

The Flow Show

Trading the ISM Inflection

Scores on the Doors: crypto 18.6%, oil 9.7%, stocks 4.8%, commodities 3.7%, US\$ 2.6%, cash 0.7%, HY bonds 0.3%, IG bonds -1.9%, gold -2.5%, gov bonds -3.8% YTD.

Tale of the Tape: just a few weeks away from 4-year anniversary of COVID lockdown, 10-year yields of 0.3%, SPX of 2200, unemployment rate of 15%...and just look at us now!

The Price is Right I: it only took 34 years but...Japan Nikkei @ new all-time high; JGB yields back in Dec'89 were bubble-peaking 5.7% vs 0.7% today; but both Nikkei highs aided & abetted by currency depreciation...JPY 144 back then vs 150 today.

The Price is Right II: our "Monopolistic Bull"...contribution to SPX +25% gain past 12 months of "Magnificent 7" = >60%, contribution of top 10 stocks (add WMT+COST+ELI) = >70%, contribution of top 20 stocks = >80%.

The Biggest Picture: all cyclical assets now trading inflection point in ISM; based on historical relationship to ISM and current valuations, best trades for "long producer, short consumer" in '24 are commodities, mercantilist stock indices (KOSPI/OMX/DAX) & EM ex-China, cyclical assets not yet discounting an ISM jump to 55-60 (Table 1).

Table 1: Trading the ISM Inflection Point

Cyclicals with their implied discount of future ISM (currently 49)

Cyclical asset	Implied ISM	Implied ISM range
Japan (NKY)	62	60-65
Semiconductors (SOX)	62	60-65
Homebuilders (XHB)	60	55-60
Industrials (S5INDU)	55	50-55
Germany (DAX)	54	50-55
EM ex-China (MXCXBV)	54	50-55
Korea (KOSPI)	53	50-55
Inventory-Shipment ratio	53	50-55
Sweden (OMX)	53	50-55
Materials (S5MATR)	51	45-50
Commodities (MLCXTR)	51	45-50
Industrial metals (MLCXIMTR)	48	45-50

Source: BofA Global Investment Strategy, Bloomberg

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More on page 2...

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Investment Strategy
Global

BofA

Data
Analytics



Michael Hartnett
Investment Strategist
BofAS
+1 646 855 1508
michael.hartnett@bofa.com

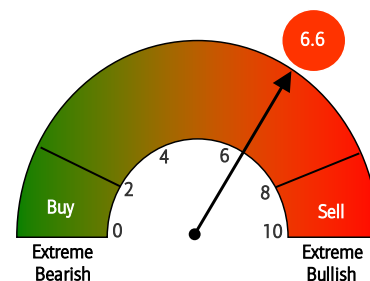
Elyas Galou >>
Investment Strategist
BofASE (France)
+33 1 8770 0087
elyas.galou@bofa.com

Anya Shelekhin
Investment Strategist
BofAS
+1 646 855 3753
anya.shelekhin@bofa.com

Myung-Jee Jung
Investment Strategist
BofAS
+1 646 855 0389
myung-jee.jung@bofa.com

Chart 1: BofA Bull & Bear Indicator

Stays at 6.6



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: \$15.2bn to bonds, \$15.0bn to stocks, \$2.1bn to cash, \$0.9bn from gold.

Winners YTD: cash (annualizing \$1.3tn – Chart 15), IG (\$517bn), EM stocks (\$355bn), tech (\$80bn).

Flows to Know:

- IG bonds: big \$10.2bn inflow, 16th inflow week = longest streak since Oct'21 (Chart 16);
- US small caps: largest weekly inflow since Jun'22 (\$5.1bn – Chart 17);
- Resources: 1st inflow to both energy & materials funds since Sep'23.

BofA Private Clients: \$3.5tn AUM...60.9% stocks, 20.6% bonds, 11.7% cash; ETF flows past 4 weeks...buying REITs, discretionary, financials, selling staples, low-vol, materials.

BofA Bull & Bear Indicator: stays at 6.6 as stock market breadth & lower FMS cash allocation (4.2% in Feb) offset by higher hedging S&P 500 & US dollar; BofA Bull & Bear Indicator "sell signal" of >8.0 requires less SPX hedging, EM debt inflows, EM equity inflows ≈\$10bn, 5-7% rally in EM stocks...should be good "bubble-test"...almost all positioning models & trading rules are 1sd-based & rare failures always coincide with 2sd bubbles (& busts).

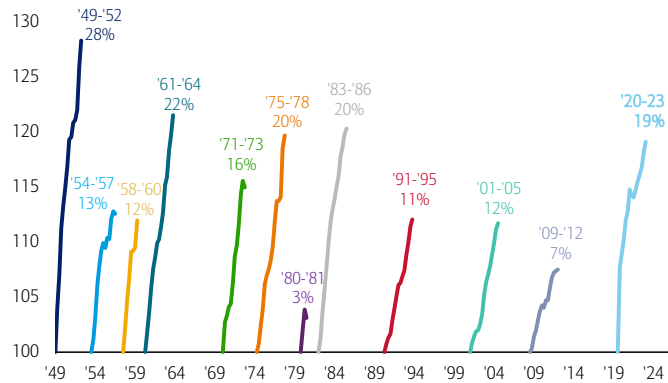
US 2020s “exceptionalism”: driven by a. Wall St...US capital raised via debt & equity not banks as in Europe/Asia hence higher asset prices bigger multiplier via capital & confidence of businesses & consumers; b. Government...US budget deficit averaged 9.3% of GDP past 4 years; c. Consumer...stimulus & labor market meant 4-year recovery in US consumption from COVID lows (23%) = fastest recovery since 1945 (Chart 3)...in contrast much-hyped capex recovery ranks 7 out of 12 recoveries since WW2 (Chart 4) & housing recovery one of the worst (Chart 5).

