

LatAm At A Glance

Halftime report

Modest growth amid political noise

We expect regional growth at 1.8% in 2024, below the 2.1% the region had in 2023. Our expectation for GDP growth for 2024 is 0.1pp higher than in our Year-Ahead report, as we now expect higher growth in Brazil, Chile, and Costa Rica, while we downgraded our GDP growth expectations for Argentina, Colombia, Ecuador, and Peru. We kept our expectations for Mexico unchanged. For our mid-year revisions see our [mid-year report](#).

Inflation continues to moderate across the region, and we expect inflation in LatAm at 4.0% in 2024, below the 4.7% observed in 2023. Services inflation has proven to be stickier than expected, but goods inflation has helped to bring inflation down. Risks remain to the upside in the region given the stickiness in services inflation.

On monetary policy, inflation targeters began the easing cycle well ahead of the Fed, yet we adjusted our forecasts as Fed cuts were delayed (our US economics team now expects the Fed to cut in Dec vs June in the Year Ahead {YA} report). In Brazil, we expect the selic rate at 10.50% for 24YE, while we expect Banxico to cut the rate to 9.75% for 24YE, in both cases a higher rate than what we expected in our YA forecasts. On the other hand, we expect lower rates for Chile and Colombia for 24YE vs our YA forecasts.

We had a busy electoral calendar in 1H24 with federal elections in Mexico, El Salvador, Dominican Republic, and Panama. For the rest of 2024, federal elections will take place in Venezuela and Uruguay, while Brazil and Chile will have municipals elections.

LDM: Uncertainty dethrones LatAm carry

Multiple episodes of high domestic uncertainty triggered selloffs across LatAm FX and rates. Higher volatility was negative for crowded high-carry FX positions. Given uncertainty and recent price action, we have stronger conviction in rates than in FX.

EXD: Colombia to MW, Stay OW Argentina & MW Ecuador

We upgraded our recommendation on Colombia's external debt to Marketweight, following underperformance into new fiscal projections. We stay Overweight in Argentina, looking for further upside on income taxes and IMF talks, but stay Marketweight in Ecuador given lack of positive catalysts and latent risks.

Equities: Downhearted

LatAm sentiment remains low amidst continued redemptions in Brazil and election results in Mexico. In Brazil, we remain overweight and continue to like banks bond proxies and domestic quality names leveraged to rates. In Mexico, reshuffling after elections, remain marketweight.

Trading ideas and investment strategies discussed herein may give rise to significant risk and are not suitable for all investors. Investors should have experience in relevant markets and the financial resources to absorb any losses arising from applying these ideas or strategies.

>> 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.

BofA Securities does and seeks to do business with issuers covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Refer to important disclosures on page 35 to 37. Analyst Certification on page 34.

Valuation & Risk on page 31.

12707225

Timestamp: 24 June 2024 07:59AM EDT

24 June 2024

GEM Economics
LatAm

Table of Contents

LDM strategy	2
External debt strategy	3
Equities Strategy	4
Brazil	5
Mexico	8
Argentina	11
Chile	13
Colombia	15
Peru	17
Ecuador	19
Uruguay	20
Venezuela	21
Central America and Caribbean	22
Macro, FX and Rates forecasts	27
Research Analysts	38

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

David Beker >>
Bz Econ/FI & LatAm EQ Strategy
Merrill Lynch (Brazil)

Jane Brauer
Sovereign Debt FI Strategist
BofAS

Ezequiel Aguirre

Pedro Diaz
Caribbean Economist
BofAS

Christian Gonzalez Rojas
LatAm Local Markets Strategist
BofAS

Lucas Martin, CFA
Sovereign Debt FI Strategist
BofAS

Alexander Müller
Andean(ex-Ven) Carib Economist
BofAS

Natacha Perez
Brazil Economist
Merrill Lynch (Brazil)

Sebastian Rondeau
Southern Cone & Venz Economist
BofAS

[See Team Page for List of Analysts](#)

Exhibit 1: Current vs old macro forecasts

We adjusted our GDP growth forecast for 2024 on the back of a revision for Argentina. Regional CPI inflation forecast remains unchanged.

	GDP growth					CPI %yoy (eop)					Monetary policy rate				
	2023	2024F		2025F		2023	2024F		2025F		Current	2024F		2025F	
		Current	old	Current	old		Current	old	Current	old		Current	old	Current	old
LatAm	2.1	1.8	1.7	2.3	2.3	4.7	4.0	4.0	3.7	3.7		-	-	-	-
Brazil	2.9	2.7	2.7	2.5	2.5	4.6	3.7	3.7	3.5	3.5	10.50	10.50	10.25	9.00	9.00
Mexico	3.2	1.8	1.8	1.0	1.0	4.7	4.5	4.6	4.4	4.4	11.00	9.75	9.75	8.50	8.00
Argentina	-1.8	-3.2	-4.0	3.0	3.0	211.4	148.2	156.2	55.4	59.8	40.00	40.0	40.0	30.0	30.0
Chile	0.2	2.7	2.8	2.0	2.0	3.4	4.5	3.9	3.7	3.2	10.50	5.50	5.00	4.75	4.75
Colombia	0.6	1.9	1.9	2.8	2.8	9.3	5.3	5.3	3.5	3.5	11.75	8.50	8.50	6.00	6.00
Costa Rica	5.1	4.2	4.2	3.8	3.8	-1.8	2.3	2.3	3.0	3.0	4.75	4.25	4.25	4.25	4.25
Dom Rep	2.3	4.8	4.8	4.9	4.9	3.6	3.5	3.5	4.5	4.5	7.00	6.25	6.25	6.00	6.00
Ecuador	2.4	-1.5	-1.3	2.0	2.1	1.3	2.3	2.3	1.8	1.8		-	-	-	-
El Salvador	3.5	2.7	2.7	2.8	2.8	1.2	1.7	1.7	1.4	1.4		-	-	-	-
Guatemala	3.5	3.5	3.5	4.0	4.0	4.2	2.8	3.1	3.4	3.4	5.00	4.75	4.75	3.75	3.75
Panama	7.3	2.0	2.0	3.6	3.6	1.9	1.7	1.7	1.5	1.5		-	-	-	-
Peru	-0.6	2.2	2.2	2.8	2.8	3.2	2.4	2.7	2.5	2.5	5.75	5.00	5.00	4.00	4.00
Uruguay	0.4	3.0	3.0	2.5	2.5	5.1	5.5	5.4	5.6	5.5	8.50	8.50	8.50	8.00	8.00
Venezuela	4.0	4.0	4.0	2.0	2.0	205	57	57.8	101	151.8		-	-	-	-

Source: BofA Global Research, Note: Old forecasts as of May 2024

BofA GLOBAL RESEARCH

LDM strategy

Ezequiel Aguirre
BofAS

Christian Gonzalez Rojas
BofAS

David Hauner, CFA >>
MLI (UK)

Uncertainty dethrones LatAm carry

Multiple episodes of high domestic uncertainty triggered selloffs across LatAm FX and rates. The higher volatility was particularly negative for crowded high-carry FX positions, such as the Mexican peso (MXN) and the Colombian peso (COP). Going forward, given the uncertainty and recent price action, we have stronger conviction in rates than in FX. Except for Chile, we believe that markets are too hawkish in LatAm.

Rates: There is still value in receivers

We continue to have strong conviction that central banks in LatAm will be able to implement deeper-than-expected easing cycles. Granted, idiosyncratic shocks on the fiscal and policy front pose challenges, but several countries in the region are already running monetary policy that seems too tight relative to where their inflation and growth dynamics stand. Hence, with US growth moderating and some signs of relief on the inflation front, LatAm central banks may turn more aggressive on the easing cycle.

In Brazil, we like to receive Jan29 DI (current: 11.91) as we think that only less than half of the recent selloff can be accounted by weaker fundamentals, namely higher inflation expectations and a weaker fiscal outlook (see [A positioning driven selloff and a chance to receive Jan29s](#)). The rest, in our view, is explained by positioning and risk aversion. Moreover, the central bank met this week for a rate decision, ending the easing cycle with a unanimous decision to keep the rate at 10.50%. We believe that, at current levels, the policy rate is at a contractionary level, as the over 7% real ex-ante policy rate is well above the 4.5% that the central bank views as neutral. As such, we expect the central bank to be in a position early next year to resume the easing cycle under a new leadership, especially if the Fed is also cutting rates.

In Mexico, we like to receive 2y TIEE vs. SOFR (current: 588), are long MBono 2029 (current: 10.21) and long MUDI 2026 breakeven (current: 3.71). After the surprising election outcome on June 2, we believe that the risks for an institutional deterioration in Mexico are much higher under a constitutional majority. Such a deterioration has



potential broad-based macro impact that will likely translate into rates that will be higher than they would otherwise be under a more balanced political equilibrium. However, even under a stressed scenario, we think rates should decline from current levels (see [As the dust settles](#)). Given current market pricing, we believe that value is largely concentrated in the front-end and belly of the curve. Risks to our trades are a more hawkish central bank or a meaningful escalation in policy risks.

In Colombia, we still see value in receivers. We like 5y IBR vs. SOFR (current: 411), as the market continues to expect a relatively shallow easing cycle. We expect the central bank to cut rates well below the 8.50% currently priced despite the higher fiscal risks, which should reflect in a steeper curve between the belly and back-end. Risks to our view are a reacceleration in inflation or a hawkish central bank.

FX: Is this the end of LatAm FX carry?

LatAm FX carry was dethroned by idiosyncratic noise that increased volatility and diluted carry-to-vol ratios. Stories were mostly focused on the fiscal and policy picture, while crowded long positioning exacerbated the selloffs.

With risks largely underpriced ahead of the June 2 election in Mexico (see [Mexico's election aftermath -sharper choices ahead](#)), the landslide victory of the incumbent party in Congress triggered a sharp MXN depreciation. In our view, MXN weakness should be structural as higher risk premium is warranted in the new equilibrium. In fact, our view is that MXN remains expensive relative to fundamentals (see [As the dust settles](#)). Hence, our bias is still to the bearish side. Initial indications are that Mexico's government will proceed with constitutional reforms that will remove checks and balances on the incumbent's power. Given the exchange rate remains overvalued, the new administration is unlikely to be overly concerned with additional currency depreciation making it more likely that reforms will happen. Banxico easing may further support currency weakness, as well as uncertainty from US elections.

In Colombia, expectations about a potential fiscal deterioration triggered COP weakness. We do not look to fade the selloff, as our core view had been that the market was underpricing Colombia's fiscal risks (see [Medium-Term Fiscal Framework preview](#)). While the tail risk that the government would abandon the fiscal rule was averted, fiscal challenges remain amid wide fiscal deficits over the next few years. The negative fiscal shock should warrant, in our view, higher risk premium and support our bearish view on the currency.

In Brazil, we keep our long BRL/JPY recommendation (current: 29.37) given that we continue to believe that BRL valuation remains attractive. The central bank has paused the easing cycle at still-high real interest rates, which could provide some support to the currency. Risks to our trade are Lula's heavy-handed approach to state intervention and Japan's potential intervention in foreign-exchange markets.

For a complete list of our open and closed trade ideas over the past 12 months, see our [GEMS weekly](#).

External debt strategy

Jane Brauer
BofAS

Lucas Martin, CFA
BofAS

Colombia: Upgrade to Marketweight after MTFF

We upgraded our recommendation on Colombia's external debt (EXD) to Marketweight from Underweight. Given the recent underperformance of Colombia's external curve relative to BB-rated peers, we think valuations now look fair. Our prior recommendation was based on the expectation of negative news from the government's medium-term fiscal framework (MTFF) presentation, which materialized and has been priced in by the market. We think Colombia will continue to trade cheap to its ratings, given the



incomplete fiscal adjustment, pipeline of external debt issuance, fiscal slippage, and risk from reforms. But after the release of the MTFF, we do not expect additional negative fiscal news in the short-term (see [Market digested negative MTFF news](#)).

Argentina: Further upside from income taxes, IMF talks

We initiated a new long ARGENT '38s trade (current: \$47) ahead of the Senate vote on the “omnibus” package of reforms (see [Argentina: Time to buy](#)). The Senate approved the package in general but made modifications and rejected the income tax increases (see [Milei's Law](#)). We keep the trade open and look for additional upside from the re-imposition of the income taxes in the final Lower House vote (our base case) and from IMF talks on a new program, where we see potential for fresh funds. A risk to the view is the FX policy and over-valuation of the exchange rate, which could limit the accumulation of international reserves.

Ecuador: Stay MW on latent risks, lack of catalysts

We lowered our growth forecasts for Ecuador and reaffirmed our Marketweight (MW) recommendation on its external bonds (see [Fiscal tightening during recession: Marketweight on EXD](#)). We see latent risks and no significant short-term potential positive catalysts. It is too early, in our view, to trade the 2025 elections. For an analysis on a potential debt for nature swap, see [Ecuador debt-for-nature swap: Back for more?](#).

Sovereign Debt Symposium in London

For takeaways from our inaugural Sovereign Debt Symposium in London, which focused on issues related to debt restructuring and debt distress, see [What did we learn?](#).

Equities Strategy

David Beker >>

Merrill Lynch (Brazil)

Equities: Downhearted

Sentiment remains repressed amid redemptions in Brazil, MX elections

LatAm sentiment remains low amidst continued redemptions in Brazil and election results in Mexico. We continue to lack buyers in the region: we saw an uptick in outflows from local equity funds in Brazil, and EM inflows remain absent.

As shown in our [LatAm Fund Manager Survey](#), expectations for Ibov and the BRL deteriorated. One-third of investors we surveyed say that price deterioration in Mexico after the elections is not over. Cash levels remain above historical average.

Another busy month goes by

US activity and inflation data are taking small steps in the right direction - a small relief for investor concerns around US rates. As LatAm investors wait for Fed cuts to come (our base case is first Fed cut in December), they navigated through elections in Mexico, impacts from the floodings in Rio Grande do Sul in Brazil, Petrobras' CEO change and tax developments in Brazil (discussions on restrictions for PIS/Cofins credits, cross-border taxes, tax reform).

Brazil: banks, bond proxies, quality leveraged to rates

In Brazil, we keep our allocation unchanged in our LatAm portfolio (see: [LatAm Equity Strategist](#)). We remain overweight and continue to like banks bond proxies (mainly within utilities) and domestic quality names leveraged to rates.

Mexico: reshuffling after elections, remain marketweight

In Mexico, we agree with our Mexico strategists to a more cautious view (see [Mexico Equity Strategy](#)), but we choose to remain marketweight as we find plenty of defensive options. We add exposure to USD earnings through real estate and TMT.



Brazil

David Beker >>
Merrill Lynch (Brazil)

Natacha Perez
Merrill Lynch (Brazil)

Pause mode

We (partially) did our homework, but external factors did not help

[We ended last year](#) expecting GDP growth of 2.2% (consensus was at 1.5%) in 2024, on the back of a monetary easing cycle and fiscal expansion due to municipal elections. We foresaw that selic would be lowered at a 50 bps per meeting pace, until a final cut 25 bps cut, reaching 9.50%. We continue to expect inflation measured by IPCA to reach 3.7% in 24YE, decelerating to 3.5% in 25YE and in 26YE.

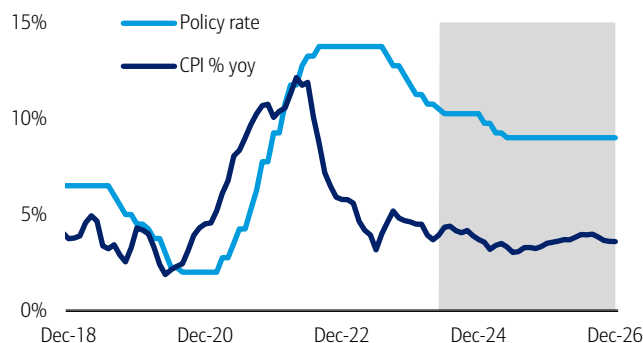
Recently, we revised our forecast to 2.7% GDP growth in 2024. This change stems from a structural improvement on Brazilian economy, with [lower non-accelerating rate of unemployment \(NAIRU\) and higher potential GDP](#). There are downside risks to our forecast, such as the floodings in the Rio Grande do Sul state (RS), which may curb GDP expansion mostly in 2Q24. However, we expect a rebound in 2H24, in part boosted by the reconstruction of RS state. Our view for 2025 growth is unchanged at 2.5%. We expect some deceleration toward 2.2% in 2026, in line with our potential GDP growth.

Shifts in the scenario motivated updates in our monetary policy call. On the external front, the resilience of the US economy drove markets towards more caution. On the domestic front, inflation expectations de-anchored after a [split vote in May's copom meeting](#). All in, we expect the selic rate to stay at 10.50% until year-end. As the Fed should start monetary flexibilization in December, Brazilian central bank should be able to resume the easing cycle early next year, reaching 9.0% in 25YE and 26YE – at neutral stance.

On the fiscal side, [short-term prospect is better](#). The new fiscal framework sets primary targets that, if not achieved, limits spending in the following year. Both 2024 and 2025 targets are at zero-deficit. The Finance Minister promoted a revenue boosting agenda, which brought relief. The expenditures side, however, did not improve. We revised slightly up our primary deficit forecasts to 0.3% in 24' and 0.6% in 25' – from previously estimated deficits of 0.4% and 0.9%, respectively. Fiscal should remain challenging, and we expect a primary deficit of 0.3% in 26' (below government's target of a 0.5% surplus).

Exhibit 2: Paused easing cycle

Basic interest rate (%p.a.)

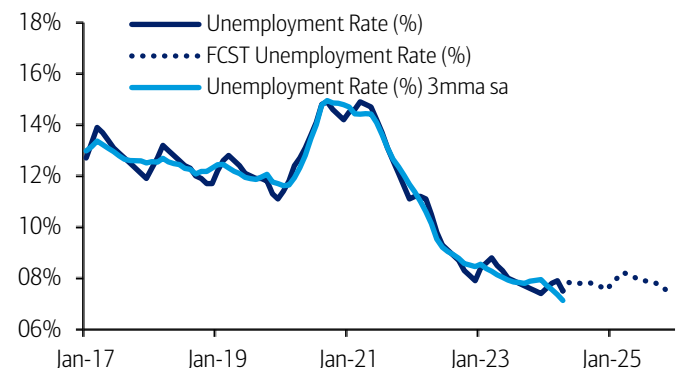


Source: BofA Global Research, BCB, IBGE

BofA GLOBAL RESEARCH

Exhibit 3: labor market remains strong

Unemployment seems to have stabilized around 7.9%



Source: BofA Global Research, IBGE

BofA GLOBAL RESEARCH



Healthy growth in 1Q, but risks lie ahead

[The 1Q24 GDP data was released on 4th June](#). GDP increased 0.8% qoqsa, above market expectations of 0.7%. Compared to the first quarter of 2023, there was real growth of 2.5%. With a healthy composition, growth stemmed from household consumption and investment, as opposed to agriculture-driven growth in 2023. Both are being benefited from the current macroeconomic environment with [tight labor market](#), large government transfers (precatórios or court-ordered debts) and [easier credit conditions](#).

[Some moderation in April data](#). Economic Activity (IBC-Br Index) was stable, following a decline of 0.36% momsa in March. In year-over-year terms, it accelerated to 4.0% (from -1.7%), due to more working days than last year. With this print, 2Q24 started in a neutral ground for activity. The stability resulted from mixed high-frequency data, with positive services volume, [negative industrial production](#) and mixed retail sales report.

In May, our [BofA Brazil Activity Coincident Tracker](#) confirmed the foreseen deceleration. The index declined to -0.28pts, against 0.65pts in April. This weak result reflected auto sales drop, along with smaller contribution from consumer confidence – both on the back of Rio Grande do Sul floods. Momentum turned neutral (3mma metrics at -0.02pts, from 0.20pts), reinforcing our view of a weaker second quarter.

Paused easing cycle

In a unanimous decision, the Monetary Policy Committee (Copom) decided to leave the [selic rate unchanged at 10.50%](#) in June's meeting. The board highlighted concerns with underlying inflation measures and an external uncertain backdrop. There was no forward guidance, but the board presented an alternative scenario in which stability in rates would be able to bring inflation back to the target in 2025. We expect the COPOM to hold rates until the end of the year and resume the easing cycle early in 2025. We expect the selic rate to be reduced to 9.0% at YE25 and then remain stable in 2026.

