BofA SECURITIES

World at a Glance

The Holdovers

Key forecasts in FX, rates and commodities

Major G10 central banks such as the Fed remain on hold, defying earlier market hopes of faster rate cuts, but also keeping USD elevated. We have a variety of smaller forecast revisions, but our core macro views in FX, rates and commodities remain unchanged.

G10 FX: variety of small changes outside of core views

Our end-year EUR-USD forecast remains 1.15, and in general we continue to look for modest USD weakness medium-term. Since last month, however, we have a variety of revisions in Europe FX as well as in NZD.

EM Asia: waiting for the Spring

We remain bearish CNY, with a forecast of 7.45/7.40 against USD for end-Q1/Q2. Overall in Asia FX, we are bullish on KRW; Bearish on CNY, THB & VND; and neutral on HKD, INR, IDR, MYR, PHP, SGD & TWD.

EEMEA: between a US rock and a Chinese hard place

We remain cautious on EEMEA FX against the USD as markets may further question Fed cuts priced in for this year. Still, global growth recovery is broadening. We are bullish PLN, neutral on ZAR, CZK and ILS, and HUF.

LatAm: the waiting game

Higher-than-expected inflation in the US has led to an upward correction in Treasury yields. Since US rates are arguably the main driver behind LatAm FX, we hold no strong directional conviction.

Interest rates: no changes to US10yr outlook

We maintain our 10y UST forecast at 4.25% by end '24. Our year-end 10y forecast is now in line with market forwards and above consensus. The bulk of our rates forecasts remain unchanged since last month.

Commodities: no forecast changes

We do not make forecast changes in our core energy, industrial metal, or precious metal forecasts. In particular, we forecast Brent to average $80/bbl and WTI to average $75/bbl in 2024.

The *World at a Glance* (WAAG) is our flagship monthly publication, highlighting our key forecasts in FX, rates and commodities. This edition covers each of the G10 currencies, six major developed-market interest rates, the major EM currencies, and five key commodities.

28 February 2024

FX, Rates and Commodities
Global

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Next edition

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Refer to important disclosures on page 99 to 100. 12665237

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US rates: duration divergence

Mark Cabana, CFA
BofAS

Themes: US rates between push and pull drivers

US yields have been torn between a push higher and a pull lower. Push higher: strong activity data (Q4 GDP = 3.3%+, Q1 Atlanta & NY Fed GDP tracking = 3.3%+), tight labor market, sticky services inflation. Pull lower: US bank concerns. We recommend patience on adding duration until 10y UST 4.5%+ & total Fed cuts over the cycle closer to 150bp or less.

Our more cautious take on duration is driven by: strong data, positioning, technicals and seasonality. Data is clear: activity is above trend, labor is tight, inflation sticky. Positioning suggests the rate pain trade is higher & flatter. Technicals suggest 10y could test 4.5-4.6%. Contained banking system concerns can allow UST rates to push higher.

Strong data & a pushing out of cuts (now priced in July) also increases Fed "jump risk" around the US election. We believe the Fed would prefer to change regimes at latest 100 business days from an election – if Fed cuts don't happen by June '24, they may not start until after the election, adding to the bearish impulse for yields. Other factors that support higher near-term rates: positioning, technicals, seasonality.

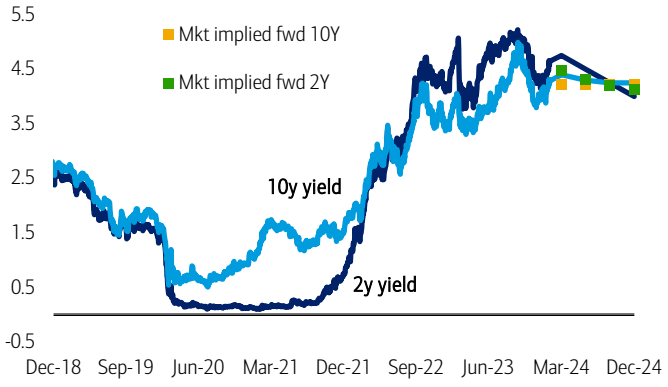
Forecasts: 10yT at 4.25% by end '24

We maintain our 10y UST forecast at 4.25% by end '24. Our year-end 10y forecast is now in line with market forwards and above consensus. We keep our forecast unchanged due to economic re-acceleration risks, UST supply/demand imbalance, and increased Fed "jump risk" around US election.

Risks: skewed to the upside

Strong US data and a Fed in no hurry to cut has pushed US rates higher and UST curves flatter. We now see risks US rate ranges will shift higher due to positioning & technical factors, and pricing of a higher Fed cutting trough.

Exhibit 1: 2y and 10y Treasury yield forecasts (%)
Forecasts and market implied forwards



Source: BofA Global Research, Bloomberg

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Exhibit 2: Government bond yield forecasts (%)
Our forecast for year-end '24 of 10yT is 4.25%

	Q1 24	Q2 24	Q3 24	Q4 24
O/N SOFR	5.32	5.08	4.85	4.61
2y Govt	4.75	4.50	4.25	4.00
5y Govt	4.50	4.40	4.25	4.15
10y Govt	4.40	4.30	4.25	4.25
30y Govt	4.70	4.65	4.65	4.75

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 3: Swap rate forecasts (%)
Our forecast for year-end '24 of 10y swaps is 3.81%

	Q1 24	Q2 24	Q3 24	Q4 24
2y	4.95	4.27	4.00	3.73
5y	4.17	4.05	3.88	3.76
10y	4.00	3.88	3.81	3.81
30y	3.98	3.93	3.93	4.03

Source: BofA Global Research estimates

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USD: resiliency continues

Alex Cohen
BofAS

Themes: no landing just yet

Dollar resiliency has persisted into February, albeit at a slower pace than in January. YTD, the USD remains between 0.5 and 6.5 percent higher vs. other G10 currencies, reflecting several interrelated themes. Namely, US data has continued to stand out globally and the Fed's tone has reacted accordingly, serving to further push out the expected timing of rate cuts. This contrasts with more downbeat USD sentiment at the end of last year, driven by some soft inflation readings and a perceived "dovish" pivot by the Fed. More specifically, healthy readings of the US labor market, signs of bottoming in manufacturing, and sticky services inflation, have added fuel to the "no landing" narrative. More recently, however, some soft retail sales and uncertainty over possible weather-related distortions to inflation have slowed the USD's ascent.

Meanwhile, the Fed has clearly changed its tune since December. At the January FOMC, Chair Powell threw cold water on the possibility of a March cut, and subsequent Fed commentary has emphasized concerns over still-too-high inflation, and patience on rate cuts. Fed expectations have reacted accordingly, with markets now pricing ~20bp of cuts in June, and ~90bp through year-end, down from ~75 and ~150, respectively.

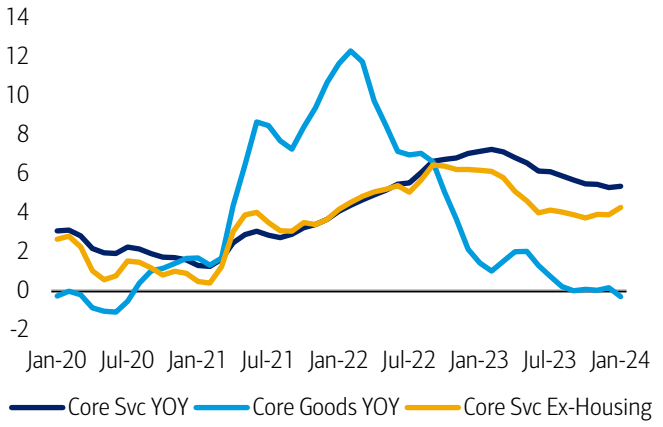
Forecasts: depreciation to accelerate in H2

Our core USD views remain intact. We see the USD broadly depreciating against most G10 currencies, with our end-year EUR-USD forecast of 1.15, as moderating inflation and eventual Fed cuts should allow the USD to move back towards equilibrium. We do make a small revision to our EUR-USD Q3 forecast from 1.15 to 1.12, ultimately expecting a relatively more gradual path for USD softening.

Risks: all eyes on the Fed

While geopolitical and US election risks continue to linger, discernable impacts on the market remain elusive. In recent weeks, aforementioned data resiliency has led some to contemplate a scenario where inflation reacceleration prevents the Fed from cutting at all this year. While this remains unlikely, it bears watching given recent upside inflation data and the Fed's pushing back on market expectations.

Exhibit 4: US core CPI components: goods, services, services ex-housing
US services inflation remains sticky



Source:, Bloomberg and BofA Global Research

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Exhibit 5: USD forecasts
EUR forecast is 1.15 for the end of 2024

	Q1 24	Q2 24	Q3 24	Q4 24
EUR-USD	1.07	1.10	1.12	1.15
USD-JPY	145	143	142	142

Source: BofA Global Research estimates

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Exhibit 6: Major macro forecasts
Looking for US to avoid recession

	2023F	2024F	2025F
Real GDP (% yoy)	2.5	2.1	1.8
CPI (% yoy)	4.1	3.0	2.4
Policy Rate (end of period)	5.375	4.625	3.625
GenGov Bal (%/GDP)	-6.2	-6.1	-6.0
CurAct Bal (%/GDP)	-3.6	-3.4	-3.3

Source: Bloomberg and BofA Global Research estimates

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EU rates: the market responds

Sphia Salim
MLI (UK)

Ronald Man
MLI (UK)

Themes: Pushback from the ECB on rate cuts priced in by the market sustained, particularly in its January meeting Accounts: 1) concerns were voiced over the sharp easing of financial conditions as a result of the market's rate expectations; 2) the ECB explicitly said the risk of doing too much outweighs the risk of doing too little. The market responded and meaningfully reduced rate cut expectations for this year. But we still believe the trough in the ECB's cutting cycle is likely to be much lower than currently priced.

Market pricing of risk remains limited despite reduced rate cut expectations, sustaining tightening of Euro area sovereign spreads and in other markets. We believe this leaves sovereign spreads particularly vulnerable to the risk of stronger-than-expected inflation.

Forecasts: bullish vs forwards

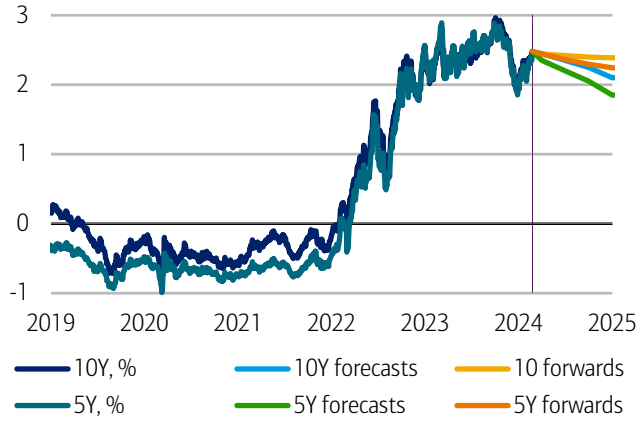
Our end-2024 forecast of 2.1% for 10y German government bonds is bullish vs forwards following the continued selloff in rates this year. We expect bonds to cheapen vs swaps in 2024, especially in the 5-10y and in 2H 2024 as QT accelerates with the start of partial PEPP reinvestments and expected decline in rates volatility. For the curve, we project a steepening in 2s10s over the year, but one that is less pronounced than currently implied by the forwards. We see potential for 10s30s to avoid significant steepening at least initially, as LDI demand picks up in the long-end.

From a cross market perspective, structural divergence between the Euro area and the US provides room for EUR rates to outperform USD. It also implies the scope for curves to out-steepen forwards is considerably more limited in EUR than in USD.

Risks: inflation, lending conditions, geopolitics

Upside risks to rates are better than expected activity data and higher energy and food prices raising inflation expectations. Downside risks to rates include a more rapid tightening in lending conditions and an escalation in global geopolitical tensions. A negative shock, such as US regional bank stress spilling, may limit outperformance of EUR rates vs USD as US rates tend to outperform in a risk-off environment.

Exhibit 7: German rates – yield forecasts and forwards*
Our forecasts are bullish vs forwards



Source: BofA Global Research, Bloomberg. *Forwards as of 23-Feb

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Exhibit 8: Germany bond yield forecasts, %
Reassessment of the policy path may more than offset supply outlook

	Q1 24	Q2 24	Q3 24	Q4 24
3m Euribor	4.05	3.90	3.70	3.25
2y Govt	2.70	2.45	2.20	1.90
5y Govt	2.35	2.20	2.05	1.85
10y Govt	**2.45**	**2.35**	**2.25**	**2.10**
30y Govt	2.60	2.55	2.50	2.40

Source: BofA Global Research

Exhibit 9: Swap rate forecasts, %
We believe the belly can outperform the forwards most in 2024

	Q1 24	Q2 24	Q3 24	Q4 24
2y	3.30	3.05	2.75	2.40
5y	2.90	2.70	2.50	2.25
10y	**2.95**	**2.80**	**2.65**	**2.45**
30y	**2.65**	**2.50**	**2.45**	**2.40**

Source: BofA Global Research

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EUR: strength in its weakness

Michalis Rousakis
MLI (UK)

Themes: EUR performance echoes more realistic central bank market pricing
EUR is slightly down vs. USD so far this year but has fared better in the crosses. Its performance has been in line with rate differentials amid low volatility. We continue to expect EURUSD at 1.15 by year-end and a mixed EUR performance in the crosses. We are bullish on EURUSD despite being bearish on Europe because we see it as driven primarily by the US and the Fed rather than Europe and the ECB: First, our economists expect the sequential US growth to slow down meaningfully from its strong 2H levels as the Euro area sequential growth gradually picks up from very low levels. Second, Fed rate cuts amid a soft US landing would likely support risk sentiment, pushing USD lower.

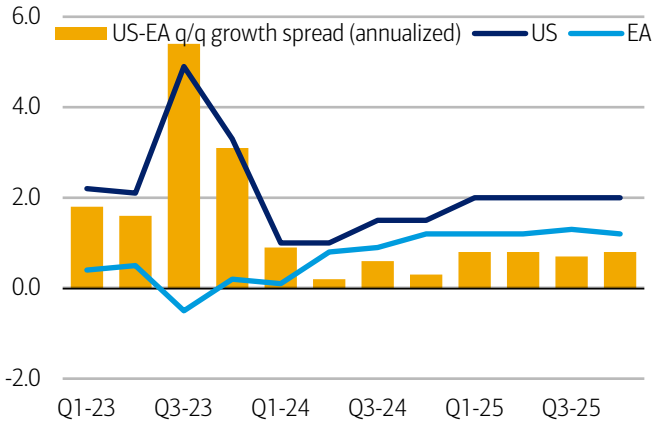
This is not to say the Fed-ECB differential doesn't matter. In our base case, both the Fed and the ECB cut rates three times this year starting in June, but risks are for fewer Fed cuts and more ECB cuts—on the ECB front a lot will depend on wages. However, we would argue these risks are partly priced (the ECB is currently priced to cut 14bp more vs the Fed by year-end) and on the investors' radar (see FX and Rates Sentiment Survey, 9 Feb 24), reflected in the EUR positioning being near its lightest level since 2019 (see Liquid Cross Border Flows, 19 Feb 24).

In the crosses, we expect the relative ECB stance to modestly support the EUR vs. CHF, NZD and CAD this year, but weigh on it vs. GBP. We also expect EUR to weaken vs. AUD and the Scandies as we likely gradually move past peak China and Euro area bearishness.

Forecasts: sticking to EURUSD at 1.15 by end-24, but a more gradual path
We continue to forecast EURUSD at 1.15 by end-24—which has been our forecast since a year ago—but now expect a more gradual path to it. We remain above consensus, which still expects 1.12 for this year, and 1.15 only in 2025—when we see it at 1.20.

Risks: EA wages, pace of Fed cuts, geopolitics, China/EA surprises given low bar
Sticky Euro area wage growth could support EUR, while later and slower Fed rate cuts could weigh on it in the short term. Higher geopolitical risks could also be negative for the EUR, both because of stagflation risks and via terms of trade. On the other hand, Eurozone or China growth surprises—the bar to them low—could support the EUR.

Exhibit 10: BofA US vs Euro area q/q growth forecasts (annualized)
US-EA sequential growth differential could slow meaningfully this year



Source: BofA Global Research

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Exhibit 11: EUR forecasts
Our forecast is 1.15 for EUR-USD at end of 2024

	Q1 24	Q2 24	Q3 24	Q4 24
EUR-USD	1.07	1.10	1.12	1.15
EUR-JPY	155	157	159	163

Source: BofA Global Research estimates

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Exhibit 12: Major macro forecasts
Growth soft in our 2024 outlook

	2023F	2024F	2025F
Real GDP (% yoy)	0.5	0.4	1.1
CPI (% yoy)	5.5	2.3	1.4
Policy Rate* (end period)	4.50	3.75	2.50
Gen Gov Bal (%/GDP)	-3.4	-3.1	-3.1
CurAct Bal (%/GDP)	1.5	1.4	1.5

*Note: Policy Rate is Refinancing Rate.
Source: Bloomberg and BofA Global Research estimates

BofA GLOBAL RESEARCH

JP rates: Investors await policy revision

Tomonubo Yamashita
BofAS Japan

Key theme: Major investors await BoJ's policy revision

The January data on trading volume for over-the-counter bonds indicate the overall demand for Japanese gov't bonds (JGBs) has been weak except from the domestic trust banks (see Japan Rates Watch: JSDA January OTC Bond Trading: Weak JGB demand 20 February 2024). Given the depreciating yen and rising stock prices, trust banks are expected to keep investing in JGBs, but the other major investors await the Bank of Japan's (BoJ) policy revision.

A BoJ exit from the negative interest rate policy (NIRP) at its March or April Monetary Policy Meeting (MPM) has become the market consensus, but there is no consensus on policy revisions thereafter. We see potential heightening of expectations for a reduction of the BoJ's bond-buying operations (see Liquid Insight: Impact of a potential BoJ shift to a single-tier IOER structure post-NIRP 19 February 2024) and forecast the yield on the 10yr JGB to increase to 1.05% by end-2024.

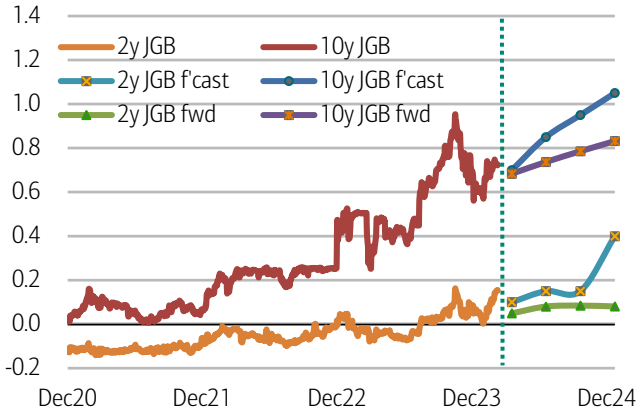
Forecast: 10yr30yr curve likely to flatten

On the other hand, the superlong JGB auctions held in February were smooth and did not mirror the weak results seen in January, which suggests some investors buy on dips when the 20yr yields approach 1.50% and 30yr JGB yields approach 1.80%. Thus, the 10yr30yr curve is likely to flatten in the near term.

Upside risks

We believe the risk to our base case is skewed to the upside. We see risks of the solid US economy decreasing the demand for bonds in the developed countries. Also, the BoJ could become more hawkish if the *shunto* wage negotiations in March are stronger than expected.

Exhibit 13: JGB rates – yield forecasts and forwards
We expect the 10yr JGB yield to rise to 105bp at end-2024



Source: BofA Global Research, Bloomberg.

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Exhibit 14: Government bond yield forecasts
Our 10yr JGB yield end-2024 forecast is 1.05%

	Q1 24	Q2 24	Q3 24	Q4 24
3m TORF	-0.01	0.05	0.05	0.28
2y Govt.	0.10	0.15	0.15	0.40
5y Govt	0.30	0.40	0.45	0.60
10y Govt	0.70	0.85	0.95	1.05
30y Govt	1.70	1.75	1.80	1.85

Source: BofA Global Research

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Exhibit 15: Swap rate forecasts
Our Japan 10yr swap rate end-2024 forecast is 1.25%

	Q1 24	Q2 24	Q3 24	Q4 24
2y	0.25	0.30	0.35	0.55
5y	0.55	0.65	0.65	0.75
10y	0.90	1.05	1.20	1.25

Source: BofA Global Research

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JPY: weak, but...

Shusuke Yamada
BofAS Japan

Themes: structural weakness vs near-term risk

We are bearish JPY longer-term while we think JPY can be supported by expectations for the BoJ's policy normalization into the spring. Structural outflow appears accelerating as firms become more aggressive in overseas expansion to reflect their post-COVID strategy and the latest tax reform (NISA) encourages households to rebalance away from yen cash to foreign assets. This is negative for JPY (see: FX Watch: Japan BoP: rising Toshin flow to USD & INR 08 February 2024).

Meanwhile, the BoJ could implement a set of policy normalization in the spring (our economists' base case = April). We do not think the BoJ will shock the FX market when it announces normalization measures, but there is certain degree of uncertainty as to what it will do, which may include removal of/changes to NIRP, YCC, QE, and risk asset purchases. To the extent the Fed and some other DM central banks have easing bias, uncertainty around the BoJ's policy normalization would support JPY near-term though a less dovish Fed is a rising risk to this view.

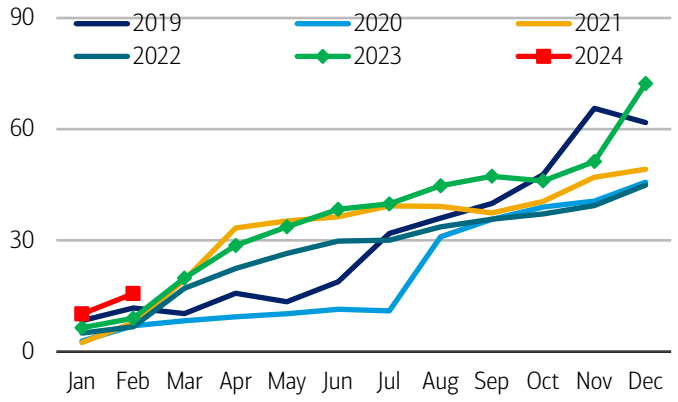
Forecasts: high hurdle for JPY to rally substantially

We maintain our year-end USD/JPY forecast of 142, above consensus. We think USD/JPY would correct in 1H24 on policy convergence but would be supported by Japan's structural outflow below 140.

Risks: MoF, BoJ

As USD/JPY rises, the risk of policy response has risen. The MoF has started verbal intervention and the BoJ is likely to implement policy normalization measures. As 151.9-152 has been the high for this cycle, we believe intervention risk will increase as the market approaches that level.

Exhibit 16: Japan Inc.'s cumulative outward M&A announcements by calendar year* ($bn, net of disposition)
Japan's outward M&A accelerating



Source: BofA Global Research, Bloomberg

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Exhibit 17: JPY forecasts
We look for 2024 year-end USD-JPY of 142

	Q1 24	Q2 24	Q3 24	Q4 24
USD-JPY	145	143	142	142
EUR-JPY	155	157	159	163

Source: BofA Global Research estimates

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Exhibit 18: Major macro forecasts (CY)
Our economics team looks for NIRP to end in 2024

	2023F	2024F	2025F
Real GDP (% yoy)	1.9	0.3	1.4
CPI (% yoy)	3.3	2.5	1.9
Policy Rate (end of period)	-0.10	0.25	0.50

Source: Bloomberg and BofA Global Research estimates

BofA GLOBAL RESEARCH

UK rates: All eyes on the budget

Agne Stengeryte
MLI (UK)

Mark Capleton
MLI (UK)

Nothing to nudge the Budget

The latest round of UK economic data was a mixed bag. Comments from the Bank of England (BoE) speakers suggested they were unlikely to shift the Bank's thinking materially, in line with our own view. We continue to judge front-end as broadly fair: slightly more than our base case for two 25bp Bank rate cuts in 2024, but well within our risk case of BoE cutting 25bp/meeting when it starts in August. Despite judging MPC-dated Sonia curve as fairer, we continue to expect divergence between rate cutting cycle pricing in the UK and Canada. We fade BoE cuts priced in 2024 against those in Canada.

With majority of the economic data releases now out of the way, eyes will turn to the budget on 6 March. With the current fiscal year going broadly to plan, we think changes in total Gilt issuance in 2024/25 will be mostly down to Budget measures, and a balancing of lower than anticipated interest rates, a smaller indexation cost, stronger population projections and moderating fiscal drag from the tax bracket freeze, among other things. Our working assumption is that the Debt Management Office (DMO) will aim to meet any upside in the financing need via net T-bill issuance and National Savings and Investment (NS&I), minimizing the need for material Gilt Remit changes. This, we suspect, is a non-consensus call. Were it to materialize, it would likely surprise the market, we think.

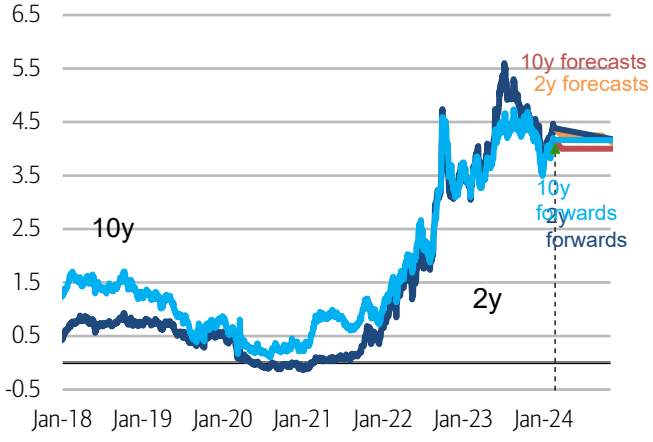
Forecast: closer to forwards thanks to the selloff, still bearish UK cross-market

Market selloff since the start of the year pushed our forecasts above the forwards in 10y, but we remain marginally above in the 2y. We stay bearish UK in the front-end.

Risks: The usual

We assume the political situation remains favourable to fiscal sustainability - an assumption prone to many risks. We also note geo-political risks, turmoils from abroad.

Exhibit 19: Gilt yield benchmark histories, forwards and forecasts, %
Market selloff pushed current yields above our forecasts



Source: Bloomberg, BofA Global Research

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Exhibit 20: Government bond yield forecasts (%)
We expect BoE to stay on hold until August 2024

	Q1 24	Q2 24	Q3 24	Q4 24
3m Sonia	5.25	5.00	4.75	4.50
2y Govt.	4.25	4.25	4.25	4.00
5y Govt	3.75	4.00	4.00	3.75
10y Govt	4.00	4.00	4.00	4.00
30y Govt	4.75	4.75	4.75	4.75

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 21: Sonia swap rate forecasts (%)
Short-dated Gilts to cheapen relative to short-dated Sonia in H1 2024

	Q1 24	Q2 24	Q3 24	Q4 24
2y	4.50	4.25	4.00	3.75
5y	3.75	3.75	3.75	3.50
10y	3.75	3.75	3.75	3.75
30y	4.00	4.00	4.00	4.00

Source: BofA Global Research estimates.

BofA GLOBAL RESEARCH

GBP: the USD of Europe

Kamal Sharma
MLI (UK)

Themes: a Lazarus-type renaissance

The renaissance in GBP since the start of the year as been impressive as the pound continues to re-assimilate back into the G10 FX space. Once seen as the outlier in developed markets, GBP's recovery can be attributed to the relative shift in growth expectations in favour of the UK. Through Q3 '23, for example, German growth forecasts for 2024 were 0.4% higher versus UK. At the time of writing, UK growth is expected to be 0.2% higher than Germany next year. Such as been the turnaround in sentiment that in many regards, GBP is being favourably compared to the USD: both economies ae experiencing elevated services inflation and tight labour markets. With the domestic economy continuing to improve, the pessimistic read on UK growth is harder to reconcile at least in the near-term.

The coming months could provide the sweet spot for GBP with a number of key drivers. The March Spring Budget is now not considered the negative tail risk it once was following better than expected borrowing data in recent months (see: European Rates Watch: January UK public sector financings: nothing to nudge the budget, 21 Feb 2024) and affording the Government greater headroom for the inevitable tax cuts before the General Election. Secondly, April seasonality is once again approaching and the evidence remains supportive for GBP outperformance. Thirdly, the increase in the Minimum Wage in April will add support to the UK consumer. All-in-all, a lot of positive headwinds for the UK economy where pricing remains for a June rate cut versus BofA's August call.

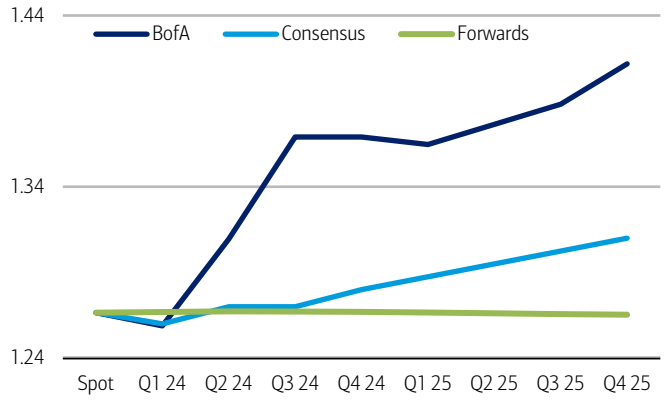
Forecasts: revisions since last month

Since our last monthly, in recognition of the improving landscape, we made some forecast revisions to reflect our more constructive view (see: FX Watch: GBP: Forecast Revisions 14 February 2024). Our 2024 y/e target shifted from 0.88 to 0.84 and from 0.86 to 0.85 in 2025. GBP/USD is revised from 1.31 to 1.37 by y/e 2024 and from 1.40 to 1.41 in 2025.

Risks: loss of momentum

News from the UK economy has been constructive. Risks are that this turns.

Exhibit 22: BofA GBP/USD fcast vs consensus & forwards
Cable forwards at significant discount to forecasts



Source: BofA Global Research estimates, Bloomberg

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Exhibit 23: GBP forecasts
Our year-end 2024 EUR-GBP forecast is 0.84

	Q1 24	Q2 24	Q3 24	Q4 24
EUR-GBP	0.85	0.84	0.84	0.84
GBP-USD	1.26	1.31	1.33	1.37

Source: BofA Global Research estimates

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Exhibit 24: Major macro forecasts
GDP growth weak in our forecast horizon

	2023F	2024F	2025F
Real GDP (% yoy)	0.1	0.3	0.8
CPI (% yoy)	7.3	2.4	2.4
Policy Rate (end of period)	5.25	4.75	3.75
Gen Gov Bal (%/GDP)	-4.9	-4.3	-3.9
CurAct Bal (%/GDP)	-3.4	-4.0	-3.9

Source: Bloomberg and BofA Global Research estimates

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CA rates: CA rates likely to outperform US

Katie Craig
BofAS

Ralph Axel
BofAS

Themes: soft inflation print not enough to force BoC cuts

A below expectations CPI print last week reignited expectations of BoC cuts in 2024 as both the headline and core measures fell below 3.5%. Market pricing has since retraced however following a stronger than expected retail sales print and positive revisions. The market currently has 3 25bp cuts priced in for 2024, down from over 6 cuts priced in around late last year. The BoC will likely need to see a consistent slowdown in inflation to start cutting but risks of a reacceleration in the US are stymying expectations of a slowdown in Canada. Our economists currently expect the BoC to start cutting in June, with risk of a start in April, at a pace of 1 cut per meeting for a total of 5 cuts in 2024.

The recent divergence in inflation data between the US and Canada has led market pricing of cuts to be more in line with just over 80bps of cuts now priced in the US vs just under 80bps in Canada. Strong US data vs weaker growth and inflation in Canada continues to support our view of staying long 2y CA vs 2y US. The path of realized inflation will likely be the main determinant of the rate differential between the 2 regions this year.

Separately, we expect the BoC will end QT in June 2024, consistent with the first rate cut, although early signs of funding pressures may lead to an earlier end to QT.

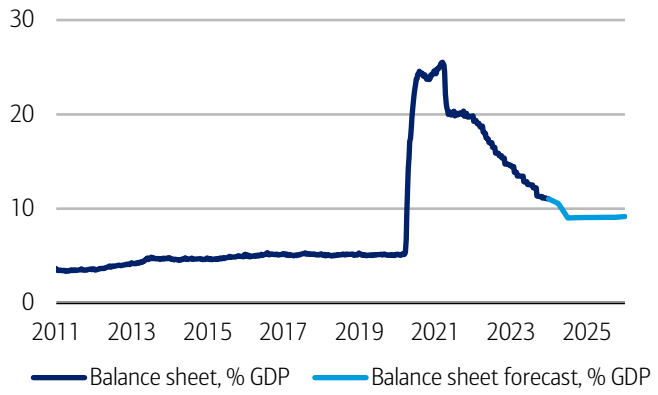
Forecasts: 10y YE'24 forecasts above forwards

We keep our forecast for CA rates unchanged though our 2y year-end forecast is still well below forwards given cuts priced out. We are comfortable with our year-end rates forecasts. Our YE 10y forecast is currently 3.6%, above forwards but consistent with our expectations for a steeper curve.

Risks: skewed to the upside if inflation reaccelerates

We see risks to our forecasts skewed to the upside if inflation remains sticky and more cuts get priced out. We believe the market may continue to pair back expectations of BoC cuts if inflation reaccelerates. Once inflation starts to fall, however, we see the market expectations likely to shift quickly.

Exhibit 25: Bank of Canada balance sheet projection
We expect QT to end in June with the first rate cut



Source: BofA Global Research, Bloomberg, Bank of Canada

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Exhibit 26: Government bond yield forecasts
2y YE'24 forecasts below forwards, 10y YE'24 in line with forwards

	Q1 24	Q2 24	Q3 24	Q4 24
2y	4.20	3.75	3.25	3.00
5y	3.75	3.70	3.65	3.60
10y	3.70	3.65	3.65	3.60

Source: BofA Global Research estimates

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Exhibit 27: Swap rate forecasts
We look for 10yr swap rate at 4% by year-end

	Q1 24	Q2 24	Q3 24	Q4 24
2y	4.60	4.15	3.65	3.40
5y	4.10	4.05	4.00	4.00
10y	4.10	4.05	4.05	4.00

Source: BofA Global Research estimates

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CAD: holding pattern

Howard Du, CFA
BofAS

Themes: USD/CAD in holding pattern for now

Over the course of February, the market initially pushed back the first BoC rate cut from June to July on stronger than expected headline Canada jobs data (Canada Watch: 09 February 2024) and resilient Q4 '23 growth (Canada Viewpoint: 07 February 2024), but ultimately pushed forward the rate cut timing to June again on downside surprise to inflation (Canada Watch: 20 February 2024). For now, our economists are maintaining the call for the first BoC rate cut in June, but risk is skewed for an even earlier rate cut in April should the domestic data weakness persist.

We were estimating 1.34-1.35 as the short-term fair value range for USDCAD, but now see the pair firmly staying above the 1.35-handle after the soft January CPI. USDCAD should be in a holding pattern until the next US catalyst triggers a broad-based USD move. Despite the year-to-date USDCAD spot rally, options investors continue to expect a weaker USD to take shape via demand for USD puts.

Lack of options demand to chase after the USD rally suggests to us the broad macro backdrop for this year has not changed (FX Viewpoint: 21 February 2024), and we continue to expect more material CAD appreciation to take place in H2 '24.

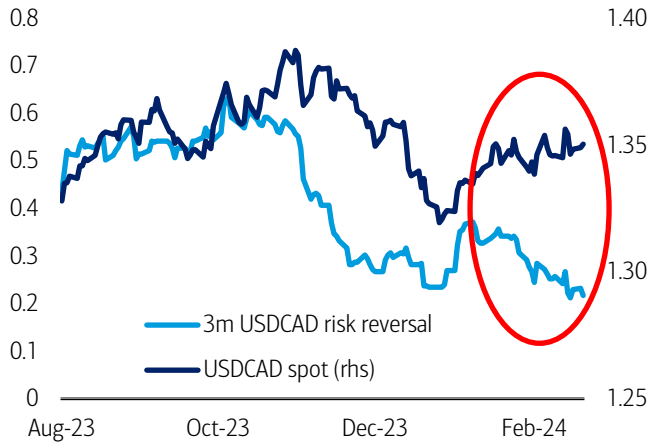
Forecast: no change

We maintain the same USD/CAD quarterly forecast as before. We see the pair staying around a 1.34-1.35 handle for first half of the year but fall to 1.30 by end of the year.

Risks: much earlier BoC rate cut than Fed

We see near-term upside risks to our USD/CAD forecast path, should the BoC start the rate cutting cycle a lot earlier than the Fed this year.

Exhibit 28: Year-to-date demand for USDCAD put has increased despite the spot rally for the
USD/CAD spot vs 3m risk reversal



Source: BofA Global Research, Bloomberg. Risk reversal shows the implied vol spread between OTM USDCAD calls and puts. A higher risk reversal number would indicate more demand for USDCAD calls; a lower risk reversal number would indicate more demand for USDCAD puts.

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Exhibit 29: CAD forecasts
We expect USD/CAD to move lower in H2' 2024

	Q1 24	Q2 24	Q3 24	Q4 24
USD-CAD	1.35	1.34	1.32	1.30

Source: BofA Global Research estimates

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Exhibit 30: Major macro forecasts
We expect Bank of Canada to cut rates in 2024

	2023F	2024F	2025F
Real GDP (% yoy)	1.1	1.3	2.4
CPI (% yoy)	3.9	2.5	2.1
Policy Rate (end of period)	5.00	3.75	3.00

Source: Bloomberg and BofA Global Research estimates

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AU rates: back to front (end)

Oliver Levingston
Merrill Lynch (Australia)

Theme for Q1 2024: Value has shifted back to the front end of the curve

As we entered 2024, our two key themes were: (1) too many cuts were priced for the RBA and (2) 10y ACGBs looked too cheap vs major markets where there would be a lot of bond supply in 2024 (i.e. US & UK). Both themes have now played out as expected. AU 10y bonds, which were trading with yields about 20bps above US Treasuries (USTs), are now about 12bps rich vs USTs. We exited our cross-market long positions vs USTs and Gilts last week.

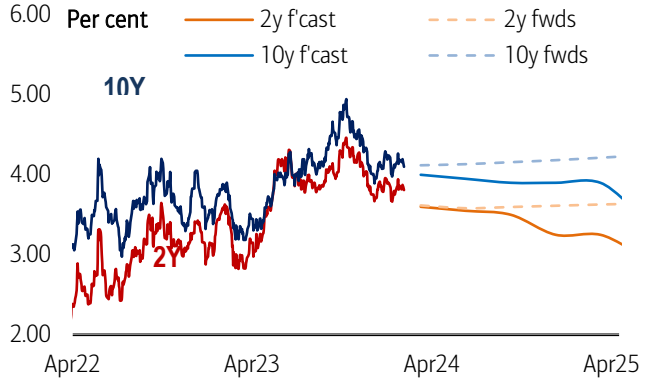
The market has also delayed and scaled back estimates for easing cycles around the world. In Australia, markets are pricing a very shallow easing cycle with terminal cash rates around 3.58%. We see a lower cash rate in 2025 and the market should be pricing some risk of a hard landing too. The curve has flattened and 2y/ 3y rates now look cheap. After the Q1 rally, we have marked-to-market our forecasts for 2024 but we see room for richer rates from here.

With the US market now converging with our forecast for rate cuts in 2024, the risk of an offshore-led cheapening in the front end has also diminished. The main risk in the near term is that fiscal policy is likely to take centre stage. Tax cuts in July and likely further deficit spending in the lead-up to an election due by May 2025 means the RBA is likely to be on hold for a prolonged period (we see the first cut next February). Even if inflation continues to surprise to the downside, monetary policymakers will be reticent to cut rates too quickly given the cost-of-living boost due in the second half, in our view.

Swaps: room for further compression

Swap spreads (i.e. the spread between ACGBs and swap rates) have narrowed and 10y swap spreads are now close to our 20bps target set in May 2023. We see limited appetite for corporate hedging (by paying swaps) given lower rates seem highly likely in the next 12 months. The RBA has repeatedly revisited the question of bond sales, which we see as unlikely (especially before the Term Funding Facility unwinds in June) but further communication along these lines should place tightening pressure on swap spreads. A wall of RBA Term Funding Facility maturities due in May/ June is a risk to this view because tighter funding markets could widen the bills-OIS spread but any widening should be short-lived.

Exhibit 31: We see lower yields on the horizon
RBA likely to cut more substantially than the market is currently pricing



Source: BofA Global Research, Bloomberg

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Exhibit 32: Government bond yield forecasts
AU front end looks cheap after terminal cash rate repricing

	1Q 24	2Q 24	3Q 24	4Q 24	1Q 25
3m BBSW	4.35	4.35	4.00	3.75	3.50
2y Govt.	3.60	3.55	3.50	3.25	3.25
5y Govt	3.70	3.65	3.60	3.50	3.50
10y Govt	4.00	3.95	3.90	3.90	3.90

Source: BofA Global Research

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Exhibit 33: Swap rate forecasts
10y swap spreads to tighten, box to continue flattening

	1Q 24	2Q 24	3Q 24	4Q 24	1Q 25
3y	3.75	3.75	3.70	3.40	3.40
10y	4.20	4.40	4.20	4.10	4.10

Source: BofA Global Research

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AUD: silver linings for 2024

Adarsh Sinha
Merrill Lynch (Hong Kong)

Themes: Constructive on AUD crosses in 2024

We have been neutral AUD near-term on China risks (Q1 AUDUSD forecast: 0.66) but signs of bottoming in China sentiment suggests value in owning upside. The larger-than-expected 5yr LPR cut signaled intent to strengthen support for the property sector (China Watch 20 February 2024). While this is not yet evident in new home sales, the LPR cut should help restore some housing confidence in the near term. China's property sector matters most for Australia's bulk commodity exports and therefore AUD.

Domestic economic headwinds mean the RBA is likely done hiking. But we expect the RBA to be among the few central banks that do not cut in 2024, partly because the policy rate is less restrictive than elsewhere but also given the scale of fiscal stimulus (i.e., tax cuts) set to commence in July. AU rates have rallied aggressively cross-market and RBA market pricing now sees 15bps of easing by June. We see room to price a more delayed start to the easing cycle, which should be supportive for the AUD.

While AUD remains a "high beta" currency, an improving NIIP should reduce its sensitivity to risk over time, something that is already evident in its weaker spot-volatility correlation in 2023 despite China pessimism. If this persists, superannuation funds may consider reducing their unhedged exposure to listed international equities, which could further support AUD (Liquid Insight 22 February 2024).

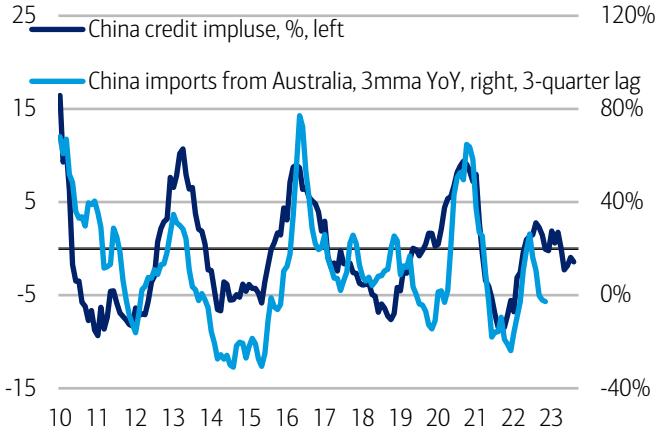
Forecasts: AUDUSD to 0.71 by end-2024, focus on crosses in 1Q

We forecast AUDUSD at 0.71 by end-2024 but with the bulk of appreciation from 2Q onward when we see sequential improvement in China growth, alongside weaker USD. Near-term we expect AUD to remain supported against non-USD crosses.

Risks: China growth disappoints

There are downside risks to our forecasts if China growth disappoints again in 2024.

Exhibit 34: China credit impulse vs. imports from Australia
China's credit impulse leads import impulse by three-quarters



Source: Bloomberg

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Exhibit 35: AUD forecasts
Our end-year 2024 AUD-USD forecast is 0.71

	Q1 24	Q2 24	Q3 24	Q4 24
AUD-USD	0.66	0.68	0.71	0.71
AUD-CAD	0.89	0.91	0.94	0.92

Source: BofA Global Research estimates

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Exhibit 36: Major macro forecasts
Softening domestic backdrop in 2024

Australia	2023F	2024F	2025F
GDP (% yoy)	1.8	1.4	2.0
CPI (% yoy)	5.7	3.4	2.9
Policy Rate (end of period)	4.35	4.35	3.50

Source: Bloomberg and BofA Global Research estimates

NZD: less hawkish

Adarsh Sinha
Merrill Lynch (Hong Kong)

Themes: Growth risks remain, NZD underperforms on crosses

The RBNZ kept the OCR policy rate unchanged but marginally dialed down its hawkish guidance. The OCR track was revised lower by ~10bp across the forecast horizon, implying lower risk of another rate hike. And the statement no longer states the OCR may "need to increase further", instead emphasizing the need to "remain at a restrictive level" for some time.

To the extent the RBNZ began its tightening cycle earlier than most central banks, the OCR at highly restrictive levels will eventually weigh on growth and the currency in 2024. Meanwhile the current account deficit remains elevated at 7.5% of GDP despite some recent improvement, with the income deficit in particular likely to continue widening against a backdrop of higher rates.

Strong inward migration remains has been an important tailwind for the economy, explaining much of the resilience in domestic demand, although this has decelerated somewhat. Downside risks to global growth and any associated risk-off is likely to weigh on NZD, which has less terms of trade buffer compared to other commodity currencies.

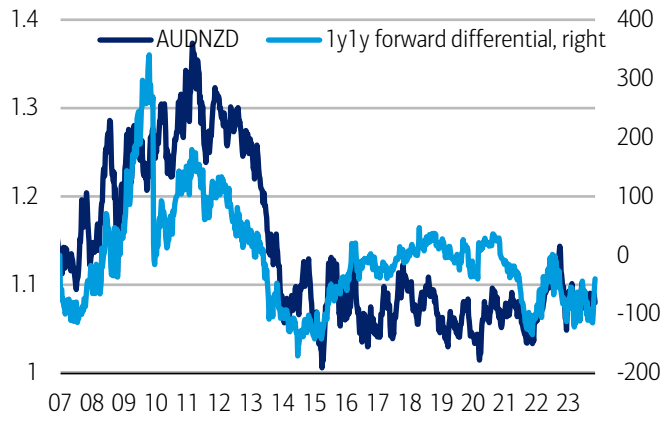
Forecasts: NZDUSD at 0.63 by end-2024, AUDNZD to 1.13

We raise our NZD/USD forecast to 0.61 for 1Q 24 (previously 0.60) given persistent RBNZ hawkishness. We expect a gradual recovery in 2024 to 0.63, primarily driven by USD depreciation. NZD remains vulnerable to any global risk-off episodes and even if China surprises positively, AUD is better positioned to benefit than NZD. We expect a gradual trend higher in AUD/NZD towards 1.13 as policy rates converge.

Risks: migration inflows

The surge in inwards migration presents some upside risk to our forecast, as it typically correlated with NZD trade weighted performance.

Exhibit 37: AUDNZD vs. 1y1y rate differential
Wider rate differential prerequisite for higher AUDNZD



Source: Bloomberg and BofA Global Research

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Exhibit 38: NZD forecasts
Looking for 2024 end-year NZD-USD at 0.63

	Q1 24	Q2 24	Q3 24	Q4 24
NZD-USD	0.61	0.62	0.63	0.63
AUD-NZD	1.08	1.10	1.13	1..13

Source: BofA Global Research estimates

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Exhibit 39: Major macro forecast
Growth slowing in 2024

New Zealand	2023F	2024F	2025F
Real GDP (% yoy)	1.2	0.8	2.0
CPI (% yoy)	5.8	3.0	2.5
Policy Rate (end of period)	5.50	3.75	3.00

Source: Bloomberg and BofA Global Research estimates

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CHF: the trend is your friend

Kamal Sharma
MLI (UK)

Themes: structural depreciation has started

A structurally weaker CHF has been a high conviction call for BofA since the start of the year and whilst we had already factored this into our profile, we recently made further tweaks (see: FX Watch: CHF: Forecast Revisions 14 February 2024) and expect a slightly faster pace of depreciation. These tweaks are in recognition of the sharp move following weak January CPI and the rising risks that the SNB may go sooner rather than later in cutting rates. We use the term "minor" because EUR/CHF has historically delivered 3mth volatility of less than 7% since the Financial Crisis. Large moves are therefore rare in this pair (except for pegging/de-pegging). Nonetheless we are comfortable in skewing the risks to more, not less CHF weakness through the course of our forecast profile.

We are aware that a structurally weaker CHF is the consensus view. However, whereas we were comfortably out of consensus in 2023 expecting a stronger CHF, we are equally comfortable being in the majority looking for sustained CHF weakness as the list of negatives continues to build: low beta/carry headwinds, sizeable bid to CHF (from SNB) has evaporated; CHF overvaluation remains a big concern. One concern that risks a more precipitous slide in CHF is evidence from the Swiss balance of payments of significant outflows from the portfolio balance. It is too early to talk of this as a trend but we are on watch for further developments.

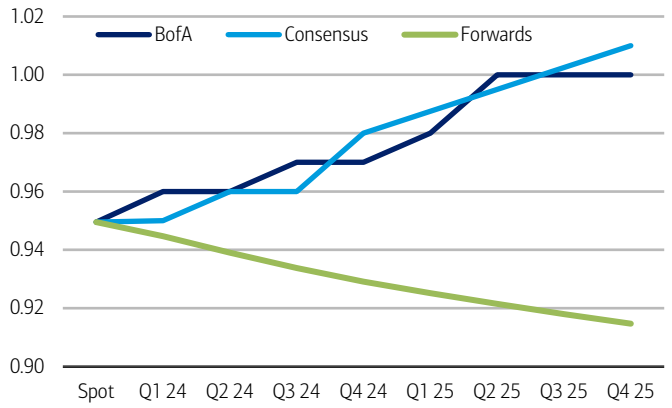
Forecasts: revisions since last month

As noted above, we have made revisions since our last monthly. (See: FX Watch: CHF: Forecast Revisions 14 February 2024).

Risks: German Banking Malaise

Recent forcus on German bank exposure to commercial real estate has become a topic an the risks are evident if this morphs into something more significant.

Exhibit 40: BofA EUR/CHF fcast vs consensus & forwards
Forward curve divergence is notable in EUR/CHF



Source: BofA Global Research, Bloomberg

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Exhibit 41: CHF forecasts
Our 2024 year-end EUR-CHF forecast is 0.97

	Q1 24	Q2 24	Q3 24	Q4 24
EUR-CHF	0.96	0.96	0.97	0.97
USD-CHF	0.90	0.87	0.87	0.84

Source: BofA Global Research estimates

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Exhibit 42: Major macro forecasts
Inflation back below 2% in 2024

	2023F	2024F	2025F
Real GDP (% yoy)	0.9	1.1	1.2
CPI (% yoy)	2.2	1.3	1.2
Policy Rate (end of period)	1.75	1.25	0.50

Source: Bloomberg and BofA Global Research estimates

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NOK: our bullish bias remains

Michalis Rousakis
MLI (UK)

Themes: NOK disconnected from rates this year

We remain constructive on NOK for 2024. NOK's performance this year seems slightly disconnected from rates moves, but we suspect NOK will catch-up once USD softens.

