

What's priced in

Cuts are welcome

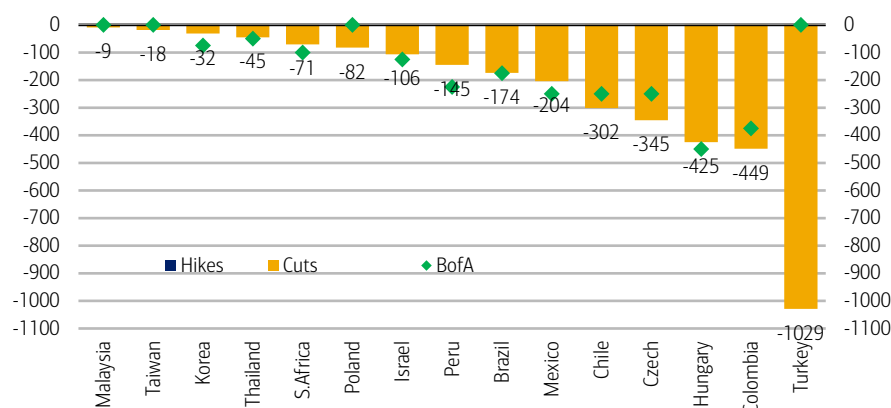
In **Thailand**, the central bank voted 5 to 2 to maintain the policy rate at 2.50% on February 7, with the two dissenting votes calling for a cut. The BOT saw slower growth and inflation momentum, as a consequence of structural problems and supply-side issues, not weak demand. We think the chance of an early rate cut is rising. Our economist, Pipat Luengnaruemitchai, now expects two rate cuts in 2024, beginning in June (see [Thailand Watch: Opening the door for a rate cut 07 February 2024](#)).

In **Czechia**, the central bank cut more than expected on February 8 and released dovish projections, but the board is still cautious on easing path with concerns on CZK. Our economist, Mai Doan, maintains her YE2024 CNB rate at 4.0%, but a weakening macro backdrop means downside risks. The market is pricing 345bp of cumulative cuts over the next 12 months (see [CEE Watch: Diverging central banks 09 February 2024](#)).

In **Mexico**, the central bank meets left the policy rate target at 11.25% on February 8, as expected. The decision was unanimous. BANXICO opened the door to cuts by changing the forward guidance, despite still highlighting upside risks to inflation. Our economist, Carlos Capistran, forecasts BANXICO to cut 25bp at its next meeting (March). We expect the policy rate target at 9.25% by year-end (see [Mexico Watch: Banxico opens the door for cuts 08 February 2024](#)).

Chart 1: 12-month priced-in policy rate change vs BofA forecasts

Most EM central banks are expected to cut over the next 12 months



Updated on February 09. Source: BofA Global Research. 12 month period ends 08 February 2025

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11 February 2024

GEM FI Strategy
Global

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BANXICO: Central Bank of Mexico

BOT: Bank of Thailand

CNB: Czech National Bank

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Refer to important disclosures on page 11 to 13.

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Timestamp: 11 February 2024 06:52PM EST

Summary

Table 1: ASIA

Implied Marginal Policy Rate Changes

Country	Korea		Malaysia		Taiwan		Thailand	
	Imp	BofA	Imp	BofA	Imp	BofA	Imp	BofA
Curr. Rate	3.50		3.00		1.875		2.50	
next meet.	0	0	-1	0	-9	0	1	0
Mar24	--	--	--	--	--	0	--	--
Jun24	-2	-25	-1	0	-5	0	-7	-25
Sep24	-9	-25	-2	0	-3	0	-11	-25
Dec24	-14	-25	-2	0	-2	0	-22	0
2024	-25	-75	-7	0	-18	0	-39	-50
2025	-35	-25	-9	0	-7	0	-12	0

Next Central Banks meeting dates: Korea (02/22), Malaysia (03/07), Taiwan (03/21), Thailand (04/10). **Source:** BofA Global Research

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Table 2: EEMEA

Implied Marginal Policy Rate Changes

Country	Czech R.		Hungary		Israel	
	Imp	BofA	Imp	BofA	Imp	BofA
Curr. Rate	6.25		10.00		4.50	
next meet.	-74	-50	-45	-100	-5	0
Mar24	--	--	-61	-100	--	--
Jun24	-129	-100	-186	-150	-28	-25
Sep24	-88	-75	-84	-75	-38	-50
Dec24	-42	0	-44	-25	-29	-25
2024	-334	-225	-419	-450	-99	-100
2025	-42	-100	23	-150	-46	-100

Next Central Banks meeting dates: Czech (03/20), Hungary (02/27), Israel (02/26). **Source:** BofA Global Research

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Table 3: EEMEA

Implied Marginal Policy Rate Changes

Country	Poland		S. Africa		Türkiye	
	Imp	BofA	Imp	BofA	Imp	BofA
Curr. Rate	5.75		8.25		45.00	
next meet.	3	0	-10	0	-6	0
Mar24	--	--	--	--	6	0
Jun24	-12	0	-9	0	11	0
Sep24	-17	0	-23	-50	-233	0
Dec24	-25	0	-14	-25	-642	0
2024	-52	0	-57	-75	-864	0
2025	-107	-100	-30	-50	-1343	-1200

Next Central Banks meeting dates: Poland (02/06), Safrica (03/27). Türkiye (02/23). **Source:** BofA Global Research

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Table 4: LATAM

Implied Marginal Policy Rate Changes

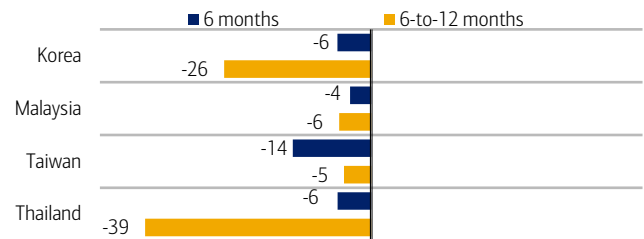
Country	Brazil		Chile		Colombia		Mexico	
	Imp	BofA	Imp	BofA	Imp	BofA	Imp	BofA
Curr. Rate	11.25		7.25		12.75		11.25	
next meet.	-50	-50	-83	-75	-33	-25	-12	-25
Mar24	--	--	--	--	--	--	--	--
Jun24	-77	-100	-125	-75	-107	-100	-37	-25
Sep24	-38	-25	-73	-50	-136	-100	-53	-50
Dec24	-9	0	-20	-25	-123	-100	-67	-100
2024	-175	-175	-300	-225	-400	-325	-169	-200
2025	49	0	-1	-25	-175	-350	-177	-175

