

## The Flow Show

## Mission Accomplished

**Scores on the Doors:** crypto 55.3%, stocks 15.3%, gold 7.4%, HY bonds 6.3%, IG bonds 4.3%, cash 2.4%, govt bonds 1.5%, US dollar -2.9%, commodities -3.9%, oil -5.6% YTD.

**Zeitgeist:** "End of inflation, end of war, end of US\$ bull...buy commodities & EM."

**The Price is Right:** "Mission Accomplished" June CPI (headline 2% to 9% to 3% roundtrip is now complete)...bond bears routed as 10-year UST yield heads from 4% to 3.5%, real yields back away from 2%, risk assets *en fuego* as Goldlocks schools us bears.

**Tale of the Tape:** 80% of global equity market cap, 60% of global GDP, 40% of world population heads to the polls next year...elections in (likely chronology) Taiwan, Indonesia, Russia, Korea, India, South Africa, Mexico, EU, Australia, US, UK...builds on narrative fiscal stimulus not "transitory" but "permanent."

**The Biggest Picture:** past 12 months US government spent \$6.7tn, up 14% YoY (Chart 2); FY'23 US federal deficit up staggering \$1tn to \$1.4tn from year before; tough to get recession when unemployment 3% & budget deficit 9% GDP; we say '23 disinflation to prove "transitory," real rates to rise & no <3% US yields without very "hard landing."

#### Chart 2: 2020s...Era of fiscal excess

US federal government spending, 12-month rolling sum (\$tn)



Source: BofA Global Investment Strategy, Bloomberg

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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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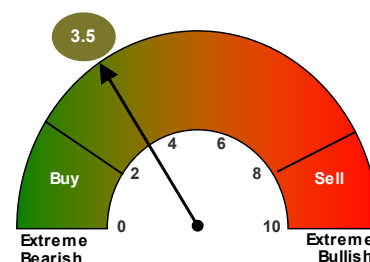
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#### Chart 1: BofA Bull & Bear Indicator

Rises to 3.5 from 3.2



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:** \$12.1bn to bonds, \$11.6bn to stocks, \$0.5bn from gold, \$17.6bn from cash.

**Flows to Know:**

- Treasuries: largest inflow in 16 weeks (\$8.7bn – Chart 16) – CPI was not big surprise but price action was so investors forced to cover UST shorts;
- HY bonds: largest inflow in 5 weeks (\$2.1bn)...risk-on in credit;
- Bank loans: 3<sup>rd</sup> consecutive week of inflows, longest streak since May'22 (\$0.2bn)...Fed funds peak trade;
- Stocks: inflows accelerating past 7 weeks (nearly \$70bn of inflows – Chart 14)...not yet “capitulation” back-in but keep an eye on this;
- Tech: largest inflow in 4 weeks (\$2.0bn – Chart 15)...chase the rally;
- Healthcare: largest outflow in 5 months (\$1.1bn – Chart 17)...defensives shunned.

**BofA Private Clients:** \$3.2tn AUM...60.4% stocks, 21.2% bonds, 11.7% cash; largest private client equity inflow since Feb'23, note “bubble in T-bills” over as big H1 inflows ending (Chart 13); private clients buying Japan, HY, EM debt, and selling TIPS, financial, utility ETFs.

**BofA Bull & Bear Indicator:** up to 3.5 from 3.2 on stronger bond inflows & improvement in credit market technicals but in bearish/neutral territory.

**On Positioning:** fast money bullish (see AAIBULL index) but slow money bearish...HY bond & equity inflows only just starting to pick up; BofA July Global FMS released next Tuesday (June FMS was contrarian bullish).

**On Price:** June CPI in truth only slightly better than expected but caused bullish big easing of financial conditions (yields down, US dollar down) as markets added 2 more Fed cuts in '24 for 160bps of easing (way too much without “hard landing”); more important CPI removed “tail risk” of Fed “policy mistake” in H2, i.e. they don't tighten into recession...risk premia dropped accordingly (IG CDX lowest since Feb'22).

**On Liquidity:** correlation between central bank liquidity & Nasdaq past 15 years (Chart 3) disconnects past 6 months on CPI & AI (plus SVB reminding investors CB quicker to add than withdraw liquidity); liquidity drain set to continue...from QT alone Fed/ECB will drain >\$100bn a month going forward + US Treasury issuance to nullify oodles of MMF cash; Goldilocks rules risk assets for now but H2 of higher CPI (Chart 4), higher QT, higher savings (US retail sales & BAC credit card spend both now -ve (Chart 5)...we'll look to short risk assets late-Aug, early-Sept (and note big, fat secular trading range remains base case – Chart 7).

