World at a Glance

Debt ceiling anxiety

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FX, Rates and Commodities
Global

John Shin
FX Strategist
BofAS
+1 646 855 9342
joong.s.shin@bofa.com

David Hauner, CFA >>
EEMEA Cross Asset Strategist
MLI (UK)
david.hauner@bofa.com

Claudio Irigoyen
LatAm FI/FX Strategy/Economist
BofAS
claudio.irigoyen@bofa.com

Claudio Piron
Emerging Asia FI/FX Strategist
Merrill Lynch (Singapore)
claudio.piron@bofa.com

Helen Qiao
China & Asia Economist
Merrill Lynch (Hong Kong)
helen.qiao@bofa.com

Michael Widmer
Commodity Strategist
MLI (UK)
michael.widmer@bofa.com

Pedro Diaz
Caribbean Economist
BofAS
pdiaz2@bofa.com

See Team Page for List of Analysts

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Key forecasts in FX, rates and commodities

Markets are growing increasingly anxious because of the US debt ceiling. Meanwhile, core issues such as elevated inflation and the potential for near-term recession remain in place. Our core US10yr rate and EUR forecasts stay unchanged.

G10 FX: still looking for broad modest USD softening

We keep our core EUR-USD forecast unchanged, including our end-year forecasts for 2023 of 1.10 and for 2024 at 1.15. Since last month, we revised near-term USD-JPY higher, but all other G10 FX forecasts remain unchanged.

EM Asia: tweaking year-end USD/CNY

We adjust our USD/CNY end-2Q forecast to 7.00 from 6.80 previously, recognizing USD strength persisting in 2Q due to both US economic resiliency and disappointment in China's growth data. We slightly revise our USD-INR 2Q forecast to 82/USD.

EEMEA: volatility creates opportunity

We are more cautious on EEMEA FX in Q2 and Q3. Ultimately, a weaker broader USD should drive EEMEA FX stronger. The ZAR and ILS have high country-specific risks. We are bullish ZAR, CZK, HUF and bearish PLN. We are neutral ILS.

LatAm: political events taking the central stage

Political events take the central stage in the region. As hiking cycles come to an end, investors are turning focus on the timing and size of easing cycles. We turn more tactical in FX, as most domestic news seems priced amid risks of a stronger dollar.

Interest rates: still expecting 3.25% for US year-end 10yr

We maintain our forecast for a lower path for US 2s & 10s + a less inverted curve. We expect only 25bps of inversion in 2s10s by end '23 and steeper 2s10s curve by end '24. We do have some changes in yield forecasts elsewhere around the world.

Commodities: lowering oil price forecasts for this year

Since last month, we cut our average Brent crude oil price forecast to $80/bbl in 2023, while keeping our $90/bbl 2024 Brent forecast. For industrial and precious metals, we do not make any forecast revisions.

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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US rates: debt cap bounce

Mark Cabana, CFA
BofAS

Themes: tactical long bias on duration; curve should steepen

Our US economics team believes the Fed is done hiking & that the economy will continue to moderate. A Fed on hold & slowing economy should see rates decline & the UST curve steepen over time. The rates market likely believes it would take clear re-acceleration in US data to justify further hikes.

On net, our core duration & curve views remain: duration = tactically trade rates with a long bias, i.e. 10y between 3.25-3.75%; curve = tactically trade curve with steepening bias. We believe rates in the 3.65-3.75% area provide a good opportunity for clients to lean the other way. The economy is moderating which should benefit long duration & curve steepening views.

We continue to recommend clients express long duration views in real vs nominal rates. As the economy slows, we expect real rates will likely outperform given sticky inflation & relatively low breakeven rates of inflation.

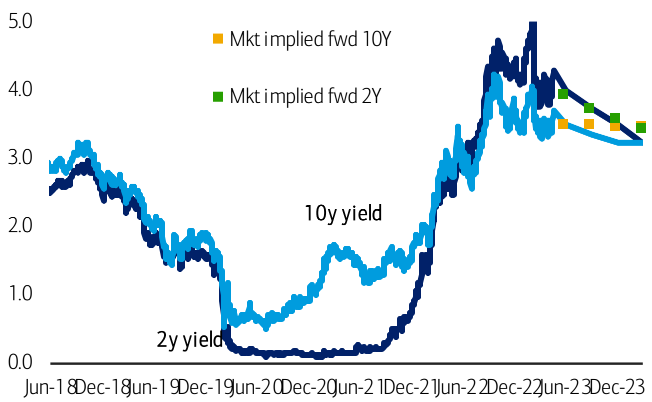
Forecasts: 2s10s unchanged at 25bps of inversion by end '23

We maintain our forecast for a lower path for 2s & 10s + a less inverted curve. We expect only 25bps of inversion in 2s10s by end '23 and steeper 2s10s curve by end '24. Our rate forecasts are currently below the forwards, which we remain comfortable with.

Risks: more balanced

We see risks as balanced. A strong economy & sticky inflation could see rates realize above our forecasts. A deeper recession vs our base case, another round of bank stress, or a large risk off shock could see rates below our forecasts. A technical UST default around debt limit would also see most UST yields decline & curve bull steepen.

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



Source: BofA Global Research, Bloomberg

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Exhibit 2: Government bond yield forecasts (%)
Our year-end '23 forecast for 10yT is 3.25%

	Q2 23	Q3 23	Q4 23	Q1 24
O/N SOFR	5.06	5.06	5.07	4.82
2y Govt	4.00	3.75	3.50	3.25
5y Govt	3.60	3.45	3.40	3.25
10y Govt	3.50	3.35	3.25	3.25
30y Govt	3.70	3.55	3.40	3.40

Source: BofA Global Research estimates

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Exhibit 3: Swap rate forecasts (%)
Our year-end '23 forecast for 10y swaps is 3.05%

	Q2 23	Q3 23	Q4 23	Q1 24
2y	4.05	3.80	3.45	3.20
5y	3.45	3.35	3.30	3.15
10y	3.25	3.15	3.05	3.05
30y	3.05	2.90	2.80	2.80

Source: BofA Global Research estimates

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USD: breaking the range

Alex Cohen
BofAS

Themes: are we sure we've reached terminal?

April's range-bound trading continued throughout early May, though upside US data, and signs of economic softness abroad has propelled the dollar in recent weeks. The May FOMC meeting sent a signal to the market that they see monetary policy as at or near restrictive levels, causing many to believe that the terminal rate has been reached. Chair Powell's messaging reinforced a "meeting-by-meeting" approach and some bias towards additional hikes if warranted by the incoming data.

Subsequent US dataflow, in aggregate, has pointed to continued economic resiliency, and some other Fed officials have recently spoken about the prospect for additional hikes. This, coupled with softening economic data out of Europe and China has supported the dollar, bringing the Bloomberg Dollar Index to its highest level in two months. The moves have mainly tracked well with US-foreign interest rate differentials.

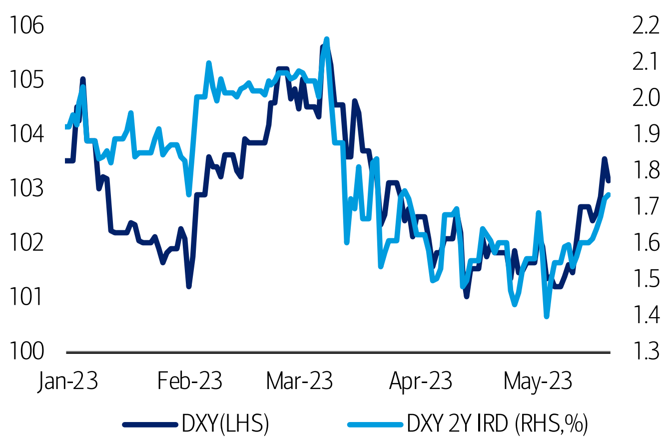
Forecasts: continued support for now

We maintain our current forecasts for the USD to be broadly supported in the near-term. We have long argued that sticky inflation will keep central banks with a hawkish bias, and the Fed is no exception. Despite incremental improvements on inflation readings, we are still ways away from 2%. Later in the year and into 2024 we expect the dollar to gradually begin depreciating back towards equilibrium.

Risks: approaching X-date

The most glaring known risk for all financial markets is the debt ceiling. With X-date fast approaching, we see several crosscurrents which could impact the dollar differently, both in a world where tail-risks emerge, as well as when resolution finally comes. How it will specifically play out is not straightforward. Beyond that, uncertainty over how the economy will land keeps open a wide range of outcomes. Nevertheless, markets remain relatively complacent.

Exhibit 4: DXY & 2-Y rate differentials
Dollar breakout tracking with widening rate differentials



Source:, Bloomberg and BofA Global Research

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Exhibit 5: USD forecasts
EUR forecast is 1.10 for the end of 2023

	Q2 23	Q3 23	Q4 23	Q1 24
EUR-USD	1.05	1.07	1.10	1.10
USD-JPY	138	143	140	135

Source: BofA Global Research estimates

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

	2022	2023F	2024F
Real GDP (% yoy)	2.1	1.0	-0.1
CPI (% yoy)	8.0	4.0	2.5
Policy Rate (end of period)	4.38	5.13	3.38
GenGov Bal (%/GDP)	-5.4	-5.0	-5.2
CurAct Bal (%/GDP)	-3.7	-3.2	-3.2

Source: Bloomberg and BofA Global Research estimates

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EUR rates: duration underweight covered

Sphia Salim
MLI (UK)

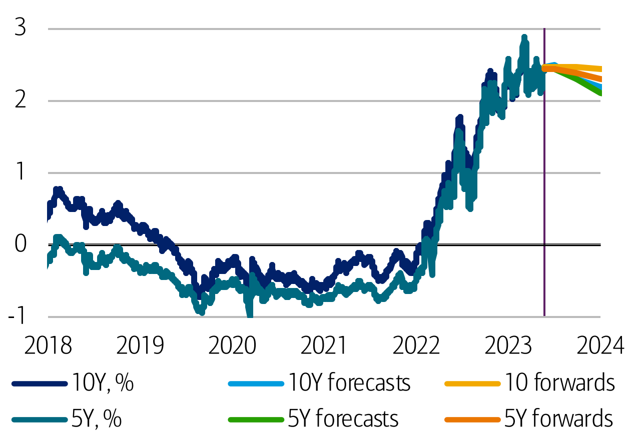
Themes: terminal rate nearing, uncertainty shifts to the path beyond terminal
The ECB hiked rates by 25bp in May, marking a slowdown from the 50bp increments delivered in the prior three meetings. But as core inflation has yet to (meaningfully) decline, the central bank signalled that more hikes will be needed. Our economists expect another two (in June and July), taking the ECB Deposit rate to 3.75% (Euro Area Watch, 4-May), inline with current market pricing. This is lower than the 4% they were expecting a few weeks ago, as that assumed a 50bp hike in May, but risks around the 3.75% baseline remain tilted towards 4% (incl one more hike in Sep), rather than 3.5%.

Tight global monetary policy and its recessionary impact, concerns around the US banking turmoil, and rising US debt ceiling risks have all led investors to build record long duration positions in US and core EUR rates (see FX and Rates Sentiment Survey, May-23). We believe this helped absorb the large European Government Bond supply in 1H23 (see Rates EU, in Global Rates Weekly 12-May)

Forecasts: revising front-end rates lower, but still flattening ahead
While German yields are now around the peak levels we had projected in Q2, we still see risks as skewed to the upside in the near term: (1) Eurozone growth data can continue to come at or above consensus, given the limited impact of the US banking turmoil on sentiment, (2) ECB communication can continue to push on the hawkish side, with a focus on rates having to stay high for longer, and (3) supply pressures will remain elevated in core/semi-core, while positioning is already long. For H2, we marginally lower our Euribor and 2y forecasts to account for a lower terminal ECB rate than previously assumed. We still look for further curve flattening, in 2s5s, 2s10s, as well as in 10s30s (European Rates Watch, 17-May) in the coming quarter or two.

Risks: debt ceiling, US banks turmoil, EU fiscal rules, positioning, core inflation
Downside risks to rates include crossing the X-date without a deal on the debt ceiling, renewed stress in US banks, and an agreement on EU fiscal rules that implies large fiscal tightening in 2024. Higher core inflation and positioning squeeze = upside risks to rates.

Exhibit 7: German rates – yield forecasts and forwards*
Our forecasts are below the forwards for 2H23 onwards



Source: BofA Global Research, Bloomberg. *Forwards as of 22-May

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Exhibit 8: Germany bond yield forecasts, %
We take into account the impact of latest market/banking developments

	Q2 23	Q3 23	Q4 23	Q1 24
3m Euribor	3.70	3.80	3.90	3.80
2y Govt	2.90	2.80	2.60	2.45
5y Govt	2.45	2.30	2.10	2.05
10y Govt	2.50	2.30	2.20	2.20
30y Govt	2.60	2.40	2.40	2.40

Source: BofA Global Research

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Exhibit 9: Swap rate forecasts, %
We expect higher rates in 2Q23, but a rally thereafter

	Q2 23	Q3 23	Q4 23	Q1 24
2y	3.60	3.50	3.30	3.10
5y	3.15	2.95	2.75	2.65
10y	3.10	2.90	2.75	2.70

Source: BofA Global Research

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EUR: cannot sustain a rally yet

Athanasios Vamvakidis
MLI (UK)

Themes: weak short term, before sustained rally

The EUR has weakened in May and more generally has been unable to sustain a rally so far this year. It has been in a range, after strengthening from a very weak level at the end of last year. As we argued last month, a lot of good news were already in the price, such as the hawkish ECB, the drop in energy prices and China's reopening. Weak data in China recently disappointed strong expectations about the recovery, which together with resilient US data and mixed Eurozone data weighed on the EUR. Although ECB communication remains hawkish, slowing the pace of hikes has not helped, while the market is already pricing two more hikes.

Global data still consistent with a non-landing scenario, while core inflation remains sticky in most G10 economies, particularly in the Eurozone, point to high uncertainty about the path towards the inflation target. We also disagree with market pricing of an early and aggressive easing cycle in most of G10 starting in the second half of this year.

All these forces could push the EUR even lower in the short term. We remain positive longer term, as the EUR remains historically weak and below equilibrium estimates, but a more sustained rally needs landing of the economy first.

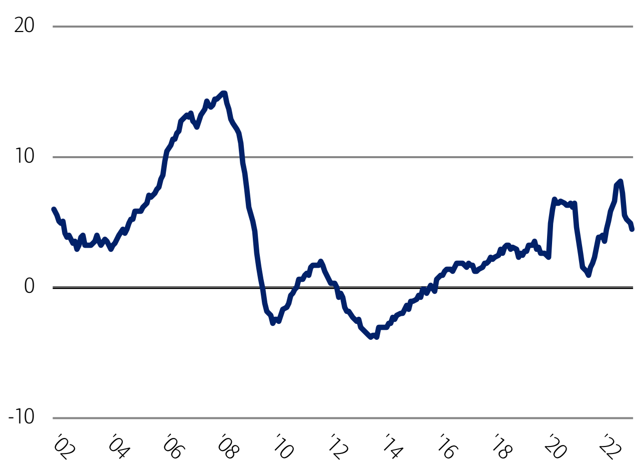
Forecasts: more short-term downside, but stronger eventually

Although EURUSD has spent most of H1 above our 1.05 forecast, we are not far and we stick to it. We also keep our end-year 1.10 and 2024 1.15 forecasts. We reiterate that the timing of this path is uncertain and depends on the stickiness of Eurozone inflation vs the rest of G10 and the kind of landing towards to the inflation target.

Risks: waiting for landing

The current non-landing scenario is not sustainable, while we believe the consensus soft landing is not realistic. How the European and more broadly the global economy land to the inflation target from well above will also determine the path for the EUR. In addition, China's recovery, energy prices and the war in Ukraine are also EUR risks.

Exhibit 10: Eurozone credit growth to non-financial corporates
Eurozone credit growth is slowing



Source: ECB and BofA Global Research

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Exhibit 11: EUR forecasts
Our forecast is 1.10 for EUR-USD at end of 2023

	Q2 23	Q3 23	Q4 23	Q1 24
EUR-USD	1.05	1.07	1.10	1.10
EUR-JPY	145	153	154	149

Source: BofA Global Research estimates

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

	2022	2023F	2024F
Real GDP (% yoy)	3.5	0.6	0.8
CPI (% yoy)	8.4	5.4	2.3
Policy Rate* (end period)	2.50	4.25	3.50
Gen Gov Bal (%/GDP)	-3.7	-4.3	-3.3
CurAct Bal (%/GDP)	-1.0	0.5	0.8

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

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JP rates: expect further YCC tweaks in July

Tomonobu Yamashita
BofAS Japan

Key theme: possibility of a policy change would contain fall in yen rates

The bond market saw April Monetary Policy Meeting (MPM) announcement dovish, but we still believe it is only a matter of time for yield curve control (YCC) adjustments given underlying inflation continues to rise. We expect the Bank of Japan (BoJ) to adjust its YCC at the July MPM (for details, see Japan Watch: BoJ review: Continuity and difference 28 April 2023).

While we believe consensus expectations around YCC adjustments/removal were pushed back, according to our survey, investors do not completely rule out the possibility of a policy change (for details, see FX and Rates Sentiment Survey: Duration extremes 12 May 2023). We believe the BoJ's excessive bond purchase operations would put downward pressure on Japanese government bonds (JGB) yields, but those expectations would contain the continuous fall in yen rates, which would make the JGB yields stable in the near term.

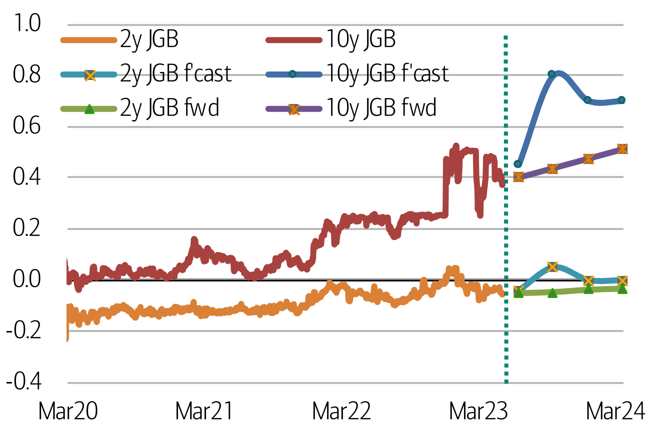
Forecast: expect JGB yield to be stable in near term

Given our bullish outlook on consumer price index (CPI) and expectations for additional BoJ moves, we have a bearish stance on JGBs, especially for up to 10yr. On the other hand, JGB yields would be stable at least until the July MPM, as the BoJ is expected to maintain its dovish monetary policy. Our JGB yield forecasts for the year-end are 0.70% for 10yr.

Risks seen on downside

The risk to our base case is biased to the downside. We see risks for the new BoJ governor Ueda's more dovish stance than we expect, which may urge the market to price out BoJ's further hawkish moves.

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



Source: BofA Global Research, Bloomberg.

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

	Q2 23	Q3 23	Q4 23	Q1 24
3m TORF	-0.03	-0.03	-0.03	-0.03
2y Govt.	-0.04	0.05	0.00	0.00
5y Govt	0.15	0.40	0.35	0.35
10y Govt	0.45	0.80	0.70	0.70
30y Govt	1.30	1.50	1.35	1.35

Source: BofA Global Research

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

	Q2 23	Q3 23	Q4 23	Q1 24
2y	0.10	0.20	0.15	0.15
5y	0.30	0.45	0.40	0.40
10y	0.60	0.85	0.80	0.80

Source: BofA Global Research

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JPY: costly to buy

Shusuke Yamada, CFA
BofAS Japan

Themes: FX carry vs US recession risk

With Japan's basic BoP becoming balanced, we think JPY's demand/supply balance will be a tug of war between US recession risk and yen-carry trade. A US recession could hit the commodity market and undermine Japan Inc.'s risk appetite and outward FDI, leading to a BoP surplus. Meanwhile, the lack of imminent US recession risk would keep FX carry in G10/JPY elevated and attract yen-carry trade. Our base case is that yen carry trade weighs over JPY before US recession risk becomes more pronounced.

For more, see: [Japan BoP: FX carry vs US recession risk 11 May 2023].

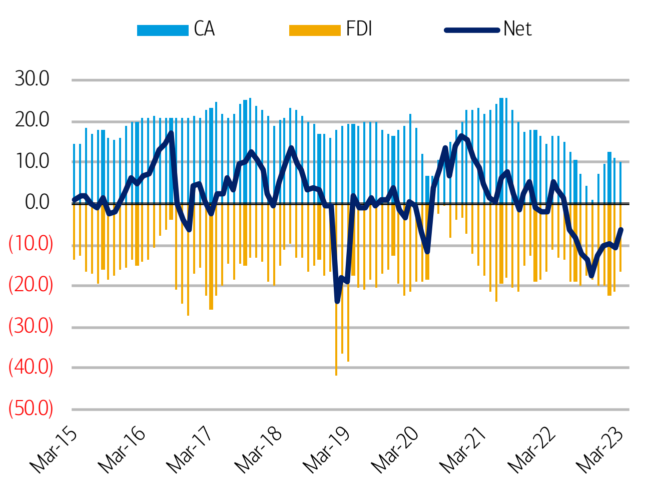
Forecasts: USD/JPY somewhat higher, cross/yen higher

We revised up our USD/JPY forecasts right after the BoJ's April MPM (see: [Patient BoJ = greenlight for yen-carry trade 01 May 2023]). We expect USD/JPY to be supported by FX carry despite our expectations for a lower USD in 2023. We expect USD/JPY to rise to 143 by September and end the year at 140.

Risks: rapid slowdown in US economy

The biggest risk against our view is a rapid and steep slowdown in the US economy if banks severely tighten supply of credit. While this is not our base case, uncertainty around how banks react to the Fed's policy tightening to date and the regional bank crisis remains high.

Exhibit 16: Japan basic balance of payments (annualized rolling 3 months, ¥tn)
Japan's basic balance of payments likely to balance and stabilize



Source: BofA Global Research, Haver

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Exhibit 17: JPY forecasts
We look for 2023 year-end USD-JPY of 140

	Q2 23	Q3 23	Q4 23	Q1 24
USD-JPY	138	143	140	135
EUR-JPY	145	153	154	149

Source: BofA Global Research estimates

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

	2022	2023F	2024F
Real GDP (% yoy)	1.1	1.0	1.2
CPI (% yoy)	2.5	3.4	2.7
Policy Rate (end of period)	-0.10	-0.10	0.05

Source: Bloomberg and BofA Global Research estimates

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GBP: an unlikely leader

Michalis Rousakis
MLI (UK)

Themes: BoE

GBP has been the best-performing currency so far this year, with tail risks removed, the UK economy proven highly resilient (granted, to some extent on lower energy prices), and the Bank of England not disappointing, despite its mostly "Delphic" communication.

Our economists expect no Fed rates cuts this year and see a higher terminal rate for the ECB than markets price, but they forecast a lower terminal than markets price for the BoE (see BoE Review: another hike 11 May 23). Meanwhile, our UK growth outlook remains of the worst in the G10. And we remain worried about GBP's higher sensitivity to risk given our near-term cautious view on it (Charting UK Rates and FX – 8 May 23).

We also find the GBP positioning vs. USD and EUR to have become balanced for Real Money and long for Hedge Funds, which have likely driven GBP's rally this year.

Still, things could become more balanced later this year. On the monetary front, our economists expect fewer rate cuts from the BoE than from the ECB next year, whereas markets are pricing a more symmetric stance. Ultimately, this will depend on how sticky inflation proves and why: UK inflation persistence on idiosyncratic issues around the supply side of the labour market (as our economists have highlighted) is unlikely to help GBP much. But inflation persistence on an improved outlook—much as in recent months—could support GBP, risk-sentiment permitting. We also hope the debate ahead of the next general UK election will result in a constructive outcome for GBP.

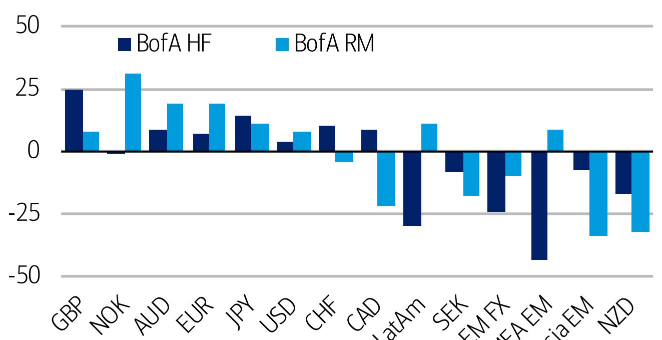
Forecasts: no changes

No change in forecasts.

Risks: more symmetric from here

UK downside risks have been priced out – positive surprises could still provide a lift.

Exhibit 19: Latest BofA investor positioning level
GBP investor positioning turned long, led by Hedge Funds



Source: BofA Global Research. 50 (-50) represents a max long (short) positioning level relative to history. Currencies ranked on their latest average investor positioning level (equal weights for Hedge Funds and Real Money).

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Exhibit 20: GBP forecasts
Our year-end 2023 EUR-GBP forecast is 0.91

	Q2 23	Q3 23	Q4 23	Q1 24
EUR-GBP	0.89	0.90	0.91	0.91
GBP-USD	1.18	1.19	1.21	1.21

Source: BofA Global Research estimates

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Exhibit 21: Major macro forecasts
GDP growth to shrink in 2023

	2022	2023F	2024F
Real GDP (% yoy)	4.1	0.0	0.0
CPI (% yoy)	9.1	7.2	2.4
Policy Rate (end of period)	3.50	5.25	5.00
Gen Gov Bal (%/GDP)	-5.6	-4.7	-3.2
CurAct Bal (%/GDP)	-5.1	-4.1	-3.6

Source: Bloomberg and BofA Global Research estimates

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CA rates: BoC on pause, risks of a hike

Katie Craig
BofAS

Ralph Axel
BofAS

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

Economic data in Canada remains strong but is softening on the margin. Our CA economist still expects BoC to remain on hold, but risks remain to the upside for the next 2 to 3 meetings. The rates market reduced its rate hike expectations for June from a roughly 40% chance of a hike to currently 14% following comments by BoC's Maklem.

CA rates sold off and the curve flatted MTD as labor market data remained strong and inflation, specifically headline, continued to accelerate. 2s10s remains inverted, currently -88bps. The market prices a forward curve slope steeper than the spot slope. The 3m out forward 2s10s swaps curve is 18bp steeper than spot and the 6m forward curve is 36bp steeper. This is because the 2y rate is pricing in cuts while the 10y is relatively anchored.

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.

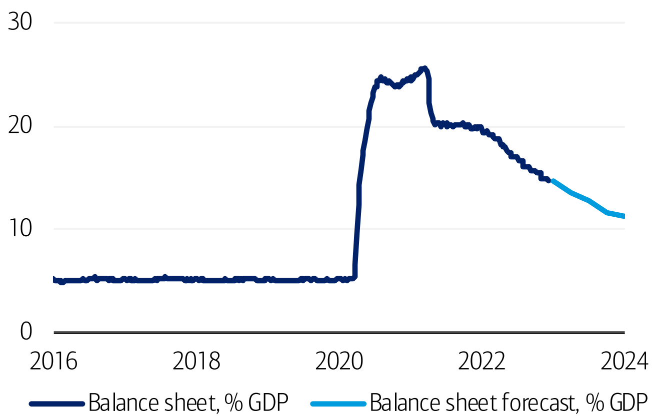
Forecasts: 2s10s to be flat by YE '23 before steepening in '24

We keep our forecasts unchanged following the recent bank stress, reflecting risks of slower growth. We forecast a flat curve by YE 2023 with 2s and 10s at 2.7% before a steepening in the curve led by lower front-end rates in '24. Our forecasts are currently well below the forwards.

Risks: Risks are balanced

Upside risks to our forecast include inflation and labor reaccelerating. Downside risks to our forecasts include a surprise cut by the BoC due to worsening bank stress in the US.

Exhibit 22: 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 23: Government bond yield forecasts
We look for the curve to become less inverted over 2023

	Q2 23	Q3 23	Q4 23	Q1 24
2y	3.10	2.90	2.70	2.60
5y	2.60	2.50	2.40	2.40
10y	2.70	2.70	2.70	2.70

Source: BofA Global Research estimates

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Exhibit 24: Swap rate forecasts
We look for 10yr swap rates to decline to 3.1% though Q4 23

	Q2 23	Q3 23	Q4 23	Q1 24
2y	3.60	3.40	3.20	3.10
5y	2.90	2.80	2.70	2.70
10y	3.10	3.10	3.10	3.10

Source: BofA Global Research estimates

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CAD: look beyond April headline CPI noise

Howard Du, CFA
BofAS

Themes: April headline CPI jump by itself is not a sufficient for June rate hike

April headline inflation in Canada surprised to the upside. As a result, market pricing of June BoC rate hike odds increased to around 40%; CAD/G10 crosses broadly rallied this week except vs the USD. We believe the headline inflation surprise is unlikely to be a persistent bullish factor for the CAD in the near-term as it was largely due to the energy component. Idiosyncratic events such as OPEC+ oil supply cuts and domestic carbon tax increase drove up gasoline prices in Canada last month.

Although risk is skewed to the upside, our current baseline view is for a hold at the June BoC meeting. Looking beyond headline inflation, core and service inflation are both still trending to the downside. As energy price is volatile and largely outside of the BoC's control, we believe the central bank would likely focus more on the disinflationary trends in core and service components (Canada Watch: 16 May 2023). On labor market, job vacancy rate is still trending lower; April's job gains were all from part-time jobs, while full-time employment contracted last month. Finally, housing risk lingers as mortgage rate remains elevated and many households have reached trigger rate.

For now, the combination of falling core inflation, weakening labor market, and lingering housing risk would likely allow the BoC to keep policy rate anchored for a bit longer, in our view. To us, monetary policy would act more as a floor for how much CAD can weaken, rather than the driving factor for CAD to rally in 2023. Over a medium-term horizon, we maintain our constructive view for CAD on eventual improvement in risk sentiment and only mild economic downturn outlook (Patience needed for the CAD rebound, 13 March 2023).

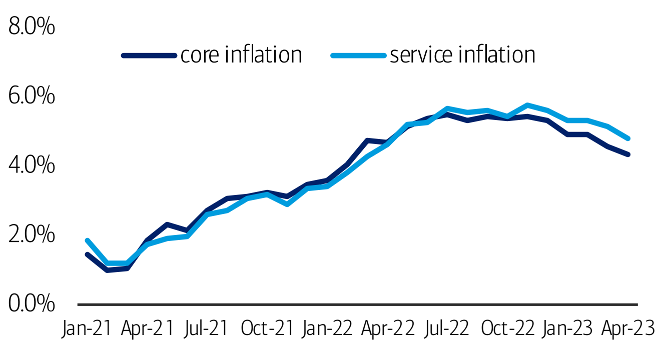
Forecast: maintain medium-term bullish CAD outlook for 2023

We make no changes to the forecast path and anticipate lower USD/CAD over the medium term.

Risks: wider terminal policy rate divergence between the Fed and BoC

The risk to our medium-term bullish CAD view is the Fed hiking rates by more than market expects this year, further widening the differential vs BoC.

Exhibit 25: Core and service inflation are still trending lower despite the upside surprise for headline inflation
Canada core and service inflation (yoy sa)



Source: BofA Global Research, Bloomberg

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Exhibit 26: CAD forecasts
We expect lower USD/CAD in 2023

	Q2 23	Q3 23	Q4 23	Q1 24
USD-CAD	1.34	1.30	1.28	1.25

Source: BofA Global Research estimates

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Exhibit 27: Major macro forecasts
Bank of Canada has paused the rate hike but upside risks remain

	2022	2023F	2024F
Real GDP (% yoy)	3.4	1.0	0.4
CPI (% yoy)	6.8	3.8	2.5
Policy Rate (end of period)	4.25	4.50	3.50

Source: Bloomberg and BofA Global Research estimates

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AU rates: bull steepening ahead

Oliver Levingston
Merrill Lynch (Australia)

Themes: bonds cheaper after RBA's surprise hike

AU rates have underperformed on a cross-market basis in a month that was defined by a surprise hike from the RBA. 5y5y IRS spreads are trading over 120bps and the AU 10y is now only 6bps richer on a cross-market basis to US Treasuries. We remain constructive on duration given the likelihood that the RBA will remain on an extended pause but the policy surprise in May increases the downside risks to bonds over the next few months.

Swap spreads: potential RBA QT to cheapen bonds to swap

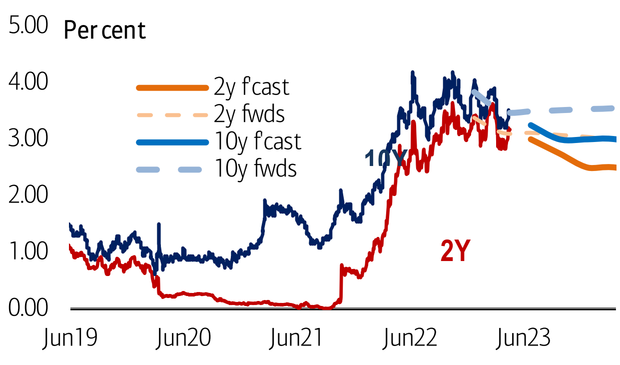
We lowered our forecast for swap spreads after the minutes of the RBA's May meeting indicated that the Board mulled outright asset sales/ active QT which should lead to a cheapening of bonds as supply ramps up. The RBA noted that holding bonds until maturity (i.e. passive QT) "remained appropriate for the time being" but "the initial tranche of Term Funding Facility [TFF] maturities would occur in coming months and would provide information on how financial markets respond as the Bank's balance sheet declines" (Minutes of the RBA Monetary Policy Meeting on 2 May 2023).

TFF maturities step up from mid-June with two large tranches due in mid-June and mid-July but the most obvious time to review would be at the 4 October RBA meeting after the first major wave of maturities. As we noted in March, bonds are trading rich to OIS in part because the RBA has accumulated large holdings during the pandemic (Liquid Insight: Stay away until May: AU budget key to outlook for swap spreads 28 March 2023). Higher bond supply should reverse this trend.

In addition, by signalling asset sales are likely to commence at some point in the future, the RBA has given banks an incentive to hold IRS or OIS and wait for ACGBs to cheapen. Banks have been selling ACGBs and accumulating semis/ excess reserves at the RBA as the relative value of holding ACGBs vs ES balances/ semis has declined.

Given that semi issuance tends to be longer dated than ACGB issuance and bank HQLA (high quality liquid asset) books hedge semi holdings by paying long-dated swap EFP, if purchases generally favour ACGBs over semis over the coming quarters, all else equal, we should see less paying flow in 10y IRS and cheaper bonds to swap, although the RBA's holdings are concentrated in 1-6y tenors so sales from this basket should cheapen front-end swap EFP more aggressively.

Exhibit 28: Bonds to bull steepen during extended pause
Curve to flatten modestly and sell off



Source: BofA Global Research, Bloomberg

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Exhibit 29: Government bond yield forecasts
Bonds to bull steepen through extended RBA pause

	2Q 23	3Q 23	4Q 23	1Q 24
3m BBSW	3.70	3.70	3.70	3.70
2y Govt.	3.00	2.75	2.50	2.50
5y Govt	3.10	2.85	2.60	2.60
10y Govt	3.25	3.00	3.00	3.00

Source: BofA Global Research

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Exhibit 30: Swap rate forecasts
Spreads to narrow after budget season

	2Q 23	3Q 23	4Q 23	1Q 24
3y	3.20	2.95	2.70	2.70
10y	3.45	3.20	3.20	3.20

Source: BofA Global Research

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AUD: China disappoints

Adarsh Sinha
Merrill Lynch (Hong Kong)

Themes: China recovery not evident yet

The AUD trade weighted index remains at the lower end of its multi-year range. Weaker-than-expected April data from China suggest a near-term recovery is unlikely although the relatively small AUD FX response suggests this bad news is partly priced in. Indeed, while most China reopening trades had retraced lower prior to the data, the AUD pullback had been disproportionately larger.

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

The RBA is expected to stay on hold, despite the surprise May rate hike. With policy rates less restrictive than elsewhere, we think Australia has the best chance of avoiding a recession relative to its G10 peers, which should be a further medium-term positive especially when other central banks enter an easing cycle.

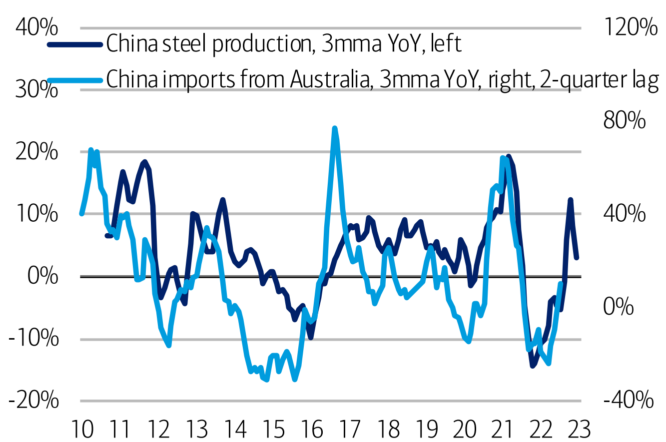
Forecasts: AUD recovery in 2H 2023

Our bullish AUD view remains backloaded in 2H 23, consistent with our economists' view that a China recovery will be more evident later this year. We see AUD/USD maintaining its recent 0.66-0.68 range in the near-term although there are downside risks especially if recent broad USD strength continues.

Risks: China reflation sentiment

The downside risk to our forecast profile arise from further deterioration in China reflation sentiment and associated risk off, which also drives commodity prices lower.

Exhibit 31: China imports from Australia vs. steel production
Steel production leads China's imports from Australia by 2-quarters



Source: Bloomberg

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Exhibit 32: AUD forecasts
Our end-year 2023 AUD-USD forecast is 0.74

	Q2 23	Q3 23	Q4 23	Q1 24
AUD-USD	0.68	0.72	0.74	0.76
AUD-CAD	0.91	0.94	0.95	0.95

Source: BofA Global Research estimates

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Exhibit 33: Major macro forecasts
Softening domestic backdrop in 2023

Australia	2022	2023F	2024F
GDP (% yoy)	3.6	1.8	1.4
CPI (% yoy)	6.6	5.6	3.1
Policy Rate (end of period)	3.10	3.85	3.85

Source: Bloomberg and BofA Global Research estimates

NZD: still hiking

Adarsh Sinha
Merrill Lynch (Hong Kong)

Themes: waiting for higher rates to bite

The boost from fiscal stimulus and the Cyclone rebuild has led our economists to pencil in stronger growth in 1H 23 and later recession, which we now think will not start until 3Q 23. As a result, we think inflation will be slower to come down and, like the RBNZ, do not see headline CPI returning to the upper limit of the central bank's target band until 3Q 24.

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. In terms of inflation expectations, we note the RBNZ's survey showed that not only do 5yr and 10yr-ahead measures remain within the 1-3% target band but near-term measures, such as 1yr and 2yr-ahead dropped quite sharply, to 4.3%, and 2.8%, respectively.

Meanwhile a strong US labour market and the stickiness of core services inflation suggests the Fed will continue to push back against market pricing of rate cuts in 2023 which may eventually slow the pace of USD depreciation. This and any associated risk-off is more likely to weigh on NZD, which has less terms of trade buffer compared to other commodity currencies

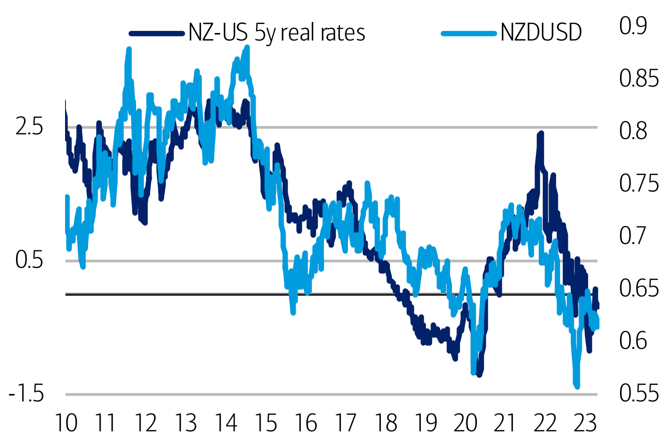
Forecasts: slow NZD recovery vs. USD

We expect a gradual recovery in NZD vs. USD in 2023 to 0.66 by year end but expect it to underperform AUD, as the latter is better poised to benefit from China's policy pivot (Antipodean divergence 01 December 2022). Near term risks are to the upside due to a potentially hawkish rbnz.

Risks: growth stays resilient to RBNZ tightening

The upside risk to our forecast profile arises from domestic resilience to RBNZ rate hikes that would be associated with a higher terminal rate relative to other countries.

Exhibit 34: NZD/USD vs. 5y real rate differential
Real rates consistent with low NZD/USD



Source: Bloomberg

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Exhibit 35: NZD forecasts
Looking for 2023 end-year NZD-USD at 0.66

	Q2 23	Q3 23	Q4 23	Q1 24
NZD-USD	0.62	0.64	0.66	0.67
AUD-NZD	1.10	1.13	1.12	1.13

Source: BofA Global Research estimates

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Exhibit 36: Major macro forecast
Growth slowing in 2023

New Zealand	2022	2023F	2024F
Real GDP (% yoy)	2.9	1.6	-0.4
CPI (% yoy)	7.2	6.3	3.2
Policy Rate (end of period)	4.25	5.50	3.75

Source: Bloomberg and BofA Global Research estimates

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CHF: the hawkish SNB

Athanasios Vamvakidis
MLI (UK)

Themes: defying gravity

CHF has been one of the best performers in G10 this year. It has also done relatively well during the renewed USD strength in May. This has been consistent with our out-of-consensus bullish CHF view for this year. The main reason has been the hawkish SNB, despite having one of the lowest inflation rates in G10, 2.2% for core and 2.6% for headline. We think the SNB will deliver another 25bp hike in June.

Given the active role of the balance sheet, we avoid going for a bigger hike in June, but we can't rule out another 50bp hike. We also note that the hawkish ECB has failed to lead to a sustained EUR rally. The market CHF position is broadly neutral. Hedge funds have been taking advantage of the strong CHF to cut their longs, but Real Money has recently started to buy CHF again (Exhibit 1).

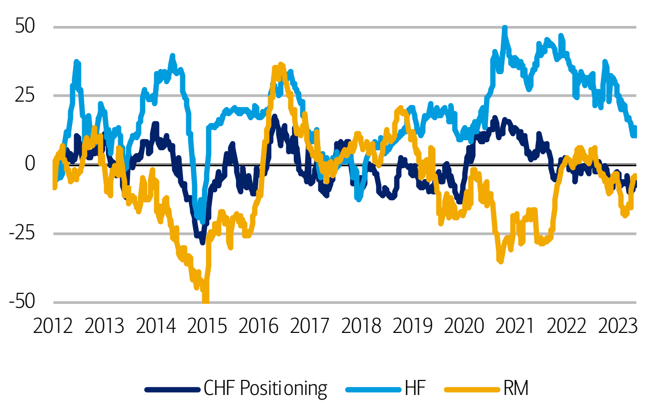
Forecasts: to remain strong this year

We expect EURCHF to remain below parity this year, with our end-year forecast at 0.98. We only see it going back to parity towards the end of next year.

Risks: for how long can the SNB sustain it?

With core inflation only slightly above the target and headline inflation falling, the hawkishness of the SNB has worked, but may not be needed for long. Although we see sticky global inflation, the SNB may have less to worry about.

Exhibit 37: CHF market position
CHF position neutral. Hedge funds have been cutting longs, but Real Money has recently started to buy again



Source: BofA Global Research, Bloomberg.

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Exhibit 38: CHF forecasts
Our 2023 year-end EUR-CHF forecast is 0.98

	Q2 23	Q3 23	Q4 23	Q1 24
EUR-CHF	0.98	0.98	0.98	0.99
USD-CHF	0.93	0.92	0.89	0.90

Source: BofA Global Research estimates

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Exhibit 39: Major macro forecasts
The economy is slowing this year

	2022	2023F	2024F
Real GDP (% yoy)	2.1	0.5	1.2
CPI (% yoy)	2.8	2.4	1.5
Policy Rate (end of period)	1.25	1.50	1.50

Source: Bloomberg and BofA Global Research estimates

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NOK: Should do better in 2H

Michalis Rousakis
MLI (UK)

Themes: Counting on oil & Norges

NOK's recent weakness has surprised us, but we continue expecting NOK to do better in 2H, counting on higher oil prices, more stable risk sentiment, and Norges Bank.

NOK's performance (trade-weighted terms) from October until February was in line with its past performance. While we would have expected a flat NOK since, it has instead weakened by c. 5% despite the only slighty lower oil prices (whose demand-supply mix only slightly moved against NOK) and the flat market pricing for Norges' relative stance. NOK's implied volatilty spread did rise notably alongside the higher oil-price volatility, but we would need to over-stretch its usual impact. But oil-related flows by Norges & Norway's oils (and unrealistic expectations thereof) have likely weighed on NOK.

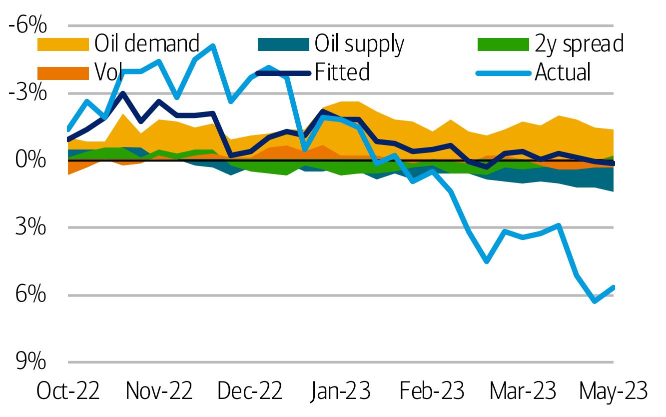
Looking ahead, we stay constructive on NOK, especially in 2H, counting on: (1) More stable risk sentiment and a softer USD once the Fed rate cuts for this year have been priced out. (2) Higher oil prices, wth our commodities team expecting Brent at 82$/bbl in 4Q and 90$/bbl in 2024 (Money breaks oil's back 8 May 23). We expect China's outbound ariline seats to approach 50% of their 2019 levels by 3Q (ASEAN tourism: into the final third 5 May 23 (3) Norway's under-appreciated fundamentals and Norges' willingness to help avoid more and/or persistent NOK weakness. (4) More favourable oil-related NOK flows in H2 by Norges and petroleum companies *combined*, given Norway's increased fiscal needs. (5) Lighter positioning, particularly for Hedge Funds.

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

We continue to expect EURNOK at 10.60, USDNOK at 9.64, and NOKSEK at 1.04 by year-end, but we admit risks are NOK takes longer to get to these levels.

Key risks are around risk sentiment & USD, esp. until the Fed cuts for this year are priced out. Oil prices, recession risks, and China's reopening. Norges' relative stance.

Exhibit 40: Fitted vs. actual NOK I-44 (inverted values)
NOK in line with history until late-Feb, but its recent weakness overdone



Source: BofA Global Research, Bloomberg, Federal Reserve Bank of New York, Oil Price Dynamics Report, https://www.newyorkfed.org/research/policy/oil_price_dynamics_report.html. Lower values of the import-weighted krone index (NOK I-44) show a stronger NOK. Weekly data through May 5. Regression estimates are for Jan 2018- Sep 2022. We regress changes in (log) NOK I-44 (Norges's import-weighted krone index) on: demand-driven and supply-driven changes in (log) Brent crude spot prices as per the New Fed Oil Price Dynamics Report data; changes in Norway's 2-year trade-weighted swap spread; and changes in the idiosyncratic NOK implied-vol spread.
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Exhibit 41: NOK forecasts
Year-end EUR-NOK forecast of 10.60 in 2023

	Q2 23	Q3 23	Q4 23	Q1 24
EUR-NOK	11.20	10.90	10.60	10.40
USD-NOK	10.67	10.19	9.64	9.45

Source: BofA Global Research estimates
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Exhibit 42: Major macro forecasts
Norway recovery continuing into 2023

	2022	2023F	2024F
Real GDP (% yoy)	3.3	1.1	1.0
CPI (% yoy)	5.7	4.8	2.6
Policy Rate (end of period)	2.75	3.65	2.95
GenGov Bal (%/GDP)	16.2	16.8	15.6
CurAct Bal (%/GDP)	25.5	20.0	15.9

Source: Bloomberg and BofA Global Research estimates.
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SEK: Between a rock and a hard place

Michalis Rousakis
MLI (UK)

Themes: early to turn constructive on SEK

We stay bearish on SEK through 3Q although we find it undervalued from a long-term perspective (Updating G10 FX equilibrium 20 Apr 23). We are mainly worried about: (1) Sweden's rate-sensitive households. (2) Risks around property markets.

