

What's priced in

BCRP will likely cut this week; BOK and NBP on hold

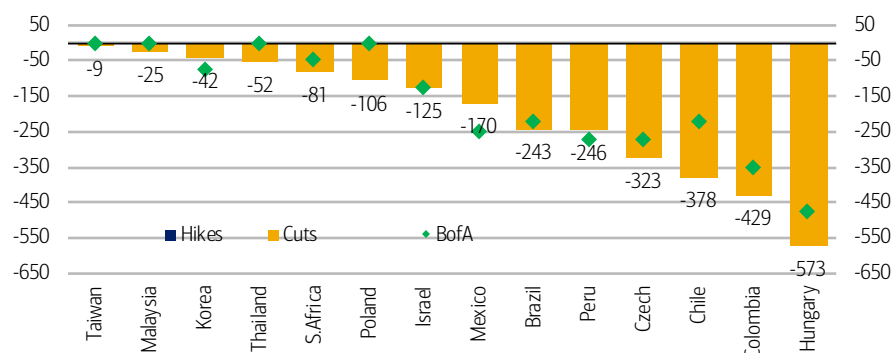
In **Poland**, the central bank meets on January 9. The market is pricing 64bp of cumulative cuts over the next 6 months. Our economist, Mai Doan, forecasts the NBP to keep the monetary policy rate unchanged at 5.75% on January 11.

In **Korea**, the central bank meets on January 11. The market is pricing 20bp of cumulative cuts over the next 6 months. Our economists, Benson Wu and Ting Him Ho, forecast the BOK to remain on hold at 3.50% on January 11. We have penciled in three cuts by the BOK from May 2024 the earliest, with 25bp in each following quarter in 2024. We also expect one more cut in 1Q25 with a terminal rate of 2.5%.

In **Peru**, the central bank meets on January 11. The market is pricing 124bp of cumulative cuts over the next 6 months. Our economist, Alexander Müller, forecasts the BCRP to cut the monetary policy rate by 25bp, to 6.50%, in the first meeting of the year. The significant decline of inflation, expectations of a milder El Niño, and more benign external conditions than a few months ago gives the BCRP space to continue cutting rates.

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 05. **Source:** BofA Global Research. 12 month period ends 04 January 2025

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07 January 2024

GEM FI Strategy
Global

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BCRP: Central Bank of Peru

BOK: Bank of Korea

NBP: National Bank of Poland

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Refer to important disclosures on page 11 to 13.

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Timestamp: 07 January 2024 10:09PM 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.	-1	0	-1	0	-2	0	-5	0
Mar24	-5	0	-4	0	-	0	-	-
Jun24	-14	-25	-6	0	-2	0	-19	0
Sep24	-12	-25	-11	0	-2	0	-12	0
Dec24	-10	-25	-2	0	-2	0	-17	0
2024	-42	-75	-25	0	-9	0	-52	0
2025	-31	-25	4	0	-9	0	6	-50

 Next Central Banks meeting dates: Korea (01/11), 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.	-39	-25	-109	-75	-16	0
Mar24	-47	-50	-170	-125	-	-
Jun24	-98	-100	-156	-125	-38	-25
Sep24	-86	-50	-94	-75	-37	-50
Dec24	-53	-50	-43	-75	-26	-25
2024	-323	-275	-573	-475	-117	-100
2025	-46	-100	-19	-150	-22	-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		Türkiye	
	Imp	BofA	Imp	BofA	Imp	BofA
Curr. Rate	5.75		8.25		42.50	
next meet.	-1	0	-10	0	48	250
Mar24	-10	0	-11	0	146	0
Jun24	-39	0	-14	0	-19	0
Sep24	-28	0	-32	-25	-366	0
Dec24	-28	0	-15	-25	-724	0
2024	-106	0	-81	-50	-914	250
2025	-77	-100	-15	-75	-566	-1200

 Next Central Banks meeting dates: Poland (01/09), Safrica (01/25), Türkiye (01/19). **Source:** BofA Global Research

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Table 4: LATAM

Implied Marginal Policy Rate Changes

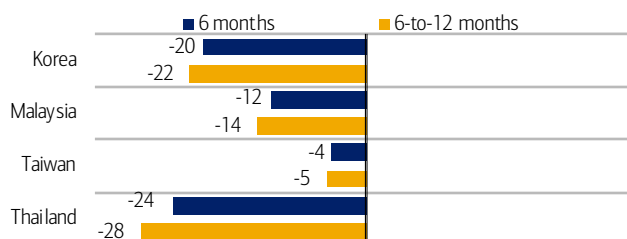
Country	Brazil		Chile		Colombia		Mexico	
	Imp	BofA	Imp	BofA	Imp	BofA	Imp	BofA
Curr. Rate	11.75		8.25		13.00		11.25	
next meet.	-56	-50	-74	-50	-37	-25	-5	0
Mar24	-51	-50	-	-	-45	-25	-13	0
Jun24	-80	-100	-179	-100	-116	-100	-40	-50
Sep24	-41	-25	-79	-50	-128	-100	-49	-100
Dec24	-15	0	-47	-25	-104	-100	-62	-100
2024	-243	-225	-378	-225	-429	-350	-170	-250
2025	47	0	-20	-100	-149	-350	-172	-125

 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

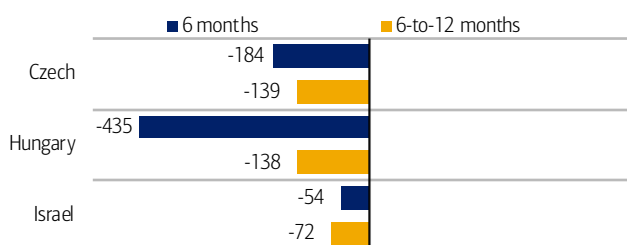
Implied Marginal Policy Rate Changes


 Yield curves last update: KRW: Jan-05 09:28. MYR: Jan-05 09:28. TWD: Jan-05 09:28. THB: Jan-05 09:28. **Source:** BofA Global Research

