BofA SECURITIES

Global Economic Weekly

Don't count your chickens before they hatch

Global Letter: Don't count your chickens before they hatch

The match is not over until it is over. It applies to everything, including the inflation fight. US June CPI inflation came much softer than expected this week, which led the market to reprice fewer Fed hikes. However, the recent spike in oil prices shows that uncertainty in the Middle East is far from dissipating and services inflation remains very persistent and is unlikely to moderate much further. Interestingly, under the new leadership, the Fed wants to learn more from the market, but market pricing can be a misleading indicator of underlying views, especially when building credibility under discretion becomes a relevant dimension for the Fed's decision-making process.

US: Arguments against Fed hikes… and why we disagree

Some clients think the Fed shouldn't hike because inflation is being driven by one-offs. Per our math, however, underlying inflation is well above target. Some have argued that Warsh could use the task forces as an excuse to not hike. We think he has strategic reasons to hike soon: he'd gain credibility without having to own the inflation problem.

Euro Area: ECB preview – see you after the summer break

The ECB is likely to keep rates on hold next week. No sense of urgency to hike. Communication changes are likely to be small, maintaining an implicit hiking bias. We expect one more hike in September. Cuts will need to follow in 2027.

UK: The second-round test

Data next week will be key to gauge if energy shock is feeding into persistent price pressures. We expect not, but risks are to the upside. Our base case is BoE on prolonged hold, but risk of a near-term hike is higher than a cut.

China: Housing – More than a bounce, less than a recovery

China housing is showing clearer green shoots in Tier-1 cities, especially Beijing and Shanghai, where stronger sales, sequential price improvement, falling secondary-home inventory and better rental yields suggest the rebound is more credible than in 2024.

Emerging EMEA: Kazakhstan – the game continues

Macro/rates outlook unchanged after lifting FX sales req. Weaker KZT stops SPF FX demand offsetting any SOE FX sales weakness. Non-res KZT holdings could rise more, but yet stronger inflows may push NBK to boost FX reserves as cushion against any shocks.

Latin America: A cautious tone on LatAm

Investors remain cautious on Brazil and Mexico, citing higher US rates and stronger USD as main external risks for the region according to our Funds Manager Survey. Risk appetite declined, with investors still favoring financials and utilities.

17 July 2026

Economics
Global

Table of Contents

Claudio Irigoyen
Global Economist
BofAS
+1 646 855 1734
claudio.irigoyen@bofa.com

Antonio Gabriel
Global Economist
BofAS
+1 646 743 5373
antonio.gabriel@bofa.com

Global Economics Team
BofAS

See Team Page for List of Analysts

Global Letter

Claudio Irigoyen
Global Economist
BofAS
claudio.irigoyen@bofa.com

Antonio Gabriel
Global Economist
BofAS
antonio.gabriel@bofa.com

Don't count your chickens before they hatch

The match is not over until it is over. It applies to everything, including the inflation fight. US June CPI inflation came much softer than expected this week, which led the market to reprice fewer Fed hikes. However, the recent spike in oil prices shows that uncertainty in the Middle East is far from dissipating and services inflation remains very persistent and is unlikely to moderate much further. Interestingly, under the new leadership, the Fed wants to learn more from the market, but market pricing can be a misleading indicator of underlying views, especially when building credibility under discretion becomes a relevant dimension for the Fed's decision-making process.

The market is pricing the least likely path

Market views remain very volatile. Before the June CPI print, the market was ready to price the first hike in July conditional on inflation surprising to the upside, with September almost fully priced. The soft print removed July and left September as a coin toss. Currently the market is pricing around a hike and a half over the next 3 quarters.

Ironically, it is quite clear that the priced path is very unlikely to materialize. Is it because there is uncertainty about whether the Fed will deliver 1 or 2 hikes over the next 3 quarters? Not really. The real discussion is whether the Fed will start a proper hiking cycle, which is typically delivered through at least 3 hikes, or not hiking at all. If you want, for completeness, you could add another unlikely path of easing rates from here.

And there are a lot of different views across market participants, which can be summarized in 2 camps: those who expect no hikes and those who expect a proper hiking cycle to start soon. In other words, the distribution of market views on the monetary policy path is bimodal in nature. Therefore, any central tendency measure of that distribution is typically associated with low probability of occurrence.

This observation is important because it means that new marginal information can quickly move the underlying priced path to the extremes of this bimodal distribution. The price action of this week is an example of that. And with the rates market becoming very sensitive to oil price dynamics, volatility in the front end of the curve is warranted given our long-held view that uncertainty in the Middle East would remain high on the back of a very fragile deal.

Inflation expectations can also be misleading

Correlation does not imply causation, and causality is always a function of the nature of the shock. A popular narrative is that the Fed doesn't have a case for hiking rates because market-based measures of inflation expectations (i.e. inflation breakevens implied by difference between short term nominal and real rates) are falling below 2%.

But the reason why that is happening is because of higher real rates rather than lower nominal rates. In other words, implied expected inflation is endogenous to the expected reaction function of the Fed. The market doesn't expect inflation to collapse, it expects the Fed to do what it takes to rein in inflation.

Rules vs discretion: old debate in new clothes

The rule number one to be able to enjoy the flexibility associated with discretion is to build credibility. As much as possible and upfront. But hiking 25bp cannot do the trick, with at least 50bp needed to show commitment to the promise of delivering price stability. Especially when the track record of delivering inflation near the target is not very encouraging and one cannot keep blaming supply shocks, which by the way are becoming more the rule than the exception.

A popular narrative is that Warsh's task forces could simply be a strategy to delay any relevant tightening of monetary policy. However, it doesn’t seem a logical strategy when credibility is at stake. No matter what the final verdict of experts is on the relevant subjects, there will always be a fair degree of uncertainty in the way we measure the relevant data, the nature of unobserved latent variables, etc. You can’t delay monetary policy decisions based on that. It seems this risk of early action is not properly priced in.

US

Aditya Bhave
BofAS

Arguments against Fed hikes … and why we disagree

- Some clients think the Fed shouldn't hike because inflation is being driven by one-offs. Per our math, however, underlying inflation is well above target.
- Some have argued that Warsh could use the task forces as an excuse to not hike. We think he has strategic reasons to hike soon: he'd gain credibility without having to own the inflation problem.
- Is 75bp too much? Markets are already pricing nearly 50bp of hikes so it would take at least 75bp to deliver meaningful financial tightening.

Complete report:* *US Economic Weekly: Arguments against Fed hikes … and why we disagree 17 July 2026

Three species of doves

We've gotten a good deal of client pushback on our call for 75bp of Fed hikes this year, starting in September. In this piece we lay out some of the arguments we have heard, and explain why we disagree. These arguments can be broken out into three categories: i) "The Fed shouldn't hike," ii) "The Fed should hike but it won't", and iii) "The Fed might hike but 75bp is too much". Let's tackle them in order.

"The Fed shouldn't hike"

Underlying inflation is around 2.5%

A few clients have expressed the view that the Fed shouldn't hike because underlying inflation isn't problematic. This argument has gained some traction after the June CPI print. However, we'd caution against putting too much emphasis on a single data point. After a series of strong core PCE prints from Dec to May, it would take a few months of soft inflation for the underlying trend to look less concerning.

What about the fact that headline inflation fell in June and could fall in the coming months on lower oil prices? Our call isn't premised on a sustained surge in energy prices. In our view, the Fed was never going to hike due to energy alone. Headline inflation was widely expected to have a sharp up-down pattern when the Iran conflict started. Now we know that, most likely, it peaked in May at 4.1%. But the conflict is still simmering and oil isn't back to pre-conflict levels. Anyway, the bigger concern is core inflation.

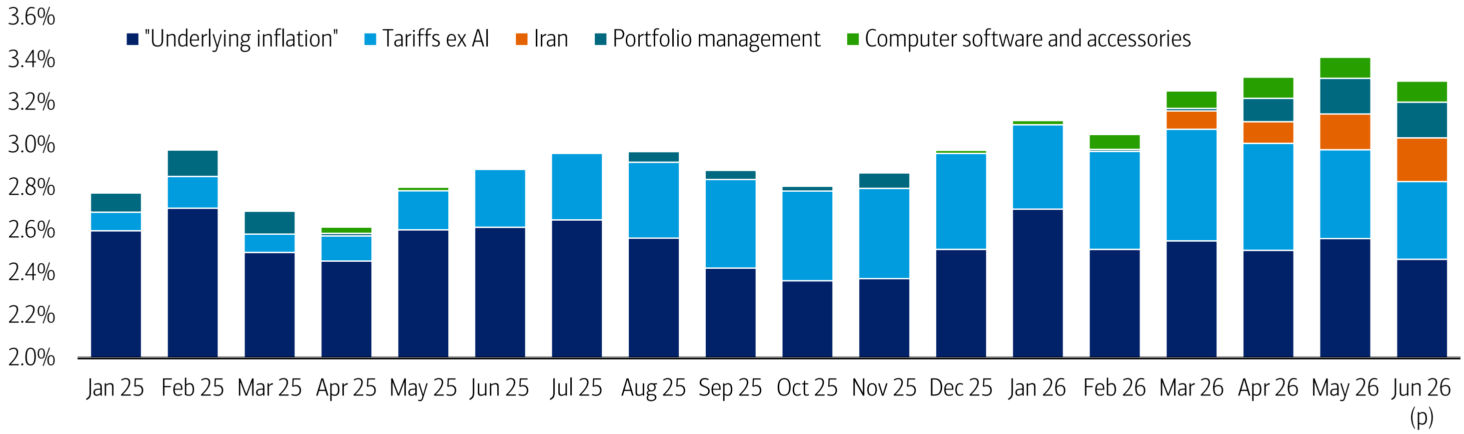
The dovish view on core inflation is that the core PCE overshoot is largely due to one-off supply shocks or data distortions. We agree that underlying inflation isn't 3.3% (the expected y/y core PCE rate as of June). If it were, the Fed would already be hiking and the appropriate policy rate would be ~5%. But let's do the math on underlying inflation.

We see four upward distortions to core PCE. First, we estimate that tariffs excluding AI added about 40bp to the core in June. Second, airfares and postage and delivery fees surged because of the Iran conflict. This added about 20bp to the core, some/all of which will likely reverse in coming months. In our view, airfares are the main category of core inflation where the impact of the conflict is evident. Admittedly though, the sharp drop in oil prices over the last month has slightly reduced the risks of additional pass-through going forward.

Third and fourth, the BEA has said it will be addressing methodological issues with portfolio management (where inflation is currently imputed as a function of stock prices) and computer software accessories (where weight differences create a bigger discrepancy vs. the CPI) in its annual revisions in September. We think the revisions will result in a 20bp mark-down in y/y core PCE inflation. (See: Morning Market Tidbits: Inflation likely to be revised lower but the underlying story won't change)

Putting everything together, we're left with 80bp of one-offs and underlying inflation of around 2.5% (Exhibit 1). What about housing disinflation? In our view, it has largely run its course. It will probably take less than 10bp off core PCE over the next year. This brings us close to the Fed's median year-end 2027 core PCE projection in the June SEP (2.5%). A policy rate of 3.6% with 2.5% inflation would imply that the real policy rate is close to the Fed's median longer-run projection (1.1%). But with a 50bp+ inflation overshoot and a trend-like labor market (we'll get to that next), policy should be meaningfully restrictive, not roughly neutral.

Exhibit 1: Even if we exclude all special factors that may be driving inflation higher, core PCE would still be at 2.5% y/y by our estimate in June
Breakdown of core PCE (% y/y)



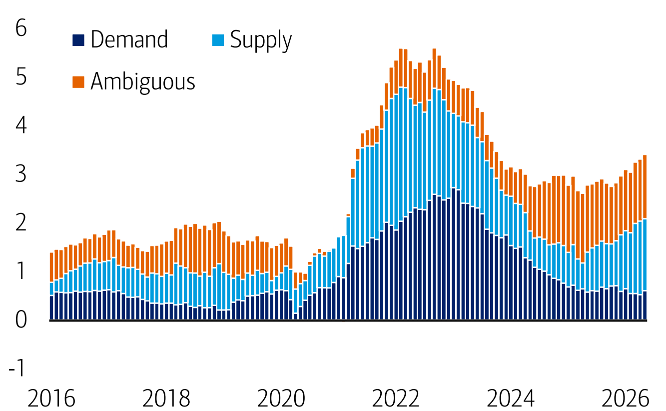
Source: BofA Global Research, Bureau of Economic Analysis

BofA GLOBAL RESEARCH

Downside risks to labor have dissipated

Turning to the labor market, nearly all clients seem to agree that risks are balanced. Some have pointed to tepid wage growth to argue that the labor market isn't a source of upside risk to inflation. We concur. In fact, more broadly, demand drivers of inflation seem contained, unlike in 2022 (Exhibit 2). That's why we think the Fed only needs to do a mid-cycle adjustment of 75bp. If the labor market were heating up, we'd probably be looking at a full-blown hiking cycle.

