

The Flow Show

No Landing, No Pausing

Full disclosure: this week's The Flow Show was not written using ChatGPT.

Scores on the Doors: crypto 39.3%, gold 6.4%, stocks 6.3%, HY bonds 4.2%, IG bonds 4.1%, govt bonds 3.5%, commodities 1.4%, cash 0.2%, oil -0.1%, US dollar -1.8% YTD.

Heard on the Street: "Another 3-5% here will feel like bathing in lava if you're a bear."

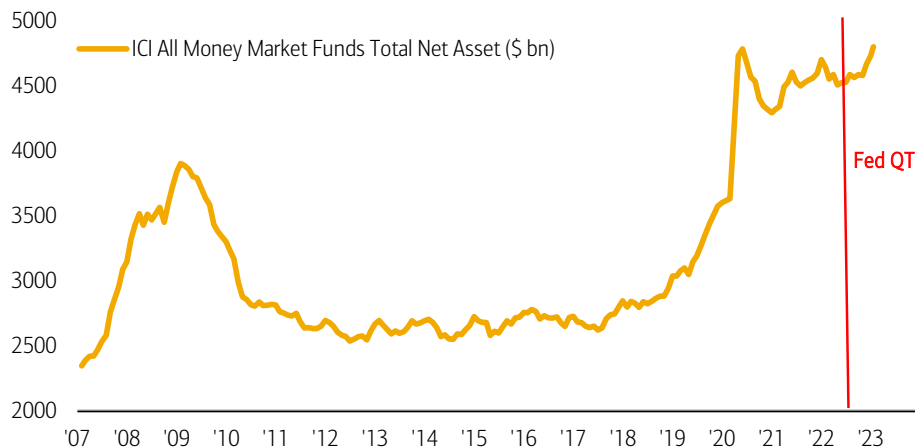
The Price is Right: Dai-ichi Life (3rd largest Japan insurance corp) hiking wages 5%, first hike since 1995; after 30 deflationary years, Japan now land of the rising wage.

Tale of the Tape: past 3 months annualized US CPI 0%, retail sales -4%, IP -5%; econ has stalled...why UST yields down 75bps; and yet unemployment rate 3.5%, claims <200k....labor market screaming "no landing"...and no landing means no Fed pausing.

The Big Picture: US money market fund assets hit all-time high \$4.8bn (Chart 2) + BoJ QE of \$550bn past 6 months + \$133bn of US liquidity past 3 weeks despite QT (as US Treasury aggressively withdraws TGA funds)...still lots of liquidity sloshing around.

Chart 2: Cash Levels at All-Time Highs

US money market funds saw net assets hit all-time high



Source: BofA Global Investment Strategy, Bloomberg, ICI Investment Company Institute. Net assets as of 18 January 2023.

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Refer to important disclosures on page 10 to 12.

26 January 2023

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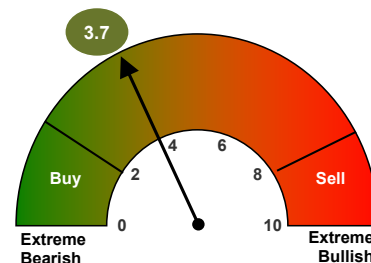
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Chart 1: BofA Bull & Bear Indicator

Moves up to 3.7 from 3.5



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: \$13.9bn to stocks (largest in 6 weeks), \$12.2bn to bonds, \$0.5 to gold, \$2.3bn from cash.

Flows to Know: a. credit conviction...strongest IG & HY inflows since Sept'21 (\$7.7bn average past 4 weeks – Chart 9); b. EM conviction...strongest EM debt & equity inflows since Mar'21 (\$7.1bn average past 4 weeks – Chart 10); c. chasing European stocks...\$3.4bn weekly inflow, largest since Feb'22 – Chart 11); d. tech & healthcare capitulation...outflow trend of past 4 weeks worst since Jan'19 (Chart 12).

BofA Private Clients: \$3.0tn AUM...60.7% stocks, 20.8% bonds, 11.5% cash; bond inflows continue (47 of past 48 weeks)...private clients also expressing big conviction in bonds; past 4-weeks private clients buying EM debt, materials, industrials, selling REITs, financials, low-vol ETFs.

BofA Bull & Bear Indicator: up to 3.7 from 3.5 (10-month high) as lower FMS cash levels & better credit technicals offset more bearish hedge funds.

It's an Inflationary World: financial market leadership shift in 2020s from deflation to inflation assets, driven by globalization to localization, monetary to fiscal excess, inequality to inclusion all fostered by social and political trends (see Chart 3); note inflation hedge GNR natural resources ETF close to all-time highs (Chart 4), Japanese banks in bull market as BoJ forced via highest inflation 40-years to end YCC this spring, note Mexico reshoring, peak dollar play) +40% in 4 months in dollar terms.

