

Economics and FICC Strategy

FORECAST UPDATE

December 12, 2023

Forecast Details

Table: Canadian interest rates (end of period)

Variable	2023 Dec 12	2024 Mar	2024 Jun	2024 Sep	2024 Dec	2025 Jun	2025 Dec
Overnight target rate	5.00	5.00	4.75	4.00	3.50	3.00	2.50
98-Day Treasury Bills	5.03	5.05	4.60	3.90	3.35	2.85	2.45
2-Year Government Bond	4.21	4.40	4.00	3.40	3.00	2.70	2.60
10-Year Government Bond	3.42	3.65	3.50	3.35	3.20	2.90	2.95
30-Year Government Bond	3.21	3.50	3.60	3.50	3.40	3.10	3.05
Canada - US T-Bill Spread	-0.36	-0.25	-0.65	-1.25	-1.40	-1.15	-0.90
Canada - US 10-Year Bond Spread	-0.84	-0.90	-0.90	-0.85	-0.65	-0.75	-0.35
Canada Yield Curve (10-year — 2-year)	-0.79	-0.75	-0.50	-0.05	0.20	0.20	0.35

Table: US Interest rates (end of period)

Variable	2023 Dec 12	2024 Mar	2024 Jun	2024 Sep	2024 Dec	2025 Jun	2025 Dec
Federal funds rate (midpoint)	5.375	5.375	5.375	5.375	4.875	4.125	3.625
91-Day Treasury Bills	5.39	5.30	5.25	5.15	4.75	4.00	3.35
2-Year Government Note	4.75	4.80	4.65	4.50	4.10	3.30	3.10
10-Year Government Note	4.26	4.55	4.40	4.20	3.85	3.65	3.30
30-Year Government Bond	4.34	4.70	4.55	4.40	4.30	3.90	3.65
US Yield curve (10-year — 2-year)	-0.49	-0.25	-0.25	-0.30	-0.25	0.35	0.20

Table: Foreign exchange rates

Exchange rate	2023 Dec 12	2024 Mar	2024 Jun	2024 Sep	2024 Dec	2025 Jun	2025 Dec
CAD-USD	0.74	0.70	0.72	0.73	0.74	0.77	0.78
USD-CAD	1.36	1.42	1.39	1.37	1.35	1.30	1.29
USD-JPY	146	154	150	148	145	135	130
EUR-USD	1.08	1.03	1.05	1.08	1.11	1.15	1.16
GBP-USD	1.26	1.18	1.20	1.23	1.27	1.32	1.34
AUD-USD	0.66	0.61	0.62	0.63	0.64	0.66	0.67
USD-CNY	7.18	7.33	7.32	7.30	7.25	7.20	7.10
USD-BRL	4.95	5.20	5.20	5.40	5.00	5.20	5.40
USD-MXN	17.42	18.50	19.00	19.20	19.00	18.75	18.50

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

CIBC World Markets Inc., CIBC World Markets Corp., CIBC World Markets Plc., CIBC Australia Limited and certain other corporate banking and capital markets activities of Canadian Imperial Bank of Commerce operate under the brand name CIBC Capital Markets.

This report is issued and approved for distribution by (a) in Canada, CIBC World Markets Inc., a member of the Investment Industry Regulatory Organization of Canada, the Toronto Stock Exchange, the TSX Venture Exchange and a Member of the Canadian Investor Protection Fund, (b) in the United Kingdom, CIBC World Markets plc, which is regulated by the Financial Services Authority, and (c) in Australia, CIBC Australia Limited, a member of the Australian Stock Exchange and regulated by the ASIC (collectively, "CIBC") and (d) in the United States either by (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. MIIs 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 in any jurisdiction where such offer or solicitation would be prohibited. This document and any of the products and information contained herein are not intended for the use of private investors in the United Kingdom. Such investors will not be able to enter into agreements or purchase products mentioned herein from CIBC World Markets plc. The comments and views expressed in this document are meant for the general interests of wholesale clients of CIBC Australia Limited.

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.

© 2023 CIBC World Markets Inc. All rights reserved. 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.

The CIBC logo and "CIBC Capital Markets" are trademarks of CIBC, used under license.