World at a Glance

Turmoil Markets

25 October 2023

FX, Rates and Commodities
Global

Key forecasts in FX, rates and commodities

Geopolitical worries and rising US interest rates have boosted market tension, despite recent positive US data. Our baseline forecasts for EUR and oil are unchanged, although we raised our USD-CNY forecast profile.

G10 FX: unchanged

We do not make any changes to our G10 FX forecasts. In particular, we continue to look for moderate further near-term USD strength with our end-year EUR-USD forecast of 1.05, and then softening with 1.15 for the end of 2024.

EM Asia: revising USD/CNY

The rift between US vs. China yield and growth dynamics continues to widen and prompts us to revise our year end USD-CNY target to 7.50 from 7.20, previously. We also have revisions for USD-INR.

EEMEA: cautious short term, more upside next year

We have not yet seen the full-fledged capitulation in EEMEA FX which should be driven by spikes in crude oil and US rates. EEMEA FX should benefit from a stable/weaker USD in 2024. We are bullish PLN, neutral on ZAR and bearish HUF and CZK.

LatAm: a cloudy and rainy fall

LatAm is navigating a complex environment for local markets amid uncertainty around US rates and deteriorating geopolitical conditions. We prefer to remain neutral on LatAm FX as its evolution will likely stay highly contingent on the global backdrop.

Interest rates: meaningful upside risks to our forecasts

Market moves pose meaningful upside risks to our forecasts. We have held our end '23 US10Y forecast at 4% but have low conviction. We have not yet revised given the speed of the move & that our base case economic outlook has not substantially changed.

Commodities: upside risks for oil, revisions for metals

The concept of energy fragility quickly brings to mind the current turmoil in the Middle East. The key question for energy is whether the conflict broadens regionally or not. Since last month, our energy forecasts stay the same, but we have revisions for metals.

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.

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Sun 19 November 2023 (Year Ahead)

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US rates: Pushing 5% & no dent

Mark Cabana, CFA
BofAS

Themes: dovish Fed & strong data = steeper curves & wider B/E

US rates have increased meaningfully & curves have recently steepened. US data continues to be resilient: strong retail sales & solid earnings suggest the economy is not meaningfully slowing. Q3 GDP is now tracking 4.5% versus 3.5% a month ago. Despite the strong data, the Fed has guided to a November hold. Powell asserts "policy is restrictive" yet incoming data argues otherwise. A dovish Fed in the face of strong data will mean steeper curves & wider inflation breakevens.

We expect the market will want to price some cuts into the forward Fed path. While long end rates may be worth a nibble, it is hard to argue for a clear US duration overweight due to carry & UST supply. Demand can come back to duration when investors are compensated for owning risk, which we think argues for greater conviction in curve steepeners vs outright duration positions. A dovish Fed in the face of strong data is also likely to give inflation breakevens room to widen.

We think rate sell-off stops with 1 of 3 conditions: (1) economic slowdown (2) risk asset sell off (3) market prices out the cuts. On the market pricing of cuts, we think it will be difficult to entirely price out Fed cuts. Complete removal of cuts would see 10y OIS at 5.4% (80bp above current market). We hold core views: neutral duration, curve steepeners (2s5s real, 5s30s nominal), tighter spreads, higher right-side vs left-side vol.

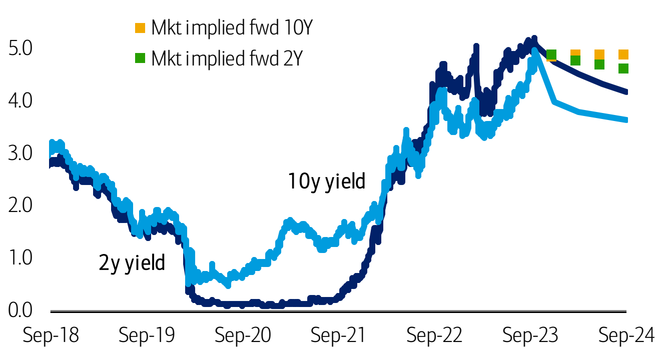
Forecasts: current forecasts have much higher risk

Market moves pose meaningful upside risks to our forecasts. We have held our end '23 10Y forecast at 4% but have low conviction. We have not yet revised given the speed of the move & fact our base case economic outlook has not meaningfully changed.

Risks: skewed to the upside

While the Fed is on pause and data continue to look strong, the market will continue to take out Fed cuts & push the belly / back end higher. This means higher rates & steeper curves. This suggests rates may stay much higher for much longer.

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 year-end '23 forecast for 10yT is 4%

	Q4 23	Q1 24	Q2 24	Q3 24
O/N SOFR	5.57	5.58	5.33	5.08
2y Govt	4.75	4.55	4.35	4.20
5y Govt	4.30	4.10	4.05	3.95
10y Govt	4.00	3.80	3.75	3.65
30y Govt	4.20	4.00	3.95	3.85

Source: BofA Global Research estimates

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Exhibit 3: Swap rate forecasts (%)
Our year-end '23 forecast for 10y swaps is 3.7%

	Q4 23	Q1 24	Q2 24	Q3 24
2y	4.65	4.43	4.21	4.06
5y	4.05	3.83	3.78	3.68
10y	3.70	3.48	3.41	3.31
30y	3.50	3.28	3.21	3.11

Source: BofA Global Research estimates

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USD: consolidating at the highs

Alex Cohen
BofAS

Themes: resilient data and tightening financial conditions

The DXY reached its YTD highs in early-October, before consolidating over recent weeks amid various cross-currents. On the data front, US growth and inflation indicators have pointed to a highly resilient economy, with no clear signs of a landing in sight. Most notably, recent labor, inflation and retail sales data have exceeded market expectations, while various now-casts for Q3 GDP continue to track above 5%. In turn, this has kept upward pressure on US nominal and real rates, which continue to reach new multi-year highs across the curve, particularly in the long end.

Meanwhile, the broader offshoot has been an even more comprehensive tightening in financial conditions over the past few months, inclusive of a strong dollar, high treasury yields, widening credit spreads and lower equities. This tightening has been frequently referenced in several FOMC speeches over recent weeks, with the overall implication being that the fed funds rate might not need to be set as high as would otherwise be the case. This guidance has served to notably reduce pricing for a hike at the November FOMC meeting, which has served to slow the pace of USD appreciation for now.

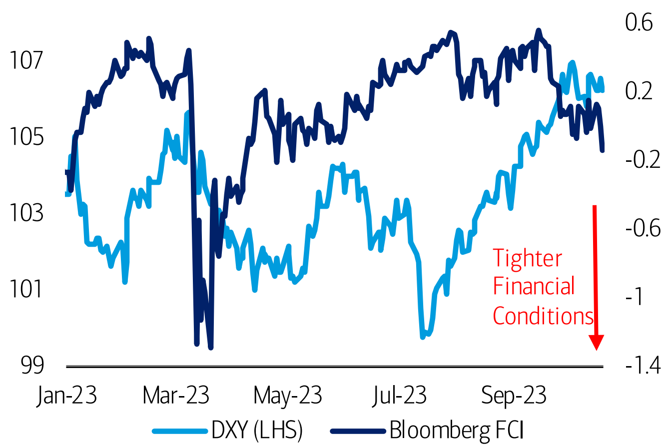
Forecasts: unchanged

All USD forecasts vs G10 remain unchanged. We maintain our core view that the USD should be supported into year-end, driven by U.S. growth resilience and the prospect for sticky inflation, which should keep Fed's policy stance highly restrictive. The dollar remains overvalued and should trend back towards equilibrium starting later in 2024.

Risks: geopolitical risks on the rise

Uncertainty is rising on many fronts. Geopolitical risks have increased meaningfully, though currency markets more broadly have yet to reflect the full impact of these concerns, outside of a few areas. In the US, lingering impacts of the UAW strike, restarting student loan repayments, and looming government shutdown and tightening financial conditions present growth headwinds as we move further into Q4.

Exhibit 4: DXY and Financial Conditions
Dollar consolidates amid tightening financial conditions



Source:, Bloomberg and BofA Global Research

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Exhibit 5: USD forecasts
EUR forecast is 1.05 for the end of 2023

	Q4 23	Q1 24	Q2 24	Q3 24
EUR-USD	1.05	1.07	1.10	1.15
USD-JPY	153	155	150	146

Source: BofA Global Research estimates

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

	2022	2023F	2024F
Real GDP (% yoy)	1.9	2.1	1.1
CPI (% yoy)	8.0	4.2	3.1
Policy Rate (eop)	4.375	5.625	4.875
GenGov Bal (%/GDP)	-5.3	-6.2	-6.4
CurAct Bal (%/GDP)	-3.7	-3.6	-3.4

Source: Bloomberg and BofA Global Research estimates

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EU rates: real rates surge

Sphia Salim
MLI (UK)

Ronald Man
MLI (UK)

Themes: The rally in bond yields after increased geopolitical tensions proved to be short-lived. We believe the subsequent selloff in Bund yields reflected US contagion given: 1) the recent selloff had occurred in US hours, and 2) open interest in Bund future suggests limited active build up in short positions; as well as very high European Government Bond supply. The selloff was also reflected in the surge of real yields in the euro area. The European Central Bank (ECB) would need to balance the risks from potentially over restrictive policy with near-term upside inflation risks from the rise in energy prices.

High yields have raised debt sustainability questions. Possible debt trajectories show that Italy could be one shock away from debt-sustainability conditions being at risk. BTPs are in an unstable equilibrium. If rates start a shallow path of normalisation, as per our forecasts, BTP-Bund should head back to 160bp: that is our central scenario. On the other hand, further rates increases from here risk getting spreads towards 300bp. We expect rating agencies to avoid cutting Italy's ratings to junk.

Forecasts: unchanged, with rally starting into year-end, driven by belly

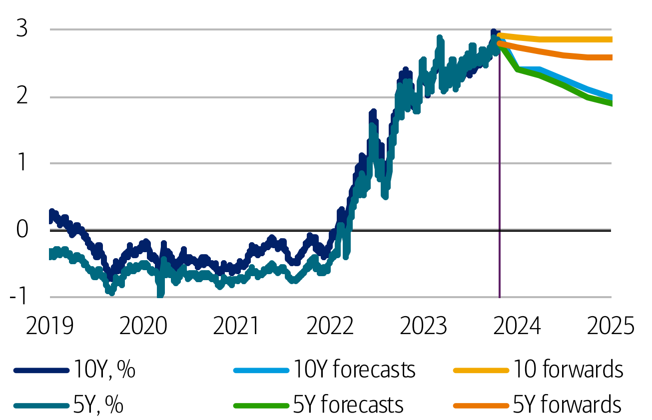
Our forecasts are under review, with our US team flagging significant upside risks to treasury yields relative to their current forecasts. Our year-end target for 10y Bund is 2.4%. We expect the rally in 4Q to come with a flattening in 2s5s and 2s10s curve. As we move into 2024 and approach the first ECB rate cut, we expect 2s10s to start bull steepening. We expect Euribor fixings to widen vs the euro short-term rate (€str), driven by continued reduction in excess liquidity and banks' increased demand for term funding.

Risks: inflation, fiscal tightening, minimum reserves, TPI

Upside risks to rates are better than expected activity data and higher energy prices raising inflation expectations. Downside risks to rates are a larger fiscal tightening under new fiscal rules, more rapid tightening in lending conditions as excess liquidity declines and ECB keeps uncertainty on banks' reserve positions, and the transmission protection instrument (TPI) being used in response to the BTP spread pressures.

Exhibit 7: German rates – yield forecasts and forwards*

Our forecasts are below the forwards



Source: BofA Global Research, Bloomberg. *Forwards as of 20-Oct

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Exhibit 8: Germany bond yield forecasts, %

We expect a more sustained rally after the last ECB and Fed hike

	Q4 23	Q1 24	Q2 24	Q3 24
3m Euribor	4.10	4.05	3.90	3.70
2y Govt	2.85	2.65	2.40	2.10
5y Govt	2.40	2.30	2.15	2.00
10y Govt	2.40	2.40	2.25	2.10
30y Govt	2.50	2.50	2.40	2.35

Source: BofA Global Research

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Exhibit 9: Swap rate forecasts, %

We expect the curve to flatten in 4Q23 before bull steepening in 2024

	Q4 23	Q1 24	Q2 24	Q3 24
2y	3.55	3.35	3.00	2.70
5y	3.00	2.90	2.70	2.55
10y	2.95	2.90	2.75	2.60

Source: BofA Global Research

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EUR: still downside risks

Athanasios Vamvakidis
MLI (UK)

Themes: still OK beyond the USD

Beyond the USD, the EUR continues to perform well. It has only done worse that the USD and the CHF since the USD rally and the rates sell-off started at the end of July. EURUSD is almost flat so far in October. The economy seems to have bottomed out, with data still weak but recently improving. Both headline and, more recently, core inflation have also come down, approaching US levels (Exhibit 1). Having said that, the labor market remains very stretched, with the unemployment rate stuck at an all-time low. The ECB is done hiking, unless the outlook changes significantly, but the same also applies for most other G10 central banks.

A possible trigger for a change could be if the recent increase in oil prices continues, which could pose new risks for the economy and challenges for the ECB as a stagflation shock. The US rates sell-off is also spilling over into EUR rates, tightening financial conditions. Italian yields and spreads have increased as a result, brining periphery risks back to the fore.

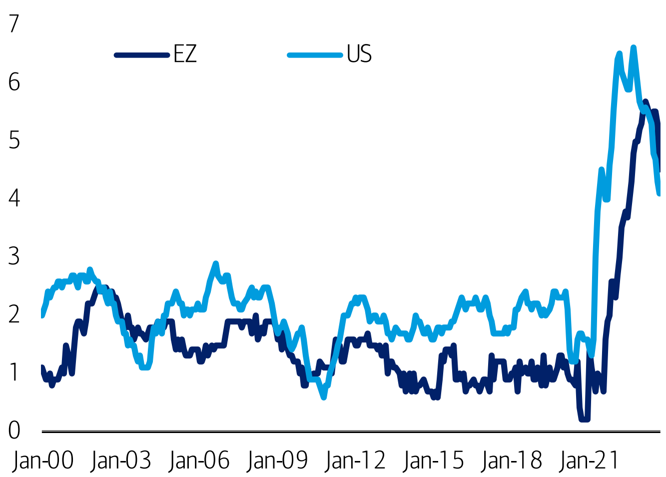
Forecasts: at our year-end forecast

With EURUSD at our year-end forecast of 1.05, we keep our profile the same for now. We expect EURUSD to weaken very gradually to 1.15 by the end of next year, which is above the consensus of 1.12, but this assumes a relatively soft-landing scenario that brings inflation down. We see substantial risks for alternative landing scenarios and paths that can have very different FX implications.

Risks: landing, geopolitics, Italy

Beyond high uncertainty about the landing scenario, geopolitical risks from the Middle East and their implications for oil prices are of immediate concern. A substantial increase in energy prices and deterioration of the Eurozone's terms of trade could bring back the price action of last year when the war in Ukraine started. Italy is also a risk, with yields reaching levels too close to what could trigger non-linear market reactions.

Exhibit 1: Core inflation: Eurozone vs. the US
Eurozone core inflation finally dropping towards US level



Source: Bloomberg and BofA Global Research.

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Exhibit 10: EUR forecasts
Our forecast is 1.05 for EUR-USD at end of 2023

	Q4 23	Q1 24	Q2 24	Q3 24
EUR-USD	1.05	1.07	1.10	1.15
EUR-JPY	161	166	165	168

Source: BofA Global Research estimates

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Exhibit 11: Major macro forecasts
Growth soft in our outlook

	2022	2023F	2024F
Real GDP (% yoy)	3.4	0.5	0.5
CPI (% yoy)	8.4	5.7	2.7
Policy Rate* (end period)	2.50	4.50	3.75
Gen Gov Bal (%/GDP)	-3.6	-3.9	-3.0
CurAct Bal (%/GDP)	-1.1	1.1	1.4

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

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JP rates: Insufficient demand

Tomonubo Yamashita
BofAS Japan

Key theme: BoJ's QE cannot contain rise in JGB yields

We raised our JGB yield forecasts in September (see Japan Rates Watch: We revise 10yr JGB yield forecasts to 0.90% at end-CY23, 1.25% at end-CY24 28 September 2023). They are still not in tandem with consensus, but JGB yields are rising per our expectation, even though the BoJ keeps engaging in excessive bond-buying operations. We think there are headwinds for JGBs, including (1) investors' cautious stance on the end of NIRP, (2) loose fiscal policy of the Japanese government and (3) UST sell-off.

We believe demand for JGBs is unlikely to increase in the near future. Our FX and rates sentiment survey showed that 60% of respondents think the BoJ will remove NIRP by the end of FY23 (see FX and Rates Sentiment Survey: I have a dollar 13 October 2023). Also, our global fund manager survey suggested that investors think high government debt and deficits are causing yields to rise (see Global Fund Manager Survey: Reverse Leverage 17 October 2023), and we can say that the Kishida administration lacks the fiscal discipline. The Kishida administration compiled a supplementary budget in FY23, as well, and the core of its economic stimulus policies included measures which should not be in a supplementary budget.

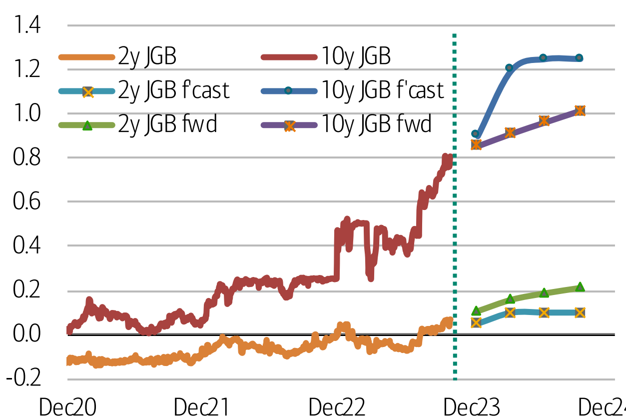
Forecast: Bearish across the curve

While our Japan economists think that the BoJ will abandon NIRP at its Jan MPM (see Japan Viewpoint: BoJ watch: Inching closer to normalization 21 September 2023), we do not expect the BoJ to reduce its purchase of JGBs. On the contrary, it increases JGB purchases when 10yr JGB yield is above 0.80%. We believe demand for JGBs is insufficient; the BoJ's QE cannot contain JGB yield rise. We see 10yr JGB yield reaching 0.90% at end-2023 and 1.25% at end-2024.

Downside risks

We think the risk to our base case is skewed to the downside. We see risks that the BoJ might keep a dovish stance in 2024. Also, a further increase in geopolitical risks could enhance flight to quality.

Exhibit 12: JGB rates – yield forecasts and forwards
We expect the 10yr JGB yield to rise to 90bp at end-2023



Source: BofA Global Research, Bloomberg.

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Exhibit 13: Government bond yield forecasts
Our 10yr JGB yield end-year forecast is 0.90%

	Q4 23	Q1 24	Q2 24	Q3 24
3m TORF	-0.03	0.05	0.05	0.05
2y Govt.	0.05	0.10	0.10	0.10
5y Govt	0.30	0.40	0.45	0.45
10y Govt	0.90	1.20	1.25	1.25
30y Govt	1.80	1.90	2.00	2.00

Source: BofA Global Research

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Exhibit 14: Swap rate forecasts
Our Japan 10yr swap rate end-year forecast is 0.95%

	Q4 23	Q1 24	Q2 24	Q3 24
2y	0.25	0.30	0.30	0.30
5y	0.55	0.60	0.65	0.65
10y	0.95	1.30	1.35	1.35

Source: BofA Global Research

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JPY: further to fall

Shusuke Yamada
BofAS Japan

Themes: Beware of JPY's downside risk

We remain bearish on JPY due to the deficit in Japan's basic balance of payments and our expectations that USD/JPY carry will remain elevated until 1Q24 (see: FX Viewpoint: JPY – inflation awakening new structural headwinds 28 September 2023).

While how geopolitical risk can impact JPY remains uncertain, it can be a downside risk to JPY. In case of a rise in the Middle Eastern oil price, the market may discount JPY's risk against USD and commodity exporters outside the region due to Japan's reliance on Middle Eastern oil supply and the government's reliance on fiscal subsidy, as opposed to monetary tightening, in its response to higher import costs. A rise in the Middle Eastern oil price can be a bigger relative shock to JPY than the one caused by the Russo-Ukrainian war (see: Ukraine crisis – why JPY has not rallied 01 March 2022).

For the full report, see: Japan Watch: Is yen's downside risk underpriced? 19 October 2023.

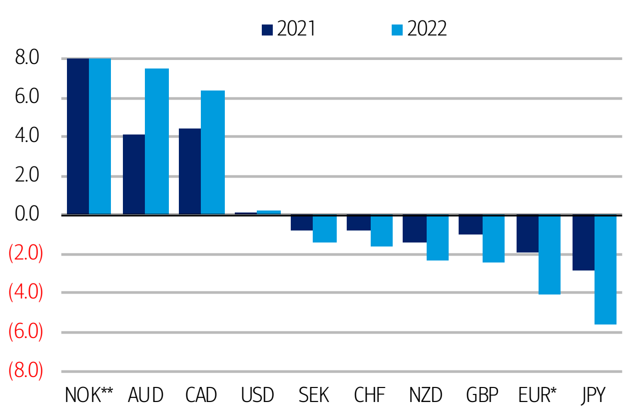
Forecasts: USD/JPY to rise to 155

We expect USD/JPY to rise to 155 by 1Q24 and correct to 142 by end-2024, assuming our Fed outlook (see: Japan Viewpoint: BoJ watch: Inching closer to normalization 21 September 2023). Structural headwinds, including Japan's high public debt, persistent outward FDI, and retail investors' portfolio rebalancing would keep JPY weak for long.

Risks: Fed policy

Both upside and downside risk to our USD/JPY forecast mainly come from the Fed side with a limited scope of policy tightening by the BoJ. If the Fed's rate cuts in 2024 are limited to 50bp, as implied by the new dot plot, USD/JPY could rise above 155 and if no rate cuts in 2024, above 160. If the Fed's rate cuts are more aggressive than our US economists' forecasts (cut 75bp from June), USD/JPY could correct deeper.

Exhibit 15: Trade balance in mineral fuel as % of GDP
Japan is the biggest energy importer as % of GDP among G10 economies



Source: UN Comtrade, Haver, BofA Global Research
*We used EU data as proxy due to data availability at UN Comtrade
** For NOK, net export was 23.3% of GDP in 2021 and 35.4% in 2022

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Exhibit 16: JPY forecasts
We look for 2023 year-end USD-JPY of 153

	Q4 23	Q1 24	Q2 24	Q3 24
USD-JPY	153	155	150	146
EUR-JPY	161	166	165	168

Source: BofA Global Research estimates

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Exhibit 17: Major macro forecasts (CY)
Our economics team looks for recovery

	2022	2023F	2024F
Real GDP (% yoy)	1.1	1.8	1.2
CPI (% yoy)	2.5	3.2	3.1
Policy Rate (eop)	-0.10	-0.10	0.05

Source: Bloomberg and BofA Global Research estimates

BofA GLOBAL RESEARCH

UK rates: focus turns to supply & demand

Agne Stengeryte
MLI (UK)

Mark Capleton
MLI (UK)

With BoE on hold, our focus turns to supply and demand dynamics

In September, the Bank of England (BoE) held Bank rate at 5.25% for the first time in nearly two years, in our view setting a high bar to react to data surprises ahead. Neither latest inflation data nor labour market numbers breached that bar, we think. We expect the Monetary Policy Committee (MPC) to lean towards a hold in November. We project Bank rate on hold at 5.25% through 2024. We expect four rate cuts in 2025.

With implied BoE pricing now broadly matching our economists' base case, our focus turns to supply and demand dynamics. We believe the front-end can remain anchored in Q4 with overseas demand for short-dated Gilts likely to strengthen. Increased insurance demand should lend support to long-end Gilts. We are less confident about demand in the belly. Supply-demand dynamic is likely to undergo change in Q1 2024 if we are right to expect the BoE to skew “active” Gilt sales shorter from January. New fiscal year in Q2 could see the Debt Management Office (DMO) skewing their Gilt sales shorter from April.

The dwindling importance of pension demand, the huge call on savings from the DMO and BoE combined, the likely shift shorter in Gilt supply (from both), the deteriorating IIP position and the need for tighter real policy rates to keep inflation in check should all contribute to materially higher 10y UK real yields relative to their Euro equivalents.

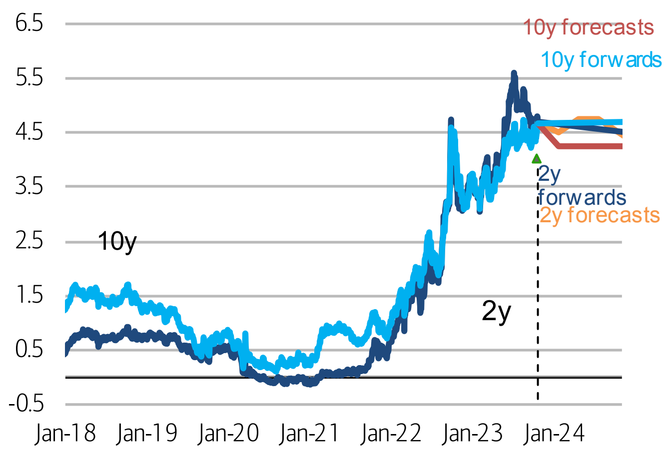
Forecasts: Under review

Similarly to EUR rates, our UK rates forecasts are under review, with our US team flagging significant upside risks to Treasury yields, relative to their current forecasts. For now, our Sonia forecast is 4.25%. We see reasons for both front- and back-end Gilt outperformance vs. the belly in Q4 2023.

Risks: Fiscal, geo-politics and turmoil from abroad

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 18: Gilt yield benchmark histories, forwards and forecasts, %
Expecting some 2y Gilt cheapening vs. Sonia in Q1 2024



Source: Bloomberg, BofA Global Research

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Exhibit 19: Table: Government bond yield forecasts (%)
We expect no more BoE Bank rate hikes

	Q4 23	Q1 24	Q2 24	Q3 24
3m Sonia	5.25	5.25	5.25	5.25
2y Govt.	4.50	4.75	4.75	4.50
5y Govt	4.25	4.50	4.50	4.50
10y Govt	4.25	4.25	4.25	4.25
30y Govt	4.50	4.50	4.50	4.50

Source: BofA Global Research estimates

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Exhibit 20: Sonia swap rate forecasts (%)
Short-dated Gilts to cheapen relative to short-dated Sonia in Q1 2024

	Q4 23	Q1 24	Q2 24	Q3 24
2y	5.00	5.00	4.75	4.50
5y	4.50	4.50	4.50	4.50
10y	4.25	4.25	4.25	4.25
30y	4.00	4.00	4.00	4.00

Source: BofA Global Research estimates.

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GBP: trading the range

Kamal Sharma
MLI (UK)

Themes: GBP continues to be defined by recent ranges

One of the major themes that we have discussed in recent years is that of the GBP reset. We have argued that sterling would settle into a new (lower) trading range, reflecting the structural changes that have impacted the economy. This year has provided a clear example of this dynamic: GBP has recovered from the September 2023 flash crash lows to rally towards the top of the 2021- trading range. If we are right, and so far the performance through the past month is validating this, we think GBP is primed for a reversal of the recent rally. However, what stands out during this current retracement is the "normality" of the reversal. We have previously highlighted that GBP had lost its historically rate sensitivity.

This has changed in 2023. GBP moves have become increasingly correlated to the moves in UK rates: widening rate spreads in favour of the UK through the first half of this year has now given way to the spread tightening and rising global market volatility – two of the main historical drivers for GBP. The pullback in UK rate hike expectations has been a function of weakening domestic data with our UK economists expecting that the Bank of England will be on hold for a protracted period of time.

Meanwhile, by virtue of the current account deficit and weak net international investment position, the geopolitical backdrop continues to deteriorate. The November Quarterly Inflation Report provides the next key test on how markets will reprice the UK curve. In particular, does the evidence from recent data persuade markets to further recalibrate the timing of the first UK rate cut? For this reason alone, we think the GBP headwinds are likely to remain robust.

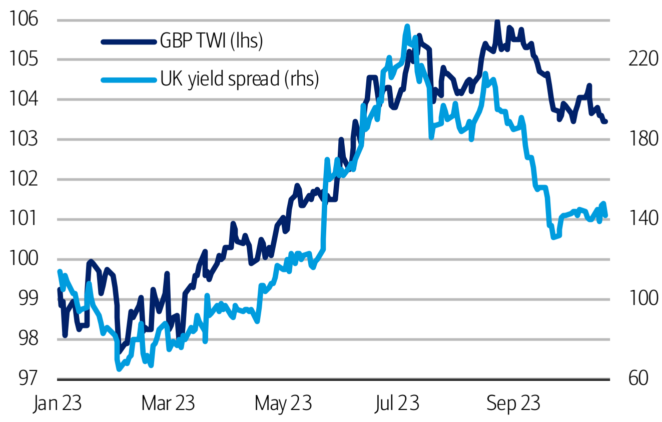
Forecasts: no changes

No change in forecasts.

Risks: The global backdrop

The extent to which geopolitical factors impact terms of trade will be a key variable in how GBP trades.

Exhibit 21: GBP TWI vs UK rate spreads
GBP increasingly correlated with UK spreads in 2023



Source: BofA Global Research, Bloomberg

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Exhibit 22: GBP forecasts
Our year-end 2023 EUR-GBP forecast is 0.85

	Q4 23	Q1 24	Q2 24	Q3 24
EUR-GBP	0.85	0.85	0.85	0.85
GBP-USD	1.24	1.26	1.29	1.35

Source: BofA Global Research estimates

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Exhibit 23: Major macro forecasts
GDP growth weak in our forecast horizon

	2022	2023F	2024F
Real GDP (% yoy)	4.1	0.6	0.3
CPI (% yoy)	9.1	7.4	3.4
Policy Rate (eop)	3.50	5.25	5.25
Gen Gov Bal (%/GDP)	-5.6	-4.7	-3.2
CurAct Bal (%/GDP)	-3.8	-3.5	-3.8

Source: Bloomberg and BofA Global Research estimates

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CA rates: US-CA spread at historical high

Katie Craig
BofAS

Ralph Axel
BofAS

Themes: US vs CA 10y spread at historical high

As expected, the BoC kept rates on hold at their October meeting. Markets expected the BoC to remain on hold but leave the door open for further hikes in case of a reacceleration of the data. Following the below expectations Sept CPI print, market pricing of further BoC hikes declined and are currently pricing a 25% chance of further hikes. Markets are currently pricing in 38bps of cuts next year, starting in June '24, lower than our economists forecast of 125bps of cuts in '24.

CA rates outperformed US on the long-end but underperformed on the short-end driven by a disinversion of the Treasury curve as Fed cuts were priced out and supply pressures built. 10y US is now historically high relative to 10y CA rates. This differential could decline if US rates are near their peak, which we think is approximately around 5% while the Fed is on hold.

Our economists currently expect both the Fed and the BoC to remain on hold at their respective meetings but leave the door open for further hikes if the data reaccelerates. A divergence in the terminal rate could drive the relative performance in the sovereign rates. Our analysis of US-CA spreads indicates that the relative setting of monetary policy and expectations for the path of policy have a strong and direct effect on spreads further out on the curve.

Expectations of UST supply in the US could support further cheapening of US Treasuries vs CA gov't bonds. In addition, the path of Fed cuts could continue to normalize closer to that priced for the BoC, which would also support cheapening vs CAD rates.

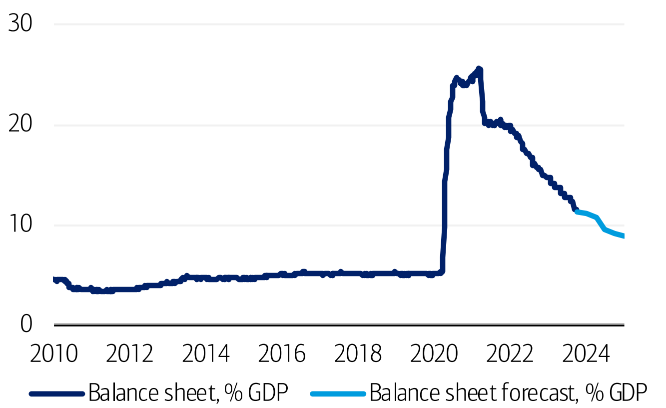
Forecasts: 2y and 10y forecasts below forwards

We keep our forecasts unchanged but acknowledge risks to the upside. Our forecasts are currently well below the forwards.

Risks: skewed to the upside due to hawkish BoC

We see risks currently skewed to the upside due to hawkish BoC.

Exhibit 24: Bank of Canada balance sheet projection
We expect a vigorous pace of passive GoC rolloff ahead



Source: BofA Global Research, Bloomberg, Bank of Canada

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Exhibit 25: Government bond yield forecasts
2y & 10y forecasts

	Q4 23	Q1 24	Q2 24	Q3 24
2y	4.50	4.30	4.10	3.95
5y	3.95	3.75	3.70	3.60
10y	3.50	3.30	3.25	3.15

Source: BofA Global Research estimates

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Exhibit 26: Swap rate forecasts
We look for 10yr swap rate at 4% by year-end

	Q4 23	Q1 24	Q2 24	Q2 24
2y	4.70	4.50	4.30	4.15
5y	4.00	3.80	3.75	3.70
10y	3.70	3.50	3.45	3.35

Source: BofA Global Research estimates

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CAD: monetary policy is doing the job

Howard Du, CFA
BofAS

Themes: market pricing of further BoC rate hikes pared back on soft CPI

September's CPI data shows inflation in Canada has resumed its downtrend after a brief spike over the summer. The "CPI, all-items excluding eight of the most volatile components" measure fell to 2.8% YoY. This measure for Canada is the closest to the so-called "supercore" CPI that many other central banks including the US Fed closely monitor, and in comparison, still sits at 3.9% YoY for the US. The latest quarterly Business Outlook and Consumer Expectations surveys also show deteriorating sentiments, further confirming our view that tightening monetary policy is cooling the Canadian economy and that the BoC policy rate is likely already sufficiently restrictive.

The rates market has pared back pricing of further BoC hikes but still prices very little probability for rate cuts in 2024. In comparison, our economist would expect the BoC cutting cycle to begin in Q2 2024 (Canada Watch: 06 September 2023). Rates market pricing converging to our view would be bearish for the Loonie. However, we should note that at the current spot level, the USD/CAD exchange rate is already overvalued vs US-CA interest rate differential. The USD is broadly trading rich vs rest of G10 currency peers after an 11-week rally since mid-July. In addition, should risky assets stage a risk-on rally into year-end (Chart Blast: 06 October 2023) on the back of solid Q3 corporate earnings beats (Chart Blast: 06 October 2023) and resilient US economy, USD/CAD spot could also end the year closer to our forecast than now.

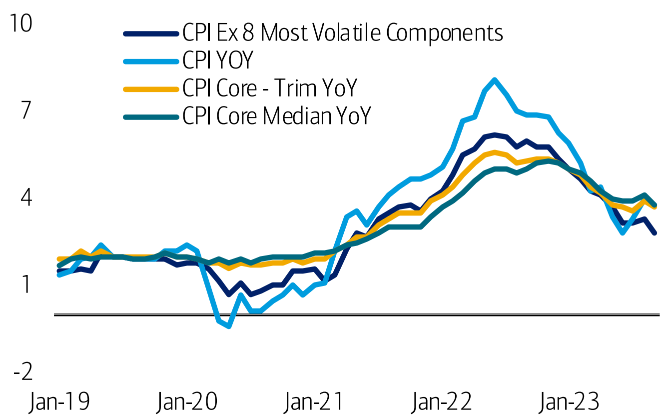
Forecast: no change to the forecast path

We retain the existing USD/CAD forecast path for this month.

Risks: growth decoupling between Canada and US

Recent economic data shows the Canadian economy is cooling at a faster pace than the US. Rapidly decelerating growth for Canada amid resilient US economy increases the upside risks for our USD/CAD exchange rate forecast to be more in favor of higher USD.

Exhibit 27: Latest CPI data shows inflation has resumed its downtrend in Canada
Headline and various measures of core CPI for Canada



Source: BofA Global Research, Bloomberg, StatsCan. Eight of the most volatile components identified by the Bank of Canada include: fruit, fruit preparations and nuts; vegetables and vegetable preparations; mortgage interest cost; natural gas; fuel oil and other fuels; gasoline; inter-city transportation; and tobacco products and smokers' supplies.

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Exhibit 28: CAD forecasts
No change to USD/CAD forecast from previous month

	Q4 23	Q1 24	Q2 24	Q3 24
USD-CAD	1.32	1.32	1.30	1.28

Source: BofA Global Research estimates

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Exhibit 29: Major macro forecasts
Growth outlook softening

	2022	2023F	2024F
Real GDP (% yoy)	3.4	1.1	0.8
CPI (% yoy)	6.8	3.9	2.5
Policy Rate (eop)	4.25	5.00	3.50

Source: Bloomberg and BofA Global Research estimates

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AU rates

Oliver Levingston
Merrill Lynch (Australia)

Micaela Fuchila
Merrill Lynch (Australia)

Duration oversold as extended hawkish pause looms

We see richer duration after the minutes of the RBA's October meeting signaled a hawkish bias and the RBA declined to signal a potential QT program. We see the new RBA Governor Michele Bullock's first Board minutes as neutral but the RBA's focus on CPI and labour market prints ahead of November's meeting suggest the Board will continue to emphasise upside risks for cash rates.

Over the next few months, we see the RBA as ultimately unable to move in either direction as upward pressure from higher oil prices on headline inflation supports a hawkish bias but weakness in the consumer sector prevents the RBA from hiking.

The risk to this view is that CPI surprises to the upside because of more than oil prices but this backdrop favours carry and richer duration, which is trading too steep on a cross-market basis given the divergent outlook for supply

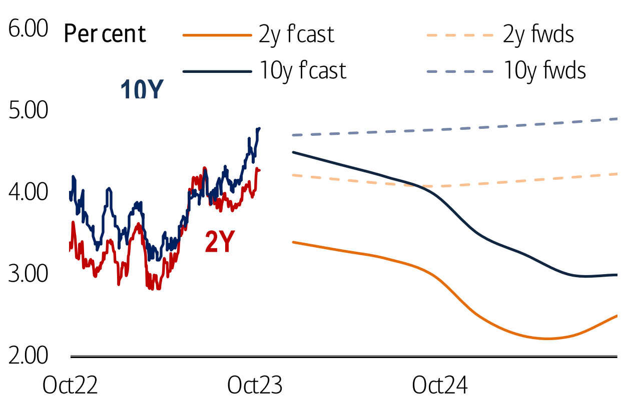
Swap spreads have tightened – but the probability of QT is lower

The RBA had three opportunities to signal a change in the path to balance-sheet normalization last week: (1) the minutes of October's meeting, the first after a concentrated period of Term Funding Facility maturities in September; (2) a 'fireside chat' at which new RBA Governor Michelle Bullock answered questions from the public; and (3) the RBA's annual report. The minutes did not mention whether the RBA Board had discussed bond sales, nor did the Governor raise the topic at her Q&A with the public. The RBA's annual report reaffirmed its current 'passive' approach to quantitative tightening (i.e., allowing bonds to mature but not selling securities to the market).

While an announcement on bond sales is still possible, its probability has diminished. 'Active' quantitative tightening (i.e. bond sales) was a potential catalyst for tighter swap spreads. 3y & 10y swap spreads are close to our target and long-run historical averages – and we reaffirm those forecasts.

A lower probability of QT also means bonds should remain scarcer in the near term. Unanticipated fiscal surpluses will likely weigh on supply and we see more room for 10y outperformance into year-end 2023. The risk to this view is that fiscal spending steps up as we approach an election in 2025 but this seems more likely in 2024.

Exhibit 30: Duration is oversold
Rates to rally, curve to remain stable



Source: BofA Global Research, Bloomberg

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Exhibit 31: Government bond yield forecasts
AU duration likely to outperform

	4Q 23	1Q 24	2Q 24	3Q 24	4Q 24
3m BBSW	4.10	4.00	3.90	3.75	3.50
2y Govt.	3.40	3.30	3.20	3.00	2.50
5y Govt	3.80	3.70	3.40	3.25	2.75
10y Govt	4.50	4.35	4.20	4.00	3.50

Source: BofA Global Research

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Exhibit 32: Swap rate forecasts
Spreads close to long-run historical averages

	4Q 23	1Q 24	2Q 24	3Q 24	4Q 24
3y	3.60	3.50	3.40	3.20	2.65
10y	4.70	4.55	4.40	4.20	3.70

Source: BofA Global Research

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AUD: bullish crosses

Adarsh Sinha
Merrill Lynch (Hong Kong)

Themes: Lead-lags create uncertainty

We are neutral AUDUSD into year-end (0.64 forecast) considering near-term growth divergence, weak China demand and technical risks. However, with China sentiment approaching bearish extremes, positioning for some reversal is prudent. This is especially since our China economists think "big bang" stimulus, while uncertain, is more likely than market pricing. Our bullish USD forecast means we prefer expressing this view against the crosses.

While forward-looking sentiment can recover, the realisation of China's import impulse for Australia remains potentially distant as this typically lags a recovery in China's policy stimulus by three quarters. There are several high frequency indicators to track spill overs to AUD (new home sales, steel production, port shipments). Domestic headwinds remain but service exports, active QT, improving NIIP and fiscal room paint a better outlook for 2024. For more details, see [FX Viewpoint: AUD: cloudy with silver linings 20 September 2023]

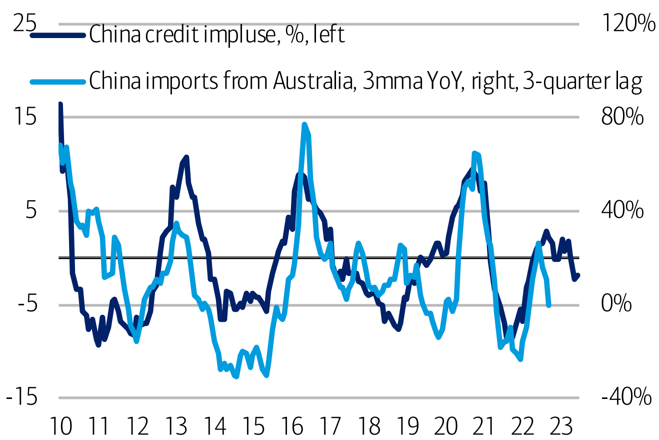
Forecasts: AUDUSD stable into year-end

We maintain our AUD/USD forecasts of 0.64 for year-end with technical risks and US-China data divergence balanced against the possibility of more China easing measures in coming months. A China recovery will depend upon the magnitude and effectiveness of such policy easing but is likely to be more evident in 2024 than 2023. This, along with a weaker USD and active RBA QT, can provide a more constructive backdrop for AUD next year (end-2024 forecast 0.71).

Risks: China policy easing

There are upside risks to our near-term forecast profile if China delivers faster and more aggressive policy stimulus, especially from the central government, over coming months.

Exhibit 33: China imports from Australia vs. China credit impulse
China policy easing will support import impulse with significant lag



Source: Bloomberg

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Exhibit 34: AUD forecasts
Our end-year 2023 AUD-USD forecast is 0.64

	Q4 23	Q1 24	Q2 24	Q3 24
AUD-USD	0.64	0.66	0.68	0.71
AUD-CAD	0.84	0.87	0.88	0.91

Source: BofA Global Research estimates

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Exhibit 35: Major macro forecasts
Softening domestic backdrop in 2023

Australia	2022	2023F	2024F
GDP (% yoy)	3.6	1.5	1.3
CPI (% yoy)	6.6	5.7	3.2
Policy Rate (eop)	3.10	4.35	4.10

Source: Bloomberg and BofA Global Research estimates

NZD: softer inflation

Adarsh Sinha
Merrill Lynch (Hong Kong)

Themes: Softer inflation, RBNZ on hold

The RBNZ meets one last time this year on November 29th and we expect the official cash rate to be held at 5.5%. A full Monetary Policy Statement will be released then, and focus will be on the OCR path and changes to forecasts. So far, growth has been stronger than the RBNZ's assumptions while inflation is slightly softer. Our economists see the RBNZ on hold in November and cuts from 3Q 2024 (New Zealand Economic Watch 17 October 2023).

The NZD remains weak, largely due to China concerns and weak dairy prices. To the extent the RBNZ began its tightening cycle earlier than most central banks, taking the OCR to highly restrictive levels will eventually weigh on growth and the currency in our view. Meanwhile the current account deficit remains elevated despite some recent narrowing, with the income deficit in particular likely to continue widening against a backdrop of higher rates.

A strong US labour market and the stickiness of core services inflation suggests the Fed will continue to hike and push back against market pricing of rate cuts in 2024 which would support USD. This and any associated risk-off related to China is likely to weigh on NZD, which has less terms of trade buffer compared to other commodity currencies

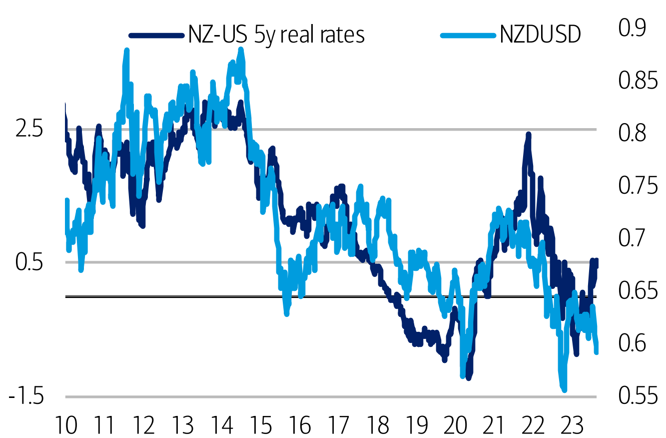
Forecasts: NZDUSD stable into year end

We maintain our NZD/USD forecast at 0.59 for year end in light of recent price action, still hawkish Fed and absence of effective China policy stimulus. NZD is 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 1.10.

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 36: NZD/USD vs. 5y real rate differential
Rising risk premium in NZD relative to rate differential



Source: Bloomberg

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Exhibit 37: NZD forecasts
Looking for 2023 end-year NZD-USD at 0.59

	Q4 23	Q1 24	Q2 24	Q3 24
NZD-USD	0.59	0.60	0.62	0.64
AUD-NZD	1.08	1.10	1.10	1.11

Source: BofA Global Research estimates

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Exhibit 38: Major macro forecast
Growth slowing in 2023

New Zealand	2022	2023F	2024F
Real GDP (% yoy)	2.5	1.3	0.8
CPI (% yoy)	7.2	5.8	3.3
Policy Rate (eop)	4.25	5.50	4.50

Source: Bloomberg and BofA Global Research estimates

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CHF: benefitting from uncertainty

Kamal Sharma
MLI (UK)

Themes: perfect storm for outperformance

CHF has been one of the major beneficiaries in G10 FX against the backdrop of an increasingly uncertain global macroeconomic backdrop. Stronger US data (higher US rates) has been increasingly competing with macro developments in China and as the global rate cycle has become increasingly out of synch, higher rates volatility has become a more significant driver for broader FX. However, it has been increasingly become difficult to analyse the CHF through the lens of market volatility alone because of the policy tools that SNB is employing to maintain price stability. Though Swiss policy rates remain amongst the lowest in G10, the primary policy tool remains the currency through its efforts to taper its asset portfolio.

The SNB balance sheet, once the largest in G10, has engineered an impressive reduction in overall size, from the peak of 148% GDP in 2021 to currently stand at just over 100% GBP. A target level remains subject to conjecture but it is worth noting that levels still remain significantly above the Euroarea sovereign debt crisis of around 60% GDP. This matters because if the SNB is set on achieving comparable levels, then the process of selling foreign assets (and converting proceeds back into CHF) is not yet over. For that reason, any further policy tightening, which we do not expect, will continue to lag European peers. It is no coincidence therefore that correlations between CHF and Swiss rates remain weak. At the same time, a strong current account should provide CHF with a buffer against various geopolitical cross-currents, particularly against the backdrop of a large net-short CHF position. We therefore expect any CHF sell-off to be limited in the coming month.

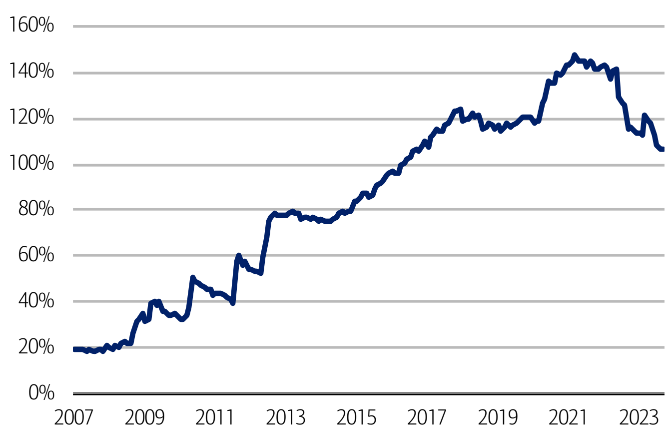
Forecasts: no forecast changes this month

No forecast changes this month.

Risks: geopolitics and China

A retreat in geopolitical risks and upside surprises in China data are factors which could halt the current progress in CHF.

