



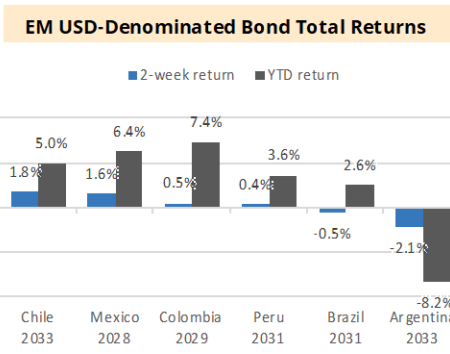
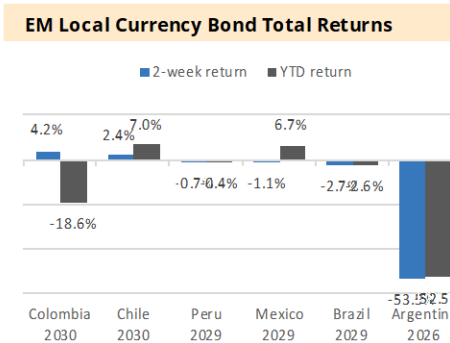
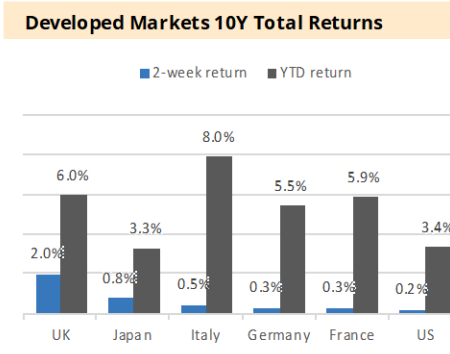
Kathryn Rooney Vera
 Head of Research & Strategy
 krooney@bulltick.com
 +1 786.871.3758

Global Cross Asset Strategy:

Fixed Income, the Fed, and Recession

Fixed Income Strategy:

- **Fourth quarter 2022 US GDP data posted further proof of the resiliency of the US economy** through year-end despite 450bps of fed funds hikes that year alone. Personal consumption did slow and Visa and Mastercard reported spending decelerated towards year-end on sticky inflation. Meanwhile, despite decades of low unemployment rates and consistently healthy initial jobless claims, we remain weary of the strength of the labor market going forward.
- **We are watching JOLTS and real wages** to determine how quickly the unemployment rate could revert and if the US consumer can really buck recession. If unemployment moves higher towards an estimated NAIRU 4.9%, salary growth collapses, real wages remain significantly negative, confidence and consumption will detract from GDP and potentially move the needle on the Fed's tone. Next week, however, at the Federal Reserve monetary policy meeting, expect ongoing hikes likely of 25bps and possibly 50bps with a still-hawkish sounding Jay Powell.
- **We recommend cash and cash equivalents such as 3 and 6 month T-bills yielding 4.6%-4.7% as well as short-term investment grade corporate and government debt instruments at this juncture. As we move towards recession, IG should hold up relatively well with favorable** financing conditions (low yields and maturity wall). In normal cycles, long duration USTs is the play in a recession and the Fed is expected to cut. However, with the already inverted yield curve, and a Fed unlikely to cut in the near term, and stocks and bonds moving together, we are holding off as yet on the long DUR UST recommendation. Massive omnibus bills, profligate spending and debt ceiling debates, and still high inflation could take yields even higher from here,



