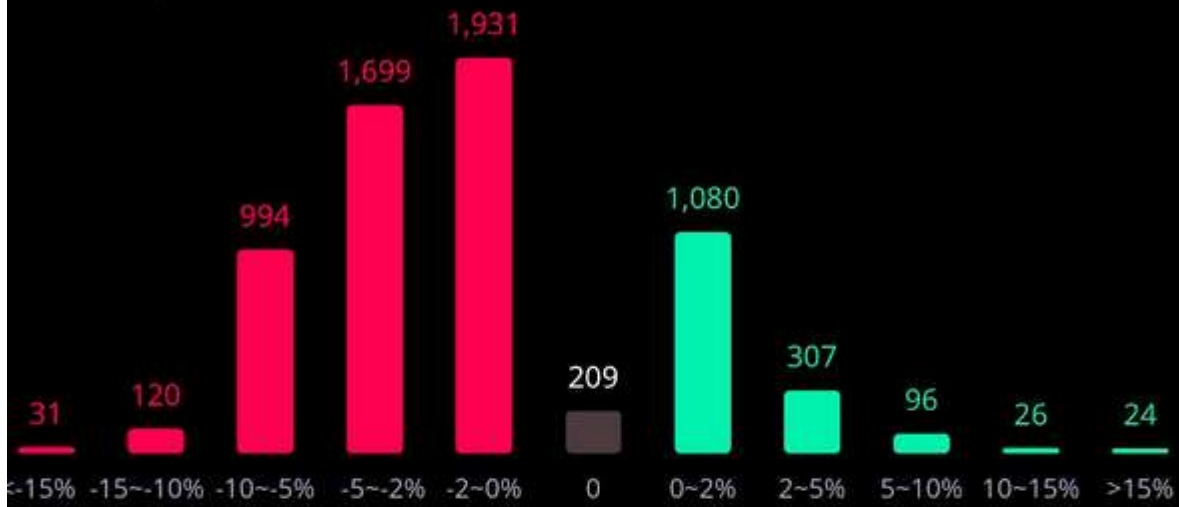


Advances & Declines Distribution



Total: 6,517



Decliners: 4,775



Advancers: 1,533

Net Inflow



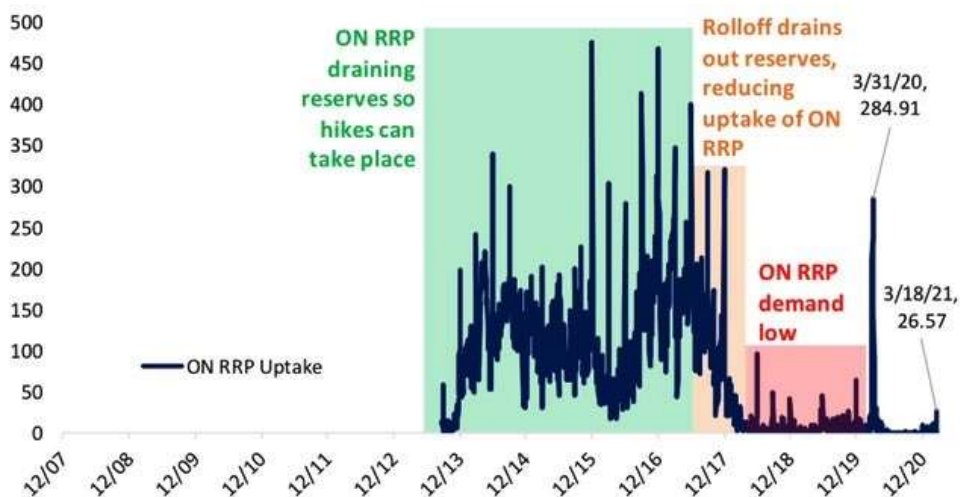
— NYSE — NASDAQ

429.66M(USD)



- Today the Fed's fixed-rate overnight reverse repo facility (ON RRP) saw the highest uptake in the post-COVID era, with \$26.6bn of liquidity drained from money market funds and other eligible counterparties.
- Biden Administration economic impact payments from the recent stimulus bill are rolling out the door, with debits to the Treasury's General Account (TGA) being credited to banks via Fed Funds.
- In other words, TGA declines are increasing liquidity, on top of QE purchases which do the same.
- Excess liquidity has been pressuring repo rates and bill yields towards negative territory, and the uptick in overnight reverse repo is the mechanical result.
- Below we show how shifts in the volume of reserves outstanding, the Treasury General Account's balance, and uptake of the ON RRP lead to changes in liquidity conditions more generally.

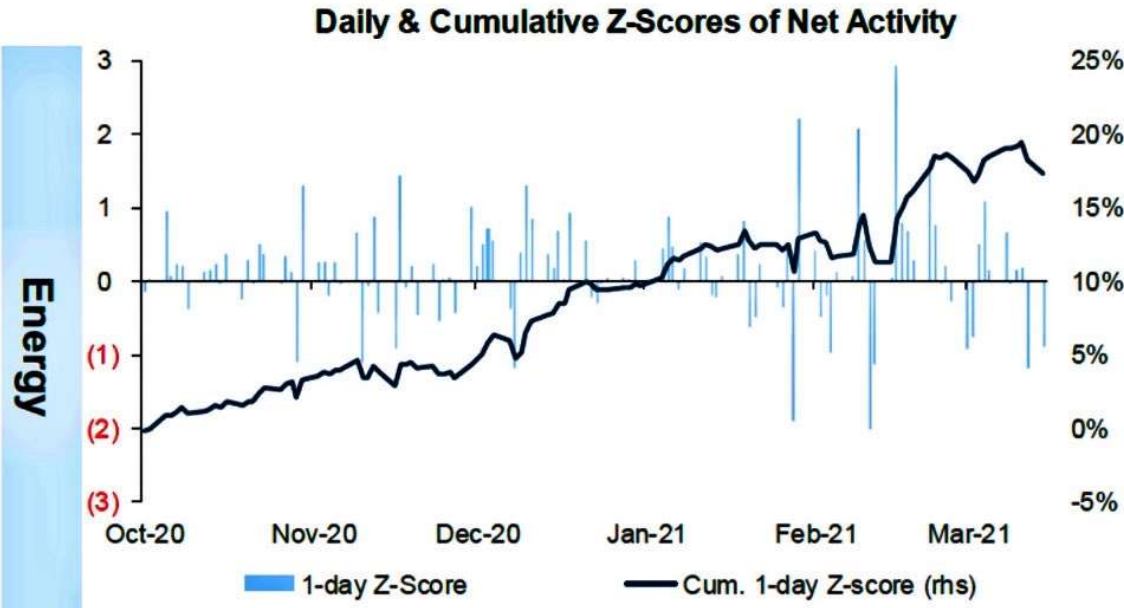
Reserves Surge Due To QE And Liquidation of Treasury General Account (\$ bn)



