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Global Economics

Global Central Bank Monitor

The Fed moved to a conditional pause, inflation remains the priority for the ECB, while the BoE's peak rate is now expected in June. Meanwhile, the RBA surprised markets by restarting hikes after a short pause.

On May 3rd, the **Fed** delivered the expected 25bp hike, setting the range of the federal funds rate at 5.00% to 5.25%. Powell delivered moderate confidence in the soft-landing scenario, and conveyed confidence that the Committee may have arrived at the peak rate of interest. Going forward, our US team sees an extended hold as the Fed pauses through two difficult quarters of growth in the economy this year before making its first 25bp cut in 1Q24. But, like our team, the Fed sees huge uncertainty from banking stresses to the economy, and so will remain data dependent.

On May 4th, the **ECB** hiked by 25bp in line with our Europe team expectations. Inflation continues to be the priority. On the other hand, the tightening in credit standards flagged in the May Bank Lending Survey (BLS) pointed to a more gradual approach, 25bp instead of 50bp. Going forward, our Europe team maintains the view that the ECB will deliver two more hikes of 25bp each in June and July, and stop in September at a terminal rate of 3.75%, but thinks that the risks to the call are no longer skewed to the upside.

On May 5, the **BoE** hiked by 25bp in line with consensus and our UK team. Given some upside risks to the BoE's wage growth forecast in the near term and inflation forecast back to 2% with market-implied rates, our UK team introduced a final hike in June. After that, rates are expected to be on hold until 2024.

In his first policy meeting on April 28, Governor Ueda's overall stance remained dovish, and the status quo of a roughly ±0.5% fluctuation range for the 10-year JGB yield in the YCC policy was maintained. The base case scenario for our Japan team remains that the **BoJ** will effectively remove its YCC in July 2023 (expanding the long-term interest rate's fluctuation range to +/- 100bp in the latter case) while maintaining the negative interest rate policy through 1H 2024.

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The **RBA** surprised consensus and market pricing at its May meeting, hiking the cash rate 25bps to 3.85% against expectations that they would remain on hold (More details here).

The **BoC** kept rates unchanged at 4.50% in April, and the statement continued to signal that the Bank intends to hold rates at the current level for the rest of 2023. Our Canada team is maintaining its call for the key benchmark rate to remain at 4.50% for the rest of the year. However, they still believe the trajectory of inflation and inflation expectations will be key for the upcoming meetings.

In China, signs of reflation have been limited, allowing accommodative monetary policy and growth focus to be sustained. The **PBoC** announced a 25bp RRR cut on March 17, which was partly anticipated by the market.

In the rest of **Asia**, after staying on hold at its past two meetings, **BNM** hiked rates by 25bp on May 3rd, citing the need to "prevent the risks of future imbalances." As inflation moves back comfortably into the target range from 3Q23 in Indonesia, interest rate cuts are expected from 4Q23, which would make **BI** the first central bank in Asia to cut rates. The **RBI** kept rates unchanged on April 6, contrary to our and consensus expectations of a 25bp rate hike. Going forward, our India team expects rates to remain unchanged in CY23, and thinks there will be a shallow rate cut cycle in 1HCY24. On April 11, the **BoK** kept rates on hold and our Korea team thinks that the bank is likely to remain on hold throughout 2023.

In **LatAm**, the **BCB** kept rates unchanged at 13.75% for the sixth consecutive meeting on May 4. The committee kept the language that "it will not hesitate to resume the tightening cycle if the disinflationary process does not proceed as expected", but now stated that this scenario is "less likely", making the statement a bit more dovish. On April 28, **BanRep** once again hiked by 25bp emphasizing that core inflation remains high at the margin. On March 30, **Banxico** hiked rates by 25bp, and our Mexico team thinks that future hikes depend on inflation prints. On May 12, Chile's **BCCH** kept the benchmark rate unchanged at 11.25%.

In **CEEMEA**, **CNB** left its key policy rate unchanged at 7% on May 3rd, and our CEEMEA team expects a first cut in 4Q23. The **NBP** is likely to remain on hold throughout 2023. On April 25, the **NBH** kept both its base and 1-day deposit rates unchanged, but it cut the upper bound of its interest rate corridor. On April 27, the **CBT** kept the policy rate on hold at 8.50%, but the presidential election outcome, could shift our current view. On March 30, **SARB** shifted back into hawkish territory and surprised markets with a larger-than-expected 50bp hike.