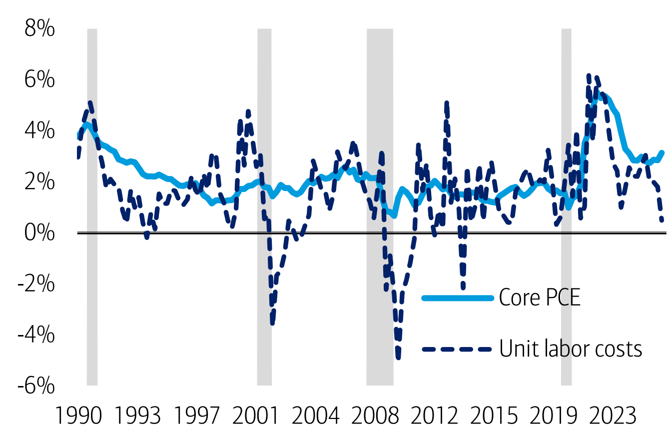
Exhibit 2: Demand driven core PCE inflation is not concerning
Decomposition of core PCE (% y/y) into demand and supply factors



Source: Bureau of Economic Analysis, Haver Analytics, Federal Reserve Bank of San Francisco, BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 3: Unit labor costs are not a great indicator of inflation
Unit labor costs vs. core PCE (% y/y)



Source: Bureau of Economic Analysis, Haver Analytics

BofA GLOBAL RESEARCH

We also push back against the notion that weakness in unit labor costs (ULCs) suggests that inflation will return to target. For one, ULCs are very noisy and their relationship with core PCE is contemporaneous, not leading (Exhibit 3). For another, the widely-cited figure of 0.5% y/y ULC growth is an artefact of a big drop in 2Q 2025, which in turn was payback for a spike in the previous quarter. The underlying growth rate is 1.5-2%.

"The Fed should hike but it won't"

Is Warsh's hawkishness just to gain credibility?

The argument here is that Warsh is inherently dovish. His hawkish rhetoric at the June press conference was aimed at earning credibility with markets and the hawks on the FOMC. He will use the task forces to buy time, but he ultimately won't deliver on hikes. This isn't our base case, but we view it as a highly plausible alternate scenario. Warsh was more dovish at Sintra, where he was presenting his own views, than at the June presser, where he was presumably trying to represent the views of the FOMC. But he was hawkish again in his Congressional testimony.

Warsh might be able to convince the FOMC to hold off on raising rates until the task forces have completed their work. But this feels like a stretch. The leaders of each task force were just announced, and while he said the leaders may brief members of the Fed as soon as September, its findings may not be announced until December or later. The committee might not be willing to wait that long. And given the strong academic and policy credentials of many of the task force leaders, it is also far from obvious that their recommendations will have a dovish bias.

Warsh might also be able to use the expected decline in core PCE due to revisions and tariff effects rolling off the y/y rate as an excuse to not hike. But if markets conclude that underlying inflation hasn't subsided, he could lose the credibility that he earned with his hawkish tone in June. In this case, the yield curve would steepen, with long-end breakeven inflation pricing in a sustained inflation overshoot.

It's "now or never" for Warsh

In our view, Warsh has strong strategic incentives to raise rates this year. The optics would be that he is taking a tough stand against the inflation overshoot that happened under Powell's watch. This would bolster his credibility as a politically independent inflation hawk.

We also think Warsh would comfortably have enough votes on the committee to raise rates. Per our assessment, five voters penciled in hikes this year in the June SEP. Among those who likely didn't, we highly doubt that Powell, Jefferson or Williams (and perhaps others) would dissent against hikes.

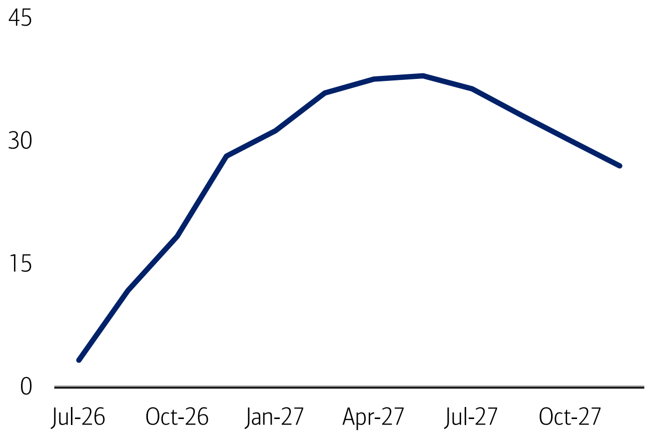
By contrast, if Warsh doesn't hike this year, he would be making a bet that inflation will ease, and he won't have to hike next year. Else he would own the inflation problem and his Fed would be viewed as behind the curve and not committed to bringing inflation all the way back to target.

"75bp is too much"

Our call for 75bp of hike is premised on the idea that i) historically, 75bp has been the size of a typical mid-cycle adjustment by the Fed, and ii) it makes sense to reverse the 75bp of cuts last year, since they were premised on downside risks to labor that have since dissipated (alongside a leg up in inflation). Yet some clients have argued that even if the Fed hikes, 75bp is too much.

In our view, if the Fed does hike, it would go by at least 50bp. That's because a 25bp move in isolation is false precision, given that the fed funds rate is a blunt policy instrument. The fact that markets are pricing in nearly 40bp at the peak (Exhibit 4) suggests they are accounting for a substantial probability of 75bp+ of hikes (since there's also a chance the Fed won't hike at all). This also means that the Fed would have to deliver at least 75bp of hikes if it wants to tighten financial conditions, which remain easy (Exhibit 5)

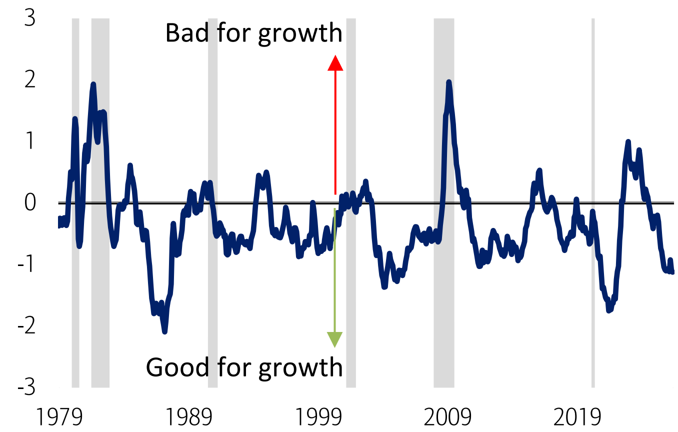
Exhibit 4: The markets are pricing in close 40bp in Fed hikes by Jun 27
Market pricing of hikes (bp)



Source: Tullet Prebon, Bloomberg

BofA GLOBAL RESEARCH

Exhibit 5: Financial conditions suggest the Fed is not restricting growth
Financial conditions impulse on growth 3-year lookback



Source: Federal Reserve Board, Haver Analytics

BofA GLOBAL RESEARCH

Euro area

Ruben Segura-Cayuela
BofA Europe (Madrid)

Evelyn Herrmann
BofASE (France)

Chiara Angeloni
BofA Europe (Milan)

ECB preview: See you after the summer break

- The ECB is likely to keep rates on hold next week. No sense of urgency to hike.
- Communication changes are likely to be small, maintaining an implicit hiking bias.
- We expect one more hike in September. Cuts will need to follow in 2027.

Complete report: Europe Economic Weekly: Waiting for those summer vibes 17 July 2026

On hold, until September

We expect the ECB to leave policy rates unchanged next week. With no large surprises in data (inflation a bit weaker but activity data still showing a resilient economy) and energy prices not far from the ECB's baseline forecasts, there is not enough sense of urgency to move policy rates now.

Focus, as usual, will be on communication. But also, as has been the case over the last few meetings, we expect very little new from the ECB, either in the statement or from Lagarde during the press conference.

The written communication is likely to stay close to what we had in June, hence keeping a hiking bias given that the June forecasts included more hikes than just the one that month. And while Lagarde won't give explicit guidance on what comes next, she is likely to remind us of those assumptions in the forecast exercise – an implicit acknowledgment of more to come, absent other surprises. This would likely come with a reminder that, as of today, the outlook calls for a moderate response, not a forceful one, given that so far the shock produces a large, though not too persistent, overshoot.

Beyond that, expect a lot of "data-dependent", "meeting-by-meeting", and "not pre-committing to a particular rate path".

As a reminder, we expect one final hike from the ECB in September. A hold is not unthinkable: with oil prices around USD 70/bbl, the case for the ECB to pause had strengthened considerably (although it was not our base case). With energy prices where they are today, a hike has become a lot more likely. Still, even at today's prices, we think the likelihood of the ECB hiking at most once more is greater than the likelihood of it making larger adjustments. Our bigger conviction remains that cuts will follow in 2027, bringing the ECB deposit rate to or below 2% by end-27 again.

No major news

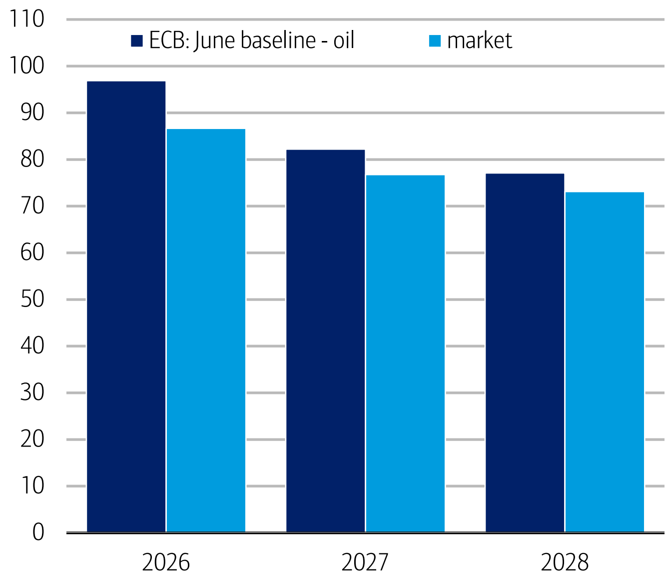
The ECB will meet next week, with very little news relative to the June meeting. Yes, inflation was weaker in the June print than they expected, both headline and core. But activity data has shown marginally more resilience than they expected. And, while energy prices dropped significantly initially, increasing the likelihood of the ECB being done, they have recovered to levels not far from the base case in their forecasts.

True, natural gas prices are above that, but that is compensated by lower oil prices in 2026, 2027 and 2028. Taking both together, there is little news beyond the recent uptick in energy prices that will keep them on the alert, but it does not generate enough sense of urgency for the ECB to feel the need to move next week. As we argued last week, for this to happen, we would need to see oil at least back to or above USD 100/bbl, along with the perception that this was a durable move.

No clarity, no guidance

Recent developments in the Middle East have brought uncertainty back. That further increases the incentives to offer little guidance beyond an implicit hiking bias given the assumptions in the June forecasts. Beyond that, we would expect an emphasis on uncertainty, data-dependence, no pre-committing, and the need to decide meeting by meeting, together with the important note that we are still in a situation where only a moderate, not forceful, adjustment to policy is needed. That means a short hiking cycle, in line with our base case of two hikes, but a third one is possible if there are additional surprises in the data (including energy prices). Still, unless we see significantly higher energy prices, we think the likelihood of the ECB hiking at most once more is larger than the likelihood of it making bigger adjustments.

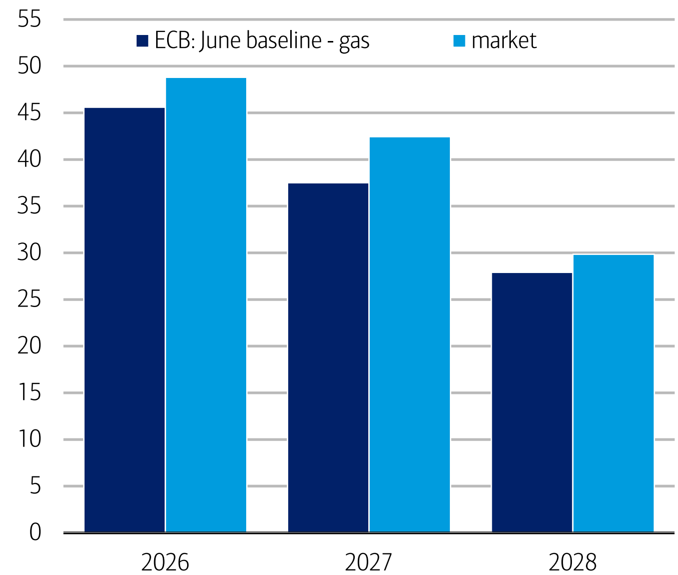
Exhibit 6: Oil prices are below the ECB's June forecasts
Brent oil price assumptions (USD/barrel), 2026-2028



Source: BofA Global Research, Bloomberg, ECB

BofA GLOBAL RESEARCH

Exhibit 7: Gas prices are above the ECB's June forecasts
European natural gas price assumptions (€/MWh), 2026-2028



Source: BofA Global Research, Bloomberg, ECB

BofA GLOBAL RESEARCH

This is not 2022

We have argued consistently that this shock has been more of a conventional energy price shock than something closer to what we saw in 2022 (see Europe Economic Weekly: It's not 2022, let's hope it's not 2011 03 July 2026 for the last time we did). And that to us cuts will need to follow, eventually.