Norges Bank has been repriced higher both in absolute terms and vs. most of its G10 peers this year, in line with the mostly hawkish recent domestic developments: (1) Jan underlying inflation remained 10bp (in % y/y terms) below Norges—as in Dec—but its details were hawkish; (2) 4Q mainland GDP surprised slightly upwards vs Norges & consensus; (3) Jan housing prices surprised hawkishly; (4) Norges' 4Q expectations survey was probably not much of a surprise, but its details are far more likely to keep Norges cautious than not. Still, NOK has failed to impress despite the mixed energy prices this year (oil slightly up, gas down) and Norges Bank's modest FX purchases.

With Norges Bank pricing for this year in line with our economists' call and with energy prices in line with our commodity strategists' call one may understandably ask on what the NOK upside we expect this year is based. An eventually softer USD given Norway's resilience would be the trigger, we think. Last year's price action suggests NOK can quickly catch up to fundamentals once USD starts softening—we remain more bearish than consensus on USD although we think this is more of a 2H story. Any fresh NOK weakness in the meantime is unlikely to leave Norges indifferent. We should also flag that, while Hedge Funds remain long NOK according to our flows, Real Money clients have pared back their longs (this may partly explain NOK underperformance this year) so have plenty of room to add over the course of 2024.

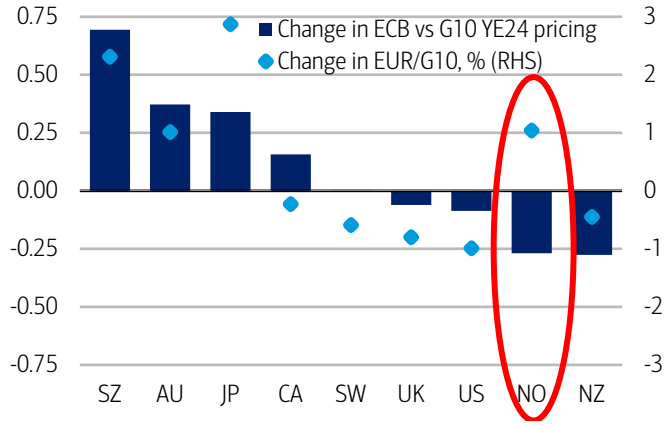
Forecasts: mark-to-market end-Q1, but rest of our EURNOK profile unchanged

We mark to market our end-Q1 forecast but continue to forecast EURNOK &USDNOK at 10.90 and 9.48 at year-end, and NOKSEK to gradually move toward 1.02.

Risks: Fed, risk sentiment, energy supply, China

Our year-end forecasts assume a "soft US landing" and higher oil prices. Sticky US inflation and a more hawkish Fed, or slower global growth and lower oil prices pose downside risks to our NOK forecasts. Oil supply & geopolitics remain key—we would expect NOK to perform well in the crosses in case of positive energy price shocks.

Exhibit 43: Changes in YE 2024 central bank pricing vs FX
NOK performance this year disconnected from front-end rates



Source: BofA Global Research, Bloomberg. Data are for the period Jan 5-Feb 23 2024.

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Exhibit 44: NOK forecasts
Year-end EUR-NOK forecast of 10.90 in 2024

	Q1 24	Q2 24	Q3 24	Q4 24
EUR-NOK	11.40	11.30	11.00	10.90
USD-NOK	10.65	10.27	9.82	9.48

Source: BofA Global Research estimates

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Exhibit 45: Major macro forecasts
Norway recovery slowing into 2024

	2023F	2024F	2025F
Real GDP (% yoy)	1.1	0.4	1.2
CPI (% yoy)	5.3	3.7	2.8
Policy Rate (end of period)	4.50	4.00	2.75

Source: Bloomberg and BofA Global Research estimates.

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SEK: more resilient than we thought

Michalis Rousakis
MLI (UK)

Themes: some downside risks near term but modestly constructive by year-end
SEK's resilience this year has slightly surprised us. We still see some downside near term assuming the Riksbank gets repriced lower vs the ECB, but some upside by year-end.

We are slightly puzzled by SEK's resilience this year: both EURUSD and EURSEK are slightly down despite the unchanged ECB-Riksbank front-end differential (positioning could be one reason though). Having said that, we also see scope for the Riksbank to be repriced lower vs. the ECB: whereas markets tend to expect around 15-20bp less in rate cuts this year from the Riksbank vs. the ECB, we expect the two central banks to move symmetrically—three rates cuts this year starting in June, with risks for more cuts in 2H.

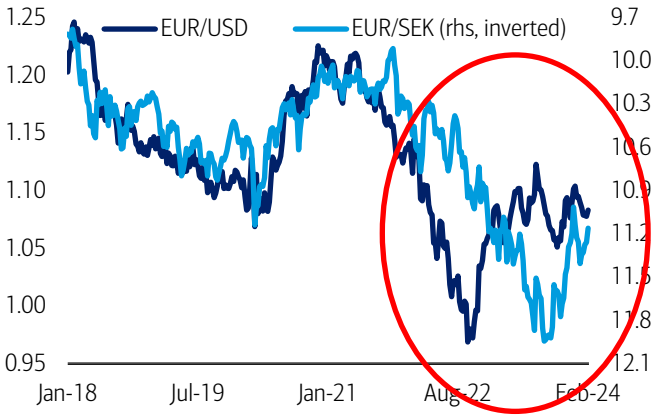
In fact, we would not be surprised if markets priced more Riksbank vs ECB cuts later this year: our economists forecast weaker Swedish growth vs the Eurozone and see CPIF ex energy below 2% y/y around mid-year (see Nordics YA 24 8 Dec 23). But, at the same time, Sweden's high rate sensitivity means fewer rates cuts are needed (all else equal) and the Riksbank will likely continue to care about SEK until it sees more progress on the inflation front—the Jan CPIF ex energy print was 10bp (% y/y terms) below its November forecast but this was a narrower miss vs. these in November and December. And, while the Riksbank Jan meeting presser surprised us dovishly (Riksbank review 1 Feb 24), the minutes and the speakers since were more balanced, making clear SEK remains key to the Riksbank for now—we suspect its stance could turn more neutral later this year.

While we see modest SEK downside near term, we remain modestly constructive by year-end. This is for three reasons: (1) we expect a softer USD year-end, especially in 2H (USD: Defying gravity 17 Jan 24); (2) we see lower Swedish hard landing risks as inflation continues to slow; (3) SEK positioning remains short, even if less short than in 3Q 2023.

Forecasts: mark-to-market end-Q1, but rest of our EURSEK profile unchanged
We mark to market our end-Q1 forecast but continue to forecast EURSEK & USDSEK at 11.10 and 9.65 by year-end, and NOKSEK to gradually move toward 1.02.

Risks: Fed/risk sentiment, Swedish growth & property markets
A more resilient economy than we expect would pose upside risks to our SEK forecasts. But a not soft US landing would pose downside risks and a dilemma to the Riksbank.

Exhibit 46: EURUSD vs inverted EURSEK
Both EURSEK and EURUSD have moved slightly lower this year



Source: BofA Global Research, Bloomberg

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Exhibit 47: SEK forecasts
Our EUR-SEK forecast at end-2024 is 11.10

	Q1 24	Q2 24	Q3 24	Q4 24
EUR-SEK	11.40	11.40	11.20	11.10
USD-SEK	10.65	10.36	10.00	9.65

Source: BofA Global Research estimates

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Exhibit 48: Major macro forecasts
The Riksbank is very serious about inflation

	2023F	2024F	2025F
Real GDP (% yoy)	-0.3	-0.4	1.1
CPI (% yoy)	8.5	2.5	1.6
Policy Rate (end of period)	4.00	3.25	2.00

Source: Bloomberg and BofA Global Research estimates

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EM Asia

China: Solid LNY consumption data

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Marginally better macro news post Lunar New Year (LNY)

Policy news and data flow following the LNY provided some signs of optimism for the Chinese economy. On the policy front, the PBoC reduced the 5y LPR (Loan Prime Rate) more than expected by 25bp to 3.95% in February, the largest drop on record, while keeping the 1y LPR unchanged at 3.45%. In terms of data, consumer sentiment picked up and consumption spending during the new year holiday fared better than expected. Loan growth also beat expectations for January. That said, overall domestic demand remained sluggish and we expect more policy support to be rolled out later this year.

Larger-than-expected 5yr LPR cut signals policy support to property sector

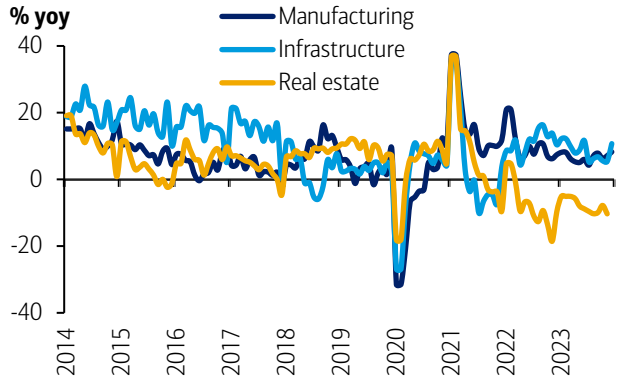
In our view, this month's rate reduction for the 5y LPR sent a strong signal that policymakers intend to support the housing market & longer-term business projects. In addition, further easing will likely to come this year by the PBoC as the Federal Reserve kicks start its cutting cycle (our US team expects the first cut in June), which would relieve some pressure on FX stability and the net interest margins of commercial banks.

We still expect the 1y LPR to decline by a cumulative 45bps in 2024, mostly during the 2H. But even before the Fed pivot mid-year, we think the PBoC may still guide down the 5y LPR further without changing the 1y tenor. Meanwhile, we think the PBoC is likely to provide more funding support to several targeted areas (technology, green economy, SMEs, senior care and digital economy) and continue to drive a reasonable pace of credit. Policymakers may also continue to utilize quasi-fiscal tools (such as PSL).

TSF growth held up in Jan; financing cost likely to be lowered further

Jan TSF & new loan came in at RMB6,500bn and RMB 4,920bn, both exceeding expectations. TSF growth held up at 9.5% yoy while M2 growth edged down to 8.7%. Our estimated BofA FCI eased, mostly due to the slightly larger yoy CNY NEER depreciation and lower nominal interest rates. New loans contributed to the most of TSF, led by household loans. Government bond net issuance moderated while both corporate bond and off-balance-sheet financing improved. That said, the better credit data was partly due to more working days vs. last Jan, and more monetary easing is expected in coming months.

Exhibit 49: FAI sector breakdown
Growth of both manufacturing. and infrastructure FAI improved in Dec



Source: BofA Global Research, CEIC, NBS

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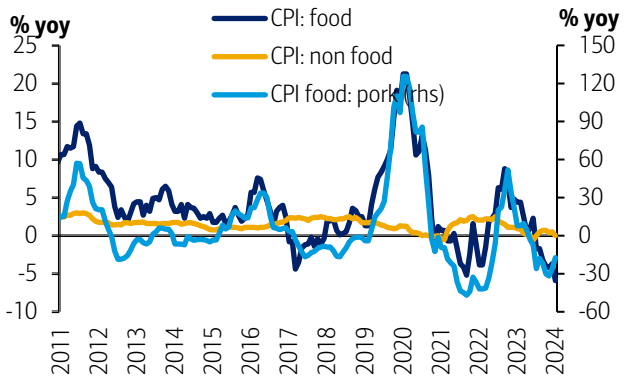
Exhibit 50: CPI inflation
Food CPI fell by 5.9% yoy in Jan (vs. -3.7% in Dec); pork prices declined



Source: BofA Global Research, CEIC, NBS

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Despite some improvement, macro headwind persists

Despite some greenshoots in the services sector, overall domestic demand remained sluggish, weighing on price pressures. Headline CPI inflation softened again to -0.8% yoy

in Jan, trailing market expectation. Core CPI inflation remained muted as well, rising by only 0.4% yoy (vs. 0.6% in Dec). Meanwhile, PPI deflation narrowed slightly to -2.5% yoy in Jan (vs. -2.7% in Dec). Sequentially, PPI fell by 0.2% mom, with price declines in both producer and consumer goods.

Weak inflation underscore the fragile demand, though the headline may improve against a more favorable base going forward. We also expect policies to remain accommodative in supporting and stabilizing industrial demand in the near term.

CNY strategy: Maintain USD/CNY 1Q' 24 7.45

We remain bearish CNY, with a target of 7.45 against US for end Q1. We expect CNY to remain weak in 1H and maintain our end-2Q target at 7.40. At first glance, the return of China from the Lunar New Year is signaling some optimism in the equity markets as retail spending was strong during the holiday period. Nonetheless, bond yields continue to press lower as confidence and inflation remain negative.

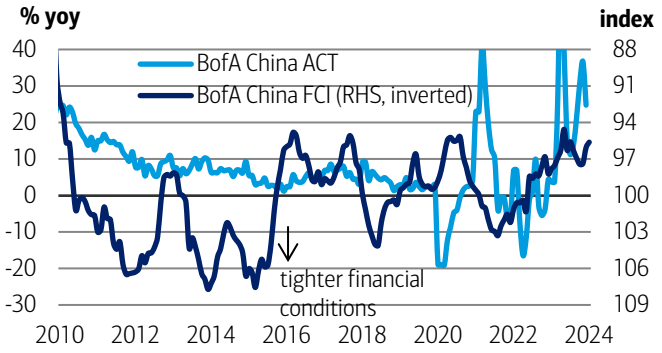
The absence of an MLF rate cut and asymmetric 25bps cut of the 5yr LPR, but no cut to 1yr LPR, suggests the PBoC is reluctant to cuts front end rates at the risk adding selling pressure to CNY. This policy focus on CNY stability, suggests that we may be too CNY bearish. However, we would counter that overall policy may be too restrictive, resulting in deflationary pressure and a 15% trade-weighted real depreciation since March 2022.

China rates continued to rally during the first two months of 2024, on the back of weak growth sentiment, monetary easing, and limited supply of government bonds. Duration demand from investors remained strong, which has kept pushing 30y China government bond (CGB) yield to new lows. In the meantime, front-end bonds hold on to further monetary easing expectations, even though the timing might be delayed due to market's repricing of Fed rate cuts. We remain constructive on 2y CGB.

In the near-term, the market's main focus would be the upcoming National People's Congress (NPC) meeting. The overall tone on the economy, along with the GDP target and fiscal stimulus package will likely have strong implications for the bond market. If government bonds issuances start to accelerate after the NPC, it might slow down the pace of market rally or lead to market consolidation. The tenor allocations of government bonds matter for the shape of the curve. Given the overwhelming demand for long duration bonds and the flatness of the curve, we think it makes sense for the central government to issue more bonds at the back-end.

Exhibit 51: BofA China FCI

Financial Condition Indicator eased to 95.6 in Jan, vs. 96.4 in Dec



Source: BofA Global Research, CEIC, WIND

Disclaimer: The indicators identified as BofA China **Activity Coincident Tracker** (ACT) and BofA China **Financial Condition Indicator** (FCI) above 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 benchmarks.

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Exhibit 52: USD/CNY forecasts

We expect CNY to remain weak in the near term

	Q1 24	Q2 24	Q3 24	Q4 24
USD-CNY	7.45	7.40	7.10	6.90

Source: BofA Global Research

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Exhibit 53: Major macro forecasts

We expect 2024 annual GDP growth at 4.8%

China	2023	2024F	2025F
Real GDP (% yoy)	5.2	4.8	4.6
CPI (% yoy)	0.2	0.8	1.7
1y Loan Prime Rate (end of period)	3.45	3.00	2.90
Fiscal Bal (%/GDP)	-3.8	-3.5	-3.3
CurAct Bal (%/GDP)	1.6	1.3	1.5

Source: BofA Global Research

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India: No rush to cut

Aastha Gudwani
BofAs India

Abhay Gupta
Merrill Lynch (Singapore)

Kai Wei Ang
Merrill Lynch (Singapore)

No big inflation surprises to keep RBI MPC on hold for long

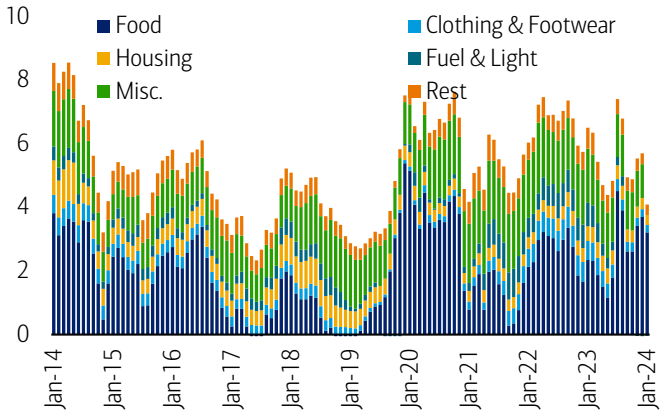
In the Feb RBI MPC meeting (see report), three things stood out to us, 1) The stance would change to neutral from current withdrawal of accommodation once transmission of the hiking cycle (250bp) is complete and 4% CPI target is achieved. As RBI MPC sees 2QFY25 CPI inflation average at 4%, we expect the change in stance in June followed by a policy rate cut in 2HFY25 (total of 50bp cut in FY25. 2) RBI could be overestimating real GDP growth (at 7% yoy, BofAe 5.8% yoy); incoming data may warrant a downward revision in due course. 3) Liquidity conditions are endogenous to the system and would ease out autonomously, RBI is in no rush to ease liquidity through policy measures but would actively manage it in order to bring overnight rate closer to policy repo rate.

The governor offered clarity on what the current stance means "our policy stance is in terms of interest rate which is the principal tool of monetary policy in the current framework. Our stance should be seen in the context of incomplete transmission and inflation ruling above the target of 4% and our efforts to bring it back to the target on a durable basis." We believe that the RBI MPC is in no rush to change stance and/or cut rates. Barring any big surprise, we see monetary easing only in 2HFY25.

Jan CPI inflation softened to 5.1%, core fell further

CPI inflation in Jan softened to 5.1% yoy from 5.7% yoy in Dec. Of the 59bp moderation in headline, 50bp was on account of food disinflation (Exhibit 1). Core CPI continued to fall further, coming in at 3.53% yoy (down 23bp vs Dec). Our preferred core-core CPI inflation also moderated by 29bp, coming in at 3.07% yoy in Jan.

Exhibit 1: % point contribution to headline CPI
Fuel & light and misc saw higher contribution to headline in Jan vs dec, other categories saw tapering contribution



Source: MOSPI, CEIC

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Exhibit 2: Economic activity indicators, actual m-o-m in Jan'24 vs median m-o-m in January
7/9 high frequency indicators saw sequential momentum in Jan'24 outpacing the median trend

(M-o-m in %)	Jan-24	Median Jan	(M-o-m in %)	Jan-24	Median Jan
Port cargo traffic	3.6	1.5	PV sales	37.3	11.0
Railway freight	2.7	2.8	2W sales	23.4	14.8
Aviation cargo#	6.6	3.2	Petrol demand	3.7	-3.5
Civil aviation passenger traffic	-1.3	-1.2	Diesel demand	-2.4	-5.5
Railway passenger traffic		2.8	Electricity generation	0.0	2.2

Source: BofA Global Research estimates, CEIC, Bloomberg., #: Data is for Dec (Median is for last 10 years)

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Activity improved in Jan, reversing Dec disappointment

High frequency indicators in December mostly disappointed (see report). In welcome news, activity data in Jan showed reasonable recovery. As exhibit 2 shows, 7/9 high frequency indicators saw actual m-o-m in Jan outperform median m-o-m typical of January. Activity indicators such as- port cargo traffic, railway freight traffic, automobile sales, PMI manufacturing, PMI services, tractor sales, petrol demand and GST collection improved in Jan vs Dec. Diesel demand, power generation, civil aviation passenger traffic were flattish or lower.

Moving on to agriculture, as of Feb 2nd, rabi sowing is fully compote. Although its flat in yoy terms, vs normal area sown, acreage in FY24 is up 9.4% yoy. Area sown under wheat is up 0.7% yoy. One can therefore expect flattish rabi harvest for farmers in 2024. Water reservoir storage levels at 52% vs last year do not show an encouraging picture of any potential improvement in yields right away.

Strategy: Looking for RBI pivot on rates & FX

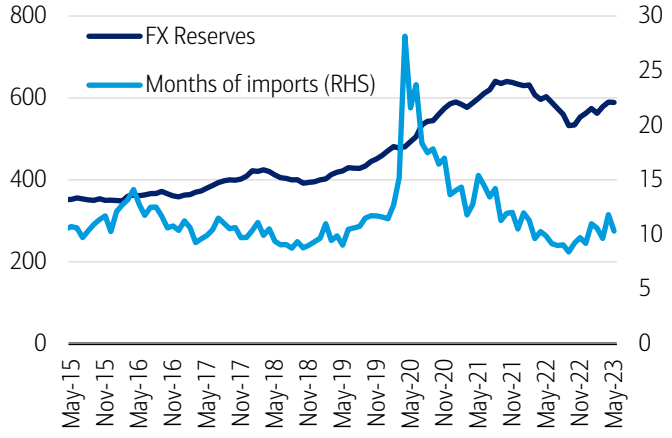
INR's trading range remained narrow, with realized volatility near multi-decade lows at 1.4% for 3m tenor vs. the historical range of 3-5%. Risk reversals continue to drop as fundamental and portfolio flows remain strong, further supported by expectations of policy continuity in the general elections and debt flows. Recent equity outflows have been offset by stronger inflows into bonds after the government surprised positively on the fiscal deficit target. However, INR appreciation has been muted as the RBI continues build the FX reserves. A manageable CAD backed by a high level of FX reserves is favorable for a RBI pivot towards slower reserve accumulation and higher tolerance for INR volatility. However, the RBI governor's comments and slightly elevated REER level indicate that INR appreciation would be limited. Risk-reward on INR would still remain asymmetric with limited depreciation and relative outperformance vs. the region during period of USD strength.

The IGB curve flattened over the last month after the better-than-expected fiscal deficit and low issuance target for FY25. While RBI disappointed market expectations for a stance change, RBI has been more actively injecting liquidity to bring money market rates closer to the policy rate. That would open up room for compression of the fixing spread over the policy rate, keep front-end rates lower and support demand for 5-year bonds.

Risks

Global inflation outcome have been surprising on the higher side, pushing out rate easing expectations. Conflict at the Red Sea is only further adding to uncertainty. In this backdrop, the pace and timeliness of global disinflation is a key risk to monitor.

Exhibit 54: India FX reserves ($bn) and import coverage
RBI has steadily re-built its FX reserves, now close to $600bn



Source: BofA Global Research estimates, Haver

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Table 1: INR forecasts for 2024
End-2024 forecast at 82/USD

	Q1 24	Q2 24	Q3 24	Q4 24
USD-INR	83.0	82.5	82.0	82.0

Source: BofA Global Research estimates

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Table 2: Major macro forecasts
India's macro variables are relatively in a good shape

India	FY2022/23	FY 2023/24	FY 2024/25
Real GDP (% yoy)	7.2	6.5	5.8
CPI (% yoy)	6.7	5.4	4.6
Policy Rate (end of period)	6.50	6.50	5.50
Fiscal Bal (%/GDP)	-6.4	-5.8	-5.1
Cur Act Bal (%/GDP)	-1.9	-1.2	-1.6

Source: BofA Global Research. estimates

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Indonesia: Navigating political transition

Kai Wei Ang
Merrill Lynch (Singapore)

Abhay Gupta
Merrill Lynch (Singapore)

Themes: Growth-inflation dyanmics encouraging; Election outcome uncertain

Unofficial exit polls by independent survey agencies show Prabowo likely to secure 60% of votes. This would mark a resounding win for Prabowo, with any dispute of the official result – due by 20th Mar - unlikely to be seen as credible. The next President will take office on 20th Oct, with the Cabinet formation likely to take place in the days after.

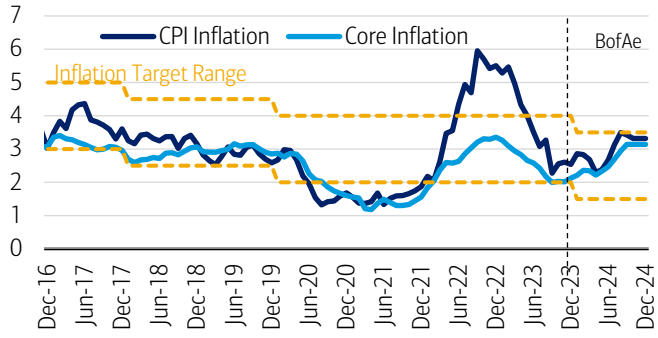
On the other hand, the results for the legislative elections seem less clear. Quick counts by independent pollsters suggest that (1) Pro-Prabowo coalition is likely to fall just short of a simple majority, and (2) PDI-P (not from Prabowo's coalition) likely to emerge as the biggest party, and thus in the strongest position to take up the Speaker's role (whom in turn sets the legislative agenda). In the coming weeks and months, we keep a close eye on Prabowo's efforts to court the support of other parties.

Under a Prabowo administration, key macro policies under Jokowi are likely to continue, such as industrialization and creation of new capital City. However, he could ramp-up spending to increase social aid, modernize the military and strengthen food, water and energy security. This could result in fiscal deficit higher in the 2.5-3% of GDP range. At this stage, there isn't any strong indication that Prabowo plans to raise the 3% ceiling – which requires (a) approval of 50% + 1 member of the DPR, and (b) the session to be attended by at least two-thirds of members in the DPR. In late Jan, his Campaign Team stated plans to lower government debt to 30% of GDP (vs. 38.1% in 3Q23), reversing Prabowo's comments in early Jan that government debt around 50% would be manageable.

GDP growth edged up to 5.04% yoy in 4Q'23 vs. 4.94% in 3Q'23. The GDP print seems decent at first glance, but we note that (1) it stayed below policymakers' estimated potential growth rate of 5.3-5.4%, and (2) headline figure was slightly exaggerated by "one-off" pre-election spending – reflected in expenditure by non-profit institutions serving households (NPISH) which surged 18.1% yoy in 4Q vs. 6.2% in 3Q – rather than any firm recovery in underling demand. Excluding NPISH expenditure, GDP growth instead edged down to 4.88% yoy in 4Q vs. 4.92% in 3Q

We expect GDP growth to hold steady at 5.1% in 2024. Private consumption should remain the key growth driver, on the back of steady labour market improvements, continued support for lower-income consumers (e.g. cash handouts) as well as pre-election spending. On the other hand, capex recovery could be capped by firms' "wait-and-see" approach due to uncertainties in a transition year for politics.

Exhibit 55: CPI & Core inflation (% yoy)
Inflation should stay within BI's target range through end-2024



Source: BofA Global Research estimates, Haver, CEIC

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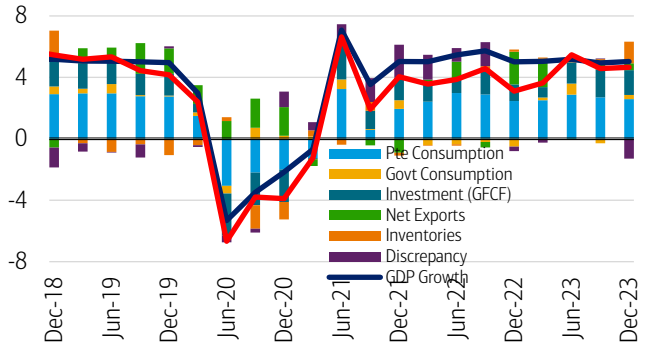
Exhibit 56: Contribution to % yoy GDP growth (%-point)
GDP growth hovered around 5% since 4Q22



Source: BofA Global Research estimates, Haver, CEIC

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BI kept its policy rate at 6% for the 4th straight month in Feb, as widely expected. There wasn't much major changes of note compared to the previous month, with BI still sounding neutral, and expecting Fed rate cuts to only commence from 2H24. BI also signaled greater comfort with inflation, as it is "confident" that its 2024 inflation target (1.5-3.5%) can be met. Reference to this term was last seen in Sep '23 With inflation less of a concern, BI's focus at this stage is squarely on the IDR. We expect BI to commence quarterly rate cuts from Jun – in line with our forecasted Fed rate cut trajectory.

Strategy: Near-term risks skewed towards weaker IDR

IDR's initial positive reaction to a clear first-round election result fizzled out quickly as market began focusing on the policy agenda of the incoming administration. Stronger USD and higher US rates have also pushed back expectations for BI's rate-cut cycle and have weighed on debt flows over the last month. Overall portfolio flows, however, have been flat over the last month as equity inflows have picked-up on growth-optimism driven by expectations of a more expansionary fiscal policy. However, we see markets going into a wait-and-watch mode until we get more clarity on the key appointments in the new government. Lastly, weaker Jan trade balance on lower exports added to the concerns on the deterioration of terms-of-trade over the last few months. Seasonality of higher imports ahead of the Ramadan festival may lead to more persistent importer demand for USDs. That may remain the ongoing theme for IDR in the near-term, keeping it under pressure over the next month.

With the political trigger behind us, IDR's near-term outlook is skewed towards weakness due to higher seasonal imports ahead of Ramadan festival and low exports conversion caused by stronger USD. Around mid-year, clarity on Fed policy outlook and key policies of the incoming administration could help provide a positive trigger. Until then, IDR would likely need more active management by BI. We revise our Mar'24 forecast to 15,600/USD but keep end-2024 forecast unchanged at 15,200/USD.

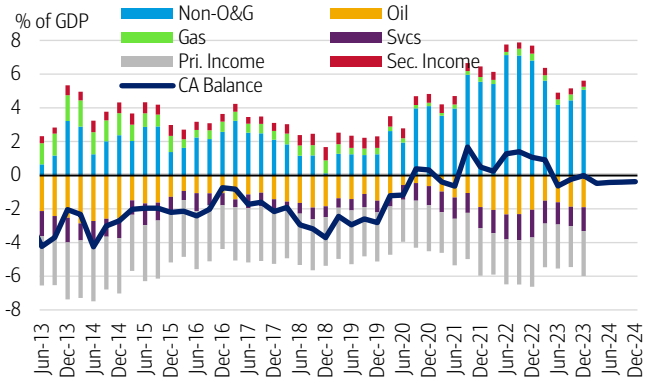
We expect bonds to stay range-bound in a wait-and-watch mode until 2Q. The market would await clarity on BI's rate-cutting cycle and more clarity on the fiscal deficit trajectory under the new government. With the curve being flat, we see more value in 5y IndoGBs as front-end yields have room to move lower on easing expectations and reduction of premium in the bill yields over policy rate.

Risks appear quite balanced on growth and inflation to the upside

Risks to growth are balanced, with upside from China and downside from weaker investments. Risks to inflation are to the upside, if food and energy prices rebound.

Exhibit 57: Current account position (% of GDP)

We expect C/A position to show a slight deficit in 2H23/2024



Source: BofA Global Research estimates, CEIC

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Exhibit 58: IDR forecasts

Forecast end-24 at 15,200/USD

	Q1 24	Q2 24	Q3 24	Q4 24
USD-IDR	15600	15500	15300	15200

Source: BofA Global Research estimates

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Exhibit 59: Major macro forecasts

Indonesia's macro fundamentals are in a relatively good place in 2024

Indonesia	2022	2023F	2024F
Real GDP (% yoy)	5.3	5.0	5.1
CPI (% yoy)	4.2	3.7	2.8
Policy Rate (end of period)	5.50	6.00	5.25
Fiscal Bal (%/GDP)	-2.4	-1.7	-2.3
CurAct Bal (%/GDP)	1.0	-0.1	-0.7

Source: BofA Global Research

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Korea: Still a cautious BoK

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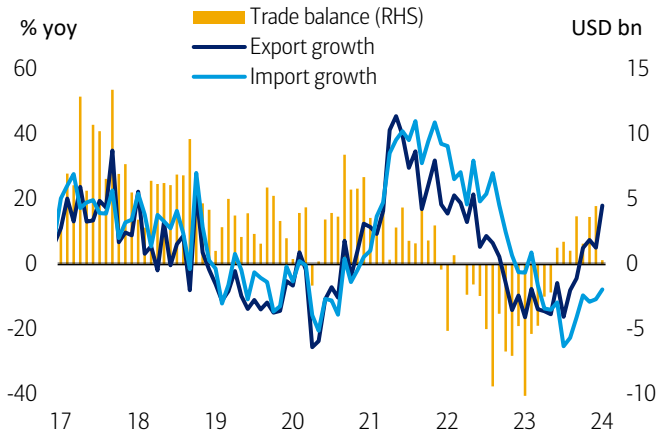
Theme: BoK - Cautious view on inflation may prevent near-term easing

The Bank of Korea (BoK) kept the policy rate unchanged at 3.5% on 22nd Feb, the nineth straight meeting since Feb 2023. The decision was widely expected and once again unanimous. This is also the first meeting for the new member Kunil Hwang. Compared to the Jan meeting, one member is now open to rate cut (pointing to slowing domestic consumption), while 5 members still in favor of holding rate even after 3 months.

In the statement and press conference after Feb meeting, the committee highlights the elevated uncertainties surrounding the macro environment, notably inflation and external conditions. On inflation, the committee acknowledges the recent disinflation trend, but are still not confident that inflation will converge to target level. Specifically, it keeps headline inflation forecast unchanged despite lower core inflation forecast, reflecting the temporarily higher agriculture prices and geopolitical risks (that affect commodity prices). On domestic economy, the committee also maintained its GDP forecast for 2024. It sees an improving trend driven by strong exports, and global GDP growth maybe more favorable than expected. However, this is offset by weakness in private consumption and construction investment. In the property sector, although the statement addresses the lingering risks related to real estate project financing (PF), Governor Rhee stated in the press conference that considerable number of PF risks have been sorted out. On external conditions, the committee highlights the higher global bond yields & USD due to weakening expectations of an early Fed cut. The central bank will continue to monitor major countries' policies and FX volatility. That said, in the press conference, he also stated that Korea monetary does not automatically follow US policy, and is not ruling out the possibility of cutting before the Fed.

Exhibit 60: Korea export & import growth and trade balance
Export growth in Jan accelerated to 18%



Source: BofA Global Research, MOTIE

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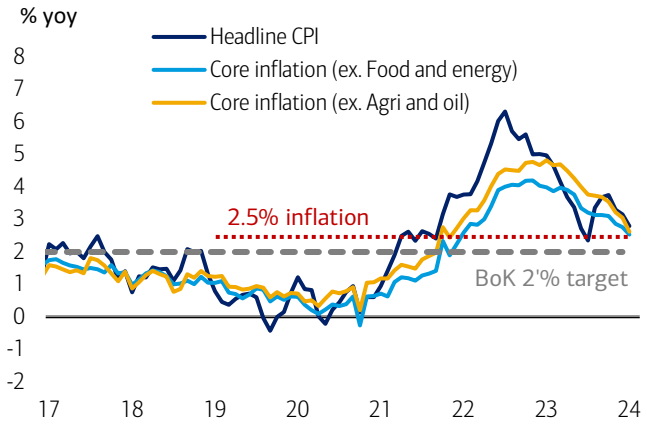
Exhibit 61: CPI inflation and core trend
Headline CPI edged down to 2.8% in Jan, while core inflation edged lower



Source: BofA Global Research, Korea statistics

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Despite the favorable inflation print in January, BoK still kept their 2024 headline CPI inflation forecast unchanged at 2.6% (same as Nov's projection), higher than the consensus (of 2.4%). It also states it is premature to be confident that inflation will converge on the target level. In our view, this suggests the BoK has a more cautious view on inflation, and it may take time for them to ease such concerns even with a favorable near-term inflation prints (Rhee also said it will have wait until May data to have a better idea of the policy direction). In addition, the weakening expectations of an early rate cut by the Fed may prompt the BoK to ease later than sooner.

All combined, we now see a higher chance that BoK will only deliver an easing stance in 2Q (e.g. more members open to cut and dissent vote/s in the MPC meetings in Apr-May), rather than an actual cut decision. We revise our BoK rate cut call to 2 cuts (25bp each in 3Q and 4Q) this year (From 3 cuts previously), followed by 2 more cuts in 1H25.

Jan trade & inflation data: Export accelerated on LNY-effect, CPI disinflation

Korea export growth came in slightly better than market expected in Jan, rebounding to 18.0% (from 5.0% year-on-year in Dec) due to more working days vs. last Jan, given that the shifting Seollal (Korean New Year) to Feb this year. Contraction in Import growth slightly narrowed to 7.8%. This resulted in a monthly trade surplus of USD0.3bn (vs USD4.5bn in Dec). On a per-day basis, export growth decelerated to 5.7% year-on-year from 14.4% in Dec. The per-day value moderated to USD2.28bn vs USD2.56bn previously. Given the strong tech cycle upturn, we revise up C/A forecast to USD68.7bn (2.7% of the GDP).

CPI inflation edged down to 2.8% year-on-year in Jan from 3.2% previously, lower than the consensus and our forecast of 2.9%. Sequentially, it came at 0.4% mom from 0.0% in Dec. Meanwhile, core inflation also moderated. Core (excluding agriculture & oil products) and core (excluding food & energy) inflation edged down to 2.6% year-on-year (from 3.1%) and 2.5% (from 2.8% in Dec), respectively. We continue to expect the headline inflation to wane below 3% in 1Q before fall further towards 2.5% by Apr.

Strategy: Conducive macro back-drop for Korean won appreciation

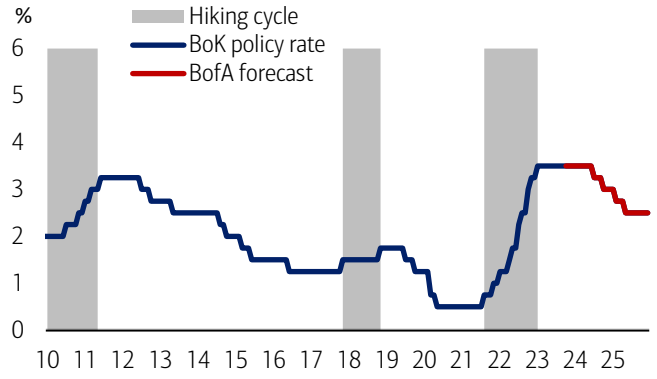
The announcement of the Corporate Value-Up program in late-January 2024 has encouraged strong foreign net inflow into Korean equities. We expect the initial phase of enthusiasm towards this program to be over. However, we expect the Corporate Value-Up program to be a tailwind for the Korean Won throughout 2024 as the reforms would be ongoing and can attract further inflows if proven to show initial success.

Secondly, Korea's current account position is turning more favorable on the back of strong demand for Korea's semiconductors. With global manufacturing cycle recovering and the demand for components for artificial intelligence high, we see structural tailwinds for Korea's trade balance.

However, lastly, offsetting some of the inflows into Korea are the outflows conducted by the National Pension Service (NPS). The NPS are increasing their allocation into overseas securities overtime and are seeing rising contributions each year. As the NPS's outflows are mostly not FX-hedged, rising NPS outflows is a headwind for the Korean Won, especially during periods of weaker current and portfolio inflows.

Exhibit 62: Policy rate forecast

We now expect rate cut since 3Q24 and reach terminal level of 2.5% in 2Q25



Source: Haver, BofA Global Research estimates

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Exhibit 63: KRW forecasts

KRW to remain on an appreciation trend

	Q1 24	Q2 24	Q3 24	Q4 24
USD-KRW	1325	1300	1265	1230

Source: BofA Global Research estimates

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Exhibit 64: Major macro forecasts

Korean economy will gradually wane to potential growth

Korea	2023	2024F	2025F
Real GDP (% year-on-year)	1.4%	2.3%	2.5%
CPI (% year-on-year)	3.5%	2.3%	2.0%
Policy Rate (end of period)	3.50%	3.00%	2.50%
Fiscal Bal (%/GDP)	-0.6%	-1.9%	-0.9%
CurAct Bal (%/GDP)	2.0%	2.7%	2.5%

Source: BofA Global Research estimates

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Hong Kong: Still on path to recovery

Xiaoqing Pi
Merrill Lynch (Hong Kong)

Chun Him Cheung, CFA
Merrill Lynch (Hong Kong)

Persistent headwinds to keep 2024 growth at low-2%

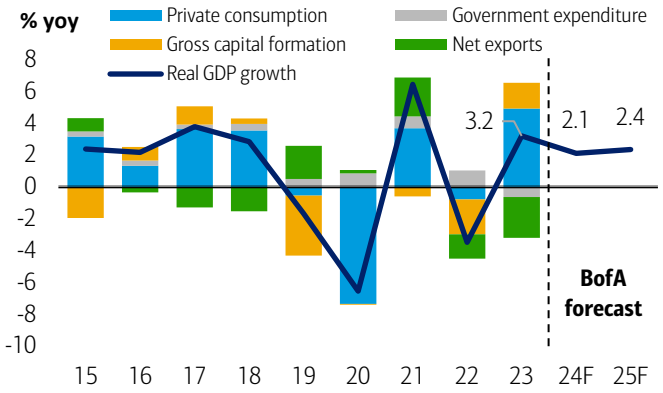
Hong Kong's GDP growth accelerate to 4.3% yoy in 4Q23 (from 4.1% previously) on a low base (-4.1% in 4Q22), weaker than the consensus (4.7%) and our expectation (5.3%). In sequential terms, growth accelerated to 0.5% qoq s.a. from 0.1% in 3Q and -1.3% in 2Q. In annual terms, the economy expanded by 3.2% in 2023 (vs consensus and our expectation of 3.4%) after a 3.5% contraction in 2022. By major components, we observe a moderation in domestic demand growth but bottoming out of external sector.

Despite an acceleration in headline growth amid continued recovery in consumption, inbound tourism and external sector in 4Q, the pace of recovery was still slightly underwhelming. For example, growth in domestic retail sales is somehow stalled, driven by slow recovery in inbound tourism (only around 60% of normal level) and continued leakage of domestic consumption. Sentiment in property and equity markets remain sluggish, reflected in the price and transaction volumes. Overall, the real GDP level in 4Q23 was still 2% below that in 2018 by our estimates. Going ahead, We continue to expect strong and persistent headwinds to keep 2024 growth at low-2% (see more in Year Ahead 2024: Battling with persistent headwinds). The key event to watch for will be the FY24-25 Budget in late Feb, although we only expect limited support to the economy given constrained fiscal space. Instead, we believe the focus of the Budget would be on fiscal sustainability in the medium term.

Strategy: USDHKD to remain range bound until Fed cuts

The mechanism of the LERS dictates that HKMA only replenish Hong Kong's interbank liquidity (known as the aggregate balance) when USDHKD hits the lower end of its band at 7.75. Within the 7.75-7.85 band, interest rates and the FX rate in Hong Kong are freely determined by the market. Typically, when the cutting cycle in Hong Kong begins, there is a period in which front-end Hong Kong rates lag US rates as spot USDHKD needs to reach the bottom end of the band before the aggregate balance can be replenished. In the past two Fed cutting cycles starting in September 2007 and July 2019, it took spot USDHKD respectively 370 and 268 days to hit 7.75, triggering the strong-side convertibility under-taking (HKMA buys US$ and expands the aggregate balance). During this period in which USDHKD travels down the 1000 pips band, US rates typically outperform Hong Kong rates. Risks to the trade include a resumption of Fed hawkishness and weaker demand for Hong Kong Dollar settlement.

Exhibit 65: GDP forecasts
We expect HK to grow at a low-2% in 2024 amid persistent headwinds



Source: BofA Global Research estimates

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Exhibit 66: HKD forecasts
We expect spot HKD to stay near weaker end of band in 2023

	Q1 24	Q2 24	Q3 24	Q4 24
USD-HKD	7.83	7.80	7.78	7.76

Source: BofA Global Research estimates

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Exhibit 67: Major macro forecasts
We expect the economy to rebound

Hong Kong	2023F	2024F	2025F
Real GDP (% yoy)	3.2	2.1	2.4
CPI (% yoy)	2.1	2.0	2.0
Policy Rate (end of period)	5.75	4.75	3.75
Fiscal Bal (%/GDP)	-3.4	-1.5	1.2
CurAct Bal (%/GDP)	5.2	4.0	4.4

Note: Policy rate refers to HKMA discount rate. Fiscal balance is consolidated balance of fiscal year.
Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Malaysia: Spotlight on MYR

Kai Wei Ang
Merrill Lynch (Singapore)

Abhay Gupta
Merrill Lynch (Singapore)

Themes: High hurdle for rate hikes, despite FX pressure

Bank Negara Malaysia (BNM) is likely to look past the weaker than expected 2023 GDP print (3.7% vs. earlier forecast of 3.9%). Instead, BNM seems likely to focus more on the possible improvement in the growth outlook in 2024, including potential upcycle tech cycle. Meanwhile, inflation is not a pressing for now (tracking <2%), and upside risks from new consumption taxes and subsidy reforms likely manageable.

On policy rate, we think that the hurdle for any policy rate hike is high despite pressure on the FX (with USD-MYR near all-time highs). Unlikely some other regional central banks, BNM is highly unlikely to utilize the OPR as a direct response to FX and capital outflow pressure. Rather, policy rate setting is primarily based on growth-inflation dynamics. Further, FX pass-through to inflation seems limited, and not a major concern at this stage. BNM earlier estimated that 5% depreciation of MYR against the USD is associated with 0.4% [0.5%] increase in core [headline] CPI over a year.

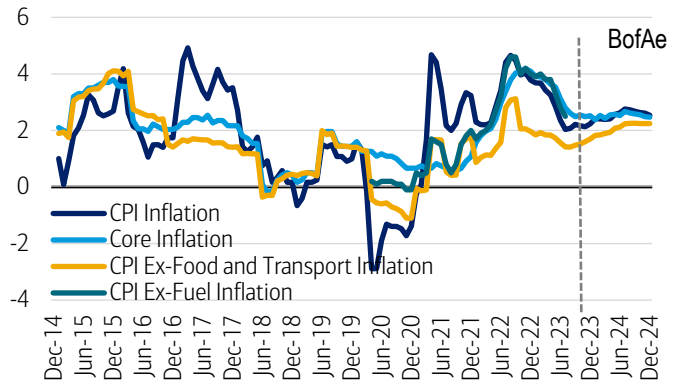
Strategy: Rising pressure on BNM to defend MYR

Corporate hedging behaviour remains prohibitive for MYR appreciation due to stronger USD and negative carry on MYR vs USD. Weaker terms-of-trade and growth have added to these concerns and made MYR an easier proxy in the region for weak China growth. Hidden capital outflows have likely risen again, resulting in an overall shortage of USDs despite a positive basic balance. While policymakers see MYR moves as in line with the broader region, bi-lateral weakness against USD could still increase political pressure to defend the currency. However, low level of inflation and limited inflation pass-through of FX moves reduces the chances of any major policy reaction. This view is consistent with recent data on BNM's FX reserves which have been stable lately, indicating less concern from policymakers. If the volatility picks-up further or there are signs of large-scale speculation or market-dysfunction, BNM could stabilize the market by intervening, tapping USD deposits and tightening liquidity to make it costlier to hedge MYR. We see rising risk of verbal intervention as BNM's tolerance for MYR volatility could be tested closer to the level of 4.80/USD. We raise our end-1Q24 MYR forecast to 4.80/USD while keeping end-2024 unchanged at 4.50/USD.

Growth risks are balance; Inflation risks tilted to the upside

Key growth risk is from external demand, esp. if China recovery falters. Domestic policy changes could still pose upside risk to inflation, while BNM is on data dependant mode.

Exhibit 68: Measures of CPI inflation (%yoy)
We do not expect inflation to re-accelerate in 2024



Source: BofA Global Research estimates, Haver

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Exhibit 69: MYR forecasts over next year
End-2024 forecast at 4.5/USD

	Q1 24	Q2 24	Q3 24	Q4 24
USD-MYR	4.80	4.70	4.60	4.50

Source: BofA Global Research estimates

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Exhibit 70: Major macro forecasts
Below trend growth, smaller C/A surplus & still-large fiscal deficit in 2023

Malaysia	2022	2023F	2024F
Real GDP (% yoy)	8.7	4.0	4.4
CPI (% yoy)	3.4	2.6	2.0
Policy Rate (end of period)	2.75	3.00	3.00
Fiscal Bal (%/GDP)	-5.6	-5.0	-4.3
CurAct Bal (%/GDP)	2.6	1.9	1.9

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Philippines: Tax cuts may have to wait

Jojo Gonzales
Philippine Equity Partners

Abhay Gupta
Merrill Lynch (Singapore)

Financial sector reform which implies tax cuts may have to wait

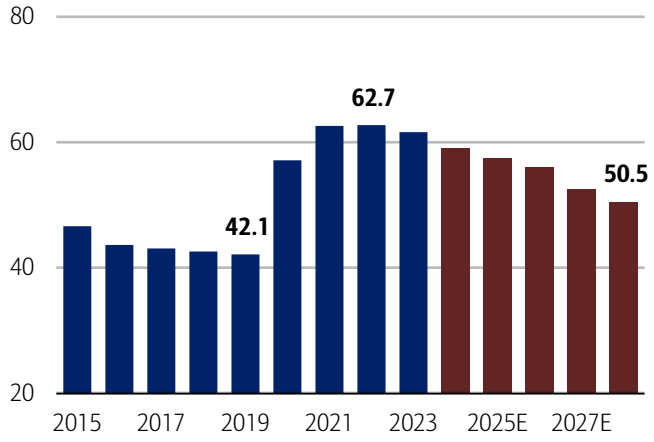
The President revamped the economic section of the Cabinet in Jan-2024, which brought on board a new Finance Secretary. The Department of Finance has since proposed to Senate to delay the implementation of Package 4 of the Comprehensive Tax Reform Program (CTRP) that calls for a reduction in withholding taxes on interest income, a harmonization of tax rates for dividends, a cut in stock transaction taxes, and the elimination of taxes on contracts to sell, among others. Most of these would not be implemented until 2028, when government expects to have reached its deficit to GDP (3%) and debt-to-GDP (50%) targets.

To be fair, these proposals to cut taxes on passive income were drafted in the pre-pandemic period, when government debt and deficit were lower. To implement these now would erode government revenue when it can hardly afford. Unfortunately, these reform measures may have helped deepen debt and equity markets near-term. Government remains steadfast in its commitment not to impose new taxes and has so far seen reasonable revenue growth despite no new taxes. Government revenue grew 9% in the first 11 months of 2023, consistent with nominal GDP growth.

Strategy – Range-bound on supportive capital flows

PHP's fundamental outlook remains a concern but is improving compared with 2023. While capital flows could be adequate to cover the overall BoP for the year, PHP remains more exposed to the broader USD strength and risk sentiment. Recent announcement of retail bond issuance led to a positive reaction in PHP due to offshore participation. The bond has been well-subscribed with overall issuance amount expected at over PHP 400 Bn. However, the upcoming maturities in 1H of March at around PHP 700 Bn could limit the overall impact of this issuance and may create some pressure on PHP. The other concern remains on valuation due to elevated level of REER which may impact BSP's reaction if PHP appreciates. We expect PHP to remain range-bound and driven by these flows and broader USD in the near-term.

