



360 Portage Ave (22) • Winnipeg, Manitoba Canada • R3C 0G8

Telephone / N° de téléphone: (204) 360-3257 • Fax / N° de télécopieur: (204) 360-6147 • baczarnecki@hydro.mb.ca

December 7, 2018

Mr. D. Christle
Secretary and Executive Director
Public Utilities Board
400-330 Portage Avenue
Winnipeg, Manitoba
R3C 0C4

Dear Mr. Christle:

**RE: CENTRA GAS MANITOBA INC. ("CENTRA") 2019/20 GENERAL RATE APPLICATION – APPENDIX
3.2 MANITOBA HYDRO'S FORECAST OF KEY ECONOMIC AND FINANCIAL INDICATORS
CORRECTION**

On November 30, 2018, Centra filed its 2019/20 General Rate Application ("Application") with the Public Utilities Board and Intervenors of past record. The Application contained an appendix where copies of source interest rate forecasts (pages 7 through to 22) were inadvertently missing.

Enclosed please find a revised copy of Appendix 3.2 Manitoba Hydro's Forecast of Key Economic and Financial Indicators which includes copies of source interest rate forecasts. In addition, Centra will upload the revised Appendix 3.2 to its website.

If you have any questions or comments with respect to this submission, please contact the writer at 204-360-3257 or Liz Carriere at 204-360-3591.

Yours truly,

MANITOBA HYDRO LEGAL SERVICES DIVISION

Per:

A handwritten signature in blue ink, appearing to read 'Brent A. Czarnecki', written over a horizontal line.

BRENT A. CZARNECKI

Barrister & Solicitor

cc: All Intervenors of Past Record
Bob Peters, Board Counsel
Dayna Steinfeld, Board Counsel

Att.

Manitoba Hydro's Forecast of Key Economic and Financial Indicators

Manitoba Hydro's forecast of key economic and financial indicators are based on a consensus view of several independent sources including Canada's primary financial institutions and several other independent sources, all of which are well known and respected. Consensus forecasts are compiled for employment, population, housing, Manitoba disposable income, real gross domestic product (GDP), the consumer price index (CPI), GDP price deflators, interest rates, and exchange rates. The consensus forecasts of interest rates and exchange rates are updated quarterly whereas the consensus forecast of economic indicators are typically prepared once a year in the spring.

The economic indicators are derived from the following forecasting sources which were available in the spring of 2017: IHS, The Conference Board of Canada, Spatial Economics, BMO Nesbitt Burns, CIBC, Desjardins, Laurentian, Royal Bank of Canada, Scotiabank, National Bank, and TD Bank. The forecast of key economic indicators are presented in both calendar (Table 1) and fiscal year (Table 2) format. Where applicable, these forecast values were used to develop the 2017 Natural Gas Volume Forecast included in CGM18.

The forecast of interest rates and exchange rates are also presented in both calendar (Table 3) and fiscal year (Table 4) format and reflect the consensus view from the same forecasting sources, where available, as at the end of June 2018. These values were used to derive Manitoba Hydro's borrowing costs for CGM18.

Copies of the source interest rate forecasts are provided at the end of this appendix.¹ For forecasters that provided end of period rates, rates are adjusted to a comparable average period basis. For example, end of period rates for Q1 and Q2 are averaged for a Q2 average period forecast. The interest rates in Tables 3 & 4 represent a 4-quarter or 12-month average.

The Manitoba credit spread and the Provincial Guarantee Fee (PGF) are added to the consensus Canadian benchmark rate to arrive at Manitoba Hydro's forecasted borrowing costs. Table 5 summarizes Manitoba Hydro's borrowing costs included in CGM18.

In conjunction with the quarterly refresh of the interest rate forecast, the Centra financial forecast was updated to reflect actual changes to Centra's long-term debt portfolio to the end of Q1. Since rates were updated effective July 1, 2018, the 2018/19 forecast for the Manitoba Hydro's Canadian BA rate (used for new floating rate debt) and Manitoba Hydro's Canadian 10+ rate (used for new fixed rate debt) used in CGM18 reflect an average of the remaining quarters to the end of the fiscal year.

¹ Includes source forecasts that are publically available and those considered proprietary but for which Manitoba Hydro has received written approval to disclose.

TABLE 1 – MANITOBA/CANADA ECONOMIC INDICATORS (SPRING 2017) – CALENDAR YEAR

Year	Manitoba					Canada			US
	Man. Real GDP % chge	Man. CPI % chge	Man. Real Disposable Income % chge	Man. Population '000s	Man. Residential Customers '000s	Cdn. Real GDP % chge	Cdn. CPI % chge	Cdn. GDP Price Deflator % chge	US GDP Price Deflator % chge
1992	0.8	1.4	0.2	1,113	391	0.9	1.4	1.5	2.3
1993	0.1	2.7	-0.7	1,118	394	2.7	1.9	1.2	2.4
1994	4.0	1.4	0.1	1,123	396	4.5	0.1	1.5	2.1
1995	0.0	2.7	-1.2	1,129	398	2.7	2.2	2.1	2.1
1996	2.5	2.2	-0.4	1,134	400	1.6	1.5	1.8	1.8
1997	4.3	2.0	-1.0	1,136	403	4.3	1.7	1.2	1.7
1998	4.5	1.3	2.4	1,137	405	3.9	1.0	-0.1	1.1
1999	1.3	2.0	3.6	1,142	408	5.2	1.8	1.8	1.4
2000	4.3	2.5	0.2	1,147	410	5.2	2.7	4.4	2.3
2001	1.1	2.7	3.0	1,151	412	1.8	2.5	1.7	2.3
2002	1.7	1.5	2.8	1,157	415	3.0	2.2	1.2	1.5
2003	1.3	1.8	0.1	1,164	418	1.8	2.8	3.3	2.0
2004	2.5	2.0	2.8	1,173	421	3.1	1.8	3.3	2.7
2005	2.8	2.7	-0.4	1,178	425	3.2	2.2	3.2	3.2
2006	3.7	2.0	4.1	1,184	429	2.6	2.0	2.7	3.1
2007	2.5	2.0	4.7	1,189	433	2.1	2.2	3.3	2.7
2008	3.7	2.3	3.9	1,198	439	1.0	2.3	4.0	1.9
2009	-0.2	0.6	3.2	1,209	443	-2.9	0.3	-2.3	0.8
2010	2.5	0.8	3.8	1,221	447	3.1	1.8	3.0	1.2
2011	2.5	3.0	1.2	1,234	452	3.1	2.9	3.2	2.1
2012	3.0	1.6	3.8	1,250	458	1.7	1.5	1.2	1.8
2013	2.8	2.2	2.3	1,266	464	2.5	0.9	1.6	1.6
2014	1.5	1.9	0.3	1,281	470	2.6	2.0	1.9	1.8
2015	2.2	1.2	4.0	1,296	475	0.9	1.1	-0.8	1.1
2016	1.4	1.3	2.7	1,318	482	1.4	1.4	0.6	1.3
Forecast									
2017	2.0	2.0	1.5	1,336	488	2.1	2.1	2.3	2.2
2018	1.9	2.1	1.1	1,353	495	2.0	2.0	2.0	2.3
2019	2.1	2.1	1.1	1,371	501	1.8	2.0	2.1	2.3
2020	1.8	2.1	1.3	1,389	508	1.6	1.9	2.1	2.3
2021	2.0	2.0	1.4	1,406	514	1.8	2.0	2.0	2.3
2022	1.8	2.1	1.8	1,423	520	1.9	2.0	2.0	2.1
2023	1.5	2.0	1.9	1,439	526	1.8	2.0	2.0	2.1
2024	1.5	2.0	1.9	1,455	532	1.8	2.0	2.0	2.1
2025	1.5	2.0	1.9	1,471	538	1.8	2.0	2.0	2.1
2026	1.5	2.0	1.9	1,487	544	1.8	2.0	2.0	2.1
2027	1.5	2.0	1.9	1,502	549	1.8	2.0	2.0	2.1
2028	1.5	2.0	1.9	1,518	555	1.8	2.0	2.0	2.1
2029	1.5	2.0	1.9	1,533	560	1.8	2.0	2.0	2.1
2030	1.5	2.0	1.9	1,548	566	1.8	2.0	2.0	2.1
2031	1.5	2.0	1.9	1,563	571	1.8	2.0	2.0	2.1
2032	1.5	2.0	1.9	1,578	577	1.8	2.0	2.0	2.1
2033	1.5	2.0	1.9	1,592	582	1.8	2.0	2.0	2.1
2034	1.5	2.0	1.9	1,606	587	1.8	2.0	2.0	2.1
2035	1.5	2.0	1.9	1,621	592	1.8	2.0	2.0	2.1
2036	1.5	2.0	1.9	1,634	598	1.8	2.0	2.0	2.1
2037	1.5	2.0	1.9	1,648	603	1.8	2.0	2.0	2.1
2038	1.5	2.0	1.9	1,662	607	1.8	2.0	2.0	2.1

