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THE PREHN INSTITUTE | RESEARCH

Published May 18, 2026

BofA Flow Show: The Bidterms Explained

A Plain-English Breakdown of Bank of America's Most-Watched Weekly Market Intelligence Report

BOTTOM LINE:

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FELIX PREHN

Economist and former investment banker
The Prehn Institute

REPORT SCOPE

Plain-English explanation of the video.

RATING

None

PRICE TARGET

None

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About Felix Nikolas Prehn and The Prehn Institute

Felix Nikolas Prehn

Felix Nikolas Prehn is an economist and former investment banker. He writes and lectures on how the financial markets work, with a focus on how ordinary savers can protect what they have built.

The Prehn Institute

Felix Nikolas Prehn is the founder of The Prehn Institute. It publishes research on the financial markets and provides instruction in how they work. It gives no financial advice.

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Overview

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Educational Purpose Only

This document is an independent educational

breakdown produced by The Prehn Institute. It is designed to help everyday investors understand the content and terminology used in professional institutional research — specifically the Bank of America "Flow Show" report dated 14 May 2026, authored by Michael Hartnett and his team at BofA Global Research.

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SECTION 1 • BACKGROUND & CONTEXT

What is the Flow Show — and Why Should You

CARE?

The most-watched weekly market intelligence report on Wall Street, decoded for real people.

Bottom Line:

The BofA Flow Show is a weekly report by Bank of America's top strategist, Michael Hartnett. It tracks where hundreds of billions of dollars are moving across global markets every week. By understanding those flows, even a beginner investor can gain a significant edge over the crowd — and this week's edition contains some of the most urgent market warnings we've seen in years.

The Flow Show in Plain English

Every week, Bank of America's Global Research team publishes what is arguably the most closely watched piece of market intelligence on Wall Street: The Flow Show. Written by Chief Investment Strategist Michael Hartnett, it tracks the movement of money across every major asset class — stocks, bonds, commodities, currencies, and crypto.

Think of it like a weekly X-ray of the global financial system. Instead of asking "What are people saying?" about markets, the Flow Show asks the far more powerful question: "What are people actually doing with their money?"

The difference matters enormously. Words are cheap. Capital flows tell the truth.

WHY THIS MATTERS FOR YOU Institutional investors — pension funds, hedge funds, sovereign wealth funds — collectively manage tens of trillions of dollars. When they move money en masse, markets move. The Flow Show gives you a weekly window into that activity before most retail investors even know it's happening.

WHO Is Michael Hartnett?

The Oracle of Wall Street. Michael Hartnett is Chief Investment Strategist at BofA Securities, one of the world's largest investment banks. His weekly Flow Show has been published for many years and is required reading at the world's largest hedge funds, pension funds, and family offices.

Hartnett is known for his willingness to call out bubbles and risks early — often well before the consensus changes. His Bull & Bear Indicator (explained in Section 6) is one of the most- watched sentiment gauges in professional finance.

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Crucially, Hartnett is not a perma-bear. He calls markets as he sees them — which is why when he flashes a warning, the entire investment community takes notice. This week's report contains multiple such warnings.

What Are "the Bidterms"?

This week's edition is titled "The Bidterms" — a clever play on the US midterm elections coming in November 2026. "Bid" in markets means buying pressure (a "bid" for an asset). Hartnett's thesis is that investors are currently bidding up stocks and commodities to maximum levels as they position ahead of the November elections.

The political cycle matters. US midterm elections historically create predictable patterns in markets. Presidents want growth and rising asset prices heading into elections. Institutional investors who understand this position early — and that is exactly what Hartnett is documenting this week.

THE REPORT TEAM This edition of The Flow Show was authored by: Michael Hartnett (Lead Strategist), Anya

ShelekhinMyung-Jee JungJessica Shelekhin, Myung-Jee Jung, and Jessica

Guo — all Investment Strategists at BofA Securities in New York.

The Weekly "Scores on the Doors"

Every Flow Show opens with what Hartnett calls "Scores on the Doors" — a league table of asset class returns year-to-date. It tells you, at a glance, what has actually been making money in 2026. Here is this week's opening line-up:

OIL (YTD)

+76.6%

#1 asset class

COMMODITIES (YTD)

+62.5%

Real assets dominate

GLOBAL STOCKS (ACWI)

+12.3%

Solid but not #1

S&P 500 (SPX)

+9.5%

US stocks YTD

GOLD (YTD)

+7.9%

Safe haven in demand

BITCOIN (YTD)

−7.1%

Crypto underperforming

What this tells us immediately: The real story of 2026 so far is commodities and energy, not technology. Oil is up 76.6%. That is extraordinary. Yet most financial news headlines focus on tech stocks. The Flow Show cuts through the noise with hard data.

Also notable: government bonds are negative year-to-date (−0.9%), and cash is barely keeping up with inflation at +1.3%. This is a critical data point for investors who think "playing it safe" in bonds or cash is, in fact, safe.

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SECTION 2 • MACRO ENVIRONMENT

The Big Picture: The US "Boom Loop"

How rising stock prices create their own momentum — and the political forces that could end it.

Bottom Line:

US households have accumulated extraordinary wealth through the stock market: +

10 trillion in 2025, 8 trillion in 2023.

This wealth effect creates a self-reinforcing "boom loop." But Hartnett is very clear: this loop only ends two ways — politics or rising bond yields. Both threats are building right now.

The $31 Trillion Wealth Machine

One of the most striking data points in this report is the scale of household equity wealth creation over the past three years:

Year

Gain in US Household Equity Wealth Cumulative Gain

2023 +$8 trillion $8tn

2024 +$9 trillion $17tn

2025 +$10 trillion $27tn

2026 (YTD)

+$4 trillion $31tn

Source: BofA Global Investment Strategy, Bloomberg; BofA private client equity holdings data

What this means in plain English: American households are $31 trillion richer from stocks alone over just three years. That is almost the entire annual GDP of the United States — gained purely from rising share prices.

What Is the "Boom Loop"?

Hartnett uses the term "boom loop" to describe a self-reinforcing cycle of wealth creation:

1. Rising stock prices make households feel wealthier
2. Wealthier households spend more money
3. More spending boosts corporate profits
4. Higher profits drive stock prices even higher
5. The loop repeats — until something breaks it

This is the economic engine powering the US right now. It explains why consumer spending remains strong, why the economy hasn't fallen into recession despite high interest rates, and why stocks keep going up even when many traditional valuation metrics say they're expensive.

4trillionthisyearalone, following 9trillionin2024, and

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According to Hartnett, the boom loop has historically been ended by only two forces:

politics (policy changes that redistribute wealth or constrain markets) and rising bond

yields (higher interest rates that make stocks relatively less attractive and increase borrowing costs). Both of these threats are, in his view, escalating right now in 2026.

The Zeitgeist Quotes — What They MEAN

Hartnett opens each report with one or two pithy "Zeitgeist" quotes that capture the mood of Wall Street. This week he used two:

"Guess we're gonna find out if a bubble can win you an election."

This refers to the Trump administration's apparent strategy of keeping asset prices elevated heading into the November 2026 midterm elections. If voters feel wealthy, they vote for the incumbent. The cynical phrasing "guess we're gonna find out" suggests Hartnett thinks this is a dangerous and unprecedented experiment.

"The one thing Xi defiantly has that Trump wants is low interest rates."

This quote highlights a key tension: China's President Xi has the ability to set interest rates through state control of the banking system, while Trump, as a US President, cannot legally control the Federal Reserve's interest rate decisions. Trump has notoriously wanted lower rates to keep the economy and markets booming. The implication is that the new Fed Chair (Warsh, who begins May 15, 2026) faces enormous political pressure — but may resist it.

The "Melt-up" Scenario

What is a melt-up? A melt-up is when markets rise rapidly and sharply — not because fundamentals justify it, but because investor fear of missing out (FOMO) drives money into stocks at an accelerating rate. It is the final euphoric phase of a bull market before a major correction.

Hartnett explicitly notes that the "melt-up is everyone's new base case" — meaning most professional investors now expect markets to keep rising strongly into year-end. When everyone expects the same thing, markets have a habit of delivering a surprise. This consensus view is itself a warning sign.

KEY INSIGHT FOR RETAIL INVESTORS The boom loop is real and powerful. But Hartnett is documenting its late stage. The most dangerous moment in any market cycle is when everyone is bullish and complacent. That is precisely where we appear to be heading into the summer of 2026.

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SECTION 3 • BUBBLE WARNING

The Bubble Warning: Semiconductors & the SOX

INDEX

When a sector trades 62% above its 200-day moving average, history says be very careful.

Bottom Line:

The Philadelphia Semiconductor Index (SOX) — the benchmark for AI and chip stocks — is currently trading 62% above its 200-day moving average. To understand how extreme this is: the Nasdaq at the peak of the dot-com bubble in 2000 was only 55% above its 200-day average. The Mississippi Bubble of 1720 stands alone as the only comparable extreme. Hartnett names this explicitly as the AI bubble.

WHAT

IS

THE

200-Day

MOVING

Average?

The 200-day moving average (200dma) is one of the most widely used tools in professional investing. It is simply the average closing price of an index or stock over the past 200 trading days

✓ roughly 10 months of market activity.

It acts as a long-term "fair value" reference point. Markets naturally oscillate around this line. In normal bull markets, indices may trade 5–15% above their 200dma. In exceptional bull phases, perhaps 20–30%. At extremes like the dot-com peak, the Nasdaq reached 55% above its 200dma

✓ and then crashed 78% over the following two years.

The SOX index, which includes companies like NVIDIA, AMD, Intel, Qualcomm and TSMC, is currently 62% above its 200dma. This is not a 200dma deviation that has existed anywhere in modern financial history — except at the very top of past bubbles.

The Historical Bubble Comparison

Hartnett's team compiled a remarkable table comparing today's SOX deviation to every major financial bubble since 1700 — specifically how far above the 200dma each market traded at the very peak of the bubble:

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Date at Peak

Mississippi Co.

CAC All-Tradable

Jan 1720

+73%

Roaring 20s

Dow Jones

Sep 1929

+21%

Black Monday

Dow Jones

Aug 1987

+21%

Japan Nikkei 225

Dec 1989

+12%

Dot-com Nasdaq

Mar 2000

+55%

Saudi Arabia

Tadawul

Feb 2006

+28%

China Shanghai

Oct 2007

+37%

Historical Average			+35%
AI / Today	SOX (Semiconductors)	Now	+62%

Source:

BofA Global Investment Strategy,

Bloomberg, GFD Finaeon

The average peak deviation across all historical bubbles is +35%. The SOX today is at +62% — not at the average, and not even at the dot-com extreme. Only the Mississippi Bubble of 300 years ago comes close. This data point alone should stop every tech and AI investor in their tracks.

WHAT

DOES

THIS

MEAN

IN

PLAIN

English?

Exponential price action. Hartnett describes the current environment as "exponential price action, market concentration, collapsing volatility, stocks bossing bond yields higher." Let's decode that:

Exponential price action: Prices are rising at an accelerating rate, not a steady one. This is a hallmark of late-stage bubbles.

Market concentration: A small number of stocks (primarily AI/semiconductor names) account for a disproportionate share of market gains. When those few stocks turn, the whole market feels it.

