

# FX and Rates Sentiment Survey

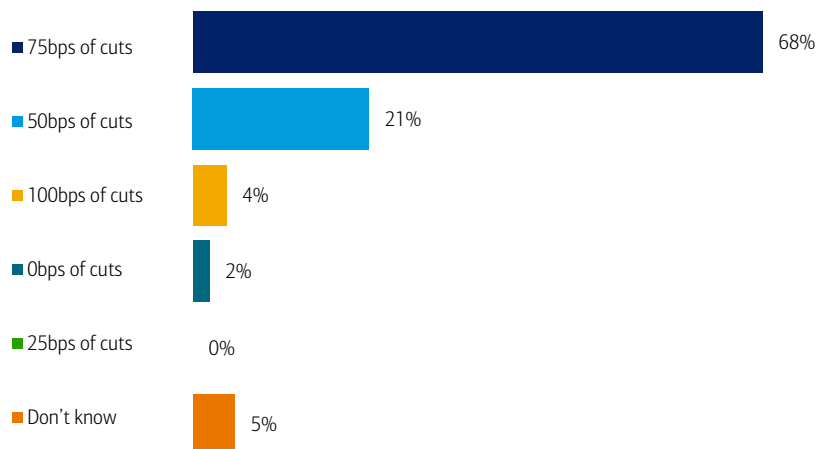
## US vs them

### Dot, dot, dot...

Most survey respondents expect no change to the '24 dots next week. A slim 21% think the median dot will reflect 50bps of cuts this year from the 75bps that has served as a floor for market pricing (Exhibit 1). As discussed in our Leap Fear report ([1 March 2024](#)), it will take only two FOMC participants moving from 75bps to 50bps of cuts in '24 for the median to shift higher. The prospect of a higher median '24 dot can have a significant impact on front-end market pricing. Dots further out may inform wide-ranging views on terminal (Exhibit 17).

#### Exhibit 1: Fed median dot in March for cuts in '24 likely to show (note: Fed currently projects 75bps of cuts in '24):

Most expect an unchanged 2024 Fed median dot



Source: BofA Global Research FX and Rates Sentiment Survey

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The impact of a shift higher in the '24 median dot would be magnified if the market had greater conviction that the election affects timing of Fed cuts. However, just over half of our survey respondents think that the election does not factor into Fed calculus and the Fed can start cuts any time before the election (Exhibit 18). A smaller share (37%) believes that the election matters, and the Fed has a preference to start cuts by June or after the election.

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.

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Refer to important disclosures on page 27 to 29. Analyst Certification on page 26. 12670761

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Rates and FX  
Global

BofA  
Data  
Analytics



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Our survey was conducted on 08 –13 March 2024. A total of 92 Fund Managers responded, with USD1286bn AUM. Responses came from the UK, Continental Europe, Asia & the US.

### Invitation to join

If you are a benchmarked investor and would like to participate in this survey, please click the [sign-up link](#), contact the authors, or your BofA sales representative.

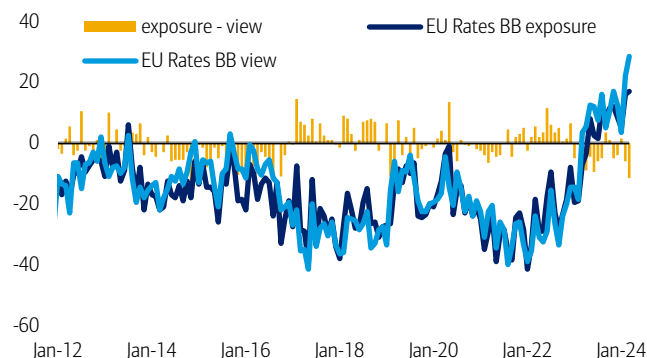
Participants in the survey will receive the full set of monthly results, but only for the relevant month in which they participate.

## UST - Bund view not positioning divergence

Survey respondents show a continued moderation in US duration longs, to a greater extent through exposure than in view (Exhibit 36). The opposite is true in Core Europe, where long duration views shifted to new decade highs alongside a more moderate shift in exposure (Exhibit 2). We continue to favor a long 10y Bund vs UST position, which appears to be more endorsed in relative view vs positioning. Survey respondents who have a view on the 10y UST – Bund spread are split on whether it can widen further by the end of '24 (Exhibit 3) and outright positioning still appears neutral (Exhibit 37).

### Exhibit 2: Duration exposure and view: Core Europe

Core EUR duration exposure slightly up, making new highs and still lagging the very bullish sentiment



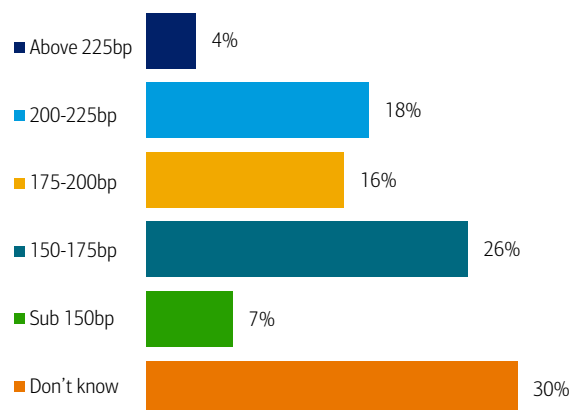
Source: BofA Global Research FX and Rates Sentiment Survey

BB is the Bull-Bear Index for exposure and view. It weights responses to create an index ranging from -100 to +100, zero representing neutral. See appendix for formulas.

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### Exhibit 3: Where do you see 10y UST-Bund by end of 2024?

Less than 40% of respondents think spread will widen from current levels



Source: BofA Global Research FX and Rates Sentiment Survey

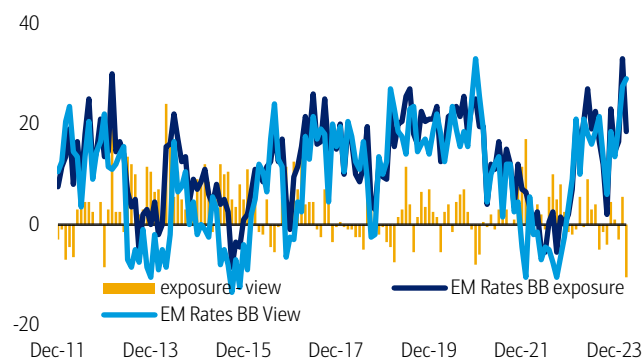
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## EM: taking some chips off the table

EM investor sentiment remains strong, but EM duration exposure declined quite a bit. (Exhibit 4). Still, investors continued using their cash position to raise their EM hard currency debt exposure. Investors remain overweight local debt vs external, but positioning declined a bit (Exhibit 5). LatAm remains the favorite, but sentiment shifted toward Asia & EEMEA (Exhibit 71). This is in line with investors being more constructive China, with most now expecting this year's growth at '23 levels (Exhibit 69) and a largely stable USDCNY (Exhibit 70).

### Exhibit 4: Duration exposure and view: EM

Exposure cut from Feb records although sentiments are still constructive



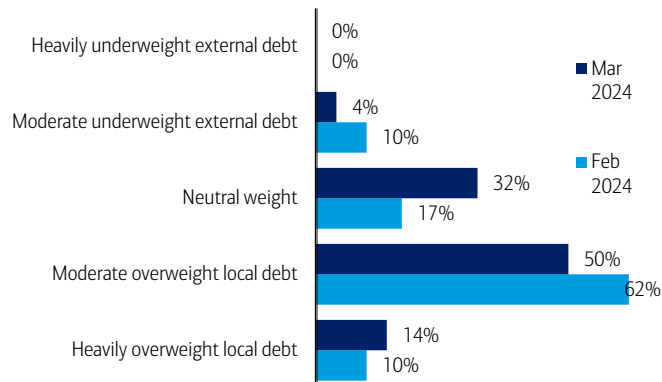
Source: BofA Global Research FX and Rates Sentiment Survey

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### Exhibit 5: How would you describe the exposure of your portfolio to EM local vs external debt vs average?

Still overweight, although there is some reduction



Source: BofA Global Research FX and Rates Sentiment Survey

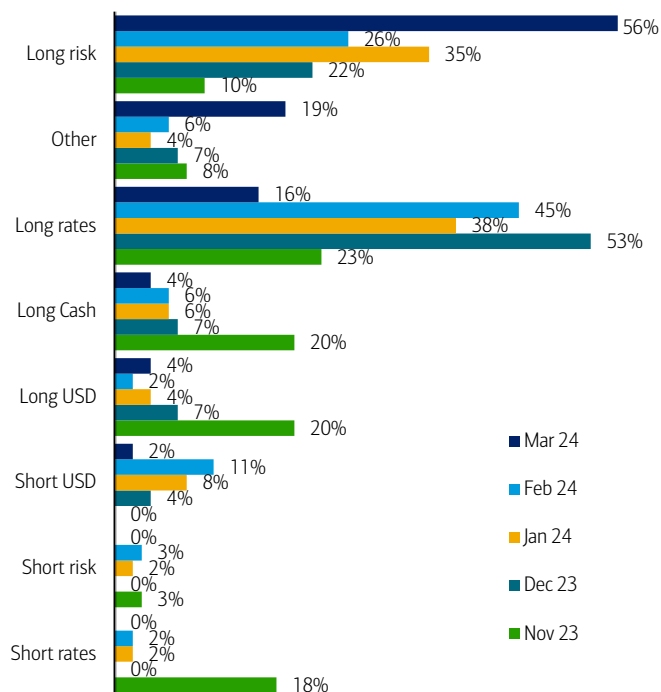
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# FX and Rates Sentiment Survey March 2024

Long risk is now seen as the most crowded trade, ending the multi-month lead of long rates. This is in line with the somewhat pared back duration longs (Exhibit 29) and may explain the slightly reduced appetite for risk taking (Exhibit 28)

## Exhibit 6: Most crowded trade:

Long risk now widely perceived as most crowded trade



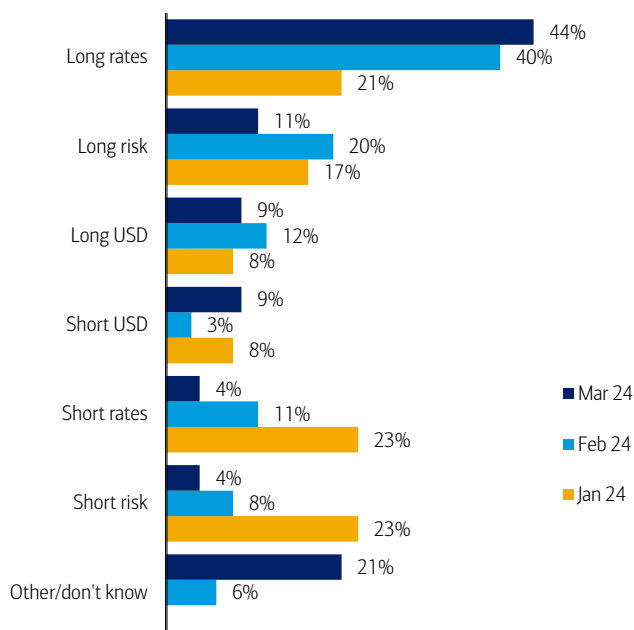
Source: BofA Global Research FX and Rates Sentiment Survey

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Consensus continues to coalesce around a long rates conviction, likely amid somewhat eased positioning concerns

## Exhibit 7: My highest conviction trade for 2024:

Long rates conviction has strengthened amid reduced positioning concerns



Source: BofA Global Research FX and Rates Sentiment Survey

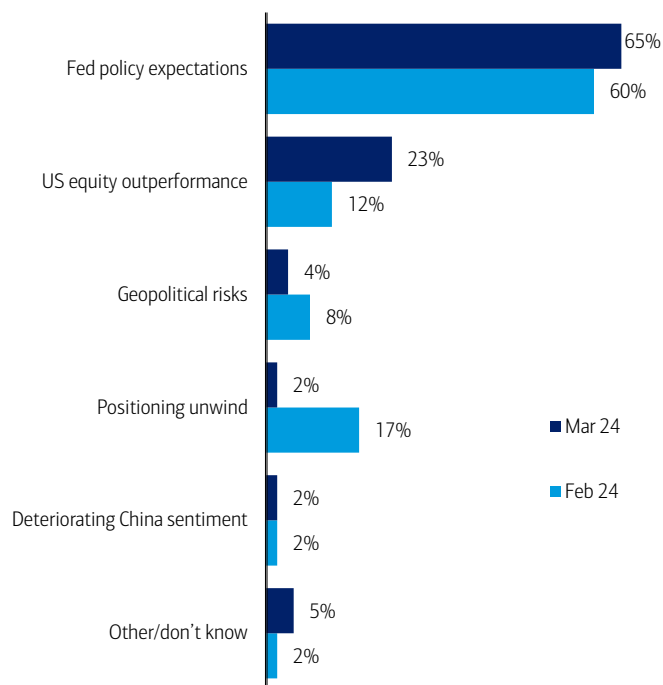
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Fed policy expectations are still viewed as the primary driver of USD appreciation, in line with our views ([Diving into the EUR/USD rebound 14 Mar 24](#))