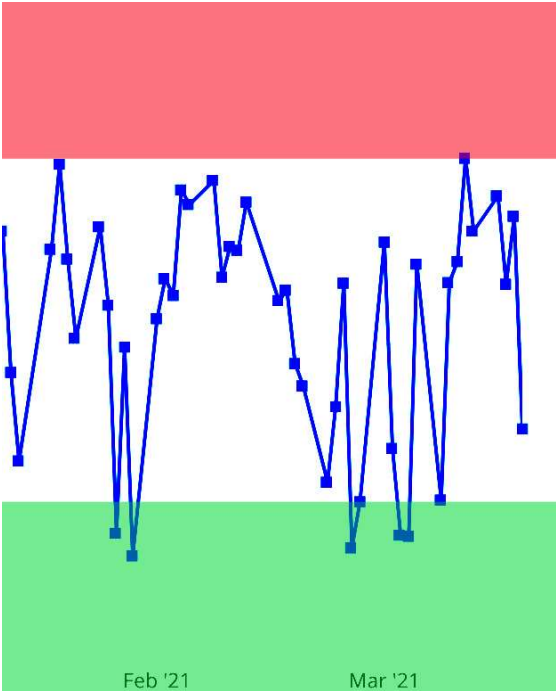
Hedge Fund Exposure



Interestingly enough, HEDGE FUNDS have been loading up in Energy stocks



Tactical Sentiment





Jim Bianco @biancoresearch · 6m



Replying to @biancoresearch

What is the plumbing problem? 100 million checks of \$1,400 will be out by Monday. So tens of millions are out now. This tidal of money is hitting the banking system and driving funding rates to zero or negative.

Negative rate stress the funding markets ("the plumbing")

(2/3)



1



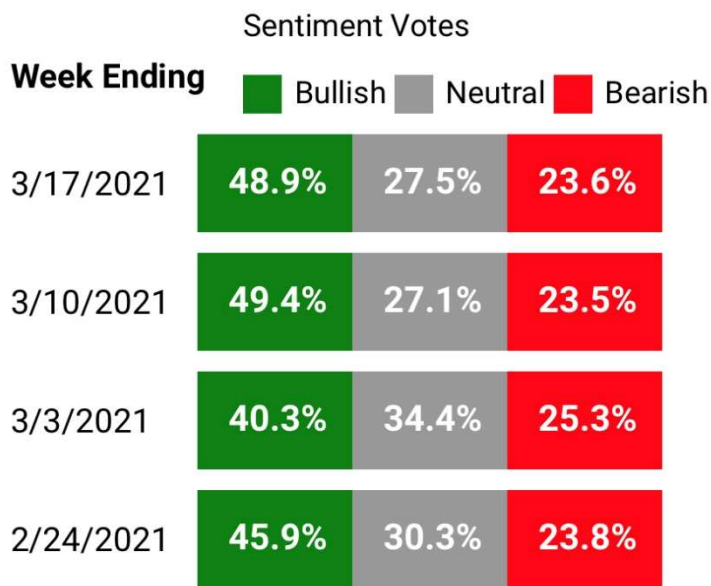
6



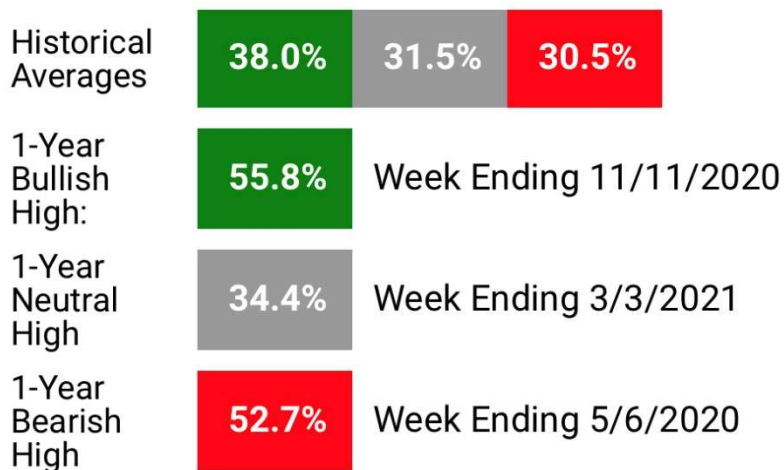
21



What Direction Do AAI Members Feel The Stock Market Will Be In The Next 6 Months?



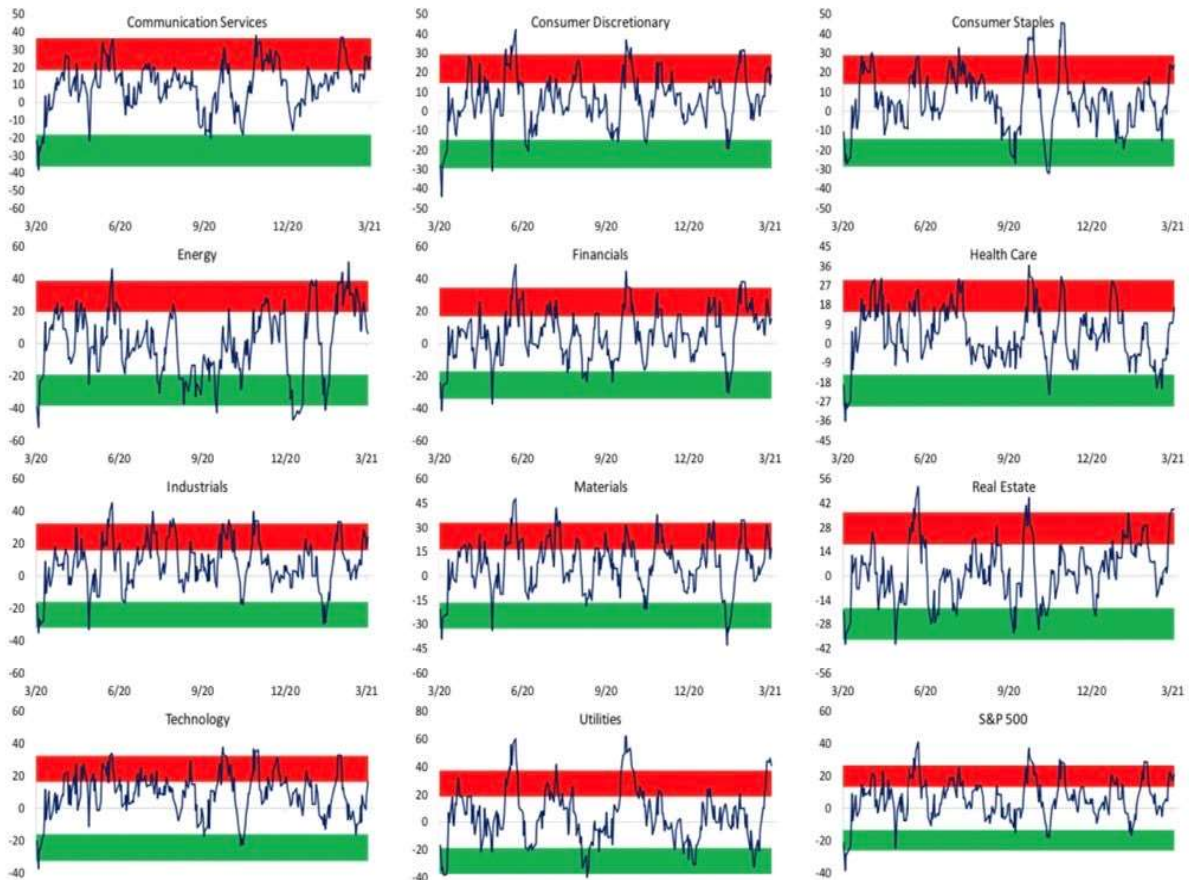
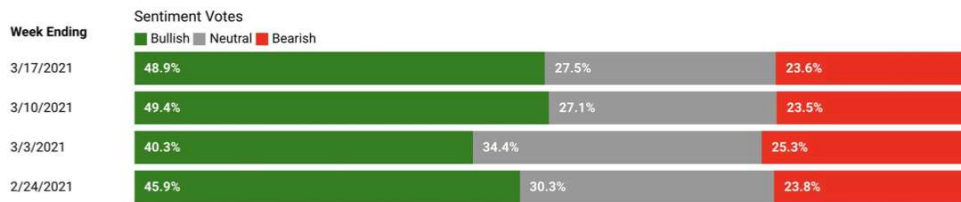
Historical View