Chart 3: War on Inequality

Investment themes for the 2020s vs the 2010s

<u>2010s</u>	➔	<u>2020s</u>
1%		99%
Wall Street		Main Street
Inequality		Inclusion
QE		QT
Monetary excess		Fiscal excess
Invisible Hand		Visible Fist
Repression		Volatility
Deregulation		Redistribution
Globalization		Isolationism
Stock buybacks		Wealth taxation
Credit		Commodities
Tech		Energy
Large cap		Small cap
Democracies		Dictatorships
Peace		War
Deflation		Inflation

Source: BofA Global Investment Strategy

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Chart 4: Guns'n'Roses

SPDR S&P Global Natural Resources ETF



Source: BofA Global Investment Strategy, Bloomberg

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It's a Bull Story in 2023: it's simply that bonds, having aggressively moved to acknowledge new inflation regime, have in recent months rallied; '22 was so scarring for investors because 1st time since 1974 an equity bull market was offset by positive bond returns (Table 1); investors acting on attractive level of yields + potential for capital return (remember Treasury returns last year once of worst in past 250 years).

But it's a Fragile One: the narrative holds so long as growth falls, inflation falls (see US house prices cooling – Table 2), Fed done at some stage; but still degree of yield decline likely modest as China reopening, European war escalating, fiscal excess continues (\$6tn of government bond supply, \$1tn of corporate bonds in 2023), US federal interest payments >\$0.5tn in '22 & will rise further as US public debt surges to \$45tn in 2032 (124% GDP – Charts 5 & 6); and the comeback of speculative long duration assets (bitcoin 45%, TSLA 34%, ARKK 25% from lows) will likely reverse if oil, wages (corp profits drive labor – Chart 7), CPI shifts the “soft landing” narrative temporarily in coming weeks into a “no landing” view.



Especially as “No Landing” Likelihood Rises: recessions are about re-financings & redundancies; monetary policy is struggling to create recession; US M2 -1.3% y/y...record decline, UST 2s10s yield curve most inverted since Sep'81 (Chart 8), Leading Economic Index -8% from peak...all signals hard landing will occur in '23; but another tightening of financial conditions this spring may be required to tip a US economy currently growing >7% in nominal terms into the recession the consensus craves.

Stocks & Bonds: in Jan stocks have been playing catch-up with bonds & credit, China reopen theme (up in industrials), morphed into peak yield (REITS & homebuilders) in Q4, and this year tech has been played catch-up (rate cuts, dollar down, job cuts 4 margins), speculation has returned...“pain trade” has been higher to 4.1-4.2K on S&P 500...after that we sell as we now close to moment where stock gains start dragging yields higher.

Table 1: 60:40...from Naughty to Nice

Performance of stocks vs bonds in bear markets

Bear market	Dates	Performance	
		S&P 500	UST 10Y*
Stagflation	1973-1974	-48.2%	3.8%
Volker's Bear	1980-1982	-27.1%	26.7%
Black Monday	1987	-33.5%	4.2%
Dotcom	2000-2002	-49.1%	31.7%
GFC	2007-2009	-56.8%	21.6%
Inflation	2021-2022	-25.4%	-17.2%

Source: BofA Global Investment Strategy, Global Financial Data, Bloomberg
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Table 2: US housing prices starting to cool

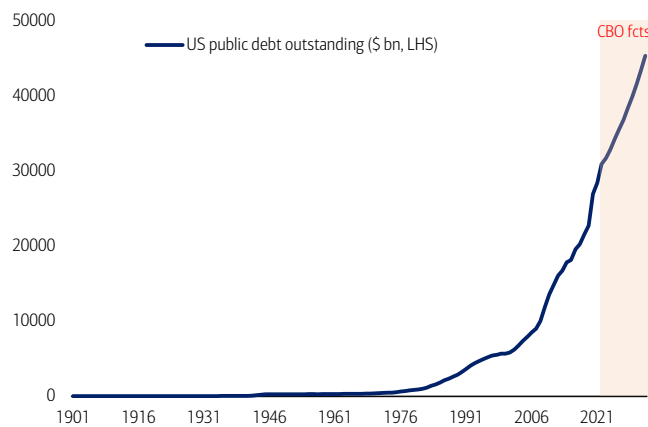
US house prices (current vs peak YoY growth)