RBA - A Short Pause

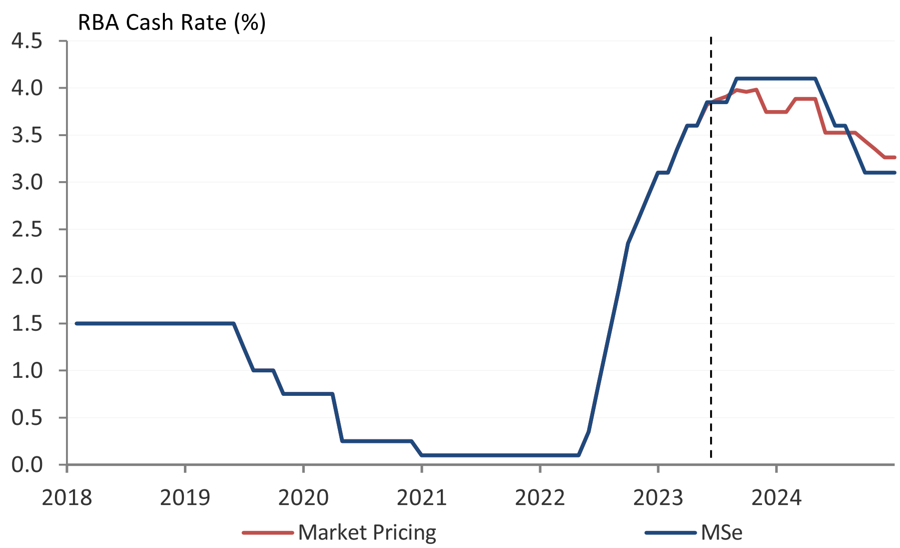
Chris Read

The RBA surprised consensus and market pricing at its May meeting, hiking the cash rate 25bp to 3.85% against expectations that they would remain on hold.

This hike comes after the RBA moved to a pause at its prior meeting in April, stopping tightening after 10 consecutive rate increases. While the RBA had retained a tightening bias at the meeting, they had stated a desire to pause to "assess the lagged impact of prior tightening." This communication pushed both market pricing and consensus to the view that the peak had been reached. We had expected some further tightening, but after a longer period of assessment (restarting in August).

The surprise move is even more notable because the RBA stated a desire to watch the data flow, and the data came broadly in line with expectations. 1Q23 CPI printed headline a touch higher than consensus, but core a touch lower). The unemployment rate stayed near record lows in March but was consistent with RBA forecasts. And March retail spending growth continued to grind lower. Moreover, the RBA's quarterly staff economic forecast update at the May meeting was little changed from the prior forecast in February. Inflation was still expected to reach the top of the 2-3% target band by mid-2025 (and was revised down slightly for 2023), unemployment was expected to rise from 3.5% to 4.5%, and GDP growth was expected to stay below trend for this year and next.

Exhibit 1: The RBA unexpectedly raised the cash rate to 3.85% in May after pausing rate hikes at the prior meeting

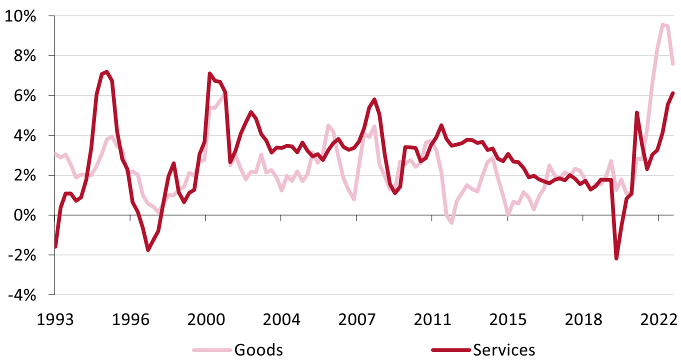


Source: Bloomberg, Morgan Stanley Research

So what drove the RBA's quick pivot back to rate hikes after just a month on hold? There look to be three key reasons for the move:

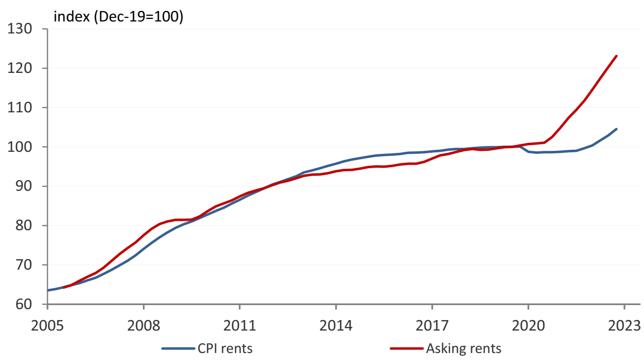
1) An increased focus on services inflation and wages. Despite the in-line CPI print for Q1, the RBA commentary at the May meeting zeroed in on the services inflation component, which continued to accelerate. This focus lines up with commentary in their April Meeting Minutes the prior month where upside risk to services inflation were flagged. In particular, there was attention on continued acceleration in rents given very strong immigration, as well as broader wage growth over 2H23 particularly in the public sector. While these risks alone do not appear to have changed the RBA's central inflation outlook, they are clearly concerned around the potential for stickier services inflation.

Exhibit 2: Services inflation continues to accelerate, worrying the RBA even as headline and core inflation was broadly in line in 1Q



Source: ABS, Morgan Stanley Research

Exhibit 3: Rents, wages and energy costs are all likely to put further upward pressure on inflation over 2023, even as goods disinflation pushes headline lower



Source: ABS, Corelogic, Morgan Stanley Research

2) Perceived shift in global risks from activity to inflation: Given the highly uncertain outlook, the RBA is clearly watching the experiences of other central banks closely. Relative to the last meeting in early April the characterization of the global risks had notably shifted. At the prior meeting the emphasis had been on recent banking stresses and the downside risk to the global economy. At the May meeting however, the focus was replaced with attention to upside risks to the inflation outlook (particularly in services).

3) Asset price and sentiment reaction to the pause: The RBA also flagged the impact from the change in interest rate expectations as an important factor in restarting rate hikes. Consumer sentiment rose significantly last month after the RBA pause was signalled and then delivered - although in absolute terms it remains near recessionary levels. More importantly though was the change in financial conditions post the meeting - with the RBA noting the move in asset prices in response to the changed interest rate outlook. The RBA explicitly flagged two areas here - housing prices, which had increased in March and April, and are considered a key channel of monetary policy, and the exchange rate, which ahead of the meeting had fallen to near a two year low on a trade-weighted basis - added to the outlook for imported inflation.

Exhibit 4: House price expectations have rallied sharply since the start of the year as RBA terminal rates (and eventual pivot) was anticipated

Source: WBC-MI, Morgan Stanley Research

Exhibit 5: The broad AUD had fallen near two year lows ahead of the May meeting, putting upward pressure on imported inflationI

Source: Bloomberg, Morgan Stanley Research

So where to from here? The RBA retained a tightening bias at the May meeting noting that "some further tightening of monetary policy may be required" - but more importantly "that will depend upon how the economy and inflation evolve." So the emphasis is clearly on a data dependent and flexible path from here. Given the RBA's service inflation concern there are several catalysts over coming months including wages data (17 May), unit labour costs (7 June) and the minimum wage decision (mid-June). We still expect a further hike from the RBA, but favor the August meeting which would be the next forecast update from the RBA.