TABLE 2 – MANITOBA/CANADA ECONOMIC INDICATORS (SPRING 2017) – FISCAL YEAR

Year	Manitoba					Canada			US
	Man. Real GDP % chge	Man. CPI % chge	Man. Real Disposable Income % chge	Man. Population '000s	Man. Residential Customers '000s	Cdn. Real GDP % chge	Cdn. CPI % chge	Cdn. GDP Price Deflator % chge	US GDP Price Deflator % chge
1992/93	0.7	1.9	-0.2	1,114	391	1.1	1.6	1.5	2.4
1993/94	1.1	2.4	-0.5	1,119	394	3.1	1.5	1.3	2.3
1994/95	2.9	1.6	0.0	1,125	396	4.7	0.4	1.6	2.1
1995/96	0.6	2.5	-0.9	1,130	398	1.7	2.1	2.2	2.0
1996/97	3.0	2.5	-0.9	1,135	400	2.4	1.7	1.8	1.8
1997/98	4.3	1.5	0.2	1,136	404	4.5	1.4	0.7	1.6
1998/99	3.7	1.5	2.7	1,139	405	3.7	0.9	-0.2	1.1
1999/00	2.1	2.2	2.5	1,144	408	5.5	2.2	2.9	1.6
2000/01	3.4	2.5	0.9	1,148	411	4.5	2.7	4.4	2.4
2001/02	1.2	2.1	3.2	1,153	413	1.6	2.2	0.2	2.1
2002/03	1.6	2.3	1.4	1,158	415	3.1	3.0	2.8	1.6
2003/04	1.6	0.9	1.6	1,166	419	1.6	1.9	2.5	2.0
2004/05	2.5	2.7	1.5	1,174	422	3.5	2.2	3.5	3.0
2005/06	3.0	2.4	0.8	1,180	426	3.3	2.3	3.1	3.2
2006/07	3.4	2.0	4.2	1,185	430	2.0	1.9	2.7	3.0
2007/08	2.8	1.9	4.6	1,191	434	2.1	2.1	3.5	2.4
2008/09	2.7	2.2	3.3	1,200	440	0.0	2.2	2.2	1.8
2009/10	0.5	0.6	3.4	1,212	444	-2.0	0.4	-0.7	0.5
2010/11	2.5	1.0	3.4	1,224	448	3.4	2.0	2.6	1.6
2011/12	2.6	2.8	1.6	1,238	453	3.0	2.8	3.1	2.1
2012/13	3.0	1.6	3.5	1,254	459	1.6	1.2	1.2	1.8
2013/14	2.5	2.4	1.5	1,269	465	2.4	1.1	1.5	1.6
2014/15	1.7	1.5	1.4	1,285	471	2.4	1.8	1.2	1.7
2015/16	2.0	1.3	3.5	1,302	477	0.8	1.2	-0.3	1.1
2016/17	1.6	1.4	2.4	1,323	483	2.1	1.5	1.2	1.5
Forecast									
2017/18	2.0	2.0	1.3	1,340	489	2.1	2.1	2.2	2.2
2018/19	2.0	2.1	1.1	1,358	496	1.9	2.0	2.0	2.3
2019/20	2.0	2.1	1.2	1,376	503	1.8	2.0	2.1	2.3
2020/21	1.8	2.1	1.3	1,394	509	1.6	1.9	2.1	2.3
2021/22	1.9	2.0	1.5	1,410	515	1.8	2.0	2.0	2.3
2022/23	1.7	2.0	1.8	1,427	521	1.8	2.0	2.0	2.1
2023/24	1.5	2.0	1.8	1,443	527	1.8	2.0	2.0	2.1
2024/25	1.5	2.0	1.8	1,459	533	1.8	2.0	2.0	2.1
2025/26	1.5	2.0	1.8	1,475	539	1.8	2.0	2.0	2.1
2026/27	1.5	2.0	1.8	1,491	545	1.8	2.0	2.0	2.1
2027/28	1.5	2.0	1.8	1,506	550	1.8	2.0	2.0	2.1
2028/29	1.5	2.0	1.8	1,522	556	1.8	2.0	2.0	2.1
2029/30	1.5	2.0	1.8	1,537	561	1.8	2.0	2.0	2.1
2030/31	1.5	2.0	1.8	1,552	567	1.8	2.0	2.0	2.1
2031/32	1.5	2.0	1.8	1,567	572	1.8	2.0	2.0	2.1
2032/33	1.5	2.0	1.8	1,581	578	1.8	2.0	2.0	2.1
2033/34	1.5	2.0	1.8	1,596	583	1.8	2.0	2.0	2.1
2034/35	1.5	2.0	1.8	1,610	588	1.8	2.0	2.0	2.1
2035/36	1.5	2.0	1.8	1,624	593	1.8	2.0	2.0	2.1
2036/37	1.5	2.0	1.8	1,638	598	1.8	2.0	2.0	2.1
2037/38	1.5	2.0	1.8	1,651	603	1.8	2.0	2.0	2.1

TABLE 3 – CANADA/US FINANCIAL INDICATORS (SUMMER 2018) – CALENDAR YEAR

Year	Canada					United States			Cdn\$/US\$
	Cdn 90 Day T-Bill Rate %	Cdn LT Bond 5 Yr Rate %	Cdn LT Bond 10 Yr Rate %	Cdn LT Bond 30 Yr Rate %	Cdn LT Bond 10 Yr+ Rate %	US 90 Day T-Bill Rate %	US LT Bond 5 Yr Rate %	US LT Bond 10 Yr Rate %	
1991	8.73	9.13	9.42	9.71	9.57	5.38	7.37	7.86	1.15
1992	6.58	7.65	8.05	8.68	8.37	3.43	6.19	7.01	1.21
1993	4.84	6.79	7.22	7.86	7.54	3.00	5.15	5.87	1.29
1994	5.78	7.95	8.42	8.69	8.56	4.25	6.68	7.08	1.37
1995	6.89	7.80	8.08	8.41	8.24	5.49	6.39	6.58	1.37
1996	4.21	6.56	7.20	7.75	7.48	5.01	6.18	6.44	1.36
1997	3.26	5.60	6.11	6.66	6.39	5.06	6.22	6.35	1.38
1998	4.73	5.16	5.30	5.59	5.44	4.78	5.15	5.26	1.48
1999	4.72	5.50	5.55	5.72	5.64	4.64	5.54	5.64	1.49
2000	5.49	5.98	5.89	5.71	5.80	5.82	6.15	6.03	1.49
2001	3.77	5.10	5.47	5.76	5.63	3.39	4.55	5.02	1.55
2002	2.59	4.71	5.29	5.68	5.25	1.60	3.82	4.61	1.57
2003	2.87	4.16	4.79	5.34	5.09	1.01	2.97	4.02	1.40
2004	2.22	3.96	4.59	5.14	4.87	1.37	3.43	4.27	1.30
2005	2.73	3.68	4.05	4.40	4.16	3.14	4.05	4.29	1.21
2006	4.03	4.12	4.22	4.28	4.13	4.73	4.75	4.79	1.13
2007	4.15	4.22	4.28	4.32	4.29	4.35	4.43	4.63	1.07
2008	2.39	3.14	3.58	4.05	3.84	1.37	2.80	3.67	1.07
2009	0.35	2.40	3.29	3.90	3.77	0.15	2.19	3.26	1.14
2010	0.51	2.50	3.36	3.74	3.55	0.12	1.93	2.95	1.03
2011	0.93	2.07	2.88	3.30	3.09	0.05	1.52	2.86	0.99
2012	0.96	4.88	1.99	2.50	2.25	0.09	0.76	1.89	1.00
2013	0.96	1.68	2.33	2.84	2.58	0.05	1.17	2.41	1.03
2014	0.91	1.59	2.26	2.78	2.52	0.05	1.64	2.57	1.10
2015	0.53	0.87	1.58	2.20	1.89	0.17	1.53	2.18	1.28
2016	0.49	0.75	1.35	1.94	1.64	0.46	1.34	1.89	1.33
2017	0.70	1.40	1.85	2.25	2.05	1.00	1.90	2.35	1.30
Forecast									
2018	1.35	2.15	2.40	2.45	2.40	1.95	2.80	2.95	1.28
2019	2.00	2.65	2.85	3.00	2.95	2.65	3.20	3.35	1.26
2020	2.50	2.90	3.10	3.30	3.20	2.95	3.35	3.50	1.26
2021	2.40	2.75	3.00	3.20	3.10	2.65	3.25	3.20	1.26
2022	2.35	2.75	3.00	3.20	3.10	2.50	3.20	3.15	1.25
2023	2.65	2.85	3.00	3.25	3.10	2.75	3.15	3.30	1.24
2024	2.70	2.90	3.05	3.40	3.20	2.65	3.25	3.45	1.24
2025	2.70	2.90	3.05	3.40	3.20	2.65	3.25	3.45	1.24
2026	2.70	2.90	3.05	3.40	3.20	2.65	3.25	3.45	1.24
2027	2.70	2.90	3.05	3.40	3.20	2.65	3.25	3.45	1.24
2028	2.70	2.90	3.05	3.40	3.20	2.65	3.25	3.45	1.24
2029	2.70	2.90	3.05	3.40	3.20	2.65	3.25	3.45	1.24
2030	2.70	2.90	3.05	3.40	3.20	2.65	3.25	3.45	1.24
2031	2.70	2.90	3.05	3.40	3.20	2.65	3.25	3.45	1.24
2032	2.70	2.90	3.05	3.40	3.20	2.65	3.25	3.45	1.24
2033	2.70	2.90	3.05	3.40	3.20	2.65	3.25	3.45	1.24
2034	2.70	2.90	3.05	3.40	3.20	2.65	3.25	3.45	1.24
2035	2.70	2.90	3.05	3.40	3.20	2.65	3.25	3.45	1.24
2036	2.70	2.90	3.05	3.40	3.20	2.65	3.25	3.45	1.24
2037	2.70	2.90	3.05	3.40	3.20	2.65	3.25	3.45	1.24
2038	2.70	2.90	3.05	3.40	3.20	2.65	3.25	3.45	1.24