Metro area	Peak YoY date	Growth YoY %	
		Peak	Current
Miami	May'22	34%	21%
Tampa	May'22	36%	21%
Charlotte	Apr'22	27%	15%
Atlanta	Apr'22	26%	15%
Dallas	Apr'22	31%	14%
Phoenix	Aug'21	33%	10%
Las Vegas	Mar'22	28%	9%
New York City	Jul'21	19%	9%
Chicago	Feb'22	13%	9%
Denver	Mar'22	24%	8%
Boston	Jul'21	19%	8%
Los Angeles	Apr'22	23%	7%
Washington DC	Jun'21	15%	6%
Seattle	Mar'22	28%	5%
San Francisco	Mar'22	24%	1%

Source: BofA Global Investment Strategy, Bloomberg, latest data as of 10/31/22
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Chart 5: US debt expected to skyrocket next 10 years

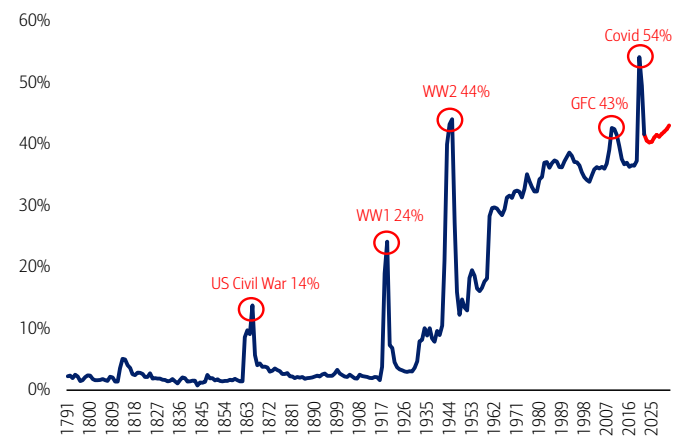
US public debt outstanding (\$bn)



Source: BofA Global Investment Strategy, Haver
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Chart 6: US gov't spending next 10 years near WWII levels

US gov't expenditures as % of GDP

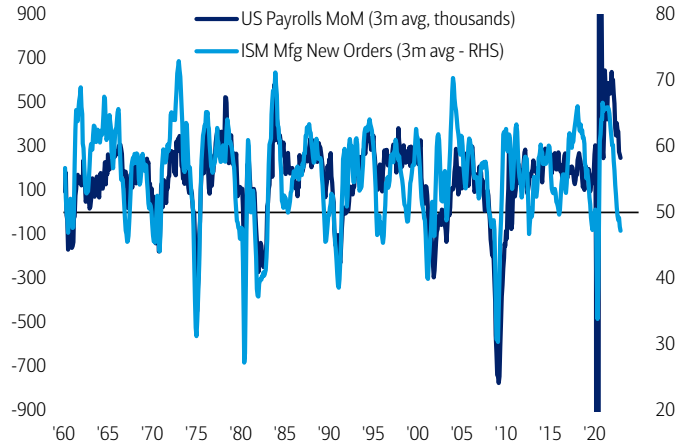


Source: BofA Global Investment Strategy, Global Financial Data, includes May'22 CBO forecasts + accounts for Biden's Inflation Reduction Act \$750bn over 2023-2027
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Chart 7: Corporate profits the key driver of the labor market

US nonfarm payrolls vs ISM manufacturing new orders

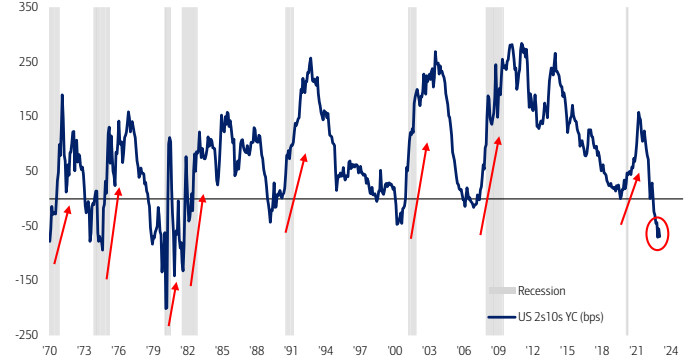


Source: BofA Global Investment Strategy, Bloomberg

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Chart 8: US 2s10s most inverted since 1981

US 2s10s yield curve and recession

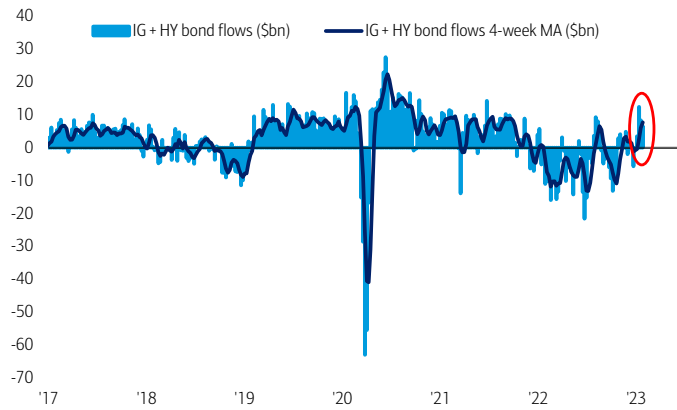


Source: BofA Global Investment Strategy, Bloomberg, Global Financial Data

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Chart 9: Credit conviction...strong inflows to IG & HY

