

Economics and FICC Strategy

FORECAST UPDATE

January 5, 2026

Forecast Details

Table: Canadian interest rates (end of period)

Variable	2026 5-Jan	2026 Mar	2026 Jun	2026 Sep	2026 Dec	2027 Mar	2027 Jun	2027 Sep	2027 Dec
Overnight target rate	2.25	2.25	2.25	2.25	2.25	2.25	2.50	2.75	2.75
98-Day Treasury Bills	2.19	2.25	2.20	2.20	2.25	2.35	2.55	2.80	2.80
2-Year Government Bond	2.59	2.45	2.55	2.80	2.95	3.05	3.10	3.25	3.35
5-Year Government Bond	2.97	2.80	2.90	3.05	3.20	3.25	3.30	3.35	3.45
10-Year Government Bond	3.44	3.15	3.20	3.35	3.45	3.50	3.55	3.65	3.70
30-Year Government Bond	3.90	3.50	3.55	3.65	3.75	3.75	3.80	3.85	3.90
Canada - US T-Bill Spread	-1.41	-1.05	-0.90	-0.90	-0.90	-0.85	-0.70	-0.50	-0.60
Canada - US 10-Year Bond Spread	-0.73	-0.95	-0.95	-0.85	-0.80	-0.85	-0.80	-0.75	-0.80
Canada Yield Curve (10-year — 2-year)	0.86	0.70	0.65	0.55	0.50	0.45	0.45	0.40	0.35

Table: US Interest rates (end of period)

Variable	2026 5-Jan	2026 Mar	2026 Jun	2026 Sep	2026 Dec	2027 Mar	2027 Jun	2027 Sep	2027 Dec
Federal funds rate (midpoint)	3.625	3.375	3.125	3.125	3.125	3.125	3.125	3.125	3.125
91-Day Treasury Bills	3.61	3.30	3.10	3.10	3.15	3.20	3.25	3.30	3.40
2-Year Government Note	3.47	3.40	3.35	3.45	3.65	3.70	3.80	4.00	4.10
5-Year Government Note	3.72	3.65	3.50	3.60	3.65	3.80	3.90	4.00	4.25
10-Year Government Note	4.18	4.10	4.15	4.20	4.25	4.35	4.35	4.40	4.50
30-Year Government Bond	4.86	4.70	4.70	4.75	4.80	4.85	4.90	4.95	5.10
US Yield curve (10-year — 2-year)	0.71	0.70	0.80	0.75	0.60	0.65	0.55	0.40	0.40

Table: Foreign exchange rates

Exchange rate	2026 5-Jan	2026 Mar	2026 Jun	2026 Sep	2026 Dec
CAD-USD	0.73	0.72	0.73	0.74	0.74
USD-CAD	1.38	1.38	1.37	1.36	1.35
USD-JPY	157	157	155	152	150
EUR-USD	1.17	1.20	1.21	1.20	1.18
GBP-USD	1.35	1.34	1.36	1.36	1.34
AUD-USD	0.67	0.64	0.64	0.64	0.64
USD-CNY	6.99	7.15	7.10	7.12	7.14
USD-BRL	5.43	5.40	5.80	6.10	5.80
USD-MXN	17.95	19.00	19.20	19.20	18.80

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