The Riksbank is not in an enviable position. On the one hand, inflation is high (and higher than in the Eurozone) and its labour market remains tight, with export-oriented sectors like manufacturing faring well. On the other hand, its economy is (much) more rate-sensitive and its fiscal policy tighter vs. the Eurozone. Swedish retail sales are c. 12% lower than a year ago (vs. -3.8% for the Eurozone) and housing prices have also fallen significantly. Meanwhile, concerns around commercial real estate continue simmering.

On balance, we think the above suggest risks around our 3.75% terminal-rate call are more symmetric (Riksbank April minutes: from higher to longer 9 May 23). This means SEK could come under pressure should the ECB turn more hawkish than markets expect (our economists expect at least another 50bp in total from the ECB). At the same time, a SEK-motivated Riksbank could give rise to hard landing risks, eventually weighing on SEK, in line with Deputy Governor Floden's remarks in the latest Riksbank minutes.

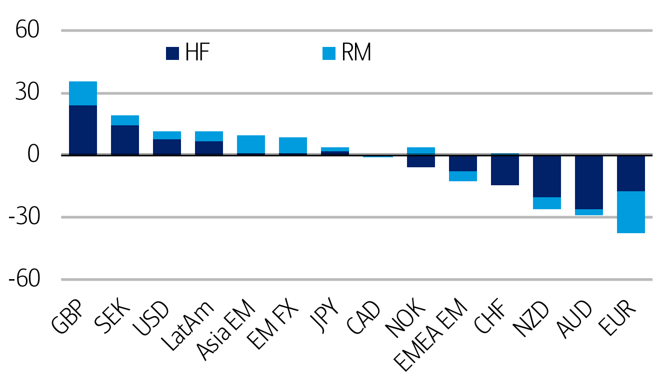
In short, the Riksbank is between a rock and a hard place until inflation starts falling meaningfully (our economists expect headline inflation at 2% at year-end). We are encouraged by the recent 2-year wage agreement, the stable inflation expectations and, to some extent, the April inflation data. But we are also mindful of the lags with which higher rates affect borrowers, as loan terms reset and more maturities hit the market.

We are also cautious on risk and disagree with the Fed rate cuts priced for this year. So we stay bearish on SEK through at least 3Q and hope to get some clarity by then. Investors have reduced their SEK shorts this year, but we think it is still too early.

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

We forecast EURSEK at 11.50 in 3Q and at 11.00 by year-end. We still see risks for more /prolonged SEK weakness. We see USDSEK at 10.00 and NOKSEK at 1.04 at year-end. Risks are around the Fed & risk sentiment, the ECB, and the Swedish property markets.

Exhibit 43: Year-to-date *change* in BofA investor positioning
SEK positioning still short but less short than at the start of the year



Source: BofA Global Research. 50 (-50) represents a max long (short) positioning level relative to history. Currencies ranked on their average investor positioning change year-to-date (equal weights for Hedge Funds and Real Money).

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Exhibit 44: SEK forecasts
Our EUR-SEK forecast at end-2023 is 11.00

	Q2 23	Q3 23	Q4 23	Q1 24
EUR-SEK	11.40	11.50	11.00	10.70
USD-SEK	10.86	10.75	10.00	9.73

Source: BofA Global Research estimates

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Exhibit 45: Major macro forecasts
The Riksbank is very serious about inflation

	2022	2023F	2024F
Real GDP (% yoy)	2.7	-0.9	0.5
CPI (% yoy)	8.1	6.1	2.4
Policy Rate (end of period)	2.50	3.75	2.75

Source: Bloomberg and BofA Global Research estimates

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Asia

China: April activity data disappointed

Helen Qiao +852 3508 3961

Claudio Piron +65 6678 0401

Miao Ouyang +852 3508 6745

Xiaoqing Pi +852 3508 6584

Disappointing April activity data indicated weak momentum in recovery

April activity growth disappointed across the board , indicating weak momentum after the initial reopening boost receded. Industrial production (IP) growth picked up to 5.6% yoy in April (vs. 3.9% previously), but mainly due to a low base. Fixed-asset investment (FAI) growth decelerated to 4.7% yoy ytd from 5.1% in March (Exhibit 1). Nominal retail sales growth bounced to 18.4% yoy (vs. 10.6% in March) on base effect.

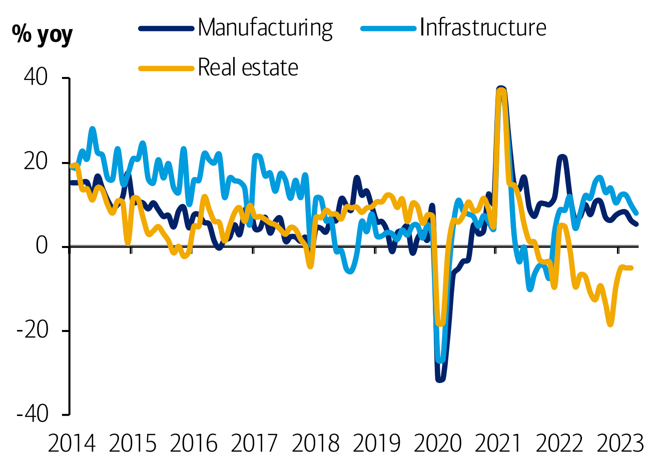
We believe domestic demand could remain under pressure in the near term, given the bleak labor market and still fragile property market. However, we expect growth to gather steam by 3Q, as the strong credit impulse in recent months translates into better cyclical momentum in investment. Given policy makers are on a data-dependent stance, weak data reduce the likelihood of policy complacency and premature tightening.

April CPI and PPI inflation trailed expectations

April CPI inflation declined further to 0.1% yoy, slightly below market expectations. Core CPI inflation stayed steady at 0.7% yoy. The weaker headline CPI print was driven by a higher year-ago base as well as a sequential decline in goods prices (particularly food and transportation; Exhibit 2). PPI deflation widened more than expected to -3.6% yoy (vs. -2.5% previously) against a high base.

The disappointing April inflation data suggest both consumer and industrial demand remain fragile despite the rebound in economic activities in 1Q. That said, we believe the risks of persistent deflation are low and CPI inflation has likely reached the bottom level. As consumption demand further recovers, the hog cycle bottoms out and the year-ago base moderates, we expect CPI inflation to pick up gradually into 2H23. Meanwhile, PPI inflation will likely return to positive territory by 3Q as the high base subsides and investment picks up momentum on the back of the new credit cycle we have highlighted.

Exhibit 46: FAI sector breakdown
Manufacturing and infrastructure FAI growth both moderated in April



Source: BofA Global Research, CEIC, NBS

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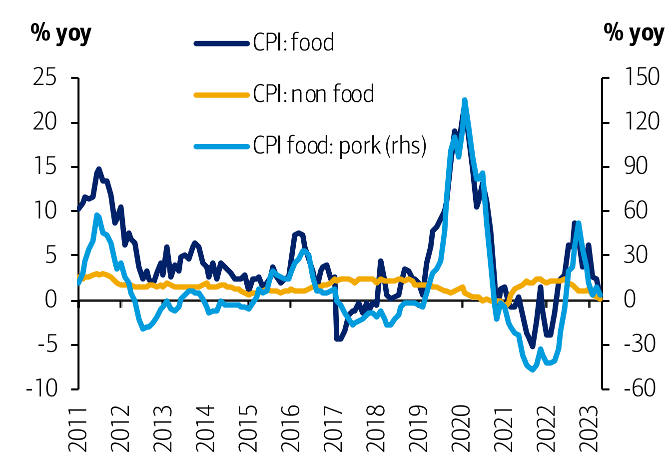
Exhibit 47: CPI inflation
Food CPI inflation eased to 0.4% yoy in April from 2.4% previously



Source: BofA Global Research, CEIC, NBS

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Credit support remained in place despite consensus-trailing headlines in April

Our BofA China Financial Condition Indicator (FCI) stayed at 99.8 in April, unchanged from March (Exhibit 3). The lower nominal interest rate was offset by slower yoy CNY NEER depreciation, and TSF growth stayed unchanged. New RMB loans and TSF came in at RMB719bn and RMB1,220bn respectively, trailing consensus but in line with our forecasts. MLT corporate loans held up amid support for manufacturing and infrastructure sectors, while new household loans contracted.

We believe the new credit cycle is staying on track, featuring ample cheap funding being funnelled to businesses that the government perceived as strategically important. The credit support will translate into stronger traction in capex around mid-year and bolster the overall investment growth, in our view. Meanwhile, we'd watch for additional signs on households drawing down excess savings when their confidence recovers further.

Weaker-than-expected import growth shows sluggish recovery in goods demand

April export growth moderated to 8.5% yoy, largely in line with consensus. The contraction in imports deepened to -7.9% yoy. Export growth slowed against a lower base, especially for home-related goods, signaling that external demand stayed weak and pent-up orders have largely been filled. Imports for oil, iron ores & copper all slowed further, suggesting weak domestic goods demand. Going forward, we expect export growth to moderate further amid weak global demand and imports to pick up on improving domestic demand.

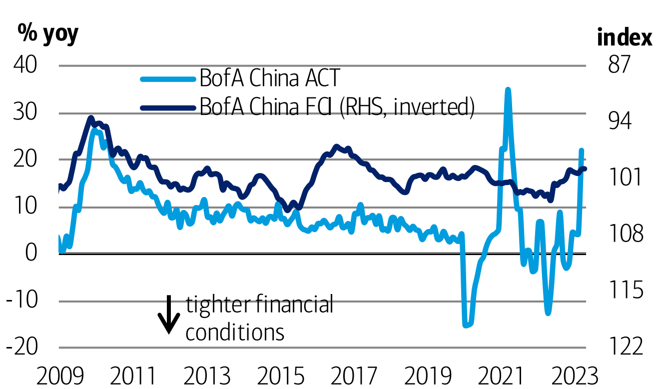
Macro outlook: Tweaking year end to USD/CNY 6.75 from 6.70 previous

We adjust our USD/CNY end-2Q forecast to 7.00 from 6.80 previously, recognizing USD strength persisting in 2Q due to a combination of US economic resiliency and disappointment in China's growth data. This reality is also shared by the PBoC, which is allowing the daily USD/CNY fix to move above 7.00 and the 24-currency CFETS (China Foreign Exchange Trading System basket) to test its January low of 98.

Evidence of economic recovery is showing in the leading indicators such as credit, but mixed real time data (soft CPI/PPI/imports) means inflows are hesitant. Indeed, 10yr China government bond yields testing below 2.7% (lowest since Nov '22) on ebbing market confidence over growth. Policy makers and foreign investors alike are looking for a stronger signal of self-sustaining economic recovery before committing to tighter financial conditions and further inward investments. We remain of the view that this will come in H2. Additionally, foreign investor positions remain significantly underweight and vulnerable to short-covering, especially if confidence builds that the Fed will pivot to easing, resulting in a risk-on rally for EM.

Exhibit 48: BofA China FCI

Financial conditions remained unchanged in April



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 49: CNY forecasts

CNY likely to appreciate slightly in the near term

	Q2 23	Q3 23	Q4 23	Q1 24
USD-CNY	7.00	6.90	6.75	6.60

Source: BofA Global Research

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Exhibit 50: Major macro forecasts

We expect 2023 annual GDP growth at 6.3%

China	2022	2023F	2024F
Real GDP (% yoy)	3.0	6.3	5.2
CPI (% yoy)	2.0	1.7	2.6
1y Loan Prime Rate (end of period)	3.65	3.65	3.65
Fiscal Bal (%/GDP)	-2.8	-3.0	-3.0
CurAct Bal (%/GDP)	2.2	0.7	0.3

Source: BofA Global Research

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India: Cooling inflation & C/A deficit

Mohamed Faiz Nagutha
Merrill Lynch (Singapore)

Abhay Gupta
Merrill Lynch (Singapore)

Headline inflation cooling on base effects; FY24 averge seen at 5.1%

Since the Reserve Bank of India (RBI) surprised in early-Apr by keeping the policy repo rate at 6.5%, headline inflation has eased considerably from 6.5/6.4% in Jan/Feb to 5.7% in Mar and further to 4.7% in Apr. However, the decline was largely due to favorable base effects from a year-ago, when price rose sharply over Mar-May. Sequentially, consumer prices continued to increase by an average of 0.34% month-on-month this year, with the Apr print up 0.51% on the back of higher food and services prices.

Assuming relatively stable domestic fuel prices and a normal monsoon, we expect headline CPI inflation to average 5.1% in FY23/24 – close to RBI's 5.2%. On a quarterly basis, inflation is expected to average below 5% in the current June quarter, before picking up to slightly-above 5% as favorable base effects fade. Risks to inflation are titled to the upside in our view, especially from unseasonal rains and El-Nino risks.

Core concerns to keep RBI on an extended pause

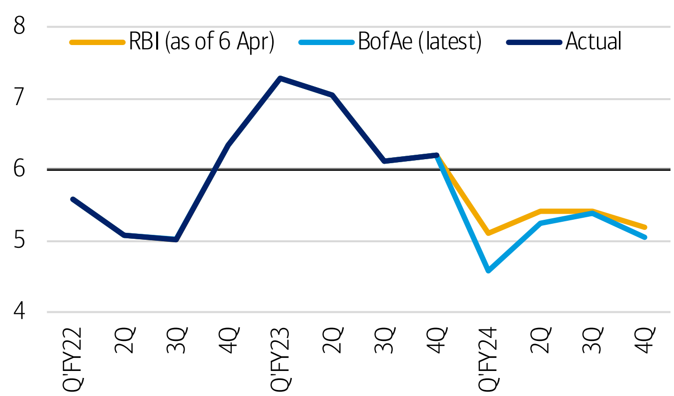
Despite the cooling headline inflation, measures of Core which exclude transport-related items are still hovering close to 6%, with firm sequential price increases in core categories such as housing, education and personal care. Sticky core inflation is likely to keep the RBI on an extended pause in our view. With policy rate at 6.5% and inflation just-above 5% on a forward looking basis, the 1.0-1.5% real-rate buffer is likely restrictive enough. The extended pause will also allow the RBI to assess the impact of its cumulative policy actions (290bp effective hike), amidst a similar pause expected from the global central banks in 2H'23. However, there remains a risk of a further hike if core inflation continues to remain sticky despite the recent moderation in headline inflation.

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

Current account deficit likely to stay contained

We expect India's current account deficit to remain contained at around -2.4% of GDP into FY23/24, on the back of recent data and lower global commodity prices. The monthly goods deficit has fallen from a peak monthly deficit of $28bn in Sep'22 to $17bn average in Jan-Mar'23 and further to $15bn in April. Exports have broadly remained steady, while imports have moderated due to lower commodity-related

Exhibit 51: CPI Inflation – RBI & BofA projections (% yoy)
Inflation could be slightly softer than RBI's latest projections



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

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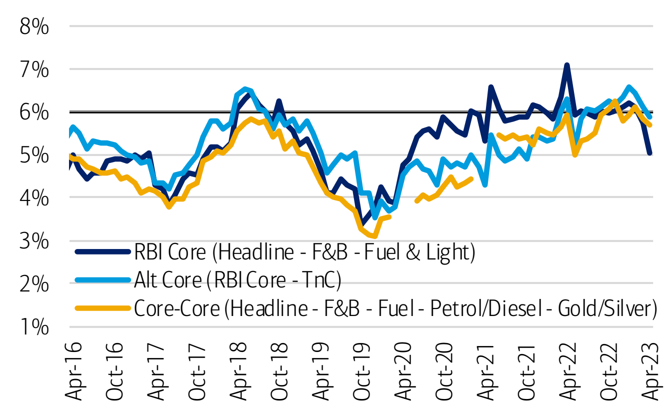
Exhibit 52: Various measures of core inflation (% yoy)
Core measures that exclude transport-related items are still around 6%



Source: BofA Global Research estimates, CEIC

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imports such as vegetable oils, fertilizer, chemicals and petroleum. Meanwhile, services surplus has hovered around $14bn monthly over Jan-Mar'23, with both exports and imports steady. While weaker growth in the advanced economies is expected to negatively impact India's services exports, lower commodity prices will provide an offset.

Strategy: Constructive on improving current account and carry

INR has moved towards top-end of the range over the last few months. Positioning was not particularly heavy but a break of recent range would increase chances of market chasing it higher. Increased volatility would reduce INR's appeal on carry-to-volatility basis and may lead to unwinding of carry positions. We expect Reserve Bank of India (RBI) to take comfort in the increase in FX reserves, higher import cover and the correction in real exchange rate since Oct'22. However, technical flows and RBI's smoothing behavior around 83/USD level would become crucial in the near-term.

Fundamentals are improving with narrowing trade balance over the last few months, partly due to lower commodity prices but also improving services exports which cover bulk of the trade deficit. Portfolio flows in equities picked-up sharply registering USD 4bn inflow over the last month. Debt inflows via fully accessible route (FAR) have been coming in but could be potentially at-risk ahead of withholding tax increase from July onwards for foreign investors. We raise 2Q forecast slightly higher to 82/USD.

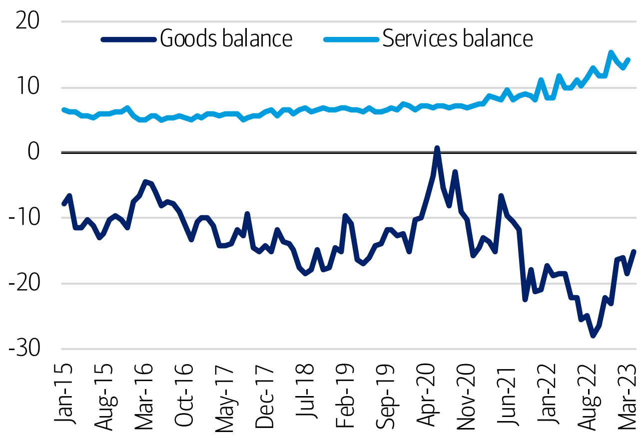
Bonds rallied in a bull-steepening manner while market demand for duration has improved further after RBI signaled end of hiking cycle. Fiscal year start also provided more room for banks to participate in auctions but continued participation may need more accommodative monetary conditions later.

Risks

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

Exhibit 53: Monthly trade balances ($bn)

Goods deficit has narrowed substantially, while services surplus remains firm



Source: BofA Global Research estimates, Haver

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Exhibit 54: INR forecasts for 2023

Carry flows to support INR. End-2023 forecast at 80/USD

	Q2 23	Q3 23	Q4 23	Q1 24
USD-INR	82.0	81.0	80.0	79.5

Source: BofA Global Research

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Exhibit 55: 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)	6.8	6.0	5.5
CPI (% yoy)	6.7	5.1	4.5
Policy Rate (end of period)	6.50	6.50	5.50
Fiscal Bal (%/GDP)	-6.4	-5.8	-5.2
Cur Act Bal (%/GDP)	-2.4	-2.4	-2.2

Source: BofA Global Research.

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Indonesia: Steady growth & trade surplus

Mohamed Faiz Nagutha
Merrill Lynch (Singapore)

Abhay Gupta
Merrill Lynch (Singapore)

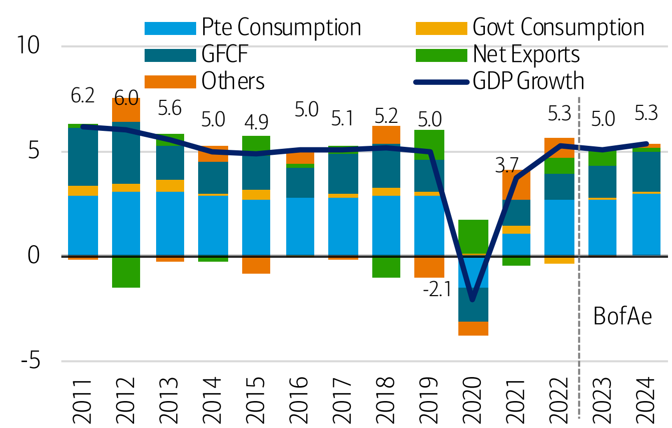
Themes: Trend-like 5% growth; Another strong trade surplus

GDP growth in 1Q'23 was unchanged at 5% yoy (5.03% unrounded), close to consensus (4.97%) and our 5.1% forecast. Sequential growth remained positive, with seasonally adjusted estimates (not official) up 1.5% qoq SA in 1Q (same as 4Q'22). Growth was mainly supported by firmer consumption, with private consumption growth inching up from 4.5% yoy to 4.6% and government consumption rebounding to 4.8% from -4%. On the other hand, growth in gross fixed capital formation (GFCF) slowed to a two-year low of 2.1% yoy in 1Q, reflecting continued weakness in buildings & structures (unchanged at 0.1%) and pullback in machine & equipment to 4.6% in 1Q (2022: 22.6%) Net export contribution was relatively stable and remains very positive (2.1ppt in 1Q vs. 2.2ppt in 4Q), as a smaller lift from exports (2.7ppt in 1Q vs. 3.5% in 4Q) more than offset smaller drags from imports (-0.6ppt in 1Q vs. -1.3ppt in 4Q).

Meanwhile, investment, labor market and inflation trends have remained positive into 2023. 1Q'23 foreign investment realization ($12bn) remained close to the 4Q'22 peak ($12.2bn) and was up 17% yoy. Manufacturing was the largest contribution ($7bn), driven by investments into base metals processing ($2.9bn), reflecting further progress on commodity down-streaming. 1Q'23 domestic investment realization rose to a record $10bn ('22 quarterly avg: $9.1bn), pointing to some positive spillovers from higher FDI to the domestic ecosystem. Feb '23 unemployment rate (released on a semiannual basis) declined to 5.45% from 5.86% in Aug '23, closing in on the average of 5.04% recorded between Feb'19 and Feb' 20. Headline CPI inflation eased to 4.3% yoy in Apr '23 from 5% in Mar, with Core edged down to 2.8% vs. 2.9% in Mar.

We maintain our 2023 GDP growth forecast at 5%, which is broadly in line with BI's expectations for growth in the upper half of its 4.5-5.3% forecast range. Domestic demand should remain the key growth driver, supported by relatively robust private consumption on the back of tourism recovery, further labour market improvements and easing inflation. On the other hand, we remain hopeful of a firmer exports recovery in the later part of the year as growth in China broadens, and also keep a close eye on developments surrounding key commodities – namely coal, palm oil and copper ore. On inflation, barring food price shocks, we see headline inflation returning to the target range in mid '23, while core inflation should trend gradually upwards to 3-4%.

Exhibit 56: GDP growth (% yoy) and its drivers
Growth expected to moderate in 2023, before picking up in 2024



Source: BofA Global Research estimates, CEIC, Haver

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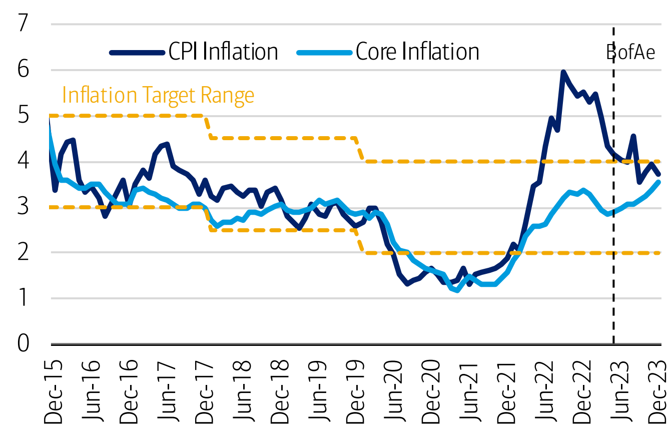
Exhibit 57: Headline CPI & Core inflation (% yoy)
Inflation eased in Apr; we expect headline & core to converge towards 3.5%



Source: BofA Global Research estimates, CEIC, Haver

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Trade surplus still solid; No urgent need for BI to cut rates as yet

Indonesia's trade surplus rose to $3.9bn in April vs. $2.8bn in March, as a large $4.1bn decline in exports was offset by a larger $5.2bn decline in imports. Year-to-date, trade surplus has averaged $4bn – close to the figures recorded in 2022. This reinforces our constructive view for the current account to be in a balanced position of 0% of GDP.

BI Governor Perry Warjiyo on 8th May said that the central bank will be "a bit patient" and monitor economic data month to month before weighing any rate cuts. Market expectations of near-term rate cuts could start to build in 2H, especially if global central banks turn dovish. For now, we see little need for rate cuts this year given firm domestic prospects, and with BI likely to remain vigilant against possibly sticky food prices if/when El Nino returns. We continue to expect 100bp of rate cuts next year.

Strategy: Positive momentum to sustain on portfolio flows

Portfolio flows have flat-lined over the last month after inflows into both equities and bonds previously. Indonesia still remains favored country in the region for debt flows due to much better fiscal and external dynamics. With more IPOs lined-up for this quarter and next, equity inflows may continue to support IDR. Our real-money tracker shows that investors were neutral on Indonesia bonds in Mar'23 and overweight on FX. IDR strength likely also triggered conversion of corporate's excess USD deposits, and is likely to remain a key tailwind for IDR this year, from being a headwind previously.

Commodity terms-of-trade has moderated but would be offset by structural improvement in manufactured products exports this year as more capacity comes online. We remain constructive on IDR due to solid external accounts and further improvement in investment flows. Sharper commodity price correction could pose some risk to this view. Dovish policy bias leading to flush liquidity and negative carry on domestic IDR deposit rates could be a source of risk but high real-rates and low inflation offset these risks. We revise 2Q forecast to 14,800/USD and end-2023 to 14,500/USD.

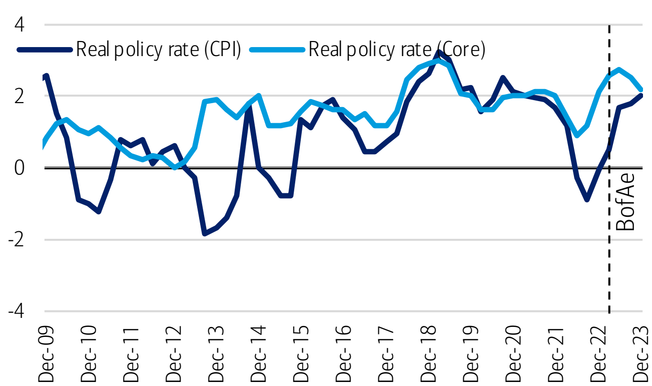
Bonds could stay supported by accommodative monetary conditions and low dependence on foreign demand due to improvement in fiscal balance and a large cash buffer. Fiscal surplus of 1.1% as of Apr'23 and high cash buffer have increased room for government to reduce issuance further. We believe front-end bonds would have more room to rally on expectations of monetary easing, lower money-market term structure and better liquidity as government spending.

Risks appear quite balanced on growth, but upside for inflation

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

Exhibit 58: Real policy rate (%)

Real policy rates are expected to rise as inflation eases



Source: BofA Global Research estimates, CEIC, Haver

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Exhibit 59: IDR forecasts

Constructive view. Forecast end-23 at 14,500/USD

	Q2 23	Q3 23	Q4 23	Q1 24
USD-IDR	14,800	14,700	14,500	14,500

Source: BofA Global Research

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Exhibit 60: Major macro forecasts

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

	2022	2023F	2024F
Real GDP (% yoy)	5.3	5.0	5.3
CPI (% yoy)	4.2	4.0	3.6
Policy Rate (end of period)	5.50	5.75	4.75
Fiscal Bal (%/GDP)	-2.4	-2.9	-2.6
CurAct Bal (%/GDP)	1.0	0.0	-1.1

Source: BofA Global Research

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Korea: BoK to hold in May

Benson Wu
+852 3508 5047

Chun Him Cheung, CFA
+ 852 3508 3644

Ting Him Ho, CFA
+852 3508 8744

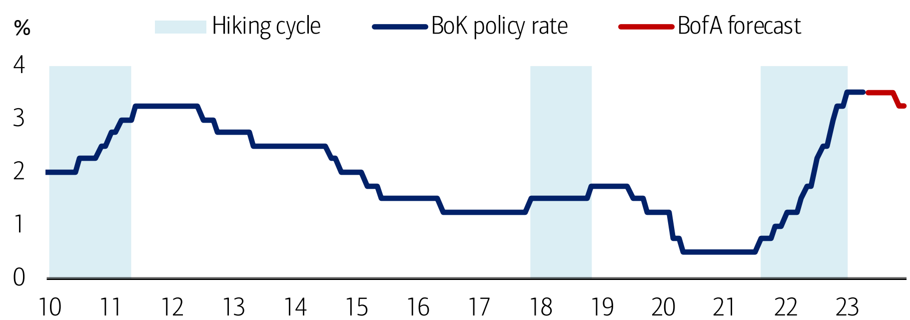
Themes: BoK Preview: Inflation-growth mix suggests a hold in May meeting

The Bank of Korea (BoK) will hold the MPC meeting on May 25, where the interest rate decision will be made, accompanied by a quarterly forecast revision. Ahead of the meeting, we see weak macro backdrop, as domestic activities and credit flow were moderating, and external headwinds remained sluggish. On the other hand, inflation is coming down on softer energy prices and a higher base. The combination of factors points to a potential need for relatively more accommodative policy stance.

That said, we still see a unanimous hold at 3.5% in the May meeting with mild hawkish tone, as the bar for any immediate policy easing is too high. After all, the central bank has repeatedly stated the importance of bringing inflation back to 2% target to achieve medium-term price stability, and we see any policy cut is unlikely, if inflation is still at 3% handle. There are other concerns on the table as well, including the widest policy rate differential with the US after the Fed hike in May, as well as the change in MPC composition after Apr meeting.

Although we are not expecting any near-term change in monetary policy stance for the BoK, we see necessity for future easing towards the year-end. Heading into 2H, we expect inflation to go back to 2% handle, meaning inflation being less of a concern for policymakers. On the contrary, the impact of tighter policy rate is looming larger. We expect growth to be below trend and housing market downturn to continue in 2H. These headwinds should prompt the BoK to signal easing stance in 3Q23 and to start its first rate cut as early as 4Q. Ultimately, Korea has been the first major country to hike ahead of Fed this time, and we expect it to be one of the first country to cut.

Exhibit 61: BoK policy rate and BofA forecast
We expect the BoK to hold in May's meeting before an eventual cut in 4Q



Source: Bank of Korea, BofA Global Research estimates

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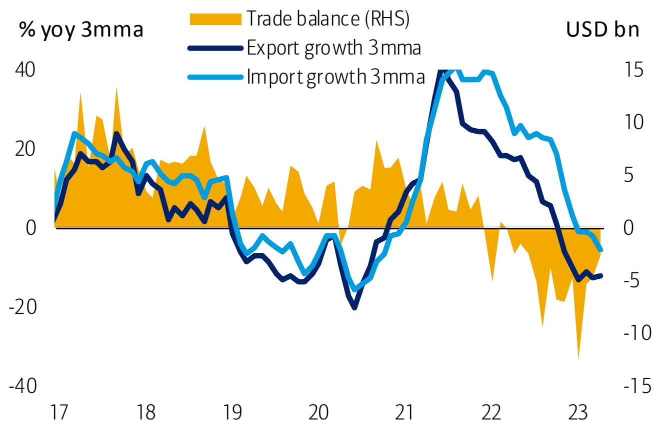
Apr Data: Weak trade, falling CPI

Exports in Apr slowed to -14.2% year-on-year from -13.6% in Mar. The more favorable base effect for comparison given the Shanghai lockdown in Apr last year was largely offset by tepid external demand and fewer working days in Apr (22.5 days vs 23.5 days in Apr 22). Imports growth worsened to -13.3% year-on-year from a drop of -6.4% in Mar. This resulted in a monthly trade deficit of USD2.6bn, smaller than -USD4.6bn in Mar. On a per-day basis, exports growth narrowed the contraction to -10.4% year-on-year from -13.6% in March, with the per-day value slightly down to USD2.21bn vs USD2.30bn in Mar. This suggests that we are still not seeing a meaningful recovery in export momentum.

CPI inflation continued to trend down in Apr. It further slowed to 3.7% year-on-year from 4.2% in Mar, in line with the market consensus. Sequentially, it stayed unchanged at 0.2% month-on-month from Mar to Apr. Favorable base effect in energy items, alongside sequential drop in food prices, drove headline CPI lower in Apr. Meanwhile, core excluding agriculture and oil products only edged lower by 0.2 percentage point to 4.6% while core excluding food and energy inflation stayed unchanged at 4.0%, indicating still-strong demand side price pressure.

Exhibit 62: Korea export & import growth and trade balance
Exports in Apr slowed to -14.2% yoy from -13.6% in Mar



Source: BofA Global Research, MOTIE

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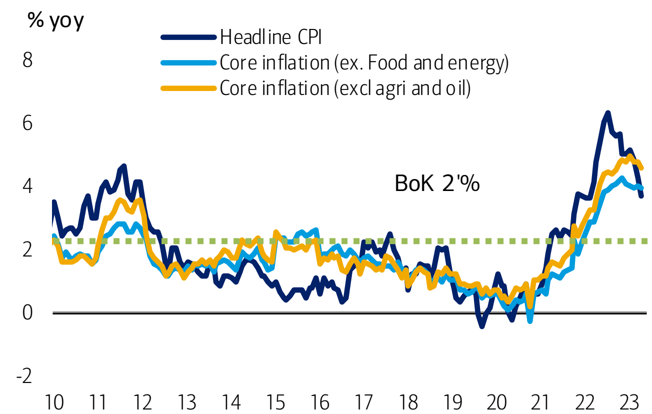
Exhibit 63: CPI inflation and core trend (% yoy)
Headline CPI inflation further slowed to 3.7% yoy in Apr



Source: BofA Global Research, Korea statistics

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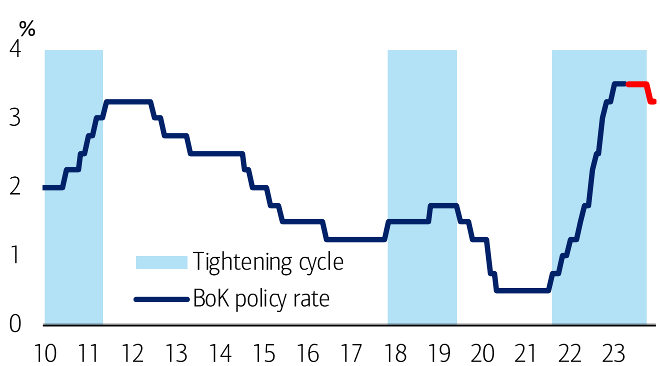
Strategy: USDKRW stable until more a firm export recovery in 4Q

In our latest round of FX forecast revisions, we adjusted our a proposed path of USDKRW to flat until 4Q where a more firm export recovery is expected occur. Our expectations of spillover demand from China's reopening has yet to materialize and we do not see the grounds for a stronger Korean won recovery until signs of stronger policy easing from the Chinese government.

Korea's May 20-day exports continue to show that year-on-year exports have bottomed but sequential strength remains incremental. The release of the weak economic data in April from China further decreases the conviction that China's reopening would have a meaningful impact for China's key trading partners. Moreover, the continued slowdown in the property and fixed asset investment from China will further delay any recovery in Korea's export account. On the margin, currently the Korean won is supported by equity inflows but this source of US$ selling may turn once economic data in the US begins to weaken or if the Fed resumes a path of hiking.

Exhibit 64: Policy rate forecast
We expect BoK to cut in 4Q23 on growth concerns and waning inflation



Source: BofA Global Research

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Exhibit 65: KRW forecasts
KRW to remain on an appreciation trend

	Q2 23	Q3 23	Q4 23	Q1 23
USD-KRW	1,320	1,310	1,270	1,245

Source: BofA Global Research

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Exhibit 66: Major macro forecasts
Korean economy will gradually wane to potential growth

Korea	2021	2022	2023F
Real GDP (% yoy)	4.1%	2.6%	1.9%
CPI (% yoy)	2.5%	4.9%	3.7%
Policy Rate (end of period)	1.0%	3.5%	3.25%
Fiscal Bal (%/GDP)	-4.0%	-4.3%	-4.7%
CurAct Bal (%/GDP)	4.7%	1.7%	2.5%

Source: BofA Global Research

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Hong Kong: 1Q GDP beat

Xiaoqing Pi
Merrill Lynch (Hong Kong)

Chun Him Cheung, CFA
Merrill Lynch (Hong Kong)

1Q GDP beat estimates on reopening & tourism

The Hong Kong economy rose 2.7% yoy in 1Q23 (vs. a revised print of -4.1% in 4Q22), beating both market consensus (0.5%) and our estimate (1.5%). In sequential terms, GDP rose 5.3% sa qoq (vs. 0% in 4Q22). Consumption and services trade were the major drivers, while goods trade activities remained a drag. The expansion was partly due to a low year-ago base given the Covid outbreak in 1Q22.

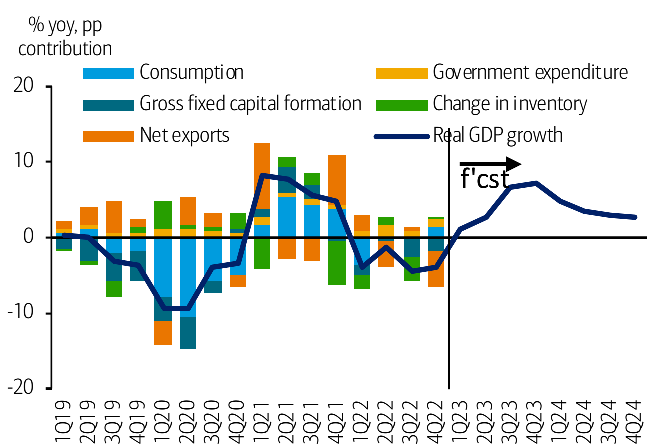
Going forward, we believe the tourism and trade rebound will continue to bolster business revenue and the labor market, which in turn lift domestic consumption and investment momentum further. That will help offset the effect of tight financial conditions and the government paring back fiscal support, in our view. Therefore, we see upside risks to our annual GDP growth forecast at 4.0%.

FX and Rates: Liquidity increasingly squeezed in HKD

With the aggregate balance having fallen to the lowest level since 2008, the funding conditions in the Hong Kong Dollar cash market has materially tightened and overnight interest rates can significantly shoot up if the demand for Hong Kong Dollar settlement increases. On days, we can expect overnight funding cost to shoot-up above 5% if a number of large HKD settlement events (i.e. a large IPO, heightened transaction volume, a busy dividend payment schedule) simultaneously occur. However, overall we expect overnight HIBOR to remain below US SOFR resulting in tom-next to remain negative and USDHKD to stay close to 7.85.

Important to watch will be the reaction function of the HKMA and whether the HKMA will release aggregate balance as funding conditions in Hong Kong becomes increasingly tight. However, we assign a low probability of this event occurring as this will result in the market to price in additional HKMA cuts, resulting in a continuation of the carry trade and additional draining of the HKMA's FX reserves (see: Asia FI & FX Strategy Watch: Hong Kong's aggregate balance: breaking through the 2019 low 20 April 2023).

Exhibit 67: Hong Kong quarterly GDP by expenditure
We expect a stronger rebound upon free travel with the mainland



Source: BofA Global Research estimates, CEIC, Census and Statistics Department

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

	Q2 23	Q3 23	Q4 23	Q1 24
USD-HKD	7.84	7.85	7.85	7.83

Source: BofA Global Research estimates

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Exhibit 69: Major macro forecasts
We expect the economy to recover in 2023 following the 2022 dip

Hong Kong	2022	2023F	2024F
Real GDP (% yoy)	-3.5	4.0	3.5
CPI (% yoy)	1.9	2.2	2.0
Policy Rate (end of period)	4.99	4.00	3.60
Fiscal Bal (%/GDP)	-4.9	-1.8	0.3
CurAct Bal (%/GDP)	8.9	6.7	6.7

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: Terminal rate reached

Mohamed Faiz Nagutha
Merrill Lynch (Singapore)

Abhay Gupta
Merrill Lynch (Singapore)

Themes: BNM hiked OPR to 3%, likely reaching terminal

BNM raised OPR by 25bp to 3%, in line with our expectations and against overwhelming consensus for a hold. The hike was justified on resilient domestic growth prospects and the need to ensure that monetary policy "is appropriate to prevent risk of future financial imbalances. BNM deemed the current stance as "slightly accommodative". Meanwhile, 1Q'23 GDP growth moderated to 5.6% yoy in 1Q'23 vs 7% in 4Q'22, slightly weaker than our 6% forecast but higher than consensus (5.1%). Sequentially, GDP grew by a slightly-below trend 0.9% qoq SA, after contracting sharply by -1.7% in 4Q'22.

We maintain our 4.3% growth forecast for 2023 for now, with domestic demand possibly driving faster sequential growth, supported by further labor market improvements and tourism recovery. We see slight downside risks to Malaysia's growth outlook (vs. BNM's "fairly balanced" outlook) unless a firmer exports recovery becomes cleare. Our base case remains for the MPC to keep the OPR unchanged at its pre-COVID 3% for some time. However, a hike could be on the table if (i) 2023 growth is seen closer to / higher than the 5% mark, and/or (ii) any subsidy removal results in large second-round effects that pose upside risks to core inflation.

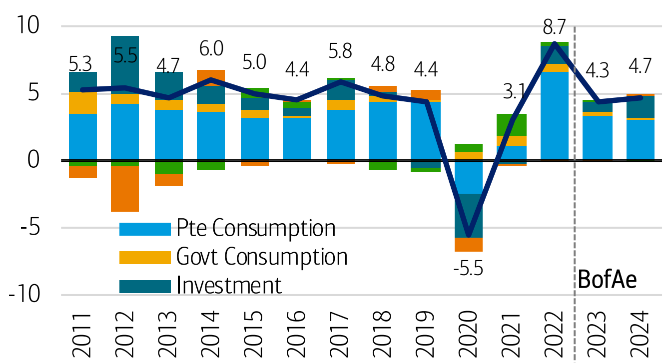
Strategy: Risks from negative carry and terms-of-trade

Recent weakness in MYR shows that market has pared back some of the optimism on China reopening. Despite the recent rate-hike, the carry on MYR vs. USD remains negative which reduces the incentive for conversion of export proceeds. Our RM tracker shows over 1.5% underweight in bond positions as of Mar'23 and flat position in FX for indexed investors. We mark our forecast profile higher to 4.50/USD by 2Q and 4.42/USD by end-2023 on the back of recent USD strength and relatively stable profile vs rest of Asia. Bonds have stabilized over the last month, despite the volatility in global rates as interbank rate has moved lower, indicating that liquidity is improving. Market may turn cautious on bonds as BNM has kept the door open for further hikes, growth momentum remains strong and subsidy rationalization still remains on the table for 2H.

Growth risks are balance; Inflation risks tilted to the upside

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

Exhibit 70: GDP growth (% yoy) and its drivers
We see 2023 GDP at 4.3%, and close to official forecasts



Source: BofA Global Research estimates, CEIC

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Exhibit 71: MYR forecasts over next year
Positive momentum from China re-opening

	Q2 23	Q3 23	Q4 23	Q1 24
USD-MYR	4.50	4.46	4.42	4.40

Source: BofA Global Research

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Exhibit 72: Major macro forecasts
Below trend growth, smaller C/A surplus & still-large fiscal deficit in 2023

Malaysia	2022	2023F	2024F
Real GDP (% yoy)	8.7	4.3	4.7
CPI (% yoy)	3.4	3.0	2.7
Policy Rate (end of period)	2.75	3.00	3.00
Fiscal Bal (%/GDP)	-5.6	-5.0	-4.5
CurAct Bal (%/GDP)	2.6	1.8	1.8

Source: BofA Global Research

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Philippines: BSP signals a long pause

Jojo Gonzales ^^
Philippine Equity Partners

Abhay Gupta
Merrill Lynch (Singapore)

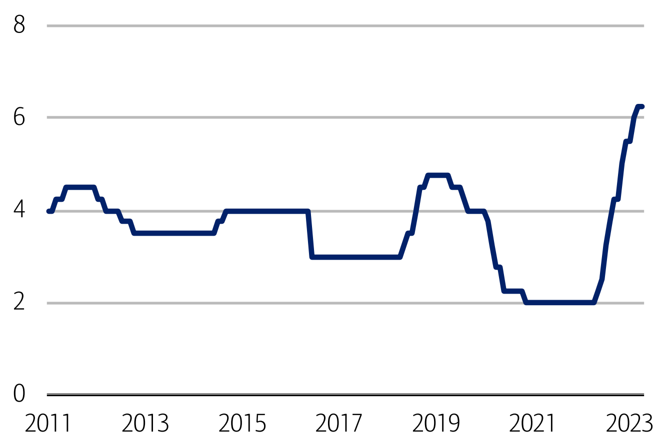
BSP pauses in May and for 2-3 more meetings

The Bangko Sentral ng Pilipinas (BSP) opted for what it described as a prudent pause in May, leaving its policy rate unchanged at 6.25%. This ended a year-long tightening drive that saw its policy rate rise 425bp to its highest level in 16 years. More importantly, the BSP indicated that it will keep the policy rate unchanged for the next 2-3 meetings, which are to take place in June, August and September. The BSP points out that the economy is strong enough as to not need a rate cut in the near-term – deflecting market speculation that they may start cutting rates soon. The BSP lowered its 2023/24E average inflation forecast to 5.5/2.8%, from 6.0/2.9%. It appears the BSP sees headline inflation falling back to within its target range of 2-4% by 4Q23.

PHP – Relative weakness likely as focus on twin deficits

PHP has stabilized as BSP guidance towards maintaining 100bps rate differential vs US policy rate was taken positively by the market as a sign that BSP is keeping a close eye on PHP. That likely led to unwinding of bearish positions into the policy meeting and supported PHP. The government is also looking to raise offshore retail bonds in the range of USD 1.5-2Bn which could be potentially used to support PHP. While inflation is moving lower, real rates in Philippines are still negative and below peers. Philippines twin-deficits on fiscal and external front warrant higher real-rates relative to peers in order to attract funding. Lower inflation is, thus, critical in maintaining support for PHP. PHP's appreciation on REER basis would likely increase BSP's tolerance of moderate weakness in PHP to avoid over-valuation concerns. We expect PHP to remain weaker vs the regional peers this year and likely against USD in the near-term. Over the medium-term, direct investment flows could turn more supportive due to active efforts by the government to raise more investments. We raise 2Q forecast higher to 56/USD while keeping the rest of the profile steady.

Exhibit 73: Policy rate held at 6.25% in May
BSP signals a long pause at this level – 2-3 meetings



Source: CEIC data

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Exhibit 74: PHP forecasts
PHP forecasted at 55/USD by end-2023

	Q2 23	Q3 23	Q4 23	Q1 24
USD-PHP	56.0	56.0	55.0	55.0

Source: BofA Merrill Lynch Global Research

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Exhibit 75: Major macro forecasts
Growth slowing this year

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

Source: BofA Merrill Lynch Global Research

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Singapore: Inflation easing, 2H'23 is key

Mohamed Faiz Nagutha
Merrill Lynch (Singapore)

Abhay Gupta
Merrill Lynch (Singapore)

Themes: Inflation easing, but 2H'23 is key

Since MAS' decision to pause its monetary policy cycle in mid-April, inflation data continues to suggest further moderation of price pressures. Mar core inflation eased more than expected to 5% yoy, below consensus (5.1%) and our expectations (5.3%). On a month-on-month basis, core CPI rose by 0.25%, but this was still lower-than-expected. Inflation pervasiveness also declined in Mar, with 64.7% of the CPI basket showing inflation rates of 3% of more (vs. 66.2% in 2M'23.

However, despite 4Q'22-1Q'23 core inflation coming in lower than MAS' Oct'22 forecasts, MAS broadly kept its 2023 point forecast unchanged by our estimates – around the mid-point of the official 3.5-4.5% range. The central bank, in its April Macroeconomic Review publication, pushed up its sequential forecasts for the rest of the year to offset the earlier softer prints. Nevertheless, our forecasts are slightly higher than MAS' and suggest core inflation being sticker than MAS expects. While the bar for further tightening is indeed high (given the unchanged Apr policy and weak growth), a delayed tightening move could still be on the table in October.