Collapsing volatility: The "fear gauge" (VIX) is extremely low, meaning options are cheap and investors are complacent. Low volatility environments often precede sudden spikes. Stocks bossing bond yields higher: Strong stock market performance is, paradoxically, pushing bond yields up because it signals continued economic strength and inflation — making the inflation problem worse.

CRITICAL RISK WARNING Hartnett explicitly compares current semiconductor/AI stock behaviour to the French CAC at the peak of the Mississippi Bubble (1720) and the Nasdaq at the peak of the dot-com bubble (2000). He calls this the "AI bubble." He does not say it will pop tomorrow. But he is very clearly saying that the deviation from historical norms is extreme and that the risk/reward for late entrants into AI/semiconductor stocks has become dangerously skewed.

The Nikkei and Japan Warning

Another striking price alert: the Japanese Nikkei 225 index is annualising a gain of 81–86% in 2026. At the same time, 10-year Japanese government bond (JGB) yields are on pace to rise by +150 basis points (1.5%) this year.

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Hartnett's team notes this is "reminiscent of 1989 and 2025." Japan's 1989 experience is the most infamous stock market bubble in history — the Nikkei peaked in December 1989 and took over 30 years to recover its losses. The parallel is deliberately alarming.

The Financials Anomaly

One of the most counterintuitive data points in this week's report: financial stocks relative to the S&P 500 are now trading below the lows seen at the peak of the dot-com bubble (March 2000), below the lows of the Global Financial Crisis (March 2009), and below the COVID lows (October 2020).

Banks and financial stocks are traditionally considered economically sensitive — they do well when the economy is booming. If they are at multi-decade relative lows while the broad market is at highs, this is a significant divergence that professional investors watch closely as a warning signal of potential fragility beneath the surface.

THE TECH BOND WARNING While AI and semiconductor equity prices have soared, the bonds issued by those same technology companies tell a different story. Investment-grade tech bonds are down 1.5% YTD, and high-yield tech bonds are down

3.7% YTD. The bond market — often more sophisticated than the equity market — is not sharing equity investors' enthusiasm. This divergence is worth watching closely.

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SECTION 4 • INFLATION RISK

Inflation: The Time Bomb Nobody Wants to Talk

ABOUT

US CPI is heading toward 5% by November's midterm elections — and history is unambiguous about what that means for stocks.

Bottom Line:

US inflation (CPI) is tracking toward 5%+ by the November 2026 midterm elections, based on the pace of monthly gains seen in recent months. History shows that whenever CPI crosses 4%, stocks fall an average of 4% over the next 3 months and 7% over the next 6 months. US PPI (wholesale prices) is already running at 6%. The inflation threat is not a distant risk — it is a present one.

Where Inflation Stands Right Now

US inflation is currently approaching 4%, and Hartnett's team has done the maths on where it's likely to go. The driver is straightforward: the economy is running hot, and prices across multiple categories are rising simultaneously:

Energy prices: Rising (oil up 76.6% YTD adds to energy costs throughout the economy)

Electricity prices: Rising (driven by AI data centre demand and energy transition costs)

Transportation costs: Rising (fuel costs flow through to logistics)

Goods prices: Rising (re-shoring and tariff effects)

Rents: On the rise again after a brief pause

US Producer Price Index (PPI) — which measures wholesale prices paid by businesses, and is a leading indicator of future consumer prices — is already running at 6%. When producers pay more, they pass it on to consumers. This data point alone suggests CPI has room to rise further.

The Inflation Path Scenarios

Hartnett's team modelled four scenarios for US CPI based on different monthly gain assumptions. The recent run-rate of monthly CPI gains has been approximately +0.4% per month:

Monthly CPI Gain

CPI by Nov 2026 Midterms

Scenario

+0.1% / month ~3.0%

Best case — Fed succeeds

+0.2% / month ~3.7%

Optimistic but stretching

+0.3% / month ~4.4%

Danger zone begins

+0.4% / month (current pace)

~5.2%

Historical danger territory

Source: BofA Global Investment Strategy, Bloomberg

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Unless the pace of monthly CPI gains slows dramatically from the current +0.4% rate, US inflation will be above 5% by the time Americans go to the polls in November 2026. Hartnett's note captures this with the blunt phrase: "4% and there be dragons."

What History Says: CPI Above 4%

And Stocks

This is the most actionable piece of data in this week's report. Hartnett's team has analysed 100

years of US market history to determine what happens to the S&P 500 after CPI crosses 4%:

HISTORICAL AVERAGE: S&P PERFORMANCE AFTER CPI CROSSES 4%

−4% over 3 months −7%

over 6 months

Source: BofA Global Investment Strategy, 100 years of US market data

This is not a prediction of what will happen. It is an empirical observation of what has historically happened on average across a century of data. It is a base rate — and as investors, ignoring base rates is how people lose money.

Why does high inflation hurt stocks? Several reasons:

Rate pressure: High inflation forces the central bank to raise interest rates. Higher rates make bonds more attractive relative to stocks, pulling capital out of equities.

Margin compression: Companies that can't pass on cost increases see their profit margins shrink.

Consumer pressure: Inflation erodes real purchasing power, reducing consumer spending and economic growth.

Valuation compression: Higher interest rates reduce the present value of future corporate earnings — the mathematical foundation of stock valuation.

The New Fed Chair: Kevin Warsh

Kevin Warsh becomes the new Federal Reserve Chair on May 15, 2026 — literally the day after this report was published. The timing is significant. Hartnett's team ran a historical analysis of what happens to US Treasury yields in the first 3 months after a new Fed Chair takes

office :

Fed Chair President

Start Date

2yr Yield Change (bps)

10yr Yield Change (bps)

Burns Nixon

Feb 1970

−42 +19

Miller Carter

Mar 1978

+53 +35

Volcker Carter

Aug 1979

+288 +194

Greenspan Reagan

Aug 1987

−8 +6

Bernanke Bush

Feb 2006

+38 +59

Yellen Obama

Feb 2014

+13

Powell Trump

Feb 2018

+43 +20

Average			+55 bps	+48 bps
Warsh	Trump	May 2026	TBD	TBD

Source:

BofA Global Investment Strategy,

Bloomberg

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The historical average in the 3 months after a new Fed Chair takes over is +55bps on the 2-year

yield+48bps on the 10-year yield yield and +48bps on the 10-year yield. The BofA team projects the 2-year yield could reach

4.53%4.93% 4.53% and the 10-year yield 4.93% by mid- August 2026 based on this historical pattern alone.

Why this matters: Rising bond yields are directly negative for stock valuations and mortgage costs. If the 10-year Treasury approaches 5%, expect significant turbulence in rate-sensitive sectors including real estate, utilities, and growth stocks.

Hartnett identifies early June as the likely peak for the current bull phase. Key dates to watch: OPEC meeting (7th June), FIFA World Cup begins (11th June), Trump's 80th birthday (14th June), G7 Summit (15th June), and the first FOMC meeting under Warsh (17th June). He explicitly writes that "bull capitulation into stocks & tech likely fully complete in next few weeks, early June ripe for taking some off table."

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SECTION 5 • CAPITAL FLOWS

Where the Big Money is Flowing — and Why it

MATTERS

20.5 billion to stocks in a single week. Here's what the numbers

reveal.

Bottom Line:

The weekly flow data is the core product of The Flow Show. This week shows continued strong inflows to stocks and bonds, with some notable divergences: crypto is seeing its biggest outflow since February, China is experiencing its largest equity outflow since January, while US large caps, tech, infrastructure, and investment-grade bonds are all seeing multi-month record inflows. These flows collectively paint a picture of institutional investors "maximum bidding" on US assets heading into the November elections.

Understanding Capital Flows

Capital flows tell you where real money — measured in billions of dollars — is actually moving across global financial markets each week. This is tracked by data firm EPFR Global, which monitors thousands of mutual funds and ETFs worldwide.

When flows are strongly positive into an asset class, it means institutional investors are buying. When they are negative, they are selling. These flows can be self-fulfilling: heavy buying pushes prices up, which attracts more buyers, creating the momentum-driven markets we are currently experiencing.

This Week's Top-level Flows

Asset Class

Weekly Flow

Signal

Bonds

+$28.1 billion

55th consecutive week of inflows

Stocks

+$20.5 billion

Strong; 7th consecutive week for US

Cash (Money Market)

+$5.8 billion

Moderate; total $244bn YTD

Gold

+$2.0 billion

First inflow in 3 weeks

Crypto

−$1.3 billion

Biggest outflow since Feb 2026

"Flows to Know" — The Notable

Highlights

Crypto outflows: $1.3 billion. This is the largest single-week outflow from crypto funds since February 2026. Institutional crypto enthusiasm —

28.1billiontobonds,

Copyright The Prehn Institute. Educational purposes only — not financial advice. which had been building — is showing signs of cooling. This is worth watching as a sentiment indicator for risk appetite broadly.

Investment-Grade (IG) Bonds: $14.0 billion

inflow. This is the largest weekly IG bond inflow in six weeks. The 4-week rolling inflow of $42.2 billion is the largest since March 2026. This tells us that institutional investors are simultaneously buying stocks AND high-quality bonds — a somewhat unusual combination that suggests they are hedging. They want equity upside but are also protecting themselves with safety.

China stock outflows: $22.2 billion. This is the largest outflow from Chinese equities since January 2026. Despite initial enthusiasm about Chinese tech stocks earlier this year, institutional money is leaving. This aligns with Hartnett's comment about hyperscalers (like Amazon and Google) heading to cheaper countries to raise debt — including China — which adds capital flight concerns.

US large-cap inflow: $24.4 billion. The largest inflow in 5 weeks. This is direct evidence of the "max bid" into US equities ahead of midterms. The pattern is unmistakeable: money is coming out of emerging markets and going into US large caps.

Infrastructure: Record $1.5 billion inflow. This is an all-time record inflow to infrastructure funds. This reflects multiple tailwinds: AI data centre construction, energy grid modernisation, and US government fiscal spending. Infrastructure is becoming an increasingly popular "real asset" play.

Treasuries: $5.6 billion inflow. The largest in 6 weeks. Investors are also buying the safety of US government bonds — another sign of the dual- hedging strategy being employed by institutions.

Equity Flows by Region: The US vs

The World

Region

Weekly Flow

YTD Flow

Streak

US Equities +$21.9bn +$166bn weeks of inflows

Japan +$4.6bn +$24bn weeks of inflows

International DM

+$228bn YTD

+$438bn

Strong DM bid

Europe Outflows +$3mn weeks of outflows

EM (Emerging Markets)

Outflows −$79bn weeks of outflows

China −$22.2bn −$185bn Largest since Jan'26

The clear message: Developed markets (especially US and Japan) are receiving strong inflows. Emerging markets — and China in particular — are seeing capital flee. This reflects a classic "risk reduction" rotation: into the perceived safety of US large caps and out of higher-risk emerging market names.

Equity Flows by Sector

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Technology

+$5.4 billion

Biggest inflow since Feb 2026

Financials

+$0.7 billion

Steady

Real Estate

+$0.7 billion

Biggest since Dec 2025

Healthcare

+$0.5 billion

Biggest since Jan 2026

Materials

+$0.4 billion

Commodity theme

Consumer

−$1.0 billion

Outflows

Energy

−$0.5 billion

Despite high oil prices

Utilities

−$56 million

Rate-sensitive; light outflow Energy stocks are seeing outflows even as oil itself is up 76.6% YTD. This suggests institutional investors are taking profits in energy equities while still benefiting from oil exposure through commodity funds. A useful lesson: high commodity prices don't automatically translate into sustained demand for the stocks of companies that produce those commodities.

