World at a Glance

Shutdown Anxiety

26 September 2023

FX, Rates and Commodities
Global

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See Team Page for List of Analysts

Next edition

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Key forecasts in FX, rates and commodities

Risks of a US government shutdown have grown. Meanwhile, our core short-term end-year EUR-USD forecast remains 1.05, and stays at 4.00% for the US 10yr yield. We still look for broad USD downside in 2024. We also have revisions to our oil forecasts.

G10 FX: mostly unchanged outside of JPY

We keep most of our G10 FX forecasts unchanged, including our short-term expectations for broad USD strength and medium-term expectations of USD downside. Since last month, we do revise our USD-JPY forecast profile upward.

EM Asia: fear of floating

Tighter USD funding and weak China growth keeps us cautious CNY. Upside risks to USD/CNY if fiscal package delayed further. We turn neutral on INR on stalling equity inflows and higher oil.

EEMEA: higher oil = more EEMEA FX weakness

Oil up=> risk premium + volatility up (with a lag). Since COVID, USD is strong when oil is up. EEMEA FX is unlikely to do well in such a backdrop as all EEMEA countries are also net oil importers. We are bullish ZAR, neutral on ILS, HUF and bearish PLN, CZK.

LatAm: cumbersome environment for LatAm FX

A hawkish Fed keeps challenging LatAm FX as carry continues eroding. A hawkish Banxico and resilient US may be the best environment for MXN resilience short term, but we continue to see the currency as overvalued and vulnerable to a risk-off shock.

Interest rates: upside risks

Market moves pose upside risks to our rates forecasts. However, expected financial condition tightening & de-risking keeps us holding end '23 US 10yr yield forecast at 4%. We do have revisions elsewhere.

Commodities: oil revisions for Q4

We now project Brent crude to average $96 in 4Q23. Still, we keep our $90/bbl forecast for 2024 as non-OPEC oil supply expands. We do not make revisions to our industrial metal or precious metal forecasts.

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

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World At A Glance

BofA GLOBAL RESEARCH

US rates: higher & tighter

Mark Cabana, CFA
BofAS

Themes: slower cuts & neutral – higher rates & steeper outcomes

US rates rose meaningfully & curve steepened after hawkish September FOMC. Our key Fed takeaway: Powell is not yet confident rates are sufficiently restrictive. Insufficiently restrictive policy means rates will go higher.

Fed won't be doing much at the front end so back-end rates will likely keep rising until clear negative feedback from (1) real economic slowdown (2) financial condition tightening. The negative yield & equity correlation is back. Yields will likely keep pushing higher until financial conditions tighten & investors de-risk. SPX earnings yield (inverse of P/E) is 5%. If 10Y rates keep pushing towards 5% equity risk premium will functionally be zero. Investors should de-risk as yields rise to slow move.

The current environment is very constructive for UST curve steepening. The curve will steepen as (1) long end rates rise to find sufficiently restrictive levels (2) the Fed put is tested & front-end rates rally. We have been skeptical of 2s10s or 5s30s steepening because of the very negative carry driven by expectation for near term cuts. With cuts having been pared back we now find steepeners appealing. Safest steepener = 10s30s b/c least punitive carry & high correlation with 2s10s or 5s30s.

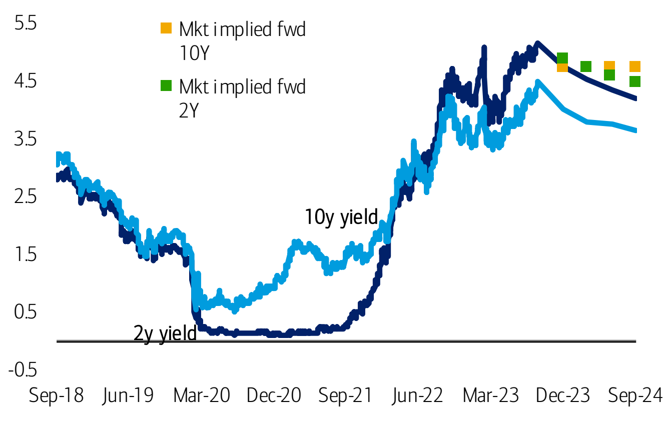
Forecasts: end '23 10Y forecast 4.0%

Market moves pose upside risks to our forecasts. However, expected financial condition tightening & de-risking keeps us holding end '23 10Y at 4%. 10Y may test 4.75% in coming weeks but de-risking & confidence hit could drop 10Y to 4% by year end.

Risks: skewed to the upside on our end '23 10Y forecast

We see risks the US 10Y might settle into a higher trading range as economic data threatens a higher neutral rate, at least in the near term. The risk scenario with much higher rates would likely require a re-acceleration of inflation, which looks unlikely in the next six months, but did happen in the run-up to the Volcker years.

Exhibit 1: 2y and 10y Treasury yield forecasts (%)
Forecasts and market implied forwards



Source: BofA Global Research, Bloomberg

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Exhibit 2: Government bond yield forecasts (%)
Our year-end '23 forecast for 10yT is 4%

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

Source: BofA Global Research estimates

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

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

Source: BofA Global Research estimates

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USD: the song remains the same

Alex Cohen
BofAS

Themes: still higher for longer

US economic growth resilience, particularly in relation to the Euro area and China, has been the main driver of the USD over the past several months. During this time, the BBDXY index has moved from the bottom to the top of the year's range, though remains essentially unchanged YTD. While disinflationary signals persist, overall activity data has tended to surprise to the upside. Despite moderation in the employment data, the rebalancing has thus far been gradual and indicative of a still strong labor market.

This plus the growing risk of inflation reacceleration has kept the Fed oriented to a "higher for longer" policy stance. Despite leaving rates unchanged at the September FOMC, economic projections were upgraded, while the fed funds forecasts indicated a shallower than anticipated cut path in 2024 and beyond. Markets price a greater than 50% change of a final Fed hike by the December FOMC, and debate continues around the prospect that the neutral rate is likely higher than previously perceived. In contrast, somewhat surprising recent policy holds by the BOE and SNB, and an indication that the ECB may be done with rate hikes has highlighted the growing dichotomy between the US and European economies. Real interest rate differentials between the US and other G10 economies continue to move in favor of the USD.

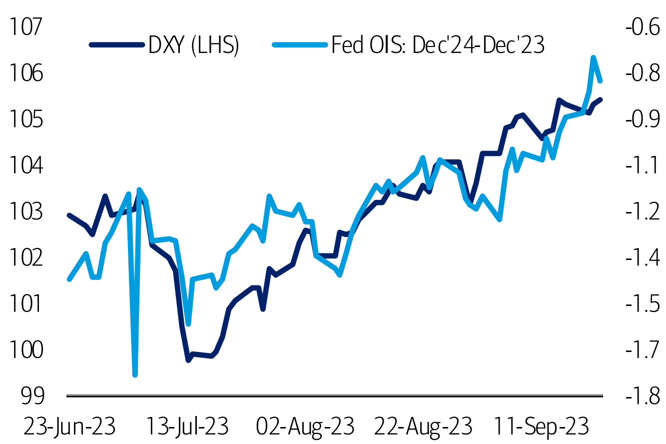
Forecasts: unchanged against EUR, higher USD-JPY profile

Broadly, we maintain our core view that the USD should be supported into year-end, driven by U.S. growth resilience and the prospect for sticky inflation, which should keep Fed policy restrictive. Valuation should bring the USD back down towards equilibrium starting in 2024.

Risks: a shaky Q4?

A fresh set of risks have appeared on the landscape, which could work against the USD in Q4, though uncertainty is high. These include, growth impacts of the UAW strike, student loan repayments, rising energy prices and a potential government shutdown. Additionally, as economic pessimism in China is high, the prospect for large fiscal stimulus may be underpriced by the market, which would be USD negative if delivered.

Exhibit 4: USD & 2024 Fed OIS Curve
USD appreciates as Fed cuts get priced out



Source:, Bloomberg and BofA Global Research

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

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

Source: BofA Global Research estimates

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

	2022	2023F	2024F
Real GDP (% yoy)	2.1	2.1	1.1
CPI (% yoy)	8.0	4.2	3.2
Policy Rate (end of period)	4.375	5.625	4.875
GenGov Bal (%/GDP)	-5.4	-5.4	-5.2
CurAct Bal (%/GDP)	-3.7	-3.6	-3.4

Source: Bloomberg and BofA Global Research estimates

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EU rates Higher peak, slower rally

Sphia Salim
MLI (UK)

Ronald Man
MLI (UK)

Themes: The recent data flow could have been quite bullish duration: 1) analysts, including our economists, have been revising Euro area growth to the downside with a generally unchanged outlook for core inflation, 2) central banks are emphasizing the restrictive nature of current policy, and 3) market implied rates volatility is also declining.

Yet, as we have been highlighting, elevated supply can be difficult to fully digest in an environment where investors are already long duration, negative on the economy (with therefore scope for upside surprises) and sanguine on inflation (with upside risks rising alongside commodity prices). This combination is what left us tactically bearish Bunds for the last few months (Global Rates Weekly 08 Sep & FX and Rates Sentiment Survey). We think the bearish pressures could still hold near term, as supply remains elevated in net DV01 terms until mid Oct. But with Bund yields breaking slightly above the highs seen in March 2023, levels are starting to look stretched in the 10y+ part of the curve.

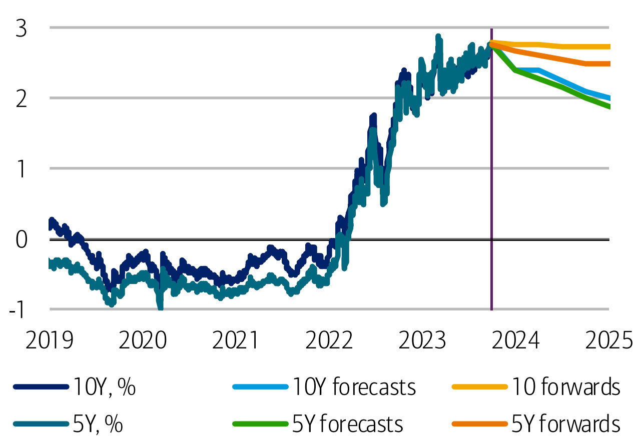
Forecasts: unchanged, with rally starting into year-end, driven by belly

We still see upward pressure for Bund yields near term but expect Q4 to mark a turning point as supply fades (at least temporarily) and core inflation falls more rapidely than the market expects. We continue to forecast 2.4% for 10y Bund yields at year-end. Such a 40bp rally would correspond to 0.8x the rally envisaged in 10y USTs, a beta consistent with what has been recorded for weekly changes over the past 6 months. We expect the rally in 4Q to come with a flattening in 2s5s and 2s10s curve. As we move into 2024 and approach the first ECB rate cut, we expect 2s10s to start bull steepening. We expect Euribor fixings to widen vs the euro short-term rate (€str), driven by the continued reduction in excess liquidity and banks' increased demand for term funding.

Risks: inflation outlook, punitive tiering, fiscal tightening

Upside risks to rates are better than expected activity data and higher commodity prices weighing on inflation expectations. Downside risks to rates are a larger fiscal tightening under new fiscal rules and/or a more rapid tightening in lending conditions as banks repay TLTROs and ECB keeps uncertainty on banks' reserve positions.

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



Source: BofA Global Research, Bloomberg. *Forwards as of 15-Aug

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Exhibit 8: Germany bond yield forecasts, %
We expect a more sustained rally after the last ECB and Fed hike

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

Source: BofA Global Research

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Exhibit 9: Swap rate forecasts, %
We expect the curve to flatten in 4Q23 before bull steepening in 2024

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

Source: BofA Global Research

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EUR: still downside risks

Athanasios Vamvakidis
MLI (UK)

Themes: EUR not weak, USD strong

Weak Eurozone data point to more short-term EUR risks. Although EURUSD has weakened since July, the EUR remains strong vs. most non-USD currencies, with the EUR NEER (Nominal Effective Exchange Rate) at an all-time high. Despite weak data, Eurozone inflation remains persistent. The ECB monetary policy is not tight enough to support the EUR and the ECB is now pausing based on its latest assessment—suggesting that only a critical mass of data pointing to more persistent inflation will make them hike again. Eurozone fiscal policy is not tight enough to help the ECB reduce inflation. Eurozone inflation expectations have increased this year. Real rate differentials would justify a weaker EURUSD.

EUR flows have been negative this year, not only for investors and particularly Hedge Funds, but also for officials and corporates. EUR positioning remains modestly long, driven by Real Money, who have only modestly pared back their EURUSD longs this year. Our quant models show bearish EURUSD signals. Technicals are also bearish EUR (for more details, please see The EUR struggle: outlook for the rest of the year 07 September 2023).

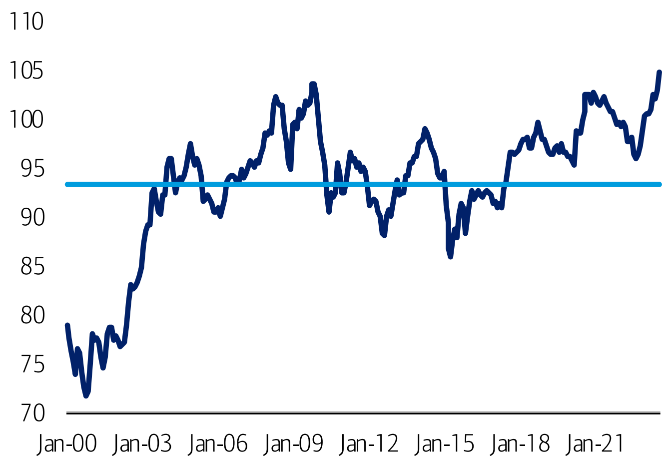
Forecasts: stay bearish this year

We stick to our end-year EURUSD forecast of 1.05, vs. a revised downwards consensus forecast of 1.09 from 1.15 earlier this year. However, we continue to expect EURUSD to start moving towards its long-term equilibrium and historic average next year, with end-2024 at 1.15 and end-2025 at 1.20.

Risks: the verdict still out on the landing

A lot depends on inflation and the landing scenarios in the Eurozone and the rest of the world. The timing and details of such landing are key risks for the EUR path forward. Our baseline assumes higher unemployment will eventually bring core inflation down next year, but we may see delays on both fronts, unless "something breaks."

Exhibit 10: EUR NEER
EUR Nominal Effective Exchange Rate at an all-time high



Source: Bloomberg and BofA Global Research.

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

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

Source: BofA Global Research estimates

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Exhibit 12: Major macro forecasts
Growth soft in our outlook

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

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

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JP rates: new BoJ call

Tomonubo Yamashita
BofAS Japan

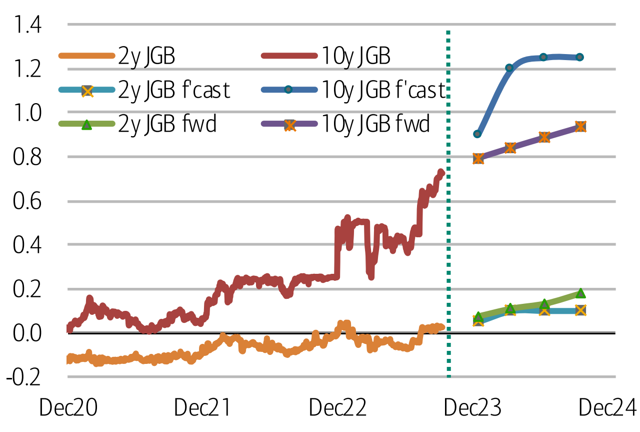
Key theme: Moving up our baseline for NIRP + YCC removal to January 2024
With inflation data likely to continue to surprise on the upside relative to the BoJ's projections, our Japan economists moved up the baseline for the BoJ's next step. We now expect the BoJ to remove NIRP and YCC at the January 2024 MPM (for details, see Japan Viewpoint: BoJ watch: Inching closer to normalization 21 September 2023).

The September MPM, however, was overall dovish (for details, see Japan Macro Watch: BoJ review: Still cautious 22 September 2023). Governor Ueda did not indicate concerns on the current excessive JGB purchases and subdued bond market functioning at the press conference. We, therefore, think the financial markets department will not reduce its JGB purchases and cut the range of purchase size per auction in the near future, which suggests insufficient demand for JGBs would drive up yields only gradually.

Forecast: Bearish across the curve
As we noted above, the message from the BoJ at the September MPM was not hawkish, but we have bearish views on the JGBs, given (1) investors' cautious stance on the end of NIRP, (2) less appetite for JGBs and (3) upside risk for global rates. In our view, therefore, JGB yields will rise higher. Our 10yr JGB yield forecast at end-2023 is 0.90%.

Downside risks
We think the risk to our base case is skewed to the downside. We see risks that the BoJ might keep a dovish stance in 2024. Also, the BoJ might increase its JGB purchases in case the rise in JGB yields accelerates.

Exhibit 13: JGB rates – yield forecasts and forwards
We expect the 10yr JGB yield to rise to 90bp at end-2023



Source: BofA Global Research, Bloomberg.

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Exhibit 14: Government bond yield forecasts
Our 10yr JGB yield end-year forecast is 0.90%

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

Source: BofA Global Research

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Exhibit 15: Swap rate forecasts
Our Japan 10yr swap rate end-year forecast is 0.95%

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

Source: BofA Global Research

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JPY: hard to lift

Shusuke Yamada
BofAS Japan

Themes: BoJ vs JPY

The BoJ is in a difficult position. With low FX volatility, the government is unlikely to able to intervene to the FX market, which should primarily be used to contain volatility. Monetary policy is one of few tools available to a broader government to contain the yen weakness and the BoJ has aligned with the MoF since around the Jul MPM in attempting to slow the yen's weakness. However, the scope and the speed of potential monetary tightening may be limited given structural issues such as Japan's high public debt (see: Liquid Insight: Short JGB, not USD/JPY 12 September 2023).

The BoJ could let the long-term JGB yields rise through operational tweaks, but these would not be a fundamental solution to the yen weakness. As the FX rate now appears to be in the BoJ's reaction function, the market may be incentivized to short the yen and yen duration to test the BoJ.

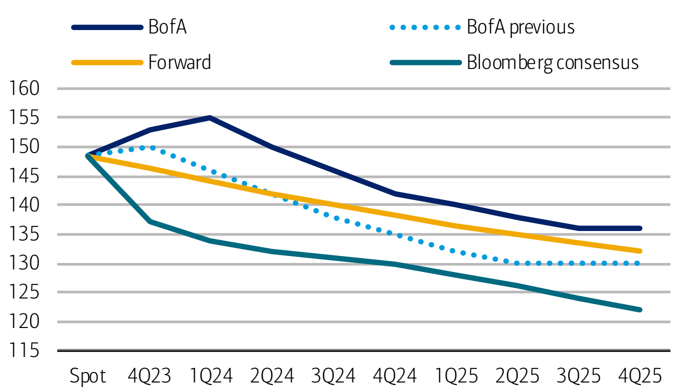
Forecasts: Revising USD/JPY higher

We make the following revisions to our USD/JPY forecast: revise up the peak from 150 to 155; revise up '24-'25 forecasts by 5.5% on average. Rationale: higher oil price, no sequential hikes expected yet after the NIRP removal by the BoJ (see: Japan Viewpoint: BoJ watch: Inching closer to normalization 21 September 2023), increasing likelihood of household portfolio rebalancing. We expect the MoF to intervene somewhere around the 150-155 area in its attempt to slow the yen's sell-off.

Risks: Fed policy

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

Exhibit 16: USD/JPY forecasts
BofA remains above consensus and forward in USD/JPY outlook through 2024



Source: BofA Global Research, Bloomberg

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Exhibit 17: JPY forecasts
We look for 2023 year-end USD-JPY of 153

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

Source: BofA Global Research estimates

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

	2022F	2023F	2024F
Real GDP (% yoy)	1.1	1.3	1.2
CPI (% yoy)	2.5	3.1	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: none and done

Agne Stengeryte
MLI (UK)

Mark Capleton
MLI (UK)

No more BoE hikes

The Bank of England (BoE) held rates at 5.25% on Thursday 21 September, compared to our and the consensus call for a 25bp hike. Our Chief UK Economist Rob Wood changed his Bank rate call, now expecting the BoE to keep rates on hold at 5.25% through 2024. Previously we expected the BoE to hold at 5.5% through 2024. We expect four 25bp rate cuts in 2025 versus five previously. Fewer hikes now substituted for fewer cuts later (see Bank of England review: none and done, probably, 21 September). The market seemingly interpreted BoE's hold as inflationary, with Gilt yields and breakevens rising following the BoE announcement. But the selloff was short-lived. UK rates market still appears to be in a catch-up mode, having missed out on the latest bout of broad global bond market rally due to surprising pick up in inflation. Recent data weakening and expectations for inflation to slow may continue feeding this dynamic in the near term.

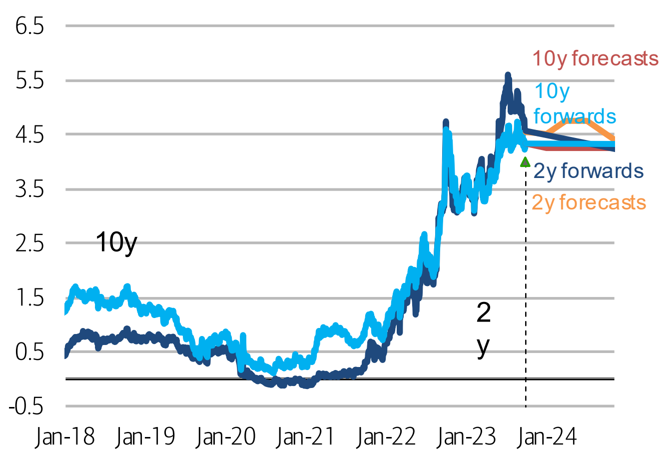
Small tweaks post-BoE

We tweak UK rates forecasts after last week's changes to our Bank rate call. In the near term, "high for long" leaves us slightly more bearish on 2y Sonia than would be implied by the forwards. But over the forecast horizon, our 2y Sonia yield forecast falls below current market pricing. Our 10y Sonia forecast lies in-line with the forwards in the near term, but goes above the forwards towards the end of forecast horizon. While we do not completely disagree with recent price action (likely reflecting the catch-up outlined above as well as better public finance data), we retain bearish bias over medium-term. If we are right that the BoE might skew "active" Gilt sales shorter early next year, this should aid cheapening of short-dated Gilts relative to Sonia. We reflect that in our front-end swap rate forecasts.

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, %
Expecting some 2y Gilt cheapening vs. Sonia in Q1 2024



Source: Bloomberg, BofA Global Research

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Exhibit 20: Table: Government bond yield forecasts (%)
We expect no more BoE Bank rate hikes

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

Source: BofA Global Research estimates

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Exhibit 21: Sonia swap rate forecasts (%)
Short-dated Gilts to cheapen relative to short-dated Sonia in Q1 2024

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

Source: BofA Global Research estimates.

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GBP: near-term rallies harder

Michalis Rousakis
MLI (UK)

Themes: near-term risks for cable downside, but for EURGBP more symmetric
With the BoE likely done (Bank of England review 21 Sep 23) and the GBP positioning still long, GBP will likely find it harder to stage fresh rallies in the near term.

We see near-term downside risks vs. USD (and to our 1.24 year-end forecast) and some of the commodity G10 FX (AUD, NOK, CAD), mostly on growth reasons and, in the case of commodity FX, also on China pessimism likely nearing its peak. But we find risks to be much more balanced vs. EUR, also given carry and the similarly weak Eurozone data, with our year-end forecast remaining at 0.85.

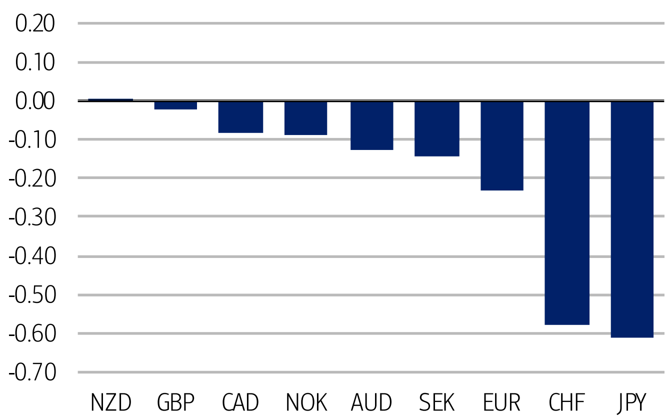
For 2024, we expect cable rising to 1.35 and EURGBP hovering around 0.85 (see also FX Viewpoint: GBP: near-term rallies harder 18 September 2023

We remain of the view the BoE won't be of much help to GBP near term, but it may be later on: a "high for longer" approach, given the more persistent UK inflation, suggests risks around the BoE rate cuts priced by markets for next year. It is in this sense we feel the recent GBP weakness vs EUR is close to overdone—our economists' base case for next year includes three cuts from the ECB but none from the BoE. Put differently, we think carry can lend some more support to GBP vs EUR going forward.

Forecasts: no changes. Risks: UK inflation, fiscal, positioning, risk sentiment
We continue to see EURGBP at 0.85 through our forecast horizon. We expect cable at 1.24 by year-end but 1.35 next year, with downside risks in the near term.

UK public finances and Hedge Funds' long GBP position remain key downside GBP risks. Further improvement in the EU-UK relationships (or prospects thereof) could help GBP. Of course, the Fed stance, energy prices, and more (coordinated) China stimulus remain key global risks.

Exhibit 22: 3-month vol-adjusted carry vs USD (annualized)
Carry supports GBP vs JPY, CHF, EUR, and SEK



Source: BofA Global Research, Bloomberg. Data as of Sep 22.

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

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

Source: BofA Global Research estimates

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

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

Source: Bloomberg and BofA Global Research estimates

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CA rates: more hikes priced in

Katie Craig
BofAS

Ralph Axel
BofAS

Themes: Risks to a hike after CPI

The BoC left their policy rate unchanged at their Sept meeting but an upside surprise in the latest CPI print has put the risk of another hike at their October meeting back on the table. Markets are currently pricing in a 60% chance of a hike in October and almost fully priced by year end. Our economists still call for the BoC to remain on hold for the rest of the year but the re-accelerating inflation places upside risks on that call. Market pricing now only calls for a little over one full 25bp cut in 2024.

The recent inflation print has also prompted a shift in CA performance relative to US. CA rates were outperforming US rates of the same tenor over the last few months, however, since the latest CPI print, front-end rates in CA have moved up significantly, relative to US rates. This is likely driven by more hikes being priced in due to a continuation of the upside surprises in the inflation prints. Long-end CA rates have also given up some of their outperformance vs US but to a lesser extent.

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. Market expectations for further BoC hikes could continue to drive the recent underperformance of CA rates at longer dated spreads.

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

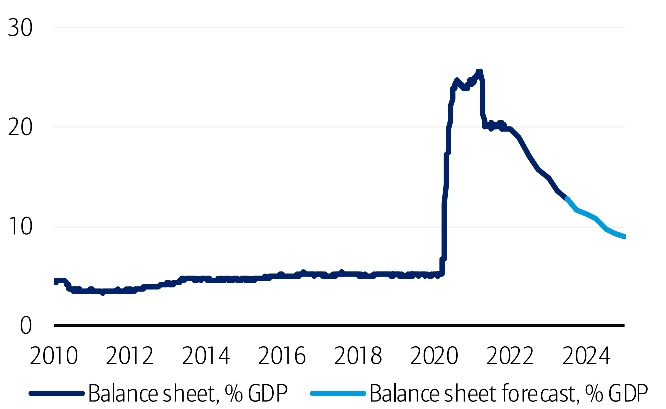
Forecasts: 2y and 10y forecasts below forwards

We add in forecasts for Q3 '24, Our 2y forecast is now below forwards due to less BoC hikes priced in while our 10y forecast is marginally below forwards due to signs of eventual economic moderation in the US and Canada by year-end & 1H'24.

Risks: skewed to the upside due to higher inflation

We see both upside & downside risks to the forecast, though acknowledge higher upside risks due to re-accelerating inflation. To the upside, hawkish BoC. To the downside, softening jobs & lending.

Exhibit 25: Bank of Canada balance sheet projection
We expect a vigorous pace of passive GoC rolloff ahead



Source: BofA Global Research, Bloomberg, Bank of Canada

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Exhibit 26: Government bond yield forecasts
2y & 10y forecasts below forwards

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

Source: BofA Global Research estimates

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Exhibit 27: Swap rate forecasts
We look for 10yr swap rate at 3.7% by year-end

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

Source: BofA Global Research estimates

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CAD: turning more cautious

Howard Du
BofAS

Themes: turning more cautious on CAD as global risk-off sentiment rises

At the time of writing, CAD is currently the best-performing G10 currency this month, in-line with our view that it was too oversold in August and should see a short-term bounce back (CAD after the August sell-off, 29 August 2023). Rising crude oil price this month supported CAD from the terms of trades channel. Higher than expected CPI data (Canada Watch: 19 September 2023) and hawkish BoC Summary of Deliberations further supported CAD through the monetary policy aspect.

Looking ahead, we would turn more cautious on CAD as short-term bullish catalysts have largely played out, with USD/CAD briefly falling to our Q3 forecast of a 1.33-handle on September 19. CAD investors have indeed looked past the negative Q2 Canada GDP print for now, but growth momentum is still pointing to the downside.

For the coming months, a series of US-centric event risks such as labor strike, government shutdown, and start of student loan repayment may also weaken growth data for the US. Our analysis finds deterioration of US growth historically has been risk-off and would be at least temporarily bearish for G10 high-beta currencies including the CAD (FX Viewpoint: 19 September 2023).

The dot plot forward guidance from theSeptember FOMC also turned out to be more hawkish than market expectation, souring the prevailing risk sentiment. We now hold a more neutral outlook for USD/CAD and expect elevated volatility for the pair in the coming months on the back of risk-off macro shocks.

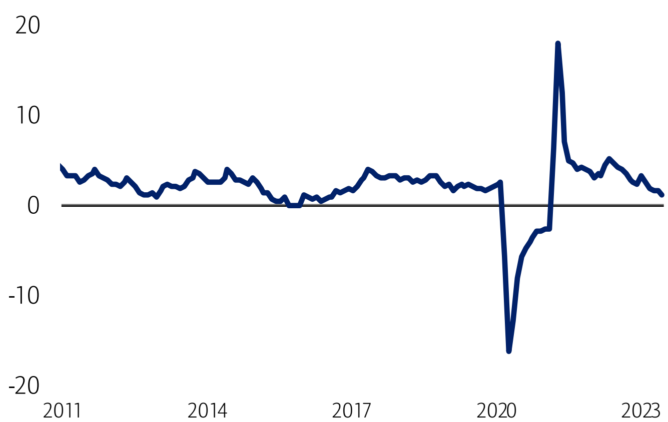
Forecast: no change to the forecast path

We retain the current USD/CAD forecast path and note the pair would likely see rising volatility in the coming months.

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

The risk to our forecast is still a decoupling in growths between Canada and the US. CAD could sustainably depreciate if Canada experiences a hard landing while growth remains resilient in the US.

Exhibit 28: Canada growth momentum is pointing to the downside
Canada monthly GDP (YoY sa)



Source: BofA Global Research, Bloomberg

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Exhibit 29: CAD forecasts
No change to USD/CAD forecast from previous month

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

Source: BofA Global Research estimates

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Exhibit 30: Major macro forecasts
Growth outlook softening

	2022	2023F	2024F
Real GDP (% yoy)	3.4	1.1	0.8
CPI (% yoy)	6.8	3.9	2.6
Policy Rate (end of period)	4.25	5.00	3.50

Source: Bloomberg and BofA Global Research estimates

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AU & NZ rates: prepare for landing

Oliver Levingston
Merrill Lynch (Australia)

Economic data challenges hawkish bias

Economic momentum is slowing fast in Australia and New Zealand. GDP growth was boosted by large positive contributions from the external sector in 2Q, but domestic demand was weak (See:New Zealand Economic Watch: GDP review: Too good to be true 21 September 2023 & Australia Economic Watch: GDP review: Constrained households 06 September 2023). Constraints in the household sector were clear despite strong population growth and positive labour market outcomes and we expect a much weaker 2H 2023. While these outcomes are positive for both the RBA and RBNZ as there is evidence of traction from policy tightening, near-term upside risk to inflation due to higher energy prices means a hawkish bias will likely be retained for longer. We think weak economic growth will weigh more than inflation outcomes going forward , which increases the hurdle for further tightening.

Backdrop of a softening economy

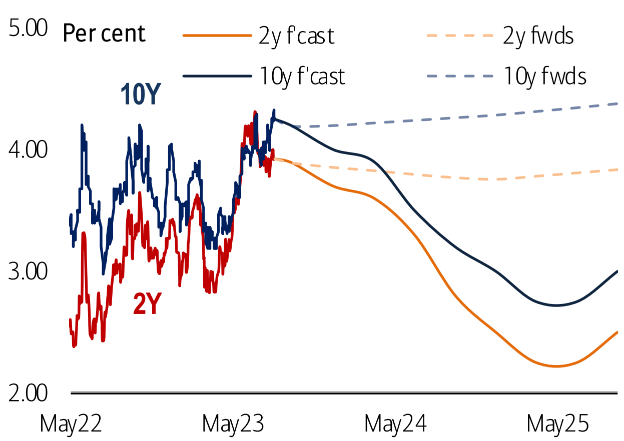
Monthly CPI came in below expectations, reinforcing our view that the RBA has already reached its peak cash rate of 4.1%. The curve has steepened by only a few basis points (bps), and we see a high probability that the 3s10s curve now returns to its 10-year average of 65bps – and overshoots if the RBA commences bond sales next year, as we anticipate. We see three key reasons to expect so:

1. Over the four hiking cycles since the 1990s, the curve has never flattened in a pause after rate hikes. The clearest risk to our view is further hikes.

2. Steepening usually occurs against the backdrop of falling term premia and we see a potential program of asset sales to be announced in Q4 2023 as adding about 37bps of term premium, which could mean 10y bonds lag any rallies more materially.

3. Finally, unlike the US, our forwards curve is pricing almost no steepening over the next two years.

Exhibit 31: Curves to steepen modestly, belly to rally
Our end-year 10y rate forecast is 4.50%



Source: BofA Global Research, Bloomberg

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Exhibit 32: Government bond yield forecasts
Revised forecasts: steeper curve, cheaper long end

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

Source: BofA Global Research

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Exhibit 33: Swap rate forecasts
Spreads to narrow as hiking cycle matures

	4Q 23	1Q 24	2Q 24	3Q 24	4Q 24
3y	3.70	3.60	3.50	3.20	2.70
10y	4.15	4.10	3.60	3.20	3.00

Source: BofA Global Research

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AUD: bullish crosses

Adarsh Sinha
Merrill Lynch (Hong Kong)

Themes: Lead-lags create uncertainty

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

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

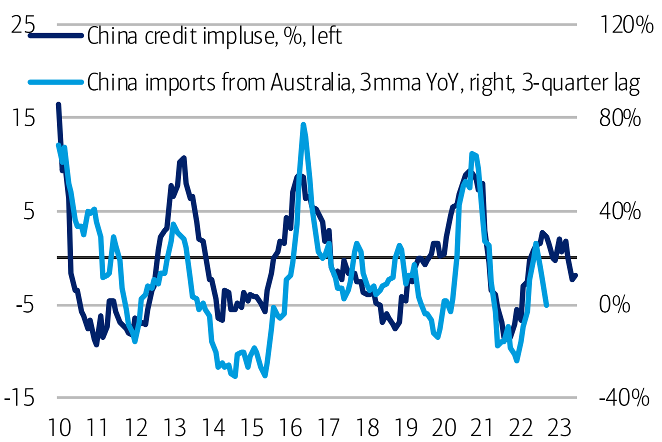
Forecasts: AUDUSD stable into year-end

We maintain our AUD/USD forecasts of 0.64 for year-end in light of technical risks, still hawkish Fed, weak China property market and absence of effective China policy stimulus. A China recovery will depend upon the magnitude and effectiveness of policy easing in coming months but is likely to be more evident in 2024 than 2023. This, along with a weaker USD and active RBA QT, can provide a more constructive backdrop for AUD next year (end-2024 forecast 0.71).

Risks: China policy easing

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

Exhibit 34: China imports from Australia vs. China credit impulse
China policy easing will support import impulse with significant lag



Source: Bloomberg

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Exhibit 35: AUD forecasts
Our end-year 2023 AUD-USD forecast is 0.64

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

Source: BofA Global Research estimates

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Exhibit 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	4.10	4.10

Source: Bloomberg and BofA Global Research estimates

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NZD: look through better data

Adarsh Sinha
Merrill Lynch (Hong Kong)

Themes: Better GDP, current account numbers

Strong 2Q GDP growth was driven by temporary cyclone-induced factors – government spending and net exports. spending held up relatively well despite leading indicators pointing to a decline. However, there is a clear deceleration in household consumption relative to 1Q despite strong international migration. Our economists expect the RBNZ to look through this temporary rebound in GDP and keep rates on hold.

The NZD remains weak, largely due to China concerns and weak dairy prices. To the extent the RBNZ began its tightening cycle earlier than most central banks, taking the OCR to highly restrictive levels will eventually weigh on growth and the currency in our view. Meanwhile the current account deficit of 7.5% of GDP remains elevated some recent narrowing, with the income deficit in particular likely to continue widening against a backdrop of higher rates.

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

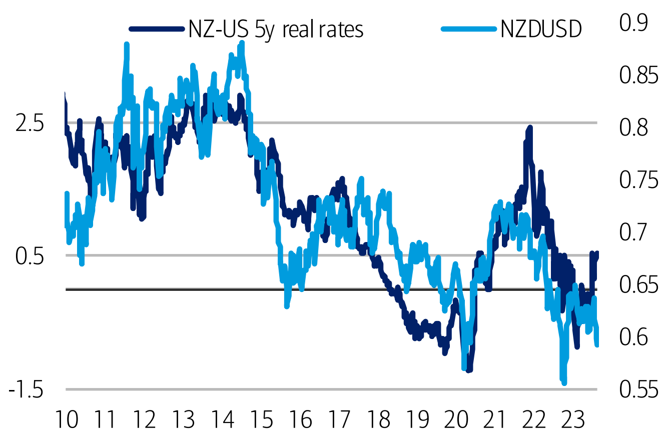
Forecasts: NZDUSD stable into year end

We maintain our NZD/USD forecast at 0.59 for year end in light of recent price action, still hawkish Fed and absence of effective China policy stimulus. NZD is vulnerable to any global risk-off episodes and even if China surprises positively, AUD is better positioned to benefit than NZD. We expect a gradual trend higher in AUD/NZD towards 1.10.

Risks: migration inflows

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

Exhibit 37: NZD/USD vs. 5y real rate differential
Rising risk premium in NZD relative to rate differential



Source: Bloomberg

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Exhibit 38: NZD forecasts
Looking for 2023 end-year NZD-USD at 0.59

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

Source: BofA Global Research estimates

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Exhibit 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: too strong, but all about the SNB

Athanasios Vamvakidis
MLI (UK)

Themes: SNB balance sheet still the driver, but investor flows now negative

CHF remains one of the most overvalued currencies in G10, together with the USD, and one of the best performing G10 currencies this year. We "blame" the hawkish SNB, despite the lowest inflation in G10 and being the only economy with both headline and core inflation rates below 2%. The SNB balance sheet reduction is key, as it involves selling of FX to buy CHF. Although we believe the SNB is done hiking, it is hard for the CHF to weaken for as long as the SNB is involved in such operations. We have been concerned that they are overtightening and believe this is not sustainable in the medium term. At the same time, further CHF upside may be limited, given historically extreme level. We also note that investor flows have now turn clearly negative. We still expect EURCHF to remain below parity this year, but somewhat above current spot. Technicals see CHF struggling into year-end (for more details, please see CHF defying gravity: outlook for the rest of the year 07 September 2023).

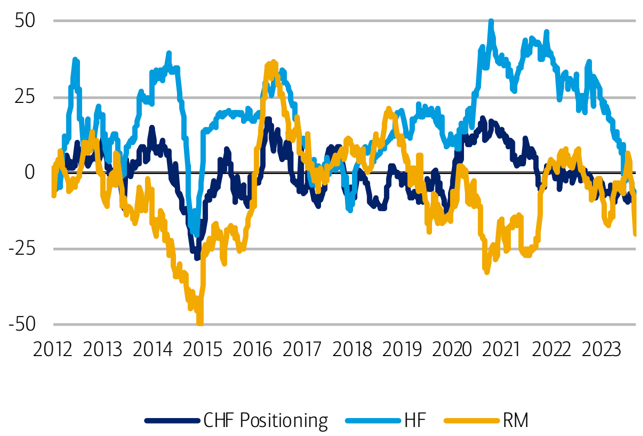
Forecasts: hard to weaken unless SNB pivots, but may have overshot

We expect EURCHF to remain below parity this year, with our end-year forecast at 0.98, which is 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: all about the SNB

Although the SNB's inflation target is a range between 0 and 2%, and therefore lower than the 2% in the rest of G10, we are concerned that the SNB is overtightening. For as long as they continue, CHF could reach new extremes. However, an SNB pivot could trigger a sharp CHF move lower.

Exhibit 40: CHF market position
Both hedge funds and real money have been selling CHF and positioning has now turned short



Source: BofA Global Research. Note: '+50 (-50) represents a max long (short) positioning relative to the past history. For details, please see Liquid Cross Border Flows: new look, same content 26 May 2021.

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

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

Source: BofA Global Research estimates

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

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

Source: Bloomberg and BofA Global Research estimates

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NOK: we stay constructive

Michalis Rousakis
MLI (UK)

Themes: see more upside by year-end but slightly cautious on risk & positioning

We continue to look for more NOK upside this year, especially vs. European G10 FX. Risk sentiment and positioning pose near-term downside risks.

NOK is c. 5% weaker than its recent history would suggest, down from c.7% in early June but up from 1% in July. We also flag that the role of demand-driven oil-price changes (i.e., indirectly, global growth) has grown in importance for NOK recently but that of Norges Bank has fallen, according to our estimates.