Exhibit 71: Government debt-to-GDP (in %)
Government aims to bring this down to 50% by 2028E



Source: CEIC data, Department of Finance

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Exhibit 72: PHP forecasts
PHP forecasted at 55.0/USD by end-2024

	Q1 24	Q2 24	Q3 24	Q4 24
USD-PHP	56.5	56.0	55.5	55.0

Source: BofA Global Research estimates

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Exhibit 73: Major macro forecasts
2023-24E estimates

Philippines	2023	2024E	2025E
Real GDP (% yoy)	5.6	5.4	5.5
CPI (% yoy, base year 2012)	6.0	3.3	3.1
Policy Rate (end of period)	6.5	5.5	4.5
Fiscal Bal (%/GDP)	-6.1	-5.3	-4.8
CurAct Bal (%/GDP)	-3.4	-3.4	-3.6

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Singapore: Stay the course

Kai Wei Ang
Merrill Lynch (Singapore)

Abhay Gupta
Merrill Lynch (Singapore)

Themes: MAS policy focus remains on inflation

Core inflation surprisingly moderated to 3.1% yoy in Jan '24 vs. 3.3% in Dec '23. This was far lower than Consensus and our forecasts (3.6%). At face value, items that are less subject to Lunar New Year effects seem to reflect residing price pressures, and perhaps a reflection of businesses adjusting prices less due to reduced cost pressure and/or weaker pricing power.

We currently see core inflation trajectory in 2024 tracking around 10bp below MAS' implicit forecast from Jan '24. To the extent that MAS adjusts policies in response to material shifts in core inflation forecasts vs. the previous meeting (easier to track now since meetings are more frequent), we see a stronger case for MAS to keep policy settings unchanged through year-end (rather than to tighten further). Nonetheless, MAS would still remain alert to inflation risks, also flagged in Budget 2024. Assuming complete pass-through of GST (~70bp), core inflation (ex-GST) at >2.2% in 2024 is still considerably above the historical average of 1.5-2%.

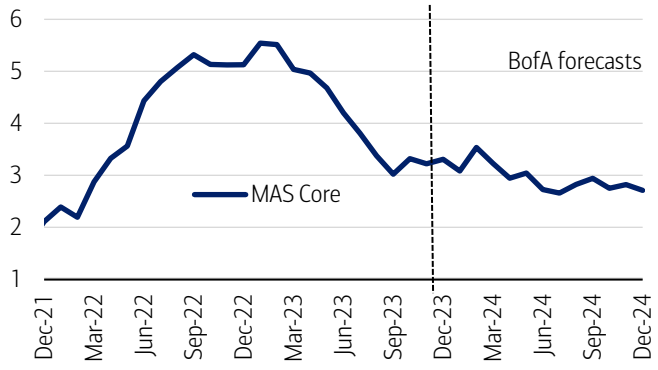
Strategy: SGD NEER buy-on-dips for carry; pay front-end

The SGD NEER remained steady around 1.4-1.7% above mid, on our model, providing steady carry from slope with low volatility. Basket yields on SGD NEER are roughly in line with Singapore overnight rate average (SORA) 1-year, which indicates that front-end rates remain well above those implied by uncovered interest-rate parity. Higher implied yields on SGD forwards make long SGD NEER an attractive carry position compared with its volatility. However, current levels also leave room for correction within the band in the hard-landing scenario leading to risk-off moves. We expect SGD NEER to continue trading above 1% above the mid and any dips towards 1% to be short lived. SORA fixings have been steady despite lower US rates, which reflects the MAS's comfort with the current policy settings as being sufficiently tight. SORA compounded average has drifted back-up again, and rates curve spread vs. US rates has widened last month as US rates moved higher. We believe that the MAS's preference to keep policy tight makes it attractive to pay front-end rates for positive carry.

Upside risk to growth and inflation

The key upside risks to growth are a faster than expected trade recover. Inflation risks are slightly to the upside, given structural medium-term cost pressures.

Exhibit 74: Core inflation forecasts
We see core inflation averaging closer to 3% in 2024



Source: BofA Global Research estimates, Haver

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Exhibit 75: SGD forecasts
SGD appreciation in 2024

	Q1 24	Q2 24	Q3 24	Q4 24
USD-SGD	1.340	1.330	1.290	1.260

Source: BofA Global Research estimates

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Exhibit 76: Major macro forecasts
We see below-consensus growth in 2023, but inflation staying high

Singapore	2022	2023F	2024F
Real GDP (% yoy)	3.6	1.1	2.6
CPI (% yoy)	6.1	4.8	2.6
Policy Rate (end of period)	n.a.	n.a.	n.a.
Fiscal Bal (%/GDP)	-0.3	-0.5	0.1
CurAct Bal (%/GDP)	19.3	18.0	17.4

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Taiwan: January export growth jumped

Miao Ouyang
Merrill Lynch (Hong Kong)

Chun Him Cheung, CFA
Merrill Lynch (Hong Kong)

January CPI inflation eased notably on base effect

CPI inflation declined to 1.79% yoy in Jan (vs. 2.71% in Dec), well below expectations. Core CPI inflation softened to 1.6%. The lower readings were mainly driven by a high year-ago base due to different timing of the LNY (Feb 2024, vs. Jan 2023). We expect headline CPI print to rise again in Feb as the base shifts lower, but it will likely return to CBC's implicit target of 2% by mid-2024.

January export growth jumped against a low base

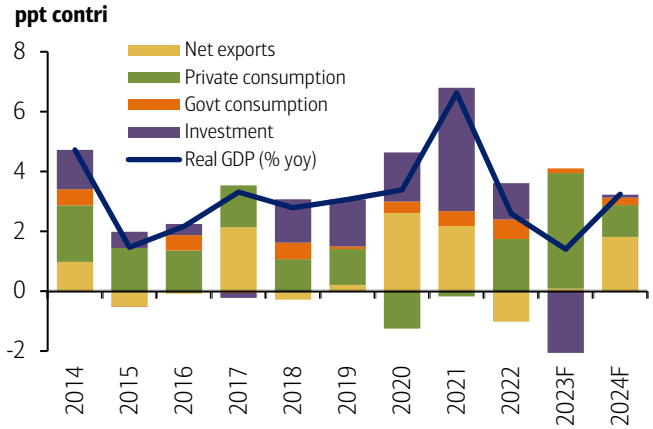
Jan export growth jumped to 18.1% yoy (vs. 11.8% in Dec), partly helped by a low year-ago base due to the different timing of the LNY holiday (Feb 2024, vs. Jan 2023). Info & comm exports doubled. Import growth rebounded unexpectedly to 19% yoy, beating the consensus forecast of -4.8% by a wide margin. The continued pick-up in tech imports points to better tech export outlook.

The set of solid Jan trade data reaffirm our view that Taiwan's exports will likely recover further in the coming quarters, especially given the structural tailwinds from AI related demand. In the near term, the yoy export growth could slide sharply in Feb, as the comparison base rose due to the LNY distortion effect. Yet, we continue to expect an uptrend from March and further improvement by mid-2024.

Strategy: Volatile equity flow following Taiwan's election

Net equity flow has been extremely volatile following Taiwan's general election on January 13. Strong outflows (US$ 2.6bn) occurred on January 17 as a reaction of the global move on stronger and an unwinding of risky positions. However, net inflow of a similar size came back on US$ 2.5bn on January 19 reflecting the uncertainty of foreign investors of Taiwan equity risk. The strong net equity flow also caused large volatile in USDTWD. Despite the supportive macro backdrop, we remain neutral on USDTWD because of the deep NDF points and the negative carry associate with selling USDTWD.

Exhibit 77: Taiwan GDP contribution by expenditure
We expect 2024 GDP growth to rebound to 3.2% as exports recover



Source: BofA Global Research estimates, DGBAS

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Exhibit 78: TWD forecasts
We expect USDTWD to edge lower in 2024

	Q1 24	Q2 24	Q3 24	Q4 24
USD-TWD	31.4	31.2	30.8	30.4

Source: BofA Global Research estimates

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Exhibit 79: Major macro forecasts
We expect the CBC to stay on hold in 2024

Taiwan	2023F	2024F	2025F
Real GDP (% yoy)	1.1	3.2	2.3
CPI (% yoy)	2.5	2.0	1.5
Policy Rate (end of period)	1.875	1.875	1.875
Fiscal Bal (%/GDP)	-2.1	-2.0	-2.1
CurAct Bal (%/GDP)	12.7	13.7	13.9

Source: BofA Global Research estimates

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Thailand: A tale of two halves

Pipat Luengnaruemitchai
Kiatnakin Phatra Securities

Abhay Gupta
Merrill Lynch (Singapore)

Theme: A tale of two halves

We have revised downward our 2024 growth forecast from 3.7% to 2.6%, as we no longer assume the government's proposed Digital Wallet in our base case. The economic recovery is expected to remain sluggish in 1H24, given the significant impact from the budget delay, before picking up pace in 2H24, as the budget disbursement normalizes and exports recover cyclically. However, we believe Thailand is facing challenging structural. Several industries are in a structural decline because of technological shift, competition from excess capacity in China. Tourism revenue is expected to gradually improves but the change in spending behavior may still weigh on total tourism revenue.

Given the uncertainty surrounding the Digital Wallet policy, we no longer assume the full-scale digital wallet policy in our base case. The policy, if implemented, would be an upside to our forecast. In terms of monetary policy, we reiterate our call for two 25bp rate cuts this year and another cut in 2025 while noted that the Monetary Policy Committee (MPC) has been hawkish and still deemed the current policy rate to be consistent with the forward-looking outlook.

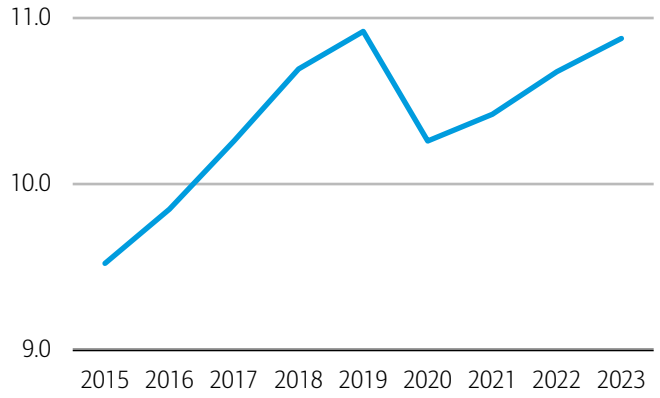
Risk

The key risks to the growth outlook remain tilted to the downside, including weaker than-expected global trade and economic recovery, a rise in commodity prices due to geopolitical conflicts, the slower-than-expected Chinese economic and tourism recovery, and weaker-than-expected domestic demand. More pressure will be put on the MPC to lower policy rate faster than expected If these risks materialize but there could be indirect consequences on THB given large rate differentials and thin current accounts.

Strategy: High beta to USD moves amid low CA buffer

THB has consolidated over the last month as equity outflows stabilized this month. Market positioning still appears to be bearish, based on the elevated FX implied yields and recent short-term debt outflows. But THB continues to react negatively to any prospect of rate-cuts or dovish tilt by BoT. The rift between the government and BoT is also impacting market confidence, on top of the already weak exports and growth data. THB is likely to trade with a high beta to USD moves due to limited buffer from current account along with negative carry. THB remains most vulnerable in the region to higher freight costs. We revise end-1Q24 forecast slightly higher to 36/USD while keeping the end-2024 at 34.0/USD.

Exhibit 80: Real GDP remained below its pre-Covid19 level
Thailand real GDP (CVM; base year=2002)



Source: NESDC, KKPS

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Exhibit 81: USD/THB forecasts
End-2024 forecast at 34/USD.

	Q1 24	Q2 24	Q3 24	Q4 24
USD-THB	36.0	35.5	35.0	34.0

Source: BofA Global Research estimates

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Exhibit 82: Major macro forecasts
Major macro forecasts

Thailand	2023E	2024F	2025F
Real GDP (% yoy)	1.9	2.6	2.8
CPI (% yoy)	1.6	0.8	0.9
Policy Rate (end of period)	2.50	2.00	1.75
Fiscal Bal (%/GDP)	-3.7	-3.8	-3.6
CurAct Bal (%/GDP)	1.5	0.8	1.7

Source: BofA Global Research estimates

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EEMEA

South Africa: SARB profits transfer champion short-term boost for Budget

Tatonga Rusike
MLI (UK)

Fiscal framework unchanged – a short-term positive

With no real new tax measures, the National Treasury largely maintained its call for a grip on spending. It cited nominal reductions in non-interest spending, no new allocations to state-owned enterprises and slower growth in debt service costs, helping to keep fiscal forecasts more constructive than our base case. Non-interest spending is set to grow 4-5% per year, while interest spending should increase by less than 10%.

Risks to spending could influence fiscal outcomes

There are risks to spending assumptions that could impact fiscal outcomes. Historical wage agreements have resulted in settlements above the Treasury's baseline. Interest spending has grown by 15% over the past three fiscal years. Assuming an increase of less than 10% could be a risk, even if helped by reducing borrowings through central bank profits drawdowns. New spending transfers to Transnet may be delayed rather than denied, as Transnet is too big to fail.

Nominal spending reductions set tone for containment

Expenditure growth is assumed to increase below inflation – in nominal terms, 4% in 2024 and 5% thereafter. The 2023 fiscal year shows control over non-interest spending – down R6 billion from the original 2023 budget guidance. Over the medium term, non-interest expenditure cuts amount to R80.6 billion due to a reduction in the baseline from the February 2023 budget. Nevertheless, some expenditure increases contained in the fiscal framework relate to provisioning for wage increases, social grants inflation related adjustments, , among others. For instance, the Treasury has now factored in additional allocations for social protection until 2027– amounts similar to those for the social relief of distress grant, implying this funding may become permanent.

Higher wage increases remain a risk to fiscal outlook

The overall wage bill increase has risen to 4.5% compared to around 2% in the previous framework. Should wage negotiations result in higher increments, the government intends to offset increases within existing budget lines and, if necessary, reduce headcount. Negotiations between the PSA and the public service unions are to begin in the next fiscal year. Higher wage increases present downside risks to the fiscal framework.

Debt service costs have been among the fastest-growing spending items, rising by 15% on average in the last three fiscal years. The pace of growth is assumed to slow to less than 10% pa due to lower borrowing than suggested by headline deficits. This is largely due to drawdowns of central bank profits by the government.

We turn more positive once Eskom support is phased out

The government expects a main budget deficit of -4.7% of GDP in 2023/24 (BofA -4.8%) and -4.3% for the 2024 budget (BofA -4.5%). Our all-in deficit including Eskom support is above the line at -5.8% in 2023/24E and -5.4% in 2024/25E and -5.6% in 2025/26E. Our forecasts underscore our overall dim view of public finances. To be constructive on the fiscal, we wait for 2026 when Eskom support is phased out, likely resulting in a stronger primary surplus.

Central bank profits drawdown reduces borrowing

Immediate access to central bank profits (unrealised revaluation gains from central bank FX reserves in the Gold & Foreign Exchange Contingency Reserve Account (GFECRA)) reduces near-term borrowing requirements. The government is set to tap into R150 billion (about 2% of GDP) of GFECRA funds over the next three years. Net borrowings,

excluding redemptions, in 2024/25 will likely decline to R385 billion, from R407 billion in 2023/24. However, due to lower GFECRA drawdowns, net borrowings could increase to R418 billion in 2025. As Eskom support is phased out, net borrowings should decline more significantly in 2026 to below R300 billion.

Distributing mechanisms of GEFECRA

The SARB and Treasury have decided not to sell the FX reserves (underlying asset) to finance transfers to the latter. Instead, they will create bank reserves as local currency liabilities on the SARB balance sheet. Government assets, such as deposits on the central bank balance sheet, are a liability for the latter. Other central bank liabilities include excess reserves of banks, which are deposited at SARB and paid interest at the monetary policy rate.

Sterilisation costs are estimated at R8 billion in 2024, R10 billion in 2025 and R12 billion in 2026. Costs are met by the Treasury. Distribution of GFECRA balances to the National Treasury are not expected to cause inflationary pressures due to the use of liquidity management tools to prevent excess liquidity.

Domestic borrowing auctions largely unchanged

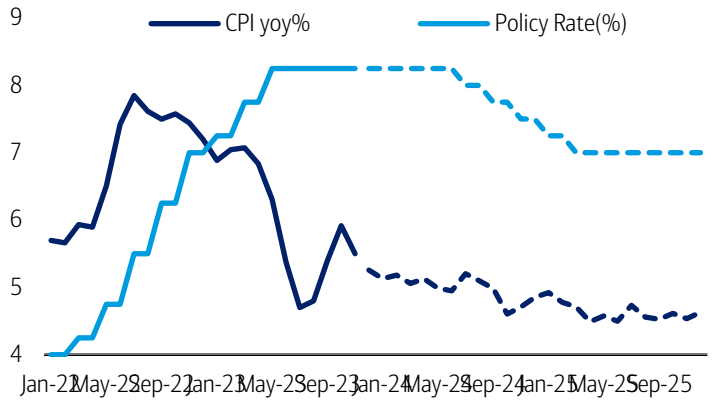
Domestic long-term borrowings were largely left unchanged. Treasury bills were utilised to cover short term funding gaps. Domestic auction changes were made to long term issuances, albeit mildly. The fixed rate bond amounts were reduced marginally to R3.75 billion per week from R3.9 billion, inflation linkers remained unchanged at R1 billion.

Near-term external borrowing remains relatively low. The government expects to borrow $2 billion in 2024/25 fiscal year largely from concessional sources. There is no baseline for market issuance. External borrowing is likely to be scaled up in 2025 to about $9.5 billion, with Eurobond market access likely that year.

Risks

Risks to our outlook are higher for longer global rates which could keep investor sentiment and portfolio flows to emerging markets weak. Inflation risks relate to impact of el nino conditions on food prices, higher oil prices. Domestic weakness relates to pronounced energy supply shortages, weakening macro and slower fiscal consolidation.

Exhibit 83: Inflation and Monetary Policy outlook
Headline CPI set to decelerate in December to 5.3%, and likely to average 5% in 2024. We expect the SARB to cut 75bp in 2024 and 50bp in 2025



Source: BofA Global Research estimates

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Exhibit 84: ZAR Forecasts
Strength SARB ZAR in 2023 largely due to weaker USD

	Q1 24	Q2 24	Q3 24	Q4 24
USD-ZAR	19.0	19.2	18.5	18.0

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 85: Major macro forecasts
Weakening economic growth outlook

South Africa	2022	2023e	2024F
Real GDP (% yoy)	1.9	0.5	1.3
CPI (% yoy)	6.9	5.9	5.0
Policy Rate (end of period)	7.0	8.25	7.5
Fiscal Bal (%/GDP)	-4.4	-5.8	-5.4
CurAct Bal (%/GDP)	-0.5	-1.5	-2.6

*Consolidated Govt. Bal **Source:** BofA Global Research estimates

BofA GLOBAL RESEARCH

Türkiye: CBRT turns more hawkish

Zumrut Imamoglu
MLI (UK)

Themes: CBRT held rates but turned more hawkish

The Monetary Policy Committee (MPC) held the policy rate constant in the last meeting but gave a message that the current monetary stance will be maintained for a long time and could be tightened even further. The statement, published under new Governor Fatih Karahan, has significantly improved technical detail and includes clearer messages regarding the bank's reaction function. The "trend of monthly inflation" is underlined as the main tool to assess policy adequacy as well as inflation expectations. The bank highlights risk to the inflation path from stickiness in services and food prices, as well as geopolitics. We see possibility of more hikes in 2Q but it is not our baseline. We don't expect any cuts until year-end.

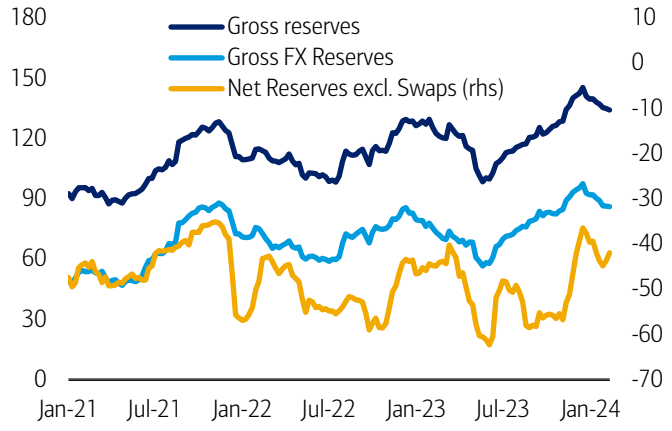
Reserves stable, CA deficit continued to decrease

The current account deficit decreased to $45.2bn from $49.1bn, services remained stable at $52bn and energy deficit decreased to $52.7bn from $54.4bn. Goods excluding gold and energy balance worsened from -$8.3bn to -$9.3bn. Net gold imports decreased from $27.2bn to $25.7bn. On the funding side, net errors and omissions in December were negative at $1bn, reserves increased $2bn. FDI was $0.3bn, portfolio inflows were $1.7bn and other investments were $3.2bn.

January trade deficit decreased to $6.2bn from $14.3bn according to preliminary data. Energy and gold imports decreased c.$6bn in total. Gold energy excluded trade balance was near zero vs. a deficit of $1.8bn last year same month. 12-month trailing gold energy excluded deficit decreased from $27.6bn to $25.9bn. Correction in the trade and CA deficit will continue to improve due to large base effects and decrease in import demand in the coming months. We revise the 2024 deficit down from 3.2% to 2.5% of GDP ($28bn). Gold and energy excluded balance will significantly improve in 2Q. Over the summer, CA deficit should be mostly in surplus and help accumulate reserves unless there are pre-mature rate cuts from the CBT.

The decrease in the reserves since start of the year stabilized as retail demand muted following regulatory changes on reserve requirements in FX-protected accounts. However, demand for gold and FX might continue until elections.

Exhibit 86: Gross and net reserves excluding swaps (USD bn)
Net reserves excluding swaps still largely negative



Source: Haver, CBT

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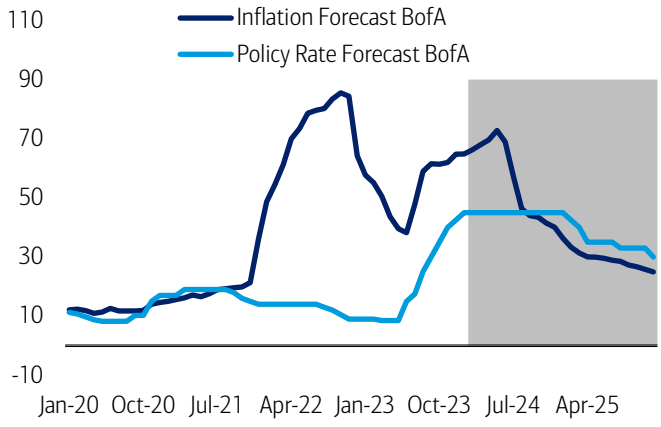
Exhibit 87: Inflation and policy rate forecast path
We see inflation at 40% at 2024YE.



Source: TurkStat, BofA Global Research estimates *Shaded area indicate forecasts, data otherwise

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Deposit rates increased, consumer loans accelerated

The CBRT decreased the reserve requirements on FX-protected accounts and increased it for FX-deposits. It also started paying interest rate on the reserve requirements for the FX-protected accounts conditional on satisfying conversion and roll-over ratios. These changes helped stop FX demand from maturing FX protected accounts and pushed regular TRY deposit rates higher. TRY deposit rates (up to 3 months) increased to 52% last week. Consumer loan rates eased slightly to around 60% and commercial rates are still c. 53%. Despite high rates consumer loans have been accelerating lately but their growth rate remains lower than expected inflation on an annualized basis. Commercial loan growth remains muted.

Manufacturing PMI was still below the 50 thresholds in January at 49.2, this marks the seventh consecutive month. New orders increased from 45.3 to 46.6 while export orders increased from 47.9 to 49.4. Industrial output decreased 0.8% quarter-over-quarter (qoq) showing slight contraction. The slowdown in the economy is still slow and the effect of the policy changes so far imply a soft lending rather than a hard one.

Inflation has accelerated as expected

January inflation was 6.7% month-over-month (mom) in-line with our forecast. Services such as health, hospitality and recreational activities contributed the most to mom inflation. Clothing dropped due to seasonality. Yoy inflation was 64.9% vs. 64.8%, services inflation decreased to 89.7% from 90.7% and food decreased to 69.7% from 72%. Core B-index dropped to 67.7% from 68%. Overall trend so far is in-line with our year-end expectation of 40% inflation.

In the first quarter, we see inflation increasing to 4.8% on average monthly vs. 3.2% in the last quarter as a result of administrative price adjustments and wage increases. However, we keep our 2024 year-end forecast at 40% and expect the peak at 73% in May. Inflation will likely drop rapidly over the summer due to base effects. The CBRT did not revise its inflation forecast for year-end, it remains at 36%.

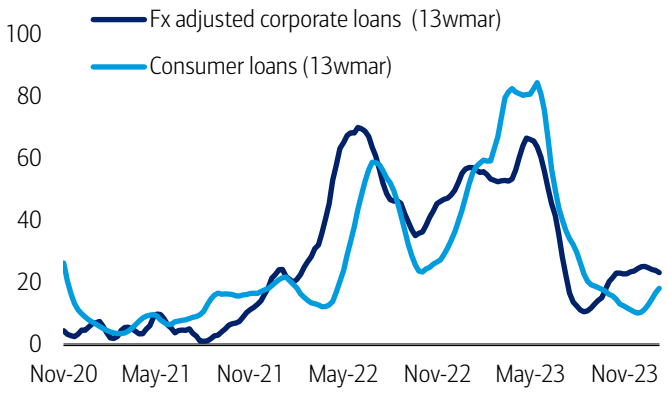
Forecasts

We still see inflation at 40% by end of the year and growth at 3.4%.

Risks

Higher energy prices and geopolitical events.

Exhibit 88: Credit growth, annualized 13-week moving average, %
Consumer loans are accelerating



Source: CBT, BRSA, BofA Global Research

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Exhibit 89: TRY forecasts
We expect TRY to appreciate in real terms

	Q1 24	Q2 24	Q3 24	Q4 24
USD-TRY	32.00	35.00	37.00	40.00

Source: BofA Global Research estimates

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Table 3: Major macro forecasts
High inflation and external financing needs weigh on medium term growth

Türkiye	2023F	2024F	2025F
Real GDP (% yoy)	4.3	3.4	4.6
CPI (% yoy)	65	40	25
Policy Rate (end of period)	42.5	45	30
Fiscal Bal (%/GDP)	-5.4	-6.1	-4.2
CurAct Bal (%/GDP)	-4.1	-2.5	-3.0

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Czechia: CNB too cautious on easing

Mai Doan
MLI (UK)

Themes: delayed rate cuts and fiscal consolidation to weigh on weak economy

Much faster disinflation in January argues in favour of faster rate cuts, but a cautious Czech National Bank (CNB) means that it's a close call between 75bp vs 50bp in the upcoming meetings. For now, we keep our baseline of 50bp steps in line with the Board's preference, but expect a continuous easing cycle rather a pause at 4%. The base rate will likely end 2024 at 3.50% (from our previous call of 4%) and reach the terminal level of 3% (no change) by early 2025.

Following the January CPI downside surprise, we expect inflation to slightly undershoot the 2% target by 3Q before picking slightly in 4Q on base effects. Headline inflation at 2.3% in January, and core at 2.9% were well below the CNB's forecasts of 3% and 3.8%, respectively, and now well within the 2%±1% target tolerance band. Meanwhile, wage pressures appear to be easing. Monthly wage growth in the industrial sector has been trending lower, now around 6%, which is much closer to the neutral levels of around 5%.

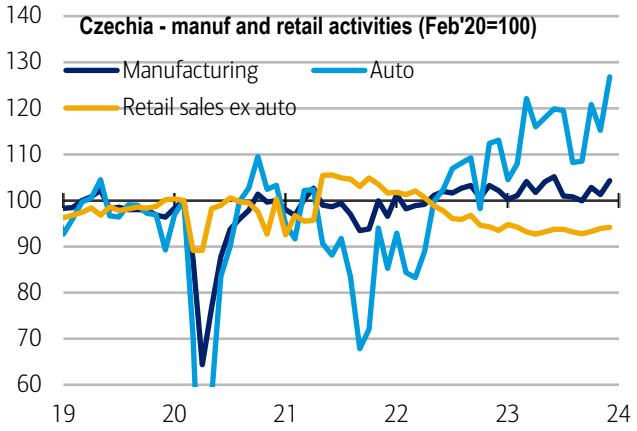
Activity data continue to paint a weak macro picture. Retail sales ex-auto has barely picked up and consumer confidence has not improved as much as peers. Auto output has recovered, but demand is increasingly a constraint to production. The share of firms reporting this as an issue rising steadily in recent quarters to c.47%, comparable to levels at the onset of the past crises (2008, 2012, 2020).

The macro case to move to 75bp rate cuts is strong, but the CNB Board may still want to keep a cautious approach to prove themselves to the public as 'inflation hawks'. We currently look for 50bp rate cut clips until rate has fallen closer to 4%, when we think the CNB will move more cautiously in 25bp steps. Our baseline remains that the CNB rate will reach the 3% long-held neutral estimate by early 2025. At this stage we do not see the need for the CNB to go below neutral. This could change if the external backdrop, particularly German growth worsens from here.

Strategy: easing to drive CZK weaker in line with forwards

The CZK is likely to be under pressure in Q1/Q2 to depreciate as the market focuses on the cutting cycle and the dollar remains strong. From H2, a higher EUR/USD and strong BoP position should help the koruna appreciate against the euro.

Exhibit 90: Czechia – activity in manufacturing and retail
Auto production improves recently but retail sales still weak



Source: Haver, BofA Global Research

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Exhibit 91: CZK forecasts
CZK to weaken as CNB cuts

	Q1 24	Q2 24	Q3 24	Q4 24
EUR-CZK	25.5	25.5	25.0	24.7

Source: BofA Global Research estimates

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Exhibit 92: Major macro forecasts
CNB to start cutting soon on continued disinflation and weak growth, but no economic and social/political pressure cut aggressively

Czech Rep	2023F	2024F	2025F
Real GDP (% yoy)	-0.4	1.0	2.6
CPI (% yoy)	10.7	2.1	1.9
Policy rate (%, end of period)	6.75	3.50	3.00
Fiscal bal (%/GDP)	-3.8	-2.0	-1.5
CurAct bal (%/GDP)	1.2	1.0	0.5

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Egypt: UAE bailout is game changer

Jean-Michel Saliba
MLI (UK)

View: sidelined

The United Arab Emirates (UAE) Foreign Direct Investment (FDI) deal will inject immediate liquidity to the country. It will allow a) Fx unification in the coming period on more favorable terms than previously thought; and, b) remove any residual funding needs within the international Monetary Fund (IMF) program. In turn, disbursement of the FDI proceeds alongside other financing assurances is likely to mean that IMF Staff-Level Agreement (SLA) on the delayed reviews and on an upsized IMF program is nearing. The risks are domestic political opposition and reduced incentives for structural reform.

The 3Q23 current account balance stood at -US$2.8bn, and the deficit narrowed sequentially to US$4.3bn (1.2% of GDP) on a 12-month trailing basis, from a peak of US$20.5bn (6.0% of GDP) in 4Q16. Net international reserves (NIRs) stood at US$35.2bn in January (5.5 months of import coverage), from US$33.2bn in September 2022. The Central Bank of Egypt (CBE) now holds an additional US$6.6bn in Fx deposits not reported in reserves.

The return of the carry trade is likely to depend on the Fx and monetary policy mix, especially given the index removal. Foreigners held US$12.6bn of T-bills in November 2023. Banks' Net Foreign Assets (NFAs) stood at -US$156.2bn in December 2023.

Urban Consumer Price Inflation (CPI) inflation was 29.8% year-on-year (yoy) in January. The inflation target is 7% (+/-2%) in 4Q24 and 5% (± 2%) in 4Q26. CBE is likely to remain on hold given fiscal impact of hikes and until increased Fx flexibility.

Fiscal consolidation is likely to be restored within the IMF program to help anchor debt dynamics. The primary surplus target is 2.5% of GDP in FY24 and over the medium-term.

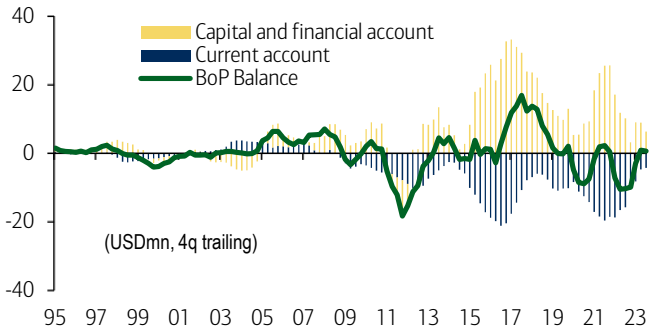
Forecasts: increased flexibility in USD/EGP, eventually

USD/EGP volatility is likely to increase under a "durably flexible" FX arrangement. The implied EGP path in the IMF program suggests nominal depreciation broadly in line with inflation differentials to maintain real competitiveness going forward.

Drivers

CBE Monetary Policy Committee meeting (28 March 2024), IMF Extended Fund Facility reviews, fiscal and Fx reserves data, Fx flexibility, geopolitics.

Exhibit 93: Egypt Balance of Payments dynamics
Current account deficit needs to narrow



Source: Haver, BofA Global Research

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Exhibit 94: EGP forecasts
USD/EGP to exhibit increased flexibility, eventually

	Q1 24	Q2 24	Q3 24	Q4 24
USD-EGP	30.9	45.0	47.0	50.0

Source: BofA Global Research estimates

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Exhibit 95: Major macro forecasts
USD/EGP flexibility is key to narrow external imbalance

Egypt	2023	2024F	2025F
Real GDP (% yoy)	3.8	2.5	3.8
CPI (% yoy, avg)	24.4	29.0	25.0
Policy Rate (end of period)	18.25	22.25	23.25
Fiscal Bal (%/GDP)	-6.0	-7.5	-7.5
CurAct Bal (%/GDP)	-1.2	-2.1	-2.2

Source: BofA Global Research estimates. Fiscal Year (FY) based.

BofA GLOBAL RESEARCH

Hungary: steeper cuts, still with caution

Mai Doan
MLI (UK)

Themes: steep cuts but still with high caution on HUF in 2024

Despite sharp disinflation in 1Q, we maintain that the policy rate will fall to 5.5% by YE2024. Under Governor Matolcsy, whose term lasts until early March 2025, the National Bank of Hungary (NBH) will keep a cautious approach amid justified concerns about inflation and HUF stability. So the acceleration to 100bp rate cut step will likely be limited to the next 2-3 months, with the central bank keeping the guidance that rates will fall to 6-7% by mid-year. The government is likely content with this, as such levels of base rate allow more effective subsidised lending initiatives. The 2025 outlook is more uncertain with a change in governor, with the MPC likely holding a more dovish bias consistent with the government's preparation for 2026 elections. We think the base rate could fall to 4% next year. The idea of a "high pressure" economy favoured by EconMin implies the need for HUF depreciation in the longer term.

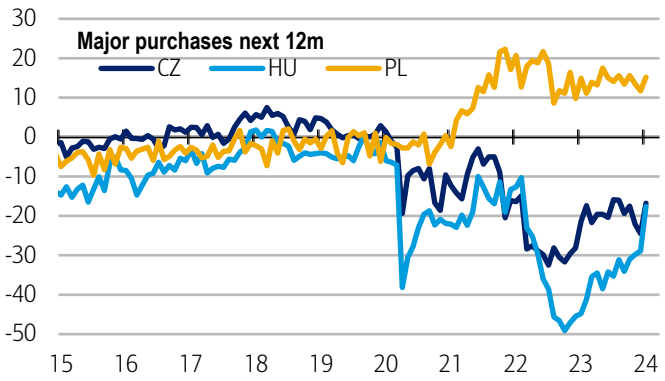
Headline CPI slowed much faster than expected to 3.8% yoy in January from 5.5% in December. Base effects will continue to be favourable in the next three months, so the trough is likely close to the 3% target. But we are cautious about underlying processes. Services inflation momentum has been stuck at c.8% saar for two months. Unit labour cost is well over 10%, with wage growth unlikely slowing to single-digit rates. Demand pressures will come back amid the government's efforts to revive growth, in particularly household consumption. Consumer confidence has shot up recently, together with a higher intention for major purchases, as real wage growth improved sharply.

The EU funds outlook seems more positive than in 2023, though the process is not smooth sailing with various conditions for delivery. After unblocking c.EUR10bn of cohesion funds in late 2023, Hungary may get the green light from the EU to access recovery funds in late 1Q/2Q. While high-level politics is key to disbursement, we perceive good progress on Hungary's side in delivering the milestones and targets, and a more conciliatory approach from the EU. The first RRP payment would bring EUR1.7bn, which is in the budget for this year. Against fiscal tightening and EU inflows, the AKK is done with FX issuance this year.

Strategy: stable HUF for now, weaker LT

EU funds and cautious NBH easing should keep a lid on HUF depreciation in the near term. But longer term we expect HUF weakness as policy focuses more on growth and 2026 elections.

Exhibit 96: CEE – consumers' purchases intention
Hungary records a sharp improvement as consumer confidence improves amid higher real wage growth



Source: Haver, BofA Global Research

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Exhibit 97: HUF forecasts
HUF to weaken on NBH cuts and government's desire for economic growth

	Q1 24	Q2 24	Q3 24	Q4 24
EUR-HUF	390	395	395	399

Source: BofA Global Research estimates

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Exhibit 98: Major macro forecasts
Weak growth, falling CPI may motivate a more dovish NBH stance

Hungary	2023F	2024F	2025F
Real GDP (% yoy)	-0.8	2.8	3.0
CPI (% yoy)	17.1	4.0	3.9
Policy rate (%, end of period)	10.75	5.50	4.00
Fiscal bal (%/GDP)	-6.5	-4.5	-3.5
CurAct bal (%/GDP)	0.5	1.2	0.7

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Israel: BOI remains cautious

Zumrut Imamoglu
MLI (UK)

Themes: inflation started to ease but risks remain

The conflict that started in October is expected to cause a slowdown in the economy and weigh on the fiscal balance. The budget deficit widened to 4.8% of GDP in January on a 12-month basis. Expenditures increased 36.1% while revenues decreased 1.5% year-over-year (yoy). We still see budget deficit for 2024 at 6.5%. Depending on how long the conflict goes on, cost of the war could be higher. Israel has a low debt to GDP ratio of 62% which we expect now to go up to 67.4% in 2024 but we do not expect any difficulty in financing the deficit.

While economic activity is still subdued in sectors like housing, agriculture and recreational services, credit card spending has mostly recovered and hover slightly above pre-war level. Inflation continued to decrease in January and was 2.6%. Mom CPI was unchanged hence, the drop in yoy inflation was mainly due to base effects. Main drivers were clothing, down 1% mom and culture and education which decreased 1%. Housing4 and food each increased 0.2% mom. We still see services driven weakness in the CPI. Excluding housing, inflation decreased from 2.9% to 2.4%. Tradables inflation decreased to 1.55% from 1.77% and non-tradables inflation excluding housing, fruits and vegetables decreased to 2.3% from 2.95%.

BOI held its base rate at 4.50% in line with our forecast. The Bank cited gradual recovery in the economy and stated that while constraints on the demand side is moderating, supply side effects of war mainly remain. The Bank is concerned on potential acceleration of inflation due to "the constraints on activity in the construction industry, a depreciation of the shekel, and fiscal behavior". We see BOI sticking with their guidance of moderate and cautious pace of cuts and continue to expect the next cut in April. However, we see year-end base rate at 3.5%, slightly below BOI guidance of 3.75%.

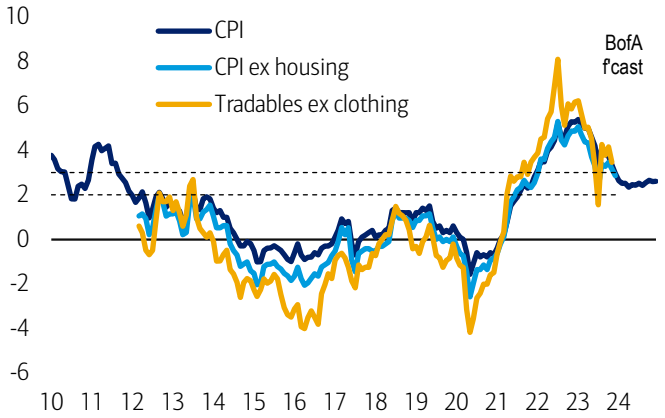
Forecasts

We see fiscal deficit increasing to 6.5% in 2024 and growth at 2.3% of GDP.

Risks: geopolitics

Uncertainty regarding the conflict is the main risk on general outlook.

Exhibit 99: Inflation
Inflation hit the upper bound of the target range



Source: Haver, BofA Global Research

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Exhibit 100: ILS forecasts
ILS enjoys LT appreciation bias, but ST weighed by uncertainty

	Q1 24	Q2 24	Q3 24	Q4 24
USD-ILS	3.70	3.65	3.60	3.55

Source: BofA Global Research estimates

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Exhibit 101: Major macro forecasts
Economy will recover slowly

Israel	2023F	2024F	2025F
Real GDP (% yoy)	2.0	2.3	3.4
CPI (% yoy, eop)	3.0	2.6	2.2
Policy rate (%, eop)	4.75	3.50	2.80
Fiscal bal (%/GDP)	-4.2	-6.5	-4.3
CurAct bal (%/GDP)	4.2	4.4	4.1

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Kazakhstan: this is the end (of the cycle)

Vladimir Osakovskiy >>
Merrill Lynch (DIFC)

New boss, new goals

In early February, the President has pushed through a high profile Cabinet reshuffle, replacing PM as well as key economic/finance officials. In the message to the new Cabinet, the president has not announced any new spending initiatives from the budget or the National Oil fund, focusing mainly on the efficiency of fiscal spending as well as improvement of tax collection instead. However, at the same time Mr. Tokayev has also set a new ambitious target of 6-7% real GDP growth a year as well as $450bn nominal GDP target to be reached by 2028. Moreover, the growth target was reiterated even for 2024 by the new PM during the first session of the new Cabinet.

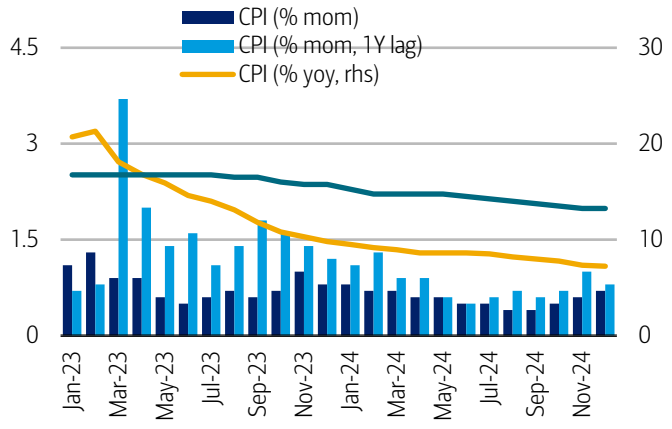
New spending may be hard to avoid

We view lack of new spending initiatives as well as focus on fiscal discipline as positive, but note that the new plan may still result in loose fiscal policy going forward. Thus, with current official real GDP outlook of just about 3.9% the ambitious growth targets may not be achievable without material new fiscal support. Moreover, the President has also criticized a planned VAT hike from current 12% to 16% from next year, which the government previously saw as the main driver for the broader medium term fiscal consolidation. So a potential cancellation or moderation of the VAT hike on the back of his criticism may force new spending.

One and done

National Bank of Kazakhstan has cut its policy rate by another 50bp on to 14.75% on February 23rd. The scale of the cut was in line with our view, but slightly bigger than BBG consensus. However, the Bank also pointed that it may keep rates on hold from now on for some time. The Bank already viewed previous economic growth as above potential and fiscal policy as the key source of inflationary risks, so new growth targets as well as the resulting uncertainty in fiscal outlook may indeed shift the balance of policy risks towards more pro-inflationary ones, which should warrant an extended hold until at least more clarity with the fiscal path and a set of policy measures.

Exhibit 102: Policy rate to stay on hold in 1H24
We see room for another 150bp in cuts, but NBK will await for more clarity



Source: National Bank, Bloomberg, BofA Global Research estimates

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Exhibit 103: KZT forecasts
KZT stable in 2024

	Q1 24	Q2 24	Q3 24	Q4 24
USD-KZT	420	420	420	420

Source: BofA Global Research estimates

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Exhibit 104: Major macro forecasts
Economic growth to moderate in 2024

Kazakhstan	2023F	2024F	2025F
Real GDP (% yoy)	4.8	4.0	4.0
CPI (% yoy, eop)	14.8	7.7	8.0
Policy rate (%, eop)	16.00	13.25	12.00
Fiscal bal (%/GDP)	-3.5	-3.0	-1.7
CurAct bal (%/GDP)	-1.9	-2.1	-2.8

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Nigeria: in search of hot money

Tatonga Rusike
MLI (UK)

Tightening monetary policy

Nigeria's central bank is on a promising path of making price stability the new primary objective – money supply growth is 50% and inflation is close to 30%, while the policy rate is 18.75%. A move towards orthodoxy involves tightening monetary policy using the policy rate as the main tool. We expect the central bank to tighten interest rates aggressively in the next two meetings by 300bp in each of February and March meetings, taking the policy rate to almost 25%, which we see as the terminal rate. If year-end inflation projections of around 22-25% materialise, negative real rates would be gone and positive real rates would be more sustainable. The next MPC is scheduled for Feb-26-27.

FX reforms a catalyst for foreign inflows

The most decisive and market-friendly action in 2024 is the second devaluation which naarowed the gap between parallel rates with the official market. In our view, a flexible USDNGN + tight monetary policy including market-reflective yields in domestic securities could unlock FPIs in the near term. In that scenario, the naira could appreciate in nominal terms. We think it's currently undervalued. However, if monetary policy is not tightened enough the naira could continue to be weakening without a real turning point and diverge further from the parallel rate. Our baseline is stabilisation from here. During the week of FX reforms FX turnover increased close to $1.8 billion per week compared to close to $500 million per week. This suggests to us that higher FX turnover could result in a more stable currency.

Oil production stabilising at higher levels

In 2023 crude oil production, averaged 1.23m bpd. Some new highs of 1.4m bpd were recently reached in December 2023 data while lows of 1m bpd were in April 2023. It is predominantly, improvements in 2H 23. The improvement is largely attributable to government efforts to reduce oil theft and pipeline vandalism. A further increase in oil production and the start of the Dangote domestic refinery, likely in 1Q 24, represent further positive catalysts to the outlook.

Exhibit 105: Crude Oil Production trends (barrels per day)
Oil production has been on an upward trend since low in Sept 2022. Its currently stabilizing around 1.3m bpd

Source: Nigeria Upstream Petroleum Sector

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Exhibit 106: NGN Forecasts
Naira devalued in June 2023 and Feb 2024

	Q1 24	Q2 24	Q3 24	Q4 24
USD-NGN	1520	1530	1540	1550

Source: BofA Global Research estimates

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Exhibit 107: Major Macro forecasts
Moderate growth outlook.

Nigeria	2022	2023e	2024F
Real GDP (%yoy)	3.3	2.9	3.1
CPI (%yoy, avg)	19.0	25	15.0
Policy Rate (eop)	16.50	18.75	20.00
Fiscal Bal (%/GDP)	-5.5	-4.0	-3.5
CurAct Bal (%/GDP)	0.2	1.3	0.9

Source: BofA Global Research estimates

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Poland: sooner EU funds boost sentiment

Mai Doan
MLI (UK)

Themes: political transition brings noise, but +ve trend intact

The quick progress to unblock EU funds in the recent weeks supports our positive bias on Polish assets post elections. Political tensions remain high domestically, including the government's threat to put NBP Governor Glapinski to the State Tribunal, but we don't see a material impact on the PLN fundamentals. In total for 2024, Poland could get c.EUR27bn in recovery and cohesion money (c.3.2% of GDP), and another EUR11.5bn of RRP funds likely in 1Q 2025. For 2024, this amount has been budgeted for, but it adds to the strong financing so far and creates more flexibility for FinMin on price/timing of issuance. FinMin expects to cover more than 50% of this year's gross borrowing requirement by end-March, before counting these EU inflows.

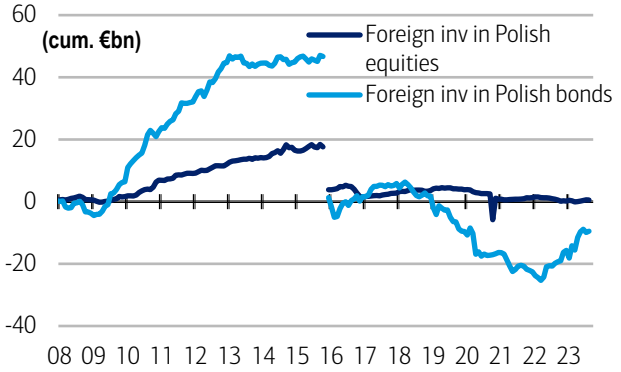
We expect the NBP to be in defensive mode in response to the government's motion, which means no rate cuts any time soon with rates likely steady at 5.75% this year. The legal process can be lengthy and uncertain, so it is too early to say if and when Glapinski would be suspended from his duties, or how the MPC might behave subsequently. However, we still believe that the next move is likely to be a cut. Easing room is limited though, as the economy is on a recovery track, and we see long-term inflation pressures from energy transition and higher unit labour costs vs pre-pandemic years.

Activity improved in January and in our view is consistent with a solid recovery in GDP growth to 3% this year. Retail sales grew by 3% yoy after -2.3% in December, while IP growth picked up to +1.6% yoy from -3.5%. CPI meanwhile has been surprising further on the downside, easing to 3.9% in January. The trough in inflation could be around 2% in the coming months. But the outlook is highly uncertain in 2H when the inflation shield is due to expire. We see YE2024 inflation close to 6%, assuming VAT on basic food will resume in July, and energy prices higher by c.10%.

Strategy: bullish PLN; fade rate cuts expectations

We expect the EUR/PLN to go lower due to large inflows prospects under the new market-/EU-friendly government. The National Bank of Poland (NBP) has turned hawkish as we expected, with rates most likely on hold for extended period. EU funds has been unblocked swifter and sooner than we expect, adding to positive PLN sentiment. Meanwhile, we would fade aggressive NBP rate cuts expectations, given the tense relationship between Glapinski and the government, and the CPI upside risks in 2H.

