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.

	Current Rate	Meeting	UOB's Projection & View	
Fed	4.25%-4.50%	8 May	-	The Mar FOMC minutes affirmed the Fed's wait-and-see approach against the risk of persistent inflation triggered by US trade tariff policies. That forms the bedrock to expect another Fed pause at this upcoming May FOMC. But going forward, we keep our Fed rate cut expectations at three 25 bps cuts (one cut in each quarter, 2Q (Jun), 3Q, and 4Q) bringing the Fed Funds Target rate (FFTR) to 3.75% by end-2025.
BNM	3.00%	8 May	-	The global situation remains very fluid at this juncture as trade negotiations and policy outcomes are still ongoing. Meanwhile, we see sustained positive growth for Malaysia albeit slower than earlier projected in view of the tariff risks and uncertainties. Inflation pressures are likely to stay contained given slower demand while financial market conditions remain orderly. This will allow Bank Negara Malaysia (BNM) to keep a wait-and-see approach, leaving the overnight policy rate (OPR) unchanged at 3.00% while further assessing the fallout from global trade pressures on the local economy.
BOE	4.50%	8 May	25 bps cut	Our base case is that the MPC will stick to a quarterly pace of cuts, reducing rates three more times this year, with the assumption that services inflation continues to cool this year even as annual headline CPI rises. That said, the latest vote outcome and the cautious tone in the statement as well as the meeting minutes have certainly lowered the changes of the BOE opting for a rate cut at the next monetary policy meeting on 8 May. That said, we think a cut at the May meeting is still in the cards, considering the sluggishness of the UK economy.

PBOC	3.10%	20 May	-	Amid a slowdown in both external and domestic demand, deflationary pressure is likely to intensify, increasing prospects of stronger fiscal and monetary policy responses from China. We expect the PBOC to frontload its monetary policy easing to stabilise markets with near-term prospects of a cut in banks' reserve requirement ratio (RRR) by 100 bps as well as the 7-day reverse repo rate by 20 bps to 1.30% by end-2Q25. This would translate to a corresponding drop in the 1Y and 5Y LPRs.
RBA	4.10%	20 May	25 bps cut	The latest inflation data continues to show consumer prices easing further below the mid-point of the RBA's 2%-3% target band. With global risks rising alongside the further cooling in inflation (particularly underlying prices pressures), the RBA is expected to cut its policy rate by 25 bps at this upcoming monetary policy meeting.
BI	5.75%	21 May	25 bps cut	BI has estimated that the Indonesian economy will grow around 4.7% - 5.5%, despite rising challenges from the US reciprocal import tariff policy. BI sees inflation to remain within its 1.5-3.5% target range. We are therefore keeping our forecast of 2x25bps rate cut, each in 2Q25 and 3Q25 to land the terminal rate at 5.25% by the end of the year and we shall review 2026 forecast trajectory and quantum in due course.
RBNZ	3.50%	28 May	25 bps cut	The RBNZ is widely expected to reduce its policy rate by 25 bps to 3.25% as it aims to shore up the economy in the face of weakness stemming from new US trade policies. In fact, we think that we could see more rate cuts being needed as compared to our base case scenario for two more 25 bps cuts for the rest of the year. The upcoming Monetary Policy Statement update could be an opportunity for the RBNZ to signal more cuts in order to support the economy.
BOK	2.75%	29 May	25 bps cut	Even as we factor in some recovery in growth momentum for the rest of the year, South Korea's economy is likely to grow just 1.0% this year (vs. our earlier forecast of 1.7%). We see an imminent growth downgrade by BOK from its current 1.5% forecast at this upcoming meeting on 29 May. With the increase in downside risks, we expect a total of three 25-bps rate cuts this year with the next cut likely at this May meeting.

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