Exhibit 39: Swiss balance sheet, %GDP
SNB has engineered large adjustment in SNB balance sheet



Source: BofA Global Research, Bloomberg

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Exhibit 40: CHF forecasts
Our 2023 year-end EUR-CHF forecast is 0.98

	Q4 23	Q1 24	Q2 24	Q3 24
EUR-CHF	0.98	0.99	0.99	1.00
USD-CHF	0.93	0.93	0.90	0.87

Source: BofA Global Research estimates

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Exhibit 41: Major macro forecasts
The economy is slowing this year

	2022	2023F	2024F
Real GDP (% yoy)	2.7	0.9	1.1
CPI (% yoy)	2.8	2.2	1.7
Policy Rate (eop)	1.25	1.75	1.50

Source: Bloomberg and BofA Global Research estimates

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NOK: patiently constructive

Michalis Rousakis
MLI (UK)

Themes: still cautious on risk & positioning

We find NOK's recent weakness overdone and not entirely in line with recent history. We continue to look for more NOK upside this year, especially vs. European G10 FX. Risk sentiment and positioning continue to pose near-term downside risks, in our view.

NOK is 6% weaker than its recent history would suggest, slightly down from c.7% in early June but way up from 1% in July. But, to be clear, the trade-weighted NOK 2y swap spread has tightened slightly following the downside inflation surprise and the 3m NOK vol spread has risen, likely amid the higher rates vol and elevated geopolitical risks.

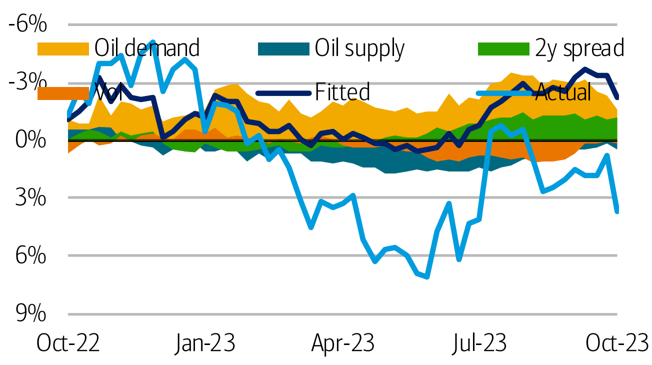
We remain constructive on NOK by year-end, still mostly vs. European FX: First, our commodities team expects Brent to average 96$/bbl in Q4 and 94$/bbl in Q1 24, mostly on supply reasons but with Asia demand also key (The grind of the oil bulls 26 Sep 23). Second, we expect the Norwegian data to remain resilient and, in our base case, Norges hikes once again in December (Norges and Riksbank review: diverging 21 Sep 23). Norges has shown greater tolerance on inflation than other central banks by expecting above-target inflation at end-2026. But with imported goods comprising c. 30% of CPI-ATE, Norges is unlikely to stay indifferent to more NOK weakness also given its economy's resilience (Nordics monthly 15 Sep 2023).

Higher oil prices driven by geopolitical risks is not an obvious NOK positive, at least initially and vs. the major currencies. But persistently high energy prices could eventually help NOK vs. energy-importers, which is another reason we favour NOK vs. European FX—meanwhile, we expect no USD landing until the US economy lands (see Liquid Insight 19 Oct 23).

Forecasts: no changes. Risks: energy prices, geopolitics, long positioning

We continue to expect EURNOK at 11.00 by year-end. Given current spot, risks are NOK may need longer than we expect to get there. Energy prices, China sentiment, and geopolitics are key two-sided risks. Positioning and global risk sentiment pose mostly downside risks in the near term, we think.

Exhibit 42: Fitted vs. actual NOK I-44 (inverted values)
NOK 6% weaker than its own recent history would suggest as of Oct 6



Source: BofA Global Research, Bloomberg, Federal Reserve Bank of New York, Oil Price Dynamics Report, https://www.newyorkfed.org/research/policy/oil_price_dynamics_report.html. Lower values of the import-weighted krone index (NOK I-44) show a stronger NOK. Weekly data through Oct 6. Regression estimates are for Jan 18- Sep 22. We regress changes in (log) NOK I-44 (Norges' import-weighted krone index) on: demand- and supply-driven changes in (log) Brent crude spot prices as per the New York Fed Oil Price Dynamics Report data; changes in Norway's 2-year trade-weighted swap spread; and changes in the idiosyncratic NOK implied-vol spread.

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Exhibit 43: NOK forecasts
Year-end EUR-NOK forecast of 11.00 in 2023

	Q4 23	Q1 24	Q2 24	Q3 24
EUR-NOK	11.00	10.80	10.70	10.50
USD-NOK	10.48	10.09	9.73	9.13

Source: BofA Global Research estimates

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Exhibit 44: Major macro forecasts
Norway recovery slowing into 2023

	2022	2023F	2024F
Real GDP (% yoy)	3.7	1.1	0.4
CPI (% yoy)	6.2	6.2	4.0
Policy Rate (eop)	2.75	4.50	4.00

Source: Bloomberg and BofA Global Research estimates.

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SEK: we stay cautious

Michalis Rousakis
MLI (UK)

Themes: we expect some retracement of SEK's recent strength

SEK has been the best-performing G10 currency since the Riksbank started to hedge part of its reserves, considerably out-performing its "high beta" peers. But we think part of its strength is on "second-order beliefs", centered around rumours that local asset managers could soon follow the Riksbank's lead and hedge more their FX exposure.

Our own flows also suggest meaningful reduction in the SEK shorts in the past weeks, with Hedge Funds now neutral on SEK and Real Money modestly short (LCBF 16 Oct 23).

The upside inflation surprise in the September print also led the market to reprice the Riksbank higher, assigning a good chance it hikes in November—in our base case it will not.

While we understand the Riksbank may be somewhat capping EURSEK's upside for now (in different ways), we think the market has shifted its focus away from Sweden's weak near-term growth prospects (our economists forecast -0.7% growth this year and -0.4% in 2024, Nordics monthly 15 Sep 23). Therefore, we see scope for some retracement of the recent SEK strength even though we find it much undervalued from a longer-term perspective and even though we anyway remain hopeful it can recover more next year.

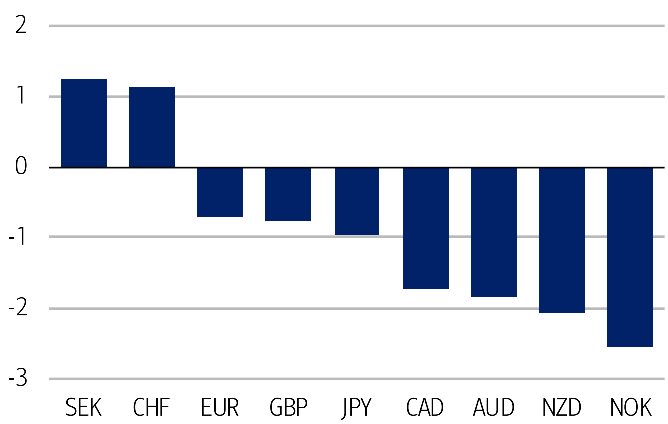
But we are not there yet: to us, hawkish inflation data and a more hawkish Riksbank at this stage increase risks of a less mild landing. We understand we are not the only ones seeing it this way, but we also respect the market does not subscribe to our view, which is why the Riksbank remains a hawkish SEK risk for now.

Meanwhile, we expect no USD landing until the US economy lands (see Liquid Insight 19 Oct 23) and see risks FX vol rises (FX too complacent to rising uncertainty 18 Oct 23).

Forecasts: no changes. Risks: inflation stickiness, property markets, geopolitics

We forecast EURSEK at 11.70 by year-end, with upside risks. Key upside SEK risks are improved risk sentiment, a faster Riksbank pace of FX sales, and a hawkish Riksbank. SEK positioning remains an upside risk, but we now find it smaller. Sweden's energy mix is better than the Eurozone's but geopolitics unlikely to help SEK.

Exhibit 45: G10 FX vs USD since Sep 22 (percent)
SEK has out-performed G10 FX since the Riksbank started hedging



Source: Bloomberg, BofA Global Research. Data as of Oct 19.

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Exhibit 46: SEK forecasts
Our EUR-SEK forecast at end-2023 is 11.70

	Q4 23	Q1 24	Q2 24	Q3 24
EUR-SEK	11.70	11.40	11.20	11.00
USD-SEK	11.14	10.65	10.18	9.57

Source: BofA Global Research estimates

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Exhibit 47: Major macro forecasts
The Riksbank is very serious about inflation

	2022	2023F	2024F
Real GDP (% yoy)	2.9	-0.7	-0.4
CPI (% yoy)	8.1	6.1	2.2
Policy Rate (eop)	2.50	4.00	3.25

Source: Bloomberg and BofA Global Research estimates

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EM Asia

China: Growth momentum bottomed out

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3Q GDP growth exceeded estimates

China's 3Q real GDP growth came in at 4.9% yoy, exceeding consensus at 4.5% and our forecast at 4.6%. In sequential terms, growth momentum picked up (1.3% qoq, vs. a revised 0.5% in 2Q). Note that the NBS revised the 2Q sequential growth lower (from 0.8%) and adjusted previous quarters' paces.

By sector breakdown, the growth of tertiary industry (services) and secondary industry (industrial and construction) slowed to 6.0% and 4.4% yoy, respectively, from 7.4% and 5.2% in 2Q, on higher bases. That of the primary sector picked up to 4.0% yoy.

Growth momentum picked up in Sep

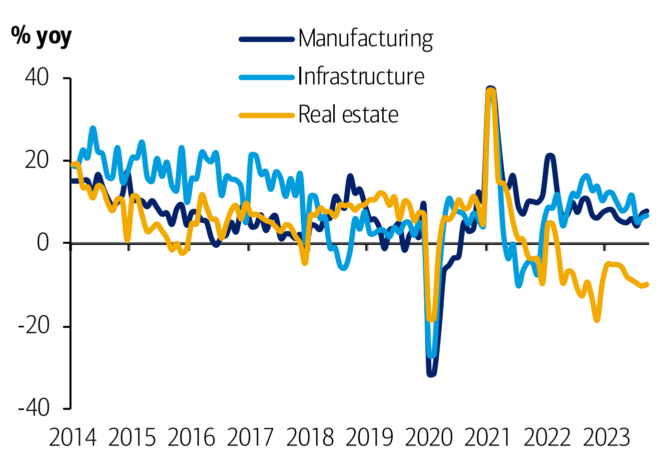
Sep IP growth stayed unchanged while retails sales growth picked up, both in line with our estimates. Single-month FAI growth improved, while ytd FAI growth inched down. The services sector gross output index edged up to 6.9% (vs. 6.8% in Aug).

IP growth stayed unchanged at 4.5% yoy in Sep, as mining (1.5%) and manufacturing (5.0%) growth moderated from Aug while utility (3.5%) improved. By industry, IP growth of metal products and rubber improved, while that of chemicals, metals and autos stayed resilient. IP growth for pharmaceutical, textiles and electronic equipment moderated.

FAI growth accelerated to 2.5% yoy in Sep from 2.0% in Aug. In ytd terms, FAI growth inched down slightly to 3.1% yoy from 3.2% previously. Growth of manufacturing FAI (7.9% yoy, vs. 7.1% in Aug) and infrastructure FAI (6.8%, vs. 6.2%) both improved, while property investment remained in double-digit contraction (-11.3%).

Nominal retail sales growth picked up to 5.5% yoy in Sep from 4.6% previously, partly helped by a lower year-ago base. By breakdown, the sales growth of goods edged up to 4.6% yoy (vs. 3.7% in Aug), while catering sales continued to register double-digit growth (13.8%, vs. 12.4%). Auto sales picked up further (+2.8% yoy, vs, +1.1% in Aug). Online goods sales growth slowed to 8.9% yoy ytd from 9.5% in Aug.

Exhibit 48: FAI sector breakdown
Growth of both manufacturing. and infrastructure FAI improved in Sep



Source: BofA Global Research, CEIC, NBS

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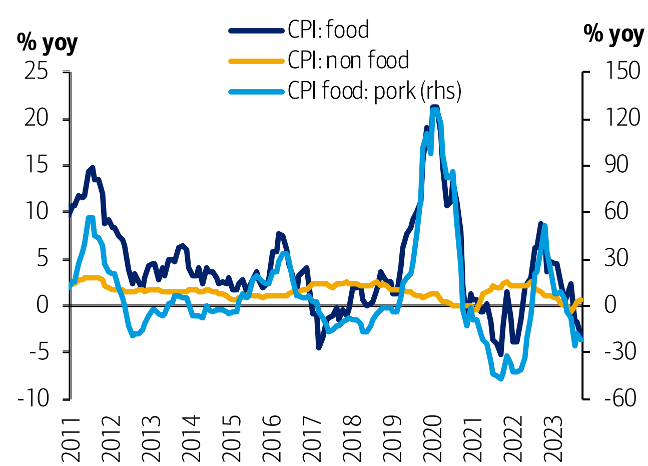
Exhibit 49: CPI inflation
Food CPI fell by 3.2% yoy in Sep (vs. -1.7% yoy in Aug)



Source: BofA Global Research, CEIC, NBS

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Sep CPI inflation moderated again; PPI deflation narrowed further

China's headline CPI inflation softened to 0% yoy in Sep (from 0.1% in Aug), in line with our forecast, but was lower than the consensus.(Exhibit 49). PPI deflation narrowed to -

2.5% yoy (vs. -3.0% in Aug). Food CPI dropped further; while PPI rose on energy and metal prices. We expect a gradual but mild recovery in CPI inflation in 4Q.

Sep credit data showed notable pick-up in mortgages

Our revised BofA China Financial Condition Indicator (FCI) tightened slightly to 96.9 in September from 96.3 in August, as the yoy CNY NEER depreciation narrowed, the 6mma monthly new TSF fell more yoy, and nominal interest rates likely inched up (Exhibit 50). Sep new TSF beat estimates by wide margin, while new loans trailed expectations. Household loans picked up, indicating effect of property policy relaxation. Yet, muted M1 growth showed fragile capex demand. PBoC is likely to continue structural monetary easing. An expansion in fiscal stimulus could boost demand more effectively.

CNY strategy: Revising USD/CNY year end to 7.50 vs 7.20, Q1 24 7.70

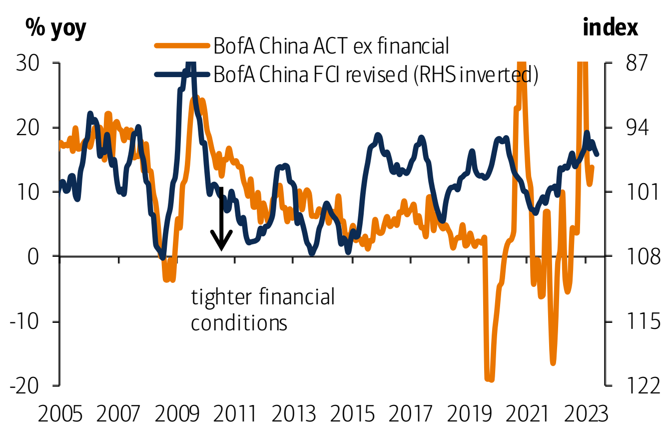
The rift between US vs. China yields and growth dynamics continues to widen, prompting us to revise our year end USD/CNY target to 7.50 from 7.20, previously. China's central bank continues to stabilize CNY with strong USD/CNY fixings.

However, the macro policy posture is still lagging the needs of the economy and the FX/monetary policy stance is tightening financial conditions. Tighter Front-end liquidity and an appreciating nominal traded weighted exchange rate, weighs negatively on asset prices, especially housing and equity markets. Failure to reflate in turn puts further pressure on capital outflows. Recent fiscal stimulus increase (3.8% deficit) does not alter our GDP forecasts, but potential for another >3% deficit announcement in March '24, favors CNY appreciation from 2Q onwards.

On rates, 19 provinces have announced plans to issue special refinancing bonds in Oct, boosting our 4Q net supply estimates. We also see a decent chance that CGB supply would exceed the budgeted amount. Key to watch auction size in November and December. CGB 2s10s spread has reached the lowest level since 4Q20 as expectations in the long-term growth outlook ebb. Looser liquidity is likely a precondition for curve to. See - [Asia FI & FX Strategy Viewpoint: China rates – double whammy of elevated issuances and tight funding 23 October 2023].

Exhibit 50: BofA China FCI

The revised Financial Condition Indicator tightened slightly to 96.9 in Sep from 96.3 in Aug



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 51: USD/CNY forecasts

USD/CNY is revised to 7.50 by year-end from 7.20 previously

	Q4 23	Q1 24	Q2 24	Q3 24
USD-CNY	7.50	7.70	7.60	7.40

Source: BofA Global Research

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Exhibit 52: Major macro forecasts

We expect 2023 annual GDP growth at 5.1%

China	2022	2023F	2024F
Real GDP (% yoy)	3.0	5.1	4.8
CPI (% yoy)	2.0	0.4	1.8
1y Loan Prime Rate (eop)	3.65	3.40	3.40
Fiscal Bal (%/GDP)	-2.8	-3.0	-3.0
CurAct Bal (%/GDP)	2.2	1.8	1.3

Source: BofA Global Research

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India: Making the most of goldilocks

Aastha Gudwani
BofAs India

Mohamed Faiz Nagutha
Merrill Lynch (Singapore)

Abhay Gupta
Merrill Lynch (Singapore)

A hawkish hold, with readiness to act; stance retained

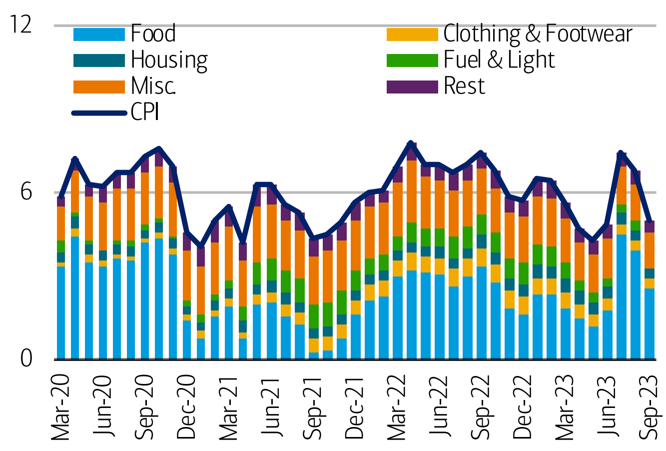
As was widely expected, the RBI MPC continued with a hawkish hold in October, keeping repo rate unchanged at 6.5%, unanimously and stance was retained as withdrawal of accommodation in a 5 to 6 vote. On the liquidity front, the ICRR was discontinued, but the governor talked of bringing back OMO sale auctions to manage liquidity. Although the RBI has been doing OMO sales on the screen for some time in small amounts, this full-blown auction format did exert pressure on 10y yield.

In the post policy press conference, the governor remarked that stance will turn to neutral when they are able to secure their 4% CPI target on a durable basis. The MPC observed that unprecedented food price shocks are impinging on the evolving inflation trajectory and recurrence of such overlapping shocks can lead to generalization and persistence of headline inflation. High inflation is a major risk to macroeconomic stability and growth and thus, *"Monetary policy has to be in absolute readiness to take appropriate and timely action to prevent any spillovers from food and fuel price shocks to underlying inflation trends and risks to anchoring of inflation expectations. These are non-negotiable necessities"*.

Sep CPI inflation falls to 5.02% yoy, more than expected

CPI inflation in Sep fell sharply to 5.02% yoy from 6.83% yoy on lower food & fuel inflation (Exhibit 1). Sequentially too, CPI fell by 1.1% vs a median increase of 0.5% m-o-m typical of September. On the core front, all measures saw softening. This lower-than-expected print imparts a downward bias to our average 5.4% CPI inflation forecast for FY24 by about 20bp.

Exhibit 1: % point contribution to headline CPI
Despite disinflation, food continued to be the largest contributor to CPI



Source: MOSPI

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Exhibit 53: Economic activity indicators, actual vs median m-o-m
4/10 high frequency indicators saw sequential momentum in Sep'23 outpacing the median trend

(M-o-m in %)	Sep-23	Median Sep	(M-o-m in %)	Sep-23	Median Sep
Port cargo traffic	-5.2	-4.4	PV sales	0.7	6.5
Railway freight	-2.7	-1.2	2W sales	11.7	10.2
Aviation cargo#	2.7	-1.2	Petrol demand	-1.1	-5.9
Civil aviation passenger traffic	1.1	-1.7	Diesel demand	-2.7	-2.4
Railway passenger traffic	-3.5	-0.4	Electricity generation	-5.2	0.2

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

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Activity slowed in September

After a very aggressive turnaround in August (see report), high frequency indicators slowed in September. While an adverse seasonal factor was at play, most indicators saw actual outturn lower than the median run rate. Exhibit 2 shows that only 4/10 high frequency indicators saw actual m-o-m outperform median m-o-m typical of September. Most mobility indicators declined in Sep vs Aug. Petrol and diesel demand witnessed similar pattern. Automobile sales did well, particularly two wheelers. Both PMI manufacturing and PMI services continued to expand, the latter saw further improvement. We aren't too worried with this slowness in September, while some of this could be just normalization after a stellar August, some of it could also be reflective of deferred demand, given the impending festive season.

Strategy: Revising end-2023 forecast to 84/USD on valuation concerns

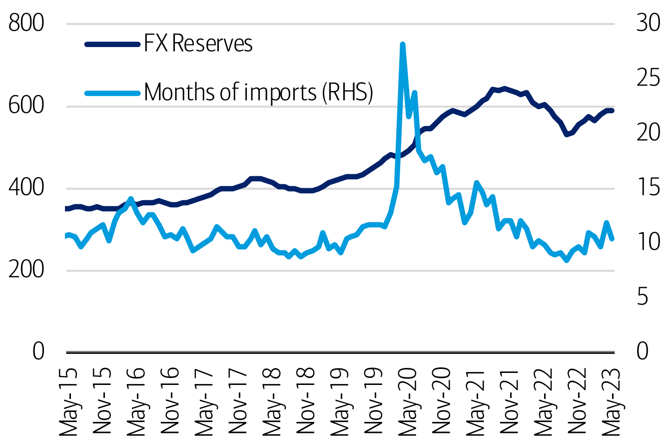
The sentiment boost from GBI-EM inclusion didn't last for long as levels on both bonds were less appealing in context of higher US rates and RBI's hawkish policy stance. Nevertheless, debt inflows continued at USD 0.7 Bn over the last month, bringing YTD total to USD 4.2 Bn. INR remains in a very-tight range, with realized 1-month volatility falling below 2% annualized. Despite the low volatility, carry buffer on INR is too thin to offset risk of spot moving closer to 84/USD. Furthermore, risk of further worsening of terms of trade are increasing due to higher oil. Elevated REER level remains another concern which may skew RBI reaction function towards allowing INR weakness but limiting any appreciation. We revise end-2023 forecast for INR to 84/USD.

IGB yields have moved higher over the last month as RBI hinted at possibility of OMO (open market operation) bond sales to tighten liquidity. This added to market concerns that RBI intends to maintain liquidity at tight levels and interbank rates well-above the policy rate. This also shows a preference for using bond sales to sterilize large inflows, which would not only tighten liquidity but also offset bond demand from foreign investors. While RBI has already been engaging in small OMO sales since Sep'23, we see less need to ramp-up sales in the near-term as the seasonal currency leakage would tighten the liquidity further. However, the key concern for bond markets remain large issuance and low expectations of policy easing in the near-term to trigger demand.

Risks

The key risk currently to our out of consensus call of one more hike is how serious the RBI MPC about the 4% CPI inflation target. All eyes are now on Nov FOMC. Our US economists now see no hike in Nov, but delayed to Dec. The MPC minutes of Oct meeting were also neutral at best.

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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Exhibit 55: INR forecasts for 2023
End-2023 forecast at 84/USD

	Q4 23	Q1 24	Q2 24	Q3 24
USD-INR	84.0	84.0	85.0	85.5

Source: BofA Global Research

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Table 1: Major macro forecasts
India's macro variables are relatively in a good shape

India	FY2022/23	FY 2023/24	FY 2024/2
Real GDP (% yoy)	7.2	6.3	5.5
CPI (% yoy)	6.7	5.4	4.5
Policy Rate (eop)	6.50	6.75	5.50
Fiscal Bal (%/GDP)	-6.4	-5.9	-5.2
Cur Act Bal (%/GDP)	-2.4	-1.3	-2.2

Source: BofA Global Research.

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Indonesia: Focus on IDR stability

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Themes: BI surprised with policy rate hike to defend IDR

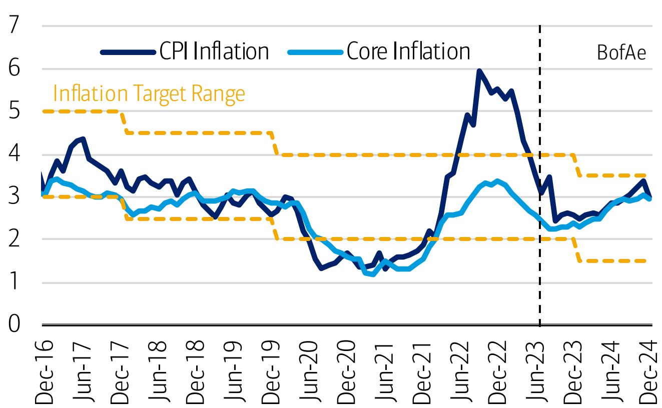
Bank Indonesia (BI) raised its policy rate by 25bp to 6% in Oct, against the expectations of an overwhelming majority of economists surveyed by Bloomberg (including us). The decision was justified on the need to rein in on IDR pressure (to prevent imported inflation) amid rising global uncertainties. This marked a sharp reversal from Sep, when BI was comfortable with inflation and hinted at an easing bias. Meanwhile, BI also leveraged on more levers to complement the rate hike, with a new focus for FX intervention and new FX-denominated instruments to attract portfolio inflows.

As with Sep, BI appeared somewhat positive on domestic growth outlook. Despite expectations for global GDP growth to moderate slightly to 2.8% in 2024 from 2.9% in 2023, BI expects domestic GDP growth to "accelerate" in 2024 (with 2023 still seen at 4.5-5.3%). On the other hand, BI appeared far more cautious on inflation outlook. BI omitted its Sep's reference that it was "confident" that its inflation targets can be met (2023: 2-4%, 2024: 1.5-3.5%), and now alluded to risks of potentially higher global food & energy prices and imported inflation from weaker IDR that need to be monitored.

BI sees escalating geopolitical tensions pushing up global food and energy prices, which could keep Fed rates "higher for longer". Amid concerns that IDR capital outflow pressure would persist in 4Q23, (1) BI raised policy rates by 25bp, as part of a pre-emptive and forward-looking move; (2) On FX intervention, BI added a new focus of purchasing government securities in the secondary market, alongside past mentions of spot and Domestic Non-Deliverable Forward (DNDF) transactions, and (3) To attract portfolio inflows, BI will introduce new FX-denominated securities from 17th Nov – called Bank Indonesia Foreign Currency Securities (SVBI) and Bank Indonesia Foreign Currency Sukuk (SUVBI) - using bond holdings as the underlying collateral. This followed the earlier launch of similar scheme since 15th Sep for IDR-denominated securities called Bank Indonesia Rupiah Securities (SRBI).

BI maintained its current account forecast at -0.4 to +0.4% of GDP. On our part, folding in latest 3Q trade figures, we see current account deficit averaging -0.7% in 2H and -0.3% for the full year (near lower end of BI's forecast range). Meanwhile, we estimate that every $10/bbl change in Brent prices would result in a swing in current account balance by around 30bp.

Exhibit 56: 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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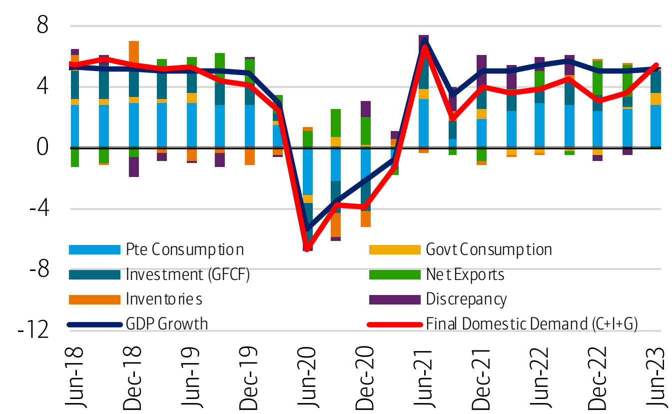
Exhibit 57: Contribution to % yoy GDP growth (%-point)
GDP growth averaged 5.1% yoy in 1H23



Source: BofA Global Research estimates, Haver, CEIC

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BI keeps policy rate paths open in both directions

BI did not close the door for further rate hikes, with BI Governor noting that "global dynamics is very fast…we need to review again month to month", likely intended as a strong signal of its commitment towards ensuring IDR stability. We think that another BI rate hike is more likely (not our base case) only if the Fed is seen hiking again in 2024. On the other hand, once uncertainty eases and the Fed narrative starts to shift away from further hikes, BI could quickly return to its earlier "easing bias" course by once again signaling comfort over inflation. We don't think the latter is a huge ask, considering that FX pass-through is estimated to be generally low, with every 1% move in USD/IDR impacting inflation by 0.08-0.15%. We don't expect further rate hikes for now, and we expect quarterly rate cuts to start from 2Q24.

Strategy: Narrow carry and elevated NEER weighs on IDR

We previously highlighted increasing concerns on Indonesia's down-streaming story amid a protracted period of political uncertainty heading into the presidential elections early next year. While trade balances have recovered recently, the export conversion remains weak. In the near-term, USD strength amidst narrowing carry buffer and still elevated IDR NEER leaves room for further depreciation. While policymakers have focused on putting an interest-rate defense, just 25bps hike will do little to improve IDR's carry profile, as volatility is picking-up on daily moves.

However, despite various measures on export repatriation and introduction of new bills to attract foreign inflows, the success of these instruments has been limited. Market would continue to test BI's capacity to intervene on spot reserves and via DNDF book where we still see ample room for BI to maintain currency defense. USD softening would be needed to change corporate hedging behavior and stabilize IDR. We raise our end-2023 forecast for IDR to 16,000/USD from 15,400/USD earlier and expect weakness to persist in 2024 until USD direction reverses.

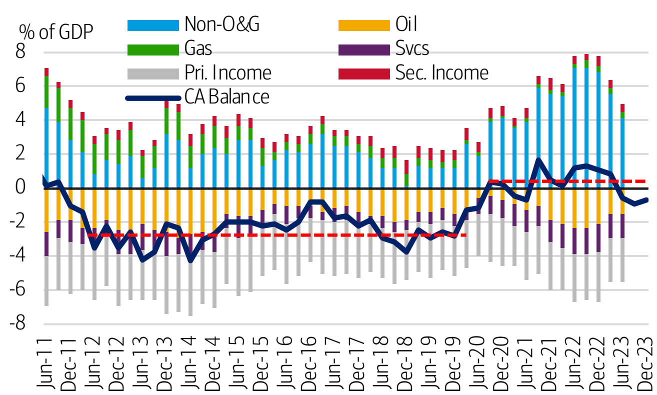
IDR volatility is spilling-over to bonds as BI focuses on improving interest-rate differentials to attract capital flows. While domestic fundamentals are better due to fiscal outperformance and low and stable inflation, demand for bonds has weakened due to more bills issuance. Thus, any rally in bonds may be limited by elevated front-end yields and concerns on higher auction sizes in 1Q24. We revise IndoGB 10y forecast higher to 7.2% by end-2023 from 6.5% earlier.

Risks appear quite balanced on growth, but upside for inflation

Risks to growth are balanced, with upside from China and downside from weaker investments. Inflation has softened, but upside risks remain from any new food shocks.

Exhibit 58: Current account position (% of GDP)

We expect C/A position to show a deficit of -0.3% in 2023



Source: BofA Global Research estimates, CEIC

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Exhibit 59: IDR forecasts

Forecast end-23 at 16,000/USD

	Q4 23	Q1 24	Q2 24	Q3 24
USD-IDR	16,000	16,200	16,300	16,200

Source: BofA Global Research

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Exhibit 60: Major macro forecasts

Indonesia's macro fundamentals are in a relatively good place in 2023

Indonesia	2022	2023F	2024F
Real GDP (% yoy)	5.3	5.0	5.3
CPI (% yoy)	4.2	3.6	2.9
Policy Rate (eop)	5.50	6.00	5.25
Fiscal Bal (%/GDP)	-2.4	-1.8	-2.3
CurAct Bal (%/GDP)	1.0	-0.3	-0.7

Source: BofA Global Research

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Korea: Another hold by hawkish BoK

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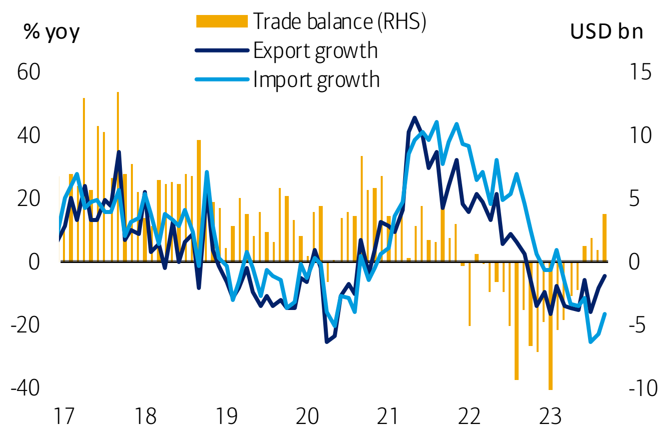
Theme: BoK stayed on hold in Oct, but remains restrictive amid external shocks
The Bank of Korea (BoK) kept the policy rate unchanged at 3.5% on 19 Oct, the sixth straight meeting since Feb, and was widely expected. Although the decision was once again unanimous, 1 member now sees need to either lower or raise rate going forward, while the rest of the members are still open to hiking interest rate further. This likely signals the rising concerns on lower growth brought by external shocks, despite upside risks on inflation loom larger.

In both the statement and press conference after Oct meeting, the committee highlighted the rising uncertainties on growth and inflation, driven by the major central banks' monetary policies and the tensions in the Middles East. On domestic economy, the committee still expects 1.4% growth in 2023 (same as August projection), but sees uncertainties elevated slightly, affected by heightened geopolitical risks and the prolonged restrictive stance in major economies. On inflation, the committee sees some upside risks, due to higher global oil prices and exchange rates, and due to the Israel-Hamas conflict. In consequence, the committee nudges up the near-term forecast on CPI inflation, which is expected to only fall to "lower-3% range" by the year-end (vs. "around-3%" projection in Aug) and expect the headline inflation to take more time to converge to the 2% target level going forward.

Overall, the near-term growth trajectory is expected to be still on track, while financial risks are also containable, in our view. With the lingering risks related to higher non-core inflation, tighter external financial condition, as well as the reaccelerating household debt, we see less chance for the BoK to pivot from the current restrictive stance any time soon (see also: BoK Oct preview report). That said, the current benchmark rate (of 3.5%) is certainly higher than the neutral rate (r*), as highlighted by the Governor Rhee during the press conference. We hence expect the BoK to signal dovish tone and to deliver its first rate cut in May 2024, after the potential long pause of the Fed hikes and the further ease of inflationary pressure (core inflation likely to moderate to sub-2% by Apr-May). In terms of rate cut trajectory, we now expect the BoK to deliver 25bp cut per quarter starting from May and expect the terminal rate at 2.5% as of 1Q25.

Exhibit 61: Korea export & import growth and trade balance
Exports growth in July lost steam



Source: BofA Global Research, MOTIE

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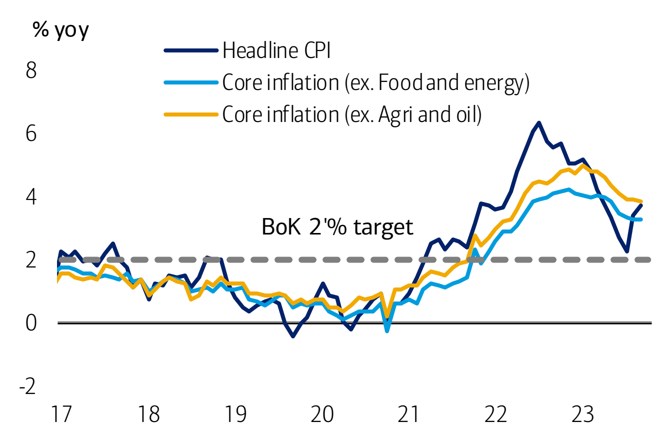
Exhibit 62: CPI inflation and core trend
headline CPI softened to 2.3% year-on-year in July, core inflation also moderated



Source: BofA Global Research, Korea statistics

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Sep Data: Further export recovery, higher CPI inflation

The contraction in Korea exports narrowed to 4.4% year-on-year (vs -8.3% in Aug), exceeding our above-consensus forecast (-7.9%) and market expectation of (-9.3%). Import growth came in at -16.5% year-on-year (vs. -22.8% in Aug). This resulted in a monthly trade surplus of USD3.7bn (vs surplus of USD0.9bn in Aug), exceeding USD3bn for the first time in 24 months. The improvement in Sep exports, especially in semi exports, confirms the worst is behind us. The narrower contraction in Sep reflects not only the more favorable base but the strength in recovery momentum, as seen in strong rise in per-day exports.

CPI inflation accelerated in Sep, rising to 3.7% year-on-year from 3.4% in Aug, higher than the market consensus (3.5%). Sequential momentum remained strong (0.6% mom vs 1.0% in Aug), largely due to sustained strength in oil prices. Meanwhile, core (excluding agriculture and oil products) moderated to 3.8% year-on-year, while core (excluding food and energy) inflation was 3.3%, same as last month. We revise our full year headline CPI forecast to 3.5% (from 3.4% preciously) on the upside risk of energy prices.

Strategy: A mixed outlook on better exports but weaker equity sentiments

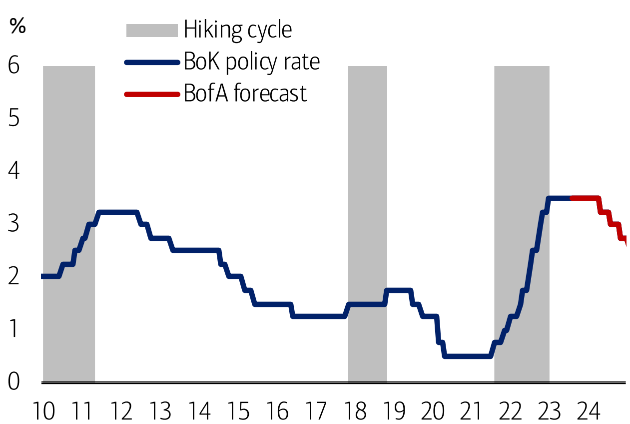
The recent trade data from Korea is encouraging and suggests that the Korean Won should be able to recover from a trade-weighted basis. The latest year-on-year figure for per day 20-day exports has turned positive for the first time in 12 months tied to the rising prices for memory chips. The recovery in the spot price of memory chips signals the end of the period of inventory drawdown and a rebound in the memory chips cycle. This is a bullish tailwind for Korea's terms-of-trade.

However, rising tensions in the Middle East and continued sell-off in global technology stocks are rising headwinds in resulting us to turn neutral (from bullish) on the Korean Won. If a regional war does materialize in the Middle East, the Korean Won would be impacted through three channels: 1) its high-beta to a strong USD due to a global risk-off; 2) weaker trade balance because of rising oil prices; and 3) increased equity outflow as investors exit from high-beta equity positions.

With the persistent of USD strength and expectation for additional CNY weakness, we pencil in for USDKRW higher, at 1375, by year-end.

Exhibit 63: Policy rate forecast

We expect rate cut since 2Q24 and reach terminal level of 2.5% in 1Q25



Source: Haver, BofA Global Research estimates

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Exhibit 64: KRW forecasts

KRW to remain on an appreciation trend

	Q4 23	Q1 24	Q2 24	Q3 24
USD-KRW	1,375	1,380	1,360	1,340

Source: BofA Global Research

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Exhibit 65: Major macro forecasts

Korean economy will gradually wane to potential growth

Korea	2022	2023F	2024F
Real GDP (% year-on-year)	2.6%	1.4%	2.2%
CPI (% year-on-year)	4.9%	3.5%	2.4%
Policy Rate (eop)	3.50%	3.50%	2.75%
Fiscal Bal (%/GDP)	-3.0%	-0.6%	-1.9%
CurAct Bal (%/GDP)	1.8%	1.7%	1.8%

Source: BofA Global Research

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Hong Kong: inflation edged up

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Inflation edged up on food prices; retail sales moderated

CPI inflation edged up to 2.0% yoy in September from 1.8% yoy in August, beating market consensus at 1.8%. Food and rental price inflation picked up, while utility price inflation moderated on a higher basis. Netting out the government's one-off relief measures, the underlying inflation rose to 1.8% in Sep from 1.5%.

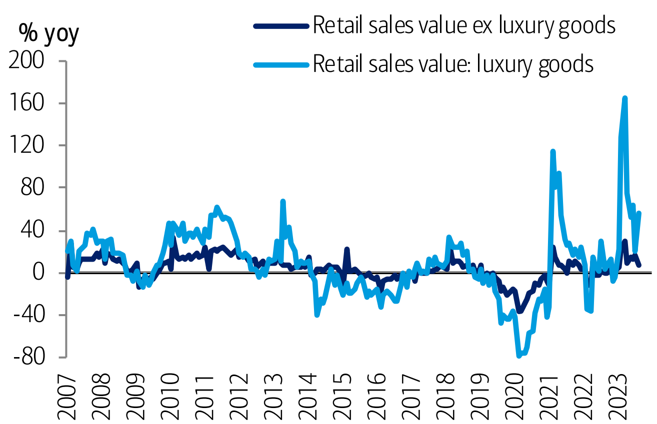
Hong Kong's retail sales rose by 13.7% yoy in August, lower than the market consensus of 15.8% and after 16.7% in July. HK retail sales growth remained resilient in August, supported by a rebound in luxury sales amid further tourism recovery. In August, visitor arrivals reached 69.2% of Aug 2018, higher than 65.7% in July. That said, it is still uncertain if the tourism rebound could be a significant boost to local growth, with the headline growth numbers significantly distorted by base effect. Meanwhile, we continue to observe some local residents substituting local consumption with consumption overseas or in mainland China, a headwind to local consumption in the near term.

FX and Rates

After falling to below 2% in late-August, the overnight HIBOR fixing went back above 5% in late-September, reflecting the quarter-end tightness to HKD funding and the volatility of HKD funding in an environment of the aggregate balance being constrained.

As explained in Asia FI & FX Strategy Viewpoint: Elasticity and discipline: the intra-day fluctuations in aggregate balance 07 August 2023, despite the daily settlement needs of the HKD system fluctuating, we see the April drain in the aggregate balance to have structurally reduced the supply of HKD liquidity and have pushed up the cost of HKD funding at all levels. As such, whenever there is a large decline in HIBOR, we like to pay on dip as the tight funding condition is skewed towards blow-up in HIBOR.

Exhibit 66: Hong Kong retail sales growth trend
HK retail sales growth remained resilient in August, supported by a rebound in luxury sales amid further tourism recovery



Source: Census and Statistics Department, CEIC

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Exhibit 67: HKD forecasts
We expect spot HKD to stay near weaker end of band in 2023

	Q4 23	Q1 24	Q2 24	Q3 24
USD-HKD	7.83	7.83	7.80	7.80

Source: BofA Global Research estimates

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Exhibit 68: Major macro forecasts
We expect the economy to rebound

Hong Kong	2022	2023F	2024F
Real GDP (% yoy)	-3.5	4.7	3.0
CPI (% yoy)	1.9	1.8	1.0
Policy Rate (eop)	4.99	5.40	4.60
Fiscal Bal (%/GDP)	-4.9	-1.8	0.3
CurAct Bal (%/GDP)	10.5	6.2	6.1

Note: Policy rate refers to 3M HIBOR. Fiscal balance is consolidated balance of fiscal year.
Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Malaysia: BNM on an extended pause

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Themes: MOF signals fiscal reforms, but questions remain

At face value, the Ministry of Finance (MOF) appeared to have taken more concrete steps towards fiscal reforms, with Budget 2024 project fiscal deficit lower at 4.3% of GDP in 2024 vs. 5% in 2023 and introducing bolder revenue measures amounting to 0.2% of GDP. However, questions remain as to how MOF plans to rein in on the projected 18% yoy decline in spending on “subsidies & social assistance” in 2024, which for now seems focused on electricity & diesel subsidy reforms.

We think that the hurdle for a policy rate cut remains high, given pressure on the MYR, and with Bank Negara Malaysia (BNM) likely vigilant to inflation risks, including second-round effects from subsidy reforms & new tax measures (which will affect business costs more). We expect Overnight Policy Rate (OPR) to be maintained at 3% for some time, with OPR cut more likely only if MYR stabilizes and 2024 GDP growth is seen falling decisively below 4%.

Strategy: Risk from negative carry and weak China growth

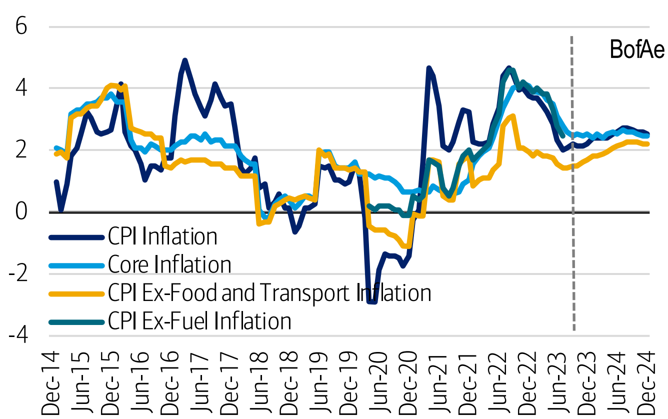
External headwinds from tighter Fed policy and weak China growth continue to weigh on MYR. Questions on Malaysia have focused on the potential policy measures to contain further MYR weakness due to concerns on BNM's net FX reserves. While headline reserves are at USD 110 Bn, net reserves come down to around USD 70-75 Bn, after adjusting for FX forwards short USD book and other short-term FX liabilities. We revise end-2023 MYR forecast higher to 4.9/USD.

Tighter liquidity and higher interbank rates appear consistent with that outlook but interest-rate differential against the US remains too wide. Bonds have continued selling off after breaking out of a tight range earlier. Duration demand for long-end would likely return as levels are more attractive for pension funds and the net flows are strong. But, further sell-off in 10y bond is possible as MGS yields still offer little premium to global rates on hedged basis. Despite further fiscal consolidation in 2024, overall issuance remains high and would depend on banks for funding. We revised MGS 10y forecast to 4.4% by end-2023 from 4.1% earlier.

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 pose upside risk to inflation, while BNM is on data dependent mode.

Exhibit 69: Measures of CPI inflation (%yoy)
We expect headline and core inflation to ease further through year-end



Source: BofA Global Research estimates, Haver

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Exhibit 70: MYR forecasts over next year
Risks from weak China growth

	Q4 23	Q1 24	Q2 24	Q3 24
USD-MYR	4.90	5.00	5.00	4.90

Source: BofA Global Research

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Exhibit 71: 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	4.3
CPI (% yoy)	3.4	2.8	2.6
Policy Rate (eop)	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

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Philippines: Off-cycle hike is on the table

Jojo Gonzales
Philippine Equity Partners

Abhay Gupta
Merrill Lynch (Singapore)

Will the BSP hike before the Fed?

Fed rate hike expectations have slipped to beyond Nov-2023. Against this backdrop, it is a surprise that the Bangko Sentral ng Pilipinas (BSP) not only maintained its hawkish stance by reinforced it, saying they may even consider an off-cycle hike before end-October. In our view, the only reason the BSP may do an off-cycle hike in late October despite a likely pause by the Fed in early November is because inflation is not cooling fast enough. Indeed, we think the BSP is likely to miss its end-2023 goal of bringing headline inflation back to the target range of 2-4%. The October inflation print will be reported on November 7 and our expectations is that October inflation would reflect only a mild deceleration from the October rate of 6.1% YoY.

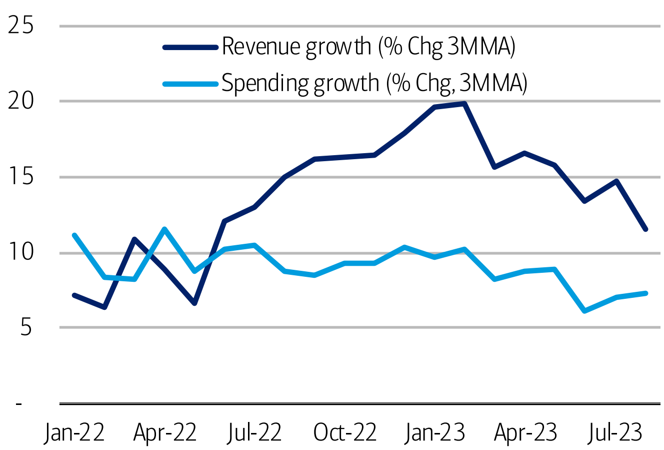
Signs of a fiscal catch-up

Meanwhile, the government is doing its part to support growth. Recall that government spending was flat in peso terms in 1H23 and shrunk in real terms. Weak government spending was largely blamed for the soft 2Q23 GDP growth print of 4.3% YoY. In July-August-2023, government spending increased 13% YoY to lift YTD spending to +3.5%.

