World at a Glance

Halftime

Key forecasts in FX, rates and commodities

As we move to the second half of the year, we have recently made a variety of macro forecast adjustments. We look for modestly higher US10yr yields and a similarly stronger USD. Our forecast horizons are also now extended out to 2025.

G10 FX: EUR-USD lower near-term

We made a variety of G10 FX forecast revisions, generally looking for a stronger USD, led by pushing down our end-year EUR-USD forecast to 1.05. We also lowered our Dollar Bloc forecasts, although we did raise GBP. We raise our USD-JPY profile.

EM Asia: revising USDCNY

We revised our USDCNY forecast to a high of 7.40 in 3Q23 before declining in 4Q when we expect Chinese growth to stabilize. Further Fed hikes and sustained US economic strength will keep most Asian currencies on the backfoot against the USD in 3Q23

EEMEA: plant a hedge

Carry is attractive but crowded, and US rates vol is at levels where mean-reversing becomes a risk. For FX, we are bullish CZK and HUF and bearish ZAR, PLN. We are neutral ILS.

LatAm: outlook cloudy

In Mexico, we are turning short-term neutral. While we are still not constructive MXN, the short-term catalysts we saw for depreciation proved less significant than expected. In Brazil, we are turning tactical.

Interest rates: looking for 3.50% for US year-end 10yr

We recently nudged up our end '23 US 10yr forecast by 25bps to 3.5%, reflecting a longer period of macro resilience. We also have made revisions in rates forecasts throughout developed markets.

Commodities: keeping forecasts unchanged

Since last month, we do not make any changes to our forecasts for core energy, precious metal, or industrial metal prices. In particular, we keep our average $80/bbl Brent forecast for 2023.

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.

21 June 2023

FX, Rates and Commodities
Global

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World At a Glance

BofA GLOBAL RESEARCH

US rates: softer landing, hawkish Fed

Mark Cabana, CFA
BofAS

Themes: more Fed, higher rates, flatter curve

Our US economists recently pushed out the timing of their mild recession call, penciled in more Fed hikes & pushed out the timing of rate cuts. We reflect these changes in updated rates forecasts & views. Stronger economy has meant higher rates.

Our most notable shifts: (1) higher fed funds path = higher rate forecasts & a flatter curve (2) UST cheapening risks with increased supply & softer demand backdrop.

Core US rates views: Duration = still recommend clients trade with a bullish bias & 10Y tactically in recent range of 3.25-3.75%, outright longs compelling around 4%. Duration is easier trade vs curve at this point in cycle. Still favor duration longs in reals vs nominals. Curve = lower conviction; flattener curve till Fed done hiking, steepening only after the labor market softens or Fed prematurely pauses.

Forecasts: end ’23 10Y forecast revised higher to 3.5%

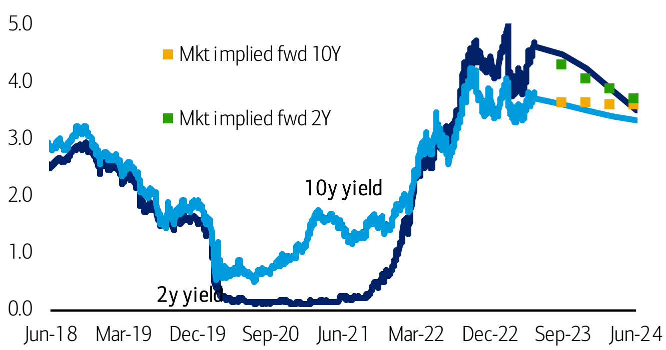
We nudge up our end ’23 forecast by 25bps to 3.5%, reflecting a longer period of macro resilience. We revise forecasts at the front end & only modestly at the back end. In 2H23 our short rates forecasts are modestly above the forwards & consensus; by early ’24 our forecasts across the curve are below the forwards & consensus in-line with our US economists continued call for a mild recession & Fed cuts in ’24.

Risks: 2s10s biased flatter near-term

We have lower conviction on the curve. The 2s10s curve is biased flatter near-term with additional rate hikes but should quickly shift steeper with signs of labor moderation. Popular forward starting curve steepeners make positioning vulnerable. Any steepener is safer in 5s30s vs 2s10s given additional Fed hike risk.

We see increasing risk of a supply / demand imbalance at the back end of the UST curve. UST supply between Jun & end ’23: bills = $1.4tn, coupons = $650b. UST demand is clear at the front end (MMF & ON RRP cash) but less certain at the back end. We increasingly worry about long-dated UST cheapening with insufficient demand.

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 3.5%

	Q3 23	Q4 23	Q1 24	Q2 24
O/N SOFR	5.56	5.57	5.58	5.09
2y Govt	4.50	4.25	3.85	3.50
5y Govt	4.00	3.90	3.65	3.45
10y Govt	3.60	3.50	3.40	3.35
30y Govt	3.80	3.75	3.70	3.70

Source: BofA Global Research estimates

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Exhibit 3: Swap rate forecasts (%)
Our year-end '23 forecast for 10y swaps is 3.2%

	Q3 23	Q4 23	Q1 24	Q2 24
2y	4.45	4.25	3.85	3.50
5y	3.75	3.65	3.45	3.30
10y	3.30	3.20	3.15	3.15
30y	3.10	3.05	3.05	3.10

Source: BofA Global Research estimates

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USD: forecast revisions

John Shin
BofAS

Athanasios Vamvakidis
MLI (UK)

Themes: inflation still the key driver

Inflation stickiness, combined with the continued strength in the US labor market, underpins our US Economics team's expectations for two more rate hikes, taking the Fed Funds Rate to 5.50-5.75% by the end of the year, which should also wind up supporting USD overall. (See our report: US Economic Viewpoint: "Resilient economy, higher policy rates", 14 June 2023) The crucial difficulty in the fight against inflation lies in core measures (Exhibit 4), which indicates the underlying price pressures in the economy. Despite the most recent May CPI report coming in as expected, core inflation is still running at persistently higher levels at which central banks can feel comfortable. The inertia in core inflation points to the distance still left to inflation targets, despite the somewhat recent narrowly-driven push higher in US core inflation.

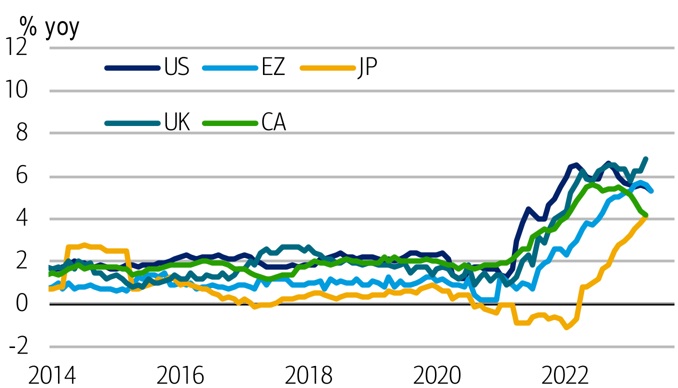
Forecasts: USD to remain strong in H2

We revised our general G10 FX forecasts and look for more broad USD upside in the near-term. We had been forecasting EURUSD at 1.05 for H1 and 1.10 by year-end, but we extended our 1.05 forecast for the rest of the year, as we still have to see a landing of the economy that will bring inflation to a sustained path towards the target. However, we kept our longer-term end-2024 forecast the same at 1.15, as we also see the USD overvalued compared with equilibrium estimates. Elsewhere we incrementally revised down our Dollar Bloc forecasts, raised our GBP outlook. (See: FX Viewpoint: "G10 FX midyear forecasts update: USD strong(er) until landing", 15 June 2023) We are also revising up our USD-JPY forecasts.

Risks: stagflation, central bank credibility, delayed landing

Our key risk scenario has been one of stagflation, with the USD getting even stronger for longer than in our forecasts, pushing EUR-USD towards parity-type levels. A related risk is the Federal Reserve's response to initial distinct signs of weakness in the US labor market. At the other extreme, the landing of the economy could be delayed further, with FX remaining in tight ranges in the meantime. And of course, broader global risks are prevalent as well, including downturn in China and the war in Ukraine.

Exhibit 4: Core CPI in G5 economies
Core inflation is still intolerably high for central banks such as the Fed



Note: we use ex food and energy for core; for JP we use ex fresh food and energy; for CA, we use trimmed mean **Source:**, Bloomberg and BofA Global Research

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

	Q3 23	Q4 23	Q1 24	Q2 24
EUR-USD	1.05	1.05	1.07	1.10
USD-JPY	147	145	140	135

Source: BofA Global Research estimates

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Exhibit 6: Major macro forecasts
Looking for slowdown in the United States

	2022F	2023F	2024F
Real GDP (% yoy)	2.1	1.6	0.1
CPI (% yoy)	8.0	4.0	2.5
Policy Rate (eop)	4.375	5.625	4.125
GenGov Bal (%/GDP)	-5.4	-5.0	-5.2
CurAct Bal (%/GDP)	-3.7	-3.6	-3.4

Source: Bloomberg and BofA Global Research estimates

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EU rates: defying gravity for a little longer

Sphia Salim
MLI (UK)

Themes: September is really live

The European Central Bank (ECB) hiked rates by 25bp in June and signalled it will likely hike rates again in the July meeting, which was already widely expected. The surprise from the June meeting came from the central bank's forecasts, where significant upward revisions were made on the inflation outlook near and long term. We believe this makes a hike in September live, even if President Lagarde was unwilling to provide guidance beyond the July meeting.

Balance sheet reduction by the ECB will continue. Reinvestments in its asset purchase programme (APP) will stop from July 2023, from partial reinvestments before. The targeted longer-term refinancing operation (TLTRO) III programme, which contains large bank borrowings from the central bank, is rolling off with still few signs from the central bank of any bridging operations to be provided. The associated reduction in excess liquidity has already increased term funding competition among banks and tightened financial conditions in the real economy.

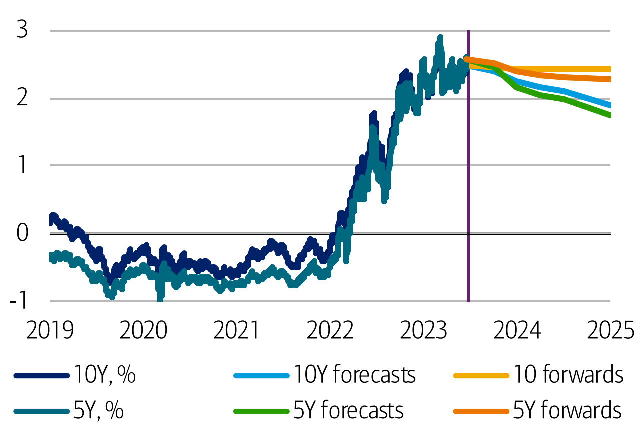
Forecasts: bearish bias near term, further declines long term

We raised our near-term euro rates forecasts and lowered our long(er) term forecasts. The upward revisions to our near term forecasts reflect risks of a higher terminal rate than what is priced in by the market and later start to the cutting cycle. The downward revisions to our long(er) term forecasts reflect our economists' inflation forecast falling below the ECB's target in 2025, and are below the forwards. Renewed concerns on de-anchoring of inflation to the downside may prompt a downward reassessment of neutral rates and long-term inflation expectations in the euro area, providing scope for further decline in rates. We maintain an asset swap tightening bias on the high supply outlook.

Risks: inflation outlook, neutral rates

Downside risks are significant downward revision to the ECB's inflation outlook, de-anchoring of inflation to the downside, repricing of neutral rates lower, and restart of quantitative easing by the ECB. Upside risks are persistent inflation and end of full reinvestment in pandemic emergency purchase programme (PEPP) brought forward.

Exhibit 7: German rates – yield forecasts and forwards*
Our forecasts are below the forwards



Source: BofA Global Research, Bloomberg. *Forwards as of 16-Jun

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Exhibit 8: Germany bond yield forecasts, %
We expect bonds to cheapen vs swaps

	Q3 23	Q4 23	Q1 24	Q2 24
3m Euribor	3.80	3.90	3.80	3.30
2y Govt	2.90	2.65	2.45	2.30
5y Govt	2.45	2.15	2.05	2.00
10y Govt	2.40	2.25	2.15	2.10
30y Govt	2.40	2.40	2.40	2.40

Source: BofA Global Research

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Exhibit 9: Swap rate forecasts, %
We have a bearish bias near-term

	Q3 23	Q4 23	Q1 24	Q2 24
2y	3.60	3.35	3.10	2.90
5y	3.10	2.80	2.65	2.50
10y	3.00	2.80	2.65	2.55

Source: BofA Global Research

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EUR: sustained strength needs landing

Athanasios Vamvakidis
MLI (UK)

Themes: not the year of the EUR

EURUSD is somewhat up for the year, after strengthening from a 20-year low in Q4 last year and fluctuating within a range this year. The EUR has done better vs. most of the rest of G10 beyond the USD; the failure of the EUR sustain a rally is mostly against the USD. In real effective terms (REER), the EUR is only slightly below its long-term average. In nominal effective terms (NEER), the EUR is actually historically strong. Eurozone data was recently weakened, but still very high core inflation and tight labor markets leave no room for ECB complacency. EURUSD weakened in May on weak China data, but strengthened so far in June on hopes for China stimulus. However, for as long as global and particularly US inflation remain high, we would expect EURUSD to remain historically weak, with further downside during the inevitable (hard) landing. The Fed must turn for a sustained EURUSD rally, while for now carry is also weighing on the EUR. Non-USD EUR crosses can remain strong, but further upside may be limited. Longer term, EUR strength depends on ECB's increasingly difficult commitment to inflation target vs. the rest of G10 (for details, see Why is the EUR failing to rally? 07 June 2023).

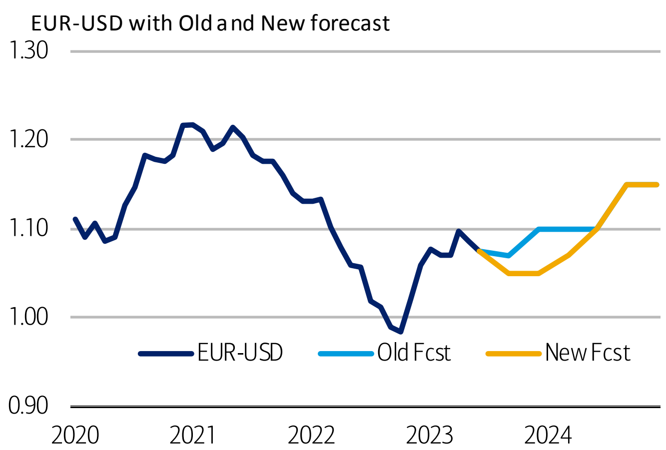
Forecasts: weak for longer

We have been forecasting EURUSD at 1.05 for the first half of the year, expecting a gradual appreciation as the USD weakens in the second half. Our bearish call has worked so far, as EUR kept gravitating towards our forecast every time it moved higher. However, we still have not seen a landing of the global economy that we believe is necessary for inflation to move closer to the target. As a result, we expect EURUSD to remain weak for longer and now extend our 1.05 forecast for the remaining of the year. We keep our forecast of 1.15 by the end of next year and we expect further appreciation towards long-term equilibrium at 1.20 by end-2025.

Risks: all about the landing

Our baseline assumes the landing of the global economy will allow a drop of inflation, allowing the EUR to move towards its long-term equilibrium. In addition to uncertainty about timing, a stagflation scenario remains a risk, in which case interest rates have to remain high for longer, risk sentiment suffers, and the EUR weakens further.

Exhibit 10: EUR-USD and forecasts
We lower our EUR-USD profile near-term



Source: ECB and BofA Global Research

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Exhibit 11: EUR forecasts
Our forecast is 1.05 for EUR-USD at end of 2023

	Q3 23	Q4 23	Q1 24	Q2 24
EUR-USD	1.05	1.05	1.07	1.10
EUR-JPY	154	152	150	149

Source: BofA Global Research estimates

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Exhibit 12: Major macro forecasts
ECB continuing to hike in 2023

	2022F	2023F	2024F
Real GDP (% yoy)	3.5	0.4	0.8
CPI (% yoy)	8.4	5.3	2.4
Policy Rate* (end period)	2.50	4.25	3.50
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: Still depends on the BoJ

Tomonubo Yamashita
BofAS Japan

Key theme: Investors see the BoJ to tweak its YCC in 2023

The BoJ kept its monetary policy unchanged at the June monetary policy meeting (MPM), as was broadly expected. According to our survey, only 2% of respondents expected the BoJ to tweak or remove yield curve control (YCC) at the June MPM, while 30% of investors see the July MPM "live", which means that speculators may start to short yen duration and/or short USD/JPY before 27- 28 July MPM (for details, see FX and Rates Sentiment Survey: Pandemic, what pandemic? 09 June 2023).

In our view, the JGB market is separated from the other countries' bond markets, and supply-demand is likely to be the biggest factor for the JGB market through end-2023. We see the Japanese government's loose fiscal policy and potential for the BoJ to begin normalizing the monetary policy within FY2023, adding upward pressure to the yields on JGBs; although, we think the BoJ will not dramatically reduce its bond purchase operations even if it starts policy revisions (for details, see our report, Japan Rates Watch: Expect only limited reduction in BoJ purchases after YCC adjustment 11 May 2023).

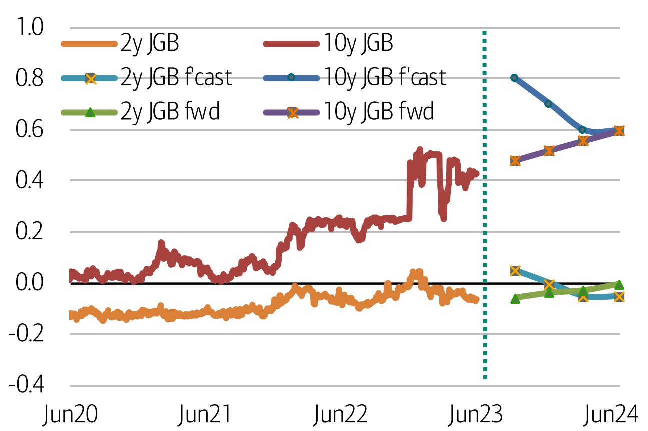
Forecast: Near-term stable, long-term bearish

We still think the BoJ's excessive bond purchase operations would contain a rise in JGB yields, while a sequential rally for JGBs is unlikely, given the expectations for the BoJ's moves in the future. Therefore, JGBs would be stable at least until July MPM, where in our Japan economists expect the central bank to shorten its YCC target maturity from 10yr to 5yr. Our 5yr JGB yield forecast is 0.35% at end-2023, and our 10yr JGB yield forecast is 0.70% at end-2023.

Downside risks

The risk to our base case is biased to the downside. We see risks owing to the new BoJ governor Ueda's more dovish stance, which may disturb the market in penciling in the BoJ's further hawkish moves.

Exhibit 13: JGB rates – yield forecasts and forwards
We expect further YCC tweaks to raise the JGB yields



Source: BofA Global Research, Bloomberg.

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Exhibit 14: Government bond yield forecasts
Our 10yr JGB yield end-year forecast is 0.70%

	Q3 23	Q4 23	Q1 24	Q2 24
3m TORF	-0.03	-0.03	-0.03	-0.03
2y Govt.	0.05	0.00	-0.05	-0.05
5y Govt	0.40	0.35	0.25	0.25
10y Govt	0.80	0.70	0.60	0.60
30y Govt	1.50	1.35	1.20	1.20

Source: BofA Global Research

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Exhibit 15: Swap rate forecasts
Our Japan 10yr swap rate end-year forecast is 0.80%

	Q3 23	Q4 23	Q1 24	Q2 24
2y	0.20	0.15	0.05	0.05
5y	0.45	0.40	0.30	0.30
10y	0.85	0.80	0.65	0.65

Source: BofA Global Research

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JPY: weaker for longer

Shusuke Yamada
BofAS Japan

Themes: Yen-carry trade is on

We think the July MPM could catalyze the JGB market and JPY. Until the Jun MPM, no change by the BoJ has been considered as less market-moving event and the market has regarded the BoJ's MPMs as potentially a yen-bullish / JGB-bearish event.

However, for the July meeting, we think no change can catalyze a sharp JGB rally and JPY sell-off in Aug/Sep because of two reasons: (1) Domestic institutions may not wait until fall to buy JGB, which would lower JGB yields; (2): Even higher carry for USD/JPY and cross-JPY for longer as we now expect the Fed to hike two more times and hold the rate there until mid-2024.

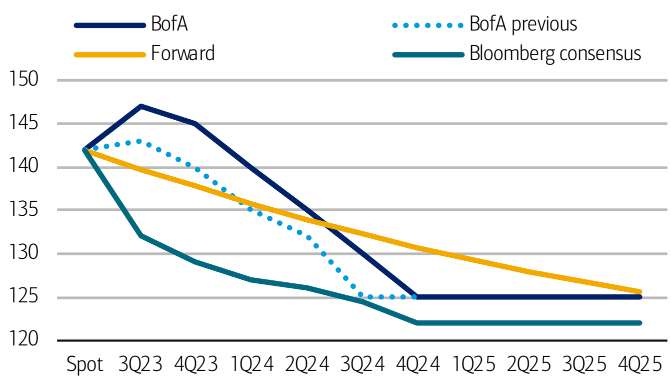
Forecasts: USD/JPY somewhat higher, cross/yen higher

We revise up our bullish USD/JPY forecasts further, reflecting our updated Fed forecasts. We expect USD/JPY and G10/JPY to be supported by FX carry. We expect USD/JPY to rise to 147 (143 previous, 132 consensus) by September and end the year at 145 (140 previous, 129 consensus).

Risks: BoJ's inaction

If the BoJ holds in the July MPM, the market may assume no change in the Sep MPM (without the outlook report) and the next focus could be Oct MPM with the next outlook report. Yen rates are likely to rally as domestic investors may have to start adding JGBs even if they still wait for the BoJ to tweak YCC later. In the FX market, yen-carry trade could accelerate on lower JGB yields and a later YCC tweak. USD/JPY could rise to 150. Cross-yen could also rally more than USD/JPY.

Exhibit 16: USD/JPY forecasts
BofA remains bearish on JPY



Source: BofA Global Research, Bloomberg

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Exhibit 17: JPY forecasts
We look for 2023 year-end USD-JPY of 145

	Q3 23	Q4 23	Q1 24	Q2 24
USD-JPY	147	145	140	135
EUR-JPY	154	152	150	149

Source: BofA Global Research estimates

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Exhibit 18: Major macro forecasts (CY)
Our economics team looks for slowing recovery

	2022F	2023F	2024F
Real GDP (% yoy)	1.1	1.3	1.2
CPI (% yoy)	2.5	3.2	2.7
Policy Rate (eop)	-0.10	-0.10	0.05

Source: Bloomberg and BofA Global Research estimates

BofA GLOBAL RESEARCH

UK rates: Staying bearish

Agne Stengeryte
MLI (UK)

Maintaining a bearish bias

In our Year Ahead publication, we outlined our bearish bias in UK rates, vs. the fwds and other markets, emphasizing: (1) the increasing dependency on the kindness of strangers (the need for overseas investors to buy even more Gilts than they have been buying); (2) the negative feedback loop between an increasing shortfall in the BoE Gilt portfolio and the deficit increasing losses crystalized on sales; and (3) what was then a burgeoning current account deficit with a deteriorating International Investment Position (IIP).

Q2 saw our expectations play out above and beyond, with 10y yield Gilts almost 1% higher outright and 65bp higher relative to 10y USTs since the end of March. We have revised our forecasts upwards several times since in light of these sharper-than-expected market moves. Investors appear to be short the UK cross market into Q3 and BoE pricing is more hawkish than our forecasts, but we remain worried about Gilt underperformance.

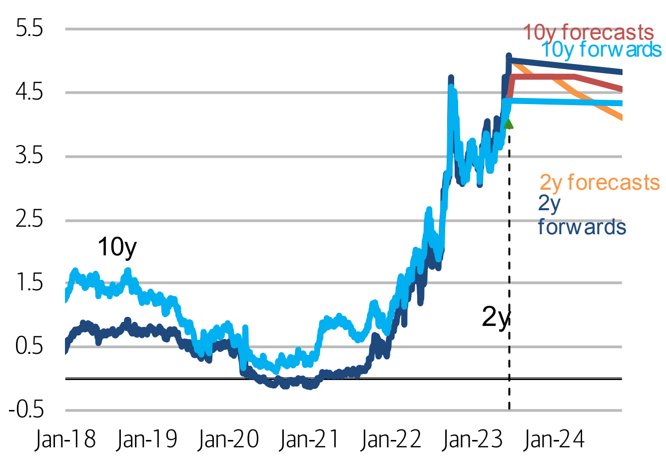
Forecasts: 10y Sonia at 4.5% in Q4 2023 and 4.25% in Q4 2024

Our 10y Sonia yield forecasts of 4.5% for Q4 2023 and 4.25% for Q4 2024 are 20-30bp above the forwards. A 25bp 10y Sonia rally that we have implies small underperformance vs. what we expect for the US. 2y Sonia at 5% for Q4 2023 and 4% for Q4 2024 is some 5-10bp below the forwards on average over the forecast horizon, reflecting our BoE base case scenario. Our Chief UK Economist expects two more 25bp Bank rate hikes by September and Bank rate remaining at that level until late 2024. We expect once per quarter easing in 2025. Near term, supply will remain an issue into Q3. Macro vulnerabilities will remain pronounced in both the near-and medium-term. And scope for Bank rate cuts to our forecast horizon seems more limited in the UK than elsewhere.

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, turmoil from abroad.

Exhibit 19: Gilt yield benchmark histories, forwards and forecasts, %
Not expecting 2y Gilt cheapening vs. Sonia in Q3 2023



Source: Bloomberg, BofA Global Research

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Exhibit 20: Table: Government bond yield forecasts (%)
We expect the BoE to hike 25bp in August and September

	Q3 23	Q4 23	Q1 24	Q2 24
3m Sonia	5.25	5.25	5.25	5.25
2y Govt.	4.75	4.75	4.50	4.50
5y Govt	4.25	4.25	4.00	3.75
10y Govt	4.75	4.75	4.75	4.75
30y Govt	4.75	4.75	5.00	5.00

Source: BofA Global Research estimates

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

	Q3 23	Q4 23	Q1 24	Q2 24
2y	5.25	5.00	4.75	4.50
5y	4.50	4.25	4.00	3.75
10y	4.50	4.50	4.50	4.50
30y	4.25	4.25	4.50	4.50

Source: BofA Global Research estimates.

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GBP: more symmetric risks from here

Michalis Rousakis
MLI (UK)

Themes: EURGBP to ultimately reflect commitment to inflation target

We recently revised up our GBP forecasts meaningfully, seeing balanced risks ahead. GBP's has had an impressive run this year, leading G10 FX in both Q1 and so far Q2.

First, expectations for the UK were very low: the UK activity data have not stood out vs. elsewhere despite a lower base, but they have proven much better than expected.

Second, markets have repriced the BoE much higher. Given the UK supply constraints, the stronger activity data have meant an even tighter labour market, stronger-than-expected inflation (with Core inflation yet to peak), and perhaps modestly deanchored inflation expectations (see our report, UK Viewpoint: Growing too much to fix entrenched inflation 30 May 2023). Our economists expect three more 25bp rate hikes with upside risks form the BoE, but markets are currently pricing another five hikes from here.

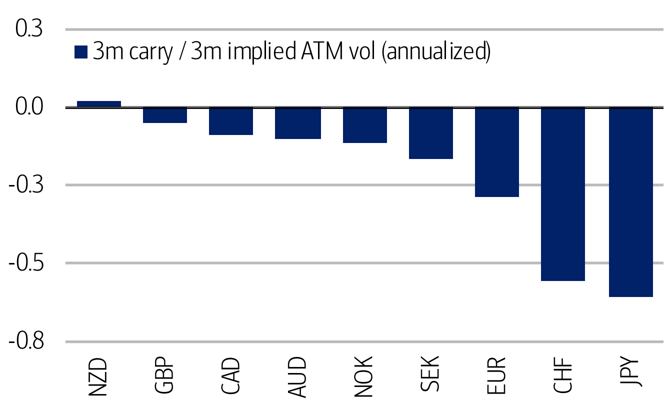
Third, we now have more clarity of the post-Brexit regime, better relations with the EU, and significant reduction of related tail risks.

Going forward, we see balanced risks vs. EUR. A lot, we think, depends on how and when inflation will come down in both. Certainly, our UK outlook for this year and next has a strong stagflationary flavour, with the lowest growth and the highest inflation in G6. But, to us, the ultimate question is: which central bank is prepared to bring inflation back to target? The risks of over-tightening in the UK still look non-existent to us (see our report, Bank of England preview: lots to do 15 June 23).

Forecasts & risks: EURGBP lower, cable higher. Risks: fiscal, positioning

We now see EURGBP at 0.85 through our forecast horizon. Combined with our EURUSD revisions, this still leaves us with a higher cable forecast vs. our previous outlook. Pre-election fiscal stimulus presents two-sided risks to GBP. Our analysis suggest investor positioning is long cable and short EURGBP, although no position is stretched.

Exhibit 22: 3-month vol-adjusted carry vs USD (annualized)
GBP carry not bad at all within the G10 FX world



Source: BofA Global Research, Bloomberg

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Exhibit 23: GBP forecasts
Our year-end 2023 EUR-GBP forecast is 0.85

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

Source: BofA Global Research estimates

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

	2022F	2023F	2024F
Real GDP (% yoy)	4.1	0.4	0.3
CPI (% yoy)	9.1	7.2	2.4
Policy Rate (eop)	3.50	5.25	5.00
Gen Gov Bal (%/GDP)	-5.6	-4.7	-3.2
CurAct Bal (%/GDP)	-3.8	-2.6	-2.7

Source: Bloomberg and BofA Global Research estimates

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CA rates: Markets price in more BoC hikes

Katie Craig
BofAS

Ralph Axel
BofAS

Themes: BoC remains on pause with risk of a hike in June

The Bank of Canada (BoC) surprised markets with a 25bp rate hike at their June meeting with markets now implying a 75% chance of another hike at the July meeting as priced by BoC overnight index swaps (OIS). Cuts are not priced into the CA forward OIS curve until Q2'24.

Since the start of May, CA 2y & 10y rates have underperformed US, likely driven by more BoC hikes being priced in by year-end. Both the BoC and the Fed appear to be considering another 25bp hike in July. 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.

Our economist currently expects the BoC to remain on hold but market expectations for further BoC hikes could continue the underperformance of CA rates at longer dated spreads.

The BoC is likely to continue QT until they cut rates. BoC holdings indicate maturities amounting to about C$90bn in CY '23, C$56bn in '24 and C$40bn per year thereafter through '26.

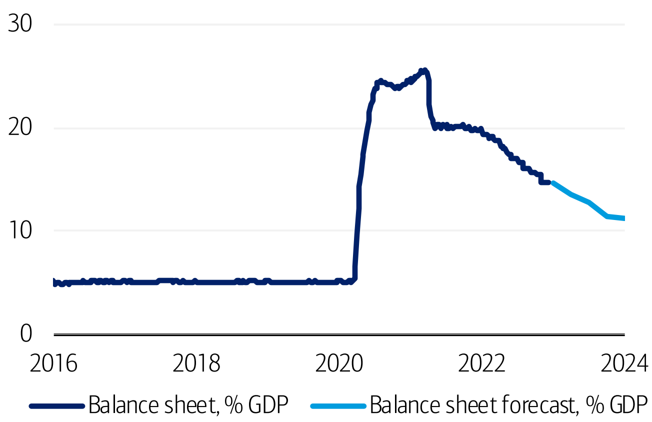
Forecasts: upward revisions, primarily to the front-end

We revised our forecasts upward for rates across the curve, but most significantly in the front-end due to BoC path expectations. We continue to forecast an inverted curve through most of 2024.

Risks: skewed to the upside

Risks are skewed to the upside as the BoC policy path continues to face an upward trajectory and data comes in strong.

Exhibit 25: 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 26: Government bond yield forecasts
We look for the curve to become less inverted over 2023

	Q3 23	Q4 23	Q1 24	Q2 24
2y	4.10	3.90	3.70	3.50
5y	3.40	3.30	3.20	3.10
10y	3.20	3.20	3.10	3.10

Source: BofA Global Research estimates

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Exhibit 27: Swap rate forecasts
We look for 10yr swap rates to decline

	Q3 23	Q4 23	Q1 24	Q2 24
2y	4.65	4.45	4.25	4.05
5y	3.80	3.70	3.60	3.50
10y	3.70	3.70	3.60	3.60

Source: BofA Global Research estimates

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CAD: maintain medium-term bullish view

Howard Du, CFA
BofAS

Themes: we make slight revisions but maintain bullish CAD view vs USD

Taking stock of changes in the macro environment and global economic forecast updates (see our Mid-year review, 15 June 2023), we made slight adjustments to our USD/CAD forecast for rest of 2023 and 2024 but maintained the bullish CAD view for the medium term. We stay bullish CAD vs the USD as:

- **BoC sets implicit cap for USD/CAD:** While our economists expect the BoC to keep policy rate on hold, the risk is skewed to the upside for more BoC hikes (see our Canada Watch: 07 June 2023). The US is by far Canada's biggest trading partner. Should the CAD weaken by too much vs the USD due to wider central bank policy rate divergence, higher domestic inflation in Canada would likely become a concern for the BoC and warrant more rate hikes for Canada as well.

- **USD/CAD is still too rich vs fair value estimate:** In CAD mid-year review (15 June 2023 report), we find CAD has not rallied enough when compared to fair value estimate and as implied by the rally in risk assets, fall in US-CA rate spread, and improvement in broad sentiment. Our commodity strategists are also maintaining a bullish outlook for oil price (see our Global Energy Weekly: 05 June 2023), which should add further tailwind for CAD to rally later this year.

- **CAD bears have not capitulated:** Commodity Futures Trading Commission (CFTC) and BofA Liquid Cross Border Flow (LCBF) data suggest investors' CAD positionings are still at historically bearish levels. We expect an eventual capitulation of CAD bears to trigger the next wave of CAD rally.

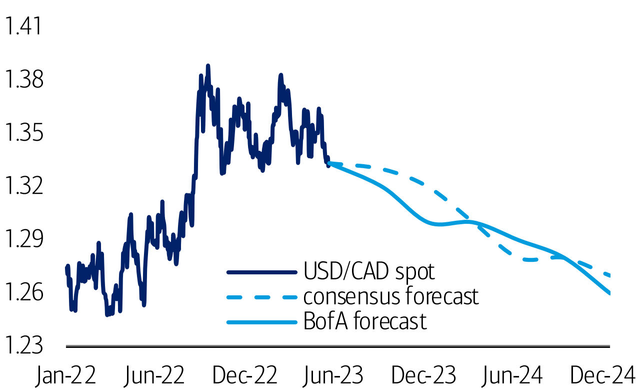
Forecast: we now see USD/CAD fall to 1.30 by year-end

We see USD/CAD falling to 1.30 by year-end 2023 (vs 1.28 previously and 1.32 consensus). The CAD uptrend may stall in H1 2024 as downside growth risk become more apparent by then, in-line with our latest global economic forecast. We see more material USD/CAD depreciation to take place in H2 2024 after the onset of the growth downturn.

Risks: a much sharper growth downturn for Canada than for the US

The risk to our bullish CAD medium term forecast is a much more severe growth downturn for Canada than for the US.

Exhibit 28: We are still more bullish CAD than consensus for rest of 2023 but less bullish in H1 2024
BofA latest USD/CAD forecast vs consensus



Source: BofA Global Research, Bloomberg

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Exhibit 29: CAD forecasts
We expect lower USD/CAD in 2023

	Q3 23	Q4 23	Q1 24	Q2 24
USD-CAD	1.32	1.30	1.30	1.29

Source: BofA Global Research estimates

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Exhibit 30: Major macro forecasts
Bank of Canada has continued to hike rates

	2022F	2023F	2024F
Real GDP (% yoy)	3.4	1.4	0.2
CPI (% yoy)	6.8	3.8	2.6
Policy Rate (eop)	4.25	4.75	3.50

Source: Bloomberg and BofA Global Research estimates

BofA GLOBAL RESEARCH

AU rates: mid-year update

Oliver Levingston
Merrill Lynch (Australia)

Themes: bear flattening in H2 23, rally in H1 24

Since our last update to the forecast three months ago, the Reserve Bank of Australia (RBA) has delivered two surprise hikes. The central bank's hawkish turn has fuelled a sell-off in rates and we have upgraded our forecasts for yields over the next few quarters. We also now forecast a more aggressive rally from the first quarter of 2024 as growth concerns mount and the RBA moves to cut policy rates by year-end.

The outlook for year-end 2024 remains the same but we now see much higher yields in the belly of the curve in H2 23 but forecast a more aggressive rally from Q1 24 as investor concerns shift from inflation to growth.

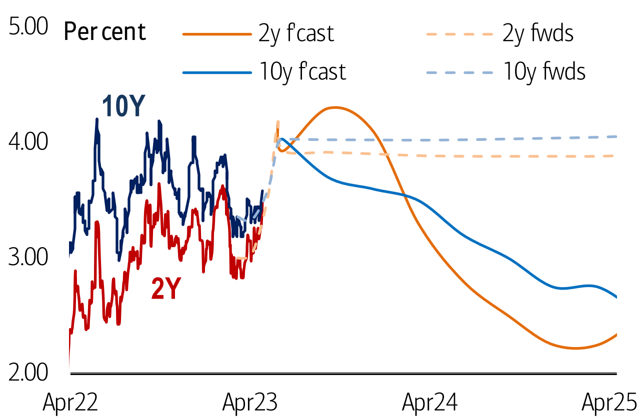
The risk of a hard landing is growing, and we like long duration trades at these levels. 2y ACGBs have cheapened more than 100bps in 2 months and our macro framework suggests the belly of the curve should rally from here. Yet the RBA's slower pace of hikes in 2022/23 has meant that cash rates are still more than 100bps lower than in the US and NZ, and more than 50bps below the UK and Canada.

We see further cheapening in the belly of the curve as likely in the near term given that the RBA has shifted its focus from preserving gains in the labour market to tackling inflation expectations and preventing a premature easing of financial conditions. On the flipside, breakevens have remained well contained during this rally, leaving real rates to lead the cheapening of nominal bonds over the past 90 days.

Even though we see the curve as likely to flatten further over the coming months, it is difficult to say with certainty when investors will start pricing in the end of the cycle by adding curve steepeners so the risk/reward of the trade is less asymmetric than we would like. Given that the 3s10s curve has flattened significantly and steeper forwards align with our forecast for a more aggressive rally in 2024, we prefer adding duration as a way to position for a higher probability of a hard landing in 2024.

The growing probability of further policy tightening and a potential hard landing in 2024 also supports our call for tighter swap spreads. We now see swap spreads normalising to around 20bps throughout the forecast period.

Exhibit 31: Bonds to bull steepen during extended pause
Curve to flatten in H2 23 as RBA is forced to tighten policy settings



Source: BofA Global Research, Bloomberg

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Exhibit 32: Government bond yield forecasts
Bonds to bear flatten in H2 23, rally in H1 24

	3Q 23	4Q 23	1Q 24	2Q 24	4Q 24
3m BBSW	4.50	4.30	3.50	3.00	2.45
2y Govt.	4.30	4.10	3.30	2.80	2.25
5y Govt	3.90	3.80	3.40	3.00	2.50
10y Govt	3.70	3.60	3.50	3.20	2.75

Source: BofA Global Research

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Exhibit 33: Swap rate forecasts
Spreads to narrow as RBA QT looms

	3Q 23	4Q 23	1Q 24	2Q 24	4Q 24
3y	4.50	4.30	3.50	3.00	2.45
10y	3.90	3.80	3.70	3.40	2.95

Source: BofA Global Research

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AUD: US-China divergence persists

Adarsh Sinha
Merrill Lynch (Hong Kong)

Themes: US-China divergence to narrow later this year

The AUD trade weighted index has risen to stronger end of its multi-year range despite weaker-than-expected April data from China and a more hawkish Fed dot plot. Surprise RBA rate hikes have supported AUD, but the resilience also suggests much of the bad news was already priced in. indeed, while most China reopening trades had retraced lower, we had flagged the AUD pullback was disproportionately larger.

China's property sector (commodity demand) and service imports (tourism and education) are the primary channels for Australia. There were signs of green shoots in China's property sector in March, but recent data show deceleration in home sales. That said, home prices continue to rise and property easing measures may support demand in 2H. Meanwhile, a recovery in flight capacity would also boost Australia's service sector over time.

Despite a more aggressive RBA, domestic policy rates remain less restrictive than elsewhere. We think Australia has the best chance of avoiding a recession relative to its G10 peers, which should be a further medium-term positive especially when other central banks enter an easing cycle.

Forecasts: More gradual AUD recovery, 0.70s in 2024

AUD/USD is close to our end-2Q forecast of 0.68 – while we remain constructive over the medium-term, we are revising our forecasts lower in line with our broader USD/Fed revisions, now expecting a more gradual ascent to above 0.70 by early-2024. This is consistent with our economists' view that a China recovery will be evident only later this year with much depending upon the magnitude and effectiveness of policy easing in coming months.

Risks: China policy easing

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

Exhibit 34: China imports from Australia vs. steel production
Steel production leads China's imports from Australia by 2-quarters

Source: Bloomberg

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Exhibit 35: AUD forecasts
Our end-year 2023 AUD-USD forecast is 0.69

	Q3 23	Q4 23	Q1 24	Q2 24
AUD-USD	0.67	0.69	0.72	0.73
AUD-CAD	0.88	0.90	0.94	0.94

Source: BofA Global Research estimates

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Exhibit 36: Major macro forecasts
Softening domestic backdrop in 2023

Australia	2022F	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	3.85

Source: Bloomberg and BofA Global Research estimates

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NZD: terminal reached

Adarsh Sinha
Merrill Lynch (Hong Kong)

Themes: waiting for higher rates to bite

The RBNZ's latest communications suggest the bar for additional rates hikes is high with our economists seeing rates on hold at 5.5% for a year before the RBNZ commences cuts in July 2024. The RBNZ seems heartened by signs that inflation pressures are easing, such as the "better-than-feared" 1Q CPI report and recent drop in private sector inflation expectations.

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 of 8.5% of GDP 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 which would support USD. This and any associated risk-off is more likely to weigh on NZD, which has less terms of trade buffer compared to other commodity currencies

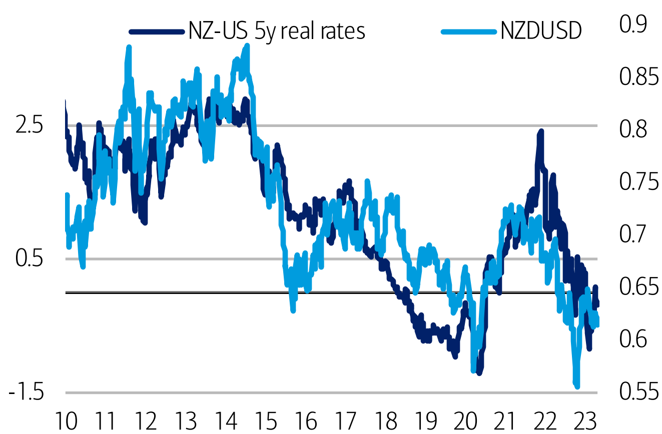
Forecasts: slow NZD recovery vs. USD

We have revised down our NZD/USD forecasts (in line with broader USD/Fed revisions) expecting it to remain close to current levels by end-2023 but underperform AUD, as the latter is better poised to benefit from any recovery in China.

Risks: migration inflows

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

Exhibit 37: NZD/USD vs. 5y real rate differential
Real rates consistent with low NZD/USD



Source: Bloomberg

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Exhibit 38: NZD forecasts
Looking for 2023 end-year NZD-USD at 0.62

	Q3 23	Q4 23	Q1 24	Q2 24
NZD-USD	0.61	0.62	0.64	0.65
AUD-NZD	1.10	1.11	1.13	1.12

Source: BofA Global Research estimates

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Exhibit 39: Major macro forecast
Growth slowing in 2023

New Zealand	2022F	2023F	2024F
Real GDP (% yoy)	2.5	0.9	0.4
CPI (% yoy)	7.2	6.0	3.3
Policy Rate (eop)	4.25	5.50	4.50

Source: Bloomberg and BofA Global Research estimates

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CHF: to remain strong this year

Athanasios Vamvakidis
MLI (UK)

Themes: SNB to pause

We expect the Swiss National Bank (SNB) to pause after June, while still data dependent. We expect the SNB to hold rates steady for some time. Consensus has the first cut in 2Q24, in line with the first forecast reduction from the European Central Bank (ECB). We would expect a bit more patience from the SNB and only anticipate one cut in 2H24, followed by another in early 2025. A very active use (unwinding) of the balance sheet probably gives some bias to lag the ECB a bit. Recent SNB communication has been hawkish, also suggesting comfort with a strong CHF to contain inflation. This is despite core inflation having dropped to 1.9%, which is the lowest in G10-headline inflation is 2.2%, also the lowest in G10.

