

What's priced in

CBT will likely hike this week; BNM and SARB on hold

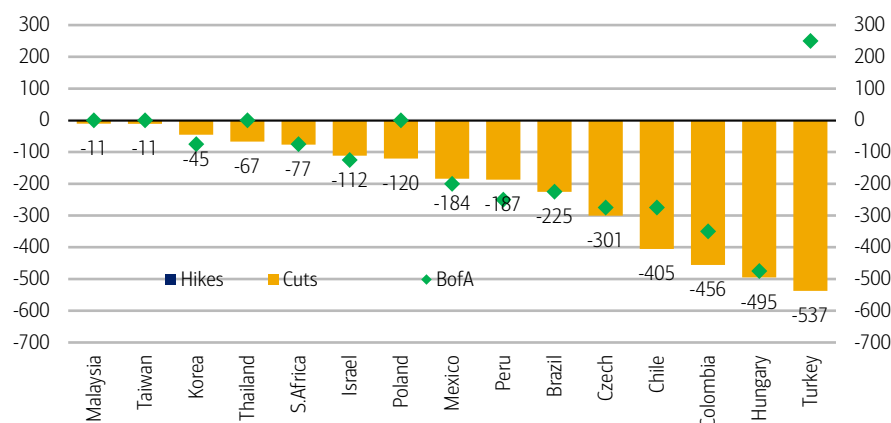
In **Malaysia**, the central bank meets on January 24. The market is pricing no change for the meeting. Our economist, Kai Wei Ang, forecasts the BNM to keep the monetary policy rate unchanged at 3.00% on January 24. We do not expect changes for the policy tone, and we do not see material changes to the growth and inflation outlook. The concluding paragraph on policy is likely to be identical to the previous statement.

In **South Africa**, the central bank meets on January 25. The market is pricing no change for the meeting. Our economist, Tatonga Rusike, forecasts the SARB to remain on hold at 8.25% on January 25. In our view, SARB is not yet ready to talk cuts or signal cuts when domestic inflation is still above 5%.

In **Türkiye**, the central bank meets on January 25. The market is pricing 150bp of cumulative hikes over the next six months. Our economist, Zumrut Imamoglu, forecasts the CBT to hike 250bp and likely take additional quantitative steps to tighten policy further.

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 January 19. **Source:** BofA Global Research. 12 month period ends 18 January 2025

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21 January 2024

GEM FI Strategy
Global

Claudio Irigoyen
Global Economist
BofAS
+1 646 855 1734
claudio.irigoyen@bofa.com

David Hauner, CFA >>
Global EM FI/FX Strategist
MLI (UK)
+44 20 7996 1241
david.hauner@bofa.com

Claudio Piron
Emerging Asia FI/FX Strategist
Merrill Lynch (Singapore)
+65 6678 0401
claudio.piron@bofa.com

Pedro Diaz
Caribbean Economist
BofAS
pdiaz2@bofa.com

BNM: Bank Negara Malaysia

CBT: Central Bank of Türkiye

SARB: South African Reserve Bank

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Refer to important disclosures on page 11 to 13.

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Timestamp: 21 January 2024 09:31PM 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	0	0	-2	0	-3	0
Mar24	--	--	-2	0	--	0	--	--
Jun24	-7	-25	-2	0	-2	0	-23	0
Sep24	-16	-25	-4	0	-3	0	-16	0
Dec24	-15	-25	-2	0	-4	0	-24	0
2024	-39	-75	-11	0	-11	0	-67	0
2025	-17	-25	-3	0	-12	0	7	-50

Next Central Banks meeting dates: Korea (02/22), Malaysia (01/24), Taiwan (03/21), Thailand (02/07). **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	6.75		10.75		4.50	
next meet.	-37	-25	-51	-100	-7	0
Mar24	-40	-50	-141	-200	--	--
Jun24	-88	-100	-183	-175	-30	-25
Sep24	-82	-50	-76	0	-38	-50
Dec24	-53	-50	-45	0	-29	-25
2024	-301	-275	-495	-475	-104	-100
2025	-42	-100	33	-150	-55	-100

Next Central Banks meeting dates: Czech (02/08), Hungary (01/30), Israel (02/26). **Source:** BofA Global Research

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Table 3: EEMEA

Implied Marginal Policy Rate Changes

Country	Poland		S. Africa		Turkiye	
	Imp	BofA	Imp	BofA	Imp	BofA
Curr. Rate	5.75		8.25		42.50	
next meet.	1	0	-6	0	91	250
Mar24	-4	0	-10	0	94	0
Jun24	-34	0	-14	0	-35	0
Sep24	-30	0	-32	-50	-173	0
Dec24	-37	0	-15	-25	-514	0
2024	-104	0	-77	-75	-537	250
2025	-85	-100	-21	-50	-413	-1200

Next Central Banks meeting dates: Poland (02/07), Safrica (01/25), Turkiye (01/19). **Source:** BofA Global Research

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Table 4: LATAM

Implied Marginal Policy Rate Changes

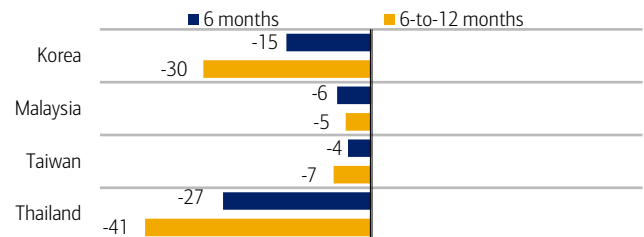
Country	Brazil		Chile		Colombia		Mexico	
	Imp	BofA	Imp	BofA	Imp	BofA	Imp	BofA
Curr. Rate	11.75		8.25		13.00		11.25	
next meet.	-54	-50	-93	-75	-39	-25	-4	0
Mar24	-47	-50	--	-47	-25	-12	-25	-25
Jun24	-72	-100	-203	-125	-122	-100	-43	-25
Sep24	-35	-25	-76	-50	-132	-100	-59	-50
Dec24	-16	0	-34	-25	-116	-100	-67	-100
2024	-225	-225	-405	-275	-456	-350	-184	-200
2025	45	0	-8	-75	-173	-350	-153	-175