Exhibit 108: Poland – Portfolio flows underperformed under PiS vs PO
Good reasons for turnaround in inflows as EU funds arrive and state intervention in banks subsides



Source: Haver, BofA Global Research

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Exhibit 109: PLN forecasts
PLN to strengthen with more inflows and hawkish NBP

	Q1 24	Q2 24	Q3 24	Q4 24
EUR-PLN	4.30	4.25	4.23	4.20

Source: BofA Global Research estimates

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Exhibit 110: Major macro forecasts
Loose policies into 2024 supports growth, but keeps inflation high

Poland	2023F	2024F	2025F
Real GDP (% yoy)	0.0	3.0	3.5
CPI (% yoy)	11.6	4.1	4.8
Policy rate (%, end of period)	5.75	5.75	4.75
Fiscal bal (%/GDP)	-5.6	-5.3	-4.2
CurAct bal (%/GDP)	1.6	1.0	0.4

Source: BofA Global Research estimates

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Romania: no fiscal comfort

Mai Doan
MLI (UK)

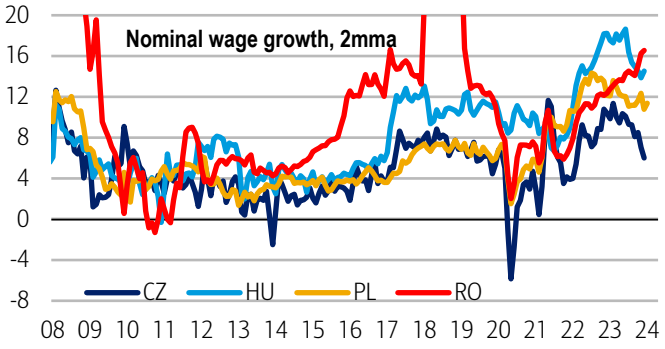
Themes: RRP reform requirement and elections to delay fiscal consolidation
We see high fiscal, and thus inflation, uncertainty for the next two years, which implies limited easing room in 2024 for the National Bank of Romania (NBR). The dovish turn in January leads us to revise down our forecast for the base rates to 6.25% by YE2024 vs our previous expectations of no cuts from 7% currently. The anchor for Romania's budget is the strong support from the EU, which ensures continuous flows of RRP funding. But investors may need to stay cautious on the pipeline of bonds supply until there is more visibility on the public sector wage reform and the necessary fiscal consolidation package for 2025. In addition, the 2024 deficit target of 5% of GDP look ambitious.

Investors have become less concerned with the pension reform that will bring a substantial increase to budget spending (1.8% of GDP pa), as it has the EU's endorsement. But budget room is tight and the uncertainty in an election year does not help to support confidence on the fiscal front. Romania still needs to deliver on unitary wage reform in the public sector (salaries have to be raised for those underpaid) to submit the 4th RRP payment request. This was planned for 2024 with a EUR2.7bn allocation, but mostly likely delayed to 2025. On a no policy change basis, the NBR see the deficit widening to 6.5% of GDP in 2025, implying the need for at least 1.5% of GDP in fiscal adjustments. More will be required to account for the cost of the unitary wage reform if it is carried out next year.

Sticky core inflation, loose fiscal policy keeping the output gap positive, and higher uncertainty about the tax/budget situation for 2025 justifies a more cautious stance from the NBR than CEE peers. Romania's disinflation has been slower than other CEE, due to indirect tax hikes in January but also a reflection of a sooner recovery in real wages and more passthrough of inflation to wage setting. Core CPI was at 8.4% yoy in December, well above the regional average. Wage growth was on a steady upward path to 16.3% yoy in November, vs stable or downtrend elsewhere in CEE.

Strategy: EXD capped by issuance/fiscal concerns; RON stable in election year
With a high cash buffer, FinMin is in a relatively comfortable situation. But we see more issuance needs than the authorities' guidance (EUR8.5-9.5bn in Eurobonds) amid budget uncertainty and potential EU funds delay. There is a bias by FinMin to protect the local curve, so supply will likely be diverted more towards the external markets. Meanwhile, we expect the NBR to tightly manage the RON in election year.

Exhibit 111: Romania – wage growth
Romanian wage growth continues on an uptrend vs slowdown elsewhere



Source: Haver, BofA Global Research

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Exhibit 112: RON forecasts
RON fundamentals point to depreciation, but NBR to keep RON stable

	Q1 24	Q2 24	Q3 24	Q4 24
EUR-RON	5.01	5.02	5.04	5.05

Source: BofA Global Research estimates

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Exhibit 113: Major macro forecasts
Slow correction in macro imbalances imply slower NBR cuts

Romania	2023F	2024F	2025F
Real GDP (% yoy)	1.9	3.0	3.7
CPI (% yoy)	10.6	5.6	4.0
Policy rate (%, eop)	7.00	6.25	5.25
Fiscal bal (%/GDP)	-6.0	-6.0	-5.3
CurAct bal (%/GDP)	-6.8	-6.7	-6.4

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Saudi Arabia: oil dividends support outlook

Jean-Michel Saliba
MLI (UK)

View: positive

We expect Saudi Arabia to register robust non-hydrocarbon real Gross Domestic Product (GDP) growth. Economic activity could accelerate over the medium-term on public (megaprojects) and private (Shareek program) investment drive. Domestic liquidity is likely to ease only gradually as banks tap wholesale funding.

The start in 2H23 (rather than 1Q24) of Saudi Aramco payments under its performance-based dividend policy (50-70% of Aramco's annual free cash flow (FCF), net of the progressive base dividend and other amounts including external investments) is positive for Saudi fiscal accounts and would also upstream more cash to the Public Investment Fund (PIF) for domestic investments. This could nevertheless make fiscal performance more pro-cyclical and accentuate volatility in the fiscal breakeven oil price.

The 2024 budget statement calls for high oil prices. Saudi authorities plan to keep 2024 spending flattish versus realized 2023 levels (a 1.9% drop). We see overspending of at least 5%yoy. We suspect capital expenditures and goods and services spending will remain robust as Saudi Vision 2030 projects make progress. We see the fiscal breakeven oil price at nearly US$95/bbl for 2024 as lower average crude oil production versus 2023 is partially offset by the disbursement of 2 additional performance-linked dividends from Saudi Aramco versus 2023. Coupled with Public Investment Fund (PIF) investments off-budget, this fiscal impulse should ensure a robust growth outlook to the non-hydrocarbon economy. The medium-term budgeted fiscal path for Saudi Arabia implies vulnerability to a drop in oil prices and continued large external issuance.

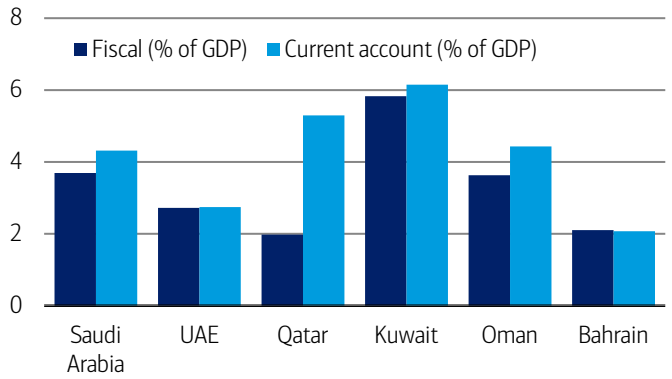
Forecasts: USD peg to hold

The USD peg is likely to hold on the back of still-high savings, but further fiscal adjustment would be needed if oil prices are low for a sustained period of time.

Drivers

Saudi Central Bank monthly bulletin, 37th OPEC and non-OPEC Ministerial Meeting (1 June 2024), quarterly fiscal data report (April 2024), annual pre-budget statement (September 2024), annual budget statement (December 2024).

Exhibit 114: Sensitivity of fiscal and external accounts to US$10/bbl oil price swing
High sensitivity of macro accounts to oil prices



Source: Haver, Saudi Ministry of Finance, BofA Global Research

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Exhibit 115: SAR forecasts
We expect the USD peg to hold

	Q1 24	Q2 24	Q3 24	Q4 24
USD-SAR	3.75	3.75	3.75	3.75

Source: BofA Global Research estimates

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Exhibit 116: Major macro forecasts
Medium-term fiscal adjustment is ongoing

Saudi Arabia	2023	2024F	2025F
Real GDP (% yoy)	0.0	4.1	2.9
CPI (% yoy)	2.6	2.0	2.0
Policy Rate (end of period)	6.00	5.00	4.00
Fiscal Bal (%/GDP)	-2.0	-3.3	-3.9
CurAct Bal (%/GDP)	7.3	4.6	4.4

Source: BofA Global Research estimates

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Ukraine: still awaiting for clarity

Vladimir Osakovskiy >>
Merrill Lynch (DIFC)

Seeking support

2024 budget envisages well over $41bn in external financing, as material part of it is yet to be secured through US assistance package. The latter has passed through the US Senate, but so far remains blocked in the US House until at least the end of this month. However, despite this delay the country has already managed to secure staff-level agreement with the IMF over the third review of the existing EFF program, which is due to unlock another $900m in funding subject to Board approval expected in March. Nevertheless, given high remaining financing needs, the breakthrough with US assistance is clearly required for the market to reassure its confidence in Ukraine fiscal and broader macro resilience. We look forward to a greater clarity on this issue in the near future.

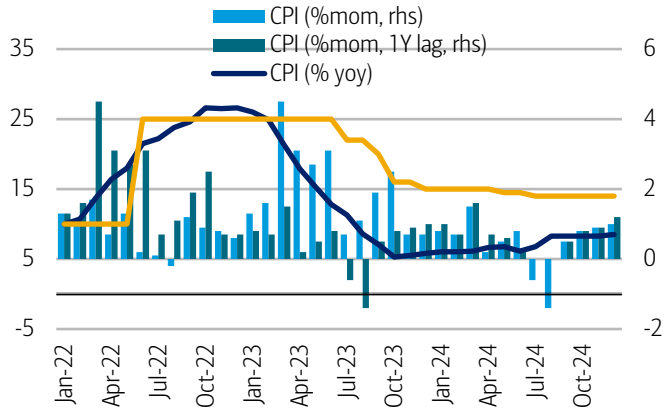
Base effect fades

The National Bank has kept its policy rate unchanged at 15% during its regular policy meeting on January 25. In the press-release the Bank has pointed at higher than expected uncertainty in the general outlook given continued conflict and delay in external support. Inflation slowdown has stopped, but it is expected to remain largely stable around NBU's 5% target in the near future. The Bank continues to see room for "slight reduction" of the policy rate later in the year, conditional on the receipt of "sufficient international financing". Therefore, we still see room for further easing, but trim expected cut to another 100bp in cuts from 2Q24. Further rate cuts will likely be possible only with the general moderation of geopolitical risks.

Macro is the strongest part of investment case overall

We remain constructive on the credit even under the existing status quo, as current valuations offer material upside under most realistic restructuring / recovery scenarios. The authorities reiterate their intent to proceed with the restructuring, which should be largely supportive for the market (see: Ukraine Viewpoint report). Macro dynamics remains the strongest part of the investment case as we see real GDP growth exceeding 6% in 2023, vs IMF's current assumption of 4.5%. However, bulk of economic recovery will likely remains delayed until the end of the war.

Exhibit 117: Base effect to stabilize inflation around 5-7%
NBU has room to cut another 100bp, but caution is warranted



Source: National Statistical Service, Bloomberg, BofA Global Research estimates

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Exhibit 118: Major macro forecasts
Economy will recover slowly

Ukraine	2023F	2024F	2025F
Real GDP (% yoy)	6.3	4.5	8.0
CPI (% yoy, eop)	13.4	7.0	8.0
Policy rate (%, eop)	15.0	14.0	13.0
Fiscal bal (%/GDP)	-20.2	-22.1	-14.3
CurAct bal (%/GDP)	-3.2	-3.7	-2.9

Source: BofA Global Research estimates

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LatAm

Brazil: Fiscal remains the focus

David Beker
Merrill Lynch (Brazil)

Natacha Perez
Merrill Lynch (Brazil)

Brasilopedia: The growth awakens

We published the 11th edition of the Brasilopedia (see report) as the country enters 2024 with a new fiscal framework. For the year, focus should remain on discussions regarding the simplification of the Brazil's tax system, which could lead to higher productivity. Meanwhile, we foresee that investors could rotate back into Brazilian equities as we go through further Selic cuts.

Another hawkish 50bp clip in January meeting

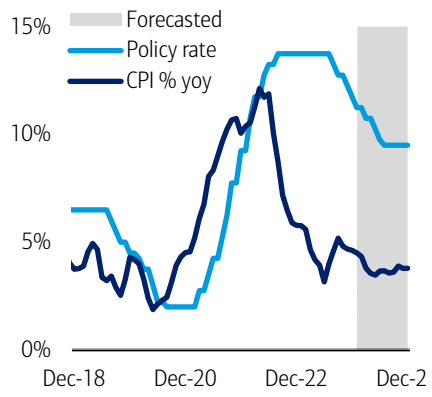
In another unanimous decision, The COPOM delivered the fifth consecutive selic rate cut, reaching 11.25%, in line with expectations (see reports). In the statement, BCB board mentioned the volatility on the external front - demanding cautiousness from emerging countries, while also recognized a disinflationary trend and a slower activity ahead on the domestic side. The staff's inflation forecasts remained above mid-target, giving another hawkish sign, as the board reiterated its commitment to re-anchor inflation expectations.

The Copom minutes (see report) maintained the tone of the statement, reinforcing the pace of 50bp clips ahead (notice the plural in the communication). The board highlighted external risks, with the upcoming start of an easing cycle in developed economies. Geopolitical risks remain a source of caution. On the internal front, the labor market resilience was considered relevant in determining the inflation path, as real wage gains could impact the convergence of services inflation. All in, we continue to expect cuts of 50bp per meeting in the selic rate, with a final 25bp in July, reaching a terminal rate of 9.50% in 2024.

January IPCA: bad news all over

Inflation in January was 0.42% mom (from 0.56% in December, see report), above market expectations of 0.34% mom. In 12 months, inflation decelerated to 4.51% yoy (from 4.62% previously). In the print, core services inflation - the most closely watched metric by BCB - accelerated at the margin by 0.76% mom (from 0.51%), reaching 5.0% yoy and interrupting the downward trend since November 2022. This uptick, in addition to the upside surprise in headline inflation, should reinforce the COPOM cautious stance regarding monetary policy decisions ahead.

Exhibit 119: IPCA and interest rates going down
Basic interest rate (%p.a.)



Source: BofA Global Research, BCB, IBGE

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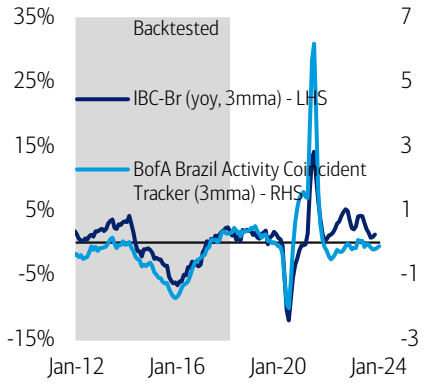
Exhibit 120: 3mma tracker near neutral ground
2024 starting on a good note



Source: BofA Global Research, BCB

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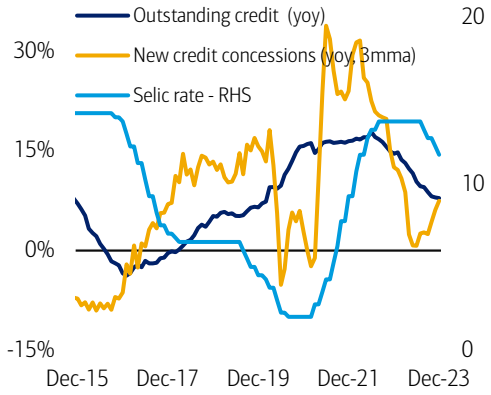
Exhibit 121: Outstanding credit decelerated
New grants suggest a recovery



Source: BofA Global Research, BCB

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Economic activity: Slight acceleration in 4Q23

Economic Activity (IBC-Br Index) increased 0.8% momsa in December, after registering a 0.1% momsa increase in November (revised up from stability in the month, see report). The number was above our (0.40%) and market expectations (0.75%). With December's result, 4Q23 accumulated growth of 0.2% qoqsa and 2023 showed an increase of 2.45% (from 2.76% in 2022). We continue to expect a 3.0% GDP growth in YE23. On one hand, larger social transfer programs, court-ordered debt (precatorios) payments and lower inflation are expected to contribute to avoid an activity slump. On the other hand, gains from agricultural output should become less relevant and the lagged effects of BCB's tight monetary policy continue to be felt partially offsetting the improvement.For January, our BofA Brazil Activity Coincident Tracker returned to positive ground, following five negative results, as the month registered an increase of 0.11pts (from -0.23pts in December). The new year began with a positive read, but not enough to change the signal on the 3mma reading, which now stands at -0.12pts (from -0.17 previously).

Key things to watch in 2024

After a year of positive economic performance and relevant political gains in 2023, Brazil starts 2024 with several challenges and questions. In our report, we tried to answer the five most important questions to get through this year. Fiscal discussions should remain again on the spotlight, as the government will have to comply with the zero-deficit target and sustain the credibility of the new fiscal framework. For monetary policy, as mentioned above, Selic rate cuts are expected to continue, leading to a terminal rate of 9.50% in 2024YE.

Meanwhile, inflation measures should continue to decelerate towards 3.7% by 2024-end (from 4.6% in 2023). Activity is also expected to slow down this year, though we are still more optimistic than our peers, with GDP growing 2.2% in 2024 (from an expectation of 3.0% in 2023) – driven by better domestic demand conditions. For the external sector, our forecast for the Current Account Balance is at -US$41bn in 2024 (from -US$29bn in 2023), while Foreign Direct Investment (FDI) should go up to US$65bn (from US$62bn). In the political agenda, it will be key to monitor: the progress in the VAT and Income Tax Reform, as well as the results of the municipal elections.

Credit Markets: the worst is behind

Total outstanding credit was on a downward path since early 2016 (see report), but after Covid-19´s liquidity injection and GDP contraction, credit-to-GDP ratio resumed an upward trajectory, reaching a record-high of 54.2% of GDP in December 2022. However, the pace of credit growth started to slow down by June 2022, after over one year of monetary tightening and more than 1000bp of interest rate increases. This scenario led to record indebtedness levels for both families and companies. New credit concessions turned more conservative and decelerated from 26.4% yoy growth in May 2022 to 1.9% yoy in July 2023. The Central Bank of Brazil (BCB) decided to start cutting the selic interest rate in August 2023. With the ongoing monetary easing, new concessions and non-performing loans are already improving, but the lagged effects of monetary easing are yet to be fully felt by the economy throughout 2024.

Exhibit 122: Major macro forecasts
We forecast GDP to end '23 at 3.0% and '24 at 2.2%

Brazil	2023F	2024F	2025F
Real GDP (% yoy)	3.0	2.2	2.5
CPI (% yoy)*	4.6	3.7	3.5
Policy Rate (eop)*	11.75	9.50	9.50
Fiscal Bal (%/GDP)*	-8.9	-6.4	-6.7
CurAct Bal (%/GDP)*	-1.3	-1.7	-2.2

Source: IBGE, BofA Global Research estimates

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Exhibit 123: BRL forecasts
USDBRL expected at 4.75 by year end

	Q1 24	Q2 24	Q3 24	Q4 24
USD-BRL	4.90	4.88	4.80	4.75

Source: BofA Global Research estimates

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Mexico: Unexpected deceleration

Carlos Capistran
BofAS

Christian Gonzalez
BofAS

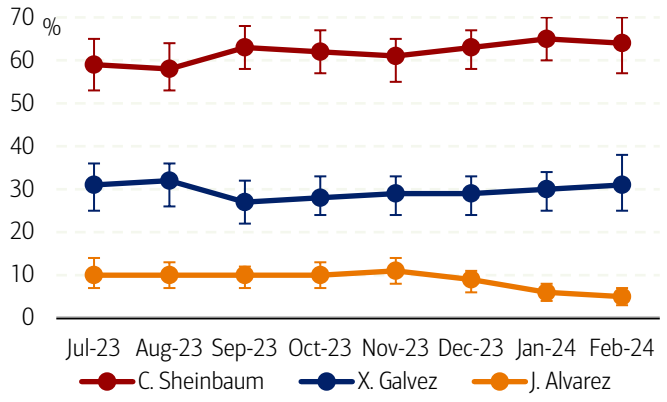
AMLO's 20 reform proposals ahead of electoral campaign

The electoral landscape for the June election remains virtually unchanged, with the incumbent party's presidential candidate Claudia Sheinbaum still ahead in polls, although the difference has narrowed marginally vs. the main opposition candidate Xochitl Galvez (Exhibit 1). However, on the political front some changes have been observed. On February 5th, President Andrés Manuel López Obrador (AMLO) sent a set of 20 constitutional reform proposals (see report) to Congress. The reforms are broad-based and touch upon many topics, from pensions to wages to electoral laws to the supreme court. Constitutional amendments need a 2/3s majority in congress to be approved. AMLO's party does not have such qualified majority in congress. So, it is unlikely that the current congress approves these proposals, except perhaps the change to the minimum wage and to pensions which, with modifications, could be supported by the opposition. This opens the possibility that AMLO's proposals are at least in part to energize his base to try to win a 2/3s majority in congress in the June election.

Activity decelerated unexpectedly at the end of 2023

Activity decelerated significantly in 4Q23. GDP growth came in at 0.3% qoq saar in 4Q23, down from 4.3% in 3Q23, undershooting expectations. On the supply side, the slowdown was mainly explained by a drop in agriculture (-4.1% qoq saar), accompanied by a slight drop in industry (-0.5% qoq saar) and a weak increase in services (+1.1% qoq saar). On the demand side, investment fell 1.3% mom sa in November after a 1.7% mom sa uptick in October. The contraction was driven by construction, following many months of strong non-residential construction (see report). On the consumption side, private consumption increased 0.7% mom sa in November after a 0.2% mom sa drop in October. While November growth was strong, there are signs that could indicate a deceleration in December as remittances decelerated, growing 1.2% yoy (vs 2.1% in November and 7.6% in October) and retail sales surprised to the downside at -0.9% mom sa (down from -0.0% mom sa in November). Exports were a mixed bag in terms of performance, falling -0.3% mom sa in October and -1.7% in November, in part likely in response to a strong peso, but rebounding 1.3% in December. We expect the economy to accelerate in 1H24 due to fiscal stimulus (see report), but to decelerate again in 2H following a drop in government expenditure and probably impacted by a US deceleration.

Exhibit 124: Presidential election voter support (poll of polls, %)
Candidate Sheinbaum continues to lead the race comfortably



Source: Oraculus. Whiskers are 90% confidence intervals

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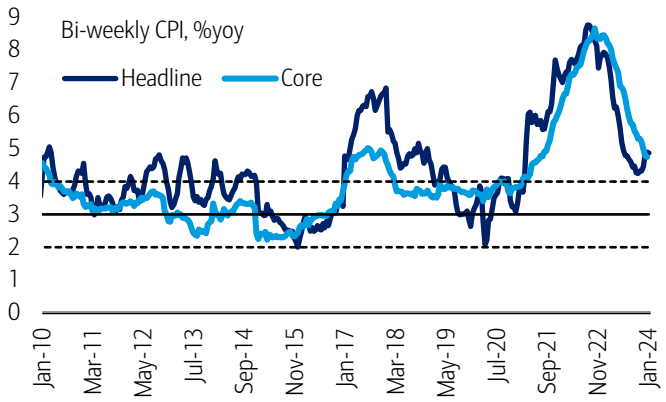
Exhibit 125: Headline and core inflation
The rebound in headline is driven by non-core, while core continues to fall



Source: BofA Global Research, INEGI

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Inflation accelerated in January

Inflation accelerated for the third month in a row in January, as headline hit 4.9% yoy, from 4.7% in December. Yet, core inflation continued to fall, reaching 4.8% yoy, from 5.1% in December. As in the previous two months, inflation was mainly driven by the non-core component, with fruits and vegetables being the main upward pressure in December and January, although inflation there fell significantly in 1H February. On the other hand, services inflation moved down to 5.2% yoy in January, from 5.3% in December, the same level it had in June 2023, which speaks to the stickiness of this component. We expect inflation to remain sticky, ending 2024 at 4.9% yoy and 2025 at 4.4% yoy (see report). We see risks skewed to the upside for inflation, from Red Sea events (see report) to the impact of droughts in Mexico (see 'Mexico: Drought is likely to keep (non-core) inflation high', Feb 22) to the tight labor market.

We expect Banxico to cut in March

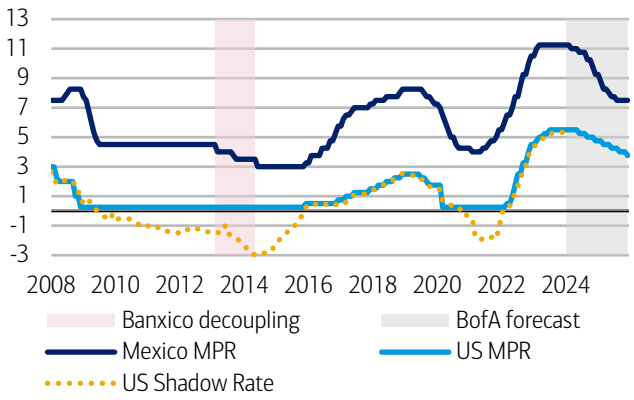
We expect Banxico to begin its easing cycle in March, ahead of the Fed, as it opened the door to cuts in February's monetary policy statement. Banxico said that it will weigh the possibility of "adjusting" the policy rate based on available information in the following meetings, a change from previous guidance which indicated a rate on hold for some time. We continue to expect Banxico to start the cutting cycle gradually, with a switch to deeper cuts in 2H24 (due to a deceleration in activity) for a total of 200bp in cuts this year. Risks are for a later start, as inflation and growth may pick up in following months.

Strategy: This decoupling may be different

Despite the highly persistent services inflation and tight labor market, the downward trend in core inflation and weaker-than-expected economic activity allow Banxico to make a case to begin the easing cycle in March. With the Fed still on hold until June, we believe Mexico is set to decouple from the Fed for the second time in recent history. The first time was in 2013-14, when Banxico cut the policy rate by 150bp while the Fed remained on hold. Back in 2013-14, the Fed was at the zero lower bound and easing via unconventional monetary policy. After accounting for QE, Banxico's cuts in 2013-14 were consistent with unconventional easing of monetary policy in the US (Exhibit 126).

However, this time is different, as the Fed is most likely to pursue a tight monetary policy for longer, while Banxico will begin to ease. In our view, this is the first time Banxico will truly decouple from the Fed. The asset pricing implications are meaningful. First, we expect the easing cycle to bring about a weaker peso as the allure from carry fades, political uncertainty takes center stage, and Mexico slows in 2H24. Second, we believe front-end rates should rally. Yet, we see better value in front-end spreads versus the US to take advantage of the potential decoupling while reducing the negative carry.

Exhibit 126: Banxico and Fed monetary policy rates (%)
Banxico is set to decouple from the Fed for the first time in recent history



Source: BofA Global Research, Bloomberg. The US Shadow Rate, which accounts for unconventional monetary policy, is the Wu-Xia Shadow Rate.

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Exhibit 127: MXN forecasts
We expect USDMXN at 18.5 by end-2023

	Q1 24	Q2 24	Q3 24	Q4 24
USD-MXN	17.8	18.0	18.3	18.5

Source: BofA Global Research

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Exhibit 128: Major macro forecasts
We expect Mexico to grow 1.8% in 2024

	2023	2024F	2025F
Real GDP (% yoy sa)	3.2	1.8	1.0
CPI (% yoy)	4.7	4.9	4.4
Policy Rate (end of period)	11.25	9.25	7.50
Fiscal Bal (%/GDP)	-3.3	-4.9	-2.1
CurAct Bal (%/GDP)	-0.3	-1.2	-1.1

Source: BofA Global Research

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Argentina: Fiscal adjustment in motion

Sebastian Rondeau
BofAS

The new government is implementing a decisive stabilization plan including a large fiscal adjustment and relative price correction. This allowed to reach an IMF agreement. Capital controls removal is very gradual. The pro-growth structural reforms proposals are ambitious and are facing hurdles in Congress and courts. The Omnibus Bill was withdrawn from congress due to insufficient support. Inflation is declining but from a high peak. The big risk is the population reaction to the adjustment.

Fiscal adjustment visible

The government announced a balanced budget target involving a 5% of GDP adjustment for 2024, 3% of GDP through spending cuts, 2% revenue measures. Import tax and fuel tax hikes are already in place (1.1% of GDP). We still see room for a fiscal pact with governors to increase income taxes (and a tax amnesty). The deep recession in 1Q (sharp decline seen in early consumption indicators), will affect government revenue but a better harvest will support revenue in 2Q. We forecast a 0.8% of GDP primary surplus in 2024 in a conservative scenario (it could be higher with a fiscal pact).

ARS devaluation-appreciation

The ARS devaluation (+120% ARS increase in December) combined with persistent capital controls allowed a strong FX reserves accumulation ($6bn since President Javier Milei took office to $27bn). This was also allowed by slow allocation of USD to new imports. The slow ARS depreciation (2% monthly) is putting pressure on the parallel FX (gap vs official ARS jumped to 35% from a 12% low). We expect BCRA will have to accelerate ARS by March. The starting of the soy harvest in April supports the FX. BCRA is selling USD bonds to importers (it allocated $7bn so far) for them to pay excessive debts. We expect the parallel FX gap to drop to 20% in 2024 but after an ARS correction. We forecast a current account surplus of almost 1% of GDP this year (from a 4.4% deficit in 2023).

Inflation progress, but relative price correction puts pressure

Inflation was down to 20.6% mom in January, from a 25.5% peak in December (jumping from 12.8% in November). We see a decline to one digit in June amid a deep recession. In 2024, we forecast inflation at 205%, down from 211% last year. The Inflation jump is partly a one-off relative price correction following the devaluation and de-regulation, partly a persistent component form previous policies and indexation. Relative price correction, especially in regulated services, will weigh on inflation in February-April. We forecast a 3.5% GDP decline (from 3% before), despite the harvest rebound.

IMF staff level agreement: $4.7bn disbursement. New agreement possible?

Argentina reached an Agreement (SLA) with the IMF and obtained $4.7bn loan disbursement. IMF praised the government ambitious stabilization program including a "large and credible" upfront fiscal adjustment, actions to rebuild reserves, to correct relative prices, and to move to a market-oriented economy. FX reserves accumulation target is+$7.3bn in 2024. The government is committed to eliminate the multiple FX regime. The government said it analyzes to negotiate a new IMF program (fresh funds not off the table).

Chile: Volatile inflation

Sebastian Rondeau
BofAS

Volatile inflation, volatile BCCh?

Headline inflation was 0.7% mom in January, above the 0.4% mom expected by Bloomberg consensus, up from a 0.5% deflation in December (it was also +0.7% in November). Inflation prints remain extremely volatile, which makes it hard to extract a clear signal. This should lead to caution from BCCh regarding coming cuts. Core inflation was also high at 0.7% mom, up from -0.4% in December. The INE statistics agency published the new CPI monthly data with base year in 2023. In the last 12 months, inflation was slightly down to 3.8% yoy (3.9% in December) using overlapped series. The central bank cut rates by 100bp in January to 7.25%, faster than the 75bp cut in December, as inflation is converging to 3% faster than they anticipated. BCCh minutes were pretty dovish before the bad inflation print (they see convergence to 4% neutral rate in 2H). We expect BCCh to slow down and cut rates 75bp in coming meeting, given CLP pressures amid higher US interest rates. We see the rate down to 5% in December. We forecast inflation at 3.4% this year.

Overall, the Chilean economy is stagnant with a drop in December but marginal growth in 4Q (non-mining +0.5% qoqsa) (October-November were positive). Business sentiment recovered in January after a very weak December. We expect GDP to rebound 2.2% in 2024 (from -0.1% in 2023) given expansionary fiscal and monetary policy (plus increasing labor supply). Construction remains a drag. Lower policy uncertainty as the Constitution remains is also positive. Still uncertainty remains amid structural reforms discussion and fiscal concerns. The fiscal deficit reached 2.4% of GDP last year, which adds upside risks for the 2024 budgeted deficit of 1.9% of GDP (medium-term balanced budget targets seem challenging). The current account deficit declined to 3.3% of GDP in 2023, from a 10% peak in 3Q22, and will fluctuate around 4-5% of GDP next two years. Copper production and lithium prices have disappointed in 2023.

Structural reforms: pensions and investment permits

Pension reform was partly approved in the Lower House, but key 6% additional employer contributions were rejected. The original reform keeps the individual capitalization system, opens the option to invest in private pension funds or a new public fund, it creates a new mixed fund with 6% additional employer contributions (financing future and current pensions) and a universal pension increase. We see some room in congress to advance with a pro-growth agenda: the government presented a bill to reduce the timing for investment projects permits by about 30%. The government was negotiating a fiscal pact including a watered-down tax reform (aiming at 2.7% of GDP) together with spending priorities (pensions 1.2% of GDP, health 0.9%, security 0.3% other social spending 0.3%). The tax proposal is based on income taxes (scrapping a wealth tax). A fragmented Congress is unlikely to vote for more taxes given rejection from parties on the Right. The copper royalty approved last year (collection 0.5% of GDP), unleashed investments, and it could finance government spending.

New constitution rejected: debate postponed indefinitely

Chileans rejected the new constitution on December 17 and the current constitution (considered market friendly) will remain in place. We do not expect a new constitutional debate at least until 2026.

Exhibit 129: CLP forecasts
USDCLP expected at 950 by year end

	1Q 24	2Q 24	3Q 24	4Q 24
USD-CLP	960	955	952	950

Source: BofA Global Research estimates

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Colombia: Tempering the optimism

Alexander Müller
BofAS

Pedro Diaz
BofAS

Weaker-than-expected growth and disappointing guidance on fiscal policy

We have been in the optimistic camp on Colombia since late 2022 under the argument that markets were pricing too much of a risk premium, exaggerating the imbalances of the economy and the political risks. In our scenario, the guidance on economic policies would moderate (after the election of Petro in mid-2022) and macro imbalances (external and fiscal) would moderate substantially. This, indeed, played out, and is now reflected in asset prices. For instance, net public debt fell 5pp of GDP in 2023, to 52.8% of GDP, below the "anchor-level" (55%) written in the Fiscal Rule. Anyway, recent developments are making us a bit less optimistic about the economic outlook.

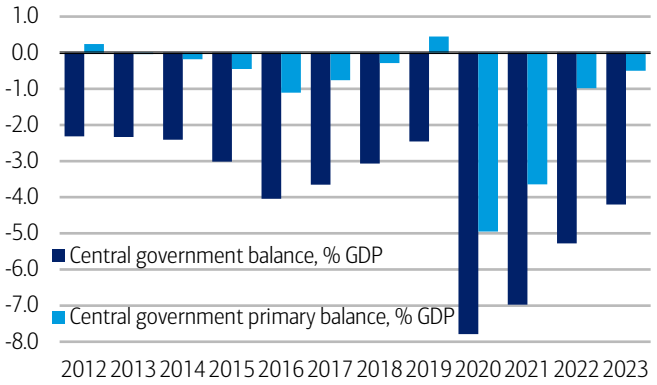
Revising down GDP growth forecasts for 2024 and 2025

GDP growth in 2023 ended up being 0.6%, almost half of median expectations (1% in central bank's survey). The surprise wasn't really a very bad Q4, but rather a downward revision in the first three quarters of 2023. Given the new information, we are revising down our GDP growth forecasts for 2024, to 1.4% (from 1.9%), and 2025, to 2.8% (from 2.9%). We do see the economy gaining traction in 2024, as lower inflation improves the purchasing power of consumers and investment rebounds (from a sharp contraction in 2023) amid lower interest rates and less uncertainty about economic policy risks.

Government is now targeting wider fiscal deficits for coming years

We see the government's new fiscal targets (-0.9% primary deficit in 2024) as disappointing, particularly the planned increase in primary spending (0.8pp of GDP versus 2023). We acknowledge that the government remains committed to complying with the fiscal rule though. From a silver-lining perspective, we think there are two strong reasons for the government to aim at outperforming, and not just meeting, the fiscal rule targets. First, the fiscal rule is still operating under a transitional and more permissive set of targets (under the permanent rules, in effect from 2026, the targets will be stricter). Second, the fiscal rule does not force the government to fully reduce spending in 2024 to compensate for last year's court decision on the deductibility of royalties, which will reduce revenues in 2024 by about 0.4% of GDP. The fiscal rule is designed to smooth out this shock, but we think the spirit of the rule is to protect spending against exogenous shocks outside the government's control (such as oil prices) and not against policy mistakes (unsuccessful revenue strategy).

Exhibit 130: Central Government balances (% of GDP)t
Fiscal deficit widened substantially in past years



Source: BofA Global Research, BANREP, FinMin

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Exhibit 131: COP forecasts
USDCOP expected at 4,100 by year end

	1Q 24	2Q 24	3Q 24	4Q 24
USD-COP	4,000	4,050	4,075	4,100

Source: BofA Global Research estimates

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Exhibit 132: Major macro forecasts
GDP to grow 1.4% in 2024

	2023	2024F	2025F
Real GDP (% yoy)	0.6	1.4	2.8
CPI (% yoy)	9.3	5.0	3.5
Policy Rate (%, eop)	13.00	9.5	6.0
Fiscal Bal (%/GDP)	-4.2	-5.0	-4.2
CurAct Bal (%/GDP)	-3.0	-3.3	-3.2

Source: BofA Global Research estimates

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Peru: Economic policy continuity

Alexander Müller
BofAS

Pedro Diaz
BofAS

Changes in ministerial cabinet unlikely to have negative impact

In February President Dina Boluarte changed four (out of eighteen) ministers of the cabinet. The most relevant appointments, in our view, happened in the Ministry of Finance and the Minister of Energy. Given the weakness of economic activity (GDP contracted 0.6% in 2023) and the violation of the Fiscal Responsibility Law (last year fiscal deficit exceeded cap by 0.4pp of GDP, US$ 1.1bn) the presence of a new Finance Minister, with possibly different ideas, matters for investors. By the same token, a change in the Ministry of Energy is relevant because of the crisis in the state-owned oil company, which is requesting financial aid from the government (with taxpayer money).

New Finance Minister is reassuring markets and the business community

Jose Arista assumed the position of Finance Minister on February 13th. His professional credentials and remarks to press suggest Peru's fiscal policies will remain conducted in an orthodox way. In our view, the violation of the Fiscal Responsibility Law in 2023 was the result of unexpected shocks (social protests, cyclone, and costal El Niño) rather than policy slippage. Finance Minister Arista says he plans to narrow the fiscal deficit to 2% of GDP in 2024 (from 2.8%) in line with the target of the Fiscal Responsibility Law. He is an experienced policymaker. Arista served as Vice Minister of Finance during Alan Garcia's second government when the economy performed strongly.

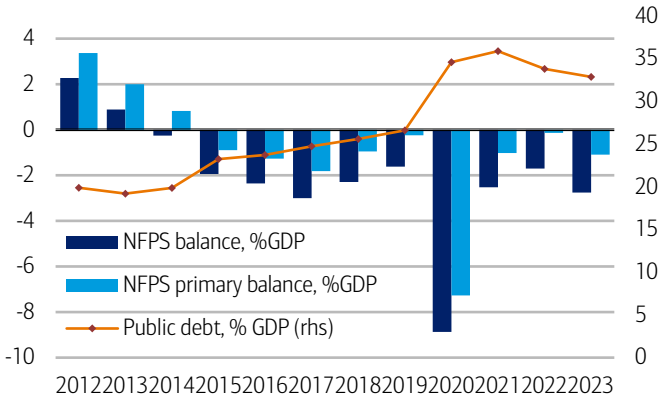
Appointed Minister of Energy is pro-mining and will not allow oil SOE to fail

The new Minister of Energy, Romulo Mucho, is an engineer who has a reputation for being pro mining. Among his first comments to the press were his intentions to revive the Tia Maria copper project (that could move the needle of the economy). In Peru, the Ministry of Energy is also responsible for regulating the mining sector. On the energy side, Minister Mucho has communicated he plans to improve the oil state-owned-company's corporate governance and ensure it has working capital to operate (but without giving it a capital injection).

Lowering GDP growth forecasts slightly

The GDP contraction in 2023 was slightly worse than we expected (-0.6% vs. -0.5%). Given these results and incoming information, we have revised down our GDP growth forecasts for 2024, to 2.5% (from 2.6%), and 2025, to 2.9% (from 3%).

Exhibit 133: Non-Financial Public Sector balances and debt (% of GDP)
Fiscal slippage in 2023 was driven by lower revenues



Source: BofA Global Research, BCRP, FinMin

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Exhibit 134: PEN forecasts
Stable PEN expected in 2024

	Q1 24	Q2 24	Q3 24	Q4 24
USD-PEN	3.75	3.74	3.74	3.75

Source: BofA Global Research estimates

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Exhibit 135: Major macro forecasts
GDP growth expected to rebound to 2.5% in 2024

	2023	2024F	2025F
Real GDP (% yoy)	-0.6	2.5	2.9
CPI (% yoy)	3.2	2.4	2.5
Policy Rate (eop)	6.75	4.00	4.00
Fiscal Bal (%/GDP)	-2.8	-2.5	-1.5
CurAct Bal (%/GDP)	0.6	-1.5	-1.3

Source: BofA Global Research estimates

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Uruguay: GDP recovery

Sebastian Rondeau
BofAS

BCU makes a pause

Inflation was stable in January at 5.1% yoy (5.1% in 2023), down from 8.3% in 2022, but is off the recent 3.9% low. Core inflation stands at 4.3% yoy, below the center of the target range (3-6%). We forecast inflation will pick up to 5.5% this year amid wage hike agreements mostly above 7% and weaker UYU. BCU kept rates at 9% in February after cutting 25bp in December (-325bp cuts in 2023), making a pause. We forecast BCU will cut the policy rate more slowly, down to 8.5% by end 2024 (vs 8% previously), amid higher US rates and weaker Latam currencies, wage pressures and stronger activity.

GDP to recover in 2024

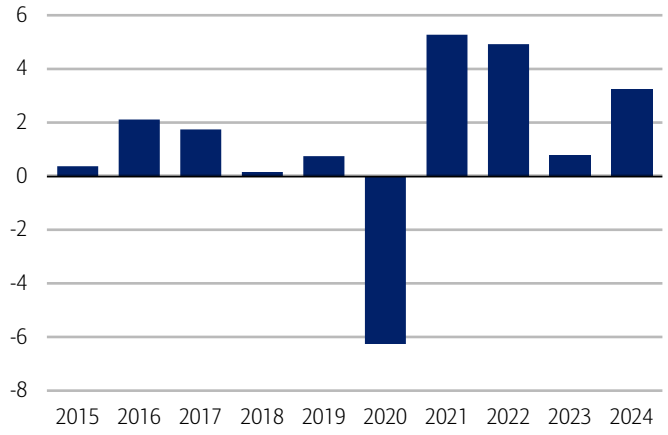
We estimate GDP growth declined to 1.1% in 2023 (from 4.9% in 2022), amid the drought and slower global growth including neighbors Argentina and Brazil. The severe drought in 2023 would have shaved more than 2% of GDP. We expect a 3.3% GDP rebound in 2024 amid weather normalization, pulp mill production (opened in June 2023 and could add about 1% of new exports annually) and FDI. This includes potential investments in renewable energy (a hydrogen plant and others).

Elections and pension risks

Elections in October 2024 generate some noise but the political system in Uruguay is perceived as moderated and less polarized than the region. In the left coalition, a moderate (Yamandu Orsi) leads the polls for the primary election (June) but it is not a done deal. The national union of workers (CGT) seeks a plebiscite to derogate the pension reform law (retirement age back to 60 years, eliminate AFAP pension administrators and establish a minimum pension above the minimum wage), but our base case is the reform will remain in place.

The pension reform increased the retirement age (to 65) and changed the calculation of pensions to improve the sustainability of the system (A week to remember, see report). The system remains mixed (pay-as-you go component and individual capitalization). Structural progress led to rating upgrades last year.

Exhibit 136: Real GDP growth (%)
We expect 2024 GDP growth at 3.3%



Source: BofA Global Research

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Table 4: UYU Forecast
UYU depreciation to slow going forward

	Q1 24	Q2 24	Q3 24	Q4 24
USD-UYU	39.3	40.2	40.6	40.7

Source: BofA Global Research estimates

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Table 5: Major macro forecasts
GDP should bounce in 2024

Uruguay	2023F	2024F	2025F
Real GDP (% yoy)	1.1	3.3	2.0
CPI (% yoy)	5.1	5.4	5.5
Fiscal Bal (%/GDP)	-3.3	-2.4	-2.4
CurAct Bal (%/GDP)	-4.0	-3.0	-2.6

Source: BofA Global Research estimates

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Venezuela: Tensions escalate

Sebastian Rondeau
BofAS

Machado ban vs Barbados agreement. Tensions escalate.
The Supreme Court upheld a ban on opposition leader Marina Corina Machado to hold public office, which means she cannot run for president in coming elections. The EU Parliament said it will not recognize Venezuela's presidential elections unless the government allows her to run. A US official said the US is committed with the political agreement process between Venezuela's parties, not a specific candidate. But that it continues to advocate for all candidates to participate. Recall the opposition and the government reached agreements in Barbados to hold free presidential elections in 2H24. Also, the government expelled the United Nations Human Right staff from Venezuela after they criticized the arrest of activist Rocio San Miguel. Despite the tensions, the government and opposition members met to discuss the election date. Jorge Rodríguez (government negotiator) said the parties met in Caracas according to Bloomberg. Norwegian mediator Dag Nylander also attended.

Oil production slowly increasing
We think the sanctions lifting could help raise oil production to about 950kpd by end 2024 or a +130 kbpd increment if maintained, as the country is signing agreements with partners and providers. Oil production remained steady at 820kbpd in January, compared to 760kbpd average in 2023 (670 kbpd in 2022). In October, the U.S. lifted restrictions for production and exports on Venezuela oil and gas sectors (and provision of services) for six months (through April 2024) following the Barbados' agreement. Uncertainty about the persistency of the authorizations will prevent more sizeable long-term investment in the sector, in our view. Exports are finding better markets after the authorizations (increasing the perceived prices). We think export revenue could increase $5-6bn this year. Incremental revenue are likely to be used for imports of essential goods given the humanitarian crisis, ahead of the elections. Recall oil production already had recovered to almost 800kbpd in October, way off the 500k all-time low reached in 2021, given sanction relief on Chevron and exports to Europe and other markets. But it is still way off the 3mn bpd high. PDVSA had presented a plan to raise output to 1.17 million barrels per day (bpd).

Index re-weighting plan
JP Morgan announced a plan to re-weight bonds from Venezuela and its oil company in emerging market debt indexes, in over a three-month period starting April 30. Weights would go to ~0.56% of the index, which would involve about $2bn in market value (part of which would have been bought already in anticipation). Recall secondary trading restrictions of Venezuela sovereign and PDVSA (Petroleos de Venezuela) bonds were lifted and investors watch potential weight increase in bond indices. The authorizations do not include primary markets of debt of Venezuela and PDVSA, which implies a restructuring of the bonded debt cannot be negotiated as it precludes new bond issuance (bonds are in default since 2017).

Inflation contained, but minimum wage hike will put pressure
Inflation was stable at 4.2% mom in January, down from 7% mom average last six months (peak of 39% in January 2023). Inflation was 130% yoy in January, below 205% in December (300% in 2022). Slower currency depreciation (only 112% in 2023) and drop in real wages helped. The increase in oil production backed FX intervention. However, the government announced a 45% minimum wage increase that will accelerate inflation in coming months. We forecast inflation at 100% in 2024. The government had showed signs of pragmatism allowing a de-facto dollarization, opening to some business with the private sector (selling some equity in state owned enterprises).

Commodities

Oil: Oil regains upper hand over money

Francisco Blanch
MLPF&S

Energy prices have fallen since 3Q23, then steadied

From oil, to gas, to coal, global energy prices have been on a downward trend for almost two years now. Brent fell from a high of $139/bbl in 2022 to a low of $70/bbl at the end of last year, while European TTF gas collapsed from a high of €340/MWh to a low of €23/MWh in June 2023, though winter prices reached as low as €23.45/MWh this week. Since early December, however, oil has bucked the trend observed in other energy markets and recovered, pushing up for about 10 weeks now on the back of OPEC+ cuts and an increasingly complex geopolitical landscape. In fairness, oil markets remain quite dislocated, with much longer supply chains as vessels are forced into new routes. Still, gasoline prices relative to average hourly earnings have come down significantly from the 2022 highs, and the cost of energy as a share of income has now normalized on a spot and forward basis after the great gas & power crisis of 2022.

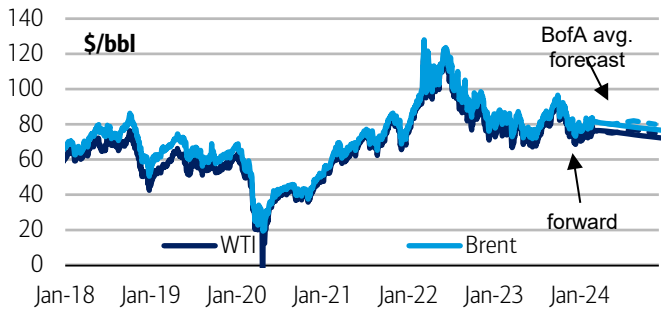
Oil may regain upper hand over money on rate cuts

Key policy measures by the Biden Administration on Russia, Iran, and Venezuela, a surge in US shale output, coupled with warm weather and more renewables, as well as steep interest rate hikes by the Fed and ECB, have forced OPEC+ to cut oil production repeatedly to firm up markets. In turn, output cuts translated into rising spare production capacity. With this backdrop, long dated oil remains anchored at $70/bbl, resulting in relatively backwardated global crude oil curves. As such, global capex trends haven't changed much in the past two years. A wave of US mergers should further enhance capital discipline, with even Aramco now joining the spending cuts. After all, relative to a number of metrics such as income, other goods in the economy, or even history, oil appears relatively cheap, particularly given where global inventories stand today.

Still, we see muted oil volatility in the months ahead

Headline inflation has come down with lower energy costs, yet core inflation and wage growth have been stubbornly sticky in the US. For now, the fixed income market, and our economists, expect meaningful interest rate cuts this year. Should monetary policy ease, the downward pressure on energy prices observed in the past two years should likely reverse if OPEC+ discipline holds. Thus, while many factors have come together to stabilize oil prices in the recent $80 range, we believe that volatility may have further room to drop. In part, implied oil vol has begun to converge with muted realized volatility in global energy markets, a trend that we think will continue as juxtaposing forces extend the recent period of oil price stability into 2Q24, geopolitics permitting.

Exhibit 137: Crude oil price forecast versus forwards
We expect oil prices to trade near current forward strip levels this year



Source: Bloomberg, BofA Global Research estimates

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Exhibit 138: Crude oil forecasts ($/bbl)
We forecast Brent to average $80/bbl and WTI to average $75/bbl in 2024

	Q1 24	Q2 24	Q3 24	Q4 24
WTI	73	75	77	75
Brent	78	80	82	80

Source: BofA Global Research estimates

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Natural gas: Winter weather melts global gas prices

Francisco Blanch
MLPF&S

Warm weather, high inventories weighed on gas prices

The end of winter is still more than a month away, but temperatures have been mild thus far in much of the Northern Hemisphere for the second consecutive year, hurting natural gas heating demand. Furthermore, economic activity has been sluggish in Europe and China, denting industrial gas usage too. Meanwhile, supply has been ample, with global LNG utilization rates averaging 98.5% during Nov-Jan, up 3.5% YoY and the highest level since 2020, according to Platts. These factors kept inventories high and weighed on front month TTF and JKM gas prices, which fell 42% and 47% to €25.90/MWh and $9.40/mmbtu, respectively, since the end of October 2023.

