

Federal Reserve

Current rates

5.25%

Target Rate

Last change

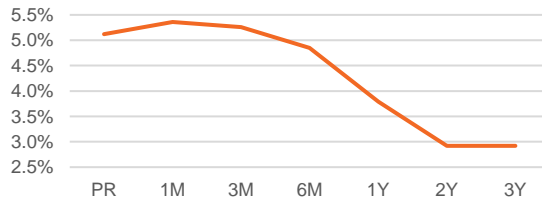
5/3/2023: +0.25%

Market expectations

Tightening

Began hiking rates in March 2022 and has since raised rates 500bps

- No further rate hikes are expected this year. The market forecasts rate cuts of 75-100bps starting in late Q3



Upcoming meetings

6/14/2023

7/26/2023

9/20/2023

Notable activity

- The Fed hiked rates 25bps on May 4th as was widely expected, and maintained the current pace of quantitative tightening, allowing up to \$95B to run off monthly
- In Chair Powell's press conference following the May meeting he hinted at the possibility of a pause in rate hikes at the June meeting while pushing back on market expectations for cuts later in the year citing that the inflation outlook remains elevated
- Market expectations and Fed guidance continue to diverge, with the OIS curve pricing in a 10% chance of cuts as early as June and 75bps of cuts firmly baked in through year-end

European Central Bank

Current rates

3.25%

Target Rate

Last change

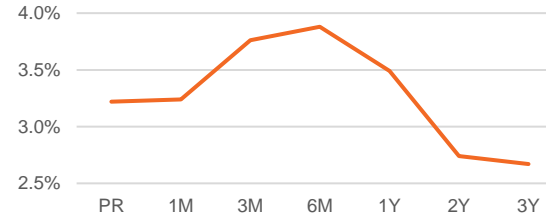
5/4/2023: +0.25%

Market expectations

Tightening

Began tightening in July 2022 and has since raised rates 375bps

- June: +25bps
- July: 50% +25bps, 50% pause



Upcoming meetings

6/15/2023

7/27/2023

9/14/2023

Notable activity

- The European Central Bank downshifted rate hikes to 25bps in May as expected
- The Bank is likely to hike rates two more times as underlying inflation remains high and Euro Area unemployment sits at a record low as of March. For context, the ECB was one of the last major central banks to begin tightening last summer.
- The Transmission Protection Instrument, unveiled last July, is in place to ensure monetary policy is transmitted smoothly across Euro area countries and prevent defaults as the ECB undergoes quantitative tightening
- This rate hike cycle marked the first time the bank hiked rates in 11 years and has been the fastest in the central bank's history

Bank of England

Current rates

4.25%

Target Rate

Last change

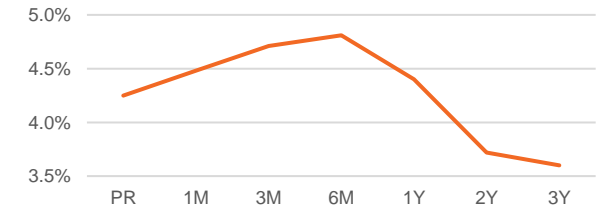
3/23/2023: +0.25%

Market expectations

Tightening

Began hiking rates in December 2021 and has since raised rates 415bps

- May: +25bps
- June: 60% +25bps, 40% pause
- Hike to a terminal rate of 4.75% in Q3 '23



Upcoming meetings

5/11/2023

6/22/2023

8/3/2023

Notable activity

- The bank hiked rates 25bps on March 23rd, taking the policy rate to a post-2008 high
- Following 25bps hikes from the Fed and European Central Bank in May, markets expect the Bank of England to follow-suit later in the month
- Since the March meeting, growth momentum has stayed positive, wage growth has outperformed expectations, and March inflation surprised to the upside giving the bank room to tighten further

Bank of Canada

Current rates

4.50%

Target Rate

Last change

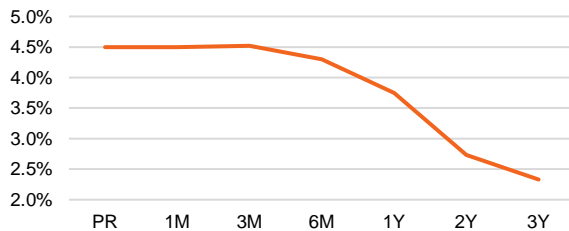
1/25/2023: +0.25%

Market expectations

Steady

Bank of Canada hiked rates 425bps between April 2022 and January 2023.

- No further hikes are expected. The market is forecasting rate cuts in Q4.



Upcoming meetings

6/07/2023

7/12/2023

9/6/2023

Notable activity

- While the Bank of Canada unanimously decided against a rate hike in March, minutes from the last meeting showed that officials debated hiking rates in April due to persistent inflation and tight labor conditions but decided to hold rates steady as expected
- Policymakers remain confident that inflation will fall back to 3%
- Growth has been slowing at a rapid pace. The bank reduced its GDP forecast for Q1 2023 by more than half after Q4 GDP came in at nearly half that of Q3.

Bank of Japan

Current rates

-0.10%

Target Rate

Last change

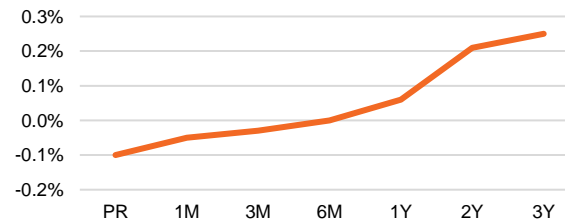
1/28/2016: -0.20%

Market expectations

Easing

The Bank of Japan has held rates steady despite the global tightening effort.