#### Exhibit 8: What has been the primary driver of USD appreciation in 2024?

Fed policy seen as primary driver of USD strength



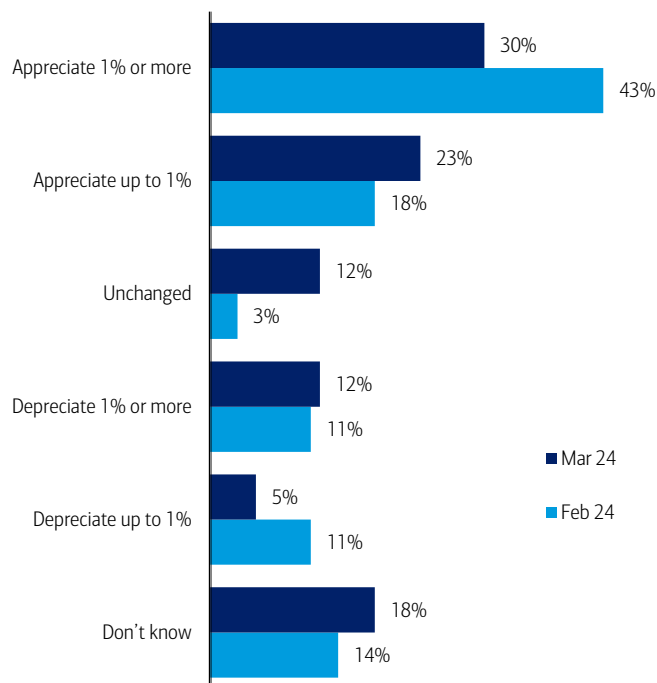
Source: BofA Global Research FX and Rates Sentiment Survey

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Majority still expects a stronger USD upon a Republican election sweep, but USD upside expectations moderated from Feb

#### Exhibit 9: Most likely DXY reaction to a Republican election sweep:

Majority still expects DXY strength upon a Republican election sweep



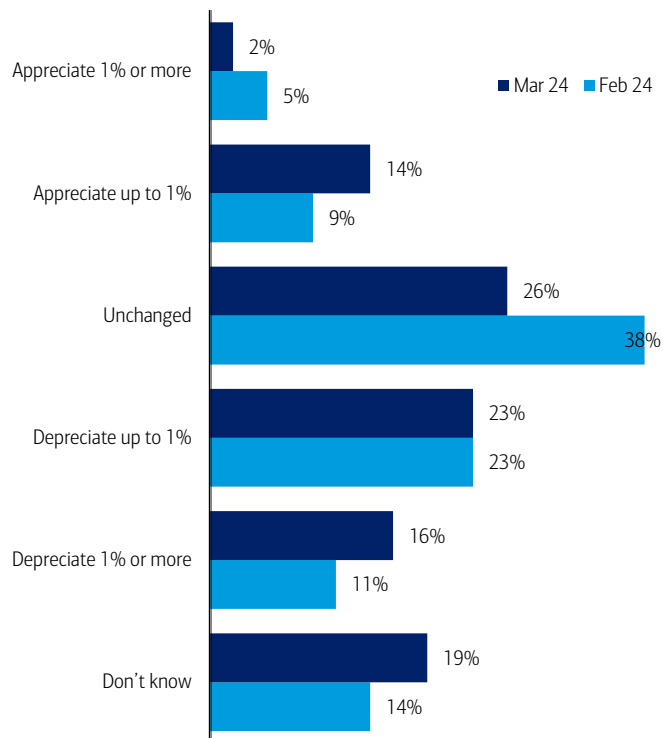
Source: BofA Global Research FX and Rates Sentiment Survey

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Less conviction on a Democrat Sweep with answers still skewed toward USD depreciation

#### Exhibit 10: Most likely DXY reaction to a Democrat election sweep:

Less directional conviction upon a Democratic sweep



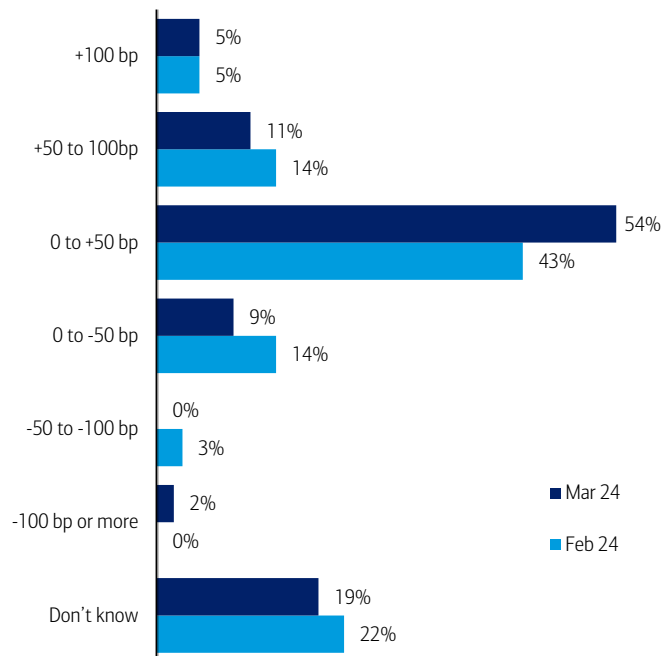
Source BofA Global Research FX and Rates Sentiment Survey

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More than 2/3 expect higher US rates upon an election sweep by either party

#### Exhibit 11: Most likely 10Y UST market reaction to a Republican or a Democrat election sweep:

Majority still expects higher US rates upon an election sweep by either Party



Source: BofA Global Research FX and Rates Sentiment Survey

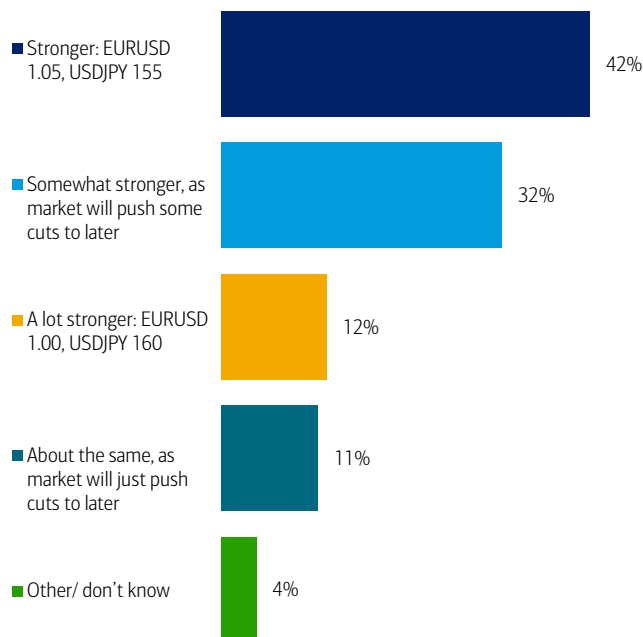
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Most expect some USD strength if the Fed does not cut this year, but few see it extending well beyond the past year's highs

#### Exhibit 12: If Fed does not cut rates this year, the USD by the end of the year will be:

Most see some USD strength if the Fed does not cut this year, but few see it extending well beyond the past year's highs



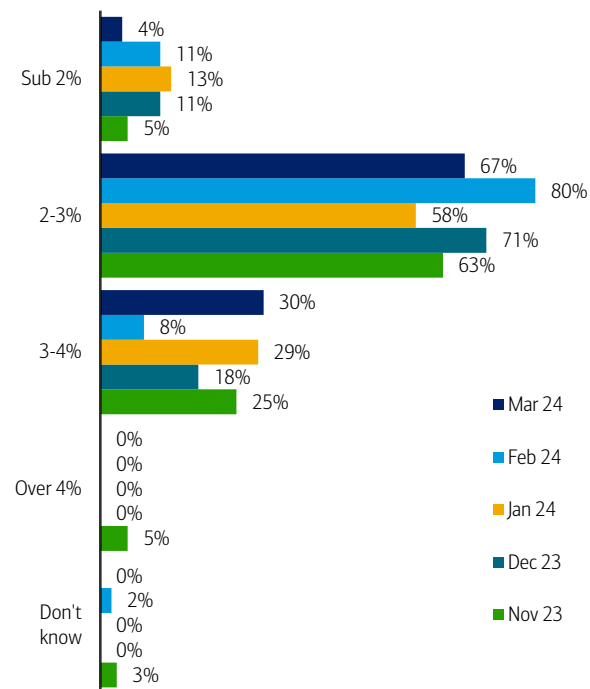
Source: BofA Global Research FX and Rates Sentiment Survey

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Confidence in 2-3% US inflation by year-end somewhat eroded

#### Exhibit 13: I expect US inflation at the end of 2024 to be

Confidence in 2-3% inflation in the US has weakened



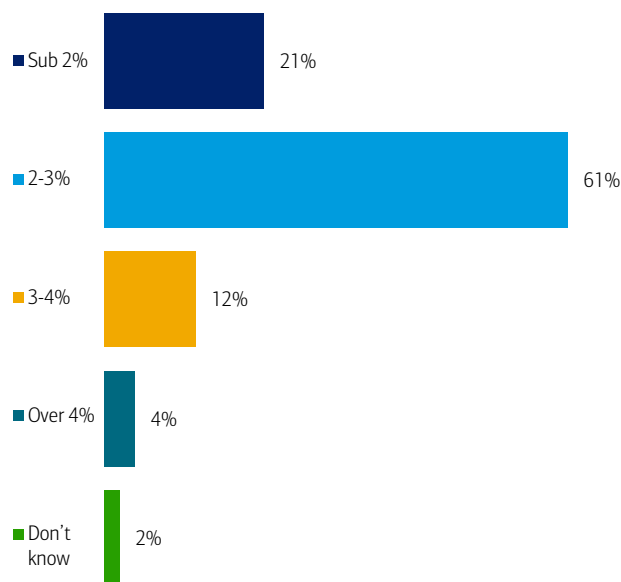
Source: BofA Global Research FX and Rates Sentiment Survey

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Very few expect >3% US inflation next year, with around a fifth expecting sub-2% inflation

#### Exhibit 14: I expect US inflation at the end of 2025 to be:

Very few expect above 3% US inflation next year



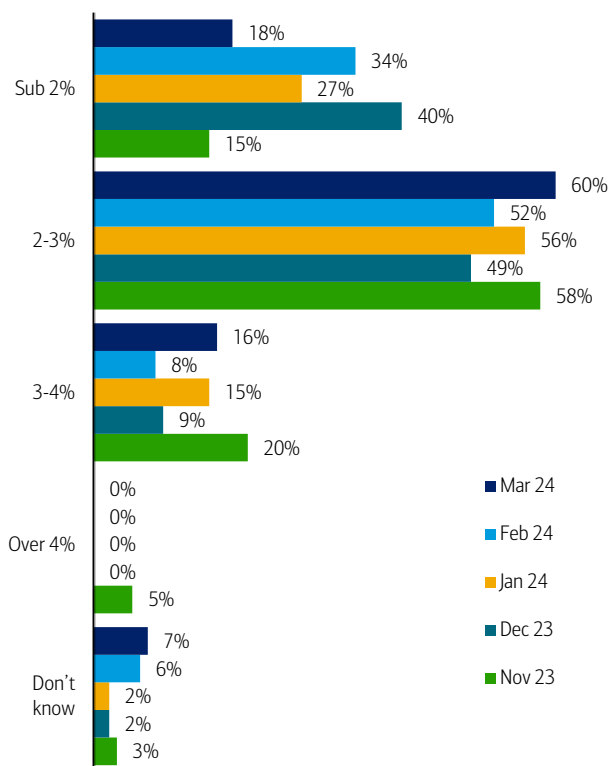
Source: BofA Global Research FX and Rates Sentiment Survey

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2-3% still the base case for Euro area inflation, but risks turned symmetric, also amid the upside inflation surprise in February

#### Exhibit 15: I expect Eurozone inflation at the end of 2024 to be:

2-3% remains base case but risks turned symmetric



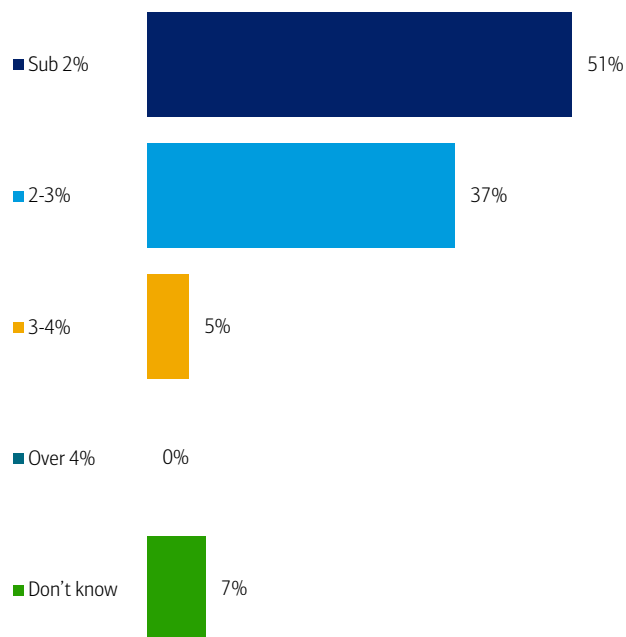
Source: BofA Global Research FX and Rates Sentiment Survey

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Still, most expect EA inflation to fall below target next year

#### Exhibit 16: I expect Eurozone inflation at the end of 2025 to be:

Most expect EA inflation to fall below target next year



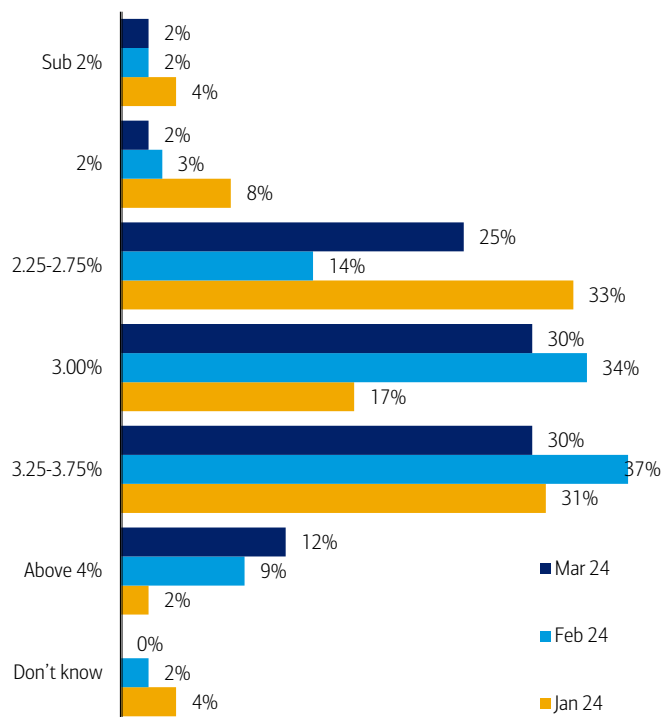
Source: BofA Global Research FX and Rates Sentiment Survey

