

# FORECAST UPDATE

May 14, 2025

## Forecast Details

Table: Canadian interest rates (end of period)

Variable	2025 14-May	2025 Jun	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	2.25
98-Day Treasury Bills	2.61	2.45	2.20	2.05	2.15	2.20	2.30	2.35
2-Year Government Bond	2.60	2.55	2.50	2.65	2.85	3.00	3.10	3.25
5-Year Government Bond	2.83	2.70	2.80	2.85	3.00	3.10	3.20	3.10
10-Year Government Bond	3.24	3.15	3.05	3.10	3.30	3.45	3.55	3.70
30-Year Government Bond	3.55	3.35	3.45	3.50	3.50	3.45	3.40	3.50
Canada - US T-Bill Spread	-1.78	-1.95	-1.90	-1.80	-1.40	-1.25	-1.20	-1.20
Canada - US 10-Year Bond Spread	-1.25	-1.10	-1.05	-0.90	-0.80	-0.85	-0.90	-0.90
Canada Yield Curve (10-year — 2-year)	0.64	0.60	0.55	0.45	0.45	0.45	0.45	0.45

Table: US Interest rates (end of period)

Variable	2025 14-May	2025 Jun	2025 Sep	2025 Dec	2026 Mar	2026 Jun	2026 Sep	2026 Dec
Federal funds rate (midpoint)	4.375	4.375	4.125	3.875	3.625	3.375	3.375	3.375
91-Day Treasury Bills	4.39	4.40	4.10	3.85	3.55	3.45	3.50	3.55
2-Year Government Note	4.01	4.05	3.90	3.65	3.40	3.50	3.75	3.90
5-Year Government Note	4.11	4.10	3.90	3.75	3.65	3.70	3.75	3.90
10-Year Government Note	4.49	4.25	4.10	4.00	4.10	4.30	4.45	4.60
30-Year Government Bond	4.94	4.75	4.65	4.50	4.60	4.65	4.70	4.75
US Yield curve (10-year — 2-year)	0.48	0.20	0.20	0.35	0.70	0.80	0.70	0.70

Table: Foreign exchange rates

Exchange rate	2025 14-May	2025 Jun	2025 Sep	2025 Dec	2026 Mar	2026 Jun	2026 Sep	2026 Dec
CAD-USD	0.72	0.72	0.73	0.73	0.74	0.74	0.74	0.75
USD-CAD	1.39	1.38	1.37	1.37	1.36	1.35	1.35	1.34

## Contacts:

Avery Shenfeld  
[avery.shenfeld@cibc.com](mailto:avery.shenfeld@cibc.com)

Benjamin Tal  
[benjamin.tal@cibc.com](mailto:benjamin.tal@cibc.com)

Andrew Grantham  
[andrew.grantham@cibc.com](mailto:andrew.grantham@cibc.com)

Ali Jaffery  
[ali.jaffery@cibc.com](mailto:ali.jaffery@cibc.com)

Katherine Judge  
[katherine.judge@cibc.com](mailto:katherine.judge@cibc.com)

FICC Strategy  
Ian Pollick  
[ian.pollick@cibc.com](mailto:ian.pollick@cibc.com)

CIBC Capital Markets  
PO Box 500  
161 Bay Street, Brookfield Place  
Toronto, Canada, M5J 2S8  
[Bloomberg @ CIBC](#)

[economics.cibccm.com](http://economics.cibccm.com)

CIBC Capital Markets is a trademark brand name under which Canadian Imperial Bank of Commerce ("CIBC"), its subsidiaries and affiliates (including, without limitation, CIBC World Markets Inc., CIBC World Markets Corp. and CIBC Capital Markets (Europe) S.A.) provide different products and services to our customers around the world. Products and/or services offered by CIBC include corporate lending services, foreign exchange, money market instruments, structured notes, interest rate products and OTC derivatives. CIBC's Foreign Exchange Disclosure Statement relating to guidelines contained in the FX Global Code can be found at [www.cibccm.com/fxdisclosure](http://www.cibccm.com/fxdisclosure). Other products and services, such as exchange-traded equity and equity options, fixed income securities and futures execution of Canadian securities, are offered through directly or indirectly held subsidiaries of CIBC as indicated below.