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SECTION 6 • SENTIMENT INDICATORS

The Bull & Bear Indicator: Your Market Mood

RING

At 7.6 out of 10, the BofA Bull & Bear Indicator is approaching its "automatic sell signal" level. Here's what that means.

Bottom Line:

The BofA Bull & Bear (B&B) Indicator has risen to 7.6 from 7.2 last week. The "automatic sell signal" triggers at 8.0. Hartnett estimates the indicator could hit 8.0 within the next two weeks if fund manager cash levels fall further and equity/EM/HY flows remain strong. When this indicator hits 8, history suggests it is time to reduce risk exposure. At 10, it would be an extreme sell. At 0–2, it's a buy signal.

What Is the Bull & Bear Indicator?

The BofA Bull & Bear Indicator is a proprietary sentiment gauge created by BofA's Global Investment Strategy team. It runs on a scale from

0 to 10 :

0–2: Extreme Bearish — "Automatic Buy Signal." Everyone is pessimistic. Markets are at their most attractive from a contrarian standpoint.

2–8: Neutral Zone — No automatic signal. Markets can go either way.

8–10: Extreme Bullish — "Automatic Sell Signal." Everyone is optimistic. This is when contrarians reduce exposure.

The logic is rooted in contrarian investing — one of the most powerful principles in finance. When everyone is bullish, all the buyers are already in the market, and there is nobody left to push prices higher. When everyone is bearish, all the sellers have already sold, and prices can only go up.

CURRENT BOFA BULL & BEAR READING

7.6 / 10

Up from 7.2 last week. Sell signal triggers at 8.0. Est. 1– 2 weeks away.

The Six Components

The B&B Indicator is constructed from six underlying inputs, each measuring a different dimension of market sentiment:

Component

Current Percentile

Signal

Hedge Fund Positioning 78th Bullish

Equity Flow 46th Neutral

Bond Flow 63rd Neutral

Credit Market Technicals

77th Bullish

Global Stock Index Breadth

74th Bullish

FMS (Fund Manager Survey) Positioning

88th

Very Bullish

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Source: BofA Global Investment Strategy, Bloomberg, EPFR Global, CFTC, MSCI

The most alarming component: Fund Manager Survey (FMS) Positioning is at the 88th

percentile — labelled "Very Bullish." This means professional fund managers are more bullishly positioned than they have been 88% of all historical observations. Near the extreme.

The Conditions for a Sell Signal

Hartnett explicitly outlines the precise conditions that would push the B&B Indicator to 8.0 (the automatic sell signal) within the next two weeks:

1. The May BofA Global Fund Manager Survey shows cash levels declining from 4.3% to 3.8% (managers deploying cash into markets)
2. Global stock inflows of $15–20 billion over the next two weeks
3. EM debt and high-yield bond inflows of approximately $2 billion each

None of these conditions are extreme — given current flow trends, all three appear quite achievable. This means the sell signal could trigger within the next two weekly flow reports.

The Bofa Global Fms Cash Rule

Separately, BofA tracks the Global Fund

Manager Survey (FMS) Cash Indicator . The rules are simple:

Buy signal: When average cash allocation is at or above 5.0%

Sell signal: When average cash allocation is at or below 4.0%

Current fund manager cash: 4.3%. This is already in neutral territory, approaching the sell-signal threshold. The implication: professional fund managers have already deployed most of their "dry powder" into markets. There is less cash available to push prices higher.

The Bofa Global Flow Trading

RULE

This rule applies to weekly fund flows as a percentage of assets under management (AUM):

Buy signal: When outflows from global equities and high-yield bonds exceed 1.0% of AUM over 4 weeks

Sell signal: When inflows exceed 1.0% of AUM over 4 weeks

Current reading: +0.5% AUM — in neutral territory, but trending toward the sell signal. The key point is that all of BofA's proprietary indicators are simultaneously trending in the same direction: toward extreme bullishness and closer to sell- signal territory.

HISTORICAL SELL SIGNAL PERFORMANCE When the B&B Indicator has previously reached 8.0 and triggered an automatic sell signal (notably Feb 2020, Feb 2026, and Oct 2025), markets have subsequently pulled back. The indicator is not infallible — it is a contrarian tool, and markets can remain irrational longer than most people expect. But the historical track record as a risk-reduction trigger is significant.

The EPS Growth Model: The One

Bullish Signal

In an otherwise cautious report, there is one genuinely positive macro signal: BofA's Global

EPS Growth Model currently shows earnings per share growth rising at approximately 9% year-on-

year . This is a healthy level of earnings growth that provides fundamental support for current stock valuations.

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The signal has a 6–12 month duration and is currently "EPS growth rising." This is the primary reason Hartnett is not calling for an immediate market crash — fundamentals remain decent. The risk is that sentiment, positioning, and valuation have all run well ahead of those fundamentals.

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SECTION 7 • PRIVATE CLIENT DATA

Private Client Positioning: What Wealthy Investors Are Doing

BofA manages $4.5 trillion for wealthy private clients. Their allocation data is one of the most powerful sentiment indicators available.

Bottom Line:

BofA's Global Wealth and Investment Management (GWIM) division tracks the investment allocations of approximately $4.5 trillion in private client assets. The current data shows a historically extreme position: stock allocation at an all-time high (65.7%), cash allocation at an all- time low (9.8%), and bond allocation near multi-year lows (17.3%). When wealthy investors are at maximum equity allocation and minimum cash, it historically signals limited upside and elevated downside risk.

THE

Private

CLIENT

Allocation:

Extreme Readings

Asset Class

Current Allocation

Historical Context

Equities (Stocks)

65.7%

Highest EVER recorded

Fixed Income (Bonds)

17.3%

Lowest since March 2022

Cash 9.8%

Lowest EVER recorded

Translating this for you: BofA's wealthiest private clients have more of their money in stocks than at any other point in history, and they are holding less cash than at any other point in history. These clients collectively represent $4.5 trillion in managed assets — so this is not an academic observation. It is one of the most significant positioning extremes in modern financial data.

WHY

Extreme

Positioning

IS

A

Warning

In financial markets, extreme positioning is a contrarian indicator. The logic is identical to the Bull & Bear Indicator: if everyone is already fully invested in stocks, who is left to buy? Markets need fresh buyers to continue rising. When everyone is already in, the next move is often down.

Consider the historical context shown by the BofA data:

September 2007 : Equity allocation was 57% — just before the Global Financial Crisis

October 2021 : Equity allocation peaked at 66% — just before the 2022 bear market

February 2009 : Equity allocation was at its low of 39% — the best buying opportunity in a generation

Current (May 2026): Equity allocation at 65.7% — higher than the pre-GFC peak

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Cash allocation at 9.8% is the lowest ever

recorded in BofA's private client data going back to 2005. Cash serves as a buffer and a source of dry powder for buying dips. With cash at record lows, these wealthy investors have minimal capacity to buy market corrections — which means any selloff is likely to be amplified rather than absorbed.

What Are Private Clients Buying

Right Now?

In the past 4 weeks, BofA's private client data shows they have been:

Buying:

Energy ETFs Municipal bond ETFs (munis) Materials ETFs

Selling:

Utilities ETFs Financials ETFs Technology ETFs

What this rotation tells us: Wealthy private clients are rotating away from some of the more rate-sensitive and high-valuation sectors (tech, utilities, financials) and toward real assets (energy, materials) and tax-advantaged income (munis). This is a classic late-cycle defensive rotation — they are subtly reducing risk while remaining broadly invested in equities.

The Treasury Preference Shift

Another nuanced data point from the private client segment: since 2020, these clients have accumulated a cumulative $46 billion in T-notes (medium-term Treasury bonds) versus only billion in T-bonds (long-term).

This "barbell" preference for medium-term Treasuries reflects a deliberate strategy: locking in yields without taking on excessive duration risk. It suggests sophisticated investors are preparing for a scenario where short-term rates eventually fall (as the Fed cuts) but they don't want the volatility of long-term bonds.

THE KEY TAKEAWAY FROM PRIVATE CLIENT DATA The $4.5 trillion BofA private client base is simultaneously at maximum equity exposure AND minimum cash holdings. This is the most extreme positioning in the history of this dataset. History suggests this combination — peak optimism, zero dry powder — is a significant warning for forward equity returns over the next 6–12 months.

30billioninT −bills(short −term)and

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SECTION 8 • BOND MARKETS

Bond Yields & the Nasdaq Echo — Ominous

PATTERNS

History does not repeat, but it rhymes. Two patterns from 1999 and 2009 are playing out simultaneously in 2026.

Bottom Line:

Hartnett flags that the Nasdaq and 10-year Treasury yields are both annualising large gains simultaneously — a pattern that has historically appeared at major turning points. Nasdaq annualising a 45% gain while the 10-year yield is on pace for +80bps is "an ominous echo to 2009 and 1999." In 1999, this preceded the dot-com crash. In 2009, it preceded a significant correction before the next leg higher.

The Dual Ominous Echo

In 2026, two simultaneous annualised trends are notable for their historical parallels:

Nasdaq annualising a 45% gain — strong speculative momentum in tech/AI 10-year Treasury yield on pace for

+80bps rise in 2026 — rising financing costs, inflation pressure

This combination of "stocks surging while rates rise" has historically been unstable. It requires corporate earnings to accelerate enough to justify higher valuations in a higher-rate environment. Often, something breaks — either rates pause (good for stocks) or stocks correct to reflect the higher discount rate (painful for investors).

The Japan parallel is equally striking. The Nikkei is annualising an 81% gain in 2026 while Japanese government bond yields are on pace for their largest annual rise in decades. In 1989 — the year the Japanese bubble peaked — the Nikkei rose dramatically as bond yields also rose. The following year, the Nikkei began a 30-year decline.

The 5% CPI Threshold — Why "4%

And There Be Dragons"

This phrase from Hartnett — "4% and there be dragons" — borrows from medieval cartographers who wrote "here be dragons" on maps beyond the known world. The message: once US CPI crosses 4%, you are in uncharted territory for risk assets in the current cycle.

Not because 4% CPI automatically causes a crash, but because:

1. It removes the optionality of Fed rate cuts as a market rescue
2. It forces the new Fed Chair to signal tightening 3. It erodes consumer confidence and discretionary spending
3. It historically precedes above-average equity drawdowns

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SECTION 9: POLITICS — EXTREME POLITICS = EXTREME WALL STREET

One of the most striking data points in this week's Flow Show comes from UK local elections — and its implications stretch far beyond Britain. In the most recent UK local elections, the vote share of "insurgent" parties (Reform and the Greens) surged from 3% to 41% of votes cast. Meanwhile, the established parties (Labour and the Conservatives) saw their combined share collapse from 92% to 54%.

Why does a UK election matter for global

markets? Because Hartnett frames it as part of a global megatrend: "2020s rule is you can't govern from the centre in a democracy." Voters across the developed world are expressing extreme dissatisfaction with the political establishment. This is a pattern now visible in the US, UK, France, Germany, Italy, and elsewhere.