Long global producer, short US consumer: US consumer strong past 12-18 months, global producer weak...see contrast between payroll & ISM (Chart 6); roles set to reverse in coming quarters...global PMIs tentatively indicate inflection higher as orders now outstripping inventories (Chart 7), while consumer tailwinds of excess savings extinguished, falling saving rate (now <4%), rising delinquencies (albeit low) & hiring slowing; all cyclical assets now trading inflection point in ISM; based on historical relationship to ISM and current valuations, best trades for “long producer, short consumer” in '24 are commodities, mercantilist stock indices (KOSPI/OMX/DAX) & EM ex-China, cyclical assets not yet trading ISM jump to 55-60 (Table 1 & Charts 8-11); semiconductors, Japan, housing (Charts 12 & 13) already discounting big jump in ISM thus less relative upside (semis obvs in different cycle due to AI arms race & v obvious bubble risks until real rates rise above 2.5-3% - see [Flow Show last week](#)); AI “baby bubble” growing up + ISM accelerating into Fed rate cuts magic sauce for more upside; higher inflation & nominal yields/real rates the catalysts to cap/unwind upside...note number of small businesses set to hike prices in coming months on the rise again (correlates with CPI – Chart 14).

256 days to go until US election...its “Super Tuesday” on March 5th: simple framework for election impact on Wall Street is the macro conclusion election winner will draw from result (obvious many other factors at play); Biden win and conclusion for next administration is low unemployment more important than high inflation to most voters...less need for lower inflation/bond yields; If Trump were to win the conclusion for next administration is high inflation more important than low unemployment, need to keep inflation & interest rates low.

Chart 2: US 2020s “exceptionalism”

Real GDP growth 15 quarters into US expansion cycle

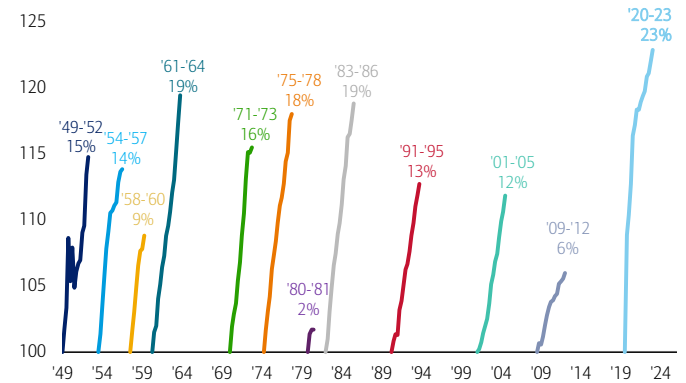


Source: BofA Global Investment Strategy, Haver

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Chart 3: Fastest US consumption recovery since 1945

Real PCE growth 15 quarters into US expansion cycle

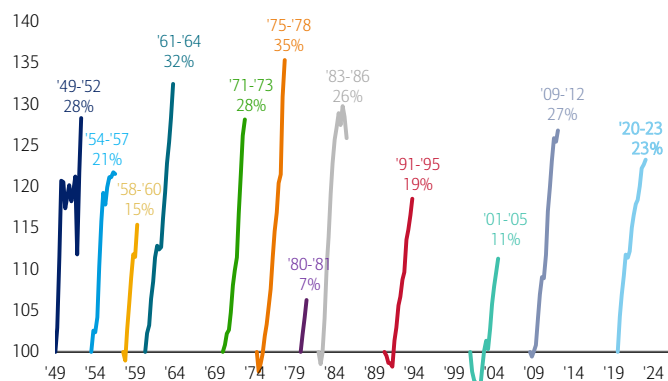


Source: BofA Global Investment Strategy, Haver. PCE = Personal Consumption Expenditures

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Chart 4: Modest capex recovery

Real business investment growth 15 qtrs into US expansion cycle

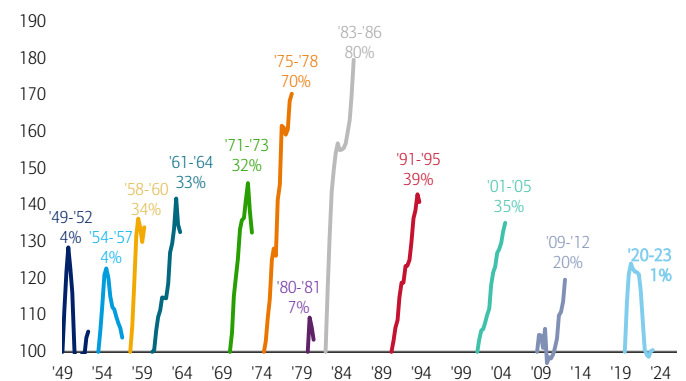


Source: BofA Global Investment Strategy, Haver

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Chart 5: Worst residential investment recovery since 1945

