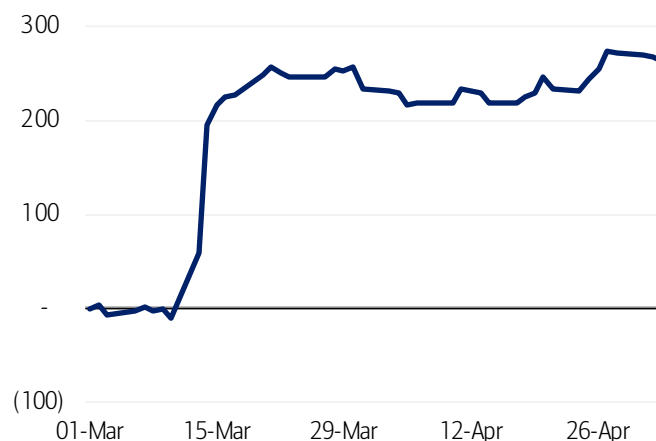


Source: Bloomberg, FHLB Office of Finance. Note: we use estimates of daily net issuance

BofA GLOBAL RESEARCH

Exhibit 3: Cumulative growth in FHLB debt since March 1 (\$bn)

Daily FHLB cumulative debt is roughly \$262bn higher since March 1

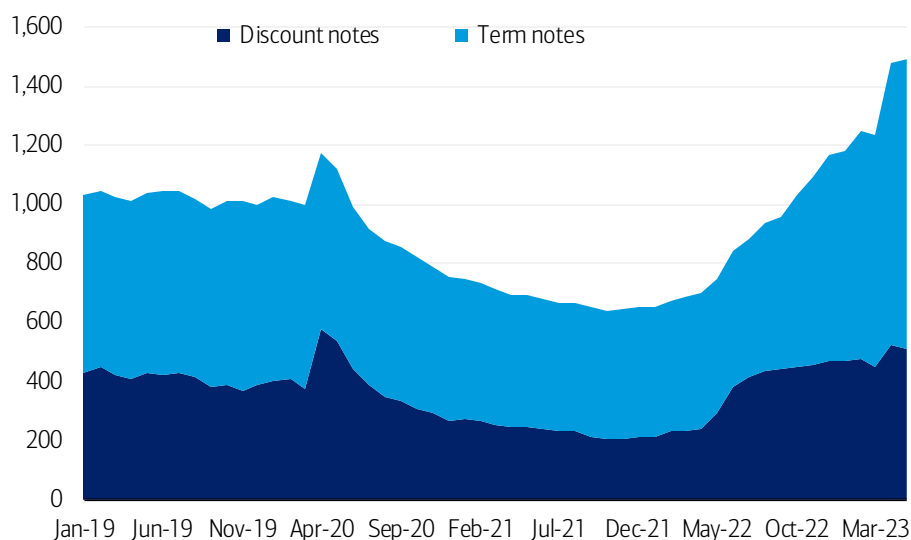


Source: Bloomberg, FHLB Office of Finance. Note: we use estimates of daily net issuance

BofA GLOBAL RESEARCH

Exhibit 4: FHLB debt issuance (\$bn)

Higher FHLB debt issuance leading to more MMF investment

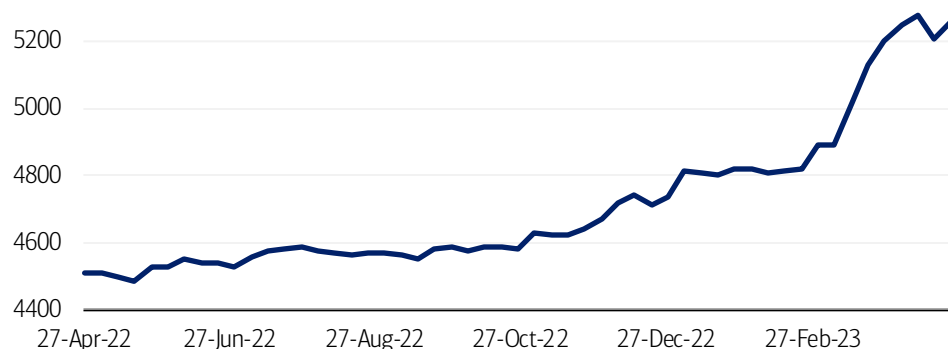


Source: BofA Global Research, FHLB Office of Finance

BofA GLOBAL RESEARCH

Exhibit 5: MMF AUM (\$bn)

