

The Flow Show

It's Back On!

Scores on the Doors: crypto 53.5%, stocks 8.7%, gold 8.7%, HY bonds 3.6%, IG bonds 3.0%, govt bonds 2.0%, cash 1.6%, US dollar -0.6%, commodities -8.0%, oil -9.3% YTD.

Zeitgeist I: "It would be so 'on-brand' for stocks to melt-up into recession, suck 'em all in right before the hard landing."

Zeitgeist II: "AI just making babies of the bears...consensus was bullish China, bearish US, will be mirror opposite by Independence Day".

The Price is Right: we still fade SPX 4.2k...\$220 EPS + 20x PE + 200bps Fed cuts = "as good as it gets"; but clients so bored of bears, BofA FMS says "pain trade" = SPX 4.4k & GT10 4%, market trading SVB as LTCM, AI as internet bubble, Nasdaq still below mid-point of 3-year 10-16K range, so new highs in Microsoft (\$343), Nvidia (\$334)...melt-up.

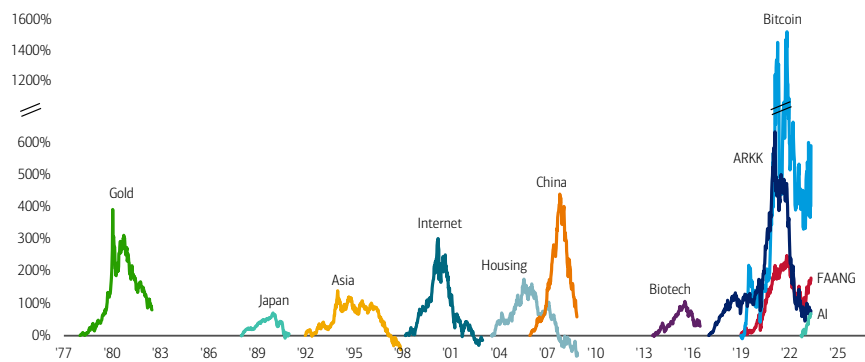
Tale of the Tape: YTD it's the "The Magnificent Seven"...Big 7 monopolistic US Tech* stocks (up 61%) trading on 30x PE vs 17x for rest of S&P, Big 7 aspirational European Luxury stocks (up 25%) trading on 36x vs rest of Stoxx 600 trading on 12x PE.

The Biggest Picture: AI for now a "baby bubble" (Chart 2); bubbles in right things (e.g. internet) & wrong things (e.g. housing) always started by easy money, always ended by rate hikes; new AI mania + 5% inflation, 3% unemployment, 7% budget deficits in '23...biggest "pain trade" next 12 months is Fed funds rate at 6% not 3%.

*Big 7 US Tech: Apple, Microsoft, Google, Amazon, Nvidia, Meta, Tesla; Big 7 European Luxury: LVMH, L'Oreal, Hermes, Christian Dior, Richemont, Kering, Ferrari.

Chart 2: Artificial Intelligence a "baby bubble" for now

History of asset bubbles



Source: BofA Global Investment Strategy, Bloomberg (AI = NVDA + MSFT)

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More on page 2...

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Refer to important disclosures on page 11 to 13.

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Investment Strategy
Global

BofA

Data
Analytics



Michael Hartnett
Investment Strategist
BofAS
+1 646 855 1508
michael.hartnett@bofa.com

Elyas Galou >>
Investment Strategist
BofASE (France)
+33 1 8770 0087
elyas.galou@bofa.com

Anya Shelekhin
Investment Strategist
BofAS
+1 646 855 3753
anya.shelekhin@bofa.com

Myung-Jee Jung
Investment Strategist
BofAS
+1 646 855 0389
myung-jee.jung@bofa.com

Chart 1: BofA Bull & Bear Indicator

Rises to 3.5 from 3.4



Source: BofA Global Investment Strategy
The indicator identified above as the BofA Bull & Bear Indicator is intended to be an indicative metric only and may not be used for reference purposes or as a measure of performance for any financial instrument or contract, or otherwise relied upon by third parties for any other purpose, without the prior written consent of BofA Global Research. This indicator was not created to act as a benchmark.

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Weekly Flows: \$25.1bn to cash, \$5.6bn to bonds, \$0.4bn to gold, \$7.7bn from stocks.

Flows to Know:

- Cash: inflows slowing...\$151bn past 4 weeks vs \$404bn 4 weeks after SVB,
- Treasuries: strong...14 weeks of inflows (\$4.3bn this week – Chart 11),
- Credit: IG > HY...7th week inflows to IG (\$4.9bn this week) vs 2nd week HY outflows,
- Stocks: growth > value...5th week of tech inflows (\$1.1bn – Chart 12), 3rd week of outflows from financials (\$0.7bn), and largest outflow from REITs since Nov'22 (\$0.6bn).

BofA Private Clients: \$3.1tn AUM...59.4% stocks, 21.8% bonds, 11.9% cash; bond allocation now highest since Jul'20; private clients buying gold, low-vol, value ETFs & selling energy, bank loan, Japan ETFs past 4 weeks.

BofA Bull & Bear Indicator: up to 3.5 from 3.4, highest since March 14th; our best measure of positioning no longer “extreme bearish,” sentiment grinding higher.

AA: 60/40 portfolio had disastrous '22 but delightful 28% annualized return in '23 (best since 1995 - Chart 3); but note 25/25/25/25 portfolio keeping pace with 20% YTD annualized return (best since 1982 - Chart 4) with better Sharpe ratio (0.49 vs 0.35 in 2020s); bulls outperforming bears in '23 but diversified, conservative portfolio doing just fine.

Post-SVB: BofA Flow Show, March 30th 2023 said “Panic, flush, unwind, then Fed blinked and off we rally into April, which always up in 3rd year of Prez cycle; and then we'll see if recession or new CRE or US Treasury panics await in H2; if SVB was Bear Stearns we going to new lows, if LTCM then we going to new highs”...thus far past 2 months stocks certainly trading like SVB = LTCM.

LTCM: Asia/Russia/LTCM crisis of 1998 caused Fed to ease for Wall St, yet Main St did not care about LTCM, economy remained blissfully strong in '98/'99, and Fed policy misstep & excess liquidity simply ignited internet bubble (Nasdaq soared from 2000 to 5000 between Oct'98 & Mar'00 – Chart 5); we don't advise chasing the bubble in '23 (\$220 EPS + 20x PE + 200bps Fed cuts = “as good as it gets”...blah, blah, blah) but fundamentals mean diddly-squat in a speculative bubble.