Real residential investment growth 15 qtrs into US expansion cycle

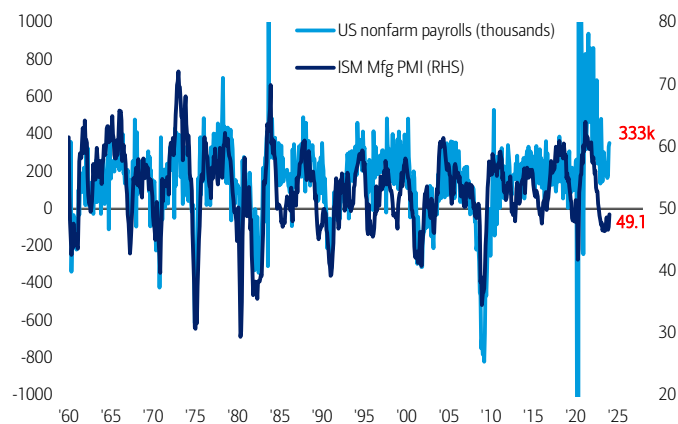


Source: BofA Global Investment Strategy, Haver

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Chart 6: US consumer strong vs global producer weak

ISM manufacturing PMI vs US nonfarm payrolls

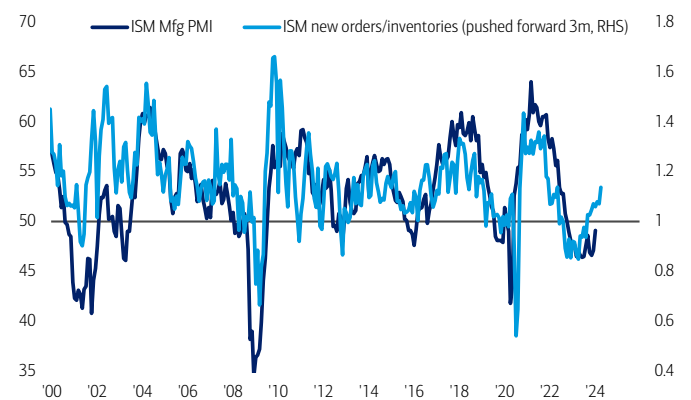


Source: BofA Global Investment Strategy, Bloomberg

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Chart 7: Orders/Inventories imply ISM to inflect higher

ISM manufacturing PMI vs new orders/inventories (pushed forward 3mo)



Source: BofA Global Investment Strategy, Bloomberg

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Chart 8: EM ex-China discounting ISM at 54

ISM manufacturing PMI vs EM ex-China

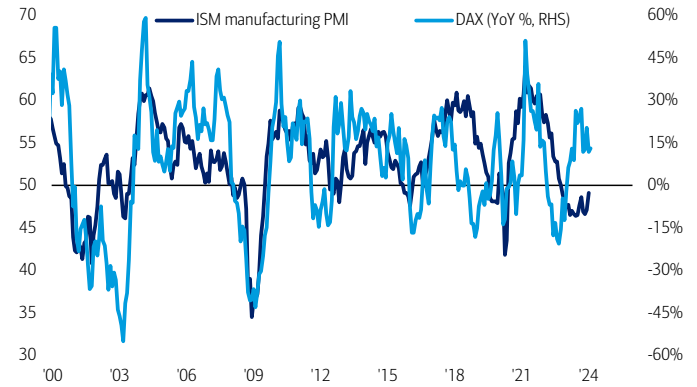


Source: BofA Global Investment Strategy, Bloomberg

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Chart 9: DAX discounting ISM at 54

ISM manufacturing PMI vs DAX

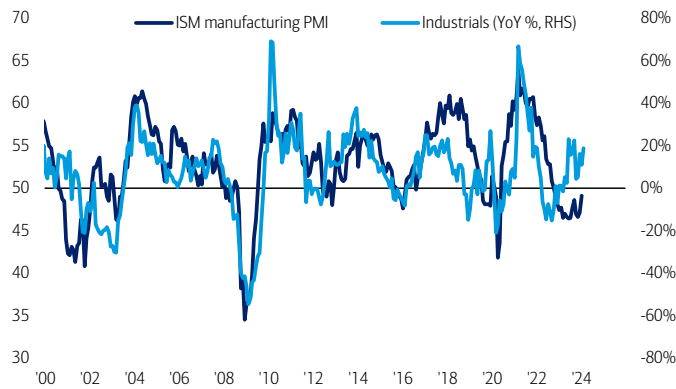


Source: BofA Global Investment Strategy, Bloomberg

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Chart 10: Industrials discounting ISM at 55

ISM manufacturing PMI vs Industrials

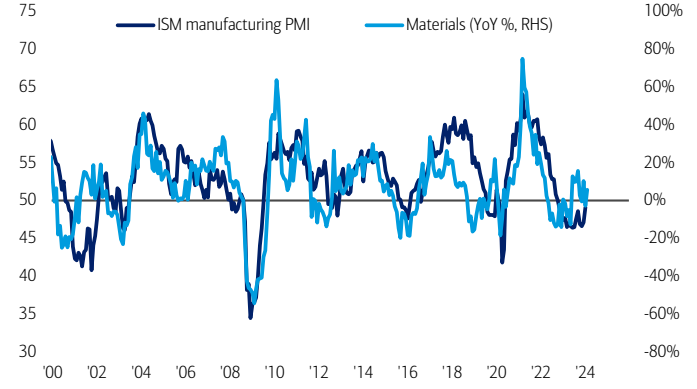


Source: BofA Global Investment Strategy, Bloomberg

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Chart 11: Materials discounting ISM at 51