Next Central Banks meeting dates: Brazil (01/31), Chile (01/31), Colombia (01/31), Mexico (02/08). **Source:** BofA Global Research

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Chart 2: Priced in marginal changes

Implied Marginal Policy Rate Changes

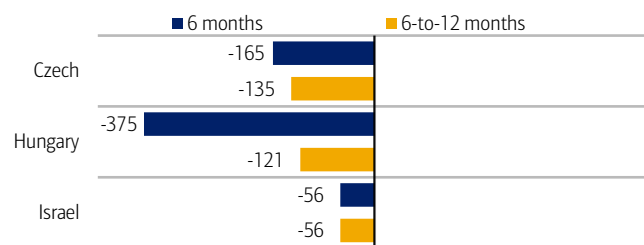


Yield curves last update: KRW: Jan-19 09:22. MYR: Jan-19 09:22. TWD: Jan-19 09:22. THB: Jan-19 09:22. **Source:** BofA Global Research

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Chart 3: Priced in marginal changes

Priced in marginal changes

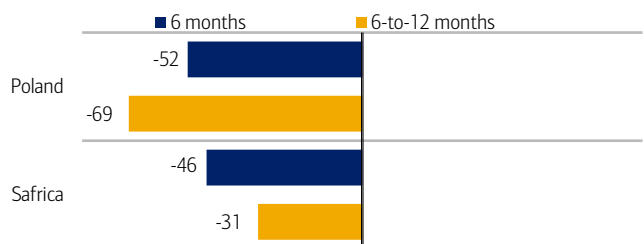


Yield curves last update: CZK: Jan-19. HUF: Jan-19. ILS: Jan-19. **Source:** BofA Global Research

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Chart 4: Priced in marginal changes

Implied Marginal Policy Rate Changes

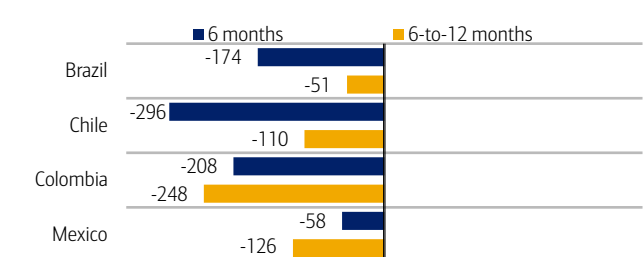


Yield curves last update: PLN: Jan-19. ZAR: Jan-19. TRY: Jan-19. **Source:** BofA Global Research

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Chart 5: Priced in marginal changes

Implied Marginal Policy Rate Changes



Yield curves last update: BRL: Jan-19 21:05. CLP: Jan-19 21:05. COP: Jan-19 21:05. MXN: Jan-19 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	Cumul.	Change Marg.	Change Marg.	Change Marg.	Change Marg.	Prob.(%) (4)
Curr. Rate	3.50						
22-Feb-24	3.50	0	0	-1	0	0	99
12-Apr-24	3.47	-3	-2	-1	0	0	89
23-May-24	3.42	-8	-5	-1	-25	0	70
11-Jul-24	3.35	-15	-8	-12	0	-25	61
22-Aug-24	3.26	-24	-9	-10	-25	0	96
11-Oct-24	3.18	-32	-8	-8	0	0	71
28-Nov-24	3.11	-39	-7	-7	-25	-25	58
13-Jan-25	3.05	-45	-6	-3	0	0	81
23-Feb-25	3.00	-50	-5	-6		0	99
12-Apr-25	2.96	-54	-4	-5		0	84
24-May-25	2.94	-56	-2	-2		0	76
12-Jul-25	2.94	-56	0	1		0	75
23-Aug-25	2.94	-56	0	1		0	76
12-Oct-25	2.94	-56	0	0		0	77
22-Nov-25	2.94	-56	0	-1		0	76

Basis: 18bp. 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

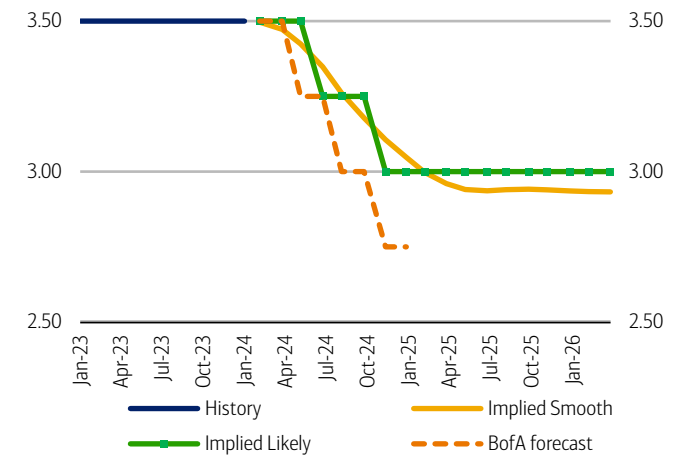
Meeting	Smooth Path (2)			Market (1)	BofA	Most Likely Path (3)	
	Rate	Cumul.	Change Marg.	Change Marg.	Change Marg.	Change Marg.	Prob.(%) (4)
Curr. Rate	3.00						
24-Jan-24	3.00	0	0	1	0	0	99
7-Mar-24	2.98	-2	-2	-2	0	0	93
9-May-24	2.96	-4	-2	-6	0	0	84
11-Jul-24	2.94	-6	-2	1	0	0	76
5-Sep-24	2.92	-8	-2	-2	0	0	67
6-Nov-24	2.89	-11	-2	-4	0	0	57
23-Jan-25	2.88	-12	-2	-2		0	51
7-Mar-25	2.87	-13	-1	0		-25	53
9-May-25	2.87	-13	0	0		0	53
11-Jul-25	2.87	-13	0	0		0	53