**On Elections & Debt:** 2024 elections...Taiwan (Jan 13<sup>th</sup>), Indonesia (Feb 14<sup>th</sup>), Russia (Mar 17<sup>th</sup>), Korea (Apr 10<sup>th</sup>), India (April), South Africa (May/Aug), Mexico (Jun 2<sup>nd</sup>), EU (Jun 6-9<sup>th</sup>), , Australia (likely Aug), US (Nov 5<sup>th</sup>), UK (likely Dec); big unanticipated fiscal stimulus remains secret sauce of “resilient” US economy (note EU & UK much better described as stagflationary); world debt at new record high \$227tn Q1'23 (250% of GDP – Chart 8)...bills must ultimately be paid, interest payments set to jump in coming years (\$4tn should all refinancing rise from par coupon 2.5% to current 4.3%).

**On EM & Commodities:** oil strong in July (+9%) and the asset that has most discounted the “end of inflation” & “end of war” (see Ukraine bonds starting to rally – Chart 9) trades; meanwhile China stimulus expected at Politburo late July, few expect bazooka (see weak China bank stocks - Chart 10) but any China stimulus an additional



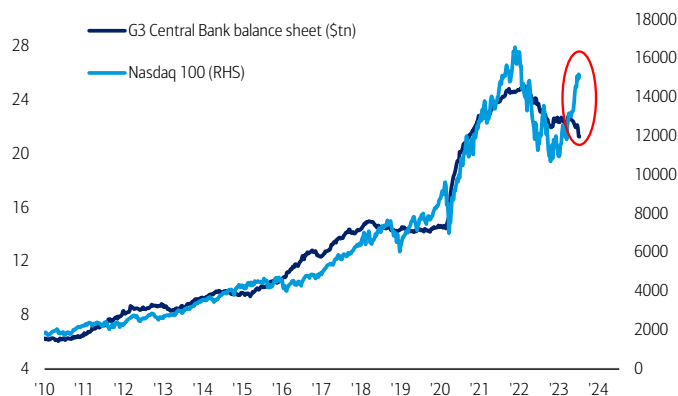
tailwind for EM local FX bonds, EM stocks ex.China, EM small cap (all catching right now, all likely big performers in Q3 – Chart 11) in a weak US dollar backdrop.

**On Japan YCC:** mass devaluation of Japanese yen, uber-negative real rates (Table 1), inflation & wage growth (Chart 12) at 30-year highs...we say probability BOJ to “tighten” at next meeting high via expansion of cap on JGB yields (10-year currently capped at 0.5%); any risk-off in Japan on YCC shift we advise reengage quickly in short Yen & long Nikkei positions.

Note ‘en fuego’ = on fire

**Chart 3: CB liquidity/Nasdaq correlation has broken down this year**

G3 Central Bank balance sheet (\$tn) vs Nasdaq 100

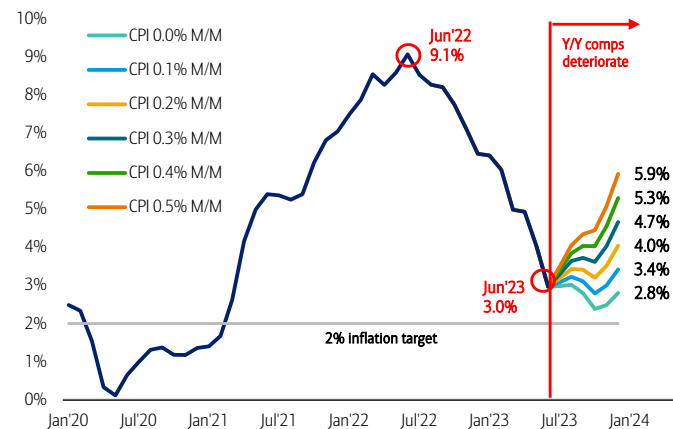


Source: BofA Global Investment Strategy, Bloomberg

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**Chart 4: June CPI print likely the last for favorable YoY effect**

Projected paths for US headline CPI YoY



Source: BofA Global Investment Strategy, Bloomberg

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**Chart 5: US retail sales contracting in nominal terms, 1<sup>st</sup> time since 2020**

Johnson Redbook US same store sales (weekly YoY %)



Source: BofA Global Investment Strategy, Bloomberg

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**Chart 6: US labor market weakening, but no recession**

US permanent job losers (YoY %)



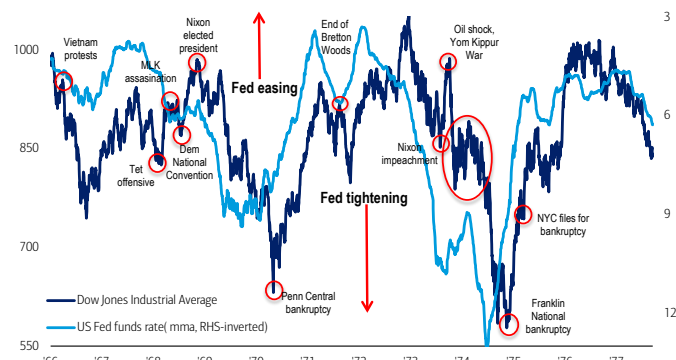
Source: BofA Global Investment Strategy, Bloomberg