TABLE 4 – CANADA/US FINANCIAL INDICATORS (SUMMER 2018) – FISCAL YEAR

Year	Canada					United States			Cdn\$/US\$
	Cdn 90 Day T-Bill Rate %	Cdn LT Bond 5 Yr Rate %	Cdn LT Bond 10 Yr Rate %	Cdn LT Bond 30 Yr Rate %	Cdn LT Bond 10 Yr+ Rate %	US 90 Day T-Bill Rate %	US LT Bond 5 Yr Rate %	US LT Bond 10 Yr Rate %	
1991/92	8.03	8.77	9.09	9.48	9.29	4.84	7.11	7.86	1.15
1992/93	6.25	7.24	7.86	8.50	8.18	3.20	6.00	7.12	1.23
1993/94	4.46	6.48	7.08	7.71	7.39	3.07	5.17	6.14	1.31
1994/95	6.46	8.58	8.87	9.02	8.95	4.87	7.18	7.54	1.38
1995/96	6.17	7.27	7.71	8.14	7.93	5.29	5.94	6.37	1.36
1996/97	3.67	6.33	6.99	7.57	7.28	5.29	6.37	6.72	1.36
1997/98	3.63	5.46	5.83	6.29	6.06	5.06	6.01	6.24	1.40
1998/99	4.81	5.12	5.21	5.49	5.35	4.62	5.03	5.28	1.50
1999/00	4.82	5.80	5.84	5.88	5.69	4.92	5.96	6.06	1.47
2000/01	5.42	5.69	5.68	5.65	5.66	5.64	5.72	5.70	1.50
2001/02	3.09	5.05	5.50	5.78	5.91	2.62	4.52	5.26	1.57
2002/03	2.79	4.57	5.17	5.61	5.41	1.46	3.44	4.69	1.55
2003/04	2.67	3.99	4.65	5.24	4.97	0.95	2.98	4.55	1.35
2004/05	2.31	3.98	4.55	5.04	4.81	1.78	3.66	4.66	1.28
2005/06	3.02	3.75	4.02	4.26	4.17	3.61	4.23	4.47	1.19
2006/07	4.16	4.11	4.21	4.28	4.23	4.87	4.76	4.87	1.14
2007/08	3.83	4.05	4.19	4.31	4.24	3.62	3.94	4.56	1.03
2008/09	1.84	2.80	3.39	3.95	3.66	0.91	2.57	3.74	1.13
2009/10	0.22	2.58	3.42	3.97	3.89	0.12	2.39	3.93	1.09
2010/11	0.78	2.49	3.30	3.66	3.48	0.14	1.86	3.18	1.02
2011/12	0.91	1.79	2.60	3.06	2.83	0.04	1.23	2.55	0.99
2012/13	0.97	1.42	1.92	2.45	2.18	0.10	0.76	1.83	1.00
2013/14	0.94	1.75	2.45	2.95	2.70	0.04	1.38	2.61	1.05
2014/15	0.85	1.37	2.00	2.54	2.27	0.06	1.62	2.38	1.14
2015/16	0.48	0.83	1.56	2.19	1.87	0.27	1.54	2.17	1.31
2016/17	0.49	0.87	1.46	2.01	1.74	0.52	1.48	2.02	1.31
2017/18	0.85	1.60	1.95	2.25	2.10	1.25	2.05	2.45	1.28
Forecast									
2018/19	1.50	2.30	2.50	2.60	2.55	2.15	2.90	3.05	1.28
2019/20	2.15	2.75	2.90	3.10	3.00	2.75	3.30	3.40	1.26
2020/21	2.50	2.90	3.05	3.30	3.15	2.90	3.35	3.40	1.26
2021/22	2.40	2.75	3.00	3.20	3.10	2.60	3.25	3.20	1.26
2022/23	2.40	2.80	3.00	3.20	3.10	2.55	3.15	3.20	1.25
2023/24	2.65	2.85	3.00	3.30	3.15	2.70	3.15	3.35	1.24
2024/25	2.70	2.90	3.05	3.40	3.20	2.65	3.20	3.45	1.24
2025/26	2.70	2.90	3.05	3.40	3.20	2.65	3.20	3.45	1.24
2026/27	2.70	2.90	3.05	3.40	3.20	2.65	3.20	3.45	1.24
2027/28	2.70	2.90	3.05	3.40	3.20	2.65	3.20	3.45	1.24
2028/29	2.70	2.90	3.05	3.40	3.20	2.65	3.20	3.45	1.24
2029/30	2.70	2.90	3.05	3.40	3.20	2.65	3.20	3.45	1.24
2030/31	2.70	2.90	3.05	3.40	3.20	2.65	3.20	3.45	1.24
2031/32	2.70	2.90	3.05	3.40	3.20	2.65	3.20	3.45	1.24
2032/33	2.70	2.90	3.05	3.40	3.20	2.65	3.20	3.45	1.24
2033/34	2.70	2.90	3.05	3.40	3.20	2.65	3.20	3.45	1.24
2034/35	2.70	2.90	3.05	3.40	3.20	2.65	3.20	3.45	1.24
2035/36	2.70	2.90	3.05	3.40	3.20	2.65	3.20	3.45	1.24
2036/37	2.70	2.90	3.05	3.40	3.20	2.65	3.20	3.45	1.24
2037/38	2.70	2.90	3.05	3.40	3.20	2.65	3.20	3.45	1.24

TABLE 5 – MANITOBA HYDRO’S FORECASTED INTEREST RATES INCORPORATED IN CGM18 – FISCAL YEAR

	CAN Short-Term Interest Rate				CAN Floating Debt Interest Rate						CAN Fixed Debt Interest Rate			
	Consensus Benchmark 90 Day T-Bill Rate*	Manitoba Spread	PGF	MH Interest Rate	Consensus Benchmark 90 Day T-Bill Rate**	Spread from CAN T-Bill to CAN BA Rate	CAN 90 Day BA Rate	Average Margin Level	PGF	MH Interest Rate	Consensus Benchmark Long Term Bond 10+ Rate**	Manitoba Spread	PGF	MH Interest Rate
2018/19	1.49		1.00	2.50	1.60	0.51	2.10	0.57	1.00	3.67	2.61	0.87	1.00	4.50
2019/20	2.14		1.00	3.15	2.14	0.44	2.60	0.57	1.00	4.17	3.00	0.92	1.00	4.90
2020/21	2.49		1.00	3.50	2.49	0.39	2.90	0.57	1.00	4.47	3.17	0.95	1.00	5.10
2021/22	2.38		1.00	3.40	2.38	0.39	2.75	0.57	1.00	4.32	3.09	0.95	1.00	5.05
2022/23	2.41		1.00	3.40	2.41	0.39	2.80	0.57	1.00	4.37	3.10	0.95	1.00	5.05
2023/24	2.64		1.00	3.65	2.64	0.39	3.05	0.57	1.00	4.62	3.14	0.95	1.00	5.10
2024/25 & on	2.69		1.00	3.70	2.69	0.39	3.10	0.57	1.00	4.67	3.21	0.95	1.00	5.15

* 2018/19 consensus rate calculated using 12 month average (Q1 actuals and Q2 - Q4 forecast)

** 2018/19 consensus rate calculated using forecast data to the end of the fiscal year (Q2 - Q4 forecast)

BMO Capital Markets *

	Forecast Date	2018				2019				Long-Run Assumptions			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Cdn 90 Day T-bill - %	21-Jun-18			1.50	1.70	1.95	2.15	2.35	2.35	****			
Cdn 5 Yr Bond Yield - %	21-Jun-18			2.25	2.45	2.60	2.70	2.85	2.90	****			
Cdn 10 Yr Bond Yield - %	21-Jun-18			2.40	2.60	2.75	2.85	2.95	3.05	****			
Cdn 30 Yr Bond Yield - %	21-Jun-18			2.45	2.65	2.80	2.95	3.05	3.15	****			
US 90 day T-bill - %	21-Jun-18			2.05	2.25	2.45	2.65	2.75	2.75	****			
US 5 Yr Bond Yield - %	21-Jun-18			2.90	3.05	3.15	3.25	3.30	3.35	****			
US 10 Yr Bond Yield - %	21-Jun-18			3.05	3.20	3.30	3.40	3.45	3.50	****			
US 30 Yr Bond Yield - %	21-Jun-18			3.15	3.35	3.45	3.50	3.55	3.60	****			
Exchange Rate**	21-Jun-18			1.30	1.28	1.27	1.27	1.26	1.25	****			
Cdn CPI*** - % change	21-Jun-18			2.00	2.20	2.50	1.90	2.00	2.10	****			
Cdn GDP Price Index - % change	21-Jun-18			1.90	2.00	2.00	1.90	1.90	1.90	****			
US CPI*** - % change	21-Jun-18			2.30	2.40	2.40	1.90	2.00	2.10	****			
US GDP Price Index - % change	21-Jun-18			2.10	2.20	2.20	1.90	1.90	2.00	****			

