Equity Strategy | Global
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Bank of America Merrill Lynch

If you fear inflation...

Michael Hartnett +1 646 855 1508
Chief Investment Strategist
MLPF&S
michael.hartnett@baml.com

Brian Leung, CFA +1 646 855 0389
Investment Strategist
MLPF&S
brian.leung@baml.com

Jacob Marcus +1 646 743 0198
Investment Strategist
MLPF&S
jacob.marcus@baml.com

The tale of the tape

Excess cash and liquidity are driving asset prices up across the board; zero or negative interest rates are driving big carry-trade outperformance; disappointing data is driving modest outperformance of large cap defensives versus small cap cyclicals.

Buy vol as summer ends

The 2014 risk asset rally started back in February and is incomplete; wait for lower cash levels, lower corporate bond prices and a breach of the magic "8" figure by our Bull & Bear index before buying vol toward the end of summer.

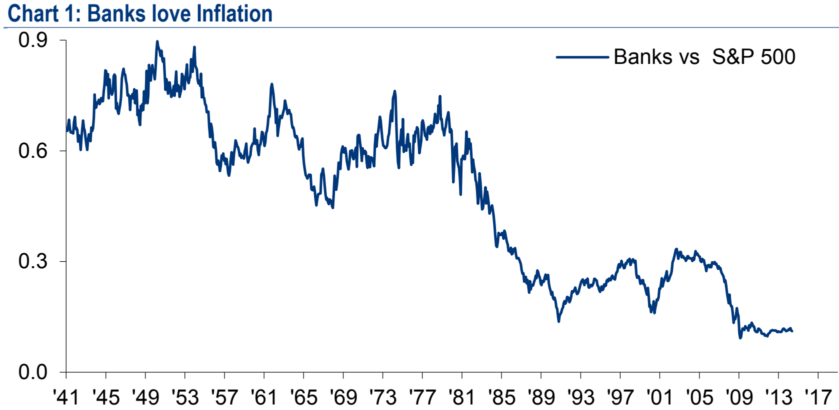
Inflation expectations rising

Our June FMS showed inflation expectations at their highest level since May 2011 and TIPS are outperforming bonds as investors worry about the secular impact of zero rates. The 1970s shows that inflation favors real estate, commodities, value stocks and small cap, and punishes bonds and growth stocks.

Inflation is the contrarian secular trade

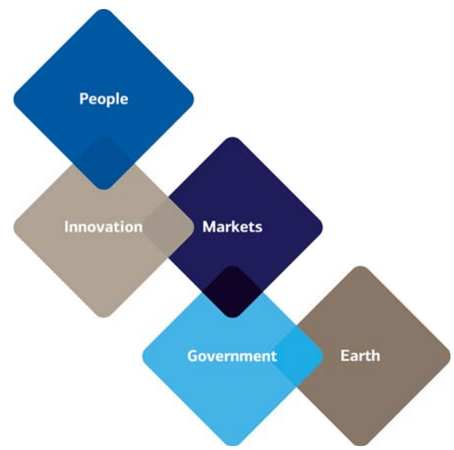
The BofAML house view is that inflation will not rise meaningfully in coming years thanks to labor market slack. Contrarian secular investors that beg to differ would be selling bonds and buying deep value in banks and Japanese stocks.

Chart 1: Banks love Inflation



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

A Transforming World:
Investment Themes



This report is an extract of a report of the same name published 26 June 2014

Refer to important disclosures on page 13 to 15. Link to Definitions on page 12.

Table 1: Asset Returns in 2013 and YTD

	2013	YTD
Global Equities	24.4%	6.1%
US	34.9%	6.5%
Europe	26.0%	6.4%
UK	20.9%	5.0%
Japan	26.8%	0.5%
Pacific Rim ex-Japan	5.2%	6.8%
Emerging Markets	-2.3%	6.0%
Frontier Markets	26.6%	19.5%
Global Fixed Income	-2.2%	4.2%
Government	-4.5%	4.1%
US Treasuries	-3.5%	2.8%
Investment Grade Corporate	0.0%	4.9%
High Yield Corporate	8.0%	5.8%
EM Corporate Debt	-0.5%	6.0%
Collateralized Debt	0.4%	3.5%
Commodities	-1.9%	5.7%
Energy	7.9%	6.0%
Industrial Metals	-12.2%	0.5%
Gold	-27.8%	9.8%
Agriculture	-15.4%	6.7%
US Dollar	6.5%	-0.3%

Source: BofA Merrill Lynch Global Investment, Bloomberg

If you fear inflation...

The 2014 scores on the doors: stocks are up 6.1%, with the gains spreads across all regions, with the notable exception of Japan; commodities are up 5.7%, led by precious metals; and global bond returns are lagging very slightly with gains of 4.2% (Table 1).