THE POLITICAL RISK EQUATION Extreme political conditions — where established parties lose power and insurgent movements rise — historically correlate with extreme asset price behaviour on Wall Street. The reason: political extremes create unpredictable policy environments (tariffs, wealth taxes, nationalisation, fiscal excess), which in turn create volatility in financial markets. This is not a partisan observation — it is a market structure observation.

The inflation-politics feedback loop. Hartnett notes that Trump's approval rating on inflation is at just 30% — "near Biden lows." The electorate's anger about affordability and inequality is the most direct route to losing an election. This creates a potential political pivot in 2027: a shift from the current "Chips and Commodities" economic approach to a "Consumer relief" policy

- ✓ potentially meaning price controls, tariff reversals, or fiscal transfers. Such a pivot would be a major positive for consumer-oriented stocks and potentially negative for commodities and semiconductor capex.

For investors, this means the 2026–2027 period could see a significant sector rotation if political pressures mount. Watching inflation data and polling numbers between now and November becomes critical.

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SECTION 10 • MARKET PERFORMANCE

2026 Asset Class Winners & Losers: The Full

SCORECARD

Every major asset class, every sector, ranked by YTD returns as of 13 May 2026.

Bottom Line:

The headline story of 2026 is the dominance of REAL ASSETS: oil, commodities, and industrial metals lead all asset classes by a wide margin. Among equities, Korea, Taiwan, and Turkey lead country returns. Among sectors, Energy and Information Technology top the global leaderboard. In fixed income, TIPS (inflation-linked bonds) and T-Bills beat conventional bonds. Bitcoin is the worst performing major asset year-to-date.

Top-level Asset Class Rankings

(Ytd 2026)

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Oil (WTI) +75.9%

EM Equities (broad) +22.2%

Industrial Metals +18.3%

Japan Equities +15.8%

Pacific Rim ex-Japan +10.5%

US Equities (SPX) +8.9%

Gold +8.4%

UK Equities +6.3%

Europe Equities +4.7%

High Yield Bonds +1.3%

EM Sovereign Bonds +0.6%

US Dollar +0.2%

Investment Grade Bonds

0.0%

Government Bonds −0.9%

Top Country Equity Returns (Ytd

2026)

Country YTD Return

Korea +99.5%

Taiwan +73.6%

Türkiye +62.5%

Brazil +25.9%

Mexico +13.3%

Japan +15.8%

US +8.9%

China −2.7%

India −12.8%

The Korea/Taiwan story: Both countries are AI- adjacent semiconductor superpowers. Korea (Samsung, SK Hynix) and Taiwan (TSMC) are the primary manufacturers of the advanced chips powering the AI boom. Their extraordinary returns in 2026 (+99.5% and +73.6% respectively) are direct expressions of the AI bubble Hartnett is warning about.

Top Global Sector Returns (Ytd

2026)

Rank Sector (ACWI Global) YTD Return

Energy +81.6%

Information Technology +39.7%

Materials +15.7%

Telecoms +15.5%

Industrials +13.0%

Utilities +12.2%

Banks +10.5%

Consumer Staples +9.9%

Fixed Income Rankings (Ytd 2026)

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TIPS +26.6% Inflation-protected bonds — #1 fixed income

3-Month Bills

+22.6%

Ultra-short cash equivalent

US HY (High Yield)

+15.8% Junk bonds

EM Corporate

+12.6%

Emerging market companies

US Corp IG −1.3%

Investment grade corporate bonds

30-Year Treasury

−5.2%

Long-duration government bonds — worst

Japan Govt Bonds

Negative

Worst sovereign bond market

THE BOND MARKET VERDICT IN 2026 The fixed income market in 2026 delivers a clear verdict: inflation-protected instruments (TIPS) and very short-duration instruments (T- Bills) massively outperform conventional bonds. The worst performer is the 30-year US Treasury. This validates the inflation thesis — bond investors are demanding compensation for inflation risk, and those who went "safe" into long-dated government bonds have lost significant money.

Perhaps the most visually arresting element of each Flow Show is the annual asset class "quilt"

- ✓ a comprehensive table showing which asset class topped the performance rankings in every year from 2000 to 2026. Some key observations from this data:

No single asset class dominates consistently. Last decade's leader is often this decade's laggard.

Commodities had their worst period 2012– 2015 (falling as much as −29% in a year), but are now the top performer in 2026 (+62.5%). Mean reversion works over long periods.

EM equities were the top performer in 2003 (+56.3%), 2007 (+39.8%), and 2009 (+79%), but have gone from boom to bust repeatedly.

Gold topped the charts in 2010 (+29.2%) and again in 2024 (+26.7%) and 2025 (+60.7%) — a significant multi-year run that continues into 2026. The S&P 500 has been remarkably consistent since 2013: top-3 returns in many years, rarely the worst performer. But 2026 marks the first year since 2022 that US equities are not in the top 5.

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SECTION 11 • ACTIONABLE INSIGHTS

Practical Takeaways for Retail Investors

What the Flow Show actually means if you are managing your own portfolio — no jargon, no complexity.

Bottom Line:

The Flow Show's message this week can be distilled into a single sentence: institutional investors are in a maximum-risk, pre-election "bid everything" mode — and the evidence suggests this euphoria is approaching its peak. This does not mean sell everything today. But it does mean: review your exposure, understand your risks, and have a plan for what happens after the peak.

Takeaway 1: Understand What You

OWN

The most important lesson from this week's Flow Show is the value of understanding the composition of your portfolio. If you hold an S&P 500 index fund or any tech-heavy ETF, you have significant concentration in the semiconductor and AI stocks that Hartnett is flagging as bubble territory.

Action: Check what percentage of your portfolio is in tech and semiconductor names. If the answer makes you uncomfortable given the data in this report, that is useful information.

Takeaway

2:

Commodities

HAVE

Been the Real Story

If you followed only mainstream financial news in 2026, you might believe tech stocks were the dominant story. The Flow Show corrects this perception immediately: oil is up 76.6%, commodities are up 62.5%, gold is up 7.9%. Real assets have massively outperformed tech equities year-to-date.

Action: Review whether you have any meaningful allocation to commodity-related assets (energy stocks, materials stocks, commodity ETFs, gold). The data suggests this was the right call for 2026.

Takeaway 3: Watch the Bull & Bear

Indicator

The BofA Bull & Bear Indicator is at 7.6, approaching the "automatic sell signal" of 8.0. You don't need to act on it immediately, but understanding this tool gives you context for interpreting market moves over the coming weeks.

Action: When the indicator hits 8.0 (likely within 2 weeks based on Hartnett's projections), consider whether you want to reduce exposure to the most speculative, high-momentum positions in your portfolio. This is not a rule to follow blindly — it is a framework for managing risk.

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Takeaway

4:

Inflation

Matters

More than Anything

The single most important variable to watch over the next 6 months is US CPI. If it breaks convincingly above 4% — and the trajectory strongly suggests it will — history says equities face headwinds. If the monthly inflation print somehow surprises to the downside (0.2% or less), the risk calculus changes dramatically.

Action: Put the US CPI release dates in your calendar. They occur approximately every 4 weeks. Each print will tell you whether Hartnett's 5%-by-November scenario is on track or cooling. The market's reaction to each CPI print will be the most important data point to monitor.

Takeaway 5: Cash Is Not "Safe"

EITHER

With inflation potentially heading toward 5%, holding cash at a money market rate of 4–4.5% means your real (after-inflation) return could be negative. Cash is not a safe harbour in an inflationary environment — it is a slowly melting asset.

Action: If you are holding cash waiting for a better entry point, consider TIPS (Treasury Inflation-Protected Securities) or short-duration T- Bills as a way to maintain liquidity while getting some inflation protection. The Flow Show data shows TIPS up 26.6% YTD — far better than cash.

Takeaway 6: "Peak June" — The

Next 6 Weeks Are Critical

Hartnett explicitly flags early June as a likely peak for the current bull phase. The combination of the World Cup beginning (risk-taking mood), Trump's birthday (political attention), the G7 summit (geopolitical focus), and the first Warsh FOMC meeting (policy uncertainty) creates a cocktail of potential market-moving events in a compressed window.

Action: If you have been considering taking profits in speculative or momentum positions, Hartnett's data suggests the window before mid- June may be the optimal time to do so. This is not a prediction — but it is a framework informed by comprehensive flow data.

WHAT THIS REPORT IS NOT SAYING This breakdown is not saying: "Sell everything immediately." The BofA data shows earnings growth is real (+9% EPS growth), the US economy is strong, and institutional flows remain positive. Hartnett's concern is about risk/reward at current price levels and the proximity to historical extremes — not an imminent crash prediction. The appropriate response is awareness and measured risk management, not panic.

Takeaway

7:

THE

Political

Calendar Is a Market Calendar

In 2026, the political calendar is the market calendar. The November midterm elections are the single most important event on the horizon. Understanding that the current "max bid" into US assets is partly a political strategy — designed to keep voters feeling wealthy — is essential context for interpreting every market move between now and November.

Action: When you see markets rally on no obvious news, consider whether that rally is being sustained by institutional positioning for the political cycle. And when the elections are decided — whatever the outcome — expect the political support for asset prices to shift dramatically in 2027.

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A

FINAL

WORD

ON

Contrarian

Thinking

The single most valuable skill that professional investors develop is the ability to be comfortable being in the minority. Right now, the consensus is bullish. BofA's private clients are at maximum equity allocation. Fund managers are at near- minimum cash. The B&B Indicator is approaching a sell signal.

The courageous and profitable move in markets is almost always the less obvious one. That might mean holding some cash when everyone else is fully invested. It might mean owning some inflation protection when everyone says "inflation is over." It might mean being cautious about AI stocks

when every headline celebrates the next trillion-dollar valuation.

The Flow Show exists precisely to give you data on what "everyone" is doing. And as Hartnett has shown across decades, what "everyone" is doing is the starting point for the contrarian trade.

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SECTION 12 • REFERENCE GUIDE

Glossary: Wall Street Terms in Plain English

Every abbreviation, indicator, and technical term from the Flow Show, explained for beginners.

Asset Classes & Instruments

ACWI (All Country World Index): An index that tracks stock markets in 47 countries around the world — both developed (like the US, UK, Japan) and emerging markets (like China, India, Brazil). It's a global stock market barometer.

SPX / S&P 500: An index of the 500 largest companies listed on US stock exchanges, weighted by market capitalisation. The world's most watched equity index and a common benchmark for US equities.

SOX (Philadelphia Semiconductor Index): An index tracking the world's largest semiconductor (chip) companies, including NVIDIA, AMD, TSMC, Intel, and Qualcomm. It is the best proxy for the AI investment theme in equity markets.

Nikkei 225: Japan's primary stock market index, tracking the 225 largest companies on the Tokyo Stock Exchange. Notable for the catastrophic 1989 bubble and subsequent 30-year recovery journey.

IG Bonds (Investment Grade): Bonds issued by companies or governments rated highly by credit agencies (typically BBB- or above). Considered relatively safe. Lower yield than high-yield bonds.

HY Bonds (High Yield / "Junk Bonds"): Bonds issued by companies with lower credit ratings. They offer higher interest payments to compensate investors for higher default risk. Also called "junk bonds."

TIPS (Treasury Inflation-Protected Securities): US government bonds whose principal adjusts with inflation. If CPI rises 3%, your TIPS principal rises by 3%. The best fixed income hedge against inflation.

