World at a Glance

Caution on disinflation

Key forecasts in FX, rates and commodities

Markets have become more optimistic about the potential for a soft landing and a sufficiently speedy cooling of inflation without a recession. We remain circumspect, and our core EUR-USD and US 10-year rates forecasts are unchanged.

G10 FX: keeping forecasts unchanged

Although risks to our positive near-term USD views have increased, we stick to our outlook and keep our G10 FX forecasts unchanged. Our end-2023 EUR-USD forecast remains 1.05, while we also continue to look for longer-term USD softness for next year.

EM Asia: keeping USD/CNY to 7.40 end 3Q, 7.20 year-end

We consider it premature to call an end to CNY depreciation in Q3 and maintain our USD/CNY 7.40 forecast. There is a policy need to keep monetary conditions loose and by implication the CNY weak, for the time being.

EEMEA: forecasts generally unchanged

Our EEMEA FX forecasts are generally unchanged. In particular, the forint should be supported by an improving balance of payments position and high carry, while we expect ILS to remain weak in 3Q23. We do revise our TRY forecasts.

LatAm: The Easing Company

We expect major central banks in the region to enter an easing cycle in coming weeks. We expect the central bank of Chile to start cutting rates in July as inflation declines. In Brazil, the central bank will likely start the easing cycle in August, with a 50bp cut.

Interest rates: still expect 3.50% for end-year US10-year

We maintain our end-2023 forecast at 3.50%. We expect lower long-end rates over time, but the easy and rapid part of the recent rate retracement is now likely behind us. We do have a number of forecast revisions in rates elsewhere outside the US.

Commodities: revisions in metals since last month

Since last month, we keep our key energy price forecasts unchanged, including our average 2023 Brent forecast of $80/bbl. However, we do have revisions in both precious and industrial metals.

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

19 July 2023

FX, Rates and Commodities
Global

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Next edition

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BofA GLOBAL RESEARCH

US rates: lower but slower

Mark Cabana, CFA
BofAS

Themes: end of hiking cycle = duration trade cleaner than curve

We recommended going long 10Y at 4.05% on July 10. Rates moved lower following lower-than-expected June CPI data. We still think rates go lower from here but at a slower pace.

Recent inflation data supports the view that we are nearing the end of the Fed's hiking cycle. We offer one clear message on duration: be long your benchmark or at worst neutral. While some may be inclined to trade a steeper curve to position for the end of the hiking cycle, we are hesitant. Curve steepening is less consistent following the Fed's final hike and there is a higher performance bar given negative carry.

Going long duration at the end of the hiking cycle is a more consistent trade than the steepener, which is more conditional on a harder landing outcome from the Fed. Another reason we prefer the long duration view is that the market path of inflation near term appears overly optimistic versus forecasts. Near-dated CPI swaps are below our US Economics team's expected CPI trajectory and below Fed median forecasts. While the last CPI print offers encouragement, we see risks that inflation proves stickier than the near-term path baked into front-end pricing.

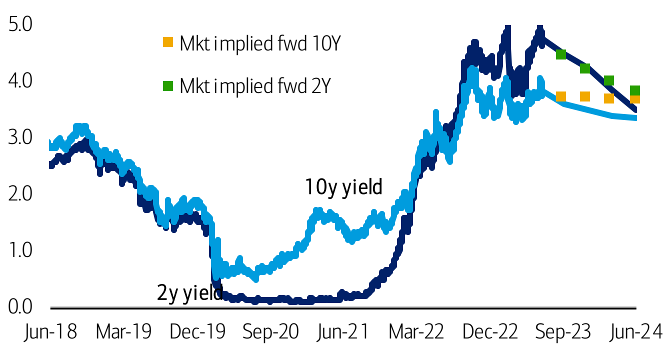
Forecasts: end-2023 10-year forecast remains 3.5%

We maintain our end-2023 forecast at 3.5%. We expect lower long-end rates over time, but the easy and rapid part of the recent rate retracement is now likely behind us. We would lighten up on any tactical UST longs but still retain the structural view for lower UST rates medium term. We continue to think that longs should be hedged with inflation exposure and like fading the cuts priced for Q1 2024.

Risks: risk/reward skewed to the downside

The risks to our long-duration view are stickier, more persistent inflation versus what is priced, ongoing Fed hikes, supply/demand shortfall.

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 2023 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: down but not out

Alex Cohen
BofAS

Themes: soft landing narrative takes hold

In the span a week, market sentiment on the dollar seems to have shifted notably. The June CPI miss (and to a lesser extent, the mixed June employment report) has emboldened dollar bears, as the "soft landing"/"immaculate disinflation" narrative has moved to the forefront. This has driven the Bloomberg Dollar Index to its 15-month lows, after range trading during H1 (see our report, FX Watch: June (CPI, NFP) Swoon for the USD 12 July 2023).

The "soft landing" scenario is the least constructive for the dollar, as it brings forward expectations for Fed easing without a significant growth shock. As such, we view the recent dollar sell-off as directionally justified, yet likely excessive in magnitude. The CPI report has resulted in a pricing out of hikes this year (beyond July) and approximately 2 additional cuts being priced through 2024. We are again dubious about the level of Fed easing being priced in, given the prospect that inflation, despite improvements, will remain sticky on the path to 2%. US data more broadly has continued to trend to the upside, driven by still tight labor markets, service sector growth and a housing market rebound. In contrast, growth data out of Europe and China has underwhelmed. This and the removal of base effects keep the prospect for core inflation resurgence alive.

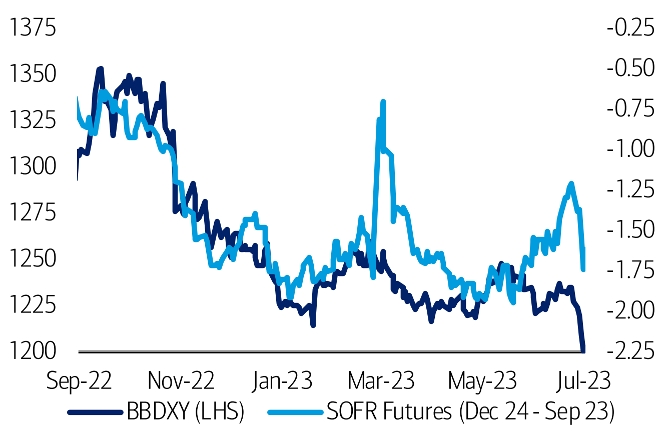
Forecasts: unchanged despite repricing

Last month, we revised up our USD forecasts slightly (from 1.10 to 1.05 in EUR/USD and 140 to 145 in USD/JPY) on US growth outperformance, elevated US rates and still sticky core inflation. Despite recent moves, we maintain these forecasts, seeing scope for the dollar to find support in H2, before depreciating towards fair value in 2024.

Risks: downside forecast risks post USD selloff

Downside risks to our USD forecasts have clearly increased following the June CPI report and subsequent sell-off. Data-dependent central banks keep the market susceptible to the latest print, and further disinflationary signals would likely keep the dollar on the back foot, barring a major growth or market shock. Unease over broader macro risks such as financial sector turmoil, China reopening, and the war in Ukraine have generally subsided from a markets perspective for now.

Exhibit 4: USD & SOFR futures curve (Dec 24 - Sep 23)
Expectations for additional cuts drives USD to fresh lows



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

	2022	2023F	2024F
Real GDP (% yoy)	2.1	1.8	0.1
CPI (% yoy)	8.0	4.0	2.7
Policy Rate (end of period)	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: volatility stays

Sphia Salim
MLI (UK)

Ronald Man
MLI (UK)

Themes: A roller coaster for rates in the past few weeks

The three factors that have kept us bearish on European rates have been (1) inflation and the ECB's reaction function, (2) hard data and (3) EGB supply.

June saw the pricing of high(er) rates for longer, as central banks surprised on the hawkish side. Some surprised with larger than expected hikes (e.g., BoE, RBA, Norges), others via their updated forecasts (e.g., Fed, ECB, SNB). Like in US and UK, the 1y1y part of the EUR curve underperformed (see Liquid insight, 4-Jul), with the weaker-than-expected US NFP and lower-than-expected US CPI put an end to this dynamic.

The front end may now have exhausted its sell-off, as the market is implying a terminal rate of 4% (versus our economists' baseline of 3.75%) and a return to neutral that is as slow as in the US, while inflation is showing encouraging signs of a slowdown (e.g., significant core inflation deceleration in some core economies). The combination of (2) and (3) should thus play a greater role than (1) in driving sell-offs. In this context, we believe that the 5-10y sector should drive the moves on the EUR curve, in both sell-offs and rallies.

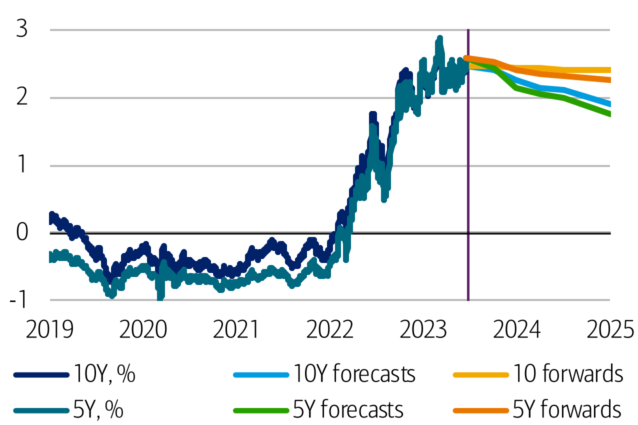
Forecasts: bearish bias near term, further declines long term

We still believe there are upward pressures on 5-10y rates near term but ultimately look for rates to rally from September onwards. Our forecasts are unchanged from last month. We look for 10y bund yields to close the year at 2.25%, which would correspond to a rally of c.20bp from current levels (vs just over 30bp rally in 10y USTs). We maintain an asset swap tightening bias on the high supply outlook.

Risks: inflation outlook, accelerated policy transmission, fiscal tightening

Upside risks to rates are upside surprises in inflation over coming months and an earlier end of full reinvestment in pandemic emergency purchase programme (PEPP). Downside risks to rates emanate from an acceleration in the speed of the monetary policy transmission (e.g., due to TLTRO repayments) and a potentially larger fiscal tightening under new fiscal rules. Both would raise the risks of a Eurozone recession in 2024.

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: don't get too excited

Athanasios Vamvakidis
MLI (UK)

Themes: anatomy of the latest rally

EURUSD appreciated from 1.07 at the end of May to 1.12. This is despite weak Eurozone data, particularly compared with that of the US, as well as a very weak recovery in China during re-opening. However, EUR crosses have weakened. Indeed, EUR is the third worst performer in G10 so far in July, after the USD and CAD. Therefore, recent EUR strength is just USD weakness, which in turn depends on the stickiness of US inflation and the Fed. Eurozone core inflation has been stickier than in the US and the ECB has been hawkish, which could in theory have also offered some support for the EUR, but weak data may have offset it. The consensus remains bullish EURUSD, re-engaging with longs whenever they see an opportunity.

However, we remain skeptical short term, as the Eurozone economy is doing much worse in relative terms and we see soft landing as the least likely scenario to bring inflation down. We are more constructive looking into next year, but once again it seems to us that the market has priced a too optimistic scenario of global inflation coming down too soon without much, if at all, economic pain.

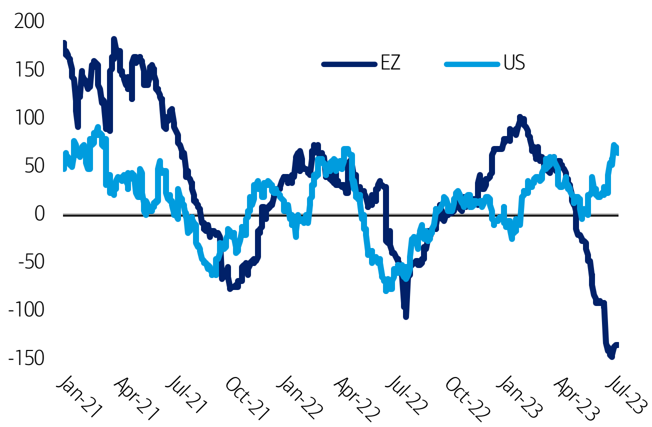
Forecasts: keeping a bearish short-term view

Although upside risks to our bearish EUR short-term forecasts have increased following the latest price action, we stick to our view for now. It is mostly a USD call, as the EUR has been weak versus the rest of G10. We continue to forecast EURUSD at 1.05 for the rest of the year, appreciating to 1.15 by the end of next year and towards long-term equilibrium at 1.20 by end-2025.

Risks: upside for our forecast, but downside for current spot

The EUR remains subject to the latest data prints in the Eurozone and in the US. A stagflation scenario could challenge the ECB and eventually lead to a hard landing. Energy prices could increase after the summer.

Exhibit 10: Data surprises versus consensus
Eurozone data has disappointed expectations recently, particularly versus US



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

	2022	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: JGB is likely to rally in August

Tomonubo Yamashita
BofAS Japan

Key theme: JGB is likely to rally in August

JGB market participants have started to price in further yield curve control (YCC) tweaks at the July Monetary Policy Meeting (MPM), and the 10-year JGBs are now traded slightly below 0.50%, though our Japan economists push back their base case for YCC adjustment to October from July, given the recent policy board members' dovish stances (for details, see our report, Japan Watch: BoJ Watch: Cautious BoJ to bide more time to tweak YCC 10 July 2023).

We think the July MPM could catalyze the JGB market. Until the June 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 JGB-bearish event. However, for the July meeting, domestic financial institutions may start to buy and accumulate JGBs if the BoJ keeps its monetary policy unchanged at the 27-28 July MPM (for details, see our report, Japan Watch: BoJ review: Watching and waiting 16 June 2023), though we would not rule out the possibility of additional YCC amendments at the MPM.

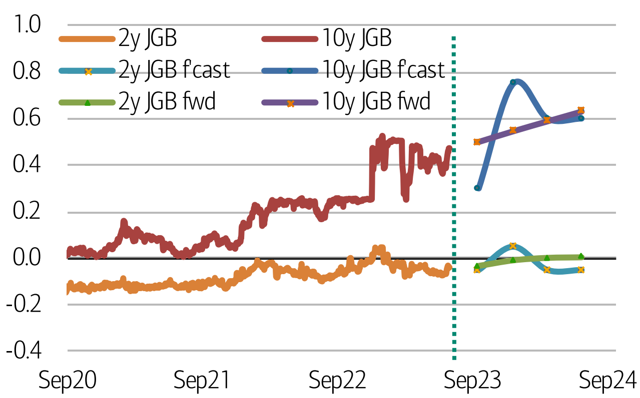
Forecast: Near term bullish, long term bearish

As we noted above, JGBs are likely to be bullish at least until October MPM, where in our Japan economists expect the central bank to shorten its YCC target maturity from 10-year to 5-year. The BoJ is expected to keep its excessive bond buying operations in the near term, which would support JGBs to rally (for details, see our report, Japan Rates Watch: Expect only limited reduction in BoJ purchases after YCC adjustment 11 May 2023). Our 10-year JGB yield forecast is 0.75% at end-2023.

Upside risks

We think the risk to our base case is biased to the upside. We see risks owing to the BoJ's further tweaks at the July MPM, which may urge the market to pencil in the BoJ's additional 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 0.75%

	Q3 23	Q4 23	Q1 24	Q2 24
3m TORF	-0.03	-0.03	-0.03	-0.03
2y Govt.	-0.05	0.05	-0.05	-0.05
5y Govt	0.05	0.40	0.25	0.25
10y Govt	0.30	0.75	0.60	0.60
30y Govt	1.20	1.30	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 0.85%

	Q3 23	Q4 23	Q1 24	Q2 24
2y	0.05	0.20	0.10	0.10
5y	0.15	0.45	0.30	0.30
10y	0.55	0.85	0.65	0.65

Source: BofA Global Research

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JPY: sell the rally

Shusuke Yamada
BofAS Japan

Themes: BoJ's YCC tweak not a game changer for JPY

JPY has risen since July 7. Market expectations for the BoJ's policy change at its July MPM is rising. Our economists' base case is for the BoJ to tweak YCC in October, but the Jul MPM has become a live meeting after Deputy Governor Shinichi Uchida's interview with Nikkei published on July 7. While Uchida did not say anything new, the timing of the interview – 3 weeks before the MPM and when the market had assumed no change – led to speculation that the BoJ may want to keep optionality for the Jul MPM.

Whatever the timing is, our view remains that the BoJ's YCC tweak would not drive JPY higher beyond short-term because (1) domestic investors have been fully prepared and (2) the BoJ would likely maintain its patient stance on the front-end and USD/JPY carry remains high for coming months. USD/JPY could fall to 135-136 in case of a YCC tweak as the 10yr JGB rate can rise to 80bp, but it is unlikely to take much time before the pair recovers 140 given 6% carry.

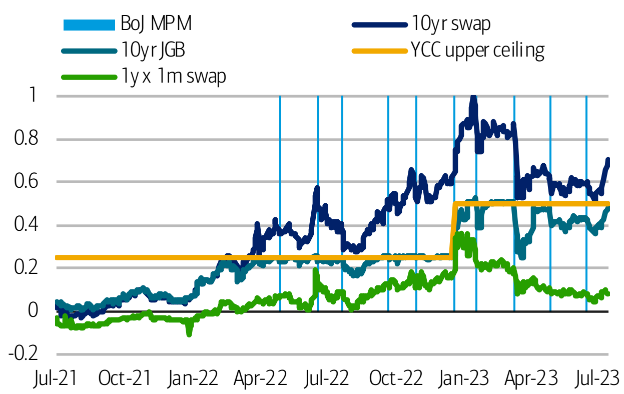
Forecasts: JPY weaker

We expect USD/JPY and G10/JPY to be supported by FX carry. We expect USD/JPY to rise to 147 by September and end the year at 145.

Risks: US disinflation

If the US June CPI print tells faster than expectation disinflation, the Fed may scale back policy tightening, which could weigh over USD/JPY.

Exhibit 16: Yen rates pricing
Expectations for YCC tweak rising



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 recovery

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

Source: Bloomberg and BofA Global Research estimates

BofA GLOBAL RESEARCH

UK rates: Staying bearish

Agne Stengeryte
MLI (UK)

Mark Capleton
MLI (UK)

The price is right? Positioning turns positive

The first downside surprise in non-farm payroll (NFP) in around 15 months followed by lower-than-expected CPI was interpreted as a major turning point and a green light to further duration build up in the US. UK rates selloff came to a halt also. Our FX and Rates Sentiment Survey conducted around the time and published on 14 July (see report, Getting long isn't easy) showed UK duration overweights getting close to the previous record high of July 2016. The increase in "view" lagged the rise in "exposure", pointing to dip buying in line with anecdotal evidence from the same time.

From here, Gilt supply pressures will fade into the summer and any further rally in USTs might influence Gilt yields lower (although we are now more cautious as 10y USTs dropped to levels in line with current fundamentals). We are convinced that the short-end curve inversion has gone too far and recommend steepeners. We remain bearish UK rates, keeping in mind the many UK fragilities that should continue implying UK rates underperformance on cross-market basis. Our favourite way to express bearish UK rates view remains in real yield space.

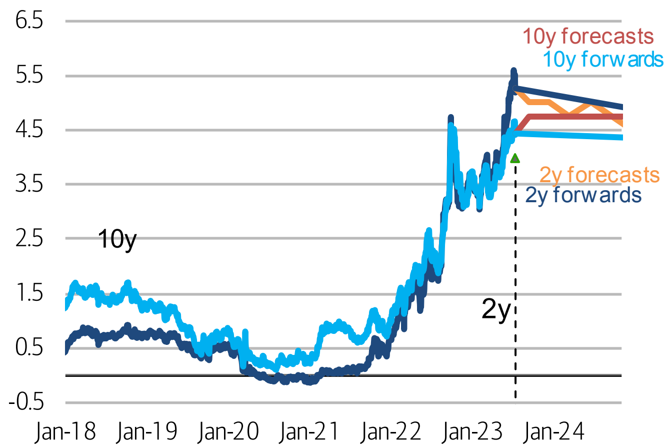
Forecasts: Small tweaks

Our latest set of forecasts reflects small tweaks made when we last fine-tuned our Bank of England (BoE) call. Our current base case scenario is for two 25bp Bank rate hikes in August and September and rates on hold over the course of 2024. But risks to the upcoming data – and our base case scenario by implication – are to the upside. In 10y, we continue to pencil in 10y Sonia at 4.5% and 10y Gilt at 4.75% throughout.

Risks: Fiscal, geo-politics and turmoil from abroad

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

Exhibit 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: 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	5.50	5.50	5.50	5.50
2y Govt.	5.00	5.00	4.75	5.00
5y Govt	4.50	4.75	4.50	4.50
10y Govt	4.75	4.75	4.75	4.75
30y Govt	4.50	4.50	4.50	4.50

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	5.50	5.25	5.00	5.00
5y	4.75	4.75	4.50	4.50
10y	4.50	4.50	4.50	4.50
30y	4.00	4.00	4.00	4.00

Source: BofA Global Research estimates.

BofA GLOBAL RESEARCH

GBP: disinflation unlikely to be painless

Michalis Rousakis
MLI (UK)

Themes: GBP nearer-term risks now tilt bearish especially versus USD

GBP risks may be more balanced than a few months ago, but we now think the increased UK harder landing risks, given the rates currently priced for the BoE, and the long investor positioning suggest GBP downside risks dominate near term, especially versus the USD.

While the market reaction after the softer-than-expected US June CPI print offered some relief, we still think the BoE rate path currently priced could prove overly restrictive for the UK economy. Granted, consumers have proven surprisingly resilient, perhaps in part because of their lower exposure to higher rates than consumers in other economies (e.g., Sweden). But the level of rates also matters, while our concerns are not only around consumers: our economists see at least as high risks around government finances, via higher debt-servicing costs and via BoE losses (see the report, UK Macro and Financials: Government rather than consumer stress, although maybe consumer stress too 11 July 23). To this end, we think additional hawkish inflation surprises could weigh on GBP on higher "hard landing" risks, while dovish inflation surprises could end up supporting it.

Of course, the UK supply side remains key. For instance, the increased labour force participation rate has been a welcome development, but one our economists see as one-off, adding to their conviction that wage growth is here to stay (see the report, Wage growth higher for longer 14 July 23). Meanwhile, we are concerned about the GBP investor positioning, which we now find to be the longest in the G10, especially for Hedge Funds.

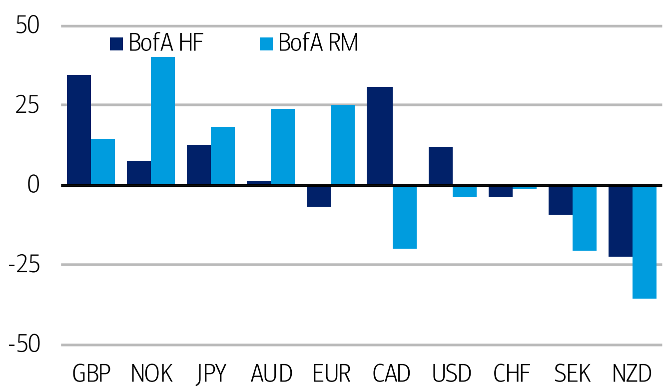
On the flip side, carry remains a GBP positive versus most G10 currencies, including EUR, which is one reason we see more GBP downside risks versus particularly the USD—other reasons are our more hawkish Fed call than markets and our bearish view on global risk sentiment.

Forecasts: no changes. Risks: UK inflation, fiscal, positioning, risk sentiment

We continue to see EURGBP at 0.85 through our forecast horizon, but we expect cable lower from current levels this year (but higher next year). UK inflation is a key risk as are fiscal policy and GBP positioning. Eurozone inflation and growth are, of course, also key.

Exhibit 22: BofA investor G10 FX positioning

Positioning suggests GBP downside risks, although GBP longs not stretched



Source: BofA Securities. +50 (-50) represents a max long (short) positioning relative to history. Data through July 7. HF denotes BofA Hedge Funds. RM denotes BofA Real Money clients.

BofA GLOBAL RESEARCH

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

	2022	2023F	2024F
Real GDP (% yoy)	4.1	0.4	0.3
CPI (% yoy)	9.1	7.4	2.8
Policy Rate (end of period)	3.50	5.50	5.50
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

BofA GLOBAL RESEARCH

Canada rates: Markets price in more BoC hikes

Katie Craig
BofAS

Ralph Axel
BofAS

Themes: Market pricing continues to reflect upside risk to BoC path

The BoC hiked another 25bps last week at their July meeting, which markets had priced a 75% chance prior to the meeting. Looking ahead at the September BoC meeting, markets are currently pricing in a 36% chance of another rate hike as priced by BoC 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. The Fed is likely to follow the BoC this week with a 25bp hike at the July FOMC. 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 through the remainder of the year, but market expectations for further BoC hikes could continue to drive the underperformance of CA rates at longer dated spreads.

The BoC is likely to continue quantitative tightening (QT) until it cuts 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

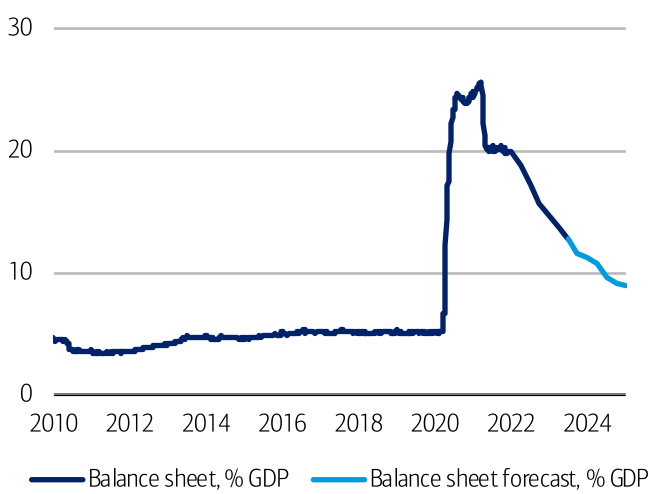
We have revised our forecasts upward for rates across the curve but most significantly in the front end due to BoC path expectations. We continue to forecast an inverted curve through most of 2024.

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 Government of Canada 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	4.30	4.10	3.90	3.60
5y	3.50	3.30	3.20	3.10
10y	3.30	3.20	3.20	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	4.80	4.60	4.40	4.10
5y	3.90	3.70	3.60	3.50
10y	3.80	3.70	3.70	3.60

Source: BofA Global Research estimates

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CAD: hard landing risk increased

Howard Du, CFA
BofAS

Themes: Bank of Canada risks overtightening the economy

While the Bank of Canada (BoC) rate hike this month was in line with consensus forecast, the level of hawkishness in both the statement and press conference are still quite surprising. USD/CAD could fall to somewhere around the year-to-date low of 1.3117 on the back of hawkish BoC and broad-based post-CPI USD weakness in the short term, but we expect the pair to retrace back towards our Q3 forecast of 1.32 in the next 1-2 months (see our report, FX Watch: 12 July 2023).

The latest BoC economic projections appear to be too optimistic, in our view. These growth projections and Governor Macklem's response in the press conference suggest to us the BoC leans more towards the "no-landing" camp for growth. To the contrary, our economists still see at least a moderate downturn by H1 2024 for developed countries that have aggressively raised policy rates over the past year (see the report, Mid-year review: 15 June 2023). Any downside surprise in the economic data before the next BoC meeting should lead to the rates market pricing out rate hikes for rest of the year and for USD/CAD to retrace toward our Q3 forecast of 1.32.

More medium term, the macro drivers for CAD still remain favorable, and we maintain our downtrend quarterly forecast path for USD/CAD for now. However, we are concerned that BoC now risks overtightening the economy. Canadian households historically have had one of the highest debt-to-GDP ratios in the world. As a result of aggressive monetary policy tightening, household debt service ratio has also sharply risen over the past year and is now close to 2008 level. The latest BoC rate hike has indeed increased the likelihood of a growth hard landing for Canada, which would increase the risk to our bullish CAD forecast should Canada experience a sharper growth shock than the US due to central bank overtightening.

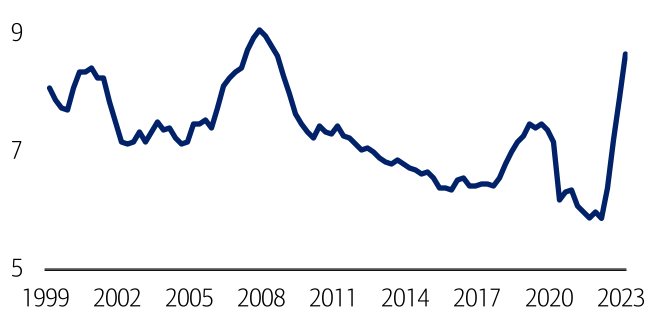
Forecast: no change for now

We keep a downtrending forecast path for USD/CAD and see the pair fall to 1.30 by end of the year.

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

The risk is still a sharper-than-expected recession in Canada, and the risk to our forecast has increased with the latest BoC rate hike.

Exhibit 28: Household debt service ratio is close to 2008 level
Canadian household debt service ratio (saar)



Source: BofA Global Research, Bloomberg, StatsCan

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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

	2022	2023F	2024F
Real GDP (% yoy)	3.4	1.4	0.2
CPI (% yoy)	6.8	3.7	2.6
Policy Rate (end of period)	4.25	5.00	3.50

Source: Bloomberg and BofA Global Research estimates

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AU rates: prepare for landing

Oliver Levingston
Merrill Lynch (Australia)

Micaela Fuchila
Merrill Lynch (Australia)

Themes: buy AUD duration after the recent steepening

Since our last update to the forecast three months ago, the ACGB curve has outperformed the US in the belly and steepened more aggressively as the RBA signals a slower and more cautious approach to hikes. We continue to see cheaper rates in the belly and a rally from Q1 24 as investor concerns shift from inflation to growth and like AUD duration after the recent steepening (see the report, Liquid Insight: Dollar bloc divergence: buy AU duration on a cross-market basis 12 July 2023).

Swap spreads have remained rangebound since June as the swap EFP box flattened modestly. We continue to see value in receiving long-end swaps as wider front-end bills-OIS offsets receiving pressure in front-end (i.e., 3y) swap EFP.

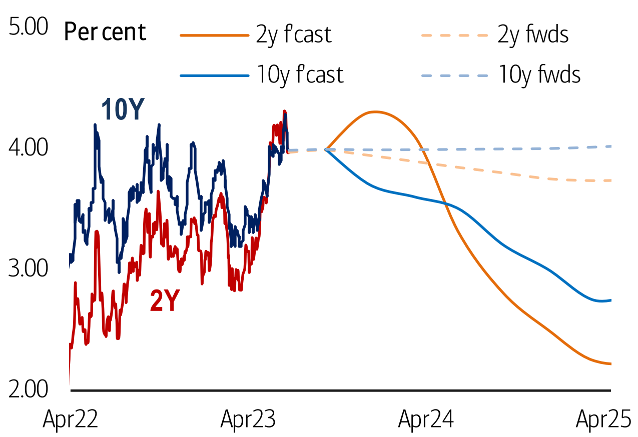
AU economics: inflation stabilises, activity softens

Higher frequency indicators of economic activity continue to suggest that the economy has lost momentum. Household spending, which accounts for over half of the economic output is set to weaken as higher interest rates gain traction and inflation remains elevated. In addition, fixed-rate mortgages rollover is set to peak in 3Q, adding to the case for household balance sheet constraints. Indeed, consumer confidence towards the economy and spending remains very weak.

Encouragingly, the labour market remains in good shape and an ongoing rise in population growth could provide a boost to aggregate demand in the near term. The outlook for private investment remains mixed with dwelling investment in decline, but some work in the pipeline for non-dwelling private investment should also avoid a much larger decline in growth than we currently expect. We expect GDP to average at 1.5%yoy in 2023 and 1.3% in 2024.

As for the outlook for rates, we are currently expecting a hike in August to take the cash rate to 4.35% from 4.1%. However, the Bank's data-dependent reaction function and key releases coming up ahead of the meeting (labour force and 2Q CPI) mean that risk could be for another pause. Should our forecast materialize, we would expect no further hikes in 2023, with a terminal rate of 4.35%.

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 hiking cycle matures

	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: risks to goldilocks

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, recently supported by lower-than-expected US CPI data (weaker USD), rising hope for a soft landing (risk on) and expectations for further policy easing in China (better China sentiment). All seem somewhat premature, in our view – while our year-end forecast of 0.69 is consistent with improvement in China sentiment by year-end, this may take longer to materialize given the lead-lags associated with stimulus. Meanwhile, we retain our broader constructive view on USD.

China's property sector (commodity demand) and service imports (tourism and education) will be the primary channels to watch 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.

Rate hikes have supported AUD at the margin. At the same time, domestic policy rates remain less restrictive than elsewhere. Australia may have a better chance of avoiding a recession relative to its G10 peers, which should be a medium-term positive, especially when global central banks enter an easing cycle, likely in 2024.

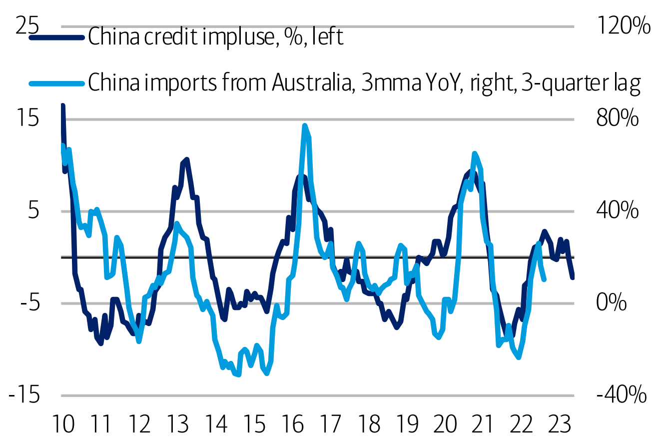
Forecasts: gradual AUD recovery, 0.70s in 2024

AUD/USD is close to our year-end forecast of 0.69 – while we remain constructive over the medium term, we suggest caution over 3Q in light of a still hawkish Fed, China uncertainty and consequently the potential return of USD strength. A China recovery should be evident only later this year, with much depending on 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 versus China credit impulse
Credit easing needed to sustain China's import impulse for Australia



Source: Bloomberg and BofA Global Research

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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	2022	2023F	2024F
GDP (% yoy)	3.6	1.5	1.3
CPI (% yoy)	6.6	5.7	3.2
Policy Rate (end of period)	3.10	4.35	3.85

Source: Bloomberg and BofA Global Research estimates

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NZD : terminal traction

Adarsh Sinha
Merrill Lynch (Hong Kong)

Themes: waiting for higher rates to bite

The RBNZ's latest communications suggest that the bar for additional rates hikes remains high, with our economists seeing rates on hold at 5.5%. Weaker global conditions and softer tradable inflation are supporting an ongoing decline in CPI from its peak and expectations for inflation have already fallen. However, domestic inflation pressures remain sticky.