Global Central Bank Summary

Exhibit 6: Summary of Central Bank Policy Views as of May 16, 2023

Economy	Current Policy Rate (Last Change)	Next Meeting Date	End of Quarter Policy Rate Forecast (21Q1E to 24Q4E)	Next Expected Move	Timing of Next Expected Move
G10					
US	5.125% (+25 bps)	14-Jun-2023	0.125 5.125 4.125	-25 bp	1Q24
Euro Area	3.25% (+25 bps)	15-Jun-2023	-0.50 3.50 2.25	+25 bp	Jun-23
Japan	-0.10% (N/A)	16-Jun-2023	-0.10 -0.10 0.00	+10 bp	3Q24
UK	4.50% (+25 bps)	22-Jun-2023	0.10 4.75 3.25	+25 bp	Jun-23
Canada	4.50% (N/A)	7-Jun-2023	0.25 4.50 2.75	-50 bp	1Q24 (January 31)
Norway	3.25% (+25 bps)	22-Jun-2023	0.00 3.50 2.00	+25 bp	Jun-23
Sweden	3.50% (+50 bps)	29-Jun-2023	0.00 3.75 2.75	+25 bp	Jun-23
Australia	3.85% (+25 bps)	6-Jun-2023	0.10 3.85 3.10	+25 bp	Aug-23
EM					
CEEMEA					
Russia	7.50% (N/A)	9-Jun-2023	4.50 20.00 7.50 6.50	-25 bp	Feb-24
Poland	6.75% (N/A)	6-Jun-2023	0.10 6.75 4.5	-25 bp	1Q24
Czech Rep.	7.00% (N/A)	21-Jun-2023	0.25 7.00 4.25	-25 bp	4Q23
Hungary	13.00% (N/A)	23-May-2023	0.60 13.00 7.25	-50 bp	4Q23
Ukraine	25.00% (N/A)	15-Jun-2023	6.50 25.00 18.00	-500 bp	2Q24
Turkey	8.50% (N/A)	25-May-2023	19.00 14.00 8.5 8.50	N/A	N/A
South Africa	7.75% (+50 bps)	25-May-2023	3.50 7.75 7.25	-25 bp	1Q24
AXJ					
China	2.00% (N/A)	End Jun	2.20 2.00 2.00	N/A	N/A
India	6.50% (N/A)	8-Jun-2023	4.00 6.50 6.00	-25 bp	1Q24
Korea	3.50% (N/A)	25-May-2023	0.50 3.50 2.5	-25 bp	1Q24
Indonesia	5.75% (N/A)	25-May-2023	3.50 5.75 5.00	-25 bp	4Q23
LatAm					
Brazil	13.75% (N/A)	21-Jun-2023	2.75 13.75 9.00	-25 bp	4Q23 (December 13)
Mexico	11.25% (+25 bps)	18-May-2023	4.00 11.25 6.50	-25 bp	4Q23 (November 9)
Chile	11.25% (N/A)	19-Jun-2023	0.50 11.25 5.00	-50 bp	3Q23 (Sept 5)
Colombia	13.25% (+25 bps)	30-Jun-2023	1.75 13.25 7.5	-50 bp	4Q23 (October 27)
Peru	7.75% (N/A)	8-Jun-2023	0.25 7.75 4.50	-25 bp	3Q23 (September 14)