PHP – PHP may weaken as offshore debt issuance ends

PHP has remained relatively stable despite weak fundamental outlook and still wide current account deficit. A combination of government funding and banking system flows have supported PHP but recent issuance related flows are over now. Apart from that, BSP's hawkish comments recently indicating a potential off-cycle hike ahead of the next meeting have also supported PHP against further narrowing of interest-rate differentials. However, PHP has appreciated on relative basis, which is reflected in its elevated NEER. We believe PHP has room to weaken over the next month as fundamental outlook remains weak for Philippines. Towards late-November, the positive year-end seasonality again kicks-in for PHP due to higher remittance flows ahead of holiday period. The government also plans a Sukuk issuance later this year by end-November which could support PHP if it flows through the banks rather than directly add to BSP's reserves. We revise end-2023 PHP forecast to 58/USD.

Exhibit 72: Spending growth showed signs of a catch-up in early 3Q23
Governmnent spending rose 13% in July-Aug, from near zero in 1H23



Source: CEIC data, PEP estimates

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Exhibit 73: PHP forecasts
PHP forecasted at 58.0/USD by end-2023

	Q4 23	Q1 24	Q2 24	Q3 24
USD-PHP	58.0	59.0	59.0	58.5

Source: BofA Global Research

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Exhibit 74: Major macro forecasts
2023-24E estimates

Philippines	2022	2023E	2024E
Real GDP (% yoy)	7.6	4.8	5.0
CPI (% yoy, base year 2012)	5.8	5.6	2.8
Policy Rate (end of period)	5.50	6.50	5.25
Fiscal Bal (%/GDP)	-7.3	-6.1	-5.3
CurAct Bal (%/GDP)	-4.8	-3.4	-3.6

Source: BofA Global Research

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Singapore: Stay the course

Mohamed Faiz Nagutha
Merrill Lynch (Singapore)

Abhay Gupta
Merrill Lynch (Singapore)

Kai Wei Ang
Merrill Lynch (Singapore)

Themes: Extended pause most likely; Risk skewed to slope steepening

The Monetary Authority of Singapore (MAS) maintained the current rate of appreciation (1.5% p.a.), with no changes to the width of the policy band or the level at which it is centred. Current policy stance is still assessed to be "sufficiently tight", and MAS added "a sustained appreciation of the policy band is necessary to dampen imported inflation and curb domestic cost pressure", which points to a high hurdle for easing.

Overall, the statement signals comfort with the current settings if MAS' baseline expectations pan out. As effects of past tightening moves fade, policy may not be "tight" for long, and would thus be more congruent with expectations of muted near-term growth and further disinflation. Our baseline remains for MAS to keep policy unchanged in 2024. However, if the growth recovery is seen turning more entrenched before 2H24 and core inflation is seen staying sticky above the historical average for an extended period, a steeper slope may be needed to deliver more durable tightening.

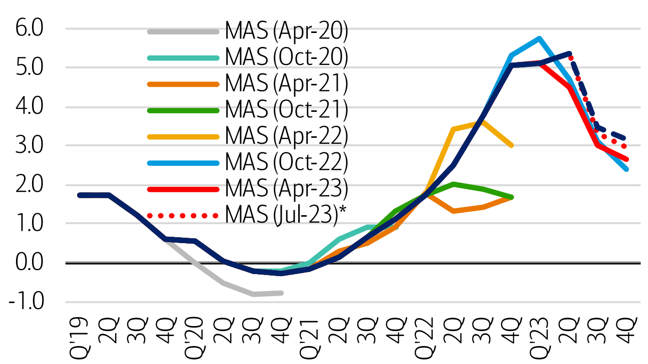
Strategy: SGD NEER risk-reward neutral at current levels

The SGD NEER remained steady around 1.4-1.7% above mid, on our model, providing steady carry from slope with low volatility. Higher front-end rates and implied yields on SGD forwards make long SGD NEER as an attractive carry position compared to its volatility. But current levels also leave room for correction within the band in the hard-landing scenario or growth-scare leading to risk-off move. On the other hand, oil price spike due to geopolitical events may keep SGD NEER elevated. We expect SGD NEER to continue trading around 1% above the mid which offers a neutral risk-reward against downside risks. On bilateral basis vs USD, SGD could face further pressure as CNY weakness and NEER correction could add to broader USD strength. We revise end-2023 SGD forecast o 1.38/USD. SORA (Singapore overnight rate average) fixings have been steady despite higher US rates, which reflects MAS's comfort with the current policy settings as being sufficiently tight. With fixings staying steady, SGD rates have shown a lower-beta to US rates compared to last year.

Risks are balanced on inflation, but downside on growth

The key downside risks are a protracted trade recovery and negative spillovers to domestic sectors. Inflation risks are slightly to the upside, in our view.

Exhibit 75: Core inflation forecasts (% yoy)
MAS' inflation trajectory lagged ours, but has recently been marked up



Source: BofA Global Research estimates, CEIC, MAS

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Exhibit 76: SGD forecasts
SGD relative outperformance vs basket

	Q4 23	Q1 24	Q2 24	Q3 24
USD-SGD	1.380	1.380	1.350	1.310

Source: BofA Global Research

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Exhibit 77: Major macro forecasts
We see below-consensus growth in 2023, but inflation staying high

Singapore	2022	2023F	2024F
Real GDP (% yoy)	3.6	1.0	2.1
CPI (% yoy)	6.1	5.0	3.4
Policy Rate (eop)	n.a.	n.a.	n.a.
Fiscal Bal (%/GDP)	-0.3	-0.1	0.0
CurAct Bal (%/GDP)	19.3	16.3	16.7

Source: BofA Global Research

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Taiwan: Exports improved on AI boost

Miao Ouyang
Merrill Lynch (Hong Kong)

Chun Him Cheung, CFA
Merrill Lynch (Hong Kong)

September export growth turned positive on continued AI boost

Taiwan's export growth rebounded to 3.4% yoy in Sep (vs. -7.3% in Aug), marking the first positive figure in 13 months and beating market expectations. Imports dropped by 12.2% yoy in Sep (vs. -23.0% in Aug), also better than the consensus forecast. Trade surplus rose to another record high of US$10.3bn from US$8.6bn previously. The data confirmed our view that AI momentum is becoming a structurally supporting factor for Taiwan's export outlook. In our view, export growth is likely to pick up further toward the yearend, esp. against a lower year-ago base. That said, the pace of sequential recovery will still be limited by slowing growth in the developed markets and weak economic momentum in mainland China in the near term.

September CPI inflation surprised on the upside

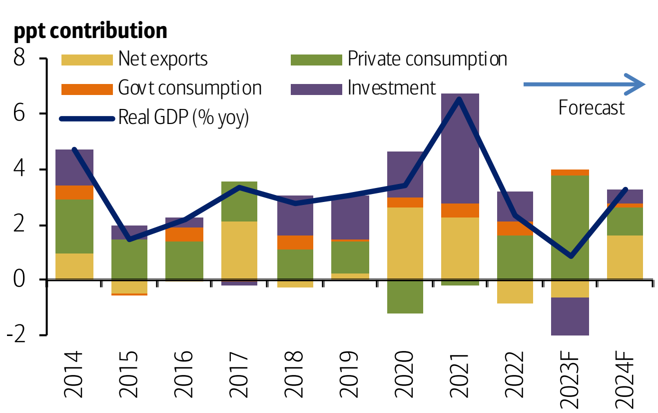
CPI inflation rose unexpectedly to 2.93% yoy in Sep (from 2.52% in Aug). Core CPI inflation edged down further to 2.48%. The higher headline CPI print was mainly driven by increased vegetable/fruit prices on typhoon impact and rising fuel prices. We still expect the CBC to stay on hold at the Dec meeting. Headline CPI inflation should trend down in the coming quarters.

Strategy: Bearish on the back of additional outflows

We revised our 4Q23 USDTWD forecast to 32.7 and have pushed up our expected peak in the USDTWD to 33 for 1Q24. The combination of strong USD, continued equity outflows, and USD buying by bond ETFs will keep spot USDTWD on the rise. Taiwan's improving trade balance, off the back of strong AI exports, have yet to filter into stronger USD selling by Taiwanese corporates as these corporates also prefer to maintain their foreign earnings in USD to earn the higher yields offered by SOFR.

We do not see the CBC to be materially concerned about FX weakness as the recent rebound in inflation is caused by rising fuel prices. Core inflation has remained on a downward trend since January 2023. As such, we think the CBC is happy to keep the Taiwanese Dollar on the weaker side but we can expect to see smoothing action around key level to reduced realized FX volatility.

Exhibit 78: Taiwan GDP contribution by expenditure
We expect 2023 GDP growth at 0.9% due to weak exports



Source: BofA Global Research, DGBAS

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Exhibit 79: TWD forecasts
We expect USDTWD to edge lower in the coming quarters

	Q4 23	Q1 24	Q2 24	Q3 24
USD-TWD	32.7	33.0	32.8	32.7

Source: BofA Global Research estimates

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Exhibit 80: Major macro forecasts
We expect no change in the policy rate for the rest of 2023 and 2024

Taiwan	2022	2023F	2024F
Real GDP (% yoy)	2.5	0.9	3.2
CPI (% yoy)	3.1	2.2	1.5
Policy Rate (eop)	1.750	1.875	1.875
Fiscal Bal (%/GDP)	-1.0	-2.1	-1.6
CurAct Bal (%/GDP)	13.3	12.2	12.8

Source: BofA Global Research estimates

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Thailand: Stimulus policy concern

Abhay Gupta
Merrill Lynch (Singapore)

Strategy: THB remains high beta to USD moves amid low CA buffer

THB has found limited support from the government expansionary policies due to continued equity outflows and weak trade data. A further pick-up in tourism in seasonally strong 4Q would help improve THB's prospects towards the end of this year but any further increase in oil prices and USD strength could pose risk to that outlook. On the rates front, bonds have weakened due to concerns around higher issuance in FY24. But demand for bonds stabilized in recent auctions after assurances of reduction in long-end supply. BoT hikes policy rate in the last meeting on expectations of fiscal stimulus and kept door open for more hikes next year. Hawkish BoT bias continues to weigh on duration demand from domestic investors. We revise USDTHB end-2023 forecast higher to 37/USD due to extended USD strength.

Exhibit 81: USD/THB forecasts
End-2023 forecast at 37/USD.

	Q4 23	Q1 24	Q2 24	Q3 24
USD-THB	37.0	38.0	39.0	38.0

Source: BofA Global Research

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Exhibit 82: Major macro forecasts
Major macro forecasts

Thailand	2022E	2023F	2024F
Real GDP (% yoy)	3.2	2.8	3.3
CPI (% yoy)	6.1	1.6	1.7
Policy Rate (eop)	1.25	2.25	2.0
Fiscal Bal (%/GDP)	-5.7	-3.7	-3.6
CurAct Bal (%/GDP)	-3.3	0.3	2.8

Source: BofA Global Research

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EEMEA

South Africa: all change- not done hiking

Tatonga Rusike
MLI (UK)

New baseline: 25bp hike in Nov, cuts in 2H 24

We now expect the SARB to hike 25bp on November 23, taking the policy rate to 8.5%, and thereafter remaining flat until the end of 1H 24. We are further pushing our first cut to July 2024 (previously May 2024), after the Fed's expected June cut. This means cumulative cuts of 50bp in 2024 and 100bp in 2025. We now see inflation returning to 4.5% only in 2025. CPI is likely to average 5.3% in 2024.

Hawkish SARB likely to act

The July and September MPC decisions to hold the policy rate unchanged were rather too hawkish for our liking. The inflation trend had continued deceleration trend, with inflation falling back into the target range of 3-6%. At the September monetary policy committee, members voted to hold with a narrow majority of 3 to 2 members. The minority voters for a hike argued that currency weakness, higher oil prices and fiscal risks had materialised since the July MPC. The voters who prevailed with the hold argument said substantial tightening had already taken place, including the 50bp hikes in each of March and May 2023, with the policy stance already restrictive, core inflation well behaved and less risk of second-round effects.

The inflation outlook since the August 2023 print of 4.8%, has weakened largely on higher oil prices, a bird flu outbreak, and a weaker ZAR. Going into the November MPC meeting, we think the members will be more worried about the likely upcoming CPI prints, which will shape their final decision. While SARB expects the inflation outlook to deteriorate, we estimate the magnitude of deterioration to be higher than SARB's baseline. For instance, in 4Q, SARB expects headline inflation to average 5.4%, while we estimate around 5.6%. While the oil risk may have been factored into the forecast, the likely higher food prices stemming from the bird flu-affected poultry sector may not yet be fully accounted for. USDZAR has weakened further: spot levels have stayed largely above 19 compared to SARB's starting point at the September MPC of 18.45, or 18.13 at the July MPC.

Higher oil and food prices risk CPI close to 6% target

Rising oil prices have reignited higher inflation risks in South Africa. Year-on-year inflation had reduced to 4.8% in August, near the central bank's 4.5% mid-point target. Following the increase in international oil prices, local fuel prices have increased month on month by 7.5% and 4.7% in September and October, respectively. Largely driven by higher oil prices, September CPI reached 5.4%. We now expect inflation to reach 5.7% in October, close to the 6% upper end of the target. Other factors could push the October inflation print close to the 6% upper end of the inflation target. The bird flu outbreak is causing shortages of poultry products – chickens and eggs – that could push up poultry prices. We estimate food prices could increase by close to 2% month on month in October.

January medical inflation another upside

Medical inflation is likely to spike in January 2024, causing an overall increase in CPI year on year. Usually, medical insurers raise prices in February, but they have moved 2024 price adjustments a month earlier. Various medical insurers have announced average increases of around 7% starting in January. For instance, medical schemes weighted average increases are 7.5% for Discovery Health, 6.9% for Bonitas and 6.9% for Momentum, among other health insurance providers. The proposed increases are in line with the guidance from the regulator – the Council for Medical Schemes provided guidance on price increases of 5% plus a utilisation estimate of 3.2-3.8%.

Impact of El Nino not yet a near-term risk

The impact of El Nino is a quarter or two away. Delayed rains could result in lower harvests around March/April 2024, pushing food prices higher. The rainy season falls around November to March. South Africa has been experiencing La Nina, the opposite phenomenon, over the past three years – in effect, above-average rainfall. So that can help mitigate the El Nino phenomenon given some reserves are already in the system. The last El Nino was in the 2015/16 rainy season and largely resulted in higher food prices and inflation exceeding the upper end of the 6% target, from around 5%.

Higher oil to weaken near-term ZAR outlook

The oil supply shock is negative for emerging markets FX, including ZAR, as the dollar is likely to remain strong till year-end. USD-ZAR is likely to be weaker to year end, at 19 per USD compared to our previous estimate of 18.5. We maintain our view that dollar weakness will bring ZAR strength into 2024. Effectively, we push our constructive view on ZAR further into 2024 driven principally by our expectation of USD weakness as the Fed stops hiking in November 2023 and pivots towards cutting in mid-2024. A dovish Fed and global central banks generally support a weaker USD and favour EM currencies including the ZAR. We now forecast USD/ZAR at 18 in mid-2024.

We estimate a 2023 fiscal deficit of 6.1% vs 6.3% before

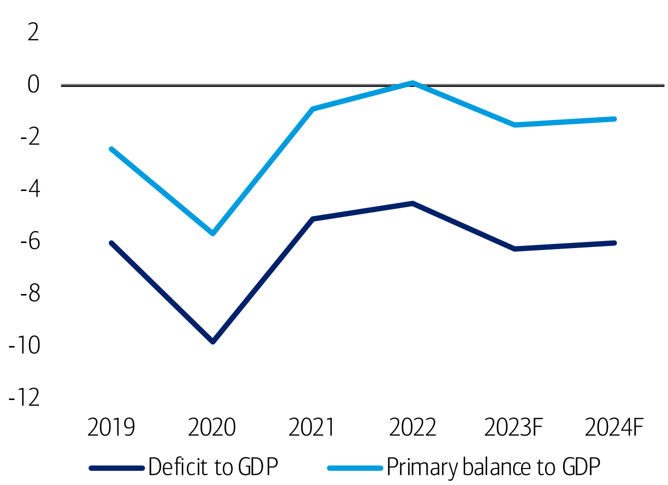
A revenue gap of ZAR60 billion and over expenditure of ZAR20 billion lead to a wider deficit of ZAR80 billion compared to the February budget baseline. This is marginally narrower than our ZAR90 billion gap from July. Overall, we estimate a still-wide main budget fiscal deficit of -6.1%, vs -6.3% previously. We have reduced over expenditure related to debt servicing as the July data showed a moderate increase compared to June. Along with a small GDP improvement, there is a modest improvement from very weak levels. The primary deficit remains wide, -1.5% in 2023. Our estimates include Eskom support, which we treat above the line, at close to 1% of GDP.

Main risks

Main risks to our outlook are prolonged tighter global financing conditions and increasing domestic weaknesses. The continued tightening of monetary policy in advanced countries could weaken investor sentiment and portfolio flows to and from emerging markets. Domestic weakness relates to pronounced energy supply shortages, weakening macro and slower fiscal consolidation.

Exhibit 83: Historical Fiscal Balances and forecasts as % of GDP

Fiscal consolidation pace set to weaken with likely higher deficit in 23/24



Source: Haver, BofA Global Research

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Exhibit 84: ZAR Forecasts

Strengthening ZAR in 2023 largely due to weaker USD

	Q4 23	Q1 24	Q2 24	Q3 24
USD-ZAR	19.0	18.5	18.0	17.0

Source: BofA Global Research

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Exhibit 85: Major macro forecasts

Weakening economic growth outlook

South Africa	2022	2023e	2024F
Real GDP (% yoy)	1.9	0.7	1.5
CPI (% yoy)	6.9	5.9	5.3
Policy Rate (eop)	7.0	8.5	8
Fiscal Bal (%/GDP)	-4.4	-6.1	-5.9
CurAct Bal (%/GDP)	-0.5	-2.3	-2.7

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

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Türkiye: hiking cycle continues

Zumrut Imamoglu
MLI (UK)

Themes: CBT likely to hike more

We expect CBT to deliver another 500bp hike in October, but we see probability that they can slowdown the pace to 250bp. We also see upside risk to finishing the year at 40%. We still anticipate the terminal rate at 45% in 2Q following local elections, with upside risk of it reaching 50%. The central bank continues decisively on the path towards normalisation, and we believe the slowdown in domestic demand will become more visible in 4Q. However, we remain cautious as the recent oil price increase will weigh on the current account (CA) deficit this winter and inflation momentum remains strong.

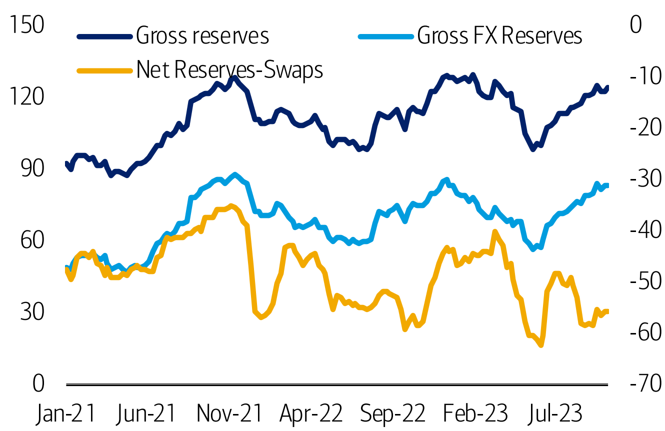
Gross reserves increased on the back of swaps

Since the election in May, net reserves excluding swaps as of last week have increased $5bn while gross reserves increased $26bn. Main driver behind gross reserve accumulation was increase in bank swaps by $21.7bn. The current account deficit in august was still sizable at $57bn on a 12-month basis. Net gold imports were $31.5bn and net energy imports were $62.9bn. Services income remained at $51.2bn.

On the funding side, the net errors and omissions were $4.6bn in August and $10.1bn in total on a 12-month rolling basis. Portfolio flows were $0.9bn, FDI was $0.1bn and net other investments were $0.2bn. Reserve assets increased by $5.1bn.

In September, trade deficit decreased to $5bn from $9.6bn (last year same month), mostly due to energy cost adjustment. There was little change in the trade deficit excluding gold and energy. We expect the current account balance to be positive in September and likely flat in October. However, oil prices keep weighing on the balance. We see the year-end deficit at $47bn. Higher oil prices not only imply higher inflation but also that the slowdown in domestic demand will have to be sharper to help correct the deficit if the CBT is willing to accumulate reserves. That's why we now see upside risk of more hikes by the CBT and/or they might use quantitative measures to tighten further.

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



Source: Haver, CBT

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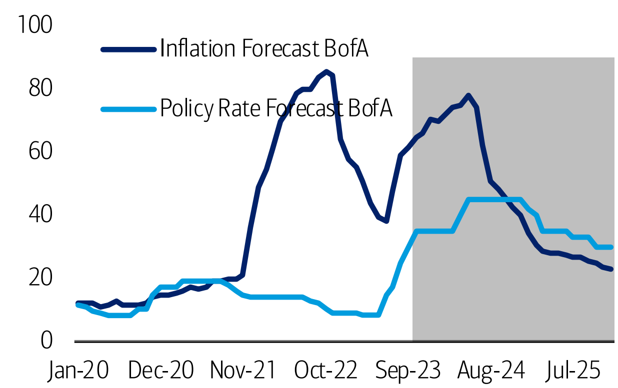
Exhibit 87: Inflation forecast path
We see inflation peaking by May at 78% and 2024 year-end at 40%.



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

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Deposit and loan rates ease little due to excess TRY liquidity

The banks are required to convert 50% of TRY-TRY and 10% of FX-TRY accounts in the FX-protected deposit scheme. To meet the requirement banks have started offering higher deposit rates at 45-50% on regular TRY accounts. Consumer loan rates have also increased following policy rate hikes from 46% to 60% on average. Commercial loan rates as of last week reached 49% on average. However, net funding by the CBT was negative for last two weeks indicating excess liquidity in the banking system. Hence, regular TRY deposit rates started to ease. The CBT might increase reserve requirements further or use other regulatory measures besides hiking rates.

PMI in September inched higher from 49 to 49.6 but remained below the 50 threshold, still indicating a slowdown. Manufacturing new orders were up from 46.3 to 47.6. New exports orders remained at 47.3. The slowdown in the domestic demand will be more pronounced in 4Q.

Tax increases and wage hikes mostly passed through

CPI inflation was 4.8% month-over-month (mom) in September pushing yoy rate to 61.5%. Main drivers were services and increase in tobacco-based product prices. Food inflation year-over-year (yoy) was 75.1%, core goods inflation was 53.2% and energy inflation was 10.3%. The CBT believes most of the pass-through from depreciation in June is now complete and mom inflation will slow down. However, inflation is still across the board and very high. PPI inflation slowed down mom from 5.9% to 3.4% and yoy inflation decreased from 49.4% to 47.4%. It continues to weigh on consumer prices. We still see inflation at 70% at year-end and expect the peak at 78% in May. We forecast year-end inflation in 2024 at 40%.

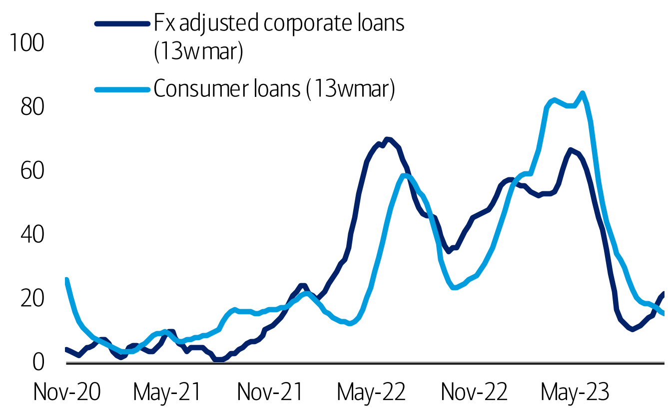
Forecasts

We keep our forecasts the same this month. The current account deficit at $47bn for 2023 and our policy rate expectation at 35%. We keep our TRY forecasts in-line with our inflation forecasts.

Main risks

Higher energy prices and geopolitical events.

Exhibit 88: Credit growth, annualized 13-week moving average, %
Loan growth decelerates following the elections



Source: CBT, BRSA, BofA Global Research

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Exhibit 89: TRY forecasts
We expect TRY weakness to continue after the MPC

	Q4 23	Q1 24	Q2 24	Q3 24
USD-TRY	30.00	32.00	35.00	37.00

Source: BofA Global Research

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Table 2: Major macro forecasts
High inflation and external financing needs weigh on medium term growth

Türkiye	2022	2023F	2024F
Real GDP (% yoy)	5.6	3.5	3.0
CPI (% yoy)	64.3	70	40
Policy Rate (eop)	8.5	35	40
Fiscal Bal (%/GDP)	-1.1	-5.8	-5.4
CurAct Bal (%/GDP)	-5.6	-5.1	-3.7

Source: BofA Global Research

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Czech Republic: awaiting the first cut

Mai Doan
MLI (UK)

Themes: dovish macro, hesitant Governor = delayed rate cuts

The communication from the CNB in the past week suggests that there is still weak appetite for easing to start on 2 November. We thus delay our call for the first rate cut of 25bp rate cut to 21 December, though it is a close call. This brings policy rate to 6.75% at YE2023, while we keep YE2024 at 4.0%. The CNB will be moving cautiously in 25bp steps at first, as some policymakers, particularly Governor Michl, are in defensive mode and want to see the confirmation that inflation is back within the 2% ±1% target tolerance band next year before stepping up to 50bp cuts. Real rates should thus remain above the 1% neutral level next year. Our forecasts reflect an inflation-focused central bank against the backdrop of an overheating labour market and potential upside to demand pressures relating to a faster release of household savings.

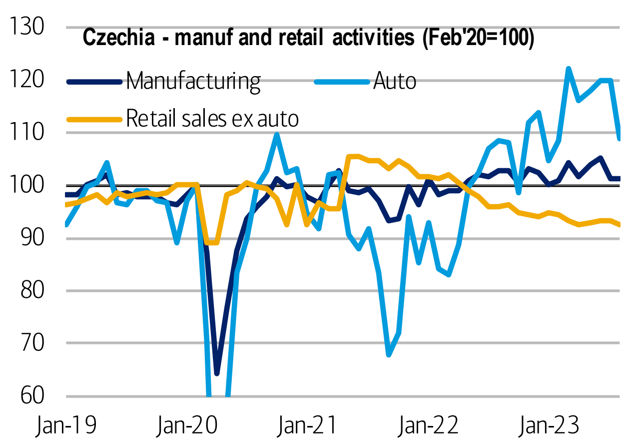
The delayed monetary easing is purely due to the Board's sentiment rather than macro reasons. The disinflation trend is well on track, with September CPI inflation slowing more than expected to 6.9%. After a base-effect driven acceleration in 4Q, we see further slowdown to 2-3% by 1Q 2024E and expect 2024 inflation to average close to 2.5%. Concerns linger at the CNB on the wage growth outlook, in view of a tight labour market and after a prolonged period of high inflation. This justifies keeping the policy rate above neutral next year. Wage growth above the neutral level of c.5% would make it hard for the CNB to deliver the 2% target in the longer term once the impact of the high base effects has been exhausted.

Recent data continue to paint a weak macro picture, supporting the case for CNB easing sooner rather than later. Retail sales ex-auto contracted by more than expected in August, -2.8% yoy. Sales growth has been in the red since May 2022, while it is more than 7% below the pre-pandemic levels in absolute term – the weakest in CEE. Auto production also recorded a poor reading in August, falling 9% mom in seasonally and working day adjusted terms. The rest of the manufacturing sector has been in recession.

Strategy: receive front-end as cuts are near; CZK to underperform

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

Exhibit 90: Czechia – economy in recession outside of auto sector, which contracted sharply mom in August
Activity data continue to be weak



Source: Haver, BofA Global Research

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Exhibit 91: CZK forecasts
CZK to weaken as CNB cuts

	Q4 23	Q1 24	Q2 24	Q3 24
EUR-CZK	24.8	25.0	25.2	24.8

Source: BofA Global Research

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Exhibit 92: Major macro forecasts
CNB to start cutting soon on continued disinflation and weak growth, but nc economic and social/political pressure cut aggressively

Czech Rep	2022	2023F	2024F
Real GDP (% yoy)	2.5	0.0	1.8
CPI (% yoy)	15.1	10.8	2.3
Policy rate (%, end of period)	7.00	6.75	4.00
Fiscal bal (%/GDP)	-3.6	-4.0	-2.2
CurAct bal (%/GDP)	-6.1	-1.0	1.1

Source: BofA Global Research

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Egypt: IMF deal upsizing could buy time

Jean-Michel Saliba
MLI (UK)

View: sidelined

Egypt's status quo is tenuous. The next 12-month period is likely to be crucial to judge reform momentum within the IMF program. EGP weakness could elicit a narrowing of the current account deficit. However, external debt amortisations are due to pick up over the duration of the IMF program. Closing the financing gap requires robust reform momentum, large asset sales and mobilizing Gulf financial support to avoid a restructuring. Likely upsizing of the IMF program could buy time for Egypt.

The 2Q23 current account balance stood at US$0.6bn, and the deficit narrowed sequentially to US$4.7bn (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$35.0bn in September (5.5 months of import coverage), from US$33.2bn in September 2022. The Central Bank of Egypt (CBE) now holds an additional US$5.0bn in Fx deposits not reported in reserves.

The carry trade is unlikely to return in the same way as in the 2016 IMF program. Foreigners held US$12.7bn of T-bills in April 2023. Banks' Net Foreign Assets (NFAs) stood at -US$16.5bn in August 2023.

Urban Consumer Price Inflation (CPI) inflation was 37.9% year-on-year (yoy) in September. The inflation target is 7% (+/-2%) in 4Q24 and 5% (± 2%) in 4Q26. CBE is likely to have a tightening bias, given the global backdrop and impact of Fx weakness.

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.

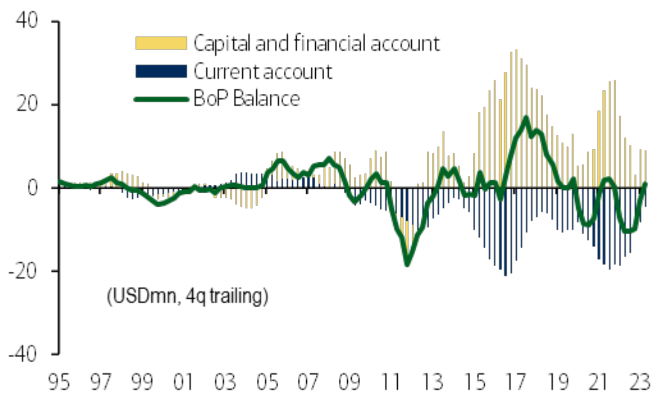
Forecasts: increased flexibility in USD/EGP

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 (23 November), presidential elections (10-12 December), 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

	Q4 23	Q1 24	Q2 24	Q3 24
USD-EGP	37.0	39.0	40.0	41.0

Source: BofA Global Research

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

Egypt	2022	2023F	2024F
Real GDP (% yoy)	6.7	4.0	4.0
CPI (% yoy, avg)	8.5	24.4	25.0
Policy Rate (eop)	11.25	18.25	23.25
Fiscal Bal (%/GDP)	-6.2	-6.0	-7.0
CurAct Bal (%/GDP)	-3.5	-1.2	-2.3

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

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Hungary: hawkish NBH, for now

Mai Doan
MLI (UK)

Themes: NBH hawkish for now; but Fidesz growth priority = lower rates, weaker FX long term

There is an increasing desire for growth in the Fidesz government after four quarters of negative GDP growth. This will affect macro policy thinking, though the administration is highly divided (with the National Bank of Hungary (NBH) holding a hawkish stance) and constrained by very limited budget room, lack of EU funds, and high inflation. In the next few months, we expect the NBH to retain its focus on HUF stability and deliver cautious rate cuts at a pace of less than 100bp per meeting. Our baseline remains for a lower policy rate at 11% at YE2023E, and 6.50% by YE2024, as the inflation and macro backdrop justify steady easing.

Spending and production data continue to show bleak growth. Retail sales contracted further in August, by -0.5% mom/-7.1% yoy. Industrial production also fell by -2.4% mom in seasonally and working-day adjusted terms, with auto down markedly by -9.8% mom. Meanwhile, headline CPI slowed more than expected to 12.2% yoy in September, moderating in a wide range of core items, partly offset by higher fuel prices. Monthly price growth in market services, which closely reflects domestic demand conditions, has been back to the average of the past 10 years. Tight macro policies should contribute to continued disinflation from 18% on average in 2023E to 4.5-5% in 2024E.

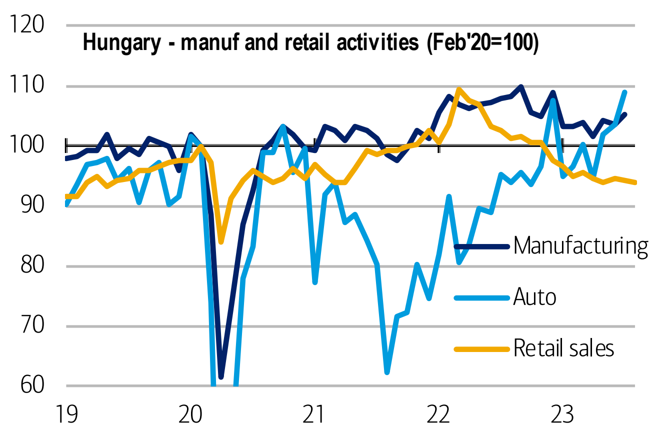
Hungary will try to unblock cohesion funds this year, given the need to find financing for growth, but recovery funds could be delayed well into 2024. Meanwhile, the current account deficit should narrow to less than 2% of GDP from 8% in 2022, but external financing may not ease as much as this suggests. Hungary is running a large errors and omissions term in its balance of payments (-3 to -4% of GDP), which adds to external financing needs and keeps the basic balance much weaker than peers'. Overall, the macro outlook and policy bias does not support a stronger HUF in the longer term.

Strategy: bearish HUF

The macro and policy outlook does not bode well for the HUF in the quarters ahead, while a strong dollar and higher oil will also drive HUF weaker.

Exhibit 96: Hungary – economic activity is weak especially consumption

Retail sales, manufacturing and auto output indices



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

	Q4 23	Q1 24	Q2 24	Q3 24
EUR-HUF	400	405	410	400

Source: BofA Global Research

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Exhibit 98: Major macro forecasts

Weak growth, falling CPI may motivate a more dovish NBH stance

Hungary	2022	2023F	2024F
Real GDP (% yoy)	4.6	-0.2	2.8
CPI (% yoy)	14.6	18.0	5.0
Policy rate (%, end of period)	13.00	11.00	6.50
Fiscal bal (%/GDP)	-6.3	-5.5	-3.3
CurAct bal (%/GDP)	-8.1	-0.6	0.3

Source: BofA Global Research

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Israel: BOI holds rates despite conflict

Zumrut Imamoglu
MLI (UK)

Themes: BOI sees short-term risks on inflation and held its base rate constant
The conflict that started in October is expected to cause a slowdown in the economy. The Bank of Israel (BoI) decreased their growth forecast from 3% to 2.3% for 2023. Despite subdued demand, they see short-term risks on inflation due to potential supply disruptions and weaker ILS. Hence, they kept the base rate at 4.75% as we forecasted. The guidance in the statement does not imply any cuts in the short run. They stated that "the current monetary policy supports the convergence of inflation to its target".

In September, inflation was 3.8% yoy. The main driver was a correction in travel services component which had increased 20.9% yoy in the previous month, pushing yoy inflation above expectations to 4.1%. Tradables inflation, excluding clothing, decreased from 4.3% yoy to 3.8% but non-tradables inflation excluding fruit, vegetables and housing increased from 3.3% to 3.5%. 12-month ahead inflation expectations were stable at 2.8% and long-term expectations remain anchored well around the mid-point. We still see year-end inflation at 3.9% due to ILS weakness and will wait for more data to see how the supply and demand dynamics evolve around the conflict.

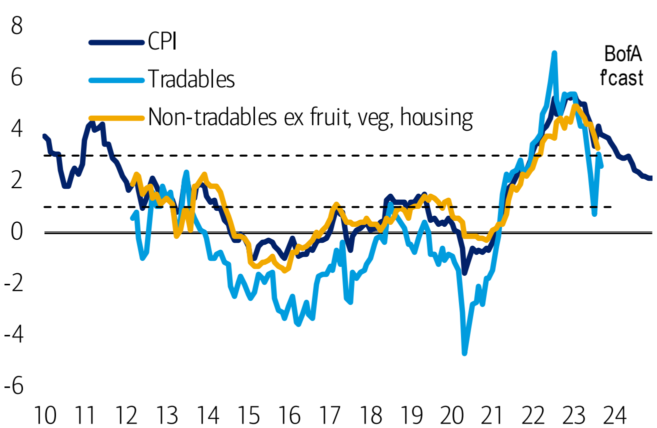
The BoI is likely to keep rates unchanged until 2Q. However, we believe that their decisions will keep being data driven and their guidance could change if they see material weakness in demand or faster moderation in inflation than expected.

The budget deficit continued to widen in September reaching 1.5% of GDP on a 12-month basis. BOI increased its budget deficit forecast to 2.3% from 1%. We increase our forecast from 2% to 3% at year-end. Expenditures year-to-date were up 6.8% in September and revenues were down by 4.4%.

Forecasts
The USD/ILS exchange rate weakened amid political uncertainty and conflict in the South. Despite high uncertainty, BOI interventions will continue to reduce volatility and support the currency.

Risks: geopolitics, pandemic
Risks may arise mostly from exogenous factors, particularly any worsening in uncertainty regarding the conflict would weigh on our ILS forecasts.

Exhibit 99: Inflation
Inflation peaked and in a downward trend although data has been noisy



Source: Haver, BofA Global Research

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

	Q4 23	Q1 24	Q2 24	Q3 24
USD-ILS	3.75	3.70	3.65	3.60

Source: BofA Global Research

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Exhibit 101: Major macro forecasts
BOI reached its terminal rate

Israel	2022	2023F	2024F
Real GDP (% yoy)	6.5	2.5	3.5
CPI (% yoy, eop)	4.6	3.9	2.3
Policy rate (%, eop)	3.5	4.75	3.00
Fiscal bal (%/GDP)	0.1	-3.0	-2.5
CurAct bal (%/GDP)	3.4	4.1	4.0

Source: BofA Global Research

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Kazakhstan: fiscal in focus

Vladimir Osakovskiy >>
Merrill Lynch (DIFC)

Worst fiscal performance since COVID shock

According to MinFin data, the budget deficit widened to nearly KZT2.6tn ($5.5bn) in 8M23. At this level, the YTD deficit is already approaching annual targets in the republican budget, which is the worst fiscal performance since the peak of the COVID shock in 2020. The development highlights continued fiscal vulnerability to commodity market volatility with some $85/bbl fiscal breakeven oil prices. A large part of YTD weakness was due to a prior weakness in oil prices, which have constrained revenues from corporate profits tax (CPT). However, the same data also point that apart from CPT, the budget is starting to see a shortfall of VAT collection. Given the *ad valorem* nature of the VAT, such a drop in collection is apparently due to a drastic slowdown of domestic inflation. Inflation is due to slow further to below 10% yoy in 2023 eop, which may further constrain VAT collection in the coming months.

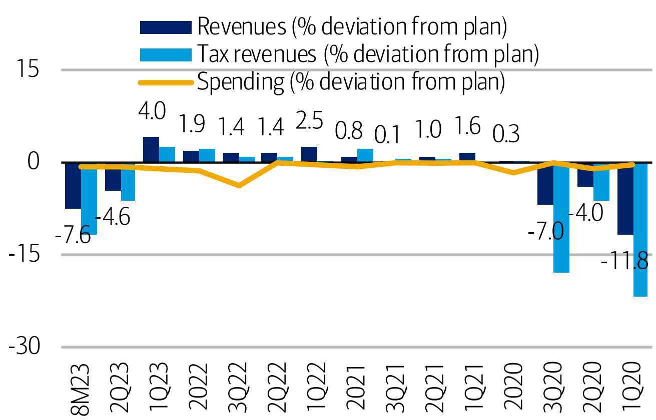
VAT hike can help, but later on

Last month the authorities have announced plans to hike VAT from 12% to 16% from 2025. According to EconMin estimates, this will generate some KZT2.5tn (about 2% of GDP) in additional revenues, which will be used primarily to reduce the use of Oil Fund assets for fiscal purposes. The move could help to reduce fiscal breakeven oil prices from their $85/bbl level. However, the actual impact will clearly depend on the evolution of spending, as may offset large part of new revenues. EconMin has flagged that annual requests for government funding run at over KZT50tn, vs the KZT24tn budget.

Monetary policy normalization postponed to late 2025

The planned VAT hike also set to bring a material inflationary shock, which will likely keep the policy rate in strong double digits until the end of 2025 if not for longer. Thus, we expected inflation to slow to around 6% by the end of 2024, vs NBK's 5% medium term target. However, the hike will deliver a new 3-3.5pp boost to the headline, thereby keeping inflation well above National Bank's target for most of 2025 as well.

Exhibit 102: '23 revenue shortfall is the highest since COVID shock
The deficit is set to widen by at least extra KZT1 tn this year



Source: MinFin, BofA Global Research estimates

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Exhibit 103: KZT forecasts
USDKZT stable at 420 in coming quarters

	Q4 23	Q1 24	Q2 24	Q3 24
USD-SAR	430	420	420	420

Source: BofA Global Research

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Exhibit 104: Major macro forecasts
GDP growth expected at 4.8% in 2023

Saudi Arabia	2022	2023F	2024F
Real GDP (% yoy)	2.9	4.8	4.0
CPI (% yoy)	15.0	14.8	7.7
Policy Rate (eop)	16.75	16.00	12.00
Fiscal Bal (%/GDP)	-2.2	-3.5	-3.0
CurAct Bal (%/GDP)	3.2	-1.9	-2.1

Source: BofA Global Research

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Nigeria: easing FX restrictions

Tatonga Rusike
MLI (UK)

Oil production is rising

In September 2023 crude oil production increased to 1.35m bpd from 1.18 million bpd in August. This is the highest level of crude oil production in 2023. Previously, oil production had increased to a high of 1.3m bpd in February 2023, before dropping to 1m bpd in April. The recent improvement in oil production is largely attributed to government efforts to reduce oil theft and pipeline vandalism, rather than new investment.

Easing FX restrictions and weaker naira

The Central Bank of Nigeria finally removed FX access restrictions on 43 import items that were banned from accessing FX since June 2015. The ban applied to food products such as maize, rice, milk, cement among others to discourage the imports and allow more domestic production of these items. The lifting of the ban allows importers to source the fx from the open market and import the items similar to any other import products. The relaxation of the restrictions is a positive step that follows reform steps initiated by the government since May 2023. It is also a positive signal towards market determined demand and supply of FX. The central bank has indicated intentions towards orthodox monetary policy- moving back to primary role of inflation fighting and letting go of other development finance mandate.

The naira has weakened going above 800 per usd on the back of relaxation of exchange restrictions. Nevertheless, it largely lags the parallel rate that has now exceeded 1000 per usd. The parallel rate premium continues to widen due to shortages of substantial dollar inflows to support the reforms. The government is seeking $1.5 billion concessional funding from the World Bank to support the lower income households post the fuel subsidy reforms. If approved, the loan could help increase dollar inflows in the near term and stabilise FX market. Inflation reached 26.7%, year on year, from 25.8% in August. The rise inflation is primarily driven by higher food, oil and weakening currency. Food inflation has reached 30.6% in September.

Exhibit 105: Crude Oil Production trends (barrels per day)
September oil production has increased to 1.35m bpd from under 1.2m bpd in august largely due to reduced oil theft.

Source: Nigeria Upstream Petroleum Sector

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Exhibit 106: NGN Forecasts
Naira floated in June 2023

	Q4 23	Q1 24	Q2 24	Q3 24
USD-NGN	670	680	700	700

Source: BofA Global Research

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Exhibit 107: Major Macro forecasts
Moderate growth outlook.

Nigeria	2022	2023e	2024F
Real GDP (%yoy)	3.3	2.5	3.0
CPI (%yoy, avg)	19.0	25	15.0
Policy Rate (eop)	16.50	20.25	16.00
Fiscal Bal (%/GDP)	-5.5	-4.0	-3.5
CurAct Bal (%/GDP)	0.2	-0.1	0.5

Source: BofA Global Research

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Poland: KO government = more inflows

Mai Doan
MLI (UK)

Themes: re-rating of politics constructive for Polish assets

We turn positive on Polish assets following the surprising election outcome (see report here). This relates to higher potential inflows from KO's better relationship with the EU, more market-friendly approach to state-owned companies and foreign investments, as well as a more hawkish NBP likely ending the rate-cutting cycle soon. The PLN will thus likely benefit from higher real rates, better sentiment, and inflow prospects, in our view.

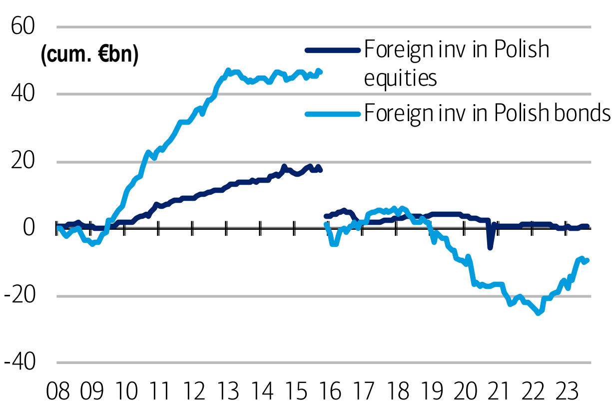
We believe EU funds will be unblocked quickly under a Tusk government, probably in 1Q 2024. Investors may be worried about the logistics of passing the judiciary bill under the threat of President Duda's veto. However, we focus more on the fact that both the EU and Poland want the recovery and cohesion funds to be released sooner rather than later. The RRF money could amount to EUR9-12bn by YE2024, while new cohesion funding is likely c.EUR5bn. Comparing financial flows under the recent PiS and PO governments (2015-2023 vs 2007-2015) corroborates our view that a change of power brings scope for inward investments. Cumulative equity portfolio inflows under PiS are almost EUR20bn below those during PO's time in power. Meanwhile, there have been c.EUR15bn in net outflows by foreigners from domestic T-bonds since 2017. We see reason for flows to improve, particularly for equity – see more details in our report: Poland – check out inflows potential.

We see CPI slowing to 7-8% by YE2023E from 10.1% in August and a peak of 18.4% in February, but then remaining sticky, averaging around 5.5% in 2024E. One of the uncertainties next year relates to whether VAT on food will be reinstated (in our forecasts). In any case, the NBP will retain a more hawkish bias and be unlikely to cut. Meanwhile, the state budget will be expansionary with c.3% of spending promises kept. We are still waiting for a new government's budget plan, but probably more upside risks to our current deficit expectations of 4.8% of GDP for 2024. The new authorities are aware of the high financing costs and will try to run policies in a cautious manner to keep down yields, by resolving the issue of EU funds and anchoring expectations.

Strategy: bullish PLN

We turn bullish on the PLN, expecting EUR/PLN to go lower from here due to inflows potential. A hawkish NBP should also help support the currency. Meanwhile, Polish bonds may be burdened by the expansionary budget in 2024.

Exhibit 108: Poland – Portfolio flows underperformed under PiS vs PO
Good reasons for turnaround in equities; bonds investors hesitant



Source: Haver, BofA Global Research

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

	Q4 23	Q1 24	Q2 24	Q3 24
EUR-PLN	4.40	4.36	4.33	4.29

Source: BofA Global Research

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

Poland	2022	2023F	2024F
Real GDP (% yoy)	5.4	0.3	3.0
CPI (% yoy)	14.3	11.8	5.5
Policy rate (%, end of period)	6.75	5.50	5.50
Fiscal bal (%/GDP)	-3.7	-5.5	-4.8
CurAct bal (%/GDP)	-2.4	2.9	2.2

Source: BofA Global Research

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Romania: poor fiscal/reform, but EU backing is key

Mai Doan
MLI (UK)

Themes: good terms with EU helps, strong cushion for budget financing
Romania's better relationship with the EU continues to work in its favour despite poor fiscal performance and slow progress in the delivery of the RRP's milestones and targets. The budget deficit target will likely be revised up substantially this year, probably 5.5-6% of GDP, from 4.4% planned and the government's guidance for 5.5%. The second tranche of the RRP will soon be transferred with only a small downward correction, to reflect the fact that Romania still misses a couple requirements for a full disbursement (rather than being blocked altogether like in the case of Hungary). For the third RRP tranche and the 2024 budget, the final outcomes will depend on Romania's negotiations with the EU, and locals expect an ongoing accommodative stance from the latter to allow for a year of four elections.

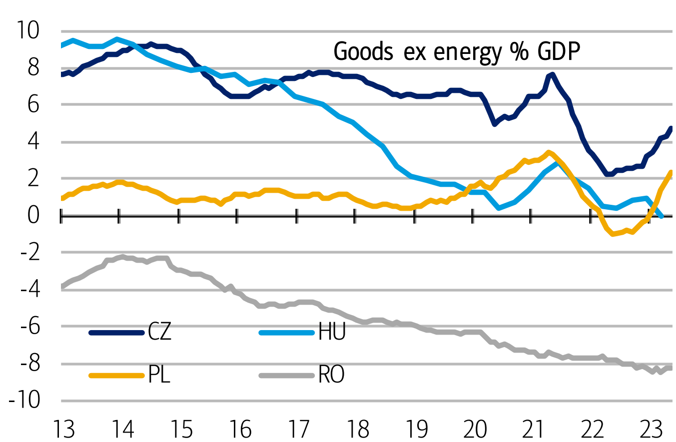
The fiscal package announced by the government is underwhelming with most of the impact on revenue side. For 2023, the impact is negligible, less than 0.05% of GDP, driven by expenditure savings. For 2024, the impact is RON20bn (1.2% of GDP).