Next Central Banks meeting dates: Brazil (03/20), Chile (04/02), Colombia (03/29), Mexico (03/21). **Source:** BofA Global Research

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Chart 2: Priced in marginal changes

Implied Marginal Policy Rate Changes

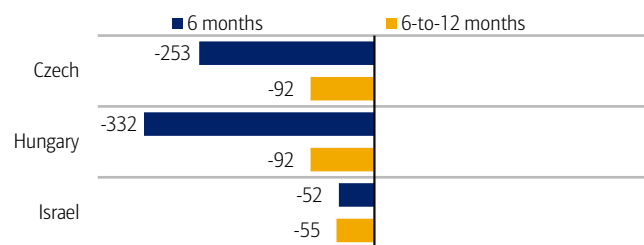


Yield curves last update: KRW: Feb-08 09:15. MYR: Feb-09 08:58. TWD: Feb-07 09:16. THB: Feb-09 09:18. **Source:** BofA Global Research

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Chart 3: Priced in marginal changes

Priced in marginal changes

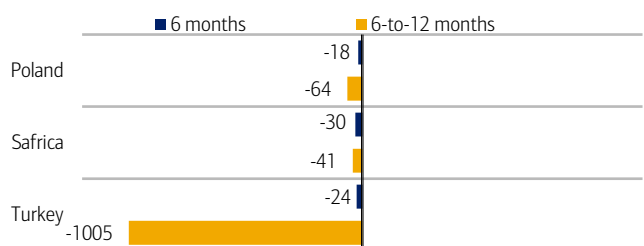


Yield curves last update: CZK: Feb-09. HUF: Feb-09. ILS: Feb-09. **Source:** BofA Global Research

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Chart 4: Priced in marginal changes

Implied Marginal Policy Rate Changes

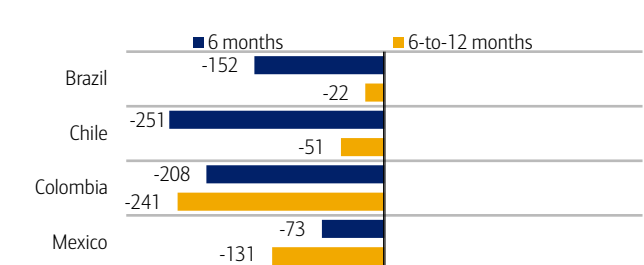


Yield curves last update: PLN: Feb-09. ZAR: Feb-09. TRY: Feb-09. **Source:** BofA Global Research

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Chart 5: Priced in marginal changes

Implied Marginal Policy Rate Changes



Yield curves last update: BRL: Feb-09 21:30. CLP: Feb-09 21:05. COP: Feb-09 21:05. MXN: Feb-09 21:05. **Source:** BofA Global Research

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Note: Curve update times are in the GMT time zone

Asia

Table 5: KOREA

Implied Monetary Policy

Meeting	Smooth Path (2)			Market (1)	BofA	Most Likely Path (3)	
	Rate	Change Cumul.	Marg.	Change Marg.	Change Marg.	Change Marg.	Prob.(%) (4)
Curr. Rate	3.50						
22-Feb-24	3.50	0	0	0	0	0	100
12-Apr-24	3.49	-1	-1	-1	0	0	97
23-May-24	3.48	-2	-2	0	-25	0	90
11-Jul-24	3.44	-6	-3	-2	0	0	76
22-Aug-24	3.39	-11	-5	-7	-25	0	55
11-Oct-24	3.32	-18	-7	-6	0	-25	73
28-Nov-24	3.25	-25	-7	-11	-25	0	99
13-Jan-25	3.18	-32	-6	-5	0	0	74
23-Feb-25	3.13	-37	-5	-3		0	53
12-Apr-25	3.08	-42	-5	-5		-25	67
24-May-25	3.04	-46	-5	-5		0	85
12-Jul-25	2.99	-51	-5	-4		0	97
23-Aug-25	2.95	-55	-4	-5		0	80
12-Oct-25	2.91	-59	-3	-4		0	66
22-Nov-25	2.89	-61	-2	-2		0	57
13-Jan-26	2.89	-61	-1	0		0	54
23-Feb-26	2.89	-61	0	1		0	55

Basis: 17bp. Basis is the difference between the 3 month CD rate and the monetary policy rate.

Source: BofA Global Research

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Table 6: MALAYSIA

Implied Monetary Policy

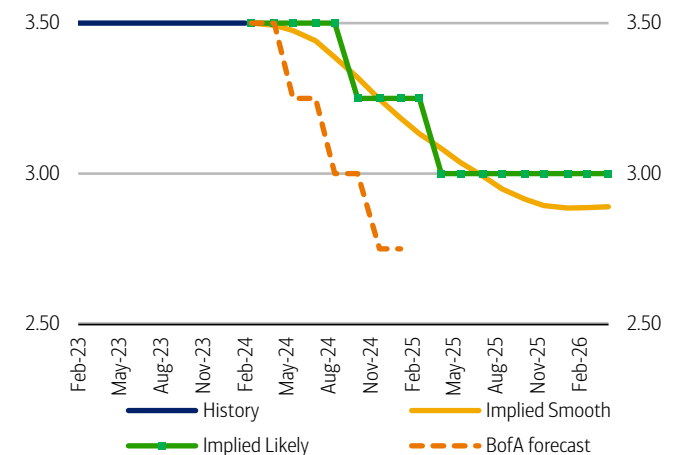
Meeting	Smooth Path (2)			Market (1)	BofA	Most Likely Path (3)	
	Rate	Change Cumul.	Marg.	Change Marg.	Change Marg.	Change Marg.	Prob.(%) (4)
Curr. Rate	3.00						
7-Mar-24	2.99	-1	-1	-1	0	0	95
9-May-24	2.97	-3	-1	-5	0	0	89
11-Jul-24	2.96	-4	-1	3	0	0	85
5-Sep-24	2.95	-5	-1	-3	0	0	80
6-Nov-24	2.93	-7	-2	-2	0	0	72
23-Jan-25	2.91	-9	-2	-2	0	0	63
7-Mar-25	2.88	-12	-2	-2		0	54
9-May-25	2.86	-14	-2	-3		-25	55
11-Jul-25	2.84	-16	-2	-2		0	62
5-Sep-25	2.84	-16	-1	-1		0	66

Basis: 55bp. Basis is the difference between the Klibor 3 month fixing rate and the monetary policy rate. Source: BofA Global Research