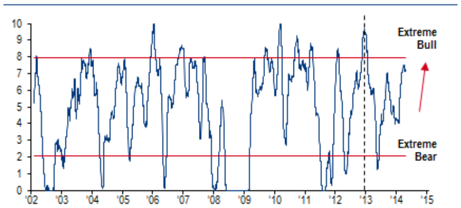
The 2014 tale of the tape: excess cash and liquidity are driving asset prices up across the board; zero or negative interest rates are driving carry-trade outperformance (e.g. EM debt leads the way in fixed income, the high yielding Utility sector leads the way in equities); and while range-bound economic growth has been a much less decisive driver than record low interest rates, disappointing data is driving modest outperformance of defensives versus cyclicals, a continuation of the trend since 2011 (albeit a similar trend to the 1995-1999 prelude to the tech bubble - Chart 2).

Chart 2: Global Defensives vs Global Cyclicals

Source: BofA Merrill Lynch Global Investment Strategy, MSCI * Cyclicals = materials, industrials, tech & cons disc Defensives = healthcare, staples, utilities & telcos

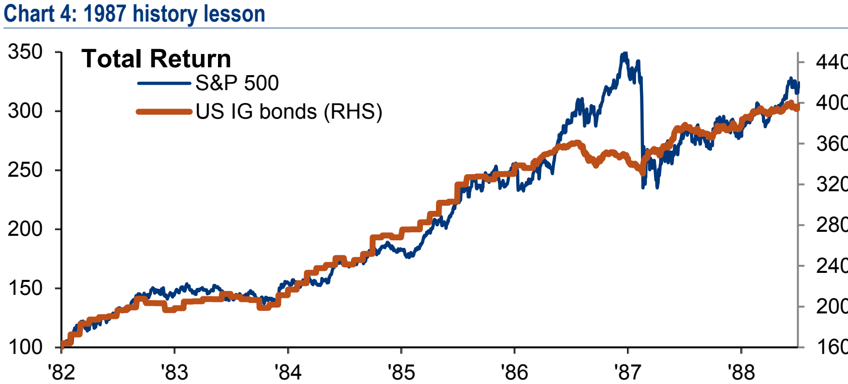
The 2014 risk asset rally started back in February and is incomplete; wait for lower cash levels, lower corporate bond prices and a breach of the magic "8" figure by our Bull & Bear index (Chart 3 –currently at 7.2, below "Greed" level of 8), before buying vol toward the end of summer. Watch credit prices and bank stocks as early warning signals. High yield bond prices rose to new all-time highs this week, but were the "tell" in the run-up to the 1987 crash (Chart 4). Bank stocks are modestly underperforming, but are up in absolute terms YTD.

Chart 3: Bull & Bear Index



Source: BofA Merrill Lynch Global Investment

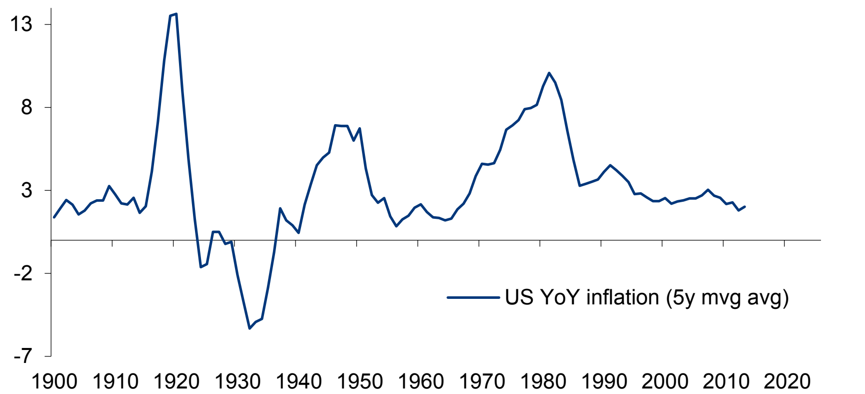
Chart 4: 1987 history lesson



Source: BofA Merrill Lynch Global Investment, Bloomberg

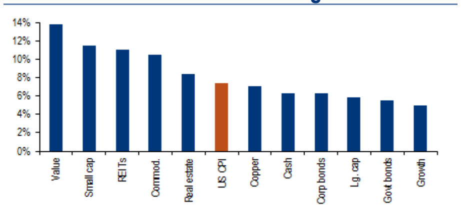
Within the bond markets, one of the quiet outperformers has been TIPS, up 5.9% this year, which tend to outperform when investors anticipate higher inflation. This seems incongruous with a backdrop of negative GDP prints (US Q1 GDP fell 2.9%) and falling government bond yields. But to paraphrase Minsky, there is nothing more inflationary than a whiff of deflation. Inflation remains far, far from the giddy heights of the early 1980s when inflation rates rose to 14.8% in the US, 21.9% in the UK, 14.0% in France, and 8.7% in Japan. Then again, today's inflation rates have surprised to the upside this year and are above the deflationary rates of -2.1% in the US, -1.6% in the UK, -0.7% in France, -2.5% in Japan printed in 2009 (Chart 5 shows US inflation since 1900).