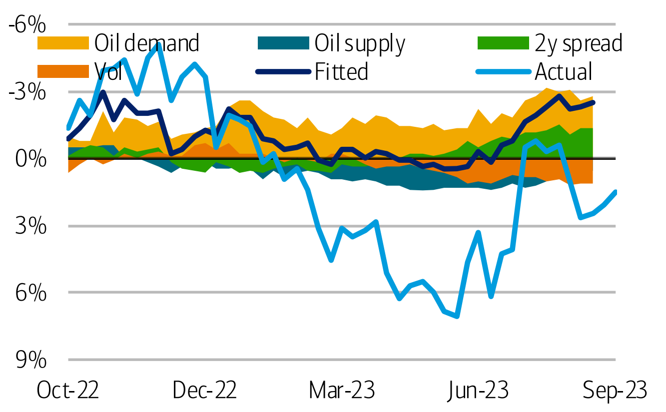
We remain constructive on NOK by year-end: First, our commodities team continues to expect Brent to average 90$/bbl in 2024 (Global Energy Weekly: The grind of the oil bulls 26 September 2023), suggesting it could spike past 100$/bbl even this year (Asia energy in the green despite Red China blues 12 Sep 23). Relatedly, our economists expect Chinese policymakers to roll out more measures in the coming weeks (China Watch: Some easing is delivered, and more to come 14 Sep 23). This could also support risk.

Second, we expect the Norwegian data to remain resilient and Norges to not disappoint expectations (Norges and Riksbank review: diverging 21 Sep 23). Norges has shown greater tolerance on inflation than other central banks by expecting still above-target inflation at end-2026. But with imported goods comprising c. 30% of CPI-ATE, Norges is unlikely to stay indifferent to more NOK weakness also given its economy's resilience (European Viewpoint: Nordics monthly: diverging 15 Sep 2023).

Forecasts: no changes. Risks: Fed, risk, oil, China, positioning

We continue to expect EURNOK at 11.00 by year-end, and NOKSEK at 1.06. Positioning, oil prices, risk sentiment and China sentiment remain key risks.

Exhibit 43: Fitted vs. actual NOK I-44 (inverted values)
NOK c. 5% at end-Aug weaker than past performance would suggest



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 Sep 22 for actual and Aug 25 for the New York fed data. Regression estimates are for Jan 18- Sep 22. We regress changes in (log) NOK I-44 (Norges' import-weighted krone index) on: demand- and supply-driven changes in (log) Brent crude spot prices as per the New York Fed Oil Price Dynamics Report data; changes in Norway's 2-year trade-weighted swap spread; and changes in the idiosyncratic NOK implied-vol spread.

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Exhibit 44: NOK forecasts
Year-end EUR-NOK forecast of 11.00 in 2023

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

Source: BofA Global Research estimates

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Exhibit 45: Major macro forecasts
Norway recovery slowing into 2023

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

Source: Bloomberg and BofA Global Research estimates.

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SEK: we remain cautious

Michalis Rousakis
MLI (UK)

Themes: still early to turn constructive on SEK

We expect slightly more and prolonged SEK weakness—despite finding it much undervalued—on "hard landing" risks, risks of meaningful consumer squeeze and around property markets, given Sweden's high rate sensitivity and stubborn ex energy inflation.

Through most of 2022 SEK was trading well in line with its recent history based on rate differentials, the USD, and risk sentiment. But since late Q4 2022 on SEK has completely disconnected from history which, we think, reflects higher "hard landing" concerns given Sweden's high rate sensitivity (see also [Global Economic Viewpoint: Is refinancing the kryptonite of monetary policy? 14 August 2023).]

Going forward, we have flagged clear progress on inflation (esp. ex energy) is what we need to turn more constructive on SEK. To this end, the August inflation print was encouraging. While we are not out of the woods yet, we think the Riksbank is done for now given this progress on inflation and Sweden's weakening growth outlook ([Norges and Riksbank review: diverging 21 Sep 23]). With the market pricing a very high chance the Riksbank will hike again in November, we then see near-term downside SEK risks. But we reiterate fewer Riksbank hikes from here are not necessarily bad for SEK further out. Put differently, growth and property-market risks remain important considerations.

The second reason we are cautious on SEK for the next months is our modestly bearish EURUSD call—we expect it at 1.05 by year-end. This is because we expect US to out-perform Europe, while we are also cautious on risk sentiment.

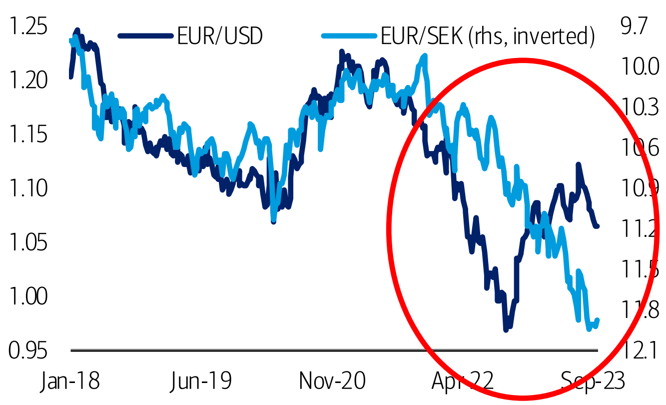
Finally, alongside its monetary policy decision the Riksbank announced it will start hedging part of its FX reserves. While clarifying this is not part of monetary policy, this does not mean this cannot impact FX. We continue to judge the amounts the Riksbank will hedge (USD 8bn and EUR 2bn within 4-6 months) to be not large enough for them to have anything more than a small (positive) and likely temporary impact on SEK

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

We forecast EURSEK at 11.70 by year-end. Risks are around global growth (risk sentiment,US & Fed, China), ECB, and property markets.

Exhibit 46: EURUSD vs EURSEK

EURUSD and EURSEK have recently diverged. Still, lower EURUSD on growth reasons is unlikely to help SEK, in our view



Source: Bloomberg, BofA Global Research. Weekly data through September 22.

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Exhibit 47: SEK forecasts

Our EUR-SEK forecast at end-2023 is 11.70

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

Source: BofA Global Research estimates

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Exhibit 48: Major macro forecasts

The Riksbank is very serious about inflation

	2022F	2023F	2024F
Real GDP (% yoy)	2.9	-0.7	-0.4
CPI (% yoy)	8.1	6.1	2.2
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: Growth momentum

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Growth momentum restored in Aug from the July low

Aug IP and retails sales growth picked up and came in better than our estimates and market consensus forecasts, while ytd FAI growth inched down slightly. The services sector gross output index also increased to 6.8% (vs. 5.7% in July). That said, Property sales and investment were yet to see material rebounds in Aug.

IP growth rebounded to 4.5% yoy in Aug from 3.7% previously, as mining (2.3%) and manufacturing (5.4%) growth improved from July. Utility IP growth softened on a high year-ago base (0.2%). By industry, IP growth of chemical products, metals, auto and electric machinery equipment remained robust, while that of computer and communication also picked up. IP growth for pharmaceutical (-6.2%) and non-metal mineral product (-1.6%) dropped in Aug.

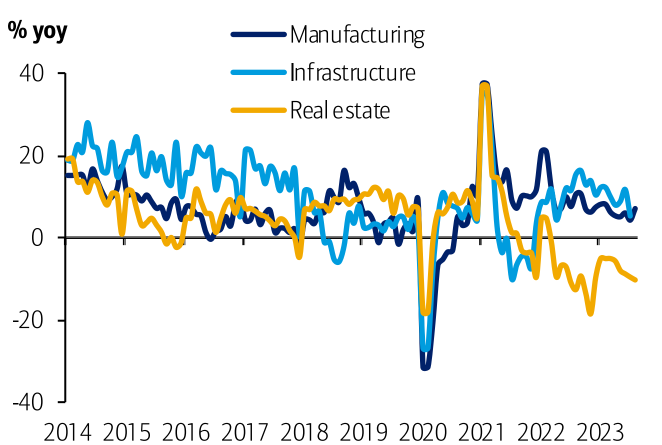
FAI growth accelerated to 2.0% yoy in Aug from 1.2% in July. In ytd terms, FAI growth decelerated to 3.2% yoy from 3.4%. Growth of manufacturing FAI (7.1% yoy, vs. 4.3% in July) and infrastructure FAI (6.2% yoy, vs. 5.3%) both improved, while property investment remained in double-digit contraction.

Nominal retail sales growth picked up to 4.6% yoy in Aug, vs. 2.5% previously. The two-year average growth rate (vs. 2021 level) also improved to 5.0% (vs. 2.6% in July). By breakdown, goods sales improved (3.7% yoy, vs. 1.0% in July), while catering sales continued to see double-digit growth (12.4% yoy, vs. 15.8%). The sales growth of discretionary goods, especially for cosmetics (9.7%) and jewelry (7.2%) rebounded notably, while that of household appliances, telecom devices and furniture also improved. Auto sales saw a small gain (+1.1% yoy, vs, -1.5% in July). Sales growth of grain, oil & food, beverage and tobacco & liquor softened. Online goods sales growth slowed to 9.5% yoy ytd from 10.0% in July.

Some easing is delivered, and more to come

The government has announced a flurry of easing measures since mid-August to boost confidence and prop up economic growth. We believe the period of more coordinated easing has just begun, and policy makers will respond more actively in Sep-Oct. These measures could include: LGFV debt solution, urban village refurbishment, further HPR removals and monetary and fiscal easing.

Exhibit 49: FAI sector breakdown
FAI growth in both infrastructure and manufacturing slowed in July



Source: BofA Global Research, CEIC, NBS

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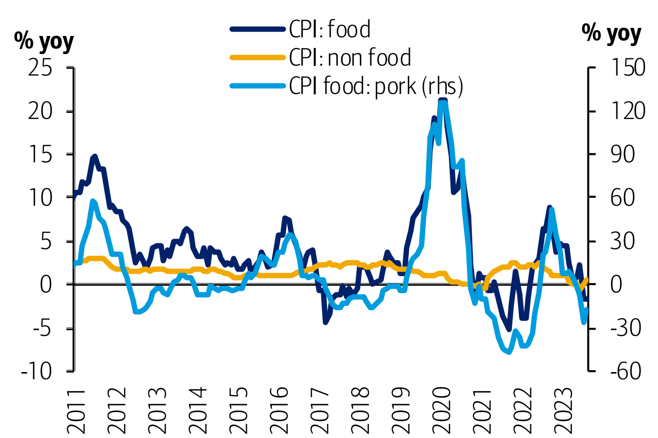
Exhibit 50: CPI inflation
Headline CPI inflation turned negative in July



Source: BofA Global Research, CEIC, NBS

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August CPI inflation back to positive territory but remained muted

CPI inflation picked up to 0.1% yoy in Aug, matching consensus but remaining muted. (Exhibit 50). PPI deflation narrowed to -3.0% yoy (vs. -4.4% in July). Food and energy price inflation drove the sequential increase in CPI, while PPI deflation narrowed on a lower base. We believe disinflationary pressure could continue towards the year-end, with underlying momentum staying weak

August credit demand see signs of stabilization

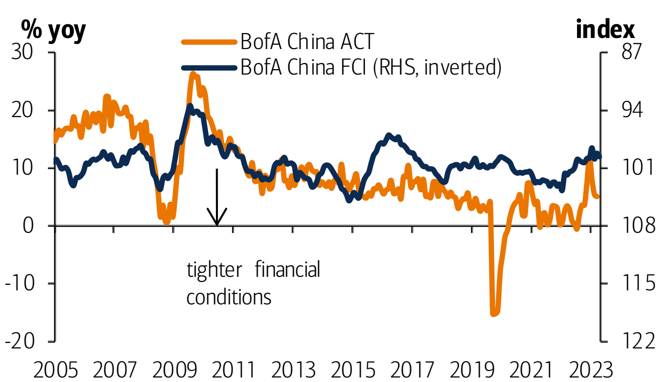
Our BofA China Financial Condition Indicator (FCI) tightened slightly to 99.6 in Aug from a revised reading of 99.2 in July, despite improvements in both credit growth and nominal interest rates. The smaller yoy CNY NEER depreciation dragged the headline FCI reading (Exhibit 51). Aug new loans and TSF both exceeded market consensus and our forecasts. New loans came in at RMB1,360bn (vs. RMB1,250bn in last Aug), with the outstanding loan growth remained at 11.1% yoy. New TSF came in at RMB3,120bn, with the outstanding TSF growth edged up to 9.0% yoy (vs. 8.9% in July). M2 growth inched down to 10.6% yoy, while M1 growth still stayed mute at 2.2%. Aug credut data suggests a stabilization in credit demand after easing in property policies.

CNY strategy: stress test and fear of floating

The PBoC continues to stabilize CNY actively using a wide variety of tools: Window guidance, macro prudential, cash flow management, much stronger-than-expected daily fixings, FX intervention and tightening CNH funding. This can be sustained for a couple of weeks, but ultimately runs counter to their efforts to provide accommodative monetary conditions, undermining policy credibility – see Asia FI & FX Strategy Viewpoint: CNY - Stress tests and the fear of floating 29 August 2023.

The key to turning confidence around will be a credible fiscal stimulus to counter weak demand and deflation risks. The approaching holiday period (Oct 2-6) around the China National Day celebrations is a quiet seasonal period for markets and will help buy time for policy makers. Economic data is showing signs of stabilization, but we remain concerned of upside risks to our year-end USD/CNY forecast of 7.20. The COMPASS FX valuation model is based on the estimated fair-value exchange rate consistent with an equilibrium current account. This suggests USD/CNY around 7.06, which is 10% below the current spot rate. On rates, we expect a modest steepening in the front end of the curve (1s5s) as growth expectations stabilize and front end liquidity remains flush.

Exhibit 51: BofA China FCI
Financial Condition Indicator tightened slightly to 99.6 in Aug



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

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Exhibit 52: USD/CNY forecasts
USD/CNY forecast to go lower7

	Q4 23	Q1 24	Q2 24	Q3 24
USD-CNY	7.20	7.10	7.00	6.80

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: Inflation back on track

Aastha Gudwani
BofAS India

Mohamed Faiz Nagutha
Merrill Lynch (Singapore)

Abhay Gupta
Merrill Lynch (Singapore)

CPI inflation moderated to 6.8% in Aug, tracking 5.3% in Sep

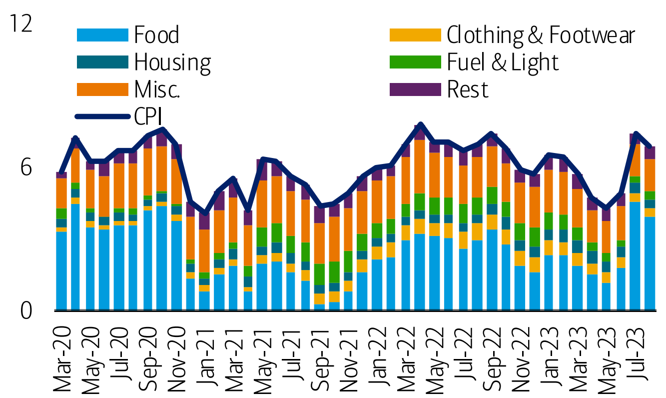
CPI inflation in Aug moderated to 6.8% yoy from 7.4% yoy in Jul. The entire decline in headline was due to lower vegetable inflation (Exhibit 1). CPI ex-vegetable inched up from 5.41% yoy in Jul to 5.49% yoy in August. Barring fuel & light category, all other segments of CPI saw slower inflation in Aug vs Jul. Vegetable prices Sep-till date are sharply lower. Add to this, the recently announced cut in cooking gas cylinder price could take Sep CPI inflation down to 5.3% yoy. We now see 2QFY24 CPI inflation average at 6.5% yoy (vs 7.2% yoy previously) and see FY24 average CPI inflation at 5.4% yoy (same as RBI's estimate). Quicker and sharper than expected correction in vegetable prices drives this revision. As for core CPI, RBI's preferred headline minus food & fuel moderated to 4.44% in Aug from 4.90% in July and our preferred core-core CPI inflation softened to 5.29% yoy in Aug vs 5.53% yoy in July.

In case of WPI, deflation narrowed to -0.5% yoy in Aug from -1.4% yoy in July. While fuel & light and manufacturing goods both continued to deflate, the pace of deflation for the former slowed. Primary articles inflation softened too. Core WPI fell by 9bp yoy from -1.76% in Aug.

Overall activity up in Aug after a lull

Overall economic activity improved in August vs July (see linked report). After an inauspicious month in the middle which arguably impacted discretionary demand, consumption sentiment revived in August. Mobility trends showed improvement in case of railways (both passenger & freight), flattish performance was seen in case of aviation, while port cargo traffic declined in line with seasonality.

Exhibit 54: % point contribution to headline CPI
Despite disinflation, food continued to be the largest contributor to CPI



Source: MOSPI

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Exhibit 55: Economic activity indicators, momentum vs trend
8/10 high frequency indicators saw sequential momentum in Aug'23 outpacing the median trend

(M-o-m in %)	Aug-23	Median Aug	(M-o-m in %)	Aug-23	Median Aug
Port cargo traffic	-1.3	-1.8	PV sales	2.6	-0.3
Railway freight	2.4	-3	2W sales	22.2	4.3
Aviation cargo#	1.4	3	Petrol demand	3.6	3.7
Civil aviation passenger traffic	0	0.4	Diesel demand	-3.2	-8.1
Railway passenger traffic	3.8	-0.3	Electricity generation	8.9	-0.4

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

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Automobile sales improved sharply; two-wheeler sales were particularly commendable. Petrol demand improved but diesel demand declined owing to seasonal factors. Adverse seasonal factor was also at play in case of tractor sales. Power generation continued to do well in August. Both manufacturing and services PMI continued to expand in August vs July. Exhibit 2 shows that 8/10 high frequency indictaors saw actual August m-o-m defeat median m-o-m performance.

Strategy: Bond index inclusion medium-term positive; near-term flows limited

Indian assets received a sentiment boost from inclusion into GBI-EM which would be a medium-term positive support for INR and IGB due to flows next year and deepening of financial markets. The near-term impact may, however, be muted as active investors would be deterred by low carry, consistent RBI accumulation of USDs and a flat yield curve. Over the past few months, RBI's accumulation of FX flows may have led to shortage of USDs elsewhere. The low carry pick-up against deteriorating terms of trade due to higher oil are increasing the risk of USDINR trading range moving higher.

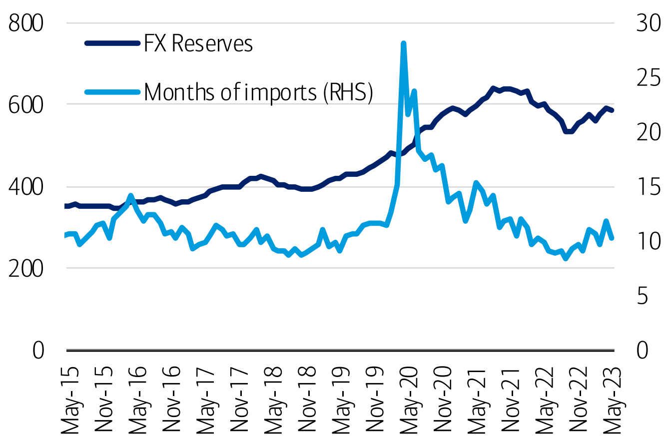
Inclusion news led to a knee-jerk rally in bonds but we believe the current level and flatness of yield curve partly reflected this expectation. IGB yields have stayed in a tight range, shrugging any concerns around higher inflation, large issuance, higher interbank rate due to tighter liquidity and global duration sell-off. Demand for duration has held-up with large purchases by banks even as easing expectations have been pushed back. Bond-swap spreads have also tightened sharply as swaps move sharply higher along with global rates while bond yields remained steady. In the absence of near-term active flows, bonds may come under pressure.

Risks

The key risk currently to our out of consensus call of one more hike is how serious the RBI MPC about the 4% CPI inflation target. If anchoring inflation close to target is indeed critical, we do see RBI MPC delivering one more 25bp hike and turning neutral.

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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Table 1: INR forecasts for 2023

Flows supportive of INR. End-2023 forecast at 82/USD

	Q4 23	Q1 24	Q2 24	Q3 24
USD-INR	82.0	81.0	80.5	80.0

Source: BofA Global Research

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Table 2: 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	6.3	5.5
CPI (% yoy)	6.7	5.4	4.5
Policy Rate (end of period)	6.50	6.75	5.50
Fiscal Bal (%/GDP)	-6.4	-5.9	-5.2
Cur Act Bal (%/GDP)	-2.4	-1.3	-2.2

Source: BofA Global Research.

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Indonesia: +ve growth/inflation trends

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Themes: BI focus remains on IDR stability; New tool to attract foreign inflows

Bank Indonesia (BI) kept its policy rate unchanged at 5.75% for the 8th straight meeting in Sep as widely expected. The central bank maintained a cautious tone, with policy focus on stabilizing the IDR amid expectations of one more Fed rate hike.

BI's domestic growth range for 2023 was maintained at 4.5-5.3%, on the back of unchanged global growth forecast of 2.7%. BI expects a final US Fed rate hike in Nov – in line with our house view. Domestic growth remains "solid", with the recovery affirmed by survey results showing high consumer confidence, positive retail sales, above-50 PMI and increasing cement sales.

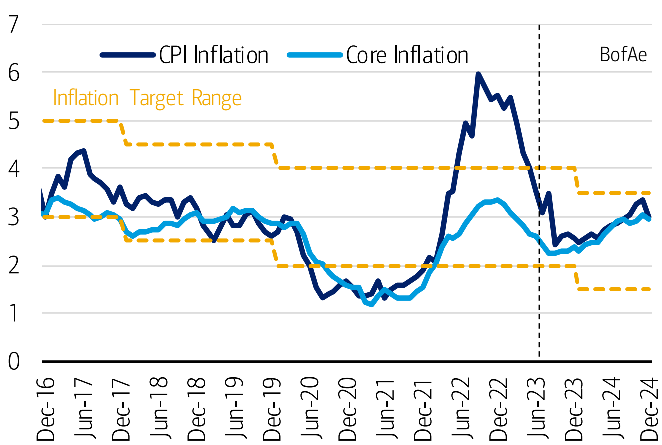
Inflation outlook was unchanged, taking comfort from the continued downtrend. BI continues to see inflation within the 2-4% target range for the rest of 2023, and within the new 1.5-3.5% target in 2024. Despite the surge in global rice prices, BI is confident that the government's rice policies will help to keep inflation manageable.

BI kept its current account forecast at -0.4% to +0.4% of GDP for 2023, implying a 2H outturn between -1.0% and +0.6%. Trade surplus rebounded to $3.1bn in Aug from $1.3bn in Jul, which suggest that the compression in Jul due to increase in lumpy imports was one-off. Nonetheless, exports growth may remain subdued in the near-term given the still soft global outlook, and prices of global coal still far below that of earlier in the year. As such, we still see current account tracking at the lower half of BI's forecast range.

Credit growth rebounded to 9.1% yoy in Aug vs 8.5% in Jul, with BI attributing this to growth in the business services, trade and social services sectors. Credit growth remains on track to meet BI's 9-11% forecast for the year (YTD: 9.2%), with should receive further support from new incentives from 1st Oct (previously announced in Jul) aimed at boost lending and expected to add IDR 47tr to liquidity.

To help strengthen its FX tool kit, BI in late Aug announced a new tool (SRBI – Bank Indonesia Rupiah Securities) to attract foreign inflows. BI noted that it will set "attractive rate" for the new SRBI bills (tenors of 6, 9 and 12 months). These will replace the previous reverse repo operations and use BI's government bond holdings as the underlying collateral.

Exhibit 57: CPI & Core inflation (% yoy)
Inflation should stay within BI's target range through end-2024



Source: BofA Global Research estimates, Haver, CEIC

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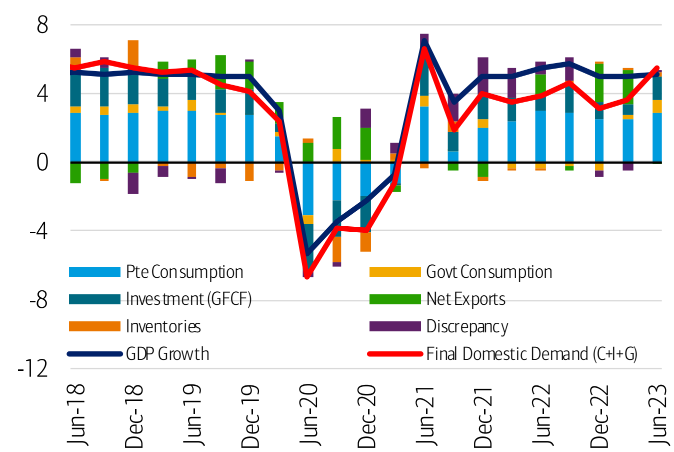
Exhibit 58: Contribution to % yoy GDP growth (%-point)
GDP growth averaged 5.1% yoy in 1H23



Source: BofA Global Research estimates, Haver, CEIC

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While these can only be purchased by commercial banks in the primary market, they are transferable and can be owned by both resident and non-resident investors. Thus far, BI is encouraged by the first 2 auctions of the new tool, which saw bid-to-offer ratio of 4.2 times and 3.1 times respectively.

Policy rate cuts unlikely in the near-term

We continue to see little maneuvering room on the policy rate front, with the hawkish Fed pushing any potential easing further down the road. We reiterate our view that BI will likely keep policy rate on hold through the rest of 2023 and also note the risk of a delay to the timing of our first cut (end of 1Q'24) if the IDR remains under pressure

Strategy: Narrow carry and elevated NEER weighs on IDR

In our macro trip notes, we highlighted increasing concerns on Indonesia's down-streaming story and a protracted period of political uncertainty heading into the presidential elections early next year. While doubts are creeping-up on the medium-term structural story, the recent trends in trade balances and turn in current account into deficit has further fueled long USD positions. In the near-term, USD strength amidst narrowing carry buffer and elevated IDR NEER may continue to keep IDR on a slow depreciation path. With a relatively open capital account weighing on repatriation and conversion of export proceeds, policymakers have focused on maintaining yield-differential against US rates to attract more capital inflows.

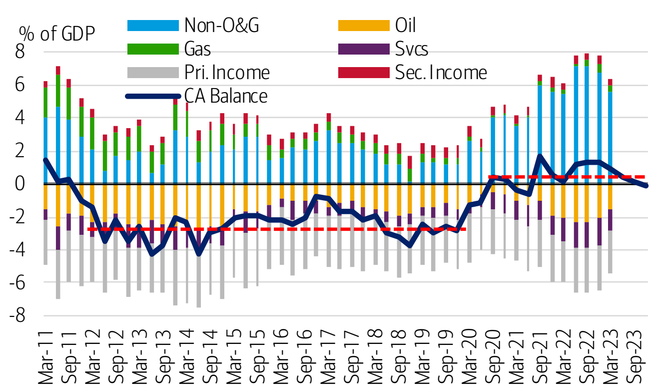
However, despite various measures on export repatriation and introduction of new bills to attract foreign inflows, the success of these instruments has been limited. Market would continue to test BI's capacity to intervene on spot reserves and via DNDF book where we still see ample room for BI to maintain currency defense. USD softening would be needed to change corporate hedging behavior and open room for IDR appreciation. We raise our USDIDR projections for end-2023 to 15,400/USD.

Bonds are relatively better placed due to continued fiscal outperformance and low and stable inflation. With BI dialing back from bond sales to drive yields higher and the possibility of a further reduction in pace of issuance, there is room for the yield curve to flatten further. However, any rally in bonds may be limited by elevated front-end yields and concerns on higher auction sizes in 1Q24 and long positioning in 5-10y sector.

Risks appear quite balanced on growth, but upside for inflation

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

Exhibit 59: Current account position (% of GDP)
We 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 60: IDR forecasts
Forecast end-23 at 15,400/USD

	Q4 23	Q1 24	Q2 24	Q3 24
USD-IDR	15,400	15,300	15,200	15,100

Source: BofA Global Research

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Exhibit 61: Major macro forecasts
GDP growth at 5.0% in 2023

Indonesia	2022	2023F	2024F
Real GDP (% yoy)	5.3	5.0	5.3
CPI (% yoy)	4.2	3.6	2.9
Policy Rate (end of period)	5.50	5.75	4.75
Fiscal Bal (%/GDP)	-2.4	-1.8	-2.3
CurAct Bal (%/GDP)	1.0	-0.3	-0.7

Source: BofA Global Research

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Korea: BoK likely on Hold

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Theme (1): C/A forecast upgrade

After suffering a record deficit in 1Q23 thanks to lower tech export and higher commodity price, Korea's current account (C/A) made a strong return in the subsequent quarter. The improvement was largely on better terms of trade for goods account as well as the resilient inflow in primary income account.

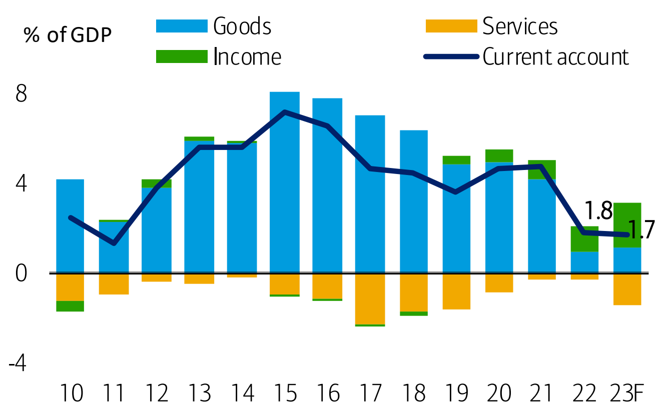
Previously, we expected the current account (C/A) balance would achieve a decade low of 1.1% of GDP in 2023, mainly driven by weak good surplus as well as higher service deficit amid imbalanced tourism recovery. While we still see such pattern likely for the remaining year, we have revised up our previous forecast slightly higher on the back of relatively better trajectory for tech export cycle, resilient primary income, as well as the boost from potential increasing inbound tourism especially from China.

In sum, despite the still widening services deficit let by resilient trend in outbound tourism, we expect Korea's C/A balance improve on sequential basis and may reach 2.2% and 2.4% of GDP in 3Q and 4Q, respectively. On an annual basis, we expect C/A balance to come in at 1.7% of GDP (USD29.4bn) this year, slightly lower than the previous year's surplus of 1.8%. We also expect the current account to see further improvement amid the upturn of tech cycle in the coming year.

Theme (2): 2024 Budget: Fiscal prudentce to continue

Announced in late August, the 2024 Budget reaffirms the prudent fiscal policy stance of the current administration, its spending is set to only rise by 2.8% yoy in 2024, the lowest increase since 2005. Albeit a very modest rise in headline budget spending, the government continued to favor spending on social welfare compared to other sectors, including R&D and education. On the other hand, government revenue is set to fall 2.2% yoy, led by declines in tax revenue. As a result, consolidated and managed fiscal deficit is expected to widen slightly to -1.9% and -3.9% in 2024, respectively.

Exhibit 62: Current account annual forecast
We revise up our Korea's C/A balance forecast to 1.7% of GDP



Source: Haver, BofA Global Research estimates
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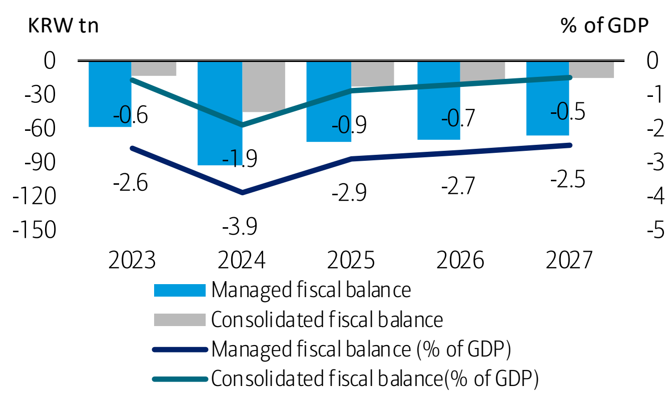
Exhibit 63: Consolidated and managed fiscal balance
Fiscal deficit is expected to widen in 2024



Source: MoEF, BofA Global Research
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Aug Data: Exports recovery, inflation breaking above 3%

The contraction in Korea exports narrowed to 8.4% year-on-year (vs -16.5% in July), exceeding our forecast and market consensus (both at -11.8%). Import growth came in at -22.8% year-on-year (vs. -25.4% in July). This resulted in a monthly trade surplus of USD0.9bn (vs surplus of USD1.6bn in July), the third straight month of trade surplus. On a per-day basis, exports contraction narrowed to 6.5% year-on-year from -16.4% in July while the per-day value rebounded slightly to USD2.16bn vs USD2.14bn in July.

CPI inflation rebounded strongly in August, rising to 3.4% year-on-year from 2.3% in July, much above the market consensus and our forecast (of 2.9%). The sequential momentum rose to 1.0% mom from 0.1% in July, largely due to sharp jumps in oil and food prices. Meanwhile, core inflation was unchanged in August. Core (excluding agriculture and oil products) and core (excluding food and energy) inflation were 3.9% and 3.3% respectively, same as last month.

Strategy: Turning bullish on improving terms of trade

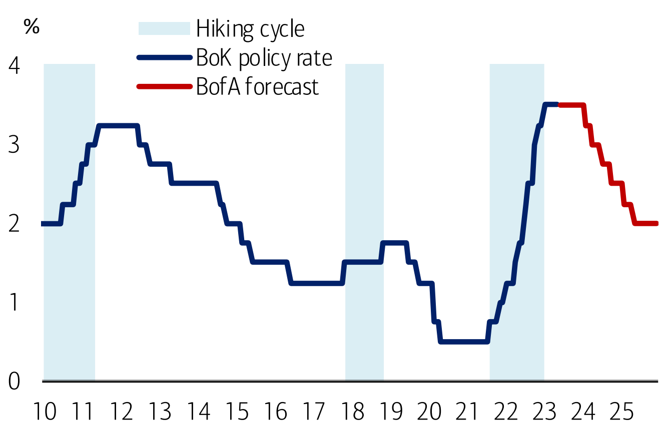
As noted in our report Asia FI & FX Strategy Watch: Relative green shoots for the Korean won 15 September 2023, we are turning more constructive on KRW due to improving terms-of-trade and more supportive equity portfolio flow. We believe these positive drivers for KRW valuation will help so long as the PBOC maintains a relatively high funding cost to discourage the market from shorting RMB. So long as USDCNH can remain stable, we believe it will give KRW the space to rally on a relative basis.

Firstly, given the persistent USD strength and our call for one more Fed hike , currently we would like to stay away from the USDKRW cross and like to use KRW on a relative value basis. The pair we chose to sell against KRW is SGD. We estimate the S$NEER to remain close to the top-end of the band and has limited room for further short-term appreciation.

Secondly, with a similar 1-month FX implied yield, we believe using SGD is more efficient from a FX carry perspective relative to funding with CNH.

Exhibit 64: Policy rate forecast

We expect BoK to cut in 1Q24 through 2025



Source: BofA Global Research

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Exhibit 65: KRW forecasts

KRW to remain on an appreciation trend

	Q4 23	Q1 24	Q2 24	Q3 24
USD-KRW	1330	1305	1280	1210

Source: BofA Global Research

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Exhibit 66: Major macro forecasts

Korean economy will gradually wane to potential growth

Korea	2022	2023F	2024F
Real GDP (% year-on-year)	2.6%	1.4%	2.2%
CPI (% year-on-year)	4.9%	3.4%	2.4%
Policy Rate (end of period)	3.5%	3.5%	2.5%
Fiscal Bal (%/GDP)	-3.0%	-0.6%	-1.9%
CurAct Bal (%/GDP)	1.8%	1.7%	1.8%

Source: BofA Global Research

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Hong Kong: Higher-for-longer-rates

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Inflation stayed muted; retail sales resilient

CPI inflation remained unchanged at 1.8% yoy in August, below market consensus and our expectation at 2.0%. Food price inflation edged up, but utility price inflation moderated. Netting out the government's one-off relief measures, the underlying inflation moderated further to 1.5% in August from 1.6% in July.

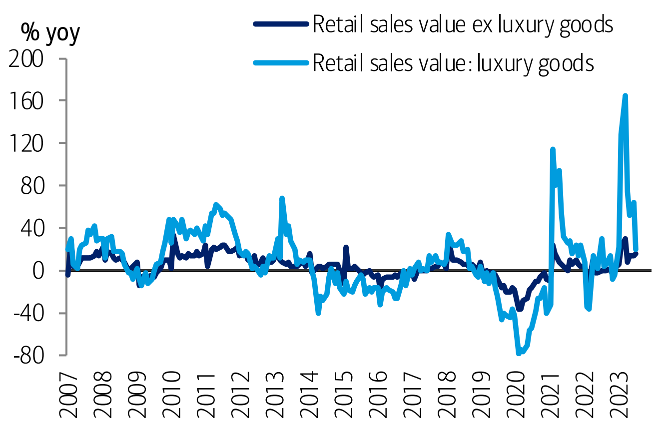
Hong Kong's retail sales rose by 16.5% yoy in July, slightly slower than the market consensus of 18.0% and after 19.6% in June. HK retail sales continued to be resilient, but the tourism pickup in July appeared to boost luxury store sales less than expected. Visitor arrivals in July reached 65.7% of July 2018, vs 58.0% in June, yet luxury store sales declined sequentially. If that is proved a trend in coming months, the tourism rebound could have less of a boost on local growth than expected. In addition, some residents have substituted local consumption with that overseas or in mainland China, also negatively affecting local consumption.

FX and Rates: We like to pay HIBOR on dips

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

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

Exhibit 67: Hong Kong retail sales growth trend
HK retail sales stayed robust amid tourism rebound



Source: Census and Statistics Department, CEIC

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

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

Source: BofA Global Research estimates

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

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

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

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Malaysia: BNM on an extended pause

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Themes: BNM keeps OPR unchanged & signals neutral OPR

Bank Negara Malaysia (BNM) held Overnight Policy Rate (OPR) unchanged at 3% as expected in Sep. Notably, the central bank signaled that the policy rate is now at its neutral level by noting that the stance is "supportive of the economy and consistent with the current assessment of the inflation and growth prospects". Previous language of "slightly accommodative" stance was removed.

We reiterate our view that the MPC is likely to keep OPR unchanged for some time, taking additional comfort from today's signal that policy has reached a roughly neutral level. The previous "slightly-accommodative" language had kept the door open for a further hike, but we think the door is now quite firmly shut (unless growth/inflation prospects change dramatically). Meanwhile, we also think the bar for a rate cut is high as growth is likely to stay at around 4% (in 2023) or slightly higher (in 2024).

Strategy: Risk from negative carry and weak China growth

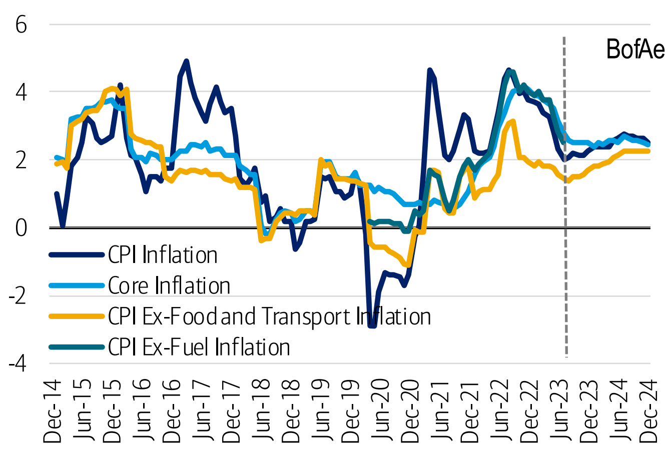
External headwinds from tighter Fed policy and weak China growth continue to weigh on MYR. Questions on Malaysia have focused on the potential policy measures to contain further MYR weakness due to concerns on BNM's net FX reserves. Tighter liquidity and higher interbank rates appear consistent with that outlook but interest-rate differential against the US remains too wide. BNM may continue to lean on a combination of intervention and window guidance to increase conversion of export proceeds and reduce capital outflows may help support MYR if it comes under pressure.

Bonds have begun sellingoff breaking out of a tight-range earlier which was supported by strong duration demand from the pension funds. Further sell-off is possible as MGS yields still appear rich compared to global rates given expansionary fiscal outlook in Malaysia. Larger move higher in yields would be capped by strong pension fund flows.

Growth risks are balance; Inflation risks tilted to the upside

Key growth risk is from external demand, esp. if China recovery falters. Domestic policy changes could pose upside risk to inflation, while BNM is on data dependent mode.

Exhibit 70: Measures of CPI inflation (%yoy)
We expect headline and core inflation to ease further through year-end



Source: BofA Global Research estimates, Haver

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

	Q4 23	Q1 24	Q2 24	Q3 24
USD-MYR	4.66	4.62	4.58	4.56

Source: BofA Global Research

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Exhibit 72: Major macro forecasts
Below trend growth, smaller C/A surplus & still-large fiscal deficit in 202

Malaysia	2022	2023F	2024F
Real GDP (% yoy)	8.7	4.0	4.3
CPI (% yoy)	3.4	2.8	2.6
Policy Rate (end of period)	2.75	3.00	3.00
Fiscal Bal (%/GDP)	-5.6	-5.0	-4.3
CurAct Bal (%/GDP)	2.6	1.9	1.9

Source: BofA Global Research

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Philippines: Another hold by the BSP

Jojo Gonzales
Philippine Equity Partners

Abhay Gupta
Merrill Lynch (Singapore)

Another hold despite a surprise August headline inflation print

The Bangko Sentral ng Pilipinas (BSP) kept its policy rate unchanged in September, maintain the rate at 6.25% for the fourth straight meeting. The September pause was widely expected but the next move remains well-debated, especially in view of the uptick in August inflation and the potential for the Fed to hike yet again in November. Nonetheless, the BSP still expects food and fuel inflation to dissipate quickly but raised its 2023/24E average inflation forecast to 5.8/5.3%, from 5.6/3.3%. The BSP next meets on Nov 16.

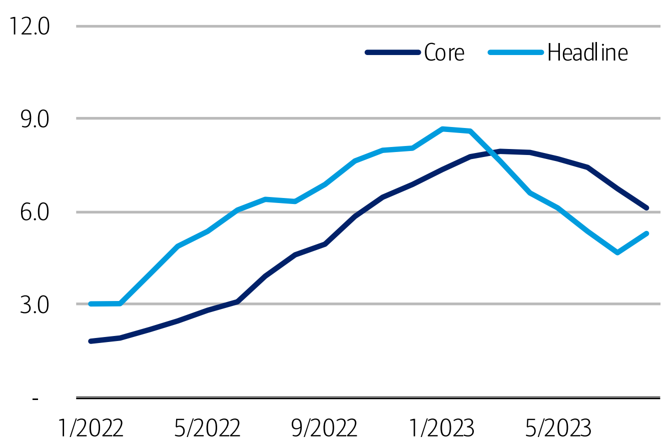
Headline inflation in August jumped to 5.3% YoY, from 4.7% in July. Headline inflation also rose 1.1% MoM. Rice and Transport rose 4.9% and 2.3% MoM. Core inflation, which excludes rice, fuel and other select food, continued to recede to 6.1% YoY in August, from 6.7% in July (+0.4% MoM). The BSP maintains that headline inflation will be within the 2-4% target range by late 2023.

