

The Flow Show

The Billionaire's Barbell

Scores on the Doors: crypto 82.9%, stocks 12.8%, gold 4.9%, HY bonds 4.6%, IG 2.4%, cash 2.4%, US dollar -0.3%, govt bonds -0.6%, commodities -6.9%, oil -10.5% YTD.

Zeitgeist: "Every billionaire minting same long T-bills, long Nasdaq barbell...biggest Q3 pain trade is lower yields, lower Nasdaq, plus higher Yen...no one has that on."

The Price is Right: Cosmo AM&T (005070 KS), Wistron (3231 TT), EcoPro (086520 KS) only stocks on planet that have outperformed Nvidia's 188% YTD gain.

Tale of the Tape: UK issues 2-year gilt yielding 5.7%...invest \$1bn in asset with 5.7% yield, you'll make \$57mn next 12 months & double your money by 2036.

Tale of the Tape II: bonds are big, fat & trendy...big levels breaking in 2-year yields & 5-year real rates (now highest since 2008); more interesting is yield curve steepening despite off-the-clock US jobs data; steeper yield curve would be big Q3 recession tell.

The Biggest Picture: FX so often the origin of deleveraging...v few see new rates shock as sinister but should big FX carry-trades (none bigger than long Mex peso-short Japan yen – Chart 2) start reversing bigly & US dollar pops, we see some proper risk-off.

Chart 2: The World's Favorite Carry-Trade

MXN-JPY spot exchange rate



Source: BofA Global Investment Strategy, Bloomberg

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More on page 2...

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Global

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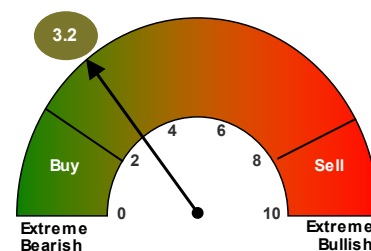
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Chart 1: BofA Bull & Bear Indicator

Stays at 3.2



Source: BofA Global Investment Strategy

The indicator identified above as the BofA Bull & Bear Indicator is intended to be an indicative metric only and may not be used for reference purposes or as a measure of performance for any financial instrument or contract, or otherwise relied upon by third parties for any other purpose, without the prior written consent of BofA Global Research. This indicator was not created to act as a benchmark.

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Weekly Flows: \$29.0bn to cash, \$13.0bn to equities, \$9.8bn to bonds vs \$0.6bn from gold funds.

Flows to Know:

- Cash: 1st inflow to money market funds in 4 weeks...total cash AUM now monster \$7.8tn;
- Credit: largest inflow to IG bonds in 5 months (\$9.0bn), plus 1st inflow to HY bonds in 4 weeks (\$0.5bn – Chart 16), to-date no fears re corporate bonds;
- Stocks: 1st time since Nov'22 inflows to Developed Markets (\$31bn past 8 weeks) trending higher than into Emerging Markets (\$14bn – Chart 17)
- US & Japan: inflows to Japanese stocks past 5 weeks (\$8.9bn); largest inflow to US large cap funds in almost 8 months (\$12.9bn – Chart 18).

BofA Private Clients: \$3.2tn AUM...60.4% stocks, 21.1% bonds, 11.7% cash; private clients happy in high-yielding fixed income & cash, and a subtle seller of stocks into strength...biggest stock outflows in 6 weeks & note GWIM total equity AUM up 11% YTD vs 14% gain in SPX; ETFs past 4 weeks show clients buying Japan, HY bonds, selling TIPS, utilities.

BofA Bull & Bear Indicator: no change at 3.2...Bull & Bear Indicator stays more bearish than bullish due to still-high cash levels (5.1% in June Global FMS), weak flows to risky HY & EM debt funds, which offset bullish shift from hedge funds, better stock market breadth and credit technicals.

Hotter than July: 7th US payrolls, 11th CPI, 11-12th NATO summit, 14th JPM EPS, 19th Tesla, 25th ECB, 26th FOMC, 27th BoJ, 26-28th likely Apple/Microsoft/Google, late-July also China Politburo...no wonder vols off the floor.

Rates Shocking Again: into central bank meetings, driven by inflation, deficits (wars are very expensive), and strong labor market data, financial conditions tightening again in early-Q3, keeps the “higher-for-longer/hard landing” view entrenched (that’s ours - we say Q3 tightening of financial conditions great opp to position for hard landing)...

- liquidity, e.g. central banks have drained \$170bn liquidity past 2 weeks (even with BoJ YCC – Chart 4), another \$1tn drain expected next few months;
- Fed: 200bps cuts were expected '23/'24 after SVB...now just 100bps cuts priced in;
- yields, e.g. 2-year yields highest in UK & France since 2007;
- real rates, e.g. highest 5-year US real rates since 2008;
- banks, e.g. higher yields, lower banks (see UK – Chart 3) never good;
- yield curve, e.g. “double-low” in 2s10s inversion around 110bps – steeper is recession signal;
- HY, e.g. Asia HY credit ETF price near YTD low and down 8% since Jan'23 high (Chart 6);
- FX, e.g. big FX reversals (rolling 12-month change of average value of Japan yen & China renminbi down 25% in past year – Chart 5) often coincide with deleveraging.

Trough Inflation: bull factor for markets has been drop in headline inflation from 9% to (next week) 3%...but on current monthly CPI trends the June print will be trough for 2023 and H2 sees rise back to 4% (unless monthly prints gap lower to <0.2% v soon – Chart

7); important side note...inflation has been positive for EPS – why the Q1 EPS recession call was so off...past 18 months US core CPI up 9%, S&P 500 EPS up 12.5% thus real EPS growth +3-4% since Jan'22 (Chart 8).

Trough Profits: profits v correlated with ISM (Chart 13) and ISM led by ratio of new orders to inventories...latter strongly suggests manufacturing ISM to rise >50 next 3-4 months (Chart 10); this is good news although transportation, semis, industrials, homebuilders have discounted the outcome and thus v vulnerable if headfake (was case in 2001/02 & in 2023 more important service sector trends are far less impressive - Chart 11)...and China/Europe economic data pretty atrocious right now (Chart 12).