Flows to credit: weekly vs 4wk MA (\$ bn)

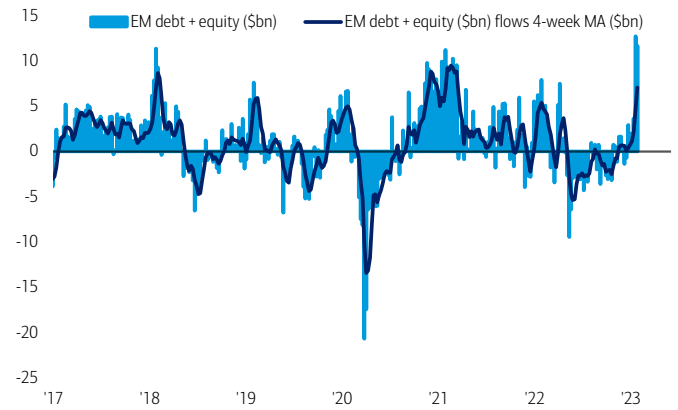


Source: BofA Global Investment Strategy, Bloomberg, Global Financial Data

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Chart 10: EM conviction...strong EM asset flows

Flows to EM assets (debt + equity): weekly vs 4wk MA (\$ bn)

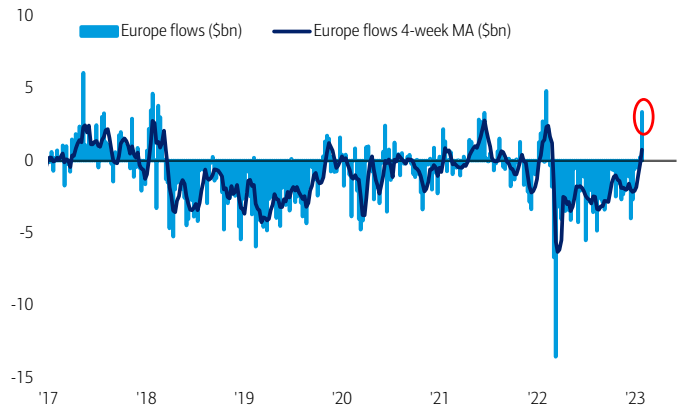


Source: BofA Global Investment Strategy, EPFR

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Chart 11: Chasing Europeans stocks

Flows to European equity funds: weekly vs 4wk MA (\$ bn)

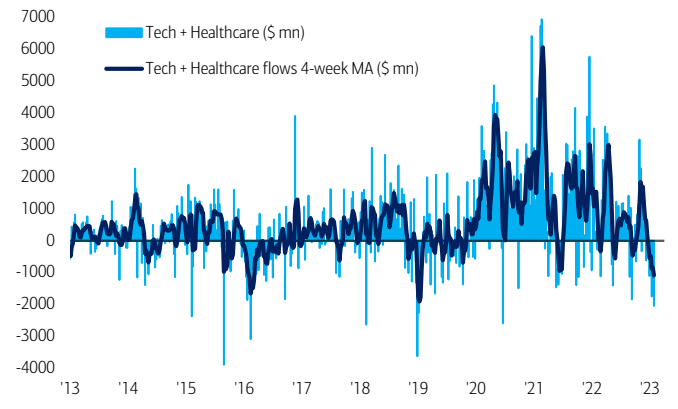


Source: BofA Global Investment Strategy, EPFR

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Chart 12: Tech & healthcare capitulation

Flows to Tech + Healthcare: weekly vs 4wk MA (\$ mn)



Source: BofA Global Investment Strategy, EPFR

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Asset Class Flows (Table 3)

Equities: \$13.9bn inflow (\$11.4bn inflow to ETFs, \$2.6bn inflow to mutual funds)

Bonds: inflows past 4 weeks (\$12.2bn)

Precious metals: 1st inflow in 4 weeks (\$0.5bn)

Fixed Income Flows (Chart 13)

IG bond inflows past 5 weeks (\$7.2bn)

HY Bond 1st outflow in 3 weeks (\$0.6bn)

EM Debt inflows past 3 weeks (\$3.8bn)

Munis inflows past 3 weeks (\$0.8bn)

Govt/Tsy inflows past 9 weeks (\$2.6bn)

TIPS outflows past 22 weeks (\$1.2bn)

Bank loan outflows resume (\$0.2bn)

Equity Flows (Table 4)

US: 1st inflow in 4 weeks (\$0.3bn)

Japan: 1st outflow in 8 weeks (\$1.2bn)

Europe: inflows past 2 weeks (\$3.4bn)

EM: inflows past 6 weeks (\$7.9bn)

By style: inflows **US large cap** (\$2.6bn), **US value** (\$0.7bn), **US small cap** (\$0.6bn); outflow **US growth** (\$1.5bn).