LTCM Lesson I: as Nasdaq bubbled to 5000 in 1999, Treasury yields rose v sharply 200bps (one definition of a “bubble” is when an asset price ignores a rise in the cost of capital); in 1999 internet stocks & strong macro forced Fed to restart monetary tightening...bubble popped 9 months later; AI = internet, and if Fed mistakenly pausing in 2023, US bond yields would tell you that by rising back above 4%, and if so we most certainly ain't seen last Fed rate hike of the cycle.

LTCM Lesson II: at onset of bubble you own...well, the bubble (Japan, internet, housing, China, crypto, FAANG...AI); best LTCM lesson is there was only one equity index that outperformed the Nasdaq internet bubble of Oct'98 to Mar'00 and it was Russia, which had undergone by default & debasement in 1998, as its PE jumped from 3x to 9x; if AI bubble the H2 narrative, investors must barbell “hubris” with the “humiliated”...in '23 that's the US regional banks (best bubble hedge – long-duration speculative tech, e.g. ARKK or XBI to remain offered only by prospect of 5% Treasury yields – Chart 6).

Best Summer Trade: the cycle of life...

- Inflation shocks cause rate shocks...
- ...rate shocks cause bear markets...



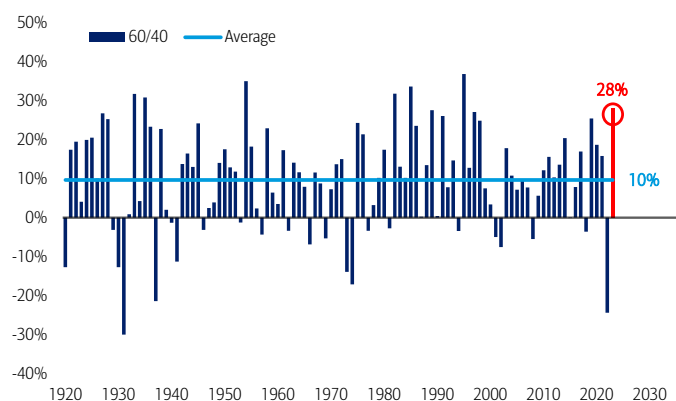
- ...bear markets cause recessions...
-recessions cause Fed rate cuts...
- ...Fed rate cuts cause bull markets...

But past 6 months fiscal policy and labor market have prevented bear market from causing recession; inflation shock ongoing (see New York rents & US CPI – Charts 7 & 8); and now asset prices reflatting again; markets still pricing in small risk of hike for June FOMC, 1st rate cut at Nov 1st FOMC, and 200bps of cuts between now and US election in 537 days (Table 1); if market set to reprice Fed from cuts to no cuts to rate hikes, the best summer trade pure and simple is contrarian “long US dollar” (take profits on gold).

Bubble or no bubble: AI is inflationary...no way politicians in 2020s would allow AI to cause widespread unemployment even if transitory; should companies follow British Telecom in announcing mass workforce reduction (BT announced 40% would lose jobs and 1-in-5 to be replaced by AI – stock fell 7%) expect regulation and/or another push for universal basic income (UBI) policies, funded either by windfall taxation of corporations and/or Fed yield curve control (YCC) to fund bigger & bigger government budget deficits; AI = UBI = YCC.

Chart 3: Disastrous '22 for 60/40 now delightful '23...

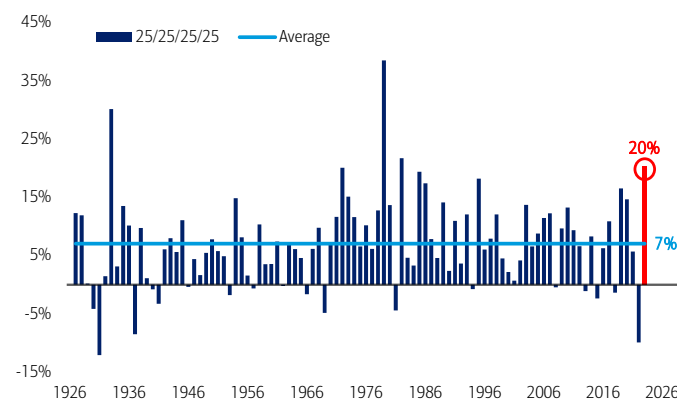
Annual returns for 60/40 portfolio



Source: BofA Global Investment Strategy, Bloomberg, GFD Finaeon, YTD annualized
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Chart 4: ...but 25/25/25/25 keeping pace

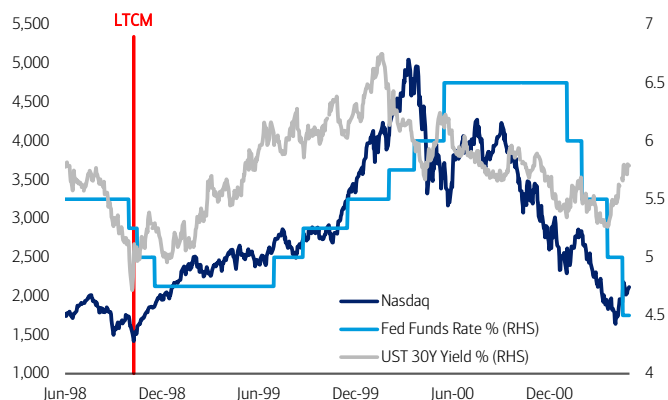
Annual returns for 25/25/25/25 portfolio



Source: BofA Global Investment Strategy, Bloomberg, GFD Finaeon, YTD annualized
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Chart 5: Lessons from LTCM

Nasdaq, Fed Funds Rate, UST 30Y Yield following LTCM collapse



Source: BofA Global Investment Strategy, Bloomberg
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Chart 6: Tech bifurcation...AAPL near all-time highs, ARKK at lows