AI vs Rates: AI remains a narrative based on speculative numbers; but the numbers are big (ChatGPT web traffic down 10% in June, 1st ever drop, but still 1.8bn to 1.6bn visits ain't bad); internet in late '90s spawned "new paradigm" productivity thesis that was not borne out in data (Chart 14) & IT real spend is anything but recession-proof (IT spend has fallen on average 7-8% in recessions since 1970 – Chart 9) – we say "sell the last hike" will hit tech hardest...but if AI & Magnificent 7 can shrug off new rates-shock then "baby bubble" set to mature into something bigger in H2.

Chart 3: Correlation breakdown... 'bad price action'...recession

UK FTSE 350 Banks (GBP) vs 2Y gilt yield %

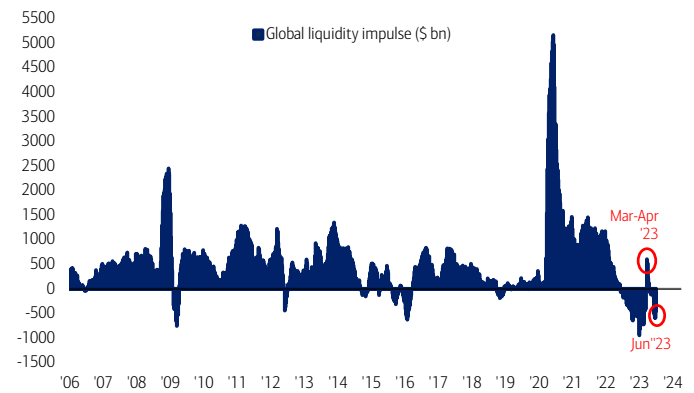


Source: BofA Global Investment Strategy, Bloomberg

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Chart 4: \$170bn liquidity drain past 2 weeks = why bond yields are up

Global liquidity impulse (\$bn)

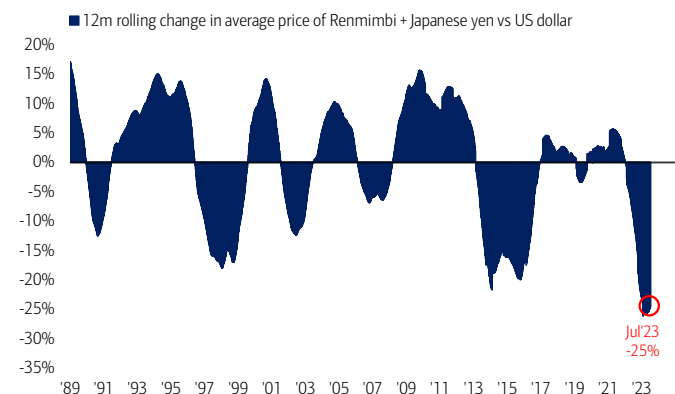


Source: BofA Global Investment Strategy, Bloomberg

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Chart 5: Major declines in JPY+CNY often precede credit events

12 month rolling change in average price of CNY + JPY vs USD

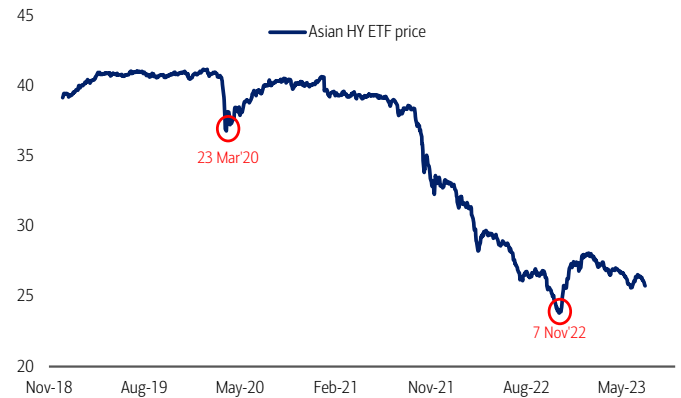


Source: BofA Global Investment Strategy, Bloomberg

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Chart 6: A sign of cracking credit...Asia HY ETF near YTD low

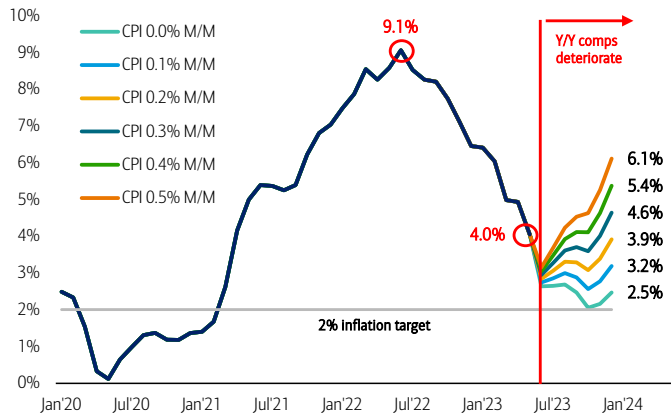
KraneShares Asia Pacific High Income Bond ETF



Source: BofA Global Investment Strategy, Bloomberg

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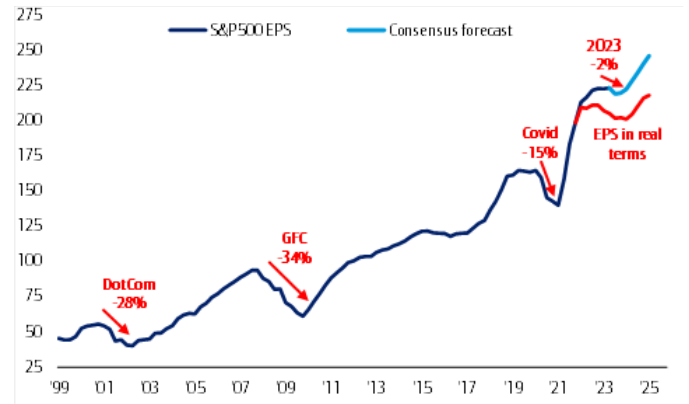
Chart 7: Unless MoM CPI stays <0.2%, inflation heads higher by '24
US inflation assumptions