MMFs saw \$53.83bn in flows from prior week



Source: ICI, Bloomberg

BoFA GLOBAL RESEARCH

Exhibit 6: ICI Money Market Fund AUM (\$bn)

MMF aum rose \$54bn from prior week

Dates	Total	Prime	Gov't	Tax exempt	Retail	Institutional	Prime Institutional	Gov't Institutional	Tax-exempt Institutional	Prime Retail	Gov't Retail	Tax-exempt Retail
4/19/2023	5,209	767	4,332	110	1,894	3,315	257	3,048	11	510	1,284	99
4/26/2023	5,263	772	4,383	107	1,899	3,364	258	3,095	11	514	1,288	97
WoW Change	54	6	51	-3	5	49	2	48	0	4	3	-2
Change since 3/8	369	-22	400	-9	72	297	-11	310	-2	-11	90	-6

Source: ICI, Bloomberg

BoFA GLOBAL RESEARCH

Exhibit 7: Daily Crane MMF AUM (\$bn)

MMF AUM grew \$9b from prior day, continuing flows into gov't institutional

Dates	Total	Prime	Gov't	Tax exempt	Retail	Institutional	Prime Institutional	Gov't Institutional	Prime Retail	Gov't Retail
4/26/2023	5,687	1,176	4,397	114	3,763	516	3,104	114	1,294	659
4/27/2023	5,687	1,174	4,399	113	3,762	517	3,105	113	1,295	657
4/28/2023	5,666	1,170	4,382	113	3,739	518	3,087	113	1,296	653
5/1/2023	5,711	1,174	4,422	114	3,773	520	3,119	114	1,303	654
5/2/2023	5,725	1,179	4,430	116	3,750	521	3,092	116	1,338	658
DoD Change	15	5	8	2	-23	1	-27	2	35	4
WoW change	47	2	43	2	-6	6	-2	2	45	-3

Source: Crane Data

BoFA GLOBAL RESEARCH

Exhibit 8: ON RRP take-up (\$bn)

ON RRP take-up decreased \$8.91bn from prior day

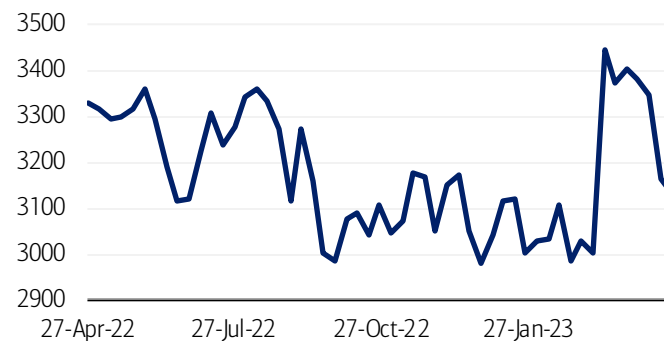


Source: FRBNY

BoFA GLOBAL RESEARCH

Exhibit 9: Fed reserve balances outstanding (\$bn)

Change in reserve balance from prior week was -\$32.78bn



Source: Federal Reserve

BoFA GLOBAL RESEARCH



Exhibit 10: US Commercial Bank balance sheets, selected assets & liabilities (\$bn)

