

Good news: 98% normal rains, lower trade deficit



Indranil Sen Gupta
Emerging Asia Economist
DSP Merrill Lynch (India)
indranil.sengupta@bamll.com

+91 22 6632 8653

Bottom line: Rains to douse agflation, BoP risks overdone

- We got two bits of good news today. First, the Indian Met just forecast normal rains at 98% of long-period average. This should help douse agflation after 2 years of weather shocks. Even so, inflation will likely average 8.2% in FY12 forcing the RBI to hike 100bp by October. Second, commerce minister Anand Sharma announced that the FY11 trade deficit would come in at a lower than expected US\$104.4bn. This poses a 50bp downside risk to our 2.7% of GDP FY11 current account deficit forecast. Needless to say, this buttresses our standing call that India's balance of payments risks are overdone. Although the current account deficit will likely widen to 3.1% of GDP in FY12, capital flows should still be sufficient to fund the gap (Table 2). Our fx strategists see the INR in a Rs45-46/USD range (with Rs47.50/USD in June). Do read our latest BoP report [here](#).

Why it matters: Good rains key to limiting rate hikes

- A normal monsoon is critical to prevent inflation from getting out of hand in FY12. A 5% increase in agro prices impacts inflation by 170bp (Table 3). As it is, even with normal rains, inflation will turn up again in 2H11 after Delhi raises fuel prices after the state polls end in mid-May (Chart 1). If rains are indeed normal, agflation – currently 10.7% – should cool off in 2H11 and enable inflation to peak off as well. This, in turn, will allow the RBI to pause after 100bp of rate hikes till October. We expect growth to hurt after another 100bp of lending rate hikes with today's 25bp SBI PLR hike pushing real lending rates, at 7.25%, even closer to the 'neutral' 7.5-8% potential growth rate level. It thus is extremely important that the RBI be able to stop by October. By the way, do read our inflation report today [here](#).

Details: Normal south-west monsoon in June-September

- The India Met just forecast a normal June-September south-west monsoon at 98% of long-period average (with a model error of 5%). It will provide a rain forecast for the sowing months of July and August in June. After all, it is really July-August rains that hold the key to the autumn – *kharif* – harvest that accounts for 7% of GDP. Table 4 presents the cropping calendar for rice, the principal crop.
- Is the Met always right? Of course not. A saving grace is that the Australian weather bureau also expects the La Nina, the cooling of the Pacific that helps Indian rains, to last till June. The Southern Oscillation Index (SOI), at 20-levels, is ruling well above the 8-mark for *La Nina* (and -8 for *El Nino*) (Chart 2). A higher SOI usually augurs well for Indian harvests (Chart 3).

Next up in India: Robust 21.3% March Sensex profit growth

- India: Quarterly corporate results (March), 7-8 April 2011.

Table 1: India 2011 – a year of mid-cycle blues

Variable	FY09	FY10	FY11E	FY12E
Real GDP	6.8	8.0	8.5	8.2
Agriculture	-0.1	0.4	5	3
Industry	4.0	8.3	7.4	7.4
Services	9.5	9.7	9.6	9.6
M3	18	17	17.5	17.7
Commercial credit	18	16.7	20	20
WPI inflation	1.5	10.2	9.0	6.8
Fiscal deficit (% GDP)	-10.0	-9.7	-7.6	-7.9
Current account deficit (% GDP)	-2.4	-2.8	-2.7	-3.1
Fx reserves (US\$bn)	253	279	303	312
RBI's LAF reverse repo rate	3.5	3.5	5.75	6.75
RBI's LAF repo rate	5.0	5.0	6.75	7.75
Cash reserve ratio (% of bank book)	5	5.75	6.0	6.0
10-year Gov yields	7	7.75	8	8
Prime lending rate of PSU banks	12.25	11.75	13	13.75
US\$/INR	50	45	45	46#

Source: BofA ML Global Research estimates. # Dec.