* Average Period Data

** (C\$/US\$)

*** CPI All Items (year/year % change)

**** long-run assumptions considered proprietary and cannot be disclosed



Forecast Update

July 4, 2018

Economics (416) 594-7355

INTEREST & EXCHANGE RATE FORECAST

END OF PERIOD:	2018	2018	2019				
	3-Jul	Sep	Dec	Mar	Jun	Sep	Dec
CDA Overnight target rate	1.25	1.50	1.50	1.75	1.75	2.00	2.00
98-Day Treasury Bills	1.24	1.45	1.45	1.75	1.70	1.95	2.00
2-Year Gov't Bond	1.91	2.05	2.05	2.10	2.10	2.20	2.25
10-Year Gov't Bond	2.19	2.50	2.55	2.65	2.70	2.65	2.60
30-Year Gov't Bond	2.22	2.45	2.75	2.85	2.85	2.90	3.05
U.S. Federal Funds Rate	1.875	2.125	2.375	2.375	2.625	2.625	2.875
91-Day Treasury Bills	1.98	2.05	2.25	2.35	2.55	2.65	2.80
2-Year Gov't Note	2.55	2.60	2.75	2.75	2.80	2.80	2.85
10-Year Gov't Note	2.86	2.95	3.05	3.20	3.30	3.25	3.15
30-Year Gov't Bond	2.98	3.25	3.45	3.50	3.50	3.55	3.60
Canada - US T-Bill Spread	-0.74	-0.60	-0.80	-0.60	-0.85	-0.70	-0.80
Canada - US 10-Year Bond Spread	-0.67	-0.45	-0.50	-0.55	-0.60	-0.60	-0.55
Canada Yield Curve (10-Year — 2-Year)	0.28	0.45	0.50	0.55	0.60	0.45	0.35
US Yield Curve (10-Year — 2-Year)	0.31	0.35	0.30	0.45	0.50	0.45	0.30
EXCHANGE RATES							
CADUSD	0.76	0.75	0.75	0.76	0.78	0.76	0.77
USDCAD	1.32	1.33	1.34	1.31	1.28	1.31	1.30
USDJPY	111	112	110	108	106	104	104
EURUSD	1.16	1.17	1.19	1.21	1.23	1.25	1.28
GBPUSD	1.32	1.31	1.32	1.36	1.38	1.42	1.47
AUDUSD	0.74	0.76	0.79	0.81	0.82	0.84	0.85
USDCHF	0.99	0.98	0.97	0.96	0.95	0.94	0.94
USDBRL	3.90	3.70	3.55	3.50	3.45	3.50	3.55
USDMXN	19.6	19.4	18.9	18.5	18.1	18.4	18.0



TABLE 1
Key interest rates

END OF PERIOD IN %	2017				2018				2019			
	Q1	Q2	Q3	Q4	Q1	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f
United States												
Federal funds	1.00	1.25	1.25	1.50	1.75	2.00	2.25	2.50	2.75	3.00	3.25	3.25
Canada												
Overnight funds	0.50	0.50	1.00	1.00	1.25	1.25	1.50	1.50	1.75	1.75	2.00	2.00
Zone euro												
Refinancing rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.05	0.25
United Kingdom												
Base rate	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Japan												
Main key rate	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10

f: forecasts

Sources: Datastream and Desjardins, Economic Studies

TABLE 2
Fixed income market

END OF PERIOD IN %	2017				2018				2019			
	Q1	Q2	Q3	Q4	Q1	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f
UNITED STATES												
Treasury bills												
3-month	0.76	1.03	1.06	1.39	1.73	1.95	2.20	2.45	2.70	2.95	3.10	3.20
Federal bonds												
2-year	1.24	1.37	1.49	1.88	2.27	2.60	2.75	2.90	3.05	3.20	3.30	3.40
5-year	1.92	1.88	1.92	2.19	2.55	2.85	3.00	3.10	3.25	3.40	3.50	3.55
10-year	2.40	2.30	2.33	2.41	2.75	2.95	3.15	3.30	3.45	3.55	3.60	3.65
30-year	3.02	2.84	2.86	2.74	2.97	3.10	3.30	3.40	3.55	3.65	3.70	3.75
Yield curve slopes												
5-year - 3-month	1.16	0.85	0.86	0.80	0.82	0.90	0.80	0.65	0.55	0.45	0.40	0.35
10-year - 2-year	1.16	0.93	0.84	0.53	0.47	0.35	0.40	0.40	0.40	0.35	0.30	0.25
30-year - 3-month	2.26	1.81	1.80	1.35	1.24	1.15	1.10	0.95	0.85	0.70	0.60	0.55
CANADA												
Treasury bills												
3-month	0.52	0.71	1.00	1.06	1.10	1.25	1.45	1.55	1.70	1.80	1.95	2.05
Federal bonds												
2-year	0.75	1.09	1.52	1.68	1.77	1.95	2.05	2.15	2.20	2.25	2.35	2.45
5-year	1.12	1.38	1.75	1.86	1.96	2.10	2.25	2.35	2.50	2.60	2.70	2.75
10-year	1.63	1.75	2.10	2.04	2.09	2.25	2.40	2.55	2.70	2.80	2.90	2.95
30-year	2.31	2.13	2.47	2.26	2.23	2.30	2.50	2.65	2.80	2.90	3.00	3.05
Yield curve slopes												
5-year - 3-month	0.60	0.67	0.75	0.80	0.86	0.85	0.80	0.80	0.80	0.80	0.75	0.70
10-year - 2-year	0.88	0.66	0.58	0.36	0.32	0.30	0.35	0.40	0.50	0.55	0.55	0.50
30-year - 3-month	1.79	1.42	1.47	1.20	1.13	1.05	1.05	1.10	1.10	1.10	1.05	1.00
Yield spreads (Canada—United States)												
3-month	-0.24	-0.32	-0.06	-0.33	-0.63	-0.70	-0.75	-0.90	-1.00	-1.15	-1.15	-1.15
2-year	-0.49	-0.28	0.03	-0.20	-0.50	-0.65	-0.70	-0.75	-0.85	-0.95	-0.95	-0.95
5-year	-0.80	-0.50	-0.17	-0.33	-0.59	-0.75	-0.75	-0.75	-0.75	-0.80	-0.80	-0.80
10-year	-0.77	-0.55	-0.23	-0.37	-0.66	-0.70	-0.75	-0.75	-0.75	-0.75	-0.70	-0.70
30-year	-0.71	-0.71	-0.39	-0.48	-0.74	-0.80	-0.80	-0.75	-0.75	-0.75	-0.70	-0.70

f: forecasts

Sources: Datastream and Desjardins, Economic Studies



FINANCIAL FORECASTS

Geopolitical issues have been front-page news over the past few weeks. A political crisis in Italy brought back financial tensions in Europe, while a stronger U.S. dollar severely disadvantaged emerging countries. Fears of a trade war also ratcheted up following the U.S. administration's decision to impose customs tariffs on European Union's, Canadian and Mexican steel and aluminum. U.S. and Canadian stock exchanges nonetheless climbed back above their levels from the start of the year. International worries drove down bond yields, but there is no indication that they will prevent the central banks from continuing their monetary tightening. On June 13, the Federal Reserve (Fed) once again hiked its key rates, and its leaders are now signalling that it will continue to raise its rates by 0.25% every quarter during the second half of 2018. This Fed position, combined with clear signals of a rebound in the U.S. economy since spring, leads us to forecast a slightly quicker pace for monetary tightening in the United States. The Bank of Canada (BoC) also adopted an upbeat tone in its last statement, clearly signalling its intention to raise key rates again in July. What comes after that remains unclear for the BoC, but serious ongoing concerns about the real estate sector and trade relations could persuade it to keep its increases at a very gradual pace of just 0.25% every six months. Slower tightening of Canada's monetary policy should keep the Canadian dollar below US\$0.80.

TABLE 2
Summary of the financial forecasts

END OF PERIOD IN % (EXCEPT IF INDICATED)	2017		2018				2019			
	Q3	Q4	Q1	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f
Key interest rate										
United States	1.25	1.50	1.75	2.00	2.25	2.50	2.75	3.00	3.25	3.25
Canada	1.00	1.00	1.25	1.25	1.50	1.50	1.75	1.75	2.00	2.00
Euro zone	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.05	0.25
United Kingdom	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Federal bonds										
<u>United States</u>										
2-year	1.49	1.88	2.27	2.60	2.75	2.90	3.05	3.20	3.30	3.40
5-year	1.92	2.19	2.55	2.85	3.00	3.10	3.25	3.40	3.50	3.55
10-year	2.33	2.41	2.75	2.95	3.15	3.30	3.45	3.55	3.60	3.65
30-year	2.86	2.74	2.97	3.10	3.30	3.40	3.55	3.65	3.70	3.75
<u>Canada</u>										
2-year	1.52	1.68	1.77	1.95	2.05	2.15	2.20	2.25	2.35	2.45
5-year	1.75	1.86	1.96	2.10	2.25	2.35	2.50	2.60	2.70	2.75
10-year	2.10	2.04	2.09	2.25	2.40	2.55	2.70	2.80	2.90	2.95
30-year	2.47	2.26	2.23	2.30	2.50	2.65	2.80	2.90	3.00	3.05
Currency market										
Canadian dollar (USD/CAD)	1.25	1.26	1.29	1.30	1.28	1.30	1.30	1.32	1.32	1.30
Canadian dollar (CAD/USD)	0.80	0.79	0.78	0.77	0.78	0.77	0.77	0.76	0.76	0.77
Euro (EUR/USD)	1.18	1.20	1.23	1.17	1.18	1.18	1.19	1.20	1.22	1.24
British pound (GBP/USD)	1.34	1.35	1.40	1.33	1.35	1.35	1.33	1.34	1.36	1.38
Yen (USD/JPY)	112	113	106	110	111	112	114	115	115	114
Stock markets (level and growth)*										
United States – S&P 500	2,674		Target: 2,875 (+7.5%)				Target: 3,025 (+5.2%)			
Canada – S&P/TSX	16,209		Target: 17,000 (+4.9%)				Target: 18,300 (+7.6%)			
Commodities (annual average)										
WTI oil (US\$/barrel)	51 (60*)		66 (66*)				65 (68*)			
Gold (US\$/ounce)	1,258 (1,303*)		1,300 (1,280*)				1,255 (1,215*)			

f: forecasts; WTI: West Texas Intermediate; * End of year.
Sources: Datastream and Desjardins, Economic Studies