The bulk of disinflation is behind us

[IPCA inflation returned to accelerate in May](#). Inflation was at 0.46% month-over-month, from 0.38% in April. In 12-month accumulated terms, it accelerated to 3.93%, up from 3.69%. Inflation momentum was stable at 3.2%, and average core at 3.0%. Diffusion index (percentage of items that recorded inflation in the month) ex-food index decreased from 60.3% to 55.5%. The main increases were due to negative supply shocks. Inflation should oscillate around its May level before closing the year at 3.7%.

Currency moved on towards more depreciation

We are revising our forecast to BRL 5.25 in 24YE (from BRL 5.00), BRL 5.50 in 25YE (from BRL 5.25). The currency in Brazil experienced further depreciation recently, given higher fiscal noise, and delayed FED's first cut. FX should continue depreciating and reach BRL 5.75 in 26YE. Regarding the external sector, imports are increasing with higher internal demand, and exports are decelerating, due to lower iron ore prices and agricultural production (2023 crop was a record). We forecast the trade balance at US\$64.3bn for 24', with further deceleration in 25' to US\$51.3bn. All in, we expect the Current Account to register deficits of US\$41bn in 2024, US\$55bn in 2025 and US\$48bn in 2026. The high levels of FDI should continue to be more than enough to maintain the external basic balance in positive ground.

Exhibit 4: Major macro forecasts

GDP growth expected at 2.7% in 2024

	2023	2024F	2025F
Real GDP (% yoy sa)	2.9	2.7	2.5
CPI (% yoy)	4.6	3.7	3.5
Policy Rate (eop)	11.75	10.50	9.00
Fiscal Bal (%/GDP)	-8.9	-6.2	-6.4
CurAct Bal (%/GDP)	-1.4	-1.9	-2.4

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 5: BRL forecasts

USDBRL at 5.25 for 24YE;

	Q3 24	Q4 24	Q1 25	Q2 25
USD-BRL	19.25	19.50	20.00	20.50

Source: BofA Global Research

BofA GLOBAL RESEARCH



Exhibit 6: Brazil

Selected economic and financial indicators

	2016	2017	2018	2019	2020	2021	2022	2023	2024F	2025F
Summary Data										
Nominal GDP (US\$ bn)	1800	2063	1916	1873	1476	1649	1912	2176	2204	2296
GDP per capita (US\$)	9146	10428	9635	9368	7342	8165	9415	10063	10123	10483
Unemployment Rate (%) (PNAD)*	11.7	12.9	12.4	12.0	13.9	13.5	9.5	8.0	7.5	7.5
Population (millions)	197	198	199	200	201	202	203	216	218	219
Economic Activity										
Real GDP growth (% yoy)	-3.3	1.3	1.8	1.2	-3.3	5.0	2.9	2.9	2.7	2.5
Domestic demand growth (% yoy)	-4.3	0.8	2.5	2.2	-3.9	6.1	3.1	1.8	3.0	3.5
Real investment growth (% yoy)	-12.1	-2.6	5.2	4.0	-1.7	16.5	0.9	-3.0	2.2	1.7
Real consumption growth (% yoy)	-2.9	1.3	2.0	1.9	-4.3	3.6	3.7	2.8	3.2	3.9
Real private consumption growth (% yoy)	-3.8	2.0	2.4	2.6	-4.6	3.7	4.3	3.1	3.5	4.6
Real government consumption growth (% yoy)	0.2	-0.7	0.8	-0.5	-3.7	3.5	1.5	1.7	2.0	1.5
Real export growth (% yoy)	0.9	4.9	4.1	-2.6	-2.3	5.9	5.5	9.1	3.1	-0.8
Real import growth (% yoy)	-10.3	6.7	7.7	1.3	-9.5	12.0	0.8	-1.2	4.6	4.9
Prices										
CPI inflation (% yoy, eop)	6.3	2.9	3.7	4.3	4.5	10.1	5.8	4.6	3.7	3.5
CPI inflation (% yoy, avg)	8.7	3.4	3.7	3.7	3.2	8.3	9.3	4.6	4.1	3.4
Nominal wages (% yoy)	6.7	5.4	5.2	4.3	7.5	1.3	6.9	10.5	7.4	5.8
Nominal exchange rate (vs USD, eop)	3.26	3.31	3.87	4.03	5.20	5.58	5.22	4.86	5.25	5.50
Nominal exchange rate (vs USD, avg)	3.48	3.20	3.66	3.94	5.19	5.39	5.15	5.00	5.20	5.33
Bilateral real exchange rate (% yoy, + dep)	-	-	-	-	-	-	-	-	-	-
Monetary Sector										
Monetary base growth (% yoy)	5.9	9.8	1.8	4.8	36.3	-5.2	2.6	7.5	6.5	6.0
Broad money growth (% yoy)	4.6	5.7	6.9	9.1	43.2	-1.6	1.1	7.1	6.2	6.4
Credit extension to private sector (% yoy)	-3.5	-0.4	5.1	6.5	15.7	16.4	14.5	12.0	9.5	10.1
Central bank policy rate (% eop)	13.75	7.00	6.50	4.50	2.00	9.25	13.75	11.75	10.50	9.00
1-month interbank rate (% eop)	13.63	6.99	6.40	4.59	1.90	9.15	13.65	11.65	10.15	8.90
Long-term yield (% eop)	-	-	-	-	-	-	-	-	-	-
External Sector										
Current account balance (% of GDP)	-1.7	-1.2	-2.9	-3.6	-1.9	-2.8	-2.5	-1.3	-1.9	-2.4
Current account balance (US\$ bn)	-30.5	-25.3	-54.8	-68.0	-28.2	-46.4	-48.3	-28.6	-40.9	-55.1
Trade balance (US\$ bn)	44.5	57.3	43.4	26.5	32.4	36.4	44.2	80.6	64.3	51.3
Exports, f.o.b. (US\$ bn)	184.3	218.0	239.5	225.8	210.7	284.0	340.3	344.4	342.1	346.1
main export	-	-	-	-	-	-	-	-	-	-
Imports, c.i.f. (US\$ bn)	139.7	160.7	196.1	199.3	178.3	247.6	296.2	263.8	277.8	294.8
Service balance (US\$, bn)	-36.7	-41.6	-39.3	-38.5	-24.7	-27.0	-39.6	-37.6	-39.5	-44.5
Income balance (US\$, bn)	-38.4	-41.0	-58.8	-56.1	-37.1	-55.8	-54.8	-71.5	-69.4	-65.7
Foreign direct investment (US\$ bn)	74.3	68.9	78.2	69.2	38.3	46.4	74.6	62.0	65.0	70.0
Intercompany Loans (US\$, bn)	25.4	4.9	20.8	5.5	4.2	-0.4	21.1	23.1	23.3	25.1
International reserves (US\$ bn)	369.3	381.0	379.4	385.7	354.7	362.2	324.7	355.0	351.4	351.4
Public Sector										
Central gov. primary budget balance (% of GDP)	-2.5	-1.8	-1.7	-1.2	-9.8	-0.4	0.6	-2.4	-0.4	-0.7
Central gov. budget balance (% of GDP)	-7.6	-7.0	-6.1	-5.4	-13.3	-5.0	-4.5	-8.1	-5.7	-5.9
Consolidated gov. primary budget balance (% of GDP)	-2.5	-1.7	-1.6	-0.8	-9.2	0.7	1.3	-2.3	-0.3	-0.6
Consolidated public sector balance (% of GDP)	-9.0	-7.8	-7.0	-5.8	-13.3	-4.3	-4.6	-8.9	-6.2	-6.4
Central gov. revenues (% of GDP)	21.0	21.0	21.3	22.1	19.3	21.7	23.3	21.6	23.3	23.6
Debt Indicators										
Gross external debt (% of GDP)	30.2	26.4	29.2	30.6	37.6	34.4	30.1	26.8	26.6	26.1
Public (% of GDP)	10.1	9.4	9.6	9.4	10.8	10.9	9.2	8.7	9.2	9.1
Private (% of GDP)	20.1	17.0	19.6	21.2	26.8	23.5	20.9	18.1	17.4	17.0
Gross government debt (% of GDP)	69.8	73.7	75.3	74.3	88.8	78.3	72.9	76.1	76.1	78.1
Domestic (% of GDP)	59.8	64.3	65.7	65.0	76.1	67.4	63.7	67.4	66.9	69.0
External (% of GDP)	10.1	9.4	9.6	9.4	10.8	10.9	9.2	8.7	9.2	9.1
External debt amortizations (US\$ bn)	64.0	54.8	30.1	28.5	37.8	24.9	47.9	54.7	37.8	28.8
External debt interest payments (US\$ bn)	20.5	21.1	22.1	28.0	23.4	23.0	22.5	26.6	20.8	19.6
External debt service (% of XGS)	45.8	34.8	21.8	25.1	29.0	16.9	20.7	23.6	17.1	14.0
Savings - Investment Balance										
Savings (% of GDP)	13.8	13.3	12.2	11.8	14.6	16.1	16.0	16.2	15.5	14.8
Investment (% of GDP)	15.5	14.6	15.1	15.5	16.6	18.9	18.8	17.5	17.3	17.2
Quarterly Economic Forecasts										
Real GDP growth (% yoy)	2.0	2.1	2.5	2.5	2.1	2.3	2.0	2.3	2.7	3.0
Real GDP growth (% qoq, sa, annualized)	0.3	-0.4	2.7	-1.3	0.9	3.2	4.0	3.2	2.3	1.6
CPI inflation (% yoy, eop)	3.9	3.2	3.9	4.0	4.3	3.7	3.4	3.4	3.1	3.5
Central bank policy rate (% eop)	12.75	11.75	10.75	10.50	10.50	10.50	9.50	9.00	9.00	9.00
Nominal exchange rate (vs USD, eop)	5.0	4.86	5.01	5.35	5.30	5.25	5.25	5.3	5.4	5.5
Current account balance (US\$ bn)	-7.4	-10.8	-14.8	1.0	-11.7	-18.2	-19.4	3.5	-8.4	-17.0

Source: BofA Global Research

BofA GLOBAL RESEARCH

Mexico

Carlos Capistran
BofAS

Christian Gonzalez Rojas
BofAS

All eyes on reforms

A surprising electoral result

[Claudia Sheinbaum and the ruling Morena party won big](#) on Mexican elections on June 2. She won with almost 60% of the votes and with a 30pp difference over the 2nd place. The ruling coalition got very close to having a qualified (66%) majority in congress (it is short only two senators), which in practice will allow it to modify the constitution. The latter was a surprise, as the consensus expectation was for the ruling coalition to win only a simple majority. The strong mandate that the ruling coalition got means that [AMLO's policies will continue](#). We expect Sheinbaum to support higher wages, expansion of social programs, and more infrastructure projects. We also expect her to support Pemex and CFE. Sheinbaum is also likely to maintain a focus on Banxico's independence and keeping debt-to-GDP contained. In contrast to AMLO, Sheinbaum is likely to allow private investment in energy and to accelerate the transition to renewable energy.

All eyes on potential constitutional reforms

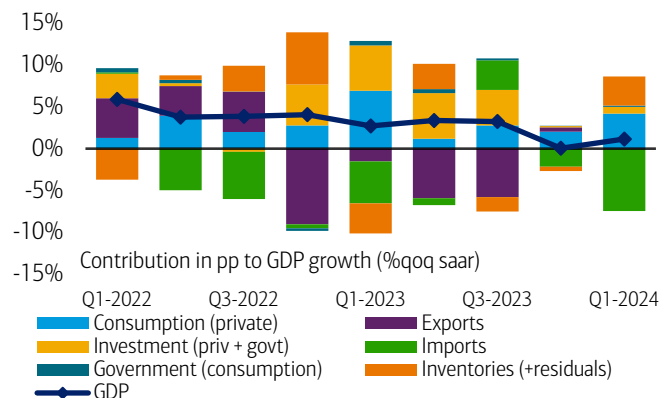
That the ruling coalition is able to modify the constitution means that [AMLO's 20 proposals](#) to change it, along with new ones proposed by Sheinbaum, are likely to be approved by congress in the second half of the year (congress takes office in September). These reforms, if approved as proposed, would weaken checks and balances, and increase government expenditure, which explains in part the drop in asset prices after the election (MXN fell almost 10% in a week). Investors are likely to concentrate on the reform to the supreme court and the reforms with fiscal costs.

Economic activity with a soft print in 1Q24

Economic activity remained weak at the beginning of 2024, although it improved relative to the end of 2023. GDP increased 1.1% qoq saar in 1Q24 (vs 0.0% in 4Q23). The breakdown for 1Q shows that private consumption expanded at 6.0% qoq saar (vs. 2.9% in 4Q23), while investment (public + private) also supported overall growth at 3.2% qoq saar (vs. 0.6% in 4Q23). So, the domestic economy remains relatively strong. But exports were relatively weak at -0.2% qoq saar, possibly impacted by a very strong Peso. And on the supply side, imports soared at 17.5% qoq saar, also likely due to the strong Peso (Exhibit 7). We still expect further deceleration in 2H following a reduction in government expenditure after the election. The reduction in government investment will likely more than compensate for the increase in expenditure in social programs. All eyes on the budget for 2025, to be released in November.

Exhibit 7: Contributions to GDP growth

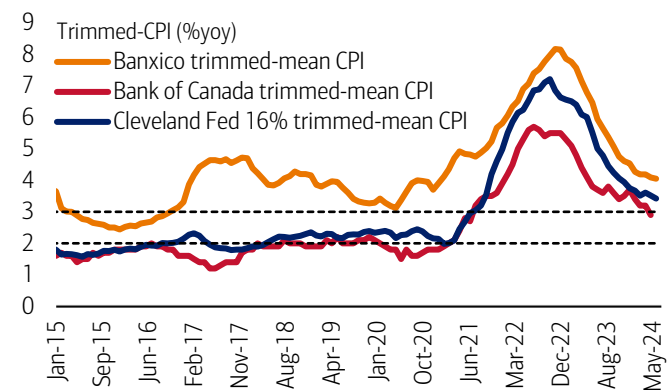
The domestic economy rebounded led by consumption



Source: BofA Global Research, INEGI

Exhibit 8: Banxico, BoC, and US Fed CPI-trimmed measures (%yoy)

The disinflationary process continues in North America



Source: BofA Global Research, Banco de Mexico, Bank of Canada, US Fed, Bloomberg
BofA GLOBAL RESEARCH



MXN is a risk for higher inflation

Headline inflation surprised to the downside in May, remaining at 4.7% yoy, driven by lower energy prices. On the other hand, core inflation fell to 4.2% yoy from 4.4%, which [leaves the door open for Banxico to cut despite MXN volatility](#). While MXN depreciated significantly after the election, pass-through is low and we expect it to be even lower this time around given that MXN weakened from a very strong level. Two more upside risks to inflation are the [severe drought](#) in Mexico and the lack of central bank credibility, as there are no inflation expectations, from the market or analysts, for any horizon, at the target. We expect inflation at 4.5% yoy by end-2024 and at 4.4% by end-2025.

We expect Banxico to continue cutting the policy rate

We expect Banxico to cut the overnight policy rate by 25bp on June 27, leaving it at 10.75%. After June, we expect Banxico to follow a continuous easing path, leaving the rate at 9.75% by year-end. In 2025, we now expect Banxico to continue cutting but to 8.50%, up from 8.00% before, in part due to the potential changes to the Mexican constitution. Overall, our case for cuts is based on: (1) Banxico communications still point towards further cuts; (2) core inflation continues to fall; and (3) the economy is already growing [below potential](#), and we expect further deceleration going forward, which should loosen the labor market and help inflation. Risks to inflation remain to the upside and hence the risk is that Banxico cuts less than what we expect.

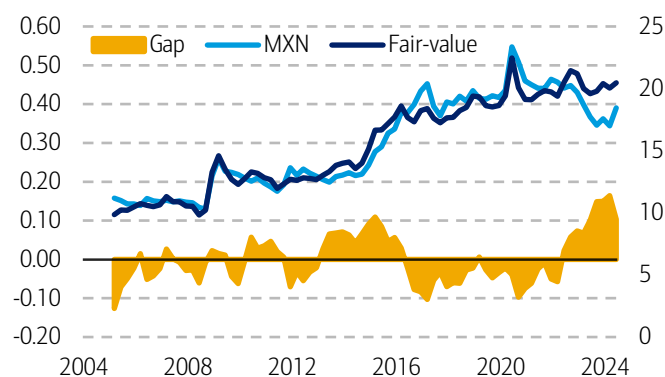
Strategy: The end of the Super Peso, seek value in rates

With [risks largely underpriced ahead of the election](#), the peso has weakened more than 7% since the surprising outcome on June 2. While this has reduced MXN overvaluation, our view is that [MXN remains expensive](#) relative to macro fundamentals (Exhibit 9). Overall, we do not expect a meaningful unwind in MXN risk premium, as we think risks of a permanent institutional deterioration are much higher under a constitutional majority. MXN still faces several risks beyond a further deterioration in policy uncertainty. On the domestic front, the market is not yet pricing a full Banxico easing cycle, so dovish surprises may reflect in a weaker currency as MXN's carry appeal fades even further. On the external front, US election noise may trigger additional currency weakness.

In our view, rates provide attractive value. While we believe that rates will be higher than they would be under a more balanced political equilibrium, we think they should decline from current levels. Monetary policy is remarkably tight, and the market is pricing very few cuts. We prefer the front end and belly, as we think the curve should steepen to reflect the higher risk premium. We like receiving 2y TIIE vs. SOFR (current: 593) and long MBoon 2029 (current: 10.31). Risks are sticky inflation and a hawkish Banxico.

Exhibit 9: Mexican peso fair value based on our BEER model

The Mexican peso remains overvalued relative to macro fundamentals



Source: BofA Global Research, Bloomberg. Fair value corresponds to fitted values of a linear regression of real trade-weighted exchange rate to real interest rate differentials (adjusted for risk premia), productivity differentials in the manufacturing sector and Mexico's terms-of-trade.