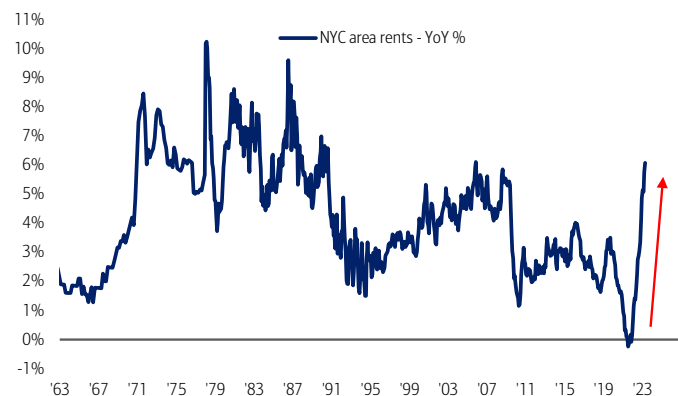
AAPL vs ARKK



Source: BofA Global Investment Strategy, Bloomberg
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Chart 7: NYC rent prices still accelerating...up 6.1% YoY in April

NYC area rents YoY % (New York City, northern NJ, Long Island)

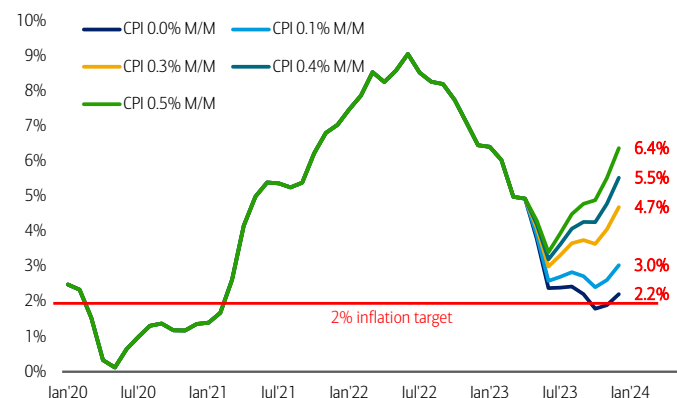


Source: BofA Global Investment Strategy, Bloomberg

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Chart 8: Inflation trending 0.3% M/M...4.7% by Dec'23

US headline CPI projections based on M/M print



Source: BofA Global Investment Strategy, Bloomberg

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Table 1: 200bps of cuts between now and US election

Market pricing for Federal Fund rates as of 18 May '23

| FOMC date | Change in Fed funds rate (bp) | Fed funds rate level (%) |
|------------|-------------------------------|--------------------------|
| 14 Jun '23 | +3bp | 5.11% |
| 26 Jul '23 | +2bp | 5.13% |
| 20 Sep '23 | -8bp | 5.04% |
| 1 Nov '23 | -27bp | 4.77% |
| 13 Dec '23 | -14bp | 4.63% |
| 31 Jan '24 | -9bp | 4.54% |
| 20 Mar '24 | -31bp | 4.23% |
| 1 May '24 | -39bp | 3.84% |
| 12 Jun '24 | -13bp | 3.71% |
| 31 Jul '24 | -10bp | 3.61% |
| 18 Sep '24 | -26bp | 3.35% |
| 30 Oct '24 | -10bp | 3.25% |
| 11 Dec '24 | -14bp | 3.11% |

Source: BofA Global Investment Strategy, Bloomberg

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Chart 9: Luxury stocks outperforming

Global luxury stocks (SPGLGP Index) vs China stocks (MSCI China)

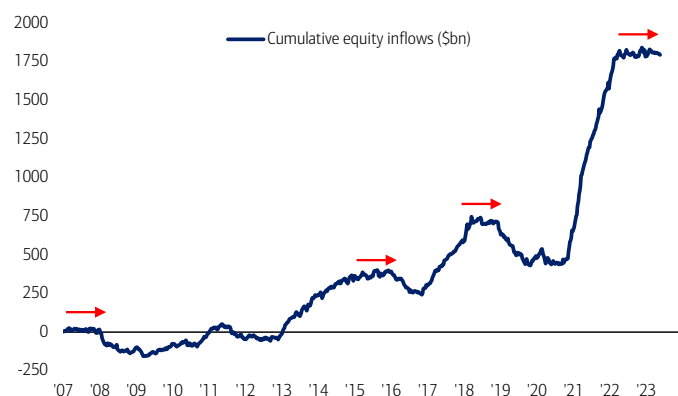


Source: BofA Global Investment Strategy, Bloomberg

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Chart 10: Equity flows have flattened...just like in '07, '15, '18

Cumulative equity flows since 2007 (\$bn)

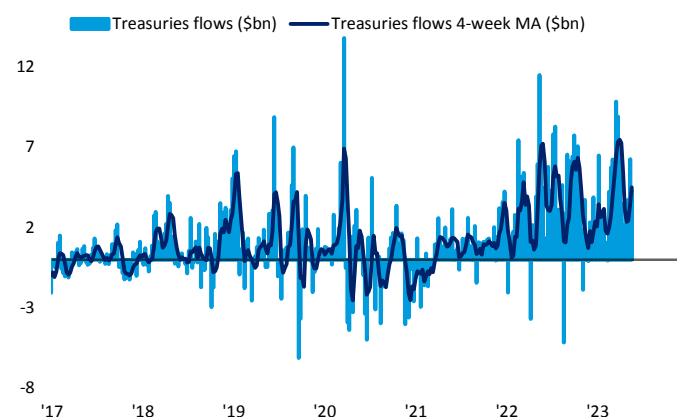


Source: BofA Global Investment Strategy, EPFR

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Chart 11: Treasury inflows robust...what debt ceiling?

Treasury flows, weekly vs 4-week MA (\$bn)



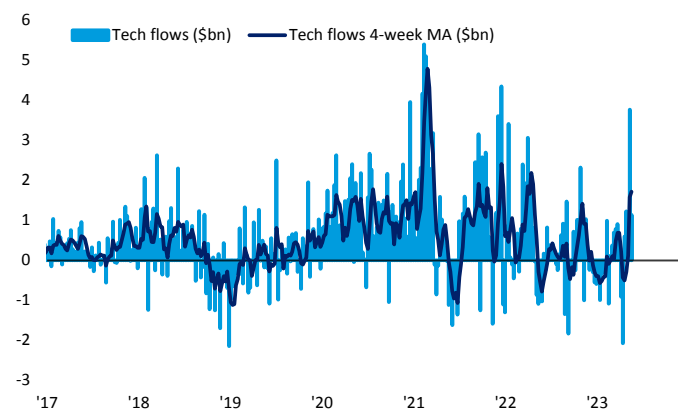
Source: BofA Global Investment Strategy, EPFR

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Chart 12: Another week of tech inflows