Chart 5: The US Inflation Rate since 1900 (shown as a 5-year moving average)



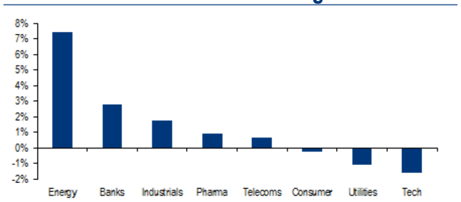
Source: BofA Merrill Lynch Global Investment, Global Financial Data

Chart 6: US Asset Returns during the 1970s



Source: BofA Merrill Lynch Global Investment, Global Financial Data

Chart 7: US Sector Returns during the 1970s



Source: BofA Merrill Lynch Global Investment, Global Financial Data

The successful War against Inflation waged by Thatcher/Reagan/Volker et al in the early-1980s was the catalyst for the Great Bull Market in stocks between 1981 and 1999 and the Great Bear Market in bonds between 1981 and 2013. Similarly the successful War against Deflation launched by Bernanke/King et al in 2009 has been the catalyst for the rampant asset price inflation in both corporate bonds and equities of the past 5 years. Should inflation remain low and stable in coming years we think the likelihood of an extended bull market will improve. In contrast, a jump in inflation would be the most obvious catalyst to disrupt the benign backdrop of low rates and high profits that currently persists.

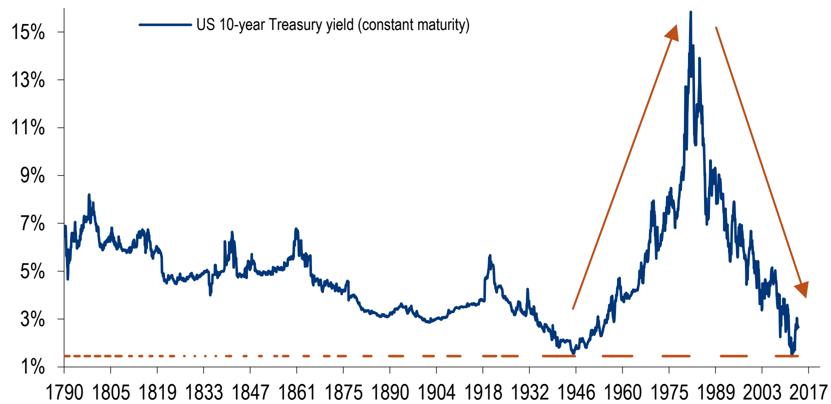
Ethan Harris and the economic team outlook for inflation is very benign. They forecast annual CPI inflation to be 2.1% in 2014, 2.0% in 2015, and 2.2% in 2016. We tend to concur that today's recovery remains deflationary thanks to low wage growth across the world and a major technological disruption that threatens to keep wage growth low for many years to come.

But investor inflation expectations have recently moved higher. Our June FMS showed inflation expectations at their highest level since May 2011 and TIPS are outperforming bonds as investors worry about the secular impact of zero rates. We think the 1970s (a decade of protracted inflation, monetary instability, and spikes in oil prices) offer the best historical example as to which inflation assets do well.

- Winners: real estate, commodities, small-cap stocks, value stocks, the energy sector and REITS
- Losers: bonds, large-cap stocks, growth stocks, and tech & utilities stocks (see Chart 4 & 5)

The BofAML house view is that inflation will not rise meaningfully in coming years thanks to labor market slack. Contrarian secular investors that beg to differ would be selling bonds and buying banks and Japanese stocks. Bonds have been the biggest winner over the last 30 years of disinflation (Chart 8).