Basis: 57bp. 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 15bp of cumulative cuts over the next six months

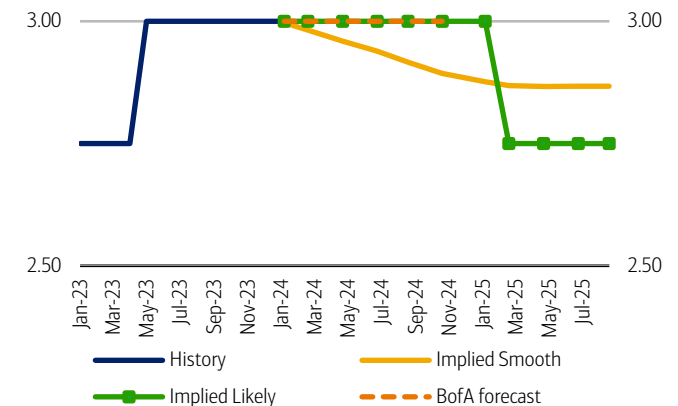


Source: BofA Global Research

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Chart 6: Malaysia

Market prices 6bp 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

	Smooth Path (2)			Market (1)	BofA Change	Most Likely Path (3)	
		Change	Marg	Change	e	Change	
Meeting	Rate	Cumul.	Marg	Marg.	Marg.	Marg.	Prob.(%) (4)
Curr. Rate	2.50						
7-Feb-24	2.47	-3	-3	-2	0	0	86
10-Apr-24	2.37	-13	-9	-7	0	-25	50
12-Jun-24	2.23	-27	-14	-14	0	0	94
21-Aug-24	2.07	-43	-16	-22	0	-25	71
16-Oct-24	1.93	-57	-15	-15	0	0	71
18-Dec-24	1.83	-67	-10	-14	0	-25	68
6-Feb-25	1.80	-70	-3	0		0	80
9-Apr-25	1.82	-68	2	6		0	71
11-Jun-25	1.86	-64	4	7		0	55
20-Aug-25	1.90	-60	3	4		25	58
15-Oct-25	1.91	-59	1	-1		0	62
17-Dec-25	1.90	-60	0	-6		0	61
6-Feb-26	1.91	-59	1	1		0	63
9-Apr-26	1.93	-57	2	5		0	73
11-Jun-26	1.97	-53	4	5		0	88
20-Aug-26	2.01	-49	4	4		0	96

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

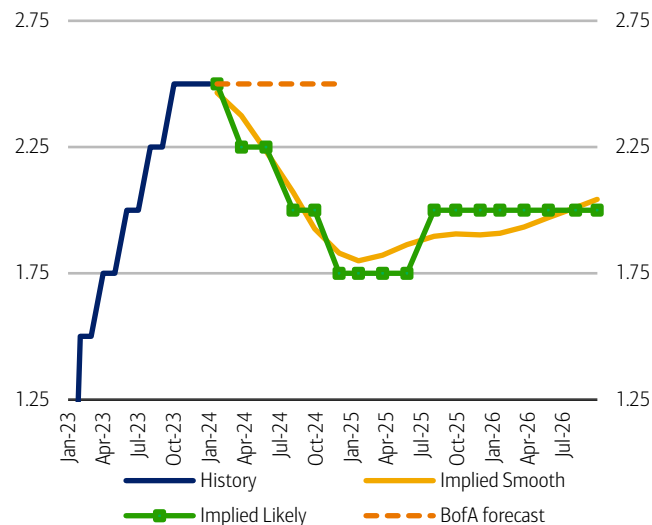
Meeting	Smooth Path (2)			Market (1)	BofA	Most Likely Path (3)	
	Rate	Cumul.	Change Marg.	Change Marg.	Change Marg.	Change Marg.	Prob.(%) (4)
Curr. Rate	1.875						
21-Mar-24	1.858	-2	-2	-2	0.0	0.0	86
13-Jun-24	1.834	-4	-2	-2	0.0	0.0	67
19-Sep-24	1.802	-7	-3	-3	0.0	-12.5	58
19-Dec-24	1.766	-11	-4	-4	0.0	0.0	87
20-Mar-25	1.728	-15	-4	-4		0.0	82
19-Jun-25	1.693	-18	-3	-4		0.0	55
18-Sep-25	1.666	-21	-3	-2		-12.5	67
18-Dec-25	1.648	-23	-2	-1		0.0	82

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

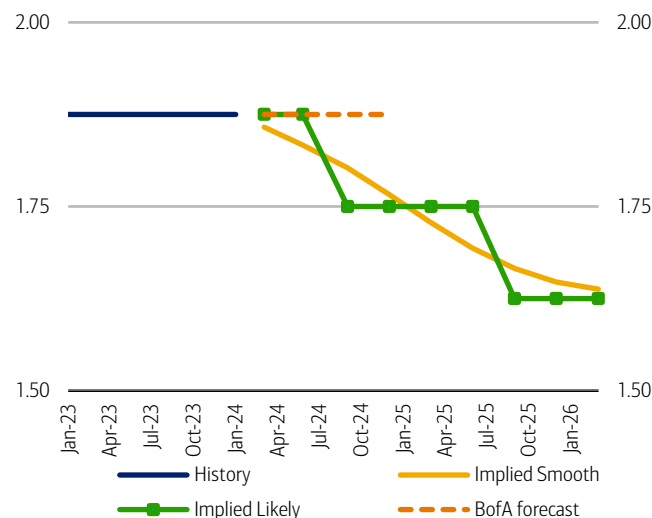
Market prices 27bp of cumulative cuts over the next six months