Domestic banks saw deposits increase but borrowings declined

		Total	Assets						Liabilities			
			Cash	UST & Agy	MBS	Repo & FF	Loans & Leases	Other	Deposits	Borrowings	Net due to related foreign offices	Other
All	4/12/2023	22954	3355	1549	2605	616	12051	2779	17378	2404	262	2910
Banks	1w Chg	-32	-26	-4	-17	-2	-10	28	-52	48	-60	32
	1m Chg	-303	-98	-64	-119	12	-39	5	-113	-78	-100	-12
	YTD Chg	-22	260	-104	-168	15	-54	30	-568	549	-8	5
Domestic	4/12/2023	19938	2083	1443	2579	261	11015	2556	16129	1452	-400	2757
Banks	1w Chg	-37	-37	-2	-16	-1	-5	24	-51	16	-13	11
	1m Chg	-281	-71	-57	-118	-5	-36	6	-64	-140	-60	-17
	YTD Chg	-63	215	-104	-158	-52	-32	68	-501	468	-61	31
Large	4/12/2023	13194	1601	1143	1946	221	6558	1725	10736	893	-431	1995
Banks	1w Chg	-37	-36	-2	-15	1	-7	22	-41	1	-11	14
	1m Chg	-78	-20	-50	-10	-2	20	-16	-60	15	-59	27
	YTD Chg	75	187	-73	-14	-44	-17	36	-270	317	-55	83
Small	4/12/2023	6745	482	300	633	41	4457	832	5393	559	31	762
Banks	1w Chg	0	-1	0	-1	-2	1	3	-11	16	-2	-3
	1m Chg	-203	-52	-7	-108	-3	-56	23	-4	-155	-1	-44
	YTD Chg	-138	28	-31	-144	-8	-15	32	-232	151	-6	-51
Foreign	4/12/2023	3016	1272	106	26	354	1036	222	1248	952	662	153
Banks	1w Chg	5	11	-3	-2	-1	-4	3	-1	32	-47	21
	1m Chg	-22	-27	-8	-1	18	-3	-1	-49	62	-40	5
	YTD Chg	41	45	0	-11	67	-22	-38	-66	81	53	-27

Source: Federal Reserve H8

BofA GLOBAL RESEARCH

Exhibit 11: Fed balance sheet, selected assets & liabilities (\$bn, Wednesday comparison data)

Cash in banking system exceeded Fed balance sheet growth due to lower ON RRP

Dates	Assets						Liabilities						Total
	Securities	Repo	Discount Window	BTFP	FDIC bank credit extension	CB Liquidity Swaps	Currency	Foreign RRP	ON RRP	TGA	Reserves		
4/19/2023	7,860	20		70	74	173	0	2,323	372	2,295	265	3,165	8,643
4/26/2023	7,844	0		74	81	170	0	2,324	359	2,280	296	3,132	8,613
Change from 4/19-4/26	-17	-20		4	7	-2	0	1	-12	-15	31	-33	-31
Change from 3/8-4/26	-104	0		69	81	170	0	16	-8	86	-16	128	221

Source: BofA Global Research, Federal Reserve

BofA GLOBAL RESEARCH

Appendix

Exhibit 12: Daily FHLB debt issuance estimates (\$mn)

We estimate daily issuance from Bloomberg and FHLB Office of Finance website. Data is subject to revisions