CHF has been one of the strongest performers in G10 this year-after GBP. Our analysis shows a relatively neutral market position, with hedge funds selling CHF this year. The hawkish approach of the SNB may not be sustainable, particularly relatively to the rest of G10 central banks, but for now it supports CHF.

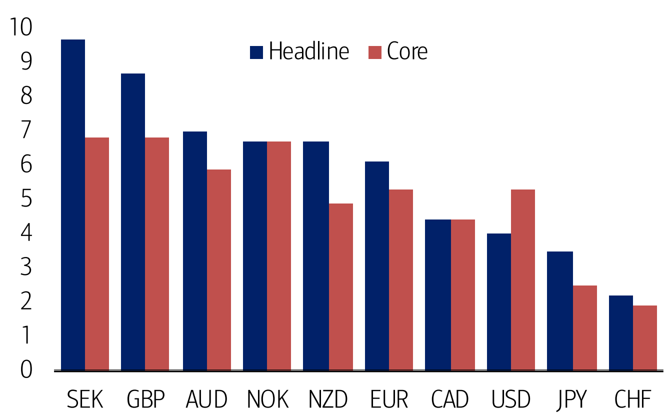
Forecasts: to remain strong this year

We expect EURCHF to remain below parity this year, with our end-year forecast at 0.98. We only see it going back to parity towards the end of next year and to 1.05 by 2025, still well below equilibrium estimates.

Risks: European risks; SNB pivot

Geopolitical risks in Europe or if something "breaks" from tight ECB policies could strengthen CHF further. On the other hand, the SNB may not remain hawkish for long if inflation keeps falling.

Exhibit 40: G10 inflation rate
Switzerland has the lowest inflation in G10



Source: BofA Global Research, Bloomberg.

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Exhibit 41: CHF forecasts
Our 2023 year-end EUR-CHF forecast is 0.98

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

Source: BofA Global Research estimates

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Exhibit 42: Major macro forecasts
The economy is slowing this year

	2022F	2023F	2024F
Real GDP (% yoy)	2.1	1.0	1.2
CPI (% yoy)	2.8	2.3	1.4
Policy Rate (eop)	1.25	1.50	1.50

Source: Bloomberg and BofA Global Research estimates

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NOK: stronger but still weak

Michalis Rousakis
MLI (UK)

Themes: Counting on oil & Norges

NOK has performed well in recent weeks but remains near historic lows. We continue expecting it to strengthen more in 2H, counting on higher oil prices and on Norges Bank.

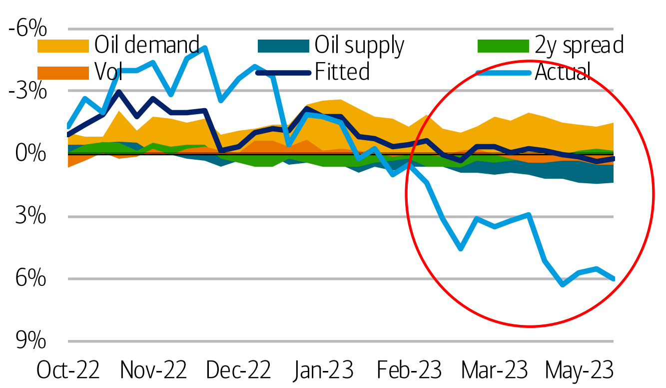
NOK's good performance in recent weeks, despite the rather flat energy prices and the still elevated NOK volatility, was likely driven by the higher rate differentials given the hawkish Norwegian data, more clarity around Norges Bank's FX transactions, and a mostly supportive risk sentiment. Yet NOK remains near historic low levels (excl. Mar-20). And while its performance from October through February was in line with its own past performance, its particularly weak performance from March to May was not.

Looking ahead, we remain constructive on NOK, expecting: (1) Higher oil prices, with our commodities team expecting Brent at 82$/bbl in 4Q and 90$/bbl in 2024 (The battle royale between oil and money 5 June 23). We expect China's outbound airline seats to approach 50% of their 2019 levels by 3Q (ASEAN tourism: into the final third 5 May 23). (2) A clearly more hawkish stance by Norges, following the hawkish inflation data and the Regional Network Survey. We see them raising their terminal to 4%, with risks for more. We reiterate our view that Norges' gradual stance does not necessarily mean lower rates, and even if it does, it could mean fewer rate cuts later. (3) More favourable oil-related NOK flows in H2 by Norges and petroleum companies *combined*, given Norway's increased fiscal needs. (4) While Real Money's NOK position is getting stretched, Hedge Funds are flat on NOK, according to our flows & positioning analysis.

Forecasts: no changes. Risks: Fed & risk sentiment, oil & China, Norges

We still expect EURNOK at 10.60 and NOKSEK at 1.04 by year-end, but we admit risks are NOK takes longer to get to these levels (esp. vs. USD). Our economists expect the Fed to get repriced higher and a softish landing (Resilient economy, higher policy rates 14 June 23). But a harder landing is a (NOK-negative) risk, with this risk and esp. our "higher-for-longer" Fed call behind our constructive near-term USD view. Other risks are around oil, esp. China's reopening, and Norges' relative stance.

Exhibit 43: Fitted vs. actual NOK I-44 (inverted values)
NOK in line with history until late-Feb, but its recent weakness overdone



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 May 19. Regression estimates are for Jan 2018- Sep 2022. We regress changes in (log) NOK I-44 (Norges's import-weighted krone index) on: demand-driven and supply-driven changes in (log) Brent crude spot prices as per the New 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 44: NOK forecasts
Year-end EUR-NOK forecast of 10.60 in 2023

	Q3 23	Q4 23	Q1 24	Q2 24
EUR-NOK	10.90	10.60	10.40	10.40
USD-NOK	10.38	10.10	9.72	9.45

Source: BofA Global Research estimates

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Exhibit 45: Major macro forecasts
Norway recovery continuing into 2023

	2022F	2023F	2024F
Real GDP (% yoy)	3.3	1.2	1.0
CPI (% yoy)	5.7	5.0	2.9
Policy Rate (eop)	2.75	3.65	2.95
GenGov Bal (%/GDP)	16.2	18.3	15.8
CurAct Bal (%/GDP)	22.7	19.1	11.4

Source: Bloomberg and BofA Global Research estimates.

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SEK: still between a rock and a hard place

Michalis Rousakis
MLI (UK)

Themes: still early to turn constructive on SEK

We remain cautious on SEK at least through 3Q, although we do find it undervalued from a long-term perspective. In our base case, EURSEK is around 11.50 through 3Q before it starts to fall in 4Q (see Sweden macro trip notes: hope is inflation falls fast 14 June 23).

However, we continue seeing risks for more and/or prolonged SEK weakness because: (1) we are concerned around the highly rate-sensitive Swedish households; (2) we see risks around the Swedish property markets, particularly commercial real estate; (3) we are cautious on the global risk sentiment, as the Fed likely gets repriced higher—our economists expect a softish landing (Resilient economy, higher policy rates 14 June 23), but a harder landing would be a (SEK-negative) risk, with this risk and esp. our "higher-for-longer" Fed call informing our constructive near-term USD view.

We think the Riksbank will remain between a rock and a hard place until inflation starts falling meaningfully. Our more constructive view on SEK towards year-end partly reflects our economists' base case of inflation falling fast enough in the coming months. To this end, we are somewhat encouraged by the recent two-year wage agreement and the stable inflation expectations, but the May inflation data reminded us of the challenges that may lie ahead. We are also mindful of the lags with which higher rates affect borrowers, as loan terms reset and maturities hit markets.

We think a lower Riksbank terminal relative to that of other central banks would initially be negative for SEK but, assuming this reflects lower inflation and not a "blinking" Riksbank, this could suggest upside risks for SEK later—by lowering "hard landing" risks.

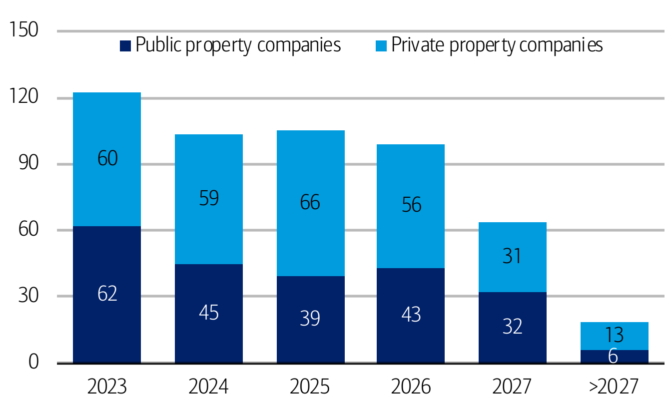
To this end, until inflation, particularly core, starts falling meaningfully, the market will likely continue pricing "hard landing" risks. And, if inflation proves overly sticky on its way down, the Riksbank will not be in an enviable position at all.

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

We forecast EURSEK at 11.50 in 3Q and at 11.00 by year-end. We still see risks for more /prolonged SEK weakness. Risks are around the Fed & risk sentiment, the ECB, and the Swedish property markets.

Exhibit 46: Commercial paper and bond maturities of property companies

c120bn of securities will mature until YE23 and c100bn p.a. in 2024-26



Source: Riksbank (Financial Stability Report)

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Exhibit 47: SEK forecasts

Our EUR-SEK forecast at end-2023 is 11.00

	Q3 23	Q4 23	Q1 24	Q2 24
EUR-SEK	11.50	11.00	10.70	10.60
USD-SEK	10.95	10.48	10.00	9.64

Source: BofA Global Research estimates

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Exhibit 48: Major macro forecasts

The Riksbank is very serious about inflation

	2022F	2023F	2024F
Real GDP (% yoy)	2.9	0.0	0.0
CPI (% yoy)	8.1	6.2	3.2
Policy Rate (eop)	2.50	3.75	3.00

Source: Bloomberg and BofA Global Research estimates

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Asia

China: Downside risks on growth warrant more than marginal policy stimulus

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Post-reopening recovery is weaker than expected

Growth momentum eased notably after the initial re-opening boost in 1Q23. After 4.5% yoy GDP growth in 1Q, the Chinese economy saw a broad-based growth moderation in key economic indicators in April-May. Industrial production, fixed-assets investment, and retail sales growth all came in weaker than expected, while export growth also fell into the negative territory in May.

Private sectors currently have low risk appetite and therefore have held back their capex plans, despite low funding costs, quoting concerns about soft domestic and external demand, as well as policy uncertainty. In addition, sluggish new-home sales along with the deteriorated funding conditions for developers continued to weigh on both new starts and real estate investment.

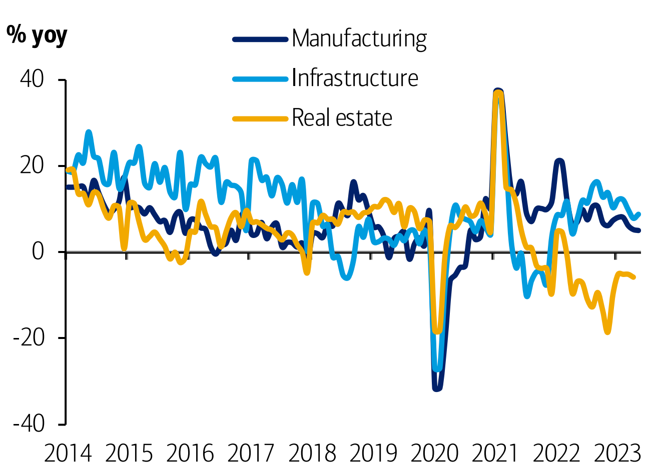
Revised GDP growth and interest rate forecasts

We downgraded our GDP forecast growth to 5.7% (from 6.3%) in 2023 and 5.0% (vs. 5.2% previously) in 2024 on more conservative view on both household consumption and investment. The new forecasts have baked in a 25bp cumulative decline in the LPR by the yearend and property easing measures such as cutting payment ratios or mortgage rates. We believe inflation will pick up gradually but only slowly from 3Q onward. We now expect CPI inflation lower at 0.8% on average in 2023 and 2.2% in 2024 (vs. 1.7% and 2.6% previously). Meanwhile, PPI deflation will likely persist in the coming quarters, resulting in weaker annual numbers (-2.1% and 1.0% respectively for 2023-24).

Our previous thesis on new credit cycle is challenged

Two months ago, we called on a new credit cycle kicking off, featuring strong credit volume and low lending rates, which should translate into stronger investment in a few months. However, a sharp weakening in sentiment among households, private firms, and even the public sector impaired credit demand and handicapped capex plans. Meanwhile, with regulations tightening on local governments' borrowing, the public sector capex is slowing, instead of accelerating.

Exhibit 49: FAI sector breakdown
Infra investment also moderated in recent months



Source: BofA Global Research, CEIC, NBS

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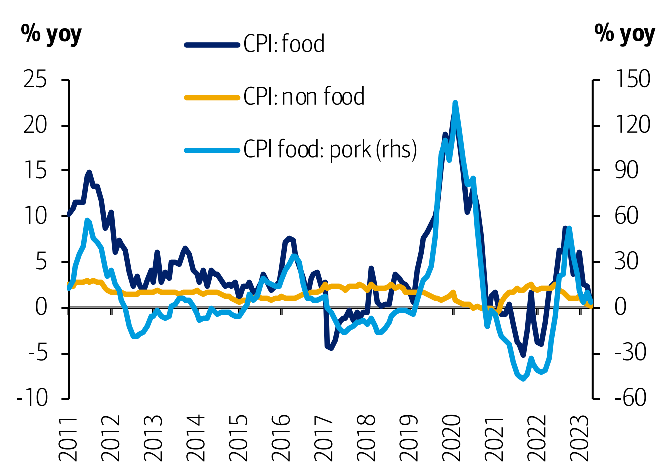
Exhibit 50: CPI inflation
Food CPI inflation rose to 1.0% yoy from 0.4% previously



Source: BofA Global Research, CEIC, NBS

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Weak inflation prints underscored fragile domestic demand

CPI inflation inched up to 0.2% yoy in May (from 0.1% in April, Exhibit 48), while PPI deflation widened to -4.6% yoy (vs. -3.6% in April), roughly in line with expectations. The weak inflation prints indicated that both consumer and industrial demand remained fragile. We expect CPI inflation to pick up gradually into 2H as services consumption recovers further. That said, the pace of improvement could be capped by soft demand for goods and a continued drag from the hog cycle. On the other hand, PPI deflation could persist, given a high base, weak property market and investment momentum. In our view, PPI inflation will unlikely return to positive territory at least until 4Q.

Credit cycle cut short despite financial condition loosening

Our BofA China Financial Condition Indicator eased to 98.6 in May from 99.8 in April (Exhibit 49) The lower TSF growth was offset by faster yoy CNY NEER depreciation and lower nominal interest rate. New RMB loans came in at RMB1,360bn (vs. RMB1,890bn in May 2022), trailing the market consensus of RMB1,550bn. New TSF came in at RMB1,560bn, also below consensus and May 2022 level alike. We believe the slowdown in credit growth signals a disruption to the new credit cycle, and reflects weak investment demand.

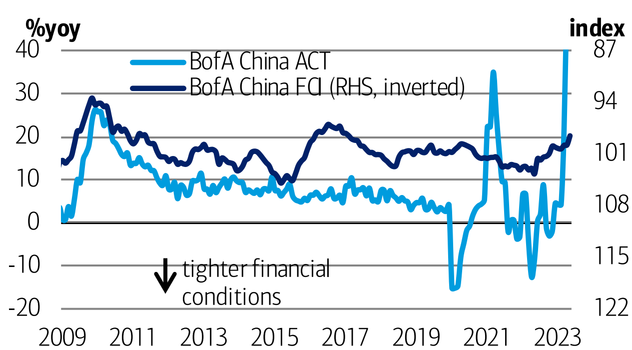
Macro outlook: Revising year-end USD/CNY to 7.20 from 6.75 previously

China growth data continues to disappoint and the PBoC is engaging is further, albeit modest monetary easing. This continues to keep forward points into deep negative territory, which is also being driven by the markets and our own upward revision to the Fed hiking cycle. Consequently, short CNH is becoming more attractive as a funding currency for long EM currency trades and we look for USD/CNY to reach 7.40 end-Q3.

We acknowledge there is a risk for further stimulus to resurrect China growth with a potential CNY1trn special bond issuance. Our forecast for CNY stabilization and marginal appreciation to USD/CNY 7.20 end 4Q, followed by sustained appreciation in 2024 seeks to capture this dynamic. It also dovetails with our expectations for a Fed cut cycle to be initiated by 2Q 2024.

From a policy standpoint, short term CNY depreciation on a trade-weighted basis is helpful in helping to support inflation expectations as produce price inflation is negative amid weak demand. However, CNY weakness is not a long-term policy solution for China growth and exports, which are competitive when viewed on a REER PPI adjusted basis.

Exhibit 51: BofA China FCI
Financial Condition Indicator (FCI) eased to 98.6 in May



Source: BofA Global Research, CEIC, WIND

Disclaimer: The indicators identified as BofA China **Activity Coincident Tracker** (ACT) and BofA China **Financial Condition Indicator** (FCI) above are intended to be indicative metrics only and may not be used for reference purposes or as a measure of performance for any financial instrument or contract, or otherwise relied upon by third parties for any other purpose, without the prior written consent of BofA Global Research. These indicators were not created to act as benchmarks.

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Exhibit 52: USD/CNY forecasts
USD/CNY is revised to 7.20 from 6.75 previously

	Q3 23	Q4 23	Q1 24	Q2 24
USD-CNY	7.40	7.20	7.10	7.00

Source: BofA Global Research

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Exhibit 53: Major macro forecasts
We expect 2023 annual GDP growth at 5.7%

China	2022	2023F	2024F
Real GDP (% yoy)	3.0	5.7	5.0
CPI (% yoy)	2.0	0.8	2.2
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	1.7	1.1

Source: BofA Global Research

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India: Hawkish pause from RBI

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Abhay Gupta
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RBI stays on hold as expected, with a hawkish bias

The Reserve Bank of India (RBI) paused for a second consecutive meeting in June, keeping the policy repo rate unchanged at 6.50% in a unanimous vote as widely expected. Policy communication struck a hawkish tone, with the policy stance remaining "focused on withdrawal of accommodation" with Governor Das noting that system liquidity remain in surplus mode. The Governor also emphasized that the stance must be seen in the broader context of achieving RBI's 4% inflation target.

Meanwhile, the monetary policy committee (MPC) fine-tuned its FY23/24 inflation forecasts, marginally trimming it from an average of 5.2% in the Apr meeting to 5.1% in the Jun meeting – primarily due to softer-than-forecasted inflation in the current quarter. While noting that near-term inflation risks have moderated somewhat, Governor Das noted that "pressure remains during the second half of the year" with the progress of the monsoon being closely watched. On growth, FY23/24 forecast for real GDP growth was kept at 6.5%, even as FY22/23 was stronger than expected at 7.2%.

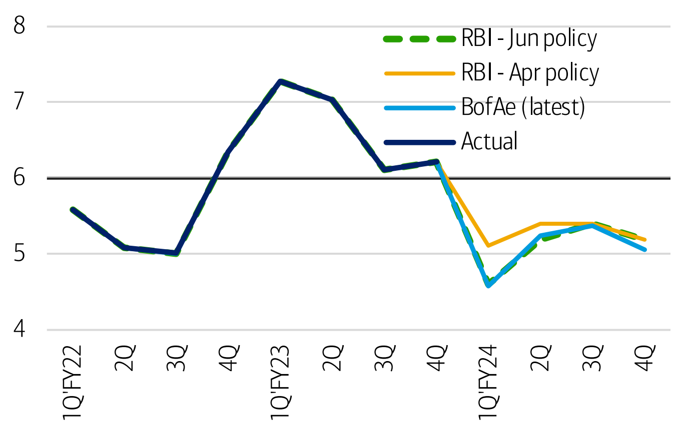
BofA FY23/24 forecasts: Growth moderation & above-target inflation

We see growth slowing down to around 6% in FY 23/24 on the back of modestly slower growth in private consumption and government expenditure as the post-COVID recovery has less room to run and government also cuts back on subsidy spending. On the other hand, deleveraged corporate sector and clean balance sheets were expected to lay the foundation for stronger private capex. As the global economy remains on a weak growth trajectory, we also expect a modest drag from India's services exports. We maintain our headline CPI inflation forecast of 5.1% in FY 23/24, assuming relatively stable domestic fuel prices and a normal monsoon. On a quarterly basis, inflation is expected to average below 5% in the current June quarter, before picking up to slightly above 5% as favorable base effects fade. Risks to inflation are titled to the upside, in our view, especially from a weak monsoon and El-Nino risks.

Expect an extended pause from RBI over FY23/24

Despite cooling headline inflation, sticky core inflation is likely to keep the RBI on an extended pause, in our view. With the policy rate at 6.5% and inflation just above 5% on a forward-looking basis, the 1.0-1.5% real-rate buffer is likely restrictive enough. The extended pause will also allow the RBI to assess the impact of its cumulative policy actions (290bp effective hike). However, there remains a risk of a further hike if core

Exhibit 54: CPI Inflation – RBI & BofA projections (% yoy)
We and RBI see a similar trajectory for inflation over FY23/24



Source: BofA Global Research estimates, RBI, CEIC, Haver

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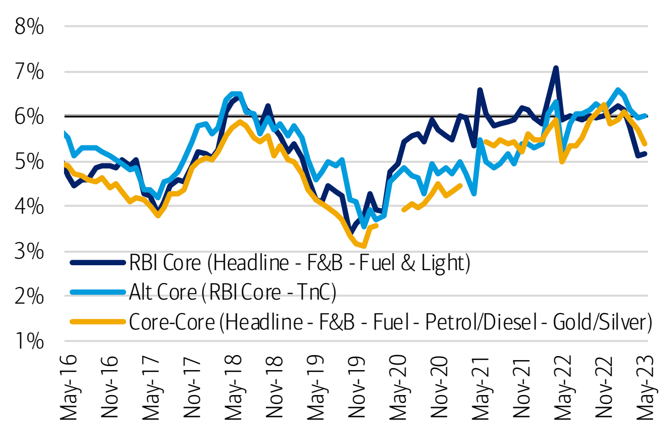
Exhibit 55: Various measures of core inflation (% yoy)
Core measures are still hovering between 5% and 6%



Source: BofA Global Research estimates, CEIC

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inflation remains sticky despite the recent moderation in headline inflation. Meanwhile, we reiterate our view that the bar for any rate cuts in FY23/24 is quite high, given India's growth resilience, inflation stickiness and RBI's hawkish tone. We see room for a modest 100bp easing cycle over FY24/25 if inflation continues to ease towards the 4% target and the Fed starts its easing cycle from May 2024.

Strategy: Turn neutral near-term due to risk of USD strength

INR has showed little beta to broader USD moves due to persistent portfolio inflows over the last month. Equity inflows registered USD 4Bn inflow since mid-May, which further picked-up pace last week on fund-raising. Debt inflows via fully accessible route (FAR) have been coming in but could be potentially at risk ahead of the withholding tax increase from July for foreign investors. Despite some widening in trade deficit due to resilient domestic demand, we expect India's current account (CA) deficit to remain contained due to improvement in services exports. RBI's (Reserve Bank of India) reserves have increased to more comfortable levels while lower CA deficit and the correction in real exchange rate has reduced the need for further adjustment in INR. While INR remains the most attractive EM (Emerging markets) currency on carry-to-volatility basis, further Fed tightening could put carry positions at risk in the event of a risk-off shock. We turn neutral as we raise 2Q23 forecast to 83/USD and end-2023 higher to 82/USD on expectations of more persistent USD strength. INR is, however, likely to remain a low-beta play, with risks skewed towards appreciation.

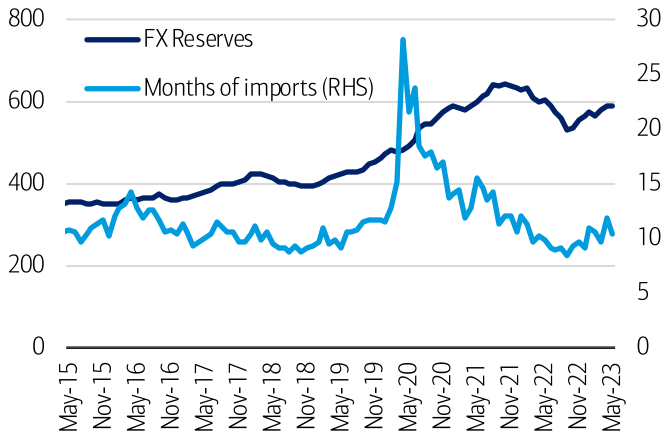
Bonds yields have remained stable as market demand for duration weakened at current levels, leading to tail in long-end auctions. Fiscal year start also provided more room for banks to participate in auctions but continued participation may need more accommodative monetary conditions later. Front-end bond yields may continue to move lower on expectations of rate-cuts next year.

Risks

Growth risks are tilted to the downside on weaker global growth, while risk to inflation are to the upside. Any stress/weakness in domestic demand will weigh on overall growth.

Exhibit 56: 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 57: INR forecasts

Constructive view. Forecast end-23 at 14,900/USD

	Q3 23	Q4 23	Q1 24	Q2 24
USD-INR	83.0	82.0	81.0	80.5

Source: BofA Global Research

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Exhibit 58: Major macro forecasts

India's macro variables are relatively in a good shape

India	FY2022/23	FY 2023/24	FY 2024/25
Real GDP (% yoy)	7.2	6.0	5.5
CPI (% yoy)	6.7	5.1	4.5
Policy Rate (eop)	6.50	6.50	5.50
Fiscal Bal (%/GDP)	-6.4	-5.8	-5.2
CurAct Bal (%/GDP)	-2.4	-2.4	-2.2

Source: BofA Global Research

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Indonesia: Inflation returns to target

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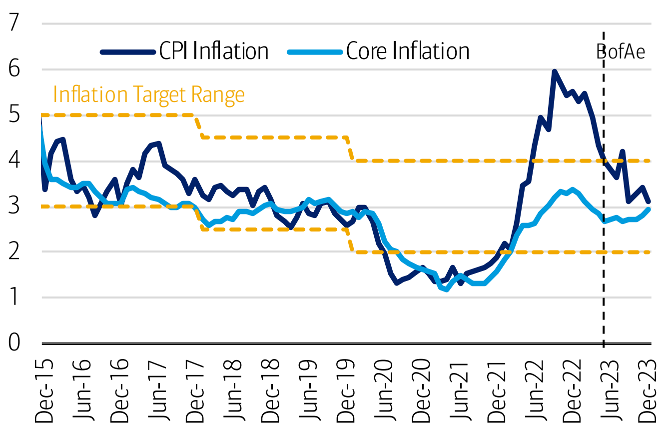
Themes: Inflation back to 4%; Rate cuts some time away

CPI inflation eased to 4% year-on-year (yoy) in May from 4.3% in Apr, coming in below our and consensus expectations (4.2%) The slowdown was broad-based, with core inflation edging down to 2.7% vs. 2.8% in Apr. Inflation of volatile goods fell to 3.3% vs. 3.7% in Apr, alongside lower food inflation (3.3% vs. 5.8% in Apr). Administered price inflation also slowed to 9.5% vs. 10.3.% in Apr, in tandem with lower energy inflation (12% vs. 12.1% in Apr. Sequentially, CPI was up by just 0.09% mom, slower than the 0.33% in Mar, with core momentum weakening to 0.06% vs. 0.25% in Apr. On the other hand, volatile goods CPI rose by 0.49%, due to higher prices of chicken, fish and egg.

The return to Bank Indonesia (BI)'s 2-4% target range was earlier than our expectations for Jun, as well as BI's guidance in May for headline inflation to return to the target range only in 3Q. We see headline inflation staying below 4% for most of the second half of the year and also expect core inflation to gradually inch up. Both are forecasted to end the year close to around 3% on a year-ago basis. We remain vigilant on upside inflation risks arising from El Nino, even as any upward pressure on food prices could be capped by the government's risk mitigation strategies (aimed at supporting production) and greater coordination amongst agencies & regions. Meanwhile, core inflation, which has softened recently, could remain more subdued than we expect and pose some downside risk to headline inflation.

With inflation easing faster than expected, market expectations for Bank Indonesia to start easing its policy setting will continue to build. At this stage, BI's primary focus remains on supporting the IDR, and we still think rate cuts are more likely to begin next year, when future Fed path and impact of potential El Nino are clearer. With our US economists expecting the two more 25bp hikes from the Fed in 2H'23, we think BI is not likely to contemplate any near-term easing of policy rates. However, BI may continue to tweak other policy tools, such as the term structure of its money market operations or even potentially lowering bank reserve requirements to revive credit growth. While excess deposits (net of reserve requirements) have declined from 634tr in Mar to 587tr in Apr, domestic liquidity also could be boosted when the government spending picks up.

Exhibit 59: Headline CPI & Core inflation (% yoy)
Inflation eased in May; we expect headline & core to converge towards 3.5%



Source: BofA Global Research estimates, CEIC, Haver

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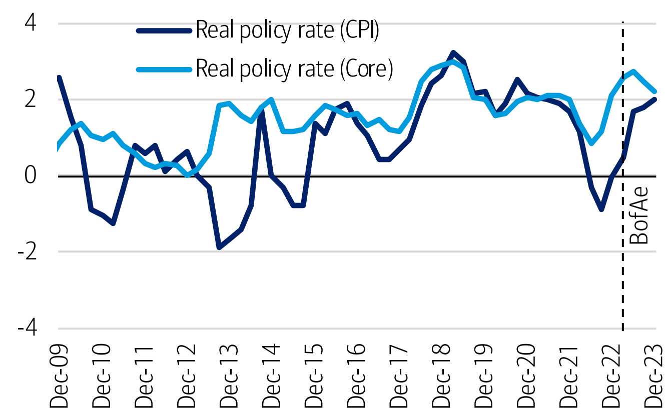
Exhibit 60: Real policy rate (%)
Real policy rates are expected to rise as inflation eases



Source: BofA Global Research estimates, CEIC, Haver

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Trade surplus fell unexpectedly in May; Still see C/A surplus for full-year

Indonesia's trade surplus declined to $400mn in May, vs. $3bn expectations and $4bn monthly run rate this year. The decline occurred despite a better-than-expected export outturn, up 12.6% on a month-on-month (mom) basis and 1% yoy. On the other hand, imports surged by nearly 40% mom and 14.4% yoy, led by increases in imports of capital goods (+60.3% yoy), consumer goods (+36.5%) and raw materials (+4.4%).

The weak trade surplus, along with weak 2Q seasonality due to dividend/coupon payments, could potentially weigh on Indonesia's overall current account. However, we expect imports to normalize going into June as the surge in May, which was most likely compensating for the large decline in April, is unlikely to sustain. Exports have also declined from the peak in mid-2022, but continue to be supported by stable coal and downstreaming exports. All in, we see a full year current account surplus of 0.3% of GDP.

Strategy: Low-beta to further USD strength; revising end-2023 to 14,900

Equity flows have reversed over the last 2 weeks despite an ongoing equity offering, but debt inflows kept overall portfolio flows positive. The decline in May trade surplus, however, added to investor concerns on terms-of-trade moderation, even though it was primarily driven by higher imports. Our real-money tracker shows investors were overweight on Indonesia bonds and FX in Apr'23. Our expectations of stronger USD in the near-term due to tighter Fed policy could lead to moderate IDR depreciation due to position squaring. However, IDR is likely to maintain a low-beta to broader USD move on strong fundamental outlook and BI policy credibility.

Over 2H of the year, commodity terms of trade moderation would be offset by the structural improvement in manufactured products exports as more capacity comes online. We remain constructive on IDR due to solid external accounts and further improvement in investment flows. Equity flows are likely to be supported by more fund-raising for investment while debt flows are supported by strong fiscal position and real-rates. We revise our end-2023 forecast to 14,900/USD due to stronger USD profile and push-back IDR appreciation to 2024.

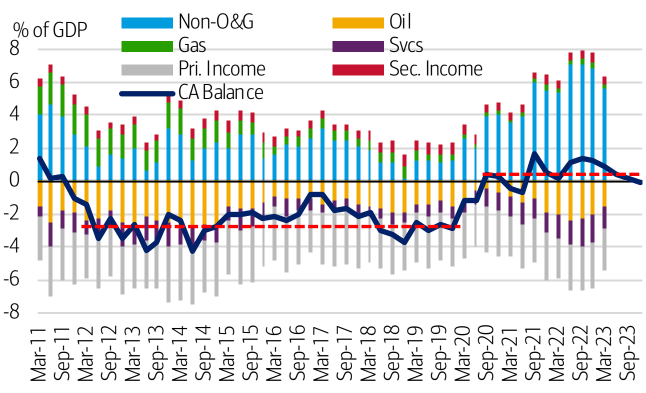
Bonds could still remain supported by accommodative monetary conditions and low dependence on foreign demand due to improvement in fiscal balance and a large cash buffer. We believe front-end bonds would have more room to rally on expectations of monetary easing and better liquidity due to government spending.

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 61: Current account position (% of GDP)

We now expect C/A position to show a surplus of 0.3% of GDP in 2023



Source: BofA Global Research estimates, CEIC

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Exhibit 62: IDR forecasts

Constructive view. Forecast end-23 at 14,900/USD

	Q3 23	Q4 23	Q1 24	Q2 24
USD-IDR	15100	14900	14800	14700

Source: BofA Global Research

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Exhibit 63: 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	4.0	3.1
Policy Rate (eop)	5.50	5.75	4.75
Fiscal Bal (%/GDP)	-2.4	-2.9	-2.6
CurAct Bal (%/GDP)	1.0	0.3	-0.7

Source: BofA Global Research

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Korea: BoK is yet to turn

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Themes (1): 2H23 Outlook: BoK is yet to turn
(full report here: Mid-year review – stiffer headwinds on growth 16 June 2023)

We have reviewed Korea's growth, rate and inflation forecasts in the mid-year review.

We maintain our GDP growth forecast of 1.4% and 2.2% yoy for 2023/24. Going into the second half, we see the current robust domestic demand may be challenged by the high interest rates, and suppress households' spending capacity and capex in the business sector, hurting consumption and investment. On the other hand, the net exports may start to contribute to the growth on the back of still-resilient US consumer demand and the slowly recovery in China demand. In a longer horizon, we expect private consumption to regain momentum in 2H24 when inflation eases further and policy rate moves lower towards the natural rate. We also see growth trending upward to 2.4% in 2025.

The current moderating trend in inflation is likely to continue in the coming months, and we expect headline inflation to remain sub-3% level in 2H23. The eased inflation will mostly be driven by less stickiness in private services prices, as we continue to expect weaker household consumption activities amid a high interest rate and a weak property market. We also see less pressure from global oil prices, as well as muted second-round effects from commodity import prices. We expect headline inflation to soften to around policy target level (of 2%) by 1Q24, and to provide room for BoK to ease.

We expect the BoK delivering its first rate cut in 1Q24 (vs. 4Q23 previously), amid uncertainties from major global central banks. With our US economists' new forecast of two more hikes by the Fed in July and Sep (with a terminal rate of 5.5-5.75%, we expect the BoK to be on hold for longer and may only take actions after seeing sufficient signs of inflation stabilization and with fewer external uncertainties. In our view, inflation is still the top priority for policymakers, and a sub-2.5% CPI inflation in late 4Q may warrant an easing stance by the BoK before an eventual cut in 1Q. In sum, we see totaling of four cuts to 2.5% by end-2024.

Themes (2): Services deficit to set another decade-low C/A surplus
(full report here: Reopening-led services deficit to set another decade-low C/A surplus)

The Korea's C/A balance suffered one of the worst years in 2022. It only came at 1.8% of GDP, much lower than the >3.5% surplus in the past decade (Exhibit 1). The deterioration largely came from a much weaker goods trade balance in 2H, reflected by the worsened terms of trade. Over the whole year, C/A still registered a bare surplus with help on strong primary income inflow, which accounted for nearly 80% of total C/A surplus.

Since December 2022, C/A has recovered gradually and registered five months of surplus in a row (on a seasonally adjusted basis). However, given the current trend on both goods and services account, we are not expecting a strong rebound this year. On one hand, services deficit will likely widen, driven by faster recovery for outbound travels. We expect the services deficit to widen to USD21bn in 2023 vs. USD6bn in 2022. On the other hand, albeit we see signs of stabilization in goods trade, we only expect total goods balance to be mildly positive this year at USD11bn, vs. USD15bn in 2022 (under BOP accounting).

Nevertheless, we see continued support from primary income surplus from investment income earned overseas. Overall, we see structural tailwinds that could bolster C/A surplus in the long term, but cyclical forces would still be unfavorable in the coming quarters.

May Data: Less drag from tech exports, eased services inflation

Exports in May slowed to -15.2% year-on-year from -14.2% in April but came in above market consensus of -16.3% and our expectation of -16.2%. The widened decline in export growth is partly due to the less working day in May (22 days vs 23 days in last May). Imports growth worsened slightly to -14% year-on-year from a drop of -13.3% in April. This resulted in a monthly trade deficit of USD2.1bn, compared to -USD2.6bn in April. On a per-day basis, exports contraction has also widened to 11.3% year-on-year from -10.5% in Apr, but the per-day value has slightly increased to USD2.38bn (from USD2.21bn previously).

CPI inflation continued to trend down despite the imposition of utility price hike in mid-May. It further slowed to 3.3% year-on-year from 3.7% in April. Sequentially, it grew by 0.3% mom in May (vs. 0.2% mom previously), mostly due to higher utility prices. Lower year-on-year food prices and sequential moderation in services drove headline CPI lower in May (Exhibit 3). Meanwhile, core inflation also eased in May. Core excluding agriculture and oil products moderated to 4.3% year-on-year (from 4.6% in April) while core excluding food and energy inflation also inched down to 3.9% year-on-year.

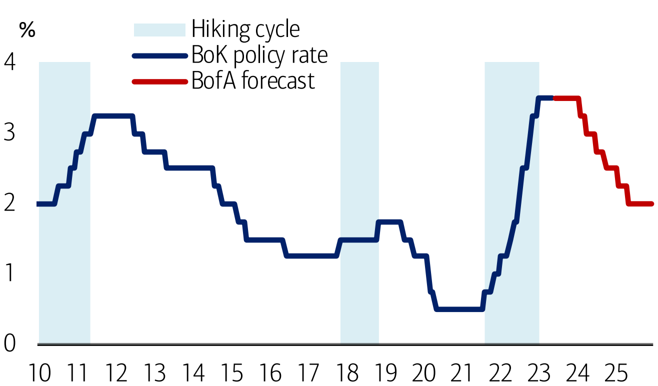
Strategy: Crazy over AI

Against our expectations, USDKRW has decisively broken below its recent 1,300-1340 range and is currently close to 1,270. As shown in Asia FI & FX Strategy Watch: Korea Financial Flows – June 2023 14 June 2023, the main driver of recent KRW strength is almost entirely led by the optimism about artificial intelligence and the forecasted demand that it would have on semiconductors. USDKRW has become a single-factor trade and currently is the FX version of buying the SOX Index. Increasingly, we see concentrated risk in this KRW rally as the current account performance of Korea remains weak and economic data in China continues to lag. As such, any abrupt turnaround in the SOX Index can also result in a rapid turnaround in USDKRW higher.

Our Chief Investment Strategist (CIO) remains skeptical on the optimism about the pricing of AI and semiconductors and recommends 'Short AI, Long the Hang Seng Index'. However, when the enthusiasm around the AI sectors should unwind is hard to predict, but BofA Global Research's latest Bull & Bear Indicator shows that the current value is 3.6/10, suggesting that the risk rally can continue (see the 8 June 2023 Flow Show report and the end of this report for more information). Given our relatively cautious stance on AI, we remain on the sidelines of the KRW rally and will look at forward development of Korea's current account for guidance on where the KRW is going.

Exhibit 64: Policy rate forecast

We now expect BoK to cut in 1Q24 through 2025



Source: BofA Global Research

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Exhibit 65: KRW forecasts

KRW to remain on an appreciation trend

	Q3 23	Q4 23	Q1 24	Q2 24
USD-KRW	1,340	1,330	1,305	1,280

Source: BofA Global Research

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Exhibit 66: 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%	3.3%	2.1%
Policy Rate (eop)	3.5%	3.5%	2.5%
Fiscal Bal (%/GDP)	-3.0%	-2.8%	-2.8%
CurAct Bal (%/GDP)	1.8%	1.1%	1.6%

Source: BofA Global Research

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Hong Kong: Robust rebound in 2023

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Merrill Lynch (Hong Kong)

Robust rebound in 2023; stiffer headwinds in 2024

We expect HK GDP to expand by **6.0%** in 2023, significantly above consensus and after a 3.5% contraction in 2022. We believe the post-reopening recovery will hold up this year, driven by a strong tourism rebound as well as a pickup in local consumer and business sentiment. With a net population outflow likely stemmed and the increasing secondary home price boosting confidence via the wealth effect, we believe the consumption-driven rebound has legs to run. Meanwhile, private sector capex could also sustain a moderate gain on a low 2022 base. External trade, on the other hand, may stay sluggish given the technology downcycle and slower-than-expected recovery in China demand. In addition, we cut the 2024 forecast to **3.0%** from 3.5%, given China growth uncertainties, postponed US recession as well as tighter-for-longer financial conditions.

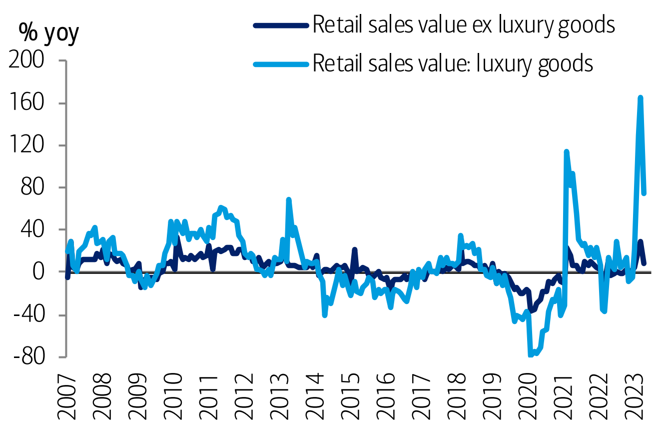
We expect HK CPI inflation to accelerate to 2.3% in 2023 from 1.9% in 2022 on the consumption rebound, utility price increases and the government's tapering of pandemic-era relief measures. In 2024, we expect the CPI inflation to stay moderate at 2.0% given the tight financial conditions.

FX and Rates: Liquidity increasingly squeezed in HKD

The overnight HIBOR fixing pushed to its highest level (5.44%) since 2007 on 19 June, 2023. The combination of US holidays, several large dividend payments and aggregate balance remaining at a post-crisis low of HK$44bn makes the funding environment in Hong Kong very volatile. With our US economists expecting the Fed to hike two more times this cycle, the HIBOR environment will also remain high and volatile. Important to watch would be HSBC's own overnight HIBOR submission as a sign of whether funding would ease in the near term.

As explained in our HKD funding primer (see: Asia FI & FX Strategy Viewpoint: A primer on HKD funding 29 May 2023), we expect the overall theme of Hong Kong rates to be volatile and investors should position for this volatility by paying FX forward points when the 1-month HKD forward points reaches close to – 100 pips and receiving when the 1-month HKD forward points reaches close – 30 pips.

Exhibit 67: Hong Kong retail sales growth trend
Retail sales surged on tourism rebound and stronger sentiment



Source: Census and Statistics Department, CEIC

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Exhibit 68: HKD forecasts
We expect spot HKD to stay near weaker end of band in 2023

	Q3 23	Q4 23	Q1 24	Q2 24
USD-HKD	7.85	7.85	7.83	7.83

Source: BofA Global Research estimates

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Exhibit 69: Major macro forecasts
We expect the economy to rebound

Hong Kong	2022	2023F	2024F
Real GDP (% yoy)	-3.5	6.0	3.0
CPI (% yoy)	1.9	2.3	2.0
Policy Rate (eop)	4.99	5.00	4.25
Fiscal Bal (%/GDP)	-4.9	-1.8	0.3
CurAct Bal (%/GDP)	10.5	6.7	8.6

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

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Malaysia: Inflation headed lower

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Abhay Gupta
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Themes: Inflation easing, with lower risks on possible delays to subsidy reforms

Apr headline inflation eased to 3.3% yoy, with both core inflation & inflation ex-fuel moderating to 3.6% vs. 3.8% in Mar. On a sequential basis, headline CPI edged up by 0.1% mom, and unchanged from Mar. Transport CPI and recreational CPI saw larger jumps (by 0.3% each) on the back of higher air fares and prices for lotteries respectively. Measures of inflation pervasiveness declined in Apr, with the share of CPI basket exhibiting ≥3% yoy declining to 42%.