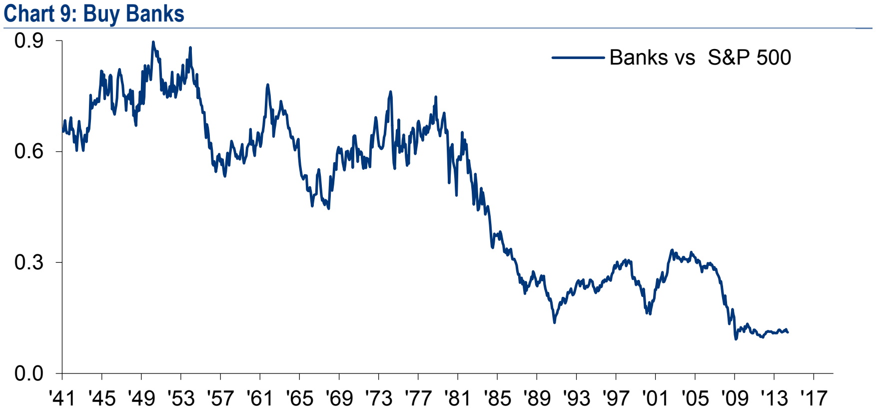
Chart 8: Sell Bonds



Source: BofA Merrill Lynch Global Investment, Global Financial Data

In contrast, bank stocks have done poorly over the same period of declining nominal activity. Indeed, the relative performance of banks is close to its lowest level since World War 2. Note the last period of extended outperformance by bank stocks was between 1966 and 1978, a period of rising inflation, high nominal GDP growth and great monetary instability.

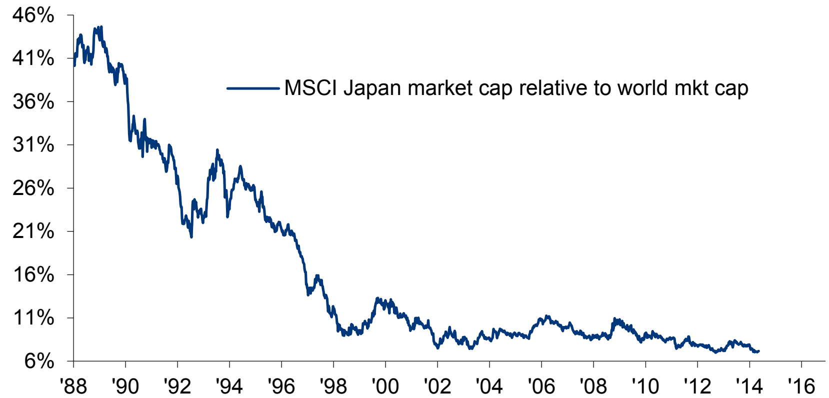
Chart 9: Buy Banks



Source: BofA Merrill Lynch Global Investment, Global Financial Data

The secular contrarian worried about inflation would also be buying the Japanese stock market. Deflation has crippled the performance of Japan since 1990. Higher inflation, particularly in combination with higher land prices in Japan, would be positive for Japanese equities.

Chart 10: Buy Japan



Source: BofA Merrill Lynch Global Investment, MSCI

Asset allocation and positioning

Table 2: Asset allocation

Asset class	Core view (3-6 months)	Action	Benchmark
Equities	**Bullish**		**MXWD**
North America	Bullish	YE'14 S&P 500 target is 2000; OW tech, energy & industrials; UW discretionary, utilities, & telecom	MXNA
Europe	Neutral	Expect macro slowdown; OW low-beta/high quality/high growth; defensives over cyclicals	MXEU
UK	Neutral		MXGB
Japan	Bullish	2015/04 forecast 1,420 for TPX, & 17,500 for NKY; bullish capital good stocks on US capex pick-up	MXJP
Pacific Rim	Bearish	OW Australia, Taiwan & Indonesia; UW Philippines, Malaysia Thailand & Hong Kong	MXPCJ
EM Equities	Bearish	OW Russia, South Africa, India, Brazil, UW: Mexico, Poland, Chile	MXEF
Fixed Income	**Bearish**		**GFIM**
Government	Bearish	10y expected to end 2014 at 3.50%; Short duration bias	W0G1
Quasi Sovereign	Bearish		G0LQ
Investment Grade	Bearish	Prefer HY to IG; within IG, OW utilities; UW REITs	G0LC
High Yield	Bullish	EU over US credit; hedge US HY downside risk with total return swap;	HW00
EM debt	Bearish	EM Sovereigns: OW Argentina, Venezuela & Russia; UW Turkey & Ukraine	IM00
Collateralized Debt	Bearish		G0LL
Commodities	**Bearish**		
Energy	Bearish	2014 forecast: Brent crude to average $106/bbl and WTI to average $94/bbl; slightly bearish bias	
Industrial Metals	Neutral	Downward revisions to 2014 forecast:: Copper to avg $6,821/t	
Precious Metals	Bearish	Gold to underperform platinum and silver	
Agriculture	Neutral		
Cash	**Bearish**		**G0B1**

Source: BofA Merrill Lynch Global Investment Strategy

How to implement our Asset Allocation

We rank our core views as Bullish (OW), Neutral (N) or Bearish (UW). Our recommendations are benchmark independent. Absolute return investors may wish to treat OW recommendations as longs and UW recommendations as shorts. Meanwhile those with a benchmark may wish to treat our recommendations as tilts against their own strategic benchmark, and according to any single asset class limits they may have. For most benchmarked investors, an UW is unlikely to translate to a zero, or negative weight in an asset class, and an OW is unlikely to imply any leverage.