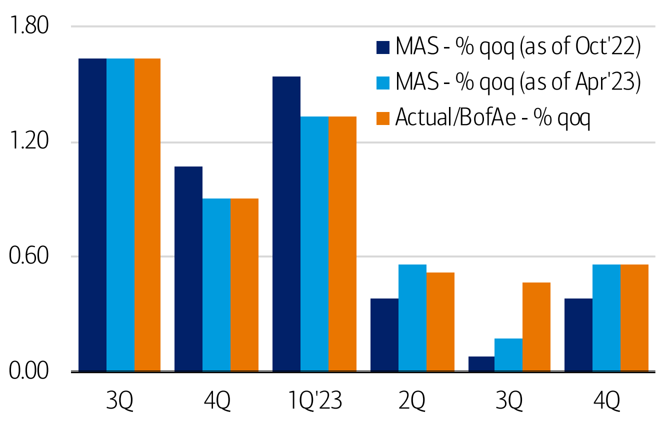
Strategy: SGD NEER range-bound on higher downside risks

SGD NEER (nominal effective exchange rate) move higher above 1% level this month was met with position reduction, bringing it back to 0.5-1% range. We believe this range is likely to hold for now as dovish guidance from MAS in April meeting indicates higher concerns on downside risks to growth while positive carry and high inflation would keep SGD NEER above the mid of the band. We revise SGD forecast profile higher to 1.34 by 2Q and 1.31 by 4Q in line with our Asia FX revisions. We remain bullish on rates driven by more dovish MAS which would likely reduce the premium built-in SGD rates curve. Singapore bonds are likely to see stronger demand from domestic investors over the year but may weaken ahead of 3Q long-end issuance. Liquidity operations by MAS will be key to watch as a driver of the SORA fixing and front-end rates. Transmission of further US rate hikes to SORA may be weaker, thus creating a skew towards lower rates.

Risks are balanced on inflation, but downside on growth

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

Exhibit 76: Core inflation forecasts (% qoq) – BofAe & MAS
MAS upgraded it's 2Q-4Q'23 inflation forecasts to offset earlier softer prints



Source: BofA Global Research estimates, CEIC, Haver

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Exhibit 77: SGD forecasts
SGD relative outperformance in 2023

	Q2 23	Q3 23	Q4 23	Q1 24
USD-SGD	1.34	1.33	1.31	1.305

Source: BofA Global Research

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

Singapore	2022	2023F	2024F
Real GDP (% yoy)	3.6	1.0	2.5
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	0.5
CurAct Bal (%/GDP)	20.8	20.7	21.5

Source: BofA Global Research

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Taiwan: 2023 growth f'cast downgraded

Miao Ouyang
Merrill Lynch (Hong Kong)

Chun Him Cheung, CFA
Merrill Lynch (Hong Kong)

April CPI inflation stayed steady with higher services prices

April CPI inflation stayed steady at 2.35% yoy. Core CPI inflation rose to 2.7% yoy on higher services prices (+2.9% yoy, vs. +2.7% in March), mainly driven by group tours (+6.9%) and hotel accommodation (+6.7%) amid recovering demand. The persisting upward pressure on services prices and weaker growth suggest the CBC still faces a tough choice in June. While a high year-ago base should help anchor the headline CPI inflation in the coming months, the central bank arguably still faces a tough decision to make at the upcoming June meeting.

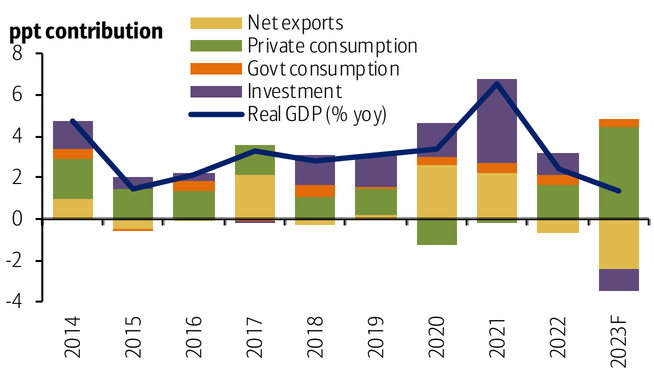
Cutting 2023 growth forecast on trade weakness

Taiwan's 1Q real GDP growth dropped further to -3.02% yoy from -0.41% in 4Q22, trailing our forecast of -1.8% and the market consensus of -1.25% by a wide margin. This marked the weakest yoy growth number since the Global Financial Crisis. The weak 1Q GDP print was dragged by weak exports (-10.9% yoy in 1Q vs. -5.1% in the previous quarter) and retreated investment growth in 1Q (-4.2% yoy, vs. -0.3% previously). Given the disappointing 1Q GDP print and persisting headwinds on exports, we recently revised down our 2023 full-year GDP growth forecast to 1.3% from 2.0% previously. Looking ahead, the weaker growth outlook will likely put the CBC on hold after its surprise hike in March. We expect the CBC to revise down its growth forecast (currently at 2.2% for 2023) and pause rate hikes at its upcoming quarterly meeting on June 15th. Our base case remains no change in the policy rate for the rest of the year, barring any significant downside surprise to growth.

Strategy: TWD rising on the back of equity inflows

Despite Taiwan's April export orders significantly missing expectation, the TWD is currently rally on the back of strong equity inflow. In the first three weeks of May, equity inflow into Taiwan reached US$ 1.6bn representing nearly 23% of the year-to-date total. The current risk-on environment of stronger data in the US is resulting a rally in US equities and into inflows into Taiwanese equities. However, judging from our recent conversation with the lifers, we do not think this will significantly change their perception on spot USDTWD and the current TWD raly will unlikely result in an increase in their hedging ratio (see: Asia FI & FX Strategy Watch: Taiwan Lifer Update – May 2023 05 May 2023). As such, we think the current rally in the TWD is limited and remains an opportunity to buy on dips.

Exhibit 79: Taiwan GDP contribution by expenditure
We recently revised down our 2023 GDP growth forecast to 1.3%



Source: BofA Global Research, DGBAS

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Exhibit 80: TWD forecasts
We expect USDTWD to edge lower this year

	Q2 23	Q3 23	Q4 23	Q1 24
USD-TWD	30.7	30.6	30.1	29.8

Source: BofA Global Research estimates

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

Taiwan	2022	2023F	2024F
Real GDP (% yoy)	2.4	1.3	3.5
CPI (% yoy)	2.9	2.1	1.7
Policy Rate (end of period)	1.750	1.875	1.625
Fiscal Bal (%/GDP)	-1.0	-2.1	-1.6
CurAct Bal (%/GDP)	13.3	9.3	10.0

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Thailand: Surprise victory

Pipat Luengnaruemitchai
Kiatnakin Phatra Securities

Abhay Gupta
Merrill Lynch (Singapore)

Theme: Surprise victory

After the general election on May 14th, the Move Forward Party (MFP), a left-leading progressive party, had won the election and is currently leading the party in forming the government. This shocked the whole market as the Pheu Thai Party (PT) were widely expected to win the election. Despite the election results, the political outcome remains uncertain.

Key economic policies promised include electricity price reform, which could affect the energy industry, raising the minimum wage, and de-monopolizing key industries. The Move Forward also has a costly welfare policy, which would be paid for by expenditure reshuffle and proposed tax reforms, including higher corporate income tax (from 20 to 23%), wealth tax, and land tax. These are not short-term stimulative policies, rather long-term reforms to the current economic and political structures. This should not impact the prospect of government deficits in 2024 but could raise the questions over how to finance growing welfares in the medium term.

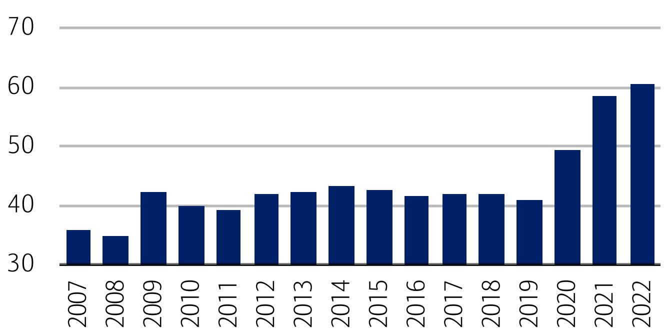
Risk

We see two key risks. First, there could be a political overhang where neither side can reach the 375 votes required to select the PM. This could drag the process on. Second, political intervention, such as the dissolution of a political party, could lead to protests and political conflicts. This would be negative for market sentiment and the economy, but with the strong mandate, the risk in the short term may be lower in our view..

Strategy: Room for more appreciation this year but neutral near-term

Initial reaction to the election outcome was positive for THB but market pared back optimism due to uncertainty about Senate support. Short-term debt inflows ahead of elections have only partially reversed so far which leaves THB open to further long position reduction. Equity outflows have also continued due to concerns about higher corporate tax rates. While we expect THB to appreciate further in 2H, political uncertainty may weigh on THB until more clarity emerges. THB's negative carry and high-beta to USD could further make it difficult to hold-on to long THB positions. We remain neutral for now and raise forecast profile to 34/USD by 2Q and 32/USD by 4Q. We prefer duration exposure in 10y bonds as curve is steep and demand for bonds may improve due to upcoming maturities and risk of budget delay.

Exhibit 82: The public debt ratio rose sharply after Covid and is already above 60% of GDP
Public debt to GDP (%)



Source: PDMO, Kiatnakin Phatra Securities

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Exhibit 83: USD/THB forecasts lowered
Tourism recovery led appreciation in 2023

	Q2 23	Q3 23	Q4 23	Q1 24
USD-THB	34.0	33.0	32.0	32.0

Source: BofA Merrill Lynch Global Research

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Exhibit 84: Major macro forecasts
Major macro forecasts

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

Source: BofA Merrill Lynch Global Research

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EEMEA

Poland: election headline risks to rise

Mai Doan
MLI (UK)

Themes: spending spree delayed not forgone; NBP keen to cut

Inflation is the number one topic for voters, imposing discipline on the government's pre-election budget to avoid adding to demand pressures. But spending spree is just delayed rather than forgone, and the PiS administration will claim the first victory when inflation is below 10% in the fall. Against this narrative, the NBP can argue that ex-ante real rates are positive, and deliver a 25bp rate cut to 6.50% in October before the elections, as long as the PLN is strong.

We don't think that this would mark a swift easing cycle from then. Inflation will be sticky in high single-digit rates, and government policies are likely pro-inflationary for next year. We see headline inflation at over 8% at YE2023, and around 6% YE2024. Consequently, we revise up our YE2024 policy rate call to 5.50% from 4.50% in view of a likely stickier inflation with more expansionary fiscal. This baseline assumes a continuation of the current NBP dovish approach. The NBP will likely holds a relatively more hawkish stance in case of an opposition victory.

The PLN performance will be an important factor too for the rates outlook. The government continues to be in favour of a stable/strong PLN, and appears comfortable with EUR/PLN in 4.50-4.60 range to balance the need to tame inflation without hurting competitiveness. But there is a general agreement among policy makers that there is little scope for further PLN appreciation from recent levels.

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

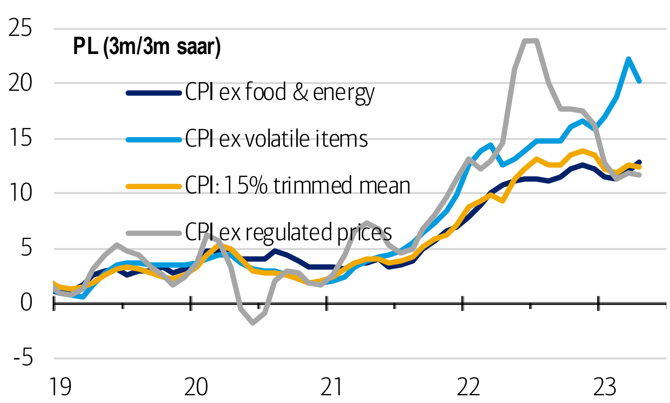
Financing is comfortable, with over 80% of government's gross borrowing requirement funded, and the recent quick improvement in the current account solidifying the basic balance surplus at 3% of GDP.

Strategy: bearish PLN in 2Q-3Q

We expect higher EUR/PLN than forwards imply in Q2 and Q3 2023 as the NBP is likely to cut in October and positioning becomes crowded. Real rates in Poland remain low (even without a cut in October) which is a also headwind for the zloty, in our view.

Exhibit 85: Poland – core CPI details

Underlying pressures still strong, fiscal is pro-inflationary in 2024



Source: Haver, BofA Global Research

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Exhibit 86: PLN forecasts

Short-term headwinds, but long-term fundamentals are supportive

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

Source: BofA Global Research

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Exhibit 87: Major macro forecasts

Loose policies into 2024 supports growth, but keeps inflation high

Poland	2022	2023F	2024F
Real GDP (% yoy)	5.2	0.8	3.0
CPI (% yoy)	14.3	12.4	6.2
Policy rate (%, end of period)	6.75	6.50	5.50
Fiscal bal (%/GDP)	-3.8	-4.5	-3.1
CurAct bal (%/GDP)	-3.0	-0.8	-0.4

Source: BofA Global Research

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South Africa: Home-spun issues weaken outlook

Tatonga Rusike
MLI (UK)

Weaker ZAR amid geopolitics sparks inflation concerns

A higher risk premium is now being applied to ZAR amid increased loadshedding and rising geopolitical tensions. This follows the (strongly rebutted) US allegation that South Africa supplied arms to Russia. Meanwhile South Africa's hosting of the BRICS summit in August also entails event risks (President Putin is invited). We update our ZAR forecasts accordingly to 18.7 (from 18.2) by end-2Q and 17 (16.5) by year-end. In 2H 2023, ZAR appreciation is driven by external factors: USD weakness as the Fed stops hiking and a pivot towards cutting in 2024.

We now expect the SARB to hike 50bp, not 25bp

A weaker ZAR – reflecting a higher risk premium based on geopolitical tensions and the rising overall cost of doing business in South Africa – is a concern for the SARB because it adds to inflation concerns. Portfolio flows will likely be at risk at a time when current account deficits are moderately rising. South Africa's central bank is highly credible and acts hawkish when faced with inflation pressures. A credible SARB has little tolerance for higher inflation. It surprised markets in March, hiking 50bp when we expected 25bp. Instead of responding directly to geopolitical risks, it is likely to respond to risks of higher inflation with a more aggressive hike.

We now expect inflation to average 6.5% (previously 6.3%). In our estimates, CPI would reach 6% in 3Q, and only 5.7% by year-end. In 2024, we see CPI averaging 5%, with a return to 4.5% in 4Q 24. We now expect the SARB to hike 50bp on May 25, previously 25bp. Our inflation projection of 5.7% at year-end makes us comfortable with our view the SARB will stay on hold for the remainder of the year. We now expect it to cut 125bp in 2024, previously 100bp, due to our higher terminal rate of 8.25% vs 8% before. This would lead to a nominal policy rate of 7% when inflation is back to 4.5% in 4Q 24, on our estimates.

Tough fiscal choices ahead - no primary surplus near-term

Fiscal year to March 23 closed with revenue collections reaching R1.7 trillion while expenditures reached R2 trillion, implying an overall deficit of R310 billion. As a ratio of GDP this is about -4.7%, which is marginally weaker than our -4.5% expectation. Looking back, fiscal consolidation has been strong – from -9.8% in 20/21 to -5.2% in 21/22 – thanks largely to revenue overperformance owing to high economic growth supported by the cyclical commodity boom. The fiscal outlook is fraught with risks: a substantially weaker economy which will slow tax revenue collections, expenditure pressures from higher wage agreements than baseline, decisions on social grants and additional spending for weak state-owned enterprises. We now see slower fiscal consolidation and a delay in achieving a primary surplus: -5.9% in 23/24 including Eskom support above the line, and a primary deficit of -1.2%.

23/24 revenue gap of R50 billion

We see the revenue gap amounting to R50 billion in 23/24 fiscal year due to substantially weaker economic activity compared to the National Treasury's baseline in February. We see the distribution of revenue shortfalls as: half from corporate income tax underperformance, a quarter from VAT, and the small remainder from personal income taxes (PIT).

Increased borrowing required to finance higher deficit

We estimate a wider fiscal deficit of R414 billion for 23/24 fiscal year. That is, R100 billion wider than the actual deficit posted in 22/23 fiscal year. If we exclude Eskom support, the deficit amounts to about R336 billion, on our estimates. Still, that is about R60 billion more than the baseline of the February Budget.

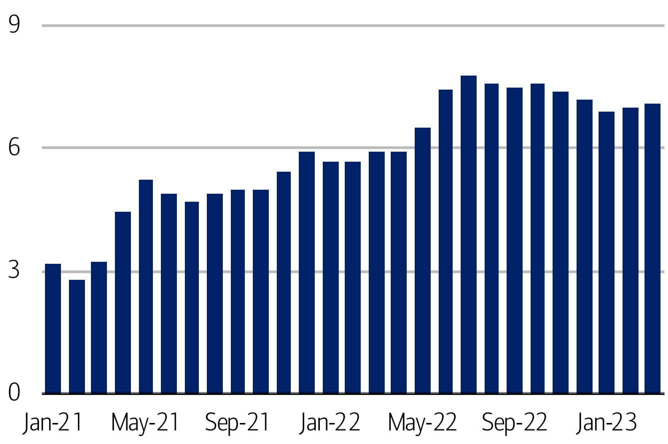
We think additional borrowing will be needed to cover the deficit in both the domestic and external borrowing components. The majority of the domestic funding is raised from domestic long-term instruments: primarily the fixed rate bonds, about R200 billion, non-competitive auctions, R100 billion, or 50% of fixed rate notes. Inflation-linked and floating-rate bonds could generate about R50 billion each. Still, the Treasury could be flexible on the use of sukuk issuance. As a result, we see the fixed-rate bonds remaining the same at R3.9 billion per week. It is possible inflation-linked bonds could revert from the current R1 billion weekly back to R1.2 billion. That could raise an additional R10 billion.

Current account surplus peaked in 2Q 21. Terms of trade have weakened while export volumes remain constrained by Transnet and Eskom structural issues. We estimate a current account deficit of -2.3% in 2023. The correlation between current account changes and ZAR is weak, with ZAR being driven more by broader USD, political risks and terms of trade. South Africa's financial account looks weak with FDI and, to some extent, other investment being the main driver, but not fully covering the current account deficit. With the significant problems with state-owned enterprises, FDI might not improve much from here.

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 88: Headline Inflation trend
Upside surprises in inflation in Feb and March



Source: BofA Global Research

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Exhibit 89: ZAR Forecasts
Strengthening ZAR in 2023 largely due to weaker USD

	Q2 23	Q3 23	Q4 23	Q1 24
USD-ZAR	18.7	18.0	17.0	17.2

Source: BofA Global Research

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Exhibit 90: Major macro forecasts
Weakening economic growth outlook

South Africa	2021	2022	2023F
Real GDP (% yoy)	4.9	2.0	0.1
CPI (% yoy)	4.6	6.9	6.5
Policy Rate (end of period)	3.8	7.00	8.3
Fiscal Bal (%/GDP)	-5.3	-4.7	-5.9
CurAct Bal (%/GDP)	3.7	-0.3	-2.3

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

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Türkiye: the run-off and beyond

Zumrut Imamoglu
MLI (UK)

Themes: the presidential run-off (on May 28) is in focus

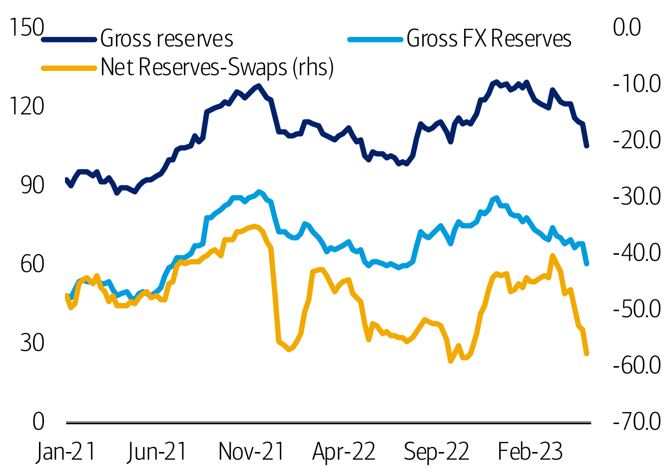
Türkiye will hold presidential run-off on May 14. The opposition pledges to go back to orthodoxy and defends independence of the Central Bank and other economic institutions. The current government has an unorthodox economic model and will likely continue with the same framework after the elections, if they are elected. However, we believe that the economy needs to rebalance no matter the outcome of the elections. We expect weaker TRY following the elections to help balance the current account deficit and tightening in financial conditions.

Reserves slide as the CBT defends the TRY

Türkiye's gross reserves decreased to $105bn mid-May from a peak of $129.6bn. Gross FX reserves decreased to $60.8bn and gold reserves were $44.3bn as of May 12. Net reserves were down to $2.3bn and excluding swaps they edged down to -$57.8bn. Usable reserves (calculated as gross FX reserves excluding the Treasury cash buffer, IMF SDRs and international swaps) were $15bn, down from $27bn mid-March. Net foreign asset position turned negative as well since early April. Corporate and retail demand for FX has been increasing as elections get closer and the market expects a weaker TRY no matter who wins. We see fair value of the TRY at 24, although there is room for volatility, especially following the run-off.

The current account deficit has been increasing and loan growth continued to accelerate pushing consumer spending higher. Strong domestic demand weighs on the TRY but policy makers are not likely to take any precautions until after the election. In the meantime, regulations and controls are used to keep the currency under control.

Exhibit 91: Gross and net reserves excluding swaps (USD bn)
Net reserves excluding swaps still largely negative



Source: Haver, CBT

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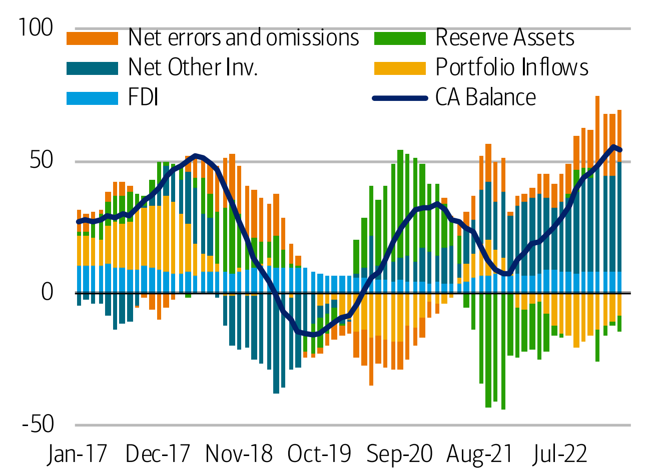
Exhibit 92: Financial Account 12-month trailing
Net errors and omissions are important source for funding the CA deficit



Source: Haver, CBT

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Commercial loan growth still strong, consumer spends through cards

Loan growth has decelerated for corporates since last month while consumer loans edged higher (Exhibit 93). Due to tight controls and interest rate caps on corporate sector loans, SME and consumer loans have been increasing faster. State bank lending is still faster compared to private banks. The CBT introduced an interest rate cap on the consumer loans that are greater than TRY70K but credit card spending continues to rally. Recent regulation on cash withdrawals from credit cards was taken back due to public reaction. Real sector confidence index as well as PMIs pointed to revival in export orders.

On the domestic side, retail volumes remain strong and consumer confidence reached 2018 levels. We continue to expect domestic demand led growth in the first half of the year.

Inflation trending down

CPI inflation peaked at 85.5% in October and decreased to 64.3% at the end of the year. In April, it was down to 43.7%. Stable exchange rate and decrease in energy prices are still supportive but services and basic goods inflation remains high. PPI inflation decreased to 52.1% from a peak of 158%. Food inflation edged down to 54% from 102.5% and energy inflation decreased to 21% from its peak at 151%. Core B-index inflation was down from 52% to 48%, services inflation decreased from 60% to 58.6%. Decreasing energy prices in industries are now reflecting on prices but momentum in services is still strong. Due to large base effects we see inflation going down to 40% by June. Inflation path in the second half will depend on the policy set of the winning party.

The current account deficit widened due to seasonality and gold

Gold imports and high energy prices kept CA deficit high but excluding gold and energy trade deficit continued to widen as well. Trailing CA deficit edged down to %54.2bn from $55.4bn in March. Energy deficit was $76bn and gold deficit increased from $27.1bn to $27.4bn. Services balance was $52.2bn. Net errors and omissions were down to 19bn from a high of $25.5bn. Portfolio outflows were $8.9bn, inflows from other investments were $41.5bn and FDI was $8.4bn (Exhibit 92). We expect gold imports to slow down and reach its usual trend of $10-12bn over time. We see tourism revenues this year c.$50bn up from $45bn last year.

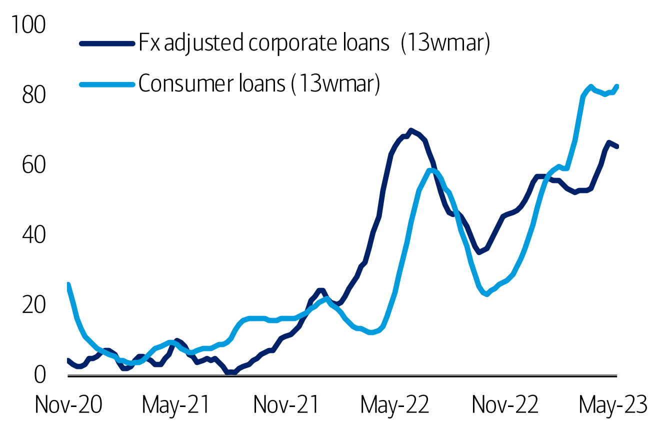
Forecasts

We see TRY relatively stable until the run-off but weaker afterwards. More stimulus or large domestic loan packages could pose upside risk to our forecasts.

Main risks

Higher energy prices and geopolitical events.

Exhibit 93: Credit growth, annualized 13-week moving average, %
Consumer loan growth accelerates faster than commercial loans



Source: CBT, BRSA, BofA Global Research

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Exhibit 94: TRY forecasts
We expect TRY weakness to continue after the run-off

	Q2 23	Q3 23	Q4 23	Q1 24
USD-TRY	22.50	23.50	25.00	26.00

Source: BofA Global Research

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Exhibit 95: Major macro forecasts
High inflation and external financing needs weighs on medium term growth

Turkey	2022	2023F	2024F
Real GDP (% yoy)	5.6	3.5	4.6
CPI (% yoy)	64.3	40	25
Policy Rate (end of period)	8.5	8.5	8.5
Fiscal Bal (%/GDP)	-1.1	-4.8	-4.1
CurAct Bal (%/GDP)	-5.6	-3.7	-3.4

Source: BofA Global Research

BofA GLOBAL RESEARCH

Czechia: hawkish takeaways from Prague

Mai Doan
MLI (UK)

Themes: CNB closer to hiking but unlikely to do so; no cuts till 2024

The CNB Board has shifted closer to considering a hike. Yet, we think that the window of opportunity to raise rates has probably passed, especially as Governor Michl appears to have secured a majority for no further hikes. Rather, this accentuates the risk of a delay in rate cuts in 2023 that we have flagged recently. We now see the first rate cut to February 2024, barring any major negative external shocks which could lead to a move in late 2023. We keep our YE2024 policy rate forecast at 4%, with the CNB likely to start with small steps of 25bp before going to 50bp

While headline inflation is falling in line with the CNB's expectations, there are growing concerns among the Board members about meeting the 2% target in 2024, leading to the hawkish turn in May. These concerns are driven by the recent renewed tightening in the labour market and strong corporate profitability, which likely strengthens employees' bargaining power for a material pay rise to compensate for high inflation in the past year. The number of unemployed people is falling again, while vacancies are picking up tentatively, consistent with improved hiring intentions in the industrial sector. With YE inflation likely having important implications for wage negotiations, we do not think the CNB will be ready to start the easing cycle this year when it still forecasts inflation in the high single digits in 4Q 2023.

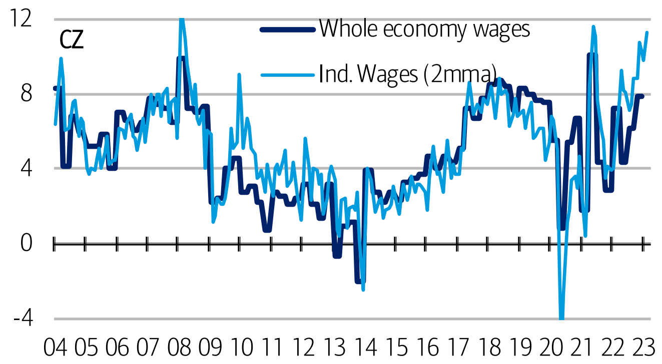
The CNB maintains its preference for a strong CZK, though it has not intervened for several months. The hawkish split of votes, while unlikely to lead to a rate hike, should help the central bank to support the CZK as a quick channel to disinflation. The CZK is also cushioned by the recent quick turnaround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

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

Strategy: still positive view on CZK

Starting from Q3, a weakening US dollar and a credible central bank with a significant amount of reserves should drive the CZK stronger in the after Q3. However, positioning in CZK is becoming crowded and valuations are not very attractive.

Exhibit 96: Czechia – wage growth accelerating worries the CNB
Labour market is tightening again, industrial wage data suggest strong momentum in the whole economy



Source: Haver, BofA Global Research

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Exhibit 97: CZK forecasts
The CNB likes a strong CZK but only intervenes to deter depreciation

	Q2 23	Q3 23	Q4 23	Q1 24
EUR-CZK	24.0	23.8	23.5	23.4

Source: BofA Global Research

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Exhibit 98: Major macro forecasts
Inflation to slow but still elevated in 2023, so rate cuts only from late 2023

Czech Rep	2022	2023F	2024F
Real GDP (% yoy)	2.5	0.0	2.5
CPI (% yoy)	15.1	10.7	2.4
Policy rate (%, end of period)	7.00	7.00	4.00
Fiscal bal (%/GDP)	-3.6	-4.0	-2.2
CurAct bal (%/GDP)	-6.1	-4.0	-3.6

Source: BofA Global Research

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Egypt: IMF puts focus on reform, support

Jean-Michel Saliba
MLI (UK)

View: sidelined

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

The 4Q22 current account balance stood at US$1.4bn, and the deficit narrowed sequentially to US$10.5bn (2.4% of GDP) on a trailing basis, from a peak of US$20.5bn (6.0% of GDP) in 4Q16. Net international reserves (NIRs) stood at US$34.5bn in April (5 months of import coverage), from US$33.2bn in September 2022. The CBE now holds an additional US$4.0bn in Fx deposits not reported in reserves.

The carry trade is unlikely to return in the same way as in the 2016 IMF program. Foreigners held US$10.4bn of T-bills in January. Banks' Net Foreign Assets (NFAs) stood at -US$15.6bn in March 2023.

Urban CPI inflation was 30.5%year-on-year (yoy) in April. The inflation target is 7% (+/-2%) by 4Q24 and 5% (± 2%) by 4Q26. We expect the Central Bank of Egypt (CBE) to have a tightening bias, given the global backdrop and impact of Fx weakness.

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

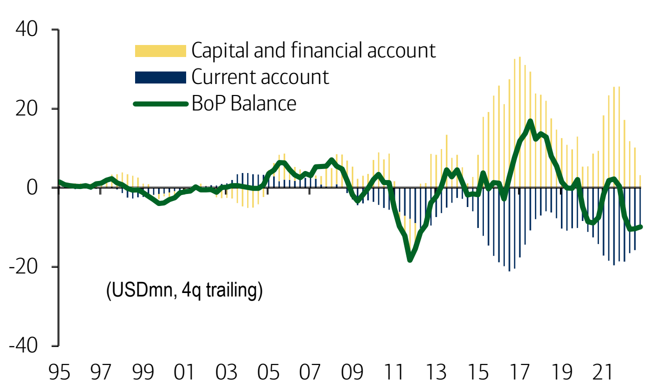
Forecasts: increased flexibility in USD/EGP

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

Drivers

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

Exhibit 99: Egypt Balance of Payments dynamics
Current account deficit needs to narrow



Source: Haver, BofA Global Research

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Exhibit 100: EGP forecasts
USD/EGP to exhibit increased flexibility

	Q2 23	Q3 23	Q4 23	Q1 24
USD-EGP	31.0	31.5	32.5	33.0

Source: BofA Global Research

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Exhibit 101: Major macro forecasts
USD/EGP flexibility is key to narrow external imbalance

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

Source: BofA Global Research

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Hungary: still in need of prudent policy

Mai Doan
MLI (UK)

Themes: rate cutting cycle highly conditional on HUF, fiscal to stay tight

The macro and financing backdrop has improved significantly this year, but Hungary is not yet out of the woods as inflation remains high and the process to unlock EU funds, while on track, is demanding. This implies the need for a continuation of very prudent policies. The NBH's first phase of the cutting cycle from May is strongly related to a stable HUF, and the second phase from the autumn to positive real rates. The government will likely stay firm on the fiscal consolidation path, as surging interest costs and tensed relationship with the EU bring tough constraints.

The NBH will likely cut the overnight deposit rate in 100bp steps from May to reach the level of the base rate at 13% by September, but monthly decisions are highly conditional on stable EUR/HUF exchange rates, in our view in the 370-380 range. We expect a more gradual rate-cutting path when it comes to cutting the base rate from 13%. We maintain our YE2023 policy rate forecast at 11.5% and YE2024 at 6.5%. This profile reflects that NBH's preference to have positive ex-ante as well as ex-post real rates to provide carry support for the HUF and to tame inflation.

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

Hungary is working hard to unblock funding under the RRP and the cohesion policy for 2021-27, and the EC has given a green light on the important milestones of judiciary reform, but funds disbursement does not look near, probably in 4Q or even slightly later.

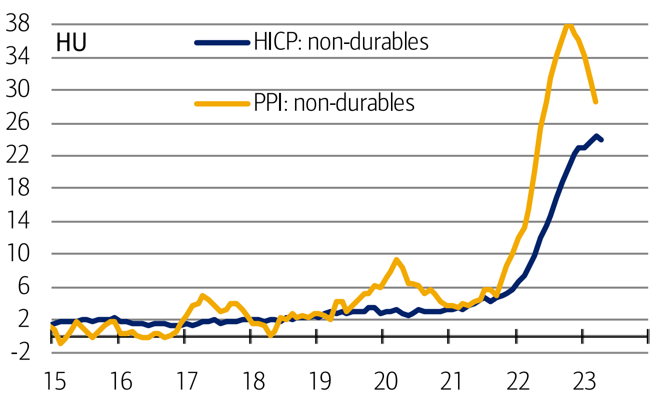
FinMin has covered 50% of the borrowing plan. The NBH's rate cuts should support demand for local bonds in the near term, but the longer-term outlook is not smooth sailing given a tight budget, EU funds delay, and NBH tapering from 2024.

Strategy: bullish, but positioning is a risk

The forint should be supported by an improving backdrop for EEMEA FX and high carry. The NBH is likely to cut only cautiously making sure that the forint does not weaken much. However, positioning is crowded and can be an obstacle to an appreciation trend in the short term.

Exhibit 102: Hungary – non-durables inflation vs PPI

Non-durables CPI lags the decline in PPI, suggesting optimism for CPI turnaround



Source: Eurostat, Haver, BofA Global Research

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Exhibit 103: HUF forecasts

Cheaper gas and hawkish NBH are positive for HUF fundamentals

	Q2 23	Q3 23	Q4 23	Q1 24
EUR-HUF	380	375	370	368

Source: BofA Global Research

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Exhibit 104: Major macro forecasts

Improvement in current account and hawkish NBH to support the HUF

Hungary	2022	2023F	2024F
Real GDP (% yoy)	4.6	0.2	2.8
CPI (% yoy)	14.6	18.6	6.0
Policy rate (%, end of period)	13.00	11.50	6.50
Fiscal bal (%/GDP)	-6.3	-4.0	-3.0
CurAct bal (%/GDP)	-8.1	-3.5	-2.3

Source: BofA Global Research

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Israel: budget is done, judicial reform next

Zumrut Imamoglu
MLI (UK)

Themes: BOI hikes further, political noise weighs on outlook

The Bank of Israel (BoI) stays on a tightening path amid continued growth and tight labour market, against a global backdrop of high inflation and tighter monetary stance. As expected, BOI hiked another 25bps in May and pushed the policy rate up to 4.75% as expected. We think that another hike is possible depending on data flow. If inflation data surprises on the downside in June, BOI might skip the hike and vice versa. GDP growth is subject to some downside given a recessionary prospect in the US and the Euro area, and also higher terminal rates in the US. 1Q growth was 2.5%, in line with our expectations, showing some moderation in domestic demand. We continue to see 2023 growth at 2.5% following 6.5% growth in 2022.

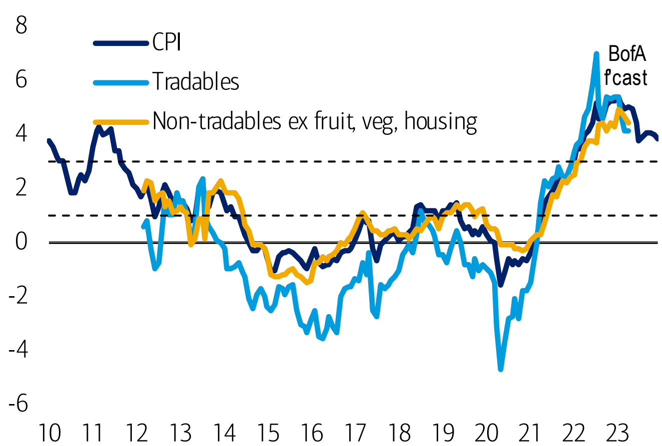
Business surveys still show the economy in the expansionary zone although milder, while the labour market shows signs of easing but is still close to full employment. Wages in the business sector are now slightly higher than the pre-pandemic trend, but the number of job vacancies are on a downward trend. Budget execution has surprised significantly on the upside last year swinging into a surplus of 0.6%. However, the new budget plan implies an increase in expenditures of 5.3% in 2023. BOI and Ministry of Finance estimate the deficit at the end of the year at 0.9% while we see it at 2% since we expect 5% drop in the tax revenues this year.

Inflation was 5.0% in April beating expectations. Net of food and energy, inflation increased to 5.2% from 5.0%, but non-tradables excluding fruit, vegetables and housing decreased from 4.7% to 4.4%. Inflation expectations remained at 3.0% for 12 months ahead but long-term expectations are still anchored within the range. The recent trade data shows weakness in exports, but services exports remain rather resilient. We now see year-end inflation at 3.9% (previously 3.6%). BOI research department revised their forecast for 4Q to 3.9%.

Forecasts

The USD/ILS exchange rate weakened amid political uncertainty and escalation of tension with Palestine. Given our bearish views, we expect ILS to remain weak in 2Q23 and believe that BOI could intervene if ILs weaken further than our expectations.

Exhibit 105: Inflation
Inflation overshooting is not dramatic, but strong growth requires monetary normalization



Source: Haver

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Exhibit 106: ILS forecasts
ILS enjoys LT appreciation bias, but ST weighed by US equities performance

	Q2 23	Q3 23	Q4 23	Q1 24
USD-ILS	3.65	3.60	3.55	3.50

Source: BofA Global Research

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Exhibit 107: Major macro forecasts
Strong recovery and higher inflation motivates BoI rates normalisation

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

Source: BofA Global Research

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Kazakhstan: getting closer to rate cut

Vladimir Osakovskiy >>
Merrill Lynch (DIFC)

Getting closer to rate cuts

Annual inflation has slowed further to 16.8% in April, losing some 4.5 percentage points from its February peak. Strong base effect from 2022 will remain place through the year, which should push it further down towards lower double digits by the end of the year. This, we think, may allow the National Bank to start renewed monetary easing from 3Q23 as we expect it to cut its policy rate by 150-175bp in 2H23. This will keep policy rate above current inflation by around 5pp this year. However, deeper rate cuts may be more difficult as inflation will likely remain resilient around 10%, given generous fiscal policy and the need for further tariff indexations. Therefore, further rate cuts may be delayed to 2024 and be conditional on the actual disinflation trends.

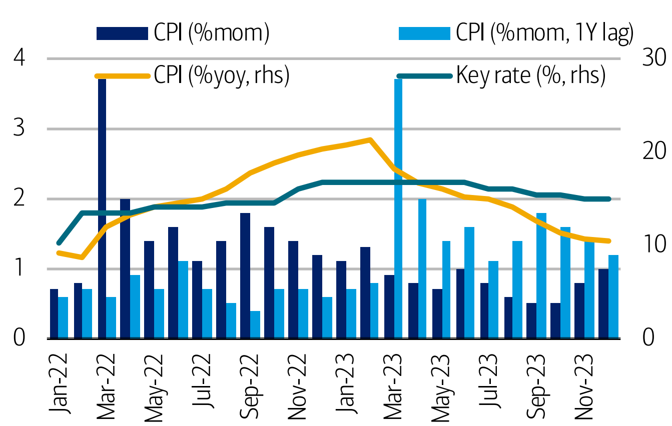
USDKZT should have more space to fall

We remain constructive on KZT despite its recent strength. This year the authorities have been much more transparent on FX flows from government-controlled sources (Oil Fund, SOEs, pension fund etc.), which appears be a shift in the FX management regime with a focus on proper inflation targeting setup. We think that this more orthodox policy approach should be beneficial for the KZT, as it should allow the currency to be driven more by fundamentals, which remain supportive with the current account at 12Y highs and tight monetary policy. Therefore, we continue to expect the KZT to remain on a steady appreciation trend towards KZT430/$ by end 2023 with likely intra-month volatility driven by the usual KZT liquidity flows around tax payments etc.

Economy shows strength

Real GDP growth has reached 5% yoy in 4M23 Ministry of the National Economy has reported citing its estimates. With reported 4.9% yoy in 1Q23 the estimate suggests continued acceleration of growth to around 5.3-5.4% yoy in April. No details of the driving forces behind reported growth were reported, as we note multiple factor which may support growth like strong capital inflows from Russia or robust energy prices (see: CIS viewpoint: Several themes to consider).

Exhibit 108: Slowing inflation may allow for 150-200 in rate cuts
Deeper cuts will require more affirmative disinflation vs fiscal risks



Source: Bloomberg, BofA Global Research estimates

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Exhibit 109: KZT forecasts
KZT to appreciate in coming quarters

	Q2 23	Q3 23	Q4 23	Q1 24
USD-KZT	450	440	430	420

Source: BofA Global Research

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Exhibit 110: Major macro forecasts
GDP growth to moderate in 2023

	2022	2023F	2024F
Real GDP (% yoy)	3.2	2.5	3.0
CPI (% yoy, eop)	14.9	15.2	9.0
Policy rate (%, eop)	16.75	15.00	12.00
Fiscal bal (%/GDP)	-2.2	-2.7	-3.0
CurAct bal (%/GDP)	2.9	1.9	0.4

Source: BofA Global Research

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Nigeria: Parly approves $50 bil debt

Tatonga Rusike
MLI (UK)

Government debt owed to CBN approved by parliament

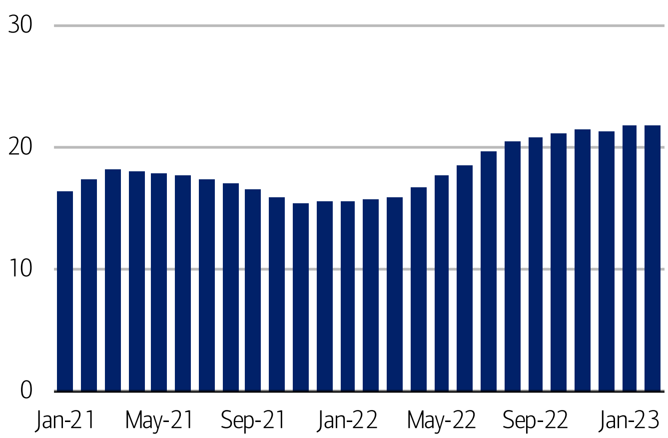
The national assembly finally approved the N22.7 trillion debt owed by government to the central bank. The debt is $50 billion or about 10% of GDP. The debt had been extended to the federal government as overdraft facilities under the Ways and Means facility. Some rules were breached- limits of lending to government. The securitisation lowers the cost of repayment- 40 years, including grace period of 3 years, at a cost of 9% per annum and armotising. The overdraft facility was costing about 21%. Adding this debt, will push overall debt stock to GDP close to 40%. It also ends potential legal challenges for the central bank and outgoing government. A new government takes over from May 29, where new leadership in government will be appointed. We expect to see positive steps on fuel subsidy removal and exchange rate devaluation signals.

Temporary decline in oil production in April

In April oil production declined to 1.25 million bpd including condensates, due to industrial action by employees of Exxon, an internal oil company operating in Nigeria. The workers had gone on strike for two weeks in April. The issues has since been resolved and workers returned to work. For this year, oil production has recovered to about 1.4 million barrels per day, from as low as 1.1-1.2 million barrels per day. The recovery helps export receipts. However, oil prices are lower. We now assume $80 per barrel in 2023 vs about $100 per barrel in 2022. Imports could also rise with a weaker exchange rate - N550 on average for 2023 (post devaluation in our estimates). Overall, we expect, Nigeria's current account deficit could weaken to about -1.6% of GDP, compared to -0.7% of GDP in 2022, due largely to a loss of about 1% of GDP in oil export revenues. We also assume flat oil production at around 1.44 million barrels per day.

Nigeria's exchange rate policy is a heavily managed system that combines elements of depreciation and devaluation. We now see Nigeria's naira (NGN) fair value at 580 per USD, compared to our forecast of 520 six months ago. We expect most of the currency adjustment moves in late 2Q and likely 2H 2023, when a new government is in place and making some policy adjustments.

Exhibit 111: Headline Inflation Trends
Inflation still sticky above 20%



Source: BofA Global Research

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Exhibit 112: NGN Forecasts
Big currency moves expected in 2023

	Q2 23	Q3 23	Q4 23	Q1 24
USD-NGN	520	540	560	560

Source: BofA Global Research

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Exhibit 113: Major Macro forecasts
Moderate growth outlook.

Nigeria	2021	2022	2023F
Real GDP (%yoy)	3.4	3.2	3.0
CPI (%yoy, avg)	17.0	19	15.0
Policy Rate (eop)	11.50	20	16.00
Fiscal Bal (%/GDP)	-5.4	-5.5	-5.0
CurAct Bal (%/GDP)	-0.4	-0.1	-1.6

Source: BofA Global Research

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Romania: RON adjustment needed

Mai Doan
MLI (UK)

Themes: commitment to fiscal and RRP targets in tact, CA adjustments struggle

Our Bucharest visit alleviates our concerns about ytd fiscal underperformance and slow progress on EU recovery funds payments. We continue to perceive a strong commitment across the ruling coalition to fiscal consolidation and delivering the RRP's milestones and targets, despite a changeover in PMs this month and as the 2024 super election calendar draws closer.

The RRP payments are slower than planned, with Romania likely managing one payment request per year instead of two (EUR1.8-2bn of grants and EUR1.1-1.4bn in loans in each tranche). The EC acknowledges that Romania has challenging targets to deliver, and welcomes the government's willing cooperation in the process so far. The geopolitical backdrop has likely brought more discipline to Romanian policy-making in the past year, alleviating the populist risks ahead of four elections 2024.

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

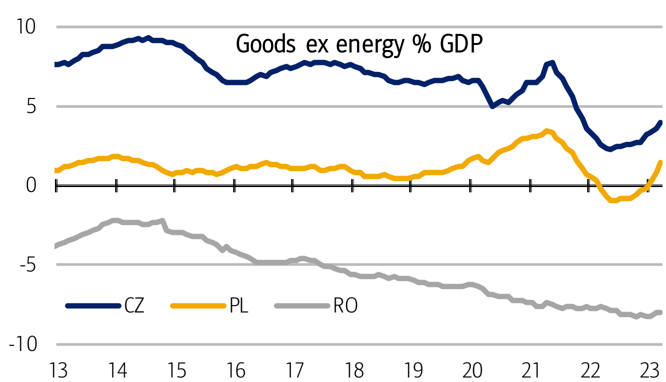
Financing is well advanced, with over 70% of planned Eurobonds done (c.EUR2.3bn left) and 55% of domestic issuance covered. The FinMin is planning for the next FX bonds as part of a green framework and expects very strong demand. Foreign holdings of local bonds look stretched (23-24% of total outstanding vs long-term range of 18-20%). But we do not see any idiosyncratic risks that could reverse this for now. At the same time, the abundant liquidity in the local banks gives the FinMin further comfort and may allow more supply than planned in the domestic market.

Strategy: RON to resume gradual depreciation path

The RON's overvalued levels in the earlier part of 2023 has started to correct. We think the NBR will let the RON resume the depreciation trend that halted in mid-2021 (2-3% pa vs the EUR), which could facilitate a faster correction in the current account imbalance.

Exhibit 114: 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 115: RON forecasts

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

	Q2 23	Q3 23	Q4 23	Q1 23
EUR-RON	5.00	5.05	5.09	5.13

Source: BofA Global Research

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Exhibit 116: Major macro forecasts

Slow correction in macro imbalances

Romania	2022	2023F	2024F
Real GDP (% yoy)	4.5	2.2	3.5
CPI (% yoy)	13.7	10.7	6.0
Policy rate (%, eop)	6.75	7.00	5.00
Fiscal bal (%/GDP)	-6.2	-4.7	-3.4
CurAct bal (%/GDP)	-9.3	-8.4	-7.8

Source: BofA Global Research

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Saudi Arabia: oil dividends support outlook

Jean-Michel Saliba
MLI (UK)

View: positive

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

The Saudi 2023 budget statement suggests that fiscal policy remains relatively prudent, despite a return to overspending. No changes to VAT is planned for 2023. We see low-single digit fiscal surpluses, based on our oil price forecasts (US$80/bbl for 2023).