ISM manufacturing PMI vs Materials

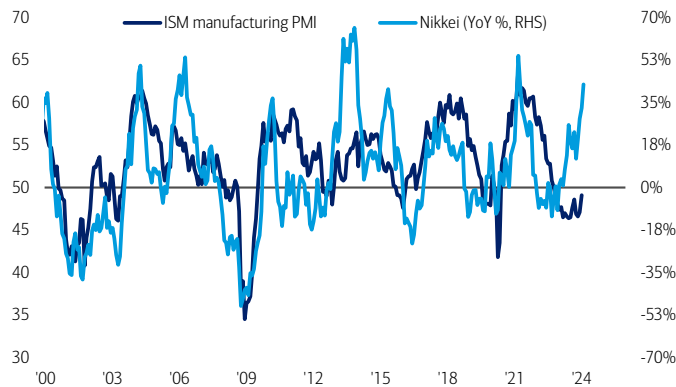


Source: BofA Global Investment Strategy, Bloomberg

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Chart 12: Japanese stocks already discounting big jump in ISM

ISM manufacturing PMI vs Nikkei

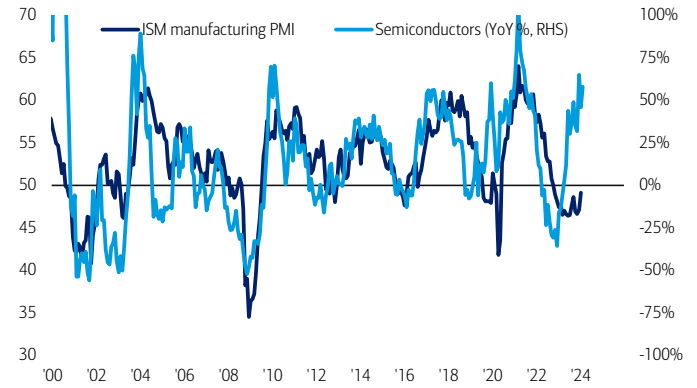


Source: BofA Global Investment Strategy, Bloomberg

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Chart 13: Semiconductors discounting big jump in ISM (but note different AI-driven cycle)

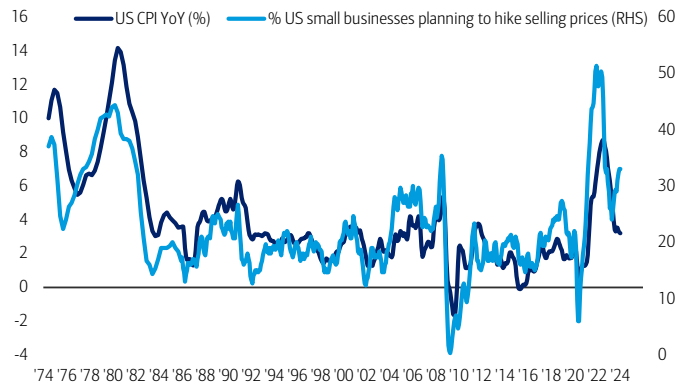
ISM manufacturing PMI vs Semiconductors



Source: BofA Global Investment Strategy, Bloomberg

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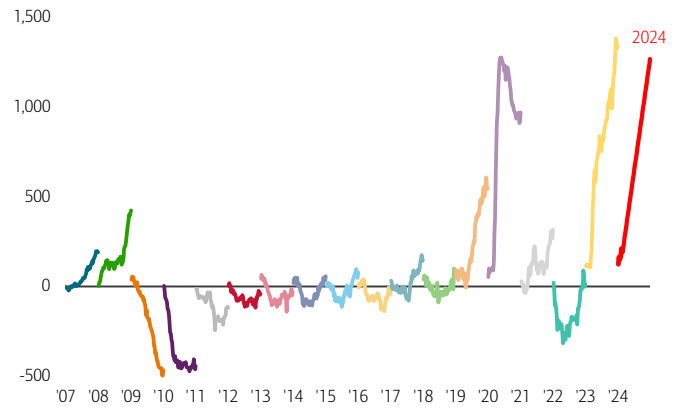
Chart 14: Small businesses signal price pressures in coming months
US CPI YoY vs % of US small biz planning to hike selling prices



Source: BofA Global Investment Strategy, Bloomberg

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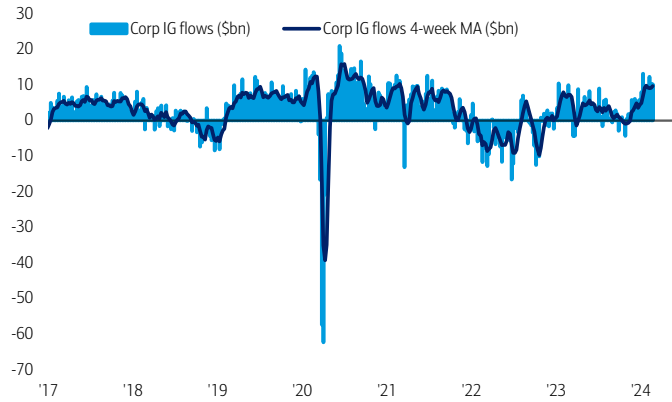
Chart 15: Fastest start to the year for money market inflows
Cumulative inflows to MMFs by year (\$ bn)



Source: BofA Global Investment Strategy, EPFR

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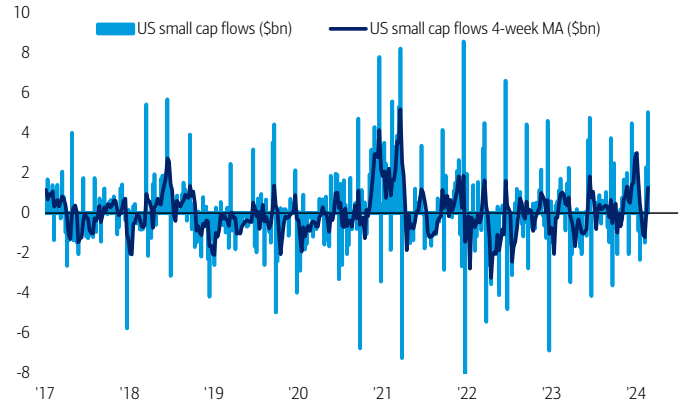
Chart 16: Longest streak of inflows to IG bonds since Oct'21
IG bond fund flows (weekly & 4-week MA)