Permanent job losers: employees laid off involuntarily who do not expect to be recalled

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**Chart 7: The 1970s Analog**

Dow Jones Industrial Average vs US Fed Funds rate (1966-1977)

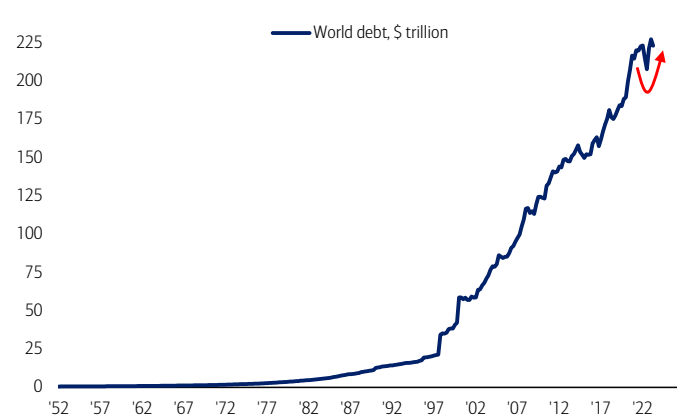


Source: BofA Global Investment Strategy, Bloomberg

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**Chart 8: World debt at record high**

World debt, \$ trillion



Source: BofA Global Investment Strategy, Bloomberg

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**Chart 9: Ukraine bonds starting to rally**

Ukraine 10-year government bond price



Source: BofA Global Investment Strategy, Bloomberg

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**Chart 10: China banks not signaling “bazooka” stimulus expectations**

Hang Seng Mainland Banks Index

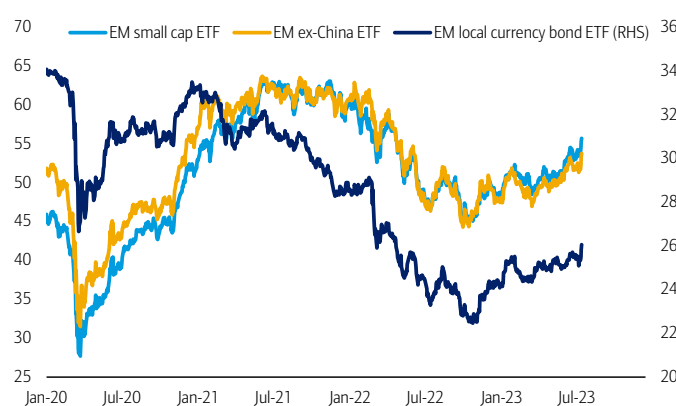


Source: BofA Global Investment Strategy, Bloomberg

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**Chart 11: China stimulus + weaker dollar = positive for EM**

EM local FX bonds, EM stocks ex.China, EM small cap



Source: BofA Global Investment Strategy, Bloomberg

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**Table 1: Japan real rates v negative**

Central bank real policy rates, unemployment rate, and current course

Central bank	Unemployment		Course of decision
	rate	Real policy rate	
Fed	3.6%	2.25%	Pause?
ECB	6.5%	-1.50%	Hiking
BoJ	2.6%	-3.30%	YCC
BoE	4.9%	-3.70%	Hiking
BoC	5.4%	1.60%	Resumed hiking
RBA	3.6%	-1.50%	Resumed hiking

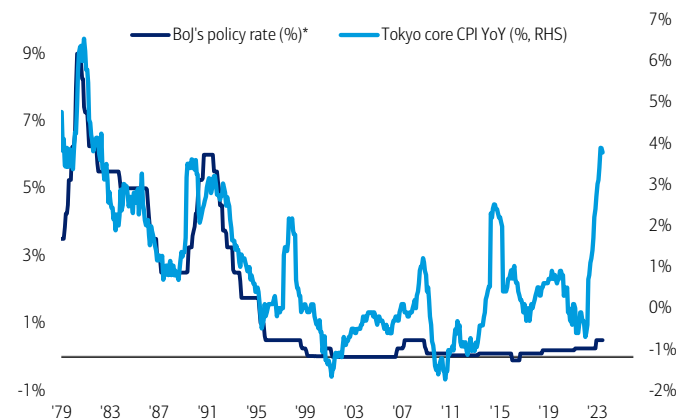
Source: BofA Global Investment Strategy, Bloomberg

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**Chart 12: Little wonder investors increasingly expect BoJ to “tighten”**