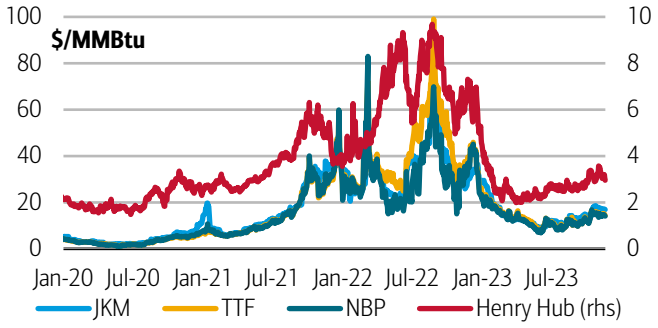
More downside for prices likely into shoulder season...

Barring extreme weather, demand should soften seasonally from here as supply recovers from recent outages, keeping NWE storage near five-year highs and at comfortable levels elsewhere. As the risk of a winter shortfall fades further, gas prices should move lower into spring to stoke more demand and incentivize storage, testing 2023 lows. Fortunately, global LNG supply is set to grow just 8mn mt YoY in 2024 or 1.7% vs >5% on average since 2019, driven by 2H project starts. Even though economic growth should slow this year, the market won't have to contend with blowout supply growth, at least until late 2024-25. Potential LNG starts in 2024 include Plaquemines, Golden Pass, Corpus Christi stage 3, Arctic LNG, and LNG Canada, but most growth will hit in 2025, lifting global supply 25mn mt YoY.

...but restocking, LNG delays, weather may offer relief

The gas market is soft, but several factors could tighten balances as the year progresses. First, global manufacturing, which struggled since mid-2022, has likely troughed and inventory-to-sales ratios are falling in the US and elsewhere, which may herald a restocking cycle. A return to manufacturing growth would raise global industrial gas demand and Red Sea disruptions could give Europe a much-needed boost. Second, LNG terminals are complex and some require regulatory approval before startup. We see a high risk that some capacity planned for 2024 is delayed, cutting 2H24-2025 global supply growth. Third, weather was a headwind for natural gas demand recently, but normal or cold weather next fall/winter could overshadow supply growth. On the demand side, rising output and economic weakness create uncertainty for China.

Exhibit 139: Global natural gas prices
Global gas prices crumble on elevated inventories



Source: Bloomberg

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Exhibit 140: Nat Gas forecasts
Henry Hub gas prices should remain depressed in 2023

	Q1 24	Q2 24	Q3 24	Q4 24
US nat gas	2.90	2.50	3.00	3.60

Source: BofA Global Research estimates

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Gold: China/ India strong, investors weak

Michael Widmer
MLI (UK)

Themes: investor interest subdued

Gold demand has been patchy in recent months, with offtake from "traditional" physical markets including India and China solid. Central banks also kept adding the yellow metal to their portfolios. Yet, demand from investors has remained too weak for gold to sustain a rally. Indeed, assets under management at physically backed exchange-traded funds have fallen by 3.4% YTD and 10.5% YoY. Of course, investors keep a close eye on the Fed. Linked to that, gold was under pressure immediately after January's FOMC decision, although it gradually recovered those losses. Touching on that meeting, our US economics colleagues note that Powell significantly raised the bar for a March cut.

Forecasts: waiting for the Fed and USD

From a gold market perspective, there are two takeaways from the recent FOMC meeting: 1) the gold market had been too aggressive in pricing an easing of monetary policy, so here was bound to be some volatility in gold on any re-pricing; 2) cuts are ultimately coming and this is where gold finds support. Taking this a step further, as inflation overshot in the most recent US CPI report, gold fell below $2,000/oz. The upside from that decline in prices is that expectations of an aggressive easing cycle that would have taken gold higher swiftly have now mostly been priced out, i.e. the headwind from any rate cut re-pricing is mostly gone. All in, we see gold range-bound near-term, but prices should move higher as US central bankers start easing.

Risks: accelerated rate increases

A continued hawkish Fed would push gold prices down.

Exhibit 141: Forecast vs Forwards
Fed rate cuts should take gold prices higher

Source: BofA Global Research estimates

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Exhibit 142: Gold and silver forecasts ($/oz)
Forecasts caught between inflation and higher nominal rates

	Q1 24	Q2 24	Q3 24	Q4 24
Gold	1,950	1,950	2,000	2,000
Silver	22.50	23.00	23.53	24.00

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Copper: China struggles with 3Ds

Michael Widmer
MLI (UK)

Themes: China struggles with deflation, debt and demographics

China's grid investment carried the global copper market in 2023. Our analysis suggests that green spending should also support demand this year. Notwithstanding, the three Ds – deflation, debt and demographics – are formidable challenges for the Communist Party. Managing those, while moving the economy up the value chain, will be tricky. Near term, we believe wider demand weakness on subdued sentiment is the key issue in China, and that is unlikely to be remedied with measures targeting the supply side of the economy, including credit easing. Indeed, the government ultimately needs to put together a policy mix that lifts sentiment; hence the resolve to push equities higher.

Against these headwinds, we are focused on how committed authorities are to investing in the 10 strategic industries (including EVs) to keep metals demand going. China's copper demand growth was extremely strong last year, but refined copper imports stayed within longer-term ranges. This was possible because domestic refined production hit a series of record highs in 2023, on ample mine supply and destocking. Yet, concentrates availability has tightened, also because mine supply growth is slowing. Ultimately, China's consumers may be forced to increase refined imports.

Forecasts: 2H upside

In contrast to some of the energy commodities, the base metals usually follow a longer-term business cycle trend, so they tend to be more stable intra-year. That said, copper prices have shown some "seasonality", often outperforming in 4Q, before then giving back those gains. Year-end rallies have been accompanied by an increase in speculative length, especially in the past two years after the end of COVID and China's re-opening.

Meanwhile, the underperformance of copper into spring/summer has often been preceded by rising inventories: Northern Hemisphere winter and China New Year holidays tend to subdue markets. 'Sell in March and go away' can work, but a bottoming out of the global economy, an end to de-stocking through supply chains and rate cuts may make that trade more difficult in 2024. We remain constructive on copper into 2H24 and expect prices to average $10,500/t ($4.76/lb) in 2025.

Risks: China remains weak

A continued sharp contraction of China's housing market would be bearish.

Exhibit 143: Forecast vs Forwards
Upside in 2H24

Source: Bloomberg, BofA Global Research

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Exhibit 144: Copper forecasts
The bull market has been fading

	Q1 24	Q2 24	Q3 24	Q4 24
US$/t	8,000	8,500	8,750	9,250
USc/lb	363	386	397	420

Source: Bloomberg, BofA Global Research

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Aluminum: supply growth falling by half

Michael Widmer
MLI (UK)

Themes: Red Sea issues a logistical issue, not a disruption

European imports from Russia have fallen from 840Kt in 2020 to 567Kt in 2023, with the United Arab Emirates and India gaining market share. Incidentally, the shift in trading patterns also means that Europe has replaced low-carbon with high-carbon aluminium units (see Weak EU economy captures carbon again, see report).

In any case, the data shows that aluminium has been re-routed. Looking at this from a different angle, with more material moving from East to West, the Red Sea issues have had an impact on physical markets, with premia (paid on top of exchange-quoted prices and an indicator of regional prices) gradually pushing higher. That said, we don't view these shipping issues as a genuine supply curtailment, but more as a logistical headaches resulting in longer lead times.

Forecasts: Aluminium fundamentals are strengthening

Aluminium prices have found support around $2,200/t (100c/lb), notwithstanding persistent macro headwinds. That support has been driven by a confluence of factors. Most importantly perhaps, global aluminium supply is expanding by an average of only 2.4% out to 2025, compared to 4.7% between 2011 and 2017. Tying in demand, we expect consumption growth of 4% per annum until 2030 in our base case, compared to an average of 5% pa in the past decade, implying sustained deficits.

The stronger fundamental backdrop is also mirrored by the tight physical market in China, which had been the most oversupplied in the past. All in, we believe aluminium prices are range-bound near-term but they should move higher as the global economy bottoms out in 2H.

Risks: smelters reopen

Re-opening of smelters in China beyond the capacity cap, along continued subdued demand globally would be headwinds.

Exhibit 145: Forecast vs Forwards
We are bullish aluminium in 2024

Source: BofA Global Research estimates

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Exhibit 146: Aluminum forecasts
Aluminium fundamentals look bullish

	Q1 24	Q2 24	Q3 24	Q4 24
US$/t	2,250	2,500	2,750	2,750
USc/lb	102	113	125	125

Source: BofA Global Research estimates

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Appendix

GEMs Macro Forecasts

Exhibit 147: Key Macroeconomic forecasts
GDP and CPI forecasts

	Real GDP growth (% yoy)							CPI Inflation (%)						
		2024F			2025F				2024F			2025F		
	2023	BofA	Chg.	Consensus Economics	BofA	Chg.	Consensus Economics	2023	BofA	Chg.	Consensus Economics	BofA	Chg.	Consensus Economics
GEMs	4.2	4.0	(0.2)	3.9	4.3	-	3.8	3.7	3.2	(0.1)	5.8	3.3	0.3	5.8
GEMs (ex. China)	3.6	3.6	(0.2)	3.6	4.2	0.1	3.5	9.6	8.7	0.2	8.4	6.3	0.4	8.4
GEM-10	4.6	4.3	(0.1)	4.2	4.5	0.1	4.2	5.2	5.1	(0.4)	5.2	4.2	0.1	5.2
Global	3.0	2.8	-	-	3.1	0.1	-	4.2	2.9	(0.2)	-	2.7	0.2	-
US	2.5	2.1	0.7	2.5†	1.8	0.5	2.0†	4.1	3.0	0.2	4.1†	2.4	0.1	2.7†
Euro area	0.5	0.4	(0.1)	0.5†	1.1	(0.1)	0.5†	5.5	2.3	(0.3)	5.4†	1.4	-	2.3†
Japan	1.9	0.3	(0.5)	1.9†	1.4		0.7†	3.3	2.5	(0.7)	3.3†	1.9	0.3	2.2†
Asia	5.0	4.8	-	4.7	4.7	-	4.7	2.2	2.0	(0.4)	2.5	2.5	0.1	2.6
China	5.2	4.8	-	4.5	4.6	-	4.4	0.4	0.8	(0.6)	1.6	1.7	0.1	1.7
Hong Kong	3.2	2.1	-	3.1	2.4	-	3.0	2.1	2.0	1.0	2.1	1.9	0.2	2.1
India	6.5	5.8	-	6.2	6.0	-	6.2	5.4	4.6	-	4.7	4.5	-	4.7
Indonesia	5.0	5.1	-	4.9	5.2	-	4.9	3.7	2.8	(0.2)	3.0	2.8	(0.2)	2.9
Korea	1.4	2.3	-	2.1	2.5	-	2.0	3.6	2.3	(0.2)	2.4	2.0	0.4	2.3
Malaysia	3.7	4.4	(0.2)	4.3	4.8	-	4.3	2.5	2.0	(0.3)	2.5	2.5	-	2.5
Philippines	5.6	5.4	-	5.5	5.5	-	5.5	6.0	3.3	-	3.8	3.1	-	3.8
Singapore	1.1	2.6	0.3	2.1	2.6	-	2.2	4.8	2.8	0.2	3.1	2.3	-	3.1
Taiwan	1.4	3.2	-	3.0	2.3	-	2.9	2.5	2.0	-	1.7	1.5	-	1.7
Thailand	1.8	2.6	(1.1)	3.7	2.8	0.1	3.6	1.6	0.8	(0.9)	1.9	0.9	(0.1)	1.9
EEMEA	1.9	2.4	(0.9)	2.6	3.8	0.2	3.2	9.5	7.9	1.2	20.9	6.5	1.5	20.9
Czech R.	-0.4	1.0	(0.6)	2.2	2.6	(0.1)	2.2	10.7	2.1	(0.4)	2.8	1.9	(0.1)	2.8
Egypt	3.8	2.5	(1.5)	3.8†	3.8	(0.2)	3.7†	24.4	29.0	4.0	33.8†	25.0	10.0	28.0†
Hungary	-0.8	2.8	-	2.7	3.0	-	2.7	17.1	4.0	(1.0)	5.3	3.9	(0.1)	3.3
Israel	2.0	2.3	(1.2)	2.1†	3.4	(0.6)	2.0†	4.2	2.5	(0.3)	4.3†	2.2	0.2	2.5†
Nigeria	2.5	3.1	0.1	2.5†	3.1	-	3.2†	24.5	24.0	9.0	24.8†	15.0	-	24.7†
Poland	0.0	3.0	-	2.7	3.5	-	2.7	11.6	4.1	(1.4)	5.6	4.8	1.3	5.6
Romania	1.9	3.0	(0.7)	3.4	3.7	-	3.4	10.5	5.6	(0.4)	5.8	4.0	0.5	5.8
Saudi Arabia	-0.9	0.1	-	-0.5†	4.5	1.6	2.5†	2.6	2.2	0.2	2.3†	2.1	0.1	2.0†
South Africa	0.5	1.3	(0.2)	0.6†	1.5	(0.2)	1.2†	5.9	5.0	(0.2)	5.9†	4.6	(0.1)	5.0†
Türkiye	4.3	3.4	-	2.1	4.6	-	2.1	53.4	56.9	(2.0)	46.9	29.3	(0.3)	46.9
Ukraine	6.3	4.5	(3.2)	4.7	8.0	-	4.7	20.0	7.0	-	9.1	8.0	-	9.1
LatAm*	2.1	1.5	(0.3)	1.6	2.3	0.2	1.6	4.7	4.0	-	3.8	3.7	0.1	3.8
Argentina	-1.6	-3.5	(1.5)	-1.3	3.5	1.5	-1.3	211.4	205.0	35.3	142.0	100.9	-12.3	142.0
Brazil	3.0	2.2	-	1.6	2.5	-	1.6	4.8	3.7	-	3.9	3.5	-	3.9
Chile	0.1	2.2	0.2	1.8	2.0	-	1.8	3.4	3.4	(0.3)	3.2	3.1	(0.2)	3.2
Colombia	0.6	1.4	(0.7)	1.8	2.8	(0.2)	1.8	9.3	5.0	(0.8)	4.7	3.5	-	4.7
Costa Rica	5.1	4.2	0.4	3.0	3.8	0.3	3.0	-1.8	2.3	(0.4)	2.1	3.0	-	2.1
Dominican Rep	2.4	5.3	0.2	3.8	5.0	-	3.8	3.6	4.2	-	4.2	4.9	-	4.2
Ecuador	2.7	1.0	(1.0)	1.6	2.4	(0.4)	1.6	1.3	1.7	(0.3)	1.9	2.1	-	1.9
El Salvador	2.8	2.7	-	1.8	2.8	0.3	1.8	1.2	1.9	-	1.7	1.4	-	1.7
Guatemala	3.5	3.5	-	3.2	4.0	-	3.2	4.2	3.9	(0.3)	4.2	4.3	0.3	4.2
Mexico	3.2	1.8	-	1.9	1.0	0.5	1.9	4.7	4.9	0.2	3.9	4.4	0.2	3.9
Panama	6.0	2.0	(2.0)	4.0	3.6	(0.7)	4.0	1.9	1.7	(0.1)	2.0	1.5	-	2.0
Peru	-0.6	2.5	(0.1)	2.5	2.9	(0.1)	2.5	3.2	2.4	(0.2)	3.1	2.5	-	3.1
Uruguay	1.1	3.3	-	2.8	2.0	-	2.8	5.1	5.4	0.4	5.9	5.5	0.6	5.9
Venezuela	4.0	7.0	(1.0)	4.0	2.0	-	4.0	204.7	103	-	104	176	-	104

Note: LatAm inflation is eop. **Source:** BofA Global Research estimates

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Exhibit 148: Key Macroeconomic forecasts
CA and monetary policy rate forecasts

	Current Account balance (% of GDP)							Monetary Policy rate (%)						
		2024F			2025f				2024F			2025F		
	2023	BofA	Chg.	Consensus Economics	BofA	Chg.	Consensus Economics	2023*	BofA	Chg.	Bloomberg Consensus	BofA	Chg.	Bloomberg Consensus
GEMs	0.7	0.9	0.2	-	1.2	0.2	-	-	-	-	-	-	-	-
GEMs (ex. China)	-0.1	0.6	0.2	-	0.9	0.3	-						-	
GEM-10	0.4	0.6	0.2	-	0.9	0.2	-	-	-	-	-	-	-	-
Global	-	-	-	-	-	-	-	-	-	-	-	-	-	-
US	-	-	-	-	-	-		5.375	4.625	-	-	3.625	-	-
Euro area	-	-	-	-	-	-		4.50	3.75	-	-	2.50	-	-
Japan	-	-	-	-	-	-		-0.10	0.25	-	-	0.50	-	-
Asia	1.5	1.7	0.1	-	2.1	0.1	-	-	-	-	-	-	-	-
China	1.5	1.3	0.1	1.7	1.4	-	1.4	3.45	3.00	(0.45)	-	2.90	(0.45)	-
Hong Kong	5.2	4.0	-	2.9	4.4	-	1.6	5.75	5.00	0.40	-	4.00	0.15	-
India	-0.7	-0.5	-	-1.4	-0.8	-	-1.5	6.75	6.50	-	6.00		-	5.75
Indonesia	0.0	-0.4	0.3	-0.1	-0.5	-	-0.7	6.00	5.25	-	5.25	4.25	-	4.75
Korea	2.0	2.7	0.6	1.4	2.5	0.6	2.1	3.50	3.00	0.25	2.85	2.50	-	2.40
Malaysia	1.6	1.9	(0.2)	2.1	2.1	(0.3)	2.3	3.00	3.00	-	2.95	3.00	-	2.90
Philippines	-3.4	-3.4	-	-3.4	-3.6	-	-2.8	6.50	5.50	-	5.60	4.50	-	4.70
Singapore	17.6	16.5	(0.9)	16.0	16.0	(0.9)	15.1	-	-	-	-	-	-	-
Taiwan	12.7	13.7	0.2	10.9	13.9	0.5	11.0	1.88	1.88	(0.13)	1.75	1.88	(0.13)	1.60
Thailand	1.3	0.8	(1.3)	1.3	1.8	(2.0)	2.7	2.50	2.00	(0.50)	2.10	1.75	(0.25)	1.90
EEMEA	-1.5	-0.4	-	-	0.3	0.1	-	-	-	-	-	-		-
Czech R.	1.2	1.0	(0.1)	-0.8	0.5	(0.6)	-0.2	6.75	3.50	(0.50)	24.90	3.00	-	24.50
Egypt	-1.2	-2.1	0.2	-1.4†	-2.2	0.1	-2.5†	18.25	22.25	(1.00)	-	23.25	5.00	-
Saudi Arabia	0.5	1.2	0.7	-1.9	0.7	(0.2)	0.0	10.75	5.50	(0.50)	390.00	4.00	-	387.50
Hungary	4.2	4.4	(0.1)	3.9†	4.1	(0.1)	3.7†	4.75	3.50	0.25	3.40	2.20	-	2.95
Israel	1.5	-0.1	(2.0)	1.4†	-0.1	(0.9)	1.3†	18.75	25.00	9.00	21.60	20.00	6.00	18.15
Nigeria	1.6	1.0	-	0.4	0.7	0.2	0.0	5.75	5.75	-	4.36	4.75	-	4.33
Poland	-6.7	-6.7	-	-6.2	-6.2	0.2	-2.5	7.00	6.25	(0.75)	5.02	5.25	0.25	5.04
Romania	7.5	4.3	-	6.0†	4.1	(1.4)	5.2†	6.00	5.25	-	-	4.25	-	-
South Africa	-1.5	-2.5	0.2	-1.5†	-2.5	0.2	-2.3†	8.25	7.50	(0.25)	7.45	7.00	-	6.85
Türkiye	-4.1	-2.5	1.1	-3.6	-3.0	1.3	-2.3	42.50	45.00	-	40.25	30.00	-	25.95
Ukraine	-3.2	-3.7	-	-2.7	-2.9	-	-0.5	15.00	14.00	-	13.15	-3.19	(0.00)	10.75
LatAm	-1.4	-1.6	0.5	-	-1.7	0.6	-	-	-	-		-		
Argentina	-4.4	0.8	0.5	-2.2	0.3	0.2	0.1	100.00	60.00	(33.00)	93.35	55.00	-	30.00
Brazil	-1.5	-1.8	-	-0.6	-2.3	-	-2.1	11.75	9.50	-	8.80	9.50	-	8.55
Chile	-3.3	-5.0	(0.5)	-3.1	-4.4	(0.7)	-3.4	8.25	5.00	(1.50)	4.45	4.75	(0.75)	4.25
Colombia	-3.0	-3.3	-	-3.8	-3.2	-	-3.8	13.00	9.50	(0.50)	8.65	6.00	-	6.10
Costa Rica	-1.5	-1.7	0.8	-2.6	-1.7	1.0	-2.3	6.00	5.00	(0.25)	-	5.00	-	-
Dominican Rep	-3.4	-3.0	(0.3)	-3.7	-2.3	(0.3)	-3.0	7.00	6.25	-	-	6.00	-	-
Ecuador	1.4	1.7	(0.2)	1.4	1.7	-	0.6	-	-	-	-	-	-	-
El Salvador	-2.3	-2.3	0.6	-3.8	-2.4	0.3	-3.1	-	-	-	-	-	-	-
Guatemala	3.2	2.6	-	2.1	3.0	-	1.8	5.00	4.25	(0.25)	-	4.25	(0.25)	-
Mexico	-0.3	-1.2	1.4	-0.9	-1.1	1.8	-0.9	11.25	9.25	0.50	9.30	7.50	-	7.50
Panama	-3.1	-4.9	(2.2)	-4.1	-5.4	(2.6)	-3.9	-	-	-	-	-	-	-
Peru	0.6	-1.5	0.2	-1.4	-1.3	0.3	-1.1	6.75	4.00	(1.00)	4.50	4.00	(1.00)	4.05
Uruguay	-4.0	-3.0	(0.2)	-2.3	-2.6	(0.1)	-1.8	9.00	8.00	-	-	8.00	-	-
Venezuela	-1.7	0.1	-	-3.3	-0.1	(0.1)	-	-	-	-	-	-	-	-

Source: BofA Global Research estimates

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GEMs Consolidated Macro Indicators

Exhibit 149: GEMs
Consolidated Macro Indicators

	2016	2017	2018	2019	2020	2021	2022	2023F	2024F	2025F
GEMs										
Nominal GDP (US$ bn)	26.512	28.858	31.189	32.031	31.273	36.272	37.435	38.704	40.605	40.401
Real GDP growth (% yoy)										
Weighted by PPP-GDP	4.1	5.0	4.6	3.7	-2.1	7.1	4.3	4.2	4.0	4.3
Weighted by current exchange rates	4.2	5.0	4.7	3.9	-1.4	7.3	3.9	3.8	3.8	4.1
Median	2.8	3.8	3.0	2.5	-5.5	6.3	4.6	2.7	2.6	3.1
CPI inflation (% yoy, ave)										
Weighted by PPP-GDP	3.1	3.2	3.1	3.2	3.0	3.2	4.7	3.7	3.1	3.3
Weighted by current exchange rates	2.9	2.8	2.8	3.0	2.8	2.8	4.3	3.0	2.5	2.9
Median	2.0	2.5	2.2	2.8	2.5	3.8	6.7	4.2	3.1	3.1
Trade balance (US$ bn)	408.1	357.8	306.9	310.7	332.7	467.2	477.7	649.0	611.0	632.2
Exports (US$ bn)	3.622	3.460	3.755	4.109	3.933	3.841	4.814	5.285	4.800	4.968
Imports (US$ bn)	3.214	3.102	3.448	3.798	3.600	3.374	4.337	4.636	4.189	4.336
Current account balance (US$ bn)	298.8	326.2	205.0	387.8	686.5	576.1	247.9	251.7	364.5	483.1
Current account balance (% of GDP)	1.1	1.1	0.7	1.2	2.2	1.6	0.7	0.7	0.9	1.2
International reserves (US$ bn)	7.077	7.419	7.393	7.609	8.066	8.446	7.871	7.663	6.953	6.712
Gross government debt (% of GDP)	61.4	62.1	62.4	64.8	71.8	70.8	56.1	55.5	56.4	57.4
Gov. budget balance (% of GDP)	-3.1	-2.7	-2.3	-2.6	-5.2	-3.8	-3.6	-4.3	-4.1	-3.4
Asia										
Nominal GDP (US$ bn)	18.087	19.750	21.911	22.664	22.887	26.757	27.116	27.590	28.898	27.864
Real GDP growth (% yoy)										
Weighted by PPP-GDP	6.1	6.2	5.9	4.9	-1.2	7.5	4.1	5.0	4.8	4.7
Weighted by current exchange rates	6.0	6.2	5.9	5.0	-0.2	7.6	3.6	4.8	4.6	4.5
Median	4.0	4.8	4.5	3.5	-4.7	6.1	3.3	3.5	3.9	3.7
CPI inflation (% yoy, ave)										
Weighted by PPP-GDP	2.5	2.2	2.3	2.9	2.8	2.2	3.6	2.1	2.0	2.4
Weighted by current exchange rates	2.2	1.9	2.2	2.7	2.5	1.7	3.1	1.6	1.5	2.2
Median	1.7	1.8	1.8	1.6	0.4	2.2	4.6	3.1	2.0	2.1
Trade balance (US$ bn)	385.1	295.2	229.0	201.7	232.0	365.4	381.6	554.8	498.1	524.6
Exports (US$ bn)	2.472	2.335	2.529	2.750	2.625	2.650	3.354	3.556	3.090	3.186
Imports (US$ bn)	2.087	2.039	2.300	2.548	2.393	2.285	2.972	3.001	2.592	2.662
Current account balance (US$ bn)	417.4	402.1	220.1	351.9	590.4	630.8	567.1	414.4	484.5	576.2
Current account balance (% of GDP)	2.3	2.0	1.0	1.6	2.6	2.4	2.1	1.5	1.7	2.1
International reserves (US$ bn)	5.279	5.595	5.562	5.719	6.153	6.413	5.844	5.604	4.874	4.543
Gross government debt (% of GDP)	68.7	69.4	69.3	72.7	79.4	78.6	58.1	55.9	56.3	57.9
Gov. budget balance (% of GDP)	-2.4	-2.3	-2.2	-2.7	-4.8	-3.6	-3.4	-3.7	-3.6	-3.0
EEMEA										
Nominal GDP (US$ bn)	3.692	3.832	4.134	4.337	4.290	4.743	4.905	5.057	5.423	5.926
Real GDP growth (% yoy)										
Weighted by PPP-GDP	2.1	3.7	3.5	2.5	-0.9	5.6	5.5	1.9	2.4	3.8
Weighted by current exchange rates	2.2	3.8	3.4	2.4	-1.6	5.4	5.5	0.7	2.2	3.7
Median	2.8	4.2	3.2	3.3	-2.1	4.3	5.5	1.9	2.5	3.5
CPI inflation (% yoy, ave)										
Weighted by PPP-GDP	4.2	6.3	5.7	4.2	3.5	4.1	7.0	23.0	22.3	13.9
Weighted by current exchange rates	3.9	5.7	5.1	3.5	3.4	4.3	7.6	8.3	6.6	5.4
Median	0.7	2.5	4.6	2.9	3.3	4.5	8.5	10.7	4.9	4.5
Trade balance (US$ bn)	-8.2	3.8	4.1	38.5	18.9	-5.8	0.3	-3.3	-32.9	-69.5
Exports (US$ bn)	614	604	656	740	700	646	796	941	968	1.026
Imports (US$ bn)	622	600	652	702	681	652	795	944	1.000	1.096
Current account balance (US$ bn)	-16.2	23.0	119.7	136.1	100.9	36.9	-174.0	-75.3	-19.6	18.4
Current account balance (% of GDP)	-0.4	0.6	2.9	3.1	2.4	0.8	-3.5	-1.5	-0.4	0.3
International reserves (US$ bn)	1.004	1.007	1.001	1.047	1.069	1.156	1.205	1.247	1.248	1.325
Gross government debt (% of GDP)	42.4	43.2	42.0	40.8	45.6	46.9	45.3	49.2	50.8	51.3
Gov. budget balance (% of GDP)	-3.4	-1.6	-0.4	-0.7	-4.4	-4.2	-5.0	-7.1	-6.3	-5.1
LatAm										
Nominal GDP (US$ bn)	4.733.9	5.275.6	5.144.5	5.029.3	4.096.4	4.772.1	5.413.7	6.057.1	6.284.0	6.611.1
Real GDP growth (% yoy)										
Weighted by PPP-GDP	-0.2	2.1	1.7	0.8	-6.7	7.6	4.1	2.1	1.5	2.3
Weighted by current exchange rates	-0.8	1.7	1.1	0.3	-7.0	7.4	4.0	2.1	1.6	2.2
Median	1.9	2.4	2.2	1.7	-7.5	10.1	4.8	2.8	2.3	2.8
CPI inflation (% yoy, ave)										
Weighted by PPP-GDP	4.7	4.1	3.6	3.4	3.4	7.9	7.7	4.7	4.0	3.7
Weighted by current exchange rates	4.9	4.0	3.6	3.5	3.5	8.0	7.6	4.6	4.0	3.7
Median	3.0	2.8	2.2	2.9	2.5	6.3	7.9	3.5	3.5	3.3
Trade balance (US$ bn)	31.2	58.7	73.7	70.4	81.7	107.6	95.7	97.5	119.3	113.8
Exports (US$ bn)	535.2	521.7	569.9	618.6	607.8	545.6	665.2	788.2	790.2	811.4
Imports (US$ bn)	504.0	463.0	496.2	548.1	526.1	438.0	569.4	690.7	670.9	697.6
Current account balance (US$ bn)	-102.5	-99.0	-134.9	-100.2	-4.9	-91.6	-145.2	-87.4	-100.4	-111.4
Current account balance (% of GDP)	-2.2	-1.9	-2.6	-2.0	-0.1	-1.9	-2.7	-1.4	-1.6	-1.7
International reserves (US$ bn)	793.5	818.0	829.6	842.3	843.9	877.4	822.7	812.8	830.7	843.6
Gross government debt (% of GDP)	53.7	53.9	56.2	59.0	68.4	62.7	59.5	61.1	64.1	62.5
Gov. budget balance (% of GDP)	-5.7	-4.9	-4.3	-3.7	-8.4	-4.1	-3.4	-4.8	-4.7	-3.8

Source: BofA Global Research estimates

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GEMs FX Compass and CA Imbalances

BofA FX Compass is our long-term fundamental valuation model for 20 EM countries. As part of our modeling framework, we estimate the gap between the forecast and equilibrium CA balance.

Exhibit 150: FX Compass Long Term Valuations
Trade-weighted valuations vs REER fair values

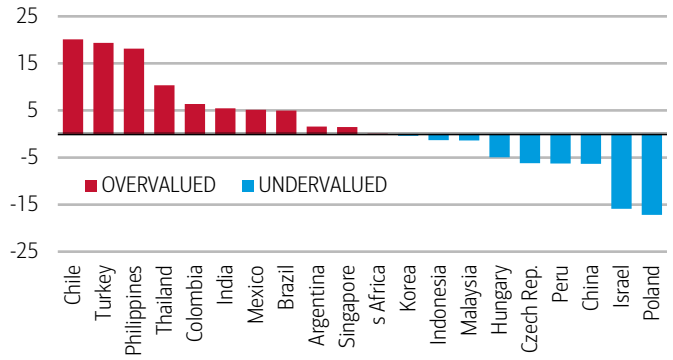

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Exhibit 151: Current Account Imbalances
Gap between forecast and equilibrium CAB (forecasted minus long-term equilibrium)

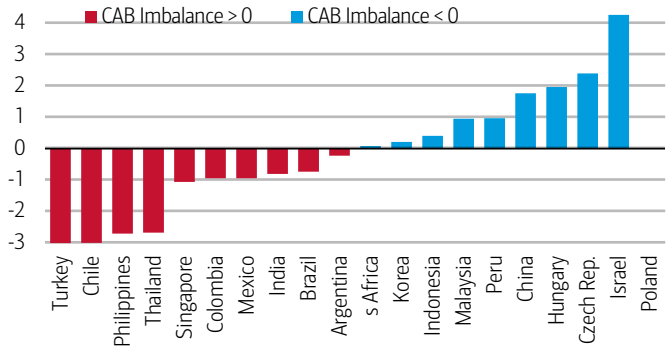

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Exhibit 152: FX Compass
Long term currency valuation

Country	Fair Value vs USD (or EUR) 1/	Spot vs USD (or EUR) 1/	Bilateral Misalignment vs USD (or EUR) 1/	Trade-weighted Misalignment (%) 2/
Asia			**4.1**	**3.3**
China	6.96	7.20	(3.5)	(6.3)
India	88.5	82.9	6.3	5.5
Indonesia	15691	15640	0.3	(1.3)
Korea	1337	1331	0.4	(0.4)
Malaysia	4.77	4.77	0.0	(1.4)
Philippines	66.96	56.10	16.2	18.2
Singapore	1.38	1.34	2.5	1.5
Thailand	39.96	35.84	10.3	10.4
EEMEA			**(5.2)**	**(4.1)**
Czech Rep. 1/	23.5	25.4	(7.7)	(6.2)
Hungary 1/	366	389	(6.4)	(4.9)
Israel	3.14	3.63	(15.7)	(15.9)
Poland 1/	3.57	4.30	(20.4)	(17.2)
South Africa	19.50	19.24	1.3	0.1
Türkiye	37.79	31.14	17.6	19.3
LatAm			**6.0**	**5.3**
Argentina	879	841	4.3	1.6
Brazil	5.32	4.98	6.5	5.0
Chile	1193	989	17.1	20.1
Colombia	4269	3959	7.3	6.4
Mexico	18.02	17.07	5.3	5.2
Peru	3.64	3.80	(4.5)	(6.3)
Average			**1.9**	**1.7**

Note 1/ CZK, HUF and PLN are quoted against the EUR. Fair values are updated using forecasts. Spot is for February 27, 2024. Note 2/ REER valuation is trade-weighted deviation of current REER (February estimate) from Compass fair values. **Source:** BofA Global Research, Bloomberg

BofA GLOBAL RESEARCH

Exhibit 153: Estimated current account imbalance
CA imbalance

Country	Forecasted CA 2024-2025	Long-term CA	CAB Imbalance
Asia	**2.1**	**2.8**	**-0.7**
China	1.4	0.4	1.0
India	-2.7	-1.9	-0.8
Indonesia	-0.5	-0.6	0.2
Korea	2.7	2.6	0.1
Malaysia	2.0	1.6	0.4
Philippines	-3.5	-0.8	-2.7
Singapore	16.3	17.3	-1.1
Thailand	1.3	4.0	-2.7
EEMEA	**-0.2**	**-1.4**	**1.2**
Czech Rep. 1/	0.2	-1.8	2.0
Hungary 1/	-1.3	-3.0	1.8
Israel	4.5	2.1	2.4
Poland 1/	1.5	-2.8	4.2
South Africa	-2.5	-2.5	0.0
Türkiye	-3.5	-0.5	-3.0
LatAm	**-2.1**	**-1.3**	**-0.8**
Argentina	0.9	1.1	-0.2
Brazil	-2.1	-1.3	-0.7
Chile	-4.0	-1.0	-3.0
Colombia	-3.3	-2.3	-1.0
Mexico	-2.7	-1.7	-1.0
Peru	-1.4	-2.3	0.9
Average	**0.2**	**0.3**	**(0.2)**

Note: CA denotes current account balance as a % of GDP. A negative misalignment indicates the currency is overvalued. **Source:** BofA Global Research

BofA GLOBAL RESEARCH

GEMs Tables – Asia

Exhibit 154: China
Selected economic and financial indicators

	2016	2017	2018	2019	2020	2021	2022F	2023F	2024F	2025F
Summary Data										
Nominal GDP (US$ bn)										
GDP per capita (US$)	8,067	8,791	9,887	10,126	10,402	12,615	12,665	12,625	13,026	14,709
Unemployment rate (%)[1]	5.0	4.9	4.7	5.2	5.1	5.1	6.1	5.3	5.1	5.1
Population (millions)	1,392	1,400	1,405	1,410		1,413	1,412	1,410	1,408	1,407
Economic Activity										
Real GDP growth (% yoy)	6.8	6.9	6.7	6.0	2.2	8.4	3.0	5.2	4.8	4.6
Domestic demand growth (% yoy)	7.9	6.8	7.4	5.3	1.7	6.8	2.5	6.0	4.9	4.5
Real investment growth (% yoy)	7.3	6.4	6.8	3.9	4.2	3.9	3.2	3.4	4.3	4.2
Real consumption growth (% yoy)	8.4	7.1	7.8	6.3	-0.3	9.0	2.2	8.0	5.4	4.8
Real private consumption growth (% yoy)	8.9	7.0	7.4	6.5	-1.7	11.6	1.1	8.4	5.5	4.9
Real government consumption growth (% yoy)	7.3	7.1	8.9	6.0	3.1	3.2	4.7	7.2	5.2	4.5
Real export growth (% yoy)	1.1	8.1	3.8	0.5	2.4	17.7	-1.7	-3.8	1.8	3.2
Real import growth (% yoy)	5.8	7.3	8.1	0.4	5.5	10.4	-5.8	-0.9	2.2	2.5
Prices										
CPI inflation (% yoy, eop)	2.1	1.8	1.9	4.5	0.2	1.5	1.8	0.1	1.7	1.2
CPI inflation (% yoy, avg)	2.0	1.6	2.1	2.9	2.5	0.9	2.0	0.4	0.8	1.7
Nominal wages (% yoy)	8.9	10.0	10.9	9.8	7.6	9.7	6.7	5.8	8.0	7.8
Nominal exchange rate (vs. USD, eop)	6.94	6.53	6.86	6.98	6.53	6.36	6.90	7.50	6.90	6.70
Nominal exchange rate (vs. USD, avg)	6.65	6.76	6.62	6.91	6.90	6.45	6.74	7.13	7.24	6.83
Bilateral real exchange rate (% yoy, + dep)	-	-	-	-	-	-	-	-	-	-
Monetary Sector2										
Monetary base growth (% yoy)	11.8	4.2	2.8	-2.0	1.9	-0.3	9.6	5.3	4.5	4.0
Broad money growth (% yoy)	11.3	8.1	8.1	8.7	10.1	9.0	11.8	10.4	10.0	9.1
Credit extension to private sector (% yoy)	13.5	12.7	13.5	12.3	12.8	11.6	11.1	10.9	11.0	11.1
Central bank policy rate (%, eop)[3]	4.30	4.30	4.31	4.15	3.85	3.80	3.65	3.45	3.00	2.90
1-month interbank rate (%, eop)	3.84	4.80	3.46	3.30	3.31	3.18	-	-	-	-
Long-term yield (%, eop)	2.90	3.90	3.20	3.14	3.14	2.78	2.80	2.65	2.35	2.35
External Sector										
Current account balance (% of GDP)	1.7	1.5	0.2	0.7	1.7	2.0	2.2	1.5	1.3	1.4
Current account balance (US$ bn)	191	189	24	103	249	353	402	264	230	300
Trade balance (US$ bn)	489	476	380	393	511	563	669	608	633	697
Exports, f.o.b. (US$ bn)	1,990	2,216	2,417	2,387	2,510	3,216	3,347	3,180	3,270	3,441
main export	-	-	-	-	-	-	-	-	-	-
Imports, c.i.f. (US$ bn)	1,501	1,740	2,037	1,994	1,999	2,653	2,678	2,572	2,637	2,744
Service balance (US$ bn)	-233	-259	-292	-261	-153	-101	-92	-229	-258	-268
Income balance (US$ bn)	-55	-16	-61	-39	-118	-124	-194	-130	-159	-145
Foreign direct investment (US$ bn)	134	136	138	141	149	172	180	193	170	180
International reserves (US$ bn)	3,011	3,140	3,073	3,108	3,217	3,250	3,128	3,238	3,120	3,200
Public Sector										
Central gov. primary budget balance (% of GDP)	-	-	-	-	-	-	-	-	-	-
Central gov. budget balance (% of GDP)	-	-	-	-	-	-	-	-	-	-
Consolidated gov. primary budget balance (% of GDP)	-2.2	-2.1	-1.8	-1.9	-2.7	-2.2	-1.8	-2.8	-2.5	-2.3
Consolidated public sector balance (% of GDP)[4]	-2.9	-2.9	-2.6	-2.8	-3.7	-3.1	-2.8	-3.8	-3.5	-3.3
Central gov. revenues (% of GDP)[5]	21.4	20.7	19.9	19.3	18.0	17.6	16.8	17.3	17.1	16.8
Debt Indicators										
Gross external debt (% of GDP)	12.6	14.3	14.3	14.4	16.3	15.4	13.7	14.3	14.5	14.2
Public (% of GDP)	1.8	1.8	2.2	2.5	3.2	2.7	3.3	3.2	3.4	3.3
Private (% of GDP)	10.8	12.5	12.1	11.9	13.1	12.7	10.4	11.1	11.2	10.9
Gross government debt (% of GDP)	75.5	76.5	75.7	78.3	87.8	85.7	89.0	92.4	94.0	97.0
Domestic (% of GDP)	75.1	76.1	75.2	77.7	87.5	85.4	88.4	91.8	93.4	96.4
External (% of GDP)	0.3	0.4	0.5	0.6	0.3	0.3	0.6	0.6	0.6	0.6
External debt amortizations (US$ bn)	-	-	-	-	-	-	-	-	-	-
External debt interest payments (US$ bn)	-	-	-	-	-	-	-	-	-	-
External debt service (% of XGS)	-	-	-	-	-	-	-	-	-	-
Savings - Investment Balance										
Savings (% of GDP)	44.9	44.9	44.7	44.2	45.3	45.9	46.5	44.6	45.2	45.4
Investment (% of GDP)	42.7	43.2	44.0	43.1	42.9	43.3	43.2	42.3	43.3	43.4

	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25
Quarterly Economic Forecasts										
Real GDP growth (% yoy)	4.9	5.2	4.3	5.0	4.8	5.0	4.9	4.7	4.5	4.3
Real GDP growth (% qoq, sa, annualized)	6.1	4.1	4.8	5.1	5.2	4.8	4.6	4.4	4.2	4.0
CPI inflation (% yoy, eop)	-0.1	-0.3	0.1	0.5	0.9	1.7	2.1	1.9	1.5	1.2
Central bank policy rate (%, eop)	3.45	3.45	3.45	3.45	3.30	3.00	2.90	2.90	2.90	2.90
Nominal exchange rate (vs. USD, eop)	7.30	7.50	7.45	7.40	7.10	6.90	6.90	6.80	6.80	6.70
Current account balance (US$ bn)	62.8	55.2	-0.6	15.0	69.2	146.6	38.8	45.4	78.9	136.6

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 155: India
Selected economic and financial indicators

	FY 2017	FY 2018	FY 2019	FY 2020E	FY2021E	FY2022E	FY2023E	FY2024E	FY2025E	FY2026E
Summary Data										
Nominal GDP (US$ bn)	2,230.1	2,430.8	2,691.0	2,970.0	2,910.6	3,107.0	3,343.0	3,643.0	3,995.0	
GDP per capita (US$)	1,760	1,896	2,062.0	2,241.0	2,195.0	2,343.1	2,485.5	2,625.0	2,830.0	
Unemployment rate (%)	-	-								
Population (millions)	1,267	1,316	1,332.0	1,341.0	1,354.4	1,368.0	1,381.6	1,400.0	1,412.0	
Economic Activity										
Real GDP growth (% yoy)	6.9	6.6	6.0	4.0	-7.3	8.7	6.8	6.5	5.8	6.0
Domestic demand growth (% yoy)	-	-	-							
Real investment growth (% yoy)	-	-	-							
Real consumption growth (% yoy)	-	-	-							
Real private consumption growth (% yoy)	-	-	-							
Real government consumption growth (%	-	-	-							
Real export growth (% yoy)	0.6	7.4	9.7	0.0	-5.0	10.0	10.0	5.0	8.0	
Real import growth (% yoy)	0.7	12.7	11.0	-5.0	-5.0	12.5	20.0	15.0	10.0	
Prices										
CPI inflation (% yoy, eop)	4.6	4.3	2.9	4.6	5.5	7.0	5.8	5.1	4.5	
CPI inflation (% yoy, avg)	4.8	3.6	3.4	4.8	6.2	5.3	6.7	5.4	4.6	4.5
WPI inflation (% yoy, eop)	7.1	2.5	3.1	2.0	4.0	10.0	7.5	5.0	3.5	
WPI inflation (% yoy, avg)	3.6	2.7	4.3	3.0	1.0	10.0	10.0	7.5	5.0	
Nominal wages (% yoy)	-	-	-							
Nominal exchange rate (vs USD, eop)	68.1	65.2	69.1	72.0	69.8					
Nominal exchange rate (vs USD, avg)	67.5	69.6	69.9							
Bilateral real exchange rate (% yoy, + dep)	2.8	2.1	-							
Monetary Sector										
Monetary Base growth (% yoy)	12.8	12.4	10.0	11.0	11.0	13.0				
Broad Money growth (% yoy)	13.1	12.4	19.7	13.3	11.8	13.0				
Credit extension to private sector (% yoy)	9.0	14.1	12.3	13.7	9.5	8.0				
Central bank policy rate (%, eop)	6.00	6.00	6.25	4.40	4.00	4.00	6.50	6.50	6.25	5.50
1-month interbank rate -Call rate (%)	6.00	6.00	6.5	4.8	4.3					
Long-term yield (%)	6.85	7.65	7.8	6.3						
External Sector										
Current Account balance (% of GDP)	-0.7	-1.9	-2.1	-0.9	-0.9	-1.2	-2.0	-1.2	-1.6	-2.2
Current Account balance (US$ bn)	-45.0	-57.3	-22.0	25.0	25	-39.0	-84.0	-86.3		
Trade Balance (US$ bn)	-131.2	-162.3	-179.0	-157.0	-102.0	-189.0	-265.0	-250.0	-260.0	
Exports, f.o.b. (US$ bn)	268.0	287.7	331.0	313.0	291.0	422.0	450.0	400.0	445.0	
main export	-	-	-							
other	-	-	-							
Imports, c.i.f. (US$ bn)	399.2	450.0	510.0	474.0	392.0	613.0	714.0	650.0	705.0	
Service balance (US$ bn)	-	-	-							
Income balance (US$ bn)	-	-	-							
Foreign direct investment (US$ bn)	35.0	40.0	35.0	43.0	43.9	38.5	27.9	15.0	20.0	
International reserves (US$ bn)	376.0	395.5	415.0	470.0	510.0	630.0	500.0	530.0		
Public Sector										
Central Gov. Primary Budget Balance (% of GDP)	-0.5	0.0	0.0							
Central Gov. Budget Balance (% of GDP)	-3.5	-3.5	-3.4	-4.6	-9.2	-6.7	-6.4	-5.9	-5.9	-5.3
Consolidated Gov. Primary Budget Balance (% of	-	-								
Consolidated Public Sector Balance (% of GDP)	-	-								
Central gov. revenues (% of GDP)	10.2	10.3	10.5	10.6	10.6	10.7				
Debt Indicators										
Gross External Debt (% of GDP)	23.0	24.3	24.5	25.0	25.5	25.5				
Public (% of GDP)	5.9	6.3	6.1	6.3	6.5	7.0				
Private (% of GDP)	17.1	18.0	18.0	18.5	19.0	18.5				
Gross government debt (% of GDP)	63.7	61.6	60.0	62.0	60.0	60.0				
Domestic (% of GDP)	59.5	57.0	56.0	56.3	56.5	56.5				
External (% of GDP)	4.2	4.6	4.0	4.2	4.4	4.5				
Savings - Investment Balance										
Savings (% of GDP)	30.5	31.0	31.5	30.0	30.0	32.0				
Investment (% of GDP)	32.4	32.4	32.4	31.0	31.0	33.0				
Memorandum Items										
Agro GDP (% yoy)										
Non-agro GDP (% yoy)										

	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25
Quarterly Economic Forecasts										
Real GDP growth (% yoy)	6.1	6.2	7.8	6.1	6.2	5.2	4.8	6.0	6.7	5.6
CPI Inflation (% yoy, eop)	6.4	5.3	4.6	6.4	5.3	5.2	5.0	3.8	4.8	4.5
WPI inflation (% yoy, eop)	6.0	5.0								
Central bank policy rate (%, eop)	6.5	6.5	6.5	6.5	6.5	6.25	6	6	6	6
Nominal exchange rate (vs USD, eop)	-	-								
Current account balance (US$ bn)	-30.0	-25.0								

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 156: Indonesia
Selected economic and financial indicators

