

What's priced in

BANREP, BCB, BCCH and NBH will likely cut this week

In **Hungary**, the central bank meets on January 30. The market is pricing 382bp of cumulative cuts over the next six months. Our economist, Mai Doan, forecasts the NBH to cut 100bp on January 30. The NBH has turned more dovish recently, as expected, to be more aligned with the increasing desire for growth. The base rate will likely fall to 5.50% by YE2024 and 4.0% by YE2025, from 10.75% currently.

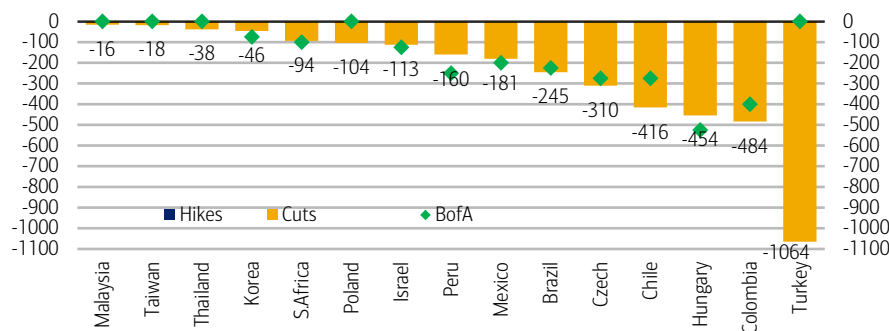
In **Brazil**, the central bank meets on January 31. The market is pricing a 50bp cut for the meeting. Our economists, David Beker and Natacha Perez, forecast the BCB to cut rates by 50bp to 11.25% in an unanimous decision. The committee will likely highlight the fiscal uncertainty & intensification of geopolitical risks to justify the pace maintenance. The weight of 2025 will likely begin to increase at this meeting for the relevant horizon.

In **Colombia**, the central bank meets on January 31. The market is pricing a 25bp cut for the meeting. Our economist, Alexander Müller, forecasts the BANREP to cut 25bp on January 31. The decision will likely be split. In our view, they will not cut 50bp in the next two meetings because that is when El Nino is supposed to peak (between December and April) and they are still worried about the effects.

In **Chile**, the central bank meets on January 31. The market is pricing 100bp cut for the meeting. Our economist, Sebastian Rondeau expects BCCH to cut rates 75bp in the coming meeting, given low inflation and we see the rate down to 5.25% in December.

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 26. **Source:** BofA Global Research. 12 month period ends 25 January 2025

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28 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

GEMs FI Strategy & Economics
BofAS

See Team Page for List of Analysts

BANREP: Central Bank of Colombia

BCB: Central Bank of Brazil

BCCH: Central Bank of Chile

NBH: National Bank of Hungary

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Refer to important disclosures on page 11 to 13.

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Timestamp: 28 January 2024 09:15PM 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	-3	0	-9	0	13	0
Mar24	--	--	--	--	0	--	--	--
Jun24	-6	-25	-3	0	-5	0	-11	0
Sep24	-15	-25	-5	0	-2	0	-15	0
Dec24	-18	-25	-3	0	-2	0	-26	0
2024	-39	-75	-13	0	-18	0	-38	0
2025	-30	-25	-8	0	-7	0	-5	-50

Next Central Banks meeting dates: Korea (02/22), Malaysia (03/07), 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.	-33	-25	-46	-100	-9	0
Mar24	-38	-50	-123	-200	--	--
Jun24	-94	-100	-180	-175	-27	-25
Sep24	-95	-50	-68	-25	-33	-50
Dec24	-51	-50	-36	-25	-30	-25
2024	-310	-275	-454	-525	-100	-100
2025	-32	-100	31	-150	-34	-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		45.00	
next meet.	1	0	-14	0	-9	0
Mar24	-3	0	--	--	-7	0
Jun24	-27	0	-16	0	-51	0
Sep24	-26	0	-36	-50	-197	0
Dec24	-36	0	-16	-25	-571	0
2024	-91	0	-81	-75	-834	0
2025	-84	-100	-25	-50	-1358	-1200

Next Central Banks meeting dates: Poland (02/07), Safrica (03/27). Türkiye (02/23). **Source:** BofA Global Research

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Table 4: LATAM

Implied Marginal Policy Rate Changes

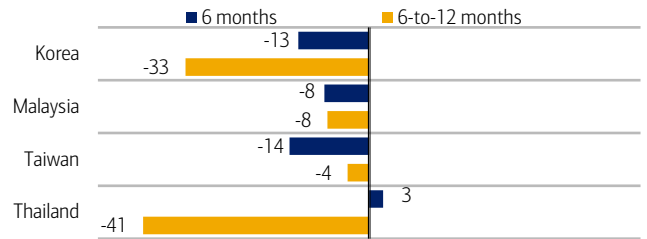
Country	Brazil		Chile		Colombia		Mexico	
	Imp	BofA	Imp	BofA	Imp	BofA	Imp	BofA
Curr. Rate	11.75		8.25		13.00		11.25	
next meet.	-55	-50	-104	-75	-27	-25	-6	0
Mar24	-50	-50	--	--	-40	-25	-13	-25
Jun24	-82	-100	-220	-125	-124	-100	-41	-25
Sep24	-44	-25	-68	-50	-138	-100	-58	-50
Dec24	-14	0	-24	-25	-110	-100	-64	-100
2024	-245	-225	-416	-275	-440	-350	-181	-200
2025	55	0	1	-75	-171	-350	-155	-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

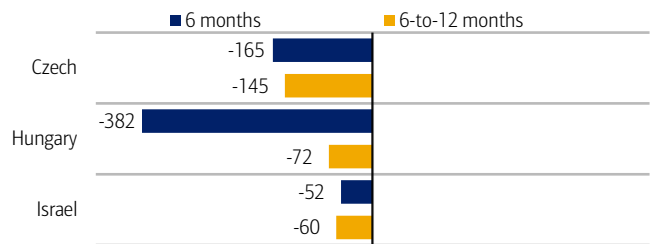


Yield curves last update: KRW: Jan-26 09:26. MYR: Jan-26 09:26. TWD: Jan-26 09:26. THB: Jan-26 09:26. **Source:** BofA Global Research