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Exhibit 1: Korea

Market prices 6bp of cumulative cuts over the next six months

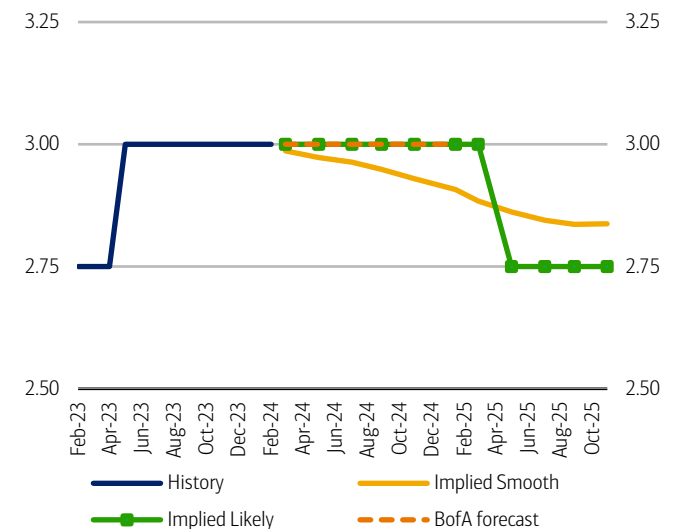


Source: BofA Global Research

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Chart 6: Malaysia

Market prices 4bp of cumulative cuts over the next six months



Source: BofA Global Research

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1. The market path shows policy rate changes priced in by the market using the raw forward rates derived from the local yield curve.
2. The smooth path is constructed by smoothing the market path using the Hodrick-Prescott filter.
3. The most likely path rounds the smooth path to the closest feasible rate if the Central Bank changes the rate in discrete steps.
4. Displays the probability of the most likely policy change at each meeting, assuming the policy rate was on the most likely path at the previous meeting.



Table 7: THAILAND

Implied Monetary Policy

Meeting	Smooth Path (2)			Market (1)	BofA Change	Most Likely Path (3)	
	Rate	Cumul.	Change Marg.	Change Marg.	Marg.	Change Marg.	Prob.(%) (4)
Curr. Rate	2.50						
10-Apr-24	2.51	1	1	8	0	0	96
12-Jun-24	2.44	-6	-7	-15	-25	0	77
21-Aug-24	2.33	-17	-11	-11	-25	-25	66
16-Oct-24	2.22	-28	-12	-12	0	0	87
18-Dec-24	2.11	-39	-10	-12	0	-25	54
6-Feb-25	2.05	-45	-7	-7	0	0	81
9-Apr-25	2.02	-48	-3	0		0	94
11-Jun-25	2.01	-49	-1	1		0	97
20-Aug-25	2.01	-49	0	1		0	97
15-Oct-25	2.00	-50	0	-1		0	99
17-Dec-25	1.99	-51	-1	-3		0	97
6-Feb-26	1.99	-51	0	-2		0	97
9-Apr-26	2.01	-49	1	3		0	98
11-Jun-26	2.03	-47	3	3		0	88
20-Aug-26	2.06	-44	3	3		0	75
15-Oct-26	2.09	-41	3	3		0	63

Basis: -1bp. Basis is the difference between the Overnight Indexed Swap rate and the monetary policy rate. **Source:** BofA Global Research

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Table 8: TAIWAN

Implied Monetary Policy

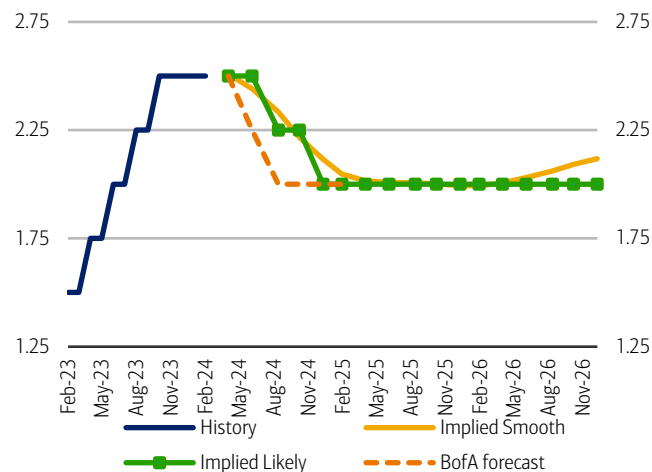
Meeting	Smooth Path (2)			Market (1)	BofA Change	Most Likely Path (3)	
	Rate	Cumul.	Change Marg.	Change Marg.	Marg.	Change Marg.	Prob.(%) (4)
Curr. Rate	1.875						
21-Mar-24	1.786	-9	-9	-13	0.0	-12.5	71
13-Jun-24	1.738	-14	-5	-1	0.0	0.0	91
19-Sep-24	1.713	-16	-3	1	0.0	0.0	70
19-Dec-24	1.691	-18	-2	-7	0.0	0.0	53
20-Mar-25	1.674	-20	-2	-1		-12.5	61
19-Jun-25	1.659	-22	-2	-1		0.0	73
18-Sep-25	1.642	-23	-2	-1		0.0	87
18-Dec-25	1.622	-25	-2	-2		0.0	97

Basis: -26bp. Basis is the difference between the Secondary Market 90 days fixing rate and the monetary policy rate. **Source:** BofA Global Research

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Chart 7: Thailand

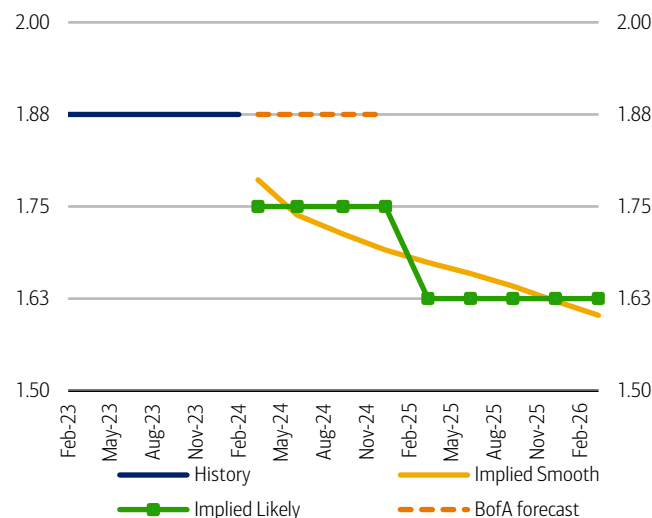
Market prices 6bp of cumulative cuts over the next six months

**Source:** BofA Global Research

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Chart 8: Taiwan

Market prices 1bp of cumulative cuts for the rest of 2023

**Source:** BofA Global Research Estimates, Bloomberg

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1. The market path shows policy rate changes priced in by the market using the raw forward rates derived from the local yield curve.
2. The smooth path is constructed by smoothing the market path using the Hodrick-Prescott filter.
3. The most likely path rounds the smooth path to the closest feasible rate if the Central Bank changes the rate in discrete steps.
4. Displays the probability of the most likely policy change at each meeting, assuming the policy rate was on the most likely path at the previous meeting.