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Chart 3: Priced in marginal changes

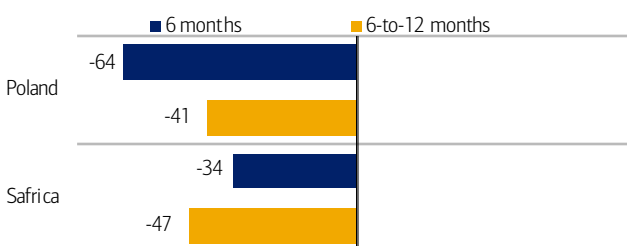
Priced in marginal changes


 Yield curves last update: CZK: Jan-05. HUF: Jan-05. ILS: Jan-05. **Source:** BofA Global Research

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Chart 4: Priced in marginal changes

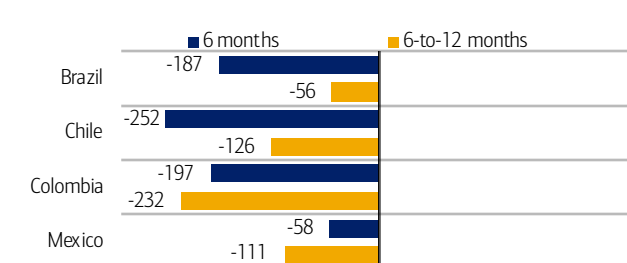
Implied Marginal Policy Rate Changes


 Yield curves last update: PLN: Jan-05. ZAR: Jan-05. TRY: Jan-05. **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-05 21:40. CLP: Jan-05 21:05. COP: Jan-05 21:05. MXN: Jan-05 21:05. **Source:** BofA Global Research

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Note: Curve update times are in the GMT time zone

Implied Monetary Policy

Meeting	Smooth Path (2)			Market (1)	BofA	Most Likely Path (3)	
	Rate	Change		Change	Change	Change	Prob.(%) (4)
		Cumul.	Marg.	Marg.	Marg.	Marg.	
Curr. Rate	3.50						
11-Jan-24	3.49	-1	-1	0	0	0	95
22-Feb-24	3.44	-6	-5	-2	0	0	76
12-Apr-24	3.37	-13	-7	-12	0	-25	52
23-May-24	3.30	-20	-7	-8	-25	0	81
11-Jul-24	3.23	-27	-6	-3	0	0	93
22-Aug-24	3.17	-33	-6	-6	-25	0	69
11-Oct-24	3.12	-38	-5	-5	0	-25	51
28-Nov-24	3.08	-42	-5	-6	-25	0	70
13-Jan-25	3.04	-46	-4	-2		0	86
23-Feb-25	2.99	-51	-4	-5		0	97
12-Apr-25	2.95	-55	-4	-5		0	80
24-May-25	2.90	-60	-5	-4		0	62
12-Jul-25	2.86	-64	-4	-5		-25	56
23-Aug-25	2.82	-68	-4	-5		0	73
12-Oct-25	2.79	-71	-3	-3		0	85
22-Nov-25	2.77	-73	-2	-2		0	93

Source: BofA Global Research

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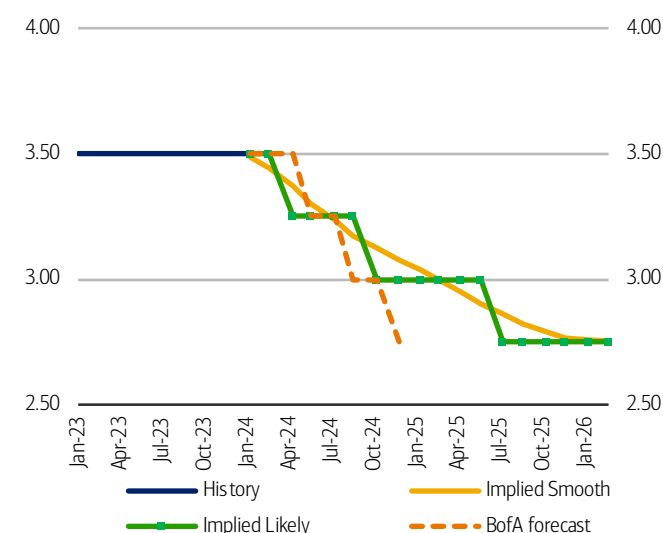
Implied Monetary Policy

	Smooth Path (2)			Market (1)	BofA	Most Likely Path (3)	
	Change			Change	Change	Change	
Meeting	Rate	Cumul.	Marg.	Marg.	Marg.	Marg.	Prob.(%) (4)
Curr. Rate	3.00						
24-Jan-24	2.99	-1	-1	1	0	0	95
7-Mar-24	2.94	-6	-4	-5	0	0	78
9-May-24	2.88	-12	-6	-7	0	0	53
11-Jul-24	2.82	-18	-7	-10	0	-25	74
5-Sep-24	2.77	-23	-5	-3	0	0	92
6-Nov-24	2.75	-25	-2	-1	0	0	98
23-Jan-25	2.74	-26	0	-1		0	97
7-Mar-25	2.76	-24	1	2		0	98
9-May-25	2.78	-22	2	3		0	90
11-Jul-25	2.79	-21	2	2		0	84

policy rate. **Source:** BofA Global Research

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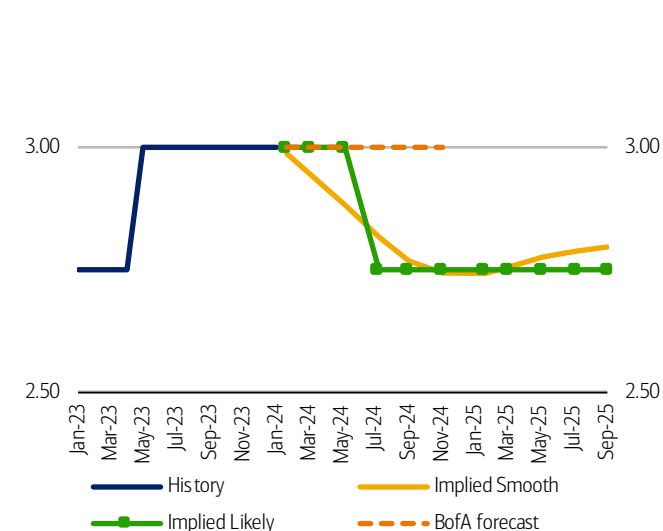
Market prices 20bp of cumulative cuts over the next six months