The fiscal breakeven oil price is likely to remain around cUS$75/bbl. The sustainable and progressive Saudi Aramco base dividend policy, alongside the introduction of performance-linked dividends from 2024, could reduce the fiscal breakeven oil price. However, further divestments of Saudi Aramco or a material cut to crude oil production would increase the fiscal breakeven oil price. Every 250mn bpd annual cut to crude oil production would increase the fiscal breakeven oil price by US$2.5/bbl on our estimates.

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

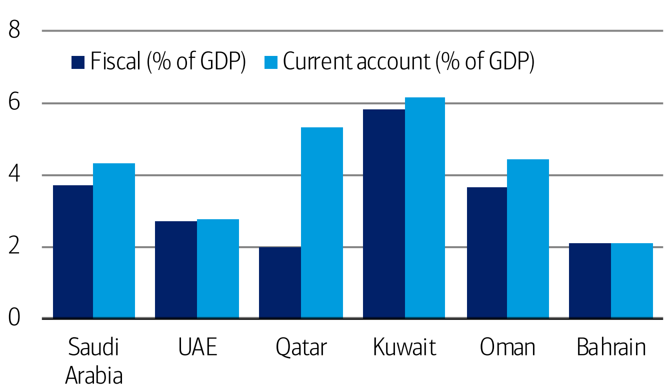
Forecasts: USD peg to hold

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

Drivers

Saudi Central Bank monthly bulletin, Joint Ministerial Monitoring Committee (JMMC) bi-monthly meeting (4 June 2023), quarterly fiscal data report (September 2023), annual pre-budget statement (September 2023), annual budget statement (December 2023).

Exhibit 117: 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 118: SAR forecasts
We expect the USD peg to hold

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

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 119: Major macro forecasts
Medium-term fiscal adjustment is ongoing

Saudi Arabia	2022	2023F	2024F
Real GDP (% yoy)	8.7	0.4	2.7
CPI (% yoy)	2.5	2.0	2.0
Policy Rate (end of period)	5.00	5.75	4.00
Fiscal Bal (%/GDP)	2.5	0.9	4.7
CurAct Bal (%/GDP)	13.6	10.1	11.6

Source: BofA Global Research

BofA GLOBAL RESEARCH

Ukraine: easing in sight for this year

Vladimir Osakovskiy >>
Merrill Lynch (DIFC)

Slowing inflation opens doors for easing already this year

The National Bank of Ukraine has kept its policy rate unchanged at 25% during its regular policy meeting on April 27th, and has finally changed the guidance on the future policy suggesting that its new outlook envisages "the launch of a cycle of a cycle of key policy rate cuts in 4Q23", vs previous 2024 as "the earliest" guidance. The updated macro outlook of the National Bank suggests policy rate at 22% down some 300bp by the end of 2023. The move was triggered by a continued slowdown of annual inflation, which has dropped by some 8.7pp. to 17.9% in April, losing more than 3.4 percentage points in April alone. With base effect to remain very strong for the rest of the year, annual inflation will likely remain on a steady downward track, which could actually push policy rate even lower to our expected 20% by the end of the year.

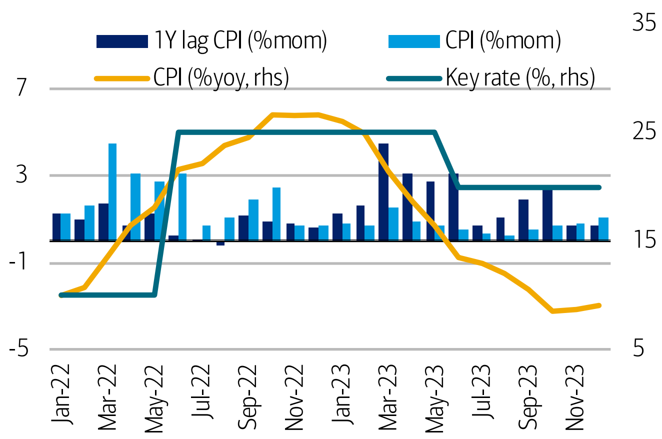
Turning more optimistic on growth as well

The National Bank has also tuned a bit more more optimistic about country's macro as well. Thus, the Bank has hiked its real GDP outlook from previous 0.3% to 2% this year (4.3% in 2024 and 6.4% in 2025). The Bank points that existing level of external support "should prevent" the need for monetary financing of the budget, as int ghe separate development the Bank has also allowed for a limited repatriation of coupons payments by non-residents starting from 2Q23. The Bank also pointed that "it is therefore becoming increasingly desirable to liberalize FX restrictions in the foreseeable future", emphasizing that attractive UAH interest rates is the key condition for FX stability.

First IMF review in sight

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

Exhibit 120: Falling inflation opens doors for rate cuts from late 2Q23
The NBU has dropped its earlier commitment of unchanged rate til 1Q24



Source: Bloomberg, BofA Global Research estimates

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Exhibit 121: Major macro forecasts
Growth expected at 4.4% in 2023

Ukraine	2022	2023F	2024F
Real GDP (% yoy)	-30.4	4.4	11.6
CPI (% yoy)	20.0	15.2	10.0
Policy Rate (end of period)	25.00	20.00	15.0
Fiscal Bal (%/GDP)	-20.2	-18.9	-17.6
CurAct Bal (%/GDP)	6.8	14.4	7.9

Source: BofA Global Research

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LatAm

Argentina: FX uncertainty

Sebastian Rondeau
BofAS

FX situation critical amid drought. Inflation continues climbing.

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

Inflation increased to 8.4% mom in March from 7.7% in February (and around 5.3% core mom in December) amid high FX pass-through, and approaches 110% yoy. BCRA hiked rates another 1600bp, to 97% (145% annualized), but still below inflation. We raise inflation forecast to 130% in 2023 (from 120%), with upside risks, amid FX pressures. BCRA depreciation is below inflation (at ~7%mom), which exacerbates demand for USD.

Activity and imports are slowing down given USD supply constraints. We expect a deep 2.5% GDP recession this year (form +5.5% in 2022). The government has taken further import restrictions. The 3rd round of temporary preferential dollar for soy exports at ARS 300 has been below expectations amid political uncertainty and macro imbalances. The government is seeking external funding (speeding up disbursements from IFIs, with IMF loans of 10.5bn through year end) amid heavy external debt payments.

IMF program reformulation discussions

Argentina completed the fourth IMF review and obtained $2.7bn net loan disbursement last month after achieving targets in 4Q. But IMF requested additional measures to offset "policy setbacks" and drought shock. Targets look challenging (1.9% of GDP primary deficit and $3bn change in FX reserves) and the government and the IMF are discussing a reformulation of the program. The government wants to have some FX intervention power, something limited by the program. But still Argentina will likely have to take further restrictive FX and fiscal measures (accelerating energy subsidy cuts and limiting pension amnesty scope).

The 2023 fiscal adjustment relies on energy subsidies cuts (0.6% of GDP) through segmentation. But the drought may reduce government revenue by 1% of GDP this year. Social spending pressure in an election year is a risk (government continues giving bonuses). We expect a 3.5 of GDP primary deficit (excluding nominal gains from linkers).

Election calendar intensifies: Policy change likely afterwards

Argentina is holding presidential and gubernatorial elections this year and it will renew 1/3 of the Senate and half of the House. On June 24 candidates are announced, primaries are on August 13, first round presidential election is on October 22 and run-off on November 19. President Alberto Fernandez and former president Mauricio Macri dropped out of the race. The economic weakness is weighing on the ruling coalition popularity, while Javier Milei ("liberty advances") is gaining support. Incumbent parties have normally won gubernatorial elections in the provinces.

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

Brazil: Rate cuts delayed

David Beker >>
Merrill Lynch (Brazil)

Natacha Perez
Merrill Lynch (Brazil)

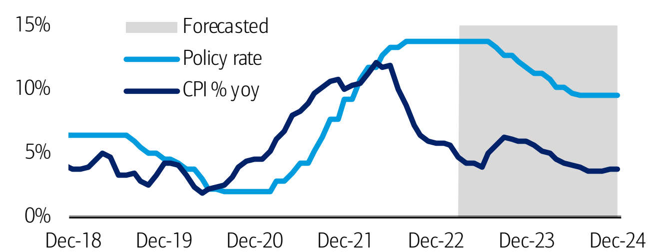
Copom to cut in August

In a unanimous decision, the Copom (Monetary Policy Committee) kept the selic rate at 13.75%, in line with expectations. The statement had a less hawkish tone, lowering the probability of a resumption in the tightening cycle. The Brazilian Central Bank (BCB) inflation forecasts were stable. Unanchored long-term inflation expectations continue to be a key point delaying cuts. The BCB recognized an improvement in the fiscal situation, but highlighted uncertainty about the fiscal rule. Meanwhile, the statement highlighted that activity data points to the expected slowdown, with recent labor market data being more resilient. Due to this decision, we now expect an initial 50bp cut in August, with the Copom shifting its language in the June meeting, and the Selic rate at 11.75% by YE2023 (from 11%) and at 9.50% by YE2024. See: Brazil Watch: Copom holds: hawkish, but less hawkish. We update our Selic forecasts. 03 May 2023

In the minutes that followed the decision, the BCB kept a similar message. To the dovish reader, the minutes highlighted the lower fiscal uncertainty, amid the reinstatement of fuel taxes and the presentation of the fiscal framework in Congress, and the soft-landing in activity scenario. The approval of a solid and credible bill was highlighted as key for the reduction of inflation expectations ahead. To the hawkish reader, a thorough discussion around a possible higher neutral rates was held. See: Brazil Watch: Copom minutes: balancing hawkishness 09 May 2023.

Amid this recent moderation in hawkish tone of communication by the BCB, signals of macroeconomic conditions for an easing cycle to begin can be identified such as benign underlying inflation dynamics, credit tightening, activity slowdown and lower fiscal uncertainty. De-anchored expectations are a concern, though. With the 2026 inflation target to be set in the June National Monetary Council (CMN) meeting, the probability of upward revisions to the inflation target/tolerance band declined, while the possibility of changing the monetary framework to a 12-month rolling inflation target seems more likely. This context reinforces our monetary policy trajectory expectations. See: Emerging Insight: Brazil – Interest rate cuts coming in 2H 09 May 2023.

Exhibit 122: Copom to cut rates starting on August
Inflation dynamics less supportive of cuts on the April print



Source: BCB, IBGE, BofA Global Research estimates

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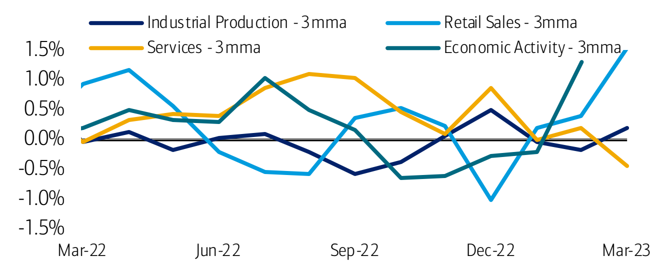
Exhibit 123: Activity signaling more resilience than expected
3mma % change



Source: BCB, IBGE, BofA Global Research estimates

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Mixed signals on the inflation side

Inflation in April came out above expected, at 0.61% mom (from 0.71% mom). In 12 months, inflation reached 4.18% yoy (vs 4.65%), still within the inflation tolerance band (3.25% + 1.50%) for the second consecutive time. The rise in monthly inflation was mainly motivated by the annual adjustment of medicine prices. Upward pressure also came from Food and Beverages, amid higher perishable items inflation, and Transportation, despite the decline in gasoline prices. Both headline and underlying measures deteriorated at the margin, taking a June rate cut off the table. Still, average core measures, core services and core industrials decelerated in annual terms. However, after seasonal adjustment, headline inflation went up (7.2% saar, from 6.2% in March), signaling stickier inflation and its momentum pointing up. The negative surprise may prevent expected downward revisions to inflation forecasts ahead, but next signals on the inflation side are key. We keep our IPCA forecast for 2023-end at 6.00% yoy. See: Brazil Watch: April IPCA: mixed signals 12 May 2023.

Activity more resilient than expected

February's Economic Activity Index (IBC-Br) signaled resilience in domestic activity and increased 3.3% momsa (after a decline of 0.09% momsa in January), according to the BCB, above expectations. The surprise increased statistical carry-over for 2023 to 3.0% (from -0.4% in January). The print was driven by stronger numbers posted by the services sector, while industrial production and core retail sales recorded small contractions in the month. Stronger exports data, due to record corn and soybean crops, and resilience on the labor market side should act on the upside, while effects of BCB's tight monetary policy continue to be felt, mainly through the credit sector. The print points towards a better first quarter than expected, but signals from sectors (in activity and confidence prints) remain mixed, with next months' data necessary for a better understanding of activity behavior – leading to a careful stance on our side. For more, see: Brazil Watch: Economic activity index: robust growth in February 28 April 2023.

This positive outlook on the activity side was reinforced by our March BofA Activity Coincident Tracker, which increased significantly and went back to positive territory, now at +0.45pts (vs -0.22pts in February). The 3mma reading of the activity tracker went up to 0.06pts, from -0.17pts. M1 money supply was the main negative driver, while auto sales and consumer confidence pushed up the index. Even with this upward move in the monthly result, our Tracker remains near a neutral stance, reinforcing the expectation of a muddle through scenario in Brazilian activity throughout 2023. All in, we maintain our expectations for GDP to grow by 0.9% in 2023, but see upside risks to our forecast, watchful for the next signals coming from activity data. See: BofA Brazil Activity Coincident Tracker: Positive result, but outlook remains soft 27 April 2023.

Fiscal Rule: Rapporteur makes slight improvements before voting

The rapporteur of the fiscal framework in the Lower House (LH), congressmen Claudio Cajado, presented his report on the fiscal framework's bill, with small, but overall positive changes. In case of non-compliance with the primary targets, sanctions will be activated, being phased over two years. However, the government can go after a waiver, proposing a supplementary bill with measures to offset the non-compliance and ask for a partial application of triggers (or their overall suspension). Moreover, more expenses will now also be under the expenditure growth limit. The real increase of minimum wage and the payment of the Bolsa Família will be guaranteed, as they are off the spending limit. On the positive side, if the government reaches a primary result above expectations, only 70% of excess revenue can be used in investments, and the remainder goes to reducing public debt. The real spending growth limit will be defined by the actual variation of the IPCA in the twelve-month period ended in June, and the percentage will be reassessed after the full year inflation is available. The content matter should be voted in the LH on May 24th, without major resistance expected in Congress.

Exhibit 124: Major macro forecasts
We expect a growth slowdown amid high rates and a credit drought

	2022	2023F	2024F
Real GDP (% yoy sa)	2.9	0.9	2.4
CPI (% yoy)	5.8	6.0	3.7
Policy Rate (eop)	13.75	11.75	9.50
Fiscal Bal (%/GDP)	-4.6	-7.9	-7.8
CurAct Bal (%/GDP)	-3.0	-2.3	-2.5

Source: BofA Global Research

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Exhibit 125: BRL forecasts
We expect the BRL at 5.1 by year end

	Q2 23	Q3 23	Q4 23	Q1 24
USD-BRL	5.00	5.05	5.10	5.13

Source: BofA Global Research

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Mexico: BANXICO is done hiking

Carlos Capistran
BofAS

Christian Gonzalez Rojas
BofAS

Nearshoring is already evident in macro data

A common question from investors is: where can we see nearshoring in macro data? We recently showed that data on investment, trade, manufacturing and labor depict some positive impact coming from nearshoring. The impact is noticeably in imports of machinery and equipment (Exhibit 126). We believe the Mexican economy momentum will be interrupted by a US recession, which will spread into Mexico. However, nearshoring will boost activity throughout the next several years, and manufacturing will be one of the most vigorous sectors once the cyclical deceleration is over.

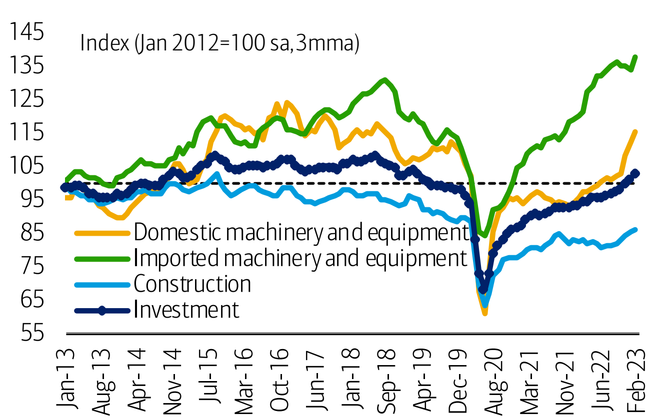
Economic activity decelerating despite a strong 1Q

Flash GDP in 1Q beat expectations at 4.5% qoq saar driven by strong services (6.0% qoq saar) leaving the annual GDP growth rate at 3.8% yoy nsa. However, despite the strong start of the year there are signs of deceleration, in part driven by the deceleration in US activity. On the supply side, monthly GDP (IGAE) was lower than expected in February at 0.1% mom sa down from 0.6% mom sa in January. Additionally, industrial production in March surprised to the downside at -0.9% mom sa mostly due to a sharp fall in mining (-3.5% mom) followed by a contraction in manufacturing (-1.1% mom sa). The picture looks more mixed on the demand side. Consumption decelerated in February (-0.8% mom sa) but investment rebounded strongly (1.9% mom sa). The latter is likely due to nearshoring, government infrastructure projects, and a rebound from the pandemic. We maintain our estimate of a 1.5% GDP growth for 2023.

Core inflation finally trending down

Headline inflation in April fell to 6.3% yoy from 6.9% in March driven by lower energy prices. But even better news came from the core component which fell to 7.7% yoy from 8.1% as it is now showing a clear downward trend (Exhibit 127). Furthermore, services inflation finally stopped increasing, falling to 5.5% yoy from 5.7% previously. Merchandise inflation continued its downward trend reaching 9.5% yoy from 10.1% previously. We expect inflation to continue falling, but still see upside risks as the labor market remains quite tight, with the unemployment rate at a record low in March (2.8%). Although the level of inflation is still high, the fall in headline and in core has been enough for Banxico to end the hiking cycle.

Exhibit 126: Investment suggest that nearshoring is happening
Firms are investing in machinery & equipment to take advantage of nearshoring



Source: fA Global Research, INEGI

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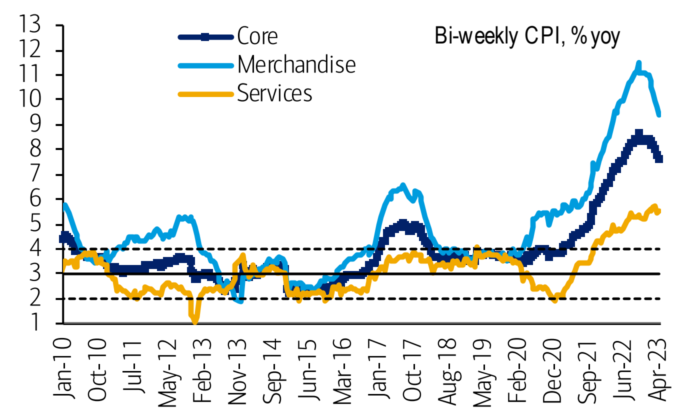
Exhibit 127: Core inflation is finally showing a clear downward trend
Goods inflation is helping core inflation, but services remain resilient



Source: BofA Global Research, INEGI

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Banxico ended the hiking cycle

Banxico ended the hiking cycle and left its policy rate unchanged at 11.25% in a unanimous decision on May 18. However, Banxico still sees inflation's balance of risks skewed to the upside. On the statement, Banxico detailed that "it considers that it will be necessary to maintain the reference rate at its current level for an extended period". We interpret this sentence as having two parts. The first part is that Banxico is closing the door to further hikes. The second part is that Banxico says that the overnight rate will remain at 11.25% for many months, contrasting with market expectations that previously anticipated cuts in 2H-2023. We expect Banxico to be on hold with the rate at 11.25% for the rest of the year, with upside risks in the next two decisions and downside risks afterwards. We expect Banxico to start the cutting cycle in February 2024. We see two necessary conditions for Banxico to start a cutting cycle: (1) core inflation at or below 5% and (2) 12-month ahead inflation expectations at or below 4%.

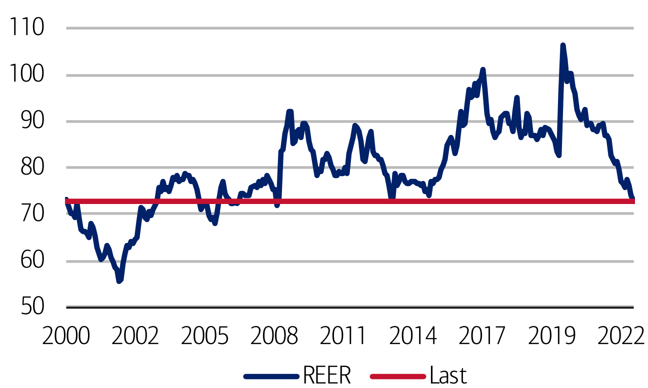
Strategy: It's all about timing and magnitude

Banxico has finally ended the hiking cycle, but uncertainties remain in Mexico. We think two main themes will dominate in Mexico: timing and magnitude. In rates, our view is that price action will be driven by expectations about the timing and magnitude of Banxico's easing cycle. In FX, while monetary policy will also be important, we believe the timing and magnitude of a potential US recession will be the main driver.

In rates, we believe that paying the front-end of the curve continues to have attractive risk-reward, as the market seems relatively convinced that Banxico will begin the easing cycle in 2023. In contrast, our expectation is that persistent core inflation and inflation expectations will push Banxico to start the easing cycle until early 2024.

In FX, our main concern is still the timing and magnitude of a potential recession in the US. We continue to dislike long positions in MXN, as we deem that the market is too focused on carry-to-vol. A potential recession in the US could increase volatility, reduce carry, and negatively impact Mexico's external accounts. Heavy long positioning could amplify the impact. Moreover, valuation is also not attractive as, in real terms, MXN is the strongest since 2008, which contrasts with structural shifts that have taken place in Mexico over the past few years (e.g. Mexico is now a net oil importer, while Mexico's productivity has persistently declined). However, we do not turn short MXN on the back of very negative carry, as well as the fact that we believe the market is pricing too many cuts too quickly and a repricing in rates could provide some short-term support to MXN.

Exhibit 128: Real Effective Exchange Rate in Mexico (1990=100)
The Mexican peso is the strongest in real terms since 2008



Source: BofA Global Research, Bloomberg

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Exhibit 129: MXN forecasts
We expect USDMXN at 19.5 by end-2023

	Q2 23	Q3 23	Q4 23	Q1 24
USD-MXN	18.5	19.0	19.5	19.9

Source: BofA Global Research

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Exhibit 130: Major macro forecasts
We expect Mexico to grow 1.5% in 2023

	2022	2023F	2024F
Real GDP (% yoy sa)	3.1	1.5	0.0
CPI (% yoy)	7.8	5.1	4.3
Policy Rate (end of period)	10.50	11.25	8.25
Fiscal Bal (%/GDP)	-3.4	-4.1	-4.6
CurAct Bal (%/GDP)	-0.9	-0.9	-1.5

Source: BofA Global Research

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Chile: Hawkish central bank

Sebastian Rondeau
BofAS

Hawkish central bank: upside inflation and activity surprises

Ex-volatiles inflation remains high at 10.8% yoy, little progress from the 11.1% peak. We expect inflation at 5.8% in 2023 (6.8% core) and 4% in 2024. Activity has been stronger than we and BCCH had anticipated. Given slow disinflation, we now expect BCCH will start cutting in July, with risks clearly tilted to a delay to September as it doesn't see evidence of convergence to inflation target (see Very hawkish monetary policy report). We see the policy rate down to 9% in 2023 (vs 8.5% before) from 11.25% now (and to 6.5% in 2024).

We now forecast 0% GDP growth this year (from -0.5% before), after a +2.4% expansion in 2022. We see a GDP rebound to 2% growth in 2024. Fiscal policy turning expansionary and lower uncertainty support activity (moderate constitution outlook, strong fiscal adjustment in 2022 and copper price rebound). Still uncertainty will remain elevated by structural reforms discussion and spending pressures. We forecast the current account deficit down to 4.1% of GDP in 2023, (from 8.7% of GDP in 2022), following the copper price rebound, lithium strength, demand adjustment and services normalization.

Tax reform moderation following Congress setback

The tax reform (targeting 3.6% of GDP revenue) unexpectedly failed to pass the first hurdle in the Lower House and cannot be presented for a year in the same chamber. We expect the government to negotiate and do piece-meal tax changes starting with the mining royalty (tax burden could be capped at 47%) and green taxes. Then it should present a watered-down reform based on income taxes (scrapping the wealth tax.)

Pension reform is also unlikely to pass in its original form keeps the individual capitalization system (option to invest in private pension funds or a new public fund), it creates a new mixed fund with 6% additional employer contributions (financing future and current pensions) and seeks to increase universal pension benefits. We see the government willing to negotiate changes on it to gain support.

Constitutional risks limited

The constitution agreement favors a moderate constitution (following the landslide rejection of a radical constitution in September). A new constitutional draft is being written first by a committee of experts recently appointed by Congress and then will be reviewed by a Constitutional Council, reducing risks substantially. The new Council will be elected on May 7 (election rules will make it more moderate than the previous one as lists independent not allowed). The constitutional proposal will be voted for yes or no in December.

We expect a constitution text substantially more moderate than the rejected proposal, including a more friendly investment framework: more precise language for mining concessions, expropriation compensation and water rights regime, more explicit protection of property rights and scrapping indigenous veto for economic activities. One proposal could lead to reduce the numbers of parties and enhance party discipline, potentially positive.

Exhibit 131: CLp forecasts
CLP at 810 by 2023-end

	Q2 23	Q3 23	Q4 23	Q1 24
USD-CLP	800	805	810	815

Source: BofA Global Research

BofA GLOBAL RESEARCH

Colombia: Some positive signals

Alexander Müller
BofAS

Pedro Diaz
BofAS

Recent developments: more good news than bad

After the market sell-off that occurred in late April, triggered by the reshuffling of the Ministerial Cabinet, we believe there have been three positive developments, and one that might happen by the end of May. We are talking about, i) the revelation of the new Minister of Finance's policy preferences, ii) the strong sequential expansion of the economy in Q1 (5.9% qoq/saar), iii) the apparent inflection-point of inflation, and iv) a possible announcement on energy policy that would be welcomed by markets.

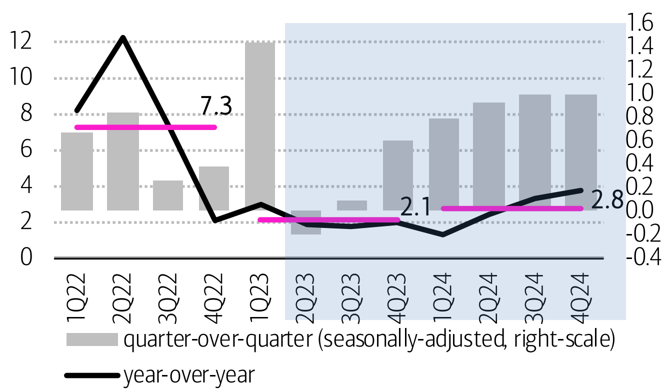
Minister of Finance taking actions to reassure markets

The market was unnerved by the ousting of Finance Minister Ocampo in April, considering he was perceived as playing a key role to moderate President Petro's structural reform agenda (tax, energy, pension, land, health, and labor). Nevertheless, during his first month in office, the new Finance Minister, Ricardo Bonilla, seems to be doing a good job at reassuring markets. He has been emphatic about adhering to the Fiscal Rule. In fact, an article in La Silla Vacia recently mentioned Bonilla is pushing to reduce the budget amendment that Ocampo submitted to Congress in February, which has not been approved by lawmakers yet. This would imply cutting expenditures, perhaps because Bonilla wants to guard against the fall of oil prices. The 2023 budget was drafted with the assumption of Brent oil at US$/bbl 92 (average). In our view, another significant message is what Bonilla has been saying on energy policy.

Potentially positive catalyst in late May: ANH study on reserves and contracts

Finance Minister Bonilla has stated he is in favor of a very gradual energy transition (from fossil fuels to clean energies), echoing the message of the new CEO of Ecopetrol who said Colombia should continue doing new oil exploration. Moreover, during his first 30 days in office, Bonilla announced a step up in the pace of gasoline price hikes (to lower fuel subsidies) and publicly rejected the proposal of the Ministry of Energy to change the compensation formula for Ecopetrol (under the argument it would be financially damaging for the company). Against this backdrop, we believe the forthcoming announcements related to the ANH study are more likely to be market-friendly than not. In March, there was a joint statement from the Ministry of Finance, the Ministry of Energy and the Ministry of Industry that said the government would make important decisions on energy policy based on the findings of the ANH study.

Exhibit 132: GDP growth (%)
At the margin growth was high in 1Q2023, at 1.4% qoq (5.9% qoq/saar)



Source: BofA Global Research, Statistics Institute (DANE)

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Exhibit 133: COP forecasts
COP pressured by uncertainty over course of economic policies

	Q2 23	Q3 23	Q4 23	Q1 24
USD-COP	4550	4650	4750	4800

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 134: Major macro forecasts
Scenario affected by political uncertainty and tight macro policies

	2022	2023F	2024F
Real GDP (% yoy)	7.3	2.1	2.8
CPI (% yoy)	13.1	9.0	5.7
Policy Rate (eop)	12.00	13.25	9.25
Fiscal Bal (%/GDP)	-5.5	-3.9	-3.4
CurAct Bal (%/GDP)	-6.2	-4.0	-3.3

Source: BofA Global Research

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Peru: Stagflation symptoms

Alexander Müller
BofAS

Pedro Diaz
BofAS

No Divine Coincidence

One of the ideas that underpins inflation-targeting regimes is the existence of something that Olivier Blanchard and Jordi Gali coined as the "Divine Coincidence". It means that when inflation goes back to target (2% for Peru) GDP growth will tend to stabilize around the potential growth rate. In other words, there is no trade-off between output stabilization and inflation convergence. Sadly, this is not always the case. And it is certainly not happening in Peru now.

GDP is contracting and inflation is running high

In 1Q2023 GDP contracted both sequentially (-1.4% quarter-over-quarter, seasonally adjusted) and in annual terms (-0.4% yoy). It was dragged by social protests, a cyclone, and El Nino weather phenomenon. We maintain our below-consensus GDP growth forecast of 1.5% for 2023. On the inflation front, headline inflation is standing at 8%. The Central Bank says it will drop to below 3% by the end of the year. We believe that is unlikely to happen. In our scenario, inflation will be 4.8% by December.

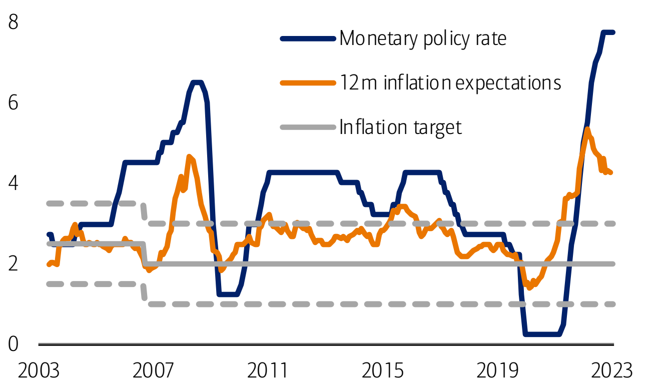
Out-of-consensus view on rates: no cuts in 2023

In our view, three conditions must be satisfied for the BCRP to start cutting: i) 12-month inflation expectations get very close to 3% (upper bound of tolerance range); ii) headline inflation falls for at least two consecutive quarters, and iii) core inflation (yoy) also declines for two quarters. The BCRP's survey says locals expect 125bp of cuts between now and December. We believe there will be none. We foresee the first one next January.

History matters: the relevance of inflation expectations

The BCRP started doing inflation-targeting in 2002. Since then, they have cut rates with 12-month inflation expectations standing above the tolerance range (>3%) only on two occasions: i) March 2009. The board cut 25bp, to 6%. 12-month inflation expectations were at 3.17%. But they had fallen a lot in the previous six months. This was a very dark moment of the global financial crisis. The BCRP was concerned about imminent recession. And ii) May 2017. The board cut 25bp, to 4%. 12-month inflation expectations were at 3.07%. This was a year in which there was a very strong El Nino and huge infrastructure projects were paralyzed because of the Odebrecht scandal.

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



Source: BofA Global Research, BCRP, Haver

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

	Q2 23	Q3 23	Q4 23	Q1 24
USD-PEN	3.78	3.80	3.82	3.84

Source: BofA Global Research

BofA GLOBAL RESEARCH

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

	2022	2023F	2024F
Real GDP (% yoy)	2.7	1.5	3.1
CPI (% yoy)	8.5	4.8	2.9
Policy Rate (eop)	7.50	7.75	4.25
Fiscal Bal (%/GDP)	-1.6	-2.2	-1.5
CurAct Bal (%/GDP)	-4.3	-2.8	-1.7

Source: BofA Global Research

BofA GLOBAL RESEARCH

Uruguay: Cutting Cycle Started

Sebastian Rondeau
BofAS

BCU cut rates as Inflation is cooling down

BCU cut rates 25bp to 11.25% given disinflation trends. Inflation slowed down to 7.3% yoy in March despite drought pressure on fruits and vegetables (vs 8.3% in December). While core inflation declined to 6.3% yoy, close to the top of the target. The activity slowdown would lead to lower inflation, to around 7% by year end. We believe BCU will cut rates further to 10% rate by 2023 end.

Drought activity slowdown

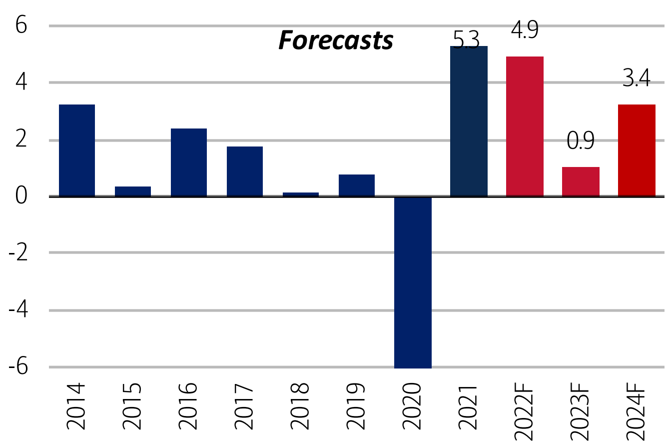
Economic activity in Uruguay is weaking amid the large drought that would shave more than 2% of GDP this year. In fact, Uruguay's GDP fell 0.1% y/y in 4Q versus +3.4% in 3Q, according to Uruguay Central Bank. Moreover, GDP declined 1.3% in 4Q22 vs 3Q22 (-0.7% in 22Q3) so the economy has entered a technical recession with two consecutive quarters dropping seasonally adjusted.

Considering weaker economic data, we revise down our 2023 end GDP growth number to 1% (from 1.6% previously) amid an adverse global economic environment weighing on demand. A prolonged drought and Argentina recession are downside risks to this view.

Social security reform: likely watered-down

While the Senate passed the social security reform in December, negotiations are harder in the Chamber of Deputies. The right-wing Open Forum is demanding two major changes to the bill in exchange for its votes. Consequently, the lower house moved the deadline for a key committee vote on the pension reform bill to April 30. We think that the pension reform will pass but that parameters will be watered-down (likely consider 20 years of contributions to calculate pension benefits, instead of 25 originally).

Exhibit 138: Real GDP growth (%)
We expect 2023 GDP growth to stand at 0.9%



Source: BofA Global Research

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Exhibit 139: UYU Forecast
UYU depreciation to slow going forward

	Q2 23	Q3 23	Q4 23	Q1 24
USD-UYU	40.1	40.6	41.0	41.5

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 140: Major macro forecasts
Fiscal deficit will stand at 2.8% of GDP in 2023 and 2.4% in 2024

Uruguay	2022	2023F	2024F
Real GDP (% yoy)	4.9	0.9	3.4
CPI (% yoy)	8.3	6.8	5.9
Fiscal Bal (%/GDP)	-3.0	-2.8	-2.4
CurAct Bal (%/GDP)	-3.2	-3.4	-2.4

Source: BofA Global Research

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Venezuela: Disinflation

Sebastian Rondeau
BofAS

Disinflation

Inflation slowed down to 3% in April (4% in March) after peaking at 39% in January, (vs 8% mom average in 2022). The progress coincided with currency stability and drop in real wages. Important to contain inflation the government decided not to grant a minimum wage increase in May. Instead, they decided to index the food bonus, which is much more targeted, slowing down government spending. Still, inflation is at 490% yoy in April, above 300% in 2022. The previous acceleration had followed a large depreciation of the Bolivar (160% in 90days) after the drop in oil prices in H2.

Oil production continued recovering, up to 730kbpd in April, above 2022 average of 675k 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 according to Reuters (shipments reached 150kbpd in April), after the US extended the license to operate in Venezuela in late 2022. The government replaced PDVSA authorities amid a multi-billion-dollar corruption investigation case this month.

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).

Slow negotiations.

The Venezuela creditors committee requested the opposition to back a proposal to suspend the statute of limitation on the bonds, according to Reuters. Maduro had proposed to suspend it for five years. The opposition national assemble obtained a license form the US treasury department to carryout debt deals with the government and PDVSA (Reuters).

The statute of limitations is a law that requires parties with a contract claim to assert that claim within six years of the date of the breach of that contract. Under New York law, for claims on Venezuela or PDVSA bonds, it must be asserted within six years of the applicable payment default if investors wish to preserve their ability to seek a recovery for that missed payment. In the case of Venezuela sovereign bonds, there was a bond whose first missed payment was on a coupon due in October of 2017. But that coupon claim will be lost unless an investor brings a lawsuit before the six-year date in October of 2023, six years after the coupon was due and missed, and if the statute has not been waived or tolled. This increases risks of litigations against Venezuela.

Lack of recognition of Maduro presidency by the US and the end of the interim government is an issue to find a counterpart in the negotiations. Recall Venezuelan Juan Guaido's interim government ended in January (had started in January 2019) after the opposition stopped supporting him (divisions between Voluntad Popular party and the rest of the opposition Unitary Platform). The 2015 elected National Assembly continues operating (Dinorah Filguera is the new Assembly leader) and a commission would manage assets abroad (though it faces some hurdles).

A government negotiator has said that progress is being done with the opposition, which could open the door to unfreeze Venezuelan assets abroad for about $3.2bn, following negotiations in Mexico. The Russia/Ukraine conflict has opened opportunities for the oil sector in Venezuela. The US has requested free elections and reforms in the oil sector, according to Reuters. License for Chevron to continue operations and export oil to US has been granted.

Commodities

Oil: Money breaks oil's back

Francisco Blanch
BofA Europe (Madrid)

Monetary forces are dragging down Brent crude prices…

Since we last updated our forecasts in February, Brent crude prices have fallen with regional US bank shares in March only to recover in April as OPEC+ announced a big production cut. Yet macro weakness has kept dragging Brent crude prices lower as concerns mounted over the health of the financial sector. While central banks continue to overcorrect for their last policy mistake (high inflation), oil is rushing to anticipate disinflation and a US recession driven by bank failures and tighter lending conditions. On top of that, US debt ceiling tensions risk further exacerbating these negative macro headwinds, with credit default swaps (CDS) on US Treasuries now trading at the highest levels since 2009. As dollar money supply (M2) contracts 4% YoY and inflation surprises turn negative, oil is among the most attractive tools to hedge deflation risks.

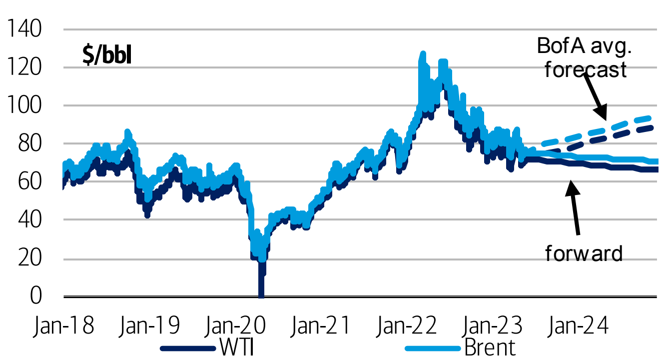
…in anticipation of much weaker OECD oil demand ahead

Having said that, OPEC+ seems committed to cut oil output further if the need arises (see OPEC+ whatever it takes moment report). And oil is cheap measured in gold terms. Why pull incremental barrels of black gold out of the ground when gold itself and CDS on US debt are both soaring? Importantly, lower oil prices should incentivize demand at a time China's economy is showing signs of a recovery, although the battle between industry and services is not over yet. At any rate, tighter money tends to precede falling inflation by a year or two. Continued bank failures risk triggering a credit contraction that drags demand down and commodity prices lower. Should small US businesses stop hiring in 2H23 as credit shrinks, gasoline demand could suffer and oil would lose some of its core strength.

We adjust our 2023 Brent crude oil forecast to $80/bbl

So, what does this macro environment mean for oil balances and oil prices? The first order effect of reduced credit and further interest rate hikes is weaker demand, so we revise down our global oil consumption growth expectations to 1.2mn and 1mn b/d in 2023 and 2024. But even with a weaker demand outlook, we project oil market deficits of around 1mn b/d for 2H23 and 0.4mn b/d for 2024, lending support to Brent crude oil prices. Admittedly, these deficits could grow wider if OPEC+ chooses to deepen its production cuts by another 0.5 or 1mn b/d. With negative macro trends poised to amplify demand weakness, we cut our average Brent crude oil price forecast to $80/bbl in 2023, while keeping our $90/bbl 2024 Brent forecast because we think OECD demand will eventually improve while OPEC+ continue proactively managing supply.

Exhibit 141: Crude oil price forecast versus forwards
We expect oil prices to go higher in 2023



Source: Bloomberg, BofA Global Research estimates

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Exhibit 142: Crude oil forecasts ($/bbl)
We forecast Brent to average $80/bbl and WTI to average $75/bbl in 2023

	Q2 23	Q3 23	Q4 23	2023
WTI	72	75	77	75
Brent	76	80	82	80

Source: BofA Global Research

BofA GLOBAL RESEARCH

Global gas: LNG is now a buyer's market

Francisco Blanch
BofA Europe (Madrid)

High global gas inventories are weighing on LNG prices...

Global gas prices have collapsed in dramatic fashion since mid-2022 due to price-driven demand destruction and unseasonably warm winter weather, with TTF gas prices recently trading near €41/MWh or 88% below the August 2022 peak. Furthermore, China, Japan, and Korea's near absence from the spot LNG market recently has kept prices tracking close to our €40/MWh bear case for 2023. The supply/demand imbalance is apparent in European, Asian, and floating storage levels, which are at or above five-year high seasonal highs, putting the market in a precarious spot ahead of summer build season. In Europe, storage is tracking near 2020 levels, leading to some concern that prices could follow 2020's path, with spreads between global and US prices narrowing to close export arbs and shut LNG exports to prevent a global storage containment issue.

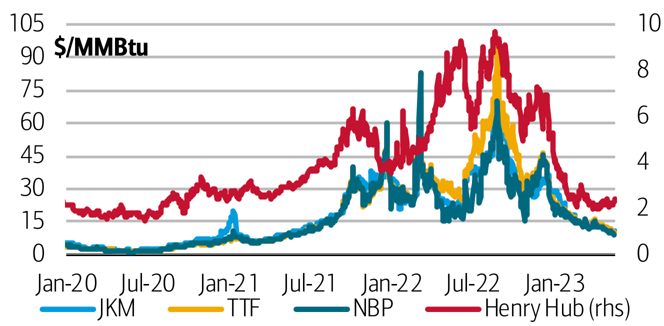
...which could entice Asian buyers, boost fuel switching

The good news for the global gas market is that LNG supply growth is slowing and is set to rise 13mn mt YoY in 2023 and 4mn mt in 2024, down from a five-year average rate of 22mn mt. With a sluggish supply outlook, demand will likely play a large role in dictating the path of prices this year. Europe upended the LNG market in 2022, boosting imports by 50% YoY and driving up LNG prices in the process. LNG became so expensive that gas-to-coal and gas-to-oil switching occurred in Europe, Asia, and elsewhere. Since then, gas prices have collapsed versus other fuels, making gas switching more economic for the power and industrial sectors. Even so, coal is unlikely to give up without a fight, which could drive both commodities lower in a competition for demand.

A few things must go right to avoid a summer 2020 redux

In 2022, Europe increased its LNG imports 44mn mt and Asia and the Americas cut LNG imports by 22mn mt and 7MMT respectively. This year, we see Asian demand rebounding 7mn mt YoY led by more Chinese buying, while Japan's nuclear restarts drive LNG imports lower. Meanwhile, Europe's LNG demand is set to rise 4mn mt. With inventories hurtling toward a 2020 repeat, several factors could improve the outlook. First, prices have only been trading at current levels for about two months, and demand can take time to respond to lower prices. Second, the shift to El Nino could bring a hotter summer to parts of Europe, boosting power demand. Third, nuclear and hydro may continue to underperform. Nonetheless, we stay cautious on prices due to macro risks.

Exhibit 143: Global natural gas prices
Global gas prices crumble on elevated inventories



Source: Bloomberg

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Exhibit 144: US natural gas forecasts
Henry Hub gas prices should remain depressed in 1H23

	Q2 23	Q3 23	Q4 23	2023
US nat gas	2.25	2.75	3.25	2.73

Source: BofA Global Research estimates

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Gold: rally as the Fed stops hiking

Michael Widmer
MLI (UK)

Themes: Patchy gold purchases from investors

Persistent central bank purchases have been a defining feature of the gold market in recent years. Interestingly, three energy-exporting nations (Qatar, Iraq and UAE) have been among the top-10 official gold purchasers as of late. Given elevated energy prices recently, this is not necessarily a surprise. Terms of trade, current account balances and ultimately gold prices are all interconnected. Yet, while those purchases have supported gold prices in 2022, they were not sufficient to take the yellow metal higher. Indeed, aggregate non-commercial gold purchases last year were 27% below the levels seen in 2020; for reference, gold then rallied by 27% YoY in 2020 (prices rose by 1.7% YoY and 0.2% YoY respectively in 2021 and 2022). Our gold supply and demand model shows that investor purchases need to increase only slightly for prices to push higher: assuming that central banks keep boosting their gold holdings, increases in assets under management at physically backed ETFs should extend the rally.

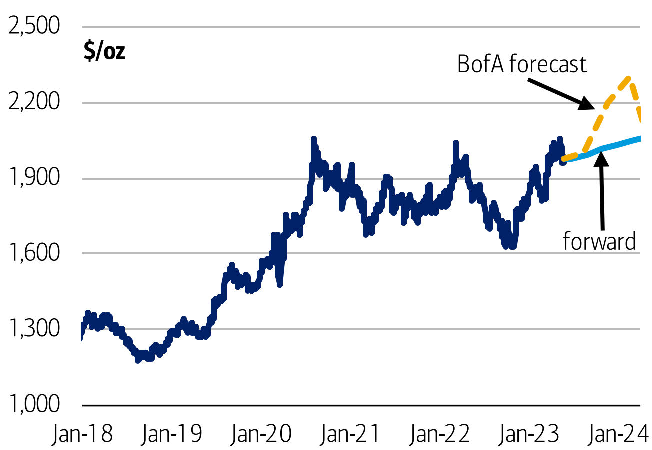
Forecasts: we see gold at $2,200/oz by 4Q23

A traditional gold price model ,referencing 10-year real rates and USD put gold's fair value at $1,479/oz in 2Q22, compared to an actual price of $1,807/oz, highlighting that the correlation between the metal and its two main traditional drivers disconnected. Yet, gold has re-correlated of late, which matters especially when it comes to rates. Indeed, influenced by the recent banking turmoil, markets are pricing imminent rate cuts. At the same time, core inflation has been sticky and elevated price pressures for example in shelter highlight the risk of second round effects. Indeed, one-year inflation expectations have been picking up of late. This confirms our long-held view: central banks have no silver bullet for fighting inflation (see Global Metals Weekly: Investors to make central bank gold purchases count) and this should ultimately bring investors back to the market. The end to the hiking cycle will be critical for the yellow metal and the next leg higher will likely come when teh Fed signals rate cuts.