PHP – Near-term support from offshore debt issuance vs deteriorating ToT

PHP has remained relatively stable despite concerns on the fundamental outlook due to still wide current account deficit. A combination of government funding and banking system flows kept BoP in a surplus during 1H. However, government funding flows in 2H may be slower while higher oil imports continue to deteriorate Philippines' terms of trade (ToT).

Government has just announced retail USD bond issuance to tap on offshore Pilipinas demand but the size is expected to be towards the lower end of USD 1-2 Bn range mentioned earlier. Sukuk issuance later this year is still on the cards but higher offshore funding costs vs onshore yields make it less attractive to issue a large size. BSP's hawkish comments recently indicating a potential hike in the next meeting could offset provide support against further narrowing of interest-rate differentials.

Exhibit 73: Headline inflation jumped in August
Core inflation continues to recede



Source: CECI data, PEP estimates

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

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

Source: BofA Global Research

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Exhibit 75: Major macro forecasts
2023-24E estimates

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

Source: BofA Global Research

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Singapore: Stay the course

Mohamed Faiz Nagutha
Merrill Lynch (Singapore)

Abhay Gupta
Merrill Lynch (Singapore)

Kai Wei Ang
Merrill Lynch (Singapore)

Themes: MAS to keep policy "tight"; Risk skewed to slope steepening

Despite growth uncertainties, the Monetary Authority of Singapore (MAS) is likely to remain vigilant to inflation risks. At the upcoming semiannual Review in mid-Oct, MAS would likely prefer to keep policy stance "tight". However, MAS need not necessarily steepen the S$NEER slope (we expect no change), as the effects of past "aggressive" tightening moves are still working through and likely seen as sufficient in supporting the latters stages of dis-inflation. The S$REER has risen substantially since Jan'22, while S$NEER continues to trade on the stronger side of the band.

Our base case is for MAS to keep FX settings unchanged as well in 2024, premised on expectations for core inflation to be seen returning to the 1.5-2% range in 2025 and growth outlook to brighten. Still, inflation concerns could linger in 2024 and take precedence over growth considerations (given MAS' price stability mandate). As such, MAS may prefer to keep policy "tight" via a firm S$NEER for some time. We see risk skewed towards a steeper slope to deliver more durable tightening. Back in 2012-14, the slope was maintained at 2% p.a. when core inflation was seen sticky at ≥2%.

Strategy: SGD NEER risk-reward neutral at current levels

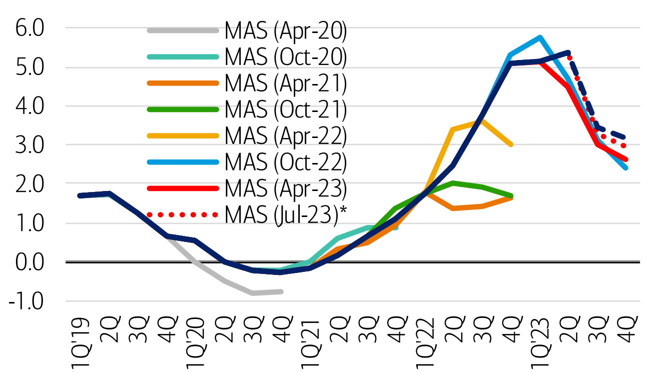
The SGD NEER remained steady around 1.2% above mid, on our model, providing steady carry from slope with low volatility. But current levels also leave room for correction within the band in the hard-landing scenario leading to risk-off move. We expect SGD NEER to continue trading around 1% above the mid which offers a neutral risk-reward against downside risks. On bilateral basis vs USD, SGD could face further pressure as CNY weakness and NEER correction could add to broader USD strength.

SORA (Singapore overnight rate average) fixings have been steady despite higher US rates, which is a reflection of MAS's comfort with the current policy settings as being sufficiently tight. Long-end of the bond curve has steepened as a result of large issuance this quarter. But with the upcoming 30y issuance marking end of issuance for the year, SGS 10s30s may flatten as long-end would be well-supported in 4Q.

Risks are balanced on inflation, but downside on growth

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

Exhibit 76: 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 77: SGD forecasts
SGD relative outperformance in 2023

	Q4 23	Q1 24	Q2 24	Q3 24
USD-SGD	1.350	1.335	1.320	1.310

Source: BofA Global Research

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Exhibit 78: Major macro forecasts
We see below-consensus growth in 2023, but inflation staying high

Singapore	2022	2023F	2024F
Real GDP (% yoy)	3.6	1.0	2.1
CPI (% yoy)	6.1	5.0	3.4
Policy Rate (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: CBC to stay higher for longer

Miao Ouyang
Merrill Lynch (Hong Kong)

Chun Him Cheung, CFA
Merrill Lynch (Hong Kong)

August export growth continued to improve on AI momentum

Taiwan's exports witnessed a smaller contraction in August (-7.3% yoy, vs. -10.4% in July), slightly below our forecast (-6.5%) but beating the market consensus (-8.6%). Imports dropped by 22.9% yoy in August (vs. -20.9% in July). Trade surplus inched up to US$8.6bn from US$8.5bn in July, marking another month of record high number.

The better headline export growth was helped by a low year-ago base, as well as continued strength in info & comm products (+43.1% yoy) due to AI related demand. We expect export growth to pick up and turn positive by yearend. Yet, external demand headwinds could persist in near term.

September CBC meeting review: higher for longer

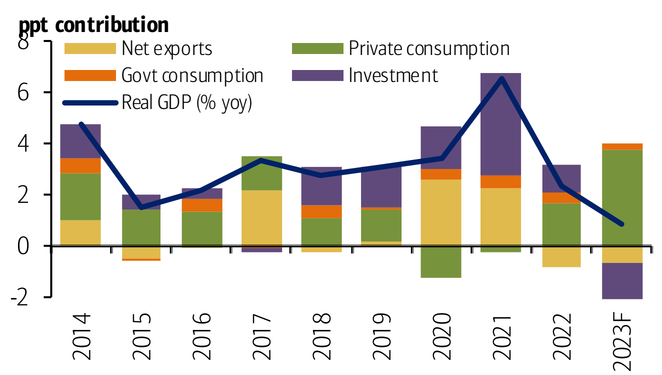
Taiwan's central bank (CBC) kept its policy rate unchanged at 1.875% at its quarterly monetary policy meeting today, in line with our expectation and the market consensus. As expected, 2023 GDP growth forecast was trimmed to 1.46% (from 1.72%) while inflation estimates were kept largely steady. The "higher for longer" pledge reaffirms our expectation that the CBC will stay on an extended hold throughout 2024.

Strategy: USDTWD – Risk skewed for higher USDTWD in 4Q

Spot USDTWD moved aggressively higher since mid-July due to the combination of equity outflow, weak economic sentiments from mainland China and lifers continuing to buy US$ using bond ETFs (see: Asia FI & FX Strategy Watch: Taiwan lifer update – September 2023 07 September 2023).

Since our last Asia FX Monthly update, Taiwan released its July export figures and July 2023 reported a historic-size trade surplus for Taiwan (see: Taiwan Watch: Tech exports hit a turning point? 11 August 2023) due to the strong demand for Taiwanese servers required to train artificial intelligence tools. However, the strong export performance did not translate into FX strength, and we think the trade balance will unlikely impact the performance of USDTWD for the rest of 2023. Throughout July and August, US$-buying activities from the financial accounts have overwhelmed the US$-selling activities from the current account.

Exhibit 79: 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 80: TWD forecasts
We expect USDTWD to edge lower in the coming quarters

	Q4 23	Q1 24	Q2 24	Q3 24
USD-TWD	31.7	31.5	31.2	30.3

Source: BofA Global Research estimates

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Exhibit 81: Major macro forecasts
We expect no change in the policy rate for the rest of 2023 and 2024

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

Source: BofA Global Research estimates

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Thailand: Stimulus and discipline

Pipat Luengnaruemitchai
Kiatnakin Phatra Securities

Abhay Gupta
Merrill Lynch (Singapore)

Theme: No more hiking

The new government has approved a series of subsidy measures alongside a new medium-term fiscal framework. This framework envisions a trajectory of higher budget deficits and an increased public debt-to-GDP ratio, edging closer to the debt ceiling of 70% of GDP. The key policy is the digital wallet, which aims to give Bt10,000 to everyone aged above 16, which would cost Bt560bn or about 3% of GDP. The financing of the digital wallet handout remains unclear, casting a shadow on its potential economic impact. The cabinet's approval of electricity and diesel price cuts, which will be funded by reductions in the excise tax, also put pressure on the fiscal burden in the environment of rising energy prices.

These policies could have substantial impacts on current accounts, debt sustainability and overall liquidity in the domestic financial markets. As the handout size is substantial, it could encourage durable goods consumption, which is even higher in import content, while the fuel and energy price subsidies would also encourage fuel imports. In terms of liquidity issues, the use of state banks could delay the need to raise funds through the debt market, but the funding pressure and deposit competition may rise eventually.

Risks

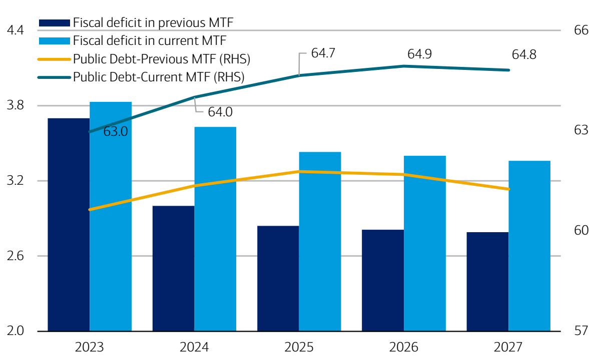
While keeping our base case of no more hikes, we think the risk of another rate hike is rising substantially. The Monetary Policy Committee may factor in the prospect of a large fiscal stimulus into its decision-making and pre-empt the risk of higher inflation with another rate hike. In addition, these policies combined with rising energy prices could hinder the return to the current account surplus and keep pressure on USDTHB.

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

THB has found limited support from the government expansionary policies due to continued equity outflows and weak trade data. Thailand's goods trade deficit remains wide due to elevated energy imports and weak exports. Along with weaker tourism spend and higher imports of other goods, this has weighed on the current account recovery. A further pick-up in tourism in seasonally strong 4Q would help improve THB's prospects towards the end of this year but any further increase in oil prices and USD strength could pose risk to that outlook. We revise USDTHB end-2023 forecast higher to 35/USD due to extended USD strength.

Chart 1: The new government raised the deficits and public debt path

Medium term fiscal deficit and public debt (% of GDP)



Source: Ministry of Finance, KKPS

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Exhibit 82: USD/THB forecasts

Tourism recovery led appreciation.

	Q4 23	Q1 24	Q2 24	Q3 24
USD-THB	35.0	34.5	34.0	33.5

Source: BofA Global Research

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Exhibit 83: Major macro forecasts

Major macro forecasts

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

Source: BofA Global Research

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EEMEA

South Africa: Economic outlook less gloomy post 2Q GDP

Tatonga Rusike
MLI (UK)

2Q GDP prints 0.6% qoq, 1.6% yoy

September has opened the spring season in South Africa. starting off with better-than-expected 2Q GDP outcome. The economy grew 0.6% qoq, and 1.6% yoy, better than expectations (BofA 0.2% qoq and 1.2% yoy, consensus 0.3% and 1.2% respectively). The positive qoq growth is an improvement from 1Q 23 of 0.4%, and a contraction of -1.1% in 4Q 22. As we expected, industrial sectors lifted growth while trade sectors subtracted from growth. The moderation in power cuts in June relative to May has helped uplift economic activity in key sectors. Manufacturing had the highest lift with 0.3% contribution, followed by finance services 0.2%, mining 0.1%, and agriculture 0.1%. Trade sectors including wholesale and retail sales subtracted 0.2% while transport and communication also contracted subtracting 0.1%.

Positive capex but time to worry about the consumer

The interesting dynamics are more on the expenditure side. Private sector investment spending is strong- even grew stronger compared to 1Q- 3.9% vs 1.8%. Fixed investment contribution was the highest helped by actual investment in machinery and equipment (11% qoq increase) plus increase in inventories. Some investment is tied to imports of equipment such as solar panels to reduce the impact of power cuts on businesses. The positive investment trend is a departure from pre-pandemic drags. However, the weakening consumer signals are there- household consumption has contracted for the first time since the July riots in 3Q 21, resulting in a drag to growth.

2023E growth improves to 0.7%, from 0.5%

Overall economic outlook is still weak but not as gloomy given half year performance. We now expect full year forecast of 0.7% in 2023, previously 0.5%. We assume no contraction in remaining quarters but very low positive qoq growth. The 0.7% growth estimated in 2023 compares to almost 2% posted in 2022. We expect a modest pick-up in 2024 to 1.6% (from 1.5%) as extent of power cuts reduce compared to 2023. The consumer may find some room for spending as we believe central bank interests have already peaked and SARB could likely cut the policy rate by 75bp in 2024.

SARB holds, flags higher CPI risks on rising oil prices

The good news on CPI deceleration year on year - from 6.3% in May to 4.8% in August - is likely over. Upside risks abound over the next couple of months, particularly from fuel, which should lead to inflation likely to reach 5.5%. This reflects fuel prices rising 7.5% mom in Sept. Oil prices have surged to $90 per barrel, a rise of 20% in just two months, while USDZAR has depreciated by 5% since July MPC. Food price pressures still abound despite coming off a decent harvest season. SARB has kept policy rate unchanged at 8.25% in September monetary policy meeting. However, they have flagged upside risks to the inflation outlook and stands ready to act on data changes. We now expect the first SARB cut in 2Q 24, previously 1Q 24. We maintain our forecast of 75bp of cuts in 2024 and 50bp in 2025. We see headline CPI returning to 4.5% only in 4Q 24. Between now and then, inflation is likely to be in a 5-5.5% range. A policy rate of 8.25% suggests enough room to accommodate SARB's desired neutral rate of 2.5%.

Strong USD to YE, but weakness could then support ZAR

Our US economics team expects the last Fed hike in November 2023, and the first rate cut only in June 2024. Still-strong US economic data and sticky core inflation should keep the USD strong to year-end and the ZAR on the backfoot. However, a weaker USD on post a soft landing could support the ZAR outlook for 2024E. We estimate USDZAR at 18.5 (previously 18) by the end of 4Q 23.

Fed nearing the end of its hiking cycle

Our US economists believe that the July PCE inflation data were soft enough to keep the Fed on hold at its September meeting. However, the recent acceleration in spending raises the risk inflation will remain stickily high. In particular core inflation could remain further away from 3%, rather than volatile headline inflation. Therefore, we think it is too early for policymakers to declare victory on inflation, and the Fed will ultimately deliver on the June dot plot by hiking 25bp one last time in November, for a terminal Fed funds rate of 5.5-5.75%. Our economists also believe that the Fed will deliver 75bp of cuts next year, starting in June and proceeding at a quarterly pace.

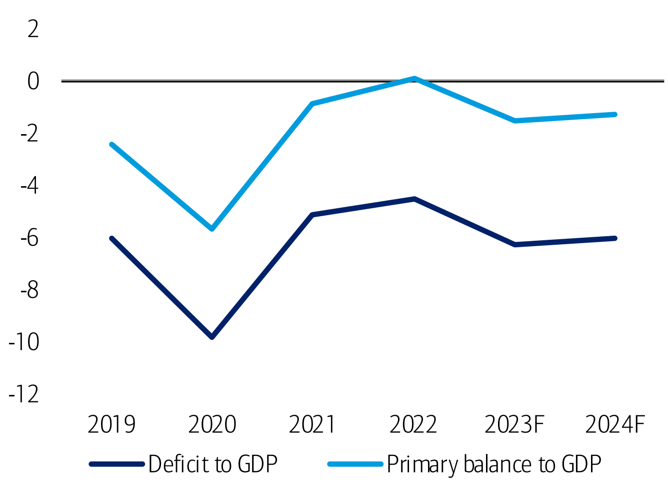
We estimate a 2023 fiscal deficit of 6.1% vs 6.3% before

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

Main risks

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

Exhibit 84: Historical Fiscal Balances and forecasts as % of GDP
Fiscal consolidation pace set to weaken with likely higher deficit in 23/24



Source: Haver, BofA Global Research

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Exhibit 85: ZAR Forecasts
Strengthening ZAR in 2023 largely due to weaker USD

	Q4 23	Q1 24	Q2 24	Q3 24
USD-ZAR	18.5	18.1	18.0	17.0

Source: BofA Global Research

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Exhibit 86: Major macro forecasts
Weakening economic growth outlook

South Africa	2022	2023e	2024F
Real GDP (% yoy)	1.9	0.7	1.5
CPI (% yoy)	6.9	5.9	4.7
Policy Rate (end of period)	7.0	8.3	7.5
Fiscal Bal (%/GDP)	-4.4	-6.1	-6
CurAct Bal (%/GDP)	-0.5	-2.3	-2.7

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

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Türkiye: hiking cycle continues

Zumrut Imamoglu
MLI (UK)

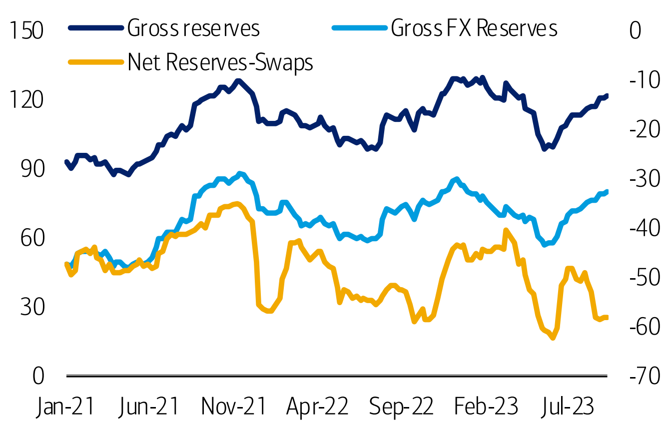
Themes: CBT delivers 500bp in September – still further to go

The CBT delivered the expected 500bps hike in September. Guidance on monetary tightening in the statement has been unchanged for three consecutive meetings, signalling that the central bank will continue to hike the policy rate and use quantitative measures at the same time. We now see the year-end policy rate at 35% (previously 30%) and CBT to deliver another 500bp hike in October but we see probability that they can slowdown the pace to 250bp in next two meetings. We also see and upside risk to finishing the year at 40%. We still anticipate the terminal rate at 45% in 2Q following local elections, with upside risk of it reaching 50%. The central bank continues decisively on the path towards normalisation, and we believe the slowdown in domestic demand will become more visible in 4Q. However, we remain cautious as the recent oil price increase will weigh on the current account (CA) deficit this winter and inflation momentum remains strong.

Gross reserves increased on the back of swaps

Since the election in May, net reserves excluding swaps have increased only $2.3bn while gross reserves increased $23bn. Main driver behind gross reserve accumulation was increase in bank swaps by $20bn. The current account deficit was still sizable at $58.5bn on a 12-month basis in July. Net gold imports were $30.7bn and net energy imports were $66.4bn. Services income remained at $51.7bn. We expect the current account balance to be flat or slightly positive in August and September. However, oil prices have increased 27% over last three months and weigh on the balance. We now see the year-end deficit at $47bn (previously $42bn). The higher oil price not only implies higher inflation but also that the slowdown in domestic demand will have to be sharper to help correct the deficit if the CBT is willing to accumulate reserves. That's why we now see upside risk on our 45% terminal rate forecast in 2Q24.

Exhibit 87: Gross and net reserves excluding swaps (USD bn)
Net reserves excluding swaps still largely negative



Source: Haver, CBT

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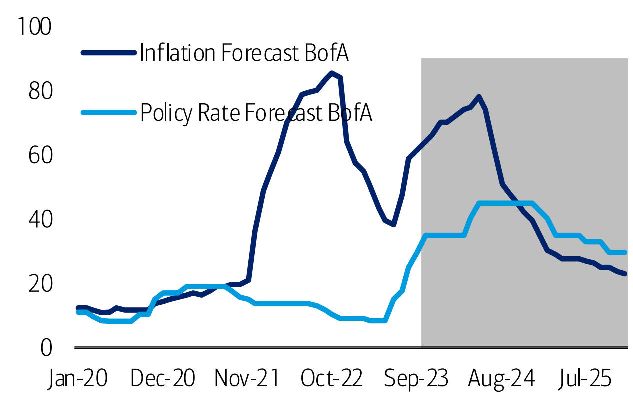
Exhibit 88: Inflation forecast path
We see inflation peaking by May at 78% and 2024 year-end at 40%.



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

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Deposit and loan rates rise on the back of increase in the policy rate

The banks are required to convert 50% of TRY-TRY and 10% of FX-TRY accounts in the FX-protected deposit scheme. To meet the requirement banks have started offering higher deposit rates at 45-50% on regular TRY accounts. Consumer loan rates have also increased following policy rate hikes from 46% to 60% on average. Commercial loan rates reached 41% on average. PMI in august was down from 50 to 49 and manufacturing new orders were down 48.4 to 46.3. However, not all weakness was due to domestic tightening as new exports orders were also down 49.3 to 47.2. As policymakers keep hiking, we expect more catch-up in loan rates. The slowdown in the domestic demand will be more pronounced in 4Q.

Tax increases and wage hikes mostly passed through

CPI inflation was a again high at 9.1% mom in August pushing yoy rate to 58.9%. Main drivers were tax increases as well as minimum wage increase in July. The CBT believes most of the pass-through is now complete and mom inflation will slow down. Pass-through from energy prices and depreciation continues. Inflation is still across the board and very high. PPI inflation was also high at 5.9% mom but lower compared to 8.2% in July. It continues to weigh on consumer prices. We see inflation at 70% at year-end and expect the peak at 78% in May.

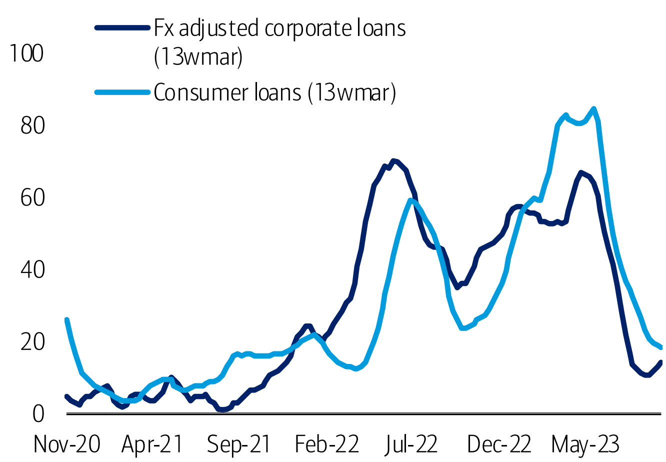
Forecasts

We revised our current account deficit forecast up from $42bn to $47bn for 2023 and raised our policy rate expectation to 35% for year-end from 30% previously. We keep our TRY forecasts in-line with our inflation forecasts.

Main risks

Higher energy prices and geopolitical events.

Exhibit 89: Credit growth, annualized 13-week moving average, %
Loan growth decelerates following the elections



Source: CBT, BRSA, BofA Global Research

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Exhibit 90: TRY forecasts
We expect TRY weakness to continue after the MPC

	Q4 23	Q1 24	Q2 24	Q3 24
USD-TRY	30.0	32.0	35.0	37.0

Source: BofA Global Research

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Table 3: Major macro forecasts
High inflation and external financing needs weigh on medium term growth

Türkiye	2022	2023F	2024F
Real GDP (% yoy)	5.6	3.5	3.0
CPI (% yoy)	64.3	70	40
Policy Rate (end of period)	9.0	35	45
Fiscal Bal (%/GDP)	-1.1	-5.8	-5.4
CurAct Bal (%/GDP)	-5.6	-5.2	-3.7

Source: BofA Global Research

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Czechia: dovish macro, hesitant Governor

Mai Doan
MLI (UK)

Themes: 5% is real rates too restrictive for weak economy

Our Prague visit revealed that dovish sentiment has built up further at the central bank since the summer, as we expected, though our call for the first rate cut in November remains a close call. Governor Michl still seems reluctant to start the easing cycle soon, possibly due to fears of potential public criticism or CZK weakness. However, with the macro backdrop calling for imminent rate cuts, we think a consensus for easing can be reached at the next forecasts update in November. We maintain our baseline that the CNB rates will fall from 7% currently to 6.50% by YE2023. The alternative is a delay of the first cut to December or even February, in which case we do not think the CNB will deliver catch-up outsized moves beyond 25bp/50bp per meeting.

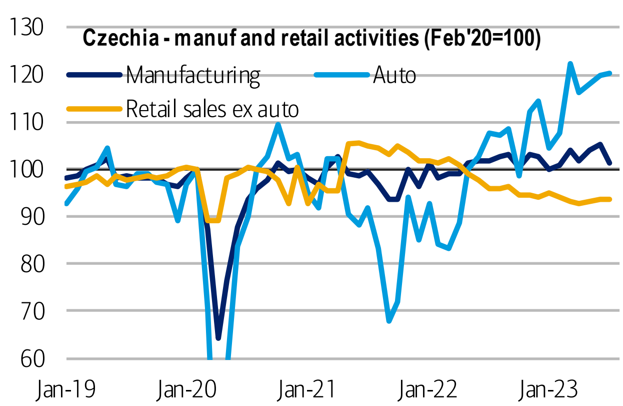
We see the repo rate falling to 4% by the end of 3Q 2024. This is slightly above the 3% neutral, as the CNB likely wants to contain the risks from the tight labour market and potential rebound in consumption once the household saving rate normalises. Recent data have reduced the CNB's key concerns, i.e., risks of inflation expectations being de-anchored and a wage-price spiral. Core inflation is falling faster than the CNB's expectations (6% yoy in August vs CNB's 6.2%). Within core inflation, the momentum in service inflation excluding imputed rents, which closely reflects domestic demand pressure, has declined substantially to 3.5% in August.

Some CNB Board members, including Governor Michl, are hesitant to cut now given uncertainty over where inflation will be in January, but a "a rear-view mirror approach" is increasingly challenged. We hear an overwhelming acknowledgement in Prague that nominal rates at 7% is too restrictive, no matter what. Inflation will average far below 7% next year (likely around 2.5%) and the economy is depressed. Private consumption is nearly 9% below pre-pandemic levels. The manufacturing sector outside of autos has been in recession for several quarters, and the latter has been propped up mainly by the large order backlog. The weakness in Germany adds to growth concerns among locals.

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

As CNB cuts are likely starting in the fall, and our analysis suggests that receiver trades work well about 3 months before the first cut. We thus like to position via a [FRA flatenner]. The CZK is likely to be under pressure to depreciate as the market focuses on the upcoming cutting cycle, though the BoP outlook remain supportive. Next year weaker USD and strong BoP position should help the CZK to appreciate again vs the EUR.

Exhibit 91: Czechia – economy in recession outside of auto sector
Retails sales and manufacturing activity



Source: Haver, BofA Global Research

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Exhibit 92: CZK forecasts
CZK to weaken as CNB cuts

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

Source: BofA Global Research

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Exhibit 93: Major macro forecasts
CNB to start cutting soon on continued disinflation and weak growth, but no economic and social/political pressure cut aggressively

Czech Rep	2022	2023F	2024F
Real GDP (% yoy)	2.5	0.0	2.2
CPI (% yoy)	15.1	10.9	2.3
Policy rate (%, end of period)	7.00	6.50	4.00
Fiscal bal (%/GDP)	-3.6	-4.0	-2.2
CurAct bal (%/GDP)	-6.1	-1.0	1.1

Source: BofA Global Research

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Egypt: IMF puts focus on reform, support

Jean-Michel Saliba
MLI (UK)

View: sidelined

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

The 1Q23 current account deficit stood at US$3.5bn, and narrowed sequentially to US$8.2bn (2.0% of GDP) on a 12-month trailing basis, from a peak of US$20.5bn (6.0% of GDP) in 4Q16. Net international reserves (NIRs) stood at US$34.9bn in August (5.5 months of import coverage), from US$33.2bn in September 2022. The Central Bank of Egypt (CBE) now holds an additional US$4.7bn in Fx deposits not reported in reserves.

The carry trade is unlikely to return in the same way as in the 2016 IMF program. Foreigners held US$12.7bn of T-bills in April 2023. Banks' Net Foreign Assets (NFAs) stood at -US$16.2bn in July 2023.

Urban Consumer Price Inflation (CPI) inflation was 37.4% year-on-year (yoy) in August 2023. The inflation target is 7% (+/-2%) in 4Q24 and 5% (± 2%) in 4Q26. We expect the CBE to have a tightening bias, given the global backdrop and impact of Fx weakness.

Fiscal consolidation is likely to be restored within the IMF program to help anchor debt dynamics. The primary surplus target is 2.5% of GDP in FY24 and over the medium-term.

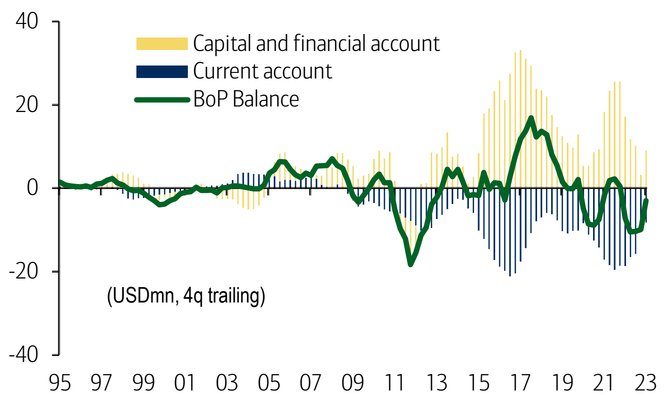
Forecasts: increased flexibility in USD/EGP

USD/EGP volatility is likely to increase under a "durably flexible" FX arrangement. The implied EGP path in the IMF program suggests nominal depreciation broadly in line with inflation differentials to maintain real competitiveness going forward.

Drivers

CBE Monetary Policy Committee meeting (23 November), IMF Extended Fund Facility reviews, fiscal and Fx reserves data, Fx flexibility, geopolitics.

Exhibit 94: Egypt Balance of Payments dynamics
Current account deficit needs to narrow



Source: Haver, BofA Global Research

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Exhibit 95: EGP forecasts
USD/EGP to exhibit increased flexibility

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

Source: BofA Global Research

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Exhibit 96: Major macro forecasts
USD/EGP flexibility is key to narrow external imbalance

Egypt	2022	2023F	2024F
Real GDP (% yoy)	6.7	4.0	4.0
CPI (% yoy, avg)	8.5	24.4	25.0
Policy Rate (end of period)	11.25	18.25	23.25
Fiscal Bal (%/GDP)	-6.2	-6.0	-7.0
CurAct Bal (%/GDP)	-3.5	-3.2	-2.3

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

BofA GLOBAL RESEARCH

Hungary: growth calling, HUF in question

Mai Doan
MLI (UK)

Themes: Fidesz wants growth = lower rates and weaker currency longer term
We see an emerging desire for growth, which will likely affect macro policy thinking in the medium term, though the administration is still divided and highly constrained in the near term by limited budget room, a lack of EU funds, and high inflation. In the next few months, the NBH will likely maintain its focus on HUF stability and deliver rate cuts according to exchange rate developments. If EUR/HUF stays around 390 levels or below, the NBH will likely continue cutting in 100bp steps. But it may be forced to reduce the pace of easing or pause if the HUF is under persistent depreciation pressures, which is possible in our view. We now see YE2023 base rate at 11% from 11.5% previously, though subject to the HUF developments. We maintain our call for the base rate to fall to 6.50% by YE2024.

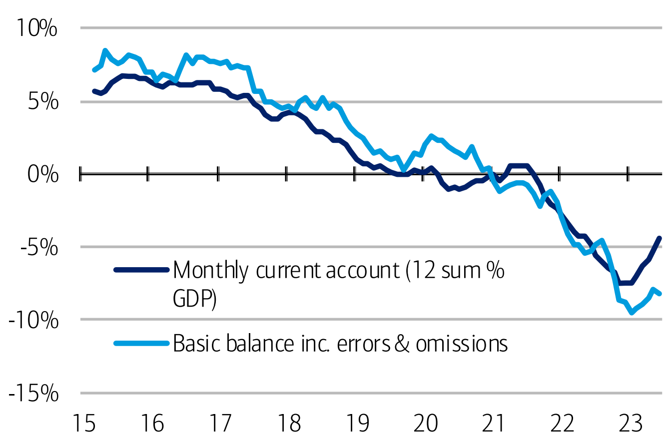
The 2023 budget deficit target will likely be revised up from 3.9% of GDP to probably c.5-6%, implying risks of higher issuance and more sectoral/bank taxes. We think Hungary will try to unblock cohesion funds this year as this is critical for financing and growth, but recovery funds are more complicated, and could be delayed well into 2024.

The economy has been in recession with four consecutive quarters of negative qoq growth rates. of fighting inflation and 2024 will be about producing growth. Monetary easing and a weaker HUF will be the only tool to revive growth as fiscal room is tight and EU funds are still challenging. RRP money will likely delayed until 2H 2024, while cohesion funds disbursement is not very straightforward.

A budget revision is imminent, but the outcome is uncertain as Fidesz is trying to balance the risks of the EU's fiscal monitoring vs its wish for 2024 to be a "year of growth". The budget gap in the first eight months was at 97% of the full-year target of 3.9% of GDP. This run rate would mean a deficit in the order of 6-7% of GDP this year. The Debt Management Agency (AKK) may need to come back to the Eurobond market earlier than it thinks.

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

Exhibit 97: Hungary – balance of payments
Current account has turned around, financing less stressed



Source: Haver, BofA Global Research

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Exhibit 98: HUF forecasts
HUF to weaken on NBH cuts and government's desire for economic growth

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

Source: BofA Global Research

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Exhibit 99: Major macro forecasts
Weak growth, falling CPI may motivate a more dovish NBH stance

Hungary	2022	2023F	2024F
Real GDP (% yoy)	4.6	0.0	2.8
CPI (% yoy)	14.6	18.0	5.2
Policy rate (%, end of period)	13.00	11.00	6.50
Fiscal bal (%/GDP)	-6.3	-5.5	-3.3
CurAct bal (%/GDP)	-8.1	-0.6	0.3

Source: BofA Global Research

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Israel: inflation surprises on the upside

Zumrut Imamoglu
MLI (UK)

Themes: inflation increases on the back of higher oil prices and weaker ILS

In August inflation surprised on the upside at 4.1% yoy. The main drivers were travel services which increased 20.9% yoy on the back of weaker ILS and rising oil prices. Tradables inflation, excluding clothing, jumped to 4.3% yoy and non-tradables inflation excluding fruit, vegetable and housing was 3.3%. 12-month ahead inflation expectations were at 2.8% and long-term expectations remain anchored well around the mid-point. We see year-end inflation at 3.9%.

The Bank of Israel (BoI) is likely to keep rates unchanged in its October meeting despite recent jump in inflation as the increase was not broad. However, we believe that the probability of a hike in November has increased. If inflation continues to surprise on the upside and BOI sees more evidence of pass-through from ILS weakening and increased diffusion, one more hike would be on the table.

Survey indicators still pointing to a mild slowdown in the economy. Loan growth showed a small uptick in June and preliminary wage data showed an increase at monthly pace. However, we still see overall conditions in line with our expectation of 2.5% growth in 2023. The budget deficit continued to widen in August increasing to 1.3% of GDP on a year-to-date (ytd) basis. We still see it at 2% at year-end since we expect a sizable drop in the tax revenues this year. Expenditures year-to-date were up 7.3% in August and revenues were down by 3.9%.

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.

Forecasts

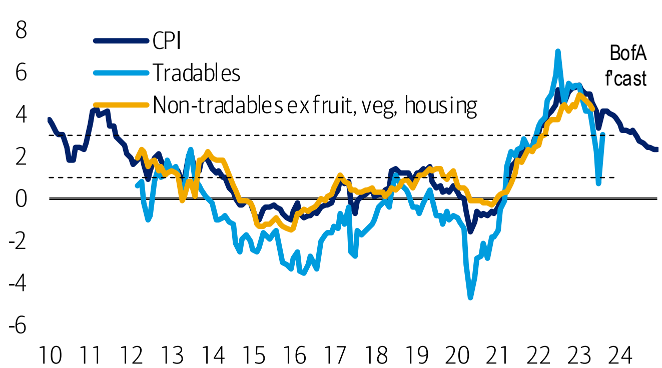
The USD/ILS exchange rate weakened amid political uncertainty and escalation of tension with Iran. Given our bearish views, we expect ILS to remain weak in 3Q23 and believe that BOI could intervene if ILS weakens further than our expectations.

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 100: Inflation

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



Source: Haver, BofA Global Research

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Exhibit 101: ILS forecasts

ILS enjoys LT appreciation bias, but ST weighed by political noise

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

Source: BofA Global Research

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Exhibit 102: Major macro forecasts

Strong recovery and higher inflation motivates BoI rates normalisation

Israel	2022F	2023F	2024F
Real GDP (% yoy)	6.5	2.5	3.5
CPI (% yoy, eop)	4.6	3.6	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: reshuffling risks

Vladimir Osakovskiy >>
Merrill Lynch (DIFC)

Following exporters, the RUB

We think that one of the key drivers behind the recent KZT move was the government's decision to drop the mandatory FX sales requirement for exporters, which has cut SOEs' FX sales from an average of $300m per month in 7M23 to just about $36m in August. Taking into account the likely similar reduction of FX sales from other exporters, the net reduction of FX supply due to this measure was apparently one of the key factors behind the KZT move. On top of that, the local FX market might have seen seasonal retail FX outflows around the holiday season. The currency might have also followed the RUB in the latest round of weakness through the remaining trade links. On top of that, the President has also replaced National Bank leadership earlier in the month, creating additional policy uncertainty.

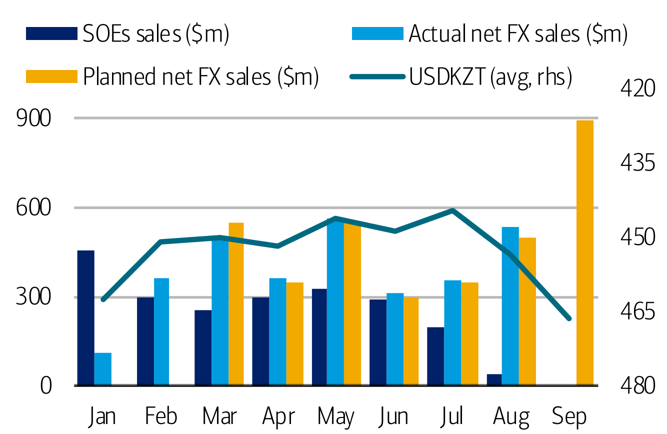
Catching falling KZT

We also believe that the importance of these factors should start to fade as FX supply from exporters should start to normalize with time. At the same time, we note that Russian Central Bank has already delivered a cumulative 550bp in three consecutive rate hikes, viewing RUB as one of the key drivers behind inflationary pressures in the country. We are also reluctant to think that the change in governor will be negative for KZT, as general policy should remain intact. However, expected cautious assessment during October 6th policy meeting clearly remain an important test to this benign view.

Easing on track, caution warranted

The National Bank has delivered a cautious 25bp rate cut in July, which was the start of a prolonged easing cycle, in our view. The strong base effect from last year's CPI spikes will likely push annual inflation to around 11% yoy by the end of this year and all the way to 6% in 2024. This, we expect, leaves the door open for another two rate cuts this year. However, with the 5% inflation target only achievable in 2025, we think that rate cuts will be limited to a cumulative 50-100bp by the end of 2023 (to 15.5-15.75%). At our expected 15.5-15.75% level by the end of this year the policy rate should remain in material positive territory in real terms, keeping it fundamentally supportive for the KZT.

Exhibit 103: Drop in SOEs FX sales seems to drive KZT weakness
Official FX sales have only been rising past 2M



Source: National Bank, Bloomberg

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Exhibit 104: KZT Forecasts
USD-KZT to at 430 by end 2023

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

Source: BofA Global Research

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Exhibit 105: Major Macro forecasts
GDP growth at 3.0% in 2023

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

Source: BofA Global Research

BofA GLOBAL RESEARCH

Nigeria: weak oil production dragging growth

Tatonga Rusike
MLI (UK)

Modest growth at 2.5% in 2023E from 3%

Nigeria's economic growth was relatively weak in 1H23. In 1Q, the economy contracted by -0.8% qoq, but rebounded to almost 1% in 2Q, seasonally adjusted. On a yoy basis, the economy grew 2.6%, compared to 2.4% in 1Q or an average of 3.2% in 2022. Nigeria posted positive economic growth, despite a contraction in the oil sector (-13.4%). The oil sector's share to GDP is less than 10%, which reduces the overall impact. 1Q performance was also impacted by the general election held in February and March, with business sectors largely adopting a wait-and-see approach on economic activity.

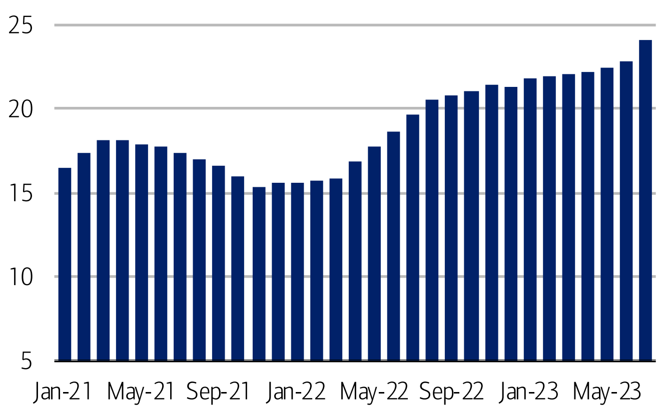
Oil production declined in 2Q dragging industrial production to contract by -2.6%. Oil production had increased to a high of 1.3m bpd in February 2023, before dropping to less than 1m bpd in April. In 1H 2023, oil production averaged 1.21m bpd compared to 1.22m bpd in 1H22. However, in 3Q, the non-oil economic performance could weaken due to higher operating costs, following the removal of subsidies and currency devaluation. Overall, we estimate economic growth is likely to slow to 2.5% in 2023, before reverting to 3% in 2024. Positive reform momentum should influence economic performance for the rest of the year and into 2024.