Source: BofA Global Investment Strategy, EPFR

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Chart 17: Largest weekly inflow to small caps since Jun'22
Small caps fund flows (weekly & 4-week MA)



Source: BofA Global Investment Strategy, EPFR

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Asset Class Flows (Table 3)

Equities: \$15.0bn inflow (\$21.3bn inflow to ETFs, \$6.3bn outflow from mutual funds)

Bonds: inflows past 9 weeks (\$15.2bn)

Precious metals: outflows past 4 weeks (\$0.8bn)

Fixed Income Flows (Chart 6)

IG Bond inflows past 17 weeks (\$10.2bn)

HY Bond inflows past 7 weeks (\$1.5bn)

EM Debt outflows past 2 weeks (\$0.7bn)

Munis inflows past 7 weeks (\$0.6bn)

Govt/Tsy inflows past 2 weeks (\$3.9bn)

TIPS outflows past 3 weeks (\$0.5bn)

Bank loan outflows resume (\$11mn)

Equity Flows (Table 4)

US: largest inflow in 8 weeks (\$12.2bn)

Japan: inflows past 6 weeks (\$0.8bn)

Europe: outflows past 8 weeks (\$0.8bn)

EM: inflows past 12 weeks (\$2.3bn)

By style: inflow **US large cap** (\$9.0bn), **US small cap** (\$5.1bn); outflows **US growth** (\$0.3bn), **US value** (\$0.7bn).

By sector: inflows **tech** (\$0.7bn), **materials** (\$0.6bn), **energy** (\$0.2bn), outflows **com svcs** (\$0.1bn), **real estate** (\$0.2bn), **infra** (\$0.3bn), **utilities** (\$0.6bn), **consumer** (\$0.7bn), **healthcare** (\$0.7bn), **financials** (\$0.8bn).

Table 2: Cumulative YTD flows by asset class

Global flows by asset class, \$mn

	Wk % AUM	YTD	YTD %AUM
Equities	0.1%	74,022	0.4%
ETFs	0.2%	136,071	1.5%
LO	-0.1%	-61,984	-0.7%
Bonds	0.2%	98,912	1.4%
Commodities	0.0%	-1,650	-0.5%
Money-market	0.0%	194,858	2.3%

*week of 02/21/2024: Source: EPFR Global

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Table 3: EM equity inflows outpacing DM equity inflows YTD

Global equity flows by region, \$mn

	Wk % AUM	YTD
Total Equities	0.1%	74,022
long-only funds	-0.1%	-61,984
ETFs	0.2%	136,071
Total EM	0.1%	53,585
Brazil	-2.1%	-848
Russia	0.0%	-3
India	0.9%	4,796
China	0.7%	49,786
Total DM	0.1%	20,437
US	0.1%	12,998
Europe	-0.1%	-8,598
Japan	0.1%	5,991
International	0.0%	11,415

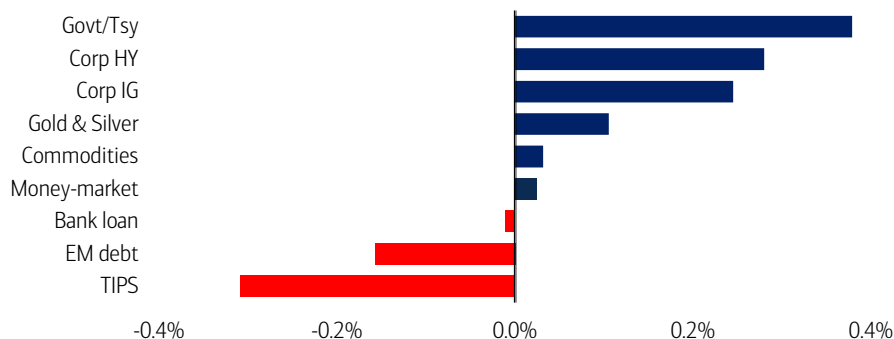
Total Equities = Total EM + Total DM

Source: EPFR Global

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Chart 18: FICC inflows to gold, commodities, bank loan & IG

Weekly FICC flows as a % AUM

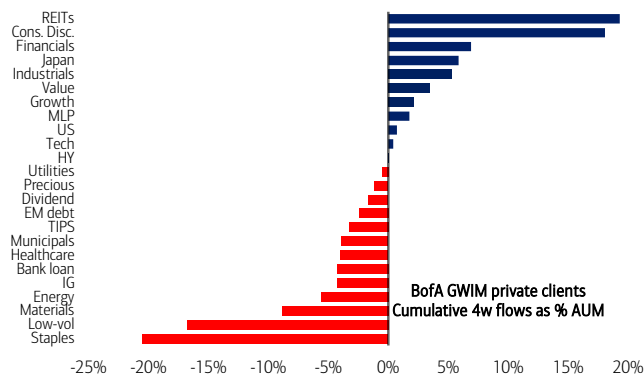


Source: EPFR Global

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BofA private client flows & allocations