Source: Haver, Morgan Stanley Research Forecast

Forward Guidance and Balance Sheet Expectations

Exhibit 7: As of May 16, 2023

	Forward Guidance	Balance Sheet	
	Current Policy Guidance	**Current Pace/Composition of Purchases**	**Expectations for Balance Sheet Policy**
G10			
US	The Fed continues to remain committed to bringing inflation down to its 2% inflation goal – despite ongoing bank funding pressures. After hiking by 25bp to a peak rate of 5.1% in May, the Fed moved into a conditional pause – one we expect to be lengthy. The FOMC will continue to "closely monitor" incoming information. The Committee no longer see that "some additional policy firming" is needed, and instead provided softer, more flexible, and conditional language around economic and financial developments when considering its next move. Chair Powell noted that judging "the extent to which additional policy firming may be appropriate is going to be an ongoing one" and depend on the "incoming data." While he highlighted in his comments that credit conditions have stabilized and the banking system is sound and resilient, the extent to which tighter conditions will weigh on economic activity, hiring, and inflation is uncertain. Chair Powell showed continued confidence in a soft landing for the economy this year and expressed a willingness to be flexible around the incoming data.	The Fed stepped up the reduction of its balance sheet from its prior caps ($30 billion for Treasuries, $17.5 billion for MBS) to their maximum ($60bn UST/$35bn MBS) on September 1.	The Fed is expected to continue the current pace of its reduction of its balance sheet ($60bn UST/$35bn MBS).
Euro Area	In line with our expectation, the ECB delivered a 25bp hike at the May meeting. Inflation that "continues to be too high for too long" was the basis for further action. The renewed focus on monetary policy transmission suggests that a larger part of the Council is concerned about doing too much. We maintain our view that the ECB will deliver two more hikes of 25bp each in June and July, and stop in September at a terminal rate of 3.75%, but think that the risks to our call are no longer skewed to the upside.We maintain our call that the ECB will continue tightening monetary policy in June and July at 25bp increments at each meeting. We anticipate that it will stop its hiking cycle in September at 3.75%, when we think the ECB projections will show inflation converging to target well ahead of the end of its forecast horizon.	At this point, the ECB is only fully reinvesting principal payments from maturing securities under PEPP, which are done on a flexible basis and are ending at the earliest at the end of 2024. Since March 1st, the ECB has started the APP quantitative tightening. Initially reinvestments are currently declined by EUR 15 bn per month between March and June 2023, amounting to circa 50% of redemption amounts in those four months. From July 2023, the ECB will stop all reinvestments.	With the APP reinvestment discussion out of the way, the next stop will be PEPP reinvestments. While currently the ECB intends to reinvest in full PEPP principal payments at least until the end of 2024, the fact that the pandemic ended (the reason behind PEPP creation) opens the door for hard questions on what the purpose might be of reinvesting maturing securities under the PEPP. We think that the end of APP reinvestments opens the door to a discussion around PEPP reinvestments well ahead of the end of 2024.
Japan	At the April MPM, the BoJ removed the entire phrase on the forward guidance on rates from the policy statement, reflecting a change in the legal status of Covid-19. As our base case, we expect the BoJ to change the conduct of YCC to make it more flexible at the July MPM. The BoJ maintains a quantitative guidance on the monetary base such that "[the Bank will] continue expanding the monetary base until the year-on-year rate of increase in the observed consumer price index (CPI, all items less fresh food) exceeds 2 percent and stays above the target in a stable manner". That said, this applies to a long-term trend of the monetary base, and the BoJ allows its temporary decline.	Under YCC, the BoJ purchases JGBs flexibly to keep 10-yr JGB yields within the target range (currently plus/minus 50bp around 0%). For other assets, the BoJ purchases equity ETFs and J-REITs with upper limits of ~12tn yen and ~180bn yen, respectively. For the BoJ's CP/corporate bonds purchases, they will gradually shrink from current levels back toward pre-Covid levels (CP ~Y2tm, corporate bonds ~Y3tm) from Apr 2022.	Under the monetary base commitment, the BoJ's balance sheet size will be maintained in a range, although the pace of JGB purchases depends on market conditions under YCC.
UK	The BoE is, as of February, noting that interest rates can be adjusted (in any direction) to meet the 2% remit, thus stepping away from explicitly guiding that the next move will be a hike. Still, they also say that any signs of persistence in inflation will result in additional tightening. Since we see some upside risks to the BoE's pay forecast in the near term, and given the terminal mean inflation forecast at 2% at market-implied rates, we introduce a final hike in June. We then expect rates on hold until 2024.	QE completed in December; passive roll-off confirmed from March. Active sales started at the end of October, at a pace of £10bn/quarter. The BoE is also selling the long-dated gilts and linkers it purchased in the aftermath of the mini-Budget volatility	Active sales to continue through 2023. We expect QT to end as cuts start in 2024.