Reforms to continue

Transition and reform pain still ongoing without substantial dollar inflows to improve FX liquidity. CBN could hike 150bps cumulative to year end. Foreign portfolio inflows less likely to come back before 2H24, at least until local market has positive real rates and more exchange rate stability. Naira to remain weak, 800 per usd year end, only gain in 2024. Likely increase in oil production represents the most likely positive catalyst and structural change in Nigeria. If that materialises, a rating upgrade to B in 2H 24 is likely. Oil revenues likely to be higher on prices, production + the removal of subsidies. Efforts in increasing non-oil revenues to help return to 3% fiscal deficit limit.

Exhibit 106: Headline Inflation Trend

July 2023 headline incflation surged to 24.1% year on year, post the removal of petrol subsidies and naira devaluation



Source: Haver

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Exhibit 107: NGN Forecasts

Naira floated in June 2023

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

Source: BofA Global Research

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Exhibit 108: Major Macro forecasts

Moderate growth outlook.

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

Source: BofA Global Research

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Poland: binary outlook, asymmetric pricing

Mai Doan
MLI (UK)

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

The monetary policy outlook is very fluid in the next two months and binary from December onwards. A close race for the 15-October parliamentary elections significantly complicates the pro-PiS NBP's thinking about rates and FX, in our view. In our base case, assuming another PiS-led government, we see the YE2023 policy rate at 5.25-5.50% and YE2024 at 4.50%. The range in 2023 reflects the uncertainty relating to oil, the PLN and any political influence on the NBP to support the PLN in the near term (to mitigate the cost of keeping fuel prices artificially low). In the longer term, we think the focus will shift away from inflation to growth and budget financing, so there will likely be a growing preference for a weaker PLN.

Under an alternative scenario of a PO-led government, we think the NBP would stop cutting from December, so rates would likely stay at 5.50-6.0%. Together with higher real rates, a structural change in politics to a pro-EU and pro-market government would likely benefit the PLN substantially.

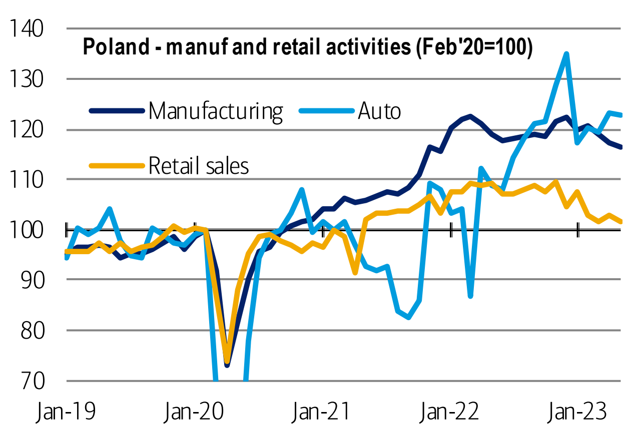
Election is a very close call. The tight race is between the right and the left, with the ruling Laws and Justice, PiS (right) and the main opposition Civic Coalition KO (centre-left) running with "whatever it takes" attitudes, but it is more important to watch the performance of the smaller parties. It is unlikely that PiS or KO can rule on their own in the next parliamentary term. If one of the smaller parties does not cross the parliamentary threshold, this will significantly increase the prospects of another PiS government. In the case of redistributed seats to PiS such that it is only 10-15 seats short of a majority of 231, it would not need to look for a formal coalition and could resort to negotiating with individual MPs to gain enough support.

See more in CEE trip notes: politics to the front seat.

Strategy: bearish PLN

We expect the PLN to weaken on the NBP's easing bias and the dollar strengthens in the rest of 2023. The strong BoP position provides a partial offset. Longer-term, with inflation back to single-digit rates, FX passthrough will be less of a concern. The central bank will likely advocate a weak PLN to support exports, and thus GDP growth.

Exhibit 109: Poland – weaker activity worries the central bank
Retail sales, manufacturing, and auto production



Source: Haver, BofA Global Research

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Exhibit 110: PLN forecasts
PLN to weaken as NBP cuts and economic growth prioritised

	Q4 23	Q1 24	Q2 24	Q3 24
EUR-PLN	4.70	4.80	4.80	4.70

Source: BofA Global Research

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Exhibit 111: Major macro forecasts
Loose policies into 2024 supports growth, but keeps inflation high

Poland	2022	2023F	2024F
Real GDP (% yoy)	5.4	0.3	3.0
CPI (% yoy)	14.3	11.7	5.7
Policy rate (%, end of period)	6.75	5.50	4.50
Fiscal bal (%/GDP)	-3.7	-5.5	-4.8
CurAct bal (%/GDP)	-3.0	2.5	1.8

Source: BofA Global Research

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

Mai Doan
MLI (UK)

Themes: good terms with EU helps inflows

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

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

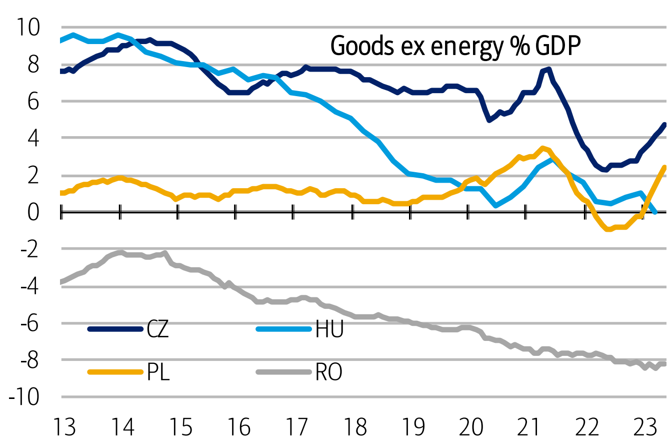
Budget financing has been exceptionally strong this year. FinMin is already working with a higher budget deficit of 5.5% of GDP in its funding plan (c.92% has been covered). It is also running a very high cash buffer (reportedly c.EUR15bn). Romania does not plan to tap the external market again this year, except for a small Samurai issuance.

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

Strategy: RON to depreciate

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

Exhibit 112: Romania – current account lag peers
Romania has failed to correct its goods ex-energy balance both during the pandemic and now, despite fiscal consolidation efforts



Source: Haver, BofA Global Research

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Exhibit 113: RON forecasts
RON fundamentals point to depreciation, which is well managed by the NBR

	Q4 23	Q1 24	Q2 24	Q2 24
EUR-RON	5.00	5.00	5.00	5.10

Source: BofA Global Research

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Exhibit 114: Major macro forecasts
Slow correction in macro imbalances

Romania	2022	2023F	2024F
Real GDP (% yoy)	4.5	2.2	3.7
CPI (% yoy)	13.7	10.4	5.0
Policy rate (%, eop)	6.75	7.00	5.00
Fiscal bal (%/GDP)	-6.2	-5.8	-3.6
CurAct bal (%/GDP)	-9.3	-7.9	-7.4

Source: BofA Global Research

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Saudi Arabia: oil supports outlook

Jean-Michel Saliba
MLI (UK)

View: positive

We remain comfortable on the outlook for Saudi Arabia, with the economy likely to register robust real Gross Domestic Product (GDP) growth. Economic activity could accelerate over the medium-term on public (megaprojects) and private (Shareek program) investment drive. Domestic liquidity is likely to ease only gradually as banks start to tap wholesale funding. Medium-term fiscal prudence broadly stays the course.

The Saudi 2023 budget statement suggests that fiscal policy remains relatively prudent, despite a return to overspending. No changes to VAT is planned for 2023. Medium-term budget spending is projected by authorities to be broadly flattish at the 2022 level and is suggested to remain invariant to oil price fluctuations this coming year.

The start in 2H23 (rather than 1Q24) of Saudi Aramco payments under its performance-based dividend policy (50-70% of Aramco's annual free cash flow (FCF), net of the progressive base dividend and other amounts including external investments) is positive for Saudi fiscal accounts, and will also upstream more cash to the Public Investment Fund (PIF) for domestic investments. This could nevertheless make fiscal performance more pro-cyclical and accentuate volatility in the fiscal breakeven oil price.

The fiscal impact of the 3-month 1mn bpd output cut extension is muted, on our estimates. Mechanically, the extension is likely to lead the 2023 fiscal breakeven oil price to increase by cUS$2/bbl to US$77/bbl, and marginally reduce our projected fiscal surplus by c0.4ppt, all else being equal. The large dividends of Saudi Aramco to the sovereign are likely to cushion the impact at the expense of the Free Cash Flow (FCF) position of Saudi Aramco.

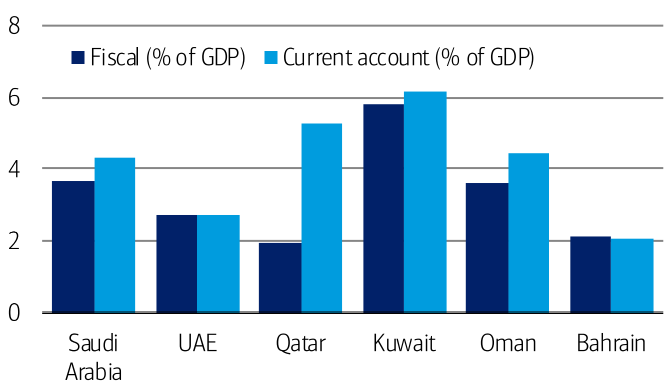
Forecasts: USD peg to hold

The USD peg is likely to hold on the back of still-high savings, but further fiscal adjustment would be needed if oil prices are low for a sustained period of time.

Drivers

Saudi Central Bank monthly bulletin, quarterly fiscal data report (September 2023), annual pre-budget statement (September 2023), Joint Ministerial Monitoring Committee (JMMC) bi-monthly meeting (October 2023), annual budget statement (December 2023).

Exhibit 115: Sensitivity of fiscal and external accounts to US$10/bbl oil price swing
High sensitivity of macro accounts to oil prices



Source: Haver, Saudi Ministry of Finance, BofA Global Research

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

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

Source: BofA Global Research

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

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

Source: BofA Global Research

BofA GLOBAL RESEARCH

Ukraine: riding base effect

Vladimir Osakovskiy >>
Merrill Lynch (DIFC)

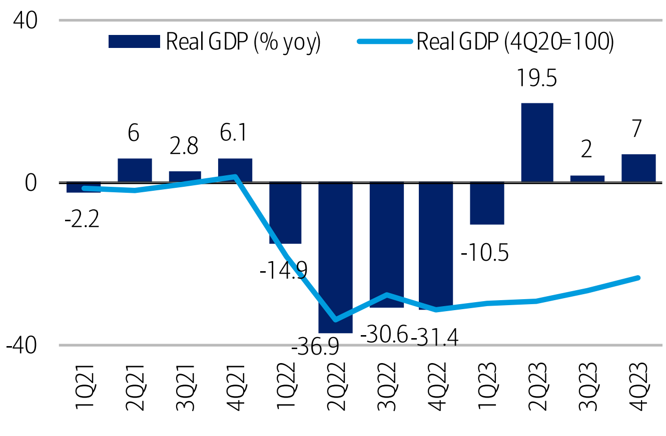
Upgrading real GDP outlook after strong 2Q23

We adjust our real GDP growth forecast to 4.5% from 4% this year after strong 19.5% yoy growth reported for 2Q23. Large part of the 2Q23 rebound was due to a massive base effect from a steep 36.9% yoy economic drop last year. However, we note that Ukrainian economy has rebounded in QoQsa terms in 3Q22, which suggests that yoy growth may start to see some headwinds in 2H23. Nevertheless, we strong 2Q23 release should still warrant a bit stronger annual real GDP growth for the year than previously expected. In any case, we note high degree of uncertainty with respect to reported GDP numbers, which may create wide volatility of the data going forward. Thus, we note that reported 19.5% yoy real GDP growth in 2Q23 is some 12.5 percentage points higher that the level suggested by the chained real GDP data in QoQsa terms. Such deviation is full 10pp higher than historical average. We think that such deviations could push real GDP data in either direction in the future, creating additional uncertainty.

Easing on track, more to go

National Bank has already delivered some 500bp in rate cuts since its first rate cut in July on the back of persistent decline of the headline inflation. Inflation has indeed slowed to the lowest level since early 2021 on the back of base effect as well as general weakness of domestic consumer demand. Moreover, base effect should remain well in place for at least another couple of months, which should push annual inflation further down to around 5-5.5% yoy in the end of 3Q23, before expected recovery to 6-7% in early 2024. We think that such inflation path creates room for the National Bank to cut its policy rate by at least another 200bp this year as well as another 200-300bp in 2024. However, the size of rate cut should start to moderate as the Bank will likely start to be more cautious with respect to further easing in the face of approach stabilization of the headline CPI inflation. Therefore, we expect 100bp in October as well as another 100bp in December.

Exhibit 118: Strong 2Q23 lifts our 2023 forecast
Base effect reverses in 2H23, which should start to constrain recovery



Source: National Statistical Service, BofA Global Research estimates

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Exhibit 119: Major Macro forecasts
Growth to recover in 2023 and 2024.

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

Source: BofA Global Research

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LatAm

Brazil: Ongoing monetary easing

David Beker
Merrill Lynch (Brazil)

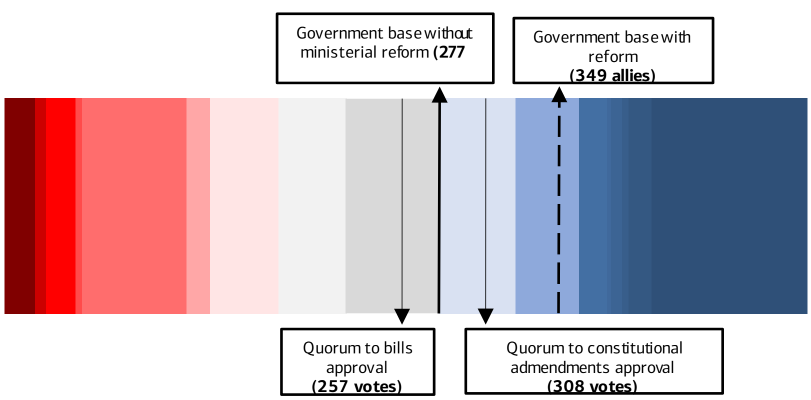
Natacha Perez
Merrill Lynch (Brazil)

Another hawkish cut by BCB

In a unanimous decision, the Monetary Policy Committee (COPOM) delivered the second cut to the selic rate, now at 12.75%.The result came in line with expectations, with the statement signaling maintenance of the pace of cuts ahead. The guidance was also unanimous, addressing a message as hawkish as possible when delivering a 50bp clip. In the statement, the key highlight was a paragraph flagging concerns with government's capacity to reach the primary fiscal target. Discussions on changing the 2024 primary target could trigger an upward revision to long-term inflation expectations. Given the recent benign inflation backdrop and weakened credit market, we expect cuts to continue in a 50bp pace per meeting, reaching 11.75% at the end of 2023 and 9.50% in 2024.

Before the COPOM meeting, Mid-August IPCA registered +0.28% month over month (from -0.07% in mid-July), surprising the market to the upside. Meanwhile, smoothed trimmed core went down to 3.3% 3mmsaar (from 3.7%), hitting probably the bottom of 2023. In August final print, inflation increased 0.23% mom, below market's expectations. In 12 months, inflation reached 4.61% (vs 3.99%), near the ceiling of the inflation tolerance band (3.25% + 1.5%). The main upward pressure came from Housing (18bps), after the bonus from Itaipu brought deflation in electric bills in the previous month. Though core measures continued to decelerate (yet at a slow pace), we believe downward surprises are unlikely to repeat, in view of the higher diffusion index in August. All in, we see upside risks to our 4.8% 23YE and 3.7% YE24 forecasts, due to recent currency depreciation trend along with higher oil prices.

Exhibit 120: More comfortable constitutional majority
Cabinet reshuffle improved the majority in the Lower House



Source: National Congress, Local News and BofA Global Research

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We upgraded our GDP forecasts, but 2H23 should be the trough of activity path.
We revised up our GDP growth forecast to 3.0% yoy for '23 (from 2.3%) following the surprisingly strong 1Q23 GDP growth. The revision was driven by stronger net exports and less negative investment expectations. Moreover, the labor market continued strong, supported by the shift in consumer preferences towards services since pandemics and by the (still) low rate of participation. Indeed, 2Q23 GDP increased 0.9% in line with our view, but surprised the market to the upside. We also upgraded our 2024 GDP growth expectation to 2.2% yoy (from 1.8% previously), pushed by an improvement in consumption sentiment.

For July, Economic Activity (IBC-Br Index) increased 0.44% momsa in July, from 0.22% in June. The result was in line with the sluggish performance of monthly sectoral surveys. After a strong 1H23 GDP growth, we expect a muddle through ahead, as the gains from agricultural output will become less relevant and the lagged effects of BCB's tight monetary policy will continue to be felt. In this sense, the August BofA Brazil Activity Coincident Tracker declined to -0.34pts (vs 0.05 in July), while the 3mma reading went down to -0.12 in August (vs -0.08), reinforcing our expectation of a weaker activity in the 2H23.

2024 Budget bill was released

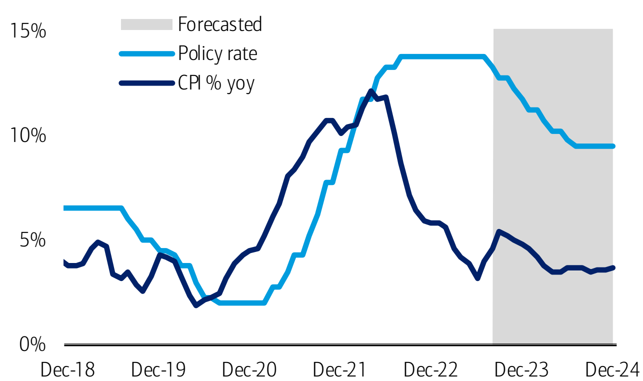
The 2024 Budget bill was sent to Congress on August 31st, and it was the first under the new fiscal framework. The government maintained the zero primary deficit for 2024, with a tolerance band of ±0.25% of GDP. Expenditures can increase in real terms within the tolerance band of 0.6% - 2.5% each year. As we have been pointing out, the availability of a balanced fiscal result is reliant on revenue increase of the same magnitude allowed by the Transition PEC. To comply with the target, the government is counting on R$1,76tn in taxes and contributions collections, of which R$ 168bn are related to new legislative measures. In our estimates, the primary fiscal deficit for the central government in 2024 will be of 0.4% of GDP, making it challenging to comply with the primary goal, as the estimates for extra revenue seem hard to achieve.

Cabinet reshuffle: holding the support obtained so far

After the 2022 elections, the composition of Congress moved to the right, making the alignment between the Executive and the Legislative (and legislation approval) harder, given the knowingly left-leaning profile of President Lula. Under this scenario, the federal government needed to further extend its support in Congress to comply with campaign promises and tackle budget restrictions. In that sense, the cabinet reshuffle announced in the early days of September, will likely make the administration´s congressional base more stable. Considering the changes, government's base in LH can reach roughly 349 seats (from 284) and 58 seats (from 50) in Senate, after nominating two lawmakers from relevant centrist parties (Progressive Party and Republicans) to cabinet.

Regarding the external sector, the trade balance accumulated a US$63.3bn surplus ytd in August, continuing to post record prints, as agriculture remains sustaining strong results. For 2023, we expect trade balance to register a US$ 65bn surplus (vs US$44.2bn in 2022), as exports and imports should end the year at U$345bn (from U$340bn) and U$280bn (from U$296bn), respectively. All in, our Current Account Balance forecast is -US$48bn (or -2.2% of GDP) in 2023 and the high levels of FDI are more than enough to maintain the external basic balance in positive territory. On the FX front, we maintain our call of USD/BRL reaching R$ 4.90/US$ in 2023YE.

Exhibit 121: Copom to remain cutting 50 bps
Benign inflation and tight credit market supporting cuts



Source: BCB, IBGE, BofA Global Research

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Exhibit 122: BRL forecasts
BRL expected at 4.90 by end 2023

	Q4 23	Q1 24	Q2 24	Q3 24
USD-BRL	4.90	4.95	5.00	5.05

Source: BofA Global Research

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Exhibit 123: Major macro forecasts
GDP growth at 3.0% in 2023

	2022	2023F	2024F
Real GDP (% yoy sa)	2.9	3.0	2.2
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)	-2.8	-2.2	-2.4

Source: BofA Global Research

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Mexico: A negative fiscal surprise

Carlos Capistran
BofAS

Christian Gonzalez
BofAS

Mexico's economic activity remains resilient

Mexico continues to grow above trend. The monthly GDP (IGAE) for July was 3.2% yoy and year-to-date IGAE has increased 3.6%. This print already reflects the new 2018 base year. With the new base, activity since the pandemic has been more robust than previously thought. In our view, there are three main reasons behind the good performance of the economy. The first is that the US economy remains very resilient, partly due to a large fiscal stimulus. The second is nearshoring, which is a reality and is helping investment in Mexico. The third is government expenditure, as the administration rushes to finish big infrastructure projects. The latter is reflected in construction, particularly non-residential (Exhibit 1). Notice however that at the margin the economy is beginning to decelerate, as the monthly GDP was 0.2% mom sa in July, down from 0.5% in June, with services contracting -0.1% mom sa. We expect growth at 3.2% this year and at 1.4% in 2024, although we see upside risks to our forecast for next year given the large fiscal impulse.

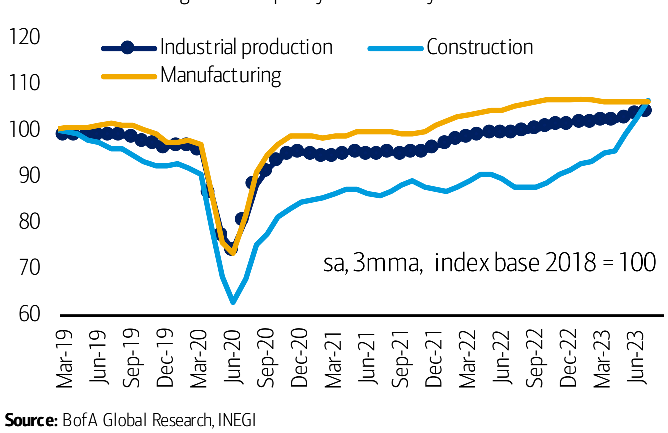
The 2024 budget contains a notorious fiscal deterioration

The Ministry of Finance (MoF) presented the 2024 budget to Congress on September 8. The widest measure of deficit (the Public Sector Borrowing Requirements (PSBR)) is set to -5.4% of GDP in 2024, up from -3.9% in 2023 (Exhibit 125). The public sector includes the federal government as well as State Owned Enterprises (SOE) such as Pemex. This would be the largest deficit in more than twenty years. The primary balance for the public sector is expected to deteriorate to -1.2% of GDP in 2024 from an almost flat primary balance in 2023 (0.1%). This is a large "structural" primary deficit given the economy is booming (we estimate the output gap at +3.8%). The main driver of the fiscal deterioration is a 1.2pp of GDP increase in expenditure with respect to 2023 (8% yoy increase in real terms), mostly to pay for social programs, the government's main infrastructure projects (such as the Maya train), support Pemex and to pay interests (3.7% of GDP). Revenues are expected to fall to 21.3% of GDP in 2024 from 21.7%. A larger fiscal deficit puts upside pressure on interest rates. And larger expenditure would provide more impulse to an already overheated economy, which will fuel more inflation..

Inflation keeps falling, but new upside risks emerge

Inflation continues to fall. Headline inflation is at 4.4% yoy and core inflation is at 5.8% yoy (1H September). Inflation has come a long way from the 8.8% yoy and 8.4% yoy peak a year ago, respectively. Most of the help for headline inflation has come from non-core, and it is there where the first upside risk is emerging given the recent increase in

Exhibit 124: Industrial production
Construction has surged in the past year driven by non-residential



Source: BofA Global Research, INEGI

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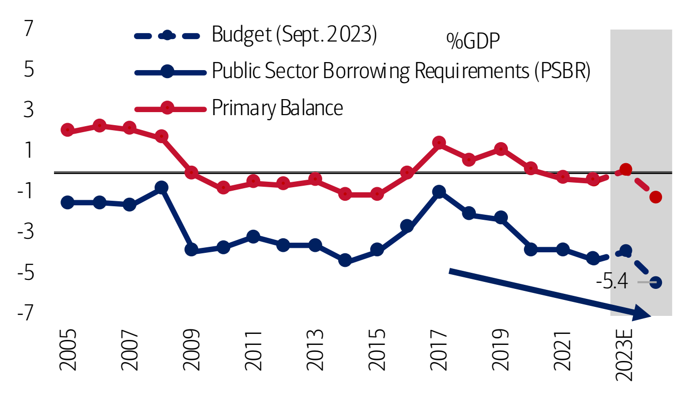
Exhibit 125: Measures of public sector balance
The 2024 budget has the widest deficit in more than 20 years



Source: BofA Global Research, MoF

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oil prices, which could continue. Mexico has already reduced the excise tax on gasoline to help, but the non-core is still likely to increase in the following months. Core inflation is more persistent, and services inflation has just begun to trend down. The second risk that has emerged is that the fiscal impulse to the economy will likely put pressure on core inflation. We expect headline at 4.6% by year-end with core at 4.9%. For next year, we expect both headline at 4.6% and core at 4.4% by year end.

Banxico is worried about inflation and fiscal loosening

Banxico is likely to remain with the policy rate at 11.25% for many months. Inflation is still above the target and the level of core inflation is still high. Furthermore, the large fiscal deficit for next year implies an important loosening of the fiscal posture that goes in the opposite direction of what Banxico is doing to bring inflation down. Although it is unlikely that Banxico hikes the policy rate further, it is highly likely that it maintains a conservative rhetoric for many months. On the other hand, inflation is falling, and the economy is decelerating, so the next movement by the central bank is likely to be a cut. But we do not expect Banxico to cut ahead of the June 2024 federal elections. After the elections, and especially if Mexico gets into a fiscal cliff, Banxico could cut aggressively. Finally, Banxico likely needs to wait for the Fed to at least stop hiking, and as we learned in the September Fed decision, the Fed could still hike in November (which is our baseline). We expect the US Fed to start its cutting cycle in June 2024.

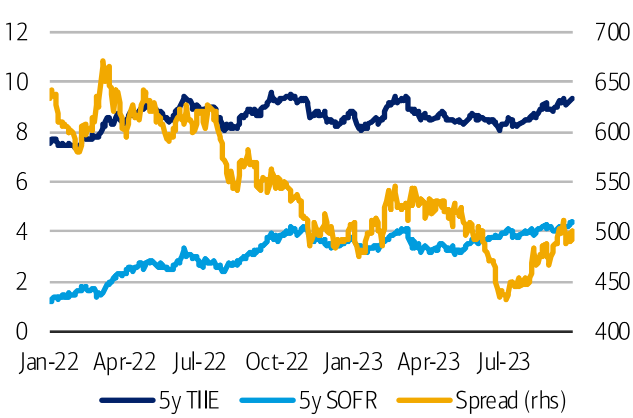
Strategy: Challenging outlook is locking value in rates

While the current level of rates seems attractive, the outlook for local markets in Mexico is becoming challenging amid a stronger conviction that Banxico will remain hawkish, concerns that fiscal risks may be higher than expected, and pressure from US rates. In our view, the best expression to position for a lower back-end once US rates stabilize are flatteners between the front-end and belly. This allows investors to remain neutral to the level of the curve, avoids exposure to fiscal risks that could put pressure in the back-end, benefit from a hawkish Banxico, and earns positive carry.

The outlook for the exchange rate is more nuanced. A hawkish Banxico means that the wide interest rate differential may continue to provide short-term support to the peso. Yet, our core view continues to be that the Mexican peso (MXN) remains overvalued, largely driven by carry, and vulnerable to a risk-off shock. Mounting concerns about the fiscal outlook and political noise on the back of elections in both Mexico and the US in 2024 are also medium-term risks. Lastly, long MXN positioning remains heavy and may act as a shock amplifier if the market transitions into a carry-unwinding mode.

Exhibit 126: 5y rates in Mexico and the US (%)

US rates selloff has put pressure on Mexico rates



Source: BofA Global Research, Bloomberg

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Exhibit 127: MXN forecasts

We expect USDMXN at 18.0 by end-2023

	Q4 23	Q1 24	Q2 24	Q3 24
USD-MXN	18.0	18.3	19.0	19.3

Source: BofA Global Research

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Exhibit 128: Major macro forecasts

We expect Mexico to grow 3.2% in 2023

	2022	2023F	2024F
Real GDP (% yoy sa)	3.0	3.2	1.4
CPI (% yoy)	7.8	4.6	4.6
Policy Rate (end of period)	10.50	11.25	8.75
Fiscal Bal (%/GDP)	-3.2	-4.1	-4.6
CurAct Bal (%/GDP)	-1.2	-1.6	-2.7

Source: BofA Global Research

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Argentina: Election time

Sebastian Rondeau
BofAS

General election on October 22: MIlei's momentum in the polls

Argentina is holding presidential and congress elections on October 22 (it will renew 1/3 of the Senate and half of the House) and a potential run-off on November 19. Presidential candidate Javier Milei (Libertad Avanza) is leading most polls, followed by Sergio Massa in second place (Union por la Patria or UXP) and Patricia Bullrich third (Juntos por el Cambio or JXC). This compares with primary elections in which Milei obtained 30%, JXC 28% and UXP 27%.

A policy regime change towards a stabilization program with some structural reforms is very likely in 2024 given the unsustainable macro imbalances and as 60% of the votes in the primary went from candidates representing profound change (to the Right). We would expect a new more ambitious IMF program in 2024 with a faster fiscal consolidation and a significant currency devaluation (to start lifting import/capital controls). But adjustment will not be easy, given the high level of poverty and size of imbalances. Infrastructure projects and high productivity in non-conventional fields could increase net exports of energy in coming years, supporting the stabilization plan.

Milei proposes an aggressive fiscal adjustment to eliminate money printing, including reduction of energy subsidies, reduction in the number of ministries, privatization of state-owned enterprises and reducing public works (moving to private investment contracts). Milei also proposes a dollarization of the economy in 9 to 24 months. Markets are concerned that the central bank doesn't have FX reserves to dollarize.

Devaluation will impact on inflation

Central bank devalued the currency 18% to ARS 350 on August 14 (it is defending the new value), having a very high pass-through to inflation (the gap remains very high). Inflation jumped to 12.4% mom in August (from 6.3% mom in July) to 124% yoy. BCRA kept rates at 118% despite the jump arguing that weekly inflation is declining. We raised inflation forecast to 175% in 2023 (from 160%) after the devaluation, fiscal stimulus and large policy uncertainty. Money base collapsed and is highly unstable. Hyperinflation risks are not negligible.

The FX situation remains challenging amid a severe drought (cutting exports by more than $20bn) and with negative net international reserves. We expect another devaluation in December after the new government takes office and we forecast the ARS at 648 by yearend. The economy should weaken further in 2H after amid the high political uncertainty and dollars scarcity. We expect a 2.9 %GDP recession this year (form +5.5% in 2022) and another 2.5% drop in 2024 due to the needed adjustment.

Fiscal expansion tensions with IMF program

IMF disbursed $7.5bn on August, but Argentina repaid almost $1bn to IMF instantly and other bridge loans for over $3bn. The government kept the fiscal target at 1.9% of GDP primary deficit but reducing the FX reserves accumulation target. IMF allows some FX intervention in the parallel FX and futures markets. The government has announced strong fiscal stimulus recently, costing about 0.8% GDP (tax rebates, bonus to pensioners and workers), more than offsetting the import taxes imposed on July (0.7% of GDP this year). We expect a 2.7% of GDP primary deficit. A bill to cut income taxes next year by 0.8% of GDP is an additional fiscal risk.

Chile: BCCh more cautious?

Sebastian Rondeau
BofAS

Central Bank slowed down the easing

The central bank cut rates 75bp in September, amid the disinflation and weak activity. This is slower than the first cut in July, of 100bp. BCCh seems a bit more cautious than in July amid CLP weakness, but still sees the policy rate between 7.75% and 8% by the end of the year. We expect BCCh to cut rates 75bp in October and we see the rate down to 8.25% in December, from 9.5% now (and to 5.5% in 2024). We see less cuts than the market, given slower underlying disinflation, CLP weakness, higher oil prices and activity not that weak.

In August inflation was 0.1% mom (below 0.4 mom in July). Ex-volatiles inflation was -0.1% mom with some distortions (it declined to 7.4% yoy from 11.1% peak). Headline Hedaline inflation is down to 5.3% from 12.7% last year, mostly due to the volatile components. We expect inflation at 4.2% this year and at 3.7% in 2024.

Activity is a bit better at the margin. Non-mining activity grew 1.5% yoy drop in July (down -0.2% qoqsa in last three months). We forecast -0.1% GDP growth this year after a +2.4% expansion in 2022. We see a GDP rebound to 2.3% in 2024. Fiscal policy turning expansionary, monetary easing and much lower policy uncertainty support activity. Still some uncertainty will remain amid structural reforms discussion, spending pressures and mining policy (in particular, lithium policy).

Constitutional rejection in the polls

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

Structural reforms slow and diluted

The government is negotiating a fiscal pact including a watered-down tax reform (aiming at 2.7% of GDP) together with spending priorities (pensions 1.2% of GDP, health 0.9%, security 0.3% other social spending 0.3%). The copper royalty was approved (tax burden capped at 46.5%, collection 0.5% of GDP) and could support some government spending. The government is negotiating a reform based on income taxes (scrapping controversial items like the wealth tax or retained earnings tax) and it would propose some green taxes. The right parties have generally rejected an increase in the tax burden. Pension reform is also unlikely to pass in its original form though some opposition groups seem to be willing to negotiate. The original reform keeps the individual capitalization system, opens the option to invest in private pension funds or a new public fund, it creates a new mixed fund with 6% additional employer contributions (financing future and current pensions) and a universal pension increase. We see the government willing to adopt changes (more private sector participation) to gain support.

Exhibit 129: CLP forecasts
CLP at 895 by 2023-end

	Q4 23	Q1 24	Q2 24	Q3 24
USD-CLP	895	900	905	910

Source: BofA Global Research

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Colombia: Inflation troubles

Alexander Müller
BofAS

Pedro Diaz
BofAS

Inflation troubles

Inflation surprises to the upside

August CPI came in at 0.70% mom, 23bp above median expectations (Bloomberg). Food prices jumped 1.1% mom, amid the disruption in the transportation routes to Villavicencio (food production area). Energy prices rose 1.9% mom, driven by the phasing out of gasoline subsidies. On the core side (CPI excluding food and energy), prices were up by 0.45% mom. With these results, in annual terms, CPI inflation decreased to 11.4% yoy in August (from 11.8% in July), while core dropped to 10.1% (from 10.4%).

Revising up inflation forecasts for 2023 and 2024

We are revising the headline inflation forecasts for 2023, to 9.7% (from 9.2%), and 2024, to 5.8% (from 5.7%). Indexation is creating inertia that is evidenced by the stickiness of core prices. By indexation we mean the fact that items which account for around 40% of the CPI (housing rent, public transport, education tuition, medical services, among others) have price adjustments based on an indexation factor (previous December annual inflation, minimum wage, or UVT tax unit).

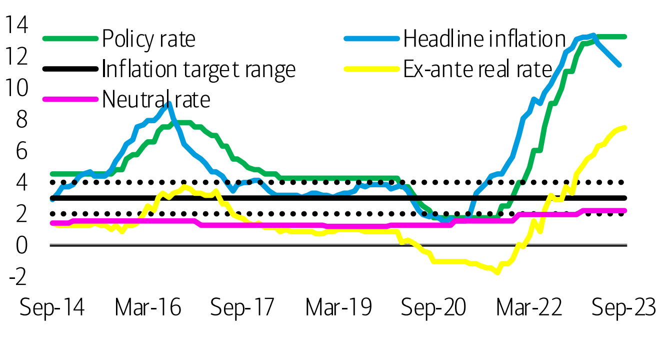
Pushing back the first rate cut in our scenario

Given the persistence of inflation, we are postponing our expectation of the first rate cut to December (25bp, to 13%), from October in our previous scenario. BanRep's board members, including the Governor, say "lower inflation and expectations will create the space to cut the nominal policy rate". This means their tolerance for passive tightening – explained by lower inflation – is getting thinner. The real rate (discounting 12-month inflation expectations from the policy rate) is at 7.5%, compared to the 2.2% neutral estimate. That is why we think the board will cut before the end of the year. It's just they need some more months of lower inflation to build the necessary confidence.

Economic activity is also taking a hit from higher inflation

GDP contracted -1% qoq in Q2, seasonally adjusted. Private consumption – which accounts for the lion's share of the economy – looks weak. Retail sales fell -8.2% yoy, the latest data point. High inflation has been eroding the purchasing power of consumers. Disinflation will probably help to stimulate economic activity in 2024, through rising real incomes and opening up space for monetary accommodation.

Exhibit 130: Monetary policy indicators (%)
High inflation is preventing the central bank from cutting rates



Source: BofA Global Research, Central Bank (BanRep), Statistics Institute (DANE)

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Exhibit 131: COP forecasts
COP to weaken in coming quarters

	Q4 23	Q1 24	Q2 24	Q3 24
USD-COP	4175	4350	4450	4500

Source: BofA Global Research

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Exhibit 132: Major macro forecasts
GDP growth expected at 1.7% in 2023

	2022	2023F	2024F
Real GDP (% yoy)	7.3	1.7	2.4
CPI (% yoy)	13.1	9.7	5.8
Policy Rate (eop)	12.00	13.00	9.25
Fiscal Bal (%/GDP)	-5.3	-4.2	-4.4
CurAct Bal (%/GDP)	-6.2	-4.0	-3.3

Source: BofA Global Research

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Peru: Stagnation and disinflation

Alexander Müller
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Pedro Diaz
BofAS

Revising down GDP growth forecast for 2023 to 0.2% (from 1.2%)

Peruvians are debating whether the economy is in recession or not. Strictly speaking, GDP is growing at the margin (0.3% qoq in Q2, according to seasonally adjusted data produced by the central bank) and the labor market doesn't show a major deterioration, at least in Lima, which accounts for half of GDP and one third of the population. However, coincident indicators for Q3 (such the as the monthly GDP proxy) are well below what we expected. Therefore, we have trimmed our GDP growth forecast for 2023 to 0.2% (from 1.2%), compared to median expectations of 1.3% (Bloomberg survey). For 2024, we expect a rebound to 3.3% (up from 3.1% in our previous scenario).

Weak activity seems to be inducing disinflation

Both headline and core inflation are falling. We expect headline inflation to decrease to 4.2% by December, from the current level of 5.6% (August), while core inflation (CPI excluding food & energy) drops to 3.2% (from 3.8%). Still above the Central Bank's 2% target (which has a 1pp tolerance range) but moving in the right direction. We estimate the output gap turned negative in Q3. This helps to bring down inflation. Domestic demand, in fact, fell -2.5% yoy in the first half of 2023. Moreover, other attributes of the Peruvian economy that facilitate disinflation are a very low level of worker unionization (less than 5%) and virtually no indexation (other than electricity prices indexed to PPI, and the excise tax imposed on alcoholic beverages and cigarettes that is linked to CPI).

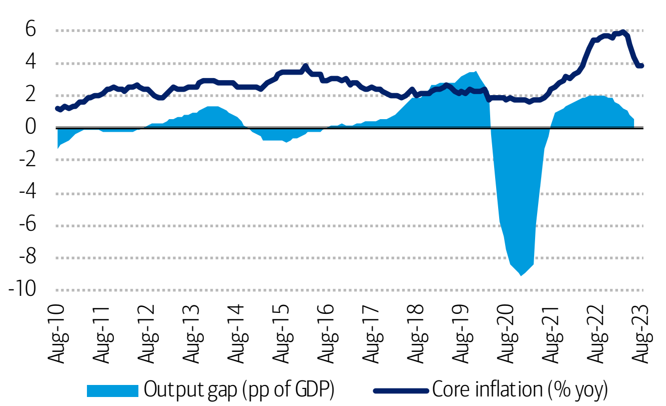
Amid disinflation and the weakness of activity, the BCRP started cutting rates

Peru is the new member of the club of LatAm, inflation-targeting, central banks that are cutting interest rates in 2023 (the others are Costa Rica, Uruguay, DomRep, Chile, Brazil, and Paraguay). The first cut happened in September, with the reference rate being reduced by 25bp (to 7.50%). Looking ahead, we expect them to move in small steps, cutting 25bp in every monthly meeting until reaching a 4% level by November 2024.

On the fiscal side, we believe the deficit will exceed the ceiling of the fiscal rule

With lower GDP growth and official guidance about fiscal stimulus, we are revising our fiscal deficit forecast for 2023, to 3% of GDP (from 2.4%). This would imply a breach of the Fiscal Responsibility Law (which sets a ceiling of 2.4% for this year) and increase the probability that rating agencies downgrade Peru to triple-B minus, the last notch of IG.

Exhibit 133: Output gap and core inflation (%)
Weaker demand is helping to induce disinflation of core prices



Source: BofA Global Research, Central Bank (BCRP), Statistics Institute (INEI)

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Exhibit 134: PEN forecasts
USDPEN expected 3.76 by end 2023

	Q4 23	Q1 24	Q2 24	Q3 24
USD-PEN	3.76	3.80	3.82	3.84

Source: BofA Global Research

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Exhibit 135: Major macro forecasts
Growth expected at 0.2% in 2023

	2022	2023F	2024F
Real GDP (% yoy)	2.7	0.2	3.3
CPI (% yoy)	8.5	4.2	2.7
Policy Rate (eop)	7.50	6.75	4.00
Fiscal Bal (%/GDP)	-1.6	-3.0	-2.0
CurAct Bal (%/GDP)	-4.0	-1.2	-1.7

Source: BofA Global Research

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Uruguay: Cutting cycle continues

Sebastian Rondeau
BofAS

BCU cut rates as disinflation continues

Inflation continued in a downward trend and declined to 4.1% yoy in June (+0.2% mom), from 8.3% in December. Core inflation stands at 4.0% yoy (-0.26% mom), below the center of the target range (3-6%). We see inflation at 3.8% in December amid the activity slowdown and strong UYU. BCU cut rates 75bp to 10% in August (following 50bp in June and 25bp previously). We forecast BCU will cut rates further to 9% rate by end 2023 amid the disinflation trend (and to 8% in 2024). Concerns about the real exchange rate appreciation impact on activity backs further cuts.