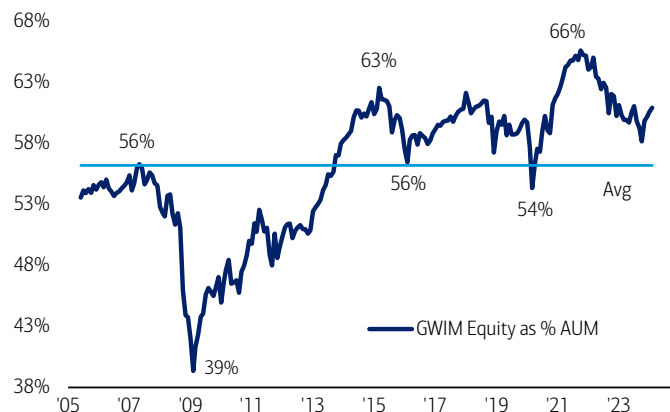
Chart 19: Private clients bought REITs, consumer, financials, Japan
BofA private clients 4-week ETF flows as % of AUM



Source: BofA Global Investment Strategy

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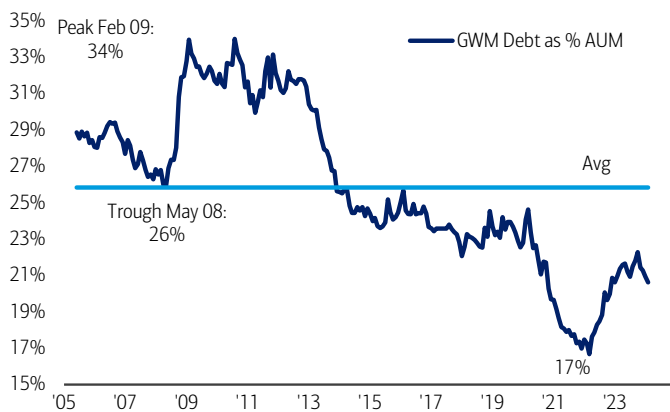
Chart 20: GWIM equity allocation at 61%
BofA private client equity holdings as % of AUM



Source: BofA Global Investment Strategy

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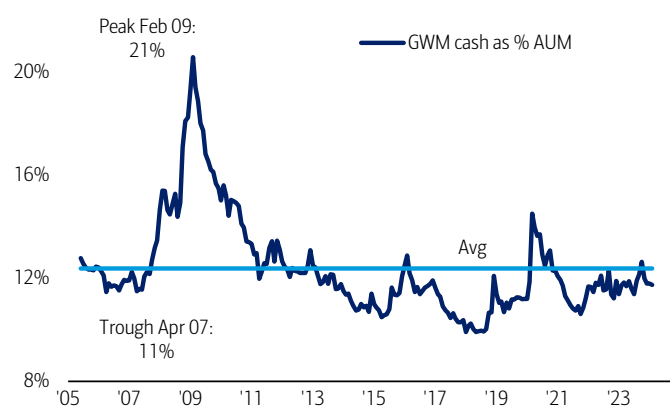
Chart 21: GWIM debt allocation at 21%
BofA private client debt holdings as % of AUM



Source: BofA Global Investment Strategy

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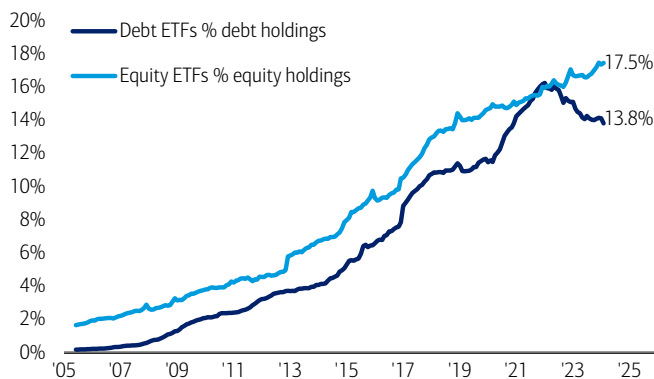
Chart 22: GWIM cash allocation vs LT average
BofA private client cash holdings as % of AUM



Source: BofA Global Investment Strategy

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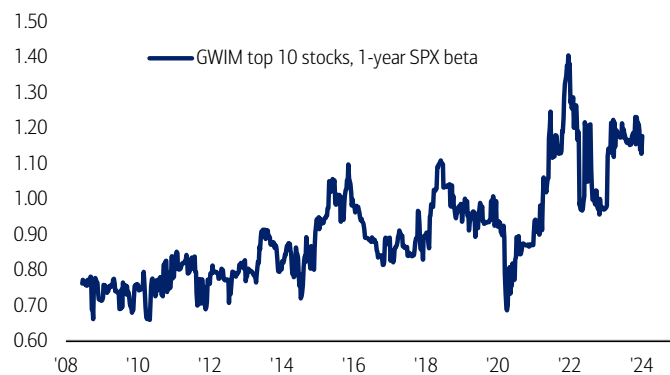
Chart 23: GWIM ETF holdings as % of AUM
BofA private client ETF holdings as % of AUM



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

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The Asset Class Quilt of Total Returns

Chart 25: S&P 500 the best performing asset of 2023, and the best performer thus far of 2024
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	2024*
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 26.3%	S&P 500 6.9%
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 18.9%	Commodities 3.7%
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%	Global HY 13.4%	MSCI EAFE 2.1%
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%	Gold 12.7%	Cash 0.8%
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%	REITS 11.3%	MSCI EM 0.7%
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%	MSCI EM 10.1%	Global HY 0.3%
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%	Global IG 9.5%	Gold -1.9%
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%	Cash 5.1%	Global IG -1.9%
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 3.9%	US Treasuries -2.1%
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 -3.5%	REITS -3.9%