Tech flows, weekly vs 4-week MA (\$bn)



Source: BofA Global Investment Strategy, EPFR

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Asset Class Flows (Table 2)

Equities: \$7.7bn outflow (\$1.2bn outflow from ETFs, \$6.5bn outflow from mutual funds)

Bonds: inflows past 8 weeks (\$5.6bn)

Precious metals: inflows past 4 weeks (\$0.4bn)

Fixed Income Flows (Chart 13)

IG bond inflows past 7 weeks (\$4.9bn)

HY Bond outflows past 2 weeks (\$2.0bn)

EM Debt outflows past 2 weeks (\$0.2bn)

Munis inflows past 2 weeks (\$0.2bn)

Govt/Tsy inflows past 14 weeks (\$4.3bn)

TIPS outflows past 38 weeks (\$0.3bn)

Bank loan outflows past 17 weeks (\$1.3bn)

Equity Flows (Table 3)

US: outflows past 5 weeks (\$8.7bn)

Japan: inflows past 2 weeks (\$0.4bn)

Europe: outflows past 10 weeks (\$2.0bn)

EM: inflows past 5 weeks (\$3.3bn)

By style: outflows **US small cap** (\$70mn), **US growth** (\$0.2bn), **US value** (\$2.5bn), **US large cap** (\$7.7bn).

By sector: inflows **tech** (\$1.1bn), **utilities** (\$0.1bn), **com svcs** (\$0.1bn), outflows **hcare** (\$0.2bn), **consumer** (\$0.2bn), **real estate** (\$0.6bn), **financials** (\$0.7bn), **energy** (\$0.8bn), **materials** (\$0.9bn).

Table 2: YTD flows to equities remain positive, but LO outflows
Global flows by asset class, \$mn

| | Wk % AUM | YTD | YTD %AUM |
|--------------|----------|---------|----------|
| Equities | 0.0% | 3,606 | 0.0% |
| ETFs | 0.0% | 81,157 | 1.1% |
| LO | -0.1% | -76,908 | -0.9% |
| Bonds | 0.1% | 142,772 | 2.2% |
| Commodities | -0.1% | 4,018 | 1.1% |
| Money-market | 0.3% | 732,572 | 9.9% |

*week of 05/17/2023: Source: EPFR Global

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Table 3: Net fund inflows to EM, outflows from DM YTD
Global equity flows by region

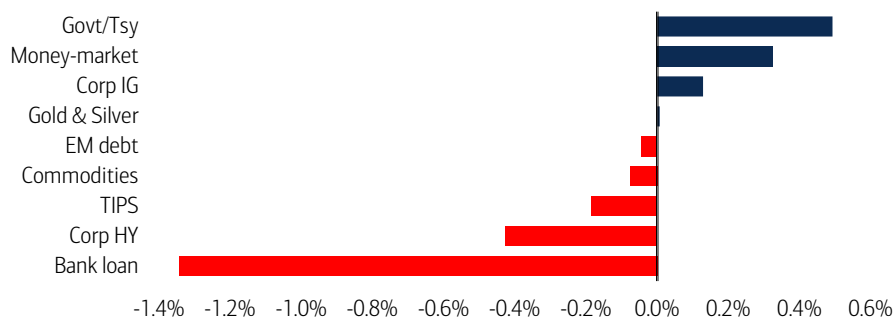
| | Wk % AUM | YTD |
|-----------------------|--------------|----------------|
| Total Equities | 0.0% | 3,606 |
| long-only funds | -0.1% | -76,908 |
| ETFs | 0.0% | 81,157 |
| Total EM | 0.2% | 55,755 |
| Brazil | 0.9% | -1,061 |
| Russia | 0.0% | -19 |
| India | 0.7% | 1,546 |
| China | 0.7% | 26,814 |
| Total DM | -0.1% | -52,149 |
| US | -0.1% | -66,786 |
| Europe | -0.1% | -11,519 |
| Japan | 0.1% | -5,777 |
| International | 0.0% | 31,933 |

Total Equities = Total EM + Total DM

Source: EPFR Global

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Chart 13: FICC inflows to Treasuries, cash, IG bonds, outflows from bank loan, HY bonds
Weekly FICC flows as a % AUM



Source: EPFR Global

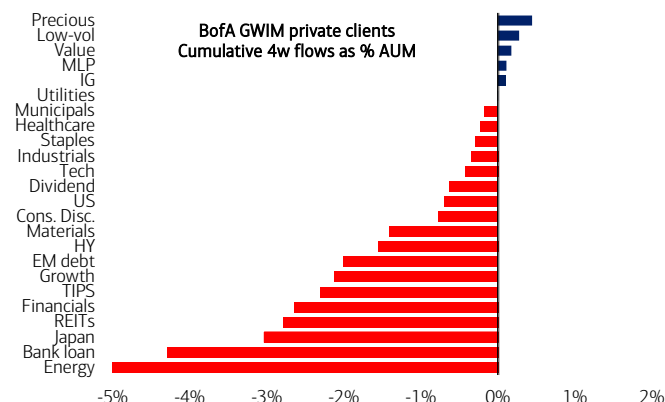
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BofA private client flows & allocations

Chart 14: GWIM clients buy gold, sell energy past 4 wks

BofA private clients 4-week ETF flows as % of AUM

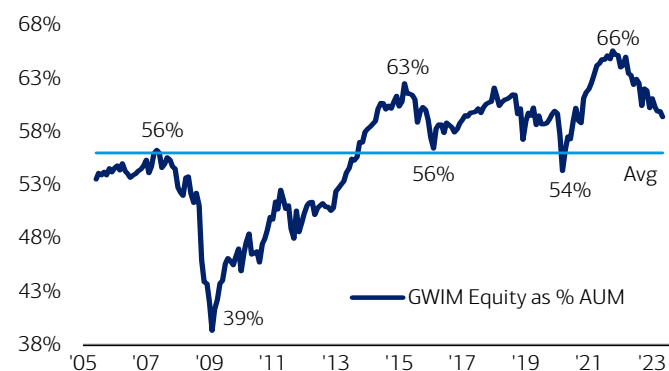


Source: BofA Global Investment Strategy

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Chart 15: GWIM equity allocation at 59%

