

Economics and FICC Strategy

# FORECAST UPDATE

August 18, 2025

## Forecast Details

Table: Canadian interest rates (end of period)

Variable	2025 18-Aug	2025 Sep	2025 Dec	2026 Mar	2026 Jun	2026 Sep	2026 Dec
Overnight target rate	2.75	2.50	2.25	2.25	2.25	2.25	2.25
98-Day Treasury Bills	2.66	2.55	2.25	2.20	2.20	2.25	2.25
2-Year Government Bond	2.73	2.60	2.40	2.50	2.65	2.80	3.05
5-Year Government Bond	3.00	2.80	2.75	2.90	2.95	3.15	3.40
10-Year Government Bond	3.49	3.35	3.20	3.25	3.35	3.55	3.75
30-Year Government Bond	3.89	3.70	3.60	3.65	3.70	3.75	3.90
Canada - US T-Bill Spread	-1.57	-1.80	-1.75	-1.45	-1.25	-1.10	-1.10
Canada - US 10-Year Bond Spread	-0.85	-0.90	-0.95	-0.95	-0.95	-0.80	-0.65
Canada Yield Curve (10-year — 2-year)	0.75	0.75	0.80	0.75	0.70	0.75	0.70

Table: US Interest rates (end of period)

Variable	2025 18-Aug	2025 Sep	2025 Dec	2026 Mar	2026 Jun	2026 Sep	2026 Dec
Federal funds rate (midpoint)	4.375	4.375	3.875	3.625	3.375	3.375	3.375
91-Day Treasury Bills	4.22	4.35	4.00	3.65	3.45	3.35	3.35
2-Year Government Note	3.76	3.70	3.45	3.40	3.40	3.55	3.65
5-Year Government Note	3.85	3.80	3.65	3.60	3.65	3.85	3.95
10-Year Government Note	4.33	4.25	4.15	4.20	4.30	4.35	4.40
30-Year Government Bond	4.94	4.85	4.80	4.75	4.80	4.85	4.80
US Yield curve (10-year — 2-year)	0.57	0.55	0.70	0.80	0.90	0.80	0.75

Table: Foreign exchange rates

Exchange rate	2025 18-Aug	2025 Sep	2025 Dec	2026 Mar	2026 Jun	2026 Sep	2026 Dec
CAD-USD	0.72	0.74	0.74	0.75	0.75	0.75	0.75
USD-CAD	1.38	1.36	1.35	1.34	1.34	1.33	1.33

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