BofA GLOBAL RESEARCH

Exhibit 10: MXN forecasts

We expect USDMXN at 19.50 by end-2024

	Q3 24	Q4 24	Q1 25	Q2 25
USD-MXN	19.25	19.50	20.00	20.50

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 11: Major macro forecasts

We expect Mexico to grow 1.8% in 2024

	2023	2024F	2025F
Real GDP (% yoy sa)	3.2	1.8	1.0
CPI (% yoy)	4.7	4.5	4.4
Policy Rate (eop)	11.25	9.75	8.50
Fiscal Bal (%/GDP)	-3.4	-5.0	-3.5
CurAct Bal (%/GDP)	-0.3	-0.2	0.1

Source: BofA Global Research

BofA GLOBAL RESEARCH



Exhibit 12: Mexico

Selected economic and financial indicators

	2016	2017	2018	2019	2020	2021	2022	2023	2024F	2025F
Summary Data										
Nominal GDP (US\$ bn)	1,097	1,206	1,265	1,300	1,086	1,309	1,481	1,827	1,826	1,730
GDP per capita (US\$)	8,942	9,721	10,092	10,269	8,500	10,152	11,379	13,921	13,804	12,975
Unemployment rate (%)	3.9	3.4	3.3	3.5	4.4	4.1	3.3	2.8	3.8	4.5
Population (millions)	122.7	124.0	125.3	126.6	127.8	129.0	130.1	131.2	132.3	133.4
Economic Activity										
Real GDP growth (% yoy)	1.5	2.1	2.0	-0.4	-8.5	6.3	3.7	3.2	1.8	1.0
Domestic demand growth (% yoy)	1.6	1.4	1.2	-0.6	-10.8	8.1	5.1	7.4	2.8	1.4
Real investment growth (% yoy)	0.6	-0.5	0.7	-4.4	-17.2	10.5	7.5	17.9	3.3	1.5
Real consumption growth (% yoy)	1.8	1.7	1.7	0.5	-8.7	7.2	4.5	4.6	2.3	2.0
Real private consumption growth (% yoy)	1.8	1.9	1.5	0.9	-10.0	8.6	4.9	5.0	2.8	2.0
Real government consumption growth (% yoy)	1.9	0.4	3.1	-1.8	-0.7	-0.5	1.7	2.1	-0.8	1.5
Real export growth (% yoy)	2.7	3.5	6.5	1.3	-7.2	7.3	9.0	-7.3	-0.1	2.8
Real import growth (% yoy)	2.1	6.1	5.6	-1.0	-12.3	16.2	7.6	5.0	2.4	2.6
Prices										
CPI inflation (% yoy, eop)	3.4	6.8	4.8	2.8	3.2	7.4	7.8	4.7	4.5	4.4
CPI inflation (% yoy, avg)	2.8	6.0	4.9	3.6	3.4	5.7	7.9	5.5	4.5	4.4
Nominal wages (% yoy)	3.8	4.8	5.7	6.7	7.3	7.2	10.8	10.9	9.5	6.1
Nominal exchange rate (vs USD, eop)	20.73	19.66	19.65	18.93	19.91	20.53	19.50	17.0	19.5	21.0
Nominal exchange rate (vs USD, avg)	18.92	18.69	19.11	19.33	22.17	20.38	19.91	17.39	18.48	20.56
Bilateral real exchange rate (% yoy, + dep)	20.7	-7.1	5.8	-5.0	4.2	5.0	-6.7	-12.0	13.2	5.4
Monetary Sector										
Monetary base growth (% yoy)	14.4	8.8	8.3	4.1	21.6	15.2	10.6	9.6	7.1	3.5
Broad money growth (% yoy)	11.0	8.1	6.6	7.0	11.0	9.7	10.0	10.4	5.1	4.0
Credit extension to private sector (% yoy)	15.1	12.0	10.3	5.7	0.6	4.3	12.6	12.7	4.5	5.9
Central bank policy rate (% eop)	5.75	7.25	8.25	7.25	4.25	5.50	10.50	11.25	9.75	8.50
1-month interbank rate (% eop)	6.11	7.63	8.59	7.56	4.48	5.72	10.77	11.50	10.07	8.82
Long-term yield (% eop)	7.44	7.66	8.66	6.91	5.55	7.57	9.04	8.95	9.20	9.00
External Sector										
Current account balance (% of GDP)	-2.4	-1.8	-2.1	-0.3	2.5	-0.3	-1.2	-0.3	-0.2	0.1
Current account balance (US\$ bn)	-25.3	-21.4	-25.9	-3.9	26.9	-4.5	-17.6	-5.4	-4.0	1.9
Trade balance (US\$ bn)	-13.1	-11.0	-13.8	5.2	34.2	-10.7	-27.1	-5.5	-1.8	-0.9
Exports, f.o.b. (US\$ bn)	374.3	409.8	451.1	460.9	417.3	495.3	578.2	593.6	627.7	673.9
Main export - Autos	91.2	104.2	118.4	125.1	102.8	116.5	140.3	161.7	174.3	186.9
Imports, c.i.f. (US\$ bn)	387.4	420.8	464.8	455.8	383.2	506.0	605.3	599.1	629.5	674.8
Service balance (US\$ bn)	-10.6	-11.7	-13.8	-9.4	-12.4	-12.4	-15.5	-19.3	-15.7	-17.0
Income balance (US\$ bn)	-29.5	-29.7	-32.6	-36.7	-37.0	-33.9	-33.8	-43.7	-50.5	-43.7
Foreign direct investment (US\$ bn)	38.9	33.1	37.9	29.9	31.5	33.7	39.1	30.0	31.5	32.5
International reserves (US\$ bn)	176.5	172.8	174.6	180.8	195.7	202.4	199.1	212.8	218.0	221.0
Remittances (US\$ bn)	27.6	30.9	34.4	37.3	41.7	52.5	58.9	63.3	64.2	63.6
Price of main export commodity - oil (US\$ per barrel)	35.9	46.4	62.1	56.1	35.7	64.7	89.3	71.2	83.2	76.8
Public Sector										
Central gov. primary budget balance (% of GDP)	-1.2	0.8	-0.1	0.1	-0.1	-1.1	-1.1	-1.1	-2.4	-1.4
Central gov. budget balance (% of GDP)	-2.9	-1.0	-2.0	-2.0	-2.5	-3.1	-3.4	-3.8	-5.6	-4.5
Consolidated gov. primary budget balance (% of GDP)	-0.1	1.4	0.6	1.1	0.1	-0.3	-0.4	-0.1	-1.4	0.0
Consolidated public sector balance (% of GDP)	-2.4	-1.1	-2.0	-1.6	-2.8	-2.8	-3.2	-3.4	-5.0	-3.5
Central gov. revenues (% of GDP)	17.2	17.0	16.0	15.9	17.0	16.2	16.2	16.1	16.6	16.2
Debt Indicators										
Gross external debt (% of GDP)	28.9	26.9	25.4	23.7	27.9	25.9	21.1	17.8	17.8	18.0
Public (% of GDP)	18.1	17.0	16.5	15.3	18.5	17.1	14.3	11.9	11.4	11.6
Private (% of GDP)	10.8	9.9	9.0	8.4	9.3	8.8	6.8	5.9	6.4	6.4
Gross government debt (% of GDP)	47.9	45.6	45.6	45.5	51.7	50.7	48.3	46.8	50.2	51.1
Domestic (% of GDP)	29.8	28.6	29.1	30.1	33.1	33.6	33.9	34.9	37.5	38.0
External (% of GDP)	18.1	17.0	16.5	15.3	18.5	17.1	14.3	11.9	12.7	13.1
External debt amortizations (US\$ bn)	4.6	2.8	4.9	5.8	11.3	9.9	8.8	9.2	11.7	12.0
External debt interest payments (US\$ bn)	6.0	6.8	7.6	8.1	8.0	8.5	8.2	9.5	9.2	9.4
External debt service (% of XGS)	2.8	2.3	2.8	3.0	4.6	3.7	2.9	3.2	3.3	3.5
Savings - Investment Balance										
Savings (% of GDP)	20.8	21.1	21.3	20.6	20.7	20.0	19.4	18.3	17.9	17.2
Investment (% of GDP)	24.0	23.4	23.1	22.1	20.0	20.8	21.6	24.7	25.0	25.1
Quarterly Economic Forecasts										
Real GDP growth (% yoy)	3.5	2.5	1.9	1.8	1.5	1.9	1.7	1.1	0.7	0.6
Real GDP growth (% qoq, sa, annualized)	4.3	0.3	1.1	3.0	2.3	1.4	0.2	0.6	0.7	0.8
CPI inflation (% yoy, eop)	4.5	4.7	4.4	4.6	4.3	4.5	4.5	4.4	4.5	4.4
Central bank policy rate (% eop)	11.25	11.25	11.00	10.75	10.25	9.75	9.25	8.75	8.50	8.50
Nominal exchange rate (vs USD, eop)	17.42	16.97	16.56	18.60	19.25	19.50	20.00	20.50	20.75	21.00
Current account balance (US\$ bn)	0.9	11.7	-12.6	-14.4	6.1	16.9	-5.8	-11.8	2.1	17.4

Source: BofA Global Research

BofA GLOBAL RESEARCH



Argentina

Sebastian Rondeau
BofAS

Congress Progress

Bases bill advances in Congress

The Senate approved all the chapters of the [Bases bill](#) and part of the fiscal package (it rejected income taxes and wealth tax cut), an important signal of governability. The Bases bill features a stimulus for large investments (RIGI) in key sectors, privatizations of public companies, delegated powers, labor modernization and hydrocarbons deregulation. Now the bills go back to the Lower House and will likely be approved, in our view (the government will insist on income taxes).

The government accepted changes that diluted the bills approved in the Lower House (e.g., fewer companies to be privatized, more restrictive tax amnesty and keeping the pension moratorium). But we still think it is an important step ahead to reform the state and attract investment. After the congress progress, Argentina announced it will seek a new IMF program including fresh funds.

The great disinflation

Inflation has declined much faster than anticipated, down to 4.2% mom in May, from 8.8% in April (peak 25% in December). The disinflation follows a large fiscal adjustment, a deep recession and slow ARS depreciation (2% a month). We lowered our inflation forecast to 148% in 2024 (from 158% last month), down from 211% last year. We see a further decline to 55% in 2025 (60% before). The government resumed electricity and natural gas price hikes in June (up to 100%). We see a 4% GDP contraction this year. (Imae activity index is down 5.1% yoy in 1Q).

FX has been under pressure last month. The slow ARS depreciation (2% monthly) is still way below inflation and raises concerns about an overvalued ARS. The parallel FX gap vs official jumped to about 40% from 20% before. We expect BCRA to accelerate ARS (in 3Q) after congress and IMF discussions and start a gradual lifting of FX controls. Net international reserves increased \$11bn since December but are still low (\$0bn) and the pace of accumulation has slowed down. BCRA managed to roll-over \$5bn China currency swap for a year. IMF disbursed \$800mn loan this month amid the 8th program review, as the country over-delivered all quantitative targets. FX debt payments loom.

Government achieved fiscal balance through May

The government seeks a balanced budget through a 5% of GDP adjustment for 2024 (3% of GDP spending cuts). In January-May the government accumulated a 0.4% of GDP surplus, amid large decline in spending (-32% yoy real), and some delay in payments. A pension formula indexed to CPI was passed by decree (+12.5% real increase). The deep recession is affecting government revenue, but a better harvest and one-off revenues are cushioning the shock. We forecast a 1.1% of GDP primary surplus in 2024 (from 2.8% deficit last year). Import taxes expire in December posing a challenge for 2025.

Exhibit: Major macro forecasts

Large recession in 2024

	2023	2024F	2025F
Real GDP (% yoy sa)	-1.8	-4.0	3.0
CPI (% yoy)	211	148	55
Curr Acct Bal (%/GDP)	-4.4	0.2	-0.3
Fiscal Bal (%/GDP)	-2.8	1.1	1.1
Policy Rate % (end-period)	100	40	30

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 13: ARS forecasts

ARS real appreciation

	Q3 24	Q4 24	Q1 25	Q2 25
USD-ARS	1070	1330	1517	1682

Source: BofA Global Research

BofA GLOBAL RESEARCH



Exhibit 14: Argentina

Selected economic and financial indicators

	2016	2017	2018	2019	2020	2021F	2022	2023F	2024F	2025F
Summary Data										
Nominal GDP (US\$ bn)	513.0	597.8	515.1	447.7	303.4	399.0	497.9	478.5	581.6	620.7
GDP per capita (US\$)	12,507	13,573	11,574	9,948	6,673	8,683	10,720	10,191	12,258	12,943
Unemployment rate (%)	7.6	7.2	9.6	11.0	12.0	7.0	7.0	6.0	8.0	8.0
Population (millions)	43.6	44.0	44.5	45.0	45.5	46.0	46.4	46.9	47.4	48.0
Economic Activity										
Real GDP growth (% yoy)	-2.1	2.8	-2.6	-2.0	-9.9	10.4	5.2	-1.8	-4.0	3.0
Domestic demand growth (% yoy)	-0.5	5.5	-3.0	-5.9	-11.4	13.5	8.7	1.7	-9.0	5.0
Real investment growth (% yoy)	-5.8	13.4	-5.7	-15.9	-12.9	33.4	10.9	2.4	-11.8	12.0
Real consumption growth (% yoy)	-0.7	3.9	-2.2	-6.3	-12.1	9.5	8.2	1.6	-8.4	3.3
Real private consumption growth (% yoy)	-0.8	4.2	-2.2	-7.3	-13.8	10.0	9.4	1.2	-8.5	3.3
Real government consumption growth (% yoy)	-0.5	2.6	-1.9	-1.2	-3.3	7.1	1.8	3.4	-7.8	3.0
Real export growth (% yoy)	5.3	2.6	0.6	9.1	-17.3	9.2	5.7	-8.8	7.7	3.0
Real import growth (% yoy)	5.8	15.6	-4.5	-19.0	-17.9	22.0	17.4	6.9	-14.1	10.5
Prices										
National inflation (% yoy)*	36.2	24.8	47.6	53.8	36.1	50.9	94.8	211.4	147.9	55.7
National inflation (% avg)*	38.7	25.6	33.7	53.6	42.7	48.4	72.4	133.5	234.8	101.8
Nominal wages (% yoy)	32.9	27.3	29.7	40.9	33.0	49.5	90.4	206.4	146.9	54.7
Nominal exchange rate (vs. USD, eop)	15.9	18.6	37.8	59.9	84.1	102.7	177.1	808.5	1,330.0	2,038.0
Nominal exchange rate (vs. USD, avg)	14.8	16.7	29.3	49.3	71.7	95.8	133.6	317.2	974.5	1,684.0
Bilateral real exchange rate (% yoy, + dep)	0.9	-	-	20.4	-4.5	-14.3	-5.3	52.4	-31.7	0.0
Monetary Sector										
Monetary base growth (% yoy)	31.7	24.7	27.0	40.7	92.7	65.0	95.0	205.8	118.1	60.3
Broad money growth (% yoy)	30.3	27.1	12.0	29.7	92.7	65.0	95.0	205.8	118.1	60.3
Credit extension to private sector (% yoy)	31.4	50.8	32.6	19.3	52.7	65.0	95.0	205.8	118.1	60.3
Central bank policy rate (% eop)	24.8	28.8	59.3	63.0	40.0	40.0	75.0	100.0	40.0	30.0
1-month interbank rate (% eop)	24.8	28.8	44.5	47.3	36.0	32.0	67.0	92.0	32.0	22.0
Long-term yield (% eop)	-	-	-	-	-	-	-	-	-	-
External Sector										
Current account balance (% of GDP)	-2.8	-5.2	-5.3	-0.8	1.1	1.7	-0.8	-4.4	0.2	-0.3
Current account balance (US\$ bn)	-15.0	-30.8	-27.1	-3.7	3.3	6.7	-3.8	-21.1	1.1	-1.7
Trade balance (US\$ bn)	4.5	-5.5	-0.7	18.2	14.6	18.7	12.4	-3.1	18.0	16.1
Exports, f.o.b. (US\$ bn)	57.7	58.4	61.8	65.2	54.9	78.0	88.5	66.8	79.9	82.3
main export - Soybeans	na	na	na	na	na	na	na	na	na	na
Imports, f.o.b. (US\$ bn)	53.2	64.0	62.5	46.9	40.3	59.3	76.2	69.9	61.9	66.2
Service balance (US\$, bn)	-7.0	-9.8	-8.9	-4.9	-2.2	-3.6	-6.8	-6.3	-3.7	-3.9
Income balance (US\$, bn)	-12.1	-16.4	-18.7	-17.9	-9.1	-8.3	-9.3	-11.7	-13.2	-13.8
Foreign direct investment (US\$ bn)	4.6	9.4	10.8	3.0	3.0	5.4	12.8	14.7	11.6	12.4
International reserves (US\$ bn)	38.8	55.0	65.8	44.8	39.4	41.2	42.0	21.0	30.0	32.0
Price of main export commodity - Soybean	405.7	400.6	na	na	na	na	na	na	na	na
Public Sector										
Central gov. primary budget balance (% of GDP)	-4.6	-3.9	-2.7	-1.0	-6.4	-3.5	-2.0	-2.8	1.1	1.1
Central gov. budget balance (% of GDP)	-6.0	-6.2	-5.7	-4.0	-9.4	-5.0	-3.8	-6.0	-1.4	-1.4
Consolidated gov. primary budget balance (% of GDP)	na	na	na	na	na	na	na	na	na	na
Consolidated public sector balance (% of GDP)	-7.4	-7.2	-6.0	-4.3	-9.7	-5.3	-3.8	-6.0	-1.4	-1.4
Central gov. revenues (% of GDP)	20.0	18.3	18.0	18.0	18.4	18.1	18.3	na	na	na
Debt Indicators										
Gross external debt (% of GDP)	33.2	34.4	45.5	52.3	75.1	62.4	57.4	na	na	na
Public (% of GDP)	18.3	17.9	26.4	28.9	37.3	31.0	28.5	na	na	na
Private (% of GDP)	15.0	16.5	19.0	23.4	37.8	31.4	28.9	na	na	na
Gross government debt (% of GDP)	53.3	49.6	66.0	89.0	89.0	74.0	68.0	85.0	74.5	71.2
Domestic (% of GDP)	36.4	33.3	39.4	-	-	-	-	-	-	-
External (% of GDP)	16.9	16.2	24.1	-	-	-	-	-	-	-
External debt amortizations (US\$ bn)	-	-	-	-	-	-	-	-	-	-
External debt interest payments (US\$ bn)	-	-	-	-	-	-	-	-	-	-
External debt service (% of XGS)	-	-	-	-	-	-	-	-	-	-
Savings - Investment Balance										
Savings (% of GDP)	17.1	17.3	-	-	17.8	18.3	18.3	na	na	na
Investment (% of GDP)	19.4	20.0	-	-	16.7	16.2	17.2	na	na	na
Memorandum Items										
Gran Buenos Aires Inflation - Indec (% yoy)*	-	-3.9	-	-	-	-	-	-	-	-
Central gov. primary budget balance (% of GDP)**	-	-	-	-	-	-	-	-	-	-
	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25
Quarterly Economic Forecasts										
Real GDP growth (% yoy)	-1.5	-1.8	-5.8	-3.1	-4.7	-2.3	2.2	2.9	3.2	3.6
Real GDP growth (% qoq, sa, annualized)	8.9	-7.5	-14.8	1.2	2.4	2.1	3.2	3.6	3.6	3.6
National inflation (% yoy, eop)	138.3	211.4	287.9	283.2	239.0	156.2	92.2	78.3	68.2	59.8
Central bank policy rate (% eop)	118.00	100.00	80.00	40.0	40.0	40.0	40.0	35.0	35.0	30.0
Nominal exchange rate (vs USD, eop)	350	808	858	925	1070	1330	1517	1682	1865	2038
Current account balance (US\$ bn)	-6.1	-2.8	-1.2	-1.8	-2.0	-0.4	-	-	-	-

Source: BofA Global Research

BofA GLOBAL RESEARCH



Chile

Sebastian Rondeau
BofAS

Hawkish turn

Hawkish turn after electricity price adjustments

Inflation was 3.4% in the last 12 months to May, down from 3.5% in April, but it's poised to surpass 4% (the top of the target range) in coming months amid base effects. Inflation has surprised on the upside so far this year (ex-volatiles was 0.4% mom average the last six months). The central bank slowed down and cut the policy rate by only 25bp in June, to 5.75% (from 50bp cut in May), given inflation shocks.

BCCh sounded hawkish in June's monetary policy report (IPOM), citing stronger domestic demand and electricity price hikes impact on inflation (1.45pp in 12 months). The bank sees more rate cuts down the road, but it said the bulk of the cuts are done already. Moreover, BCCh raised the policy corridor with the policy rate at 5.50% in 4Q24 (vs 5% previously) and 4.5% by the end of 2025 (4% previously). We now expect the policy rate at 5.5% in December (up from 5%). We keep the terminal rate at 4.75% (above's BCCh 4.25%) but we delay the convergence to 3Q25 (from 1Q25 before). We forecast inflation at 4.5% this year and at 3.7% next year.

Activity slowed down in March-April after the jump observed in January-February (GDP grew 1.9% qoqsa in 1Q). We expect GDP to rebound 2.7% in 2024 given expansionary fiscal and monetary policy, large carryover, and higher copper prices. The fiscal deficit reached 3.6% of GDP in April (above 2.4% last year), which adds upside risks for the 2024 budgeted deficit of 1.9% of GDP (long term targets also seem challenging). The current account deficit declined to 4% of GDP in 2023, from a 10% peak in 3Q22, and it will drop further to 2.9% of GDP this year amid the copper price rebound.

Fast track legislation. Structural reforms challenges

The government and the opposition agreed to fast track legislation related to the growth pact by September, including a key bill to reduce the timing for investment projects permits by about 30%. Previously, the lower house approved a bill to reduce evasion (the government believes it can increase revenue 1.5% of GDP). Authorities seeks a fiscal pact including a tax reform (aiming at 2.7% of GDP) to finance spending priorities (pensions 1.2% of GDP, health 0.9%, security 0.3% other social spending 0.3%). But a fragmented Congress is unlikely to vote higher tax rates, in our view.

The pension reform had been approved in the Lower House, but the key 6% additional employer contributions was rejected and it's unlikely to move forward in our view. The original reform keeps the individual capitalization system, opens the option to invest in private pension funds or a new public fund, it creates a new mixed fund with 6% additional employer contributions (financing future and current pensions) and a universal pension increase.