BofAML versus consensus in 2014

Table 3: BofA Merrill Lynch Global Research forecasts versus consensus

Asset Class	Latest	2014 BAML Forecast	2014 Consensus Forecast
Economics *(Latest value is most recent YoY GDP growth figure)*			
Global GDP	NA	3.2%	NA
US GDP	1.5%	2.0%	2.2%
Euro area GDP	0.9%	1.1%	1.1%
EM GDP	NA	4.5%	NA
China GDP	7.4%	7.2%	7.4%
US Home Prices	10.8%	5.0%	NA
Equities			
MSCI ACWI	427	444	NA
S&P 500	1960	2000	1950
S&P 500 EPS	NA	$118	$117
Stoxx 600	342	n/a	360
Euro Stoxx 50	3,252	n/a	3,300
FTSE	6,734	n/a	NA
DAX	9,868	n/a	NA
TOPIX	1261	1420	1450
Credit *(Latest value is current spread, forecast is total return for 2014)*			
US IG	106bp	1.5%	NA
US HY	337bp	4 - 5%	NA
EU IG	98bp	1.5 - 2%	NA
EU HY	300bp	4 - 4.5%	NA
Commodities *(Forecasts are period averages)*			
Brent Crude Oil	$109/bbl	$106/bbl	$108/bbl
WTI Crude Oil	$107/bbl	$94/bbl	$100/bbl
Gold	$1,319/oz	$1,298/oz	$1,260/oz
Copper	$6,919/t	$6,821/t	$6,890/t
Currencies			
EUR-USD	1.36	1.30	1.31
USD-JPY	102	108	106
USD-CNY	6.23	6.10	6.15
AUD-USD	0.94	0.88	0.90
USD-BRL	2.21	2.50	2.40
Rates			
2 year UST	0.48%	0.65%	0.74%
2 year Bund	0.03%	0.13%	0.17%
2 year Gilt	0.82%	0.90%	1.40%
2 year JGB	0.09%	0.07%	0.12%
10 year UST	2.56%	3.10%	3.11%
10 year Bund	1.26%	1.72%	1.74%
10 year Gilt	2.65%	3.50%	3.22%
10 year JGB	0.57%	0.65%	0.78%
Fed Funds Rate	0.25%	0.25%	0.25%

Source: BofA Merrill Lynch Global Research, Bloomberg

The Prop Desk: Rules & Tools

Our longer-term sentiment indicators, including the Global Wave and Sell-Side Indicator are bullish on equities on a 12-month view.

Table 4: BofA Merrill Lynch Rules and Tools

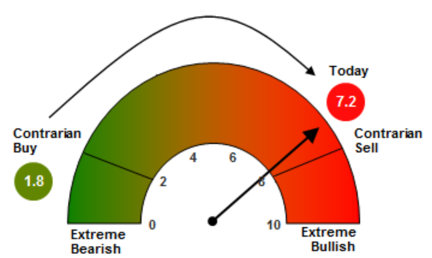
Proprietary indicators	Current signal	Current reading	Duration of signal
Short-term			
BofAML Global FMS Cash Indicator	Buy	4.5%	4 weeks
Buy when cash at or above 4.5%; Sell when cash at or below 3.5%			
BofAML Global Flow Trading Rule	Neutral	-0.2%	4 weeks
Buy when outflows from global LO equities > 0.9% AUM over 5wks; Sell when inflows > 0.5% AUM over 5wks			
BofAML EM Flow Trading Rule	Neutral	0.46%	4 weeks
Buy when outflows from EM equities > 3.0% of AUM over 4 wks; Sell when inflows > 1.5% of AUM over 4 wks			
BofAML Global Breadth Rule	Neutral	-64%	4-5 weeks
Buy when net 88% of markets in MSCI ACWI trading below 200-day moving & 50-day moving averages			
BofAML Model for Duration through Econ Scoring (MODES)	Short	-1.4	4 weeks
Increase duration when index closer to +10 (max long); decrease when index closer to -10 (max short)			
BofAML Bull & Bear Index (B&B)	Neutral	7.2	1-3 months
Sell when investor sentiment > 8.0; Buy when investor sentiment < 2.0			
GFSI Critical Stress Signal	Off	-	1-3 months
A binary "Risk-Off" signal that tells us when risk of contagion is high and it's prudent to hedge			
Long-term			
BofAML Sell-Side Indicator	Bullish	51.3	12 months
Contrarian bullish signal when indicator <54			
BofAML Global Wave	Bullish	Rising	12 months
Bullish when indicator troughs			

Source: BofA Merrill Lynch Global Investment Strategy

BofAML Bull & Bear Index (B&B)

Bull & Bear Index rose to 7.2 this week from 7.1 last week. The Index is still close to the "Greed" signal of >8.0, but still suggests that the current market rally has some room to run.