We expect a further easing of inflation over the rest of 2023, as favorable base effects kick in and domestic demand moderates. Upside risk from potential changes to subsides and price controls have lessened in recent weeks, as the government's commitment to subsidy reforms appears to be waning. Officials appear no closer to finalizing the implementation of targeted fuel subsidies, which are likely to be implemented only in 2024 at the earliest. Similarly, removal/reduction of electricity subsidies for high-income households may only be finalized at the end of 2023. Despite a likely delay in subsidy adjustment, we think risks to fiscal deficit are contained given lower global oil prices.

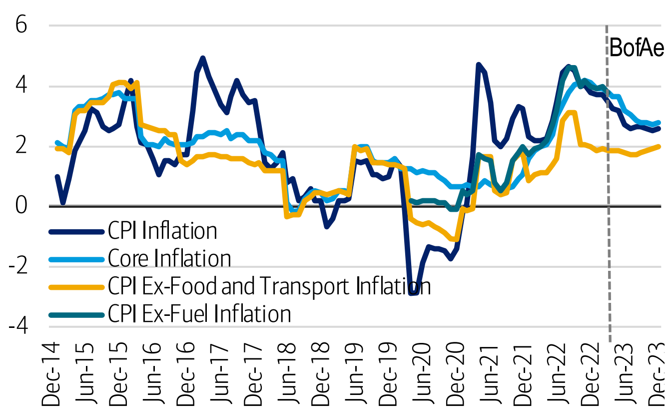
Strategy: risks from negative carry and weak China growth

MYR continues to correlate well with CNY weakness, exhibiting economic linkages with China posing downside risks to exports and investment. Decline in commodity prices have further moved terms-of-trade against MYR while higher imports have kept the trade surpluses on the lower side. Further recovery in tourism and a stronger growth impulse could offset some of these risks. But MYR remains vulnerable to higher US rates as carry on MYR remains negative despite the rate hike. There are also concerns on potential USD demand from BNM as it unwinds the short forward USD positions and covers FX liabilities. We mark our forecast profile higher to 4.66/USD by end-2023 as MYR remains vulnerable to both USD strength and weaker CNY. Bonds have remained stable over the last month, despite the volatility in global rates. But, the market may remain cautious on bonds as BNM has kept the door open for further hikes, growth momentum remains strong which could lead to upside risks to inflation.

Growth risks are balance; Inflation risks tilted to the upside

Growth risks are balanced in our view. Faster fiscal consolidation could be a source of downside risk and also pose upside risks to inflation if subsidies are rationalized significantly. Slight upside risk to BNM terminal policy rate if data surprise to the upside.

Exhibit 70: Measures of CPI inflation (%yoy)
We expect CPI inflation to trend lower in the coming months



Source: BofA Global Research estimates, Haver

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Exhibit 71: MYR forecasts over next year
Risks from weak China growth

	Q3 23	Q4 23	Q1 24	Q2 24
USD-MYR	4.70	4.66	4.62	4.58

Source: BofA Global Research

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Exhibit 72: 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	4.3	4.4
CPI (% yoy)	3.4	3.0	2.8
Policy Rate (eop)	2.75	3.00	3.00
Fiscal Bal (%/GDP)	-5.6	-5.0	-4.5
CurAct Bal (%/GDP)	2.6	1.9	1.9

Source: BofA Global Research

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Philippines: Can BSP hold if Fed hikes?

Jojo Gonzales
Philippine Equity Partners

Abhay Gupta
Merrill Lynch (Singapore)

Can the BSP hold for long?

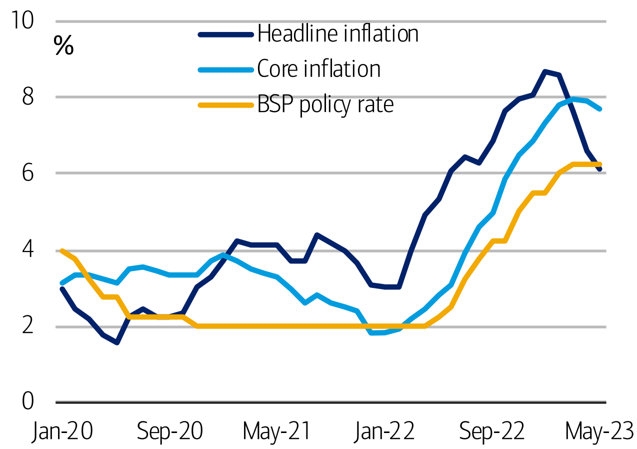
The Bangko Sentral ng Pilipinas (BSP) in May said they will likely take a long pause, implying they may keep policy rates unchanged at the June, July and possibly September meetings. While they are expected to hold at the July 22 meeting, it would be interesting to see whether the neutral bias changes, now that the Fed has been clearer about the likelihood of raising the Fed Funds rate by 1-2 times in 3Q23.

While domestic inflation has indeed been declining (6.1% YoY thru May), core inflation appears stickier (7.7% YoY in May). Moreover, the trade and current account deficits have been stubbornly high. Indeed, we forecast a current account deficit (CAD) of US$15bn in 2023E, down only slightly from $17.8bn in 2022. In percent of GDP the 2023E CAD may be -3.4%.

PHP – Weaker PHP on low real rates and wide twin deficits

PHP has remained stable recently even as BSP kept rates on hold and delivered reserve requirement cut. BSP's guidance towards maintaining a 100bp rate differential vs US policy rate has likely provided comfort to the market as a sign that BSP is keeping a close eye on PHP. However, PHP stability increases risk of complacency, evident in policymakers' discussion of potential rate cuts next year. While inflation is moving lower, real rates in the Philippines are still negative and below those of peers, despite wider twin deficits on the fiscal and external fronts. PHP has also appreciated on a REER basis, which makes it open to a correction. Thus, PHP could once again come under pressure if BSP doesn't follow the Fed by tightening further to maintain the interest rates spread. We expect PHP to remain weaker vs the regional peers this year and likely against USD in the near term. Over the medium term, direct investment flows could turn more supportive due to active efforts by the government to raise more investments. We raise our end-2023 forecast higher to 56.5/USD.

Exhibit 73: Headline inflation is receding
Core inflation appears sticky



Source: CEIC data, PEP estimates

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Exhibit 74: PHP forecasts
PHP forecasted at 56.5/USD by end-2023

	Q3 23	Q4 23	Q1 24	Q2 24
USD-PHP	57.5	56.5	56.5	56.0

Source: BofA Global Research

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Exhibit 75: Major macro forecasts
We look for growth to soften

Philippines	2021	2022E	2023E
Real GDP (% yoy)	5.6	6.5	4.5
CPI (% yoy, base year 2012)	4.4	5.5	3.1
Policy Rate (eop)	2.0	5.5	6.0
Fiscal Bal (%/GDP)	-10.2	-9.0	-7.5
CurAct Bal (%/GDP)	-0.5	-4.8	-4.8

Source: BofA Global Research

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Singapore: Inflation remains sticky

Mohamed Faiz Nagutha
Merrill Lynch (Singapore)

Abhay Gupta
Merrill Lynch (Singapore)

Themes: Core inflation still around 5%; Risk of calibrated tightening

Apr core inflation strongly surprised to the upside, remaining unchanged at 5% yoy – above consensus and our forecast (4.7%), led by an increase in services inflation. On a sequential basis, core CPI rose by 0.4% month-on-month, as increases in air fares (3.2%), holiday expenses (1.9%), and healthcare (0.8%) more-than-offset the flat raw food prices (0.1%) and lower utility prices (-1.8%).

The latest data pushes up our tracking estimate of full-year core inflation closer to our 4.2% forecast, which remains above Monetary Authority of Singapore (MAS)' 3.9% point forecast. Recent labor market indicators also suggest that the tightness is only easing very gradually. Our baseline remains for MAS to keep its policy unchanged for some time, but the risk remains tilted towards a calibrated tightening move in Oct to bring the policy slope, currently at 1.5% p.a., to 2% terminal. While the bar for such a move is admittedly high (given the unchanged Apr policy, MAS' inflation forecasts and weak growth), risk of tightening continues to outweigh the risk of MAS easing policy settings in our view.

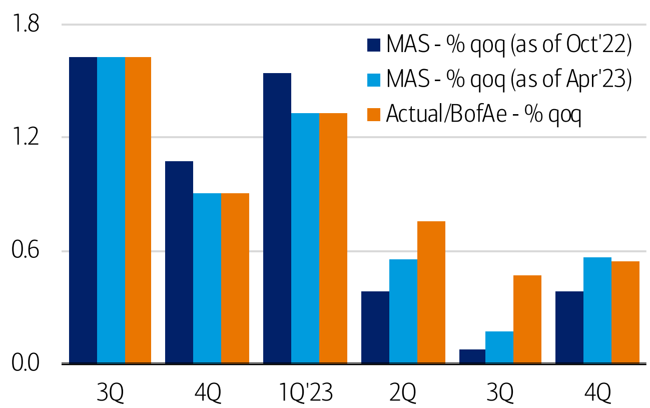
Strategy: SGD NEER range-bound on growth risks vs sticky inflation

The SGD NEER has stayed above 1% level recently, on our model, at the top-end of recent range of 0.6-1.2%. The upside inflation print for April has shifted the range higher as market has raised odds of further tightening. SGD NEER also enjoys positive carry due to high front-end rates but could become more sensitive to downside growth surprises or global risk-off, which could lead to a correction within the band. We expect buy-on-dips demand to keep SGD NEER above the middle of the band. On bilateral basis, we expect SGD to remain weak on expectations of stronger USD and weaker CNY. We revise our end-2023 forecast higher to 1.35/USD. We expect Singapore bonds to perform better than US treasuries on stronger demand from domestic investors over the year but may weaken ahead of 3Q long-end issuance due to tight spreads over comparable US rates. Liquidity operations by MAS will be key to watch as a driver of the SORA fixing and front-end rates, but transmission of further US rate hikes to SORA may be weaker.

Risks are balanced on inflation, but downside on growth

The key downside risks are a major global downturn and drags from any tightening of global financial conditions. Inflation risks are broadly balanced.

Exhibit 76: Core inflation forecasts (% qoq) – BofAe & MAS
We think price pressures in 2-3Q will be greater than policymakers expect



Source: BofA Global Research estimates, CEIC, Haver

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Exhibit 77: SGD forecasts
SGD relative outperformance in 2023

	Q3 23	Q4 23	Q1 24	Q2 24
USD-SGD	1.360	1.350	1.335	1.320

Source: BofA Global Research

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Exhibit 78: 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: Stiffer headwinds on growth

Miao Ouyang
Merrill Lynch (Hong Kong)

Chun Him Cheung, CFA
Merrill Lynch (Hong Kong)

Expect lower growth on export weakness

Given persistent headwinds from external demand, we further revised down our Taiwan GDP growth forecast to 0.9% for 2023 (vs. 1.3% previously) and 3.2% for 2024 (vs. 3.5% previously). Exports of goods could remain a drag in the near term, given the continued tech downcycle, slowing global demand and little spillover from China's reopening recovery. Investment growth will also likely stay slow, due to weaker capex in the manufacturing sector and cooling housing market. While private consumption still holds up so far, the momentum will likely slow toward year-end. We nudge up our 2023 CPI inflation forecast to 2.2% yoy from 2.1% previously, given persistent pressure from services prices. We expect headline CPI inflation to plateau in 3Q before moderating further and falling below the CBC's implicit target of 2% by 4Q23.

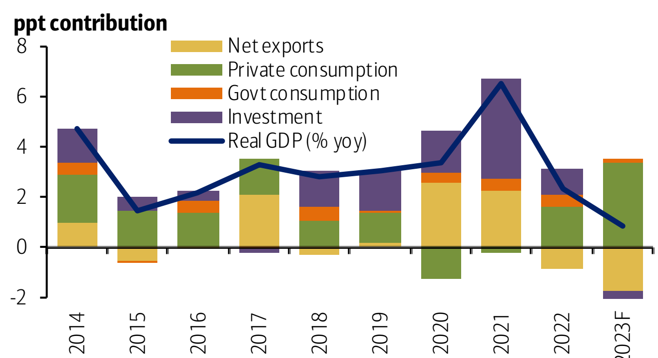
CBC likely to stay on extended hold

Taiwan's central bank (CBC) kept its policy rate unchanged at 1.875% in June as expected. Given the dimmer growth outlook, we expect the CBC to remain on hold for the rest of 2023, barring any significant upside surprise in inflation. We do not expect the CBC to reverse to rate cuts as soon as the Fed kicks off its rate cutting cycle in May 2024, as expected by our US team. In our view, given a positive growth trajectory projected throughout 2024 and relatively low level of interest rate in Taiwan, the CBC could stay on an extended hold throughout 2024.

Strategy: USDTWD remains stable amid strong equity inflow

Throughout June, foreign investors net bought US$2.5bn in Taiwanese equities as enthusiasm around semiconductors remain high. However, despite the acceleration of equity inflow, spot USDTWD has stayed stable. The contrasting performance between Korean NEER versus the Taiwan NEER since late-May reveals the relative attitude for FX strength between the BoK versus the CBC. Since late-May, the KRW NEER has appreciated 2.2% while the Taiwan NEER has fallen 1.2%. The relative underperformance of the Taiwan NEER mirrors the underperformance of the CFETS RMB Index. As mainland China's economic data remains weak, Taiwan's export has continued to underperform, reducing its relative current account surplus and the amount of US$ selling exporters are bringing to the FX market. With spot FX stable, the Taiwanese lifers are incrementally reducing their FX hedge and we estimate the overall FX hedging ratio for the top-5 lifers has fallen to 59%, the lowest since our sample began in 2014 (see: [Asia FI & FX Strategy Watch: Taiwan Lifer Update – June 2023 07 June 2023]).

Exhibit 79: Taiwan GDP contribution by expenditure
We recently revised down our 2023 GDP growth forecast to 0.9%



Source: BofA Global Research, DGBAS

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Exhibit 80: TWD forecasts
We expect USDTWD to edge lower in 2H23

	Q3 23	Q4 23	Q1 24	Q2 24
USD-TWD	31.4	31.2	31.0	30.7

Source: BofA Global Research estimates

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Exhibit 81: Major macro forecasts
Our base case remains no change in the policy rate for the rest of the year

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)	13.2	11.4	11.3

Source: BofA Global Research estimates

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Thailand: One more hike

Pipat Luengnaruemitchai
Kiatnakin Phatra Securities

Abhay Gupta
Merrill Lynch (Singapore)

Theme: One more hike

The Bank of Thailand (BoT) sounded resolutely hawkish at the latest Monetary Policy Forum. Despite a sharp slowdown of headline inflation (see report), the BoT still sent a strong signal of more rate hikes to come. The BoT portrayed an optimistic view of the Thai economic growth outlook in 2H23 with private consumption, exports, and tourist arrivals all revised upward from the previous forecast. They also noted that the 'real' policy interest rate should land in positive territory as the economy normalizes

We maintain our call that the MPC will raise rates to the terminal rate of 2.25% in August. We believe that the MPC would follow with a long pause thereafter, as downside risks will only get stronger and outweigh inflation concerns. As inflation will continue to come down faster and stay lower than the BoT's current estimates in our view, this could render the monetary policy too tightened than the MPC desires.

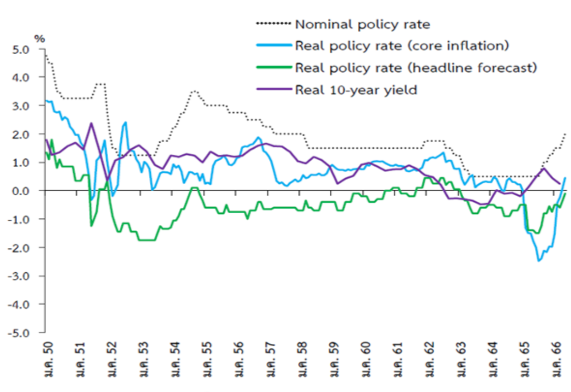
Key risks

The risk of hiking beyond 2.25% is limited in our view given that it would lead to overtightening even further. However, the risk of a pause would rise if (1) inflation falls quicker than expected, (2) tourism and domestic recovery falters, and (3) the global economic outlook weakens significantly.

Strategy: Risks from strong USD and negative carry in the near-term

Short-term debt inflows ahead of elections have reversed while equity outflows have continued due to concerns about higher corporate tax rates proposed by the MFP during the campaign. Medium-term fundamentals for THB remain positive due to tourism recovery and lower import bill. Valuation concerns have also reduced with the recent NEER (Nominal effective exchange rate) correction, while lower inflation relative to peers opens up some room for real appreciation. While we expect THB to appreciate further in 2H, political uncertainty may continue to weigh on THB until more clarity emerges. THB's negative carry and high beta to USD could further make it difficult to hold on to long THB positions. We remain neutral for now and raise our forecast profile to 34/USD by end-2023 due to expectations of stronger USD. Bonds have weakened on BoT hike and higher global rates while curve bear-flattened as market has priced-in more hikes.

Chart 1: The BoT sees the real interest rates at around 0%
BoT's measures of real interest rates (%)



Source: Bank of Thailand

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Exhibit 82: USD/THB forecasts lowered
Tourism recovery led appreciation; near-term risks.

	Q3 23	Q4 23	Q1 24	Q2 24
USD-THB	35.5	34.0	33.5	33.0

Source: BofA Global Research

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Exhibit 83: Major macro forecasts
Major macro forecasts

Thailand	2022E	2023F	2024F
Real GDP (% yoy)	3.2	3.6	3.4
CPI (% yoy)	6.1	3.3	1.7
Policy Rate (eop)	1.25	2.25	2.0
Fiscal Bal (%/GDP)	-7.6	-4.0	-4.4
CurAct Bal (%/GDP)	-3.5	1.3	4.0

Source: BofA Global Research

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EEMEA

Poland: watch election bids

Mai Doan
MLI (UK)

Themes: spending spree delayed not forgone; NBP keen to cut when CPI < 10%
Inflation likely heading towards single digits in the fall will provide the NBP with the excuse to cut rates before the October elections. Inflation is the number one topic for voters, but the PiS administration will claim victory early, when inflation is below 10%, to bolster its campaign. The NBP can argue that ex-ante real rates are positive based on the new projections in the July Inflation Report and deliver a 25bp rate cut to 6.50% in October, as long as the PLN is strong.

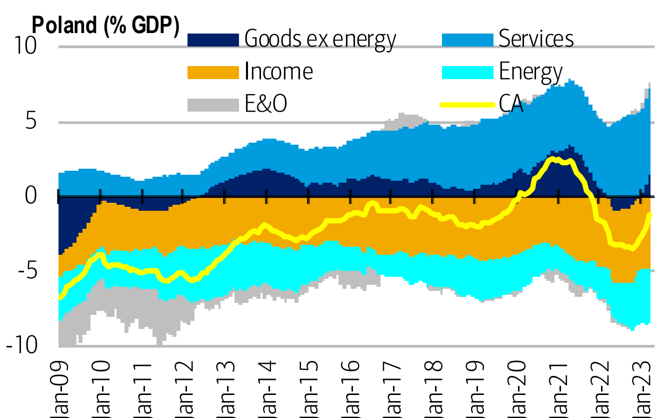
We don't think that this would mark the start of a swift easing cycle. Inflation will be sticky in high single-digit rates, in our view, with fiscal policies clearly pro-inflationary next year. We see headline inflation at over 8% at YE2023 and averaging around 6% in 2024. The base rate may thus fall to 5.50% by YE2024 from 6.50% at YE2023. This baseline assumes a continuation of the current NBP dovish approach under another PiS government. The NBP would be likely to hold a relatively more hawkish stance if the opposition wins, in which case rates will likely be stable. The PLN performance will be an important factor for the rates outlook. The government remains in favour of a stable/strong PLN, and appears comfortable with EUR/PLN in a 4.50-4.60 range to balance the need to tame inflation without hurting competitiveness.

The ruling PiS is carefully planning its policies so as not to upset the disinflation trends until the October vote, but the 2024 fiscal looks set to be expansionary. The main parties are bidding up their chances for the 2023 elections, and 2024 brings local and European elections, so any fiscal consolidation is unlikely.

Financing in 2023 is comfortable even with the recent upward budget revision, with the borrowing requirement raised by c.1.4%of GDP. Around 75% of financing need for this year has been funded. Meanwhile, the current account has improved more quickly than expected, solidifying the basic balance surplus at c.3% of GDP.

Strategy: bearish PLN near term
Meanwhile, we expect higher EUR/PLN than forwards imply in Q3 2023 on dovish NBP and crowded positioning. Longer term, the PLN should enjoy support from the strong BoP position, with prospects of more EU funds and FDI inflows.

Exhibit 84: Poland – current account breakdown
Goods ex energy balance improves markedly as imports collapse



Source: Haver, BofA Global Research

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Exhibit 85: PLN forecasts
Short-term pull back possible, but long-term fundamentals are supportive

	Q3 23	Q4 23	Q1 24	Q2 24
EUR-PLN	4.65	4.55	4.51	4.48

Source: BofA Global Research

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Exhibit 86: Major macro forecasts
Loose policies into 2024 supports growth, but keeps inflation high

Poland	2022	2023F	2024F
Real GDP (% yoy)	5.2	0.8	3.0
CPI (% yoy)	14.3	12.3	6.0
Policy rate (%, end of period)	6.75	6.50	5.50
Fiscal bal (%/GDP)	-3.8	-4.5	-3.1
CurAct bal (%/GDP)	-3.0	-0.8	-0.4

Source: BofA Global Research

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South Africa: avoids technical recession

Tatonga Rusike
MLI (UK)

Power cuts pulling plug on 2023 growth

Since November 2022, our growth outlook has weakened, inflation risks have materialised on the upside and the central bank has tightened more than we initially expected. The near-term economic outlook appears weak, dragged down by electricity supply constraints. We see 0.5% economic growth in 2023E, down from 1.5% six months ago. Our baseline is mild improvement in electricity supply post winter, as demand decelerates and the Kusile power station comes back on stream – three units to add 2,400MW to the grid, helping to reduce power outages in 4Q23. The gradual addition of renewables and solar imports are likely to lift medium-term economic growth, which we forecast at 1.5% in 2024 and 1.7% in 2025.

Inflation has become sticky, averaging 7% in 1Q23, on a weaker ZAR and the higher costs of mitigating power outages. We now expect inflation to average 6.3% in 2023, and 5.7% by year-end. In 2024, we see CPI averaging 5%, with a return to 4.5% in 4Q24E. We expect the SARB to stay on hold in 2H23, with a terminal rate of 8.25%, before pivoting to cut in 2024. Our baseline is for 25bp of cuts in five of the six meetings in 2024. The destination is a nominal policy rate of 7%, with inflation back to 4.5% in 4Q24.

1Q GDP 23 positive, avoided technical recession

We revised upwards our 2023e real GDP growth to 0.5% from 0.1% previously. The revision is largely a statistical bounce following better than we expected 1Q 23 outcome. We assume no contraction in coming quarters but subdued quarter on quarter positive growth. 1Q 2023 GDP printed 0.4% quarter on quarter seasonally adjusted (0.2% year on year), from a revised -1.1% contraction in 4Q 2022. The positive print means South Africa avoided slipping into a technical recession. The quarter-on-quarter positive growth in 1Q was registered in all sectors except for two. Industrial sectors grew positively (mining (0.9%), manufacturing (1.5%), construction (1.1%). Trade and finance sectors grew positively (trade 0.7%, transport (1.1%) and finance 0.6%) when compared to contraction in the previous quarter. Mining and manufacturing sectors posted positive growth rates. In manufacturing the food and beverages sector had the highest growth which helped sector contribution to growth

Restaurants and hotels spending lifts consumption

Household consumption spending growth in 1Q 23 remained positive (0.4% vs 0.7% in 4Q 22). Predominantly expenditures that contributed the most to positive growth included spending in restaurant and hotels (6.9%), health (2.6%), and clothing and footwear (2.3%). The other consumption spending categories were positive but more modest. The last time household consumption contracted significantly, quarter on quarter, it was in 3Q 21 following major riots in key economic cities. In the classification of durable vs non-durable goods, it was semi durable and non-durable goods spending that gave the uplift to positive growth.

Investment spending growth maintains momentum

Investment spending continues to be positive. Quarter on quarter growth has remained positive over the last two years. The strong momentum in gross fixed capital formation exhibited in 4Q 222 has been maintained in 1Q 23. That is 1.4% vs 1.5% prior. The breakdown in investment spending shows that its other assets, buildings (both residential and commercial) plus machinery and equipment contributed positively to economic growth. Further disentangling the data shows it is predominantly other assets. StatsSA footnote describes other assets as including research and development, computer software, mineral exploration and cultivated biological resources investment spending that is driving the momentum. Private sector investment is still positive, nonetheless. Government consumption spending grew the strongest (1.2%) for the first time since 2Q 2016. It is usually moderate growth to contractions. Exports grew by 4.1% while imports grew 4.4%.

Lower commodity exports and higher imports weaken CAD

1Q 2023 current account balance printed -R66.2 billion relative to a revised -R155.3 billion deficit (previously R174 billion deficit) in 4Q 22, seasonally adjusted. As a % of GDP it is -1% in 1Q 23 relative to -2.3% in Q4 22. The main swing factor in this print is trade in goods and services account which swung into a surplus (R43 billion) from a deficit in 4Q (-R54 billion). Annualised exports higher in 1Q compared to 4Q, particularly gold receipts. Overall, our view remains the current account is weakening on lower exports from coal and rhodium – the two biggest export earners since 2021. Coal prices are more than 50% down while volumes are also weak. Rhodium volumes (a precious metal) are also down 30%. Despite a surge in gold prices and iron ore in 2023, this will not offset the losses from coal and rhodium. The overall non-seasonally adjusted trade balance remains in deficit year to date, partly because of the large trade deficit posted in January. On the other hand, some moderate increases in imports from higher petroleum products and from solar panels related to offsetting effects of power cuts. We estimate a current account deficit of -2.7% of GDP in 2023.

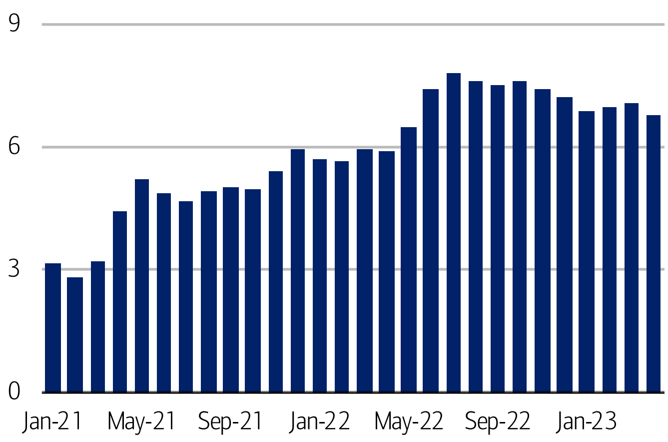
Stronger ZAR year end

We updated our ZAR forecasts to 20 (from 18.7) by end-2Q and to 18 (from 17) by year-end. We see the ZAR as undervalued, and our forecasts reflect our view. Likely turning points for USDZAR embedded in our forecasts, relate to reduced loadshedding, flat global rates with a pivot towards cutting in 2024E, USD weakening and positioning adjustments

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 87: Headline Inflation history (%)
April CPI 6.8%



Source: Haver

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Exhibit 88: ZAR Forecasts
Strengthening ZAR in 2023 largely due to weaker USD

	Q3 23	Q4 23	Q1 24	Q2 24
USD-ZAR	19.0	18.0	17.6	17.5

Source: BofA Global Research

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Exhibit 89: Major macro forecasts
Weakening economic growth outlook

South Africa	2022	2023e	2024F
Real GDP (% yoy)	1.9	0.5	1.5
CPI (% yoy)	6.9	6.3	4.9
Policy Rate (eop)	7.0	8.3	7.0
Fiscal Bal (%/GDP)	-4.4	-6.0	-5.8
CurAct Bal (%/GDP)	-0.5	-2.7	-3.0

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

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Türkiye: gradual steps towards orthodoxy

Zumrut Imamoglu
MLI (UK)

Themes: gradual approach likely to be adapted towards orthodoxy

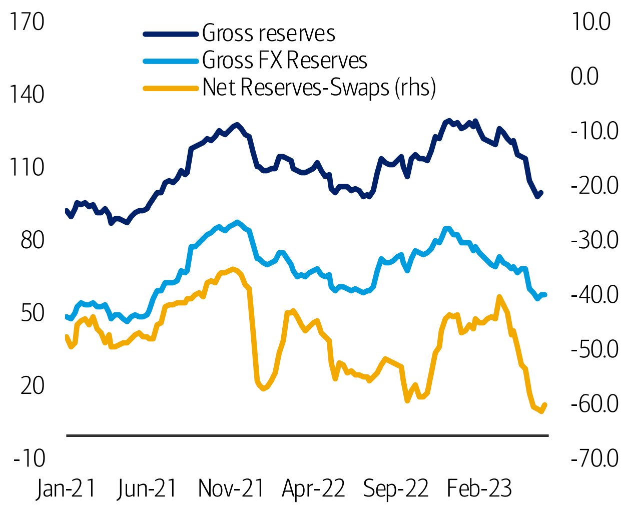
Since the appointment of the Finance and Treasury Minister Simsek and the CBT governor Erkan, reserve losses have stopped, and loan growth is decelerating. However, TRY depreciated significantly. There is very little guidance so far on what the new policy set will look like. Our base case is for policy rate to be hiked to 25%, although lower rates are also possible. These low rates could be fortified with a rate corridor, or a signal of more hikes would be given, in our opinion. Regulations and controls will likely be unwound gradually. A large one-off hike which will enable lifting the controls is less likely.

Reserve losses stopped and loan growth is already decelerating

Gross reserves of the CBT increased by $1.3bn since the presidential run-off up to June 9. Usable FX reserves increased by $3.8bn while USDTRY depreciated by 17.2%. Net reserves excluding swaps increased by $0.7bn only. At the same time, TRY deposit rates at banks increased to 39% due to tighter regulations introduced in May and consumer loan rates are above 40%. Loan growth started to decrease both in consumer and commercial segments, the slow-down in state bank lending seems to be the main driver. Corporate controls continue and retail demand for FX has been relatively weak. We see fair value of the TRY at 24-25.

The current account deficit has increased again in April and the 12-month sum reached $57.8bn (c. 6% of GDP). If the new economy team takes some regulatory steps that mitigates gold imports as was the case in 2021, the correction needed in the current account deficit can be achieved with much less contraction in the domestic demand. However, inflation dynamics, especially following the significant FX depreciation, point to a tighter stance.

Exhibit 90: Gross and net reserves excluding swaps (USD bn)
Net reserves excluding swaps still largely negative



Source: Haver, CBT

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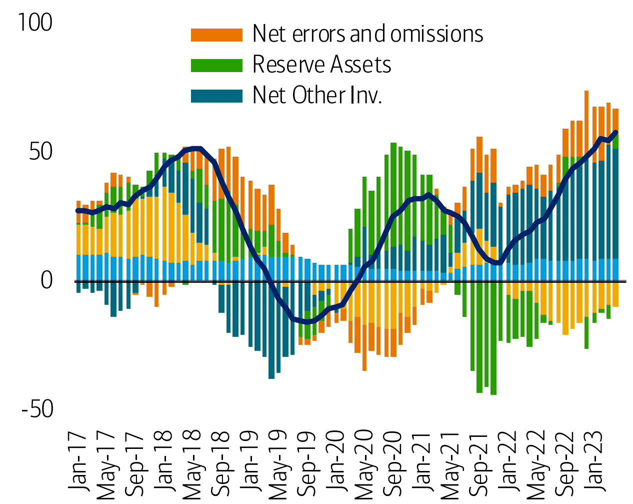
Exhibit 91: Financial Account 12-month trailing
Net errors and omissions are important source for funding the CA deficit



Source: Haver, CBT

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Loan growth is decelerating following tighter regulation on banks

Loan growth has decelerated both for corporates and consumer since the new regulations increased the pace of required conversion of FX deposits into TRY deposits. TRY deposit rates increased towards 45% while loan rates, for those who has access to finance, increased accordingly (Exhibit 90). After the MPC decision on Thursday, we expect some relaxation in regulation. Real sector confidence index as well as PMIs pointed to revival in export orders. On the domestic side, consumer confidence dropped to 85.1 from a high of 91.1 in May as TRY weakened. We continue to expect domestic demand led growth in the first half of the year.

Depreciation and stickiness weigh on inflation

CPI inflation peaked at 85.5% in October and decreased to 64.3% at the end of the year. In May, it was down to 39.6%. Decrease in natural gas prices to consumer was the main driver of the drop while basic goods inflation and services remain high. PPI inflation decreased to 40.7% from a peak of 158%. Food inflation edged down to 52.5% from 102.5% and energy inflation decreased to -7% from its peak at 151%. Core B-index inflation remained at 48%, services inflation edged higher to 60% from 58.6%. We expect 8-10% additional FX pass-through to inflation due to depreciation and 3-5% from increase in the minimum wage. Inflation path in the second half will depend on the policy set of the new economy team but we see year-end inflation at 42%.

The current account deficit widened beyond gold and energy

Gold imports and high energy prices kept CA deficit high but excluding gold and energy trade deficit continued to widen as well. Trailing CA deficit increased to $57.8bn from $55bn in May. Energy deficit decreased to $73.6 from $76bn and gold deficit increased from $27.4bn to $28bn. Services balance was stable at $51.6bn. Net errors and omissions were down to $17.7bn from a high of $25.5bn. Portfolio outflows were $9.6bn, inflows from other investments were $42.6bn and FDI was $8.9bn (Exhibit 89). We expect gold imports to slow down and reach its usual trend of $10-12bn over time. We see tourism revenues this year c.$52bn up from $45bn last year.

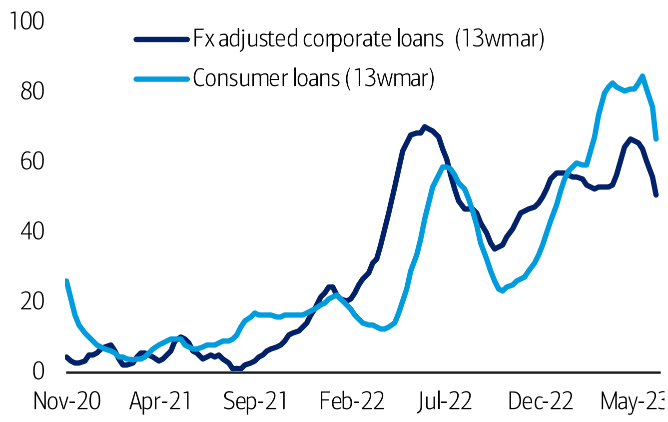
Forecasts

We see TRY weaker and policymakers to let it float gradually following the MPC decision. Very low policy rates, continuation of controls may pose risk to our forecasts.

Main risks

Higher energy prices and geopolitical events.

Exhibit 92: Credit growth, annualized 13-week moving average, %
Loan growth decelerates following the elections



Source: CBT, BRSA, BofA Global Research

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Exhibit 93: TRY forecasts
We expect TRY weakness to continue after the MPC

	Q3 23	Q4 23	Q1 24	Q2 24
USD-TRY	25.0	26.0	27.0	28.5

Source: BofA Global Research

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Table 1: Major macro forecasts
High inflation and external financing needs weighs on medium term growth

Türkiye	2022F	2023F	2024F
Real GDP (% yoy)	5.6	3.5	4.5
CPI (% yoy)	64.3	42	25
Policy Rate (eop)	8.5	35	25
Fiscal Bal (%/GDP)	-1.1	-4.5	-4.0
CurAct Bal (%/GDP)	-5.6	-3.7	-2.9

Source: BofA Global Research

BofA GLOBAL RESEARCH

Czechia – less hawkish but no cuts soon

Mai Doan
MLI (UK)

Themes: CNB unlikely to cut rates when inflation in high single digits

The market is keen to price in the Czech National Bank (CNB) cutting soon, as sequential inflation is slowing quickly and domestic demand remains weak, but we think the central bank is still focused on the headline yoy growth rate as an important factor for inflation expectations. Since the May meeting, the hawkish arguments for rate hike have clearly eased. The June meeting may thus see a 5-2 or 6-1 vote to hold rates, from 4-3 in May. But the prospects of high single digit headline rates this year, together with a tight labour market, should continue to make the CNB uncomfortable to start thinking about easing soon. We see the first rate cut in February 2024, barring any major negative shocks, which could lead to a move in late 2023. We keep our YE2024 policy rate forecast at 4%.

While headline inflation has been falling steadily, the Board members are likely concerned about ability to strictly deliver the 2% target in 2024 after several years of overshooting. These concerns are driven by the recent renewed tightening in the labour market and strong corporate profitability, which likely strengthens employees' bargaining power for a material pay rise to compensate for high inflation in the past year. With YE inflation likely having important implications for wage negotiations, we do not think the CNB will opt to cut rates in 4Q.

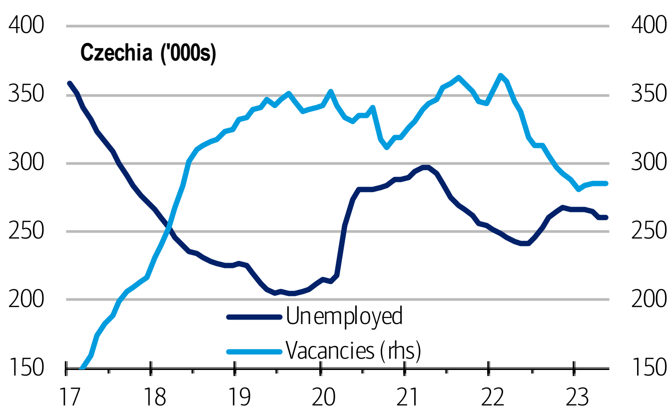
The CNB maintains its preference for a strong CZK, though it has not intervened for several months. The hawkish split of votes, while unlikely to lead to a rate hike, should help the central bank to support the CZK as a quick channel to disinflation. The CZK is also cushioned by the recent quick turnaround in the current account, which improved by more than 1% of GDP in the first three months of the year.

The government's fiscal package of c.1.8% of GDP in 2024-25 is more restrictive than expected and not incorporated in the CNB's baseline. But it is insufficient to change the CNB's current bias, in our view.

Strategy: still positive view on CZK

A weakening US dollar trend and a credible central bank with significant reserves should drive the CZK stronger. However, positioning in the CZK is becoming crowded and valuations are not very attractive.

Exhibit 94: Czechia – vacancies vs unemployment
Labour market is tightening again, sustaining wage pressures



Source: Haver, BofA Global Research

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Exhibit 95: CZK forecasts
The CNB likes a strong CZK but only intervenes to deter depreciation

	Q3 23	Q4 23	Q1 24	Q2 24
EUR-CZK	23.8	23.5	23.4	23.3

Source: BofA Global Research

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Exhibit 96: Major macro forecasts
Inflation slowing but CNB would rather wait to ensure 2% target met in 2024

Czech Rep	2022	2023F	2024F
Real GDP (% yoy)	2.5	0.0	2.2
CPI (% yoy)	15.1	10.8	2.3
Policy rate (%, end of period)	7.00	7.00	4.00
Fiscal bal (%/GDP)	-3.6	-4.0	-2.2
CurAct bal (%/GDP)	-6.1	-3.5	-3.0

Source: BofA Global Research

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Egypt: IMF puts focus on reform, support

Jean-Michel Saliba
MLI (UK)

View: sidelined

Egypt's current status quo is tenuous, in our view. The next 12-month period is likely to be crucial to judge reform momentum within the IMF program and the scale of external constraints, in our view. The recent EGP weakness will likely elicit a strong 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, strong FDI and mobilizing GCC financial support to avoid a restructuring.

The 4Q22 current account balance stood at US$1.4bn, and the deficit narrowed sequentially to US$10.5bn (2.4% of GDP) on a trailing basis, from a peak of US$20.5bn (6.0% of GDP) in 4Q16. Net international reserves (NIRs) stood at US$34.7bn in May (5 months of import coverage), from US$33.2bn in September 2022. The CBE now holds an additional US$3.7bn 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$12.3bn of T-bills in March. Banks' Net Foreign Assets (NFAs) stood at -US$15.0bn in April 2023.

Urban CPI inflation was 32.7%year-on-year (yoy) in May. The inflation target is 7% (+/-2%) by 4Q24 and 5% (± 2%) by 4Q26. We expect the Central Bank of Egypt (CBE) 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.

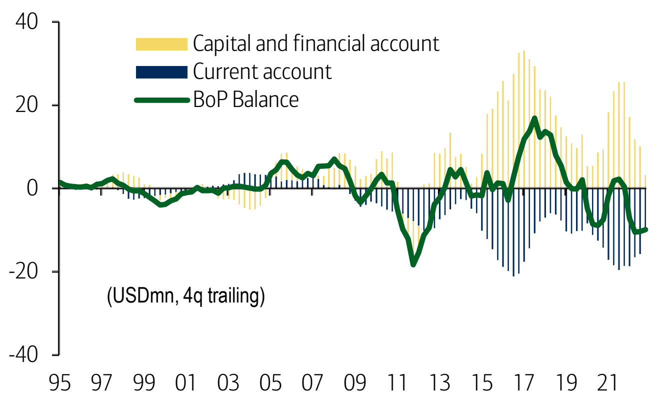
Forecasts: increased flexibility in USD/EGP

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 REER competitiveness going forward.

Drivers

CBE Monetary Policy Committee meeting (22 June), IMF Extended Fund Facility first review (possibly by end-June 2023), fiscal and Fx reserves data, Fx flexibility, geopolitics.

Exhibit 97: Egypt Balance of Payments dynamics
Current account deficit needs to narrow



Source: Haver, BofA Global Research

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Exhibit 98: EGP forecasts
USD/EGP to exhibit increased flexibility

	Q3 23	Q4 23	Q1 24	Q2 24
USD-EGP	31.0	39.0	39.5	40.0

Source: BofA Global Research

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Exhibit 99: Major macro forecasts
USD/EGP flexibility is key to narrow external imbalance

Egypt	2022F	2023F	2024F
Real GDP (% yoy)	6.6	4.0	4.0
CPI (% yoy, avg)	8.5	23.0	15.0
Policy Rate (eop)	11.25	19.25	19.25
Fiscal Bal (%/GDP)	-6.4	-7.8	-7.0
CurAct Bal (%/GDP)	-3.5	-3.1	-2.3

Source: BofA Global Research

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Hungary: still in need of prudent policies

Mai Doan
MLI (UK)

Themes: all good news is out, positioning is a risk

Hungarian assets should enjoy further support from government measures to support local demand for government bonds, though foreign investors are increasingly worried about positioning and waning carry. The macro and financing backdrop has improved significantly this year, but Hungary is not yet out of the woods as inflation remains high and the process to unlock EU funds, while on track, is demanding (disbursement likely delayed to early 2024, with government officials recently downplaying the needs for this funding). This implies the need for a continuation of very prudent policies. The NBH's first phase of the cutting cycle from May is strongly related to a stable HUF, and the second phase from the autumn to positive real rates. The government will likely stay firm on the fiscal consolidation path, as surging interest costs and a tense relationship with the EU bring tough constraints.

The NBH will likely cut the overnight deposit rate in 100bp steps to reach the base rate level at 13% by September. We expect a more gradual path when it comes to cutting the base rate from 13%. We keep our YE2023E policy rate at 11.5% and YE2024E at 6.5%. This profile reflects the NBH's preference for positive ex-ante and ex-post real rates to provide carry support for the HUF and to tame inflation.