Source: BofA Global Investment Strategy, Bloomberg

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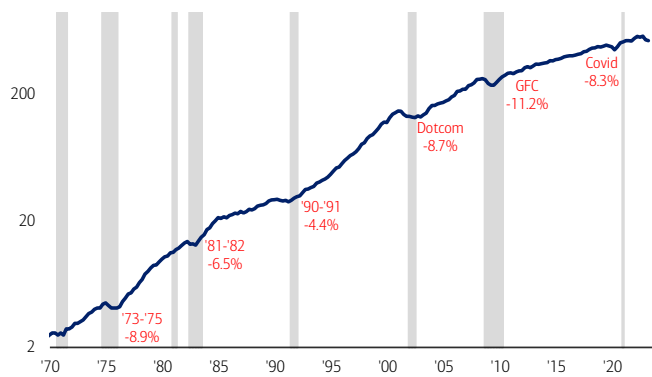
Chart 8: Inflation has accounted for ¾ of EPS growth
S&P 500 EPS forecasts, in both real & nominal terms



Source: BofA Global Investment Strategy, Bloomberg

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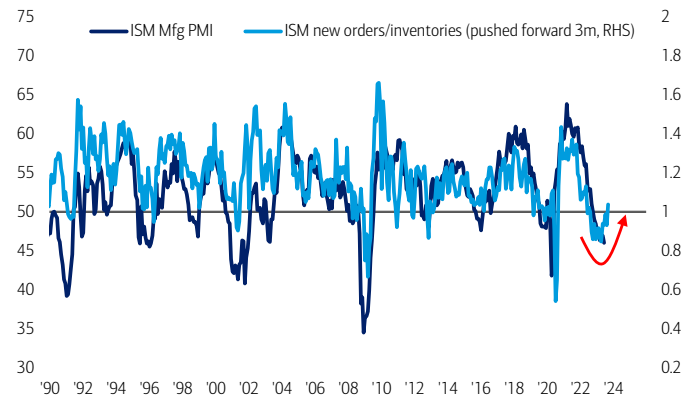
Chart 9: Tech capex declines have averaged -7.4% in past recessions
Real capex on tech (\$bn, 2012\$)



Source: BofA Global Investment Strategy, Bloomberg, Haver

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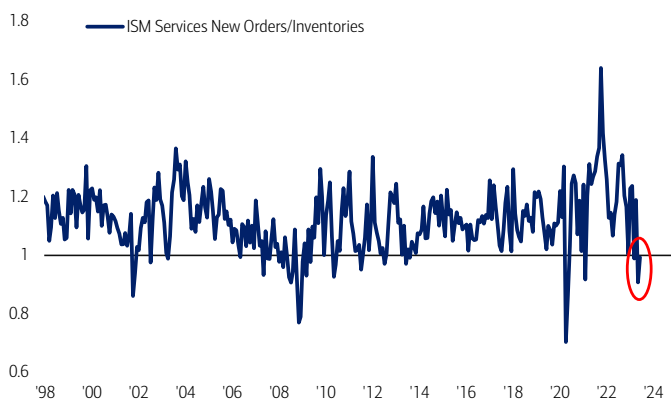
Chart 10: Leading indicator suggests manufacturing PMI to rise >50...
ISM manufacturing PMI & new orders/inventories (pushed forward 3m)



Source: BofA Global Investment Strategy, Bloomberg

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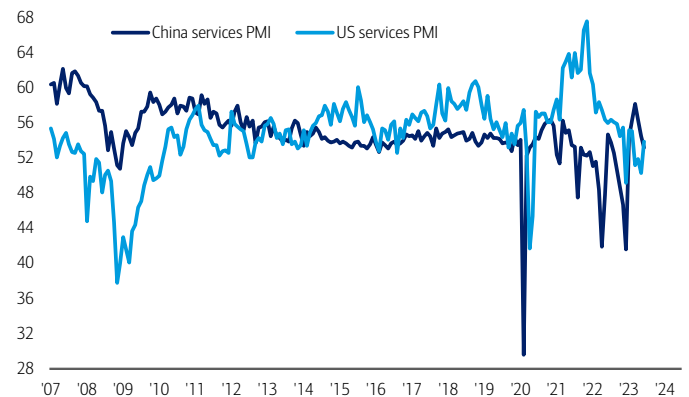
Chart 11: ...although service sector trends are far less impressive
ISM services new orders/inventories



Source: BofA Global Investment Strategy, Bloomberg

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Chart 12: A reopening without stimulus has been less +ve for China
US services PMI vs Chinaservices PMI



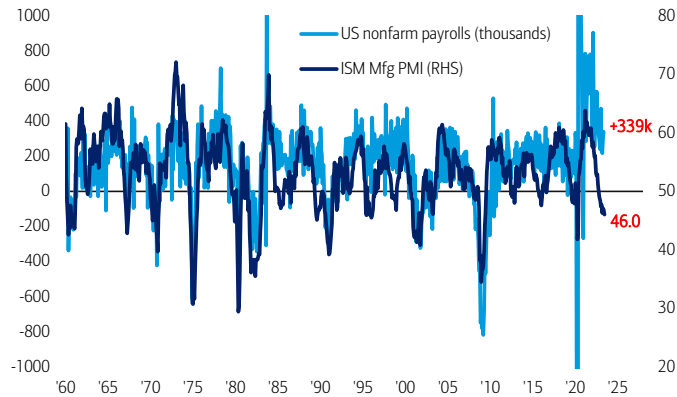
Source: BofA Global Investment Strategy, Bloomberg

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Chart 13: Profits and payrolls

ISM manufacturing PMI vs nonfarm payrolls (000s)

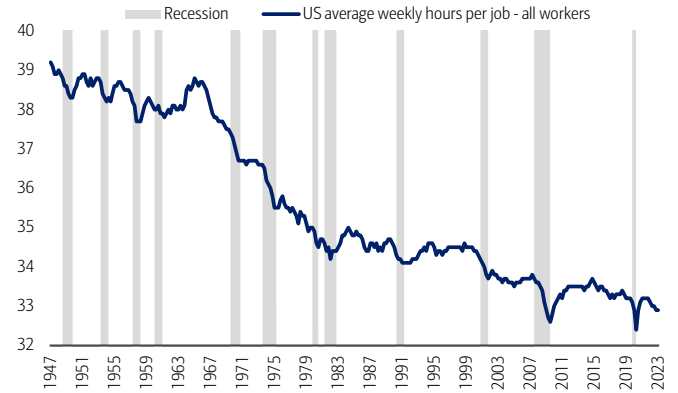


Source: BofA Global Investment Strategy, Bloomberg

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Chart 14: No great gains from Internet revolution... will AI be different?