Benchmark Asset	Begin-2023	Current	YTD Interest	YTD Capital	YTD Forex	Total YTD	2023 Target	2023
	YTM	YTM	Gains, %	Gains, %	Gains, %	Return, %	YTM	Return, %
UST 10Y	3.88	3.50	0.30%	3.11%	-	3.41%	3.25	9.26%
German 10Y	2.57	2.17	0.14%	3.51%	1.76%	5.46%	2.00	4.84%
Japan 10Y	0.41	0.15	0.02%	2.49%	0.81%	3.34%	0.25	-1.16%
Mexico MBONO 2031	9.02	8.67	0.63%	2.19%	3.74%	6.67%	9.40	3.57%
Mexico USD, 2034	5.94	5.28	0.33%	6.08%	-	6.41%	3.10	33.38%
Brazil BRL 2031	12.69	13.12	0.83%	-6.73%	4.28%	-1.87%	11.00	-41.38%
Colombia TES 2031	13.01	12.08	0.82%	6.52%	7.31%	15.19%	8.00	55.34%
Chile CLP 2032	5.26	5.25	0.43%	0.44%	6.03%	6.94%	6.00	-6.80%
Argentina ARS, 2026	80.61	84.22	4.10%	0.41%	-3.57%	0.77%	50.00	15.04%
Peru Soberano 2031	7.97	8.01	0.52%	-0.15%	-0.79%	-0.42%	6.00	20.25%

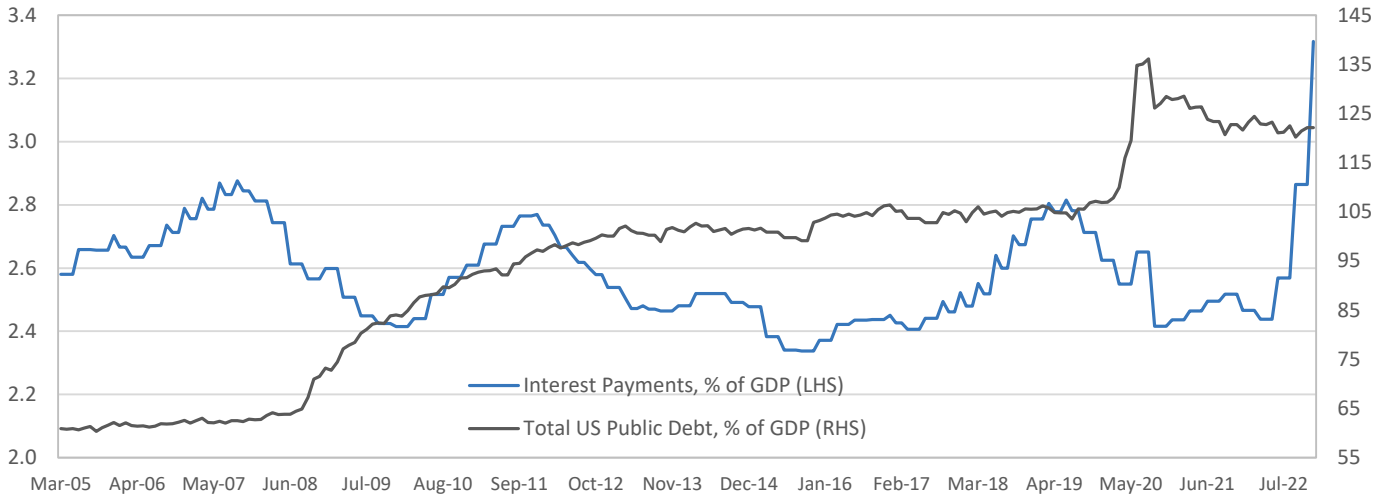
Source: Bloomberg, Bulltick. All returns are in USD