Our strong conviction here is that, irrespective of whether the ECB hikes once or twice this year, policy rates at the end of 2027 will be, at most, at 2%. Why? We still think inflation will prove a lot less persistent than they fear. The shape of the current energy price shock is nowhere near that of 2022.

By early 2027, it should be clear that indirect and second-round effects of inflation are smaller than feared, so there will be little reason not to take policy rates back to neutral (we have two cuts in March and June of 2027). After that, our macro view holds firm: the path to sub-2% inflation is delayed, but all macro ingredients remain in play: a shallow recovery at unspectacular levels, with a very fragile and non-inflationary labour market, suboptimal fiscal policy, and central bank policy that always errs on the tight side. That means policy rates slightly below 2% well into 2028.

UK

Sonali Punhani
MLI (UK)

Ruben Segura-Cayuela
BofA Europe (Madrid)

The second- round test

- Data next week will be key to gauge whether the energy shock is feeding into persistent price pressures. We expect it won't, but risks are to the upside.
- We expect the BoE to keep rates on hold this year, but the rise in energy prices and better than expected growth imply that the risk of a near term hike is higher than a cut. We think Sept/ Nov are live meetings but the bar for a July hike is very high.
- The UK is an all-round AI hub, strong on investment, policy and diffusion, but constrained by energy, compute and domestic infrastructure scale-up.

Inflation and labour market preview

Data next week will be important to judge whether the energy shock is feeding into persistent price pressures. We expect it won't, but risks to inflation are to the upside.

We expect inflation to fall from 2.8% to 2.7% in June (40bps below the BoE's forecast). Core inflation is likely to fall from 2.6% to 2.5% (20bps below the BoE's forecast) driven by a fall in services inflation from 3.7% to 3.5% (10bps below the BoE's forecast). RPI inflation should fall from 3.1% to 3.0% (3.03).

Energy inflation is likely to fall from 7.4% to 6.9% due to a fall in motor fuel prices in June as oil prices fell. Food inflation is likely to tick up from 2.2% to 2.4%, much below the BoE's forecast of 3.6%.

We don't expect a strong passthrough of the energy shock to core inflation in next week's print, with core inflation expected to fall from 2.6% to 2.5%. Services inflation is likely to fall from 3.7% to 3.5%. The fall in oil prices should reduce indirect effects. However, airfares pose an upside risk to services. The flights collected three months in advance for the June print are now likely to fall after the outbreak of the conflict in the Middle East. Core goods should be flat at 0.7%.

The labour market should show unemployment flat at 4.9%. We expect private regular wage growth to be flat at 2.9%, with regular wage growth flat at 3.4%. Payrolls are likely to rise slightly by 5K in June. Note the ONS has warned that the labour market report in July will likely be of reduced quality due to data collection, so we should not be drawing strong conclusions from the report. Overall, we think the labour market is soft, but less than traditional measures indicate. Going forward it is likely to show signs of stabilization, and we don't expect a non-linear deterioration (as discussed in UK Viewpoint: Labour market: Underneath the softening 08 July 2026).

July DMP would be important too, where the key focus would be on firms own price expectations which remain elevated at 4% and medium-term inflation/wage expectations, where we expect limited passthrough of the energy shock. Firms near term CPI inflation expectations can edge up in July due to the rise in July gas bills and recent rise in energy prices.

Risks of a near term hike higher than a cut

We expect the BoE to keep rates on hold this year, but the rise in energy prices and better than expected growth imply that the risk of a near term hike is higher than a cut.

UK GDP rose by 0.1%m/m in May, slightly above consensus of a flat print. Growth was supported by services (which rose by 0.3%), while production and construction contracted. On a 3m/3m basis the economy grew by 0.7%.

Overall, the economy has fared better than expected in the face of the conflict. This print puts upside risks to the BoE's and our forecast of Q2 growth at 0.2% to closer to 0.3%. The broader picture however still points to headwinds and uncertainties ahead. For the rest of the year, we expect quarterly growth in the 0.2-0.3% range, but don't expect a recession. The conflict in Iran and supply chain disruptions were cited by various businesses as factors reducing output in May. Uncertainty on energy prices have risen again due to the recent escalation. Moreover, political uncertainty could weigh on growth too, though reports suggesting Shabana Mahmood as Chancellor could reduce concerns on fiscal slippage, given she is to the right of the Labour party.

This week, oil moved closer to the $85/barrel mark and more importantly gas prices moved higher as well closer to 130p/therm. This is somewhat higher than our base case energy price forecasts for H2, but lower than the peaks seen during the conflict. Oil prices are now fairly close to BoE's Scenario A, but gas prices are higher.

We expect BoE to keep rates on hold this year, but the rise in energy prices and slightly better than expected growth imply that the risk of a near term hike is higher than a cut. On balance, we still think that energy prices would need to move higher than current levels sustainably or strong second round effects emerge for the BoE to hike. But it has become a closer call, especially if the recent escalation leads to energy prices moving higher sustainably. September and November remain live meetings.

Clients are asking us what makes July live. Our sense is that the bar for a July hike is very high. Majority of the Committee leans dovish. Bailey highlighted this week that the UK is seeing fairly soft evidence of passthrough of energy shock into overall price pressures. Breeden noted that the soft economy and tight financial conditions reduce risks of second round effects and makes policy well placed, indicating she is happy with rates on hold. We think we would need to see a fairly significant upside inflation surprise next week or energy prices moving closer to the peaks seen in this conflict sustainably to make July hike a realistic prospect.

A hub for AI investment

We have conducted a deep dive on the short term and long-term beneficiaries of AI in this report Global Economic Viewpoint: AI Matters #5: from dashboards to country stories 16 July 2026

For the UK in particular, we highlight the key main points. The UK attracts a large amount of AI investment and combines this with strong long-term foundations for AI diffusion, research, talent development and ecosystem. This makes it well placed to translate AI adoption into productivity gains over time. The government's AI strategy has reinformed these advantages, with government funding for AI and a strong AI focused policy push. AI-sector revenues reached £24bn in 2024, with the sector contributing £11.8bn to the economy. However, constraints around energy and AI infrastructure remain key challenges.

Strong private investment meets policy push

The UK is the world's third largest destination for private AI capex investment over 2013-25, behind only the US and China and the largest in Europe, according to the Stanford AI Index Report 2026. Private AI investment totaled $34 bn over 2013-25. The UK also benefits from a deep AI ecosystem, particularly at the early stages of company formation where research funding and early-stage capital is required. In 2024, the UK ranked second globally in terms of newly funded AI companies, behind only the US. The number of AI companies has grown by around 85% over the past two years. Having said that, the UK has relatively few AI firms that have become global AI champions.

Government engagement further strengthens the ecosystem. The UK ranks third in government AI investment with $26bn over 2019-2023 and scores highly in the Oxford Insights Government AI Readiness Index, indicating robust institutional capacity for AI adoption. The government's AI Opportunities Action Plan aims to accelerate AI adoption, enhance infrastructure and support talent. Under this, the government plans to expand sovereign compute capacity by at least 20x by 2030, create AI Growth Zones to speed up infrastructure development, support the build-out of data centres, improve access to energy for AI infrastructure and increase AI adoption. However successful Implementation and funding will be critical to achieve long term productivity gains.

High labour market exposure creates both opportunities and risks

The UK's labour-market is highly exposed to AI, creating both opportunities and disruptions risks. The IMF estimates that nearly 70% of UK employment is in high AI-exposure occupations, with roughly half of these roles likely to benefit from AI augmentation and the remainder facing risks of reduced labour demand. Labour market disruptions pose a risk, but the UK can manage these disruptions with upskilling and widespread AI adoption. The UK has a strong talent base and world leading universities in AI and machine learning. It is ranked third globally in relative AI skill penetration in the 2024 Stanford AI Index. Overall the UK possesses the foundations needed to support widespread AI adoption and ranks high in the IMF AI Preparedness Index, which captures AI readiness (across digital infrastructure, human capital, technological capabilities and legal frameworks) and the Stanford Global AI Vibrancy Index (which benchmarks countries across research, education and talent)

Energy and AI infrastructure pose a key constraint

Despite its strengths in talent and investment, the UK faces important supply-side constraints. Energy resources remain a challenge, with high dependence on energy imports. The UK also lags in compute infrastructure, cloud capacity and semiconductor manufacturing, leaving it reliant on foreign technology and infrastructure. While government efforts should help alleviate bottlenecks, building capabilities at scale will require significant capital investment, energy resources and long-term policy commitment.

China

Anna Zhou
Merrill Lynch (Hong Kong)

Helen Qiao
Merrill Lynch (Hong Kong)

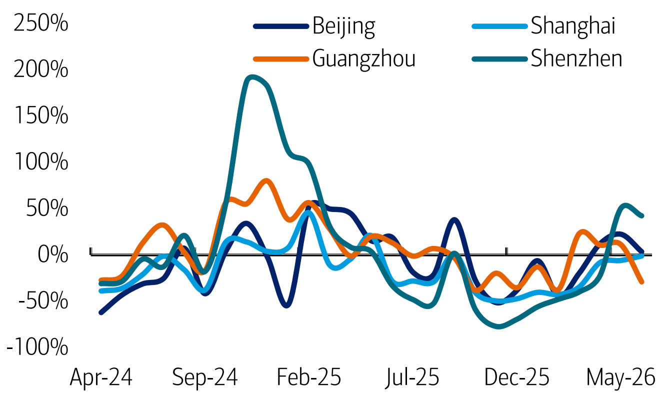
Housing – More than a bounce, less than a recovery

See full report: China Viewpoint: Housing: Green shoots in Tier-1, still searching for "LUV" elsewhere 17 July 2026

Tier-1 housing green shoots: more than a policy bounce?

China's housing market has attracted renewed attention as investors look for signs that the multi-year downturn may be nearing a bottom. The clearest improvement is in Tier-1 cities, especially Beijing and Shanghai, where transactions have jumped, prices have improved sequentially, and secondary-home listings are falling. Unlike the late-2024 policy bounce, stronger sales now come with visible inventory absorption: secondary home listings in Beijing and Shanghai are down 25% and 28% from their peaks. Rental yields have also improved as prices corrected and rents stabilized, making housing more attractive relative to savings alternatives such as wealth management products.

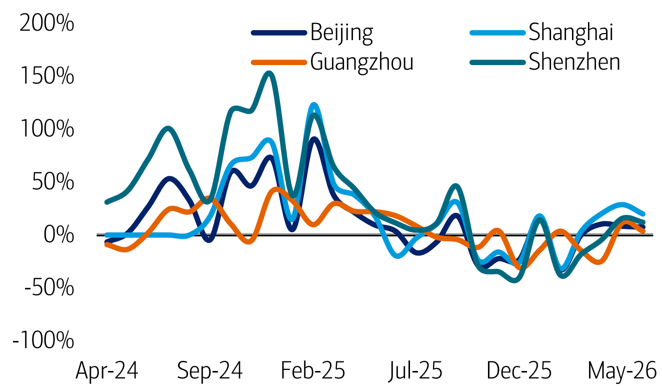
Exhibit 8: Shenzhen has led the recovery in new-home sales
New home sales in tier 1 cities (%yoy of total floor area sold)



Source: WIND, NBS

BofA GLOBAL RESEARCH

Exhibit 9: Secondary home sales also turned positive across tier-1 cities
Secondary home sales in tier 1 cities (%yoy of total floor area sold)



Source: WIND, NBS

BofA GLOBAL RESEARCH

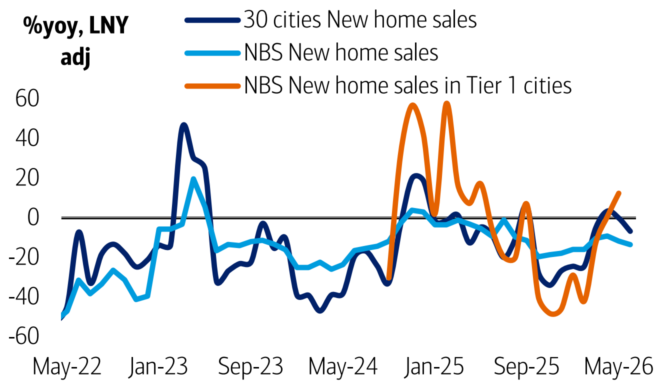
But the rest of the country has yet to follow

Despite encouraging Tier-1 green shoots, a national housing bottom still looks some way off. Our 30-city data show new-home sales momentum softened again in June, while official NBS data show nationwide new-home gross floor area sold still down 13.5% yoy. Prices also remain under pressure, with new- and secondary-home prices falling 0.15% mom and 0.32% mom, respectively. Top cities matter for expectations, but they are too small to lift national aggregates unless recovery spreads to stronger Tier-2 markets.