BofA private client equity holdings as % of AUM

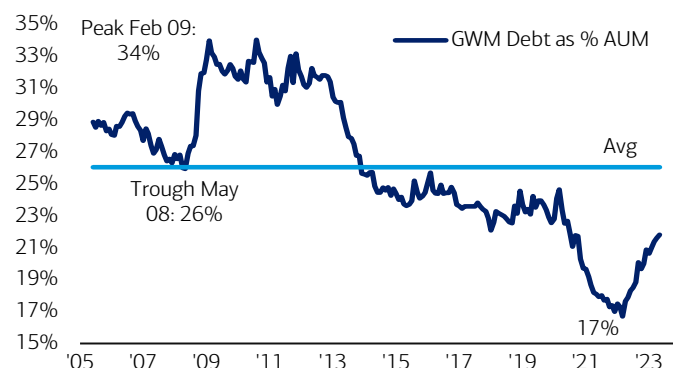


Source: BofA Global Investment Strategy

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Chart 16: GWIM debt allocation at 22%

BofA private client debt holdings as % of AUM

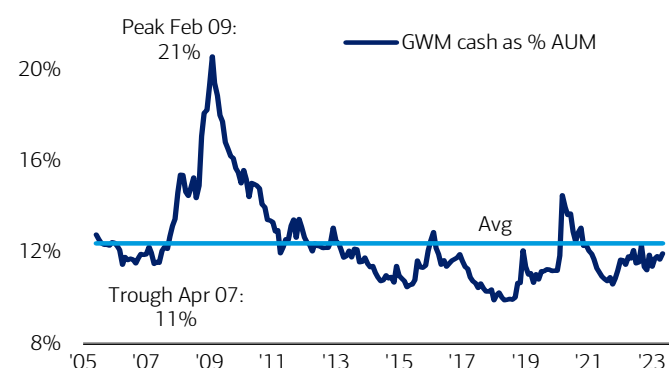


Source: BofA Global Investment Strategy

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Chart 17: GWIM cash allocation vs LT average

BofA private client cash holdings as % of AUM

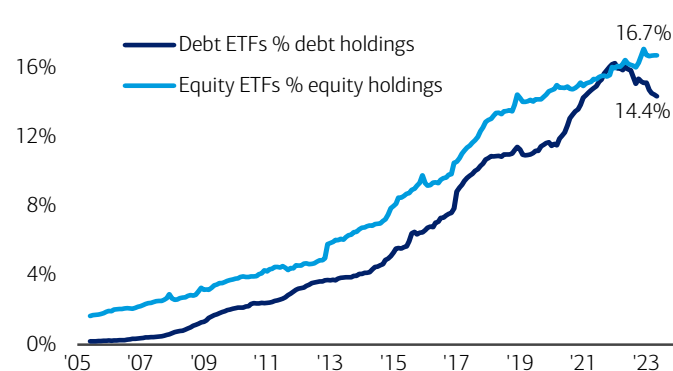


Source: BofA Global Investment Strategy

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Chart 18: GWIM ETF holdings as % of AUM

BofA private client ETF holdings as % of AUM

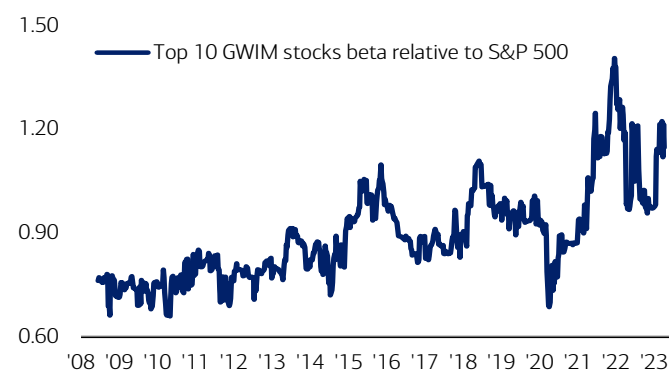


Source: BofA Global Investment Strategy

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Chart 19: GWIM top 10 stocks for 1-year SPX beta

1-yr S&P 500 beta for top 10 stocks held by BofA private clients



Source: BofA Global Investment Strategy. Cash & T-bills.

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The Asset Class Quilt of Total Returns

Chart 20: Commodities top returning asset class YTD
Ranked cross asset returns by year since 2000