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Chart 3: Priced in marginal changes

Priced in marginal changes

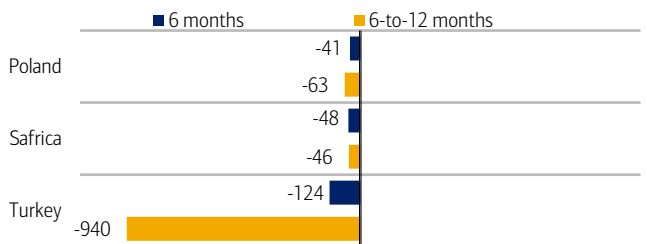


Yield curves last update: CZK: Jan-26. HUF: Jan-26. ILS: Jan-26. **Source:** BofA Global Research

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Chart 4: Priced in marginal changes

Implied Marginal Policy Rate Changes

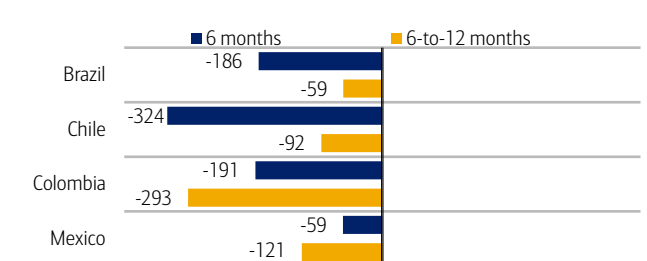


Yield curves last update: PLN: Jan-26. ZAR: Jan-26. TRY: Jan-26. **Source:** BofA Global Research

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Chart 5: Priced in marginal changes

Implied Marginal Policy Rate Changes



Yield curves last update: BRL: Jan-26 21:16. CLP: Jan-26 21:06. COP: Jan-26 21:06. MXN: Jan-26 21:06. **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	3.48	-2	-2	-2	0	0	91
23-May-24	3.44	-6	-4	-1	-25	0	75
11-Jul-24	3.37	-13	-7	-8	0	-25	51
22-Aug-24	3.29	-21	-9	-9	-25	0	85
11-Oct-24	3.19	-31	-9	-11	0	0	78
28-Nov-24	3.11	-39	-9	-10	-25	-25	56
13-Jan-25	3.04	-46	-7	-4	0	0	83
23-Feb-25	2.99	-51	-6	-4		0	94
12-Apr-25	2.94	-56	-5	-6		0	74
24-May-25	2.89	-61	-4	-4		0	57
12-Jul-25	2.86	-64	-3	-3		-25	57
23-Aug-25	2.83	-67	-3	-3		0	68
12-Oct-25	2.81	-69	-2	-2		0	75
22-Nov-25	2.81	-69	-1	-1		0	78

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

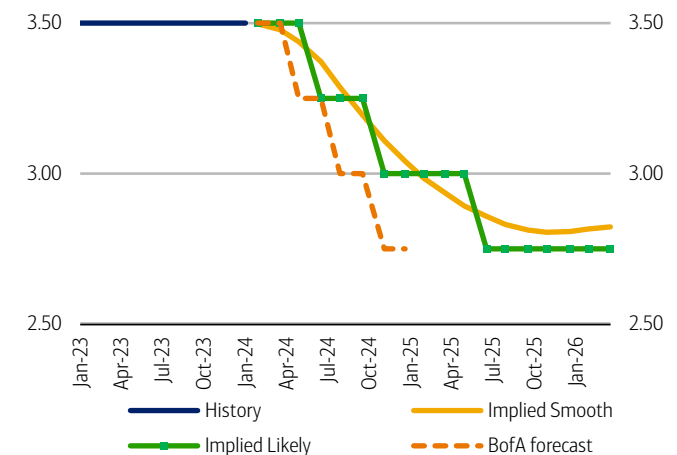
Meeting	Smooth Path (2)			Market (1)	BofA	Most Likely Path (3)	
	Rate	Cumul.	Change Marg.	Change Marg.	Change Marg.	Change Marg.	Prob.(%) (4)
Curr. Rate	3.00						
7-Mar-24	2.97	-3	-3	-2	0	0	89
9-May-24	2.94	-6	-3	-6	0	0	77
11-Jul-24	2.92	-8	-2	1	0	0	68
5-Sep-24	2.90	-10	-2	-3	0	0	58
6-Nov-24	2.87	-13	-3	-3	0	-25	52
23-Jan-25	2.84	-16	-3	-3	0	0	62
7-Mar-25	2.82	-18	-2	-2		0	72
9-May-25	2.80	-20	-2	-2		0	79
11-Jul-25	2.79	-21	-1	-2		0	84
5-Sep-25	2.78	-22	-1	-1		0	87

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 13bp of cumulative cuts over the next six months

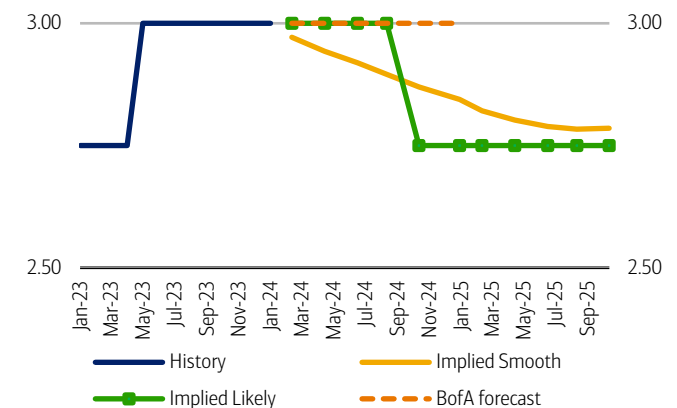


Source: BofA Global Research

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Chart 6: Malaysia

Market prices 8bp 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						
7-Feb-24	2.63	13	13	22	0	25	54
10-Apr-24	2.63	13	-1	-8	0	0	51
12-Jun-24	2.53	3	-10	-11	0	-25	90
21-Aug-24	2.37	-13	-15	-20	0	-25	50
16-Oct-24	2.23	-27	-15	-13	0	0	92
18-Dec-24	2.12	-38	-11	-13	0	-25	53
6-Feb-25	2.06	-44	-6	-4	0	0	77
9-Apr-25	2.04	-46	-2	1	0	0	83
11-Jun-25	2.05	-45	1	3	0	0	81
20-Aug-25	2.06	-44	1	2	0	0	77
15-Oct-25	2.06	-44	0	0	0	0	75
17-Dec-25	2.06	-44	0	-4	0	0	75