T-Bills (Treasury Bills): Ultra-short-term US government debt, typically maturing in 4–52 weeks. Considered the "risk-free" rate. In 2026, they are yielding around 4–4.5%.

JGB (Japanese Government Bond): A bond issued by the Japanese government. The 10-year JGB yield rising dramatically in 2026 signals that Japan's era of ultra-low interest rates may be ending — with potentially large global implications.

MBS (Mortgage-Backed Securities): Bonds backed by pools of home mortgages. Sensitive to interest rates. Rising MBS inflows suggest some investors expect mortgage rates to stabilise or fall.

Economic Indicators

CPI (Consumer Price Index): The most widely used measure of inflation. It tracks the average change in prices paid by consumers for a basket of goods and services. A 4% CPI means prices are 4% higher than they were a year ago.

PPI (Producer Price Index): Measures inflation from the perspective of producers/wholesalers — before goods reach consumers. PPI is a leading

Copyright The Prehn Institute. Educational purposes only — not financial advice. indicator of CPI: when producers' costs rise, they eventually pass those costs on to consumers.

Basis Points (bps): One hundredth of one percent. 50 basis points = 0.5%. Used to describe changes in interest rates and bond yields with precision.

200-Day Moving Average (200dma): The average closing price of an index or stock over the past 200 trading days (roughly 10 months). Used as a long-term fair value reference. Trading far above it is a sign of overextension; far below it suggests oversold conditions.

Institutional

Investors

&

Structures

AUM (Assets Under Management): The total market value of assets that a fund manager or financial institution manages on behalf of clients. BofA's private clients have $4.5 trillion AUM.

GWIM

(Global Wealth and Investment

Management): BofA's division that manages money for high-net-worth private clients. Their investment allocations are tracked as a sentiment indicator.

FMS (Fund Manager Survey): BofA's monthly Global Fund Manager Survey polls several hundred professional fund managers worldwide about their expectations, allocations, and biggest fears. One of the most widely cited institutional sentiment surveys.

EPFR Global: A data firm that tracks capital flows into and out of thousands of mutual funds and ETFs globally. The primary data source for the BofA Flow Show's weekly flow statistics.

ETF (Exchange-Traded Fund): A type of investment fund that trades on a stock exchange like a stock. ETFs can track indices (like the S&P 500), sectors, commodities, or bond markets. They offer instant diversification at low cost.

Hyperscalers: The world's largest cloud computing companies that operate massive data centres: Amazon Google (Cloud), Microsoft (Azure), Meta, and others. They are among the largest buyers of AI chips and are driving much of the semiconductor demand.

Market Concepts

Contrarian Investing: An investment strategy that deliberately goes against prevailing market sentiment. When everyone is bullish, contrarians reduce risk. When everyone is bearish, contrarians buy. The underlying insight is that extreme sentiment leads to extreme prices — which eventually mean-revert.

Melt-Up: A rapid and euphoric rise in asset prices driven primarily by investor fear of missing out (FOMO) rather than fundamental improvements. Melt-ups are characterised by accelerating gains, collapsing volatility, and broad investor participation. They typically end suddenly and sharply.

Boom Loop: A self-reinforcing economic cycle where rising asset prices create wealth effects that stimulate consumer spending, which boosts corporate profits, which drive asset prices even higher. Can be highly persistent but typically ends abruptly when the wealth effect reverses.

Duration (Bond Duration): A measure of a bond's sensitivity to interest rate changes. A 30- year Treasury bond has much higher duration than a 2-year T-bill — meaning a 1% rise in interest rates will cause a 30-year bond's price to fall far more than a 2-year bond's price.

Dry Powder: Cash or liquid assets held in reserve for the purpose of making investments when opportunities arise, particularly during market corrections. When dry powder is low (as with BofA private clients currently), less cash is available to buy dips.

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Mean Reversion: The tendency of asset prices, valuations, or indicators to return to their long- term historical average over time. When the SOX index is 62% above its 200dma, mean reversion suggests it will eventually return to — or below — the average.

FREEEDUCATIONALWORKSHOP•LIVE&ONLINE

"HOW TO FIND THE NEXT 10X BAGGER"

Join Felix Prehn live for a free workshop where he reveals the exact framework institutional investors use to identify the market's biggest winners — before they become obvious. Learn the checklist, the signals, and the mindset that separates 10X returns from average ones.

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THE FLOW SHOW

THE BIDTERMS

Scores on the Doors : oil 76.6%, commodities 62.5%, ACWI 12.3%, SPX 9.5%, gold 7.9%, cash 1.3%, HY 1.3%, US$ 0.5%, IG 0.0%, govt bonds -0.9%, bitcoin -7.1% YTD.

Zeitgeist : “Guess we’re gonna find out if a bubble can win you an election.”

Zeitgeist : “The one thing Xi defiantly has that Trump wants is low interest rates.”

The Biggest Picture : US household equity wealth up $4tn YTD (using BofA private client equity holdings data – Chart 2); follows $10tn gain in ’25, $9tn gain in ’24, $8tn gain in ’23…wealth key to US “boom loop”, only ended by politics and bonds.

The Price is Right : SOX semiconductor index remarkably trading 62% above 200dma, comparable only to French market at peak Mississippi bubble, Nasdaq at peak dotcom bubble (Table 2)… exponential price action, market concentration, collapsing vol, stocks bossing bond yields higher, why melt-up everyone’s new base case…here we go.

Tale of the Tape : US CPI on course for >5% by mid-terms, but few expect Warsh to hike in ’26…no Fed hikes why investors positioning for stocks & commodities max bid into Nov; and why bond yields breaking up (note yields up ~50bps in 3 months after new Fed chair…2-year UST yield at 4.53%, 10-year yield at 4.93% by mid-Aug - Table 1). Chart 2: Another outsized $4tn gain in household equity wealth YTD US household equity holdings q/q ($tn) vs GWIM equity holdings q/q ($bn)

Source: BofA Global Investment Strategy, Bloomberg

BofA GLOBAL RESEARCH

More on page 2…

10 US household equity holdings (q/q chg, $tn) 400 8 GWIM equity holdings (q/q, $bn) - RHS 300 6 200 4 100 2 0 0 -2 -100 -4 -200

-6 -300 -8 -10 -400 '14 '15 '16 '17 '18 '19 '20 '21 '22 '23 '24 '25 '26

14 May 2026 Investment Strategy Global

Chart 1: BofA Bull & Bear Indicator Up to 7.6 from 7.2

Source: BofA Global Investment Strategy. The indicator identified above as the BofA Bull & Bear Indicator is intended to be an indicative metric only and may not be used for reference purposes or as a measure of performance for any financial instrument or contract, or otherwise relied upon by third parties for any other purpose, without the prior written consent of BofA Global Research. This indicator was not created to act as a benchmark.

BofA GLOBAL RESEARCH

Buy Sell

Extreme Bearish

Extreme Bullish

7.6

The Flow Show | 14 May 2026

Weekly Flows : $28.1bn to bonds, $20.5bn to stocks, $5.8bn to cash, $2.0bn to gold, $1.3bn from crypto.

Flows to Know :

• Crypto: $1.3bn outflow, biggest since Feb’26,

• Treasuries: $5.6bn inflow, biggest in 6 weeks,

• IG bonds: $14.0bn inflow (Chart 8), biggest 4-week inflow ($42.2bn) since Mar’26,

• China stocks: $22.2bn outflow, biggest since Jan’26 (Chart 9),

• US large cap stocks: $24.4bn inflow, biggest in 5 weeks,

• MBS: $1.2bn inflow, biggest since Oct’25,

• Tech: $5.4bn inflow, biggest since Feb’26,

• Healthcare: $0.5bn inflow, biggest since Jan’26,

• Real estate: $0.7bn inflow, biggest since Dec’25,

• Infrastructure: record $1.5bn inflow (Chart 10).

BofA Private Clients : $4.5tn AUM…allocation to stocks 65.7% (highest ever - Chart 15), to bonds 17.3% (lowest since Mar’22), 9.8% cash (lowest ever – Chart 16); past 4 weeks private clients buying energy, muni bond, materials ETFs vs selling utilities, financials, tech ETFs.

BofA Bull & Bear Indicator1 : rises to 7.6 from 7.2 on inflows to HY and EM debt; B&B Indicator likely rises to “sell signal” level of 8 next two weeks if May BofA Global Fund Manager Survey shows cash levels down from 4.3% to 3.8%, and flows next 2 weeks show inflows of $15-20bn to global stocks and ~$2bn to EM debt and HY bonds.

Peak June : bull capitulation into stocks & tech likely fully complete in next few weeks, early June ripe for taking some off table…7th OPEC meeting, 11th World Cup begins, 14th Trump 80th birthday, 15th G7 summit, 17th first FOMC under Warsh.

4% and there be dragons : US PPI running at 6%, CPI almost 4% as energy, electricity, transportation, goods prices, rents on rise; US CPI on course for >5% by midterm elections unless 0.4% monthly gains of past 6 months slow pronto (Chart 3); above 4% on CPI where risk assets get twitchy...past 100 years once CPI crosses 4% on average SPX -4% next 3 months, -7% next 6 months.

Prices to Know : Nikkei annualizing big 86% gain and 10-year JGB yields on pace for near 150bps rise in '26…reminiscent of '89 and '25 – Chart 4); Nasdaq and 10-year UST yields both annualizing gains in ominous echo to '09 and '99 (Chart 5); other price action reminiscent of the start of a cycle or the end of a cycle...financial stocks relative to S&P500...now below the Mar'00 dotcom bubble lows, the Mar'09 GFC lows, and Oct'20 lows (Chart 6); fab tech EPS, but hyperscalers now heading to cheaper countries (e.g., Switzerland, China next) to raise debt, and IG tech bond prices -1.5% YTD, HY tech bonds -3.7% YTD.

On Politics : UK local elections vote share of insurgent (Reform & Green) parties surge from 3% to 41%, at expense of established (Labour & Conservative) parties (92% to 54% - Chart 7)…2020s you can't govern from center; extreme politics = extreme Wall St price action; but Main St anger on affordability and inequality quickest route to lose

1 "Old" BofA Bull & Bear Indicator rises to 5.3 from 5.2; for more info see BofA Bull & Bear Indicator revamp.

The Flow Show | 14 May 2026 electorate (Trump approval on inflation 30% near Biden lows); slow-burner but likely political pivot to whip-inflation could cause mass pivot for Chips and Commodities to Consumer in 2027.