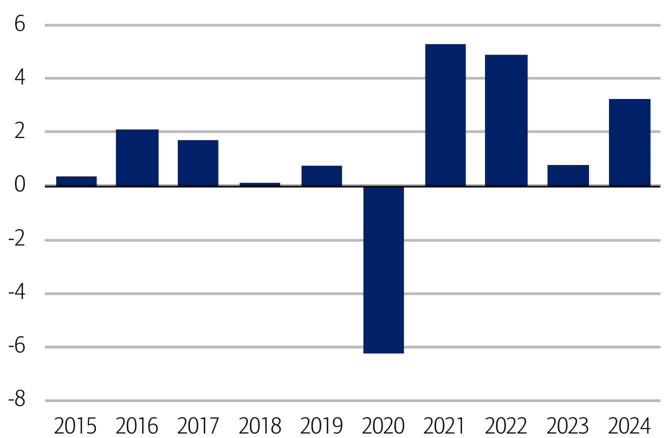
GDP dropped in 2Q amid the drought

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

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

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

Exhibit 136: Real GDP growth (%)
We expect 2023 GDP growth to stand at 0.8



Source: BofA Global Research

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Table 4: UYU Forecast
UYU depreciation to slow going forward

	Q4 23	Q1 24	Q2 24	Q3 24
USD-UYU	38.2	38.8	39.0	39.3

Source: BofA Global Research

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Table 5: Major macro forecasts
GDP growth at 0.7% in 2023

Uruguay	2022	2023F	2024F
Real GDP (% yoy)	4.9	0.7	3.4
CPI (% yoy)	8.3	3.8	5.2
Fiscal Bal (%/GDP)	-3.0	-3.3	-2.4
CurAct Bal (%/GDP)	-3.5	-3.6	-2.6

Source: BofA Global Research

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Venezuela: Inflation bounces back

Sebastian Rondeau
BofAS

Inflation picks up

Inflation increased to 13% in August, above the 7.8% average in the previous three months, amid a depreciation of the currency. This is still down from the peak of 39% in January, (vs 8% mom average in 2022). To contain inflation the government had decided not to grant a minimum wage increase in May (indexing the food bonus, which is much more targeted). Slower currency depreciation and drop in real wages also helped this year. Still, inflation is at 440% yoy in July, above 300% in 2022. The increase in oil prices should provide some firepower to intervene on the FX. 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).

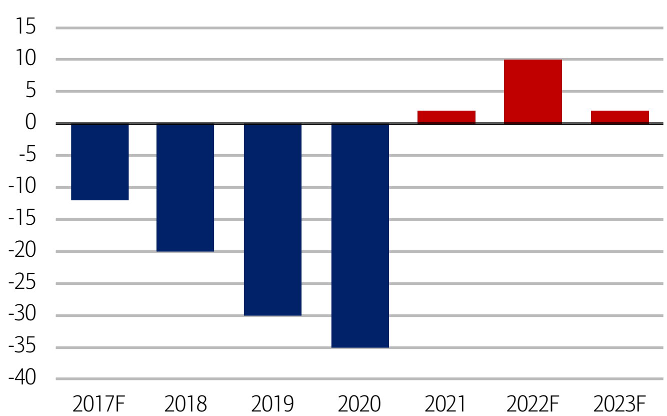
Oil production "Steady"

Oil production consolidated the recovery, increasing to 800kbpd in August, above 2022 average of 675k, way off the 500k all-time low reached in 2021. Exports had surged after oil shipments to Europe resumed. Last year, the US administration allowed European firms to ship Venezuela oil back to Europe. 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, following a corruption crackdown.

Oil restrictions potentially easing. Elections 2024

According to Reuters U.S. officials are considering a proposal that would ease restrictions further on the oil sector, allowing more companies and countries to import Venezuelan crude oil, if Venezuela moves toward a free presidential election. Negotiations between the Venezuelan government and the opposition have been slow. License for Chevron to continue operations and export oil to US had been granted. The Venezuelan opposition said they will organize their own presidential primary elections (independently of the electoral authority), ahead of next year election.

Exhibit 137: Venezuela: real GDP growth %
Activity bounces back



Source: BofA Global Research

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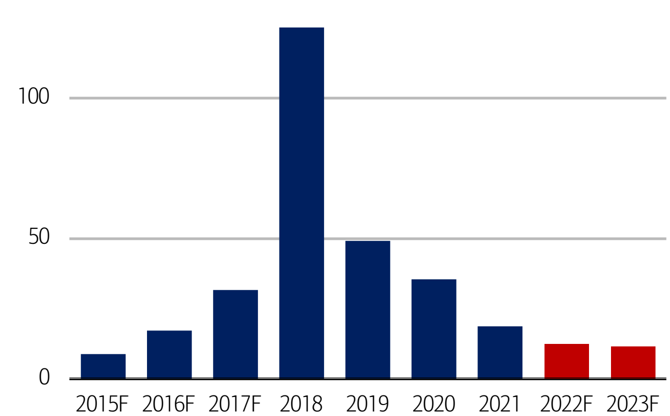
Exhibit 138: Venezuela Inflation monthly average %
Inflation picking up



Source: BofA Global Research

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Commodities

Oil: The grind of the oil bulls

Francisco Blanch
MLPF&S

We now project Brent crude to average $96 in 4Q23…

The recent run up in refining margins is helping push Brent crude oil prices higher, together with deep production cuts from Saudi and Russia. With OPEC+ committed to curbing oil supply into year-end and China stimulus poised to expand into 4Q23, we expect global oil stocks to decline by 70mn over the coming 3 months. As such, we now see Brent averaging $91/bbl in 2H23, up from $81/bbl prior. Still, we keep our $90/bbl forecast for 2024 as non-OPEC oil supply expands by 1.2mn b/d driven by Guyana, Canada, US shale and Brazil. Also, Venezuela and Iran sanctions could ease further, adding 450k b/d to supply in 2024. Incremental volumes could help cap a further rise in oil prices, should OPEC+ politics and global geopolitics allow. Plus, positioning measured by CFTC data or our own CTA models suggests speculators are quite long oil already.

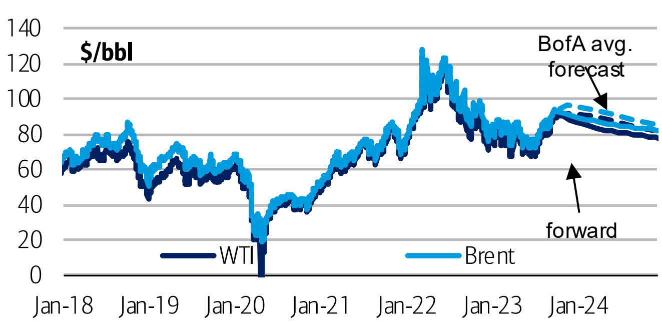
…but we keep our 2024 $90 forecast on supply growth

For now, Russia and Saudi Arabia have shown a strong alignment in providing support to the oil market between $80 and $100/bbl Brent. Yet the political calculus could start to change above $100/bbl. With the US presidential election approaching, internal OPEC+ dynamics could make a big difference to the oil price outcome next year. On the one hand, another spike in energy prices risks reigniting inflation fears around the world, higher interest rates, and eventually financial turmoil. On the other, the downside to oil prices may be limited. In contrast to the lone historical "Saudi put" in the oil market, we believe Brent now benefits from three "puts" going forward at $70-75/bbl: the traditional OPEC+ cuts (now joined by Russia), a big increase in China coal production costs, and the likely refill of the US Strategic Petroleum Reserve.

Still, downside is floored, while upside cap is less certain

Meanwhile, global oil demand growth may slow to 1.1mn b/d next year from 2mn b/d this year, with Asia leading as OECD shrinks. High interest rates will likely choke global GDP, while OPEC+ spare capacity could help cap a spike in oil prices if politics allow. Transportation should continue to lead oil demand going forward. We expect jet fuel, gasoline, and diesel to account for the bulk of the growth and believe demand for industrial fuels will remain weak. However, geopolitics could remain a real challenge. Russia may try to maximize oil price over volume, creating major upside risks to oil prices in 2024. Counterbalancing these upside risks, oil production correlations show "OPEC+ cohesion" has collapsed to near zero following the highest compliance rates in decades during the pandemic, a risk that could hurt the group next year.

Exhibit 139: Crude oil price forecast versus forwards
We expect oil prices to go lower in 2024



Source: Bloomberg, BofA Global Research estimates

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Exhibit 140: Crude oil forecasts ($/bbl)
We forecast Brent to average $90/bbl and WTI to average $86/bbl in 2024

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

Source: BofA Global Research

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US gas: Texas BBQ takes a bite out of gas surplus

Francisco Blanch
MLPF&S

Texas heat drove record gas burns, kept prices in check...

After trading a $6 range in 2022, Henry Hub natural gas prices have been range bound in 2023, trading in a $1/mmbtu range since February and a $0.50/mmbtu range since July. Prospects for a 4+Tcf end of October inventory level have faded, but storage is still likely to end the season at elevated levels, which has kept prices in check. Yet weather, not prices, has played the main role in absorbing excess inventories. During 2Q-3Q23, as wind underperformed, gas power burns averaged 39Bcf/d, up from 36.7Bcf/d over the same period in 2022 and 33.7Bcf/d in 2021. High power burns lifted gas demand despite soft industrial and res/com use. Meanwhile, supply rose in the face of low prices, topping 102Bcf/d this summer. The net of these dynamics was a tighter balance, with storage falling to +200Bcf vs the five-year average recently from +370Bcf in June.

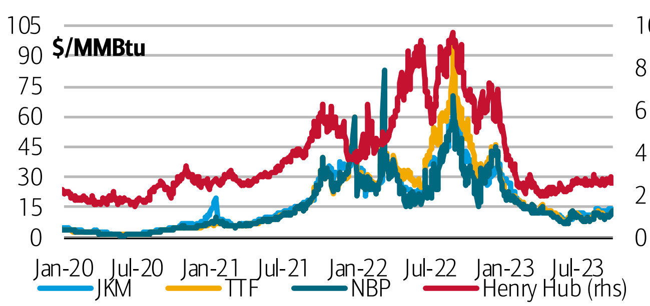
...but there is limited room for mild weather this winter

US gas inventories are likely to reach 3.81Tcf at the end of October, the highest level since 2020 and before that, 2016. This winter, US supply should average 101.9Bcf/d, or +1.5Bcf/d YoY, due to Permian and Northeast growth. Meanwhile, demand should rise 3Bcf/d YoY to 121.1Bcf/d due to higher LNG exports, which are set to average 1.8Bcf/d above 2022 levels thanks to Freeport's return. Res/Com and industrial demand should rise 1Bcf/d, while power demand comes in 500mmcf/d lower YoY on higher renewables generation. Exports to Mexico averaged +300mmcf/d YoY ytd, and we see winter 2023/24 volumes up 400mmcf/d YoY too. Imports from Canada averaged nearly 300mmcf/d lower YoY ytd, but we see this rebounding to +300mmcf/d YoY this winter.

Downside risk to our 2024 forecast, winter is a wildcard

When all is said and done, we expect inventories to exit winter 2023/24 at 1.77Tcf, near five-year highs. If realized, this inventory path may cause Henry Hub gas to trade below our forecast of $3.50/mmbtu (4Q23/1Q24) and below the current forward curve. A mild winter would put inventories on a path to hit new seasonal record highs by March and could lead to a repeat of sub $2/mmtbu prices at times early next year as high-end of winter inventories reignite the possibility of hitting storage constraints next summer. True, supply growth is likely to slow next year YoY, but power burns, a big source of demand growth this year, should fall YoY next summer. After all, a repeat of exceptional Southern heat and historically low wind speeds in 2024 seems unlikely and record renewable capacity growth and 1.3GW of nuclear should cushion against coal closures.

Exhibit 141: Global natural gas prices
Global gas prices crumble on elevated inventories



Source: Bloomberg

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Exhibit 142: Nat Gas forecasts
Henry Hub gas prices should remain depressed in 2023

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

Source: BofA Global Research estimates

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Gold: underperforming silver

Michael Widmer
MLI (UK)

Themes: range-bound for now

Gold keeps trading in well-established ranges on lack of a trigger that could bring new buyers into the market. Indeed, the latest Fed meeting suggested a "hawkish hold", which means that the opportunity costs for owning gold are unlikely to decline any time soon. To that point, our US economists note that the forward guidance language was not altered, leaving the door open for additional hikes without making a firm commitment to raise rates further (US Watch: September FOMC quick reaction: No surprises 20 September 2023). This ambivalence will likely keep gold investors on the sidelines for now.

Forecasts: silver to outperform gold

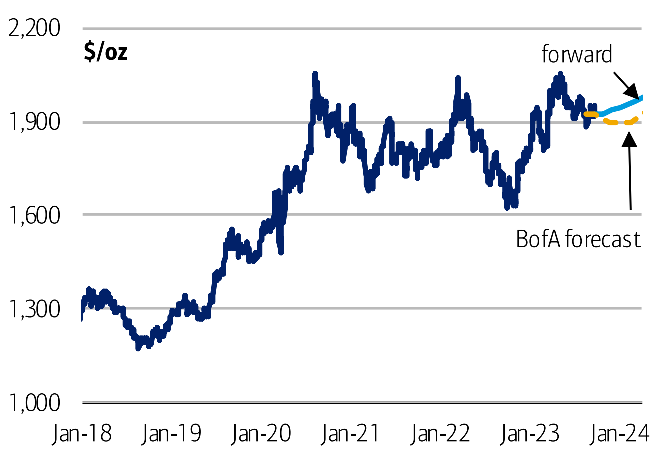
Looking into 2024, potential Fed rate cuts will in all likelihood be accompanied by an acceleration of economic activity. This may to some extent inhibit a rally in defensive gold. In turn, silver could outperform the yellow metal into 4Q24. Indeed, investors have often been the marginal price drivers also for silver, but confidence in the white metal had taken a hit in recent years when bullish pitches around "promising" applications, like silver usage in bandages, never really materialised.

That said, production cuts, along with increased demand from EVs and solar panels, have rebalanced the silver market and prices are now finding support, even without much non-commercial demand. To that point, assets under management at physically backed ETFs have been declining since 3Q22, even as silver prices have rallied. Yet, as silver demand from traditional applications accelerates, along higher purchases from green technologies, fundamentals should strengthen quickly. This may also attract investors that could then provide additional price momentum.

Risks: accelerated rate increases

A continued hawkish Fed would push gold prices down.

Exhibit 143: Forecast vs Forwards
Despite near-term headwinds, we are constructive gold medium-term



Source: BofA Global Research estimates

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Exhibit 144: Gold and silver forecasts ($/oz)
Forecasts caught between inflation and higher nominal rates

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

Source: BofA Global Research estimates

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Copper: cost support shifting higher

Michael Widmer
MLI (UK)

Themes: Copper is holding up

The historically close correlation between copper and macro indicators like PMIs or CNY has broken down. Indeed, these two metrics suggest the red metal should be trading around 30% below current levels. So what has been supportive? Green demand in China, ie investment in renewables and electric vehicle production, has been remarkably strong. Beyond that, supply growth has been constrained: only 1 of the 10 largest copper producers (this excludes Zijin) have raised 2023 production guidance.

Forecasts: miners face a raft of issues

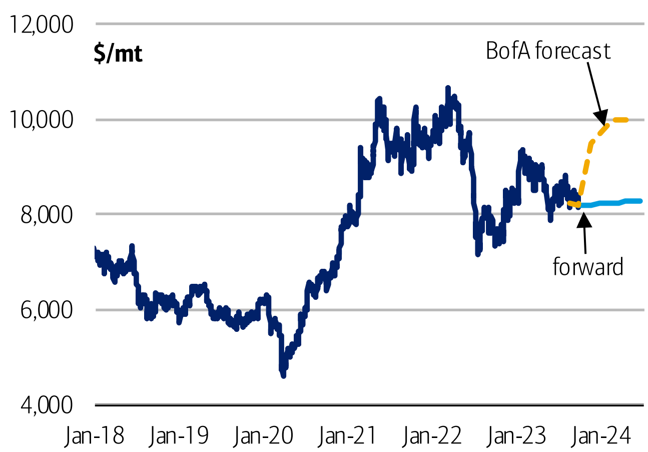
Operational challenges are nothing new. We estimate that a 56% decline in average ore grades, from around 1.6% in 1990 to 0.7% at present, has lifted copper production costs by $3,400/t ($1.36/lb), from $2,200/t ($1/lb) in 1990 to $5,600/t ($2.54/lb) at present. Given where the 75th-90th percentile of the cost curve stands, prices below $5,500/t ($2.50/lb) are hard to justify at present. To put this into context, the lowest price during the COVID pandemic was $4,371/t ($1.98/lb). A recent cost update by COCHILCO – the Chilean Copper Comission - highlights that Chile, the largest copper producer, has not been immune, with operating costs rising by 29% between 1Q22 and 1Q23.

Wider inflationary pressures have been an issue, but lower production also remains a concern. Cost pressures have been particularly visible at Codelco, the largest copper producer, where inflation has outpaced those of its Chilean peers. Linked to that, Codelco's output is now hovering around 1.3Mt, compared to a long-standing target of 1.8Mt (the global copper market is around 22.5Mt) owing to operational issues, falling ore grades and delays in delivering projects. Given the importance of Codelco for Chile, there has been much soul-searching on how to turn the situation around. Either way, supply issues are supportive for copper fundamentals and a broader rebound of China's economy may ultimately push prices higher.

Risks: China's reopening tails off

Lack of policy support in China would be bearish.

Exhibit 145: Forecast vs Forwards
Upside in 2H23



Source: Bloomberg, BofA Global Research

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Exhibit 146: Copper forecasts
The bull market has been fading

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

Source: Bloomberg, BofA Global Research

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Aluminum: demand in China holding up

Michael Widmer
MLI (UK)

Themes: supply increasing in China

Some of the capacity that had been idled in China's Yunnan province due to hydro power shortages has restarted and tonnages have hit the market after the summer. Indeed, production has risen by 2.2% YoY in August. That said, smelters ex-China have had little appetite to boost production, with supply increasing by just 0.5% YoY YTD. Against this backdrop, a key question is whether demand is strong enough to keep the market tight.

Forecasts: aluminium prices supported

Notwithstanding recent macro headwinds, China's apparent consumption has been holding up, expanding by 8% YoY YTD, with purchased tonnages consistently above last year's levels, except in April, when concerns over the health of the economy escalated. The breakdown of demand growth highlights that sectoral contributions have diverged: construction has been a drag, but that has been offset by increased activity in other industries; this has also been confirmed by Chalco's management.

As a result, the physical market has been supported. Demand growing in almost double digits against profound macro concerns is phenomenal; it also highlights that traditional growth drivers like housing are becoming less relevant. Demand ex-China, however, has been somewhat subdued, which is one reason that physical premia are trading below recent peaks. Rising interest rates have also had an influence on time spreads. Yet the gap between current time spreads and the maximum arbitrage-free contango has continued to narrow, suggesting that convenience yields have also declined.

One implication is that the P&L of warehouse financing deals (these function like a repo) has become positive again. In turn, this has implications for the physical market: if traders can lock up metal in financing deals, this may ultimately reduce the incentive to ship metal into the market. All in, global dynamcis suggest that aluminium prices are supported.

Risks: smelters reopen

Re-opening of smelters in China, along continued subdued activity would be headwinds.

Exhibit 147: Forecast vs Forwards
Despite period pullbacks, aluminium prices are set to rally going forward

Source: BofA Global Research

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Exhibit 148: Aluminum forecasts
Aluminium fundamentals look bullish

	Q4 23	Q1 24	Q2 24	Q3 24
US$/t	2,500	2,750	2,750	3,000
USc/lb	113	125	125	136

Source: BofA Global Research

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Appendix

GEMs Macro Forecasts

Exhibit 149: Key Macroeconomic forecasts
GDP and CPI forecasts

	Real GDP growth (% yoy)							CPI Inflation (%)						
		2023F			2024F				2023F			2024F		
	2022	BofA	Chg.	Consensus Economics	BofA	Chg.	Consensus Economics	2022	BofA	Chg.	Consensus Economics	BofA	Chg.	Consensus Economics
GEMs	4.3	4.0	-	4.0	4.1	-	3.7	8.0	6.1	0.3	6.3	6.1	0.5	5.6
GEMs (ex. China)	4.6	3.3	-	3.4	3.7	-	3.4	11.5	9.7	0.5	9.8	8.6	0.6	8.1
GEM-10	4.2	4.5	0.1	4.6	4.3	-	4.3	7.6	5.2	0.3	5.5	5.9	0.4	5.1
Global	3.6	3.0	-	-	2.8	0.2	-	8.6	6.5	0.1	-	5.9	0.8	-
US	2.1	2.1	0.3	2.1†	1.1	1.0	2.1†	8.0	4.2	0.2	8.0†	3.2	0.5	4.1†
Euro area	3.4	0.5	0.2	3.5†	0.5	(0.2)	0.5†	8.4	5.7	0.3	8.4†	2.7	0.3	5.6†
Japan	1.0	2.1	0.8	1.1†	1.2		1.8†	2.5	3.1	(0.1)	2.5†	2.7	-	3.1†
Asia	4.1	4.9	-	4.8	4.7	-	4.7	3.6	2.2	0.1	2.4	2.5	-	2.6
China	3.0	5.1	-	5.0	4.8	-	4.5	2.0	0.4	-	0.7	1.8	-	1.8
Hong Kong	-3.5	4.7	(1.3)	4.2	3.0	-	3.1	1.9	2.3	-	2.1	2.0	-	2.2
India	6.8	6.3	-	6.3	5.5	-	6.3	6.7	5.4	0.3	5.5	4.5	-	4.7
Indonesia	5.3	5.0	-	5.0	5.3	-	4.9	4.2	3.7	(0.3)	3.7	2.9	(0.2)	2.8
Korea	2.6	1.4	-	1.1	2.2	-	2.0	5.1	3.4	0.1	3.4	2.4	0.3	2.1
Malaysia	8.7	4.0	(0.3)	3.9	4.4	-	4.3	3.4	2.8	(0.2)	2.8	2.8	-	2.5
Philippines	7.6	4.8	(0.7)	5.2	5.0	-	5.5	5.8	5.5	(0.1)	5.7	2.8	-	3.4
Singapore	3.6	1.0	-	1.0	2.1	-	2.2	6.1	5.0	-	4.8	3.4	-	3.0
Taiwan	2.5	0.9	-	0.7	3.2	-	2.9	2.9	2.2	-	2.2	1.5	-	1.6
Thailand	2.7	2.8	(0.5)	3.0	3.3	(0.3)	3.6	6.1	1.6	(0.2)	1.7	1.7	(0.2)	1.9
EEMEA	5.5	1.9	(0.3)	2.1	3.2	(0.2)	2.9	26.0	23.5	1.5	23.5	22.4	2.8	19.9
Czech R.	2.5	0.0	-	0.1	2.2	-	2.2	15.1	10.9	-	10.9	2.3	(0.1)	2.8
Egypt	6.7	4.0	-	3.9†	4.0	-	4.3†	8.5	24.4	0.2	32.2†	25.0	6.0	19.5†
Hungary	4.6	0.0	(0.2)	-0.4	2.8	0.2	2.5	14.6	18.0	(0.5)	17.8	5.2	(0.3)	5.4
Israel	6.5	2.5	-	3.1†	3.5	-	3.3†	4.4	4.3	-	4.2†	2.7	-	2.7†
Nigeria	3.3	2.5	(0.7)	2.6†	3.0	-	3.0†	18.8	25.0	-	23.5†	15.0	-	20.7†
Poland	5.4	0.3	(0.5)	0.5	3.0	-	2.6	14.3	11.7	(0.1)	11.9	5.7	0.2	5.8
Romania	4.5	2.2	-	2.2	3.7	-	3.2	13.7	10.4	(0.2)	10.4	5.0	(0.2)	5.6
Saudi Arabia	8.7	-0.6	-	0.9†	4.1	1.5	3.8†	2.5	2.0	-	2.5†	2.0	-	2.2†
South Africa	1.9	0.7	0.2	0.6†	1.5	-	1.3†	6.9	5.8	(0.2)	5.8†	5.0	0.3	4.9†
Türkiye	5.6	3.5	-	3.4	3.0	(1.5)	2.0	72.0	54.5	6.1	52.0	61.0	7.6	44.5
Ukraine	-29.1	4.5	0.5	2.7	7.7	(0.8)	5.2	9.3	13.4	(1.2)	14.2	10.0	(2.0)	9.9
LatAm*	3.7	2.0	0.4	1.9	1.7	0.3	1.6	7.7	4.9	-	5.0	4.1	-	3.8
Argentina	5.2	-2.9	(0.4)	-3.0	-2.5	(0.1)	-1.3	94.8	174.6	43.9	176.5	151.3	29.6	137.7
Brazil	2.9	3.0	0.7	2.9	2.2	0.4	1.6	5.8	4.8	-	4.9	3.7	-	4.0
Chile	2.4	-0.1	0.1	-0.2	2.3	0.3	1.9	12.8	4.2	(0.4)	4.2	3.7	-	3.1
Colombia	7.3	1.7	-	1.2	2.4	-	1.8	13.1	9.7	0.7	9.2	5.8	0.1	4.6
Costa Rica	4.3	4.8	1.0	3.2	3.8	0.1	2.9	7.9	-0.3	-	0.4	2.7	-	2.8
Dominican Rep	4.9	2.0	(0.5)	3.6	5.1	(0.1)	4.2	7.8	3.4	-	4.4	4.2	-	4.2
Ecuador	2.9	1.4	-	1.8	2.5	-	1.8	3.7	1.7	-	1.9	2.0	-	1.9
El Salvador	2.6	1.9	-	2.0	2.7	-	1.8	7.3	2.1	-	2.8	1.9	-	1.7
Guatemala	4.1	3.8	-	3.1	3.5	-	3.2	9.2	4.9	-	3.7	4.3	-	3.9
Mexico	3.0	3.2	0.9	2.9	1.4	0.6	1.8	7.8	4.6	-	4.7	4.6	(0.1)	3.8
Panama	10.8	5.0	-	4.4	4.0	-	3.9	2.1	1.9	-	2.1	1.7	-	1.8
Peru	2.7	0.2	(1.0)	1.0	3.3	0.2	2.7	8.5	4.2	(0.3)	4.2	2.7	(0.2)	3.0
Uruguay	4.9	0.7	-	1.5	3.4	-	2.8	8.3	3.8	(2.0)	5.7	5.2	(1.1)	6.1
Venezuela	10.0	2.0	-	3.5	3.0	3.0	4.4	305.0	269	-	274	214	-	99

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

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Exhibit 150: Key Macroeconomic forecasts
CA and monetary policy rate forecasts

	Current Account balance (% of GDP)							Monetary Policy rate (%)						
		2023F			2024f				2023F			2024F		
	2022	BofA	Chg.	Consensus Economics	BofA	Chg.	Consensus Economics	2022*	BofA	Chg.	Bloomberg Consensus	BofA	Chg.	Bloomberg Consensus
GEMs	0.7	0.6	(0.1)	-	0.9	-	-	-	-		-	-		-
GEMs (ex. China)	-0.7	-0.3	0.1	-	0.5	0.1	-							
GEM-10	0.6	0.5	(0.1)	-	0.6	-	-	-	-		-	-		-
Global	-	-	-	-	-	-	-	-	-		-	-		-
US	-	-	-	-	-	-		4.375	5.625		-	4.875		-
Euro area	-	-	-	-	-	-		2.50	4.50		-	3.75		-
Japan	-	-	-	-	-	-		-0.10	-0.10		-	0.05		-
Asia	2.1	1.5	(0.1)	-	1.7	0.1	-	-	-		-	-		-
China	2.2	1.6	(0.6)	1.7	1.3	(0.5)	1.3	3.65	3.40		4.30	3.40		-
Hong Kong	10.5	6.0	(4.5)	3.1	6.2	(0.5)	1.7	4.99	5.25		-	4.60		-
India	-0.7	-0.5	-	-1.6	-0.8	-	-1.7	6.25	6.75		6.50	6.50		5.85
Indonesia	1.0	0.2	(0.8)	-0.2	-0.7	(1.0)	-0.8	5.50	5.75		5.70	4.75		4.90
Korea	1.8	1.7	(0.1)	1.5	1.8	0.7	2.2	3.25	3.50		3.45	2.50		2.60
Malaysia	2.6	1.9	(0.7)	2.2	1.9	-	2.4	2.75	3.00		3.00	3.00		2.95
Philippines	-4.8	-3.4	1.4	-3.7	-3.4	-	-3.1	5.50	6.50		6.20	5.25		5.15
Singapore	19.3	16.3	(3.0)	16.1	16.7	0.4	15.3	-	-		-	-		-
Taiwan	13.3	12.2	(1.0)	10.9	12.8	1.5	11.0	1.75	1.88		2.30	1.88		2.15
Thailand	-3.3	0.9	4.2	1.2	2.7	2.4	2.5	1.00	2.25		1.90	2.00		1.70
EEMEA	-2.9	-1.4	0.3	-	0.3	0.6	-	-	-		-	-		-
Czech R.	-6.1	-1.0	5.1	-0.8	1.1	4.6	-0.2	7.00	6.50		24.40	4.00		24.20
Egypt	-3.5	-3.2	0.3	-2.9†	-2.3	0.8	-2.8†	11.25	18.25		-	23.25		-
Saudi Arabia	-8.1	-0.6	7.5	-2.3	0.3	3.8	-1.8	13.00	11.00		385.00	6.50		390.00
Hungary	3.4	3.9	0.5	3.6†	3.8	(0.1)	3.6†	3.25	4.75		4.80	3.00		3.55
Israel	0.2	-0.1	(0.3)	0.1†	0.5	0.6	0.3†	16.50	25.00		20.25	16.00		18.35
Nigeria	-3.0	2.5	5.5	0.4	1.8	1.8	0.0	6.75	5.50		4.55	4.50		4.50
Poland	-9.3	-7.9	1.4	-6.8	-7.4	1.0	-2.9	6.75	7.00		5.00	5.00		5.09
Romania	13.6	10.5	-	7.0†	11.5	1.4	7.1†	5.00	6.25		-	5.50		-
South Africa	-0.5	-2.3	(1.8)	-2.3†	-2.7	-	-2.7†	7.00	8.25		8.25	7.50		7.20
Türkiye	-5.5	-5.3	0.2	-4.7	-3.6	0.6	-3.0	9.00	35.00		30.00	45.00		32.00
Ukraine	5.1	-3.2	(8.1)	-3.4	-3.7	(7.4)	-0.7	25.00	18.00		21.60	5.07		14.10
LatAm	-2.8	-2.3	(0.1)	-	-2.4	(0.3)	-	-	-			-		
Argentina	-0.8	-4.6	(3.8)	-2.2	0.3	4.5	0.1	75.00	118.00		129.50	78.00		82.50
Brazil	-3.0	-2.2	0.8	-0.7	-2.5	(0.2)	-2.3	13.75	11.75		11.80	9.50		8.80
Chile	-9.0	-3.8	5.2	-3.1	-5.8	(1.2)	-3.3	11.25	8.25		8.05	5.50		4.90
Colombia	-6.2	-4.0	2.2	-4.3	-3.3	0.7	-4.3	12.00	13.00		12.60	9.25		7.75
Costa Rica	-3.8	-3.3	0.5	-3.1	-2.9	0.4	-2.7	9.00	5.75		-	5.00		-
Dominican Rep	-5.6	-3.2	2.4	-3.9	-2.7	0.5	-3.2	8.50	6.75		-	5.50		-
Ecuador	2.4	1.4	(1.0)	1.4	1.9	0.5	0.6	-	-		-	-		-
El Salvador	-7.0	-4.0	3.0	-4.1	-2.9	1.1	-3.4	-	-		-	-		-
Guatemala	1.4	2.0	-	2.2	1.5	-	1.9	3.75	4.75		-	4.00		-
Mexico	-1.2	-1.8	(0.9)	-1.1	-2.8	(1.9)	-1.1	10.50	11.25		11.05	8.75		8.25
Panama	-3.9	-3.0	1.0	-4.7	-2.7	0.3	-4.4	-	-		-	-		-
Peru	-4.0	-1.2	2.8	-1.5	-1.7	0.3	-1.1	7.50	6.75		6.75	4.00		4.40
Uruguay	-3.2	-3.6	(0.4)	-2.5	-2.6	1.0	-1.9	11.50	9.00			8.00		-
Venezuela	0.4	-1.6	(2.0)	-3.3	0.0	1.6	1.6	-	-		-	-		-

Source: BofA Global Research

BofA GLOBAL RESEARCH

GEMs Consolidated Macro Indicators

Exhibit 151: GEMs
Consolidated Macro Indicators

	2015	2016	2017	2018	2019	2020	2021	2022F	2023F	2024F
GEMs										
Nominal GDP (US$ bn)	26,205	26,594	28,999	31,255	32,038	31,257	36,164	37,480	39,511	41,997
Real GDP growth (% yoy)										
Weighted by PPP-GDP	4.7	4.2	5.0	4.6	3.7	-2.1	7.1	4.3	4.1	4.0
Weighted by current exchange rates	4.4	4.2	5.0	4.7	3.9	-1.4	7.2	3.9	3.8	4.0
Median	3.1	2.9	3.3	3.2	2.5	-5.5	6.1	4.3	2.2	3.2
CPI inflation (% yoy, ave)										
Weighted by PPP-GDP	3.6	3.5	3.8	3.8	4.0	3.5	4.0	8.1	6.2	6.0
Weighted by current exchange rates	3.4	3.2	3.2	3.2	3.4	3.1	3.3	5.9	4.3	4.7
Median	2.4	2.1	2.6	2.3	2.8	2.6	3.8	6.9	4.3	3.7
Trade balance (US$ bn)	367.4	402.9	352.0	301.6	302.1	323.3	460.5	473.8	446.4	315.5
Exports (US$ bn)	3,950	3,615	3,454	3,747	4,100	3,924	3,833	4,800	5,206	5,003
Imports (US$ bn)	3,583	3,213	3,102	3,446	3,797	3,600	3,373	4,327	4,759	4,688
Current account balance (US$ bn)	300.7	344.7	417.3	210.9	357.0	621.0	440.3	272.9	237.9	380.9
Current account balance (% of GDP)	1.1	1.3	1.4	0.7	1.1	2.0	1.2	0.7	0.6	0.9
International reserves (US$ bn)	7,363	7,088	7,419	7,393	7,609	8,066	8,439	7,872	7,496	7,111
Gross government debt (% of GDP)	57.6	61.1	61.8	62.0	64.6	71.7	70.8	56.1	55.3	55.0
Gov. budget balance (% of GDP)	-3.0	-2.9	-2.5	-2.3	-2.7	-5.4	-4.0	-3.6	-3.8	-3.6
Asia										
Nominal GDP (US$ bn)	17,500	18,088	19,751	21,910	22,664	22,889	26,756	27,175	28,592	30,388
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	4.4	3.8
CPI inflation (% yoy, ave)										
Weighted by PPP-GDP	2.3	2.5	2.2	2.3	2.9	2.8	2.2	3.6	2.1	2.5
Weighted by current exchange rates	1.9	2.2	1.9	2.2	2.7	2.5	1.7	3.1	1.6	2.2
Median	1.1	1.7	1.8	1.8	1.6	0.4	2.2	4.6	3.1	2.5
Trade balance (US$ bn)	244.0	383.8	293.9	227.6	200.2	230.4	363.7	382.9	423.3	294.7
Exports (US$ bn)	2,600	2,471	2,333	2,527	2,748	2,623	2,648	3,350	3,585	3,332
Imports (US$ bn)	2,356	2,087	2,039	2,300	2,548	2,393	2,284	2,968	3,162	3,037
Current account balance (US$ bn)	518.5	417.4	402.1	220.1	351.9	589.8	630.4	566.3	443.1	511.7
Current account balance (% of GDP)	3.0	2.3	2.0	1.0	1.6	2.6	2.4	2.1	1.5	1.7
International reserves (US$ bn)	5,519	5,279	5,595	5,562	5,719	6,153	6,413	5,844	5,422	4,898
Gross government debt (% of GDP)	64.3	68.4	69.0	68.9	72.3	79.1	78.3	57.9	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	-3.2	-3.1
EEMEA										
Nominal GDP (US$ bn)	3,767	3,775	3,975	4,199	4,348	4,299	4,640	4,898	4,899	5,514
Real GDP growth (% yoy)										
Weighted by PPP-GDP	3.6	2.4	3.8	3.4	2.5	-0.9	5.5	5.5	1.9	3.2
Weighted by current exchange rates	3.8	2.4	3.8	3.4	2.4	-1.6	5.4	5.5	0.8	3.2
Median	3.8	2.9	4.2	3.2	3.3	-2.1	3.9	5.4	2.2	3.0
CPI inflation (% yoy, ave)										
Weighted by PPP-GDP	5.6	6.2	9.5	9.6	8.4	6.6	8.6	25.3	23.5	22.2
Weighted by current exchange rates	5.0	5.8	8.5	8.5	7.2	5.6	7.5	19.3	17.8	17.2
Median	4.6	5.3	5.3	4.6	3.8	3.3	4.5	9.3	11.4	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	107.5	41.5	-94.8	-144.0	-67.6	14.6
Current account balance (% of GDP)	-1.1	0.8	2.9	3.0	2.5	1.0	-2.0	-2.9	-1.4	0.3
International reserves (US$ bn)	1,062	1,015	1,007	1,001	1,047	1,069	1,156	1,205	1,252	1,373
Gross government debt (% of GDP)	40.8	41.2	42.1	41.2	40.3	45.9	47.9	46.2	50.0	49.9
Gov. budget balance (% of GDP)	-3.1	-2.0	-0.3	-0.1	-1.7	-5.9	-5.9	-5.2	-5.8	-5.0
LatAm										
Nominal GDP (US$ bn)	4,937.9	4,731.4	5,272.9	5,146.3	5,025.9	4,069.2	4,768.1	5,407.8	6,020.4	6,094.9
Real GDP growth (% yoy)										
Weighted by PPP-GDP	0.5	-0.2	2.0	1.8	0.8	-6.7	7.5	3.7	2.0	1.7
Weighted by current exchange rates	-0.2	-0.9	1.6	1.2	0.2	-6.9	7.3	3.9	1.9	1.7
Median	2.7	1.9	2.3	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	4.7	4.0
Median	3.9	3.3	3.5	2.3	3.2	3.1	6.8	8.1	4.2	3.9
Trade balance (US$ bn)	46.8	31.1	58.5	73.6	70.3	81.4	107.6	95.5	85.0	100.9
Exports (US$ bn)	606.3	535.0	521.5	569.7	618.3	607.4	545.3	664.7	780.4	814.9
Imports (US$ bn)	559.5	503.9	462.9	496.1	548.1	526.0	437.8	569.2	695.4	714.0
Current account balance (US$ bn)	-175.4	-103.5	-100.1	-135.2	-102.5	-10.4	-95.3	-149.5	-137.6	-145.4
Current account balance (% of GDP)	-3.6	-2.2	-1.9	-2.6	-2.0	-0.3	-2.0	-2.8	-2.3	-2.4
International reserves (US$ bn)	781.8	793.5	818.0	829.6	842.4	844.0	871.0	823.4	822.0	840.8
Gross government debt (% of GDP)	49.5	53.8	54.0	56.3	59.1	68.5	62.8	59.5	53.2	54.9
Gov. budget balance (% of GDP)	-5.9	-5.7	-4.9	-4.3	-3.7	-8.5	-4.1	-3.4	-5.0	-4.6

Source: BofA Global Research

BofA GLOBAL RESEARCH

GEMs FX Compass and CA Imbalances

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

Exhibit 152: FX Compass Long Term Valuations
Trade-weighted valuations vs REER fair values

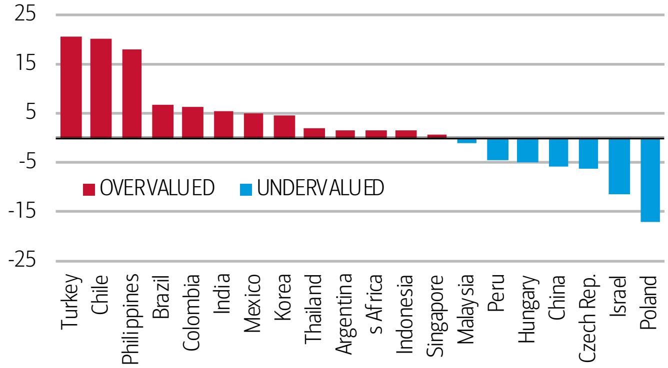

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Exhibit 153: Current Account Imbalances
Gap between forecast and equilibrium CAB (forecasted minus long-term equilibrium)

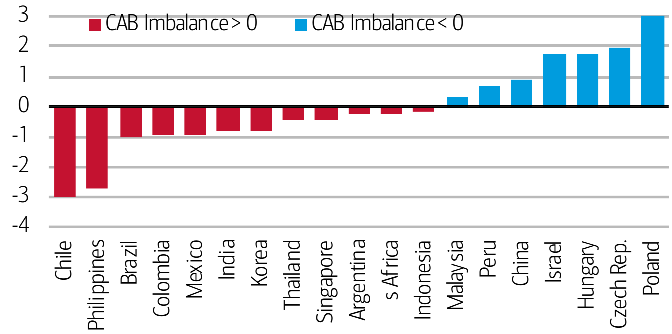

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Exhibit 154: FX Compass
Long term currency valuation

Country	Fair Value vs USD (or EUR) 1/	Spot vs USD (or EUR) 1/	Bilateral Misalignment vs USD (or EUR) 1/	Trade-weighted Misalignment (%) 2/
Asia			**3.7**	**3.1**
China	7.06	7.30	(3.4)	(5.9)
India	88.3	83.2	5.8	5.5
Indonesia	15744	15375	2.3	1.3
Korea	1404	1340	4.6	4.4
Malaysia	4.68	4.69	(0.1)	(1.2)
Philippines	67.64	56.85	16.0	18.2
Singapore	1.39	1.37	1.7	0.6
Thailand	37.23	36.15	2.9	1.8
EEMEA			**(4.6)**	**(2.9)**
Czech Rep. 1/	22.6	24.4	(8.1)	(6.2)
Hungary 1/	361	385	(6.5)	(4.9)
Israel	3.44	3.82	(11.1)	(11.5)
Poland 1/	3.81	4.62	(21.2)	(17.2)
South Africa	19.31	18.86	2.3	1.5
Türkiye	32.70	27.06	17.3	20.8
LatAm			**6.5**	**5.9**
Argentina	367	350	4.5	1.6
Brazil	5.28	4.88	7.5	6.7
Chile	1066	882	17.3	20.1
Colombia	4224	3917	7.3	6.4
Mexico	18.04	17.09	5.3	5.2
Peru	3.62	3.72	(2.9)	(4.6)
Average			**2.1**	**2.1**

