

The Flow Show

Throwing in the Powell

Scores on the Doors: crypto 57.8%, gold 11.5%, stocks 7.6%, IG bonds 4.9%, HY bonds 4.5%, govt bonds 3.6%, cash 1.4%, US dollar -2.1%, commod -10.9%, oil -14.5% YTD.

Zeitgeist: "If you can get a billion streams, why can't you get a million dollars" says Snoop Dogg as share price of Big 7 Tech companies hits 30x earnings & 8x sales.

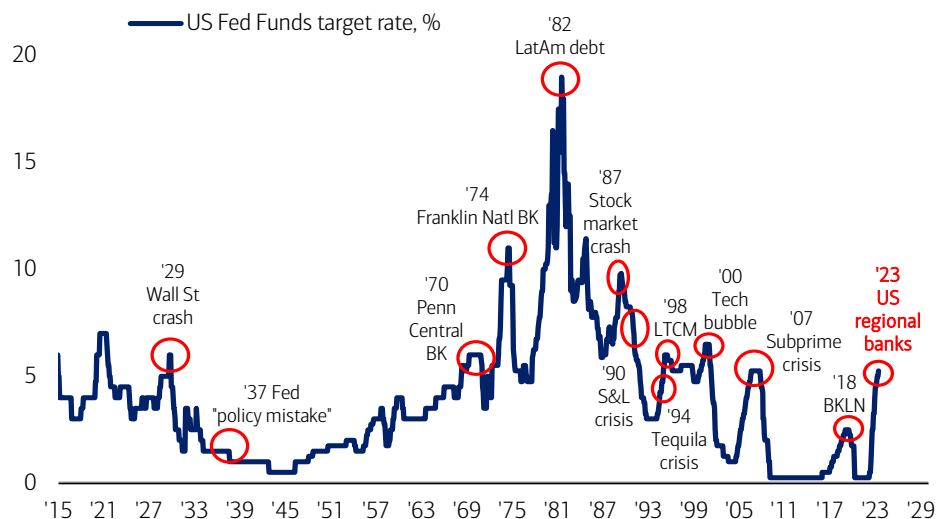
The Biggest Picture: 0% to 5% in 15 months (Chart 2); Fed hiking cycles always 'break' something...this time US regional banking system (Chart 3); credit event normally means panic Fed ease, but inflation too high, unemployment too low, so "sell the last rate hike."

Tale of the Tape: US debt ceiling \$31.4tn equivalent to GDP of Japan, Germany, India, UK, France, Italy, Canada, Brazil, Russia, Australia, Korea & Mexico; new 2020s fiscal excess inflationary & leads to default, debasement, de-rating of US assets.

The Price is Right: US tech vs S&P 500 back at Feb 2000 & Jan 1970 highs (Chart 4); but market "breadth" so grim...SPW flat YTD, MSCI ACWI equal-weight below pre-COVID Feb'20 highs (Chart 5); if key levels in NYA @ 15k, W5000 @ 40k don't hold then proper unwind of risk assets including credit & tech, as investors forced to sell what they love.

Chart 2: They Broke the Regional Banks

US Fed Funds target rate (%)



Source: BofA Global Investment Strategy, Bloomberg, GFD Finaeon.

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More on page 2...

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04 May 2023

Investment Strategy
Global

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Data
Analytics



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

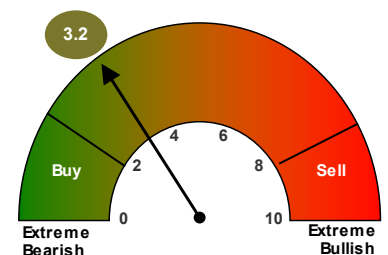
Elyas Galou >>
Investment Strategist
BofASE (France)
+33 1 8770 0087
elyas.galou@bofa.com

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

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

Chart 1: BofA Bull & Bear Indicator

Rises to 3.2 from 2.9



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: \$59.5bn into cash, \$11.0bn into bonds, \$0.2bn into gold, and \$6.6bn from equities.

Flows to Know:

- Cash: huge \$588bn inflow to money market funds past 10 weeks (c/o MMF assets surged \$500bn after Lehman, \$1.2tn after COVID, up \$500bn this time (Chart 12);
- Treasuries: big inflows past 12 weeks (\$60bn total);
- Credit: strong \$80bn inflows YTD to corporate bonds;
- Equities: largest weekly outflow in 9 weeks (\$6.6bn);
- US: biggest outflow from US growth funds in 10 weeks (\$1.0bn), US large cap funds in 8 weeks (\$5.9bn);

Flows to Know since Bank Crisis (Chart 13):

- Flow winners: telcos (up 9.2% AUM), cash (6.7%), Treasuries (4.6%), consumer (3.0%), gold (1.4%), EM stocks (1.0%);
- Flow losers: bank loans (outflows total -5.4% AUM), TIPS (-3.2%), energy (-2.7%), EM debt (-1.6%), value (-1.1%).

BofA Private Clients: \$3.1tn AUM in GWIM currently allocated 59.9% stocks, 21.6% bonds, 11.7% cash; rotation into bonds (largest inflow past 5 weeks), out of stocks (outflows past 8 weeks); private clients buying via ETFs EM debt, low-vol, HY, selling REITs, tech, bank loan, energy.

BofA Bull & Bear Indicator: up from 2.9 to 3.2 on strong inflows to EM stocks & MSCI global equity indices less oversold.

Bulls & Bears: new structural bull market requires big Fed easing, and big Fed easing requires big recession.