As of 01/27/2023



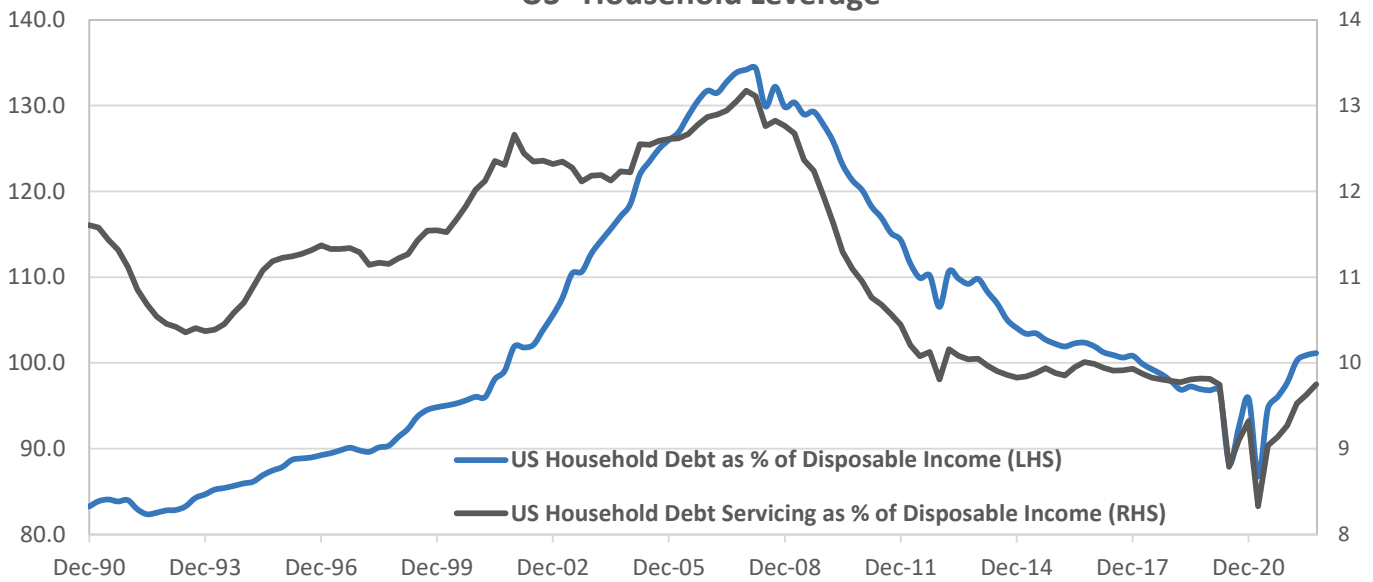
The impact of rising rates is starting to take a toll on the purse with interest payments rising and credit card debt, after a surge, starting to level off as the US consumer faces higher rates on credit card debt, mortgages, and business loans, sticky-high inflation, and negative real incomes.

