

Asia Economic Weekly

AU & NZ: Dovish news everywhere

NZ: The RBNZ keeps rates unchanged again

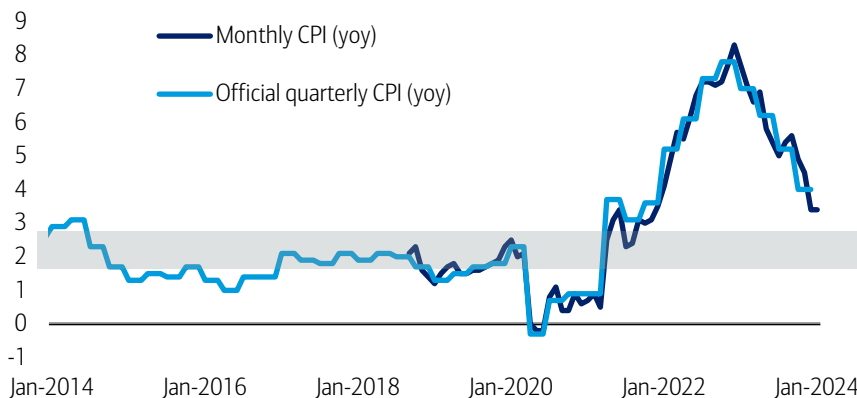
As we expected, the Reserve Bank of New Zealand (RBNZ) has kept the OCR unchanged at 5.5% where we see the peak and despite market pricing 7bps of hikes for this meeting. Rates have not changed since May last year and the RBNZ committee remains confident that sustained high rates are constraining economic activity and prices. While the Bank is expected to remain alert to inflation pressures, the overall tone of the Statement and mark-to market changes to forecasts suggest a more dovish tone relative to the November Monetary Policy Statement (MPS). The next move is down, in our view.

AU: Monthly CPI was unchanged in January

Australia's monthly inflation data was unchanged at 3.4%yoy in January. While weights updates impacted these outcomes, and these data reflect only around 65% of the official measure (currently at 4.1% in the year to Dec-23) the RBA will likely welcome progress towards the target. In fact, the RBA's assumption is for CPI to end 2024 at 3.2% so the Bank is likely to be surprised to the downside, once again.

Exhibit 1: Monthly inflation was 3.4% in January

Suggesting the official quarterly measure may continue to ease



Source: ABS

BofA GLOBAL RESEARCH

AU GDP has likely slowed further in 4Q 2023

GDP data is to be released on Wednesday March 6, and we expect a soft 0.3%qoq rise in the quarter (consensus at 0.2%qoq), which would push annual growth down to 1.5%yoy from 2.1%yoy. We see very modest but positive contribution from household and private business spending while net exports should detract.

M. Fuchila

BofA Securities participated in the preparation of this report, in part, based on information provided by Philippine Equity Partners, Inc. (Philippine Equity Partners). ^^Philippine Equity Partners employees are not registered/qualified as research analysts under FINRA rules. Refer to "Other Important Disclosures" for information on certain BofA Securities entities that take responsibility for the information herein in particular jurisdictions.

BofA Securities does and seeks to do business with issuers covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. Refer to important disclosures on page 9 to 10.

12665811

Timestamp: 29 February 2024 03:30PM EST

01 March 2024

GEM Fixed Income Strategy & Economics
Asia

Table of Contents

Australia and New Zealand in Focus	2
AU: Instantaneous inflation prints softer	3
Data Preview	5
Macro Forecasts	7
Research Analysts	11

Helen Qiao

China & Asia Economist
Merrill Lynch (Hong Kong)
helen.qiao@bofa.com

Izumi Devalier

Japan and Asia Economist
BofAS Japan

Takayasu Kudo

Japan and Asia Economist
BofAS Japan

Miao Ouyang

China & Asia Economist
Merrill Lynch (Hong Kong)

Benson Wu

China & Korea Economist
Merrill Lynch (Hong Kong)

Aastha Gudwani

India Economist
BofAS India

Xiaoqing Pi

China Economist
Merrill Lynch (Hong Kong)

Micaela Fuchila

Economist
Merrill Lynch (Australia)
micaela.fuchila@bofa.com

Kai Wei Ang

Asia & ASEAN Economist
Merrill Lynch (Singapore)

Anna Zhou

China & Asia Economist
Merrill Lynch (Hong Kong)

Ting Him Ho, CFA

Asia Economist
Merrill Lynch (Hong Kong)

Jojo Gonzales ^^

Research Analyst
Philippine Equity Partners

Pipat Luengnaruemitchai

Emerging Asia Economist
Kiatnakin Phatra Securities

See Team Page for List of Analysts

OCR: Official Cash Rate

RBA: Reserve Bank of Australia

Australia and New Zealand in Focus

Micaela Fuchila

Merrill Lynch (Australia)