3-month change in UST yields after Fed chair term start

			UST 2-yr	UST 10-yr
New Fed			next	next
Chair Pr	esident	Start of term	3mos (bps)	3mos (bps)
Miller Carter 3/8/1978 Volcker Carter 8/6/1979 Greenspan Reagan 8/11/1987 (8) Bernanke Bush 2/1/2006 Yellen Obama 2/3/2014 Powell Trump 2/5/2018 Warsh Trump 5/15/2026 - -				
Average (bps)			**55**	**48**

Source: BofA Global Investment Strategy, Bloomberg

BofA GLOBAL RESEARCH Paths for US CPI assuming pace of monthly change

10% US CPI (YoY %) assuming: 9% 0.1% MoM 8% 0.2% MoM 0.3% MoM 7% 0.4% MoM 6% 5% 5.2% 4.4% 4% 3.7% 3% 3.0% 2% 2% inflation target 1% 0% '20 '21 '22 '23 '24 '25 '26 Source: BofA Global Investment Strategy, Bloomberg BofA GLOBAL RESEARCH

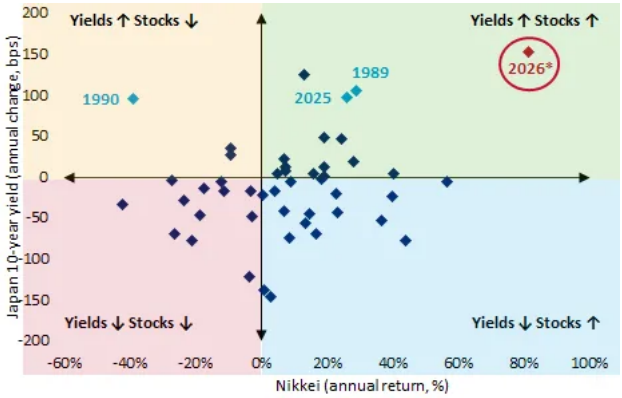
Chart 4: Nikkei annualizing 81%, 10Y JGB yield on pace for +150bps Nikkei annual return (%) vs annual change in 10Y JGB yield (bps)

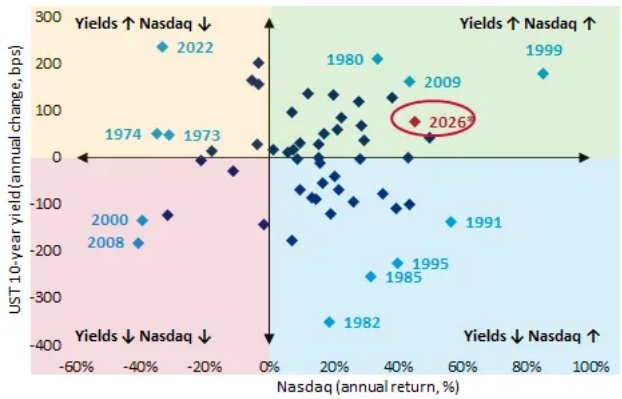
Source: BofA Global Investment Strategy, Bloomberg. *2026 YTD annualized

BofA GLOBAL RESEARCH

Chart 5: Nasdaq annualizing 45%, 10Y UST on pace for +80bps Nasdaq annual return (%) vs annual change in 10Y UST yield (bps)

Source: BofA Global Investment Strategy, Bloomberg. *2026 YTD annualized BofA GLOBAL RESEARCH





The Flow Show | 14 May 2026

Source: BofA Global Investment Strategy, Bloomberg

BofA GLOBAL RESEARCH Bubble Index Start Peak at peak Mississippi Co. CAC All-Tradable 7/31/1718 1/31/1720 73% Roaring 20s Dow Jones 3/30/1926 9/3/1929 21% Black Monday Dow Jones 9/20/1985 8/25/1987 21% Japan Nikkei 225 10/23/1986 12/29/1989 12% Dotcom Nasdaq 9/23/1998 3/10/2000 55% Saudi Arabia Tadawul 5/27/2004 2/26/2006 28% China Shanghai 6/6/2005 10/16/2007 37% Average 35%

Semiconductors (SOX) 62%

Source: BofA Global Investment Strategy, Bloomberg, GFD Finaeon

BofA GLOBAL RESEARCH

Chart 7: 2020s rule is you can't govern from center in a democracy UK local elections vote share of insurgent vs established parties

Source: BofA Global Investment Strategy, UK Parliament Insurgent (Greens, Reform), Established (Labour, Tories, Lib Dems)

BofA GLOBAL RESEARCH Chart 8: Biggest 4-week inflow to IG bond funds since Mar'26 IG bond fund flows (weekly & 4-week moving average, $bn)

Source: BofA Global Investment Strategy, EPFR

BofA GLOBAL RESEARCH

Chart 9: Biggest outflow from China since Jan'26 China equities fund flows (weekly & 4-week moving average, $bn)

Source: BofA Global Investment Strategy, EPFR

BofA GLOBAL RESEARCH Chart 10: Record inflow to infrastructure funds Infrastructure fund flows (weekly & 4-week moving average, $bn)

Source: BofA Global Investment Strategy, EPFR

BofA GLOBAL RESEARCH

0.05

0.07

0.09

0.11

0.13

0.15

0.17

0.19

'99 '01 '03 '05 '07 '09 '11 '13 '15 '17 '19 '21 '23 '25 '27

GFC CV'19

Bubble

3%

41%

92%

54%

0%

10%

20%

30%

40%

50%

60%

70%

80%

90%

100%

Before election After election Before election After election

Vote share of insurgent parties* Vote share of established parties*

-70

-60

-50

-40

-30

-20

-10

'17 '18 '19 '20 '21 '22 '23 '24 '25 '26

Corp IG flows ($bn) Corp IG flows 4-week MA ($bn)

-65

-55

-45

-35

-25

-15

-5

'17 '18 '19 '20 '21 '22 '23 '24 '25 '26

China equities flows ($bn) China equities flows 4-week MA ($bn)

-1.0

-0.8

-0.6

-0.4

-0.2

0.0

0.2

0.4

0.6

0.8

1.0

1.2

1.4

1.6

1.8

'17 '18 '19 '20 '21 '22 '23 '24 '25 '26

Infrastructure flows ($bn) Infrastructure flows 4-week MA ($bn)

Asset Class Flows (Table 3)

Equities: $20.5bn inflow ($35.4bn to ETFs, $15.0bn from mutual funds)

Bonds: inflows past 55 weeks ($28.1bn)

Precious metals : 1st inflow in 3 weeks ($2.0bn)

Table 3: Cumulative YTD flows by asset class Global flows by asset class, $mn

	Wk	% AUM	YTD	YTD %AUM
Equities	0.1%	358,614	1.3%	
ETFs	0.2%	533,892	3.3%	
LO	-0.1%	-175,766	-1.4%	
Bonds	0.3%	300,728	3.2%	
Commodities	0.1%	29,643	2.9%	
Money-market	0.1%	244,538	2.2%	

*week ended 05/13/2026: Source: EPFR Global BofA GLOBAL RESEARCH

Fixed Income Flows (Chart 11)

IG Bond inflows past 6 weeks ($14.0bn)

HY Bond inflows resume ($1.8bn)

EM Debt inflows past 5 weeks ($2.3bn)

Munis inflows past 4 weeks ($1.9bn)

Govt/Tsy inflows past 3 weeks ($5.6bn)

TIPS inflows past 15 weeks ($0.8bn)

Bank loan inflows past 7 weeks ($0.7bn)

Equity Flows (Table 4)

US : inflows past 7 weeks ($21.9bn)

Japan : inflows past 3 weeks ($4.6bn)

Europe : outflows past 5 weeks ($1.5bn)

EM : outflows past 5 weeks ($25.4bn)

By styleUS large cap US value By style: inflows US large cap ($24.4bn); outflows US value ($0.3bn), US growth ($0.7bn), US small cap ($1.5bn).

By sectortechfinancialsreal estate By sector: inflows tech ($5.4bn), financials ($0.7bn), real estate ($0.6bn), hcare ($0.5bn), materials ($0.4bn), com svs ($90mn); outflows utilities ($56mn), energy ($0.5bn), consumer ($1.0bn).

Table 4: Big YTD inflows to DM international stocks Global equity flows by region, $mn

	Wk % AUM	YTD
Total Equities	0.1%	358,614

Chart 11: FICC inflows to TIPS, bank loans, Treasuries Weekly FICC flows as a % AUM

TIPS Bank loan Govt/Tsy EM debt Gold & Silver Corp IG Corp HY Commodities Money-market 0.0% 0.1% 0.2% 0.3% 0.4% 0.5% Source: BofA Global Investment Strategy, EPFR Global BofA GLOBAL RESEARCH

BOFA PRIVATE CLIENT FLOWS & ALLOCATIONS

Chart 12: Private clients bought energy, muni, materials ETFs Chart 13: GWIM equity allocation at 66% BofA private clients 4-week ETF flows as % of AUM BofA private client equity holdings as % of AUM MunE in cie pr ag ly s 68% Oct'21 Materials 66% 66% IG EM debt 63% HY MLP Sep'07 Japan Oct'23 TIPS 58% 57% 58% Healthcare Cons. Disc. Industrials Avg DiS vt ia dp el ne ds 53% Mar'20 Value 54% US BaG nr ko lw oath n BofA GWIM private clients 48% Precious Cumulative 4w flows as % AUM REITs Low-vol Tech 43% GWIM Equity as % AUM Financials Feb'09 Utilities 39% -8% -6% -4% -2% 0% 2% 4% 6% 8% 10% 12% 14% 38% '05 '07 '09 '11 '13 '15 '17 '19 '21 '23 '25 Source: BofA Global investment Strategy BofA GLOBAL RESEARCH Source: BofA Global investment Strategy BofA GLOBAL RESEARCH

68% Oct'21 66% 66% 63% Sep'07 Oct'23 57% 58% 58% Avg 53% Mar'20 54% 48% 43% GWIM Equity as % AUM Feb'09 39% 38% '05 '07 '09 '11 '13 '15 '17 '19 '21 '23 '25

Source: BofA Global investment Strategy BofA GLOBAL RESEARCH

Chart 14: GWIM debt allocation at 17% BofA private client debt holdings as % of AUM

35% Feb'09 GWM Debt as % AUM 33% 34% 31% 29% 27% May'08 Avg 26% 25% 23% Oct'23 22% 21% 19% 17% Mar'22 17% 17% 15% '05 '07 '09 '11 '13 '15 '17 '19 '21 '23 '25 Source: BofA Global investment Strategy BofA GLOBAL RESEARCH

Chart 15: GWIM cash allocation at 10% BofA private client cash holdings as % of AUM

Feb'09 GWM cash as % AUM 21% 20% 16% Mar'20 14% Avg 12% Jun'07 11% 10% 8% '05 '07 '09 '11 '13 '15 '17 '19 '21 '23 '25

Source: BofA Global investment Strategy BofA GLOBAL RESEARCH

Chart 16: GWIM equity ETFs 21%, debt ETFs 18% of AUM BofA private client ETF holdings as % of AUM

25% Debt ETFs % debt holdings Equity ETFs % equity holdings 21% 20% 18% 15% 10% 5% 0% '05 '07 '09 '11 '13 '15 '17 '19 '21 '23 '25 '27 Source: BofA Global investment Strategy BofA GLOBAL RESEARCH

