

Economics and FICC Strategy

FORECAST UPDATE

October 19, 2022

Forecast Details

Table 1: Canadian interest rates (end of period)

| Variable | 2022 19-Oct | 2022 Dec | 2023 Mar | 2023 Jun | 2023 Sep | 2023 Dec | 2024 Jun | 2024 Dec |
|---------------------------------------|----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Overnight target rate | 3.25 | 4.25 | 4.25 | 4.25 | 4.25 | 4.25 | 3.50 | 3.00 |
| 98-Day Treasury Bills | 3.91 | 4.15 | 4.10 | 4.00 | 4.00 | 3.85 | 3.25 | 2.60 |
| 2-Year Government Bond | 4.10 | 4.35 | 4.00 | 3.75 | 3.55 | 3.10 | 2.50 | 2.25 |
| 10-Year Government Bond | 3.44 | 3.60 | 3.40 | 3.20 | 3.00 | 2.90 | 2.75 | 2.60 |
| 30-Year Government Bond | 3.42 | 3.50 | 3.45 | 3.25 | 3.10 | 3.00 | 2.75 | 2.45 |
| Canada - US T-Bill Spread | -0.08 | -0.10 | -0.15 | -0.10 | -0.05 | -0.15 | -0.40 | -0.55 |
| Canada - US 10-Year Bond Spread | -0.64 | -0.30 | -0.30 | -0.20 | -0.20 | -0.20 | -0.25 | -0.20 |
| Canada Yield Curve (10-year — 2-year) | -0.67 | -0.75 | -0.60 | -0.55 | -0.55 | -0.20 | 0.25 | 0.35 |

Table 2: US Interest rates (end of period)

| Variable | 2022 19-Oct | 2022 Dec | 2023 Mar | 2023 Jun | 2023 Sep | 2023 Dec | 2024 Jun | 2024 Dec |
|-----------------------------------|----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Federal funds rate | 3.125 | 4.375 | 4.375 | 4.375 | 4.375 | 4.375 | 3.875 | 3.375 |
| 91-Day Treasury Bills | 3.99 | 4.25 | 4.25 | 4.10 | 4.05 | 4.00 | 3.65 | 3.15 |
| 2-Year Government Note | 4.52 | 4.55 | 4.40 | 4.25 | 3.90 | 3.70 | 3.00 | 2.60 |
| 10-Year Government Note | 4.08 | 3.90 | 3.70 | 3.40 | 3.20 | 3.10 | 3.00 | 2.80 |
| 30-Year Government Bond | 4.08 | 3.80 | 3.50 | 3.30 | 3.15 | 3.00 | 2.75 | 2.60 |
| US Yield curve (10-year — 2-year) | -0.44 | -0.65 | -0.70 | -0.85 | -0.70 | -0.60 | 0.00 | 0.20 |

Table 3: Foreign exchange rates

| Exchange rate | 2022 19-Oct | 2022 Dec | 2023 Mar | 2023 Jun | 2023 Sep | 2023 Dec | 2024 Jun | 2024 Dec |
|---------------|----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| CAD-USD | 0.73 | 0.72 | 0.73 | 0.73 | 0.75 | 0.76 | 0.76 | 0.78 |
| USD-CAD | 1.38 | 1.38 | 1.37 | 1.37 | 1.34 | 1.32 | 1.32 | 1.28 |
| USD-JPY | 150 | 140 | 138 | 136 | 135 | 130 | 127 | 124 |
| EUR-USD | 0.98 | 0.98 | 1.00 | 1.02 | 1.04 | 1.06 | 1.09 | 1.10 |
| GBP-USD | 1.12 | 1.09 | 1.11 | 1.12 | 1.14 | 1.17 | 1.21 | 1.23 |
| AUD-USD | 0.63 | 0.63 | 0.64 | 0.64 | 0.64 | 0.65 | 0.67 | 0.69 |
| USD-CNY | 7.23 | 7.10 | 7.10 | 7.00 | 7.00 | 6.90 | 6.85 | 6.80 |
| USD-BRL | 5.28 | 5.70 | 5.90 | 5.70 | 5.50 | 5.30 | 5.50 | 6.00 |
| USD-MXN | 20.1 | 21.5 | 21.0 | 21.5 | 21.3 | 21.5 | 22.0 | 22.5 |

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