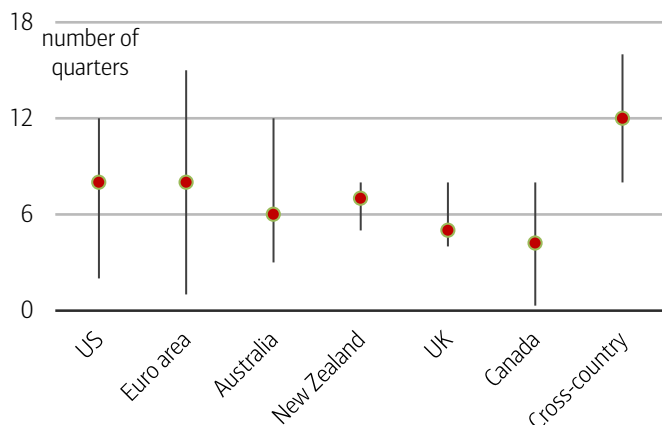
The RBNZ has kept rates unchanged and suggested the next move is likely down, as we expected. Given weak economic momentum we think easing could start from May. Of course, risk is for a later start if inflation surprises to the upside or unemployment does not rise further. See: [New Zealand Economic Watch: RBNZ preview: all about the time to target 22 February 2024](#).

At this meeting there was a clear evolution in guidance towards a more dovish stance. The RBNZ removed the sentence "If inflationary pressures were to be stronger than anticipated, the OCR would likely need to increase further". The latter suggests to us the Official cash rate (OCR) has clearly peaked. Not surprising, Governor Orr reinforced the view that "The OCR needs to remain at a restrictive level for a sustained period of time to ensure this [the return to the CPI target] occurs". Indeed, he said rates will likely remain unchanged over 2024. Despite this, we think economic data has become too weak and argues for earlier easing, but the stickiness of inflation justifies the cautious approach to easing.

New Zealand inflation remains well above the 2% midpoint of the target at 4.7%yoy and new data for 1Q 2024 will not be available until April 17, after the next RBNZ meeting on April 10. The RBNZ assumption is for CPI to ease to 3.8%yoy. Traction from a sustained period of higher rates will likely continue to dampen activity and prices given based on the RBNZ's analysis, the economy has not yet felt the full impact of the hiking cycle (peak at around 9 quarters) (Exhibit 2). In addition, economic data has continued to surprise to the downside (Exhibit 3). Hence, May will be the first "live meeting", in our view.

Exhibit 2: The RBNZ estimates full impact of hikes around 9Q

Some pain is yet to be felt

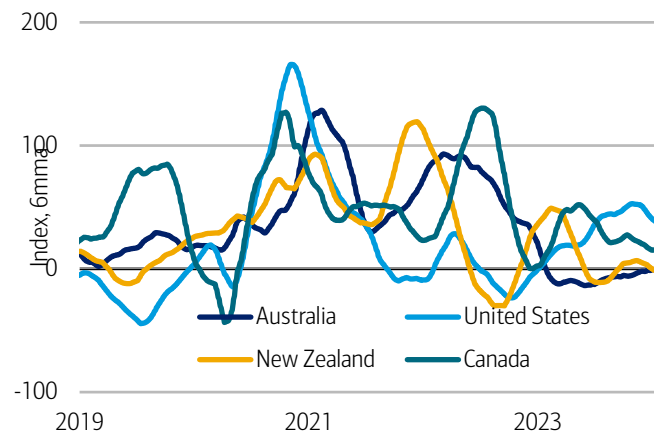


Source: RBNZ

BoFA GLOBAL RESEARCH

Exhibit 3: Economic surprise

NZ data has surprised to the downside



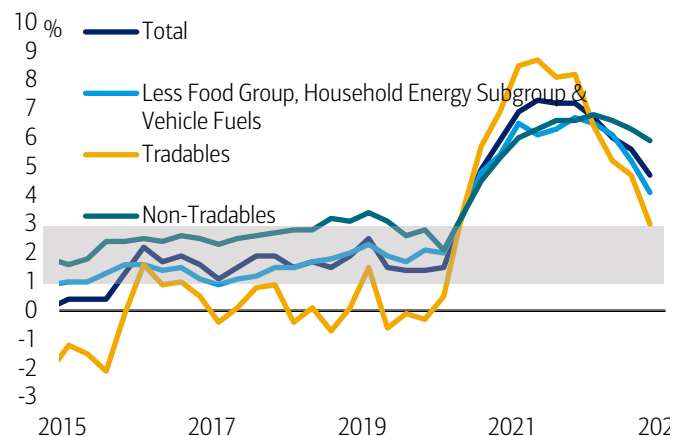
Source: Citi, Macrobond

BoFA GLOBAL RESEARCH

Nonetheless, the OCR track reflects a peak for the cash rate at 5.6% from 5.69% as inflation printed softer than anticipated in 4Q and is expected to fall below the 3% top of the target in Sep-2024, unchanged from November. These changes suggest (1) Unless there is a significant upside surprise to inflation, the OCR has clearly peaked, (2) the next move is down and likely earlier than anticipated in November as economic data disappointed. The Bank sees potential easing from 1H 2025 vs 2H 2024 back in November while we think easing could start as soon as 2Q 2024. See: [New Zealand Watch: RBNZ review: Dovish turn in sight 28 February 2024](#). Inflation has continued to trend lower with tradables leading the way while non-tradables are lagging. Yet, with ongoing weak demand, particularly consumer spending (Exhibit 5) we think upside risk to demand-driven inflation is very limited.