Exhibit 15: Major macro forecasts

We forecast GDP to end '24 at 2.2% and '25 at 2.0%

	2023	2024F	2025F
Real GDP (% yoy sa)	0.2	2.7	2.0
CPI (% yoy)	3.4	4.5	3.7
Policy Rate (eop)	8.25	5.50	4.75
Fiscal Bal (%/GDP)	-2.4	-2.6	-2.6
CurAct Bal (%/GDP)	-3.5	-2.9	-3.1

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 16: CLP forecasts

Copper prices drive CLP

	Q3 24	Q4 24	Q1 25	Q2 25
USD-CLP	915	910	911	914

Source: BofA Global Research

BofA GLOBAL RESEARCH



Exhibit 17: Chile

Selected economic and financial indicators

	2016	2017	2018	2019	2020	2021	2022	2023F	2024F	2025F
Summary Data										
Nominal GDP (US\$ bn)	250.4	277.0	297.6	279.2	253.1	316.6	300.6	335.5	309.2	321.3
GDP per capita (US\$)	13,786	15,040	15,871	14,615	13,008	16,087	15,158	16,806	15,382	15,873
Unemployment rate (%)	6.8	7.0	7.4	7.2	11.2	7.2	8.0	8.8	8.3	8.3
Population (millions)	18.2	18.4	18.8	19.1	19.5	19.7	19.8	20.0	20.1	20.2
Economic Activity										
Real GDP growth (% yoy)	1.7	1.2	3.7	0.9	-5.8	11.7	2.4	0.2	2.7	2.0
Domestic demand growth (% yoy)	1.8	2.1	4.0	1.6	-7.9	18.5	3.0	-3.3	1.5	2.5
Real investment growth (% yoy)	-1.3	-3.1	5.1	4.4	-11.5	15.7	2.8	-1.1	-4.0	1.6
Real consumption growth (% yoy)	3.5	3.6	3.7	0.8	-6.8	19.3	3.1	-3.9	3.2	2.8
Real private consumption growth (% yoy)	2.7	3.4	3.8	1.0	-7.5	20.8	2.9	-5.2	2.4	2.7
Real government consumption growth (% yoy)	7.2	4.6	3.3	-0.2	-3.9	13.8	4.1	1.7	6.1	2.7
Real export growth (% yoy)	0.5	-1.5	5.3	-2.6	-3.2	-1.4	1.4	-0.3	2.9	1.9
Real import growth (% yoy)	0.9	4.6	8.1	-2.4	-12.7	31.8	0.9	-12.0	0.3	3.1
Prices										
CPI inflation (% yoy, eop)	2.7	2.3	2.1	3.0	3.0	7.2	12.8	3.4	4.5	3.7
CPI inflation (% yoy, avg)	3.8	2.2	2.3	2.3	3.0	4.5	11.6	7.3	4.0	4.0
Nominal wages (% yoy)	4.0	5.7	4.5	4.6	3.7	7.0	11.8	7.7	5.5	4.7
Nominal exchange rate (vs USD, eop)	667	615	696	745	711	852	851	881	910	925
Nominal exchange rate (vs USD, avg)	677	649	641	703	792	760	874	840	930	916
Bilateral real exchange rate (% yoy, + dep)	-4.4	-	-	-	-	-	-	-	-	-
Monetary Sector										
Monetary base growth (% yoy)	13.0	7.4	1.7	9.2	145.3	11.4	6.8	5.3	-	-
Broad money growth (% yoy)	7.0	5.1	11.2	9.4	6.9	11.4	6.8	5.3	-	-
Credit extension to private sector (% yoy)	5.7	4.7	10.1	9.4	2.5	7.9	-0.5	3.0	-	-
Central bank policy rate (% eop)	3.50	2.50	2.75	1.75	0.50	4.00	11.25	8.25	5.50	4.75
1-month interbank rate (% eop)	5.45	4.42	4.10	4.08	3.16	6.07	13.35	10.54	-	-
Long-term yield (% eop)	5.50	5.50	6.00	5.50	5.50	6.00	6.00	6.00	-	-
External Sector										
Current account balance (% of GDP)	-2.0	-2.3	-3.9	-3.7	-1.7	-6.4	-9.0	-4.1	-3.0	-3.1
Current account balance (US\$ bn)	-5.0	-6.4	-11.6	-10.5	-4.3	-20.3	-27.1	-13.7	-9.2	-10.0
Trade balance (US\$ bn)	4.9	7.4	4.2	3.0	18.4	10.5	3.8	12.7	17.2	16.5
Exports, f.o.b. (US\$ bn)	60.7	68.8	74.7	68.8	73.5	94.8	98.5	93.2	99.0	102.5
main export - Copper	27.9	34.0	35.6	32.5	38.0	52.7	44.7	42.2	50.8	53.8
Imports, f.o.b. (US\$ bn)	55.9	61.5	70.5	65.8	55.1	84.3	94.7	80.5	81.8	86.0
Service balance (US\$, bn)	-3.3	-3.8	-4.7	-5.1	-5.0	-12.3	-14.8	-11.0	-9.8	-9.6
Income balance (US\$, bn)	-6.5	-10.0	-11.2	-8.3	-10.0	-21.3	-16.1	-15.4	-16.6	-16.8
Foreign direct investment (US\$ bn)	12.3	6.1	7.8	12.6	8.5	15.9	20.9	5.0	5.0	5.0
International reserves (US\$ bn)	40.5	39.0	39.9	40.7	39.2	51.3	39.2	39.2	39.2	39.2
Price of main export commodity - copper (\$/lb)	220.6	279.6	295.9	272.3	272.8	423.8	400.2	385.8	414.3	0.0
Public Sector										
Central gov. primary budget balance (% of GDP)	-2.0	-1.9	-0.8	-1.9	-6.3	-6.8	2.1	-1.3	-1.5	-1.4
Central gov. budget balance (% of GDP)	-2.7	-2.8	-1.7	-2.9	-7.3	-7.7	1.1	-2.4	-2.6	-2.6
Consolidated gov. primary budget balance (% of GDP)	-2.4	-2.3	-1.1	-2.3	-7.9	-7.4	2.1	-1.3	-1.5	-1.4
Consolidated public sector balance (% of GDP)	-2.7	-2.6	-1.5	-2.7	-8.5	-8.3	1.1	-2.4	-2.6	-2.6
Central gov. revenues (% of GDP)	20.9	20.8	21.9	21.5	19.9	23.9	25.9	22.7	23.9	23.9
Debt Indicators										
Gross external debt (% of GDP)	66.7	65.1	62.0	70.9	82.3	83.5	86.5	76.4	-	-
Public (% of GDP)	5.4	7.9	8.3	10.7	13.7	13.5	14.5	17.2	-	-
Private (% of GDP)	61.3	57.2	53.7	60.3	68.7	70.0	72.0	59.1	-	-
Gross government debt (% of GDP)	21.3	23.6	25.6	28.2	32.5	36.3	43.3	38.9	41.3	43.5
Domestic (% of GDP)	15.9	15.7	17.3	17.5	18.8	22.5	27.7	25.7	27.2	28.7
External (% of GDP)	5.4	7.9	8.3	10.7	13.7	13.8	15.6	13.2	14.0	14.8
External debt amortizations (US\$ bn)	-	-	-	-	-	-	-	-	-	-
External debt interest payments (US\$ bn)	-	-	-	-	-	-	-	-	-	-
External debt service (% of XGS)	-	-	-	-	-	-	-	-	-	-
Savings - Investment Balance										
Savings (% of GDP)	20.5	18.9	18.2	19.2	22.2	-	-	-	-	-
Investment (% of GDP)	23.0	21.0	21.5	22.9	20.9	-	-	-	-	-
	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25
Quarterly Economic Forecasts										
Real GDP growth (% yoy)	0.6	0.4	2.3	3.2	2.6	2.9	1.6	1.9	2.2	2.2
Real GDP growth (% qoq, sa, annualized)	3.5	0.4	7.6	1.2	1.0	1.9	2.2	2.4	2.2	1.8
CPI inflation (% yoy, eop)	4.7	3.4	3.2	4.0	4.3	4.5	4.1	3.8	3.5	3.5
Central bank policy rate (% eop)	9.50	8.25	7.25	6.00	5.50	5.00	4.75	4.75	4.75	4.75
Nominal exchange rate (vs USD, eop)	892	879	979	903	915	910	911	914	920	925
Current account balance (US\$ bn)	-13.4	-11.9	-12.5	-9.2	-4.9	-2.2	-1.6	-2.6	-4.0	-5.4

Source: BofA Global Research

BofA GLOBAL RESEARCH



Colombia

Alexander Müller
BofAS

Christian Gonzalez Rojas
BofAS

Preserving macro discipline

Tight macroeconomic policies in the next context of low GDP growth

Colombia is preserving macroeconomic discipline (both monetary and fiscal) despite of the temptations to stimulate an economy that is growing at a modest pace in 2024. Compared to the Year Ahead report published last November, we have revised down our GDP growth forecasts for 2024 (to 1.9%, from 2.1%) and 2025 (to 2.8%, from 3%). The interest-rate sensitive parts of the economy – such as the housing market, construction, consumer durables, capital investment, banking credit, and manufacturing – have been particularly weak. Contractionary monetary policy is holding back growth. So is fiscal policy, with tax hikes in 2024 and primary expenditures shrinking (as a percent of GDP).

Ruling out the worst-case scenario, the abandonment of the fiscal rule

In the last months there were growing fears of the Petro administration abandoning the Fiscal Rule Law (or asking for deep changes), fueled by comments from the President. However, the Ministry of Finance dispelled these concerns by publishing a Medium-Term Fiscal Framework (MTFF) that reaffirms the government's commitment to the Fiscal Rule Law. It seems like Minister Bonilla was successful at persuading President Petro. We believe this is critical to prevent market conditions from turning toxic for Colombia.

Changing our view for next Central Bank meeting: 50bp cut

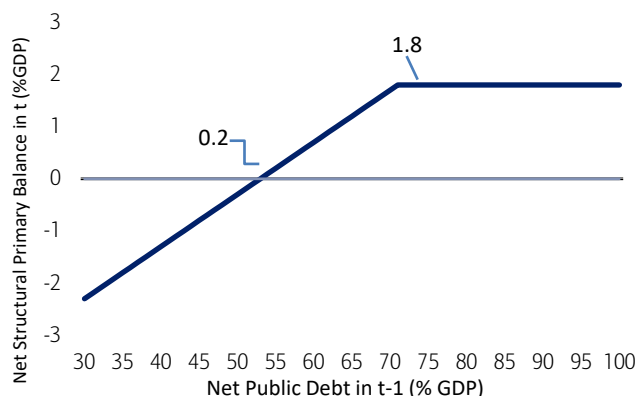
We expect the Central Bank (BanRep) to cut the policy rate by 50bp at the next meeting (June 28th), to 11.25%, in line with consensus. We thought BanRep would accelerate the pace (to 75bp) by this meeting. However, we are changing our mind because of recent developments (market selloff and no signaling of deeper rate cuts from board members during intermeeting period). The stance of monetary policy remains quite tight. The real (ex-ante) rate is at 7.5% vs. 2.4% neutral (BanRep estimate).

Strategy: Higher conviction in rates

We still like receiving 5y IBR vs. SOFR (current: 411), as BanRep has room for deeper-than-expected easing. The market-implied terminal rate of 8.5% seems high even under stressed inflation and neutral rate assumptions. Risks are a hawkish BanRep or higher inflation. Steepeners are also attractive amid fiscal risks and BanRep cuts. While we still hold a bearish bias on COP, we prefer to remain tactical given the recent depreciation.

Exhibit 18: Fiscal Rule target to be set with formula starting from 2025

Net Structural Primary Balance (t) = 0.2 + 0.1 * [Net Public Debt (t-1) - 55%]



Source: Autonomous Council of the Fiscal Rule (CARF)

BofA GLOBAL RESEARCH

Exhibit 19: COP forecasts

We forecast the USDCOP at 4,300 by year-end 2024

	3Q 24	4Q 24	1Q 25	2Q 25
USD-COP	4,200	4,300	4,400	4,450

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 20: Major macro forecasts

Fiscal deficit will likely widen in 2024, based on the guidance

	2023	2024F	2025F
Real GDP (% yoy)	0.6	1.9	2.8
CPI (% yoy)	9.3	5.3	3.5
Policy Rate (% eop)	13.00	8.50	6.00
Fiscal Bal (%/GDP)	-4.2	-5.3	-4.8
CurAct Bal (%/GDP)	-2.7	-3.3	-3.2

Source: BofA Global Research

BofA GLOBAL RESEARCH



Exhibit 21: Colombia

Selected economic and financial indicators

	2016	2017	2018	2019	2020	2021	2022	2023F	2024F	2025F
Summary Data										
Nominal GDP (US\$ bn)	283	312	334	323	271	314	346	366	408	404
GDP per capita (US\$)	6,053	6,575	6,922	6,535	5,386	6,148	6,708	7,011	7,743	7,587
Unemployment rate (%)	9.6	9.7	10.0	10.9	16.7	13.8	11.2	10.0	11.0	10.8
Population (millions)	46.8	47.4	48.3	49.4	50.4	51.0	51.6	52.2	52.7	53.2
Economic Activity										
Real GDP growth (% yoy)	2.1	1.4	2.6	3.2	-7.2	10.8	7.3	0.6	1.9	2.8
Domestic demand growth (% yoy)	1.2	1.1	3.5	4.0	-7.6	13.4	10.1	-3.9	1.6	3.1
Real investment growth (% yoy)	-0.2	-3.2	1.5	3.0	-20.7	11.6	16.0	-25.9	1.2	4.7
Real consumption growth (% yoy)	1.6	2.3	4.0	4.3	-4.2	13.8	8.9	1.0	1.6	2.8
Real private consumption growth (% yoy)	1.6	2.1	3.2	4.1	-5.0	14.7	10.7	0.8	1.7	2.8
Real government consumption growth (% yoy)	1.8	3.6	7.4	5.3	-0.8	9.8	0.8	1.6	1.4	3.0
Real export growth (% yoy)	-0.2	2.6	0.6	3.1	-22.5	14.6	12.3	3.4	2.6	3.5
Real import growth (% yoy)	-3.5	1.0	5.8	7.3	-20.1	26.7	23.6	-15.0	-0.4	4.8
Prices										
CPI inflation (% yoy, eop)	5.7	4.1	3.2	3.8	1.6	5.6	13.1	9.3	5.3	3.5
CPI inflation (% yoy, avg)	7.5	4.3	3.2	3.5	2.5	3.5	10.2	11.8	6.7	4.0
Nominal wages (% yoy)	6.4	5.7	6.3	5.0	0.7	9.4	11.3	11.9	6.1	4.3
Nominal exchange rate (vs. USD, eop)	3,001	2,984	3,250	3,277	3,430	4,080	4,853	3,855	4,300	4,550
Nominal exchange rate (vs. USD, avg)	3,055	2,951	2,956	3,281	3,693	3,807	4,256	4,319	4,126	4,475
Bilateral real exchange rate (% yoy, + dep)	-8.8	-2.4	7.5	-0.6	4.4	20.6	11.9	-25.3	9.0	4.7
Monetary Sector										
Monetary base growth (% yoy)	2.5	5.0	10.4	12.3	20.5	9.6	6.4	1.0	9.7	8.9
Broad money growth (% yoy)	7.1	7.3	5.6	7.8	13.9	12.0	14.0	-1.2	8.4	7.7
Credit extension to private sector (% yoy)	8.8	6.2	5.8	8.2	3.4	10.6	17.9	5.7	4.9	7.2
Central bank policy rate (% eop)	7.50	4.75	4.25	4.25	1.75	3.00	12.00	13.00	8.50	6.00
1-month interbank rate (% eop)	7.16	4.58	4.11	4.11	1.71	2.97	11.23	12.34	8.21	5.71
Long-term yield (% eop)	7.1	6.5	6.8	6.3	5.4	8.2	13.0	10.8	10.4	7.9
External Sector										
Current account balance (% of GDP)	-4.4	-3.2	-4.2	-4.6	-3.4	-5.6	-6.1	-2.5	-3.3	-3.2
Current account balance (US\$ bn)	-12.6	-9.9	-14.0	-14.8	-9.3	-17.9	-21.2	-9.2	-13.5	-12.9
Trade balance (US\$ bn)	-9.2	-4.3	-6.4	-9.9	-8.9	-14.0	-12.2	-6.9	-6.5	-7.6
Exports, f.o.b. (US\$ bn)	34.1	39.8	43.0	40.7	32.3	42.7	59.5	52.5	55.3	57.1
Main export - Oil (US\$ bn)	10.8	13.3	16.8	16.0	8.8	13.5	18.7	15.6	17.0	15.1
Imports, f.o.b. (US\$ bn)	43.2	44.1	49.4	50.5	41.2	56.7	71.7	59.4	61.8	64.8
Service balance (US\$ bn)	-4.3	-4.5	-4.2	-4.3	-4.2	-6.0	-4.2	-1.4	-2.3	-2.2
Income balance (US\$ bn)	0.9	-1.2	-3.5	-0.7	3.8	2.1	-4.8	-1.5	-5.2	-3.8
Foreign direct investment (US\$ bn)	13.9	13.7	11.3	14.0	7.5	9.6	17.4	16.2	15.1	14.9
International reserves (US\$ bn)	46.7	47.6	48.4	53.2	59.0	58.6	57.3	59.0	60.0	61.2
Public Sector										
Central gov. primary budget balance (% of GDP)	-1.1	-0.8	-0.3	0.4	-4.9	-3.6	-1.0	-0.3	-1.1	-0.5
Central gov. budget balance (% of GDP)	-4.0	-3.7	-3.1	-2.5	-7.8	-7.0	-5.3	-4.2	-5.3	-4.8
Consolidated gov. primary budget balance (% of GDP)	0.4	0.1	0.1	0.5	-5.3	-5.2	-1.7	1.6	1.0	1.0
Consolidated public sector balance (% of GDP)	-2.3	-2.7	-2.6	-2.4	-7.6	-7.1	-6.2	-2.6	-3.5	-3.4
Central gov. revenues (% of GDP)	14.9	15.7	15.1	16.2	15.3	16.3	16.2	18.8	17.2	17.6
Debt Indicators										
Gross external debt (% of GDP)	42.5	40.0	39.5	42.9	57.1	53.9	53.4	57.8	61.0	61.0
Public (% of GDP)	25.1	23.0	21.8	22.9	33.2	32.2	30.4	32.8	35.0	33.9
Private (% of GDP)	17.4	17.0	17.7	20.1	23.8	21.7	23.1	25.0	26.0	27.1
Gross government debt (% of GDP)	45.6	46.4	49.3	50.3	65.1	63.0	61.1	56.0	58.7	59.9
Domestic (% of GDP)	30.1	30.9	32.7	34.3	42.1	38.5	36.1	36.2	36.7	39.0
External (% of GDP)	15.5	15.5	16.6	16.0	23.0	24.5	25.0	19.8	22.0	20.9
External debt amortizations (US\$ bn)	7.6	16.2	15.7	13.2	14.6	15.1	13.1	15.4	19.1	17.6
External debt interest payments (US\$ bn)	4.7	5.3	5.8	7.5	6.5	6.9	8.4	9.6	10.3	10.2
External debt service (% of XGS)	28.8	43.6	40.0	40.5	55.2	43.1	29.5	37.2	40.7	38.3
Savings - Investment Balance										
Savings (% of GDP)	18.7	18.4	17.0	16.8	15.7	13.3	15.2	13.7	13.7	15.7
Investment (% of GDP)	23.2	21.6	21.2	21.4	19.1	19.0	21.4	16.2	17.0	18.9
	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25
Quarterly Economic Forecasts										
Real GDP growth (% yoy)	-0.7	0.3	0.7	2.0	2.8	2.3	1.9	2.5	3.0	3.5
Real GDP growth (% qoq, sa, annualized)	-1.7	4.0	4.4	1.2	1.6	2.0	2.8	3.6	3.6	4.1
CPI inflation (% yoy, eop)	11.0	9.3	7.4	7.1	5.9	5.3	4.3	3.9	3.6	3.5
Central bank policy rate (% eop)	13.25	13.00	12.25	11.25	9.75	8.50	7.50	6.50	6.00	6.00
Nominal exchange rate (vs. USD, eop)	4,068	3,855	3,852	4,150	4,200	4,300	4,400	4,450	4,500	4,550
Current account balance (US\$ bn)	-1.8	-2.1	-1.9	-4.2	-3.5	-3.9	-1.7	-4.0	-3.4	-3.8

Source: BofA Global Research

BofA GLOBAL RESEARCH



Peru

Alexander Müller
BofAS

Pedro Diaz
BofAS

Better activity, worse fiscal

April's economic activity surprised to the upside

The monthly GDP proxy posted a 5.3% yoy expansion for April, above expectations (2.2% in Bloomberg survey). At the margin, growth was 1.7% mom (seasonally adjusted). The surprise came from the volatile primary/extractive sectors which expanded 10.8% yoy. In contrast non-primary sectors grew 3.7% yoy. Agriculture (+23.7% yoy, adding 1.54pp to monthly GDP) posted the largest contribution. Agriculture is rebounding after last year Peru suffered the first cyclone in 40 years and the coastal El Niño. Fishing grew by a whopping 158.4% yoy, adding 0.38pp to monthly GDP, and primary manufacturing (driven by fishmeal and fish oil) expanded 32.6% yoy, adding 1.3pp to monthly GDP.