Source: BofA Global Research

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Market prices 12bp 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		Change	
Meeting	Rate	Cumul.	Marg	Marg.	Marg.	Marg.	Prob.(%) (4)
Curr. Rate	2.50						
7-Feb-24	2.45	-5	-5	-4	0	0	80
10-Apr-24	2.37	-13	-8	-7	0	-25	53
12-Jun-24	2.26	-24	-11	-13	0	0	97
21-Aug-24	2.14	-36	-12	-14	0	0	57
16-Oct-24	2.04	-46	-10	-11	0	-25	84
18-Dec-24	1.98	-52	-7	-9	0	0	90
6-Feb-25	1.95	-55	-2	1		0	82
9-Apr-25	1.96	-54	1	3		0	86
11-Jun-25	1.99	-51	2	4		0	95
20-Aug-25	2.01	-49	2	2		0	97
15-Oct-25	2.02	-48	1	0		0	92
17-Dec-25	2.04	-46	1	-2		0	86
6-Feb-26	2.06	-44	3	4		0	74
9-Apr-26	2.11	-39	4	6		0	57
11-Jun-26	2.15	-35	5	6		25	61
20-Aug-26	2.19	-31	4	4		0	78

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

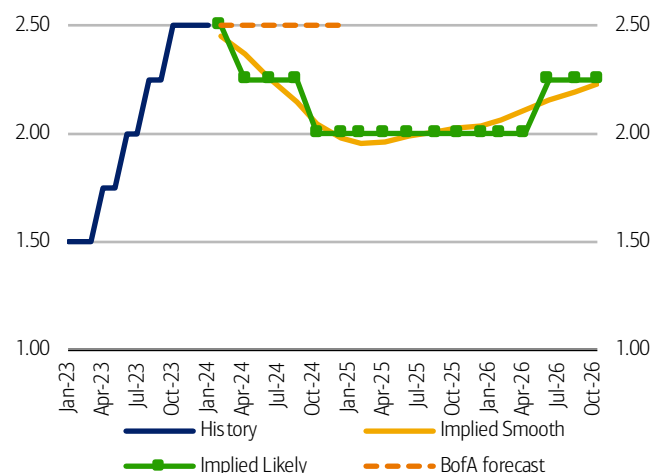
	Smooth Path (2) Change			Market (1) Change	BofA Change	Most Likely Path (3) Change	
Meeting	Rate	Cumul.	Marg	Marg.	Marg.	Marg.	Prob.(%) (4)
Curr. Rate	1.875						
21-Mar-24	1.854	-2	-2	-2	0.0	0.0	83
13-Jun-24	1.831	-4	-2	-2	0.0	0.0	65
19-Sep-24	1.807	-7	-2	-3	0.0	-12.5	54
19-Dec-24	1.782	-9	-2	-3	0.0	0.0	74
20-Mar-25	1.758	-12	-2	-2		0.0	94
19-Jun-25	1.733	-14	-2	-2		0.0	87
18-Sep-25	1.710	-17	-2	-2		0.0	68
18-Dec-25	1.689	-19	-2	-2		0.0	51

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

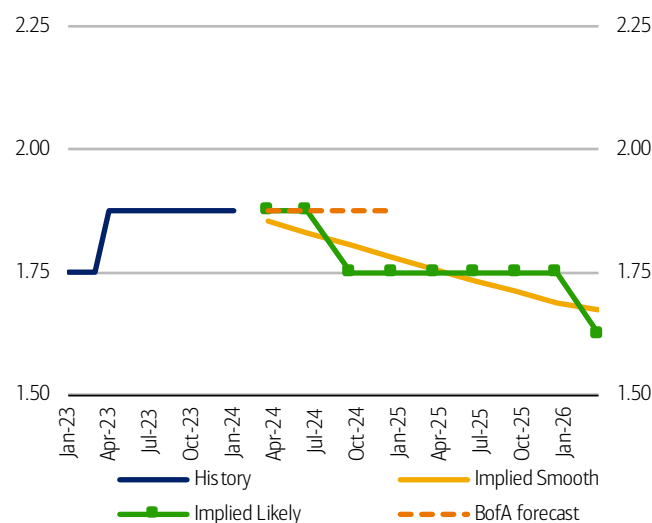
Market prices 24bp of cumulative cuts over the next six months

**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)			Market	BofA	Most Likely	Prob.(%) (4)
	Rate	Cumul. Change	Marg. Change	Marg. Change	Marg. Change	Marg. Change	
Curr. Rate	6.75						
8-Feb-24	6.36	-39	-39	-28	-25	-50	55
20-Mar-24	5.90	-85	-47	-61	-50	-25	58
2-May-24	5.40	-135	-50	-49	-50	-50	60
27-Jun-24	4.91	-184	-49	-39	-50	-50	64
1-Aug-24	4.44	-231	-47	-58	-25	-50	78
25-Sep-24	4.05	-270	-39	-46	-25	-50	79
7-Nov-24	3.76	-299	-29	-8	-25	-25	97
19-Dec-24	3.52	-323	-23	-34	-25	-25	90
7-Feb-25	3.36	-339	-16	-18		-25	54
20-Mar-25	3.27	-348	-9	-5		0	90
2-May-25	3.23	-352	-4	-3		0	92
27-Jun-25	3.21	-354	-2	-3		0	83
1-Aug-25	3.19	-356	-2	-2		0	76
25-Sep-25	3.16	-359	-3	0		0	65
7-Nov-25	3.12	-363	-4	-5		-25	52
19-Dec-25	3.07	-368	-5	-12		0	72