| 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023* |
|--------------------------|-------------------------|--------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|--------------------------|--------------------------|-------------------------|-------------------------|-------------------------|--------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|--------------------------|---------------------------|-------------------------|
| Commodities 58.2% | US Treasures 6.7% | Commodities 39.5% | MSCI EM 56.3% | REITS 32.0% | MSCI EM 34.5% | REITS 37.5% | MSCI EM 39.8% | US Treasures 14.0% | MSCI EM 79.0% | Gold 29.2% | US Treasures 9.8% | REITS 23.8% | S&P 500 32.4% | S&P 500 13.7% | S&P 500 1.4% | Commodities 17.5% | MSCI EM 37.8% | Cash 1.8% | S&P 500 31.5% | Gold 24.8% | Commodities 46.3% | Commodities 31.1% | MSCI EAFE 10.8% |
| US Treasures 13.4% | Global IG 4.6% | Gold 25.6% | MSCI EAFE 39.2% | Commodities 28.7% | Commodities 33.7% | MSCI EM 32.6% | Commodities 33.0% | Gold 4.3% | Global HY 62.0% | MSCI EM 19.2% | Gold 8.9% | Global HY 19.3% | MSCI EAFE 23.3% | REITS 11.7% | US Treasures 0.8% | Global HY 14.8% | MSCI EAFE 25.9% | US Treasures 0.8% | REITS 27.4% | MSCI EM 18.8% | REITS 37.1% | Cash 1.5% | S&P 500 9.0% |
| REITS 8.5% | Cash 4.4% | Global IG 14.9% | REITS 33.5% | MSCI EM 26.0% | Gold 17.8% | MSCI EAFE 26.9% | Gold 31.9% | Cash 2.1% | MSCI EAFE 32.5% | REITS 15.9% | Global IG 4.5% | MSCI EM 18.6% | Global HY 8.0% | US Treasures 6.0% | Cash 0.1% | S&P 500 12.0% | S&P 500 22.0% | Gold -1.9% | MSCI EAFE 22.8% | S&P 500 18.4% | S&P 500 28.7% | Gold -0.8% | Gold 8.6% |
| Cash 6.2% | Global HY 3.1% | US Treasures 11.6% | Commodities 30.1% | MSCI EAFE 20.7% | MSCI EAFE 14.0% | Gold 23.2% | MSCI EAFE 11.6% | Global IG -8.3% | REITS 31.7% | S&P 500 15.1% | Global HY 2.6% | MSCI EAFE 17.9% | REITS 0.7% | Global IG 3.2% | MSCI EAFE -0.8% | MSCI EM 11.2% | Gold 12.9% | Global HY -3.3% | Commodities 20.1% | Global IG 10.3% | MSCI EAFE 11.9% | US Treasures -12.9% | Global HY 3.6% |
| Global IG 3.1% | Gold -0.7% | Cash 1.8% | Global HY 30.7% | Global HY 12.4% | REITS 10.7% | S&P 500 15.8% | US Treasures 9.1% | Global HY -27.9% | S&P 500 26.5% | Global HY 13.9% | S&P 500 2.1% | S&P 500 16.0% | Global IG 0.1% | Gold 0.1% | REITS -3.4% | Gold 8.6% | REITS 11.5% | Global IG -3.4% | MSCI EM 18.6% | MSCI EAFE 8.4% | Global HY 1.4% | Global HY -13.2% | Global IG 3.0% |
| Gold -5.4% | MSCI EM -2.4% | Global HY -1.1% | S&P 500 28.7% | S&P 500 10.9% | S&P 500 4.9% | Global HY 13.5% | Global IG 7.3% | S&P 500 -37.0% | Commodities 26.1% | Commodities 13.3% | Cash 0.1% | Global IG 11.1% | Cash 0.1% | Cash 0.0% | Global IG -3.8% | Global IG 4.3% | Global HY 10.2% | REITS -3.9% | Gold 17.9% | US Treasures 8.2% | Cash 0.0% | MSCI EAFE -13.9% | MSCI EM 2.8% |
| Global HY -5.8% | REITS -7.8% | REITS -2.4% | Gold 19.9% | Global IG 9.4% | Cash 3.1% | Global IG 7.2% | S&P 500 5.5% | Commodities -42.6% | Gold 25.0% | MSCI EAFE 8.2% | Commodities -2.6% | Gold 8.3% | Commodities -2.1% | Global HY -0.1% | Global HY -4.2% | REITS 1.3% | Global IG 9.3% | S&P 500 -4.3% | Global HY 13.7% | Global HY 8.0% | MSCI EM -2.3% | Global IG -16.7% | US Treasures 2.8% |
| S&P 500 -9.1% | S&P 500 -11.9% | MSCI EM -6.0% | Global IG 14.5% | Gold 4.6% | US Treasures 2.8% | Cash 4.9% | Cash 5.0% | MSCI EAFE -43.1% | Global IG 19.2% | Global IG 6.0% | REITS -9.4% | US Treasures 2.2% | MSCI EM -2.3% | MSCI EM -1.8% | Gold -10.4% | US Treasures 1.1% | Commodities 7.6% | Commodities -13.1% | Global IG 11.4% | Cash 0.5% | US Treasures -2.4% | S&P 500 -18.1% | Cash 1.7% |
| MSCI EAFE -14.0% | MSCI EAFE -21.2% | MSCI EAFE -15.7% | US Treasures 2.3% | US Treasures 3.5% | Global HY 1.5% | US Treasures 3.1% | Global HY 3.0% | REITS -50.2% | Cash 0.2% | US Treasures 5.9% | MSCI EAFE -11.7% | Cash 0.1% | US Treasures -3.3% | MSCI EAFE -4.5% | MSCI EM -14.9% | MSCI EAFE 1.0% | US Treasures 2.4% | MSCI EAFE -13.2% | US Treasures 7.0% | REITS -4.4% | Global IG -3.0% | MSCI EM -19.8% | REITS -0.3% |
| MSCI EM -30.6% | Commodities -21.4% | S&P 500 -22.1% | Cash 1.1% | Cash 1.3% | Global IG -3.0% | Commodities -0.2% | REITS -10.0% | MSCI EM -53.2% | US Treasures -3.7% | Cash 0.1% | MSCI EM -18.2% | Commodities -0.3% | Gold -27.3% | Commodities -29.3% | Commodities -29.4% | Cash 0.3% | Cash 0.8% | MSCI EM -14.3% | Cash 2.2% | Commodities -15.0% | Gold -4.1% | REITS -25.2% | Commodities -8.0% |

Source: BofA Global Investment Strategy, Bloomberg. *2023 YTD

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BofA Rules & Tools

Table 4: BofA Global Investment Strategy Proprietary Indicators

Current reading of all BofA Global Investment Strategy Proprietary Indicators

| Proprietary Indicators | Category | Current reading | Current signal | Duration of signal |
|----------------------------------------------------------------------------------------------------------|------------|-----------------|----------------------|--------------------|
| Contrarian | | | | |
| BofA Bull & Bear Indicator (B&B) | Contrarian | 3.5 | Neutral | 1-3 months |
| Sell when investor sentiment > 8.0; Buy when investor sentiment < 2.0 | | | | |
| BofA Global FMS Cash Indicator | Contrarian | 5.0% | Buy | 4 weeks |
| Buy when cash at or above 5.0%; Sell when cash at or below 4.0% | | | | |
| BofA Global Breadth Rule | Contrarian | 20.0% | Neutral | 3 months |
| Buy when net 88% of markets in MSCI ACWI trading below 200-day moving & 50-day moving averages | | | | |
| BofA Global Flow Trading Rule | Contrarian | 0.3% | Neutral | 8 weeks |
| Buy when outflows from global equities & HY > 1.0% AUM over 4wks; Sell when inflows > 1.0% AUM over 4wks | | | | |
| BofA EM Flow Trading Rule | Contrarian | 1.1% | Neutral | 8 weeks |
| Buy when outflows from EM equities > 3.0% of AUM; Sell when inflows > 1.5% of AUM over 4 wks | | | | |
| Macro | | | | |
| BofA Global EPS Growth Model | Macro | -16% | EPS growth declining | 6-12 months |

Model indicates trend in year-on-year change in 12-month forward global EPS growth.

 Source: BofA Global Investment Strategy/ For a [guide to our trading models](#)

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BofA Bull & Bear Indicator (B&B)

Our BofA Bull & Bear Indicator is at 3.5, signal is Neutral.