	2016	2017	2018	2019	2020F	2021F	2022F	2023F	2024F	2025F
Summary Data										
Nominal GDP (US$ bn)	932	1,016	1,042	1,119	1,059	1,187	1,319	1,418	1,556	1,745
GDP per capita (US$)	3,605	3,886	3,946	4,193	3,920	4,351	4,783	5,088	5,523	6,129
Unemployment rate (%)	5.6	5.4	5.2	5.1	6.0	6.4	5.8	5.4	5.1	4.8
Population (millions)	258.5	261.4	264.2	266.9	270.2	272.7	275.8	278.7	281.7	284.7
Economic Activity										
Real GDP growth (% yoy)	5.0	5.1	5.2	5.0	-2.1	3.7	5.3	5.0	5.1	5.2
Domestic demand growth (% yoy)	4.6	5.0	6.3	4.0	-3.8	2.9	3.8	4.8	4.7	5.0
Real investment growth (% yoy)	4.5	6.2	6.7	4.5	-5.0	3.8	3.9	3.9	4.0	4.5
Real consumption growth (% yoy)	4.3	4.6	5.1	4.9	-2.1	2.3	3.7	5.1	5.2	5.4
Real private consumption growth (% yoy)	5.0	5.0	5.1	5.2	-2.7	2.0	4.9	5.1	5.3	5.4
Real government consumption growth (% yoy)	-0.1	2.1	4.8	3.3	2.1	4.2	-4.5	5.0	4.5	5.0
Real export growth (% yoy)	-1.7	8.9	6.5	-0.5	-8.4	18.0	16.3	1.9	5.5	5.9
Real import growth (% yoy)	-2.4	8.1	12.1	-7.1	-17.6	24.9	14.7	-0.6	4.0	5.0
Prices										
CPI inflation (% yoy, eop)	3.0	3.6	3.1	2.6	1.7	1.9	5.5	2.6	2.9	2.8
CPI inflation (% yoy, avg)	3.5	3.8	3.3	2.8	2.0	1.6	4.2	3.7	2,8	2.8
Nominal wages (% yoy)	17.0	14.4	1.6	4.7	-1.2	-1.9	7.3	4.0	5.0	5.0
Nominal exchange rate (vs. USD, eop)	13,525	13,484	14,380	13,883	14,050	14,253	15,568	15,389	15200	15000
Nominal exchange rate (vs. USD, avg)	13,304	13,379	14,231	14,138	14,538	14,292	14,852	15,238	15,325	15,100
Bilateral real exchange rate (% yoy, + dep)	-	-	-	-	-	-	-	-	-	-
Monetary Sector										
Monetary base growth (% yoy)	17.3	12.4	4.8	7.4	18.5	23.0	14.3	-	-	-
Broad money growth (% yoy)	10.0	8.3	6.3	6.5	12.5	14.0	8.4	-	-	-
Credit extension to private sector (% yoy)	7.8	8.2	11.7	5.9	-2.6	4.9	11.0	-	-	-
Central bank policy rate (%, eop)	4.75	4.25	6.00	5.00	3.75	3.50	5.50	6.00	5.25	4.25
1-month interbank rate (%, eop)	7.80	5.50	7.54	5.44	3.81	3.55	6.20	6.65	5.90	4.90
Long-term yield (%, eop)	7.9	6.3	7.9	7.1	5.9	6.4	6.9	-	-	-
External Sector										
Current account balance (% of GDP)	-1.8	-1.6	-2.9	-2.7	-0.4	0.3	1.0	0.0	-0.4	-0.5
Current account balance (US$ bn)	-17.0	-16.2	-30.6	-30.3	-4.4	3.5	12.7	-0.2	-6.2	-7.6
Trade balance (US$ bn)	15.3	18.8	-0.2	3.5	28.3	43.8	62.7	46.8	42.0	42.2
Exports, f.o.b. (US$ bn)	144.5	168.9	180.7	168.5	163.4	232.8	292.5	-	-	-
main export - oil and gas	14.6	20.5	24.0	21.7	16.4	31.5	54.6	-	-	
Imports, c.i.f. (US$ bn)	129.2	150.1	181.0	164.9	135.1	189.0	229.9	-	-	
Service balance (US$ bn)	-7.1	-7.4	-6.5	-7.6	-9.8	-14.6	-20.3	-17.9	-18.0	-18.0
Income balance (US$ bn)	-25.2	-27.6	-23.9	-26.1	-23.0	-25.7	-29.7	-29.1	-30.2	-31.8
Foreign direct investment (US$ bn)	3.9	20.6	20.6	23.9	18.6	21.1	22.1	21.0	20.5	22.0
International reserves (US$ bn)	116.4	130.2	120.7	129.2	135.9	144.9	137.2	-	-	-
Public Sector										
Central gov. primary budget balance (% of GDP)	-1.0	-0.9	-0.1	-0.5	-4.1	-2.5	-0.4	0.3	-0.1	-0.6
Central gov. budget balance (% of GDP)	-2.5	-2.5	-1.8	-2.2	-6.1	-4.6	-2.4	-1.7	-2.3	-2.6
Consolidated gov. primary budget balance (% of GDP)	-	-	-	-	-	-	-	-	-	-
Consolidated public sector balance (% of GDP)	-	-	-	-	-	-	-	-	-	-
Central gov. revenues (% of GDP)	12.5	12.3	13.1	12.4	10.7	11.8	13.5	-	-	-
Debt Indicators										
Gross external debt (% of GDP)	34.3	34.7	36.0	36.1	39.4	34.9	30.1	-	-	-
Public (% of GDP)	17.0	17.8	17.9	18.1	19.8	17.6	14.8	-	-	-
Private (% of GDP)	17.4	16.9	18.1	17.9	19.6	17.3	15.3	-	-	-
Gross government debt (% of GDP)	31.4	33.5	34.2	35.4	44.3	44.7	42.4	-	-	-
Domestic (% of GDP)	14.6	15.8	16.3	17.8	25.4	27.8	27.4	-	-	-
External (% of GDP)	16.8	17.7	17.9	17.5	18.8	16.8	15.0	-	-	-
External debt amortizations (US$ bn)	-	-	-	-	-	-	-	-	-	-
External debt Interest payments (US$ bn)	-	-	-	-	-	-	-	-	-	-
External debt service (% of XGS)	-	-	-	-	-	-	-	-	-	-
Savings - Investment Balance										
Savings (% of GDP)	32.0	32.1	31.6	31.1	31.9	31.7	30.7	29.4	29.1	29.4
Investment (% of GDP)	33.9	33.7	34.6	33.8	32.3	31.4	29.7	29.7	29.8	29.9

	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25
Quarterly Economic Forecasts										
Real GDP growth (% yoy)	4.9	4.9	4.9	5.0	5.2	5.1	5.1	5.2	5.2	5.4
Real GDP growth (% qoq, sa, annualized)	2.9	4.1	5.7	7.0	3.6	4.1	5.7	7.4	4.1	4.5
CPI inflation (% yoy, eop)	2.3	2.6	2.6	2.8	2.9	2.9	2.8	2.8	2.8	2.8
Central bank policy rate (%, eop)	5.75	6.00	6.00	5.75	5.50	5.25	5.00	4.75	4.50	4.25
Nominal exchange rate (vs. USD, eop)	15526	15416	15400	15400	15300	15200	15200	15100	15100	15000
Current account balance (US$ bn)	-0.9	-0.1	-1.7	-1.6	-1.5	-1.4	-1.6	-1.8	-2.0	-2.2

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 157: Korea
Selected economic and financial indicators

	2016	2017	2018	2019	2020	2021F	2022F	2023F	2024F	2025F
Summary Data										
Nominal GDP (US$ bn)	1502.5	1626.7	1726.0	1651.7	1648.5	1816.8	1674.9	1729.1	1798.7	1941.9
GDP per capita (US$)	29333.6	31672.4	33455.5	31910.0	31800.3	35114.0	32441.4	33536.2	34925.6	37743.9
Unemployment rate (%)1	3.7	3.7	3.9	3.8	4.0	3.6	2.9	2.6	2.8	3.0
Population (millions)	51.2	51.4	51.6	51.8	51.8	51.7	51.6	51.6	51.5	51.5
Economic Activity										
Real GDP growth (% yoy)	2.9	3.2	2.9	2.2	-0.7	4.3	2.6	1.4	2.3	2.5
Domestic demand growth (% yoy)	4.1	5.6	2.0	1.5	-1.3	3.7	2.7	2.1	1.0	2.1
Real investment growth (% yoy)	6.6	9.8	-2.2	-2.1	3.5	3.2	-0.5	1.5	1.5	1.8
Real consumption growth (% yoy)	3.0	3.1	3.7	3.2	-2.2	4.1	4.1	1.6	1.4	2.3
Real private consumption growth (% yoy)	2.6	2.8	3.2	2.1	-4.8	3.6	4.1	1.8	1.7	2.5
Real government consumption growth (% yoy)	4.4	3.9	5.3	6.4	5.1	5.5	4.0	1.1	0.7	1.8
Real export growth (% yoy)	2.4	2.5	4.0	0.2	-1.7	11.1	3.4	2.5	5.7	5.4
Real import growth (% yoy)	5.2	8.9	1.7	-1.9	-3.1	10.1	3.5	3.3	5.0	5.1
Prices										
CPI inflation (% yoy, eop)	1.3	1.4	1.3	0.7	0.6	3.7	5.0	3.3	1.7	2.1
CPI inflation (% yoy, avg)	1.0	1.9	1.5	0.4	0.5	2.5	5.1	3.6	2.3	2.0
Nominal wages (% yoy)	3.8	2.7	5.1	3.4	0.6	5.0	4.7	2.0	3.5	3.5
Nominal exchange rate (vs. USD, eop)	1208.5	1071.4	1118.1	1157.8	1088.0	1185.5	1267.3	1300.0	1230.0	1240.0
Nominal exchange rate (vs. USD, avg)	1160.8	1131.0	1100.2	1165.4	1180.3	1144.0	1291.4	1307.7	1311.3	1270.0
Bilateral real exchange rate (% yoy, + dep)	-	-	-	-	-	-	-	-	-	-
Monetary sector										
Narrow money growth (% yoy)	15.4	9.2	4.9	4.3	20.8	21.0	4.0	-13.0	16.0	9.8
Broad money growth (% yoy)	7.3	5.5	6.3	7.0	9.3	11.7	8.5	3.0	8.0	8.1
Credit extension to private sector (% yoy)	7.3	6.3	7.9	9.0	9.1	11.3	6.9	4.0	8.0	7.9
Central bank policy rate (%, eop)	1.25	1.50	1.75	1.25	0.50	1.00	3.25	3.50	3.00	2.50
1-month interbank rate (%, eop)	1.32	1.56	1.82	1.33	0.60	1.15	3.47	3.65	2.90	2.65
Long-term yield (%, eop)	2.1	2.5	1.9	1.7	1.7	2.3	3.7	4.4	3.7	3.5
External sector										
Current account balance (% of GDP)	6.5	4.6	4.5	3.6	4.6	4.7	1.8	2.0	2.7	2.5
Current account balance (US$ bn)	97.9	75.2	77.5	59.7	75.9	85.2	29.8	35.5	50.4	53.0
Trade balance (US$ bn)	116.5	113.6	110.1	79.8	80.6	75.7	15.1	34.2	68.7	74.0
Exports, f.o.b. (US$ bn)	511.9	580.3	626.3	556.7	517.9	649.5	690.5	645.6	705.8	746.6
main export	-	-	-	-	-	-	-	-	-	-
Imports, c.i.f. (US$ bn)	395.5	466.7	516.2	476.9	437.3	573.7	675.4	611.4	637.1	672.6
Service balance (US$ bn)	-17.3	-36.7	-29.4	-26.8	-14.7	-5.3	-5.5	-26.1	-24.7	-26.0
Income balance (US$ bn)	-1.2	-1.6	-3.3	6.7	10.0	14.8	20.3	27.3	6.3	5.0
Foreign direct investment (US$ bn)	17.8	16.2	26.0	25.6	26.1	43.9	48.4	19.4	24.6	22.9
International reserves (US$ bn)	361.7	379.5	393.3	397.9	430.1	438.3	399.0	386.1	405.6	439.1
Public sector										
Central gov. primary budget balance (% of GDP)	-	-	-	-	-	-	-	-	-	-
Central gov. budget balance (% of GDP)	1.0	1.3	1.6	-0.6	-3.7	-1.5	-3.0	-0.6	-1.9	-0.9
Consolidated gov. primary budget balance (% of GDP)	-	-	-	-	-	-	-	-	-	-
Consolidated public sector balance (% of GDP)	-	-	-	-	-	-	-	-	-	-
Central gov. revenues (% of GDP)	-	-	-	-	-	-	-			
Debt indicators										
Gross external debt (% of GDP)	25.4	25.3	25.6	28.5	33.4	35.0	39.9	40.4	40.7	39.6
Public (% of GDP)	4.5	4.9	4.9	5.6	7.4	8.0	9.3	9.4	9.5	9.2
Private (% of GDP)	21.0	20.4	20.7	22.9	26.0	27.0	30.6	31.0	31.3	30.4
Gross government debt (% of GDP)	43.1	41.0	41.6	44.0	49.2	49.8	48.1	50.4	51.0	51.9
Domestic (% of GDP)	-	-	-	-	-	-	-	-	-	-
External (% of GDP)	-	-	-	-	-	-	-	-	-	-
External debt amortizations (US$ bn)	-	-	-	-	-	-	-	-	-	-
External debt interest payments (US$ bn)	-	-	-	-	-	-	-	-	-	-
External debt service (% of XGS)	-	-	-	-	-	-	-	-	-	-
Savings - Investment Balance										
Savings (% of GDP)	30.1	32.3	31.5	31.3	31.7	32.0	32.7	33.5	35.6	35.7
Investment (% of GDP)	29.7	31.5	30.4	29.9	31.1	31.4	31.7	32.2	30.6	30.7

	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25
Quarterly Economic Forecasts										
Real GDP growth (% yoy)	1.2	2.3	2.1	2.3	2.3	2.4	2.8	2.6	2.4	2.2
Real GDP growth (% qoq, sa, annualized)	2.4	3.0	0.4	3.2	2.7	3.1	2.1	2.4	2.1	2.2
CPI inflation (% yoy, eop)	3.7	3.3	2.9	2.4	1.8	1.7	1.8	2.0	2.1	2.1
Central bank policy rate (%, eop)	3.5	3.5	3.5	3.5	3.3	3.0	2.8	2.5	2.5	2.5
Nominal exchange rate (vs. USD, eop)	1345	1300	1300	1260	1250	1230	1300	1280	1260	1240
Current account balance (US$ bn)	9.3	15.1	13.3	12.2	12.0	13.0	11.2	12.2	14.3	15.4

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 158: Hong Kong
Selected economic and financial indicators

	2016	2017	2018	2019	2020	2021	2022F	2023F	2024F	2025F
Summary Data										
Nominal GDP (US$ bn)	320.9	341.2	361.8	363.1	345.0	368.9	359.9	383.3	400.2	421.0
GDP per capita (US$)	43,492	46,038	48,322	48,283	46,453	49,847.3	48,991	51,121	53,381	56,144
Economic Activity and Prices										
Real GDP growth (% yoy)	2.2	3.8	2.8	-1.7	-6.5	6.3	-3.5	3.2	2.1	2.4
CPI inflation (% yoy, avg)	2.4	1.5	2.4	2.9	0.3	1.6	1.9	2.1	2.0	1.9
Nominal exchange rate (vs. USD, eop)	7.75	7.81	7.83	7.79	7.75	7.79	7.85	7.81	7.78	7.75
Nominal exchange rate (vs. USD, avg)	7.76	7.79	7.84	7.84	7.76	7.77	7.84	7.83	7.81	7.75
Central bank policy rate (%, eop)[1]	1.02	1.31	2.33	2.43	0.35	0.26	4.99	5.75	4.75	3.75
External Sector										
Current account balance (% of GDP)	4.0	4.6	3.7	5.9	7.0	11.8	10.5	5.2	4.0	4.4
Current account balance (US$ bn)	12.7	15.6	13.5	21.3	24.1	43.7	37.9	19.6	15.8	17.9
Trade balance (US$ bn)	-54.4	-61.9	-71.7	-54.2	-43.8	-45.1	-49.2	-63.8	-66.8	-69.4
Exports, f.o.b. (US$ bn)	462.5	497.8	531.3	509.7	507.1	637.2	582.1	534.5	541.0	566.4
Imports, c.i.f. (US$ bn)	516.9	559.7	603.0	563.8	550.9	682.3	631.3	598.3	607.9	635.8
International reserves (US$ bn)	386.3	431.4	424.6	441.4	491.9	518.5	402.0	440.0	462	
Public Sector										
Central gov. primary budget balance (% of GDP)	-	-	-	-	-	-	-	-	-	-
Central gov. budget balance (% of GDP)	4.5	5.6	2.4	-0.4	-8.7	1.0	-4.9	-3.5	-1.5	1.2
Debt Indicators										
Gross external debt (% of GDP)	422.5	462.9	468.3	455.3	510.0	510.4	510.2	510.5	512	-
Public (% of GDP)	0.9	1.2	1.0	1.0	0.8	0.9	0.9	0.9	0.9	-
Private (% of GDP)	421.6	461.7	467.3	454.3	509.2	509.5	509.3	509.6	511.1	-
Gross government debt (% of GDP)	0.1	0.1	0.1	0.3	0.3	0.6	0.9	0.9	0.9	-
Domestic (% of GDP)	-	-	-	-	-	-	-	-	-	-
External (% of GDP)	-	-	-	-	-	-	-	-	-	-

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 159: Philippines
Selected economic and financial indicators

	2016	2017	2018	2019F	2020	2021	2022F	2023F	2024F	2025F
Summary Data										
Nominal GDP (US$ bn)	290	317	341	384	371	381	395	439	481	544
GDP per capita (US$)	2,825	3,043	3,228	3,580	3,406	3,454	3,100	3,113	3,361	3,537
Economic Activity and Prices										
Real GDP growth (% yoy)	6.9	6.7	6.2	6.0	(9.5)	5.9	7.6	5.6	5.4	5.5
CPI inflation (% yoy, avg)	1.3	2.9	5.2	2.4	2.4	3.9	5.8	6.0	3.3	3.1
Nominal exchange rate (vs. USD, eop)	50.0	49.9	52.6	50.8	48.5	51.0	55.7	55.4	55.0	53.0
Nominal exchange rate (vs. USD, avg)	48.6	49.5	51.0	50.9	49.7	49.8	54.5	55.6	55.2	54.0
Central bank policy rate (%, eop)	3.00	3.00	4.75	4.00	2.00	2.00	5.50	6.50	5.50	4.50
External Sector										
Current account balance (% of GDP)	(0.4)	(0.7)	(2.3)	(0.8)	3.1	(1.6)	(4.8)	(3.4)	(3.4)	(3.6)
Current account balance (US$ bn)	(1.2)	(2.1)	(8.9)	(3.0)	11.6	(5.9)	(17.8)	(15.0)	(17.0)	(19.0)
Trade balance (US$ bn)	(26.7)	(27.4)	(43.5)	(40.7)	(24.6)	(42.2)	(58.2)	(57.9)	(62.2)	(68.7)
Exports, f.o.b. (US$ bn)	57.4	68.7	69.3	70.93	65.2	74.7	79.0	71.1	73.2	76.2
Imports, c.i.f. (US$ bn)	84.1	96.1	112.8	111.59	89.8	116.9	137.2	129.0	135.4	144.9
International reserves (US$ bn)	80.7	81.6	79.2	87.6	110.1	108.0	96.1	100.0	96.0	94.0
Public Sector										
Central gov. primary budget balance (% of GDP)	(0.3)	(0.3)	(1.2)	(1.6)	(6.0)	(7.1)	(6.4)	(5.3)	(4.7)	(4.2)
Central gov. budget balance (% of GDP)	(2.4)	(2.2)	(3.2)	(3.6)	(7.6)	(8.6)	(7.3)	(6.1)	(5.3)	(4.8)
Debt Indicators										
Gross external debt (% of GDP)	-	-	-	-	-	-	-	-	-	-
Public (% of GDP)	-	-	-	-	-	-	-	-	-	-
Private (% of GDP)	-	-	-	-	-	-	-	-	-	-
Gross government debt (% of GDP)	45.6	45.1	42.7	40.8	39.0	-	-	-	-	-
Domestic (% of GDP)	28.7	29.3	27.81	26.6	25.7	-	-	-	-	-
External (% of GDP)	16.9	15.8	14.89	14.2	13.3	-	-	-	-	-

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 160: Malaysia
Selected economic and financial indicators

	2016	2017	2018	2019	2020	2021	2022F	2023F	2024F	2025F
Summary Data										
Nominal GDP (US$ bn)	301.8	319.3	359.0	365.3	337.7	373.9	407.2	411.1	438.5	510.8
GDP per capita (US$)	9,580	10,012	11,133							
Unemployment rate (%)	3.5	3.4	3.3	3.3	4.5	4.7	3.8	3.4	3.3	3.3
Population (millions)	31.5	31.9	32.2	32.4	32.4	32.6	32.7	33.4	33.8	34.2
Economic Activity										
Real GDP growth (% yoy)	4.4	5.8	4.8	4.4	-5.5	3.3	8.7	3.8	4.6	4.8
Domestic demand growth (% yoy)	4.8	6.6	4.7	3.9	-4.8	3.8	9.3	3.5	5.0	4.1
Real investment growth (% yoy)	2.6	6.1	1.4	-2.1	-14.4	-0.8	6.8	4.1	5.0	6.0
Real consumption growth (% yoy)	4.9	6.7	7.1	6.6	-2.6	2.7	9.9	3.9	4.5	4.5
Real private consumption growth (% yoy)	5.9	6.9	8.0	7.7	-3.9	1.9	11.2	4.3	4.8	5.0
Real government consumption growth (% yoy)	1.1	5.7	3.4	1.5	4.1	6.4	4.5	1.6	3.0	2.0
Real export growth (% yoy)	1.3	8.7	1.9	-1.0	-8.6	18.5	14.5	-1.4	4.5	5.0
Real import growth (% yoy)	1.4	10.2	1.5	-2.4	-7.9	21.2	15.9	-2.5	4.1	3.0
Prices										
CPI inflation (% yoy, eop)	1.7	3.5	0.2	1.0	-1.4	3.2	3.8	1.5	2.4	2.6
CPI inflation (% yoy, avg)	2.1	3.8	1.0	0.7	-1.1	2.5	3.4	2.5	2.0	2.5
Nominal wages (% yoy)	7.2	7.6	3.7	2.6	-2.1	1.4	9.4	2.8	4.5	4.6
Nominal exchange rate (vs. USD, eop)	4.49	4.06	4.14	4.09	4.01	4.18	4.41	4.59	4.50	4.10
Nominal exchange rate (vs. USD, avg)	4.15	4.30	4.04	4.14	4.20	4.14	4.40	4.56	4.60	4.25
Bilateral real exchange rate (% yoy, + dep)	-	-	-	-	-	-	-	-	-	
Monetary Sector										
Monetary base growth (% yoy)	5.6	11.0	1.2	5.8	15.7	10.4	4.3	-	-	
Broad money growth (% yoy)[1]	3.2	4.9	9.1	3.5	4.0	6.4	4.3	-	-	
Credit extension to private sector (% yoy)[2]	5.3	4.1	7.7	3.9	3.4	4.5	5.7	-	-	
Central bank policy rate (%)	3.00	3.00	3.25	3.00	1.75	1.75	2.75	3.00	3.00	3.00
3-month interbank rate (%)	3.41	3.44	3.69	3.35	1.94	2.05	3.68	3.77	3.50	3.50
Long-term yield (%)[3]	3.84	3.98	4.08	3.62	2.81	3.27	4.08	-	-	
External Sector										
Current account balance (% of GDP)	2.4	2.8	2.2	3.5	4.2	3.9	3.1	1.6	1.9	2.1
Current account balance (US$ bn)	7.2	8.9	8.0	12.8	14.1	14.5	12.5	6.7	8.5	10.5
Trade balance (US$ bn)	24.6	27.2	28.4	30.1	32.7	42.9	42.3	31.8	30.5	32.5
Exports, f.o.b. (US$ bn)	165.9	186.4	205.9	197.4	185.8	242.8	281.5	228.0	225.7	230.0
main export	34.9	41.4	54.6	53.5	56.9	67.9	88.1	-	-	-
Imports, c.i.f. (US$ bn)	141.2	159.2	177.4	167.2	153.1	200.0	239.2	196.3	195.2	197.5
Service balance (US$ bn)	-4.6	-5.3	-4.3	-2.6	-11.2	-15.9	-12.8	-9.8	-7.5	-6.0
Income balance (US$ bn)	-12.9	-13.0	-16.1	-14.7	-7.4	-12.5	-16.9	-15.3	-14.4	-16.0
Foreign direct Investment (US$ bn)	13.5	9.4	8.3	9.1	4.0	20.3	14.7	8.7	12.0	15.0
International reserves (US$ bn)	94.5	102.4	101.4	103.6	107.6	116.9	114.7	113.5	-	
Price of main export commodity - Crude Palm Oil (RM/ton avg)	2,634	2,798	2,235	2,119	2,765	4,417	5,126	3,829	-	
Public Sector										
Central gov. primary budget balance (% of GDP)	-1.0	-0.9	-1.6	-1.2	-3.7	-3.9	-3.2	-2.5	-1.8	-0.9
Central gov. budget balance (% of GDP)	-3.1	-2.9	-3.7	-3.4	-6.2	-6.4	-5.6	-5.0	-4.3	-3.5
Consolidated gov. primary budget balance (% of GDP)	-	-	-	-	-	-	-	-	-	
Consolidated public sector balance (% of GDP)	-5.0	-3.6	-2.9	-3.4	-7.3	-4.3	-4.4	-	-	-
Central gov. revenues (% of GDP)	17.0	16.1	16.1	17.5	15.9	15.1	16.4	-	-	-
Debt Indicators										
Gross external debt (% of GDP)	73.2	64.5	63.8	62.6	67.6	69.7	63.9	-	-	
Public (% of GDP)	25.8	23.2	20.7	20.7	24.6	26.0	21.2	-	-	
Private (% of GDP)	47.4	41.3	43.0	42.0	42.9	43.7	42.7	-	-	
Gross government debt (% of GDP)	51.9	50.0	51.2	52.4	62.0	63.3	60.3	-	-	
Domestic (% of GDP)	50.0	48.5	49.7	50.5	60.0	61.3	58.6	-	-	
External (% of GDP)	1.9	1.5	1.5	1.9	2.0	1.9	1.6	-	-	
External debt amortizations (US$ bn)	-	-	-	-	-	-	-	-	-	
External debt interest payments (US$ bn)	-	-	-	-	-	-	-	-	-	
External debt service (% of XGS)	-	-	-	-	-	-	-	-	-	
Savings - Investment Balance										
Savings (% of GDP)	28.4	28.3	26.1	24.5	23.8	26.0	26.6	25.6	26.0	24.4
Investment (% of GDP)	26.0	25.5	23.9	21.0	19.7	22.1	23.5	23.9	23.9	24.4

	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25
Quarterly Economic Forecasts										
Real GDP growth (% yoy)	3.3	3.4	4.6	4.5	3.2	6.0	4.8	4.7	4.7	4.8
Real GDP growth (% qoq, sa, annualized)	10.7	-6.2	9.5	4.5	4.9	4.9	4.5	4.9	4.9	4.9
CPI inflation (% yoy, eop)	1.9	1.5	1.7	1.9	2.2	2.4	2.4	2.5	2.6	2.6
Central bank policy rate (%, eop)	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Nominal exchange rate (vs. USD, eop)	4.69	4.59	4.70	4.60	4.60	4.50	4.40	4.30	4.20	4.10
Current account balance (US$ bn)	0.2	3.7	1.9	2.7	0.4	4.1	2.6	2.6	2.6	2.6

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 161: Singapore
Selected economic and financial indicators

	2016	2017	2018	2019	2020	2021F	2022F	2023F	2024F	2025F
Summary Data										
Nominal GDP (US$ bn)	319.0	343.3	376.9	376.8	348.4	423.8	466.7	496.0	547.6	594.3
GDP per capita (US$)	56,898	61,174	66,824	66,068	61,298	77,680	82,794	83,814	91,270	99,044
Unemployment Rate (%)	2.1	2.2	2.1	2.3	3.0	2.7	2.5	2.0	2.1	2.1
Population (millions)	5.6	5.6	5.6	5.7	5.7	5.5	5.6	5.9	6.0	6.0
Economic Activity										
Real GDP growth (% yoy)	3.6	4.5	3.6	1.3	-3.9	8.9	3.6	1.2	2.3	2.6
Domestic demand growth (% yoy)	2.3	3.9	0.7	2.7	-10.0	9.8	4.8	2.2	2.1	2.4
Real investment growth (% yoy)	0.6	5.1	-5.0	2.3	-14.8	18.0	1.6	-0.2	2.0	2.3
Real consumption growth (% yoy)	3.4	3.2	3.9	2.9	-7.5	5.8	6.6	3.4	2.2	2.5
Real private consumption growth (% yoy)	3.3	3.1	4.1	2.8	-13.1	6.6	9.7	4.0	2.2	2.5
Real government consumption growth (% yoy)	3.7	3.4	3.0	3.2	13.0	3.7	-2.3	1.5	2.0	2.3
Real export growth (% yoy)	0.0	7.5	7.8	0.2	0.4	11.7	-1.3	0.0	2.4	3.1
Real import growth (% yoy)	0.2	8.1	7.4	0.0	-1.1	12.0	-1.9	-1.2	3.4	3.3
Prices										
CPI inflation (% yoy, eop)	-0.3	-0.4	-0.9	-0.8	-0.5	0.2	1.0	3.5	2.6	2.0
CPI inflation (% yoy, avg)	-0.5	0.6	0.4	0.6	-0.2	2.3	6.1	4.8	2.8	2.3
Nominal wages (% yoy)	3.7	3.0	3.5	2.6	1.4	3.6	9.4	3.9	3.6	4.0
Nominal exchange rate (vs. USD, eop)	1.45	1.34	1.36	1.35	1.32	1.35	1.34	1.32	1.26	1.22
Nominal exchange rate (vs. USD, avg)	1.38	1.38	1.35	1.36	1.38	1.34	1.38	1.34	1.31	1.24
Bilateral real exchange rate (% yoy, + dep)	-	-	-	-	-	-	-	-	-	
Monetary Sector										
Monetary base growth (% yoy)	7.7	9.1	0.1	3.6	32.8	-	- -	-	-	
Broad money growth (% yoy)[1]	7.7	3.2	3.9	5.1	12.8	-	- -	-	-	
Credit extension to private sector (% yoy)[2]	5.2	5.2	4.4	2.4	1.5	-	- -	-	-	
Central bank policy rate (%, eop)	-	-	-	-	-	-	-	-	-	-
3-month interbank rate (%, eop)	0.97	1.50	1.89	1.77	0.41	0.44	4.25	4.06	- -	
Long-term yield (%, eop)[3]	2.47	2.00	2.04	1.74	0.84	1.67	3.09	2.71	- -	
External Sector										
Current account balance (% of GDP)	17.8	18.1	15.7	16.2	16.5	18.0	19.3	17.6	16.5	16.0
Current account balance (US$ bn)	56.7	62.3	59.2	60.9	57.3	76.4	90.2	87.4	90.5	95.0
Trade balance (US$ bn)	89.9	100.9	104.4	97.8	106.4	125.7	136.5	145.7	157.5	160.0
Exports, f.o.b. (US$ bn)	373.2	417.1	460.9	441.9	419.9	514.5	579.5	535.7	564.2	570.0
Electronic exports (US$ bn)	33.7	36.4	35.2	27.0	28.0	33.4	32.7	-	-	
Imports, c.i.f. (US$ bn)	283.3	316.2	356.4	344.1	313.5	388.8	443.0	390.0	406.8	410.0
Service balance (US$ bn)	-6.3	-9.4	6.8	13.3	2.3	23.7	32.6	26.2	12.0	9.0
Income balance (US$ bn)	-26.9	-29.2	-52.0	-50.2	-51.4	-73.1	-78.9	-84.6	-79.0	-74.0
Foreign direct investment (US$ bn)	65.4	102.2	81.2	105.3	78.4	138.5	140.8	-	-	
International reserves (US$ bn)	246.6	279.9	287.7	279.5	362.3	417.9	289.5	-	-	
Public Sector										
Central gov. primary budget balance (% of GDP)	-0.5	0.5	-0.8	-0.2	-6.4	-2.1	-2.5	-0.7	-1.6	-1.6
Central gov. budget balance (% of GDP)	1.4	2.3	0.7	0.2	-13.9	0.2	-0.6	0.4	-0.5	-0.5
Consolidated gov. primary budget balance (% of GDP)	-	-	-	-	-	-	-	-	-	
Consolidated public sector balance (% of GDP)	-	-	-	-	-	-	-	-	-	
Central gov. revenues (% of GDP)	15.3	15.8	14.4	14.5	13.8	13.9	13.8	-	-	
Debt Indicators										
Gross external debt (% of GDP)	437.8	422.0	409.7	423.1	484.9	432.8	- -	-		
Public (% of GDP)	-	-	-	-	-	-	-	-	-	
Private (% of GDP)	437.8	422.0	409.7	423.1	484.9	432.8	- -	-		
Gross government debt (% of GDP)	463.2	502.0	546.7	641.1	704.7	778.0	- -	-		
Domestic (% of GDP)	463.2	502.0	546.7	641.1	704.7	778.0	- -	-		
External (% of GDP)	-	-	-	-	-	-	-	-	-	
External debt amortizations (US$ bn)	-	-	-	-	-	-	-	-	-	
External debt Interest payments (US$ bn)	-	-	-	-	-	-	-	-	-	
External debt service (% of XGS)	-	-	-	-	-	-	-	-	-	
Savings - Investment Balance										
Savings (% of GDP)	44.2	45.4	40.5	40.8	39.1	41.1	41.3	39.2	39.2	39.3
Investment (% of GDP)	26.4	27.3	24.8	24.6	22.6	23.1	21.9	20.5	20.6	20.7
Memorandum Items										
Lending to housing (% yoy)	3.1	2.3	5.9	1.0	2.4	-	- -	-		
Central gov. expenditure (% of GDP)	15.8	15.3	15.2	14.7	17.7	20.0	16.6	14.9	-	

	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25
Quarterly Economic Forecasts										
Real GDP growth (% yoy)	0.6	1.0	2.0	2.9	2.5	1.7	3.3	2.9	2.5	2.0
Real GDP growth (% qoq, sa, annualized)	5.3	7.0	-3.9	3.2	3.6	4.1	2.0	2.0	2.0	2.0
CPI inflation (% yoy, eop)	4.1	3.8	3.6	2.6	2.1	2.2	2.3	2.6	2.3	2.0
Central bank policy rate (%, eop)	-	-	-	-	-	-	-	-	-	-
Nominal exchange rate (vs. USD, eop)	1.36	1.32	1.34	1.33	1.29	1.26	1.25	1.24	1.23	1.22
Current Account balance (US$ bn)	22.8	15.6	20.2	18.1	15.6	18.0	23.8	23.8	23.8	23.8

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 162: Taiwan
Selected economic and financial indicators

	2016	2017	2018	2019	2020	2021	2022F	2023F	2024F	2025F
Summary Data										
Nominal GDP (US$ bn)	545	592	610	612	677	778	762	752	787	835
GDP per capita (US$)				25,908		32,944	32,625	32,591	34,169	36,194
Economic Activity and Prices										
Real GDP growth (% yoy)	2.2	3.3	2.8	3.1	3.4	6.5	2.6	1.4	3.2	2.3
CPI inflation (% yoy, avg)	1.4	0.6	1.4	0.6	-0.2	2.0	2.9	2.5	2.0	1.5
Nominal exchange rate (vs. USD, eop)	32.3	29.8	30.7	30.1	28.5	27.7	30.7	30.7	30.5	29.5
Nominal exchange rate (vs. USD, avg)	32.3	30.4	30.2	30.9	29.6	28.0	29.8	31.1	30.9	30.0
Central bank policy rate (%, eop)	1.375	1.375	1.375	1.375	1.125	1.125	1.750	2.00	2.00	2.00
External Sector										
Current account balance (% of GDP)	13.1	14.0	11.6	10.7	14.3	15.2	13.2	12.7	13.7	13.9
Current account balance (US$ bn)	71.3	83.1	70.9	65.7	97.3	118.0	100.8	95.9	107.8	116.5
Trade balance (US$ bn)	50.0	58.3	49.2	43.5	59.0	64.4	51.3	73.9	69.0	75.1
Exports, f.o.b. (US$ bn)	279.2	315.5	334.0	329.2	345.1	446.4	479.4	428.7	422.5	450.2
Imports, c.i.f. (US$ bn)	229.2	257.2	284.8	285.7	286.1	382.0	428.1	354.8	353.5	375.1
International reserves (US$ bn)	434	452	462	478	530	548	555	560	565	580
Public Sector										
Central gov. primary budget balance (% of GDP)	-0.3	-0.2	0.0	0.0	-2.8	-2.4	-0.6	-1.6	-1.5	-1.6
Central gov. budget balance (% of GDP)	-0.7	-0.6	-0.4	-0.4	-3.2	-2.8	-1.0	-2.1	-2.0	-2.1
Debt Indicators										
Gross external debt (% of GDP)	31.7	30.8	31.4	30.2	28.0	27.4	26.5	27.7	27.3	26.9
Public (% of GDP)	0.2	0.1	0.0	0.1	0.2	0.2	0.1	0.2	0.2	0.2
Private (% of GDP)	31.5	30.7	31.4	30.1	27.8	27.2	26.4	27.5	27.1	26.8
Gross government debt (% of GDP)	35.4	34.5	33.9	32.7	32.1	30.2	29.7	29.5	29.4	29.4
Domestic (% of GDP)	-	-	-	-	-	-	-	-	-	
External (% of GDP)	-	-	-	-	-	-	-	-	-	

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 163: Thailand
Selected economic and financial indicators

	2016	2017	2018	2019	2020	2021F	2022F	2023F	2024F	2025F
Summary Data					0.0					
Nominal GDP (US$ bn)	414.0	456.7	506.4	543.9	500.9	501.2	508.4	521.2	549.6	577.9
GDP per capita (US$)	6280.0	6899.9	7624.3	8161.3	7490.5	7470.7	7551.2	7715.3	8136.3	8555.4
Economic Activity and Prices										
Real GDP growth (% yoy)	3.4	4.2	4.2	2.3	-6.3	1.5	2.7	1.8	2.6	2.8
CPI inflation (% yoy, avg)	0.0	0.0	-0.9	0.7	-0.9	1.2	6.1	1.6	0.8	0.9
Nominal exchange rate (vs. USD, eop)	35.9	32.5	32.3	29.9	30.5	33.0	36.0	34.0	34.0	33.5
Nominal exchange rate (vs. USD, avg)	35.2	33.9	32.3	31.0	31.3	32.1	35.0	34.7	34.0	33.5
Central bank policy rate (%, eop)	1.5	1.5	1.8	1.3	0.5	0.5	1.00	2.50	2.00	1.75
External Sector										
Current account balance (% of GDP)	10.5	9.6	5.6	6.8	8.1	-3.7	-3.3	1.3	0.8	1.8
Current account balance (US$ bn)	43.4	44.0	28.4	37.0	40.8	-18.5	-16.9	6.6	4.5	10.1
Trade balance (US$ bn)	35.8	32.6	22.4	26.7	40.9	32.4	10.8	16.7	11.8	13.3
Exports, f.o.b. (US$ bn)	213.5	233.7	251.1	242.7	227.0	270.6	285.4	280.0	286.1	292.3
Imports, c.i.f. (US$ bn)	177.7	201.1	228.7	216.0	186.1	238.2	274.6	263.2	274.4	279.0
International reserves (US$ bn)	171.9	202.6	205.6	224.3	258.1	239.5	222.8	225.5	225.1	230.1
Public Sector										
Central gov. primary budget balance (% of GDP)	-1.7	-2.2	-1.5	-1.9	-6.6	-8.0	-4.2	-2.1	-2.5	-2.3
Central gov. budget Balance (% of GDP)	-2.6	-3.0	-2.4	-2.8	-7.3	-9.1	-5.4	-3.3	-3.8	-3.6
Debt Indicators										
Gross external debt (% of GDP)	32.1	34.1	32.2	31.6	-	-	-	-	-	-
Public (% of GDP)	5.5	6.9	7.1	7.0	-	-	-	-	-	-
Private (% of GDP)	26.6	27.2	25.2	24.6	-	-	-	-	-	-
Gross government debt (% of GDP)	40.6	41.1	41.8	41.2	49.5	58.4	60.7	62.4	64.6	66.0
Domestic (% of GDP)	38.3	39.2	40.2	39.8	48.6	57.3	59.6	61.6	63.7	65.2
External (% of GDP)	2.3	1.9	1.6	1.3	0.9	1.1	1.0	0.9	0.9	0.9

Source: BofA Global Research

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GEMs Tables – EEMEA

Exhibit 164: Poland
Selected economic and financial indicators

	2016	2017	2018	2019	2020	2021	2022	2023F	2024F	2025F
Summary Data										
Nominal GDP (US$ bn)	472	527	587	596	599	681	688	807	911	1,046
GDP per capita (US$)	12,288	13,703	15,293	15,527	15,738	17,976	18,224	21,448	24,287	27,985.3
Unemployment rate (%)	6.2	4.9	3.9	3.3	3.2	3.4	2.9	2.8	-	-
Population (millions)	38.4	38.4	38.4	38.4	38.1	37.9	37.8	37.6	37.5	37.4
Economic Activity										
Real GDP growth (% yoy)	3.1	4.8	5.3	4.3	-2.1	6.8	5.5	0.0	3.0	3.5
Domestic demand growth (% yoy)	2.7	5.0	5.7	3.3	-2.9	8.1	5.7	-3.7	3.8	4.1
Real investment growth (% yoy)	-0.4	7.9	11.5	1.2	-7.0	16.8	11.3	-18.6	8.4	9.0
Real consumption growth (% yoy)	3.5	4.2	4.2	4.0	-1.8	5.8	4.1	0.9	2.6	2.7
Real private consumption growth (% yoy)	3.8	4.8	4.3	3.3	-3.7	6.1	5.1	-0.2	2.2	3.0
Real government consumption growth (% yoy)	2.6	2.5	3.8	6.1	4.5	4.9	0.9	4.5	4.0	2.0
Real export growth (% yoy)	8.8	9.8	7.0	5.6	-0.9	12.3	6.7	-6.7	1.5	3.0
Real import growth (% yoy)	7.4	9.7	7.7	3.1	-2.3	16.1	6.9	-13.0	2.8	4.0
Prices										
CPI inflation (% yoy, eop)	0.8	2.1	1.1	3.4	2.4	8.6	16.6	6.2	5.8	3.8
CPI inflation (% yoy, avg)	-0.6	2.0	1.7	2.3	3.4	5.1	14.3	11.6	4.1	4.8
Nominal wages (% yoy)	4.1	5.6	7.1	6.6	4.8	8.6	12.9	11.9	-	-
Nominal exchange rate (vs EUR, eop)	4.42	4.17	4.30	4.26	4.61	4.60	4.69	4.35	4.20	4.20
Nominal exchange rate (vs EUR, avg)	4.36	4.26	4.26	4.30	4.44	4.57	4.69	4.54	4.35	4.20
Bilateral real exchange rate (% yoy, + dep)	5.2	-2.9	0.2	-0.2	0.2	0.3	-2.7	-8.4	-	-
Monetary Sector										
Monetary base growth (% yoy, eop)1	17.8	11.2	11.7	14.1	32.6	12.6	-8.1	6.3	-	-
Broad money growth (% yoy, eop)	9.6	4.6	9.2	8.3	16.4	8.9	5.4	8.5	-	-
Credit extension to private sector (% yoy, eop)	5.0	3.6	7.5	5.2	0.3	5.5	1.6	-0.4	-	-
Central bank policy rate (%, eop)	1.50	1.50	1.50	1.50	0.10	1.75	6.75	5.75	5.75	4.75
1-month interbank rate (%, eop)2	1.66	1.65	1.64	1.63	0.20	2.23	6.93	5.80	-	-
Long-term yield (%, eop)3	3.5	3.3	2.9	2.0	1.3	3.4	6.6	5.2	-	-
External Sector										
Current account balance (% of GDP)	-1.0	-1.1	-1.9	-0.2	2.4	-1.3	-2.4	1.6	1.0	0.7
Current account balance (US$ bn)	-1.0	-8.5	-9.9	-4.0	9.9	-8.1	-16.1	11.5	9.1	7.0
Trade balance (US$ bn)	-1.5	-5.5	-13.3	-4.9	8.0	-9.1	-25.6	9.2	5.1	-0.3
Exports, f.o.b. (US$ bn)	187.3	215.9	242.4	246.7	251.8	311.9	339.3	361.1	382.3	418.0
main export	-	-	-	-	-	-	-	-	-	-
Imports, c.i.f. (US$ bn)	188.8	221.4	255.7	251.5	243.8	321.0	364.9	351.8	377.2	418.3
Service balance (US$, bn)	15.4	20.4	25.3	27.0	26.2	31.7	38.5	41.1	47.1	55.4
Income balance (US$, bn)	-18.2	-22.3	-24.8	-24.9	-22.8	-30.9	-27.3	-34.5	-40.0	-45.1
Foreign direct investment (US$ bn)	3.6	7.9	16.7	12.2	14.3	26.0	25.2	20.3	20.5	-
International reserves (US$ bn)	114	113	117	128	154	166	167	194	190	230
Public Sector										
Central gov. primary budget balance (% of GDP)	-0.9	-2.2	0.7	0.1	-7.0	-0.9	-2.1	-	-	-
Central gov. budget balance (% of GDP)	-2.6	-3.7	-0.6	-1.1	-7.9	-1.9	-3.2	-	-	-
Consolidated gov. primary budget balance (% of GDP)	-0.7	0.1	1.2	0.6	-5.6	-0.7	-2.2	-3.6	-3.3	-2.2
Consolidated public sector balance (% of GDP)	-2.4	-1.5	-0.3	-0.7	-6.9	-1.8	-3.8	-5.6	-5.3	-4.2
General gov. revenues (% of GDP)	38.7	39.8	41.3	41.1	41.3	42.3	39.9	37.9	38.2	37.6
Debt Indicators										
Gross external debt (% of GDP)	72.0	72.8	61.8	59.6	63.0	53.6	53.7	-	-	-
Public (% of GDP)	31.6	29.9	24.3	21.7	22.3	17.5	17.2	-	-	-
Private (% of GDP)	40.5	42.8	37.5	37.9	40.7	36.2	36.5	-	-	-
Gross government debt (% of GDP)	54.2	50.6	48.8	45.7	57.2	53.6	49.3	51.1	53.8	54.7
Domestic (% of GDP)	27.2	22.8	26.7	26.4	37.3	38.7	35.1	-	-	-
External (% of GDP)	27.0	27.8	22.1	19.3	19.8	15.0	14.2	-	-	-
External debt amortizations (US$ bn)	-	-	-	-	-	-	-	-	-	-
External debt interest payments (US$ bn)	-	-	-	-	-	-	-	-	-	-
External debt service (% of XGS)	-	-	-	-	-	-	-	-	-	-
Savings - Investment Balance										
Savings (% of GDP)	18.7	18.8	18.8	20.3	21.2	20.5	20.0	-	-	-
Investment (% of GDP)	19.7	19.9	20.8	20.5	18.8	21.8	22.4	-	-	-

	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25
Quarterly Economic Forecasts										
Real GDP growth (sa, % yoy)	0.2	1.7	-	-	-	-	-	-	-	-
Real GDP growth (sa, % qoq, annualized)	4.5	0.0	-	-	-	-	-	-	-	-
CPI inflation (% yoy, eop)	8.2	6.2	2.5	2.5	5.4	5.8	-	-	-	-
Central bank policy rate (%, eop)	6.00	5.75	5.75	5.75	5.75	5.75	5.50	4.75	4.75	4.75
Nominal exchange rate (vs EUR, eop)	4.64	4.35	4.30	4.25	4.23	4.20	4.20	4.20	4.20	4.20
Current account balance (US$ bn)	2.0	3.5	-	-	-	-	-	-	-	-

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 165: South Africa
Selected economic and financial indicators

	2016	2017	2018	2019	2020	2021	2022	2023F	2024F	2025F
Summary Data										
Nominal GDP (US$ bn)	323.5	381.3	405.1	389.2	338.2	420.0	405.1	382.2	413.1	439.1
GDP per capita (US$)	5751	6678	6992	6623	5672	6944	6603	6141	6543	6856
Unemployment rate (%)	26.7	27.5	27.1	28.7	29.2	34.3	33.5	34.0	34.0	34.0
Population (millions)	56.3	57.1	57.9	58.8	59.6	60.5	61.4	62.2	63.1	64.1
Economic Activity										
Real GDP growth (% yoy)	0.7	1.2	1.6	0.3	-6.0	4.7	1.9	0.5	1.3	1.5
Domestic demand growth (% yoy)	-0.7	1.5	2.0	1.3	-7.6	4.8	3.9	0.8	1.4	1.5
Real investment growth (% yoy)	-1.9	-2.0	-1.2	-1.7	-14.6	0.6	4.8	4.6	2.9	2.7
Real consumption growth (% yoy)	1.0	1.3	2.7	1.4	-4.5	4.6	2.1	0.9	1.6	1.8
Real private consumption growth (% yoy)	0.7	1.7	3.2	1.3	-6.1	5.8	2.5	0.7	1.7	2.1
Real government consumption growth (% yoy)	2.0	-0.3	1.1	1.8	0.9	0.5	1.0	1.7	1.2	0.8
Real export growth (% yoy)	0.4	-0.3	2.7	-3.3	-12.0	9.1	7.4	3.2	2.7	1.2
Real import growth (% yoy)	-4.1	1.5	3.5	0.6	-17.6	9.6	14.9	4.1	2.7	1.1
Prices										
CPI inflation (% yoy, eop)	6.8	4.7	4.5	4.0	3.1	5.9	7.2	5.1	4.8	4.5
CPI inflation (% yoy, avg)	6.3	5.3	4.6	4.1	3.3	4.6	6.9	5.9	4.9	4.5
Nominal wages (% yoy)	7.6	6.9	5.0	4.6	-2.3	3.0	5.0	6.0	5.0	5.0
Nominal exchange rate (vs USD, eop)	13.7	12.3	14.4	14.0	14.7	15.9	17.0	19.0	17.8	18.4
Nominal exchange rate (vs USD, avg)	14.7	13.3	13.2	14.5	16.5	15.0	16.5	18.6	18.2	18.1
Bilateral real exchange rate (% yoy, + dep)	3.8	-9.5	-2.4	0.2	9.1	-14.6	2.7	7.2	-7.6	-4.7
Monetary Sector										
Monetary base growth (% yoy)	6.4	6.8	9.1	4.2	3.3	4.6	6.9	5.9	4.9	4.5
Broad money growth (% yoy)	6.1	6.4	5.6	6.1	3.3	4.6	6.9	5.9	4.9	4.5
Credit extension to private sector (% yoy)	5.1	6.7	5.1	6.1	5.0	4.6	6.9	6.9	5.9	5.5
Central bank policy rate (%, eop)	7.0	6.8	6.8	6.5	3.5	3.8	7.00	8.25	7.50	7.00
1-month interbank rate (%, eop)	7.1	6.9	7.0	6.6	3.5	3.7	7.1	8.4	7.6	7.1
Long-term yield (%, eop)1	8.9	9.2	9.4	9.0	9.7	9.9	11.3	12.1	11.0	11.0
External Sector										
Current account balance (% of GDP)	-2.7	-2.4	-2.9	-2.6	1.9	3.7	-0.5	-1.5	-2.5	-2.5
Current account balance (US$ bn)	-8.7	-9.0	-11.9	-10.1	6.6	15.3	-1.8	-5.8	-10.4	-11.1
Trade balance (US$ bn)	1.7	4.4	2.0	2.5	17.5	30.2	13.7	6.7	3.1	1.4
Exports, f.o.b. (US$ bn)	76.1	87.7	94.4	90.0	84.6	121.5	127.6	112.9	109.1	104.4
main export	14.2	16.9	17.4	15.4	7.8	22.6	21.5	15.0	12.0	13.0
Imports, c.i.f. (US$ bn)	74.4	83.3	92.4	87.4	67.1	91.3	109.5	106.3	106.0	103.0
Service balance (US$ bn)	-0.3	-0.1	0.1	-0.6	-2.7	-4.5	-5.5	-4.5	-4.5	-4.5
Income balance (US$ bn)	-8.3	-10.6	-11.3	-9.7	-5.6	-8.0	-8.5	-8.0	-9.0	-8.0
Foreign direct investment (US$ bn)	-2.2	-5.4	1.4	2.0	5.0	40.1	7.1	7.1	7.1	7.1
International reserves (US$ bn)	42.6	45.5	46.5	48.9	47.4	50.3	53.2	62.0	63.0	63.0
Public Sector										
Central gov. primary budget balance (% of GDP)	-0.5	-0.9	-0.9	-2.5	-5.7	-0.9	0.0	-0.8	-0.3	-0.3
Central gov. budget balance (% of GDP)	-3.8	-4.4	-4.3	-6.1	-9.8	-5.1	-4.6	-5.8	-5.4	-5.6
Consolidated gov. primary budget balance (% of GDP)	-0.5	-1.0	-0.9	-2.5	-5.7	-0.9	0.0	-1.0	-0.4	-0.1
Consolidated public sector balance (% of GDP)	-3.2	-3.7	-3.6	-5.0	-9.9	-4.6	-3.6	-6.1	-5.5	-5.4
Central gov. revenues (% of GDP)	25.7	25.5	23.5	23.6	22.1	24.8	25.3	24.4	23.9	24.4
Debt Indicators										
Gross external debt (% of GDP)	44.2	45.4	42.6	47.6	50.4	52.4	54.4	56.4	58.4	60.4
Public (% of GDP)	23.3	25.4	22.5	26.6	30.8	31.8	32.8	33.8	34.8	35.8
Private (% of GDP)	20.9	20.0	20.1	21.0	19.6	20.6	21.6	22.6	23.6	24.6
Gross government debt (% of GDP)	50.5	53.0	51.5	57.2	70.1	67.8	70.9	73.9	76.1	78.0
Domestic (% of GDP)	45.7	48.4	46.1	52.4	63.1	59.8	61.9	63.9	65.1	66.0
External (% of GDP)	4.8	4.6	5.4	6.8	7.0	8.0	9.0	10.0	11.0	12.0
External debt amortizations (US$ bn)	35.9	33.8	35.8	37.8	39.8	41.8	43.8	45.8	47.8	49.8
External debt interest payments (US$ bn)	4.6	6.0	6.2	6.5	6.7	7.0	7.2	7.5	7.7	8.0
External debt service (% of XGS)	53.2	45.3	44.5	49.2	54.9	40.1	39.9	47.1	50.9	55.3
Savings - Investment Balance										
Savings (% of GDP)	14.3	14.2	13.2	13.3	14.4	16.5	15.0	13.1	12.9	13.0
Investment (% of GDP)	17.0	16.6	15.9	15.9	12.4	12.8	15.5	14.6	15.4	15.5