AAll Sentiment Survey: Bullish sentiment is at an unusually high level for the second consecutive week.

aaii.com/sentimentsurvey

What Direction Do AAll Members Feel The Stock Market Will Be In The Next 6 Months?



Fear & Greed Over Time



Click on the charts to see enlarged versions.

For an explanation of each category below, please [click](#)

	Comm. Svcs (XLC)	Cons. Discr. (XLY)	Cons. Staples (XLP)	Energy (XLE)	Financials (XLF)	Health Care (XLV)	Industrials (XLI)	Materials (XLB)	Real Estate (XLRE)	Technology (XLK)	Utilities (XLU)	S&P 500 (SPY)
Trend	Uptrend	Uptrend	Neutral	Uptrend	Uptrend	Uptrend	Uptrend	Uptrend	Uptrend	Uptrend	Neutral	Uptrend
Timing	Neutral	Good	Poor	Neutral	Neutral	Good	Neutral	Neutral	Neutral	Good	Poor	Neutral
OB/OS	Overbought	Neutral	Neutral	Overbought	Overbought	Neutral	Extreme OB	Overbought	Overbought	Neutral	Neutral	Overbought
5-Day Change (%)	2.60	3.40	0.99	-2.89	-0.25	0.97	1.92	0.92	4.05	-3.21	0.81	1.93
YTD Change (%)	9.76	3.86	-2.53	35.68	16.29	0.84	9.43	8.25	7.33	2.37	-1.50	5.81
% Stocks > 50-DMA	80.77	88.52	68.75	100.00	96.92	44.44	87.84	82.14	93.33	61.33	82.14	78.42
1-Year Price Chart												
10-Day A/D Line												
Cumulative AD Line												
50-DMA Spread (%)												
% Stocks > 50-DMA												
Net % At 52-Wk Highs												
Relative Strength												
Sector Weight (%)	11.15	12.44	5.99	2.93	11.47	12.80	8.70	2.70	2.45	26.80	2.56	N/A
Trailing P/E Ratio	31.79	62.49	21.80	--	19.37	22.71	53.08	31.00	67.67	35.09	20.56	32.22
P/E vs 10y Range (tile)	100.00	99.60	83.70	--	99.80	89.10	99.90	100.00	99.80	98.80	95.50	100.00
Price-Book Ratio	4.45	11.85	6.44	1.83	1.54	4.73	5.67	3.26	3.70	10.39	2.05	4.34
Dividend Yield	0.91	0.71	2.80	4.25	1.82	1.71	1.52	1.89	2.87	0.95	3.53	1.50
Most O/B Stocks	DISH IPG FB	MCD YUM LEN	MO TSN HSY	PXD KMI OKE	BEN HIG AJG	ABC CAH CI	NOC EXPD OTIS	NUE MOS DOW	PEAK HST O	GLW PAYX ADP	DTE NI EVRG	MCD YUM DISH
Most O/S Stocks	TTWO EA	TGT DG	COST WMT CL		MKTX	EW DHR BOX	ROL ENPH VRSK	BLL		NOW VRSN SNPS	NRG NEE AWK	NRG EW TTWO
	Comm. Svcs (XLC)	Cons. Discr. (XLY)	Cons. Staples (XLP)	Energy (XLE)	Financials (XLF)	Health Care (XLV)	Industrials (XLI)	Materials (XLB)	Real Estate (XLRE)	Technology (XLK)	Utilities (XLU)	S&P 500 (SPY)

FUNDSTRAT'S TOM LEE

Seventh, as we wrote last week, after markets make new highs, a pattern of chop for 7-10 days follows. This certainly is at play today. But as we wrote last week, we think the highest probability is a +10% move to S&P 500 4,300. This is still our base case.

Bottom line: As painful as the sloppiness felt today, we think this is a textbook chop. More importantly, we think this is a setup to see a sizable rally. It could begin Friday, but the more likely Monday.

This could rally Friday, but not as probable. Why not Friday? It is this quadruple witching. This only happens 4 times per year, the third week of March, June, Sept and Dec. Take a look at the daily chart of S&P 500 in the past year. You will see this nose dive on those dates. Yup.

If our base case plays out, we expect a rally next week. We believe it will be led by Epicenter sectors. The driver is the continued penetration of vaccinations, coupled with improving household confidence. And now an expected oversold market (stocks). Thus, we favor:

- Energy, Materials, Industrials, Financials and Discretionary ex-mega weights
- Technology and ARKK likely made 1H2021 bottom two weeks ago, but we see greater upside in Epicenter.

Seventh, as we wrote last week, after markets make new highs, a pattern of chop for 7-10 days follows. This certainly is at play today. But as we wrote last week, we think the highest probability is a +10% move to S&P 500 4,300. This is still our base case.

Bottom line: As painful as the sloppiness felt today, we think this is a textbook chop. More importantly, we think this is a setup to see a sizable rally. It could begin Friday, but the more likely Monday.

This could rally Friday, but not as probable. Why not Friday? It is this quadruple witching. This only happens 4 times per year, the third week of March, June, Sept and Dec. Take a look at the daily chart of S&P 500 in the past year. You will see this nose dive on those dates. Yup.

Today's final market performance by sector

- 1 Financial -0.2%
- 2 Industrials -0.6%
- 3 Utilities -0.7%
- 4 Consumer Defensive -0.8%
- 5 Healthcare -1.2%
- 6 Basic Materials -1.3%
- 7 Real Estate -1.6%
- 8 Consumer Cyclical -2.3%
- 9 Comm Services -2.6%
- 10 Technology -3.2%
- 11 Energy -4.3%

Kovo 8

We're in a full-on repeat of the 2013 taper tantrum. Back then, the Fed initially welcomed rising yields, saying they were due to better growth. But that only fanned the flames of the sell-off. It took a big dovish surprise - the "no taper" Sep. 2013 FOMC - to stabilize yields...