	O/N	Term DN	Auction	Maturing DN	FRNs	Callable	Bullets	Maturing	Total
3/1/2023	14,450	6,550	-	(21,685)	-	1,317	603	(2,794)	(1,559)
3/2/2023	17,964	4,656	5,650	(17,127)	-	114	789	(6,685)	5,361
3/3/2023	14,476	3,414	-	(30,161)	1,000	120	2,035	(1,949)	(11,065)
3/6/2023	14,930	4,704	-	(18,998)	3,790	754	1,023	(2,335)	3,868
3/7/2023	14,439	3,751	4,915	(17,260)	-	170	284	(1,000)	5,298
3/8/2023	13,485	7,293	-	(31,073)	-	5,095	212	-	(4,989)
3/9/2023	15,250	3,552	3,360	(16,869)	-	585	1,135	(3,980)	3,032
3/10/2023	16,799	3,740	-	(28,651)	2,000	547	58	(5,206)	(10,714)
3/13/2023	67,500	23,039	-	(22,798)	2,810	2,035	347	(2,750)	70,183
3/14/2023	50,200	61,770	6,445	(71,183)	91,819	495	-	(3,450)	136,096
3/15/2023	24,100	40,529	-	(65,448)	21,052	1,685	677	(1,889)	20,705
3/16/2023	14,600	9,988	3,500	(29,369)	10,850	636	132	(830)	9,507
3/17/2023	11,585	7,880	-	(24,676)	11,500	175	39	(4,583)	1,920
3/20/2023	12,400	7,341	-	(16,852)	21,712	413	31	(3,650)	21,395
3/21/2023	9,604	5,301	3,675	(15,224)	7,312	227	31	(3,545)	7,381
3/22/2023	11,250	5,916	-	(24,402)	2,500	237	32	(1,000)	(5,468)
3/23/2023	9,780	3,456	5,115	(16,546)	-	105	81	(6,400)	(4,409)
3/24/2023	18,355	1,650	-	(23,633)	4,900	30	74	(1,580)	(204)
3/27/2023	24,070	1,464	-	(33,130)	9,150	4,188	295	(6,323)	(285)
3/28/2023	19,223	4,277	280	(23,576)	2,200	8,744	75	(3,247)	7,977
3/29/2023	17,095	1,957	-	(29,865)	1,000	9,924	162	(1,881)	(1,609)
3/30/2023	15,250	4,213	4,700	(20,936)	-	3,498	129	(3,202)	3,652
3/31/2023	8,000	964	-	(32,122)	-	-	-	-	(23,158)
4/3/2023	9,620	2,421	-	(16,456)	-	7,642	96	(6,175)	(2,852)
4/4/2023	11,440	1,453	4,120	(12,553)	-	15	20	(5,681)	(1,186)
4/5/2023	9,800	2,712	-	(23,492)	-	492	144	(2,172)	(12,516)
4/6/2023	9,300	3,140	4,275	(12,694)	-	1,030	44	(3,011)	2,083
4/10/2023	9,600	6,010	-	(19,286)	-	5,213	520	(1,485)	572
4/11/2023	9,600	7,455	5,255	(11,553)	-	2,350	258	(200)	13,166
4/12/2023	16,155	5,059	-	(23,974)	50	1,723	149	(330)	(1,168)
4/13/2023	2,750	3,625	2,935	(10,918)	-	751	126	(1,100)	(1,831)
4/14/2023	11,041	3,882	-	(24,032)	378	1,040	55	(3,690)	(11,327)
4/17/2023	11,896	5,142	-	(19,320)	-	3,605	428	(1,400)	351
4/18/2023	13,127	4,043	3,935	(16,850)	500	2,502	151	(1,722)	5,686
4/19/2023	16,014	8,047	-	(25,694)	1,000	5,460	187	-	5,014
4/20/2023	18,737	6,788	7,240	(22,421)	1,000	6,882	460	(1,317)	17,368
4/21/2023	15,984	2,654	-	(30,101)	2,000	3,137	84	(7,225)	(13,467)
4/24/2023	17,600	5,499	-	(23,041)	-	4,645	30	(6,005)	(1,272)
4/25/2023	15,850	6,807	11,335	(19,746)	2,550	1,253	130	(6,713)	11,466
4/26/2023	26,838	6,482	-	(27,442)	-	5,780	224	-	11,883
4/27/2023	19,800	6,206	7,000	(21,528)	6,480	4,140	80	(3,600)	18,578
4/28/2023	15,512	3,584	-	(24,994)	911	3,430	80	(1,424)	(2,901)
5/1/2023	18,904	2,879	-	(27,040)	11,497	1,047	148	(7,853)	(419)
5/2/2023	19,801	4,857	3,185	(24,907)	-	57	165	(6,105)	(2,946)
5/3/2023	23,273	4,378	-	(38,071)	5,913	5,208	137	(6,020)	(5,182)

Source: Bloomberg, FHLB Office of Finance. Note: We use estimates of daily FHLB debt issuance

BofA GLOBAL RESEARCH



Analyst Certification

I, Mark Cabana, CFA, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

Disclosures

Important Disclosures

BofA Global Research personnel (including the analyst(s) responsible for this report) receive compensation based upon, among other factors, the overall profitability of Bank of America Corporation, including profits derived from investment banking. The analyst(s) responsible for this report may also receive compensation based upon, among other factors, the overall profitability of the Bank's sales and trading businesses relating to the class of securities or financial instruments for which such analyst is responsible.

BofA Securities fixed income analysts regularly interact with sales and trading desk personnel in connection with their research, including to ascertain pricing and liquidity in the fixed income markets.

Other Important Disclosures

Prices are indicative and for information purposes only. Except as otherwise stated in the report, for any recommendation in relation to an equity security, the price referenced is the publicly traded price of the security as of close of business on the day prior to the date of the report or, if the report is published during intraday trading, the price referenced is indicative of the traded price as of the date and time of the report and in relation to a debt security (including equity preferred and CDS), prices are indicative as of the date and time of the report and are from various sources including BofA Securities trading desks.

The date and time of completion of the production of any recommendation in this report shall be the date and time of dissemination of this report as recorded in the report timestamp.

This report may refer to fixed income securities or other financial instruments that may not be offered or sold in one or more states or jurisdictions, or to certain categories of investors, including retail investors. Readers of this report are advised that any discussion, recommendation or other mention of such instruments is not a solicitation or offer to transact in such instruments. Investors should contact their BofA Securities representative or Merrill Global Wealth Management financial advisor for information relating to such instruments.