Note 1/ CZK, HUF and PLN are quoted against the EUR. Fair values are updated using forecasts. Spot is for September 27 ,2023. Note 2/ REER valuation is trade-weighted deviation of current REER (October estimate) from Compass fair values. **Source:** BofA Global Research, Bloomberg

Exhibit 155: Estimated current account imbalance
CA imbalance

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

Note: CA denotes current account balance as a % of GDP. A negative misalignment indicates the currency is overvalued. **Source:** BofA Global Research

GEMs Tables – Asia

Exhibit 156: China

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022F	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)								17,962	18,762	19,656
GDP per capita (US$)	7,922	8,067	8,791	9,887	10,126	10,402	12,615	12,723	13,290	13,930
Unemployment rate (%)[1]	5.0	5.0	4.9	4.7	5.2	5.1	5.1	6.1		5.1
Population (millions)	1,383	1,392	1,400	1,405	1,410		1,413	1,412	1,412	1,411
Economic Activity										
Real GDP growth (% yoy)	7.0	6.8	6.9	6.7	6.0	2.2	8.4	3.0	5.1	4.8
Domestic demand growth (% yoy)	6.6	7.9	6.8	7.4	5.3	1.7	6.8	2.5	5.9	5.0
Real investment growth (% yoy)	3.5	7.3	6.4	6.8	3.9	4.2	3.9	3.5	4.8	5.0
Real consumption growth (% yoy)	9.3	8.4	7.1	7.8	6.3	-0.3	9.0	1.8	6.8	5.0
Real private consumption growth (% yoy)	9.4	8.9	7.0	7.4	6.5	-1.7	11.6	0.6	7.2	5.3
Real government consumption growth (% yoy)	9.0	7.3	7.1	8.9	6.0	3.1	3.2	4.9	5.8	4.2
Real export growth (% yoy)	-2.3	1.1	8.1	3.8	0.5	2.4	17.7	-1.7	-2.9	2.0
Real import growth (% yoy)	-6.2	5.8	7.3	8.1	0.4	5.5	10.4	-5.8	-2.3	2.2
Prices										
CPI inflation (% yoy, eop)	1.6	2.1	1.8	1.9	4.5	0.2	1.5	1.8	0.5	1.9
CPI inflation (% yoy, avg)	1.4	2.0	1.6	2.1	2.9	2.5	0.9	2.0	0.4	1.8
Nominal wages (% yoy)	10.1	8.9	10.0	10.9	9.8	7.6	9.7	6.7	8.0	7.6
Nominal exchange rate (vs. USD, eop)	6.49	6.94	6.53	6.86	6.98	6.53	6.36	6.90	7.20	6.70
Nominal exchange rate (vs. USD, avg)	6.29	6.65	6.76	6.62	6.91	6.90	6.45	6.74	7.12	6.96
Bilateral real exchange rate (% yoy, + dep)	-	-	-	-	-	-	-	-	-	
Monetary Sector2										
Monetary base growth (% yoy)	-6.0	11.8	4.2	2.8	-2.0	1.9	-0.3	9.6	2.0	2.0
Broad money growth (% yoy)	13.3	11.3	8.1	8.1	8.7	10.1	9.0	11.8	11.0	10.0
Credit extension to private sector (% yoy)	14.3	13.5	12.7	13.5	12.3	12.8	11.6	11.1	11.7	10.6
Central bank policy rate (%, eop)[3]	4.30	4.30	4.30	4.31	4.15	3.85	3.80	3.65	3.40	3.40
1-month interbank rate (%, eop)	2.90	3.84	4.80	3.46	3.30	3.31	3.18	-	-	-
Long-term yield (%, eop)	3.50	2.90	3.90	3.20	3.14	3.14	2.78	2.80	3.00	-
External Sector										
Current account balance (% of GDP)	2.7	1.7	1.5	0.2	0.7	1.7	2.0	2.2	1.6	1.3
Current account balance (US$ bn)	293	191	189	24	103	249	353	402	308.9	263.9
Trade balance (US$ bn)	576	489	476	380	393	511	563	669	619	633
Exports, f.o.b. (US$ bn)	2,143	1,990	2,216	2,417	2,387	2,510	3,216	3,347	3,203	3,236
main export	-	-	-	-	-	-	-	-	-	-
Imports, c.i.f. (US$ bn)	1,567	1,501	1,740	2,037	1,994	1,999	2,653	2,678	2,585	2,603
Service balance (US$ bn)	-218	-233	-259	-292	-261	-153	-101	-92	-207	-218
Income balance (US$ bn)	-52	-55	-16	-61	-39	-118	-124	-194	-121	-169
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	3.45	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	65.3	98.9	63.2	65.7	46.5	76.5	75.3

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 157: India
Selected economic and financial indicators

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020E	FY2021E	FY2022E	FY2023E	FY2024E	FY2025E
Summary Data										
Nominal GDP (US$ bn)	2,074.1	2,230.1	2,430.8	2,691.0	2,970.0	2,910.6	3,107.0	3,343.0	3,643.0	3,995.0
GDP per capita (US$)	1,657	1,760	1,896	2,062.0	2,241.0	2,195.0	2,343.1	2,485.5	2,625.0	2,830.0
Unemployment rate (%)	-	-	-							
Population (millions)	1,252	1,267	1,316	1,332.0	1,341.0	1,354.4	1,368.0	1,381.6	1,400.0	1,412.0
Economic Activity										
Real GDP growth (% yoy)	7.6	6.9	6.6	6.0	4.0	-7.3	8.7	6.8	6.3	5.5
Domestic demand growth (% yoy)	-	-	-	-						
Real investment growth (% yoy)	5.6	-	-	-						
Real consumption growth (% yoy)	6.9	-	-	-						
Real private consumption growth (% yoy)	7.6	-	-	-						
Real government consumption growth (% yoy)	3.3	-	-	-						
Real export growth (% yoy)	-15.9	0.6	7.4	9.7	0.0	-5.0	10.0	10.0	5.0	8.0
Real import growth (% yoy)	-14.1	0.7	12.7	11.0	-5.0	-5.0	12.5	20.0	15.0	10.0
Prices										
CPI inflation (% yoy, eop)	4.8	4.6	4.3	2.9	4.6	5.5	7.0	5.8	5.1	4.5
CPI inflation (% yoy, avg)	4.9	4.8	3.6	3.4	4.8	6.2	5.3	6.7	5.4	4.5
WPI inflation (% yoy, eop)	-0.9	7.1	2.5	3.1	2.0	4.0	10.0	7.5	5.0	3.5
WPI inflation (% yoy, avg)	-2.5	3.6	2.7	4.3	3.0	1.0	10.0	10.0	7.5	5.0
Nominal wages (% yoy)	-	-	-	-						
Nominal exchange rate (vs USD, eop)	66.2	68.1	65.2	69.1	72.0	69.8				
Nominal exchange rate (vs USD, avg)	65.5	67.5	69.6	69.9						
Bilateral real exchange rate (% yoy, + dep)	6.0	2.8	2.1	-						
Monetary Sector										
Monetary Base growth (% yoy)	13.1	12.8	12.4	10.0	11.0	11.0	13.0			
Broad Money growth (% yoy)	10.5	13.1	12.4	19.7	13.3	11.8	13.0			
Credit extension to private sector (% yoy)	10.6	9.0	14.1	12.3	13.7	9.5	8.0			
Central bank policy rate (%, eop)	6.75	6.00	6.00	6.25	4.40	4.00	4.00	6.50	6.50	5.50
1-month interbank rate -Call rate (%)	6.75	6.00	6.00	6.5	4.8	4.3				
Long-term yield (%)	7.50	6.85	7.65	7.8	6.3					
External Sector										
Current Account balance (% of GDP)	-1.1	-0.7	-1.9	-2.1	-1.0	1.0	-1.2	-2.4	-2.4	-2.2
Current Account balance (US$ bn)	-22.0	-45.0	-57.3	-22.0	25.0	25	-39.0	-84.0	-86.3	
Trade Balance (US$ bn)	-130.1	-131.2	-162.3	-179.0	-150.0	-126.0	-180.0	-255.0		
Exports, f.o.b. (US$ bn)	266.4	268.0	287.7	331.0	298.0	272.0	370.0	415.0		
main export	-	-	-	-						
other	-	-	-	-						
Imports, c.i.f. (US$ bn)	396.4	399.2	450.0	510.0	448.0	398.0	550.0	670.0		
Service balance (US$ bn)	-	-	-	-						
Income balance (US$ bn)	-	-	-	-						
Foreign direct investment (US$ bn)	36.0	35.0	40.0	35.0	35.0	32.0	42.0	40.0		
International reserves (US$ bn)	359.8	376.0	395.5	415.0	470.0	510.0	630.0	500.0	530.0	
Public Sector										
Central Gov. Primary Budget Balance (% of GDP)	-0.9	-0.5	0.0	0.0						
Central Gov. Budget Balance (% of GDP)	-3.9	-3.5	-3.5	-3.4	-4.6	-9.2	-6.7	-6.4	-5.8	-5.2
Consolidated Gov. Primary Budget Balance (% of GDP)	-	-	-							
Consolidated Public Sector Balance (% of GDP)	-	-	-							
Central gov. revenues (% of GDP)	10.8	10.2	10.3	10.5	10.6	10.6	10.7			
Debt Indicators										
Gross External Debt (% of GDP)	23.3	23.0	24.3	24.5	25.0	25.5	25.5			
Public (% of GDP)	5.4	5.9	6.3	6.1	6.3	6.5	7.0			
Private (% of GDP)	17.9	17.1	18.0	18.0	18.5	19.0	18.5			
Gross government debt (% of GDP)	65.7	63.7	61.6	60.0	62.0	60.0	60.0			
Domestic (% of GDP)	62.0	59.5	57.0	56.0	56.3	56.5	56.5			
External (% of GDP)	3.7	4.2	4.6	4.0	4.2	4.4	4.5			
Savings - Investment Balance										
Savings (% of GDP)	31.5	30.5	31.0	31.5	30.0	30.0	32.0			
Investment (% of GDP)	33.0	32.4	32.4	32.4	31.0	31.0	33.0			
Memorandum Items										
Agro GDP (% yoy)	1.2									
Non-agro GDP (% yoy)	8.4									

	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
Quarterly Economic Forecasts										
Real GDP growth (% yoy)	5.2	4.0	13.1	6.2	4.5	6.1	7.8	6.1	6.2	5.2
CPI Inflation (% yoy, eop)	5.1	5.0	6.3	7.3	7.0	6.5	6.1	4.8	5.4	5.2
WPI inflation (% yoy, eop)	11.7	14.3	13.9	16.1	12.4	10.5	7.5	7	6	5
Central bank policy rate (%, eop)	4.00	4.00	4.00	4.90	5.90	6.25	6.50	6.75	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 158: Indonesia

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020F	2021F	2022F	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	861	932	1,016	1,042	1,119	1,060	1,186	1,319	1,442	1,589
GDP per capita (US$)	3,368	3,607	3,886	3,946	4,193	3,923	4,357	4,798	5,198	5,676
Unemployment rate (%)	6.2	5.6	5.5	5.2	5.2	7.1	6.5	5.9	4.3	4.1
Population (millions)	255.6	258.5	261.4	264.2	266.9	270.2	272.2	274.9	277.4	280.0
Economic Activity										
Real GDP growth (% yoy)	4.9	5.0	5.1	5.2	5.0	-2.1	3.7	5.3	5.0	5.3
Domestic demand growth (% yoy)	4.9	4.4	5.1	5.6	4.8	-3.1	2.8	3.8	5.0	5.4
Real investment growth (% yoy)	5.0	4.5	6.2	6.7	4.5	-5.0	3.8	3.9	5.4	6.0
Real consumption growth (% yoy)	4.9	4.3	4.6	5.1	4.9	-2.1	2.3	3.7	4.7	5.1
Real private consumption growth (% yoy)	4.8	5.0	5.0	5.1	5.2	-2.7	2.0	4.9	5.2	5.5
Real government consumption growth (% yoy)	5.3	-0.1	2.1	4.8	3.3	2.1	4.2	-4.5	1.6	2.0
Real export growth (% yoy)	-2.1	-1.7	8.9	6.5	-0.5	-8.4	18.0	16.3	5.8	5.9
Real import growth (% yoy)	-6.2	-2.4	8.1	12.1	-7.1	-17.6	24.9	14.7	5.3	6.2
Prices										
CPI inflation (% yoy, eop)	3.4	3.0	3.6	3.1	2.6	1.7	1.9	5.5	2.4	3.2
CPI inflation (% yoy, avg)	6.4	3.5	3.8	3.3	2.8	2.0	1.6	4.2	3.6	2.9
Nominal wages (% yoy)	6.5	22.9	6.9	4.3	3.4	-6.9	-0.4	13.5	5.8	5.2
Nominal exchange rate (vs. USD, eop)	13,775	13,248	13,537	14,791	14,068	14,387	14,264	15,564	14,800	14800
Nominal exchange rate (vs. USD, avg)	13,390	13,302	13,381	14,237	14,147	14,570	14,311	14,854	14,813	14,900
Bilateral real exchange rate (% yoy, + dep)	-	-	-	-	-	-	-	-	-	-
Monetary Sector										
Monetary base growth (% yoy)	12.0	17.3	12.4	4.8	7.4	18.5	23.0	14.3	-	-
Broad money growth (% yoy)	9.0	10.0	8.3	6.3	6.5	12.5	14.0	8.4	-	-
Credit extension to private sector (% yoy)	10.1	7.8	8.2	11.7	5.9	-2.6	4.9	11.0	-	-
Central bank policy rate (%, eop)	6.25	4.75	4.25	6.00	5.00	3.75	3.50	5.50	5.75	4.75
1-month interbank rate (%, eop)	8.55	7.80	5.50	7.54	5.44	3.81	3.55	6.20	6.45	5.45
Long-term yield (%, eop)	9.0	8.0	6.3	8.0	7.1	5.9	6.4	6.9	8.0	-
External Sector										
Current account balance (% of GDP)	-2.0	-1.8	-1.6	-2.9	-2.7	-0.4	0.3	1.0	-0.3	-0.7
Current account balance (US$ bn)	-17.5	-17.0	-16.2	-30.6	-30.3	-4.4	3.5	13.2	-5.0	-10.9
Trade balance (US$ bn)	14.0	15.3	18.8	-0.2	3.5	28.3	43.8	47.5	44.4	46.8
Exports, f.o.b. (US$ bn)	149.1	144.5	168.9	180.7	168.5	163.4	232.8	250.2	250.9	-
main export - oil and gas	16.0	14.6	20.5	24.0	21.7	16.4	31.5	54.6	-	-
Imports, c.i.f. (US$ bn)	135.1	129.2	150.1	181.0	164.9	135.1	189.0	202.7	206.5	-
Service balance (US$ bn)	-8.7	-7.1	-7.4	-6.5	-7.6	-9.8	-14.6	-15.5	-18.4	-23.4
Income balance (US$ bn)	-22.9	-25.2	-27.6	-23.9	-26.1	-23.0	-25.7	-26.7	-31.0	-34.3
Foreign direct investment (US$ bn)	16.6	3.9	20.6	20.6	23.9	18.6	20.9	22.0	25.0	28.0
International reserves (US$ bn)	105.9	116.4	130.2	120.7	129.2	135.9	144.9	137.2	-	-
Public Sector										
Central gov. primary budget balance (% of GDP)	-1.2	-1.0	-0.9	-0.1	-0.5	-4.1	-2.5	-0.4	0.2	-0.3
Central gov. budget balance (% of GDP)	-2.6	-2.5	-2.5	-1.8	-2.2	-6.1	-4.6	-2.4	-1.8	-2.3
Consolidated gov. primary budget balance (% of GDP)	-	-	-	-	-	-	-	-	-	-
Consolidated public sector balance (% of GDP)	-	-	-	-	-	-	-	-	-	-
Central gov. revenues (% of GDP)	13.1	12.5	12.3	13.1	12.4	10.7	11.8	13.4	11.6	-
Debt Indicators										
Gross external debt (% of GDP)	36.1	34.3	34.7	36.0	36.1	39.3	34.9	30.1	-	-
Public (% of GDP)	16.6	17.0	17.8	17.9	18.1	19.7	17.6	14.8	-	-
Private (% of GDP)	19.5	17.3	16.9	18.1	17.9	19.6	17.3	15.3	-	-
Gross government debt (% of GDP)	26.7	28.1	29.0	29.3	30.7	40.6	40.8	37.3	-	-
Domestic (% of GDP)	14.8	16.1	17.1	17.3	19.1	27.0	28.6	26.4	-	-
External (% of GDP)	11.9	11.9	12.0	12.0	11.6	13.6	12.2	10.9	-	-
External debt amortizations (US$ bn)	-	-	-	-	-	-	-	-	-	-
External debt Interest payments (US$ bn)	-	-	-	-	-	-	-	-	-	-
External debt service (% of XGS)	-	-	-	-	-	-	-	-	-	-
Savings - Investment Balance										
Savings (% of GDP)	32.0	32.0	32.1	31.6	31.1	31.9	31.7	30.7	28.4	25.8
Investment (% of GDP)	34.1	33.9	33.7	34.6	33.8	32.3	31.4	29.7	28.3	26.9

	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
Quarterly Economic Forecasts										
Real GDP growth (% yoy)	3.5	5.0	5.0	5.5	5.7	5.0	5.0	4.7	5.0	5.4
Real GDP growth (% qoq, sa, annualized)	1.8	10.1	5.7	4.4	3.6	5.9	6.0	3.1	3.3	10.6
CPI inflation (% yoy, eop)	1.6	1.8	2.3	3.8	5.2	5.5	5.2	4.0	3.6	3.3
Central bank policy rate (%, eop)	3.50	3.50	3.50	3.50	4.25	5.50	5.75	5.75	5.75	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 159: Korea

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021F	2022F	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	1,466.5	1502.5	1626.7	1726.0	1651.7	1648.5	1816.8	1674.9	1721.3	1888.6
GDP per capita (US$)	28,749.1	29333.6	31672.4	33455.5	31910.0	31800.3	35114.0	32441.4	33383.9	36671.1
Unemployment rate (%)1	3.6	3.7	3.7	3.9	3.8	4.0	3.6	2.9	3.1	3.5
Population (millions)	51.0	51.2	51.4	51.6	51.8	51.8	51.7	51.6	51.6	51.5
Economic Activity										
Real GDP growth (% yoy)	2.8	2.9	3.2	2.9	2.2	-0.7	4.3	2.6	1.4	2.2
Domestic demand growth (% yoy)	3.8	4.1	5.6	2.0	1.5	-1.3	3.7	2.7	1.7	1.0
Real investment growth (% yoy)	5.4	6.6	9.8	-2.2	-2.1	3.5	3.2	-0.5	0.3	0.9
Real consumption growth (% yoy)	2.6	3.0	3.1	3.7	3.2	-2.2	4.1	4.1	1.4	1.1
Real private consumption growth (% yoy)	2.2	2.6	2.8	3.2	2.1	-4.8	3.6	4.1	1.6	1.3
Real government consumption growth (% yoy)	3.8	4.4	3.9	5.3	6.4	5.1	5.5	4.0	1.1	0.6
Real export growth (% yoy)	0.2	2.4	2.5	4.0	0.2	-1.7	11.1	3.4	0.5	3.2
Real import growth (% yoy)	2.1	5.2	8.9	1.7	-1.9	-3.1	10.1	3.5	0.6	1.4
Prices										
CPI inflation (% yoy, eop)	1.1	1.3	1.4	1.3	0.7	0.6	3.7	5.0	103.8	104.3
CPI inflation (% yoy, avg)	0.7	1.0	1.9	1.5	0.4	0.5	2.5	5.1	3.4	2.4
Nominal wages (% yoy)	3.4	3.8	2.7	5.1	3.4	0.6	5.0	4.7	4.0	3.0
Nominal exchange rate (vs. USD, eop)	1,172	1208.5	1071.4	1118.1	1157.8	1088.0	1185.5	1267.3	1330.0	1190.0
Nominal exchange rate (vs. USD, avg)	1,131	1160.8	1131.0	1100.2	1165.4	1180.3	1144.0	1291.4	1311.1	1246.3
Bilateral real exchange rate (% yoy, + dep)	-	-	-	-	-	-	-	-	-	-
Monetary sector										
Narrow money growth (% yoy)	18.6	15.4	9.2	4.9	4.3	20.8	21.0	4.0	11.0	12.2
Broad money growth (% yoy)	8.6	7.3	5.5	6.3	7.0	9.3	11.7	8.5	8.6	9.0
Credit extension to private sector (% yoy)	7.6	7.3	6.3	7.9	9.0	9.1	11.3	6.9	8.9	9.0
Central bank policy rate (%, eop)	1.50	1.25	1.50	1.75	1.25	0.50	1.00	3.25	3.50	2.50
1-month interbank rate (%, eop)	1.55	1.32	1.56	1.82	1.33	0.60	1.15	3.47	3.65	2.65
Long-term yield (%, eop)	2.1	2.1	2.5	1.9	1.7	1.7	2.3	3.7	4.5	3.5
External sector										
Current account balance (% of GDP)	7.2	6.5	4.6	4.5	3.6	4.6	4.7	1.8	1.7	1.8
Current account balance (US$ bn)	105.1	97.9	75.2	77.5	59.7	75.9	85.2	29.8	29.4	34.8
Trade balance (US$ bn)	120.3	116.5	113.6	110.1	79.8	80.6	75.7	15.1	19.5	36.5
Exports, f.o.b. (US$ bn)	543.1	511.9	580.3	626.3	556.7	517.9	649.5	690.5	631.9	651.7
main export	-	-	-	-	-	-	-	-	-	-
Imports, c.i.f. (US$ bn)	422.8	395.5	466.7	516.2	476.9	437.3	573.7	675.4	612.4	615.2
Service balance (US$ bn)	-14.6	-17.3	-36.7	-29.4	-26.8	-14.7	-5.3	-5.5	-24.8	-26.6
Income balance (US$ bn)	-0.5	-1.2	-1.6	-3.3	6.7	10.0	14.8	20.3	34.7	25.0
Foreign direct investment (US$ bn)	19.6	17.8	16.2	26.0	25.6	26.1	43.9	48.4	28.2	34.3
International reserves (US$ bn)	358.5	361.7	379.5	393.3	397.9	430.1	438.3	399.0	411.5	405.1
Public sector										
Central gov. primary budget balance (% of GDP)	-	-	-	-	-	-	-	-	-	-
Central gov. budget balance (% of GDP)	0.0	1.0	1.3	1.6	-0.6	-3.7	-1.5	-3.0	-0.6	-1.9
Consolidated gov. primary budget balance (% of GDP)	-	-	-	-	-	-	-	-	-	-
Consolidated public sector balance (% of GDP)	-	-	-	-	-	-	-	-	-	-
Central gov. revenues (% of GDP)										
Debt indicators										
Gross external debt (% of GDP)	27.0	25.4	25.3	25.6	28.5	33.4	35.0	39.9	32.5	33.8
Public (% of GDP)	4.4	4.5	4.9	4.9	5.6	7.4	8.0	9.3	7.0	7.5
Private (% of GDP)	22.6	21.0	20.4	20.7	22.9	26.0	27.0	30.6	25.4	26.4
Gross government debt (% of GDP)	44.0	43.1	41.0	41.6	44.0	49.2	49.8	48.1	46.5	47.5
Domestic (% of GDP)	-	-	-	-	-	-	-	-	-	-
External (% of GDP)	-	-	-	-	-	-	-	-	-	-
External debt amortizations (US$ bn)	-	-	-	-	-	-	-	-	-	-
External debt interest payments (US$ bn)	-	-	-	-	-	-	-	-	-	-
External debt service (% of XGS)	-	-	-	-	-	-	-	-	-	-
Savings - Investment Balance										
Savings (% of GDP)	29.5	30.1	32.3	31.5	31.3	31.7	32.0	32.7	31.1	31.2
Investment (% of GDP)	29.0	29.7	31.5	30.4	29.9	31.1	31.4	31.7	30.2	30.4

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

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 160: Hong Kong
Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022F	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	309.4	320.9	341.2	361.8	363.1	345.0	368.9	359.9	384.5	401
GDP per capita (US$)	42,322	43,492	46,038	48,322	48,283	46,453	49,847.3	48,162	51,557	53,916
Economic Activity and Prices										
Real GDP growth (% yoy)	2.4	2.2	3.8	2.8	-1.7	-6.5	6.3	-3.5	4.7	3.0
CPI inflation (% yoy, avg)	3.0	2.4	1.5	2.4	2.9	0.3	1.6	1.9	1.8	1.0
Nominal exchange rate (vs. USD, eop)	7.75	7.75	7.81	7.83	7.79	7.75	7.79	7.85	7.83	7.78
Nominal exchange rate (vs. USD, avg)	7.75	7.76	7.79	7.84	7.84	7.76	7.77	7.84	7.84	7.82
Central bank policy rate (%, eop)[1]	0.39	1.02	1.31	2.33	2.43	0.35	0.26	4.99	5.40	4.60
External Sector										
Current account balance (% of GDP)	3.3	4.0	4.6	3.7	5.9	7.0	11.8	10.5	6.2	6.1
Current account balance (US$ bn)	10.3	12.7	15.6	13.5	21.3	24.1	43.7	37.9	23.9	24.4
Trade balance (US$ bn)	-57.1	-54.4	-61.9	-71.7	-54.2	-43.8	-45.1	-49.2	-59.7	-59.1
Exports, f.o.b. (US$ bn)	465.5	462.5	497.8	531.3	509.7	507.1	637.2	582.1	530.9	532.5
Imports, c.i.f. (US$ bn)	522.6	516.9	559.7	603.0	563.8	550.9	682.3	631.3	590.6	591.6
International reserves (US$ bn)	358.8	386.3	431.4	424.6	441.4	491.9	518.5	402.0	440.0	462
Public Sector										
Central gov. primary budget balance (% of GDP)	-	-	-	-	-	-	-	-		
Central gov. budget balance (% of GDP)	0.6	4.5	5.6	2.4	-0.4	-8.7	1.0	-4.9	-1.8	0.3
Debt Indicators										
Gross external debt (% of GDP)	420.2	422.5	462.9	468.3	455.3	510.0	510.4	510.2	510.5	512
Public (% of GDP)	0.9	0.9	1.2	1.0	1.0	0.8	0.9	0.9	0.9	0.9
Private (% of GDP)	419.3	421.6	461.7	467.3	454.3	509.2	509.5	509.3	509.6	511.1
Gross government debt (% of GDP)	0.1	0.1	0.1	0.1	0.3	0.3	0.6	0.9	0.9	0.9
Domestic (% of GDP)	-	-	-	-	-	-	-	-		
External (% of GDP)	-	-	-	-	-	-	-	-		

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 161: Philippines
Selected economic and financial indicators

	2015	2016	2017	2018	2019F	2020	2021	2022F	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	282	290	317	341	384	371	381	373	436	483
GDP per capita (US$)	2,802	2,825	3,043	3,228	3,580	3,406	3,454	3,100	3,081	3,327
Economic Activity and Prices										
Real GDP growth (% yoy)	5.9	6.9	6.7	6.2	6.0	(9.5)	5.9	7.6	4.8	5.0
CPI inflation (% yoy, avg)	0.7	1.3	2.9	5.2	2.4	2.4	3.9	5.8	5.5	2.8
Nominal exchange rate (vs. USD, eop)	47.2	50.0	49.9	52.6	50.8	48.5	51.0	59.0	55.0	54.0
Nominal exchange rate (vs. USD, avg)	45.9	48.6	49.5	51.0	50.9	49.7	49.8	55.0	57.0	54.5
Central bank policy rate (%, eop)	4.00	3.00	3.00	4.75	4.00	2.00	2.00	5.50	6.50	5.25
External Sector										
Current account balance (% of GDP)	2.6	(0.4)	(0.7)	(2.3)	(0.8)	3.1	(1.6)	(4.8)	(3.4)	(3.4)
Current account balance (US$ 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 162: Malaysia

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022F	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	302.3	301.8	319.7	358.9	365.3	338.2	373.0	406.4	419.8	454.3
GDP per capita (US$)	9,708	9,580	10,012	11,133	11,280	10,404	11,453	12,450	12,706	13,608
Unemployment rate (%)	3.2	3.5	3.4	3.3	3.3	4.5	4.7	3.8	3.4	3.3
Population (millions)	31.2	31.6	32.0	32.4	32.5	32.4	32.6	32.7	33.4	33.8
Economic Activity										
Real GDP growth (% yoy)	5.0	4.4	5.8	4.8	4.4	-5.5	3.1	8.7	4.0	4.3
Domestic demand growth (% yoy)	5.1	4.3	6.5	5.6	4.3	-5.5	1.7	9.2	3.3	4.8
Real investment growth (% yoy)	3.7	2.6	6.1	1.4	-2.1	-14.4	-0.9	6.8	4.1	5.0
Real consumption growth (% yoy)	5.6	4.9	6.7	7.1	6.6	-2.6	2.5	9.9	3.6	4.2
Real private consumption growth (% yoy)	5.9	5.9	6.9	8.0	7.7	-4.2	1.9	11.3	4.0	4.5
Real government consumption growth (% yoy)	4.5	1.1	5.7	3.4	1.5	5.0	5.3	3.9	3.0	1.0
Real export growth (% yoy)	0.2	1.3	8.7	1.9	-1.0	-8.6	15.4	12.8	-1.2	4.5
Real import growth (% yoy)	0.8	1.4	10.2	1.5	-2.4	-7.9	17.7	14.2	-2.5	5.0
Prices										
CPI inflation (% yoy, eop)	2.7	1.7	3.5	0.2	1.0	-1.4	3.2	3.9	2.1	2.6
CPI inflation (% yoy, avg)	2.1	2.1	3.8	1.0	0.7	-1.1	2.5	3.4	2.8	2.6
Nominal wages (% yoy)	4.9	7.2	7.6	3.7	2.6	-2.8	0.9	9.2	2.6	4.2
Nominal exchange rate (vs. USD, eop)	4.29	4.49	4.06	4.14	4.09	4.01	4.18	4.41	4.42	4.40
Nominal exchange rate (vs. USD, avg)	3.89	4.14	4.29	4.03	4.14	4.19	4.14	4.40	4.48	4.40
Bilateral real exchange rate (% yoy, + dep)	-	-	-	-	-	-	-	-	-	-
Monetary Sector										
Monetary base growth (% yoy)	4.1	5.6	11.0	1.2	5.8	15.7	10.4	4.3	-	-
Broad money growth (% yoy)[1]	3.0	3.2	4.9	9.1	3.5	4.0	6.4	4.3	-	-
Credit extension to private sector (% yoy)[2]	7.9	5.3	4.1	7.7	3.9	3.4	4.5	5.7	-	-
Central bank policy rate (%)	3.25	3.00	3.00	3.25	3.00	1.75	1.75	2.75	3.00	3.00
3-month interbank rate (%)	3.84	3.41	3.44	3.69	3.35	1.94	2.05	3.68	3.52	3.52
Long-term yield (%)[3]	4.19	4.23	3.91	4.08	3.31	2.65	3.58	4.09	4.60	-
External Sector										
Current account balance (% of GDP)	3.0	2.4	2.8	2.2	3.5	4.2	3.8	2.6	1.9	1.9
Current account balance (US$ bn)	9.0	7.2	8.9	8.0	12.8	14.1	14.2	10.7	8.3	8.8
Trade balance (US$ bn)	28.0	24.6	27.3	28.4	30.1	32.8	41.2	38.5	31.7	33.6
Exports, f.o.b. (US$ bn)	175.0	165.9	186.7	205.8	197.3	186.1	235.8	268.5	287.8	325.0
main export	35.3	34.9	41.5	54.6	53.5	57.0	67.9	-	-	-
Imports, c.i.f. (US$ bn)	146.9	141.3	159.4	177.4	167.2	153.4	194.7	230.0	256.1	291.3
Service balance (US$ bn)	-5.3	-4.6	-5.3	-4.3	-2.6	-11.2	-14.7	-10.3	-6.2	-6.3
Income balance (US$ bn)	-13.7	-12.9	-13.0	-16.1	-14.7	-7.4	-12.3	-17.4	-17.1	-18.5
Foreign direct Investment (US$ bn)	9.7	13.5	9.4	8.3	9.1	4.0	18.7	15.2	15.0	16.4
International reserves (US$ bn)	95.3	94.5	102.4	101.4	103.6	107.6	116.9	115	-	-
Price of main export commodity - Crude Palm Oil (RM/ton avg)	2,172	2,639	2,800	2,237	2,122	2,767	4,421	0	-	-
Public Sector										
Central gov. primary budget balance (% of GDP)	-1.1	-1.0	-0.9	-1.6	-1.2	-3.7	-3.9	-3.2	-2.6	-1.9
Central gov. budget balance (% of GDP)	-3.2	-3.1	-2.9	-3.7	-3.4	-6.2	-6.4	-5.6	-5.0	-4.3
Consolidated gov. primary budget balance (% of GDP)	-	-	-	-	-	-	-	-	-	-
Consolidated public sector balance (% of GDP)	-7.6	-5.0	-3.6	-2.9	-3.4	-7.0	-4.3	-6.4	-	-
Central gov. revenues (% of GDP)	18.6	17.0	16.1	16.1	17.5	15.9	15.1	16.5	14.4	-
Debt Indicators										
Gross external debt (% of GDP)	71.1	73.2	64.5	63.8	62.6	67.6	70.0	64.0	-	-
Public (% of GDP)	25.9	25.8	23.2	20.7	20.7	24.6	26.1	21.2	-	-
Private (% of GDP)	45.3	47.4	41.3	43.0	42.0	42.9	43.9	42.8	-	-
Gross government debt (% of GDP)	53.6	51.9	50.0	51.2	52.4	62.0	63.4	60.4	64.0	-
Domestic (% of GDP)	51.7	50.2	48.5	49.7	50.5	60.0	61.5	58.4	62.1	-
External (% of GDP)	1.8	1.7	1.5	1.5	1.9	2.0	1.9	1.9	1.9	-
External debt amortizations (US$ bn)	-	-	-	-	-	-	-	-	-	-
External debt interest payments (US$ bn)	-	-	-	-	-	-	-	-	-	-
External debt service (% of XGS)	-	-	-	-	-	-	-	-	-	-
Savings - Investment Balance										
Savings (% of GDP)	28.4	28.4	28.3	26.1	24.5	23.9	26.1	26.5	25.2	25.5
Investment (% of GDP)	25.4	26.0	25.5	23.9	21.0	19.7	22.3	23.9	23.3	23.6
	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
Quarterly Economic Forecasts										
Real GDP growth (% yoy)	-4.2	3.6	4.8	8.8	14.1	7.1	5.6	2.4	2.4	5.3
Real GDP growth (% qoq, sa, annualized)	-10.2	22.0	10.1	17.3	9.0	-6.7	3.7	9.7	5.7	5.7
CPI inflation (% yoy, eop)	2.1	3.2	2.2	2.8	4.5	3.9	3.6	3.0	2.1	2.1
Central bank policy rate (%, eop)	1.75	1.75	1.75	2.00	2.50	2.75	2.75	3.00	3.00	3.00
Nominal exchange rate (vs. USD, eop)	4.19	4.18	4.204	4.4055	4.641	4.413	4.409	4.5	4.46	4.42
Current account balance (US$ bn)	4.7	3.8	1.4	0.7	4.2	6.0	2.1	2.1	2.1	2.1

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 163: Singapore

Selected economic and financial indicators

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

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

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 164: Taiwan

Selected economic and financial indicators

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

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 165: Thailand

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021F	2022F	2023F	2024F
Summary Data						0.0				
Nominal GDP (US$ bn)	400.7	414.0	456.7	506.4	543.9	500.9	501.2	508.4	527.6	586.0
GDP per capita (US$)	6096.0	6280.0	6899.9	7624.3	8161.3	7490.5	7470.7	7551.2	7810.4	8674.1
Economic Activity and Prices										
Real GDP growth (% yoy)	3.1	3.4	4.2	4.2	2.3	-6.3	1.5	2.7	2.8	3.3
CPI inflation (% yoy, avg)	-0.9	0.0	0.0	-0.9	0.7	-0.9	1.2	6.1	1.6	1.7
Nominal exchange rate (vs. USD, eop)	36.1	35.9	32.5	32.3	29.9	30.5	33.0	36.0	34.0	32.0
Nominal exchange rate (vs. USD, avg)	34.3	35.2	33.9	32.3	31.0	31.3	32.1	35.0	34.7	32.8
Central bank policy rate (%, eop)	1.5	1.5	1.5	1.8	1.3	0.5	0.5	1.00	2.25	2.00
External Sector										
Current account balance (% of GDP)	6.9	10.5	9.6	5.6	6.8	8.1	-3.7	-3.3	0.9	2.7
Current account balance (US$ bn)	3.0	43.4	44.0	28.4	37.0	40.8	-18.5	-16.9	4.8	15.3
Trade balance (US$ bn)	26.1	35.8	32.6	22.4	26.7	40.9	32.4	10.8	7.9	4.3
Exports, f.o.b. (US$ bn)	213.4	213.5	233.7	251.1	242.7	227.0	270.6	285.4	279.5	285.9
Imports, c.i.f. (US$ bn)	187.2	177.7	201.1	228.7	216.0	186.1	238.2	274.6	271.6	281.7
International reserves (US$ bn)	156.5	171.9	202.6	205.6	224.3	258.1	239.5	222.8	222.6	229.9
Public Sector										
Central gov. primary budget balance (% of GDP)	-1.5	-1.7	-2.2	-1.5	-1.9	-6.6	-8.0	-4.2	-2.0	-2.6
Central gov. budget Balance (% of GDP)	-2.3	-2.6	-3.0	-2.4	-2.8	-7.3	-9.1	-5.4	-3.3	-3.7
Debt Indicators										
Gross external debt (% of GDP)	32.7	32.1	34.1	32.2	31.6	na	na	na	na	na
Public (% of GDP)	5.1	5.5	6.9	7.1	7.0	na	na	na	na	na
Private (% of GDP)	27.6	26.6	27.2	25.2	24.6	na	na	na	na	na
Gross government debt (% of GDP)	43.7	40.6	41.1	41.8	41.2	49.5	58.4	60.7	61.3	62.4
Domestic (% of GDP)	41.1	38.3	39.2	40.2	40.1	47.7	56.6	59.0	60.4	61.4
External (% of GDP)	2.5	2.3	1.9	1.6	1.1	1.8	1.8	1.7	1.0	1.0

Source: BofA Global Research

BofA GLOBAL RESEARCH

GEMs Country Tables – EEMEA

Exhibit 166: Poland

Selected economic and financial indicators

	2013	2014	2015	2016	2017	2018	2019	2020	2021F	2022F
Summary Data										
Nominal GDP (US$ bn)	478	472	527	587	596	599	681	691	787	914.5
GDP per capita (US$)	12,423	12,288	13,703	15,293	15,527	15,738	17,976	18,288	20,934	24,458.0
Unemployment rate (%)	7.5	6.2	4.9	3.9	3.3	3.2	3.4	2.9	5.0	4.8
Population (millions)	38.4	38.4	38.4	38.4	38.4	38.1	37.9	37.8	37.6	37.4
Economic Activity										
Real GDP growth (% yoy)	3.8	3.1	4.8	5.3	4.3	-2.1	6.7	5.4	0.5	3.0
Domestic demand growth (% yoy)	3.2	2.7	5.0	5.7	3.3	-2.8	8.2	5.6	-4.6	2.5
Real investment growth (% yoy)	4.6	-0.4	7.9	11.5	1.2	-6.9	17.1	17.4	-25.2	5.6
Real consumption growth (% yoy)	2.8	3.5	4.2	4.2	4.0	-1.7	5.9	2.2	2.3	1.7
Real private consumption growth (% yoy)	2.9	3.8	4.8	4.3	3.3	-3.5	6.2	3.3	0.5	3.0
Real government consumption growth (% yoy)	2.5	2.6	2.5	3.8	6.1	4.5	4.8	-1.2	8.0	-2.0
Real export growth (% yoy)	7.9	8.8	9.8	7.0	5.6	-1.0	12.4	6.2	3.3	5.5
Real import growth (% yoy)	6.4	7.4	9.7	7.7	3.1	-2.3	16.0	6.2	-4.0	5.0
Prices										
CPI inflation (% yoy, eop)	-0.5	0.8	2.1	1.1	3.4	2.4	8.6	16.6	6.5	5.0
CPI inflation (% yoy, avg)	-0.9	-0.6	2.0	1.7	2.3	3.4	5.1	14.3	11.4	5.0
Nominal wages (% yoy)	3.5	4.1	5.6	7.1	6.6	4.8	8.6	12.9	-	-
Nominal exchange rate (vs EUR, eop)	4.26	4.42	4.17	4.30	4.26	4.61	4.60	4.69	4.55	4.4
Nominal exchange rate (vs EUR, avg)	4.18	4.36	4.26	4.26	4.30	4.44	4.57	4.69	4.70	4.5
Bilateral real exchange rate (% yoy, + dep)	1.1	5.2	-2.9	0.2	-0.2	0.2	0.3	-2.6	-5.0	-7.5
Monetary Sector										
Monetary base growth (% yoy, eop)1	14.2	17.8	11.2	11.7	14.1	32.6	12.6	-8.1	-	-
Broad money growth (% yoy, eop)	9.1	9.6	4.6	9.2	8.3	16.4	8.9	5.4	-	-
Credit extension to private sector (% yoy, eop)	7.2	5.0	3.6	7.5	5.2	0.3	5.5	1.6	-	-
Central bank policy rate (%, eop)	1.50	1.50	1.50	1.50	1.50	0.10	1.75	6.75	5.50	4.50
1-month interbank rate (%, eop)2	1.65	1.66	1.65	1.64	1.63	0.20	2.23	6.93	-	-
Long-term yield (%, eop)3	3.0	3.5	3.3	2.9	2.0	1.3	3.4	6.6	-	-
External Sector										
Current account balance (% of GDP)	-1.3	-1.0	-1.1	-1.9	-0.2	2.4	-1.4	-3.0	2.5	1.7
Current account balance (US$ bn)	-10.4	-1.1	-8.1	-9.8	-3.3	12.1	-9.2	-18.9	19.5	15.9
Trade balance (US$ bn)	-2.4	-1.5	-5.5	-13.3	-4.9	8.0	-9.0	-25.4	10.7	4.2
Exports, f.o.b. (US$ bn)	182.1	187.3	215.9	242.4	246.7	251.8	311.9	337.5	372.9	405.2
main export	-	-	-	-	-	-	-	-	-	-
Imports, c.i.f. (US$ bn)	184.4	188.8	221.4	255.7	251.5	243.8	321.0	363.0	362.2	401.0
Service balance (US$, bn)	12.3	15.4	20.4	25.3	27.0	26.2	31.7	38.5	42.9	49.9
Income balance (US$, bn)	-17.9	-18.2	-22.3	-24.8	-24.9	-22.8	-32.0	-31.3	-31.9	-35.9
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	-3.7	-4.5	-3.1
General gov. revenues (% of GDP)	39.1	38.7	39.8	41.3	41.1	41.3	42.3	39.8	37.7	36.0
Debt Indicators										
Gross external debt (% of GDP)	69.5	72.0	72.8	61.8	59.6	63.0	53.6	53.5	-	-
Public (% of GDP)	29.7	31.6	29.9	24.3	21.7	22.3	17.5	17.1	-	-
Private (% of GDP)	39.8	40.5	42.8	37.5	37.9	40.7	36.2	36.4	-	-
Gross government debt (% of GDP)	51.3	54.2	50.6	48.8	45.7	57.2	53.6	49.1	49.3	49.6
Domestic (% of GDP)	22.7	27.2	22.8	26.7	26.4	37.3	38.7	34.9	35.7	37.0
External (% of GDP)	28.6	27.0	27.8	22.1	19.3	19.8	15.0	14.2	13.6	12.6
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	-1.4	-	-	-	-	-	-
Real GDP growth (sa, % qoq, annualized)	4.1	-8.9	16.1	-14.0	-	-	-	-	-	-
CPI inflation (% yoy, eop)	17.2	16.6	16.1	11.5	7.3	6.5	5.2	4.1	4.7	5.0
Central bank policy rate (%, eop)	6.75	6.75	6.75	6.75	6.00	5.50	5.00	4.50	4.50	4.50
Nominal exchange rate (vs EUR, eop)	4.87	4.69	4.68	4.45	4.49	4.55	4.51	4.48	4.44	4.40
Current account balance (US$ bn)	-6.2	-2.9	5.9	4.8	-	-	-	-	-	-