By sector: inflows **materials** (\$0.7bn), **utilities** (\$0.2bn), **real estate** (\$70mn), **financials** (\$48mn), **com svcs** (\$43mn); outflows **consumer** (\$90mn), **energy** (\$0.2bn), **tech** (\$0.2bn), **hcare** (\$1.8bn).

Table 3: YTD flows into equities remain positive

Global flows by asset class, \$mn

	Wk % AUM	YTD	YTD %AUM
Equities	0.1%	24,034	0.2%
ETFs	0.2%	15,159	0.2%
LO	0.0%	8,819	0.1%
Bonds	0.2%	50,562	0.8%
Commodities	0.4%	1,536	0.4%
Money-market	0.0%	119,052	1.7%

*week of 01/25/2023: Source: EPFR Global

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Table 4: Net fund flows to EM outpacing DM

Global equity flows by region

	Wk % AUM	YTD
Total Equities	0.1%	24,034
long-only funds	0.0%	8,819
ETFs	0.2%	15,159
Total EM	0.5%	20,875
Brazil	-1.7%	-984
Russia	0.0%	0
India	0.9%	582
China	0.8%	8,154
Total DM	0.0%	3,159
US	0.0%	-14,068
Europe	0.2%	3,062
Japan	-0.2%	214
International	0.1%	14,334

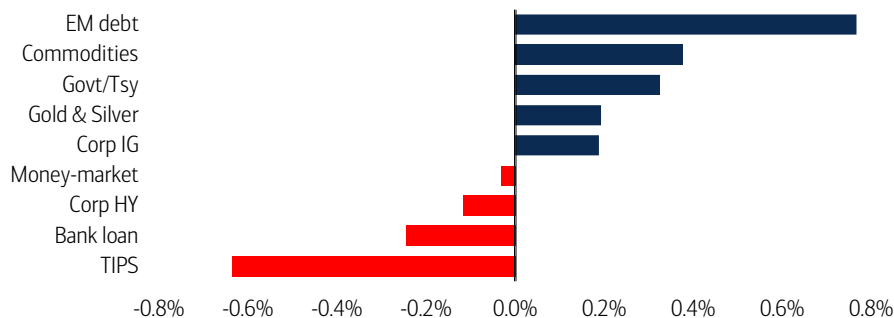
Total Equities = Total EM + Total DM

Source: EPFR Global

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Chart 13: FICC flows to EM debt, commodities, Treasuries

Weekly FICC flows as a % AUM



Source: EPFR Global

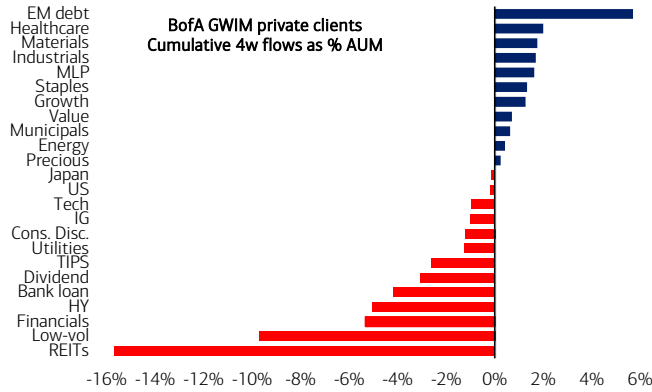
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BofA private client flows & allocations

Chart 14: GWIM flows favored EM debt, HY, loans past 4 weeks

BofA private 4-week ETF flows as % of AUM

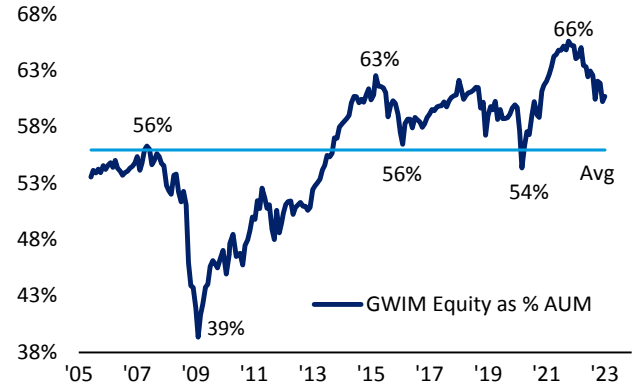


Source: BofA Global Investment Strategy

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Chart 15: GWIM equity allocation at 61%