- Markets expect a rate hike of 10bps in Q4



Upcoming meetings

6/16/2023

7/28/2023

9/22/2023

Notable activity

- The Bank of Japan's new Governor Kazuo Ueda started his term in early April. Over the last month he has echoed his predecessor's dovish tone and maintained the Bank's yield curve control policy
- In April, the Bank hinted at a change in policy by removing language from forward guidance on holding policy rates steady and launching a review of current monetary policy. Markets anticipate a policy shift later this year.
- As a result of the Bank maintaining the yield curve control policy in April, the Yen was the worst performing G10 currency last month, weakening by -2.5% against the US Dollar

Bank of Korea

Current rates

3.50%

Base rate

Last change

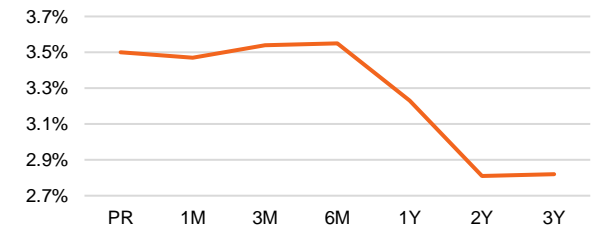
1/12/2023: +0.25%

Market expectations

Steady

The Bank of Korea hiked rates 300bps between August 2021 and January 2023.

- No further rate hikes are expected this year. The market expects the Bank of Korea to hold rates steady through year-end.



Upcoming meetings

5/25/2023

7/13/2023

8/24/2023

Notable activity

- Bank of Korea decided to maintain rates at its April meeting as expected
- The Bank was one of the first central banks to begin hiking rates in mid-2021
- Negative GDP growth in Q4 marked the first quarter of economic contraction in 2.5 years. Slowing growth combined with cooling inflation have discouraged further tightening

People's Bank of China (PBoC)

Current rates

3.65%

Prime Rate 1 Year

Last change to policy rate

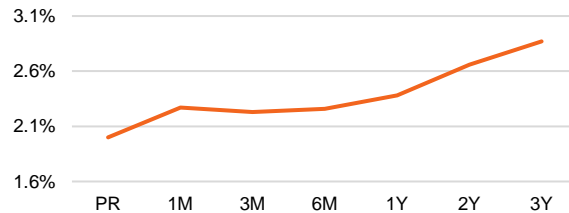
8/22/2022: -0.10%

Market expectations

Easing

- Analysts expect a -10bps cut to lending rates and further reductions to the reserve requirement ratio in Q2

Reverse Repurchase Notes



Upcoming meetings

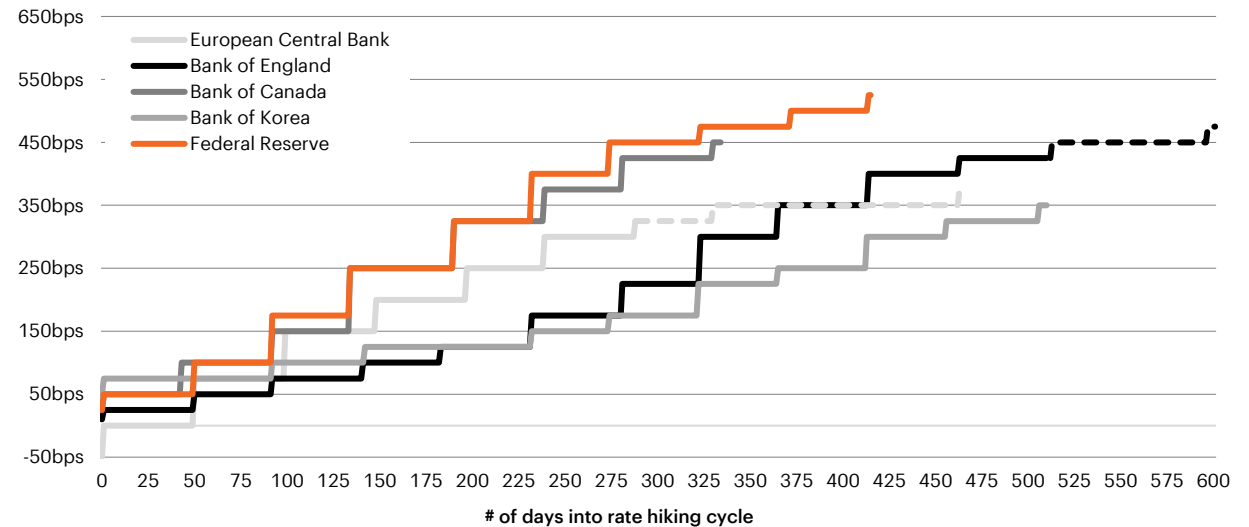
5/21/2023

Notable activity

- PBoC kept lending rates steady in April for the eight consecutive month and maintained the banks' reserve requirement ratio following 25bps cuts in March and December
- Though Q1 GDP growth came in higher than expected, the report highlighted China's uneven recovery as strong retail sales were offset by softening industrial production and weak private investment.
- Subdued growth, softening inflation, and weak manufacturing data support continued monetary easing
- The yuan exchange rate has been relatively stable since March following months of liquidity injections to support currency devaluation.

Central bank rate hike cycles (forward estimates implied by OIS curve)

Basis points of hikes to policy rate



Source: Bloomberg Finance L.P., as of May 4, 2023

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