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Most still expect a higher Fed terminal vs. the long-run dot, but slightly more confidence in a trough below that currently priced

#### Exhibit 17: I expect the Fed to cut rates to a terminal rate:

Majority see terminal between 2.25 – 3.75%



Source: BofA Global Research FX and Rates Sentiment Survey

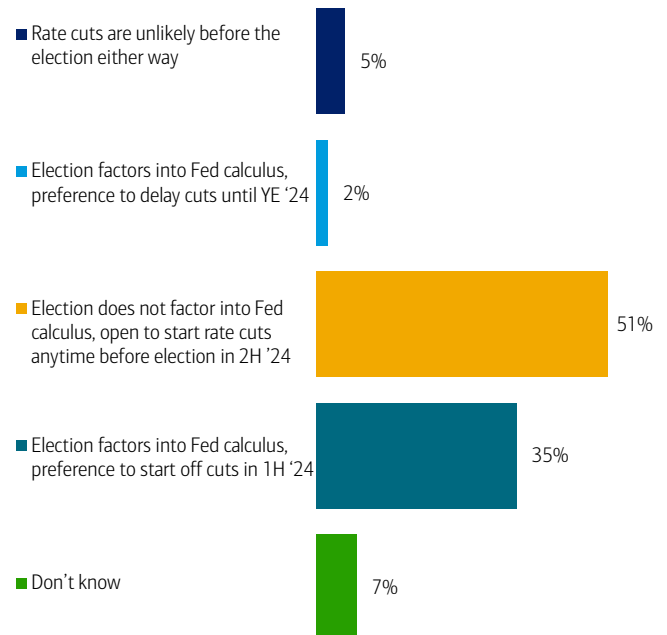
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Most think the US elections do not factor into Fed calculus, but slightly more than a third think they do

#### Exhibit 18: My view on start of Fed cuts & US general election in Nov, assuming no recession:

Most think US elections not a major factor for the Fed calculus, but slightly more than a third think otherwise



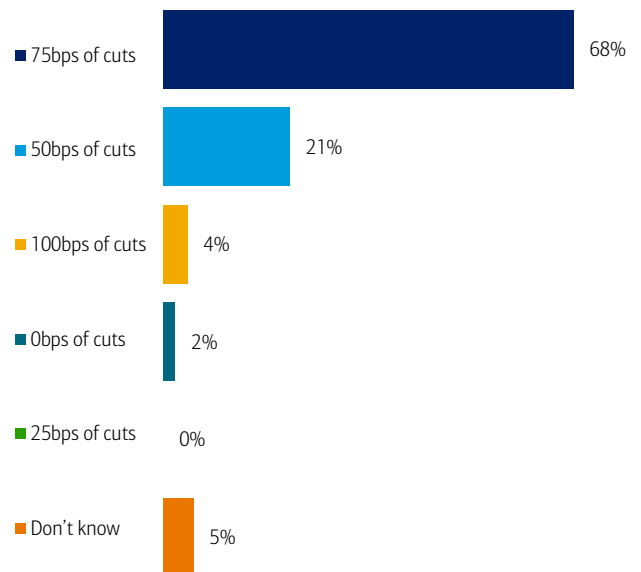
Source: BofA Global Research FX and Rates Sentiment Survey

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Most expect the 2024 Fed median dot to continue signaling three rate cuts, with risks for fewer cuts, also given the upward skewed near-term inflation expectations (Exhibit 13)

#### Exhibit 19: Fed median dot in March for cuts in '24 likely to show (note: Fed currently projects 75bps of cuts in '24):

Most expect an unchanged 2024 Fed median dot



Source: BofA Global Research FX and Rates Sentiment Survey

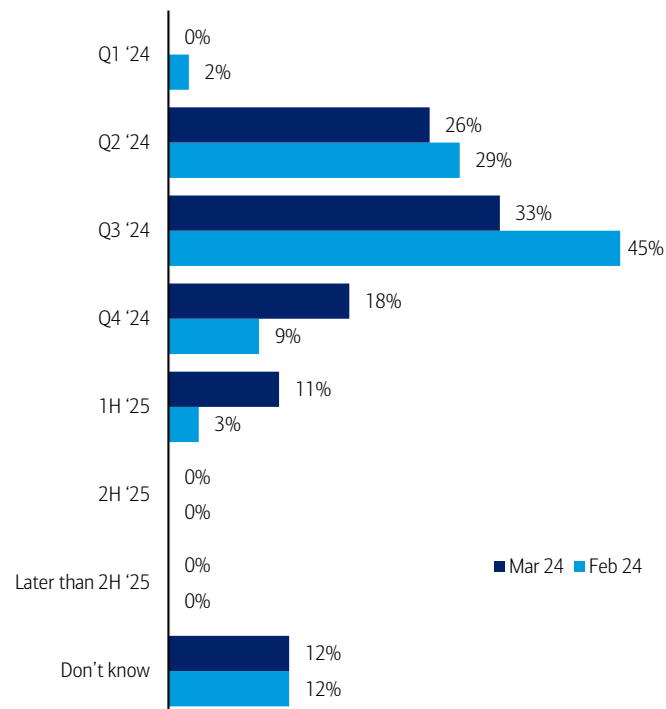
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Most expect the Fed to slow quantitative tightening (QT) in 3Q or later, but around a quarter (including us) expect it in 2Q

#### Exhibit 20: Most likely timing of Fed QT to be slowed:

Most expect the Fed to slow QT in 3Q or later



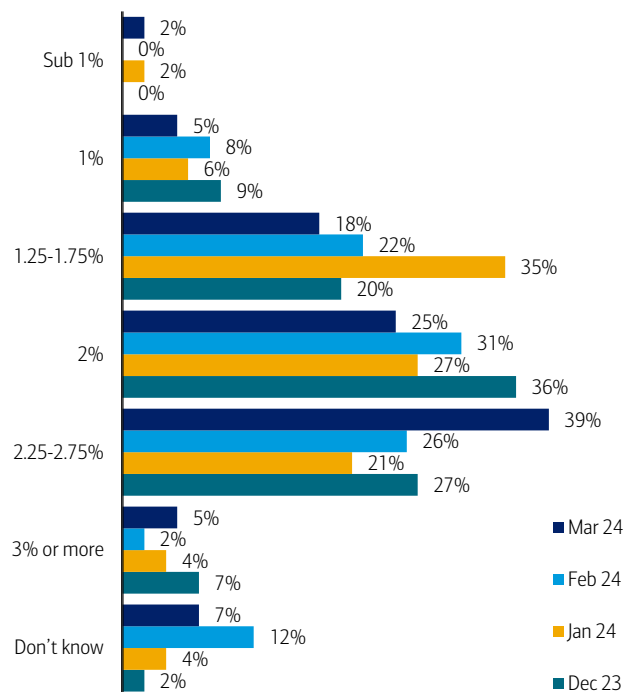
Source: BofA Global Research FX and Rates Sentiment Survey

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ECB terminal rate expectations continued moving higher with most now expecting a 2.25-2.75% terminal, suggesting risks of a potentially overly restrictive ECB stance given 2025 inflation expectations (Exhibit 16)

#### Exhibit 21: I expect the ECB to cut rates to a terminal rate:

ECB terminal rate expectations continued moving higher



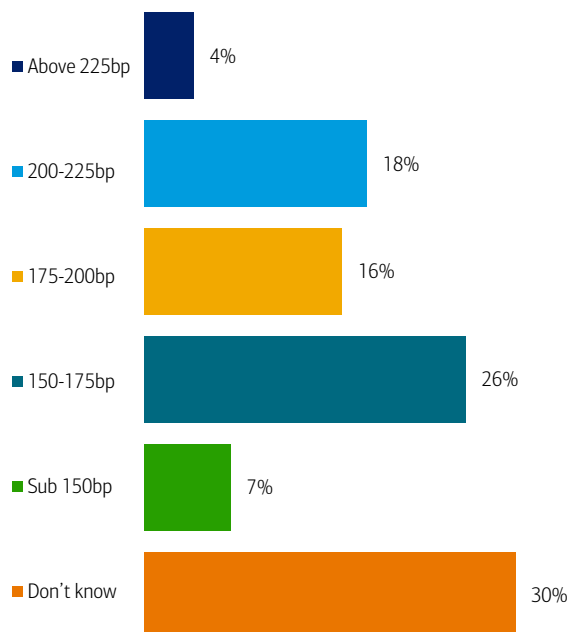
Source: BofA Global Research FX and Rates Sentiment Survey

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Investors are split in views around whether UST-bund spread will widen vs narrow.

#### Exhibit 22: Where do you see 10y UST-Bund by end of 2024?

Less than 40% of respondents think spread will widen from current levels



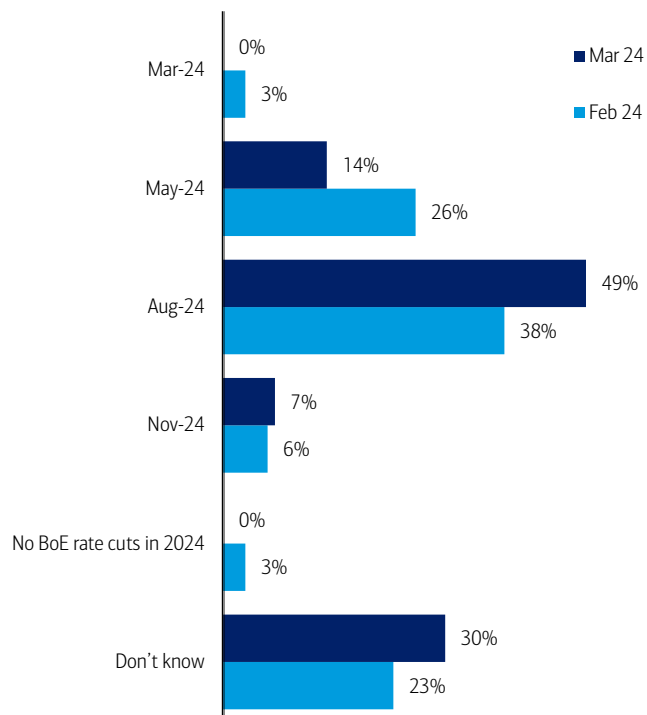
Source: BofA Global Research FX and Rates Sentiment Survey

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Consensus building around August for the timing of the first BoE cut, in line with our base case

#### Exhibit 23: I expect the first BoE rate cut in:

Consensus building around August for the timing of the first BoE cut



Source: BofA Global Research FX and Rates Sentiment Survey

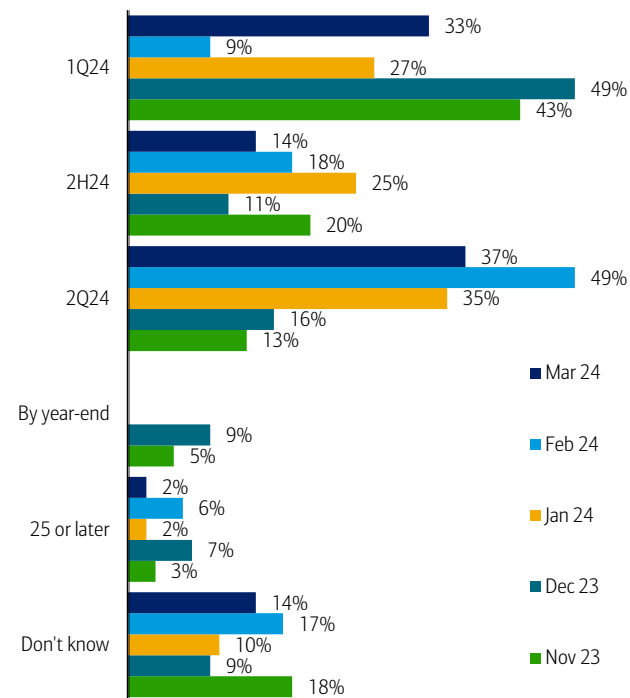
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Consensus around Negative Interest Rate Policy (NIRP) removal is almost evenly split between March (now our base case) and 2Q

#### Exhibit 24: When do you think BoJ will remove NIRP?

Consensus almost evenly split between a March and a 2Q NIRP removal



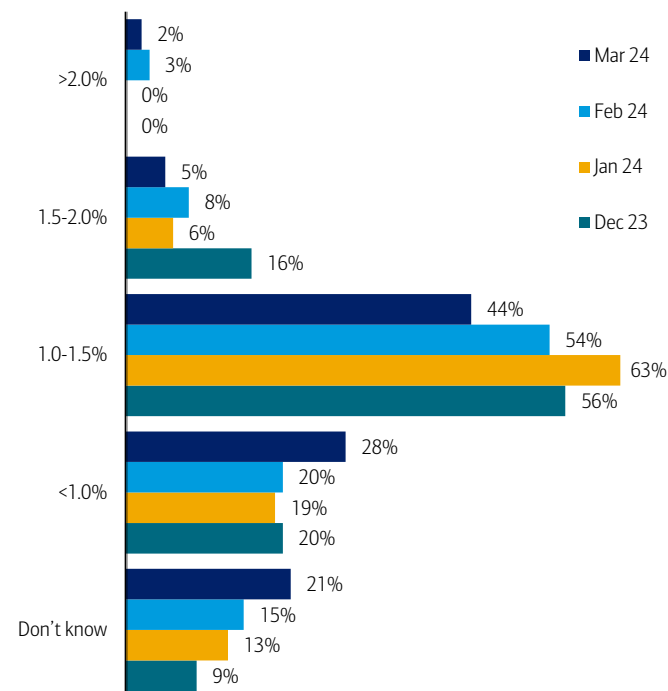
Source: BofA Global Research FX and Rates Sentiment Survey