US--Interest Expenditure Vs Public Debt

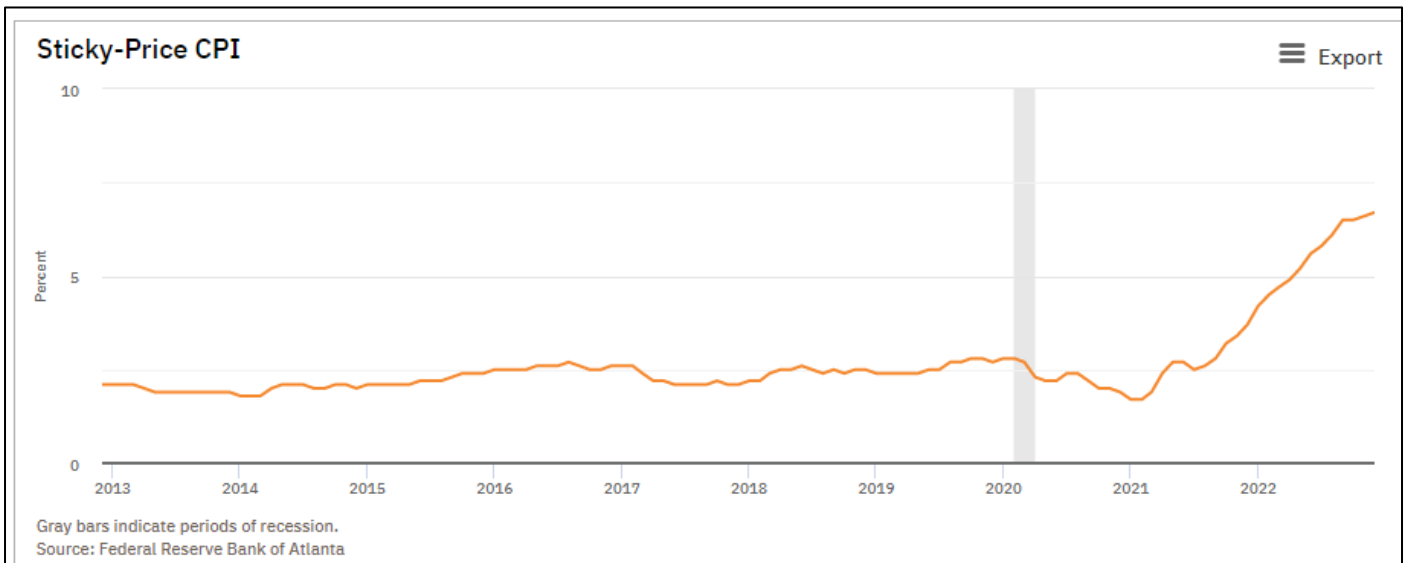


Source: Bloomberg, Bulltick

US--Household Leverage



Sources: Bulltick, Bloomberg



Source: Federal Reserve of Atlanta

The US yield curve is pricing in the good chance of recession while economic indicators such as ISM Services are delivering solid signs. Meanwhile, US equity markets, which we view as overvalued at current multiples with too rosy of earnings growth for the year (8%) we think has room to move lower on actual recession.