History says full recovery needs more than Tier-1 spillover

The key question is whether Tier-1 stabilization can eventually transmit to the broader national market. The 2015–18 cycle suggests it can, but rarely through sentiment alone. Back then, policy easing first lifted higher-tier cities and helped reset price expectations. But the broader recovery was driven by a stronger demand impulse: shantytown redevelopment monetization. Cash-based resettlement gave displaced households funds to buy commodity housing, directly supporting lower-tier sales and inventory digestion. As sales improved and price expectations strengthened, households became more willing to buy, with mortgage credit expansion further amplifying the cycle

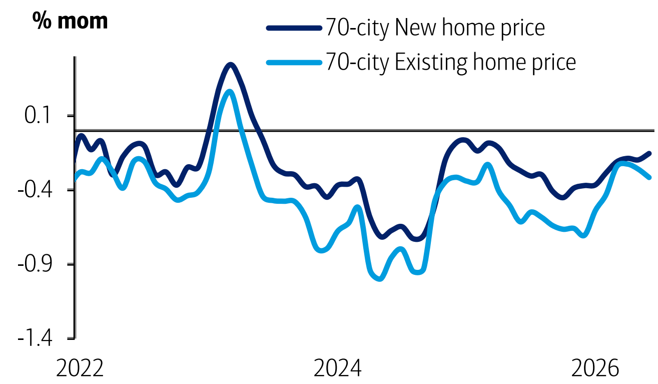
Exhibit 10: National new-home sales have rebounded sequentially since March, but the momentum has weakened again in June
New home sales: 30-city vs. national aggregate (%yoy)



Source: WIND, Census Bureau

BofA GLOBAL RESEARCH

Exhibit 11: Prices also continue to fall at the national level, even if the pace of decline has moderated
70-city new and secondary home prices (%mom)



Source: Census Bureau

BofA GLOBAL RESEARCH

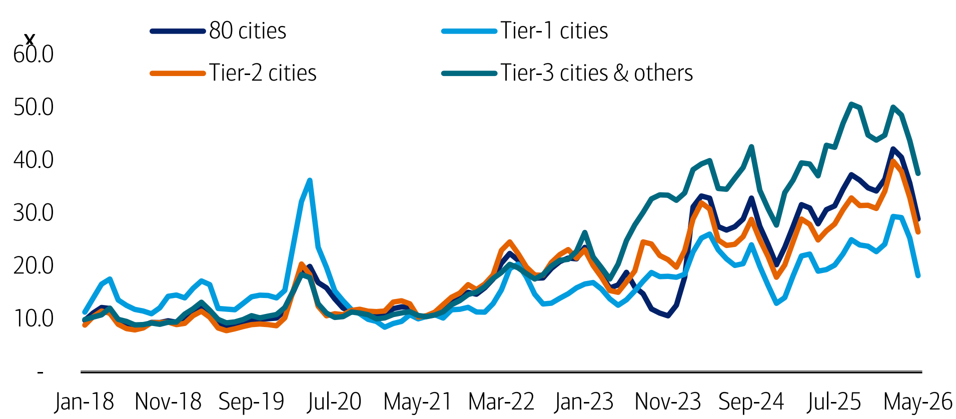
Searching for "LUV": What shape will this recovery take?

For the current housing cycle, a V-shaped national rebound looks unlikely, while an L-shaped stabilization remains possible if Tier-1 momentum fades. Our base case is a shallow U-shaped recovery: Tier-1 cities stabilize first, selected stronger Tier-2 cities see sales and prices rebound next year, while lower-tier markets face a much longer adjustment. This requires sustained Tier-1 recovery, a turn in household credit, and stronger lower-tier inventory absorption. So far, price expectations have improved but remain fragile, household leverage has yet to recover meaningfully, and weakening population trends add to lower-tier adjustment pressure

Property policy expectations: stabilizing, not reflating

We see limited scope for aggressive housing stimulus, with further easing likely to remain city-specific and focused on stronger higher-tier cities. Policy is now more about containing downside risks than recreating the 2015–18 demand impulse. This makes the recovery more fragile: Tier-1 easing can support sentiment but does little to resolve lower-tier inventory overhang or weak household credit appetite. Urban renewal remains the medium-term anchor, but its direct demand impact looks modest.

Exhibit 12: Inventory remains the most immediate constraint for lower tier cities
Inventory turnover (months) – 3-month moving average



Source: CRIC

BofA GLOBAL RESEARCH

Emerging EMEA

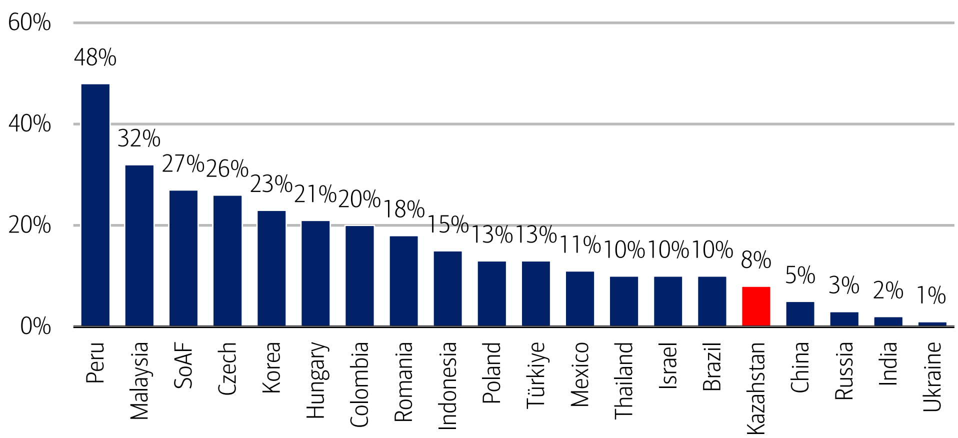
Jean-Michel Saliba
MLI (UK)

KZT on hydration break; game continues

Too fast and too far

Our call for a structural long-term easing cycle in Kazakhstan (see our report: Discover a whole new world 11 May 2026) is not materially impacted by the National Bank of Kazakhstan's (NBK) decision to lift the requirement for state-owned enterprises (SOEs) to sell 50% of their FX revenues. The move should be viewed as a signal that the NBK is willing to contain the pace of KZT appreciation rather than as a structural shift in FX policy. The requirement was formally removed from this week, with NBK Governor Suleimenov saying that it is no longer necessary given current macro and market conditions but could be reinstated if needed. The move may temper KZT demand by capping near-term upside, but FX supply may not be materially impacted.

Exhibit 13: Share of non-residents in local debt is relatively low
The share could rise well above 10% "target" in case of index-inclusion and broader market development



Source: BofA Global Research, Local government websites.

BofA GLOBAL RESEARCH

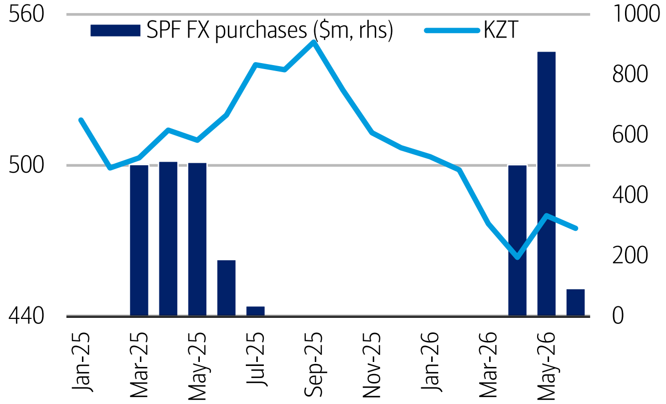
Total FX supply should remain largely unchanged

The direct market impact of lifting mandatory SOE FX sales is likely to be limited. According to the NBK's "FX Market Bulletin", SOEs sold $423mn under the mechanism in June. We think that the bulk of this FX supply will likely continue regardless of the move. Meanwhile, a weaker KZT also reduces the need for FX purchases by the State Pension Fund (SPF), creating an offsetting effect. Thus, SPFs' FX-buying fell sharply from USD878mn in May to just USD92mn in June after KZT weakness pushed the share of FX assets in the portfolio to 41% (above the 40% target) at the end of May. As a result, any reduction in SOE-related FX sales could be mitigated by lower SPF FX buying.

Non-resident inflows in focus

Interestingly, Mr. Suleimenov has also pointed to foreign KZT debt demand as one of the drivers of KZT and noted that non-residents now hold around 8% of KZT debt. He described such flows as "hot money" and indicated that around a 10% non-resident share could be a "balanced" level at the "current stage of market development". We do not interpret such remarks as a signal that the authorities intend to discourage such inflows. Rather, they suggest rising sensitivity to the risks associated with large portfolio flows that are not anchored by benchmark index inclusion. We think that should foreign market participation continue to rise beyond the 10% "target", the NBK may move to boost its FX reserves to build buffers against any potential sharp reversal in portfolio flows.

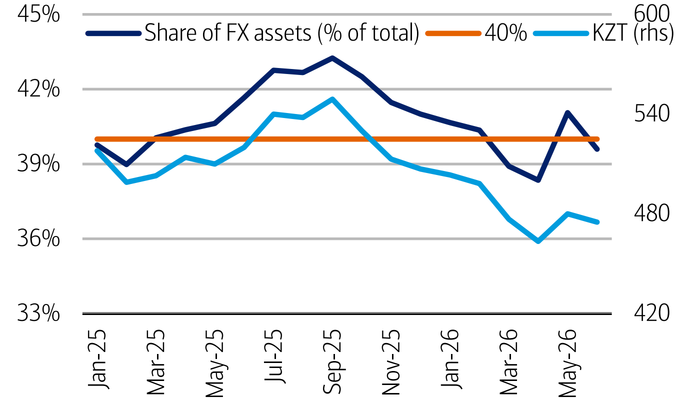
Exhibit 14: SPF FX buying stops with weaker KZT
SPF bought a total of $1,472m in April-June



Source: National Bank, Blomberg

BofA GLOBAL RESEARCH

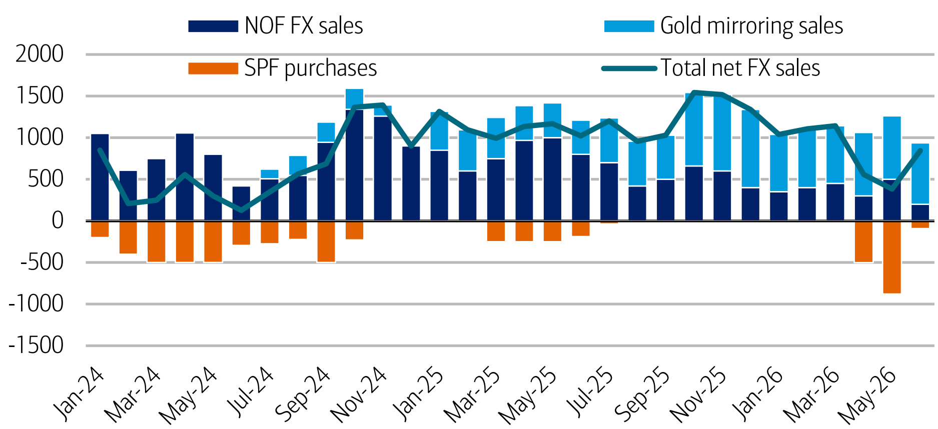
Exhibit 15: KZT sets SPF FX demand by inflating the value of FX assets
Share of SPF FX assets recovered to 41% at the end of May