ECONOMIC STUDIES

TABLE 8
Medium-term major economic and financial indicators

IN % (EXCEPT IF INDICATED)	ANNUAL AVERAGE							AVERAGES	
	2016	2017	2018f	2019f	2020f	2021f	2022f	2013–2017	2018–2022f
United States									
Real GDP (var. in %)	1.5	2.3	2.8	2.5	1.9	0.6	1.9	2.2	1.9
Total inflation rate (var. in %)	1.3	2.1	2.5	2.0	1.3	0.4	1.9	1.3	1.6
Unemployment rate	4.9	4.4	3.8	3.5	3.6	4.5	5.0	5.6	4.1
S&P 500 index (var. in %) ¹	9.5	19.4	7.5	5.2	-5.0	0.0	10.0	13.8	3.5
Federal funds rate	0.51	1.10	2.05	3.00	3.45	2.15	1.75	0.47	2.48
Prime rate	3.51	4.10	5.05	6.00	6.45	5.15	4.75	3.47	5.48
Treasury bills – 3-month	0.32	0.95	2.00	2.95	3.20	1.85	1.55	0.28	2.31
Federal bonds – 10-year	1.84	2.33	3.00	3.55	3.50	2.70	2.70	2.23	3.09
– 30-year	2.60	2.89	3.20	3.65	3.65	2.85	2.85	3.02	3.24
WTI oil (US\$/barrel)	43	51	66	65	61	42	50	67	57
Gold (US\$/ounce)	1,249	1,258	1,300	1,255	1,200	1,250	1,275	1,269	1,256
Canada									
Real GDP (var. in %)	1.4	3.0	2.0	1.9	1.7	0.5	1.7	2.1	1.6
Total inflation rate (var. in %)	1.4	1.6	2.4	1.8	1.7	0.5	1.5	1.4	1.6
Employment (var. in %)	0.7	1.9	1.2	1.1	1.0	0.3	0.8	1.1	0.9
Employment (thousands)	133	337	227	206	191	53	147	196	165
Unemployment rate	7.0	6.3	5.8	5.6	5.6	6.5	6.4	6.8	6.0
Housing starts (thousands of units)	198	220	210	197	200	180	195	198	196
S&P/TSX index (var. in %) ¹	17.5	6.0	4.9	7.6	-5.0	0.0	12.0	5.9	3.9
Exchange rate (US\$/C\$)	0.75	0.77	0.77	0.77	0.78	0.76	0.79	0.84	0.77
Overnight funds	0.50	0.70	1.35	1.90	2.20	1.30	1.25	0.77	1.60
Prime rate	2.70	2.90	3.55	4.10	4.40	3.50	3.45	2.88	3.80
Mortgage rate – 1-year	3.14	3.16	3.50	3.95	4.20	3.45	3.40	3.10	3.70
– 5-year	4.66	4.76	5.30	5.70	5.70	5.15	5.15	4.84	5.40
Treasury bills – 3-month	0.49	0.69	1.30	1.90	2.15	1.30	1.25	0.72	1.58
Federal bonds – 2-year	0.56	1.09	1.95	2.30	2.40	1.50	1.55	0.87	1.94
– 5-year	0.73	1.37	2.15	2.65	2.65	1.85	1.95	1.23	2.25
– 10-year	1.25	1.78	2.35	2.85	2.85	2.25	2.30	1.81	2.52
– 30-year	1.93	2.28	2.45	2.95	2.95	2.40	2.45	2.40	2.64
<u>Yield spreads (Canada—United States)</u>									
Treasury bills – 3-month	0.17	-0.26	-0.70	-1.05	-1.05	-0.55	-0.30	0.44	-0.73
Federal bonds – 10-year	-0.59	-0.55	-0.65	-0.70	-0.65	-0.45	-0.40	-0.43	-0.57
– 30-year	-0.67	-0.61	-0.75	-0.70	-0.70	-0.45	-0.40	-0.62	-0.60
Quebec									
Real GDP (var. in %)	1.4	3.1	2.2	1.9	1.5	0.3	1.2	1.7	1.4
Total inflation rate (var. in %)	0.7	1.0	1.9	1.6	1.5	0.3	1.3	1.0	1.3
Employment (var. in %)	0.9	2.2	1.4	0.8	0.4	-0.5	0.2	1.1	0.5
Employment (thousands)	36	90	60	35	15	-20	10	43	20
Unemployment rate	7.1	6.1	5.3	4.9	4.6	5.0	4.9	7.2	4.9
Retail sales (var. in %)	6.6	5.5	4.0	3.3	3.0	1.0	2.5	3.9	2.8
Housing starts (thousands of units)	39	46	49	44	38	30	35	40	39
Ontario									
Real GDP (var. in %)	2.6	2.7	2.0	1.9	1.5	0.3	1.5	2.5	1.4
Total inflation rate (var. in %)	1.8	1.7	2.5	1.9	1.8	0.5	1.5	1.6	1.6
Employment (var. in %)	1.1	1.8	1.4	1.2	0.7	0.2	0.8	1.2	0.9
Employment (thousands)	76	128	97	86	51	15	59	85	62
Unemployment rate	6.5	6.0	5.6	5.5	5.4	6.3	6.2	6.8	5.8
Retail sales (var. in %)	6.9	7.7	3.8	4.0	5.0	2.0	4.5	5.5	3.9
Housing starts (thousands of units)	75	79	73	70	75	68	74	69	72

f: forecasts; WTI : West Texas Intermediate; ¹ Variations are based on observation of the end of period.

Sources: Datastream, Statistics Canada, Institut de la statistique du Québec, Ontario's Ministry of Finance, Canada Mortgage and Housing Corporation and Desjardins, Economic Studies



Financial Forecasts

	16Q3	16Q4	17Q1	17Q2	17Q3	17Q4	18Q1	18Q2	18Q3	18Q4	19Q1	19Q2	19Q3	19Q4
Canada														
Overnight Rate Target	0.50	0.50	0.50	0.50	1.00	1.00	1.25	1.25	1.50	1.50	1.75	1.75	2.00	2.00
3-Month Treasury Bills	0.52	0.48	0.54	0.71	1.00	1.05	1.15	1.23	1.50	1.55	1.75	1.85	2.00	2.00
2-Year Bond	0.54	0.74	0.75	1.09	1.52	1.67	1.77	1.89	1.95	2.15	2.20	2.25	2.30	2.45
5-Year Bond	0.61	1.11	1.11	1.38	1.75	1.86	1.97	2.04	2.20	2.35	2.40	2.55	2.60	2.65
10-Year Bond	1.19	1.72	1.62	1.75	2.10	2.04	2.09	2.13	2.30	2.50	2.55	2.60	2.70	2.80
30-Year Bond	1.85	2.31	2.30	2.14	2.47	2.27	2.23	2.18	2.40	2.70	2.90	3.00	3.05	3.10
United States														
Federal Funds Rate Target*	0.375	0.625	0.875	1.125	1.125	1.375	1.625	1.875	2.125	2.125	2.375	2.375	2.625	2.625
3-Month Treasury Bills	0.33	0.61	0.74	1.01	1.10	1.44	1.72	1.92	2.15	2.20	2.35	2.40	2.60	2.65
2-Year Bond	0.76	1.18	1.25	1.38	1.48	1.88	2.26	2.52	2.55	2.60	2.70	2.70	2.85	2.90
5-Year Bond	1.24	1.93	1.93	1.89	1.93	2.20	2.56	2.72	2.80	2.90	2.95	3.00	3.10	3.20
10-Year Bond	1.59	2.44	2.39	2.30	2.38	2.41	2.74	2.83	3.00	3.10	3.20	3.30	3.45	3.50
30-Year Bond	2.31	3.07	3.01	2.83	2.86	2.74	2.97	2.96	3.25	3.45	3.60	3.70	3.85	3.90
Canadian Dollar (US\$/C\$)	0.76	0.75	0.75	0.77	0.80	0.80	0.77	0.76	0.79	0.82	0.82	0.83	0.84	0.84
S&P 500 Index	2168	2239	2366	2423	2519	2674	2640	2718	---	2800	2850	2900	2950	3000
TSX Index	14726	15288	15548	15350	15635	16209	15367	16277	---	18000	18200	18500	18800	19200
Oil WTI (US\$/barrel)	48.2	53.7	50.7	46	52	60	65	74	66	67	67	67	67	67

Quarter-end data

Updated: July 2018 * midpoint of the target range for the Fed funds

Monthly Economic Monitor



United States Economic Forecast

(Annual % change)*						Q4/Q4		
	2015	2016	2017	2018	2019	2017	2018	2019
Gross domestic product (2009 \$)	2.9	1.5	2.3	2.8	2.3	2.6	2.7	2.1
Consumption	3.6	2.7	2.8	2.5	2.1	2.8	2.2	2.0
Residential construction	10.2	5.5	1.8	1.4	1.8	2.6	1.0	2.0
Business investment	2.3	(0.6)	4.7	6.1	3.0	6.3	5.4	2.0
Government expenditures	1.4	0.8	0.1	1.8	2.1	0.7	2.0	2.0
Exports	0.4	(0.3)	3.4	3.7	1.2	5.0	2.5	1.0
Imports	5.0	1.3	4.0	3.8	1.4	4.7	2.0	1.2
Change in inventories (bil. \$)	100.5	33.4	15.2	19.4	17.4	15.6	18.7	16.7
Domestic demand	3.3	2.1	2.5	2.8	2.2	2.9	2.5	2.0
Real disposable income	4.2	1.4	1.2	1.9	1.7	1.9	2.1	1.7
Household employment	1.7	1.7	1.3	1.5	1.1	1.2	1.6	1.0
Unemployment rate	5.3	4.9	4.4	3.9	3.6	4.1	3.7	3.6
Inflation	0.1	1.3	2.1	2.5	2.3	2.1	2.4	2.4
Before-tax profits	(1.1)	(2.1)	4.4	4.6	5.6	2.7	5.1	4.5
Federal balance (unified budget, bil. \$)	(438.0)	(586.0)	(666.0)	(800.0)	(1,200.0)
Current account (bil. \$)	(434.6)	(451.7)	(466.2)	(497.5)	(510.0)

