



Central bank depository.

No consensus on monetary policy.

SEI's view

The Federal Reserve (Fed) cut the federal funds rate by 25 basis points (0.25%) at its October meeting. This follows a similar reduction in September. Markets are pricing in yet another rate cut at the next meeting scheduled for December 9-10. Given the U.S. government shutdown, the Fed's decision-makers must rely on anecdotal reports, private sources, and the central bank's regional surveys to assess the current state of the economy. The Fed is keying on signs of labor-market softness to justify its monetary policy easing moves. However, resilient consumer spending and booming artificial intelligence (AI)-related capital expenditures suggest that the overall economy continues to advance at a decent pace. The government shutdown, which is now the longest in American history, prolongs the economic uncertainty. The U.S. Supreme Court's eventual judgment regarding the constitutionality of the tariffs will also influence the Fed's monetary posture in the months ahead. Elsewhere, the Bank of Canada (BOC) reduced its policy rate for the fourth time this year as the country faces near-recessionary conditions. The European Central Bank (ECB) chose yet again to maintain its policy rate at 2.00% amid signs that inflation has steadied near its target. The Bank of England (BOE) voted to keep the Bank Rate unchanged at 4.00% and indicated that future rate cuts would be dependent upon the outlook for inflation. The Bank of Japan has been on hold since January of this year, even though inflation has been running at a surprisingly high 3% rate.

Federal Reserve (Fed)



- In a split 10-2 vote, the Federal Open Market Committee (FOMC) reduced the federal funds rate by 0.25% to a range of 3.75%-4.00% following its meeting on October 28-29—its second consecutive rate cut after standing pat for eight months. FOMC member Stephen Miran voted for a 0.50% rate decrease, while Jeffrey Schmid preferred to leave the federal funds target rate unchanged.
- In a statement announcing the rate decision, the FOMC cited the continued sluggishness in the U.S. labor market. "Job gains have slowed this year, and the unemployment rate has edged up but remained low through August; more recent indicators are consistent with these developments," the FOMC commented. The Committee also noted that inflation "remains somewhat elevated."
- During a news conference following the FOMC meeting, Fed Chair Jerome Powell acknowledged the differing views among FOMC members regarding monetary policy and cautioned that a rate cut at the Committee's meeting in December "is not a foregone conclusion—far from it. Policy is not on a pre-set course."

European Central Bank (ECB)



- The ECB left its benchmark interest rate unchanged at 2.00% for its third consecutive meeting on October 30, as inflation in the region remains relatively tame and the economy continues to expand modestly.
- In a news release, the ECB's Governing Council noted, "Inflation remains close to the 2% medium-term target and the Governing Council's assessment of the inflation outlook is broadly unchanged. The economy has continued to grow despite the challenging global environment." However, the central bank did not provide guidance on the direction of monetary policy going forward, citing uncertainty regarding ongoing global trade disputes and geopolitical tensions.
- At a post-meeting news conference in Florence, Italy, ECB President Christine Lagarde said, "From a monetary policy point of view, we are in a good place." She also commented that the central bank "will do whatever is needed to make sure that we stay in a good place."

Bank of England (BOE)



- At its meeting on November 6, the BOE voted by a slim 5-4 margin to maintain the Bank Rate at 4.00%—its lowest level since March 2023. Four BOE Monetary Policy Committee (MPC) members favored a 0.25% reduction to the policy rate.
- According to minutes of the meeting, the MPC members “judged that the restrictiveness of monetary policy had fallen as the Bank Rate had been reduced. The extent of further reductions would therefore depend on the evolution of the outlook for inflation. If progress on disinflation continued, Bank Rate was likely to continue on a gradual downward path.”
- During a news conference following the meeting, BOE Governor Andrew Bailey said that the central bank believes that U.K. inflation has peaked at its current rate of 3.8%, noting that “upside risks to inflation have become less pressing since August [the date of the BOE’s most recent rate cut].” Bailey also commented, “With every cut in the Bank Rate, how much further to go becomes a closer call. For me, the market curve at the moment does give a reasonable view, I think, of a sensible path.”

Bank of Japan (BOJ)



- By a 7-2 majority, the BOJ voted to leave its benchmark interest rate unchanged at 0.50% at its meeting on October 29-30, but signaled that rate hikes may be needed in the not-too-distant future. The central bank has stood pat since raising the rate by 0.25% in late January of this year. Two BOJ Policy Board members favored a 0.25% increase in the policy rate to 0.75%.
- In a statement announcing the rate decision, the BOJ said that inflation “is likely to decelerate to a level below 2 percent through the first half of fiscal 2026, with the waning of the effects of the rise in food prices, such as rice prices. Meanwhile, underlying [consumer-price index] inflation is likely to be sluggish, mainly affected by the growth pace of the economy.”
- At a news conference following the meeting, BOJ Governor Kazuo Ueda noted that the BOJ is waiting for “a bit more data” to determine if Japanese companies will continue to increase employees’ wages despite rising costs due to the U.S. tariffs. “I’m not saying that we need to wait until the final outcome of next year’s wage talks becomes available,” he said. “We want to gather a bit more data on the initial momentum of the talks.”

Bank of Canada (BOC)



- At its October 29 meeting, the BOC reduced its policy rate by 0.25% to a three-year low of 2.25%. The central bank has cut the rate by an aggregate of 0.50% at its last two meetings after remaining on hold for the previous six-month period.
- In a statement announcing the monetary policy decision, the BOC cited concerns regarding U.S. trade policy. “While the global economy has been resilient to the historic rise in U.S. tariffs, the impact is becoming more evident,” the central bank commented. “Trade relationships are being reconfigured and ongoing trade tensions are dampening investment in many countries.”
- During a news conference following the rate-cut announcement, BOC Governor Tiff Macklem said that the rate cut “reflects ongoing weakness in the economy and contained inflationary pressures.” Macklem also reiterated the uncertainty surrounding the Trump administration’s tariffs on imported goods from Canada. “There continues to be considerable uncertainty, both about U.S. tariffs and their impacts,” he stated. “The range of possible outcomes is wider than usual.”

Summary Table

Central Bank	Current Rate	Prior Rate	Change	Next Meeting
Fed	3.75%-4.25%	4.00%-4.25%	-0.25%	Dec. 9-10, 2025
ECB	2.00%	2.00%	Unchanged	Dec. 17, 2025
BOE	4.00%	4.00%	Unchanged	Dec. 18, 2025
BOJ	0.50%	0.50%	Unchanged	Dec. 18-19, 2025
BOC	2.25%	2.50%	-0.25%	Dec. 10, 2025

Sources: Fed, ECB, BOE, BOJ, BOC. As of November 6, 2025.

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