Source: State Pension Fund, Bloomberg

BofA GLOBAL RESEARCH

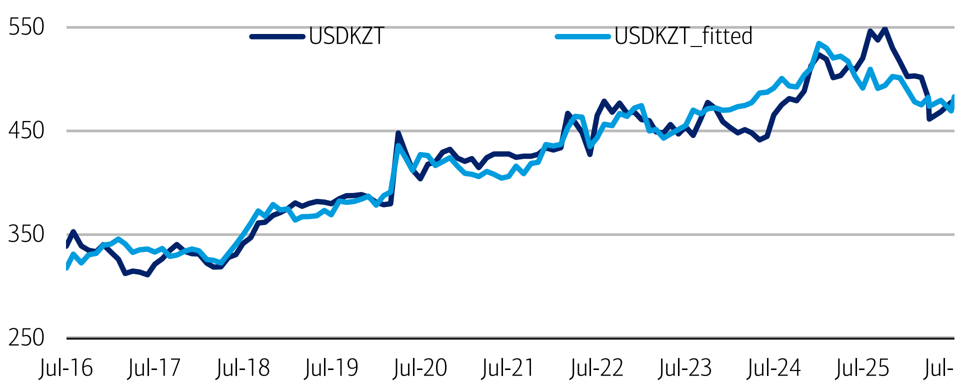
Exhibit 16: Without SPF FX buying, official net FX sales are set to run at around $1-1.1bn per month
SPF FX demand may disappear if KZT weakens any further



Source: National Bank, BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 17: The KZT is circa 1% overvalued
USDKZT and USDKZT estimated



Source: Bloomberg, BofA Global Research

BofA GLOBAL RESEARCH

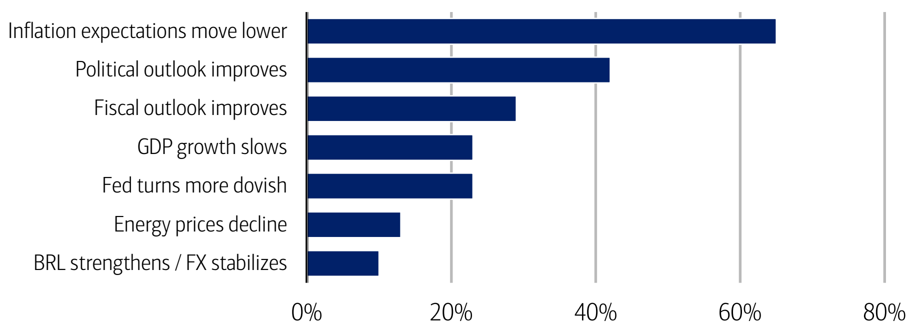
Latin America

David Beker >>
Merrill Lynch (Brazil)

Investors remain cautious on Brazil and Mexico

The July Fund Managers Survey (FMS) was conducted last week amid renewed geopolitical tensions following the resumption of US strikes on Iran. Investors continue to view higher US rates and a stronger USD as the main external risks for LatAm equities. In Brazil, almost half of the survey participants see Ibovespa above 180k. But almost none expect upwards earnings revisions in Brazil. Almost 30% of investors believe neither Brazil nor Mexico will outperform in LatAm in the next 6M. see report: LatAm Fund Manager Survey: FMS maintains a more cautious tone on LatAm 14 July 2026.

Exhibit 18: What factor(s) would make you more confident that the Brazil Central Bank (BCB) could keep cutting rates?
Investors indicated that lower inflation expectations and an improved political outlook would be the main catalysts for a more aggressive easing cycle.



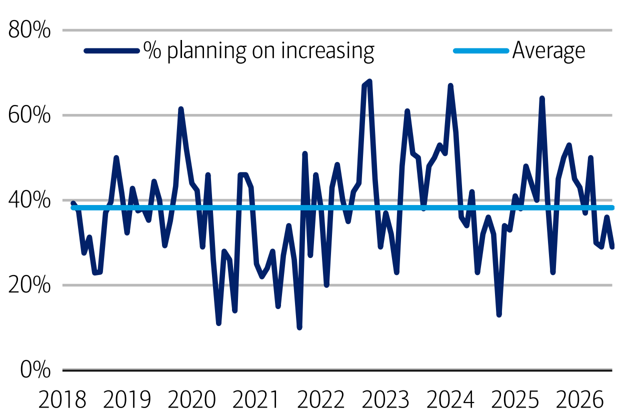
Source: LatAm Fund Manager Survey

BofA GLOBAL RESEARCH

Most investors still see at least one Selic cut this year

Most investors surveyed still expect further easing, with 77% forecasting at least one 25bp Selic cut this year and 54% expecting at least two. We expect another 25bp cut in August (see report: Brazil Watch) and expect Selic at 14.00% at the end of 2026. Investors indicated that lower inflation expectations and an improved political outlook would be the main catalysts for a more aggressive easing cycle.

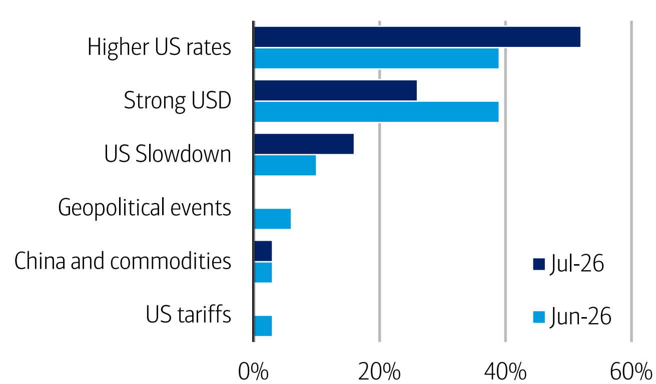
Exhibit 19: % of investors planning on increasing their equity allocation in the next 6 months
% of investors planning to increase equity allocation is below hist. avg.



Source: LatAm Fund Manager Survey

BofA GLOBAL RESEARCH

Exhibit 20: What do you consider the biggest external tail risk for LatAm markets?
Higher US rates are considered the biggest tail risk.



Source: LatAm Fund Manager Survey

BofA GLOBAL RESEARCH

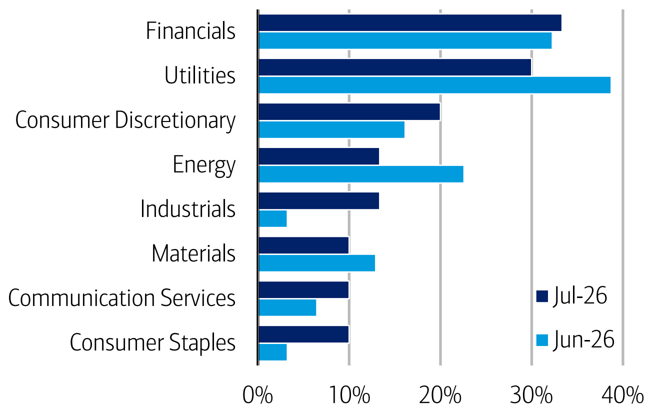
Lower risk taking, preference for UTI and FIN continues

Cash levels declined to 5.9% in July, from 6.4% last month, but remain slightly above the historical average. At the same time, risk appetite and equity exposure fell below historical norms. Positioning continues to favor quality and value, with Financials and Utilities the most overweight sectors, while Consumer Discretionary and Materials remain the most underweight.

Still constructive on Argentina; Colombia leads Andeans

Investors remain constructive on Argentina, although the share with a neutral is almost as large. Within the Andean region, investors expect Colombia to outperform. Copper prices are considered to be the main risk for Andeans.

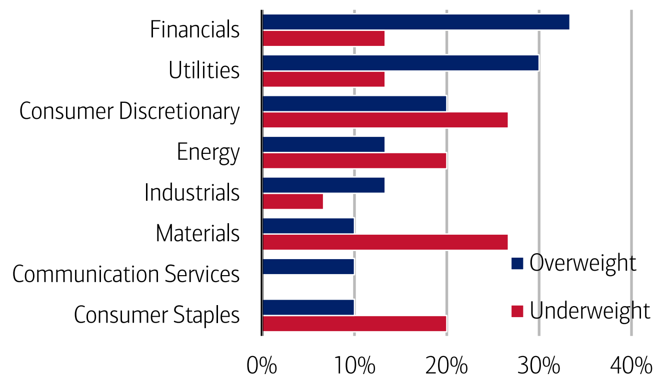
Exhibit 21: Which sectors within equities are you most overweight?
Participants are most overweight financials



Source: LatAm Fund Manager Survey

BofA GLOBAL RESEARCH

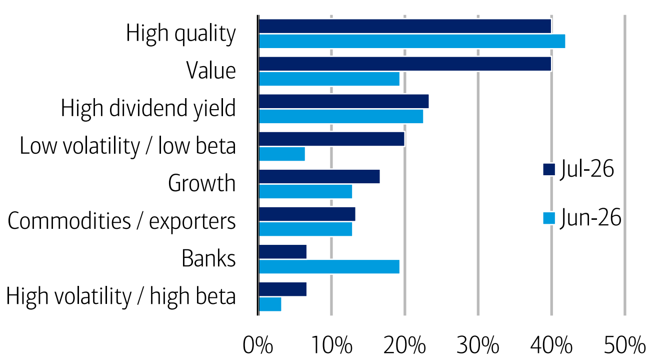
Exhibit 22: Which sectors among equities are you most underweight?
Participants are more underweight than they are overweight in cons. discretionary, cons. staples, materials, and energy.



Source: LatAm Fund Manager Survey

BofA GLOBAL RESEARCH

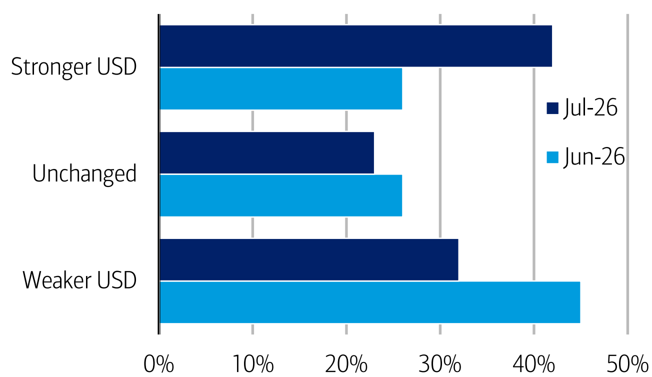
Exhibit 23: Which strategies do you believe could outperform over the next 6 months?
High quality and value are the favorite strategies.



Source: LatAm Fund Manager Survey

BofA GLOBAL RESEARCH

Exhibit 24: What are your expectations for the USD in 2026?
Most participants expect a stronger USD in 2026.



Source: LatAm Fund Manager Survey

BofA GLOBAL RESEARCH

Key forecasts

Exhibit 25: Economic forecasts
GDP growth, inflation and policy rate forecasts for the major economies

	2Q26	3Q26	4Q26	1Q27	2Q27	3Q27	4Q27	2025	2026F	2027F	2028F
Global and Regional Aggregates, %											
United States											
Real GDP growth [1]	2.5	2.5	2.4	2.2	2.2	2.1	2.0	2.1	2.3	2.2	1.9
CPI inflation	3.9	3.4	3.0	2.2	1.7	2.0	2.4	2.7	3.2	2.1	2.4
Policy Rate (EoP)	3.63	3.88	4.38	4.38	4.38	4.38	4.38	3.63	4.38	4.38	4.38
Euro area											
Real GDP growth [1]	0.6	1.4	1.5	1.3	1.2	1.1	1.1	1.5	0.5	1.3	1.1
CPI inflation	3.0	2.8	2.6	2.2	1.4	1.5	1.5	2.1	2.6	1.7	1.8
Policy Rate (EoP)	2.25	2.50	2.50	2.25	2.00	2.00	2.00	2.00	2.50	2.00	1.50
China											
Real GDP growth [2]	4.6	4.5	4.4	4.3	4.4	4.6	4.5	5.0	4.5	4.5	4.3
CPI inflation [3]	1.3	1.3	0.8	0.9	0.4	0.6	0.7	0.0	1.0	0.6	1.2
Policy Rate (EoP)	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40
Japan											
Real GDP growth [1]	0.7	0.4	0.6	0.5	1.4	0.6	0.8	1.1	0.6	0.7	0.7
CPI inflation	1.5	1.8	2.2	3.1	1.2	0.8	0.1	3.2	1.7	1.3	1.4
Policy Rate (EoP)	1.00	1.00	1.25	1.50	1.50	1.50	1.75	0.75	1.25	1.75	1.75
Global Aggregate [4]											
Real GDP growth								3.5	3.2	3.5	3.3
CPI inflation								2.5	3.0	2.4	2.5
Policy Rate (EoP)								3.74	3.98	3.81	3.65
Emerging Markets Aggregate [4]											
Real GDP growth								4.8	4.4	4.6	4.4
Real GDP growth (ex-China)								4.6	4.4	4.7	4.5
CPI inflation								2.6	2.8	1.9	2.1
Policy Rate (EoP)								4.42	4.45	4.24	4.07