Chart 11: B&B Index (scale from 0 to 10)



Source: BofA Merrill Lynch Global Investment Strategy

Chart 12: BofAML Global Financial Stress Index

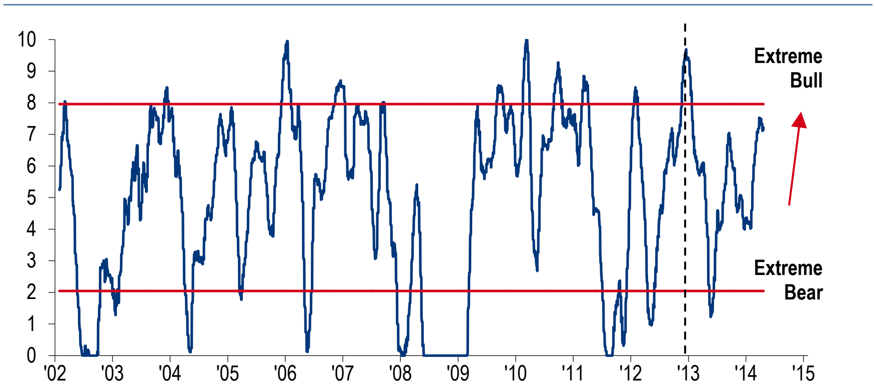
Source: BofA Merrill Lynch Global Research

Table 5: Components of BofAML Bull/Bear Index

Components	Percentile	Sentiment
Credit market technicals	97%	V Bullish
HF positioning	89%	V Bullish
Equity market breadth	67%	Bullish
Bond flows	57%	Neutral
LO positioning	53%	Neutral
Equity flows	51%	Neutral