To the extent that the RBNZ began its tightening cycle earlier than most central banks, taking the OCR to highly restrictive levels should 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 that the Fed will continue to hike and push back against market pricing of rate cuts in 2024, which would support USD. This and any associated risk-off is more likely to weigh on NZD, which has less terms of trade buffer than other commodity currencies

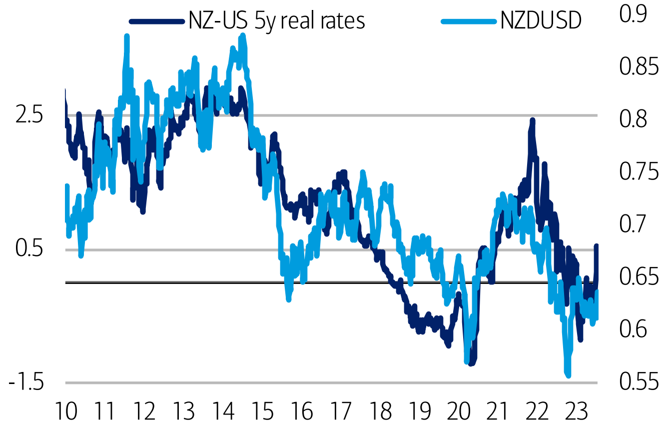
Forecasts: NZD/USD to remain within range

Despite the sharp rally in NZD/USD recently, it remains within its recent range. A strong USD is likely to see NZD return to the lower end of this range during 3Q. We continue to expect NZD to 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 versus 5y real rate differential
NZD/USD largely consistent with real rate differential over time



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	2022	2023F	2024F
Real GDP (% yoy)	2.5	0.9	0.4
CPI (% yoy)	7.2	6.0	3.3
Policy Rate (end of period)	4.25	5.50	4.50

Source: Bloomberg and BofA Global Research estimates

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CHF: getting too strong

Athanasios Vamvakidis
MLI (UK)

Themes: hawkish SNB despite falling inflation

The SNB remains hawkish despite both headline and core inflation rates having dropped below 2%, the lowest in G10. The SNB expects inflation to increase again in the months ahead, but we are more sceptical. We see the SNB pausing from now on, but this is a close call based on their hawkish communication and markets are pricing 10bp for the September meeting. Consensus has the first cut in 2Q24, in line with the first forecast reduction from the ECB. We expect a bit more patience from the SNB and only anticipate one cut in 2H24, followed by another in early 2025. A very active unwinding of the balance sheet probably gives some bias to lag the ECB.

Recent SNB communication continues to suggest comfort with a strong CHF to contain inflation. However, we are increasingly concerned that the SNB may be undershooting its inflation target now, exactly the opposite problem compared with the rest of G10. CHF is getting too strong, from already very overvalued level. We have been constructive CHF this year, which was an out-of-consensus call, but it has appreciated even beyond our expectations.

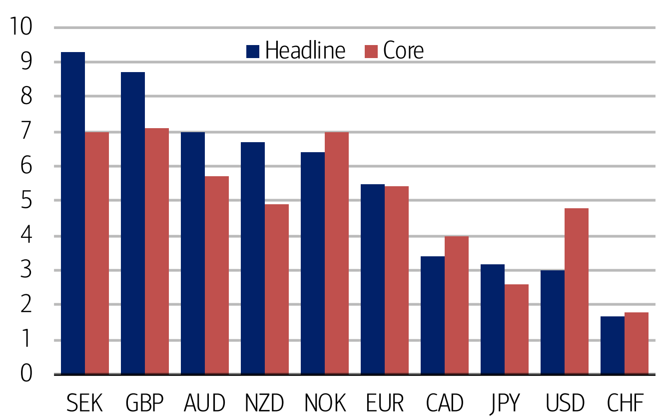
Forecasts: to remain strong this year

We expect EURCHF to remain below parity this year, with our end-year forecast at 0.98, which is now somewhat above spot. 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: disinflation vs EZ risks

The drop of Swiss inflation this year, below expectations and well below the rest of G10, suggests increasing risks of the SNB having to pivot, which could be very negative for CHF. On the other hand, a hard landing from a hawkish ECB could support CHF further.

Exhibit 40: Inflation in G10 economies
Swiss inflation below 2% and the lowest 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

	2022	2023F	2024F
Real GDP (% yoy)	2.1	1.0	1.2
CPI (% yoy)	2.8	2.3	1.4
Policy Rate (end of period)	1.25	1.75	1.50

Source: Bloomberg and BofA Global Research estimates

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NOK: when stars align

Michalis Rousakis
MLI (UK)

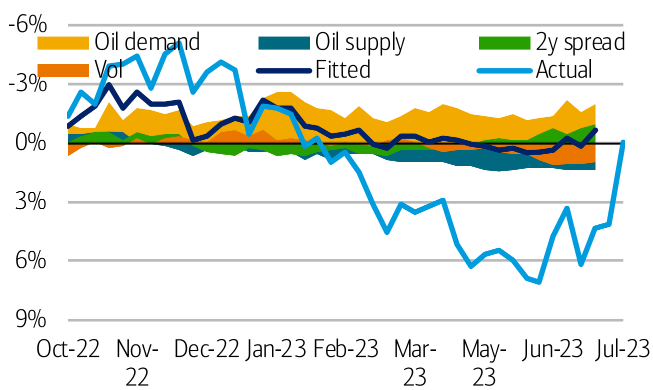
Themes: we see more upside by year-end but are cautious on risk nearer term
Stars aligned at last for NOK, which staged a remarkably rally. We do expect more upside by year-end but are also cautious on risk sentiment following the recent risk rally.

Even before the risk rally following the softer-than-anticipated US June CPI print, NOK had retraced some of its losses from earlier in the year. This was in response to the very hawkish Norwegian June CPI print (another one), Norges Bank's hawkish shift in June (see the report, Norges Bank Review: getting ahead 22 June 23), the resilient activity data, and Norges' oil-related NOK flows turning more favourable slightly earlier than expected. So the risk rally and the higher oil prices that came with it was as much a trigger as a catalyst, with NOK becoming much more aligned with what its history would suggest.

We see further NOK upside by year-end. We count on slightly higher oil prices later this year and more meaningfully higher prices in 2024, with our commodities team expecting Brent at 82$/bbl in 4Q and 90$/bbl in 2024 (see the report, The battle royale between oil and money 5 June 23). Of course, China policy easing could also help. Second, with ex-energy inflation yet to peak and a very resilient Norwegian economy, we think Norges' bias will remain hawkish. Certainly, the stronger NOK could take off some pressure but the inflation data and NOK's out-sized weakness for several months would serve as a strong reminder. Third, oil-related NOK flows by Norges and petroleum companies combined could improve slightly more.

Forecasts: no changes. Risks: Fed & risk sentiment, oil & China
We still expect EURNOK at 10.60, USDNOK at 10.10, and NOKSEK at 1.04 by year-end. But we are worried about markets running ahead of themselves: we think getting to 2% inflation is unlikely to be costless in most economies, which could undermine risk sentiment and is a key reason behind our near-term bullish USD view. We also find NOK positioning more crowded than earlier in the year. The bottom line is we like NOK, but we do not think it will be a straight line, so being tactical would be key.

Exhibit 43: Fitted versus actual NOK I-44 (inverted values)
NOK under-performance no more



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 July 14 for actual and June 30 for fitted. 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 York Fed Oil Price Dynamics Report data; changes in Norway's 2-year trade-weighted swap spread; and changes in the idiosyncratic NOK implied-vol spread.

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Exhibit 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 slowing into 2023

	2022	2023F	2024F
Real GDP (% yoy)	3.3	1.2	1.0
CPI (% yoy)	5.7	5.4	3.0
Policy Rate (end of period)	2.75	3.75	3.00
GenGov Bal (%/GDP)	16.2	20.9	18.4
CurAct Bal (%/GDP)	25.4	22.7	18.8

Source: Bloomberg and BofA Global Research estimates.

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SEK: stubbornly high inflation

Michalis Rousakis
MLI (UK)

Themes: still early to turn constructive on SEK

We remain bearish on SEK, with the progress on inflation, esp. ex energy, being slower than we expected. The recent SEK rally should offer them some relief but, until inflation slows enough, the Riksbank and, to this end, SEK, could come under fresh pressure.

Before SEK's strong rally following the US CPI data, SEK had weakened more versus our (bearish when made) forecast. But we were and still are flagging risks of more and/or prolonged weakness, although we find SEK much undervalued. Even if SEK already priced a lot of negative domestic news, our bullish near-term USD (bearish risk) view suggests downside risks. And into the US June CPI, SEK positioning was short but not stretched.

Regarding the Riksbank, it has been clearly worried about SEK and its potentially faster pass-through. However, we think they (and SEK) risk increasingly getting caught between a rock and a hard place until core inflation starts falling meaningfully. To us, more Riksbank hikes is not obviously SEK positive. Indeed, SEK stands out as the weakest in G10 versus its usual beta to rates (see the report, Do rates still matter for FX? 26 June 23).

The labour market data has proven surprisingly resilient, housing prices have been stabilising (but volumes remain low), manufacturing has fared well (on exports and a weaker SEK), and business capex is also fine. But we have seen clear weakness in private consumption, housing investment, and an abundance of negative CRE headlines.

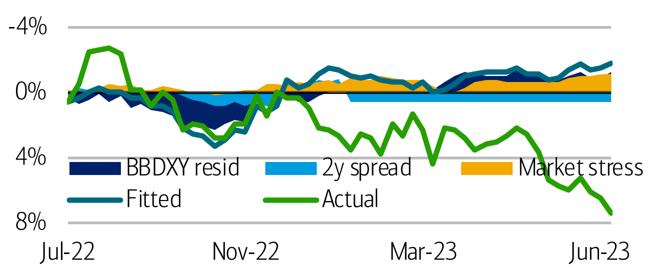
What would it take for us to turn constructive? Progress on inflation: it may initially be SEK-negative (on the Riksbank likely repriced lower) but would lower hard-landing risks (consumer squeeze and risks around CRE) further out. To lower inflation, the Riksbank can count on high rate sensitivity, lower wage growth given the recent deal (but wage drift is a risk, as the June minutes showed), the anchored inflation expectations, and a "friendly" fiscal stance. But we need time to tell. So far, ex-energy inflation, especially in services, remains sticky, narrowing the path to our more constructive view on SEK after Q3.

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

We forecast EURSEK at 11.50 in 3Q and at 11.00 by year-end but risks are for more /prolonged SEK weakness. We see USDSEK at 10.48 and NOKSEK at 1.04 at year-end. Risks are around risk sentiment, the ECB, Swedish inflation and the property markets.

Exhibit 46: Fitted versus actual Swedish krona index

Strong divergence likely partly reflects simmering property-market concerns



Source: BofA Global Research, Bloomberg, Lower values of the trade-weighted krona index (KIX) show a stronger SEK. Weekly data through July 7. Fitted values are based on regression estimates for Jan 2018- June 2022. We regress changes in log KIX (trade-weighted krona index) on 1) residual changes in the (log) Bloomberg Dollar Index (see below for details); 2) changes in the trade-weighted 2-year SEK swap spreads; 3) changes in the first principal component of VIX, the MOVE Index and the US Corporate BAA 10-year spread, which we interpret as a proxy for market stress. The residual changes of the Bloomberg Dollar Index are changes in the Bloomberg Dollar Index unaccounted for by changes in market stress conditions.

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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

	2022	2023F	2024F
Real GDP (% yoy)	2.9	0.0	0.0
CPI (% yoy)	8.1	6.2	3.2
Policy Rate (end of period)	2.50	4.00	3.25

Source: Bloomberg and BofA Global Research estimates

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EM Asia

China: Disappointing 2Q GDP

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Disappointing 2Q GDP growth underscores necessity of policy support

2Q GDP growth came in at 6.3% yoy on a low year-ago base, trailing both consensus and our forecast at 7.1%. In sequential terms, growth momentum weakened notably (0.8% qoq, vs. 2.2% in 1Q), as the post-reopening consumption recovery lost steam, housing sales slowed again and exports contracted. As for June data, growth of industrial production and fixed asset investment (Exhibit 49) both exceeded our estimates and consensus, while retail sales growth undershot.

We believe disappointing Q2 growth underscored the necessity for policy easing, while the piecemeal measures announced in past weeks (June MLF reduction, consumption support, official confirmation of mortgage policy easing) suggested policy makers are gradually responding to the downward pressure. The end-July Politburo meeting should be the next crucial window to watch on potential pro-growth measures.

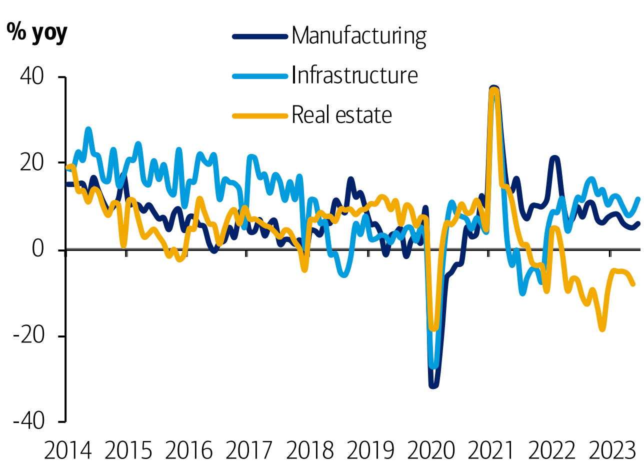
Stronger fiscal firepower needed amid revenue shortfall

China's headline fiscal revenue growth appears robust in 1H, with stunning double-digit growth in April-May. However, looking through the favorable base and taking land sales contraction into account, the underlying fiscal strains are severe, especially at the local government level. In our view, such fiscal strains will potentially limit the countercyclical capacity of fiscal policies this year.

Arguably, revenue shortfalls are not new. Last year, the government chose to cut expenditure aggressively to tackle such shortfall. However, given aggregate demand weakness as well as low business and consumer confidence this year, we believe any significant spending cuts would be overly procyclical and add headwinds to growth.

In our view, fiscal policy should play a stronger countercyclical role and help shore up growth. Therefore, a better policy option is to increase fiscal deficit, and boost consumption or public investment with the extra cash raised. After that, issuing special treasury bonds to fund specific programs would also be a viable way to cushion the downward pressure on investment growth.

Exhibit 49: FAI sector breakdown
Growth of both manufacturing. and infrastructure FAI picked up in June



Source: BofA Global Research, CEIC, NBS

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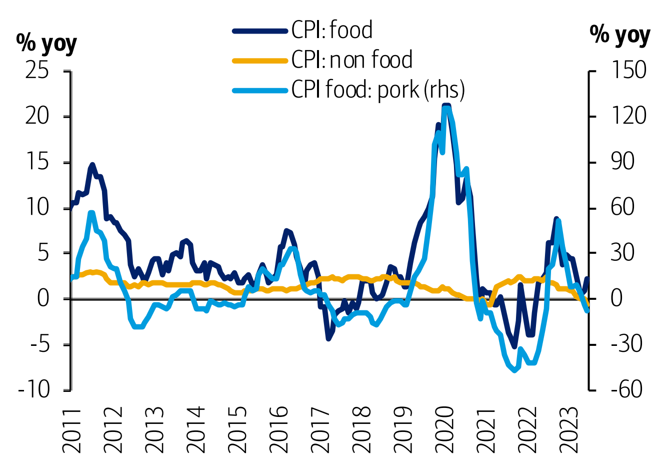
Exhibit 50: CPI inflation
Food CPI inflation rose to 2.3% yoy from 1.0% previously



Source: BofA Global Research, CEIC, NBS

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The rising deflation risks underscore the necessity of near-term policy support

CPI inflation stayed muted at 0% yoy, trailing the consensus (Exhibit 50), while PPI deflation widened to -5.4% yoy (versus -4.6% in May), with further ease in producer PPI. Core inflation edged down, with mom decline for the 5th month. Goods CPI dropped further, while services saw small gain. The subdued CPI inflation prints in June again indicated weak domestic demand recovery.

June credit data beat expectations despite still weak demand

Our BofA China Financial Condition Indicator (FCI) tightened to 100.2 in June from 98.6 in May due to a narrower yoy CNY NEER depreciation, higher nominal interest rates and slower credit growth (Exhibit 51). New loans (RMB3,050bn) and TSF (RMB4,220bn) both surprised on the upside. New MLT corporate loans stayed resilient while household loans improved. The numbers likely reflected banks' efforts to boost credit expansion at quarter end, rather than a credit demand rebound. In our view, expanding credit supply alone won't be effective in lifting growth momentum.

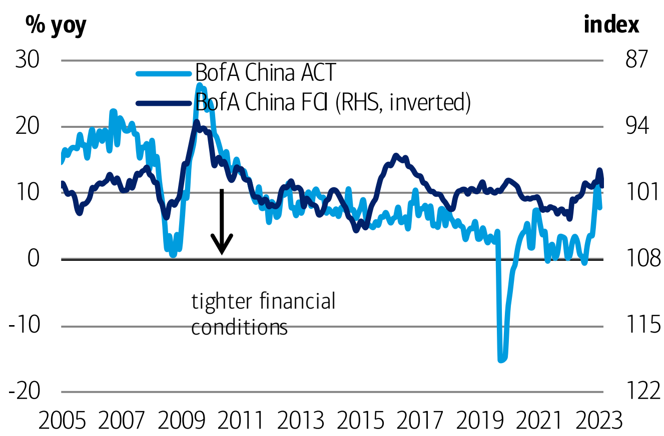
FX outlook

USD/CNY retreated from a high of 7.2537 on June 30th as the broader USD sold-off in anticipation that the US Fed's monetary tightening cycle may be approaching an end. We believe it premature to call an end to CNY depreciation in Q3 and maintain our USD/CNY 7.40 forecast. China's economic growth data continues to point to downside risk and deflationary pressures. This suggests there is a policy need to keep monetary conditions loose and by implication the CNY weak, for the time being.

That said, it is also clear that the PBoC is trying to slow the pace of CNY depreciation and discourage one-way short CNY speculation. This is consistent with the stronger daily CNY fixings and use of a counter-cyclical fixing component. However, the bigger picture of CNY depreciation is evident with the PBoC's trade weighted CFETS basket declining to a fresh low of 95.34, the lowest level since January 2021.

Exhibit 51: BofA China Financial Condition Indicator

BofA Financial Condition Indicator tightened to 100.2 in June



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 forecast for 7.20 at end of year

	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 5.1%

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

Source: BofA Global Research

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India: RBI to look through inflation spike

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Jun CPI rises to 4.8%; Another spike likely in Jul but RBI to look through

After four consecutive months of steady declines, CPI inflation picked up in June to 4.8% y/y from 4.3% in May. The 50bp increase – which was in line with our forecast, but higher than consensus expectations for a smaller increase to 4.6% – was due to CPI rising sequentially by +1.0% m/m against a -0.5% base effect. The sharp increase was primarily driven by food inflation, with prices rising 2.5% m/m. In particular, the vegetables category (led by 64.5% increase in prices of tomatoes, 8.2% for onions, etc.) recorded a 12.2% m/m increase in prices, followed by meat & fish at 3.8% and pulses at 3.4%. Outside of food, most categories saw similar prices gains to recent months, with housing (the index declined -0.7% vs. 0.6% average increase in April-May) and education (index rose by 1.1%, higher than 0.6% average in April-May) being the exceptions.

Meanwhile, most measures of core inflation eased further in the month of June, with RBI core (headline minus F&B and fuel/light) declining to 5.1% (from 5.2% before) and core excluding T&C falling to 5.7% (from 6.1% before). Our preferred core-core measure (headline minus F&B, fuel, petrol, diesel, gold & silver) was steady at 5.4%.

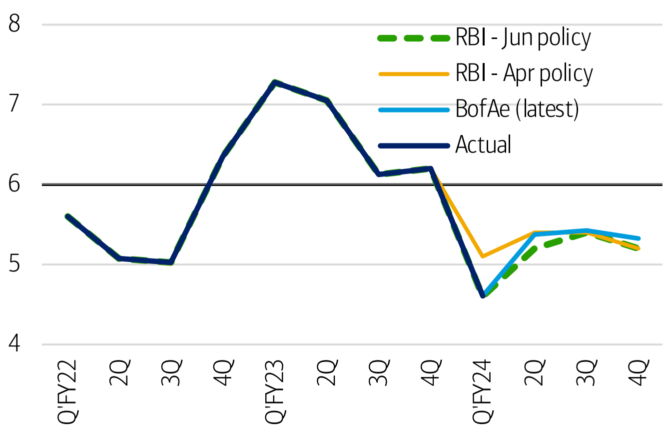
Jul could see another spike, but lasting impact unlikely

Latest data point to further increases in vegetable prices into July, although this could moderate once supply responses kick in. Nevertheless, assuming a similar 2.5% increase in food CPI is replicated, headline CPI inflation is likely to take another step up to above-5.5% levels in July. In this case, upside risks to RBI's 2Q'FY24 inflation forecast of 5.2% will increase, especially if prices do not correct later into the quarter. However, given the nature of (mostly) vegetables-led price spikes in June/July, which is prone to sharp corrections once supply is restored, such risks are still low, in our view. As such, our latest quarterly inflation trajectory is only marginally higher than RBI's latest from June, with full FY23/24 averaging 5.2% (versus RBI's 5.1%).

RBI on extended hold, but take comfort from core

RBI has kept the policy repo rate unchanged at 6.5% in the last two meetings, while adopting a generally hawkish tone. While near-term concerns on inflation may rise due to the food price spike, we expect the MPC to look through the (likely) temporary increase and, instead, take further comfort from the gradual easing of core inflation. All in, we see little impetus for a shift in policy in the near term and continue to expect the

Exhibit 54: CPI Inflation – RBI & BofA projections (% yoy)
Our forecasts are only marginally higher than RBI's latest from June policy



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

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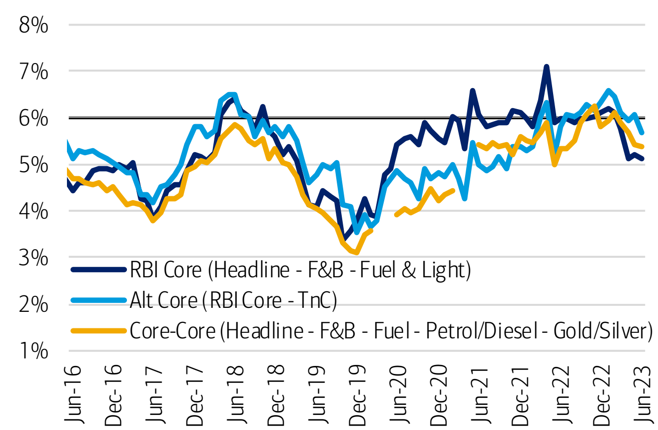
Exhibit 55: Various measures of core inflation (% yoy)
Measures of core inflation generally eased in June



Source: BofA Global Research estimates, CEIC, Haver

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MPC to stay on an extended pause. We reiterate our view that the bar for any rate cuts in FY23/24 is high, given India's growth resilience, inflation stickiness (above 5% through RBI's forecasts) 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 as expected by our US economists.

Strategy: Stable spot as RBI continues to absorb strong inflows

INR saw heavy inflows of USD 6 Bn in equities and USD 1 Bn in debt since mid-June which insulated it from broader USD moves. Equity inflows have now registered a streak of 5th consecutive month of inflows since March 2023, totaling USD 17 Bn. Debt flows also trickled in despite higher withholding tax from July for foreign investors. Strong portfolio flows and balanced current account this year so far have turned BoP (Balance of payments) well into surplus territory.

However, the RBI's (Reserve Bank of India) reserve accumulation has shown no signs of slowing down despite more comfortable level of reserves, lower current account (CA) deficit and the correction in real exchange rate. INR also remains exposed to risk of a reversal of equity flows due to global risk-off sentiment or growth shock. INR is, however, likely to remain a low-beta play, with risks skewed toward appreciation.

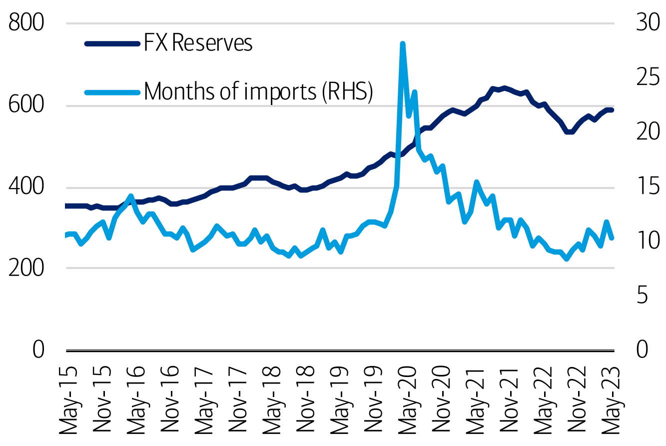
Bonds sold off over the last month as market demand for duration weakened due to global rates move and surge in domestic food prices. While BofA Global Research economists expect RBI to look-through temporary food price spike, higher headline inflation could make it difficult to price-in cuts any time soon. Rate cut expectations in swap curve have been pushed-back to 2H of 2024, and bonds may find it difficult to rally unless markets could get more visibility into the turn in rate cycle.

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 would likely 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: IDR forecasts

Flows supportive of INR. End-2023 forecast at 82/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	5.2	4.5
Policy Rate (end of period)	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: Positive fiscal/inflation trends

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Themes: Lower fiscal deficit forecast to -1.8%; Inflation misses to downside

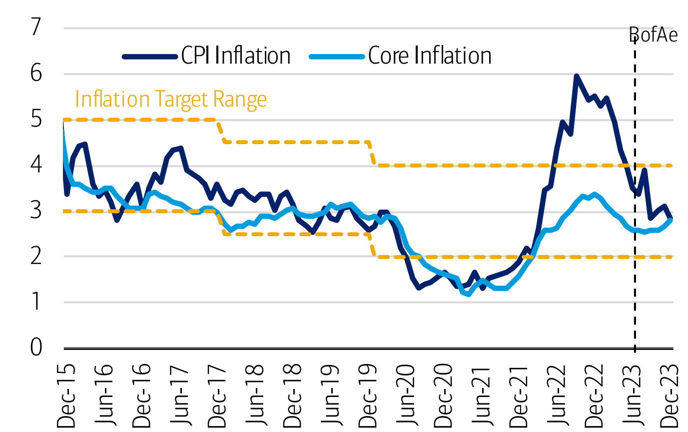
Indonesia's fiscal trends are off to a strong start, with an overall surplus of IDR 152tr (0.7% of GDP) as of June – the largest ever. The fiscal position has been underpinned by robust and broad-based gains in revenues, while spending realization has been poor (but in line with historical rates).

The solid trends prompted the Ministry of Finance (MOF) to cut its full-year deficit target from 2.84% of GDP to 2.28%, a reduction of around 112tr. We believe the deficit is likely to come in even lower, forecasting it well below 2% of GDP (BofAe: -1.8% of GDP or IDR 385tr). Our assumptions are conservative: (i) we project a slowdown in revenue intake into 2H'23, especially those related to commodities and trade activities; and (ii) we pencil in a large acceleration in spending, in particular assuming full and timely payment for energy subsidies and related compensation. As such, we see risks to our 1.8% deficit forecast as skewed towards an even smaller deficit.

Meanwhile, inflation continues to undershoot expectations, easing to 3.5% (3.52% unrounded) in June from 4% in May, below consensus (3.7%, same as our estimate) for the fourth straight month. Year to data, CPI has cumulatively surprised 60bp to the downside. The slowdown in inflation in June was broad-based. Core inflation edged down to 2.6% from 2.7% in May, while inflation of volatile goods fell to 1.2% versus 3.3% in May dragged by lower food inflation (1.4% versus 3.3% in May). Administered price inflation also slowed to 9.2% versus 9.5% in May, in tandem with lower energy inflation (11.3% versus 12% in May).

While the data flow on inflation have been overwhelmingly positive for Indonesia, investors and officials remain mindful of potential upside risks from El Nino. Recently, in its policy meeting, BI Governor Perry noted that end-2023 inflation could be higher at 3.5% in case of severe El Nino versus 3.2% in its baseline forecasts. Absent this upside risk, BI will likely take comfort from the continued inflation downtrend and core inflation staying below the mid-point of its 2-4% target (which will likely be lowered to 1.5-3.5% next year). In the absence of food price shocks, real policy rates will likely climb further as inflation eases. Still, further Fed rate hikes (we expect 2 more 25bp hikes in July and September), upside risks from El Nino and policy focus on IDR stability will likely deter BI from contemplating near-term rate cuts. We continue to expect BI to stay on hold through year-end and only commence easing towards the end of 1Q'24.

Exhibit 59: CPI & Core inflation (% yoy)
Both headline and core eased in June and could stay below 3% at end-2023



Source: BofA Global Research estimates, Haver, CEIC

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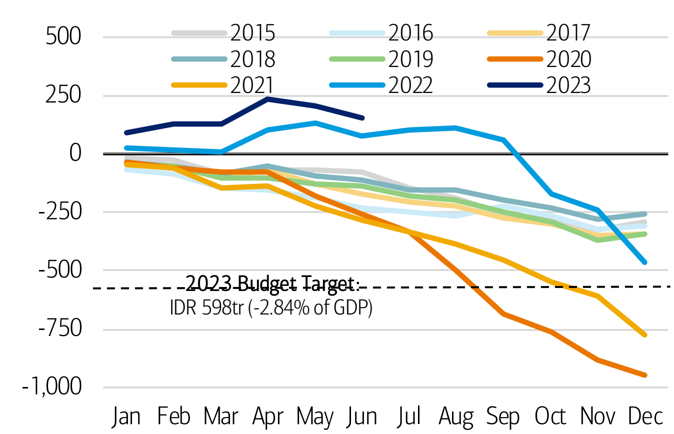
Exhibit 60: Overall budget position (IDR tr, year to date)
Budget is in a large surplus as of June



Source: BofA Global Research estimates, Haver, MOF

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Trade surplus rebounded in June; still see CA surplus for full year

Indonesia's trade surplus widened to $3.5bn in June, after slumping to a 3-year low of $427mn in May. This affirmed that the compression in May (due to import surge) was one-off. All else equal, this points to current account surplus moderating to +0.1% of GDP in 2Q versus +0.9% in 1Q, in line with BI's expectations in June for a surplus to be maintained in 2Q. Recent news of copper ore exports (2.7% of total exports in 5M'23) being affected by lack of policy clarity and slower growth in port calls for the first 14 days of July suggest that exports growth may remain subdued in the near term. As a result, we tweak our near-term current account surplus forecast slightly to 0.2% of GDP (versus 0.3% previously), and we may be entering an infection point where the data may be choppy.

Strategy: Regulatory focus on exporter proceeds as carry narrows further

While medium-term fundamentals remain strong, IDR witnessed some volatility last month due to crowded positioning, narrowing interest-rate differentials and low trade balance in May due to surge in capital goods imports. The recent decline in BI (Bank Indonesia) reserves raised concerns on hidden capital outflows due to low conversion of export proceeds. BI has, since then, intensified operation twist, intervention and tightened regulatory requirements for repatriation of export proceeds. The rebound in June trade surplus should help ease concerns on declining terms of trade, while recent USD softening should also open room for IDR appreciation.

Over 2H of the year, commodity terms of trade moderation should 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 should be supported by the strong fiscal position and real rates.

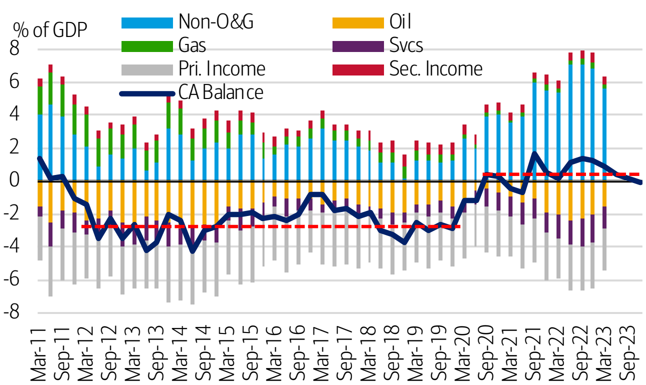
Bonds could still remain supported by accommodative monetary conditions and low dependence on foreign demand due to improvement in fiscal balance and a large cash buffer. The government's decision to use the cash balance this year should ease concerns on issuance for now but is consistent with current auction sizes for rest of the year. Further reduction in issuance could come from lower fiscal deficit, while front-end bonds should 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 risk from China and downside risk 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 0.2% 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	15,100	14,900	14,800	14,700

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 (end of period)	5.50	5.75	4.75
Fiscal Bal (%/GDP)	-2.4	-1.8	-2.6
CurAct Bal (%/GDP)	1.0	0.2	-0.7

Source: BofA Global Research

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Korea: BoK is yet to turn

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Themes: BoK review: On hold in July, shifting concerns to domestic risks

The Bank of Korea (BoK) kept the policy rate unchanged at 3.5% on 13 July, the fourth meeting since February, as was widely expected. The decision was unanimous, while all MPC members are open with terminal rate expectation at 3.75% in the meeting (same as May), suggesting a continued mild hawkish tone for the BoK against lingering inflation risks, domestic financial risks and external uncertainties.

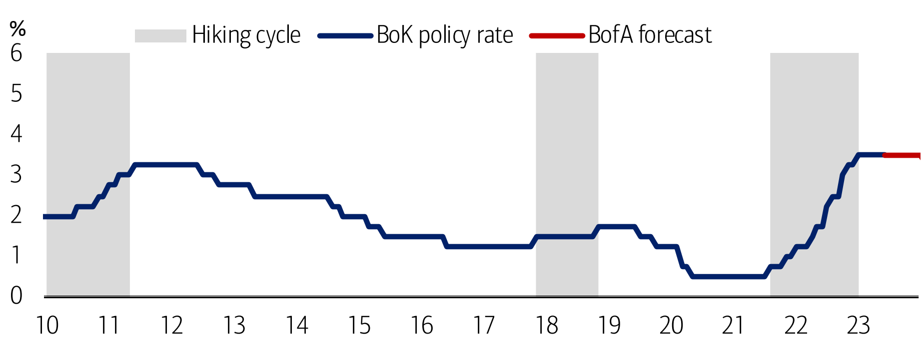
In the July's meeting, the committee shifted its concerns back to domestic financial risks, notably housing-related risks, the first time since the meeting in last November. The committee stated that housing prices in Seoul and its surrounding areas have rebounded, while the decline in housing prices in rest of the country has greatly narrowed. Housing loan also expanded driven by housing-related loans. When asked in press conference, Governor Rhee said there is no answer to whether the BoK will hike to curb rising household debt, which could be a serious risk. However, there could be unintended side effects if authorities abruptly try to slow it down. In the short term, micro measures should be necessary to rein in debt.

While the committee saw GDP and headline GPI forecasts largely in line with previous forecasts in May, it expects upside risks to core CPI compared with the May forecast of 3.3%, due to accumulated cost pressure and continuing favorable demand for services. This is slightly higher than our forecast, in which core inflation (excluding Agri and oil) to ease to sub-3% in 4Q23 and further towards 2% hurdle in 1Q24 with the higher of higher year-ago base. On a side note, there was a potential concern of further hike in electricity rate in 3Q after the increase in electricity and gas prices (of 5.3%) in May. Given the current easing in global oil and gas commodity prices, we see the chance of further hiking in utility price less likely in the near term.