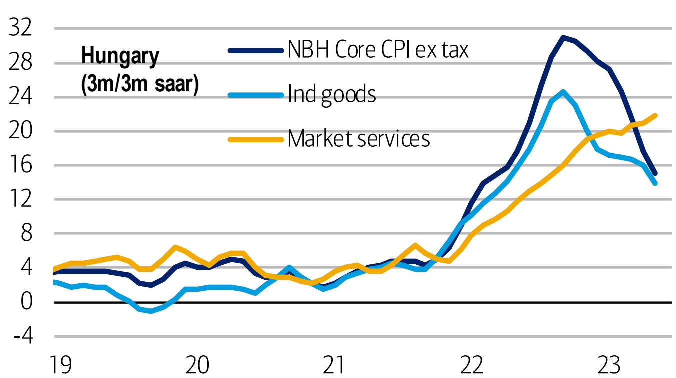
Inflation remains elevated but there are some signs for optimism that would support the first phase of a rate normalisation path. Headline CPI will benefit from base effects, which would cut inflation by at least 1.5pp in the rest of year, with nearly 4pp in September. The goods sector should see further pass-through of lower PPI inflation to CPI inflation, particularly in non-durables where there is a big lag.

The financing backdrop is favourable. FinMin has covered 50% of the borrowing plan. The new regulation on banks and investment funds, together with the NBH's rate cuts, should promote demand for local bonds in the near term. But the longer-term outlook is not smooth sailing given a tight budget, EU funds delay, and NBH tapering from 2024.

Strategy: bullish, but positioning is a risk

The forint should be supported by an improving balance of payments position and high carry. The NBH is likely to cut only cautiously making sure that the forint does not weaken much. However, positioning is crowded and can be an obstacle to a spot appreciation in the short term.

Exhibit 100: Hungary – core CPI momentum
Service inflation remains sticky, requiring NBH to be cautious



Source: Haver, BofA Global Research

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Exhibit 101: HUF forecasts
Cheaper gas and hawkish NBH are positive for HUF fundamentals

	Q3 23	Q4 23	Q1 24	Q2 24
EUR-HUF	375	370	368	365

Source: BofA Global Research

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Exhibit 102: Major macro forecasts
Policies need to focus on reigning in inflation

Hungary	2022	2023F	2024F
Real GDP (% yoy)	4.6	0.2	2.6
CPI (% yoy)	14.6	18.5	5.7
Policy rate (%, end of period)	13.00	11.50	6.50
Fiscal bal (%/GDP)	-6.3	-4.0	-3.0
CurAct bal (%/GDP)	-8.1	-3.5	-3.0

Source: BofA Global Research

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Israel: judicial reform back at the Knesset

Zumrut Imamoglu
MLI (UK)

Themes: reform talks falter, political noise weighs on outlook

The Bank of Israel (BoI) is likely to keep rates same in its July meeting following a downward surprise in inflation. We do not see further hikes unless inflation data surprises on the upside again or the ILS depreciates further. GDP growth is subject to some downside given a recessionary prospect in the US and the Euro area, and higher terminal rates in the US. 1Q growth was revised from 2.5% to 3.1%, reflecting higher investments but weaker exports. We continue to see 2023 growth at 2.5% following 6.5% growth in 2022.

Business surveys still show the economy in the expansionary zone although milder, while the labour market shows signs of easing but is still close to full employment. Wages in the business sector are now slightly higher than the pre-pandemic trend, but the number of job vacancies are on a downward trend. The budget bill was passed in May at the Knesset with no changes to planned 5.3% spending increase. The Ministry of Finance estimates the deficit at the end of the year at 1.2% while we see it at 2% since we expect 5% drop in the tax revenues this year.

Inflation was 4.6% in May, beating expectations of 5%. Net of food and energy, inflation decreased to 4.8% from 5.2%, and tradables inflation decreased from 4.1% to 3.5% but non-tradables remained at 5.3%. Housing inflation kept its current pace of 0.5% per month. Inflation expectations were at 3.0% for 12 months ahead but long-term expectations are still anchored within the range. The recent trade data shows weakness in exports, but services exports remain rather resilient. We now see year-end inflation at 3.9% (previously 3.6%).

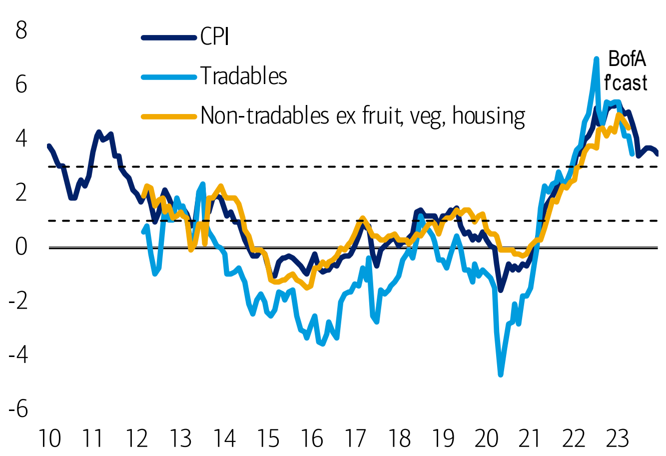
Forecasts

The USD/ILS exchange rate weakened amid political uncertainty and escalation of tension with Iran. Given our bearish views, we expect ILS to remain weak in 3Q23 and believe that BOI could intervene if ILS weakens further than our expectations.

Risks: geopolitics, pandemic

Risks may arise mostly from exogenous factors, particularly any worsening in political noise related to the judicial reform and nuclear talks between the US and Iran.

Exhibit 103: Inflation
Inflation peaked and in a downward trend although data has been noisy



Source: Haver

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Exhibit 104: ILS forecasts
ILS enjoys LT appreciation bias, but ST weighed by political noise

	Q3 23	Q4 23	Q1 24	Q2 24
USD-ILS	3.60	3.55	3.50	3.45

Source: BofA Global Research

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Exhibit 105: Major macro forecasts
Strong recovery and higher inflation motivates BoI rates normalisation

Israel	2022F	2023F	2024F
Real GDP (% yoy)	6.2	2.5	3.5
CPI (% yoy, eop)	4.6	3.9	2.5
Policy rate (%, eop)	3.5	4.75	3.00
Fiscal bal (%/GDP)	0.4	-2.0	-2.5
CurAct bal (%/GDP)	3.4	4.1	4.0

Source: BofA Global Research

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Kazakhstan: high growth, lower rates

Vladimir Osakovskiy >>
Merrill Lynch (DIFC)

Economy strong, but slows

EconMin has stated that Kazakhstan real GDP has grown by 4.5% yoy in 5M23, according to their internal estimates. We note that on the back of some 5% yoy growth reported for 4Q23 this seems to indicate material slowdown of growth in May to just about 2.5-3% yoy. We note strong base effect from last year boost to growth from Russian capital inflows and robust energy (see: CIS viewpoint: Several themes to consider), which may be an important driver for the slowdown. Nevertheless, with such a robust start of the year we have upgraded our real GDP outlook for the country to 3% in 2023 and expect acceleration towards 4% by 2025 (see: Mid-year review: Incomplete).

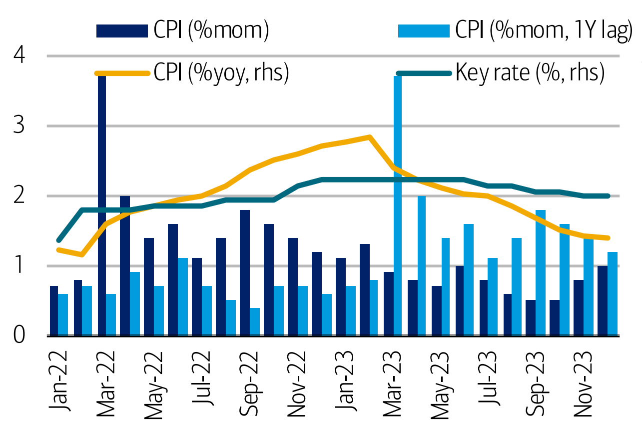
Getting closer to rate cuts

During its policy meeting in May the National Bank has kept its policy rate unchanged in line expectations and started discussion of a start of monetary easing in 2H23. The press-release pointed at a continued slowdown of inflation as reason for the decision. However, press-release has stated that the balance of inflationary risks has now "marginally" shifted towards disinflationary side. As a result, the Bank has explicitly stated that it will "review the viability for prudent gradual reduction of the policy rate in the second half of 2023". Fiscal easing is quoted as one of the key remaining inflationary risk. We think that such guidance opens doors for rate cuts in 2H23 as we expect the National Bank to deliver 50bp in rate cuts at each of this year's four policy meetings this year with a potential for one pause given the tentative nature of the ongoing disinflation trend in the country.

USDKZT should have more space to fall

We remain constructive on KZT given an apparent policy regime shift towards a proper inflation target mode. We think that such more orthodox policy approach should allow the currency to be driven more by fundamentals, which remain supportive with robust current account and still tight monetary policy. Therefore, we continue to expect the KZT to remain on a steady appreciation trend towards KZT430/$ by end 2023 with likely intra-month volatility driven by the usual KZT liquidity flows around tax payments etc.

Exhibit 106: Slowing inflation may allow for 150-200 in rate cuts
Deeper cuts will require more affirmative disinflation vs fiscal risks



Source: Bloomberg, BofA Global Research estimates

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Exhibit 107: KZT forecasts
KZT expected at by year end

	Q3 23	Q4 23	Q1 24	Q2 24
USD-KZT	440	430	420	420

Source: BofA Global Research

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Exhibit 108: Major macro forecasts
GDP growth expected at 3.0% in 2023

	2022F	2023F	2024F
Real GDP (% yoy)	3.3	3.0	3.5
CPI (% yoy, eop)	14.9	14.1	6.5
Policy rate (%, eop)	16.75	15.00	12.00
Fiscal bal (%/GDP)	-2.2	-2.7	-3.0
CurAct bal (%/GDP)	3.8	-0.5	-1.5

Source: BofA Global Research

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Nigeria: Floating towards a rate hike?

Tatonga Rusike
MLI (UK)

NGN floated – a positive move though timing a surprise

The Nigerian naira has been floated, weakening it by close to 30% to over NGN600/USD. The positive change had been anticipated since President Bola Tinubu was inaugurated on May 29. The change in the exchange rate policy is a constructive step towards a single market determined exchange rate. For local assets to be attractive again, we need a higher policy rate to counter higher inflation and return to positive real rates.

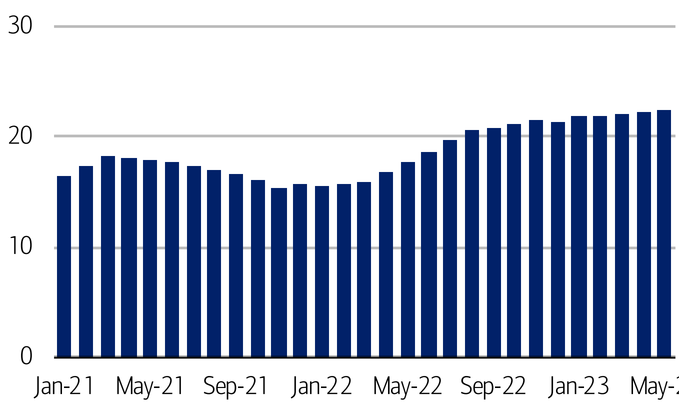
We await further monetary policy measures

If monetary policy is to return to orthodoxy, we expect further hikes of the policy rate – 5%-10%. The hikes would support currency moves and counter inflation. In the near term, inflation is likely to rise, close to 30% from 22.2% in April. The effect of naira depreciation could add at least 4ppt to inflation. Subsidy removal could also weigh on the short-term inflation outlook. As a result, we think that a policy rate path towards 24-28% would be enough to combat inflation and result in positive real rates in the coming quarters. Next scheduled monetary policy committee meeting is 24-25 July.

Fair value estimate now above N600 per USD

In April 2023, we estimated Nigeria's naira (NGN) fair value at 580 per USD. We are now expecting higher inflation and a larger a current account deficit. The combination suggests a fair value going above 600 per USD. We think that delivering a currency move above 600 should support a starting point of a market determined exchange rate. Nigeria's current account data has its shortcomings- current account changes do not fully explain exchange rate dynamics due to data quality issues, with large errors and omissions and "active" management of currency movements. FX reserves are moderate at $35 billion as of end-May. Equivalent to 10 months of import cover, by the authorities revised calculations (previously 6months). At the same time, sources of external financing are currently limited. That is due to high global interest rates, temporarily prohibiting access to Eurobond market, and not under any IMF financing program. Seeking new sources of external financing will be key in the period ahead to maintain reserves at moderate levels. The risk of removing all restrictions is that of foreign portfolio outflows without attracting substantial new money from the same group of investors.

Exhibit 109: Headline Inflation Trend
Effects of petrol subsidy removal and currency float still to come



Source: Haver

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Exhibit 110: NGN Forecasts
Naira floated in June 2023

	Q3 23	Q4 23	Q1 24	Q2 24
USD-NGN	660	670	680	700

Source: BofA Global Research

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Exhibit 111: Major Macro forecasts
Moderate growth outlook.

Nigeria	2022	2023F	2024F
Real GDP (%yoy)	3.3	3.2	3.0
CPI (%yoy, avg)	19.0	25	15.0
Policy Rate (eop)	16.50	25	16.00
Fiscal Bal (%/GDP)	-5.5	-4.0	-3.5
CurAct Bal (%/GDP)	0.2	-0.1	-2

Source: BofA Global Research

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Romania: strong budget financing

Mai Doan
MLI (UK)

Themes: well advance fiscal financing positive for bonds

A strong budget financing situation, together with continued commitment across the ruling coalition to fiscal consolidation and delivering the RRP's milestones and targets, offset concerns about weak budget execution ytd and a heavy election calendar in 2024.

The EU's RRP payments are generally slower than planned, but progress is being made. The EC is set to approve the second disbursement soon, with potential inflows of c.EUR2.5bn. The government is also preparing to submit the third payment request, amounting to EUR3.2bn, but objectives for the third tranche are quite complex, including the special pensions reform, criminal code modifications, SOEs corporate governance regulations, corporate governance in the energy sector and measures to continue decarbonisation. The EC acknowledges that these are challenging targets, and welcomes the government's willing cooperation in the process so far. The geopolitical backdrop has likely brought more discipline to Romanian policy-making in the past year, alleviating the populist risks ahead of four elections 2024.

The fiscal consolidation path has done little to turn around the current account dynamics, begging for some support from the RON to this process. The goods balance ex energy continues to deteriorate, unlike for CEE peers. Most of the recent current account improvements come thanks to the energy balance. The NBR meanwhile is cautious with interest rates, and cuts from 7% are unlikely in 2023.

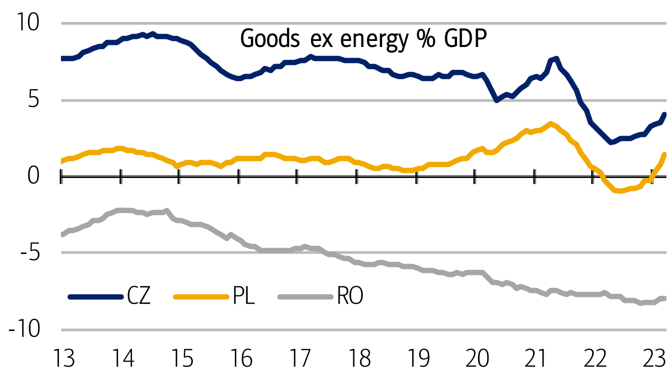
Financing is well advanced, with over 70% of planned Eurobonds done (c.EUR2.3bn left) and over 60% of domestic issuance covered as of June. The FinMin is planning for the next FX bonds as part of a green framework and expects very strong demand. Foreign holdings of local bonds look stretched (23-24% of total outstanding vs long-term range of 18-20%). But we do not see any idiosyncratic risks that could reverse this for now. At the same time, the abundant liquidity in the local banks gives the FinMin further comfort and may allow more supply than planned in the domestic market.

Strategy: OW credit, RON to depreciate

The bonds supply outlook and EU funds inflow is positive Romanian bonds, particularly external debt which we would favour Overweight. Meanwhile, we think the NBR will 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 112: 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 113: RON forecasts

RON fundamentals point to depreciation, which is well managed by the NBR

	Q3 23	Q4 23	Q1 24	Q2 24
EUR-RON	5.05	5.09	5.13	5.17

Source: BofA Global Research

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Exhibit 114: 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	10.9	6.0
Policy rate (%, eop)	6.75	7.00	5.00
Fiscal bal (%/GDP)	-6.2	-4.7	-3.4
CurAct bal (%/GDP)	-9.3	-8.4	-7.7

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 Saudi 2023 budget statement suggests that fiscal policy remains relatively prudent, despite a return to overspending. No changes to VAT is planned for 2023. We see a small fiscal deficit this year, based on our oil price forecasts (US$80/bbl for 2023).

The fiscal breakeven oil price is likely to remain around cUS$83/bbl. The sustainable and progressive Saudi Aramco base dividend policy, alongside the introduction of performance-linked dividends from 2024, could reduce the fiscal breakeven oil price. However, further divestments of Saudi Aramco or a material cut to crude oil production would increase the fiscal breakeven oil price. Every 250mn bpd annual cut to crude oil production would increase the fiscal breakeven oil price by US$2.5/bbl on our estimates.

Medium-term budget spending is projected by authorities to be broadly flattish at the 2022 level and is suggested to remain invariant to oil price fluctuations this coming year. The spending mix for 2023 is planned to see modestly lower current spending, counter-balanced by higher capital spending. The bulk of capital spending is likely to continue to be carried out off-balance sheet by the Public Investment Fund (PIF).

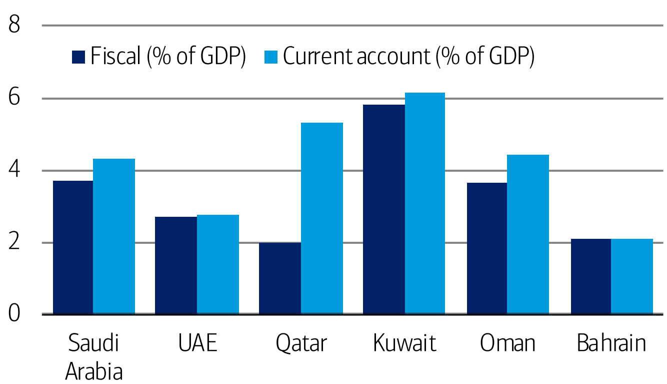
Forecasts: USD peg to hold

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 (August 2023), quarterly fiscal data report (September 2023), annual pre-budget statement (September 2023), annual budget statement (December 2023).

Exhibit 115: 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 116: SAR forecasts
We expect the USD peg to hold

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

Source: BofA Global Research

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Exhibit 117: Major macro forecasts
Medium-term fiscal adjustment is ongoing

Saudi Arabia	2022F	2023F	2024F
Real GDP (% yoy)	8.7	0.9	2.6
CPI (% yoy)	2.5	2.0	2.0
Policy Rate (eop)	5.00	6.25	4.75
Fiscal Bal (%/GDP)	2.5	-0.6	4.3
CurAct Bal (%/GDP)	13.6	10.1	11.5

Source: BofA Global Research

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Ukraine: joining the cycle

Vladimir Osakovskiy >>
Merrill Lynch (DIFC)

Staying constructive on growth

We remain constructive on Ukraine economy this year expecting some 4.4% real GDP growth due to massive base effect from 2022 economic drop. We note that the authorities are starting to follow our optimism as well, as NBU has hiked its real GDP outlook from previous 0.3% to 2% this year (4.3% in 2024 and 6.4% in 2025). However, the conflict clearly continues to dominate the outlook, given that the start of a proper economic recovery may only happen after the secession of hostilities on the ground.

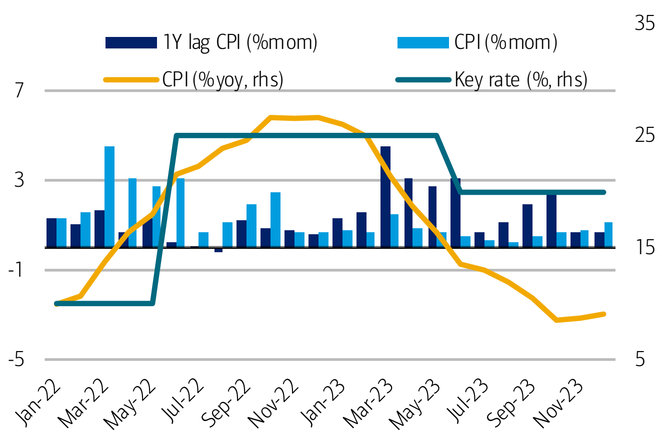
Next in line for rate cuts

NBU keeps rates on hold at 25% in June in line with expectations and guidance. However, the updated guidance has turned even more dovish as Bank has stated that inflation slows faster than expected on the back of improving supplies and stable UAH. The Bank also expect further slowdown of inflation although at a more moderate pace, which may warrant an earlier rate cut than the previously suggested (i.e. in 4Q23). According to the comment, easing inflationary pressures also suggest that the Bank could proceed with gradual liberalization of the local FX market. With a massive base effect remaining for the rest of the year, we see inflation slowing to 10-11% by 2023 eop. This, we think, creates room for up to 500bp in rate cuts already this year, which should be sufficient to keep monetary conditions fairly tight. Therefore, we expect the National Bank to start its easing cycle with some 200bp of cuts in September, though the evolution of the conflict may impact the exact timing.

First IMF review in sight

IMF officials have stated that the Fund will conduct the first review of the EFF program already this month focusing on "the fulfilment of Ukraine's political commitments and conditions under the EFF program. This will mainly concern the areas of fiscal policy, public administration, and exchange rate policy". We note that program conditionalities for 2Q23 are mainly focused on country's compliance to fiscal and monetary policy targets, which were in the focus on government's attention over the past several weeks. Successful review could unlock another close to $900m in funding.

Exhibit 118: Falling inflation opens doors for rate cuts from late 2Q23
The NBU has dropped its earlier commitment of unchanged rate until 1Q24



Source: Bloomberg, BofA Global Research estimates

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Exhibit 119: UAH forecasts
UAH expected at by year end

	Q3 23	Q4 23	Q1 24	Q2 24
USD-UAH	40.0	40.0	40.0	40.0

Source: BofA Global Research

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Exhibit 120: Major macro forecasts
GDP growth expected at 4.4% in 2023

	2022F	2023F	2024F
Real GDP (% yoy)	-31.4	4.4	11.1
CPI (% yoy, eop)	20.0	14.5	12.0
Policy rate (%, eop)	25.00	20.00	15.0
Fiscal bal (%/GDP)	-22.1	-20.8	-18.7
CurAct bal (%/GDP)	6.6	6.3	3.1

Source: BofA Global Research

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LatAm

Argentina: Total uncertainty

Sebastian Rondeau
BofAS

Key electoral dates. Policy change likely afterwards

Argentina is holding presidential and gubernatorial elections this year and it will renew 1/3 of the Senate and half of the House. On June 24 candidates are announced, primaries are on August 13, the first round presidential election is on October 22 and run-off on November 19. President Alberto Fernandez, former president Mauricio Macri and Cristina Kirchner dropped out of the race. The economic crisis is weighing on the ruling coalition popularity. Incumbent parties have historically won gubernatorial elections in the provinces. Political uncertainty is at a high level given differences about electoral strategies in both ruling coalition Union por la Patria and opposition Juntos por el Cambio. Libertarian Javier Milei benefited from growing anti-establishment sentiment.

A policy regime change towards a stabilization program with some structural reforms is considered likely in 2024 given the lingering imbalances and price distortions. We would expect a new more ambitious IMF program in 2024 with a faster fiscal consolidation and a significant currency correction needed to start lifting import/capital controls. But adjustment will not be easy given the magnitude the high level of poverty and distortions. Infrastructure projects and high productivity in non-conventional fields could increase net exports of energy in coming years, supporting the stabilization plan.

FX situation critical. Inflation unhinged

The FX situation is extremely challenging amid a severe drought and with negative net international reserves. The drought would shave around $20bn of exports this year. IMF disbursements (net of repayments) are also much lower than in 2022. Currency pressure is exacerbated by an overvalued official currency and election uncertainty.

Inflation increased to 8.1% mom average in April-May (from 5.3% core mom in December) amid high FX pass-through, and approaches 120% yoy. The Central Bank of Argentina (BCRA) hiked rates to 97% (145% annualized), but still below inflation. We raise inflation forecast to 140% in 2023 (from 130%), with upside risks. BCRA depreciation is below inflation (at ~7%mom), which exacerbates demand for USD.

The economy has remained stronger than it should keeping imports elevated and FX reserves dropping, but activity will drop starting in 2Q. We expect a 2% GDP recession this year (form +5.5% in 2022). The government continues taking import restrictions. The 3rd round of temporary preferential dollar for soy exports at ARS 300 collected $5bn, but BCRA didn't accumulate substantial reserves. The government is seeking external funding (speeding up disbursements from IFIs, with IMF loans of 10.5bn through year end) amid heavy external debt payments, while it activated another $5bn from China swap ($10bn total).

IMF program negotiations

Argentina obtained $2.7bn net loan disbursement in April. But IMF requested additional measures to offset "policy setbacks" and drought shock. Targets look challenging (1.9% of GDP primary deficit and $3bn change in FX reserves) and a reformulation of the program is being discussed. The government wants to have some FX intervention power, limited by the program. But still Argentina will likely have to take further restrictive FX and fiscal measures (e.g. accelerating energy subsidy cuts). The 2023 fiscal adjustment relies on energy subsidies cuts (0.6% of GDP) through segmentation (energy prices hikes last two months). But the drought may reduce government revenue by 1% of GDP this year. Social spending pressure in an election year is a risk. We expect a 3.5% of GDP primary deficit (excluding nominal gains from linkers).

Brazil: Higher growth but lower inflation

David Beker
Merrill Lynch (Brazil)

Natacha Perez
Merrill Lynch (Brazil)

Higher growth but lower inflation

Positive inflation print posted in May

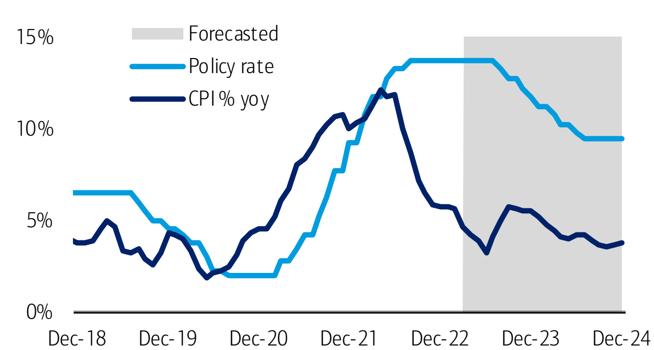
The mid-May IPCA, IPCA-15, came out below expectations, at 0.51% mom in May (from 0.57% mom in April). Annual inflation decelerated to 4.07% yoy (vs 4.16% previously), closer to the mid-target of the inflation tolerance band (3.25% + 1.5%). The deceleration in monthly inflation was mainly driven by the transportation group and strong deflation in airfares. Upward pressures came from food items, amid higher perishable items inflation (namely tomato), and Healthcare. The reading reinforced our perception of both headline and underlying inflation improvement. All in, we revised our IPCA forecast for YE2023 to 5.5% yoy (from 6.0%) but maintained YE24 expectation of 3.7%. See: Brazil Watch: Cutting our 2023 inflation forecast to 5.5% 25 May 2023.

Downward expectations for inflation were reinforced by the May IPCA inflation print, at 0.23% mom (vs 0.61% in April), significantly below expectations. In 12 months, inflation reached 3.94% yoy (vs 4.18%), within the inflation tolerance band (3.25% + 1.50%) for the third consecutive time. After seasonal adjustment, headline inflation went down, while average core measures decelerated in yearly terms. The downward pressure came mainly from transportation, as airfares came down and gasoline prices declined, already reflecting the impact of Petrobras' mid-May cut in fuels price. On the other hand, the increase in prices was again mainly motivated by Healthcare, due to the annual adjustment of medicine prices, health insurance and perfumes – despite the lower impact. Looking ahead, we expect increases to gasoline taxation (ICMS in June and federal taxes in July) to be offset by further cuts to refinery fuels prices. The downward surprise adds downside risks to our IPCA forecast for 2023-end, at 5.50% yoy, and reinforced our expectation of interest rate cuts in August. See: Brazil Watch: May IPCA: positive headline and breakdown. 07 June 2023. We continue to expect the monetary easing cycle to begin in August with a 50bp cut. The Selic should end this year at 11.75% and next year at 9.5%.

Activity stronger than expected in 1Q23

The 1Q23 GDP print came out above market expectations, at 1.9% qoqsa (vs -0.1% qoqsa in 4Q22), even though the breakdown suggests caution in the months to come. The investment rate moved down to 17.7% of GDP (vs 18.4%), while savings rate increased 18.1% (vs 17.4%). The strongest performance came from the Agriculture sector, as the record soybean crop led higher production. However, manufacturing output and services, more sensitive to interest rates, showed weaker results - signaling monetary policy is indeed decelerating the economy. From the demand side, domestic

Exhibit 121: Copom to cut rates starting in August
Inflation dynamics and activity slowdown supportive of cuts



Source: BCB, IBGE, BofA Global Research estimates

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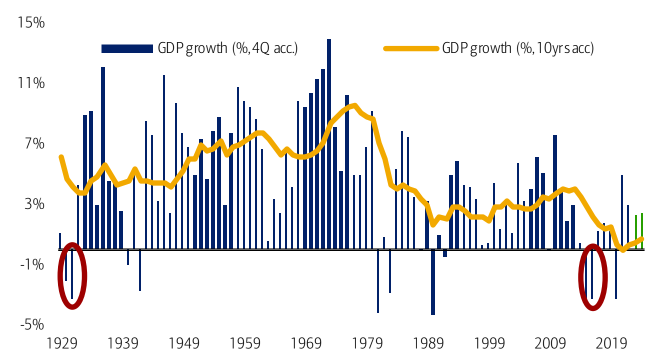
Exhibit 122: An upward surprise to GDP
GDP expected to grow 2.3% in 2023



Source: IBGE, BofA Global Research estimates

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demand contracted, while inventories were up by 1.1% at the margin, a bad signal for short-term growth. Taking this print into account, statistical carry-over for 2023 moved up to 2.4% (from 0.45% in the 4Q22). All in, we revised up our real GDP growth forecast for 2023, from 0.9% yoy to 2.3% yoy, consistent with the economy staying practically stalled in the next quarters. Regarding 2024, we revise down our forecast, from 2.4% yoy to 1.8% yoy. See: Brazil Watch: Bad breakdown of 1Q GDP, despite upward surprise. Revising forecasts. 01 June 2023.

Regarding the external market, the trade balance posted a US$11.4bn surplus in May, above market expectations. Exports totaled US$33.1bn, up 11.6% yoy, while imports totaled US$21.7bn, down 12.1% yoy. The strong performance of the agro sector, together with a favourable BRL trajectory, supported the better-than-expected external sector numbers, leading to an upward revision in our trade balance forecasts (now at US$65bn for YE23, from US$40bn; and US$60bn for YE24, from US$30bn), offset by worse income and services balance numbers. On the FX front, we revised our year-end BRL forecast to 5.0 (from 5.10) and YE2024 to 5.10 (from 5.20).

Amid slowdown expectations ahead, the May BofA Activity Coincident Tracker declined to -0.28pts, below the already negative print posted in April, at -0.22pts. The 3mma reading went down to 0.00 pts in May, from 0.02. Money supply, M1, remains the main negative driver, while consumer confidence pushed up the index. Our Tracker remains in a neutral stance, reinforcing the expectation of a muddle through scenario in Brazilian activity throughout the rest of 2023. See: BofA Brazil Activity Coincident Tracker: Negative result, neutrality expected ahead 07 June 2023.

Fiscal framework to be voted in the Senate. Forecasts updated.

The new fiscal framework was approved in an urgent stance in the Lower House (LH), by a wide margin, and moved forward to the Senate, where it should be approved by the end of June. Changes were overall positive, contributing to a greater enforcement of the rule and mechanisms of medium-term fiscal adjustments. The bill added sanctions in case of non-compliance with the primary targets (phased in over two years). Also, budget freezing obligations were limited to 25% of discretionary expenses and investments in the event of an imminent breach of the fiscal target. Moreover, more expenses were put under the expenditure growth limit despite the real increase of the minimum wage and payment of the Bolsa Família being off the spending limit. The recent bill also highlights that, exceptionally in May 2024, the government will be able to increase the space for new expenditures based on the difference between the projected and the effective revenue by the end of next year. Following the bimonthly fiscal report, we revised our 2023 public sector primary fiscal balance forecast to -0.9% of GDP (from -0.7%). For 2024, the recent policies announced, and the new fiscal framework moved our central government primary deficit down to 0.5% of the GDP, from a 0.6%. With deterioration of interest expenses ahead as interest rate should be cut in August, debt to GDP should reach 76.1% in 2023, below our previous forecast of 77.3%, and 77.8% in 2024. See: Fiscal: in the search for revenues. Updating our forecasts. 05 June 2023.

Exhibit 123: Major macro forecasts
We upgraded our GDP forecast for 2023, reduced inflation forecasts for 2023 and updated our fiscal numbers

	2022	2023F	2024F
Real GDP (% yoy sa)	3.1	2.3	0.8
CPI (% yoy)	7.8	4.8	4.7
Policy Rate (eop)	10.50	11.25	8.25
Fiscal Bal (%/GDP)	-3.4	-4.1	-4.6
CurAct Bal (%/GDP)	-0.9	-0.9	-1.5

Source: BofA Global Research estimates

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Exhibit 124: BRL forecasts
We expect USDBRL at 5.00 by end-2023

	Q3 23	Q4 23	Q1 24	Q2 24
USD-BRL	4.95	5.00	5.03	5.05

Source: BofA Global Research estimates

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

Mexico: Between nearshoring and the US deceleration

Carlos Capistran
BofAS

Christian Gonzalez
BofAS

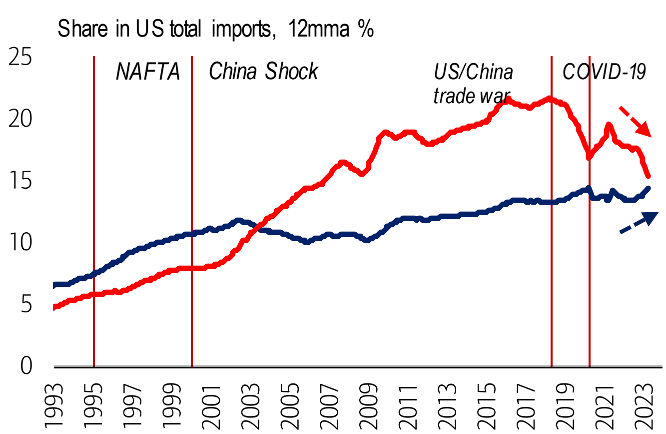
Economic activity surprised at the beginning of the year

GDP surprised to the upside at the beginning of the year with a strong 4.1% qoq saar print. The US remains resilient, and it continues to help the Mexican economy through remittances, demand for Mexican exports and nearshoring (Exhibit 122). As a result, we recently increased our GDP growth forecasts for 2023 to 2.3% from 1.5% and to 0.8% from 0.0% for 2024. In part, our revision follows the revision to our US GDP growth expectations, as our US economics team now expects a recession that starts later in the year. We still expect an important deceleration in Mexico's growth next year driven by the US deceleration and by high interest rates, but the impact of higher rates on the economy is taking longer than we expected in the US and Mexico. There are three main factors having an impact on Mexico's growth simultaneously. The first is the US economy, which has helped a lot so far but we expect to become a headwind in the following quarters. The second is nearshoring (see our Emerging Insight report), which is now visible in the macro data, in particular investment in machinery and equipment and in imports of capital goods (Exhibit 122). Finally, the third factor is a deceleration in Mexico's GDP long-term trend, likely driven by years of underinvestment and low productivity.

The race for next year's federal elections begins

Mexico will have federal elections on June 2024. With the local elections this year now over, the race for the presidency has started. Morena, the current president's party, just passed a critical test when Delfina Gomez won the election for governor of the State of Mexico, the most populous state, on June 4. She did it with an eight-percentage points margin over the coalition's candidate Alejandra del Moral. Morena also announced on June 11 the process to select the candidate who will represent it in the presidential elections: (i) candidates need to register by June 16, and those who wish to participate must leave office; (ii) campaigning will take place from June 19 to August 27; (iii) five open polls will be conducted from August 28 to September 3, one done by Morena and four by private firms; and (iv) the result will be announced on September 6. According to polls in diverse media in Mexico, the two candidates ahead are Claudia Sheinbaum and Marcelo Ebrard, who have already resigned to their jobs as Mexico City's governor and Mexico's Minister of foreign relations, respectively.

Exhibit 125: Share of US total imports
Mexico has been gaining market share in the US in recent months



Source: BofA Global Research, Haver, US Census Bureau

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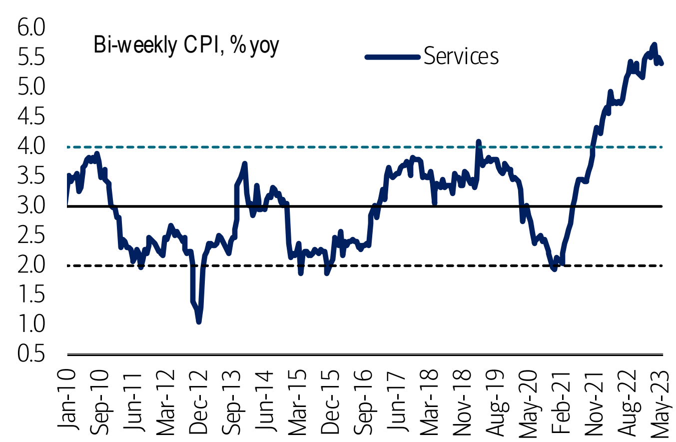
Exhibit 126: Services inflation
Services inflation is quite high, suggesting upside domestic price pressures



Source: BofA Global Research, INEGI

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Inflation is trending down, but core is still high

CPI inflation remains high, but it has been falling for most of the year despite strong economic activity. Headline inflation ended 2022 at 7.8% and it is down to 5.8% in May. Core inflation has also fallen, although not as much. Core ended 2022 at 8.4% and it is now at 7.4%. Most of the drop in headline has been energy prices, while most of the drop in core has been goods prices. What remains problematic is services inflation, which has not peaked (Exhibit 123). We expect inflation to keep falling but at a slower pace. The economy remains strong, with a positive output gap (see Emerging Insight: Is the Mexican economy overheated?), which will likely prevent services inflation to fall quickly. We expect inflation to end the year at 4.8% and at 4.7% by end-2024 (see our Mexico Watch report). For core we expect it to end 2023 at 5.1% and to end 2024 at 4.5%.

Banxico on hold for "an extended period"

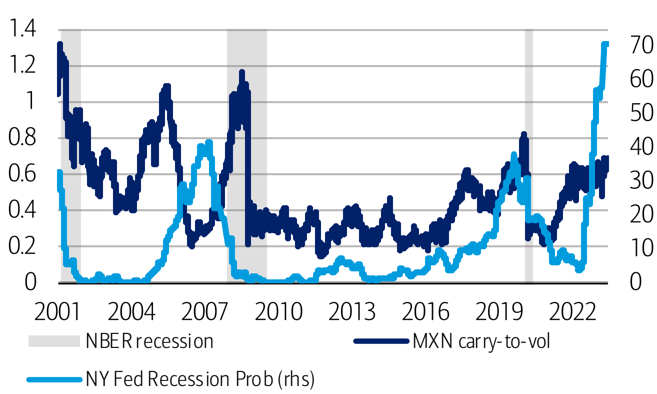
Banxico hiked the policy rate from 4.0% to 11.25% to fight high inflation. But on May it announced that it will remain on hold at 11.25% for an extended period as it waits for more evidence that inflation is headed to the 3% target. As we believe services inflation will be very persistent, we believe Banxico will remain on hold for the rest of the year. We believe the bar for Banxico to hike again is high, though risks remain to the upside. The bar is so high, in our view, that we believe Banxico would likely not hike again even if the US Fed hikes more. We expect Banxico to start the cutting cycle in 1Q 2024. We see two necessary conditions for Banxico to cut: (1) core inflation at or below 5% and (2) 12-month-ahead inflation expectations at or below 4%. Once the cutting cycle starts, we believe Banxico has room to cut the policy rate to 8.25% by end-2024.

Strategy: The MXN bear still hibernating

We recently turned short-term neutral on the MXN, after being bearish in the past few weeks. The short-term domestic catalysts (e.g., expropriation of a private railway) that we expected could trigger sustained MXN depreciation were less significant than expected. Moreover, while we have been pointing MXN is very sensitive to risk-off shocks and a US recession (see our report, The Kryptonites to the Super Peso), upward revisions to US and Mexico growth suggest a sharp peso depreciation may take longer to materialize.

Yet, we prefer to avoid long MXN exposure. In our view, the main driver of MXN strength continues to be the perception that MXN provides an attractive carry-to-vol. Carry trades tend to perform in good times and underperform in bad times. Similarly, carry-to-vol tends to dramatically drop during US recessions, which means MXN remains vulnerable to an adverse global backdrop (see Exhibit 124). In our view, the likelihood for a deeper US recession increases as the Fed continues to hike rates further and the slowdown takes longer to materialize. Thus, coupled with a seemingly rich valuation, we believe risk-reward of long MXN positions is not attractive.

Exhibit 127: Carry-to-vol and US recession probability
Carry-to-vol tends to drop dramatically during US recessions



Source: BofA Global Research, Bloomberg

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Exhibit 128: MXN forecasts
We expect USDMXN at 19.0 by end-2023

	Q3 23	Q4 23	Q1 24	Q2 24
USD-MXN	18.5	19.0	19.5	19.8

Source: BofA Global Research estimates

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Exhibit 129: Major macro forecasts
We expect Mexico to grow 2.3% in 2023

	2022	2023F	2024F
Real GDP (% yoy sa)	3.1	2.3	0.8
CPI (% yoy)	7.8	4.8	4.7
Policy Rate (eop)	10.50	11.25	8.25
Fiscal Bal (%/GDP)	-3.4	-4.1	-4.6
CurAct Bal (%/GDP)	-0.9	-0.9	-1.5

Source: BofA Global Research estimates

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Chile: Data softening?

Sebastian Rondeau
BofAS

In June both activity data and inflation started to move in the direction the Central Bank of Chile (BCCh) needs to start cutting rates in 3Q. Ex-volatiles inflation was 0.5% mom down from 0.7% mom recently (though it remains high at 9.9% yoy) is. Headline inflation is down to 8.7% from 12.7% last year, mostly due to the volatile components. We expect inflation at 5.4% this year (down from 5.8% previously), with core at 6.6%, and 3.9% in 2024. We expect BCCh will start cutting rates in September (-75bp), with risks of a smaller cut in July (see our report, More data needed to cut rates). We see the policy rate down to 9.25% in 2023 from 11.25% now (and to 6.25% in 2024). Activity was weaker in April, but remains resilient overall, still growing vs 4Q seasonally adjusted. We forecast 0% GDP growth this year after a +2.4% expansion in 2022. We see a GDP rebound of 2% in 2024. Fiscal policy turning expansionary and lower policy uncertainty support activity (moderate constitution and reforms, strong fiscal adjustment in 2022). Still uncertainty will remain elevated by structural reforms discussion, spending pressures and mining policy (in particular, lithium policy).

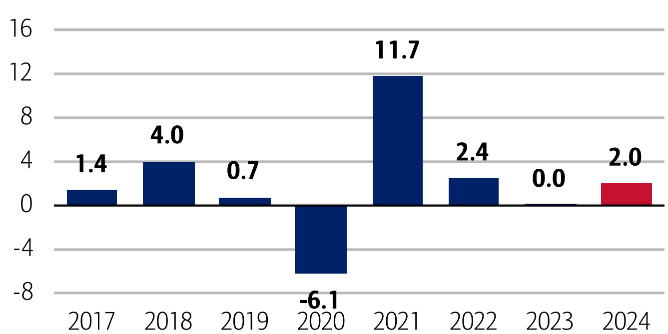
Constitutional council started. Referendum risk.

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. 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 (Cadem polls shows a majority rejects it.)

Structural reforms moderation

We expect the government to negotiate and do piece-meal tax changes after the congress setback. A watered-down copper royalty was approved (tax burden capped at 46.5%). The government would propose green taxes in 3Q and is negotiating a reform based on income taxes (scrapping controversial items like the wealth tax.) Pension reform is also unlikely to pass in its original form. It keeps the individual capitalization system, 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 negotiate changes to gain support.