BoJ policy rate (%) vs Tokyo core CPI YoY (%)

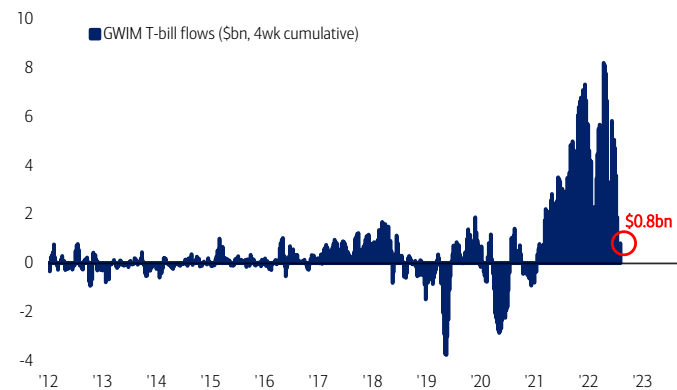


Source: BofA Global Investment Strategy, Bloomberg

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**Chart 13: “Bubble in T-bills” over**

BofA Private Client (GWIM) T-bill flows (\$bn, 4-week cumulative)



Source: BofA Global Investment Strategy

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**Chart 14: Inflows to equities accelerating past 7 weeks**

Cumulative inflow to global equities (\$bn)

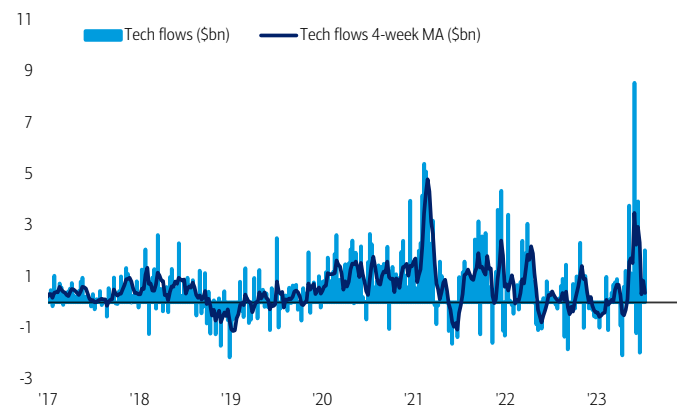


Source: BofA Global Investment Strategy, EPFR

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**Chart 15: Chase the rally**

Tech flows

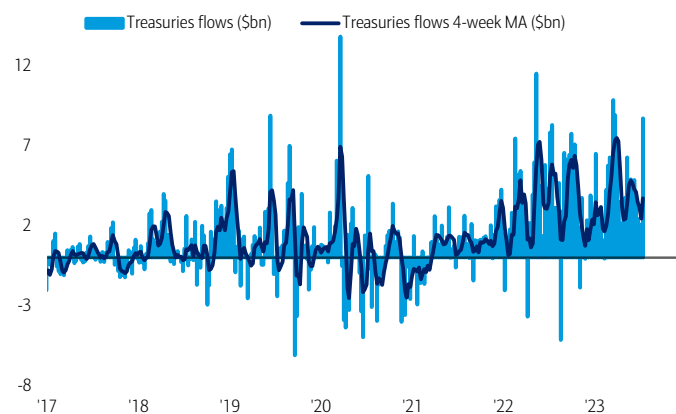


Source: BofA Global Investment Strategy, EPFR

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**Chart 16: Largest inflow in 16 weeks**

Treasury flows

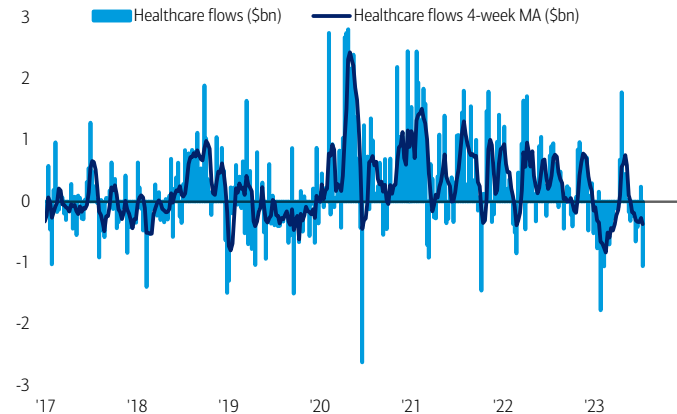


Source: BofA Global Investment Strategy, EPFR

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**Chart 17: Defensives shunned**

Healthcare flows



Source: BofA Global Investment Strategy, EPFR

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## Asset Class Flows (Table 2)