When asked about rate differential (with the Fed), Governor Rhee expressed little concern, as there is not a fixed formula on rate differential and exchange rate, and a widening gap would not always weaken the Korean Won. This is also in line with our observations, as stronger inflow both from current account and financial account have offset outflow pressure from higher Fed rates.

Exhibit 64: BoK policy rate and BofA forecast

The BoK stayed on hold in July, and we expect rate unchanged in the remaining of this year



Source: Bank of Korea, BofA Global Research estimates

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June Data: First trade surplus in 15 months, sub-3% inflation

Export growth continued to contract in June but has narrowed to -6.0% year on year from -15.2% in May (versus market consensus of -3.6% and our expectation of -4.0%). This narrower contraction in exports is partly due to the one more working day in June and the low base effect. Import growth came in at -11.7% year on year (versus -14.0% in

May). This resulted in a monthly trade surplus of USD1.1bn (versus -USD2.1bn in May), after recording 15 months of trade deficit. On a per-day basis, exports contraction narrowed to 10.1% year-on-year from -11.3% in May, while the per-day value was largely unchanged (USD2.36bn versus USD2.37bn in May).

CPI inflation eased further in June and finally came below 3%. It moderated to 2.7% year on year from 3.3% in May, slightly above consensus and our estimates of 2.8%. The sequential momentum slowed further to 0.0% mom (from 0.3% in May) on lower transport/goods inflation despite rise in utility inflation. Meanwhile, core inflation also eased somewhat in June. Core excluding agriculture and oil products moderated to 4.1% year-on-year (from 4.3% in May) while core excluding food and energy inflation also inched down to 3.5% year on year.

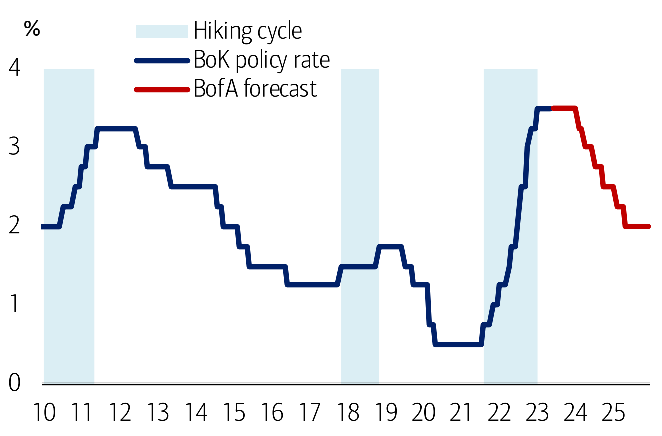
Strategy: Big KRW rally on the back of USD weakness

In the past week, the Korean won was the strongest performance and biggest beneficiary of the weaker-than-expected US CPI. The strong KRW rally pushed spot USDKRW decisively below 1,300 and push spot USDKRW down to its lowest level since February 2023, below the three previous dips seen in the intervening months. The strong KRW rally reflects the cleaning of long US$ positions, the high-beta nature of the KRW and the residual support from equity inflow from the optimism over artificial intelligence (AI).

On the real economy side, Korea's export prospects are gradually improving. In June 2023, Korea recorded its first trade surplus in 15 months as the value of imports continue to moderate on the back of declining commodity prices. Meanwhile, China export is stabilizing, albeit remaining weak overall. On the export of semiconductors, the spot price of DRAMs continues to fall, signaling we have not yet to reach the bottom of the memory cycle yet.

As noted in the report, Emerging Insight: Asia FX overshoot 16 July 2023, the current US$ sell-off in Asia appears excessive, and we like to fade this move. We are wary of chasing the Korean Won rally at these levels and expect USDKRW to retrace higher. The biggest risk to this view is the announcement of meaningful fiscal stimulus from the Chinese government and significant revision to the expected Fed path. Both factors are bullish for Asia risk, in our view.

Exhibit 65: Policy rate forecast
We now expect BoK to cut in 1Q24 through 2025



Source: BofA Global Research

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Exhibit 66: 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 67: 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 (end of period)	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: Retail sales remained robust

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Retail sales stayed robust while tourism rebound slowed

Hong Kong's retail sales jumped by 18.4% yoy in May, slightly below market consensus of 22.6% and after 14.9% in April. In volume terms, sales increased by 16.5% yoy, versus 13.3% in April.

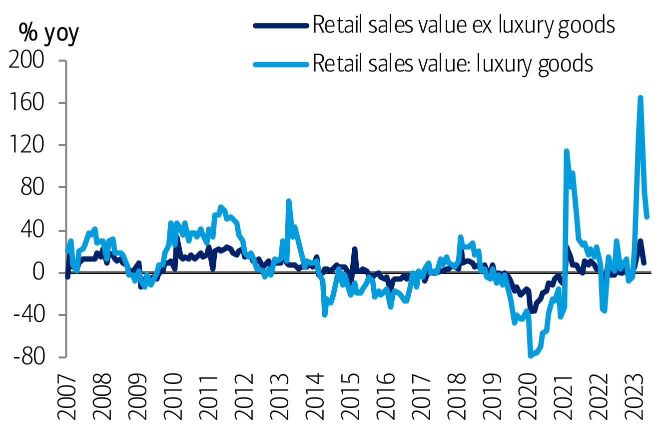
Going forward, HK retail sales will likely remain robust amid the tourism rebound and the local sentiment improvement. That said, the daily tourism arrivals in May-June seem to have plateaued, hovering at around 50-60% of the 2018-19 daily average on most days after the May 1st holiday, partly due to the seasonal patterns. The next key trend to watch is how much tourism arrivals will pick up during the summer peak season. The tourism rebound and potential pause of population outflows may have boosted local business sentiment and employment prospects as well, even as the tight financial conditions could limit the strength of local consumption rebound.

FX and Rates: HKD funding remains tight past 2Q

In **the report,** Emerging Insight: HKD funding – Keep calm and 'carry' on 05 July 2023, we noted our expectations for HKD funding to ease past 2Q, as June is the month when dividend payment in Hong Kong's equity market tends to peak. With two weeks having passed in July, HKD funding conditions remain tight as Hong Kong banks stay reluctant to lend. This period of liquidity tightness is particularly interesting as volumes on Hong Kong's equity market are low, while the Chinese government has yet to announce meaningful economic stimulus to jump-start the Chinese economy. In addition, with initial public offering (IPO) levels subdued and the dividend schedule in July mild, the continuation of funding tightness in Hong Kong is a reflection Hong Kong banks remaining risk adverse and reducing the circulation of aggregate balance.

Our base case for July is for funding conditions to loosen. However, with Hong Kong banks remaining cautious and careful in lending in aggregate balance, risks are skewed for funding to stay tighter and overnight HIBOR to average closer to 4.50% throughout the summer months of July-August.

Exhibit 68: Hong Kong retail sales growth trend
Retail sales remained robust



Source: Census and Statistics Department, CEIC

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Exhibit 69: 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 70: 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 (end of period)	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

BofA GLOBAL RESEARCH

Malaysia: BNM on an extended pause

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Merrill Lynch (Singapore)
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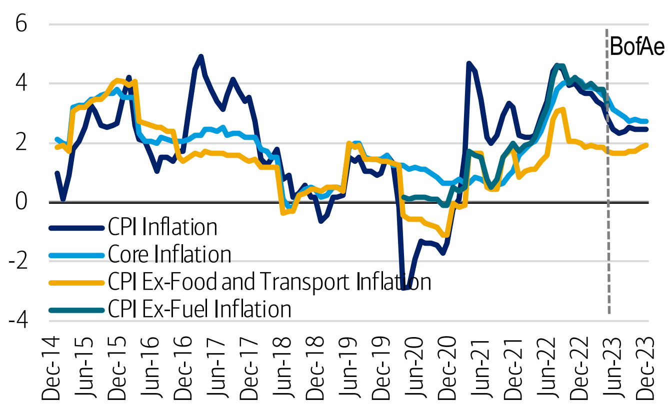
Themes: July policy was more dovish; BNM to stay on extended pause in baseline
BNM held OPR unchanged at 3%, in line with large majority of consensus (including us). This comes after the earlier 25bp hike, and was justified to maintain a "slightly" accommodative policy stance and given "limited risks of future financial imbalances". The MPC remains data-dependent, but the overall tone of the statement was more dovish than we expected and points to higher hurdle for further hikes.

The last line of statement that policy objective remains "conductive to sustainable economic growth amid price stability' suggests that the current stance remains consistent with BNM's baseline growth/inflation outlook. Meanwhile, the assessment that financial imbalance risks is limited and less explicit mention of upside risks to inflation outlook point to a higher degree of comfort in the current policy settings. All in, we maintain our expectation for the OPR to be kept unchanged for some time, with (reduced) risk of a calibrated 25bp hike later this year if growth comes in stronger towards the 5% mark and inflation (especially core) remains sticky.

Strategy: Risk from negative carry and weak China growth
MYR's volatility last month elicited a response from BNM detailing the external headwinds from tighter Fed policy and weak China growth. BNM's warning of direct intervention against speculative flows and higher possibility of regulatory tightening led to reduction in bearish market positions. Since then, market expectations of Fed tightening have eased, providing a sigh of relief for MYR and leading to a sharp rally. However, within Asia, MYR remains most closely tied to CNY trends, which could keep it weaker on relative basis. Furthermore, carry versus USD remains negative, commodity terms of trade have declined and need for BNM to recoup reserves should limit downside risk for USDMYR. Our RM tracker shows over a 1.5% underweight in bond positions as of May 2023 and a slight underweight position in FX for indexed investors. Bonds weakened over the last month as interbank rates moved higher due to tighter liquidity and change in BNM's auction mechanism for injecting liquidity. Auctions have proceeded well this year, but tighter liquidity due to intervention operations could make bond yields less attractive for banks, which have been a key source of demand.

Growth risks are balance; Inflation risks tilted to the upside
The key growth risk is external demand, especially if the China recovery falters. Domestic policy changes could pose upside risk to inflation while BNM is in data dependent mode.

Exhibit 71: Measures of CPI inflation (%yoy)
We expect headline and core inflation to ease further into 2H'23



Source: BofA Global Research estimates, Haver

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Exhibit 72: 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 73: 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 (end of period)	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: New BSP governor hawkish

Jojo Gonzales
Philippine Equity Partners

Abhay Gupta
Merrill Lynch (Singapore)

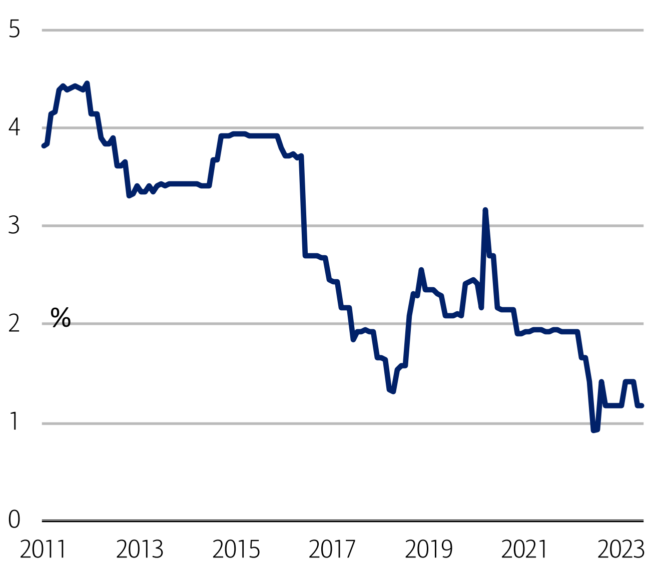
New BSP governor sounds hawkish

The President appointed a new governor to the Bangko Sentral ng Pilipinas (BSP) in early July. By mid-July, the peso had rallied to P54.4/$, its best level since early April 2023. Recent comments by the new governor sound less dovish than those of his predecessor. The press had previously focused on comments of both the previous BSP Gov and the current Finance Secretary, which point to the likelihood that headline inflation may fall below 4% toward year-end and open the door to a policy rate cut by early 2024. In contrast, the new governor is more focused on the July move of the Fed and could consider a hike in August, should the Fed do so in July.

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

Recent PHP stability increases risk of complacency as real rates in the Philippines are below those of peers, while twin deficits on the fiscal and external fronts are still wide. PHP has also appreciated on a REER basis, which makes it open to a correction. We believe unwind of previously bearish PHP positioning has led to the recent bout of strength. We expect PHP to remain weaker than the regional peers this year and likely against USD in the near term. The government has announced plans to issue USD 2 Bn offshore retail USD bond this quarter and a global USD sukuk to raise around USD 1 Bn. Usually, these bond proceeds would directly add to BSP reserves as buffer against future outflow. But risk of conversion of proceeds through the banking system could make markets wary of putting on bearish PHP positions. Over the medium term, direct investment flows could turn more supportive due to active efforts by the government to raise more investments.

Exhibit 74: Spread between the BSP policy rate and the Fed Funds rate
The spread is just above 100bp ahead of the July FOMC



Source: CEIC data, PEP estimates

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Exhibit 75: 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 76: Major macro forecasts
2023-24E estimates

Philippines	2022	2023E	2024E
Real GDP (% yoy)	7.6	5.5	5.0
CPI (% yoy, base year 2012)	5.8	5.6	2.8
Policy Rate (end of period)	5.50	6.50	5.25
Fiscal Bal (%/GDP)	-7.3	-6.1	-5.3
CurAct Bal (%/GDP)	-4.8	-3.4	-3.6

Source: BofA Global Research

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Singapore: Stark tradeoffs

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Merrill Lynch (Singapore)

Abhay Gupta
Merrill Lynch (Singapore)

Kai Wei Ang
Merrill Lynch (Singapore)

Themes: Inflation easing, but still-high; Growth weakness a rising concern

Recent data for May provided some relief, with MAS core declining to 4.7% as inflation eased across major categories. Headline inflation also declined to 5.1%, with MAS belatedly lowering its full-year forecast range to 4.5-5.5% (from 5.5-6.5%). Even as MAS noted that inflation has “discernibly moderated”, it marked up the end-2023 forecast to 2.5-3.0% or 50bp higher than the “around 2.5%” earlier expected. This brings MAS’ latest forecasts closer to ours, which is at 4.2% average for Core and 5.0% headline. We see MAS keeping policy setting unchanged in Oct, with a high bar for tightening.

Meanwhile, the near-term growth outlook has weakened considerably. GDP rebounded by +0.3% qoq seasonally adjusted (SA) in 2Q after the -0.4% decline in 1Q, just narrowly avoiding a technical recession. We continue to see GDP growth at below-consensus 1% this year, and we remain watchful if weakness in manufacturing and export-related sectors – which accounted for around 51% of GDP and 25% of employment in 2022 – spills over into services (our baseline is no strong negative spillovers).

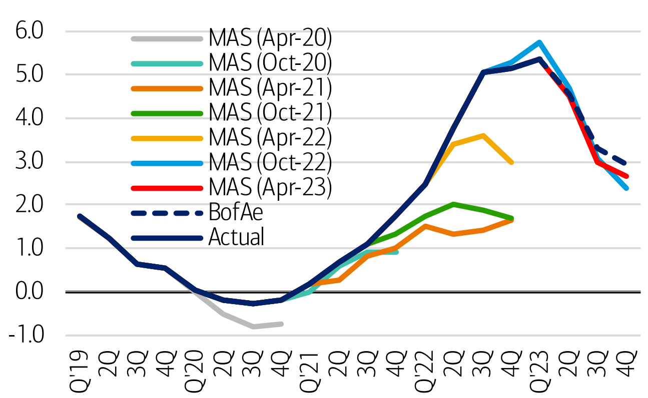
Strategy: SGD NEER risk-reward unfavorable at current levels

The SGD NEER has broken the tight range around 1% level, on our model, moving sharply to 1.7% above mid. The recent move appears to be driven by strong corporate inflows rather than market expectations of further tightening. Carry on SGD NEER remains attractive as front-end rates are almost at par with basket yields. But current levels leave larger room for correction within the band in the event of weaker data or global risk-off. We expect SGD NEER to move closer to 1% above the middle of the band which offers a better risk-reward against downside risks. On bilateral basis versus USD, SGD could remain stable as relative CNY weakness and NEER correction could reduce impact of broader USD softness against other major currencies. Singapore bonds may weaken, particularly in 30-year segment, on spread basis versus US, ahead of elevated long-end issuance this quarter. improving slowing loan growth and lower transmission of further US rate hikes to SORA skew the risk-reward in favor of receiving SORA versus US rates.

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, in our view.

Exhibit 77: Core inflation forecasts (% yoy)
MAS’ inflation trajectory lagged ours but has recently been marked up



Source: BofA Global Research estimates, CEIC, MAS

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Exhibit 78: 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 79: 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 (end of period)	n.a.	n.a.	n.a.
Fiscal Bal (%/GDP)	-0.3	-0.1	0.0
CurAct Bal (%/GDP)	19.3	16.3	16.7

Source: BofA Global Research

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Taiwan: Exports still face headwinds

Miao Ouyang
Merrill Lynch (Hong Kong)

Chun Him Cheung, CFA
Merrill Lynch (Hong Kong)

June CPI inflation fell below 2%

June CPI inflation eased to 1.75% yoy, as expected, marking the first below-2% CPI print since August 2021.The decline was helped by a high year-ago base and falling fruit prices. Services price inflation edged higher to 3% yoy.

The lower June headline CPI print supports our expectation for the CBC to stay on hold for the rest of 2023. Despite some potential fluctuation in near term, we expect CPI inflation to trend down gradually into 2H23.

June exports surprised on the downside

Exports fell more than expected by 23.4% yoy in June (versus -14.1% in May). Imports also saw a deeper contraction (-29.9%). Tech exports weakened, mainly due to electronic parts (-21.3%) and info & comm products (-6.2%). Non-tech exports were weak.

We expect stiff headwinds from external demand to persist. With the continued global tech downcycle, a looming US recession and weak domestic demand in mainland China, we do not expect Taiwan's export outlook to turn around imminently. In our view, the headline export growth is unlikely to return to positive territory until the year-end.

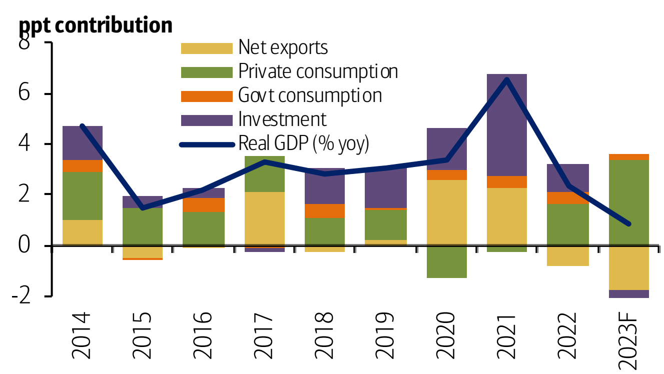
Strategy: USDTWD – A sharp carry unwind

Similar to other FX carry trades in the region, USDTWD sharply declined following the release of the weak US June CPI. The unwind in the USDTWD is noticeable in both spot levels and along the NDF curve.

Prior to the FX carry unwind, the market was aggressively bidding up both spot USDTWD and PDF points. Between late June and early July, 1-month TWD NDF points went positive, and many investors asked why the Taiwanese lifers are not entering the market to sell USDTWD forward, as they historically have. In our report, Asia FI & FX Strategy Viewpoint: The return of bond ETFs and impact on USDTWD 12 July 2023, we noted that the lifers are increasingly using bond ETFs as a way to access foreign bonds. Year to date, new US$ inflow into the lifers are weak, and this resulted in the lifers nearing their foreign investment limit. A way to bypass this limit is through investing in onshore bond ETFs, which are TWD denominated and treated as a local investment.

After the carry unwind, we remain bearish on TWD through its NEER. After the strong USDTWD sell-off, positioning is now clean, and carry has returned to the NDF curve.

Exhibit 80: Taiwan GDP contribution by expenditure
We expect 2023 GDP growth at 0.9% due to weak exports



Source: BofA Global Research, DGBAS

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Exhibit 81: 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 82: 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 (end of period)	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: Disinflation risk

Pipat Luengnaruemitchai
Kiatnakin Phatra Securities

Abhay Gupta
Merrill Lynch (Singapore)

Theme: Rising deflationary pressure

Thailand's inflation continued to decline. The latest June Headline inflation fell to +0.23% YoY, while core inflation slowed to 1.3% YoY. The June inflation number confirms our view that there are no signs of demand-driven inflation in Thailand due to both structural and cyclical weaknesses. Our baseline was that inflation figures would continue to remain low during the high base period of July to August before gradually rising, but there could be a downside risk if the domestic economy proved to be weaker than expectations.

Despite weak inflation, the Bank of Thailand (BoT) has maintained its cautious stance against the rising risk of inflation toward year-end. Based on the strong guidance and communications, we expect that if there were no clear signs of a deterioration in economic growth, the BoT would continue to raise rates as guided in August, despite the rising risk of over-tightening.

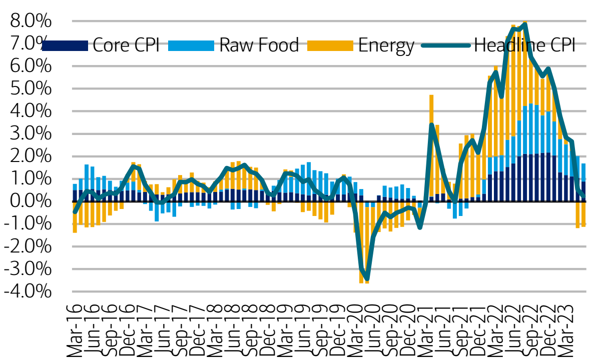
Key risks

The risk of overtightening is legitimate given the rising policy rate and the consistent drop in banks' lending, which could eventually put more pressure on the central bank to ease in the future. There is also downside risk to growth from if the number of Chinese tourists is affected by the slowdown of China's economy and potentially by any political unrest in Thailand.

Strategy: Binary risks due to political uncertainty in the near term

Positioning appears to be lighter, based on forward implied yields and recent portfolio flows. Medium-term fundamentals for THB remain positive due to tourism recovery, but more progress is likely during 4Q high season. BoT's move to liberalize capital flows further shows comfort with current levels. We expect THB to appreciate further in 4Q but political uncertainty makes the risk-reward more binary until more clarity emerges. The risk of longer government formation process could keep THB under pressure, particularly if the current coalition splits. Bonds have stayed stable recently even as global rates move higher and BoT remains hawkish. Domestic investors appear lightly positioned, but we expect BoT to reach the terminal policy rate in the upcoming meeting, which could improve domestic demand for duration.

Chart 1: Thailand's headline inflation fell to 0.2%y/y in June
Contribution of headline inflation (%)



Source: Bank of Thailand

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Exhibit 83: 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 84: 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 (end of period)	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

South Africa: Dovish view to year-end

Tatonga Rusike
MLI (UK)

Dovish monetary policy outlook

We see a dovish outlook for monetary policy based on headline inflation prospects and arguments on level of positive real rates. There are unlikely to be hikes from here, in our view. If CPI is in a 5-5.5% range by year-end, the policy rate should be around 8% given the desired neutral real rate of 2.4-2.5%. However, we think that the actual real rate is likely to be at least 3% for much of 2H 23, which we consider restrictive. Higher rates mean a delay to the cutting cycle, somewhat accommodating the potential Fed cutting cycle (from spring 2024) and supporting the ZAR.

Recent comments from the SARB suggest that inflation is decelerating and was likely in the target range in June. However, the bank is not yet comfortable that inflation is declining to the target of 4.5%. This, plus a stronger ZAR than at the time of the May MPC, as well as less intense loadshedding point to a hold, in our view. The SARB is likely to revise down its 2023 average inflation projections from the current 6.2% to 6%. Our forecast is an average of 6% and year end 5%.

No more hikes with decelerating inflation

Domestic CPI is now decelerating at a faster pace than the stickiness experienced in 1Q. Average headline inflation was 7% in 1Q, while 2Q average CPI is likely to be 6.3%. Moving into 3Q, we see an average headline CPI of 5.5%. Essentially, May to July CPI prints gain from base effects and moderation in both food and fuel prices.

Food prices look set to continue moderating with much lower month-on-month increases. Food price increases peaked (14.4% yoy) in March and slowed in May (12%). We expect them to remain in the 10-11% range for the remainder of the year. Electricity price increases set for July could slow the pace of CPI deceleration. The energy regulator, NERSA, granted Eskom a tariff increase of 18.6% for the current fiscal year, while municipalities are implementing similar increases since 1 July.

Fuel prices continue to ease in general helped by lower international oil prices. USDZAR weakness may have moderated the gains on final ZAR prices. Fuel prices fell 3% in June from May. Year-on-year petrol inflation has slowed from a peak of 50% 12 months ago, and now the base effects are for negative growth yoy. Overall transport CPI has fallen back into single digits, helping the moderation of fuel CPI year-on-year.

Specifically for June CPI (to be released on July 19), we forecast headline of 5.9% yoy, core of 5.1%. Core inflation does not move by as much as headline given that the latter's main drivers are still lower food and energy prices, which are excluded from core. We expect inflation to average 6%, at the upper end of the target range, in 2023. By the end of the year, we forecast it to be around 5%.

US hiking cycle could be near the end, with a dovish pivot likely

Evidence from global data is somewhat mixed. On the one hand, the Fed hawkish June minutes suggested that two more hikes could still be in store, in line with our house view. That is, two Fed hikes in July and September. A July hike is likely, while September is still an open debate. On the other hand, weaker-than-expected NFP data and a better-than-expected US CPI print could indicate a likely dovish pivot from the Fed.

Weaker 2Q inflation expectations outcome a concern

The inflation expectations survey for 2Q was bad, reflecting higher expectations than for 1Q. That is, 6.5% in 2023 (previously 6.3%), 5.9% in 2024 (versus 5.8%) and 5.6% (versus 5.5%). The survey spans three categories of participants: analysts, business people and trade union officials. Analysts are the most constructive while business people are the most bearish on inflation outlook. A caveat to the results is that the survey was done when inflation had printed 6.8% for April and before the May CPI print of 6.3%. Given that further reduction is expected over June and July, we expect a convergence towards 6% for 2023. The next inflation expectations surveys will be released on 7 September and 14 December.

Easing cycle likely to begin early 2024

The policy rate at 8.25% is higher than headline inflation of 6.3% in May, providing a real rate of almost 2%. Given inflation projections of 5%, a policy rate of 8.25% would be considered restrictive. The SARB indicated that its monetary policy stance is now restrictive, an admission of limited upside to hikes in some ways, we think. Central Bank Governor Lesetja Kganyago recently said that the current monetary policy is appropriate, keeping rates higher for longer. In our view, the comments suggest limited appetite to hike more, and we see the current policy rate as the terminal rate unless inflation prints surprise substantially on the upside.

We think monetary policy is likely to be restrictive over the next six months before an easing cycle begins in 2024. We forecast 125bp of cuts in 2024 to bring back the nominal policy rate to 7%. Our baseline is for 25bp of cuts in four of the six meetings next year. We wait to be convinced by data to call for 50bp cuts.

Stronger ZAR year end

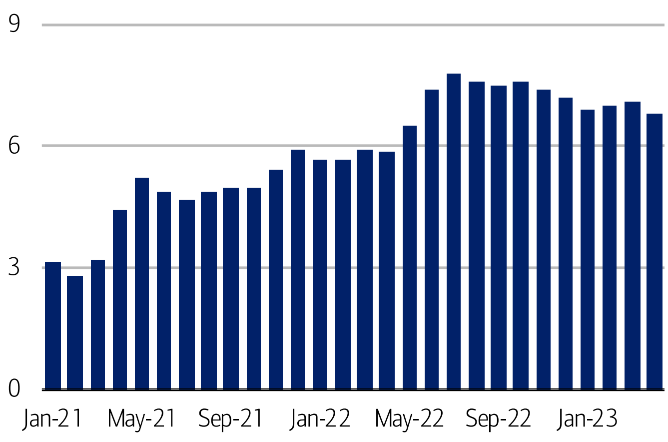
We see the ZAR as undervalued, and our forecasts reflect our view. Likely turning points for USDZAR embedded in our forecasts relate to reduced loadshedding, flat global rates, with a pivot towards cutting in 2024E, USD weakening and positioning adjustments.

Main risks

The 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 85: Headline Inflation history (%)

April CPI 6.8%



Source: Haver

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Exhibit 86: 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 87: 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	6.0	4.7
Policy Rate (end of period)	7.0	8.3	7.0
Fiscal Bal (%/GDP)	-4.4	-5.9	-5.6
Current account balance (%/GDP)	-0.5	-2.7	-3.0

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

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Türkiye: inflation hard to catch

Zumrut Imamoglu
MLI (UK)

Themes: gradual approach likely to be adapted towards orthodoxy

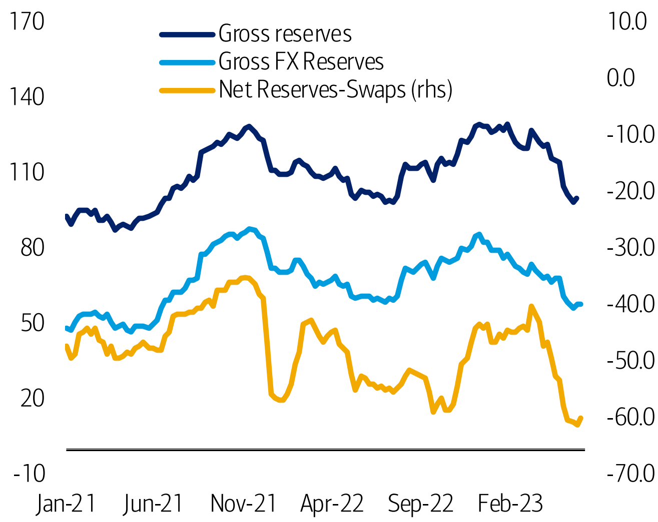
The currency depreciation, the increase in the minimum wage by 34%, VAT (Value Added Tax) hike on consumer goods and SCT (Special Consumer Tax) increases on fuel prices weigh on inflation. On the other hand, loan growth is slowing very fast (Exhibit 8), easing some inflationary pressure. Overall, we revise our year-end forecast from 44% to 58% for 2023 and see the peak at 65% by next May. This is mainly due to our expectation of some stimulus to the economy before the local elections in March, a likely increase in the minimum wage at start of the year as well as more tax hikes following the elections, some likely on the consumer side. We expect continuation of banking regulations as long as the policy rate remains below the inflation; hence normalisation should take time.

Reserves increased and loan growth is decelerating sharply

Since end of May, Türkiye accumulated $12bn in gross reserves and $14bn in net reserves excluding swaps (Exhibit 88). There were $1.2bn inflows by foreigners into equities. Loan growth started to decelerate sharply both in consumer and commercial segments; the slow-down in state bank lending seems to be the main driver.

The current account deficit increased again in May, and the 12-month sum reached $60bn (c. 6.8% of GDP). However, since May, domestic demand pressure has been easing. The trade deficit in June was $5.4bn, down from $12.5bn in May. Currency weakness is also helping. We see gold imports slowing and less speculative demand for FX. While controls on corporates continue and retail demand for FX has been relatively weak, we see TRY at 30-31 by year-end.

Exhibit 88: Gross and net reserves excluding swaps (USD bn)
Net reserves excluding swaps still largely negative



Source: Haver, CBT

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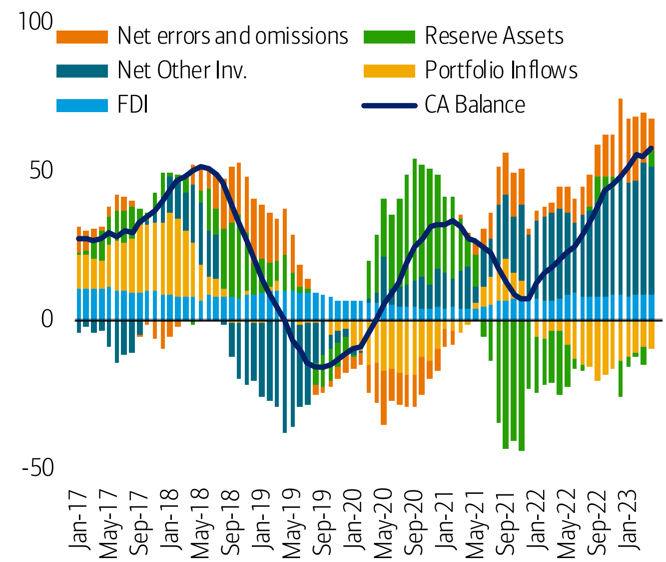
Exhibit 89: Financial account 12-month trailing
Net errors and omissions are important source for funding the CA deficit



Source: Haver, CBT

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Deposit rates decreased after easing in regulation

The new regulations eased the pace of required conversion of FX deposits into TRY deposits and decreased the required TRY deposit share to 57%. TRY deposit rates decreased in response from 45-48% to 38-40%, while loan rates, for those who have access to finance, remained high. As policymakers keep hiking, we expect them to gradually unwind regulations; however, we expect this to take time. Real sector confidence index as well as PMIs still point to strong export orders. We expect domestic demand to weaken in the second half of the year.

Tax increases and depreciation weigh on inflation

CPI inflation peaked at 85.5% in October and decreased to 64.3% at the end of the year. In June, it was down to 38.2%. However, PPI inflation increased 6.5% month over month, a very high level mainly driven by depreciation. Hence, year-over-year change remained at 40.4%. Food inflation increased to 54% from 52%. Core B-index inflation edged down to 46.6%. Services inflation remained high at 59.5%. We now see inflation at 58% at year-end and expect the peak at 65% in May. Our revision is mainly driven by tax increases, depreciation and wage hikes.

The current account deficit widened beyond gold and energy

12-month trailing current account (CA) deficit increased to $60bn from $57.9bn. The energy deficit decreased to $72.1bn from $73.6bn, and the gold deficit increased from $28bn to $29.4bn. The services balance was stable at $51.5bn. Net errors and omissions were down to $1.8bn from a high of $25.4bn. Portfolio outflows were $6.6bn, inflows from other investments were $41.5bn and FDI was $7bn (Exhibit 89). We expect gold imports to slow and reach its usual trend of $10-12bn over time. We see tourism revenues this year at c.$52bn, up from $45bn last year.

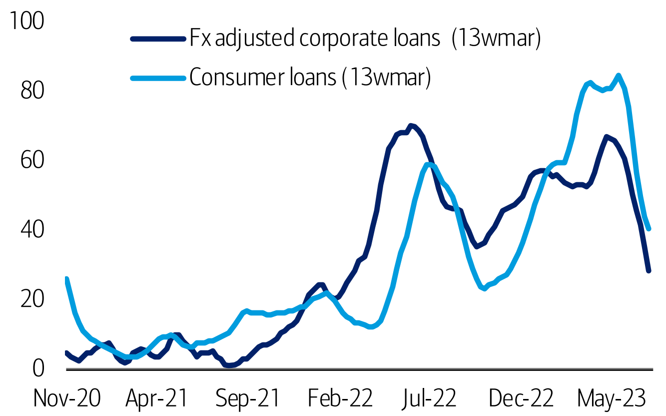
Forecasts

We revise our TRY forecasts in line with our inflation forecast revision. Very low policy rates, continuation of controls may pose risk to our forecasts.