India Macro Weekly

[Battle of nerves: One down, two to go, 4 Oct](#)

[On why deposits are bottoming out, 22 Oct](#)

[Agflation risks overdone, 8 Nov](#)

[Rates: Cycling up, slowly but surely... IV, 6 Dec](#)

[3 mid-cycle blues: Industrial W, inflation, rates, 13 Dec](#)

[2011: A year of mid-cycle blues, 10 Jan](#)

[Inflation: Roadmap through the storm II, 17 Jan](#)

[Growth: 2011 ok, 2012 an issue, 31 Jan](#)

[Budget: Fiscal consolidation even if slippage is likely, 1 Mar](#)

[Rates: Cycling up, says liquidity model v.2, 10 Mar](#)

[Rural demand: Booster dose from veggies & milk, 14 Mar](#)

[Credit demand: Structurally up on financial maturity, 20 Mar](#)

[Sorry to go on and on...but BoP risks overdone, 1 Apr](#)
[Inflation: 6% new normal, 18 Apr](#)

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

Refer to important disclosures on page 9 to 11. Analyst Certification on Page 6. Link to Definitions on page 6.



Table 2: Fundable 3.1% of GDP current account deficit

Item	Q3 FY10	Q3 FY11	FY10 (US\$69/bbl)	FY11 (US\$87/bbl)	FY12 (US\$105/bbl)
Current Account	-12	-10	-38	-48	-62
% of GDP			-2.8	-2.7	-3.1
Trade balance	-31	-32	-118	-128	-162
- Exports	47	66	182	240	268
- Imports	78	98	301	368	430
o/w Oil imports			86	111	144
Invisibles	19	22	80	80	100
o/w income from forex reserv.			6	7	9
Capital Account	15	15	53	60	71
Foreign investment	9	8	51	40	30
- FDI	3	2	19	10	18
- FII+	6	6	32	30	12
Banking capital	2	5	2	4	4
- NRI deposits	1	0	3	4	4
Short term credit	3	2	8	12	16
ECBs	2	4	3	12	14
External assistance	1	1	3	4	2
Others	-2	-5	-13	-12	5
Overall balance	2	5	15	12	9
Memo					
RBI's forex intervention			3	1	-2

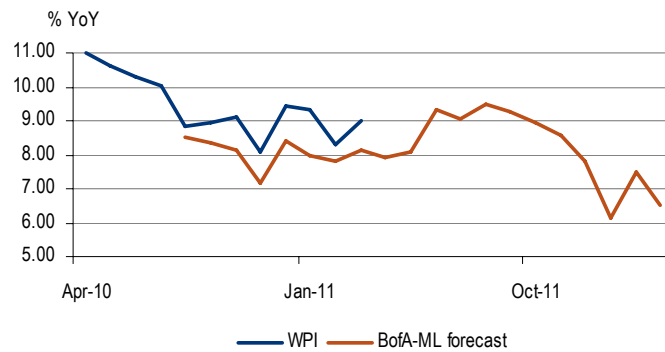
Source: RBI, BofA Merrill Lynch Global Research estimates.

Table 3: 5% swing in agro prices impacts WPI inflation 170+bp

Commodity	Weight	Current	Impact of 5% price hike on WPI inflation (bp)
1. WPI inflation	100	8.4	
2. Primary articles (3+4)	20.12	16.5	123
3. Food Articles	14.34	13.5	87
Rice	1.79	1.2	11
Wheat	1.12	-5.1	7
Pulses	0.72	-10.9	6
Vegetables	1.74	24.9	9
Fruits	2.11	20.4	12
Milk	3.24	18.2	20
Eggs, meat & fish	2.41	19.2	16
Condiments & spices	0.57	33.5	5
Tea, coffee	0.18	-4.6	1
4. Non-food articles	4.26	22.3	24
Raw cotton	0.70	31.8	4
Oil seeds	1.78	2.5	15
Sugarcane	0.64	49.8	4
5. Manufactured food products	9.97	0.4	53
Dairy products	0.57	4.3	3
Canning, preserving & processing of fish	0.36	4.9	2
Grain mill products	1.34	2.2	8
Bakery products	0.44	7.9	2
Sugar, Khandsari & Gur	2.09	-9.4	14
Edible oils	3.04	5.3	13
Oil cakes	0.49	-0.7	3
Tea & coffee processing	0.71	7.9	4
Other food products	0.88	0.7	5
Cotton textiles	2.61	14.1	11
Total			176

Source: RBI, BofA Merrill Lynch Global Research estimates.

