

Previewing BoJ SOO, BoC Minutes; Reviewing BoE, RBA, BCB, Banxico, Norges, Riksbank

PREVIEWS

BOJ SOO (MON): BoJ will release the Summary of Opinion from the October 29th-30th meeting next week, where the central bank unsurprisingly kept rates unchanged at 0.50% in a 7-2 vote in which board members Takata and Tamura remained the dissenters as they proposed a 25bps hike. There wasn't anything major new in the central bank's language as it reiterated that it will continue to raise the policy rate if the economy and prices move in line with its forecast, in accordance with improvements in the economy and prices, as well as noted that it is important to scrutinise without any pre-set idea whether the BoJ's projection will be met, given high uncertainty on trade policy and its impact on the economy, while it will conduct monetary policy as appropriate from the perspective of sustainably and stably achieving the 2% inflation target. The BoJ stated in its Outlook Report that underlying consumer inflation is likely to stagnate on slowing growth but increase gradually thereafter, and that underlying consumer inflation is likely to be at a level generally consistent with the 2% target in the second half of the projection period from fiscal 2025 through 2027. In terms of the latest median forecasts, the central bank mostly kept its median forecast for Real GDP and Core CPI unchanged, aside from the mild upgrade in FY25 Real GDP. The post-meeting press conference with BoJ Governor Ueda also provided very few clues on when the central bank will resume rate normalisation, as he stated there is no pre-set idea about the timing of the next rate hike, and the reason for holding off on rate hikes is due to overall economies and trade policy uncertainties still being high. Furthermore, he noted an increased likelihood of achieving the outlook but added that they need more data before they decide to adjust the degree of monetary easing.

BOC MINUTES (WED): The Bank of Canada cut rates by 25bps, as expected, taking rates to 2.25%, matching the bottom end of the BoC's neutral rate estimate. The BoC maintained the view of their neutral rate despite the rate cut, suggesting that any further rate cuts would be accommodative. The BoC described current interest rates as "about the right level", implying there is little room left for more easing, or at least the BoC will observe effects of recent easing before acting again, depending on how the economy evolves. The statement did say that if the outlook changes, they are prepared to respond. It also noted that the structural damage caused by the trade conflict reduces the capacity of the economy and adds costs, noting this limits the role that monetary policy can play to boost demand while maintaining low inflation, suggesting there is not much more monetary policy can do. Both these additions to the statement suggest a clear holding bias from the BoC. We will be looking to the minutes to see if there was a broad agreement at the BoC for the holding bias ahead.

REVIEWS

BOE REVIEW: As expected, the BoE held rates at 4.0%. The vote split was more dovish than thought at 5-4 (exp. 7-2 or 6-3), dissent came from Dhingra (exp.), Taylor (exp.), Ramsden (somewhat expected) and Breeden (unexpected); dissent that has led to the decision being characterised as a dovish one, sparking GBP pressure and Gilt upside. The statement saw a slight change to forward guidance, though only a marginal tweak to put extra onus on inflation progress when making rate decisions. There is a significant focus on inflation in the report, a large portion of the MPC and particularly Governor Bailey emphasised that the welcome September print was just one series and they need more data; a point emphasised by the only minor tweak to the CPI view, which was revised down for Q4 25. In terms of market pricing, Bailey described it as a "fair description", pre-BoE this pointed to two cuts and around a one-in-four chance of a 3rd, or a terminal at/just-under 3.50%, pricing that hasn't really changed. In the presser, Bailey stuck to the script, doubling down on the inflation focus and outlining that he has no view on neutral but sees current policy as still being restrictive. One point of note was the nod to a new measure in the next APF. Overall, no major changes to the outlook post-BoE with a December cut still the base case but very much dependent on CPI and the November Budget. The 5-4 vote split perhaps makes a December cut more likely, with the decision now seemingly set to hinge on Bailey as those in favour of and against easing seem relatively entrenched in their positions (ex-Breeden, though her concerns are perhaps more of a factor when the discussion gets to terminal); as such, the October CPI print on November 19th, budget on November 26th and the November inflation print on December 17th draw particular focus ahead of the December 18th BoE.