Exhibit 130: GDP growth (annual %)
GDP is above pre-pandemic levels



Source: BofA Global Research

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Exhibit 131: CLP forecasts
USDCLP expected at 810 by end 2023

	Q3 23	Q4 23	Q1 24	Q2 24
USD-CLP	807	810	815	820

Source: BofA Global Research estimates

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Colombia: Improving market conditions

Alexander Müller
BofAS

Pedro Diaz
BofAS

Colombia had a rough 2022, with market conditions deteriorating sharply over political uncertainty and macroeconomic imbalances. In 2023, however, both the macro imbalances and the political uncertainty are diminishing. This has led to a rally in markets across asset classes. 1Q2023 data revealed the fiscal and current account deficits are narrowing substantially, pulling the rug under the Colombia bears who had the twin deficits (fiscal and external) as one of their favorite arguments.

On politics, the concern was the risk of economic policies veering towards an unsustainable path after the 2022 presidential elections. But recently the ruling party lost its majority coalition in Congress and is now moderating its structural reform agenda (tax, energy, pension, labor, health, land). The moderation is welcomed by markets.

Macro outlook: GDP growth around 2% and rate cuts starting in January 2024

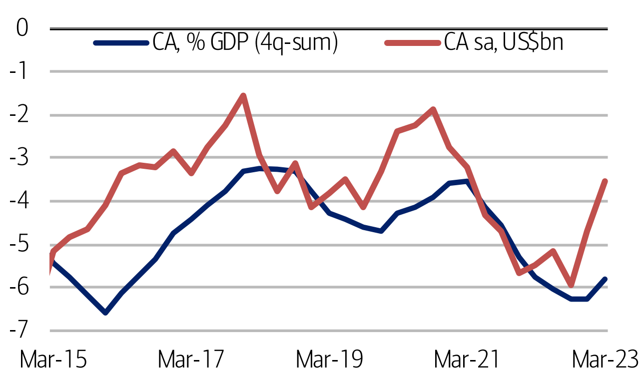
On GDP growth, BofA's upward revision to US forecasts makes us more comfortable with our out-of-consensus (bullish) view on Colombia's 2023 GDP growth (2.1% vs. 1.3% median expectations). On monetary policy, the decline of inflation and the appreciation of the Colombian peso reassures our view that the tightening cycle is over. We expect BanRep's first rate cut to happen in January 2024, in contrast with market expectations (IBR swap pricing 25bp cut in September).

Medium-Term Fiscal Framework (MTFF): A bit underwhelming

The MTFF is the flagship publication of the Ministry of Finance. It is published once a year, in mid-June, and provides an update of the fiscal plan for coming years. This time the MTFF didn't bring any positive surprises. To us, the key message from the MTFF is that the government now plans to use all the fiscal space that is allowed by the Fiscal Rule Law, whereas previously they expected to outperform the fiscal targets. Hacienda's new scenario foresees a temporary increase of the public debt ratio in 2024, in contrast with the prior outlook where the debt ratio trended down on a sustained basis.

Exhibit 132: Current account balance

Current account narrowed significantly in 1Q23



Source BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 133: COP forecasts

COP pressured by uncertainty over course of economic policies

	Q3 23	Q4 23	Q1 24	Q2 24
USD-COP	4350	4500	4600	4650

Source: BofA Global Research estimates

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Exhibit 134: Major macro forecasts

Scenario affected by political uncertainty and tight macro policies

	2022	2023F	2024F
Real GDP (% yoy)	7.3	2.1	2.6
CPI (% yoy)	13.1	9.0	5.7
Policy Rate (eop)	12.00	13.25	9.25
Fiscal Bal (%/GDP)	-5.5	-4.2	-4.4
CurAct Bal (%/GDP)	-6.2	-4.0	-3.3

Source: BofA Global Research estimates

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Peru: Dealing with domestic shocks

Alexander Müller
BofAS

Pedro Diaz
BofAS

Hit by four shocks: social protests, cyclone, El Niño, and Dengue fever

The Peruvian economy has been hit by four shocks in first half of 2023. Social protests (Dec 2022-Feb 2023), "Yaku" cyclone (first cyclone since 1983), El Niño (carrying on into Q3), and Dengue fever (0.4% of population is infected). Dengue is related to El Niño.

GDP growth has been very poor in the first four months of 2023

Not surprisingly, with these shocks, the economy is performing poorly. GDP fell 0.4% year-over-year in 1Q2023, -1.4% quarter-over-quarter (annualized contraction of 5.3%). The government was saying a rebound was highly likely in Q2, but it certainly didn't happen in April. The monthly GDP proxy (national production indicator) grew 0.3% yoy in April, below median expectations of 1.7% yoy (Bloomberg survey).

Evidence of El Niño: falling agricultural output and sticky food inflation

Tellingly, agricultural output dropped 14.1% yoy in April, which subtracted 1.1pp from the monthly GDP print. We interpret this result as evidence that El Nino is affecting agricultural output. Also, food inflation has increased in Q2 and is now running at 16.4% yoy (May), almost 100bp higher than in the end of Q3.

Bearish on GDP growth vis-à-vis consensus

Given the downward revision of BofA's China GDP growth forecast (-0.6pp) and poor incoming data, we had already trimmed our Peru GDP growth forecast for 2023 to 1.2% (from 1.5%). Peru's economic cycle is more sensitive to China (top trading partner) than to the US. For 2024, we continue expecting a rebound of growth to 3.1%.

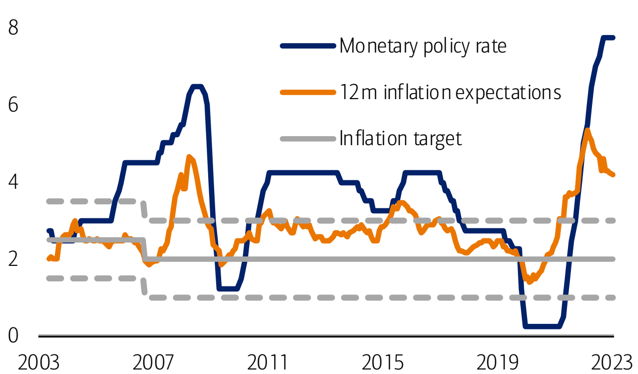
No monetary policy rate cuts this year

The abovementioned supply shocks (mainly the weather) are having opposite effects on activity (down) and inflation (up), making inflation stickier. Inflation is running high, close to 8%, well above the BCRP's 2% target. We do not expect the BCRP to cut rates in 2023, in contrast with survey-based median expectations (125bp of cuts in 2H2023).

Risk of credit rating downgrade

On the fiscal side, we see growing risks of slippage, amid falling revenues and a fiscal stimulus plan ("Con Punche Peru", 1.9pp of GDP). All three rating agencies have a negative outlook on Peru at this moment. Disappointing growth can also be the trigger.

Exhibit 135: Monetary policy stance
We believe inflation expectations is the key variable



Source: BofA Global Research, BCRP, Haver

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Exhibit 136: PEN forecasts
Risk of resumption of social protests pose risks on the PEN

	Q3 23	Q4 23	Q1 24	Q2 24
USD-PEN	3.72	3.76	3.78	3.80

Source: BofA Global Research estimates

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Exhibit 137: Major macro forecasts
Growth dragged by social protests and weather shocks

	2022	2023F	2024F
Real GDP (% yoy)	2.7	1.2	3.1
CPI (% yoy)	8.5	4.8	2.9
Policy Rate (eop)	7.50	7.75	4.25
Fiscal Bal (%/GDP)	-1.6	-2.4	-1.5
CurAct Bal (%/GDP)	-4.0	-2.0	-1.7

Source: BofA Global Research estimates

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Uruguay: Structural reforms reward

Sebastian Rondeau
BofAS

Growth slowdown amid drought

Economic activity in Uruguay has slowed down amid the large drought that would shave more than 2% of GDP this year. Still GDP had a good Q1 (+0.9% qoqsa), amid an improvement in services (including tourism), interrupting the recession seen the previous two quarters. We see a weaker 2Q amid the impact on agriculture.

We see GDP growth slowing down to 0.8% this year (from 4.9% last year), amid the drought and slower global growth including neighbors Argentina and Brazil. We see a GDP rebound in 2024 amid weather normalization, pulp mill production (it opened in June) and FDI. The president announced a $2bn investment in a hydrogen plant, part of a project to produce synthetic fuels, and another $2bn investments in renewal energy.

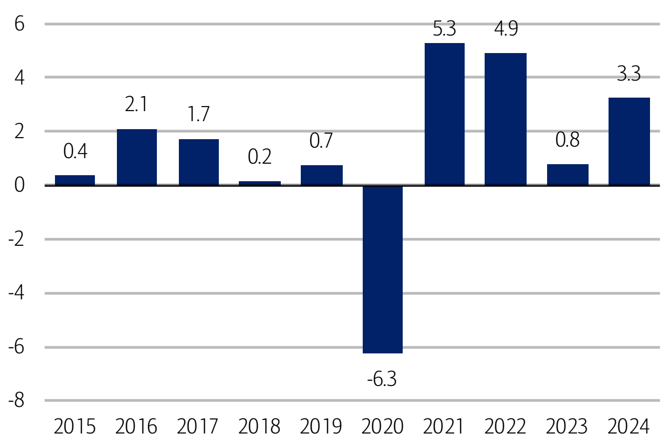
Rating agencies upgrades following pension reform

Fitch ratings upgraded Uruguay external government debt to BBB. Last month S&P upgraded it to BBB+ due to the structural reforms and stable growth and fiscal outlook. The pension reform increases the retirement age (to 65, with some exceptions) and changes the calculation of pensions aiming at improving the sustainability of the system, slowing down its deficit (see our report, A week to remember). The system remains mixed (intergenerational pay-as-you go component and individual capitalization).

BCU rates on hold following the first cut as disinflations slows

Inflation resumed a downward trend and declined to 7.1 yoy in May, from 8.3% in December. Core inflation stands at 6.4% yoy (0.5% mom), close to the top of the target (6%). We see inflation declining to 6.8% in December amid the activity slowdown. BCU kept rates at 11.25% in the last meeting following the 25bp rate cut the previous one to 11.25%. We believe BCU will cut rates further to 10% rate by 2023 end amid the disinflation trend.

Exhibit 138: Real GDP growth (%)
We expect 2023 GDP growth to stand at 0.8



Source: BofA Global Research

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Exhibit 139: UYU Forecast
UYU depreciation to slow going forward

	Q3 23	Q4 23	Q1 24	Q2 24
USD-UYU	39.2	39.4	40.1	40.4

Source: BofA Global Research estimates

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Exhibit 140: Major macro forecasts
Fiscal deficit will stand at 2.8% of GDP in 2023 and 2.5% in 2024

Uruguay	2022	2023F	2024F
Real GDP (% yoy)	4.9	0.8	3.3
CPI (% yoy)	8.3	6.8	5.9
Fiscal Bal (%/GDP)	-3.0	-2.8	-2.4
CurAct Bal (%/GDP)	-3.2	-3.3	-2.3

Source: BofA Global Research estimates

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Venezuela: Disinflation continues

Sebastian Rondeau
BofAS

Inflation back to single digits. Oil production recovers

Inflation slowed down to 5% average last three months after peaking at 39% in January, (vs 8% mom average in 2022). Important to contain inflation the government decided not to grant a minimum wage increase in May. Instead, they decided to index the food bonus, which is much more targeted, slowing down government spending. The progress also coincided with slower currency depreciation and drop in real wages. Still, inflation is at 480% yoy in May, above 300% in 2022.

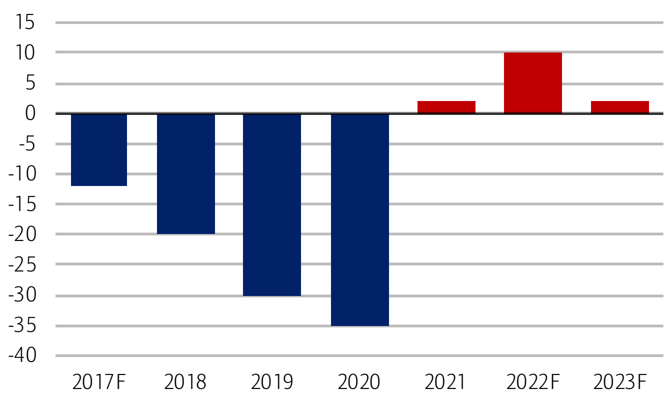
Oil production continued recovering, up to 740kbpd in May, above 2022 average of 675k off the 500k all-time low reached in 2021. Last year, the US administration allowed European firms to ship Venezuela oil back to Europe. Exports had surged after oil shipments to Europe resumed. However, exports declined 14% in May amid the corruption crackdown in PDVSA. Chevron ramped up sales of Venezuela oil to other US refineries after the US extended the license to operate in Venezuela in late 2022. In May, 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.

The government has showed some signs of pragmatism. It allowed a de-facto dollarization and it opened up to some business with the private sector (and sold some equity in state owned enterprises). It is also to target government aid.

Slow negotiations. Elections 2024

Negotiations with the opposition have been slow (which could open the door to unfreeze Venezuelan assets abroad for about $3.2bn). The tensions in Russia/Ukraine opened opportunities for the oil sector in Venezuela. The US has requested free elections and reforms in the oil sector, according to Reuters. License for Chevron to continue operations and export oil to US has been granted.

Exhibit 141: Venezuela: real GDP growth %
Activity bounces back



Source: BofA Global Research estimates

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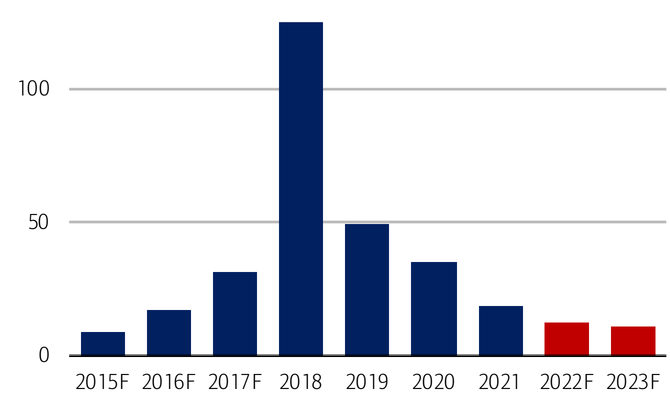
Exhibit 142: Venezuela Inflation monthly average %
Inflation picking up



Source: BofA Global Research estimates

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Commodities

Oil: A battle royale between oil & money

Francisco Blanch
BofA Europe (Madrid)

Gravitational forces arising from the Fed, US Treasury…

Two main forces have come together to pull down commodity prices from the steep increases observed last year. First, the Fed increased interest rates at one of the fastest rates in decades in the past 15 months to contain spiking inflation. In turn, rapid rate hikes led to a steep contraction in M2, a banking crisis, and lower inflation. Second, faced with the twin evils of inflation and the first war in Europe since 1945, the US Treasury engineered a set of economic sanctions that have minimized global commodity supply losses while also cutting tax revenues to Russia's government. Except for gold, beef, and sugar, major commodity prices are down YoY on ample supplies and a clouded macro-outlook. Partly counterbalancing this bearish dynamic, inventories for many raw materials remain below their 5yr averages, implying fairly tight fundamental balances.

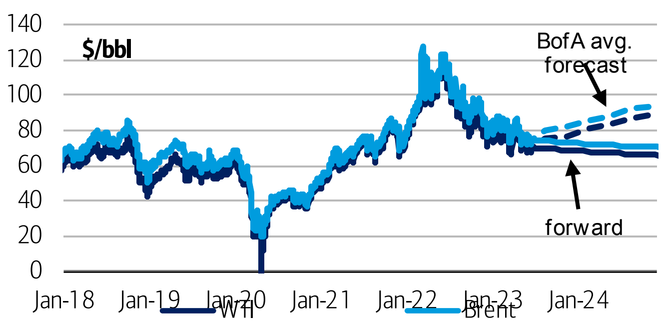
…pushed down commodity prices, including crude oil

To fight bearish price pressure, Saudi Arabia cut another 1mn b/d and OPEC+ extended its output agreement into 2024. Even then, oil remains at the heart of a fight between monetary and physical commodity market forces. Markets are witnessing a battle royale between Saudi Arabia and the US Fed. Faced with a need to preserve financial resources to transform its economy, Saudi Arabia pledged to cut oil production volumes four times in the past year to support oil prices, flexing its muscles as the world's most powerful swing crude oil producer. With macro headwinds moving from a tropical storm to a cat. 1 hurricane, OPEC+ volumes are once again declining, and oil balances should tighten as inventories fall in 2H23. Yet, as physical oil markets face off with a monetary contraction, bearish asset allocators will keep clashing with bullish oil speculators.

Oil prices may struggle to rally until the Fed eases money

Fundamental commodity traders struggled to reconcile tighter balances ahead with falling oil prices, while multi-asset allocators instead followed the simple logic that tighter monetary policy will lead to weaker growth and falling inflation, shorting commodities along the way. OPEC+ scored a partial win with the surprise April oil cuts, spooking CTAs out of their shorts. Still, monetary forces are extremely powerful and trend followers are just a sleeve of the broader financial sector. Most importantly, the market is pricing in Fed rate cuts starting in December, a development that should support oil prices into 2024. Yet this rate path likely reflects a blend of two outcomes: (1) sticky inflation with a robust labor market that keeps rates higher for longer or (2) a steep recession that leads to cuts at 100bp clips. In this battle royale, oil will lose until money starts easing again, and we keep our average $80/bbl Brent forecast for 2023.

Exhibit 143: Crude oil price forecast versus forwards
We expect oil prices to go higher in 2023



Source: Bloomberg, BofA Global Research estimates

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Exhibit 144: Crude oil forecasts ($/bbl)
We forecast Brent to average $80/bbl and WTI to average $75/bbl in 2023

	Q3 23	Q4 23	Q1 24	Q2 24
WTI	75	77	81	83
Brent	80	82	86	88

Source: BofA Global Research

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US gas: The heat is on ahead of summer

Francisco Blanch
BofA Europe (Madrid)

A lot has gone right for US natural gas prices recently…

Prices may not reflect it, but the US natural gas market has benefitted from a series of bullish events recently, including Canadian production shut-ins, a collapse in wind generation, extended nuclear maintenance, and a large drop in the US gas rig count. Following a warm Northern Hemisphere winter, US Henry Hub prices traded down from $4.75/mmbtu at the end of 2022 to lows of $1.94/mmbtu at the end of March. Front month prices have pierced $2/mmbtu on an intra-day basis multiple times but have thus far failed to close below this psychological level. Following a bullish May 12 rig count report (-12 gas rigs), gas enjoyed a short-lived rally from $2.20 to $2.60/mmbtu, but prompt prices have retraced nearly all the move and are now trading ~$2.25/mmbtu.

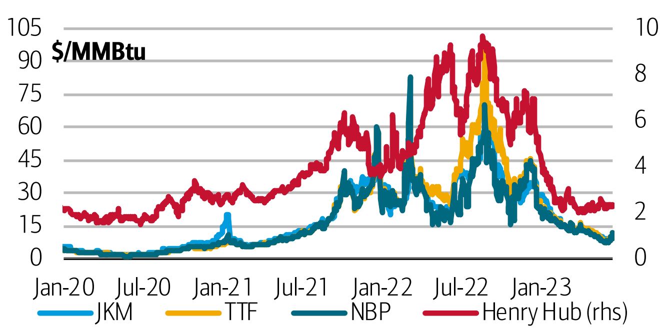
…but the balances are precarious ahead of summertime

Gas balances have been dragged down by weak industrial gas demand since 2H22 and warmer winter weather. In fact, industrial gas use continues to be soft, down 10% or 2.4Bcf/d YoY ytd, according to Bloomberg estimates. Despite this, balances have firmed recently on a series of bullish developments. Extended nuclear outages kept generation 4.5GWa lower YoY mtd, while a collapse in wind speed cut wind generation by more than 13GWa YoY mtd. True, net power generation is lower YoY, but gas power burns are up 1.17Bcf/d YoY ytd and +2.5Bcf/d vs the 5yr average. Furthermore, wildfires shut-in about 1.8Bcf/d of Alberta gas supply in May and kept US imports 0.8Bcf/d lower YoY. These factors helped prevent gas balances from falling apart in 2Q23, and though the May 12 rig count drop has not yet affected output, it gave prices a psychological boost.

Reversal of power trends & recession key risks to prices

US gas inventories are ~340Bcf above five-year average levels as summer nears and some recent bullish gas dynamics seem likely to fade. Moreover, forecasts for slowing US economic activity also present a risk to demand. Yet, weather will likely play an outsized role in Henry Hub's path in 2H23, and weather forecasts point to another warm summer ahead with below normal wind and solar generation. So, gas power burns could stay elevated, contrary to consensus bearish expectations. We previously forecast Henry Hub gas to average $2.70/mmbtu in 2023, and though prices are averaging near our target for 2Q at $2.25/mmbtu, we see downside risk to our call for 2H23 and 2024 from recession risks and a soft global LNG market. In our view, many things must go right for US gas prices to avoid more price downside versus the curve this summer and fall.

Exhibit 145: Global natural gas prices
Global gas prices crumble on elevated inventories



Source: Bloomberg

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Exhibit 146: Natural gas forecasts
Henry Hub gas prices should remain depressed in 1H23

	Q3 23	Q4 23	Q1 24	Q2 24
US nat gas	2.75	3.25	3.75	3.5

Source: BofA Global Research estimates

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Gold: lacking a bullish theme

Michael Widmer
MLI (UK)

Themes: Lack of tangible bullish theme

Gold rallied above $2,000/oz on a confluence of factors, including volatility in the banking sectors of Switzerland and the US. Yet some of the banking issues in Switzerland had been in the making for almost two decades, while the problems with regional US banks were heavily influenced by a lack of oversight. As such, and even if we acknowledge these issues, they have not been indicative of a wider banking crisis, so the support to gold tailed off quickly. Of course, the Fed turning less hawkish and what was initially believed to be the end of the hiking cycle was another important factor behind the push higher of the yellow metal. Yet, renewed focus on another round of tighter US monetary policy has contributed to taking the wind out of the gold sails.

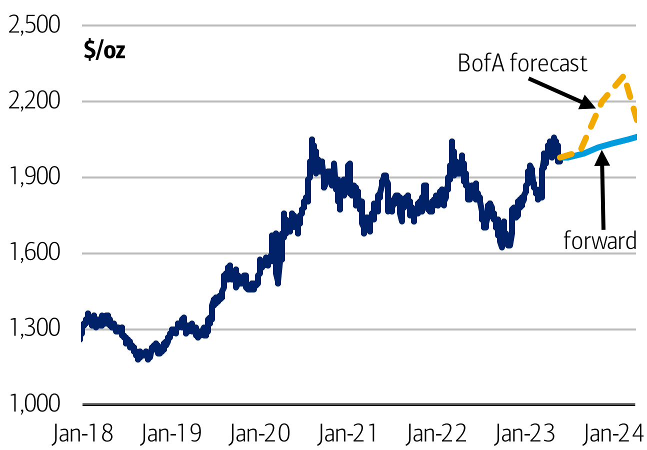
Forecasts: range-bound for now

Given the macro backdrop, we don't see a tangible bullish theme that could push the yellow metal higher right here. Although we are likely still in the middle of a prolonged bull market, the next leg up in the rally is unlikely to come until the Fed edges closer towards cutting rates. Testament to the immediate lack of interest from investors, assets under management at physically-backed exchange traded funds have been virtually flat YTD (i.e. small liquidations in 1Q where followed by slight increases in 2Q). Even if central banks keep adding the yellow metal to their holdings, the lack of ETF purchases remains one of the biggest headwinds to gold for now. Or put differently: if assets under management at those investment vehicles started trending higher, this would be a signal for gold to move higher again, but this may not be imminent.

Risks: accelerated rate increases

An even more hawkish Fed would be push gold prices down.

Exhibit 147: Forecast vs Forwards
Despite near-term headwinds, we are constructive gold medium-term



Source: BofA Global Research estimates

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Exhibit 148: Gold and silver forecasts ($/oz)
Forecasts caught between inflation and higher nominal rates

	Q3 23	Q4 23	Q1 24
Gold	2,000	2,200	2,300
Silver	25.00	27.50	26.00

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Copper: Stimulus is such a lonely word

Michael Widmer
MLI (UK)

Themes: China looking to boost productivity and metals key

The 'middle income trap' (rising wages => loss of competitiveness) is often seen as a likely constraint on China's growth, after 20+ years of rapid GDP per capita expansion amid industrialisation. A productivity gap is at the core of this, so to narrow it the Chinese government is investing heavily in its industrial base, with metal-intensive sectors among the key beneficiaries. The ambitions are reflected in industrial policies like Made in China 2025, which ultimately targets making China the leading manufacturing power by 2049. Whether this is achievable is a different question, but the path relies on the mined commodities

Forecasts: Copper demand has held up, despite macro malaise

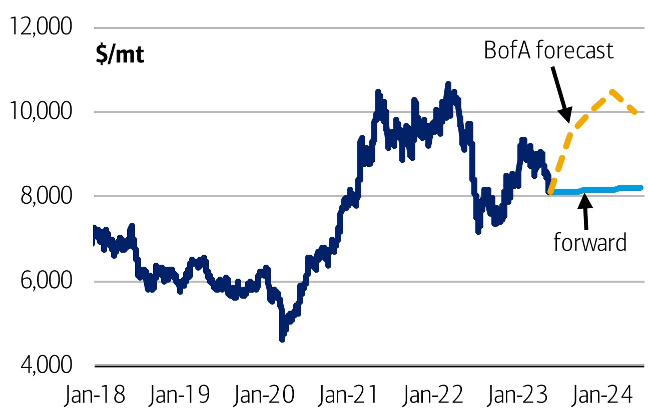
China accounts for 50% of metals demand, but the influence of different economic sectors on consumption has changed rapidly. Through 2022 and into 2023, copper demand has held up, partially due to transportation and power. Essentially, EVs and renewables have offset the weakness in housing. This also matters for the current discussion about stimulus: we see little likelihood the government will implement a broad-based economic package. In fact, as EVs and grid spending will remain supportive, the key is whether the government will reduce the drag from traditional sectors sufficiently to keep the metals market tight. The long-term housing demand model of our China property team implies that the housing market has reset lower, but there is scope for a stabilisation from current levels.

Boosting public sector leverage and expanding infrastructure investment as soon as possible is one of the best options for policymakers, according to our economists (see their report). Indeed, even by international standards, the central government still has more room to grow its balance sheet: a 1ppt increase in rates costs the US and Chinese central governments 1.2% of GDP and 0.7% of GDP, respectively. A more proactive fiscal policy would in all likelihood also boost sentiment, which has been an issue for metals demand as market participants have been running down inventories through the supply chain. In short, we remain constructive base metals into year-end.

Risks: China's reopening tails off

Lack of policy support in China would be bearish.

Exhibit 149: Forecast vs Forwards
Upside in 2H23



Source: Bloomberg, BofA Global Research

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Exhibit 150: Copper forecasts
The bull market has been fading

	Q3 23	Q4 23	Q1 24
US$/t	9,500	10,000	10,500
USc/lb	431	454	476

Source: Bloomberg, BofA Global Research

BofA GLOBAL RESEARCH

Aluminum: smelters not powering ahead

Michael Widmer
MLI (UK)

Themes: Aluminium supply growth remains patchy

Concerns over the health of the global economy have been hanging over the base metals, pushing down prices in recent weeks. Despite this, the global aluminium market remains in deficit, predominantly on supply constraints. Indeed, hydro power generation is contracting in China YoY, an issue for around 20% of the country's smelters. In Europe, the immediacy of the energy crisis has subsided, but many operators remain marginal: Aldel recently decided to permanently shut its 120kt smelter in the Netherlands. Our projections currently embed 2Mt more aluminium supply in 2023 than the annualised YTD run rates published by the International Aluminium Institute, partially because we see output increasing gradually throughout the year. If we are wrong about these assumptions, the global aluminium supply shortfall may be bigger than we currently factor in. Aluminium should remain in a holding pattern, until there is more visibility on how strong metals demand will be, likely later in 3Q23.

Forecasts: Demand has been disappointing, but to improve in China

China's economy has been slow to take off after reopening in December, and an initial rebound of apparent demand (production + imports - exports + stock changes) growth has been fading. A silver lining: domestic metal purchases have been high enough to cap China's aluminium exports. Indeed, exports are now running at roughly half the level a year ago, when smelter restarts met sharply lower metal purchases and excess units exported then sank the global aluminium market. Destocking through the supply chain has also reduced metals demand. Meanwhile, in Europe and the US, demand has been resilient, notwithstanding concerns over an economic slowdown. All in, we see upside to aluminium prices into year-end, especially if China's authorities support growth.

Risks: smelters reopen

A quicker re-opening of smelters in China would be a key headwind.

Exhibit 151: Forecast vs Forwards
Despite period pullbacks, aluminium prices are set to rally going forward

Source: BofA Global Research

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Exhibit 152: Aluminum forecasts
Aluminium fundamentals look bullish

	Q3 23	Q4 23	Q1 24
US$/t	2,750	3,000	3,250
USc/lb	125	136	147

Source: BofA Global Research

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Appendix

Emerging Market Appendix

Exhibit 153: 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	4.3	0.4	4.1	4.1	(0.1)	4.0	8.0	5.7	(0.4)	6.2	4.8	-	5.0
GEMs (ex. China)	4.6	3.4	0.8	3.1	3.7	-	3.6	11.5	8.8	0.1	9.2	6.3	0.2	6.6
GEM-9	4.0	4.8	0.4	4.6	4.4	(0.1)	4.5	7.7	5.2	(0.4)	5.4	4.5	(0.1)	4.3
Global	3.6	3.0	0.4	-	2.6	(0.1)	-	8.6	6.4	-	-	5.1	0.4	-
US	2.1	1.6	0.6	2.1†	0.1	0.2	1.2†	8.0	4.0	-	8.0†	2.5	-	4.1†
Euro area	3.5	0.4	(0.2)	3.5†	0.8	-	0.6†	8.4	5.3	(0.1)	8.4†	2.4	0.1	5.5†
Japan	1.1	1.3	0.3	1.1†	1.2		1.2†	2.5	3.2	(0.2)	2.5†	2.7	-	2.8†
Asia	4.1	5.2	-	5.2	4.8	(0.2)	5.0	3.6	2.4	(0.5)	2.6	2.8	(0.2)	2.9
China	3.0	5.7	(0.6)	5.7	5.0	(0.2)	4.9	2.0	0.8	(0.9)	1.3	2.2	(0.4)	2.3
Hong Kong	-3.5	6.0	2.0	4.7	3.0	(0.5)	3.2	1.9	2.2	-	2.4	2.0	-	2.3
India	6.8	6.0	-	5.9	5.5	-	6.3	6.7	5.1	-	5.0	4.5	-	4.8
Indonesia	5.3	5.0	-	4.8	5.3	-	4.9	4.2	4.0	-	3.9	3.1	(0.5)	3.0
Korea	2.6	1.4	-	1.1	2.2	-	2.1	5.1	3.3	(0.1)	3.2	2.1	0.3	2.0
Malaysia	8.7	4.3	-	4.0	4.4	(0.3)	4.5	3.4	3.0	-	2.9	2.8	0.1	2.4
Philippines	7.6	5.5	1.0	5.6	5.0	(0.3)	5.6	5.8	5.6	(0.9)	5.8	2.8	(0.2)	3.4
Singapore	3.6	1.0	-	1.4	2.1	(0.4)	2.5	6.1	5.0	-	5.0	3.4	-	3.1
Taiwan	2.5	0.9	(0.4)	1.0	3.2	(0.3)	3.1	3.1	2.2	0.1	2.1	1.5	(0.2)	1.6
Thailand	2.7	3.3	-	3.6	3.6	-	3.8	6.1	1.8	(0.9)	2.2	1.9	-	1.9
EEMEA	5.5	2.2	-	2.0	3.3	-	3.1	26.0	20.2	3.8	21.5	13.5	2.5	14.5
Czech R.	2.5	0.0	-	0.2	2.2	(0.3)	2.7	15.1	10.8	(0.5)	11.0	2.3	(0.2)	3.0
Egypt	6.7	4.0	-	4.0†	4.0	-	4.2†	8.5	24.2	1.2	24.6†	19.0	4.0	16.0†
Saudi Arabia	8.7	0.9	-	1.7†	2.6	(0.1)	3.2†	2.5	2.0	-	2.5†	2.0	-	2.2†
Hungary	4.6	0.2	-	0.1	2.6	(0.2)	3.0	14.6	18.5	9.5	18.5	5.7	(0.3)	5.5
Israel	6.5	2.5	-	2.9†	3.5	-	3.5†	4.4	4.5	0.2	4.2†	2.9	0.1	2.7†
Nigeria	3.3	3.0	-	2.8†	2.9	-	3.0†	19.0	17.0	-	20.7†	15.0	-	14.9†
Poland	5.2	0.8	-	0.7	3.0	-	3.1	14.3	12.3	(0.1)	12.7	6.0	-	6.4
Romania	4.5	2.2	-	2.7	3.7	0.2	3.6	13.7	10.9	(0.1)	10.0	6.0	-	5.3
South Africa	1.9	0.5	0.4	0.2†	1.5	(0.1)	1.3†	6.9	6.3	(0.2)	6.0†	4.9	(0.1)	4.9†
Türkiye	5.6	3.5	0.7	2.2	4.5	0.5	2.6	72.0	44.1	(1.8)	43.9	29.1	(1.0)	23.3
Ukraine	-31.4	4.4	-	1.7	11.1	(0.5)	6.0	9.3	14.5	(0.7)	17.6	12.0	2.0	12.0
LatAm*	3.8	1.7	0.7	1.1	1.4	-	1.8	7.7	5.3	-	5.6	4.1	0.1	3.8
Argentina	5.2	-2.0	0.5	-2.8	-2.3	(0.3)	0.1	94.8	140.6	7.7	131.5	120.8	8.7	104.1
Brazil	2.9	2.3	1.4	1.2	1.8	(0.6)	1.6	5.8	5.5	(0.5)	5.9	3.7	-	4.1
Chile	2.4	0.0	-	-0.3	2.0	0.1	2.0	12.8	5.2	(0.6)	4.9	3.8	(0.2)	3.2
Colombia	7.3	2.1	-	1.0	2.6	(0.2)	2.1	13.1	9.0	-	8.8	5.7	-	4.5
Costa Rica	4.3	3.8	0.4	2.8	3.7	-	2.8	7.9	0.4	(3.6)	3.7	2.7	(0.3)	3.0
Dominican Rep	4.9	2.5	(0.5)	4.1	4.3	-	4.4	7.8	4.0	(0.8)	5.4	4.3	-	4.2
Ecuador	2.9	2.8	-	2.4	2.5	-	2.4	3.7	1.7	-	2.1	2.0	-	1.8
El Salvador	2.6	1.9	-	1.7	2.7	-	1.9	7.3	2.1	(0.9)	3.5	1.9	(0.5)	2.0
Guatemala	4.1	3.8	-	2.9	3.5	-	3.2	9.2	4.9	(0.2)	5.0	4.3	0.1	3.9
Mexico	3.1	2.3	0.8	1.8	0.8	0.8	1.7	7.8	4.8	(0.3)	5.1	4.7	0.4	3.8
Panama	10.8	5.0	0.2	4.4	4.0	-	4.0	2.1	1.9	(0.1)	2.3	1.7	-	2.1
Peru	2.7	1.2	(0.3)	1.8	3.1	-	3.0	8.5	4.8	-	4.2	2.9	-	2.9
Uruguay	4.9	0.9	-	1.9	3.4	-	2.6	8.3	6.8	-	7.3	5.9	-	6.5
Venezuela	10.0	2.0	2.0	4.4	3.0	-	4.4	305.0	244	-	215	214	-	101

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

BofA GLOBAL RESEARCH

Exhibit 154: Key Macroeconomic forecasts
CA and FX forecasts

	Current Account balance (% of GDP)							FX (vs USD, eop)						
		2023F			2024f			2023F				2024F		
	2022	BofA	Chg.	Consensus Economics	BofA	Chg.	Consensus Economics	Spot*	BofA	Chg.	Bloomberg Consensus	BofA	Chg.	Bloomberg Consensus
GEMs	0.7	0.6	0.1	-	0.8	0.2	-	-	-	-	-	-	-	-
GEMs (ex. China)	-0.6	-0.4	(0.7)	-	0.5	(0.3)	-						-	
GEM-9	0.7	0.5	0.1	-	0.4	0.2	-	-	-	-	-	-	-	-
Global	-	-	-	-	-	-	-	-	-	-	-	-	-	-
US	-	-	-	-	-	-		-	-	-	-	-	-	-
Euro area	-	-	-	-	-	-		1.10	1.07	-	-	1.05	(0.1)	-
Japan	-	-	-	-	-	-		142.06	131.12	-	-	145.00	5.0	-
Asia	2.1	1.5	0.5	-	1.5	0.5	-	-	-	-	-	-	-	-
China	2.0	2.2	-	1.6	1.7	1.0	1.2	7.18	6.90	-	6.83	7.20	0.5	6.65
Hong Kong	11.8	10.5	1.6	3.1	6.7	-	4.2	7.83	7.80	-	7.80	7.85	-	7.78
India	-0.7	-0.5	-	-1.7	-0.8	-	-1.8	82.04	82.74	-	81.50	82.00	2.0	80.00
Indonesia	0.3	1.0	-	0.2	0.3	0.2	-0.6	14952	15573	-	14600	14900	400.0	14350
Korea	4.7	1.8	0.1	1.5	1.1	(1.5)	2.3	1292	1260	0.3	1263	1330	60.0	1180
Malaysia	3.8	2.6	-	2.4	1.9	0.1	2.5	4.65	4.40	-	4.48	4.66	0.2	4.31
Philippines	-1.6	-4.8	(0.5)	-3.6	-3.4	0.7	-3.1	55.65	55.74	-	54.80	56.50	1.5	53.45
Singapore	18.0	19.3	(1.5)	15.7	16.3	(4.2)	15.9	1.34	1.34	-	1.32	1.35	0.0	1.30
Taiwan	15.2	13.2	-	10.7	11.3	1.3	10.8	30.95	30.73	-	33.00	31.20	1.1	31.90
Thailand	-3.7	-3.3	-	1.7	0.3	-	3.2	34.85	34.61	-	30.15	34.00	2.0	28.70
EEMEA	-3.0	-1.5	)	-	-0.3		-	-	-	-	-	-		-
Czech R.	-2.8	-6.1	-	-2.0	-3.5	0.5	-1.0	23.74	24.16	-	23.80	23.50	-	23.80
Egypt	-4.3	-3.5	-	-3.2†	-3.1	-	-3.0†	30.91	24.76	-	34.50	39.00	6.5	-
Saudi Arabia	5.1	13.6	-	9.1†	10.1	-	7.8†	3.75	3.75	-	3.75	3.75	-	-
Hungary	-3.9	-8.1	-	-4.5	-3.5	-	-3.7	369.57	400	(0.4)	383	370	-	385
Israel	4.7	3.4	-	3.8†	4.1	-	3.6†	3.62	3.52	-	3.60	3.55	-	3.30
Nigeria	-0.4	-0.7	-	1.1†	-1.6	-	1.0†	711.52	460.8	0.0	-	670.00	110.0	-
Poland	-1.4	-3.0	-	-1.0	0.0	0.8	-0.9	4.44	4.69	-	4.62	4.55	-	4.58
Romania	-7.2	-9.3	-	-6.9	-8.4	(0.1)	-2.9	4.96	4.94	-	5.04	5.09	-	4.98
South Africa	3.7	-0.5	-	-2.1†	-2.7	(0.4)	-2.5†	18.37	17.04	-	18.50	18.00	1.0	17.78
Türkiye	-1.8	-5.5	-	-4.1	-3.7	-	-2.9	23.55	18.71	-	22.61	26.00	1.0	27.28
Ukraine	-1.6	6.6	(0.2)	-0.6	6.3	(8.1)	-0.4	36.93	36.92	-	38.00	40.00	-	-
LatAm	-2.7	-2.1	0.1	-	-1.9	0.1	-			-				
Argentina	1.7	-0.8	-	-1.1	-3.7	0.1	0.0	251.99	177	0.1	378	519	5.0	580
Brazil	-2.8	-3.0	(0.1)	-2.3	-2.3	-	-2.4	4.77	5.29	-	5.05	5.00	(0.1)	4.95
Chile	-6.4	-9.0	-	-3.7	-3.5	0.6	-3.4	805	851	(0.4)	800	810	-	800
Colombia	-5.6	-6.2	-	-4.6	-4.0	-	-4.3	4160	4851	(0.2)	4475	4500	(250.0)	4300
Costa Rica	-2.5	-3.8	-	-2.7	-3.3	-	-2.6	542	580	-	-	595	(0.5)	-
Dominican Rep	-2.8	-5.5	0.1	-4.6	-3.2	0.3	-3.5	54.7	57.0	-	-	58.4	0.0	-
Ecuador	3.2	2.4	-	1.6	1.4	-	0.9	-	-	-	-	-	-	-
El Salvador	-5.1	-6.6	-	-5.0	-4.0	-	-4.0	-	-	-	-	-	-	-
Guatemala	2.2	1.4	-	1.9	2.0	-	1.5	7.84	7.85	(0.0)	-	7.86	(0.0)	-
Mexico	-0.6	-0.9	-	-0.9	-0.9	0.1	-1.0	17.16	19.50	-	18.20	19.00	(0.5)	18.56
Panama	-3.2	-4.0	(0.2)	-4.1	-3.0	-	-4.0	-	-	-	-	-	-	-
Peru	-2.3	-4.0	-	-3.4	-2.0	0.8	-2.4	3.64	3.81	-	3.67	3.76	(0.1)	3.58
Uruguay	-2.5	-3.2	-	-1.6	-3.3	0.1	-1.2	37.93	39.87	-	-	39.40	(1.6)	-
Venezuela	1.3	0.4	-	8.1	-1.6	(2.6)	19.6	27	17	(0.1)	-	48	(210.6)	-

Source: BofA Global Research

BofA GLOBAL RESEARCH

GEMs Consolidated Macro Indicators

Exhibit 155: GEMs

Consolidated Macro Indicators

	2015	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
GEMs										
Nominal GDP (US$ bn)	26.231	26.562	28.908	31.158	31.991	31.220	36.040	37.391	39.777	42.065
Real GDP growth (% yoy)										
Weighted by PPP-GDP	4.7	4.2	5.0	4.7	3.7	-2.0	7.1	4.3	4.4	4.1
Weighted by current exchange rates	4.4	4.2	5.0	4.7	3.9	-1.4	7.2	3.8	4.1	4.0
Median	3.2	2.9	3.3	3.2	2.5	-5.5	5.9	4.3	2.3	3.1
CPI inflation (% yoy, ave)										
Weighted by PPP-GDP	3.6	3.5	3.8	3.8	4.0	3.5	4.0	8.0	5.7	4.7
Weighted by current exchange rates	3.4	3.2	3.2	3.2	3.4	3.1	3.3	5.9	4.3	4.1
Median	2.4	2.1	2.6	2.3	2.8	2.6	3.8	6.9	4.9	3.7
Trade balance (US$ bn)	578.5	563.9	455.2	431.2	513.8	500.4	566.9	672.2	644.8	485.0
Exports (US$ bn)	4,448	3,959	3,740	4,103	4,549	4,343	4,171	5,292	5,740	5,508
Imports (US$ bn)	3.870	3.395	3.284	3.672	4.035	3.843	3.604	4.620	5.095	5.023
Current account balance (US$ bn)	300.7	345.0	417.5	210.8	357.1	621.3	440.4	277.3	243.8	338.7
Current account balance (% of GDP)	1.1	1.3	1.4	0.7	1.1	2.0	1.2	0.7	0.6	0.8
International reserves (US$ bn)	7.363	7.088	7.419	7.393	7.609	8.066	8.439	7.872	7.494	7.117
Gross government debt (% of GDP)	57.6	61.1	61.8	62.1	64.6	71.8	70.9	56.1	55.3	55.2
Gov. budget balance (% of GDP)	-3.3	-3.0	-2.5	-2.3	-2.8	-5.9	-4.5	-4.0	-4.3	-3.9
Asia										
Nominal GDP (US$ bn)	17.500	18.088	19.751	21.910	22.664	22.889	26.756	27.176	28.921	30.642
Real GDP growth (% yoy)										
Weighted by PPP-GDP	6.2	6.1	6.2	5.9	4.9	-1.2	7.5	4.1	5.4	4.7
Weighted by current exchange rates	6.1	6.0	6.2	5.9	5.0	-0.2	7.6	3.6	5.2	4.7
Median	4.0	4.0	4.8	4.5	3.5	-4.7	6.1	3.3	4.6	4.0
CPI inflation (% yoy, ave)										
Weighted by PPP-GDP	2.3	2.5	2.2	2.3	2.9	2.8	2.2	3.6	2.4	2.8
Weighted by current exchange rates	1.9	2.2	1.9	2.2	2.7	2.5	1.8	3.1	1.9	2.6
Median	1.1	1.7	1.8	1.8	1.6	0.4	2.2	4.6	3.1	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	565.9	443.1	472.5
Current account balance (% of GDP)	3.0	2.3	2.0	1.0	1.6	2.6	2.4	2.1	1.5	1.5
International reserves (US$ bn)	5.519	5.279	5.595	5.562	5.719	6.153	6.413	5.844	5.423	4.901
Gross government debt (% of GDP)	64.3	68.4	69.0	68.9	72.3	79.1	78.3	57.9	57.1	56.3
Gov. budget balance (% of GDP)	-2.4	-2.6	-2.5	-2.4	-2.9	-5.4	-4.3	-3.7	-3.6	-3.4
EEMEA										
Nominal GDP (US$ bn)	3.836	3.780	3.921	4.137	4.338	4.292	4.556	4.859	4.923	5.397
Real GDP growth (% yoy)										
Weighted by PPP-GDP	3.6	2.4	3.8	3.4	2.5	-0.9	5.5	5.5	2.2	3.3
Weighted by current exchange rates	3.8	2.4	3.8	3.4	2.4	-1.6	5.4	5.5	1.2	3.1
Median	3.8	2.9	4.2	3.2	3.3	-2.1	3.9	5.2	2.2	3.0
CPI inflation (% yoy, ave)										
Weighted by PPP-GDP	5.6	6.2	9.5	9.6	8.4	6.6	8.6	25.3	20.2	13.4
Weighted by current exchange rates	5.0	5.8	8.5	8.5	7.2	5.6	7.5	19.3	15.6	11.7
Median	4.8	5.8	5.6	4.6	4.0	3.4	4.5	8.9	13.5	10.2
Trade balance (US$ bn)	287.7	149.1	102.8	130.1	243.3	188.5	95.7	193.8	242.3	227.0
Exports (US$ bn)	1.242	953	885	1.006	1.182	1.113	978	1.277	1.387	1.479
Imports (US$ bn)	955	804	782	876	939	924	882	1.084	1.145	1.252
Current account balance (US$ bn)	-42.5	30.8	115.2	126.0	107.7	41.6	-94.7	-144.1	-76.0	-18.5
Current account balance (% of GDP)	-1.1	0.8	2.9	3.0	2.5	1.0	-2.1	-3.0	-1.5	-0.3
International reserves (US$ bn)	1.062	1.015	1.007	1.001	1.047	1.069	1.156	1.205	1.252	1.377
Gross government debt (% of GDP)	40.8	41.2	42.1	41.2	40.3	45.9	47.8	46.1	49.8	50.8
Gov. budget balance (% of GDP)	-3.7	-1.9	-0.3	-0.5	-2.0	-5.6	-6.1	-5.7	-5.7	-4.6
LatAm										
Nominal GDP (US$ bn)	4.895.6	4.694.6	5.236.8	5.110.8	4.988.2	4.039.1	4.728.6	5.355.9	5.932.9	6.026.7
Real GDP growth (% yoy)										
Weighted by PPP-GDP	0.7	0.0	2.0	1.8	0.8	-6.5	7.2	3.8	1.7	1.4
Weighted by current exchange rates	-0.1	-0.6	1.7	1.2	0.2	-6.7	7.1	3.7	1.7	1.4
Median	2.8	2.2	2.4	2.5	1.7	-7.5	9.2	4.2	2.2	2.9
CPI inflation (% yoy, ave)										
Weighted by PPP-GDP	6.5	4.7	4.1	3.7	3.4	3.4	7.9	7.7	5.3	4.1
Weighted by current exchange rates	7.0	4.9	4.0	3.6	3.5	3.5	8.0	7.6	5.2	4.1
Median	3.9	3.3	3.5	2.3	3.2	3.1	6.8	8.1	4.9	4.1
Trade balance (US$ bn)	46.8	31.1	58.5	73.6	70.3	81.4	107.6	95.5	71.3	72.9
Exports (US$ bn)	606.3	535.0	521.5	569.7	618.3	607.4	545.3	664.7	781.7	806.1
Imports (US$ bn)	559.5	503.9	462.9	496.1	548.1	526.0	437.8	569.2	710.3	733.2
Current account balance (US$ bn)	-175.3	-103.2	-99.8	-135.4	-102.5	-10.1	-95.3	-144.6	-123.4	-115.3
Current account balance (% of GDP)	-3.6	-2.2	-1.9	-2.6	-2.1	-0.3	-2.0	-2.7	-2.1	-1.9
International reserves (US$ bn)	781.8	793.5	818.0	829.6	842.3	843.8	870.9	823.4	820.0	838.7
Gross government debt (% of GDP)	50.0	54.2	54.4	56.7	59.5	68.9	63.3	60.1	53.4	55.0
Gov. budget balance (% of GDP)	-5.9	-5.7	-4.7	-4.4	-3.6	-8.6	-4.2	-3.6	-5.1	-4.5

Source: BofA Global Research

BofA GLOBAL RESEARCH

GEMs FX Compass and CA Imbalances

BofA FX Compass is our long-term fundamental valuation model for 21 EM countries. As part of our modeling framework, we estimate the gap between the forecast and equilibrium CA balance.