Metal prices and new infrastructure sustain growth prospects

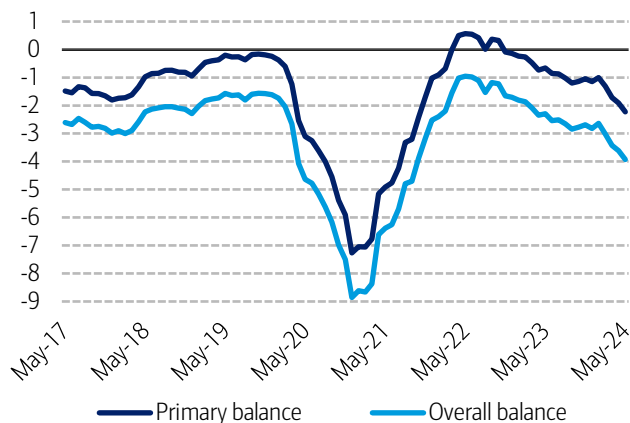
High levels of copper and gold prices – Peru's top two exports – coupled with the entry into operation of large infrastructure projects (Chancay port, expansion of Lima's airport, and second line of metro/subway) are supportive for the macro-outlook. Our GDP growth forecasts for 2024 (2.2%) and 2025 (2.8%) are a bit lower than in the Year Ahead report published last November (2.6% and 3%, respectively) because the 1Q2024 print was disappointing. Nevertheless, momentum will probably be stronger in coming quarters. High metal prices increase the disposable income for consumption and investment, and spur mining corporations to expand capacity. The inauguration of the Chancay port, the first deep water port owned by the Chinese government in South America's Pacific coast, will likely boost trade. Lima's airport expansion should bring more tourists, and the second line of the metro/subway might improve labor productivity.

On the negative side, we are revising down our fiscal deficit forecasts

Part of the acceleration of activity is explained by expansionary fiscal policy. Public investment was up 40% yoy in January-May. The overall deficit of the Non-Financial Public Sector widened to 3.9% of GDP in the rolling twelve months ended in May. Hence, we are revising our NFPS deficit forecasts for 2024 (to 2.8% of GDP, from 2.5%) and 2025 (to 2.2%, from 2%). The government's fast-track request to Congress includes – inter alia – to modify the Fiscal Rule targets for 2024 (to "no more 2.8% of GDP", from 2%), 2025 (to 2.2%, from 1.5%) and gradually reaching 1% by 2028 (instead of 2026).

Exhibit 22: Non-Financial Public Sector (rolling 12 months, % of GDP)

The fiscal deficit has widened significantly in the first five months of 2024



Source: BofA Global Research, Central Bank (BCRP)

BofA GLOBAL RESEARCH

Exhibit 23: PEN forecasts

Narrowing monetary policy rate differential vis-à-vis US is a risk for PEN

	3Q 24	4Q 24	1Q 25	2Q 25
USD-PEN	3.80	3.82	3.83	3.84

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 24: Major macro forecasts

GDP growth is likely to pick-up

	2023	2024F	2025F
Real GDP (% yoy)	-0.6	2.2	2.8
CPI (% yoy)	3.2	2.4	2.5
Policy Rate (eop)	6.75	5.00	4.00
Fiscal Bal (%/GDP)	-2.8	-2.8	-2.2
CurAct Bal (%/GDP)	0.6	0.5	-0.5

Source: BofA Global Research

BofA GLOBAL RESEARCH



Exhibit 25: Peru

Selected economic and financial indicators

	2016	2017	2018	2019	2020	2021	2022	2023F	2024F	2025F
Summary Data										
Nominal GDP (US\$ bn)	196.6	216.8	227.6	233.1	206.2	226.3	244.5	267.3	275.8	285.7
GDP per capita (US\$)										
Unemployment rate (%)	6.7	6.9	6.7	6.6	13.9	10.9	7.7	6.8	7.5	6.9
Population (millions)	31.5	31.8	32.2	33.2	33.5	33.8	34.2	34.5	34.9	35.2
Economic Activity										
Real GDP growth (% yoy)	4.0	2.5	4.0	2.2	-10.9	13.4	2.7	-0.6	2.2	2.8
Domestic demand growth (% yoy)	1.2	1.6	4.1	2.2	-9.6	14.5	2.4	-2.1	2.0	2.6
Real investment growth (% yoy)	-5.6	-2.0	5.9	-2.0	-19.3	29.7	0.3	-13.6	2.5	2.7
Real consumption growth (% yoy)	3.4	2.7	3.6	3.4	-7.0	11.0	2.9	0.9	2.0	2.6
Real private consumption growth (% yoy)	3.7	2.6	3.8	3.2	-9.9	12.4	3.6	0.1	1.9	2.7
Real government consumption growth (% yoy)	1.9	2.9	2.4	4.3	7.9	4.8	-0.2	4.6	2.2	2.0
Real export growth (% yoy)	9.0	7.8	2.1	1.1	-19.7	13.3	5.2	4.9	3.2	4.1
Real import growth (% yoy)	-1.7	4.5	2.4	0.9	-15.2	17.9	3.9	-1.4	2.5	3.3
Prices										
CPI inflation (% yoy, eop)	3.2	1.4	2.2	1.9	2.0	6.4	8.5	3.2	2.4	2.5
CPI inflation (% yoy, avg)	3.6	2.8	1.3	2.1	1.8	4.0	7.9	6.3	2.5	2.3
Nominal wages (% yoy)	7.0	-0.4	-0.3	4.7	-12.4	3.5	11.4	9.0	1.5	3.0
Nominal exchange rate (vs USD, eop)	3.36	3.24	3.38	3.32	3.62	3.98	3.81	3.71	3.82	3.85
Nominal exchange rate (vs USD, avg)	3.38	3.26	3.29	3.34	3.50	3.88	3.84	3.75	3.78	3.84
Bilateral real exchange rate (% yoy, + dep)	-2.8	-2.7	3.9	-1.4	8.7	10.5	-4.7	-2.7	3.3	0.7
Monetary Sector										
Monetary base growth (% yoy)	4.1	7.2	7.3	5.2	33.2	13.1	-4.4	-6.0	5.7	6.2
Broad money growth (% yoy)	1.7	7.9	5.3	9.1	32.0	0.3	-1.8	2.9	6.2	6.7
Credit extension to private sector (% yoy)	4.6	5.5	9.0	7.0	12.8	5.7	4.5	1.0	4.7	6.1
Central bank policy rate (% eop)	4.25	3.25	2.75	2.25	0.25	2.50	7.50	6.75	5.00	4.00
1-month interbank rate (% eop)	4.37	3.26	2.75	2.25	0.23	2.25	7.45	6.78	4.95	3.95
Long-term yield (% eop)	6.38	5.17	5.64	4.21	3.51	5.90	7.97	7.20	6.25	5.50
External Sector										
Current account balance (% of GDP)	-2.1	-0.8	-1.2	-0.6	1.1	-2.2	-4.1	0.6	0.5	-0.5
Current account balance (US\$ bn)	-4.2	-1.7	-2.6	-1.3	2.2	-5.1	-9.9	1.7	1.4	-1.4
Trade balance (US\$ bn)	2.0	6.7	7.2	6.9	8.2	14.8	10.3	17.4	16.9	19.2
Exports, f.o.b. (US\$ bn)	37.1	45.4	49.1	48.0	42.9	63.2	66.2	67.2	69.7	75.3
Main export - Copper	10.2	13.8	14.9	14.0	13.0	20.7	19.8	23.3	25.4	31.0
Imports, f.o.b. (US\$ bn)	35.1	38.7	41.9	41.1	34.7	48.3	55.9	49.8	52.9	56.1
Service balance (US\$ bn)	-2.6	-2.7	-3.4	-4.0	-4.7	-7.3	-8.6	-7.8	-7.5	-8.0
Income balance (US\$ bn)	-3.6	-5.7	-6.5	-4.2	-1.3	-12.5	-11.6	-7.9	-8.0	-12.6
Foreign direct investment (US\$ bn)	6.8	7.4	5.9	4.8	0.8	7.4	10.8	4.2	8.6	11.0
International reserves (US\$ bn)	61.7	63.6	60.1	68.3	74.7	78.5	71.9	71.0	72.3	74.3
Price of main export commodity - Copper (US\$/ton)	221	280	296	273	280	422	398	383	391	476
Public Sector										
Central gov. primary budget balance (% of GDP)	-1.2	-2.0	-0.8	-0.9	-7.9	-2.0	-0.8	-2.0	-0.9	-1.0
Central gov. budget balance (% of GDP)	-2.2	-3.1	-2.0	-2.1	-9.3	-3.4	-2.2	-3.6	-2.5	-2.5
Consolidated gov. primary budget balance (% of GDP)	-1.3	-1.8	-1.0	-0.2	-7.3	-1.0	-0.1	-1.1	-1.0	-0.6
Consolidated public sector balance (% of GDP)	-2.4	-3.0	-2.3	-1.6	-8.9	-2.5	-1.7	-2.8	-2.8	-2.2
Central gov. revenues (% of GDP)	15.4	15.1	16.2	16.6	14.9	18.1	19.0	16.8	18.7	19.1
Debt Indicators										
Gross external debt (% of GDP)	34.4	31.7	30.6	31.4	38.8	40.9	37.9	35.2	35.3	35.1
Public (% of GDP)	15.1	15.3	15.4	16.9	23.6	26.8	24.5	22.6	22.3	22.3
Private (% of GDP)	19.2	16.4	15.2	14.5	15.2	14.1	13.4	12.6	13.0	12.8
Gross government debt (% of GDP)	23.7	24.7	25.6	26.6	34.6	35.9	33.8	32.9	34.8	36.1
Domestic (% of GDP)	13.4	16.0	16.8	18.1	19.8	16.5	16.3	17.1	19.3	20.6
External (% of GDP)	10.3	8.7	8.8	8.5	14.9	19.4	17.5	15.8	15.5	15.5
External debt amortizations (US\$ bn)	6.8	12.5	7.0	8.1	5.8	3.8	4.3	4.8	4.3	6.2
External debt interest payments (US\$ bn)	10.0	10.8	11.8	12.5	10.5	12.2	13.6	13.2	13.3	13.7
External debt service (% of XGS)	39.1	45.2	33.9	37.8	35.6	24.3	25.1	24.7	23.2	25.5
Savings - Investment Balance										
Savings (% of GDP)	20.5	20.6	21.2	21.2	20.8	19.8	16.3	17.7	17.9	17.2
Investment (% of GDP)	22.6	21.4	22.4	21.8	19.7	22.0	20.3	17.1	17.4	17.7
	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25
Quarterly Economic Forecasts										
Real GDP growth (% yoy)	-0.9	-0.4	1.4	2.3	2.5	2.6	2.8	2.5	2.8	2.9
Real GDP growth (% qoq, sa, annualized)	0.5	2.1	2.0	4.5	1.6	2.4	2.8	3.2	2.8	2.8
CPI inflation (% yoy, eop)	5.0	3.2	3.0	2.2	2.1	2.4	1.8	2.3	2.4	2.5
Central bank policy rate (% eop)	7.50	6.75	6.25	5.75	5.25	5.00	4.50	4.00	4.00	4.00
Nominal exchange rate (vs USD, eop)	3.79	3.71	3.72	3.78	3.80	3.82	3.83	3.84	3.84	3.85
Current account balance (US\$ bn)	0.5	1.9	0.7	-0.1	-0.3	1.1	0.0	-0.8	-1.0	0.3

Source: BofA Global Research

BofA GLOBAL RESEARCH



Ecuador

Alexander Müller
BofAS

Pedro Diaz
BofAS

Fiscal tightening during recession

High probability of recession in 2024

Our macro views on Ecuador have turned more negative compared to the Year Ahead report, notwithstanding the government achieved to sign an Extended Fund Facility (EFF) program with the IMF. We see a high probability of recession for 2024. We slashed our GDP variation forecasts for 2024, to -1.5% (from +2%), and 2025, to 2% (from 2.8%). Median expectations (Bloomberg survey) are GDP will expand 0.7% in 2024, while the IMF program assumes growth of 0.1%.

Five main drivers of recession

In our scenario, there are five main drivers for Ecuador's recession. (1) Electricity rationing forcing firms to operate at reduced capacity and people to work less hours. (2) Tax hikes hindering consumption and investment. (3) Large government arrears depriving firms from working capital. (4) Imminent drop of oil output associated to the Yasuni referendum. And (5) the contraction of non-food manufacturing that is losing market share to Chinese imports (deepened by free trade agreement with China).

IMF program to the rescue, amid more challenging political conditions

On the positive side, the IMF program is ameliorating the government's liquidity crisis, with a frontloaded disbursement of US\$ 1.5bn in 2024. However, the IMF is asking Ecuador for another tax reform – as a “structural benchmark” – that might be difficult at a moment when President Noboa's political capital is diminishing. Recent events in Congress suggest his political party no longer commands a majority. And a Gallup poll, published in June, showed Noboa's approval rate falling to 48%.

Fuel subsidy cuts pose risk of social protests

In June the government announced a substantial cut in fuel subsidies. The price of low octane gasoline (“Extra” and “Eco Pais”) will increase by US\$ 0.26 cents (to US\$ 2.72), +10.6%, by the end of the month. The government expects to get net annual fiscal savings of US\$ 544mn (0.5% of GDP). Labor unions are calling for a national social protest, to be held on July 4th, in rejection to the fuel subsidy cuts. The indigenous communities may join too. This is a negative risk event for bond prices. The social protests related to fuel subsidies in the previous two administrations (Lasso in 2022 and Moreno in 2019) were quite meaningful. They forced the government to undo the cuts.

Exhibit 26: BofA's macroeconomic forecasts for Ecuador

We foresee modest GDP growth and a challenging fiscal adjustment ahead

Variables	2017	2018	2019	2020	2021	2022	2023	2024F	2025F	2026F
GDP growth (%)	6.0	1.0	0.2	-9.2	9.8	6.2	2.4	-1.5	2.0	2.3
Nominal GDP (US\$ billions)	104.5	107.5	107.6	95.9	107.4	116.6	118.8	118.5	122.8	127.7
Oil output (average, thousand barrels per day)	531	517	531	479	473	481	475	472	440	431
Oil price (WTI, average, \$/bbl)	50.9	64.9	57.0	39.3	68.0	94.8	77.6	81.0	75.0	75.0
CPI inflation (eop, %)	-0.2	0.3	-0.1	-0.9	1.9	3.7	1.3	2.3	1.8	1.8
Budgetary Central Government primary balance (% of GDP)	-4.0	-1.3	-2.7	-4.6	-2.3	0.4	-2.6	-0.8	-0.4	0.3
Budgetary Central Government overall balance (% of GDP)	-6.3	-4.1	-5.7	-8.0	-4.1	-1.7	-5.3	-3.8	-3.7	-3.1
Non-Financial Public Sector primary balance (% of GDP)	-3.7	-0.3	-0.7	-4.4	-0.3	1.6	-1.3	0.3	0.7	1.4
Non-Financial Public Sector overall balance (% of GDP)	-5.8	-2.8	-3.5	-7.4	-1.7	0.0	-3.6	-2.2	-2.1	-1.5
Fuel subsidies (US\$ millions)	2,074	3,233	2,353	1,091	1,839	4,547	3,189	3,329	2,752	2,752
Non-Financial Public Sector debt (% of GDP)	45.7	46.7	49.5	59.3	61.8	59.5	56.0	59.4	60.3	60.7
Current account (% of GDP)	-0.2	-1.2	-0.1	2.3	2.9	1.8	1.9	2.4	1.9	1.9
Gross international reserves (US\$ millions)	2,451	2,677	3,397	7,196	7,898	8,459	4,454	5,328	6,365	7,532

Source: BofA Global Research, Ministry of Finance (MEF), Central Bank (BCE), IMF

BofA GLOBAL RESEARCH



Uruguay

Sebastian Rondeau
BofAS

Election cycle starts

Primary Elections in June kickstart election cycle

Uruguay will elect a new president and a new Congress in the General elections in October 2024. This generates limited noise as the political system in Uruguay is perceived as moderate and less polarized than in the region. For June's 30 primary election, Yamandu Orsi generally leads the polls in the Left coalition (he is considered a moderate) but Carolina Cosse is still competitive. Alvaro Delgado leads in the ruling party Partido Nacional (President Luis Lacalle cannot run for re-election).

The national union of workers (CGT) seeks a plebiscite to derogate the pension reform law (retirement age back to 60 years, eliminate AFAP pension administrators and establish a minimum pension above the minimum wage), to be held simultaneously with the presidential elections. They claim they obtained enough signatures to activate the plebiscite. Our base case is the pension reform will remain in place. The 2023 reform increased the retirement age (to 65) and changed the calculation of pensions to improve the sustainability of the system.

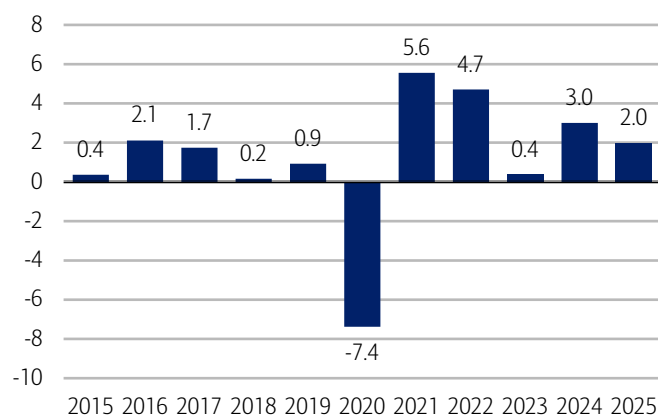
GDP recovery started. Inflation picks up

GDP grew 1% qoqsa in 1Q24 (+0.6% yoy), starting the recovery, after a 0.4% GDP decline in 2023. We expect a 3% GDP rebound in 2024 amid weather normalization, pulp mill production (opened in June 2023 and could add about 1% of new exports annually) and FDI. This includes potential investments in renewable energy.

Inflation was 0.6% mom in May (similar as in April), increasing to 4.1% yoy from 3.7% still below the 5.1% in 2023 amid base effects (drought last year). Core inflation stands at 3.8% yoy, below the center of the target range (3-6%). We forecast inflation will pick up to 5.5% this year amid wage hike agreements mostly above 7% and weaker UYU at the margin. BCU kept rates unchanged at 8.5%, after cutting 50bp in the previous meeting (300bp cuts since the peak in 2023). We forecast BCU will keep the policy rate at 8.5% this year, amid wage pressures and activity rebound.

Exhibit 27: Real GDP growth (%)

We expect 2024 GDP growth to rebound



Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 28: UYU Forecast

UYU depreciation to slow going forward

	Q3 24	Q4 24	Q1 25	Q2 25
USD-UYU	39.2	39.3	39.8	39.9

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 29: Major macro forecasts

GDP should bounce in 2024

Uruguay	2023	2024F	2025F
Real GDP (% yoy)	0.4	3.0	2.0
CPI (% yoy)	5.1	5.5	5.6
Fiscal Bal (%/GDP)	-3.3	-2.9	-2.5
CurAct Bal (%/GDP)	-4.0	-3.0	-2.6

Source: BofA Global Research

BofA GLOBAL RESEARCH



Venezuela

Sebastian Rondeau
BofAS

Election risks intensify

Deputy asks SC to suspend the elections. EU monitoring ruled out

Presidential elections are scheduled on July 28. President Nicolas Maduro will run for re-election. Opposition leader, Maria Corina Machado, cannot run for president and the electoral council did not allow Machado's candidate, Corina Yoris, to register. As a result, the opposition backs Edmundo Gonzalez, one of the few candidates that was able to register.