EEMEA

Table 9: CZECH REPUBLIC
 Implied Monetary Policy

Meeting	Smooth Path (2) Change			Market (1) Change	BofA Change	Most Likely Path (3) Change	Prob.(%)(4)
	Rate	Cumul.	Marg.	Marg.	Marg.	Marg.	
Curr. Rate	6.25						
20-Mar-24	5.51	-74	-74	-66	-50	-75	96
2-May-24	4.82	-143	-69	-83	-50	-75	72
27-Jun-24	4.22	-203	-60	-56	-50	-50	87
1-Aug-24	3.72	-253	-50	-48	-50	-50	88
25-Sep-24	3.34	-291	-39	-45	-25	-50	66
7-Nov-24	3.07	-318	-26	-29	0	-25	71
19-Dec-24	2.91	-334	-16	7	0	0	66
7-Feb-25	2.80	-345	-12	-32		-25	81
20-Mar-25	2.73	-352	-7	-3		0	92
2-May-25	2.69	-356	-4	0		0	77
27-Jun-25	2.66	-359	-4	-2		0	63
1-Aug-25	2.60	-365	-6	1		-25	60
25-Sep-25	2.52	-373	-8	-21		0	90
7-Nov-25	2.48	-377	-5	-19		0	91
19-Dec-25	2.49	-376	2	25		0	97
6-Feb-26	2.52	-373	3	#N/A		0	92

Basis: 26bp. Basis is the difference between the Czech interbank offered 3 month rate and the monetary policy rate. **Source:** BofA Global Research

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Table 10: HUNGARY
 Implied Monetary Policy

Meeting	Smooth Path (2) Change			Market (1) Change	BofA Change	Most Likely Path (3) Change	Prob.(%) (4)
	Rate	Cumul.	Marg.	Marg.	Marg.	Marg.	
Curr. Rate	10.00						
27-Feb-24	9.55	-45	-45	-27	-100	-45	100
19-Mar-24	8.94	-106	-61	-77	-100	-60	96
23-Apr-24	8.27	-173	-67	-73	-50	-75	52
28-May-24	7.63	-237	-64	-69	-50	-60	81
25-Jun-24	7.09	-291	-54	-46	-50	-45	58
23-Jul-24	6.68	-332	-41	-55	-50	-45	83
27-Aug-24	6.41	-359	-26	-18	0	-30	91
24-Sep-24	6.25	-375	-16	5	-25	-15	100
29-Oct-24	6.10	-390	-15	-19	0	-15	97
26-Nov-24	5.94	-406	-16	-31	0	-15	91
17-Dec-24	5.81	-419	-12	-12	-25	-15	91
28-Jan-25	5.75	-425	-6	-7	0	0	67
25-Feb-25	5.75	-425	0	4		0	65
25-Mar-25	5.79	-421	4	3		0	91
29-Apr-25	5.85	-415	7	7		0	65
27-May-25	5.93	-407	7	8		15	83
24-Jun-25	5.99	-401	6	5		0	73
22-Jul-25	6.04	-396	5	9		15	58
26-Aug-25	6.06	-394	2	1		0	71
30-Sep-25	6.05	-395	0	-4		0	68
28-Oct-25	6.04	-396	-1	-2		0	61

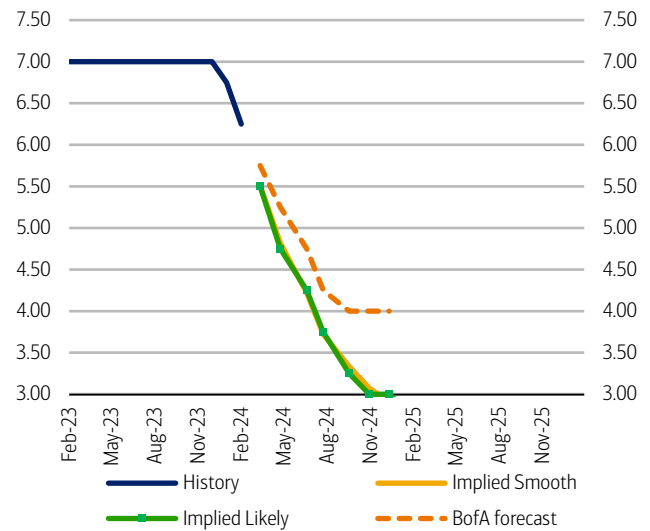
Basis: -92bp. Basis is the difference between the Budapest interbank offered 3 month rate and the monetary policy rate. **Source:** BofA Global Research

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1. The market path shows policy rate changes priced in by the market using the raw forward rates derived from the local yield curve.
2. The smooth path is constructed by smoothing the market path using the Hodrick-Prescott filter.
3. The most likely path rounds the smooth path to the closest feasible rate if the Central Bank changes the rate in discrete steps.
4. Displays the probability of the most likely policy change at each meeting, assuming the policy rate was on the most likely path at the previous meeting.