Notes: 1. Quarterly values are % q/q annualized | 2. Quarterly values are % y/y. | 3. Quarterly values are period averages. | 4. Due to reporting limitations, Global and EM aggregate are annual only.
Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 26: Markets forecasts
Forecasts for FX, interest rates, commodities and equities

	spot	3Q26	4Q26	1Q27	2Q27	3Q27	4Q27	4Q28
Exchange Rates (EoP)								
EUR/USD	1.14	1.12	1.15	1.16	1.18	1.19	1.20	1.22
USD/JPY	162	156.00	152.00	150.00	148.00	146.00	145.00	145.00
USD/CNY	6.77	6.80	6.70	6.70	6.70	6.60	6.60	6.60
GBP/USD	1.35	1.32	1.37	1.38	1.40	1.43	1.45	1.47
Interest rates (% EoP)								
US 10yr	4.55	4.50	4.50	4.50	4.50	4.50	4.50	4.50
Germany 10-year	3.13	2.90	2.90	2.75	2.70	2.70	2.60	2.50
Japan 10yr	2.72	2.65	2.85	3.00	2.95	2.90	3.00	2.80
Commodities [1]								
Oil - WTI ($/bbl)	79.0	75.0	69.0	68.0	63.0	65.0	66.0	NA
Oil - Brent ($/bbl)	84.9	79.0	73.0	72.0	67.0	69.0	70.0	NA
Gold ($/oz)	3992	3900	4250	4750	5000	5000	4500	4000
Equities (EoP)								
S&P 500	7534						7100	
Stoxx 600	644		530				565	

Source: BofA Global Research

BofA GLOBAL RESEARCH

Detailed forecasts

Global economic forecasts

Exhibit 27: Global Economic Forecasts

Global GDP growth expected at 3.2% in 2026, 3.5% in 2027 and 3.3% in 2028

	GDP growth, %				CPI inflation*, %				Short term interest rates**, %			
	2025	2026F	2027F	2028F	2025	2026F	2027F	2028F	Current	2026F	2027F	2028F
Global and regional aggregates												
Global	3.5	3.2	3.5	3.3	2.5	3.0	2.4	2.5	3.79	3.98	3.80	3.64
Global ex US	3.8	3.4	3.7	3.6	2.4	3.0	2.4	2.5	3.82	3.90	3.69	3.50
Global ex China	3.1	2.8	3.2	3.0	3.2	3.7	2.9	2.9	4.49	4.75	4.53	4.33
Developed Markets	1.7	1.4	1.7	1.5	2.6	2.8	1.9	2.1	2.83	3.26	3.12	2.95
Emerging Markets	4.8	4.4	4.6	4.4	2.4	3.2	2.7	2.7	4.42	4.44	4.23	4.06
Emerging Markets ex China	4.6	4.4	4.7	4.5	4.0	4.6	4.1	3.7	6.26	6.30	5.96	5.69
Europe, Middle East and Africa (EMEA)	2.2	1.3	2.3	2.0	4.6	4.0	3.0	2.8	4.66	4.77	4.10	3.63
European Union	1.6	0.7	1.5	1.3	2.5	2.7	1.9	1.9	2.58	2.79	2.34	1.85
Emerging EMEA	3.5	2.6	4.0	3.2	9.7	7.2	5.6	4.8	8.51	8.38	7.26	6.70
Emerging Asia	5.5	5.2	5.2	5.1	0.9	2.3	2.0	2.3	2.77	2.88	2.94	2.94
ASEAN	5.0	4.8	4.6	5.0	1.6	3.5	2.8	2.6	3.95	4.10	3.92	3.45
Latin America	2.4	2.2	2.2	2.1	3.7	4.8	4.1	3.5	8.42	8.31	7.87	7.33
G6												
US	2.1	2.3	2.2	1.9	2.7	3.2	2.1	2.4	3.625	4.375	4.375	4.375
Euro area	1.5	0.5	1.3	1.1	2.1	2.6	1.7	1.8	2.25	2.50	2.00	1.50
Japan	1.1	0.6	0.7	0.7	3.2	1.7	1.3	1.4	1.00	1.25	1.75	1.75
UK	1.4	1.1	1.3	1.5	3.4	3.1	2.3	2.1	3.75	3.75	3.50	3.50
Canada	1.9	0.6	1.5	2.1	2.1	2.8	2.2	2.0	2.25	2.25	2.25	2.75
Australia	2.0	1.8	1.7	2.0	2.9	4.0	2.3	2.5	4.35	4.35	3.85	3.60
Euro area												
Germany	0.3	0.8	1.2	0.9	2.3	2.8	2.0	2.0	2.25	2.50	2.00	1.50
France	0.9	0.6	1.1	1.0	0.9	2.0	1.4	1.5	2.25	2.50	2.00	1.50
Italy	0.7	0.6	0.7	0.8	1.6	2.5	1.5	1.6	2.25	2.50	2.00	1.50
Spain	2.8	2.3	1.7	1.5	2.7	2.8	2.0	2.1	2.25	2.50	2.00	1.50
Netherlands	1.8	1.0	1.2	1.3	3.0	2.6	1.8	1.9	2.25	2.50	2.00	1.50
Belgium	1.0	0.7	1.2	1.0	3.0	3.1	1.5	1.7	2.25	2.50	2.00	1.50
Austria	1.0	0.9	1.4	1.5	3.6	3.0	2.1	2.2	2.25	2.50	2.00	1.50
Greece	2.2	1.7	1.8	1.7	2.9	3.9	2.5	2.2	2.25	2.50	2.00	1.50
Portugal	1.9	1.7	1.8	1.8	2.2	2.8	1.8	1.8	2.25	2.50	2.00	1.50
Ireland	12.4	-12.9	3.7	2.3	2.1	3.2	1.8	1.9	2.25	2.50	2.00	1.50
Finland	0.8	1.2	1.2	1.3	1.8	2.5	1.4	1.8	2.25	2.50	2.00	1.50
Other developed economies												
New Zealand	0.2	1.5	2.1	2.5	2.8	3.4	2.3	2.0	2.50	2.75	2.75	3.00
Switzerland	1.4	1.0	1.4	1.6	0.2	0.5	0.7	0.7	0.0	0.00	0.00	0.00
Norway	1.7	0.8	0.7	1.2	3.0	3.2	2.6	2.4	4.25	4.25	3.75	0.00
Sweden	1.7	1.9	2.2	2.0	2.6	1.0	1.7	2.6	1.75	2.00	2.00	2.00
Emerging Asia												
China	5.0	4.5	4.5	4.3	0.0	1.0	0.6	1.2	1.40	1.40	1.40	1.40
India	7.5	7.0	7.5	7.5	2.1	4.2	4.8	4.5	5.25	5.50	5.75	6.00
Indonesia	5.1	5.3	5.4	5.8	1.9	3.3	2.9	2.8	5.75	6.00	5.50	4.50
Korea	1.0	3.1	2.2	2.0	2.1	2.6	2.1	2.0	2.75	3.00	3.25	3.25
Taiwan	8.8	12.0	7.0	5.0	1.7	2.0	1.7	1.8	2.00	2.25	2.38	2.38
Thailand	2.4	2.1	2.2	2.0	-0.1	2.4	0.1	0.7	1.00	1.00	1.00	1.00
Malaysia	5.2	4.6	4.5	4.5	1.4	2.0	2.2	2.0	2.75	2.75	2.75	2.75
Philippines	4.4	2.5	3.5	4.5	1.7	6.7	4.9	3.5	4.75	5.00	5.00	4.25
Singapore	5.0	4.5	2.3	2.7	0.9	2.0	2.2	1.7				
Hong Kong	3.5	3.5	3.0	2.6	1.4	2.1	2.0	2.0	4.00	4.00	3.50	3.50
Vietnam	8.0	8.0	7.0	7.2	3.3	4.8	4.5	4.0	4.50	4.50	4.50	4.50

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 28: Global Economic Forecasts (continued)

Global GDP growth expected at 3.2% in 2026, 3.5% in 2027 and 3.3% in 2028

	GDP growth, %				CPI inflation*, %				Short term interest rates**, %			
	2025	2026F	2027F	2028F	2025	2026F	2027F	2028F	Current	2026F	2027F	2028F
Latin America												
Brazil	2.3	2.3	1.3	1.0	4.3	5.5	4.7	3.5	14.25	14.00	13.00	12.00
Mexico	0.7	0.8	1.5	1.3	3.7	4.0	4.0	4.2	6.50	6.50	6.50	6.50
Argentina	4.4	3.0	3.5	3.5	31.5	31.4	17.4	12.0				
Colombia	2.6	2.5	2.9	3.1	5.1	6.5	4.6	3.6	12.00	12.00	11.00	9.00
Chile	2.5	1.4	3.0	3.0	3.4	4.0	3.2	3.0	4.50	4.50	5.00	5.00
Peru	3.4	3.5	4.4	4.5	1.5	4.1	2.6	2.0	4.25	4.25	4.25	4.25
Ecuador	3.7	3.2	2.7	3.0	1.9	2.4	2.3	2.0		0.00	0.00	0.00
Uruguay	1.8	1.5	2.0	2.5	3.7	3.9	4.5	4.6	5.75	6.00	7.00	7.00
Costa Rica	4.6	3.7	4.0	3.8	-1.2	2.5	3.5	3.0	3.25	3.25	3.25	3.25
Dominican Republic	2.1	3.5	3.9	3.5	5.0	6.0	4.8	4.0	5.25	5.25	5.25	5.25
Panama	4.4	4.2	5.0	4.5	0.4	2.8	2.3	2.0				
El Salvador	3.9	3.2	3.2	3.2	0.9	2.5	1.8	1.5				
Guatemala	4.3	3.9	3.7	3.8	1.7	2.9	2.7	2.8	3.50	3.50	3.50	3.50
EEMEA												
Türkiye	3.7	2.8	4.2	3.3	34.9	31.2	27.1	30.0	37.00	36.00	31.00	34.00
Nigeria	4.0	4.1	4.3	4.0	23.0	16.0	12.0	10.0	26.50	26.50	22.00	19.00
Egypt	4.4	4.4	4.5	4.5	20.4	13.2	10.0	8.0	19.50	19.00	16.00	14.00
Poland	3.7	3.2	2.8	2.5	3.6	2.7	2.5	2.5	3.75	3.75	3.75	3.25
South Africa	1.1	1.3	1.5	1.7	3.2	4.1	4.0	4.0	7.00	7.25	6.25	6.00
Romania	0.6	0.0	2.5	2.5	7.3	8.0	4.3	3.5	6.50	6.50	5.75	5.25
Czech Republic	2.6	2.0	2.4	2.0	2.5	2.0	2.4	2.0	3.75	4.00	4.00	3.50
Israel	2.9	3.6	4.5	4.0	3.0	2.0	1.9	2.0	3.50	3.75	3.25	3.25
Hungary	0.4	1.9	3.0	2.5	4.4	2.0	2.5	2.5	6.00	5.25	4.50	3.50
Saudi Arabia	4.5	0.6	6.1	2.9	2.0	2.4	2.0	2.0	4.25	3.50	3.50	5.00

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 29: Real GDP growth, qoq annualized %

Global GDP growth expected at 3.2% in 2026, 3.5% in 2027 and 3.3% in 2028

	2Q 26	3Q 26	4Q 26	1Q 27	2Q 27	3Q 27	4Q 27	2025	2026	2027	2028
Developed Markets											
US	2.5	2.5	2.4	2.2	2.2	2.1	2.0	2.1	2.3	2.2	1.9
Euro area	0.6	1.4	1.5	1.3	1.2	1.1	1.1	1.5	0.5	1.3	1.1
Japan	0.7	0.4	0.6	0.5	1.4	0.6	0.8	1.1	0.6	0.7	0.7
UK	0.6	0.6	1.0	1.6	1.8	1.4	1.4	1.4	1.1	1.3	1.5
Canada	1.8	1.6	1.2	1.5	1.5	1.5	1.5	1.9	0.6	1.5	2.1
Australia	0.8	1.2	2.0	1.6	1.6	2.0	2.0	2.0	1.8	1.7	2.0
G6 Aggregate	1.5	1.7	1.8	1.6	1.7	1.5	1.5	1.7	1.4	1.7	1.5
Emerging Markets											
China	3.8	3.9	4.5	4.9	4.5	4.4	4.3	5.0	4.5	4.5	4.3
India	-1.2	15.9	7.7	8.1	0.8	13.6	6.8	7.5	7.0	7.5	7.5
Indonesia	4.3	4.1	6.2	5.3	6.6	3.2	7.0	5.1	5.3	5.4	5.8
South Korea	1.5	2.0	2.0	2.6	2.3	2.3	2.3	1.0	3.1	2.2	2.0
Thailand	-3.1	1.2	7.1	3.3	1.0	-4.9	8.9	2.4	2.1	2.2	2.0
Singapore	2.0	-1.6	-1.6	5.7	3.2	3.2	3.2	5.0	4.5	2.3	2.7
Hong Kong	-16.3	11.4	15.2	0.8	1.5	-2.1	-2.1	3.5	3.5	3.0	2.6
Brazil	2.5	0.8	1.7	0.9	1.7	1.8	-0.1	2.3	2.3	1.3	1.0
Mexico	2.5	1.7	1.4	1.6	1.7	1.0	1.0	0.7	0.8	1.5	1.3
Colombia	2.4	3.6	3.6	2.4	2.4	2.8	2.8	2.6	2.5	2.9	3.1
Chile	4.2	3.6	3.6	2.4	2.4	2.4	2.4	2.5	1.4	3.0	3.0
Peru	2.4	4.9	4.9	4.1	4.5	4.5	4.5	3.4	3.5	4.4	4.5
Türkiye	2.4	4.2	4.5	4.5	4.1	4.1	4.1	3.7	2.8	4.2	3.3
South Africa	1.2	1.2	1.4	1.9	1.7	2.0	1.8	1.1	1.3	1.5	1.7