Siandien

Turkish Lira & Brazil's Real are out-performing recently, thanks to a 200 bps hike in Turkey & a 75 bps hike in Brazil. US fiscal largesse is raising longer-term US interest rates & tightening EM financial conditions. What's good for the US isn't good for the rest of the world...



Chart 1: Prior EUR/USD deleveraging episodes suggest bulk of the positioning adjustment happens early on

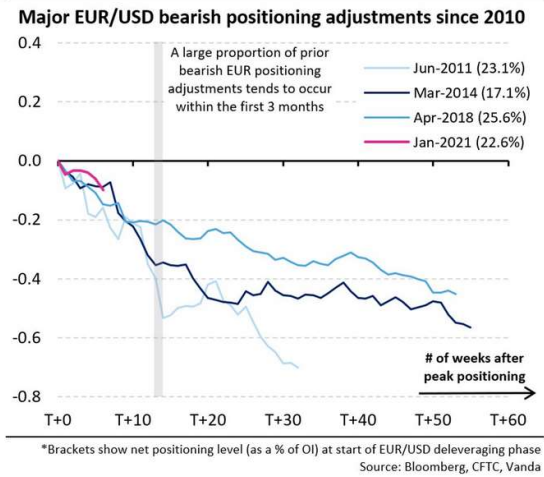
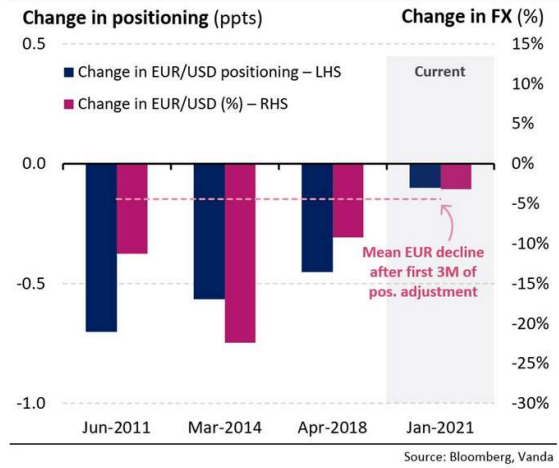


Chart 2: EUR/USD has on average fallen by around 4-5% during the initial phase of prior bearish positioning shifts



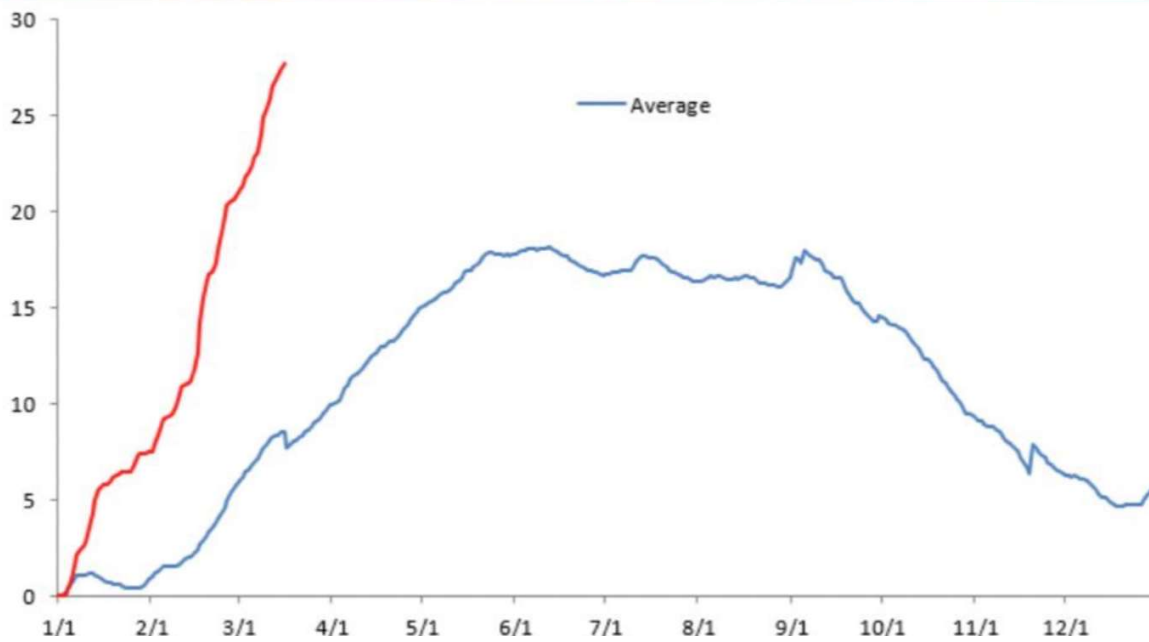
Road to \$3 Gasoline

Prices at the U.S. pump rise for 45 straight days

■ AAA national average unleaded price



Cumulative Average YTD Change in Gas Prices Since 2005 (%)



The big picture

Exhibit 2: Aggregated daily card spending by major category (1-yr and 2-yr % change of the 7-day moving average (ma) of spending levels)

Several sectors including airline, lodging and grocery are seeing big distortions to the 1-yr % change due to COVID last year