	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25
Quarterly Economic Forecasts										
Real GDP growth (% yoy)	0.1	0.8	0.8	0.8	1.7	2.1	1.9	1.7	1.4	1.1
Real GDP growth (% qoq, sa, annualized)	0.7	0.8	1.6	1.8	2.4	2.4	1.0	1.0	1.2	1.2
CPI inflation (% yoy, eop)	5.4	5.1	5.0	4.8	4.9	4.8	4.6	4.4	4.4	4.5
Central bank policy rate (%, eop)	8.3	8.3	8.3	8.3	8.0	7.5	7.0	7.0	7.0	7.0
Nominal exchange rate (vs USD, eop)	18.8	19.0	18.6	18.5	17.7	17.8	17.9	18.0	18.2	18.4
Current account balance (US$ bn)	-0.4	-0.6	-0.4	-0.6	-0.2	-0.9	-1.1	-0.7	-0.6	-0.9

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 166: Türkiye
Selected economic and financial indicators

	2016	2017	2018	2019	2020	2021	2022	2023F	2024F	2025F
Summary Data										
Nominal GDP (US$ bn)	869.7	859.0	778.4	761.4	721.1	811.7	905.9	1095.6	1108.2	1149.8
GDP per capita (US$)	10896	10630	9492	9157	8552	9492	10622	12756	12813	13200
Unemployment rate (%)	10.9	10.9	11.0	13.7	13.4	12.4	11.1	10.2	12.0	11.0
Population (millions)	79.8	80.8	82.0	83.2	84.3	85.5	85.3	85.9	86.5	87.1
Economic Activity										
Real GDP growth (% yoy)	3.3	7.5	3.0	0.9	1.8	11.4	5.6	4.3	3.4	4.6
Domestic demand growth (% yoy)	4.1	7.2	-0.7	-1.5	7.6	6.5	5.2	8.3	3.9	5.0
Real investment growth (% yoy)	2.2	8.3	-0.3	-12.4	6.5	7.4	2.8	7.3	-2.9	3.1
Real consumption growth (% yoy)	4.8	5.8	1.6	2.1	3.0	12.8	17.0	9.9	0.7	2.0
Real private consumption growth (% yoy)	3.8	5.9	0.5	1.6	3.2	15.3	19.6	10.8	0.6	2.2
Real government consumption growth (% yoy)	9.5	5.0	6.6	4.4	2.3	2.6	5.2	5.3	1.0	1.0
Real export growth (% yoy)	-1.7	12.4	9.0	4.9	-15.4	24.9	9.1	-2.5	0.4	3.0
Real import growth (% yoy)	3.0	10.6	-6.4	-5.3	7.4	2.4	7.9	14.7	2.5	5.0
Prices										
CPI inflation (% yoy, eop)	8.5	11.9	20.3	11.8	14.6	36.1	64.3	64.8	39.9	25.0
CPI inflation (% yoy, avg)	7.8	11.1	16.2	15.5	12.3	19.4	72.0	53.4	56.9	29.3
Nominal wages (% yoy)	20.7	13.4	15.9	18.3	13.3	20.4	77.0	54.4	57.9	30.3
Nominal exchange rate (vs USD, eop)	3.5	3.8	5.3	5.9	7.4	13.0	18.6	29.5	40.0	48.0
Nominal exchange rate (vs USD, avg)	3.0	3.6	5.0	5.8	7.0	8.9	16.6	23.7	36.0	45.5
Bilateral real exchange rate (% yoy, + dep)	0.0	-10.3	-14.3	-2.6	-10.4	-8.8	-32.2	-19.4	-13.3	12.5
Monetary Sector										
Monetary base growth (% yoy)	21.8	7.6	1.8	19.8	24.9	26.6	40.9	40.4	20.0	15.0
Broad money growth (% yoy)	18.2	16.5	18.6	28.4	34.2	51.5	61.6	67.0	40.0	32.0
Credit extension to private sector (% yoy)	15.8	20.1	13.9	12.0	34.3	34.2	53.3	55.0	35.0	30.0
Central bank policy rate (%, eop)	19.7	12.8	24.0	12.0	17.0	14.0	9.0	42.5	45.0	30.0
1-month interbank rate (%, eop)	9.3	14.1	24.1	10.8	17.5	14.3	9.5	43.0	45.5	30.5
Long-term yield (%, eop)	11.1	11.5	15.9	11.5	17.1	13.9	22.0	43.5	46.0	31.0
External Sector										
Current account balance (% of GDP)	-3.1	-4.7	-2.8	0.9	-5.2	-1.8	-5.5	-4.1	-2.5	-3.0
Current account balance (US$ bn)	-27.0	-40.8	-21.7	6.8	-37.3	-14.9	-48.7	-45.2	-28.0	-34.5
Trade balance (US$ bn)	-39.9	-58.6	-40.7	-16.8	-37.9	-46.1	-109.5	-106.0	-91.6	-91.5
Exports, f.o.b. (US$ bn)	152.6	169.2	178.9	182.2	168.4	225.3	254.2	255.8	257.8	261.8
main export - road vehicles	22.8	27.2	29.8	28.7	23.7	26.8	28.0	32.5	34.5	36.5
Imports, c.i.f. (US$ bn)	192.6	227.8	219.6	199.0	206.3	271.4	363.7	361.8	349.3	353.3
Service balance (US$ bn)	20.5	26.3	30.2	35.5	9.1	25.2	49.9	52.0	54.0	56.0
Income balance (US$ bn)	-9.2	-11.1	-11.9	-12.8	-8.7	-11.8	-8.5	-11.2	-10.0	-10.0
Foreign direct investment (US$ bn)	10.7	8.3	9.2	6.3	4.6	7.7	8.1	4.7	10.0	10.0
International reserves (US$ bn)	106.1	107.7	93.0	105.7	93.3	111.2	128.7	140.9	150.0	155.0
Public Sector										
Central gov. primary budget balance (% of GDP)	0.8	0.1	-0.2	-0.8	-1.4	-0.2	1.1	-2.8	-2.8	-1.7
Central gov. budget balance (% of GDP)	-1.1	-1.5	-1.9	-2.9	-3.4	-2.7	-0.9	-5.4	-5.8	-4.1
Consolidated public sector primary balance (% of GDP)	0.7	0.2	0.0	-0.6	-0.8	-0.2	1.0	-2.9	-2.9	-1.8
Consolidated public sector balance (% of GDP)	-1.3	-1.6	-1.9	-2.9	-3.5	-2.8	-1.0	-5.5	-5.9	-4.2
Central gov. revenues (% of GDP)	21.1	20.1	20.2	20.3	20.4	19.5	18.7	20.5	19.6	20.7
Debt Indicators										
Gross external debt (% of GDP)	47.0	52.9	56.5	57.3	62.8	54.5	70.0	55.0	56.0	55.0
Public (% of GDP)	14.3	16.1	18.6	21.8	27.1	25.4	32.5	25.9	26.7	25.9
Private (% of GDP)	32.7	36.8	38.0	35.5	35.7	29.2	37.5	29.1	29.3	29.1
Gross government debt (% of GDP)	28.0	28.0	30.2	32.6	39.5	41.8	35.2	35.0	36.6	37.1
Domestic (% of GDP)	18.9	18.3	16.9	20.2	24.0	21.4	20.6	19.8	22.8	24.1
External (% of GDP)	11.5	10.9	12.1	13.1	14.8	20.5	14.6	15.2	13.7	13.0
External debt amortizations (US$ bn)	58.1	59.5	59.3	59.4	46.2	53.0	60.8	41.2	41.1	41.0
External debt interest payments (US$ bn)	7.7	8.2	9.7	10.8	10.3	9.5	11.4	9.7	12.3	10.9
External debt service (% of XGS)	33.1	30.6	30.5	29.4	30.9	23.6	21.8	15.1	15.7	14.9
Savings - Investment Balance										
Savings (% of GDP)	26.0	25.1	26.9	26.8	22.0	26.1	22.8	24.5	26.4	26.2
Investment (% of GDP)	29.1	29.9	29.7	25.9	27.2	27.9	28.2	28.6	28.9	29.2

	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25
Quarterly Economic Forecasts										
Real GDP growth (% yoy)	5.9	3.3	5.0	2.4	2.9	3.6	3.4	3.1	4.1	5.2
Real GDP growth (% qoq, sa, annualized)	1.1	0.0	5.7	2.8	3.0	3.0	3.5	6.9	7.4	4.9
CPI inflation (% yoy, eop)	61.5	64.8	68.6	68.7	43.8	39.9	30.7	29.6	27.3	25.0
Central bank policy rate (%, eop)	30.00	42.50	45.00	45.00	45.00	45.00	40.0	35.0	33.0	30.0
Nominal exchange rate (vs USD, eop)	28.0	29.5	32.0	35.0	37.0	40.0	43.0	45.0	46.0	48.0
Current account balance (US$ bn)	-6.4	-4.7	-7.3	-10.3	-3.8	-6.5	-6.3	-9.5	-7.0	-11.7

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 167: Czech Republic
Selected economic and financial indicators

	2016	2017	2018	2019	2020	2021	2022	2023F	2024F	2025F
Summary Data										
Nominal GDP (US$ bn)	196	219	249	253	246	282	291	330	336	381
GDP per capita (US$)	18,561	20,663	23,410	23,620	23,017	26,804	27,649	31,311	31,851	36,137
Economic Activity and Prices										
Real GDP growth (% yoy)	2.5	5.3	3.2	3.0	-5.5	3.5	2.4	-0.4	1.0	2.6
CPI inflation (% yoy, avg)	0.7	2.5	2.1	2.8	3.2	3.8	15.1	10.7	2.1	1.9
Nominal exchange rate (vs EUR, eop)	27.0	25.5	25.7	25.4	26.2	24.9	24.1	24.7	24.7	24.0
Nominal exchange rate (vs EUR, avg)	27.0	26.3	25.6	25.7	26.5	25.6	24.6	24.0	24.7	24.4
Central bank policy rate (%, eop)	0.05	0.50	1.75	2.00	0.25	3.75	7.00	6.75	3.50	3.00
External Sector										
Current account balance (% of GDP)	1.8	1.5	0.4	0.3	2.0	-2.8	-6.1	1.2	1.0	0.5
Current account balance (US$ bn)	3.5	3.4	1.1	0.8	4.9	-7.8	-17.8	4.0	3.5	2.1
Trade balance (US$ bn)	10.6	11.1	9.3	10.5	12.1	3.2	- 4.3	12.6	11.1	12.7
Exports, f.o.b. (US$ bn)	131	146	161	156	146	176	184	191	194	224
Imports, c.i.f. (US$ bn)	120	135	152	146	134	173	189	179	183	211
International reserves (US$ bn)	86	148	143	150	166	174	140	141	151	168
Public Sector										
General gov. primary budget balance (% of GDP)	1.6	2.2	1.6	0.99	-5.0	-4.3	-2.5	-	-	-
General gov. budget balance (% of GDP)	0.7	1.5	0.9	0.3	-5.8	-5.1	-3.6	-3.8	-2.0	-1.5
Debt Indicators										-
Gross external debt (% of GDP)	69.5	93.6	78.8	76.7	82.0	73.0	67.6	-	-	-
Public (% of GDP)	17.7	20.9	15.7	15.0	17.1	15.7	14.9	-	-	-
Private (% of GDP)	51.8	72.8	63.1	61.7	64.9	57.3	52.7	-	-	-
Gross government debt (% of GDP)	36.6	34.2	32.1	30.0	37.7	42.0	44.2	43.9	44.6	44.1
Domestic (% of GDP)	20.9	17.0	19.5	18.0	23.8	31.0	34.3	-	-	-
External (% of GDP)	15.7	17.2	12.5	12.1	13.9	11.0	9.9	-	-	-

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 168: Egypt
Selected economic and financial indicators

	2016	2017	2018	2019	2020	2021	2022	2023F	2024F	2025F
Summary Data										
Nominal GDP (US$ bn)	350.6	247.8	261.0	317.7	382.4	424.4	475.2	397.4	393.7	355.3
GDP per capita (US$)	3,852	2,603	2,688	3,213	3,801	4,157	4,587	3,761	3,653	3,231
Economic Activity and Prices										
Real GDP growth (% yoy)	4.3	4.2	5.3	5.5	3.6	3.3	6.7	3.8	2.5	3.8
CPI inflation (% yoy, avg)	10.2	23.3	21.6	13.9	5.7	4.5	8.5	24.4	29.0	25.0
Nominal exchange rate (vs USD, eop)	8.78	18.00	17.50	16.69	16.16	15.70	18.79	30.90	45.00	54.00
Nominal exchange rate (vs USD, avg)	8.16	14.75	17.88	17.61	16.09	15.70	16.50	25.79	34.43	49.50
Central bank policy rate (%, eop)	11.75	16.75	16.75	15.75	9.25	8.25	11.25	18.25	22.25	23.25
External Sector										
Current account balance (% of GDP)	-5.7	-5.8	-2.3	-3.4	-2.9	-4.3	-3.5	-1.2	-2.1	-2.2
Current account balance (US$ bn)	-19.8	-14.4	-6.0	-10.9	-11.2	-18.4	-16.6	-4.7	-8.4	-7.8
Trade balance (US$ bn)	-38.7	-37.3	-37.3	-38.0	-36.5	-42.1	-43.4	-31.2	-35.9	-36.8
Exports, f.o.b. (US$ bn)	18.7	21.7	25.8	28.5	26.4	28.7	43.9	39.6	53.8	55.4
Imports, c.i.f. (US$ bn)	57.4	59.0	63.1	66.5	62.8	70.7	87.3	70.8	89.7	92.3
International reserves (US$ bn)	17.5	31.3	44.3	44.5	38.2	40.6	33.4	34.8	35.2	37.0
Public Sector										
Central gov. primary budget balance (% of GDP)	-3.4	-1.7	0.1	1.8	1.7	1.4	1.3	1.6	2.5	2.5
Central gov. budget balance (% of GDP)	-11.9	-10.4	-9.3	-7.7	-7.5	-7.1	-6.2	-6.0	-7.5	-7.5
Debt Indicators										
Gross external debt (% of GDP)	15.9	31.9	35.5	34.2	32.3	32.5	32.8	41.8	48.8	49.8
Public (% of GDP)	13.3	26.3	28.4	26.8	25.4	25.5	25.9	32.3	39.2	40.2
Private (% of GDP)	2.6	5.6	7.1	7.4	6.9	7.0	6.8	9.6	9.6	9.6
Gross government debt (% of GDP)	96.8	99.5	92.6	86.9	83.0	85.7	85.3	91.1	90.6	88.8
Domestic (% of GDP)	89.9	85.5	74.4	68.9	64.8	66.3	68.0	70.1	62.6	59.9
External (% of GDP)	7.0	14.1	18.3	18.0	18.1	19.4	17.3	21.0	28.0	29.0

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 169: Hungary
Selected economic and financial indicators

	2016	2017	2018	2019	2020	2021	2022	2023F	2024F	2025F
Summary Data										
Nominal GDP (US$ bn)	129	143	161	164	157	182	177	210	224	243
GDP per capita (US$)	13	15	16	17	16	19	18	22	24	26
Economic Activity and Prices										
Real GDP growth (% yoy)	2.2	4.4	5.4	4.9	-4.7	7.0	4.6	-0.8	2.8	3.0
CPI inflation (% yoy, avg)	0.4	2.3	2.8	3.3	3.3	5.1	14.6	17.1	4.0	3.9
Nominal exchange rate (vs EUR, eop)	311	310	322	331	365	369	400	383	399	385
Nominal exchange rate (vs EUR, avg)	311	309	319	325	351	359	391	382	391	392
Central bank policy rate* (%, eop)	0.90	0.90	0.90	0.90	0.60	2.40	13.00	10.75	5.50	4.00
External Sector										
Current account balance (% of GDP)	4.5	2.0	0.2	-0.8	-1.1	-3.9	-8.1	0.5	1.2	0.7
Current account balance (US$ bn)	5.8	2.8	0.3	-1.3	-1.7	-7.1	-14.5	1.0	2.8	1.8
Trade balance (US$ bn)	4.4	1.9	-2.7	-4.1	-1.5	-5.2	-15.7	1.3	1.8	0.4
Exports, f.o.b. (US$ bn)	87	96	105	104	101	119	131	147	159	175
Imports, c.i.f. (US$ bn)	83	94	107	108	103	125	147	145	157	175
International reserves (US$ bn)	25.8	28.0	31.4	31.8	41.4	43.5	41.2	43.9	49.2	57.2
Public Sector										
General gov. primary budget balance (% of GDP)	1.3	0.2	0.3	0.2	-5.2	-4.9	-3.5	-	-	-
General gov. budget balance (% of GDP)	-1.8	-2.5	-2.1	-2.0	-7.5	-7.2	-6.3	-6.5	-4.5	-3.5
Debt Indicators										
Gross external debt (% of GDP)	119.3	101.2	99.6	97.3	150.6	153.3	149.3	-	-	-
Public (% of GDP)	36.0	32.7	27.8	26.7	36.6	34.1	35.0	-	-	-
Private (% of GDP)	83.3	68.6	71.7	70.5	114.0	119.2	114.3	-	-	-
Gross government debt (% of GDP)	74.9	72.1	69.1	65.3	79.3	76.7	73.9	71.6	72.3	70.5
Domestic (% of GDP)	40.4	40.8	42.3	39.8	48.9	52.9	50.7	-	-	-
External (% of GDP)	34.4	31.3	26.7	25.5	30.4	23.7	23.2	-	-	-

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 170: Israel
Selected economic and financial indicators

	2016	2017	2018	2019	2020	2021	2022	2023F	2024F	2025F
Summary Data										
Nominal GDP (US$ bn)	319	355	373	398	407	482	524	507	540	600
GDP per capita (US$)	37,342	40,788	42,028	43,966	44,181	51,502	55,910	54,090	57,652	64,038
Economic Activity and Prices										
Real GDP growth (% yoy)	4.5	4.4	4.0	3.8	-2.2	8.2	6.5	2.0	2.3	3.4
CPI inflation (% yoy, avg)	-0.5	0.2	0.8	0.8	-0.6	1.5	4.4	4.2	2.5	2.2
Nominal exchange rate (vs USD, eop)	3.85	3.47	3.75	3.46	3.22	3.11	3.52	3.70	3.55	3.45
Nominal exchange rate (vs USD, avg)	3.84	3.60	3.59	3.56	3.44	3.23	3.36	3.69	3.63	3.48
Central bank policy rate (%, eop)	0.10	0.10	0.25	0.25	0.10	0.10	3.25	4.75	3.50	2.50
External Sector										
Current account balance (% of GDP)	3.8	3.6	2.8	3.6	5.5	4.7	3.4	4.2	4.4	4.1
Current account balance (US$ bn)	12.1	12.8	10.6	14.3	22.2	22.5	17.9	21.1	24.0	24.5
Trade balance (US$ bn)	-8.2	-10.3	-16.9	-15.4	-11.6	-19.5	-27.1	-29.2	-36.3	-44.2
Exports, f.o.b. (US$ bn)	55.9	58.2	59.9	60.4	58.9	69.2	77.8	87.9	96.7	105.4
Imports, c.i.f. (US$ bn)	64.2	68.5	76.8	75.8	70.5	88.6	104.9	117.1	132.9	150
International reserves (US$ bn)	98.4	113.0	115.3	126.0	173.3	213.3	233.0	243.0	253.0	263
Public Sector										
General gov. primary budget balance (% of GDP)	-0.3	-0.4	-2.8	-1.4	-0.4	-	-	-	-	-
General gov. budget balance (% of GDP)	-2.1	-2.0	-4.3	-4.5	-11.4	-4.2	0.1	-4.2	-6.5	-4.3
Debt Indicators										
Gross external debt (% of GDP)	27.3	25.4	25.3	26.4	32.5	28.5	29.9	31.7	30.7	28.5
Public (% of GDP)	8.7	9.0	9.8	9.9	15.3	16.4	15.7	16.0	15.7	15.0
Private (% of GDP)	18.6	16.4	15.5	16.5	17.3	12.1	14.1	15.8	15.0	13.5
Gross government debt (% of GDP)	62.0	60.2	60.4	59.5	71.7	68.7	60.3	61.9	67.4	66.4
Domestic (% of GDP)	53.3	51.2	50.6	49.6	56.4	52.3	44.6	45.9	51.6	51.4
External (% of GDP)	8.7	9.0	9.8	9.9	15.3	16.4	15.7	16.0	15.7	15.0

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 171: Kazakkhstan
Selected economic and financial indicators

	2016	2017	2018	2019	2020	2021	2022	2023F	2024F	2025F
Summary Data										
Nominal GDP (US$ bn)	138	166	178	181	171	193	224	234	245	258
GDP per capita (US$)	7691	9147	9655	9730	9032	11053	11583	11939	12358	12847
Economic Activity and Prices										
Real GDP growth (% yoy)	1.1	4.1	4.1	4.5	-2.5	4.1	2.9	4.8	4.0	4.0
CPI inflation (% yoy, avg)	14.6	7.5	6.0	5.3	6.8	8.0	15.0	14.8	7.7	8.0
Nominal exchange rate (vs USD, eop)	342	326	345	383	413	426	460	460	465.0	460.0
Nominal exchange rate (vs USD, avg)	333	331	375	381	421	432	461	460	470.0	450.0
Central bank policy rate (%, eop)	12.00	10.25	9.25	9.25	9.00	9.75	16.75	16.00	13.25	12.00
External Sector										
Current account balance (% of GDP)	-6.1	-3.3	-0.5	-4.6	-4.5	-4.1	3.2	-1.9	-2.1	-2.8
Current account balance (US$ bn)	-8.5	-5.5	-0.9	-8.3	-7.6	-7.9	7.1	-4.5	-5.1	-7.2
Trade balance (US$ bn)	5.0	12.6	20.0	13.6	6.4	16.8	33.9	22.6	25.6	25.1
Exports, f.o.b. (US$ bn)	41.5	53.7	67.1	65.9	52.7	65.9	93.8	83.7	88.7	90.7
Imports, c.i.f. (US$ bn)	36.4	41.1	47.1	52.2	46.3	49.1	59.9	61.2	63.1	65.5
International reserves (US$ bn)	29.7	30.7	30.9	29.0	35.6	34.4	35.1	34.0	35.0	35.0
Public Sector										
Central gov. primary budget balance (% of GDP)	-4.5	-4.266	2.58	-0.57	-7.037	-4.096	-2.8	-4	-3.5	-2.2
Central gov. budget balance (% of GDP)	-4.7	-3.3	3.4	-0.4	-6.4	-3.7	-2.2	-3.5	-3.0	-1.7
Debt Indicators										
Gross external debt (% of GDP)	118.7	100.8	90.3	88.0	96.5	85.5	71.6	69.7	68.2	64.8
Public (% of GDP)	9	8	7	7	9	10	7	6	5.9	5.6
Private (% of GDP)	109.3	93.0	83.3	80.7	87.6	75.9	64.6	63.7	62.3	59.2
Gross government debt (% of GDP)	19.7	19.9	20.3	19.9	26.4	25.9	21.9	24.7	25.4	24.4
Domestic (% of GDP)	13.6	11.1	13.0	13.4	19.5	17.8	13.7	17.1	18.4	17.5
External (% of GDP)	6.1	8.8	7.3	6.5	6.8	8.1	8.2	7.6	7.1	6.9

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 172: Nigeria
Selected economic and financial indicators

	2016	2017	2018	2019	2020	2021	2022	2023F	2024F	2025F
Summary Data										
Nominal GDP (US$ bn)	405	376	422	475	433	441	478	369	450	529
GDP per capita (US$)	2145	1942	2126	2334	2078	2069	2187	1648	1962	2254
Economic Activity and Prices										
Real GDP growth (% yoy)	-1.6	0.8	1.9	2.2	-1.8	3.6	3.3	2.9	3.1	3.1
CPI inflation (% yoy, avg)	15.7	16.5	12.1	11.4	13.2	17.0	18.8	24.5	24.0	15.0
Nominal exchange rate (vs USD, eop)	315.3	360.0	362.6	362.6	397.8	414.9	461.0	911.0	1550.0	1500.0
Nominal exchange rate (vs USD, avg)	315.3	360.0	362.6	362.6	397.8	408.0	429.8	724.0	1162.3	1500.0
Central bank policy rate (%, eop)	14.00	14.00	14.00	13.50	11.50	11.50	16.50	18.75	25.00	20.00
External Sector										
Current account balance (% of GDP)	1.5	3.6	1.7	-2.9	-4.0	-0.8	0.2	1.5	-0.1	-0.1
Current account balance (US$ bn)	5.1	13.6	7.3	-13.7	-16.0	-3.3	1.0	5.4	-0.5	-0.4
Trade balance (US$ bn)	-0.5			3	-16	-5	5998	2205	7005.4	8389.7
Exports, f.o.b. (US$ bn)	34.7	45.8	61.2	65.0	35.9	46.9	64.2	59.2	61.5	64.8
Imports, f.o.b. (US$ bn)	35.2	32.7	40.8	62.1	52.3	51.4	58.2	57.0	57.3	57.8
International reserves (US$ bn)	27.0	39.4	42.6	38.1	36.5	40.2	37.1	33.0	37.0	40.0
Public Sector										
Central gov. primary budget balance (% of GDP)	-1.5	-3.0	-2.5	-2.8	-2.9	-2.8	-3.0	-2.4	-1.4	-1.4
Central gov. budget balance (% of GDP)	-2.6	-3.1	-2.8	-3.4	-4.1	-4.0	-4.6	-4.0	-3.0	-3.0
Debt Indicators										
Gross external debt (% of GDP)	2.7	4.3	5.1	5.2	7.4	8.8	9.1	11.1	11.1	11.2
Public (% of GDP)	-	-	-	-	-					
Private (% of GDP)	-	-	-	-	-					
Gross government debt (% of GDP)	23.4	25.3	27.7	29.2	34.5	36.5	39.6	42.0	42.9	42.0
Domestic (% of GDP)	13.5	13.9	12.9	12.6	13.1	13.5	13.6	27.3	27.9	27.3
External (% of GDP)	2.7	4.3	5.1	5.2	7.4	8.8	9.1	11.1	11.1	11.2

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 173: Romania
Selected economic and financial indicators

	2016	2017	2018	2019	2020	2021	2022	2023F	2024F	2025F
Summary Data										
Nominal GDP (US$ bn)	185	210	243	251	251	286	301	347	378	420
GDP per capita (US$)	9,377	10,698	12,456	12,922	12,987	14,885	15,791	18,196	19,825	22,036
Economic Activity and Prices										
Real GDP growth (% yoy)	2.8	8.0	6.0	3.9	-3.5	5.7	4.6	1.9	3.0	3.7
CPI inflation (% yoy, avg)	-1.5	1.3	4.6	3.8	2.6	5.0	13.7	10.5	5.6	4.0
Nominal exchange rate (vs EUR, eop)	4.54	4.66	4.66	4.78	4.87	4.95	4.95	4.97	4.97	5.12
Nominal exchange rate (vs EUR, avg)	4.49	4.57	4.65	4.75	4.84	4.92	4.93	4.95	4.97	5.04
Central bank policy rate (%, eop)	1.75	1.75	2.50	2.50	1.50	1.75	6.75	7.00	6.25	5.25
External Sector										
Current account balance (% of GDP)	-1.6	-3.1	-4.6	-4.9	-4.9	-7.2	-9.3	-6.7	-6.7	-6.2
Current account balance (US$ bn)	-3.0	-6.6	-11.2	-12.2	-12.4	-20.7	-28.1	-23.3	-25.1	-26.2
Trade balance (US$ bn)	-10.7	-14.5	-18.1	-20.0	-21.6	-27.4	-34.1	-30.4	-34.7	-38.7
Exports, f.o.b. (US$ bn)	57.7	64.6	73.0	70.6	65.7	83.1	90.5	99.3	108.2	124.6
Imports, c.i.f. (US$ bn)	68.4	79.0	91.2	90.6	87.3	110.4	124.5	129.7	142.8	163.3
International reserves (US$ bn)	40.0	44.5	42.1	42.1	52.2	51.9	55.8	65.5	69.7	83.1
Public Sector										
General gov. primary budget balance (% of GDP)	-1.1	-1.4	-1.9	-3.2	-7.8	-5.7	-4.8	-	-	-
General gov. budget balance (% of GDP)	-2.5	-2.5	-2.8	-4.3	-9.3	-7.2	-6.3	-6.0	-6.0	-5.3
Debt Indicators										
Gross external debt (% of GDP)	53.6	55.6	47.0	49.1	61.9	54.1	51.3	-	-	-
Public (% of GDP)	20.1	18.7	17.5	18.2	26.7	25.7	21.4	-	-	-
Private (% of GDP)	33.5	36.9	29.4	30.9	35.2	28.4	29.9	-	-	-
Gross government debt (% of GDP)	37.9	35.3	34.5	35.1	46.8	48.5	47.2	47.3	48.2	49.1
Domestic (% of GDP)	18.5	17.2	17.5	17.4	20.7	24.2	27.0	-	-	-
External (% of GDP)	19.4	18.1	17.0	17.7	26.2	24.3	20.2	-	-	-

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 174: Saudi Arabia
Selected economic and financial indicators

	2016	2017	2018	2019	2020	2021	2022	2023F	2024F	2025F
Summary Data										
Nominal GDP (US$ bn)	666.0	715.0	846.6	838.6	734.3	874.2	1108.6	1059.4	1080.0	1152.7
GDP per capita (US$)	21,516	23,081	28,036	27,893	23,271	28,396	35,305	33,078	33,060	34,591
Economic Activity and Prices										
Real GDP growth (% yoy)	2.4	-0.1	2.8	0.8	-4.3	4.3	8.7	-0.9	0.1	4.5
CPI inflation (% yoy, avg)	2.1	-0.8	2.5	-2.1	3.4	3.1	2.5	2.6	2.2	2.1
Nominal exchange rate (vs. USD, eop)	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75
Nominal exchange rate (vs. USD, avg)	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75
Central bank policy rate (%, eop)	0.50	1.50	3.00	2.25	1.00	1.00	5.00	6.00	5.25	4.25
External Sector										
Current account balance (% of GDP)	-3.7	1.7	8.6	4.6	-3.5	4.8	13.7	7.5	4.3	4.1
Current account balance (US$ bn)	-24.5	12.1	73.0	38.5	-25.5	41.7	151.5	79.5	46.2	46.8
Trade balance (US$ bn)	55.8	98.5	168.7	121.3	47.9	136.5	235.3	165.1	134.4	137.6
Exports, f.o.b. (US$ bn)	183.6	221.9	294.4	261.6	173.9	276.2	411.2	312.4	290.1	302.2
Imports, f.o.b. (US$ bn)	127.8	123.4	125.6	140.3	125.9	139.7	140.9	147.3	155.7	164.5
International reserves (US$ bn)	535	496	496	499	453	455	459	436	413	413
Public Sector										
Central gov. primary budget balance (% of GDP)	-16.5	-8.6	-5.0	-3.5	-9.8	-1.4	3.2	-1.1	-2.1	-2.1
Central gov. budget balance (% of GDP)	-16.7	-8.9	-5.5	-4.2	-10.7	-2.2	2.5	-2.1	-3.2	-3.2
Debt Indicators										
Gross external debt (% of GDP)	22.0	15.4	16.6	20.8	30.7	30.7	23.8	26.4	26.6	25.7
Public (% of GDP)	-	-	-	-	-	-	-	-	-	-
Private (% of GDP)	-	-	-	-	-	-	-	-	-	-
Gross government debt (% of GDP)	12.7	16.5	17.6	21.6	31.0	28.6	23.8	26.4	27.1	26.5
Domestic (% of GDP)	8.5	9.7	9.6	11.9	18.3	17.0	14.8	16.2	17.0	17.1
External (% of GDP)	4.1	6.9	8.0	9.7	12.7	11.6	9.0	10.2	10.0	9.4

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 175: Ukraine
Selected economic and financial indicators

	2016	2017	2018	2019	2020	2021	2022	2023F	2024F	2025F
Summary Data										
Nominal GDP (US$ bn)	138	112	131	154	157	200	157	150	185	205
GDP per capita (US$)	7691	2634	3084	3652	3701	4788	NA	NA	NA	NA
Economic Activity and Prices										
Real GDP growth (% yoy)	1.1	2.1	3.3	3.2	-4.0	3.4	-29.1	6.3	4.5	8.0
CPI inflation (% yoy, avg)	14.6	14.5	11.3	7.9	2.7	9.3	20.0	13.4	7.0	8.0
Nominal exchange rate (vs USD, eop)	342.1	28.1	28.3	23.8	27.5	27.3	37.0	37.0	37.7	38.5
Nominal exchange rate (vs USD, avg)	333.3	26.6	27.2	25.8	27.0	27.3	33.0	37.0	37.4	38.1
Central bank policy rate (%, eop)	12.0	14.5	18.0	14.5	6.0	9.00	25.0	15.0	14.0	13.0
External Sector										
Current account balance (% of GDP)	-6.1	-2.2	-4.9	-2.7	3.9	-1.6	5.1	-3.2	-3.7	-2.9
Current account balance (US$ bn)	-8.5	-2.4	-6.4	-4.1	6.0	-3.2	8.0	-4.8	-6.8	-6.0
Trade balance (US$ bn)	5.0	-9.7	-12.7	-14.3	-6.3	-6.6	-14.7	-26.0	-30.5	-29.5
Exports, f.o.b. (US$ bn)	41.5	39.7	43.3	46.1	45.2	63.1	40.9	34.5	40.5	48.6
Imports, c.i.f. (US$ bn)	36.4	49.4	56.1	60.4	51.5	69.8	55.6	60.4	71.0	78.1
International reserves (US$ bn)	29.7	18.8	20.8	25.3	26.0	30.9	29.0	31.0	32.0	32.0
Public Sector										
Central gov. primary budget balance (% of GDP)			-1.7	1.0	-3.0	-0.9	-13.5	-16.5	-18.3	-10.4
Central gov. budget balance (% of GDP)	-2.9	-1.6	-1.7	-2.1	-5.9	-3.6	-15.9	-20.2	-22.1	-14.3
Debt Indicators										
Gross external debt (% of GDP)	120.7	102.9	87.7	78.9	80.3	64.8	83.3	103.0	99.2	97.4
Public (% of GDP)	45.8	41.3	36.8	33.6	35.0	28.5	44.0	60.3	63.5	64.4
Private (% of GDP)	74.9	61.6	51.0	45.3	45.4	36.3	39.3	42.6	35.6	33.0
Gross government debt (% of GDP)	77.9	69.4	60.3	54.4	58.1	48.8	79.3	93.6	96.8	99.6
Domestic (% of GDP)	29.0	25.7	21.7	22.7	23.7	20.2	28.4	33.0	33.1	35.0
External (% of GDP)	48.9	43.7	38.6	31.7	34.3	28.6	50.9	60.5	63.7	64.5

Source: BofA Global Research

BofA GLOBAL RESEARCH

GEMs Tables – LatAm

Exhibit 176: Argentina
Selected economic and financial indicators

	2016	2017	2018	2019	2020	2021F	2022	2023F	2024F	2025F
Summary Data										
Nominal GDP (US$ bn)	513.0	597.8	515.1	447.7	303.4	399.0	497.9	481.0	436.8	512.7
GDP per capita (US$)	12,507	13,573	11,574	9,948	6,673	8,683	10,720	10,244	9,205	10,691
Unemployment rate (%)	7.6	7.2	9.6	11.0	12.0	7.0	7.0	7.0	8.0	8.0
Population (millions)	43.6	44.0	44.5	45.0	45.5	46.0	46.4	46.9	47.4	48.0
Economic Activity										
Real GDP growth (% yoy)	-2.1	2.8	-2.6	-2.0	-9.9	10.4	5.2	-1.6	-3.5	3.5
Domestic demand growth (% yoy)	-0.5	5.5	-3.0	-5.9	-11.4	13.5	8.7	2.3	-7.9	5.9
Real investment growth (% yoy)	-5.8	13.4	-5.7	-15.9	-12.9	33.4	10.9	3.6	-10.0	14.1
Real consumption growth (% yoy)	-0.7	3.9	-2.2	-6.3	-12.1	9.5	8.2	2.0	-7.4	3.9
Real private consumption growth (% yoy)	-0.8	4.2	-2.2	-7.3	-13.8	10.0	9.4	1.8	-7.3	3.9
Real government consumption growth (% yoy)	-0.5	2.6	-1.9	-1.2	-3.3	7.1	1.8	3.3	-7.8	3.5
Real export growth (% yoy)	5.3	2.6	0.6	9.1	-17.3	9.2	5.7	-8.8	7.9	3.5
Real import growth (% yoy)	5.8	15.6	-4.5	-19.0	-17.9	22.0	17.4	9.0	-12.6	12.4
Prices										
National inflation (% yoy)*	36.2	24.8	47.6	53.8	36.1	50.9	94.8	211.4	205.0	100.9
National inflation (% avg)*	38.7	25.6	33.7	53.6	42.7	48.4	72.4	133.5	283.2	152.9
Nominal wages (% yoy)	32.9	27.3	29.7	40.9	33.0	49.5	90.4	206.4	204.0	99.9
Nominal exchange rate (vs. USD, eop)	15.9	18.6	37.8	59.9	84.1	102.7	177.1	808.5	2,200.0	4,500.0
Nominal exchange rate (vs. USD, avg)	14.8	16.7	29.3	49.3	71.7	95.8	133.6	317.2	1,501.5	3,350.0
Bilateral real exchange rate (% yoy, + dep)	0.9			20.4	-4.5	-14.3	-5.3	52.4	-8.1	0.0
Monetary Sector										
Monetary base growth (% yoy)	31.7	24.7	27.0	40.7	92.7	65.0	95.0	206.3	174.2	108.0
Broad money growth (% yoy)	30.3	27.1	12.0	29.7	92.7	65.0	95.0	206.3	174.2	108.0
Credit extension to private sector (% yoy)	31.4	50.8	32.6	19.3	52.7	65.0	95.0	206.3	174.2	108.0
Central bank policy rate (%, eop)	24.8	28.8	59.3	63.0	40.0	40.0	75.0	100.0	60.0	55.0
1-month interbank rate (%, eop)	24.8	28.8	44.5	47.3	36.0	32.0	67.0	92.0	52.0	47.0
Long-term yield (%, eop)	-	-	-	-	-	-	-	-	-	-
External Sector										
Current account balance (% of GDP)	-2.8	-5.2	-5.3	-0.8	1.1	1.7	-0.8	-4.4	0.8	0.3
Current account balance (US$ bn)	-15.0	-30.8	-27.1	-3.7	3.3	6.7	-3.8	-21.0	3.7	1.7
Trade balance (US$ bn)	4.5	-5.5	-0.7	18.2	14.6	18.7	12.4	-3.1	21.1	20.0
Exports, f.o.b. (US$ bn)	57.7	58.4	61.8	65.2	54.9	78.0	88.5	66.8	79.4	81.8
main export - Soybeans	na	na	na	na	na	na	na	na	na	na
Imports, f.o.b. (US$ bn)	53.2	64.0	62.5	46.9	40.3	59.3	76.2	69.9	58.2	61.7
Service balance (US$, bn)	-7.0	-9.8	-8.9	-4.9	-2.2	-3.6	-6.8	-6.3	-4.3	-4.5
Income balance (US$, bn)	-12.1	-16.4	-18.7	-17.9	-9.1	-8.3	-9.3	-11.7	-13.2	-13.8
Foreign direct investment (US$ bn)	4.6	9.4	10.8	3.0	3.0	5.4	12.8	14.7	8.7	10.3
International reserves (US$ bn)	38.8	55.0	65.8	44.8	39.4	41.2	42.0	21.0	27.0	29.0
Price of main export commodity - Soybean	405.7	400.6	na	na	na	na	na	-	-	-
Public Sector										
Central gov. primary budget balance (% of GDP)	-4.6	-3.9	-2.7	-1.0	-6.4	-3.5	-2.0	-2.7	0.8	1.3
Central gov. budget balance (% of GDP)	-6.0	-6.2	-5.7	-4.0	-9.4	-5.0	-3.8	-6.0	-1.7	-1.2
Consolidated gov. primary budget balance (% of GDP)	na	na	na	na	na	na	na			
Consolidated public sector balance (% of GDP)	-7.4	-7.2	-6.0	-4.3	-9.7	-5.3	-3.8	-6.0	-1.7	-1.2
Central gov. revenues (% of GDP)	20.0	18.3	18.0	18.0	18.4	18.1	18.3			
Debt Indicators										
Gross external debt (% of GDP)	33.2	34.4	45.5	52.3	75.1	62.4	57.4	-	-	-
Public (% of GDP)	18.3	17.9	26.4	28.9	37.3	31.0	28.5	-	-	-
Private (% of GDP)	15.0	16.5	19.0	23.4	37.8	31.4	28.9	-	-	-
Gross government debt (% of GDP)	53.3	49.6	66.0	89.0	89.0	74.0	68.0	85.0	99.1	85.7
Domestic (% of GDP)	36.4	33.3	39.4	-	-	-	-	-	-	-
External (% of GDP)	16.9	16.2	24.1	-	-	-	-	-	-	-
External debt amortizations (US$ bn)	-	-	-	-	-	-	-	-	-	-
External debt interest payments (US$ bn)	-	-	-	-	-	-	-	-	-	-
External debt service (% of XGS)	-	-	-	-	-	-	-	-	-	-
Savings - Investment Balance										
Savings (% of GDP)	17.1	17.3	-	-	17.8	18.3	18.3	-	-	-
Investment (% of GDP)	19.4	20.0	-	-	16.7	16.2	17.2	-	-	-
Memoradum Items										
Gran Buenos Aires Inflation - Indec (% yoy)*	-	-3.9	-	-	-	-	-	-	-	-
Central gov. primary budget balance (% of GDP)**	-	-	-	-	-	-	-	-	-	-

	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25
Quarterly Economic Forecasts										
Real GDP growth (%, yoy)	-1.3	-1.4	-6.4	-2.6	-3.8	-1.4	3.8	3.6	3.2	3.6
Real GDP growth (%, qoq, sa, annualized)	9.9	-7.5	-16.9	4.5	4.8	2.4	3.2	3.6	3.6	3.6
National inflation (% yoy, eop)	138.3	211.4	299.9	332.2	290.5	205.0	134.7	114.8	112.3	100.9
Central bank policy rate (%, eop)	118.00	100.00	100.00	90.0	70.0	60.0	60.0	55.0	55.0	55.0
Nominal exchange rate (vs USD, eop)	350	808	1,100	1,500	1,670	2,200	2,700	3,200	3,800	4,500
Current account balance (US$ bn)	-6.1	-2.8	0.1	0.1	-1.1	0.9	-	-	-	-

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 177: Brazil
Selected economic and financial indicators

	2016	2017	2018	2019	2020	2021	2022	2023F	2024F	2025F
Summary Data										
Nominal GDP (US$ bn)	1800	2063	1916	1873	1476	1649	1912	2094	2263	2438
GDP per capita (US$)	9146	10428	9635	9368	7342	8165	9415	10257	11013	11793
Unemployment Rate (%) (PNAD)*	11.7	12.9	12.4	12.0	13.9	13.5	9.5	8.3	8.0	8.0
Population (millions)	197	198	199	200	201	202	203	204	205	207
Economic Activity										
Real GDP growth (% yoy)	-3.3	1.3	1.8	1.2	-3.3	5.0	2.9	3.0	2.2	2.5
Domestic demand growth (% yoy)	-4.3	0.8	2.5	2.2	-3.9	6.1	3.1	1.3	2.0	2.7
Real investment growth (% yoy)	-12.1	-2.6	5.2	4.0	-1.7	16.5	0.9	-2.2	-0.2	4.0
Real consumption growth (% yoy)	-2.9	1.3	2.0	1.9	-4.3	3.6	3.7	2.1	2.4	2.4
Real private consumption growth (% yoy)	-3.8	2.0	2.4	2.6	-4.6	3.7	4.3	2.4	2.7	2.8
Real government consumption growth (% yoy)	0.2	-0.7	0.8	-0.5	-3.7	3.5	1.5	1.2	1.5	1.1
Real export growth (% yoy)	0.9	4.9	4.1	-2.6	-2.3	5.9	5.5	10.6	2.2	0.4
Real import growth (% yoy)	-10.3	6.7	7.7	1.3	-9.5	12.0	0.8	2.2	0.9	1.4
Prices										
CPI inflation (% yoy, eop)	6.3	2.9	3.7	4.3	4.5	10.1	5.8	4.8	3.7	3.5
CPI inflation (% yoy, avg)	8.7	3.4	3.7	3.7	3.2	8.3	9.3	4.6	3.8	3.7
Nominal wages (% yoy)	6.7	5.4	5.2	4.3	7.5	1.3	6.9	10.1	5.6	6.0
Nominal exchange rate (vs USD, eop)	3.26	3.31	3.87	4.03	5.20	5.58	5.22	4.95	4.75	5.00
Nominal exchange rate (vs USD, avg)	3.48	3.20	3.66	3.94	5.19	5.39	5.15	5.01	4.91	4.84
Bilateral real exchange rate (% yoy, + dep)	-	-	-	-	-	-	-	-	-	-
Monetary Sector										
Monetary base growth (% yoy)	5.9	9.8	1.8	4.8	36.3	-5.2	2.6	7.8	5.8	5.8
Broad money growth (% yoy)	4.6	5.7	6.9	9.1	43.2	-1.6	1.1	7.3	5.3	6.3
Credit extension to private sector (% yoy)	-3.5	-0.4	5.1	6.5	15.7	16.4	14.5	12.0	6.0	6.0
Central bank policy rate (%, eop)	13.75	7.00	6.50	4.50	2.00	9.25	13.75	11.75	9.50	9.50
1-month interbank rate (%, eop)	13.63	6.99	6.40	4.59	1.90	9.15	13.65	11.65	9.40	9.40
Long-term yield (%, eop)	-	-	-	-	-	-	-	-	-	-
External Sector										
Current account balance (% of GDP)	-1.7	-1.2	-2.9	-3.6	-1.9	-2.8	-2.8	-1.5	-1.8	-2.3
Current account balance (US$ bn)	-30.5	-25.3	-54.8	-68.0	-28.2	-46.4	-53.6	-32.1	-40.9	-55.1
Trade balance (US$ bn)	44.5	57.3	43.4	26.5	32.4	36.4	44.2	74.3	64.3	51.3
Exports, f.o.b. (US$ bn)	184.3	218.0	239.5	225.8	210.7	284.0	340.3	340.2	342.1	346.1
main export	-	-	-	-	-	-	-	-	-	-
Imports, c.i.f. (US$ bn)	139.7	160.7	196.1	199.3	178.3	247.6	296.2	265.9	277.8	294.8
Service balance (US$, bn)	-36.7	-41.6	-39.3	-38.5	-24.7	-27.0	-39.6	-36.8	-39.5	-44.5
Income balance (US$, bn)	-38.4	-41.0	-58.8	-56.1	-37.1	-55.8	-55.6	-73.3	-69.4	-65.7
Foreign direct investment (US$ bn)	74.3	68.9	78.2	69.2	37.8	46.4	87.2	55.0	65.0	70.0
Intercompany Loans (US$, bn)	25.4	4.9	20.8	5.5	4.2	-0.4	21.1	13.3	15.7	16.9
International reserves (US$ bn)	369.3	381.0	379.4	385.7	354.7	362.2	324.7	320.0	320.0	320.0
Public Sector										
Central gov. primary budget balance (% of GDP)	-2.5	-1.8	-1.7	-1.2	-9.8	-0.4	0.6	-0.9	-0.5	-1.0
Central gov. budget balance (% of GDP)	-7.6	-7.0	-6.1	-5.4	-13.3	-5.0	-4.5	-6.8	-5.9	-6.2
Consolidated gov. primary budget balance (% of GDP)	-2.5	-1.7	-1.6	-0.8	-9.2	0.7	1.3	-0.8	-0.4	-0.9
Consolidated public sector balance (% of GDP)	-9.0	-7.8	-7.0	-5.8	-13.3	-4.3	-4.6	-7.3	-6.4	-6.7
Central gov. revenues (% of GDP)	21.0	21.0	21.3	22.1	19.3	21.7	23.3	22.8	22.9	22.8
Debt Indicators										
Gross external debt (% of GDP)	30.2	26.4	29.2	30.6	37.6	34.4	30.1	27.9	26.3	24.9
Public (% of GDP)	10.1	9.4	9.6	9.4	10.8	10.9	9.2	8.7	8.7	8.7
Private (% of GDP)	20.1	17.0	19.6	21.2	26.8	23.5	20.9	19.2	17.6	16.2
Gross government debt (% of GDP)	69.8	73.7	75.3	74.3	88.8	78.3	72.9	76.1	77.8	77.1
Domestic (% of GDP)	59.8	64.3	65.7	65.0	76.1	67.4	63.7	67.4	69.1	68.4
External (% of GDP)	10.1	9.4	9.6	9.4	10.8	10.9	9.2	8.7	8.7	8.7
External debt amortizations (US$ bn)	64.0	54.8	30.1	28.5	37.8	24.9	47.9	54.7	37.8	28.8
External debt interest payments (US$ bn)	20.5	21.1	22.1	28.0	23.4	23.0	22.5	26.6	20.8	19.6
External debt service (% of XGS)	45.8	34.8	21.8	25.1	29.0	16.9	20.7	23.9	17.1	14.0
Savings - Investment Balance										
Savings (% of GDP)	13.8	13.3	12.2	11.8	14.6	16.1	16.0	16.7	16.0	15.8
Investment (% of GDP)	15.5	14.6	15.1	15.5	16.6	18.9	18.8	18.2	17.8	18.0

	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25
Quarterly Economic Forecasts										
Real GDP growth (%, yoy)	2.5	2.1	2.1	2.3	2.2	2.2	2.4	2.4	2.6	2.6
Real GDP growth (%, qoq, sa, annualized)	1.1	0.1	5.8	0.8	2.2	1.1	4.0	3.2	2.3	1.6
CPI inflation (% yoy, eop)	5.2	4.8	3.7	3.6	3.7	3.6	3.6	3.7	3.7	3.7
Central bank policy rate (%, eop)	12.8	11.8	10.8	10.3	9.5	9.5	9.5	9.5	9.5	9.5
Nominal exchange rate (vs USD, eop)	5.0	4.95	5.00	4.95	4.85	4.75	4.78	4.8	4.9	5.0
Current account balance (US$ bn)	-6.2	-11.2	-17.1	3.6	-9.3	-18.1	-19.7	0.9	-12.2	-24.0