Source: BofA Global Research

BofA GLOBAL RESEARCH

Monetary policy forecasts

Exhibit 30: Monetary policy forecasts
End of period

Central Banks	Current	Jul-26	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26	Jan-27	Feb-27	Mar-27	Apr-27	May-27	Jun-27
Developed Markets													
Fed (upper bound)	3.75	3.75	3.75	4.00	4.25	4.25	4.50	4.50	4.50	4.50	4.50	4.50	4.50
ECB (deposit rate)	2.25	2.25	2.25	2.50	2.50	2.50	2.50	2.50	2.50	2.25	2.25	2.25	2.00
BoJ	1.00	1.00	1.00	1.00	1.25	1.25	1.25	1.25	1.25	1.50	1.50	1.50	1.50
BoE	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75
BoC	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25
Riksbank	1.75	1.75	1.75	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
SNB	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Norges Bank	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.00	4.00	4.00	3.75
RBA	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35
RBNZ	2.50	2.50	2.50	2.50	2.50	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75
Emerging Asia													
China 7d reverse repo*	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40
India	5.25	5.25	5.25	5.25	5.25	5.25	5.50	5.50	5.75	5.75	5.75	5.75	5.75
South Korea	2.75	2.75	2.75	2.75	3.00	3.00	3.00	3.25	3.25	3.25	3.25	3.25	3.25
Taiwan	2.00	2.00	2.00	2.125	2.125	2.125	2.25	2.25	2.25	2.375	2.375	2.375	2.375
Thailand	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Philippines	4.75	4.75	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Latin America													
Brazil	14.25	14.25	14.25	14.25	14.25	14.25	14.25	14.25	14.25	14.25	14.25	14.25	14.25
Chile	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.75	4.75	5.00
Colombia	12.00	12.00	12.00	12.00	12.00	12.00	12.00	11.75	11.75	11.75	11.50	11.50	11.50
Mexico	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50
Peru	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25
Emerging EMEA													
Czech Republic	3.75	3.75	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Hungary	6.00	5.75	5.50	5.50	5.50	5.50	5.25	5.00	5.00	4.75	4.50	4.50	4.50
Israel	3.50	3.50	3.50	3.50	3.50	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25
Poland	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75
Türkiye	37.00	37.00	37.00	37.00	36.00	36.00	36.00	36.00	36.00	35.00	34.00	34.00	33.00

Source: BofA Global Research

BofA GLOBAL RESEARCH

FX, rates and commodity forecasts

Exhibit 31: Quarterly forecasts

End of period

	Spot	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Dec-28
FX forecasts								
G6								
EUR-USD	1.14	1.12	1.15	1.16	1.18	1.19	1.20	1.22
USD-JPY	162	156	152	150	148	146	145	145
EUR-JPY	186	175	175	174	175	174	174	177
GBP-USD	1.35	1.32	1.37	1.38	1.40	1.43	1.45	1.47
USD-CAD	1.40	1.44	1.43	1.42	1.40	1.38	1.38	1.36
AUD-USD	0.70	0.70	0.71	0.72	0.72	0.73	0.73	0.73
Asia								
USD-CNY	6.77	6.80	6.70	6.70	6.70	6.60	6.60	6.60
USD-INR	96.4	97.0	98.0	98.5	99.0	99.0	99.0	99.0
USD-IDR	17986	17900	18000	18100	18200	18200	18200	18200
USD-KRW	1480	1550	1560	1540	1520	1500	1500	1500
Latin America								
USD-BRL	5.10	5.00	5.00	5.00	5.00	5.00	5.00	5.00
USD-MXN	17.44	17.50	17.50	17.75	18.00	18.25	18.50	19.00
Emerging Europe								
EUR-PLN	4.33	4.33	4.28	4.25	4.22	4.18	4.15	4.10
USD-TRY	47.12	49.30	51.70	53.80	55.90	57.90	60.00	73.20
USD-ZAR	16.39	16.80	16.50	16.30	16.00	15.80	15.60	15.30
Rates forecasts								
2yr								
US 2-year	4.14	4.50	4.50	4.40	4.35	4.30	4.25	4.00
Germany 2-year	2.77	2.60	2.55	2.25	2.15	2.10	2.05	1.85
Japan 2-year	1.44	1.40	1.65	1.85	1.83	1.80	2.00	1.95
UK 2-year	4.34	4.15	4.05	3.95	3.85	3.75	3.60	3.60
Canada 2-year	2.83	2.75	2.75	2.85	2.90	2.95	3.00	3.00
10yr								
US 10-year	4.55	4.50	4.50	4.50	4.50	4.50	4.50	4.50
Germany 10-year	3.13	2.90	2.90	2.75	2.70	2.70	2.60	2.50
Japan 10-year	2.72	2.65	2.85	3.00	2.95	2.90	3.00	2.80
UK 10-year	4.97	5.00	5.00	4.85	4.75	4.60	4.50	4.50
Canada 10-year	3.53	3.50	3.50	3.55	3.60	3.60	3.65	3.75
Commodities forecasts								
WTI Crude Oil - $/bbl	79.0	75.0	69.0	68.0	63.0	65.0	66.0	NA
Brent Crude Oil - $/bbl	84.9	79.0	73.0	72.0	67.0	69.0	70.0	NA
Gold $/oz	3992	3900	4250	4750	5000	5000	4500	4000

Note: Spot exchange rate as of day of publishing. The left of the currency pair is the denominator of the exchange rate. Currency forecasts are for end of period.

Source: BofA Global Research, Bloomberg.

BofA GLOBAL RESEARCH

Disclosures

Important Disclosures

BofA Global Research personnel (including the analyst(s) responsible for this report) receive compensation based upon, among other factors, the overall profitability of Bank of America Corporation, including profits derived from investment banking. The analyst(s) responsible for this report may also receive compensation based upon, among other factors, the overall profitability of the Bank's sales and trading businesses relating to the class of securities or financial instruments for which such analyst is responsible.

Other Important Disclosures

Prices are indicative and for information purposes only. Except as otherwise stated in the report, for any recommendation in relation to an equity security, the price referenced is the publicly traded price of the security as of close of business on the day prior to the date of the report or, if the report is published during intraday trading, the price referenced is indicative of the traded price as of the date and time of the report and in relation to a debt security (including equity preferred and CDS), prices are indicative as of the date and time of the report and are from various sources including BofA Securities trading desks.

The date and time of completion of the production of any recommendation in this report shall be the date and time of dissemination of this report as recorded in the report timestamp.

Recipients who are not institutional investors or market professionals should seek the advice of their independent financial advisor before considering information in this report in connection with any investment decision, or for a necessary explanation of its contents.

Officers of BofAS or one or more of its affiliates (other than research analysts) may have a financial interest in securities of the issuer(s) or in related investments.

Individuals identified as economists do not function as research analysts under U.S. law and reports prepared by them are not research reports under applicable U.S. rules and regulations. Macroeconomic analysis is considered investment research for purposes of distribution in the U.K. under the rules of the Financial Conduct Authority.

Refer to BofA Global Research policies relating to conflicts of interest.

"BofA Securities" includes BofA Securities, Inc. ("BofAS") and its affiliates. Investors should contact their BofA Securities representative or Merrill Global Wealth Management financial advisor if they have questions concerning this report or concerning the appropriateness of any investment idea described herein for such investor. "BofA Securities" is a global brand for BofA Global Research.

Information relating to Non-US affiliates of BofA Securities and Distribution of Affiliate Research Reports:

BofAS and/or Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S") may in the future distribute, information of the following non-US affiliates in the US (short name: legal name, regulator): Merrill Lynch (South Africa): Merrill Lynch South Africa (Pty) Ltd., regulated by the Financial Sector Conduct Authority; MLI (UK): Merrill Lynch International, regulated by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA); BofASE (France): BofA Securities Europe SA is authorized by the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and regulated by the ACPR and the Autorité des Marchés Financiers (AMF). BofA Securities Europe SA ("BofASE") with registered address at 51, rue La Boétie, 75008 Paris is registered under no 842 602 690 RCS Paris. In accordance with the provisions of French Code Monétaire et Financier (Monetary and Financial Code), BofASE is an établissement de crédit et d'investissement (credit and investment institution) that is authorised and supervised by the European Central Bank and the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and regulated by the ACPR and the Autorité des Marchés Financiers. BofASE's share capital can be found at www.bofaml.com/BofASEdisclaimer; BofA Europe (Milan): Bank of America Europe Designated Activity Company, Milan Branch, regulated by the Bank of Italy, the European Central Bank (ECB) and the Central Bank of Ireland (CBI); BofA Europe (Frankfurt): Bank of America Europe Designated Activity Company, Frankfurt Branch regulated by BaFin, the ECB and the CBI; BofA Europe (Zurich): Bank of America Europe Designated Activity Company, Zurich Branch, regulated by the Swiss Financial Market Supervisory Authority FINMA, the ECB and CBI; BofA Europe (Madrid): Bank of America Europe Designated Activity Company, Sucursal en España, regulated by the Bank of Spain, the ECB and the CBI; Merrill Lynch (Australia): Merrill Lynch Equities (Australia) Limited, regulated by the Australian Securities and Investments Commission; Merrill Lynch (Hong Kong): Merrill Lynch (Asia Pacific) Limited, regulated by the Hong Kong Securities and Futures Commission (HKSFC); Merrill Lynch (Singapore): Merrill Lynch (Singapore) Pte Ltd, regulated by the Monetary Authority of Singapore (MAS); Merrill Lynch (Canada): Merrill Lynch Canada Inc, regulated by the Canadian Investment Regulatory Organization; Merrill Lynch (Mexico): Merrill Lynch Mexico, SA de CV, Casa de Bolsa, regulated by the Comisión Nacional Bancaria y de Valores; BofAS Japan: BofA Securities Japan Co., Ltd., regulated by the Financial Services Agency; Merrill Lynch (Seoul): Merrill Lynch International, LLC Seoul Branch, regulated by the Financial Supervisory Service; Merrill Lynch (Taiwan): Merrill Lynch Securities (Taiwan) Ltd., regulated by the Securities and Futures Bureau; BofAS India: BofA Securities India Limited, regulated by the Securities and Exchange Board of India (SEBI); Merrill Lynch (Israel): Merrill Lynch Israel Limited, regulated by Israel Securities Authority; Merrill Lynch (DIFC): Merrill Lynch International (DIFC Branch), regulated by the Dubai Financial Services Authority (DFSA); Merrill Lynch (Brazil): Merrill Lynch S.A. Corretora de Títulos e Valores Mobiliários, regulated by Comissão de Valores Mobiliários; Merrill Lynch KSA Company: Merrill Lynch Kingdom of Saudi Arabia Company, regulated by the Capital Market Authority.