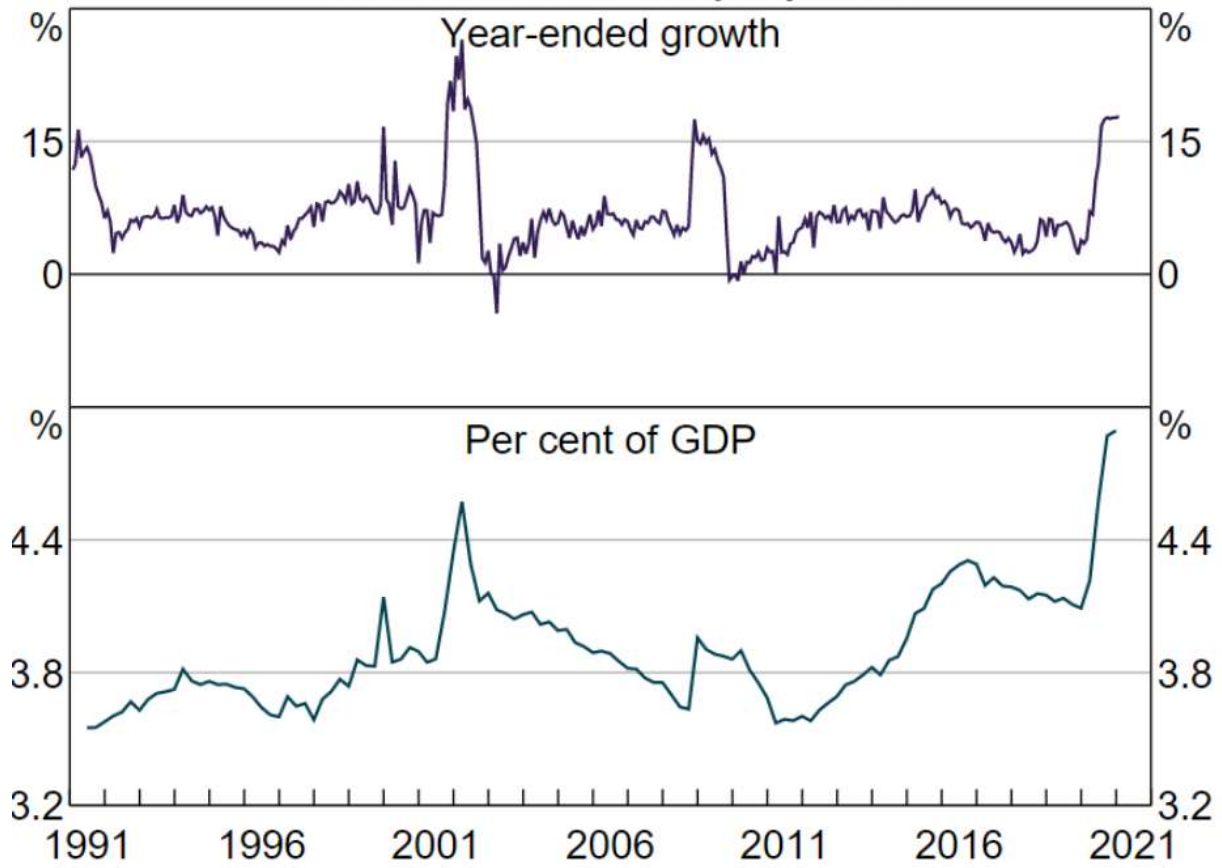
	3/13	3/12	3/11	3/10	3/9	3/8	3/7	3/6	3/5	3/4	3/3
Total card spending											
1-yr % change	7.4%	6.6%	9.2%	10.3%	11.1%	11.1%	12.9%	10.7%	9.0%	7.0%	6.5%
2-yr % change	8.9%	8.9%	10.8%	11.1%	12.1%	12.6%	16.3%	16.9%	15.7%	10.4%	8.1%
Retail ex auto											
1-yr % change	2.0%	2.2%	6.6%	10.0%	11.2%	10.9%	11.0%	9.9%	9.0%	7.7%	7.3%
2-yr % change	16.1%	15.6%	16.0%	16.1%	16.6%	16.5%	17.1%	16.4%	16.0%	13.9%	12.8%
Airlines											
1-yr % change	13%	4%	-6%	-13%	-18%	-21%	-25%	-27%	-29%	-30%	-32%
2-yr % change	-45%	-46%	-47%	-48%	-48%	-49%	-50%	-51%	-51%	-52%	-54%
Lodging											
1-yr % change	34%	19%	9%	3%	0%	-2%	-3%	-6%	-7%	-10%	-11%
2-yr % change	-20%	-20%	-19%	-20%	-20%	-20%	-19%	-19%	-19%	-21%	-20%
Entertainment											
1-yr % change	-24%	-37%	-46%	-47%	-49%	-47%	-48%	-49%	-51%	-53%	-55%
2-yr % change	-62%	-62%	-63%	-62%	-61%	-57%	-55%	-54%	-55%	-56%	-58%
Restaurants & bars											
1-yr % change	11%	4%	1%	0%	0%	0%	0%	-1%	-1%	-2%	-3%
2-yr % change	0.1%	-0.5%	-0.6%	-0.3%	-0.1%	0.0%	0.2%	0.0%	0.3%	-0.1%	-0.1%
Transit											
1-yr % change	-4%	-9%	-11%	-13%	-15%	-17%	-20%	-20%	-21%	-22%	-23%
2-yr % change	-23%	-21%	-22%	-21%	-22%	-24%	-25%	-24%	-24%	-25%	-25%
Gas											
1-yr % change	12%	10%	10%	11%	11%	10%	9%	9%	8%	6%	5%
2-yr % change	6%	6%	6%	6%	6%	5%	6%	5%	6%	5%	5%
Clothing											
1-yr % change	41%	29%	23%	19%	17%	17%	16%	15%	12%	10%	9%
2-yr % change	9%	8%	8%	8%	7%	7%	7%	7%	8%	7%	6%
Furniture											
1-yr % change	44%	39%	37%	37%	37%	37%	36%	35%	33%	31%	28%
2-yr % change	35%	34%	36%	36%	36%	36%	35%	35%	34%	32%	30%
Department store											
1-yr % change	60%	43%	34%	29%	27%	26%	25%	24%	21%	20%	19%
2-yr % change	14%	13%	13%	13%	13%	12%	13%	12%	12%	11%	10%
Home improvement											
1-yr % change	36%	36%	35%	36%	35%	35%	36%	35%	34%	31%	30%
2-yr % change	43%	42%	42%	43%	43%	44%	45%	46%	48%	47%	44%
Online electronics (card not present)											
1-yr % change	53%	55%	55%	55%	56%	57%	60%	58%	53%	50%	50%
2-yr % change	76%	74%	76%	77%	76%	76%	80%	83%	80%	74%	68%
Grocery											
1-yr % change	-28%	-23%	-12%	-3%	1%	1%	0%	0%	-1%	-2%	-2%
2-yr % change	10%	10%	11%	11%	13%	12%	13%	11%	10%	6%	5%
General Merchandise											
1-yr % change	-3%	-3%	3%	8%	11%	10%	9%	7%	5%	4%	4%
2-yr % change	24%	23%	23%	22%	24%	24%	24%	22%	22%	20%	19%
Total B&M retail											
1-yr % change	-10%	-10%	-5%	-2%	-1%	-1%	-1%	-2%	-3%	-4%	-5%
2-yr % change	1.1%	0.6%	0.8%	1.0%	1.6%	1.5%	1.8%	0.9%	0.7%	-0.8%	-1.8%
Total online retail (card not present)											
1-yr % change	60%	60%	60%	60%	60%	59%	60%	58%	57%	55%	55%
2-yr % change	85%	84%	85%	84%	83%	83%	85%	85%	84%	78%	76%
Total card debit											
1-yr % change	7%	7%	11%	12%	14%	14%	17%	14%	13%	10%	9%
2-yr % change	12%	12%	14%	15%	16%	17%	20%	20%	19%	13%	10%
Total card credit											
1-yr % change	8%	6%	7%	7%	7%	7%	8%	6%	4%	2%	3%
2-yr % change	5%	5%	6%	6%	6%	7%	11%	12%	11%	7%	5%

Source: BAC internal data. Note: The 1-yr % change shows the change between the 2021 date at the head of the table column and its comparable date in 2020 and the 2-yr % change shows the percentage change with the comparable date in 2019. Total card spending includes total BAC card activity which captures retail sales + services which are paid with cards. Does not include ACH payments. B&M (Brick & Mortar) retail means retail purchases at the store. Card not present is largely online but could include purchases made over the phone.