BofA private client equity holdings as % of AUM

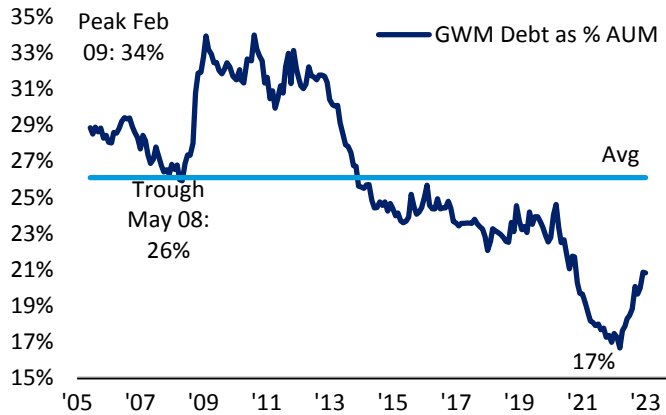


Source: BofA Global Investment Strategy

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Chart 16: GWIM debt allocation at 21%

BofA private client debt holdings as % of AUM

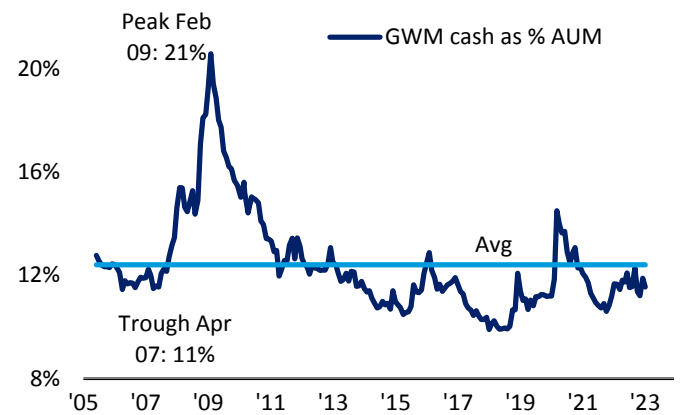


Source: BofA Global Investment Strategy

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Chart 17: GWIM cash allocation vs LT average

BofA private client cash holdings as % of AUM

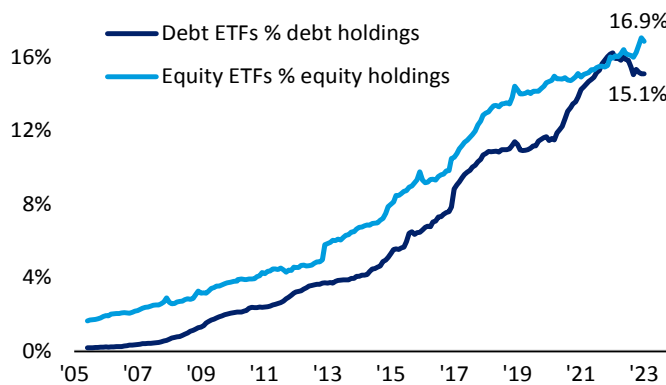


Source: BofA Global Investment Strategy

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Chart 18: GWIM ETF holdings as % of AUM

BofA private client ETF holdings as % of AUM

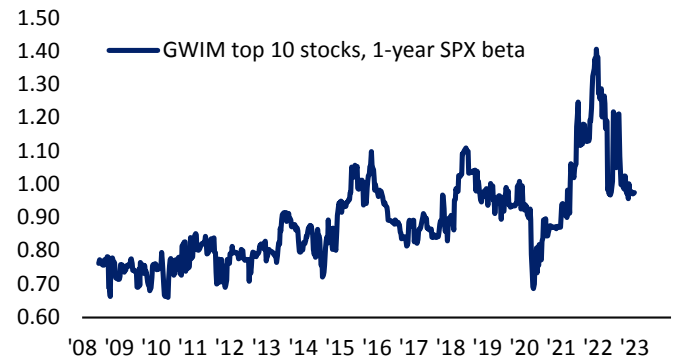


Source: BofA Global Investment Strategy

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

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



Source: BofA Global Investment Strategy

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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 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 27.3%	MSCI EM 8.9%
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%	S&P 500 16.3%	REITS 33.2%	Cash 1.5%	MSCI EAFE 8.4%
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%	MSCI EM 15.8%	S&P 500 26.9%	Gold 0.1%	REITS 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 -0.6%	MSCI EM 11.2%	Gold 12.9%	Global HY -3.3%	Commodities 20.1%	Global IG 10.3%	MSCI EAFE 8.8%	US Treasuries -12.9%	Gold 6.8%
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%	US Treasuries 8.2%	Global HY 1.4%	Global HY -13.2%	S&P 500 4.6%
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%	Global HY 8.0%	Cash 0.0%	MSCI EAFE -16.1%	Global HY 4.2%
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%	MSCI EAFE 5.4%	US Treasuries -2.4%	Global IG -16.7%	Global IG 4.1%
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%	Global IG -3.0%	S&P 500 -19.8%	US Treasuries 2.8%
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 -7.6%	Gold -4.1%	MSCI EM -21.9%	Commodities 1.4%
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%	MSCI EM -4.6%	REITS -27.6%	Cash 0.2%

