

Economics
Inflation &
Prices

BofA Survey Shows Stagflation Fears With No Fed Pivot in Sight

- Investors 'overwhelmingly' expect stagflation over next year
- Sentiment is bearish as recession expectations rise: Hartnett

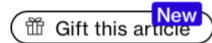
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Investors expect inflation to finally start falling next year, but they aren't convinced that will coincide with Federal Reserve rate cuts, according to Bank of America Corp.'s latest fund manager survey.

A record 85% of participants see global inflation declining over the next 12 months, according to the survey of 272 fund managers with \$790 billion under management, which was conducted from Nov. 4 to Nov. 10 and closed before the release of October's softer-than-forecast US consumer price data. Yet 92% expect a "stagflation" scenario, where growth continues to slow while inflation remains above average -- a view that is now "overwhelmingly" the consensus, strategist Michael Hartnett wrote in a note Tuesday.