**Equities:** \$11.6bn inflow (\$20.3bn inflow to ETFs, \$8.6bn outflow from mutual funds).

**Bonds:** inflows past 16 weeks (\$12.1bn)

**Precious metals:** outflows past 7 weeks (\$0.5bn)

## Fixed Income Flows (Chart 18)

**IG bond** inflows past 15 weeks (\$1.1bn)

**HY Bond** inflows past 2 weeks (\$2.1bn)

**EM Debt** outflows resume (\$79mn)

**Munis** inflows resume (\$0.3bn)

**Govt/Tsy** inflows past 22 weeks (\$8.7bn)

**TIPS** outflows past 46 weeks (\$0.6bn)

**Bank loan** inflows past 3 weeks (\$0.2bn)

## Equity Flows (Table 3)

**US:** inflows past 2 weeks (\$9.9bn)

**Japan:** inflows past 6 weeks (\$1.4bn)

**Europe:** outflows past 18 weeks (\$3.0bn)

**EM:** inflows resume (\$1.8bn)

By style: inflows **US large cap** (\$8.8bn), **US small cap** (\$0.5bn); outflows **US growth** (\$23mn), **US value** (\$0.9bn).

By sector: inflows **tech** (\$2.0bn), **consumer** (\$0.4bn), **financials** (\$34mn), **utilities** (\$21mn); outflows **real estate** (\$29mn), **com svcs** (\$0.2bn), **materials** (\$0.4bn), **energy** (\$0.4bn), **healthcare** (\$1.1bn).

**Table 2: Cumulative YTD flows by asset class**

Global flows by asset class, \$mn

	Wk % AUM	YTD	YTD %AUM
Equities	0.1%	67,466	0.4%
ETFs	0.3%	213,493	2.9%
LO	-0.1%	-145,211	-1.7%
Bonds	0.2%	202,927	3.1%
Commodities	-0.3%	-3,945	-1.1%
Money-market	-0.2%	808,179	10.8%

\*week of 07/12/2023: 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
<b>Total Equities</b>	<b>0.1%</b>	<b>67,466</b>
long-only funds	-0.1%	-145,211
ETFs	0.3%	213,493
<b>Total EM</b>	<b>0.1%</b>	<b>68,244</b>
Brazil	1.3%	51
Russia	0.0%	-19
India	1.7%	4,496
China	0.4%	37,752
<b>Total DM</b>	<b>0.1%</b>	<b>-778</b>
US	0.1%	-14,352
Europe	-0.2%	-31,723
Japan	0.2%	2,646
International	0.0%	40,614

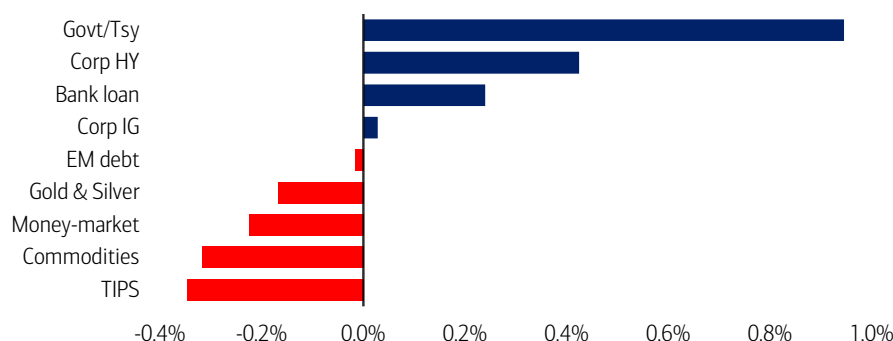
Total Equities = Total EM + Total DM

Source: EPFR Global

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**Chart 18: FICC inflows to Treasuries, HY bonds, bank loans**

Weekly FICC flows as a % AUM



Source: EPFR Global

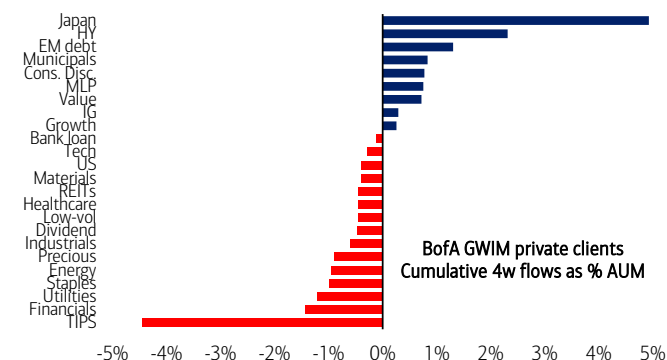
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# BofA private client flows & allocations