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Most still expect 10y JGB yields above 1.0% after NIRP and yield curve control (YCC) removal but more than a quarter now see them staying below 1%

#### Exhibit 25: Where do you see 10y JGBs trade after NIRP and YCC removal:

1.0%-1.5% remains the consensus range



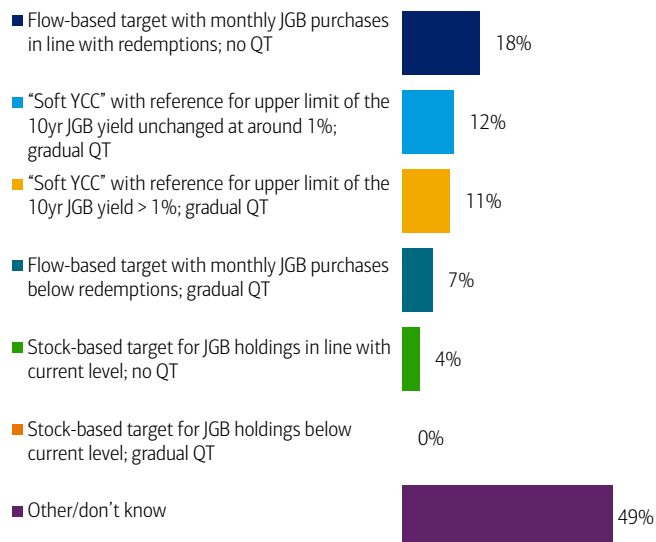
Source: BofA Global Research FX and Rates Sentiment Survey

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Of respondents that have a view on Bank of Japan (BoJ)'s JGB purchases post policy change, plurality expect flow-based target

#### Exhibit 26: What are your expectations for the BoJ's policy around its JGB purchases following its next policy change, and outlook for BoJ JGB holdings in 2024?

No strong consensus view on BoJ's JGB purchases following next policy change



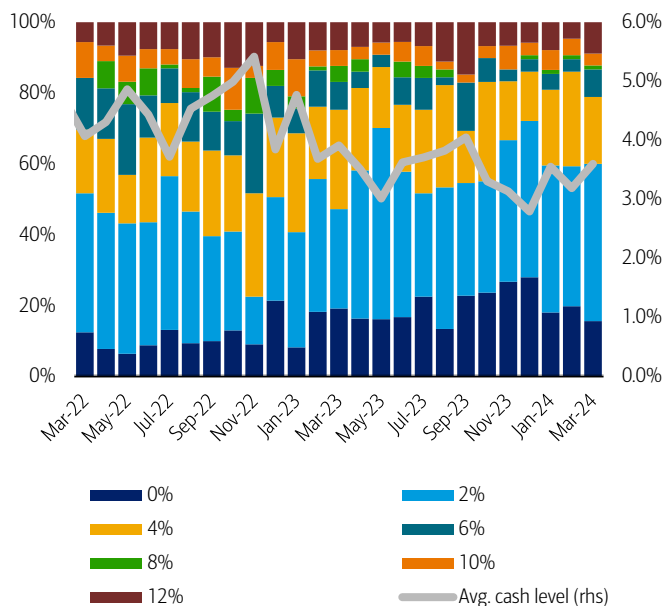
Source: BofA Global Research FX and Rates Sentiment Survey

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# Global Risk Appetite

## Exhibit 27: Which of the following comes closest to your current cash position in your portfolio?

Average cash levels at 3.6%

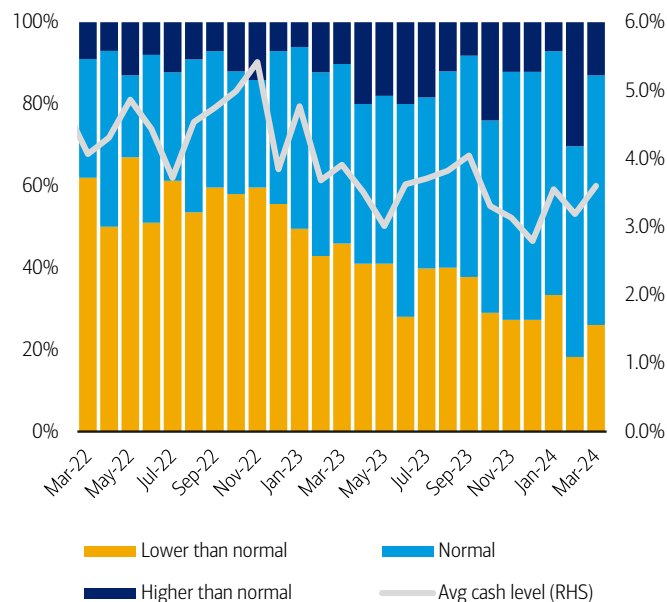


Source: BofA Global Research FX and Rates Sentiment Survey

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## Exhibit 28: What level of risk do you feel you're currently taking in your investment strategy / portfolio, relative to your benchmark?

Appetite for risk taking in portfolios now skewed lower than normal

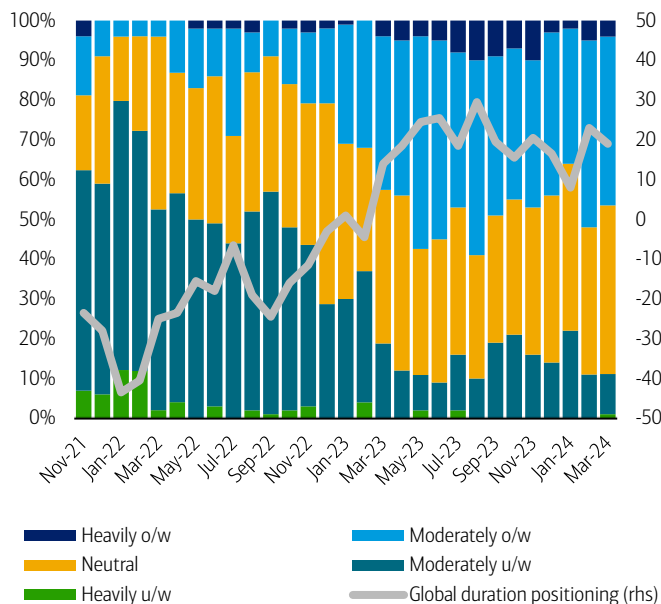


Source: BofA Global Research FX and Rates Sentiment Survey

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## Exhibit 29: Duration exposure: Global

Global duration exposure slightly lower...



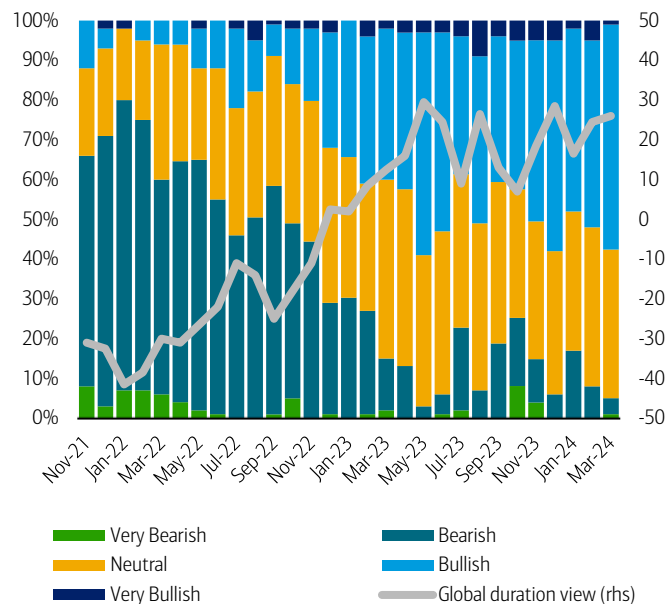
Source: BofA Global Research FX and Rates Sentiment Survey

BB is the Bull-Bear Index for exposure and view. It weights responses to create an index ranging from -100 to +100, zero representing neutral. See appendix for formulas.

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## Exhibit 30: Duration view: Global

...despite sentiment holding up



Source: BofA Global Research FX and Rates Sentiment Survey

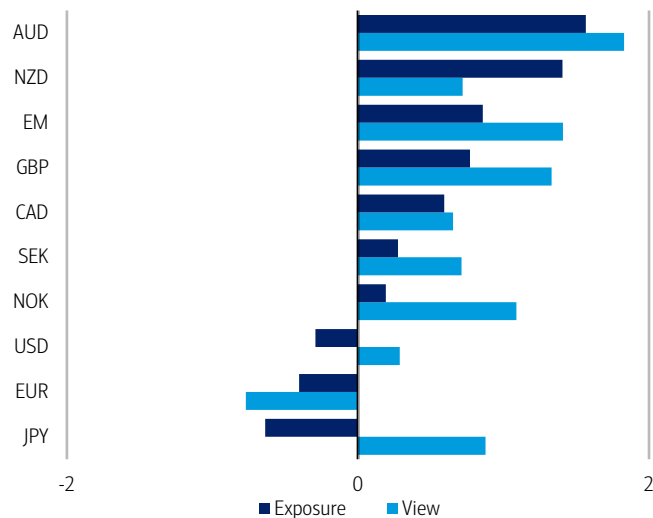
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# Positioning and View Summary

## Exhibit 31: 1-year FX Exposure and View (z-score)

JPY exposure at odds with sentiment within a 1Y timeframe

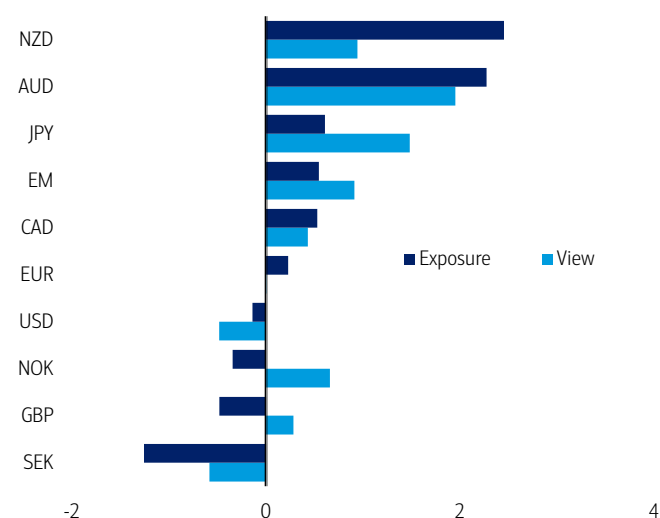


**Source:** BofA Global Research FX and Rates Sentiment Survey; Note: Data for FX Exposure starts in January 2004 for USD, EUR, GBP, JPY, CAD and EM, while for AUD, NZD, NOK and SEK the start date is January 2016; Data for FX View starts in December 2011 for USD, EUR, GBP, JPY, CAD and EM, while for AUD, NZD, NOK and SEK the start date is January 2016

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## Exhibit 32: Full period FX Exposure & View (z-score)

Over a longer time-frame, NZD & AUD longs, and SEK shorts still stand out

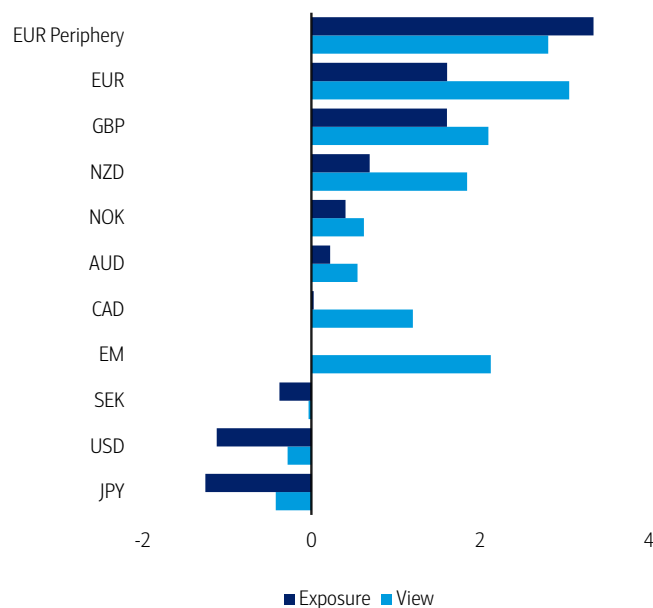


**Source:** BofA Global Research FX and Rates Sentiment Survey; Note: Data for FX Exposure starts in January 2004 for USD, EUR, GBP, JPY, CAD and EM, while for AUD, NZD, NOK and SEK the start date is January 2016; Data for FX View starts in December 2011 for USD, EUR, GBP, JPY, CAD and EM, while for AUD, NZD, NOK and SEK the start date is January 2016

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## Exhibit 33: 1-year Rates Exposure & View (z-score)

EUR periphery rates exposure continues topping the ranking...

