

# The Central Bank Watch

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A snapshot of UOB's projections and views on key central banks rate decisions and policy outlook for the month.

	<u>Current Rate</u>	<u>Meeting</u>	<u>UOB's Projection &amp; View</u>	
<b>BOE</b>	4.75%	6 Feb	25bps cut	The BOE is likely to cut rates by 25 bps at the Feb meeting, largely on the back of a weak economy and loosening labour market. That said, we think the BOE will stick to recent guidance of a gradual easing approach. This meeting will see the BOE releasing updated forecasts, which are likely to reveal lower economic growth, though inflation could be revised higher in 2025.
<b>RBI</b>	6.50%	7 Feb	25bps cut	High-frequency daily retail prices suggest that food inflation could continue to decline sequentially. Coupled with the weak growth outturn in 2QFY25 and the first advance estimates released by the National Statistics Office (NSO) pointing to a downbeat 6.4% growth for FY25, we maintain our base case for RBI to begin monetary policy easing via a 25bps reduction to the repo rate at this upcoming MPC meeting.
<b>BSP</b>	5.75%	13 Feb	25bps cut	The expected within-target inflation outlook for 2025 will provide room for the BSP to adjust its monetary policy stance as economic conditions evolve across the year. Nevertheless, global developments post US President-elect Donald Trump's inauguration, particularly the US Fed's rate cut trajectory, will be key wildcards to our interest rate call. For now, we keep the view that BSP will end its easing cycle with three more 25bps interest rate cut in 1H25, which will take the terminal rate to 5.00% through 2H25 and 2026.
<b>RBA</b>	4.35%	18 Feb	25bps cut	We have penciled in a 25bps cut at the Feb meeting. Weak 4Q24 CPI reinforces our view that the RBA can cut rates in Feb, with headline inflation coming in below the mid-point of the RBA's 2%-3% target band. This downside miss to the central bank's projections is

likely to prompt it to revise lower its inflation forecasts to kick off its easing cycle.

<b>RBNZ</b>	4.25%	19 Feb	25bps cut	Our current baseline expectation is that the RBNZ will reduce the pace of easing to standard 25bps cuts for the first half of this year, to reach 3.50% by 1H25, and for the OCR to reach 3.00% by 2H25. But as we previously cautioned, the monetary policy path is unlikely to be smooth, and incoming economic data will ultimately be the driving factor. Weak consumer spending and a sluggish labour market may see the RBNZ easing more than expected.
<b>BI</b>	5.75%	19 Feb	-	BI's recent monetary policy direction focuses towards maintaining economic stability by strengthening pro-market monetary operations, attracting capital inflows, maintaining rupiah stability, and improving digital payment system. Following the surprise rate cut decision in Jan, we are now expecting two more 25bps rate cuts, each in 2Q25 and 3Q25 to 5.25% and then stay at that level throughout the rest of the year.
<b>PBOC</b>	3.10%	20 Feb	-	China's Politburo announced in Dec 2024 a shift in the monetary policy stance to "moderately loose" from "prudent". This implies that the PBOC will continue to cut both the benchmark interest rates and banks' reserve requirement ratio (RRR) this year to boost demand. As such, we expect an additional 50-100 bps reduction to the RRR and 30 bps cut to the benchmark 7-day reverse repo rate (with loan prime rates to fall by 30 bps) in 2025.
<b>BOK</b>	3.00%	25 Feb	25bps cut	Following the dovish pause in Jan, we expect the BOK to resume its rate cut by 25bps to bring the benchmark 7-day repo rate to 2.75% at this upcoming Feb meeting. A more prolonged political crisis increases risk of a deeper interest rate cut to limit the economic fallout. Conversely, as markets start to price in a shallower rate cutting cycle in the US, this would constrain BOK's room for monetary policy easing. For now, we factor in a total of 50bps reduction this year to bring the benchmark rate to its terminal level at 2.50% by end-2Q25.
<b>BOT</b>	2.25%	26 Feb	25bps cut	The medium-term inflation outlook paves the way for additional monetary policy easing. On that account, we anticipate the BOT to deliver a 25bps rate cut at its first MPC meeting in Feb to ease financial conditions further, lowering the policy rate to 2.0%, to support the domestic economy, and accelerate the economic rebound amid mounting external risks and uncertainties.

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