**Chart 19: GWIM clients bought Japan & HY, sold TIPS past 4 wks**

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

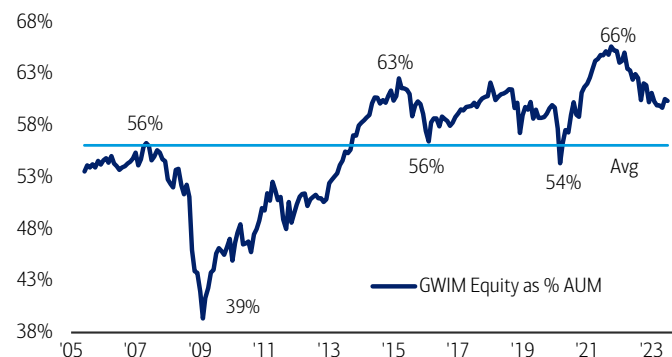


Source: BofA Global Investment Strategy

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**Chart 20: GWIM equity allocation at 61%**

BofA private client equity holdings as % of AUM

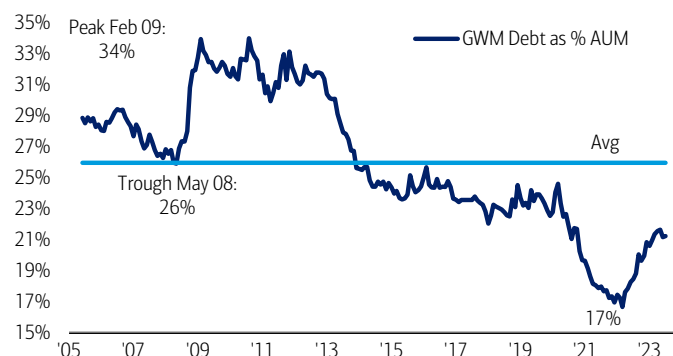


Source: BofA Global Investment Strategy

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**Chart 21: GWIM debt allocation at 21%**

BofA private client debt holdings as % of AUM

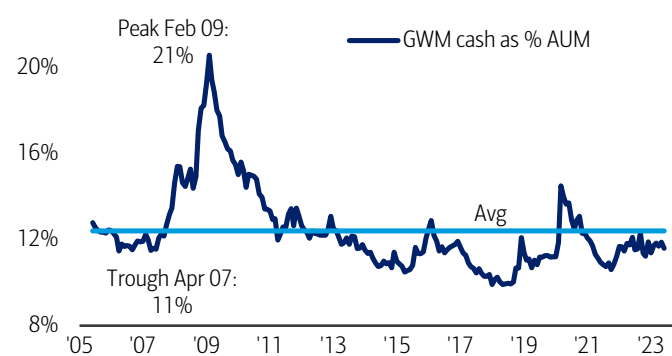


Source: BofA Global Investment Strategy

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**Chart 22: GWIM cash allocation vs LT average**

BofA private client cash holdings as % of AUM

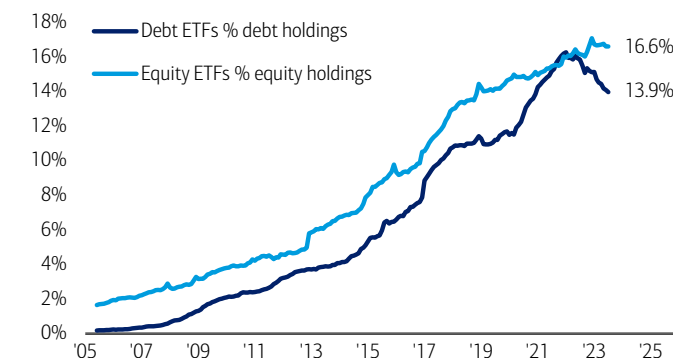


Source: BofA Global Investment Strategy

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**Chart 23: GWIM ETF holdings as % of AUM**

BofA private client ETF holdings as % of AUM



Source: BofA Global Investment Strategy

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**Chart 24: 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 25: Commodities worst 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 Treasuries 6.7%	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%	S&P 500 17.5%
US Treasuries 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 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%	MSCI EAFE 13.4%
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 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%	Gold 7.2%
Cash 6.2%	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%	MSCI EM 7.1%
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 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 6.3%
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 Treasuries 8.2%	Cash 0.0%	MSCI EAFE -13.9%	REITS 4.6%
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%	Global IG 4.2%
S&P 500 -9.1%	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 2.5%
MSCI EAFE -14.0%	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%	US Treasuries 1.5%
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 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 -3.9%

