

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 & View</u>	
RBA	4.10%	1 Apr	-	While we are mindful that the pullback in consumer price gains could stall and have an impact on additional monetary policy easing plans, we currently pencil in a total of 100bps of easing in 2025 (including Feb's 25bps cut), taking the cash rate target to a terminal level of 3.35%. That said, we are expecting a pause at the upcoming 1 Apr monetary policy meeting.
RBNZ	3.75%	9 Apr	25 bps cut	The latest forward guidance by the RBNZ shows the average OCR falling to 3.14% by Dec 2025, lower than the 3.55% it projected in Nov. The RBNZ then forecasts the benchmark will drop further to 3.10% in Mar 2026 and remain there over the forecast horizon. With the OCR now much closer to neutral and the economy recovering slowly, we expect a more cautious RBNZ from here. Our view is that the move in Feb is the last 50bps cut. For now, we look for a further 75bps of rate cuts (in clips of 25bps) for the rest of this year, taking the OCR to 3.00% by 3Q25, though the risks are tilted towards a lower OCR trough than we are expecting.
RBI	6.25%	9 Apr	25 bps cut	We expect RBI to deliver a second 25bps rate cut in the upcoming Apr MPC meeting in a relatively shallow easing cycle this round (total of 75bps cut), taking the terminal rate to 5.75% by end-Jun 2025, incorporating an assessment in RBI's Jul 2024 bulletin that the (real) natural rate has increased.

BSP	5.75%	10 Apr	-	Heightened external uncertainty particularly surrounding global trade policies have now become top concerns for BSP over domestic inflation and economic growth prospects. The rising market volatility also prompted the central bank to call for caution in recalibrating its rate cuts this year, which will depend on incoming data and developments of external events in the near term. Hence, we keep our expectations that the BSP will stay on hold on 10 Apr and resume its interest rate cut by 25bps to 5.50% in Jun. After that, the policy rate is expected to be held at 5.50% through 2H25.
ECB	2.65%	17 Apr	-	We had previously penciled in 25 bps cuts at each of the Apr and Jun meetings. However, there is a growing chance of a pause in Apr. We now think that moves in Jun and Sep will be more likely (and we expect the ECB to pause in Apr and Jul) as the ECB navigates trade uncertainty stemming from the trade war with the US as well as major changes to German and European Commission fiscal rules. We will update accordingly as we stick to a data-dependent and meeting-by-meeting approach.
BOK	2.75%	17 Apr	-	BOK resumed its rate cut on 25 Feb, lowering the benchmark 7-day repo rate by 25bps to 2.75%. The forward guidance in the Feb meeting indicated that BOK may pause in Apr, after which we think the BOK may deliver an additional 25bps cut at the 29 May meeting before stopping to reassess if further monetary easing is needed. An earlier rather than later rate cut will be more favourable for the economic outlook but the central bank will also consider the impact on the currency as well as the size and timing of the extra budget.
PBOC	3.10%	21 Apr	-	PBOC has adopted a "moderately loose" monetary policy stance in Dec, a shift from "prudent" that was held since 2011. Policymakers have indicated that monetary policy will be eased at an appropriate time. For this year, we anticipate an additional 50-100 bps reduction to banks' reserve requirement ratio (RRR) and 30 bps cut to the benchmark 7-day reverse repo rate (with loan prime rates to fall by 30 bps). These moves will bring the 7-day reverse repo rate, 1Y LPR and 5Y LPR to 1.2%, 2.8% and 3.3% by end-2025. We expect 20 bps interest rate cut in 2Q25 and 10 bps cut in 3Q25.

BI	5.75%	23 Apr	-	<p>We keep our forecast for BI to take on a further and cumulative 2x25bps rate cut, each in 2Q25 and 3Q25, and to keep it steady at 5.25% for the rest of the year. With inflation currently hovering near the bottom end of the BI's inflation target range (latest inflation print at sub 1% amidst a one-off effect from electricity rebates) and is only likely to gradually pick up pace towards the center of BI's target range as demand improves, this eventuality would give BI more ease and space to continue with its rate-cutting cycle while continuing its stride to manage rupiah's volatility via intermittent intervention to keep risks of unwarranted imported inflation at bay.</p>
BOT	2.00%	30 Apr	-	<p>Following the Feb's 25bps rate cut, we expect the BOT to maintain the policy rate at 2.00% for the remainder of the year. The MPC has signaled a prolonged pause in its monetary policy stance, emphasizing the need to preserve sufficient policy space to cushion potential economic shocks amid an increasingly uncertain global environment. However, additional rate cuts cannot be ruled out as the downside risks to the near-term growth outlook intensity. We will closely monitor the BOT's updated economic projections for 2025 and 2026, scheduled for release on 30 Apr, for further policy signals.</p>
MAS	-	TBC (likely 14 Apr)	"Slight" S\$NEER slope reduction by 50bps to an est 0.5% p.a.	<p>We lowered our full-year 2025 average core inflation forecast further to 1.0% (from 1.3% previously). Should tariffs and trade tensions continue to escalate, deflationary risks could surface due to the effects of weaker global demand while imported inflation could stay muted especially as China continues to experience an extended period of deflationary pressures. Hence, we now expect MAS to reduce the slope of the S\$NEER policy band "slightly" (i.e. to an estimated 0.5% p.a. from 1.0% p.a.) in the upcoming Apr 2025 MPS. We cannot rule out a complete flattening of the S\$NEER slope later this year should the core inflation momentum decelerate further or growth risks become more pronounced.</p>

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