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	3.7	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	5.3%	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	80.0%	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	0.4%	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	1.4%	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	-11.8%	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 3.7, signal is Neutral.

Chart 21: BofA Bull & Bear Indicator

Up to 3.7 from 3.5



Source: BofA Global Investment Strategy

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Table 6: BofA B&B Indicator

BofA Bull & Bear current component readings

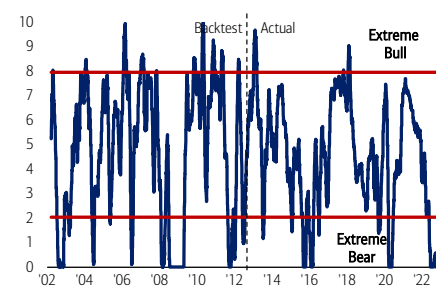
Components	Percentile	Sentiment
HF positioning	43%	Neutral
Credit mkt technicals	52%	Bullish
Equity market breadth	70%	V Bullish
Equity flows	74%	V Bullish
Bond flows	49%	Neutral
LO positioning	4%	V Bearish

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.

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2023 Cross-Asset Winners & Losers

Table 7: 2023 YTD ranked returns

Year-to-date ranked crossasset returns

Ranked Returns, USD-terms (2023)

Assets	Equities	Sectors	Fixed Income	FX vs. USD	Commodities						
1 Industrial Metals	10.3%	1 Mexico Equities	17.7%	1 ACWI Telecoms	11.7%	1 30-year Treasury	6.4%	1 Bitcoin	42.3%	1 Copper	11.1%
2 EM Equities	8.9%	2 Korea Equities	13.8%	2 ACWI Cons. Discretionary	11.2%	2 UK Govt	6.4%	2 Australian dollar	4.3%	2 Gold	6.4%
3 Europe Equities	8.9%	3 China Equities	13.7%	3 ACWI Materials	9.6%	3 CCC HY	5.5%	3 Indonesian rupiah	4.0%	3 Iron Ore	1.6%
4 Pacific Rim xJapan	8.8%	4 Germany Equities	12.1%	4 ACWI Info Tech	8.9%	4 European HY	5.3%	4 Brazilian real	4.0%	4 Brent Crude Oil	0.2%
5 Japan Equities	7.1%	5 France Equities	11.2%	5 ACWI Banks	7.5%	5 German Govt	4.7%	5 Mexican peso	3.8%	5 WTI Crude Oil	-0.1%
6 UK Equities	6.5%	6 Spain Equities	10.9%	6 ACWI Real Estate	7.3%	6 Non-US IG Government	4.2%	6 Korean won	2.7%	6 Silver	-0.4%
7 Gold	6.4%	7 Italy Equities	10.9%	7 ACWI Financials	6.9%	7 BBB IG	4.0%	7 British pound	2.6%	7 Platinum	-3.4%
8 US Equities	4.9%	8 Australia Equities	10.9%	8 ACWI Industrials	5.0%	8 US Corp IG	3.9%	8 Swedish krona	2.2%	8 Natural Gas	-31.5%
9 High Yield Bonds	4.2%	9 Greece Equities	9.0%	9 ACWI Energy	3.0%	9 EM Sovereign	3.8%	9 NZ dollar	2.0%		
10 Investment Grade Bonds	4.1%	10 Taiwan Equities	8.8%	10 ACWI Consumer Staples	1.2%	10 US Corp HY	3.7%	10 Singapore dollar	2.0%		
11 EM Sovereign Bonds	3.8%	11 Brazil Equities	8.2%	11 ACWI Utilities	0.5%	11 US Mortgage Master	3.7%	11 Euro	2.0%		
12 Government Bonds	3.5%	12 Canada Equities	7.5%	12 ACWI BioTechnology	0.3%	12 EM Corporate	2.9%	12 Chinese renminbi	1.7%		
13 Oil	-0.1%	13 Japan Equities	7.1%	13 ACWI Healthcare	0.1%	13 Treasury Master	2.8%	13 Indian rupee	1.4%		
14 US Dollar	-1.8%	14 S. Africa Equities	7.1%			14 TIPS	2.7%	14 Canadian dollar	1.2%		
		15 Singapore Equities	7.0%			15 Japan Govt	2.2%	15 Japanese yen	1.2%		
		16 Switzerland Equities	7.0%			16 2-year Treasury	0.7%	16 Taiwanese dollar	1.2%		
		17 UK Equities	6.5%			17 3-Month Treasury Bills	0.2%	17 Swiss franc	0.7%		
		18 US Equities	4.9%					18 South African rand	-0.4%		
		19 Hong Kong Equities	4.2%					19 Turkish lira	-0.5%		
		20 Portugal Equities	3.1%					20 Norwegian krone	-1.0%		
		21 India Equities	-0.4%								
		22 Turkey Equities	-2.5%								