Chart 21: BofA Bull & Bear Indicator

Rises to 3.5 from 3.4



Source: BofA Global Investment Strategy

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Table 5: BofA B&B Indicator

BofA Bull & Bear current component readings

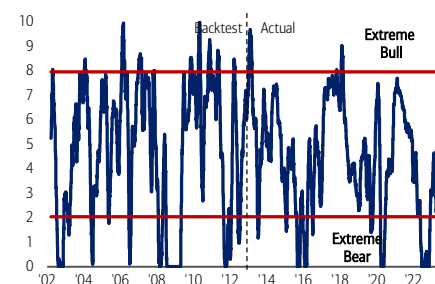
| Components | Percentile | Sentiment |
|-----------------------|------------|-----------|
| HF positioning | 28% | Bearish |
| Credit mkt technicals | 31% | Neutral |
| Equity market breadth | 65% | Bullish |
| Equity flows | 71% | Bullish |
| Bond flows | 46% | Neutral |
| LO positioning | 6% | V Bearish |

Source: BofA Global Investment Strategy, Bloomberg, EPFR Global, Lipper FMI, Global FMS, CFTC, MSCI

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Chart 22: BofA Bull & Bear Indicator

BofA Bull & Bear Indicator since 2002



Source: BofA Global Investment Strategy, EPFR Global, FMS, CFTC, MSCI

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Disclaimer: The indicators identified above as the BofA Bull & Bear Indicator, MVP Model, BofA Global Breadth Rule, BofA EM Flow Trading Rule, BofA Global Flow Trading Rule, BofA Global FMS Macro Indicator, BofA Global FMS Cash Rule, Global Wave, Sell-Side Indicator, and Global Financial Stress Indicator 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 a benchmark.

The analysis of the BofA Bull & Bear Indicator in this report is back-tested and does not represent the actual performance of any account or fund. Back-tested performance depicts the hypothetical back-tested performance of a particular strategy over the time period indicated. In future periods, market and economic conditions will differ and the same strategy will not necessarily produce the same results. No representation is being made that any actual portfolio is likely to have achieved returns similar to those shown herein. In fact, there are frequently sharp differences between back-tested returns and the actual results realized in the actual management of a portfolio. Back-tested performance results are created by applying an investment strategy or methodology to historical data and attempts to give an indication as to how a strategy might have performed during a certain period in the past if the product had been in existence during such time. Back-tested results have inherent limitations including the fact that they are calculated with the full benefit of hindsight, which allows the security selection methodology to be adjusted to maximize the returns. Further, the results shown do not reflect actual trading or the impact that material economic and market factors might have had on a portfolio manager's decision-making under actual circumstances. Back-tested returns do not reflect advisory fees, trading costs, or other fees or expenses.

2023 Cross-Asset Winners & Losers

Table 6: 2023 YTD ranked returns

Year-to-date ranked cross asset returns

Ranked Returns, USD-terms (2023)

| Assets | | Equities | | Sectors | | Fixed Income | | FX vs. USD | | Commodities | |
|--------------------------|-------|------------------------|--------|----------------------------|-------|---------------------------|-------|-----------------------|--------|-------------------|--------|
| 1 Europe Equities | 13.2% | 1 Mexico Equities | 26.3% | 1 ACWI Info Tech | 22.1% | 1 CCC HY | 6.5% | 1 Bitcoin | 64.9% | 1 Gold | 8.7% |
| 2 Japan Equities | 10.0% | 2 Greece Equities | 24.0% | 2 ACWI Telecoms | 21.1% | 2 European HY | 4.9% | 2 Mexican peso | 10.8% | 2 Platinum | 0.8% |
| 3 US Equities | 9.1% | 3 Italy Equities | 18.1% | 3 ACWI Cons. Discretionary | 14.1% | 3 US Corp HY | 3.9% | 3 Brazilian real | 6.9% | 3 Copper | -1.0% |
| 4 UK Equities | 8.9% | 4 France Equities | 17.0% | 4 ACWI Industrials | 6.4% | 4 TIPS | 3.0% | 4 Indonesian rupiah | 4.7% | 4 Silver | -1.2% |
| 5 Gold | 8.7% | 5 Germany Equities | 16.5% | 5 ACWI Consumer Staples | 4.2% | 5 BBB IG | 2.9% | 5 British pound | 3.3% | 5 Iron Ore | -2.9% |
| 6 High Yield Bonds | 3.6% | 6 Spain Equities | 16.4% | 6 ACWI Materials | 1.2% | 6 UK Govt | 2.9% | 6 Swiss franc | 2.9% | 6 Commodities | -8.0% |
| 7 Investment Grade Bonds | 3.0% | 7 Switzerland Equities | 13.2% | 7 ACWI Healthcare | -0.3% | 7 US Corp IG | 2.8% | 7 Euro | 1.3% | 7 WTI Crude Oil | -9.3% |
| 8 EM Equities | 2.8% | 8 Taiwan Equities | 12.4% | 8 ACWI Financials | -1.2% | 8 German Govt | 2.8% | 8 Canadian dollar | 0.7% | 8 Brent Crude Oil | -10.4% |
| 9 Government Bonds | 2.0% | 9 Japan Equities | 10.0% | 9 ACWI Utilities | -1.5% | 9 Treasury Master | 2.8% | 9 Indian rupee | 0.4% | | |
| 10 EM Sovereign Bonds | 1.7% | 10 US Equities | 9.1% | 10 ACWI Real Estate | -2.2% | 10 30-year Treasury | 2.5% | 10 Swedish krona | -0.2% | | |
| 11 Pacific Rim xJapan | 0.4% | 11 UK Equities | 8.9% | 11 ACWI Banks | -2.5% | 11 EM Corporate | 2.4% | 11 Singapore dollar | -0.2% | | |
| 12 US Dollar | -0.6% | 12 Korea Equities | 8.5% | 12 ACWI BioTechnology | -5.0% | 12 US Mortgage Master | 2.3% | 12 Taiwanese dollar | -0.3% | | |
| 13 Industrial Metals | -5.3% | 13 Canada Equities | 6.5% | 13 ACWI Energy | -6.5% | 13 EM Sovereign | 1.7% | 13 Chinese renminbi | -1.4% | | |
| 14 Oil | -9.3% | 14 Brazil Equities | 5.7% | | | 14 3-Month Treasury Bills | 1.6% | 14 NZ dollar | -1.6% | | |
| | | 15 Portugal Equities | 4.2% | | | 15 2-year Treasury | 1.6% | 15 Australian dollar | -2.3% | | |
| | | 16 Singapore Equities | 3.0% | | | 16 Non-US IG Government | 1.3% | 16 Japanese yen | -4.8% | | |
| | | 17 Australia Equities | 2.2% | | | 17 Japan Govt | -1.2% | 17 Turkish lira | -5.2% | | |
| | | 18 India Equities | -1.5% | | | | | 18 Korean won | -5.4% | | |
| | | 19 China Equities | -1.8% | | | | | 19 Norwegian krone | -9.1% | | |
| | | 20 Hong Kong Equities | -6.1% | | | | | 20 South African rand | -11.5% | | |
| | | 21 S. Africa Equities | -7.4% | | | | | | | | |
| | | 22 Turkey Equities | -14.0% | | | | | | | | |

Source: BofA Global Investment Strategy, Bloomberg, as of 17 May 2023.