Main risks

We see the main risks as higher energy prices and geopolitical events.

Exhibit 90: Credit growth, annualized 13-week moving average, %
Loan growth decelerates following the elections



Source: CBT, BRSA, BofA Global Research

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Exhibit 91: TRY forecasts
We expect TRY weakness to continue after the MPC

	Q3 23	Q4 23	Q1 24	Q2 24
USD-TRY	28.0	31.0	33.0	36.0

Source: BofA Global Research

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

Türkiye	2022	2023F	2024F
Real GDP (% yoy)	5.6	3.5	4.5
CPI (% yoy)	64.3	58	38
Policy Rate (end of period)	8.5	35	30
Fiscal Bal (%/GDP)	-1.1	-5.8	-5.4
CurAct Bal (%/GDP)	-5.6	-4.2	-3.8

Source: BofA Global Research

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Czechia: fade 2023 cuts expectations

Mai Doan
MLI (UK)

Themes: CNB wants to hold a tight stance against inflation

Investors have been focusing on the strong disinflation trend in Czechia, emboldened by June CPI back to single digit (9.7%), but we do not think that this is the trigger for the Czech National Bank (CNB) to start with sharp rate cuts soon. We continue to expect the first cut in February 2024, though there may be a risk of an earlier move in December 2023. The year-end 2024E base rate is likely to be 4% versus 7% currently. The Board is in a defensive mode against the strong domestic criticism about inflation staying too far for too long above the 2% target. This suggests that the central bank would rather refrain from cutting rates when the case still appears ambiguous for the public (i.e., inflation in high single digit rates) and the ability to sustainably meet the 2% target is still under question. It should have more visibility towards year-end/early 2024.

June CPI Inflation slowed to 9.7% yoy from 11.1% in May, 0.4pp below the CNB's expectations. Core CPI undershot the CNB's forecast even more, slowing from 8.6% yoy to 7.5% versus 8.3% expected. This may be seen as strengthening the case for a rate cut. But given the Board's fear of unanchored inflation expectations and a wage-price spiral, we think that it remains cautious.

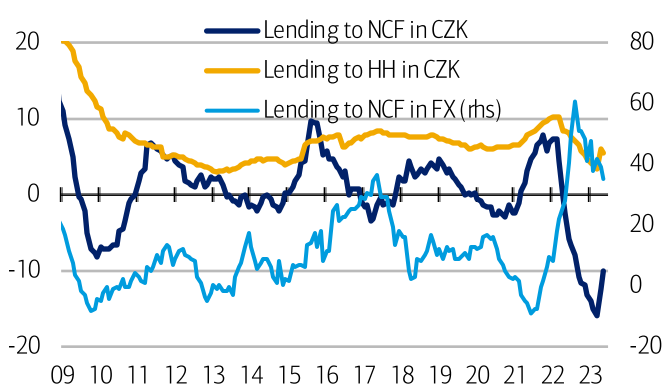
Upside risks to inflation have retreated, though not substantially, while downside risks are not rising in any material way to call for imminent or aggressive CNB cuts. Inflation expectations by analysts and corporates have been easing, but the latter is still at an elevated 7.9%. The renewed tightening in the labour market is problematic, especially as nominal unit labour costs are at a record high rate (10% yoy).

Meanwhile, retail sales have stopped declining as consumer confidence stabilizes. Households' deep savings and improving in real income growth likely support private consumption. Credit growth has also tentatively recovered for both households and corporates. Industrial activities have been on a slightly improving trend, though business surveys have been less upbeat recently but not suggesting any major stress

Strategy: fade early cuts expectations, still positive view on CZK longer term

The current market pricing of rate cuts of over 100bp this year looks overdone. Even in a risk scenario of a rate cut in November, it is very unlikely that the CNB would do more than 25bp per meeting this year, implying only 50bp of cuts possible in 2023. Meanwhile, the hawkish CNB and improvement in the current account should lend support to the CZK.

Exhibit 92: Lending to households and corporates
CZK lending growth is picking up again



Source: Haver, BofA Global Research

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Exhibit 93: 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

BofA GLOBAL RESEARCH

Exhibit 94: 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	10.9	2.4
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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Hungary: no room for complacency

Mai Doan
MLI (UK)

Themes: economy on better track, but manoeuvring room still tight

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 still demanding. The disbursement of the EU recovery funds and the new cohesion funding is likely delayed to early 2024, we think, while old cohesion funding will run out by the end of this year. This implies the need for a continuation of very prudent macro policies. Monetary policy easing should thus continue in a cautious manner with a strong focus on HUF stability. The government will likely stay firm on the fiscal consolidation path, as surging interest costs and a tense relationship with the EU would likely bring higher constraints. That said, if global risk sentiment stays benign, the delay in EU funds payment should not bring as many challenges to Hungary as in 2022.

The NBH will likely continue to 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 expect a year-end 2023E policy rate at 11.5% and year-end 2024E 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.

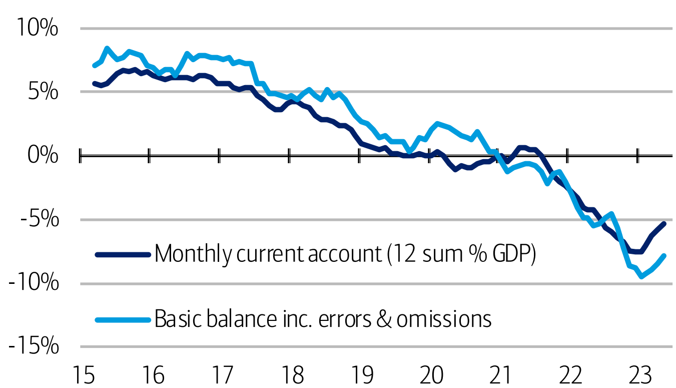
Inflation remains elevated, but there are some signs for optimism that would support the first phase of a rate normalisation path. Headline CPI should benefit from base effects, which should cut inflation by at least 1.5pp in the rest of year, with nearly 4pp in September. The goods sector should see 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. The external position continues to improve, with the current account deficit on a narrowing path, now less than -6% of GDP from around -8% at end-2022. As for fiscal, the borrowing plan is well on track. 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 all 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, which could bring volatility in the coming months as investors reassess their portfolios.

Exhibit 95: Hungary – balance of payments
Current account has turned around, financing less stressed



Source: Haver, BofA Global Research

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Exhibit 96: 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 97: Major macro forecasts
Policies need to focus on reining in inflation

Hungary	2022	2023F	2024F
Real GDP (% yoy)	4.6	0.2	2.6
CPI (% yoy)	14.6	18.5	5.5
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: inflation eases further

Zumrut Imamoglu
MLI (UK)

Themes: inflation eases, but political noise weighs on outlook

The Bank of Israel (BoI) is likely to keep rates same in its September meeting following another downward surprise in inflation. We do not see further hikes unless inflation data surprises on the upside again or the ILS depreciates further, which is very much subject to political noise and developments around the judicial reform. If the governing coalition and the opposition go back to talks, we see risk premium in the ILS and rates going down again. 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. We continue to see 2023 growth at 2.5% following 6.5% growth in 2022.

Business surveys still show that 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 deficit continues to increase. It reached 0.9% of GDP in June, and we continue to see it at 2% by year-end, as we expect a 5% drop in tax revenues this year.

Inflation was 4.2% in June, beating expectations of 4.4%. Net of food and energy, inflation decreased to 4.6% from 4.8%, and tradables inflation decreased from 3.5% to 2.3%, but non-tradables remained at 5.3%. Housing inflation decelerated to 0.1% per month. Inflation expectations were 2.8% for 12 months ahead, but long-term expectations are still anchored well within the range. The recent trade data shows weakness in exports, but services exports remain rather resilient. We now see year-end inflation at 3.6% (previously 3.9%).

Forecasts

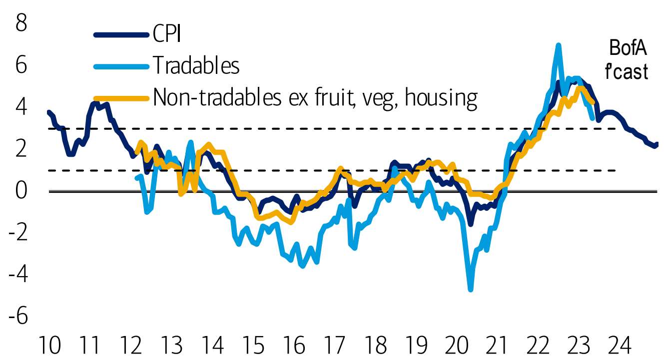
The USD/ILS exchange rate weakened amid political uncertainty and escalation of tension with Iran. Given our bearish views, we expect ILS to remain weak in 3Q23 and believe that BOI could intervene if ILS weakens further than our expectations.

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 98: Inflation

Inflation peaked and in a downward trend, although data has been noisy



Source: Haver, BofA Global Research

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Exhibit 99: ILS forecasts

ILS is likely to enjoy long-term appreciation bias but short term is weighed down by political noise

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

Source: BofA Global Research

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Exhibit 100: Major macro forecasts

Strong recovery and higher inflation motivates BoI rates normalisation

Israel	2022	2023F	2024F
Real GDP (% yoy)	6.5	2.5	3.5
CPI (% yoy, eop)	4.6	3.5	2.3
Policy rate (%, eop)	3.5	4.75	3.00
Fiscal bal (%/GDP)	0.1	-2.0	-2.5
CurAct bal (%/GDP)	3.4	4.1	4.0

Source: BofA Global Research

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Kazakhstan: higher target, lower rates

Vladimir Osakovskiy >>
Merrill Lynch (DIFC)

Economy stays strong

EconMin has stated that Kazakhstan's real GDP has grown by 5% yoy in 1H23, according to preliminary internal estimates. The release comes in line with Ministry's own 5% real GDP growth outlook for the year and market re-acceleration from 4.5% yoy reported in 5M23, according to the same data source. We note that the economy will likely see material headwinds due to robust base effect from strong 2H22. On top of that, we note a likely slowdown of capital inflows from Russia, at least on the net basis. As a result, we still expect the economy to start slowing later in the year and expect 3% in 2023 before accelerating to around 4% in 2025.

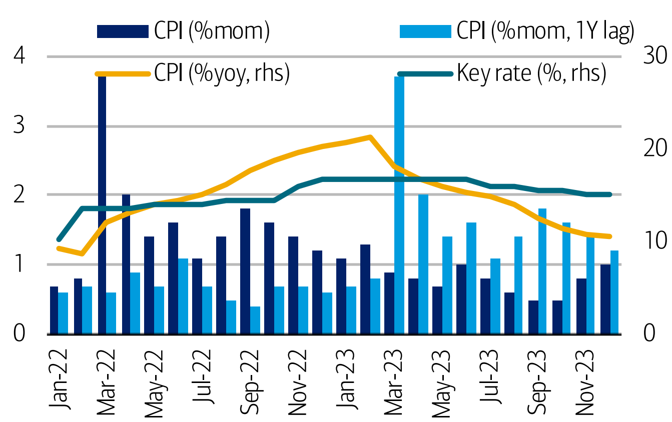
Clear guidance to think of a cut in August, as target moves up

During its policy meeting in July, the National Bank has kept its policy rate unchanged at 16.75% in line expectations and delivered clear guidance about potential "cautious" rate cut at its next policy meeting set for August 25. Inflation is expected to slow in line with expectations, warranting the start of the easing cycle. As a result, we expect 200bp in rate cuts this year, starting with a50bp cut in August. Further easing will likely be pushed out to 2024 or until inflation slows towards target. Speaking of the target, after the meeting, the National Bank "refined" its inflation target from the previous 4-5% in 2024 and 3-4% in 2025 to "around 5%" in the medium term. The revision is a result of feasibility study of optimal inflation targets conducted by the bank earlier. Materially higher new inflation target may help to facilitate its achievement, potentially in 2025.

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 a more orthodox policy approach should allow the currency to be driven more by fundamentals, which remain supportive, with a 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 101: Slowing inflation may allow for 150-200 in rate cuts
Deeper cuts will require more affirmative disinflation versus fiscal risks



Source: Bloomberg, BofA Global Research estimates

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Exhibit 102: IDR forecasts
KZT expected at 430 in 4Q23

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

Source: BofA Global Research

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Exhibit 103: Major macro forecasts
GDP growth at 3.0% in 2023

	2022	2023F	2024F
Real GDP (% yoy)	3.3	3.0	3.5
CPI (% yoy)	14.9	14.1	6.5
Policy Rate (end of period)	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: finally a structural reform story

Tatonga Rusike
MLI (UK)

Floating the naira – one step towards orthodoxy

On June 13, Nigeria floated the naira, a signal of a return to orthodox monetary policy. Naira has weakened close to 800 per USD. We estimate air value of 680 per USD, with the naira now undervalued. The caution is transition time; aligning rates and unlocking more USD into the formal market will take some time. When the dust has settled, the value of the naira should be stronger and appreciating. We use the Compass fundamental equilibrium exchange rate modelling technique. Our variables are mainly current account and inflation dynamics.

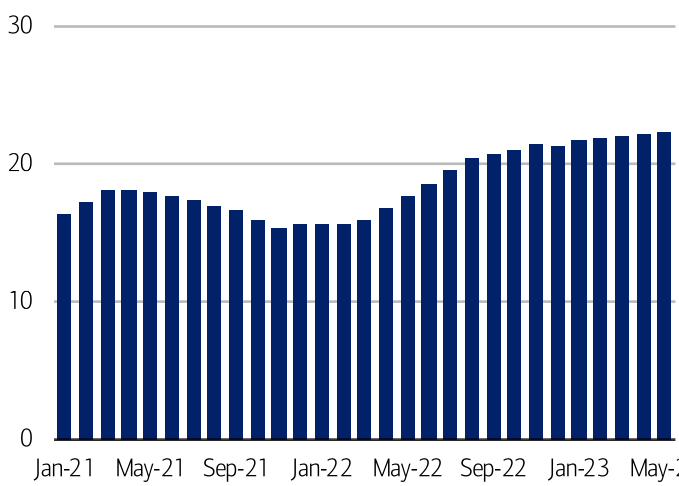
CAD likely to weaken near term, be positive over medium term

The 2Q 23 current account balance is likely to be negative (-1.2% of GDP), similar to 1Q 23 (-0.7% of GDP). This is due to a fall in oil production in 2Q (on the Exxon Mobil labour strike in April) and lower oil prices remaining below $80 per barrel in 1H 23. Over the remainder of the year, we expect oil prices to be higher at $80 bbl, and $82 bbl in 3Q and 4Q, respectively. Oil production should pick up by 250 thousand barrels per day (bpd) by year-end. The combination should support an overall current account deficit (CAD) of -0.1% of GDP, effectively near balance. The 2024 current account outlook has better prospects; we assume oil prices averaging $90 per barrel and oil production 1.6m bpd. That should eliminate current account deficits over the medium term. Overall, we see current account surpluses of at least 1% of GDP in 2024-2026.

Riding the wave of support to drive reform

President Tinubu's political capital has delivered fuel subsidy removal and floating of the naira with no social protests. With the current momentum, Tinubu's next big move should be to reduce oil theft by reforming the security sector and involving host communities near the pipelines. If successful, this could increase crude production to 1.6m bpd in 12-18 months from the current 1.2m bpd, barring OPEC limits. Positive oil prospects plus the Dangote refinery coming online represent a potential structural improvement in Nigeria's outlook. Nigeria depends on hydrocarbons for 90% of its exports, at least half of fiscal revenues and about 6% of GDP.

Exhibit 104: Headline Inflation Trend
Effects of petrol subsidy removal and currency float still to come



Source: Haver

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Exhibit 105: 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 106: Major macro forecasts
Moderate growth outlook.

Nigeria	2022	2023e	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	0.5

Source: BofA Global Research

BofA GLOBAL RESEARCH

Poland: preparing for cuts

Mai Doan
MLI (UK)

Themes: Rate cuts imminent, but unlikely to be a swift cycle

The National Bank of Poland (NBP) has officially shifted to the dovish side, by signalling that rate cuts could start from September. It is a close, and political call, but such dovish intention leads us to move our expectations for the first 25bp rate cut to September. We also think the NBP could try to cut rates twice before the elections, so the year-end 2023 base rate will likely be 6.25% versus 6.75% currently. Despite inflation being high and likely persistent into 2024, the NBP will likely send a narrative that ex-ante real rates are positive based on CPI forecasts for 2025, while activity remains soft and wage growth is restrained.

We do not think that this would mark the start of a swift easing cycle. The NBP's pre-mature cuts are enabled by a surprisingly resilient PLN. Inflation will be sticky at high single-digit rates, in our view, with fiscal policies expected to be pro-inflationary next year. Lower energy prices due to fuel company discount, changes to electricity price cap, and potential gas price cuts suggest lower year-end inflation than we previously expected. But we still see headline at above 7% at year-end 2023 and above 5% at year-end2024. The base rate may thus fall to 5.50% by year-end 2024. This baseline assumes a continuation of the current NBP dovish approach under another PiS government. The central bank will likely be relatively more hawkish if the opposition wins, in which case rates will likely be stable.

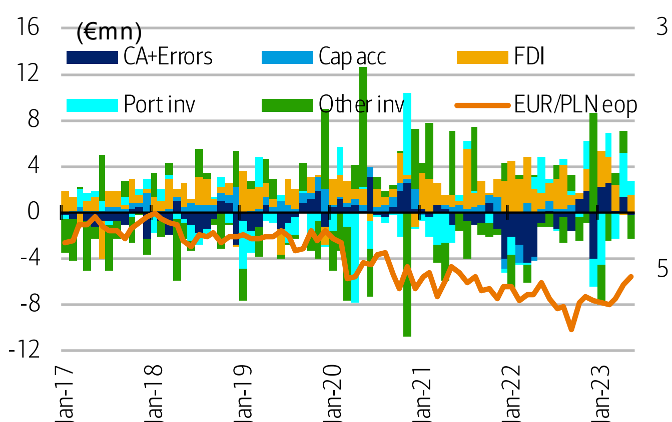
The government generally would like to see EUR/PLN in a 4.50-4.60 range but would not mind some near-term strength to tame inflation ahead of the parliamentary elections. The ruling PiS is also carefully planning its policies so as not to upset the disinflation trends until the October vote. But the 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. Around 80% of financing need for this year has been funded. Meanwhile, the current account has improved quickly, with the basic balance in surplus at c.3.4% of GDP.

Strategy: tighter ASW, bearish PLN near term

We favour 5y ASW tightener given advanced budget financing, suggesting limited local bonds supply in 2H 2023, though we are watchful of spending promises for 2024. Meanwhile, we think PLN strength in the near term is not justified given the dovish NBP. Longer term, the PLN should enjoy support from more EU funds and FDI inflows.

Exhibit 107: Poland – current account breakdown
Goods ex energy balance improves markedly as imports collapse



Source: Haver, BofA Global Research

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Exhibit 108: 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 109: 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	11.8	5.5
Policy rate (%, end of period)	6.75	6.25	5.50
Fiscal bal (%/GDP)	-3.8	-4.5	-3.1
CurAct bal (%/GDP)	-3.0	0.0	0.4

Source: BofA Global Research

BofA GLOBAL RESEARCH

Romania: good intentions help

Mai Doan
MLI (UK)

Themes: slow improvement in macro, but policy in right direction

While Romania has been slow in consolidating the budget, correcting the external imbalances, and delivering the milestones/targets of the EU's Recovery and Resilience Plan, it is constructive that the authorities remain committed to stay in the right course. Meanwhile, the National Bank of Romania (NBR) maintains a cautious tone, suggesting that it is not yet ready to shift to an easing bias and the first cut likely in 2024. Fiscal financing is also much more advanced than previous years. We also note increased interests from equity portfolios in the recent IPO of a state-owned energy company. Overall, this backdrop should stay supportive to Romanian bonds, though we believe that the RON is overvalued and should be on a mild depreciation path.

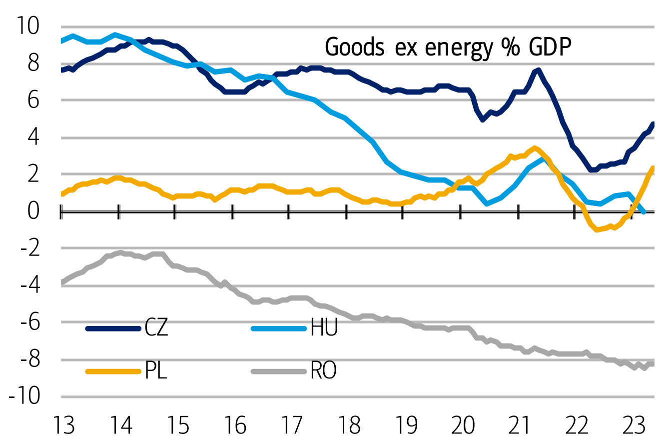
The current run rate of the budget means c.1.5% of GDP overshooting of the 4.4% target, but the authorities have been proactive in responding to the developments. In May, the government approved measures to reduce budget expenditure by RON5.3bn (0.3% of GDP). They are reportedly working on another package focusing on taxes, with potential implementation by September. We do not expect the target to be met but do not think a moderate miss could derail investors' sentiment towards Romania.

The EU's RRP payments are slower than planned, but progress is being made. The second disbursement could come by September, with potential inflows of c.EUR2.5bn, though there could be legal challenges on the special pension reform bill that could delay the timeline. The objectives for the next (third) tranche are quite complex, including the special pensions reform, criminal code modifications, corporate governance in the energy/SOEs 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, alleviating the populist risks ahead of four elections 2024.

Strategy: RON likely to depreciate

We think that the NBR will let the RON resume the depreciation trend that halted in mid-2021 (2-3% per annum versus the EUR), which could facilitate a faster correction in the current account imbalance.

Exhibit 110: 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 111: RON forecasts
RON fundamentals point to depreciation, which appears 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 112: Major macro forecasts
Slow correction in macro imbalances

Romania	2022	2023F	2024F
Real GDP (% yoy)	4.5	2.2	3.7
CPI (% yoy)	13.7	10.6	5.2
Policy rate (%, eop)	6.75	7.00	5.00
Fiscal bal (%/GDP)	-6.2	-5.0	-3.7
CurAct bal (%/GDP)	-9.3	-8.4	-7.8

Source: BofA Global Research

BofA GLOBAL RESEARCH

Ukraine: Last to start, but most to cut

Vladimir Osakovskiy >>
Merrill Lynch (DIFC)

Updating the outlook

We update our macroeconomic forecasts for Ukraine to take into account a much stronger-than-expected nominal GDP profile for 2022 (see our report, Revisiting the case). A close to 30% real GDP decline was partly offset by a 20% inflation spike, which helps to limit the nominal GDP decline in USD terms at a fairly robust $161bn. This is still sharply lower than $200bn in 2021 but materially higher than the $133bn than we previously envisaged. As a result, Ukraine's debt-to-GDP ratio was a quite modest 78.5% at the end of 2022, despite significant fiscal costs and borrowings. Much higher nominal GDP in 2022 also creates the base for much a stronger debt-to-GDP profile, as public debt could struggle to approach 100% of GDP even despite large reconstruction cost.

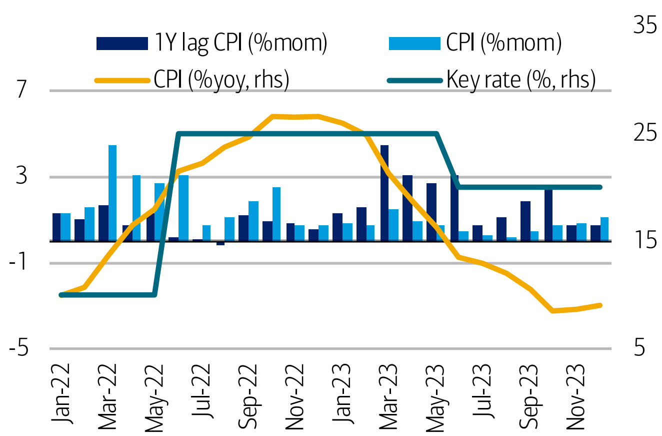
Support goes longer term

Apart from stronger macro, external assistance is evolving into a structured long-term program aimed at post-conflict reconstruction. The effort is centered on 4Y IMF EFF (Extended Fund Facility) as we note assurances of bilateral support from the Group of Creditors of Ukraine (GCU). According to Ministry of Finance (MinFin) data, some 39% of total external financial assistance since start of the war has been in the form of grants, as a large part of new bilateral loans have maturity of over 30 years. All of this should help to keep debt service costs in check even despite apparent high reconstruction costs.

Last to start, but most to deliver

Headline inflation in Ukraine has lost another 2.5pp to slow to 12.8% yoy in June mainly due to the massive base effect from last year's CPI spikes. With base effect remaining well in place for the rest of the year, inflation will likely dip to single digits in 2023 end of period (eop). Such a slowdown is now making policy rate of 25% one of important impediments to economic activity. This is even more important given generally stable and sound local banking sector as well as continued accumulation of National Bank of Ukraine (NBU) FX reserves, which reached all time high of $39bn in June. Therefore, we think that the Bank has 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.

Exhibit 113: 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 114: Major macro forecasts
GDP growth at 4.0% in 2023

	2022	2023F	2024F
Real GDP (% yoy)	-29.1	4.0	8.5
CPI (% yoy)	20.0	14.6	12.0
Policy Rate (end of period)	25.0	20.0	15.0
Fiscal Bal (%/GDP)	-16.1	-19.4	-21.8
CurAct Bal (%/GDP)	4.9	3.7	1.0

Source: BofA Global Research

BofA GLOBAL RESEARCH

LatAm

Brazil: Ready for interest rate cuts

David Beker
Merrill Lynch (Brazil)

Natacha Perez
Merrill Lynch (Brazil)

Copom to cut in August: data dependent Central Bank

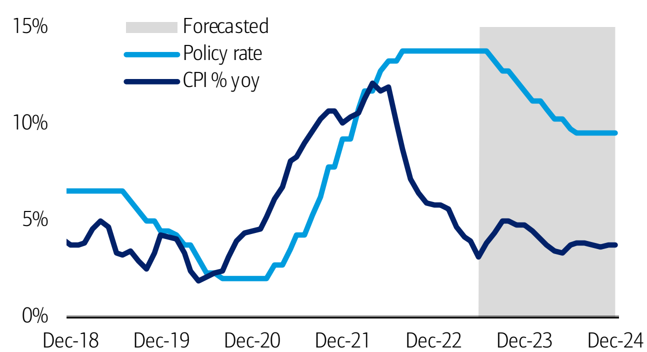
On the latest Copom's meeting, the decision to keep the Selic rate at 13.75% was unanimous. The board stated that it is still appropriate to leave the rate unchanged to ensure inflation convergence to the target. In the statement, the committee removed the pledge to "not hesitate to resume the tightening cycle", the strongest signal to the dovish side.

The minutes were more dovish than the statement, but kept the data dependency tone, as the Brazilian Central Bank reinforced the need to see long-term inflation expectations re-anchor. The increase in the economy's neutral interest rate from 4.0% to 4.5% occurred and was not a surprise, as the BCB discussed this potential increase in the last meeting, still most estimates in the market were already at 4.5% or above. See the report, Copom minutes: ready, set, cut.

One of the main risks for inflation expectations were the possibility of inflation target being increased by the National Monetary Council (CMN). The council, however, surprised to the upside, by maintaining 3% target in 2026 and adopting a rolling 12m ahead inflation target starting in 2025. Targets for 2024 and 2025 were maintained as well. The good news translated into long-term inflation expectations re-anchoring. See the report, Missing ingredient for cuts delivered.

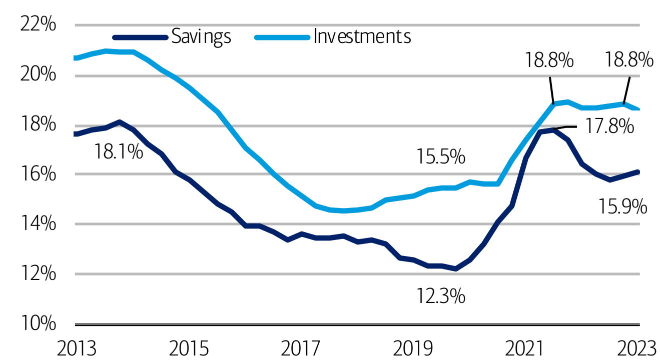
Regarding IPCA, both headline and underlying measures continued to improve. In June, IPCA registered 0.08% mom deflation (from 0.23% mom in May). Average core inflation went down, and momentum remains positive. In July, we expect another deflationary print– mostly related to electricity bills reduction due to bonuses of Itaipu plant – 12-month inflation should accelerate, as the effects of tax waivers granted in 2022 should fade. See the report, June IPCA: rate cuts around the corner

Exhibit 115: Central Bank to cut rates after CPI reaching bottom
Basic interest rate (%p.a.)



Source: BofA Global Research estimates, IBGE and BCB
BofA GLOBAL RESEARCH

Exhibit 116: Savings from pandemic are being consumed
The stability in investments bolds poorly for activity ahead



Source: BofA Global Research estimates, IBGE
BofA GLOBAL RESEARCH

All in, given the positive dynamics of underlying measures of inflation, cuts to fuel and car prices, strong drop in commodities and the appreciation of the currency, we revised our IPCA forecast to 4.8% yoy, from 5.5%. We maintain our 3.7% forecast for year-end 2024. See our report, Revising Inflation forecast to 4.8%. These factors reinforce our expectation of monetary easing cycle beginning in August with a 50bp cut. The Selic should end this year at 11.75% and next year at 9.5%.

Activity starting to cool off in the 2Q23

In the 2Q23 Inflation Report (IR), the Brazilian Central Bank (BCB) corroborated with our activity cooling view. BCB stated that activity surprised on the upside since the last report, highlighting the strong performance of the agricultural sector. However, staff emphasized that the poor domestic demand and the supply components evolution reinforces the assessment of a cooling economic activity. GDP growth forecast for 2023 was revised up to 2.0% from 1.2%. If we consider the statistical carry-over of 1Q, year-end average growth would be higher, so it is implied that staff expects further slowdown in economic activity during the year, as shown in the deterioration of the output gap estimations. See our report, 2Q23 IR: still on waiting mode.

The June BofA Activity Coincident Tracker remained negative at -0.14 pts, amid slowdown expectations. The 3mma worsened to -0.19 pts in June from 0.03 pts in May. Our Tracker remains in a neutral stance, reinforcing the expectation of a muddle through ahead. See our report, Tracker better but unchanged GDP forecasts. We expect GDP growth of 2.3% in 2023 and 1.8% in 2024.

Regarding the external sector, the trade balance accumulated a US$45.1bn surplus ytd in June, the largest result in history, boosted by record soybean exports. Lower commodity prices are acting to reduce the value of imports, therefore improving the trade balance result even further. For 2023, we expect exports to reach U$345bn (from U$340bn in 2022), due to strong crops yield. Meanwhile, imports should end this year at U$280bn (from U$296bn), driven by milder domestic activity. Trade balance should then register a US$ 65bn surplus versus US$44.2bn in 2022. All in, our Current Account Balance forecast is -US$48bn (or -2.3% of GDP) in 2023 and the robust level of FDI is more than enough to fund such expected CA deficit, maintaining the external basic balance in positive territory. See our report, Diving in Brazilian External Accounts.

Tax reform approved in the Lower House

The preliminary tax reform report was released on June 22 by Congressman Aguinaldo Ribeiro, the rapporteur at the Lower House. This reform is a constitutional change, so it must be voted at least twice in both Lower House and Senate. See our report, Tax reform preliminary report released.

In a quick procedure, the Lower House approved the tax reform constitutional amendment in a two-round vote on July 07. Changes in the Brazilian tax code have been discussed for more than 30 years in Congress. The approval of the reform is a big win for the government, that had set this reform as key priority. Also, it showed the strength of the House Speaker, Arthur Lira, who managed to vote the reform before recess. The bill now goes to the Senate for another two-round vote, expected by the end of 3Q23.

The main proposal is the unification of five taxes (IPI, PIS, Cofins, ICMS and ISS) in a dual VAT: federal and subnational. (For details, see our report, Tax reform approved in the Lower House; big win for the government and for Brazil). In the current bill, the period to unify taxes would still last seven years, between 2026 and 2032, and the two VATs' transition would begin in 2026 (previously, state and municipalities would start only three years later). The bill will now go to the Senate.

Exhibit 117: Major macro forecasts
We upgraded our GDP forecast for 2023, reduced inflation forecasts

	2022	2023F	2024F
Real GDP (% yoy sa)	2.9	2.3	1.8
CPI (% yoy)	5.8	4.8	3.7
Policy Rate (eop)	13.75	11.75	9.50
Fiscal Bal (%/GDP)	-4.6	-7.3	-6.4
CurAct Bal (%/GDP)	-3.0	-2.3	-2.5

Source: BofA Global Research

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Exhibit 118: USD-BRL forecasts
USD/BRL at 5.00 by year end

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

Source: BofA Global Research

BofA GLOBAL RESEARCH

Mexico: Activity surprises to the upside

Carlos Capistran
BofAS

Christian Gonzalez
BofAS

Economic activity in Mexico held its momentum at the start of 2Q. At the margin, monthly GDP (IGAE) in April grew 0.82% mom sa, up from -0.20% in March. On the supply side, industrial production in May grew 1.0% mom sa, from 0.5% mom sa in April. On the demand side, investment contracted 0.3% mom sa, while consumption increased 0.5% mom sa in April. The latter has been boosted by resilient remittances, which posted a record high inflow of US$5.8bn and increased 10.7% yoy in May. Trade remains strong in May as exports recovered 2.8% mom sa, from -2.9%, mostly driven by the recovery in auto production. All in all, economic activity remains resilient and is likely to post another strong 2Q GDP growth print. We expect Mexico to grow 2.3% in 2023 but decelerate to 0.8% in 2024 as the US decelerates. We see upside risks to our GDP growth forecasts as the Mexican economy seems overheated (see the 5 July 2023 Emerging Insight report).

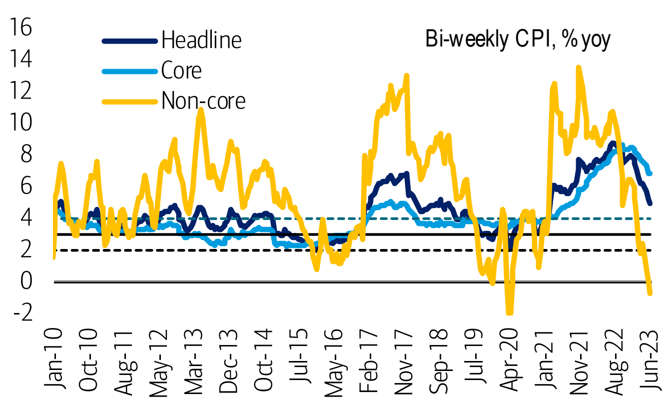
The labor market remains tight

Formal employment increased by 24.3k in June, according to the social security institute (IMSS). On annual terms, formal jobs grew 3.9% yoy, and the accumulated job creation year to date reached 514.4k (14.7% ytd). Salaries continued increasing at double-digits. The average wage in formal jobs rose 11.3% yoy, to MXN$534.1. The unemployment rate in May edged up to 3.0% sa in May, from 2.9%, but remains quite low. The tight labor market is likely to continue supporting consumption for some time and puts pressure on services inflation. We expect the labor market to soften in the following months, but it has been resilient so far.