Chart 9: Czech Republic

Market prices 253bp of cumulative cuts over the next six months

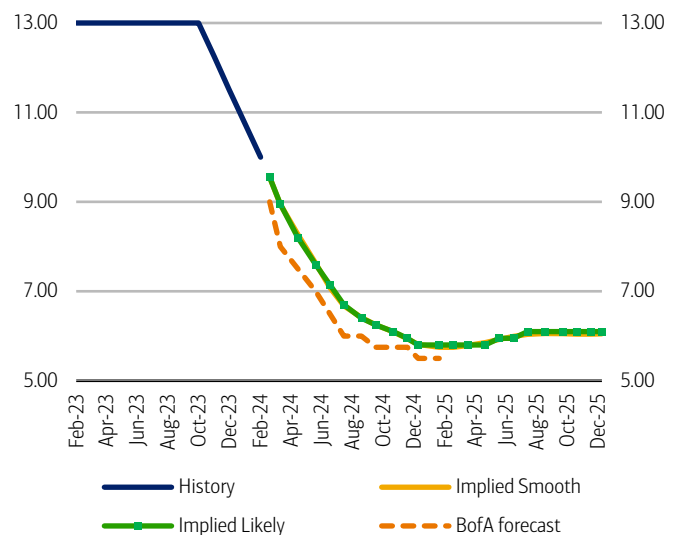


Source: BofA Global Research

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Chart 10: Hungary

Market prices 332bp of cumulative cuts over the next six months



Source: BofA Global Research

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Table 11: POLAND

Implied Monetary Policy

Meeting	Smooth Path (2)			Market (1)	BofA	Most Likely Path (3)	
	Rate	Cumul.	Marg	Change	Change	Change	Prob.(%) (4)
Curr. Rate	5.75						
6-Feb-24	5.78	3	3	4	0	0	89
4-Apr-24	5.77	2	-1	-2	0	0	94
9-May-24	5.72	-3	-4	-4	0	0	89
5-Jun-24	5.65	-10	-7	-10	0	0	61
5-Jul-24	5.57	-18	-8	-6	0	-25	71
5-Sep-24	5.49	-26	-9	-11	0	0	94
3-Oct-24	5.40	-35	-8	-8	0	0	61
7-Nov-24	5.32	-43	-8	-13	0	-25	72
5-Dec-24	5.23	-52	-9	8	0	0	94
14-Jan-25	5.10	-65	-13	-16	0	-25	60
7-Feb-25	4.93	-82	-17	-32		0	72
7-Mar-25	4.77	-98	-16	-11		-25	91
4-Apr-25	4.64	-111	-13	-10		0	57
9-May-25	4.53	-122	-11	-12		-25	87
5-Jun-25	4.44	-131	-9	-7		0	76
5-Jul-25	4.36	-139	-8	-7		-25	58
5-Sep-25	4.28	-147	-8	-13		0	89
3-Oct-25	4.22	-153	-6	-4		0	87
7-Nov-25	4.18	-157	-4	-5		0	72
5-Dec-25	4.16	-159	-2	0		0	65

Basis: 11bp. Basis is the difference between the WIBOR Warsaw interbank 3 months offered rate and the monetary policy rate. **Source:** BofA Global Research

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Table 12: ISRAEL

Implied Marginal Policy Rate Changes

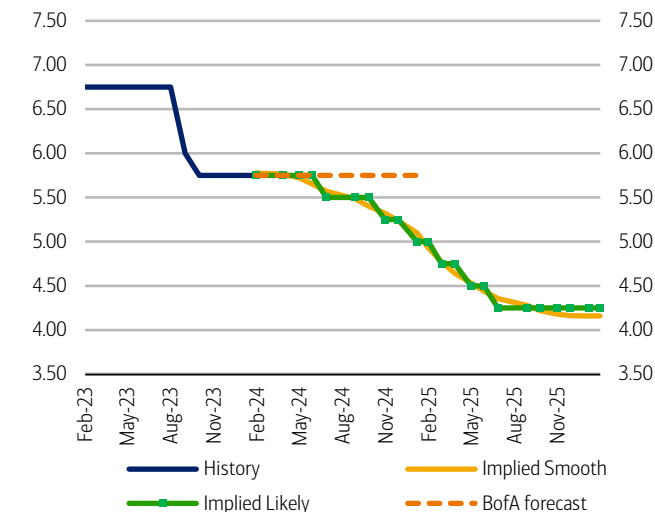
Meeting	Smooth Path (2)			Market (1)	BofA	Most Likely Path (3)	
	Rate	Cumul.	Marg	Change	Change	Change	Prob.(%) (4)
Curr. Rate	4.50						
26-Feb-24	4.45	-5	-5	-1	0	0	67
8-Apr-24	4.33	-17	-12	-13	-25	-15	90
27-May-24	4.17	-33	-16	-20	0	-15	81
8-Jul-24	3.98	-52	-19	-15	-50	-15	57
28-Aug-24	3.80	-70	-19	-23	0	-30	69
7-Oct-24	3.63	-87	-16	-15	-25	-15	79
25-Nov-24	3.51	-99	-12	-15	0	-15	62
1-Jan-25	3.44	-106	-7	-14	-25	0	90
20-Feb-25	3.41	-109	-3	16		0	73
2-Apr-25	3.38	-112	-3	-8		0	51
21-May-25	3.32	-118	-6	-8		-15	86
9-Jul-25	3.25	-125	-7	-8		0	66
28-Aug-25	3.17	-133	-8	-9		-15	87
22-Oct-25	3.10	-140	-7	-7		0	65
26-Nov-25	3.04	-146	-5	-8		-15	71

Basis: -8bp. Basis is the difference between the Tel Aviv interbank offered 3 month rate and the monetary policy rate. **Source:** BofA Global Research

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Chart 11: Poland

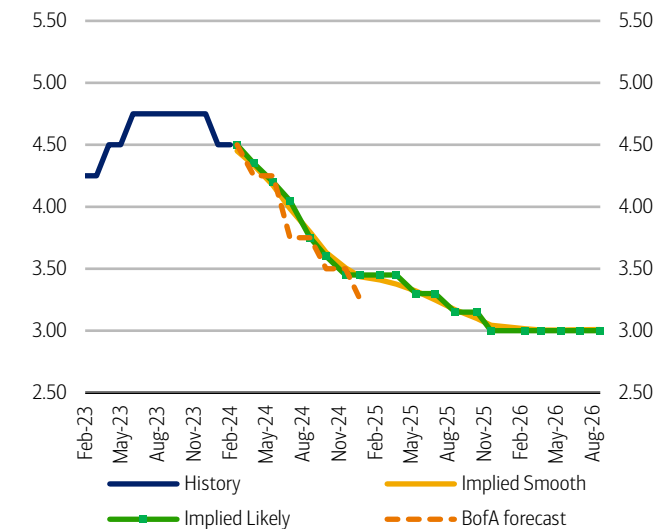
Market prices 18bp of cumulative cuts over the next six months