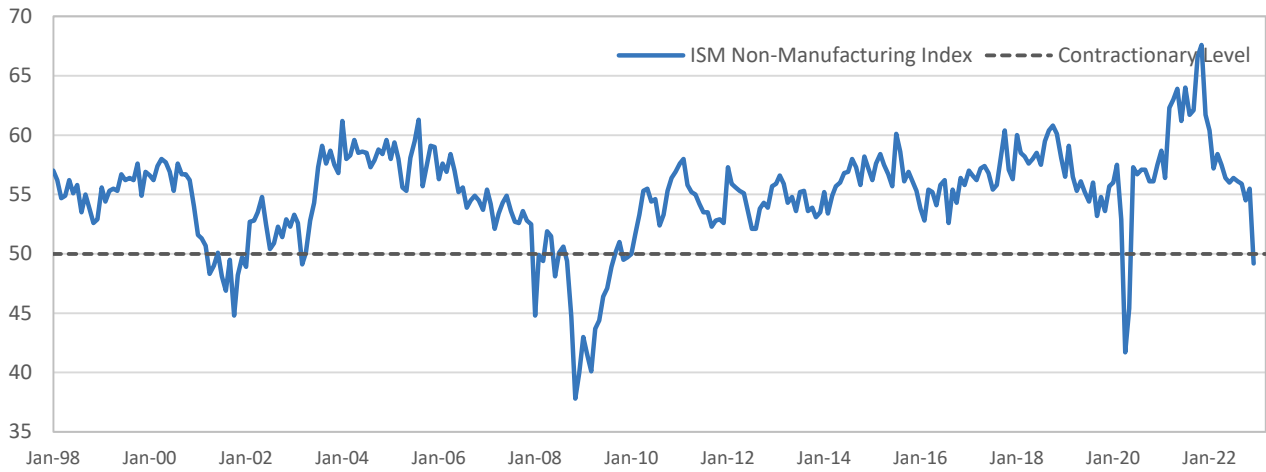
US--Spread Between 30Y and 2Y USTs, bps



Source: Bloomberg, Bulltick

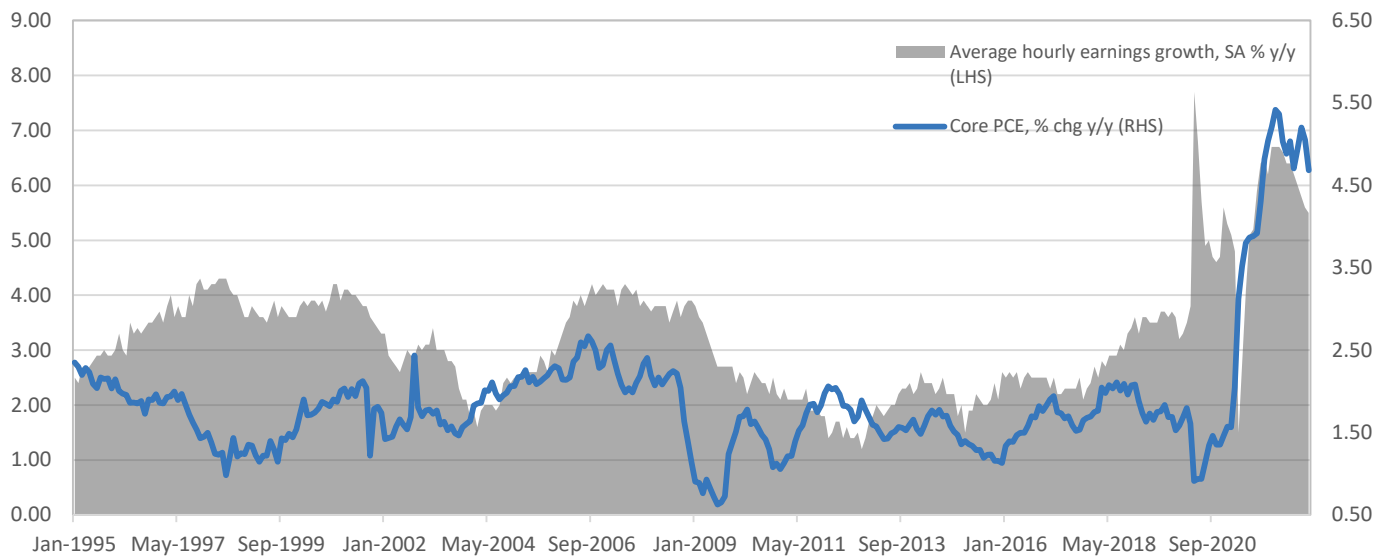


US--ISM Non-Manufacturing Index



Source: Bloomberg, Bulltick

US--Core PCE vs Wage Growth



Sources: Bulltick, Bloomberg



Disclosures

This material is provided by Bulltick, LLC

About Bulltick

Bulltick Capital Markets Holdings, LLC's and its subsidiaries include, among others, Bulltick, LLC, a broker-dealer registered with the U. S. Securities and Exchange Commission ("SEC") and a member of the Financial Industry Regulatory Authority (FINRA), Bulltick Wealth Management, LLC an SEC registered Investment Advisor, Bulltick Insurance Agency, LLC, a Florida licensed insurance agency, and Bulltick Financial Services, LLC (collectively, and together with all other Bulltick controlled entities, "Bulltick"). Bulltick offers a variety of diversified financial products and services with local know how and international expertise. Its client base is comprised of established financial institutions and qualified investors in Latin America, as well as of the international financial community with investment interests in the region. Bulltick is headquartered in the United States, with offices in Miami, Houston, and Bogota.

Our Research Resources

With Bulltick's vast Latin American in roads, resources, and networks, our research team is strategically positioned to provide value added research on local and regional markets, and industries. We are able to track the pulse of the leading markets in Latin America. We make it our business to know the business of the region so we can help our clients manage volatility with in depth coverage of macroeconomic leading sectors and market moving events. As part of its gathering of data and other sources of intelligence, our Macro Economic Research team obtains information and points of views from various sources, including from other Bulltick affiliated areas and persons such as our asset management area and our execution desks.

