Economics and FICC Strategy

# FORECAST UPDATE

May 26, 2026

## Forecast Details

Table: Canadian interest rates (end of period)

| Variable | 2026 May 25 | 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 | 2.50 | 2.75 | 2.75 |
| 98-Day Treasury Bills | 2.29 | 2.20 | 2.20 | 2.25 | 2.35 | 2.55 | 2.80 | 2.80 |
| 2-Year Government Bond | 2.86 | 2.80 | 2.85 | 3.00 | 3.10 | 3.20 | 3.30 | 3.40 |
| 5-Year Government Bond | 3.13 | 3.10 | 3.15 | 3.25 | 3.30 | 3.35 | 3.40 | 3.50 |
| 10-Year Government Bond | 3.47 | 3.40 | 3.55 | 3.60 | 3.60 | 3.60 | 3.65 | 3.70 |
| 30-Year Government Bond | 3.84 | 3.75 | 3.85 | 3.80 | 3.85 | 3.85 | 3.90 | 3.90 |
| Canada - US T-Bill Spread | -1.38 | -1.45 | -1.40 | -1.35 | -0.95 | -0.55 | -0.30 | -0.35 |
| Canada - US 10-Year Bond Spread | -1.09 | -1.00 | -0.75 | -0.65 | -0.65 | -0.70 | -0.75 | -0.80 |
| Canada Yield Curve (10-year — 2-year) | 0.61 | 0.60 | 0.70 | 0.60 | 0.50 | 0.40 | 0.35 | 0.30 |

Table: US Interest rates (end of period)

| Variable | 2026 May 25 | 2026 Jun | 2026 Sep | 2026 Dec | 2027 Mar | 2027 Jun | 2027 Sep | 2027 Dec |
|---|---|---|---|---|---|---|---|---|
| Federal funds rate (midpoint) | 3.625 | 3.625 | 3.625 | 3.625 | 3.375 | 3.125 | 3.125 | 3.125 |
| 91-Day Treasury Bills | 3.66 | 3.65 | 3.60 | 3.60 | 3.30 | 3.10 | 3.10 | 3.15 |
| 2-Year Government Note | 4.12 | 4.00 | 3.90 | 3.85 | 3.60 | 3.50 | 3.65 | 3.80 |
| 5-Year Government Note | 4.26 | 4.15 | 4.00 | 3.95 | 3.80 | 3.70 | 3.85 | 4.00 |
| 10-Year Government Note | 4.56 | 4.40 | 4.30 | 4.25 | 4.25 | 4.30 | 4.40 | 4.50 |
| 30-Year Government Bond | 5.06 | 5.00 | 4.90 | 4.90 | 4.95 | 5.00 | 5.10 | 5.20 |
| US Yield curve (10-year — 2-year) | 0.43 | 0.40 | 0.40 | 0.40 | 0.65 | 0.80 | 0.75 | 0.70 |

Table: Foreign exchange rates

| Exchange rate | 2026 May 25 | 2026 Jun | 2026 Sep | 2026 Dec | 2027 Mar | 2027 Jun | 2027 Sep | 2027 Dec |
|---|---|---|---|---|---|---|---|---|
| CAD-USD | 0.72 | 0.73 | 0.74 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 |
| USD-CAD | 1.38 | 1.37 | 1.36 | 1.34 | 1.34 | 1.34 | 1.33 | 1.33 |

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