Basis: -4bp. 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)			Market	BofA	Most Likely	Prob.(%) (4)
	Rate	Cumul. Change	Marg. Change	Marg. Change	Marg. Change	Marg. Change	
Curr. Rate	10.75						
30-Jan-24	9.66	-109	-109	-108	-75	-105	75
27-Feb-24	8.73	-202	-93	-100	-75	-90	53
19-Mar-24	7.96	-279	-77	-71	-50	-90	61
23-Apr-24	7.33	-342	-63	-64	-50	-60	82
28-May-24	6.81	-394	-51	-50	-50	-45	76
25-Jun-24	6.40	-435	-42	-43	-25	-45	97
23-Jul-24	6.05	-470	-35	-31	-25	-30	64
27-Aug-24	5.74	-501	-31	-23	-25	-30	57
24-Sep-24	5.45	-530	-28	-44	-25	-30	68
29-Oct-24	5.23	-552	-22	-26	-25	-30	78
26-Nov-24	5.10	-565	-14	-5	-25	-15	68
17-Dec-24	5.02	-573	-8	-6	-25	0	79
28-Jan-25	4.97	-578	-4	-5		-15	51
25-Feb-25	4.95	-580	-3	-4		0	69
25-Mar-25	4.93	-582	-2	-1		0	80
29-Apr-25	4.91	-584	-2	-3		0	91
27-May-25	4.90	-585	-2	0		0	97
24-Jun-25	4.87	-588	-3	-1		0	77
22-Jul-25	4.82	-593	-4	-5		-15	51
26-Aug-25	4.78	-597	-4	-7		0	81
30-Sep-25	4.75	-600	-3	-7		0	100

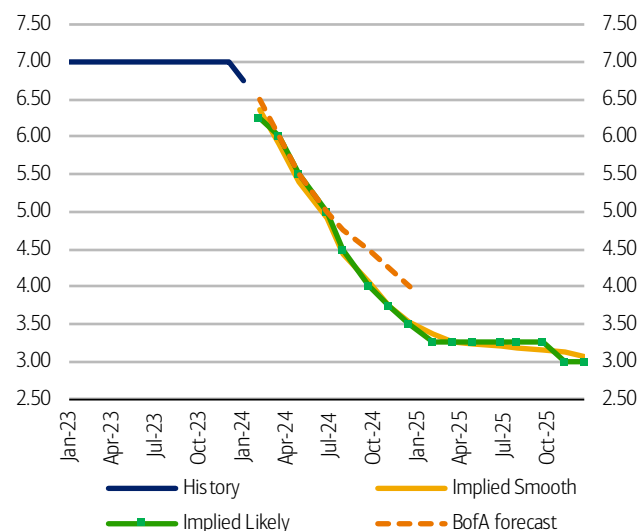
Basis: -82bp. Basis is the difference between the Budapest interbank offered 3 month rate and the monetary policy rate. **Source:** BofA Global Research

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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

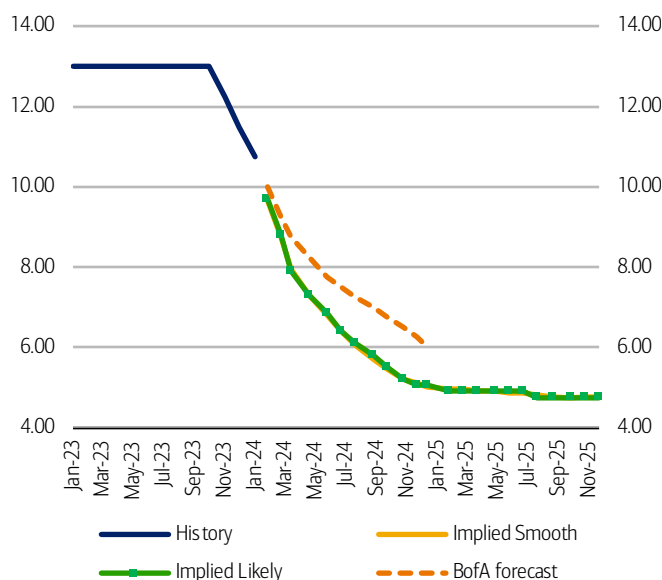
Market prices 184bp of cumulative cuts over the next six months

**Source:** BofA Global Research

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Chart 10: Hungary

Market prices 435bp 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						
9-Jan-24	5.74	-1	-1	-2	0	0	98
7-Feb-24	5.71	-4	-3	-1	0	0	85
6-Feb-24	5.64	-11	-7	-5	0	0	57
4-Apr-24	5.53	-22	-11	-12	0	-25	86
9-May-24	5.40	-35	-14	-18	0	0	59
5-Jun-24	5.25	-50	-15	-13	0	-25	99
5-Jul-24	5.11	-64	-14	-11	0	-25	57
5-Sep-24	4.97	-78	-14	-22	0	0	89
3-Oct-24	4.86	-89	-11	-6	0	-25	55
7-Nov-24	4.77	-98	-9	-14	0	0	91
5-Dec-24	4.69	-106	-8	4	0	0	78
14-Jan-25	4.59	-116	-10	-10		-25	64
7-Feb-25	4.46	-129	-13	-25		0	85
7-Mar-25	4.35	-140	-12	-10		-25	61
4-Apr-25	4.26	-149	-9	-7		0	97
9-May-25	4.19	-156	-7	-6		0	74
5-Jun-25	4.13	-162	-6	-6		0	52
5-Jul-25	4.08	-167	-5	-4		-25	67
5-Sep-25	4.04	-171	-4	-5		0	85
3-Oct-25	4.00	-175	-4	-6		0	99
7-Nov-25	3.96	-179	-4	-2		0	84
5-Dec-25	3.92	-183	-4	-4		0	70