US productivity, as measured by average weekly hours per job

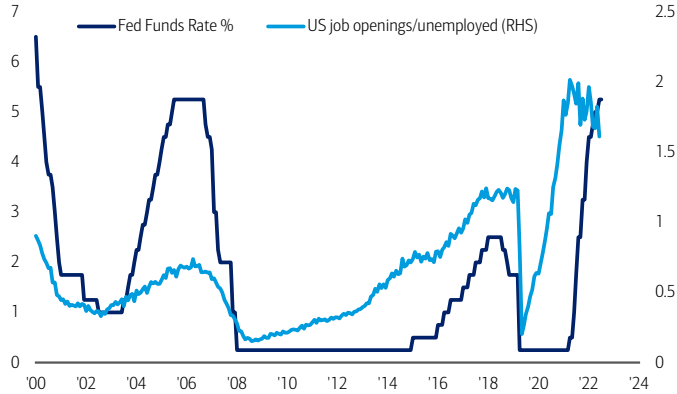


Source: BofA Global Investment Strategy, Bloomberg

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Chart 15: Fed tightening always 'breaks' the labor market

Fed funds rate % vs US job openings/unemployed

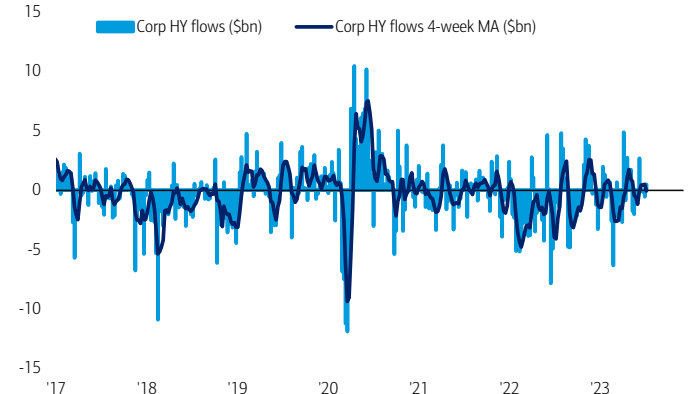


Source: BofA Global Investment Strategy, Bloomberg

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Chart 16: 1st inflow to HY bonds in 4 weeks

Corp HY bond flows



Source: BofA Global Investment Strategy, EPFR

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Chart 17: Inflows to DM past 8 weeks trending higher vs into EM

DM vs EM equities flows (8-week cumulative, \$bn)

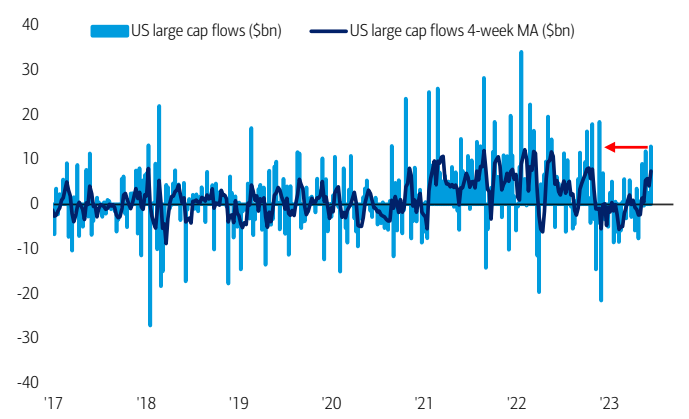


Source: BofA Global Investment Strategy, EPFR

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Chart 18: Largest inflow to US large cap funds in almost 8 months

US large cap flows



Source: BofA Global Investment Strategy, EPFR

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Asset Class Flows (Table 1)

Equities: \$14.8bn inflow (\$19.9bn inflow to ETFs, \$4.9bn outflow from mutual funds).

Bonds: inflows past 15 weeks (\$11.5bn)

Precious metals: outflows past 6 weeks (\$1.1bn)

Fixed Income Flows (Chart 19)

IG bond inflows past 14 weeks (\$9.0bn)

HY Bond 1st inflow in 4 weeks (\$0.5bn)

EM Debt 1st inflow in 3 weeks (\$0.2bn)

Munis 1st outflow in 5 weeks (\$0.5bn)

Govt/Tsy inflows past 21 weeks (\$2.1bn)

TIPS outflows past 45 weeks (\$0.5bn)

Bank loan inflows past 2 weeks (\$0.1bn)

Equity Flows (Table 2)

US: 1st inflow in 3 weeks (\$13.8bn)

Japan: inflows past 5 weeks (\$1.1bn)

Europe: outflows past 17 weeks (\$1.3bn)

EM: outflows resume (\$0.8bn)

By style: inflows **US large cap** (\$12.9bn), **US small cap** (\$0.4bn); outflows **US growth** (\$0.6bn), **US value** (\$1.2bn).

By sector: inflows **tech** (\$0.9bn), **healthcare** (\$0.2bn), **consumer** (\$0.1bn), **com svcs** (\$14mn); outflows **materials** (\$4mn), **utilities** (\$0.2bn), **energy** (\$0.3bn), **real estate** (\$0.4bn), **financials** (\$0.4bn).

Table 1: Cumulative YTD flows by asset class

Global flows by asset class, \$mn

	Wk % AUM	YTD	YTD %AUM
Equities	0.1%	55,870	0.3%
ETFs	0.2%	193,230	2.6%
LO	-0.1%	-136,575	-1.6%
Bonds	0.2%	190,849	2.9%
Commodities	-0.3%	-2,827	-0.8%
Money-market	0.9%	825,812	11.0%

*week of 07/5/2023: Source: EPFR Global

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Table 2: Net fund inflows to EM, outflows from DM YTD

Global equity flows by region

	Wk % AUM	YTD
Total Equities	0.1%	55,870
long-only funds	-0.1%	-136,575
ETFs	0.2%	193,230
Total EM	-0.1%	66,422
Brazil	1.4%	-171
Russia	0.0%	-19
India	1.0%	3,771
China	-0.2%	36,440
Total DM	0.1%	-10,552
US	0.2%	-24,272
Europe	-0.1%	-28,685
Japan	0.2%	1,287
International	0.0%	39,287