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 178: Mexico
Selected economic and financial indicators

	2016	2017	2018	2019	2020	2021	2022	2023F	2024F	2025F
Summary Data										
Nominal GDP (US$ bn)	1,097	1,206	1,265	1,301	1,086	1,306	1,480	1,826	1,870	1,876
GDP per capita (US$)	8,942	9,721	10,092	10,277	8,499	10,125	11,371	13,913	14,131	14,067
Unemployment rate (%)	3.9	3.4	3.3	3.5	4.4	4.1	3.3	2.8	3.8	4.5
Population (millions)	122.7	124.0	125.3	126.6	127.8	129.0	130.1	131.2	132.3	133.4
Economic Activity										
Real GDP growth (% yoy)	1.5	2.1	2.0	-0.2	-8.8	6.0	3.9	3.2	1.8	1.0
Domestic demand growth (% yoy)	1.6	1.4	1.2	-0.4	-11.4	7.7	5.2	7.6	2.6	0.6
Real investment growth (% yoy)	0.6	-0.5	0.6	-4.4	-17.4	9.7	7.7	20.9	1.2	1.0
Real consumption growth (% yoy)	1.8	1.7	1.7	0.7	-9.4	6.9	4.6	3.8	2.2	1.4
Real private consumption growth (% yoy)	1.8	1.9	1.4	1.2	-10.8	8.2	5.2	4.1	2.5	1.6
Real government consumption growth (% yoy)	1.9	0.4	3.1	-1.8	-0.7	-0.5	1.1	1.9	-0.3	0.1
Real export growth (% yoy)	2.7	3.5	6.5	1.3	-7.2	7.4	8.8	-5.4	-1.9	3.4
Real import growth (% yoy)	2.1	6.0	5.6	-1.0	-12.3	15.4	8.3	3.3	2.5	2.2
Prices										
CPI inflation (% yoy, eop)	3.4	6.8	4.8	2.8	3.2	7.4	7.8	4.7	4.9	4.4
CPI inflation (% yoy, avg)	2.8	6.0	4.9	3.6	3.4	5.7	7.9	5.5	4.9	4.4
Nominal wages (% yoy)	3.8	4.8	5.7	6.7	7.3	7.2	10.8	10.9	8.7	6.0
Nominal exchange rate (vs USD, eop)	20.73	19.66	19.65	18.93	19.91	20.53	19.50	17.0	18.5	19.5
Nominal exchange rate (vs USD, avg)	18.92	18.69	19.11	19.33	22.17	20.38	19.91	17.39	18.13	19.05
Bilateral real exchange rate (% yoy, + dep)	20.7	-7.1	5.8	-5.0	4.2	5.0	-6.7	-12.0	6.7	3.3
Monetary Sector										
Monetary base growth (% yoy)	14.4	8.8	8.3	4.1	21.6	15.2	10.6	2.5	7.1	3.5
Broad money growth (% yoy)	11.0	8.1	6.6	7.0	11.0	9.7	10.0	3.8	5.1	4.0
Credit extension to private sector (% yoy)	15.1	12.0	10.3	5.7	0.6	4.3	12.6	12.7	7.1	6.4
Central bank policy rate (%, eop)	5.75	7.25	8.25	7.25	4.25	5.50	10.50	11.25	9.25	7.50
1-month interbank rate (%, eop)	6.11	7.63	8.59	7.56	4.48	5.72	10.77	11.50	9.57	7.82
Long-term yield (%, eop)	7.44	7.66	8.66	6.91	5.55	7.57	9.04	9.00	8.75	8.75
External Sector										
Current account balance (% of GDP)	-2.4	-1.8	-2.1	-0.3	2.5	-0.3	-1.2	-0.3	-1.2	-1.1
Current account balance (US$ bn)	-25.3	-21.4	-25.9	-3.9	26.9	-4.5	-17.7	-5.7	-22.3	-19.8
Trade balance (US$ bn)	-13.1	-11.0	-13.8	5.2	34.2	-10.7	-27.1	-5.5	-32.2	-26.6
Exports, f.o.b. (US$ bn)	374.3	409.8	451.1	460.9	417.3	495.3	578.2	593.6	611.7	661.4
Main export - Autos	91.2	104.2	118.4	125.1	102.8	116.5	140.3	161.7	172.8	184.9
Imports, c.i.f. (US$ bn)	387.4	420.8	464.8	455.8	383.2	506.0	605.3	599.1	643.9	688.1
Service balance (US$ bn)	-10.6	-11.7	-13.8	-9.4	-12.4	-12.4	-15.5	-19.0	-22.6	-23.7
Income balance (US$ bn)	-29.5	-29.7	-32.6	-36.7	-37.0	-33.9	-33.8	-44.3	-33.7	-35.2
Foreign direct investment (US$ bn)	38.9	33.1	37.9	29.9	31.5	33.7	39.1	30.0	31.5	32.5
International reserves (US$ bn)	176.5	172.8	174.6	180.8	195.7	202.4	199.1	212.8	218.0	221.0
Remittances (US$ bn)	27.6	30.9	34.4	37.3	41.7	52.5	58.9	63.3	66.1	65.6
Price of main export commodity - oil (US$ per barrel)	35.9	46.4	62.1	56.1	35.7	64.7	89.3	71.2	76.8	76.8
Public Sector										
Central gov. primary budget balance (% of GDP)	-1.2	0.8	-0.1	0.1	-0.1	-1.1	-1.1	-0.9	-2.3	-0.5
Central gov. budget balance (% of GDP)	-2.9	-1.0	-2.0	-2.0	-2.5	-3.1	-3.4	-3.7	-5.5	-3.9
Consolidated gov. primary budget balance (% of GDP)	-0.1	1.4	0.6	1.1	0.1	-0.3	-0.4	0.1	-1.2	0.9
Consolidated public sector balance (% of GDP)	-2.4	-1.1	-2.0	-1.6	-2.8	-2.8	-3.2	-3.3	-4.9	-2.1
Central gov. revenues (% of GDP)	17.2	17.0	16.0	15.9	17.0	16.2	16.2	16.1	16.0	16.0
Debt Indicators										
Gross external debt (% of GDP)	28.9	26.9	25.4	23.7	27.9	25.9	21.1	17.6	17.7	17.5
Public (% of GDP)	18.1	17.0	16.5	15.3	18.5	17.1	14.3	11.8	11.4	11.2
Private (% of GDP)	10.8	9.9	9.0	8.4	9.3	8.8	6.8	5.8	6.3	6.3
Gross government debt (% of GDP)	47.9	45.6	45.6	45.5	51.7	50.7	48.3	46.5	48.8	48.8
Domestic (% of GDP)	29.8	28.6	29.1	30.1	33.1	33.6	33.9	34.7	37.4	37.7
External (% of GDP)	18.1	17.0	16.5	15.3	18.5	17.1	14.3	11.8	11.4	11.2
External debt amortizations (US$ bn)	4.6	2.8	4.9	5.8	11.3	9.9	8.8	9.1	11.7	11.7
External debt interest payments (US$ bn)	6.0	6.8	7.6	8.1	8.0	8.5	8.2	9.5	9.2	9.0
External debt service (% of XGS)	2.8	2.3	2.8	3.0	4.6	3.7	2.9	3.0	3.4	3.1
Savings - Investment Balance										
Savings (% of GDP)	20.8	21.1	21.3	20.6	21.1	20.3	19.8	19.4	19.1	18.8
Investment (% of GDP)	24.0	23.4	23.1	22.1	20.0	20.8	21.5	25.2	25.0	25.0

	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25
Quarterly Economic Forecasts										
Real GDP growth (% yoy)	3.5	2.5	2.6	2.1	1.2	1.1	0.8	0.8	1.0	1.5
Real GDP growth (% qoq, sa, annualized)	4.3	0.3	2.4	1.4	0.8	-0.2	1.0	1.4	1.6	1.8
CPI inflation (% yoy, eop)	4.5	4.7	4.9	4.9	4.8	4.9	4.3	4.5	4.4	4.4
Central bank policy rate (%, eop)	11.25	11.25	11.00	10.75	10.25	9.25	8.25	7.75	7.50	7.50
Nominal exchange rate (vs USD, eop)	17.42	16.97	17.80	17.90	18.30	18.50	18.70	18.90	19.10	19.50
Current account balance (US$ bn)	0.9	11.7	-28.6	-16.3	11.8	10.7	-24.9	-10.2	10.0	5.4

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 179: Venezuela
Selected economic and financial indicators

	2016F	2017F	2018F	2019F	2020F	2021F	2022F	2023F	2024F	2025F
Summary Data										
Nominal GDP (US$ bn, Exch rate adjusted since 2015)	149.0	131.1	104.9	78.7	51.1	52.1	57.4	59.7	63.8	65.1
GDP per capita (US$)	4,990	4,459	3,630	2,758	1,798	1,839	2,028	2,115	2,270	2,322
Unemployment rate (%)	7.0	10.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0
Population (millions)	29.9	29.4	28.9	28.5	28.4	28.4	28.3	28.2	28.1	28.0
Economic Activity										
Real GDP growth (% yoy)	-13.3	-12.0	-20.0	-25.0	-35.0	2.0	10.0	4.0	7.0	2.0
Domestic demand growth (% yoy)	-18.7	-13.2	-22.0	-27.5	-38.5	2.2	11.0	4.4	7.7	2.2
Real investment growth (% yoy)	-31.2	-24.0	-40.0	-50.0	-70.0	4.0	20.0	8	14	4
Real consumption growth (% yoy)	-16.0	-12.0	-20.0	-25.0	-35.0	2.0	10.0	4	7	2
Real private consumption growth (% yoy)	-19.3	-12.0	-20.0	-25.0	-35.0	2.0	10.0	4	7	2
Real government consumption growth (% yoy)	-4.6	-12.6	-21.0	-26.3	-36.8	2.1	10.5	4.2	7.35	2.1
Real export growth (% yoy)	-6.7	-18.0	-40.0	-42.5	-38.5	3.0	15.0	6	10.5	3
Real import growth (% yoy)	-30.4	-18.0	-40.0	-42.5	-38.5	2.2	11.0	4.4	7.7	2.2
Prices										
CPI inflation (% yoy, eop)	590	2600	1698488	12341	3687	660	305	205	103	176
CPI inflation (% yoy, avg)	438	1595	523290	1259565	3639	1374	482	255	154	139
Nominal wages (% yoy)	400	1560	180979	1234	2581	726	320	215	108	185
Nominal exchange rate (vs USD, eop)	0	0	638	39368	1107199	5	17	36	69	188
Nominal exchange rate (vs USD, avg)	0	0	638	39368	-	-	-			
Bilateral real exchange rate (% yoy, + dep)	-	-	-	-	-	-	-			
Monetary Sector										
Monetary base growth (% yoy)	249	1740	43950	7200	1200	400	394	230	128	158
Broad money growth (% yoy)	244	1735	43945	5000	1300	600	394	230	128	158
Credit extension to private sector (% yoy)	236	1653	41755	5000	1300	600	394	230	128	158
Central bank policy rate (%, eop)	-	-	- -		-	-	-			
1-month interbank rate (%, eop)	-	-	-	-	-	-	-			
Long-term yield (%, eop)	-	-	-	-	-	-	-			
External Sector										
Current account balance (% of GDP)	-3.4	3.0	10.9	7.2	2.1	1.2	2.0	-1.7	0.1	-0.1
Current account balance (US$ bn)	-5.1	3.9	11.4	5.7	1.1	0.6	1.1	-1.0	0.1	0.0
Trade balance (US$ bn)	7.2	14.8	15.5	9.2	0.1	2.0	2.6	0.4	2.5	2.6
Exports, f.o.b. (US$ bn)	27.3	30.4	25.7	15.2	6.1	10.0	16.2	11.8	17.9	18.5
Main export - Oil	25.5	28.5	23.3	13.8	6.0	7.0	13.5	9.8	15.0	15.4
Imports, f.o.b. (US$ bn)	20.0	15.6	10.2	6.0	6.0	8.0	13.6	11.4	15.4	15.9
Service balance (US$ bn)	-6.2	-4.8	-4.3	-4.3	-3.0	-4.0	-4.0	-4.4	-5.9	-6.1
Income balance (US$ bn)	-5.6	-5.8	0.2	0.8	1.5	2.0	2.5	3.0	3.5	3.5
Foreign direct investment (US$ bn)	-	-	- -	-	-	-				
International reserves (US$ bn)	10.5	9.0	7.0	7.5	7.0	6.0	10.0	10.0	10.0	10.0
Price of main export commodity - oil (US$ per barrel)	35.5	44.9	64.5	57.5	43.8					
Public Sector										
Central gov. primary budget balance (% of GDP)	1.2	1.3	-	-	-	-	-	-	-	-
Central gov. budget balance (% of GDP)	-1.5	-0.9	-	-	-	-	-	-	-	-
Consolidated gov. primary budget balance (% of GDP)	-6.6	-3.5	-	-	-	-	-	-	-	-
Consolidated public sector balance (% of GDP)*	-8.6	-5.2	-	-	-	-	-	-	-	-
Central gov. revenues (% of GDP)	18.0	18.9	-	-	-	-	-	-	-	-
Debt Indicators										
Gross external debt (% of GDP)	95.0	110.0	140.1	-	-	-	-	-	-	-
Public (% of GDP)	82.4	95.6	121.9	-	-	-	-	-	-	-
Private (% of GDP)	12.6	14.4	18.1	-	-	-	-	-	-	-
Gross government debt (% of GDP)	34.2	36.7	44.5	-	-	-	-	-	-	-
Domestic (% of GDP)	2.4	0.5	0.1	-	-	-	-	-	-	-
External (% of GDP)	31.8	36.1	44.4	-	-	-	-	-	-	-
External debt amortizations (US$ bn)	2.9	1.9	3.7	-	-	-	-	-	-	-
External debt interest payments (US$ bn)	3.5	3.4	3.3	-	-	-	-	-	-	-
External debt service (% of XGS)	23.2	17.6	27.1	-	-	-	-	-	-	-
Savings - Investment Balance										
Savings (% of GDP)	36.4	-	-	-	-	-	-	-	-	-
Investment (% of GDP)	39.9	-	-	-	-	-	-	-	-	-

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 180: Chile
Selected economic and financial indicators

	2016	2017	2018	2019	2020	2021	2022	2023F	2024F	2025F
Summary Data										
Nominal GDP (US$ bn)	250.4	277.0	297.6	279.2	253.1	316.6	300.6	335.9	303.2	310.0
GDP per capita (US$)	13,786	15,040	15,871	14,615	13,008	16,087	15,158	16,826	15,084	15,310
Unemployment rate (%)	6.8	7.0	7.4	7.2	11.2	7.2	8.0	8.8	8.5	8.5
Population (millions)	18.2	18.4	18.8	19.1	19.5	19.7	19.8	20.0	20.1	20.2
Economic Activity										
Real GDP growth (% yoy)	1.7	1.2	3.7	0.9	-5.8	11.7	2.4	0.1	2.2	2.0
Domestic demand growth (% yoy)	1.8	2.1	4.0	1.6	-7.9	18.5	3.0	-3.0	2.5	2.0
Real investment growth (% yoy)	-1.3	-3.1	5.1	4.4	-11.5	15.7	2.8	-1.9	3.2	1.8
Real consumption growth (% yoy)	3.5	3.6	3.7	0.8	-6.8	19.3	3.1	-3.3	2.2	2.0
Real private consumption growth (% yoy)	2.7	3.4	3.8	1.0	-7.5	20.8	2.9	-4.8	2.2	2.0
Real government consumption growth (% yoy)	7.2	4.6	3.3	-0.2	-3.9	13.8	4.1	3.1	2.2	2.0
Real export growth (% yoy)	0.5	-1.5	5.3	-2.6	-3.2	-1.4	1.4	0.6	2.3	2.1
Real import growth (% yoy)	0.9	4.6	8.1	-2.4	-12.7	31.8	0.9	-11.2	4.1	2.0
Prices										
CPI inflation (% yoy, eop)	2.7	2.3	2.1	3.0	3.0	7.2	12.8	3.4	3.4	3.1
CPI inflation (% yoy, avg)	3.8	2.2	2.3	2.3	3.0	4.5	11.6	7.3	3.2	3.0
Nominal wages (% yoy)	4.0	5.7	4.5	4.6	3.7	7.0	11.8	7.7	4.4	4.1
Nominal exchange rate (vs USD, eop)	667	615	696	745	711	852	851	879	950	950
Nominal exchange rate (vs USD, avg)	677	649	641	703	792	760	874	839	948	950
Bilateral real exchange rate (% yoy, + dep)	-4.4	-	-	-	-					
Monetary Sector										
Monetary base growth (% yoy)	13.0	7.4	1.7	9.2	145.3	11.4	6.8	5.3		
Broad money growth (% yoy)	7.0	5.1	11.2	9.4	6.9	11.4	6.8	5.3		
Credit extension to private sector (% yoy)	5.7	4.7	10.1	9.4	2.5	7.9	-0.5	3.0		
Central bank policy rate (%, eop)	3.50	2.50	2.75	1.75	0.50	4.00	11.25	8.25	5.00	4.75
1-month interbank rate (%, eop)	5.45	4.42	4.10	4.08	3.16	6.07	13.35	10.54		
Long-term yield (%, eop)	5.50	5.50	6.00	5.50	5.50	6.00	6.00	6.00		
External Sector										
Current account balance (% of GDP)	-2.0	-2.3	-3.9	-3.7	-1.7	-6.4	-9.0	-3.3	-5.0	-4.4
Current account balance (US$ bn)	-5.0	-6.4	-11.6	-10.5	-4.3	-20.3	-27.1	-11.2	-15.2	-13.6
Trade balance (US$ bn)	4.9	7.4	4.2	3.0	18.4	10.5	3.8	13.2	9.1	10.3
Exports, f.o.b. (US$ bn)	60.7	68.8	74.7	68.8	73.5	94.8	98.5	93.9	95.8	99.9
main export - Copper	27.9	34.0	35.6	32.5	38.0	52.7	44.7	42.3	45.4	47.3
Imports, f.o.b. (US$ bn)	55.9	61.5	70.5	65.8	55.1	84.3	94.7	80.7	86.7	89.6
Service balance (US$, bn)	-3.3	-3.8	-4.7	-5.1	-5.0	-12.3	-14.8	-9.9	-9.1	-8.9
Income balance (US$, bn)	-6.5	-10.0	-11.2	-8.3	-10.0	-21.3	-16.1	-14.4	-15.1	-15.0
Foreign direct investment (US$ bn)	12.3	6.1	7.8	12.6	8.5	15.9	20.9	8.1	8.1	8.1
International reserves (US$ bn)	40.5	39.0	39.9	40.7	39.2	51.3	39.2	39.2	39.2	39.2
Price of main export commodity - copper (¢/lb)	220.6	279.6	295.9	272.3	272.8	423.8	400.2	385.8	391.5	0.0
Public Sector										
Central gov. primary budget balance (% of GDP)	-2.0	-1.9	-0.8	-1.9	-6.3	-6.8	2.1	-1.8	-1.2	-1.4
Central gov. budget balance (% of GDP)	-2.7	-2.8	-1.7	-2.9	-7.3	-7.7	1.1	-2.8	-2.4	-2.6
Consolidated gov. primary budget balance (% of GDP)	-2.4	-2.3	-1.1	-2.3	-7.9	-7.4	2.1	-1.8	-1.2	-1.4
Consolidated public sector balance (% of GDP)	-2.7	-2.6	-1.5	-2.7	-8.5	-8.3	1.1	-2.8	-2.4	-2.6
Central gov. revenues (% of GDP)	20.9	20.8	21.9	21.5	19.9	23.9	25.9	22.6	23.5	23.9
Debt Indicators										
Gross external debt (% of GDP)	66.7	65.1	62.0	70.9	82.3	83.5	86.5	89.4		
Public (% of GDP)	5.4	7.9	8.3	10.7	13.7	13.5	14.5	15.4		
Private (% of GDP)	61.3	57.2	53.7	60.3	68.7	70.0	72.0	74.0		
Gross government debt (% of GDP)	21.3	23.6	25.6	28.2	32.5	36.3	43.3	39.3	41.8	43.8
Domestic (% of GDP)	15.9	15.7	17.3	17.5	18.8	22.5	27.7	25.9	27.6	28.9
External (% of GDP)	5.4	7.9	8.3	10.7	13.7	13.8	15.6	13.4	14.2	14.9
External debt amortizations (US$ bn)	-	-	-	-	-	-	-	-		
External debt interest payments (US$ bn)	-	-	-	-	-	-	-	-		
External debt service (% of XGS)	-	-	-	-	-	-	-	-		
Savings - Investment Balance										
Savings (% of GDP)	20.5	18.9	18.2	19.2	22.2	-	-			
Investment (% of GDP)	23.0	21.0	21.5	22.9	20.9	-	-			

	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25
Quarterly Economic Forecasts										
Real GDP growth (%, yoy)	0.6	1.1	1.2	2.4	2.7	2.6	2.4	2.0	1.8	1.8
Real GDP growth (%, qoq, sa, annualized)	1.3	2.1	2.7	3.3	2.5	1.9	1.8	1.8	1.8	1.8
CPI inflation (% yoy, eop)	4.7	3.4	2.9	3.4	3.3	3.4	3.0	3.0	3.0	3.1
Central bank policy rate (%, eop)	9.50	8.25	7.25	5.75	5.25	5.00	4.75	4.75	4.75	4.75
Nominal exchange rate (vs USD, eop)	892	879	960	955	952	950	950	950	950	950
Current account balance (US$ bn)	-11.1	-11.2	-15.3	-16.2	-16.2	-15.2	-14.8	-14.3	-14.0	-13.6

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 181: Colombia
Selected economic and financial indicators

	2016	2017	2018	2019	2020	2021	2022	2023F	2024F	2025F
Summary Data										
Nominal GDP (US$ bn)	283	312	334	323	271	314	346	366	418	434
GDP per capita (US$)	6,053	6,575	6,922	6,535	5,386	6,148	6,709	7,013	7,928	8,149
Unemployment rate (%)	9.6	9.7	10.0	10.9	16.7	13.8	11.2	10.0	11.0	10.8
Population (millions)	46.8	47.4	48.3	49.4	50.4	51.0	51.6	52.2	52.7	53.2
Economic Activity										
Real GDP growth (% yoy)	2.1	1.4	2.6	3.2	-7.2	10.8	7.3	0.6	1.4	2.8
Domestic demand growth (% yoy)	1.2	1.1	3.5	4.0	-7.6	13.4	10.1	-3.6	1.7	3.1
Real investment growth (% yoy)	-0.2	-3.2	1.5	3.0	-20.7	11.6	16.0	-24.8	1.5	4.7
Real consumption growth (% yoy)	1.6	2.3	4.0	4.3	-4.2	13.8	8.9	1.1	1.8	2.8
Real private consumption growth (% yoy)	1.6	2.1	3.2	4.1	-5.0	14.7	10.7	1.1	1.7	2.8
Real government consumption growth (% yoy)	1.8	3.6	7.4	5.3	-0.8	9.8	0.8	0.9	2.5	3.0
Real export growth (% yoy)	-0.2	2.6	0.6	3.1	-22.5	14.6	12.3	3.1	2.7	3.5
Real import growth (% yoy)	-3.5	1.0	5.8	7.3	-20.1	26.7	23.6	-14.7	3.4	4.8
Prices										
CPI inflation (% yoy, eop)	5.7	4.1	3.2	3.8	1.6	5.6	13.1	9.3	5.0	3.5
CPI inflation (% yoy, avg)	7.5	4.3	3.2	3.5	2.5	3.5	10.2	11.8	6.4	4.0
Nominal wages (% yoy)	6.4	5.7	6.3	5.0	0.7	9.4	11.3	11.9	5.8	4.3
Nominal exchange rate (vs. USD, eop)	3,001	2,984	3,250	3,277	3,430	4,080	4,853	3,855	4,100	4,250
Nominal exchange rate (vs. USD, avg)	3,055	2,951	2,956	3,281	3,693	3,807	4,256	4,319	4,056	4,181
Bilateral real exchange rate (% yoy, + dep)	-8.8	-2.4	7.5	-0.6	4.4	20.6	11.9	-21.1	4.0	2.6
Monetary Sector										
Monetary base growth (% yoy)	2.5	5.0	10.4	12.3	20.5	9.6	6.4	1.0	9.5	8.2
Broad money growth (% yoy)	7.1	7.3	5.6	7.8	13.9	12.0	14.0	-1.2	8.3	7.0
Credit extension to private sector (% yoy)	8.8	6.2	5.8	8.2	3.4	10.6	17.9	5.7	4.8	6.5
Central bank policy rate (%, eop)	7.50	4.75	4.25	4.25	1.75	3.00	12.00	13.00	9.50	6.00
1-month interbank rate (%, eop)	7.16	4.58	4.11	4.11	1.71	2.97	11.23	12.34	9.21	5.71
Long-term yield (%, eop)	7.1	6.5	6.8	6.3	5.4	8.2	13.0	10.8	11.4	7.9
External Sector										
Current account balance (% of GDP)	-4.4	-3.2	-4.2	-4.6	-3.4	-5.6	-6.2	-3.0	-3.3	-3.2
Current account balance (US$ bn)	-12.6	-9.9	-14.0	-14.8	-9.3	-18.0	-21.3	-11.0	-13.8	-13.9
Trade balance (US$ bn)	-9.2	-4.3	-6.4	-9.9	-8.9	-14.0	-12.2	-6.6	-7.4	-8.6
Exports, f.o.b. (US$ bn)	34.1	39.8	43.0	40.7	32.3	42.7	59.6	52.9	56.3	58.2
Main export - Oil (US$ bn)	10.8	13.3	16.8	16.0	8.8	13.5	18.7	15.4	16.8	14.9
Imports, f.o.b. (US$ bn)	43.2	44.1	49.4	50.5	41.2	56.7	71.7	59.5	63.7	66.8
Service balance (US$ bn)	-4.3	-4.5	-4.2	-4.3	-4.2	-6.0	-4.4	-2.0	-2.3	-2.2
Income balance (US$ bn)	0.9	-1.2	-3.5	-0.7	3.8	2.1	-4.7	-2.4	-4.0	-3.0
Foreign direct investment (US$ bn)	13.9	13.7	11.3	14.0	7.5	9.6	17.4	16.6	15.5	16.0
International reserves (US$ bn)	46.7	47.6	48.4	53.2	59.0	58.6	57.3	59.0	60.0	61.2
Public Sector										
Central gov. primary budget balance (% of GDP)	-1.1	-0.8	-0.3	0.4	-4.9	-3.6	-1.0	-0.3	-0.9	-0.2
Central gov. budget balance (% of GDP)	-4.0	-3.7	-3.1	-2.5	-7.8	-7.0	-5.3	-4.2	-5.0	-4.2
Consolidated gov. primary budget balance (% of GDP)	0.4	0.1	0.1	0.5	-5.3	-5.2	-1.7	1.6	1.2	1.3
Consolidated public sector balance (% of GDP)	-2.3	-2.7	-2.6	-2.4	-7.6	-7.1	-6.2	-2.6	-3.2	-2.7
Central gov. revenues (% of GDP)	14.9	15.7	15.1	16.2	15.3	16.3	16.3	18.7	19.0	19.0
Debt Indicators										
Gross external debt (% of GDP)	42.5	40.0	39.5	42.9	57.1	53.9	53.4	57.8	60.4	61.0
Public (% of GDP)	25.1	23.0	21.8	22.9	33.2	32.2	30.4	32.8	34.4	33.9
Private (% of GDP)	17.4	17.0	17.7	20.1	23.8	21.7	23.1	25.0	26.0	27.1
Gross government debt (% of GDP)	45.6	46.4	49.3	50.3	65.1	63.0	61.1	56.0	57.2	57.6
Domestic (% of GDP)	30.1	30.9	32.7	34.3	42.1	38.5	36.1	36.2	35.8	36.7
External (% of GDP)	15.5	15.5	16.6	16.0	23.0	24.5	25.0	19.8	21.5	20.9
External debt amortizations (US$ bn)	7.6	16.2	15.7	13.2	14.6	15.1	13.1	15.4	19.1	17.6
External debt interest payments (US$ bn)	4.7	5.3	5.8	7.5	6.5	6.9	8.4	9.6	10.3	10.2
External debt service (% of XGS)	28.8	43.6	40.0	40.5	55.2	43.1	29.5	37.2	40.7	38.3
Savings - Investment Balance										
Savings (% of GDP)	18.7	18.4	17.0	16.8	15.7	13.3	15.2	13.5	14.0	16.0
Investment (% of GDP)	23.2	21.6	21.2	21.4	19.1	19.0	21.4	16.5	17.3	19.2

	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25
Quarterly Economic Forecasts										
Real GDP growth (% yoy)	-0.6	0.3	-0.6	1.5	1.8	2.5	2.7	2.8	2.8	2.9
Real GDP growth (% qoq, sa, annualized)	1.4	0.1	2.0	2.4	2.8	2.8	2.8	2.8	2.8	3.2
CPI inflation (% yoy, eop)	11.0	9.3	7.0	6.7	5.5	5.0	4.3	4.0	3.7	3.5
Central bank policy rate (%, eop)	13.25	13.00	12.50	11.50	10.50	9.50	8.50	7.50	6.50	6.00
Nominal exchange rate (vs. USD, eop)	4,068	4,071	4,000	4,050	4,075	4,100	4,125	4,150	4,200	4,250
Current account balance (US$ bn)	-1.7	-3.9	-4.0	-3.1	-2.3	-4.5	-3.9	-3.1	-2.3	-4.6

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 182: Peru
Selected economic and financial indicators

	2016	2017	2018	2019	2020	2021	2022	2023F	2024F	2025F
Summary Data										
Nominal GDP (US$ bn)	194.5	214.3	225.4	231.0	205.0	224.7	245.2	268.0	276.7	288.7
GDP per capita (US$)									7,939	8,202
Unemployment rate (%)	6.7	6.9	6.7	6.6	13.9	10.9	7.7	6.8	7.5	6.9
Population (millions)	31.5	31.8	32.2	33.2	33.5	33.8	34.2	34.5	34.9	35.2
Economic Activity										
Real GDP growth (% yoy)	4.0	2.5	4.0	2.2	-10.9	13.4	2.7	-0.6	2.5	2.9
Domestic demand growth (% yoy)	1.3	1.6	4.1	2.2	-9.8	14.5	2.3	-1.7	2.6	2.8
Real investment growth (% yoy)	-4.1	-0.7	6.6	-0.6	-18.3	23.5	1.6	-9.6	2.8	2.9
Real consumption growth (% yoy)	3.0	2.3	3.3	3.1	-7.3	12.1	2.5	0.5	2.6	2.8
Real private consumption growth (% yoy)	3.7	2.6	3.8	3.2	-9.9	12.4	3.6	0.4	2.6	2.9
Real government consumption growth (% yoy)	-0.6	0.7	0.4	2.2	7.5	10.9	-3.4	1.0	2.3	2.0
Real export growth (% yoy)	9.0	7.8	2.1	1.1	-19.7	13.2	6.1	3.1	3.1	4.1
Real import growth (% yoy)	-1.6	4.5	2.4	1.0	-15.8	18.0	4.4	-2.2	3.0	3.4
Prices										
CPI inflation (% yoy, eop)	3.2	1.4	2.2	1.9	2.0	6.4	8.5	3.2	2.4	2.5
CPI inflation (% yoy, avg)	3.6	2.8	1.3	2.1	1.8	4.0	7.9	6.3	2.3	2.5
Nominal wages (% yoy)	7.0	-0.4	-0.3	4.7	-12.4	3.5	11.4	9.0	1.5	3.0
Nominal exchange rate (vs USD, eop)	3.36	3.24	3.38	3.32	3.62	3.98	3.81	3.71	3.75	3.80
Nominal exchange rate (vs USD, avg)	3.38	3.26	3.29	3.34	3.50	3.88	3.84	3.75	3.75	3.78
Bilateral real exchange rate (% yoy, + dep)	-2.8	-2.7	3.9	-1.4	8.7	10.5	-4.7	-2.7	1.4	1.3
Monetary Sector										
Monetary base growth (% yoy)	4.1	7.2	7.3	5.2	33.2	13.1	-4.4	-6.0	5.8	6.4
Broad money growth (% yoy)	1.7	7.9	5.3	9.1	32.0	0.3	-1.8	2.9	6.3	7.0
Credit extension to private sector (% yoy)	4.6	5.5	9.0	7.0	12.8	5.7	4.5	1.0	4.8	6.4
Central bank policy rate (%, eop)	4.25	3.25	2.75	2.25	0.25	2.50	7.50	6.75	4.00	4.00
1-month interbank rate (%, eop)	4.37	3.26	2.75	2.25	0.23	2.25	7.45	6.78	3.95	3.95
Long-term yield (%, eop)	6.38	5.17	5.64	4.21	3.51	5.90	7.97	7.20	5.25	5.50
External Sector										
Current account balance (% of GDP)	-2.2	-0.8	-1.2	-0.6	1.1	-2.3	-4.0	0.6	-1.5	-1.3
Current account balance (US$ bn)	-4.2	-1.7	-2.6	-1.3	2.2	-5.1	-9.9	1.7	-4.2	-3.8
Trade balance (US$ bn)	2.0	6.7	7.2	6.9	8.2	14.8	10.3	17.4	15.6	17.9
Exports, f.o.b. (US$ bn)	37.1	45.4	49.1	48.0	42.9	63.2	66.2	67.2	68.6	74.1
Main export - Copper	10.2	13.8	14.9	14.0	13.0	20.7	19.8	23.3	24.5	29.9
Imports, f.o.b. (US$ bn)	35.1	38.7	41.9	41.1	34.7	48.3	55.9	49.8	53.0	56.2
Service balance (US$ bn)	-2.6	-2.7	-3.4	-4.0	-4.7	-7.3	-8.6	-7.8	-8.5	-9.1
Income balance (US$ bn)	-3.6	-5.7	-6.5	-4.2	-1.3	-12.5	-11.6	-7.9	-11.2	-12.5
Foreign direct investment (US$ bn)	6.8	7.4	5.9	4.8	0.8	7.4	10.8	4.2	8.6	11.0
International reserves (US$ bn)	61.7	63.6	60.1	68.3	74.7	78.5	71.9	71.0	72.3	74.3
Price of main export commodity - Copper (US$/ton)	221	280	296	273	280	422	398	383	391	476
Public Sector										
Central gov. primary budget balance (% of GDP)	-1.2	-2.0	-0.8	-0.9	-7.9	-2.0	-0.8	-2.0	-0.7	-0.1
Central gov. budget balance (% of GDP)	-2.2	-3.1	-2.0	-2.1	-9.3	-3.4	-2.2	-3.6	-2.3	-1.6
Consolidated gov. primary budget balance (% of GDP)	-1.3	-1.8	-1.0	-0.2	-7.3	-1.0	-0.1	-1.1	-0.8	0.1
Consolidated public sector balance (% of GDP)	-2.4	-3.0	-2.3	-1.6	-8.9	-2.5	-1.7	-2.8	-2.5	-1.5
Central gov. revenues (% of GDP)	15.4	15.1	16.2	16.6	14.9	18.1	19.0	16.8	19.2	19.6
Debt Indicators										
Gross external debt (% of GDP)	34.4	31.7	30.6	31.4	38.8	40.9	37.9	35.2	35.3	35.1
Public (% of GDP)	15.1	15.3	15.4	16.9	23.6	26.8	24.5	22.6	22.3	22.3
Private (% of GDP)	19.2	16.4	15.2	14.5	15.2	14.1	13.4	12.6	13.0	12.8
Gross government debt (% of GDP)	23.7	24.7	25.6	26.6	34.6	35.9	33.8	32.9	34.4	35.0
Domestic (% of GDP)	13.4	16.0	16.8	18.1	19.8	16.5	16.3	17.1	18.9	19.5
External (% of GDP)	10.3	8.7	8.8	8.5	14.9	19.4	17.5	15.8	15.5	15.5
External debt amortizations (US$ bn)	6.8	12.5	7.0	8.1	5.8	3.8	4.3	4.8	4.3	6.2
External debt interest payments (US$ bn)	10.0	10.8	11.8	12.5	10.5	12.2	13.6	13.2	13.3	13.7
External debt service (% of XGS)	39.1	45.2	33.9	37.8	35.6	24.3	25.1	24.7	23.5	25.5
Savings - Investment Balance										
Savings (% of GDP)	20.5	20.6	21.2	21.2	20.8	19.8	17.2	19.3	17.8	18.3
Investment (% of GDP)	22.6	21.4	22.4	21.8	19.7	22.0	21.3	18.7	19.3	19.6

	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25
Quarterly Economic Forecasts										
Real GDP growth (% yoy)	-0.9	-0.4	1.9	2.2	2.8	2.9	2.7	2.8	2.9	3.0
Real GDP growth (% qoq, sa, annualized)	0.6	2.1	3.6	2.4	2.8	2.8	2.8	2.8	3.2	3.2
CPI inflation (% yoy, eop)	5.0	3.2	2.4	2.1	2.0	2.4	2.4	2.5	2.5	2.5
Central bank policy rate (%, eop)	7.50	6.75	6.00	5.25	4.50	4.00	4.00	4.00	4.00	4.00
Nominal exchange rate (vs USD, eop)	3.79	3.71	3.75	3.74	3.74	3.75	3.76	3.78	3.79	3.80
Current account balance (US$ bn)	0.4	1.6	-2.3	-0.8	-1.0	0.1	-2.2	-0.7	-1.0	0.1

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 183: Uruguay
Selected economic and financial indicators

	2016	2017	2018	2019	2020	2021F	2022F	2023F	2024F	2025F
Summary Data										
Nominal GDP (US$ bn)	57.5	64.3	64.6	61.3	53.6	61.4	71.2	80.8	84.9	88.2
GDP per capita (thous US$)	16.5	18.4	18.4	17.4	15.2	17.3	20.0	22.7	23.7	24.6
Economic Activity and Prices										
Real GDP growth (% yoy)	0.8	1.6	0.5	0.4	-6.1	5.3	4.9	1.1	3.3	2.0
CPI inflation (% yoy, eop)	8.1	6.6	8	8.8	9.4	8.0	8.3	5.1	5.4	5.5
Nominal exchange rate (vs USD, eop)	29.3	28.7	32.4	37.4	42.4	44.7	39.9	38.9	40.7	42.1
Nominal exchange rate (vs USD, avg)	30.1	28.6	30.7	35.3	42	43.6	41.2	38.8	40.2	41.7
Central Bank policy rate (%, eop)	-	-	-	-	4.5	5.8	11.5	9.0	8.0	8.0
External Sector										
Current account balance (% of GDP)	0.8	0	-0.4	1.6	-0.8	-2.5	-3.2	-4.0	-3.0	-2.6
Current account balance (US$ bn)	0.5	0	-0.3	1	-0.4	-1.5	-2.3	-3.2	-2.5	-2.3
Trade balance (US$ bn)	3.1	3.5	3.3	3.8	2.4	4.5	3.9	3.1	3.8	4.0
Exports, f.o.b. (US$ bn)	15.5	16.8	17.1	17.1	13.6	19.4	22.6	22.5	24.4	25.6
Imports, f.o.b. (US$ bn)	12.4	13.4	13.8	13.3	11.2	14.9	18.7	19.4	20.6	21.6
International reserves (US$ bn)	13.9	13.8	16.5	15.1	15.8	16.0	16.5	16.0	17.0	18.0
Public Sector										
Non financial public sector. primary budget balance (% of GDP)	-0.2	-0.1	-0.6	-1.6	-2.9	-1.1	-1.0	-1.3	-0.4	-0.4
Non financial public sector overall budget balance (% of GDP)	-2.7	-2.5	-3.1	-3.8	-5.4	-3.2	-3.0	-3.3	-2.4	-2.4
Debt Indicators										
Gross external debt (% of GDP)	49.7	-	-	-	-	-	-	-	-	-
Public (% of GDP)	42.7	-	-	-	-	-	-	-	-	-
Private (% of GDP)	7	-	-	-	-	-	-	-	-	-
Gross government debt (% of GDP)	58.2	56.2	55.6	57.2	67.6	61.1	56.6	55.3	55.1	
Domestic (% of GDP)	29.6	31.9	29	27.5	32.2	29.1	29.8	31.8	34.5	
External (% of GDP)	28.6	24.3	26.6	29.7	35.4	32.0	26.8	23.4	20.6	

Source: BofA Global Research

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Yield forecasts

Exhibit 184: Government Bond Yield and Swap Rate Forecasts
Developed Markets

		Mar-24	Jun-24	Sep-24	Dec-24	Dec-25
Bond yields						
US	O/N SOFR	5.32	5.08	4.85	4.61	3.63
	2y	4.75	4.50	4.25	4.00	3.75
	5y	4.50	4.40	4.25	4.15	4.00
	10y	4.40	4.30	4.25	4.25	4.25
	30y	4.70	4.65	4.65	4.75	4.75
Germany	3m Euribor	4.05	3.90	3.70	3.25	2.30
	2y	2.70	2.45	2.20	1.90	1.70
	5y	2.35	2.20	2.05	1.85	1.90
	10y	2.45	2.35	2.25	2.10	2.25
	30y	2.60	2.55	2.50	2.40	2.75
Japan	3m TORF	-0.01	0.05	0.05	0.28	0.53
	2yr	0.10	0.15	0.15	0.40	0.65
	5yr	0.30	0.40	0.45	0.60	0.75
	10yr	0.70	0.85	0.95	1.05	1.10
	30yr	1.70	1.75	1.80	1.85	1.90
UK	Bank Rate	5.25	5.25	5.00	4.75	3.75
	2yr	4.25	4.25	4.25	4.00	3.50
	5yr	3.75	4.00	4.00	3.75	3.50
	10yr	4.00	4.00	4.00	4.00	3.75
	30yr	4.75	4.75	4.75	4.75	4.50
Canada	2yr	4.20	3.75	3.25	3.00	3.00
	5yr	3.75	3.70	3.65	3.60	3.40
	10yr	3.70	3.65	3.65	3.60	3.60
Australia	3m BBSW	4.35	4.35	4.00	3.75	3.00
	2y	3.60	3.55	3.50	3.25	3.00
	5y	3.70	3.65	3.60	3.50	3.25
	10y	4.00	3.95	3.90	3.90	3.50
Swap rates		**Mar-24**	**Jun-24**	**Sep-24**	**Dec-24**	**Dec-25**
US	2y	4.95	4.27	4.00	3.73	3.48
	5y	4.17	4.05	3.88	3.76	3.61
	10y	4.00	3.88	3.81	3.81	3.81
Euribor	2y	3.30	3.05	2.75	2.40	2.00
	5y	2.90	2.70	2.50	2.25	2.15
	10y	2.95	2.80	2.65	2.45	2.45
Japan	2y	0.25	0.30	0.35	0.55	0.70
	5y	0.55	0.65	0.65	0.75	0.90
	10y	0.90	1.05	1.20	1.25	1.30
UK	2y	4.50	4.25	4.00	3.75	3.25
	5y	3.75	3.75	3.75	3.50	3.25
	10y	3.75	3.75	3.75	3.75	3.50
Canada	2y	4.60	4.15	3.65	3.40	3.40
	5y	4.10	4.05	4.00	4.00	3.75
	10y	4.10	4.05	4.05	4.00	4.00
Australia	3y	3.75	3.75	3.70	3.40	3.10
	10y	4.20	4.40	4.20	4.10	3.95

Source: BofA Global Research

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Global FX Forecasts

Exhibit 185: G10 FX Forecasts

Our end-year EUR-USD forecast remains 1.15

	Spot	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
G3									
EUR-USD	1.08	1.07	1.10	1.12	1.15	1.16	1.17	1.18	1.20
USD-JPY	150	145	143	142	142	140	138	136	136
EUR-JPY	163	155	157	159	163	162	161	160	163
Dollar Bloc									
USD-CAD	1.35	1.35	1.34	1.32	1.30	1.30	1.30	1.30	1.30
AUD-USD	0.65	0.66	0.68	0.71	0.71	0.71	0.71	0.71	0.71
NZD-USD	0.62	0.61	0.62	0.63	0.63	0.63	0.63	0.63	0.63
Europe									
EUR-GBP	0.86	0.85	0.84	0.84	0.84	0.85	0.85	0.85	0.85
GBP-USD	1.27	1.26	1.31	1.33	1.37	1.36	1.38	1.39	1.41
EUR-CHF	0.95	0.96	0.96	0.97	0.97	0.98	1.00	1.00	1.00
USD-CHF	0.88	0.90	0.87	0.87	0.84	0.84	0.85	0.85	0.83
EUR-SEK	11.18	11.40	11.40	11.20	11.10	11.10	11.00	10.90	10.80
USD-SEK	10.31	10.65	10.36	10.00	9.65	9.57	9.40	9.24	9.00
EUR-NOK	11.42	11.40	11.30	11.00	10.90	10.90	10.80	10.70	10.60
USD-NOK	10.54	10.65	10.27	9.82	9.48	9.40	9.23	9.07	8.83

Forecast as of Feb-27-2024. Spot exchange rate as of Feb-27-2024. The left of the currency pair is the denominator of the exchange rate. **Source:** BofA Global Research

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Exhibit 186: EM FX Forecasts

Our end-year USD-CNY forecast remains 6.90.

	Spot	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
Latin America									
USD-BRL	4.95	4.90	4.88	4.80	4.75	4.78	4.82	4.90	5.00
USD-MXN	17.05	17.80	18.00	18.30	18.50	18.70	18.90	19.10	19.50
USD-CLP	986	960	955	952	950	950	950	950	950
USD-COP	3,935	4,000	4,050	4,075	4,100	4,125	4,150	4,200	4,250
USD-ARS	841	1000	1300	1700	2,200	2,700	3,200	3,800	4,500
USD-PEN	3.79	3.75	3.74	3.74	3.75	3.76	3.78	3.79	3.80
Emerging Europe									
EUR-PLN	4.32	4.30	4.25	4.23	4.20	4.20	4.20	4.20	4.20
EUR-HUF	391	390	395	395	399	387	375	362	350
EUR-CZK	25.34	25.50	25.50	25.00	24.70	24.40	24.20	24.00	24.00
USD-ZAR	19.12	19.00	19.20	18.50	18.00	17.90	18.00	18.20	18.40
USD-TRY	31.15	32.00	35.00	37.00	40.00	42.00	44.00	45.00	47.00
EUR-RON	4.97	5.01	5.02	5.04	5.05	5.13	5.21	5.28	5.36
USD-EGP	30.90	30.90	45.00	47.00	50.00	52.00	54.00	56.00	58.00
USD-ILS	3.63	3.70	3.65	3.60	3.55	3.50	3.50	3.45	3.45
USD-AED	3.67	3.67	3.67	3.67	3.67	3.67	3.67	3.67	3.67
USD-KWD	0.31	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
USD-SAR	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75
USD-QAR	3.65	3.64	3.64	3.64	3.64	3.64	3.64	3.64	3.64
Asian Bloc									
USD-KRW	1,331	1,325	1,300	1,265	1,230	1,210	1,190	1,170	1,150
USD-TWD	31.60	31.35	31.15	30.75	30.35	30.15	29.95	29.75	29.55
USD-SGD	1.34	1.34	1.33	1.29	1.26	1.25	1.24	1.23	1.22
USD-THB	35.83	36.00	35.50	35.00	34.00	33.50	33.00	32.50	32.00
USD-HKD	7.82	7.83	7.80	7.78	7.76	7.75	7.75	7.75	7.75
USD-CNY	7.20	7.45	7.40	7.10	6.90	6.90	6.80	6.80	6.70
USD-IDR	15646	15,600	15,500	15,300	15,200	15,200	15,100	15,100	15,000
USD-PHP	56.10	56.50	56.00	55.50	55.00	54.50	54.00	53.50	53.00
USD-MYR	4.76	4.80	4.70	4.60	4.50	4.40	4.30	4.20	4.10
USD-INR	82.90	83.00	82.50	82.00	82.00	81.50	81.00	81.00	81.00

Forecast as of Feb-27-2024. Spot exchange rate as of Feb-27-2024. The left of the currency pair is the denominator of the exchange rate. **Source:** BofA Global Research

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Commodities forecasts

Exhibit 187: BofA Global Research Commodity Price Forecasts
(period averages)

	units	1Q23F	2Q23F	3Q23F	4Q23F	2023F	1Q24F	2Q24F	3Q24F	4Q24F	2024F
WTI Crude Oil	($/bbl)	76	74	82	82	**78**	73	75	77	75	**75**
Brent Crude Oil	($/bbl)	82	78	86	86	**83**	78	80	82	80	**80**
US NY Harbor ULSD (HO) Cracks to Brent Crude Oil	($/bbl)	41	25	40	37	**36**	30	25	25	25	**26**
US RBOB Cracks to Brent Crude Oil	($/bbl)	23	31	29	7	**22**	11	21	14	7	**13**
NWE Low Sulphur Gasoil Cracks to Brent Crude Oil	($/bbl)	31	17	32	29	**27**	23	20	20	19	**21**
NWE Eurobob Cracks to Brent Crude Oil	($/bbl)	15	22	27	7	**18**	5	14	10	3	**8**
NWE 1% Residual Cracks to Brent Crude Oil	($/bbl)	-13	-8	-3	-7	**-8**	-6	-5	-5	-5	**-5**
NWE 0.5% Residual Cracks to Brent Crude Oil	($/bbl)	2	2	4	3	**3**	2	2	2	2	**2**
NWE 3.5% Residual Cracks to Brent Crude Oil	($/bbl)	-23	-11	-4	-14	**-13**	-13	-12	-12	-12	**-12**
US Natural Gas	($/MMBtu)	2.74	2.32	2.66	3.15	**2.72**	2.90	2.50	3.00	3.60	**3.00**
Thermal coal, Newcastle FOB	($/t)	253	160	147	145	**176**	148	148	151	153	**150**
Aluminium	$/t	2,401	2,260	2,160	2,250	**2,268**	2,250	2,500	2,750	2,750	**2,563**
Copper	$/t	8,941	8,461	8,367	8,000	**8,442**	8,000	8,500	8,750	9,250	**8,625**
Lead	$/t	2,137	2,118	2,171	2,200	**2,156**	2,000	2,000	2,000	2,000	**2,000**
Nickel	$/t	25,973	22,277	20,392	18,500	**21,786**	18,500	18,500	19,000	19,000	**18,750**
Zinc	$/t	3,132	2,527	2,435	2,500	**2,648**	2,500	2,500	2,250	2,250	**2,375**
Gold	$/oz	1892	1977	1927	1900	**1924**	1950	1950	2000	2000	**1975**
Silver	$/oz	23	24	24	23	**23**	23	23	24	24	**23**
Platinum	$/oz	995	1,027	932	950	**976**	1,000	1,000	1,100	1,100	**750**
Palladium	$/oz	1,568	1,445	1,254	1,250	**1,379**	900	800	700	600	**750**

Source: BofA Global Research estimates

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