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 167: 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	375.5	428.0
GDP per capita (US$)	6257	5751	6678	6992	6623	5672	6944	6603	6033	6779
Unemployment rate (%)	25.4	26.7	27.5	27.1	28.7	29.2	34.3	33.5	34.0	34.0
Population (millions)	55.4	56.3	57.1	57.9	58.8	59.6	60.5	61.4	62.2	63.1
Economic Activity										
Real GDP growth (% yoy)	1.3	0.7	1.2	1.6	0.3	-6.0	4.7	1.9	0.7	1.5
Domestic demand growth (% yoy)	1.9	-0.7	1.5	2.0	1.3	-7.6	4.8	3.9	1.5	1.6
Real investment growth (% yoy)	1.3	-1.9	-2.0	-1.2	-1.7	-14.6	0.6	4.8	4.2	1.2
Real consumption growth (% yoy)	1.4	1.0	1.3	2.7	1.4	-4.5	4.6	2.1	0.9	2.2
Real private consumption growth (% yoy)	2.2	0.7	1.7	3.2	1.3	-6.1	5.8	2.5	0.8	2.5
Real government consumption growth (% yoy)	-1.0	2.0	-0.3	1.1	1.8	0.9	0.5	1.0	0.9	1.1
Real export growth (% yoy)	3.1	0.4	-0.3	2.7	-3.3	-12.0	9.1	7.4	3.0	2.7
Real import growth (% yoy)	5.0	-4.1	1.5	3.5	0.6	-17.6	9.6	14.9	5.4	2.7
Prices										
CPI inflation (% yoy, eop)	5.2	6.8	4.7	4.5	4.0	3.1	5.9	7.2	5.4	4.8
CPI inflation (% yoy, avg)	4.6	6.3	5.3	4.6	4.1	3.3	4.6	6.9	5.9	5.2
Nominal wages (% yoy)	8.2	7.6	6.9	5.0	4.6	-2.3	3.0	5.0	6.0	5.0
Nominal exchange rate (vs USD, eop)	15.6	13.7	12.3	14.4	14.0	14.7	15.9	17.0	18.5	17.5
Nominal exchange rate (vs USD, avg)	12.8	14.7	13.3	13.2	14.5	16.5	15.0	16.5	18.8	17.7
Bilateral real exchange rate (% yoy, + dep)	-1.2	3.8	-9.5	-2.4	0.2	9.1	-14.6	3.1	8.0	-11.5
Monetary Sector										
Monetary base growth (% yoy)	7.8	6.4	6.8	9.1	4.2	3.3	4.6	6.9	5.9	5.2
Broad money growth (% yoy)	10.5	6.1	6.4	5.6	6.1	3.3	4.6	6.9	5.9	5.2
Credit extension to private sector (% yoy)	10.2	5.1	6.7	5.1	6.1	5.0	4.6	6.9	6.9	6.2
Central bank policy rate (%, eop)	6.3	7.0	6.8	6.8	6.5	3.5	3.8	7.00	8.25	7.50
1-month interbank rate (%, eop)	6.4	7.1	6.9	7.0	6.6	3.5	3.7	7.1	8.4	7.6
Long-term yield (%, eop)1	9.7	8.9	9.2	9.4	9.0	9.7	9.9	11.2	10.8	10.5
External Sector										
Current account balance (% of GDP)	-4.3	-2.7	-2.4	-2.9	-2.6	1.9	3.7	-0.5	-2.3	-2.7
Current account balance (US$ bn)	-15.0	-8.7	-9.0	-11.9	-10.1	6.6	15.3	-1.8	-8.6	-11.4
Trade balance (US$ bn)	-4.3	1.7	4.4	2.0	2.5	17.5	30.2	13.7	3.9	0.1
Exports, f.o.b. (US$ bn)	80.5	76.1	87.7	94.4	90.0	84.6	121.5	127.6	112.6	109.2
main export	14.3	14.2	16.9	17.4	15.4	7.8	22.6	21.5	15.0	12.0
Imports, c.i.f. (US$ bn)	84.9	74.4	83.3	92.4	87.4	67.1	91.3	109.5	108.7	109.0
Service balance (US$ bn)	-0.2	-0.3	-0.1	0.1	-0.6	-2.7	-4.5	-5.5	-4.5	-2.5
Income balance (US$ bn)	-7.9	-8.3	-10.6	-11.3	-9.7	-5.6	-8.0	-8.5	-8.0	-9.0
Foreign direct investment (US$ bn)	-4.0	-2.2	-5.4	1.4	2.0	5.0	40.1	7.1	7.1	7.1
International reserves (US$ bn)	41.6	42.6	45.5	46.5	48.9	47.4	50.3	53.2	62.0	62.4
Public Sector										
Central gov. primary budget balance (% of GDP)	-1.0	-0.5	-0.9	-0.9	-2.5	-5.7	-0.8	0.1	-1.5	-1.2
Central gov. budget balance (% of GDP)	-4.1	-3.8	-4.4	-4.3	-6.1	-9.8	-5.1	-4.5	-6.1	-5.9
Consolidated gov. primary budget balance (% of GDP)	-1.0	-0.5	-1.0	-0.9	-2.5	-5.7	-0.9	-0.1	-1.6	-1.4
Consolidated public sector balance (% of GDP)	-3.4	-3.2	-3.7	-3.6	-5.0	-9.9	-4.6	-4.1	-6.2	-6.0
Central gov. revenues (% of GDP)	26.1	25.7	25.5	23.5	23.6	22.1	24.9	25.6	24.1	23.9
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	74.9	74.7
Domestic (% of GDP)	44.1	45.7	48.4	46.1	52.4	63.2	60.1	62.1	64.9	63.7
External (% of GDP)	4.8	4.8	4.6	5.4	6.8	7.0	8.0	9.0	10.0	11.0
External debt amortizations (US$ bn)	41.1	35.9	33.8	35.8	37.8	39.8	41.8	43.8	45.8	47.8
External debt interest payments (US$ bn)	4.6	4.6	6.0	6.2	6.5	6.7	7.0	7.2	7.5	7.7
External debt service (% of XGS)	56.7	53.2	45.3	44.5	49.2	54.9	40.1	39.9	47.3	50.8
Savings - Investment Balance										
Savings (% of GDP)	14.3	14.3	14.2	13.2	13.3	14.4	16.5	15.0	13.1	12.9
Investment (% of GDP)	18.6	17.0	16.6	15.9	15.9	12.4	12.8	15.5	15.4	15.6

	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24
Quarterly Economic Forecasts										
Real GDP growth (% yoy)	4.0	1.3	-0.7	1.2	0.1	1.4	1.4	1.3	1.6	1.9
Real GDP growth (% qoq, sa, annualized)	7.5	-4.9	-1.9	0.7	0.7	0.8	1.8	1.8	2.0	2.0
CPI inflation (% yoy, eop)	7.5	7.2	7.1	5.4	5.2	5.4	5.3	5.2	5.2	4.8
Central bank policy rate (%, eop)	6.3	7.0	7.8	8.3	8.3	8.3	8.3	8.0	7.8	7.5
Nominal exchange rate (vs USD, eop)	18.2	17.5	18.0	20.0	19.0	18.5	18.1	18.0	17.0	17.5
Current account balance (US$ bn)	-0.4	-0.6	-0.2	-0.8	-0.4	-0.6	-0.4	-0.6	-0.2	-0.9

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 168: 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	909.6	1027.0
GDP per capita (US$)	10977	10896	10630	9492	9157	8552	9492	10622	10591	11874
Unemployment rate (%)	10.3	10.9	10.9	11.0	13.7	13.4	12.4	11.1	11.0	12.0
Population (millions)	78.7	79.8	80.8	82.0	83.2	84.3	85.5	85.3	85.9	86.5
Economic Activity										
Real GDP growth (% yoy)	6.1	3.3	7.5	3.0	0.9	1.8	11.4	5.6	3.5	3.0
Domestic demand growth (% yoy)	6.2	4.1	7.2	-0.7	-1.5	7.6	6.5	5.2	7.6	4.2
Real investment growth (% yoy)	9.3	2.2	8.3	-0.3	-12.4	6.5	7.4	2.8	0.2	-2.2
Real consumption growth (% yoy)	5.1	4.8	5.8	1.6	2.1	3.0	12.8	17.0	7.5	-3.5
Real private consumption growth (% yoy)	5.3	3.8	5.9	0.5	1.6	3.2	15.3	19.6	8.2	-4.4
Real government consumption growth (% yoy)	3.9	9.5	5.0	6.6	4.4	2.3	2.6	5.2	3.6	1.0
Real export growth (% yoy)	3.2	-1.7	12.4	9.0	4.9	-15.4	24.9	9.1	-4.7	0.1
Real import growth (% yoy)	0.7	3.0	10.6	-6.4	-5.3	7.4	2.4	7.9	12.5	5.2
Prices										
CPI inflation (% yoy, eop)	8.8	8.5	11.9	20.3	11.8	14.6	36.1	64.3	70.2	39.8
CPI inflation (% yoy, avg)	7.7	7.8	11.1	16.2	15.5	12.3	19.4	72.0	54.5	61.0
Nominal wages (% yoy)	18.3	20.7	13.4	15.9	18.3	13.3	20.4	77.0	55.5	62.0
Nominal exchange rate (vs USD, eop)	2.9	3.5	3.8	5.3	5.9	7.4	13.0	18.6	31.0	41.0
Nominal exchange rate (vs USD, avg)	2.7	3.0	3.6	5.0	5.8	7.0	8.9	16.6	26.0	37.0
Bilateral real exchange rate (% yoy, + dep)	2.1	0.0	-10.3	-14.3	-2.6	-10.4	-8.8	-32.2	-18.4	-14.9
Monetary Sector										
Monetary base growth (% yoy)	22.3	21.8	7.6	1.8	19.8	24.9	26.6	40.9	35.0	65.4
Broad money growth (% yoy)	16.6	18.2	16.5	18.6	28.4	34.2	51.5	61.6	25.0	25.0
Credit extension to private sector (% yoy)	19.9	15.8	20.1	13.9	12.0	34.3	34.2	53.3	25.0	25.0
Central bank policy rate (%, eop)	7.5	19.7	12.8	24.0	12.0	17.0	14.0	9.0	35.0	45.0
1-month interbank rate (%, eop)	11.7	9.3	14.1	24.1	10.8	17.5	14.3	9.5	35.5	45.5
Long-term yield (%, eop)	10.7	11.1	11.5	15.9	11.5	17.1	13.9	22.0	30.0	21.0
External Sector										
Current account balance (% of GDP)	-3.2	-3.1	-4.7	-2.8	0.9	-5.2	-1.8	-5.5	-5.3	-3.6
Current account balance (US$ bn)	-27.3	-27.0	-40.8	-21.7	6.8	-37.3	-14.9	-48.7	-48.0	-37.2
Trade balance (US$ bn)	-49.0	-39.9	-58.6	-40.7	-16.8	-37.9	-46.1	-109.5	-115.0	-108.0
Exports, f.o.b. (US$ bn)	154.9	152.6	169.2	178.9	182.2	168.4	225.3	254.2	255.0	260.0
main export - road vehicles	20.2	22.8	27.2	29.8	28.7	23.7	26.8	28.0	30.0	32.0
Imports, c.i.f. (US$ bn)	203.9	192.6	227.8	219.6	199.0	206.3	271.4	363.7	370.0	368.0
Service balance (US$ bn)	30.0	20.5	26.3	30.2	35.5	9.1	25.2	49.9	52.0	56.0
Income balance (US$ bn)	-9.7	-9.2	-11.1	-11.9	-12.8	-8.7	-11.8	-8.5	-9.0	-10.0
Foreign direct investment (US$ bn)	14.2	10.7	8.3	9.2	6.3	4.6	7.7	8.1	10.1	10.0
International reserves (US$ bn)	110.5	106.1	107.7	93.0	105.7	93.3	111.2	128.7	120.0	120.0
Public Sector										
Central gov. primary budget balance (% of GDP)	1.3	0.8	0.1	-0.2	-0.8	-1.4	-0.2	1.1	-3.3	-3.3
Central gov. budget balance (% of GDP)	-1.0	-1.1	-1.5	-1.9	-2.9	-3.4	-2.7	-0.9	-5.8	-5.9
Consolidated public sector primary balance (% of GDP)	1.2	0.7	0.2	0.0	-0.6	-0.8	-0.2	1.0	-3.4	-3.4
Consolidated public sector balance (% of GDP)	-1.1	-1.3	-1.6	-1.9	-2.9	-3.5	-2.8	-1.0	-5.9	-6.0
Central gov. revenues (% of GDP)	20.5	21.1	20.1	20.2	20.3	20.4	19.5	18.7	18.1	17.0
Debt Indicators										
Gross external debt (% of GDP)	46.3	47.0	52.9	56.5	57.3	62.8	54.5	70.0	72.0	74.0
Public (% of GDP)	13.7	14.3	16.1	18.6	21.8	27.1	25.4	32.5	34.0	34.5
Private (% of GDP)	32.6	32.7	36.8	38.0	35.5	35.7	29.2	37.5	38.0	39.5
Gross government debt (% of GDP)	29.9	28.0	28.0	30.2	32.6	39.5	41.8	35.2	39.9	40.2
Domestic (% of GDP)	19.5	18.9	18.3	16.9	20.2	24.0	21.4	20.6	22.8	25.1
External (% of GDP)	10.4	11.5	10.9	12.1	13.1	14.8	20.5	14.6	17.1	15.1
External debt amortizations (US$ bn)	39.8	58.1	59.5	59.3	59.4	46.2	53.0	60.8	60.7	60.6
External debt interest payments (US$ bn)	6.8	7.7	8.2	9.7	10.8	10.3	9.5	11.4	10.0	8.3
External debt service (% of XGS)	22.2	33.1	30.6	30.5	29.4	30.9	23.6	21.8	21.1	19.9
Savings - Investment Balance										
Savings (% of GDP)	26.4	26.0	25.1	26.9	26.8	22.0	26.1	22.8	23.2	25.2
Investment (% of GDP)	29.6	29.1	29.9	29.7	25.9	27.2	27.9	28.2	28.5	28.8

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

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 169: 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	330	358
GDP per capita (US$)	17,824	18,561	20,663	23,410	23,620	23,017	26,804	27,683	31,305	34,018
Economic Activity and Prices										
Real GDP growth (% yoy)	5.5	2.5	5.3	3.2	3.0	-5.5	3.5	2.5	0.0	2.2
CPI inflation (% yoy, avg)	0.3	0.7	2.5	2.1	2.8	3.2	3.8	15.1	11.0	2.1
Nominal exchange rate (vs EUR, eop)	27.0	27.0	25.5	25.7	25.4	26.2	24.9	24.1	24.3	24.0
Nominal exchange rate (vs EUR, avg)	27.3	27.0	26.3	25.6	25.7	26.5	25.6	24.6	24.2	24.2
Central bank policy rate (%, eop)	0.05	0.05	0.50	1.75	2.00	0.25	3.75	7.00	6.50	4.00
External Sector										
Current account balance (% of GDP)	0.4	1.8	1.5	0.4	0.3	2.0	-2.8	-6.1	-3.5	-0.6
Current account balance (US$ bn)	0.8	3.5	3.4	1.1	0.8	4.9	-7.8	-17.8	-11.5	-2.0
Trade balance (US$ bn)	7.6	10.6	11.1	9.3	10.5	12.1	3.2	- 4.3	11.2	13.7
Exports, f.o.b. (US$ bn)	128	131	146	161	156	146	176	184	207	230
Imports, c.i.f. (US$ bn)	121	120	135	152	146	134	173	189	196	217
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	43.7	44.1
Domestic (% of GDP)	24.6	20.9	17.0	19.5	18.0	23.8	31.0	34.2	35.0	36.1
External (% of GDP)	15.1	15.7	17.2	12.5	12.1	13.9	11.0	9.9	8.7	8.0

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 170: Egypt
Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	350.1	350.6	247.8	261.0	317.7	382.4	424.4	475.2	398.3	376.8
GDP per capita (US$)	3,934	3,852	2,603	2,688	3,213	3,801	4,157	4,587	3,769	3,496
Economic Activity and Prices										
Real GDP growth (% yoy)	4.4	4.3	4.2	5.3	5.5	3.6	3.3	6.7	4.0	4.0
CPI inflation (% yoy, avg)	11.0	10.2	23.3	21.6	13.9	5.7	4.5	8.5	24.4	25.0
Nominal exchange rate (vs USD, eop)	7.63	8.78	18.00	17.50	16.69	16.16	15.70	18.79	30.90	40.00
Nominal exchange rate (vs USD, avg)	7.35	8.16	14.75	17.88	17.61	16.09	15.70	16.50	25.79	35.45
Central bank policy rate (%, eop)	8.75	11.75	16.75	16.75	15.75	9.25	8.25	11.25	18.25	23.25
External Sector										
Current account balance (% of GDP)	-3.5	-5.7	-5.8	-2.3	-3.4	-2.9	-4.3	-3.5	-3.2	-2.3
Current account balance (US$ 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	34.8	40.0
Public Sector										
Central gov. primary budget balance (% of GDP)	-3.4	-3.4	-1.7	0.1	1.8	1.7	1.4	1.3	1.6	2.5
Central gov. budget balance (% of GDP)	-10.9	-11.9	-10.4	-9.3	-7.7	-7.5	-7.1	-6.2	-6.0	-7.0
Debt Indicators										
Gross external debt (% of GDP)	13.7	15.9	31.9	35.5	34.2	32.3	33.6	36.2	43.7	45.7
Public (% of GDP)	12.0	13.3	26.3	28.4	26.8	25.4	26.7	29.3	36.8	38.8
Private (% of GDP)	1.7	2.6	5.6	7.1	7.4	6.9	6.9	6.9	6.9	6.9
Gross government debt (% of GDP)	83.8	91.2	94.8	88.1	80.7	83.6	85.6	82.6	83.3	78.9
Domestic (% of GDP)	76.4	84.2	80.7	69.9	62.7	65.4	66.1	62.9	56.1	49.7
External (% of GDP)	7.3	7.0	14.1	18.3	18.0	18.1	19.4	19.7	27.2	29.2

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 171: Hungary
Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	125	129	143	161	164	157	182	178	218	252
GDP per capita (US$)	12,734	13,126	14,636	16,429	16,784	16,153	18,769	18,410	22,571	26,111
Economic Activity and Prices										
Real GDP growth (% yoy)	3.6	2.1	4.5	5.4	4.9	-4.8	7.1	4.6	0.0	2.8
CPI inflation (% yoy, avg)	-0.1	0.4	2.3	2.8	3.3	3.3	5.1	14.6	18.0	5.0
Nominal exchange rate (vs EUR, eop)	313	311	310	322	331	365	369	400	380	370
Nominal exchange rate (vs EUR, avg)	310	311	309	319	325	351	359	391	388	375
Central bank policy rate* (%, eop)	1.35	0.90	0.90	0.90	0.90	0.60	2.40	13.00	11.00	6.50
External Sector										
Current account balance (% of GDP)	2.3	4.5	2.0	0.2	-0.8	-1.1	-3.9	-8.1	-3.0	-2.1
Current account balance (US$ bn)	2.9	5.8	2.8	0.3	-1.3	-1.7	-7.1	-14.5	-6.6	-5.2
Trade balance (US$ bn)	4.5	4.4	1.9	-2.7	-4.1	-1.5	-5.2	-15.7	-7.5	-6.9
Exports, f.o.b. (US$ bn)	87	87	96	105	104	101	119	131	145	158
Imports, c.i.f. (US$ bn)	83	83	94	107	108	103	125	147	152	165
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	65.1	62.4
Domestic (% of GDP)	35.8	40.4	40.8	42.3	39.8	48.9	53.0	50.5	43.2	39.8
External (% of GDP)	39.9	34.4	31.3	26.7	25.5	30.4	23.8	23.1	21.9	22.6

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 172: 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$)	35,822	37,342	40,788	42,028	43,966	44,181	51,502	55,910	56,121	62,214
Economic Activity and Prices										
Real GDP growth (% yoy)	2.3	4.5	4.4	4.0	3.8	-2.2	8.2	6.5	2.5	3.5
CPI inflation (% yoy, avg)	-0.6	-0.5	0.2	0.8	0.8	-0.6	1.5	4.4	4.3	2.7
Nominal exchange rate (vs USD, eop)	3.90	3.85	3.47	3.75	3.46	3.22	3.11	3.52	3.70	3.40
Nominal exchange rate (vs USD, avg)	3.89	3.84	3.60	3.59	3.56	3.44	3.23	3.36	3.62	3.43
Central bank policy rate (%, eop)	0.10	0.10	0.10	0.25	0.25	0.10	0.10	3.25	4.75	3.00
External Sector										
Current account balance (% of GDP)	5.3	3.8	3.6	2.8	3.6	5.5	4.7	3.4	3.9	3.8
Current account balance (US$ 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 173: 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 174: Nigeria
Selected economic and financial indicators

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

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 175: Romania
Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	178	185	210	243	251	251	285	301	341	374
GDP per capita (US$)	8,950	9,377	10,698	12,456	12,922	13,005	14,864	15,660	17,781	19,459
Economic Activity and Prices										
Real GDP growth (% yoy)	3.2	2.9	8.3	5.8	3.8	-3.2	5.9	4.5	2.2	3.7
CPI inflation (% yoy, avg)	-0.6	-1.5	1.3	4.6	3.8	2.6	5.0	13.7	10.4	5.0
Nominal exchange rate (vs EUR, eop)	4.52	4.54	4.66	4.66	4.78	4.87	4.95	4.95	5.03	5.13
Nominal exchange rate (vs EUR, avg)	4.44	4.49	4.57	4.65	4.75	4.84	4.92	4.93	4.99	5.08
Central bank policy rate (%, eop)	1.75	1.75	1.75	2.50	2.50	1.50	1.75	6.75	7.00	5.00
External Sector										
Current account balance (% of GDP)	-0.8	-1.6	-3.1	-4.6	-4.9	-4.9	-7.2	-9.3	-7.9	-7.6
Current account balance (US$ bn)	-1.4	-3.0	-6.6	-11.2	-12.2	-12.4	-20.7	-28.1	-27.0	-28.6
Trade balance (US$ bn)	-9.0	-10.7	-14.5	-18.1	-20.0	-21.6	-27.4	-34.1	-34.0	-38.2
Exports, f.o.b. (US$ bn)	54.5	57.7	64.6	73.0	70.6	65.7	83.1	90.5	100.4	110.6
Imports, c.i.f. (US$ bn)	63.5	68.4	79.0	91.2	90.6	87.3	110.4	124.5	134.4	148.8
International reserves (US$ bn)	38.6	40.0	44.5	42.1	42.1	52.2	51.9	55.8	62.3	73.9
Public Sector										
General gov. primary budget balance (% of GDP)	1.0	-1.1	-1.4	-1.9	-3.3	-8.0	-6.0	-5.0	-	-
General gov. budget balance (% of GDP)	-0.5	-2.5	-2.5	-2.8	-4.3	-9.2	-7.1	-6.2	-5.5	-3.9
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	47.5	46.6
Domestic (% of GDP)	18.2	18.5	17.2	17.5	17.4	20.7	24.3	27.1	27.6	27.0
External (% of GDP)	19.6	19.4	18.1	17.0	17.7	26.2	24.4	20.2	19.9	19.6

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 176: Saudi Arabia
Selected economic and financial indicators

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

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 177: Ukraine
Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	185	138	112	131	154	157	200	157	150	185
GDP per capita (US$)	10452	7691	2634	3084	3652	3701	4788	NA	NA	NA
Economic Activity and Prices										
Real GDP growth (% yoy)	1.2	1.1	2.1	3.3	3.2	-4.0	3.4	-29.1	4.5	7.7
CPI inflation (% yoy, avg)	6.8	14.6	14.5	11.3	7.9	2.7	9.3	20.0	13.4	10.0
Nominal exchange rate (vs USD, eop)	221.7	342.1	28.1	28.3	23.8	27.5	27.3	37.0	37.0	37.7
Nominal exchange rate (vs USD, avg)	339.5	333.3	26.6	27.2	25.8	27.0	27.3	33.0	37.0	37.4
Central bank policy rate (%, eop)	16.0	12.0	14.5	18.0	14.5	6.0	9.00	25.0	18.0	15.0
External Sector										
Current account balance (% of GDP)	-3.7	-6.1	-2.2	-4.9	-2.7	3.9	-1.6	5.1	-3.2	-3.7
Current account balance (US$ bn)	-6.7	-8.5	-2.4	-6.4	-4.1	6.0	-3.2	8.0	-4.8	-6.8
Trade balance (US$ bn)	5.6	5.0	-9.7	-12.7	-14.3	-6.3	-6.6	-14.7	-26.0	-30.5
Exports, f.o.b. (US$ bn)	51.0	41.5	39.7	43.3	46.1	45.2	63.1	40.9	34.5	40.5
Imports, c.i.f. (US$ bn)	45.3	36.4	49.4	56.1	60.4	51.5	69.8	55.6	60.4	71.0
International reserves (US$ bn)	27.9	29.7	18.8	20.8	25.3	26.0	30.9	29.0	31.0	32.0
Public Sector										
Central gov. primary budget balance (% of GDP)				-1.7	1.0	-3.0	-0.9	-13.5	-16.5	-18.3
Central gov. budget balance (% of GDP)	-2.3	-2.9	-1.6	-1.7	-2.1	-5.9	-3.6	-15.9	-20.2	-22.1
Debt Indicators										
Gross external debt (% of GDP)	131.0	120.7	102.9	87.7	78.9	80.3	64.8	83.3	103.0	99.2
Public (% of GDP)	47.1	45.8	41.3	36.8	33.6	35.0	28.5	44.0	60.3	63.5
Private (% of GDP)	83.9	74.9	61.6	51.0	45.3	45.4	36.3	39.3	42.6	35.6
Gross government debt (% of GDP)	74.6	77.9	69.4	60.3	54.4	58.1	48.8	79.3	93.6	96.8
Domestic (% of GDP)	26.7	29.0	25.7	21.7	22.7	23.7	20.2	28.4	33.0	33.1
External (% of GDP)	47.9	48.9	43.7	38.6	31.7	34.3	28.6	50.9	60.5	63.7

Source: BofA Global Research

BofA GLOBAL RESEARCH

GEMs Country Tables – LatAm

Exhibit 178: Argentina

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021F	2022	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	631.6	513.0	597.8	515.1	447.7	303.4	399.0	497.9	432.1	382.7
GDP per capita (US$)	14,642	12,507	13,573	11,574	9,948	6,673	8,683	10,720	9,204	8,066
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	-2.9	-2.5
Domestic demand growth (% yoy)	3.1	-0.5	5.5	-3.0	-5.9	-11.4	13.5	8.7	-2.7	-5.0
Real investment growth (% yoy)	3.5	-5.8	13.4	-5.7	-15.9	-12.9	33.4	10.9	-12.8	-8.8
Real consumption growth (% yoy)	4.2	-0.7	3.9	-2.2	-6.3	-12.1	9.5	8.2	-0.2	-4.2
Real private consumption growth (% yoy)	3.7	-0.8	4.2	-2.2	-7.3	-13.8	10.0	9.4	-0.6	-3.5
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	-7.7	-11.3
Prices										
National inflation (% yoy)*	28.2	36.2	24.8	47.6	53.8	36.1	50.9	94.8	174.6	151.3
National inflation (% avg)*	26.1	38.7	25.6	33.7	53.6	42.7	48.4	72.4	129.0	194.9
Nominal wages (% yoy)	31.8	32.9	27.3	29.7	40.9	33.0	49.5	90.4	169.6	150.3
Nominal exchange rate (vs. USD, eop)	12.9	15.9	18.6	37.8	59.9	84.1	102.7	177.1	648.0	1,628.8
Nominal exchange rate (vs. USD, avg)	9.3	14.8	16.7	29.3	49.3	71.7	95.8	133.6	326.2	1,172.1
Bilateral real exchange rate (% yoy, + dep)	20.5	0.9			20.4	-4.5	-14.3	-5.3	38.5	3.0
Monetary Sector										
Monetary base growth (% yoy)	34.9	31.7	24.7	27.0	40.7	92.7	65.0	95.0	166.6	125.0
Broad money growth (% yoy)	28.2	30.3	27.1	12.0	29.7	92.7	65.0	95.0	166.6	125.0
Credit extension to private sector (% yoy)	20.0	31.4	50.8	32.6	19.3	52.7	65.0	95.0	166.6	125.0
Central bank policy rate (%, eop)	36.0	24.8	28.8	59.3	63.0	40.0	40.0	75.0	118.0	78.0
1-month interbank rate (%, eop)	36.0	24.8	28.8	44.5	47.3	36.0	32.0	67.0	110.0	70.0
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	-4.6	0.3
Current account balance (US$ bn)	-16.8	-15.0	-30.8	-27.1	-3.7	3.3	6.7	-3.8	-19.9	1.2
Trade balance (US$ bn)	-0.4	4.5	-5.5	-0.7	18.2	14.6	18.7	12.4	-4.0	16.3
Exports, f.o.b. (US$ bn)	56.8	57.7	58.4	61.8	65.2	54.9	78.0	88.5	69.1	83.4
main export - Soybeans	na	na	na	na	na	na	na	na	na	na
Imports, f.o.b. (US$ bn)	57.2	53.2	64.0	62.5	46.9	40.3	59.3	76.2	73.1	67.0
Service balance (US$, bn)	-3.9	-7.0	-9.8	-8.9	-4.9	-2.2	-3.6	-6.8	-4.9	-3.6
Income balance (US$, 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	4.3	3.8
International reserves (US$ bn)	25.6	38.8	55.0	65.8	44.8	39.4	41.2	42.0	37.0	43.0
Price of main export commodity - Soybean	377.3	405.7	400.6	na	na	na	na	na		
Public Sector										
Central gov. primary budget balance (% of GDP)	-1.8	-4.6	-3.9	-2.7	-1.0	-6.4	-3.5	-2.0	-2.5	-1.0
Central gov. budget balance (% of GDP)	-3.8	-6.0	-6.2	-5.7	-4.0	-9.4	-5.0	-3.8	-4.7	-3.2
Consolidated gov. primary budget balance (% of GDP)	na	na	na	na	na	na	na	na		
Consolidated public sector balance (% of GDP)	-5.0	-7.4	-7.2	-6.0	-4.3	-9.7	-5.3	-3.8	-4.7	-3.2
Central gov. revenues (% of GDP)	20.4	20.0	18.3	18.0	18.0	18.4	18.1	18.3		
Debt Indicators										
Gross external debt (% of GDP)	25.1	33.2	34.4	45.5	52.3	75.1	62.4	57.4		
Public (% of GDP)	13.5	18.3	17.9	26.4	28.9	37.3	31.0	28.5		
Private (% of GDP)	11.5	15.0	16.5	19.0	23.4	37.8	31.4	28.9		
Gross government debt (% of GDP)	43.1	53.3	49.6	66.0	89.0	89.0	74.0	68.0		
Domestic (% of GDP)	29.5	36.4	33.3	39.4						
External (% of GDP)	13.5	16.9	16.2	24.1						
External debt amortizations (US$ bn)	-	-	-	-	-	-				
External debt interest payments (US$ bn)	-	-	-	-	-	-				
External debt service (% of XGS)	-	-	-	-	-	-				
Savings - Investment Balance										
Savings (% of GDP)	17.1	17.1	17.3	-	-	17.8	18.3	18.3		
Investment (% of GDP)	19.7	19.4	20.0	-	-	16.7	16.2	17.2		
Memoradum Items										
Gran Buenos Aires Inflation - Indec (% yoy)*	-	-	-3.9	-	-	-				
Central gov. primary budget balance (% of GDP)**	-	-	-	-		-				

	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24
Quarterly Economic Forecasts										
Real GDP growth (%, yoy)	5.7	1.5	1.3	-3.4	-5.4	-3.9	-5.2	-2.6	-1.3	-0.7
Real GDP growth (%, qoq, sa, annualized)	3.2	-6.7	2.7	-12.8	-5.3	-0.4	-2.8	-2.1	0.0	2.1
National inflation (% yoy, eop)	83.0	94.8	104.3	115.6	137.4	174.6	209.5	225.2	195.3	151.3
Central bank policy rate (%, eop)	75.00	75.00	78.00	97.00	118.00	118.00	118.00	108.0	93.0	78.0
Nominal exchange rate (vs USD, eop)	147.3	177.1	209.0	256.7	350.0	648.0	862.5	1,116.9	1,407.0	1,628.8
Current account balance (US$ bn)	-3.2	1.7	-7.3	-6.2	-4.5	-1.9	-1.6	-1.3	-1.8	4.5

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 179: Brazil

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	1796	1800	2063	1916	1873	1448	1649	1912	2143	2244
GDP per capita (US$)	8827	8774	9976	9191	8912	6838	7732	8899	10496	10924
Unemployment Rate (%) (PNAD)*	8.7	11.7	12.9	12.4	12.0	13.9	13.5	9.5	8.4	8.6
Population (millions)	203	205	207	208	210	212	213	215	204	205
Economic Activity										
Real GDP growth (% yoy)	-3.5	-3.3	1.3	1.8	1.2	-3.3	5.0	2.9	3.0	2.2
Domestic demand growth (% yoy)	-4.7	-4.3	0.8	2.5	2.2	-3.9	6.1	3.1	1.3	2.0
Real investment growth (% yoy)	-13.9	-12.1	-2.6	5.2	4.0	-1.7	16.5	0.9	-2.2	-0.2
Real consumption growth (% yoy)	-2.8	-2.9	1.3	2.0	1.9	-4.3	3.6	3.7	2.1	2.4
Real private consumption growth (% yoy)	-3.2	-3.8	2.0	2.4	2.6	-4.6	3.7	4.3	2.4	2.7
Real government consumption growth (% yoy)	-1.4	0.2	-0.7	0.8	-0.5	-3.7	3.5	1.5	1.2	1.5
Real export growth (% yoy)	6.8	0.9	4.9	4.1	-2.6	-2.3	5.9	5.5	10.6	2.2
Real import growth (% yoy)	-14.2	-10.3	6.7	7.7	1.3	-9.5	12.0	0.8	2.2	0.9
Prices										
CPI inflation (% yoy, eop)	10.7	6.3	2.9	3.7	4.3	4.5	10.1	5.8	4.8	3.7
CPI inflation (% yoy, avg)	9.0	8.7	3.4	3.7	3.7	3.2	8.3	9.3	4.6	3.8
Nominal wages (% yoy)	7.7	6.7	5.4	5.2	4.3	7.5	1.3	6.9	10.3	5.7
Nominal exchange rate (vs USD, eop)	3.90	3.26	3.31	3.87	4.03	5.20	5.58	5.22	4.90	5.10
Nominal exchange rate (vs USD, avg)	3.34	3.48	3.20	3.66	3.94	5.19	5.39	5.15	4.95	5.00
Bilateral real exchange rate (% yoy, + dep)	-	-	-	-	-	-	-	-	-	-
Monetary Sector										
Monetary base growth (% yoy)	-3.1	5.9	9.8	1.8	4.8	36.3	-5.2	2.6	7.8	5.9
Broad money growth (% yoy)	-4.4	4.6	5.7	6.9	9.1	43.2	-1.6	1.1	7.3	5.4
Credit extension to private sector (% yoy)	7.0	-3.5	-0.4	5.1	6.4	15.6	16.3	14.0	12.0	6.0
Central bank policy rate (%, eop)	14.25	13.75	7.00	6.50	4.50	2.00	9.25	13.75	11.75	9.50
1-month interbank rate (%, eop)	14.14	13.63	6.99	6.40	4.59	2.00	9.15	13.65	11.65	9.40
Long-term yield (%, eop)	-	-	-	-	-	-	-	-	-	-
External Sector										
Current account balance (% of GDP)	-3.5	-1.7	-1.2	-2.9	-3.6	-2.0	-2.8	-3.0	-2.2	-2.5
Current account balance (US$ bn)	-63.4	-30.5	-25.3	-54.8	-68.0	-29.4	-46.3	-57.0	-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$, bn)	22.9	25.4	4.9	20.8	5.5	4.1	5.1	21.1	19.3	20.6
International reserves (US$ bn)	368.3	369.3	381.0	379.4	385.7	354.7	355.7	324.7	320.0	320.0
Public Sector										
Central gov. primary budget balance (% of GDP)	-1.9	-2.5	-1.8	-1.7	-1.2	-10.0	-0.4	0.6	-0.9	-0.5
Central gov. budget balance (% of GDP)	-8.6	-7.6	-7.0	-6.1	-5.4	-13.6	-5.0	-4.5	-6.8	-5.9
Consolidated gov. primary budget balance (% of GDP)	-1.9	-2.5	-1.7	-1.6	-0.8	-9.4	0.7	1.3	-0.8	-0.4
Consolidated public sector balance (% of GDP)	-10.2	-9.0	-7.8	-7.0	-5.8	-13.6	-4.3	-4.6	-7.3	-6.4
Central gov. revenues (% of GDP)	20.8	21.0	21.0	21.3	22.1	19.7	21.7	23.3	22.8	22.9
Debt Indicators										
Gross external debt (% of GDP)	30.6	30.2	26.4	29.2	30.6	38.3	34.4	30.1	27.2	26.5
Public (% of GDP)	12.2	10.1	9.4	9.6	9.4	11.0	10.9	9.2	8.7	8.7
Private (% of GDP)	18.3	20.1	17.0	19.6	21.2	27.3	23.5	20.9	18.5	17.8
Gross government debt (% of GDP)	65.5	69.8	73.7	75.3	74.3	88.8	78.3	72.9	76.1	77.8
Domestic (% of GDP)	53.3	59.8	64.3	65.7	65.0	77.6	67.4	63.7	67.4	69.1
External (% of GDP)	12.2	10.1	9.4	9.6	9.4	11.0	10.9	9.2	8.7	8.7
External debt amortizations (US$ bn)	65.0	64.0	54.8	30.1	28.5	37.8	24.9	47.9	54.7	37.8
External debt interest payments (US$ bn)	20.0	20.5	21.1	22.1	28.0	23.4	23.0	19.7	26.6	20.8
External debt service (% of XGS)	44.8	45.8	34.8	21.8	25.1	29.0	16.9	19.9	23.6	16.5
Savings - Investment Balance										
Savings (% of GDP)	14.3	13.8	13.3	12.2	11.8	14.6	16.4	15.8	15.8	15.2
Investment (% of GDP)	17.8	15.5	14.6	15.1	15.5	16.6	19.2	18.8	18.1	17.6

	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24
Quarterly Economic Forecasts										
Real GDP growth (%, yoy)	3.6	1.9	4.0	3.8	2.5	2.1	2.1	2.3	2.2	2.2
Real GDP growth (%, qoq, sa, annualized)	1.8	-0.2	8.0	3.2	1.1	0.1	5.8	0.8	2.2	1.1
CPI inflation (% yoy, eop)	7.2	5.8	4.7	3.2	4.9	4.8	3.7	3.6	4.0	3.7
Central bank policy rate (%, eop)	13.75	13.75	13.75	13.75	12.75	11.75	10.75	10.25	9.50	9.50
Nominal exchange rate (vs USD, eop)	5.41	5.22	5.08	4.79	4.85	4.90	4.95	5.00	5.05	5.10
Current account balance (US$ bn)	-19.2	-18.9	-12.6	-1.9	-9.1	-18.0	-19.0	2.6	-9.2	-17.4