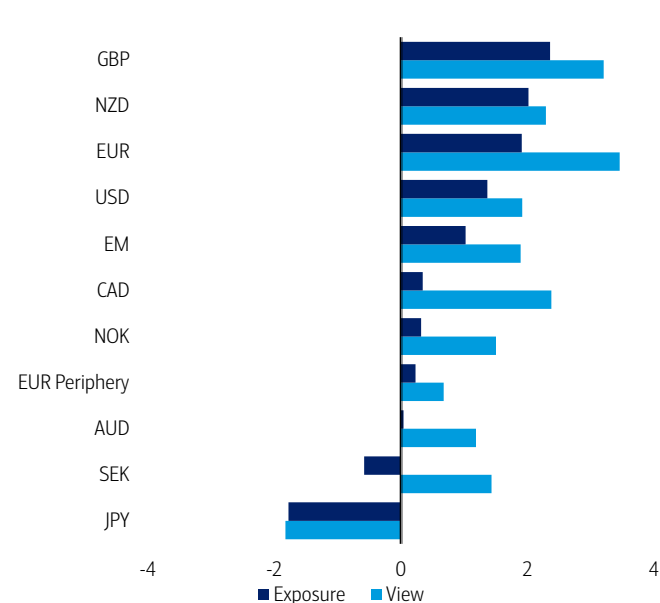


**Source:** BofA Global Research FX and Rates Sentiment Survey; Note: Data for Rates Exposure starts in January 2004 for USD, EUR, GBP, JPY, CAD and EM, while for AUD, NZD, NOK and SEK the start date is January 2016 and EUR periphery starts in April 2013. Data for Rates View starts in December 2011 for USD, EUR, GBP, JPY, CAD and EM, while for AUD, NZD, NOK and SEK the start date is January 2016 and EUR periphery starts in April 2013.

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## Exhibit 34: Full period Rates Exposure & View (z-score)

...but GBP leads in a longer timeframe



**Source:** BofA Global Research FX and Rates Sentiment Survey; Note: Data for Rates Exposure starts in January 2004 for USD, EUR, GBP, JPY, CAD and EM, while for AUD, NZD, NOK and SEK the start date is January 2016 and EUR periphery starts in April 2013. Data for Rates View starts in December 2011 for USD, EUR, GBP, JPY, CAD and EM, while for AUD, NZD, NOK and SEK the start date is January 2016 and EUR periphery starts in April 2013.

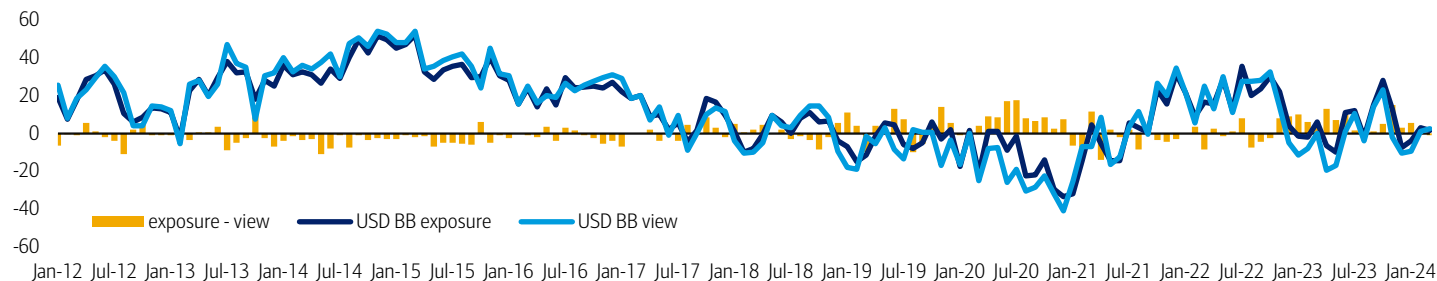
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# United States

USD positioning remained neutral, in line with sentiment amid the somewhat softer US data (Exhibit 35). Meanwhile, duration longs were slightly pared back but sentiment moved sideways, suggesting investors remain ready to buy on dips (Exhibit 36).

## Exhibit 35: FX exposure and view: USD

USD positioning remained neutral, in line with views



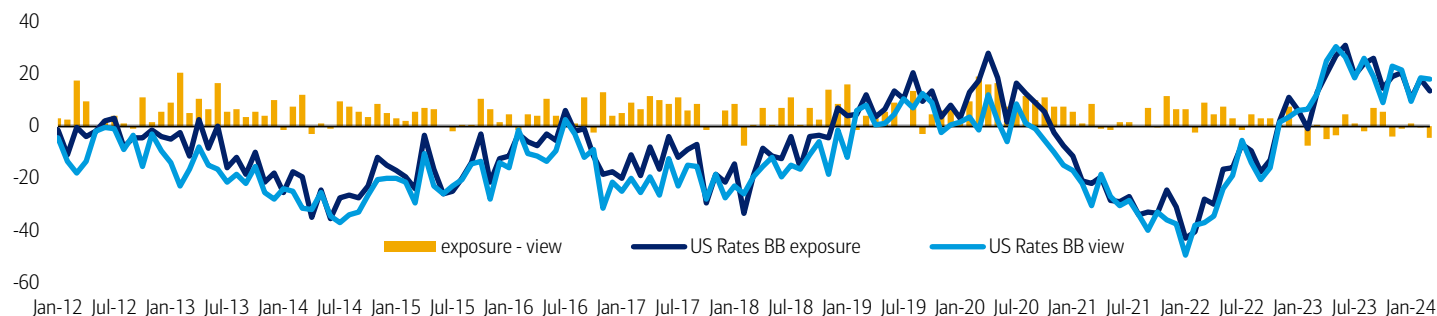
Source: BofA Global Research FX and Rates Sentiment Survey

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## Exhibit 36: Duration exposure and view: USD

Duration longs slightly pared back despite sentiment moving sideways



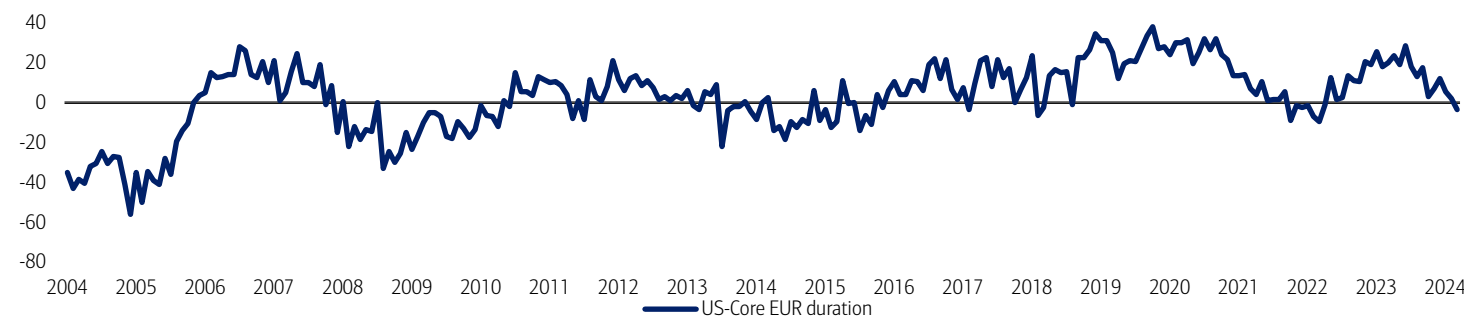
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## Exhibit 37: US-Core Europe Duration Exposure

US vs Core EUR Bull-Bear rates exposure spread



Source: BofA Global Research FX and Rates Sentiment Survey

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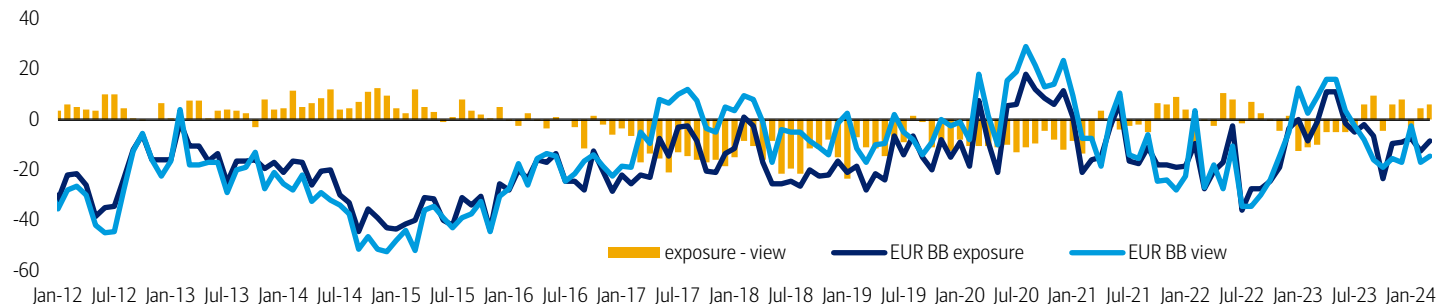


# Eurozone

EUR shorts slightly pared back roughly in line with the less bearish sentiment (Exhibit 38). Meanwhile, core EUR duration exposure made new highs, still lagging the very bullish sentiment (Exhibit 39). Periphery duration exposure also moved up (Exhibit 40).

## Exhibit 38: FX exposure and view: EUR

EUR shorts slightly pared back roughly in line with the more constructive sentiment



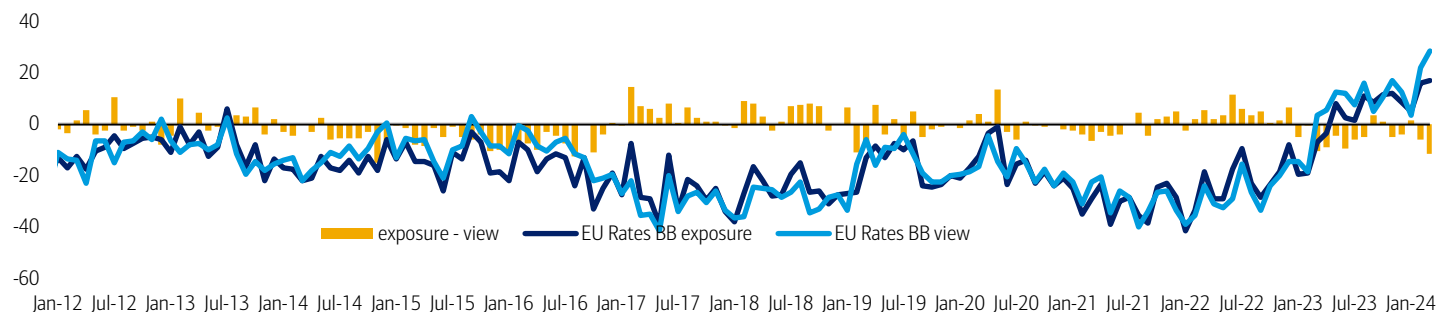
Source: BofA Global Research FX and Rates Sentiment Survey

BB is the Bull-Bear Index for exposure and view. It weights responses to create an index ranging from -100 to +100, zero representing neutral. See appendix for formulas.

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## Exhibit 39: Duration exposure and view: Core Europe

Core EUR duration exposure slightly up, making new highs and still lagging the very bullish sentiment



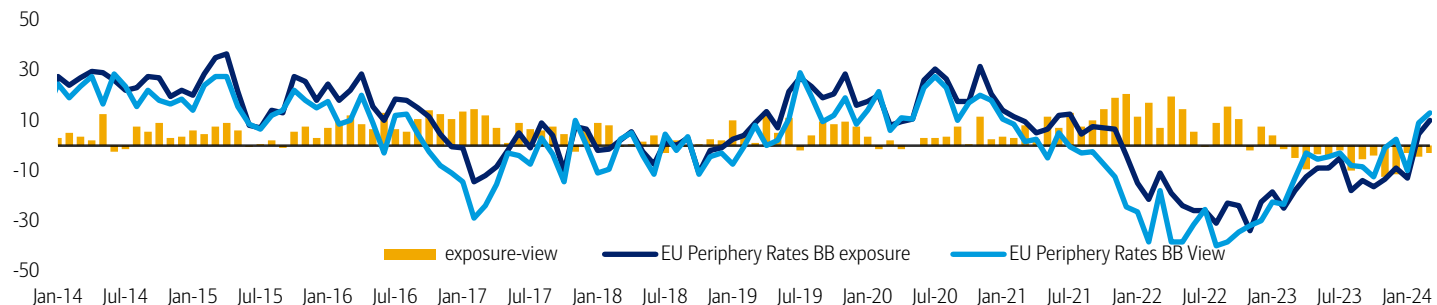
Source: BofA Global Research FX and Rates Sentiment Survey

BB is the Bull-Bear Index for exposure and view. It weights responses to create an index ranging from -100 to +100, zero representing neutral. See appendix for formulas.

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## Exhibit 40: Duration exposure and view: Peripheral Europe

Periphery duration exposure also up



Source: BofA Global Research FX and Rates Sentiment Survey

BB is the Bull-Bear Index for exposure and view. It weights responses to create an index ranging from -100 to +100, zero representing neutral. See appendix for formulas.