Recession & Resilience: big story of 2023 remains recession...lagged impact of money tightening, \$800bn fiscal stimulus past 12 months, tight labor markets & inflation have delayed recession (Chart 6 shows US nominal GDP growth up 35% since COVID, up 5.1% in Q1 - why everyone got Q1 EPS recession wrong); but we believe US recession now imminent (see yield curve analysis - [The Flow Show: Ahead of the Curve](#)); recession to damage “goldilocks” resilience of credit, tech, homebuilders...and create huge entry point into “hard landing” assets...oil, small caps, banks.

The Few & the Many: small cap EPS already -13% from peak, vs flat for S&P 500 (Table 2 & Chart 11); “Big 7 Tech” (AAPL, MSFT, GOOG, AMZN, TSLA, META, NVDA) trading at 30x forward P/E vs S&P 493 trading at 16x; small cap has priced in recession, big tech not.

Cracks & JOLTS: recession only confirmed by negative payrolls & then credit, tech, homebuilders and so on crack; payroll ain’t negative yet but April JOLTS data showed 1st signs higher rates/banking crisis hurting labor market...job openings fell 400k to 9.6mn and entire -400k drop driven by small businesses with 49 employees or less (and note 166k of drop occurred on West coast); unemployment claims up from 200k to 240k YTD; Monday’s senior loan officer survey (SLOOS) shows decline from -44 to around -70...we have a credit crunch problem (Charts 9-10).

Ceilings & Fiscal Stimulus: outcome of debt ceiling debate in D.C. debatable (buy 2-year Treasuries if you want hedge) but US fiscal deficit >5% now impediment to meaningful fall in long-term interest rates, plus US economy unlikely to benefit from another \$800bn of government spending next 12 months.



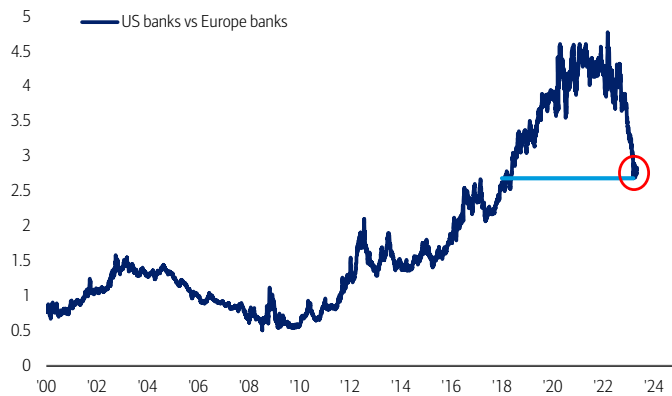
Inflation & Rate Cuts: regulators likely to respond to regional bank crisis via further deposit guarantees, and mass-shorted regionals will short-term bounce big; but summer save-the-economy onus will be back on Fed...1st Fed rate cut penciled in for Nov 1st, plus 230bps of cuts next 18 months; yet CPI trending at 0.3% MoM on headline & 0.4% for core which delivers inflation come Nov 1st of almost 4% YoY on headline & 5% on core (Charts 7-8); BofA Economics forecast 4.3% unemployment late '23 and so rare for Fed to cut rates with inflation high, unemployment so low (1969 was last time, 2001 comes close – Table 1); Fed always the “Reaction Hero” to Wall St crisis but 230bps of Fed cuts already expected and inflation to severely limit Fed’s reaction function in 2023...sell the last rate hike.

Sell the Last Hike: history of asset returns in 3 months after 10 "last hikes" of past 50 years show (see [The Flow Show: The Last Hike](#))...

- Buy Treasuries: Treasury returns positive 9/10 times after last hike, avg 7% returns 3 months post-last Fed Hike in inflationary cycles...yes we agree, long Treasuries;
- Buy credit: IG bond returns positive 9/10 times after last hike, avg 6% returns 3 months post-last Fed Hike in inflationary cycles...no we disagree, complacent credit to get hit by recession;
- Buy US dollar: US dollar stronger 7/10 times after last hike, avg 5% returns 3 months post-last Fed Hike in inflationary cycles...agree...we big secular sellers of US dollars but surprise rally in US dollar here would make risk-off sense;
- Sell gold: gold returns negative 7/10 times after last hike, avg -13% returns 3 months post last Fed Hike in inflationary cycles...love gold long-term but if dollar has risk-off, gold back below \$2000;
- Sell stocks: stock returns negative 5/10 times after last hike, but 5/5 times in inflationary cycles, avg -5% returns 3 months post-last Fed hike...this is an inflationary cycle so still think break-out from SPX 3.8-4.2k trading range more likely to downside.

Chart 3: US banks unwind 5 years of outperformce vs Europe banks

US banks vs Europe banks: relative price



Source: BofA Global Investment Strategy, Bloomberg, \$5BANKX Index vs SX7E Index
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Chart 4: US tech vs S&P 500 back at Feb'00 / Jan'70 levels

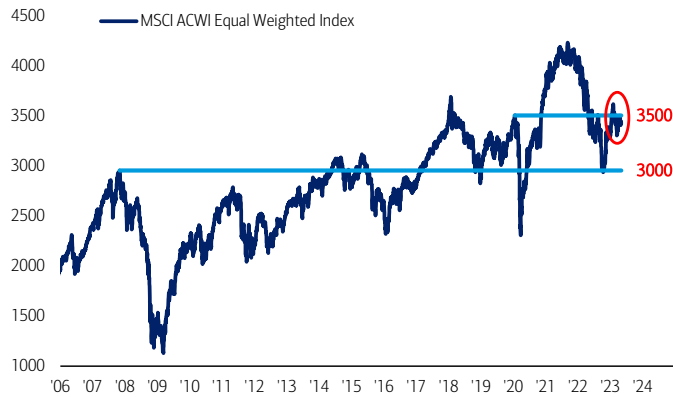
Tech relative price performance vs S&P 500