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

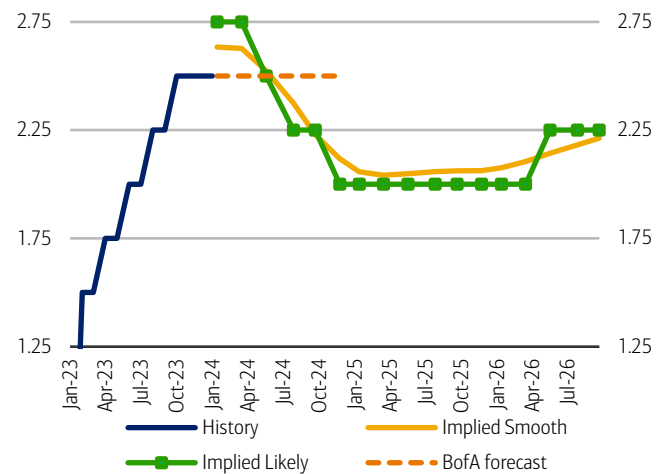
Meeting	Smooth Path (2)			Market (1)	BofA Change	Most Likely Path (3)	
	Rate	Cumul.	Change Marg.	Change Marg.	Marg.	Change Marg.	Prob.(%) (4)
Curr. Rate	1.875						
21-Mar-24	1.781	-9	-9	-13	0.0	-12.5	75
13-Jun-24	1.731	-14	-5	-1	0.0	0.0	85
19-Sep-24	1.708	-17	-2	0	0.0	0.0	67
19-Dec-24	1.693	-18	-2	-2	0.0	0.0	54
20-Mar-25	1.675	-20	-2	-3		-12.5	60
19-Jun-25	1.655	-22	-2	-3		0.0	76
18-Sep-25	1.636	-24	-2	-2		0.0	91
18-Dec-25	1.621	-25	-2	-1		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

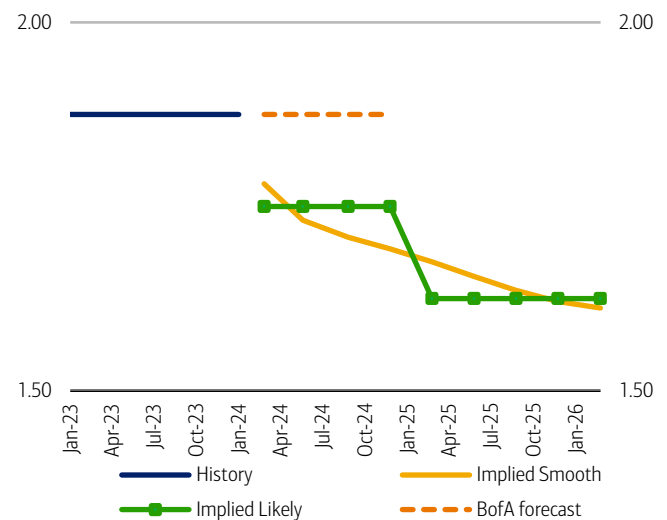
Market prices 3bp of cumulative hikes over the next six months

**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

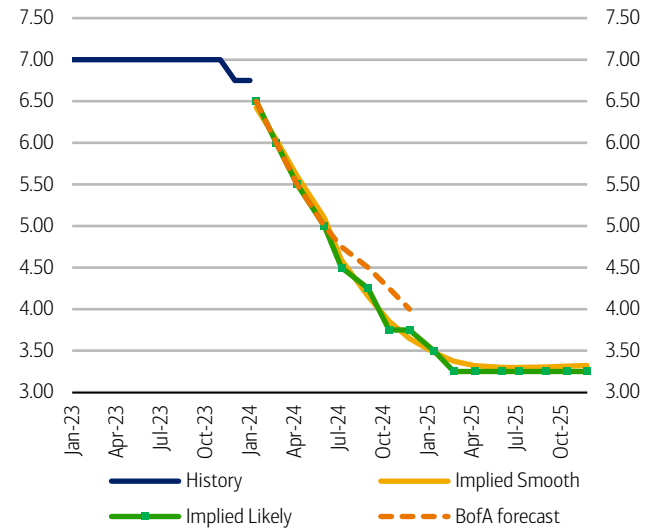
Meeting	Smooth Path (2)			Market (1)	BofA	Most Likely Path (3)	
	Rate	Cumul. Change	Marg. Change	Marg. Change	Marg. Change	Marg. Change	Prob.(%) (4)
Curr. Rate	6.75						
8-Feb-24	6.42	-33	-33	-33	-25	-25	69
20-Mar-24	6.04	-71	-38	-38	-50	-50	84
2-May-24	5.60	-115	-44	-32	-50	-50	60
27-Jun-24	5.10	-165	-50	-59	-50	-50	60
1-Aug-24	4.59	-216	-51	-53	-25	-50	63
25-Sep-24	4.15	-260	-44	-70	-25	-25	61
7-Nov-24	3.85	-290	-30	-5	-25	-50	58
19-Dec-24	3.65	-310	-21	-6	-25	0	59
7-Feb-25	3.48	-327	-17	-38		-25	92
20-Mar-25	3.37	-338	-11	-5		-25	50
2-May-25	3.32	-343	-6	-5		0	72
27-Jun-25	3.30	-345	-2	-1		0	80
1-Aug-25	3.30	-345	0	0		0	81
25-Sep-25	3.31	-344	1	0		0	78
7-Nov-25	3.31	-344	1	1		0	74
19-Dec-25	3.32	-343	1	1		0	71