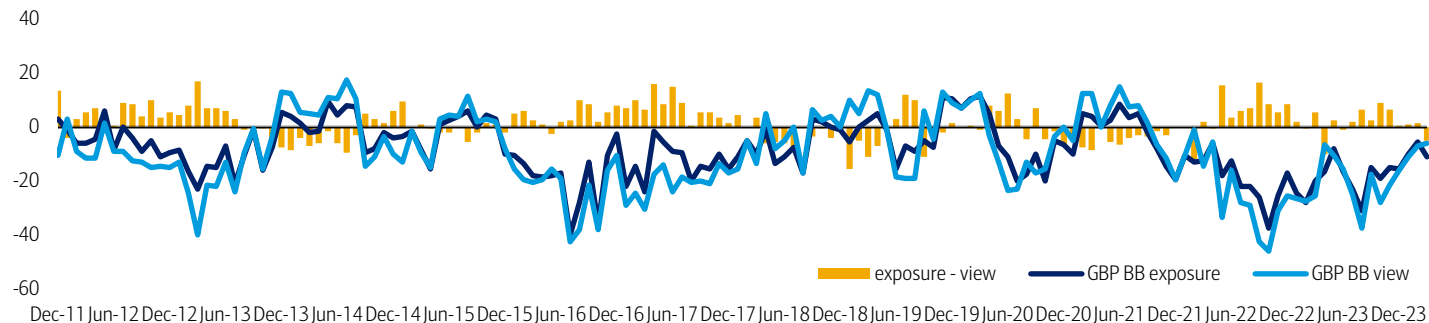
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# United Kingdom

GBP FX positions slightly reduced despite sentiment turning almost neutral (Exhibit 41). Investors added to their GBP duration longs but still somewhat lag the most bullish sentiment since Dec-11 (Exhibit 42).

## Exhibit 41: FX exposure and view: GBP

GBP FX positions slightly reduced despite sentiment turning almost neutral



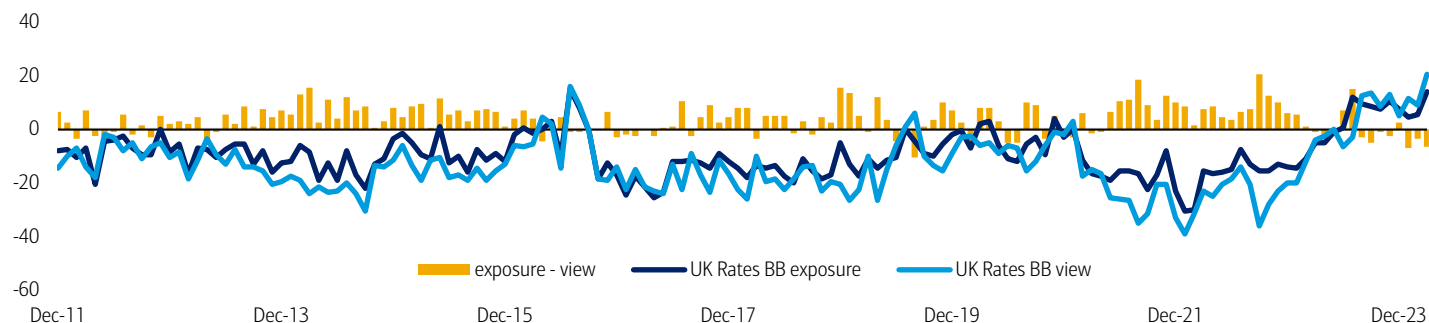
Source: BofA Global Research FX and Rates Sentiment Survey

BB is the Bull-Bear Index for exposure and view. It weights responses to create an index ranging from -100 to +100, zero representing neutral. See appendix for formulas.

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## Exhibit 42: Duration exposure and view: UK

Investors added to their GBP duration longs but still somewhat lag the most bullish sentiment since Dec-11



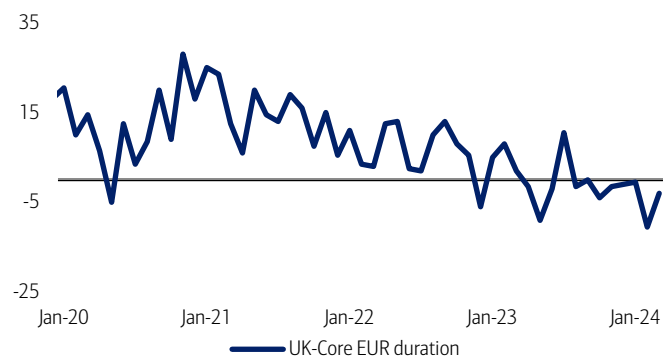
Source: BofA Global Research FX and Rates Sentiment Survey

BB is the Bull-Bear Index for exposure and view. It weights responses to create an index ranging from -100 to +100, zero representing neutral. See appendix for formulas.

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## Exhibit 43: UK-Core Europe Duration Exposure

UK vs Core EUR Bull-Bear rates exposure spread

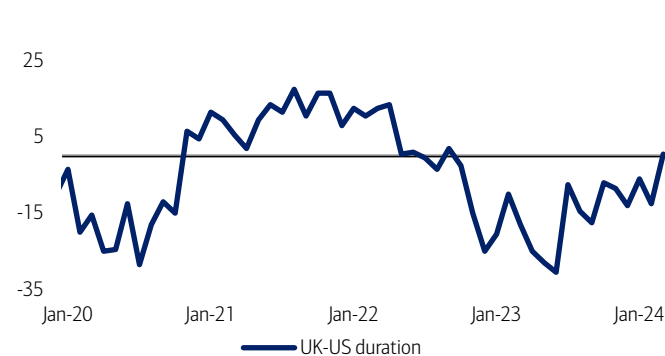


Source: BofA Global Research FX and Rates Sentiment Survey

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## Exhibit 44: UK-US Duration Exposure

UK vs US Bull-Bear rates exposure spread



Source: BofA Global Research FX and Rates Sentiment Survey

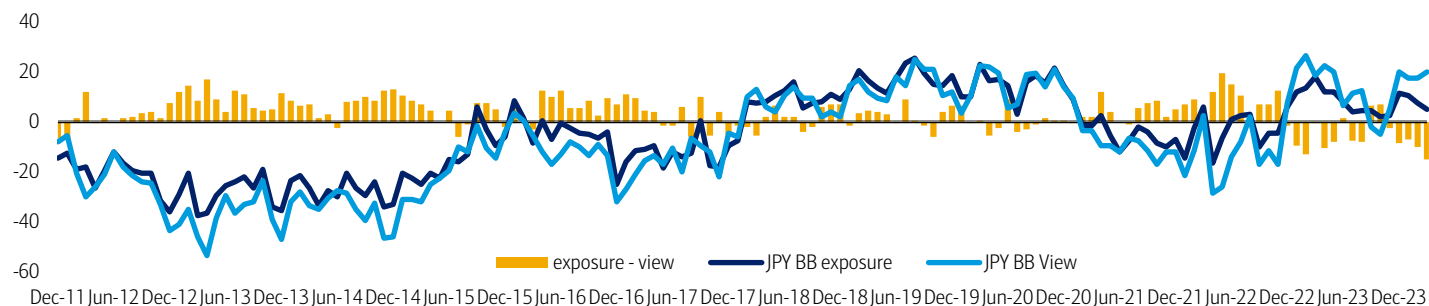
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# Japan

Into the BoJ, JPY longs were trimmed further despite more bullish sentiment (Exhibit 45). But investors slightly added to their duration shorts in line with sentiment (Exhibit 46).

## Exhibit 45: FX exposure and view: JPY

JPY longs trimmed further despite the more bullish sentiment



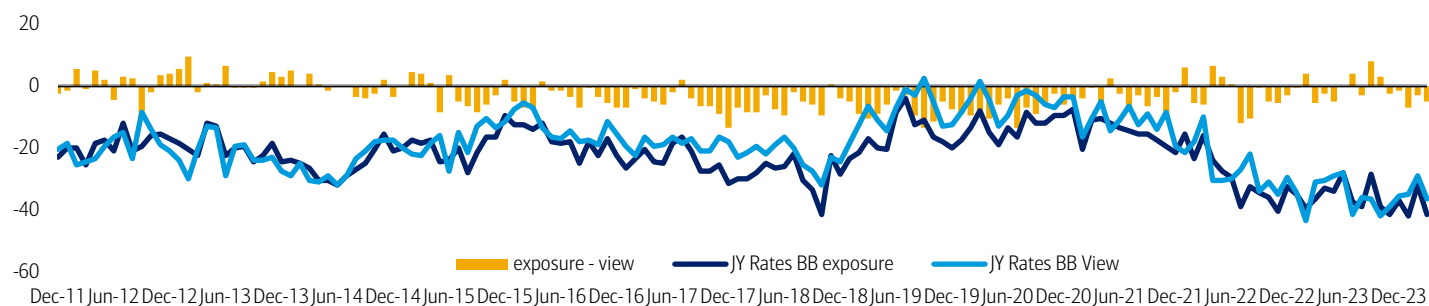
Source: BofA Global Research FX and Rates Sentiment Survey

BB is the Bull-Bear Index for exposure and view. It weights responses to create an index ranging from -100 to +100, zero representing neutral. See appendix for formulas.

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## Exhibit 46: Duration exposure and view: JY

But investors slightly added to their duration shorts in line with sentiment



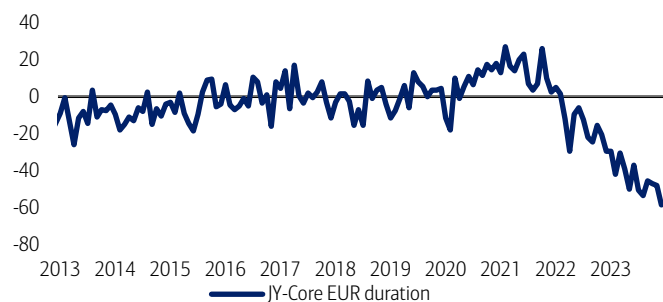
Source: BofA Global Research FX and Rates Sentiment Survey

BB is the Bull-Bear Index for exposure and view. It weights responses to create an index ranging from -100 to +100, zero representing neutral. See appendix for formulas.

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## Exhibit 47: JY-Core Europe Duration Exposure

JY vs Core Europe Bull-Bear rates exposure spread

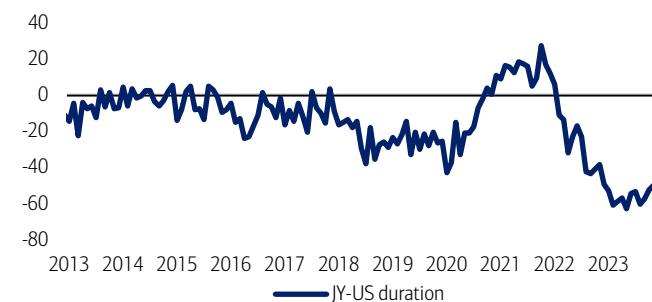


Source: BofA Global Research FX and Rates Sentiment Survey

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## Exhibit 48: JY-US Duration Exposure

JY vs US Bull-Bear rates exposure spread



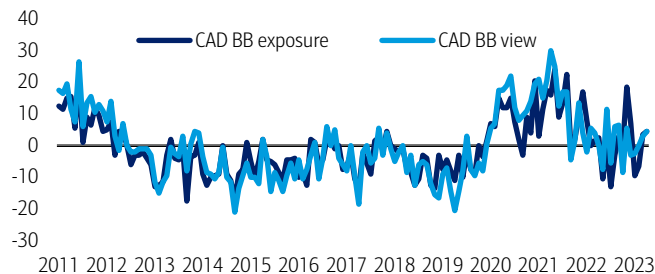
Source: BofA Global Research FX and Rates Sentiment Survey

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# Canada, Australia and New Zealand

## Exhibit 49: FX exposure and view: CAD

Largely neutral CAD exposure and sentiment



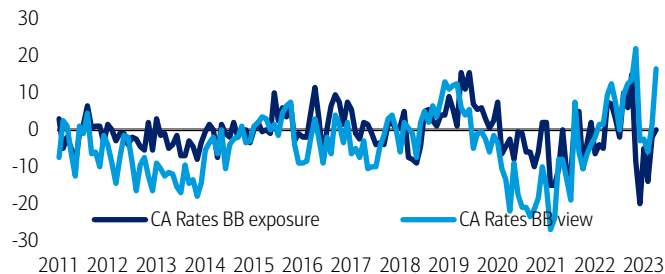
Source: BofA Global Research FX and Rates Sentiment Survey

BB is the Bull-Bear Index for exposure and view. It weights responses to create an index ranging from -100 to +100, zero representing neutral. See appendix for formulas.

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## Exhibit 50: Duration exposure and view: CA

CAD rates exposure moved sideways despite more bullish views



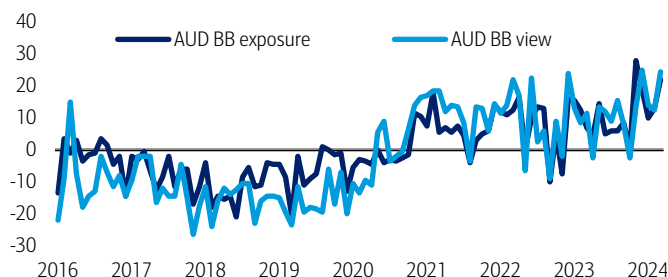
Source: BofA Global Research FX and Rates Sentiment Survey

BB is the Bull-Bear Index for exposure and view. It weights responses to create an index ranging from -100 to +100, zero representing neutral. See appendix for formulas.

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## Exhibit 51: FX exposure and view: AUD

Into the RBA, AUD longs extended in line with sentiment...



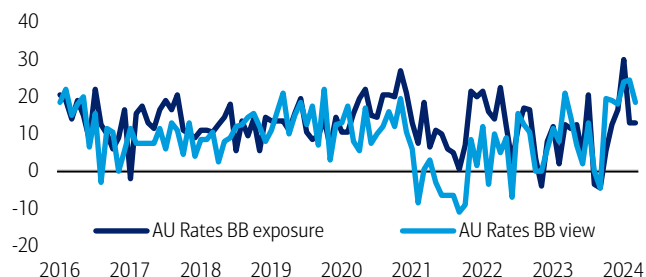
Source: BofA Global Research FX and Rates Sentiment Survey

BB is the Bull-Bear Index for exposure and view. It weights responses to create an index ranging from -100 to +100, zero representing neutral. See appendix for formulas.