Source: BofA Global Investment Strategy, Bloomberg, Global Financial Data
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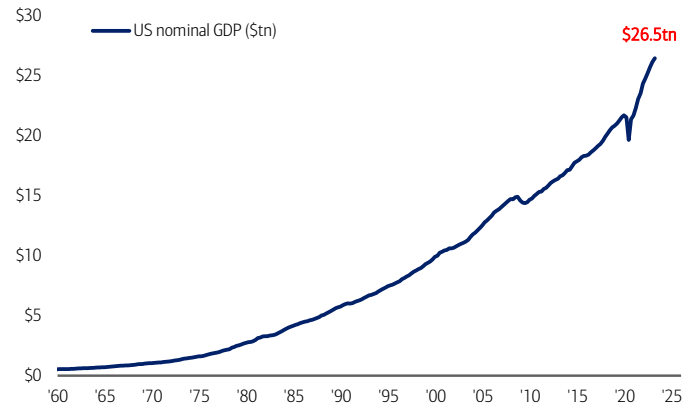
Chart 5: MSCI ACWI equal-weight back below pre-Covid Feb '20 high
MSCI ACWI equal-weighted index



Source: BofA Global Investment Strategy, Bloomberg.

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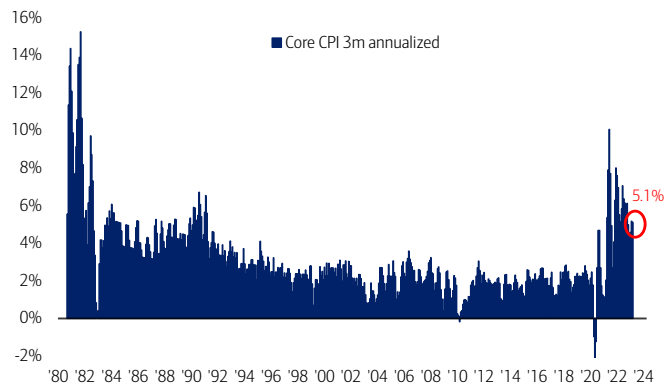
Chart 6: US nominal GDP 5.1% in Q1'23, up 35% from Covid low
US nominal GDP (\$ tn)



Source: BofA Global Investment Strategy, Bloomberg.

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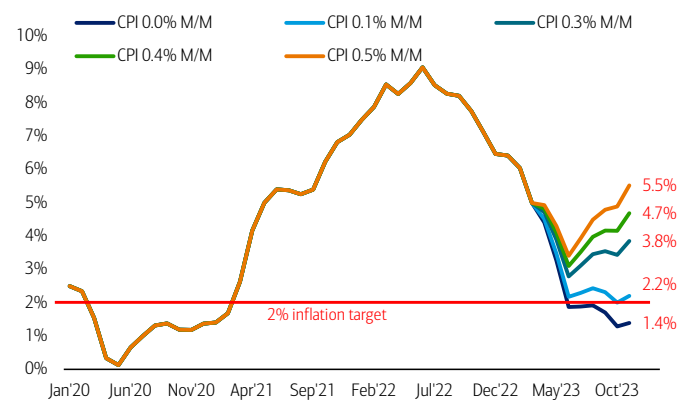
Chart 7: 3-month annualized US core CPI was 5.1% in Mar'23
US core CPI, 3m/3m annualized rate (%)



Source: BofA Global Investment Strategy, Bloomberg.

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Chart 8: If US CPI trending at 0.3% MoM, will be 3.8% YoY by Nov'23
Projected paths for US CPI YoY change (%)



Source: BofA Global Investment Strategy, Bloomberg.

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Table 1: Pretty rare for Fed to cut rates with inflation so high and unemployment so low
Snapshot of US economy in month of first Fed rate cut (major easing cycles since 1957)

Month of first Fed cut	CB policy rate as of last hike* (%)	Unemployment rate (%)	Headline inflation (%)	Core inflation (%)	Real GDP growth (%)
Nov-57	3.3	5.1	2.9%	-	0.4%
Jun-60	3.3	5.4	1.7%	1.7%	2.1%
Dec-66	5.4	3.8	3.5%	3.3%	4.5%
Oct-69	9.0	3.7	5.7%	6.0%	2.0%
Aug-74	12.0	5.5	10.9%	9.6%	-0.6%
May-80	11.0	7.5	14.4%	13.3%	-0.8%
Jul-81	19.0	7.2	10.8%	11.1%	4.3%
Sep-84	11.3	7.3	4.3%	5.1%	6.9%
Jun-89	9.5	5.3	5.2%	4.5%	3.7%
Dec-95	5.6	5.6	2.5%	3.0%	2.2%
Jan-01	6.0	4.2	3.7%	2.6%	2.2%
Sep-07	4.9	4.7	2.8%	2.1%	2.4%
Aug-19	2.1	3.7	1.7%	2.4%	2.3%
Nov-23*	4.6	4.3	3.4%	4.9%	-0.2%

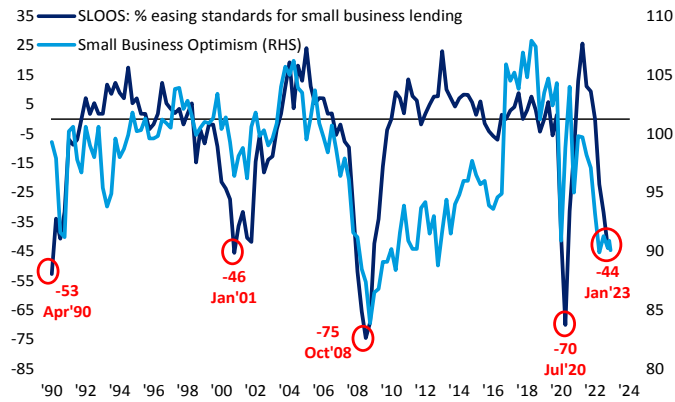
Source: BofA Global Investment Strategy, Bloomberg, Haver, GFD Finaeon. *Estimates for Nov'23 based on Fed funds futures, BofA US Economics projections.