**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

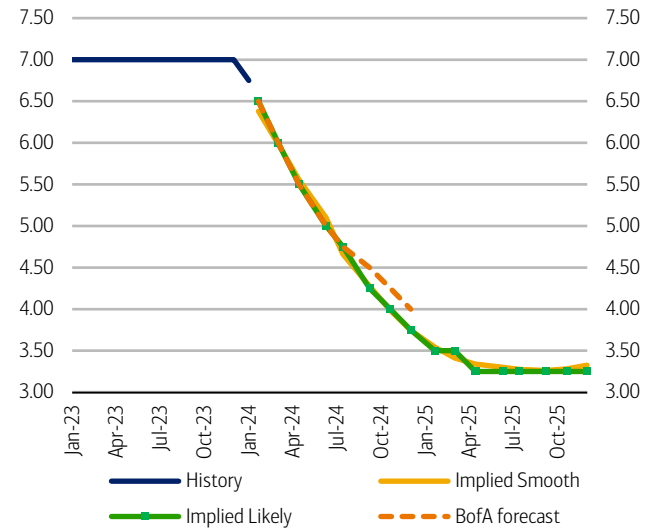
Meeting	Smooth Path (2) Change			Market (1) Change	BofA Change	Most Likely Path (3) Change	Prob.() (4)
	Rate	Cumul.	Marg.	Marg.	Marg.	Marg.	
Curr. Rate	6.75						
8-Feb-24	6.38	-37	-37	-38	-25	-25	52
20-Mar-24	5.98	-77	-40	-36	-50	-50	94
2-May-24	5.56	-119	-43	-38	-50	-50	78
27-Jun-24	5.10	-165	-46	-52	-50	-50	60
1-Aug-24	4.66	-209	-44	-49	-25	-25	63
25-Sep-24	4.28	-247	-38	-47	-25	-50	89
7-Nov-24	3.98	-277	-29	-13	-25	-25	94
19-Dec-24	3.74	-301	-24	-18	-25	-25	98
7-Feb-25	3.54	-321	-20	-40		-25	83
20-Mar-25	3.41	-334	-13	-6		0	65
2-May-25	3.34	-341	-7	-4		-25	64
27-Jun-25	3.30	-345	-4	-1		0	80
1-Aug-25	3.27	-348	-3	-2		0	90
25-Sep-25	3.26	-349	-1	-11		0	95
7-Nov-25	3.28	-347	2	2		0	87
19-Dec-25	3.33	-342	4	16		0	70

Basis: -15bp. 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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Chart 9: Czech Republic

Market prices 165bp of cumulative cuts over the next six months

**Source:** BofA Global Research

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Table 10: HUNGARY

Implied Monetary Policy

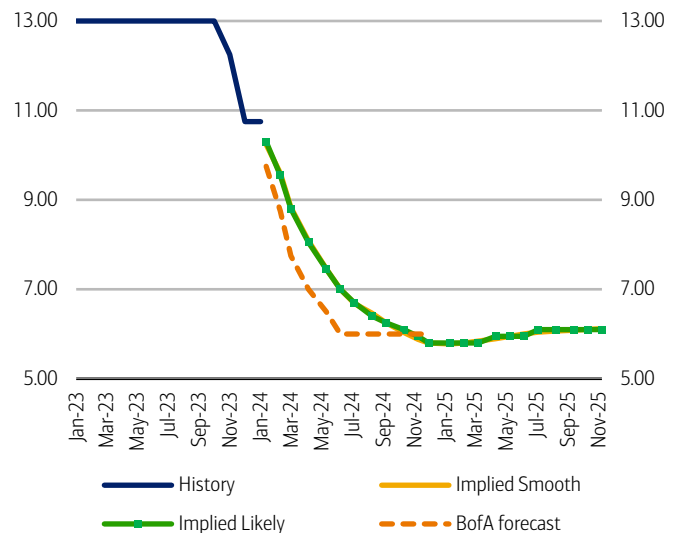
Meeting	Smooth Path (2) Change			Market (1) Change	BofA Change	Most Likely Path (3) Change	Prob.(%) (4)
	Rate	Cumul.	Marg.	Marg.	Marg.	Marg.	
Curr. Rate	10.75						
30-Jan-24	10.24	-51	-51	-51	-100	-45	58
27-Feb-24	9.60	-115	-64	-37	-100	-75	69
19-Mar-24	8.83	-192	-77	-111	-100	-75	79
23-Apr-24	8.08	-267	-75	-83	-75	-75	77
28-May-24	7.46	-329	-62	-58	-50	-60	91
25-Jun-24	7.00	-375	-46	-37	-50	-45	97
23-Jul-24	6.68	-407	-32	-42	0	-30	89
27-Aug-24	6.46	-429	-22	9	0	-30	58
24-Sep-24	6.25	-450	-21	-26	0	-15	99
29-Oct-24	6.03	-472	-21	-45	0	-15	56
26-Nov-24	5.88	-487	-15	-8	0	-15	54
17-Dec-24	5.80	-495	-8	-8	0	-15	99
28-Jan-25	5.78	-497	-2	2		0	86
25-Feb-25	5.80	-495	2	3		0	99
25-Mar-25	5.84	-491	4	3		0	73
29-Apr-25	5.89	-486	5	6		15	63
27-May-25	5.95	-480	6	5		0	100
24-Jun-25	6.00	-475	5	5		0	65
22-Jul-25	6.04	-471	4	7		15	62
26-Aug-25	6.07	-468	2	-1		0	79

Basis: -118bp. 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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Chart 10: Hungary