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## Exhibit 52: Duration exposure and view: AU

...and AU duration longs somewhat pared back as bullishness moderated



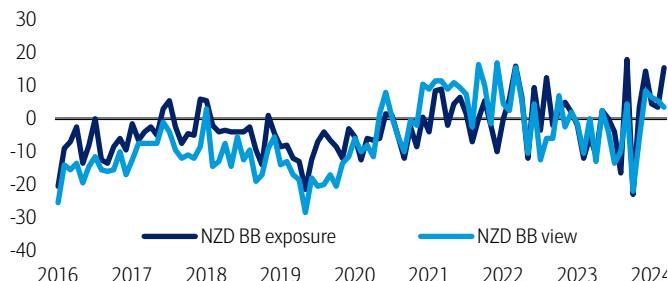
Source: BofA Global Research FX and Rates Sentiment Survey

BB is the Bull-Bear Index for exposure and view. It weights responses to create an index ranging from -100 to +100, zero representing neutral. See appendix for formulas.

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## Exhibit 53: FX exposure and view: NZD

NZD exposure up despite slightly less bullish sentiment



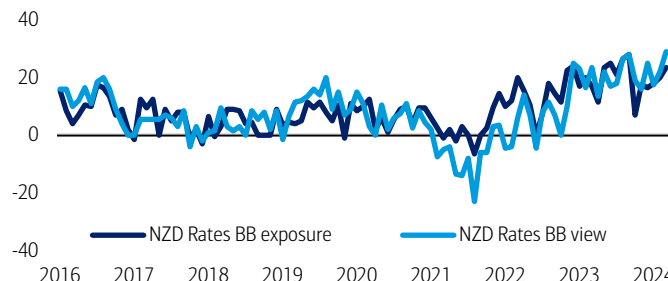
Source: BofA Global Research FX and Rates Sentiment Survey

BB is the Bull-Bear Index for exposure and view. It weights responses to create an index ranging from -100 to +100, zero representing neutral. See appendix for formulas.

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## Exhibit 54: Duration exposure and view: NZD

Investors added to their NZD duration longs in line with sentiment



Source: BofA Global Research FX and Rates Sentiment Survey

BB is the Bull-Bear Index for exposure and view. It weights responses to create an index ranging from -100 to +100, zero representing neutral. See appendix for formulas.

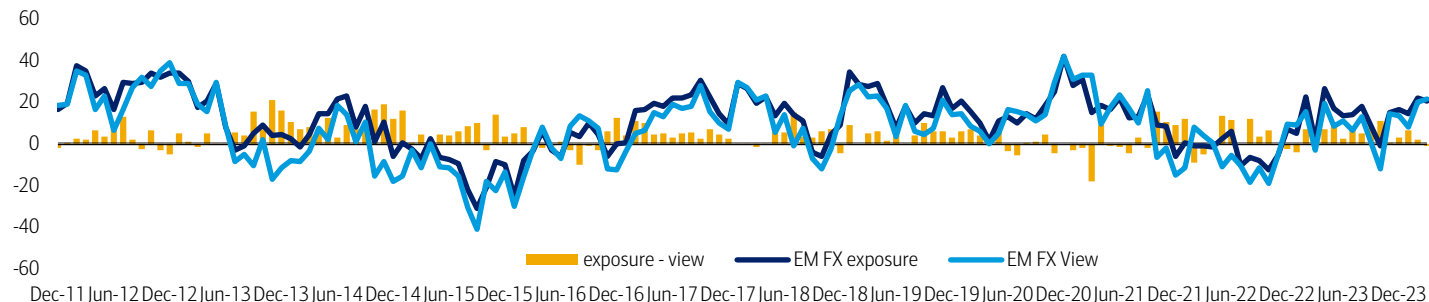
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# Emerging Markets exposure and views

EM FX positioning and sentiment has stabilized in March vs February (Exhibit 55), as positioning is now roughly similar to the view. However, investor position in EM duration has retraced from previous records as caution prevails (Exhibit 56).

## Exhibit 55: FX exposure and view: EM

EM FX exposure has stabilized and is now roughly the same as the view



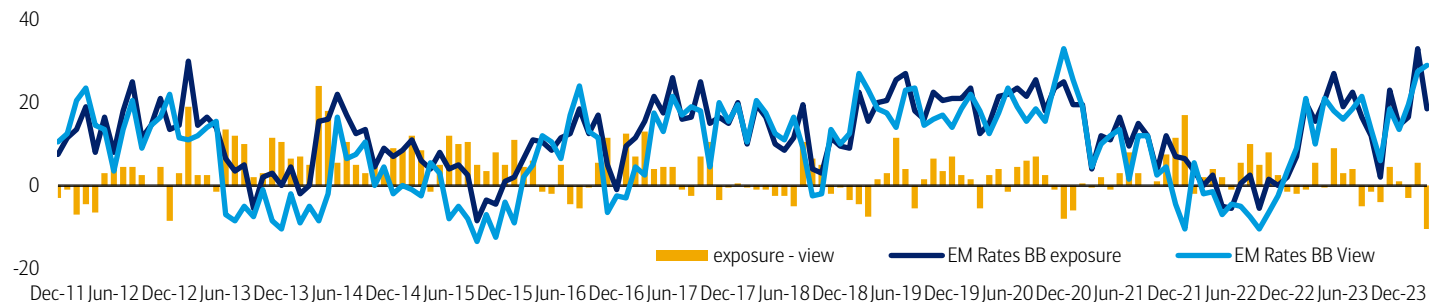
Source: BofA Global Research FX and Rates Sentiment Survey

BB is the Bull-Bear Index for exposure and view. It weights responses to create an index ranging from -100 to +100, zero representing neutral. See appendix for formulas.

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## Exhibit 56: Duration exposure and view: EM

Exposure cut from Feb records although sentiments are still constructive



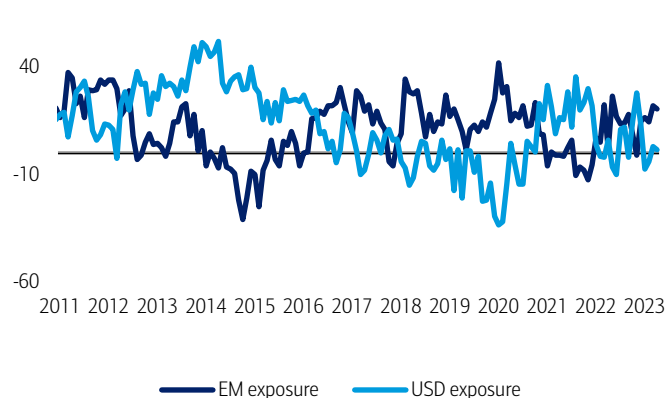
Source: BofA Global Research FX and Rates Sentiment Survey

BB is the Bull-Bear Index for exposure and view. It weights responses to create an index ranging from -100 to +100, zero representing neutral. See appendix for formulas.

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## Exhibit 57: EM and USD FX exposure

EM vs US Bull-Bear fx exposure spread

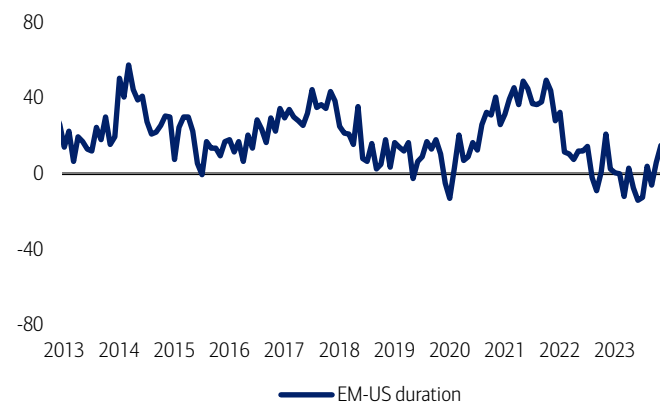


Source: BofA Global Research FX and Rates Sentiment Survey

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## Exhibit 58: EM vs. US duration exposure

EM vs US Bull-Bear rates exposure spread



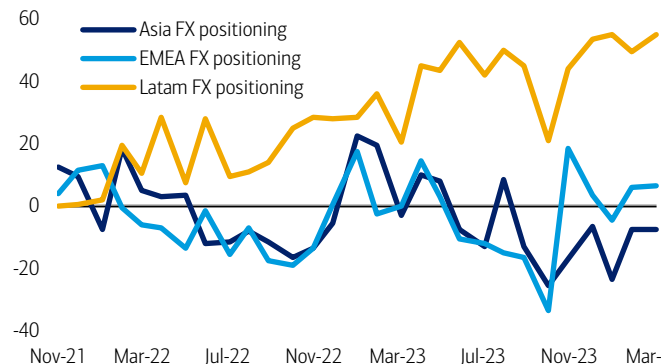
Source: BofA Global Research FX and Rates Sentiment Survey

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# Regional EM Rates Positioning and View

## Exhibit 59: FX positioning

LatAm exposure is back to highs, EEMEA/ASIA - stable



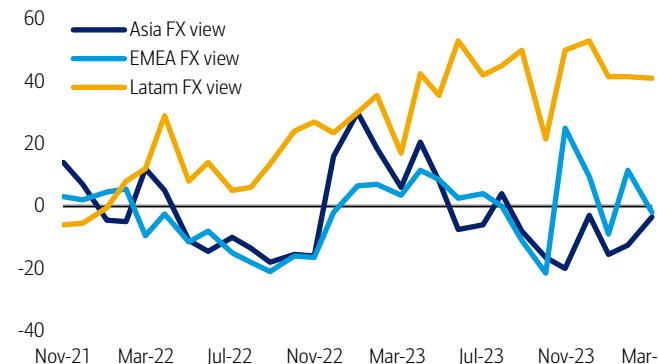
Source: BofA Global Research FX and Rates Sentiment Survey

BB is the Bull-Bear Index for exposure and view. It weights responses to create an index ranging from -100 to +100, zero representing neutral. See appendix for formulas.

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## Exhibit 60: FX view

Sentiment is still most positive in LatAm, neutral elsewhere



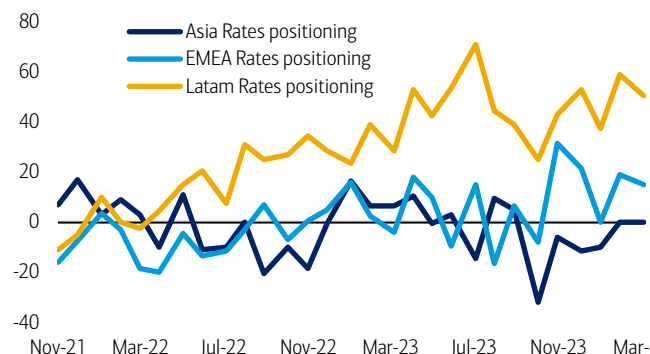
Source: BofA Global Research FX and Rates Sentiment Survey

BB is the Bull-Bear Index for exposure and view. It weights responses to create an index ranging from -100 to +100, zero representing neutral. See appendix for formulas.

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## Exhibit 61: Rates local currency positioning

A bit of retracement from February spike



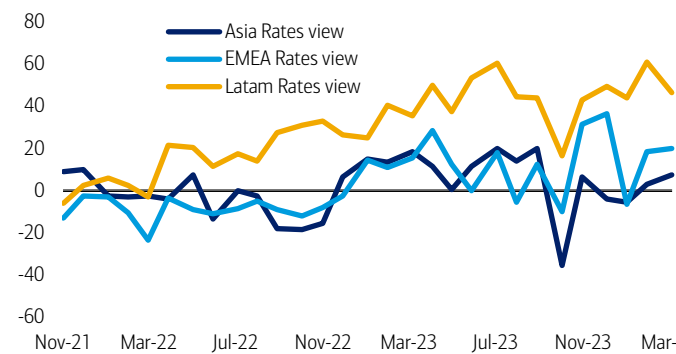
Source: BofA Global Research FX and Rates Sentiment Survey

BB is the Bull-Bear Index for exposure and view. It weights responses to create an index ranging from -100 to +100, zero representing neutral. See appendix for formulas.

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## Exhibit 62: Rates local currency view

Sentiment deteriorates in LatAm, picking up in EEMEA/Asia



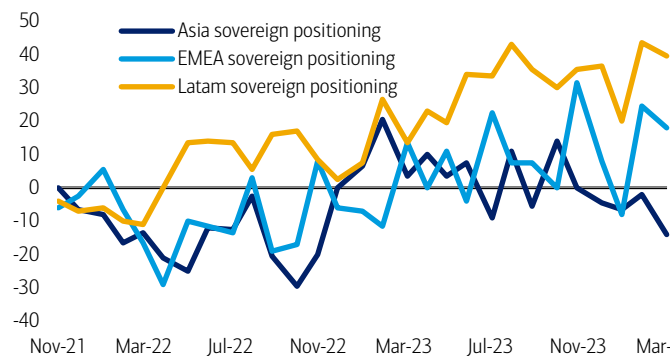
Source: BofA Global Research FX and Rates Sentiment Survey

BB is the Bull-Bear Index for exposure and view. It weights responses to create an index ranging from -100 to +100, zero representing neutral. See appendix for formulas.