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Chart 9: Small businesses responding to tighter lending conditions

Credit standards for small businesses (SLOOS) vs small biz optimism

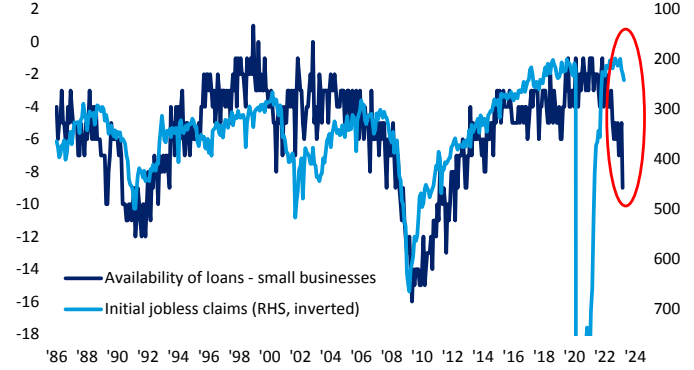


Source: BofA Global Investment Strategy, Bloomberg.

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Chart 10: US labor market responding to tighter lending conditions

Availability of loans to small businesses vs US initial jobless claims



Source: BofA Global Investment Strategy, Bloomberg.

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Table 2: Street expects S&P 500 EPS to drop -4.5% this cycle

S&P 500 peak-to-trough EPS declines in US recessions

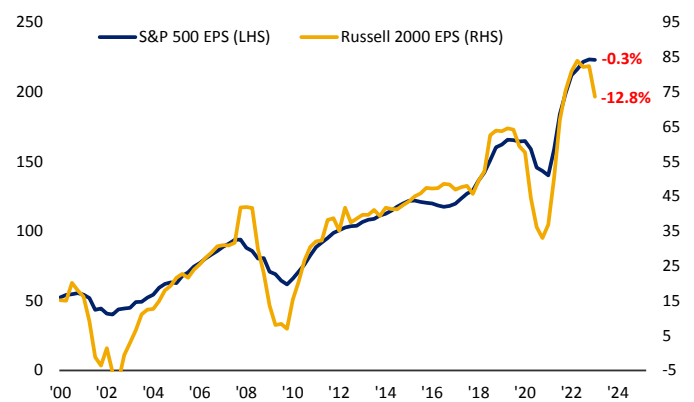
Recession	EPS peak	EPS trough	% Δ EPS
1974	9.4	7.7	-18%
1983	15.3	12.5	-18%
1986	16.9	14.4	-15%
1990	26	15	-42%
2001	56	41	-27%
2008	94	62	-34%
2020	167	140	-16%
Average EPS decline			-24%

Source: BofA Global Investment Strategy, Bloomberg

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Chart 11: Small cap earnings lead large cap earnings

Trailing 12-month EPS: S&P 500 vs Russell 2000

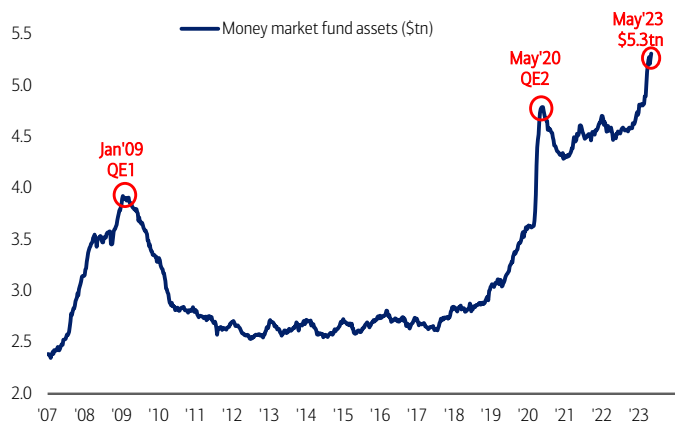


Source: BofA Gloal Investment Strategy, Bloomberg

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Chart 12: Money market fund assets up \$500bn since Feb'23

Money market fund assets (\$ tn)

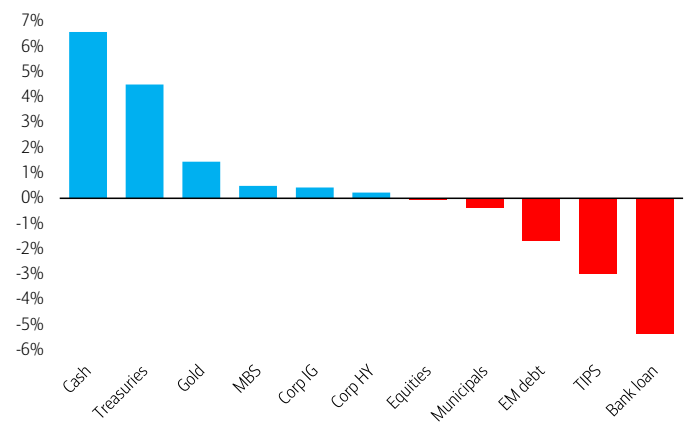


Source: BofA Gloal Investment Strategy, Bloomberg. MMFA Index.