Exhibit 156: FX Compass Long Term Valuations
Trade-weighted valuations vs REER fair values

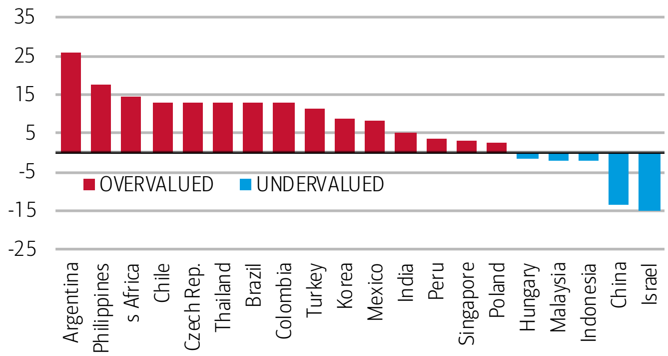

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Exhibit 157: Current Account Imbalances
Gap between forecast and equilibrium CAB (forecasted minus long-term equilibrium)

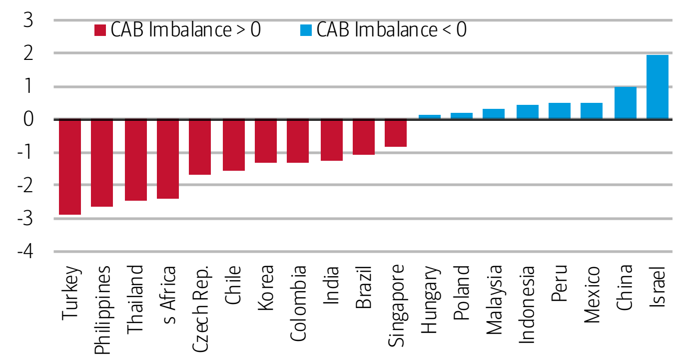

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Exhibit 158: FX Compass
Long term currency valuation

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			**3.8**	**4.1**
China	6.43	7.16	(11.4)	(13.4)
India	86.4	82.2	4.9	5.1
Indonesia	14601	14945	(2.4)	(2.3)
Korea	1367	1280	6.3	8.8
Malaysia	4.55	4.63	(1.6)	(2.0)
Philippines	65.43	55.95	14.5	17.5
Singapore	1.38	1.34	2.6	3.1
Thailand	39.00	34.81	10.8	12.8
EEMEA			**3.5**	**7.0**
Czech Rep. 1/	27.0	23.8	12.0	12.9
Hungary 1/	372	376	(1.0)	(1.5)
Israel	3.01	3.58	(19.2)	(15.1)
Poland 1/	4.58	4.47	2.3	2.7
South Africa	20.99	18.41	12.3	14.5
Türkiye	24.81	23.66	4.6	11.3
LatAm			**11.2**	**12.7**
Argentina	319	248	22.3	25.6
Brazil	5.41	4.81	11.1	12.7
Chile	903	801	11.3	13.1
Colombia	4721	4173	11.6	12.7
Mexico	18.63	17.19	7.7	8.4
Peru	3.82	3.66	4.1	3.8
Average			**5.6**	**8.6**

Note 1/ CZK, HUF and PLN are quoted against the EUR. Fair values are updated using forecasts. Spot is for May 24 ,2023. Note 2/ REER valuation is trade-weighted deviation of current REER (May estimate) from Compass fair values. **Source:** BofA Global Research, Bloomberg

BofA GLOBAL RESEARCH

Exhibit 159: Estimated current account imbalance
CA imbalance

Country	Forecasted CA 2022-2024	Long-term CA	CAB Imbalance
Asia	**1.4**	**1.0**	**-1.0**
China	1.4	0.4	1.0
India	-3.1	-1.8	-1.3
Indonesia	-0.2	-0.7	0.5
Korea	1.3	2.7	-1.3
Malaysia	1.9	1.6	0.3
Philippines	-3.4	-0.7	-2.7
Singapore	16.5	17.3	-0.8
Thailand	1.5	4.0	-2.5
EEMEA	**-2.7**	**-1.3**	**-0.8**
Czech Rep. 1/	-3.8	-2.1	-1.7
Hungary 1/	-2.9	-3.0	0.1
Israel	4.1	2.1	2.0
Poland 1/	-2.6	-2.8	0.2
South Africa	-1.5	0.9	-2.4
Türkiye	-3.3	-0.5	-2.9
LatAm	**-2.1**	**-1.5**	**-1.2**
Argentina	-1.9	1.1	-3.0
Brazil	-2.4	-1.3	-1.1
Chile	-2.4	-0.9	-1.5
Colombia	-3.7	-2.3	-1.3
Mexico	-1.2	-1.7	0.5
Peru	-1.9	-2.3	0.5
Average	**(1.9)**	**(0.7)**	**(1.2)**

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

Exhibit 160: China

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022F	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)								17.962	19.011	19.813
GDP per capita (US$)	7,922	8,067	8,791	9,887	10,126	10,402	12,615	12,723	13,466	14,042
Unemployment rate (%)[1]	5.0	5.0	4.9	4.7	5.2	5.1	5.1	6.1		5.1
Population (millions)	1,383	1,392	1,400	1,405	1,410		1,413	1,412	1,412	1,411
Economic Activity										
Real GDP growth (% yoy)	7.0	6.8	6.9	6.7	6.0	2.2	8.4	3.0	5.7	5.0
Domestic demand growth (% yoy)	6.6	7.9	6.8	7.4	5.3	1.7	6.8	2.5	6.6	5.1
Real investment growth (% yoy)	3.5	7.3	6.4	6.8	3.9	4.2	3.9	3.5	5.3	5.1
Real consumption growth (% yoy)	9.3	8.4	7.1	7.8	6.3	-0.3	9.0	1.8	7.5	5.1
Real private consumption growth (% yoy)	9.4	8.9	7.0	7.4	6.5	-1.7	11.6	0.6	8.2	5.5
Real government consumption growth (% yoy)	9.0	7.3	7.1	8.9	6.0	3.1	3.2	4.9	6.0	4.2
Real export growth (% yoy)	-2.3	1.1	8.1	3.8	0.5	2.4	17.7	-1.7	-2.8	2.0
Real import growth (% yoy)	-6.2	5.8	7.3	8.1	0.4	5.5	10.4	-5.8	-2.0	2.4
Prices										
CPI inflation (% yoy, eop)	1.6	2.1	1.8	1.9	4.5	0.2	1.5	1.8	1.5	1.8
CPI inflation (% yoy, avg)	1.4	2.0	1.6	2.1	2.9	2.5	0.9	2.0	0.8	2.2
Nominal wages (% yoy)	10.1	8.9	10.0	10.9	9.8	7.6	9.7	6.7	8.0	7.6
Nominal exchange rate (vs. USD, eop)	6.49	6.94	6.53	6.86	6.98	6.53	6.36	6.90	7.20	6.70
Nominal exchange rate (vs. USD, avg)	6.29	6.65	6.76	6.62	6.91	6.90	6.45	6.74	7.11	6.96
Bilateral real exchange rate (% yoy, + dep)	-	-	-	-	-	-	-	-	-	
Monetary Sector2										
Monetary base growth (% yoy)	-6.0	11.8	4.2	2.8	-2.0	1.9	-0.3	9.6	2.0	2.0
Broad money growth (% yoy)	13.3	11.3	8.1	8.1	8.7	10.1	9.0	11.8	11.0	10.0
Credit extension to private sector (% yoy)	14.3	13.5	12.7	13.5	12.3	12.8	11.6	11.1	11.7	10.6
Central bank policy rate (%, eop)[3]	4.30	4.30	4.30	4.31	4.15	3.85	3.80	3.65	3.40	3.40
1-month interbank rate (%, eop)	2.90	3.84	4.80	3.46	3.30	3.31	3.18	-	-	-
Long-term yield (%, eop)	3.50	2.90	3.90	3.20	3.14	3.14	2.78	2.80	3.00	-
External Sector										
Current account balance (% of GDP)	2.7	1.7	1.5	0.2	0.7	1.7	2.0	2.2	1.7	1.2
Current account balance (US$ bn)	293	191	189	24	103	249	353	402	317	232
Trade balance (US$ bn)	358	256	217	88	132	359	461	576	431	439
Exports, f.o.b. (US$ bn)	2,360	2,198	2,429	2,651	2,631	2739	3555	3,716	3,577	3,619
main export	-	-	-	-	-	-	-	-	-	-
Imports, c.i.f. (US$ bn)	2,002	1,942	2,212	2,563	2,499			3,139	3,146	3,180
Service balance (US$ bn)	-218	-233	-259	-292	-261	-153	-101	-92	-225	-245
Income balance (US$ bn)	-52	-55	-16	-61	-39	-118	-124	-194	-134	-226
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	7.6	4.9	5.6	4.6	5.2	5.2	5.1
Real GDP growth (% qoq, sa, annualized)	16.5	2.4	9.1	3.0	5.1	5.3	5.0	5.3	5.2	5.0
CPI inflation (% yoy, eop)	2.8	1.8	1.3	0.2	0.4	1.5	2.3	2.6	2.2	1.8
Central bank policy rate (%, eop)	3.65	3.65	3.65	3.55	3.40	3.40	3.40	3.40	3.40	3.40
Nominal exchange rate (vs. USD, eop)	7.12	6.90	6.87	7.15	7.40	7.20	7.10	7.00	6.80	6.70
Current account balance (US$ bn)	139.6	103.1	82.0	84.1	91.5	59.3	70.6	46.6	64.4	50.4

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 161: India

Selected economic and financial indicators

	FY 2016	FY 2017	FY 2018	FY 2019	FY2020E	FY2021E	FY2022E	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$)	1,657	1,760	1,896	2,062.0	2,241.0	2,195.0	2,343.1	2,485.5	2,625.0	2,830.0
Unemployment rate (%)	-	-	-							
Population (millions)	1,252	1,267	1,316	1,332.0	1,341.0	1,354.4	1,368.0	1,381.6	1,400.0	1,412.0
Economic Activity										
Real GDP growth (% yoy)	7.6	6.9	6.6	6.0	4.0	-7.3	8.7	6.8	6.0	5.5
Domestic demand growth (% yoy)	-	-	-	-						
Real investment growth (% yoy)	5.6	-	- -							
Real consumption growth (% yoy)	6.9	-	- -							
Real private consumption growth (% yoy)	7.6	-	- -							
Real government consumption growth (% yoy)	3.3	-	- -							
Real export growth (% yoy)	-15.9	0.6	7.4	9.7	0.0	-5.0	10.0	10.0	5.0	8.0
Real import growth (% yoy)	-14.1	0.7	12.7	11.0	-5.0	-5.0	12.5	20.0	15.0	10.0
Prices										
CPI inflation (% yoy, eop)	4.8	4.6	4.3	2.9	4.6	5.5	7.0	5.8	5.1	4.5
CPI inflation (% yoy, avg)	4.9	4.8	3.6	3.4	4.8	6.2	5.3	6.7	5.1	4.5
WPI inflation (% yoy, eop)	-0.9	7.1	2.5	3.1	2.0	4.0	10.0	7.5	5.0	3.5
WPI inflation (% yoy, avg)	-2.5	3.6	2.7	4.3	3.0	1.0	10.0	10.0	7.5	5.0
Nominal wages (% yoy)	-	-	-	-						
Nominal exchange rate (vs USD, eop)	66.2	68.1	65.2	69.1	72.0	69.8				
Nominal exchange rate (vs USD, avg)	65.5	67.5	69.6	69.9						
Bilateral real exchange rate (% yoy, + dep)	6.0	2.8	2.1	-						
Monetary Sector										
Monetary Base growth (% yoy)	13.1	12.8	12.4	10.0	11.0	11.0	13.0			
Broad Money growth (% yoy)	10.5	13.1	12.4	19.7	13.3	11.8	13.0			
Credit extension to private sector (% yoy)	10.6	9.0	14.1	12.3	13.7	9.5	8.0			
Central bank policy rate (%, eop)	6.75	6.00	6.00	6.25	4.40	4.00	4.00	6.50	6.50	5.50
1-month interbank rate -Call rate (%)	6.75	6.00	6.00	6.5	4.8	4.3				
Long-term yield (%)	7.50	6.85	7.65	7.8	6.3					
External Sector										
Current Account balance (% of GDP)	-1.1	-0.7	-1.9	-2.1	-1.0	1.0	-1.2	-2.4	-2.4	-2.2
Current Account balance (US$ 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)	8.4	5.4	4.1	13.5	5.8	4.7	4.2	9.5	7.2	4.4
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	6.75	6.75	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 162: Indonesia
Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020F	2021F	2022F	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$)	3,368	3,607	3,886	3,946	4,193	3,923	4,357	4,798	5,198	5,676
Unemployment rate (%)	6.2	5.6	5.5	5.2	5.2	7.1	6.5	5.9	4.3	4.1
Population (millions)	255.6	258.5	261.4	264.2	266.9	270.2	272.2	274.9	277.4	280.0
Economic Activity										
Real GDP growth (% yoy)	4.9	5.0	5.1	5.2	5.0	-2.1	3.7	5.3	5.0	5.3
Domestic demand growth (% yoy)	4.9	4.4	5.1	5.6	4.8	-3.1	2.8	3.8	5.0	5.4
Real investment growth (% yoy)	5.0	4.5	6.2	6.7	4.5	-5.0	3.8	3.9	5.4	6.0
Real consumption growth (% yoy)	4.9	4.3	4.6	5.1	4.9	-2.1	2.3	3.7	4.7	5.1
Real private consumption growth (% yoy)	4.8	5.0	5.0	5.1	5.2	-2.7	2.0	4.9	5.2	5.5
Real government consumption growth (% yoy)	5.3	-0.1	2.1	4.8	3.3	2.1	4.2	-4.5	1.6	2.0
Real export growth (% yoy)	-2.1	-1.7	8.9	6.5	-0.5	-8.4	18.0	16.3	5.8	5.9
Real import growth (% yoy)	-6.2	-2.4	8.1	12.1	-7.1	-17.6	24.9	14.7	5.3	6.2
Prices										
CPI inflation (% yoy, eop)	3.4	3.0	3.6	3.1	2.6	1.7	1.9	5.5	3.4	3.4
CPI inflation (% yoy, avg)	6.4	3.5	3.8	3.3	2.8	2.0	1.6	4.2	4.0	3.1
Nominal wages (% yoy)	6.5	22.9	6.9	4.3	3.4	-6.9	-0.4	13.5	5.8	5.7
Nominal exchange rate (vs. USD, eop)	13.775	13.248	13.537	14.791	14.068	14.387	14.264	15.564	14.500	14300
Nominal exchange rate (vs. USD, avg)	13,390	13,302	13,381	14,237	14,147	14,570	14,311	14,854	14,775	14,400
Bilateral real exchange rate (% yoy, + dep)	-	-	-	-	-	-	-	-	-	-
Monetary Sector										
Monetary base growth (% yoy)	12.0	17.3	12.4	4.8	7.4	18.5	23.0	14.3	-	-
Broad money growth (% yoy)	9.0	10.0	8.3	6.3	6.5	12.5	14.0	8.4	-	-
Credit extension to private sector (% yoy)	10.1	7.8	8.2	11.7	5.9	-2.6	4.9	11.0	-	-
Central bank policy rate (%, eop)	6.25	4.75	4.25	6.00	5.00	3.75	3.50	5.50	5.75	4.75
1-month interbank rate (%, eop)	8.55	7.80	5.50	7.54	5.44	3.81	3.55	6.20	6.45	5.45
Long-term yield (%, eop)	9.0	8.0	6.3	8.0	7.1	5.9	6.4	6.9	8.0	-
External Sector										
Current account balance (% of GDP)	-2.0	-1.8	-1.6	-2.9	-2.7	-0.4	0.3	1.0	0.3	-0.7
Current account balance (US$ bn)	-17.5	-17.0	-16.2	-30.6	-30.3	-4.4	3.5	13.2	0.9	-17.5
Trade balance (US$ bn)	14.0	15.3	18.8	-0.2	3.5	28.3	43.8	47.5	54.9	44.5
Exports, f.o.b. (US$ bn)	149.1	144.5	168.9	180.7	168.5	163.4	232.8	250.2	291.4	-
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	236.5	-
Service balance (US$ bn)	-8.7	-7.1	-7.4	-6.5	-7.6	-9.8	-14.6	-15.5	-21.7	-23.8
Income balance (US$ bn)	-22.9	-25.2	-27.6	-23.9	-26.1	-23.0	-25.7	-26.7	-32.4	-38.1
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	-0.7	-0.5
Central gov. budget balance (% of GDP)	-2.6	-2.5	-2.5	-1.8	-2.2	-6.1	-4.6	-2.4	-2.9	-2.6
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	13.3	-
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	5.75
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 163: Korea

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021F	2022F	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	1744.7	1935.3
GDP per capita (US$)	28,749.1	29333.6	31672.4	33455.5	31910.0	31800.3	35114.0	32441.4	33837.7	37578.5
Unemployment rate (%)1	3.6	3.7	3.7	3.9	3.8	4.0	3.6	2.9	3.1	3.5
Population (millions)	51.0	51.2	51.4	51.6	51.8	51.8	51.7	51.6	51.6	51.5
Economic Activity										
Real GDP growth (% yoy)	2.8	2.9	3.2	2.9	2.2	-0.7	4.3	2.6	1.4	2.2
Domestic demand growth (% yoy)	3.8	4.1	5.6	2.0	1.5	-1.3	3.7	2.7	0.8	1.2
Real investment growth (% yoy)	5.4	6.6	9.8	-2.2	-2.1	3.5	3.2	-0.5	-2.1	0.7
Real consumption growth (% yoy)	2.6	3.0	3.1	3.7	3.2	-2.2	4.1	4.1	1.8	1.6
Real private consumption growth (% yoy)	2.2	2.6	2.8	3.2	2.1	-4.8	3.6	4.1	1.7	1.6
Real government consumption growth (% yoy)	3.8	4.4	3.9	5.3	6.4	5.1	5.5	4.0	2.2	1.7
Real export growth (% yoy)	0.2	2.4	2.5	4.0	0.2	-1.7	11.1	3.4	2.5	2.7
Real import growth (% yoy)	2.1	5.2	8.9	1.7	-1.9	-3.1	10.1	3.5	1.2	0.8
Prices										
CPI inflation (% yoy, eop)	1.1	1.3	1.4	1.3	0.7	0.6	3.7	5.0	2.4	2.0
CPI inflation (% yoy, avg)	0.7	1.0	1.9	1.5	0.4	0.5	2.5	5.1	3.3	2.1
Nominal wages (% yoy)	3.4	3.8	2.7	5.1	3.4	0.6	5.0	4.7	4.0	3.0
Nominal exchange rate (vs. USD, eop)	1,172	1208.5	1071.4	1118.1	1157.8	1088.0	1185.5	1267.3	1270.0	1190.0
Nominal exchange rate (vs. USD, avg)	1,131	1160.8	1131.0	1100.2	1165.4	1180.3	1144.0	1291.4	1293.6	1216.3
Bilateral real exchange rate (% yoy, + dep)	-	-	-	-	-	-	-	-	-	-
Monetary sector										
Narrow money growth (% yoy)	18.6	15.4	9.2	4.9	4.3	20.8	21.0	4.0	11.0	12.2
Broad money growth (% yoy)	8.6	7.3	5.5	6.3	7.0	9.3	11.7	8.5	8.6	9.0
Credit extension to private sector (% yoy)	7.6	7.3	6.3	7.9	9.0	9.1	11.3	6.9	8.9	9.0
Central bank policy rate (%, eop)	1.50	1.25	1.50	1.75	1.25	0.50	1.00	3.25	3.50	2.50
1-month interbank rate (%, eop)	1.55	1.32	1.56	1.82	1.33	0.60	1.15	3.47	3.65	2.65
Long-term yield (%, eop)	2.1	2.1	2.5	1.9	1.7	1.7	2.3	3.7	4.5	3.5
External sector										
Current account balance (% of GDP)	7.2	6.5	4.6	4.5	3.6	4.6	4.7	1.8	1.1	1.6
Current account balance (US$ bn)	105.1	97.9	75.2	77.5	59.7	75.9	85.2	29.8	18.9	30.1
Trade balance (US$ bn)	120.3	116.5	113.6	110.1	79.8	80.6	75.7	15.1	14.6	27.5
Exports, f.o.b. (US$ bn)	543.1	511.9	580.3	626.3	556.7	517.9	649.5	690.5	645.5	661.5
main export	-	-	-	-	-	-	-	-	-	-
Imports, c.i.f. (US$ bn)	422.8	395.5	466.7	516.2	476.9	437.3	573.7	675.4	630.9	633.9
Service balance (US$ bn)	-14.6	-17.3	-36.7	-29.4	-26.8	-14.7	-5.3	-5.5	-24.0	-22.5
Income balance (US$ bn)	-0.5	-1.2	-1.6	-3.3	6.7	10.0	14.8	20.3	28.3	25.1
Foreign direct investment (US$ bn)	19.6	17.8	16.2	26.0	25.6	26.1	43.9	48.4	43.7	43.7
International reserves (US$ bn)	358.5	361.7	379.5	393.3	397.9	430.1	438.3	399.0	414.7	410.3
Public sector										
Central gov. primary budget balance (% of GDP)	-0.1	1.0	1.4	1.8	-0.4	-3.4	-1.3	-2.9	-2.8	-2.8
Central gov. budget balance (% of GDP)	0.0	1.0	1.3	1.6	-0.6	-3.7	-1.5	-3.0	-2.8	-2.8
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	1.3	2.3	2.3	2.2	2.3	2.2
Real GDP growth (% qoq, sa, annualized)	0.9	-1.2	1.3	2.4	2.8	2.7	1.2	2.1	3.0	2.7
CPI inflation (% yoy, eop)	5.6	5.0	4.2	2.7	3.0	2.4	2.2	1.8	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	1320	1310	1270	1245	1220	1210	1190
Current account balance (US$ bn)	-3	1	3	3	5	8	7.4	7.2	7.6	7.9

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 164: Hong Kong
Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022F	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	309.4	320.9	341.2	361.8	363.1	345.0	368.9	359.9	389.8	413
GDP per capita (US$)	42,322	43,492	46,038	48,322	48,283	46,453	49,847.3	49,077.1	53,255.6	56,611.8
Economic Activity and Prices										
Real GDP growth (% yoy)	2.4	2.2	3.8	2.8	-1.7	-6.5	6.3	-3.5	6.0	3.0
CPI inflation (% yoy, avg)	3.0	2.4	1.5	2.4	2.9	0.3	1.6	1.9	2.2	2.0
Nominal exchange rate (vs. USD, eop)	7.75	7.75	7.81	7.83	7.79	7.75	7.79	7.85	7.85	7.75
Nominal exchange rate (vs. USD, avg)	7.75	7.76	7.79	7.84	7.84	7.76	7.77	7.84	7.85	7.77
Central bank policy rate (%, eop)[1]	0.39	1.02	1.31	2.33	2.43	0.35	0.26	4.99	5.00	4.25
External Sector										
Current account balance (% of GDP)	3.3	4.0	4.6	3.7	5.9	7.0	11.8	10.5	6.7	8.6
Current account balance (US$ bn)	10.3	12.7	15.6	13.5	21.3	24.1	43.7	37.9	26.3	35.6
Trade balance (US$ bn)	-57.1	-54.4	-61.9	-71.7	-54.2	-43.8	-45.1	-49.2	-54.5	-51.0
Exports, f.o.b. (US$ bn)	465.5	462.5	497.8	531.3	509.7	507.1	637.2	582.1	542.1	572.5
Imports, c.i.f. (US$ bn)	522.6	516.9	559.7	603.0	563.8	550.9	682.3	631.3	596.6	623.5
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 165: Philippines
Selected economic and financial indicators

	2015	2016	2017	2018	2019F	2020	2021	2022F	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	282.5	289.6	317.1	341.5	384.2	370.6	380.6	373.3	444.5	498.0
GDP per capita (US$)	2802	2825	3043	3228	3580	3406	3454	3100	3144	3430
Economic Activity and Prices										
Real GDP growth (% yoy)	5.9	6.9	6.7	6.2	6.0	-9.5	5.9	7.6	5.5	5.0
CPI inflation (% yoy, avg)	0.7	1.3	2.9	5.2	2.4	2.4	3.9	5.8	5.6	2.8
Nominal exchange rate (vs. USD, eop)	47.2	50.0	49.9	52.6	50.8	48.5	51.0	59.0	55.0	54.0
Nominal exchange rate (vs. USD, avg)	45.9	48.6	49.5	51.0	50.9	49.7	49.8	55.0	57.0	54.5
Central bank policy rate (%, eop)	4.0	3.0	3.0	4.8	4.0	2.0	2.0	5.5	6.5	5.3
External Sector										
Current account balance (% of GDP)	2.6	-0.4	-0.7	-2.3	-0.8	3.1	-1.6	-4.8	-3.4	-3.4
Current account balance (US$ 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	70.9	65.2	74.7	79.0	71.1	73.2
Imports, c.i.f. (US$ bn)	71.1	84.1	96.1	112.8	111.6	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	27.8	26.6	25.7				
External (% of GDP)	18.7	16.9	15.8	14.9	14.2	13.3				

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 166: Malaysia
Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022F	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	302.3	301.8	319.7	358.9	365.3	338.2	373.0	406.4	428.1	463.4
GDP per capita (US$)	9,708	9,580	10,012	11,133	11,280	10,404	11,453	12,450	12,973	13,898
Unemployment rate (%)	3.2	3.5	3.4	3.3	3.3	4.5	4.7	3.8	3.5	3.5
Population (millions)	31.2	31.6	32.0	32.4	32.5	32.4	32.6	32.7	33.0	33.3
Economic Activity										
Real GDP growth (% yoy)	5.0	4.4	5.8	4.8	4.4	-5.5	3.1	8.7	4.3	4.4
Domestic demand growth (% yoy)	5.1	4.3	6.5	5.6	4.3	-5.5	1.7	9.2	4.6	4.9
Real investment growth (% yoy)	3.7	2.6	6.1	1.4	-2.1	-14.4	-0.9	6.8	4.7	7.0
Real consumption growth (% yoy)	5.6	4.9	6.7	7.1	6.6	-2.6	2.5	9.9	4.6	4.4
Real private consumption growth (% yoy)	5.9	5.9	6.9	8.0	7.7	-4.2	1.9	11.3	5.3	5.0
Real government consumption growth (% yoy)	4.5	1.1	5.7	3.4	1.5	5.0	5.3	3.9	1.5	1.5
Real export growth (% yoy)	0.2	1.3	8.7	1.9	-1.0	-8.6	15.4	12.8	5.0	5.0
Real import growth (% yoy)	0.8	1.4	10.2	1.5	-2.4	-7.9	17.7	14.2	5.1	5.5
Prices										
CPI inflation (% yoy, eop)	2.7	1.7	3.5	0.2	1.0	-1.4	3.2	3.9	2.7	2.7
CPI inflation (% yoy, avg)	2.1	2.1	3.8	1.0	0.7	-1.1	2.5	3.4	3.0	2.8
Nominal wages (% yoy)	4.9	7.2	7.6	3.7	2.6	-2.8	0.9	9.2	3.6	4.4
Nominal exchange rate (vs. USD, eop)	4.29	4.49	4.06	4.14	4.09	4.01	4.18	4.41	4.42	4.40
Nominal exchange rate (vs. USD, avg)	3.89	4.14	4.29	4.03	4.14	4.19	4.14	4.40	4.44	4.40
Bilateral real exchange rate (% yoy, + dep)	-	-	-	-	-	-	-	-	-	-
Monetary Sector										
Monetary base growth (% yoy)	4.1	5.6	11.0	1.2	5.8	15.7	10.4 4.3	-	-	
Broad money growth (% yoy)[1]	3.0	3.2	4.9	9.1	3.5	4.0	6.4 4.3	-	-	
Credit extension to private sector (% yoy)[2]	7.9	5.3	4.1	7.7	3.9	3.4	4.5 5.7	-	-	
Central bank policy rate (%)	3.25	3.00	3.00	3.25	3.00	1.75	1.75	2.75	3.00	3.00
3-month interbank rate (%)	3.84	3.41	3.44	3.69	3.35	1.94	2.05	3.68	3.52	3.52
Long-term yield (%)[3]	4.19	4.23	3.91	4.08	3.31	2.65	3.58	4.09	4.60 -	
External Sector										
Current account balance (% of GDP)	3.0	2.4	2.8	2.2	3.5	4.2	3.8	2.6	1.9	1.9
Current account balance (US$ 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	0	-	-
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	-2.1
Central gov. budget balance (% of GDP)	-3.2	-3.1	-2.9	-3.7	-3.4	-6.2	-6.4	-5.6	-5.0	-4.5
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	2.5	5.7
Real GDP growth (% qoq, sa, annualized)	-10.2	22.0	10.1	17.3	9.0	-6.7	3.7	9.7	2.9	5.0
CPI inflation (% yoy, eop)	2.1	3.2	2.2	2.8	4.5	3.9	3.6	3.0	2.6	2.7
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 167: Singapore

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021F	2022F	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	308.0	319.0	343.3	376.9	376.8	348.4	423.8	466.7	509.7	553.4
GDP per capita (US$)	55,647	56,898	61,174	66,824	66,068	61,298	77,680	82,794	88,402	94,504
Unemployment Rate (%)	1.9	2.1	2.2	2.1	2.3	3.0	2.7	2.5	2.4	2.4
Population (millions)	5.5	5.6	5.6	5.6	5.7	5.7	5.5	5.6	5.8	5.9
Economic Activity										
Real GDP growth (% yoy)	3.0	3.6	4.5	3.6	1.3	-3.9	8.9	3.6	1.0	2.1
Domestic demand growth (% yoy)	4.4	2.3	3.9	0.7	2.7	-10.0	9.8	4.8	2.5	2.6
Real investment growth (% yoy)	2.0	0.6	5.1	-5.0	2.3	-14.8	18.0	1.6	1.4	2.9
Real consumption growth (% yoy)	5.9	3.4	3.2	3.9	2.9	-7.5	5.8	6.6	3.1	2.5
Real private consumption growth (% yoy)	5.2	3.3	3.1	4.1	2.8	-13.1	6.6	9.7	3.7	2.6
Real government consumption growth (% yoy)	8.9	3.7	3.4	3.0	3.2	13.0	3.7	-2.3	1.2	2.0
Real export growth (% yoy)	5.0	0.0	7.5	7.8	0.2	0.4	11.7	-1.3	0.7	2.1
Real import growth (% yoy)	3.4	0.2	8.1	7.4	0.0	-1.1	12.0	-1.9	0.8	2.0
Prices										
CPI inflation (% yoy, eop)	-0.2	-0.3	-0.4	-0.9	-0.8	-0.5	0.2	1.0	1.6	3.2
CPI inflation (% yoy, avg)	-0.5	-0.5	0.6	0.4	0.6	-0.2	2.3	6.1	5.0	3.4
Nominal wages (% yoy)	3.5	3.7	3.0	3.5	2.6	1.4	3.6	9.4	3.2	3.6
Nominal exchange rate (vs. USD, eop)	1.41	1.45	1.34	1.36	1.35	1.32	1.35	1.34	1.31	1.28
Nominal exchange rate (vs. USD, avg)	1.37	1.38	1.38	1.35	1.36	1.38	1.34	1.38	1.32	1.29
Bilateral real exchange rate (% yoy, + dep)	-	-	-	-	-	-	-	-	-	-
Monetary Sector										
Monetary base growth (% yoy)	0.1	7.7	9.1	0.1	3.6	32.8	--	-	-	
Broad money growth (% yoy)[1]	1.7	7.7	3.2	3.9	5.1	12.8	--	-	-	
Credit extension to private sector (% yoy)[2]	1.4	5.2	5.2	4.4	2.4	1.5	--	-	-	
Central bank policy rate (%, eop)	-	-	-	-	-	-	-	-	-	-
3-month interbank rate (%, eop)	1.19	0.97	1.50	1.89	1.77	0.41	0.44	4.25	4.27 3.42	
Long-term yield (%, eop)[3]	2.60	2.47	2.00	2.04	1.74	0.84	1.67	3.09	2.60 -	
External Sector										
Current account balance (% of GDP)	18.7	17.8	18.1	15.7	16.2	16.5	18.0	19.3	16.3	16.7
Current account balance (US$ 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	138.5140.8	134.9	-	
International reserves (US$ bn)	247.7	246.6	279.9	287.7	279.5	362.3	417.9289.5	-	-	
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	1.7
Real GDP growth (% qoq, sa, annualized)	5.1	8.0	5.6	-0.4	3.2	0.3	-1.6	4.9	2.9	3.2
CPI inflation (% yoy, eop)	0.7	0.6	-0.1	1.1	3.1	4.2	6.6	7.5	6.6	5.8
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	20.7	20.7	20.7	20.7

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 168: Taiwan
Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022F	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	537	545	592	610	612	677	778	763	775	819
GDP per capita (US$)					25,908			32,811	33,569	
Economic Activity and Prices										
Real GDP growth (% yoy)	1.5	2.2	3.3	2.8	3.1	3.4	6.5	2.5	0.9	3.2
CPI inflation (% yoy, avg)	-0.3	1.4	0.6	1.4	0.6	-0.2	2.0	3.1	2.2	1.5
Nominal exchange rate (vs. USD, eop)	33.1	32.3	29.8	30.7	30.1	28.5	27.7	30.7	30.1	29.2
Nominal exchange rate (vs. USD, avg)	31.9	32.3	30.4	30.2	30.9	29.6	28.0	30.2	30.5	29.5
Central bank policy rate (%, eop)	1.630	1.375	1.375	1.375	1.375	1.125	1.125	1.750	1.875	1.875
External Sector										
Current account balance (% of GDP)	13.6	13.1	14.0	11.6	10.7	14.3	15.2	13.2	11.4	11.3
Current account balance (US$ bn)	72.8	71.3	83.1	70.9	65.7	96.6	118.0	100.9	88.6	92.3
Trade balance (US$ bn)	48.1	50.0	58.3	49.2	43.5	59.0	64.4	51.4	53.3	51.4
Exports, f.o.b. (US$ bn)	284.4	279.2	315.5	334.0	329.2	345.1	446.4	479.4	436.8	463.1
Imports, c.i.f. (US$ bn)	236.4	229.2	257.2	284.8	285.7	286.1	382.0	428.0	383.6	411.6
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	-1.6	-1.2
Central gov. budget balance (% of GDP)	-0.5	-0.7	-0.6	-0.4	-0.4	-3.2	-2.8	-1.0	-2.1	-1.6
Debt Indicators										
Gross external debt (% of GDP)	29.7	31.7	30.8	31.4	30.2	28.0	27.4	29.0	28.1	27.1
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	28.9	27.9	26.9
Gross government debt (% of GDP)	35.9	35.4	34.5	33.9	32.7	32.1	30.2	30.6	30.7	30.9
Domestic (% of GDP)	-	-	-	-	-	-	-	-	-	-
External (% of GDP)	-	-	-	-	-	-	-	-	-	-

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 169: Thailand
Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021F	2022F	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	534.1	562.2
GDP per capita (US$)	6096.0	6280.0	6899.9	7624.3	8161.3	7490.5	7470.7	7551.2	7906.2	8322.1
Economic Activity and Prices										
Real GDP growth (% yoy)	3.1	3.4	4.2	4.2	2.3	-6.3	1.5	2.7	3.3	3.6
CPI inflation (% yoy, avg)	-0.9	0.0	0.0	-0.9	0.7	-0.9	1.2	6.1	1.8	1.9
Nominal exchange rate (vs. USD, eop)	36.1	35.9	32.5	32.3	29.9	30.5	33.0	31.0	31.0	30.0
Nominal exchange rate (vs. USD, avg)	34.3	35.2	33.9	32.3	31.0	31.3	32.1	35.0	32.1	30.1
Central bank policy rate (%, eop)	1.5	1.5	1.5	1.8	1.3	0.5	0.5	1.00	2.25	2.00
External Sector										
Current account balance (% of GDP)	6.9	10.5	9.6	5.6	6.8	8.1	-3.7	-3.3	0.3	2.8
Current account balance (US$ bn)	3.0	43.4	44.0	28.4	37.0	40.8	-18.5	-16.9	1.6	15.5
Trade balance (US$ bn)	26.1	35.8	32.6	22.4	26.7	40.9	32.4	10.8	0.2	1.2
Exports, f.o.b. (US$ bn)	213.4	213.5	233.7	251.1	242.7	227.0	270.6	285.4	262.6	268.8
Imports, c.i.f. (US$ bn)	187.2	177.7	201.1	228.7	216.0	186.1	238.2	274.6	262.4	267.6
International reserves (US$ bn)	156.5	171.9	202.6	205.6	224.3	258.1	239.5	222.8	220.4	227.7
Public Sector										
Central gov. primary budget balance (% of GDP)	-1.5	-1.7	-2.2	-1.5	-1.9	-6.0	-7.8	-4.5	-2.4	-2.5
Central gov. budget Balance (% of GDP)	-2.3	-2.6	-3.0	-2.4	-2.8	-6.7	-8.8	-5.7	-3.7	-3.6
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	61.8	62.3
Domestic (% of GDP)	41.1	38.3	39.2	40.2	40.1	47.7	56.6	59.0	60.2	60.7
External (% of GDP)	2.5	2.3	1.9	1.6	1.1	1.8	1.8	1.7	1.6	1.6