Risks: continued rates increases, as inflation declines

Continued focus on tighter monetary policy, at the same time as inflation declines are the biggest risks to our constructive gold view.

Exhibit 145: Forecast vs Forwards
Despite near-term headwinds, we are constructive gold medium-term



Source: BofA Global Research estimates

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Exhibit 146: Gold and silver forecasts ($/oz)
Forecasts caught between inflation and higher nominal rates

	Q2 23	Q3 23	Q4 23	Q1 24
Gold	1,950	2,000	2,200	2,300
Silver	23.24	25.00	27.50	26.00

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Copper: from red hot to slow burn

Michael Widmer
MLI (UK)

Themes: China's re-opening too slow for sustained copper rally

China may be slowly emerging from hibernation post its Zero Covid policy, but its economic data – especially for sectors critical for commodities demand – remains patchy. All in, the rebound is not yet strong enough for a sustained copper price rally (and the weakness in Europe and the US does not help either). In China, new order/inventory ratios, a forward-looking indicator, are back at levels that imply flat copper quotations YoY. It's the same story with the credit impulse, which has picked up from the lows but still highlights the selective nature of official support to the economy.

Forecasts: Copper demand should strengthen

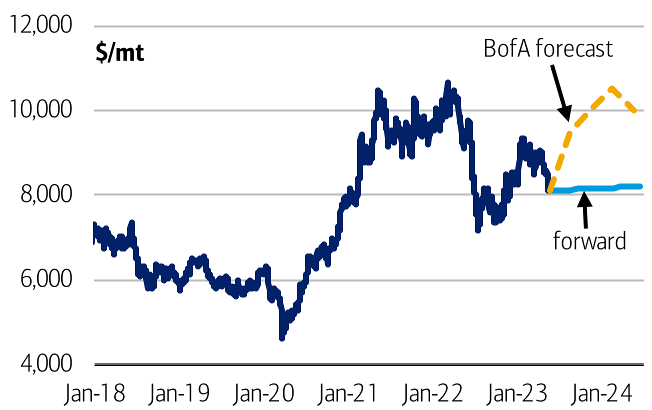
Housing and the grid are the sectors that matter most for copper. While property is being pulled up by higher sales, housing starts are still contracting. Meanwhile, grid spending is up 35% YoY in April, but a string of recent surveys among industry participants revealed this has not fed through to higher orders earlier this quarter. That said, most recent industry feedback suggests buyers are tentatively returning to the market, though partly lured by the recent drop in prices. The lack of feed-through from downstream spending into upstream demand has to some extent been influenced by inventories through the supply chain, which built up significantly during the pandemic.

All in, we still expect demand to rebound in the coming months. We measure copper demand through two models: apparent consumption (refined production + imports – exports + inventory changes) and underlying offtake (weighting sectoral growth YoY by each sector's share of underlying activity). Each of these analyses confirms that demand keeps expanding; that said, they also confirm that purchases weakened towards the end of 1Q and into 2Q. This, along with sluggish activity ex-China, suggests the red metal may remain range-bound for now. The silver lining: Europe's copper demand is expanding, in contrast to previous expectations of a slowdown. Physical premia also remain supported ex-China, suggesting there are few spare copper units in the system. As such, we reinforce our 4Q23 forecast of $10,000/t ($4.54/lb).

Risks: China's reopening tails off

A tailing off in China's re-opening and flaring up of the Europe energy crisis would be bearish.

Exhibit 147: Forecast vs Forwards
Upside in 2H23



Source: Bloomberg, BofA Global Research

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Exhibit 148: Copper forecasts
The bull market has been fading

	Q2 23	Q3 23	Q4 23	Q1 24
US$/t	9,250	9,500	10,000	10,500
USc/lb	420	431	454	476

Source: Bloomberg, BofA Global Research

BofA GLOBAL RESEARCH

Aluminum: China restarts meet higher demand

Michael Widmer
MLI (UK)

Themes: supply increasing in China, but so is demand

After supply curtailments have dominated the aluminium news flow earlier in 2022, the focus has increasingly shifted towards demand and inventories. Indeed, warehouses still store significant tonnages that can keep the market well supplied. Taking this a step further, physical premia, paid on top of LME quoted prices and an indicator of market tightness, remain off the highs.

That said, as China is slowly emerging from the hibernation as Zero Covid has drawn to a close, demand should start to improve. Encouragingly, aluminium exports have already fallen. With anecdotal evidence that smelters are selectively increasing output, the demand recovery is worth following because higher purchases could ultimately absorb additional aluminium units made available to the market.

In turn, this would set up the aluminium market pretty much diametriclaly opposite to 2Q22: then smelters increased production, at the same time as demand collapsed and so exports doubled, drowning the international market.

Forecasts: global deficits in 2023

We believe that, ultimately, aluminium supply will remain constrained, suggesting that the global market will be in a small deficit, As such, we expect prices to push higher into 2H23.

Risks: smelters reopen

A quicker reopening of smelters in Europe is the biggest risk to aluminium.

Exhibit 149: Forecast vs Forwards
Despite period pullbacks, aluminium prices are set to rally going forward

Source: BofA Global Research

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Exhibit 150: Aluminum forecasts
Aluminium fundamentals look bullish

	Q2 23	Q3 23	Q4 23	Q1 24
US$/t	2,450	2,750	3,000	3,250
USc/lb	111	125	136	147

Source: BofA Global Research

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Appendix

Emerging Market Appendix

Exhibit 151: 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	**3.9**	**3.9**	**0.2**	**3.9**	**4.2**	**-**	**3.8**	**8.3**	**6.1**	**(0.2)**	**6.4**	**4.8**	**-**	**5.0**
GEMs (ex. China)	**4.0**	**2.6**	**(0.1)**	**2.8**	**3.7**	**-**	**3.4**	**11.7**	**8.7**	**0.1**	**9.0**	**6.1**	**0.1**	**6.5**
GEM-10	**3.5**	**4.4**	**0.4**	**4.3**	**4.5**	**-**	**4.3**	**8.2**	**5.6**	**(0.4)**	**5.7**	**4.6**	**(0.1)**	**4.4**
Global	**3.4**	**2.6**	**-**	**-**	**2.7**	**-**	**-**	**8.5**	**6.4**	**-**	**-**	**4.7**	**-**	**-**
US	2.1	1.0	-	2.1†	-0.1	-	1.1†	8.0	4.0	(0.2)	8.0†	2.5	-	4.2†
Euro area	3.5	0.6	0.1	3.5†	0.8	-	0.6†	8.4	5.4	-	8.4†	2.3	-	5.6†
Japan	1.1	1.0	-	1.1†	1.2		1.0†	2.5	3.4	0.2	2.5†	2.7	0.3	2.7†
Asia	**4.1**	**5.5**	**-**	**5.2**	**5.0**	**-**	**5.0**	**3.6**	**2.9**	**(0.4)**	**2.9**	**3.0**	**-**	**2.9**
China	3.0	6.3	0.8	5.8	5.2	(0.1)	4.9	2.0	1.7	(0.6)	1.8	2.6	(0.1)	2.4
Hong Kong	-3.5	4.0	-	4.4	3.5	-	3.4	1.9	2.2	-	2.5	2.0	-	2.3
India	6.8	6.0	-	5.8	5.5	-	6.3	6.7	5.1	(0.1)	5.2	4.5	-	4.8
Indonesia	5.3	5.0	-	4.7	5.3	-	4.9	4.2	4.0	-	4.0	3.6	-	3.1
Korea	2.6	1.4	(0.5)	1.1	2.2	-	2.1	4.9	3.4	(0.2)	3.2	1.8	0.9	2.0
Malaysia	8.7	4.3	-	3.8	4.7	-	4.5	3.4	3.0	-	2.8	2.7	-	2.3
Philippines	7.6	4.5	-	5.4	5.3	-	5.7	5.8	6.5	-	6.0	3.0	-	3.3
Singapore	3.6	1.0	(0.9)	1.5	2.5	0.2	2.5	6.1	5.0	-	4.8	3.4	-	3.0
Taiwan	2.5	1.3	(0.7)	1.0	3.5	1.1	3.1	2.9	2.1	-	2.1	1.7	-	1.6
Thailand	2.7	3.3	(0.3)	3.5	3.6	0.2	3.8	6.1	2.7	(0.6)	2.6	1.9	0.2	1.9
EEMEA	**3.4**	**0.8**	**(0.2)**	**1.5**	**3.2**	**(0.1)**	**2.8**	**22.8**	**16.4**	**0.2**	**17.5**	**11.0**	**0.1**	**12.2**
Czech R.	2.5	0.0	-	0.2	2.5	-	2.7	15.1	11.3	0.3	11.0	2.5	-	3.0
Egypt	6.6	4.0	-	4.0†	4.0	(1.0)	5.0†	8.5	23.0	4.0	24.1†	15.0	-	12.2†
Saudi Arabia	8.7	0.4	-	2.7†	2.7	0.1	3.2†	2.5	2.0	-	2.6†	2.0	-	2.1†
Hungary	4.6	0.2	-	0.1	2.8	-	3.0	14.6	9.0	(10.0)	18.5	6.0	1.0	5.5
Israel	6.5	2.5	-	2.9†	3.5	-	3.5†	4.4	4.3	(0.1)	4.0†	2.8	0.4	2.7†
Nigeria	3.3	3.0	-	2.6†	2.9	-	3.1†	19.0	17.0	-	20.1†	15.0	-	14.9†
Poland	5.2	0.8	-	0.7	3.0	-	3.1	14.3	12.4	0.4	12.7	6.0	-	6.4
Romania	4.5	2.2	-	2.7	3.5	-	3.6	13.7	11.0	-	10.0	6.0	-	5.3
Russia	-2.5	-2.5	-	-0.3	3.0	-	1.3	13.8	5.2	-	5.5	4.0	-	4.8
South Africa	2.0	0.1	-	0.3†	1.6	-	1.5†	6.9	6.5	0.6	5.9†	5.0	0.3	4.8†
Türkiye	5.6	2.8	-	2.2	4.0	-	2.6	72.0	45.9	-	43.9	30.1	-	23.3
Ukraine	-30.4	4.4	-	1.7	11.6	-	6.0	9.3	15.2	(1.3)	17.6	10.0	(2.0)	12.0
LatAm*	**3.8**	**1.0**	**0.2**	**1.1**	**1.4**	**(0.1)**	**1.8**	**7.7**	**5.7**	**-**	**5.6**	**4.0**	**-**	**3.8**
Argentina	5.2	-2.5	(0.4)	-2.8	-2.0	(0.5)	0.1	94.8	132.9	27.6	131.5	112.1	32.1	104.1
Brazil	2.9	0.9	-	1.2	2.4	-	1.6	5.8	6.0	-	5.9	3.7	-	4.1
Chile	2.4	0.0	0.5	-0.3	1.9	(0.1)	2.0	12.8	5.8	0.3	4.9	4.0	0.3	3.2
Colombia	7.3	2.1	-	1.0	2.8	-	2.1	13.1	9.0	1.3	8.8	5.7	0.3	4.5
Costa Rica	4.3	3.4	0.5	2.8	3.7	-	2.8	7.9	4.0	-	3.7	3.0	-	3.0
Dominican Rep	4.9	3.0	-	4.1	4.3	-	4.4	7.8	4.8	-	5.4	4.3	-	4.2
Ecuador	2.9	2.8	(0.3)	2.4	2.5	(0.3)	2.4	3.7	1.7	(1.0)	2.1	2.0	(0.6)	1.8
El Salvador	2.6	1.9	-	1.7	2.7	-	1.9	7.3	3.0	-	3.5	2.4	-	2.0
Guatemala	4.0	3.5	-	2.9	3.3	-	3.2	9.2	5.1	-	5.0	4.2	-	3.9
Mexico	3.1	1.5	0.7	1.8	0.0	-	1.7	7.8	5.1	(0.4)	5.1	4.3	(0.1)	3.8
Panama	10.8	4.8	-	4.4	4.0	-	4.0	2.1	2.0	-	2.3	1.7	-	2.1
Peru	2.7	1.5	-	1.8	3.1	-	3.0	8.5	4.8	0.5	4.2	2.9	-	2.9
Uruguay	4.9	0.9	(0.7)	1.9	3.4	0.7	2.6	8.3	6.8	-	7.3	5.9	(0.4)	6.5
Venezuela	10.0	0.0	-	4.4	3.0	-	4.4	305.0	558	-	215	448	-	101

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

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Exhibit 152: Key Macroeconomic forecasts
CA and FX forecasts

	Current Account balance (% of GDP)							FX (vs USD, eop)						
		2023F			2024f				2023F			2024F		
	2022	BofA	Chg.	Consensus Economics	BofA	Chg.	Consensus Economics	Spot*	BofA	Chg.	Bloomberg Consensus	BofA	Chg.	Bloomberg Consensus
GEMs	**1.3**	***0.5***	-	-	***0.6***	-	-	-	-	-	-	-	-	-
GEMs (ex. China)	**0.5**	***0.3***	***0.1***	-	***0.8***	**(0.1)**	-						-	
GEM-10	**1.5**	***0.4***	***0.2***	-	***0.2***	**0.1**	-	-	-	-	-	-	-	-
Global	-	-	-	-	-	-	-	-	-	-	-	-	-	-
US	-	-	-	-	-	-		-	-	-	-	-	-	-
Euro area	-	-	-	-	-	-		1.08	*1.07*	-	-	*1.10*	-	-
Japan	-	-	-	-	-	-		139.09	*131.12*	-	-	*140.00*	-	-
Asia	**2.1**	***1.0***	-	-	***1.0***	**(0.1)**	-	-	-	-	-	-	-	-
China	2.0	*2.2*	*(0.1)*	1.6	*0.7*	-	1.2	7.06	*6.90*	-	6.70	*6.75*	0.0	6.50
Hong Kong	11.3	*8.9*	-	3.0	*6.7*	-	6.5	7.83	*7.80*	-	7.80	*7.85*	-	7.78
India	-0.7	*-0.5*	-	-2.0	*-0.8*	-	-1.8	82.67	*82.74*	-	81.00	*80.00*	-	80.00
Indonesia	0.3	*1.0*	-	0.2	*0.1*	-	-0.6	14900	*15573*	-	14700	*14500*	(30)	14500
Korea	4.7	*1.7*	-	1.5	*2.6*	0.2	2.2	1318	*1260*	0.3	1250	*1270*	60.0	1180
Malaysia	3.8	*2.6*	-	2.9	*1.8*	-	2.9	4.59	*4.40*	-	4.31	*4.42*	0.1	4.20
Philippines	-1.8	*-4.3*	-	-3.4	*-4.1*	-	-2.9	55.77	*55.74*	-	54.00	*55.00*	-	53.00
Singapore	18.0	*20.8*	-	15.0	*20.5*	(0.1)	15.5	1.35	*1.34*	-	1.31	*1.31*	0.0	1.30
Taiwan	15.2	*13.2*	*(0.1)*	10.9	*10.0*	(1.8)	10.9	30.81	*30.73*	-	32.80	*30.10*	0.6	31.70
Thailand	-3.7	*-3.3*	*0.2*	1.7	*0.3*	(1.0)	3.2	34.59	*34.61*	-	30.00	*32.00*	1.0	28.70
EEMEA	**1.3**	***0.6***	***0.1***	-	***0.7***	**0.1**	-	-	-	-	-	-		-
Czech R.	-2.8	*-6.1*	-	-2.0	*-4.0*	1.2	-1.0	23.67	*24.16*	-	23.80	*23.50*	-	23.80
Egypt	-4.3	*-3.5*	-	-3.3†	*-3.1*	(0.3)	-3.0†	30.90	*24.76*	-	34.50	*32.50*	-	-
Saudi Arabia	5.1	*13.6*	-	10.7†	*10.1*	(6.0)	9.6†	3.75	*3.75*	-	3.75	*3.75*	-	-
Hungary	-3.9	*-8.1*	*(0.1)*	-4.5	*-3.5*	1.3	-3.7	372.23	*400*	(0.4)	380	*370*	-	380
Israel	4.7	*3.4*	-	3.7†	*4.1*	(0.2)	3.5†	3.72	*3.52*	-	3.60	*3.55*	-	3.25
Nigeria	-0.4	*-0.7*	*(2.4)*	1.1†	*-1.6*	(2.3)	1.0†	463.23	*460.8*	0.0	-	*560.00*	-	-
Poland	-1.4	*-3.0*	*0.1*	-1.0	*-0.8*	1.1	-0.9	4.50	*4.69*	-	4.66	*4.55*	-	4.57
Romania	-7.2	*-9.3*	-	-6.9	*-8.3*	-	-2.9	4.96	*4.94*	-	5.02	*5.09*	0.1	4.90
Russia	6.7	*11.5*	-	4.5	*6.6*	-	20.4	80.36	*74.19*	-	82.50	*75.00*	-	88.50
South Africa	3.7	*-0.5*	-	-2.0†	*-2.3*	(1.0)	-2.3†	19.21	*17.04*	-	18.15	*17.00*	0.5	17.00
Türkiye	-1.8	*-5.5*	-	-4.1	*-3.7*	0.3	-2.9	19.89	*18.71*	-	21.81	*25.00*	1.0	24.41
Ukraine	-1.6	*6.8*	-	-0.6	*14.4*	-	-0.4	36.93	*36.92*	-	40.54	*40.00*	-	-
LatAm	**-2.7**	***-2.2***	-	-	***-2.0***	-	-			-				
Argentina	1.7	*-0.8*	*(0.1)*	-1.1	*-3.8*	(1.3)	0.0	235.68	*177*	0.1	380	*514*	100.0	590
Brazil	-2.8	*-2.9*	-	-2.3	*-2.3*	0.1	-2.4	4.95	*5.29*	-	5.00	*5.10*	(0.1)	4.95
Chile	-6.4	*-9.0*	*(0.4)*	-3.7	*-4.1*	0.6	-3.4	810	*851*	(0.4)	800	*810*	(20.0)	778
Colombia	-5.7	*-6.2*	-	-4.6	*-4.0*	-	-4.3	4458	*4851*	(0.2)	4500	*4750*	(100)	4312
Costa Rica	-2.3	*-3.8*	-	-2.7	*-3.3*	-	-2.6	541	*580*	-	-	*595*	-	-
Dominican Rep	-2.9	*-5.6*	-	-4.6	*-3.5*	-	-3.5	54.5	*57.0*	-	-	*58.4*	-	-
Ecuador	3.2	*2.4*	*0.2*	1.6	*1.4*	(0.7)	0.9	-	-	-	-	-	-	-
El Salvador	-5.1	*-6.6*	*0.4*	-5.0	*-4.0*	-	-4.0	-	-	-	-	-	-	-
Guatemala	2.5	*1.4*	-	1.9	*1.5*	-	1.5	7.81	*7.85*	-	-	*7.88*	-	-
Mexico	-0.6	*-0.9*	-	-0.9	*-1.0*	0.2	-1.0	17.80	*19.50*	-	18.52	*19.50*	(0.7)	19.20
Panama	-3.2	*-3.8*	*0.2*	-4.1	*-3.0*	-	-4.0	-	-	-	-	-	-	-
Peru	-2.3	*-4.0*	*0.3*	-3.4	*-2.8*	-	-2.4	3.68	*3.81*	-	3.73	*3.82*	-	3.70
Uruguay	-2.5	*-3.2*	*(2.1)*	-1.6	*-3.4*	(2.7)	-1.2	38.65	*39.87*	-	-	*41.00*	-	-
Venezuela	1.3	*0.4*	-	8.1	*1.0*	-	19.6	26	*17*	-	-	*259*	-	-

Source: BofA Global Research

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GEMs Consolidated Macro Indicators

Exhibit 153: GEMs

Consolidated Macro Indicators

	2015	2016	2017	2018	2019	2020	2021	2022F	2023F	2024F
GEMs										
Nominal GDP (US$ bn)	27.594	27.846	30.486	32.833	33.682	32.663	37.810	39.628	42.011	45.757
Real GDP growth (% yoy)										
Weighted by PPP-GDP	4.2	4.0	4.8	4.5	3.6	-2.1	6.9	3.9	3.9	4.2
Weighted by current exchange rates	3.9	4.0	4.9	4.6	3.8	-1.5	7.1	3.5	3.8	4.1
Median	3.2	2.8	3.1	3.1	2.4	-4.9	5.9	4.1	2.2	3.2
CPI inflation (% yoy, ave)										
Weighted by PPP-GDP	4.4	3.7	3.8	3.7	4.0	3.5	4.1	7.9	5.9	4.6
Weighted by current exchange rates	4.2	3.4	3.3	3.2	3.5	3.1	3.4	6.3	4.8	4.2
Median	2.7	2.2	2.8	2.3	2.8	2.7	3.9	7.1	5.1	3.9
Trade balance (US$ bn)	578.5	563.9	455.2	431.2	513.8	500.4	566.9	672.2	644.8	485.0
Exports (US$ bn)	4.448	3.959	3.740	4.103	4.549	4.343	4.171	5.292	5.740	5.508
Imports (US$ bn)	3.870	3.395	3.284	3.672	4.035	3.843	3.604	4.620	5.095	5.023
Current account balance (US$ bn)	366.5	369.4	450.8	325.7	421.9	657.0	558.0	518.6	206.2	267.2
Current account balance (% of GDP)	1.3	1.3	1.5	1.0	1.3	2.0	1.5	1.3	0.5	0.6
International reserves (US$ bn)	7.733	7.466	7.852	7.862	8.159	8.662	9.070	8.404	8.007	7.683
Gross government debt (% of GDP)	54.2	57.6	58.6	58.9	61.2	68.3	67.4	54.4	53.9	54.0
Gov. budget balance (% of GDP)	-3.3	-3.0	-2.5	-2.0	-2.6	-5.8	-4.2	-3.9	-4.2	-3.9
Asia										
Nominal GDP (US$ bn)	17.500	18.085	19.747	21.910	22.667	22.886	26.748	27.272	29.142	32.218
Real GDP growth (% yoy)										
Weighted by PPP-GDP	6.2	6.1	6.2	5.9	4.9	-1.2	7.5	4.1	5.5	5.0
Weighted by current exchange rates	6.1	6.0	6.2	5.9	5.0	-0.2	7.6	3.6	5.5	4.9
Median	4.0	4.0	4.8	4.5	3.5	-4.7	6.1	3.3	4.2	4.2
CPI inflation (% yoy, ave)										
Weighted by PPP-GDP	2.3	2.5	2.2	2.3	2.9	2.8	2.2	3.1	2.6	2.8
Weighted by current exchange rates	1.9	2.2	1.9	2.2	2.7	2.5	1.7	3.1	2.5	2.8
Median	1.1	1.7	1.8	1.8	1.6	0.4	2.1	4.6	3.2	2.6
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	627.4	567.8	290.3	330.4
Current account balance (% of GDP)	3.0	2.3	2.0	1.0	1.6	2.6	2.3	2.1	1.0	1.0
International reserves (US$ bn)	5.519	5.279	5.595	5.562	5.719	6.153	6.413	5.843	5.405	4.910
Gross government debt (% of GDP)	64.0	68.2	68.9	68.8	72.1	78.8	78.1	59.1	58.8	57.8
Gov. budget balance (% of GDP)	-2.4	-2.6	-2.5	-2.4	-2.9	-5.5	-4.3	-3.8	-3.6	-3.4
EEMEA										
Nominal GDP (US$ bn)	5.197	5.065	5.500	5.813	6.027	5.738	6.333	7.003	7.062	7.675
Real GDP growth (% yoy)										
Weighted by PPP-GDP	1.8	1.8	3.1	3.3	2.4	-1.5	5.3	3.4	0.8	3.2
Weighted by current exchange rates	1.8	1.9	3.2	3.2	2.3	-2.0	5.2	3.4	0.0	3.1
Median	3.5	2.7	2.6	3.1	3.1	-2.1	4.3	4.9	1.5	3.0
CPI inflation (% yoy, ave)										
Weighted by PPP-GDP	8.6	6.4	7.9	7.7	7.3	5.7	8.0	22.1	16.0	10.7
Weighted by current exchange rates	8.6	6.2	7.3	7.1	6.4	5.0	7.3	17.9	12.8	9.2
Median	5.1	6.3	5.3	4.6	4.1	3.4	4.6	9.3	12.4	6.2
Trade balance (US$ bn)	287.7	149.1	102.8	130.1	243.3	188.5	95.7	193.8	242.3	227.0
Exports (US$ bn)	1.242	953	885	1.006	1.182	1.113	978	1.277	1.387	1.479
Imports (US$ bn)	955	804	782	876	939	924	882	1.084	1.145	1.252
Current account balance (US$ bn)	23.3	55.2	148.5	240.9	172.4	77.4	25.8	94.5	43.1	51.6
Current account balance (% of GDP)	0.4	1.1	2.7	4.1	2.9	1.3	0.4	1.3	0.6	0.7
International reserves (US$ bn)	1,432	1,393	1,440	1,470	1,597	1,665	1,786	1,735	1,774	1,928
Gross government debt (% of GDP)	32.0	32.7	33.7	32.9	32.4	38.0	38.9	37.3	39.2	41.2
Gov. budget balance (% of GDP)	-3.3	-2.4	-0.7	0.4	-0.9	-5.1	-4.0	-4.5	-4.9	-4.3
LatAm										
Nominal GDP (US$ bn)	4.897.5	4.696.7	5.239.0	5.110.7	4.988.3	4.038.8	4.728.6	5.354.1	5.806.5	5.863.7
Real GDP growth (% yoy)										
Weighted by PPP-GDP	0.7	0.0	2.0	1.8	0.8	-6.5	7.2	3.8	1.0	1.4
Weighted by current exchange rates	-0.1	-0.6	1.7	1.2	0.2	-6.7	7.1	3.7	1.0	1.4
Median	2.8	2.2	2.4	2.5	1.7	-7.5	9.1	4.1	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	5.7	4.0
Weighted by current exchange rates	7.0	4.9	4.0	3.6	3.5	3.5	8.0	7.6	5.6	4.0
Median	3.9	3.3	3.5	2.3	3.2	3.1	6.8	8.1	5.1	4.1
Trade balance (US$ bn)	46.8	31.1	58.5	73.6	70.3	81.4	107.6	95.5	71.3	72.9
Exports (US$ bn)	606.3	535.0	521.5	569.7	618.3	607.4	545.3	664.7	781.7	806.1
Imports (US$ bn)	559.5	503.9	462.9	496.1	548.1	526.0	437.8	569.2	710.3	733.2
Current account balance (US$ bn)	-175.3	-103.2	-99.9	-135.3	-102.4	-10.2	-95.2	-143.7	-127.1	-114.8
Current account balance (% of GDP)	-3.6	-2.2	-1.9	-2.6	-2.1	-0.3	-2.0	-2.7	-2.2	-2.0
International reserves (US$ bn)	781.7	793.5	818.0	829.6	842.4	843.9	870.9	826.2	827.8	845.2
Gross government debt (% of GDP)	49.9	54.2	54.3	56.6	59.4	68.9	63.3	60.1	54.0	55.9
Gov. budget balance (% of GDP)	-5.9	-5.7	-4.7	-4.4	-3.6	-8.6	-4.2	-3.6	-5.2	-5.0

Source: BofA Global Research

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GEMs FX Compass and CA Imbalances

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

Exhibit 154: FX Compass Long Term Valuations

Trade-weighted valuations vs REER fair values

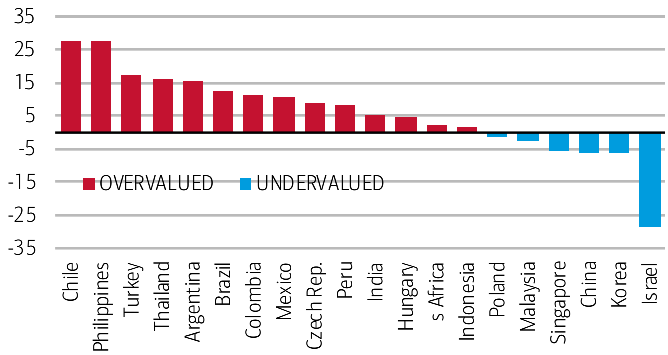

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Exhibit 155: Current Account Imbalances

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

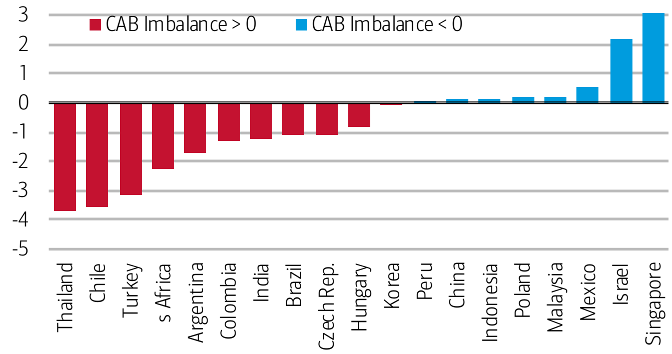

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Exhibit 156: FX Compass

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			**(0.8)**	**(0.6)**
China	6.69	7.04	(5.2)	(6.0)
India	86.4	82.6	4.4	5.5
Indonesia	15024	14865	1.1	1.2
Korea	1237	1334	(7.8)	(6.4)
Malaysia	4.42	4.54	(2.7)	(2.4)
Philippines	70.71	55.89	21.0	27.5
Singapore	1.27	1.35	(6.5)	(6.0)
Thailand	39.70	34.34	13.5	16.2
EEMEA			**3.1**	**3.3**
Czech Rep. 1/	25.9	23.7	8.4	8.8
Hungary 1/	393	375	4.5	4.4
Israel	2.55	3.65	(43.3)	(28.9)
Poland 1/	4.46	4.55	(1.9)	(1.3)
South Africa	19.66	19.32	1.7	2.2
Turkey	21.74	19.80	8.9	17.2
LatAm			**11.1**	**11.7**
Argentina	278	232	16.5	15.6
Brazil	5.59	4.96	11.2	12.3
Chile	1019	796	21.9	27.8
Colombia	5083	4520	11.1	11.1
Mexico	19.62	17.71	9.7	10.8
Peru	4.06	3.70	8.9	8.4
Average			**6.5**	**6.9**

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

BofA GLOBAL RESEARCH

Exhibit 157: Estimated current account imbalance

CA imbalance

Country	Forecasted CA 2022-2024	Long-term CA	CAB Imbalance
Asia	**0.4**	**1.0**	**0.0**
China	0.5	0.4	0.1
India	-3.1	-1.8	-1.3
Indonesia	-0.5	-0.7	0.1
Korea	2.6	2.7	-0.1
Malaysia	1.8	1.6	0.2
Philippines	-4.5	-0.7	-3.7
Singapore	20.9	17.4	3.5
Thailand	0.3	4.0	-3.7
EEMEA	**-2.9**	**-1.3**	**-1.0**
Czech Rep. 1/	-3.2	-2.1	-1.1
Hungary 1/	-3.8	-3.0	-0.8
Israel	4.3	2.1	2.2
Poland 1/	-2.6	-2.8	0.2
South Africa	-1.4	0.9	-2.3
Turkey	-3.6	-0.5	-3.1
LatAm	**-2.3**	**-1.5**	**-1.2**
Argentina	-0.6	1.1	-1.7
Brazil	-2.4	-1.3	-1.1
Chile	-4.4	-0.9	-3.5
Colombia	-3.7	-2.3	-1.3
Mexico	-1.2	-1.7	0.5
Peru	-2.3	-2.3	0.1
Average	**(1.8)**	**(0.7)**	**(1.0)**

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

BofA GLOBAL RESEARCH

Exhibit 158: China

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022F	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	10.959	11.232	12.308	13.896	14.278	14.689	17.820	17.962	19.213	21.453
GDP per capita (US$)	7,922	8,067	8,791	9,887	10,126	10,402	12,615	12,723	13,625	15,202
Unemployment rate (%)[1]	5.0	5.0	4.9	4.7	5.2	5.1	5.1	6.1		5.1
Population (millions)	1,383	1,392	1,400	1,405	1,410		1,413	1,412	1,410	1,411
Economic Activity										
Real GDP growth (% yoy)	7.0	6.8	6.9	6.7	6.0	2.2	8.4	3.0	6.3	5.2
Domestic demand growth (% yoy)	6.6	7.9	6.8	7.4	5.3	1.7	6.7	2.2	7.1	5.4
Real investment growth (% yoy)	3.5	7.3	6.4	6.8	3.9	4.2	3.9	3.5	6.0	6.0
Real consumption growth (% yoy)	9.3	8.4	7.1	7.8	6.3	-0.3	9.0	1.8	8.0	5.0
Real private consumption growth (% yoy)	9.4	8.9	7.0	7.4	6.5	-1.7	11.5	1.6	8.8	5.2
Real government consumption growth (% yoy)	9.0	7.3	7.1	8.9	6.0	3.1	3.2	4.5	6.0	4.5
Real export growth (% yoy)	-2.3	1.1	8.1	3.8	0.5	2.4	17.6	4.0	-0.5	3.0
Real import growth (% yoy)	-6.2	5.8	7.3	8.1	-8.3	-6.6	10.4	-0.5	2.0	4.0
Prices										
CPI inflation (% yoy, eop)	1.6	2.1	1.8	1.9	4.5	0.2	1.5	1.8	3.0	1.3
CPI inflation (% yoy, avg)	1.4	2.0	1.6	2.1	2.9	2.5	0.9	2.0	1.7	2.6
Nominal wages (% yoy)	10.1	8.9	10.0	10.9	9.8	7.6	9.7	5.0	8.0	7.6
Nominal exchange rate (vs. USD, eop)	6.49	6.94	6.53	6.86	6.98	6.53	6.36	6.90	6.75	6.40
Nominal exchange rate (vs. USD, avg)	6.29	6.65	6.76	6.62	6.91	6.90	6.45	6.74	6.89	6.54
Bilateral real exchange rate (% yoy, + dep)	-	-	-	-	-	-	-	-	-	
Monetary Sector2										
Monetary base growth (% yoy)	-6.0	11.8	4.2	2.8	-2.0	1.9	-0.3	9.6	2.0	2.0
Broad money growth (% yoy)	13.3	11.3	8.1	8.1	8.7	10.1	9.0	11.8	11.0	10.0
Credit extension to private sector (% yoy)	14.3	13.5	12.7	13.5	12.3	12.8	11.6	11.1	11.7	10.6
Central bank policy rate (%, eop)[3]	4.30	4.30	4.30	4.31	4.15	3.85	3.80	3.65	3.65	3.65
1-month interbank rate (%, eop)	2.90	3.84	4.80	3.46	3.30	3.31	3.18	-	-	-
Long-term yield (%, eop)	3.50	2.90	3.90	3.20	3.14	3.14	2.78	2.80	3.00	-
External Sector										
Current account balance (% of GDP)	2.7	1.7	1.5	0.2	0.7	1.7	2.0	2.2	0.7	0.3
Current account balance (US$ bn)	293	191	189	24	103	249	353	402	138	61
Trade balance (US$ bn)	358	256	217	88	132	359	461	576	251	101
Exports, f.o.b. (US$ bn)	2,360	2,198	2,429	2,651	2,631	2739	3555	3,716	3,619	3,600
main export	-	-	-	-	-	-	-	-	-	-
Imports, c.i.f. (US$ bn)	2,002	1,942	2,212	2,563	2,499			3,139	3,367	3,499
Service balance (US$ bn)	-218	-233	-259	-292	-261	-153	-101	-92	-210	-238
Income balance (US$ bn)	-52	-55	-16	-61	-39	-118	-124	-194	-134	-59
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	85.6	91.0	94.7	95.8
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	4.4	8.4	5.7	6.4	5.4	5.2	5.2	5.1
Real GDP growth (% qoq, sa, annualized)	16.5	2.4	9.1	6.0	5.5	5.2	5.0	5.3	5.2	5.1
CPI inflation (% yoy, eop)	2.8	1.8	1.3	0.9	1.7	3.0	3.8	3.1	2.0	1.3
Central bank policy rate (%, eop)	3.65	3.65	3.65	3.65	3.65	3.65	3.65	3.65	3.65	3.65
Nominal exchange rate (vs. USD, eop)	7.12	6.90	6.87	7.00	6.90	6.75	6.60	6.50	6.50	6.40
Current account balance (US$ bn)	139.6	103.1	82.0	50.4	44.9	-39.8	-88.3	-24.8	68.7	105.1

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 159: 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$)	1,657	1,760	1,896	2,062.0	2,241.0	2,195.0	2,343.1	2,485.5	2,625.0	2,830.0
Unemployment rate (%)	-	-	-							
Population (millions)	1,252	1,267	1,316	1,332.0	1,341.0	1,354.4	1,368.0	1,381.6	1,400.0	1,412.0
Economic Activity										
Real GDP growth (% yoy)	7.6	6.9	6.6	6.0	4.0	-7.3	8.7	6.8	6.0	5.5
Domestic demand growth (% yoy)	-	-	-	-						
Real investment growth (% yoy)	5.6	-	-	-						
Real consumption growth (% yoy)	6.9	-	-	-						
Real private consumption growth (% yoy)	7.6	-	-	-						
Real government consumption growth (% yoy)	3.3	-	-	-						
Real export growth (% yoy)	-15.9	0.6	7.4	9.7	0.0	-5.0	10.0	10.0	5.0	8.0
Real import growth (% yoy)	-14.1	0.7	12.7	11.0	-5.0	-5.0	12.5	20.0	15.0	10.0
Prices										
CPI inflation (% yoy, eop)	4.8	4.6	4.3	2.9	4.6	5.5	7.0	5.8	5.1	4.5
CPI inflation (% yoy, avg)	4.9	4.8	3.6	3.4	4.8	6.2	5.3	6.7	5.1	4.5
WPI inflation (% yoy, eop)	-0.9	7.1	2.5	3.1	2.0	4.0	10.0	7.5	5.0	3.5
WPI inflation (% yoy, avg)	-2.5	3.6	2.7	4.3	3.0	1.0	10.0	10.0	7.5	5.0
Nominal wages (% yoy)	-	-	-	-						
Nominal exchange rate (vs USD, eop)	66.2	68.1	65.2	69.1	72.0	69.8				
Nominal exchange rate (vs USD, avg)	65.5	67.5	69.6	69.9						
Bilateral real exchange rate (% yoy, + dep)	6.0	2.8	2.1	-						
Monetary Sector										
Monetary Base growth (% yoy)	13.1	12.8	12.4	10.0	11.0	11.0	13.0			
Broad Money growth (% yoy)	10.5	13.1	12.4	19.7	13.3	11.8	13.0			
Credit extension to private sector (% yoy)	10.6	9.0	14.1	12.3	13.7	9.5	8.0			
Central bank policy rate (%, eop)	6.75	6.00	6.00	6.25	4.40	4.00	4.00	6.50	6.50	5.50
1-month interbank rate -Call rate (%)	6.75	6.00	6.00	6.5	4.8	4.3				
Long-term yield (%)	7.50	6.85	7.65	7.8	6.3					
External Sector										
Current Account balance (% of GDP)	-1.1	-0.7	-1.9	-2.1	-1.0	1.0	-1.2	-2.4	-2.4	-2.2
Current Account balance (US$ bn)	-22.0	-45.0	-57.3	-22.0	25.0	25	-39.0	-84.0	-86.3	
Trade Balance (US$ bn)	-130.1	-131.2	-162.3	-179.0	-150.0	-126.0	-180.0	-255.0		
Exports, f.o.b. (US$ bn)	266.4	268.0	287.7	331.0	298.0	272.0	370.0	415.0		
main export	-	-	-	-						
other	-	-	-	-						
Imports, c.i.f. (US$ bn)	396.4	399.2	450.0	510.0	448.0	398.0	550.0	670.0		
Service balance (US$ bn)	-	-	-	-						
Income balance (US$ bn)	-	-	-	-						
Foreign direct investment (US$ bn)	36.0	35.0	40.0	35.0	35.0	32.0	42.0	40.0		
International reserves (US$ bn)	359.8	376.0	395.5	415.0	470.0	510.0	630.0	500.0	530.0	
Public Sector										
Central Gov. Primary Budget Balance (% of GDP)	-0.9	-0.5	0.0	0.0						
Central Gov. Budget Balance (% of GDP)	-3.9	-3.5	-3.5	-3.4	-4.6	-9.2	-6.7	-6.4	-5.8	-5.2
Consolidated Gov. Primary Budget Balance (% of GDP)	-	-	-							
Consolidated Public Sector Balance (% of GDP)	-	-	-							
Central gov. revenues (% of GDP)	10.8	10.2	10.3	10.5	10.6	10.6	10.7			
Debt Indicators										
Gross External Debt (% of GDP)	23.3	23.0	24.3	24.5	25.0	25.5	25.5			
Public (% of GDP)	5.4	5.9	6.3	6.1	6.3	6.5	7.0			
Private (% of GDP)	17.9	17.1	18.0	18.0	18.5	19.0	18.5			
Gross government debt (% of GDP)	65.7	63.7	61.6	60.0	62.0	60.0	60.0			
Domestic (% of GDP)	62.0	59.5	57.0	56.0	56.3	56.5	56.5			
External (% of GDP)	3.7	4.2	4.6	4.0	4.2	4.4	4.5			
Savings - Investment Balance										
Savings (% of GDP)	31.5	30.5	31.0	31.5	30.0	30.0	32.0			
Investment (% of GDP)	33.0	32.4	32.4	32.4	31.0	31.0	33.0			
Memorandum Items										
Agro GDP (% yoy)	1.2									
Non-agro GDP (% yoy)	8.4									

	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
Quarterly Economic Forecasts										
Real GDP growth (% yoy)	8.4	5.4	4.1	13.5	5.8	4.7	4.2	9.5	7.2	4.4
CPI Inflation (% yoy, eop)	5.1	5.0	6.3	7.3	7.0	6.5	6.1	4.8	5.4	5.2
WPI inflation (% yoy, eop)	11.7	14.3	13.9	16.1	12.4	10.5	7.5	7	6	5
Central bank policy rate (%, eop)	4.00	4.00	4.00	4.90	5.90	6.25	6.50	6.75	6.75	6.75
Nominal exchange rate (vs USD, eop)										
Current account balance (US$ bn)	-24.0	-13.0	-13	-37	-30	-25	-20	-35	-30	-25

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 160: Indonesia

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020F	2021F	2022F	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	861	932	1.016	1.042	1.119	1.060	1.186	1.319	1.442	1.589
GDP per capita (US$)	3,368	3,607	3,886	3,946	4,193	3,923	4,357	4,798	5,198	5,676
Unemployment rate (%)	6.2	5.6	5.5	5.2	5.2	7.1	6.5	5.9	4.3	4.1
Population (millions)	255.6	258.5	261.4	264.2	266.9	270.2	272.2	274.9	277.4	280.0
Economic Activity										
Real GDP growth (% yoy)	4.9	5.0	5.1	5.2	5.0	-2.1	3.7	5.3	5.0	5.3
Domestic demand growth (% yoy)	4.9	4.4	5.1	5.6	4.8	-3.1	2.8	3.8	5.0	5.4
Real investment growth (% yoy)	5.0	4.5	6.2	6.7	4.5	-5.0	3.8	3.9	5.4	6.0
Real consumption growth (% yoy)	4.9	4.3	4.6	5.1	4.9	-2.1	2.3	3.7	4.7	5.1
Real private consumption growth (% yoy)	4.8	5.0	5.0	5.1	5.2	-2.7	2.0	4.9	5.2	5.5
Real government consumption growth (% yoy)	5.3	-0.1	2.1	4.8	3.3	2.1	4.2	-4.5	1.6	2.0
Real export growth (% yoy)	-2.1	-1.7	8.9	6.5	-0.5	-8.4	18.0	16.3	5.8	5.9
Real import growth (% yoy)	-6.2	-2.4	8.1	12.1	-7.1	-17.6	24.9	14.7	5.3	6.2
Prices										
CPI inflation (% yoy, eop)	3.4	3.0	3.6	3.1	2.6	1.7	1.9	5.5	3.4	3.4
CPI inflation (% yoy, avg)	6.4	3.5	3.8	3.3	2.8	2.0	1.6	4.2	4.0	3.6
Nominal wages (% yoy)	6.5	22.9	6.9	4.3	3.4	-6.9	-0.4	13.5	5.8	5.7
Nominal exchange rate (vs. USD, eop)	13.775	13.248	13.537	14.791	14.068	14.387	14.264	15.564	14.500	14300
Nominal exchange rate (vs. USD, avg)	13,390	13,302	13,381	14,237	14,147	14,570	14,311	14,854	14,775	14,400
Bilateral real exchange rate (% yoy, + dep)	-	-	-	-	-	-	-	-	-	-
Monetary Sector										
Monetary base growth (% yoy)	12.0	17.3	12.4	4.8	7.4	18.5	23.0	14.3	-	-
Broad money growth (% yoy)	9.0	10.0	8.3	6.3	6.5	12.5	14.0	8.4	-	-
Credit extension to private sector (% yoy)	10.1	7.8	8.2	11.7	5.9	-2.6	4.9	11.0	-	-
Central bank policy rate (%, eop)	6.25	4.75	4.25	6.00	5.00	3.75	3.50	5.50	5.75	4.75
1-month interbank rate (%, eop)	8.55	7.80	5.50	7.54	5.44	3.81	3.55	6.20	6.45	5.45
Long-term yield (%, eop)	9.0	8.0	6.3	8.0	7.1	5.9	6.4	6.9	8.0	-
External Sector										
Current account balance (% of GDP)	-2.0	-1.8	-1.6	-2.9	-2.7	-0.4	0.3	1.0	0.1	-1.1
Current account balance (US$ bn)	-17.5	-17.0	-16.2	-30.6	-30.3	-4.4	3.5	13.2	0.9	-17.5
Trade balance (US$ bn)	14.0	15.3	18.8	-0.2	3.5	28.3	43.8	47.5	54.9	44.5
Exports, f.o.b. (US$ bn)	149.1	144.5	168.9	180.7	168.5	163.4	232.8	250.2	291.4	-
main export - oil and gas	16.0	14.6	20.5	24.0	21.7	16.4	31.5	54.6	-	-
Imports, c.i.f. (US$ bn)	135.1	129.2	150.1	181.0	164.9	135.1	189.0	202.7	236.5	-
Service balance (US$ bn)	-8.7	-7.1	-7.4	-6.5	-7.6	-9.8	-14.6	-15.5	-21.7	-23.8
Income balance (US$ bn)	-22.9	-25.2	-27.6	-23.9	-26.1	-23.0	-25.7	-26.7	-32.4	-38.1
Foreign direct investment (US$ bn)	16.6	3.9	20.6	20.6	23.9	18.6	20.9	22.0	25.0	28.0
International reserves (US$ bn)	105.9	116.4	130.2	120.7	129.2	135.9	144.9	137.2	-	-
Public Sector										
Central gov. primary budget balance (% of GDP)	-1.2	-1.0	-0.9	-0.1	-0.5	-4.1	-2.5	-0.4	-0.7	-0.5
Central gov. budget balance (% of GDP)	-2.6	-2.5	-2.5	-1.8	-2.2	-6.1	-4.6	-2.4	-2.9	-2.6
Consolidated gov. primary budget balance (% of GDP)	-	-	-	-	-	-	-	-	-	-
Consolidated public sector balance (% of GDP)	-	-	-	-	-	-	-	-	-	-
Central gov. revenues (% of GDP)	13.1	12.5	12.3	13.1	12.4	10.7	11.8	13.4	13.3	-
Debt Indicators										
Gross external debt (% of GDP)	36.1	34.3	34.7	36.0	36.1	39.3	34.9	30.1	-	-
Public (% of GDP)	16.6	17.0	17.8	17.9	18.1	19.7	17.6	14.8	-	-
Private (% of GDP)	19.5	17.3	16.9	18.1	17.9	19.6	17.3	15.3	-	-
Gross government debt (% of GDP)	26.7	28.1	29.0	29.3	30.7	40.6	40.8	37.3	-	-
Domestic (% of GDP)	14.8	16.1	17.1	17.3	19.1	27.0	28.6	26.4	-	-
External (% of GDP)	11.9	11.9	12.0	12.0	11.6	13.6	12.2	10.9	-	-
External debt amortizations (US$ bn)	-	-	-	-	-	-	-	-	-	-
External debt Interest payments (US$ bn)	-	-	-	-	-	-	-	-	-	-
External debt service (% of XGS)	-	-	-	-	-	-	-	-	-	-
Savings - Investment Balance										
Savings (% of GDP)	32.0	32.0	32.1	31.6	31.1	31.9	31.7	30.7	28.4	25.8
Investment (% of GDP)	34.1	33.9	33.7	34.6	33.8	32.3	31.4	29.7	28.3	26.9