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 180: Mexico
Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	1,181	1,097	1,206	1,265	1,301	1,086	1,305	1,482	1,795	1,767
GDP per capita (US$)	9,732	8,942	9,721	10,092	10,277	8,498	10,121	11,390	13,675	13,352
Unemployment rate (%)	4.3	3.9	3.4	3.3	3.5	4.4	4.1	3.3	3.4	3.5
Population (millions)	121.3	122.7	124.0	125.3	126.6	127.8	129.0	130.1	131.2	132.3
Economic Activity										
Real GDP growth (% yoy)	2.6	1.5	2.1	2.0	-0.3	-8.8	6.1	3.9	3.2	1.4
Domestic demand growth (% yoy)	3.0	1.6	1.4	1.2	-0.4	-11.4	7.6	6.1	5.4	3.0
Real investment growth (% yoy)	4.6	0.6	-0.5	0.6	-4.4	-17.3	9.3	8.5	10.8	0.7
Real consumption growth (% yoy)	2.6	1.8	1.7	1.7	0.7	-9.4	6.9	5.5	3.7	2.6
Real private consumption growth (% yoy)	2.7	1.8	1.9	1.4	1.1	-10.8	8.2	6.2	4.0	2.8
Real government consumption growth (% yoy)	1.8	1.9	0.4	3.1	-1.6	-0.7	-0.5	1.3	1.5	1.1
Real export growth (% yoy)	7.1	2.7	3.5	6.5	1.3	-7.2	7.4	9.1	0.0	-4.0
Real import growth (% yoy)	5.0	2.1	6.1	5.6	-1.0	-12.3	15.4	8.9	7.2	0.0
Prices										
CPI inflation (% yoy, eop)	2.1	3.4	6.8	4.8	2.8	3.2	7.4	7.8	4.6	4.6
CPI inflation (% yoy, avg)	2.7	2.8	6.0	4.9	3.6	3.4	5.7	7.9	5.5	4.5
Nominal wages (% yoy)	4.2	3.8	4.8	5.7	6.7	7.3	7.2	10.8	11.0	6.7
Nominal exchange rate (vs USD, eop)	17.21	20.73	19.66	19.65	18.93	19.91	20.53	19.50	18.0	19.5
Nominal exchange rate (vs USD, avg)	16.28	18.92	18.69	19.11	19.33	22.17	20.38	19.91	17.67	19.03
Bilateral real exchange rate (% yoy, + dep)	17.9	20.7	-7.1	5.8	-5.0	4.2	5.0	-6.7	-8.0	6.8
Monetary Sector										
Monetary base growth (% yoy)	16.8	14.4	8.8	8.3	4.1	21.6	15.2	10.6	2.5	7.1
Broad money growth (% yoy)	4.8	11.0	8.1	6.6	7.0	11.0	9.7	10.0	3.8	5.1
Credit extension to private sector (% yoy)	14.1	15.1	12.0	10.3	5.7	0.6	4.3	12.6	9.2	6.1
Central bank policy rate (%, eop)	3.25	5.75	7.25	8.25	7.25	4.25	5.50	10.50	11.25	8.75
1-month interbank rate (%, eop)	3.56	6.11	7.63	8.59	7.56	4.48	5.72	10.77	11.56	9.06
Long-term yield (%, eop)	6.28	7.44	7.66	8.66	6.91	5.55	7.57	9.04	8.50	8.25
External Sector										
Current account balance (% of GDP)	-2.6	-2.5	-1.8	-2.1	-0.4	2.1	-0.6	-1.2	-1.6	-2.7
Current account balance (US$ bn)	-32.3	-26.1	-22.2	-26.0	-5.7	22.5	-8.3	-18.0	-28.5	-47.8
Trade balance (US$ bn)	-14.6	-13.1	-11.0	-13.8	5.2	34.2	-10.7	-27.1	-31.8	-57.8
Exports, f.o.b. (US$ bn)	381.0	374.3	409.8	451.1	460.9	417.3	495.3	578.2	612.3	614.4
Main export - Autos	94.0	91.2	104.2	118.4	125.1	102.8	116.5	140.3	158.6	167.8
Imports, c.i.f. (US$ bn)	395.6	387.4	420.8	464.8	455.8	383.2	506.0	605.3	644.1	672.2
Service balance (US$ bn)	-11.2	-10.6	-11.7	-12.9	-10.3	-15.5	-15.0	-15.2	-19.5	-22.5
Income balance (US$ bn)	-30.8	-29.5	-29.7	-32.6	-36.7	-37.0	-33.9	-33.8	-40.5	-33.7
Foreign direct investment (US$ bn)	36.2	38.9	33.1	37.9	29.9	31.5	33.5	38.6	37.0	42.0
International reserves (US$ bn)	176.4	176.5	172.8	174.6	180.8	195.7	202.4	199.1	201.0	205.0
Remittances (US$ bn)	24.8	27.0	30.3	33.7	36.4	40.6	51.6	58.5	63.7	66.5
Price of main export commodity - oil (US$ per barrel)	44.2	35.9	46.4	62.1	56.1	35.7	64.7	89.3	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	-1.1	-1.1	-1.3	-1.4
Central gov. budget balance (% of GDP)	-2.9	-2.9	-1.0	-2.0	-2.0	-2.5	-3.1	-3.4	-3.9	-4.2
Consolidated gov. primary budget balance (% of GDP)	-1.1	-0.1	1.4	0.6	1.1	0.1	-0.3	-0.4	-0.9	-1.2
Consolidated public sector balance (% of GDP)	-3.3	-2.4	-1.1	-2.0	-1.6	-2.8	-2.8	-3.2	-4.1	-4.6
Central gov. revenues (% of GDP)	16.5	17.2	17.0	16.0	15.9	17.0	16.2	16.2	16.3	16.8
Debt Indicators										
Gross external debt (% of GDP)	24.3	28.9	26.9	25.4	23.7	27.9	25.9	21.1	23.5	22.3
Public (% of GDP)	14.5	18.1	17.0	16.5	15.3	18.5	17.1	14.3	15.7	15.0
Private (% of GDP)	9.8	10.8	9.9	9.0	8.4	9.3	8.8	6.8	7.8	7.3
Gross government debt (% of GDP)	43.8	47.9	45.6	45.6	45.5	51.7	50.7	48.3	50.7	53.2
Domestic (% of GDP)	29.3	29.8	28.6	29.1	30.1	33.1	33.6	33.9	35.0	38.2
External (% of GDP)	14.5	18.1	17.0	16.5	15.3	18.5	17.1	14.3	15.7	15.0
External debt amortizations (US$ bn)	10.9	4.6	2.8	4.9	5.8	11.3	9.9	8.8	12.6	9.7
External debt interest payments (US$ bn)	6.5	6.0	6.8	7.6	8.1	8.0	8.5	8.2	9.1	9.2
External debt service (% of XGS)	4.6	2.8	2.3	2.8	3.0	4.6	3.7	2.9	3.5	3.1
Savings - Investment Balance										
Savings (% of GDP)	21.0	20.8	21.1	21.3	20.5	21.0	20.4	19.1	18.8	17.8
Investment (% of GDP)	24.2	24.0	23.4	23.1	22.1	20.1	20.7	21.6	23.2	23.0

	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24
Quarterly Economic Forecasts										
Real GDP growth (% yoy)	5.1	4.3	3.7	3.6	2.9	2.6	1.9	1.4	1.3	1.1
Real GDP growth (% qoq, sa, annualized)	5.0	2.6	3.3	3.4	1.4	1.3	1.3	1.5	1.0	0.8
CPI inflation (% yoy, eop)	8.7	7.8	6.8	5.1	4.5	4.6	4.5	4.6	4.4	4.6
Central bank policy rate (%, eop)	9.25	10.50	11.25	11.25	11.25	11.25	11.25	10.75	9.75	8.75
Nominal exchange rate (vs USD, eop)	20.14	19.50	18.05	17.12	17.50	18.00	18.30	19.00	19.30	19.50
Current account balance (US$ bn)	-6.4	2.6	-20.3	6.2	-12.6	-1.8	-19.0	-4.7	-18.9	-5.2

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 181: Venezuela

Selected economic and financial indicators

	2015F	2016F	2017F	2018F	2019F	2020F	2021F	2022F	2023F	2024F
Summary Data										
Nominal GDP (US$ bn, Exch rate adjusted since 2015)	171.8	149.0	131.1	104.9	73.4	47.7	48.7	53.5	54.6	56.2
GDP per capita (US$)	5,710	4,990	4,459	3,630	2,574	1,678	1,716	1,893	1,936	2,000
Unemployment rate (%)	6.8	7.0	10.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0
Population (millions)	30.1	29.9	29.4	28.9	28.5	28.4	28.4	28.3	28.2	28.1
Economic Activity										
Real GDP growth (% yoy)	-5.7	-13.3	-12.0	-20.0	-30.0	-35.0	2.0	10.0	2.0	3.0
Domestic demand growth (% yoy)	-10.1	-18.7	-13.2	-22.0	-33.0	-38.5	2.2	11.0	2.2	3.3
Real investment growth (% yoy)	-17.6	-31.2	-24.0	-40.0	-60.0	-70.0	4.0	20.0	4	6
Real consumption growth (% yoy)	-6.6	-16.0	-12.0	-20.0	-30.0	-35.0	2.0	10.0	2	3
Real private consumption growth (% yoy)	-7.8	-19.3	-12.0	-20.0	-30.0	-35.0	2.0	10.0	2	3
Real government consumption growth (% yoy)	-2.4	-4.6	-12.6	-21.0	-31.5	-36.8	2.1	10.5	2.1	3.15
Real export growth (% yoy)	-0.7	-6.7	-18.0	-40.0	-51.0	-38.5	3.0	15.0	3	4.5
Real import growth (% yoy)	-18.7	-30.4	-18.0	-40.0	-51.0	-38.5	2.2	11.0	2.2	3.3
Prices										
CPI inflation (% yoy, eop)	181	590	2600	1698488	12341	3687	660	305	269	214
CPI inflation (% yoy, avg)	122	438	1595	523290	1259565	3639	1374	482	287	242
Nominal wages (% yoy)	125	400	1560	180979	1234	2581	726	320	283	225
Nominal exchange rate (vs USD, eop)	0	0	0	638	39368	1107199	5	17	47	144
Nominal exchange rate (vs USD, avg)	0	0	0	638	39368					
Bilateral real exchange rate (% yoy, + dep)	-	-	-	-	-	-	-	-		
Monetary Sector										
Monetary base growth (% yoy)	103	249	1740	43950	7200	1200	400	153	135	107
Broad money growth (% yoy)	98	244	1735	43945	5000	1300	600	153	135	107
Credit extension to private sector (% yoy)	98	236	1653	41755	5000	1300	600	153	135	107
Central bank policy rate (%, eop)	6.40	-	-	-	-	-				
1-month interbank rate (%, eop)	-	-	-	-	-	-				
Long-term yield (%, eop)	-	-	-	-	-	-				
External Sector										
Current account balance (% of GDP)	-10.6	-3.4	3.0	10.9	7.8	2.2	1.3	0.4	-1.6	0.0
Current account balance (US$ 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 182: 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	334.9	317.8
GDP per capita (US$)	13,574	13,786	15,040	15,871	14,615	13,008	16,087	15,158	16,776	15,806
Unemployment rate (%)	6.4	6.8	7.0	7.4	7.2	11.2	7.2	8.0	8.5	8.5
Population (millions)	18.0	18.2	18.4	18.8	19.1	19.5	19.7	19.8	20.0	20.1
Economic Activity										
Real GDP growth (% yoy)	2.3	1.7	1.2	3.7	0.9	-5.8	11.7	2.4	-0.1	2.3
Domestic demand growth (% yoy)	2.5	1.8	2.1	4.0	1.6	-7.9	18.5	3.0	-2.3	3.0
Real investment growth (% yoy)	-0.3	-1.3	-3.1	5.1	4.4	-11.5	15.7	2.8	0.0	4.8
Real consumption growth (% yoy)	2.6	3.5	3.6	3.7	0.8	-6.8	19.3	3.1	-3.0	2.5
Real private consumption growth (% yoy)	2.1	2.7	3.4	3.8	1.0	-7.5	20.8	2.9	-4.4	2.6
Real government consumption growth (% yoy)	4.8	7.2	4.6	3.3	-0.2	-3.9	13.8	4.1	2.8	2.0
Real export growth (% yoy)	-1.7	0.5	-1.5	5.3	-2.6	-3.2	-1.4	1.4	-0.1	1.8
Real import growth (% yoy)	-1.1	0.9	4.6	8.1	-2.4	-12.7	31.8	0.9	-9.2	5.7
Prices										
CPI inflation (% yoy, eop)	4.4	2.7	2.3	2.1	3.0	3.0	7.2	12.8	4.2	3.7
CPI inflation (% yoy, avg)	4.3	3.8	2.2	2.3	2.3	3.0	4.5	11.6	7.6	3.9
Nominal wages (% yoy)	6.2	4.0	5.7	4.5	4.6	3.7	7.0	11.8	5.2	4.2
Nominal exchange rate (vs USD, eop)	707	667	615	696	745	711	852	851	895	912
Nominal exchange rate (vs USD, avg)	654	677	649	641	703	792	760	874	842	905
Bilateral real exchange rate (% yoy, + dep)	11.7	-4.4	-	-	-	-				
Monetary Sector										
Monetary base growth (% yoy)	11.8	13.0	7.4	1.7	9.2	145.3	11.4	6.8	5.3	
Broad money growth (% yoy)	12.0	7.0	5.1	11.2	9.4	6.9	11.4	6.8	5.3	
Credit extension to private sector (% yoy)	10.3	5.7	4.7	10.1	9.4	2.5	7.9	-0.5	3.0	
Central bank policy rate (%, eop)	3.50	3.50	2.50	2.75	1.75	0.50	4.00	11.25	8.25	5.50
1-month interbank rate (%, eop)	5.48	5.45	4.42	4.10	4.08	3.16	6.07	13.35	10.54	
Long-term yield (%, eop)	6.00	5.50	5.50	6.00	5.50	5.50	6.00	6.00	6.00	
External Sector										
Current account balance (% of GDP)	-2.4	-2.0	-2.3	-3.9	-3.7	-1.7	-6.4	-9.0	-3.8	-5.8
Current account balance (US$ bn)	-5.7	-5.0	-6.4	-11.6	-10.5	-4.3	-20.3	-27.1	-12.6	-18.5
Trade balance (US$ bn)	3.4	4.9	7.4	4.2	3.0	18.4	10.5	3.8	12.9	5.2
Exports, f.o.b. (US$ bn)	62.0	60.7	68.8	74.7	68.8	73.5	94.8	98.5	95.6	92.8
main export - Copper	30.0	27.9	34.0	35.6	32.5	38.0	52.7	44.7	43.9	44.1
Imports, f.o.b. (US$ bn)	58.6	55.9	61.5	70.5	65.8	55.1	84.3	94.7	82.6	87.6
Service balance (US$, bn)	-3.6	-3.3	-3.8	-4.7	-5.1	-5.0	-12.3	-14.8	-11.0	-9.2
Income balance (US$, bn)	-5.6	-6.5	-10.0	-11.2	-8.3	-10.0	-21.3	-16.1	-14.5	-14.5
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	387.2	381.8
Public Sector										
Central gov. primary budget balance (% of GDP)	-1.5	-2.0	-1.9	-0.8	-1.9	-6.3	-6.8	2.1	-1.4	-1.0
Central gov. budget balance (% of GDP)	-2.2	-2.7	-2.8	-1.7	-2.9	-7.3	-7.7	1.1	-2.4	-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	-1.4	-1.0
Consolidated public sector balance (% of GDP)	-2.1	-2.7	-2.6	-1.5	-2.7	-8.5	-8.3	1.1	-2.4	-2.1
Central gov. revenues (% of GDP)	21.0	20.9	20.8	21.9	21.5	19.9	23.9	25.9	23.3	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	38.9	46.2
Domestic (% of GDP)	13.1	15.9	15.7	17.3	17.5	18.8	22.5	27.7	25.7	30.5
External (% of GDP)	4.3	5.4	7.9	8.3	10.7	13.7	13.8	15.6	13.2	15.7
External debt amortizations (US$ bn)	-	-	-	-	-	-	-	-	-	
External debt interest payments (US$ bn)	-	-	-	-	-	-	-	-	-	
External debt service (% of XGS)	-	-	-	-	-	-	-	-	-	
Savings - Investment Balance										
Savings (% of GDP)	21.5	20.5	18.9	18.2	19.2	22.2	-	-		
Investment (% of GDP)	23.9	23.0	21.0	21.5	22.9	20.9	-	-		

	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24
Quarterly Economic Forecasts										
Real GDP growth (%, yoy)	0.2	-2.3	-0.8	-1.1	0.6	0.9	1.3	2.5	2.7	2.8
Real GDP growth (%, qoq, sa, annualized)	-4.9	0.2	1.6	-1.2	1.8	1.4	3.3	3.5	2.5	1.9
CPI inflation (% yoy, eop)	13.7	12.8	11.1	7.6	5.0	4.2	3.5	4.1	4.1	3.7
Central bank policy rate (%, eop)	10.75	11.25	11.25	11.25	9.50	8.25	7.25	6.50	6.00	5.50
Nominal exchange rate (vs USD, eop)	969	851	795	802	892	895	900	905	910	912
Current account balance (US$ bn)	-30.5	-27.1	-20.0	-13.6	-9.8	-9.6	-14.6	-16.4	-17.7	-17.7

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 183: 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	376	398
GDP per capita (US$)	6,362	6,053	6,575	6,922	6,535	5,386	6,148	6,677	7,201	7,563
Unemployment rate (%)	8.9	9.2	9.4	9.7	10.5	16.1	13.8	11.1	10.9	11.0
Population (millions)	46.3	46.8	47.4	48.3	49.4	50.4	51.0	51.6	52.2	52.7
Economic Activity										
Real GDP growth (% yoy)	3.0	2.1	1.4	2.6	3.2	-7.3	11.0	7.3	1.7	2.4
Domestic demand growth (% yoy)	2.4	1.2	1.1	3.5	4.0	-7.6	13.4	9.4	-0.4	2.4
Real investment growth (% yoy)	-1.2	-0.2	-3.2	1.5	3.0	-21.1	12.6	16.8	-8.6	1.2
Real consumption growth (% yoy)	3.4	1.6	2.3	4.0	4.3	-4.1	13.6	7.9	1.5	2.7
Real private consumption growth (% yoy)	3.1	1.6	2.1	3.2	4.1	-4.9	14.5	9.5	1.3	2.5
Real government consumption growth (% yoy)	4.8	1.8	3.6	7.4	5.3	-0.8	9.8	0.3	2.7	3.6
Real export growth (% yoy)	1.7	-0.2	2.6	0.6	3.1	-22.7	15.9	14.8	2.0	2.3
Real import growth (% yoy)	-1.1	-3.5	1.0	5.8	7.3	-19.9	26.7	22.3	-6.4	2.4
Prices										
CPI inflation (% yoy, eop)	6.8	5.7	4.1	3.2	3.8	1.6	5.6	13.1	9.7	5.8
CPI inflation (% yoy, avg)	5.0	7.5	4.3	3.2	3.5	2.5	3.5	10.2	11.8	7.4
Nominal wages (% yoy)	5.0	6.5	6.1	5.3	4.7	-2.4	10.0	13.5	10.1	6.2
Nominal exchange rate (vs. USD, eop)	3,149	3,001	2,984	3,250	3,277	3,433	4,080	4,853	4,175	4,550
Nominal exchange rate (vs. USD, avg)	2,742	3,055	2,951	2,956	3,281	3,693	3,807	4,256	4,340	4,463
Bilateral real exchange rate (% yoy, + dep)	24.2	-8.0	-2.5	7.6	-0.6	4.5	13.4	13.8	-19.4	6.4
Monetary Sector										
Monetary base growth (% yoy)	17.1	2.5	5.0	10.4	12.3	20.5	9.6	12.0	9.6	6.5
Broad money growth (% yoy)	11.7	7.1	7.3	5.6	7.8	13.9	12.0	14.0	7.4	4.3
Credit extension to private sector (% yoy)	13.8	12.4	7.3	6.5	7.7	7.8	5.0	13.0	11.3	9.9
Central bank policy rate (%, eop)	5.75	7.50	4.75	4.25	4.25	1.75	3.00	12.00	13.00	9.25
1-month interbank rate (%, eop)	5.78	7.51	4.74	4.25	4.25	1.75	3.05	12.05	13.05	9.30
Long-term yield (%, eop)	8.7	7.1	6.5	6.8	6.1	5.4	8.2	14.5	15.5	11.8
External Sector										
Current account balance (% of GDP)	-6.3	-4.4	-3.2	-4.2	-4.6	-3.4	-5.6	-6.2	-4.0	-3.3
Current account balance (US$ bn)	-18.7	-12.6	-9.9	-14.0	-14.8	-9.3	-18.0	-21.5	-15.0	-13.1
Trade balance (US$ bn)	-13.5	-9.2	-4.3	-6.4	-9.9	-8.9	-14.0	-12.0	-11.5	-8.6
Exports, f.o.b. (US$ bn)	38.6	34.1	39.8	43.0	40.7	32.3	42.7	59.6	60.8	61.9
Main export - Oil (US$ bn)	14.6	10.8	13.3	16.8	16.0	8.8	13.5	18.7	22.0	19.0
Imports, f.o.b. (US$ bn)	52.1	43.2	44.1	49.4	50.5	41.2	56.7	71.7	72.3	70.5
Service balance (US$ bn)	-5.5	-4.3	-4.5	-4.2	-4.3	-4.2	-6.0	-4.4	-4.0	-4.7
Income balance (US$ bn)	0.3	0.9	-1.2	-3.5	-0.7	3.8	2.1	-5.1	0.5	0.1
Foreign direct investment (US$ bn)	11.6	13.9	13.7	11.3	14.0	7.5	9.7	19.5	10.3	10.0
International reserves (US$ bn)	46.7	46.7	47.6	48.4	53.2	59.0	58.6	56.0	57.6	59.3
Public Sector										
Central gov. primary budget balance (% of GDP)	-0.5	-1.1	-0.8	-0.3	0.4	-4.9	-3.6	-1.1	0.2	0.0
Central gov. budget balance (% of GDP)	-3.0	-4.0	-3.7	-3.1	-2.5	-7.8	-7.0	-5.3	-4.2	-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	52.6	52.5
Public (% of GDP)	22.4	25.1	23.0	21.8	22.9	33.2	32.2	30.4	28.5	27.5
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	65.1	63.0	61.1	56.4	56.8
Domestic (% of GDP)	28.5	30.1	30.9	32.7	34.3	42.1	38.5	36.1	33.2	34.6
External (% of GDP)	16.1	15.5	15.5	16.6	16.0	23.0	24.5	25.0	23.2	22.1
External debt amortizations (US$ bn)	9.6	7.6	16.2	15.7	13.2	14.6	15.1	19.2	20.5	25.6
External debt interest payments (US$ bn)	4.6	4.7	5.3	5.8	6.2	5.7	5.9	6.8	7.5	8.0
External debt service (% of XGS)	30.1	28.8	43.6	40.0	37.9	53.0	41.5	35.9	39.5	44.2
Savings - Investment Balance										
Savings (% of GDP)	17.4	18.7	18.4	17.0	16.8	15.8	14.2	13.6	13.6	14.1
Investment (% of GDP)	23.8	23.2	21.6	21.2	21.4	19.2	19.8	19.9	17.6	17.4

	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24
Quarterly Economic Forecasts										
Real GDP growth (% yoy)	7.4	2.1	3.0	0.3	0.4	2.9	1.3	2.9	2.7	2.6
Real GDP growth (% qoq, sa, annualized)	3.5	-6.5	9.2	-4.1	3.6	3.2	2.4	2.4	2.8	2.8
CPI inflation (% yoy, eop)	11.4	13.1	13.3	12.1	11.0	9.7	8.2	7.8	6.7	5.8
Central bank policy rate (%, eop)	10.00	12.00	13.00	13.25	13.25	13.00	12.25	11.25	10.25	9.25
Nominal exchange rate (vs. USD, eop)	4,609	4,853	4,623	4,172	4,000	4,175	4,350	4,450	4,500	4,550
Current account balance (US$ bn)	-6.2	-4.9	-3.4	-2.5	-5.2	-3.9	-2.9	-2.1	-4.8	-3.4

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 184: Peru

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	191	196	216	227	233	206	226	245	266	276
GDP per capita (US$)	6142	6222	6785	7056	7012	6143	6675	7164	7697	7909
Unemployment rate (%)	6.5	6.7	6.9	6.7	6.6	13.9	10.9	7.4	7.2	6.6
Population (millions)	31.2	31.5	31.8	32.2	33.2	33.5	33.8	34.2	34.5	34.9
Economic Activity										
Real GDP growth (% yoy)	3.3	4.0	2.5	4.0	2.2	-11.0	13.3	2.7	0.2	3.3
Domestic demand growth (% yoy)	2.9	1.3	1.6	4.1	2.2	-9.8	14.5	2.3	-1.4	2.9
Real investment growth (% yoy)	-2.9	-4.1	-0.7	6.6	-0.6	-18.3	23.5	1.6	-9.3	3.0
Real consumption growth (% yoy)	4.9	3.0	2.3	3.3	3.1	-7.3	12.1	2.5	0.8	2.8
Real private consumption growth (% yoy)	4.0	3.7	2.6	3.8	3.2	-9.9	12.4	3.6	0.8	2.9
Real government consumption growth (% yoy)	9.8	-0.6	0.7	0.4	2.2	7.5	10.9	-3.4	1.0	2.3
Real export growth (% yoy)	3.1	9.0	7.8	2.1	1.1	-19.7	13.2	6.1	5.5	6.0
Real import growth (% yoy)	1.6	-1.6	4.5	2.4	1.0	-15.8	18.0	4.4	-1.0	4.3
Prices										
CPI inflation (% yoy, eop)	4.4	3.2	1.4	2.2	1.9	2.0	6.4	8.5	4.2	2.7
CPI inflation (% yoy, avg)	3.5	3.6	2.8	1.3	2.1	1.8	4.0	7.9	6.5	3.2
Nominal wages (% yoy)	3.3	7.0	-0.4	-0.3	4.7	-12.4	3.5	8.4	5.0	3.5
Nominal exchange rate (vs USD, eop)	3.41	3.36	3.24	3.38	3.32	3.62	3.98	3.81	3.76	3.86
Nominal exchange rate (vs USD, avg)	3.19	3.38	3.26	3.29	3.34	3.50	3.88	3.84	3.75	3.85
Bilateral real exchange rate (% yoy, + dep)	10.7	-2.8	-2.7	3.9	-1.4	8.7	10.5	-4.7	-3.4	2.0
Monetary Sector										
Monetary base growth (% yoy)	-4.8	4.1	7.2	7.3	5.2	33.2	13.1	-1.6	3.0	6.6
Broad money growth (% yoy)	13.1	1.7	7.9	5.3	9.1	32.0	0.3	-1.8	2.9	6.2
Credit extension to private sector (% yoy)	15.0	4.6	5.5	9.0	7.0	12.8	5.7	4.6	3.0	5.6
Central bank policy rate (%, eop)	3.75	4.25	3.25	2.75	2.25	0.25	2.50	7.50	6.75	4.00
1-month interbank rate (%, eop)	3.77	4.37	3.26	2.75	2.25	0.23	2.25	7.22	6.70	3.95
Long-term yield (%, eop)	7.31	6.38	5.17	5.64	4.21	3.51	5.90	7.57	7.00	6.50
External Sector										
Current account balance (% of GDP)	-4.7	-2.3	-0.9	-1.3	-0.7	1.2	-2.3	-4.0	-1.2	-1.7
Current account balance (US$ bn)	-8.9	-4.4	-2.0	-2.9	-1.7	2.4	-5.3	-9.9	-3.2	-4.7
Trade balance (US$ bn)	-2.9	2.0	6.7	7.2	6.9	8.2	14.8	10.3	17.0	14.9
Exports, f.o.b. (US$ bn)	34.4	37.1	45.4	49.1	48.0	42.9	63.2	66.2	67.0	70.9
Main export - Copper	8.2	10.2	13.8	14.9	14.0	13.0	20.7	19.8	21.4	22.7
Imports, f.o.b. (US$ bn)	37.3	35.1	38.7	41.9	41.1	34.7	48.3	55.9	50.0	56.0
Service balance (US$ bn)	-2.6	-2.6	-2.7	-3.4	-4.0	-4.7	-7.3	-8.6	-9.0	-8.2
Income balance (US$ bn)	-3.5	-3.8	-6.0	-6.7	-4.6	-1.1	-12.8	-11.6	-11.2	-11.4
Foreign direct investment (US$ bn)	7.3	6.8	7.4	5.9	4.8	0.7	7.5	10.8	6.0	7.0
International reserves (US$ bn)	61.5	61.7	63.6	60.1	68.3	74.7	78.5	73.8	74.8	76.7
Price of main export commodity - Copper (US$/ton)	250	221	280	296	273	280	422	398	428	448
Public Sector										
Central gov. primary budget balance (% of GDP)	-1.7	-1.2	-2.0	-0.8	-0.9	-7.9	-2.0	-0.7	-0.8	-0.2
Central gov. budget balance (% of GDP)	-2.7	-2.2	-3.1	-2.0	-2.1	-9.3	-3.4	-2.2	-2.5	-1.8
Consolidated gov. primary budget balance (% of GDP)	-0.9	-1.3	-1.8	-1.0	-0.2	-7.3	-1.0	-0.1	-1.3	-0.4
Consolidated public sector balance (% of GDP)	-1.9	-2.4	-3.0	-2.3	-1.6	-8.9	-2.5	-1.6	-3	-2
Central gov. revenues (% of GDP)	16.8	15.4	15.1	16.2	16.6	14.9	18.0	19.1	18.5	19.2
Debt Indicators										
Gross external debt (% of GDP)	38.2	38.5	35.9	34.9	35.0	44.4	45.4	42.4	41.8	41.9
Public (% of GDP)	14.0	15.4	15.5	15.6	17.1	24.4	27.0	24.9	25.3	25.4
Private (% of GDP)	24.1	23.2	20.3	19.3	17.9	20.0	18.4	17.5	16.5	16.5
Gross government debt (% of GDP)	23.3	23.7	24.7	25.6	26.6	34.6	35.9	34.0	35.3	36.2
Domestic (% of GDP)	12.1	13.4	16.0	16.8	18.1	19.8	16.5	15.4	16.2	17.0
External (% of GDP)	11.1	10.3	8.7	8.8	8.5	14.9	19.4	18.6	19.0	19.1
External debt amortizations (US$ bn)	5.8	6.8	12.5	7.0	8.1	5.8	3.8	4.3	4.8	4.3
External debt interest payments (US$ bn)	9.2	10.0	10.8	11.8	12.5	10.5	12.2	13.6	13.2	13.3
External debt service (% of XGS)	37.3	39.1	45.2	33.9	37.8	35.6	24.3	25.1	24.7	22.8
Savings - Investment Balance										
Savings (% of GDP)	19.6	20.4	20.5	21.1	21.1	20.9	19.7	17.3	17.6	17.3
Investment (% of GDP)	24.2	22.6	21.4	22.4	21.8	19.7	22.0	21.3	18.8	19.0

	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24
Quarterly Economic Forecasts										
Real GDP growth (% yoy)	2.0	1.7	-0.4	-0.5	-0.1	1.6	3.5	3.7	3.4	2.5
Real GDP growth (% qoq, sa, annualized)	2.9	-0.2	-5.2	1.3	4.1	6.6	2.0	2.4	2.8	2.8
CPI inflation (% yoy, eop)	8.5	8.5	8.4	6.5	5.3	4.2	3.5	3.2	3.0	2.7
Central bank policy rate (%, eop)	6.75	7.50	7.75	7.75	7.50	6.75	6.00	5.25	4.50	4.00
Nominal exchange rate (vs USD, eop)	3.98	3.81	3.76	3.63	3.73	3.76	3.80	3.82	3.84	3.86
Current account balance (US$ bn)	-2.9	-1.2	-1.2	0.4	-2.1	-0.3	-1.4	0.1	-2.5	-0.8

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 185: Uruguay
Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021F	2022F	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	59	57.5	64.3	64.6	61.3	53.6	61.4	71.2	80.9	86.0
GDP per capita (thous US$)	17	16.5	18.4	18.4	17.4	15.2	17.3	20.0	22.7	24.0
Economic Activity and Prices										
Real GDP growth (% yoy)	0.4	0.8	1.6	0.5	0.4	-6.1	5.3	4.9	0.7	3.4
CPI inflation (% yoy, eop)	9.4	8.1	6.6	8	8.8	9.4	8.0	8.3	3.8	5.2
Nominal exchange rate (vs USD, eop)	29.9	29.3	28.7	32.4	37.4	42.4	44.7	39.9	38.2	39.4
Nominal exchange rate (vs USD, avg)	27.3	30.1	28.6	30.7	35.3	42	43.6	41.2	38.5	39.2
Central Bank policy rate (%, eop)	-	-	-	-	-	4.5	5.8	11.5	9.0	8.0
External Sector										
Current account balance (% of GDP)	-0.2	0.8	0	-0.4	1.6	-0.8	-2.5	-3.2	-3.6	-2.6
Current account balance (US$ bn)	-0.1	0.5	0	-0.3	1	-0.4	-1.5	-2.3	-2.9	-2.2
Trade balance (US$ bn)	2.2	3.1	3.5	3.3	3.8	2.4	4.5	3.9	3.4	4.1
Exports, f.o.b. (US$ bn)	16.6	15.5	16.8	17.1	17.1	13.6	19.4	22.6	22.4	24.4
Imports, f.o.b. (US$ bn)	14.4	12.4	13.4	13.8	13.3	11.2	14.9	18.7	19.1	20.3
International reserves (US$ bn)	17.4	13.9	13.8	16.5	15.1	15.8	16.0	16.5	16.0	17.0
Public Sector										
Non financial public sector. primary budget balance (% of GDP)	0.2	-0.2	-0.1	-0.6	-1.6	-2.9	-1.1	-1.0	-1.3	-0.4
Non financial public sector overall budget balance (% of GDP)	-1.8	-2.7	-2.5	-3.1	-3.8	-5.4	-3.2	-3.0	-3.3	-2.4
Debt Indicators										
Gross external debt (% of GDP)	53.3	49.7	-	-	-	-	-	-	-	-
Public (% of GDP)	43.7	42.7	-	-	-	-	-	-	-	-
Private (% of GDP)	9.7	7	-	-	-	-	-	-	-	-
Gross government debt (% of GDP)	52.8	58.2	56.2	55.6	57.2	67.6	61.1	56.6	55.3	55.1
Domestic (% of GDP)	26.3	29.6	31.9	29	27.5	32.2	29.1	29.8	31.8	34.5
External (% of GDP)	26.4	28.6	24.3	26.6	29.7	35.4	32.0	26.8	23.4	20.6

Source: BofA Global Research

BofA GLOBAL RESEARCH

Yield forecasts

Exhibit 186: Government Bond Yield and Swap Rate Forecasts
Developed Markets

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

Source: BofA Global Research

BofA GLOBAL RESEARCH

Global FX Forecasts

Exhibit 187: G10 FX Forecasts

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

	Spot	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
G3										
EUR-USD	1.06	1.05	1.07	1.10	1.15	1.15	1.16	1.17	1.18	1.20
USD-JPY	149	153	155	150	146	142	140	138	136	136
EUR-JPY	158	161	166	165	168	163	162	161	160	163
Dollar Bloc										
USD-CAD	1.35	1.32	1.32	1.30	1.28	1.26	1.26	1.26	1.26	1.26
AUD-USD	0.64	0.64	0.66	0.68	0.71	0.71	0.71	0.71	0.71	0.71
NZD-USD	0.60	0.59	0.60	0.62	0.64	0.64	0.64	0.64	0.64	0.64
Europe										
EUR-GBP	0.87	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85
GBP-USD	1.22	1.24	1.26	1.29	1.35	1.35	1.36	1.38	1.39	1.41
EUR-CHF	0.97	0.98	0.99	0.99	1.00	1.00	1.02	1.02	1.05	1.05
USD-CHF	0.91	0.93	0.93	0.90	0.87	0.87	0.88	0.87	0.89	0.88
EUR-SEK	11.64	11.70	11.40	11.20	11.00	10.70	10.60	10.50	10.30	10.20
USD-SEK	11.01	11.14	10.65	10.18	9.57	9.30	9.14	8.97	8.73	8.50
EUR-NOK	11.42	11.00	10.80	10.70	10.50	10.30	10.20	10.10	10.00	9.90
USD-NOK	10.80	10.48	10.09	9.73	9.13	8.96	8.79	8.63	8.47	8.25

Forecast as of Sep-26-2023. Spot exchange rate as of Sep-26-2023. The left of the currency pair is the denominator of the exchange rate. **Source:** BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 188: EM FX Forecasts

Our end-2023 USD-CNYY forecast remains 7.20

	Spot	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
Latin America										
USD-BRL	4.97	4.90	4.95	5.00	5.05	5.10	5.13	5.15	5.18	5.20
USD-MXN	17.44	18.00	18.30	19.00	19.30	19.50	19.80	20.00	20.30	20.50
USD-CLP	901	895	900	905	910	912	914	916	918	920
USD-COP	4,062	4,175	4,350	4,450	4,500	4,550	4,600	4,625	4,650	4,675
USD-ARS	350	648	862	1117	1407	1,629	1,832	2,061	2,318	2,608
USD-PEN	3.78	3.76	3.80	3.82	3.84	3.86	3.87	3.88	3.89	3.90
Emerging Europe										
EUR-PLN	4.61	4.70	4.80	4.80	4.70	4.60	4.55	4.50	4.45	4.40
EUR-HUF	390	400	405	410	400	390	380	370	360	350
EUR-CZK	24.43	24.80	25.00	25.20	24.80	24.30	23.90	23.50	23.00	22.60
USD-ZAR	18.99	18.50	18.10	18.00	17.00	17.50	17.80	18.00	18.20	18.40
USD-TRY	27.27	30.00	32.00	35.00	37.00	40.00	42.00	44.00	45.00	47.00
EUR-RON	4.97	5.00	5.00	5.00	5.10	5.13	5.19	5.25	5.30	5.36
USD-EGP	30.89	37.00	39.00	40.00	41.00	42.00	43.00	43.60	44.00	44.50
USD-ILS	3.83	3.75	3.70	3.65	3.60	3.55	3.50	3.45	3.40	3.40
USD-AED	3.67	3.67	3.67	3.67	3.67	3.67	3.67	3.67	3.67	3.67
USD-KWD	0.31	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
USD-SAR	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75
USD-QAR	3.65	3.64	3.64	3.64	3.64	3.64	3.64	3.64	3.64	3.64
Asian Bloc										
USD-KRW	1,349	1,330	1,305	1,280	1,210	1,190	1,170	1,150	1,150	1,150
USD-TWD	32.22	31.70	31.50	31.20	30.30	30.10	29.90	29.70	29.70	29.70
USD-SGD	1.37	1.35	1.34	1.32	1.31	1.30	1.30	1.29	1.29	1.29
USD-THB	36.42	35.00	34.50	34.00	33.50	33.00	33.00	32.50	32.50	32.00
USD-HKD	7.82	7.83	7.83	7.80	7.80	7.78	7.78	7.76	7.75	7.75
USD-CNY	7.31	7.20	7.10	7.00	6.80	6.70	6.60	6.50	6.40	6.30
USD-IDR	15490	15,400	15,300	15,200	15,100	15,000	15,000	14,900	14,900	14,800
USD-PHP	56.97	56.50	56.50	56.00	56.00	55.50	55.50	55.00	55.00	55.00
USD-MYR	4.69	4.66	4.62	4.58	4.56	4.54	4.52	4.50	4.48	4.46
USD-INR	83.24	82.00	81.00	80.50	80.00	80.00	80.00	80.00	80.00	80.00

Forecast as of Sep-26-2023. Spot exchange rate as of Sep-26-2023. The left of the currency pair is the denominator of the exchange rate. **Source:** BofA Global Research

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Commodities forecasts

Exhibit 189: BofA Commodity Price Forecasts
(period averages)

	units	1Q23F	2Q23F	3Q23F	4Q23F	2023F	1Q24F	2Q24F	3Q24F	4Q24F	2024F
WTI Crude Oil	($/bbl)	76.00	74.00	82.00	92.00	81.00	90.00	88.00	84.00	82.00	86.00
Brent Crude Oil	($/bbl)	82.00	78.00	86.00	96.00	85.00	94.00	92.00	88.00	86.00	90.00
US NY Harbor ULSD (HO) Cracks to Brent Crude Oil	($/bbl)	40.62	24.00	20.00	18.00	25.66	18.00	18.00	18.00	18.00	18.00
US RBOB Cracks to Brent Crude Oil	($/bbl)	23.13	28.00	20.00	10.00	20.28	12.00	17.00	13.00	6.00	12.00
NWE Low Sulphur Gasoil Cracks to Brent Crude Oil	($/bbl)	31.30	16.00	12.00	10.00	17.34	10.00	10.00	10.00	10.00	10.00
NWE Eurobob Cracks to Brent Crude Oil	($/bbl)	15.00	18.00	12.00	2.00	11.75	0.00	5.00	5.00	-1.00	2.25
NWE 1% Residual Cracks to Brent Crude Oil	($/bbl)	-13.40	-10.00	-7.00	-6.00	-9.10	-5.00	-5.00	-5.00	-5.00	-5.00
NWE 0.5% Residual Cracks to Brent Crude Oil	($/bbl)	2.50	0.00	2.00	2.00	1.62	2.00	2.00	2.00	2.00	2.00
NWE 3.5% Residual Cracks to Brent Crude Oil	($/bbl)	-23.20	-13.00	-12.00	-11.00	-14.79	-10.00	-10.00	-10.00	-10.00	-10.00
US Natural Gas	($/MMBtu)	2.65	2.25	2.75	3.25	2.73	3.75	3.50	4.25	4.50	4.00
Thermal coal, Newcastle FOB	($/t)	253	160	159	164	184	256	177	179	184	160
Aluminium	$/t	2,401	2,260	2,250	2,500	2,353	2,750	2,750	3,000	3,000	2,875
Copper	$/t	8,941	8,461	8,250	9,500	8,788	10,000	10,000	9,500	9,500	9,750
Lead	$/t	2,131	2,118	2,050	2,050	2,087	2,000	2,000	2,000	2,000	2,000
Nickel	$/t	25,973	22,277	20,000	20,000	22,063	22,500	22,500	20,000	20,000	21,250
Zinc	$/t	3,122	2,539	2,250	2,500	2,603	2,500	2,500	2,250	2,250	2,375
Gold	$/oz	1892	1977	1925	1900	1923	1900	1950	2000	2000	1963
Silver	$/oz	23	24	23	23	23	23	23	24	24	23
Platinum	$/oz	995	1,027	1,000	1,250	1,068	1,200	1,200	1,000	1,000	1,100
Palladium	$/oz	1,568	1,445	1,300	1,250	1,391	1,200	1,200	1,000	1,000	1,100

Source: BofA Global Research estimates

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