Exhibit 4: Progress towards target is evident

But driven by tradables

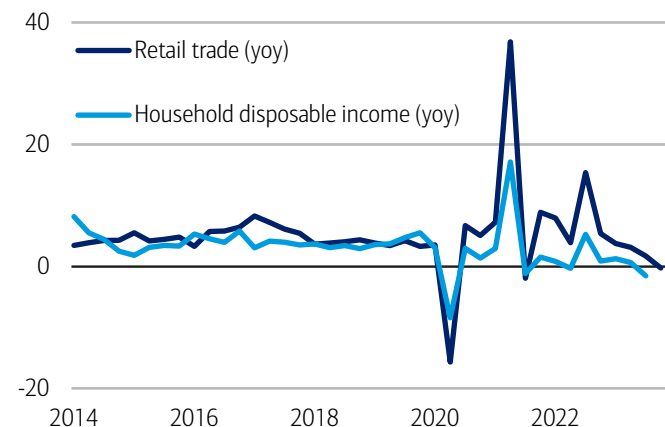


Source: StatsNZ, Macrobond

BofA GLOBAL RESEARCH

Exhibit 5: Retail spending is very weak

As is disposable income



Source: StatsNZ, Macrobond

BofA GLOBAL RESEARCH

AU: Instantaneous inflation prints softer

Australian monthly inflation printed unchanged at 3.4%yoy in January, well below the 4.1%yoy official rate. (see: [Australia Watch: Monthly CPI steady at 3.4% 28 February 2024](#)). The gap between the official quarterly CPI measure currently at 4.1%yoy versus monthly inflation at 3.4% in January increases difficulties for the Reserve Bank of Australia (RBA) to assess current inflation pressures. Recent data for Australia showed CPI continues to ease at a faster pace than the RBA forecasts. With base effects pushing inflation lower and weight updates, we think instantaneous inflation may be a better reflection of current inflation pressures. While volatile, instantaneous inflation has fallen below 2% in January, the lowest since Mar-21 (Exhibit 6).

Indeed, annual inflation considers observations from the past, with base effects contributing to the easing of annual inflation since its peak (7.8%yoy) in late 2022. We think a measure of instantaneous inflations provides a better gauge as it captures fast changes in prices and places more weight on recent observations. While monthly inflation showed CPI steady at 3.5%yoy, the instantaneous measure eased to 1.8%yoy. This is the first-time instantaneous inflation falls below 2% since March 2021.

GDP data will likely show demand is slowing

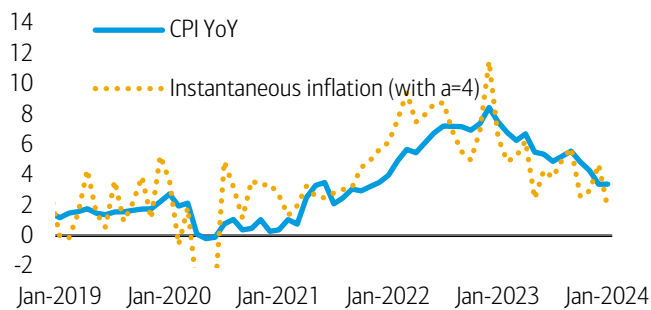
Inflation is now more narrow-based (Exhibit 8) so focus will likely shift to aggregate demand. GDP data for the December 2024 quarter to be released on Wednesday March 6 and we expect a modest 0.3%qqq rise that will push growth down to 1.5%yoy from 2.1%.

While our household consumption Tracker suggests consumption improved since 3Q on the back of black Friday sales and services spending, the level of consumption remains weak. Partial data for construction work done showed a 1.1% decline in building work offset by a 2.7% rise in engineering work while private capital expenditure indicated business investment grew in the mining and non-mining industries in the December quarter.

Mining rose 1.1% and non-mining was up 0.6%. These outcomes imply a positive contribution from public sector spending and private final demand. However, we expect a detraction from net exports on the back of rises in services imports and slower export volumes. Company profits are expected to be flat while compensation to employees should reflect higher wages in the quarter (see: [Australia Economic Watch: Positive real wage growth to end 2023 21 February 2024](#)).

Exhibit 6: Instantaneous inflation is consistent with monthly CPI

Suggesting inflation continues to slow

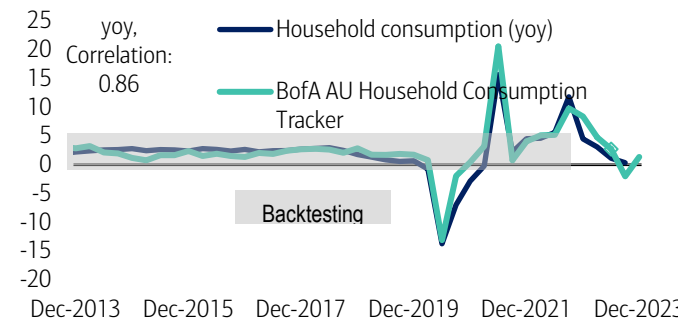


Source: Macrobond calculation based on Instantaneous inflation paper from UPF Barcelona, July 2023. Kernel density estimation with bandwidth parameter $a=4$ vs traditional inflation $a=0$.