Chart 1: Inflation to go up in 2H11 on higher fuel prices



Source: Ministry of Industry, BofA Merrill Lynch Global Research estimates.

19 April 2011

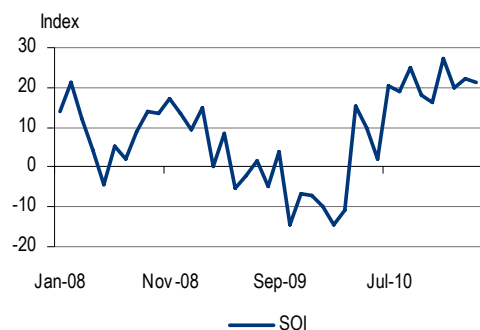
Table 4: Rice is sown in the Apr -Sep *Kharif* sowing season

States/Uts	Period	Kharif Paddy	Rabi Paddy	Kharif Bajra	Summer Bajra	Rabi Wheat
1	2	3	4	5	6	7
Andhra Pradesh	Sowing	Jun.(B)-Aug.(E)	Nov.(E)-Feb(B)	Jun(B)-Jul(M)		
	Harvesting	Oct.(E)-Feb.(B)	Mar.(E)-May(M)	Aug(B)-Oct(B)		
Assam	Sowing	Jun(M)-Jul(E)				Nov(B)-Dec(M)
	Harvesting	Oct.(B)-Feb.(E)				Mar(B)-Apr(E)
Bihar	Sowing	Jun(M)-Jul(B)				Nov(M)-Dec(E)
	Harvesting	Nov(E)-Dec(E)				Mar(M)-Apr(E)
Goa	Sowing	May(M)-Jul(M)	Nov(B)-Jan(E)			
	Harvesting	Sep(B)-Dec(E)	Mar(B)-Apr(E)			
Gujarat	Sowing	Jun(B)-Aug(E)		Jun(B)-Jul(E)	Feb(B)-Feb(E)	Oct(B)-Nov(E)
	Harvesting	Oct(B)-Dec(E)		Sep(B)-Nov(E)	May(B)-May(E)	Feb(B)-Mar(E)
Haryana	Sowing	Jun(B)-Jul(B)		Jun(M)-Jul(B)		Oct(E)-Dec(B)
	Harvesting	Oct(M)-Nov(E)		Oct(M)-Nov(M)		Apr(M)-Apr(E)
Himachal Pradesh	Sowing	May(M)-Jul(E)				Oct(B)-Nov(E)
	Harvesting	Sep(M)-Oct(M)				Apr(M)-Jun(E)
Jammu & Kashmir	Sowing	May(B)-Jun(E)				Oct(B)-Dec(E)
	Harvesting	Oct(B)-Nov(E)				May(B)-May(E)
Karnataka	Sowing	May(B)-Jul(E)	Aug(B)-Sep(E)	Jul(B)-Sep(E)	Jan(B)-Feb(E)	Oct(B)-Dec(E)
	Harvesting	Oct(B)-Dec(E)	Jan(B)-Feb(E)	Oct(B)-Nov(E)	Apr(B)-May(E)	Jan(B)-Feb(E)
Kerala	Sowing	Aug(B)-Nov(E)	Oct(B)-Dec(E)			
	Harvesting	Nov(B)-Jan(E)	Mar(B)-May(E)			
Madhya Pradesh	Sowing	Jun(M)-Jul(E)		Jun(M)-Jul(E)		Oct(M)-Dec(E)
	Harvesting	Sep(E)-Dec(E)		Sep(E)-Dec(M)		Feb(M)-Apr(E)
Maharashtra	Sowing	Jul(B)-Aug(E)		Jun(B)-Jul(E)		Oct(B)-Dec(E)
	Harvesting	Oct(B)-Dec(E)		Sep(B)-Oct(E)		Feb(B)-Mar(E)
Orissa	Sowing	Jun-Aug	Dec-Jan	Jun-Jul		Oct-Nov
	Harvesting	Dec-Jan	May-Jun	Sep-Oct		Mar-Apr
Punjab	Sowing	May(B)-Jul(E)				Oct(B)-Nov(E)
	Harvesting	Sep(B)-Oct(E)				Apr(B)-May(E)
Rajasthan	Sowing	Jun(B)-Jul(E)		Jun(B)-Jul(E)		Nov(B)-Dec(E)
	Harvesting	Oct(B)-Nov(E)		Sep(B)-Oct(E)		Mar(B)-May(E)
Uttar Pradesh	Sowing	Jun(B)-Aug(E)		Jun(B)-Jul(E)		Oct(B)-Jan(M)
	Harvesting	Oct(B)-Dec(M)		Oct(B)-Nov(M)		Apr(B)-Apr(M)
West Bengal	Sowing	Jul(B)-Aug(E)	Jan(B)-Feb(E)			Nov(B)-Dec(E)
	Harvesting	Nov(B)-Jan(E)	Apr(B)-May(E)			Mar(B)-Apr(E)
All India	Sowing	May-Aug	Aug-Sep	Jun-Jul	Jan-Feb	Oct-Dec
	Harvesting	Sep-Jan	Jan-May	Sep-Nov	Apr-May	Feb-Jun