Basis: -17bp. 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

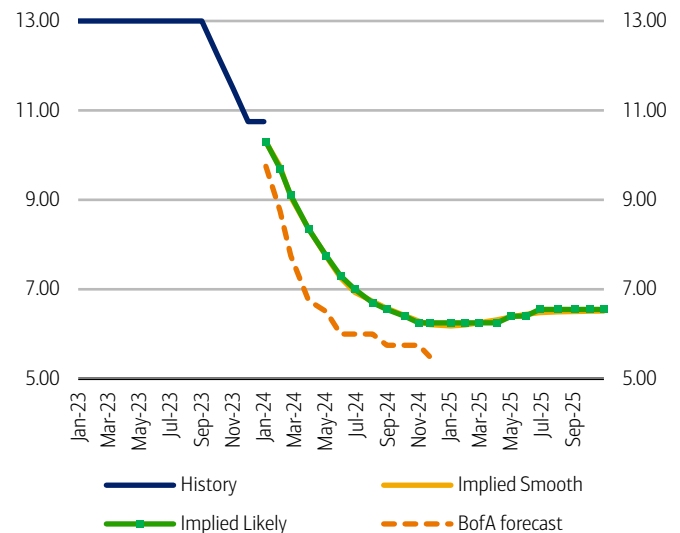
Meeting	Smooth Path (2)			Market (1)	BofA	Most Likely Path (3)	
	Rate	Cumul. Change	Marg. Change	Marg. Change	Marg. Change	Marg. Change	Prob.(%) (4)
Curr. Rate	10.75						
30-Jan-24	10.29	-46	-46	-58	-100	-45	94
27-Feb-24	9.75	-100	-54	-5	-100	-60	68
19-Mar-24	9.06	-169	-69	-108	-100	-60	74
23-Apr-24	8.35	-240	-71	-80	-100	-75	99
28-May-24	7.73	-302	-62	-59	-25	-60	89
25-Jun-24	7.26	-349	-48	-47	-50	-45	71
23-Jul-24	6.93	-382	-32	-37	0	-30	55
27-Aug-24	6.73	-402	-20	2	0	-30	77
24-Sep-24	6.57	-418	-16	-13	-25	-15	84
29-Oct-24	6.42	-433	-16	-32	0	-15	90
26-Nov-24	6.29	-446	-13	-11	0	-15	74
17-Dec-24	6.21	-454	-8	-8	-25	0	73
28-Jan-25	6.18	-457	-3	-5		0	54
25-Feb-25	6.20	-455	2	7		0	69
25-Mar-25	6.25	-450	5	5		0	97
29-Apr-25	6.32	-443	6	6		0	54
27-May-25	6.38	-437	6	7		15	89
24-Jun-25	6.44	-431	6	5		0	74
22-Jul-25	6.48	-427	4	7		15	52
26-Aug-25	6.50	-425	2	-1		0	65
30-Sep-25	6.50	-425	1	0		0	70

Basis: -140bp. 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 382bp 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

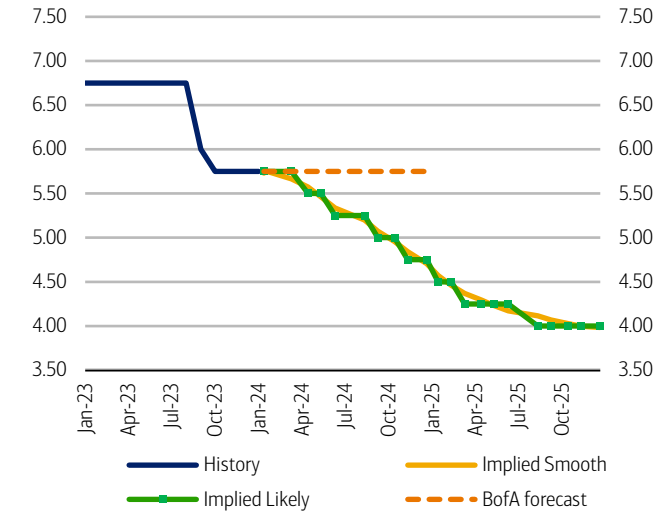
Meeting	Smooth Path (2)			Market (1)	BofA	Most Likely Path (3)	
	Rate	Cumul.	Marg	Change	Change	Change	Prob.(%) (4)
Curr. Rate	5.75						
7-Feb-24	5.76	1	1	2	0	0	96
6-Feb-24	5.73	-2	-3	-3	0	0	92
4-Apr-24	5.67	-8	-6	-7	0	0	66
9-May-24	5.57	-18	-9	-11	0	-25	71
5-Jun-24	5.46	-29	-11	-9	0	0	85
5-Jul-24	5.34	-41	-13	-12	0	-25	66
5-Sep-24	5.20	-55	-14	-19	0	0	80
3-Oct-24	5.07	-68	-13	-12	0	-25	71
7-Nov-24	4.96	-79	-12	-10	0	0	83
5-Dec-24	4.84	-91	-12	-2	0	-25	63
14-Jan-25	4.71	-104	-14	-22	0	0	82
7-Feb-25	4.57	-118	-13	-18		-25	72
7-Mar-25	4.46	-129	-11	-8		0	84
4-Apr-25	4.37	-138	-9	-8		-25	52
9-May-25	4.29	-146	-7	-8		0	82
5-Jun-25	4.23	-152	-6	-5		0	92
5-Jul-25	4.17	-158	-6	-5		0	69
5-Sep-25	4.12	-163	-6	-8		-25	54
3-Oct-25	4.07	-168	-5	-3		0	73
7-Nov-25	4.03	-172	-4	-4		0	89
5-Dec-25	4.00	-175	-3	-5		0	99