BofA GLOBAL RESEARCH

Exhibit 7: Modest rebound in spending in 4Q

Driven by heavy discounting



Source: BofA Global Research, Macrobond, CoreLogic, ABS. This performance is back-tested and does not represent the actual performance of any account or fund. Back-tested performance depicts the theoretical (not actual) performance of a particular strategy over the time period indicated. No representation is being made that any actual portfolio is likely to have achieved returns similar to those shown herein. The Tracker is intended to be an indicative metric only and may not be used for reference purposes or as a measure of performance for any financial instrument or contract, or otherwise relied upon by third parties for any other purpose, without the prior written consent of BofA Global Research. This Tracker was not created to act as a benchmark BofA GLOBAL RESEARCH

Exhibit 8: Inflation heatmap

Inflation pressure is becoming more narrow-based

	Old Weights	New weights Jan-2024	Jan-24	Dec-23	Nov-23	Oct-23	Sep-23	Aug-23	Jul-23	Jun-23	May-23	Apr-23	Mar-23
Total	100	100	3.4	3.4	4.3	4.9	5.6	5.2	4.9	5.4	5.5	6.7	6.3
Food & Non-Alcoholic Beverages	17.04	17.15	4.4	4	4.6	5.3	4.7	4.4	5.6	7	7.9	7.9	8.1
Meat & Seafoods	2.27	2.12	-2	-1.9	0.2	1.8	1.7	2.6	2.4	2.7	3.8	4.4	4.3
Fruit & Vegetables	2.2	1.99	1.6	-2.2	0.7	1	-5.4	-8.3	-5.4	1	2.7	3.5	5.9
Alcoholic Beverages & Tobacco	7.74	6.98	6.7	6.8	6.4	6.6	5.8	4.4	4.5	4.6	4.7	4.8	4.9
Alcoholic beverages	5.04	4.8	4.5	4.6	4.2	4.5	5	4.7	5	5.1	5	5.1	5.4
Tobacco	2.7	2.18	10.7	10.8	10.5	10.4	7.5	3.7	3.6	3.8	4.1	4.3	3.9
Clothing & Footwear	3.22	3.4	0.4	-0.8	-0.9	-1.5	-0.1	1.5	1.5	-0.7	-0.4	2	3.2
Housing	22.18	21.74	4.6	5.2	6.6	6.1	7.2	6.6	7.3	7.4	8.3	8.8	9.4
Rents	5.76	6.03	7.4	7.4	7.1	6.6	7.6	7.8	7.6	7.3	6.3	6.1	5.3
New Dwelling Purchase by Owner-Occupiers	8.52	8.07	4.8	5.1	5.5	4.7	4.9	4.8	5.9	6.6	8.3	9.2	11.1
Furniture, Furnishings & Household Equipment & Services	8.77	8.43	0.3	-0.3	-0.3	0.4	2.3	4	4.3	6.3	6	6.3	7.2
Health	6.22	6.43	3.9	4.7	5.2	6.3	5.4	5.2	5.2	5.2	4.7	4.7	5.4
Transport	10.69	11.42	3	3.6	3.6	5.9	9.4	7.4	0.3	-0.9	0.8	7.1	0.8
Automotive Fuel	3.46	3.73	3.1	5.3	2.3	8.6	19.7	13.9	-7.6	-10.6	-8	9.5	-8.2
Communication	2.18	2.14	2	2	2.4	1.8	1.2	1.6	0.3	0.6	1.1	0.2	1.2
Recreation	11.87	12.55	-1.7	-2.4	1.2	2.7	3.5	3.9	4.1	6.8	3.5	6.4	6.1
Travel & Accommodation	5.38	6.02	-7.1	-9.1	-0.3	1.3	1.9	6.6	5.3	12.9	7.3	11.9	13.9
Education	4.43	4.34	4.7	4.7	4.8	4.8	4.8	5.5	5.2	5.2	5.5	5.5	5.5
Finance & Insurance	5.66	5.43	8.2	8.2	8.8	8.6	8.6	8.8	8.5	8.5	7.8	6.7	6.6