Basis: 12bp. 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

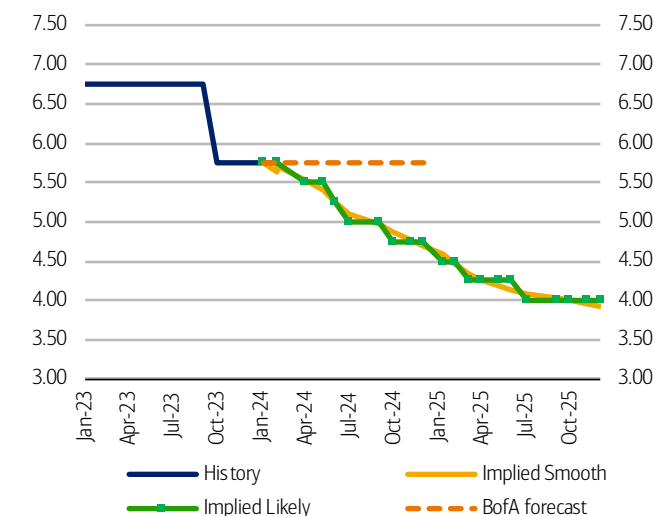
Meeting	Smooth Path (2)			Market (1)	BofA	Most Likely Path (3)	
	Rate	Cumul.	Marg	Change	Change	Change	Prob.(%) (4)
Curr. Rate	4.50						
26-Feb-24	4.34	-16	-16	-9	0	-15	94
8-Apr-24	4.15	-35	-19	-35	-25	-15	67
27-May-24	3.96	-54	-19	0	0	-30	58
8-Jul-24	3.77	-73	-20	-39	-50	-15	90
28-Aug-24	3.59	-91	-17	0	0	-15	96
7-Oct-24	3.44	-106	-15	-34	-25	-15	93
25-Nov-24	3.33	-117	-11	0	0	-15	79
1-Jan-25	3.25	-125	-8	0	-25	0	65
20-Feb-25	3.17	-133	-8	-23		-15	87
2-Apr-25	3.12	-138	-5	0		0	82
21-May-25	3.10	-140	-2	0		0	69
9-Jul-25	3.10	-140	0	0		0	66
28-Aug-25	3.10	-140	0	0		0	68
22-Oct-25	3.10	-140	0	0		0	70
26-Nov-25	3.11	-139	0	0		0	71

Basis: -4bp. 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 64bp of cumulative cuts over the next six months

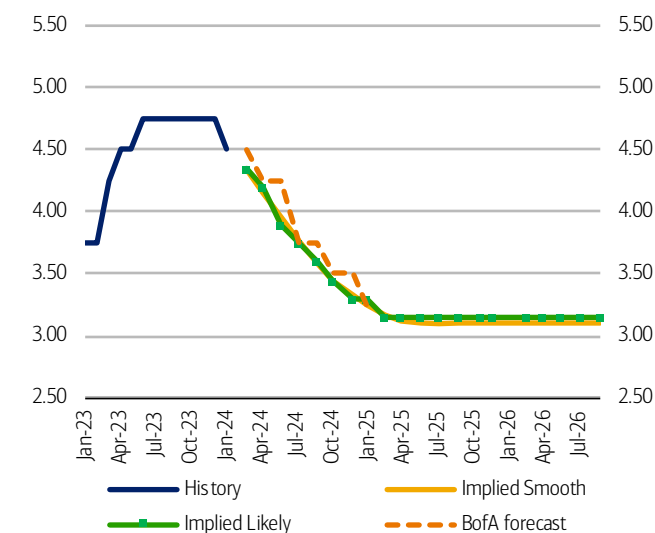


Source: BofA Global Research

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Chart 12: Israel

Market prices 54bp of cumulative cuts over the next six months



Source: BofA Global Research

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Exhibit 2: TÜRKİYE

Implied Marginal Policy Rate Changes

Meeting	Smooth Path (2)			Market (1)		BofA		Most Likely Path (3)	
	Rate	Cumul.	Marg.	Marg.	Marg.	Marg.	Marg.	Prob.(%)	(4)
Curr. Rate	42.50								
19-Jan-24	42.98	48	48	-29	250	50	96		
23-Feb-24	43.76	126	78	179	0	75	99		
22-Mar-24	44.44	194	68	95	0	75	88		
20-Apr-24	44.76	226	32	-22	0	25	97		
19-May-24	44.71	221	-5	0	0	0	93		
23-Jun-24	44.25	175	-46	0	0	-50	99		
21-Jul-24	43.36	86	-90	-233	0	-100	79		
18-Aug-24	42.23	-27	-113	0	0	-100	96		
22-Sep-24	40.59	-191	-163	0	0	-175	81		
20-Oct-24	38.26	-424	-233	-609	0	-225	97		
17-Nov-24	35.94	-656	-232	0	0	-225	88		
22-Dec-24	33.36	-914	-258	0	0	-275	78		
20-Jan-25	30.42	-1208	-294	-861	0	-275	84		
20-Feb-25	28.50	-1400	-192	0	-250	-200	99		
20-Mar-25	27.63	-1487	-88		-250	-75	75		
20-Apr-25	27.39	-1511	-24		-500	-25	78		
20-May-25	27.44	-1506	4		0	0	87		
20-Jul-25	27.55	-1495	11		0	0	91		
17-Aug-25	27.63	-1487	9		0	25	77		
21-Sep-25	27.68	-1482	5			0	86		
19-Oct-25	27.70	-1480	2			0	89		
16-Nov-25	27.70	-1480	0			0	90		
21-Dec-25	27.69	-1481	0			0	89		