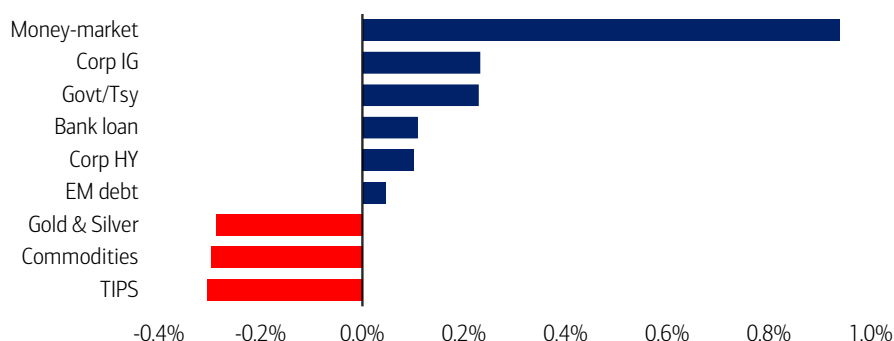
Total Equities = Total EM + Total DM

Source: EPFR Global

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Chart 19: FICC inflows to money-market, IG bonds, Treasuries

Weekly FICC flows as a % AUM



Source: EPFR Global

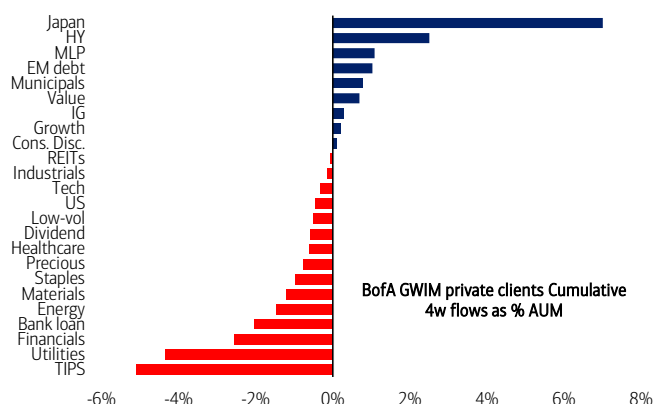
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BofA private client flows & allocations

Chart 20: GWIM clients buy Japan, sell TIPS past 4 wks

BofA private clients 4-week ETF flows as % of AUM



Source: BofA Global Investment Strategy

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Chart 21: GWIM equity allocation at 60%

BofA private client equity holdings as % of AUM

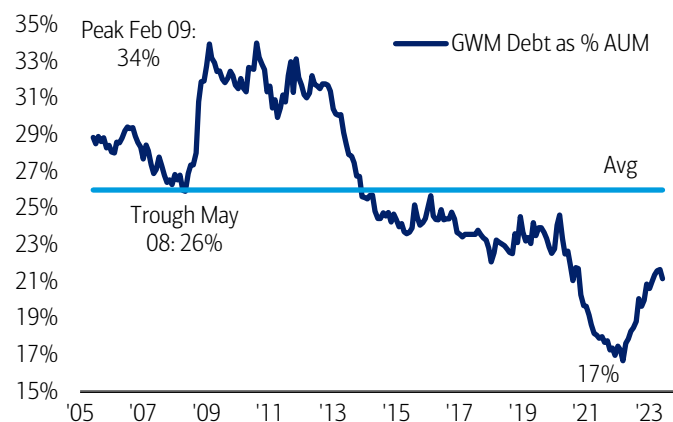


Source: BofA Global Investment Strategy

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Chart 22: GWIM debt allocation at 21%

BofA private client debt holdings as % of AUM



Source: BofA Global Investment Strategy

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Chart 23: GWIM cash allocation vs LT average

BofA private client cash holdings as % of AUM

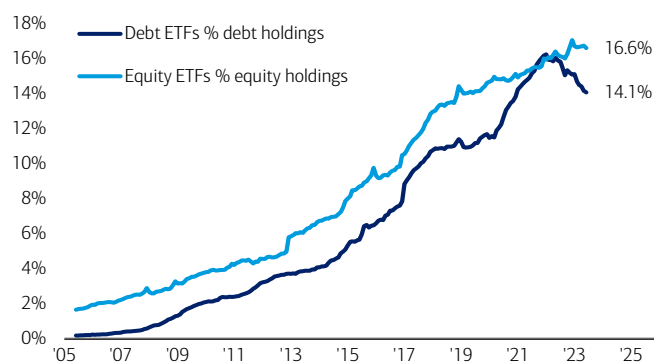


Source: BofA Global Investment Strategy

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Chart 24: GWIM ETF holdings as % of AUM

BofA private client ETF holdings as % of AUM

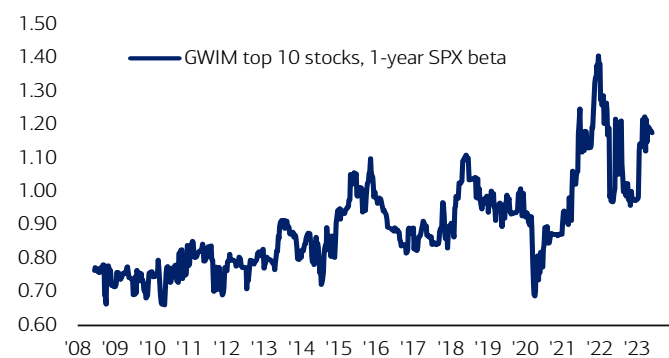


Source: BofA Global Investment Strategy

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Chart 25: GWIM top 10 stocks for 1-year SPX beta

1-yr S&P 500 beta for top 10 stocks held by BofA private clients



Source: BofA Global Investment Strategy. Cash & T-bills.