Graph 1

Banknotes in Circulation*

Total value, seasonally adjusted



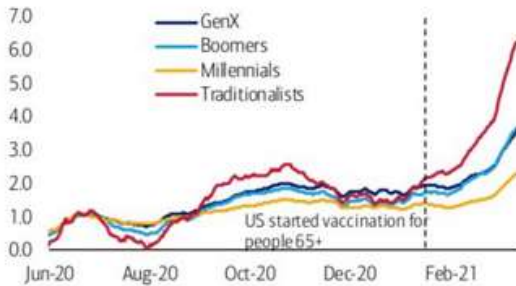
* Includes banks' Verified Cash Holdings held at depots

Sources: ABS: RBA

Signs of behavior changes post COVID

Exhibit 9: Spending at airlines, index, June 2020 avg =1 for each generation, 14-day moving average

Traditionalists (age 75+) continue to see strength in airline spending relative to other age groups

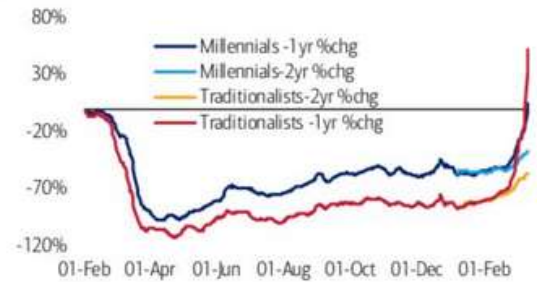


Source: BAC internal data

BofA GLOBAL RESEARCH

Exhibit 10: Spending at airlines by select generation (1-yr and 2-yr %change of the 7-day ma of spending levels)

Traditionalists saw a much bigger jump in 1-yr %change in airline spending due to bigger pull back last year

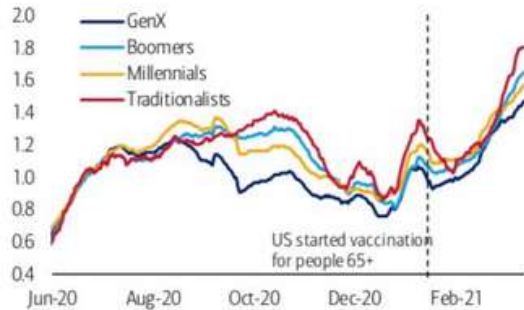


Source: BAC internal data

BofA GLOBAL RESEARCH

Exhibit 11: Spending on lodging, index, June 2020 avg =1 for each generation, 14-day moving average

All income groups saw noticeable pick up in lodging spending

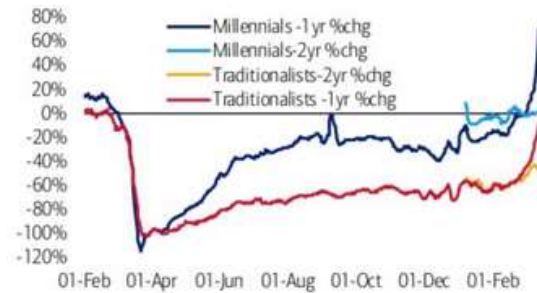


Source: BAC internal data

BofA GLOBAL RESEARCH

Exhibit 12: Spending on lodging by select generation (1-yr and 2-yr %change of the 7-day ma of spending levels)

1-yr %change for lodging spending jumps across income groups on base effects while 2-yr %change remain depressed

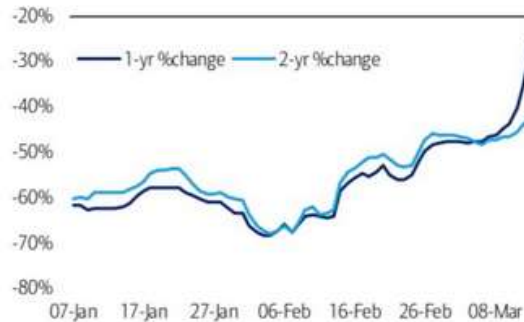


Source: BAC internal data

BofA GLOBAL RESEARCH

Exhibit 13: Spending at NYC restaurants and bars (1-yr and 2-yr %change of the 7-day ma of spending levels)

1-yr %change jumps on base effects as NYC was the early epicenter of COVID

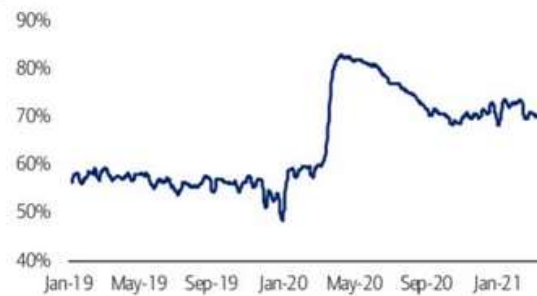


Source: BAC internal

BofA GLOBAL RESEARCH

Exhibit 14: Share of spending at NYC restaurants and bars by local residents (% , 7-day moving average)

Since the COVID pandemic and travel restrictions, local residents remain the major consumers at NYC restaurants

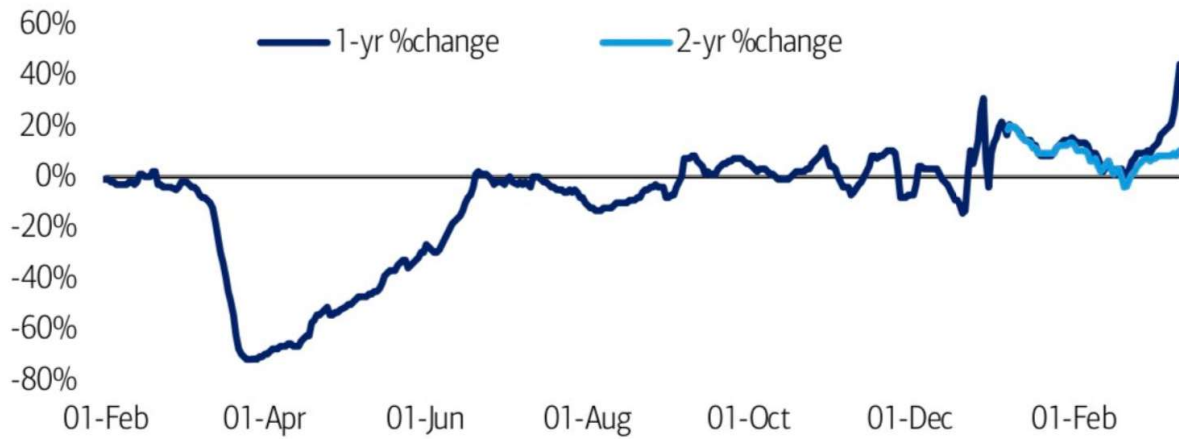


Source: BAC internal data

BofA GLOBAL RESEARCH

Exhibit 1: Spending at clothing and department stores (1-yr and 2-yr %change of the 7-day moving average of spending levels)

1-yr %change for clothing and dept stores jumps on base effects but 2-yr %change moves sideways