Basis: 63bp. 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

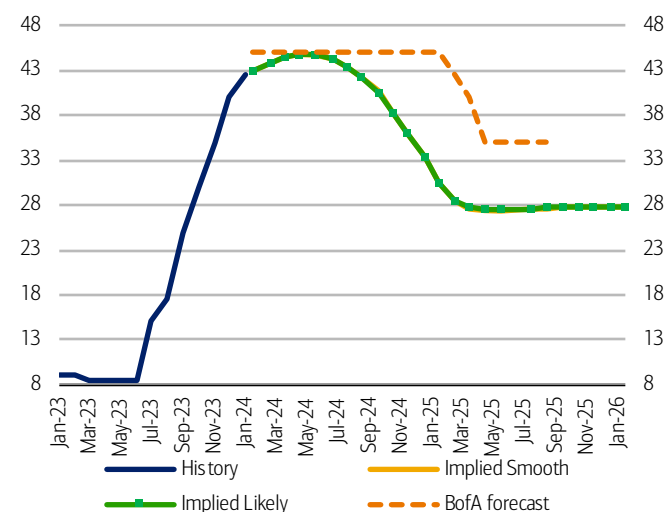
Meeting	Smooth Path (2)			Market (1)		BofA		Most Likely Path (3)	
	Rate	Cumul.	Marg.	Marg.	Marg.	Marg.	Marg.	Prob.(%)	(4)
Curr. Rate	8.25								
25-Jan-24	8.15	-10	-10	-10	0	0	62		
27-Mar-24	8.04	-21	-11	-10	0	-25	84		
30-May-24	7.91	-34	-14	-13	0	0	62		
18-Jul-24	7.75	-50	-16	-15	-25	-25	100		
19-Sep-24	7.59	-66	-16	-19	0	-25	65		
21-Nov-24	7.44	-81	-15	-18	-25	0	76		
23-Jan-25	7.33	-92	-11	-6		-25	69		
26-Mar-25	7.25	-100	-8	-10		0	100		
29-May-25	7.21	-104	-4	-4		0	84		
17-Jul-25	7.21	-104	0	-2		0	82		
18-Sep-25	7.24	-101	3	0		0	95		
20-Nov-25	7.29	-96	6	18		0	83		

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: Türkiye

Market prices 175bp of cumulative hikes over the next six months

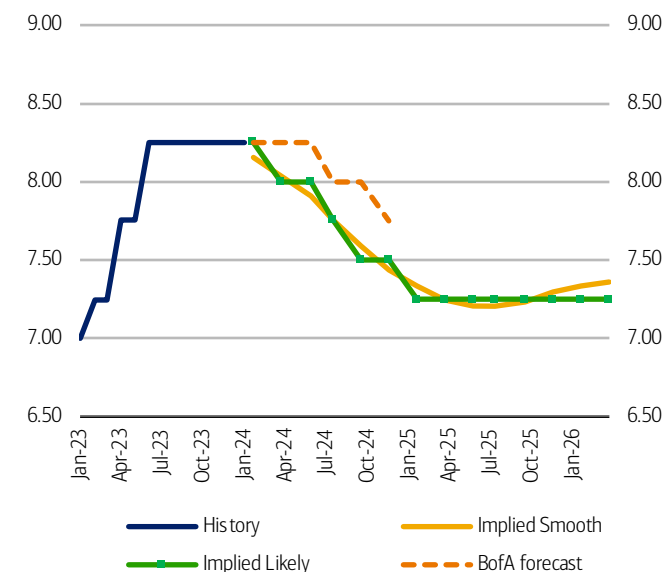


Since the CBT has an unorthodox policy framework, policy rates and band rates do not necessarily match to the front end spot and implied forward rates. This dilutes the priced in curve implications produced for Türkiye. **Source:** BofA Global Research

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Chart 14: South Africa

Market prices 34bp of cumulative cuts over the next six months

**Source:** BofA Global Research

BofA GLOBAL RESEARCH

LatAm

Table 14: BRAZIL

Implied Monetary Policy

Meeting	Smooth Path (2)			Market (1)	BofA	Most Likely Path (3)	Prob.(%) (4)
	Rate	Change Cumul.	Change Marg.	Change Marg.	Change Marg.	Change Marg.	
Curr. Rate	11.75						
31-Jan-24	11.19	-56	-56	-55	-50	-50	75
20-Mar-24	10.68	-107	-51	-46	-50	-50	72
8-May-24	10.23	-152	-45	-53	-50	-50	94
19-Jun-24	9.88	-187	-36	-38	-50	-25	51
31-Jul-24	9.63	-212	-25	-24	-25	-25	51
18-Sep-24	9.47	-228	-16	-10	0	-25	89
6-Nov-24	9.38	-237	-9	-9	0	0	51
11-Dec-24	9.32	-243	-6	-5	0	-25	72
29-Jan-25	9.29	-246	-3	-6		0	86
12-Mar-25	9.28	-247	-1	-1		0	89
23-Apr-25	9.29	-246	2	0		0	82
4-Jun-25	9.34	-241	5	5		0	63
16-Jul-25	9.41	-234	7	16		25	66
27-Aug-25	9.50	-225	8	-4		0	99
8-Oct-25	9.62	-213	12	1		0	51
19-Nov-25	9.79	-196	17	39		25	84