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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Chart 11: Poland

Market prices 41bp of cumulative cuts over the next six months

**Source:** BofA Global Research

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Table 12: ISRAEL

Implied Marginal Policy Rate Changes

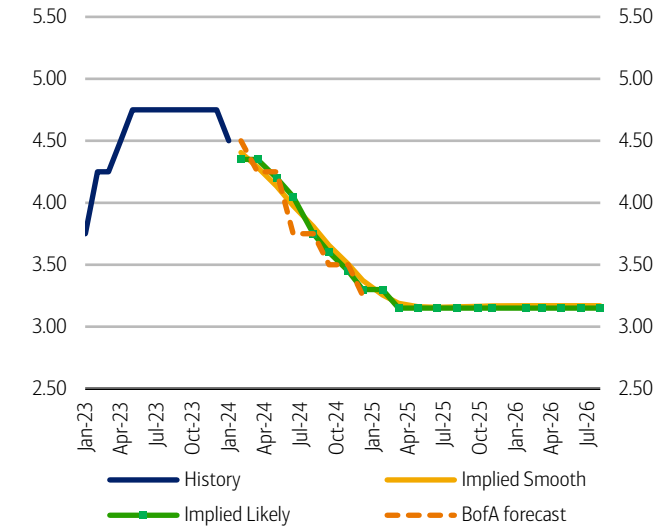
Meeting	Smooth Path (2)			Market (1)	BofA	Most Likely Path (3)	
	Rate	Cumul.	Marg	Change	Change	Change	Prob.(%) (4)
Curr. Rate	4.50						
26-Feb-24	4.41	-9	-9	-12	0	-15	63
8-Apr-24	4.29	-21	-12	0	-25	0	58
27-May-24	4.13	-37	-15	-33	0	-15	56
8-Jul-24	3.98	-52	-16	0	-50	-15	51
28-Aug-24	3.81	-69	-17	-33	0	-30	61
7-Oct-24	3.66	-84	-15	0	-25	-15	63
25-Nov-24	3.50	-100	-15	-27	0	-15	64
1-Jan-25	3.37	-113	-13	0	-25	-15	51
20-Feb-25	3.26	-124	-12	-29		0	71
2-Apr-25	3.19	-131	-7	0		-15	74
21-May-25	3.16	-134	-3	0		0	92
9-Jul-25	3.16	-134	0	0		0	96
28-Aug-25	3.16	-134	0	0		0	93
22-Oct-25	3.16	-134	0	0		0	90
26-Nov-25	3.17	-133	0	0		0	88

Basis: -6bp. 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 12: Israel

Market prices 52bp 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.	Change	Marg.	Change	Marg.	Change	Prob.(%) (4)
Curr. Rate	45.00								
23-Feb-24	44.91	-9	-9	-7	0	0	0	83	
22-Mar-24	44.85	-15	-7	-33	0	-25	81		
20-Apr-24	44.80	-20	-4	22	0	0	89		
19-May-24	44.67	-33	-13	1	0	0	84		
23-Jun-24	44.33	-67	-34	0	0	-50	83		
21-Jul-24	43.76	-124	-58	-181	0	-50	98		
18-Aug-24	43.16	-184	-60	-30	0	-50	81		
22-Sep-24	42.37	-263	-79	0	0	-100	77		
20-Oct-24	41.01	-399	-135	0	0	-125	98		
17-Nov-24	38.89	-611	-212	-505	0	-200	78		
22-Dec-24	36.66	-834	-223	0	0	-225	82		
20-Jan-25	34.36	-1064	-230	-374	0	-250	79		
20-Feb-25	32.54	-1246	-182	-281	-250	-175	93		
20-Mar-25	31.53	-1347	-101	-4	-250	-100	94		
20-Apr-25	30.97	-1403	-56	4	-500	-50	94		
20-May-25	30.25	-1475	-72	0	0	-75	100		
20-Jun-25	28.86	-1614	-139	0	0	-150	78		
17-Aug-25	26.70	-1830	-215	-549	0	-200	91		
21-Sep-25	24.83	-2017	-187	-219	-200	-200	83		
19-Oct-25	23.76	-2124	-108	0		-100	98		
16-Nov-25	23.29	-2171	-47	0		-50	92		
21-Dec-25	23.08	-2192	-21	0		-25	84		

Basis: -25bp. 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

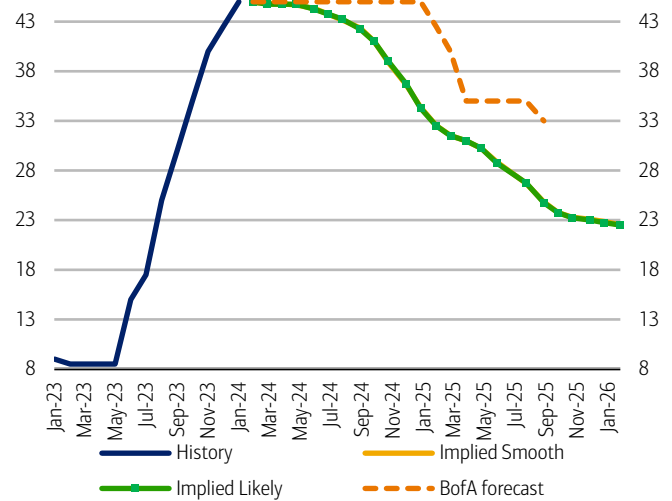
Meeting	Smooth Path (2)			Market (1)		BofA		Most Likely Path (3)	
	Rate	Cumul.	Marg.	Change	Marg.	Change	Marg.	Change	Prob.(%) (4)
Curr. Rate	8.25								
27-Mar-24	8.11	-14	-14	-14	0	-25	56		
30-May-24	7.95	-30	-16	-11	0	0	81		
18-Jul-24	7.77	-48	-18	-23	-25	-25	91		
19-Sep-24	7.59	-66	-18	-21	-25	-25	63		
21-Nov-24	7.44	-81	-16	-13	-25	0	74		
23-Jan-25	7.31	-94	-13	-12	-25	-25	76		
26-Mar-25	7.22	-103	-9	-10		0	88		
29-May-25	7.17	-108	-5	-5		0	67		
17-Jul-25	7.15	-110	-2	-1		0	60		
18-Sep-25	7.16	-109	1	0		0	64		
20-Nov-25	7.19	-106	3	9		0	75		