**Source:** BofA Global Research

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Chart 12: Israel

Market prices 52bp of cumulative cuts over the next six months

**Source:** BofA Global Research

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Exhibit 2: TURKEY

Implied Marginal Policy Rate Changes

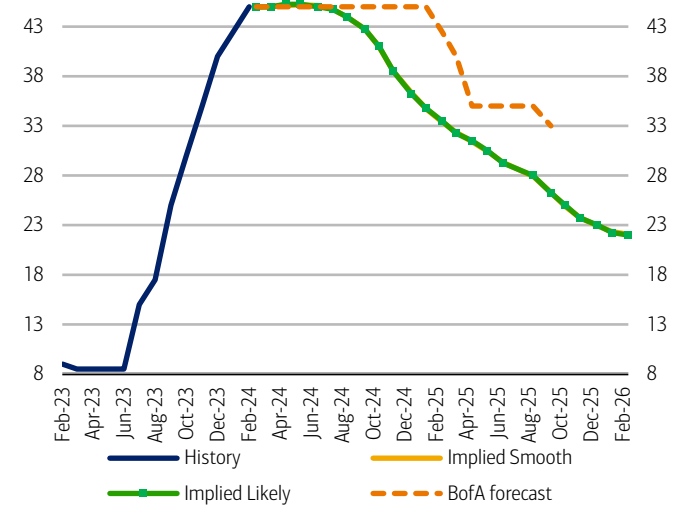
Meeting	Smooth Path (2)			Market (1)		BofA		Most Likely Path (3)	
	Rate	Cumul.	Marg.	Change	Marg.	Change	Marg.	Change	Prob.(%) (4)
Curr. Rate	45.00								
23-Feb-24	44.94	-6	-6	-16	0	0	0	89	
22-Mar-24	45.01	1	6	3	0	0	0	99	
20-Apr-24	45.13	13	13	30	0	25	76		
19-May-24	45.20	20	7	-2	0	0	90		
23-Jun-24	45.12	12	-8	-6	0	-25	77		
21-Jul-24	44.76	-24	-36	-10	0	-25	99		
18-Aug-24	43.98	-102	-77	-139	0	-75	97		
22-Sep-24	42.78	-222	-120	-40	0	-125	93		
20-Oct-24	40.96	-404	-183	-41	0	-175	91		
17-Nov-24	38.50	-650	-245	-578	0	-250	99		
22-Dec-24	36.36	-864	-214	-129	0	-225	78		
20-Jan-25	34.71	-1029	-165	-97	0	-150	92		
20-Feb-25	33.41	-1159	-130	-142	-250	-125	82		
20-Mar-25	32.36	-1264	-105	-91	-250	-125	78		
20-Apr-25	31.41	-1359	-95	-108	-500	-75	81		
20-May-25	30.44	-1456	-97	-81	0	-100	88		
20-Jun-25	29.31	-1569	-113	-96	0	-125	87		
17-Aug-25	27.92	-1708	-139	-73	0	-125	85		
21-Sep-25	26.29	-1871	-164	-336	-200	-175	93		
19-Oct-25	24.88	-2012	-140	-81		-125	76		
16-Nov-25	23.78	-2122	-111	-78		-125	95		
21-Dec-25	22.93	-2207	-85	-92		-75	86		

Basis: -157bp. Basis is the difference between the USDTRY 3m fwd implied rate and the monetary policy rate. **Source:** BofA Global Research

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Chart 13: Türkiye

Market prices 24bp of cumulative cuts over the next six months



Since the CBT has an unorthodox policy framework, policy rates and band rates do not necessarily match to the front end spot and implied forward rates. This dilutes the priced in curve implications produced for Türkiye. **Source:** BofA Global Research

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Table 13: SOUTH AFRICA

Implied Monetary Policy

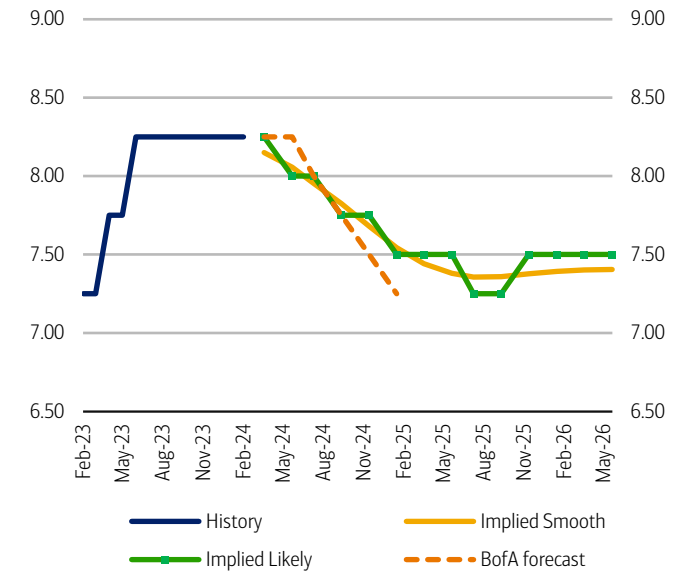
Meeting	Smooth Path (2)			Market (1)		BofA		Most Likely Path (3)	
	Rate	Cumul.	Marg.	Change	Marg.	Change	Marg.	Change	Prob.(%) (4)
Curr. Rate	8.25								
27-Mar-24	8.15	-10	-10	-13	0	0	60		
30-May-24	8.06	-19	-9	-6	0	-25	77		
18-Jul-24	7.95	-30	-10	-6	-25	0	81		
19-Sep-24	7.82	-43	-13	-15	-25	-25	70		
21-Nov-24	7.68	-57	-14	-15	-25	0	73		
23-Jan-25	7.54	-71	-14	-21	-25	-25	83		
26-Mar-25	7.44	-81	-10	-8		0	76		
29-May-25	7.38	-87	-6	-4		0	52		
17-Jul-25	7.36	-89	-2	-2		-25	58		
18-Sep-25	7.36	-89	0	0		0	56		
20-Nov-25	7.38	-87	2	6		25	51		

Basis: 12bp. Basis is the difference between the Johannesburg interbank agreed 3 month rate and the monetary policy rate. **Source:** BofA Global Research

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Chart 14: South Africa

Market prices 30bp of cumulative cuts over the next six months

**Source:** BofA Global Research

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LatAm

Table 14: BRAZIL

Implied Monetary Policy

Meeting	Rate	Smooth Path (2)		Market (1)	BofA	Most Likely Path (3)	
		Change	Change	Change	Change	Change	Prob.(%)
		Cumul.	Marg.	Marg.	Marg.	Marg.	(4)
Curr. Rate	11.25						
20-Mar-24	10.75	-50	-50	-47	-50	-50	100
8-May-24	10.32	-93	-43	-46	-50	-50	71
19-Jun-24	9.98	-127	-34	-35	-50	-25	91
31-Jul-24	9.73	-152	-24	-31	-25	-25	93
18-Sep-24	9.60	-165	-14	-10	0	-25	62
6-Nov-24	9.54	-171	-6	8	0	0	86
11-Dec-24	9.50	-175	-3	-17	0	0	98
29-Jan-25	9.51	-174	1	5	0	0	96
12-Mar-25	9.54	-171	3	3		0	84
23-Apr-25	9.58	-167	4	3		0	66
4-Jun-25	9.64	-161	6	6		25	56
16-Jul-25	9.70	-155	6	14		0	81
27-Aug-25	9.76	-149	6	-3		0	95
8-Oct-25	9.85	-140	9	-7		0	59
19-Nov-25	10.00	-125	15	35		25	100