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Chart 13: Cash, Treasuries the flow “winners”

Cumulative flows since US regional banking crisis (% AUM)



Source: BofA Gloal Investment Strategy, EPFR

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Asset Class Flows (Table 3)

Equities: \$6.6bn outflow (\$0.6bn inflow to ETFs, \$7.2bn outflow from mutual funds), outflows resume

Bonds: inflows past 6 weeks (\$11.0bn)

Precious metals: inflows past 2 weeks (\$0.2bn)

Fixed Income Flows (Chart 14)

IG bond inflows past 5 weeks (\$6.7bn)

HY Bond inflows past 3 weeks (\$1.7bn)

EM Debt inflows resume (\$0.1bn)

Munis outflows resume (\$0.8bn)

Govt/Tsy inflows past 12 weeks (\$3.8bn)

TIPS outflows past 36 weeks (\$0.2bn)

Bank loan outflows past 15 weeks (\$0.1bn)

Equity Flows (Table 4)

US: outflows past 3 weeks (\$8.8bn)

Japan: outflows past 5 weeks (\$15mn)

Europe: outflows past 8 weeks (\$2.3bn)

EM: inflows past 3 weeks (\$3.0bn)

By style: outflows **US growth** (\$1.0bn), **US small cap** (\$1.7bn), **US value** (\$2.0bn), **US large cap** (\$5.9bn).

By sector: inflows **tech** (\$0.7bn), **consumer** (\$0.7bn), **hcare** (\$0.5bn), **com svcs** (\$0.2bn); outflows **utilities** (\$0.1bn), **real estate** (\$0.1bn), **materials** (\$0.6bn), **energy** (\$0.7bn), **financials** (\$0.7bn).

Table 3: YTD flows to equities remain positive, but LO outflows

Global flows by asset class, \$mn

	Wk % AUM	YTD	YTD %AUM
Equities	0.0%	9,282	0.1%
ETFs	0.0%	74,099	1.0%
LO	-0.1%	-64,186	-0.8%
Bonds	0.2%	130,870	2.0%
Commodities	0.1%	2,768	0.8%
Money-market	0.8%	693,616	9.5%

*week of 05/03/2023: Source: EPFR Global

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Table 4: Net fund inflows to EM, outflows from DM YTD

Global equity flows by region

	Wk % AUM	YTD
Total Equities	0.0%	9,282
long-only funds	-0.1%	-64,186
ETFs	0.0%	74,099
Total EM	0.2%	48,303
Brazil	-0.4%	-1,083
Russia	0.0%	-19
India	0.2%	1,191
China	0.5%	21,032
Total DM	-0.1%	-39,021
US	-0.1%	-55,478
Europe	-0.2%	-7,280
Japan	0.0%	-7,020
International	0.1%	30,334

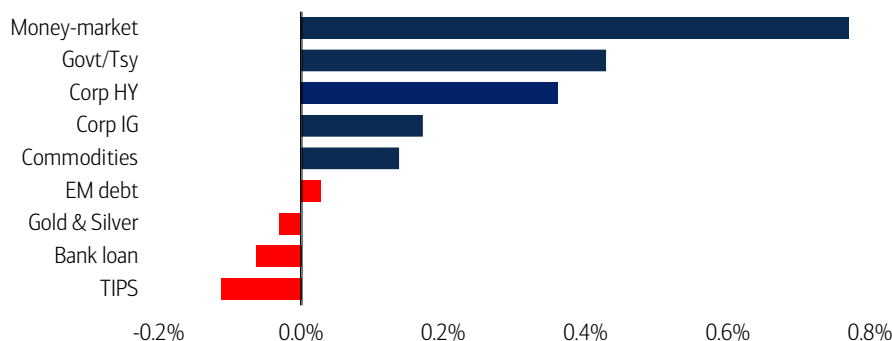
Total Equities = Total EM + Total DM

Source: EPFR Global

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Chart 14: FICC inflows to money markets, Treasuries, outflows from bank loans, TIPS

Weekly FICC flows as a % AUM



Source: EPFR Global

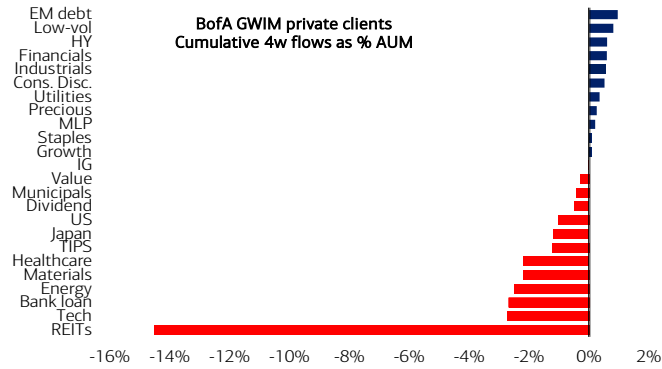
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BofA private client flows & allocations