Noise regarding the elections has grown recently. A congressman (Jaime González) asked the Supreme Court of Justice (TSJ) to suspend elections until international sanctions are lifted. Recall that a new presidential term should start on January 10, 2025, and that Barbados agreement requires the election to take place in 2H24. Also, Venezuela government said that will not invite monitors from the European Union amid persistent sanctions on Venezuelan officials (despite EU removed sanctions over a few Venezuelan government officials recently). Carter Center confirmed it will send a group of observers.

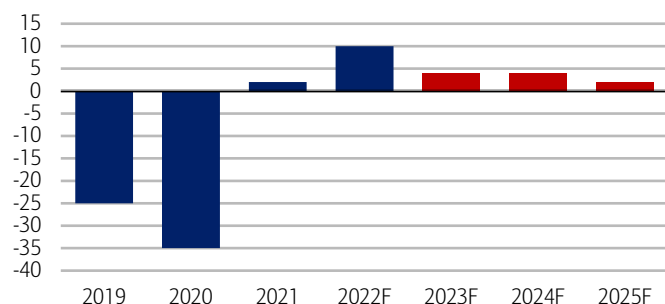
Oil production resilient to sanctions

Oil production increased to 860 kbpd in May from 840kbpd in April according to Bloomberg (compared to 760kbpd average in 2023), still way off the 3mn bpd high. Production has not declined after US put sanctions back on the Venezuelan oil and gas sector (General License GL44 expired in April), amid lack of progress towards free elections). Recall GL44 was replaced by GL44a, which authorized companies to unwind operations through the end of May. The US is considering license requests in a case-by-case basis. In May, the US granted a license to Manuel & Prom and Repsol according to Bloomberg. Chevron and its suppliers will keep licenses to operate in Venezuela. We assume oil production gradually grows to 900kbpd this year. Primary markets of debt of Venezuela and PDVSA are still under sanctions, which implies a restructuring of the bonded debt.

Inflation was stable at 3.8% mom in May, amid FX intervention financed with higher oil production. Inflation was 83% yoy in May, below 205% in December (300% in 2022). Slower currency depreciation (only 2% year-to-date vs 112% in 2023) has helped exiting the hyperinflation. We forecast inflation at 57% in 2024. Incremental oil revenue is used for imports of essential goods given the humanitarian crisis. Also, the government passed a pension reform to increase retirement benefits financed by higher corporate taxes.

Exhibit 30: Venezuela: real GDP growth %

Activity bounces back

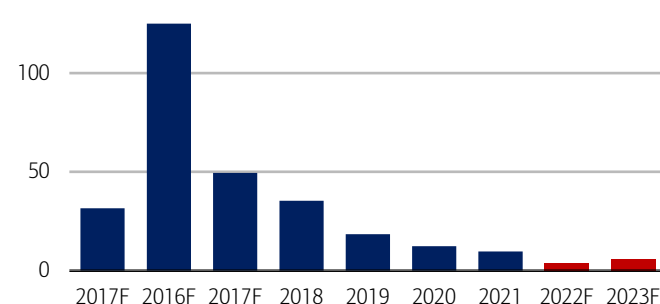


Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 31: Venezuela Inflation monthly average %

Hyperinflation left behind



Source: BofA Global Research

BofA GLOBAL RESEARCH

Central America and Caribbean

Alexander Müller
BofAS

Pedro Diaz
BofAS

Costa Rica: Recipient of US nearshoring investments

Costa Rica has robust economic growth prospects and an impressive track-record of fiscal consolidation that has earned the government multiple notch upgrades from the rating agencies in the last years. It is arguably one of the two countries in LatAm (the other is Mexico) where the nearshoring of US investments (away from China) is already tangible. There seems to be a virtuous circle between nearshoring investments and export-led economic growth that puts appreciation pressure on the exchange rate. In fact, in an unprecedented fashion, the central bank (BCCR) has cut rates 75bp below the US Fed (to 4.75%). We expect the BCCR to cut to 4.25%.

IMF programs helped to attract multilateral financing

In June, the IMF concluded the final reviews of the Extended Fund Facility (EFF) and Resilience and Sustainability Facility (RST) programs, unlocking US\$ 515mn of disbursements. Costa Rica successfully met the targets of both programs. The EFF has provided US\$ 1.6bn in financing to the Costa Rican government, under the conditionality of ambitious primary fiscal surplus targets and a public employment reform. The RST began in November 2022, for US\$ 725mn, with much lighter conditionality.

Costa Rica is getting substantial multilateral financing in 2024 (around US\$ 2bn, see chart below), mainly from the IMF (US\$ 1.296bn). Other multilateral loans in Congress, nevertheless, are being delayed. For instance, Congress is asking the government to earmark 15% of the funds from the IDB (US\$ 300mn) and the French Development Agency (US\$ 100mn) to pay arrears with the Social Security Institute (Caja, CCSS) but the government refuses.

Referendum could weaken the checks & balances in public procurement

President Chaves presented to Congress a referendum bill that may weaken the Comptroller General agency and affect the checks & balances in the political system. One of the questions in the referendum would be whether citizens agree or not on stripping the Comptroller General agency having the power to review the legality of public procurement contracts before they are executed. Thus, the Comptroller would only be empowered to inspect the expenditures after they happened. Currently, the Comptroller can suspend contracts and actions when it detects suspicious activities. But if the referendum goes through, it will need a judicial order.

The government is proposing a trade-off between agility and checks & balances. We think the Costa Rican economy benefits from strong checks & balances. That is also one of the attributes that makes Costa Rica distinctly different to LatAm peers and puts it at a superior level on ESG matters.

Exhibit 32: Summary of macroeconomic forecasts for Costa Rica

We expect robust GDP growth and a declining public debt ratio

	2016	2017	2018	2019	2020	2021	2022	2023f	2024f	2025f
GDP growth (%)	4.2	4.2	2.6	2.4	-4.3	7.9	4.6	5.1	4.2	3.8
Nominal GDP (US\$ bn)	58.9	60.6	62.5	64.4	62.3	64.9	69.3	86.6	96.7	102.8
CPI inflation (eop, %)	0.8	2.6	2	1.5	0.9	3.3	7.9	-1.8	2.3	3
Nominal exchange rate (CRC/US\$, eop, + depreciation)	553	569	607	571	613	642	593	523	505	518
Monetary policy rate (eop, %)	1.75	4.75	5.25	2.75	0.75	1.25	6	6	4.25	4.25
Central Government primary balance (% of GDP)	-2.4	-2.9	-2.2	-2.6	-3.4	-0.3	2.1	1.6	1.9	1.9
Central Government overall balance (% of GDP)	-5.1	-5.9	-5.7	-6.6	-8	-5	-2.5	-3.3	-2.8	-2.5
Central Government gross public debt (% of GDP)	44.1	47.1	51.9	56.4	66.9	67.6	63	61.1	58.9	56.9
Current account balance (% of GDP)	-2.1	-3.6	-3	-1.3	-1	-3.2	-3.2	-1.1	-1.7	-1.7
International reserves (US\$ bn)	7.6	7.1	7.5	8.9	7.2	6.9	8.6	13.2	13	12.8

Source: Government bodies, BofA Global Research estimates



Dominican Republic: Fiscal reform is coming

The Dominican Republic is a case in point. Luis Abinader has been re-elected as president for a second four-year term, with a presidential approval rate that stands out as the second highest in LatAm (around 66%, only below El Salvador's Nayib Bukele) and massive majorities in Congress (which will facilitate the passage of reforms). We forecast DomRep's GDP growth at 4.8% for 2024 and 4.9% for 2025, amid high chances of market-friendly reforms getting approved (fiscal rule, tax reform, labor, constitutional, among a few others).

Golden opportunity for reforms

The ruling party (PRM) obtained a landslide victory. will have 29 out of 32 Senators (up from 17 in 2020-2024) and 142 out of 190 Lower House representatives (up from 82). The political capital is very high. Not only because of muscle in Congress, but also Abinader's approval rate (second highest in LatAm, after Bukele).

The government will likely push three key reforms to support economic growth in the long-term: fiscal (critical to achieve investment-grade), electricity (productivity-enhancing + fiscal spillovers), and governance (constitutional locks + anti-corruption efforts).

Fiscal reform has two dimensions: fiscal rule and tax reform. Tax reform will likely be based on the draft that circulated in the press in 2021 (elimination of tax exemptions, progressive tax hikes, enforcement). Aiming at revenue increase around 2pp of GDP.

Fiscal policy may be the key to become investment-grade

DomRep is 2 to 3 notches away from IG credit rating. Becoming IG would lower borrowing costs across the economy, reduce financial volatility (including the exchange rate), and attract more FDI.

The Fiscal Rule proposed by Abinader administration would be instrumental to get there. It caps expenditure growth at fraction of nominal GDP growth. This formula has worked remarkably well in Costa Rica in the last years.

DomRep is in vicinity of what is considered a prudent debt ratio for emerging markets (40%-50% of GDP or less). Public debt in prudent vicinity allows operation of fiscal policy under "rules-based approach". Otherwise, credibility issues sabotage Fiscal Rule (no longer realistic to save in goods times and spend in bad times).

High FX share in government debt is a vulnerability

Exchange rate shocks can significantly impact the public debt ratio of countries with a high fraction of foreign currency debt. Data from the Ministry of Finace shows that about 74% of the government debt is in foreign currency.

Exhibit 33: Summary of macroeconomic forecasts for DomRep

We foresee DomRep having one of the highest GDP growth rates in LatAm in the next years

	2016	2017	2018	2019	2020	2021	2022F	2023F	2024F	2025F
Nominal GDP (US\$ billions)	75.7	80.0	85.5	88.9	78.9	94.3	113.6	121.4	124.7	131.8
GDP growth (% year-over-year)	6.7	4.7	7.0	5.0	-6.7	12.3	4.9	2.3	4.8	4.9
CPI inflation (year-over-year, end-of-period)	1.7	4.2	1.2	3.7	5.6	8.5	7.8	3.6	3.5	4.5
Current account balance (% of GDP)	-1.1	-0.2	-1.5	-1.3	-1.7	-2.8	-5.8	-3.6	-3.0	-2.3
Net international reserves (US\$ billions)	6.0	6.8	7.6	8.8	10.8	13.0	14.4	15.5	16.9	18.2
Nominal exchange rate (DOP/US\$, end-of-period)	46.7	48.2	50.4	53.1	58.2	57.3	56.2	58.1	60.0	62.0
Monetary policy rate (% end-of-period)	5.5	5.3	5.5	4.5	3.0	4.5	8.5	7.0	6.3	6.0
Gross Non-Financial Public Sector debt (% of GDP)	35.4	36.9	37.6	40.4	56.6	50.6	45.6	45.8	46.6	46.5
Non-Financial Public Sector primary balance (% of GDP)	-0.1	-0.2	0.3	0.4	-4.3	0.6	0.2	0.1	0.2	0.5
Non-Financial Public Sector overall balance (% of GDP)	-2.7	-2.8	-2.3	-2.3	-7.6	-2.5	-2.7	-3.1	-2.9	-2.5

Source: BofA Global Research

BofA GLOBAL RESEARCH



El Salvador: improvement in security conditions, amid fiscal slippages

El Salvador has been defying expectations, with its bonds trading at very distressed levels last year (in the 40s) and finally recovering access to markets in 2024. Bold security policies seem to be inducing a structural improvement in economic growth. Tourism is booming. Spaces that were previously controlled by the Maras gangs have been recovered as spaces for consumption and investment. Small firms are less subject to extortion payments. And incentives to work (labor productivity) increase in a safer environment. On the negative side, however, there was fiscal slippage in 2023, and year-to-date data for 2024 are not showing an improvement yet. The pension reform is putting negative pressure on fiscal balances by increasing pension payments.

Remittances slow down, risk for growth

Remittances barely increasing in 2024 is a risk to the downside for growth as they are one of the main drivers of private consumption.

Remittances came at US\$ 753mn in May, which represents an increase of 0.2% yoy. The 12-month sum stands at US\$8.24bn (23.9% of GDP). The share of remittances in digital assets (crypto) is around 1% according to the central bank's statistics.

The growth of El Salvador's remittances was barely 1.8% yoy in the first five months of 2024. This is slower than the growth observed in full-year 2023 (3.6%).

External disbursements improved due to the bond issuance

External debt disbursements totaled 1.1bn in the first four months of the year according to the debt disbursements monthly report that the MoF presents to congress. However, 1bn came from the Eurobond issuance.

Multilateral financing has been low in 2024 with around 100mn disbursements in Jan-Apr, note that in 2023 El Salvador got about 1.2bn of multilateral disbursements.

The government issued 518mn of pension related securities in the first four months of 2024 and this has helped to cover the financing needs.

VP Ulloa talked about IMF

Earlier this month, Vice President Félix Ulloa said to Russia Today (RT) that El Salvador is close to finalising an agreement with the International Monetary Fund (IMF) for \$1.3bn. Mr. Ulloa said that the country has met all the IMF's requirements, including those related to the use of Bitcoin as legal tender, although he did not provide further details.

If the bitcoin issue is solved, the likelihood of an agreement could increase substantially. However not further details were provided by VP Ulloa according to the news.

Exhibit 34: Macroeconomic forecasts for El Salvador

We expect GDP growth to increase to 2.8% by 2025, with the dividend from improved security, up from the average of 2% in the 15 years prior to the pandemic

	2016	2017	2018	2019	2020	2021	2022	2023F	2024F	2025F
GDP growth (%)	2.5	2.3	2.4	2.4	-7.9	11.9	2.8	3.5	2.7	2.8
Nominal GDP (US\$ bn)	24.2	25.0	26.0	26.9	24.9	29.0	32.0	34.0	35.3	36.9
CPI inflation (end-of-period, % yoy)	-0.9	2.0	0.4	0.0	-0.1	6.1	7.3	1.2	1.7	1.4
NFPS, including pensions, overall balance (% of GDP)	-3.1	-2.5	-2.7	-3.1	-10.0	-5.5	-2.6	-4.7	-3.6	-3.4
NFPS, including pensions, primary balance (% of GDP)	-0.2	0.7	0.9	0.6	-5.7	-1.0	2.1	-0.2	0.5	0.7
Public Sector gross debt, including pensions (% of GDP)	72.6	73.6	72.9	73.7	90.8	83.9	79.2	78.2	79.7	80.8
Current account balance (% of GDP)	-2.3	-1.9	-3.3	-0.4	1.6	-4.4	-6.8	-1.4	-2.3	-2.4
Net international reserves (US\$ bn)	2.9	3.3	3.4	3.9	2.9	3.3	2.4	2.6	2.9	3.3

Source: BofA Global Research

BofA GLOBAL RESEARCH



Guatemala: government pledging to tackle the structural issues

Guatemala is a positive story as well. Fiscal space is ample. It's the only country in LatAm where the public debt ratio is below 30% of GDP. Monetary policy is credible. The current account is in surplus. And economic growth is not stellar, but it's one of the most stable in the region (we forecast 3.5% and 4% for this year and next, respectively). The Arevalo administration is planning to use the fiscal space and its political capital to tackle the structural flaws of the economy (infrastructure, child malnutrition, social safety net, democratic checks & balances).

Government looking to achieve Investment grade

Earlier this month, the Vice Minister of Finance said that they had meetings with Moody's, as the government is working on achieving an the investment-grade credit rating. Moody's is the agency that rates Guatemala the highest, Ba1 (stable outlook), only one notch from IG.

If Guatemala keeps its strong macroeconomic conditions and makes visible progress to improve some of its major weakness (infrastructure gap, poor social safety net, social indicators like very high children malnutrition, corruption, fragile checks & balance in political system) it's quite feasible for the Arevalo to gain at least one upgrade from the rating agencies. If that upgrade comes from Moody's we would be talking of Guatemala becoming investment grade.

Growth is stable but external trade is facing headwinds

External trade is facing three headwinds in 2024. China suspended the imports of Guatemalan agricultural products due to an alleged diplomatic issue. The Revocation of APM Terminals contract in Puerto Quetzal. Dredging issues in Puerto Quetzal due to lack of legislation to expedite the port dredging.

Trade dispute with China is unlikely to impact the Guatemalan economy in a significant way. In our view, the story is being blown out of proportion in the news as something that may significantly affect the Guatemalan economy. Guatemala's exports to China were barely US\$ 80mn in 2023 (less than 0.1% of GDP).

On the other hand, the revocation of APM Terminals' contract puts downside risk on economic activity as it could interrupt trade in Guatemala's largest port. APM Terminals' manages 60% of the cargo in Puerto Quetzal, the largest maritime port in Guatemala. The other 40% is managed by the state-owned company EPQ. APM Terminals' facilities are the only ones that can manage ships with 10,000 TEUs.

Finally, Puerto Quetzal is facing capacity issues due to the lack of dredging, there are reports that ships cannot enter the port at full capacity because there is a risk of getting stranded. the last time the port was properly dredged was 40 years ago according to the news. The proposed bill will allow the government to take care directly of the ports dredging.

Exhibit 35: Guatemala – Macroeconomic and financial indicators

We expect GDP growth at 3.5% in 2024 and 4.0% in 2025

	2016	2017	2018	2019	2020	2021	2022	2023	2024F	2025F
Nominal GDP (US\$ bn)	66.1	71.7	73.3	77.2	77.7	86.5	95.6	104.5	111.6	118.8
Real GDP growth (% yoy)	2.7	3.1	3.4	4.0	-1.8	8.0	4.2	3.5	3.5	4.0
CPI inflation (% yoy, eop)	4.2	5.7	2.3	3.4	4.8	3.1	9.2	4.2	2.8	3.4
Central bank policy rate (eop, %)	3.00	2.75	2.75	2.75	1.75	1.75	3.75	5.00	4.75	3.75
Nominal exchange rate (vs USD, eop)	7.52	7.34	7.73	7.70	7.79	7.72	7.85	7.82	7.81	7.83
Current account balance (% of GDP)	1.0	1.2	0.9	2.4	5.1	2.2	1.3	3.1	2.7	2.4
Central gov. primary budget balance (% of GDP)	0.4	0.1	-0.3	-0.6	-3.2	0.6	0.0	0.4	1.0	-0.4
Central gov. overall budget balance (% of GDP)	-1.1	-1.4	-1.9	-2.2	-4.9	-1.2	-1.7	-1.3	-0.6	-2.0
Gross government debt (% of GDP)	25.0	25.2	26.5	26.5	31.5	30.6	29.0	27.2	25.4	25.2

Source: Government bodies, BofA Global Research estimates

BofA GLOBAL RESEARCH



Panama: Conflicting objectives

Panama recently lost investment-grade status from Fitch, because of rising public debt and the mining shock. We forecast a substantial slowdown of GDP growth for 2024, to 2% (from 7.3% last year). The outcome of the presidential elections in May was welcomed by markets. President-elect Mulino is making ministerial appointments that are improving the confidence of the private sector and bond investors. In our view, the main challenge for the incoming government (that will assume office in July) will be how to balance conflicting objectives: the desire to boost economic growth and the necessity of making hard choices (such as a tight 2025 budget and pension reform) that would likely imply sacrificing economic growth in the short-term.

Mulino's administration will seek an orderly closure of the mine

Juan Carlos Navarro's, Mulino's appointee for Minister of Environment, said there will be an "orderly shutdown of the mine". On Friday (June 14th), talking to the press after a power transition meeting with Cortizo's meeting of environment, Navarro told the press: "the instruction of the President-elect [Mulino] is that there will be an orderly shutdown of the mine".

Navarro is one of the political heavyweights in Mulino's ministerial cabinet. Two times Mayor of Panama City (from 1999 to 2009) and member of the PRD (ruling party in 2019-2024). His presence in the government might help Mulino get votes from the PRD in Congress, like the case of Javier Martinez Acha (Mulino's appointee for Minister of Foreign Affairs, also a member of the PRD). Navarro is known for being an environmentalist, with anti-mining views. His views will likely clash with the people in the Mulino administration that are trying to find a way to reopen the mine.

We expect the Mulino's administration to first focus on fiscal and pension issues before solving the mining issue.