Canada	The Bank of Canada (the "Bank") continues to maintain its "conditional pause" as an opportunity to assess whether interest rates have increased enough to return inflation to the 2% target. In the Bank's April 12th meeting, the statement was updated to reflect that the Governing Council "continues" to assess "whether monetary policy is sufficiently restrictive to relieve price pressures", and it "remains" prepared to increase the policy rate further if needed to return inflation back to its 2% goal. This indicates that not only does the Bank remain committed to keeping rates "higher for longer", it is sending a signal to the markets not to expect rate cuts anytime soon. Governor Macklem also noted that the Governing Council views the risk around their inflation forecasts to be "roughly balanced", but stressed that as inflation remains above target, the Bank is "more concerned about the upside risks". With respect to the ongoing funding pressures in the US, though spillover effects into the Canadian economy have been muted, Governor Macklem cautioned that if financial stress were to lead to more tightening than expected, the Bank would need to take this into consideration as it continues to set the policy rate to achieve its inflation target.	Maturing Government of Canada bonds on the Bank's balance sheet are no longer being replaced and, as a result, the size of the balance sheet is declining over time.	We expect no change in balance sheet policy through-out our forecast horizon.
Norway	In line with our expectations, Norges Bank raised the policy rate by 25bp at the May meeting and guided towards another 25bp move in June as the rate path was unchanged. We see the June rate hike as the last one in this cycle, ending at the terminal rate of 3.5%, given that we see some further improvement in the underlying inflation dynamics. However, barring a sharp deterioration in global financial stability, the risks to the terminal rate are skewed to the upside. Beyond then, we see the rate on hold through 2023. We see the terminal rate at 3.5% and the first rate cut in 2Q24.	No QE policies currently in place	N/A
Sweden	Riksbank hiked 50bp at the April meeting, in line with market pricing and our expectations. However, after a fairly hawkish, currency-focused message in February, this meeting was more dovish. Riksbank stressed that a stronger SEK would be desirable, however the tone around the currency was a bit more muted. One 25bp hike was pre-announced for either June or September, and 2 Executive Board members favoured a 25bp move. We maintain our call that Riksbank will deliver the last 25bp hike at the June meeting, bringing the rate to 3.75%, as underlying inflation is still expected to print strongly over the next couple of months, warranting the move, and as we expect the ECB to continue hiking. By the time of the September meeting, inflation should be more firmly on a downward trajectory. We think the June hike will be the final one.	Riksbank has completed its QE programme, and decided in April 2023 that it will sell government bonds from April and offer larger volumes of Riksbank Certificates. The aim of the decision is to both increase risk-free interest rates and strengthen the krona. Riksbank will be selling nominal and real government bonds, with the holdings currently at SEK338bn, at a nominal value of SEK3bn and SEK0.5bn, respectively, per month.	We do not expect any further announcements in the near-term on the balance sheet run-off following the announcement in April.
Australia	Some further tightening of monetary policy may be required to ensure that inflation returns to target in a reasonable timeframe, but that will depend upon how the economy and inflation evolve. The Board will continue to pay close attention to developments in the global economy, trends in household spending and the outlook for inflation and the labour market. The Board remains resolute in its determination to return inflation to target and will do what is necessary to achieve that.	The RBA ceased QE purchases in February 2022 and are allowing the bonds to mature without reinvestment, passively shrinking the balance sheet	The RBA has stated they have no plans for outright sales and we see these as unlikely - at least until after the Term Funding Facility expires in 2024
EM*			
CEEMEA			
Russia	The CBR kept the key rate on hold at 7.5% in May as expected, but the tone of the CBR statement hasn't changed. The CBR sees the overall balance of inflation risks the same since the previous MPC meeting. The forward guidance also remained unchanged since April (and February) with the CBR repeating that "given gradually rising inflationary pressures, the Bank of Russia's forthcoming Board meetings will consider the necessity of key rate increase to stabilise inflation close to 4% in 2024 and further on". That said, annual inflation is down significantly due to the strong base effect. It was down to 3.5%Y in March from 11.0%Y in February, and further down to 2.5%Y as of 24 April. Given actual inflation dynamics we see the key rate on hold at 7.5% throughout this year	No QE policies currently in place	N/A
Poland	NBP's current forward guidanmce is for wait-and-see approach as inflation is decelerating but remains well above the central bank's comfort zone. Thus, we currently expect the NBP to keep the policy rate unchanged in 2023 with risks now skewed to the downside should inflation starts surprising to the downside. In 2024, with inflation firmly on a downward path, we expect a gradual easing cycle, with the policy rate reaching 4.50% by end-2024.	Poland has reduced significantly its QE purchases in 3Q21 and removed its guidance on future purchases.	We expect the NBP to keep to stock of purchased assets constant.