Chart 15: GWIM clients buy EM debt, sell REITs, tech past 4 wks

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

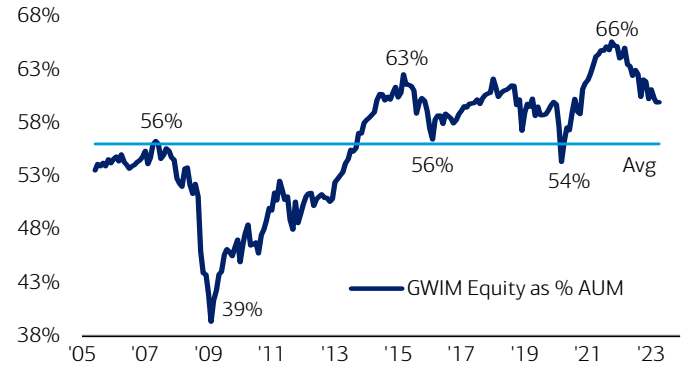


Source: BofA Global Investment Strategy

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Chart 16: GWIM equity allocation at 60%

BofA private client equity holdings as % of AUM

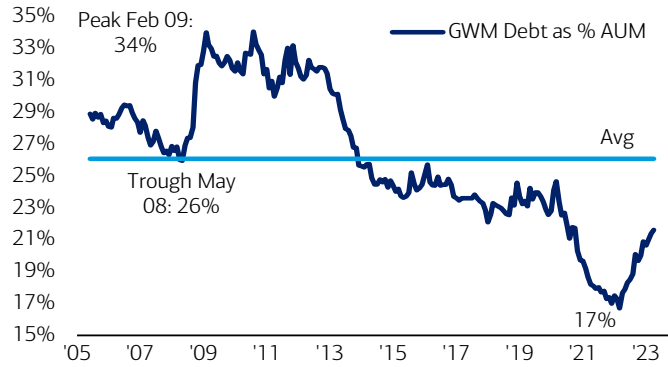


Source: BofA Global Investment Strategy

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Chart 17: GWIM debt allocation at 22%

BofA private client debt holdings as % of AUM

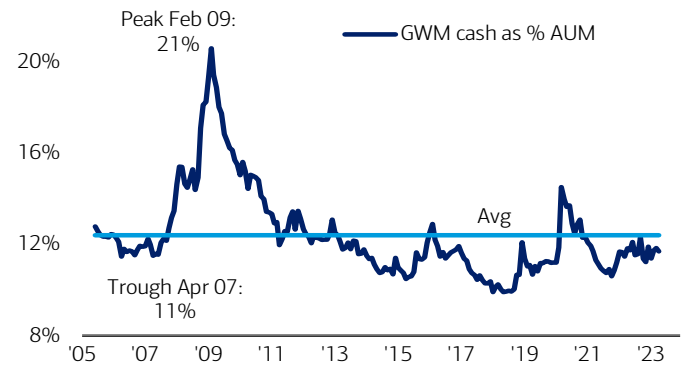


Source: BofA Global Investment Strategy

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Chart 18: GWIM cash allocation vs LT average

BofA private client cash holdings as % of AUM

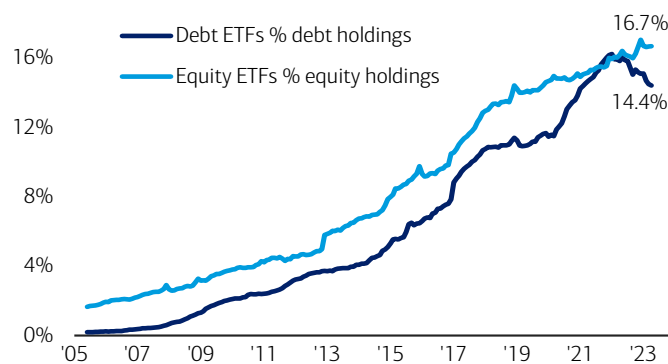


Source: BofA Global Investment Strategy

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Chart 19: GWIM ETF holdings as % of AUM