ANALYST CERTIFICATION

The analyst(s) primarily responsible for the preparation of this report hereby certify that all the views expressed herein accurately reflect their personal views only. The analyst(s) also certify that no part of their compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

IMPORTANT DISCLOSURES

Principal/Agency Trading:

Bulltick and its affiliated entities, employees, officers, and directors may deal on a principal and/or agency basis in transactions involving currencies, markets, sectors, and/or securities referred to herein (or related derivatives or other instruments related thereto), including in transactions which may be contrary to any recommendations contained herein.

The Firm's Analysts may interact with sales and trading personnel in the ordinary course of business. Such sales and trading personnel may trade and/or have proprietary positions in the securities (or in related derivatives) that are the subject of this report, and the Firm's interest may conflict with the interests of investors in those instruments.



Analyst Compensation:

The costs and expenses of research, including the compensation of the analyst(s) that prepared this report, are paid out of the Firm's total revenues, a portion of which are generated by its fixed income division.

OTHER DISCLAIMERS

The information in this report is subject to change without notice. Neither the information nor any opinion expressed constitutes a solicitation of the purchase or sale of any securities, options, futures, or other derivatives related to such securities, or alternative investments.

Bulltick and its subsidiaries, affiliates, shareholders, directors, officers, employees, and licensors ("The Bulltick Parties") will not be liable (individually, jointly, or severally) to you or any other person as a result of your access, reception, or use of the information contained in this document for indirect, consequential, special, incidental, punitive, or exemplary damages, including, without limitation, lost profits, lost savings, and lost revenues (collectively, the "Excluded Damages"), whether or not characterized in negligence, tort, contract, or other theory of liability. The information contained in this document has been obtained from sources believed to be reliable, although its accuracy and completeness cannot be guaranteed. All opinions, projections and estimates constitute the judgment of the author as of the date of the report and these, plus any other information contained herein, are subject to change without notice. Prices and availability of financial instruments mentioned are also subject to change without notice.

Bulltick and its affiliated companies have not taken any steps to ensure that the recommendations referred to in this report are suitable for any particular investor. The Report is for informational purposes only and is not intended as an offer or solicitation for the purchase or sale of any financial product. Securities and financial products mentioned in the report are subject to investment risks, including the possible loss of the principal amount invested. The financial instruments mentioned in this document may not be eligible for sale in some countries. The Report is not to be construed as providing investment services in any jurisdiction where the provision of such services would be illegal.

Investing in non US securities or markets, may entail additional risks. Securities of non US issuers may not be registered with and may not be subject to the reporting requirements of the US Securities and Exchange Commission. There may be limited information available on foreign securities or markets. Foreign companies are generally not subject to uniform audit and reporting standards, practices, and requirements comparable to those in the US. Investments in foreign markets may be less liquid and their prices more volatile than those comparable in US. In addition, exchange rate movements may have an adverse effect on the value of an investment in a foreign market.

The information contained in the report is privileged and confidential and intended solely for the recipients who have been specifically authorized to receive it and it may not be further distributed. Bulltick and its affiliates accept no liability whatsoever for the actions of third parties. Should you receive this message by error you are hereby notified that any disclosure, reproduction, distribution, or use of this message is strictly prohibited.



The Report may provide the addresses of, or contain hyperlinks to, websites, except to the extent to which the Report refers to website material of Bulltick, the Firm takes no responsibility for, and makes no representation or warranties whatsoever as to, the data and information contained therein. Such address or hyperlink is provided solely for your convenience and information and the content of the linked site does not in any way form part of this document. Accessing such website or following such link through the Report or the website of Bulltick shall be at your own risk and Bulltick shall have no liability arising out of, or in connection with, and such reference website.

While any attachments to this report may have been checked for viruses, you should rely on your own anti-virus software and computer security procedures; we therefore disclaim all liability arising out of any viruses or other malware that might exist in any attachment.

The information in this report is subject to change without notice. Neither the information nor any opinion expressed constitutes a solicitation of the purchase or sale of any securities or any options, futures, or other derivatives related to such securities or alternative investments.