Budget financing has been exceptionally strong this year. FinMin is already working with a higher budget deficit of 5.5% of GDP in its funding plan (well over 90% has been covered). It is also running a very high cash buffer (reportedly c. EUR15bn). Romania does not plan to tap the external market again this year, while we still perceive strong investor demand for eurobonds.

Despite the easing bias in the region, we think the NBR will stay cautious and hold the policy rate steady at 7.0% for the rest of 2023, with the first cut likely in 2Q 2024. Romania's output gap is positive unlike other countries in the region, while the central bank may be concerned about Romania's delayed fiscal consolidation and reforms.

Strategy: OW credit, RON to depreciate gradually
The bonds supply outlook and EU funds inflow is positive Romanian bonds, particularly external debt. Meanwhile, we think the NBR should let the RON resume the depreciation trend that halted in mid-2021 (2-3% pa vs the EUR), which could facilitate a faster correction in the current account imbalance.

Exhibit 111: Romania – current account lag peers
Romania has failed to correct its goods ex-energy balance both during the pandemic and now, despite fiscal consolidation efforts



Source: Haver, BofA Global Research

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Exhibit 112: RON forecasts
RON fundamentals point to depreciation, which is well managed by the NBR

	Q4 23	Q1 24	Q2 24	Q3 24
EUR-RON	5.00	5.01	5.02	5.04

Source: BofA Global Research

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Exhibit 113: Major macro forecasts
Slow correction in macro imbalances

Romania	2022	2023F	2024F
Real GDP (% yoy)	4.5	2.2	3.7
CPI (% yoy)	13.7	10.6	5.0
Policy rate (%, eop)	6.75	7.00	5.00
Fiscal bal (%/GDP)	-6.2	-5.8	-4.4
CurAct bal (%/GDP)	-9.3	-7.9	-7.4

Source: BofA Global Research

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Saudi Arabia: oil dividends support outlook

Jean-Michel Saliba
MLI (UK)

View: positive

We remain comfortable on the outlook for Saudi Arabia, with the economy likely to register robust 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 start to tap wholesale funding. Medium-term fiscal prudence broadly stays the course.

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 will likely 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 pre-budget statement is bullish for economic growth and oil prices. The 2024 pre-budget statement suggests authorities are starting to raise fiscal expenditures in response to the oil windfall. Higher spending and further pro-cyclicality of policy-making is set to make the budget more vulnerable to a drop in oil prices going forward. This is also likely to press authorities to focus on tight management of oil markets. No breakdown of spending (current versus capex) is given, but spending is set to rise by an average of 13% over the 2023-25 period versus the guidance in the 2023 budget announcement released last December. Coupled with Public Investment Fund (PIF) investments off-budget, this fiscal impulse should ensure a robust growth outlook to the non-hydrocarbon economy.

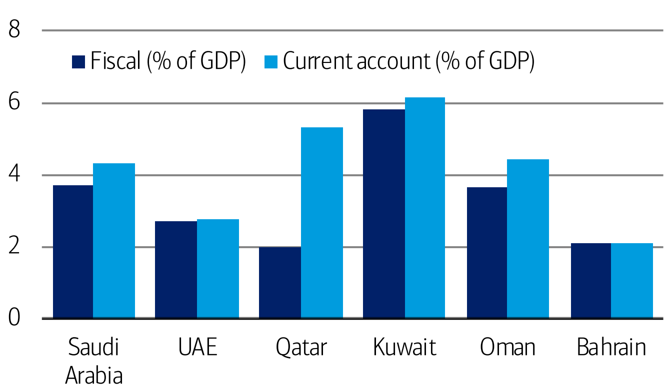
Forecasts: USD peg to hold

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, Joint Ministerial Monitoring Committee (JMMC) bi-monthly meeting (November 2023), annual budget statement (December 2023), quarterly fiscal data report (April 2024), annual pre-budget statement (September 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

	Q4 23	Q1 24	Q2 24	Q3 24
USD-SAR	3.75	3.75	3.75	3.75

Source: BofA Global Research

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

Saudi Arabia	2022	2023F	2024F
Real GDP (% yoy)	8.7	-0.6	4.1
CPI (% yoy)	2.5	2.0	2.0
Policy Rate (eop)	5.00	6.25	5.50
Fiscal Bal (%/GDP)	2.5	1.8	4.3
CurAct Bal (%/GDP)	13.6	10.5	11.5

Source: BofA Global Research

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Ukraine: UAH and rates on the move

Vladimir Osakovskiy >>
Merrill Lynch (DIFC)

Off for a (managed) float

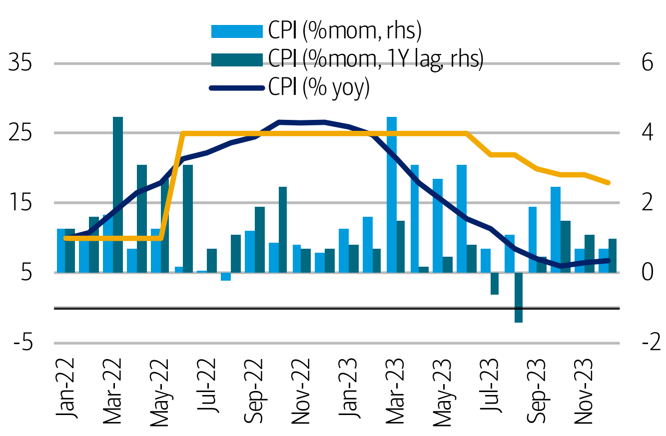
National Bank has abandoned its fixed UAH peg to USD, which it kept with some adjustments since start early March of last year and announced a move to a managed FX float regime from October 3. The move is part of Bank's broader compliance to IMF guidelines as well as an effort to avoid mispricing of the currency in the longer term. The Bank has made an explicit comment that it will retain strong presence on the local FX market in order to prevent any unnecessary volatility in the near term. The Bank has also retained all the existing controls and regulations on the local cash FX market, although promised to continue to gradually ease them in the future as soon as market conditions will allow. So far the move has triggered some appreciation of the currency, as NBU continued to sell large amounts of FX on the market, at least as part of government's operations.

Inflation in the free fall

Inflation continued to slow further into single digits in late 3Q23. September CPI rose by modest 0.5% mom in September. On the back of a massive base effect this was sufficient to push annual inflation down to 7.1% yoy for the month – the lowest since the start of 2021. We note that base effect will continue to pressure inflation in October. Given that underlying inflationary pressures remain weak for now, we still think that the National Bank has room to cut rates further from its current 20% and expect policy rate to decline by another 200bp to 18% this year.

However, we also note that the base effect will start to reverse in Nov-Dec, which may start to lift inflation from late 4Q23 onwards. Such reflation trend may strengthen along with the expected acceleration of economic recovery in 2024. Therefore, the Bank will likely start to be more cautious with respect to further easing as we expect 100bp in October as well as another 100bp in December. The Bank will also cut a cumulative 300bp in the whole of 2024 as well, as it will likely continue to seek a new equilibrium level of the policy rates after all of the 2022-2023 economic shocks.

Exhibit 117: base effect to stabilize inflation arnd 6-7% in 4Q23
NBU has room to cut another 200bp, but more caution is warranted



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

Exhibit 118: Major macro forecasts
Inflation declining in 2023

Ukraine	**2022**	**2023F**	**2024F**
Real GDP (% yoy)	-29.1	4.5	7.7
CPI (% yoy)	20.0	13.4	10.0
Policy Rate (eop)	25.0	18.0	15.0
Fiscal Bal (%/GDP)	-15.9	-20.2	-22.1
CurAct Bal (%/GDP)	5.1	-3.2	-3.7

Source: BofA Global Research
BofA GLOBAL RESEARCH

LatAm

Brazil: Delivering a hawkish 50 bps cut

David Beker
Merrill Lynch (Brazil)

Natacha Perez
Merrill Lynch (Brazil)

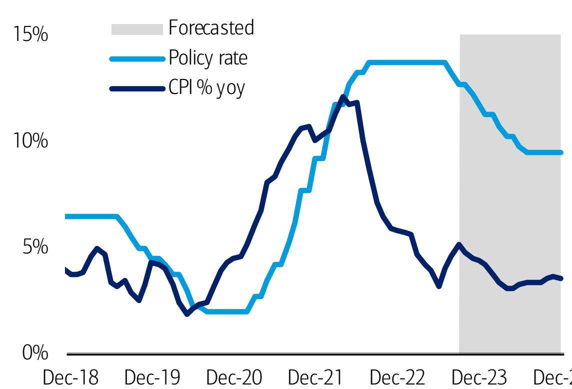
BCB minutes and Inflation Report keeping a hawkish tone

After cutting the Selic rate to 12.75% (from 13.25%) in September meeting, the Copom (Monetary Policy Committee) minutes set a hawkish forward guidance (see report), while maintaining the 50bps clips pace for the next meetings. In that sense, the board continues to see low probability of larger rate cuts, as a faster pace of easing would require additional improvement in inflation and mentioned the risk of a tighter output gap than estimated. Despite acknowledgement of benign inflation momentum, the minutes kept unchanged our forecast of 50bps cuts per meeting, with Selic reaching 11.75% by 2023YE, and 9.50% by 2024YE.

In September, the BCB also published its 3Q23 Inflation Report (IR) (see report). The document highlighted a higher uncertainty in the external setting, with the rise of US long-term interest rates and lower growth in China. Meanwhile, GDP growth forecast for 2023 was revised up to 2.9% (from 2.0%), and the staff published its first estimate for 2024 at 1.8%. Compared to 2Q IR, output gap was predicted as less wide, though it remains opened and negative. Regarding inflation, BCB forecasts are at 5.0% for YE23, 3.5% for YE24 and 3.1% for YE25. The staff also included the first forecast for 2026 at 3.1%, slightly above'26 mid-target (3.0%). This was another hawkish signal, indicating that keeping to the current pace of easing can bring inflation close to target.

After BCB's releases, September IPCA was up 0.26% mom (see report) (vs 0.23% in August), in line with our expectation (0.25%), but below markets' (0.33%). In 12 months, inflation accelerated to 5.19% yoy (vs 4.61%), due to base effects. The main upward pressure came from Transportation (1.40% mom, vs 0.34% in August), due to higher diesel prices and airfares. On the downward side, Food at home was the main driver, with a 1.02% mom contraction. All in, we foresee inflation at 4.8% YE23 and 3.7% YE24, with upward risk from non-core items.

Exhibit 119: Copom to remain cutting 50 bps
Benign inflation and tight credit market supporting cuts



Source: BCB, IBGE, BofA Global Research

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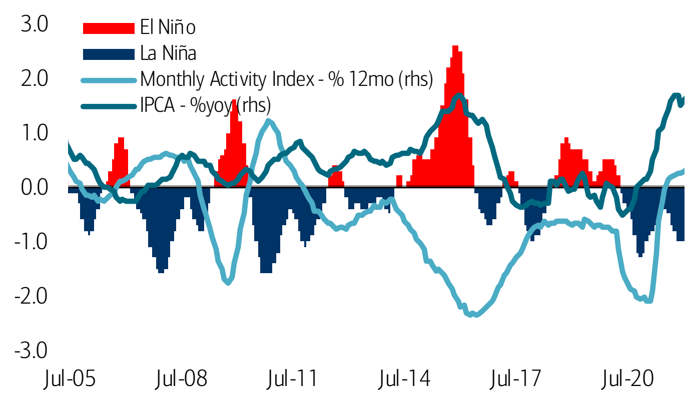
Exhibit 120: Sea Surface Temperature compared to macro variables
El Niño later episodes increased inflation and reduced GDP growth.



Source: BofA Global Research, BCB, IBGE, NOAA

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Muddle through ahead in economic activity.

August industrial production (IP) posted an increase of 0.4% month over month seasonally adjusted (see report) (vs -0.6% in July), below market expectations (0.5% momsa). In year-over-year terms, IP accelerated to 0.5% yoy (from -1.1% yoy previously). Momentum measure is now pointing down at -3.2% 3mma saar (after stability in July), as August IP came in line with our view of a muddle through in activity during 2H23.

Our BofA Activity Coincident Tracker also pointed to a deceleration ahead, registering its second negative reading in September. The tracker declined to -0.45pts (see report) (vs -

0.34pts in August), taking the 3-month rolling average down to -0.22 in the month (from -0.09 in August). All in, we expect monthly indicators to weaken through the 2H23, as inventories are still high, domestic demand should refrain again and gains from agricultural output will become less relevant. Thus, considering the 2Q23 GDP growth carry-over of 3.1%, September Activity Tracker reinforces our expectation of 3.0% GDP growth in 2023. For 2024, we forecast activity to grow by 2.2%.

Regarding the external sector, the trade balance accumulated a US$71.3bn surplus ytd in September, continuing to post record prints, as agriculture remains sustaining strong results. Due to strong crop results in the year, we are upgrading our trade balance forecast to a US$75bn surplus (from US$65bn previously) in 2023, as exports and imports should reach U$345bn and U$270bn, respectively. All in, our Current Account Balance forecast was also revised up to -US$38bn (from -US$48bn), or -1.8% of GDP (from -2.2%) in 2023 and the high levels of FDI are more than enough to maintain the external basic balance in positive territory. On the FX front, we are also revising our call of USD/BRL to R$5.05/US$ (from R$4.90/US$) in 2023YE, due to a stronger USD.

El Niño: Bad boy, watcha gonna do?

El Niño has emerged (see report), and it is expected to be a moderate-to-strong event. In Brazil, it is associated with droughts in North and Northeastern regions, and heavier rainfall in the South. Consequences are mixed in agriculture, as the El Niño can benefit (or harm) crops depending on timing, intensity and region. The impact can also be felt in energy sector, water management, infrastructure, transportation, insurance costs and health. For inflation, the phenomena will likely have a limited impact in 2023. Though we don't account for this in our baseline calculations, we believe food inflation will be affected in 4Q23 and (more intensively) in 1Q24, possibly increasing the IPCA by 100bps in the case of a more intense event. Regarding activity, the impact over medium-term growth is likely to be negative. Crop shortages can increase commodity prices, but production can drop and dent GDP growth and trade balance ahead. Overall, although El Niño poses upward risks for prices, we expect the BCB to continue cutting rates unless the shock de-anchors longer-term expectations.

Brazil Precatórios: What are they? Where are they heading?

Court-ordered debts (or Precatórios) are government debt obligations (see report), typically resulting from legal ruling against government entities at various levels. To address the historical backlog and inefficiencies in the precatório system, Brazil has implemented reforms aimed at expediting payments and improving transparency. However, the inventory of past-due court-ordered debts has spiked in recent years, reaching R$141.8 bn in December 2022. The level shift is mostly related to general, i.e, not pensions nor civil servants, but no one can pinpoint the reason behind such increase. Following current rules, we believe the potential fiscal hit in 2027 from delayed precatórios could reach 2% of GDP. The delayed payments of court-ordered debts are not accounted as debt default and therefore are not part of debt-to-GDP metrics. While reforms have been made to address these challenges, the resolution of precatórios remains a complex and evolving issue. A solution would improve transparency and reduce the legal uncertainty in the country.

Exhibit 121: Major macro forecasts
We forecast CPI to end '23 at 4.8% (upside risks) and '24 at 3.7%

Brazil	2022	2023F	2024F	2025F
Real GDP (% yoy)	2.9	3.0	2.2	2.5
CPI (% yoy)*	5.8	4.8	3.7	3.5
Policy Rate (eop)*	13.75	11.75	9.50	9.50
Fiscal Bal (%/GDP)	-4.6	-7.3	-6.4	-6.7
CurAct Bal (%/GDP)	-2.8	-2.2	-2.4	-2.2

Source: IBGE, BofA Global Research

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Exhibit 122: BRL forecasts
BRL expected at 5.05 by end 2023

	Q4 23	Q1 24	Q2 24	Q3 24
USD-BRL	5.05	5.08	5.15	5.20

Source: BofA Global Research

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Mexico: Mexico still growing above trend

Carlos Capistran
BofAS

Christian Gonzalez
BofAS

We increased our GDP growth forecast for this year and next

We updated our GDP growth forecasts to reflect both the recent upside surprises to monthly GDP growth and the federal budget for 2024 (see our repot Emerging Insight: Mexico: Large fiscal impulse will keep supporting growth 23 October 2023). The Mexican economy continues to surprise to the upside and the most recent monthly GDP figure (IGAE) increased 0.4% mom (E. 0.3%) for a 3.7% yoy rate. The monthly GDP was driven in part by services, which rebounded. So, the momentum in the Mexican economy continues. And the large increase in the primary deficit will support economic activity even more. As a result, we increase our GDP growth forecasts to 3.4% from 3.2% for 2023 and to 1.8% from 1.4% for 2024, with a strong 1H in 2024. We see upside risks to our forecasts.

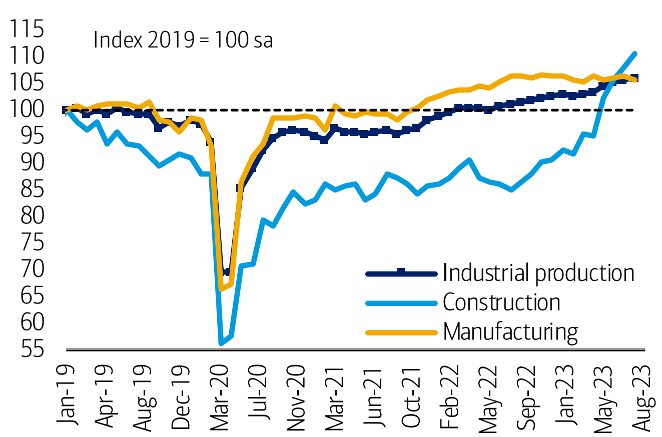
Inflation keeps falling, but remains at a high level

Inflation continues to fall and is at 4.5% yoy in September. Core inflation also continues to fall and is at 5.8% yoy in September, finally breaking below the 6% line after more than 20 months above it. Within core, goods inflation (merchandise) keeps falling and we expect that trend to continue. But services inflation is not falling anymore, and we are concerned that strong economic activity and a tight labor market may continue to put pressure on services inflation, delaying the convergence of inflation to the 3% target (Exhibit 124). We expect inflation to end the year at 4.6% yoy and to be 4.6% by end 2024 (see report) (but with lower core than in 2023). We see upside risks to our inflation forecasts from higher global food prices and a drought in Mexico and from higher oil prices. In Mexico the latter typically do not impact CPI inflation much as there is fiscal help to contain gasoline prices, but some pressure usually builds up.

Could Banxico hike again?

Falling inflation allows the central bank (Banxico) to remain on hold with the policy rate at 11.25%. But there are still upside risks to inflation and economic activity is strong, which means that Banxico is nowhere near cutting rates. The recent MXN depreciation, tighter global financial conditions, and the possibility that the Fed hikes again in the following months indicate that the risk is for Banxico to hike again before it starts a cutting cycle. We believe the bar to hike is high, but the risk in the short term is in that direction, in our view. Our baseline is that Banxico will remain with the policy rate on hold for many months and only start a cutting cycle until after the June 2024 election.

Exhibit 123: Industrial production
Construction has boomed throughout most of 2023



Source: BofA Global Research, INEGI

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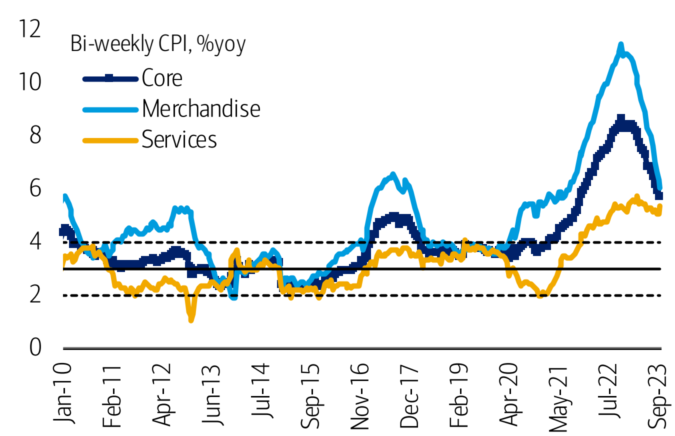
Exhibit 124: Biweekly core inflation
Services inflation rebounded in 2H September



Source: BofA Global Research, INEGI

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Banxico is one of the few central banks across EM that still has upside risks (see the report: EEMEA vs LatAm – who has more room to cut?).

Volatility has increased

Despite the clear message from Banxico that it will remain with the current high policy rate for an extended period, interest rates and the MXN have been very volatile in the last few weeks. Most of the volatility is probably due to volatility in core markets such as in the US, where interest rates and the dollar have also been volatile recently. But part may be due to domestic factors, in our view. The surprising increase in the 2024 fiscal deficit (see report) is one of those factors. Government actions have also contributed, for instance the recent change to airport concessions (see report). We expect volatility to remain high for both external and domestic reasons. On the domestic front one important factor will be the June 2024 federal election.

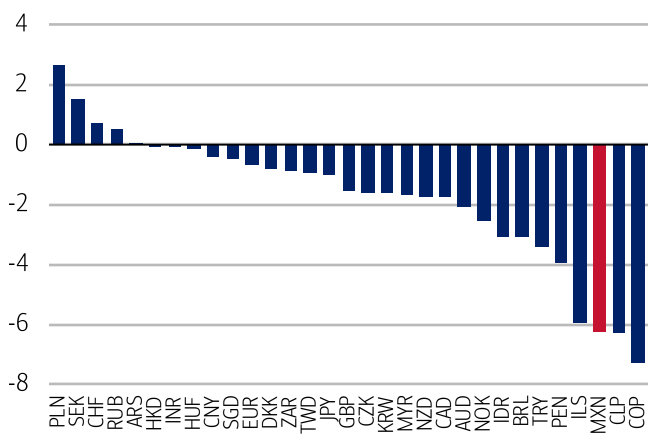
Strategy: Carry may not save MXN, unlock value in rates

An increase in global volatility amid uncertainty around US rates and a deterioration in geopolitical conditions put pressure on EM FX. High-yielding currencies went through meaningful depreciation, as the appeal of carry faded driven by higher volatility. In this backdrop, MXN was the third worst-performing currency in EM over the past month, depreciating by about 6% against the USD. We still see MXN as overvalued, largely driven by carry and vulnerable to risk-off shocks. In a highly volatile environment, we believe carry may not save the Super Peso.

In rates, while both belly and long-end receivers look attractive at current levels, uncertainty around US rates make outright receivers in Mexico very challenging. As a result, we believe the best way to unlock value in Mexican rates is to minimize exposure to the level of US rates. Thus, we prefer risk-reward of Mexico vs. US spread receivers over outright TIIE receivers. In our view, the spread between 5y TIIE and SOFR rates has widened too much amid an abnormally high beta of Mexican rates to US rates.

Exhibit 125: Spot returns of major currencies over the past month (%)

MXN was the third worst-performing major currency in the world



Source: BofA Global Research, Bloomberg

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Exhibit 126: MXN forecasts

We expect USDMXN at 18.5 by end-2023

	Q4 23	Q1 24	Q2 24	Q3 24
USD-MXN	18.5	18.8	19.0	19.3

Source: BofA Global Research

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Exhibit 127: Major macro forecasts

We expect Mexico to grow 3.4% in 2023

	2022	2023F	2024F
Real GDP (% yoy sa)	3.9	3.4	1.8
CPI (% yoy)	7.8	4.6	4.6
Policy Rate (eop)	10.50	11.25	8.75
Fiscal Bal (%/GDP)	-3.2	-4.1	-4.6
CurAct Bal (%/GDP)	-1.2	-1.6	-2.7

Source: BofA Global Research

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Argentina: Election surprise

Sebastian Rondeau
BofAS

Massa surprising win. Run-off vs Milei

Sergio Massa (Union por la Patria UXP ruling coalition) was the winner of the first-round presidential election, obtaining 36.7% of the votes, outperforming the primary election (27%) and polls (he was second). Javier Milei (La Libertad Avanza) was second with 30%, similar to the primary election (but underperforming polls). A second-round election between Massa and Milei on November 19 will define the president (see our report: Argentina Watch: Election surprise: Massa wins big. Second round vs Milei 23 October 2023).

Patricia Bullrich suffered a strong big defeat (Juntos por el Cambio JXC), third with 23.9% and will be out of the runoff (down from 28% in the primaries). Juan Schiaretti obtained 6.8% in fourth place (outperforming polls). Bregman (Fit-Left) got 2.7%.

Congress: Libertarians surge. UXP advances in Senate

Regarding congress, 1/3 of the Senate and ½ of the lower house was elected. In the Senate, UXP increased 2 seats and will have 34 senators, just 3 short of the quorum. JXC lost 9 (it will have 24) and La Libertad Avanza obtained 8. (Exhibit 2). In the Lower House, Libertarians gained 35 seats, UXP lost 11 and JXC lost 24. UXP will have a total of 107 representatives, or 22 seats short of the quorum (JXC will have 94).

FX distress weighing on inflation

Central bank devalued the currency 18% to ARS 350 on August 14 (it is defending the new value), having an extremely high pass-through to inflation (the FX gap widen further to 190%). Inflation jumped to 12.4% mom in August and 12.7% in September (from 6.3% mom in July) to 130% yoy. BCRA rose rates to 133% (from 118%). We raised inflation forecast to 180% in 2023 (from 175%) amid FX pressure, fiscal stimulus, and large policy uncertainty. Money base collapsed and is highly unstable. Hyperinflation risks are not negligible. We see inflation at 170% in 2024 (up from 150% before).

The FX situation remains challenging amid a severe drought (cutting exports by more than $20bn) and with negative net international reserves (-$8bn). We expect another devaluation in December after the new government takes office and we forecast the ARS at 681 by yearend. The economy should weaken further in 2H after amid the high political uncertainty and dollars scarcity. We estimate a 1.9% GDP recession this year (form +5.5% in 2022) and another 3% drop in 2024 due to the needed adjustment.

Fiscal expansion tensions with IMF program

IMF disbursed $7.5bn on August, but Argentina repaid almost $1bn to IMF instantly and other bridge loans for over $3bn. Argentina has the money to pay October IMF maturities and it said it activated another $6.5bn tranche from the China swap to control the FX situation in 4Q.

The government has announced strong fiscal stimulus recently, costing over 1% GDP (tax rebates, bonus to pensioners and workers), more than offsetting the import taxes imposed on July (0.7% of GDP this year). We expect a 2.7% of GDP primary deficit, above the 1.9% target with the IMF. A law to cut income taxes next year by 0.8% of GDP (0.4% paid by the provinces) makes the fiscal adjustment harder.

Chile: Currency pressure

Sebastian Rondeau
BofAS

Headline inflation surprised on the upside (core remains contained)

In September inflation was 0.7% mom (above 0.1 mom in August) amid the rebound in some volatile prices. However, ex-volatiles inflation remained contained at (it declined to 6.6% from 11.1% peak). Headline inflation is down to 5.1% from 12.7% last year. We expect inflation at 4.3% this year and at 3.7% in 2024.

The central bank cut rates 75bp in September, amid the disinflation and weak activity. This is slower than the first cut in July, of 100bp. BCCh seems a bit more cautious than in July amid CLP weakness (13% depreciation in 3 months), but still sees the policy rate between 7.75% and 8% by the end of the year. We expect BCCh to cut rates 75bp in October and we see the rate down to 8.25% in December, from 9.5% now (and to 6% in 2024). We see less cuts than the market, given slower underlying disinflation, CLP weakness, higher oil prices and activity not that weak.

Activity has been stagnant in recent quarters. We forecast -0.1% GDP growth this year after a +2.4% expansion in 2022. We see a GDP rebound to 2.3% in 2024. Fiscal policy turning expansionary, monetary easing and much lower policy uncertainty support activity. Still some uncertainty will remain amid structural reforms discussion, spending pressures and mining policy (in particular, lithium policy).

Constitution text likely to be substantially more moderate than rejected proposal

A new constitutional draft is being written by the elected Council (based on a draft from the committee of experts). The Right parties together have a controlling majority in the Council. The constitutional proposal will be voted for yes or no in December 17. We expect a constitution text substantially more moderate than the rejected proposal, including a more friendly investment framework: more precise language for mining concessions, water rights regime, and more explicit protection of property rights.

Structural reforms slow and diluted

The government is 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 copper royalty was approved (tax burden capped at 46.5%, collection 0.5% of GDP) and could support some government spending. The government is negotiating a reform based on income taxes (scrapping controversial items like the wealth tax or retained earnings tax) and it would propose some green taxes. The right parties have generally rejected an increase in the tax burden.

Pension reform is also unlikely to pass in its original form though some opposition groups seem to be willing to negotiate. 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 the government willing to adopt changes (more private sector participation) to gain support.

Exhibit 128: CLp forecasts
CLP at 945 by 2023-end

	Q4 23	Q1 24	Q2 24	Q3 24
USD-CLP	945	950	951	952

Source: BofA Global Research

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Colombia El Niño risks

Alexander Müller
BofAS

Pedro Diaz
BofAS

Government says there is high probability for strong El Niño

In October, the Minister of Environment, Susana Muhamad, said the Colombian meteoritical agency (IDEAM) estimates a probability between 75% and 85% for a strong El Niño which could last until May 2024. In Colombia El Niño unfolds in the form of drought, in contrast with the coasts of Ecuador and Peru where this climate shock implies floodings. There is already some evidence of El Niño taking place in Colombia.

Water reservoirs drop, posing risks for inflation and activity

According to the Colombian Association of Electricity Generation Firms (ACOLGEN) the level of water reservoirs is at 73%, down from 80% one month ago. Experts attribute the drop in water reservoirs to incipient drought conditions, early signals of El Niño. The president of ACOLGEN says the current reservoir levels would only last for two and a half months (of hydroelectricity generation) if the drought conditions exacerbate and/or generators do not start pumping in thermal electricity into the system. Thermal electricity is more expensive, and therefore would increase inflation.

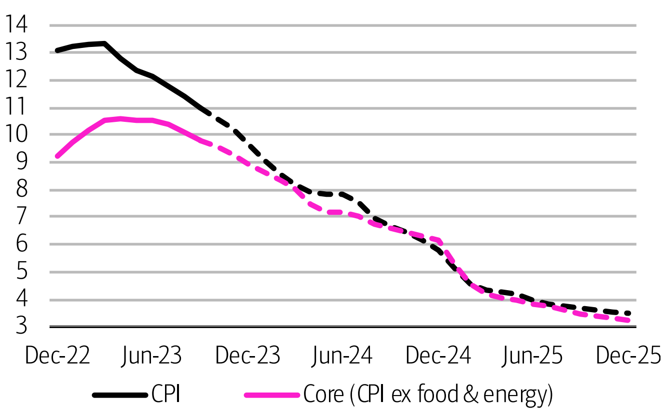
Upward risks for inflation in 4Q2023 and 1Q2024

That is what happened during the last strong El Niño. Electricity prices jumped more than 10% between October 2015 and March 2016. Around 70% of Colombia's electricity supply comes from hydro generators, which makes electricity a powerful channel for the propagation of El Niño's inflationary effects. The other main channel is perishable food prices, as drought causes stress in agricultural output. We forecast inflation at 9.7% and 5.8% by the end of 2023 and 2024, down from 11% in the latest print (October).

Threat to economic activity and possibly fiscal accounts

XM, the firm that manages the electricity wholesale market, says 17 electricity distribution firms are failing the stress test simulations ahead of El Niño. XM's stress test also concludes that if those 17 firms fail, 19 other electricity distribution firms would go bankrupt because of a cascading effect. The distribution firms are suffering COP 6tn (US$ 1.4bn) of arrears; COP 5tn from price relief to consumers (dictated by the Duque administration during the pandemic) which were never recovered, and COP 1tn from subsidies that the government must pay them. We believe the government would step in to prevent distress in the electricity sector, through liquidity support.

Exhibit 129: BofA's projected inflation path (year-over-year)
Indexation makes core inflation sticky



Source: BofA Global Research, Statistics Institute (DANE)

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Exhibit 130: COP forecasts
COP expectes to weaken in coming quarters

	Q4 23	Q1 24	Q2 24	Q3 24
USD-COP	4300	4400	4500	4550

Source: BofA Global Research

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Exhibit 131: Major macro forecasts
Scenario affected by political uncertainty and tight macro policies

	2022	2023F	2024F
Real GDP (% yoy)	7.3	1.7	2.4
CPI (% yoy)	13.1	9.7	5.8
Policy Rate (eop)	12.00	13.25	10.00
Fiscal Bal (%/GDP)	-5.3	-4.0	-4.4
CurAct Bal (%/GDP)	-6.2	-4.0	-3.3

Source: BofA Global Research

BofA GLOBAL RESEARCH

Peru: Revising our monetary policy call

Alexander Müller
BofAS

Pedro Diaz
BofAS

There will be pauses in the monetary easing cycle

We are revising our monetary policy rate forecasts for end-of-period 2023, to 7% (from 6.75%), and 2024, to 5% (from 4%). There are three reasons for the change. The first one is that the central bank (BCRP) recently updated its estimate of the neutral real rate parameter, to 2% (from 1.5%). Second, there is growing concern about El Niño, whose effects in Peru tend to be severer between December and March. We think the BCRP will be cautious around those months. And third, there is depreciation pressure on the exchange rate, which is particularly unwelcomed now that inflation is still above the tolerance. The BCRP has been stepping up FX interventions to smooth out the volatility.

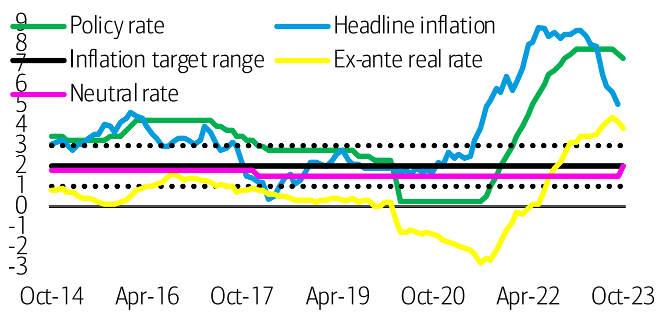
We believe a rate cut in November is likely, though

We foresee the first pause in December, near the beginning of the Peruvian summer, when El Niño usually starts to unfold. Not in November. For the immediate meeting (November 9th) we expect another 25bp rate cut, taking the policy rate to 7%. Incoming data indicates that inflation in October will be quite low. We forecast a monthly CPI variation of 0.05% mom, suppressed by falling food and gasoline prices. In fact, we are revising down our inflation forecast for 2023 to 4% (from 4.2%) because of October's disinflation. Meanwhile, economic activity remains weak. The Chief Economist of the BCRP, Adrian Armas, has stated that data for Q3 is worse than they expected.

Changing our view about possible credit rating downgrade

We no longer expect a credit rating downgrade for Peru before the end of 2023. Previously, we thought this would happen because the three agencies (S&P, Moody's, and Fitch) have a negative outlook for Peru, and 2023 is a year of negative surprises. The economy is stagnated (we forecast GDP growth of barely 0.2%). Most likely the government will breach the deficit ceiling written in the fiscal responsibility law (2.4% of GDP vs. 2.8% deficit in the rolling twelve months ended in September). And political instability remains the norm. In October a group of Congress members presented another impeachment motion against President Boluarte. On the positive side, however, reading the latest comments from rating agencies in the press, it seems they believe the fiscal position is still robust, with low public debt. Our current impression is rating agencies see the fiscal slippage of 2023 as minor.

Exhibit 132: Monetary policy stance and headline inflation (%)
The central bank just revised up its estimate of the neutral rate, to 2%



Source: BofA Global Research, Central Bank (BCRP)

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Exhibit 133: PEN forecasts
PEN expected at 3.88 by end 2023

	Q4 23	Q1 24	Q2 24	Q3 24
USD-PEN	3.88	3.89	3.91	3.92

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 134: Major macro forecasts
Growth dragged by social protests and weather shocks

	2022	2023F	2024F
Real GDP (% yoy)	2.7	0.2	3.3
CPI (% yoy)	8.5	4.0	2.7
Policy Rate (eop)	7.50	7.00	5.00
Fiscal Bal (%/GDP)	-1.6	-3.0	-2.0
CurAct Bal (%/GDP)	-4.0	-1.2	-1.7

Source: BofA Global Research

BofA GLOBAL RESEARCH

Uruguay: Disinflation

Sebastian Rondeau
BofAS

Disinflation continues triggering rate cuts

Inflation continued in a downward trend and declined to 3.9% yoy in September (+0.6% mom), from 8.3% in December. Core inflation stands at 3.9% yoy (0.4 % mom), below the center of the target range (3-6%). We see inflation at 3.8% in December amid the activity slowdown and strong UYU. BCU cut rates 50bp to 9.50% in October, (following 75bp in August, 50bp in June and 25bp previously). We forecast BCU will cut rates further to 9% rate by end 2023 amid the disinflation trend (and to 8% in 2024). Concerns about the real exchange rate appreciation impact on activity backs further cuts, though the UYU has finally weakened in recent months to 40.

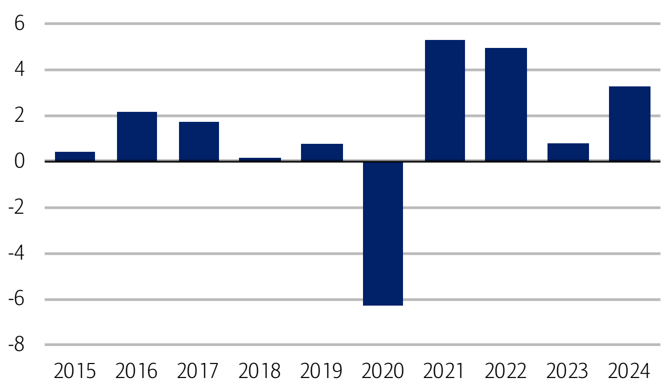
GDP dropped in 2Q amid the drought

Activity has slowed down amid the severe drought (would shave more than 2% of GDP). GDP dropped 2.5% yoy in 2Q (seasonality of the soy harvest) and -1.4% vs 1Q. This follows a positive Q1 (+0.9% qoqsa), amid an improvement in services (including tourism). The start of production in the new pulp mill last May can add about 1% of new exports annually, cushioning the drought.

We see GDP growth slowing down to 0.7% this year (from 4.9% last year), amid the drought and slower global growth including neighbors Argentina and Brazil. We expect a GDP rebound in 2024 amid weather normalization, pulp mill production (it opened in June) and FDI. The president has announced a $2bn investment in a hydrogen plant, part of a project to produce synthetic fuels, and another $2bn investments in renewal energy.

Fitch ratings and S&P upgraded Uruguay EXD debt one notch to BBB and BBB+ respectively in 2Q due to the structural reforms and stable growth and fiscal outlook. The pension reform increased the retirement age (to 65) and changed the calculation of pensions to improve the sustainability of the system (see A week to remember). The system remains mixed (pay-as-you go component and individual capitalization). The national union of workers (CGT) seeks a referendum to derogate the pension reform law.

Exhibit 135: Real GDP growth (%)
We expect 2023 GDP growth to stand at 0.8



Source: BofA Global Research

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Table 3: UYU Forecast
UYU depreciation to slow going forward

	Q4 23	Q1 24	Q2 24	Q3 24
USD-UYU	39.9	40.5	40.6	40.9

Source: BofA Global Research

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Table 4: Major macro forecasts
Fiscal deficit will stand at 3.3% of GDP in 2023 and 2.4% in 2024

Uruguay	2022	2023F	2024F
Real GDP (% yoy)	4.9	0.7	3.4
CPI (% yoy)	8.3	3.8	4.8
Fiscal Bal (%/GDP)	-3.0	-3.3	-2.4
CurAct Bal (%/GDP)	-3.2	-3.6	-2.7

Source: BofA Global Research

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Venezuela: Relief post electoral roadmap agreement

Sebastian Rondeau
BofAS

Oil & Gas restrictions easing

The U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) has issued a general license temporarily authorizing production and exports on Venezuela oil and gas sectors (and provision of services) for six months (through April 2024) following the Barbados election agreement (see below). We think this could take oil production to about 1mn bpd in 2024 or a ~200 kbpd increment. The license will be renewed only if Venezuela meets its commitments under the electoral roadmap as well as other commitments with respect to those who are wrongfully detained. Uncertainty about the general license will prevent more sizeable long-term investment in the sector, in our view. Recall oil production already had recovered almost 300 kbpd from lows in the last 2 years given sanction relief on Chevron and exports to Europe and other markets but is way off the 3mn bpd high.

OFAC also amended two relevant licenses to remove restrictions on the purchase or sale of certain pre-sanctions Venezuela sovereign bonds and PDVSA (Petroleos de Venezuela) bonds by U.S. persons on the secondary market. The ban on trading in the primary Venezuelan bond market remains in place. This implies that a restructuring of the bonded debt may not be negotiated as it precludes new bond issuance (the bonds have been in default since November 2017). The changes to these general licenses are not time-limited, though the licenses may be further amended or revoked at any time.

Electoral roadmap agreement in Barbados

Venezuela's Unitary Platform and Maduro representatives reached an electoral roadmap agreement in Barbados this month to hold free presidential elections in 2H24 (a new president should take office in January 2025). Despite the electoral progress, it is unclear which candidates will be allowed to run, including Marina Corina Machado, who is currently leading the polls. As of 22 October, the opposition has been holding primary elections to select its presidential candidate.

Inflation contained

Inflation declined to 6% in September from 13% in August. This is down from the peak of 39% in January, (vs 8% mom average in 2022). To contain inflation the government had decided not to grant a minimum wage increase in May (indexing the food bonus, which is much more targeted). Slower currency depreciation and drop in real wages also helped this year. Still, inflation is at 410% yoy in September, above 300% in 2022. The anticipated increase in oil prices should also provide some firepower to intervene on the FX. The government has showed some signs of pragmatism: it allowed a de-facto dollarization, it opened up to some business with the private sector (and sold some equity in state owned enterprises) and advanced on elections negotiations.

Oil production "Steady"

Oil production consolidated recovery, increasing to 800kbpd in September, above 2022 average of 675k, way off the 500k all-time low reached in 2021. Exports had surged after oil shipments to Europe resumed. Last year, the U.S. administration allowed European firms to ship Venezuela oil back to Europe. Chevron ramped up sales of Venezuela oil to other US refineries after OFAC extended the license to operate in Venezuela in late 2022. In May this year, a new board of PDVSA presented a plan to raise output to 1.17 million barrels per day (bpd) of crude and 2.3 billion cubic feet per day (bcfd) of natural gas, according to Reuters, following a corruption crackdown.

Commodities

Oil: ME tensions presents upside risk

Francisco Blanch
MLPF&S

What does Middle East turmoil mean for oil & gas?

The concept of energy fragility quickly brings to mind the current turmoil in the Middle East. Yet Israeli-Palestinian conflicts post 1973 have had a limited impact on energy prices because they were mostly contained. So, the key question for energy is whether the conflict broadens regionally or not. If it does, oil prices could climb above $130/bbl on the risk of a Persian Gulf shutdown. If shipments through Hormuz, a choke point for nearly 20% of the world's oil and LNG, were to shut down for a meaningful period, oil may spike above $250/bbl and LNG may surpass $50/MMBtu. But even if conflict does not broaden, the US may enforce Iranian sanctions, curbing global supply by 1-1.5mn b/d in 2024, likely pushing Brent prices above $100/bbl and LNG above $20/MMBtu.

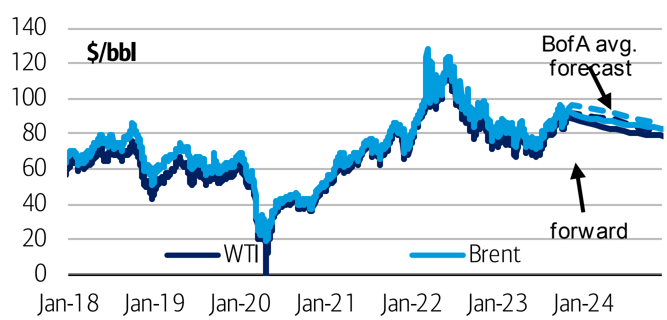
Are there any automatic prices stabilizers?

While Saudi Arabia has >2mn b/d of spare capacity and could make up for lost Iranian barrels, recent signaling suggests Saudi is unlikely to unless oil exceeds $100/bbl. In terms of potential impact of higher energy prices globally, we note resource-poor Europe and Japan would likely suffer most. US energy independence means America is less sensitive to an external energy price shock, although the US Strategic Petroleum Reserve (SPR) has been greatly depleted during the Ukraine war. Higher oil prices would stoke US inflation too. As the world's biggest energy importer, China may also be hurt, but their growing strategic oil stockpiles can help them temporarily cope with minor Middle East supply disruptions.

Cushing inventories tight, new pipeline may shake-up flows in '24

Cushing storage fell nearly 50% over the past 14 weeks, the fastest decline since late 2017-18 thanks in part to lower inbound flows from the Permian and Rockies and higher flows to the USGC. Midland-WTI and MEH-WTI weakened in response to the draws, sending signals to boost Permian in-bound supply and slow outbound flows from the hub. Time will tell whether these moves are sufficient, but we see risk of renewed weakness as PADD 2-4 refinery maintenance ends in late October. In 2024, the 590k b/d TMX pipeline should start (1Q24 earliest) and will redirect barrels away from PADD 2-4. Importantly, WTI timespreads correlate with hub inventories, so the potential for lower inbound flows to Cushing and subsequent stock draws would likely boost backwardation. In addition, stabilizing Cushing may require tighter Midland-WTI and MEH-WTI spreads. We also see room for tighter WCS-WTI spreads at Cushing next summer if TMX is online, while reshuffled flows should weigh on US Gulf Coast (USGC) light-heavy spreads.

Exhibit 136: Crude oil price forecast versus forwards
We expect oil prices to go lower in 2024



Source: Bloomberg, BofA Global Research estimates

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Exhibit 137: Crude oil forecasts ($/bbl)
We forecast Brent to average $90/bbl and WTI to average $86/bbl in 2024

	Q4 23	Q1 24	Q2 24	Q3 24
WTI	92	90	88	84
Brent	96	94	92	88

Source: BofA Global Research

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Natural gas: Liquid gas can float and fly

Francisco Blanch
MLPF&S

Europe gas stocks are high, import coverage is low

After bottoming out on rising China coal prices, global LNG has shot up recently. Stocks are almost full, but winter demand coverage ratios may be too low to cope with the growing LNG import dependency in Europe and Asia. After all, LNG is the most volatile thermal fuel: very hard to store and transport. As China and Japan continue to buy large LNG volumes near term, competition perpetuates large swings in the TTF-JKM spread to balance the Atlantic and Pacific. The good news is that LNG exports will likely rise medium-term thanks to the US and Qatar, eventually offsetting recent supply reliability issues in Finland, Israel, or Australia. Longer term, renewable capacity growth and the return of nuclear and hydro may cut power sector LNG demand in Europe and East Asia.

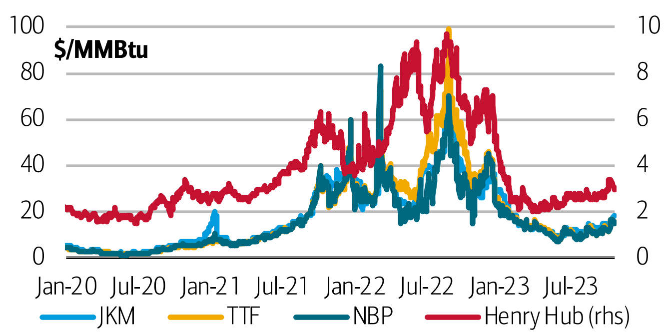
Summer-winter TTF/JKM gas spreads should widen

JKM and TTF prices should average $15/MMBtu and €50/MWh respectively in 2024 compared to a market forward of $17/MMBtu and €52/MWh. Even then, risks could materialise due to East-West competition for gas, and a spike to $25/MMBtu in JKM or €100/MWh in TTF is quite likely if winter supply scarcity unfolds. Ultimately, the world is becoming more reliant on LNG and renewable power and less on piped gas. Yet gas storage capacity growth is insufficient. These facts leave gas and power markets much more exposed to the vagaries of LNG supply chains. In addition to increased volatility, we believe JKM and TTF summer-winter spreads may have to widen materially in the coming years to reflect the increased value of storage in a fragile global energy market.

Rich gas basis North/West of HH may unravel this winter

Gas storage levels outside the US South Central region have been tracking near or above five year high seasonal levels this year and may cause a reckoning in gas basis markets if winter turns out to be warmer than normal, as indicated by several forecasters. In Canada, record gas storage in the East, high storage in the West, and stable to higher production should put pressure on AECO basis and potentially flat price this winter. Record Canadian gas flows to the PNW, coupled with higher Permian Westbound flows and already high inventories, should take the risk premium out of So-Cal basis, especially if weather is normal or warmer. We see downside for Rockies and Chicago basis too. In the Permian, Waha basis has steadily marched higher as clarity around pipeline starts and slowing supply eased congestion concerns. Yet, the Matterhorn pipe could still push Waha higher into 2025, but any constraints at Katy would limit Waha improvement.