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The Asset Class Quilt of Total Returns

Chart 26: Commodities worst returning asset class YTD

Ranked cross asset returns by year since 2000

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023*
Commodities 58.2%	US Treasures 6.7%	Commodities 39.5%	MSCI EM 56.3%	REITS 32.0%	MSCI EM 34.5%	REITS 37.5%	MSCI EM 39.8%	US Treasures 14.0%	MSCI EM 79.0%	Gold 29.2%	US Treasures 9.8%	REITS 23.8%	S&P 500 32.4%	S&P 500 13.7%	S&P 500 1.4%	Commodities 17.5%	MSCI EM 37.8%	Cash 1.8%	S&P 500 31.5%	Gold 24.8%	Commodities 46.3%	Commodities 31.1%	S&P 500 16.8%
US Treasures 13.4%	Global IG 4.6%	Gold 25.6%	MSCI EAFE 39.2%	Commodities 28.7%	Commodities 33.7%	MSCI EM 32.6%	Commodities 33.0%	Gold 4.3%	Global HY 62.0%	MSCI EM 19.2%	Gold 8.9%	Global HY 19.3%	MSCI EAFE 23.3%	REITS 11.7%	US Treasures 0.8%	Global HY 14.8%	MSCI EAFE 25.9%	US Treasures 0.8%	REITS 27.4%	MSCI EM 18.8%	REITS 37.1%	Cash 1.5%	MSCI EAFE 11.6%
REITS 8.5%	Cash 4.4%	Global IG 14.9%	REITS 33.5%	MSCI EM 26.0%	Gold 17.8%	MSCI EAFE 26.9%	Gold 31.9%	Cash 2.1%	MSCI EAFE 32.5%	REITS 15.9%	Global IG 4.5%	MSCI EM 18.6%	Global HY 8.0%	US Treasures 6.0%	Cash 0.1%	S&P 500 12.0%	S&P 500 22.0%	Gold -1.9%	MSCI EAFE 22.6%	S&P 500 18.4%	S&P 500 28.7%	Gold -0.8%	MSCI EM 6.4%
Cash 6.2%	Global HY 3.1%	US Treasures 11.6%	Commodities 30.1%	MSCI EAFE 20.7%	MSCI EAFE 14.0%	Gold 23.2%	MSCI EAFE 11.6%	Global IG -8.3%	REITS 31.7%	S&P 500 15.1%	Global HY 2.6%	MSCI EAFE 17.9%	REITS 0.7%	Global IG 3.2%	MSCI EAFE -0.8%	MSCI EM 11.2%	Gold 12.9%	Global HY -3.3%	Commodities 20.1%	Global IG 10.3%	MSCI EAFE 11.9%	US Treasures -12.9%	Global HY 5.2%
Global IG 3.1%	Gold -0.7%	Cash 1.8%	Global HY 30.7%	Global HY 12.4%	REITS 10.7%	S&P 500 15.8%	US Treasures 9.1%	Global HY -27.9%	S&P 500 26.5%	Global HY 13.9%	S&P 500 2.1%	S&P 500 16.0%	Global IG 0.1%	Gold 0.1%	REITS -3.4%	Gold 8.6%	REITS 11.5%	Global IG -3.4%	MSCI EM 18.6%	MSCI EAFE 8.4%	Global HY 1.4%	Global HY -13.2%	Gold 4.8%
Gold -5.4%	MSCI EM -2.4%	Global HY -1.1%	S&P 500 28.7%	S&P 500 10.9%	S&P 500 4.9%	Global HY 13.5%	Global IG 7.3%	S&P 500 -37.0%	Commodities 26.1%	Commodities 13.3%	Cash 0.1%	Global IG 11.1%	Cash 0.1%	Cash 0.0%	Global IG -3.8%	Global IG 4.3%	Global HY 10.2%	REITS -3.9%	Gold 17.9%	US Treasures 8.2%	Cash 0.0%	MSCI EAFE -13.9%	REITS 3.6%
Global HY -5.8%	REITS -7.8%	REITS -2.4%	Gold 19.9%	Global IG 9.4%	Cash 3.1%	Global IG 7.2%	S&P 500 5.5%	Commodities -42.6%	Gold 25.0%	MSCI EAFE 8.2%	Commodities -2.6%	Gold 8.3%	Commodities -2.1%	Global HY -0.1%	Global HY -4.2%	REITS 1.3%	Global IG 9.3%	S&P 500 -4.3%	Global HY 13.7%	Global HY 8.0%	MSCI EM -2.3%	Global IG -16.7%	Global IG 3.0%
S&P 500 -9.1%	S&P 500 -11.9%	MSCI EM -6.0%	Global IG 14.5%	Gold 4.6%	US Treasures 2.8%	Cash 4.9%	Cash 5.0%	MSCI EAFE -43.1%	Global IG 19.2%	Global IG 6.0%	REITS -9.4%	US Treasures 2.2%	MSCI EM -2.3%	MSCI EM -1.8%	Gold -10.4%	US Treasures 1.1%	Commodities 7.6%	Commodities -13.1%	Global IG 11.4%	Cash 0.5%	US Treasures -2.4%	S&P 500 -18.1%	Cash 2.4%
MSCI EAFE -14.0%	MSCI EAFE -21.2%	MSCI EAFE -15.7%	US Treasures 2.3%	US Treasures 3.5%	Global HY 1.5%	US Treasures 3.1%	Global HY 3.0%	REITS -50.2%	Cash 0.2%	US Treasures 5.9%	MSCI EAFE -11.7%	Cash 0.1%	US Treasures -3.3%	MSCI EAFE -4.5%	MSCI EM -14.9%	MSCI EAFE 1.0%	US Treasures 2.4%	MSCI EAFE -13.2%	US Treasures 7.0%	REITS -4.4%	Global IG -3.0%	MSCI EM -19.8%	US Treasures 1.0%
MSCI EM -30.6%	Commodities -21.4%	S&P 500 -22.1%	Cash 1.1%	Cash 1.3%	Global IG -3.0%	Commodities -0.2%	REITS -10.0%	MSCI EM -53.2%	US Treasures -3.7%	Cash 0.1%	MSCI EM -18.2%	Commodities -0.3%	Gold -27.3%	Commodities -29.3%	Commodities -29.4%	Cash 0.3%	Cash 0.8%	MSCI EM -14.3%	Cash 2.2%	Commodities -15.0%	Gold -4.1%	REITS -25.2%	Commodities -6.5%