Market prices 375bp 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 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						
7-Feb-24	5.76	1	1	2	0	0	96
6-Feb-24	5.72	-3	-4	-3	0	0	89
4-Apr-24	5.64	-11	-8	-8	0	0	55
9-May-24	5.52	-23	-12	-15	0	-25	92
5-Jun-24	5.38	-37	-14	-11	0	0	53
5-Jul-24	5.23	-52	-15	-11	0	-25	94
5-Sep-24	5.08	-67	-15	-25	0	-25	67
3-Oct-24	4.95	-80	-13	-11	0	0	81
7-Nov-24	4.84	-91	-11	-4	0	-25	65
5-Dec-24	4.71	-104	-13	-5	0	0	83
14-Jan-25	4.55	-120	-16	-31	0	-25	82
7-Feb-25	4.39	-136	-16	-16		0	56
7-Mar-25	4.26	-149	-13	-9		-25	96
4-Apr-25	4.16	-159	-10	-9		0	63
9-May-25	4.07	-168	-8	-9		-25	71
5-Jun-25	4.00	-175	-7	-6		0	99
5-Jul-25	3.94	-181	-6	-5		0	76
5-Sep-25	3.89	-186	-5	-9		0	56
3-Oct-25	3.86	-189	-3	-3		-25	56
7-Nov-25	3.85	-190	-1	0		0	59
5-Dec-25	3.86	-189	1	4		0	55

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

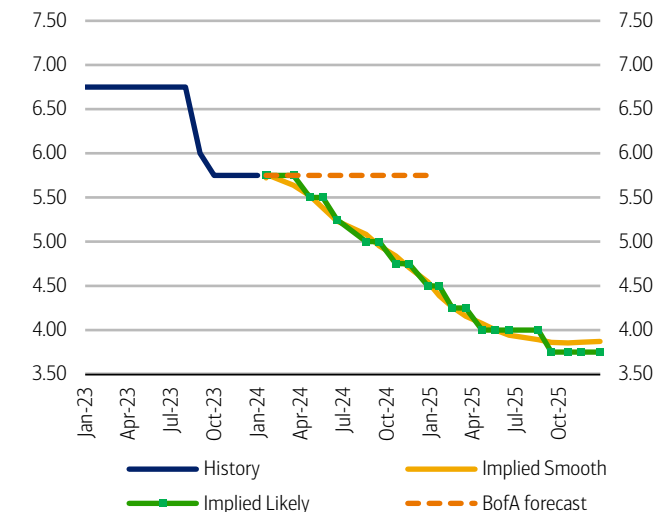
Meeting	Smooth Path (2)			Market (1)	BofA	Most Likely Path (3)	
	Rate	Cumul.	Marg	Change	Change	Change	Prob.(%) (4)
Curr. Rate	4.50						
26-Feb-24	4.43	-7	-7	-5	0	0	55
8-Apr-24	4.31	-19	-12	-8	-25	-15	71
27-May-24	4.13	-37	-17	-26	0	-15	55
8-Jul-24	3.94	-56	-19	-16	-50	-30	73
28-Aug-24	3.75	-75	-19	-20	0	-15	97
7-Oct-24	3.59	-91	-16	-15	-25	-15	94
25-Nov-24	3.46	-104	-13	-16	0	-15	91
1-Jan-25	3.38	-112	-8	-14	-25	0	56
20-Feb-25	3.35	-115	-4	14		-15	69
2-Apr-25	3.30	-120	-5	-9		0	100
21-May-25	3.23	-127	-7	-10		0	55
9-Jul-25	3.15	-135	-8	-9		-15	98
28-Aug-25	3.06	-144	-9	-10		-15	62
22-Oct-25	2.98	-152	-8	-8		0	84
26-Nov-25	2.91	-159	-6	-9		-15	58

Basis: -5bp. 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 52bp of cumulative cuts over the next six months

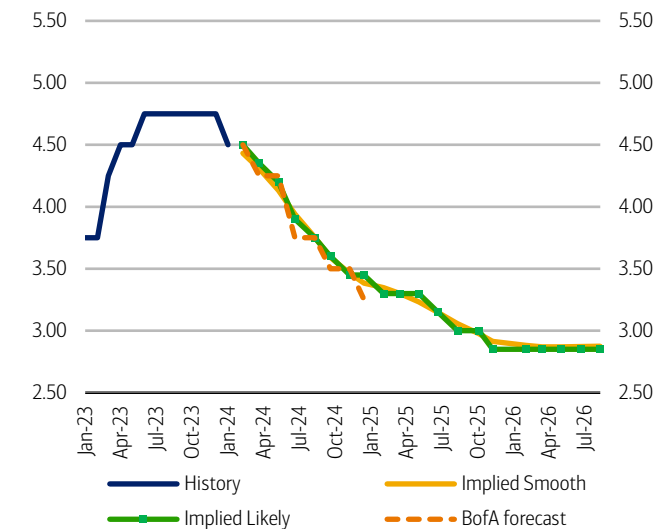


Source: BofA Global Research

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Chart 12: Israel

Market prices 56bp of cumulative cuts over the next six months



Source: BofA Global Research

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Exhibit 2: TURKIYE

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	42.50								
19-Jan-24	43.41	91	91	85	250	100	82		
23-Feb-24	44.04	154	63	77	0	50	92		
22-Mar-24	44.35	185	31	58	0	25	80		
20-Apr-24	44.35	185	0	-57	0	0	80		
19-May-24	44.21	171	-14	-9	0	0	93		
23-Jun-24	44.00	150	-22	-16	0	-25	100		
21-Jul-24	43.68	118	-32	-39	0	-25	86		
18-Aug-24	43.16	66	-51	-24	0	-50	83		
22-Sep-24	42.27	-23	-90	-27	0	-100	97		
20-Oct-24	40.84	-166	-143	-229	0	-150	83		
17-Nov-24	39.08	-342	-176	-161	0	-175	84		
22-Dec-24	37.13	-537	-195	-79	0	-175	76		
20-Jan-25	35.10	-740	-203	-437	0	-225	80		
20-Feb-25	33.69	-881	-141	-92	-250	-125	88		
20-Mar-25	33.01	-949	-68		-250	-75	99		
20-Apr-25	32.80	-970	-21		-500	-25	90		
20-May-25	32.81	-969	1		0	0	88		
20-Jul-25	32.88	-962	7		0	25	77		
17-Aug-25	32.95	-955	6		0	0	89		
21-Sep-25	32.98	-952	4			0	96		
19-Oct-25	33.00	-950	1			0	99		
16-Nov-25	33.00	-950	0			0	100		
21-Dec-25	33.00	-950	0			0	99		