### Distribution

This report is written by the economics team at CIBC Capital Markets and is not the product of a CIBC Capital Markets research department. This report is issued and approved for distribution: (a) in Canada, by CIBC World Markets Inc., a member of the Canadian Investment Regulatory Organization, the Toronto Stock Exchange, the TSX Venture Exchange and a Member of the Canadian Investor Protection Fund; and (b) in the United States, by either: (i) CIBC World Markets Inc. for distribution only to U.S. Major Institutional Investors ("MII") (as such term is defined in SEC Rule 15a-6) or (ii) CIBC World Markets Corp., a member of the Financial Industry Regulatory Authority. U.S. MIs receiving this report from CIBC World Markets Inc. (the Canadian broker-dealer) are required to effect transactions (other than negotiating their terms) in securities discussed in the report through CIBC World Markets Corp. (the U.S. broker-dealer).

This report is provided, for informational purposes only, to institutional investor and retail clients of CIBC World Markets Inc. in Canada and does not constitute an offer or solicitation to buy or sell any securities discussed herein, including (without limitation) in any jurisdiction where such offer or solicitation would be prohibited.

The distribution of this report in the United Kingdom is being made only to, or directed only at, persons falling within one or more of the exemptions from the financial promotion regime in section 21 of the UK Financial Services and Markets Act 2000 (as amended) ("FSMA") including, without limitation, to the following:

- authorised firms under FSMA and certain other investment professionals falling within article 19 of the FSMA (Financial Promotion) Order 2005 ("FPO") and directors, officers and employees acting for such entities in relation to investment;
- high value entities falling within article 49 FPO and directors, officers and employees acting for such entities in relation to investment; and
- persons who receive this presentation outside the United Kingdom.

The distribution of this report to any other person in the United Kingdom is unauthorised and may contravene FSMA. No person falling outside such categories should treat this report as constituting a promotion to them or rely or act on it for any purposes whatsoever. This report is distributed solely to eligible counterparties or professional clients and not retail clients as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018.

For all other jurisdictions, this report is distributed solely to institutional clients and not retail clients as defined by the applicable securities legislation and regulation to which CIBC Capital Markets may be subject in any jurisdiction.

### Miscellaneous

This report does not take into account the investment objectives, financial situation or specific needs of any particular client of CIBC. Before making an investment decision on the basis of any information contained in this report, the recipient should consider whether such information is appropriate given the recipient's particular investment needs, objectives and financial circumstances. CIBC suggests that, prior to acting on any information contained herein, you contact one of our client advisers in your jurisdiction to discuss your particular circumstances. Since the levels and bases of taxation can change, any reference in this report to the impact of taxation should not be construed as offering tax advice; as with any transaction having potential tax implications, clients should consult with their own tax advisors. Past performance is not a guarantee of future results.

The information and any statistical data contained herein were obtained from sources that we believe to be reliable, but we do not represent that they are accurate or complete, and they should not be relied upon as such. All estimates and opinions expressed herein constitute judgments as of the date of this report and are subject to change without notice.

This report may provide addresses of, or contain hyperlinks to, Internet web sites. CIBC has not reviewed the linked Internet web site of any third party and takes no responsibility for the contents thereof. Each such address or hyperlink is provided solely for the recipient's convenience and information, and the content of linked third-party web sites is not in any way incorporated into this document. Recipients who choose to access such third-party web sites or follow such hyperlinks do so at their own risk.

Unauthorized use, distribution, duplication or disclosure without the prior written permission of CIBC World Markets Inc. is prohibited by law and may result in prosecution.

CIBC Capital Markets and the CIBC Logo Design are trademarks of CIBC, used under license.