Exhibit 138: Global natural gas prices
Global gas prices crumble on elevated inventories



Source: Bloomberg

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Exhibit 139: Nat Gas forecasts
Henry Hub gas prices should remain depressed in 2023

	Q4 23	Q1 24	Q2 24	Q3 24
US nat gas	3.25	3.75	3.5	4.25

Source: BofA Global Research estimates

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Gold: uncomfortable truths

Michael Widmer
MLI (UK)

Themes: no bond vigilantes

The recent sharp increases in US rates have been a headwind for the yellow metal. Possible causes behind the recent rally in US rates have been much discussed. Linked to that, the correlation between Treasuries and the copper:gold ratio is out of kilter. Somewhat simplified, taking gold's recent price of $1,900/oz as a starting point, copper should be trading at $14,400/oz ($6.53/lb). Yet, we would caution that this decorrelation is an indicator that the bond vigilantes came out in force. In fact, we believe both copper and gold are fairly priced at present, while rates have pushed higher after the market has been re-pricing the Fed rate paths.

Forecasts: armed conflicts and fiscal deficits

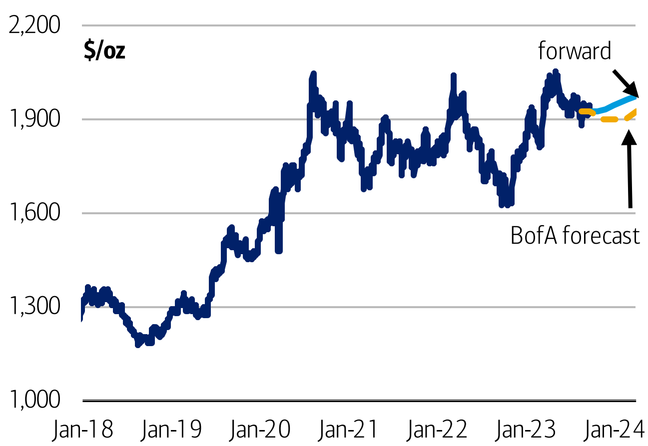
Geopolitics/ wars are usually not sustained gold price drivers, ie gold normally rallies at the outset of a conflict, but then settles down. That said, there is an added element to that: rising/elevated fiscal deficits in the US are increasingly becoming a focal point. Linked to that, the make-up of spending is a concern: defense is a significant discretionary item, at a time when armed conflicts are at a record high, while entitlements are critical in non-discretionary spending. Fiscal deficits may persist for a while, so they may not have a sustained impact on gold beyond bouts of volatility.

Ultimately though, the US government may have to take some tough decisions, with the IMF highlighting that "Faced with myriad spending pressures, political red lines limiting taxation, at an insufficient level, translate directly into larger deficits that push debt to ever-rising heights. Something must give to balance the fiscal equation. Policy ambitions may be scaled down or political red lines on taxation moved if financial stability is to prevail". In our view, this should ultimately also limit the appetite of central banks to keep pushing rates higher, with gold investors likely returning to the market as the policy cycle turns. Beyond that, concerns over cuts to discretionay defense spending may resurface periodically, an issue when keeping in mind the recent escalation between Israel/ Hamas.

Risks: accelerated rate increases

A continued hawkish Fed would push gold prices down.

Exhibit 140: Forecast vs Forwards
Despite near-term headwinds, we are constructive gold medium-term



Source: BofA Global Research estimates

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Exhibit 141: Gold and silver forecasts ($/oz)
Forecasts caught between inflation and higher nominal rates

	Q4 23	Q1 24	Q2 24	Q3 24
Gold	1,900	1,950	1,950	2,000
Silver	22.50	22.50	23.00	23.53

Source: BofA Global Research estimates

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Copper: physical market supported

Michael Widmer
MLI (UK)

Themes: Macro concerns

With LME Week over, we summarise our discussions. On the macro side, traders noted that Chinese demand has been strong, but there was concern about a gloomy backdrop ex-China. To that point, the recent sharp increases in US rates, which our rates strategists put down to a re-pricing of the Fed hiking path, have been a headwind for metals.

Forecasts: producers comfortable raising premia

Looking specifically at copper fundamentals. destocking through supply chains has been a much-discussed topic, with inventories falling in both the US and China of late. The drop of metal product inventories in China has affected activity, particularly in the second quarter; it is also one reason the economy has recovered only slowly after the re-opening. That said, consumption in China has been strong, with apparent demand (refined production plus imports minus exports, adjusted for stock changes) expanding by 11.6% YoY YTD.

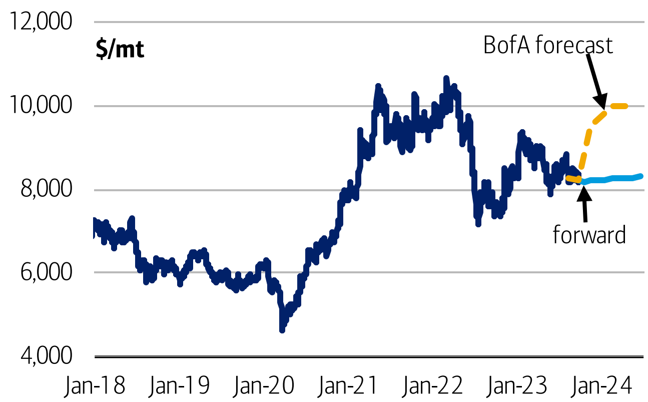
Similarly, looking at the sectoral activity, demand has been expanding at a steady pace in recent months. While offtake has been softer ex-China, pockets of strength are worth noting. Indeed, Codelco has offered copper to consumers in Europe at a record premium (these are paid on top of exchange quoted prices) of $235/t, up 85% from 2022. To put this number into context, spot premia are currently quoted at $115/t.

How to read this? The two copper miner seems confident in its ability to strike contracts with consumers who might be concerned over supply disruptions (Boliden's 229kt Ronnskar smelter declared force majeure in summer over a fire), a rebound of activity and more spending on green technologies. While macro concerns ex-China could push copper prices lower near-term, we believe steady demand in China and relatively sound fundamentals overall should ultimately support the red metal. Hence, we only mark-to-market our forecasts.

Risks: China's reopening tails off

Continued contraction of China's housing market would be bearish.

Exhibit 142: Forecast vs Forwards
Upside in 2H23



Source: Bloomberg, BofA Global Research

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Exhibit 143: Copper forecasts
The bull market has been fading

	Q4 23	Q1 24	Q2 24	Q3 24
US$/t	8,000	8,750	9,250	9,500
USc/lb	363	397	420	431

Source: Bloomberg, BofA Global Research

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Aluminum: demand absorbs supply

Michael Widmer
MLI (UK)

Themes: rates volatility impacting

With LME Week over, we summarise our discussions. On the macro side, traders noted that Chinese demand has been strong, but there was concern about a gloomy backdrop ex-China. To that point, the recent sharp increases in US rates, which our rates strategists put down to a re-pricing of the Fed hiking path, have been a headwind for metals. That said, we have also had discussions about rising/elevated fiscal deficits in the US. Linked to that, the make-up of spending is a concern: defense is a significant discretionary item, at a time when armed conflicts are at a record high, while entitlements are critical in non-discretionary spending. Fiscal deficits may persist for a while, so they may not have a sustained impact on metals beyond bouts of volatility. Ultimately though, the US government may have to take some tough decisions.

Forecasts: resilient domestic aluminium market

There was significant concern earlier this year about whether the domestic market could absorb the additional tonnages from a restart of China's aluminium smelters, which had been idled over hydro power shortages. As water shortages have eased, operators have resumed activity and the country's aluminium output is now running at an annualised rate of 42.5Mt, implying a +95% utilisation rate, relative to a capacity cap of 45Mt. Beyond that, around 1Mt of Russian material is also being sent to the Asian country. Yet, the domestic market has remained stable, with exports continuing to hover around longer-term. averages. Incidentally, this is very different from 2022, when smelter restarts met falling demand over rolling lockdowns, so aluminium exports doubled over the summer. Linked to that, China's domestic aluminium market has remained resilient, with prices continuing to trade at a premium to LME. As such, despite the challenging macro backdrop, we see scope for prices to bottom out and have hence only marked-to-market aluminium price forecasts.

Risks: smelters reopen

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

Exhibit 144: Forecast vs Forwards
Despite period pullbacks, aluminium prices are set to rally going forward

Source: BofA Global Research

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Exhibit 145: Aluminum forecasts
Aluminium fundamentals look bullish

	Q4 23	Q1 24	Q2 24	Q3 24
US$/t	2,250	2,500	2,750	2,750
USc/lb	102	113	125	125

Source: BofA Global Research

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Appendix

GEMs Macro Forecasts

Exhibit 146: Key Macroeconomic forecasts
GDP and CPI forecasts

	Real GDP growth (% yoy)							CPI Inflation (%)						
		2023F			2024F				2023F			2024F		
	2022	BofA	Chg.	Consensus Economics	BofA	Chg.	Consensus Economics	2022	BofA	Chg.	Consensus Economics	BofA	Chg.	Consensus Economics
GEMs	4.3	4.0	-	4.0	4.1	-	3.7	8.0	6.1	-	6.4	6.1	-	5.8
GEMs (ex. China)	4.8	3.4	0.1	3.4	3.7	-	3.4	11.4	9.7	-	10.0	8.7	0.1	8.4
GEM-10	4.2	4.6	0.1	4.6	4.3	-	4.2	7.6	5.4	0.2	5.6	6.0	0.1	5.2
Global	3.6	3.0	-	-	2.8	-	-	8.3	6.5	-	-	6.3	0.4	-
US	1.9	2.1	-	2.2†	1.1	-	1.0†	8.0	4.2	-	4.2†	3.1	(0.1)	2.7†
Euro area	3.4	0.5	-	0.5†	0.5	-	0.8†	8.4	5.7	-	5.6†	2.7	-	2.7†
Japan	1.1	1.8	(0.3)	1.9†	1.2		1.0†	2.5	3.2	0.1	3.1†	3.1	0.4	1.9†
Asia	4.1	4.9	-	4.8	4.7	-	4.6	3.6	2.2	-	2.4	2.5	-	2.6
China	3.0	5.1	-	5.0	4.8	-	4.4	2.0	0.4	-	0.7	1.8	-	1.7
Hong Kong	-3.5	4.7	-	4.1	3.0	-	3.0	1.9	2.3	-	2.0	2.0	-	2.1
India	6.8	6.3	-	6.3	5.5	-	6.2	6.7	5.4	-	5.6	4.5	-	4.7
Indonesia	5.3	5.0	-	5.0	5.3	-	4.9	4.2	3.6	(0.1)	3.7	2.9	-	2.9
Korea	2.6	1.4	-	1.2	2.2	-	2.0	5.1	3.5	0.1	3.5	2.4	-	2.3
Malaysia	8.7	4.0	-	3.8	4.4	-	4.3	3.4	2.8	-	2.7	2.8	-	2.5
Philippines	7.6	4.8	-	5.0	5.0	-	5.5	5.8	6.1	0.6	6.0	3.5	0.7	3.8
Singapore	3.6	1.0	-	0.9	2.1	-	2.2	6.1	5.0	-	4.7	3.4	-	3.1
Taiwan	2.5	0.9	-	0.8	3.2	-	2.9	2.9	2.2	-	2.3	1.5	-	1.7
Thailand	2.7	2.8	-	2.8	3.3	-	3.6	6.1	1.6	-	1.6	1.7	-	1.9
EEMEA	5.5	1.9	-	2.1	3.2	-	2.9	25.8	23.5	-	24.4	22.4	-	21.1
Czech R.	2.5	0.0	-	0.0	1.8	(0.4)	2.2	15.1	10.8	(0.1)	10.8	2.3	-	2.8
Egypt	6.7	4.0	-	3.9†	4.0	-	4.2†	8.5	24.4	-	33.2†	25.0	-	22.0†
Hungary	4.6	-0.2	(0.2)	-0.5	2.8	-	2.7	14.6	18.0	-	17.8	5.0	(0.2)	3.7
Israel	6.5	2.5	-	3.0†	3.5	-	3.2†	4.4	4.3	-	4.3†	2.7	-	2.7†
Nigeria	3.3	2.5	-	2.5†	3.0	-	3.0†	18.8	25.0	-	24.5†	15.0	-	22.2†
Poland	5.4	0.3	-	0.2	3.0	-	2.7	14.3	11.8	0.1	11.7	5.5	(0.2)	5.6
Romania	4.5	2.2	-	2.3	3.7	-	3.4	13.7	10.6	0.2	10.5	5.0	-	5.8
Saudi Arabia	8.7	-0.6	-	0.5†	4.1	-	3.5†	2.5	2.0	-	2.5†	2.0	-	2.2†
South Africa	1.9	0.7	-	0.7†	1.5	-	1.2†	6.9	5.9	0.1	5.8†	5.3	0.3	4.8†
Türkiye	5.6	3.5	-	3.5	3.0	-	2.1	72.0	54.5	-	53.0	61.0	-	46.9
Ukraine	-29.1	4.5	-	2.9	7.7	-	4.7	9.3	13.4	-	13.9	10.0	-	9.1
LatAm*	4.0	2.2	0.2	2.0	1.8	0.1	1.6	7.7	4.9	-	4.9	4.1	-	3.8
Argentina	5.2	-1.9	1.0	-2.9	-3.0	(0.5)	-1.3	94.8	180.6	6.0	178.3	169.8	18.5	142.0
Brazil	2.9	3.0	-	3.0	2.2	-	1.6	5.8	4.8	-	4.8	3.7	-	3.9
Chile	2.4	-0.3	(0.2)	-0.3	2.0	(0.3)	1.8	12.8	4.3	0.1	4.2	3.7	-	3.2
Colombia	7.3	1.7	-	1.3	2.4	-	1.8	13.1	9.7	-	9.3	5.8	-	4.7
Costa Rica	4.3	4.8	-	3.9	3.8	-	3.0	7.9	-1.0	(0.7)	-0.1	2.7	-	2.1
Dominican Rep	4.9	2.0	-	3.1	5.1	-	3.8	7.8	3.4	-	4.3	4.2	-	4.2
Ecuador	2.9	1.4	-	1.2	2.5	-	1.6	3.7	1.7	-	1.9	2.0	-	1.9
El Salvador	2.6	1.9	-	2.1	2.7	-	1.8	7.3	2.1	-	2.8	1.9	-	1.7
Guatemala	4.1	3.8	-	3.1	3.5	-	3.2	9.2	4.5	(0.4)	3.8	4.2	(0.1)	4.2
Mexico	3.9	3.4	0.2	3.1	1.8	0.4	1.9	7.8	4.6	-	4.7	4.6	-	3.9
Panama	10.8	6.0	1.0	5.1	4.5	0.5	4.0	2.1	2.1	0.2	2.1	1.8	0.1	2.0
Peru	2.7	0.2	-	0.6	3.3	-	2.5	8.5	4.0	(0.2)	4.2	2.7	-	3.1
Uruguay	4.9	0.7	-	1.2	3.4	-	2.8	8.3	3.8	-	5.5	4.8	(0.4)	5.9
Venezuela	10.0	4.0	2.0	2.7	8.0	5.0	4.0	305.0	249	-	254	214	-	104

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

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Exhibit 147: Key Macroeconomic forecasts
CA and monetary policy rate forecasts

	Current Account balance (% of GDP)							Monetary Policy rate (%, eop)						
		2023F			2024f				2023F			2024F		
	2022	BofA	Chg.	Consensus Economics	BofA	Chg.	Consensus Economics	2022*	BofA	Chg.	Bloomberg Consensus	BofA	Chg.	Bloomberg Consensus
GEMs	0.7	0.8	0.2	-	1.0	0.1	-	-	-	-	-	-	-	-
GEMs (ex. China)	-0.6	-0.2	0.1	-	0.6	0.1	-						-	
GEM-10	0.6	0.6	0.1	-	0.7	0.1	-	-	-	-	-	-	-	-
Global	-	-	-	-	-	-	-	-	-	-	-	-	-	-
US	-	-	-	-	-	-		4.375	5.625	-	-	4.875	-	-
Euro area	-	-	-	-	-	-		2.50	4.50	-	-	3.75	-	-
Japan	-	-	-	-	-	-		-0.10	-0.10	-	-	0.05	-	-
Asia	2.1	1.6	0.1	-	1.7	-	-	-	-	-	-	-	-	-
China	2.2	1.6	-	1.8	1.3	-	1.4	3.65	3.40	-	4.30	3.40	-	-
Hong Kong	10.5	6.0	-	3.1	6.2	-	1.7	4.99	5.25	-	-	4.60	-	-
India	-0.7	-0.5	-	-1.6	-0.8	-	-1.7	6.25	6.75	-	6.50	6.50	-	5.85
Indonesia	1.0	-0.3	(0.5)	-0.2	-0.7	-	-0.8	5.50	6.00	0.25	5.70	5.25	0.50	5.00
Korea	1.8	1.7	-	1.5	1.8	-	2.2	3.25	3.50	-	3.50	2.75	0.25	2.65
Malaysia	2.6	1.9	-	2.3	1.9	-	2.5	2.75	3.00	-	3.00	3.00	-	2.95
Philippines	-4.8	-3.4	-	-3.7	-3.4	-	-3.1	5.50	6.50	-	6.30	5.50	0.25	5.30
Singapore	19.3	16.3	-	16.7	16.7	-	15.8	-	-	-	-	-	-	-
Taiwan	13.3	12.2	-	11.5	12.8	-	11.7	1.75	1.88	(0.00)	2.35	1.88	(0.00)	2.20
Thailand	-3.3	0.9	-	1.4	2.7	-	2.9	1.00	2.50	0.25	1.90	2.50	0.50	1.70
EEMEA	-2.9	-0.9	0.5	-	0.5	0.2	-	-	-	-	-	-		-
Czech R.	-6.1	-1.0	-	-0.8	1.1	-	-0.2	7.00	6.75	0.25	24.50	4.00	-	24.20
Egypt	-3.5	-1.2	2.0	-2.7†	-2.3	-	-2.5†	11.25	18.25	-	-	23.25	-	-
Saudi Arabia	-8.1	-0.6	-	-2.1	0.3	-	0.0	13.00	11.00	-	388.50	6.50	-	387.50
Hungary	3.4	4.1	0.2	3.7†	4.2	0.4	3.5†	3.25	4.75	-	4.80	3.00	-	3.55
Israel	0.2	-0.1	-	0.1†	0.5	-	0.3†	16.50	25.00	-	20.25	16.00	-	18.35
Nigeria	-2.4	2.9	0.4	0.4	2.2	0.4	0.0	6.75	5.50	-	4.60	5.50	1.00	4.55
Poland	-9.3	-7.9	-	-6.7	-7.4	-	-2.6	6.75	7.00	-	4.98	5.00	-	5.03
Romania	13.6	10.5	-	6.7†	11.5	-	6.6†	5.00	6.25	-	-	5.50	-	-
South Africa	-0.5	-2.3	-	-2.3†	-2.7	-	-2.7†	7.00	8.50	0.25	8.25	8.00	0.50	7.30
Türkiye	-5.5	-5.1	0.2	-4.1	-3.7	(0.1)	-2.4	9.00	35.00	-	34.80	45.00	-	34.25
Ukraine	5.1	-3.2	-	-2.9	-3.7	-	-0.6	25.00	18.00	-	18.15	5.07	(0.00)	14.00
LatAm	-2.8	-2.0	0.3	-	-2.3	0.1	-	-	-	-		-		
Argentina	-0.8	-3.9	0.7	-2.2	1.0	0.7	0.1	75.00	133.00	15.00	136.25	93.00	15.00	86.25
Brazil	-3.0	-2.2	-	-0.6	-2.5	-	-2.2	13.75	11.75	-	11.70	9.50	-	8.90
Chile	-9.0	-3.9	(0.1)	-3.2	-6.1	(0.3)	-3.5	11.25	8.25	-	7.95	6.00	0.50	5.00
Colombia	-6.2	-4.0	-	-3.9	-3.3	-	-4.0	12.00	13.25	0.25	12.75	10.00	0.75	7.95
Costa Rica	-3.6	2.0	5.3	-2.8	-2.5	0.4	-2.4	9.00	6.00	0.25	-	5.25	0.25	-
Dominican Rep	-5.6	-3.2	-	-3.9	-2.7	-	-3.2	8.50	7.00	0.25	-	6.25	0.75	-
Ecuador	2.4	1.4	-	1.4	1.9	-	0.7	-	-	-	-	-	-	-
El Salvador	-7.0	-4.0	-	-4.0	-2.9	-	-3.2	-	-	-	-	-	-	-
Guatemala	1.4	2.7	-	2.2	2.0	-	1.9	3.75	5.00	0.25	-	4.50	0.50	-
Mexico	-1.2	-1.6	0.2	-1.0	-2.7	0.1	-0.9	10.50	11.25	-	11.25	8.75	-	8.95
Panama	-3.9	-3.0	-	-4.4	-2.7	-	-4.1	-	-	-	-	-	-	-
Peru	-4.0	-1.2	-	-1.5	-1.7	-	-1.2	7.50	7.00	0.25	6.75	5.00	1.00	4.40
Uruguay	-3.2	-3.6	-	-2.5	-2.7	(0.1)	-1.9	11.50	9.00	-	-	8.00	-	-
Venezuela	-0.7	-3.1	(1.5)	-3.5	0.7	0.7	1.6	-	-	-	-	-	-	-

Source: BofA Global Research

BofA GLOBAL RESEARCH

GEMs Consolidated Macro Indicators

Exhibit 148: GEMs

Consolidated Macro Indicators

	2015	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
GEMs										
Nominal GDP (US$ bn)	26.205	26.594	28.999	31.255	32.038	31.257	36.164	37.480	39.023	41.616
Real GDP growth (% yoy)										
Weighted by PPP-GDP	4.7	4.2	5.0	4.6	3.7	-2.1	7.1	4.3	4.1	4.0
Weighted by current exchange rates	4.4	4.2	5.0	4.7	3.9	-1.4	7.2	3.9	3.9	3.9
Median	3.1	2.9	3.3	3.2	2.5	-5.5	6.1	4.3	2.5	3.3
CPI inflation (% yoy, ave)										
Weighted by PPP-GDP	3.6	3.5	3.8	3.8	4.0	3.5	4.0	8.1	6.2	6.0
Weighted by current exchange rates	3.4	3.2	3.2	3.2	3.4	3.1	3.3	5.9	4.5	5.0
Median	2.4	2.1	2.6	2.3	2.8	2.6	3.8	6.9	4.3	3.7
Trade balance (US$ bn)	367.4	402.9	352.0	301.6	302.1	323.3	460.5	473.8	446.4	315.5
Exports (US$ bn)	3.950	3.615	3.454	3.747	4.100	3.924	3.833	4.800	5.206	5.003
Imports (US$ bn)	3.583	3.213	3.102	3.446	3.797	3.600	3.373	4.327	4.759	4.688
Current account balance (US$ bn)	300.9	344.8	416.9	210.9	356.2	618.7	441.5	275.3	295.9	409.6
Current account balance (% of GDP)	1.1	1.3	1.4	0.7	1.1	2.0	1.2	0.7	0.8	1.0
International reserves (US$ bn)	7.363	7.088	7.419	7.393	7.609	8.066	8.439	7.872	7.502	7.101
Gross government debt (% of GDP)	57.6	61.1	61.7	61.9	64.5	71.6	70.7	56.0	55.2	54.6
Gov. budget balance (% of GDP)	-3.0	-2.9	-2.5	-2.3	-2.7	-5.4	-4.0	-3.6	-3.8	-3.5
Asia										
Nominal GDP (US$ bn)	17.500	18.088	19.751	21.910	22.664	22.889	26.756	27.175	28.096	30.076
Real GDP growth (% yoy)										
Weighted by PPP-GDP	6.2	6.1	6.2	5.9	4.9	-1.2	7.5	4.1	5.0	4.6
Weighted by current exchange rates	6.1	6.0	6.2	5.9	5.0	-0.2	7.6	3.6	4.9	4.5
Median	4.0	4.0	4.8	4.5	3.5	-4.7	6.1	3.3	4.4	3.8
CPI inflation (% yoy, ave)										
Weighted by PPP-GDP	2.3	2.5	2.2	2.3	2.9	2.8	2.2	3.6	2.1	2.5
Weighted by current exchange rates	1.9	2.2	1.9	2.2	2.7	2.5	1.7	3.1	1.7	2.3
Median	1.1	1.7	1.8	1.8	1.6	0.4	2.2	4.6	3.2	2.5
Trade balance (US$ bn)	244.0	383.8	293.9	227.6	200.2	230.4	363.7	382.9	423.3	294.7
Exports (US$ bn)	2.600	2.471	2.333	2.527	2.748	2.623	2.648	3.350	3.585	3.332
Imports (US$ bn)	2.356	2.087	2.039	2.300	2.548	2.393	2.284	2.968	3.162	3.037
Current account balance (US$ bn)	518.5	417.4	402.1	220.1	351.9	589.8	630.4	566.3	463.6	521.6
Current account balance (% of GDP)	3.0	2.3	2.0	1.0	1.6	2.6	2.4	2.1	1.6	1.7
International reserves (US$ bn)	5.519	5.279	5.595	5.562	5.719	6.153	6.413	5.844	5.422	4.898
Gross government debt (% of GDP)	64.3	68.4	69.0	68.9	72.3	79.1	78.3	57.7	57.0	56.1
Gov. budget balance (% of GDP)	-2.2	-2.4	-2.3	-2.2	-2.7	-4.8	-3.7	-3.4	-3.2	-3.1
EEMEA										
Nominal GDP (US$ bn)	3.767	3.775	3.975	4.199	4.348	4.299	4.640	4.898	4.904	5.465
Real GDP growth (% yoy)										
Weighted by PPP-GDP	3.6	2.4	3.8	3.4	2.5	-0.9	5.5	5.5	1.9	3.2
Weighted by current exchange rates	3.8	2.4	3.8	3.4	2.4	-1.6	5.4	5.5	0.8	3.1
Median	3.8	2.9	4.2	3.2	3.3	-2.1	3.9	5.4	2.2	3.0
CPI inflation (% yoy, ave)										
Weighted by PPP-GDP	5.6	6.2	9.5	9.6	8.3	6.5	8.5	25.1	23.3	22.0
Weighted by current exchange rates	5.0	5.8	8.5	8.5	7.2	5.6	7.5	19.3	17.9	17.3
Median	4.6	5.3	5.3	4.6	3.8	3.3	4.5	9.3	11.8	5.7
Trade balance (US$ bn)	76.5	-12.0	-0.5	0.5	31.6	11.4	-10.8	-4.6	18.2	-3.4
Exports (US$ bn)	745	610	600	650	733	693	640	785	853	909
Imports (US$ bn)	668	622	600	650	701	681	651	790	835	912
Current account balance (US$ bn)	-42.2	30.9	114.8	126.0	106.8	39.2	-93.6	-141.2	-45.9	29.9
Current account balance (% of GDP)	-1.1	0.8	2.9	3.0	2.5	0.9	-2.0	-2.9	-0.9	0.5
International reserves (US$ bn)	1.062	1.015	1.007	1.001	1.047	1.069	1.156	1.205	1.256	1.361
Gross government debt (% of GDP)	41.0	41.3	42.1	41.1	40.1	45.6	47.6	46.0	49.9	48.5
Gov. budget balance (% of GDP)	-3.1	-2.0	-0.3	-0.1	-1.7	-5.9	-5.9	-5.2	-6.1	-4.0
LatAm										
Nominal GDP (US$ bn)	4.937.9	4.731.4	5.272.9	5.146.3	5.025.9	4.069.2	4.768.1	5.407.8	6.022.1	6.075.0
Real GDP growth (% yoy)										
Weighted by PPP-GDP	0.5	-0.2	2.0	1.8	0.8	-6.7	7.5	4.0	2.2	1.8
Weighted by current exchange rates	-0.2	-0.8	1.6	1.2	0.2	-6.9	7.3	3.9	2.2	1.9
Median	2.7	1.9	2.3	2.5	1.7	-7.5	9.2	4.2	2.0	3.0
CPI inflation (% yoy, ave)										
Weighted by PPP-GDP	6.5	4.7	4.1	3.7	3.4	3.4	7.9	7.7	4.8	4.0
Weighted by current exchange rates	6.9	4.9	4.0	3.6	3.5	3.5	8.0	7.6	4.7	4.0
Median	3.9	3.3	3.5	2.2	3.2	3.1	6.8	8.1	4.2	3.9
Trade balance (US$ bn)	46.8	31.1	58.5	73.6	70.3	81.4	107.6	95.5	85.0	100.9
Exports (US$ bn)	606.3	535.0	521.5	569.7	618.3	607.4	545.3	664.7	780.4	814.9
Imports (US$ bn)	559.5	503.9	462.9	496.1	548.1	526.0	437.8	569.2	695.4	714.0
Current account balance (US$ bn)	-175.4	-103.5	-100.1	-135.2	-102.5	-10.3	-95.3	-149.9	-121.9	-141.9
Current account balance (% of GDP)	-3.6	-2.2	-1.9	-2.6	-2.0	-0.3	-2.0	-2.8	-2.0	-2.3
International reserves (US$ bn)	781.8	793.5	818.0	829.6	842.4	843.9	870.9	823.3	823.9	842.8
Gross government debt (% of GDP)	49.5	53.7	53.9	56.2	58.9	68.0	62.7	59.5	53.2	54.8
Gov. budget balance (% of GDP)	-5.9	-5.7	-4.9	-4.3	-3.7	-8.5	-4.1	-3.4	-5.0	-4.7

Source: BofA Global Research

BofA GLOBAL RESEARCH

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 149: FX Compass Long Term Valuations

Trade-weighted valuations vs REER fair values

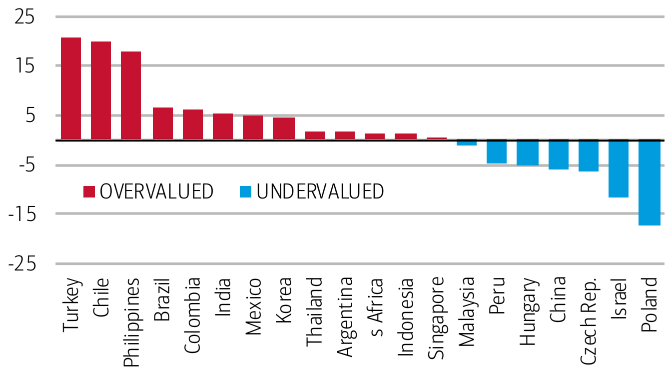

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Exhibit 150: Current Account Imbalances

Gap between forecast and equilibrium CAB (forecasted minus long-term equilibrium)

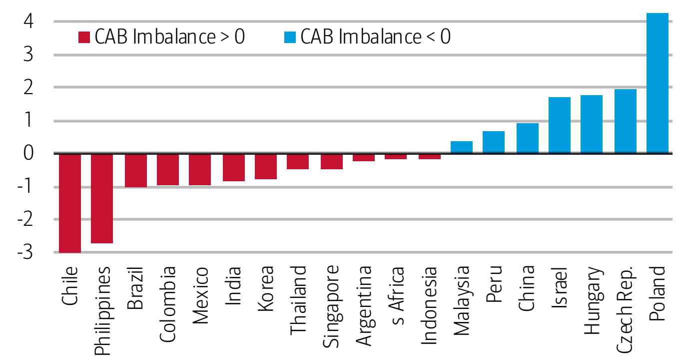

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Exhibit 151: FX Compass

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			**3.9**	**3.1**
China	7.09	7.32	(3.2)	(5.9)
India	88.6	83.2	6.1	5.5
Indonesia	16360	15947	2.5	1.3
Korea	1421	1354	4.7	4.4
Malaysia	4.78	4.78	(0.1)	(1.2)
Philippines	67.73	56.85	16.1	18.2
Singapore	1.40	1.37	1.8	0.6
Thailand	37.64	36.51	3.0	1.8
EEMEA			**(4.2)**	**(3.0)**
Czech Rep. 1/	22.8	24.6	(7.9)	(6.2)
Hungary 1/	359	382	(6.4)	(4.9)
Israel	3.67	4.06	(10.5)	(11.5)
Poland 1/	3.70	4.46	(20.7)	(17.2)
South Africa	19.47	19.02	2.3	1.4
Türkiye	34.22	28.05	18.1	20.6
LatAm			**6.6**	**5.9**
Argentina	367	350	4.6	1.6
Brazil	5.46	5.03	7.8	6.7
Chile	1139	942	17.3	20.1
Colombia	4562	4225	7.4	6.4
Mexico	19.25	18.23	5.3	5.2
Peru	3.78	3.88	(2.6)	(4.6)
Average			**2.3**	**2.1**

Note 1/ CZK, HUF and PLN are quoted against the EUR. Fair values are updated using forecasts. Spot is for October 25 ,2023. Note 2/ REER valuation is trade-weighted deviation of current REER (October estimate) from Compass fair values. **Source:** BofA Global Research, Bloomberg

BofA GLOBAL RESEARCH

Exhibit 152: Estimated current account imbalance

CA imbalance

Country	Forecasted CA 2022-2023	Long-term CA	CAB Imbalance
Asia	**2.3**	**2.8**	**-0.5**
China	1.3	0.4	0.9
India	-2.7	-1.9	-0.8
Indonesia	-0.9	-0.6	-0.2
Korea	1.8	2.6	-0.8
Malaysia	2.0	1.6	0.3
Philippines	-3.5	-0.8	-2.7
Singapore	16.9	17.3	-0.5
Thailand	3.5	4.0	-0.5
EEMEA	**-0.4**	**-1.4**	**1.0**
Czech Rep. 1/	0.2	-1.8	2.0
Hungary 1/	-1.3	-3.0	1.8
Israel	3.8	2.1	1.7
Poland 1/	1.5	-2.8	4.2
South Africa	-2.7	-2.5	-0.2
Türkiye	-3.7	-0.5	-3.2
LatAm	**-2.2**	**-1.3**	**-0.9**
Argentina	0.9	1.1	-0.2
Brazil	-2.3	-1.3	-1.0
Chile	-4.0	-1.0	-3.0
Colombia	-3.3	-2.3	-1.0
Mexico	-2.7	-1.7	-1.0
Peru	-1.7	-2.3	0.7
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 153: China

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)										
GDP per capita (US$)	7,922	8,067	8,791	9,887	10,126	10,402	12,615	12,723	13,290	13,930
Unemployment rate (%)[1]	5.0	5.0	4.9	4.7	5.2	5.1	5.1	6.1	5.3	5.1
Population (millions)	1,383	1,392	1,400	1,405	1,410		1,413	1,412	1,412	1,411
Economic Activity										
Real GDP growth (% yoy)	7.0	6.8	6.9	6.7	6.0	2.2	8.4	3.0	5.2	4.6
Domestic demand growth (% yoy)	6.6	7.9	6.8	7.4	5.3	1.7	6.8	2.5	6.0	4.8
Real investment growth (% yoy)	3.5	7.3	6.4	6.8	3.9	4.2	3.9	3.5	4.8	4.4
Real consumption growth (% yoy)	9.3	8.4	7.1	7.8	6.3	-0.3	9.0	1.8	6.8	5.1
Real private consumption growth (% yoy)	9.4	8.9	7.0	7.4	6.5	-1.7	11.6	0.6	7.3	5.3
Real government consumption growth (% yoy)	9.0	7.3	7.1	8.9	6.0	3.1	3.2	4.9	5.8	4.5
Real export growth (% yoy)	-2.3	1.1	8.1	3.8	0.5	2.4	17.7	-1.7	-2.9	2.0
Real import growth (% yoy)	-6.2	5.8	7.3	8.1	0.4	5.5	10.4	-5.8	-2.3	2.2
Prices										
CPI inflation (% yoy, eop)	1.6	2.1	1.8	1.9	4.5	0.2	1.5	1.8	0.9	1.7
CPI inflation (% yoy, avg)	1.4	2.0	1.6	2.1	2.9	2.5	0.9	2.0	0.5	1.8
Nominal wages (% yoy)	10.1	8.9	10.0	10.9	9.8	7.6	9.7	6.7	8.0	7.6
Nominal exchange rate (vs. USD, eop)	6.49	6.94	6.53	6.86	6.98	6.53	6.36	6.90	7.20	6.70
Nominal exchange rate (vs. USD, avg)	6.29	6.65	6.76	6.62	6.91	6.90	6.45	6.74	7.12	6.96
Bilateral real exchange rate (% yoy, + dep)	-	-	-	-	-	-	-	-	-	
Monetary Sector2										
Monetary base growth (% yoy)	-6.0	11.8	4.2	2.8	-2.0	1.9	-0.3	9.6	2.0	2.0
Broad money growth (% yoy)	13.3	11.3	8.1	8.1	8.7	10.1	9.0	11.8	11.0	10.0
Credit extension to private sector (% yoy)	14.3	13.5	12.7	13.5	12.3	12.8	11.6	11.1	11.7	10.6
Central bank policy rate (%, eop)[3]	4.30	4.30	4.30	4.31	4.15	3.85	3.80	3.65	3.40	3.40
1-month interbank rate (%, eop)	2.90	3.84	4.80	3.46	3.30	3.31	3.18	-	-	-
Long-term yield (%, eop)	3.50	2.90	3.90	3.20	3.14	3.14	2.78	2.80	3.00	-
External Sector										
Current account balance (% of GDP)	2.7	1.7	1.5	0.2	0.7	1.7	2.0	2.2	1.8	1.4
Current account balance (US$ bn)	293	191	189	24	103	249	353	402	329	274
Trade balance (US$ bn)	576	489	476	380	393	511	563	669	433	413
Exports, f.o.b. (US$ bn)	2,143	1,990	2,216	2,417	2,387	2,510	3,216	3,347	3,177	3,298
main export	-	-	-	-	-	-	-	-	-	-
Imports, c.i.f. (US$ bn)	1,567	1,501	1,740	2,037	1,994	1,999	2,653	2,678	2,537	2,657
Service balance (US$ bn)	-218	-233	-259	-292	-261	-153	-101	-92	-207	-228
Income balance (US$ bn)	-52	-55	-16	-61	-39	-118	-124	-194	-121	-156
Foreign direct investment (US$ bn)	136	134	136	138	141	149	181	189	199	207
International reserves (US$ bn)	3,330	3,011	3,140	3,073	3,108	3,217	3,250	3,128	3,158	3,140
Public Sector										
Central gov. primary budget balance (% of GDP)	-	-	-	-	-	-	-			
Central gov. budget balance (% of GDP)	-	-	-	-	-	-	-			
Consolidated gov. primary budget balance (% of GDP)	-1.8	-2.2	-2.1	-1.8	-1.9	-2.7	-2.2	-1.8	-2.0	-2.1
Consolidated public sector balance (% of GDP)[4]	-2.4	-2.9	-2.9	-2.6	-2.8	-3.7	-3.1	-2.8	-3.0	-3.0
Central gov. revenues (% of GDP)[5]	22.1	21.4	20.7	19.9	19.3	18.0	17.6	16.8	16.8	16.5
Debt Indicators										
Gross external debt (% of GDP)	12.6	12.6	14.3	14.3	14.4	16.3	15.4	16.3	16.6	16.5
Public (% of GDP)	1.5	1.8	1.8	2.2	2.5	3.2	2.7	3.0	3.1	3.0
Private (% of GDP)	11.2	10.8	12.5	12.1	11.9	13.1	12.7	13.3	13.5	13.6
Gross government debt (% of GDP)	67.6	75.5	76.5	75.7	78.3	87.8	85.7	89.0	92.3	94.1
Domestic (% of GDP)	67.4	75.1	76.1	75.2	77.7	87.5	85.4	90.7	94.4	95.3
External (% of GDP)	0.2	0.3	0.4	0.5	0.6	0.3	0.3	0.3	0.3	0.5
External debt amortizations (US$ bn)	-	-	-	-	-	-	-	-	-	
External debt interest payments (US$ bn)	-	-	-	-	-	-	-	-	-	
External debt service (% of XGS)	-	-	-	-	-	-	-	-	-	
Savings - Investment Balance										
Savings (% of GDP)	46.3	44.9	44.9	44.7	44.2	45.3	45.9	47.6	46.0	46.2
Investment (% of GDP)	43.0	42.7	43.2	44.0	43.1	42.9	43.3	44.3	44.5	45.2

	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24
Quarterly Economic Forecasts										
Real GDP growth (% yoy)	3.9	2.9	4.5	6.3	4.9	5.2	4.1	4.2	4.7	4.8
Real GDP growth (% qoq, sa, annualized)	15.6	3.2	9.5	2.0	5.3	4.1	4.7	4.9	5.1	4.7
CPI inflation (% yoy, eop)	2.8	1.8	1.3	0.1	-0.1	0.9	1.5	1.9	2.1	1.7
Central bank policy rate (%, eop)	3.65	3.65	3.65	3.55	3.45	3.45	3.45	3.45	3.45	3.45
Nominal exchange rate (vs. USD, eop)	7.12	6.90	6.87	7.30	7.20	7.10	7.00	6.80	6.70	6.70
Current account balance (US$ bn)	139.6	103.1	81.5	64.7	95.2	88.0	39.5	34.2	79.4	120.7

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 154: India

Selected economic and financial indicators

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020E	FY2021 E	FY2022 E	FY2023E	FY2024E	FY2025E
Summary Data										
Nominal GDP (US$ bn)	2,074.1	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$)	1.657	1.760	1.896	2.062.0	2.241.0	2.195.0	2.343.1	2.485.5	2.625.0	2.830.0
Unemployment rate (%)	-	-	-							
Population (millions)	1.252	1.267	1.316	1.332.0	1.341.0	1.354.4	1.368.0	1.381.6	1.400.0	1.412.0
Economic Activity										
Real GDP growth (% yoy)	7.6	6.9	6.6	6.0	4.0	-7.3	8.7	6.8	6.3	5.5
Domestic demand growth (% yoy)	-	-	-	-						
Real investment growth (% yoy)	5.6	-	- -							
Real consumption growth (% yoy)	6.9	-	- -							
Real private consumption growth (% yoy)	7.6	-	- -							
Real government consumption growth (% yoy)	3.3	-	- -							
Real export growth (% yoy)	-15.9	0.6	7.4	9.7	0.0	-5.0	10.0	10.0	5.0	8.0
Real import growth (% yoy)	-14.1	0.7	12.7	11.0	-5.0	-5.0	12.5	20.0	15.0	10.0
Prices										
CPI inflation (% yoy, eop)	4.8	4.6	4.3	2.9	4.6	5.5	7.0	5.8	5.1	4.5
CPI inflation (% yoy, avg)	4.9	4.8	3.6	3.4	4.8	6.2	5.3	6.7	5.4	4.5
WPI inflation (% yoy, eop)	-0.9	7.1	2.5	3.1	2.0	4.0	10.0	7.5	5.0	3.5
WPI inflation (% yoy, avg)	-2.5	3.6	2.7	4.3	3.0	1.0	10.0	10.0	7.5	5.0
Nominal wages (% yoy)	-	-	-	-						
Nominal exchange rate (vs USD, eop)	66.2	68.1	65.2	69.1	72.0	69.8				
Nominal exchange rate (vs USD, avg)	65.5	67.5	69.6	69.9						
Bilateral real exchange rate (% yoy, + dep)	6.0	2.8	2.1	-						
Monetary Sector										
Monetary Base growth (% yoy)	13.1	12.8	12.4	10.0	11.0	11.0	13.0			
Broad Money growth (% yoy)	10.5	13.1	12.4	19.7	13.3	11.8	13.0			
Credit extension to private sector (% yoy)	10.6	9.0	14.1	12.3	13.7	9.5	8.0			
Central bank policy rate (%, eop)	6.75	6.00	6.00	6.25	4.40	4.00	4.00	6.50	6.50	5.50
1-month interbank rate -Call rate (%)	6.75	6.00	6.00	6.5	4.8	4.3				
Long-term yield (%)	7.50	6.85	7.65	7.8	6.3					
External Sector										
Current Account balance (% of GDP)	-1.1	-0.7	-1.9	-2.1	-1.0	1.0	-1.2	-2.4	-2.4	-2.2
Current Account balance (US$ bn)	-22.0	-45.0	-57.3	-22.0	25.0	25	-39.0	-84.0	-86.3	
Trade Balance (US$ bn)	-130.1	-131.2	-162.3	-179.0	-150.0	-126.0	-180.0	-255.0		
Exports, f.o.b. (US$ bn)	266.4	268.0	287.7	331.0	298.0	272.0	370.0	415.0		
main export	-	-	-	-						
other	-	-	-	-						
Imports, c.i.f. (US$ bn)	396.4	399.2	450.0	510.0	448.0	398.0	550.0	670.0		
Service balance (US$ bn)	-	-	-	-						
Income balance (US$ bn)	-	-	-	-						
Foreign direct investment (US$ bn)	36.0	35.0	40.0	35.0	35.0	32.0	42.0	40.0		
International reserves (US$ bn)	359.8	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)	-0.9	-0.5	0.0	0.0						
Central Gov. Budget Balance (% of GDP)	-3.9	-3.5	-3.5	-3.4	-4.6	-9.2	-6.7	-6.4	-5.8	-5.2
Consolidated Gov. Primary Budget Balance (% of GDP)	-	-	-							
Consolidated Public Sector Balance (% of GDP)	-	-	-							
Central gov. revenues (% of GDP)	10.8	10.2	10.3	10.5	10.6	10.6	10.7			
Debt Indicators										
Gross External Debt (% of GDP)	23.3	23.0	24.3	24.5	25.0	25.5	25.5			
Public (% of GDP)	5.4	5.9	6.3	6.1	6.3	6.5	7.0			
Private (% of GDP)	17.9	17.1	18.0	18.0	18.5	19.0	18.5			
Gross government debt (% of GDP)	65.7	63.7	61.6	60.0	62.0	60.0	60.0			
Domestic (% of GDP)	62.0	59.5	57.0	56.0	56.3	56.5	56.5			
External (% of GDP)	3.7	4.2	4.6	4.0	4.2	4.4	4.5			
Savings - Investment Balance										
Savings (% of GDP)	31.5	30.5	31.0	31.5	30.0	30.0	32.0			
Investment (% of GDP)	33.0	32.4	32.4	32.4	31.0	31.0	33.0			
Memorandum Items										
Agro GDP (% yoy)	1.2									
Non-agro GDP (% yoy)	8.4									

	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
Quarterly Economic Forecasts										
Real GDP growth (% yoy)	5.2	4.0	13.1	6.2	4.5	6.1	7.8	6.1	6.2	5.2
CPI Inflation (% yoy, eop)	5.1	5.0	6.3	7.3	7.0	6.5	6.1	4.8	5.4	5.2
WPI inflation (% yoy, eop)	11.7	14.3	13.9	16.1	12.4	10.5	7.5	7	6	5
Central bank policy rate (%, eop)	4.00	4.00	4.00	4.90	5.90	6.25	6.50	6.50	6.50	6.75
Nominal exchange rate (vs USD, eop)										
Current account balance (US$ bn)	-24.0	-13.0	-13	-37	-30	-25	-20	-35	-30	-25

