



Central Bank Weekly: 14th November 2025

Previewing RBA Minutes, FOMC Minutes, PBoC LPR; Reviewing BoJ SOO, BoC Minutes

PREVIEWS

RBA MINUTES (TUE): Participants will dissect the minutes for details on policy deliberations to reinforce patient approach. As a reminder, 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-on monetary policy at the moment.

FOMC MINUTES (WED): In the upcoming FOMC Minutes focus will largely be on how divided the Committee is moving forward, and how split members were on the decision to cut rates at the October meeting. As a reminder, the Fed cut rates by 25bps in the last confab to 3.75-4.00%, with two dissenters: 1 hawkish (Schmid) and 1 dovish (Miran). Other non-voters have been out recently suggesting they did not support a cut. Chair Powell in the post-decision press conference said for that rate cut, it was a strong, solid vote, but the different views at the FOMC were about the future. Powell was notably hawkish in the presser and emphasised, several times, that another cut in December is far from assured, no decision has been made and had strongly differing views in the Oct. confab. In the weeks following, rhetoric from Fed officials has been noticeably differing, with the likes of Logan, Bostic, Hammack, Goolsbee, Collins all advocating to hold rates in December, Daly, Kashkari undecided, with Miran, Waller supporting a further reduction. Money markets pricing has moved notably hawkish in recent days with just a 50% chance of a 25bps cut in Dec, vs. c. 70% at the start of the week. On the balance sheet, the Committee decided to conclude the reduction of its aggregate securities holdings on December 1st, and will roll over all maturing treasury principal payments, will reinvest all mortgage-backed securities principal payments into Treasury bills from December 1st.

PBOC LPR (THU): No change expected in the LPRs. Analysts at ING suggest "The PBOC may choose to conserve ammunition for next year, after the CPI inflation returned to positive territory in October -- and as the urgency for new stimulus diminished somewhat over the past month." In terms of the prior release, the PBoC unsurprisingly announced no changes to China's benchmark Loan Prime Rates, which were maintained at their current levels for a 5th consecutive month, with the 1-year LPR kept at 3.00% which is the rate most new loans are based on, and with the 5-year LPR kept at 3.50% which is the reference for mortgages. The decision to maintain the LPRs was widely anticipated as the central bank has shown a clear preference for making adjustments through its main policy tool of open market operations to target liquidity, although there are mixed views on whether there will be any adjustments in Q4 as some see a likelihood for a policy rate or RRR cut in Q4, while Citi analysts have dropped such a forecast. Furthermore, the recent activity data from China was mixed in which Industrial Production disappointed and Retail Sales marginally topped estimates, but both showed a slowdown from the previous, while Chinese House Prices continued to contract.

REVIEWS

BOJ SOO REVIEW: BoJ Summary of Opinions from the October 29th-30th meeting continued to suggest a rate hike is approaching but with a lack of urgency as it noted that one member said the BoJ is expected to keep raising interest rates if the economic and price forecasts materialise. Meanwhile, a member said it is important to check the initial momentum towards next year's wage talks as firms firm up plans after US tariffs were set at 15%. It was also stated that the key to future policy decisions is whether firms maintain positive wage-setting behaviour, and there was also the opinion that uncertainty remains over the outlook, but Japan will see conditions align to adjust the policy rate depending on economic and price developments. Furthermore, a member said there is no need to rush, but interest rates must be raised without losing appropriate timing, and a member also stated it is likely that conditions for taking a further step toward the normalisation of the policy interest rate have almost been met.

BOC MINUTES REVIEW: The BoC Minutes revealed that while members agreed that a cut to the policy interest rate would be needed, they had a range of views about the timing of the cut. Arguments for waiting to cut were that it would have provided the governing council with more information on the economy, including the extent of weakness in the labour market and recent persistence of inflation. However, with continued excess supply, labour market weakness, tepid growth expectations for H2, and inflation projected to stay close to target - it felt the arguments to cut were more important. With rates at the bottom end of the neutral rate estimate (2.25-3.25%), the Minutes note that this puts the policy rate on the stimulative side of the range. In fitting with the BoC statement, members agreed that monetary policy was likely close to the limits of what it could do to support the economy in current circumstances. Regarding its commentary on guidance, with rates "about the right level", the Minutes say members

wanted to be as clear as possible, but that this assessment was contingent on inflation and economic activity evolving broadly in line with the October projection. It also noted members are prepared to adjust the policy rate.

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