BofA private client ETF holdings as % of AUM

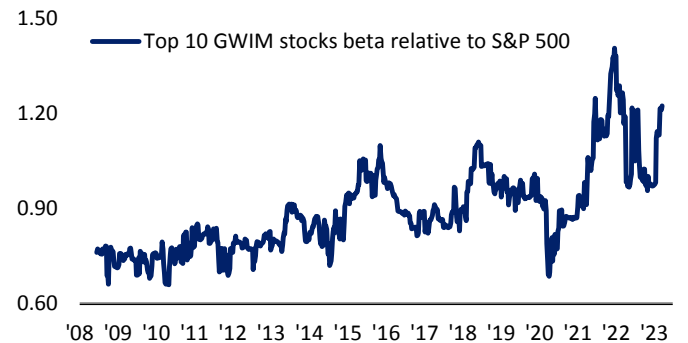


Source: BofA Global Investment Strategy

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Chart 20: 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 21: 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	US Treasuries 58.2%	Commodities 39.5%	MSCI EM 56.3%	REITS 32.0%	MSCI EM 34.5%	REITS 37.5%	MSCI EM 39.8%	US Treasuries 14.0%	MSCI EM 79.0%	Gold 29.2%	US Treasuries 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 11.7%	
US Treasuries	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 Treasuries 0.8%	Global HY 14.8%	MSCI EAFE 25.9%	US Treasuries 0.8%	REITS 27.4%	MSCI EM 18.8%	REITS 37.1%	Cash 1.5%	Gold 11.5%	
REITS	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 Treasuries 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%	S&P 500 7.1%	
Cash	Global HY 3.1%	US Treasuries 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 Treasuries -12.9%	Global IG 4.9%	
Global IG	Gold -0.7%	Cash 1.8%	Global HY 30.7%	Global HY 12.4%	REITS 10.7%	S&P 500 15.8%	US Treasuries 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 HY 4.5%	
Gold	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 Treasuries 8.2%	Cash 0.0%	MSCI EAFE -13.9%	US Treasuries 4.2%	
Global HY	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 -16.7%	Global IG -16.7%	MSCI EM 2.1%	
S&P 500	S&P 500 -11.9%	MSCI EM -6.0%	Global IG 14.5%	Gold 4.6%	US Treasuries 2.8%	Cash 4.9%	Cash 5.0%	MSCI EAFE -43.1%	Global IG 19.2%	Global IG 6.0%	REITS -9.4%	US Treasuries 2.2%	MSCI EM -2.3%	MSCI EM -1.8%	Gold -10.4%	US Treasuries 1.1%	Commodities 7.6%	Commodities -13.1%	Global IG 11.4%	Cash 0.5%	US Treasuries -2.4%	S&P 500 -18.1%	Cash 1.5%	
MSCI EAFE	MSCI EAFE -21.2%	MSCI EAFE -15.7%	US Treasuries 2.3%	US Treasuries 3.5%	Global HY 1.5%	US Treasuries 3.1%	Global HY 3.0%	REITS -50.2%	Cash 0.2%	US Treasuries 5.9%	MSCI EAFE -11.7%	Cash 0.1%	US Treasuries -3.3%	MSCI EAFE -4.5%	MSCI EM -14.9%	MSCI EAFE 1.0%	US Treasuries 2.4%	MSCI EAFE -13.2%	US Treasuries 7.0%	REITS -4.4%	Global IG -3.0%	MSCI EM -19.8%	REITS 0.1%	
MSCI EM	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 Treasuries -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 -10.9%	

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

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BofA Rules & Tools

Table 5: 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) Sell when investor sentiment > 8.0; Buy when investor sentiment < 2.0	Contrarian	3.2	Neutral	1-3 months
BofA Global FMS Cash Indicator Buy when cash at or above 5.0%; Sell when cash at or below 4.0%	Contrarian	5.5%	Buy	4 weeks
BofA Global Breadth Rule Buy when net 88% of markets in MSCI ACWI trading below 200-day moving & 50-day moving averages	Contrarian	46.7%	Neutral	3 months
BofA Global Flow Trading Rule Buy when outflows from global equities & HY > 1.0% AUM over 4wks; Sell when inflows > 1.0% AUM over 4wks	Contrarian	0.7%	Neutral	8 weeks
BofA EM Flow Trading Rule Buy when outflows from EM equities > 3.0% of AUM; Sell when inflows > 1.5% of AUM over 4 wks	Contrarian	0.3%	Neutral	8 weeks
Macro				
BofA Global EPS Growth Model Model indicates trend in year-on-year change in 12-month forward global EPS growth.	Macro	-16%	EPS growth declining	6-12 months

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 3.2, signal is Neutral.

Chart 22: BofA Bull & Bear Indicator

Rises to 3.2 from 2.9



Source: BofA Global Investment Strategy

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Table 6: BofA B&B Indicator

BofA Bull & Bear current component readings

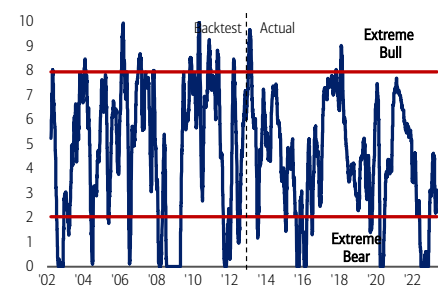
Components	Percentile	Sentiment
HF positioning	30%	Neutral
Credit mkt technicals	28%	Bearish
Equity market breadth	63%	Bullish
Equity flows	65%	Bullish
Bond flows	35%	Neutral
LO positioning	6%	V Bearish

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

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Chart 23: 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 7: 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	14.8%	1 Mexico Equities	23.9%	1 ACWI Info Tech	17.8%	1 CCC HY	6.9%	1 Bitcoin	72.1%	1 Gold	11.5%
2 Gold	11.5%	2 Greece Equities	21.4%	2 ACWI Telecoms	16.6%	2 European HY	6.9%	2 Mexican peso	8.8%	2 Silver	6.0%
3 UK Equities	10.2%	3 Italy Equities	19.3%	3 ACWI Cons. Discretionary	11.7%	3 30-year Treasury	6.1%	3 Indonesian rupiah	6.0%	3 Copper	1.0%
4 Japan Equities	8.6%	4 France Equities	19.1%	4 ACWI Industrials	6.5%	4 German Govt	5.7%	4 Brazilian real	5.7%	4 Iron Ore	-0.8%
5 US Equities	7.1%	5 Germany Equities	18.3%	5 ACWI Consumer Staples	6.1%	5 UK Govt	4.7%	5 Swiss franc	4.6%	5 Platinum	-1.1%
6 Investment Grade Bonds	4.9%	6 Spain Equities	17.3%	6 ACWI Materials	2.9%	6 BBB IG	4.6%	6 British pound	4.0%	6 Commodities	-10.9%
7 High Yield Bonds	4.5%	7 Switzerland Equities	15.5%	7 ACWI Healthcare	1.4%	7 US Corp IG	4.5%	7 Euro	3.3%	7 WTI Crude Oil	-14.5%
8 Government Bonds	3.6%	8 UK Equities	10.2%	8 ACWI Utilities	0.5%	8 US Corp HY	4.4%	8 Swedish krona	1.6%	8 Brent Crude Oil	-15.8%
9 EM Sovereign Bonds	3.1%	9 Taiwan Equities	9.6%	9 ACWI Real Estate	-1.4%	9 Treasury Master	4.2%	9 Indian rupee	1.1%		
10 EM Equities	2.1%	10 Japan Equities	8.6%	10 ACWI Financials	-1.6%	10 TIPS	3.9%	10 Singapore dollar	0.7%		
11 Pacific Rim xJapan	1.7%	11 Korea Equities	8.4%	11 ACWI BioTechnology	-2.9%	11 US Mortgage Master	3.6%	11 Taiwanese dollar	-0.1%		
12 US Dollar	-2.1%	12 US Equities	7.1%	12 ACWI Banks	-3.4%	12 Non-US IG Government	3.2%	12 Chinese renminbi	-0.2%		
13 Industrial Metals	-2.7%	13 Singapore Equities	6.1%	13 ACWI Energy	-6.3%	13 EM Sovereign	3.1%	13 Canadian dollar	-0.4%		
14 Oil	-14.5%	14 Portugal Equities	5.7%			14 EM Corporate	3.0%	14 NZ dollar	-1.9%		
		15 Canada Equities	5.6%			15 2-year Treasury	2.0%	15 Australian dollar	-2.1%		
		16 Australia Equities	2.3%			16 3-Month Treasury Bills	1.4%	16 Japanese yen	-2.7%		
		17 S. Africa Equities	-0.1%			17 Japan Govt	-0.1%	17 Turkish lira	-3.9%		
		18 China Equities	-2.0%					18 Korean won	-5.4%		
		19 India Equities	-2.1%					19 South African rand	-6.8%		
		20 Brazil Equities	-2.6%					20 Norwegian krone	-8.8%		
		21 Hong Kong Equities	-2.7%								
		22 Turkey Equities	-15.0%								