Rule 144A securities may be offered or sold only to persons in the U.S. who are Qualified Institutional Buyers within the meaning of Rule 144A under the Securities Act of 1933, as amended. SECURITIES OR OTHER FINANCIAL INSTRUMENTS DISCUSSED HEREIN MAY BE RATED BELOW INVESTMENT GRADE AND SHOULD THEREFORE ONLY BE CONSIDERED FOR INCLUSION IN ACCOUNTS QUALIFIED FOR SPECULATIVE INVESTMENT.

Recipients who are not institutional investors or market professionals should seek the advice of their independent financial advisor before considering information in this report in connection with any investment decision, or for a necessary explanation of its contents.

The securities or other financial instruments discussed in this report may be traded over-the-counter. Retail sales and/or distribution of this report may be made only in states where these instruments are exempt from registration or have been qualified for sale.

Officers of BofA or one or more of its affiliates (other than research analysts) may have a financial interest in securities of the issuer(s) or in related investments.

This report, and the securities or other financial instruments discussed herein, may not be eligible for distribution or sale in all countries or to certain categories of investors, including retail investors.

Refer to [BofA Global Research policies relating to conflicts of interest](#).

"BofA Securities" includes BofA Securities, Inc. ("BofAS") and its affiliates. Investors should contact their BofA Securities representative or Merrill Global Wealth Management financial advisor if they have questions concerning this report or concerning the appropriateness of any investment idea described herein for such investor. "BofA Securities" is a global brand for BofA Global Research.

Information relating to Non-US affiliates of BofA Securities and Distribution of Affiliate Research Reports:

BofAS and/or Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S") may in the future distribute, information of the following non-US affiliates in the US (short name: legal name, regulator): Merrill Lynch (South Africa): Merrill Lynch South Africa (Pty) Ltd., regulated by The Financial Service Board; MLI (UK): Merrill Lynch International, regulated by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA); BofASE (France): BofA Securities Europe SA is authorized by the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and regulated by the ACPR and the Autorité des Marchés Financiers (AMF). BofA Securities Europe SA ("BofASE") with registered address at 51, rue La Boétie, 75008 Paris is registered under no. 842 602 690 RCS Paris. In accordance with the provisions of French Code Monétaire et Financier (Monetary and Financial Code), BofASE is an établissement de crédit et d'investissement (credit and investment institution) that is authorised and supervised by the European Central Bank and the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and regulated by the ACPR and the Autorité des Marchés Financiers. BofASE's share capital can be found at www.bofamli.com/BofASEdisclaimer; BofA Europe (Milan): Bank of America Europe Designated Activity Company, Milan Branch, regulated by the Bank of Italy, the European Central Bank (ECB) and the Central Bank of Ireland (CBI); BofA Europe (Frankfurt): Bank of America Europe Designated Activity Company, Frankfurt Branch regulated by BaFin, the ECB and the CBI; BofA Europe (Madrid): Bank of America Europe Designated Activity Company, Sucursal en España, regulated by the Bank of Spain, the ECB and the CBI; Merrill Lynch (Australia): Merrill Lynch Equities (Australia) Limited, regulated by the Australian Securities and Investments Commission; Merrill Lynch (Hong Kong): Merrill Lynch (Asia Pacific) Limited, regulated by the Hong Kong Securities and Futures Commission (HKSF); Merrill Lynch (Singapore): Merrill Lynch (Singapore) Pte Ltd, regulated by the Monetary Authority of Singapore (MAS); Merrill Lynch (Canada): Merrill Lynch Canada Inc, regulated by the Investment Industry Regulatory Organization of Canada; Merrill Lynch (Mexico): Merrill Lynch Mexico, SA de CV, Casa de Bolsa, regulated by the Comisión Nacional Bancaria y de Valores; Merrill Lynch (Argentina): Merrill Lynch Argentina SA, regulated by Comisión Nacional de Valores; BofAS Japan: BofA Securities Japan Co., Ltd., regulated by the Financial Services Agency; Merrill Lynch (Seoul): Merrill Lynch International, LLC Seoul Branch, regulated by the Financial Supervisory Service; Merrill Lynch (Taiwan): Merrill Lynch Securities (Taiwan) Ltd., regulated by the Securities and Futures Bureau; BofAS India: BofA Securities India Limited, regulated by the Securities and Exchange Board of India (SEBI); Merrill Lynch (Israel): Merrill Lynch Israel Limited, regulated by Israel Securities Authority; Merrill Lynch (DIFC): Merrill Lynch International (DIFC Branch), regulated by the Dubai Financial Services Authority (DFSA); Merrill Lynch (Brazil): Merrill Lynch S.A. Corretora de Títulos e Valores Mobiliários, regulated by Comissão de Valores Mobiliários; Merrill Lynch KSA Company: Merrill Lynch Kingdom of Saudi Arabia Company, regulated by the Capital Market Authority.