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 155: Indonesia
Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	861	932	1.016	1.042	1.119	1.060	1.186	1.319	1.442	1.589
GDP per capita (US$)	3,368	3,607	3,886	3,946	4,193	3,923	4,357	4,798	5,198	5,676
Unemployment rate (%)	6.2	5.6	5.5	5.2	5.2	7.1	6.5	5.9	4.3	4.1
Population (millions)	255.6	258.5	261.4	264.2	266.9	270.2	272.2	274.9	277.4	280.0
Economic Activity										
Real GDP growth (% yoy)	4.9	5.0	5.1	5.2	5.0	-2.1	3.7	5.3	5.0	5.3
Domestic demand growth (% yoy)	4.9	4.4	5.1	5.6	4.8	-3.1	2.8	3.8	5.0	5.4
Real investment growth (% yoy)	5.0	4.5	6.2	6.7	4.5	-5.0	3.8	3.9	5.4	6.0
Real consumption growth (% yoy)	4.9	4.3	4.6	5.1	4.9	-2.1	2.3	3.7	4.7	5.1
Real private consumption growth (% yoy)	4.8	5.0	5.0	5.1	5.2	-2.7	2.0	4.9	5.2	5.5
Real government consumption growth (% yoy)	5.3	-0.1	2.1	4.8	3.3	2.1	4.2	-4.5	1.6	2.0
Real export growth (% yoy)	-2.1	-1.7	8.9	6.5	-0.5	-8.4	18.0	16.3	5.8	5.9
Real import growth (% yoy)	-6.2	-2.4	8.1	12.1	-7.1	-17.6	24.9	14.7	5.3	6.2
Prices										
CPI inflation (% yoy, eop)	3.4	3.0	3.6	3.1	2.6	1.7	1.9	5.5	2.4	3.2
CPI inflation (% yoy, avg)	6.4	3.5	3.8	3.3	2.8	2.0	1.6	4.2	3.6	2.9
Nominal wages (% yoy)	6.5	22.9	6.9	4.3	3.4	-6.9	-0.4	13.5	5.8	5.2
Nominal exchange rate (vs. USD, eop)	13.775	13.248	13.537	14.791	14.068	14.387	14.264	15.564	14.800	14800
Nominal exchange rate (vs. USD, avg)	13,390	13,302	13,381	14,237	14,147	14,570	14,311	14,854	14,813	14,900
Bilateral real exchange rate (% yoy, + dep)	-	-	-	-	-	-	-	-	-	-
Monetary Sector										
Monetary base growth (% yoy)	12.0	17.3	12.4	4.8	7.4	18.5	23.0	14.3	-	-
Broad money growth (% yoy)	9.0	10.0	8.3	6.3	6.5	12.5	14.0	8.4	-	-
Credit extension to private sector (% yoy)	10.1	7.8	8.2	11.7	5.9	-2.6	4.9	11.0	-	-
Central bank policy rate (%, eop)	6.25	4.75	4.25	6.00	5.00	3.75	3.50	5.50	6.00	5.25
1-month interbank rate (%, eop)	8.55	7.80	5.50	7.54	5.44	3.81	3.55	6.20	6.45	5.45
Long-term yield (%, eop)	9.0	8.0	6.3	8.0	7.1	5.9	6.4	6.9	8.0	-
External Sector										
Current account balance (% of GDP)	-2.0	-1.8	-1.6	-2.9	-2.7	-0.4	0.3	1.0	-0.3	-0.7
Current account balance (US$ bn)	-17.5	-17.0	-16.2	-30.6	-30.3	-4.4	3.5	13.2	-5.0	-10.9
Trade balance (US$ bn)	14.0	15.3	18.8	-0.2	3.5	28.3	43.8	47.5	44.4	46.8
Exports, f.o.b. (US$ bn)	149.1	144.5	168.9	180.7	168.5	163.4	232.8	250.2	250.9	-
main export - oil and gas	16.0	14.6	20.5	24.0	21.7	16.4	31.5	54.6	-	-
Imports, c.i.f. (US$ bn)	135.1	129.2	150.1	181.0	164.9	135.1	189.0	202.7	206.5	-
Service balance (US$ bn)	-8.7	-7.1	-7.4	-6.5	-7.6	-9.8	-14.6	-15.5	-18.4	-23.4
Income balance (US$ bn)	-22.9	-25.2	-27.6	-23.9	-26.1	-23.0	-25.7	-26.7	-31.0	-34.3
Foreign direct investment (US$ bn)	16.6	3.9	20.6	20.6	23.9	18.6	20.9	22.0	25.0	28.0
International reserves (US$ bn)	105.9	116.4	130.2	120.7	129.2	135.9	144.9	137.2	-	-
Public Sector										
Central gov. primary budget balance (% of GDP)	-1.2	-1.0	-0.9	-0.1	-0.5	-4.1	-2.5	-0.4	0.2	-0.3
Central gov. budget balance (% of GDP)	-2.6	-2.5	-2.5	-1.8	-2.2	-6.1	-4.6	-2.4	-1.8	-2.3
Consolidated gov. primary budget balance (% of GDP)	-	-	-	-	-	-	-	-	-	-
Consolidated public sector balance (% of GDP)	-	-	-	-	-	-	-	-	-	-
Central gov. revenues (% of GDP)	13.1	12.5	12.3	13.1	12.4	10.7	11.8	13.4	11.6	-
Debt Indicators										
Gross external debt (% of GDP)	36.1	34.3	34.7	36.0	36.1	39.3	34.9	30.1	-	-
Public (% of GDP)	16.6	17.0	17.8	17.9	18.1	19.7	17.6	14.8	-	-
Private (% of GDP)	19.5	17.3	16.9	18.1	17.9	19.6	17.3	15.3	-	-
Gross government debt (% of GDP)	26.7	28.1	29.0	29.3	30.7	40.6	40.8	37.3	-	-
Domestic (% of GDP)	14.8	16.1	17.1	17.3	19.1	27.0	28.6	26.4	-	-
External (% of GDP)	11.9	11.9	12.0	12.0	11.6	13.6	12.2	10.9	-	-
External debt amortizations (US$ bn)	-	-	-	-	-	-	-	-	-	-
External debt Interest payments (US$ bn)	-	-	-	-	-	-	-	-	-	-
External debt service (% of XGS)	-	-	-	-	-	-	-	-	-	-
Savings - Investment Balance										
Savings (% of GDP)	32.0	32.0	32.1	31.6	31.1	31.9	31.7	30.7	28.4	25.8
Investment (% of GDP)	34.1	33.9	33.7	34.6	33.8	32.3	31.4	29.7	28.3	26.9

	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
Quarterly Economic Forecasts										
Real GDP growth (% yoy)	3.5	5.0	5.0	5.5	5.7	5.0	5.0	4.7	5.0	5.4
Real GDP growth (% qoq, sa, annualized)	1.8	10.1	5.7	4.4	3.6	5.9	6.0	3.1	3.3	10.6
CPI inflation (% yoy, eop)	1.6	1.8	2.3	3.8	5.2	5.5	5.2	4.0	3.6	3.3
Central bank policy rate (%, eop)	3.50	3.50	3.50	3.50	4.25	5.50	5.75	5.75	5.75	6.00
Nominal exchange rate (vs. USD, eop)	14389	14264	14345	14555	14936	15564	15241	14800	14700	14500
Current account balance (US$ bn)	5.0	1.5	0.6	3.8	4.5	4.2	3.0	1.4	0.6	0.0

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 156: Korea

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	1,466.5	1502.5	1626.7	1726.0	1651.7	1648.5	1816.8	1674.9	1721.3	1888.6
GDP per capita (US$)	28,749.1	29333.6	31672.4	33455.5	31910.0	31800.3	35114.0	32441.4	33383.9	36671.1
Unemployment rate (%)1	3.6	3.7	3.7	3.9	3.8	4.0	3.6	2.9	3.1	3.5
Population (millions)	51.0	51.2	51.4	51.6	51.8	51.8	51.7	51.6	51.6	51.5
Economic Activity										
Real GDP growth (% yoy)	2.8	2.9	3.2	2.9	2.2	-0.7	4.3	2.6	1.4	2.2
Domestic demand growth (% yoy)	3.8	4.1	5.6	2.0	1.5	-1.3	3.7	2.7	1.7	1.0
Real investment growth (% yoy)	5.4	6.6	9.8	-2.2	-2.1	3.5	3.2	-0.5	0.3	0.9
Real consumption growth (% yoy)	2.6	3.0	3.1	3.7	3.2	-2.2	4.1	4.1	1.4	1.1
Real private consumption growth (% yoy)	2.2	2.6	2.8	3.2	2.1	-4.8	3.6	4.1	1.6	1.3
Real government consumption growth (% yoy)	3.8	4.4	3.9	5.3	6.4	5.1	5.5	4.0	1.1	0.6
Real export growth (% yoy)	0.2	2.4	2.5	4.0	0.2	-1.7	11.1	3.4	0.5	3.2
Real import growth (% yoy)	2.1	5.2	8.9	1.7	-1.9	-3.1	10.1	3.5	0.6	1.4
Prices										
CPI inflation (% yoy, eop)	1.1	1.3	1.4	1.3	0.7	0.6	3.7	5.0	3.0	2.0
CPI inflation (% yoy, avg)	0.7	1.0	1.9	1.5	0.4	0.5	2.5	5.1	3.5	2.4
Nominal wages (% yoy)	3.4	3.8	2.7	5.1	3.4	0.6	5.0	4.7	4.0	3.0
Nominal exchange rate (vs. USD, eop)	1,172	1208.5	1071.4	1118.1	1157.8	1088.0	1185.5	1267.3	1330.0	1190.0
Nominal exchange rate (vs. USD, avg)	1,131	1160.8	1131.0	1100.2	1165.4	1180.3	1144.0	1291.4	1311.1	1246.3
Bilateral real exchange rate (% yoy, + dep)	-	-	-	-	-	-	-	-	-	-
Monetary sector										
Narrow money growth (% yoy)	18.6	15.4	9.2	4.9	4.3	20.8	21.0	4.0	11.0	12.2
Broad money growth (% yoy)	8.6	7.3	5.5	6.3	7.0	9.3	11.7	8.5	8.6	9.0
Credit extension to private sector (% yoy)	7.6	7.3	6.3	7.9	9.0	9.1	11.3	6.9	8.9	9.0
Central bank policy rate (%, eop)	1.50	1.25	1.50	1.75	1.25	0.50	1.00	3.25	3.50	2.75
1-month interbank rate (%, eop)	1.55	1.32	1.56	1.82	1.33	0.60	1.15	3.47	3.65	2.65
Long-term yield (%, eop)	2.1	2.1	2.5	1.9	1.7	1.7	2.3	3.7	4.5	3.5
External sector										
Current account balance (% of GDP)	7.2	6.5	4.6	4.5	3.6	4.6	4.7	1.8	1.7	1.8
Current account balance (US$ bn)	105.1	97.9	75.2	77.5	59.7	75.9	85.2	29.8	29.4	34.8
Trade balance (US$ bn)	120.3	116.5	113.6	110.1	79.8	80.6	75.7	15.1	19.5	36.5
Exports, f.o.b. (US$ bn)	543.1	511.9	580.3	626.3	556.7	517.9	649.5	690.5	631.9	651.7
main export	-	-	-	-	-	-	-	-	-	-
Imports, c.i.f. (US$ bn)	422.8	395.5	466.7	516.2	476.9	437.3	573.7	675.4	612.4	615.2
Service balance (US$ bn)	-14.6	-17.3	-36.7	-29.4	-26.8	-14.7	-5.3	-5.5	-24.8	-26.6
Income balance (US$ bn)	-0.5	-1.2	-1.6	-3.3	6.7	10.0	14.8	20.3	34.7	25.0
Foreign direct investment (US$ bn)	19.6	17.8	16.2	26.0	25.6	26.1	43.9	48.4	28.2	34.3
International reserves (US$ bn)	358.5	361.7	379.5	393.3	397.9	430.1	438.3	399.0	411.5	405.1
Public sector										
Central gov. primary budget balance (% of GDP)	-	-	-	-	-	-	-	-	-	-
Central gov. budget balance (% of GDP)	0.0	1.0	1.3	1.6	-0.6	-3.7	-1.5	-3.0	-0.6	-1.9
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)	27.0	25.4	25.3	25.6	28.5	33.4	35.0	39.9	32.5	33.8
Public (% of GDP)	4.4	4.5	4.9	4.9	5.6	7.4	8.0	9.3	7.0	7.5
Private (% of GDP)	22.6	21.0	20.4	20.7	22.9	26.0	27.0	30.6	25.4	26.4
Gross government debt (% of GDP)	44.0	43.1	41.0	41.6	44.0	49.2	49.8	48.1	46.5	47.5
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)	29.5	30.1	32.3	31.5	31.3	31.7	32.0	32.7	31.1	31.2
Investment (% of GDP)	29.0	29.7	31.5	30.4	29.9	31.1	31.4	31.7	30.2	30.4

	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24
Quarterly Economic Forecasts										
Real GDP growth (% yoy)	3.1	1.3	1.0	0.8	1.6	2.0	1.9	2.1	2.1	2.8
Real GDP growth (% qoq, sa, annualized)	0.9	-1.2	1.3	2.4	3.9	0.4	1.2	3.0	3.9	3.3
CPI inflation (% yoy, eop)	5.6	5.0	4.2	2.7	3.7	3.1	2.9	2.5	2.0	2.0
Central bank policy rate (%, eop)	2.50	3.25	3.50	3.50	3.50	3.50	3.25	3	2.75	2.5
Nominal exchange rate (vs. USD, eop)	1435	1267	1304	1300	1340	1330	1305	1280	1210	1190
Current account balance (US$ bn)	-3	1	3	7	9	10	9.0	8.4	8.7	8.7

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 157: Hong Kong

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	309.4	320.9	341.2	361.8	363.1	345.0	368.9	359.9	384.5	401
GDP per capita (US$)	42,322	43,492	46,038	48,322	48,283	46,453	49,847.3	48,162	51,557	53,916
Economic Activity and Prices										
Real GDP growth (% yoy)	2.4	2.2	3.8	2.8	-1.7	-6.5	6.3	-3.5	4.7	3.0
CPI inflation (% yoy, avg)	3.0	2.4	1.5	2.4	2.9	0.3	1.6	1.9	1.8	1.0
Nominal exchange rate (vs. USD, eop)	7.75	7.75	7.81	7.83	7.79	7.75	7.79	7.85	7.83	7.78
Nominal exchange rate (vs. USD, avg)	7.75	7.76	7.79	7.84	7.84	7.76	7.77	7.84	7.84	7.82
Central bank policy rate (%, eop)[1]	0.39	1.02	1.31	2.33	2.43	0.35	0.26	4.99	5.40	4.60
External Sector										
Current account balance (% of GDP)	3.3	4.0	4.6	3.7	5.9	7.0	11.8	10.5	6.2	6.1
Current account balance (US$ bn)	10.3	12.7	15.6	13.5	21.3	24.1	43.7	37.9	23.9	24.4
Trade balance (US$ bn)	-57.1	-54.4	-61.9	-71.7	-54.2	-43.8	-45.1	-49.2	-59.7	-59.1
Exports, f.o.b. (US$ bn)	465.5	462.5	497.8	531.3	509.7	507.1	637.2	582.1	530.9	532.5
Imports, c.i.f. (US$ bn)	522.6	516.9	559.7	603.0	563.8	550.9	682.3	631.3	590.6	591.6
International reserves (US$ bn)	358.8	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)	0.6	4.5	5.6	2.4	-0.4	-8.7	1.0	-4.9	-1.8	0.3
Debt Indicators										
Gross external debt (% of GDP)	420.2	422.5	462.9	468.3	455.3	510.0	510.4	510.2	510.5	512
Public (% of GDP)	0.9	0.9	1.2	1.0	1.0	0.8	0.9	0.9	0.9	0.9
Private (% of GDP)	419.3	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	0.1	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 158: Philippines

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	282	290	317	341	384	371	381	373	436	483
GDP per capita (US$)	2,802	2,825	3,043	3,228	3,580	3,406	3,454	3,100	3,081	3,327
Economic Activity and Prices										
Real GDP growth (% yoy)	5.9	6.9	6.7	6.2	6.0	(9.5)	5.9	7.6	4.8	5.0
CPI inflation (% yoy, avg)	0.7	1.3	2.9	5.2	2.4	2.4	3.9	5.8	6.1	3.5
Nominal exchange rate (vs. USD, eop)	47.2	50.0	49.9	52.6	50.8	48.5	51.0	59.0	55.0	54.0
Nominal exchange rate (vs. USD, avg)	45.9	48.6	49.5	51.0	50.9	49.7	49.8	55.0	57.0	54.5
Central bank policy rate (%, eop)	4.00	3.00	3.00	4.75	4.00	2.00	2.00	5.50	6.50	5.50
External Sector										
Current account balance (% of GDP)	2.6	(0.4)	(0.7)	(2.3)	(0.8)	3.1	(1.6)	(4.8)	(3.4)	(3.4)
Current account balance (US$ bn)	7.3	(1.2)	(2.1)	(8.9)	(3.0)	11.6	(5.9)	(17.8)	(15.0)	(17.0)
Trade balance (US$ bn)	(12.2)	(26.7)	(27.4)	(43.5)	(40.7)	(24.6)	(42.2)	(58.2)	(57.9)	(62.2)
Exports, f.o.b. (US$ bn)	58.8	57.4	68.7	69.3	70.93	65.2	74.7	79.0	71.1	73.2
Imports, c.i.f. (US$ bn)	71.1	84.1	96.1	112.8	111.59	89.8	116.9	137.2	129.0	135.4
International reserves (US$ bn)	80.7	80.7	81.6	79.2	87.6	110.1	108.0	96.1	100.0	96.0
Public Sector										
Central gov. primary budget balance (% of GDP)	1.4	(0.3)	(0.3)	(1.2)	(1.6)	(6.0)	(7.1)	(6.4)	(5.3)	(4.7)
Central gov. budget balance (% of GDP)	(0.9)	(2.4)	(2.2)	(3.2)	(3.6)	(7.6)	(8.6)	(7.3)	(6.1)	(5.3)
Debt Indicators										
Gross external debt (% of GDP)	-	-	-	-	-	-	-	-	-	-
Public (% of GDP)	-	-	-	-	-	-	-	-	-	-
Private (% of GDP)	-	-	-	-	-	-	-	-	-	-
Gross government debt (% of GDP)	48.8	45.6	45.1	42.7	40.8	39.0	-	-	-	-
Domestic (% of GDP)	30.1	28.7	29.3	27.81	26.6	25.7	-	-	-	-
External (% of GDP)	18.7	16.9	15.8	14.89	14.2	13.3	-	-	-	-

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 159: Malaysia

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	302.3	301.8	319.7	358.9	365.3	338.2	373.0	406.4	419.8	454.3
GDP per capita (US$)	9,708	9,580	10,012	11,133	11,280	10,404	11,453	12,450	12,706	13,608
Unemployment rate (%)	3.2	3.5	3.4	3.3	3.3	4.5	4.7	3.8	3.4	3.3
Population (millions)	31.2	31.6	32.0	32.4	32.5	32.4	32.6	32.7	33.4	33.8
Economic Activity										
Real GDP growth (% yoy)	5.0	4.4	5.8	4.8	4.4	-5.5	3.1	8.7	4.0	4.3
Domestic demand growth (% yoy)	5.1	4.3	6.5	5.6	4.3	-5.5	1.7	9.2	3.3	4.8
Real investment growth (% yoy)	3.7	2.6	6.1	1.4	-2.1	-14.4	-0.9	6.8	4.1	5.0
Real consumption growth (% yoy)	5.6	4.9	6.7	7.1	6.6	-2.6	2.5	9.9	3.6	4.2
Real private consumption growth (% yoy)	5.9	5.9	6.9	8.0	7.7	-4.2	1.9	11.3	4.0	4.5
Real government consumption growth (% yoy)	4.5	1.1	5.7	3.4	1.5	5.0	5.3	3.9	3.0	1.0
Real export growth (% yoy)	0.2	1.3	8.7	1.9	-1.0	-8.6	15.4	12.8	-1.2	4.5
Real import growth (% yoy)	0.8	1.4	10.2	1.5	-2.4	-7.9	17.7	14.2	-2.5	5.0
Prices										
CPI inflation (% yoy, eop)	2.7	1.7	3.5	0.2	1.0	-1.4	3.2	3.9	2.1	2.6
CPI inflation (% yoy, avg)	2.1	2.1	3.8	1.0	0.7	-1.1	2.5	3.4	2.8	2.6
Nominal wages (% yoy)	4.9	7.2	7.6	3.7	2.6	-2.8	0.9	9.2	2.6	4.2
Nominal exchange rate (vs. USD, eop)	4.29	4.49	4.06	4.14	4.09	4.01	4.18	4.41	4.42	4.40
Nominal exchange rate (vs. USD, avg)	3.89	4.14	4.29	4.03	4.14	4.19	4.14	4.40	4.48	4.40
Bilateral real exchange rate (% yoy, + dep)	-	-	-	-	-	-	-	-	-	-
Monetary Sector										
Monetary base growth (% yoy)	4.1	5.6	11.0	1.2	5.8	15.7	10.4 4.3	-	-	
Broad money growth (% yoy)[1]	3.0	3.2	4.9	9.1	3.5	4.0	6.4 4.3	-	-	
Credit extension to private sector (% yoy)[2]	7.9	5.3	4.1	7.7	3.9	3.4	4.5 5.7	-	-	
Central bank policy rate (%)	3.25	3.00	3.00	3.25	3.00	1.75	1.75	2.75	3.00	3.00
3-month interbank rate (%)	3.84	3.41	3.44	3.69	3.35	1.94	2.05	3.68	3.52	3.52
Long-term yield (%)[3]	4.19	4.23	3.91	4.08	3.31	2.65	3.58	4.09	4.60 -	
External Sector										
Current account balance (% of GDP)	3.0	2.4	2.8	2.2	3.5	4.2	3.8	2.6	1.9	1.9
Current account balance (US$ bn)	9.0	7.2	8.9	8.0	12.8	14.1	14.2	10.7	8.3	8.8
Trade balance (US$ bn)	28.0	24.6	27.3	28.4	30.1	32.8	41.2	38.5	31.7	33.6
Exports, f.o.b. (US$ bn)	175.0	165.9	186.7	205.8	197.3	186.1	235.8	268.5	287.8	325.0
main export	35.3	34.9	41.5	54.6	53.5	57.0	67.9	-	-	-
Imports, c.i.f. (US$ bn)	146.9	141.3	159.4	177.4	167.2	153.4	194.7	230.0	256.1	291.3
Service balance (US$ bn)	-5.3	-4.6	-5.3	-4.3	-2.6	-11.2	-14.7	-10.3	-6.2	-6.3
Income balance (US$ bn)	-13.7	-12.9	-13.0	-16.1	-14.7	-7.4	-12.3	-17.4	-17.1	-18.5
Foreign direct Investment (US$ bn)	9.7	13.5	9.4	8.3	9.1	4.0	18.7 15.2	15.0	16.4	
International reserves (US$ bn)	95.3	94.5	102.4	101.4	103.6	107.6	116.9 115	-	-	
Price of main export commodity - Crude Palm Oil (RM/ton avg)	2,172	2,639	2,800	2,237	2,122	2,767	4,421 0	-	-	
Public Sector										
Central gov. primary budget balance (% of GDP)	-1.1	-1.0	-0.9	-1.6	-1.2	-3.7	-3.9	-3.2	-2.6	-1.9
Central gov. budget balance (% of GDP)	-3.2	-3.1	-2.9	-3.7	-3.4	-6.2	-6.4	-5.6	-5.0	-4.3
Consolidated gov. primary budget balance (% of GDP)	-	-	-	-	-	-	-	-	-	-
Consolidated public sector balance (% of GDP)	-7.6	-5.0	-3.6	-2.9	-3.4	-7.0	-4.3	-6.4	-	-
Central gov. revenues (% of GDP)	18.6	17.0	16.1	16.1	17.5	15.9	15.1	16.5	14.4 -	
Debt Indicators										
Gross external debt (% of GDP)	71.1	73.2	64.5	63.8	62.6	67.6	70.0	64.0	-	-
Public (% of GDP)	25.9	25.8	23.2	20.7	20.7	24.6	26.1	21.2	-	-
Private (% of GDP)	45.3	47.4	41.3	43.0	42.0	42.9	43.9	42.8	-	-
Gross government debt (% of GDP)	53.6	51.9	50.0	51.2	52.4	62.0	63.4	60.4	64.0	-
Domestic (% of GDP)	51.7	50.2	48.5	49.7	50.5	60.0	61.5 58.4	62.1	-	
External (% of GDP)	1.8	1.7	1.5	1.5	1.9	2.0	1.9 1.9	1.9	-	
External debt amortizations (US$ bn)	-	-	-	-	-	-	-	-	-	-
External debt interest payments (US$ bn)	-	-	-	-	-	-	-	-	-	-
External debt service (% of XGS)	-	-	-	-	-	-	-	-	-	-
Savings - Investment Balance										
Savings (% of GDP)	28.4	28.4	28.3	26.1	24.5	23.9	26.1	26.5	25.2	25.5
Investment (% of GDP)	25.4	26.0	25.5	23.9	21.0	19.7	22.3	23.9	23.3	23.6

	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
Quarterly Economic Forecasts										
Real GDP growth (% yoy)	-4.2	3.6	4.8	8.8	14.1	7.1	5.6	2.4	2.4	5.3
Real GDP growth (% qoq, sa, annualized)	-10.2	22.0	10.1	17.3	9.0	-6.7	3.7	9.7	5.7	5.7
CPI inflation (% yoy, eop)	2.1	3.2	2.2	2.8	4.5	3.9	3.6	3.0	2.1	2.1
Central bank policy rate (%, eop)	1.75	1.75	1.75	2.00	2.50	2.75	2.75	3.00	3.00	3.00
Nominal exchange rate (vs. USD, eop)	4.19	4.18	4.204	4.4055	4.641	4.413	4.409	4.5	4.46	4.42
Current account balance (US$ bn)	4.7	3.8	1.4	0.7	4.2	6.0	2.1	2.1	2.1	2.1

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 160: Singapore

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	308.0	319.0	343.3	376.9	376.8	348.4	423.8	466.7	509.1	554.6
GDP per capita (US$)	55,647	56,898	61,174	66,824	66,068	61,298	77,680	82,794	88,299	94,713
Unemployment Rate (%)	1.9	2.1	2.2	2.1	2.3	3.0	2.7	2.5	2.0	2.2
Population (millions)	5.5	5.6	5.6	5.6	5.7	5.7	5.5	5.6	5.8	5.9
Economic Activity										
Real GDP growth (% yoy)	3.0	3.6	4.5	3.6	1.3	-3.9	8.9	3.6	1.0	2.1
Domestic demand growth (% yoy)	4.4	2.3	3.9	0.7	2.7	-10.0	9.8	4.8	2.5	2.6
Real investment growth (% yoy)	2.0	0.6	5.1	-5.0	2.3	-14.8	18.0	1.6	1.4	2.9
Real consumption growth (% yoy)	5.9	3.4	3.2	3.9	2.9	-7.5	5.8	6.6	3.1	2.5
Real private consumption growth (% yoy)	5.2	3.3	3.1	4.1	2.8	-13.1	6.6	9.7	3.7	2.6
Real government consumption growth (% yoy)	8.9	3.7	3.4	3.0	3.2	13.0	3.7	-2.3	1.2	2.0
Real export growth (% yoy)	5.0	0.0	7.5	7.8	0.2	0.4	11.7	-1.3	0.7	2.1
Real import growth (% yoy)	3.4	0.2	8.1	7.4	0.0	-1.1	12.0	-1.9	0.8	2.0
Prices										
CPI inflation (% yoy, eop)	-0.2	-0.3	-0.4	-0.9	-0.8	-0.5	0.2	1.0	4.5	2.6
CPI inflation (% yoy, avg)	-0.5	-0.5	0.6	0.4	0.6	-0.2	2.3	6.1	5.0	3.4
Nominal wages (% yoy)	3.5	3.7	3.0	3.5	2.6	1.4	3.6	9.4	2.3	3.7
Nominal exchange rate (vs. USD, eop)	1.41	1.45	1.34	1.36	1.35	1.32	1.35	1.34	1.31	1.28
Nominal exchange rate (vs. USD, avg)	1.37	1.38	1.38	1.35	1.36	1.38	1.34	1.38	1.32	1.29
Bilateral real exchange rate (% yoy, + dep)	-	-	-	-	-	-	-	-	-	-
Monetary Sector										
Monetary base growth (% yoy)	0.1	7.7	9.1	0.1	3.6	32.8	--	-	-	
Broad money growth (% yoy)[1]	1.7	7.7	3.2	3.9	5.1	12.8	--	-	-	
Credit extension to private sector (% yoy)[2]	1.4	5.2	5.2	4.4	2.4	1.5	--	-	-	
Central bank policy rate (%, eop)	-	-	-	-	-	-	-	-	-	-
3-month interbank rate (%, eop)	1.19	0.97	1.50	1.89	1.77	0.41	0.44	4.25	4.27 3.42	
Long-term yield (%, eop)[3]	2.60	2.47	2.00	2.04	1.74	0.84	1.67	3.09	2.60 -	
External Sector										
Current account balance (% of GDP)	18.7	17.8	18.1	15.7	16.2	16.5	18.0	19.3	16.3	16.7
Current account balance (US$ bn)	57.6	56.7	62.3	59.2	60.9	57.3	76.4	90.2	82.9	92.7
Trade balance (US$ bn)	92.6	89.9	100.9	104.4	97.8	106.4	125.7	136.5	137.4	147.1
Exports, f.o.b. (US$ bn)	396.2	373.2	417.1	460.9	441.9	419.9	514.5	579.5	579.5	611.2
Electronic exports (US$ bn)	35.3	33.7	36.4	35.2	27.0	28.0 33.4	32.7	-	-	
Imports, c.i.f. (US$ bn)	303.7	283.3	316.2	356.4	344.1	313.5	388.8	443.0	442.2	464.1
Service balance (US$ bn)	-8.5	-6.3	-9.4	6.8	13.3	2.3	23.7	32.6	32.2	31.2
Income balance (US$ bn)	-26.5	-26.9	-29.2	-52.0	-50.2	-51.4	-73.1	-78.9	-86.6	-85.6
Foreign direct investment (US$ bn)	69.8	65.4	102.2	81.2	105.3	78.4	138.5 140.8	134.9	-	
International reserves (US$ bn)	247.7	246.6	279.9	287.7	279.5	362.3	417.9 289.5	-	-	
Public Sector										
Central gov. primary budget balance (% of GDP)	-0.6	-0.5	0.5	-0.8	-0.2	-6.4	-5.1	-2.6	-1.1	-1.0
Central gov. budget balance (% of GDP)	-0.9	1.4	2.3	0.7	0.2	-13.9	-2.2	-0.3	-0.1	0.0
Consolidated gov. primary budget balance (% of GDP)	-	-	-	-	-	-	-	-	-	-
Consolidated public sector balance (% of GDP)	-	-	-	-	-	-	-	-	-	-
Central gov. revenues (% of GDP)	15.2	15.3	15.8	14.4	14.5	13.8	15.0	14.0	13.8 -	
Debt Indicators										
Gross external debt (% of GDP)	429.1	437.8	422.0	409.7	423.1	484.9	432.8 -	-	-	
Public (% of GDP)	-	-	-	-	-	-	-	-	-	-
Private (% of GDP)	429.1	437.8	422.0	409.7	423.1	484.9	432.8 -	-	-	
Gross government debt (% of GDP)	421.3	463.2	502.0	546.7	641.1	704.7	778.0 -	-	-	
Domestic (% of GDP)	421.3	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)	44.0	44.2	45.4	40.5	40.8	39.1	41.1	41.3	37.5	38.1
Investment (% of GDP)	25.4	26.4	27.3	24.8	24.6	22.6	23.1	21.9	21.2	21.4
Memorandum Items										
Lending to housing (% yoy)	8.2	3.1	2.3	5.9	1.0	2.4	--	-	-	
Central gov. expenditure (% of GDP)	15.8	15.8	15.3	15.2	14.7	17.7	20.0	16.6	14.9 -	

	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
Quarterly Economic Forecasts										
Real GDP growth (% yoy)	8.7	6.6	4.0	4.5	4.0	2.1	0.4	0.7	1.2	1.8
Real GDP growth (% qoq, sa, annualized)	5.1	8.0	5.6	-0.4	3.2	0.3	-1.6	1.4	3.9	3.2
CPI inflation (% yoy, eop)	2.5	3.7	4.6	5.9	7.3	6.6	6.1	5.0	4.2	4.5
Central bank policy rate (%, eop)	-	-	-	-	-	-	-	-	-	-
Nominal exchange rate (vs. USD, eop)	1.35	1.36	1.36	1.38	1.41	1.35	1.34	1.34	1.33	1.31
Current Account balance (US$ bn)	21.0	20.3	25.5	24.5	23.4	16.9	20.8	20.8	20.8	20.8

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 161: Taiwan

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	537	545	592	610	612	677	778	762	747	780
GDP per capita (US$)					25,908			32,756	32,354	
Economic Activity and Prices										
Real GDP growth (% yoy)	1.5	2.2	3.3	2.8	3.1	3.4	6.5	2.5	0.9	3.2
CPI inflation (% yoy, avg)	-0.3	1.4	0.6	1.4	0.6	-0.2	2.0	2.9	2.2	1.5
Nominal exchange rate (vs. USD, eop)	33.1	32.3	29.8	30.7	30.1	28.5	27.7	30.7	31.7	30.1
Nominal exchange rate (vs. USD, avg)	31.9	32.3	30.4	30.2	30.9	29.6	28.0	30.2	31.3	30.8
Central bank policy rate (%, eop)	1.630	1.375	1.375	1.375	1.375	1.125	1.125	1.750	1.875	1.875
External Sector										
Current account balance (% of GDP)	13.6	13.1	14.0	11.6	10.7	14.3	15.2	13.3	12.2	12.8
Current account balance (US$ bn)	72.8	71.3	83.1	70.9	65.7	96.6	118.0	101.3	91.1	99.8
Trade balance (US$ bn)	48.1	50.0	58.3	49.2	43.5	59.0	64.4	51.4	61.0	60.3
Exports, f.o.b. (US$ bn)	284.4	279.2	315.5	334.0	329.2	345.1	446.4	479.4	424.9	440.1
Imports, c.i.f. (US$ bn)	236.4	229.2	257.2	284.8	285.7	286.1	382.0	428.0	363.9	379.8
International reserves (US$ bn)	426	434	452	462	478	530	548	555	560	565
Public Sector										
Central gov. primary budget balance (% of GDP)	-0.1	-0.3	-0.2	0.0	0.0	-2.8	-2.4	-0.6	-1.7	-1.4
Central gov. budget balance (% of GDP)	-0.5	-0.7	-0.6	-0.4	-0.4	-3.2	-2.8	-1.0	-2.1	-1.7
Debt Indicators										
Gross external debt (% of GDP)	29.7	31.7	30.8	31.4	30.2	28.0	27.4	28.9	29.2	28.5
Public (% of GDP)	0.2	0.2	0.1	0.0	0.1	0.2	0.2	0.2	0.2	0.2
Private (% of GDP)	29.5	31.5	30.7	31.4	30.1	27.8	27.2	28.7	29.0	28.3
Gross government debt (% of GDP)	35.9	35.4	34.5	33.9	32.7	32.1	30.2	30.5	30.9	31.0
Domestic (% of GDP)	-	-	-	-	-	-	-	-	-	-
External (% of GDP)	-	-	-	-	-	-	-	-	-	-

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 162: Thailand

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Summary Data						0.0				
Nominal GDP (US$ bn)	400.7	414.0	456.7	506.4	543.9	500.9	501.2	508.4	527.6	586.0
GDP per capita (US$)	6096.0	6280.0	6899.9	7624.3	8161.3	7490.5	7470.7	7551.2	7810.4	8674.1
Economic Activity and Prices										
Real GDP growth (% yoy)	3.1	3.4	4.2	4.2	2.3	-6.3	1.5	2.7	2.8	3.3
CPI inflation (% yoy, avg)	-0.9	0.0	0.0	-0.9	0.7	-0.9	1.2	6.1	1.6	1.7
Nominal exchange rate (vs. USD, eop)	36.1	35.9	32.5	32.3	29.9	30.5	33.0	36.0	34.0	32.0
Nominal exchange rate (vs. USD, avg)	34.3	35.2	33.9	32.3	31.0	31.3	32.1	35.0	34.7	32.8
Central bank policy rate (%, eop)	1.5	1.5	1.5	1.8	1.3	0.5	0.5	1.00	2.50	2.50
External Sector										
Current account balance (% of GDP)	6.9	10.5	9.6	5.6	6.8	8.1	-3.7	-3.3	0.9	2.7
Current account balance (US$ bn)	3.0	43.4	44.0	28.4	37.0	40.8	-18.5	-16.9	4.8	15.3
Trade balance (US$ bn)	26.1	35.8	32.6	22.4	26.7	40.9	32.4	10.8	7.9	4.3
Exports, f.o.b. (US$ bn)	213.4	213.5	233.7	251.1	242.7	227.0	270.6	285.4	279.5	285.9
Imports, c.i.f. (US$ bn)	187.2	177.7	201.1	228.7	216.0	186.1	238.2	274.6	271.6	281.7
International reserves (US$ bn)	156.5	171.9	202.6	205.6	224.3	258.1	239.5	222.8	222.6	229.9
Public Sector										
Central gov. primary budget balance (% of GDP)	-1.5	-1.7	-2.2	-1.5	-1.9	-6.6	-8.0	-4.2	-2.0	-2.6
Central gov. budget Balance (% of GDP)	-2.3	-2.6	-3.0	-2.4	-2.8	-7.3	-9.1	-5.4	-3.3	-3.7
Debt Indicators										
Gross external debt (% of GDP)	32.7	32.1	34.1	32.2	31.6	na	na	na	na	na
Public (% of GDP)	5.1	5.5	6.9	7.1	7.0	na	na	na	na	na
Private (% of GDP)	27.6	26.6	27.2	25.2	24.6	na	na	na	na	na
Gross government debt (% of GDP)	43.7	40.6	41.1	41.8	41.2	49.5	58.4	60.7	61.3	62.4
Domestic (% of GDP)	41.1	38.3	39.2	40.2	40.1	47.7	56.6	59.0	60.4	61.4
External (% of GDP)	2.5	2.3	1.9	1.6	1.1	1.8	1.8	1.7	1.0	1.0

Source: BofA Global Research

BofA GLOBAL RESEARCH

GEMs Tables – EEMEA

Exhibit 163: Poland

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	478	472	527	587	596	599	681	691	816	934.7
GDP per capita (US$)	12,423	12,288	13,703	15,293	15,527	15,738	17,976	18,288	21,704	24,999
Unemployment rate (%)	7.5	6.2	4.9	3.9	3.3	3.2	3.4	2.9	-	-
Population (millions)	38.4	38.4	38.4	38.4	38.4	38.1	37.9	37.8	37.6	37.4
Economic Activity										
Real GDP growth (% yoy)	3.8	3.1	4.8	5.3	4.3	-2.1	6.7	5.4	0.3	3.0
Domestic demand growth (% yoy)	3.2	2.7	5.0	5.7	3.3	-2.8	8.2	5.6	-4.7	2.5
Real investment growth (% yoy)	4.6	-0.4	7.9	11.5	1.2	-6.9	17.1	17.4	-25.2	5.6
Real consumption growth (% yoy)	2.8	3.5	4.2	4.2	4.0	-1.7	5.9	2.2	2.2	1.7
Real private consumption growth (% yoy)	2.9	3.8	4.8	4.3	3.3	-3.5	6.2	3.3	0.4	3.0
Real government consumption growth (% yoy)	2.5	2.6	2.5	3.8	6.1	4.5	4.8	-1.2	8.0	-2.0
Real export growth (% yoy)	7.9	8.8	9.8	7.0	5.6	-1.0	12.4	6.2	3.0	5.5
Real import growth (% yoy)	6.4	7.4	9.7	7.7	3.1	-2.3	16.0	6.2	-4.0	5.0
Prices										
CPI inflation (% yoy, eop)	-0.5	0.8	2.1	1.1	3.4	2.4	8.6	16.6	7.6	4.6
CPI inflation (% yoy, avg)	-0.9	-0.6	2.0	1.7	2.3	3.4	5.1	14.3	11.8	5.5
Nominal wages (% yoy)	3.5	4.1	5.6	7.1	6.6	4.8	8.6	12.9	-	-
Nominal exchange rate (vs EUR, eop)	4.26	4.42	4.17	4.30	4.26	4.61	4.60	4.69	4.40	4.25
Nominal exchange rate (vs EUR, avg)	4.18	4.36	4.26	4.26	4.30	4.44	4.57	4.69	4.58	4.33
Bilateral real exchange rate (% yoy, + dep)	1.1	5.2	-2.9	0.2	-0.2	0.2	0.3	-2.6	-7.7	-8.8
Monetary Sector										
Monetary base growth (% yoy, eop)1	14.2	17.8	11.2	11.7	14.1	32.6	12.6	-8.1	-	-
Broad money growth (% yoy, eop)	9.1	9.6	4.6	9.2	8.3	16.4	8.9	5.4	-	-
Credit extension to private sector (% yoy, eop)	7.2	5.0	3.6	7.5	5.2	0.3	5.5	1.6	-	-
Central bank policy rate (%, eop)	1.50	1.50	1.50	1.50	1.50	0.10	1.75	6.75	5.50	5.50
1-month interbank rate (%, eop)2	1.65	1.66	1.65	1.64	1.63	0.20	2.23	6.93	-	-
Long-term yield (%, eop)3	3.0	3.5	3.3	2.9	2.0	1.3	3.4	6.6	-	-
External Sector										
Current account balance (% of GDP)	-1.3	-1.0	-1.1	-1.9	-0.2	2.4	-1.3	-2.4	2.9	2.2
Current account balance (US$ bn)	-10.1	-1.0	-8.5	-9.9	-4.0	9.9	-8.1	-16.1	24.0	20.1
Trade balance (US$ bn)	-2.4	-1.5	-5.5	-13.3	-4.9	8.0	-9.1	-25.6	10.9	4.1
Exports, f.o.b. (US$ bn)	182.1	187.3	215.9	242.4	246.7	251.8	311.9	339.3	378.5	399.8
main export	-	-	-	-	-	-	-	-	-	-
Imports, c.i.f. (US$ bn)	184.4	188.8	221.4	255.7	251.5	243.8	321.0	364.9	367.7	395.7
Service balance (US$, bn)	12.3	15.4	20.4	25.3	27.0	26.2	31.7	38.5	43.3	49.0
Income balance (US$, bn)	-17.9	-18.2	-22.3	-24.8	-24.9	-22.8	-30.9	-27.3	-28.0	-30.7
Foreign direct investment (US$ bn)	10.6	3.6	7.9	16.7	12.2	14.3	26.0	25.2	27.2	28.5
International reserves (US$ bn)	95	114	113	117	128	154	166	167	182	201
Public Sector										
Central gov. primary budget balance (% of GDP)	-0.5	-0.9	-2.2	0.7	0.1	-7.0	-0.9	-2.1	-	-
Central gov. budget balance (% of GDP)	-2.1	-2.6	-3.7	-0.6	-1.1	-7.9	-1.9	-3.2	-	-
Consolidated gov. primary budget balance (% of GDP)	-0.8	-0.7	0.1	1.2	0.6	-5.6	-0.7	-2.2	-3.9	-3.2
Consolidated public sector balance (% of GDP)	-2.6	-2.4	-1.5	-0.3	-0.7	-6.9	-1.8	-3.7	-5.5	-4.8
General gov. revenues (% of GDP)	39.1	38.7	39.8	41.3	41.1	41.3	42.3	39.8	37.3	35.7
Debt Indicators										
Gross external debt (% of GDP)	69.5	72.0	72.8	61.8	59.6	63.0	53.6	53.5	-	-
Public (% of GDP)	29.7	31.6	29.9	24.3	21.7	22.3	17.5	17.1	-	-
Private (% of GDP)	39.8	40.5	42.8	37.5	37.9	40.7	36.2	36.4	-	-
Gross government debt (% of GDP)	51.3	54.2	50.6	48.8	45.7	57.2	53.6	49.1	50.2	51.9
Domestic (% of GDP)	22.7	27.2	22.8	26.7	26.4	37.3	38.7	34.9	37.1	39.6
External (% of GDP)	28.6	27.0	27.8	22.1	19.3	19.8	15.0	14.2	13.1	12.3
External debt amortizations (US$ bn)	-	-	-	-	-	-	-	-	-	-
External debt interest payments (US$ bn)	-	-	-	-	-	-	-	-	-	-
External debt service (% of XGS)	-	-	-	-	-	-	-	-	-	-
Savings - Investment Balance										
Savings (% of GDP)	19.2	18.7	18.8	18.8	20.3	21.2	20.5	20.0	-	-
Investment (% of GDP)	20.4	19.7	19.9	20.8	20.5	18.8	21.8	22.4	-	-

	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24
Quarterly Economic Forecasts										
Real GDP growth (sa, % yoy)	5.1	1.1	-1.1	-1.0	-	-	-	-	-	-
Real GDP growth (sa, % qoq, annualized)	4.9	-8.1	5.3	-5.5	-	-	-	-	-	-
CPI inflation (% yoy, eop)	17.2	16.6	16.1	11.5	8.2	7.6	5.9	5.2	4.9	4.6
Central bank policy rate (%, eop)	6.75	6.75	6.75	6.75	6.00	5.50	5.50	5.50	5.50	5.50
Nominal exchange rate (vs EUR, eop)	4.87	4.69	4.68	4.45	4.64	4.40	4.80	4.80	4.70	4.25
Current account balance (US$ bn)	-5.1	-1.9	5.5	1.3	-	-	-	-	-	-

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 164: South Africa

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022E	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	346.7	323.5	381.3	405.1	389.2	338.2	420.0	405.1	373.2	425.7
GDP per capita (US$)	6257	5751	6678	6992	6623	5672	6944	6603	5996	6742
Unemployment rate (%)	25.4	26.7	27.5	27.1	28.7	29.2	34.3	33.5	34.0	34.0
Population (millions)	55.4	56.3	57.1	57.9	58.8	59.6	60.5	61.4	62.2	63.1
Economic Activity										
Real GDP growth (% yoy)	1.3	0.7	1.2	1.6	0.3	-6.0	4.7	1.9	0.7	1.5
Domestic demand growth (% yoy)	1.9	-0.7	1.5	2.0	1.3	-7.6	4.8	3.9	1.5	1.5
Real investment growth (% yoy)	1.3	-1.9	-2.0	-1.2	-1.7	-14.6	0.6	4.8	4.2	2.2
Real consumption growth (% yoy)	1.4	1.0	1.3	2.7	1.4	-4.5	4.6	2.1	0.9	1.9
Real private consumption growth (% yoy)	2.2	0.7	1.7	3.2	1.3	-6.1	5.8	2.5	0.8	2.1
Real government consumption growth (% yoy)	-1.0	2.0	-0.3	1.1	1.8	0.9	0.5	1.0	0.9	1.1
Real export growth (% yoy)	3.1	0.4	-0.3	2.7	-3.3	-12.0	9.1	7.4	3.0	2.7
Real import growth (% yoy)	5.0	-4.1	1.5	3.5	0.6	-17.6	9.6	14.9	5.4	2.7
Prices										
CPI inflation (% yoy, eop)	5.2	6.8	4.7	4.5	4.0	3.1	5.9	7.2	5.5	5.1
CPI inflation (% yoy, avg)	4.6	6.3	5.3	4.6	4.1	3.3	4.6	6.9	5.9	5.3
Nominal wages (% yoy)	8.2	7.6	6.9	5.0	4.6	-2.3	3.0	5.0	6.0	5.0
Nominal exchange rate (vs USD, eop)	15.6	13.7	12.3	14.4	14.0	14.7	15.9	17.0	19.0	17.5
Nominal exchange rate (vs USD, avg)	12.8	14.7	13.3	13.2	14.5	16.5	15.0	16.5	19.0	17.8
Bilateral real exchange rate (% yoy, + dep)	-1.2	3.8	-9.5	-2.4	0.2	9.1	-14.6	3.1	8.7	-11.6
Monetary Sector										
Monetary base growth (% yoy)	7.8	6.4	6.8	9.1	4.2	3.3	4.6	6.9	5.9	5.3
Broad money growth (% yoy)	10.5	6.1	6.4	5.6	6.1	3.3	4.6	6.9	5.9	5.3
Credit extension to private sector (% yoy)	10.2	5.1	6.7	5.1	6.1	5.0	4.6	6.9	6.9	6.3
Central bank policy rate (%, eop)	6.3	7.0	6.8	6.8	6.5	3.5	3.8	7.00	8.50	8.00
1-month interbank rate (%, eop)	6.4	7.1	6.9	7.0	6.6	3.5	3.7	7.1	8.6	8.1
Long-term yield (%, eop)1	9.7	8.9	9.2	9.4	9.0	9.7	9.9	11.3	12.1	11.0
External Sector										
Current account balance (% of GDP)	-4.3	-2.7	-2.4	-2.9	-2.6	1.9	3.7	-0.5	-2.3	-2.7
Current account balance (US$ bn)	-15.0	-8.7	-9.0	-11.9	-10.1	6.6	15.3	-1.8	-8.6	-11.3
Trade balance (US$ bn)	-4.3	1.7	4.4	2.0	2.5	17.5	30.2	13.7	3.9	0.2
Exports, f.o.b. (US$ bn)	80.5	76.1	87.7	94.4	90.0	84.6	121.5	127.6	112.7	109.3
main export	14.3	14.2	16.9	17.4	15.4	7.8	22.6	21.5	15.0	12.0
Imports, c.i.f. (US$ bn)	84.9	74.4	83.3	92.4	87.4	67.1	91.3	109.5	108.8	109.1
Service balance (US$ bn)	-0.2	-0.3	-0.1	0.1	-0.6	-2.7	-4.5	-5.5	-4.5	-2.5
Income balance (US$ bn)	-7.9	-8.3	-10.6	-11.3	-9.7	-5.6	-8.0	-8.5	-8.0	-9.0
Foreign direct investment (US$ bn)	-4.0	-2.2	-5.4	1.4	2.0	5.0	40.1	7.1	7.1	7.1
International reserves (US$ bn)	41.6	42.6	45.5	46.5	48.9	47.4	50.3	53.2	62.0	62.4
Public Sector										
Central gov. primary budget balance (% of GDP)	-1.0	-0.5	-0.9	-0.9	-2.5	-5.7	-0.8	0.1	-1.6	-1.3
Central gov. budget balance (% of GDP)	-4.1	-3.8	-4.4	-4.3	-6.1	-9.8	-5.1	-4.5	-6.2	-6.0
Consolidated gov. primary budget balance (% of GDP)	-1.0	-0.5	-1.0	-0.9	-2.5	-5.7	-0.9	-0.1	-1.7	-1.5
Consolidated public sector balance (% of GDP)	-3.4	-3.2	-3.7	-3.6	-5.0	-9.9	-4.6	-4.1	-6.4	-6.2
Central gov. revenues (% of GDP)	26.1	25.7	25.5	23.5	23.6	22.1	24.9	25.6	24.3	24.1
Debt Indicators										
Gross external debt (% of GDP)	35.8	44.2	45.4	42.6	47.6	50.4	52.4	54.4	56.4	58.4
Public (% of GDP)	16.9	23.3	25.4	22.5	26.6	30.8	31.8	32.8	33.8	34.8
Private (% of GDP)	18.9	20.9	20.0	20.1	21.0	19.6	20.6	21.6	22.6	23.6
Gross government debt (% of GDP)	48.9	50.5	53.0	51.5	59.2	70.2	68.1	71.1	75.3	75.7
Domestic (% of GDP)	44.1	45.7	48.4	46.1	52.4	63.2	60.1	62.1	65.3	64.7
External (% of GDP)	4.8	4.8	4.6	5.4	6.8	7.0	8.0	9.0	10.0	11.0
External debt amortizations (US$ bn)	41.1	35.9	33.8	35.8	37.8	39.8	41.8	43.8	45.8	47.8
External debt interest payments (US$ bn)	4.6	4.6	6.0	6.2	6.5	6.7	7.0	7.2	7.5	7.7
External debt service (% of XGS)	56.7	53.2	45.3	44.5	49.2	54.9	40.1	39.9	47.2	50.8
Savings - Investment Balance										
Savings (% of GDP)	14.3	14.3	14.2	13.2	13.3	14.4	16.5	15.0	13.1	12.9
Investment (% of GDP)	18.6	17.0	16.6	15.9	15.9	12.4	12.8	15.5	15.4	15.6