Source: ABS, Macrobond

BofA GLOBAL RESEARCH

Data Preview

Exhibit 9: Week of 3 to 9 March

Data calendar for next week with BofA estimates and Bloomberg consensus

Local time	Country	Data/Event	BofAe	Cons.†	Previous	Comments
Friday, March 1 to Monday, March 11, 2024						
**	Thailand	CPI (Feb, yoy)		-0.8%	-1.1%	--
Monday, March 4, 2024						
**	08:00 South Korea	Industrial Production (Jan, yoy)		9.0%	6.2%	--
**	11:00 Australia	Melbourne Institute Inflation (Feb, mom)		--	0.3%	--
**	11:30 Australia	Inventories SA (4Q, qoq)	0.2%	0.0%	1.2%	--We expect a small but positive contribution from inventories due to a rise in imports
**	11:30 Australia	Company Operating Profit (4Q, qoq)	0%	--	-1.3%	-Company profits are expected to be mixed across industries driven by higher costs and slower demand. -
**	11:30 Australia	Building Approvals (Jan, mom)	4%	5.6%	-9.5%	--Volatile but showing a rise in volumes as rates have peaked
Tuesday, March 5, 2024						
***	08:00 South Korea	GDP P (4Q, yoy)		2.2%	2.2%	--
***	08:30 Japan	Tokyo CPI Ex-Fresh Food (Feb, yoy)	2.5%	--	1.8%	In the February Tokyo CPI, we expect Japan-style core CPI (ex-fresh food) to sharply rebound to +2.5% YoY, from +1.8% YoY in January. Ex-energy BoJ-style core CPI (ex-fresh food and energy) will likely continue to slow to +3.1% YoY (from +3.2% YoY) reflecting the negative base effects of non-perishable food and dining-out services. However, fading the base effects of energy prices stemming from the government's energy subsidies implemented in Jan 2023 (in Feb 2023 in CPI stats) will likely boost Japan-style core CPI through the increase in YoY growth of energy prices.
***	09:00 Philippines	CPI (Feb, yoy)		3.1%	2.8%	--
**	11:30 Australia	Net Exports of GDP (4Q)	-0.2	0.7%	-0.6%	--We expect a modest detraction from net exports driven by strong import volumes and slower services exports
**	11:30 Australia	BoP Current Account Balance (4Q)	A4.5bn	--	-A\$0.2b	--
**	13:00 Singapore	Retail Sales (Jan, yoy)		--	-0.4%	--
**	13:00 Singapore	Retail Sales Ex Auto (Jan, yoy)		--	-2.7%	--
Wednesday, March 6, 2024						
**	08:00 South Korea	CPI (Feb, yoy)	3.0%	3.0%	2.8%	We expect CPI inflation to come in at 3%, mostly due to a sequential higher oil price in the basket.
***	11:30 Australia	GDP SA (4Q, qoq)	0.3%	0.2%	0.2%	--While we see a modest rise in household spending, the economy will be soft in 4Q.
***	11:30 Australia	GDP (4Q, yoy)	1.5%	1.4%	2.1%	--
Thursday, March 7, 2024						
**	11:30 Australia	Trade Balance (Jan)	A\$9800	A\$11000m	A\$10959m	--We see a strong trade surplus in the month
***	15:00 Malaysia	BNM Overnight Policy Rate		3.0%	3.00%	--
**	16:00 Taiwan	CPI (Feb, yoy)	2.9%	--	1.8%	CPI inflation likely rose notably to 2.85% yoy in Feb from 1.79% in Jan, mainly due to a low year-ago base because of the different timing of the Lunar New Year holiday (Feb 2024, vs. Jan 2023, which affects personal services prices). That said, food prices likely dropped further, helped by a sequential decline in vegetable & fuel prices.
Friday, March 8, 2024						
**	16:00 Taiwan	Exports (Feb, yoy)	2.0%	--	18.1%	We expect export growth to slide to 2.0% yoy in Feb from 18.1% in Jan, mostly due to a higher year-ago base because of the different timing of the Lunar New Year holiday (Feb 2024, vs. Jan 2023). AI-related demand will likely continue to lend support to the overall momentum.
Saturday, March 9, 2024						
**	09:30 China	CPI (Feb, yoy)		--	-0.8%	--
Saturday, March 9 to Friday, March 15, 2024						
**	China	New Yuan Loans CNY (Feb)		--	4920.0b	--
**	China	Aggregate Financing CNY (Feb)		--	6501.7b	--

Notes: †Bloomberg consensus; * = level of importance; A = advanced; F = final; P = preliminary; sa = seasonally adjusted; saar = seasonally adjusted annualized rate; nsa = not seasonally adjusted; wda = working-day adjusted; n.a. = not available; mom = month-on-month; qoq = quarter-on-quarter; yoy = year-on-year, Central banks * denotes previous month

Source: BofA Global Research, Bloomberg

BofA GLOBAL RESEARCH



Exhibit 10: Government bond auction calendar

Auction calendar for the week of 3 to 9 March

	Country	Event	Comments
Monday, 4 March, 2024	Korea	Korea to sell 30y KTB worth KRW 3.7tn	
Wednesday, 6 March, 2024	China	China to sell 3y CGB	
Friday, 8 March, 2024	China	China to sell 30y CGB	

Source: BofA Global Research, Korea MoEF, MoF China

BofA GLOBAL RESEARCH



Macro Forecasts

Exhibit 11: Key Macroeconomic Indicators

BofA estimates for important indicators

29 February, 2024

BofA Global Research Forecasts

	2023	2024	2025
GDP Growth (yoy)	Actual	F'cst	F'cst
Asia	4.6	4.3	4.4
China	5.2	4.8	4.6
Hong Kong	3.2	2.1	2.4
India	6.3	5.8	6.0
Indonesia	5.0	5.1	5.2
Korea	1.4	2.3	2.5
Malaysia	3.7	4.4	4.8
Philippines	5.6	5.4	5.5
Singapore	1.1	2.6	2.6
Taiwan	1.4	3.2	2.3
Thailand	1.8	2.6	2.8
Vietnam	5.0	6.2	6.8
Australia	1.8	1.4	2.0
Japan	1.9	0.3	1.4