Czech Rep.	The CNB continues to guide for unchanged rates which are to be kept higher for longer. Yet, forward guidance remains tilted to the hawkish side with MPC debating on-hold or hike decisions at the meetings. Most recently, the MPC votes split showed that the number of MPC members voting for a hike has increased to three from one in March. On our side, we expect rates to remain unchanged until 4Q23 when we see a first 25bp cut but risks are skewed to higher policy rate in the very near-term.	No QE policies currently in place	N/A
Hungary	We expect the NBH to start easing the 1-day depo rate in June in steps of 100bp, converging it with the base rate at 13% by October this year, with the pace of convergence depending on market conditions, with possible pauses should HUF weaken significantly. Yet, risks currently are skewed towards an earlier start of the cutting cycle at the upcoming May meeting. We see these risks dependent on the incoming Hungarian inflation data for April, where we see upside risks.	The NBH has stopped QE purchases in 4Q21	We see the NBH keeping the stock of purchased assets constant but the central bank might carry out occasional purchases as a response to market instability.
Ukraine	In April, the NBU kept the key rate on hold as expected. The NBU admitted that inflation has been declining faster than expected this year, but the inflationary pressure remains high. The NBU expects inflation to slow down to 14.8% in 2023 and will return to single-digits in the upcoming years. Growth-wise, the NBU improved its GDP from 0.3% to 2.0% in 2023. That said, high uncertainty "makes it necessary to keep the key rate at 25%" for now to keep UAH stable, improve expectations and reduce inflation. The NBU updated macro forecast assumes rate cuts from Q423 vs. our current forecast of 2Q24.	No QE policies currently in place	N/A
Turkey	The CBT kept the policy rate on hold at 8.50% in line with our expectation and the consensus in April. The forward guidance remained intact as the CBT repeated that the current policy rate is adequate to support the recovery from the earthquakes. We think that the CBT will likely keep rates on hold in May and June in the event of no political change but we expect policy rate to be hiked to 30-35% by June in case of an opposition win. The first round of presidential and parliamentary elections will be on May 14. If there is a presidential runoff it will be on May 28.	To maintain operational flexibility in liquidity management, the CBT set its nominal open market operations portfolio at 7% of its total assets, reserving the option to make additional purchases.	N/A
Egypt	The CBE hiked the policy rate by 200bps to 18.25% in its March meeting with an aim to avoid potential second round effects of the supply shocks, and to anchor inflation expectations. The current policy guidance reiterates that the path of future policy rates remains a function of forecasted inflation as the CBE has an aim to achieve 7 percent (± 2 percentage points) on average by 2024 Q4. Given headline inflation at 30.6%Y and core at 38.6%Y, and continued depreciation pressure on the currency, we expect additional 200bps of rate hikes in 2Q23 with upside risks on the rate profile.		
South Africa	The SARB surprised markets with a more hawkish tilt and a larger than expected hike in March. A still challenging external backdrop driven by the Fed together with a widening current account deficit domestically has given rise to a increase in country risk premium and a depreciated exchange rate. Risks are firmly skewed toward further tightening this cycle.	No QE policies currently in place	The SARB has switched from a classical shortage type system to a surplus floor system for monetary policy. Interest on reserves will require a corresponding build up of assets on the other side of the balance sheet. In time, we believe this could take the form of FX reserves and government bonds.
AXJ			
China	We expect the central bank to maintain a stable accommodative monetary stance to facilitate the growth recovery, with OMO and MLF injections to keep 7-day interbank rate aligned with policy rate of 2%. It could also continue to provide targeted support to manufacturing upgrade and green investments via relending tools.	No QE policies currently in place	N/A
India	[illegible]	[illegible]	With fast paced normalization in liquidity, the RBI's balance sheet as a share of GDP has reached close to pre-pandemic levels.
Korea	[illegible]	No QE policies currently in place	BoK has guided it would carry out outright purchase of KTBs whenever needed for market stabilization purposes.
Indonesia	[illegible]	No QE policies currently in place	The burden sharing scheme came to an end at the end of 2022.
LatAm*			
Brazil	[illegible]	No QE policies currently in place	N/A
Mexico	[illegible]	No QE policies currently in place	N/A
Chile	[illegible]	No QE policies currently in place	N/A
Colombia	[illegible]	No QE policies currently in place	N/A
Peru	[illegible]	No QE policies currently in place	N/A

Source: Morgan Stanley Research

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(as of April 30, 2023)

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STOCK RATING CATEGORY	COVERAGE UNIVERSE COUNT	COVERAGE UNIVERSE % OF TOTAL	INVESTMENT BANKING CLIENTS (IBC) COUNT	INVESTMENT BANKING CLIENTS (IBC) % OF TOTAL IBC	INVESTMENT BANKING CLIENTS (IBC) % OF RATING CATEGORY	OTHER MATERIAL INVESTMENT SERVICES CLIENTS (MISC) COUNT	OTHER MATERIAL INVESTMENT SERVICES CLIENTS (MISC) % OF TOTAL OTHER MISC
Overweight/Buy	**1357**	**37%**	**269**	**42%**	**20%**	**599**	**39%**
Equal-weight/Hold	**1660**	**45%**	**307**	**47%**	**18%**	**721**	**47%**
Not-Rated/Hold	**5**	**0%**	**1**	**0%**	**20%**	**1**	**0%**
Underweight/Sell	**639**	**17%**	**70**	**11%**	**11%**	**228**	**15%**
TOTAL	**3,661**		**647**			**1549**	

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