Links with former President Martinelli is a risk for governance

Local news highlights that party leadership of Realizando Metas (Mulino's political party) unanimously approved that Ricardo Martinelli will pick the party's candidate for head of Congress. They state the candidacy will be presented on July 1st. Realizando Metas will have 13 out of 71 Congress members, and its ally, Partido Alianza, will have 2.

It's uncertain whether their candidate will be elected as the head of Congress. Realizando Metas also seems to be making alliances with the PRD and Partido Panamenistas, considering some people affiliated to these parties have been appointed to key ministerial positions. This is negative news for governability, in our view, to the extent that Martinelli creates polarization and rejection from some politicians (such as the independent Congress members, for example, which will be the largest movement in Congress, 21 seats).

Exhibit 36: Panama – Macroeconomic and financial indicators

We foresee GDP growth hovering around 3.6% in 2025 and thereafter, hindered by the investor-state dispute shock

	2016	2017	2018	2019	2020	2021	2022	2023	2024f	2025f
Nominal GDP (US\$ bn)	64.0	68.8	67.3	69.7	57.1	67.4	76.5	83.4	86.4	91.0
GDP growth (%)	5.0	5.6	-2.4	3.3	-17.7	15.8	10.8	7.3	2.0	3.6
Inflation (end-of-period, %)	1.5	0.5	0.2	-0.1	-1.6	2.6	2.1	1.9	1.7	1.5
Non-Financial Public Sector primary balance (% of GDP)	-0.1	-0.1	-1.0	-0.9	-7.2	-4.2	-2.3	-0.4	-1.8	-1.3
Non-Financial Public Sector overall balance (% of GDP)	-1.6	-1.7	-2.8	-2.7	-9.7	-6.4	-4.0	-3.0	-4.5	-4.0
Non-Financial Public Sector gross debt (% of GDP)	37.3	37.6	38.2	44.5	64.7	60.1	57.9	57.2	60.0	61.2
Current account balance (% of GDP)	-7.2	-5.4	-7.4	-4.8	-0.3	-1.2	-0.6	-4.5	-5.9	-6.4

Source: Government bodies, BofA Global Research estimates

BofA GLOBAL RESEARCH



Macro, FX and Rates forecasts

Exhibit 37: GDP, CPI and Monetary Policy forecasts

LatAm GDP growth to moderate in 2024

	Real GDP growth (% yoy)			CPI inflation (%)			Monetary policy rate (%)			Current account (% GDP)			Fiscal balance (% GDP)		
	2023	2024F	2025F	2023	2024F	2025F	Current	2024F	2025F	2023	2024F	2025F	2023	2024F	2025F
Global	3.0	3.2	3.3	4.2	3.1	2.7	6.18	4.99	4.18	-	-	-	-	-	-
US	2.5	2.5	2.1	4.1	3.0	2.2	5.38	5.13	4.13	-3.3	-3.5	-3.3	-	-	-
Euro	0.6	0.6	1.1	5.5	2.3	1.5	4.25	3.40	2.15	1.7	2.7	2.8	-	-	-
Japan	1.9	0.3	1.2	3.3	2.9	2.6	0.10	0.25	0.75	3.6	2.5	2.7	-	-	-
GEMs	4.1	4.4	4.3	6.1	5.8	4.3	7.80	5.83	5.06	0.7	1.2	1.5	-4.5	-3.9	-3.3
GEMs (ex. China)	3.6	4.0	4.0	9.8	9.2	6.2	10.45	7.48	6.26	0.1	1.0	1.3	-5.2	-4.6	-3.7
Asia	5.0	5.3	4.9	2.1	1.9	2.3	-	-	-	1.6	2.0	2.4	-3.9	-3.3	-2.7
China	5.2	5.0	4.7	0.2	0.5	1.3	3.45	3.35	3.25	1.4	1.8	1.7	-3.8	-3.0	-3.0
Hong Kong	3.2	1.5	1.8	2.1	1.5	1.6	5.75	5.50	4.50	9.4	11.1	9.1	-3.5	-1.5	1.2
India	6.5	7.6	6.6	5.4	4.9	4.4	6.50	6.50	6.25	-1.2	-1.6	-2.2	-5.9	-5.9	-5.3
Indonesia	5.0	5.2	5.3	3.7	2.8	2.9	6.25	6.00	5.00	-0.1	-0.5	-0.5	-1.7	-9.0	-7.0
Korea	1.4	3.0	2.3	3.6	2.5	2.2	3.50	3.25	2.50	1.9	3.0	2.8	-3.2	-1.9	-0.9
Malaysia	3.6	4.4	4.8	2.5	2.1	3.9	3.00	3.00	3.00	1.6	2.1	2.3	-5.0	-4.3	-3.8
Philippines	5.6	5.4	5.5	6.0	3.3	2.9	6.50	6.25	5.25	-2.6	-2.2	-2.3	-6.1	-5.3	-4.8
Singapore	1.1	2.6	2.6	4.8	2.6	2.5	-	-	-	19.7	17.7	17.2	-0.4	0.6	0.1
Taiwan	1.3	3.7	2.3	2.6	2.0	1.7	2.00	2.00	2.00	13.8	14.9	14.9	-2.1	-2.0	-2.1
Thailand	1.8	2.6	2.8	1.6	0.7	0.8	2.50	2.50	2.00	1.3	1.0	4.2	-3.3	-3.8	-3.6
EEMEA	2.0	2.6	3.5	22.9	23.1	13.4	-	-	-	-1.5	-0.3	0.3	-7.0	-6.1	-5.2
Czech R.	-0.2	1.2	2.6	10.7	2.4	2.0	5.25	4.00	3.50	0.4	0.2	-0.3	-3.7	-2.0	-1.5
Egypt	3.8	3.0	4.0	24.4	32.0	19.0	27.25	27.25	17.00	-1.2	-5.3	-2.5	-6.0	-7.5	-8.5
Hungary	-0.8	2.5	3.0	17.1	4.1	3.8	7.00	6.50	5.50	0.3	1.3	0.8	-6.2	-6.7	-5.0
Israel	2.0	2.2	3.5	4.2	2.7	2.8	4.50	4.50	3.75	5.0	5.6	4.4	-4.2	-6.5	-5.3
Nigeria	2.5	3.3	3.0	24.7	24.0	14.0	26.25	26.25	20.00	1.1	2.3	1.5	-4.0	-4.5	-4.0
Poland	0.0	3.2	3.5	11.6	3.7	4.6	5.75	5.75	4.75	1.6	1.4	0.5	-5.1	-5.1	-4.5
Romania	2.1	3.0	3.5	10.5	5.3	4.0	7.00	6.50	5.50	-7.0	-7.0	-6.7	-6.6	-6.5	-6.0
Saudi Arabia	-0.8	1.2	4.5	2.3	2.2	2.1	6.00	5.75	4.75	3.2	0.6	-0.9	-17.2	-9.0	-6.2
South Africa	0.7	1.3	1.5	5.9	5.1	4.6	8.25	8.25	7.25	-1.6	-1.9	-2.0	-6.0	-5.5	-5.4
Türkiye	4.5	3.2	3.4	53.4	58.9	30.2	50.00	47.50	30.00	-4.1	-2.2	-2.5	-5.3	-4.9	-3.2
Ukraine	5.3	3.0	7.0	13.4	4.0	5.0	13.00	11.00	10.00	-5.4	-6.8	-7.2	-16.1	-14.0	-18.1
LatAm	2.1	1.8	2.3	4.7	4.0	3.7	-	-	-	-1.4	-1.1	-1.3	-5.4	-4.6	-4.2
Argentina	-1.8	-3.2	3.0	211.4	148.2	55.4	60.0	40.0	30.0	-4.4	0.0	-0.4	-6.0	-1.4	-1.4
Brazil	2.9	2.7	2.5	4.6	3.7	3.5	10.50	10.50	9.00	-1.3	-1.9	-2.4	-8.9	-6.2	-6.4
Chile	0.2	2.7	2.0	3.4	4.5	3.7	5.75	5.50	4.75	-4.1	-3.1	-2.9	-2.4	-2.6	-2.6
Colombia	0.6	1.9	2.8	9.3	5.3	3.5	11.75	8.50	6.00	-2.7	-3.3	-3.2	-4.2	-5.3	-4.5
Costa Rica	5.1	4.2	3.8	-1.8	2.3	3.0	4.75	4.25	4.25	-1.1	-1.7	-1.7	-3.3	-2.8	-2.5
Dom Rep	2.3	4.8	4.9	3.6	3.5	4.5	7.00	6.25	6.00	-3.6	-3.0	-2.3	-3.1	-2.9	-2.5
Ecuador	2.4	-1.5	2.0	1.3	2.3	1.8	-	-	-	1.9	2.4	1.9	-3.6	-2.2	-2.1
El Salvador	3.5	2.7	2.8	1.2	1.7	1.4	-	-	-	-1.4	-2.3	-2.4	-4.7	-3.6	-3.4
Guatemala	3.5	3.5	4.0	4.2	2.8	3.4	5.00	4.75	3.75	3.1	2.7	2.4	-1.3	-0.6	-2.0
Mexico	3.2	1.8	1.0	4.7	4.5	4.4	11.00	9.75	8.50	-0.3	-0.2	0.1	-3.4	-5.0	-3.5
Panama	7.3	2.0	3.6	1.9	1.7	1.5	-	-	-	-4.5	-3.1	-1.9	-3.0	-4.5	-4.0
Peru	-0.6	2.2	2.8	3.2	2.4	2.5	5.75	5.00	4.00	0.6	0.5	-0.5	-2.8	-2.7	-2.2
Uruguay	0.4	3.0	2.5	5.1	5.5	5.6	8.50	8.50	8.00	-4.0	-3.0	-2.6	-3.3	-2.9	-2.5
Venezuela	4.0	4.0	2.0	205	57	101	-	-	-	-0.1	2.5	3.2	-	-	-

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 38: FX forecasts

End of period

		3Q 2024	4Q 2024	1Q 2025	2Q 2025	3Q 2025	4Q 2025
	Spot	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst
Asia							
USD/CNY	7.26	7.45	7.45	7.40	7.30	7.10	6.90
USD/HKD	7.81	7.83	7.83	7.82	7.81	7.80	7.79
USD/IDR	16469	16400	16200	16000	15800	15650	15500
USD/INR	83.6	83.0	83.0	82.5	82.5	82.0	82.0
USD/KRW	1389	1375	1350	1330	1310	1290	1270
USD/MYR	4.71	4.90	4.90	4.80	4.70	4.65	4.60
USD/PHP	58.8	58.0	57.0	56.5	56.0	55.5	55.0
USD/SGD	1.35	1.36	1.35	1.34	1.33	1.32	1.31
USD/THB	36.7	38.0	37.0	36.5	36.5	36.0	35.0
USD/TWD	32.4	32.5	32.3	32.1	31.9	31.7	31.5
EEMEA							
EUR/CZK	24.9	25.0	24.7	24.4	24.2	24.0	24.0
EUR/HUF	396	395	395	387	375	362	350
EUR/PLN	4.33	4.23	4.20	4.20	4.20	4.20	4.20
EUR/RON	4.97	4.97	4.97	5.01	5.05	5.08	5.12
USD/AED	3.67	3.67	3.67	3.67	3.67	3.67	3.67
USD/EGP	47.7	48.0	49.0	50.0	52.0	53.0	55.0
USD/ILS	3.75	3.60	3.55	3.50	3.50	3.45	3.45
USD/KWD	0.31	0.30	0.30	0.30	0.30	0.30	0.30
USD/KZT	466	420	420	420	420	420	420
USD/NGN	1494	1450	1400	1400	1400	1400	1400
USD/QAR	3.65	3.64	3.64	3.64	3.64	3.64	3.64
USD/SAR	3.75	3.75	3.75	3.75	3.75	3.75	3.75
USD/TRY	32.8	35.0	38.0	40.0	42.0	44.0	46.0
USD/UAH	18.0	18.4	17.8	17.5	18.0	18.2	18.4
USD/ZAR	40.5	40.0	40.0	40.0	40.0	40.0	40.0
LatAm							
USD/ARS	906	1070	1330	1517	1682	1865	2038
USD/BRL	5.43	5.30	5.25	5.25	5.30	5.40	5.50
USD/CLP	940	915	910	911	914	920	925
USD/COP	4145	4200	4300	4400	4450	4500	4550
USD/MXN	18.11	19.25	19.50	20.00	20.50	20.75	21.00
USD/PEN	3.80	3.80	3.82	3.83	3.84	3.84	3.85
USD/UYU	39.5	39.2	39.3	39.8	39.9	40.1	40.1
USD/Ves	36.4	42.1	46.9	55.6	65.9	78.1	92.6
USD/DOP	59.0	59.3	60.0	60.5	61.0	61.5	62.0
G10							
EUR/USD	1.07	1.10	1.12	1.12	1.15	1.15	1.17
USD/JPY	160	161	155	153	151	149	147
EUR/JPY	171	177	174	171	174	171	172
USD/CAD	1.37	1.36	1.35	1.34	1.32	1.32	1.32
AUD/USD	0.66	0.67	0.69	0.70	0.70	0.70	0.70
NZD/USD	0.61	0.60	0.61	0.62	0.62	0.62	0.62
EUR/GBP	0.85	0.84	0.84	0.85	0.85	0.85	0.85
GBP/USD	1.26	1.31	1.33	1.32	1.35	1.35	1.38
EUR/CHF	0.96	1.00	1.00	1.02	1.04	1.06	1.10
USD/CHF	0.89	0.91	0.89	0.91	0.90	0.92	0.94
EUR/SEK	11.2	11.5	11.3	11.1	11.0	10.9	10.8
USD/SEK	10.51	10.45	10.09	9.91	9.57	9.48	9.23
EUR/NOK	11.3	11.4	11.2	10.9	10.8	10.7	10.6
USD/NOK	10.57	10.36	10.00	9.73	9.39	9.30	9.06

Spot as of June 21. **Source:** BofA Global Research

BofA GLOBAL RESEARCH



Exhibit 39: Global Rates forecasts

End of period

		Spot	3Q 2024	4Q 2024	1Q 2025	2Q 2025	3Q 2025	4Q 2025
China	1y lending	3.45	3.45	3.35	3.25	3.25	3.25	3.25
	2y	1.69	1.90	1.95	1.95	-	-	-
	10y	2.26	2.25	2.35	2.35	-	-	-
India	Repo	6.50	6.50	6.50	6.50	6.50	6.50	6.50
	2y	6.96	6.70	6.60	6.60	6.60	6.60	6.60
	10y	6.97	7.10	7.00	7.00	7.00	7.00	7.00
Indonesia	Policy	6.25	6.25	6.00	5.75	5.50	5.25	5.00
	2y	6.86	6.40	6.20	6.20	6.20	6.20	6.20
	10y	7.14	6.60	6.50	6.50	6.50	6.50	6.50
Korea	Policy	3.50	3.50	3.25	3.00	2.75	2.75	2.50
	2y	3.23	3.00	2.80	2.80	-	-	-
	10y	3.24	3.30	3.10	3.10	-	-	-
Malaysia	Policy	3.00	3.00	3.00	3.00	3.00	3.00	3.00
	2y	3.54	3.30	3.20	3.20	3.20	3.20	3.20
	10y	3.84	4.10	4.00	4.00	4.00	4.00	4.00
Singapore	Policy	-	-	-	-	-	-	-
	2y	3.12	3.10	3.00	3.00	3.00	3.00	3.00
	10y	2.91	2.80	2.70	2.70	2.70	2.70	2.70
Thailand	Policy	2.50	2.50	2.50	2.50	2.50	2.50	2.50
	2y	2.31	2.50	2.40	2.40	2.40	2.40	2.40
	10y	2.74	3.10	3.00	3.00	3.00	3.00	3.00
EEMEA								
Czech R.	Policy	5.25	4.50	4.00	3.75	3.50	3.50	3.50
	2y	4.20	4.22	4.21	4.21	4.22	4.22	4.21
	10y	3.96	3.44	3.40	3.40	3.41	3.41	3.40
Hungary	Policy	7.00	7.00	6.50	6.25	6.00	5.75	5.50
	2y	6.50	7.00	7.00	7.00	7.00	7.00	6.99
	10y	6.54	5.81	5.75	5.75	5.75	5.75	5.75
Israel	Policy	4.50	4.50	4.50	4.25	4.25	4.00	3.75
	2y	3.72	3.50	3.00	2.50	2.28	2.22	2.20
	10y	3.97	3.33	3.09	2.95	2.88	2.87	2.86
Poland	Policy	5.75	5.75	5.75	5.75	5.25	5.25	4.75
	2y	5.40	5.74	5.73	5.73	5.74	5.74	5.73
	10y	5.17	5.18	5.11	5.11	5.12	5.12	5.11
South Africa	Policy	8.25	8.25	8.25	7.75	7.50	7.25	7.25
	2y	7.80	7.80	7.65	7.55	7.40	7.25	7.10
	10y	9.12	9.19	9.04	8.97	8.94	8.91	8.88
Türkiye	Policy	50.00	50.00	47.50	42.50	36.00	33.00	30.00
	2y	38.60	34.85	32.96	31.54	30.92	30.48	30.40
	10y	27.25	29.86	29.41	29.13	29.01	28.92	28.90
LatAm								
Argentina	Policy	40.0	40.0	40.0	40.0	40.0	40.0	40.0
Brazil	Policy	10.50	10.50	10.50	9.50	9.00	9.00	9.00
	2y	10.88	9.38	9.00	9.00	9.00	9.00	9.00
	5y	11.98	10.31	10.00	10.00	10.00	10.00	10.00
Mexico	Policy	11.00	10.25	9.75	9.25	8.75	8.50	8.50
	2y	10.44	8.69	8.25	8.13	8.00	7.88	7.75
	10y	9.49	8.81	8.75	8.75	8.75	8.75	8.75
Chile	Policy	5.75	5.50	5.50	5.25	5.00	4.75	4.75
	2y	5.32	5.70	5.50	5.50	5.50	5.50	5.50
	10y	5.35	5.50	5.50	5.75	6.00	6.25	6.50
Colombia	Policy	11.75	9.50	8.50	7.50	6.50	6.00	6.00
	2y	8.52	8.89	8.75	8.13	7.50	6.88	6.25
	10y	8.28	8.06	8.00	7.90	7.80	7.70	7.60
Peru	Policy	5.75	5.50	5.00	4.50	4.00	4.00	4.00
G10								
US	Policy	5.38	5.38	5.13	4.88	4.63	4.38	4.13
	2y	4.73	4.70	4.50	4.25	4.00	3.85	3.75
	10y	4.26	4.25	4.25	4.25	4.25	4.25	4.25
Germany	Policy	4.25	3.65	3.40	3.15	2.65	2.15	2.15
	2y	2.79	2.50	2.30	1.90	1.70	-	-
	10y	2.41	2.25	2.10	2.00	1.90	-	-

Source: BofA Global Research

BofA GLOBAL RESEARCH



Exhibit 40: BofA Global Research Commodity Price Forecasts

(period averages)

	units	1Q24F	2Q24F	3Q24F	4Q24F	2024F	1Q25F	2Q25F	3Q25F	4Q25F	2025
WTI Crude Oil	(\$/bbl)	77	83	85	81	81	79	75	73	73	75
Brent Crude Oil	(\$/bbl)	82	88	90	86	86	84	80	78	78	80
US NY Harbor ULSD (HO) Cracks to Brent Crude Oil	(\$/bbl)	30	25	25	25	26					
US RBOB Cracks to Brent Crude Oil	(\$/bbl)	11	21	14	7	13					
NWE Low Sulphur Gasoil Cracks to Brent Crude Oil	(\$/bbl)	23	20	20	19	21					
NWE Eurobob Cracks to Brent Crude Oil	(\$/bbl)	5	14	10	3	8					
NWE 1% Residual Cracks to Brent Crude Oil	(\$/bbl)	-6	-5	-5	-5	-5					
NWE 0.5% Residual Cracks to Brent Crude Oil	(\$/bbl)	2	2	2	2	2					
NWE 3.5% Residual Cracks to Brent Crude Oil	(\$/bbl)	-13	-12	-12	-12	-12					
US Natural Gas	(\$/MMBtu)	2.10	2.10	2.50	2.90	2.40	3.10	3.00	3.20	4.00	3.33
Thermal coal, Newcastle FOB	(\$/t)	148	148	151	153	150	0	0	0	0	125
Aluminium	\$/t	2240	2300	2500	2750	2447	3000	3000	3000	3000	3000
Copper	\$/t	8,534	9,000	9,500	10,250	9,321	10,500	10,500	11,000	11,000	10,750
Lead	\$/t	2,087	2,000	2,000	2,000	2,022	1,750	1,750	1,750	1,750	1,750
Nickel	\$/t	16,839	17,500	17,500	18,000	17,460	18,000	17,500	17,500	17,500	17,625
Zinc	\$/t	2,475	2,600	2,750	3,000	2,706	2,750	2,500	2,750	2,750	2,688
Gold	\$/oz	2069	2300	2400	2500	2317	2500	2300	2500	2750	2513
Silver	\$/oz	23	26	28	29	26	31	29	33	37	33
Platinum	\$/oz	910	950	1,000	1,100	990	1,000	1,000	1,000	1,000	1,000
Palladium	\$/oz	978	900	800	700	844	600	600	600	600	600

Source: BofA Global Research estimatesNote: Forecasts published on June 21 in the [Global Energy Weekly](#) from our Global Commodity Research team.