* or as noted

Financial Forecast**

	Current							
	6-01-18	Q3 2018	Q4 2018	Q1 2019	Q2 2019	2017	2018	2019
Fed Fund Target Rate	1.75	2.25	2.25	2.50	2.50	1.50	2.25	3.00
3 month Treasury bills	1.88	2.13	2.08	2.25	2.37	1.37	2.08	2.83
Treasury yield curve								
2-Year	2.47	2.68	2.77	2.89	2.98	1.89	2.77	3.20
5-Year	2.74	2.95	3.03	3.09	3.13	2.20	3.03	3.32
10-Year	2.89	3.07	3.18	3.29	3.33	2.40	3.18	3.47
30-Year	3.04	3.20	3.30	3.40	3.43	2.74	3.30	3.55
Exchange rates								
U.S./Euro	1.17	1.18	1.21	1.25	1.23	1.20	1.21	1.26
YEN/U.S.\$	110	112	114	114	112	113	114	112

** end of period

Quarterly pattern

	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019
	actual	actual	actual	forecast	forecast	forecast	forecast	forecast
Real GDP growth (q/q % chg. saar)	3.2	2.9	2.2	3.2	3.1	2.4	1.8	2.5
CPI (y/y % chg.)	2.0	2.1	2.3	2.7	2.7	2.4	2.2	2.3
CPI ex. food and energy (y/y % chg.)	1.7	1.7	1.9	2.2	2.4	2.4	2.3	2.5
Unemployment rate (%)	4.3	4.1	4.1	3.8	3.8	3.7	3.7	3.7

National Bank Financial



Monthly Economic Monitor

Canada Economic Forecast

(Annual % change)*						Q4/Q4		
	2015	2016	2017	2018	2019	2017	2018	2019
Gross domestic product (2007 \$)	1.0	1.4	3.0	2.2	1.9	3.0	2.3	1.6
Consumption	2.1	2.4	3.5	2.3	1.9	3.4	2.1	1.6
Residential construction	3.8	3.3	2.9	0.0	(2.8)	4.6	(3.1)	(3.0)
Business investment	(11.3)	(9.4)	2.8	5.8	2.7	8.9	3.0	4.2
Government expenditures	1.4	2.7	2.6	3.3	2.2	3.3	2.8	2.0
Exports	3.5	1.0	1.1	2.6	3.5	0.5	4.6	2.7
Imports	0.7	(1.0)	3.6	3.4	2.2	6.9	2.0	2.7
Change in inventories (millions \$)	4,711	978	13,921	6,705	2,853	15,759	1,204	2,833
Domestic demand	0.3	1.1	3.0	2.7	1.7	4.0	2.0	1.6
Real disposable income	3.5	1.3	3.7	2.4	1.6	3.3	1.5	1.5
Employment	0.9	0.7	1.9	1.3	0.9	2.1	0.8	0.8
Unemployment rate	6.9	7.0	6.3	5.7	5.5	6.0	5.6	5.5
Inflation	1.1	1.4	1.6	2.3	2.1	1.8	2.2	2.5
Before-tax profits	(19.8)	(1.9)	19.9	6.0	6.3	7.9	8.3	5.0
Current account (bil. \$)	(71.5)	(65.4)	(63.3)	(72.0)	(59.0)

* or as noted

Financial Forecast**

	Current							
	6-01-18	Q3 2018	Q4 2018	Q1 2019	Q2 2019	2017	2018	2019
Overnight rate	1.25	1.50	1.75	2.00	2.00	1.00	1.75	2.25
3 month T-Bills	1.28	1.65	1.88	1.96	2.18	1.06	1.88	2.21
Treasury yield curve								
2-Year	1.92	2.11	2.17	2.32	2.38	1.69	2.17	2.55
5-Year	2.12	2.30	2.35	2.50	2.63	1.87	2.35	2.78
10-Year	2.25	2.54	2.63	2.82	2.93	2.04	2.63	3.09
30-Year	2.28	2.56	2.65	2.84	2.95	2.26	2.65	3.11
CAD per USD	1.30	1.23	1.21	1.20	1.22	1.25	1.21	1.22
Oil price (WTI), U.S.\$	66	69	72	70	68	60	72	66

** end of period

Quarterly pattern

	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019
	actual	actual	actual	forecast	forecast	forecast	forecast	forecast
Real GDP growth (q/q % chg. saar)	1.7	1.7	1.3	2.5	3.2	2.2	1.6	1.5
CPI (y/y % chg.)	1.4	1.8	2.1	2.5	2.6	2.2	1.7	1.9
CPI ex. food and energy (y/y % chg.)	1.4	1.6	1.8	1.8	1.9	2.0	1.6	2.0
Unemployment rate (%)	6.2	6.0	5.8	5.8	5.6	5.6	5.5	5.5

National Bank Financial



Financial market forecast detail

Interest rates—North America

%, end of period

	Actual					Forecast								Actual		Forecast	
	17Q1	17Q2	17Q3	17Q4	18Q1	18Q2	18Q3	18Q4	19Q1	19Q2	19Q3	19Q4	2016	2017	2018	2019	
Canada																	
Overnight	0.50	0.50	1.00	1.00	1.25	1.25	1.50	1.75	2.00	2.25	2.25	2.25	0.50	1.00	1.75	2.25	
Three-month	0.52	0.71	1.00	1.06	1.10	1.20	1.45	1.65	1.90	2.15	2.15	2.15	0.46	1.06	1.65	2.15	
Two-year	0.75	1.10	1.52	1.69	1.78	1.95	2.15	2.30	2.50	2.50	2.40	2.30	0.75	1.69	2.30	2.30	
Five-year	1.12	1.40	1.75	1.87	1.97	2.15	2.35	2.55	2.75	2.80	2.75	2.65	1.12	1.87	2.55	2.65	
10-year	1.62	1.76	2.10	2.04	2.09	2.35	2.55	2.75	2.90	3.00	3.00	2.90	1.71	2.04	2.75	2.90	
30-year	2.30	2.14	2.47	2.27	2.23	2.50	2.75	2.90	3.05	3.15	3.15	3.10	2.31	2.27	2.90	3.10	
Yield curve (10s-2s)	87	66	58	35	31	40	40	45	40	50	60	60	96	35	45	60	
United States																	
Fed funds*	1.00	1.25	1.25	1.50	1.75	2.00	2.25	2.50	2.75	3.00	3.25	3.50	0.75	1.50	2.50	3.50	
Three-month	0.76	1.03	1.06	1.39	1.73	1.90	2.15	2.35	2.65	2.90	3.15	3.35	0.51	1.39	2.35	3.35	
Two-year	1.27	1.38	1.47	1.89	2.27	2.50	2.65	2.80	3.00	3.25	3.40	3.55	1.20	1.89	2.80	3.55	
Five-year	1.93	1.89	1.92	2.20	2.56	2.80	2.95	3.10	3.25	3.45	3.55	3.65	1.93	2.20	3.10	3.65	
10-year	2.40	2.31	2.33	2.40	2.74	3.00	3.15	3.30	3.45	3.60	3.70	3.75	2.45	2.40	3.30	3.75	
30-year	3.02	2.84	2.86	2.74	2.97	3.35	3.50	3.60	3.70	3.75	3.80	3.85	3.06	2.74	3.60	3.85	
Yield curve (10s-2s)	113	93	86	51	47	50	50	50	45	35	30	20	125	51	50	20	
Yield spreads																	
Three-month T-bills	-0.24	-0.32	-0.06	-0.33	-0.63	-0.70	-0.70	-0.70	-0.75	-0.75	-1.00	-1.20	-0.05	-0.33	-0.70	-1.20	
Two-year	-0.52	-0.28	0.05	-0.20	-0.49	-0.55	-0.50	-0.50	-0.50	-0.75	-1.00	-1.25	-0.45	-0.20	-0.50	-1.25	
Five-year	-0.81	-0.49	-0.17	-0.33	-0.59	-0.65	-0.60	-0.55	-0.50	-0.65	-0.80	-1.00	-0.81	-0.33	-0.55	-1.00	
10-year	-0.78	-0.55	-0.23	-0.36	-0.65	-0.65	-0.60	-0.55	-0.55	-0.60	-0.70	-0.85	-0.74	-0.36	-0.55	-0.85	
30-year	-0.72	-0.70	-0.39	-0.47	-0.74	-0.85	-0.75	-0.70	-0.65	-0.60	-0.65	-0.75	-0.75	-0.47	-0.70	-0.75	

Note: Interest Rates are end of period rates. * Top of 25 basis point range

Interest rates—International

%, end of period

	Actual					Forecast								Actual		Forecast	
	17Q1	17Q2	17Q3	17Q4	18Q1	18Q2	18Q3	18Q4	19Q1	19Q2	19Q3	19Q4	2016	2017	2018	2019	
United Kingdom																	
Repo	0.25	0.25	0.25	0.50	0.50	0.50	0.75	0.75	1.00	1.00	1.00	1.25	0.25	0.50	0.75	1.25	
Two-year	0.12	0.36	0.46	0.45	0.82	0.75	0.80	0.95	1.00	1.05	1.10	1.15	0.08	0.45	0.95	1.15	
10-year	1.14	1.26	1.38	1.19	1.34	1.50	1.60	1.75	2.00	2.10	2.20	2.30	1.24	1.19	1.75	2.30	
Euro Area																	
Deposit rate	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.30	-0.20	-0.40	-0.40	-0.40	-0.20	
Two-year	-0.74	-0.57	-0.69	-0.63	-0.59	-0.65	-0.60	-0.50	-0.50	-0.50	-0.40	-0.30	-0.78	-0.63	-0.50	-0.30	
10-year	0.33	0.47	0.47	0.43	0.50	0.65	0.70	0.80	1.00	1.05	1.25	1.25	0.21	0.43	0.80	1.25	
Australia																	
Cash target rate	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.75	2.00	2.00	2.00	1.50	1.50	1.50	2.00	
Two-year swap	1.76	1.78	1.94	2.00	2.00	2.10	2.25	2.40	2.50	2.60	2.60	2.60	1.86	2.00	2.40	2.60	
10-year swap	2.70	2.60	2.84	2.63	2.60	2.75	3.05	3.30	3.70	4.10	4.10	4.05	2.76	2.63	3.30	4.05	