Basis: 14bp. 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 124bp of cumulative cuts over the next six months

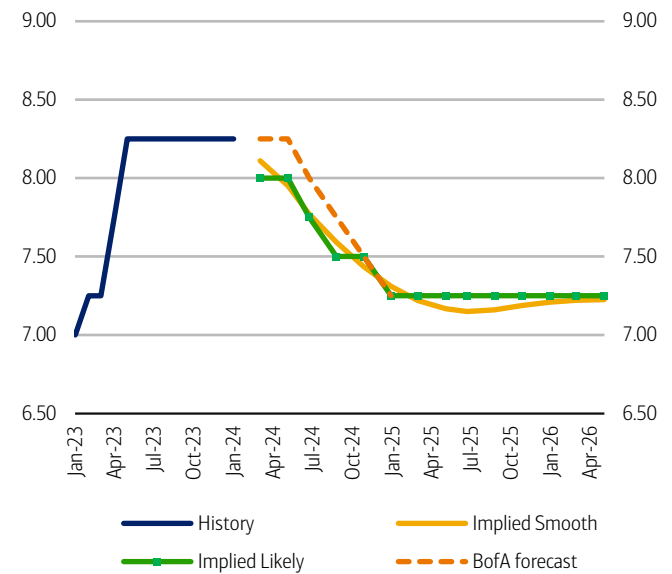


Since the CBT has an unorthodox policy framework, policy rates and band rates do not necessarily match to the front end spot and implied forward rates. This dilutes the priced in curve implications produced for Türkiye. **Source:** BofA Global Research

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Chart 14: South Africa

Market prices 48bp 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	11.20	-55	-55	-55	-50	-50	82
20-Mar-24	10.71	-104	-50	-43	-50	-50	83
8-May-24	10.26	-149	-45	-53	-50	-50	97
19-Jun-24	9.89	-186	-37	-38	-50	-25	54
31-Jul-24	9.61	-214	-28	-34	-25	-50	56
18-Sep-24	9.44	-231	-17	-12	0	0	76
6-Nov-24	9.35	-240	-9	2	0	-25	59
11-Dec-24	9.30	-245	-5	-13	0	0	81
29-Jan-25	9.27	-248	-2	-4		0	90
12-Mar-25	9.28	-247	1	2		0	87
23-Apr-25	9.32	-243	4	4		0	72
4-Jun-25	9.38	-237	6	5		25	51
16-Jul-25	9.45	-230	8	16		0	82
27-Aug-25	9.54	-221	9	-3		0	83
8-Oct-25	9.67	-208	13	0		25	68
19-Nov-25	9.85	-190	18	40		0	60

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

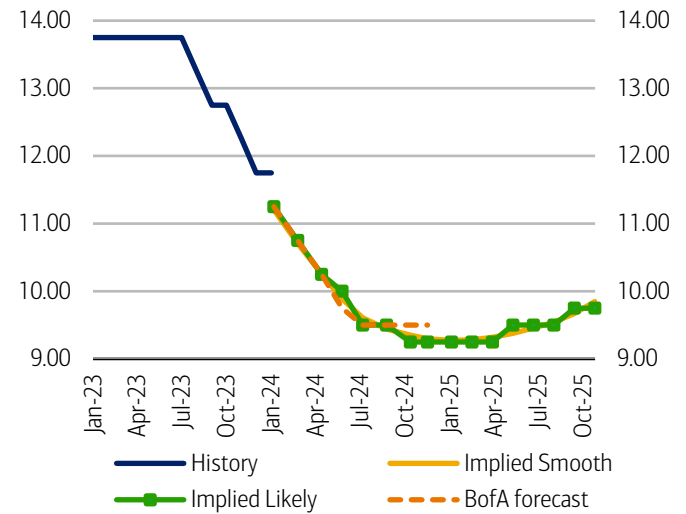
Meeting	Rate	Smooth Path (2)		Market (1)	BofA	Most Likely Path (3)	
		Change	Change	Change	Change	Change	Prob.(%)
		Cumul.	Marg.	Marg.	Marg.	Marg.	(4)
Curr. Rate	8.25						
31-Jan-24	7.21	-104	-104	-98	-75	-100	83
2-Apr-24	6.30	-195	-90	-104	-50	-100	79
23-May-24	5.57	-268	-73	-70	-25	-75	72
18-Jun-24	5.01	-324	-56	-50	-50	-50	96
31-Jul-24	4.60	-365	-41	-48	-25	-50	60
3-Sep-24	4.33	-392	-27	-27	-25	-25	67
17-Oct-24	4.18	-407	-15	-7	-25	0	73
17-Dec-24	4.09	-416	-9	-6	0	-25	64
31-Jan-25	4.02	-423	-7	-12		0	94
2-Apr-25	3.96	-429	-6	-9		0	83
23-May-25	3.93	-432	-3	-3		0	70
18-Jun-25	3.92	-433	-1	0		0	68
31-Jul-25	3.94	-431	2	2		0	76
3-Sep-25	3.98	-427	4	4		0	92
17-Oct-25	4.04	-421	6	6		0	86
17-Dec-25	4.10	-415	6	6		0	61

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 214bp of cumulative cuts over the next six months