Source: BofA Global Investment Strategy, Bloomberg. *2023 YTD

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BofA Rules & Tools

Table 3: BofA Global Investment Strategy Proprietary Indicators

Current reading of all BofA Global Investment Strategy Proprietary Indicators

Proprietary Indicators	Category	Current reading	Current signal	Duration of signal
Contrarian				
BofA Bull & Bear Indicator (B&B) Sell when investor sentiment > 8.0; Buy when investor sentiment < 2.0	Contrarian	3.2	Neutral	1-3 months
BofA Global FMS Cash Indicator Buy when cash at or above 5.0%; Sell when cash at or below 4.0%	Contrarian	5.1%	Buy	4 weeks
BofA Global Breadth Rule Buy when net 88% of markets in MSCI ACWI trading below 200-day moving & 50-day moving averages	Contrarian	24.4%	Neutral	3 months
BofA Global Flow Trading Rule Buy when outflows from global equities & HY > 1.0% AUM over 4wks; Sell when inflows > 1.0% AUM over 4wks	Contrarian	0.1%	Neutral	8 weeks
BofA EM Flow Trading Rule Buy when outflows from EM equities > 3.0% of AUM; Sell when inflows > 1.5% of AUM over 4 wks	Contrarian	0.3%	Neutral	8 weeks
Macro				
BofA Global EPS Growth Model Model indicates trend in year-on-year change in 12-month forward global EPS growth.	Macro	-16%	EPS growth declining	6-12 months

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

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BofA Bull & Bear Indicator (B&B)

Our BofA Bull & Bear Indicator is at 3.2, signal is Neutral.

Chart 27: BofA Bull & Bear Indicator

Stays at 3.2

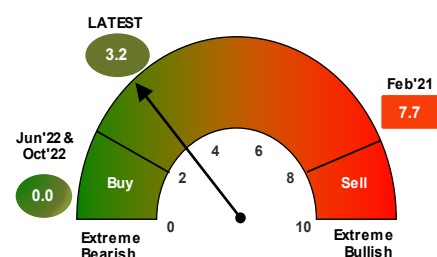

 Source: BofA Global Investment Strategy
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Table 4: BofA B&B Indicator

BofA Bull & Bear current component readings

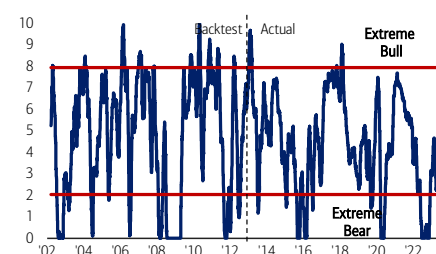
Components	Percentile	Sentiment
HF positioning	52%	Bullish
Credit mkt technicals	44%	Neutral
Equity market breadth	42%	Neutral
Equity flows	62%	Bullish
Bond flows	37%	Neutral
LO positioning	8%	V Bearish

Source: BofA Global Investment Strategy, Bloomberg, EPFR Global, Lipper FMI, Global FMS, CFTC, MSCI

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Chart 28: BofA Bull & Bear Indicator

BofA Bull & Bear Indicator since 2002



Source: BofA Global Investment Strategy, EPFR Global, FMS, CFTC, MSCI

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Disclaimer: The indicators identified above as the BofA Bull & Bear Indicator, MVP Model, BofA Global Breadth Rule, BofA EM Flow Trading Rule, BofA Global Flow Trading Rule, BofA Global FMS Macro Indicator, BofA Global FMS Cash Rule, Global Wave, Sell-Side Indicator, and Global Financial Stress Indicator are intended to be indicative metrics only and may not be used for reference purposes or as a measure of performance for any financial instrument or contract, or otherwise relied upon by third parties for any other purpose, without the prior written consent of BofA Global Research. These indicators were not created to act as a benchmark.

The analysis of the BofA Bull & Bear Indicator in this report is back-tested and does not represent the actual performance of any account or fund. Back-tested performance depicts the hypothetical back-tested performance of a particular strategy over the time period indicated. In future periods, market and economic conditions will differ and the same strategy will not necessarily produce the same results. No representation is being made that any actual portfolio is likely to have achieved returns similar to those shown herein. In fact, there are frequently sharp differences between back-tested returns and the actual results realized in the actual management of a portfolio. Back-tested performance results are created by applying an investment strategy or methodology to historical data and attempts to give an indication as to how a strategy might have performed during a certain period in the past if the product had been in existence during such time. Back-tested results have inherent limitations including the fact that they are calculated with the full benefit of hindsight, which allows the security selection methodology to be adjusted to maximize the returns. Further, the results shown do not reflect actual trading or the impact that material economic and market factors might have had on a portfolio manager's decision-making under actual circumstances. Back-tested returns do not reflect advisory fees, trading costs, or other fees or expenses.

2023 Cross-Asset Winners & Losers

Table 5: 2023 YTD ranked returns

Year-to-date ranked cross asset returns

Ranked Returns, USD-terms (2023)