Source: Ministry of Agriculture.

19 April 2011

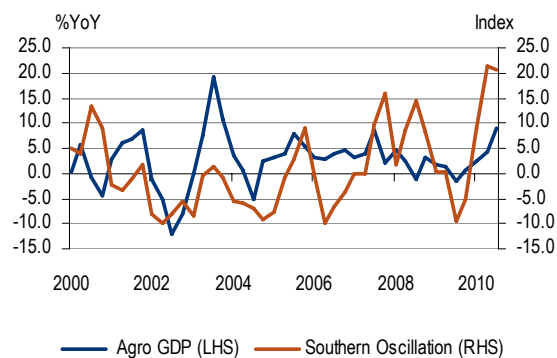
Chart 2: *La Nina* to persist till June signaling good monsoon...



Source: Australian Bureau of Meteorology.

The Southern Oscillation Index (SOI) measures the differences in air pressure between Tahiti and Darwin. Sustained positive values of the SOI above +8 may indicate a La Niña event, while sustained negative values below -8 may indicate an El Niño event.

Chart 3: ...SOI and agro GDP move in sync



Source: Australian Bureau of Meteorology.

Link to Definitions

Macro

Click [here](#) for definitions of commonly used terms.

Analyst Certification

I, Indranil Sen Gupta, hereby certify that the views expressed in this research



report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

Special Disclosures

In accordance with the SEBI (Foreign Institutional Investors) Regulations and with guidelines issued by the Securities and Exchange Board of India (SEBI), foreign investors (individuals as well as institutional) that wish to transact the common stock of Indian companies must have applied to, and have been approved by SEBI and the Reserve Bank of India (RBI). Each investor who transacts common stock of Indian companies will be required to certify approval as a foreign institutional investor or as a sub-account of a foreign institutional investor by SEBI and RBI. Certain other entities are also entitled to transact common stock of Indian companies under the Indian laws relating to investment by foreigners. BofA Merrill Lynch reserves the right to refuse copy of research on common stock of Indian companies to a person not resident in India. American Depositary Receipts (ADR) representing such common stock are not subject to these Indian law restrictions and may be transacted by investors in accordance with the applicable laws of the relevant jurisdiction. Global Depositary Receipts (GDR) and the Global Depositary Shares of Indian companies, Indian limited liability corporations, have not been registered under the U.S. Securities Act of 1933, as amended, and may only be transacted by persons in the United States who are Qualified Institutional Buyers (QIBs) within the meaning of Rule 144A under the Securities Act. Accordingly, no copy of any research report on Indian companies' GDRs will be made available to persons who are not QIBs.

DSP Merrill Lynch Limited

SEBI Regn no. : BSE - INB/INF 011348134 NSE – INB/INF 231348138

Address – Mafatlal Centre, 8th Floor, Nariman Point, Mumbai, India. 400021

Tel : +91 22 6632 8000



Important Disclosures

The analyst(s) responsible for covering the securities in this report receive compensation based upon, among other factors, the overall profitability of Bank of America Corporation, including profits derived from investment banking revenues.

Other Important Disclosures

BofA Merrill Lynch Global Research policies relating to conflicts of interest are described at <http://www.ml.com/media/43347.pdf>.

"BofA Merrill Lynch" includes Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S") and its affiliates. Investors should contact their BofA Merrill Lynch representative or Merrill Lynch Global Wealth Management financial advisor if they have questions concerning this report.