This information: has been approved for publication and is distributed in the United Kingdom (UK) to professional clients and eligible counterparties (as each is defined in the rules of the FCA and the PRA) by MLI (UK), which is authorized by the PRA and regulated by the FCA and the PRA - details about the extent of our regulation by the FCA and PRA are available from us on request; has been approved for publication and is distributed in the European Economic Area (EEA) by BofASE (France), which is authorized by the ACPR and regulated by the ACPR and the AMF; has been considered and distributed in Japan by BofAS Japan, a registered securities dealer under the Financial Instruments and Exchange Act in Japan, or its permitted affiliates; is issued and distributed in Hong Kong by Merrill Lynch (Hong Kong) which is regulated by HKSFC; is issued and distributed in Taiwan by Merrill Lynch (Taiwan); is issued and distributed in India by BofAS India; and is issued and distributed in Singapore to institutional investors and/or accredited investors (each as defined under the Financial Advisers Regulations) by Merrill Lynch (Singapore) (Company Registration No 198602883D). Merrill Lynch (Singapore) is regulated by MAS. Merrill Lynch Equities (Australia) Limited (ABN 65 006 276 795), AFS License 235132 (MLEA) distributes this information in Australia only to 'Wholesale' clients as defined by s.761G of the Corporations Act 2001. With the exception of Bank of America N.A., Australia Branch, neither MLEA nor any of its affiliates involved in preparing this information is an Authorised Deposit-Taking Institution under the Banking Act 1959 nor regulated by the Australian Prudential Regulation Authority. No approval is required for publication or distribution of this information in Brazil and its local distribution is by Merrill Lynch (Brazil) in accordance with applicable regulations. Merrill Lynch (DIFC) is authorized and regulated by the DFSA. Information prepared and issued by Merrill Lynch (DIFC) is done so in accordance with the requirements of the DFSA conduct of business rules. BofA Europe (Frankfurt) distributes this information in Germany and is regulated by BaFin, the ECB and the CBI. BofA Securities entities, including BofA Europe and BofASE (France), may outsource/delegate the marketing and/or provision of certain research services or aspects of research services to other branches or members of the BofA Securities group. You may be contacted by a different BofA Securities entity acting for and on behalf of your service provider where permitted by applicable law. This does not change your service provider. Please refer to the Electronic Communications Disclaimers for further information.

This information has been prepared and issued by BofAS and/or one or more of its non-US affiliates. The author(s) of this information may not be licensed to carry on regulated activities in your jurisdiction and, if not licensed, do not hold themselves out as being able to do so. BofAS and/or MLPF&S is the distributor of this information in the US and accepts full responsibility for information distributed to BofAS and/or MLPF&S clients in the US by its non-US affiliates. Any US person receiving this information and wishing to effect any transaction in any security discussed herein should do so through BofAS and/or MLPF&S and not such foreign affiliates. Hong Kong recipients of this information should contact Merrill Lynch (Asia Pacific) Limited in respect of any matters relating to dealing in securities or provision of specific advice on securities or any other matters arising from, or in connection with, this information. Singapore recipients of this information should contact Merrill Lynch (Singapore) Pte Ltd in respect of any matters arising from, or in connection with, this information. For clients that are not accredited investors, expert investors or institutional investors Merrill Lynch (Singapore) Pte Ltd accepts full responsibility for the contents of this information distributed to such clients in Singapore.

General Investment Related Disclosures:

Taiwan Readers: Neither the information nor any opinion expressed herein constitutes an offer or a solicitation of an offer to transact in any securities or other financial instrument. No part of this report may be used or reproduced or quoted in any manner whatsoever in Taiwan by the press or any other person without the express written consent of BofA Securities.

This document provides general information only, and has been prepared for, and is intended for general distribution to, BofA Securities clients. Neither the information nor any opinion expressed constitutes an offer or an invitation to make an offer, to buy or sell any securities or other financial instrument or any derivative related to such securities or instruments (e.g., options, futures, warrants, and contracts for differences). This document is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the particular needs of, and is not directed to, any specific person(s). This document and its content do not constitute, and should not be considered to constitute, investment advice for purposes of ERISA, the US tax code, the Investment Advisers Act or otherwise. Investors should seek financial advice regarding the appropriateness of investing in financial instruments and implementing investment strategies discussed or recommended in this document and should understand that statements regarding future prospects may not be realized. Any decision to purchase or subscribe for securities in any offering must be based solely on existing public information on such security or the information in the prospectus or other offering document issued in connection with such offering, and not on this document.

Securities and other financial instruments referred to herein, or recommended, offered or sold by BofA Securities, are not insured by the Federal Deposit Insurance Corporation and are not deposits or other obligations of any insured depository institution (including, Bank of America, N.A.). Investments in general and, derivatives, in particular, involve numerous risks, including, among others, market risk, counterparty default risk and liquidity risk. No security, financial instrument or derivative is suitable for all investors. Digital assets are extremely speculative, volatile and are largely unregulated. In some cases, securities and other financial instruments may be difficult to value or sell and reliable information about the value or risks related to the security or financial instrument may be difficult to obtain. Investors should note that income from such securities and other financial instruments, if any, may fluctuate and that price or value of such securities and instruments may rise or fall and, in some cases, investors may lose their entire principal investment. Past performance is not necessarily a guide to future performance. Levels and basis for taxation may change.

BofA Securities is aware that the implementation of the ideas expressed in this report may depend upon an investor's ability to "short" securities or other financial instruments and that such action may be limited by regulations prohibiting or restricting "shortselling" in many jurisdictions. Investors are urged to seek advice regarding the applicability of such regulations prior to executing any short idea contained in this report.

Foreign currency rates of exchange may adversely affect the value, price or income of any security or financial instrument mentioned in this report. Investors in such securities and instruments effectively assume currency risk.

BofAS or one of its affiliates is a regular issuer of traded financial instruments linked to securities that may have been recommended in this report. BofAS or one of its affiliates may, at any time, hold a trading position (long or short) in the securities and financial instruments discussed in this report.

BofA Securities, through business units other than BofA Global Research, may have issued and may in the future issue trading ideas or recommendations that are inconsistent with, and reach different conclusions from, the information presented herein. Such ideas or recommendations may reflect different time frames, assumptions, views and analytical methods of the persons who prepared them, and BofA Securities is under no obligation to ensure that such other trading ideas or recommendations are brought to the attention of any recipient of this information.

In the event that the recipient received this information pursuant to a contract between the recipient and BofAS for the provision of research services for a separate fee, and in connection therewith BofAS may be deemed to be acting as an investment adviser, such status relates, if at all, solely to the person with whom BofAS has contracted directly and does not extend beyond the delivery of this report (unless otherwise agreed specifically in writing by BofAS). If such recipient uses the services of BofAS in connection with the sale or purchase of a security referred to herein, BofAS may act as principal for its own account or as agent for another person. BofAS is and continues to act solely as a broker-dealer in connection with the execution of any transactions, including transactions in any securities referred to herein.

Copyright and General Information:

Materials prepared by BofA Global Research personnel are based on public information. Facts and views presented in this material have not been reviewed by, and may not reflect information known to, professionals in other business areas of BofA Securities, including investment banking personnel. BofA Securities has established information barriers between BofA Global Research and certain business groups. As a result, BofA Securities does not disclose certain client relationships with, or compensation received from, such issuers. To the extent this material discusses any legal proceeding or issues, it has not been prepared as nor is it intended to express any legal conclusion, opinion or advice. Investors should consult their own legal advisers as to issues of law relating to the subject matter of this material. BofA Global Research personnel's knowledge of legal proceedings in which any BofA Securities entity and/or its directors, officers and employees may be plaintiffs, defendants, co-defendants or co-plaintiffs with or involving issuers mentioned in this material is based on public information. Facts and views presented in this material that relate to any such proceedings have not been reviewed by, discussed with, and may not reflect information known to, professionals in other business areas of BofA Securities in connection with the legal proceedings or matters relevant to such proceedings.

This information has been prepared independently of any issuer of securities mentioned herein and not in connection with any proposed offering of securities or as agent of any issuer of any securities. None of BofAS any of its affiliates or their research analysts has any authority whatsoever to make any representation or warranty on behalf of the issuer(s). BofA Global Research policy prohibits research personnel from disclosing a recommendation, investment rating, or investment thesis for review by an issuer prior to the publication of a research report containing such rating, recommendation or investment thesis.

Any information relating to sustainability in this material is limited as discussed herein and is not intended to provide a comprehensive view on any sustainability claim with respect to any issuer or security.

Any information relating to the tax status of financial instruments discussed herein is not intended to provide tax advice or to be used by anyone to provide tax advice. Investors are urged to seek tax advice based on their particular circumstances from an independent tax professional.

The information herein (other than disclosure information relating to BofA Securities and its affiliates) was obtained from various sources and we do not guarantee its accuracy. This information may contain links to third-party websites. BofA Securities is not responsible for the content of any third-party website or any linked content contained in a third-party website. Content contained on such third-party websites is not part of this information and is not incorporated by reference. The inclusion of a link does not imply any endorsement by or any affiliation with BofA Securities. Access to any third-party website is at your own risk, and you should always review the terms and privacy policies at third-party websites before submitting any personal information to them. BofA Securities is not responsible for such terms and privacy policies and expressly disclaims any liability for them.

All opinions, projections and estimates constitute the judgment of the author as of the date of publication and are subject to change without notice. Prices also are subject to change without notice. BofA Securities is under no obligation to update this information and BofA Securities ability to publish information on the subject issuer(s) in the future is subject to applicable quiet periods. You should therefore assume that BofA Securities will not update any fact, circumstance or opinion contained herein.

Certain outstanding reports or investment opinions relating to securities, financial instruments and/or issuers may no longer be current. Always refer to the most recent research report relating to an issuer prior to making an investment decision.

In some cases, an issuer may be classified as Restricted or may be Under Review or Extended Review. In each case, investors should consider any investment opinion relating to such issuer (or its security and/or financial instruments) to be suspended or withdrawn and should not rely on the analyses and investment opinion(s) pertaining to such issuer (or its securities and/or financial instruments) nor should the analyses or opinion(s) be considered a solicitation of any kind. Sales persons and financial advisors affiliated with BofAS or any of its affiliates may not solicit purchases of securities or financial instruments that are Restricted or Under Review and may only solicit securities under Extended Review in accordance with firm policies.

Neither BofA Securities nor any officer or employee of BofA Securities accepts any liability whatsoever for any direct, indirect or consequential damages or losses arising from any use of this information.

Research Analysts

Global Economics

Claudio Irigoyen
Global Economist
BofAS
claudio.irigoyen@bofa.com

Antonio Gabriel
Global Economist
BofAS
antonio.gabriel@bofa.com

North America Economics

Aditya Bhave
US Economist
BofAS
aditya.bhave@bofa.com

Stephen Juneau
US Economist
BofAS
stephen.juneau@bofa.com

Shruti Mishra
US Economist
BofAS
smishra44@bofa.com

Developed Europe Economics

Ruben Segura-Cayuela
Europe Economist
BofA Europe (Madrid)
ruben.segura-cayuela@bofa.com

Evelyn Herrmann
Europe Economist
BofASE (France)
evelyn.herrmann@bofa.com

Chiara Angeloni
Europe Economist
BofA Europe (Milan)
chiara.angeloni@bofa.com

Asia Economics

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

Rahul Bajoria
India & ASEAN Economist
BofAS India
rahul.bajoria@bofa.com

Izumi Devalier
Japan Economist
BofAS Japan
izumi.devalier@bofa.com

Takayasu Kudo
Japan Economist
BofAS Japan
takayasu.kudo@bofa.com

Anna Zhou
China & Asia Economist
Merrill Lynch (Hong Kong)
anna.zhou@bofa.com

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

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

Yvonne He
China & Asia Economist
Merrill Lynch (Hong Kong)
yvonne.he@bofa.com

Nick Stenner, CFA
Australia & NZ Economist
Merrill Lynch (Australia)
nick.stenner@bofa.com

Johnny Liu, CFA
Australia & NZ Economist
Merrill Lynch (Australia)
johnny.liu2@bofa.com

Smriti Mehra
India Economist
BofAS India
smriti.mehra@bofa.com

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

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

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

EEMEA Economics

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

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

Vladimir Osakovskiy >>
EM Sovereign FI/EQ strategist
Merrill Lynch (DIFC)
vladimir.osakovskiy@bofa.com

Hande Kucuk
Turkey & Israel Economist
MLI (UK)
hande.kucuk@bofa.com

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

Loic Porte
Sub-Saharan Africa Economist
MLI (UK)
loic.porte@bofa.com

Latin America Economics

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

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

Pedro Diaz
Caribbean Economist
BofAS
pdiaz2@bofa.com

Gustavo Mendes
Brazil Economist
Merrill Lynch (Brazil)
gustavo.mendes@bofa.com

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

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

Sebastian Rondeau
Southern Cone & Venz Economist
BofAS
sebastian.rondeau@bofa.com

BofA Securities participated in the preparation of this report, in part, based on information provided by Philippine Equity Partners, Inc. (Philippine Equity Partners). ^^Philippine Equity Partners employees are not registered/qualified as research analysts under FINRA rules.
>> Employed by a non-US affiliate of BofAS and is not registered/qualified as a research analyst under the FINRA rules.
Refer to "Other Important Disclosures" for information on certain BofA Securities entities that take responsibility for the information herein in particular jurisdictions.