	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24
Quarterly Economic Forecasts										
Real GDP growth (% yoy)	4.0	1.3	-0.7	1.2	0.1	1.4	1.4	1.3	1.6	1.9
Real GDP growth (% qoq, sa, annualized)	7.5	-4.9	-1.9	0.7	0.7	0.8	1.8	1.8	2.0	2.0
CPI inflation (% yoy, eop)	7.5	7.2	7.1	5.4	5.2	5.5	5.4	5.1	5.2	5.1
Central bank policy rate (%, eop)	6.3	7.0	7.8	8.3	8.3	8.5	8.5	8.5	8.3	8.0
Nominal exchange rate (vs USD, eop)	18.2	17.5	18.0	20.0	19.0	19.0	18.5	18.0	17.0	17.5
Current account balance (US$ bn)	-0.4	-0.6	-0.2	-0.8	-0.4	-0.6	-0.4	-0.6	-0.2	-0.9

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 165: Türkiye
Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	864.3	869.7	859.0	778.4	761.4	721.1	811.7	905.9	918.4	1041.1
GDP per capita (US$)	10977	10896	10630	9492	9157	8552	9492	10622	10693	12036
Unemployment rate (%)	10.3	10.9	10.9	11.0	13.7	13.4	12.4	11.1	11.0	12.0
Population (millions)	78.7	79.8	80.8	82.0	83.2	84.3	85.5	85.3	85.9	86.5
Economic Activity										
Real GDP growth (% yoy)	6.1	3.3	7.5	3.0	0.9	1.8	11.4	5.6	3.5	3.0
Domestic demand growth (% yoy)	6.2	4.1	7.2	-0.7	-1.5	7.6	6.5	5.2	7.6	4.2
Real investment growth (% yoy)	9.3	2.2	8.3	-0.3	-12.4	6.5	7.4	2.8	0.2	-2.2
Real consumption growth (% yoy)	5.1	4.8	5.8	1.6	2.1	3.0	12.8	17.0	7.5	-3.5
Real private consumption growth (% yoy)	5.3	3.8	5.9	0.5	1.6	3.2	15.3	19.6	8.2	-4.4
Real government consumption growth (% yoy)	3.9	9.5	5.0	6.6	4.4	2.3	2.6	5.2	3.6	1.0
Real export growth (% yoy)	3.2	-1.7	12.4	9.0	4.9	-15.4	24.9	9.1	-4.7	0.1
Real import growth (% yoy)	0.7	3.0	10.6	-6.4	-5.3	7.4	2.4	7.9	12.5	5.2
Prices										
CPI inflation (% yoy, eop)	8.8	8.5	11.9	20.3	11.8	14.6	36.1	64.3	70.2	39.8
CPI inflation (% yoy, avg)	7.7	7.8	11.1	16.2	15.5	12.3	19.4	72.0	54.5	61.0
Nominal wages (% yoy)	18.3	20.7	13.4	15.9	18.3	13.3	20.4	77.0	55.5	62.0
Nominal exchange rate (vs USD, eop)	2.9	3.5	3.8	5.3	5.9	7.4	13.0	18.6	30.0	41.0
Nominal exchange rate (vs USD, avg)	2.7	3.0	3.6	5.0	5.8	7.0	8.9	16.6	25.8	36.5
Bilateral real exchange rate (% yoy, + dep)	2.1	0.0	-10.3	-14.3	-2.6	-10.4	-8.8	-32.2	-18.6	-15.2
Monetary Sector										
Monetary base growth (% yoy)	22.3	21.8	7.6	1.8	19.8	24.9	26.6	40.9	35.0	65.4
Broad money growth (% yoy)	16.6	18.2	16.5	18.6	28.4	34.2	51.5	61.6	25.0	25.0
Credit extension to private sector (% yoy)	19.9	15.8	20.1	13.9	12.0	34.3	34.2	53.3	25.0	25.0
Central bank policy rate (%, eop)	7.5	19.7	12.8	24.0	12.0	17.0	14.0	9.0	35.0	45.0
1-month interbank rate (%, eop)	11.7	9.3	14.1	24.1	10.8	17.5	14.3	9.5	35.5	45.5
Long-term yield (%, eop)	10.7	11.1	11.5	15.9	11.5	17.1	13.9	22.0	30.0	21.0
External Sector										
Current account balance (% of GDP)	-3.2	-3.1	-4.7	-2.8	0.9	-5.2	-1.8	-5.5	-5.1	-3.7
Current account balance (US$ bn)	-27.3	-27.0	-40.8	-21.7	6.8	-37.3	-14.9	-48.7	-47.0	-38.0
Trade balance (US$ bn)	-49.0	-39.9	-58.6	-40.7	-16.8	-37.9	-46.1	-109.5	-115.0	-108.0
Exports, f.o.b. (US$ bn)	154.9	152.6	169.2	178.9	182.2	168.4	225.3	254.2	255.0	260.0
main export - road vehicles	20.2	22.8	27.2	29.8	28.7	23.7	26.8	28.0	30.0	32.0
Imports, c.i.f. (US$ bn)	203.9	192.6	227.8	219.6	199.0	206.3	271.4	363.7	370.0	368.0
Service balance (US$ bn)	30.0	20.5	26.3	30.2	35.5	9.1	25.2	49.9	52.0	56.0
Income balance (US$ bn)	-9.7	-9.2	-11.1	-11.9	-12.8	-8.7	-11.8	-8.5	-9.0	-10.0
Foreign direct investment (US$ bn)	14.2	10.7	8.3	9.2	6.3	4.6	7.7	8.1	10.1	10.0
International reserves (US$ bn)	110.5	106.1	107.7	93.0	105.7	93.3	111.2	128.7	120.0	120.0
Public Sector										
Central gov. primary budget balance (% of GDP)	1.3	0.8	0.1	-0.2	-0.8	-1.4	-0.2	1.1	-3.5	-3.3
Central gov. budget balance (% of GDP)	-1.0	-1.1	-1.5	-1.9	-2.9	-3.4	-2.7	-0.9	-6.0	1.6
Consolidated public sector primary balance (% of GDP)	1.2	0.7	0.2	0.0	-0.6	-0.8	-0.2	1.0	-3.6	-3.4
Consolidated public sector balance (% of GDP)	-1.1	-1.3	-1.6	-1.9	-2.9	-3.5	-2.8	-1.0	-6.1	1.5
Central gov. revenues (% of GDP)	20.5	21.1	20.1	20.2	20.3	20.4	19.5	18.7	18.0	17.0
Debt Indicators										
Gross external debt (% of GDP)	46.3	47.0	52.9	56.5	57.3	62.8	54.5	70.0	72.0	74.0
Public (% of GDP)	13.7	14.3	16.1	18.6	21.8	27.1	25.4	32.5	34.0	34.5
Private (% of GDP)	32.6	32.7	36.8	38.0	35.5	35.7	29.2	37.5	38.0	39.5
Gross government debt (% of GDP)	29.9	28.0	28.0	30.2	32.6	39.5	41.8	35.2	39.5	32.8
Domestic (% of GDP)	19.5	18.9	18.3	16.9	20.2	24.0	21.4	20.6	22.9	17.7
External (% of GDP)	10.4	11.5	10.9	12.1	13.1	14.8	20.5	14.6	16.6	15.1
External debt amortizations (US$ bn)	39.8	58.1	59.5	59.3	59.4	46.2	53.0	60.8	60.7	60.6
External debt interest payments (US$ bn)	6.8	7.7	8.2	9.7	10.8	10.3	9.5	11.4	10.0	8.3
External debt service (% of XGS)	22.2	33.1	30.6	30.5	29.4	30.9	23.6	21.8	21.1	19.9
Savings - Investment Balance										
Savings (% of GDP)	26.4	26.0	25.1	26.9	26.8	22.0	26.1	22.8	23.4	25.2
Investment (% of GDP)	29.6	29.1	29.9	29.7	25.9	27.2	27.9	28.2	28.5	28.8

	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24
Quarterly Economic Forecasts										
Real GDP growth (% yoy)	3.8	3.5	3.9	3.8	4.4	1.9	3.5	1.0	2.4	5.0
Real GDP growth (% qoq, sa, annualized)	-3.7	3.8	-0.5	14.6	-0.3	-5.2	5.9	4.0	5.5	4.7
CPI inflation (% yoy, eop)	83.5	64.3	50.5	38.2	61.6	70.2	74.0	74.1	48.4	39.8
Central bank policy rate (%, eop)	12.00	9.00	9.00	8.50	30.00	35.00	35.00	45.00	45.00	45.00
Nominal exchange rate (vs USD, eop)	18.5	18.6	19.2	26.0	28.0	31.0	33.0	36.0	38.0	41.0
Current account balance (US$ bn)	-9.3	-10.8	-12.6	-17.7	-6.6	-11.2	-9.8	-13.7	-5.1	-8.7

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 166: Czech Republic

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	188	196	219	249	253	246	282	292	326	343
GDP per capita (US$)	17,824	18,561	20,663	23,410	23,620	23,017	26,804	27,683	30,929	32,582
Economic Activity and Prices										
Real GDP growth (% yoy)	5.5	2.5	5.3	3.2	3.0	-5.5	3.5	2.5	0.0	1.8
CPI inflation (% yoy, avg)	0.3	0.7	2.5	2.1	2.8	3.2	3.8	15.1	10.8	2.3
Nominal exchange rate (vs EUR, eop)	27.0	27.0	25.5	25.7	25.4	26.2	24.9	24.1	24.8	24.3
Nominal exchange rate (vs EUR, avg)	27.3	27.0	26.3	25.6	25.7	26.5	25.6	24.6	24.5	24.6
Central bank policy rate (%, eop)	0.05	0.05	0.50	1.75	2.00	0.25	3.75	7.00	6.75	4.00
External Sector										
Current account balance (% of GDP)	0.4	1.8	1.5	0.4	0.3	2.0	-2.8	-6.1	-1.0	1.1
Current account balance (US$ bn)	0.8	3.5	3.4	1.1	0.8	4.9	-7.8	-17.8	-3.3	3.8
Trade balance (US$ bn)	7.6	10.6	11.1	9.3	10.5	12.1	3.2	- 4.3	14.3	16.6
Exports, f.o.b. (US$ bn)	128	131	146	161	156	146	176	184	205	222
Imports, c.i.f. (US$ bn)	121	120	135	152	146	134	173	189	190	205
International reserves (US$ bn)	64	86	148	143	150	166	174	140	137	147
Public Sector										
General gov. primary budget balance (% of GDP)	0.4	1.6	2.2	1.6	0.99	-5.0	-4.3	-2.5	-	-
General gov. budget balance (% of GDP)	-0.6	0.7	1.5	0.9	0.3	-5.8	-5.1	-3.6	-4.0	-2.2
Debt Indicators										
Gross external debt (% of GDP)	66.8	69.5	93.6	78.8	76.7	82.0	73.0	67.5	-	-
Public (% of GDP)	16.6	17.7	20.9	15.7	15.0	17.1	15.7	14.9	-	-
Private (% of GDP)	50.2	51.8	72.8	63.1	61.7	64.9	57.3	52.6	-	-
Gross government debt (% of GDP)	39.7	36.6	34.2	32.1	30.0	37.7	42.0	44.1	43.8	44.3
Domestic (% of GDP)	24.6	20.9	17.0	19.5	18.0	23.8	31.0	34.2	35.0	35.9
External (% of GDP)	15.1	15.7	17.2	12.5	12.1	13.9	11.0	9.9	8.8	8.4

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 167: Egypt

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	350.1	350.6	247.8	261.0	317.7	382.4	424.4	475.2	398.3	356.7
GDP per capita (US$)	3,934	3,852	2,603	2,688	3,213	3,801	4,157	4,587	3,769	3,309
Economic Activity and Prices										
Real GDP growth (% yoy)	4.4	4.3	4.2	5.3	5.5	3.6	3.3	6.7	4.0	4.0
CPI inflation (% yoy, avg)	11.0	10.2	23.3	21.6	13.9	5.7	4.5	8.5	24.4	25.0
Nominal exchange rate (vs USD, eop)	7.63	8.78	18.00	17.50	16.69	16.16	15.70	18.79	30.90	44.00
Nominal exchange rate (vs USD, avg)	7.35	8.16	14.75	17.88	17.61	16.09	15.70	16.50	25.79	37.45
Central bank policy rate (%, eop)	8.75	11.75	16.75	16.75	15.75	9.25	8.25	11.25	18.25	23.25
External Sector										
Current account balance (% of GDP)	-3.5	-5.7	-5.8	-2.3	-3.4	-2.9	-4.3	-3.5	-1.2	-2.3
Current account balance (US$ bn)	-12.1	-19.8	-14.4	-6.0	-10.9	-11.2	-18.4	-16.6	-4.7	-8.4
Trade balance (US$ bn)	-39.1	-38.7	-37.3	-37.3	-38.0	-36.5	-42.1	-43.4	-31.2	-35.9
Exports, f.o.b. (US$ bn)	22.2	18.7	21.7	25.8	28.5	26.4	28.7	43.9	39.6	53.8
Imports, c.i.f. (US$ bn)	61.3	57.4	59.0	63.1	66.5	62.8	70.7	87.3	70.8	89.7
International reserves (US$ bn)	20.1	17.5	31.3	44.3	44.5	38.2	40.6	33.4	34.8	40.0
Public Sector										
Central gov. primary budget balance (% of GDP)	-3.4	-3.4	-1.7	0.1	1.8	1.7	1.4	1.3	1.6	2.5
Central gov. budget balance (% of GDP)	-10.9	-11.9	-10.4	-9.3	-7.7	-7.5	-7.1	-6.2	-6.0	-7.0
Debt Indicators										
Gross external debt (% of GDP)	13.7	15.9	31.9	35.5	34.2	32.3	33.6	36.2	43.7	49.6
Public (% of GDP)	12.0	13.3	26.3	28.4	26.8	25.4	26.7	29.3	36.8	42.7
Private (% of GDP)	1.7	2.6	5.6	7.1	7.4	6.9	6.9	6.9	6.9	6.9
Gross government debt (% of GDP)	83.8	91.2	94.8	88.1	80.7	83.6	85.6	82.6	83.3	83.8
Domestic (% of GDP)	76.4	84.2	80.7	69.9	62.7	65.4	66.1	62.9	56.1	50.7
External (% of GDP)	7.3	7.0	14.1	18.3	18.0	18.1	19.4	19.7	27.2	33.1

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 168: Hungary

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	125	129	143	161	164	157	182	178	218	231
GDP per capita (US$)	12,734	13,126	14,636	16,429	16,784	16,153	18,769	18,410	22,534	23,912
Economic Activity and Prices										
Real GDP growth (% yoy)	3.6	2.1	4.5	5.4	4.9	-4.8	7.1	4.6	-0.2	2.8
CPI inflation (% yoy, avg)	-0.1	0.4	2.3	2.8	3.3	3.3	5.1	14.6	18.0	5.0
Nominal exchange rate (vs EUR, eop)	313	311	310	322	331	365	369	400	400	399
Nominal exchange rate (vs EUR, avg)	310	311	309	319	325	351	359	391	388	400
Central bank policy rate* (%, eop)	1.35	0.90	0.90	0.90	0.90	0.60	2.40	13.00	11.00	6.50
External Sector										
Current account balance (% of GDP)	2.3	4.5	2.0	0.2	-0.8	-1.1	-3.9	-8.1	-0.6	0.3
Current account balance (US$ bn)	2.9	5.8	2.8	0.3	-1.3	-1.7	-7.1	-14.5	-1.2	0.6
Trade balance (US$ bn)	4.5	4.4	1.9	-2.7	-4.1	-1.5	-5.2	-15.7	-1.0	0.1
Exports, f.o.b. (US$ bn)	87	87	96	105	104	101	119	131	145	155
Imports, c.i.f. (US$ bn)	83	83	94	107	108	103	125	147	146	155
International reserves (US$ bn)	33.1	25.8	28.0	31.4	31.8	41.4	43.5	41.2	41.8	49.2
Public Sector										
General gov. primary budget balance (% of GDP)	1.4	1.3	0.2	0.3	0.2	-5.2	-4.9	-3.5	-	-
General gov. budget balance (% of GDP)	-2.0	-1.8	-2.5	-2.1	-2.0	-7.5	-7.2	-6.3	-5.5	-3.3
Debt Indicators										
Gross external debt (% of GDP)	128.8	119.3	101.2	99.6	97.3	150.6	153.5	148.6	-	-
Public (% of GDP)	41.5	36.0	32.7	27.8	26.8	36.6	34.2	34.9	-	-
Private (% of GDP)	87.3	83.3	68.6	71.7	70.6	114.0	119.3	113.7	-	-
Gross government debt (% of GDP)	75.8	74.9	72.1	69.1	65.3	79.3	76.8	73.6	67.4	65.2
Domestic (% of GDP)	35.8	40.4	40.8	42.3	39.8	48.9	53.0	50.5	45.5	41.6
External (% of GDP)	39.9	34.4	31.3	26.7	25.5	30.4	23.8	23.1	21.9	23.6

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 169: Israel

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	300	319	355	373	398	407	482	524	498	532
GDP per capita (US$)	35,822	37,342	40,788	42,028	43,966	44,181	51,502	55,910	53,116	56,804
Economic Activity and Prices										
Real GDP growth (% yoy)	2.3	4.5	4.4	4.0	3.8	-2.2	8.2	6.5	2.5	3.5
CPI inflation (% yoy, avg)	-0.6	-0.5	0.2	0.8	0.8	-0.6	1.5	4.4	4.3	2.7
Nominal exchange rate (vs USD, eop)	3.90	3.85	3.47	3.75	3.46	3.22	3.11	3.52	4.06	3.50
Nominal exchange rate (vs USD, avg)	3.89	3.84	3.60	3.59	3.56	3.44	3.23	3.36	3.78	3.75
Central bank policy rate (%, eop)	0.10	0.10	0.10	0.25	0.25	0.10	0.10	3.25	4.75	3.00
External Sector										
Current account balance (% of GDP)	5.3	3.8	3.6	2.8	3.6	5.5	4.7	3.4	4.1	4.2
Current account balance (US$ bn)	15.8	12.1	12.8	10.6	14.3	22.2	22.5	17.9	20.3	22.2
Trade balance (US$ bn)	-3.7	-8.2	-10.3	-16.9	-15.4	-11.6	-19.5	-27.1	-29.8	-36.9
Exports, f.o.b. (US$ bn)	57.1	55.9	58.2	59.9	60.4	58.9	69.2	77.8	87.3	96.0
Imports, c.i.f. (US$ bn)	60.8	64.2	68.5	76.8	75.8	70.5	88.6	104.9	117.1	132.9
International reserves (US$ bn)	90.6	98.4	113.0	115.3	126.0	173.3	213.3	233.0	243.0	253.0
Public Sector										
General gov. primary budget balance (% of GDP)	-1.8	-0.3	-0.4	-2.8	-1.4	-0.4	-	-	-	-
General gov. budget balance (% of GDP)	-1.6	-2.1	-2.0	-4.3	-4.5	-11.4	-4.2	0.1	-3.0	-2.5
Debt Indicators										
Gross external debt (% of GDP)	28.6	27.3	25.4	25.3	26.4	32.5	28.5	29.9	32.4	31.3
Public (% of GDP)	9.3	8.7	9.0	9.8	9.9	15.3	16.4	15.7	16.6	15.5
Private (% of GDP)	19.4	18.6	16.4	15.5	16.5	17.3	12.1	14.1	15.9	15.8
Gross government debt (% of GDP)	63.8	62.0	60.2	60.4	59.5	71.7	68.7	60.3	61.4	60.3
Domestic (% of GDP)	54.5	53.3	51.2	50.6	49.6	56.4	52.3	44.6	44.8	44.9
External (% of GDP)	9.3	8.7	9.0	9.8	9.9	15.3	16.4	15.7	16.6	15.5

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 170: Kazakhstan

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	185	138	166	178	181	171	193	224	234	245
GDP per capita (US$)	10452	7691	9147	9655	9730	9032	11053	11583	11939	12358
Economic Activity and Prices										
Real GDP growth (% yoy)	1.2	1.1	4.1	4.1	4.5	-2.5	4.1	2.9	4.8	4.0
CPI inflation (% yoy, avg)	6.8	14.6	7.5	6.0	5.3	6.8	8.0	15.0	14.8	7.7
Nominal exchange rate (vs USD, eop)	222	342	326	345	383	413	426	460	460	465.0
Nominal exchange rate (vs USD, avg)	339	333	331	375	381	421	432	461	460	470.0
Central bank policy rate (%, eop)	16.00	12.00	10.25	9.25	9.25	9.00	9.75	16.75	16.00	12.00
External Sector										
Current account balance (% of GDP)	-3.7	-6.1	-3.3	-0.5	-4.6	-4.5	-4.1	3.2	-1.9	-2.1
Current account balance (US$ bn)	-6.7	-8.5	-5.5	-0.9	-8.3	-7.6	-7.9	7.1	-4.5	-5.1
Trade balance (US$ bn)	5.6	5.0	12.6	20.0	13.6	6.4	16.8	33.9	22.6	25.6
Exports, f.o.b. (US$ bn)	51.0	41.5	53.7	67.1	65.9	52.7	65.9	93.8	83.7	88.7
Imports, c.i.f. (US$ bn)	45.3	36.4	41.1	47.1	52.2	46.3	49.1	59.9	61.2	63.1
International reserves (US$ bn)	27.9	29.7	30.7	30.9	29.0	35.6	34.4	35.1	34.0	35.0
Public Sector										
Central gov. primary budget balance (% of GDP)	-6.3	-4.5	-4.266	2.58	-0.57	-7.037	-4.096	-2.8	-4	-3.5
Central gov. budget balance (% of GDP)	-6.6	-4.7	-3.3	3.4	-0.4	-6.4	-3.7	-2.2	-3.5	-3.0
Debt Indicators										
Gross external debt (% of GDP)	82.8	118.7	100.8	90.3	88.0	96.5	85.5	71.6	69.7	68.2
Public (% of GDP)	7	9	8	7	7	9	10	7	6	5.9
Private (% of GDP)	76.2	109.3	93.0	83.3	80.7	87.6	75.9	64.6	63.7	62.3
Gross government debt (% of GDP)	21.9	19.7	19.9	20.3	19.9	26.4	25.9	21.9	24.7	25.4
Domestic (% of GDP)	18.6	13.6	11.1	13.0	13.4	19.5	17.8	13.7	17.1	18.4
External (% of GDP)	3.3	6.1	8.8	7.3	6.5	6.8	8.1	8.2	7.6	7.1

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 171: Nigeria

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	492	405	376	422	475	433	441	478	370	452
GDP per capita (US$)	2676	2145	1942	2126	2334	2078	2069	2187	1655	1970
Economic Activity and Prices										
Real GDP growth (% yoy)	2.7	-1.6	0.8	1.9	2.2	-1.8	3.6	3.3	2.5	3.0
CPI inflation (% yoy, avg)	9.0	15.7	16.5	12.1	11.4	13.2	17.0	18.8	25.0	15.0
Nominal exchange rate (vs USD, eop)	199.3	315.3	360.0	362.6	362.6	397.8	420.0	460.0	750.0	650.0
Nominal exchange rate (vs USD, avg)	199.3	315.3	360.0	362.6	362.6	397.8	420.0	429.0	683.0	670.0
Central bank policy rate (%, eop)	11.00	14.00	14.00	14.00	13.50	11.50	11.50	16.50	25.00	16.00
External Sector										
Current account balance (% of GDP)	-3.2	1.5	3.6	1.7	-2.9	-4.0	-0.8	0.2	-0.1	1.9
Current account balance (US$ bn)	-15.4	5.1	13.6	7.3	-13.7	-16.0	-3.3	1.0	-0.3	8.7
Trade balance (US$ bn)	-6.4	-0.5			3	-16	-5	5998	6214	16234.0
Exports, f.o.b. (US$ bn)	45.9	34.7	45.8	61.2	65.0	35.9	46.9	64.2	62.6	66.4
Imports, f.o.b. (US$ bn)	52.3	35.2	32.7	40.8	62.1	52.3	51.4	58.2	56.4	57.3
International reserves (US$ bn)	28.3	27.0	39.4	42.6	38.1	36.5	40.2	37.1	33.0	37.0
Public Sector										
Central gov. primary budget balance (% of GDP)	-1.4	-1.5	-3.0	-2.5	-2.8	-2.9	-2.8	-3.0	-2.5	-1.4
Central gov. budget balance (% of GDP)	-1.6	-2.6	-3.1	-2.8	-3.3	-4.1	-4.0	-5.5	-4.0	-3.0
Debt Indicators										
Gross external debt (% of GDP)	2.2	2.7	4.3	5.1	5.2	7.4	8.6	9.1	11.1	11.1
Public (% of GDP)	-	-	-	-	-	-				
Private (% of GDP)	-	-	-	-	-	-				
Gross government debt (% of GDP)	20.3	23.4	25.3	27.7	29.2	34.5	36.5	38.0	42.0	42.9
Domestic (% of GDP)	18.2	20.7	21.1	22.6	23.9	27.1	23.7	24.7	27.3	27.9
External (% of GDP)	2.2	2.7	4.3	5.1	5.2	7.4	8.6	9.1	11.1	11.1

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 172: Romania

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	178	185	210	243	251	251	285	301	343	379
GDP per capita (US$)	8,950	9,377	10,698	12,456	12,922	13,005	14,864	15,660	17,885	19,746
Economic Activity and Prices										
Real GDP growth (% yoy)	3.2	2.9	8.3	5.8	3.8	-3.2	5.9	4.5	2.2	3.7
CPI inflation (% yoy, avg)	-0.6	-1.5	1.3	4.6	3.8	2.6	5.0	13.7	10.6	5.0
Nominal exchange rate (vs EUR, eop)	4.52	4.54	4.66	4.66	4.78	4.87	4.95	4.95	4.99	5.04
Nominal exchange rate (vs EUR, avg)	4.44	4.49	4.57	4.65	4.75	4.84	4.92	4.93	4.97	5.02
Central bank policy rate (%, eop)	1.75	1.75	1.75	2.50	2.50	1.50	1.75	6.75	7.00	5.00
External Sector										
Current account balance (% of GDP)	-0.8	-1.6	-3.1	-4.6	-4.9	-4.9	-7.2	-9.3	-7.9	-7.4
Current account balance (US$ bn)	-1.4	-3.0	-6.6	-11.2	-12.2	-12.4	-20.7	-28.1	-27.0	-28.1
Trade balance (US$ bn)	-9.0	-10.7	-14.5	-18.1	-20.0	-21.6	-27.4	-34.1	-34.0	-37.7
Exports, f.o.b. (US$ bn)	54.5	57.7	64.6	73.0	70.6	65.7	83.1	90.5	100.4	111.1
Imports, c.i.f. (US$ bn)	63.5	68.4	79.0	91.2	90.6	87.3	110.4	124.5	134.4	148.8
International reserves (US$ bn)	38.6	40.0	44.5	42.1	42.1	52.2	51.9	55.8	62.3	73.9
Public Sector										
General gov. primary budget balance (% of GDP)	1.0	-1.1	-1.4	-1.9	-3.3	-8.0	-6.0	-5.0	-	-
General gov. budget balance (% of GDP)	-0.5	-2.5	-2.5	-2.8	-4.3	-9.2	-7.1	-6.2	-5.8	-4.4
Debt Indicators										
Gross external debt (% of GDP)	58.0	53.6	55.6	47.0	49.1	61.9	54.2	51.3	-	-
Public (% of GDP)	20.5	20.1	18.7	17.5	18.2	26.7	25.8	21.4	-	-
Private (% of GDP)	37.4	33.5	36.9	29.4	30.9	35.2	28.4	29.9	-	-
Gross government debt (% of GDP)	37.8	37.9	35.3	34.5	35.1	46.9	48.6	47.3	47.6	47.0
Domestic (% of GDP)	18.2	18.5	17.2	17.5	17.4	20.7	24.3	27.1	27.8	27.7
External (% of GDP)	19.6	19.4	18.1	17.0	17.7	26.2	24.4	20.2	19.8	19.3

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 173: Saudi Arabia

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	669.5	666.0	715.0	846.6	838.6	734.3	868.6	1108.1	1057.2	1135.4
GDP per capita (US$)	21,673	20,952	21,924	25,336	24,506	20,971	25,464	31,850	29,789	31,366
Economic Activity and Prices										
Real GDP growth (% yoy)	4.7	2.4	-0.1	2.8	0.8	-4.3	3.9	8.7	-0.6	4.1
CPI inflation (% yoy, avg)	1.2	2.1	-0.8	2.5	-2.1	3.4	3.1	2.5	2.0	2.0
Nominal exchange rate (vs. USD, eop)	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75
Nominal exchange rate (vs. USD, avg)	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75
Central bank policy rate (%, eop)	0.50	0.50	1.50	3.00	2.25	1.00	1.00	5.00	6.25	5.50
External Sector										
Current account balance (% of GDP)	-8.5	-3.6	1.5	8.5	4.6	-3.1	5.1	13.6	10.5	11.5
Current account balance (US$ bn)	-56.7	-23.8	10.5	72.0	38.2	-22.8	44.3	150.8	111.0	130.9
Trade balance (US$ bn)	44.3	55.8	98.5	168.7	121.3	47.9	136.5	234.7	196.8	216.6
Exports, f.o.b. (US$ bn)	203.5	183.6	221.9	294.4	261.6	173.9	276.2	410.7	344.1	372.4
Imports, f.o.b. (US$ bn)	159.3	127.8	123.4	125.6	140.3	125.9	139.7	140.9	147.3	155.7
International reserves (US$ bn)	616	535	496	496	499	453	455	459	481	538
Public Sector										
Central gov. primary budget balance (% of GDP)	-16.3	-16.5	-8.6	-5.0	-3.5	-9.8	-1.4	3.2	2.8	5.3
Central gov. budget balance (% of GDP)	-16.4	-16.7	-8.9	-5.5	-4.2	-10.7	-2.3	2.5	1.8	4.3
Debt Indicators										
Gross external debt (% of GDP)	20.3	22.0	17.5	17.8	22.2	32.4	33.1	26.9	29.1	27.1
Public (% of GDP)	-	-	-	-	-	-	-	-	-	-
Private (% of GDP)	-	-	-	-	-	-	-	-	-	-
Gross government debt (% of GDP)	5.7	12.7	16.5	17.6	21.6	31.0	28.8	23.8	25.0	23.3
Domestic (% of GDP)	5.7	8.5	9.7	9.6	11.9	18.3	17.2	14.8	15.5	14.4
External (% of GDP)	0.0	4.1	6.9	8.0	9.7	12.7	11.6	9.0	9.5	8.8

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 174: Ukraine

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	185	138	112	131	154	157	200	157	150	185
GDP per capita (US$)	10452	7691	2634	3084	3652	3701	4788	NA	NA	NA
Economic Activity and Prices										
Real GDP growth (% yoy)	1.2	1.1	2.1	3.3	3.2	-4.0	3.4	-29.1	4.5	7.7
CPI inflation (% yoy, avg)	6.8	14.6	14.5	11.3	7.9	2.7	9.3	20.0	13.4	10.0
Nominal exchange rate (vs USD, eop)	221.7	342.1	28.1	28.3	23.8	27.5	27.3	37.0	37.0	37.7
Nominal exchange rate (vs USD, avg)	339.5	333.3	26.6	27.2	25.8	27.0	27.3	33.0	37.0	37.4
Central bank policy rate (%, eop)	16.0	12.0	14.5	18.0	14.5	6.0	9.00	25.0	18.0	15.0
External Sector										
Current account balance (% of GDP)	-3.7	-6.1	-2.2	-4.9	-2.7	3.9	-1.6	5.1	-3.2	-3.7
Current account balance (US$ bn)	-6.7	-8.5	-2.4	-6.4	-4.1	6.0	-3.2	8.0	-4.8	-6.8
Trade balance (US$ bn)	5.6	5.0	-9.7	-12.7	-14.3	-6.3	-6.6	-14.7	-26.0	-30.5
Exports, f.o.b. (US$ bn)	51.0	41.5	39.7	43.3	46.1	45.2	63.1	40.9	34.5	40.5
Imports, c.i.f. (US$ bn)	45.3	36.4	49.4	56.1	60.4	51.5	69.8	55.6	60.4	71.0
International reserves (US$ bn)	27.9	29.7	18.8	20.8	25.3	26.0	30.9	29.0	31.0	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
Central gov. budget balance (% of GDP)	-2.3	-2.9	-1.6	-1.7	-2.1	-5.9	-3.6	-15.9	-20.2	-22.1
Debt Indicators										
Gross external debt (% of GDP)	131.0	120.7	102.9	87.7	78.9	80.3	64.8	83.3	103.0	99.2
Public (% of GDP)	47.1	45.8	41.3	36.8	33.6	35.0	28.5	44.0	60.3	63.5
Private (% of GDP)	83.9	74.9	61.6	51.0	45.3	45.4	36.3	39.3	42.6	35.6
Gross government debt (% of GDP)	74.6	77.9	69.4	60.3	54.4	58.1	48.8	79.3	93.6	96.8
Domestic (% of GDP)	26.7	29.0	25.7	21.7	22.7	23.7	20.2	28.4	33.0	33.1
External (% of GDP)	47.9	48.9	43.7	38.6	31.7	34.3	28.6	50.9	60.5	63.7

Source: BofA Global Research

BofA GLOBAL RESEARCH

GEMs Tables – LatAm

Exhibit 175: Argentina

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	631.6	513.0	597.8	515.1	447.7	303.4	399.0	497.9	445.5	387.5
GDP per capita (US$)	14.642	12.507	13.573	11.574	9.948	6.673	8.683	10.720	9.490	8.167
Unemployment rate (%)	9.0	7.6	7.2	9.6	11.0	12.0	7.0	7.0	7.0	8.5
Population (millions)	43.1	43.6	44.0	44.5	45.0	45.5	46.0	46.4	46.9	47.4
Economic Activity										
Real GDP growth (% yoy)	2.7	-2.1	2.8	-2.6	-2.0	-9.9	10.4	5.2	-1.9	-3.0
Domestic demand growth (% yoy)	3.1	-0.5	5.5	-3.0	-5.9	-11.4	13.5	8.7	1.9	-5.2
Real investment growth (% yoy)	3.5	-5.8	13.4	-5.7	-15.9	-12.9	33.4	10.9	2.5	-7.3
Real consumption growth (% yoy)	4.2	-0.7	3.9	-2.2	-6.3	-12.1	9.5	8.2	1.7	-4.7
Real private consumption growth (% yoy)	3.7	-0.8	4.2	-2.2	-7.3	-13.8	10.0	9.4	1.4	-4.2
Real government consumption growth (% yoy)	6.9	-0.5	2.6	-1.9	-1.2	-3.3	7.1	1.8	3.3	-7.8
Real export growth (% yoy)	-2.8	5.3	2.6	0.6	9.1	-17.3	9.2	5.7	-9.0	-0.5
Real import growth (% yoy)	4.7	5.8	15.6	-4.5	-19.0	-17.9	22.0	17.4	8.0	-10.1
Prices										
National inflation (% yoy)*	28.2	36.2	24.8	47.6	53.8	36.1	50.9	94.8	180.6	169.8
National inflation (% avg)*	26.1	38.7	25.6	33.7	53.6	42.7	48.4	72.4	130.4	212.7
Nominal wages (% yoy)	31.8	32.9	27.3	29.7	40.9	33.0	49.5	90.4	175.6	168.8
Nominal exchange rate (vs. USD, eop)	12.9	15.9	18.6	37.8	59.9	84.1	102.7	177.1	681.0	1.782.0
Nominal exchange rate (vs. USD, avg)	9.3	14.8	16.7	29.3	49.3	71.7	95.8	133.6	331.7	1,282.3
Bilateral real exchange rate (% yoy, + dep)	20.5	0.9			20.4	-4.5	-14.3	-5.3	42.5	-0.1
Monetary Sector										
Monetary base growth (% yoy)	34.9	31.7	24.7	27.0	40.7	92.7	65.0	95.0	175.2	141.8
Broad money growth (% yoy)	28.2	30.3	27.1	12.0	29.7	92.7	65.0	95.0	175.2	141.8
Credit extension to private sector (% yoy)	20.0	31.4	50.8	32.6	19.3	52.7	65.0	95.0	175.2	141.8
Central bank policy rate (%, eop)	36.0	24.8	28.8	59.3	63.0	40.0	40.0	75.0	133.0	93.0
1-month interbank rate (%, eop)	36.0	24.8	28.8	44.5	47.3	36.0	32.0	67.0	125.0	85.0
Long-term yield (%, eop)	-	-	-	-	-	-	-	-	-	
External Sector										
Current account balance (% of GDP)	-2.7	-2.8	-5.2	-5.3	-0.8	1.1	1.7	-0.8	-3.9	1.0
Current account balance (US$ bn)	-16.8	-15.0	-30.8	-27.1	-3.7	3.3	6.7	-3.8	-17.5	3.8
Trade balance (US$ bn)	-0.4	4.5	-5.5	-0.7	18.2	14.6	18.7	12.4	-0.2	19.8
Exports, f.o.b. (US$ bn)	56.8	57.7	58.4	61.8	65.2	54.9	78.0	88.5	69.2	83.4
main export - Soybeans	na	na	na	na	na	na	na	na	na	na
Imports, f.o.b. (US$ bn)	57.2	53.2	64.0	62.5	46.9	40.3	59.3	76.2	69.3	63.6
Service balance (US$, bn)	-3.9	-7.0	-9.8	-8.9	-4.9	-2.2	-3.6	-6.8	-6.3	-4.4
Income balance (US$, bn)	-12.1	-12.1	-16.4	-18.7	-17.9	-9.1	-8.3	-9.3	-11.1	-11.6
Foreign direct investment (US$ bn)	10.5	4.6	9.4	10.8	3.0	3.0	5.4	12.8	4.5	3.9
International reserves (US$ bn)	25.6	38.8	55.0	65.8	44.8	39.4	41.2	42.0	37.0	43.0
Price of main export commodity - Soybean	377.3	405.7	400.6	na	na	na	na	na		
Public Sector										
Central gov. primary budget balance (% of GDP)	-1.8	-4.6	-3.9	-2.7	-1.0	-6.4	-3.5	-2.0	-2.7	-1.0
Central gov. budget balance (% of GDP)	-3.8	-6.0	-6.2	-5.7	-4.0	-9.4	-5.0	-3.8	-4.9	-3.2
Consolidated gov. primary budget balance (% of GDP)	na	na	na	na	na	na	na	na		
Consolidated public sector balance (% of GDP)	-5.0	-7.4	-7.2	-6.0	-4.3	-9.7	-5.3	-3.8	-4.9	-3.2
Central gov. revenues (% of GDP)	20.4	20.0	18.3	18.0	18.0	18.4	18.1	18.3		
Debt Indicators										
Gross external debt (% of GDP)	25.1	33.2	34.4	45.5	52.3	75.1	62.4	57.4		
Public (% of GDP)	13.5	18.3	17.9	26.4	28.9	37.3	31.0	28.5		
Private (% of GDP)	11.5	15.0	16.5	19.0	23.4	37.8	31.4	28.9		
Gross government debt (% of GDP)	43.1	53.3	49.6	66.0	89.0	89.0	74.0	68.0		
Domestic (% of GDP)	29.5	36.4	33.3	39.4						
External (% of GDP)	13.5	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	17.1	17.3	-	-	17.8	18.3	18.3		
Investment (% of GDP)	19.7	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)**	-	-	-	-	-	-				

	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24
Quarterly Economic Forecasts										
Real GDP growth (%, yoy)	5.7	1.5	1.4	-4.9	-2.1	-1.8	-4.1	-2.2	-3.8	-1.8
Real GDP growth (%, qoq, sa, annualized)	1.8	-7.2	3.5	-11.3	6.7	-6.0	-6.0	-3.3	0.0	2.1
National inflation (% yoy, eop)	83.0	94.8	104.3	115.6	138.3	180.6	221.8	243.8	217.1	169.8
Central bank policy rate (%, eop)	75.00	75.00	78.00	97.00	118.00	133.00	133.00	123.0	108.0	93.0
Nominal exchange rate (vs USD, eop)	147.3	177.1	209.0	256.7	350.0	681.0	957.0	1.239.0	1.518.0	1.782.0
Current account balance (US$ bn)	-3.5	1.7	-5.4	-6.4	-4.7	-1.1	-0.8	-0.6	-1.3	5.1

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 176: Brazil

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	1796	1800	2063	1916	1873	1448	1649	1912	2143	2244
GDP per capita (US$)	8827	8774	9976	9191	8912	6838	7732	8899	10496	10924
Unemployment Rate (%) (PNAD)*	8.7	11.7	12.9	12.4	12.0	13.9	13.5	9.5	8.4	8.6
Population (millions)	203	205	207	208	210	212	213	215	204	205
Economic Activity										
Real GDP growth (% yoy)	-3.5	-3.3	1.3	1.8	1.2	-3.3	5.0	2.9	3.0	2.2
Domestic demand growth (% yoy)	-4.7	-4.3	0.8	2.5	2.2	-3.9	6.1	3.1	1.3	2.0
Real investment growth (% yoy)	-13.9	-12.1	-2.6	5.2	4.0	-1.7	16.5	0.9	-2.2	-0.2
Real consumption growth (% yoy)	-2.8	-2.9	1.3	2.0	1.9	-4.3	3.6	3.7	2.1	2.4
Real private consumption growth (% yoy)	-3.2	-3.8	2.0	2.4	2.6	-4.6	3.7	4.3	2.4	2.7
Real government consumption growth (% yoy)	-1.4	0.2	-0.7	0.8	-0.5	-3.7	3.5	1.5	1.2	1.5
Real export growth (% yoy)	6.8	0.9	4.9	4.1	-2.6	-2.3	5.9	5.5	10.6	2.2
Real import growth (% yoy)	-14.2	-10.3	6.7	7.7	1.3	-9.5	12.0	0.8	2.2	0.9
Prices										
CPI inflation (% yoy, eop)	10.7	6.3	2.9	3.7	4.3	4.5	10.1	5.8	4.8	3.7
CPI inflation (% yoy, avg)	9.0	8.7	3.4	3.7	3.7	3.2	8.3	9.3	4.6	3.8
Nominal wages (% yoy)	7.7	6.7	5.4	5.2	4.3	7.5	1.3	6.9	10.3	5.7
Nominal exchange rate (vs USD, eop)	3.90	3.26	3.31	3.87	4.03	5.20	5.58	5.22	5.05	5.25
Nominal exchange rate (vs USD, avg)	3.34	3.48	3.20	3.66	3.94	5.19	5.39	5.15	5.05	5.24
Bilateral real exchange rate (% yoy, + dep)	-	-	-	-	-	-	-	-	-	-
Monetary Sector										
Monetary base growth (% yoy)	-3.1	5.9	9.8	1.8	4.8	36.3	-5.2	2.6	7.8	5.9
Broad money growth (% yoy)	-4.4	4.6	5.7	6.9	9.1	43.2	-1.6	1.1	7.3	5.4
Credit extension to private sector (% yoy)	7.0	-3.5	-0.4	5.1	6.4	15.6	16.3	14.0	12.0	6.0
Central bank policy rate (%, eop)	14.25	13.75	7.00	6.50	4.50	2.00	9.25	13.75	11.75	9.50
1-month interbank rate (%, eop)	14.14	13.63	6.99	6.40	4.59	2.00	9.15	13.65	11.65	9.40
Long-term yield (%, eop)	-	-	-	-	-	-	-	-	-	-
External Sector										
Current account balance (% of GDP)	-3.5	-1.7	-1.2	-2.9	-3.6	-2.0	-2.8	-3.0	-2.2	-2.5
Current account balance (US$ bn)	-63.4	-30.5	-25.3	-54.8	-68.0	-29.4	-46.3	-57.0	-38.0	-55.0
Trade balance (US$ bn)	17.4	44.5	57.3	43.4	26.5	32.4	36.4	44.2	75.0	60.0
Exports, f.o.b. (US$ bn)	189.9	184.3	218.0	239.5	225.8	210.7	284.0	340.3	345.0	355.0
main export	-	-	-	-	-	-	-	-	-	-
Imports, c.i.f. (US$ bn)	172.5	139.7	160.7	196.1	199.3	178.3	247.6	296.2	270.0	295.0
Service balance (US$, bn)	-45.7	-36.7	-41.6	-39.3	-38.5	-24.7	-27.0	-40.0	-43.0	-47.5
Income balance (US$, bn)	-35.2	-38.4	-41.0	-58.8	-56.1	-37.1	-55.8	-56.8	-70.0	-67.5
Foreign direct investment (US$ bn)	64.7	74.3	68.9	78.2	69.2	37.8	46.4	91.5	80.0	85.0
Intercompany Loans (US$, bn)	22.9	25.4	4.9	20.8	5.5	4.1	5.1	21.1	19.3	20.6
International reserves (US$ bn)	368.3	369.3	381.0	379.4	385.7	354.7	355.7	324.7	320.0	320.0
Public Sector										
Central gov. primary budget balance (% of GDP)	-1.9	-2.5	-1.8	-1.7	-1.2	-10.0	-0.4	0.6	-0.9	-0.5
Central gov. budget balance (% of GDP)	-8.6	-7.6	-7.0	-6.1	-5.4	-13.6	-5.0	-4.5	-6.8	-5.9
Consolidated gov. primary budget balance (% of GDP)	-1.9	-2.5	-1.7	-1.6	-0.8	-9.4	0.7	1.3	-0.8	-0.4
Consolidated public sector balance (% of GDP)	-10.2	-9.0	-7.8	-7.0	-5.8	-13.6	-4.3	-4.6	-7.3	-6.4
Central gov. revenues (% of GDP)	20.8	21.0	21.0	21.3	22.1	19.7	21.7	23.3	22.8	22.9
Debt Indicators										
Gross external debt (% of GDP)	30.6	30.2	26.4	29.2	30.6	38.3	34.4	30.1	27.2	26.5
Public (% of GDP)	12.2	10.1	9.4	9.6	9.4	11.0	10.9	9.2	8.7	8.7
Private (% of GDP)	18.3	20.1	17.0	19.6	21.2	27.3	23.5	20.9	18.5	17.8
Gross government debt (% of GDP)	65.5	69.8	73.7	75.3	74.3	88.8	78.3	72.9	76.1	77.8
Domestic (% of GDP)	53.3	59.8	64.3	65.7	65.0	77.6	67.4	63.7	67.4	69.1
External (% of GDP)	12.2	10.1	9.4	9.6	9.4	11.0	10.9	9.2	8.7	8.7
External debt amortizations (US$ bn)	65.0	64.0	54.8	30.1	28.5	37.8	24.9	47.9	54.7	37.8
External debt interest payments (US$ bn)	20.0	20.5	21.1	22.1	28.0	23.4	23.0	19.7	26.6	20.8
External debt service (% of XGS)	44.8	45.8	34.8	21.8	25.1	29.0	16.9	19.9	23.6	16.5
Savings - Investment Balance										
Savings (% of GDP)	14.3	13.8	13.3	12.2	11.8	14.6	16.4	15.8	15.8	15.2
Investment (% of GDP)	17.8	15.5	14.6	15.1	15.5	16.6	19.2	18.8	18.1	17.6

	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24
Quarterly Economic Forecasts										
Real GDP growth (%, yoy)	3.6	1.9	4.0	3.8	2.5	2.1	2.1	2.3	2.2	2.2
Real GDP growth (%, qoq, sa, annualized)	1.8	-0.2	8.0	3.2	1.1	0.1	5.8	0.8	2.2	1.1
CPI inflation (% yoy, eop)	7.2	5.8	4.7	3.2	4.9	4.8	3.7	3.6	4.0	3.7
Central bank policy rate (%, eop)	13.75	13.75	13.75	13.75	12.75	11.75	10.75	10.25	9.50	9.50
Nominal exchange rate (vs USD, eop)	5.41	5.22	5.08	4.79	5.03	5.05	5.08	5.15	5.20	5.25
Current account balance (US$ bn)	-19.2	-18.9	-12.6	-2.0	-6.6	-16.7	-16.5	6.2	-5.3	-14.2