Information relating to Non-US affiliates of BofA Merrill Lynch and Distribution of Affiliate Research Reports:

MLPF&S distributes, or may in the future distribute, research reports of the following non-US affiliates in the US (short name: legal name): Merrill Lynch (France): Merrill Lynch Capital Markets (France) SAS; Merrill Lynch (Frankfurt): Merrill Lynch International Bank Ltd., Frankfurt Branch; Merrill Lynch (South Africa): Merrill Lynch South Africa (Pty) Ltd.; Merrill Lynch (Milan): Merrill Lynch International Bank Limited; MLI (UK): Merrill Lynch International; Merrill Lynch (Australia): Merrill Lynch Equities (Australia) Limited; Merrill Lynch (Hong Kong): Merrill Lynch (Asia Pacific) Limited; Merrill Lynch (Singapore): Merrill Lynch (Singapore) Pte Ltd.; Merrill Lynch (Canada): Merrill Lynch Canada Inc; Merrill Lynch (Mexico): Merrill Lynch Mexico, SA de CV, Casa de Bolsa; Merrill Lynch (Argentina): Merrill Lynch Argentina SA; Merrill Lynch (Japan): Merrill Lynch Japan Securities Co., Ltd.; Merrill Lynch (Seoul): Merrill Lynch International Incorporated (Seoul Branch); Merrill Lynch (Taiwan): Merrill Lynch Securities (Taiwan) Ltd.; DSP Merrill Lynch (India): DSP Merrill Lynch Limited; PT Merrill Lynch (Indonesia): PT Merrill Lynch Indonesia; Merrill Lynch (Israel): Merrill Lynch Israel Limited; Merrill Lynch (Russia): Merrill Lynch CIS Limited, Moscow; Merrill Lynch (Turkey): Merrill Lynch Yatirim Bankasi A.S.; Merrill Lynch (Dubai): Merrill Lynch International, Dubai Branch; MLPF&S (Zürich rep. office): MLPF&S Incorporated Zürich representative office; Merrill Lynch (Spain): Merrill Lynch Capital Markets Espana, S.A.S.V.; Merrill Lynch (Brazil): Banco Merrill Lynch de Investimentos S.A.

This research report has been approved for publication and is distributed in the United Kingdom to professional clients and eligible counterparties (as each is defined in the rules of the Financial Services Authority) by Merrill Lynch International and Banc of America Securities Limited (BASL), which are authorized and regulated by the Financial Services Authority and has been approved for publication and is distributed in the United Kingdom to retail clients (as defined in the rules of the Financial Services Authority) by Merrill Lynch International Bank Limited, London Branch, which is authorized by the Central Bank of Ireland and is subject to limited regulation by the Financial Services Authority – details about the extent of its regulation by the Financial Services Authority are available from it on request; has been considered and distributed in Japan by Merrill Lynch Japan Securities Co., Ltd., a registered securities dealer under the Securities and Exchange Law in Japan; is distributed in Hong Kong by Merrill Lynch (Asia Pacific) Limited, which is regulated by the Hong Kong SFC and the Hong Kong Monetary Authority; is issued and distributed in Taiwan by Merrill Lynch Securities (Taiwan) Ltd.; is issued and distributed in India by DSP Merrill Lynch Limited; and is issued and distributed in Singapore by Merrill Lynch International Bank Limited (Merchant Bank) and Merrill Lynch (Singapore) Pte Ltd. (Company Registration No.'s F 06872E and 198602883D respectively) and Bank of America Singapore Limited (Merchant Bank). Merrill Lynch International Bank Limited (Merchant Bank) and Merrill Lynch (Singapore) Pte Ltd. are regulated by the Monetary Authority of Singapore. Merrill Lynch Equities (Australia) Limited (ABN 65 006 276 795), AFS License 235132 provides this report in Australia in accordance with section 911B of the Corporations Act 2001 and neither it nor any of its affiliates involved in preparing this research report is an Authorised Deposit-Taking Institution under the Banking Act 1959 nor regulated by the Australian Prudential Regulation Authority. No approval is required for publication or distribution of this report in Brazil. Merrill Lynch (Dubai) is authorized and regulated by the Dubai Financial Services Authority (DFSA). Research reports prepared and issued by Merrill Lynch (Dubai) are prepared and issued in accordance with the requirements of the DFSA conduct of business rules.