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 170: Poland

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	546	478	472	527	587	596	599	680	688	792.3
GDP per capita (US$)	12,423	12,288	13,703	15,293	15,527	15,738	17,926	18,225	21,086	24,863.3
Unemployment rate (%)	7.5	6.2	4.9	3.9	3.3	3.2	3.4	2.9	5.0	4.8
Population (millions)	38.4	38.4	38.4	38.4	38.4	38.1	37.9	37.8	37.6	37.4
Economic Activity										
Real GDP growth (% yoy)	3.8	3.1	4.8	5.3	4.3	-2.1	6.8	5.2	0.8	3.0
Domestic demand growth (% yoy)	3.2	2.7	5.0	5.7	3.2	-2.9	8.1	6.4	0.3	2.1
Real investment growth (% yoy)	4.6	-0.4	7.9	11.5	0.5	-7.1	16.2	20.1	-4.2	6.0
Real consumption growth (% yoy)	2.8	3.5	4.2	4.2	4.0	-1.7	6.0	2.5	1.8	0.9
Real private consumption growth (% yoy)	2.9	3.8	4.8	4.3	3.3	-3.6	6.4	3.1	1.0	2.2
Real government consumption growth (% yoy)	2.5	2.6	2.5	3.8	6.1	4.5	4.9	0.4	4.5	-3.0
Real export growth (% yoy)	7.9	8.8	9.8	7.0	5.5	-1.2	12.3	4.6	6.5	6.0
Real import growth (% yoy)	6.4	7.4	9.7	7.7	3.2	-2.5	16.1	5.5	4.5	5.5
Prices										
CPI inflation (% yoy, eop)	-0.5	0.8	2.1	1.1	3.4	2.4	8.6	16.6	8.5	5.3
CPI inflation (% yoy, avg)	-0.9	-0.6	2.0	1.7	2.3	3.4	5.1	14.3	12.3	6.0
Nominal wages (% yoy)	3.5	4.1	5.6	7.1	6.6	4.8	8.6	12.9	-	-
Nominal exchange rate (vs EUR, eop)	4.26	4.42	4.17	4.30	4.26	4.61	4.60	4.69	4.55	4.4
Nominal exchange rate (vs EUR, avg)	4.18	4.36	4.26	4.26	4.30	4.44	4.57	4.69	4.70	4.5
Bilateral real exchange rate (% yoy, + dep)	1.1	5.2	-2.9	0.2	-0.2	0.2	0.3	-2.6	-5.8	-8.4
Monetary Sector										
Monetary base growth (% yoy, eop)1	14.2	17.8	11.2	11.7	14.1	32.6	12.6	-8.1	-	-
Broad money growth (% yoy, eop)	9.1	9.6	4.6	9.2	8.3	16.4	8.9	5.4	-	-
Credit extension to private sector (% yoy, eop)	7.2	5.0	3.6	7.5	5.2	0.3	5.5	1.6	-	-
Central bank policy rate (%, eop)	1.50	1.50	1.50	1.50	1.50	0.10	1.75	6.75	6.50	5.50
1-month interbank rate (%, eop)2	1.65	1.66	1.65	1.64	1.63	0.20	2.23	6.93	-	-
Long-term yield (%, eop)3	3.0	3.5	3.3	2.9	2.0	1.3	3.4	6.6	-	-
External Sector										
Current account balance (% of GDP)	-1.3	-1.0	-1.1	-1.9	-0.2	2.4	-1.4	-3.0	0.0	0.4
Current account balance (US$ bn)	-10.4	-1.1	-8.1	-9.8	-3.3	12.1	-9.2	-18.9	0.1	3.4
Trade balance (US$ bn)	-2.4	-1.5	-5.5	-13.3	-4.9	8.0	-9.0	-25.4	-9.5	-10.9
Exports, f.o.b. (US$ bn)	182.1	187.3	215.9	242.4	246.7	251.8	311.9	337.5	371.2	426.2
main export	-	-	-	-	-	-	-	-	-	-
Imports, c.i.f. (US$ bn)	184.4	188.8	221.4	255.7	251.5	243.8	321.0	363.0	380.7	437.1
Service balance (US$, bn)	12.3	15.4	20.4	25.3	27.0	26.2	31.7	38.5	46.2	55.0
Income balance (US$, bn)	-17.9	-18.2	-22.3	-24.8	-24.9	-22.8	-32.0	-31.3	-35.1	-39.5
Foreign direct investment (US$ bn)	10.6	3.6	7.9	16.7	12.2	14.3	27.7	27.4	29.0	33.0
International reserves (US$ bn)	95	114	113	117	128	154	166	167	179	213
Public Sector										
Central gov. primary budget balance (% of GDP)	-0.5	-0.9	-2.2	0.7	0.1	-7.0	-0.9	-2.2	-	-
Central gov. budget balance (% of GDP)	-2.1	-2.6	-3.7	-0.6	-1.1	-7.9	-1.9	-3.3	-	-
Consolidated gov. primary budget balance (% of GDP)	-0.8	-0.7	0.1	1.2	0.6	-5.6	-0.7	-2.2	-2.9	-1.5
Consolidated public sector balance (% of GDP)	-2.6	-2.4	-1.5	-0.3	-0.7	-6.9	-1.8	-3.8	-4.5	-3.1
General gov. revenues (% of GDP)	39.1	38.7	39.8	41.3	41.1	41.3	42.4	39.9	37.4	35.4
Debt Indicators										
Gross external debt (% of GDP)	69.5	72.0	72.8	61.8	59.6	63.0	53.8	53.7	-	-
Public (% of GDP)	29.7	31.6	29.9	24.3	21.7	22.3	17.5	17.2	-	-
Private (% of GDP)	39.8	40.5	42.8	37.5	37.9	40.7	36.3	36.5	-	-
Gross government debt (% of GDP)	51.3	54.2	50.6	48.8	45.7	57.2	53.8	49.3	48.9	48.8
Domestic (% of GDP)	22.7	27.2	22.8	26.7	26.4	37.3	38.8	35.1	35.4	36.4
External (% of GDP)	28.6	27.0	27.8	22.1	19.3	19.8	15.0	14.2	13.5	12.4
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	20.3	20.9	-	-
Investment (% of GDP)	20.4	19.7	19.9	20.8	20.5	18.8	21.8	23.9	-	-

	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24
Quarterly Economic Forecasts										
Real GDP growth (sa, % yoy)	4.8	0.5	-0.1	-	-	-	-	-	-	-
Real GDP growth (sa, % qoq, annualized)	4.1	-8.9	16.1	-	-	-	-	-	-	-
CPI inflation (% yoy, eop)	17.2	16.6	16.1	12.1	10.1	8.5	6.4	6.0	5.5	5.3
Central bank policy rate (%, eop)	6.75	6.75	6.75	6.75	6.75	6.50	6.25	6.00	5.75	5.50
Nominal exchange rate (vs EUR, eop)	4.87	4.69	4.68	4.65	4.65	4.55	4.51	4.48	4.44	4.40
Current account balance (US$ bn)	-6.2	-2.8	5.6	-	-	-	-	-	-	-

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 171: 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	404.0	388.4	337.5	418.9	405.7	379.1	426.7
GDP per capita (US$)	6257	5751	6678	6973	6609	5661	6926	6612	6091	6758
Unemployment rate (%)	25.4	26.7	27.5	27.1	28.7	29.2	34.3	33.5	34.0	34.0
Population (millions)	55.4	56.3	57.1	57.9	58.8	59.6	60.5	61.4	62.2	63.1
Economic Activity										
Real GDP growth (% yoy)	1.3	0.7	1.2	1.5	0.3	-6.0	4.7	1.9	0.5	1.5
Domestic demand growth (% yoy)	1.9	-0.7	1.5	1.8	1.3	-7.6	4.8	3.9	0.9	1.6
Real investment growth (% yoy)	1.3	-1.9	-2.0	-1.3	-1.7	-14.6	0.6	4.8	2.4	1.1
Real consumption growth (% yoy)	1.4	1.0	1.3	2.4	1.4	-4.5	4.6	2.1	0.8	2.2
Real private consumption growth (% yoy)	2.2	0.7	1.7	2.7	1.3	-6.1	5.8	2.5	0.9	2.5
Real government consumption growth (% yoy)	-1.0	2.0	-0.3	1.2	1.8	0.9	0.5	1.0	0.4	1.1
Real export growth (% yoy)	3.1	0.4	-0.3	2.7	-3.3	-12.0	9.1	7.4	2.9	2.7
Real import growth (% yoy)	5.0	-4.1	1.5	3.2	0.6	-17.6	9.6	14.9	4.2	2.7
Prices										
CPI inflation (% yoy, eop)	5.2	6.8	4.7	4.5	4.0	3.1	5.9	7.2	5.5	4.6
CPI inflation (% yoy, avg)	4.6	6.3	5.3	4.6	4.1	3.3	4.6	6.9	6.3	4.9
Nominal wages (% yoy)	8.2	7.6	6.9	4.6	4.5	-2.0	3.0	5.0	6.0	5.0
Nominal exchange rate (vs USD, eop)	15.6	13.7	12.3	14.4	14.0	14.7	15.9	17.0	18.0	18.0
Nominal exchange rate (vs USD, avg)	12.8	14.7	13.3	13.2	14.5	16.5	15.0	16.5	18.7	17.7
Bilateral real exchange rate (% yoy, + dep)	-1.2	3.8	-9.5	-2.4	0.2	9.1	-14.6	3.1	6.8	-10.3
Monetary Sector										
Monetary base growth (% yoy)	7.8	6.4	6.8	9.1	4.2	3.3	4.6	6.9	6.3	4.9
Broad money growth (% yoy)	10.5	6.1	6.4	5.6	6.1	3.3	4.6	6.9	6.3	4.9
Credit extension to private sector (% yoy)	10.2	5.1	6.7	5.1	6.1	5.0	4.6	6.9	7.3	5.9
Central bank policy rate (%, eop)	6.3	7.0	6.8	6.8	6.5	3.5	3.8	7.00	8.25	7.00
1-month interbank rate (%, eop)	6.4	7.1	6.9	7.0	6.6	3.5	3.7	7.1	8.4	7.1
Long-term yield (%, eop)1	9.7	8.9	9.2	9.4	9.0	9.7	9.9	11.2	10.8	10.5
External Sector										
Current account balance (% of GDP)	-4.3	-2.7	-2.4	-2.9	-2.6	2.0	3.7	-0.5	-2.7	-3.0
Current account balance (US$ bn)	-15.0	-8.7	-9.0	-11.9	-10.0	6.7	15.4	-1.9	-10.1	-12.8
Trade balance (US$ bn)	-4.3	1.7	4.4	2.0	2.7	17.6	30.3	13.5	3.9	-1.3
Exports, f.o.b. (US$ bn)	80.5	76.1	87.7	94.3	90.1	84.7	121.5	127.6	113.7	108.5
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	91.2	109.5	109.8	109.8
Service balance (US$ bn)	-0.2	-0.3	-0.1	0.0	-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	-8.4	-9.5	-9.0
Foreign direct investment (US$ bn)	-4.0	-2.2	-5.4	1.4	2.0	5.0	40.9	6.4	6.4	6.4
International reserves (US$ bn)	41.6	42.6	45.5	46.5	48.9	47.4	50.3	53.2	62.0	62.3
Public Sector										
Central gov. primary budget balance (% of GDP)	-1.0	-0.5	-1.0	-0.9	-2.5	-5.7	-0.9	-0.1	-1.2	-1.0
Central gov. budget balance (% of GDP)	-4.1	-3.8	-4.4	-4.3	-6.1	-9.8	-5.2	-4.7	-5.9	-5.6
Consolidated gov. primary budget balance (% of GDP)	-1.0	-0.5	-1.0	-0.9	-2.5	-5.7	-0.9	0.3	-1.4	-1.2
Consolidated public sector balance (% of GDP)	-3.4	-3.2	-3.7	-3.6	-5.0	-9.9	-4.6	-4.4	-6.0	-5.8
Central gov. revenues (% of GDP)	26.1	25.7	25.5	23.5	23.6	22.1	24.8	25.4	24.1	24.0
Debt Indicators										
Gross external debt (% of GDP)	35.8	44.2	45.4	42.7	47.7	50.5	52.5	54.5	56.5	58.5
Public (% of GDP)	16.9	23.3	25.4	22.6	26.6	30.8	31.8	32.8	33.8	34.8
Private (% of GDP)	18.9	20.9	20.0	20.1	21.1	19.7	20.7	21.7	22.7	23.7
Gross government debt (% of GDP)	48.9	50.5	53.0	51.5	59.2	70.2	68.1	71.1	73.5	73.5
Domestic (% of GDP)	44.1	45.7	48.4	46.1	52.4	63.2	60.1	62.1	63.5	62.5
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	49.1	54.9	40.1	39.9	46.8	51.1
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	15.8	15.9

	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	-0.3	1.1	1.2	1.4	1.7	1.9
Real GDP growth (% qoq, sa, annualized)	7.5	-4.9	-1.9	0.7	1.1	1.1	1.8	1.8	2.0	2.0
CPI inflation (% yoy, eop)	7.5	7.2	7.1	6.4	5.9	5.5	5.2	5.0	4.5	4.6
Central bank policy rate (%, eop)	6.3	7.0	7.8	8.3	8.3	8.3	7.8	7.5	7.3	7.0
Nominal exchange rate (vs USD, eop)	18.2	17.5	18.0	20.0	19.0	18.0	17.6	17.5	17.7	18.0
Current account balance (US$ bn)	-0.4	-0.6	-0.2	0.2	-0.4	-0.6	-0.4	-0.6	-0.2	-1.0

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 172: 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	940.8	987.2
GDP per capita (US$)	10977	10896	10630	9492	9157	8552	9492	10622	10954	11414
Unemployment rate (%)	10.3	10.9	10.9	11.0	13.7	13.4	12.4	11.1	11.0	12.0
Population (millions)	78.7	79.8	80.8	82.0	83.2	84.3	85.5	85.3	85.9	86.5
Economic Activity										
Real GDP growth (% yoy)	6.1	3.3	7.5	3.0	0.9	1.8	11.4	5.6	3.5	4.5
Domestic demand growth (% yoy)	6.2	4.1	7.2	-0.7	-1.5	7.6	6.5	5.2	5.8	5.1
Real investment growth (% yoy)	9.3	2.2	8.3	-0.3	-12.4	6.5	7.4	2.8	-0.3	-0.2
Real consumption growth (% yoy)	5.1	4.8	5.8	1.6	2.1	3.0	12.8	17.0	3.8	-1.2
Real private consumption growth (% yoy)	5.3	3.8	5.9	0.5	1.6	3.2	15.3	19.6	4.2	-1.6
Real government consumption growth (% yoy)	3.9	9.5	5.0	6.6	4.4	2.3	2.6	5.2	1.9	1.0
Real export growth (% yoy)	3.2	-1.7	12.4	9.0	4.9	-15.4	24.9	9.1	0.0	2.4
Real import growth (% yoy)	0.7	3.0	10.6	-6.4	-5.3	7.4	2.4	7.9	9.8	5.2
Prices										
CPI inflation (% yoy, eop)	8.8	8.5	11.9	20.3	11.8	14.6	36.1	64.3	42.0	25.0
CPI inflation (% yoy, avg)	7.7	7.8	11.1	16.2	15.5	12.3	19.4	72.0	44.1	29.1
Nominal wages (% yoy)	18.3	20.7	13.4	15.9	18.3	13.3	20.4	77.0	45.1	30.1
Nominal exchange rate (vs USD, eop)	2.9	3.5	3.8	5.3	5.9	7.4	13.0	18.6	26.0	30.5
Nominal exchange rate (vs USD, avg)	2.7	3.0	3.6	5.0	5.8	7.0	8.9	16.6	23.5	28.9
Bilateral real exchange rate (% yoy, + dep)	2.1	0.0	-10.3	-14.3	-2.6	-10.4	-8.8	-32.2	-14.3	-0.1
Monetary Sector										
Monetary base growth (% yoy)	22.3	21.8	7.6	1.8	19.8	24.9	26.6	40.9	63.2	80.2
Broad money growth (% yoy)	16.6	18.2	16.5	18.6	28.4	34.2	51.5	61.6	25.0	25.0
Credit extension to private sector (% yoy)	19.9	15.8	20.1	13.9	12.0	34.3	34.2	53.3	25.0	25.0
Central bank policy rate (%, eop)	7.5	19.7	12.8	24.0	12.0	17.0	14.0	9.0	35.0	25.0
1-month interbank rate (%, eop)	11.7	9.3	14.1	24.1	10.8	17.5	14.3	9.5	35.5	25.5
Long-term yield (%, eop)	10.7	11.1	11.5	15.9	11.5	17.1	13.9	22.0	30.0	21.0
External Sector										
Current account balance (% of GDP)	-3.2	-3.1	-4.7	-2.8	0.9	-5.2	-1.8	-5.5	-3.7	-2.9
Current account balance (US$ bn)	-27.3	-27.0	-40.8	-21.7	6.8	-37.3	-14.9	-48.7	-34.8	-28.6
Trade balance (US$ bn)	-49.0	-39.9	-58.6	-40.7	-16.8	-37.9	-46.1	-109.5	-98.8	-91.4
Exports, f.o.b. (US$ bn)	154.9	152.6	169.2	178.9	182.2	168.4	225.3	254.2	258.5	260.5
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	357.2	351.9
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	-12.0	-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	-1.8	-0.9
Central gov. budget balance (% of GDP)	-1.0	-1.1	-1.5	-1.9	-2.9	-3.4	-2.7	-0.9	-4.5	-4.0
Consolidated public sector primary balance (% of GDP)	1.2	0.7	0.2	0.0	-0.6	-0.8	-0.2	1.0	-1.9	-1.0
Consolidated public sector balance (% of GDP)	-1.1	-1.3	-1.6	-1.9	-2.9	-3.5	-2.8	-1.0	-4.6	-4.1
Central gov. revenues (% of GDP)	20.5	21.1	20.1	20.2	20.3	20.4	19.5	18.7	17.6	17.6
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	33.9	34.4
Private (% of GDP)	32.6	32.7	36.8	38.0	35.5	35.7	29.2	37.5	38.1	39.6
Gross government debt (% of GDP)	29.9	28.0	28.0	30.2	32.6	39.5	41.8	35.2	38.3	41.2
Domestic (% of GDP)	19.5	18.9	18.3	16.9	20.2	24.0	21.4	20.6	22.7	26.0
External (% of GDP)	10.4	11.5	10.9	12.1	13.1	14.8	20.5	14.6	15.5	15.2
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	20.8	19.8
Savings - Investment Balance										
Savings (% of GDP)	26.4	26.0	25.1	26.9	26.8	22.0	26.1	22.8	24.8	25.9
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	4.0	3.4	3.9	3.0	3.8	3.6	4.7	5.5
Real GDP growth (% qoq, sa, annualized)	-3.7	3.8	1.3	9.0	1.6	0.2	4.7	8.0	6.2	3.0
CPI inflation (% yoy, eop)	83.5	64.3	50.5	39.8	39.8	42.0	31.6	28.9	26.6	25.0
Central bank policy rate (%, eop)	12.00	9.00	9.00	8.50	35.00	35.00	30.00	25.00	25.00	25.00
Nominal exchange rate (vs USD, eop)	18.5	18.6	18.9	24.0	25.0	26.0	27.0	28.5	29.5	30.5
Current account balance (US$ bn)	-9.3	-10.8	-9.1	-12.8	-4.8	-8.1	-7.5	-10.5	-3.9	-6.7

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 173: 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	335	372
GDP per capita (US$)	17,824	18,561	20,663	23,410	23,620	23,017	26,804	27,683	31,773	35,339
Economic Activity and Prices										
Real GDP growth (% yoy)	5.5	2.5	5.3	3.2	3.0	-5.5	3.5	2.5	0.0	2.2
CPI inflation (% yoy, avg)	0.3	0.7	2.5	2.1	2.8	3.2	3.8	15.1	10.8	2.3
Nominal exchange rate (vs EUR, eop)	27.0	27.0	25.5	25.7	25.4	26.2	24.9	24.1	23.5	23.0
Nominal exchange rate (vs EUR, avg)	27.3	27.0	26.3	25.6	25.7	26.5	25.6	24.6	23.8	23.3
Central bank policy rate (%, eop)	0.05	0.05	0.50	1.75	2.00	0.25	3.75	7.00	7.00	4.00
External Sector										
Current account balance (% of GDP)	0.4	1.8	1.5	0.4	0.3	2.0	-2.8	-6.1	-3.5	-3.0
Current account balance (US$ bn)	0.8	3.5	3.4	1.1	0.8	4.9	-7.8	-17.8	-11.8	-11.1
Trade balance (US$ bn)	7.6	10.6	11.1	9.3	10.5	12.1	3.2	- 4.3	3.7	5.4
Exports, f.o.b. (US$ bn)	128	131	146	161	156	146	176	184	219	249
Imports, c.i.f. (US$ bn)	121	120	135	152	146	134	173	189	215	244
International reserves (US$ bn)	64	86	148	143	150	166	174	140	137	154
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	44.1
Domestic (% of GDP)	24.6	20.9	17.0	19.5	18.0	23.8	31.0	34.2	35.2	36.4
External (% of GDP)	15.1	15.7	17.2	12.5	12.1	13.9	11.0	9.9	8.6	7.7

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 174: 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	408.2	357.6
GDP per capita (US$)	3,934	3,852	2,603	2,688	3,213	3,801	4,157	4,563	3,842	3,300
Economic Activity and Prices										
Real GDP growth (% yoy)	4.4	4.3	4.2	5.3	5.5	3.6	3.2	6.7	4.0	4.0
CPI inflation (% yoy, avg)	11.0	10.2	23.3	21.6	13.9	5.7	4.5	8.5	24.2	19.0
Nominal exchange rate (vs USD, eop)	7.63	8.78	18.00	17.50	16.69	16.16	15.70	18.79	31.00	40.00
Nominal exchange rate (vs USD, avg)	7.35	8.16	14.75	17.88	17.61	16.09	15.70	16.50	25.13	35.50
Central bank policy rate (%, eop)	8.75	11.75	16.75	16.75	15.75	9.25	8.25	11.25	19.25	20.75
External Sector										
Current account balance (% of GDP)	-3.5	-5.7	-5.8	-2.3	-3.4	-2.9	-4.3	-3.5	-3.1	-2.4
Current account balance (US$ bn)	-12.1	-19.8	-14.4	-6.0	-10.9	-11.2	-18.4	-16.6	-12.7	-8.5
Trade balance (US$ bn)	-39.1	-38.7	-37.3	-37.3	-38.0	-36.5	-42.1	-43.4	-35.4	-36.0
Exports, f.o.b. (US$ bn)	22.2	18.7	21.7	25.8	28.5	26.4	28.7	43.9	53.5	54.8
Imports, c.i.f. (US$ bn)	61.3	57.4	59.0	63.1	66.5	62.8	70.7	87.3	88.9	90.8
International reserves (US$ bn)	20.1	17.5	31.3	44.3	44.5	38.2	40.6	33.4	37.0	47.5
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	1.7	2.5
Central gov. budget balance (% of GDP)	-10.9	-11.9	-10.4	-9.3	-7.7	-7.5	-7.1	-6.4	-7.8	-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	43.8	47.2
Public (% of GDP)	12.0	13.3	26.3	28.4	26.8	25.4	26.7	29.3	36.9	40.3
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	83.5	80.6
Domestic (% of GDP)	76.4	84.2	80.7	69.9	62.7	65.4	66.1	62.9	56.2	49.9
External (% of GDP)	7.3	7.0	14.1	18.3	18.0	18.1	19.4	19.7	27.3	30.7

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 175: 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	219	262
GDP per capita (US$)	12,734	13,126	14,636	16,429	16,784	16,153	18,769	18,410	22,704	27,108
Economic Activity and Prices										
Real GDP growth (% yoy)	3.6	2.1	4.5	5.4	4.9	-4.8	7.1	4.6	0.2	2.6
CPI inflation (% yoy, avg)	-0.1	0.4	2.3	2.8	3.3	3.3	5.1	14.6	18.5	5.7
Nominal exchange rate (vs EUR, eop)	313	311	310	322	331	365	369	400	370	360
Nominal exchange rate (vs EUR, avg)	310	311	309	319	325	351	359	391	388	365
Central bank policy rate* (%, eop)	1.35	0.90	0.90	0.90	0.90	0.60	2.40	13.00	11.50	6.50
External Sector										
Current account balance (% of GDP)	2.3	4.5	2.0	0.2	-0.8	-1.1	-3.9	-8.1	-3.5	-3.0
Current account balance (US$ bn)	2.9	5.8	2.8	0.3	-1.3	-1.7	-7.1	-14.5	-7.6	-7.9
Trade balance (US$ bn)	4.5	4.4	1.9	-2.7	-4.1	-1.5	-5.2	-15.7	-10.7	-13.2
Exports, f.o.b. (US$ bn)	87	87	96	105	104	101	119	131	143	157
Imports, c.i.f. (US$ bn)	83	83	94	107	108	103	125	147	154	171
International reserves (US$ bn)	33.1	25.8	28.0	31.4	31.8	41.4	43.5	41.2	41.8	51.5
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	-4.0	-3.0
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	64.3	61.4
Domestic (% of GDP)	35.8	40.4	40.8	42.3	39.8	48.9	53.0	50.5	42.5	39.7
External (% of GDP)	39.9	34.4	31.3	26.7	25.5	30.4	23.8	23.1	21.8	21.8

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 176: 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	527	585
GDP per capita (US$)	35,822	37,342	40,788	42,028	43,966	44,181	51,502	55,910	56,214	61,822
Economic Activity and Prices										
Real GDP growth (% yoy)	2.3	4.5	4.4	4.0	3.8	-2.2	8.2	6.5	2.5	3.5
CPI inflation (% yoy, avg)	-0.6	-0.5	0.2	0.8	0.8	-0.6	1.5	4.4	4.5	2.9
Nominal exchange rate (vs USD, eop)	3.90	3.85	3.47	3.75	3.46	3.22	3.11	3.52	3.55	3.30
Nominal exchange rate (vs USD, avg)	3.89	3.84	3.60	3.59	3.56	3.44	3.23	3.36	3.58	3.43
Central bank policy rate (%, eop)	0.10	0.10	0.10	0.25	0.25	0.10	0.10	3.25	4.75	3.00
External Sector										
Current account balance (% of GDP)	5.3	3.8	3.6	2.8	3.6	5.5	4.7	3.4	4.1	4.0
Current account balance (US$ bn)	15.8	12.1	12.8	10.6	14.3	22.2	22.5	17.9	21.6	23.6
Trade balance (US$ bn)	-3.7	-8.2	-10.3	-16.9	-15.4	-11.6	-19.5	-27.1	-29.0	-36.0
Exports, f.o.b. (US$ bn)	57.1	55.9	58.2	59.9	60.4	58.9	69.2	77.8	88.0	96.8
Imports, c.i.f. (US$ bn)	60.8	64.2	68.5	76.8	75.8	70.5	88.6	104.9	117.0	132.8
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	-2.0	-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	30.6	28.4
Public (% of GDP)	9.3	8.7	9.0	9.8	9.9	15.3	16.4	15.7	15.6	14.1
Private (% of GDP)	19.4	18.6	16.4	15.5	16.5	17.3	12.1	14.1	15.0	14.4
Gross government debt (% of GDP)	63.8	62.0	60.2	60.4	59.5	71.7	68.7	60.3	58.6	57.5
Domestic (% of GDP)	54.5	53.3	51.2	50.6	49.6	56.4	52.3	44.6	42.9	43.5
External (% of GDP)	9.3	8.7	9.0	9.8	9.9	15.3	16.4	15.7	15.6	14.1

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 177: 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	225	269	288
GDP per capita (US$)	10452	7691	9147	9655	9730	9032	11053	11385	13463	14276
Economic Activity and Prices										
Real GDP growth (% yoy)	1.2	1.1	4.1	4.1	4.5	-2.5	4.1	3.3	3.0	3.5
CPI inflation (% yoy, avg)	6.8	14.6	7.5	6.0	5.3	6.8	8.0	14.9	14.1	6.5
Nominal exchange rate (vs USD, eop)	222	342	326	345	383	413	426	461	446	425.0
Nominal exchange rate (vs USD, avg)	339	333	331	375	381	421	432	463	430	420.0
Central bank policy rate (%, eop)	16.00	12.00	10.25	9.25	9.25	9.00	9.75	16.75	15.00	12.00
External Sector										
Current account balance (% of GDP)	-3.7	-6.1	-3.3	-0.5	-4.6	-4.5	-4.1	3.8	-0.5	-1.5
Current account balance (US$ bn)	-6.7	-8.5	-5.5	-0.9	-8.3	-7.6	-7.9	8.5	-1.4	-4.3
Trade balance (US$ bn)	5.6	5.0	12.6	20.0	13.6	6.4	16.8	34.9	27.4	18.0
Exports, f.o.b. (US$ bn)	51.0	41.5	53.7	67.1	65.9	52.7	65.9	94.1	87.1	78.2
Imports, c.i.f. (US$ bn)	45.3	36.4	41.1	47.1	52.2	46.3	49.1	59.2	59.7	60.1
International reserves (US$ bn)	27.9	29.7	30.7	30.9	29.0	35.6	34.4	35.1	36.0	37.0
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	-3.2	-3.5
Central gov. budget balance (% of GDP)	-6.6	-4.7	-3.3	3.4	-0.4	-6.4	-3.7	-2.2	-2.7	-3.0
Debt Indicators										
Gross external debt (% of GDP)	82.8	118.7	100.8	90.3	88.0	96.5	85.5	71.4	59.0	57.3
Public (% of GDP)	7	9	8	7	7	9	10	7	6	6.2
Private (% of GDP)	76.2	109.3	93.0	83.3	80.7	87.6	75.9	64.5	52.8	51.0
Gross government debt (% of GDP)	21.9	19.7	19.9	20.3	19.9	26.4	25.9	21.2	20.2	21.6
Domestic (% of GDP)	18.6	13.6	11.1	13.0	13.4	19.5	17.8	13.7	13.5	14.8
External (% of GDP)	3.3	6.1	8.8	7.3	6.5	6.8	8.1	7.5	6.7	6.8

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 178: 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	430	440	450	442	501
GDP per capita (US$)	2676	2145	1942	2126	2334	2064	2063	2058	1976	2186
Economic Activity and Prices										
Real GDP growth (% yoy)	2.7	-1.6	0.8	1.9	2.2	-1.8	3.6	3.3	3.2	3.0
CPI inflation (% yoy, avg)	9.0	15.7	16.5	12.1	11.4	13.2	17.0	19.0	17.0	15.0
Nominal exchange rate (vs USD, eop)	199.3	315.3	360.0	362.6	362.6	397.8	420.0	460.0	670.0	700.0
Nominal exchange rate (vs USD, avg)	199.3	315.3	360.0	362.6	362.6	397.8	420.0	429.3	610.0	710.0
Central bank policy rate (%, eop)	11.00	14.00	14.00	14.00	13.50	11.50	11.50	16.50	25.00	16.00
External Sector										
Current account balance (% of GDP)	-3.2	1.5	3.6	1.7	-2.9	-4.0	-0.8	0.2	-0.1	-2.0
Current account balance (US$ bn)	-15.4	5.1	13.6	7.3	-13.7	-16.0	-3.3	1.0	-0.4	-10.0
Trade balance (US$ bn)	-6.4	-0.5			3	-16	-5	5998	6690	-4.4
Exports, f.o.b. (US$ bn)	45.9	34.7	45.8	61.2	65.0	35.9	46.9	64.2	62.5	50.0
Imports, f.o.b. (US$ bn)	52.3	35.2	32.7	40.8	62.1	52.3	51.4	58.2	55.8	54.4
International reserves (US$ bn)	28.3	27.0	39.4	42.6	38.1	36.5	40.0	36.0	33.0	30.0
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	-2.5
Central gov. budget balance (% of GDP)	-1.6	-2.6	-3.1	-2.8	-3.3	-4.1	-4.0	-5.5	-4.0	-3.5
Debt Indicators										
Gross external debt (% of GDP)	2.2	2.7	4.3	5.1	5.2	7.4	9.9	13.2	15.6	17.7
Public (% of GDP)	-	-	-	-	-	-				
Private (% of GDP)	-	-	-	-	-	-				
Gross government debt (% of GDP)	20.3	23.4	25.3	27.7	29.2	34.5	35.7	36.9	39.0	41.0
Domestic (% of GDP)	18.2	20.7	21.1	22.6	23.9	27.1	23.2	24.0	25.4	26.7
External (% of GDP)	2.2	2.7	4.3	5.1	5.2	7.4	9.9	13.2	15.6	17.7

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 179: 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	341	372
GDP per capita (US$)	8,950	9,377	10,698	12,456	12,922	13,005	14,864	15,660	17,753	19,381
Economic Activity and Prices										
Real GDP growth (% yoy)	3.2	2.9	8.3	5.8	3.8	-3.2	5.9	4.5	2.2	3.7
CPI inflation (% yoy, avg)	-0.6	-1.5	1.3	4.6	3.8	2.6	5.0	13.7	10.9	6.0
Nominal exchange rate (vs EUR, eop)	4.52	4.54	4.66	4.66	4.78	4.87	4.95	4.95	5.09	5.25
Nominal exchange rate (vs EUR, avg)	4.44	4.49	4.57	4.65	4.75	4.84	4.92	4.93	5.02	5.17
Central bank policy rate (%, eop)	1.75	1.75	1.75	2.50	2.50	1.50	1.75	6.75	7.00	5.00
External Sector										
Current account balance (% of GDP)	-0.8	-1.6	-3.1	-4.6	-4.9	-4.9	-7.2	-9.3	-8.4	-7.7
Current account balance (US$ bn)	-1.4	-3.0	-6.6	-11.2	-12.2	-12.4	-20.7	-28.1	-28.7	-28.8
Trade balance (US$ bn)	-9.0	-10.7	-14.5	-18.1	-20.0	-21.6	-27.4	-34.1	-36.2	-38.7
Exports, f.o.b. (US$ bn)	54.5	57.7	64.6	73.0	70.6	65.7	83.1	90.5	99.5	110.1
Imports, c.i.f. (US$ bn)	63.5	68.4	79.0	91.2	90.6	87.3	110.4	124.5	135.7	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	-4.7	-3.4
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	46.8	45.4
Domestic (% of GDP)	18.2	18.5	17.2	17.5	17.4	20.7	24.3	27.1	26.9	25.7
External (% of GDP)	19.6	19.4	18.1	17.0	17.7	26.2	24.4	20.2	20.0	19.7

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 180: 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	1050.3	1135.4
GDP per capita (US$)	21,673	20,952	21,924	25,336	24,506	20,971	25,464	31,850	29,594	31,366
Economic Activity and Prices										
Real GDP growth (% yoy)	4.7	2.4	-0.1	2.8	0.8	-4.3	3.9	8.7	0.9	2.6
CPI inflation (% yoy, avg)	1.2	2.1	-0.8	2.5	-2.1	3.4	3.1	2.5	2.0	2.0
Nominal exchange rate (vs. USD, eop)	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75
Nominal exchange rate (vs. USD, avg)	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75
Central bank policy rate (%, eop)	0.50	0.50	1.50	3.00	2.25	1.00	1.00	5.00	6.25	4.75
External Sector										
Current account balance (% of GDP)	-8.5	-3.6	1.5	8.5	4.6	-3.1	5.1	13.6	10.1	11.5
Current account balance (US$ bn)	-56.7	-23.8	10.5	72.0	38.2	-22.8	44.3	150.8	106.5	130.7
Trade balance (US$ bn)	44.3	55.8	98.5	168.7	121.3	47.9	136.5	234.7	192.3	216.6
Exports, f.o.b. (US$ bn)	203.5	183.6	221.9	294.4	261.6	173.9	276.2	410.7	339.6	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	478	535
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	0.4	5.3
Central gov. budget balance (% of GDP)	-16.4	-16.7	-8.9	-5.5	-4.2	-10.7	-2.3	2.5	-0.6	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	29.5	27.3
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	25.5	23.6
Domestic (% of GDP)	5.7	8.5	9.7	9.6	11.9	18.3	17.2	14.8	15.8	14.6
External (% of GDP)	0.0	4.1	6.9	8.0	9.7	12.7	11.6	9.0	9.7	8.9

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 181: 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	122	120	168
GDP per capita (US$)	10452	7691	2634	3084	3652	3701	4788	NA	NA	NA
Economic Activity and Prices										
Real GDP growth (% yoy)	1.2	1.1	2.1	3.3	3.2	-4.0	3.4	-31.4	4.4	11.1
CPI inflation (% yoy, avg)	6.8	14.6	14.5	11.3	7.9	2.7	9.3	20.0	14.5	12.0
Nominal exchange rate (vs USD, eop)	221.7	342.1	28.1	28.3	23.8	27.5	27.3	40.0	40.0	40.8
Nominal exchange rate (vs USD, avg)	339.5	333.3	26.6	27.2	25.8	27.0	27.3	32.4	40.0	40.4
Central bank policy rate (%, eop)	16.0	12.0	14.5	18.0	14.5	6.0	9.00	25.00	20.00	15.0
External Sector										
Current account balance (% of GDP)	-3.7	-6.1	-2.2	-4.9	-2.7	3.9	-1.6	6.6	6.3	3.1
Current account balance (US$ bn)	-6.7	-8.5	-2.4	-6.4	-4.1	6.0	-3.2	8.0	7.6	5.1
Trade balance (US$ bn)	5.6	5.0	-9.7	-12.7	-14.3	-6.3	-6.6	-15.3	-20.1	-29.1
Exports, f.o.b. (US$ bn)	51.0	41.5	39.7	43.3	46.1	45.2	63.1	40.9	38.9	44.7
Imports, c.i.f. (US$ bn)	45.3	36.4	49.4	56.1	60.4	51.5	69.8	56.2	59.0	73.7
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	-18.9	-16.6	-15.3
Central gov. budget balance (% of GDP)	-2.3	-2.9	-1.6	-1.7	-2.1	-5.9	-3.6	-22.1	-20.8	-18.7
Debt Indicators										
Gross external debt (% of GDP)	131.0	120.7	102.9	87.7	78.9	80.3	64.8	114.5	135.9	109.1
Public (% of GDP)	47.1	45.8	41.3	36.8	33.6	35.0	28.5	58.3	76.9	65.9
Private (% of GDP)	83.9	74.9	61.6	51.0	45.3	45.4	36.3	56.3	59.0	43.1
Gross government debt (% of GDP)	74.6	77.9	69.4	60.3	54.4	58.1	48.8	92.9	112.2	97.4
Domestic (% of GDP)	26.7	29.0	25.7	21.7	22.7	23.7	20.2	34.3	35.1	31.3
External (% of GDP)	47.9	48.9	43.7	38.6	31.7	34.3	28.6	58.5	77.2	66.1

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 182: Argentina
Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021F	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	484.7	458.4
GDP per capita (US$)	14,642	12,507	13,573	11,574	9,948	6,673	8,683	10,720	10,324	9,662
Unemployment rate (%)	9.0	7.6	7.2	9.6	11.0	12.0	7.0	7.0	8.0	9.0
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	-2.0	-2.3
Domestic demand growth (% yoy)	3.1	-0.5	5.5	-3.0	-5.9	-11.4	13.5	8.7	-3.2	-4.6
Real investment growth (% yoy)	3.5	-5.8	13.4	-5.7	-15.9	-12.9	33.4	10.9	-10.7	-8.0
Real consumption growth (% yoy)	4.2	-0.7	3.9	-2.2	-6.3	-12.1	9.5	8.2	-1.3	-3.8
Real private consumption growth (% yoy)	3.7	-0.8	4.2	-2.2	-7.3	-13.8	10.0	9.4	-1.4	-3.0
Real government consumption growth (% yoy)	6.9	-0.5	2.6	-1.9	-1.2	-3.3	7.1	1.8	-1.0	-7.9
Real export growth (% yoy)	-2.8	5.3	2.6	0.6	9.1	-17.3	9.2	5.7	-4.0	-1.2
Real import growth (% yoy)	4.7	5.8	15.6	-4.5	-19.0	-17.9	22.0	17.4	-10.5	-10.7
Prices										
National inflation (% yoy)*	28.2	36.2	24.8	47.6	53.8	36.1	50.9	94.8	140.6	120.8
National inflation (% avg)*	26.1	38.7	25.6	33.7	53.6	42.7	48.4	72.4	121.7	144.5
Nominal wages (% yoy)	31.8	32.9	27.3	29.7	40.9	33.0	49.5	90.4	135.6	119.8
Nominal exchange rate (vs. USD, eop)	12.9	15.9	18.6	37.8	59.9	84.1	102.7	177.1	518.8	1,136.0
Nominal exchange rate (vs. USD, avg)	9.3	14.8	16.7	29.3	49.3	71.7	95.8	133.6	297.6	821.2
Bilateral real exchange rate (% yoy, + dep)	20.5	0.9			20.4	-4.5	-14.3	-5.3	26.6	2.2
Monetary Sector										
Monetary base growth (% yoy)	34.9	31.7	24.7	27.0	40.7	92.7	65.0	95.0	135.8	95.7
Broad money growth (% yoy)	28.2	30.3	27.1	12.0	29.7	92.7	65.0	95.0	135.8	95.7
Credit extension to private sector (% yoy)	20.0	31.4	50.8	32.6	19.3	52.7	65.0	95.0	135.8	95.7
Central bank policy rate (%, eop)	36.0	24.8	28.8	59.3	63.0	40.0	40.0	75.0	97.0	77.0
1-month interbank rate (%, eop)	36.0	24.8	28.8	44.5	47.3	36.0	32.0	67.0	89.0	69.0
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	-3.7	0.0
Current account balance (US$ bn)	-16.8	-15.0	-30.8	-27.1	-3.7	3.3	6.7	-3.8	-18.0	-0.2
Trade balance (US$ bn)	-0.4	4.5	-5.5	-0.7	18.2	14.6	18.7	12.4	-2.3	14.9
Exports, f.o.b. (US$ bn)	56.8	57.7	58.4	61.8	65.2	54.9	78.0	88.5	69.6	83.5
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	71.9	68.6
Service balance (US$, bn)	-3.9	-7.0	-9.8	-8.9	-4.9	-2.2	-3.6	-6.8	-4.7	-3.5
Income balance (US$, bn)	-12.1	-12.1	-16.4	-18.7	-17.9	-9.1	-8.3	-9.3	-11.0	-11.5
Foreign direct investment (US$ bn)	10.5	4.6	9.4	10.8	3.0	3.0	5.4	12.8	4.8	4.6
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	-3.5	-1.0
Central gov. budget balance (% of GDP)	-3.8	-6.0	-6.2	-5.7	-4.0	-9.4	-5.0	-3.8	-5.7	-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	-5.7	-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)	5.9	1.9	1.5	-1.8	-4.4	-3.0	-4.5	-2.6	-1.3	-0.7
Real GDP growth (%, qoq, sa, annualized)	5.6	-6.2	3.3	-9.7	-5.3	-0.4	-2.8	-2.1	0.0	2.1
National inflation (% yoy, eop)	83.0	94.8	104.3	123.1	126.8	140.6	161.9	154.5	141.8	120.8
Central bank policy rate (%, eop)	75.00	75.00	78.00	97.00	97.00	97.00	97.00	92.0	82.0	77.0
Nominal exchange rate (vs USD, eop)	147.3	177.1	209.0	258.1	320.6	518.8	635.5	778.5	940.4	1,136.0
Current account balance (US$ bn)	-3.2	1.7	-7.2	-3.6	-5.6	-1.5	-1.8	-1.4	-1.5	5.1

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 183: 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	2117	2222
GDP per capita (US$)	8827	8774	9976	9191	8912	6838	7732	8899	9787	10208
Unemployment Rate (%) (PNAD)*	8.7	11.7	12.9	12.4	12.0	13.9	13.5	9.5	8.5	8.7
Population (millions)	203	205	207	208	210	212	213	215	216	218
Economic Activity										
Real GDP growth (% yoy)	-3.5	-3.3	1.3	1.8	1.2	-3.3	5.0	2.9	2.3	1.8
Domestic demand growth (% yoy)	-4.7	-4.3	0.8	2.5	2.2	-3.9	6.1	3.1	1.0	1.1
Real investment growth (% yoy)	-13.9	-12.1	-2.6	5.2	4.0	-1.7	16.5	0.9	-3.9	1.0
Real consumption growth (% yoy)	-2.8	-2.9	1.3	2.0	1.9	-4.3	3.6	3.7	2.1	1.2
Real private consumption growth (% yoy)	-3.2	-3.8	2.0	2.4	2.6	-4.6	3.7	4.3	2.4	1.4
Real government consumption growth (% yoy)	-1.4	0.2	-0.7	0.8	-0.5	-3.7	3.5	1.5	1.1	0.3
Real export growth (% yoy)	6.8	0.9	4.9	4.1	-2.6	-2.3	5.9	5.5	3.1	2.7
Real import growth (% yoy)	-14.2	-10.3	6.7	7.7	1.3	-9.5	12.0	0.8	-3.9	-0.2
Prices										
CPI inflation (% yoy, eop)	10.7	6.3	2.9	3.7	4.3	4.5	10.1	5.8	5.5	3.7
CPI inflation (% yoy, avg)	9.0	8.7	3.4	3.7	3.7	3.2	8.3	9.3	4.9	4.1
Nominal wages (% yoy)	7.7	6.7	5.4	5.2	4.3	7.5	1.3	6.9	10.7	6.1
Nominal exchange rate (vs USD, eop)	3.90	3.26	3.31	3.87	4.03	5.20	5.58	5.22	5.00	5.10
Nominal exchange rate (vs USD, avg)	3.34	3.48	3.20	3.66	3.94	5.19	5.39	5.15	5.02	5.05
Bilateral real exchange rate (% yoy, + dep)	-	-	-	-	-	-	-	-	-	-
Monetary Sector										
Monetary base growth (% yoy)	-3.1	5.9	9.8	1.8	4.8	36.3	-5.2	2.6	7.8	5.5
Broad money growth (% yoy)	-4.4	4.6	5.7	6.9	9.1	43.2	-1.6	1.1	7.4	5.1
Credit extension to private sector (% yoy)	7.0	-3.5	-0.4	5.1	6.4	15.6	16.3	14.0	12.0	6.0
Central bank policy rate (%, eop)	14.25	13.75	7.00	6.50	4.50	2.00	9.25	13.75	11.75	9.50
1-month interbank rate (%, eop)	14.14	13.63	6.99	6.40	4.59	2.00	9.15	13.65	11.65	9.40
Long-term yield (%, eop)	-	-	-	-	-	-	-	-	-	-
External Sector										
Current account balance (% of GDP)	-3.5	-1.7	-1.2	-2.9	-3.6	-2.0	-2.8	-3.0	-2.3	-2.5
Current account balance (US$ bn)	-63.4	-30.5	-25.3	-54.8	-68.0	-29.4	-46.3	-57.0	-48.0	-55.0
Trade balance (US$ bn)	17.4	44.5	57.3	43.4	26.5	32.4	36.4	44.2	65.0	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	280.0	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$, bn)	22.9	25.4	4.9	20.8	5.5	4.1	5.1	21.1	18.4	19.6
International reserves (US$ 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	27.6	26.8
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	18.9	18.1
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	15.6	15.2
Investment (% of GDP)	17.8	15.5	14.6	15.1	15.5	16.6	19.2	18.8	17.8	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	2.3	2.2	0.8	2.2	1.9	1.5	1.7
Real GDP growth (%, qoq, sa, annualized)	1.8	-0.2	8.0	0.8	2.4	-3.9	7.4	0.0	0.4	-2.8
CPI inflation (% yoy, eop)	7.2	5.8	4.7	3.3	5.7	5.5	4.5	4.3	3.7	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	4.90	4.95	5.00	5.03	5.05	5.08	5.10
Current account balance (US$ bn)	-18.4	-17.8	-12.0	-4.4	-14.5	-17.1	-20.0	0.3	-15.4	-25.0