Note: FY23-24, FY24-25, FY25-26 for India

BofA Global Research Forecasts

	Current	Dec-24	Dec-25
Exchange rate (vs USD, eop)		F'cst	F'cst
Asia	-	-	-
China	7.20	6.90	6.70
Hong Kong	7.83	7.76	7.75
India	82.90	82.00	81.00
Indonesia	15727	15200	15000
Korea	1333	1230	1150
Malaysia	4.76	4.50	4.10
Philippines	56.13	55.00	53.00
Singapore	1.34	1.26	1.22
Taiwan	31.66	30.35	29.55
Thailand	35.93	34.00	32.00
Vietnam	24650	24800	24500
Australia	0.65	0.71	0.71
Japan	149.79	142.00	136.00

	2023	2024	2025
CPI inflation (yoy, avg)	Actual	F'cst	F'cst
Asia	3.6	2.6	2.5
China	0.4	0.8	1.7
Hong Kong	2.1	2.0	1.9
India	5.4	4.6	4.5
Indonesia	3.7	2.8	2.8
Korea	3.6	2.3	2.0
Malaysia	2.5	2.0	2.5
Philippines	6.0	3.3	3.1
Singapore	4.8	2.8	2.3
Taiwan	2.5	2.0	1.5
Thailand	1.6	0.8	0.9
Vietnam	3.4	3.8	4.1
Australia	5.7	3.4	2.9
Japan	3.3	2.5	1.9

Note: FY23-24, FY24-25, FY25-26 for India

	2023	2024	2025
Fiscal balance (% of GDP)	F'cst	F'cst	F'cst
Asia	-	-	-
China	-3.8	-3.5	-3.3
Hong Kong	-3.5	-1.5	1.2
India	-5.9	-5.9	-5.3
Indonesia	-1.7	-2.3	-2.6
Korea	-0.6	-1.9	-0.9
Malaysia	-5.0	-4.3	-3.5
Philippines	-6.1	-5.3	-4.8
Singapore	0.4	-0.5	-0.5
Taiwan	-2.1	-2.0	-2.1
Thailand	-3.3	-3.8	-3.6
Vietnam	-4.0	-3.6	-3.5
Australia	-	-	-
Japan	-	-	-

Note: FY23-24, FY24-25, FY25-26 for India

	2023	2024	2025
Policy rate (% eop)	Actual	F'cst	F'cst
Asia	-	-	-
China	3.45	3.00	2.90
Hong Kong	5.75	5.00	4.00
India	6.50	6.25	5.50
Indonesia	6.00	5.25	4.25
Korea	3.50	3.00	2.50
Malaysia	3.00	3.00	3.00
Philippines	6.50	5.50	4.50
Singapore	4.06	-	-
Taiwan	1.88	1.88	1.88
Thailand	2.50	2.00	1.75
Vietnam	4.50	4.50	5.00
Australia	4.35	4.35	3.50
Japan	-0.10	0.25	0.50

Note: FY23-24, FY24-25, FY25-26 for India. 3M interbank rate forecast for Singapore

	2023	2024	2025
CA balance (% of GDP)	F'cst	F'cst	F'cst
Asia	-	-	-
China	1.5	1.3	1.4
Hong Kong	5.2	4.0	4.4
India	-	-	-
Indonesia	0.0	-0.4	-0.5
Korea	2.0	2.7	2.5
Malaysia	1.3	2.0	2.1
Philippines	-3.4	-3.4	-3.6
Singapore	17.6	16.5	16.0
Taiwan	12.7	13.7	13.9
Thailand	1.3	0.8	1.8
Vietnam	3.6	3.8	3.9
Australia	2.1	1.5	1.1
Japan	0.2	0.2	-

Note: FY23-24, FY24-25, FY25-26 for India

Source: BofA Global Research, Bloomberg

BofA GLOBAL RESEARCH

Special Disclosures

In accordance with the SEBI (Foreign Portfolio Investors) Regulations, 2019 and with guidelines issued by the Securities and Exchange Board of India (SEBI), foreign investors (individuals as well as institutional) that wish to transact the common stock of Indian companies must have applied to, and have been approved as per SEBI (Foreign Portfolio Investors) Regulations, 2019. Each investor who proposes to transact common stock of Indian companies will be required to obtain Foreign Portfolio Investor (FPI) registration as per SEBI (Foreign Portfolio Investors) Regulations, 2019. Certain other entities are also entitled to transact common stock of Indian companies under the Indian laws relating to investment by foreigners. BofA Securities reserves the right to refuse to provide a copy of research on common stock of Indian companies to a person not resident in India. American Depositary Receipts (ADR) representing such common stock are not subject to these Indian law restrictions and may be transacted by investors in accordance with the applicable laws of the relevant jurisdiction. Global Depositary Receipts (GDR) and the Global Depositary Shares (GDS) of Indian companies, Indian limited liability corporations, have not been registered under the U.S. Securities Act of 1933, as amended, and may only be transacted by persons in the United States who are Qualified Institutional Buyers (QIBs) within the meaning of Rule 144A under the Securities Act. Accordingly, no copy of any research report on Indian companies' GDRs or GDSs will be made available to persons who are not QIBs.