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 177: Mexico

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	1.181	1.097	1.206	1.265	1.301	1.086	1.305	1.482	1.784	1.755
GDP per capita (US$)	9,732	8,942	9,721	10,092	10,277	8,498	10,121	11,390	13,593	13,266
Unemployment rate (%)	4.3	3.9	3.4	3.3	3.5	4.4	4.1	3.3	3.4	3.5
Population (millions)	121.3	122.7	124.0	125.3	126.6	127.8	129.0	130.1	131.2	132.3
Economic Activity										
Real GDP growth (% yoy)	2.6	1.5	2.1	2.0	-0.3	-8.8	6.1	3.9	3.4	1.8
Domestic demand growth (% yoy)	3.0	1.6	1.4	1.2	-0.4	-11.4	7.6	6.1	5.4	3.0
Real investment growth (% yoy)	4.6	0.6	-0.5	0.6	-4.4	-17.3	9.3	8.5	10.8	0.7
Real consumption growth (% yoy)	2.6	1.8	1.7	1.7	0.7	-9.4	6.9	5.5	3.7	2.6
Real private consumption growth (% yoy)	2.7	1.8	1.9	1.4	1.1	-10.8	8.2	6.2	4.0	2.8
Real government consumption growth (% yoy)	1.8	1.9	0.4	3.1	-1.6	-0.7	-0.5	1.3	1.5	1.1
Real export growth (% yoy)	7.1	2.7	3.5	6.5	1.3	-7.2	7.4	9.1	0.0	-4.0
Real import growth (% yoy)	5.0	2.1	6.1	5.6	-1.0	-12.3	15.4	8.9	7.2	-0.1
Prices										
CPI inflation (% yoy, eop)	2.1	3.4	6.8	4.8	2.8	3.2	7.4	7.8	4.6	4.6
CPI inflation (% yoy, avg)	2.7	2.8	6.0	4.9	3.6	3.4	5.7	7.9	5.5	4.5
Nominal wages (% yoy)	4.2	3.8	4.8	5.7	6.7	7.3	7.2	10.8	11.0	6.7
Nominal exchange rate (vs USD, eop)	17.21	20.73	19.66	19.65	18.93	19.91	20.53	19.50	18.5	19.5
Nominal exchange rate (vs USD, avg)	16.28	18.92	18.69	19.11	19.33	22.17	20.38	19.91	17.77	19.15
Bilateral real exchange rate (% yoy, + dep)	17.9	20.7	-7.1	5.8	-5.0	4.2	5.0	-6.7	-5.5	3.9
Monetary Sector										
Monetary base growth (% yoy)	16.8	14.4	8.8	8.3	4.1	21.6	15.2	10.6	2.5	7.1
Broad money growth (% yoy)	4.8	11.0	8.1	6.6	7.0	11.0	9.7	10.0	3.8	5.1
Credit extension to private sector (% yoy)	14.1	15.1	12.0	10.3	5.7	0.6	4.3	12.6	9.6	6.5
Central bank policy rate (%, eop)	3.25	5.75	7.25	8.25	7.25	4.25	5.50	10.50	11.25	8.75
1-month interbank rate (%, eop)	3.56	6.11	7.63	8.59	7.56	4.48	5.72	10.77	11.56	9.06
Long-term yield (%, eop)	6.28	7.44	7.66	8.66	6.91	5.55	7.57	9.04	8.50	8.25
External Sector										
Current account balance (% of GDP)	-2.6	-2.5	-1.8	-2.1	-0.4	2.1	-0.6	-1.2	-1.6	-2.7
Current account balance (US$ bn)	-32.3	-26.1	-22.2	-26.0	-5.7	22.5	-8.3	-18.0	-28.5	-47.8
Trade balance (US$ bn)	-14.6	-13.1	-11.0	-13.8	5.2	34.2	-10.7	-27.1	-31.8	-57.8
Exports, f.o.b. (US$ bn)	381.0	374.3	409.8	451.1	460.9	417.3	495.3	578.2	612.3	614.4
Main export - Autos	94.0	91.2	104.2	118.4	125.1	102.8	116.5	140.3	159.2	168.3
Imports, c.i.f. (US$ bn)	395.6	387.4	420.8	464.8	455.8	383.2	506.0	605.3	644.1	672.2
Service balance (US$ bn)	-11.2	-10.6	-11.7	-12.9	-10.3	-15.5	-15.0	-15.2	-19.5	-22.5
Income balance (US$ bn)	-30.8	-29.5	-29.7	-32.6	-36.7	-37.0	-33.9	-33.8	-40.5	-33.7
Foreign direct investment (US$ bn)	36.2	38.9	33.1	37.9	29.9	31.5	33.5	38.6	37.0	42.0
International reserves (US$ bn)	176.4	176.5	172.8	174.6	180.8	195.7	202.4	199.1	201.0	205.0
Remittances (US$ bn)	24.8	27.0	30.3	33.7	36.4	40.6	51.6	58.5	63.7	66.5
Price of main export commodity - oil (US$ per barrel)	44.2	35.9	46.4	62.1	56.1	35.7	64.7	89.3	82.5	87.4
Public Sector										
Central gov. primary budget balance (% of GDP)	-1.2	-1.2	0.8	-0.1	0.1	-0.1	-1.1	-1.1	-1.3	-1.4
Central gov. budget balance (% of GDP)	-2.9	-2.9	-1.0	-2.0	-2.0	-2.5	-3.1	-3.4	-3.9	-4.2
Consolidated gov. primary budget balance (% of GDP)	-1.1	-0.1	1.4	0.6	1.1	0.1	-0.3	-0.4	-0.9	-1.2
Consolidated public sector balance (% of GDP)	-3.3	-2.4	-1.1	-2.0	-1.6	-2.8	-2.8	-3.2	-4.1	-4.6
Central gov. revenues (% of GDP)	16.5	17.2	17.0	16.0	15.9	17.0	16.2	16.2	16.3	16.8
Debt Indicators										
Gross external debt (% of GDP)	24.3	28.9	26.9	25.4	23.7	27.9	25.9	21.1	23.5	22.3
Public (% of GDP)	14.5	18.1	17.0	16.5	15.3	18.5	17.1	14.3	15.7	15.0
Private (% of GDP)	9.8	10.8	9.9	9.0	8.4	9.3	8.8	6.8	7.8	7.3
Gross government debt (% of GDP)	43.8	47.9	45.6	45.6	45.5	51.7	50.7	48.3	50.7	53.2
Domestic (% of GDP)	29.3	29.8	28.6	29.1	30.1	33.1	33.6	33.9	35.0	38.2
External (% of GDP)	14.5	18.1	17.0	16.5	15.3	18.5	17.1	14.3	15.7	15.0
External debt amortizations (US$ bn)	10.9	4.6	2.8	4.9	5.8	11.3	9.9	8.8	12.6	9.7
External debt interest payments (US$ bn)	6.5	6.0	6.8	7.6	8.1	8.0	8.5	8.2	9.1	9.2
External debt service (% of XGS)	4.6	2.8	2.3	2.8	3.0	4.6	3.7	2.9	3.5	3.1
Savings - Investment Balance										
Savings (% of GDP)	21.0	20.8	21.1	21.3	20.5	21.0	20.4	19.1	18.8	17.8
Investment (% of GDP)	24.2	24.0	23.4	23.1	22.1	20.1	20.7	21.6	23.2	23.0

	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24
Quarterly Economic Forecasts										
Real GDP growth (% yoy)	5.1	4.3	3.7	3.6	2.9	2.6	1.9	1.4	1.3	1.1
Real GDP growth (% qoq, sa, annualized)	5.0	2.6	3.3	3.4	1.4	1.3	1.3	1.5	1.0	0.8
CPI inflation (% yoy, eop)	8.7	7.8	6.8	5.1	4.5	4.6	4.5	4.6	4.5	4.6
Central bank policy rate (%, eop)	9.25	10.50	11.25	11.25	11.25	11.25	11.25	10.75	9.75	8.75
Nominal exchange rate (vs USD, eop)	20.14	19.50	18.05	17.12	17.42	18.50	18.80	19.00	19.30	19.50
Current account balance (US$ bn)	-6.4	2.6	-20.3	6.2	-12.6	-1.8	-19.0	-4.7	-18.9	-5.2

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 178: Venezuela

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Summary Data										
Nominal GDP (US$ bn, Exch rate adjusted since 2015)	171.8	149.0	131.1	104.9	73.4	47.7	48.7	53.5	55.7	60.1
GDP per capita (US$)	5,710	4,990	4,459	3,630	2,574	1,678	1,716	1,893	1,974	2,138
Unemployment rate (%)	6.8	7.0	10.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0
Population (millions)	30.1	29.9	29.4	28.9	28.5	28.4	28.4	28.3	28.2	28.1
Economic Activity										
Real GDP growth (% yoy)	-5.7	-13.3	-12.0	-20.0	-30.0	-35.0	2.0	10.0	4.0	8.0
Domestic demand growth (% yoy)	-10.1	-18.7	-13.2	-22.0	-33.0	-38.5	2.2	11.0	4.4	8.8
Real investment growth (% yoy)	-17.6	-31.2	-24.0	-40.0	-60.0	-70.0	4.0	20.0	8	16
Real consumption growth (% yoy)	-6.6	-16.0	-12.0	-20.0	-30.0	-35.0	2.0	10.0	4	8
Real private consumption growth (% yoy)	-7.8	-19.3	-12.0	-20.0	-30.0	-35.0	2.0	10.0	4	8
Real government consumption growth (% yoy)	-2.4	-4.6	-12.6	-21.0	-31.5	-36.8	2.1	10.5	4.2	8.4
Real export growth (% yoy)	-0.7	-6.7	-18.0	-40.0	-51.0	-38.5	3.0	15.0	6	12
Real import growth (% yoy)	-18.7	-30.4	-18.0	-40.0	-51.0	-38.5	2.2	11.0	4.4	8.8
Prices										
CPI inflation (% yoy, eop)	181	590	2600	1698488	12341	3687	660	305	249	214
CPI inflation (% yoy, avg)	122	438	1595	523290	1259565	3639	1374	482	277	231
Nominal wages (% yoy)	125	400	1560	180979	1234	2581	726	320	261	225
Nominal exchange rate (vs USD, eop)	0	0	0	638	39368	1107199	5	17	44	135
Nominal exchange rate (vs USD, avg)	0	0	0	638	39368					
Bilateral real exchange rate (% yoy, + dep)	-	-	-	-	-	-	-	-		
Monetary Sector										
Monetary base growth (% yoy)	103	249	1740	43950	7200	1200	400	153	124	107
Broad money growth (% yoy)	98	244	1735	43945	5000	1300	600	153	124	107
Credit extension to private sector (% yoy)	98	236	1653	41755	5000	1300	600	153	124	107
Central bank policy rate (%, eop)	6.40	-	- -		-					
1-month interbank rate (%, eop)	-	-	-	-	-					
Long-term yield (%, eop)	-	-	-	-	-					
External Sector										
Current account balance (% of GDP)	-10.6	-3.4	3.0	10.9	7.8	2.2	1.3	-0.7	-3.1	0.7
Current account balance (US$ bn)	-18.2	-5.1	3.9	11.4	5.7	1.1	0.6	-0.4	-1.7	0.4
Trade balance (US$ bn)	0.5	7.2	14.8	15.5	9.2	0.1	2.0	1.1	-0.9	1.3
Exports, f.o.b. (US$ bn)	37.4	27.3	30.4	25.7	15.2	6.1	10.0	13.9	11.3	15.3
Main export - Oil	35.1	25.5	28.5	23.3	13.8	6.0	7.0	11.6	9.4	12.8
Imports, f.o.b. (US$ bn)	36.9	20.0	15.6	10.2	6.0	6.0	8.0	12.8	12.2	14.0
Service balance (US$ bn)	-12.6	-6.2	-4.8	-4.3	-4.3	-3.0	-4.0	-4.0	-3.8	-4.4
Income balance (US$ bn)	-5.8	-5.6	-5.8	0.2	0.8	1.5	2.0	2.5	3.0	3.5
Foreign direct investment (US$ bn)	1.0	-	- -	-	-					
International reserves (US$ bn)	16.4	10.5	9.0	7.0	7.5	7.0	6.0	10.0	10.0	10.0
Price of main export commodity - oil (US$ per barrel)	45.2	35.5	44.9	64.5	57.5	43.8				
Public Sector										
Central gov. primary budget balance (% of GDP)	-3.1	1.2	1.3	-	-	-	-			
Central gov. budget balance (% of GDP)	-6.1	-1.5	-0.9	-	-	-	-			
Consolidated gov. primary budget balance (% of GDP)	-8.2	-6.6	-3.5	-	-	-	-			
Consolidated public sector balance (% of GDP)*	-10.4	-8.6	-5.2	-	-	-	-			
Central gov. revenues (% of GDP)	29.0	18.0	18.9	-	-	-	-			
Debt Indicators										
Gross external debt (% of GDP)	80.8	95.0	110.0	140.1	-	-	-			
Public (% of GDP)	70.0	82.4	95.6	121.9	-	-	-			
Private (% of GDP)	10.9	12.6	14.4	18.1	-	-	-			
Gross government debt (% of GDP)	33.4	34.2	36.7	44.5	-	-	-	-	-	-
Domestic (% of GDP)	8.7	2.4	0.5	0.1	-	-	-	-	-	-
External (% of GDP)	24.8	31.8	36.1	44.4	-	-	-	-	-	-
External debt amortizations (US$ bn)	2.4	2.9	1.9	3.7	-	-	-	-	-	-
External debt interest payments (US$ bn)	3.5	3.5	3.4	3.3	-	-	-	-	-	-
External debt service (% of XGS)	15.8	23.2	17.6	27.1	-	-	-	-	-	-
Savings - Investment Balance										
Savings (% of GDP)	22.7	36.4	-	-	-	-	-	-	-	-
Investment (% of GDP)	33.3	39.9	-	-	-	-	-	-	-	-

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 179: Chile

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	243.9	250.4	277.0	297.6	279.2	253.1	316.6	300.6	331.0	301.9
GDP per capita (US$)	13,574	13,786	15,040	15,871	14,615	13,008	16,087	15,158	16,582	15,018
Unemployment rate (%)	6.4	6.8	7.0	7.4	7.2	11.2	7.2	8.0	8.5	8.5
Population (millions)	18.0	18.2	18.4	18.8	19.1	19.5	19.7	19.8	20.0	20.1
Economic Activity										
Real GDP growth (% yoy)	2.3	1.7	1.2	3.7	0.9	-5.8	11.7	2.4	-0.3	2.0
Domestic demand growth (% yoy)	2.5	1.8	2.1	4.0	1.6	-7.9	18.5	3.0	-2.8	2.4
Real investment growth (% yoy)	-0.3	-1.3	-3.1	5.1	4.4	-11.5	15.7	2.8	-0.8	3.7
Real consumption growth (% yoy)	2.6	3.5	3.6	3.7	0.8	-6.8	19.3	3.1	-3.4	2.1
Real private consumption growth (% yoy)	2.1	2.7	3.4	3.8	1.0	-7.5	20.8	2.9	-4.8	2.1
Real government consumption growth (% yoy)	4.8	7.2	4.6	3.3	-0.2	-3.9	13.8	4.1	2.6	1.7
Real export growth (% yoy)	-1.7	0.5	-1.5	5.3	-2.6	-3.2	-1.4	1.4	-0.3	1.4
Real import growth (% yoy)	-1.1	0.9	4.6	8.1	-2.4	-12.7	31.8	0.9	-10.1	4.3
Prices										
CPI inflation (% yoy, eop)	4.4	2.7	2.3	2.1	3.0	3.0	7.2	12.8	4.3	3.7
CPI inflation (% yoy, avg)	4.3	3.8	2.2	2.3	2.3	3.0	4.5	11.6	7.6	4.0
Nominal wages (% yoy)	6.2	4.0	5.7	4.5	4.6	3.7	7.0	11.8	5.3	4.2
Nominal exchange rate (vs USD, eop)	707	667	615	696	745	711	852	851	945	954
Nominal exchange rate (vs USD, avg)	654	677	649	641	703	792	760	874	850	951
Bilateral real exchange rate (% yoy, + dep)	11.7	-4.4	-	-	-	-				
Monetary Sector										
Monetary base growth (% yoy)	11.8	13.0	7.4	1.7	9.2	145.3	11.4	6.8	5.3	
Broad money growth (% yoy)	12.0	7.0	5.1	11.2	9.4	6.9	11.4	6.8	5.3	
Credit extension to private sector (% yoy)	10.3	5.7	4.7	10.1	9.4	2.5	7.9	-0.5	3.0	
Central bank policy rate (%, eop)	3.50	3.50	2.50	2.75	1.75	0.50	4.00	11.25	8.25	6.00
1-month interbank rate (%, eop)	5.48	5.45	4.42	4.10	4.08	3.16	6.07	13.35	10.54	
Long-term yield (%, eop)	6.00	5.50	5.50	6.00	5.50	5.50	6.00	6.00	6.00	
External Sector										
Current account balance (% of GDP)	-2.4	-2.0	-2.3	-3.9	-3.7	-1.7	-6.4	-9.0	-3.9	-6.1
Current account balance (US$ bn)	-5.7	-5.0	-6.4	-11.6	-10.5	-4.3	-20.3	-27.1	-12.8	-18.5
Trade balance (US$ bn)	3.4	4.9	7.4	4.2	3.0	18.4	10.5	3.8	12.7	4.4
Exports, f.o.b. (US$ bn)	62.0	60.7	68.8	74.7	68.8	73.5	94.8	98.5	93.9	91.0
main export - Copper	30.0	27.9	34.0	35.6	32.5	38.0	52.7	44.7	43.5	42.0
Imports, f.o.b. (US$ bn)	58.6	55.9	61.5	70.5	65.8	55.1	84.3	94.7	81.2	86.6
Service balance (US$, bn)	-3.6	-3.3	-3.8	-4.7	-5.1	-5.0	-12.3	-14.8	-11.0	-9.2
Income balance (US$, bn)	-5.6	-6.5	-10.0	-11.2	-8.3	-10.0	-21.3	-16.1	-14.5	-13.7
Foreign direct investment (US$ bn)	20.5	12.3	6.1	7.8	12.6	8.5	15.9	20.9	8.1	8.1
International reserves (US$ bn)	38.6	40.5	39.0	39.9	40.7	39.2	51.3	39.2	39.2	39.2
Price of main export commodity - copper (¢/lb)	249.7	220.6	279.6	295.9	272.3	272.8	423.8	400.2	389.9	363.1
Public Sector										
Central gov. primary budget balance (% of GDP)	-1.5	-2.0	-1.9	-0.8	-1.9	-6.3	-6.8	2.1	-2.1	-2.3
Central gov. budget balance (% of GDP)	-2.2	-2.7	-2.8	-1.7	-2.9	-7.3	-7.7	1.1	-3.1	-3.4
Consolidated gov. primary budget balance (% of GDP)	-1.9	-2.4	-2.3	-1.1	-2.3	-7.9	-7.4	2.1	-2.1	-2.3
Consolidated public sector balance (% of GDP)	-2.1	-2.7	-2.6	-1.5	-2.7	-8.5	-8.3	1.1	-3.1	-3.4
Central gov. revenues (% of GDP)	21.0	20.9	20.8	21.9	21.5	19.9	23.9	25.9	23.0	23.5
Debt Indicators										
Gross external debt (% of GDP)	66.3	66.7	65.1	62.0	70.9	82.3	83.5	86.5	89.4	
Public (% of GDP)	4.3	5.4	7.9	8.3	10.7	13.7	13.5	14.5	15.4	
Private (% of GDP)	62.1	61.3	57.2	53.7	60.3	68.7	70.0	72.0	74.0	
Gross government debt (% of GDP)	17.4	21.3	23.6	25.6	28.2	32.5	36.3	43.3	39.1	45.1
Domestic (% of GDP)	13.1	15.9	15.7	17.3	17.5	18.8	22.5	27.7	25.8	29.7
External (% of GDP)	4.3	5.4	7.9	8.3	10.7	13.7	13.8	15.6	13.3	15.3
External debt amortizations (US$ bn)	-	-	-	-	-	-	-	-	-	
External debt interest payments (US$ bn)	-	-	-	-	-	-	-	-	-	
External debt service (% of XGS)	-	-	-	-	-	-	-	-	-	
Savings - Investment Balance										
Savings (% of GDP)	21.5	20.5	18.9	18.2	19.2	22.2	-	-		
Investment (% of GDP)	23.9	23.0	21.0	21.5	22.9	20.9	-	-		

	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24
Quarterly Economic Forecasts										
Real GDP growth (%, yoy)	0.2	-2.3	-0.8	-1.1	0.2	0.4	0.8	2.0	2.5	2.8
Real GDP growth (%, qoq, sa, annualized)	-4.9	0.2	1.6	-1.2	0.3	0.8	3.3	3.5	2.5	1.9
CPI inflation (% yoy, eop)	13.7	12.8	11.1	7.6	5.1	4.3	3.6	4.2	4.1	3.7
Central bank policy rate (%, eop)	10.75	11.25	11.25	11.25	9.50	8.25	7.25	6.50	6.00	6.00
Nominal exchange rate (vs USD, eop)	969	851	795	802	892	945	950	951	952	954
Current account balance (US$ bn)	-30.5	-27.1	-20.0	-13.6	-10.4	-11.8	-17.4	-19.4	-20.2	-18.5

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 180: Colombia

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	295	283	312	334	323	271	314	345	375	398
GDP per capita (US$)	6,362	6,053	6,575	6,922	6,535	5,386	6,148	6,677	7,199	7,562
Unemployment rate (%)	8.9	9.2	9.4	9.7	10.5	16.1	13.8	11.1	10.9	11.0
Population (millions)	46.3	46.8	47.4	48.3	49.4	50.4	51.0	51.6	52.2	52.7
Economic Activity										
Real GDP growth (% yoy)	3.0	2.1	1.4	2.6	3.2	-7.3	11.0	7.3	1.7	2.4
Domestic demand growth (% yoy)	2.4	1.2	1.1	3.5	4.0	-7.6	13.4	9.4	-0.4	2.4
Real investment growth (% yoy)	-1.2	-0.2	-3.2	1.5	3.0	-21.1	12.6	16.8	-8.6	1.2
Real consumption growth (% yoy)	3.4	1.6	2.3	4.0	4.3	-4.1	13.6	7.9	1.5	2.7
Real private consumption growth (% yoy)	3.1	1.6	2.1	3.2	4.1	-4.9	14.5	9.5	1.3	2.5
Real government consumption growth (% yoy)	4.8	1.8	3.6	7.4	5.3	-0.8	9.8	0.3	2.7	3.6
Real export growth (% yoy)	1.7	-0.2	2.6	0.6	3.1	-22.7	15.9	14.8	2.0	2.3
Real import growth (% yoy)	-1.1	-3.5	1.0	5.8	7.3	-19.9	26.7	22.3	-6.4	2.4
Prices										
CPI inflation (% yoy, eop)	6.8	5.7	4.1	3.2	3.8	1.6	5.6	13.1	9.7	5.8
CPI inflation (% yoy, avg)	5.0	7.5	4.3	3.2	3.5	2.5	3.5	10.2	11.8	7.4
Nominal wages (% yoy)	5.0	6.5	6.1	5.3	4.7	-2.4	10.0	13.5	10.1	6.2
Nominal exchange rate (vs. USD, eop)	3,149	3,001	2,984	3,250	3,277	3,433	4,080	4,853	4,300	4,600
Nominal exchange rate (vs. USD, avg)	2,742	3,055	2,951	2,956	3,281	3,693	3,807	4,256	4,340	4,463
Bilateral real exchange rate (% yoy, + dep)	24.2	-8.0	-2.5	7.6	-0.6	4.5	13.4	13.8	-19.4	6.4
Monetary Sector										
Monetary base growth (% yoy)	17.1	2.5	5.0	10.4	12.3	20.5	9.6	12.0	9.6	6.5
Broad money growth (% yoy)	11.7	7.1	7.3	5.6	7.8	13.9	12.0	14.0	7.4	4.3
Credit extension to private sector (% yoy)	13.8	12.4	7.3	6.5	7.7	7.8	5.0	13.0	11.3	9.9
Central bank policy rate (%, eop)	5.75	7.50	4.75	4.25	4.25	1.75	3.00	12.00	13.25	10.00
1-month interbank rate (%, eop)	5.78	7.51	4.74	4.25	4.25	1.75	3.05	12.05	13.30	10.05
Long-term yield (%, eop)	8.7	7.1	6.5	6.8	6.1	5.4	8.2	14.5	15.8	12.5
External Sector										
Current account balance (% of GDP)	-6.3	-4.4	-3.2	-4.2	-4.6	-3.4	-5.6	-6.2	-4.0	-3.3
Current account balance (US$ bn)	-18.7	-12.6	-9.9	-14.0	-14.8	-9.3	-18.0	-21.5	-15.0	-13.1
Trade balance (US$ bn)	-13.5	-9.2	-4.3	-6.4	-9.9	-8.9	-14.0	-12.0	-11.5	-8.6
Exports, f.o.b. (US$ bn)	38.6	34.1	39.8	43.0	40.7	32.3	42.7	59.6	60.8	61.9
Main export - Oil (US$ bn)	14.6	10.8	13.3	16.8	16.0	8.8	13.5	18.7	22.0	19.0
Imports, f.o.b. (US$ bn)	52.1	43.2	44.1	49.4	50.5	41.2	56.7	71.7	72.3	70.5
Service balance (US$ bn)	-5.5	-4.3	-4.5	-4.2	-4.3	-4.2	-6.0	-4.4	-4.0	-4.7
Income balance (US$ bn)	0.3	0.9	-1.2	-3.5	-0.7	3.8	2.1	-5.1	0.5	0.1
Foreign direct investment (US$ bn)	11.6	13.9	13.7	11.3	14.0	7.5	9.7	19.5	10.3	10.0
International reserves (US$ bn)	46.7	46.7	47.6	48.4	53.2	59.0	58.6	56.0	57.6	59.3
Public Sector										
Central gov. primary budget balance (% of GDP)	-0.5	-1.1	-0.8	-0.3	0.4	-4.9	-3.6	-1.1	0.4	0.0
Central gov. budget balance (% of GDP)	-3.0	-4.0	-3.7	-3.1	-2.5	-7.8	-7.0	-5.3	-4.0	-4.4
Consolidated gov. primary budget balance (% of GDP)	-0.9	0.4	0.1	0.1	0.4	-4.9	-3.6	-0.6	-0.2	0.5
Consolidated public sector balance (% of GDP)	-3.4	-2.3	-2.7	-2.6	-2.4	-7.8	-7.2	-5.1	-4.7	-4.0
Central gov. revenues (% of GDP)	16.1	14.9	15.7	15.1	16.2	15.3	16.3	17.1	19.1	18.9
Debt Indicators										
Gross external debt (% of GDP)	38.0	42.5	40.0	39.5	42.9	57.1	53.9	53.4	52.5	52.5
Public (% of GDP)	22.4	25.1	23.0	21.8	22.9	33.2	32.2	30.4	28.4	27.4
Private (% of GDP)	15.5	17.4	17.0	17.7	20.1	23.8	21.7	23.1	24.1	25.1
Gross government debt (% of GDP)	44.6	45.6	46.4	49.3	50.3	65.1	63.0	61.1	56.2	56.6
Domestic (% of GDP)	28.5	30.1	30.9	32.7	34.3	42.1	38.5	36.1	33.1	34.5
External (% of GDP)	16.1	15.5	15.5	16.6	16.0	23.0	24.5	25.0	23.1	22.1
External debt amortizations (US$ bn)	9.6	7.6	16.2	15.7	13.2	14.6	15.1	19.2	20.5	25.6
External debt interest payments (US$ bn)	4.6	4.7	5.3	5.8	6.2	5.7	5.9	6.8	7.5	8.0
External debt service (% of XGS)	30.1	28.8	43.6	40.0	37.9	53.0	41.5	35.9	39.5	44.2
Savings - Investment Balance										
Savings (% of GDP)	17.4	18.7	18.4	17.0	16.8	15.8	14.2	13.6	13.6	14.1
Investment (% of GDP)	23.8	23.2	21.6	21.2	21.4	19.2	19.8	19.9	17.6	17.4

	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24
Quarterly Economic Forecasts										
Real GDP growth (% yoy)	7.4	2.1	3.0	0.3	0.4	2.9	1.3	2.9	2.7	2.6
Real GDP growth (% qoq, sa, annualized)	3.5	-6.5	9.2	-4.1	3.6	3.2	2.4	2.4	2.8	2.8
CPI inflation (% yoy, eop)	11.4	13.1	13.3	12.1	11.0	9.7	8.2	7.8	6.7	5.8
Central bank policy rate (%, eop)	10.00	12.00	13.00	13.25	13.25	13.25	12.75	12.00	11.00	10.00
Nominal exchange rate (vs. USD, eop)	4,609	4,853	4,623	4,172	4,077	4,300	4,400	4,500	4,550	4,600
Current account balance (US$ bn)	-6.2	-4.9	-3.4	-2.5	-5.2	-3.9	-2.9	-2.1	-4.8	-3.4

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 181: Peru

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	191	196	216	227	233	206	226	245	265	275
GDP per capita (US$)	6142	6222	6785	7056	7012	6143	6675	7164	7690	7898
Unemployment rate (%)	6.5	6.7	6.9	6.7	6.6	13.9	10.9	7.4	7.2	6.6
Population (millions)	31.2	31.5	31.8	32.2	33.2	33.5	33.8	34.2	34.5	34.9
Economic Activity										
Real GDP growth (% yoy)	3.3	4.0	2.5	4.0	2.2	-11.0	13.3	2.7	0.2	3.3
Domestic demand growth (% yoy)	2.9	1.3	1.6	4.1	2.2	-9.8	14.5	2.3	-1.4	2.9
Real investment growth (% yoy)	-2.9	-4.1	-0.7	6.6	-0.6	-18.3	23.5	1.6	-9.3	3.0
Real consumption growth (% yoy)	4.9	3.0	2.3	3.3	3.1	-7.3	12.1	2.5	0.8	2.8
Real private consumption growth (% yoy)	4.0	3.7	2.6	3.8	3.2	-9.9	12.4	3.6	0.8	2.9
Real government consumption growth (% yoy)	9.8	-0.6	0.7	0.4	2.2	7.5	10.9	-3.4	1.0	2.3
Real export growth (% yoy)	3.1	9.0	7.8	2.1	1.1	-19.7	13.2	6.1	5.5	6.0
Real import growth (% yoy)	1.6	-1.6	4.5	2.4	1.0	-15.8	18.0	4.4	-1.0	4.3
Prices										
CPI inflation (% yoy, eop)	4.4	3.2	1.4	2.2	1.9	2.0	6.4	8.5	4.0	2.7
CPI inflation (% yoy, avg)	3.5	3.6	2.8	1.3	2.1	1.8	4.0	7.9	6.4	3.2
Nominal wages (% yoy)	3.3	7.0	-0.4	-0.3	4.7	-12.4	3.5	8.4	5.0	3.5
Nominal exchange rate (vs USD, eop)	3.41	3.36	3.24	3.38	3.32	3.62	3.98	3.81	3.88	3.93
Nominal exchange rate (vs USD, avg)	3.19	3.38	3.26	3.29	3.34	3.50	3.88	3.84	3.75	3.85
Bilateral real exchange rate (% yoy, + dep)	10.7	-2.8	-2.7	3.9	-1.4	8.7	10.5	-4.7	-3.3	2.0
Monetary Sector										
Monetary base growth (% yoy)	-4.8	4.1	7.2	7.3	5.2	33.2	13.1	-1.6	3.0	6.6
Broad money growth (% yoy)	13.1	1.7	7.9	5.3	9.1	32.0	0.3	-1.8	2.9	6.2
Credit extension to private sector (% yoy)	15.0	4.6	5.5	9.0	7.0	12.8	5.7	4.6	3.0	5.6
Central bank policy rate (%, eop)	3.75	4.25	3.25	2.75	2.25	0.25	2.50	7.50	7.00	5.00
1-month interbank rate (%, eop)	3.77	4.37	3.26	2.75	2.25	0.23	2.25	7.22	6.95	4.95
Long-term yield (%, eop)	7.31	6.38	5.17	5.64	4.21	3.51	5.90	7.57	7.00	6.50
External Sector										
Current account balance (% of GDP)	-4.7	-2.3	-0.9	-1.3	-0.7	1.2	-2.3	-4.0	-1.2	-1.7
Current account balance (US$ bn)	-8.9	-4.4	-2.0	-2.9	-1.7	2.4	-5.3	-9.9	-3.2	-4.7
Trade balance (US$ bn)	-2.9	2.0	6.7	7.2	6.9	8.2	14.8	10.3	17.0	14.9
Exports, f.o.b. (US$ bn)	34.4	37.1	45.4	49.1	48.0	42.9	63.2	66.2	67.0	70.9
Main export - Copper	8.2	10.2	13.8	14.9	14.0	13.0	20.7	19.8	21.4	22.7
Imports, f.o.b. (US$ bn)	37.3	35.1	38.7	41.9	41.1	34.7	48.3	55.9	50.0	56.0
Service balance (US$ bn)	-2.6	-2.6	-2.7	-3.4	-4.0	-4.7	-7.3	-8.6	-9.0	-8.2
Income balance (US$ bn)	-3.5	-3.8	-6.0	-6.7	-4.6	-1.1	-12.8	-11.6	-11.2	-11.4
Foreign direct investment (US$ bn)	7.3	6.8	7.4	5.9	4.8	0.7	7.5	10.8	6.0	7.0
International reserves (US$ bn)	61.5	61.7	63.6	60.1	68.3	74.7	78.5	73.8	74.8	76.7
Price of main export commodity - Copper (US$/ton)	250	221	280	296	273	280	422	398	428	448
Public Sector										
Central gov. primary budget balance (% of GDP)	-1.7	-1.2	-2.0	-0.8	-0.9	-7.9	-2.0	-0.7	-0.8	-0.2
Central gov. budget balance (% of GDP)	-2.7	-2.2	-3.1	-2.0	-2.1	-9.3	-3.4	-2.2	-2.5	-1.8
Consolidated gov. primary budget balance (% of GDP)	-0.9	-1.3	-1.8	-1.0	-0.2	-7.3	-1.0	-0.1	-1.3	-0.4
Consolidated public sector balance (% of GDP)	-1.9	-2.4	-3.0	-2.3	-1.6	-8.9	-2.5	-1.6	-3	-2
Central gov. revenues (% of GDP)	16.8	15.4	15.1	16.2	16.6	14.9	18.0	19.1	18.5	19.2
Debt Indicators										
Gross external debt (% of GDP)	38.2	38.5	35.9	34.9	35.0	44.4	45.4	42.4	41.8	41.9
Public (% of GDP)	14.0	15.4	15.5	15.6	17.1	24.4	27.0	24.9	25.3	25.4
Private (% of GDP)	24.1	23.2	20.3	19.3	17.9	20.0	18.4	17.5	16.5	16.5
Gross government debt (% of GDP)	23.3	23.7	24.7	25.6	26.6	34.6	35.9	34.0	35.3	36.2
Domestic (% of GDP)	12.1	13.4	16.0	16.8	18.1	19.8	16.5	15.4	16.2	17.1
External (% of GDP)	11.1	10.3	8.7	8.8	8.5	14.9	19.4	18.6	19.1	19.2
External debt amortizations (US$ bn)	5.8	6.8	12.5	7.0	8.1	5.8	3.8	4.3	4.8	4.3
External debt interest payments (US$ bn)	9.2	10.0	10.8	11.8	12.5	10.5	12.2	13.6	13.2	13.3
External debt service (% of XGS)	37.3	39.1	45.2	33.9	37.8	35.6	24.3	25.1	24.7	22.8
Savings - Investment Balance										
Savings (% of GDP)	19.6	20.4	20.5	21.1	21.1	20.9	19.7	17.3	17.7	17.3
Investment (% of GDP)	24.2	22.6	21.4	22.4	21.8	19.7	22.0	21.3	18.9	19.0

	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24
Quarterly Economic Forecasts										
Real GDP growth (% yoy)	2.0	1.7	-0.4	-0.5	-0.1	1.6	3.5	3.7	3.4	2.5
Real GDP growth (% qoq, sa, annualized)	2.9	-0.2	-5.2	1.3	4.1	6.6	2.0	2.4	2.8	2.8
CPI inflation (% yoy, eop)	8.5	8.5	8.4	6.5	5.0	4.0	3.3	3.1	3.1	2.7
Central bank policy rate (%, eop)	6.75	7.50	7.75	7.75	7.50	7.00	6.75	6.25	5.75	5.00
Nominal exchange rate (vs USD, eop)	3.98	3.81	3.76	3.78	3.73	3.88	3.89	3.91	3.92	3.93
Current account balance (US$ bn)	-2.9	-1.2	-1.2	0.4	-2.1	-0.3	-1.4	0.1	-2.5	-0.8

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 182: Uruguay

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	59	57.5	64.3	64.6	61.3	53.6	61.4	71.2	80.4	83.5
GDP per capita (thous US$)	17	16.5	18.4	18.4	17.4	15.2	17.3	20.0	22.5	23.3
Economic Activity and Prices										
Real GDP growth (% yoy)	0.4	0.8	1.6	0.5	0.4	-6.1	5.3	4.9	0.7	3.4
CPI inflation (% yoy, eop)	9.4	8.1	6.6	8	8.8	9.4	8.0	8.3	3.8	4.8
Nominal exchange rate (vs USD, eop)	29.9	29.3	28.7	32.4	37.4	42.4	44.7	39.9	39.9	41.0
Nominal exchange rate (vs USD, avg)	27.3	30.1	28.6	30.7	35.3	42	43.6	41.2	38.8	40.2
Central Bank policy rate (%, eop)	-	-	-	-	-	4.5	5.8	11.5	9.0	8.0
External Sector										
Current account balance (% of GDP)	-0.2	0.8	0	-0.4	1.6	-0.8	-2.5	-3.2	-3.6	-2.7
Current account balance (US$ bn)	-0.1	0.5	0	-0.3	1	-0.4	-1.5	-2.3	-2.9	-2.2
Trade balance (US$ bn)	2.2	3.1	3.5	3.3	3.8	2.4	4.5	3.9	3.4	4.1
Exports, f.o.b. (US$ bn)	16.6	15.5	16.8	17.1	17.1	13.6	19.4	22.6	22.4	24.4
Imports, f.o.b. (US$ bn)	14.4	12.4	13.4	13.8	13.3	11.2	14.9	18.7	19.1	20.3
International reserves (US$ bn)	17.4	13.9	13.8	16.5	15.1	15.8	16.0	16.5	16.0	17.0
Public Sector										
Non financial public sector. primary budget balance (% of GDP)	0.2	-0.2	-0.1	-0.6	-1.6	-2.9	-1.1	-1.0	-1.3	-0.4
Non financial public sector overall budget balance (% of GDP)	-1.8	-2.7	-2.5	-3.1	-3.8	-5.4	-3.2	-3.0	-3.3	-2.4
Debt Indicators										
Gross external debt (% of GDP)	53.3	49.7	-	-	-	-	-	-	-	-
Public (% of GDP)	43.7	42.7	-	-	-	-	-	-	-	-
Private (% of GDP)	9.7	7	-	-	-	-	-	-	-	-
Gross government debt (% of GDP)	52.8	58.2	56.2	55.6	57.2	67.6	61.1	56.6	55.3	55.1
Domestic (% of GDP)	26.3	29.6	31.9	29	27.5	32.2	29.1	29.8	31.8	34.5
External (% of GDP)	26.4	28.6	24.3	26.6	29.7	35.4	32.0	26.8	23.4	20.6

Source: BofA Global Research

BofA GLOBAL RESEARCH

Yield forecasts

Exhibit 183: Government Bond Yield and Swap Rate Forecasts
Developed Markets

		Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Dec-25
Bond yields							
US	O/N SOFR	5.57	5.58	5.33	5.08	4.83	3.90
	2y	4.75	4.55	4.35	4.20	4.00	3.25
	5y	4.30	4.10	4.05	3.95	3.75	3.40
	10y	4.00	3.80	3.75	3.65	3.50	3.50
	30y	4.20	4.00	3.95	3.85	3.70	3.70
Germany	3m Euribor	4.10	4.05	3.90	3.70	3.50	2.50
	2y	2.85	2.65	2.40	2.10	1.90	1.40
	5y	2.40	2.30	2.15	2.00	1.90	1.55
	10y	2.40	2.40	2.25	2.10	2.00	1.70
	30y	2.50	2.50	2.40	2.35	2.30	2.20
Japan	3m TORF	-0.03	0.05	0.05	0.05	0.05	0.05
	2yr	0.05	0.10	0.10	0.10	0.10	0.10
	5yr	0.30	0.40	0.45	0.45	0.45	0.40
	10yr	0.90	1.20	1.25	1.25	1.25	1.10
	30yr	1.80	1.90	2.00	2.00	2.00	1.90
UK	Bank Rate	5.25	5.25	5.25	5.25	5.25	4.25
	2yr	4.50	4.75	4.75	4.50	4.25	3.25
	5yr	4.25	4.50	4.50	4.50	4.50	3.75
	10yr	4.25	4.25	4.25	4.25	4.25	4.25
	30yr	4.50	4.50	4.50	4.50	4.50	4.50
Canada	2yr	4.50	4.30	4.10	3.95	3.75	3.00
	5yr	3.95	3.75	3.70	3.60	3.40	3.05
	10yr	3.50	3.30	3.25	3.15	3.00	3.00
Australia	3m BBSW	4.10	4.00	3.90	3.75	3.50	3.80
	2y	3.40	3.30	3.20	3.00	2.50	2.75
	5y	3.80	3.70	3.40	3.25	2.75	2.90
	10y	4.50	4.35	4.20	4.00	3.50	3.60
Swap rates		**Dec-23**	**Mar-24**	**Jun-24**	**Sep-24**	**Dec-24**	**Dec-25**
US	2y	4.65	4.43	4.21	4.06	3.86	3.11
	5y	4.05	3.83	3.78	3.68	3.48	3.13
	10y	3.70	3.48	3.41	3.31	3.16	3.16
Germany	2y	3.55	3.35	3.00	2.70	2.50	1.80
	5y	3.00	2.90	2.70	2.55	2.40	1.85
	10y	2.95	2.90	2.75	2.60	2.45	2.00
Japan	2y	0.25	0.30	0.30	0.30	0.30	0.30
	5y	0.55	0.60	0.65	0.65	0.65	0.60
	10y	0.95	1.30	1.35	1.35	1.35	1.20
UK	2y	5.00	5.00	4.75	4.50	4.25	3.25
	5y	4.50	4.50	4.50	4.50	4.50	3.75
	10y	4.25	4.25	4.25	4.25	4.25	4.25
Canada	2y	4.70	4.50	4.30	4.15	3.95	3.20
	5y	4.00	3.80	3.75	3.70	3.50	3.15
	10y	3.70	3.50	3.45	3.35	3.20	3.20
Australia	3y	3.60	3.50	3.40	3.20	2.65	2.90
	10y	4.70	4.55	4.40	4.20	3.70	3.80

Source: BofA Global Research

BofA GLOBAL RESEARCH

Global FX Forecasts

Exhibit 184: G10 FX Forecasts

End-2023 EUR-USD forecast is 1.05, and end-2024 is 1.15

	Spot	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
G3										
EUR-USD	1.06	1.05	1.07	1.10	1.15	1.15	1.16	1.17	1.18	1.20
USD-JPY	150	153	155	150	146	142	140	138	136	136
EUR-JPY	159	161	166	165	168	163	162	161	160	163
Dollar Bloc										
USD-CAD	1.37	1.32	1.32	1.30	1.28	1.26	1.26	1.26	1.26	1.26
AUD-USD	0.64	0.64	0.66	0.68	0.71	0.71	0.71	0.71	0.71	0.71
NZD-USD	0.59	0.59	0.60	0.62	0.64	0.64	0.64	0.64	0.64	0.64
Europe										
EUR-GBP	0.87	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85
GBP-USD	1.22	1.24	1.26	1.29	1.35	1.35	1.36	1.38	1.39	1.41
EUR-CHF	0.95	0.98	0.99	0.99	1.00	1.00	1.02	1.02	1.05	1.05
USD-CHF	0.89	0.93	0.93	0.90	0.87	0.87	0.88	0.87	0.89	0.88
EUR-SEK	11.74	11.70	11.40	11.20	11.00	10.70	10.60	10.50	10.30	10.20
USD-SEK	11.04	11.14	10.65	10.18	9.57	9.30	9.14	8.97	8.73	8.50
EUR-NOK	11.82	11.00	10.80	10.70	10.50	10.30	10.20	10.10	10.00	9.90
USD-NOK	11.11	10.48	10.09	9.73	9.13	8.96	8.79	8.63	8.47	8.25

Forecast as of Oct-24-2023. Spot exchange rate as of Oct-24-2023. The left of the currency pair is the denominator of the exchange rate. **Source:** BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 185: EM FX Forecasts

We now expect end-2023 USD-CNY at 7.50, and end-2024 at 7.30

	Spot	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
Latin America										
USD-BRL	5.01	5.05	5.08	5.15	5.20	5.25	5.28	5.30	5.33	5.35
USD-MXN	18.14	18.50	18.80	19.00	19.30	19.50	19.80	20.00	20.30	20.50
USD-CLP	929	945	950	951	952	954	956	957	958	960
USD-COP	4,231	4,300	4,400	4,500	4,550	4,600	4,625	4,650	4,675	4,700
USD-ARS	350	681	957	1239	1518	1,782	2,034	2,288	2,574	2,895
USD-PEN	3.86	3.88	3.89	3.91	3.92	3.93	3.94	3.94	3.95	3.95
Emerging Europe										
EUR-PLN	4.46	4.40	4.36	4.33	4.29	4.25	4.24	4.23	4.21	4.20
EUR-HUF	381	400	405	410	400	399	387	375	362	350
EUR-CZK	24.64	24.80	25.00	25.20	24.80	24.30	23.90	23.50	23.00	22.60
USD-ZAR	19.08	19.00	18.50	18.00	17.00	17.50	17.80	18.00	18.20	18.40
USD-TRY	28.10	30.00	32.00	35.00	37.00	40.00	42.00	44.00	45.00	47.00
EUR-RON	4.97	5.00	5.01	5.02	5.04	5.05	5.13	5.21	5.28	5.36
USD-EGP	30.90	37.00	39.00	40.00	41.00	42.00	43.00	43.60	44.00	44.50
USD-ILS	4.06	3.75	3.70	3.65	3.60	3.55	3.50	3.45	3.40	3.40
USD-AED	3.67	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	0.30
USD-SAR	3.75	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	3.64
Asian Bloc										
USD-KRW	1,343	1,375	1,380	1,360	1,340	1,320	1,300	1,280	1,260	1,240
USD-TWD	32.28	32.70	33.00	32.80	32.70	32.60	32.50	32.40	32.30	32.20
USD-SGD	1.37	1.38	1.38	1.35	1.31	1.29	1.28	1.27	1.26	1.25
USD-THB	36.18	37.00	38.00	39.00	38.00	37.00	36.50	36.00	35.50	35.00
USD-HKD	7.82	7.83	7.83	7.80	7.80	7.78	7.78	7.76	7.75	7.75
USD-CNY	7.31	7.50	7.70	7.60	7.40	7.30	7.10	7.00	7.00	6.90
USD-IDR	15849	16,000	16,200	16,300	16,200	16,100	16,000	15,900	15,800	15,700
USD-PHP	56.76	58.00	59.00	59.00	58.50	58.00	58.00	57.50	57.50	57.00
USD-MYR	4.78	4.90	5.00	5.00	4.90	4.80	4.70	4.60	4.50	4.40
USD-INR	83.19	84.00	84.00	85.00	85.50	86.00	86.00	87.00	88.00	88.00

Forecast as of Oct-24-2023. Spot exchange rate as of Oct-24-2023. The left of the currency pair is the denominator of the exchange rate. **Source:** BofA Global Research

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Commodities forecasts

Exhibit 186: BofA Commodity Price Forecasts
(period averages)

	units	1Q23F	2Q23F	3Q23F	4Q23F	2023F	1Q24F	2Q24F	3Q24F	4Q24F	2024F
WTI Crude Oil	($/bbl)	76.00	74.00	82.00	92.00	**81.00**	90.00	88.00	84.00	82.00	**86.00**
Brent Crude Oil	($/bbl)	82.00	78.00	86.00	96.00	**85.00**	94.00	92.00	88.00	86.00	**90.00**
US NY Harbor ULSD (HO) Cracks to Brent Crude Oil	($/bbl)	40.62	24.00	20.00	18.00	**25.66**	18.00	18.00	18.00	18.00	**18.00**
US RBOB Cracks to Brent Crude Oil	($/bbl)	23.13	28.00	20.00	10.00	**20.28**	12.00	17.00	13.00	6.00	**12.00**
NWE Low Sulphur Gasoil Cracks to Brent Crude Oil	($/bbl)	31.30	16.00	12.00	10.00	**17.34**	10.00	10.00	10.00	10.00	**10.00**
NWE Eurobob Cracks to Brent Crude Oil	($/bbl)	15.00	18.00	12.00	2.00	**11.75**	0.00	5.00	5.00	-1.00	**2.25**
NWE 1% Residual Cracks to Brent Crude Oil	($/bbl)	-13.40	-10.00	-7.00	-6.00	**-9.10**	-5.00	-5.00	-5.00	-5.00	**-5.00**
NWE 0.5% Residual Cracks to Brent Crude Oil	($/bbl)	2.50	0.00	2.00	2.00	**1.62**	2.00	2.00	2.00	2.00	**2.00**
NWE 3.5% Residual Cracks to Brent Crude Oil	($/bbl)	-23.20	-13.00	-12.00	-11.00	**-14.79**	-10.00	-10.00	-10.00	-10.00	**-10.00**
US Natural Gas	($/MMBtu)	2.65	2.25	2.75	3.25	**2.73**	3.75	3.50	4.25	4.50	**4.00**
Thermal coal, Newcastle FOB	($/t)	253	160	159	164	**184**	256	177	179	184	**160**
Aluminium	$/t	2,401	2,260	2,160	2,250	**2,268**	2,500	2,750	2,750	2,750	**2,688**
Copper	$/t	8,941	8,461	8,367	8,000	**8,442**	8,750	9,250	9,500	9,500	**9,250**
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	22,500	20,000	20,000	**20,250**
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**	1,200	1,200	1,000	1,000	**1,100**
Palladium	$/oz	1,568	1,445	1,254	1,250	**1,379**	1,200	1,200	1,000	1,000	**1,100**

Source: BofA Global Research estimates

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