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
<b>Contrarian</b>				
<b>BofA Bull &amp; Bear Indicator (B&amp;B)</b>	Contrarian	3.5	Neutral	1-3 months
Sell when investor sentiment > 8.0; Buy when investor sentiment < 2.0				
<b>BofA Global FMS Cash Indicator</b>	Contrarian	5.1%	Buy	4 weeks
Buy when cash at or above 5.0%; Sell when cash at or below 4.0%				
<b>BofA Global Breadth Rule</b>	Contrarian	51.1%	Neutral	3 months
Buy when net 88% of markets in MSCI ACWI trading below 200-day moving & 50-day moving averages				
<b>BofA Global Flow Trading Rule</b>	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				
<b>BofA EM Flow Trading Rule</b>	Contrarian	0.3%	Neutral	8 weeks
Buy when outflows from EM equities > 3.0% of AUM; Sell when inflows > 1.5% of AUM over 4 wks				
<b>Macro</b>				
<b>BofA Global EPS Growth Model</b>	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](#)

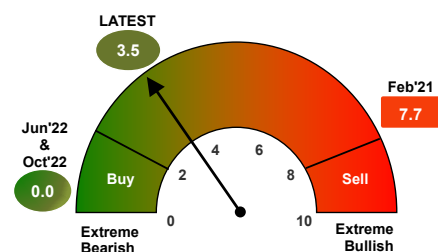
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## BofA Bull & Bear Indicator (B&B)

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

**Chart 26: BofA Bull & Bear Indicator**

Rises to 3.5 from 3.2



Source: BofA Global Investment Strategy

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**Table 5: BofA B&B Indicator**

BofA Bull &amp; Bear current component readings

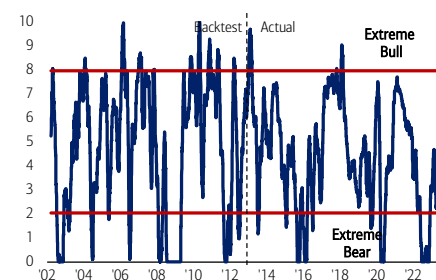
Components	Percentile	Sentiment
HF positioning	54%	Bullish
Credit mkt technicals	48%	Neutral
Equity market breadth	44%	Neutral
Equity flows	59%	Bullish
Bond flows	48%	Neutral
LO positioning	8%	V Bearish

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

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**Chart 27: BofA Bull & Bear Indicator**

BofA Bull &amp; 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 US Equities	17.9%	1 Greece Equities	51.5%	1 ACWI Info Tech	36.6%	1 CCC HY	11.0%	1 Bitcoin	83.1%	1 Gold	7.4%
2 Europe Equities	15.5%	2 Mexico Equities	30.5%	2 ACWI Telecoms	26.8%	2 European HY	8.9%	2 Mexican peso	15.4%	2 Iron Ore	1.9%
3 Japan Equities	14.5%	3 Italy Equities	28.7%	3 ACWI Cons. Discretionary	25.2%	3 US Corp HY	6.3%	3 Brazilian real	9.5%	3 Copper	1.5%
4 UK Equities	9.0%	4 Spain Equities	23.8%	4 ACWI Industrials	13.5%	4 German Govt	4.3%	4 British pound	7.5%	4 Silver	0.3%
5 Gold	7.4%	5 Taiwan Equities	21.2%	5 ACWI Materials	4.9%	5 EM Sovereign	4.3%	5 Swiss franc	6.6%	5 Commodities	-3.9%
6 EM Equities	7.2%	6 France Equities	20.4%	6 ACWI Financials	3.4%	6 BBB IG	3.8%	6 Euro	4.0%	6 WTI Crude Oil	-5.6%
7 High Yield Bonds	6.3%	7 Germany Equities	20.2%	7 ACWI Consumer Staples	2.4%	7 US Corp IG	3.3%	7 Indonesian rupiah	3.2%	7 Brent Crude Oil	-6.8%
8 EM Sovereign Bonds	4.3%	8 US Equities	17.9%	8 ACWI Banks	1.5%	8 EM Corporate	2.9%	8 Canadian dollar	2.8%	8 Platinum	-11.6%
9 Investment Grade Bonds	4.3%	9 Korea Equities	17.8%	9 ACWI Real Estate	0.9%	9 UK Govt	2.6%	9 Singapore dollar	0.7%		
10 Government Bonds	1.5%	10 Brazil Equities	17.0%	10 ACWI Energy	-1.4%	10 3-Month Treasury Bills	2.4%	10 Indian rupee	0.6%		
11 Pacific Rim xJapan	0.8%	11 Japan Equities	14.5%	11 ACWI Utilities	-1.5%	11 US Mortgage Master	2.1%	11 Swedish krona	0.4%		
12 US Dollar	-2.9%	12 Switzerland Equities	13.1%	12 ACWI Healthcare	-2.4%	12 TIPS	2.0%	12 Australian dollar	-0.4%		
13 Industrial Metals	-4.9%	13 UK Equities	9.0%	13 ACWI BioTechnology	-8.6%	13 30-year Treasury	1.5%	13 NZ dollar	-0.8%		
14 Oil	-5.6%	14 Canada Equities	8.6%			14 Treasury Master	1.5%	14 Taiwanese dollar	-1.6%		
		15 India Equities	6.5%			15 Non-US IG Government	1.5%	15 Korean won	-1.8%		
		16 Portugal Equities	4.0%			16 2-year Treasury	0.9%	16 Norwegian krone	-3.2%		
		17 Australia Equities	3.9%			17 Japan Govt	-2.8%	17 Chinese renminbi	-3.7%		
		18 Singapore Equities	2.8%					18 Japanese yen	-5.3%		
		19 S. Africa Equities	-0.4%					19 South African rand	-6.1%		
		20 China Equities	-3.1%					20 Turkish lira	-28.4%		
		21 Hong Kong Equities	-8.3%								
		22 Turkey Equities	-11.7%								