Inflation keeps falling but core remains high.

CPI inflation continued its downward trend on the back of low energy prices. Headline inflation fell to 5.1% yoy in June, the lowest since March 2021, down from 5.8% in May. Core inflation decelerated for the fifth consecutive month although it remains at high levels (Exhibit 119). In annual terms, core inflation fell to 6.9% down from 7.4% yoy the previous month. Domestic inflation pressures seem to be lessening. We continue to expect inflation to keep falling but at slow pace, we see upside risks in case that energy prices or other non-core items reverse its recent downward trend. We recently adjusted our inflation forecast for 2023 (see our 7 July 2023 Mexico Watch report); we now expect headline inflation for year-end at 4.6%, down from 4.8% previously, and core inflation at 5.0%, down from 5.1% previously.

Exhibit 119: Headline, core, and non-core inflation (%yoy)
Core inflation has been decreasing for ten consecutive fortnights



Source: BofA Global Research, INEGI

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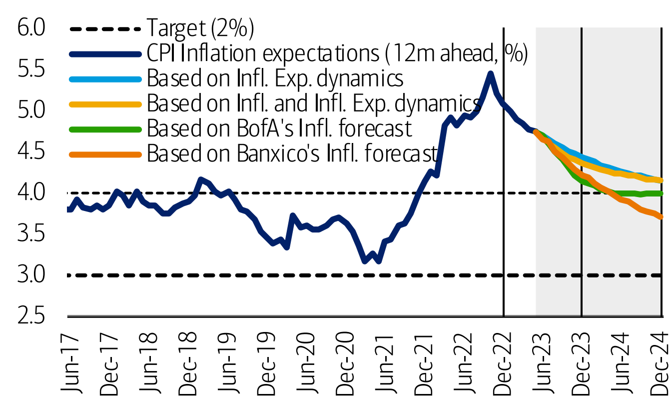
Exhibit 120: Inflation expectations forecasts
Inflation expectations are unlikely to fall below 4% this year



Source: BofA Global Research, Banxico

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How quickly can inflation expectations fall?

We recently analyzed the 12-month-ahead inflation expectations to see how quickly they can fall (see our 5 July 2023 Emerging Insight report). These are important for Banxico because they are used to calculate the real ex-ante interest rate. Based on different methodologies, we forecasted 12-month-ahead inflation expectations and noticed they would likely remain above 4% for the rest of the year, even using Banxico's optimistic inflation forecasts (Exhibit 120). Hence, slowly moving inflation expectations are likely to prevent the real-ex ante rate to increase much this year, eliminating one potential reason for Banxico to cut in 2023, in our view.

Banxico to remain on hold

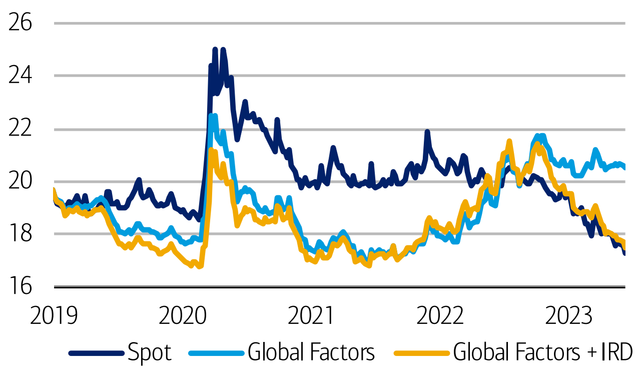
Banxico kept the policy rate target on hold at 11.25% on 22 June (see our 22 June 2023 Mexico Watch report) and reiterated its forward guidance by mentioning that it will keep the reference rate "for an extended period". In the meeting minutes, there was a clear consensus that Banxico reached the end of the hiking cycle and, from now on, the board will assume a prudent stance. A concern of the majority of the board members is that the real ex-ante rate has increased mainly due to the fall in inflation expectations, but so far is too early to consider cuts. We believe Banxico will remain on hold for the rest of the year and only start a cutting cycle in 1Q 2024. We remain on the relatively hawkish side of Banxico because we believe that the Mexican economy is overheated, core inflation is still resilient, inflation expectations will only fall slowly, and the labor market remains tight.

Strategy: Don't carry on with MXN

The Super Peso rally continued, supported by strong labor market and soft inflation data in the US, which provided strength to the soft-landing narrative. However, we remain neutral and cautious about long MXN exposure. In our view, one of the biggest risks to MXN is a deeper-than-expected US recession. Thus, we think the apparent under-pricing of a US hard landing suggests that risk-reward of long MXN positions is not attractive. We have strong conviction that MXN is overvalued and that its resilience has been mostly driven by carry (see our report, Keep calm, but don't carry on with MXN and Exhibit 121). Positive returns of carry strategies are often viewed as simply compensation for exposure to crash risk. Therefore, if carry is the main driver of MXN resilience, our view is that investors should be cautious in weighing the tradeoff between earning carry and the potential downside in spot returns due to an overvalued currency.

Exhibit 121: High carry explains the recent MXN appreciation

Observed versus fitted USD/MXN when accounting for global factors and carry



Source: BofA Global Research, Bloomberg

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Exhibit 122: 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

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Exhibit 123: 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 (end of period)	10.50	11.25	8.25
Fiscal Bal (%/GDP)	-3.4	-4.1	-4.6
CurAct Bal (%/GDP)	-0.9	-1.0	-1.6

Source: BofA Global Research

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Argentina: Tail risks decline?

Sebastian Rondeau
BofAS

Election time. Policy change likely afterwards

The ruling coalition announced Sergio Massa as its consensus presidential candidate. He is considered relatively market friendly for the ruling coalition standards, which could reduce the tail risk of a more extreme candidate. Libertarian Javier Milei is dropping in the polls, which also favors moderation. Argentina is holding presidential and gubernatorial elections this year ,and it will renew 1/3 of the Senate and half of the House. Primary elections are scheduled to be held on August 13, the first-round presidential election on October 22 and run-off on November 19.

Opposition Juntos por el Cambio (JXC) is ahead in most polls. The economic crisis is weighing on the ruling coalition popularity. Incumbent parties have normally won gubernatorial elections in the provinces, but JXC has won gubernatorial elections in a couple of Peronist strongholds (San Juan, San Luis).

A policy regime change towards a stabilization program with some structural reforms seems likely in 2024 given the unsustainable macro imbalances. We would expect a new more ambitious IMF program in 2024 with a faster fiscal consolidation and a significant currency correction (to start lifting import/capital controls). But adjustment is unlikely to be easy given the magnitude and 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 improved a bit

The FX situation is extremely challenging amid a severe drought and negative net international reserves. The drought should shave more than $20bn off 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 declined to 6% mom in June (from 7.8% mom in May) amid high FX pass-through, and approaches 120% yoy. BCRA kept rates at 97% (145% annualized), finally above inflation. We lowered our 2023 inflation forecast to 131% (from 140%).

The economy has remained stronger than we expected, keeping imports elevated and FX reserves dropping, but activity started to decline in 2Q. We expect a 2.5% GDP recession this year (from +5.5% in 2022). 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

The targets look challenging to us (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. Social spending pressure in an election year is a risk. We expect a 3.5% of GDP primary deficit (excluding nominal gains from linkers).

Chile: Cutting cycle about to start

Sebastian Rondeau
BofAS

Central Bank will likely start cutting rates in July as inflation declines

In June, inflation surprised on the downside at -0.2% mom. Ex-volatiles inflation was 0% mom down from 0.5% mom, first low value since October (it declined to 9% yoy). Headline inflation is down to 7.6% from 12.7% last year, mostly due to the volatile components. We expect inflation at 4.6% this year (down from 5.2% previously) and 3.7% in 2024. We expect the central bank of Chile (BCCh) to start cutting rates this month (-50bp). We see the policy rate down to 8.5% in 2023 from 11.25% now (and to 5.75% in 2024).

Activity is weak, led by mining. Non-mining activity is stagnant, showing a 1.1% yoy drop in May. We forecast -0.2% GDP growth this year (vs 0% before) after a +2.4% expansion in 2022. We see a GDP rebound to 2% in 2024. Fiscal policy turning expansionary and lower policy uncertainty support activity (moderate constitution and reforms, contained fiscal deficit). Still, uncertainty should remain elevated by structural reforms discussion, spending pressures and mining policy (in particular, lithium policy).

Constitutional moderation. Risk of rejection.

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. One proposal could lead to a reduction in the numbers of parties and enhance party discipline.

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 show that a majority rejects it).

Structural reforms negotiations

We think that the government is negotiating a watered-down tax reform after the congress setback. The 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 and the option to invest in private pension funds or a new public fund, and it creates a new mixed fund with 6% additional employer contributions (financing future and current pensions) and a universal pension increase. We expect the government to be willing to negotiate changes (more private sector participation) to gain support.

Exhibit 124: USDCLP forecasts
CLP at 810 by 2023-end

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

Source: BofA Global Research

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Colombia: BanRep's conditions for easing

Alexander Müller
BofAS

Pedro Diaz
BofAS

Activity data for Q2 is worse than we expected

The monthly GDP proxy (ISE) contracted 0.8% yoy in April, and coincident indicators for May suggest we must expect another poor result in the next release (due on July 18). In May, retail sales and industrial production fell 5.1% yoy and 1% yoy, respectively. Given these numbers, and other data, we estimate ISE's growth was less than 1% yoy in May. Unlike in Peru and DomRep, where the monthly GDP proxy is fully consistent with quarterly GDP, in Colombia the correlation is significant but far from perfect. Having said that, we have reduced our GDP growth forecasts for 2023, to 1.7% (from 2.1%), and for 2024, to 2.4% (from 2.6%).

Amid weak activity data and lower inflation, BanRep ended the tightening cycle

In June, the Central Bank of Colombia (BanRep) decided to maintain the policy rate unchanged at 13.25%, in line with consensus. It was the first pause since July 2022, after fourteen consecutive hikes in which the policy rate increased by 11.5 percentage points. The decision was unanimous, taken against the backdrop of an incipient decline in headline inflation and the slowdown of economic activity.

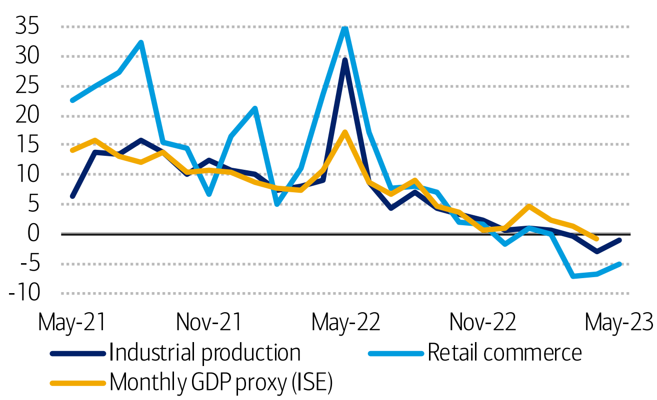
Central Bank's guidance is turning less hawkish

At the press conference of BanRep's last meeting (June 30), Governor Villar said: "If inflation and inflation expectations continue decreasing, that will create space for a lower nominal policy rate". He said it more than once during the engagement with journalists. We see Governor Villar as the swing vote in the board, switching sides from hawkish to dovish camps. On this occasion, he sounded dovish and insinuated that the two conditions that are necessary for the initiation of the easing cycle are i) consistent declines in headline inflation and ii) lower inflation expectations.

We expect BanRep's first monetary policy rate cut to happen in October

Both conditions spelled out by Governor Villar are happening. Headline inflation fell for a third consecutive month in June, and expectations also moved down. Having said that, we expect BanRep's first rate cut (25bp) to happen in October. July and September (next two meetings) seem unlikely to us because the board still needs to build more conviction about the disinflation process. We forecast the policy rate at 12.75% and 9% for year-end 2023 and 2024, respectively. And we see the terminal rate of the easing cycle at 6%.

Exhibit 125: Economic activity indicators (% yoy)
Results deteriorated significantly in 2Q2023



Source: BofA Global Research, Statistics Institute (DANE)

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Exhibit 126: COP forecasts
COP pressured by uncertainty over course of economic policies

	Q3 23	Q4 23	Q1 24	Q2 24
USD-COP	4,350	4,500	4,600	4,650

Source: BofA Global Research

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Exhibit 127: Major macro forecasts
Scenario affected by political uncertainty and tight macro policies

	2022	2023F	2024F
Real GDP (% yoy)	7.3	1.7	2.4
CPI (% yoy)	13.1	9.0	5.7
Policy Rate (eop)	12.00	12.75	9.0
Fiscal Bal (%/GDP)	-5.5	-4.2	-4.4
CurAct Bal (%/GDP)	-6.2	-4.0	-3.3

Source: BofA Global Research

BofA GLOBAL RESEARCH

Peru: Downside risks

Alexander Müller
BofAS

Pedro Diaz
BofAS

Social protests, at the national level, may resume in July

The Peruvian government is already taking preventive actions to face the social protests that are expected to begin on July 19. For instance, it has declared the national road network in state of emergency, to deploy security forces, considering that one of the most problematic aspects of the last protests (between December 2022 and February 2023) was the interruption of transit along the main highways of the country.

It might be a large protest, which implies a risk event for financial markets

Several social groups from across the country – including farmers, peasants, rural militia (*"ronderos"*), merchants, labor unions, indigenous groups, human rights activists, students, among others – are saying they will participate. They refer to the social mobilization as the "3rd Siege of Lima". The demands of these social groups vary, but there is one commonality among all: they are asking for President Boluarte to resign and for the realization of early elections.

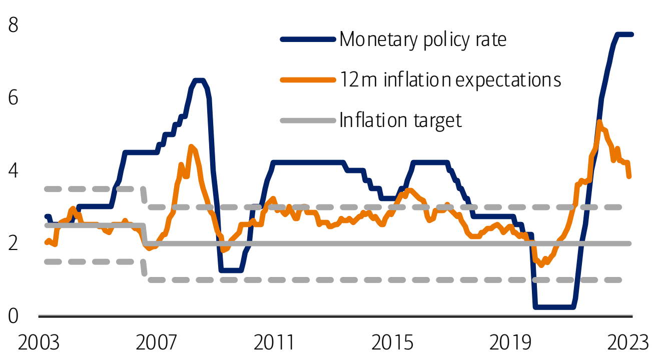
Social protests tend to be inflationary and drag economic activity

Thinking about the economy, we think that the obvious risks are higher-than-expected inflation and negative effects on GDP. We believe that inflation will accelerate in July, induced by lower supply of agricultural goods into Lima as highways from the provinces are disrupted. Tellingly, by the end of the second week of July, Lima's wholesale food market (the biggest in the city) announced a strike. It is unclear whether the strike in the wholesale food market is an early manifestation of the social protests because its leaders are complaining about an increase in highway fees. But regardless, this means that there are two persuasive reasons to expect higher food inflation in July and maybe August.

Central Bank is still in anti-inflationary, defensive, mode

After the big downward inflation surprise observed in June and the drop of inflation expectations (see Exhibit 128), the market was speculating about a dovish shift in the central bank's guidance at the July 13th board meeting. It did not happen. In fact, the written statement maintains an explicit "tightening" bias. Yes, tightening, not easing, even though economic activity is showing poor results. The BCRP is still uncomfortable with the levels of inflation. We expect the first rate cut to happen in January 2024.

Exhibit 128: Monetary policy rate and inflation expectations
Inflation expectations is a key variable to predict the first rate cut



Source: BofA Global Research, BCRP, Haver

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Exhibit 129: 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

BofA GLOBAL RESEARCH

Exhibit 130: 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	4.5	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

BofA GLOBAL RESEARCH

Uruguay: Rate cut

Sebastian Rondeau
BofAS

Inflation resumed a downward trend and declined to 6% yoy in June (-0.5% mom), from 8.3% in December. Core inflation stands at 5.7% yoy (0.5% mom), close to the top of the target (6%). We see inflation declining to 5.8% in December amid the activity slowdown. BCU cut rates 50bp to 10.75% in June, following the 25bp rate cut previously. We believe BCU will cut rates further to 9.5% rate by the end of 2023 (from 10% below) amid the disinflation trend. UYU currency appreciation has helped the disinflation.

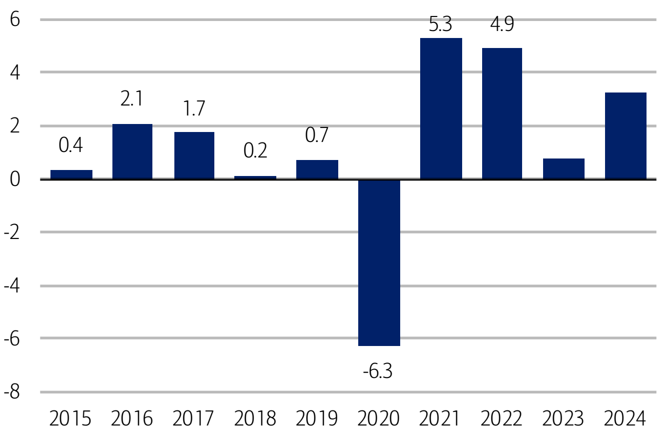
Economic activity in Uruguay has slowed down amid the drought that should shave more than 2% of GDP this year in our view. Still, GDP had a good Q1 (+0.9% qoqsa), amid an improvement in services (including tourism), interrupting the recession seen in the previous two quarters. Production starts in the new pulp mill last May can add about 1% of new exports annually. We see a weaker 2Q amid the impact on agriculture.

We see GDP growth slowing down to 0.7% this year (from 4.9% last year), amid the drought and slower global growth including neighbors Argentina and Brazil. We 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 investment in renewal energy.

Rating agencies upgrade 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 are aimed at improving the sustainability of the system and reducing its deficit (see our report, A week to remember). The system remains mixed (intergenerational pay-as-you go component and individual capitalization).

Exhibit 131: Real GDP growth (%)
We expect 2023 GDP growth to stand at 0.7



Source: BofA Global Research

BofA GLOBAL RESEARCH

Table 2: UYU Forecast
USD-UYU expected to rise

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

Source: BofA Global Research

BofA GLOBAL RESEARCH

Table 3: Major macro forecasts
Fiscal deficit will stand at 2.8% of GDP in 2023 and 2.4% in 2024

Uruguay	2022	2023F	2024F
Real GDP (% yoy)	4.9	0.7	3.4
CPI (% yoy)	8.3	5.8	6.3
Policy Rate (eop)	11.5	9.50	4.25
Fiscal Bal (%/GDP)	-3.0	-2.8	-2.4
CurAct Bal (%/GDP)	-3.5	-3.6	-2.5

Source: BofA Global Research

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Venezuela: Oil production improves

Sebastian Rondeau
BofAS

Inflation back to single digits. Oil production recovers.
Inflation slowed down to an average of 8.5% over the last three months after peaking at 39% in January (versus 8% mom average in 2022). It has been Important to contain inflation, and the government decided not to grant a minimum wage increase in May. Instead, it decided to index the food bonus, which is much more targeted, slowing down government spending. The progress also coincided with slower currency depreciation and a drop in real wages. Still, inflation is at 470% yoy in May, above 300% in 2022.

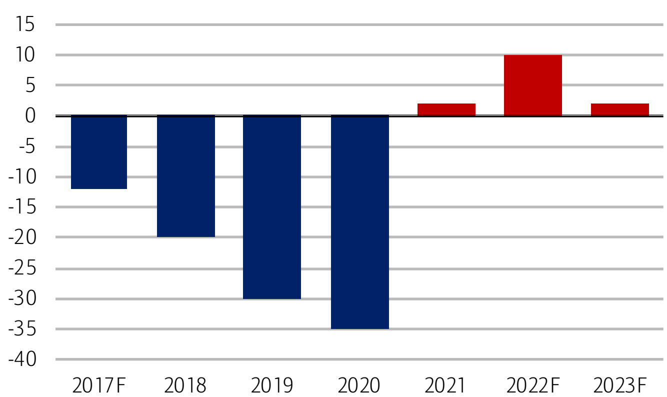
Oil production continued recovering, up to 780kbpd in June, above 2022 average of 675k off the 500k all-time low reached in 2021. Last year, the US administration allowed European firms to ship Venezuela oil back to Europe. Exports had surged after oil shipments to Europe resumed. However, exports declined 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 targeting government aid.

Slow negotiations, elections in 2024
Negotiations with the opposition have been slow (which could open the door to unfreeze Venezuelan assets abroad for about $3.2bn). With the tensions in Russia/Ukraine, this opened opportunities for the oil sector in Venezuela. The US has requested free elections and reforms in the oil sector, according to Reuters. A license for Chevron to continue operations and export oil to US has been granted.

The opposition said that it will organize its own presidential primary elections (independently of the electoral authority), ahead of next year election. Seven members of the electoral council offered to resign, including its president.

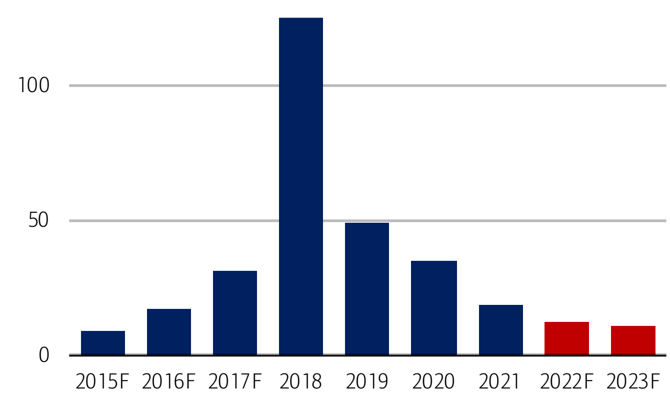
Exhibit 132: Venezuela: real GDP growth %
Activity bounces back



Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 133: Venezuela Inflation monthly average %
Inflation picking up



Source: BofA Global Research

BofA GLOBAL RESEARCH

Commodities

Oil: A battle royale between oil & money

Francisco Blanch
BofAS

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 5-year averages, implying fairly tight fundamental balances.

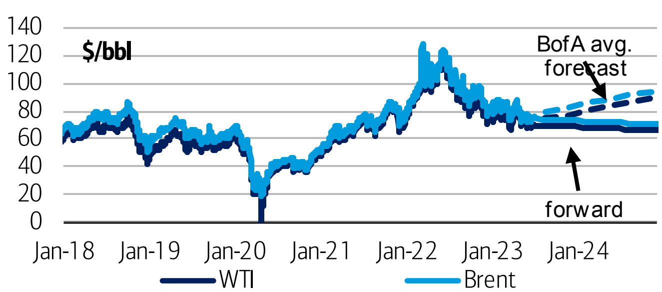
...pushed down commodity prices, including crude oil

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 likely lose until money starts easing again, and we keep our average $80/bbl Brent forecast for 2023.

Exhibit 134: 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 135: 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: EU gas still soft but prone to shocks

Francisco Blanch
BofAS

Supply outages, hot temps livened up NWE gas recently…

Since peaking in 2H22, global gas prices moved significantly lower, with warm winter weather and soft demand pushing TTF (Title Transfer Facility) prices from a high of €340/MWh in late August 2022 to a low of €23/MWh in early June, the lowest levels since early 2021. By mid-June, TTF prices more than doubled to €49/MWh on news that the ~80Mcm/d Nyhamna gas plant in Norway would stay offline until July 15. Nyhamna maintenance, coupled with elevated US LNG maintenance and hot temperatures that boosted Asian LNG demand, spooked speculators who had been holding short positions and riding prices lower. The spike and subsequent crash in prices pushed realized 30d volatility up to 150 from less than 50 in early June. TTF is currently trading around €34/MWh today, but the inventory trajectory and weak macro backdrop pose downside risk to prices ahead of winter.

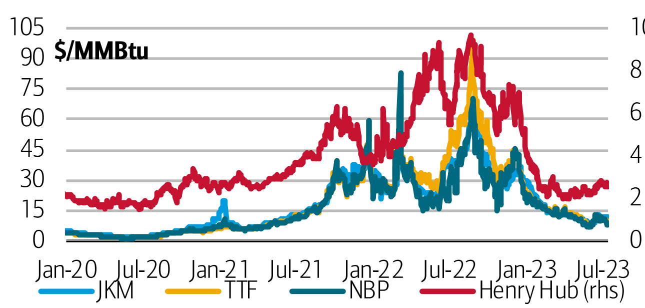
…but market still on course to hit full storage before October

The NWE (Northwest European) market stood firm this spring, with storage tracking at five-year seasonal highs in March. Since then, demand stayed soft, with industrial, LDZ, and power sector gas consumption tracking -12%, -9%, and -16% YoY year to date. But supply also saw issues, with LNG unable to compensate for the YoY drop in Russian pipeline gas and Norwegian outages. Consequently, inventories rose more slowly in April, increasing just 16Bcm during April-June, above the sluggish pace of 2021 but well below the 5yr average. In our base case, NWE gas demand rises 49Mcm/d YoY in 2H23 on the return of some price sensitive industrial and LDZ demand, while supply falls 50Mcm/d and storage hits full capacity in September, which could steepen TTF's contango.

Weather, supply outages may drive up winter TTF spreads

Inventories still seem likely to hit full capacity ahead of schedule, but several bullish risks may derail storage and push winter TTF (and JKM [Japan Korea Marker]) higher. First, lower prices could bring back more price sensitive demand. Second, EU temps could turn more extreme, driving more gas usage in all sectors. Third, Asian LNG demand may rise on weather or a stronger economy. Finally, more supply outages could dent storage builds. If land storage does fill early, floating storage and more Ukrainian storage are likely, but this may require steeper TTF contango. That said, tighter LNG balances loom this winter, and global competition for LNG cargos may spike if weather turns cold. Additionally, Panama Canal restrictions could strengthen JKM-TTF spreads this summer.

Exhibit 136: Global natural gas prices
Global gas prices crumble on elevated inventories



Source: Bloomberg

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Exhibit 137: 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: waiting for the Fed

Michael Widmer
MLI (UK)

Themes: Given back recent gains

Gold pushed above $2,000/oz in 2Q23, partially because the Fed was perceived to have reached the end of the hiking cycle. Yet, prices are again trading below the all-time highs because central banks around the world are focused on bringing inflation down. While lower energy prices and a reduction in goods inflation has helped monetary authorities, inflation has been stickier in services.

Inflation expectations have also remained elevated. Of course, the macro backdrop has also been reflected in investor flows, with aggregate non-commercial purchases below the levels seen in 2019/20, when prices last rallied on a sustained basis

Forecasts: range-bound for now

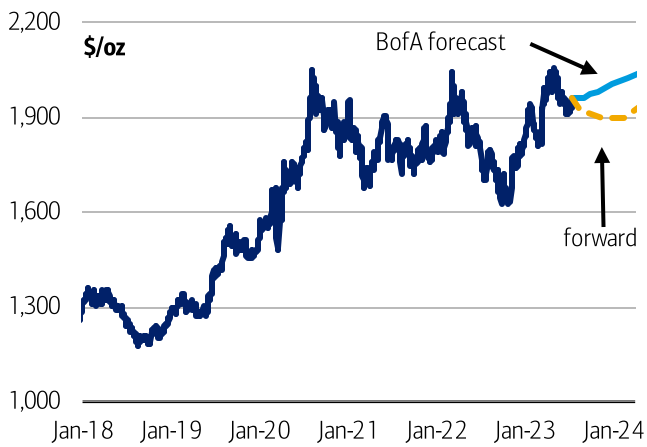
Outflows from physically backed ETFs have been a key issue. Or put differently, gold prices are unlikely to rally until assets under management at these vehicles increase. This, however, is unlikely to happen until the Fed reaches the end of the hiking cycle. Until then, the gold market looks supported at best (also because central banks keep increasing their gold holdings).

Incidentally, these central bank purchases are also one reason that gold has de-coupled to some extent from US 10-year real rates and USD.

Risks: accelerated rate increases

An even more hawkish Fed could push gold prices down.

Exhibit 138: Forecast versus forwards
Despite near-term headwinds, we are constructive gold medium term



Source: BofA Global Research estimates

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Exhibit 139: Gold and silver forecasts ($/oz)
Forecasts caught between inflation and higher nominal rates

	Q3 23	Q4 23	Q1 24	Q2 24
Gold	1,925	1,900	1,900	1,950
Silver	22.65	22.50	22.50	23.00

Source: BofA Global Research estimates

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Copper: holding up for now

Michael Widmer
MLI (UK)

Themes: Copper should be down 30% YoY, but has held up

The world is going through a manufacturing recession and headline manufacturing purchasing manager indices (PMIs) in the US, Europe and China are hovering below the 50-point threshold. These levels would normally not justify any price increases; in fact, copper should be down by around 30% YoY, which would imply a price of $6,100/t ($2.81/lb). Yet, while most commodities have faced headwinds since the China re-opening trade subsided, copper is up YTD. The price performance of different commodities has correlated with the exposure of raw materials to energy transition industries. As to copper, growth rates in different sectors have varied in China: while housing has been contracting, investment in power (essentially investment in generation and transmission/distribution) along with transportation activity (predominantly cars with a combustion engine and EVs) have been expanding rapidly. All in, this analysis would justify copper demand growth of around 15% YoY in May. To put this into context, potential consumption of the red metal has expanded by around 2.1% in the past two decades.

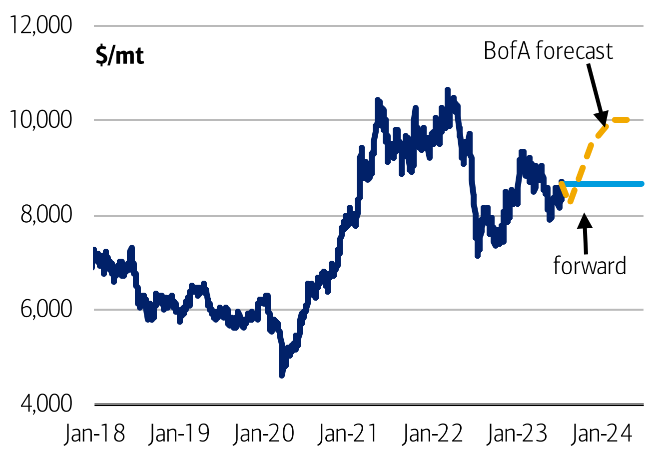
Forecasts: China to help out

Despite this, there are concerns over China. Going forward, our economists reinforce that the central government has room to grow its balance sheet. Indeed, China's central government debt remains low compared to other countries, even if it has risen quickly: China's government would be among the least affected by a 1ppt increase in interest rates; incidentally, partially because the authorities in the country did not implement any meaningful support measures during the Covid pandemic, inflation and rates have remained low, making the case for some support. Changing tack slightly, with youth unemployment high, productivity growth slowing and GDP per capita no longer rising as fast as it used to, authorities are looking to rejuvenate the economy, supporting a small subset of industries. As it happens, one-third of those sectors are metals intensive. As such, if the drag from traditional sectors subside and spending on the grid/EVs continues, copper demand should remain supported.

Risks: China's reopening tails off

Lack of policy support in China would be bearish.

Exhibit 140: Forecast versus forwards
Upside in 2H23



Source: Bloomberg, BofA Global Research

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Exhibit 141: Copper forecasts
The bull market has been fading

	Q3 23	Q4 23	Q1 24	Q2 24
US$/t	8,250	9,500	10,000	10,000
USc/lb	374	431	454	454

Source: Bloomberg, BofA Global Research

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Aluminum: Clogging the LME

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 contracted 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 1.4Mt 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, also at smelters in Yunnan province which had 2Mt of capacity shuttered in recent months. 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: Russian aluminium remaining a concern

The global market may lose some of Rusal's 4.2Mt aluminium units. If consumers do not renew contracts later this year (Glencore already said that its marketing agreement will not be renewed), this could increase pressure on the Russian company. LME inventories have been falling, and 45% of what is left has already been earmarked for removal; most of those tonnages are likely non-Russian material. With 52% of the tonnages left in the warehouses of Russian origin, the status quo is concerning. While volatility in time spreads and prices has so far been relatively muted, this may change if the London Metals Exchange is clogged with Russian tonnages consumers do not want to own.

