Economics and FICC Strategy

FORECAST UPDATE

October 1, 2025

Forecast Details

Table: Canadian interest rates (end of period)

Variable	2025 1-Oct	2025 Dec	2026 Mar	2026 Jun	2026 Sep	2026 Dec
Overnight target rate	2.50	2.25	2.25	2.25	2.25	2.25
98-Day Treasury Bills	2.43	2.25	2.20	2.20	2.25	2.25
2-Year Government Bond	2.46	2.35	2.40	2.65	2.80	3.00
5-Year Government Bond	2.74	2.70	2.75	2.90	3.00	3.10
10-Year Government Bond	3.19	3.15	3.20	3.35	3.45	3.60
30-Year Government Bond	3.65	3.50	3.60	3.65	3.70	3.80
Canada - US T-Bill Spread	-1.50	-1.75	-1.45	-1.25	-1.10	-1.10
Canada - US 10-Year Bond Spread	-0.96	-1.00	-0.90	-0.85	-0.85	-0.80
Canada Yield Curve (10-year — 2-year)	0.72	0.80	0.80	0.70	0.65	0.60

Table: US Interest rates (end of period)

Variable	2025 1-Oct	2025 Dec	2026 Mar	2026 Jun	2026 Sep	2026 Dec
Federal funds rate (midpoint)	4.125	3.875	3.625	3.375	3.375	3.375
91-Day Treasury Bills	3.93	4.00	3.65	3.45	3.35	3.35
2-Year Government Note	3.60	3.70	3.45	3.35	3.50	3.75
5-Year Government Note	3.73	3.80	3.70	3.65	3.80	3.95
10-Year Government Note	4.14	4.15	4.10	4.20	4.30	4.40
30-Year Government Bond	4.73	4.80	4.75	4.80	4.85	4.80
US Yield curve (10-year — 2-year)	0.54	0.45	0.65	0.85	0.80	0.65

Table: Foreign exchange rates

Exchange rate	2025 1-Oct	2025 Dec	2026 Mar	2026 Jun	2026 Sep	2026 Dec
CAD-USD	0.72	0.74	0.74	0.74	0.75	0.75
USD-CAD	1.39	1.36	1.36	1.35	1.34	1.33
USD-JPY	147	140	137	135	134	133
EUR-USD	1.17	1.19	1.20	1.21	1.22	1.23
GBP-USD	1.35	1.35	1.36	1.38	1.39	1.41
AUD-USD	0.66	0.67	0.67	0.67	0.67	0.67
USD-CNY	7.12	7.15	7.13	7.12	7.11	7.10
USD-BRL	5.31	5.75	5.90	6.10	6.10	5.80
USD-MXN	18.28	19.60	19.70	19.80	19.80	19.80

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