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

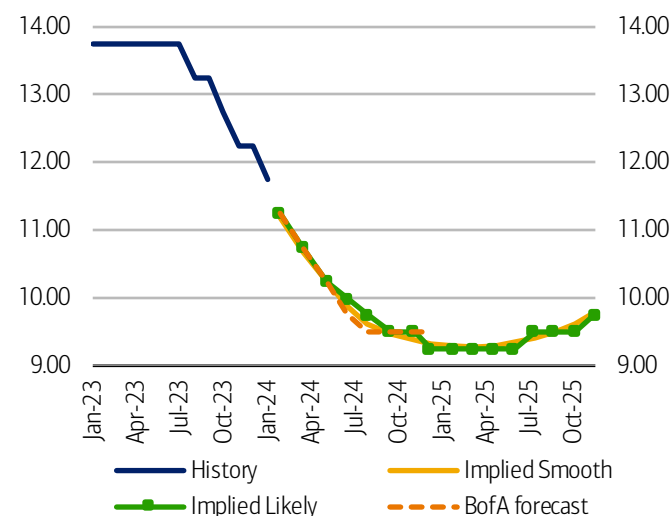
Meeting	Smooth Path (2)			Market (1)	BofA	Most Likely Path (3)	Prob.(%) (4)
	Rate	Change Cumul.	Change Marg.	Change Marg.	Change Marg.	Change Marg.	
Curr. Rate	8.25						
31-Jan-24	7.51	-74	-74	-72	-50	-75	95
2-Apr-24	6.84	-141	-67	-69	-50	-75	65
23-May-24	6.24	-201	-60	-65	-25	-50	95
18-Jun-24	5.73	-252	-51	-45	-25	-50	90
31-Jul-24	5.29	-296	-43	-44	-25	-50	83
3-Sep-24	4.93	-332	-36	-36	-25	-25	73
17-Oct-24	4.65	-360	-28	-34	-25	-25	61
17-Dec-24	4.47	-378	-19	-18	0	-25	86
31-Jan-25	4.36	-389	-11	-6		-25	57
2-Apr-25	4.30	-395	-6	-5		0	81
23-May-25	4.27	-398	-3	-3		0	93
18-Jun-25	4.25	-400	-1	-1		0	98
31-Jul-25	4.25	-400	-1	-2		0	99
3-Sep-25	4.25	-400	0	0		0	99
17-Oct-25	4.26	-399	1	1		0	98
17-Dec-25	4.27	-398	1	1		0	93
31-Jan-26	4.28	-397	2	3		0	87
2-Apr-26	4.30	-395	1	1		0	82

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 187bp of cumulative cuts over the next six months

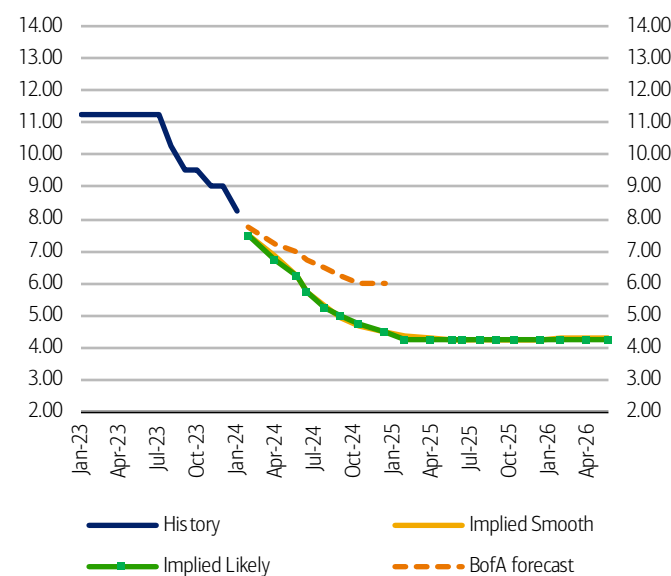


Source: BofA Global Research

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Chart 16: Chile

Market prices 252bp 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)	
	Rate	Cumul.	Marg.	Change	Change	Change	Prob.(%)
				Marg.	Marg.	Marg.	(4)
Curr. Rate	13.00						
31-Jan-24	12.63	-37	-37	-39	-25	-25	53
29-Mar-24	12.19	-81	-45	-39	-25	-50	74
27-Apr-24	11.65	-135	-54	-47	-50	-50	60
28-Jun-24	11.03	-197	-62	-72	-50	-75	89
27-Jul-24	10.37	-263	-65	-67	-50	-75	50
28-Sep-24	9.75	-325	-63	-70	-50	-50	99
26-Oct-24	9.19	-381	-56	-46	-50	-50	76
14-Dec-24	8.71	-429	-48	-48	-50	-50	83
25-Jan-25	8.30	-470	-41	-42		-50	81
29-Mar-25	7.96	-504	-34	-35		-25	84
27-Apr-25	7.70	-530	-26	-23		-25	79
28-Jun-25	7.50	-550	-20	-22		-25	98
27-Jul-25	7.35	-565	-14	-12		-25	59
28-Sep-25	7.26	-574	-9	-12		0	95
26-Oct-25	7.22	-578	-4	-3		0	88
14-Dec-25	7.21	-579	0	-1		0	86
24-Jan-26	7.23	-577	2	5		0	94
28-Mar-26	7.26	-574	3	1		0	95
26-Apr-26	7.29	-571	3	5		0	82
27-Jun-26	7.32	-568	3	1		0	71
26-Jul-26	7.35	-565	3	4		0	60
27-Sep-26	7.37	-563	2	0		0	52
25-Oct-26	7.39	-561	2	3		25	55
13-Dec-26	7.40	-560	1	1		0	60

Basis: -94bp. Basis is the difference between the IBR interbank overnight rate and the monetary policy rate. **Source:** BoFA Global Research