This information: has been approved for publication and is distributed in the United Kingdom (UK) to professional clients and eligible counterparties (as each is defined in the rules of the FCA and the PRA) by MLI (UK), which is authorized by the PRA and regulated by the FCA and the PRA - details about the extent of our regulation by the FCA and PRA are available from us on request; has been approved for publication and is distributed in the European Economic Area (EEA) by BofASE (France), which is authorized by the ACPR and regulated by the ACPR and the AMF; has been considered and distributed in Japan by BofAS Japan, a registered securities dealer under the Financial Instruments and Exchange Act in Japan, or its permitted affiliates; is issued and distributed in Hong Kong by Merrill Lynch (Hong Kong) which is regulated by HKSF; is issued and distributed in Taiwan by Merrill Lynch (Taiwan); is issued and distributed in India by BofAS

India; and is issued and distributed in Singapore to institutional investors and/or accredited investors (each as defined under the Financial Advisers Regulations) by Merrill Lynch (Singapore) (Company Registration No 198602883D). Merrill Lynch (Singapore) is regulated by MAS. Merrill Lynch Equities (Australia) Limited (ABN 65 006 276 795), AFS License 235132 (MLEA) distributes this information in Australia only to 'Wholesale' clients as defined by s.761G of the Corporations Act 2001. With the exception of Bank of America N.A., Australia Branch, neither MLEA nor any of its affiliates involved in preparing this information is an Authorised Deposit-Taking Institution under the Banking Act 1959 nor regulated by the Australian Prudential Regulation Authority. No approval is required for publication or distribution of this information in Brazil and its local distribution is by Merrill Lynch (Brazil) in accordance with applicable regulations. Merrill Lynch (DIFC) is authorized and regulated by the DFSA. Information prepared and issued by Merrill Lynch (DIFC) is done so in accordance with the requirements of the DFSA conduct of business rules. BofA Europe (Frankfurt) distributes this information in Germany and is regulated by BaFin, the ECB and the CBI. BofA Securities entities, including BofA Europe and BofASE (France), may outsource/delegate the marketing and/or provision of certain research services or aspects of research services to other branches or members of the BofA Securities group. You may be contacted by a different BofA Securities entity acting for and on behalf of your service provider where permitted by applicable law. This does not change your service provider. Please refer to the [Electronic Communications Disclaimers](#) for further information.

This information has been prepared and issued by BofAS and/or one or more of its non-US affiliates. The author(s) of this information may not be licensed to carry on regulated activities in your jurisdiction and, if not licensed, do not hold themselves out as being able to do so. BofAS and/or MLPF&S is the distributor of this information in the US and accepts full responsibility for information distributed to BofAS and/or MLPF&S clients in the US by its non-US affiliates. Any US person receiving this information and wishing to effect any transaction in any security discussed herein should do so through BofAS and/or MLPF&S and not such foreign affiliates. Hong Kong recipients of this information should contact Merrill Lynch (Asia Pacific) Limited in respect of any matters relating to dealing in securities or provision of specific advice on securities or any other matters arising from, or in connection with, this information. Singapore recipients of this information should contact Merrill Lynch (Singapore) Pte Ltd in respect of any matters arising from, or in connection with, this information. For clients that are not accredited investors, expert investors or institutional investors Merrill Lynch (Singapore) Pte Ltd accepts full responsibility for the contents of this information distributed to such clients in Singapore.