MARKET OUTLOOK | June 2018



Growth outlook

% change, quarter-over-quarter in real GDP

	17Q1	17Q2	17Q3	17Q4	18Q1	18Q2	18Q3	18Q4	19Q1	19Q2	19Q3	19Q4	2016	2017	2018F	2019F
Canada*	4.0	4.6	1.7	1.7	1.3	2.4	2.1	1.8	1.8	1.7	1.7	1.7	1.4	3.0	2.0	1.8
United States*	1.2	3.1	3.2	2.9	2.2	3.8	2.8	2.8	1.8	2.4	2.2	1.8	1.5	2.3	2.9	2.4
United Kingdom	0.3	0.2	0.5	0.4	0.1	0.4	0.3	0.4	0.3	0.4	0.3	0.4	1.9	1.8	1.3	1.4
Euro area	0.6	0.7	0.7	0.7	0.4	0.6	0.5	0.5	0.4	0.4	0.4	0.4	1.8	2.5	2.2	1.9
Australia	0.3	1.0	0.5	0.5	1.0	0.8	0.7	0.6	0.7	0.7	0.8	0.9	2.6	2.2	2.7	2.8
New Zealand	0.7	0.9	0.6	0.6	1.0	0.8	0.8	0.7	0.7	0.7	0.7	0.7	4.0	2.9	3.4	2.9

*Seasonally adjusted annualized rates

Inflation outlook

% change, year-over-year

	17Q1	17Q2	17Q3	17Q4	18Q1	18Q2	18Q3	18Q4	19Q1	19Q2	19Q3	19Q4	2016	2017	2018F	2019F
Canada	1.9	1.3	1.4	1.8	2.1	2.6	2.8	2.5	2.2	2.2	2.1	2.1	1.4	1.6	2.5	2.1
United States	2.5	1.9	2.0	2.1	2.2	2.7	2.6	2.2	1.8	1.9	2.0	2.2	1.3	2.1	2.4	2.0
United Kingdom	2.2	2.8	2.8	3.0	2.7	2.5	2.6	2.5	2.3	2.2	2.2	2.0	0.6	2.7	2.6	2.2
Euro area	1.8	1.5	1.4	1.4	1.3	1.3	1.4	1.4	1.4	1.4	1.5	1.5	0.2	1.5	1.4	1.5
Australia	2.1	1.9	1.8	1.9	1.9	2.2	2.2	2.2	2.3	2.5	2.6	2.7	1.3	1.9	2.1	2.5
New Zealand	2.1	1.7	1.9	1.6	1.1	2.0	2.1	2.0	2.0	2.0	2.0	2.0	0.6	1.9	2.0	2.0

Exchange rates

%, end of period

	Actual					Forecast							Actual		Forecast	
	17Q1	17Q2	17Q3	17Q4	18Q1	18Q2	18Q3	18Q4	19Q1	19Q2	19Q3	19Q4	2016	2017	2018	2019
AUD/USD	0.76	0.77	0.78	0.78	0.77	0.76	0.75	0.73	0.73	0.73	0.73	0.73	0.72	0.78	0.73	0.73
USD/CAD	1.33	1.30	1.25	1.26	1.29	1.30	1.28	1.28	1.26	1.26	1.27	1.28	1.34	1.26	1.28	1.28
EUR/USD	1.07	1.14	1.18	1.20	1.23	1.20	1.16	1.18	1.20	1.22	1.24	1.26	1.05	1.20	1.18	1.26
USD/JPY	111.4	112.4	112.5	112.7	106.3	107.0	109.0	111.0	113.0	115.0	118.0	120.0	117.0	112.7	111.0	120.0
NZD/USD	0.70	0.73	0.72	0.71	0.72	0.71	0.73	0.71	0.69	0.69	0.69	0.69	0.69	0.71	0.71	0.69
USD/CHF	1.00	0.96	0.97	0.97	0.95	0.98	1.03	1.03	1.03	1.02	1.01	1.00	1.02	0.97	1.03	1.00
GBP/USD	1.26	1.30	1.34	1.35	1.40	1.35	1.27	1.27	1.29	1.31	1.33	1.35	1.24	1.35	1.27	1.35

Note: Exchange rates are expressed in units per USD, with the exception of the euro, GBP, AUD, and NZD, which are expressed in USD per local currency unit.

Source: Reuters, RBC Economics Research forecasts

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GLOBAL ECONOMICS
SCOTIABANK'S FORECAST TABLES

July 3, 2018

Central Bank Rates	2017	2018				2019			
	Q4	Q1	Q2	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f
Americas									
				(% , end of period)					
Bank of Canada	1.00	1.25	1.25	1.50	1.75	2.00	2.25	2.25	2.50
US Federal Reserve (upper bound)	1.50	1.75	2.00	2.25	2.50	2.50	2.75	2.75	3.00
Bank of Mexico	7.25	7.50	7.75	7.75	8.00	8.25	8.25	8.25	8.00
Central Bank of Brazil	7.00	6.50	6.50	6.75	7.25	8.00	8.50	9.00	9.00
Bank of the Republic of Colombia	4.75	4.50	4.25	4.25	4.50	4.75	5.00	5.25	5.50
Central Reserve Bank of Peru	3.25	2.75	2.75	2.75	2.75	3.00	3.00	3.25	3.25
Central Bank of Chile	2.50	2.50	2.50	2.75	3.00	3.25	3.25	3.50	3.50
Europe									
European Central Bank	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Bank of England	0.50	0.50	0.50	0.75	0.75	0.75	0.75	0.75	1.00
Asia/Oceania									
Reserve Bank of Australia	1.50	1.50	1.50	1.50	1.75	1.75	2.00	2.00	2.25
Bank of Japan	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10
People's Bank of China	4.35	4.35	4.35	4.35	4.35	4.60	4.60	4.85	4.85
Reserve Bank of India	6.00	6.00	6.25	6.25	6.50	6.50	6.50	6.50	6.50
Bank of Korea	1.50	1.50	1.50	1.75	2.00	2.00	2.25	2.25	2.25
Bank of Thailand	1.50	1.50	1.50	1.50	1.75	1.75	2.00	2.00	2.25
Currencies and Interest Rates									
				(end of period)					
Americas									
Canadian dollar (USDCAD)	1.26	1.29	1.31	1.28	1.28	1.25	1.22	1.22	1.25
Canadian dollar (CADUSD)	0.80	0.78	0.76	0.78	0.78	0.80	0.82	0.82	0.80
Mexican peso (USDMXN)	19.66	18.18	19.81	20.19	20.20	20.32	20.13	20.19	20.48
Brazilian real (USDBRL)	3.31	3.31	3.86	3.85	3.90	3.85	3.80	3.75	3.70
Colombian peso (USDCOP)	2,986	2,794	2,926	2,950	3,000	2,950	2,900	2,850	2,850
Peruvian sol (USDPEN)	3.24	3.23	3.28	3.20	3.18	3.18	3.14	3.15	3.12
Chilean peso (USDCLP)	615	604	653	624	602	599	596	593	590
Europe									
Euro (EURUSD)	1.20	1.23	1.17	1.17	1.20	1.22	1.25	1.30	1.35
UK pound (GBPUSD)	1.35	1.40	1.32	1.30	1.32	1.32	1.35	1.37	1.40
Asia/Oceania									
Japanese yen (USDJPY)	113	106	108	110	110	110	110	108	105
Australian dollar (AUDUSD)	0.78	0.77	0.73	0.73	0.73	0.75	0.77	0.77	0.77
Chinese yuan (USDCNY)	6.51	6.28	6.50	6.45	6.45	6.40	6.40	6.30	6.30
Indian rupee (USDINR)	63.9	65.2	68.0	67.0	67.0	66.0	66.0	65.0	65.0
South Korean won (USDKRW)	1,067	1,064	1,100	1,080	1,080	1,070	1,070	1,060	1,060
Thai baht (USDTHB)	32.6	31.2	33.0	32.5	32.5	32.0	32.0	31.5	31.5
Canada (Yields, %)									
3-month T-bill	1.06	1.15	1.26	1.55	1.80	2.05	2.30	2.30	2.50
2-year Canada	1.69	1.78	1.91	2.05	2.30	2.40	2.50	2.55	2.60
5-year Canada	1.87	1.97	2.07	2.25	2.45	2.55	2.60	2.65	2.70
10-year Canada	2.05	2.09	2.17	2.40	2.55	2.60	2.65	2.70	2.75
30-year Canada	2.27	2.23	2.20	2.50	2.70	2.80	2.85	2.90	2.95
United States (Yields, %)									
3-month T-bill	1.38	1.70	1.92	2.20	2.45	2.50	2.70	2.75	3.00
2-year Treasury	1.88	2.27	2.53	2.60	2.70	2.80	2.90	3.00	3.10
5-year Treasury	2.21	2.56	2.73	2.85	2.90	2.95	3.00	3.10	3.20
10-year Treasury	2.40	2.74	2.84	3.00	3.05	3.10	3.15	3.20	3.30
30-year Treasury	2.74	2.97	2.96	3.15	3.20	3.30	3.35	3.40	3.45

Sources: Scotiabank Economics, Bloomberg.