Source: BofA Global Investment Strategy, Bloomberg, as of 12 Jul 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 12 Jul'23)**

Assets		Equities		Sectors		Fixed Income		FX vs. USD		Commodities	
1 US Equities	11.5%	1 Greece Equities	33.9%	1 ACWI Info Tech	20.3%	1 CCC HY	6.2%	1 Mexican peso	9.9%	1 Silver	5.9%
2 Japan Equities	10.2%	2 Italy Equities	17.9%	2 ACWI Telecoms	14.2%	2 EM Sovereign	3.9%	2 Swiss franc	6.8%	2 Gold	4.7%
3 Europe Equities	9.2%	3 Spain Equities	14.4%	3 ACWI Cons. Discretionary	14.1%	3 US Corp HY	3.8%	3 British pound	6.7%	3 Iron Ore	3.7%
4 EM Equities	5.4%	4 Mexico Equities	14.0%	4 ACWI Industrials	9.8%	4 European HY	2.6%	4 Brazilian real	6.2%	4 Copper	0.0%
5 UK Equities	5.3%	5 Brazil Equities	13.4%	5 ACWI Financials	3.3%	5 EM Corporate	2.4%	5 Euro	4.7%	5 WTI Crude Oil	-1.8%
6 Gold	4.6%	6 Taiwan Equities	11.7%	6 ACWI Materials	3.2%	6 BBB IG	2.2%	6 Norwegian krone	2.5%	6 Brent Crude Oil	-2.9%
7 High Yield Bonds	4.4%	7 US Equities	11.5%	7 ACWI Consumer Staples	2.0%	7 US Corp IG	1.9%	7 Canadian dollar	2.4%	7 Platinum	-5.2%
8 EM Sov Bonds	3.9%	8 France Equities	11.4%	8 ACWI Banks	1.9%	8 3-Month Treasury Bills	1.7%	8 Korean won	2.0%	8 Natural Gas	-27.8%
9 Investment Grade Bonds	2.9%	9 Germany Equities	11.3%	9 ACWI Utilities	0.9%	9 Non-US IG Government	1.5%	9 NZ dollar	1.9%		
10 Government Bonds	0.9%	10 Korea Equities	10.3%	10 ACWI Energy	0.5%	10 US Mortgage Master	0.9%	10 Swedish krona	1.8%		
11 Pacific Rim xJapan	0.8%	11 Japan Equities	10.2%	11 ACWI Healthcare	-0.6%	11 TIPS	0.6%	11 Singapore dollar	1.6%		
12 Oil	-1.8%	12 Switzerland Equities	7.8%	12 ACWI Real Estate	-4.2%	12 Japan Govt	0.4%	12 Australian dollar	1.4%		
13 Industrial Metals	-3.0%	13 India Equities	7.5%	13 ACWI BioTechnology	-5.5%	13 2-year Treasury	0.4%	13 Indonesian rupiah	0.9%		
14 US Dollar	-3.8%	14 UK Equities	5.3%			14 Treasury Master	0.2%	14 Russian ruble	0.0%		
		15 Portugal Equities	4.9%			15 30-year Treasury	-1.2%	15 Indian rupee	0.0%		
		16 Canada Equities	4.5%			16 German Govt	-1.5%	16 South African rand	-0.5%		
		17 S. Africa Equities	2.3%			17 UK Govt	-5.4%	17 Japanese yen	-1.0%		
		18 Australia Equities	2.2%					18 Taiwanese dollar	-1.3%		
		19 Singapore Equities	1.3%					19 Chinese renminbi	-2.3%		
		20 Russia Equities	0.0%					20 Turkish lira	-24.4%		
		21 Turkey Equities	-0.8%					21 Argentine peso	-24.5%		
		22 China Equities	-1.3%								
		23 Hong Kong Equities	-3.4%								

Source: BofA Global Investment Strategy, Bloomberg, as of 12 Jul 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 <sup>R1</sup>
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

<sup>R1</sup> Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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