General Investment Related Disclosures:

Taiwan Readers: Neither the information nor any opinion expressed herein constitutes an offer or a solicitation of an offer to transact in any securities or other financial instrument. No part of this report may be used or reproduced or quoted in any manner whatsoever in Taiwan by the press or any other person without the express written consent of BofA Securities. This document provides general information only, and has been prepared for, and is intended for general distribution to, BofA Securities clients. Neither the information nor any opinion expressed constitutes an offer or an invitation to make an offer, to buy or sell any securities or other financial instrument or any derivative related to such securities or instruments (e.g., options, futures, warrants, and contracts for differences). This document is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the particular needs of, and is not directed to, any specific person(s). This document and its content do not constitute, and should not be considered to constitute, investment advice for purposes of ERISA, the US tax code, the Investment Advisers Act or otherwise. Investors should seek financial advice regarding the appropriateness of investing in financial instruments and implementing investment strategies discussed or recommended in this document and should understand that statements regarding future prospects may not be realized. Any decision to purchase or subscribe for securities in any offering must be based solely on existing public information on such security or the information in the prospectus or other offering document issued in connection with such offering, and not on this document.

Securities and other financial instruments referred to herein, or recommended, offered or sold by BofA Securities, are not insured by the Federal Deposit Insurance Corporation and are not deposits or other obligations of any insured depository institution (including, Bank of America, N.A.). Investments in general and, derivatives, in particular, involve numerous risks, including, among others, market risk, counterparty default risk and liquidity risk. No security, financial instrument or derivative is suitable for all investors. Digital assets are extremely speculative, volatile and are largely unregulated. In some cases, securities and other financial instruments may be difficult to value or sell and reliable information about the value or risks related to the security or financial instrument may be difficult to obtain. Investors should note that income from such securities and other financial instruments, if any, may fluctuate and that price or value of such securities and instruments may rise or fall and, in some cases, investors may lose their entire principal investment. Past performance is not necessarily a guide to future performance. Levels and basis for taxation may change.

BofA Securities is aware that the implementation of the ideas expressed in this report may depend upon an investor's ability to "short" securities or other financial instruments and that such action may be limited by regulations prohibiting or restricting "shortselling" in many jurisdictions. Investors are urged to seek advice regarding the applicability of such regulations prior to executing any short idea contained in this report.

This report may contain a trading idea or recommendation which highlights a specific identified near-term catalyst or event impacting a security, issuer, industry sector or the market generally that presents a transaction opportunity, but does not have any impact on the analyst's particular "Overweight" or "Underweight" rating (which is based on a three month trade horizon). Trading ideas and recommendations may differ directionally from the analyst's rating on a security or issuer because they reflect the impact of a near-term catalyst or event.

Foreign currency rates of exchange may adversely affect the value, price or income of any security or financial instrument mentioned in this report. Investors in such securities and instruments effectively assume currency risk.

BofAS or one of its affiliates is a regular issuer of traded financial instruments linked to securities that may have been recommended in this report. BofAS or one of its affiliates may, at any time, hold a trading position (long or short) in the securities and financial instruments discussed in this report.

BofA Securities, through business units other than BofA Global Research, may have issued and may in the future issue trading ideas or recommendations that are inconsistent with, and reach different conclusions from, the information presented herein. Such ideas or recommendations may reflect different time frames, assumptions, views and analytical methods of the persons who prepared them, and BofA Securities is under no obligation to ensure that such other trading ideas or recommendations are brought to the attention of any recipient of this information.

In the event that the recipient received this information pursuant to a contract between the recipient and BofAS for the provision of research services for a separate fee, and in connection therewith BofAS may be deemed to be acting as an investment adviser, such status relates, if at all, solely to the person with whom BofAS has contracted directly and does not extend beyond the delivery of this report (unless otherwise agreed specifically in writing by BofAS). If such recipient uses the services of BofAS in connection with the sale or purchase of a security referred to herein, BofAS may act as principal for its own account or as agent for another person. BofAS is and continues to act solely as a broker-dealer in connection with the execution of any transactions, including transactions in any securities referred to herein.

Copyright and General Information:

Copyright 2023 Bank of America Corporation. All rights reserved. iQDatabase® is a registered service mark of Bank of America Corporation. This information is prepared for the use of BofA Securities clients and may not be redistributed, retransmitted or disclosed, in whole or in part, or in any form or manner, without the express written consent of BofA Securities. BofA Global Research information is distributed simultaneously to internal and client websites and other portals by BofA Securities and is not publicly-available material. Any unauthorized use or disclosure is prohibited. Receipt and review of this information constitutes your agreement not to redistribute, retransmit, or disclose to others the contents, opinions, conclusion, or information contained herein (including any investment recommendations, estimates or price targets) without first obtaining express permission from an authorized officer of BofA Securities.