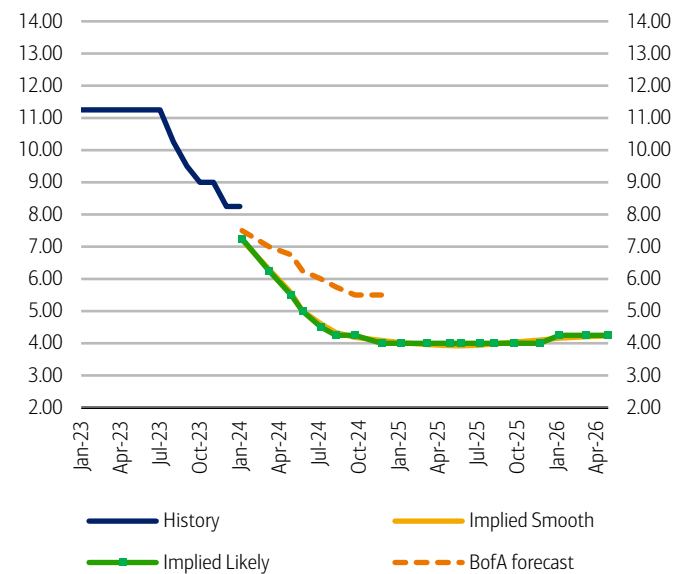


Source: BofA Global Research

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Chart 16: Chile

Market prices 324bp 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	12.73	-27	-27	-31	-25	-25	91
29-Mar-24	12.32	-68	-40	-25	-25	-50	71
27-Apr-24	11.76	-124	-56	-58	-50	-50	94
28-Jun-24	11.09	-191	-68	-80	-50	-75	65
27-Jul-24	10.38	-262	-71	-73	-50	-50	51
28-Sep-24	9.71	-329	-67	-73	-50	-75	82
26-Oct-24	9.12	-388	-59	-47	-50	-75	53
14-Dec-24	8.60	-440	-51	-51	-50	-50	59
25-Jan-25	8.16	-484	-44	-46		-25	64
29-Mar-25	7.79	-521	-37	-38		-50	83
27-Apr-25	7.50	-550	-30	-27		-25	98
28-Jun-25	7.26	-574	-23	-25		-25	95
27-Jul-25	7.09	-591	-17	-15		-25	63
28-Sep-25	6.98	-602	-12	-14		0	91
26-Oct-25	6.92	-608	-6	-5		0	66
14-Dec-25	6.90	-610	-2	-3		0	59

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)	Prob.(%) (4)
	Rate	Cumul.	Marg	Change Marg.	Change Marg.	Change Marg.	
Curr. Rate	11.25						
8-Feb-24	11.19	-6	-6	1	0	0	78
21-Mar-24	11.06	-19	-13	-26	-25	-25	76
9-May-24	10.88	-37	-18	-12	0	0	52
20-Jun-24	10.66	-59	-23	-19	-25	-25	62
8-Aug-24	10.38	-87	-27	-30	0	-25	54
19-Sep-24	10.08	-117	-30	-31	-50	-50	68
7-Nov-24	9.76	-149	-32	-32	-50	-25	95
12-Dec-24	9.44	-181	-32	-29	-50	-25	77
8-Feb-25	9.14	-211	-31	-35		-25	54
21-Mar-25	8.86	-239	-28	-26		-50	57
9-May-25	8.61	-264	-24	-25		-25	55
20-Jun-25	8.40	-285	-21	-20		0	61
8-Aug-25	8.23	-302	-18	-18		-25	91
19-Sep-25	8.09	-316	-14	-14		-25	65
7-Nov-25	7.98	-327	-11	-12		0	90
12-Dec-25	7.89	-336	-8	-6		0	57

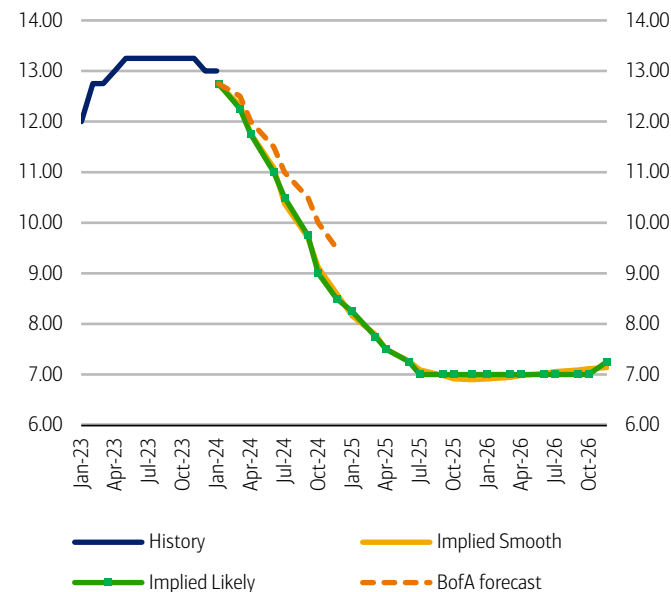
Basis: 25bp. Basis is the difference between the 28d TIE rate and the monetary policy rate.

Source: BofA Global Research

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Chart 17: Colombia

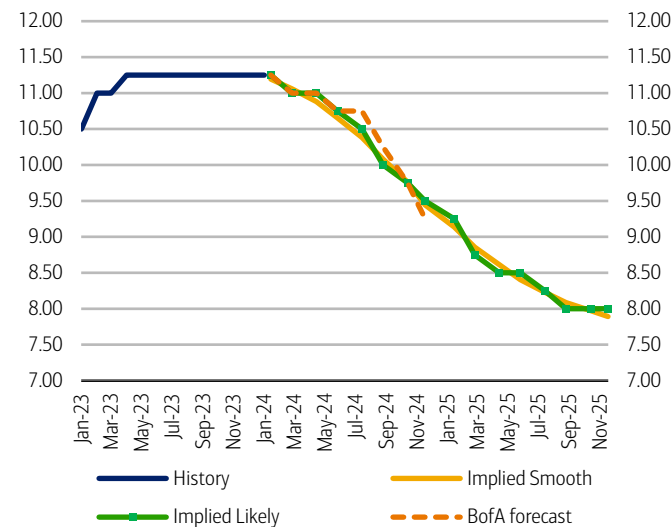
Market prices 191bp of cumulative cuts over the next six months