Merrill Lynch (Frankfurt) distributes this report in Germany. Merrill Lynch (Frankfurt) is regulated by BaFin.

This research report has been prepared and issued by MLPF&S and/or one or more of its non-US affiliates. MLPF&S is the distributor of this research report in the US and accepts full responsibility for research reports of its non-US affiliates distributed to MLPF&S clients in the US. Any US person receiving this research report and wishing to effect any transaction in any security discussed in the report should do so through MLPF&S and not such foreign affiliates.

General Investment Related Disclosures:

This research report provides general information only. Neither the information nor any opinion expressed constitutes an offer or an invitation to make an offer, to buy or sell any securities or other financial instrument or any derivative related to such securities or instruments (e.g., options, futures, warrants, and contracts for differences). This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the particular needs of any specific person. Investors should seek financial advice regarding the appropriateness of investing in financial instruments and implementing investment strategies discussed or recommended in this report and should understand that statements regarding future prospects may not be realized. Any decision to purchase or subscribe for securities in any offering must be based solely on existing public information on such security or the information in the prospectus or other offering document issued in connection with such offering, and not on this report.

Securities and other financial instruments discussed in this report, or recommended, offered or sold by Merrill Lynch, are not insured by the Federal Deposit Insurance Corporation and are not deposits or other obligations of any insured depository institution (including, Bank of America, N.A.). Investments in general and, derivatives, in particular, involve numerous risks, including, among others, market risk, counterparty default risk and liquidity risk. No security, financial instrument or derivative is suitable for all investors. In some cases, securities and other financial instruments may be difficult to value or sell and reliable information about the value or risks related to the security or financial instrument may be difficult to obtain. Investors should note that income from such securities and other financial instruments, if any, may fluctuate and that price or value of such securities and instruments may rise or fall and, in some cases, investors may lose their entire principal investment. Past performance is not necessarily a guide to future performance. Levels and basis for taxation may change.

BofA Merrill Lynch is aware that the implementation of the ideas expressed in this report may depend upon an investor's ability to "short" securities or other financial instruments and that such action may be limited by regulations prohibiting or restricting "shortselling" in many jurisdictions. Investors are urged to seek advice regarding the applicability of such regulations prior to executing any short idea contained in this report.

Certain investment strategies and financial instruments discussed herein may only be appropriate for consideration in accounts qualified for high risk investment.

Foreign currency rates of exchange may adversely affect the value, price or income of any security or financial instrument mentioned in this report. Investors in such securities and instruments effectively assume currency risk.

UK Readers: The protections provided by the U.K. regulatory regime, including the Financial Services Scheme, do not apply in general to business coordinated by BofA Merrill Lynch entities located outside of the United Kingdom. BofA Merrill Lynch Global Research policies relating to conflicts of interest are described at <http://www.ml.com/media/43347.pdf>.

Officers of MLPF&S or one or more of its affiliates (other than research analysts) may have a financial interest in securities of the issuer(s) or in related investments.

MLPF&S or one of its affiliates is a regular issuer of traded financial instruments linked to securities that may have been recommended in this report. MLPF&S or one of its affiliates may, at any time, hold a trading position (long or short) in the securities and financial instruments discussed in this report.

BofA Merrill Lynch, through business units other than BofA Merrill Lynch Global Research, may have issued and may in the future issue trading ideas or recommendations that are inconsistent with, and reach different conclusions from, the information presented in this report. Such ideas or recommendations reflect the different time frames, assumptions, views and analytical methods of the persons who prepared them, and BofA Merrill Lynch is under no obligation to ensure that such other trading ideas or recommendations are brought to the attention of any recipient of this report.

In the event that the recipient received this report pursuant to a contract between the recipient and MLPF&S for the provision of research services for a separate fee, and in connection therewith MLPF&S may be deemed to be acting as an investment adviser, such status relates, if at all, solely to the person with whom MLPF&S has contracted directly and does not extend beyond the delivery of this report (unless otherwise agreed specifically in writing by MLPF&S). MLPF&S is and continues to act solely as a broker-dealer in connection with the execution of any transactions, including transactions in any securities mentioned in this report.