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Table 24 Interest Rates (Percent)																														
	18Q3	18Q4	19Q1	19Q2	19Q3	19Q4	20Q1	20Q2	20Q3	20Q4	21Q1	21Q2	21Q3	21Q4	22Q1	22Q2	22Q3	22Q4	23Q1	23Q2	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2	25Q3	25Q4
Government of Canada																														
Treasury Bills																														
3 Months	1.48	1.73	1.98	2.23	2.48	2.73	3.03	3.03	3.03	3.03	3.03	3.03	3.03	3.03	3.03	3.03	3.03	3.03	3.03	3.03	3.03	3.03	3.03	3.03	3.03	3.03	3.03	3.03	3.03	
6 Months	1.58	1.83	2.08	2.33	2.58	2.83	3.13	3.13	3.13	3.13	3.13	3.13	3.13	3.13	3.13	3.13	3.13	3.13	3.13	3.13	3.13	3.13	3.13	3.13	3.13	3.13	3.13	3.13	3.13	
Bonds																														
1-3 Years	1.83	2.04	2.25	2.45	2.65	2.84	3.05	3.06	3.08	3.08	3.08	3.08	3.08	3.08	3.08	3.07	3.07	3.07	3.06	3.06	3.06	3.06	3.06	3.05	3.05	3.06	3.06	3.05	3.05	3.05
3-5 Years	2.03	2.22	2.40	2.58	2.75	2.90	3.06	3.08	3.10	3.11	3.11	3.11	3.11	3.11	3.10	3.10	3.10	3.09	3.08	3.08	3.07	3.07	3.07	3.07	3.07	3.07	3.07	3.07	3.06	3.05
5 Years	2.13	2.30	2.48	2.64	2.79	2.92	3.06	3.09	3.11	3.12	3.13	3.13	3.13	3.12	3.12	3.11	3.11	3.10	3.09	3.09	3.08	3.08	3.08	3.08	3.08	3.08	3.08	3.08	3.07	3.06
5-10 Years	2.30	2.45	2.61	2.74	2.87	2.97	3.07	3.11	3.14	3.15	3.15	3.16	3.16	3.15	3.14	3.13	3.13	3.12	3.11	3.10	3.10	3.09	3.09	3.09	3.09	3.09	3.09	3.09	3.08	3.07
10 Years	2.43	2.57	2.71	2.83	2.94	3.01	3.07	3.12	3.16	3.17	3.18	3.18	3.18	3.17	3.16	3.15	3.15	3.13	3.12	3.11	3.11	3.11	3.10	3.10	3.10	3.11	3.10	3.10	3.09	3.07
10+ Years	2.71	2.90	3.06	3.19	3.31	3.39	3.46	3.51	3.54	3.55	3.56	3.56	3.56	3.56	3.55	3.54	3.53	3.52	3.51	3.50	3.49	3.49	3.49	3.49	3.49	3.49	3.49	3.48	3.47	3.46
30 Years	2.78	2.97	3.14	3.28	3.39	3.48	3.54	3.59	3.63	3.64	3.65	3.65	3.65	3.64	3.63	3.62	3.62	3.61	3.60	3.59	3.58	3.58	3.58	3.57	3.57	3.58	3.58	3.57	3.56	3.55

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Table 25 Financial Aggregates and US Int	18Q3	18Q4	19Q1	19Q2	19Q3	19Q4	20Q1	20Q2	20Q3	20Q4	21Q1	21Q2	21Q3	21Q4	22Q1	22Q2	22Q3	22Q4	23Q1	23Q2	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2	25Q3	25Q4
US Interest Rates (Percent)																														
Federal Funds	1.94	2.21	2.46	2.71	2.96	3.18	3.22	3.44	3.44	3.44	3.44	3.44	3.44	3.44	3.45	3.45	3.45	3.45	3.45	3.43	3.20	3.20	3.20	3.17	2.95	2.95	2.95	2.95	2.95	2.95
3-Month T-Bills	2.10	2.26	2.43	2.61	2.81	2.99	3.01	3.20	3.19	3.18	3.18	3.17	3.17	3.17	3.17	3.17	3.17	3.17	3.17	3.15	2.94	2.94	2.94	2.91	2.71	2.71	2.71	2.71	2.71	2.71
3-Month Comm. Paper	2.16	2.35	2.56	2.80	3.04	3.25	3.33	3.49	3.49	3.49	3.49	3.49	3.49	3.49	3.50	3.50	3.50	3.50	3.50	3.43	3.25	3.25	3.25	3.18	3.01	3.01	3.01	3.01	3.01	3.01
3-Month Euro Deposit Rate	2.59	2.73	2.88	3.05	3.25	3.43	3.45	3.65	3.65	3.65	3.65	3.65	3.66	3.66	3.66	3.66	3.66	3.67	3.66	3.64	3.43	3.42	3.42	3.39	3.18	3.18	3.17	3.17	3.17	3.17
Bank Prime Rate	5.01	5.28	5.53	5.78	6.03	6.25	6.28	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.47	6.25	6.25	6.25	6.22	5.99	5.99	5.99	5.99	5.99	5.99
5-year Treasury Notes	2.81	3.02	3.19	3.33	3.44	3.51	3.58	3.61	3.61	3.64	3.64	3.65	3.65	3.63	3.61	3.59	3.57	3.53	3.48	3.45	3.43	3.41	3.39	3.38	3.38	3.36	3.35	3.32	3.30	3.28
10-Year Treasury Notes	2.97	3.11	3.25	3.37	3.48	3.55	3.61	3.66	3.69	3.71	3.71	3.72	3.72	3.71	3.70	3.69	3.68	3.67	3.66	3.65	3.65	3.64	3.64	3.64	3.64	3.64	3.64	3.64	3.62	3.61
30-year Treasury Bonds	3.14	3.27	3.40	3.52	3.62	3.69	3.76	3.81	3.86	3.88	3.90	3.91	3.92	3.92	3.92	3.92	3.93	3.93	3.92	3.92	3.93	3.93	3.93	3.93	3.94	3.94	3.95	3.95	3.95	3.94
Moody Aaa Seas Bonds	4.09	4.13	4.19	4.28	4.36	4.43	4.49	4.46	4.61	4.59	4.63	4.66	4.69	4.72	4.73	4.74	4.76	4.77	4.77	4.78	4.78	4.79	4.79	4.79	4.79	4.80	4.80	4.80	4.79	4.79

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Table 1																														
Selected Economic Indicators																														
	18Q3	18Q4	19Q1	19Q2	19Q3	19Q4	20Q1	20Q2	20Q3	20Q4	21Q1	21Q2	21Q3	21Q4	22Q1	22Q2	22Q3	22Q4	23Q1	23Q2	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2	25Q3	25Q4
Financial Markets																														
3-Month T-Bill Rate (%)	1.48	1.73	1.98	2.23	2.48	2.73	3.03	3.03	3.03	3.03	3.03	3.03	3.03	3.03	3.03	3.03	3.03	3.03	3.03	3.03	3.03	3.03	3.03	3.03	3.03	3.03	3.03	3.03	3.03	
US 3-Month T-Bill Rate (%)	2.10	2.26	2.43	2.61	2.81	2.99	3.01	3.20	3.19	3.18	3.18	3.17	3.17	3.17	3.17	3.17	3.17	3.17	3.17	3.17	3.15	2.94	2.94	2.94	2.91	2.71	2.71	2.71	2.71	
Canada-US Differential (% pts.)	-0.62	-0.53	-0.45	-0.38	-0.33	-0.26	0.02	-0.17	-0.16	-0.15	-0.15	-0.14	-0.14	-0.14	-0.15	-0.15	-0.14	-0.14	-0.14	-0.12	0.09	0.09	0.09	0.12	0.32	0.32	0.32	0.32	0.32	
Prime Rate (%)	3.70	3.95	4.20	4.45	4.70	4.95	5.20	5.20	5.20	5.20	5.20	5.20	5.20	5.20	5.20	5.20	5.20	5.20	5.20	5.20	5.20	5.20	5.20	5.20	5.20	5.20	5.20	5.20	5.20	
Overnight Rate (%)	1.50	1.75	2.00	2.25	2.50	2.75	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	
GOC Bond Rate (1-3 yrs.) (%)	1.83	2.04	2.25	2.45	2.65	2.84	3.05	3.06	3.08	3.08	3.08	3.08	3.08	3.08	3.08	3.07	3.07	3.07	3.06	3.06	3.06	3.06	3.06	3.05	3.05	3.06	3.06	3.05	3.05	
GOC Bond Rate (3-5 yrs.) (%)	2.03	2.22	2.40	2.58	2.75	2.90	3.06	3.08	3.10	3.11	3.11	3.11	3.11	3.11	3.10	3.10	3.10	3.09	3.08	3.08	3.07	3.07	3.07	3.07	3.07	3.07	3.07	3.07	3.06	
GOC Ten-Year Bond Rate (%)	2.43	2.57	2.71	2.83	2.94	3.01	3.07	3.12	3.16	3.17	3.18	3.18	3.18	3.17	3.16	3.15	3.15	3.13	3.12	3.11	3.11	3.11	3.10	3.10	3.10	3.11	3.10	3.10	3.09	
US Ten-Year T-Note Rate (%)	2.97	3.11	3.25	3.37	3.48	3.55	3.61	3.66	3.69	3.71	3.71	3.72	3.72	3.71	3.70	3.69	3.68	3.67	3.66	3.65	3.65	3.64	3.64	3.64	3.64	3.64	3.64	3.62	3.61	
Exchange Rate (US-Can.)	80.1	80.8	80.5	79.1	79.2	80.6	80.9	81.0	81.2	81.2	81.3	81.2	81.1	81.1	81.1	81.1	81.1	81.2	81.3	81.4	81.4	81.4	81.5	81.6	81.8	82.0	82.2	82.5	82.8	