Source: BofA Global Investment Strategy, Bloomberg, as of 25 January 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 25 Jan'23)

Assets	Equities	Sectors	Fixed Income	FX vs. USD	Commodities						
1 Europe Equities	13.1%	1 Turkey Equities	38.5%	1 ACWI Materials	10.5%	1 EM Sovereign	5.4%	1 Korean won	7.2%	1 Silver	14.1%
2 Pacific Rim xJapan	12.0%	2 Italy Equities	19.9%	2 ACWI Financials	9.1%	2 EM Corporate	4.0%	2 Euro	6.0%	2 Copper	11.3%
3 Industrial Metals	11.7%	3 Greece Equities	19.9%	3 ACWI BioTechnology	8.8%	3 BBB IG	3.3%	3 Mexican peso	5.9%	3 Platinum	9.6%
4 Gold	9.6%	4 Mexico Equities	19.4%	4 ACWI Banks	8.6%	4 US Corp HY	3.1%	4 Japanese yen	5.5%	4 Gold	9.4%
5 UK Equities	9.5%	5 France Equities	17.5%	5 ACWI Industrials	8.5%	5 European HY	3.1%	5 Singapore dollar	5.4%	5 Iron Ore	5.8%
6 Japan Equities	9.3%	6 Germany Equities	17.4%	6 ACWI Energy	7.2%	6 US Corp IG	2.8%	6 Swiss franc	5.0%	6 Brent Crude Oil	-11.7%
7 EM Equities	7.9%	7 Spain Equities	16.6%	7 ACWI Healthcare	3.8%	7 Non-US IG Government	2.7%	7 NZ dollar	4.8%	7 WTI Crude Oil	-13.1%
8 EM Sov Bonds	5.4%	8 China Equities	14.5%	8 ACWI Cons. Discretionary	3.1%	8 CCC HY	2.5%	8 Australian dollar	4.4%	8 Natural Gas	-55.5%
9 High Yield Bonds	5.0%	9 Australia Equities	13.1%	9 ACWI Consumer Staples	2.8%	9 US Mortgage Master	1.8%	9 British pound	3.8%		
10 Investment Grade Bonds	3.5%	10 Singapore Equities	10.6%	10 ACWI Info Tech	2.3%	10 3-Month Treasury Bills	1.1%	10 Swedish krona	2.3%		
11 US Equities	2.5%	11 Korea Equities	10.2%	11 ACWI Telecoms	1.6%	11 Treasury Master	0.6%	11 Brazilian real	2.1%		
12 Government Bonds	1.8%	12 Hong Kong Equities	9.8%	12 ACWI Real Estate	0.4%	12 2-year Treasury	0.2%	12 Chinese renminbi	1.5%		
13 US Dollar	-4.5%	13 S. Africa Equities	9.6%	13 ACWI Utilities	0.1%	13 TIPS	-0.5%	13 Indonesian rupiah	0.8%		
14 Oil	-13.1%	14 UK Equities	9.5%			14 Japan Govt	-1.8%	14 Norwegian krone	0.5%		
		15 Japan Equities	9.3%			15 30-year Treasury	-2.5%	15 Taiwanese dollar	0.5%		
		16 Brazil Equities	8.0%			16 German Govt	-3.4%	16 Russian ruble	0.0%		
		17 Switzerland Equities	7.7%			17 UK Govt	-4.3%	17 South African rand	-1.1%		
		18 Portugal Equities	7.4%					18 Canadian dollar	-1.4%		
		19 Canada Equities	4.3%					19 Indian rupee	-1.7%		
		20 Taiwan Equities	3.5%					20 Turkish lira	-5.5%		
		21 US Equities	2.5%					21 Argentine peso	-21.9%		
		22 India Equities	0.0%								
		23 Russia Equities	-3.8%								

Source: BofA Global Investment Strategy, Bloomberg, as of 25 January 2023.

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Acronyms

FMS – Fund Manager Survey

GWIM – Global Wealth and Investment Management

QE – Quantitative Easing

QT – Quantitative Tightening

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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%

^{R1} 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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