 Basis: -10bp. Basis is the difference between the Cetip rate and the monetary policy rate. **Source:** BofA Global Research

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Table 15: CHILE

Implied Monetary Policy

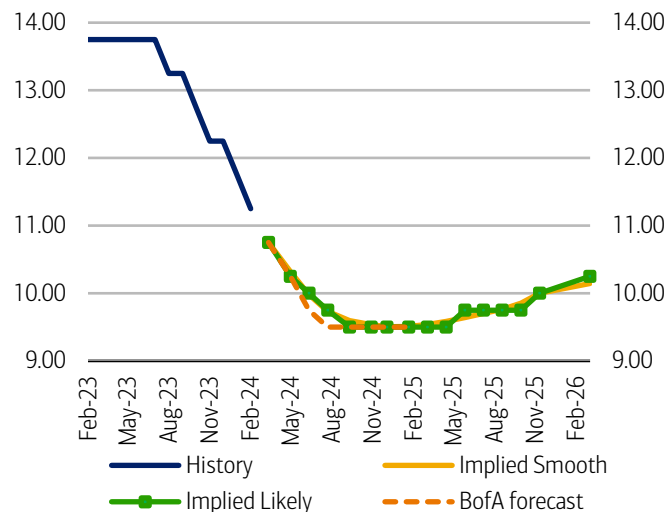
Meeting	Rate	Smooth Path (2)		Market (1)	BofA	Most Likely Path (3)	
		Change	Change	Change	Change	Change	Prob.(%)
		Cumul.	Marg.	Marg.	Marg.	Marg.	(4)
Curr. Rate	7.25						
2-Apr-24	6.42	-83	-83	-84	-75	-75	69
23-May-24	5.73	-152	-69	-67	-50	-75	94
18-Jun-24	5.18	-207	-56	-50	-25	-50	70
31-Jul-24	4.74	-251	-44	-53	-25	-50	96
3-Sep-24	4.45	-280	-29	-35	-25	-25	79
17-Oct-24	4.30	-295	-15	-8	-25	-25	80
17-Dec-24	4.25	-300	-5	5	0	0	100
31-Jan-25	4.23	-302	-2	-3	-25	0	94
2-Apr-25	4.22	-303	-1	-5		0	90
23-May-25	4.22	-303	-1	-2		0	87
18-Jun-25	4.22	-303	0	0		0	87
31-Jul-25	4.22	-303	0	1		0	89
3-Sep-25	4.23	-302	1	1		0	92
17-Oct-25	4.24	-301	1	1		0	95
17-Dec-25	4.24	-301	0	0		0	96
31-Jan-26	4.24	-301	0	0		0	97
2-Apr-26	4.24	-301	0	0		0	97

 Basis: 0bp. Basis is the difference between the Midday interbank rate and the monetary policy rate. **Source:** BofA Global Research

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Chart 15: Brazil

Market prices 152bp of cumulative cuts over the next six months

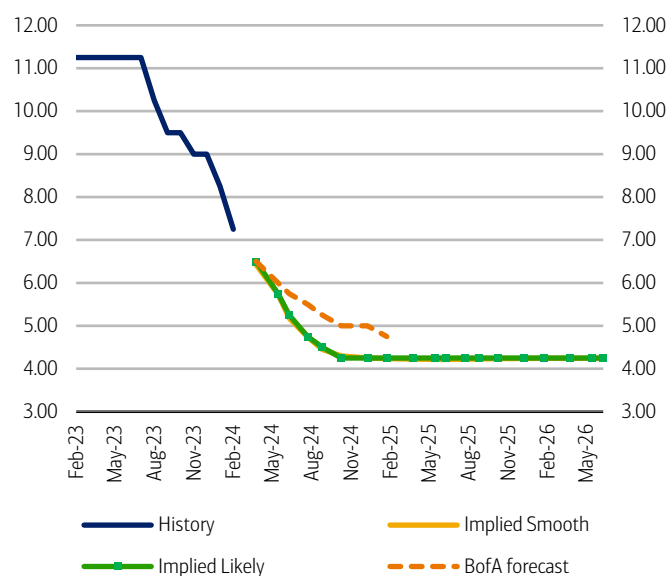


Source: BofA Global Research

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Chart 16: Chile

Market prices 251bp of cumulative cuts over the next six months



Source: BofA Global Research

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1. The market path shows policy rate changes priced in by the market using the raw forward rates derived from the local yield curve.
2. The smooth path is constructed by smoothing the market path using the Hodrick-Prescott filter.
3. The most likely path rounds the smooth path to the closest feasible rate if the Central Bank changes the rate in discrete steps.
4. Displays the probability of the most likely policy change at each meeting, assuming the policy rate was on the most likely path at the previous meeting.

Table 16: COLOMBIA

Implied Monetary Policy

Meeting	Smooth Path (2)			Market (1)	BofA	Most Likely Path (3)	Prob.(%) (4)
	Rate	Cumul.	Marg	Change Marg.	Change Marg.	Change Marg.	
Curr. Rate	12.75						
29-Mar-24	12.42	-33	-33	-30	-25	-25	66
27-Apr-24	11.94	-81	-47	-43	-50	-50	76
28-Jun-24	11.34	-141	-60	-67	-50	-75	63
27-Jul-24	10.67	-208	-67	-66	-50	-50	70
28-Sep-24	9.99	-276	-69	-76	-50	-75	94
26-Oct-24	9.34	-341	-65	-58	-50	-75	65
14-Dec-24	8.75	-400	-58	-62	-50	-50	99
25-Jan-25	8.26	-449	-49	-49	-50	-50	95
29-Mar-25	7.88	-487	-39	-37		-25	50
27-Apr-25	7.58	-517	-29	-25		-50	66
28-Jun-25	7.37	-538	-22	-24		-25	54
27-Jul-25	7.21	-554	-16	-14		0	84
28-Sep-25	7.10	-565	-11	-13		-25	59
26-Oct-25	7.04	-571	-7	-5		0	85
14-Dec-25	7.00	-575	-3	-4		0	98

Basis: -92bp. Basis is the difference between the IBR interbank overnight rate and the monetary policy rate. **Source:** BofA Global Research