Risks: smelters reopen

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

Exhibit 142: Forecast versus forwards
Despite period pullbacks, aluminium prices are set to rally going forward

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 143: Aluminum forecasts
Aluminium fundamentals look bullish

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

Source: BofA Global Research

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Appendix

GEMs Macro Forecasts

Exhibit 144: Key Macroeconomic forecasts
GDP and CPI forecasts

	Real GDP growth (% yoy)							CPI Inflation (%)						
		2023F			2024F				2023F			2024F		
	2022	BofA	Chg.	Consensus Economics	BofA	Chg.	Consensus Economics	2022	BofA	Chg.	Consensus Economics	BofA	Chg.	Consensus Economics
GEMs	4.3	4.0	(0.3)	4.1	4.1	-	3.9	8.0	5.8	0.1	6.2	5.6	0.8	5.0
GEMs (ex. China)	4.6	3.3	(0.1)	3.2	3.7	-	3.5	11.5	9.2	0.4	9.3	8.0	1.7	6.7
GEM-9	4.2	4.4	(0.4)	4.6	4.3	(0.1)	4.4	7.6	4.9	(0.3)	5.4	5.5	1.0	4.3
Global	3.6	3.0	-	-	2.6	-	-	8.6	6.4	-	-	5.1	-	-
US	2.1	1.8	0.2	2.1†	0.1	-	1.3†	8.0	4.0	-	8.0†	2.7	0.2	4.1†
Euro area	3.5	0.3	(0.1)	3.5†	0.7	(0.1)	0.5†	8.4	5.4	0.1	8.4†	2.4	-	5.4†
Japan	1.1	1.3	-	1.1†	1.2		1.3†	2.5	3.2	-	2.5†	2.7	-	2.9†
Asia	4.1	4.9	-	5.0	4.7	(0.1)	4.9	3.6	2.1	(0.3)	2.6	2.5	(0.3)	2.9
China	3.0	5.1	(0.6)	5.5	4.8	(0.2)	4.8	2.0	0.4	(0.4)	1.3	1.8	(0.4)	2.3
Hong Kong	-3.5	6.0	-	4.9	3.0	-	3.2	1.9	2.3	0.1	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	-	3.0
Korea	2.6	1.4	-	1.1	2.2	-	2.1	5.1	3.3	-	3.2	2.1	-	2.0
Malaysia	8.7	4.3	-	4.0	4.4	-	4.5	3.4	3.0	-	2.9	2.8	-	2.4
Philippines	7.6	5.5	-	5.7	5.0	-	5.7	5.8	5.6	-	5.8	2.8	-	3.4
Singapore	3.6	1.0	-	1.3	2.1	-	2.4	6.1	5.0	-	5.0	3.4	-	3.1
Taiwan	2.5	0.9	-	0.7	3.2	-	3.0	3.1	2.2	-	2.1	1.5	-	1.6
Thailand	2.7	3.3	-	3.5	3.6	-	3.7	6.1	1.8	-	2.2	1.9	-	1.9
EEMEA	5.5	2.2	-	2.0	3.4	0.1	3.0	26.0	22.0	1.8	21.7	19.6	6.1	14.8
Czech R.	2.5	0.0	-	0.2	2.2	-	2.6	15.1	10.9	0.1	11.0	2.4	0.1	3.0
Egypt	6.7	4.0	-	3.9†	4.0	-	4.2†	8.5	24.2	-	26.9†	19.0	-	18.0†
Hungary	4.6	0.2	-	0.0	2.6	-	2.9	14.6	18.5	-	18.5	5.5	(0.2)	5.5
Israel	6.5	2.5	-	2.9†	3.5	-	3.3†	4.4	4.3	(0.2)	4.3†	2.7	(0.2)	2.8†
Nigeria	3.3	3.2	0.2	2.7†	3.0	0.1	3.0†	18.8	25.0	8.0	22.2†	15.0	-	15.4†
Poland	5.2	0.8	-	1.0	3.0	-	2.9	14.3	11.8	(0.5)	12.7	5.5	(0.5)	6.4
Romania	4.5	2.2	-	2.3	3.7	-	3.7	13.7	10.6	(0.3)	10.0	5.2	(0.8)	5.3
Saudi Arabia	8.7	0.9	-	1.5†	2.6	-	3.2†	2.5	2.0	-	2.5†	2.0	-	2.2†
South Africa	1.9	0.5	-	0.2†	1.5	-	1.3†	6.9	6.0	(0.3)	6.0†	4.7	(0.2)	5.0†
Türkiye	5.6	3.5	-	2.4	4.5	-	2.3	72.0	48.4	4.3	43.9	53.4	24.3	23.3
Ukraine	-29.1	4.0	(0.4)	1.3	8.5	(2.6)	5.4	9.3	14.6	0.1	17.6	12.0	-	12.0
LatAm*	3.8	1.6	(0.1)	1.6	1.4	-	1.6	7.7	4.9	-	5.6	4.1	-	3.8
Argentina	5.2	-2.5	(0.5)	-2.7	-2.4	(0.1)	-0.5	94.8	130.7	(9.9)	131.5	121.7	0.9	104.1
Brazil	2.9	2.3	-	2.2	1.8	-	1.5	5.8	4.8	(0.7)	5.9	3.7	-	4.1
Chile	2.4	-0.2	(0.2)	-0.2	2.0	-	1.9	12.8	4.6	(0.6)	4.9	3.7	(0.1)	3.2
Colombia	7.3	1.7	(0.4)	1.2	2.4	(0.2)	1.8	13.1	9.0	-	8.8	5.7	-	4.5
Costa Rica	4.3	3.8	-	3.2	3.7	-	2.8	7.9	-0.3	(0.7)	3.7	2.7	-	3.0
Dominican Rep	4.9	2.5	-	3.9	5.2	0.9	4.2	7.8	3.4	(0.6)	5.4	4.2	(0.1)	4.2
Ecuador	2.9	1.4	(1.4)	2.1	2.5	-	2.2	3.7	1.7	-	2.1	2.0	-	1.8
El Salvador	2.6	1.9	-	1.9	2.7	-	1.8	7.3	2.1	-	3.5	1.9	-	2.0
Guatemala	4.1	3.8	-	3.0	3.5	-	3.2	9.2	4.9	-	5.0	4.3	-	3.9
Mexico	3.1	2.3	-	2.4	0.8	-	1.6	7.8	4.6	(0.2)	5.1	4.7	-	3.8
Panama	10.8	5.0	-	4.6	4.0	-	4.0	2.1	1.9	-	2.3	1.7	-	2.1
Peru	2.7	1.2	-	1.6	3.1	-	2.8	8.5	4.5	(0.3)	4.2	2.9	-	2.9
Uruguay	4.9	0.7	(0.2)	1.8	3.4	-	2.8	8.3	5.8	(1.0)	7.3	6.3	0.4	6.5
Venezuela	10.0	2.0	-	3.7	3.0	-	4.3	305.0	243	-	215	214	-	101

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

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Exhibit 145: 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	0.7	0.1	-	0.9	0.1	-	-	-	-	-	-	-	-
GEMs (ex. China)	-0.7	-0.4	-	-	0.4	(0.1)	-						-	
GEM-9	0.6	0.6	0.1	-	0.6	0.2	-	-	-	-	-	-	-	-
Global	-	-	-	-	-	-	-	-	-	-	-	-	-	-
US	-	-	-	-	-	-		-	-	-	-	-	-	-
Euro area	-	-	-	-	-	-		1.12	1.07	-	-	1.05	-	-
Japan	-	-	-	-	-	-		139.55	131.12	-	-	145.00	-	-
Asia	2.1	1.6	0.1	-	1.6	0.1	-	-	-	-	-	-	-	-
China	2.0	2.2	-	1.6	1.8	0.1	1.2	7.22	6.90	-	7.00	7.20	-	6.70
Hong Kong	11.8	10.5	-	3.1	6.7	-	4.2	7.81	7.80	-	7.81	7.85	-	7.76
India	-0.7	-0.5	-	-1.7	-0.8	-	-1.8	82.10	82.74	-	81.75	82.00	-	80.25
Indonesia	0.3	1.0	-	0.2	0.3	-	-0.6	14997	15573	-	14775	14900	-	14500
Korea	4.7	1.8	-	1.5	1.1	-	2.3	1266	1260	0.3	1275	1330	-	1180
Malaysia	3.8	2.6	-	2.4	1.9	-	2.5	4.54	4.40	-	4.50	4.66	-	4.32
Philippines	-1.6	-4.8	-	-3.6	-3.4	-	-3.1	54.52	55.74	-	55.00	56.50	-	53.40
Singapore	18.0	19.3	-	15.7	16.3	-	15.9	1.33	1.34	-	1.33	1.35	-	1.30
Taiwan	15.2	13.2	-	10.7	11.3	-	10.8	31.08	30.73	-	33.80	31.20	-	31.80
Thailand	-3.7	-3.3	-	1.7	0.3	-	3.2	34.06	34.61	-	30.35	34.00	-	28.80
EEMEA	-2.9	-1.7	(0.2)	-	-0.3	-	-	-	-	-	-	-	-	-
Czech R.	-2.8	-6.1	-	-2.0	-3.5	-	-1.0	23.92	24.16	-	23.90	23.50	-	23.85
Egypt	-4.3	-3.5	-	-3.0†	-3.1	-	-2.9†	30.90	24.76	-	32.50	39.00	-	-
Saudi Arabia	-3.9	-8.1	-	-4.5	-3.5	-	-3.7	377.57	400	(0.4)	384	370	-	385
Hungary	4.7	3.4	-	3.7†	3.9	(0.2)	3.6†	3.58	3.52	-	3.58	3.55	-	3.40
Israel	-0.8	0.2	0.9	0.3†	-0.1	1.5	0.0†	788.21	460.8	0.0	-	670.00	-	-
Nigeria	-1.4	-3.0	-	-1.0	0.0	-	-0.9	4.46	4.69	-	4.52	4.55	-	4.50
Poland	-7.2	-9.3	-	-6.9	-8.4	-	-2.9	4.94	4.94	-	5.00	5.09	-	5.08
Romania	5.1	13.6	-	7.5†	10.1	-	7.1†	3.75	3.75	-	3.75	3.75	-	-
South Africa	3.7	-0.5	-	-2.1†	-2.7	-	-2.7†	17.89	17.04	-	18.50	18.00	-	17.80
Türkiye	-1.8	-5.5	-	-4.1	-4.2	(0.5)	-2.9	26.79	18.71	-	27.00	31.00	5.0	30.00
Ukraine	-1.6	4.9	(1.7)	-0.6	3.7	(2.6)	-0.4	36.78	36.92	-	38.00	40.00	-	-
LatAm	-2.8	-2.2	(0.1)	-	-2.1	(0.2)	-			-				
Czech R.	1.7	-0.8	-	-1.1	-4.2	(0.5)	0.0	268.16	177	0.1	374	493	(26.0)	590
Egypt	-2.8	-3.0	-	-2.3	-2.3	-	-2.4	4.79	5.29	-	4.80	5.00	-	4.99
Hungary	-6.4	-9.0	-	-3.7	-4.6	(1.1)	-3.4	808	851	(0.4)	806	810	-	800
Israel	-5.6	-6.2	-	-4.6	-4.0	-	-4.3	3977	4851	(0.2)	4350	4500	-	4200
Nigeria	-2.5	-3.8	-	-2.7	-3.3	-	-2.6	536	580	-	-	595	(0.5)	-
Poland	-2.8	-5.6	(0.1)	-4.6	-3.2	-	-3.5	56.0	57.0	-	-	58.4	0.0	-
Romania	3.2	2.4	-	1.6	1.4	-	0.9	-	-	-	-	-	-	-
Saudi Arabia	-4.9	-7.0	(0.4)	-5.0	-4.0	-	-4.0	-	-	-	-	-	-	-
South Africa	2.2	1.4	-	1.9	2.0	-	1.5	7.85	7.85	(0.0)	-	7.86	(0.0)	-
Türkiye	-0.6	-0.9	-	-0.9	-0.9	-	-1.0	16.76	19.50	-	17.50	19.00	-	17.63
Ukraine	-3.0	-4.0	-	-4.1	-3.0	-	-4.0	-	-	-	-	-	-	-
Czech R.	-2.3	-4.0	-	-3.4	-2.0	-	-2.4	3.58	3.81	-	3.65	3.76	-	3.55
Egypt	-2.5	-3.2	-	-1.6	-3.6	(0.3)	-1.2	38.04	39.87	-	-	39.40	-	-
Hungary	1.3	0.4	-	8.1	-1.6	-	19.6	29	17	(0.1)	-	48	0.4	-

Source: BofA Global Research

BofA GLOBAL RESEARCH

GEMs Consolidated Macro Indicators

Exhibit 146: GEMs

Consolidated Macro Indicators

	2015	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
GEMs										
Nominal GDP (US$ bn)	26.233	26.564	28.910	31.159	31.992	31.221	36.041	37.418	39.359	41.816
Real GDP growth (% yoy)										
Weighted by PPP-GDP	4.7	4.2	5.0	4.7	3.7	-2.0	7.1	4.3	4.1	4.0
Weighted by current exchange rates	4.4	4.2	5.0	4.7	3.9	-1.4	7.2	3.8	3.8	3.9
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	8.1	5.9	5.6
Weighted by current exchange rates	3.4	3.2	3.2	3.2	3.4	3.1	3.3	5.9	4.2	4.4
Median	2.4	2.1	2.6	2.3	2.8	2.6	3.8	6.9	4.6	3.7
Trade balance (US$ bn)	367.4	402.9	352.0	301.6	302.1	323.3	460.5	473.8	446.4	315.5
Exports (US$ bn)	3,950	3,615	3,454	3,747	4,100	3,924	3,833	4,800	5,206	5,003
Imports (US$ bn)	3.583	3.213	3.102	3.446	3.797	3.600	3.373	4.327	4.759	4.688
Current account balance (US$ bn)	300.7	344.7	417.3	210.7	357.0	621.2	440.6	272.8	261.1	360.1
Current account balance (% of GDP)	1.1	1.3	1.4	0.7	1.1	2.0	1.2	0.7	0.7	0.9
International reserves (US$ bn)	7.363	7.088	7.419	7.393	7.609	8.066	8.439	7.872	7.494	7.116
Gross government debt (% of GDP)	57.6	61.1	61.8	62.1	64.6	71.8	70.9	56.2	55.4	55.1
Gov. budget balance (% of GDP)	-3.1	-2.9	-2.5	-2.3	-2.7	-5.4	-4.0	-3.6	-3.9	-3.6
Asia										
Nominal GDP (US$ bn)	17.500	18.088	19.751	21.910	22.664	22.889	26.756	27.176	28.672	30.486
Real GDP growth (% yoy)										
Weighted by PPP-GDP	6.2	6.1	6.2	5.9	4.9	-1.2	7.5	4.1	5.0	4.6
Weighted by current exchange rates	6.1	6.0	6.2	5.9	5.0	-0.2	7.6	3.6	4.7	4.6
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	2.1	2.5
Weighted by current exchange rates	1.9	2.2	1.9	2.2	2.7	2.5	1.8	3.1	1.6	2.2
Median	1.1	1.7	1.8	1.8	1.6	0.4	2.2	4.6	3.1	2.4
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	470.1	502.9
Current account balance (% of GDP)	3.0	2.3	2.0	1.0	1.6	2.6	2.4	2.1	1.6	1.6
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)	-2.2	-2.4	-2.3	-2.2	-2.7	-4.8	-3.7	-3.4	-3.4	-3.2
EEMEA										
Nominal GDP (US$ bn)	3,836	3,780	3,921	4,138	4,339	4,293	4,557	4,887	4,784	5,333
Real GDP growth (% yoy)										
Weighted by PPP-GDP	3.6	2.4	3.8	3.4	2.5	-0.9	5.5	5.0	2.5	3.5
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	26.2	22.9	19.9
Weighted by current exchange rates	5.0	5.8	8.5	8.5	7.2	5.6	7.5	19.3	16.9	15.6
Median	4.6	5.3	5.3	4.6	3.8	3.3	4.5	9.3	11.8	5.7
Trade balance (US$ bn)	76.5	-12.0	-0.5	0.5	31.6	11.4	-10.8	-4.6	18.2	-3.4
Exports (US$ bn)	745	610	600	650	733	693	640	785	853	909
Imports (US$ bn)	668	622	600	650	701	681	651	790	835	912
Current account balance (US$ bn)	-42.5	30.8	115.2	126.0	107.7	41.6	-94.7	-144.1	-79.2	-15.1
Current account balance (% of GDP)	-1.1	0.8	2.9	3.0	2.5	1.0	-2.1	-2.9	-1.7	-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	47.9	46.2	50.3	50.4
Gov. budget balance (% of GDP)	-3.1	-2.0	-0.3	-0.1	-1.7	-5.9	-5.9	-5.3	-5.9	-4.8
LatAm										
Nominal GDP (US$ bn)	4,897.6	4,696.8	5,239.0	5,110.7	4,988.2	4,039.1	4,728.6	5,355.6	5,903.4	5,997.4
Real GDP growth (% yoy)										
Weighted by PPP-GDP	0.7	0.0	2.0	1.8	0.8	-6.5	7.2	3.8	1.6	1.4
Weighted by current exchange rates	-0.1	-0.6	1.7	1.2	0.2	-6.7	7.1	3.7	1.6	1.4
Median	2.8	2.2	2.4	2.5	1.7	-7.5	9.2	4.2	2.0	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	4.9	4.1
Weighted by current exchange rates	7.0	4.9	4.0	3.6	3.5	3.5	8.0	7.6	4.8	4.0
Median	3.9	3.3	3.5	2.3	3.2	3.1	6.8	8.1	4.6	4.0
Trade balance (US$ bn)	46.8	31.1	58.5	73.6	70.3	81.4	107.6	95.5	85.0	100.9
Exports (US$ bn)	606.3	535.0	521.5	569.7	618.3	607.4	545.3	664.7	780.4	814.9
Imports (US$ bn)	559.5	503.9	462.9	496.1	548.1	526.0	437.8	569.2	695.4	714.0
Current account balance (US$ bn)	-175.4	-103.4	-100.0	-135.4	-102.6	-10.2	-95.1	-149.0	-129.9	-127.7
Current account balance (% of GDP)	-3.6	-2.2	-1.9	-2.6	-2.1	-0.3	-2.0	-2.8	-2.2	-2.1
International reserves (US$ bn)	781.8	793.6	818.0	829.7	842.4	843.9	871.0	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)	-6.0	-5.7	-4.9	-4.4	-3.7	-8.6	-4.2	-3.5	-5.0	-4.6

Source: BofA Global Research

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GEMs FX Compass and CA Imbalances

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

Exhibit 147: FX Compass Long-Term Valuations
Trade-weighted valuations vs REER fair values

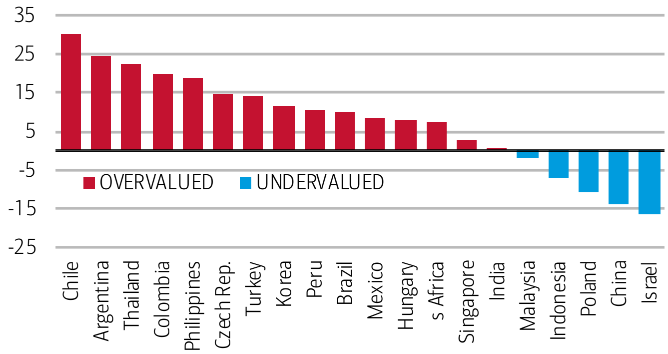

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Exhibit 148: Current Account Imbalances
Gap between forecast and equilibrium CAB (forecasted minus long-term equilibrium)

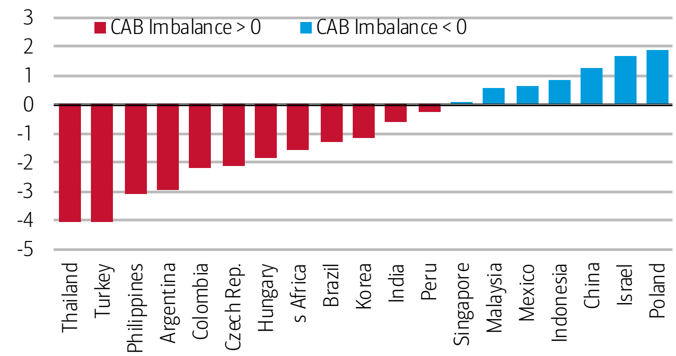

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Exhibit 149: FX Compass
Long-term currency valuation

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			**1.1**	**1.5**
China	6.40	7.17	(12.0)	(14.1)
India	82.2	82.0	0.2	0.5
Indonesia	13950	14995	(7.5)	(7.0)
Korea	1373	1261	8.2	11.4
Malaysia	4.46	4.54	(1.7)	(2.2)
Philippines	64.51	54.42	15.6	18.9
Singapore	1.35	1.32	1.9	2.5
Thailand	41.52	34.24	17.5	22.6
EEMEA			**5.6**	**7.5**
Czech Rep. 1/	27.3	23.7	13.1	14.7
Hungary 1/	406	374	7.7	7.8
Israel	2.98	3.64	(22.2)	(16.4)
Poland 1/	3.91	4.44	(13.5)	(10.8)
South Africa	19.05	17.94	5.8	7.2
Türkiye	28.47	26.94	5.4	14.2
LatAm			**13.4**	**15.0**
Argentina	340	267	21.5	24.3
Brazil	5.27	4.81	8.8	9.7
Chile	1061	818	23.0	30.4
Colombia	4852	4039	16.8	19.6
Mexico	18.19	16.74	8.0	8.6
Peru	3.96	3.56	10.1	10.4
Average			**7.8**	**9.2**

Note 1/ CZK, HUF and PLN are quoted against the EUR. Fair values are updated using forecasts. Spot is for October 26 ,2021. Note 2/ REER valuation is trade-weighted deviation of current REER (October estimate) from Compass fair values. **Source:** BofA Global Research, Bloomberg

BofA GLOBAL RESEARCH

Exhibit 150: Estimated current account imbalance
CA imbalance

Country	Forecasted CA 2020-2022	Long-term CA	CAB Imbalance
Asia	**0.8**	**1.0**	**-0.3**
China	1.7	0.4	1.3
India	-2.5	-1.8	-0.6
Indonesia	0.2	-0.7	0.9
Korea	1.5	2.7	-1.2
Malaysia	2.2	1.6	0.6
Philippines	-3.9	-0.7	-3.1
Singapore	17.5	17.3	0.1
Thailand	-0.1	4.0	-4.1
EEMEA	**-2.5**	**-1.3**	**-1.7**
Czech Rep. 1/	-4.2	-2.1	-2.1
Hungary 1/	-4.9	-3.0	-1.9
Israel	3.8	2.1	1.7
Poland 1/	-0.9	-2.8	1.9
South Africa	-0.6	0.9	-1.5
Türkiye	-4.5	-0.5	-4.0
LatAm	**-2.6**	**-1.5**	**-1.7**
Argentina	-1.8	1.1	-2.9
Brazil	-2.6	-1.3	-1.3
Chile	-6.5	-0.9	-5.6
Colombia	-4.5	-2.3	-2.2
Mexico	-1.1	-1.7	0.6
Peru	-2.6	-2.3	-0.2
Average	**(1.5)**	**(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

GEMs Country Tables – Asia

Exhibit 151: China

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)								17.962	18.762	19.656
GDP per capita (US$)	7,922	8,067	8,791	9,887	10,126	10,402	12,615	12,723	13,290	13,930
Unemployment rate (%)[1]	5.0	5.0	4.9	4.7	5.2	5.1	5.1	6.1		5.1
Population (millions)	1,383	1,392	1,400	1,405	1,410		1,413	1,412	1,412	1,411
Economic Activity										
Real GDP growth (% yoy)	7.0	6.8	6.9	6.7	6.0	2.2	8.4	3.0	5.1	4.8
Domestic demand growth (% yoy)	6.6	7.9	6.8	7.4	5.3	1.7	6.8	2.5	5.9	5.0
Real investment growth (% yoy)	3.5	7.3	6.4	6.8	3.9	4.2	3.9	3.5	4.8	5.0
Real consumption growth (% yoy)	9.3	8.4	7.1	7.8	6.3	-0.3	9.0	1.8	6.8	5.0
Real private consumption growth (% yoy)	9.4	8.9	7.0	7.4	6.5	-1.7	11.6	0.6	7.2	5.3
Real government consumption growth (% yoy)	9.0	7.3	7.1	8.9	6.0	3.1	3.2	4.9	5.8	4.2
Real export growth (% yoy)	-2.3	1.1	8.1	3.8	0.5	2.4	17.7	-1.7	-2.9	2.0
Real import growth (% yoy)	-6.2	5.8	7.3	8.1	0.4	5.5	10.4	-5.8	-2.3	2.2
Prices										
CPI inflation (% yoy, eop)	1.6	2.1	1.8	1.9	4.5	0.2	1.5	1.8	0.5	1.9
CPI inflation (% yoy, avg)	1.4	2.0	1.6	2.1	2.9	2.5	0.9	2.0	0.4	1.8
Nominal wages (% yoy)	10.1	8.9	10.0	10.9	9.8	7.6	9.7	6.7	8.0	7.6
Nominal exchange rate (vs. USD, eop)	6.49	6.94	6.53	6.86	6.98	6.53	6.36	6.90	7.20	6.70
Nominal exchange rate (vs. USD, avg)	6.29	6.65	6.76	6.62	6.91	6.90	6.45	6.74	7.12	6.96
Bilateral real exchange rate (% yoy, + dep)	-	-	-	-	-	-	-	-	-	
Monetary Sector2										
Monetary base growth (% yoy)	-6.0	11.8	4.2	2.8	-2.0	1.9	-0.3	9.6	2.0	2.0
Broad money growth (% yoy)	13.3	11.3	8.1	8.1	8.7	10.1	9.0	11.8	11.0	10.0
Credit extension to private sector (% yoy)	14.3	13.5	12.7	13.5	12.3	12.8	11.6	11.1	11.7	10.6
Central bank policy rate (%, eop)[3]	4.30	4.30	4.30	4.31	4.15	3.85	3.80	3.65	3.40	3.40
1-month interbank rate (%, eop)	2.90	3.84	4.80	3.46	3.30	3.31	3.18	-	-	-
Long-term yield (%, eop)	3.50	2.90	3.90	3.20	3.14	3.14	2.78	2.80	3.00	-
External Sector										
Current account balance (% of GDP)	2.7	1.7	1.5	0.2	0.7	1.7	2.0	2.2	1.8	1.3
Current account balance (US$ bn)	293	191	189	24	103	249	353	402	344	262
Trade balance (US$ bn)	358	256	217	88	132	359	461	576	458	472
Exports, f.o.b. (US$ bn)	2,360	2,198	2,429	2,651	2,631	2739	3555	3,716	3,575	3,616
main export	-	-	-	-	-	-	-	-	-	-
Imports, c.i.f. (US$ bn)	2,002	1,942	2,212	2,563	2,499			3,139	3,117	3,144
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	-228
Foreign direct investment (US$ bn)	136	134	136	138	141	149	181	189	199	207
International reserves (US$ bn)	3,330	3,011	3,140	3,073	3,108	3,217	3,250	3,128	3,158	3,140
Public Sector										
Central gov. primary budget balance (% of GDP)	-	-	-	-	-	-	-			
Central gov. budget balance (% of GDP)	-	-	-	-	-	-	-			
Consolidated gov. primary budget balance (% of GDP)	-1.8	-2.2	-2.1	-1.8	-1.9	-2.7	-2.2	-1.8	-2.0	-2.1
Consolidated public sector balance (% of GDP)[4]	-2.4	-2.9	-2.9	-2.6	-2.8	-3.7	-3.1	-2.8	-3.0	-3.0
Central gov. revenues (% of GDP)[5]	22.1	21.4	20.7	19.9	19.3	18.0	17.6	16.8	16.8	16.5
Debt Indicators										
Gross external debt (% of GDP)	12.6	12.6	14.3	14.3	14.4	16.3	15.4	16.3	16.6	16.5
Public (% of GDP)	1.5	1.8	1.8	2.2	2.5	3.2	2.7	3.0	3.1	3.0
Private (% of GDP)	11.2	10.8	12.5	12.1	11.9	13.1	12.7	13.3	13.5	13.6
Gross government debt (% of GDP)	67.6	75.5	76.5	75.7	78.3	87.8	85.7	89.0	92.3	94.1
Domestic (% of GDP)	67.4	75.1	76.1	75.2	77.7	87.5	85.4	90.7	94.4	95.3
External (% of GDP)	0.2	0.3	0.4	0.5	0.6	0.3	0.3	0.3	0.3	0.5
External debt amortizations (US$ bn)	-	-	-	-	-	-	-	-	-	
External debt interest payments (US$ bn)	-	-	-	-	-	-	-	-	-	
External debt service (% of XGS)	-	-	-	-	-	-	-	-	-	
Savings - Investment Balance										
Savings (% of GDP)	46.3	44.9	44.9	44.7	44.2	45.3	45.9	47.6	46.0	46.2
Investment (% of GDP)	43.0	42.7	43.2	44.0	43.1	42.9	43.3	44.3	44.5	45.2

	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24
Quarterly Economic Forecasts										
Real GDP growth (% yoy)	3.9	2.9	4.5	6.3	4.4	5.1	4.1	4.6	5.0	5.2
Real GDP growth (% qoq, sa, annualized)	16.5	2.4	9.1	3.2	3.5	4.5	5.2	5.3	5.2	5.1
CPI inflation (% yoy, eop)	2.8	1.8	1.3	0.0	-0.4	0.5	1.3	1.8	2.0	1.9
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	7.25	7.40	7.20	7.10	7.00	6.80	6.70
Current account balance (US$ bn)	139.6	103.1	81.5	91.6	102.5	68.6	75.3	49.2	71.3	66.5

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 152: India

Selected economic and financial indicators

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020E	FY2021 E	FY2022 E	FY2023E	FY2024E	FY2025E
Summary Data										
Nominal GDP (US$ bn)	2,074.1	2,230.1	2,430.8	2,691.0	2,970.0	2,910.6	3,107.0	3,343.0	3,643.0	3,995.0
GDP per capita (US$)	1.657	1.760	1.896	2.062.0	2.241.0	2.195.0	2.343.1	2.485.5	2.625.0	2.830.0
Unemployment rate (%)	-	-	-							
Population (millions)	1.252	1.267	1.316	1.332.0	1.341.0	1.354.4	1.368.0	1.381.6	1.400.0	1.412.0
Economic Activity										
Real GDP growth (% yoy)	7.6	6.9	6.6	6.0	4.0	-7.3	8.7	6.8	6.0	5.5
Domestic demand growth (% yoy)	-	-	-	-						
Real investment growth (% yoy)	5.6	-	- -							
Real consumption growth (% yoy)	6.9	-	- -							
Real private consumption growth (% yoy)	7.6	-	- -							
Real government consumption growth (% yoy)	3.3	-	- -							
Real export growth (% yoy)	-15.9	0.6	7.4	9.7	0.0	-5.0	10.0	10.0	5.0	8.0
Real import growth (% yoy)	-14.1	0.7	12.7	11.0	-5.0	-5.0	12.5	20.0	15.0	10.0
Prices										
CPI inflation (% yoy, eop)	4.8	4.6	4.3	2.9	4.6	5.5	7.0	5.8	5.1	4.5
CPI inflation (% yoy, avg)	4.9	4.8	3.6	3.4	4.8	6.2	5.3	6.7	5.1	4.5
WPI inflation (% yoy, eop)	-0.9	7.1	2.5	3.1	2.0	4.0	10.0	7.5	5.0	3.5
WPI inflation (% yoy, avg)	-2.5	3.6	2.7	4.3	3.0	1.0	10.0	10.0	7.5	5.0
Nominal wages (% yoy)	-	-	-	-						
Nominal exchange rate (vs USD, eop)	66.2	68.1	65.2	69.1	72.0	69.8				
Nominal exchange rate (vs USD, avg)	65.5	67.5	69.6	69.9						
Bilateral real exchange rate (% yoy, + dep)	6.0	2.8	2.1	-						
Monetary Sector										
Monetary Base growth (% yoy)	13.1	12.8	12.4	10.0	11.0	11.0	13.0			
Broad Money growth (% yoy)	10.5	13.1	12.4	19.7	13.3	11.8	13.0			
Credit extension to private sector (% yoy)	10.6	9.0	14.1	12.3	13.7	9.5	8.0			
Central bank policy rate (%, eop)	6.75	6.00	6.00	6.25	4.40	4.00	4.00	6.50	6.50	5.50
1-month interbank rate -Call rate (%)	6.75	6.00	6.00	6.5	4.8	4.3				
Long-term yield (%)	7.50	6.85	7.65	7.8	6.3					
External Sector										
Current Account balance (% of GDP)	-1.1	-0.7	-1.9	-2.1	-1.0	1.0	-1.2	-2.4	-2.4	-2.2
Current Account balance (US$ 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)								9.5		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 153: Indonesia

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	861	932	1.016	1.042	1.119	1.060	1.186	1.319	1.442	1.589
GDP per capita (US$)	3,368	3,607	3,886	3,946	4,193	3,923	4,357	4,798	5,198	5,676
Unemployment rate (%)	6.2	5.6	5.5	5.2	5.2	7.1	6.5	5.9	4.3	4.1
Population (millions)	255.6	258.5	261.4	264.2	266.9	270.2	272.2	274.9	277.4	280.0
Economic Activity										
Real GDP growth (% yoy)	4.9	5.0	5.1	5.2	5.0	-2.1	3.7	5.3	5.0	5.3
Domestic demand growth (% yoy)	4.9	4.4	5.1	5.6	4.8	-3.1	2.8	3.8	5.0	5.4
Real investment growth (% yoy)	5.0	4.5	6.2	6.7	4.5	-5.0	3.8	3.9	5.4	6.0
Real consumption growth (% yoy)	4.9	4.3	4.6	5.1	4.9	-2.1	2.3	3.7	4.7	5.1
Real private consumption growth (% yoy)	4.8	5.0	5.0	5.1	5.2	-2.7	2.0	4.9	5.2	5.5
Real government consumption growth (% yoy)	5.3	-0.1	2.1	4.8	3.3	2.1	4.2	-4.5	1.6	2.0
Real export growth (% yoy)	-2.1	-1.7	8.9	6.5	-0.5	-8.4	18.0	16.3	5.8	5.9
Real import growth (% yoy)	-6.2	-2.4	8.1	12.1	-7.1	-17.6	24.9	14.7	5.3	6.2
Prices										
CPI inflation (% yoy, eop)	3.4	3.0	3.6	3.1	2.6	1.7	1.9	5.5	3.4	3.4
CPI inflation (% yoy, avg)	6.4	3.5	3.8	3.3	2.8	2.0	1.6	4.2	4.0	3.1
Nominal wages (% yoy)	6.5	22.9	6.9	4.3	3.4	-6.9	-0.4	13.5	5.8	5.7
Nominal exchange rate (vs. USD, eop)	13.775	13.248	13.537	14.791	14.068	14.387	14.264	15.564	14.500	14300
Nominal exchange rate (vs. USD, avg)	13,390	13,302	13,381	14,237	14,147	14,570	14,311	14,854	14,775	14,400
Bilateral real exchange rate (% yoy, + dep)	-	-	-	-	-	-	-	-	-	-
Monetary Sector										
Monetary base growth (% yoy)	12.0	17.3	12.4	4.8	7.4	18.5	23.0	14.3	-	-
Broad money growth (% yoy)	9.0	10.0	8.3	6.3	6.5	12.5	14.0	8.4	-	-
Credit extension to private sector (% yoy)	10.1	7.8	8.2	11.7	5.9	-2.6	4.9	11.0	-	-
Central bank policy rate (%, eop)	6.25	4.75	4.25	6.00	5.00	3.75	3.50	5.50	5.75	4.75
1-month interbank rate (%, eop)	8.55	7.80	5.50	7.54	5.44	3.81	3.55	6.20	6.45	5.45
Long-term yield (%, eop)	9.0	8.0	6.3	8.0	7.1	5.9	6.4	6.9	8.0	-
External Sector										
Current account balance (% of GDP)	-2.0	-1.8	-1.6	-2.9	-2.7	-0.4	0.3	1.0	0.2	-0.7
Current account balance (US$ bn)	-17.5	-17.0	-16.2	-30.6	-30.3	-4.4	3.5	13.2	0.6	-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 154: Korea