	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
Quarterly Economic Forecasts										
Real GDP growth (% yoy)	3.5	5.0	5.0	5.5	5.7	5.0	4.5	4.7	5.1	5.5
Real GDP growth (% qoq, sa, annualized)	0.8	10.1	7.3	4.0	2.3	6.1	5.7	4.7	2.7	10.5
CPI inflation (% yoy, eop)	1.6	1.8	2.3	3.8	5.2	5.5	5.2	3.8	3.7	3.5
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	15100	14800	14700	14500
Current account balance (US$ bn)	5.0	1.5	0.5	3.9	4.5	4.3	1.5	0.7	-0.2	-1.2

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 161: Korea

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021F	2022F	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	1,466.0	1499.7	1623.1	1725.4	1651.4	1644.3	1809.5	1769.8	1799.5	1978.6
GDP per capita (US$)	28,737.5	29280.5	31600.8	33433.2	31936.8	31735.8	34817.7	33984.1	34485.4	37842.7
Unemployment rate (%)1	3.6	3.6	3.6	3.8	3.7	4.1	3.6	2.7	3.1	3.5
Population (millions)	51.0	51.2	51.4	51.6	51.7	51.8	52.0	52.1	52.2	52.3
Economic Activity										
Real GDP growth (% yoy)	2.8	2.9	3.2	2.9	2.2	-0.7	4.1	2.6	1.4	2.2
Domestic demand growth (% yoy)	3.6	4.1	5.6	2.0	1.6	-1.0	3.6	2.8	1.8	0.3
Real investment growth (% yoy)	5.4	6.6	9.8	-2.2	-2.1	3.5	2.8	-0.8	0.6	0.6
Real consumption growth (% yoy)	2.6	3.0	3.1	3.7	3.2	-2.3	4.2	4.3	2.1	0.5
Real private consumption growth (% yoy)	2.2	2.6	2.8	3.2	2.1	-4.8	3.7	4.3	1.8	1.1
Real government consumption growth (% yoy)	3.8	4.4	3.9	5.3	6.4	5.1	5.6	4.1	2.9	-1.2
Real export growth (% yoy)	0.2	2.4	2.5	4.0	0.2	-1.7	10.8	3.2	1.5	5.7
Real import growth (% yoy)	2.1	5.2	8.9	1.7	-1.9	-3.1	10.1	3.7	2.1	2.0
Prices										
CPI inflation (% yoy, eop)	1.1	1.3	1.4	1.3	0.7	0.6	0.4	5.0	1.9	2.3
CPI inflation (% yoy, avg)	0.7	1.0	1.9	1.5	0.4	0.5	2.5	4.9	3.3	1.7
Nominal wages (% yoy)	3.4	3.8	2.7	5.1	3.3	0.7	4.5	6.7	5.1	3.5
Nominal exchange rate (vs. USD, eop)	1,173	1207.7	1070.5	1115.7	1156.4	1086.3	1188.8	1264.5	1270.0	1190.0
Nominal exchange rate (vs. USD, avg)	1,131	1160.8	1131.0	1100.2	1165.4	1180.3	1144.4	1269.0	1303.2	1236.7
Bilateral real exchange rate (% yoy, + dep)	-	-	-	-	-	-	-	-	-	-
Monetary sector										
Narrow money growth (% yoy)	18.6	15.4	9.2	4.9	4.3	20.8	10.0	11.7	14.1	11.9
Broad money growth (% yoy)	8.6	7.3	5.5	6.3	7.0	9.3	7.5	7.9	8.2	7.9
Credit extension to private sector (% yoy)	7.6	7.3	6.3	7.9	9.0	9.1	8.7	8.9	8.9	8.8
Central bank policy rate (%, eop)	1.50	1.25	1.50	1.75	1.25	0.50	1.00	3.00	3.25	2.50
1-month interbank rate (%, eop)	1.65	1.40	1.56	1.81	1.31	0.56	1.06	3.06	3.31	2.56
Long-term yield (%, eop)	2.1	2.1	2.5	2.4	2.6	2.5	2.5	3.5	4.5	5.5
External sector										
Current account balance (% of GDP)	7.2	6.5	4.6	4.5	3.6	4.6	4.7	1.7	2.6	2.9
Current account balance (US$ bn)	105.1	97.9	75.2	77.5	59.7	75.9	85.2	29.8	46.6	56.7
Trade balance (US$ bn)	120.3	116.5	113.6	110.1	79.8	80.6	75.7	15.1	-5.0	-32.2
Exports, f.o.b. (US$ bn)	543.1	511.9	580.3	626.3	556.7	517.9	649.5	690.5	671.0	638.9
main export										
Imports, c.i.f. (US$ bn)	422.8	395.5	466.7	516.2	476.9	437.3	573.7	675.4	676.0	671.1
Service balance (US$ bn)	-14.6	-17.3	-36.7	-29.4	-26.8	-14.7	-5.3	-5.5	-9.2	-14.2
Income balance (US$ bn)	-0.5	-1.2	-1.6	-3.3	6.7	10.0	14.8	20.3	17.7	17.1
Foreign direct investment (US$ bn)	4.1	12.1	17.9	12.2	9.6	8.8	22.1	18.0	15.6	16.9
International reserves (US$ bn)	358.5	361.7	379.5	393.3	397.9	430.1	438.3	399.0	430.8	463.7
Public sector										
Central gov. primary budget balance (% of GDP)	-0.1	1.0	1.4	1.8	-0.4	-4.5	-1.3	-2.8	-2.8	-2.8
Central gov. budget balance (% of GDP)	0.0	1.0	1.3	1.6	-0.6	-4.8	-1.5	-2.9	-2.8	-2.8
Consolidated gov. primary budget balance (% of GDP)										
Consolidated public sector balance (% of GDP)										
Central gov. revenues (% of GDP)	20.5	21.3	22.0	23.1	23.1	22.6	26.0	26.2	26.2	27.4
Debt indicators										
Gross external debt (% of GDP)	27.0	25.5	25.4	25.6	28.5	30.0	34.9	32.3	33.6	33.6
Public (% of GDP)	4.4	4.5	4.9	4.9	4.9	5.0	6.9	7.9	8.9	9.9
Private (% of GDP)	22.6	21.0	20.5	20.7	23.6	25.0	28.0	24.4	24.7	23.7
Gross government debt (% of GDP)	38.5	38.3	39.6	39.5	39.9	43.5	46.7	50.9	54.6	58.3
Domestic (% of GDP)	38.1	37.9	39.2	39.1	39.5	43.0	46.2	50.4	54.1	57.8
External (% of GDP)	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.5
External debt amortizations (US$ bn)	-	-	-	-	-	-	-	-	-	-
External debt interest payments (US$ bn)	-	-	-	-	-	-	-	-	-	-
External debt service (% of XGS)	-	-	-	-	-	-	-	-	-	-
Savings - Investment Balance										
Savings (% of GDP)	36.4	36.9	37.1	35.9	34.8	36.2	35.4	31.3	32.2	32.8
Investment (% of GDP)	29.5	30.1	32.3	31.5	31.5	31.9	30.7	29.6	29.7	29.9

	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24
Quarterly Economic Forecasts										
Real GDP growth (% yoy)	3.1	1.3	0.8	0.8	1.3	2.5	2.7	2.7	2.0	1.4
Real GDP growth (% qoq, sa, annualized)	1.1	-1.4	1.1	2.5	3.3	3.1	1.9	2.5	0.2	0.7
CPI inflation (% yoy, eop)	0.3	0.2	4.8	3.4	2.7	2.1	1.8	1.7	1.7	1.8
Central bank policy rate (%, eop)	2.50	3.25	3.50	3.50	3.50	3.25	3.25	3	2.75	2.5
Nominal exchange rate (vs. USD, eop)	1430	1265	1302	1320	1310	1270	1245	1220	1210	1190
Current account balance (US$ bn)	-9	4	-11	-23	-2	2	-1.1	-12.3	6.0	9.2

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 162: 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	365.8	346.6	368.4	361.0	378.9	406.6
GDP per capita (US$)	42,322	43,492	46,038	48,322	48,631	46,665	49,883.1	49,272.1	51,809.5	55,717.4
Economic Activity and Prices										
Real GDP growth (% yoy)	2.4	2.2	3.8	2.8	-1.7	-6.5	6.3	-3.5	4.0	3.5
CPI inflation (% yoy, avg)	3.0	2.4	1.5	2.4	2.9	0.3	1.6	1.9	2.2	2.0
Nominal exchange rate (vs. USD, eop)	7.75	7.75	7.81	7.83	7.79	7.75	7.79	7.85	7.85	7.75
Nominal exchange rate (vs. USD, avg)	7.75	7.76	7.79	7.84	7.84	7.76	7.77	7.84	7.85	7.77
Central bank policy rate (%, eop)[1]	0.39	1.02	1.31	2.33	2.43	0.35	0.26	4.99	4.50	3.60
External Sector										
Current account balance (% of GDP)	3.3	4.0	4.6	3.7	5.8	7.0	11.3	8.9	6.7	6.7
Current account balance (US$ bn)	10.3	12.7	15.6	13.5	21.2	24.1	41.7	32.0	25.2	27.3
Trade balance (US$ bn)	-57.1	-54.4	-61.9	-71.7	-54.2	-43.8	-45.2	-48.9	-45.7	-56.5
Exports, f.o.b. (US$ bn)	465.5	462.5	497.8	531.3	509.7	507.1	637.5	599.4	620.4	715.5
Imports, c.i.f. (US$ bn)	522.6	516.9	559.7	603.0	563.8	550.9	682.8	648.3	666.2	771.9
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 163: 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	415	395
GDP per capita (US$)	2,802	2,825	3,043	3,228	3,580	3,406	3,454	3,100	3,144	3,430
Economic Activity and Prices										
Real GDP growth (% yoy)	5.9	6.9	6.7	6.2	6.0	(9.5)	5.9	7.6	4.5	5.3
CPI inflation (% yoy, avg)	0.7	1.3	2.9	5.2	2.4	2.4	3.9	5.8	6.5	3.0
Nominal exchange rate (vs. USD, eop)	47.2	50.0	49.9	52.6	50.8	48.5	51.0	59.0	55.0	54.0
Nominal exchange rate (vs. USD, avg)	45.9	48.6	49.5	51.0	50.9	49.7	49.8	55.0	55.5	54.5
Central bank policy rate (%, eop)	4.00	3.00	3.00	4.75	4.00	2.00	2.00	5.50	6.50	6.00
External Sector										
Current account balance (% of GDP)	2.6	-0.4	-0.7	-2.3	-0.8	3.1	-1.8	-4.3	-4.1	-4.8
Current account balance (US$ bn)	7.3	-1.2	-2.1	-8.9	-3.0	11.6	-6.9	-16.0	-17.0	-19.0
Trade balance (US$ bn)	-12.2	-26.7	-27.4	-43.5	-40.7	-24.6	-42.3	-59.7	-67.3	-78.9
Exports, f.o.b. (US$ bn)	58.8	57.4	68.7	69.3	70.9	65.2	74.7	80.6	87.0	94.0
Imports, c.i.f. (US$ bn)	71.1	84.1	96.1	112.8	111.6	89.8	117.0	140.3	154.4	172.9
International reserves (US$ bn)	80.7	80.7	81.6	79.2	87.6	110.1	108.0	95.0	90.0	85.0
Public Sector										
Central gov. primary budget balance (% of GDP)	1.4	(0.3)	(0.3)	(1.2)	(1.6)	(6.0)	(8.0)	(7.0)	(5.5)	(6.0)
Central gov. budget balance (% of GDP)	(0.9)	(2.4)	(2.2)	(3.2)	(3.6)	(7.6)	(10.2)	(9.0)	(7.5)	(7.0)
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 164: 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	365.4	338.2	373.0	406.4	446.9	486.2
GDP per capita (US$)	9,667	9,540	9,970	11,087	11,236	10,404	11,453	12,450	13,545	14,584
Unemployment rate (%)	3.2	3.5	3.4	3.3	3.3	4.5	4.7	3.8	3.5	3.5
Population (millions)	31.2	31.6	32.0	32.4	32.5	32.4	32.6	32.7	33.0	33.3
Economic Activity										
Real GDP growth (% yoy)	5.0	4.4	5.8	4.8	4.4	-5.5	3.1	8.7	4.3	4.7
Domestic demand growth (% yoy)	5.1	4.3	6.5	5.6	4.3	-5.5	1.7	9.2	4.8	5.1
Real investment growth (% yoy)	3.7	2.6	6.1	1.4	-2.1	-14.4	-0.9	6.8	4.2	7.8
Real consumption growth (% yoy)	5.6	4.9	6.7	7.1	6.6	-2.6	2.5	9.9	4.9	4.4
Real private consumption growth (% yoy)	5.9	5.9	6.9	8.0	7.7	-4.2	1.9	11.3	5.6	5.0
Real government consumption growth (% yoy)	4.5	1.1	5.7	3.4	1.8	5.0	5.3	3.9	1.8	1.5
Real export growth (% yoy)	0.2	1.3	8.7	1.9	-1.0	-8.6	15.4	12.8	3.8	5.2
Real import growth (% yoy)	0.8	1.4	10.2	1.5	-2.4	-7.9	17.7	14.2	4.4	5.5
Prices										
CPI inflation (% yoy, eop)	2.7	1.7	3.5	0.2	1.0	-1.4	3.2	3.9	2.7	2.7
CPI inflation (% yoy, avg)	2.1	2.1	3.8	1.0	0.7	-1.1	2.5	3.4	3.0	2.7
Nominal wages (% yoy)	4.9	7.2	7.6	3.7	2.6	-2.8	0.9	9.2	4.4	4.4
Nominal exchange rate (vs. USD, eop)	4.29	4.49	4.06	4.14	4.09	4.01	4.18	4.41	4.42	4.34
Nominal exchange rate (vs. USD, avg)	3.89	4.14	4.29	4.03	4.14	4.19	4.14	4.40	4.45	4.37
Bilateral real exchange rate (% yoy, + dep)	-	-	-	-	-	-	-	-	-	-
Monetary Sector										
Monetary base growth (% yoy)	4.1	5.6	11.0	1.2	5.8	15.7	10.4 4.3	-	-	
Broad money growth (% yoy)[1]	3.0	3.2	4.9	9.1	3.5	4.0	6.4 4.3	-	-	
Credit extension to private sector (% yoy)[2]	7.9	5.3	4.1	7.7	3.9	3.4	4.5 5.7	-	-	
Central bank policy rate (%)	3.25	3.00	3.00	3.25	3.00	1.75	1.75	2.75	3.00	3.00
3-month interbank rate (%)	3.84	3.41	3.44	3.69	3.35	1.94	2.05	3.68	3.52	3.52
Long-term yield (%)[3]	4.19	4.23	3.91	4.08	3.31	2.65	3.58	4.09	4.60 -	
External Sector										
Current account balance (% of GDP)	3.0	2.4	2.8	2.2	3.5	4.2	3.8	2.6	1.8	1.8
Current account balance (US$ bn)	9.0	7.2	8.9	8.0	12.8	14.1	14.2	10.7	8.0	9.0
Trade balance (US$ bn)	28.0	24.6	27.3	28.4	30.1	32.8	41.2	38.5	32.3	35.0
Exports, f.o.b. (US$ bn)	175.0	165.9	186.7	205.8	197.3	186.1	235.8	268.5	293.1	332.8
main export	35.3	34.9	41.5	54.6	53.5	57.0	67.9	102	-	-
Imports, c.i.f. (US$ bn)	146.9	141.3	159.4	177.4	167.2	153.4	194.7	230.0	260.8	297.9
Service balance (US$ bn)	-5.3	-4.6	-5.3	-4.3	-2.6	-11.2	-14.7	-10.3	-6.4	-6.5
Income balance (US$ bn)	-13.7	-12.9	-13.0	-16.1	-14.7	-7.4	-12.3	-17.4	-17.8	-19.4
Foreign direct Investment (US$ bn)	9.7	13.5	9.4	8.3	9.1	4.0	18.7 15.2	15.5	16.9	
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 5,131	-	-	
Public Sector										
Central gov. primary budget balance (% of GDP)	-1.1	-1.0	-0.9	-1.6	-1.2	-3.7	-3.9	-3.2	-2.6	-2.1
Central gov. budget balance (% of GDP)	-3.2	-3.1	-2.9	-3.7	-3.4	-6.2	-6.4	-5.6	-5.0	-4.5
Consolidated gov. primary budget balance (% of GDP)	-	-	-	-	-	-	-	-	-	-
Consolidated public sector balance (% of GDP)	-7.6	-5.0	-3.6	-2.9	-3.4	-7.0	-4.3	-6.4	-	-
Central gov. revenues (% of GDP)	18.6	17.0	16.1	16.1	17.5	15.9	15.1	16.5	14.4 -	
Debt Indicators										
Gross external debt (% of GDP)	71.1	73.2	64.5	63.8	62.6	67.6	70.0	64.0	-	-
Public (% of GDP)	25.9	25.8	23.2	20.7	20.7	24.6	26.1	21.2	-	-
Private (% of GDP)	45.3	47.4	41.3	43.0	42.0	42.9	43.9	42.8	-	-
Gross government debt (% of GDP)	53.6	51.9	50.0	51.2	52.4	62.0	63.4	60.4	64.0	-
Domestic (% of GDP)	51.7	50.2	48.5	49.7	50.5	60.0	61.5 58.4	62.1	-	
External (% of GDP)	1.8	1.7	1.5	1.5	1.9	2.0	1.9 1.9	1.9	-	
External debt amortizations (US$ bn)	-	-	-	-	-	-	-	-	-	-
External debt interest payments (US$ bn)	-	-	-	-	-	-	-	-	-	-
External debt service (% of XGS)	-	-	-	-	-	-	-	-	-	-
Savings - Investment Balance										
Savings (% of GDP)	28.4	28.4	28.3	26.1	24.5	23.9	26.1	26.5	25.7	26.1
Investment (% of GDP)	25.4	26.0	25.5	23.9	21.0	19.7	22.3	23.9	23.9	24.3

	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
Quarterly Economic Forecasts										
Real GDP growth (% yoy)	-4.5	3.6	5.0	8.9	14.2	7.0	6.6	2.4	2.6	5.7
Real GDP growth (% qoq, sa, annualized)	-10.4	19.7	16.3	14.7	7.7	-10.0	12.1	4.1	4.1	3.7
CPI inflation (% yoy, eop)	2.1	3.2	2.2	2.8	4.5	3.9	3.7	3.2	2.7	2.7
Central bank policy rate (%, eop)	1.75	1.75	1.75	2.00	2.50	2.75	2.75	3.00	3.00	3.00
Nominal exchange rate (vs. USD, eop)	4.19	4.18	4.204	4.4055	4.641	4.413	4.38	4.43	4.36	4.32
Current account balance (US$ bn)	4.3	3.7	0.7	1.0	3.2	5.6	2.0	2.0	2.0	2.0

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 165: 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	506.4	541.9
GDP per capita (US$)	55,647	56,898	61,174	66,824	66,068	61,298	77,680	82,794	87,829	92,551
Unemployment Rate (%)	1.9	2.1	2.2	2.1	2.3	3.0	2.7	2.5	2.4	2.4
Population (millions)	5.5	5.6	5.6	5.6	5.7	5.7	5.5	5.6	5.8	5.9
Economic Activity										
Real GDP growth (% yoy)	3.0	3.6	4.5	3.6	1.3	-3.9	8.9	3.6	1.0	2.5
Domestic demand growth (% yoy)	4.4	2.3	3.9	0.7	2.7	-10.0	9.8	4.8	2.1	2.6
Real investment growth (% yoy)	2.0	0.6	5.1	-5.0	2.3	-14.8	18.0	1.6	1.8	2.9
Real consumption growth (% yoy)	5.9	3.4	3.2	3.9	2.9	-7.5	5.8	6.6	2.2	2.5
Real private consumption growth (% yoy)	5.2	3.3	3.1	4.1	2.8	-13.1	6.6	9.7	3.0	2.6
Real government consumption growth (% yoy)	8.9	3.7	3.4	3.0	3.2	13.0	3.7	-2.3	-0.4	2.0
Real export growth (% yoy)	5.0	0.0	7.5	7.8	0.2	0.4	11.7	-1.3	1.0	2.1
Real import growth (% yoy)	3.4	0.2	8.1	7.4	0.0	-1.1	12.0	-1.9	1.4	2.0
Prices										
CPI inflation (% yoy, eop)	-0.6	0.2	0.4	0.5	0.6	-0.1	0.2	1.0	1.6	3.2
CPI inflation (% yoy, avg)	-0.5	-0.5	0.6	0.4	0.6	-0.2	2.3	6.1	5.0	3.4
Nominal wages (% yoy)	3.5	3.7	3.0	3.5	2.6	1.4	3.6	9.4	3.2	3.6
Nominal exchange rate (vs. USD, eop)	1.41	1.45	1.34	1.36	1.35	1.32	1.35	1.34	1.31	1.29
Nominal exchange rate (vs. USD, avg)	1.37	1.38	1.38	1.35	1.36	1.38	1.34	1.38	1.33	1.30
Bilateral real exchange rate (% yoy, + dep)	-	-	-	-	-	-	-	-	-	-
Monetary Sector										
Monetary base growth (% yoy)	0.1	7.7	9.1	0.1	3.6	32.8	--	-	-	
Broad money growth (% yoy)[1]	1.7	7.7	3.2	3.9	5.1	12.8	--	-	-	
Credit extension to private sector (% yoy)[2]	1.4	5.2	5.2	4.4	2.4	1.5	--	-	-	
Central bank policy rate (%, eop)	-	-	-	-	-	-	-	-	-	-
3-month interbank rate (%, eop)	1.19	0.97	1.50	1.89	1.77	0.41	0.44	4.25	4.19	3.00
Long-term yield (%, eop)[3]	2.60	2.47	2.00	2.04	1.74	0.84	1.67	3.09	2.60	-
External Sector										
Current account balance (% of GDP)	18.7	17.8	18.1	15.7	16.2	16.5	18.0	20.8	20.5	21.2
Current account balance (US$ bn)	57.6	56.7	62.3	59.2	60.9	57.3	76.4	96.3	102.8	114.2
Trade balance (US$ bn)	92.6	89.9	100.9	104.4	97.8	106.4	125.7	149.8	163.4	184.9
Exports, f.o.b. (US$ bn)	396.2	373.2	417.1	460.9	441.9	419.9	514.5	599.3	651.1	700.2
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	449.5	487.7	515.2
Service balance (US$ bn)	-8.5	-6.3	-9.4	6.8	13.3	2.3	23.7	19.7	13.7	6.5
Income balance (US$ bn)	-26.5	-26.9	-29.2	-52.0	-50.2	-51.4	-73.1	-73.2	-74.2	-77.3
Foreign direct investment (US$ bn)	69.8	65.4	102.2	81.2	105.3	78.4	138.5	139.9	107.7	-
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	-0.5
Central gov. budget balance (% of GDP)	-0.9	1.4	2.3	0.7	0.2	-13.9	-2.2	-0.3	-0.1	0.5
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	13.9	13.8	-
Debt Indicators										
Gross external debt (% of GDP)	429.1	439.6	423.8	411.5	422.7	471.6	419.9	-	-	-
Public (% of GDP)	-	-	-	-	-	-	-	-	-	-
Private (% of GDP)	429.1	439.6	423.8	411.5	422.7	471.6	419.9	-	-	-
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	43.5	43.5	44.4
Investment (% of GDP)	25.4	26.4	27.3	24.8	24.6	22.6	23.1	22.6	22.9	23.1
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	16.5	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	0.1	0.7	1.2	1.8
Real GDP growth (% qoq, sa, annualized)	5.1	8.0	5.6	-0.4	3.2	0.3	-2.6	4.9	2.9	3.2
CPI inflation (% yoy, eop)	0.7	0.6	-0.1	1.1	3.1	4.2	6.6	7.5	6.6	5.8
Central bank policy rate (%, eop)	-	-	-	-	-	-	-	-	-	-
Nominal exchange rate (vs. USD, eop)	1.35	1.36	1.36	1.38	1.41	1.35	1.32	1.34	1.33	1.31
Current Account balance (US$ bn)	21.0	20.3	25.5	24.5	23.9	22.5	26.1	26.1	26.1	26.1

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 166: Taiwan

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022F	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	537	545	592	610	612	677	778	763	763	811
GDP per capita (US$)					25,908			32,811	32,917	
Economic Activity and Prices										
Real GDP growth (% yoy)	1.5	2.2	3.3	2.8	3.1	3.4	6.5	2.5	1.3	3.5
CPI inflation (% yoy, avg)	-0.3	1.4	0.6	1.4	0.6	-0.2	2.0	2.9	2.1	1.7
Nominal exchange rate (vs. USD, eop)	33.1	32.3	29.8	30.7	30.1	28.5	27.7	30.7	30.1	29.2
Nominal exchange rate (vs. USD, avg)	31.9	32.3	30.4	30.2	30.9	29.6	28.0	30.2	30.5	29.5
Central bank policy rate (%, eop)	1.630	1.375	1.375	1.375	1.375	1.125	1.125	1.750	1.875	1.625
External Sector										
Current account balance (% of GDP)	13.6	13.1	14.0	11.6	10.7	14.3	15.2	13.2	9.3	10.0
Current account balance (US$ bn)	72.8	71.3	83.1	70.9	65.7	96.6	118.0	100.9	70.8	83.5
Trade balance (US$ bn)	48.1	50.0	58.3	49.2	43.5	59.0	64.4	51.4	32.4	35.4
Exports, f.o.b. (US$ bn)	284.4	279.2	315.5	334.0	329.2	345.1	446.4	479.4	431.5	468.7
Imports, c.i.f. (US$ bn)	236.4	229.2	257.2	284.8	285.7	286.1	382.0	428.0	399.0	433.2
International reserves (US$ bn)	426	434	452	462	478	530	548	555	536	532
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	-1.2
Central gov. budget balance (% of GDP)	-0.5	-0.7	-0.6	-0.4	-0.4	-3.2	-2.8	-1.0	-2.1	-1.6
Debt Indicators										
Gross external debt (% of GDP)	29.7	31.7	30.8	31.4	30.2	28.0	27.4	29.0	28.4	26.4
Public (% of GDP)	0.2	0.2	0.1	0.0	0.1	0.2	0.2	0.2	0.2	0.2
Private (% of GDP)	29.5	31.5	30.7	31.4	30.1	27.8	27.2	28.9	28.2	26.2
Gross government debt (% of GDP)	35.9	35.4	34.5	33.9	32.7	32.1	30.2	30.6	30.8	30.8
Domestic (% of GDP)	-	-	-	-	-	-	-	-	-	-
External (% of GDP)	-	-	-	-	-	-	-	-	-	-

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 167: Thailand

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021F	2022F	2023F	2024F
Summary Data						0.0				
Nominal GDP (US$ bn)	400.7	414.0	456.7	506.4	543.9	500.9	501.2	508.4	534.1	562.2
GDP per capita (US$)	6096	6280	6900	7624	8161	7490	7471	7551	7906	8322
Economic Activity and Prices										
Real GDP growth (% yoy)	3.1	3.4	4.2	4.2	2.3	-6.3	1.5	2.7	3.3	3.6
CPI inflation (% yoy, avg)	-0.9	0.0	0.0	-0.9	0.7	-0.9	1.2	6.1	2.7	1.9
Nominal exchange rate (vs. USD, eop)	36.1	35.9	32.5	32.3	29.9	30.5	33.0	31.0	32.0	31.0
Nominal exchange rate (vs. USD, avg)	34.3	35.2	33.9	32.3	31.0	31.3	32.1	35.0	33.1	31.5
Central bank policy rate (%, eop)	1.5	1.5	1.5	1.8	1.3	0.5	0.5	1.00	2.25	2.00
External Sector										
Current account balance (% of GDP)	6.9	10.5	9.6	5.6	6.8	8.1	-3.7	-3.3	0.3	2.8
Current account balance (US$ bn)	3.0	43.4	44.0	28.4	37.0	40.8	-18.5	-16.9	1.6	15.5
Trade balance (US$ bn)	26.1	35.8	32.6	22.4	26.7	40.9	32.4	10.8	0.2	1.2
Exports, f.o.b. (US$ bn)	213.4	213.5	233.7	251.1	242.7	227.0	270.6	285.4	262.6	268.8
Imports, c.i.f. (US$ bn)	187.2	177.7	201.1	228.7	216.0	186.1	238.2	274.6	262.4	267.6
International reserves (US$ bn)	156.5	171.9	202.6	205.6	224.3	258.1	239.5	222.8	220.4	227.7
Public Sector										
Central gov. primary budget balance (% of GDP)	-1.5	-1.7	-2.2	-1.5	-1.9	-6.0	-7.8	-4.5	-2.4	-2.5
Central gov. budget Balance (% of GDP)	-2.3	-2.6	-3.0	-2.4	-2.8	-6.7	-8.8	-5.7	-3.7	-3.6
Debt Indicators										
Gross external debt (% of GDP)	32.7	32.1	34.1	32.2	31.6	na	na	na	na	na
Public (% of GDP)	5.1	5.5	6.9	7.1	7.0	na	na	na	na	na
Private (% of GDP)	27.6	26.6	27.2	25.2	24.6	na	na	na	na	na
Gross government debt (% of GDP)	43.7	40.6	41.1	41.8	41.2	49.5	58.4	60.7	61.8	62.3
Domestic (% of GDP)	41.1	38.3	39.2	40.2	40.1	47.7	56.6	59.0	60.2	60.7
External (% of GDP)	2.5	2.3	1.9	1.6	1.1	1.8	1.8	1.7	1.6	1.6

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 168: Poland

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022F	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	546	478	472	527	587	596	599	680	688	793.0
GDP per capita (US$)	12,423	12,288	13,703	15,293	15,527	15,738	17,926	18,225	21,104	25,355.9
Unemployment rate (%)	7.5	6.2	4.9	3.9	3.3	3.2	3.4	2.9	5.0	4.8
Population (millions)	38.4	38.4	38.4	38.4	38.4	38.1	37.9	37.8	37.6	37.4
Economic Activity										
Real GDP growth (% yoy)	3.8	3.1	4.8	5.3	4.3	-2.1	6.8	5.2	0.8	3.0
Domestic demand growth (% yoy)	3.2	2.7	5.0	5.7	3.2	-2.9	8.1	6.4	0.3	2.1
Real investment growth (% yoy)	4.6	-0.4	7.9	11.5	0.5	-7.1	16.2	20.1	-4.2	6.0
Real consumption growth (% yoy)	2.8	3.5	4.2	4.2	4.0	-1.7	6.0	2.5	1.8	0.9
Real private consumption growth (% yoy)	2.9	3.8	4.8	4.3	3.3	-3.6	6.4	3.1	1.0	2.2
Real government consumption growth (% yoy)	2.5	2.6	2.5	3.8	6.1	4.5	4.9	0.4	4.5	-3.0
Real export growth (% yoy)	7.9	8.8	9.8	7.0	5.5	-1.2	12.3	4.6	6.5	6.0
Real import growth (% yoy)	6.4	7.4	9.7	7.7	3.2	-2.5	16.1	5.5	4.5	5.5
Prices										
CPI inflation (% yoy, eop)	-0.5	0.8	2.1	1.1	3.4	2.4	8.6	16.6	8.5	5.8
CPI inflation (% yoy, avg)	-0.9	-0.6	2.0	1.7	2.3	3.4	5.1	14.3	12.4	6.2
Nominal wages (% yoy)	3.5	4.1	5.6	7.1	6.6	4.8	8.6	12.9	-	-
Nominal exchange rate (vs EUR, eop)	4.26	4.42	4.17	4.30	4.26	4.61	4.60	4.69	4.55	4.4
Nominal exchange rate (vs EUR, avg)	4.18	4.36	4.26	4.26	4.30	4.44	4.57	4.69	4.70	4.5
Bilateral real exchange rate (% yoy, + dep)	1.1	5.2	-2.9	0.2	-0.2	0.2	0.3	-2.6	-5.9	-8.5
Monetary Sector										
Monetary base growth (% yoy, eop)1	14.2	17.8	11.2	11.7	14.1	32.6	12.6	-8.1	-	-
Broad money growth (% yoy, eop)	9.1	9.6	4.6	9.2	8.3	16.4	8.9	5.4	-	-
Credit extension to private sector (% yoy, eop)	7.2	5.0	3.6	7.5	5.2	0.3	5.5	1.6	-	-
Central bank policy rate (%, eop)	1.50	1.50	1.50	1.50	1.50	0.10	1.75	6.75	6.50	5.50
1-month interbank rate (%, eop)2	1.65	1.66	1.65	1.64	1.63	0.20	2.23	6.93	-	-
Long-term yield (%, eop)3	3.0	3.5	3.3	2.9	2.0	1.3	3.4	6.6	-	-
External Sector										
Current account balance (% of GDP)	-1.3	-1.0	-1.1	-1.9	-0.2	2.4	-1.4	-3.0	-0.8	-0.4
Current account balance (US$ bn)	-10.4	-1.1	-8.1	-9.8	-3.3	12.1	-9.2	-18.9	-6.3	-3.9
Trade balance (US$ bn)	-2.4	-1.5	-5.5	-13.3	-4.9	8.0	-9.0	-25.4	-15.8	-18.5
Exports, f.o.b. (US$ bn)	182.1	187.3	215.9	242.4	246.7	251.8	311.9	337.5	381.5	445.5
main export	-	-	-	-	-	-	-	-	-	-
Imports, c.i.f. (US$ bn)	184.4	188.8	221.4	255.7	251.5	243.8	321.0	363.0	397.3	463.9
Service balance (US$, bn)	12.3	15.4	20.4	25.3	27.0	26.2	31.7	38.5	46.2	55.9
Income balance (US$, bn)	-17.9	-18.2	-22.3	-24.8	-24.9	-22.8	-32.0	-31.3	-35.1	-40.2
Foreign direct investment (US$ bn)	10.6	3.6	7.9	16.7	12.2	14.3	27.7	27.4	29.0	22.4
International reserves (US$ bn)	95	114	113	117	128	154	166	167	178	204
Public Sector										
Central gov. primary budget balance (% of GDP)	-0.5	-0.9	-2.2	0.7	0.1	-7.0	-0.9	-2.2	-	-
Central gov. budget balance (% of GDP)	-2.1	-2.6	-3.7	-0.6	-1.1	-7.9	-1.9	-3.3	-	-
Consolidated gov. primary budget balance (% of GDP)	-0.8	-0.7	0.1	1.2	0.6	-5.6	-0.7	-2.2	-2.9	-1.5
Consolidated public sector balance (% of GDP)	-2.6	-2.4	-1.5	-0.3	-0.7	-6.9	-1.8	-3.8	-4.5	-3.1
General gov. revenues (% of GDP)	39.1	38.7	39.8	41.3	41.1	41.3	42.4	39.9	37.4	35.3
Debt Indicators										
Gross external debt (% of GDP)	69.5	72.0	72.8	61.8	59.6	63.0	53.8	53.7	-	-
Public (% of GDP)	29.7	31.6	29.9	24.3	21.7	22.3	17.5	17.2	-	-
Private (% of GDP)	39.8	40.5	42.8	37.5	37.9	40.7	36.3	36.5	-	-
Gross government debt (% of GDP)	51.3	54.2	50.6	48.8	45.7	57.2	53.8	49.3	48.9	48.6
Domestic (% of GDP)	22.7	27.2	22.8	26.7	26.4	37.3	38.8	35.1	35.4	36.5
External (% of GDP)	28.6	27.0	27.8	22.1	19.3	19.8	15.0	14.2	13.5	12.1
External debt amortizations (US$ bn)	-	-	-	-	-	-	-	-	-	-
External debt interest payments (US$ bn)	-	-	-	-	-	-	-	-	-	-
External debt service (% of XGS)	-	-	-	-	-	-	-	-	-	-
Savings - Investment Balance										
Savings (% of GDP)	19.2	18.7	18.8	18.8	20.3	21.2	20.3	20.9	-	-
Investment (% of GDP)	20.4	19.7	19.9	20.8	20.5	18.8	21.8	23.9	-	-

	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24
Quarterly Economic Forecasts										
Real GDP growth (sa, % yoy)	4.8	0.5	0.1	-	-	-	-	-	-	-
Real GDP growth (sa, % qoq, annualized)	4.1	-8.9	16.5	-	-	-	-	-	-	-
CPI inflation (% yoy, eop)	17.2	16.6	16.1	11.7	9.7	8.5	6.4	6.0	5.5	5.8
Central bank policy rate (%, eop)	6.75	6.75	6.75	6.75	6.75	6.50	6.25	6.00	5.75	5.50
Nominal exchange rate (vs EUR, eop)	4.87	4.69	4.68	4.65	4.65	4.55	4.51	4.48	4.44	4.40
Current account balance (US$ bn)	-6.2	-2.8	5.6	-	-	-	-	-	-	-

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 169: Russia

Selected economic and financial indicators

	2015	2016F	2017F	2018F	2019F	2020F	2021F	2022F	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	1,361.4	1,284.7	1,579.0	1,676.1	1,689	1,446	1,777	2,111	2,044	2,175
GDP per capita (US$)	9,306	8,769	10,768	11,418	11,519	9,878	12,158	14,460	14,020	14,938
Unemployment rate (%)	5.7	5.5	5.2	4.8	4.9	6.0	5.4	5.0	5.2	5.3
Population (millions)	146.3	146.5	146.6	146.8	146.6	146.4	146.2	146.0	145.8	145.6
Economic Activity										
Real GDP growth (% yoy)	-2.5	0.2	1.8	2.8	2.0	-3.0	4.7	-2.5	-2.5	3.0
Domestic demand growth (% yoy)	-8.1	0.9	5.1	4.3	2.3	-6.3	3.4	-11.2	5.9	3.5
Real investment growth (% yoy)	-11.2	1.3	4.7	0.6	1.5	-4.3	8.1	-22.6	8.6	4.5
Real consumption growth (% yoy)	-7.8	-1.5	3.4	3.5	2.9	-5.2	7.3	-2.4	-1.3	1.9
Real private consumption growth (% yoy)	-9.4	-2.6	3.7	4.3	3.2	-8.6	10.0	-5.2	-0.5	2.2
Real government consumption growth (% yoy)	-3.1	1.4	2.5	1.3	2.4	4.0	0.5	5.7	-3.6	0.9
Real export growth (% yoy)	3.7	3.2	5.0	5.6	0.7	-4.3	1.3	-14.1	4.8	6.0
Real import growth (% yoy)	-25.1	-3.7	17.3	2.7	3.4	-12.0	16.3	-40.2	32.3	12.0
Prices										
CPI inflation (% yoy, eop)	12.9	5.4	2.5	4.3	3.0	4.9	8.4	11.9	4.9	4.0
CPI inflation (% yoy, avg)	15.5	7.1	3.7	2.9	4.5	3.4	6.7	13.8	5.2	4
Nominal wages (% yoy)	5.0	7.9	6.7	11.6	5.5	3.0	10.1	12.0	8.0	6
Nominal exchange rate (vs USD, eop)	72.5	61.5	57.7	69.5	61.9	74.0	75.2	74.2	75.0	80
Nominal exchange rate (vs USD, avg)	61.3	67.0	58.3	62.3	64.7	72.4	73.7	69.8	71.5	75
Bilateral real exchange rate (% yoy, + dep)	-	-	-							
Monetary Sector										
Monetary base growth (% yoy)	-2.0	4.0	6.0	6.0	6.0	3.0	5.0	-3.0	6.0	5.0
Broad money growth (% yoy)	6.0	10.0	9.0	9.0	9.0	5.0	6.0	18.0	12.0	10.0
Credit extension to private sector (% yoy)	0.0	6.0	10.0	10.0	10.0	10.0	10.0	10.0	12.0	10.0
Central bank policy rate (%, eop)	11.00	10.00	7.75	7.75	6.25	4.25	8.5	7.50	6.50	6.50
1-month interbank rate (%, eop)	11.7	10.0	7.9	7.4	6.9	4.0	6.0	8.0	7.5	7.0
Long-term yield (%, eop)	9.6	8.2	7.5	8.3	6.4	5.5	6.5	8.5	8.0	8.0
External Sector										
Current account balance (% of GDP)	4.8	1.9	2.1	6.9	3.8	2.5	6.7	11.5	6.6	3.9
Current account balance (US$ bn)	65.8	24.4	33.3	114.9	64.7	35.8	119.0	243.0	135.0	85
Trade balance (US$ bn)	145.6	90.3	115.4	194.4	165.3	92.7	185.6	290.0	187.0	157
Exports, f.o.b. (US$ bn)	339.6	281.8	353.5	443.4	419.9	329.5	485.7	585.0	515.7	542
main export - energy exports	203.3	154.0	192.9	261.5	245.7	144.7	247.7	365.0	292.6	302
Imports, c.i.f. (US$ bn)	194.0	191.6	238.1	249.0	254.6	240.1	300.1	295.0	328.7	385
Service balance (US$ bn)	-37.1	-23.8	-31.1	-30.2	-36.8	-18.3	-17.9	-7.4	-24.0	-35
Income balance (US$ bn)	-32.0	-32.5	-39.8	-38.9	-50.0	-30.5	-40.0	-31.0	-42.0	-40
Foreign direct investment (US$ bn)	-5.0	10.2	7.5	5.0	5.0	5.0	5.0	-5.0	0.0	0
International reserves (US$ bn)	370.2	378.0	432.7	468.5	549.8	595.8	630.6	530.0	550.0	560
Public Sector										
Central gov. primary budget balance (% of GDP)	-2.1	-3.0	-0.9	3.3	2.5	-3.1	1.9	-0.3	-1.7	-1.9
Central gov. budget balance (% of GDP)	-2.4	-3.4	-1.4	2.6	1.8	-3.9	1.1	-1.1	-2.5	-2.8
Consolidated gov. primary budget balance (% of GDP)	-	-	-	-						
Consolidated public sector balance (% of GDP)	-	-	-	-						
Central gov. revenues (% of GDP)	16.4	15.6	16.4	18.6	18.5	17.9	18.3	18.8	18.5	18.7
Debt Indicators										
Gross external debt (% of GDP)	38.1	39.8	32.8	27.2	29.1	32.3	28.2	20.7	20.4	20.5
Public (% of GDP)	2.2	3.0	3.5	2.6	4.1	4.5	3.8	3.9	3.7	3.8
Private (% of GDP)	35.8	36.8	29.3	24.5	25.0	27.8	24.3	16.8	16.7	18.8
Gross government debt (% of GDP)	12.4	13.3	12.6	11.7	12.6	18.1	16.2	14.9	13.2	15.3
Domestic (% of GDP)	8.8	9.3	9.4	8.8	9.3	14.2	12.9	12.2	10.5	12.8
External (% of GDP)	3.7	4.0	3.2	2.9	3.2	3.9	3.3	2.7	2.7	2.5
External debt amortizations (US$ bn)	110.0	65.0	60.0	55.0	50.0	50.0	50.0	50.0	50.0	40.0
External debt interest payments (US$ bn)	34.0	25.0	20.0	16.0	15.0	15.0	15.0	15.0	15.0	11.0
External debt service (% of XGS)	42.4	31.9	22.6	16.0	15.5	19.7	13.4	11.1	9.8	8.8
Savings - Investment Balance										
Savings (% of GDP)	25.2	23.8	24.4	27.3	25.1	23.4	25.1	30.7	26.9	27.9
Investment (% of GDP)	20.3	21.9	22.3	20.4	21.2	20.9	18.4	19.2	20.3	20.5

	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24
Quarterly Economic Forecasts										
Real GDP growth (% yoy)	-5.0	-6.0	-7.0	-4.0	0.0	1.0	4.0	3.0	2.5	3.0
Real GDP growth (% qoq, sa, annualized)										
CPI inflation (% yoy, eop)	13.2	11.9	3.0	3.2	4.7	4.9	4.8	4.0	3.8	4.0
Central bank policy rate (%, eop)	7.5	7.5	7.0	7.0	6.5	6.5	6.5	6.5	6.5	6.5
Nominal exchange rate (vs USD, eop)	60.1	74.2	68.0	70.0	73.0	75.0	74.0	76.0	78.0	80.0
Current account balance (US$ bn)	51.9	45.0	50.0	35.0	15.0	35.0	40.0	15.0	0.0	32.0

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 170: South Africa

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022E	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	346.7	323.5	381.3	404.0	388.4	337.5	418.9	405.7	395.7	428.6
GDP per capita (US$)	6257	5751	6678	6973	6609	5661	6926	6612	6357	6788
Unemployment rate (%)	25.4	26.7	27.5	27.1	28.7	29.2	34.3	33.5	34.0	34.0
Population (millions)	55.4	56.3	57.1	57.9	58.8	59.6	60.5	61.4	62.2	63.1
Economic Activity										
Real GDP growth (% yoy)	1.3	0.7	1.2	1.5	0.3	-6.3	4.9	2.0	0.1	1.6
Domestic demand growth (% yoy)	1.9	-0.7	1.5	1.8	1.5	-8.0	4.8	3.8	0.2	1.6
Real investment growth (% yoy)	1.3	-1.9	-2.0	-1.3	-2.1	-14.6	0.2	4.7	0.6	1.1
Real consumption growth (% yoy)	1.4	1.0	1.3	2.4	1.4	-4.4	4.4	2.2	0.7	2.2
Real private consumption growth (% yoy)	2.2	0.7	1.7	2.7	1.2	-5.9	5.6	2.6	0.8	2.5
Real government consumption growth (% yoy)	-1.0	2.0	-0.3	1.2	2.1	0.8	0.6	0.9	0.2	1.1
Real export growth (% yoy)	3.1	0.4	-0.3	2.7	-3.4	-11.9	10.0	7.5	2.6	2.7
Real import growth (% yoy)	5.0	-4.1	1.5	3.2	0.4	-17.4	9.5	14.2	3.0	2.7
Prices										
CPI inflation (% yoy, eop)	5.2	6.8	4.7	4.5	4.0	3.1	5.9	7.2	5.7	4.7
CPI inflation (% yoy, avg)	4.6	6.3	5.3	4.6	4.1	3.3	4.6	6.9	6.5	5.0
Nominal wages (% yoy)	8.2	7.6	6.9	4.6	4.5	-2.0	3.0	5.0	6.0	5.0
Nominal exchange rate (vs USD, eop)	15.6	13.7	12.3	14.4	14.0	14.7	15.9	17.0	17.0	18.0
Nominal exchange rate (vs USD, avg)	12.8	14.7	13.3	13.2	14.5	16.5	15.0	16.5	17.9	17.6
Bilateral real exchange rate (% yoy, + dep)	-1.2	3.8	-9.5	-2.4	0.2	9.1	-14.6	3.1	1.7	-6.6
Monetary Sector										
Monetary base growth (% yoy)	7.8	6.4	6.8	9.1	4.2	3.3	4.6	6.9	6.5	5.0
Broad money growth (% yoy)	10.5	6.1	6.4	5.6	6.1	3.3	4.6	6.9	6.5	5.0
Credit extension to private sector (% yoy)	10.2	5.1	6.7	5.1	6.1	5.0	4.6	6.9	7.5	6.0
Central bank policy rate (%, eop)	6.3	7.0	6.8	6.8	6.5	3.5	3.8	7.00	8.25	7.00
1-month interbank rate (%, eop)	6.4	7.1	6.9	7.0	6.6	3.5	3.7	7.1	8.4	7.1
Long-term yield (%, eop)1	9.7	8.9	9.2	9.4	9.0	9.7	9.9	11.2	10.8	10.5
External Sector										
Current account balance (% of GDP)	-4.3	-2.7	-2.4	-2.9	-2.6	2.0	3.7	-0.5	-2.3	-2.7
Current account balance (US$ bn)	-15.0	-8.7	-9.0	-11.9	-10.0	6.7	15.4	-1.9	-9.1	-11.7
Trade balance (US$ bn)	-4.3	1.7	4.4	2.0	2.7	17.6	30.3	13.5	4.9	-0.2
Exports, f.o.b. (US$ bn)	80.5	76.1	87.7	94.3	90.1	84.7	121.5	127.6	113.4	108.4
main export	14.3	14.2	16.9	17.4	15.4	7.8	22.6	21.5	15.0	12.0
Imports, c.i.f. (US$ bn)	84.9	74.4	83.3	92.4	87.4	67.1	91.2	109.5	108.5	108.6
Service balance (US$ bn)	-0.2	-0.3	-0.1	0.0	-0.6	-2.7	-4.5	-5.5	-4.5	-2.5
Income balance (US$ bn)	-7.9	-8.3	-10.6	-11.3	-9.7	-5.6	-8.0	-8.4	-9.5	-9.0
Foreign direct investment (US$ bn)	-4.0	-2.2	-5.4	1.4	2.0	5.0	40.9	6.4	6.4	6.4
International reserves (US$ bn)	41.6	42.6	45.5	46.5	48.9	47.4	50.3	53.2	62.0	62.4
Public Sector										
Central gov. primary budget balance (% of GDP)	-1.0	-0.5	-1.0	-0.9	-2.5	-5.7	-0.9	-0.1	-1.2	-1.0
Central gov. budget balance (% of GDP)	-4.1	-3.8	-4.4	-4.3	-6.1	-9.8	-5.2	-4.7	-5.9	-5.6
Consolidated gov. primary budget balance (% of GDP)	-1.0	-0.5	-1.0	-0.9	-2.5	-5.7	-0.9	0.3	-1.4	-1.2
Consolidated public sector balance (% of GDP)	-3.4	-3.2	-3.7	-3.6	-5.0	-9.9	-4.6	-4.4	-6.0	-5.8
Central gov. revenues (% of GDP)	26.1	25.7	25.5	23.5	23.6	22.1	24.8	25.4	24.1	24.0
Debt Indicators										
Gross external debt (% of GDP)	35.8	44.2	45.4	42.7	47.7	50.5	52.5	54.5	56.5	58.5
Public (% of GDP)	16.9	23.3	25.4	22.6	26.6	30.8	31.8	32.8	33.8	34.8
Private (% of GDP)	18.9	20.9	20.0	20.1	21.1	19.7	20.7	21.7	22.7	23.7
Gross government debt (% of GDP)	48.9	50.5	53.0	51.5	59.2	70.2	68.1	71.1	73.0	74.0
Domestic (% of GDP)	44.1	45.7	48.4	46.1	52.4	63.2	60.1	62.1	63.0	63.0
External (% of GDP)	4.8	4.8	4.6	5.4	6.8	7.0	8.0	9.0	10.0	11.0
External debt amortizations (US$ bn)	41.1	35.9	33.8	35.8	37.8	39.8	41.8	43.8	45.8	47.8
External debt interest payments (US$ bn)	4.6	4.6	6.0	6.2	6.5	6.7	7.0	7.2	7.5	7.7
External debt service (% of XGS)	56.7	53.2	45.3	44.5	49.1	54.9	40.1	39.9	46.9	51.2
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	0.5	-0.6	1.3	2.3	2.3	2.1	2.0
Real GDP growth (% qoq, sa, annualized)	7.5	-4.9	-1.9	1.6	3.1	2.4	2.0	1.8	2.0	2.0
CPI inflation (% yoy, eop)	7.5	7.2	7.1	6.5	6.1	5.7	5.4	5.1	4.6	4.7
Central bank policy rate (%, eop)	6.3	7.0	7.8	8.3	8.3	8.3	7.8	7.5	7.3	7.0
Nominal exchange rate (vs USD, eop)	18.2	17.5	18.0	18.7	18.0	17.0	17.2	17.5	17.7	18.0
Current account balance (US$ bn)	-0.4	-0.6	-0.2	0.2	0.4	-0.2	-0.4	-0.6	-0.4	-0.6