**Source:** BofA Global Research

BofA GLOBAL RESEARCH

Chart 18: Mexico

Market prices 59bp 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

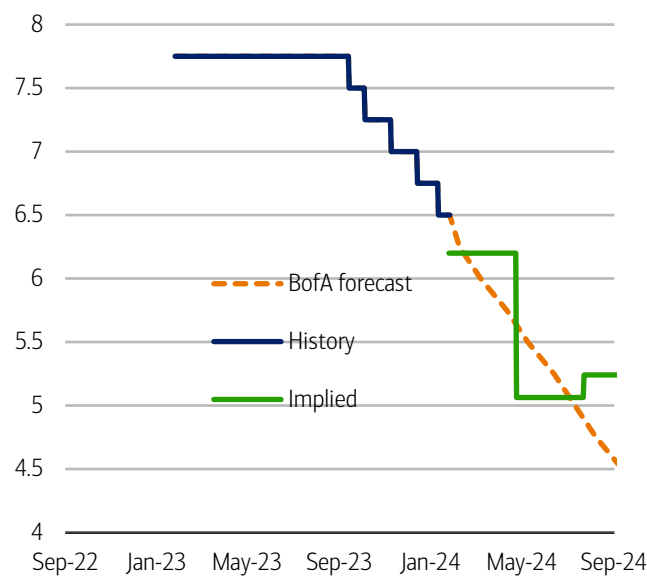
Horizon	Rate	Implied		Period	BofA		
		Cumul	Marg		Fcst	Cumul	Marg
Curr. Rate	6.50						
3m	6.20	-30	-30	02/08/24	6.25	-25	-25
6m	5.06	-144	-114	03/07/24	6.00	-50	-25
9m	5.24	-126	18	04/11/24	5.75	-75	-25
12m	4.90	-160	-34	05/09/24	5.50	-100	-25
				06/13/24	5.25	-125	-25
				07/11/24	5.00	-150	-25
				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 144bp of cumulative cuts over the next 6 months



Source: BofA Global Research Estimates, Bloomberg

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information.



Research Analysts

Global Economics

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

Antonio Gabriel
Global Economist
BofAS
antonio.gabriel@bofa.com

Global EM FI/FX Strategy

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

Asia FI/FX Strategy & Economics

Helen Qiao
China & Asia Economist
Merrill Lynch (Hong Kong)
+852 3508 3961
helen.qiao@bofa.com

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

Jojo Gonzales ^^
Research Analyst
Philippine Equity Partners
jojo.gonzales@pep.com.ph

Abhay Gupta
Emerging Asia FI/FX Strategist
Merrill Lynch (Singapore)
abhay.gupta2@bofa.com

Pipat Luengnaruemitchai
Emerging Asia Economist
Kiatnakin Phatra Securities
pipat.luen@kkpfg.com

Miao Ouyang
China & Asia Economist
Merrill Lynch (Hong Kong)
miao.ouyang@bofa.com

Xiaoqing Pi
China Economist
Merrill Lynch (Hong Kong)
xiaoqing.pi@bofa.com

Benson Wu
China & Korea Economist
Merrill Lynch (Hong Kong)
benenson.wu@bofa.com

Ting Him Ho, CFA
Asia Economist
Merrill Lynch (Hong Kong)
tinghim.ho@bofa.com

Janice Xue
Emerging Asia FI/FX Strategist
Merrill Lynch (Hong Kong)
janice.xue@bofa.com

Chun Him Cheung, CFA
Emerging Asia FI/FX Strategist
Merrill Lynch (Hong Kong)
chunhim.cheung@bofa.com

Kai Wei Ang
Asia & ASEAN Economist
Merrill Lynch (Singapore)
kaiwei.ang@bofa.com

EEMEA Cross Asset Strategy, Econ

Mai Doan
CEE Economist
MLI (UK)
+44 20 7995 9597
mai.doan@bofa.com

Zumrut Imamoglu
Turkey & Israel Economist
MLI (UK)
zumrut.imamoglu@bofa.com

Vladimir Osakovskiy >>
EM Sovereign FI/EQ strategist
Merrill Lynch (DIFC)
vladimir.osakovskiy@bofa.com

Jean-Michel Saliba
MENA Economist/Strategist
MLI (UK)
jean-michel.saliba@bofa.com

Merveille Paja
EEMEA Sovereign FI Strategist
MLI (UK)
merveille.paja@bofa.com

Mikhail Liluashvili
EEMEA Local Markets Strategist
MLI (UK)
mikhail.liluashvili@bofa.com

Tatonga Rusike
Sub-Saharan Africa Economist
MLI (UK)
tatonga.rusike@bofa.com

LatAm FI/FX Strategy & Economics

David Beker >>
Bz Econ/FI & LatAm EQ Strategy
Merrill Lynch (Brazil)
+55 11 2188 4371
david.beker@bofa.com

Jane Brauer
Sovereign Debt FI Strategist
BofAS
+1 646 855 9388
jane.brauer@bofa.com

Carlos Capistran
Canada and Mexico Economist
BofAS
+1 646 743 2921
carlos.capistran@bofa.com

Ezequiel Aguirre
LatAm FI/FX Strategist
BofAS
ezequiel.aguirre2@bofa.com

Pedro Diaz
Caribbean Economist
BofAS
pdiaz2@bofa.com

Christian Gonzalez Rojas
LatAm Local Markets Strategist
BofAS
christian.gonzalezrojas@bofa.com

Lucas Martin, CFA
Sovereign Debt FI Strategist
BofAS
lucas.martin@bofa.com

Alexander Müller
Andean(ex-Ven) Carib Economist
BofAS
alexander.muller@bofa.com

Natacha Perez
Brazil Economist
Merrill Lynch (Brazil)
natacha.perez@bofa.com

Sebastian Rondeau
LatAm FI/FX Strategist
BofAS
sebastian.rondeau@bofa.com

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