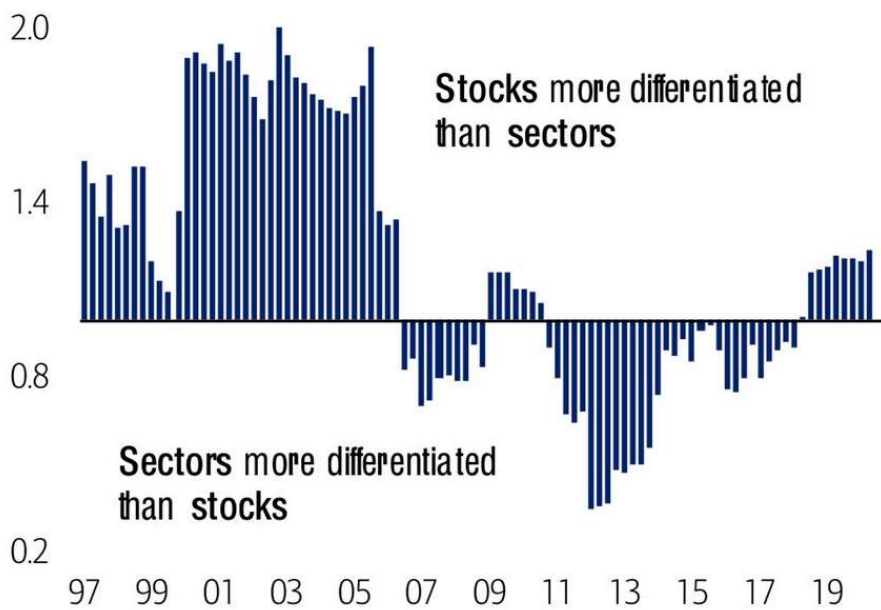
Source: BAC internal data

BofA GLOBAL RESEARCH

Stock picker'iu laikas

Chart 9: Our work suggests stocks are more differentiated than sectors, indicating a stock picker's market...

Sector correlations vs intrasector stock correlations (1998-Feb 2021)



Source: FactSet, BofA US Equity & US Quant Strategy

BofA GLOBAL RESEARCH

Exhibit 1: Advisors' higher equity allocations consistent with higher recommended allocations in our Sell Side Indicator, which is nearing a "Sell" signal
Average recommended equity allocation among Wall Street strategists (as of 2/28/21)

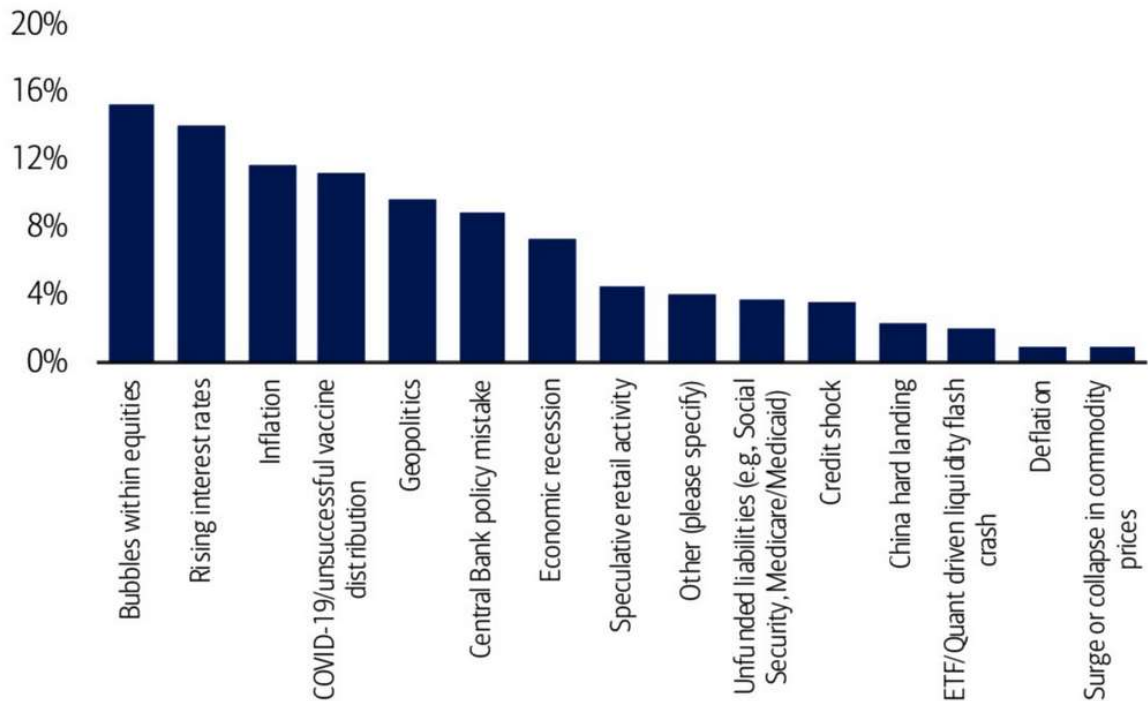


Source: BofA US Equity & Quant Strategy Note. Buy and Sell signals are based on rolling 15-year +/- 1 standard deviation from the rolling 15-year mean. A reading above the red line indicates a Sell signal and a reading below the green line indicates a Buy signal

BofA GLOBAL RESEARCH

Chart 24: Advisors see the possibility of bubbles and rising rates as the biggest risk to equities

Which of the following do you view as the biggest risk to U.S. equities? (Select up to three)



Source: Wealth Management Marketing Research, BofA US Equity & US Quant Strategy

BofA GLOBAL RESEARCH

Global Wealth & Investment Management Survey

What we heard from the thundering herd: 2021 edition

Most bullish GWIM survey to date on stocks

Our 5th annual Global Wealth & Investment Management (GWIM) Survey (from Feb 9-23) was most bullish on stocks in our survey history. Merrill financial advisors (FAs) upped equity allocations to 64% (+1ppt y/y), representing the highest level in our survey history where actual buying drove allocations more than performance. This is consistent with [our Sell Side Indicator](#), just 1ppt away from a "Sell" signal on building euphoria. FA's 12m outlook, scaled from 1 (bearish) to 10 (bullish), clocked in at 7.3 vs. 6.9 in 2018-20 (and 3.8 in 2017!) But FAs are cautious over the next 3 months, at 6.1 (a 4-yr low).

But most bearish on bonds

FAs prepared for rising rates by trimming bond allocations to 24% (-3ppt y/y), the lowest in our survey history. Just 5% are increasing fixed income allocations, and rising rates were seen as one of the biggest risks (more below). But inflation may not be baked in yet – despite "Inflation" being cited as the #3 risk, FAs increased cash allocations to 5-year highs and are overweight Growth and Tech, [beneficiaries of disinflation](#).

Voting with feet (Growth tilt) vs. mouth (bullish Value)

FAs clocked in the biggest Growth over Value tilt in our survey history: 42% preferred Growth (+4ppt y/y) vs. 28% Value (-12ppt). But the bulk of respondents expect Value to outperform Growth over the medium-term (4-12 months), consistent with [institutional investors'](#) tilt to Growth despite a [more bullish view on Value](#). Consensus' view that Value is a cyclical trade suggests that the pain trade is a long-lived Value cycle. FAs turned bullish on small caps, viewing recent [speculative activity](#) as a manageable risk.

FAs get sectors right. Buy Financials, Health Care

And sell bond proxies. Advisors remain most bullish on Health Care, Tech and Financials. Their bearishness has shifted from commodities (Materials & Energy - 2020 underweights) to bond-proxies on rate risk (Utilities, Real Estate, Staples). Note that the top three sectors by net bullish respondents have outperformed the bottom three over the course of the year during each prior year of our survey, by 15ppt on avg. (Table 1). We, [US Strategists](#), are also o/w Health Care & Financials and u/w Staples & Real Estate.