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 184: Mexico

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	1.141	1.064	1.174	1.231	1.265	1.057	1.266	1.430	1.672	1.619
GDP per capita (US$)	9,400	8,671	9,461	9,820	9,992	8,269	9,815	10,989	12,738	12,235
Unemployment rate (%)	4.3	3.9	3.4	3.3	3.5	4.4	4.1	3.3	3.4	3.9
Population (millions)	121.3	122.7	124.0	125.3	126.6	127.8	129.0	130.1	131.2	132.3
Economic Activity										
Real GDP growth (% yoy)	3.2	2.4	2.3	2.2	-0.2	-8.2	4.9	3.1	2.3	0.8
Domestic demand growth (% yoy)	3.0	2.7	2.2	2.1	-1.1	-11.3	7.9	5.4	2.3	1.4
Real investment growth (% yoy)	4.9	0.9	-1.1	0.8	-4.7	-17.8	10.5	6.0	2.8	0.2
Real consumption growth (% yoy)	2.6	3.4	3.0	2.6	0.0	-9.0	6.4	5.3	3.3	1.6
Real private consumption growth (% yoy)	2.7	3.5	3.4	2.6	0.4	-10.5	7.8	6.1	3.6	1.5
Real government consumption growth (% yoy)	1.9	2.6	0.7	2.9	-1.8	-0.3	-0.6	1.0	1.5	1.7
Real export growth (% yoy)	8.5	3.6	4.1	5.9	1.5	-7.1	6.9	7.6	6.2	-4.7
Real import growth (% yoy)	6.0	2.4	6.8	6.4	-0.7	-14.1	16.1	8.8	5.8	-3.3
Prices										
CPI inflation (% yoy, eop)	2.1	3.4	6.8	4.8	2.8	3.2	7.4	7.8	4.8	4.7
CPI inflation (% yoy, avg)	2.7	2.8	6.0	4.9	3.6	3.4	5.7	7.9	5.6	4.7
Nominal wages (% yoy)	4.2	3.8	4.8	5.7	6.7	7.3	7.2	10.8	10.1	6.4
Nominal exchange rate (vs USD, eop)	17.21	20.73	19.66	19.65	18.93	19.91	20.53	19.50	19.0	20.5
Nominal exchange rate (vs USD, avg)	16.28	18.92	18.69	19.11	19.33	22.17	20.38	19.91	18.34	20.00
Bilateral real exchange rate (% yoy, + dep)	17.9	20.7	-7.1	5.8	-5.0	4.2	5.0	-6.7	-3.3	5.6
Monetary Sector										
Monetary base growth (% yoy)	16.8	14.4	8.8	8.3	4.1	21.6	15.2	10.6	2.5	7.1
Broad money growth (% yoy)	4.8	11.0	8.1	6.6	7.0	11.0	9.7	10.0	3.8	5.1
Credit extension to private sector (% yoy)	14.1	15.1	12.0	10.3	5.7	1.1	4.3	12.5	8.8	9.3
Central bank policy rate (%, eop)	3.25	5.75	7.25	8.25	7.25	4.25	5.50	10.50	11.25	8.25
1-month interbank rate (%, eop)	3.56	6.11	7.63	8.59	7.56	4.48	5.72	10.77	11.56	8.56
Long-term yield (%, eop)	6.28	7.44	7.66	8.66	6.91	5.55	7.57	9.04	8.50	8.25
External Sector										
Current account balance (% of GDP)	-2.7	-2.5	-1.9	-2.1	-0.4	2.2	-0.6	-0.9	-0.9	-1.5
Current account balance (US$ bn)	-32.3	-25.8	-22.0	-26.1	-5.6	22.8	-8.2	-13.4	-14.9	-23.5
Trade balance (US$ bn)	-14.6	-13.1	-11.0	-13.8	5.2	34.2	-10.9	-26.6	-23.8	-31.8
Exports, f.o.b. (US$ bn)	381.0	374.3	409.8	451.1	460.9	417.3	495.1	578.7	648.1	648.1
Main export - Autos	94.0	91.2	104.2	118.4	125.1	102.8	116.5	140.3	153.8	165.3
Imports, c.i.f. (US$ bn)	395.6	387.4	420.8	464.8	455.8	383.2	506.0	605.3	671.9	679.9
Service balance (US$ bn)	-11.2	-10.6	-11.7	-12.9	-10.3	-15.5	-15.0	-14.8	-19.5	-22.0
Income balance (US$ bn)	-30.7	-29.2	-29.5	-32.7	-36.6	-36.7	-33.6	-30.0	-33.4	-33.6
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	62.0	63.6
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	76.8	86.8
Public Sector										
Central gov. primary budget balance (% of GDP)	-1.2	-1.2	0.8	-0.1	0.1	-0.1	-1.2	-1.1	-1.3	-1.4
Central gov. budget balance (% of GDP)	-3.0	-3.0	-1.0	-2.1	-2.0	-2.5	-3.2	-3.5	-3.9	-4.2
Consolidated gov. primary budget balance (% of GDP)	-1.2	-0.1	1.4	0.6	1.1	0.1	-0.3	-0.5	-0.9	-1.2
Consolidated public sector balance (% of GDP)	-3.4	-2.5	-1.1	-2.1	-1.6	-2.9	-2.9	-3.4	-4.1	-4.6
Central gov. revenues (% of GDP)	17.1	17.7	17.5	16.5	16.4	17.4	16.7	16.8	16.3	16.8
Debt Indicators										
Gross external debt (% of GDP)	25.2	29.8	27.7	26.1	24.4	28.7	26.7	28.8	27.8	28.3
Public (% of GDP)	15.0	18.6	17.5	16.9	15.8	19.0	17.7	19.5	18.6	19.1
Private (% of GDP)	10.2	11.1	10.2	9.2	8.6	9.6	9.0	9.3	9.2	9.2
Gross government debt (% of GDP)	45.4	49.4	46.9	46.8	46.7	53.1	52.3	49.9	50.7	53.2
Domestic (% of GDP)	30.4	30.7	29.4	29.9	31.0	34.1	34.6	35.1	34.4	37.7
External (% of GDP)	15.0	18.6	17.5	16.9	15.8	19.0	17.7	14.8	16.3	15.5
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	3.3	2.9
Savings - Investment Balance										
Savings (% of GDP)	22.4	21.7	21.2	20.9	20.7	21.3	20.2	18.5	17.8	17.2
Investment (% of GDP)	21.6	21.2	20.5	20.2	19.3	17.3	18.2	18.7	18.8	18.7

	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24
Quarterly Economic Forecasts										
Real GDP growth (% yoy)	4.3	3.7	3.7	2.8	1.7	1.0	0.2	0.6	1.1	1.5
Real GDP growth (% qoq, sa, annualized)	3.7	2.3	4.1	1.0	-0.5	-0.6	1.0	2.5	1.6	0.8
CPI inflation (% yoy, eop)	8.7	7.8	6.8	5.2	4.5	4.8	4.7	4.8	4.8	4.7
Central bank policy rate (%, eop)	9.25	10.50	11.25	11.25	11.25	11.25	10.75	10.25	9.25	8.25
Nominal exchange rate (vs USD, eop)	20.14	19.50	18.05	17.80	18.50	19.00	19.50	19.80	20.20	20.50
Current account balance (US$ bn)	-5.2	4.6	-9.1	-4.4	-5.9	4.5	-10.4	-7.1	-8.5	1.9

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 185: Venezuela

Selected economic and financial indicators

	2015F	2016F	2017F	2018F	2019F	2020F	2021F	2022F	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	54.6	56.2
GDP per capita (US$)	5,710	4,990	4,459	3,630	2,574	1,678	1,716	1,893	1,936	2,000
Unemployment rate (%)	6.8	7.0	10.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0
Population (millions)	30.1	29.9	29.4	28.9	28.5	28.4	28.4	28.3	28.2	28.1
Economic Activity										
Real GDP growth (% yoy)	-5.7	-13.3	-12.0	-20.0	-30.0	-35.0	2.0	10.0	2.0	3.0
Domestic demand growth (% yoy)	-10.1	-18.7	-13.2	-22.0	-33.0	-38.5	2.2	11.0	2.2	3.3
Real investment growth (% yoy)	-17.6	-31.2	-24.0	-40.0	-60.0	-70.0	4.0	20.0	4	6
Real consumption growth (% yoy)	-6.6	-16.0	-12.0	-20.0	-30.0	-35.0	2.0	10.0	2	3
Real private consumption growth (% yoy)	-7.8	-19.3	-12.0	-20.0	-30.0	-35.0	2.0	10.0	2	3
Real government consumption growth (% yoy)	-2.4	-4.6	-12.6	-21.0	-31.5	-36.8	2.1	10.5	2.1	3.15
Real export growth (% yoy)	-0.7	-6.7	-18.0	-40.0	-51.0	-38.5	3.0	15.0	3	4.5
Real import growth (% yoy)	-18.7	-30.4	-18.0	-40.0	-51.0	-38.5	2.2	11.0	2.2	3.3
Prices										
CPI inflation (% yoy, eop)	181	590	2600	1698488	12341	3687	660	305	244	214
CPI inflation (% yoy, avg)	122	438	1595	523290	1259565	3639	1374	482	274	229
Nominal wages (% yoy)	125	400	1560	180979	1234	2581	726	320	256	225
Nominal exchange rate (vs USD, eop)	0	0	0	638	39368	1107199	5	17	46	142
Nominal exchange rate (vs USD, avg)	0	0	0	638	39368					
Bilateral real exchange rate (% yoy, + dep)	-	-	-	-	-	-	-	-		
Monetary Sector										
Monetary base growth (% yoy)	103.5	248.8	1740.0	43950.0	7200.0	1200.0	400.0	152.5	121.8	106.9
Broad money growth (% yoy)	98.5	243.8	1735.0	43945.0	5000.0	1300.0	600.0	152.5	121.8	106.9
Credit extension to private sector (% yoy)	98.3	236.4	1653.1	41754.9	5000.0	1300.0	600.0	152.5	121.8	106.9
Central bank policy rate (%, eop)	6.40	-	- -		-	-				
1-month interbank rate (%, eop)	-	-	-	-	-	-				
Long-term yield (%, eop)	-	-	-	-	-	-				
External Sector										
Current account balance (% of GDP)	-10.6	-3.4	3.0	10.9	7.8	2.2	1.3	0.4	-1.6	0.0
Current account balance (US$ bn)	-18.2	-5.1	3.9	11.4	5.7	1.1	0.6	0.2	-0.9	0.0
Trade balance (US$ bn)	0.5	7.2	14.8	15.5	9.2	0.1	3.0	1.7	-0.3	0.1
Exports, f.o.b. (US$ bn)	37.4	27.3	30.4	25.7	15.2	6.1	10.0	14.5	11.3	11.6
Main export - Oil	35.1	25.5	28.5	23.3	13.8	6.0	7.0	10.5	9.4	9.7
Imports, f.o.b. (US$ bn)	36.9	20.0	15.6	10.2	6.0	6.0	7.0	12.8	11.5	11.5
Service balance (US$ bn)	-12.6	-6.2	-4.8	-4.3	-4.3	-3.0	-4.0	-4.0	-3.6	-3.6
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 186: 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	351.6	352.7
GDP per capita (US$)	13,574	13,786	15,040	15,871	14,615	13,008	16,087	15,158	17,613	17,544
Unemployment rate (%)	6.4	6.8	7.0	7.4	7.2	11.2	7.2	8.0	8.5	8.5
Population (millions)	18.0	18.2	18.4	18.8	19.1	19.5	19.7	19.8	20.0	20.1
Economic Activity										
Real GDP growth (% yoy)	2.3	1.7	1.2	3.7	0.9	-5.8	11.7	2.4	0.0	2.0
Domestic demand growth (% yoy)	2.5	1.8	2.1	4.0	1.6	-7.9	18.5	3.0	-4.4	1.6
Real investment growth (% yoy)	-0.3	-1.3	-3.1	5.1	4.4	-11.5	15.7	2.8	-4.0	1.6
Real consumption growth (% yoy)	2.6	3.5	3.6	3.7	0.8	-6.8	19.3	3.1	-4.5	1.6
Real private consumption growth (% yoy)	2.1	2.7	3.4	3.8	1.0	-7.5	20.8	2.9	-7.4	1.0
Real government consumption growth (% yoy)	4.8	7.2	4.6	3.3	-0.2	-3.9	13.8	4.1	8.0	3.7
Real export growth (% yoy)	-1.7	0.5	-1.5	5.3	-2.6	-3.2	-1.4	1.4	0.9	1.7
Real import growth (% yoy)	-1.1	0.9	4.6	8.1	-2.4	-12.7	31.8	0.9	-16.1	1.4
Prices										
CPI inflation (% yoy, eop)	4.4	2.7	2.3	2.1	3.0	3.0	7.2	12.8	5.2	3.8
CPI inflation (% yoy, avg)	4.3	3.8	2.2	2.3	2.3	3.0	4.5	11.6	8.1	4.6
Nominal wages (% yoy)	6.2	4.0	5.7	4.5	4.6	3.7	7.0	11.8	6.4	4.4
Nominal exchange rate (vs USD, eop)	707	667	615	696	745	711	852	851	810	830
Nominal exchange rate (vs USD, avg)	654	677	649	641	703	792	760	874	807	821
Bilateral real exchange rate (% yoy, + dep)	11.7	-4.4	-	-	-	-				
Monetary Sector										
Monetary base growth (% yoy)	11.8	13.0	7.4	1.7	9.2	145.3	11.4	6.8	5.3	
Broad money growth (% yoy)	12.0	7.0	5.1	11.2	9.4	6.9	11.4	6.8	5.3	
Credit extension to private sector (% yoy)	10.3	5.7	4.7	10.1	9.4	2.5	7.9	-0.5	3.0	
Central bank policy rate (%, eop)	3.50	3.50	2.50	2.75	1.75	0.50	4.00	11.25	8.75	5.75
1-month interbank rate (%, eop)	5.48	5.45	4.42	4.10	4.08	3.16	6.07	13.35	11.54	
Long-term yield (%, eop)	6.00	5.50	5.50	6.00	5.50	5.50	6.00	6.00	6.00	
External Sector										
Current account balance (% of GDP)	-2.4	-2.0	-2.3	-3.9	-3.7	-1.7	-6.4	-9.0	-3.5	-3.4
Current account balance (US$ bn)	-5.7	-5.0	-6.4	-11.6	-10.5	-4.3	-20.3	-27.1	-12.5	-12.1
Trade balance (US$ bn)	3.4	4.9	7.4	4.2	3.0	18.4	10.5	3.8	14.0	13.6
Exports, f.o.b. (US$ bn)	62.0	60.7	68.8	74.7	68.8	73.5	94.8	98.5	99.0	99.2
main export - Copper	30.0	27.9	34.0	35.6	32.5	38.0	52.7	44.7	45.4	46.3
Imports, f.o.b. (US$ bn)	58.6	55.9	61.5	70.5	65.8	55.1	84.3	94.7	84.9	85.6
Service balance (US$, bn)	-3.6	-3.3	-3.8	-4.7	-5.1	-5.0	-12.3	-14.8	-10.4	-9.6
Income balance (US$, bn)	-5.6	-6.5	-10.0	-11.2	-8.3	-10.0	-21.3	-16.1	-16.1	-16.1
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	393.7	390.8
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	-0.8	-1.0
Central gov. budget balance (% of GDP)	-2.2	-2.7	-2.8	-1.7	-2.9	-7.3	-7.7	1.1	-1.8	-2.1
Consolidated gov. primary budget balance (% of GDP)	-1.9	-2.4	-2.3	-1.1	-2.3	-7.9	-7.4	2.1	-0.8	-1.0
Consolidated public sector balance (% of GDP)	-2.1	-2.7	-2.6	-1.5	-2.7	-8.5	-8.3	1.1	-1.8	-2.1
Central gov. revenues (% of GDP)	21.0	20.9	20.8	21.9	21.5	19.9	23.9	25.9	23.4	23.1
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	38.2	45.8
Domestic (% of GDP)	13.1	15.9	15.7	17.3	17.5	18.8	22.5	27.7	25.2	30.2
External (% of GDP)	4.3	5.4	7.9	8.3	10.7	13.7	13.8	15.6	13.0	15.6
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	-0.6	-0.4	0.6	0.8	0.7	1.9	2.5	2.6
Real GDP growth (%, qoq, sa, annualized)	-4.4	0.8	3.3	-1.4	-0.2	1.3	3.1	3.1	2.4	1.9
CPI inflation (% yoy, eop)	13.7	12.8	11.1	8.2	5.9	5.4	4.8	4.8	4.3	3.9
Central bank policy rate (%, eop)	10.75	11.25	11.25	11.25	10.50	9.25	8.25	7.25	6.75	6.25
Nominal exchange rate (vs USD, eop)	969	851	795	800	805	810	815	820	825	830
Current account balance (US$ bn)	-30.5	-27.1	-20.9	-13.9	-9.7	-7.9	-10.1	-10.6	-10.0	-9.3

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 187: 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	362	383
GDP per capita (US$)	6,362	6,053	6,575	6,922			6,148	6,676	6,940	7,262
Unemployment rate (%)	8.9	9.2	9.4	9.7	10.5	16.1	13.8	11.1	10.9	11.0
Population (millions)	46.3	46.8	47.4	48.3	49.4	50.4	51.0	51.6	52.2	52.7
Economic Activity										
Real GDP growth (% yoy)	3.0	2.1	1.4	2.6	3.2	-7.3	11.0	7.3	2.1	2.6
Domestic demand growth (% yoy)	2.4	1.2	1.1	3.5	4.0	-7.6	13.4	9.4	2.2	2.7
Real investment growth (% yoy)	-1.2	-0.2	-3.2	1.5	3.0	-21.1	12.6	16.8	1.2	1.1
Real consumption growth (% yoy)	3.4	1.6	2.3	4.0	4.3	-4.1	13.6	7.9	2.4	3.1
Real private consumption growth (% yoy)	3.1	1.6	2.1	3.2	4.1	-4.9	14.5	9.5	2.1	3.0
Real government consumption growth (% yoy)	4.8	1.8	3.6	7.4	5.3	-0.8	9.8	0.3	3.8	3.6
Real export growth (% yoy)	1.7	-0.2	2.6	0.6	3.1	-22.7	15.9	14.8	4.5	8.0
Real import growth (% yoy)	-1.1	-3.5	1.0	5.8	7.3	-19.9	26.7	22.3	4.5	5.4
Prices										
CPI inflation (% yoy, eop)	6.8	5.7	4.1	3.2	3.8	1.6	5.6	13.1	9.0	5.7
CPI inflation (% yoy, avg)	5.0	7.5	4.3	3.2	3.5	2.5	3.5	10.2	11.6	6.9
Nominal wages (% yoy)	5.0	6.5	6.1	5.3	4.7	-2.4	10.0	13.5	9.4	6.1
Nominal exchange rate (vs. USD, eop)	3,149	3,001	2,984	3,250	3,277	3,433	4,080	4,808	4,500	4,750
Nominal exchange rate (vs. USD, avg)	2,742	3,055	2,951	2,956	3,281	3,693	3,807	4,256	4,521	4,675
Bilateral real exchange rate (% yoy, + dep)	24.2	-8.0	-2.5	7.6	-0.6	4.5	13.4	12.8	-11.0	2.4
Monetary Sector										
Monetary base growth (% yoy)	17.1	2.5	5.0	10.4	12.3	20.5	9.6	12.0	9.4	6.5
Broad money growth (% yoy)	11.7	7.1	7.3	5.6	7.8	13.9	12.0	14.0	7.2	4.3
Credit extension to private sector (% yoy)	13.8	12.4	7.3	6.5	7.7	7.8	5.0	13.0	11.1	9.9
Central bank policy rate (%, eop)	5.75	7.50	4.75	4.25	4.25	1.75	3.00	12.00	13.25	9.25
1-month interbank rate (%, eop)	5.78	7.51	4.74	4.25	4.25	1.75	3.05	12.05	13.30	9.30
Long-term yield (%, eop)	8.7	7.1	6.5	6.8	6.1	5.4	8.2	14.5	15.8	11.8
External Sector	0.0									
Current account balance (% of GDP)	-6.3	-4.4	-3.2	-4.2	-4.6	-3.4	-5.6	-6.2	-4.0	-3.3
Current account balance (US$ bn)	-18.7	-12.6	-9.9	-14.0	-14.8	-9.3	-18.0	-21.3	-14.5	-12.6
Trade balance (US$ bn)	-13.5	-9.2	-4.3	-6.4	-9.9	-8.9	-14.0	-11.8	-11.0	-8.1
Exports, f.o.b. (US$ bn)	38.6	34.1	39.8	43.0	40.7	32.3	42.7	67.0	68.7	72.5
Main export - Oil (US$ bn)	14.6	10.8	13.3	16.8	16.0	8.8	13.5	22.5	22.0	19.0
Imports, f.o.b. (US$ bn)	52.1	43.2	44.1	49.4	50.5	41.2	56.7	80.3	79.7	80.6
Service balance (US$ bn)	-5.5	-4.3	-4.5	-4.2	-4.3	-4.2	-6.0	-4.5	-4.0	-4.7
Income balance (US$ bn)	0.3	0.9	-1.2	-3.5	-0.7	3.8	2.1	-4.9	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	-3.7	-1.1	0.2	0.0
Central gov. budget balance (% of GDP)	-3.0	-4.0	-3.7	-3.1	-2.5	-7.8	-7.1	-5.5	-4.2	-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	-0.4	0.5
Consolidated public sector balance (% of GDP)	-3.4	-2.3	-2.7	-2.6	-2.4	-7.8	-7.2	-5.1	-4.9	-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	53.8	53.6
Public (% of GDP)	22.4	25.1	23.0	21.8	22.9	33.2	32.2	30.4	29.7	28.6
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	65.0	63.8	62.6	59.4	59.5
Domestic (% of GDP)	28.5	30.1	30.9	32.7	34.3	42.0	39.3	37.6	35.0	36.3
External (% of GDP)	16.1	15.5	15.5	16.6	16.0	23.0	24.5	25.0	24.4	23.2
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	13.7	15.3	15.8
Investment (% of GDP)	23.8	23.2	21.6	21.2	21.4	19.2	19.8	19.9	19.3	19.1

	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24
Quarterly Economic Forecasts										
Real GDP growth (% yoy)	7.3	2.1	3.0	1.9	1.7	1.9	1.2	2.3	3.2	3.5
Real GDP growth (% qoq, sa, annualized)	1.0	1.6	5.9	-0.8	0.4	2.4	2.8	3.7	3.6	3.6
CPI inflation (% yoy, eop)	11.4	13.1	13.3	12.3	10.6	9.0	7.5	7.0	6.4	5.7
Central bank policy rate (%, eop)	10.00	12.00	13.00	13.25	13.25	13.25	12.25	11.25	10.25	9.25
Nominal exchange rate (vs. USD, eop)	4609	4808	4627	4475	4350	4500	4600	4650	4700	4750
Current account balance (US$ bn)	-6.1	-4.9	-3.4	-3.0	-4.2	-3.1	-3.0	-2.6	-3.8	-2.6

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 188: Peru

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	191	195	214	225	231	205	226	245	268	280
GDP per capita (US$)	6142	6178	6734	7009	6965	6120	6675	7164	7763	8026
Unemployment rate (%)	6.5	6.7	6.9	6.7	6.6	13.9	10.9	7.4	7.2	6.6
Population (millions)	31.2	31.5	31.8	32.2	33.2	33.5	33.8	34.2	34.5	34.9
Economic Activity										
Real GDP growth (% yoy)	3.3	4.0	2.5	4.0	2.2	-11.0	13.3	2.7	1.2	3.1
Domestic demand growth (% yoy)	2.8	1.3	1.7	4.1	2.2	-9.9	14.7	2.5	1.1	2.7
Real investment growth (% yoy)	-3.2	-4.1	-0.4	6.6	-0.6	-18.9	27.1	-2.3	-0.9	2.7
Real consumption growth (% yoy)	4.9	3.0	2.3	3.3	3.1	-7.2	11.5	3.9	1.6	2.6
Real private consumption growth (% yoy)	4.0	3.7	2.6	3.8	3.2	-9.8	11.7	4.5	1.5	2.7
Real government consumption growth (% yoy)	9.8	-0.6	0.7	0.4	2.2	7.8	10.6	1.1	2.2	2.3
Real export growth (% yoy)	3.4	9.0	7.6	2.2	1.1	-19.6	13.7	5.3	3.2	6.0
Real import growth (% yoy)	1.6	-1.6	4.5	2.4	1.0	-15.8	18.6	4.7	1.6	4.3
Prices										
CPI inflation (% yoy, eop)	4.4	3.2	1.4	2.2	1.9	2.0	6.4	8.5	4.8	2.9
CPI inflation (% yoy, avg)	3.5	3.6	2.8	1.3	2.1	1.8	4.0	7.9	6.9	3.5
Nominal wages (% yoy)	3.3	7.0	-0.4	-0.3	4.7	-12.4	3.5	8.4	6.0	3.5
Nominal exchange rate (vs USD, eop)	3.41	3.36	3.24	3.38	3.32	3.62	3.98	3.81	3.82	3.90
Nominal exchange rate (vs USD, avg)	3.19	3.38	3.26	3.29	3.34	3.50	3.88	3.84	3.75	3.83
Bilateral real exchange rate (% yoy, + dep)	10.7	-2.8	-2.7	3.9	-1.4	8.7	10.5	-6.2	-2.5	1.3
Monetary Sector										
Monetary base growth (% yoy)	-4.8	4.1	7.2	7.3	5.2	33.2	13.1	-1.6	3.0	6.6
Broad money growth (% yoy)	13.1	1.7	7.9	5.3	9.1	32.0	0.3	-1.8	2.9	6.2
Credit extension to private sector (% yoy)	15.0	4.6	5.5	9.0	7.0	12.8	5.7	4.6	3.0	5.6
Central bank policy rate (%, eop)	3.75	4.25	3.25	2.75	2.25	0.25	2.50	7.50	7.75	4.25
1-month interbank rate (%, eop)	3.77	4.37	3.26	2.75	2.25	0.23	2.25	7.22	7.70	4.20
Long-term yield (%, eop)	7.31	6.38	5.17	5.64	4.21	3.51	5.90	7.57	7.00	6.50
External Sector										
Current account balance (% of GDP)	-4.7	-2.3	-0.9	-1.3	-0.7	1.2	-2.3	-4.0	-2.0	-1.7
Current account balance (US$ bn)	-8.9	-4.4	-2.0	-2.9	-1.7	2.4	-5.3	-9.9	-5.4	-4.8
Trade balance (US$ bn)	-2.9	2.0	6.7	7.2	6.9	8.2	14.8	10.3	11.6	14.9
Exports, f.o.b. (US$ bn)	34.4	37.1	45.4	49.1	48.0	42.9	63.2	66.2	68.5	70.9
Main export - Copper	8.2	10.2	13.8	14.9	14.0	13.0	20.7	19.8	21.9	22.7
Imports, f.o.b. (US$ bn)	37.3	35.1	38.7	41.9	41.1	34.7	48.3	55.9	56.9	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	-10.0	-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$/ton)	250	221	280	296	273	280	422	398	428	448
Public Sector										
Central gov. primary budget balance (% of GDP)	-1.7	-1.2	-2.0	-0.8	-0.9	-7.9	-2.0	-0.7	-0.2	0.3
Central gov. budget balance (% of GDP)	-2.7	-2.2	-3.1	-2.0	-2.1	-9.3	-3.4	-2.2	-1.9	-1.3
Consolidated gov. primary budget balance (% of GDP)	-0.9	-1.3	-1.8	-1.0	-0.2	-7.3	-1.0	-0.1	-0.7	0.1
Consolidated public sector balance (% of GDP)	-1.9	-2.4	-3.0	-2.3	-1.6	-8.9	-2.5	-1.6	-2.4	-1.5
Central gov. revenues (% of GDP)	16.8	15.4	15.1	16.2	16.6	14.9	18.0	19.1	18.8	19.4
Debt Indicators										
Gross external debt (% of GDP)	38.2	38.5	35.9	34.9	35.0	44.4	45.4	42.4	41.5	41.3
Public (% of GDP)	14.0	15.4	15.5	15.6	17.1	24.4	27.0	24.9	25.0	24.8
Private (% of GDP)	24.1	23.2	20.3	19.3	17.9	20.0	18.4	17.5	16.5	16.5
Gross government debt (% of GDP)	23.3	23.7	24.7	25.6	26.6	34.6	35.9	34.0	34.7	34.9
Domestic (% of GDP)	12.1	13.4	16.0	16.8	18.1	19.8	16.5	15.4	16.0	16.5
External (% of GDP)	11.1	10.3	8.7	8.8	8.5	14.9	19.4	18.6	18.7	18.5
External debt amortizations (US$ 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	24.2	22.8
Savings - Investment Balance										
Savings (% of GDP)	19.6	20.4	20.5	21.1	21.1	20.9	19.7	16.9	18.0	18.4
Investment (% of GDP)	24.2	22.6	21.4	22.4	21.8	19.7	22.0	20.9	20.0	20.1

	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24
Quarterly Economic Forecasts										
Real GDP growth (% yoy)	2.0	1.7	-0.4	1.1	1.5	2.3	4.4	3.1	2.6	2.5
Real GDP growth (% qoq, sa, annualized)	2.9	-0.2	-5.3	7.4	4.5	3.2	2.4	2.4	2.4	2.8
CPI inflation (% yoy, eop)	8.5	8.5	8.4	6.9	5.9	4.8	4.1	3.4	3.1	2.9
Central bank policy rate (%, eop)	6.75	7.50	7.75	7.75	7.75	7.75	7.00	6.25	5.50	4.25
Nominal exchange rate (vs USD, eop)	3.98	3.81	3.76	3.70	3.72	3.76	3.78	3.80	3.82	3.84
Current account balance (US$ bn)	-2.9	-1.2	-1.0	-2.6	-2.8	-1.0	-0.4	-1.9	-2.1	-0.3

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 189: Uruguay

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021F	2022F	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	59	57.5	64.3	64.6	61.3	53.6	61.4	71.2	80.9	85.9
GDP per capita (thous US$)	17	16.5	18.4	18.4	17.4	15.2	17.3	20.0	22.7	24.0
Economic Activity and Prices										
Real GDP growth (% yoy)	0.4	0.8	1.6	0.5	0.4	-6.1	5.3	4.9	0.9	3.4
CPI inflation (% yoy, eop)	9.4	8.1	6.6	8	8.8	9.4	8.0	8.3	6.8	5.9
Nominal exchange rate (vs USD, eop)	29.9	29.3	28.7	32.4	37.4	42.4	44.7	39.9	39.4	41.0
Nominal exchange rate (vs USD, avg)	27.3	30.1	28.6	30.7	35.3	42	43.6	41.2	39.2	40.5
Central Bank policy rate (%, eop)	-	-	-	-	-	4.5	5.8	11.5	10.0	8.0
External Sector										
Current account balance (% of GDP)	-0.2	0.8	0	-0.4	1.6	-0.8	-2.5	-3.2	-3.3	-2.3
Current account balance (US$ bn)	-0.1	0.5	0	-0.3	1	-0.4	-1.5	-2.3	-2.7	-2.0
Trade balance (US$ bn)	2.2	3.1	3.5	3.3	3.8	2.4	4.5	3.9	3.5	4.2
Exports, f.o.b. (US$ bn)	16.6	15.5	16.8	17.1	17.1	13.6	19.4	22.6	22.6	24.5
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	15.0	16.0
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	-0.8	-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	-2.8	-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	55.2
Domestic (% of GDP)	26.3	29.6	31.9	29	27.5	32.2	29.1	29.8	31.9	34.5
External (% of GDP)	26.4	28.6	24.3	26.6	29.7	35.4	32.0	26.8	23.5	20.6

Source: BofA Global Research

BofA GLOBAL RESEARCH

Yield forecasts

Exhibit 190: Government Bond Yield and Swap Rate Forecasts
Developed Markets

		Sep-23	Dec-23	Mar-24	Jun-24	Dec-24	Dec-25
Bond yields							
US	O/N SOFR	5.56	5.57	5.58	5.09	4.10	2.65
	2y	4.50	4.25	3.85	3.50	3.00	3.00
	5y	4.00	3.90	3.65	3.45	3.15	3.15
	10y	3.60	3.50	3.40	3.35	3.25	3.25
	30y	3.80	3.75	3.70	3.70	3.70	3.70
Germany	3m Euribor	3.80	3.90	3.80	3.60	3.20	3.20
	2y	2.90	2.65	2.45	2.30	1.90	1.40
	5y	2.45	2.15	2.05	2.00	1.75	1.50
	10y	2.40	2.25	2.15	2.10	1.90	1.60
	30y	2.40	2.40	2.40	2.40	2.25	2.00
Japan	3m TORF	-0.03	-0.03	-0.03	-0.03	0.02	0.02
	2yr	0.05	0.00	-0.05	-0.05	0.20	0.30
	5yr	0.40	0.35	0.25	0.25	0.50	0.60
	10yr	0.80	0.70	0.60	0.60	0.80	0.90
	30yr	1.50	1.35	1.20	1.20	1.35	1.40
UK	Bank Rate	5.25	5.25	5.25	5.25	5.00	4.00
	2yr	4.75	4.75	4.50	4.50	4.00	3.00
	5yr	4.25	4.25	4.00	3.75	3.75	3.25
	10yr	4.75	4.75	4.75	4.75	4.50	4.50
	30yr	4.75	4.75	5.00	5.00	5.00	5.00
Canada	2yr	4.10	3.90	3.70	3.50	3.20	3.00
	5yr	3.40	3.30	3.20	3.10	3.00	3.00
	10yr	3.20	3.20	3.10	3.10	3.10	3.10
Australia	3m BBSW	4.30	4.10	3.30	2.80	2.25	2.50
	2y	3.90	3.80	3.40	3.00	2.50	2.25
	5y	3.70	3.60	3.50	3.20	2.75	2.50
	10y	3.80	3.70	3.60	3.50	3.25	3.00
Swap rates		**Sep-23**	**Dec-23**	**Mar-24**	**Jun-24**	**Dec-24**	**Dec-25**
US	2y	4.45	4.25	3.85	3.50	3.00	3.00
	5y	3.75	3.65	3.45	3.30	3.00	3.00
	10y	3.30	3.20	3.15	3.15	3.05	3.05
Germany	2y	3.60	3.35	3.10	2.90	2.40	1.80
	5y	3.10	2.80	2.65	2.50	2.15	1.80
	10y	3.00	2.80	2.65	2.55	2.30	1.90
Japan	2y	0.20	0.15	0.05	0.05	0.30	0.35
	5y	0.45	0.40	0.30	0.30	0.60	0.65
	10y	0.85	0.80	0.65	0.65	0.90	0.95
UK	2y	5.25	5.00	4.75	4.50	4.00	3.00
	5y	4.50	4.25	4.00	3.75	3.75	3.25
	10y	4.50	4.50	4.50	4.50	4.25	4.25
Canada	2y	4.65	4.45	4.25	4.05	3.75	3.55
	5y	3.80	3.70	3.60	3.50	3.40	3.40
	10y	3.70	3.70	3.60	3.60	3.50	3.60
Australia	3y	4.50	4.30	3.50	3.00	2.45	2.75
	10y	3.90	3.80	3.70	3.40	2.95	2.80

Source: BofA Global Research

BofA GLOBAL RESEARCH

Global FX Forecasts

Exhibit 191: G10 FX Forecasts

Our end-2023 forecast for EUR-USD is 1.05

	Spot	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
G3											
EUR-USD	1.09	1.05	1.05	1.07	1.10	1.15	1.15	1.16	1.17	1.18	1.20
USD-JPY	142	147	145	140	135	130	125	125	125	125	125
EUR-JPY	154	154	152	150	149	150	144	145	146	148	150
Dollar Bloc											
USD-CAD	1.32	1.32	1.30	1.30	1.29	1.28	1.26	1.26	1.26	1.26	1.26
AUD-USD	0.68	0.67	0.69	0.72	0.73	0.74	0.75	0.75	0.75	0.75	0.75
NZD-USD	0.62	0.61	0.62	0.64	0.65	0.66	0.67	0.67	0.67	0.67	0.67
Europe											
EUR-GBP	0.86	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85
GBP-USD	1.27	1.24	1.24	1.26	1.29	1.35	1.35	1.36	1.38	1.39	1.41
EUR-CHF	0.98	0.98	0.98	0.99	0.99	1.00	1.00	1.02	1.02	1.05	1.05
USD-CHF	0.90	0.93	0.93	0.93	0.90	0.87	0.87	0.88	0.87	0.89	0.88
EUR-SEK	11.79	11.50	11.00	10.70	10.60	10.50	10.30	10.20	10.10	10.10	10.00
USD-SEK	10.81	10.95	10.48	10.00	9.64	9.13	8.96	8.79	8.63	8.56	8.33
EUR-NOK	11.74	10.90	10.60	10.40	10.40	10.20	10.00	9.90	9.80	9.80	9.70
USD-NOK	10.76	10.38	10.10	9.72	9.45	8.87	8.70	8.53	8.38	8.31	8.08

Forecast as of Jun-20-2023. Spot exchange rate as of Jun-20-2023. The left of the currency pair is the denominator of the exchange rate. **Source:** BofA Global Research

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Exhibit 192: EM FX Forecasts

Our end-year USD-CNY forecast is 7.20

	Spot	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
Latin America											
USD-BRL	4.80	4.95	5.00	5.03	5.05	5.08	5.10	5.13	5.15	5.18	5.20
USD-MXN	17.13	18.50	19.00	19.50	19.80	20.20	20.50	20.70	20.80	20.90	21.00
USD-CLP	800	807	810	815	820	825	830	832	835	838	840
USD-COP	4,147	4,350	4,500	4,600	4,650	4,700	4,750	4,800	4,850	4,875	4,900
USD-ARS	249	321	519	636	779	940	1,136	1,315	1,479	1,616	1,766
USD-PEN	3.63	3.72	3.76	3.78	3.80	3.82	3.84	3.85	3.86	3.87	3.88
Emerging Europe											
EUR-PLN	4.44	4.65	4.55	4.51	4.48	4.44	4.40	4.38	4.36	4.33	4.30
EUR-HUF	373	375	370	368	365	363	360	358	356	354	350
EUR-CZK	23.77	23.80	23.50	23.40	23.30	23.20	23.00	22.90	22.80	22.70	22.60
USD-ZAR	18.38	19.00	18.00	17.60	17.50	17.00	17.50	17.80	18.00	18.20	18.40
USD-TRY	23.57	25.00	26.00	27.00	28.50	29.50	30.50	31.00	32.00	33.00	34.00
EUR-RON	4.96	5.05	5.09	5.13	5.17	5.21	5.25	5.28	5.31	5.33	5.36
USD-EGP	30.85	31.00	39.00	39.50	40.00	41.00	42.00	43.00	43.60	44.00	44.50
USD-ILS	3.61	3.60	3.55	3.50	3.45	3.40	3.30	3.27	3.25	3.23	3.20
USD-AED	3.67	3.68	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	0.30
USD-SAR	3.75	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	3.64
Asian Bloc											
USD-KRW	1,280	1,340	1,330	1,305	1,280	1,210	1,190	1,170	1,150	1,150	1,150
USD-TWD	30.91	31.40	31.20	31.00	30.70	29.80	29.60	29.40	29.20	29.20	29.20
USD-SGD	1.34	1.36	1.35	1.34	1.32	1.31	1.30	1.30	1.29	1.29	1.29
USD-THB	34.84	35.50	34.00	33.50	33.00	32.50	32.00	32.00	31.50	31.50	31.00
USD-HKD	7.83	7.85	7.85	7.83	7.83	7.83	7.83	7.80	7.77	7.75	7.75
USD-CNY	7.18	7.40	7.20	7.10	7.00	6.80	6.70	6.60	6.50	6.40	6.30
USD-IDR	15005	15,100	14,900	14,800	14,700	14,600	14,500	14,500	14,400	14,400	14,300
USD-PHP	55.56	57.50	56.50	56.50	56.00	56.00	55.50	55.50	55.00	55.00	55.00
USD-MYR	4.64	4.70	4.66	4.62	4.58	4.56	4.54	4.52	4.50	4.48	4.46
USD-INR	82.12	83.00	82.00	81.00	80.50	80.00	80.00	80.00	80.00	80.00	80.00

Forecast as of Jun-20-2023. Spot exchange rate as of Jun-20-2023. The left of the currency pair is the denominator of the exchange rate. **Source:** BofA Global Research

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Commodities forecasts

Exhibit 193: BofA Commodity Price Forecasts
(period averages)

	units	1Q23F	2Q23F	3Q23F	4Q23F	2023F	2024F
WTI Crude Oil	($/bbl)	76.00	72.00	75.00	77.00	**75.00**	**85.00**
Brent Crude Oil	($/bbl)	82.00	76.00	80.00	82.00	**80.00**	**90.00**
US NY Harbor ULSD (HO) Cracks to Brent Crude Oil	($/bbl)	40.62	24.00	20.00	18.00	**25.66**	**18.00**
US RBOB Cracks to Brent Crude Oil	($/bbl)	23.13	28.00	20.00	10.00	**20.28**	**12.00**
NWE Low Sulphur Gasoil Cracks to Brent Crude Oil	($/bbl)	31.30	16.00	12.00	10.00	**17.34**	**10.00**
NWE Eurobob Cracks to Brent Crude Oil	($/bbl)	15.00	18.00	12.00	2.00	**11.75**	**2.25**
NWE 1% Residual Cracks to Brent Crude Oil	($/bbl)	-13.40	-10.00	-7.00	-6.00	**-9.10**	**-5.00**
NWE 0.5% Residual Cracks to Brent Crude Oil	($/bbl)	2.50	0.00	2.00	2.00	**1.62**	**2.00**
NWE 3.5% Residual Cracks to Brent Crude Oil	($/bbl)	-23.20	-13.00	-12.00	-11.00	**-14.79**	**-10.00**
US Natural Gas	($/MMBtu)	2.65	2.25	2.75	3.25	**2.73**	**4.00**
Thermal coal, Newcastle FOB	($/t)	256	177	179	184	**199**	**160**
Aluminium	$/t	2,445	2,450	2,750	3,000	**2,661**	**3,500**
Copper	$/t	8,956	9,250	9,500	10,000	**9,427**	**9,875**
Lead	$/t	2,131	2,200	2,050	2,050	**2,108**	**2,000**
Nickel	$/t	26,389	24,000	22,500	20,000	**23,222**	**21,250**
Zinc	$/t	3,122	3,000	2,750	2,750	**2,905**	**2,500**
Gold	$/oz	1885	1950	2000	2200	**2009**	**2061**
Silver	$/oz	22	23	25	28	**25**	**26**
Platinum	$/oz	996	1,000	1,250	1,500	**1,186**	**1,632**
Palladium	$/oz	1,578	1,500	1,500	1,500	**1,520**	**1,632**

Source: BofA Global Research estimates

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