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	1.466.5	1502.5	1626.7	1726.0	1651.7	1648.5	1816.8	1674.9	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 155: Hong Kong
Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	309.4	320.9	341.2	361.8	363.1	345.0	368.9	359.9	389.8	413
GDP per capita (US$)	42,322	43,492	46,038	48,322	48,283	46,453	49,847	49,077	53,256	56,612
Economic Activity and Prices										
Real GDP growth (% yoy)	2.4	2.2	3.8	2.8	-1.7	-6.5	6.3	-3.5	6.0	3.0
CPI inflation (% yoy, avg)	3.0	2.4	1.5	2.4	2.9	0.3	1.6	1.9	2.3	2.0
Nominal exchange rate (vs. USD, eop)	7.75	7.75	7.81	7.83	7.79	7.75	7.79	7.85	7.85	7.75
Nominal exchange rate (vs. USD, avg)	7.75	7.76	7.79	7.84	7.84	7.76	7.77	7.84	7.85	7.77
Central bank policy rate (%, eop)[1]	0.39	1.02	1.31	2.33	2.43	0.35	0.26	4.99	5.00	4.25
External Sector										
Current account balance (% of GDP)	3.3	4.0	4.6	3.7	5.9	7.0	11.8	10.5	6.7	8.6
Current account balance (US$ 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 156: Philippines
Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	282	290	317	341	384	371	381	373	444	498
GDP per capita (US$)	2,802	2,825	3,043	3,228	3,580	3,406	3,454	3,100	3,144	3,430
Economic Activity and Prices										
Real GDP growth (% yoy)	5.9	6.9	6.7	6.2	6.0	(9.5)	5.9	7.6	5.5	5.0
CPI inflation (% yoy, avg)	0.7	1.3	2.9	5.2	2.4	2.4	3.9	5.8	5.6	2.8
Nominal exchange rate (vs. USD, eop)	47.2	50.0	49.9	52.6	50.8	48.5	51.0	59.0	55.0	54.0
Nominal exchange rate (vs. USD, avg)	45.9	48.6	49.5	51.0	50.9	49.7	49.8	55.0	57.0	54.5
Central bank policy rate (%, eop)	4.00	3.00	3.00	4.75	4.00	2.00	2.00	5.50	6.50	5.25
External Sector										
Current account balance (% of GDP)	2.6	(0.4)	(0.7)	(2.3)	(0.8)	3.1	(1.6)	(4.8)	(3.4)	(3.4)
Current account balance (US$ bn)	7.3	(1.2)	(2.1)	(8.9)	(3.0)	11.6	(5.9)	(17.8)	(15.0)	(17.0)
Trade balance (US$ bn)	(12.2)	(26.7)	(27.4)	(43.5)	(40.7)	(24.6)	(42.2)	(58.2)	(57.9)	(62.2)
Exports, f.o.b. (US$ bn)	58.8	57.4	68.7	69.3	70.93	65.2	74.7	79.0	71.1	73.2
Imports, c.i.f. (US$ bn)	71.1	84.1	96.1	112.8	111.59	89.8	116.9	137.2	129.0	135.4
International reserves (US$ bn)	80.7	80.7	81.6	79.2	87.6	110.1	108.0	96.1	100.0	96.0
Public Sector										
Central gov. primary budget balance (% of GDP)	1.4	(0.3)	(0.3)	(1.2)	(1.6)	(6.0)	(7.1)	(6.4)	(5.3)	(4.7)
Central gov. budget balance (% of GDP)	(0.9)	(2.4)	(2.2)	(3.2)	(3.6)	(7.6)	(8.6)	(7.3)	(6.1)	(5.3)
Debt Indicators										
Gross external debt (% of GDP)										
Public (% of GDP)										
Private (% of GDP)										
Gross government debt (% of GDP)	48.8	45.6	45.1	42.7	40.8	39.0				
Domestic (% of GDP)	30.1	28.7	29.3	27.81	26.6	25.7				
External (% of GDP)	18.7	16.9	15.8	14.89	14.2	13.3				

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 157: Malaysia

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	302.3	301.8	319.7	358.9	365.3	338.2	373.0	406.4	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 158: Singapore

Selected economic and financial indicators

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

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

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 159: Taiwan

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	537	545	592	610	612	677	778	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 160: Thailand

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Summary Data						0.0				
Nominal GDP (US$ bn)	400.7	414.0	456.7	506.4	543.9	500.9	501.2	508.4	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

GEMs Country Tables – EEMEA

Exhibit 161: 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	788.8
GDP per capita (US$)	12,423	12,288	13,703	15,293	15,527	15,738	17,926	18,225	20,992	24,639.8
Unemployment rate (%)	7.5	6.2	4.9	3.9	3.3	3.2	3.4	2.9	5.0	4.8
Population (millions)	38.4	38.4	38.4	38.4	38.4	38.1	37.9	37.8	37.6	37.4
Economic Activity										
Real GDP growth (% yoy)	3.8	3.1	4.8	5.3	4.3	-2.1	6.8	5.2	0.8	3.0
Domestic demand growth (% yoy)	3.2	2.7	5.0	5.7	3.2	-2.9	8.1	6.4	0.3	2.1
Real investment growth (% yoy)	4.6	-0.4	7.9	11.5	0.5	-7.1	16.2	20.1	-4.2	6.0
Real consumption growth (% yoy)	2.8	3.5	4.2	4.2	4.0	-1.7	6.0	2.5	1.8	0.9
Real private consumption growth (% yoy)	2.9	3.8	4.8	4.3	3.3	-3.6	6.4	3.1	1.0	2.2
Real government consumption growth (% yoy)	2.5	2.6	2.5	3.8	6.1	4.5	4.9	0.4	4.5	-3.0
Real export growth (% yoy)	7.9	8.8	9.8	7.0	5.5	-1.2	12.3	4.6	6.5	6.0
Real import growth (% yoy)	6.4	7.4	9.7	7.7	3.2	-2.5	16.1	5.5	4.5	5.5
Prices										
CPI inflation (% yoy, eop)	-0.5	0.8	2.1	1.1	3.4	2.4	8.6	16.6	7.2	5.3
CPI inflation (% yoy, avg)	-0.9	-0.6	2.0	1.7	2.3	3.4	5.1	14.3	11.8	5.5
Nominal wages (% yoy)	3.5	4.1	5.6	7.1	6.6	4.8	8.6	12.9	-	-
Nominal exchange rate (vs EUR, eop)	4.26	4.42	4.17	4.30	4.26	4.61	4.60	4.69	4.55	4.4
Nominal exchange rate (vs EUR, avg)	4.18	4.36	4.26	4.26	4.30	4.44	4.57	4.69	4.70	4.5
Bilateral real exchange rate (% yoy, + dep)	1.1	5.2	-2.9	0.2	-0.2	0.2	0.3	-2.6	-5.4	-7.9
Monetary Sector										
Monetary base growth (% yoy, eop)1	14.2	17.8	11.2	11.7	14.1	32.6	12.6	-8.1	-	-
Broad money growth (% yoy, eop)	9.1	9.6	4.6	9.2	8.3	16.4	8.9	5.4	-	-
Credit extension to private sector (% yoy, eop)	7.2	5.0	3.6	7.5	5.2	0.3	5.5	1.6	-	-
Central bank policy rate (%, eop)	1.50	1.50	1.50	1.50	1.50	0.10	1.75	6.75	6.25	5.50
1-month interbank rate (%, eop)2	1.65	1.66	1.65	1.64	1.63	0.20	2.23	6.93	-	-
Long-term yield (%, eop)3	3.0	3.5	3.3	2.9	2.0	1.3	3.4	6.6	-	-
External Sector										
Current account balance (% of GDP)	-1.3	-1.0	-1.1	-1.9	-0.2	2.4	-1.4	-3.0	0.0	0.4
Current account balance (US$ 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	37.6	35.7
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	49.2	49.2
Domestic (% of GDP)	22.7	27.2	22.8	26.7	26.4	37.3	38.8	35.1	35.6	36.7
External (% of GDP)	28.6	27.0	27.8	22.1	19.3	19.8	15.0	14.2	13.6	12.5
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	11.5	8.0	7.2	6.4	6.0	5.5	5.3
Central bank policy rate (%, eop)	6.75	6.75	6.75	6.75	6.50	6.25	6.25	6.00	5.75	5.50
Nominal exchange rate (vs EUR, eop)	4.87	4.69	4.68	4.45	4.65	4.55	4.51	4.48	4.44	4.40
Current account balance (US$ bn)	-6.2	-2.9	5.9	-	-	-	-	-	-	-

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 162: South Africa

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022E	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	346.7	323.5	381.3	405.1	389.2	338.2	420.0	405.1	377.4	431.0
GDP per capita (US$)	6257	5751	6678	6992	6623	5672	6944	6603	6064	6826
Unemployment rate (%)	25.4	26.7	27.5	27.1	28.7	29.2	34.3	33.5	34.0	34.0
Population (millions)	55.4	56.3	57.1	57.9	58.8	59.6	60.5	61.4	62.2	63.1
Economic Activity										
Real GDP growth (% yoy)	1.3	0.7	1.2	1.6	0.3	-6.0	4.7	1.9	0.5	1.5
Domestic demand growth (% yoy)	1.9	-0.7	1.5	2.0	1.3	-7.6	4.8	3.9	0.9	1.6
Real investment growth (% yoy)	1.3	-1.9	-2.0	-1.2	-1.7	-14.6	0.6	4.8	2.4	1.1
Real consumption growth (% yoy)	1.4	1.0	1.3	2.7	1.4	-4.5	4.6	2.1	0.8	2.2
Real private consumption growth (% yoy)	2.2	0.7	1.7	3.2	1.3	-6.1	5.8	2.5	0.9	2.5
Real government consumption growth (% yoy)	-1.0	2.0	-0.3	1.1	1.8	0.9	0.5	1.0	0.4	1.1
Real export growth (% yoy)	3.1	0.4	-0.3	2.7	-3.3	-12.0	9.1	7.4	2.9	2.7
Real import growth (% yoy)	5.0	-4.1	1.5	3.5	0.6	-17.6	9.6	14.9	4.2	2.7
Prices										
CPI inflation (% yoy, eop)	5.2	6.8	4.7	4.5	4.0	3.1	5.9	7.2	5.0	4.5
CPI inflation (% yoy, avg)	4.6	6.3	5.3	4.6	4.1	3.3	4.6	6.9	6.0	4.7
Nominal wages (% yoy)	8.2	7.6	6.9	5.0	4.6	-2.3	3.0	5.0	6.0	5.0
Nominal exchange rate (vs USD, eop)	15.6	13.7	12.3	14.4	14.0	14.7	15.9	17.0	18.0	17.5
Nominal exchange rate (vs USD, avg)	12.8	14.7	13.3	13.2	14.5	16.5	15.0	16.5	18.7	17.4
Bilateral real exchange rate (% yoy, + dep)	-1.2	3.8	-9.5	-2.4	0.2	9.1	-14.6	3.1	7.2	-11.6
Monetary Sector										
Monetary base growth (% yoy)	7.8	6.4	6.8	9.1	4.2	3.3	4.6	6.9	6.0	4.7
Broad money growth (% yoy)	10.5	6.1	6.4	5.6	6.1	3.3	4.6	6.9	6.0	4.7
Credit extension to private sector (% yoy)	10.2	5.1	6.7	5.1	6.1	5.0	4.6	6.9	7.0	5.7
Central bank policy rate (%, eop)	6.3	7.0	6.8	6.8	6.5	3.5	3.8	7.00	8.25	7.00
1-month interbank rate (%, eop)	6.4	7.1	6.9	7.0	6.6	3.5	3.7	7.1	8.4	7.1
Long-term yield (%, eop)1	9.7	8.9	9.2	9.4	9.0	9.7	9.9	11.2	10.8	10.5
External Sector										
Current account balance (% of GDP)	-4.3	-2.7	-2.4	-2.9	-2.6	2.0	3.7	-0.5	-2.7	-3.0
Current account balance (US$ bn)	-15.0	-8.7	-9.0	-11.9	-10.0	6.7	15.4	-1.9	-10.2	-12.9
Trade balance (US$ bn)	-4.3	1.7	4.4	2.0	2.7	17.6	30.3	13.5	3.8	-1.4
Exports, f.o.b. (US$ bn)	80.5	76.1	87.7	94.3	90.1	84.7	121.5	127.6	113.3	107.7
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	109.4	109.1
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	42.6	47.6	50.4	52.4	54.4	56.4	58.4
Public (% of GDP)	16.9	23.3	25.4	22.5	26.6	30.8	31.8	32.8	33.8	34.8
Private (% of GDP)	18.9	20.9	20.0	20.1	21.0	19.6	20.6	21.6	22.6	23.6
Gross government debt (% of GDP)	48.9	50.5	53.0	51.5	59.2	70.2	68.1	71.1	73.8	73.4
Domestic (% of GDP)	44.1	45.7	48.4	46.1	52.4	63.2	60.1	62.1	63.8	62.4
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	47.0	51.5
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	15.8	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	5.9	5.4	5.0	4.8	4.6	4.5	4.5
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	17.0	17.5
Current account balance (US$ bn)	-0.4	-0.6	-0.2	-0.8	-0.4	-0.6	-0.4	-0.6	-0.2	-1.0

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 163: 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	873.1	950.6
GDP per capita (US$)	10977	10896	10630	9492	9157	8552	9492	10622	10166	10991
Unemployment rate (%)	10.3	10.9	10.9	11.0	13.7	13.4	12.4	11.1	11.0	12.0
Population (millions)	78.7	79.8	80.8	82.0	83.2	84.3	85.5	85.3	85.9	86.5
Economic Activity										
Real GDP growth (% yoy)	6.1	3.3	7.5	3.0	0.9	1.8	11.4	5.6	3.5	4.5
Domestic demand growth (% yoy)	6.2	4.1	7.2	-0.7	-1.5	7.6	6.5	5.2	5.8	5.1
Real investment growth (% yoy)	9.3	2.2	8.3	-0.3	-12.4	6.5	7.4	2.8	-0.3	-0.2
Real consumption growth (% yoy)	5.1	4.8	5.8	1.6	2.1	3.0	12.8	17.0	3.8	-1.2
Real private consumption growth (% yoy)	5.3	3.8	5.9	0.5	1.6	3.2	15.3	19.6	4.2	-1.6
Real government consumption growth (% yoy)	3.9	9.5	5.0	6.6	4.4	2.3	2.6	5.2	1.9	1.0
Real export growth (% yoy)	3.2	-1.7	12.4	9.0	4.9	-15.4	24.9	9.1	0.0	2.4
Real import growth (% yoy)	0.7	3.0	10.6	-6.4	-5.3	7.4	2.4	7.9	9.8	5.2
Prices										
CPI inflation (% yoy, eop)	8.8	8.5	11.9	20.3	11.8	14.6	36.1	64.3	58.4	38.0
CPI inflation (% yoy, avg)	7.7	7.8	11.1	16.2	15.5	12.3	19.4	72.0	48.4	53.4
Nominal wages (% yoy)	18.3	20.7	13.4	15.9	18.3	13.3	20.4	77.0	49.4	54.4
Nominal exchange rate (vs USD, eop)	2.9	3.5	3.8	5.3	5.9	7.4	13.0	18.6	31.0	41.0
Nominal exchange rate (vs USD, avg)	2.7	3.0	3.6	5.0	5.8	7.0	8.9	16.6	26.0	37.0
Bilateral real exchange rate (% yoy, + dep)	2.1	0.0	-10.3	-14.3	-2.6	-10.4	-8.8	-32.2	-15.0	-10.7
Monetary Sector										
Monetary base growth (% yoy)	22.3	21.8	7.6	1.8	19.8	24.9	26.6	40.9	46.8	67.2
Broad money growth (% yoy)	16.6	18.2	16.5	18.6	28.4	34.2	51.5	61.6	25.0	25.0
Credit extension to private sector (% yoy)	19.9	15.8	20.1	13.9	12.0	34.3	34.2	53.3	25.0	25.0
Central bank policy rate (%, eop)	7.5	19.7	12.8	24.0	12.0	17.0	14.0	9.0	35.0	25.0
1-month interbank rate (%, eop)	11.7	9.3	14.1	24.1	10.8	17.5	14.3	9.5	35.5	25.5
Long-term yield (%, eop)	10.7	11.1	11.5	15.9	11.5	17.1	13.9	22.0	30.0	21.0
External Sector										
Current account balance (% of GDP)	-3.2	-3.1	-4.7	-2.8	0.9	-5.2	-1.8	-5.5	-4.2	-3.8
Current account balance (US$ bn)	-27.3	-27.0	-40.8	-21.7	6.8	-37.3	-14.9	-48.7	-36.6	-36.2
Trade balance (US$ bn)	-49.0	-39.9	-58.6	-40.7	-16.8	-37.9	-46.1	-109.5	-100.6	-99.0
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	359.1	359.4
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	-3.2	-2.6
Central gov. budget balance (% of GDP)	-1.0	-1.1	-1.5	-1.9	-2.9	-3.4	-2.7	-0.9	-5.8	-5.4
Consolidated public sector primary balance (% of GDP)	1.2	0.7	0.2	0.0	-0.6	-0.8	-0.2	1.0	-3.3	-2.7
Consolidated public sector balance (% of GDP)	-1.1	-1.3	-1.6	-1.9	-2.9	-3.5	-2.8	-1.0	-5.9	-5.5
Central gov. revenues (% of GDP)	20.5	21.1	20.1	20.2	20.3	20.4	19.5	18.7	18.5	17.5
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	41.3	42.2
Domestic (% of GDP)	19.5	18.9	18.3	16.9	20.2	24.0	21.4	20.6	23.4	25.8
External (% of GDP)	10.4	11.5	10.9	12.1	13.1	14.8	20.5	14.6	17.8	16.3
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	24.3	25.0
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	38.2	47.7	58.4	59.6	59.3	49.1	38.0
Central bank policy rate (%, eop)	12.00	9.00	9.00	8.50	30.00	35.00	35.00	40.00	40.00	40.00
Nominal exchange rate (vs USD, eop)	18.5	18.6	19.2	26.0	28.0	31.0	33.0	36.0	38.0	41.0
Current account balance (US$ bn)	-9.3	-10.8	-9.6	-13.5	-5.0	-8.5	-9.5	-13.3	-5.0	-8.4

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 164: 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	373
GDP per capita (US$)	17,824	18,561	20,663	23,410	23,620	23,017	26,804	27,683	31,802	35,405
Economic Activity and Prices										
Real GDP growth (% yoy)	5.5	2.5	5.3	3.2	3.0	-5.5	3.5	2.5	0.0	2.2
CPI inflation (% yoy, avg)	0.3	0.7	2.5	2.1	2.8	3.2	3.8	15.1	10.9	2.4
Nominal exchange rate (vs EUR, eop)	27.0	27.0	25.5	25.7	25.4	26.2	24.9	24.1	23.5	23.0
Nominal exchange rate (vs EUR, avg)	27.3	27.0	26.3	25.6	25.7	26.5	25.6	24.6	23.8	23.3
Central bank policy rate (%, eop)	0.05	0.05	0.50	1.75	2.00	0.25	3.75	7.00	7.00	4.00
External Sector										
Current account balance (% of GDP)	0.4	1.8	1.5	0.4	0.3	2.0	-2.8	-6.1	-3.5	-3.0
Current account balance (US$ 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	44.0
Domestic (% of GDP)	24.6	20.9	17.0	19.5	18.0	23.8	31.0	34.2	35.2	36.3
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 165: 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 166: 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	261
GDP per capita (US$)	12,734	13,126	14,636	16,429	16,784	16,153	18,769	18,410	22,704	27,058
Economic Activity and Prices										
Real GDP growth (% yoy)	3.6	2.1	4.5	5.4	4.9	-4.8	7.1	4.6	0.2	2.6
CPI inflation (% yoy, avg)	-0.1	0.4	2.3	2.8	3.3	3.3	5.1	14.6	18.5	5.5
Nominal exchange rate (vs EUR, eop)	313	311	310	322	331	365	369	400	370	360
Nominal exchange rate (vs EUR, avg)	310	311	309	319	325	351	359	391	388	365
Central bank policy rate* (%, eop)	1.35	0.90	0.90	0.90	0.90	0.60	2.40	13.00	11.50	6.50
External Sector										
Current account balance (% of GDP)	2.3	4.5	2.0	0.2	-0.8	-1.1	-3.9	-8.1	-3.5	-3.0
Current account balance (US$ 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	61.5
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 167: 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	526	583
GDP per capita (US$)	35,822	37,342	40,788	42,028	43,966	44,181	51,502	55,910	56,121	62,214
Economic Activity and Prices										
Real GDP growth (% yoy)	2.3	4.5	4.4	4.0	3.8	-2.2	8.2	6.5	2.5	3.5
CPI inflation (% yoy, avg)	-0.6	-0.5	0.2	0.8	0.8	-0.6	1.5	4.4	4.3	2.7
Nominal exchange rate (vs USD, eop)	3.90	3.85	3.47	3.75	3.46	3.22	3.11	3.52	3.55	3.30
Nominal exchange rate (vs USD, avg)	3.89	3.84	3.60	3.59	3.56	3.44	3.23	3.36	3.58	3.43
Central bank policy rate (%, eop)	0.10	0.10	0.10	0.25	0.25	0.10	0.10	3.25	4.75	3.00
External Sector										
Current account balance (% of GDP)	5.3	3.8	3.6	2.8	3.6	5.5	4.7	3.4	3.9	3.8
Current account balance (US$ bn)	15.8	12.1	12.8	10.6	14.3	22.2	22.5	17.9	20.3	22.2
Trade balance (US$ bn)	-3.7	-8.2	-10.3	-16.9	-15.4	-11.6	-19.5	-27.1	-29.8	-36.9
Exports, f.o.b. (US$ bn)	57.1	55.9	58.2	59.9	60.4	58.9	69.2	77.8	87.3	96.0
Imports, c.i.f. (US$ bn)	60.8	64.2	68.5	76.8	75.8	70.5	88.6	104.9	117.1	132.9
International reserves (US$ bn)	90.6	98.4	113.0	115.3	126.0	173.3	213.3	233.0	243.0	253.0
Public Sector										
General gov. primary budget balance (% of GDP)	-1.8	-0.3	-0.4	-2.8	-1.4	-0.4	-	-	-	-
General gov. budget balance (% of GDP)	-1.6	-2.1	-2.0	-4.3	-4.5	-11.4	-4.2	0.1	-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	30.7	28.5
Public (% of GDP)	9.3	8.7	9.0	9.8	9.9	15.3	16.4	15.7	15.7	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	58.7	57.7
Domestic (% of GDP)	54.5	53.3	51.2	50.6	49.6	56.4	52.3	44.6	43.0	43.6
External (% of GDP)	9.3	8.7	9.0	9.8	9.9	15.3	16.4	15.7	15.7	14.1

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 168: 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 169: 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	478	374	478
GDP per capita (US$)	2676	2145	1942	2126	2334	2064	2063	2187	1670	2086
Economic Activity and Prices										
Real GDP growth (% yoy)	2.7	-1.6	0.8	1.9	2.2	-1.8	3.6	3.3	3.2	3.0
CPI inflation (% yoy, avg)	9.0	15.7	16.5	12.1	11.4	13.2	17.0	18.8	25.0	15.0
Nominal exchange rate (vs USD, eop)	199.3	315.3	360.0	362.6	362.6	397.8	420.0	460.0	700.0	650.0
Nominal exchange rate (vs USD, avg)	199.3	315.3	360.0	362.6	362.6	397.8	420.0	429.3	645.0	665.0
Central bank policy rate (%, eop)	11.00	14.00	14.00	14.00	13.50	11.50	11.50	16.50	25.00	16.00
External Sector										
Current account balance (% of GDP)	-3.2	1.5	3.6	1.7	-2.9	-4.0	-0.8	0.2	-0.1	0.5
Current account balance (US$ bn)	-15.4	5.1	13.6	7.3	-13.7	-16.0	-3.3	1.0	-0.3	2.4
Trade balance (US$ bn)	-6.4	-0.5			3	-16	-5	5998	6214	9178.6
Exports, f.o.b. (US$ bn)	45.9	34.7	45.8	61.2	65.0	35.9	46.9	64.2	62.6	66.4
Imports, f.o.b. (US$ bn)	52.3	35.2	32.7	40.8	62.1	52.3	51.4	58.2	56.4	57.3
International reserves (US$ bn)	28.3	27.0	39.4	42.6	38.1	36.5	40.2	37.1	33.0	37.0
Public Sector										
Central gov. primary budget balance (% of GDP)	-1.4	-1.5	-3.0	-2.5	-2.8	-2.9	-2.8	-3.0	-2.5	-1.4
Central gov. budget balance (% of GDP)	-1.6	-2.6	-3.1	-2.8	-3.3	-4.1	-4.0	-5.5	-4.0	-3.0
Debt Indicators										
Gross external debt (% of GDP)	2.2	2.7	4.3	5.1	5.2	7.4	8.6	9.1	11.1	11.1
Public (% of GDP)	-	-	-	-	-	-				
Private (% of GDP)	-	-	-	-	-	-				
Gross government debt (% of GDP)	20.3	23.4	25.3	27.7	29.2	34.5	36.5	38.0	42.0	42.9
Domestic (% of GDP)	18.2	20.7	21.1	22.6	23.9	27.1	23.7	24.7	27.3	27.9
External (% of GDP)	2.2	2.7	4.3	5.1	5.2	7.4	8.6	9.1	11.1	11.1

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 170: 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	340	368
GDP per capita (US$)	8,950	9,377	10,698	12,456	12,922	13,005	14,864	15,660	17,706	19,189
Economic Activity and Prices										
Real GDP growth (% yoy)	3.2	2.9	8.3	5.8	3.8	-3.2	5.9	4.5	2.2	3.7
CPI inflation (% yoy, avg)	-0.6	-1.5	1.3	4.6	3.8	2.6	5.0	13.7	10.6	5.2
Nominal exchange rate (vs EUR, eop)	4.52	4.54	4.66	4.66	4.78	4.87	4.95	4.95	5.09	5.25
Nominal exchange rate (vs EUR, avg)	4.44	4.49	4.57	4.65	4.75	4.84	4.92	4.93	5.02	5.17
Central bank policy rate (%, eop)	1.75	1.75	1.75	2.50	2.50	1.50	1.75	6.75	7.00	5.00
External Sector										
Current account balance (% of GDP)	-0.8	-1.6	-3.1	-4.6	-4.9	-4.9	-7.2	-9.3	-8.4	-7.8
Current account balance (US$ 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	-5.0	-3.7
Debt Indicators										
Gross external debt (% of GDP)	58.0	53.6	55.6	47.0	49.1	61.9	54.2	51.3	-	-
Public (% of GDP)	20.5	20.1	18.7	17.5	18.2	26.7	25.8	21.4	-	-
Private (% of GDP)	37.4	33.5	36.9	29.4	30.9	35.2	28.4	29.9	-	-
Gross government debt (% of GDP)	37.8	37.9	35.3	34.5	35.1	46.9	48.6	47.3	47.2	46.4
Domestic (% of GDP)	18.2	18.5	17.2	17.5	17.4	20.7	24.3	27.1	27.2	26.5
External (% of GDP)	19.6	19.4	18.1	17.0	17.7	26.2	24.4	20.2	20.0	19.9

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 171: 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 172: 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	161	152	183
GDP per capita (US$)	10452	7691	2634	3084	3652	3701	4788	NA	NA	NA
Economic Activity and Prices										
Real GDP growth (% yoy)	1.2	1.1	2.1	3.3	3.2	-4.0	3.4	-29.1	4.0	8.5
CPI inflation (% yoy, avg)	6.8	14.6	14.5	11.3	7.9	2.7	9.3	20.0	14.6	12.0
Nominal exchange rate (vs USD, eop)	221.7	342.1	28.1	28.3	23.8	27.5	27.3	37.0	37.0	37.7
Nominal exchange rate (vs USD, avg)	339.5	333.3	26.6	27.2	25.8	27.0	27.3	32.3	37.0	37.4
Central bank policy rate (%, eop)	16.0	12.0	14.5	18.0	14.5	6.0	9.00	25.0	20.0	15.0
External Sector										
Current account balance (% of GDP)	-3.7	-6.1	-2.2	-4.9	-2.7	3.9	-1.6	4.9	3.7	1.0
Current account balance (US$ bn)	-6.7	-8.5	-2.4	-6.4	-4.1	6.0	-3.2	7.9	5.7	1.9
Trade balance (US$ bn)	5.6	5.0	-9.7	-12.7	-14.3	-6.3	-6.6	-14.7	-19.5	-28.2
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	55.6	58.3	72.9
International reserves (US$ bn)	27.9	29.7	18.8	20.8	25.3	26.0	30.9	29.0	31.0	32.0
Public Sector										
Central gov. primary budget balance (% of GDP)				-1.7	1.0	-3.0	-0.9	-13.7	-15.9	-18.0
Central gov. budget balance (% of GDP)	-2.3	-2.9	-1.6	-1.7	-2.1	-5.9	-3.6	-16.1	-19.4	-21.8
Debt Indicators										
Gross external debt (% of GDP)	131.0	120.7	102.9	87.7	78.9	80.3	64.8	81.5	101.1	99.9
Public (% of GDP)	47.1	45.8	41.3	36.8	33.6	35.0	28.5	43.0	59.2	64.0
Private (% of GDP)	83.9	74.9	61.6	51.0	45.3	45.4	36.3	38.5	41.9	35.9
Gross government debt (% of GDP)	74.6	77.9	69.4	60.3	54.4	58.1	48.8	79.3	91.8	97.5
Domestic (% of GDP)	26.7	29.0	25.7	21.7	22.7	23.7	20.2	28.4	32.4	33.3
External (% of GDP)	47.9	48.9	43.7	38.6	31.7	34.3	28.6	50.9	59.4	64.1

Source: BofA Global Research

BofA GLOBAL RESEARCH

GEMs Country Tables – LatAm

Exhibit 173: Argentina

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	631.6	513.0	597.8	515.1	447.7	303.4	399.0	497.9	463.3	440.8
GDP per capita (US$)	14,642	12,507	13,573	11,574	9,948	6,673	8,683	10,720	9,868	9,290
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	-2.5	-2.4
Domestic demand growth (%yoy)	3.1	-0.5	5.5	-3.0	-5.9	-11.4	13.5	8.7	-2.1	-4.8
Real investment growth (% yoy)	3.5	-5.8	13.4	-5.7	-15.9	-12.9	33.4	10.9	-11.5	-8.3
Real consumption growth (% yoy)	4.2	-0.7	3.9	-2.2	-6.3	-12.1	9.5	8.2	0.2	-4.0
Real private consumption growth (% yoy)	3.7	-0.8	4.2	-2.2	-7.3	-13.8	10.0	9.4	-0.1	-3.3
Real government consumption growth (% yoy)	6.9	-0.5	2.6	-1.9	-1.2	-3.3	7.1	1.8	1.9	-7.9
Real export growth (% yoy)	-2.8	5.3	2.6	0.6	9.1	-17.3	9.2	5.7	-12.7	-1.2
Real import growth (% yoy)	4.7	5.8	15.6	-4.5	-19.0	-17.9	22.0	17.4	-6.6	-10.9
Prices										
National inflation (% yoy)*	28.2	36.2	24.8	47.6	53.8	36.1	50.9	94.8	130.7	121.7
National inflation (% avg)*	26.1	38.7	25.6	33.7	53.6	42.7	48.4	72.4	115.4	142.3
Nominal wages (% yoy)	31.8	32.9	27.3	29.7	40.9	33.0	49.5	90.4	125.7	120.7
Nominal exchange rate (vs. USD, eop)	12.9	15.9	18.6	37.8	59.9	84.1	102.7	177.1	492.8	1,079.2
Nominal exchange rate (vs. USD, avg)	9.3	14.8	16.7	29.3	49.3	71.7	95.8	133.6	289.0	780.1
Bilateral real exchange rate (% yoy, + dep)	20.5	0.9			20.4	-4.5	-14.3	-5.3	25.5	1.7
Monetary Sector										
Monetary base growth (% yoy)	34.9	31.7	24.7	27.0	40.7	92.7	65.0	95.0	124.8	96.4
Broad money growth (% yoy)	28.2	30.3	27.1	12.0	29.7	92.7	65.0	95.0	124.8	96.4
Credit extension to private sector (% yoy)	20.0	31.4	50.8	32.6	19.3	52.7	65.0	95.0	124.8	96.4
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	-4.2	-0.5
Current account balance (US$ bn)	-16.8	-15.0	-30.8	-27.1	-3.7	3.3	6.7	-3.8	-19.6	-2.2
Trade balance (US$ bn)	-0.4	4.5	-5.5	-0.7	18.2	14.6	18.7	12.4	-3.6	13.2
Exports, f.o.b. (US$ bn)	56.8	57.7	58.4	61.8	65.2	54.9	78.0	88.5	69.6	83.0
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	73.3	69.9
Service balance (US$, bn)	-3.9	-7.0	-9.8	-8.9	-4.9	-2.2	-3.6	-6.8	-4.9	-3.8
Income balance (US$, 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	4.6	4.4
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	-3.2	-1.0
Central gov. budget balance (% of GDP)	-3.8	-6.0	-6.2	-5.7	-4.0	-9.4	-5.0	-3.8	-5.4	-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	-5.4	-3.2
Central gov. revenues (% of GDP)	20.4	20.0	18.3	18.0	18.0	18.4	18.1	18.3		
Debt Indicators										
Gross external debt (% of GDP)	25.1	33.2	34.4	45.5	52.3	75.1	62.4	57.4		
Public (% of GDP)	13.5	18.3	17.9	26.4	28.9	37.3	31.0	28.5		
Private (% of GDP)	11.5	15.0	16.5	19.0	23.4	37.8	31.4	28.9		
Gross government debt (% of GDP)	43.1	53.3	49.6	66.0	89.0	89.0	74.0	68.0		
Domestic (% of GDP)	29.5	36.4	33.3	39.4						
External (% of GDP)	13.5	16.9	16.2	24.1						
External debt amortizations (US$ bn)	-	-	-	-	-	-				
External debt interest payments (US$ bn)	-	-	-	-	-	-				
External debt service (% of XGS)	-	-	-	-	-	-				
Savings - Investment Balance										
Savings (% of GDP)	17.1	17.1	17.3	-	-	17.8	18.3	18.3		
Investment (% of GDP)	19.7	19.4	20.0	-	-	16.7	16.2	17.2		
Memoradum Items										
Gran Buenos Aires Inflation - Indec (% yoy)*	-	-	-3.9	-	-	-				
Central gov. primary budget balance (% of GDP)**	-	-	-	-		-				

	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24
Quarterly Economic Forecasts										
Real GDP growth (%, yoy)	5.7	1.5	1.3	-2.9	-4.9	-3.4	-4.7	-2.6	-1.3	-0.7
Real GDP growth (%, qoq, sa, annualized)	3.2	-6.7	2.7	-10.7	-5.3	-0.4	-2.8	-2.1	0.0	2.1
National inflation (% yoy, eop)	83.0	94.8	104.3	115.6	117.1	130.7	151.7	153.8	143.4	121.7
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	256.7	304.6	492.8	603.7	739.6	893.4	1,079.2
Current account balance (US$ bn)	-3.2	1.7	-7.2	-5.7	-4.5	-2.1	-2.2	-1.9	-2.0	4.5