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Table 7: The Overbought & Oversold

Ranked deviation from 200-day moving averages in US dollar terms

Ranked Deviation from 200-Day Moving Average, USD-terms (as of 17 May'23)

| Assets | | Equities | | Sectors | | Fixed Income | | FX vs. USD | | Commodities | |
|--------------------------|-------|------------------------|-------|----------------------------|-------|--------------------------|-------|-----------------------|--------|-------------------|--------|
| 1 Europe Equities | 11.6% | 1 Greece Equities | 21.0% | 1 ACWI Info Tech | 12.4% | 1 CCC HY | 2.8% | 1 Mexican peso | 8.7% | 1 Platinum | 10.3% |
| 2 Japan Equities | 9.4% | 2 Mexico Equities | 17.2% | 2 ACWI Telecoms | 11.9% | 2 EM Corporate | 2.7% | 2 Brazilian real | 4.9% | 2 Gold | 8.7% |
| 3 Gold | 8.6% | 3 Italy Equities | 15.7% | 3 ACWI Industrials | 5.9% | 3 European HY | 2.6% | 3 Swiss franc | 4.7% | 3 Silver | 8.4% |
| 4 UK Equities | 8.2% | 4 Germany Equities | 14.1% | 4 ACWI Cons. Discretionary | 5.3% | 4 EM Sovereign | 2.5% | 4 British pound | 4.5% | 4 Iron Ore | 0.4% |
| 5 US Equities | 5.3% | 5 France Equities | 14.1% | 5 ACWI Consumer Staples | 4.8% | 5 US Corp HY | 2.4% | 5 Euro | 3.8% | 5 Copper | -1.3% |
| 6 High Yield Bonds | 3.1% | 6 Spain Equities | 13.7% | 6 ACWI Healthcare | 2.5% | 6 BBB IG | 1.9% | 6 Indonesian rupiah | 2.3% | 6 WTI Crude Oil | -9.3% |
| 7 EM Sov Bonds | 2.5% | 7 Switzerland Equities | 11.1% | 7 ACWI Materials | 1.1% | 7 US Corp IG | 1.7% | 7 NZ dollar | 1.6% | 7 Brent Crude Oil | -10.6% |
| 8 Investment Grade Bonds | 2.5% | 8 Japan Equities | 9.4% | 8 ACWI Utilities | -0.2% | 8 Non-US IG Government | 1.6% | 8 Singapore dollar | 1.6% | 8 Natural Gas | -50.7% |
| 9 EM Equities | 2.2% | 9 UK Equities | 8.2% | 9 ACWI Financials | -0.4% | 9 3-Month Treasury Bills | 1.6% | 9 Swedish krona | 1.2% | | |
| 10 Government Bonds | 1.5% | 10 Taiwan Equities | 6.8% | 10 ACWI BioTechnology | -0.9% | 10 Treasury Master | 1.4% | 10 Canadian dollar | 0.1% | | |
| 11 Pacific Rim xJapan | 1.5% | 11 Portugal Equities | 6.5% | 11 ACWI Banks | -1.8% | 11 Japan Govt | 1.4% | 11 Taiwanese dollar | 0.0% | | |
| 12 US Dollar | -2.8% | 12 Korea Equities | 5.4% | 12 ACWI Real Estate | -4.1% | 12 TIPS | 1.2% | 12 Russian ruble | 0.0% | | |
| 13 Industrial Metals | -3.2% | 13 US Equities | 5.3% | 13 ACWI Energy | -4.3% | 13 US Mortgage Master | 1.2% | 13 Japanese yen | -0.4% | | |
| 14 Oil | -9.3% | 14 Brazil Equities | 4.6% | | | 14 2-year Treasury | 1.2% | 14 Chinese renminbi | -0.5% | | |
| | | 15 Canada Equities | 3.3% | | | 15 German Govt | -1.3% | 15 Indian rupee | -0.7% | | |
| | | 16 Singapore Equities | 2.8% | | | 16 30-year Treasury | -1.7% | 16 Korean won | -0.7% | | |
| | | 17 Australia Equities | 2.0% | | | 17 UK Govt | -2.9% | 17 Australian dollar | -0.8% | | |
| | | 18 Turkey Equities | 1.1% | | | | | 18 Turkish lira | -5.0% | | |
| | | 19 Russia Equities | 0.0% | | | | | 19 Norwegian krone | -5.0% | | |
| | | 20 China Equities | -0.3% | | | | | 20 South African rand | -7.9% | | |
| | | 21 India Equities | -0.5% | | | | | 21 Argentine peso | -23.2% | | |
| | | 22 Hong Kong Equities | -1.0% | | | | | | | | |
| | | 23 S. Africa Equities | -4.6% | | | | | | | | |

Source: BofA Global Investment Strategy, Bloomberg, as of 17 May 2023.

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Acronyms

FMS – Fund Manager Survey

GWIM – Global Wealth and Investment Management

YCC – Yield Curve Control



QE – Quantitative Easing
 QT – Quantitative Tightening
 S&L – Savings & Loan
 MMF – Money Market Fund
 LTCM – Long-Term Capital Management

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| Investment rating | Total return expectation (within 12-month period of date of initial rating) | Ratings dispersion guidelines for coverage cluster ^{R1} |
|-------------------|-----------------------------------------------------------------------------|------------------------------------------------------------------|
| Buy | ≥ 10% | ≤ 70% |
| Neutral | ≥ 0% | ≤ 30% |
| Underperform | N/A | ≥ 20% |

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