Basis: 287bp. Basis is the difference between the USDTRY 3m fwd implied rate and the monetary policy rate. **Source:** BofA Global Research

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Table 13: SOUTH AFRICA

Implied Monetary Policy

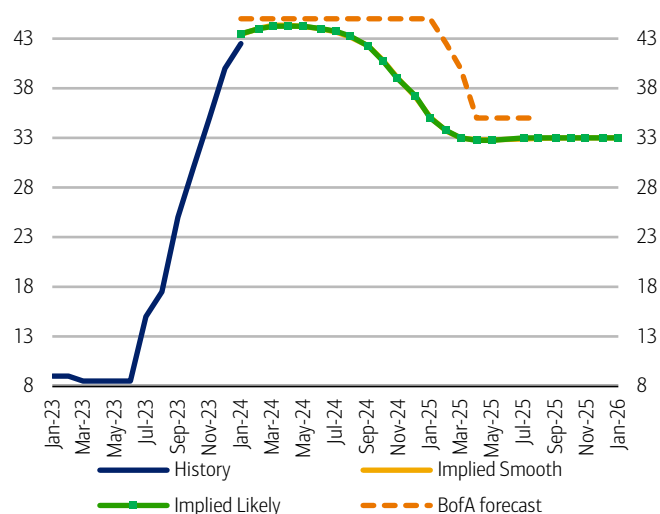
Meeting	Smooth Path (2)			Market (1)		BofA		Most Likely Path (3)	
	Rate	Cumul.	Marg.	Change	Marg.	Change	Marg.	Change	Prob.(%) (4)
Curr. Rate	8.25								
25-Jan-24	8.19	-6	-6	-6	0	0	76		
27-Mar-24	8.09	-16	-10	-7	0	-25	64		
30-May-24	7.95	-30	-14	-15	0	0	80		
18-Jul-24	7.79	-46	-16	-23	-25	-25	84		
19-Sep-24	7.63	-62	-16	-9	-25	0	53		
21-Nov-24	7.48	-77	-15	-19	-25	-25	93		
23-Jan-25	7.36	-89	-13	-11		-25	57		
26-Mar-25	7.26	-99	-9	-10		0	94		
29-May-25	7.21	-104	-5	-5		0	85		
17-Jul-25	7.20	-105	-1	-2		0	81		
18-Sep-25	7.23	-102	3	1		0	91		
20-Nov-25	7.28	-97	5	14		0	90		

Basis: 15bp. 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 13: Turkiye

Market prices 150bp of cumulative hikes over the next six months

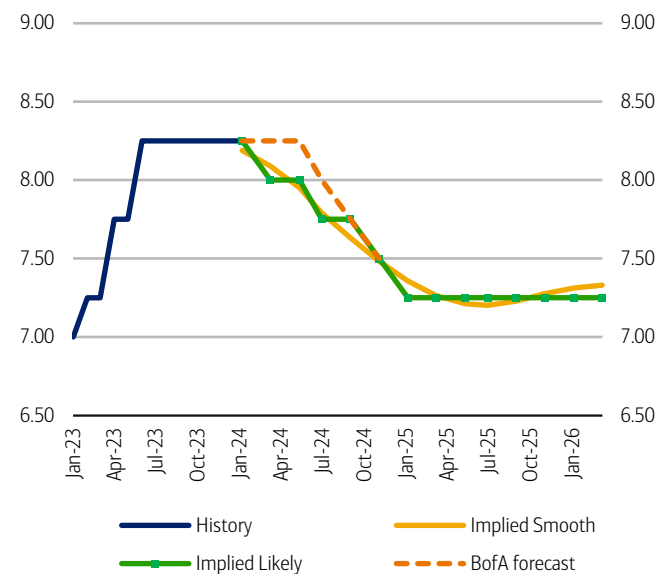


Since the CBT has an unorthodox policy framework, policy rates and band rates do not necessarily match to the front end spot and implied forward rates. This dilutes the priced in curve implications produced for Turkiye. **Source:** BofA Global Research