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 171: Turkey

Selected economic and financial indicators

	2015	2016F	2017F	2018F	2019F	2020F	2021F	2022F	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	864.3	869.7	859.0	778.4	761.4	721.1	811.7	905.9	983.1	1017.5
GDP per capita (US$)	10977	10896	10630	9492	9157	8552	9492	10622	11446	11764
Unemployment rate (%)	10.3	10.9	10.9	11.0	13.7	13.4	12.4	11.1	11.0	10.0
Population (millions)	78.7	79.8	80.8	82.0	83.2	84.3	85.5	85.3	85.9	86.5
Economic Activity										
Real GDP growth (% yoy)	6.1	3.3	7.5	3.0	0.9	1.8	11.4	5.6	3.5	4.6
Domestic demand growth (% yoy)	6.2	4.1	7.2	-0.7	-1.5	7.6	6.5	5.2	5.7	5.1
Real investment growth (% yoy)	9.3	2.2	8.3	-0.3	-12.4	6.5	7.4	2.8	-1.1	1.0
Real consumption growth (% yoy)	5.1	4.8	5.8	1.6	2.1	3.0	12.8	17.0	2.3	0.0
Real private consumption growth (% yoy)	5.3	3.8	5.9	0.5	1.6	3.2	15.3	19.6	2.6	-0.2
Real government consumption growth (% yoy)	3.9	9.5	5.0	6.6	4.4	2.3	2.6	5.2	1.0	1.0
Real export growth (% yoy)	3.2	-1.7	12.4	9.0	4.9	-15.4	24.9	9.1	-0.1	3.1
Real import growth (% yoy)	0.7	3.0	10.6	-6.4	-5.3	7.4	2.4	7.9	9.3	5.2
Prices										
CPI inflation (% yoy, eop)	8.8	8.5	11.9	20.3	11.8	14.6	36.1	64.3	40.0	25.0
CPI inflation (% yoy, avg)	7.7	7.8	11.1	16.2	15.5	12.3	19.4	72.0	44.3	28.8
Nominal wages (% yoy)	18.3	20.7	13.4	15.9	18.3	13.3	20.4	77.0	45.3	29.8
Nominal exchange rate (vs USD, eop)	2.9	3.5	3.8	5.3	5.9	7.4	13.0	18.6	25.0	30.0
Nominal exchange rate (vs USD, avg)	2.7	3.0	3.6	5.0	5.8	7.0	8.9	16.6	22.5	28.0
Bilateral real exchange rate (% yoy, + dep)	2.1	0.0	-10.3	-14.3	-2.6	-10.4	-8.8	-32.2	-15.1	-0.6
Monetary Sector										
Monetary base growth (% yoy)	22.3	21.8	7.6	1.8	19.8	24.9	26.6	40.9	65.2	80.2
Broad money growth (% yoy)	16.6	18.2	16.5	18.6	28.4	34.2	51.5	61.6	25.0	25.0
Credit extension to private sector (% yoy)	19.9	15.8	20.1	13.9	12.0	34.3	34.2	53.3	25.0	25.0
Central bank policy rate (%, eop)	7.5	19.7	12.8	24.0	12.0	17.0	14.0	9.0	8.5	8.5
1-month interbank rate (%, eop)	11.7	9.3	14.1	24.1	10.8	17.5	14.3	9.5	9.0	9.0
Long-term yield (%, eop)	10.7	11.1	11.5	15.9	11.5	17.1	13.9	22.0	30.0	21.0
External Sector										
Current account balance (% of GDP)	-3.2	-3.1	-4.7	-2.8	0.9	-5.2	-1.8	-5.5	-3.7	-3.4
Current account balance (US$ bn)	-27.3	-27.0	-40.8	-21.7	6.8	-37.3	-14.9	-48.7	-36.2	-34.2
Trade balance (US$ bn)	-49.0	-39.9	-58.6	-40.7	-16.8	-37.9	-46.1	-109.5	-100.2	-97.0
Exports, f.o.b. (US$ bn)	154.9	152.6	169.2	178.9	182.2	168.4	225.3	254.2	258.5	262.5
main export - road vehicles	20.2	22.8	27.2	29.8	28.7	23.7	26.8	28.0	30.0	32.0
Imports, c.i.f. (US$ bn)	203.9	192.6	227.8	219.6	199.0	206.3	271.4	363.7	358.7	359.5
Service balance (US$ bn)	30.0	20.5	26.3	30.2	35.5	9.1	25.2	49.9	52.0	56.0
Income balance (US$ bn)	-9.7	-9.2	-11.1	-11.9	-12.8	-8.7	-11.8	-8.5	-12.0	-10.0
Foreign direct investment (US$ bn)	14.2	10.7	8.3	9.2	6.3	4.6	7.7	8.1	10.1	10.0
International reserves (US$ bn)	110.5	106.1	107.7	93.0	105.7	93.3	111.2	128.7	120.0	120.0
Public Sector										
Central gov. primary budget balance (% of GDP)	1.3	0.8	0.1	-0.2	-0.8	-1.4	-0.2	1.1	-1.8	-1.1
Central gov. budget balance (% of GDP)	-1.0	-1.1	-1.5	-1.9	-2.9	-3.4	-2.7	-0.9	-4.5	-4.3
Consolidated public sector primary balance (% of GDP)	1.2	0.7	0.2	0.0	-0.6	-0.8	-0.2	1.0	-1.9	-1.2
Consolidated public sector balance (% of GDP)	-1.1	-1.3	-1.6	-1.9	-2.9	-3.5	-2.8	-1.0	-4.6	-4.4
Central gov. revenues (% of GDP)	20.5	21.1	20.1	20.2	20.3	20.4	19.5	18.7	17.5	17.2
Debt Indicators										
Gross external debt (% of GDP)	46.3	47.0	52.9	56.5	57.3	62.8	54.5	70.0	72.0	74.0
Public (% of GDP)	13.7	14.3	16.1	18.6	21.8	27.1	25.4	32.5	33.9	34.4
Private (% of GDP)	32.6	32.7	36.8	38.0	35.5	35.7	29.2	37.5	38.1	39.6
Gross government debt (% of GDP)	29.9	28.0	28.0	30.2	32.6	39.5	41.8	35.2	37.7	41.3
Domestic (% of GDP)	19.5	18.9	18.3	16.9	20.2	24.0	21.4	20.6	22.7	26.3
External (% of GDP)	10.4	11.5	10.9	12.1	13.1	14.8	20.5	14.6	15.0	15.0
External debt amortizations (US$ bn)	39.8	58.1	59.5	59.3	59.4	46.2	53.0	60.8	60.7	60.6
External debt interest payments (US$ bn)	6.8	7.7	8.2	9.7	10.8	10.3	9.5	11.4	10.0	8.3
External debt service (% of XGS)	22.2	33.1	30.6	30.5	29.4	30.9	23.6	21.8	20.8	19.7
Savings - Investment Balance										
Savings (% of GDP)	26.4	26.0	25.1	26.9	26.8	22.0	26.1	22.8	24.8	25.4
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	3.5	3.4	4.1	3.0	3.6	3.6	4.7	6.1
Real GDP growth (% qoq, sa, annualized)	-3.7	3.8	3.0	7.2	2.6	-0.7	5.6	7.0	7.2	4.7
CPI inflation (% yoy, eop)	83.5	64.3	50.5	39.8	39.8	40.0	31.6	28.9	26.6	25.0
Central bank policy rate (%, eop)	12.00	9.00	9.00	8.50	8.50	8.50	8.50	8.50	8.50	8.50
Nominal exchange rate (vs USD, eop)	18.5	18.6	18.9	22.5	23.5	25.0	26.0	27.5	28.5	30.0
Current account balance (US$ bn)	-9.3	-10.8	-9.5	-13.3	-5.0	-8.4	-9.0	-12.6	-4.7	-8.0

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 172: 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	342	382
GDP per capita (US$)	17,824	18,561	20,663	23,410	23,620	23,017	26,804	28,215	33,702	38,256
Economic Activity and Prices										
Real GDP growth (% yoy)	5.5	2.5	5.3	3.2	3.0	-5.5	3.5	2.5	0.0	2.5
CPI inflation (% yoy, avg)	0.3	0.7	2.5	2.1	2.8	3.2	3.8	15.1	10.7	2.4
Nominal exchange rate (vs EUR, eop)	27.0	27.0	25.5	25.7	25.4	26.2	24.9	24.1	23.5	23.0
Nominal exchange rate (vs EUR, avg)	27.3	27.0	26.3	25.6	25.7	26.5	25.6	24.6	23.8	23.3
Central bank policy rate (%, eop)	0.05	0.05	0.50	1.75	2.00	0.25	3.75	7.00	7.00	4.00
External Sector										
Current account balance (% of GDP)	0.4	1.8	1.5	0.4	0.3	2.0	-2.8	-6.1	-4.0	-3.6
Current account balance (US$ bn)	0.8	3.5	3.4	1.1	0.8	4.9	-7.8	-17.8	-13.8	-13.6
Trade balance (US$ bn)	7.6	10.6	11.1	9.3	10.5	12.1	3.2	- 4.3	- 1.0	1.2
Exports, f.o.b. (US$ bn)	128	131	146	161	156	146	176	184	215	245
Imports, c.i.f. (US$ bn)	121	120	135	152	146	134	173	189	216	244
International reserves (US$ bn)	64	86	148	143	150	166	174	140	148	158
Public Sector										
General gov. primary budget balance (% of GDP)	0.4	1.6	2.2	1.6	0.99	-5.0	-4.3	-2.5	-	-
General gov. budget balance (% of GDP)	-0.6	0.7	1.5	0.9	0.3	-5.8	-5.1	-3.6	-4.0	-2.2
Debt Indicators										
Gross external debt (% of GDP)	66.8	69.5	93.6	78.8	76.7	82.0	73.0	67.5	-	-
Public (% of GDP)	16.6	17.7	20.9	15.7	15.0	17.1	15.7	14.9	-	-
Private (% of GDP)	50.2	51.8	72.8	63.1	61.7	64.9	57.3	52.6	-	-
Gross government debt (% of GDP)	39.7	36.6	34.2	32.1	30.0	37.7	42.0	44.1	43.8	44.0
Domestic (% of GDP)	24.6	20.9	17.0	19.5	18.0	23.8	31.0	34.2	35.4	36.5
External (% of GDP)	15.1	15.7	17.2	12.5	12.1	13.9	11.0	9.9	8.4	7.5

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 173: Egypt

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022F	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	350.1	350.6	247.8	261.0	317.7	382.4	424.4	475.2	404.2	373.2
GDP per capita (US$)	3,934	3,852	2,603	2,688	3,213	3,801	4,157	4,563	3,805	3,445
Economic Activity and Prices										
Real GDP growth (% yoy)	4.4	4.5	3.0	5.3	5.5	3.5	3.3	6.6	4.0	4.0
CPI inflation (% yoy, avg)	11.0	10.2	23.3	21.6	13.9	5.7	4.5	8.5	23.0	15.0
Nominal exchange rate (vs USD, eop)	7.63	8.78	18.00	17.50	16.69	16.16	15.70	18.79	31.00	34.10
Nominal exchange rate (vs USD, avg)	7.35	8.16	14.75	17.88	17.61	16.09	15.70	16.50	25.13	32.55
Central bank policy rate (%, eop)	8.75	11.75	16.75	16.75	15.75	9.25	8.25	11.25	19.25	19.25
External Sector										
Current account balance (% of GDP)	-3.5	-5.7	-5.8	-2.3	-3.4	-2.9	-4.3	-3.5	-3.1	-2.3
Current account balance (US$ 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	37.0	47.5
Public Sector										
Central gov. primary budget balance (% of GDP)	-3.4	-3.4	-1.7	0.1	1.8	1.7	1.4	1.3	1.7	2.5
Central gov. budget balance (% of GDP)	-10.9	-11.9	-10.4	-9.3	-7.7	-7.5	-7.1	-6.4	-7.8	-7.0
Debt Indicators										
Gross external debt (% of GDP)	13.7	15.9	31.9	35.5	34.2	32.3	33.6	36.2	44.1	43.8
Public (% of GDP)	12.0	13.3	26.3	28.4	26.8	25.4	26.7	29.3	37.2	37.0
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	84.3	79.5
Domestic (% of GDP)	76.4	84.2	80.7	69.9	62.7	65.4	66.1	62.9	56.7	52.1
External (% of GDP)	7.3	7.0	14.1	18.3	18.0	18.1	19.4	19.7	27.6	27.4

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 174: Hungary
Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022F	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	125	129	143	161	164	157	182	178	220	268
GDP per capita (US$)	12,734	13,126	14,636	16,429	16,784	16,153	18,769	18,410	22,723	27,719
Economic Activity and Prices										
Real GDP growth (% yoy)	3.6	2.1	4.5	5.4	4.9	-4.8	7.1	4.6	0.2	2.8
CPI inflation (% yoy, avg)	-0.1	0.4	2.3	2.8	3.3	3.3	5.1	14.6	18.6	6.0
Nominal exchange rate (vs EUR, eop)	313	311	310	322	331	365	369	400	370	360
Nominal exchange rate (vs EUR, avg)	310	311	309	319	325	351	359	391	388	365
Central bank policy rate* (%, eop)	1.35	0.90	0.90	0.90	0.90	0.60	2.40	13.00	11.50	6.50
External Sector										
Current account balance (% of GDP)	2.3	4.5	2.0	0.2	-0.8	-1.1	-3.9	-8.1	-3.5	-2.3
Current account balance (US$ bn)	2.9	5.8	2.8	0.3	-1.3	-1.7	-7.1	-14.5	-7.6	-6.1
Trade balance (US$ bn)	4.5	4.4	1.9	-2.7	-4.1	-1.5	-5.2	-15.7	-10.7	-11.5
Exports, f.o.b. (US$ bn)	87	87	96	105	104	101	119	131	143	160
Imports, c.i.f. (US$ bn)	83	83	94	107	108	103	125	147	154	172
International reserves (US$ bn)	33.1	25.8	28.0	31.4	31.8	41.4	43.5	41.2	43.2	51.5
Public Sector										
General gov. primary budget balance (% of GDP)	1.4	1.3	0.2	0.3	0.2	-5.2	-4.9	-3.5	-	-
General gov. budget balance (% of GDP)	-2.0	-1.8	-2.5	-2.1	-2.0	-7.5	-7.2	-6.3	-4.0	-3.0
Debt Indicators										
Gross external debt (% of GDP)	128.8	119.3	101.2	99.6	97.3	150.6	153.5	148.6	-	-
Public (% of GDP)	41.5	36.0	32.7	27.8	26.8	36.6	34.2	34.9	-	-
Private (% of GDP)	87.3	83.3	68.6	71.7	70.6	114.0	119.3	113.7	-	-
Gross government debt (% of GDP)	75.8	74.9	72.1	69.1	65.3	79.3	76.8	73.6	64.3	61.1
Domestic (% of GDP)	35.8	40.4	40.8	42.3	39.8	48.9	53.0	50.5	41.7	39.8
External (% of GDP)	39.9	34.4	31.3	26.7	25.5	30.4	23.8	23.1	22.5	21.3

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 175: Israel
Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	300	319	355	373	398	407	482	524	527	585
GDP per capita (US$)	35,822	37,342	40,788	42,028	43,966	44,181	51,502	55,910	56,214	61,822
Economic Activity and Prices										
Real GDP growth (% yoy)	2.3	4.5	4.4	4.0	3.8	-2.2	8.2	6.5	2.5	3.5
CPI inflation (% yoy, avg)	-0.6	-0.5	0.2	0.8	0.8	-0.6	1.5	4.4	4.5	2.9
Nominal exchange rate (vs USD, eop)	3.90	3.85	3.47	3.75	3.46	3.22	3.11	3.52	3.55	3.30
Nominal exchange rate (vs USD, avg)	3.89	3.84	3.60	3.59	3.56	3.44	3.23	3.36	3.58	3.43
Central bank policy rate (%, eop)	0.10	0.10	0.10	0.25	0.25	0.10	0.10	3.25	4.75	3.00
External Sector										
Current account balance (% of GDP)	5.3	3.8	3.6	2.8	3.6	5.5	4.7	3.4	4.1	4.0
Current account balance (US$ bn)	15.8	12.1	12.8	10.6	14.3	22.2	22.5	17.9	21.6	23.6
Trade balance (US$ bn)	-3.7	-8.2	-10.3	-16.9	-15.4	-11.6	-19.5	-27.1	-29.0	-36.0
Exports, f.o.b. (US$ bn)	57.1	55.9	58.2	59.9	60.4	58.9	69.2	77.8	88.0	96.8
Imports, c.i.f. (US$ bn)	60.8	64.2	68.5	76.8	75.8	70.5	88.6	104.9	117.0	132.8
International reserves (US$ bn)	90.6	98.4	113.0	115.3	126.0	173.3	213.3	233.0	243.0	253.0
Public Sector										
General gov. primary budget balance (% of GDP)	-1.8	-0.3	-0.4	-2.8	-1.4	-0.4	-	-	-	-
General gov. budget balance (% of GDP)	-1.6	-2.1	-2.0	-4.3	-4.5	-11.4	-4.2	0.1	-2.0	-2.5
Debt Indicators										
Gross external debt (% of GDP)	28.6	27.3	25.4	25.3	26.4	32.5	28.5	29.9	30.6	28.4
Public (% of GDP)	9.3	8.7	9.0	9.8	9.9	15.3	16.4	15.7	15.6	14.1
Private (% of GDP)	19.4	18.6	16.4	15.5	16.5	17.3	12.1	14.1	15.0	14.4
Gross government debt (% of GDP)	63.8	62.0	60.2	60.4	59.5	71.7	68.7	60.3	58.6	57.5
Domestic (% of GDP)	54.5	53.3	51.2	50.6	49.6	56.4	52.3	44.6	42.9	43.5
External (% of GDP)	9.3	8.7	9.0	9.8	9.9	15.3	16.4	15.7	15.6	14.1

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 176: 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	218	256	286
GDP per capita (US$)	10452	7691	9147	9655	9730	9032	11053	11280	13072	14450
Economic Activity and Prices										
Real GDP growth (% yoy)	1.2	1.1	4.1	4.1	4.5	-2.5	4.1	3.2	2.5	3.0
CPI inflation (% yoy, avg)	6.8	14.6	7.5	6.0	5.3	6.8	8.0	14.9	15.2	9.0
Nominal exchange rate (vs USD, eop)	222	342	326	345	383	413	426	465	445	425.0
Nominal exchange rate (vs USD, avg)	339	333	331	375	381	421	432	460	430	420.0
Central bank policy rate (%, eop)	16.00	12.00	10.25	9.25	9.25	9.00	9.75	16.75	15.00	12.00
External Sector										
Current account balance (% of GDP)	-3.7	-6.1	-3.3	-0.5	-4.6	-4.5	-4.1	2.9	1.9	0.4
Current account balance (US$ bn)	-6.7	-8.5	-5.5	-0.9	-8.3	-7.6	-7.9	6.3	4.9	1.2
Trade balance (US$ bn)	5.6	5.0	12.6	20.0	13.6	6.4	16.8	33.0	29.6	23.6
Exports, f.o.b. (US$ bn)	51.0	41.5	53.7	67.1	65.9	52.7	65.9	88.9	82.6	73.5
Imports, c.i.f. (US$ bn)	45.3	36.4	41.1	47.1	52.2	46.3	49.1	55.8	53.1	50.0
International reserves (US$ bn)	27.9	29.7	30.7	30.9	29.0	35.6	34.4	33.0	34.5	35.0
Public Sector										
Central gov. primary budget balance (% of GDP)	-6.3	-4.5	-4.266	2.58	-0.57	-7.037	-4.096	-2.8	-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	75.6	66.2	60.2
Public (% of GDP)	7	9	8	7	7	9	10	7	7	7.0
Private (% of GDP)	76.2	109.3	93.0	83.3	80.7	87.6	75.9	68.2	59.4	53.2
Gross government debt (% of GDP)	21.9	19.7	19.9	20.3	19.9	26.4	25.9	21.1	20.8	21.2
Domestic (% of GDP)	18.6	13.6	11.1	13.0	13.4	19.5	17.8	13.3	13.6	14.4
External (% of GDP)	3.3	6.1	8.8	7.3	6.5	6.8	8.1	7.8	7.2	6.8

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 177: Nigeria
Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	492	405	376	422	475	430	440	482	473	536
GDP per capita (US$)	2676	2145	1942	2126	2334	2064	2063	2207	2111	2335
Economic Activity and Prices										
Real GDP growth (% yoy)	2.7	-1.6	0.8	1.9	2.2	-1.8	3.6	3.3	3.0	2.9
CPI inflation (% yoy, avg)	9.0	15.7	16.5	12.1	11.4	13.2	17.0	19.0	17.0	15.0
Nominal exchange rate (vs USD, eop)	199.3	315.3	360.0	362.6	362.6	397.8	420.0	470.0	600.0	600.0
Nominal exchange rate (vs USD, avg)	199.3	315.3	360.0	362.6	362.6	397.8	420.0	431.8	550.0	600.0
Central bank policy rate (%, eop)	11.00	14.00	14.00	14.00	13.50	11.50	11.50	16.50	16.00	15.00
External Sector										
Current account balance (% of GDP)	-3.2	1.5	3.6	1.7	-2.9	-4.0	-0.4	-0.7	-1.6	-1.9
Current account balance (US$ bn)	-15.4	5.1	13.6	7.3	-13.7	-16.0	-1.8	-3.4	-7.5	-10.0
Trade balance (US$ bn)	-6.4	-0.5			3	-16	-3	2564	-384	-2.1
Exports, f.o.b. (US$ bn)	45.9	34.7	45.8	61.2	65.0	35.9	46.9	62.6	52.7	50.0
Imports, f.o.b. (US$ bn)	52.3	35.2	32.7	40.8	62.1	52.3	50.1	60.0	53.1	52.1
International reserves (US$ bn)	28.3	27.0	39.4	42.6	38.6	35.4	40.0	36.0	33.0	30.0
Public Sector										
Central gov. primary budget balance (% of GDP)	-1.4	-1.5	-3.0	-2.5	-2.8	-2.9	-2.8	-2.9	-2.5	-2.5
Central gov. budget balance (% of GDP)	-1.6	-2.6	-3.1	-2.8	-3.3	-4.1	-4.0	-5.5	-5.0	-5.0
Debt Indicators										
Gross external debt (% of GDP)	2.2	2.7	4.3	5.1	5.2	7.4	9.9	13.2	16.2	19.2
Public (% of GDP)	-	-	-	-	-	-				
Private (% of GDP)	-	-	-	-	-	-				
Gross government debt (% of GDP)	20.3	23.4	25.3	27.7	29.2	34.5	35.7	36.9	39.0	41.0
Domestic (% of GDP)	18.2	20.7	21.1	22.6	23.9	27.1	23.2	24.0	25.4	26.7
External (% of GDP)	2.2	2.7	4.3	5.1	5.2	7.4	9.9	13.2	16.2	19.2

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 178: Romania

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	178	185	210	243	251	251	285	301	343	382
GDP per capita (US$)	8,950	9,377	10,698	12,456	12,922	13,005	14,864	15,660	17,882	19,911
Economic Activity and Prices										
Real GDP growth (% yoy)	3.2	2.9	8.3	5.8	3.8	-3.2	5.9	4.5	2.2	3.5
CPI inflation (% yoy, avg)	-0.6	-1.5	1.3	4.6	3.8	2.6	5.0	13.7	10.7	6.0
Nominal exchange rate (vs EUR, eop)	4.52	4.54	4.66	4.66	4.78	4.87	4.95	4.95	5.00	5.20
Nominal exchange rate (vs EUR, avg)	4.44	4.49	4.57	4.65	4.75	4.84	4.92	4.93	4.97	5.10
Central bank policy rate (%, eop)	1.75	1.75	1.75	2.50	2.50	1.50	1.75	6.75	7.00	5.00
External Sector										
Current account balance (% of GDP)	-0.8	-1.6	-3.1	-4.6	-4.9	-4.9	-7.2	-9.3	-8.3	-7.7
Current account balance (US$ bn)	-1.4	-3.0	-6.6	-11.2	-12.2	-12.4	-20.7	-28.1	-28.7	-29.3
Trade balance (US$ bn)	-9.0	-10.7	-14.5	-18.1	-20.0	-21.6	-27.4	-34.1	-36.2	-39.4
Exports, f.o.b. (US$ bn)	54.5	57.7	64.6	73.0	70.6	65.7	83.1	90.5	99.5	112.0
Imports, c.i.f. (US$ bn)	63.5	68.4	79.0	91.2	90.6	87.3	110.4	124.5	135.7	151.4
International reserves (US$ bn)	38.6	40.0	44.5	42.1	42.1	52.2	51.9	55.8	64.5	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	-5.1	-5.1
Debt Indicators										
Gross external debt (% of GDP)	58.0	53.6	55.6	47.0	49.1	61.9	54.2	51.3	-	-
Public (% of GDP)	20.5	20.1	18.7	17.5	18.2	26.7	25.8	21.4	-	-
Private (% of GDP)	37.4	33.5	36.9	29.4	30.9	35.2	28.4	29.9	-	-
Gross government debt (% of GDP)	37.8	37.9	35.3	34.5	35.1	46.9	48.6	47.3	46.8	47.4
Domestic (% of GDP)	18.2	18.5	17.2	17.5	17.4	20.7	24.3	27.1	27.0	27.9
External (% of GDP)	19.6	19.4	18.1	17.0	17.7	26.2	24.4	20.2	19.8	19.5

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 179: 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	1045.2	1131.3
GDP per capita (US$)	21,673	20,952	21,924	25,336	24,506	20,971	25,464	31,850	29,452	31,252
Economic Activity and Prices										
Real GDP growth (% yoy)	4.7	2.4	-0.1	2.8	0.8	-4.3	3.9	8.7	0.4	2.7
CPI inflation (% yoy, avg)	1.2	2.1	-0.8	2.5	-2.1	3.4	3.1	2.5	2.0	2.0
Nominal exchange rate (vs. USD, eop)	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75
Nominal exchange rate (vs. USD, avg)	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75
Central bank policy rate (%, eop)	0.50	0.50	1.50	3.00	2.25	1.00	1.00	5.00	5.75	4.00
External Sector										
Current account balance (% of GDP)	-8.5	-3.6	1.5	8.5	4.6	-3.1	5.1	13.6	10.1	11.6
Current account balance (US$ bn)	-56.7	-23.8	10.5	72.0	38.2	-22.8	44.3	150.8	105.5	131.8
Trade balance (US$ bn)	44.3	55.8	98.5	168.7	121.3	47.9	136.5	234.7	191.3	217.8
Exports, f.o.b. (US$ bn)	203.5	183.6	221.9	294.4	261.6	173.9	276.2	410.7	338.6	373.6
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	476	533
Public Sector										
Central gov. primary budget balance (% of GDP)	-16.3	-16.5	-8.6	-5.0	-3.5	-9.5	-1.4	3.3	1.6	5.6
Central gov. budget balance (% of GDP)	-16.4	-16.7	-8.9	-5.5	-4.2	-10.7	-2.3	2.5	0.9	4.7
Debt Indicators										
Gross external debt (% of GDP)	20.3	22.0	17.5	17.8	22.2	32.4	33.1	27.0	29.6	27.3
Public (% of GDP)	-	-	-	-	-	-	-	-	-	-
Private (% of GDP)	-	-	-	-	-	-	-	-	-	-
Gross government debt (% of GDP)	5.7	12.7	16.3	17.5	21.4	30.8	28.8	22.6	23.9	22.1
Domestic (% of GDP)	5.7	8.5	9.5	9.5	11.7	18.1	17.2	13.4	14.3	13.2
External (% of GDP)	0.0	4.1	6.8	8.0	9.7	12.7	11.6	9.1	9.7	8.9

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 180: 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	134	124	157
GDP per capita (US$)	10452	7691	2634	3084	3652	3701	4789	NA	NA	NA
Economic Activity and Prices										
Real GDP growth (% yoy)	1.2	1.1	2.1	3.3	3.2	-4.0	3.4	-30.4	4.4	11.6
CPI inflation (% yoy, avg)	6.8	14.6	14.5	11.3	7.9	2.7	9.3	20.0	15.2	10.0
Nominal exchange rate (vs USD, eop)	221.7	342.1	28.1	28.3	23.8	27.5	27.3	36.9	40.0	40.0
Nominal exchange rate (vs USD, avg)	339.5	333.3	26.6	27.2	25.8	27.0	27.3	33.0	40.0	40.0
Central bank policy rate (%, eop)	16.0	12.0	14.5	18.0	14.5	6.0	9.00	25.00	20.00	15.0
External Sector										
Current account balance (% of GDP)	-3.7	-6.1	-2.2	-4.9	-2.7	3.9	-1.6	6.8	14.4	7.9
Current account balance (US$ bn)	-6.7	-8.5	-2.4	-6.4	-4.1	6.0	-3.2	9.1	17.9	12.3
Trade balance (US$ bn)	5.6	5.0	-9.7	-12.7	-14.3	-6.3	-6.6	-8.5	-13.6	-21.5
Exports, f.o.b. (US$ bn)	51.0	41.5	39.7	43.3	46.1	45.2	63.1	47.3	45.0	51.7
Imports, c.i.f. (US$ bn)	45.3	36.4	49.4	56.1	60.4	51.5	69.8	55.8	58.6	73.2
International reserves (US$ bn)	27.9	29.7	18.8	20.8	25.3	26.0	30.9	2.5	31.0	32.0
Public Sector										
Central gov. primary budget balance (% of GDP)				-1.7	1.0	-3.0	-0.9	-17.3	-15.1	-14.3
Central gov. budget balance (% of GDP)	-2.3	-2.9	-1.6	-1.7	-2.1	-5.9	-3.6	-20.2	-18.9	-17.6
Debt Indicators										
Gross external debt (% of GDP)	131.0	120.7	102.9	87.7	78.9	80.3	64.8	106.6	125.8	104.2
Public (% of GDP)	47.1	45.8	41.3	36.8	33.6	35.0	28.5	55.3	72.1	63.6
Private (% of GDP)	83.9	74.9	61.6	51.0	45.3	45.4	36.3	51.3	53.7	40.6
Gross government debt (% of GDP)	74.6	77.9	69.4	60.3	54.4	58.1	48.8	83.2	104.3	93.2
Domestic (% of GDP)	26.7	29.0	25.7	21.7	22.7	23.7	20.2	27.7	31.9	29.5
External (% of GDP)	47.9	48.9	43.7	38.6	31.7	34.3	28.6	55.5	72.4	63.8

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 181: Argentina

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021F	2022F	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	631.6	513.0	597.8	515.1	447.7	303.4	399.0	497.9	475.9	442.3
GDP per capita (US$)	14,642	12,507	13,573	11,574	9,948	6,673	8,683	10,720	10,136	9,322
Unemployment rate (%)	9.0	7.6	7.2	9.6	11.0	12.0	7.0	7.0	8.0	8.0
Population (millions)	43.1	43.6	44.0	44.5	45.0	45.5	46.0	46.4	46.9	47.4
Economic Activity										
Real GDP growth (% yoy)	2.7	-2.1	2.8	-2.6	-2.0	-9.9	10.4	5.2	-2.5	-2.0
Domestic demand growth (% yoy)	3.1	-0.5	5.5	-3.0	-5.9	-11.4	13.5	8.7	-4.1	-3.2
Real investment growth (% yoy)	3.5	-5.8	13.4	-5.7	-15.9	-12.9	33.4	10.9	-12.2	-7.1
Real consumption growth (% yoy)	4.2	-0.7	3.9	-2.2	-6.3	-12.1	9.5	8.2	-2.0	-2.3
Real private consumption growth (% yoy)	3.7	-0.8	4.2	-2.2	-7.3	-13.8	10.0	9.4	-2.2	-1.3
Real government consumption growth (% yoy)	6.9	-0.5	2.6	-1.9	-1.2	-3.3	7.1	1.8	-1.0	-7.9
Real export growth (% yoy)	-2.8	5.3	2.6	0.6	9.1	-17.3	9.2	5.7	-4.0	-1.2
Real import growth (% yoy)	4.7	5.8	15.6	-4.5	-19.0	-17.9	22.0	17.4	-11.8	-6.1
Prices										
National inflation (% yoy)*	28.2	36.2	24.8	47.6	53.8	36.1	50.9	94.8	132.9	112.1
National inflation (% avg)*	26.1	38.7	25.6	33.7	53.6	42.7	48.4	72.4	118.1	132.6
Nominal wages (% yoy)	31.8	32.9	27.3	29.7	40.9	33.0	49.5	90.4	127.9	111.1
Nominal exchange rate (vs. USD, eop)	12.9	15.9	18.6	37.8	59.9	84.1	102.7	177.1	513.9	1,094.2
Nominal exchange rate (vs. USD, avg)	9.3	14.8	16.7	29.3	49.3	71.7	95.8	133.6	296.5	794.3
Bilateral real exchange rate (% yoy, + dep)	20.5	0.9			20.4	-4.5	-14.3	-5.3	29.5	3.4
Monetary Sector										
Monetary base growth (% yoy)	34.9	31.7	24.7	27.0	40.7	92.7	65.0	95.0	127.2	107.7
Broad money growth (% yoy)	28.2	30.3	27.1	12.0	29.7	92.7	65.0	95.0	127.2	107.7
Credit extension to private sector (% yoy)	20.0	31.4	50.8	32.6	19.3	52.7	65.0	95.0	127.2	107.7
Central bank policy rate (%, eop)	36.0	24.8	28.8	59.3	63.0	40.0	40.0	75.0	97.0	82.0
1-month interbank rate (%, eop)	36.0	24.8	28.8	44.5	47.3	36.0	32.0	67.0	73.0	58.0
Long-term yield (%, eop)	-	-	-	-	-	-	-	-	-	
External Sector										
Current account balance (% of GDP)	-2.7	-2.8	-5.2	-5.3	-0.8	1.1	1.7	-0.8	-3.8	0.1
Current account balance (US$ bn)	-16.8	-15.0	-30.8	-27.1	-3.7	3.3	6.7	-3.8	-17.9	0.3
Trade balance (US$ bn)	-0.4	4.5	-5.5	-0.7	18.2	14.6	18.7	12.4	-2.2	14.9
Exports, f.o.b. (US$ bn)	56.8	57.7	58.4	61.8	65.2	54.9	78.0	88.5	70.1	83.5
main export - Soybeans	na	na	na	na	na	na	na	na	na	na
Imports, f.o.b. (US$ bn)	57.2	53.2	64.0	62.5	46.9	40.3	59.3	76.2	72.3	68.7
Service balance (US$, bn)	-3.9	-7.0	-9.8	-8.9	-4.9	-2.2	-3.6	-6.8	-4.7	-3.5
Income balance (US$, bn)	-12.1	-12.1	-16.4	-18.7	-17.9	-9.1	-8.3	-9.3	-11.0	-11.0
Foreign direct investment (US$ bn)	10.5	4.6	9.4	10.8	3.0	3.0	5.4	12.8	4.8	4.4
International reserves (US$ bn)	25.6	38.8	55.0	65.8	44.8	39.4	41.2	42.0	40.0	44.0
Price of main export commodity - Soybean	377.3	405.7	400.6	na	na	na	na	na		
Public Sector										
Central gov. primary budget balance (% of GDP)	-1.8	-4.6	-3.9	-2.7	-1.0	-6.4	-3.5	-2.0	-3.5	-1.0
Central gov. budget balance (% of GDP)	-3.8	-6.0	-6.2	-5.7	-4.0	-9.4	-5.0	-3.8	-5.7	-3.2
Consolidated gov. primary budget balance (% of GDP)	na	na	na	na	na	na	na	na		
Consolidated public sector balance (% of GDP)	-5.0	-7.4	-7.2	-6.0	-4.3	-9.7	-5.3	-3.8	-5.7	-3.2
Central gov. revenues (% of GDP)	20.4	20.0	18.3	18.0	18.0	18.4	18.1	18.3		
Debt Indicators										
Gross external debt (% of GDP)	25.1	33.2	34.4	45.5	52.3	75.1	62.4	57.4		
Public (% of GDP)	13.5	18.3	17.9	26.4	28.9	37.3	31.0	28.5		
Private (% of GDP)	11.5	15.0	16.5	19.0	23.4	37.8	31.4	28.9		
Gross government debt (% of GDP)	43.1	53.3	49.6	66.0	89.0	89.0	74.0	68.0		
Domestic (% of GDP)	29.5	36.4	33.3	39.4						
External (% of GDP)	13.5	16.9	16.2	24.1						
External debt amortizations (US$ bn)	-	-	-	-	-	-				
External debt interest payments (US$ bn)	-	-	-	-	-	-				
External debt service (% of XGS)	-	-	-	-	-	-				
Savings - Investment Balance										
Savings (% of GDP)	17.1	17.1	17.3	-	-	17.8	18.3	18.3		
Investment (% of GDP)	19.7	19.4	20.0	-	-	16.7	16.2	17.2		
Memoradum Items										
Gran Buenos Aires Inflation - Indec (% yoy)*	-	-	-3.9	-	-	-				
Central gov. primary budget balance (% of GDP)**	-	-	-	-	-	-				

	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24
Quarterly Economic Forecasts										
Real GDP growth (%, yoy)	5.9	1.9	0.1	-2.1	-4.6	-3.3	-3.4	-2.6	-1.4	-0.7
Real GDP growth (%, qoq, sa, annualized)	5.6	-6.2	-2.3	-5.3	-4.8	-0.8	-2.8	-2.1	0.0	2.1
National inflation (% yoy, eop)	83.0	94.8	104.3	120.0	122.4	132.9	148.4	140.3	129.3	112.1
Central bank policy rate (%, eop)	75.00	75.00	78.00	97.00	97.00	97.00	97.00	92.0	87.0	82.0
Nominal exchange rate (vs USD, eop)	147.3	177.1	209.0	258.1	320.6	513.9	620.8	749.9	905.9	1,094.2
Current account balance (US$ bn)	-3.2	1.7	-7.2	-3.9	-5.4	-1.4	-1.9	-1.4	-1.5	5.1

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 182: 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	2069	2172
GDP per capita (US$)	8827	8774	9976	9191	8912	6838	7732	8899	9564	9962
Unemployment Rate (%) (PNAD)*	8.7	11.7	12.9	12.4	12.0	13.9	13.5	9.5	8.8	9.2
Population (millions)	203	205	207	208	210	212	213	215	216	218
Economic Activity										
Real GDP growth (% yoy)	-3.5	-3.3	1.3	1.8	1.2	-3.3	5.0	2.9	0.9	2.4
Domestic demand growth (% yoy)	-4.7	-4.3	0.8	2.5	2.2	-3.9	6.1	3.1	1.3	2.8
Real investment growth (% yoy)	-13.9	-12.1	-2.6	5.2	4.0	-1.7	16.5	0.9	2.0	2.9
Real consumption growth (% yoy)	-2.8	-2.9	1.3	2.0	1.9	-4.3	3.6	3.7	1.2	2.8
Real private consumption growth (% yoy)	-3.2	-3.8	2.0	2.4	2.6	-4.6	3.7	4.3	1.3	3.0
Real government consumption growth (% yoy)	-1.4	0.2	-0.7	0.8	-0.5	-3.7	3.5	1.5	0.7	2.0
Real export growth (% yoy)	6.8	0.9	4.9	4.1	-2.6	-2.3	5.9	5.5	1.7	2.9
Real import growth (% yoy)	-14.2	-10.3	6.7	7.7	1.3	-9.5	12.0	0.8	2.3	3.4
Prices										
CPI inflation (% yoy, eop)	10.7	6.3	2.9	3.7	4.3	4.5	10.1	5.8	6.0	3.7
CPI inflation (% yoy, avg)	9.0	8.7	3.4	3.7	3.7	3.2	8.3	9.3	5.1	4.4
Nominal wages (% yoy)	7.7	6.7	5.4	5.2	4.3	7.5	1.3	6.9	9.7	6.4
Nominal exchange rate (vs USD, eop)	3.90	3.26	3.31	3.87	4.03	5.20	5.58	5.22	5.10	5.20
Nominal exchange rate (vs USD, avg)	3.34	3.48	3.20	3.66	3.94	5.19	5.39	5.15	5.07	5.15
Bilateral real exchange rate (% yoy, + dep)	-	-	-	-	-	-	-	-	-	-
Monetary Sector										
Monetary base growth (% yoy)	-3.1	5.9	9.8	1.8	4.8	36.3	-5.2	2.6	6.9	6.1
Broad money growth (% yoy)	-4.4	4.6	5.7	6.9	9.1	43.2	-1.6	1.1	6.5	5.7
Credit extension to private sector (% yoy)	7.0	-3.5	-0.4	5.1	6.4	15.6	16.3	14.0	12.0	6.0
Central bank policy rate (%, eop)	14.25	13.75	7.00	6.50	4.50	2.00	9.25	13.75	11.75	9.50
1-month interbank rate (%, eop)	14.14	13.63	6.99	6.40	4.59	2.00	9.15	13.65	11.65	9.40
Long-term yield (%, eop)	-	-	-	-	-	-	-	-	-	
External Sector										
Current account balance (% of GDP)	-3.5	-1.7	-1.2	-2.9	-3.6	-2.0	-2.8	-2.9	-2.3	-2.5
Current account balance (US$ bn)	-63.4	-30.5	-25.3	-54.8	-68.0	-29.4	-46.3	-56.1	-48.0	-55.0
Trade balance (US$ bn)	17.4	44.5	57.3	43.4	26.5	32.4	36.4	44.2	40.0	30.0
Exports, f.o.b. (US$ bn)	189.9	184.3	218.0	239.5	225.8	210.7	284.0	340.3	330.0	330.0
main export	-	-	-	-	-	-	-	-	-	-
Imports, c.i.f. (US$ bn)	172.5	139.7	160.7	196.1	199.3	178.3	247.6	296.2	290.0	300.0
Service balance (US$, bn)	-45.7	-36.7	-41.6	-39.3	-38.5	-24.7	-27.0	-40.0	-35.0	-35.0
Income balance (US$, bn)	-35.2	-38.4	-41.0	-58.8	-56.1	-37.1	-55.8	-56.8	-53.0	-50.0
Foreign direct investment (US$ bn)	64.7	74.3	68.9	78.2	69.2	37.8	46.4	90.6	80.0	85.0
Intercompany Loans (US$, bn)	22.9	25.4	4.9	20.8	5.5	4.1	5.1	21.1	18.4	19.6
International reserves (US$ bn)	368.3	369.3	381.0	379.4	385.7	354.7	355.7	324.7	320.0	320.0
Public Sector										
Central gov. primary budget balance (% of GDP)	-1.9	-2.5	-1.8	-1.7	-1.2	-10.0	-0.4	0.6	-0.7	-0.6
Central gov. budget balance (% of GDP)	-8.6	-7.6	-7.0	-6.1	-5.4	-13.6	-5.0	-4.5	-7.3	-7.2
Consolidated gov. primary budget balance (% of GDP)	-1.9	-2.5	-1.7	-1.6	-0.8	-9.4	0.7	1.3	-0.6	-0.5
Consolidated public sector balance (% of GDP)	-10.2	-9.0	-7.8	-7.0	-5.8	-13.6	-4.3	-4.6	-7.9	-7.8
Central gov. revenues (% of GDP)	20.8	21.0	21.0	21.3	22.1	19.7	21.7	23.3	22.7	22.7
Debt Indicators										
Gross external debt (% of GDP)	30.6	30.2	26.4	29.2	30.6	38.3	34.4	30.1	28.2	27.4
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	19.5	18.7
Gross government debt (% of GDP)	65.5	69.8	73.7	75.3	74.3	88.8	78.3	72.9	77.3	80.3
Domestic (% of GDP)	53.3	59.8	64.3	65.7	65.0	77.6	67.4	63.7	68.6	71.6
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	35.9	31.8
External debt interest payments (US$ bn)	20.0	20.5	21.1	22.1	28.0	23.4	23.0	19.7	16.7	15.7
External debt service (% of XGS)	44.8	45.8	34.8	21.8	25.1	29.0	16.9	19.9	15.9	14.4
Savings - Investment Balance										
Savings (% of GDP)	14.3	13.8	13.3	12.2	11.8	14.6	16.4	15.9	16.9	16.5
Investment (% of GDP)	17.8	15.5	14.6	15.1	15.5	16.6	19.2	18.8	19.3	19.1

	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24
Quarterly Economic Forecasts										
Real GDP growth (%, yoy)	3.6	1.9	2.3	1.6	0.6	-0.7	2.8	2.1	2.2	2.4
Real GDP growth (%, qoq, sa, annualized)	1.1	-0.9	3.3	8.2	-1.2	2.8	2.4	2.0	1.6	3.2
CPI inflation (% yoy, eop)	7.2	5.8	4.7	3.5	6.1	6.0	5.0	4.5	3.8	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	5.00	5.05	5.10	5.13	5.15	5.18	5.20
Current account balance (US$ bn)	-18.4	-17.8	-11.8	9.6	-14.9	-30.9	-33.9	-9.4	-19.0	-23.4