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Table 17: MEXICO

Implied Monetary Policy

Meeting	Smooth Path (2)			Market (1)	BofA	Most Likely Path (3)	Prob.(%) (4)
	Rate	Cumul.	Marg	Change Marg.	Change Marg.	Change Marg.	
Curr. Rate	11.25						
21-Mar-24	11.13	-12	-12	-9	-25	0	54
9-May-24	10.97	-28	-17	-23	0	-25	88
20-Jun-24	10.77	-48	-20	-16	-25	-25	94
8-Aug-24	10.52	-73	-25	-23	0	-25	92
19-Sep-24	10.23	-102	-29	-29	-50	-25	93
7-Nov-24	9.91	-134	-33	-34	-50	-25	62
12-Dec-24	9.56	-169	-35	-33	-50	-50	76
8-Feb-25	9.21	-204	-35	-40		-25	85
21-Mar-25	8.89	-236	-32	-30		-25	56
9-May-25	8.61	-264	-29	-29		-50	58
20-Jun-25	8.36	-289	-24	-23		-25	55
8-Aug-25	8.16	-309	-20	-21		0	64
19-Sep-25	8.00	-325	-16	-16		-25	99
7-Nov-25	7.87	-338	-12	-13		-25	50
12-Dec-25	7.79	-346	-9	-7		0	86
7-Feb-26	7.72	-353	-7	-8		0	88

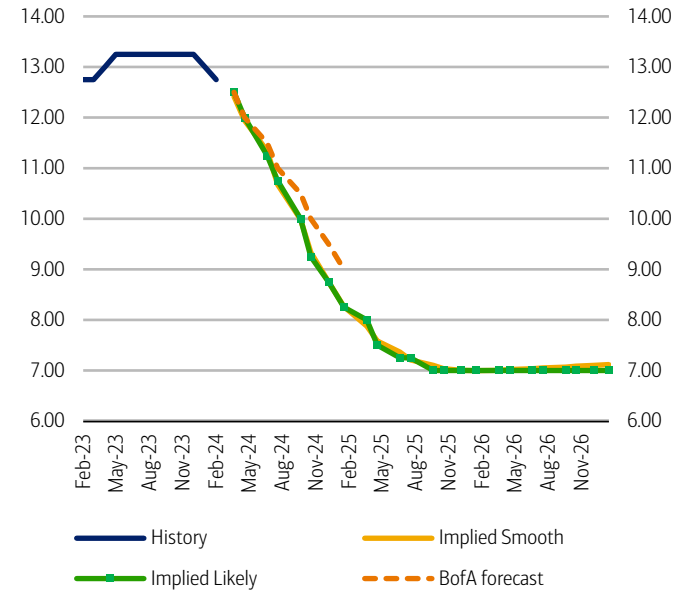
Basis: 25bp. Basis is the difference between the 28d TIE rate and the monetary policy rate.

Source: BofA Global Research

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Chart 17: Colombia

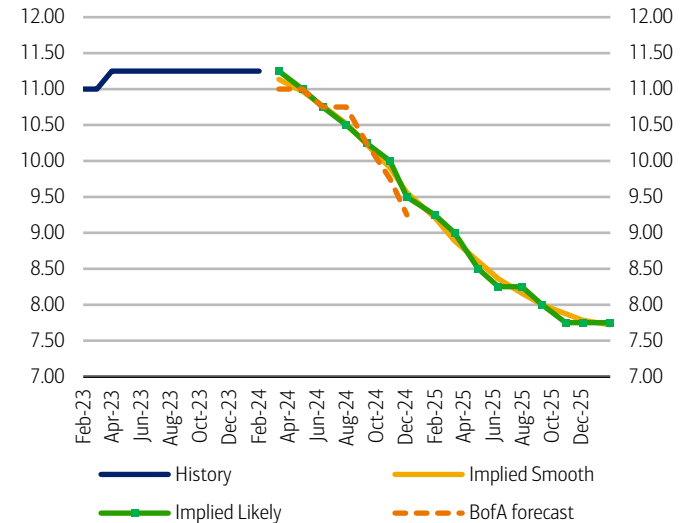
Market prices 208bp of cumulative cuts over the next six months

**Source:** BofA Global Research

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Chart 18: Mexico

Market prices 73bp of cumulative cuts over the next six months

**Source:** BofA Global Research

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1. The market path shows policy rate changes priced in by the market using the raw forward rates derived from the local yield curve.
2. The smooth path is constructed by smoothing the market path using the Hodrick-Prescott filter.
3. the most likely path rounds the smooth path to the closest feasible rate if the Central Bank changes the rate in discrete steps.
4. Displays the probability of the most likely policy change at each meeting, assuming the policy rate was on the most likely path at the previous meeting.



Exhibit 3: Peru

Implied Monetary Policy

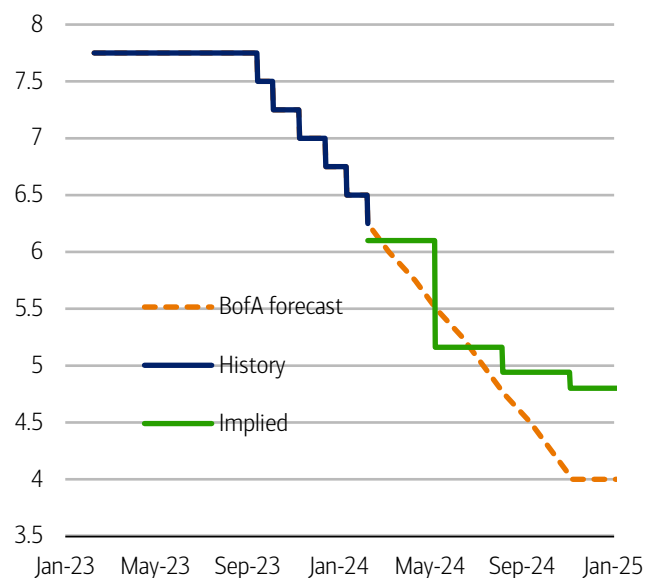
Horizon	Rate	Implied		Period	BofA		
		Cumul	Marg		Fcst	Cumul	Marg
Curr. Rate	6.25						
3m	6.10	-15	-15	03/07/24	6.00	-25	-25
6m	5.16	-109	-94	04/11/24	5.75	-50	-25
9m	4.94	-131	-22	05/09/24	5.50	-75	-25
12m	4.80	-145	-14	06/13/24	5.25	-100	-25
				07/11/24	5.00	-125	-25
				08/08/24	4.75	-150	-25
				09/12/24	4.50	-175	-25
				10/10/24	4.25	-200	-25
				11/07/24	4.00	-225	-25
				12/12/24	4.00	-225	0
				01/10/25	4.00	-225	0
				02/08/25	4.00	-225	0
				03/08/25	4.00	-225	0

Source: BofA Global Research Estimates, Bloomberg

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Chart 19: Peru

Market prices 109bp of cumulative cuts over the next 6 months



Source: BofA Global Research Estimates, Bloomberg

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