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 174: 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$)	8827	8774	9976	9191	8912	6838	7732	8899	9787	10208
Unemployment Rate (%) (PNAD)*	8.7	11.7	12.9	12.4	12.0	13.9	13.5	9.5	8.5	8.7
Population (millions)	203	205	207	208	210	212	213	215	216	218
Economic Activity										
Real GDP growth (% yoy)	-3.5	-3.3	1.3	1.8	1.2	-3.3	5.0	2.9	2.3	1.8
Domestic demand growth (% yoy)	-4.7	-4.3	0.8	2.5	2.2	-3.9	6.1	3.1	1.0	1.1
Real investment growth (% yoy)	-13.9	-12.1	-2.6	5.2	4.0	-1.7	16.5	0.9	-3.9	1.0
Real consumption growth (% yoy)	-2.8	-2.9	1.3	2.0	1.9	-4.3	3.6	3.7	2.1	1.2
Real private consumption growth (% yoy)	-3.2	-3.8	2.0	2.4	2.6	-4.6	3.7	4.3	2.4	1.4
Real government consumption growth (% yoy)	-1.4	0.2	-0.7	0.8	-0.5	-3.7	3.5	1.5	1.1	0.3
Real export growth (% yoy)	6.8	0.9	4.9	4.1	-2.6	-2.3	5.9	5.5	3.1	2.7
Real import growth (% yoy)	-14.2	-10.3	6.7	7.7	1.3	-9.5	12.0	0.8	-3.9	-0.2
Prices										
CPI inflation (% yoy, eop)	10.7	6.3	2.9	3.7	4.3	4.5	10.1	5.8	4.8	3.7
CPI inflation (% yoy, avg)	9.0	8.7	3.4	3.7	3.7	3.2	8.3	9.3	4.6	3.8
Nominal wages (% yoy)	7.7	6.7	5.4	5.2	4.3	7.5	1.3	6.9	10.7	6.1
Nominal exchange rate (vs USD, eop)	3.90	3.26	3.31	3.87	4.03	5.20	5.58	5.22	5.00	5.10
Nominal exchange rate (vs USD, avg)	3.34	3.48	3.20	3.66	3.94	5.19	5.39	5.15	5.02	5.05
Bilateral real exchange rate (% yoy, + dep)	-	-	-	-	-	-	-	-	-	-
Monetary Sector										
Monetary base growth (% yoy)	-3.1	5.9	9.8	1.8	4.8	36.3	-5.2	2.6	7.8	5.5
Broad money growth (% yoy)	-4.4	4.6	5.7	6.9	9.1	43.2	-1.6	1.1	7.4	5.1
Credit extension to private sector (% yoy)	7.0	-3.5	-0.4	5.1	6.4	15.6	16.3	14.0	12.0	6.0
Central bank policy rate (%, eop)	14.25	13.75	7.00	6.50	4.50	2.00	9.25	13.75	11.75	9.50
1-month interbank rate (%, eop)	14.14	13.63	6.99	6.40	4.59	2.00	9.15	13.65	11.65	9.40
Long-term yield (%, eop)	-	-	-	-	-	-	-	-	-	-
External Sector										
Current account balance (% of GDP)	-3.5	-1.7	-1.2	-2.9	-3.6	-2.0	-2.8	-3.0	-2.3	-2.5
Current account balance (US$ 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	3.1	5.0	4.8	3.8	3.8	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 175: 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	1.669	1.613
GDP per capita (US$)	9,400	8,671	9,461	9,820	9,992	8,269	9,815	10,989	12,716	12,190
Unemployment rate (%)	4.3	3.9	3.4	3.3	3.5	4.4	4.1	3.3	3.4	4.0
Population (millions)	121.3	122.7	124.0	125.3	126.6	127.8	129.0	130.1	131.2	132.3
Economic Activity										
Real GDP growth (% yoy)	3.2	2.4	2.3	2.2	-0.2	-8.2	4.9	3.0	2.3	0.8
Domestic demand growth (% yoy)	3.0	2.7	2.2	2.1	-1.1	-11.4	7.9	5.3	2.8	1.7
Real investment growth (% yoy)	4.9	0.9	-1.1	0.8	-4.7	-17.8	10.8	5.9	3.4	0.2
Real consumption growth (% yoy)	2.6	3.4	3.0	2.6	0.0	-8.9	6.3	5.3	3.3	1.6
Real private consumption growth (% yoy)	2.7	3.5	3.4	2.6	0.4	-10.4	7.6	6.1	3.7	1.5
Real government consumption growth (% yoy)	1.9	2.6	0.7	2.9	-1.8	-0.3	-0.6	0.8	1.2	1.7
Real export growth (% yoy)	8.5	3.6	4.1	5.9	1.5	-7.1	6.9	7.6	4.9	-4.5
Real import growth (% yoy)	6.0	2.4	6.8	6.4	-0.7	-14.1	16.1	8.6	7.2	-3.1
Prices										
CPI inflation (% yoy, eop)	2.1	3.4	6.8	4.8	2.8	3.2	7.4	7.8	4.5	4.6
CPI inflation (% yoy, avg)	2.7	2.8	6.0	4.9	3.6	3.4	5.7	7.9	5.5	4.5
Nominal wages (% yoy)	4.2	3.8	4.8	5.7	6.7	7.3	7.2	10.8	10.8	6.7
Nominal exchange rate (vs USD, eop)	17.21	20.73	19.66	19.65	18.93	19.91	20.53	19.50	19.0	20.5
Nominal exchange rate (vs USD, avg)	16.28	18.92	18.69	19.11	19.33	22.17	20.38	19.91	18.34	20.00
Bilateral real exchange rate (% yoy, + dep)	17.9	20.7	-7.1	5.8	-5.0	4.2	5.0	-6.7	-3.0	5.9
Monetary Sector										
Monetary base growth (% yoy)	16.8	14.4	8.8	8.3	4.1	21.6	15.2	10.6	2.5	7.1
Broad money growth (% yoy)	4.8	11.0	8.1	6.6	7.0	11.0	9.7	10.0	3.8	5.1
Credit extension to private sector (% yoy)	14.1	15.1	12.0	10.3	5.7	1.1	4.3	12.5	7.6	6.2
Central bank policy rate (%, eop)	3.25	5.75	7.25	8.25	7.25	4.25	5.50	10.50	11.25	8.25
1-month interbank rate (%, eop)	3.56	6.11	7.63	8.59	7.56	4.48	5.72	10.77	11.56	8.56
Long-term yield (%, eop)	6.28	7.44	7.66	8.66	6.91	5.55	7.57	9.04	8.50	8.25
External Sector										
Current account balance (% of GDP)	-2.7	-2.5	-1.9	-2.1	-0.5	2.1	-0.6	-1.2	-1.0	-1.6
Current account balance (US$ bn)	-32.3	-26.1	-22.2	-26.1	-5.8	22.7	-8.1	-17.8	-16.1	-25.2
Trade balance (US$ bn)	-14.6	-13.1	-11.0	-13.8	5.2	34.2	-10.7	-27.1	-24.3	-32.3
Exports, f.o.b. (US$ bn)	381.0	374.3	409.8	451.1	460.9	417.3	495.3	578.2	647.6	647.6
Main export - Autos	94.0	91.2	104.2	118.4	125.1	102.8	116.5	140.3	154.5	163.5
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	-15.2	-19.9	-22.4
Income balance (US$ bn)	-30.8	-29.5	-29.7	-32.7	-36.8	-36.8	-33.7	-33.6	-33.6	-33.8
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	20.3	18.5	17.7	17.1
Investment (% of GDP)	21.6	21.2	20.5	20.2	19.3	17.3	18.3	18.8	19.0	18.9
	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	5.1	4.2	4.5	4.4	4.5	4.7	4.6
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)	-6.4	2.6	-9.0	-4.4	-6.4	3.8	-10.3	-7.1	-9.0	1.2

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 176: Venezuela
Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Summary Data										
Nominal GDP (US$ bn, Exch rate adjusted since 2015)	171.8	149.0	131.1	104.9	73.4	47.7	48.7	53.5	54.6	56.2
GDP per capita (US$)	5,710	4,990	4,459	3,630	2,574	1,678	1,716	1,893	1,936	2,000
Unemployment rate (%)	6.8	7.0	10.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0
Population (millions)	30.1	29.9	29.4	28.9	28.5	28.4	28.4	28.3	28.2	28.1
Economic Activity										
Real GDP growth (% yoy)	-5.7	-13.3	-12.0	-20.0	-30.0	-35.0	2.0	10.0	2.0	3.0
Domestic demand growth (% yoy)	-10.1	-18.7	-13.2	-22.0	-33.0	-38.5	2.2	11.0	2.2	3.3
Real investment growth (% yoy)	-17.6	-31.2	-24.0	-40.0	-60.0	-70.0	4.0	20.0	4	6
Real consumption growth (% yoy)	-6.6	-16.0	-12.0	-20.0	-30.0	-35.0	2.0	10.0	2	3
Real private consumption growth (% yoy)	-7.8	-19.3	-12.0	-20.0	-30.0	-35.0	2.0	10.0	2	3
Real government consumption growth (% yoy)	-2.4	-4.6	-12.6	-21.0	-31.5	-36.8	2.1	10.5	2.1	3.15
Real export growth (% yoy)	-0.7	-6.7	-18.0	-40.0	-51.0	-38.5	3.0	15.0	3	4.5
Real import growth (% yoy)	-18.7	-30.4	-18.0	-40.0	-51.0	-38.5	2.2	11.0	2.2	3.3
Prices										
CPI inflation (% yoy, eop)	181	590	2600	1698488	12341	3687	660	305	243	214
CPI inflation (% yoy, avg)	122	438	1595	523290	1259565	3639	1374	482	274	228
Nominal wages (% yoy)	125	400	1560	180979	1234	2581	726	320	255	225
Nominal exchange rate (vs USD, eop)	0	0	0	638	39368	1107199	5	17	45	139
Nominal exchange rate (vs USD, avg)	0	0	0	638	39368					
Bilateral real exchange rate (% yoy, + dep)	-	-	-	-	-	-	-	-		
Monetary Sector										
Monetary base growth (% yoy)	103	249	1740	43950	7200	1200	400	153	121	107
Broad money growth (% yoy)	98	244	1735	43945	5000	1300	600	153	121	107
Credit extension to private sector (% yoy)	98	236	1653	41755	5000	1300	600	153	121	107
Central bank policy rate (%, eop)	6.40	-	- -		-	-				
1-month interbank rate (%, eop)	-	-	-	-	-	-				
Long-term yield (%, eop)	-	-	-	-	-	-				
External Sector										
Current account balance (% of GDP)	-10.6	-3.4	3.0	10.9	7.8	2.2	1.3	0.4	-1.6	0.0
Current account balance (US$ 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 177: 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	349.4	350.5
GDP per capita (US$)	13,574	13,786	15,040	15,871	14,615	13,008	16,087	15,158	17,504	17,435
Unemployment rate (%)	6.4	6.8	7.0	7.4	7.2	11.2	7.2	8.0	8.5	8.5
Population (millions)	18.0	18.2	18.4	18.8	19.1	19.5	19.7	19.8	20.0	20.1
Economic Activity										
Real GDP growth (% yoy)	2.3	1.7	1.2	3.7	0.9	-5.8	11.7	2.4	-0.2	2.0
Domestic demand growth (% yoy)	2.5	1.8	2.1	4.0	1.6	-7.9	18.5	3.0	-4.2	2.1
Real investment growth (% yoy)	-0.3	-1.3	-3.1	5.1	4.4	-11.5	15.7	2.8	-4.7	1.8
Real consumption growth (% yoy)	2.6	3.5	3.6	3.7	0.8	-6.8	19.3	3.1	-4.0	2.2
Real private consumption growth (% yoy)	2.1	2.7	3.4	3.8	1.0	-7.5	20.8	2.9	-6.2	2.2
Real government consumption growth (% yoy)	4.8	7.2	4.6	3.3	-0.2	-3.9	13.8	4.1	5.3	2.1
Real export growth (% yoy)	-1.7	0.5	-1.5	5.3	-2.6	-3.2	-1.4	1.4	0.7	1.7
Real import growth (% yoy)	-1.1	0.9	4.6	8.1	-2.4	-12.7	31.8	0.9	-14.8	3.2
Prices										
CPI inflation (% yoy, eop)	4.4	2.7	2.3	2.1	3.0	3.0	7.2	12.8	4.6	3.7
CPI inflation (% yoy, avg)	4.3	3.8	2.2	2.3	2.3	3.0	4.5	11.6	7.6	4.1
Nominal wages (% yoy)	6.2	4.0	5.7	4.5	4.6	3.7	7.0	11.8	5.6	4.2
Nominal exchange rate (vs USD, eop)	707	667	615	696	745	711	852	851	810	830
Nominal exchange rate (vs USD, avg)	654	677	649	641	703	792	760	874	807	821
Bilateral real exchange rate (% yoy, + dep)	11.7	-4.4	-	-	-	-				
Monetary Sector										
Monetary base growth (% yoy)	11.8	13.0	7.4	1.7	9.2	145.3	11.4	6.8	5.3	
Broad money growth (% yoy)	12.0	7.0	5.1	11.2	9.4	6.9	11.4	6.8	5.3	
Credit extension to private sector (% yoy)	10.3	5.7	4.7	10.1	9.4	2.5	7.9	-0.5	3.0	
Central bank policy rate (%, eop)	3.50	3.50	2.50	2.75	1.75	0.50	4.00	11.25	8.50	5.75
1-month interbank rate (%, eop)	5.48	5.45	4.42	4.10	4.08	3.16	6.07	13.35	10.79	
Long-term yield (%, eop)	6.00	5.50	5.50	6.00	5.50	5.50	6.00	6.00	6.00	
External Sector										
Current account balance (% of GDP)	-2.4	-2.0	-2.3	-3.9	-3.7	-1.7	-6.4	-9.0	-4.6	-5.9
Current account balance (US$ bn)	-5.7	-5.0	-6.4	-11.6	-10.5	-4.3	-20.3	-27.1	-16.1	-20.6
Trade balance (US$ bn)	3.4	4.9	7.4	4.2	3.0	18.4	10.5	3.8	10.4	5.1
Exports, f.o.b. (US$ bn)	62.0	60.7	68.8	74.7	68.8	73.5	94.8	98.5	97.5	94.9
main export - Copper	30.0	27.9	34.0	35.6	32.5	38.0	52.7	44.7	43.1	43.0
Imports, f.o.b. (US$ bn)	58.6	55.9	61.5	70.5	65.8	55.1	84.3	94.7	87.0	89.8
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	395.7	397.0
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	-0.9	-1.0
Central gov. budget balance (% of GDP)	-2.2	-2.7	-2.8	-1.7	-2.9	-7.3	-7.7	1.1	-1.9	-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	-0.9	-1.0
Consolidated public sector balance (% of GDP)	-2.1	-2.7	-2.6	-1.5	-2.7	-8.5	-8.3	1.1	-1.9	-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	38.3	45.7
Domestic (% of GDP)	13.1	15.9	15.7	17.3	17.5	18.8	22.5	27.7	25.3	30.1
External (% of GDP)	4.3	5.4	7.9	8.3	10.7	13.7	13.8	15.6	13.0	15.5
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	-0.8	0.2	0.4	0.4	2.0	2.8	2.8
Real GDP growth (%, qoq, sa, annualized)	-4.4	0.8	3.3	-2.7	-0.6	1.8	3.3	3.5	2.5	1.9
CPI inflation (% yoy, eop)	13.7	12.8	11.1	7.6	5.2	4.6	4.0	4.4	4.0	3.7
Central bank policy rate (%, eop)	10.75	11.25	11.25	11.25	10.00	8.50	7.50	6.75	6.25	5.75
Nominal exchange rate (vs USD, eop)	969	851	795	805	807	810	815	820	825	830
Current account balance (US$ bn)	-30.5	-27.1	-20.9	-15.5	-13.2	-13.6	-18.1	-19.3	-19.5	-19.3

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 178: 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	361	381
GDP per capita (US$)	6,362	6,053	6,575	6,922			6,148	6,676	6,928	7,225
Unemployment rate (%)	8.9	9.2	9.4	9.7	10.5	16.1	13.8	11.1	10.9	11.0
Population (millions)	46.3	46.8	47.4	48.3	49.4	50.4	51.0	51.6	52.2	52.7
Economic Activity										
Real GDP growth (% yoy)	3.0	2.1	1.4	2.6	3.2	-7.3	11.0	7.3	1.7	2.4
Domestic demand growth (% yoy)	2.4	1.2	1.1	3.5	4.0	-7.6	13.4	9.4	2.2	2.7
Real investment growth (% yoy)	-1.2	-0.2	-3.2	1.5	3.0	-21.1	12.6	16.8	1.2	1.1
Real consumption growth (% yoy)	3.4	1.6	2.3	4.0	4.3	-4.1	13.6	7.9	2.4	3.1
Real private consumption growth (% yoy)	3.1	1.6	2.1	3.2	4.1	-4.9	14.5	9.5	2.1	3.0
Real government consumption growth (% yoy)	4.8	1.8	3.6	7.4	5.3	-0.8	9.8	0.3	3.8	3.6
Real export growth (% yoy)	1.7	-0.2	2.6	0.6	3.1	-22.7	15.9	14.8	4.5	8.0
Real import growth (% yoy)	-1.1	-3.5	1.0	5.8	7.3	-19.9	26.7	22.3	4.5	5.4
Prices										
CPI inflation (% yoy, eop)	6.8	5.7	4.1	3.2	3.8	1.6	5.6	13.1	9.0	5.7
CPI inflation (% yoy, avg)	5.0	7.5	4.3	3.2	3.5	2.5	3.5	10.2	11.6	6.9
Nominal wages (% yoy)	5.0	6.5	6.1	5.3	4.7	-2.4	10.0	13.5	9.4	6.1
Nominal exchange rate (vs. USD, eop)	3,149	3,001	2,984	3,250	3,277	3,433	4,080	4,853	4,500	4,750
Nominal exchange rate (vs. USD, avg)	2,742	3,055	2,951	2,956	3,281	3,693	3,807	4,256	4,509	4,675
Bilateral real exchange rate (% yoy, + dep)	24.2	-8.0	-2.5	7.6	-0.6	4.5	13.4	13.9	-11.8	2.4
Monetary Sector										
Monetary base growth (% yoy)	17.1	2.5	5.0	10.4	12.3	20.5	9.6	12.0	9.0	6.4
Broad money growth (% yoy)	11.7	7.1	7.3	5.6	7.8	13.9	12.0	14.0	6.8	4.2
Credit extension to private sector (% yoy)	13.8	12.4	7.3	6.5	7.7	7.8	5.0	13.0	10.7	9.8
Central bank policy rate (%, eop)	5.75	7.50	4.75	4.25	4.25	1.75	3.00	12.00	12.75	9.00
1-month interbank rate (%, eop)	5.78	7.51	4.74	4.25	4.25	1.75	3.05	12.05	12.80	9.05
Long-term yield (%, eop)	8.7	7.1	6.5	6.8	6.1	5.4	8.2	14.5	15.3	11.5
External Sector	0.0									
Current account balance (% of GDP)	-6.3	-4.4	-3.2	-4.2	-4.6	-3.4	-5.6	-6.2	-4.0	-3.3
Current account balance (US$ 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	53.7	53.5
Public (% of GDP)	22.4	25.1	23.0	21.8	22.9	33.2	32.2	30.4	29.7	28.5
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	59.2	59.3
Domestic (% of GDP)	28.5	30.1	30.9	32.7	34.3	42.0	39.3	37.6	34.8	36.2
External (% of GDP)	16.1	15.5	15.5	16.6	16.0	23.0	24.5	25.0	24.3	23.1
External debt amortizations (US$ bn)	9.6	7.6	16.2	15.7	13.2	14.6	15.1	19.2	20.5	25.6
External debt interest payments (US$ bn)	4.6	4.7	5.3	5.8	6.2	5.7	5.9	6.8	7.5	8.0
External debt service (% of XGS)	30.1	28.8	43.6	40.0	37.9	53.0	41.5	35.9	39.5	44.2
Savings - Investment Balance										
Savings (% of GDP)	17.4	18.7	18.4	17.0	16.8	15.8	14.2	13.7	15.4	15.9
Investment (% of GDP)	23.8	23.2	21.6	21.2	21.4	19.2	19.8	19.9	19.4	19.2

	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24
Quarterly Economic Forecasts										
Real GDP growth (% yoy)	7.3	2.1	3.0	1.4	1.2	1.4	0.7	2.3	3.2	3.5
Real GDP growth (% qoq, sa, annualized)	1.0	1.6	5.9	-2.8	0.4	2.4	2.8	3.7	3.6	3.6
CPI inflation (% yoy, eop)	11.4	13.1	13.3	12.1	10.5	9.0	7.5	7.1	6.4	5.7
Central bank policy rate (%, eop)	10.00	12.00	13.00	13.25	13.25	12.75	12.00	11.00	10.00	9.00
Nominal exchange rate (vs. USD, eop)	4609	4853	4623	4172	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 179: 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	279
GDP per capita (US$)	6142	6178	6734	7009	6965	6120	6675	7164	7752	8009
Unemployment rate (%)	6.5	6.7	6.9	6.7	6.6	13.9	10.9	7.4	7.2	6.6
Population (millions)	31.2	31.5	31.8	32.2	33.2	33.5	33.8	34.2	34.5	34.9
Economic Activity										
Real GDP growth (% yoy)	3.3	4.0	2.5	4.0	2.2	-11.0	13.3	2.7	1.2	3.1
Domestic demand growth (% yoy)	2.8	1.3	1.7	4.1	2.2	-9.9	14.7	2.5	1.1	2.7
Real investment growth (% yoy)	-3.2	-4.1	-0.4	6.6	-0.6	-18.9	27.1	-2.3	-0.9	2.7
Real consumption growth (% yoy)	4.9	3.0	2.3	3.3	3.1	-7.2	11.5	3.9	1.6	2.6
Real private consumption growth (% yoy)	4.0	3.7	2.6	3.8	3.2	-9.8	11.7	4.5	1.5	2.7
Real government consumption growth (% yoy)	9.8	-0.6	0.7	0.4	2.2	7.8	10.6	1.1	2.2	2.3
Real export growth (% yoy)	3.4	9.0	7.6	2.2	1.1	-19.6	13.7	5.3	3.2	6.0
Real import growth (% yoy)	1.6	-1.6	4.5	2.4	1.0	-15.8	18.6	4.7	1.6	4.3
Prices										
CPI inflation (% yoy, eop)	4.4	3.2	1.4	2.2	1.9	2.0	6.4	8.5	4.5	2.9
CPI inflation (% yoy, avg)	3.5	3.6	2.8	1.3	2.1	1.8	4.0	7.9	6.7	3.4
Nominal wages (% yoy)	3.3	7.0	-0.4	-0.3	4.7	-12.4	3.5	8.4	6.0	3.5
Nominal exchange rate (vs USD, eop)	3.41	3.36	3.24	3.38	3.32	3.62	3.98	3.81	3.76	3.84
Nominal exchange rate (vs USD, avg)	3.19	3.38	3.26	3.29	3.34	3.50	3.88	3.84	3.75	3.83
Bilateral real exchange rate (% yoy, + dep)	10.7	-2.8	-2.7	3.9	-1.4	8.7	10.5	-6.2	-3.8	1.3
Monetary Sector										
Monetary base growth (% yoy)	-4.8	4.1	7.2	7.3	5.2	33.2	13.1	-1.6	3.0	6.6
Broad money growth (% yoy)	13.1	1.7	7.9	5.3	9.1	32.0	0.3	-1.8	2.9	6.2
Credit extension to private sector (% yoy)	15.0	4.6	5.5	9.0	7.0	12.8	5.7	4.6	3.0	5.6
Central bank policy rate (%, eop)	3.75	4.25	3.25	2.75	2.25	0.25	2.50	7.50	7.75	4.25
1-month interbank rate (%, eop)	3.77	4.37	3.26	2.75	2.25	0.23	2.25	7.22	7.70	4.20
Long-term yield (%, eop)	7.31	6.38	5.17	5.64	4.21	3.51	5.90	7.57	7.00	6.50
External Sector										
Current account balance (% of GDP)	-4.7	-2.3	-0.9	-1.3	-0.7	1.2	-2.3	-4.0	-2.0	-1.7
Current account balance (US$ bn)	-8.9	-4.4	-2.0	-2.9	-1.7	2.4	-5.3	-9.9	-5.4	-4.7
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$/ton)	250	221	280	296	273	280	422	398	428	448
Public Sector										
Central gov. primary budget balance (% of GDP)	-1.7	-1.2	-2.0	-0.8	-0.9	-7.9	-2.0	-0.7	-0.2	0.3
Central gov. budget balance (% of GDP)	-2.7	-2.2	-3.1	-2.0	-2.1	-9.3	-3.4	-2.2	-1.9	-1.3
Consolidated gov. primary budget balance (% of GDP)	-0.9	-1.3	-1.8	-1.0	-0.2	-7.3	-1.0	-0.1	-0.7	0.1
Consolidated public sector balance (% of GDP)	-1.9	-2.4	-3.0	-2.3	-1.6	-8.9	-2.5	-1.6	-2.4	-1.5
Central gov. revenues (% of GDP)	16.8	15.4	15.1	16.2	16.6	14.9	18.0	19.1	18.8	19.4
Debt Indicators										
Gross external debt (% of GDP)	38.2	38.5	35.9	34.9	35.0	44.4	45.4	42.4	41.4	41.1
Public (% of GDP)	14.0	15.4	15.5	15.6	17.1	24.4	27.0	24.9	24.9	24.6
Private (% of GDP)	24.1	23.2	20.3	19.3	17.9	20.0	18.4	17.5	16.5	16.5
Gross government debt (% of GDP)	23.3	23.7	24.7	25.6	26.6	34.6	35.9	34.0	34.5	34.7
Domestic (% of GDP)	12.1	13.4	16.0	16.8	18.1	19.8	16.5	15.4	15.9	16.3
External (% of GDP)	11.1	10.3	8.7	8.8	8.5	14.9	19.4	18.6	18.6	18.4
External debt amortizations (US$ 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	18.1	18.5
Investment (% of GDP)	24.2	22.6	21.4	22.4	21.8	19.7	22.0	20.9	20.1	20.2

	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	6.5	5.7	4.5	3.8	3.6	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	3.63	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 180: Uruguay
Selected economic and financial indicators

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Summary Data										
Nominal GDP (US$ bn)	63.6	63.3	59.0	57.5	64.3	64.6	61.6	53.7	58.1	61.9
GDP per capita (thous US$)	18.8	18.6	17.3	16.8	18.7	18.7	17.8	15.4	16.7	17.7
Economic Activity and Prices										
Real GDP growth (% yoy)	4.6	3.2	0.4	0.9	1.6	0.5	0.3	-5.9	3.5	3.0
CPI inflation (% yoy, eop)	8.5	8.3	9.4	8.1	6.6	8.0	8.8	9.4	7.3	6.2
Nominal exchange rate (vs USD, eop)	21.4	24.3	29.9	29.3	28.7	32.4	37.4	42.4	42.5	44.2
Nominal exchange rate (vs USD, avg)	20.5	23.2	27.3	30.1	28.6	30.7	35.3	42.0	43.2	43.8
Central Bank policy rate (%, eop)								4.5	5.5	7.0
External Sector										
Current account balance (% of GDP)	-3.2	-2.9	-0.2	0.7	0.0	-0.5	1.5	-0.7	-0.2	0.2
Current account balance (US$ bn)	-2.0	-1.8	-0.1	0.4	0.0	-0.3	0.9	-0.4	-0.1	0.1
Trade balance (US$ bn)	1.0	1.8	2.2	3.0	3.5	3.2	3.7	2.4	3.0	3.3
Exports, f.o.b. (US$ bn)	18.4	18.9	16.6	15.5	16.8	17.0	17.0	13.8	16.6	17.2
Imports, f.o.b. (US$ bn)	17.4	17.0	14.4	12.4	13.3	13.8	13.3	11.4	13.6	14.0
International reserves (US$ bn)	16.3	17.6	17.6	16.0	15.0	15.0	15.0	15.8	16.0	16.5
Public Sector										
Non financial public sector. primary budget balance (% of GDP)	0.4	-0.5	0.2	-0.2	-0.1	-0.6	-1.7	-2.9	-2.4	-0.9
Non financial public sector overall budget balance (% of GDP)	-1.7	-2.6	-1.8	-2.7	-2.5	-3.1	-3.9	-5.4	-5.0	-3.4
Debt Indicators										
Gross external debt (% of GDP)	46.1	49.1	53.3	49.7	-	-	-	-	-	
Public (% of GDP)	38.0	40.5	43.7	42.7	-	-	-	-	-	
Private (% of GDP)	8.1	8.7	9.7	7.0	-	-	-	-	-	
Gross government debt (% of GDP)	57.7	58.7	-	-	-	-	-	-	-	
Domestic (% of GDP)	26.3	25.3	-	-	-	-	-	-	-	
External (% of GDP)	38.0	40.5	43.7	42.7	-	-	-	-	-	

Source: BofA Global Research

BofA GLOBAL RESEARCH

Yield forecasts

Exhibit 181: 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	3.30	3.30	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	0.05
	2yr	-0.05	0.05	-0.05	-0.05	0.20	0.30
	5yr	0.05	0.40	0.25	0.25	0.50	0.60
	10yr	0.30	0.75	0.60	0.60	0.80	0.90
	30yr	1.20	1.30	1.20	1.20	1.35	1.40
UK	Bank Rate	5.50	5.50	5.50	5.50	5.50	4.50
	2yr	5.00	5.00	4.75	5.00	4.50	3.50
	5yr	4.50	4.75	4.50	4.50	4.25	3.75
	10yr	4.75	4.75	4.75	4.75	4.75	4.75
	30yr	4.50	4.50	4.50	4.50	4.50	4.50
Canada	2yr	4.30	4.10	3.90	3.60	3.40	3.40
	5yr	3.50	3.30	3.20	3.10	3.00	3.00
	10yr	3.30	3.20	3.20	3.10	3.10	3.10
Australia	3m BBSW	4.50	4.30	3.50	3.00	2.45	2.75
	2y	4.30	4.10	3.30	2.80	2.25	2.50
	5y	3.90	3.80	3.40	3.00	2.50	2.25
	10y	3.70	3.60	3.50	3.20	2.75	2.50
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	0.05	0.20	0.10	0.10	0.30	0.35
	5y	0.15	0.45	0.30	0.30	0.60	0.65
	10y	0.55	0.85	0.65	0.65	0.90	0.95
UK	2y	5.50	5.25	5.00	5.00	4.50	3.50
	5y	4.75	4.75	4.50	4.50	4.25	3.75
	10y	4.50	4.50	4.50	4.50	4.50	4.50
Canada	2y	4.80	4.60	4.40	4.10	3.90	3.90
	5y	3.90	3.70	3.60	3.50	3.40	3.40
	10y	3.80	3.70	3.70	3.60	3.60	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 182: G10 FX Forecasts

We continue to look for USD upside for the remainder of this year, with broad weakness for 2024

	Spot	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
G3											
EUR-USD	1.12	1.05	1.05	1.07	1.10	1.15	1.15	1.16	1.17	1.18	1.20
USD-JPY	140	147	145	140	135	130	125	125	125	125	125
EUR-JPY	157	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	0.87	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85
GBP-USD	1.29	1.24	1.24	1.26	1.29	1.35	1.35	1.36	1.38	1.39	1.41
EUR-CHF	0.96	0.98	0.98	0.99	0.99	1.00	1.00	1.02	1.02	1.05	1.05
USD-CHF	0.86	0.93	0.93	0.93	0.90	0.87	0.87	0.88	0.87	0.89	0.88
EUR-SEK	11.51	11.50	11.00	10.70	10.60	10.50	10.30	10.20	10.10	10.10	10.00
USD-SEK	10.27	10.95	10.48	10.00	9.64	9.13	8.96	8.79	8.63	8.56	8.33
EUR-NOK	11.31	10.90	10.60	10.40	10.40	10.20	10.00	9.90	9.80	9.80	9.70
USD-NOK	10.09	10.38	10.10	9.72	9.45	8.87	8.70	8.53	8.38	8.31	8.08

Forecast as of Jul-19-2023. Spot exchange rate as of Jul-19-2023. The left of the currency pair is the denominator of the exchange rate. **Source:** BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 183: EM FX Forecasts

Our end-2023 USD-CNY forecast remains 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	4.81	4.95	5.00	5.03	5.05	5.08	5.10	5.13	5.15	5.18	5.20
USD-MXN	16.77	18.50	19.00	19.50	19.80	20.20	20.50	20.70	20.80	20.90	21.00
USD-CLP	815	807	810	815	820	825	830	832	835	838	840
USD-COP	4,004	4,350	4,500	4,600	4,650	4,700	4,750	4,800	4,850	4,875	4,900
USD-ARS	268	305	493	604	740	893	1,079	1,249	1,405	1,536	1,678
USD-PEN	3.57	3.72	3.76	3.78	3.80	3.82	3.84	3.85	3.86	3.87	3.88
Emerging Europe											
EUR-PLN	4.46	4.65	4.55	4.51	4.48	4.44	4.40	4.38	4.36	4.33	4.30
EUR-HUF	375	375	370	368	365	363	360	358	356	354	350
EUR-CZK	23.94	23.80	23.50	23.40	23.30	23.20	23.00	22.90	22.80	22.70	22.60
USD-ZAR	17.93	19.00	18.00	17.60	17.50	17.00	17.50	17.80	18.00	18.20	18.40
USD-TRY	26.91	28.00	31.00	33.00	36.00	38.00	41.00	43.00	45.00	46.00	48.00
EUR-RON	4.95	5.05	5.09	5.13	5.17	5.21	5.25	5.28	5.31	5.33	5.36
USD-EGP	30.90	31.00	39.00	39.50	40.00	41.00	42.00	43.00	43.60	44.00	44.50
USD-ILS	3.59	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	1,266	1,340	1,330	1,305	1,280	1,210	1,190	1,170	1,150	1,150	1,150
USD-TWD	31.08	31.40	31.20	31.00	30.70	29.80	29.60	29.40	29.20	29.20	29.20
USD-SGD	1.33	1.36	1.35	1.34	1.32	1.31	1.30	1.30	1.29	1.29	1.29
USD-THB	34.18	35.50	34.00	33.50	33.00	32.50	32.00	32.00	31.50	31.50	31.00
USD-HKD	7.81	7.85	7.85	7.83	7.83	7.83	7.83	7.80	7.77	7.75	7.75
USD-CNY	7.22	7.40	7.20	7.10	7.00	6.80	6.70	6.60	6.50	6.40	6.30
USD-IDR	14997	15,100	14,900	14,800	14,700	14,600	14,500	14,500	14,400	14,400	14,300
USD-PHP	54.52	57.50	56.50	56.50	56.00	56.00	55.50	55.50	55.00	55.00	55.00
USD-MYR	4.54	4.70	4.66	4.62	4.58	4.56	4.54	4.52	4.50	4.48	4.46
USD-INR	82.10	83.00	82.00	81.00	80.50	80.00	80.00	80.00	80.00	80.00	80.00

Forecast as of Jul-19-2023. Spot exchange rate as of Jul-19-2023. The left of the currency pair is the denominator of the exchange rate. **Source:** BofA Global Research

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Commodities forecasts

Exhibit 184: 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)	253	160	159	164	**184**	**160**
Aluminium	$/t	2,401	2,260	2,250	2,500	**2,353**	**2,875**
Copper	$/t	8,941	8,461	8,250	9,500	**8,788**	**9,750**
Lead	$/t	2,131	2,118	2,050	2,050	**2,087**	**2,000**
Nickel	$/t	25,973	22,277	20,000	20,000	**22,063**	**21,250**
Zinc	$/t	3,122	2,539	2,250	2,500	**2,603**	**2,375**
Gold	$/oz	1892	1977	1925	1900	**1923**	**1963**
Silver	$/oz	23	24	23	23	**23**	**23**
Platinum	$/oz	995	1,027	1,000	1,250	**1,068**	**1,100**
Palladium	$/oz	1,568	1,445	1,300	1,250	**1,391**	**1,100**

Source: BofA Global Research estimates

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Some of the securities discussed herein should only be considered for inclusion in accounts qualified for high risk investment.

Disclosures

Important Disclosures

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