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## Exhibit 63: Sovereign hard currency positioning

Notable reduction across the board



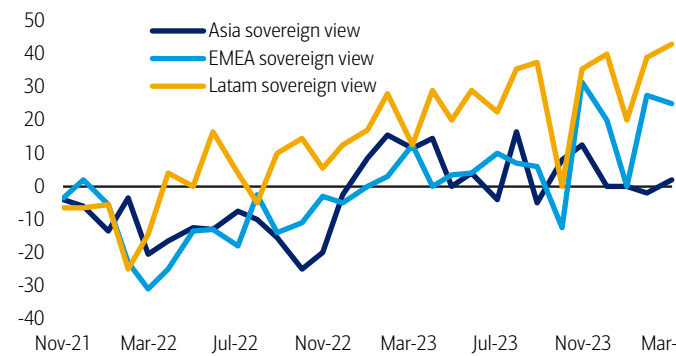
Source: BofA Global Research FX and Rates Sentiment Survey

BB is the Bull-Bear Index for exposure and view. It weights responses to create an index ranging from -100 to +100, zero representing neutral. See appendix for formulas.

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## Exhibit 64: Sovereign hard currency view

Notable reduction across the board



Source: BofA Global Research FX and Rates Sentiment Survey

BB is the Bull-Bear Index for exposure and view. It weights responses to create an index ranging from -100 to +100, zero representing neutral. See appendix for formulas.

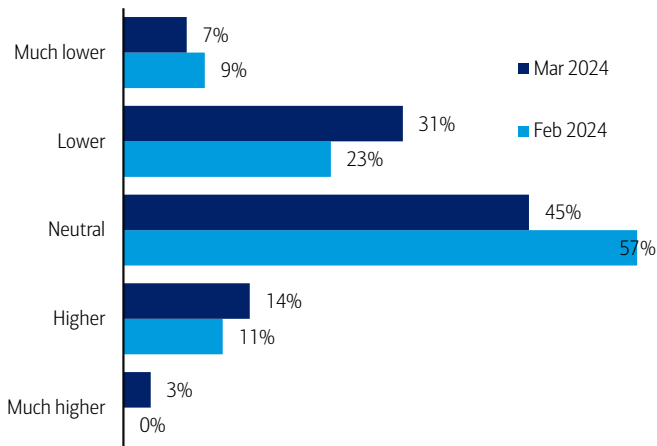
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# EM asset class positioning

Investors further reduced cash vs. and added to their overweight in EM exposure in March. Main focus is on EM local debt, although investors are OW EM vs HY as well.

## Exhibit 65: How would you describe your current cash level in your EM portfolio vs average?

Investors are more underweight cash in their portfolios

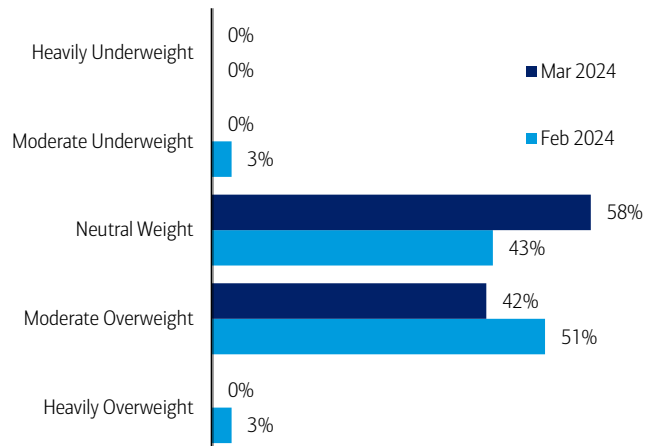


Source: BofA Global Research FX and Rates Sentiment Survey

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## Exhibit 66: How would you describe the exposure of your portfolio to oil exporters vs average?

Investors are neutral to slight overweight oil exporters

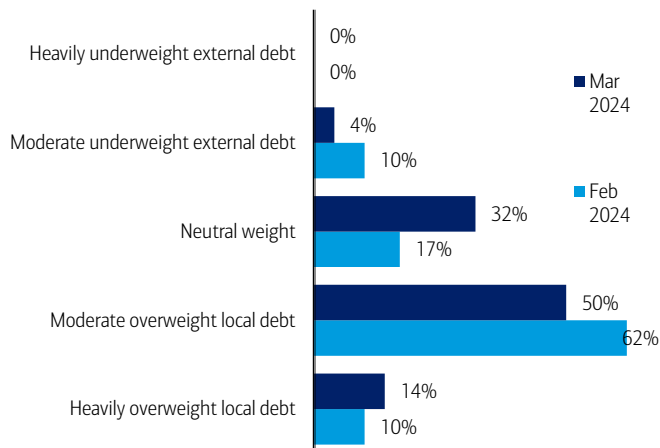


Source: BofA Global Research FX and Rates Sentiment Survey

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## Exhibit 67: How would you describe the exposure of your portfolio to EM local vs external debt vs average?

Still overweight, although there is some reduction

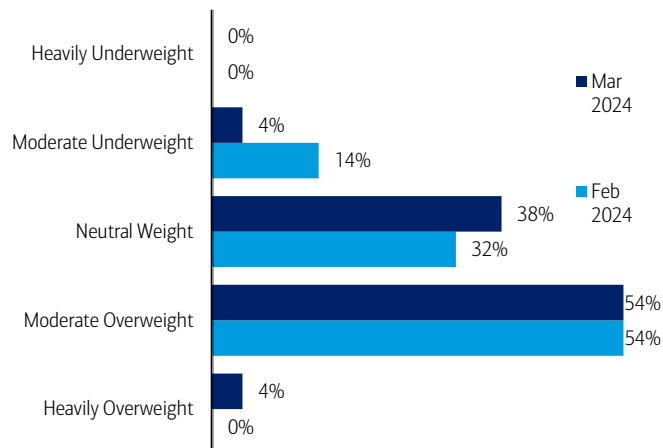


Source: BofA Global Research FX and Rates Sentiment Survey

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## Exhibit 68: How would you describe the exposure of your EM hard currency debt portfolio to high yield debt vs average?

Investors are net overweight EM EXD



Source: BofA Global Research FX and Rates Sentiment Survey

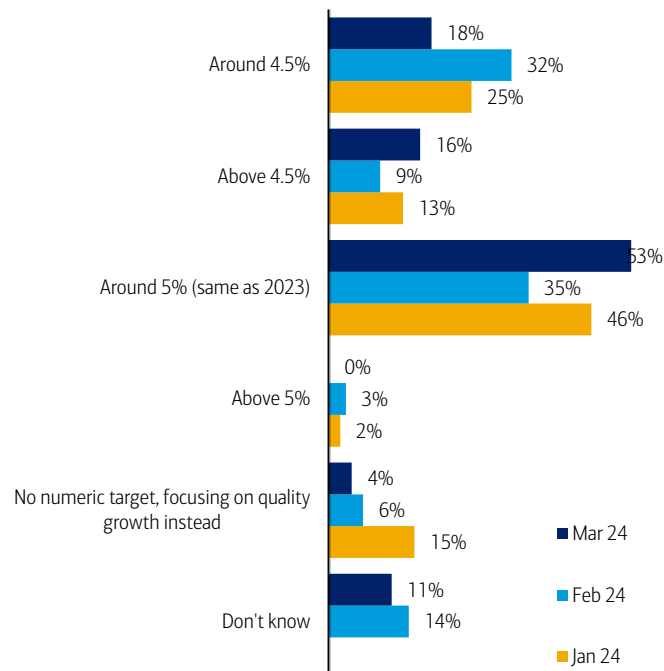
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## EM theme views

Investors' outlook on Chinese growth has improved in March as majority now expect same pace of growth as in 2023

### Exhibit 69: What do you think is China's GDP growth target for 2024?

Majority now expects this year growth at 2023 levels



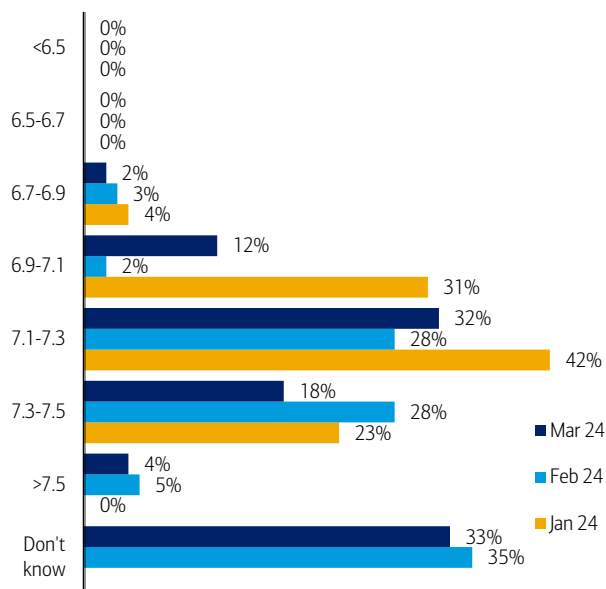
Source: BofA Global Research FX and Rates Sentiment Survey

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Investors are now more constructive on CNY as more are now confident in the largely stable USDCNY this year on average

### Exhibit 70: What is your expectation for the average USDCNY exchange rate in 2024:

Investors are less pessimistic, seeing USDCNY within 7.1-7.3



Source: BofA Global Research FX and Rates Sentiment Survey

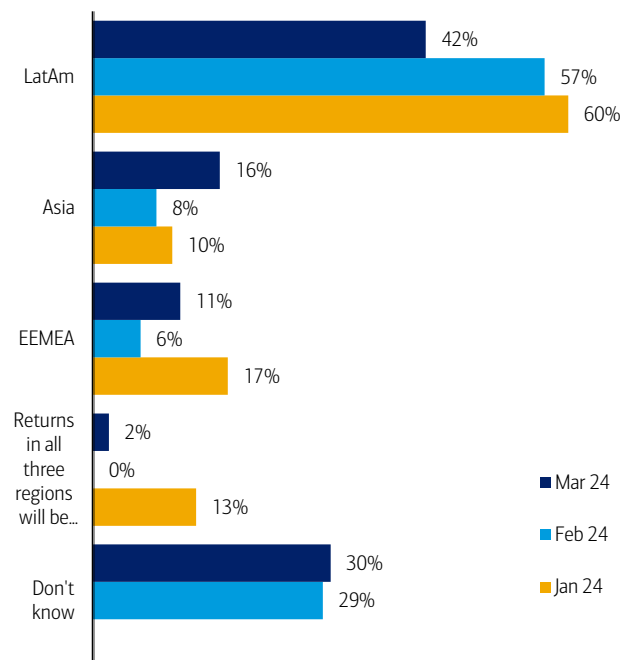
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Investors' optimism in LatAm has declined, as they are now turning more constructive in Asia and EEMEA. Very few expect negative returns

#### Exhibit 71: Which EM region is likely to have the highest total return for FX-unhedged positions in local bonds in 2024?

LatAm is still favorite, but optimism fades a bit



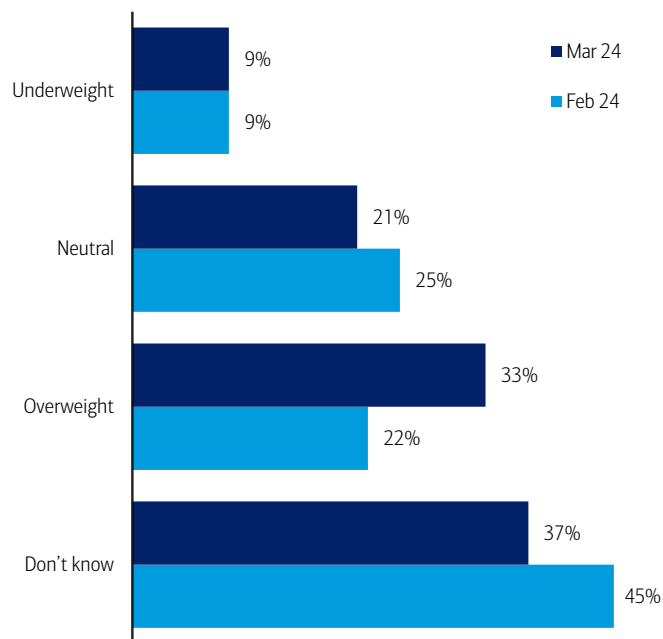
Source: BofA Global Research FX and Rates Sentiment Survey

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Investors are overweight to neutral in EM issuer bonds

#### Exhibit 72: In your global credit portfolio, what is your current positioning in EM issuer bonds?

Majority is overweight in March



Source: BofA Global Research FX and Rates Sentiment Survey

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# A Guide to the BofA Global Investor Survey

Our survey was conducted between 8 March 2024 and 13 March 2024. A total of 92 global fixed income fund managers responded to the survey. Responses came from the UK, Continental Europe, APAC and the US.

Our monthly survey has asked the same two questions since its May 1989 start date: “Relative to your own benchmark: 1) How is your portfolio structured in terms of currency exposure? and 2) How is your portfolio structured in terms of duration exposure?”. In December 2011 we added two questions: 1) “How would you describe your view on the following currencies? And 2) How would you describe your view on the following bond markets?”. Regarding “exposure” there are five responses from which to choose: Heavily Overweight, Moderately Overweight, Neutral, Moderately Underweight, and Heavily Underweight, while for “view” the equivalent responses are: Very Bullish, Bullish, Neutral, Bearish, and Very Bearish. In both cases responses are weighted to create a Bull-Bear index from -100 to 100, with zero representing neutral.

<sup>1</sup> The formula used to calculate the Bull-Bear Index (B/B) is as follows:

$$B/B \text{ (exposure)} = (\% \text{ Heavy Overweight} * 1.0) + (\% \text{ Moderately Overweight} * 0.5) + (\% \text{ Neutral} * 0) - (\% \text{ Moderately Underweight} * 0.5) - (\% \text{ Heavily Underweight} * 1.0).$$

$$B/B \text{ (view)} = (\% \text{ Very Bullish} * 1.0) + (\% \text{ Bullish} * 0.5) + (\% \text{ Neutral} * 0) - (\% \text{ Bearish} * 0.5) - (\% \text{ Very Bearish} * 1.0)$$

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I, Ralf Preusser, 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.

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