BoFA GLOBAL RESEARCH

Table 17: MEXICO

Implied Monetary Policy

Meeting	Smooth Path (2)			Market (1)	BofA	Most Likely Path (3)	
	Rate	Cumul.	Marg.	Change	Change	Change	Prob.(%)
				Marg.	Marg.	Marg.	(4)
Curr. Rate	11.25						
8-Feb-24	11.20	-5	-5	-1	0	0	78
21-Mar-24	11.06	-19	-13	-18	0	-25	74
9-May-24	10.88	-37	-18	-22	0	0	52
20-Jun-24	10.67	-58	-21	-20	-50	-25	66
8-Aug-24	10.43	-82	-23	-23	-50	-25	72
19-Sep-24	10.17	-108	-26	-22	-50	-25	68
7-Nov-24	9.88	-137	-29	-29	-50	-25	51
12-Dec-24	9.55	-170	-33	-33	-50	-50	79
8-Feb-25	9.21	-204	-34	-41		-25	85
21-Mar-25	8.89	-236	-32	-30		-25	57
9-May-25	8.61	-264	-28	-28		-50	55
20-Jun-25	8.37	-288	-24	-23		-25	51
8-Aug-25	8.18	-307	-19	-20		0	72
19-Sep-25	8.03	-322	-15	-15		-25	89
7-Nov-25	7.91	-334	-11	-12		0	66
12-Dec-25	7.83	-342	-8	-6		-25	68

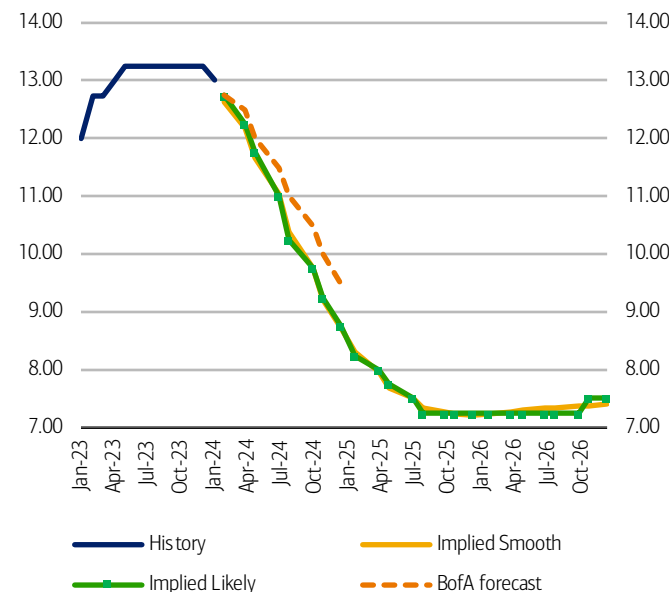
Basis: 25bp. Basis is the difference between the 28d TIIE rate and the monetary policy rate.

Source: BoFA Global Research

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Chart 17: Colombia

Market prices 197bp of cumulative cuts over the next six months

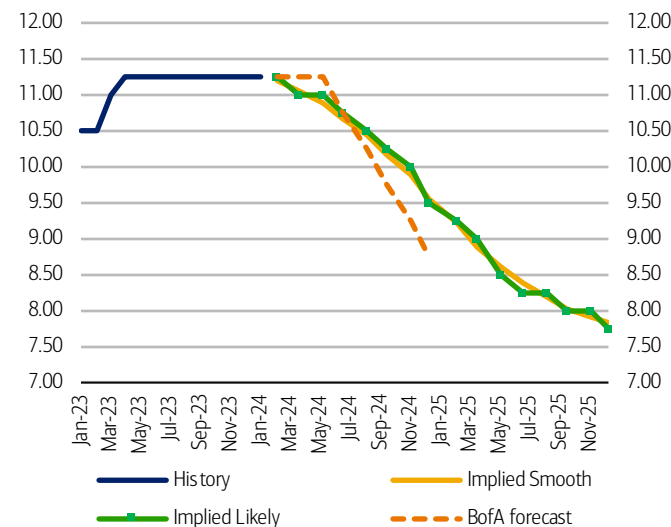


Source: BoFA Global Research

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Chart 18: Mexico

Market prices 58bp of cumulative cuts over the next six months



Source: BoFA Global Research

BoFA GLOBAL RESEARCH

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

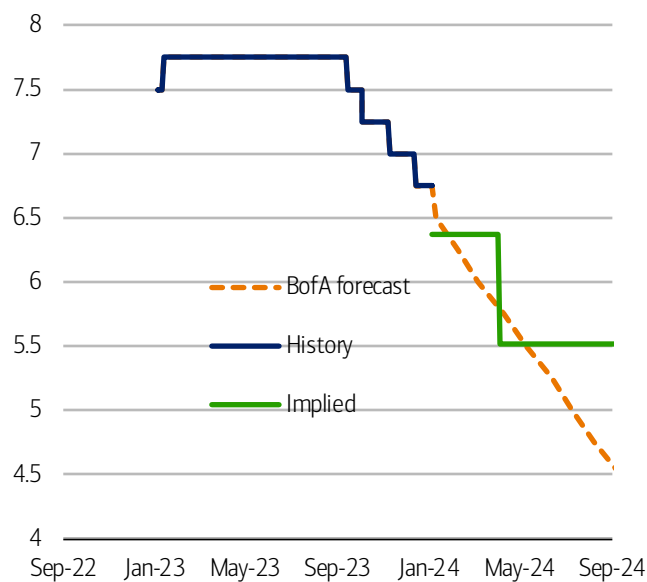
Horizon	Rate	Implied		Period	BofA		
		Cumul	Marg		Fcst	Cumul	Marg
Curr. Rate	6.75						
3m	6.37	-38	-38	01/11/24	6.50	-25	-25
6m	5.51	-124	-86	02/08/24	6.25	-50	-25
9m	5.52	-123	1	03/07/24	6.00	-75	-25
12m	4.29	-246	-123	04/11/24	5.75	-100	-25
				05/09/24	5.50	-125	-25
				06/13/24	5.25	-150	-25
				07/11/24	5.00	-175	-25
				08/08/24	4.75	-200	-25
				09/12/24	4.50	-225	-25
				10/10/24	4.25	-250	-25
				11/07/24	4.00	-275	-25
				12/12/24	4.00	-275	0
				01/10/25	4.00	-275	0

Source: BofA Global Research Estimates, Bloomberg

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Chart 19: Peru

Market prices 124bp of cumulative cuts over the next 6 months



Source: BofA Global Research Estimates, Bloomberg

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