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

Chart 13: Bull & Bear Index



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

Winners & losers

Table 6: Ranked Total Returns (USD terms), Global Equity and Bond Markets

Past week		Past month		Past three months		Year to date		Past year	
1 Russia Equities	5.7%	1 Russia Equities	6.1%	1 Turkey Equities	30.8%	1 Greece Govt Bonds	28.3%	1 Greece Govt Bonds	88.3%
2 Russia Govt Bonds	4.4%	2 Japan Equities	5.7%	2 Russia Equities	20.9%	2 Turkey Equities	21.1%	2 Greece Equities	72.5%
3 S. Africa Govt Bonds	3.6%	3 Spain Equities	3.8%	3 Brazil Equities	16.5%	3 India Equities	21.0%	3 Spain Equities	62.7%
4 S. Africa Equities	2.9%	4 Greece Equities	3.5%	4 Turkey Govt Bonds	16.4%	4 Israel Equities	20.9%	4 Italy Equities	55.0%
5 Japan Equities	2.5%	5 Russia Govt Bonds	3.0%	5 India Equities	15.6%	5 Indonesia Equities	20.2%	5 Ireland Equities	43.7%
6 Turkey Equities	2.1%	6 Canada Equities	2.9%	6 Spain Equities	12.8%	6 Italy Equities	16.8%	6 S. Africa Equities	35.0%
7 Greece Govt Bonds	2.0%	7 Portugal Equities	2.9%	7 Russia Govt Bonds	10.6%	7 Brazil Govt Bonds	15.0%	7 France Equities	34.9%
8 Brazil Govt Bonds	1.8%	8 Taiwan Equities	2.8%	8 Korea Equities	10.4%	8 Portugal Govt Bonds	14.4%	8 Germany Equities	34.2%
9 Turkey Govt Bonds	1.5%	9 US Equities	2.8%	9 Taiwan Equities	10.4%	9 Spain Equities	13.8%	9 India Equities	33.6%
10 Brazil Equities	1.4%	10 Greece Govt Bonds	2.6%	10 Japan Equities	10.2%	10 Brazil Equities	12.2%	10 Israel Equities	32.1%
11 Mexico Equities	1.4%	11 Brazil Equities	2.4%	11 Brazil Govt Bonds	9.9%	11 Turkey Govt Bonds	11.6%	11 Korea Equities	30.9%
12 Israel Equities	1.3%	12 Australia Govt Bonds	2.3%	12 S. Africa Equities	9.5%	12 Portugal Equities	11.3%	12 Switzerland Equities	29.1%
13 Spain Equities	1.2%	13 Global Equity Index	2.1%	13 Canada Equities	9.3%	13 S. Africa Equities	10.9%	13 Portugal Govt Bonds	28.6%
14 Canada Govt Bonds	1.1%	14 Korea Govt Bonds	1.8%	14 Singapore Equities	9.1%	14 India Govt Bonds	9.6%	14 Portugal Equities	28.4%
15 Mexico Govt Bonds	1.1%	15 Brazil Govt Bonds	1.7%	15 Mexico Equities	9.0%	15 Canada Equities	9.5%	15 UK Equities	28.4%
16 France Govt Bonds	1.0%	16 Ireland Govt Bonds	1.6%	16 Korea Govt Bonds	8.9%	16 Australia Govt Bonds	9.5%	16 Poland Equities	28.0%
17 Australia Equities	1.0%	17 China Equities	1.6%	17 Hong Kong Equities	7.4%	17 Taiwan Equities	8.9%	17 Canada Equities	27.3%
18 Korea Govt Bonds	0.9%	18 Italy Equities	1.6%	18 China Equities	7.0%	18 Australia Equities	8.8%	18 US Equities	27.0%
19 Australia Govt Bonds	0.9%	19 China Govt Bonds	1.5%	19 UK Equities	6.9%	19 Indonesia Govt Bonds	8.5%	19 Global Equity Index	26.6%
20 Switzerland Govt Bonds	0.8%	20 China IG Corp Bonds	1.3%	20 Global Equity Index	6.4%	20 Spain Govt Bonds	8.3%	20 Taiwan Equities	24.8%
21 Italy Govt Bonds	0.8%	21 Canada Govt Bonds	1.2%	21 Italy Equities	6.0%	21 Mexico Govt Bonds	8.2%	21 Australia Equities	22.8%
22 Spain Govt Bonds	0.8%	22 Mexico Equities	1.2%	22 Australia Govt Bonds	5.9%	22 Switzerland Equities	8.1%	22 Spain Govt Bonds	22.2%
23 Germany Govt Bonds	0.8%	23 India Equities	1.2%	23 Greece Govt Bonds	5.6%	23 Korea Govt Bonds	7.6%	23 Brazil Equities	21.8%
24 Ireland Govt Bonds	0.7%	24 US HY Corp Bonds	1.2%	24 Mexico Govt Bonds	5.6%	24 Greece Equities	7.5%	24 Korea Govt Bonds	21.3%
25 Switzerland Equities	0.6%	25 Spain Govt Bonds	1.2%	25 Canada Govt Bonds	5.3%	25 Italy Govt Bonds	7.2%	25 China Equities	20.8%
26 Global Equity Index	0.6%	26 Israel Equities	1.1%	26 Australia Equities	5.2%	26 Ireland Govt Bonds	6.9%	26 Italy Govt Bonds	20.2%
27 Canada Equities	0.6%	27 Italy Govt Bonds	1.1%	27 Switzerland Equities	5.1%	27 France Equities	6.6%	27 Mexico Equities	20.1%
28 US IG Corp Bonds	0.6%	28 Poland Govt Bonds	1.0%	28 Israel Equities	5.1%	28 US Equities	6.5%	28 Ireland Govt Bonds	20.1%
29 Portugal Govt Bonds	0.5%	29 Portugal Govt Bonds	0.9%	29 Germany Equities	5.0%	29 Global Equity Index	6.1%	29 Hong Kong Equities	19.7%