Copyright and General Information regarding Research Reports:

Copyright 2011 Merrill Lynch, Pierce, Fenner & Smith Incorporated. All rights reserved. This research report is prepared for the use of BofA Merrill Lynch clients and may not be redistributed, retransmitted or disclosed, in whole or in part, or in any form or manner, without the express written consent of BofA Merrill Lynch. BofA Merrill Lynch research reports are distributed simultaneously to internal and client websites and other portals by BofA Merrill Lynch and are not publicly-available materials. Any unauthorized use or disclosure is prohibited. Receipt and review of this research report constitutes your agreement not to redistribute, retransmit, or disclose to others the contents, opinions, conclusion, or information contained in this report (including any investment recommendations, estimates or price targets) without first obtaining expressed permission from an authorized officer of BofA Merrill Lynch.

Materials prepared by BofA Merrill Lynch Global Research personnel are based on public information. Facts and views presented in this material have not been reviewed by, and may not reflect information known to, professionals in other business areas of BofA Merrill Lynch, including investment banking personnel. BofA Merrill Lynch has established information barriers between BofA Merrill Lynch Global Research and certain business groups. As a result, BofA Merrill Lynch does not disclose certain client relationships with, or compensation received from, such companies in research reports. To the extent this report discusses any legal proceeding or issues, it has not been prepared as nor is it intended to express any legal conclusion, opinion or advice. Investors should consult their own legal advisers as to issues of law relating to the subject matter of this report. BofA Merrill Lynch Global Research personnel's knowledge of legal proceedings in which any BofA Merrill Lynch entity and/or its directors, officers and employees may be plaintiffs, defendants, co-defendants or co-plaintiffs with or involving companies mentioned in this report is based on public information. Facts and views presented in this material that relate to any such proceedings have not been reviewed by, discussed with, and may not reflect information known to, professionals in other business areas of BofA Merrill Lynch in connection with the legal proceedings or matters relevant to such proceedings.

Any information relating to the tax status of financial instruments discussed herein is not intended to provide tax advice or to be used by anyone to provide tax advice. Investors are urged to seek tax advice based on their particular circumstances from an independent tax professional.

The information herein (other than disclosure information relating to BofA Merrill Lynch and its affiliates) was obtained from various sources and we do not guarantee its accuracy. This report may contain links to third-party websites. BofA Merrill Lynch is not responsible for the content of any third-party website or any linked content contained in a third-party website. Content contained on such third-party websites is not part of this report and is not incorporated by reference into this report. The inclusion of a link in this report does not imply any endorsement by or any affiliation with BofA Merrill Lynch. Access to any third-party website is at your own risk, and you should always review the terms and privacy policies at third-party websites before submitting any personal information to them. BofA Merrill Lynch is not responsible for such terms and privacy policies and expressly disclaims any liability for them.

All opinions, projections and estimates constitute the judgment of the author as of the date of the report and are subject to change without notice. Prices also are subject to change without notice. BofA Merrill Lynch is under no obligation to update this report and BofA Merrill Lynch's ability to publish research on the subject company(ies) in the future is subject to applicable quiet periods. You should therefore assume that BofA Merrill Lynch will not update any fact, circumstance or opinion contained in this report.

Certain outstanding reports may contain discussions and/or investment opinions relating to securities, financial instruments and/or issuers that are no longer current. Always refer to the most recent research report relating to a company or issuer prior to making an investment decision.

In some cases, a company or issuer may be classified as Restricted or may be Under Review or Extended Review. In each case, investors should consider any investment opinion relating to such company or issuer (or its security and/or financial instruments) to be suspended or withdrawn and should not rely on the analyses and investment opinion(s) pertaining to such issuer (or its securities and/or financial instruments) nor should the analyses or opinion(s) be considered a solicitation of any kind. Sales persons and financial advisors affiliated with MLPF&S or any of its affiliates may not solicit purchases of securities or financial instruments that are Restricted or Under Review and may only solicit securities under Extended Review in accordance with firm policies.

Neither BofA Merrill Lynch nor any officer or employee of BofA Merrill Lynch accepts any liability whatsoever for any direct, indirect or consequential damages or losses arising from any use of this report or its contents.