Assets		Equities		Sectors		Fixed Income		FX vs. USD		Commodities	
1 US Equities	17.1%	1 Greece Equities	44.6%	1 ACWI Info Tech	35.5%	1 CCC HY	9.9%	1 Bitcoin	83.8%	1 Gold	5.5%
2 Japan Equities	14.2%	2 Mexico Equities	29.4%	2 ACWI Telecoms	26.0%	2 European HY	6.5%	2 Mexican peso	14.7%	2 Iron Ore	2.0%
3 Europe Equities	12.9%	3 Italy Equities	24.8%	3 ACWI Cons. Discretionary	23.8%	3 US Corp HY	5.3%	3 Brazilian real	8.9%	3 Copper	-0.7%
4 UK Equities	7.2%	4 Taiwan Equities	21.8%	4 ACWI Industrials	11.6%	4 EM Sovereign	3.9%	4 British pound	5.1%	4 Silver	-3.5%
5 EM Equities	6.5%	5 Spain Equities	21.0%	5 ACWI Consumer Staples	2.8%	5 BBB IG	3.1%	5 Indonesian rupiah	3.7%	5 Commodities	-6.5%
6 Gold	5.5%	6 Brazil Equities	17.7%	6 ACWI Materials	2.4%	6 EM Corporate	2.8%	6 Swiss franc	2.9%	6 WTI Crude Oil	-10.6%
7 High Yield Bonds	5.2%	7 France Equities	17.4%	7 ACWI Financials	2.1%	7 US Corp IG	2.7%	7 Canadian dollar	2.0%	7 Brent Crude Oil	-10.8%
8 EM Sovereign Bonds	3.9%	8 US Equities	17.1%	8 ACWI Banks	0.3%	8 German Govt	2.6%	8 Euro	1.4%	8 Platinum	-14.5%
9 Investment Grade Bonds	3.1%	9 Korea Equities	17.0%	9 ACWI Healthcare	-1.2%	9 3-Month Treasury Bills	2.3%	9 Indian rupee	0.6%		
10 Pacific Rim xJapan	1.0%	10 Germany Equities	16.8%	10 ACWI Utilities	-1.7%	10 30-year Treasury	1.9%	10 Singapore dollar	-1.0%		
11 Government Bonds	0.0%	11 Japan Equities	14.2%	11 ACWI Energy	-4.3%	11 TIPS	1.5%	11 Taiwanese dollar	-1.4%		
12 US Dollar	-0.1%	12 Switzerland Equities	10.8%	12 ACWI Real Estate	-4.6%	12 US Mortgage Master	1.2%	12 Australian dollar	-2.3%		
13 Industrial Metals	-7.7%	13 Canada Equities	8.1%	13 ACWI BioTechnology	-7.9%	13 Treasury Master	1.0%	13 Korean won	-2.5%		
14 Oil	-10.6%	14 UK Equities	7.2%			14 UK Govt	1.0%	14 NZ dollar	-2.7%		
		15 India Equities	6.2%			15 2-year Treasury	0.4%	15 Swedish krona	-4.6%		
		16 Australia Equities	3.8%			16 Non-US IG Government	-0.8%	16 Chinese renminbi	-4.9%		
		17 Portugal Equities	3.4%			17 Japan Govt	-5.9%	17 Norwegian krone	-8.2%		
		18 Singapore Equities	0.8%					18 South African rand	-9.3%		
		19 China Equities	-3.9%					19 Japanese yen	-9.4%		
		20 S. Africa Equities	-4.9%					20 Turkish lira	-28.3%		
		21 Hong Kong Equities	-6.5%								
		22 Turkey Equities	-14.2%								

Source: BofA Global Investment Strategy, Bloomberg, as 5 Jul 2023.

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Table 6: The Overbought & Oversold

Ranked deviation from 200-day moving averages in US dollar terms

Ranked Deviation from 200-Day Moving Average, USD-terms (as of 5 Jul'23)

Assets		Equities		Sectors		Fixed Income		FX vs. USD		Commodities	
1 US Equities	11.3%	1 Greece Equities	29.7%	1 ACWI Info Tech	20.4%	1 CCC HY	5.4%	1 Mexican peso	9.7%	1 Iron Ore	4.1%
2 Japan Equities	10.5%	2 Italy Equities	15.5%	2 ACWI Telecoms	14.1%	2 EM Sovereign	3.8%	2 Brazilian real	5.8%	2 Gold	3.2%
3 Europe Equities	7.4%	3 Brazil Equities	14.4%	3 ACWI Cons. Discretionary	13.3%	3 US Corp HY	3.1%	3 British pound	4.8%	3 Silver	2.2%
4 EM Equities	5.0%	4 Mexico Equities	14.0%	4 ACWI Industrials	8.5%	4 European HY	2.9%	4 Swiss franc	3.4%	4 Copper	-1.9%
5 UK Equities	4.0%	5 Taiwan Equities	13.0%	5 ACWI Consumer Staples	2.6%	5 EM Corporate	2.5%	5 Euro	2.4%	5 WTI Crude Oil	-7.2%
6 EM Sov Bonds	3.8%	6 Spain Equities	12.8%	6 ACWI Financials	2.3%	6 BBB IG	1.7%	6 Canadian dollar	1.7%	6 Brent Crude Oil	-7.4%
7 High Yield Bonds	3.6%	7 US Equities	11.3%	7 ACWI Materials	1.1%	7 3-Month Treasury Bills	1.7%	7 Korean won	1.5%	7 Platinum	-8.2%
8 Gold	2.7%	8 Japan Equities	10.5%	8 ACWI Banks	0.9%	8 Japan Govt	1.5%	8 Indonesian rupiah	1.3%	8 Natural Gas	-29.1%
9 Investment Grade Bonds	2.0%	9 Korea Equities	10.3%	9 ACWI Utilities	0.7%	9 US Corp IG	1.4%	9 NZ dollar	0.3%		
10 Pacific Rim xJapan	1.2%	10 France Equities	9.5%	10 ACWI Healthcare	0.7%	10 US Mortgage Master	0.1%	10 Singapore dollar	0.0%		
11 Government Bonds	-0.5%	11 Germany Equities	9.1%	11 ACWI Energy	-2.3%	11 TIPS	0.1%	11 Russian ruble	0.0%		
12 US Dollar	-1.3%	12 India Equities	7.4%	12 ACWI Real Estate	-4.2%	12 2-year Treasury	-0.1%	12 Indian rupee	0.0%		
13 Industrial Metals	-5.8%	13 Switzerland Equities	6.1%	13 ACWI BioTechnology	-4.8%	13 Treasury Master	-0.2%	13 Australian dollar	-0.5%		
14 Oil	-7.2%	14 Portugal Equities	4.7%			14 Non-US IG Government	-0.6%	14 Taiwanese dollar	-1.0%		
		15 Canada Equities	4.3%			15 German Govt	-0.9%	15 Norwegian krone	-2.7%		
		16 UK Equities	4.0%			16 30-year Treasury	-1.0%	16 Swedish krona	-3.3%		
		17 Australia Equities	2.5%			17 UK Govt	-4.9%	17 Chinese renminbi	-3.5%		
		18 Russia Equities	0.0%					18 South African rand	-4.0%		
		19 Singapore Equities	-0.4%					19 Japanese yen	-5.1%		
		20 Hong Kong Equities	-1.4%					20 Argentine peso	-24.4%		
		21 China Equities	-2.0%					21 Turkish lira	-24.9%		
		22 S. Africa Equities	-2.0%								
		23 Turkey Equities	-3.0%								

Source: BofA Global Investment Strategy, Bloomberg, as of 5 Jul 2023.

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Acronyms

FMS – Fund Manager Survey

GWIM – Global Wealth and Investment Management

YCC – Yield Curve Control



QE – Quantitative Easing
 QT – Quantitative Tightening
 S&L – Savings & Loan
 MMF – Money Market Fund
 LTCM – Long-Term Capital Management

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R1}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

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