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Chart 14: South Africa

Market prices 46bp of cumulative cuts over the next six months

**Source:** BofA Global Research

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LatAm

Table 14: BRAZIL

Implied Monetary Policy

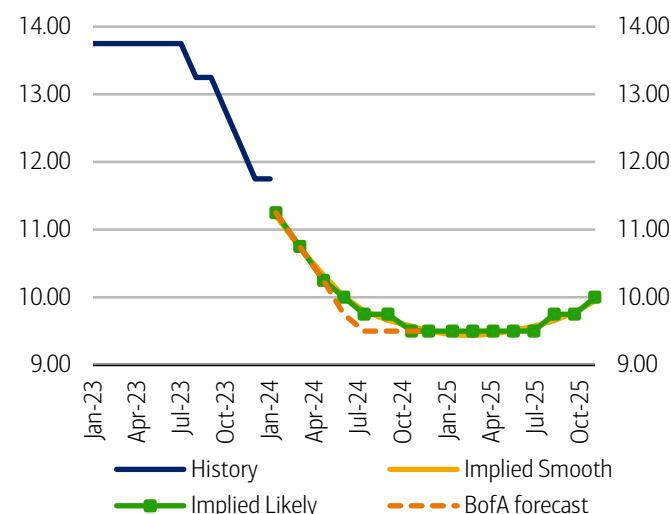
Meeting	Rate	Smooth Path (2)		Market (1)	BofA	Most Likely Path (3)	
		Change	Change	Change	Change	Change	Prob.(%)
		Cumul.	Marg.	Marg.	Marg.	Marg.	(4)
Curr. Rate	11.75						
31-Jan-24	11.21	-54	-54	-55	-50	-50	82
20-Mar-24	10.73	-102	-47	-43	-50	-50	93
8-May-24	10.33	-142	-40	-45	-50	-50	69
19-Jun-24	10.01	-174	-32	-40	-50	-25	96
31-Jul-24	9.80	-195	-21	-13	-25	-25	82
18-Sep-24	9.66	-209	-14	-17	0	0	63
6-Nov-24	9.57	-218	-9	4	0	-25	71
11-Dec-24	9.50	-225	-7	-16	0	0	99
29-Jan-25	9.45	-230	-5	-11		0	79
12-Mar-25	9.43	-232	-1	2		0	74
23-Apr-25	9.46	-229	2	4		0	83
4-Jun-25	9.51	-224	5	4		0	98
16-Jul-25	9.57	-218	7	13		0	71
27-Aug-25	9.65	-210	8	-3		25	62
8-Oct-25	9.78	-197	12	2		0	89
19-Nov-25	9.94	-181	17	39		25	78

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

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Chart 15: Brazil

Market prices 195bp of cumulative cuts over the next six months



Source: BofA Global Research

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Table 15: CHILE

Implied Monetary Policy

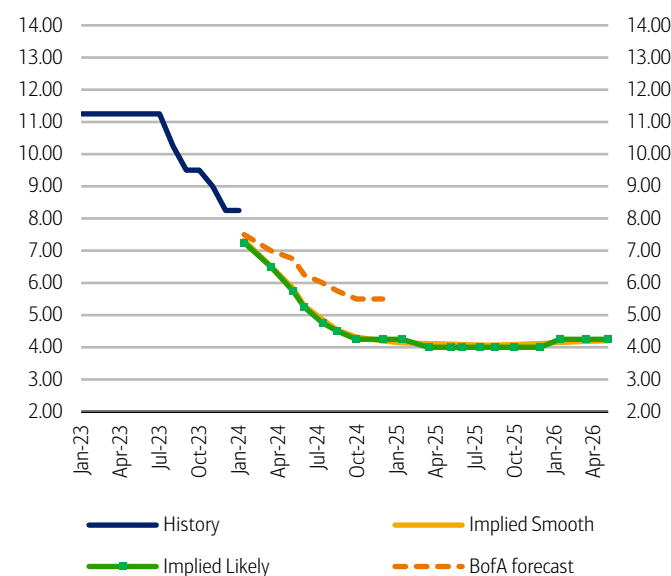
Meeting	Rate	Smooth Path (2)		Market (1)	BofA	Most Likely Path (3)	
		Change	Change	Change	Change	Change	Prob.(%)
		Cumul.	Marg.	Marg.	Marg.	Marg.	(4)
Curr. Rate	8.25						
31-Jan-24	7.32	-93	-93	-91	-75	-100	71
2-Apr-24	6.52	-173	-81	-85	-50	-75	93
23-May-24	5.84	-241	-68	-68	-25	-75	64
18-Jun-24	5.29	-296	-55	-50	-50	-50	83
31-Jul-24	4.86	-339	-43	-47	-25	-50	56
3-Sep-24	4.54	-371	-32	-33	-25	-25	86
17-Oct-24	4.32	-393	-22	-24	-25	-25	73
17-Dec-24	4.20	-405	-12	-11	0	0	78
31-Jan-25	4.14	-411	-6	-1		0	56
2-Apr-25	4.11	-414	-2	-2		-25	54
23-May-25	4.10	-415	-2	-3		0	60
18-Jun-25	4.08	-417	-1	-2		0	66
31-Jul-25	4.07	-418	-1	-3		0	71
3-Sep-25	4.07	-418	0	-1		0	72
17-Oct-25	4.08	-417	1	1		0	67
17-Dec-25	4.11	-414	3	3		0	55

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 16: Chile

Market prices 296bp 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

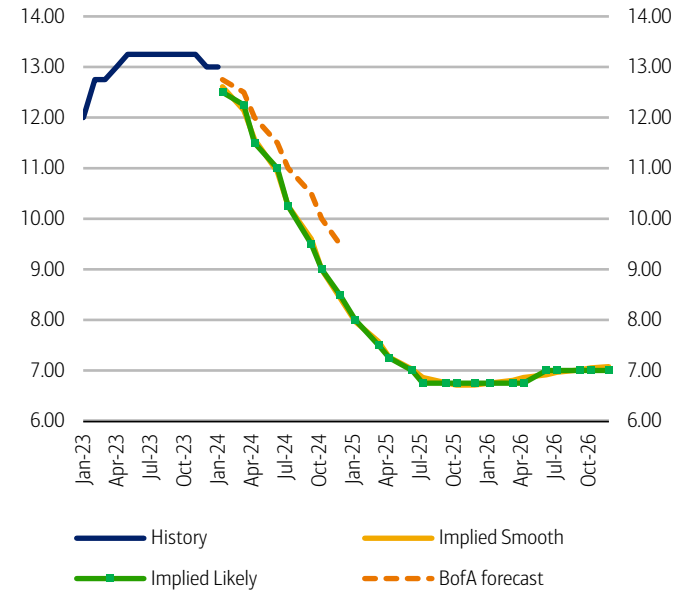
Meeting	Smooth Path (2)			Market (1)	BofA	Most Likely Path (3)	Prob.(%) (4)
	Rate	Cumul.	Marg	Change Marg.	Change Marg.	Change Marg.	
Curr. Rate	13.00						
31-Jan-24	12.61	-39	-39	-45	-25	-50	56
29-Mar-24	12.14	-86	-47	-29	-25	-25	58
27-Apr-24	11.57	-143	-57	-64	-50	-75	71
28-Jun-24	10.92	-208	-65	-74	-50	-50	70
27-Jul-24	10.26	-274	-67	-62	-50	-75	97
28-Sep-24	9.60	-340	-66	-72	-50	-75	60
26-Oct-24	8.99	-401	-61	-54	-50	-50	97
14-Dec-24	8.44	-456	-55	-57	-50	-50	77
25-Jan-25	7.97	-503	-48	-49		-50	86
29-Mar-25	7.57	-543	-39	-40		-50	71
27-Apr-25	7.26	-574	-31	-27		-25	95
28-Jun-25	7.03	-597	-24	-26		-25	89
27-Jul-25	6.86	-614	-17	-15		-25	56
28-Sep-25	6.76	-624	-10	-13		0	97
26-Oct-25	6.71	-629	-4	-3		0	85
14-Dec-25	6.71	-629	0	0		0	86