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 183: Mexico

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022	2023 F	2024F
Summary Data										
Nominal GDP (US$ bn)	1.141	1.064	1.174	1.231	1.265	1.057	1.266	1.430	1.625	1.559
GDP per capita (US$)	9,400	8,671	9,461	9,820	9,992	8,269	9,815	10,989	12,382	11,781
Unemployment rate (%)	4.3	3.9	3.4	3.3	3.5	4.4	4.1	3.3	3.5	4.0
Population (millions)	121.3	122.7	124.0	125.3	126.6	127.8	129.0	130.1	131.2	132.3
Economic Activity										
Real GDP growth (% yoy)	3.2	2.4	2.3	2.2	-0.2	-8.2	4.9	3.1	1.5	0.0
Domestic demand growth (% yoy)	3.0	2.7	2.2	2.1	-1.1	-11.3	7.9	5.4	1.5	0.5
Real investment growth (% yoy)	4.9	0.9	-1.1	0.8	-4.7	-17.8	10.5	6.0	1.0	-0.5
Real consumption growth (% yoy)	2.6	3.4	3.0	2.6	0.0	-9.0	6.4	5.3	2.6	1.6
Real private consumption growth (% yoy)	2.7	3.5	3.4	2.6	0.4	-10.5	7.8	6.1	2.8	1.6
Real government consumption growth (% yoy)	1.9	2.6	0.7	2.9	-1.8	-0.3	-0.6	1.0	1.4	1.9
Real export growth (% yoy)	8.5	3.6	4.1	5.9	1.5	-7.1	6.9	7.6	-0.3	-3.1
Real import growth (% yoy)	6.0	2.4	6.8	6.4	-0.7	-14.1	16.1	8.8	-0.4	-1.9
Prices										
CPI inflation (% yoy, eop)	2.1	3.4	6.8	4.8	2.8	3.2	7.4	7.8	5.1	4.3
CPI inflation (% yoy, avg)	2.7	2.8	6.0	4.9	3.6	3.4	5.7	7.9	5.8	4.5
Nominal wages (% yoy)	4.2	3.8	4.8	5.7	6.7	7.3	7.2	10.8	10.3	6.2
Nominal exchange rate (vs USD, eop)	17.21	20.73	19.66	19.65	18.93	19.91	20.53	19.50	19.5	21.0
Nominal exchange rate (vs USD, avg)	16.28	18.92	18.69	19.11	19.33	22.17	20.38	19.91	18.76	20.44
Bilateral real exchange rate (% yoy, + dep)	17.9	20.7	-7.1	5.8	-5.0	4.2	5.0	-6.7	-1.0	5.8
Monetary Sector										
Monetary base growth (% yoy)	16.8	14.4	8.8	8.3	4.1	21.6	15.2	10.6	2.5	7.1
Broad money growth (% yoy)	4.8	11.0	8.1	6.6	7.0	11.0	9.7	10.0	3.8	5.1
Credit extension to private sector (% yoy)	14.1	15.1	12.0	10.3	5.7	1.1	4.3	12.5	8.8	9.3
Central bank policy rate (%, eop)	3.25	5.75	7.25	8.25	7.25	4.25	5.50	10.50	11.25	8.25
1-month interbank rate (%, eop)	3.56	6.11	7.63	8.59	7.56	4.48	5.72	10.77	11.56	8.56
Long-term yield (%, eop)	6.28	7.44	7.66	8.66	6.91	5.55	7.57	9.04	8.20	8.00
External Sector										
Current account balance (% of GDP)	-2.7	-2.5	-1.9	-2.1	-0.4	2.2	-0.6	-0.9	-0.9	-1.5
Current account balance (US$ bn)	-32.3	-25.8	-22.0	-26.1	-5.6	22.8	-8.2	-13.4	-15.2	-23.0
Trade balance (US$ bn)	-14.6	-13.1	-11.0	-13.8	5.2	34.2	-10.9	-26.6	-27.4	-35.8
Exports, f.o.b. (US$ bn)	381.0	374.3	409.8	451.1	460.9	417.3	495.1	578.7	608.2	616.4
Main export - Autos	94.0	91.2	104.2	118.4	125.1	102.8	116.5	140.3	153.8	165.3
Imports, c.i.f. (US$ bn)	395.6	387.4	420.8	464.8	455.8	383.2	506.0	605.3	635.5	652.2
Service balance (US$ bn)	-11.2	-10.6	-11.7	-12.9	-10.3	-15.5	-15.0	-14.8	-16.1	-16.9
Income balance (US$ bn)	-30.7	-29.2	-29.5	-32.7	-36.6	-36.7	-33.6	-30.0	-33.4	-33.6
Foreign direct investment (US$ bn)	36.2	38.9	33.1	37.9	29.9	31.5	33.5	38.6	37.0	42.0
International reserves (US$ bn)	176.4	176.5	172.8	174.6	180.8	195.7	202.4	199.1	201.0	205.0
Remittances (US$ bn)	24.8	27.0	30.3	33.7	36.4	40.6	51.6	58.5	62.0	63.6
Price of main export commodity - oil (US$ per barrel)	44.2	35.9	46.4	62.1	56.1	35.7	64.7	89.3	76.8	86.8
Public Sector										
Central gov. primary budget balance (% of GDP)	-1.2	-1.2	0.8	-0.1	0.1	-0.1	-1.2	-1.1	-1.3	-1.4
Central gov. budget balance (% of GDP)	-3.0	-3.0	-1.0	-2.1	-2.0	-2.5	-3.2	-3.5	-3.9	-4.2
Consolidated gov. primary budget balance (% of GDP)	-1.2	-0.1	1.4	0.6	1.1	0.1	-0.3	-0.5	-0.9	-1.2
Consolidated public sector balance (% of GDP)	-3.4	-2.5	-1.1	-2.1	-1.6	-2.9	-2.9	-3.4	-4.1	-4.6
Central gov. revenues (% of GDP)	17.1	17.7	17.5	16.5	16.4	17.4	16.7	16.8	16.3	16.8
Debt Indicators										
Gross external debt (% of GDP)	25.2	29.8	27.7	26.1	24.4	28.7	26.7	28.8	27.8	28.3
Public (% of GDP)	15.0	18.6	17.5	16.9	15.8	19.0	17.7	19.5	18.6	19.1
Private (% of GDP)	10.2	11.1	10.2	9.2	8.6	9.6	9.0	9.3	9.2	9.2
Gross government debt (% of GDP)	45.4	49.4	46.9	46.8	46.7	53.1	52.3	49.9	50.7	53.2
Domestic (% of GDP)	30.4	30.7	29.4	29.9	31.0	34.1	34.6	35.1	34.4	37.7
External (% of GDP)	15.0	18.6	17.5	16.9	15.8	19.0	17.7	14.8	16.3	15.5
External debt amortizations (US$ bn)	10.9	4.6	2.8	4.9	5.8	11.3	9.9	8.8	12.6	9.7
External debt interest payments (US$ bn)	6.5	6.0	6.8	7.6	8.1	8.0	8.5	8.2	9.1	9.2
External debt service (% of XGS)	4.6	2.8	2.3	2.8	3.0	4.6	3.7	2.9	3.6	3.1
Savings - Investment Balance										
Savings (% of GDP)	22.4	21.7	21.2	20.9	20.7	21.3	20.2	18.5	17.6	16.3
Investment (% of GDP)	21.6	21.2	20.5	20.2	19.3	17.3	18.2	18.7	18.6	18.5

	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24
Quarterly Economic Forecasts										
Real GDP growth (% yoy)	4.4	3.7	3.6	2.4	1.0	-1.1	-1.3	0.1	-0.3	1.6
Real GDP growth (% qoq, sa, annualized)	3.7	1.8	4.5	0.4	-1.3	-3.7	-0.1	2.1	3.0	1.4
CPI inflation (% yoy, eop)	8.7	7.8	6.8	5.5	4.8	5.1	4.8	4.4	4.3	4.3
Central bank policy rate (%, eop)	9.25	10.50	11.25	11.25	11.25	11.25	10.75	10.25	9.25	8.25
Nominal exchange rate (vs USD, eop)	20.14	19.50	18.05	18.50	19.00	19.50	19.90	20.25	20.60	21.00
Current account balance (US$ bn)	-5.2	4.6	-16.8	-0.2	-3.2	5.0	-15.4	-7.3	-5.8	5.5

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 184: 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$)	5,710	4,990	4,459	3,630	2,574	1,678	1,716	1,893	1,936	2,000
Unemployment rate (%)	6.8	7.0	10.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0
Population (millions)	30.1	29.9	29.4	28.9	28.5	28.4	28.4	28.3	28.2	28.1
Economic Activity										
Real GDP growth (% yoy)	-5.7	-13.3	-12.0	-20.0	-30.0	-35.0	2.0	10.0	2.0	3.0
Domestic demand growth (% yoy)	-10.1	-18.7	-13.2	-22.0	-33.0	-38.5	2.2	11.0	2.2	3.3
Real investment growth (% yoy)	-17.6	-31.2	-24.0	-40.0	-60.0	-70.0	4.0	20.0	4	6
Real consumption growth (% yoy)	-6.6	-16.0	-12.0	-20.0	-30.0	-35.0	2.0	10.0	2	3
Real private consumption growth (% yoy)	-7.8	-19.3	-12.0	-20.0	-30.0	-35.0	2.0	10.0	2	3
Real government consumption growth (% yoy)	-2.4	-4.6	-12.6	-21.0	-31.5	-36.8	2.1	10.5	2.1	3.15
Real export growth (% yoy)	-0.7	-6.7	-18.0	-40.0	-51.0	-38.5	3.0	15.0	3	4.5
Real import growth (% yoy)	-18.7	-30.4	-18.0	-40.0	-51.0	-38.5	2.2	11.0	2.2	3.3
Prices										
CPI inflation (% yoy, eop)	181	590	2600	1698488	12341	3687	660	305	256	180
CPI inflation (% yoy, avg)	122	438	1595	523290	1259565	3639	1374	482	280	218
Nominal wages (% yoy)	125	400	1560	180979	1234	2581	726	320	269	189
Nominal exchange rate (vs USD, eop)	0	0	0	638	39368	1107199	5	17	49	137
Nominal exchange rate (vs USD, avg)	0	0	0	638	39368					
Bilateral real exchange rate (% yoy, + dep)	-	-	-	-	-	-	-	-		
Monetary Sector										
Monetary base growth (% yoy)	103.5	248.8	1740.0	43950.0	7200.0	1200.0	400.0	152.5	127.9	90.1
Broad money growth (% yoy)	98.5	243.8	1735.0	43945.0	5000.0	1300.0	600.0	152.5	127.9	90.1
Credit extension to private sector (% yoy)	98.3	236.4	1653.1	41754.9	5000.0	1300.0	600.0	152.5	127.9	90.1
Central bank policy rate (%, eop)	6.40	-	- -		-	-				
1-month interbank rate (%, eop)	-	-	-	-	-	-				
Long-term yield (%, eop)	-	-	-	-	-	-				
External Sector										
Current account balance (% of GDP)	-10.6	-3.4	3.0	10.9	7.8	2.2	1.3	0.4	1.0	1.8
Current account balance (US$ bn)	-18.2	-5.1	3.9	11.4	5.7	1.1	0.6	0.2	0.5	1.0
Trade balance (US$ bn)	0.5	7.2	14.8	15.5	9.2	0.1	3.0	1.7	1.5	1.5
Exports, f.o.b. (US$ bn)	37.4	27.3	30.4	25.7	15.2	6.1	10.0	14.5	13.1	13.1
Main export - Oil	35.1	25.5	28.5	23.3	13.8	6.0	7.0	10.5	9.5	9.5
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	-4.0	-4.0
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 185: 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	352.8	353.6
GDP per capita (US$)	13,574	13,786	15,040	15,871	14,615	13,008	16,087	15,158	17,673	17,587
Unemployment rate (%)	6.4	6.8	7.0	7.4	7.2	11.2	7.2	8.0	8.5	8.5
Population (millions)	18.0	18.2	18.4	18.8	19.1	19.5	19.7	19.8	20.0	20.1
Economic Activity										
Real GDP growth (% yoy)	2.3	1.7	1.2	3.7	0.9	-5.8	11.7	2.4	0.0	1.9
Domestic demand growth (% yoy)	2.5	1.8	2.1	4.0	1.6	-7.9	18.5	3.0	-4.4	1.5
Real investment growth (% yoy)	-0.3	-1.3	-3.1	5.1	4.4	-11.5	15.7	2.8	-4.0	1.4
Real consumption growth (% yoy)	2.6	3.5	3.6	3.7	0.8	-6.8	19.3	3.1	-4.5	1.5
Real private consumption growth (% yoy)	2.1	2.7	3.4	3.8	1.0	-7.5	20.8	2.9	-7.4	0.9
Real government consumption growth (% yoy)	4.8	7.2	4.6	3.3	-0.2	-3.9	13.8	4.1	8.1	3.6
Real export growth (% yoy)	-1.7	0.5	-1.5	5.3	-2.6	-3.2	-1.4	1.4	0.9	1.7
Real import growth (% yoy)	-1.1	0.9	4.6	8.1	-2.4	-12.7	31.8	0.9	-16.1	1.2
Prices										
CPI inflation (% yoy, eop)	4.4	2.7	2.3	2.1	3.0	3.0	7.2	12.8	5.8	4.0
CPI inflation (% yoy, avg)	4.3	3.8	2.2	2.3	2.3	3.0	4.5	11.6	8.3	4.8
Nominal wages (% yoy)	6.2	4.0	5.7	4.5	4.6	3.7	7.0	11.8	6.8	4.0
Nominal exchange rate (vs USD, eop)	707	667	615	696	745	711	852	851	810	830
Nominal exchange rate (vs USD, avg)	654	677	649	641	703	792	760	874	807	821
Bilateral real exchange rate (% yoy, + dep)	11.7	-4.4	-	-	-	-				
Monetary Sector										
Monetary base growth (% yoy)	11.8	13.0	7.4	1.7	9.2	145.3	11.4	6.8	5.3	
Broad money growth (% yoy)	12.0	7.0	5.1	11.2	9.4	6.9	11.4	6.8	5.3	
Credit extension to private sector (% yoy)	10.3	5.7	4.7	10.1	9.4	2.5	7.9	-0.5	3.0	
Central bank policy rate (%, eop)	3.50	3.50	2.50	2.75	1.75	0.50	4.00	11.25	9.25	6.50
1-month interbank rate (%, eop)	5.48	5.45	4.42	4.10	4.08	3.16	6.07	13.35	11.54	
Long-term yield (%, eop)	6.00	5.50	5.50	6.00	5.50	5.50	6.00	6.00	6.00	
External Sector										
Current account balance (% of GDP)	-2.4	-2.0	-2.3	-3.9	-3.7	-1.7	-6.4	-9.0	-4.1	-4.8
Current account balance (US$ bn)	-5.7	-5.0	-6.4	-11.6	-10.5	-4.3	-20.3	-27.1	-14.6	-17.0
Trade balance (US$ bn)	3.4	4.9	7.4	4.2	3.0	18.4	10.5	3.8	11.9	7.4
Exports, f.o.b. (US$ bn)	62.0	60.7	68.8	74.7	68.8	73.5	94.8	98.5	96.0	93.6
main export - Copper	30.0	27.9	34.0	35.6	32.5	38.0	52.7	44.7	41.7	41.0
Imports, f.o.b. (US$ bn)	58.6	55.9	61.5	70.5	65.8	55.1	84.3	94.7	84.1	86.2
Service balance (US$, bn)	-3.6	-3.3	-3.8	-4.7	-5.1	-5.0	-12.3	-14.8	-10.4	-9.6
Income balance (US$, bn)	-5.6	-6.5	-10.0	-11.2	-8.3	-10.0	-21.3	-16.1	-16.1	-14.8
Foreign direct investment (US$ bn)	20.5	12.3	6.1	7.8	12.6	8.5	15.9	20.9	20.9	20.9
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	382.0	374.2
Public Sector										
Central gov. primary budget balance (% of GDP)	-1.5	-2.0	-1.9	-0.8	-1.9	-6.3	-6.8	2.1	-0.9	-1.2
Central gov. budget balance (% of GDP)	-2.2	-2.7	-2.8	-1.7	-2.9	-7.3	-7.7	1.1	-1.9	-2.3
Consolidated gov. primary budget balance (% of GDP)	-1.9	-2.4	-2.3	-1.1	-2.3	-7.9	-7.4	2.1	-0.9	-1.2
Consolidated public sector balance (% of GDP)	-2.1	-2.7	-2.6	-1.5	-2.7	-8.5	-8.3	1.1	-1.9	-2.3
Central gov. revenues (% of GDP)	21.0	20.9	20.8	21.9	21.5	19.9	23.9	25.9	23.3	22.9
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	40.9	44.8
Domestic (% of GDP)	13.1	15.9	15.7	17.3	17.5	18.8	22.5	27.7	27.0	29.6
External (% of GDP)	4.3	5.4	7.9	8.3	10.7	13.7	13.8	15.6	13.9	15.2
External debt amortizations (US$ bn)	-	-	-	-	-	-	-	-	-	
External debt interest payments (US$ bn)	-	-	-	-	-	-	-	-	-	
External debt service (% of XGS)	-	-	-	-	-	-	-	-	-	
Savings - Investment Balance										
Savings (% of GDP)	21.5	20.5	18.9	18.2	19.2	22.2	-	-	-	
Investment (% of GDP)	23.9	23.0	21.0	21.5	22.9	20.9	-	-	-	

	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24
Quarterly Economic Forecasts										
Real GDP growth (%, yoy)	0.2	-2.3	-0.6	-0.5	0.6	0.7	0.6	1.9	2.5	2.6
Real GDP growth (%, qoq, sa, annualized)	-4.4	0.8	3.3	-1.7	-0.2	1.3	3.1	3.1	2.4	1.9
CPI inflation (% yoy, eop)	13.7	12.8	11.1	8.6	6.3	5.8	5.2	4.9	4.4	4.0
Central bank policy rate (%, eop)	10.75	11.25	11.25	11.25	10.50	9.25	8.25	7.50	7.00	6.50
Nominal exchange rate (vs USD, eop)	969	851	800	810	820	825	830	835	840	845
Current account balance (US$ bn)	-30.5	-27.1	-20.9	-15.6	-13.4	-13.6	-17.8	-18.5	-18.1	-17.0

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 186: Colombia

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022F	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	295	283	312	334	323	271	314	345	344	356
GDP per capita (US$)	6,362	6,053	6,575	6,922			6,148	6,676	6,596	6,755
Unemployment rate (%)	8.9	9.2	9.4	9.7	10.5	16.1	13.8	11.1	10.9	11.0
Population (millions)	46.3	46.8	47.4	48.3	49.4	50.4	51.0	51.6	52.2	52.7
Economic Activity										
Real GDP growth (% yoy)	3.0	2.1	1.4	2.6	3.2	-7.3	11.0	7.3	2.1	2.8
Domestic demand growth (% yoy)	2.4	1.2	1.1	3.5	4.0	-7.6	13.4	9.4	2.2	2.7
Real investment growth (% yoy)	-1.2	-0.2	-3.2	1.5	3.0	-21.1	12.6	16.8	1.2	1.1
Real consumption growth (% yoy)	3.4	1.6	2.3	4.0	4.3	-4.1	13.6	7.9	2.4	3.1
Real private consumption growth (% yoy)	3.1	1.6	2.1	3.2	4.1	-4.9	14.5	9.5	2.1	3.0
Real government consumption growth (% yoy)	4.8	1.8	3.6	7.4	5.3	-0.8	9.8	0.3	3.8	3.6
Real export growth (% yoy)	1.7	-0.2	2.6	0.6	3.1	-22.7	15.9	14.8	4.5	8.0
Real import growth (% yoy)	-1.1	-3.5	1.0	5.8	7.3	-19.9	26.7	22.3	4.5	5.4
Prices										
CPI inflation (% yoy, eop)	6.8	5.7	4.1	3.2	3.8	1.6	5.6	13.1	9.0	5.7
CPI inflation (% yoy, avg)	5.0	7.5	4.3	3.2	3.5	2.5	3.5	10.2	11.7	6.9
Nominal wages (% yoy)	5.0	6.5	6.1	5.3	4.7	-2.4	10.0	13.5	9.4	6.1
Nominal exchange rate (vs. USD, eop)	3,149	3,001	2,984	3,250	3,277	3,433	4,080	4,808	4,750	4,950
Nominal exchange rate (vs. USD, avg)	2,742	3,055	2,951	2,956	3,281	3,693	3,807	4,256	4,677	4,875
Bilateral real exchange rate (% yoy, + dep)	24.2	-8.0	-2.5	7.6	-0.6	4.5	13.4	12.8	-5.8	1.0
Monetary Sector										
Monetary base growth (% yoy)	17.1	2.5	5.0	10.4	12.3	20.5	9.6	12.0	9.4	6.7
Broad money growth (% yoy)	11.7	7.1	7.3	5.6	7.8	13.9	12.0	14.0	7.2	4.5
Credit extension to private sector (% yoy)	13.8	12.4	7.3	6.5	7.7	7.8	5.0	13.0	11.1	10.1
Central bank policy rate (%, eop)	5.75	7.50	4.75	4.25	4.25	1.75	3.00	12.00	13.25	9.25
1-month interbank rate (%, eop)	5.78	7.51	4.74	4.25	4.25	1.75	3.05	12.05	13.30	9.30
Long-term yield (%, eop)	8.7	7.1	6.5	6.8	6.1	5.4	8.2	14.5	15.8	11.8
External Sector	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.7	-0.5	-0.2
Current account balance (% of GDP)	-6.3	-4.4	-3.2	-4.2	-4.6	-3.4	-5.7	-6.2	-4.0	-3.3
Current account balance (US$ bn)	-18.7	-12.6	-9.9	-14.0	-14.8	-9.3	-18.0	-21.4	-13.8	-11.7
Trade balance (US$ bn)	-13.5	-9.2	-4.3	-6.4	-9.9	-8.9	-14.0	-13.3	-11.0	-8.1
Exports, f.o.b. (US$ bn)	38.6	34.1	39.8	43.0	40.7	32.3	42.7	67.0	68.7	72.5
Main export - Oil (US$ bn)	14.6	10.8	13.3	16.8	16.0	8.8	13.5	22.5	22.0	19.0
Imports, f.o.b. (US$ bn)	52.1	43.2	44.1	49.4	50.5	41.2	56.7	80.3	79.7	80.6
Service balance (US$ bn)	-5.5	-4.3	-4.5	-4.2	-4.3	-4.2	-6.1	-5.7	-4.0	-4.7
Income balance (US$ bn)	0.3	0.9	-1.2	-3.5	-0.7	3.7	2.1	-1.7	1.8	1.2
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 balance (% of GDP)	-0.5	-1.1	-0.8	-0.3	0.4	-4.9	-3.7	-1.1	0.6	0.6
Central gov. balance (% of GDP)	-3.0	-4.0	-3.7	-3.1	-2.5	-7.8	-7.1	-5.5	-3.9	-3.4
Public sector. primary balance (% of GDP)	-0.9	0.4	0.1	0.1	0.4	-4.9	-3.6	-0.6	0.6	1.1
Public sector overall balance (% of GDP)	-3.4	-2.3	-2.7	-2.6	-2.4	-7.8	-7.2	-5.1	-3.9	-2.9
Central gov. revenues (% of GDP)	16.1	14.9	15.7	15.1	16.2	15.3	16.3	17.1	19.5	19.0
Debt Indicators										
Gross external debt (% of GDP)	38.0	42.5	40.1	39.5	43.0	57.0	54.5	29.4	54.5	55.7
Public (% of GDP)	22.5	25.1	23.1	21.8	22.9	33.2	32.6	7.8	31.9	32.1
Private (% of GDP)	15.5	17.4	17.0	17.7	20.1	23.8	21.9	21.6	22.6	23.6
Gross government debt (% of GDP)	44.6	45.6	46.4	49.3	50.3	65.0	63.8	62.6	61.4	61.9
Domestic (% of GDP)	28.5	30.1	30.9	32.7	34.3	42.0	39.0	62.6	37.3	37.6
External (% of GDP)	16.1	15.5	15.5	16.6	16.0	23.0	24.8	0.0	24.1	24.3
External debt amortizations (US$ bn)	9.6	9.6	7.6	16.2	15.7	13.2	14.6	15.1	19.2	20.5
External debt interest payments (US$ bn)	4.0	4.6	4.7	5.3	5.8	6.2	5.7	5.9	6.8	7.5
External debt service (% of XGS)	20.8	30.1	28.8	43.6	40.0	37.9	53.0	41.5	35.9	39.5
Savings - Investment Balance										
Savings (% of GDP)	17.4	18.7	18.4	17.0	16.8	15.8	14.2	13.6	15.6	16.4
Investment (% of GDP)	23.8	23.2	21.6	21.2	21.4	19.2	19.8	19.9	19.6	19.7

	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24
Quarterly Economic Forecasts										
Real GDP growth (% yoy)	7.3	2.1	3.0	1.9	1.7	1.9	1.3	2.4	3.4	3.8
Real GDP growth (% qoq, sa, annualized)	1.0	1.6	5.9	-0.8	0.4	2.4	3.2	3.7	4.1	4.1
CPI inflation (% yoy, eop)	11.4	13.1	13.3	12.4	10.6	9.0	7.6	6.9	6.3	5.7
Central bank policy rate (%, eop)	10.00	12.00	13.00	13.25	13.25	13.25	12.25	11.25	10.25	9.25
Nominal exchange rate (vs. USD, eop)	4609	4808	4627	4550	4650	4750	4800	4850	4900	4950
Current account balance (US$ bn)	-6.1	-5.0	-3.6	-3.1	-4.2	-3.1	-3.1	-2.6	-3.8	-2.7

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 187: Peru

Selected economic and financial indicators

	2015	2016	2017	2018	2019	2020	2021	2022F	2023F	2024F
Summary Data										
Nominal GDP (US$ bn)	191	195	214	225	231	205	226	245	265	276
GDP per capita (US$)	6142	6178	6734	7009	6965	6120	6675	7164	7675	7929
Unemployment rate (%)	6.5	6.7	6.9	6.7	6.6	13.9	10.9	7.4	7.2	6.6
Population (millions)	31.2	31.5	31.8	32.2	33.2	33.5	33.8	34.2	34.5	34.9
Economic Activity										
Real GDP growth (% yoy)	3.3	4.0	2.5	4.0	2.2	-11.0	13.3	2.7	1.5	3.1
Domestic demand growth (% yoy)	2.8	1.3	1.7	4.1	2.2	-9.9	14.7	2.5	1.1	2.7
Real investment growth (% yoy)	-3.2	-4.1	-0.4	6.6	-0.6	-18.9	27.1	-2.3	-0.9	2.7
Real consumption growth (% yoy)	4.9	3.0	2.3	3.3	3.1	-7.2	11.5	3.9	1.6	2.6
Real private consumption growth (% yoy)	4.0	3.7	2.6	3.8	3.2	-9.8	11.7	4.5	1.5	2.7
Real government consumption growth (% yoy)	9.8	-0.6	0.7	0.4	2.2	7.8	10.6	1.1	2.2	2.3
Real export growth (% yoy)	3.4	9.0	7.6	2.2	1.1	-19.6	13.7	5.3	3.2	6.0
Real import growth (% yoy)	1.6	-1.6	4.5	2.4	1.0	-15.8	18.6	4.7	1.6	4.3
Prices										
CPI inflation (% yoy, eop)	4.4	3.2	1.4	2.2	1.9	2.0	6.4	8.5	4.8	2.9
CPI inflation (% yoy, avg)	3.5	3.6	2.8	1.3	2.1	1.8	4.0	7.9	6.9	3.5
Nominal wages (% yoy)	3.3	7.0	-0.4	-0.3	4.7	-12.4	3.5	8.4	6.0	3.5
Nominal exchange rate (vs USD, eop)	3.41	3.36	3.24	3.38	3.32	3.62	3.98	3.81	3.82	3.90
Nominal exchange rate (vs USD, avg)	3.19	3.38	3.26	3.29	3.34	3.50	3.88	3.84	3.81	3.85
Bilateral real exchange rate (% yoy, + dep)	10.7	-2.8	-2.7	3.9	-1.4	8.7	10.5	-6.2	-2.5	1.3
Monetary Sector										
Monetary base growth (% yoy)	-4.8	4.1	7.2	7.3	5.2	33.2	13.1	-1.6	3.0	6.6
Broad money growth (% yoy)	13.1	1.7	7.9	5.3	9.1	32.0	0.3	-1.8	2.9	6.2
Credit extension to private sector (% yoy)	15.0	4.6	5.5	9.0	7.0	12.8	5.7	4.6	3.0	5.6
Central bank policy rate (%, eop)	3.75	4.25	3.25	2.75	2.25	0.25	2.50	7.50	7.75	4.25
1-month interbank rate (%, eop)	3.77	4.37	3.26	2.75	2.25	0.23	2.25	7.22	7.70	4.20
Long-term yield (%, eop)	7.31	6.38	5.17	5.64	4.21	3.51	5.90	7.57	7.00	6.50
External Sector										
Current account balance (% of GDP)	-4.7	-2.3	-0.9	-1.3	-0.7	1.2	-2.3	-4.0	-2.8	-1.7
Current account balance (US$ bn)	-8.9	-4.4	-2.0	-2.9	-1.7	2.4	-5.3	-9.9	-7.4	-4.7
Trade balance (US$ bn)	-2.9	2.0	6.7	7.2	6.9	8.2	14.8	10.3	11.6	14.9
Exports, f.o.b. (US$ bn)	34.4	37.1	45.4	49.1	48.0	42.9	63.2	66.2	68.5	70.9
Main export - Copper	8.2	10.2	13.8	14.9	14.0	13.0	20.7	19.8	21.9	22.7
Imports, f.o.b. (US$ bn)	37.3	35.1	38.7	41.9	41.1	34.7	48.3	55.9	56.9	56.0
Service balance (US$ bn)	-2.6	-2.6	-2.7	-3.4	-4.0	-4.7	-7.3	-8.6	-9.0	-8.2
Income balance (US$ bn)	-3.5	-3.8	-6.0	-6.7	-4.6	-1.1	-12.8	-11.6	-10.0	-11.4
Foreign direct investment (US$ bn)	7.3	6.8	7.4	5.9	4.8	0.7	7.5	10.8	6.0	7.0
International reserves (US$ bn)	61.5	61.7	63.6	60.1	68.3	74.7	78.5	73.8	74.8	76.7
Price of main export commodity - Copper (US$/ton)	250	221	280	296	273	280	422	398	428	448
Public Sector										
Central gov. primary budget balance (% of GDP)	-1.7	-1.2	-2.0	-0.8	-0.9	-7.9	-2.0	-0.7	0.0	0.3
Central gov. budget balance (% of GDP)	-2.7	-2.2	-3.1	-2.0	-2.1	-9.3	-3.4	-2.2	-1.7	-1.3
Consolidated gov. primary budget balance (% of GDP)	-0.9	-1.3	-1.8	-1.0	-0.2	-7.3	-1.0	-0.1	-0.5	0.1
Consolidated public sector balance (% of GDP)	-1.9	-2.4	-3.0	-2.3	-1.6	-8.9	-2.5	-1.6	-2.2	-1.5
Central gov. revenues (% of GDP)	16.8	15.4	15.1	16.2	16.6	14.9	18.0	19.1	18.9	19.4
Debt Indicators										
Gross external debt (% of GDP)	38.2	38.5	35.9	34.9	35.0	44.4	45.4	42.4	41.3	41.1
Public (% of GDP)	14.0	15.4	15.5	15.6	17.1	24.4	27.0	24.9	24.8	24.6
Private (% of GDP)	24.1	23.2	20.3	19.3	17.9	20.0	18.4	17.5	16.5	16.5
Gross government debt (% of GDP)	23.3	23.7	24.7	25.6	26.6	34.6	35.9	34.0	34.4	34.6
Domestic (% of GDP)	12.1	13.4	16.0	16.8	18.1	19.8	16.5	15.4	15.8	16.3
External (% of GDP)	11.1	10.3	8.7	8.8	8.5	14.9	19.4	18.6	18.6	18.3
External debt amortizations (US$ bn)	5.8	6.8	12.5	7.0	8.1	5.8	3.8	4.3	4.8	4.3
External debt interest payments (US$ bn)	9.2	10.0	10.8	11.8	12.5	10.5	12.2	13.6	13.2	13.3
External debt service (% of XGS)	37.3	39.1	45.2	33.9	37.8	35.6	24.3	25.1	24.2	22.8
Savings - Investment Balance										
Savings (% of GDP)	19.6	20.4	20.5	21.1	21.1	20.9	19.7	16.9	17.2	18.4
Investment (% of GDP)	24.2	22.6	21.4	22.4	21.8	19.7	22.0	20.9	20.0	20.1

	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24
Quarterly Economic Forecasts										
Real GDP growth (% yoy)	2.0	1.7	-0.4	1.4	1.9	2.8	4.8	3.1	2.5	2.2
Real GDP growth (% qoq, sa, annualized)	2.9	-0.2	-5.3	8.7	4.9	3.6	2.0	2.0	2.4	2.4
CPI inflation (% yoy, eop)	8.5	8.5	8.4	7.0	6.0	4.8	4.1	3.4	3.1	2.9
Central bank policy rate (%, eop)	6.75	7.50	7.75	7.75	7.75	7.75	7.00	6.25	5.50	4.25
Nominal exchange rate (vs USD, eop)	3.98	3.81	3.76	3.78	3.80	3.82	3.84	3.86	3.88	3.90
Current account balance (US$ bn)	-2.9	-1.2	-1.0	-2.6	-2.8	-1.0	-0.4	-1.9	-2.1	-0.3

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 188: 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	79.1	82.8
GDP per capita (thous US$)	17	16.5	18.4	18.4	17.4	15.2	17.3	20.0	22.2	23.1
Economic Activity and Prices										
Real GDP growth (% yoy)	0.4	0.8	1.6	0.5	0.4	-6.1	5.3	4.9	0.9	3.4
CPI inflation (% yoy, eop)	9.4	8.1	6.6	8	8.8	9.4	8.0	8.3	6.8	5.9
Nominal exchange rate (vs USD, eop)	29.9	29.3	28.7	32.4	37.4	42.4	44.7	39.9	41.0	42.8
Nominal exchange rate (vs USD, avg)	27.3	30.1	28.6	30.7	35.3	42	43.6	41.2	40.0	42.0
Central Bank policy rate (%, eop)	-	-	-	-	-	4.5	5.8	11.5	10.0	8.0
External Sector										
Current account balance (% of GDP)	-0.2	0.8	0	-0.4	1.6	-0.8	-2.5	-3.2	-3.4	-2.4
Current account balance (US$ bn)	-0.1	0.5	0	-0.3	1	-0.4	-1.5	-2.3	-2.7	-2.0
Trade balance (US$ bn)	2.2	3.1	3.5	3.3	3.8	2.4	4.5	3.9	3.5	4.2
Exports, f.o.b. (US$ bn)	16.6	15.5	16.8	17.1	17.1	13.6	19.4	22.6	22.6	24.5
Imports, f.o.b. (US$ bn)	14.4	12.4	13.4	13.8	13.3	11.2	14.9	18.7	19.1	20.3
International reserves (US$ bn)	17.4	13.9	13.8	16.5	15.1	15.8	16.0	16.5	17.0	17.5
Public Sector										
Non financial public sector. primary budget balance (% of GDP)	0.2	-0.2	-0.1	-0.6	-1.6	-2.9	-1.1	-1.0	-0.8	-0.4
Non financial public sector overall budget balance (% of GDP)	-1.8	-2.7	-2.5	-3.1	-3.8	-5.4	-3.2	-3.0	-2.8	-2.4
Debt Indicators										
Gross external debt (% of GDP)	53.3	49.7	-	-	-	-	-	-	-	-
Public (% of GDP)	43.7	42.7	-	-	-	-	-	-	-	-
Private (% of GDP)	9.7	7	-	-	-	-	-	-	-	-
Gross government debt (% of GDP)	52.8	58.2	56.2	55.6	57.2	67.6	61.1	56.6	55.3	55.2
Domestic (% of GDP)	26.3	29.6	31.9	29	27.5	32.2	29.1	29.8	31.9	34.5
External (% of GDP)	26.4	28.6	24.3	26.6	29.7	35.4	32.0	26.8	23.5	20.6

Source: BofA Global Research

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Yield forecasts

Exhibit 189: Government bond yield and swap rate forecasts
Developed markets

		Jun-23	Sep-23	Dec-23	Mar-24	Dec-24
Bond yields						
US	O/N SOFR	5.06	5.06	5.07	4.82	3.32
	2y	4.00	3.75	3.50	3.25	2.75
	5y	3.60	3.45	3.40	3.25	3.00
	10y	3.50	3.35	3.25	3.25	3.25
	30y	3.70	3.55	3.40	3.40	3.50
Germany	3m Euribor	3.70	3.80	3.90	3.80	3.20
	2y	2.90	2.80	2.60	2.45	1.90
	5y	2.45	2.30	2.10	2.05	2.00
	10y	2.50	2.30	2.20	2.20	2.20
	30y	2.60	2.40	2.40	2.40	2.50
Japan	3m TORF	-0.03	-0.03	-0.03	-0.03	0.02
	2yr	-0.04	0.05	0.00	0.00	0.20
	5yr	0.15	0.40	0.35	0.35	0.50
	10yr	0.45	0.80	0.70	0.70	0.80
	30yr	1.30	1.50	1.35	1.35	1.40
Canada	2yr	3.10	2.90	2.70	2.60	2.40
	5yr	2.60	2.50	2.40	2.40	2.40
	10yr	2.70	2.70	2.70	2.70	2.70
Australia	3m BBSW	3.70	3.70	3.70	3.70	3.70
	2y	3.00	2.75	2.50	2.50	2.25
	5y	3.10	2.85	2.60	2.60	2.50
	10y	3.25	3.00	3.00	3.00	2.75
Swap rates		**Jun-23**	**Sep-23**	**Dec-23**	**Mar-24**	**Dec-24**
US	2y	4.05	3.80	3.45	3.20	2.75
	5y	3.45	3.35	3.30	3.15	2.90
	10y	3.25	3.15	3.05	3.05	3.05
Germany	2y	3.60	3.50	3.30	3.10	2.40
	5y	3.15	2.95	2.75	2.65	2.40
	10y	3.10	2.90	2.75	2.70	2.60
Japan	2y	0.10	0.20	0.15	0.15	0.25
	5y	0.30	0.45	0.40	0.40	0.55
	10y	0.60	0.85	0.80	0.80	0.90
Canada	2y	3.60	3.40	3.20	3.10	2.90
	5y	2.90	2.80	2.70	2.70	2.70
	10y	3.10	3.10	3.10	3.10	3.10
Australia	3y	3.20	2.95	2.70	2.70	2.45
	10y	3.45	3.20	3.20	3.20	2.95

Source: BofA Global Research

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Global FX Forecasts

Exhibit 190: G10 FX Forecasts
Our end-year EUR-USD forecast remains 1.10

	Spot	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
G3								
EUR-USD	1.08	1.05	1.07	1.10	1.10	1.10	1.15	1.15
USD-JPY	139	138	143	140	135	132	125	125
EUR-JPY	149	145	153	154	149	145	144	144
Dollar Bloc								
USD-CAD	1.35	1.34	1.30	1.28	1.25	1.25	1.25	1.25
AUD-USD	0.66	0.68	0.72	0.74	0.76	0.76	0.76	0.76
NZD-USD	0.63	0.62	0.64	0.66	0.67	0.67	0.67	0.67
Europe								
EUR-GBP	0.87	0.89	0.90	0.91	0.91	0.91	0.91	0.91
GBP-USD	1.24	1.18	1.19	1.21	1.21	1.21	1.26	1.26
EUR-CHF	0.97	0.98	0.98	0.98	0.99	0.99	1.00	1.00
USD-CHF	0.90	0.93	0.92	0.89	0.90	0.90	0.87	0.87
EUR-SEK	11.45	11.40	11.50	11.00	10.70	10.60	10.50	10.30
USD-SEK	10.62	10.86	10.75	10.00	9.73	9.64	9.13	8.96
EUR-NOK	11.78	11.20	10.90	10.60	10.40	10.40	10.20	10.00
USD-NOK	10.93	10.67	10.19	9.64	9.45	9.45	8.87	8.70

Forecast as of May-23-2023. Spot exchange rate as of May-23-2023. The left of the currency pair is the denominator of the exchange rate. **Source:** BofA Global Research

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Exhibit 191: EM FX Forecasts
Our end-year USD-CNY forecast is 6.75

	Spot	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
Latin America								
USD-BRL	4.96	5.00	5.05	5.10	5.13	5.15	5.18	5.20
USD-MXN	17.95	18.50	19.00	19.50	19.90	20.30	20.60	21.00
USD-CLP	799	800	805	810	815	820	825	830
USD-COP	4,517	4,550	4,650	4,750	4,800	4,850	4,900	4,950
USD-ARS	234	258	321	514	621	760	906	1,094
USD-PEN	3.69	3.78	3.80	3.82	3.84	3.86	3.88	3.90
Emerging Europe								
EUR-PLN	4.49	4.65	4.65	4.55	4.51	4.48	4.44	4.40
EUR-HUF	376	380	375	370	368	365	363	360
EUR-CZK	23.69	24.00	23.80	23.50	23.40	23.30	23.20	23.00
USD-RUB	80.23	70.00	73.00	75.00	76.00	77.00	78.00	80.00
USD-ZAR	19.21	18.70	18.00	17.00	17.20	17.50	17.70	18.00
USD-TRY	19.85	22.50	23.50	25.00	26.00	27.50	28.50	30.00
EUR-RON	4.97	5.00	5.05	5.09	5.13	5.17	5.21	5.25
USD-EGP	30.94	31.00	31.50	32.50	33.00	34.10	34.10	34.10
USD-ILS	3.70	3.65	3.60	3.55	3.50	3.45	3.40	3.30
USD-AED	3.67	3.68	3.68	3.67	3.67	3.67	3.67	3.67
USD-KWD	0.31	0.28	0.28	0.28	0.28	0.28	0.28	0.28
USD-SAR	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
Asian Bloc								
USD-KRW	1,312	1,320	1,310	1,270	1,245	1,220	1,210	1,190
USD-TWD	30.74	30.70	30.60	30.10	29.80	29.50	29.40	29.20
USD-SGD	1.35	1.34	1.33	1.31	1.31	1.30	1.30	1.29
USD-THB	34.63	34.00	33.00	32.00	32.00	31.50	31.50	31.00
USD-HKD	7.84	7.84	7.85	7.85	7.83	7.83	7.83	7.83
USD-CNY	7.05	7.00	6.90	6.75	6.60	6.50	6.50	6.40
USD-IDR	14875	14,800	14,700	14,500	14,500	14,400	14,400	14,300
USD-PHP	55.73	56.00	56.00	55.00	55.00	54.50	54.50	54.00
USD-MYR	4.57	4.50	4.46	4.42	4.40	4.38	4.36	4.34
USD-INR	82.80	82.00	81.00	80.00	79.50	79.50	79.00	79.00

Forecast as of May-23-2023. Spot exchange rate as of May-23-2023. The left of the currency pair is the denominator of the exchange rate. **Source:** BofA Global Research

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Commodities forecasts

Exhibit 192: BofA Commodity Price Forecasts
(period averages)

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

Source: BofA Global Research estimates

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Research Analysts

FX, Rates and Commodities

John Shin
FX Strategist
BofAS
joong.s.shin@bofa.com

G10 FX Strategy

Athanasios Vamvakidis
FX Strategist
MLI (UK)
athanasios.vamvakidis@bofa.com

Adarsh Sinha
FX Strategist
Merrill Lynch (Hong Kong)
adarsh.sinha@bofa.com

Kamal Sharma
FX Strategist
MLI (UK)
ksharma32@bofa.com

Shusuke Yamada, CFA
FX/Rates Strategist
BofAS Japan
shusuke.yamada@bofa.com

Michalis Rousakis
FX Strategist
MLI (UK)
michalis.rousakis@bofa.com

Howard Du, CFA
G10 FX Strategist
BofAS
yuhao.du@bofa.com

Alex Cohen
FX Strategist
BofAS
alex.cohen2@bofa.com

Global Rates Strategy

Ralf Preusser, CFA
Rates Strategist
MLI (UK)
ralf.preusser@bofa.com

Ralph Axel
Rates Strategist
BofAS
ralph.axel@bofa.com

Bruno Braizinha, CFA
Rates Strategist
BofAS
bruno.braizinha@bofa.com

Mark Cabana, CFA
Rates Strategist
BofAS
mark.cabana@bofa.com

Mark Capleton
Rates Strategist
MLI (UK)
mark.capleton@bofa.com

Oliver Levingston
Rates Strategist
Merrill Lynch (Australia)
oliver.levingston@bofa.com

Ronald Man
Rates Strategist
MLI (UK)
ronald.man@bofa.com

Erjon Satko
Rates Strategist
BofASE (France)
erjon.satko@bofa.com

Sphia Salim
Rates Strategist
MLI (UK)
sphia.salim@bofa.com

Agne Stengeryte
Rates Strategist
MLI (UK)
agne.stengeryte@bofa.com

Meghan Swiber, CFA
Rates Strategist
BofAS
meghan.swiber@bofa.com

Emerging Asia FI & FX Strategy and Economics

Helen Qiao
China & Asia Economist
Merrill Lynch (Hong Kong)
helen.qiao@bofa.com

Claudio Piron
Emerging Asia FI/FX Strategist
Merrill Lynch (Singapore)
claudio.piron@bofa.com

Mohamed Faiz Nagutha
Asia & ASEAN Economist
Merrill Lynch (Singapore)
mohamed_faiz.nagutha@bofa.com

Jojo Gonzales ^^
Research Analyst
Philippine Equity Partners
jojo.gonzales@pep.com.ph

Tomonobu Yamashita
Rates Strategist
BofAS Japan
tomonobu.yamashita@bofa.com

Miao Ouyang
China & Asia Economist
Merrill Lynch (Hong Kong)
miao.ouyang@bofa.com

Xiaoqing Pi
China Economist
Merrill Lynch (Hong Kong)
xiaoqing.pi@bofa.com

Abhay Gupta
Emerging Asia FI/FX Strategist
Merrill Lynch (Singapore)
abhay.gupta2@bofa.com

Pipat Luengnaruemitchai
Emerging Asia Economist
Kiatnakin Phatra Securities
pipat.luen@kkpfg.com

Benson Wu
China & Korea Economist
Merrill Lynch (Hong Kong)
benson.wu@bofa.com

Aastha Gudwani
India Economist
BofAS India
aastha.gudwani@bofa.com

Devika Shivadekar
Economist
Merrill Lynch (Australia)
devika.shivadekar@bofa.com

Ting Him Ho, CFA
Asia Economist
Merrill Lynch (Hong Kong)
tinghim.ho@bofa.com

Kai Wei Ang
Asia & ASEAN Economist
Merrill Lynch (Singapore)
kaiwei.ang@bofa.com

Chun Him Cheung, CFA
Emerging Asia FI/FX Strategist
Merrill Lynch (Hong Kong)
chunhim.cheung@bofa.com

EEMEA Cross Asset Strategy and Economics

David Hauner, CFA >>
EEMEA Cross Asset Strategist
MLI (UK)
david.hauner@bofa.com

Mai Doan
CEE/Israel Economist/Strategy
MLI (UK)
mai.doan@bofa.com

Zumrut Imamoglu
Turkey & Israel Economist
MLI (UK)
zumrut.imamoglu@bofa.com

Vladimir Osakovskiy >>
EEMEA Macro/Equity Strategist
Merrill Lynch (DIFC)
vladimir.osakovskiy@bofa.com

Jean-Michel Saliba
MENA Economist/Strategist
MLI (UK)
jean-michel.saliba@bofa.com

Mikhail Liluashvili
EEMEA Local Markets Strategist
MLI (UK)
mikhail.liluashvili@bofa.com

Tatonga Rusike
Sub-Saharan Africa Economist
MLI (UK)
tatonga.rusike@bofa.com

Merveille Paja
EEMEA Sovereign FI Strategist
MLI (UK)
merveille.paja@bofa.com

Latin America FI & FX Strategy and Economics

Claudio Irigoyen
LatAm FI/FX Strategy/Economist
BofAS
claudio.irigoyen@bofa.com

David Beker >>
Bz Econ/FI & LatAm EQ Strategy
Merrill Lynch (Brazil)
david.beker@bofa.com

Jane Brauer
Sovereign Debt FI Strategist
BofAS
jane.brauer@bofa.com

Carlos Capistran
Canada and Mexico Economist
BofAS
carlos.capistran@bofa.com

Pedro Diaz
Caribbean Economist
BofAS
pdiaz2@bofa.com

Antonio Gabriel
LatAm Local Markets Strategist
BofAS
antonio.gabriel@bofa.com

Christian Gonzalez Rojas
LatAm Local Markets Strategist
BofAS
christian.gonzalezrojas@bofa.com

Alexander Müller
Andean(ex-Ven) Carib Economist
BofAS
alexander.muller@bofa.com

Lucas Martin, CFA
Sovereign Debt FI Strategist
BofAS
lucas.martin@bofa.com

Natacha Perez
Brazil Economist
Merrill Lynch (Brazil)
natacha.perez@bofa.com

Sebastian Rondeau
LatAm FI/FX Strategist
BofAS
sebastian.rondeau@bofa.com

Global Commodity Research

Francisco Blanch
Commodity & Deriv Strategist
BofA Europe (Madrid)
francisco.blanch@bofa.com

Michael Widmer
Commodity Strategist
MLI (UK)
michael.widmer@bofa.com

Warren Russell, CFA
Commodity Strategist
BofAS
warren.russell@bofa.com