Economics and FICC Strategy

FORECAST UPDATE

July 21, 2025

Forecast Details

Table: Canadian interest rates (end of period)

Variable	2025 21-Jul	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
98-Day Treasury Bills	2.68	2.55	2.25	2.20	2.20	2.25	2.25
2-Year Government Bond	2.78	2.65	2.60	2.65	2.85	3.00	3.35
5-Year Government Bond	3.05	2.90	2.85	2.95	3.00	3.10	3.30
10-Year Government Bond	3.50	3.40	3.30	3.40	3.50	3.70	3.80
30-Year Government Bond	3.80	3.65	3.60	3.65	3.70	3.60	3.70
Canada - US T-Bill Spread	-1.65	-1.80	-1.85	-1.55	-1.30	-1.10	-1.20
Canada - US 10-Year Bond Spread	-0.86	-0.70	-0.85	-0.80	-0.75	-0.65	-0.60
Canada Yield Curve (10-year — 2-year)	0.72	0.75	0.70	0.75	0.65	0.70	0.45

Table: US Interest rates (end of period)

Variable	2025 21-Jul	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
91-Day Treasury Bills	4.33	4.35	4.10	3.75	3.50	3.35	3.45
2-Year Government Note	3.84	3.60	3.55	3.45	3.60	3.75	4.00
5-Year Government Note	3.89	3.85	3.75	3.60	3.70	3.85	4.00
10-Year Government Note	4.35	4.10	4.15	4.20	4.25	4.35	4.40
30-Year Government Bond	4.91	4.60	4.70	4.80	5.00	5.10	5.15
US Yield curve (10-year — 2-year)	0.51	0.50	0.60	0.75	0.65	0.60	0.40

Table: Foreign exchange rates

Exchange rate	2025 21-Jul	2025 Sep	2025 Dec	2026 Mar	2026 Jun	2026 Sep	2026 Dec
CAD-USD	0.73	0.74	0.74	0.75	0.75	0.75	0.75
USD-CAD	1.37	1.36	1.35	1.34	1.34	1.33	1.33

Contacts:

Avery Shenfeld
avery.shenfeld@cibc.com

Benjamin Tal
benjamin.tal@cibc.com

Andrew Grantham
andrew.grantham@cibc.com

Ali Jaffery
ali.jaffery@cibc.com

Katherine Judge
katherine.judge@cibc.com

FICC Strategy
Ian Pollick
ian.pollick@cibc.com

CIBC Capital Markets
PO Box 500
161 Bay Street, Brookfield Place
Toronto, Canada, M5J 2S8
Bloomberg @ CIBC

economics.cibccm.com