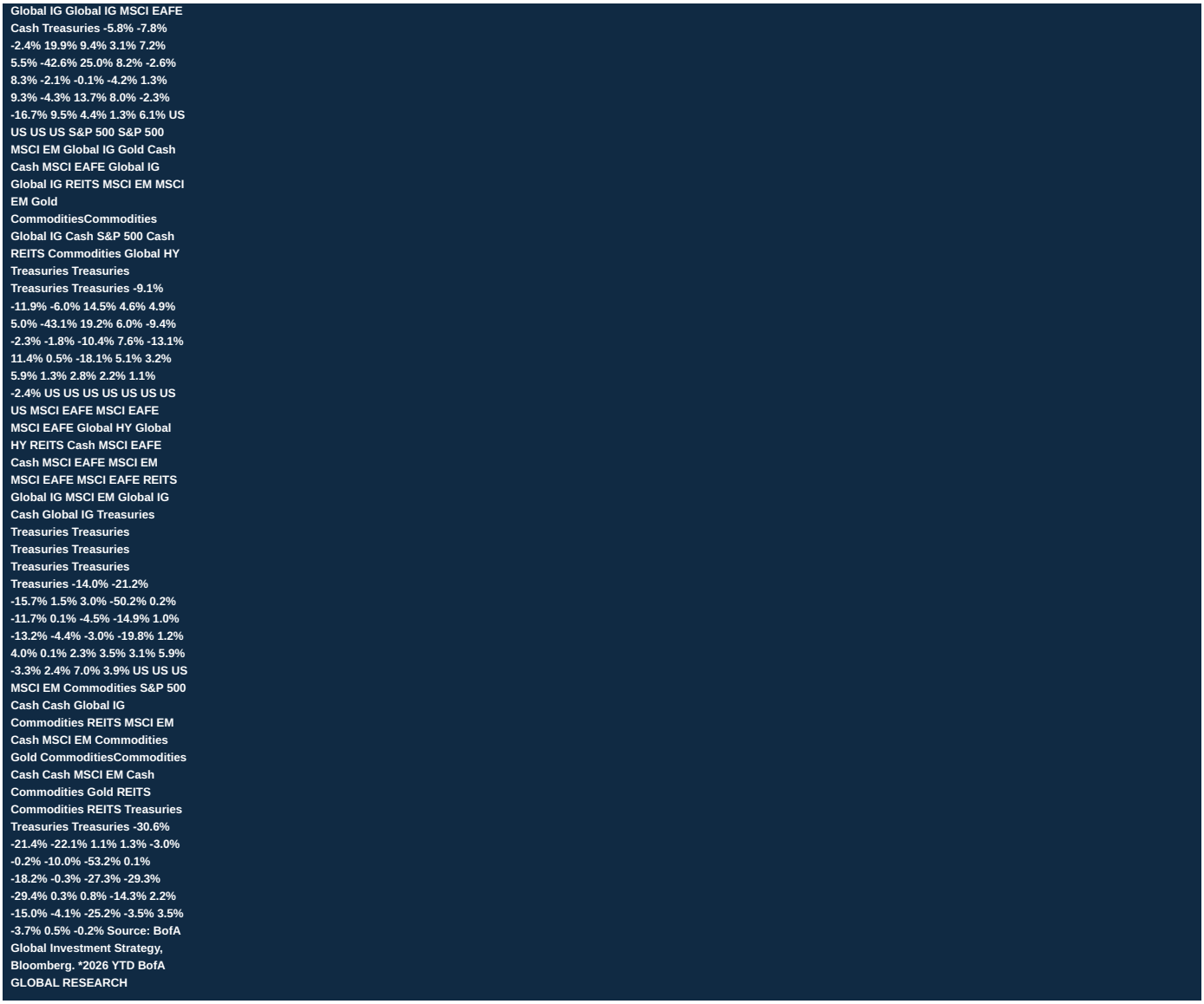
Chart 17: $46bn to T-notes vs $30bn to T-bills since 2020 BofA private client cumulative inflow to Treasuries since 2020 ($bn)

80 Cumulative inflow to T-bills since 2020 70 T-notes 60 T-bonds 50 $46bn 40 30 $30bn 20 10 $3bn 0 -10 -20 '20 '21 '22 '23 '24 '25 '26

Source: BofA Global investment Strategy BofA GLOBAL RESEARCH

The Asset Class Quilt of Total Returns Chart 18: Historical asset class performance by year Ranked cross asset returns by year 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026* US US US Commodities Commodities MSCI EM REITS MSCI EM REITS MSCI EM MSCI EM Gold REITS S&P 500 S&P 500 S&P 500 Commodities MSCI EM Cash S&P 500 Gold CommoditiesCommodities S&P 500 Gold Gold Commodities Treasuries Treasuries Treasuries 58.2% 39.5% 56.3% 32.0% 34.5% 37.5% 39.8% 79.0% 29.2% 23.8% 32.4% 13.7% 1.4% 17.5% 37.8% 1.8% 31.5% 24.8% 46.3% 31.1% 26.3% 26.7% 60.7% 62.5% 6.7% 14.0% 9.8% US US US Global IG Gold MSCI EAFECommoditiesCommodities MSCI EM Commodities Gold Global HY MSCI EM Gold Global HY MSCI EAFE REITS Global HY MSCI EAFE REITS MSCI EM REITS Cash MSCI EAFE S&P 500 MSCI EM MSCI EM Treasuries Treasuries Treasuries 4.6% 25.6% 39.2% 28.7% 33.7% 32.6% 33.0% 4.3% 62.0% 19.2% 8.9% 19.3% 23.3% 11.7% 14.8% 25.9% 27.4% 18.8% 37.1% 1.5% 18.9% 25.0% 32.0% 22.2% 13.4% 0.8% 0.8% US REITS Cash Global IG REITS MSCI EM Gold MSCI EAFE Gold Cash MSCI EAFE REITS Global IG MSCI EM Global HY Cash S&P 500 S&P 500 Gold MSCI EAFE S&P 500 S&P 500 Gold Global HY MSCI EM MSCI EAFE REITS Treasuries 8.5% 4.4% 14.9% 33.5% 26.0% 17.8% 26.9% 31.9% 2.1% 32.5% 15.9% 4.5% 18.6% 8.0% 0.1% 12.0% 22.0% -1.9% 22.8% 18.4% 28.7% -0.8% 13.4% 8.0% 29.0% 12.2% 6.0% US US Cash Global HY Commodities MSCI EAFE MSCI EAFE Gold MSCI EAFE Global IG REITS S&P 500 Global HY MSCI EAFE REITS Global IG MSCI EAFE MSCI EM Gold Global HY Commodities Global IG MSCI EAFE Gold Global HY S&P 500 S&P 500 Treasuries Treasuries 6.2% 3.1% 30.1% 20.7% 14.0% 23.2% 11.6% -8.3% 31.7% 15.1% 2.6% 17.9% 0.7% 3.2% -0.8% 11.2% 12.9% -3.3% 20.1% 10.3% 11.9% 12.7% 7.5% 18.5% 9.2% 11.6% -12.9% US Global IG Gold Cash Global HY Global HY REITS S&P 500 Global HY S&P 500 Global HY S&P 500 S&P 500 Global IG Gold REITS Gold REITS Global IG MSCI EM MSCI EAFE Global HY Global HY REITS Commodities Global HY Gold Treasuries 3.1% -0.7% 1.8% 30.7% 12.4% 10.7% 15.8% -27.9% 26.5% 13.9% 2.1% 16.0% 0.1% 0.1% -3.4% 8.6% 11.5% -3.4% 18.6% 8.4% 1.4% -13.2% 11.3% 5.5% 9.9% 8.6% 9.1% US Gold MSCI EM Global HY S&P 500 S&P 500 S&P 500 Global HY Global IG S&P 500 CommoditiesCommodities Cash Global IG Cash Cash Global IG Global IG Global HY REITS Gold Cash MSCI EAFE MSCI EM Cash Global IG MSCI EAFE Treasuries -5.4% -2.4% -1.1% 28.7% 10.9% 4.9% 13.5% 7.3% -37.0% 26.1% 13.3% 0.1% 11.1% 0.1% 0.0% -3.8% 4.3% 10.2% -3.9% 17.9% 0.0% -13.9% 10.1% 5.3% 9.8% 7.9% 8.2% US Global HY REITS REITS Gold Global IG Cash Global IG S&P 500 Commodities Gold MSCI EAFECommodities Gold Commodities Global HY Global HY REITS Global IG S&P 500 Global HY Global HY MSCI EM

The Asset Class Quilt of Total Returns



2000 2001
2002 2003
2004 2005
2006 2007
2008 2009
2010 2011
2012 2013
2014 2015
2016 2017
2018

Commodities 58.2%	US Treasuries 6.7%	Commodities 39.5%	MSCI EM 56.3%	REITS 32.0%	MSCI EM 34.5%	REITS 37.5%	MSCI EM 39.8%	US Treasuries 14.0%	MSCI EM 79.0%	Gold 29.2%
US Treasuries 13.4%	Global IG 4.6%	Gold 25.6%	MSCI EAFE 39.2%	Commodities 28.7%	Commodities 33.7%	MSCI EM 32.6%	Commodities 33.0%	Gold 4.3%	Global HY 62.0%	MSCI EM 19.2%
REITS 8.5%	Cash 4.4%	Global IG 14.9%	REITS 33.5%	MSCI EM 26.0%	Gold 17.8%	MSCI EAFE 26.9%	Gold 31.9%	Cash 2.1%	MSCI EAFE 32.5%	REITS 15.9%
Cash 6.2%	Global HY 3.1%	US Treasuries 11.6%	Commodities 30.1%	MSCI EAFE 20.7%	MSCI EAFE 14.0%	Gold 23.2%	MSCI EAFE 11.6%	Global IG -8.3%	REITS 31.7%	S&P 500 15.1%
Global IG 3.1%	Gold -0.7%	Cash 1.8%	Global HY 30.7%	Global HY 12.4%	REITS 10.7%	S&P 500 15.8%	US Treasuries 9.1%	Global HY -27.9%	S&P 500 26.5%	Global HY 13.9%
Gold -5.4%	MSCI EM -2.4%	Global HY -1.1%	S&P 500 28.7%	S&P 500 10.9%	S&P 500 4.9%	Global HY 13.5%	Global IG 7.3%	S&P 500 -37.0%	Commodities 26.1%	Commodities 13.3%
Global HY -5.8%	REITS -7.8%	REITS -2.4%	Gold 19.9%	Global IG 9.4%	Cash 3.1%	Global IG 7.2%	S&P 500 5.5%	Commodities -42.6%	Gold 25.0%	MSCI EAFE 8.2%
S&P 500 -9.1%	S&P 500 -11.9%	MSCI EM -6.0%	Global IG 14.5%	Gold 4.6%	US Treasuries 2.8%	Cash 4.9%	Cash 5.0%	MSCI EAFE -43.1%	Global IG 19.2%	Global IG 6.0%

	MSCI EAFE -14.0%	MSCI EAFE -21.2%	MSCI EAFE -15.7%	US Treasuries 2.3%	US Treasuries 3.5%	Global HY 1.5%	US Treasuries 3.1%	Global HY 3.0%	REITS -50.2%	Cash 0.2%	US Treasuries 5.9%
	MSCI EM -30.6%	Commodities -21.4%	S&P 500 -22.1%	Cash 1.1%	Cash 1.3%	Global IG -3.0%	Commodities -0.2%	REITS -10.0%	MSCI EM -53.2%	US Treasuries -3.7%	Cash 0.1%

BOFA RULES & TOOLS

Table 5: BofA Global Investment Strategy Proprietary Indicators Current reading of all BofA Global Investment Strategy Proprietary Indicators

Current Duration of Proprietary Indicators Category reading Current signal signal			
Contrarian			
BofA Bull & Bear Indicator (B&B)	Contrarian	7.6 Neutral	1-3 months
Sell when investor sentiment > 8.0; Buy when investor sentiment < 2.0			
BofA Global FMS Cash Indicator	Contrarian	4.3% Neutral	4 weeks
Buy when cash at or above 5.0%; Sell when cash at or below 4.0%			
BofA Global Breadth Rule	Contrarian	54.5% Neutral	3 months
Buy when net 88% of markets in MSCI ACWI trading below 200-day moving & 50-day moving averages			
BofA Global Flow Trading Rule	Contrarian	0.5% Neutral	8 weeks
Buy when outflows from global equities & HY > 1.0% AUM over 4wks; Sell when inflows > 1.0% AUM over 4wks			
BofA EM Flow Trading Rule	Contrarian	-1.8% Neutral	8 weeks
Buy when outflows from EM equities > 3.0% of AUM; Sell when inflows > 1.5% of AUM over 4 wks			
Macro			
BofA Global EPS Growth Model	Macro	9% EPS growth ris	ing 6-12 months
Model indicates trend in year-on-year change in 12-month forward global EPS growth. Source: BofA Global Investment Strategy. See Global Investment Strategy: Rules & Tools, 12 November 2020 and BofA Bull & Bear Indicator revamp reports BofA GLOBAL RESEARCH			

BOFA BULL & BEAR INDICATOR (B&B)

Our BofA Bull & Bear Indicator is at 7.6… signal is Neutral.