RBA REVIEW: The RBA kept the Cash Rate unchanged at 3.60%, as expected, with the decision made unanimously. RBA noted that inflation has recently picked up and domestic economic activity is recovering, but the outlook remains uncertain. The board judged it was appropriate to remain cautious, updating its view of the outlook as the data evolves, and it remains alert to the heightened level of uncertainty about the outlook in both directions, while it also judged that some of the increase in underlying inflation in the September quarter was due to temporary factors. In terms of the Quarterly Statement on Monetary Policy, the RBA sharply raised forecasts for core inflation out to the second quarter of 2026 with June 2026 Trimmed Mean Inflation now seen at 3.2% (prev. forecast 2.6%) and June 2026 CPI now seen at 3.7% (prev. forecast 3.1%), while its forecasts assumed a cash rate of 3.6% through the end of 2025, 3.4% in June 2026, and 3.3% afterwards. RBA Governor Bullock kept the options open at the post-meeting press conference, where she stated it is possible that less easing might be needed in this round than in the past, as well as noted that they did not consider cutting rates and that a rate hike was also not considered. Furthermore, she said it is possible that there are no more rate cuts, and possible that there are some more cuts, as well as noted that the board believes policy is close to neutral and will go meeting by meeting, with the central bank at the right spot regarding monetary policy at the moment.

BCB REVIEW: Brazil's central bank kept the Selic rate at 15% for a third meeting, signalling confidence that a prolonged pause will

return inflation to target. Policymakers cited unanchored expectations, resilient activity and labour-market pressures, while maintaining a readiness to hike if needed. The hawkish tone dampened expectations of a 2025 rate cut, with some economists shifting forecasts to January or later. The bank slightly reduced its 2027 inflation projection to 3.3% and lowered its 2025 forecast to 4.6%. Despite cooling price data and a stronger currency, labour tightness persists. Analysts noted potential demand support from a planned income-tax exemption increase for the middle class, recently approved by the Senate. Pantheon Macroeconomics said that "the Bank's messaging suggests the window for rate cuts likely will open only in Q1, provided disinflation continues and inflation expectations are stable," adding that it now expects the BCB to begin easing in January, contingent on continued disinflation and fiscal stability.

BANXICO REVIEW: Banxico cut rates by 25bps to 7.25%, as expected, in a 4-1 vote split with Heath once again a hawkish dissenter and favouring to leaves rate unchanged, as he did in the prior meeting when the central bank cut to 7.50% from 7.75%. In the forecasts, Banxico still see headline inflation converging to its 3% in Q3 '26, but did lift its forecast for Q1 & Q2 '26. The statement was largely unchanged, but moving forward, they slightly tweaked their language, as this time said, "Looking ahead, the Board will evaluate reducing the reference rate" (prev. Looking ahead, the Board will assess further adjustments to the reference rate). Rabo Bank see one more 25bps cut this year at the December meeting, bringing it to a year-end rate of 7.00%, and then Rabo forecast two further cuts in 2026 as well.

RIKSBANK REVIEW: Riksbank kept its rates steady at 1.75% (as expected), maintaining verbal guidance around the policy path. On data, the Bank highlighted that the outlook for inflation and economic activity remains largely unchanged. Governor Thedeen spoke on the economy, suggesting that "we can see that economic recovery has started" - a factor which was a cause of concern for policymakers in the past few confabs. The main focus point heading into the announcement was if the bank highlighted weak labour market conditions. However, while the statement noted that the labour market continues to develop weakly, the Bank outlined that there are some signs "that it is about to turnaround"; a point that provides an unexpectedly upbeat view on the labour market and disappoints those who were perhaps looking for a dovish nuance or hint. Following the lacklustre meeting, analysts at SEB reiterated their view of terminal rates through 2026 - but see some downside risks by Spring/Summer.

NORGES BANK REVIEW: An as expected policy decision by Norges Bank, which opted to keep rates steady at 4.00%. The Bank largely reiterated the statement from the prior meeting, suggesting that "no information has been received that indicates that the outlook for the Norwegian economy has changed significantly since the September policy meeting". One slightly hawkish element from the Bank was a comment via Governor Bache, who suggested that "The job of overcoming inflation is not complete, and we are in no hurry to lower interest rates". Although, this is not necessarily surprising given inflation still remains above target at around 3.00%. Moreover, the current MPR does not point towards a cut until Q2'26 (3.92%), with the first full rate cut indicated in Q4'26 (3.74%) - the comments could arguably be looked through. Ahead of the meeting, there were some outside calls (albeit unlikely) that the Bank could tweak guidance a little dovishly - the Bank disappointed on that front. Nonetheless, the NOK strengthened a touch on the announcement itself, likely on Bache's comment, mentioned earlier. EUR/NOK fell from 11.7280 to a fresh session trough of 11.7130 over the course of around 7 minutes, before paring a touch. In terms of analyst commentary, SEB reiterated its view that it expects Norges Bank to deliver a first cut in June 2026, taking the Key Policy Rate to 3.50% by end-2026.

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