BofA Securities India Limited (BofAS India) is regulated by the Securities and Exchange Board of India (SEBI) and provides the following services in India: Research, Equity Sales & Trading, Futures & Options, Electronic Trading, Equity Capital Markets, Debt Capital Markets and M&A. SEBI Registration Nos. Research Analyst: INH000000503, Stock Broking: INZ000217333 (Trading and Clearing Member of NSE and BSE – Capital Markets and Equity Derivatives), Merchant Banker: INM000011625, CIN U74140MH1975PLC018618. Registration granted by SEBI and certification from National Institute of Securities Markets (NISM) in no way guarantee performance of the intermediary or provide any assurance of returns to investors. BofAS India's registered office is at Ground Floor, A Wing, One BKC, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, India, Tel: +91 22 6632 8000 and the contact details of its Compliance Officer (Shervin Purohit) are: Tel: (91-22) 6632 8853, Email: shervin.purohit@bofa.com. For specific grievances, if any, please contact the Grievance Officer (Amish Shah) and contact details are: Tel: (91-22) 6632 8000, Email: dg.rsch_in_complaint@bofa.com. Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

This report is issued and distributed outside the Philippines solely by BofA Securities. Philippine Equity Partners is not licensed to provide advisory services outside the Philippines. Investors should contact their BofA Securities representative or Merrill Global Wealth Management financial advisor if they have questions concerning this report or concerning the appropriateness of any investment idea described herein for such investor.

Disclosures

Important Disclosures

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

Other Important Disclosures

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

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

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

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

Individuals identified as economists do not function as research analysts under U.S. law and reports prepared by them are not research reports under applicable U.S. rules and regulations.

Macroeconomic analysis is considered investment research for purposes of distribution in the U.K. under the rules of the Financial Conduct Authority.

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

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

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

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

This information has been approved for publication and is distributed in the United Kingdom (UK) to professional clients and eligible counterparties (as each is defined in the rules of the FCA and the PRA) by MLI (UK), which is authorized by the PRA and regulated by the FCA and the PRA - details about the extent of our regulation by the FCA and PRA are available from us on request; has been approved for publication and is distributed in the European Economic Area (EEA) by BofASE (France), which is authorized by the ACPR and regulated by the ACPR and the AMF; has been considered and distributed in Japan by BofAS Japan, a registered securities dealer under the Financial Instruments and Exchange Act in Japan, or its permitted affiliates; is issued and distributed in Hong Kong by Merrill Lynch (Hong Kong) which is regulated by HKSF; is issued and distributed in Taiwan by Merrill Lynch (Taiwan); is issued and distributed in India by BofAS India; and is issued and distributed in Singapore to institutional investors and/or accredited investors (each as defined under the Financial Advisers Regulations) by Merrill Lynch (Singapore) (Company Registration No 198602883D). Merrill Lynch (Singapore) is regulated by MAS. Merrill Lynch Equities (Australia) Limited (ABN 65 006 276 795), AFS License 235132 (MLEA) distributes this information in Australia only to 'Wholesale' clients as defined by s.761G of the Corporations Act 2001. With the exception of Bank of America N.A., Australia Branch, neither MLEA nor any of its affiliates involved in preparing this information is an Authorised Deposit-Taking Institution under the Banking Act 1959 nor regulated by the Australian Prudential Regulation Authority. No approval is required for publication or distribution of this information in Brazil and its local distribution is by Merrill Lynch (Brazil) in accordance with applicable regulations. Merrill Lynch (DIFC) is authorized and regulated by the DFSA. Information prepared and issued by Merrill Lynch (DIFC) is done so in accordance with the requirements of the DFSA conduct of business rules. BofA Europe (Frankfurt) distributes this information in Germany and is regulated by BaFin, the ECB and the CBI. BofA Securities entities, including BofA Europe and BofASE (France), may outsource/delegate the marketing and/or provision of certain research services or aspects of research services to other branches or members of the BofA Securities group. You may be contacted by a different BofA Securities entity acting for and on behalf of your service provider where permitted by applicable law. This does not change your service provider. Please refer to the [Electronic Communications Disclaimers](#) for further information.

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

General Investment Related Disclosures:

Taiwan Readers: Neither the information nor any opinion expressed herein constitutes an offer or a solicitation of an offer to transact in any securities or other financial instrument. No part of this report may be used or reproduced or quoted in any manner whatsoever in Taiwan by the press or any other person without the express written consent of BofA Securities.

This document provides general information only, and has been prepared for, and is intended for general distribution to, BofA Securities clients. Neither the information nor any opinion expressed constitutes an offer or an invitation to make an offer, to buy or sell any securities or other financial instrument or any derivative related to such securities or instruments (e.g., options, futures, warrants, and contracts for differences). This document is not intended to provide personal investment advice and it does not take into account the specific investment objectives,

financial situation and the particular needs of, and is not directed to, any specific person(s). This document and its content do not constitute, and should not be considered to constitute, investment advice for purposes of ERISA, the US tax code, the Investment Advisers Act or otherwise. Investors should seek financial advice regarding the appropriateness of investing in financial instruments and implementing investment strategies discussed or recommended in this document and should understand that statements regarding future prospects may not be realized. Any decision to purchase or subscribe for securities in any offering must be based solely on existing public information on such security or the information in the prospectus or other offering document issued in connection with such offering, and not on this document.