Basis: -94bp. Basis is the difference between the IBR interbank overnight 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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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						
8-Feb-24	11.21	-4	-4	-3	0	0	86
21-Mar-24	11.10	-15	-12	-7	-25	-25	60
9-May-24	10.91	-34	-19	-29	0	0	63
20-Jun-24	10.67	-58	-24	-20	-25	-25	67
8-Aug-24	10.39	-86	-28	-25	0	-25	55
19-Sep-24	10.08	-117	-31	-33	-50	-50	70
7-Nov-24	9.74	-151	-33	-35	-50	-25	97
12-Dec-24	9.41	-184	-33	-31	-50	-25	64
8-Feb-25	9.09	-216	-32	-36		-50	64
21-Mar-25	8.80	-245	-29	-26		-25	79
9-May-25	8.55	-270	-25	-25		-25	78
20-Jun-25	8.35	-290	-21	-20		-25	61
8-Aug-25	8.18	-307	-17	-18		0	71
19-Sep-25	8.05	-320	-13	-13		-25	82
7-Nov-25	7.95	-330	-10	-11		0	80
12-Dec-25	7.88	-337	-7	-5		0	52

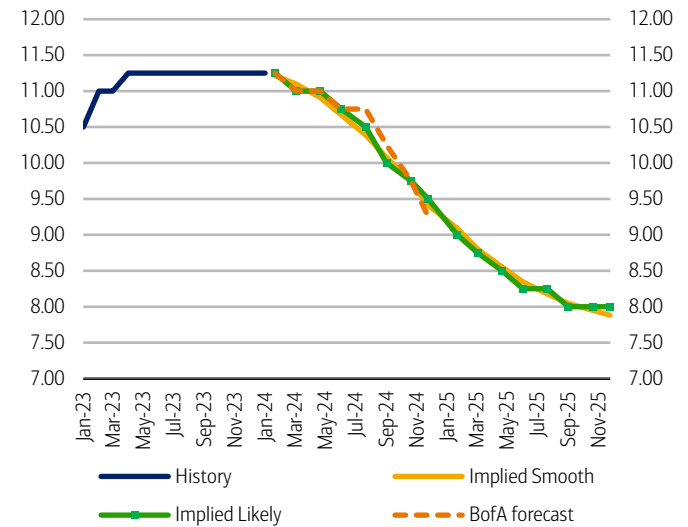
Basis: 25bp. Basis is the difference between the 28d TIE rate and the monetary policy rate.

Source: BofA Global Research

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Chart 18: Mexico

Market prices 58bp 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

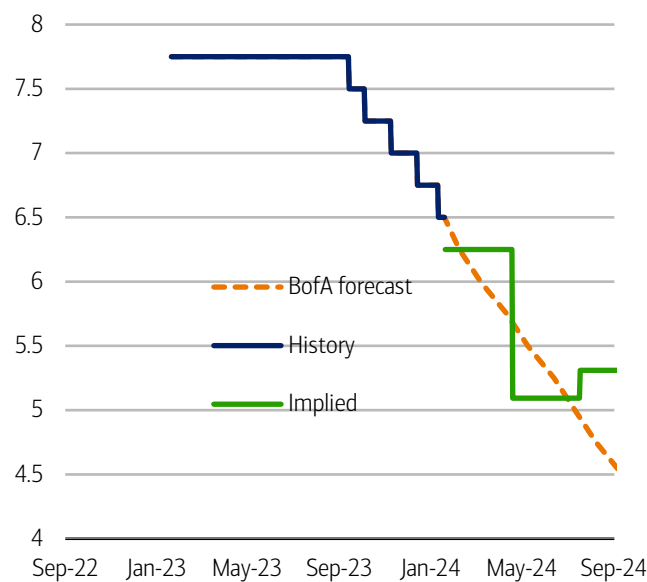
Horizon	Rate	Implied		Period	BofA		
		Cumul	Marg		Fcst	Cumul	Marg
Curr. Rate	6.50						
3m	6.25	-25	-25	02/08/24	6.25	-25	-25
6m	5.09	-141	-116	03/07/24	6.00	-50	-25
9m	5.31	-119	22	04/11/24	5.75	-75	-25
12m	4.63	-187	-68	05/09/24	5.50	-100	-25
				06/13/24	5.25	-125	-25
				07/11/24	5.00	-150	-25
				08/08/24	4.75	-175	-25
				09/12/24	4.50	-200	-25
				10/10/24	4.25	-225	-25
				11/07/24	4.00	-250	-25
				12/12/24	4.00	-250	0
				01/10/25	4.00	-250	0
				02/08/25	4.00	-250	0

Source: BofA Global Research Estimates, Bloomberg

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Chart 19: Peru

Market prices 128bp of cumulative cuts over the next 6 months



Source: BofA Global Research Estimates, Bloomberg

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