BofA GLOBAL RESEARCH

Options Risk Statement

Potential Risk at Expiry & Options Limited Duration Risk

Unlike owning or shorting a stock, employing any listed options strategy is by definition governed by a finite duration. The most severe risks associated with general options trading are total loss of capital invested and delivery/assignment risk... all of which can occur in a short period.

Investor suitability

The use of standardized options and other related derivatives instruments are considered unsuitable for many investors. Investors considering such strategies are encouraged to become familiar with the "Characteristics and Risks of Standardized Options" (an OCC authored white paper on options risks). U.S. investors should consult with a FINRA Registered Options Principal.

For detailed information regarding the risks involved with investing in listed options:

<http://www.theocc.com/about/publications/character-risks.jsp>



Valuation & risk

Argentina (ARGENT)

We are Overweight Argentina's external bonds. We think there could be additional upside from the ultimate approval of the omnibus bill in Congress, continued maintenance of a tight fiscal stance, and potential negotiation of a new IMF program with fresh funding.

Downside risks are appreciation of the real exchange rate, the possibility that the fiscal measures are diluted too much, a breakdown in political negotiations, the president's popularity eroded by economic challenges, social protests, and delays in IMF negotiations.

Upside risks are approval of fiscal measures in Congress that make the fiscal adjustment more sustainable, alliances that improve governability, new IMF disbursements or agreements, and increase in international reserves.

Brazil (BRAZIL)

We are Marketweight Brazil's external bonds. Valuations have improved versus BB-rated peers. Short-term fiscal performance has been better than expected.

Upside risks for bonds: Brazil could outperform if fiscal deficit outperforms market expectations, growth is high, if there is moderation in economic policies, and if measures to increase revenue are approved.

Downside risks for bonds: Brazil could underperform if fiscal cost from floods increases materially, debt ratio continues rising, growth disappoints, if there is pressure for counter-cyclical spending or quasi-fiscal measures to boost growth, if medium-term real yields remain elevated (hurting interest expense).

Chile (CHILE)

We are Marketweight Chile external debt as outlook for constitutional reform has improved significantly since mid-2022.

Upside risks: We expect Chile bonds to outperform if the constitutional reform is better than expected, support for a new constitution weakens, growth is stronger, debt rises less than expected, and copper prices rally.

Downside risks: We expect Chile bonds to underperform if the deficit and debt rise faster than expected, growth stagnates, the constitutional reform results in a deterioration in Chile's economic model, protests resume and political risks increase.

Colombia (COLOM)

We are Marketweight on Colombia's external bonds. Colombia trades cheap to its ratings, but we think valuations are fair given incomplete fiscal adjustment and pipeline of external debt issuance.

Downside risks to bonds are non-compliance with fiscal rule or proposals to amend it, larger than expected fiscal slippage, low growth, credit rating downgrades.

Upside risks to bonds are moderation of reforms, backtracking on the ban on new oil exploration contract, faster growth, higher oil prices.

Costa Rica (COSTAR)

We are Marketweight on Costa Rica's external bonds as valuations are in line with our bullish view on the economy.

Upside risks to the bonds are faster-than-expected rating upgrades, demand from local



investors for Eurobonds due to negative domestic net issuance, compliance with IMF program targets, asset sales.

Downside risks are amendments to the fiscal rule that erode the primary surplus, lower growth, legislative-executive political tensions.

Dominican Rep (DOMREP)

We have a Marketweight recommendation on DomRep's external bonds given good fundamentals, but relatively tight valuations.

Upside risks for bonds are approval of structural reforms (including fiscal rule, higher revenues, electricity reform), strong growth, and credit rating upgrades.

Downside risks for bonds are slow growth, larger subsidies, and wider deficit.

Ecuador (ECUA)

We are Marketweight on Ecuador's bonds as we think bonds are fairly valued relative to peers. Risks currently look balanced. There are some potential positive catalysts remaining, but also downside risks given weak growth and electricity blackouts.

Upside risks: Liability management operations, compliance with IMF program, implementation of targeted fuel subsidies, strong EM risk appetite, higher oil prices, reduced IMF surcharges.

Downside risks: Weak growth, electricity blackouts, legal challenges to recently approved tax increases, decline in government's approval, governability in Congress, reversal of fiscal consolidation, lower oil prices, low EM risk appetite.

El Salvador (ELSALV)

We are Marketweight on El Salvador's bonds. We believe the government is likely to be able to muddle through for several years, even without an IMF program. Low bond prices and high carry compensate against possible negative shocks.

Upside risks for the bonds are pivot towards an IMF agreement, Congressional approval of needed potential prior actions towards an IMF agreement, and continued improvement in fiscal deficit.

Downside risks for the bonds are reversal of fiscal consolidation ahead of 2024 elections, decline in domestic rollover rates, deterioration of the relationship with the US, governance, lower than expected growth, escalation in gang-related violence.

Guatemala (GUATEM)

We rate Guatemala's external bonds at Overweight.

Guatemala's bonds have underperformed significantly in recent months given risks that president-elect Arevalo could be impeded from taking office. We believe that this political risk premium can significantly recede after the constitutional court ruling and if the 14 January inauguration proceeds normally.

Upside risks are: Orderly transition, credit rating upgrades, strong growth, and low deficit.

Downside risks are: Governability conditions, attorney general investigations, social protests, natural disasters, governance and institutional capacity, lower remittances, strains in the US bilateral relationship, and relatively smaller trading liquidity.



Mexico (MEX)

We are Underweight on Mexico's external debt due to relatively tight spreads versus BBB-rated sovereigns, risk of indigestion from the large supply of external bonds that we expect in 2024 (\$16.7bn, driven by the wider deficit and Pemex amortizations), risks to institutional framework, and risks that wider deficits could persist during the next administration.

Upside risks: Stronger US growth, stronger Mexican growth, market-friendly change to Pemex's business plan, fiscal reform early in the next administration.

Downside risks: Large supply of external bonds, constitutional reforms that weaken checks and balances, US slowdown, Mexican slowdown, wider deficits persist longer than expected, poor fiscal consolidation results in a credit rating downgraded.

Panama (PANAMA)

We are Marketweight on Panama's external bonds as think valuations are fair given the implications of the Minera Panama mine shutdown and likely downgrade of Panama's rating to high yield.

Downside risks: Ratings downgrades, lower trend growth, fiscal slippage, lack of reforms, social protests, drought affecting Canal crossings, and contingent liability from arbitration proceedings.

Upside risks: Reopening of Minera Panama mine, fiscal and pension reforms, resilience of growth and private investment to the mining shutdown, removal of passage restrictions at the Canal.

Uruguay (URUGUA)

We are Marketweight Uruguay's external bonds (EXD) which trade with the tightest spreads in LatAm given strong fundamentals and supportive technicals (low supply of dollar bonds and outsized inflows due to its high ESG ratings).

Upside risks are fiscal prudence, high growth, inflows into ESG funds, and rating agency upgrades.

Downside risks are fiscal slippage, electoral uncertainty, outflows from ESG funds, referendum to repeal pension reform.

Venezuela (VENZ)

We are Marketweight on Venezuela's sovereign bonds. Bonds have rallied after the lifting of secondary market trading restrictions by the US Treasury. The bonds are currently in default and a debt restructuring may not happen until the next administration takes office. We expect a limited capacity to pay bonds if they are ultimately restructured. However, inclusion into EM indices should be a source of demand starting from 30 April 2024.

We expect bond prices to fall if sanctions are toughened and there is non-compliance with political agreements. We expect bond prices to rise if a transition to a market-friendly government takes place or a restructuring could proceed in a scenario of political continuity.



Analyst Certification

We, Christian Gonzalez Rojas, David Beker, Ezequiel Aguirre, Jane Brauer, Lucas Martin, CFA and Natacha Perez, hereby certify that the views each of us has expressed in this research report accurately reflect each of our respective personal views about the subject securities and issuers. We also certify that no part of our respective compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

Special Disclosures

Some of the securities discussed herein should only be considered for inclusion in accounts qualified for high risk investment.

Due to the current political situation involving Venezuela, the governments of the United States, Canada, and the member states of the European Union have imposed certain sanctions on various individuals and entities tied to the Government of Venezuela. These sanctions vary by jurisdiction, but generally prohibit citizens and entities incorporated under the laws of those countries imposing sanctions from having commercial dealings with sanctioned parties and also require them to freeze the assets of sanctioned parties. Additionally, US sanctions enforced by the Treasury Department's Office of Foreign Assets Control (OFAC) impose restrictions on any financial or commercial dealings by US individuals or companies, directly or indirectly, with the Government of Venezuela or any political subdivision, agency or instrumentality, including the Central Bank of Venezuela and Petróleos de Venezuela, S.A. (PdVSA), and anyone who is or becomes designated on the list of specially designated nationals unless authorized by a general or specific license. Investors who are US persons should be aware of the OFAC sanctions requirements and advised that violations can result in civil and/or criminal penalties. For further information on US-related sanctions, please consult with www.treasury.gov/resource-center/sanctions.



Disclosures

Important Disclosures

BofA Global Research Credit Opinion Key

BofA Global Research provides recommendations on an issuer's bonds (including corporate and sovereign external debt securities), loans, capital securities, equity preferreds and CDS as described below. Convertible securities are not rated. An issuer level recommendation may also be provided for an issuer as explained below. BofA Global Research credit recommendations are assigned using a three-month time horizon.

Issuer Recommendations: If an issuer credit recommendation is provided, it is applicable to bonds and capital securities of the issuer except bonds and capital securities specifically referenced in the report with a different credit recommendation. Where there is no issuer credit recommendation, only individual bonds and capital securities with specific recommendations are covered. Loans, CDS and equity preferreds are rated separately and issuer recommendations do not apply to them.

BofA Global Research credit recommendations are assigned using a three-month time horizon:

Overweight: Spreads and/or excess returns are likely to outperform the relevant and comparable market over the next three months.

Marketweight: Spreads and/or excess returns are likely to perform in-line with the relevant and comparable market over the next three months.

Underweight: Spreads and/or excess returns are likely to underperform the relevant and comparable market over the next three months.

BofA Global Research uses the following rating system with respect to **Credit Default Swaps (CDS)**:

Buy Protection: Buy CDS, therefore going short credit risk.

Neutral: No purchase or sale of CDS is recommended.

Sell Protection: Sell CDS, therefore going long credit risk.

Sovereign Investment Rating Distribution: Global Group (as of 31 Mar 2024)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	12	22.64%	Buy	4	33.33%
Hold	33	62.26%	Hold	15	45.45%
Sell	8	15.09%	Sell	3	37.50%

^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only Sovereign issuer recommendations. A Sovereign issuer rated Overweight is included as a Buy, a Sovereign issuer rated Marketweight is included as a Hold, and a Sovereign issuer rated Underweight is included as a Sell.

Credit Opinion History Tables for the securities referenced in this research report are available on the [Price Charts and Credit Opinion History Tables website](#), or call 1-800-MERRILL to have them mailed.

BofAS or an affiliate was a manager of a public offering of securities of this issuer within the last 12 months: Chile, Costa Rica, El Salvador, Mexico, Panama, Uruguay.

The issuer is or was, within the last 12 months, an investment banking client of BofAS and/or one or more of its affiliates: Argentina, Argentina (Bonad), Brazil, Chile, Chile (C. Bank), Colombia, Costa Rica, Dominican Rep, El Salvador, Mexico, Panama, Uruguay.

BofAS or an affiliate has received compensation from the issuer for non-investment banking services or products within the past 12 months: Argentina, Argentina (Bonad), Brazil, Chile, Chile (C. Bank), Colombia, Costa Rica, Dominican Rep, Ecuador, El Salvador, Guatemala, Mexico, Panama, Uruguay.

The issuer is or was, within the last 12 months, a non-securities business client of BofAS and/or one or more of its affiliates: Argentina, Argentina (Bonad), Brazil, Chile, Chile (C. Bank), Colombia, Costa Rica, Dominican Rep, Ecuador, El Salvador, Guatemala, Mexico, Panama, Uruguay, Venezuela.

BofAS or an affiliate has received compensation for investment banking services from this issuer within the past 12 months: Brazil, Chile, Chile (C. Bank), Colombia, Costa Rica, El Salvador, Mexico, Panama, Uruguay.

BofAS or an affiliate expects to receive or intends to seek compensation for investment banking services from this issuer or an affiliate of the issuer within the next three months: Argentina, Argentina (Bonad), Brazil, Chile, Chile (C. Bank), Colombia, Costa Rica, Dominican Rep, El Salvador, Mexico, Panama, Uruguay.

BofAS or one of its affiliates has a significant financial interest in the fixed income instruments of the issuer. If this report was issued on or after the 15th day of the month, it reflects a significant financial interest on the last day of the previous month. Reports issued before the 15th day of the month reflect a significant financial interest at the end of the second month preceding the report: Brazil.

BofAS or one of its affiliates trades or may trade as principal in the debt securities (or in related derivatives) that are the subject of this research report: Argentina, Argentina (Bonad), Brazil, Chile, Chile (C. Bank), Colombia, Costa Rica, Dominican Rep, Ecuador, El Salvador, Guatemala, Mexico, Panama, Uruguay, Venezuela.

The issuer is or was, within the last 12 months, a securities business client (non-investment banking) of BofAS and/or one or more of its affiliates: Brazil, Chile, Chile (C. Bank), Colombia, Costa Rica, Dominican Rep, Guatemala, Mexico, Panama, Uruguay.

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.

BofA Securities fixed income analysts regularly interact with sales and trading desk personnel in connection with their research, including to ascertain pricing and liquidity in the fixed income markets.

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.

This report may refer to fixed income securities or other financial instruments that may not be offered or sold in one or more states or jurisdictions, or to certain categories of investors, including retail investors. Readers of this report are advised that any discussion, recommendation or other mention of such instruments is not a solicitation or offer to transact in such instruments. Investors should contact their BofA Securities representative or Merrill Global Wealth Management financial advisor for information relating to such instruments.

Rule 144A securities may be offered or sold only to persons in the U.S. who are Qualified Institutional Buyers within the meaning of Rule 144A under the Securities Act of 1933, as amended. SECURITIES OR OTHER FINANCIAL INSTRUMENTS DISCUSSED HEREIN MAY BE RATED BELOW INVESTMENT GRADE AND SHOULD THEREFORE ONLY BE CONSIDERED FOR INCLUSION IN ACCOUNTS QUALIFIED FOR SPECULATIVE INVESTMENT.

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.

The securities or other financial instruments discussed in this report may be traded over-the-counter. Retail sales and/or distribution of this report may be made only in states where these instruments are exempt from registration or have been qualified for sale.

Officers of BofA 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.

This report, and the securities or other financial instruments discussed herein, may not be eligible for distribution or sale in all countries or to certain categories of investors, including retail investors.

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 Service Board; 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.bofamli.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 (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 (HKSF); 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 HKSF; 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.

Futures and options are not appropriate for all investors. Such financial instruments may expire worthless. Before investing in futures or options, clients must receive the appropriate risk disclosure documents. Investment strategies explained in this report may not be appropriate at all times. Costs of such strategies do not include commission or margin expenses.

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.



This report may contain a trading idea or recommendation which highlights a specific identified near-term catalyst or event impacting a security, issuer, industry sector or the market generally that presents a transaction opportunity, but does not have any impact on the analyst's particular "Overweight" or "Underweight" rating (which is based on a three month trade horizon). Trading ideas and recommendations may differ directionally from the analyst's rating on a security or issuer because they reflect the impact of a near-term catalyst or event. Certain investment strategies and financial instruments discussed herein may only be appropriate for consideration in accounts qualified for high risk investment. 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:

Copyright 2024 Bank of America Corporation. All rights reserved. iQdatabase® is a registered service mark of Bank of America Corporation. This information is prepared for the use of BofA Securities clients and may not be redistributed, retransmitted or disclosed, in whole or in part, or in any form or manner, without the express written consent of BofA Securities. BofA Global Research information is distributed simultaneously to internal and client websites and other portals by BofA Securities and is not publicly-available material. Any unauthorized use or disclosure is prohibited. Receipt and review of this information constitutes your agreement not to redistribute, retransmit, or disclose to others the contents, opinions, conclusion, or information contained herein (including any investment recommendations, estimates or price targets) without first obtaining express permission from an authorized officer of BofA Securities.

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.

Subject to the quiet period applicable under laws of the various jurisdictions in which we distribute research reports and other legal and BofA Securities policy-related restrictions on the publication of research reports, fundamental equity reports are produced on a regular basis as necessary to keep the investment recommendation current.

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
+1 646 855 1734
claudio.irigoyen@bofa.com

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

Global EM FI/FX Strategy

David Hauner, CFA >>
Global EM FI/FX Strategist
MLI (UK)
+44 20 7996 1241
david.hauner@bofa.com

Asia FI/FX Strategy & Economics

Helen Qiao
China & Asia Economist
Merrill Lynch (Hong Kong)
+852 3508 3961
helen.qiao@bofa.com

Claudio Piron
Emerging Asia FI/FX Strategist
Merrill Lynch (Singapore)
+65 6678 0401
claudio.piron@bofa.com

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

Abhay Gupta
Emerging Asia FI/FX Strategist
Merrill Lynch (Singapore)
abhay.gupta2@bofa.com

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

Miao Ouyang
China & Asia Economist
Merrill Lynch (Hong Kong)
miao.ouyang@bofa.com

Xiaoqing Pi
China Economist
Merrill Lynch (Hong Kong)
xiaoqing.pi@bofa.com

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

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

Janice Xue
Emerging Asia FI/FX Strategist
Merrill Lynch (Hong Kong)
janice.xue@bofa.com

Chun Him Cheung, CFA
Emerging Asia FI/FX Strategist
Merrill Lynch (Hong Kong)
chunhim.cheung@bofa.com

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

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

EEMEA Cross Asset Strategy, Econ

Mai Doan
CEE Economist
MLI (UK)
+44 20 7995 9597
mai.doan@bofa.com

Zumrut Imamoglu
Turkey & Israel Economist
MLI (UK)
zumrut.imamoglu@bofa.com

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

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

Merveille Paja
EEMEA Sovereign FI Strategist
MLI (UK)
merveille.paja@bofa.com

Mikhail Liluashvili
EEMEA Local Markets Strategist
MLI (UK)
mikhail.liluashvili@bofa.com

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

LatAm FI/FX Strategy & Economics

David Beker >>
Bz Econ/FI & LatAm EQ Strategy
Merrill Lynch (Brazil)
+55 11 2188 4371
david.beker@bofa.com

Jane Brauer
Sovereign Debt FI Strategist
BofAS
+1 646 855 9388
jane.brauer@bofa.com

Carlos Capistran
LatAm and Canada Economist
BofAS
+1 646 743 2921
carlos.capistran@bofa.com

Ezequiel Aguirre
LatAm FI/FX Strategist
BofAS
ezequiel.aguirre2@bofa.com

Pedro Diaz
Caribbean Economist
BofAS
pdiaz2@bofa.com

Christian Gonzalez Rojas
LatAm Local Markets Strategist
BofAS
christian.gonzalezrojas@bofa.com

Lucas Martin, CFA
Sovereign Debt FI Strategist
BofAS
lucas.martin@bofa.com

Alexander Müller
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 & Venez 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.

Trading ideas and investment strategies discussed herein may give rise to significant risk and are not suitable for all investors. Investors should have experience in relevant markets and the financial resources to absorb any losses arising from applying these ideas or strategies.

>> 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.