30 Germany Equities	0.5%	30 Mexico Govt Bonds	0.5%	30 US Equities	5.0%	30 US HY Corp Bonds	5.7%	30 Poland Govt Bonds	17.3%
31 Poland Govt Bonds	0.5%	31 UK Equities	0.5%	31 S. Africa Govt Bonds	5.0%	31 UK Govt Bonds	5.6%	31 Russia Equities	16.9%
32 US Equities	0.4%	32 France Govt Bonds	0.4%	32 France Equities	4.8%	32 US IG Corp Bonds	5.5%	32 Singapore Equities	14.6%
33 Global Govt Bond Index	0.4%	33 UK Govt Bonds	0.3%	33 India Govt Bonds	4.6%	33 Ireland Equities	5.3%	33 Brazil Govt Bonds	13.9%
34 Taiwan Equities	0.4%	34 US IG Corp Bonds	0.3%	34 Poland Equities	4.4%	34 UK Equities	5.0%	34 Mexico Govt Bonds	13.6%
35 US Govt Bonds	0.3%	35 Germany Equities	0.1%	35 China Govt Bonds	3.6%	35 Singapore Equities	4.7%	35 UK Govt Bonds	13.5%
36 Singapore Govt Bonds	0.3%	36 Global Govt Bond Index	0.1%	36 China IG Corp Bonds	3.4%	36 Japan Govt Bonds	4.3%	36 US HY Corp Bonds	13.0%
37 US HY Corp Bonds	0.3%	37 Singapore Govt Bonds	0.1%	37 UK Govt Bonds	3.4%	37 France Govt Bonds	4.2%	37 Japan Equities	12.6%
38 UK Equities	0.3%	38 Poland Equities	0.1%	38 Portugal Equities	3.3%	38 Poland Equities	4.2%	38 France Govt Bonds	11.7%
39 UK Govt Bonds	0.2%	39 S. Africa Equities	0.0%	39 Poland Govt Bonds	3.1%	39 Global Govt Bond Index	4.1%	39 US IG Corp Bonds	8.5%
40 China IG Corp Bonds	0.1%	40 Switzerland Govt Bonds	0.0%	40 Ireland Govt Bonds	2.9%	40 China IG Corp Bonds	3.9%	40 Switzerland Govt Bonds	8.4%
41 Singapore Equities	0.1%	41 Germany Govt Bonds	0.0%	41 US HY Corp Bonds	2.9%	41 Japan IG Corp Bonds	3.7%	41 Germany Govt Bonds	8.3%
42 China Govt Bonds	0.1%	42 France Equities	-0.1%	42 US IG Corp Bonds	2.7%	42 Poland Govt Bonds	3.4%	42 Australia Govt Bonds	7.4%
43 Hong Kong Govt Bonds	0.1%	43 Japan Govt Bonds	-0.1%	43 Spain Govt Bonds	2.6%	43 Korea Equities	3.4%	43 Singapore Govt Bonds	6.6%
44 Japan IG Corp Bonds	0.1%	44 Australia Equities	-0.1%	44 Portugal Govt Bonds	2.6%	44 China Govt Bonds	3.3%	44 Turkey Equities	6.5%
45 Japan Govt Bonds	0.1%	45 Japan IG Corp Bonds	-0.1%	45 Singapore Govt Bonds	2.5%	45 Germany Govt Bonds	3.0%	45 Global Govt Bond Index	5.6%
46 Korea Equities	0.0%	46 Singapore Equities	-0.2%	46 Italy Govt Bonds	2.5%	46 Switzerland Govt Bonds	2.9%	46 S. Africa Govt Bonds	3.2%
47 France Equities	-0.1%	47 Hong Kong Equities	-0.2%	47 France Govt Bonds	1.5%	47 Singapore Govt Bonds	2.8%	47 Russia Govt Bonds	2.4%
48 Poland Equities	-0.1%	48 Hong Kong Govt Bonds	-0.2%	48 Global Govt Bond Index	1.4%	48 US Govt Bonds	2.8%	48 China IG Corp Bonds	2.3%
49 India Govt Bonds	-0.2%	49 US Govt Bonds	-0.2%	49 US Govt Bonds	1.2%	49 Hong Kong Equities	2.5%	49 US Govt Bonds	2.3%
50 Hong Kong Equities	-0.6%	50 Korea Equities	-0.3%	50 Hong Kong Govt Bonds	1.1%	50 S. Africa Govt Bonds	2.4%	50 India Govt Bonds	1.8%
51 India Equities	-0.7%	51 Switzerland Equities	-0.4%	51 Indonesia Equities	0.9%	51 Germany Equities	2.4%	51 Hong Kong Govt Bonds	1.7%
52 Indonesia Govt Bonds	-1.2%	52 Turkey Govt Bonds	-0.5%	52 Japan Govt Bonds	0.6%	52 Canada Govt Bonds	2.4%	52 Turkey Govt Bonds	1.3%
53 Portugal Equities	-1.3%	53 India Govt Bonds	-1.1%	53 Japan IG Corp Bonds	0.5%	53 Hong Kong Govt Bonds	1.5%	53 Canada Govt Bonds	1.3%
54 China Equities	-1.3%	54 Turkey Equities	-1.6%	54 Germany Govt Bonds	0.4%	54 Mexico Equities	1.2%	54 China Govt Bonds	0.6%
55 Greece Equities	-1.4%	55 S. Africa Govt Bonds	-2.1%	55 Switzerland Govt Bonds	0.0%	55 Japan Equities	0.5%	55 Japan Govt Bonds	-1.3%
56 Italy Equities	-1.7%	56 Indonesia Govt Bonds	-3.3%	56 Indonesia Govt Bonds	-2.8%	56 Russia Equities	-1.5%	56 Japan IG Corp Bonds	-2.7%
57 Indonesia Equities	-1.8%	57 Ireland Equities	-5.9%	57 Ireland Equities	-5.4%	57 China Equities	-2.2%	57 Indonesia Equities	-2.9%
58 Ireland Equities	-3.4%	58 Indonesia Equities	-6.2%	58 Greece Equities	-9.1%	58 Russia Govt Bonds	-2.7%	58 Indonesia Govt Bonds	-15.7%

Source: BofA Merrill Lynch Global Investment Strategy, Bloomberg

Link to Definitions

Macro

Click here for definitions of commonly used terms.

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