Source: BofA Global Investment Strategy, Bloomberg, as of 3 May 2023.

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Table 8: 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 3 May '23)

Assets	Equities	Sectors	Fixed Income	FX vs. USD	Commodities						
1 Europe Equities	14.0%	1 Greece Equities	20.6%	1 ACWI Info Tech	8.7%	1 EM Sovereign	4.0%	1 Mexican peso	7.4%	1 Silver	17.5%
2 Gold	12.5%	2 Italy Equities	18.7%	2 ACWI Telecoms	7.9%	2 BBB IG	3.6%	2 Swiss franc	6.8%	2 Gold	12.3%
3 UK Equities	10.2%	3 France Equities	17.4%	3 ACWI Consumer Staples	6.9%	3 EM Corporate	3.4%	3 Euro	6.3%	3 Platinum	9.2%
4 Japan Equities	8.6%	4 Germany Equities	17.2%	4 ACWI Industrials	6.4%	4 US Corp IG	3.4%	4 British pound	5.3%	4 Iron Ore	2.7%
5 Investment Grade Bonds	4.3%	5 Mexico Equities	16.8%	5 ACWI Healthcare	4.4%	5 CCC HY	3.3%	5 Brazilian real	4.0%	5 Copper	0.9%
6 High Yield Bonds	4.2%	6 Spain Equities	15.9%	6 ACWI Materials	3.1%	6 Non-US IG Government	3.3%	6 Indonesian rupiah	3.6%	6 WTI Crude Oil	-15.6%
7 EM Sov Bonds	4.0%	7 Switzerland Equities	14.0%	7 ACWI Cons. Discretionary	2.8%	7 US Corp HY	2.9%	7 Swedish krona	2.9%	7 Brent Crude Oil	-17.1%
8 US Equities	3.4%	8 UK Equities	10.2%	8 ACWI BioTechnology	1.6%	8 Treasury Master	2.7%	8 Singapore dollar	2.6%	8 Natural Gas	-57.3%
9 Government Bonds	3.0%	9 Japan Equities	8.6%	9 ACWI Utilities	1.6%	9 European HY	2.5%	9 Japanese yen	1.7%		
10 Pacific Rim xJapan	3.0%	10 Portugal Equities	8.2%	10 ACWI Financials	-0.8%	10 US Mortgage Master	2.3%	10 NZ dollar	1.3%		
11 EM Equities	1.5%	11 Singapore Equities	6.2%	11 ACWI Banks	-2.9%	11 TIPS	1.9%	11 Chinese renminbi	0.5%		
12 Industrial Metals	-0.5%	12 Korea Equities	5.4%	12 ACWI Energy	-3.9%	12 2-year Treasury	1.6%	12 Taiwanese dollar	0.1%		
13 US Dollar	-4.4%	13 Taiwan Equities	4.2%	13 ACWI Real Estate	-4.0%	13 3-Month Treasury Bills	1.5%	13 Russian ruble	0.0%		
14 Oil	-15.6%	14 US Equities	3.4%			14 30-year Treasury	0.9%	14 Indian rupee	-0.2%		
		15 S. Africa Equities	2.8%			15 Japan Govt	0.7%	15 Australian dollar	-0.8%		
		16 Hong Kong Equities	2.6%			16 German Govt	-1.1%	16 Korean won	-0.9%		
		17 Canada Equities	2.5%			17 UK Govt	-2.5%	17 Canadian dollar	-1.3%		
		18 Australia Equities	2.3%					18 South African rand	-3.7%		
		19 Turkey Equities	1.9%					19 Turkish lira	-4.1%		
		20 Russia Equities	0.0%					20 Norwegian krone	-5.2%		
		21 China Equities	-0.7%					21 Argentine peso	-23.2%		
		22 India Equities	-1.2%								
		23 Brazil Equities	-3.3%								

Source: BofA Global Investment Strategy, Bloomberg, as of 3 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

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