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

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

Certain investment strategies and financial instruments discussed herein may only be appropriate for consideration in accounts qualified for high risk investment.

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

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

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

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

Copyright and General Information:

Copyright 2024 Bank of America Corporation. All rights reserved. IQdatabase® is a registered service mark of Bank of America Corporation. This information is prepared for the use of BofA Securities clients and may not be redistributed, retransmitted or disclosed, in whole or in part, or in any form or manner, without the express written consent of BofA Securities. BofA Global Research information is distributed simultaneously to internal and client websites and other portals by BofA Securities and is not publicly-available material. Any unauthorized use or disclosure is prohibited. Receipt and review of this information constitutes your agreement not to redistribute, retransmit, or disclose to others the contents, opinions, conclusion, or information contained herein (including any investment recommendations, estimates or price targets) without first obtaining express permission from an authorized officer of BofA Securities.

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

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

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

The information herein (other than disclosure information relating to BofA Securities and its affiliates) was obtained from various sources and we do not guarantee its accuracy. This information may contain links to third-party websites. BofA Securities is not responsible for the content of any third-party website or any linked content contained in a third-party website. Content contained on such third-party websites is not part of this information and is not incorporated by reference. The inclusion of a link does not imply any endorsement by or any affiliation with BofA Securities. Access to any third-party website is at your own risk, and you should always review the terms and privacy policies at third-party websites before submitting any personal information to them. BofA Securities is not responsible for such terms and privacy policies and expressly disclaims any liability for them.

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

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

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

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

Research Analysts

Asia Economics

China, Hong Kong, Taiwan

Helen Qiao

China & Asia Economist
Merrill Lynch (Hong Kong)
+852 3508 3961
helen.qiao@bofa.com

Miao Ouyang

China & Asia Economist
Merrill Lynch (Hong Kong)
miao.ouyang@bofa.com

Benson Wu

China & Korea Economist
Merrill Lynch (Hong Kong)
benson.wu@bofa.com

Xiaoqing Pi

China Economist
Merrill Lynch (Hong Kong)
xiaoqing.pi@bofa.com

Anna Zhou

China & Asia Economist
Merrill Lynch (Hong Kong)
anna.zhou@bofa.com

North Asia

Ting Him Ho, CFA

Asia Economist
Merrill Lynch (Hong Kong)
+852 3508 8744
tinghim.ho@bofa.com

India

Aastha Gudwani

India Economist
BofAS India
aastha.gudwani@bofa.com

The Philippines

Jojo Gonzales ^^

Research Analyst
Philippine Equity Partners
jojo.gonzales@pep.com.ph

Thailand

Pipat Luengnaruemitchai

Emerging Asia Economist
Kiatnakin Phatra Securities
pipat.luen@kkpfg.com

Australia

Micaela Fuchila

Economist
Merrill Lynch (Australia)
micaela.fuchila@bofa.com

Indonesia, Malaysia, Singapore

Kai Wei Ang

Asia & ASEAN Economist
Merrill Lynch (Singapore)
kaiwei.ang@bofa.com

Japan

Izumi Devalier

Japan and Asia Economist
BofAS Japan
izumi.devalier@bofa.com

Takayasu Kudo

Japan and Asia Economist
BofAS Japan
takayasu.kudo@bofa.com

Global FX and Rates Strategy

Claudio Piron

Emerging Asia FI/FX Strategist
Merrill Lynch (Singapore)
claudio.piron@bofa.com

Adarsh Sinha

FX Strategist
Merrill Lynch (Hong Kong)
adarsh.sinha@bofa.com

Abhay Gupta

Emerging Asia FI/FX Strategist
Merrill Lynch (Singapore)
abhay.gupta2@bofa.com

Chun Him Cheung, CFA

Emerging Asia FI/FX Strategist
Merrill Lynch (Hong Kong)
chunhim.cheung@bofa.com

Janice Xue

Emerging Asia FI/FX Strategist
Merrill Lynch (Hong Kong)
janice.xue@bofa.com

Equity and Credit Strategy

Nigel Tupper >>

Quant Strategist
Merrill Lynch (Australia)
nigel.tupper@bofa.com

Ruben Segura-Cayuela

Europe Economist
BofA Europe (Madrid)
ruben.segura-cayuela@bofa.com

Aditya Bhawe

US Economist
BofAS
aditya.bhave@bofa.com

BofA Securities participated in the preparation of this report, in part, based on information provided by Philippine Equity Partners, Inc. (Philippine Equity Partners). ^^Philippine Equity Partners employees are not registered/qualified as research analysts under FINRA rules.

>> Employed by a non-US affiliate of BofAS and is not registered/qualified as a research analyst under the FINRA rules.

Refer to "Other Important Disclosures" for information on certain BofA Securities entities that take responsibility for the information herein in particular jurisdictions.