Source: BofA Global Investment Strategy, Bloomberg. *2024 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)	Contrarian	6.6	Neutral	1-3 months
Sell when investor sentiment > 8.0; Buy when investor sentiment < 2.0				
BofA Global FMS Cash Indicator	Contrarian	4.2%	Neutral	4 weeks
Buy when cash at or above 5.0%; Sell when cash at or below 4.0%				
BofA Global Breadth Rule	Contrarian	48.9%	Neutral	3 months
Buy when net 88% of markets in MSCI ACWI trading below 200-day moving & 50-day moving averages				
BofA Global Flow Trading Rule	Contrarian	0.6%	Neutral	8 weeks
Buy when outflows from global equities & HY > 1.0% AUM over 4wks; Sell when inflows > 1.0% AUM over 4wks				
BofA EM Flow Trading Rule	Contrarian	2.2%	Sell	8 weeks
Buy when outflows from EM equities > 3.0% of AUM; Sell when inflows > 1.5% of AUM over 4 wks				
Macro				
BofA Global EPS Growth Model	Macro	8%	EPS growth rising	6-12 months
Model indicates trend in year-on-year change in 12-month forward global EPS growth.				

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

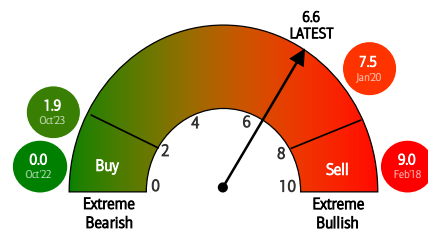
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BofA Bull & Bear Indicator (B&B)

Our BofA Bull & Bear Indicator is at 6.6 signal is Neutral.

Chart 26: BofA Bull & Bear Indicator

Stays at 6.6



Source: BofA Global Investment Strategy

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Table 5: Table 5: BofA B&B Indicator

BofA Bull & Bear current component readings

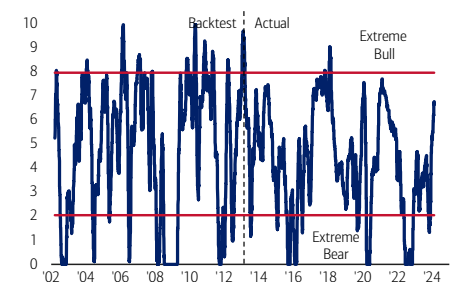
Components	Percentile	Sentiment
HF positioning	48%	Neutral
Credit mkt technicals	70%	Bullish
Equity market breadth	68%	Bullish
Equity flows	96%	V. Bullish
Bond flows	59%	Bullish
LO positioning	34%	Neutral

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.

2024 Cross-Asset Winners & Losers

Table 6: 2024 YTD ranked returns

Year-to-date ranked cross asset returns

Ranked Returns, USD-terms (2024)

Assets		Equities		Sectors		Fixed Income		FX vs. USD		Commodities	
1 Oil	9.7%	1 Turkey Equities	17.3%	1 ACWI Info Tech	9.0%	1 3-Month Treasury Bills	0.7%	1 Bitcoin	23.2%	1 WTI Crude Oil	9.7%
2 US Equities	6.7%	2 Greece Equities	8.8%	2 ACWI Telecoms	8.5%	2 CCC HY	0.3%	2 Indian rupee	0.4%	2 Brent Crude Oil	8.6%
3 Japan Equities	6.5%	3 US Equities	6.7%	3 ACWI Healthcare	5.8%	3 US Corp HY	0.2%	3 British pound	-0.6%	3 Commodities	3.7%
4 US Dollar	2.6%	4 Japan Equities	6.5%	4 ACWI Cons. Discretionary	4.2%	4 EM Corporate	0.0%	4 Mexican peso	-0.8%	4 Copper	0.5%
5 Europe Equities	1.4%	5 India Equities	6.2%	5 ACWI Industrials	4.0%	5 2-year Treasury	-0.2%	5 Indonesian rupiah	-1.2%	5 Gold	-2.5%
6 EM Equities	0.7%	6 Italy Equities	5.3%	6 ACWI Financials	3.9%	6 European HY	-0.9%	6 Chinese renminbi	-1.3%	6 Iron Ore	-3.5%
7 High Yield Bonds	0.3%	7 Taiwan Equities	4.1%	7 ACWI Banks	2.1%	7 BBB IG	-1.2%	7 Singapore dollar	-1.7%	7 Silver	-5.4%
8 UK Equities	-1.0%	8 France Equities	2.5%	8 ACWI Energy	1.6%	8 TIPS	-1.4%	8 Canadian dollar	-1.8%	8 Platinum	-9.0%
9 EM Sovereign Bonds	-1.8%	9 Germany Equities	1.5%	9 ACWI BioTechnology	1.2%	9 US Corp IG	-1.4%	9 Euro	-2.0%		
10 Investment Grade Bonds	-1.9%	10 Canada Equities	0.0%	10 ACWI Consumer Staples	1.2%	10 EM Sovereign	-1.8%	10 NZ dollar	-2.0%		
11 Gold	-2.5%	11 UK Equities	-1.0%	11 ACWI Real Estate	-3.9%	11 Treasury Master	-2.1%	11 Brazilian real	-2.2%		
12 Industrial Metals	-2.9%	12 Spain Equities	-1.3%	12 ACWI Utilities	-4.0%	12 US Mortgage Master	-2.6%	12 Swedish krona	-2.5%		
13 Pacific Rim xJapan	-3.1%	13 Singapore Equities	-1.6%	13 ACWI Materials	-4.5%	13 German Govt	-4.5%	13 Taiwanese dollar	-2.6%		
14 Government Bonds	-3.8%	14 Mexico Equities	-1.8%			14 UK Govt	-5.0%	14 Korean won	-3.1%		
		15 China Equities	-1.9%			15 Non-US IG Government	-5.1%	15 Norwegian krone	-3.2%		
		16 Switzerland Equities	-2.7%			16 30-year Treasury	-5.9%	16 Australian dollar	-3.7%		
		17 Australia Equities	-3.1%			17 Japan Govt	-6.7%	17 Turkish lira	-4.2%		
		18 Korea Equities	-3.3%					18 South African rand	-4.2%		
		19 Brazil Equities	-3.8%					19 Swiss franc	-4.4%		
		20 Hong Kong Equities	-4.0%					20 Japanese yen	-6.3%		
		21 S. Africa Equities	-9.1%								
		22 Portugal Equities	-14.4%								