Chart 19: BofA Bull & Bear at 7.6 Up to 7.6 from 7.2

7.6 LATEST 4 6 M0 ar.4 '23 Buy 2 8 Sell 0.0 0 10 9.6 Mar'20 Extreme Extreme Feb'20 Oct'22 Bearish Bullish Feb'26 Source: BofA Global Investment Strategy BofA GLOBAL RESEARCH

Table 6: BofA B&B Indicator BofA Bull & Bear current component readings

Components	Percentile	Sentiment
Hedge Fund Positioning	78%	Bullish
Equity Flow	46%	Neutral
Bond Flow	63%	Neutral
Credit Market Technicals	77%	Bullish
Global Stock Index Breadth	74%	Bullish
FMS Positioning	88%	V Bullish
Source: BofA Global Investment Strategy, Bloomberg, EPFR Global, Lipper FMI, Global FMS, CFTC, MSCI BofA GLOBAL RESEARCH		

Chart 20: BofA Bull & Bear Indicator at 7.6 BofA Bull & Bear Indicator since 2002

10 Jan'04 Mar'06 Feb'18 Dec'20 Feb'26 89 May'10 Ext Br uem lle Oct'17 Feb'20 Oct'25 7 6 5 4 3 2 Extreme 1 Bear 0'02 '04 '06 '08 '10 '12 '14 '16 Ja '1n 8'19 Ma '2r' 020May' '2 22 2 Ma '2r' 42O 3ct'23 '26

Source: BofA Global Investment Strategy, EPFR Global, FMS, CFTC, MSCI. BofA GLOBAL RESEARCH

Disclaimer: The indicators identified above as the BofA Bull & Bear Indicator, MVP Model, BofA Global Breadth Rule, BofA EM Flow Trading Rule, BofA Global Flow Trading Rule, BofA Global FMS Macro Indicator, BofA Global FMS Cash Rule, Global Wave, Sell-Side Indicator, and Global Financial Stress Indicator are intended to be indicative metrics only and may not be used for reference purposes or as a measure of performance for any financial instrument or contract, or otherwise relied upon by third parties for any other purpose, without the prior written consent of BofA Global Research. These indicators were not created to act as a benchmark. The analysis of the BofA Bull & Bear Indicator in this report is back-tested and does not represent the actual performance of any account or fund. Back-tested performance depicts the hypothetical back-tested performance of a particular strategy over the time period indicated. In future periods, market and economic conditions will differ and the same strategy will not necessarily produce the same results. No representation is being made that any actual portfolio is likely to have achieved returns similar to those shown herein. In fact, there are frequently sharp differences between back-tested returns and the actual results realized in the actual management of a portfolio. Back- tested performance results are created by applying an investment strategy or methodology to historical data and attempts to give an indication as to how a strategy might have performed during a certain period in the past if the product had been in existence during such time. Back-tested results have inherent limitations including the fact that they are calculated with the full benefit of hindsight, which allows the security

selection methodology to be adjusted to maximize the returns. Further, the results shown do not reflect actual trading or the impact that material economic and market factors might have had on a portfolio manager's decision-making under actual circumstances. Back-tested returns do not reflect advisory fees, trading costs, or other fees or expenses.

2026 CROSS-ASSET WINNERS & LOSERS

Table 7: 2026 YTD ranked returns Year-to-date cross asset returns in US dollar terms

Ranked Returns, USD-terms (YTD 2026)

	Assets		Equities		Sectors		Fixed Income		FX vs. USD		Commodities	
1	Oil	75.9%	Korea Equities	99.5%	ACWI Energy	26.6%	TIPS	1.6%	Norwegian krone	9.9%	WTI Crude Oil	75.9%
2	EM Equities	22.2%	Taiwan Equities	47.3%	ACWI Info Tech	22.6%	3-Month T-Bills	1.3%	Brazilian real	9.2%	Brent Crude Oil	73.6%
3	Industrial Metals	18.3%	Türkiye Equities	26.8%	ACWI Materials	15.8%	US Corp HY	1.1%	Australian dollar	8.8%	Commodities	62.5%
4	Japan Equities	15.8%	Brazil Equities	17.7%	ACWI Industrials	12.6%	EM Corporate	1.0%	Mexican peso	4.9%	Silver	25.9%
5	Pacific Rim xJapan	10.5%	Mexico Equities	17.2%	ACWI Real Estate	7.5%	EM Sovereign	0.6%	NZ dollar	3.1%	Copper	13.3%
6	US Equities	8.9%	Japan Equities	15.8%	ACWI Telecoms	7.5%	US Mortgage Master	0.6%	Chinese renminbi	2.9%	Gold	8.4%
7	Gold	8.4%	Hong Kong Equities	13.3%	ACWI Utilities	7.3%	BBB IG	0.4%	Swiss franc	1.4%	Platinum	8.0%
8	UK Equities	6.3%	Portugal Equities	12.9%	ACWI Consumer Staples	5.8%	European HY	0.4%	Singapore dollar	1.0%	Iron Ore	3.5%
9	Europe Equities	4.7%	Australia Equities	11.0%	ACWI Banks	0.9%	2-year Treasury	0.3%	South African rand	0.9%		
10	High Yield Bonds	1.3%	US Equities	8.9%	ACWI Cons. Discretionary	-1.3%	US Corp IG	0.2%	British pound	0.4%		
11	EM Sovereign Bonds	0.6%	Italy Equities	8.2%	ACWI Financials	-2.0%	CCC HY	-0.2%	Canadian dollar	0.1%		
12	US Dollar	0.2%	Canada Equities	7.3%	ACWI BioTechnology	-4.2%	Treasury Master	-0.2%	Euro	-0.3%		
13	IG bonds	0.0%	UK Equities	6.3%	ACWI Healthcare	-5.2%	German Govt	-1.0%	Taiwanese dollar	-0.3%		
14	Government Bonds	-0.9%	Singapore Equities	5.5%			30-year Treasury	-1.2%	Japanese yen	-0.7%		
			Greece Equities	4.5%			Non-US IG Govt	-1.4%	Swedish krona	-1.3%		
			S. Africa Equities	3.8%			UK Govt	-2.3%	Korean won	-3.3%		
			Switzerland Equities	3.7%			apan Govt	-3.3%	Indonesian rupiah	-4.4%		
			Spain Equities	2.7%					Turkish lira	-5.4%		
			France Equities	-0.2%					Indian rupee	-6.1%		
			Germany Equities	-0.9%					Bitcoin	-9.1%		
			China Equities	-2.7%								
			India Equities	-12.8%								

Source: BofA Global Investment Strategy, Bloomberg, as of 13 May 2026 BofA GLOBAL RESEARCH

Table 8: The Overbought & Oversold Ranked deviation from 200-day moving averages in US dollar terms

Ranked Deviation from 200-Day Moving Average, USD-terms

	Assets		Equities		Sectors		Fixed Income		FX vs. USD		Commodities	
1	Oil	43.7%	Korea Equities	81.6%	ACWI Info Tech	23.1%	US Corp HY	1.6%	Norwegian krone	7.5%	WTI Crude Oil	43.7%
2	Industrial Metals	21.5%	Taiwan Equities	39.7%	ACWI Energy	16.8%	EM Sovereign	1.6%	Australian dollar	7.3%	Brent Crude Oil	40.8%
3	EM Equities	19.6%	Türkiye Equities	15.7%	ACWI Materials	14.0%	3-Month T-Bills	1.4%	Brazilian real	5.6%	Silver	37.5%
4	Japan Equities	13.0%	Mexico Equities	15.5%	ACWI Telecoms	9.5%	EM Corporate	1.2%	Mexican peso	4.7%	Copper	20.3%
5	US Equities	9.9%	Japan Equities	13.0%	ACWI Industrials	9.3%	TIPS	1.1%	Chinese renminbi	3.2%	Platinum	18.5%
6	Gold	7.9%	Brazil Equities	12.2%	ACWI Utilities	4.1%	European HY	0.9%	South African rand	2.8%	Gold	8.3%
7	Pacific Rim xJapan	7.2%	Italy Equities	10.5%	ACWI Banks	4.0%	US Mortgage Master	0.8%	NZ dollar	1.7%	Iron Ore	3.4%
8	UK Equities	6.7%	US Equities	9.9%	ACWI Consumer Staples	2.9%	2-year Treasury	0.6%	Swiss franc	1.3%	Natural Gas	-16.8%
9	Europe Equities	6.0%	Hong Kong Equities	9.6%	ACWI Financials	1.1%	BBB IG	0.5%	Argentine peso	1.3%		
10	High Yield Bonds	1.7%	Canada Equities	9.2%	ACWI Cons. Discretionary	0.7%	US Corp IG	0.4%	Singapore dollar	0.9%		
11	EM Sov Bonds	1.6%	Portugal Equities	8.4%	ACWI Real Estate	0.0%	CCC HY	0.0%	Canadian dollar	0.8%		
12	IG Bonds	0.3%	S. Africa Equities	8.0%	ACWI Healthcare	-1.7%	Treasury Master	-0.2%	British pound	0.7%		
13	US Dollar	0.0%	Spain Equities	7.3%	ACWI BioTechnology	-2.6%	German Govt	-1.1%	Euro	0.2%		
14	Govt Bonds	-1.0%	Australia Equities	7.1%			UK Govt	-1.6%	Swedish krona	-0.2%		
			UK Equities	6.7%			Non-US IG Govt	-1.8%	Taiwanese dollar	-1.1%		
			Switzerland Equities	6.4%			30-year Treasury	-2.0%	Japanese yen	-2.1%		
			Singapore Equities	4.9%			Japan Govt	-3.1%	Korean won	-2.8%		
			Greece Equities	2.9%					Indonesian rupiah	-4.0%		
			France Equities	1.3%					Turkish lira	-5.5%		
			Germany Equities	0.9%					Indian rupee	-5.5%		
			China Equities	-3.2%								
			India Equities	-9.0%								

Source: BofA Global Investment Strategy, Bloomberg, as of 13 May 2026 BofA GLOBAL RESEARCH

Acronyms

FMS – Fund Manager Survey GWIM – Global Wealth and Investment Management MA – Moving average AUM – Assets Under Management

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Underperform N/A ≥ 20%

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