Risks shifting from politics to asset bubbles

In 2020, the US presidential election was cited as the #1 risk to the market (plus geopolitics and trade concerns) today bubbles are keeping FAs up at night. Bubbles within equities was cited as the #1 risk, followed by rising rates and then inflation. Counter to BofA views, >40% of respondents expect reduced/limited tariffs (house predicts that current tariffs are here to stay.) And ESG is gaining so much momentum that we broke it out as a [separate report](#).

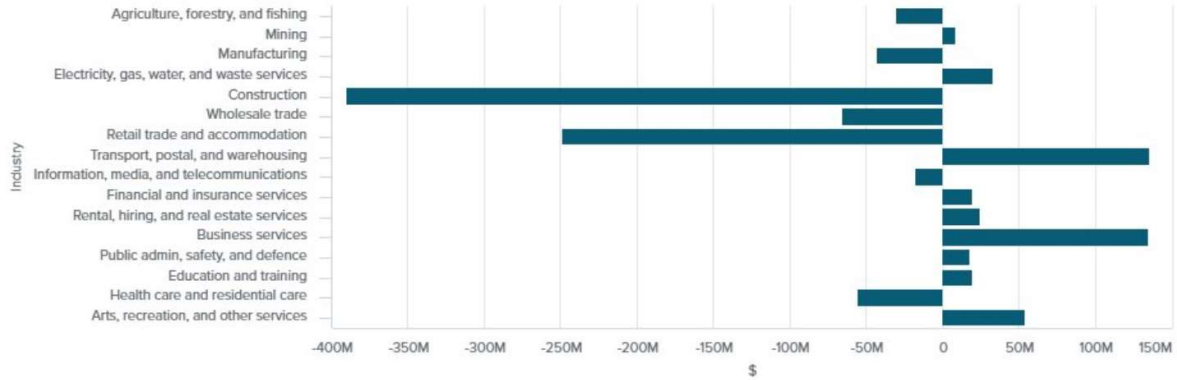
What pandemic?

Despite the pandemic, attracting new clients was similar to past years. New investment technologies may have helped, where >90% have increased usage primarily for efficiency and client attraction. Besides investments, clients are looking for more holistic advice are retirement (74%) & estate planning (60%), followed by lending & taxes.

GRAPH

TABLE

Gross domestic product by industry, change from September 2020 quarter to December 2020 quarter



Seasonally adjusted chain-volume series in 2009/10 prices.

Stats NZ

At least 5% premium and 5.5% potential upside

Stocks in the Russell 1000 currently have 5,893 listed overwriting positions available with 16-Apr-2021 option expiration. Of these, 10 offer at least 5% premium while allowing for a minimum upside potential of 5.5% (Call-Away Return) and having a notional option volume of at least \$5mn.

Table 1: Overwriting Candidates

Top 10 overwriting candidates

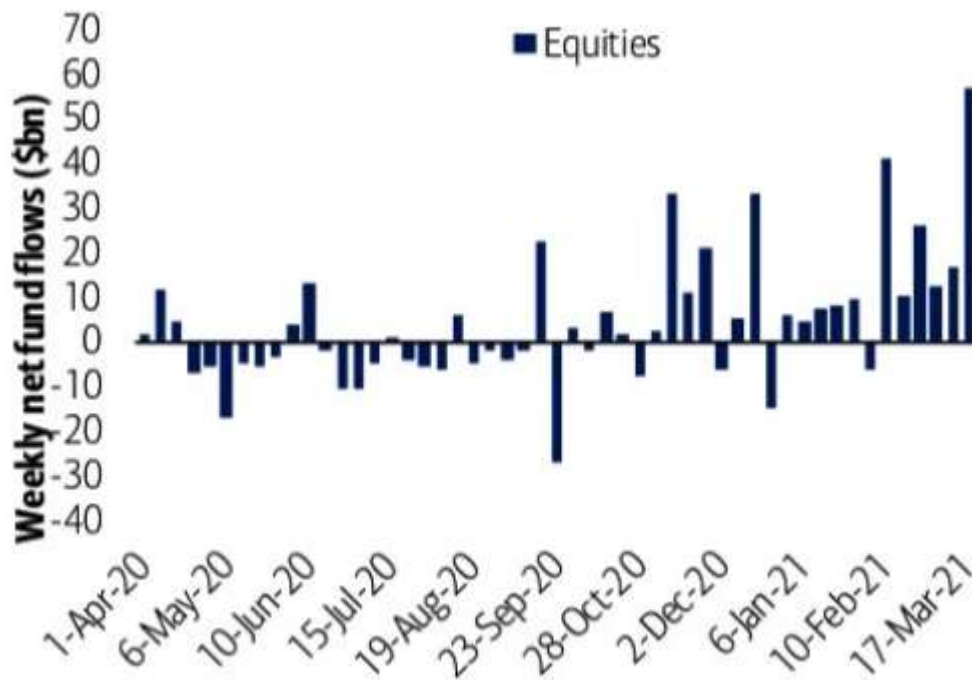
Description		Decision Variables						
		Price	Option		Premium		Call & Dividend	Call-Away
Symbol	Name		Expiration	Strike	Call Bid	Div	Premium	Return
CCL	Carnival	28.93	Apr 16	30.0	2.11		7.3%	11.0%
EXAS	Exact Sciences	128.50	Apr 16	130.0	7.60		5.9%	7.1%
OXY	Occidental Petroleum	29.04	Apr 16	30.0	1.70		5.9%	9.2%
MU	Micron Technology	94.76	Apr 16	95.0	5.45		5.8%	6.1%
DVN	Devon Energy	23.68	Apr 16	24.0	1.32		5.6%	7.0%
FCX	Freeport-McMoRan	36.11	Apr 16	37.0	1.93	0.08	5.5%	8.0%
MOS	Mosaic	33.88	Apr 16	34.0	1.87		5.5%	5.9%
GPS	Gap	31.67	Apr 16	32.0	1.44	0.24	5.3%	6.3%
MELI	MercadoLibre	1537.62	Apr 16	1540.0	81.50		5.3%	5.5%
NCLH	Norwegian Cruise Line	30.50	Apr 16	32.5	1.61		5.3%	11.9%

Source: BofA Equity Derivatives Research. Based on stocks in the Russell 1000 and data as of the 17-Mar-21 close. This screen is not a recommended list either individually or as a group of stocks or option contracts. Investors should consider the fundamentals of the companies and their own individual circumstances/objectives before making any investment decision.

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Figure 7: Weekly equity fund flows, \$bn

Equities +\$56.76bn



Note: the flows data is for US-domiciled funds and ETFs.

Source: EPFR Global

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Figure 1: Flows for the broad US asset classes: stocks and bonds

Equities +\$56.76bn, all fixed income +\$7.97bn



Note: data are for US-domiciled funds only.

Source: EPFR Global

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