Source: BofA Global Investment Strategy, Bloomberg, as of 22 Feb 2024.

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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

Assets		Equities		Sectors		Fixed Income		FX vs. USD		Commodities	
1 US Equities	13.4%	1 India Equities	15.9%	1 ACWI Info Tech	17.5%	1 CCC HY	6.5%	1 Swedish krona	3.3%	1 Iron Ore	7.0%
2 Japan Equities	11.5%	2 Turkey Equities	13.7%	2 ACWI Telecoms	13.4%	2 European HY	5.5%	2 NZ dollar	2.0%	2 Copper	2.8%
3 Europe Equities	7.6%	3 Italy Equities	13.6%	3 ACWI Financials	11.6%	3 US Corp HY	5.3%	3 Norwegian krone	1.4%	3 Gold	2.6%
4 High Yield Bonds	5.6%	4 US Equities	13.4%	4 ACWI Industrials	11.4%	4 EM Sovereign	4.3%	4 Mexican peso	1.0%	4 Brent Crude Oil	1.9%
5 EM Equities	5.5%	5 Taiwan Equities	13.1%	5 ACWI Banks	10.4%	5 EM Corporate	4.0%	5 British pound	0.8%	5 WTI Crude Oil	1.1%
6 EM Sov Bonds	4.3%	6 Greece Equities	13.0%	6 ACWI Cons. Discretionary	9.4%	6 BBB IG	3.8%	6 Swiss franc	0.4%	6 Silver	-2.5%
7 Pacific Rim xJapan	4.1%	7 Japan Equities	11.5%	7 ACWI Healthcare	8.4%	7 US Corp IG	3.2%	7 Singapore dollar	0.3%	7 Platinum	-3.0%
8 UK Equities	3.9%	8 Mexico Equities	8.7%	8 ACWI BioTechnology	7.1%	8 UK Govt	2.1%	8 Chinese renminbi	0.2%	8 Natural Gas	-34.6%
9 Investment Grade Bonds	3.2%	9 Brazil Equities	8.0%	9 ACWI Energy	2.7%	9 3-Month Treasury Bills	2.0%	9 Indian rupee	0.1%		
10 Gold	2.9%	10 Germany Equities	7.8%	10 ACWI Materials	2.4%	10 2-year Treasury	1.4%	10 Taiwanese dollar	0.0%		
11 Industrial Metals	1.2%	11 France Equities	7.7%	11 ACWI Consumer Staples	2.1%	11 German Govt	1.2%	11 Russian ruble	0.0%		
12 Oil	1.1%	12 Canada Equities	7.4%	12 ACWI Real Estate	0.0%	12 US Mortgage Master	1.2%	12 Euro	0.0%		
13 Government Bonds	0.3%	13 Australia Equities	7.0%	13 ACWI Utilities	-0.8%	13 Treasury Master	0.9%	13 Canadian dollar	0.0%		
14 US Dollar	0.2%	14 Spain Equities	6.7%			14 TIPS	0.8%	14 Australian dollar	-0.1%		
		15 Korea Equities	5.0%			15 Non-US IG Government	-0.2%	15 Korean won	-0.9%		
		16 UK Equities	3.9%			16 Japan Govt	-0.5%	16 Brazilian real	-0.9%		
		17 Switzerland Equities	2.5%			17 30-year Treasury	-1.3%	17 Indonesian rupiah	-1.3%		
		18 Singapore Equities	2.4%					18 South African rand	-2.1%		
		19 Russia Equities	0.0%					19 Japanese yen	-3.3%		
		20 S. Africa Equities	-2.0%					20 Turkish lira	-11.0%		
		21 Hong Kong Equities	-4.3%					21 Argentine peso	-46.9%		
		22 China Equities	-4.8%								
		23 Portugal Equities	-7.4%								

Source: BofA Global Investment Strategy, Bloomberg, as of 22 Feb 2024.

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Acronyms

FMS – Fund Manager Survey
 GWIM – Global Wealth and Investment Management
 MMF – Money Market Fund
 YCC – Yield Curve Control
 QE – Quantitative Easing
 QT – Quantitative Tightening
 S&L – Savings & Loan
 FCI – Financial conditions index
 AUM – Assets Under Management
 U-rate – unemployment rate
 n.b. – “nota bene”...Latin for “pay attention to”

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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%

^{R1} Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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