Materials prepared by BofA Global Research personnel are based on public information. Facts and views presented in this material have not been reviewed by, and may not reflect information known to, professionals in other business areas of BofA Securities, including investment banking personnel. BofA Securities has established information barriers between BofA Global Research and certain business groups. As a result, BofA Securities does not disclose certain client relationships with, or compensation received from, such issuers. To the extent this material discusses any legal proceeding or issues, it has not been prepared as nor is it intended to express any legal conclusion, opinion or advice. Investors should consult their own legal advisers as to issues of law relating to the subject matter of this material. BofA Global Research personnel's knowledge of legal proceedings in which any BofA Securities entity and/or its directors, officers and employees may be plaintiffs, defendants, co-defendants or co-plaintiffs with or involving issuers mentioned in this material is based on public information. Facts and views presented in this material that relate to any such proceedings have not been reviewed by, discussed with, and may not reflect information known to, professionals in other business areas of BofA Securities in connection with the legal proceedings or matters relevant to such proceedings.

This information has been prepared independently of any issuer of securities mentioned herein and not in connection with any proposed offering of securities or as agent of any issuer of any securities. None of BofAS or any of its affiliates or their research analysts has any authority whatsoever to make any representation or warranty on behalf of the issuer(s). BofA Global Research policy prohibits research personnel from disclosing a recommendation, investment rating, or investment thesis for review by an issuer prior to the publication of a research report containing such rating, recommendation or investment thesis.

Any information relating to the tax status of financial instruments discussed herein is not intended to provide tax advice or to be used by anyone to provide tax advice. Investors are urged to seek tax advice based on their particular circumstances from an independent tax professional.

The information herein (other than disclosure information relating to BofA Securities and its affiliates) was obtained from various sources and we do not guarantee its accuracy. This information may contain links to third-party websites. BofA Securities is not responsible for the content of any third-party website or any linked content contained in a third-party website. Content contained on such third-party websites is not part of this information and is not incorporated by reference. The inclusion of a link does not imply any endorsement by or any affiliation with BofA

Securities. Access to any third-party website is at your own risk, and you should always review the terms and privacy policies at third-party websites before submitting any personal information to them. BofA Securities is not responsible for such terms and privacy policies and expressly disclaims any liability for them.

All opinions, projections and estimates constitute the judgment of the author as of the date of publication and are subject to change without notice. Prices also are subject to change without notice. BofA Securities is under no obligation to update this information and BofA Securities ability to publish information on the subject issuer(s) in the future is subject to applicable quiet periods. You should therefore assume that BofA Securities will not update any fact, circumstance or opinion contained herein.

Certain outstanding reports or investment opinions relating to securities, financial instruments and/or issuers may no longer be current. Always refer to the most recent research report relating to an issuer prior to making an investment decision.

In some cases, an issuer may be classified as Restricted or may be Under Review or Extended Review. In each case, investors should consider any investment opinion relating to such issuer (or its security and/or financial instruments) to be suspended or withdrawn and should not rely on the analyses and investment opinion(s) pertaining to such issuer (or its securities and/or financial instruments) nor should the analyses or opinion(s) be considered a solicitation of any kind. Sales persons and financial advisors affiliated with BofAS or any of its affiliates may not solicit purchases of securities or financial instruments that are Restricted or Under Review and may only solicit securities under Extended Review in accordance with firm policies.

Neither BofA Securities nor any officer or employee of BofA Securities accepts any liability whatsoever for any direct, indirect or consequential damages or losses arising from any use of this information.

Research Analysts

Ralph Axel

Rates Strategist
BofAS
ralph.axel@bofa.com

Bruno Braizinha, CFA

Rates Strategist
BofAS
bruno.braizinha@bofa.com

Mark Cabana, CFA

Rates Strategist
BofAS
mark.cabana@bofa.com

Katie Craig

Rates Strategist
BofAS
katie.craig@bofa.com

Meghan Swiber, CFA

Rates Strategist
BofAS
meghan.swiber@bofa.com

Anna (Caiyi) Zhang

Rates Strategist
BofAS
cai yi.zhang@bofa.com

Trading ideas and investment strategies discussed herein may give rise to significant risk and are not suitable for all investors. Investors should have experience in relevant markets and the financial resources to absorb any losses arising from applying these ideas or strategies.