

**PUB (MPI) 2-14**

<b>Part and Chapter:</b>	<b>PUB (MPI) 1-31 (a), (b) Attachment E</b>	<b>Page No.:</b>	
<b>PUB Approved Issue No:</b>	<b>8. Performance of the Investment Portfolio and Composition of the Portfolio</b>		
<b>Topic:</b>	<b>Investments</b>		
<b>Sub Topic:</b>	<b>Interest Rate Forecast</b>		

**Preamble to IR:****Question:**

Please provide an update to this response as at the end of September 2019.

**Rationale for Question:**

To understand the details that support the interest rate forecast tables and to obtain a most recent version.

**RESPONSE:**

Please see updated interest rate forecast from *Part VI Investments Figures INV-43 and INV-44 (Appendix 1)* with supporting short-term (*Attachment A*) and long-term (*Attachment B*) bank forecast data.

**Appendix 1: Interest Rate Forecasts (Redacted)**

**Figure 1 SIRF, Naïve and 50/50 GoC 10 Year Bond Forecast  
(previously submitted as Part VI Investments Figure INV- 43)**

Line No.	Year	Qtr.	BMO NB	CIBC	Desjardins	Global	National	RBC	Scotia	TD	Average (Modified SIRF)	Naïve	50/50
1	2019	Q3	1.35%	1.27%	1.45%	1.40%	1.27%	1.45%	1.25%	1.43%	1.36%	1.36%	1.36%
2		Q4	1.35%	1.25%	1.55%	1.52%	1.41%	1.35%	1.35%	1.40%	1.40%	1.36%	1.38%
3	2020	Q1	1.45%	1.30%	1.65%	1.65%	1.75%	1.45%	1.45%	1.40%	1.51%	1.36%	1.44%
4		Q2	1.55%	1.50%	1.75%	1.78%	2.03%	1.55%	1.50%	1.50%	1.64%	1.36%	1.50%
5		Q3	1.65%	1.65%	1.80%	1.89%	2.22%	1.60%	1.55%	1.60%	1.75%	1.36%	1.55%
6		Q4	1.75%	1.75%	1.80%	1.99%	2.26%	1.70%	1.60%	1.70%	1.82%	1.36%	1.59%
7	2021	Q1	1.84%	1.84%	1.35%	2.08%	2.26%	X.XX%		1.75%	1.85%	1.36%	1.60%
8		Q2	1.94%	1.96%	1.30%	2.16%	2.35%	X.XX%		1.80%	1.92%	1.36%	1.64%
9		Q3	2.04%	2.07%	1.35%	2.25%	2.41%	X.XX%		1.85%	2.02%	1.36%	1.69%
10		Q4	2.14%	2.18%	1.40%	2.32%	2.46%	X.XX%		1.90%	2.09%	1.36%	1.72%
11	2022	Q1		2.29%	1.45%	2.38%	2.52%	X.XX%			2.19%	1.36%	1.77%
12		Q2		2.40%	1.50%	2.43%	2.57%	X.XX%			2.26%	1.36%	1.81%
13		Q3		2.40%	1.55%	2.47%	2.66%	X.XX%			2.31%	1.36%	1.83%
14		Q4		2.40%	1.65%	2.51%	2.76%	X.XX%			2.37%	1.36%	1.87%
15	2023	Q1		2.40%	1.75%	2.54%	2.85%	X.XX%			2.46%	1.36%	1.91%
16		Q2		2.40%	1.80%	2.54%	2.94%	X.XX%			2.50%	1.36%	1.93%
17		Q3		2.40%	1.90%	2.54%	2.94%	X.XX%			2.53%	1.36%	1.94%
18		Q4		2.40%	2.00%	2.53%	2.94%	X.XX%			2.56%	1.36%	1.96%
19	Note: Naïve as of September 30, 2019												

**Figure 2 Naïve and 50/50 90-Day T-Bill Forecast**  
(previously submitted as Part VI Investments Figure INV-44)

Line No.	Year	Qtr.	BMO NB	CIBC	Desjardins	Global	National	RBC	Scotia	TD	Average (Modified SIRF)	Naive	50/50
1	2019	Q3	1.65%	1.59%	1.65%	1.63%	1.62%	1.65%	1.60%	1.63%	1.63%	1.65%	1.64%
2		Q4	1.45%	1.65%	1.65%	1.68%	1.71%	1.60%	1.40%	1.27%	1.55%	1.65%	1.60%
3	2020	Q1	1.40%	1.35%	1.70%	1.73%	1.71%	1.40%	1.20%	1.15%	1.45%	1.65%	1.55%
4		Q2	1.40%	1.35%	1.70%	1.73%	1.71%	1.40%	1.20%	1.15%	1.45%	1.65%	1.55%
5		Q3	1.40%	1.35%	1.70%	1.75%	1.89%	1.40%	1.25%	1.15%	1.49%	1.65%	1.57%
6		Q4	1.40%	1.40%	1.70%	1.69%	1.89%	1.40%	1.25%	1.15%	1.48%	1.65%	1.57%
7	2021	Q1	1.39%	1.45%	1.55%	1.94%	1.91%	X.XX%		1.15%	1.54%	1.65%	1.60%
8		Q2	1.54%	1.47%	1.40%	1.94%	1.95%	X.XX%		1.15%	1.55%	1.65%	1.60%
9		Q3	1.69%	1.54%	1.20%	1.93%	2.01%	X.XX%		1.15%	1.58%	1.65%	1.61%
10		Q4	1.69%	1.61%	1.20%	1.93%	2.08%	X.XX%		1.15%	1.62%	1.65%	1.64%
11	2022	Q1		1.68%	1.20%	2.17%	2.14%	X.XX%			1.79%	1.65%	1.72%
12		Q2		1.75%	1.20%	2.20%	2.20%	X.XX%			1.86%	1.65%	1.75%
13		Q3		1.76%	1.20%	2.22%	2.27%	X.XX%			1.89%	1.65%	1.77%
14		Q4		1.78%	1.20%	2.23%	2.33%	X.XX%			1.95%	1.65%	1.80%
15	2023	Q1		1.79%	1.25%	2.49%	2.40%	X.XX%			2.04%	1.65%	1.84%
16		Q2		1.80%	1.25%	2.51%	2.46%	X.XX%			2.09%	1.65%	1.87%
17		Q3		1.80%	1.35%	2.52%	2.46%	X.XX%			2.12%	1.65%	1.88%
18		Q4		1.80%	1.60%	2.52%	2.46%	X.XX%			2.17%	1.65%	1.91%

19 Note: Naïve as of September 30, 2019

# Canadian Economic Outlook for Sept. 20, 2019

A Publication of BMO Capital Markets Economic Research · Douglas Porter, CFA, Chief Economist, BMO Financial Group

	2018				2019				2020				2017	2018	2019	2020	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4					
<b>Production</b>	<b>q/q % chng : a.r.</b>																
Real GDP (chain-weighted)	1.5	2.5	2.1	0.3	0.5	3.7	1.4	1.4	1.6	1.7	1.7	1.6	3.0	1.9	1.5	1.7	
Final Sales	1.0	3.2	3.5	-0.7	-0.8	4.9	1.7	1.4	1.6	1.6	1.7	1.6	2.1	2.1	1.5	1.8	
Final Domestic Demand	1.4	1.6	-0.1	-1.0	3.2	-0.7	1.7	1.5	1.7	1.6	1.7	1.6	3.1	2.0	0.9	1.5	
Consumer Spending	1.3	1.9	1.3	1.0	2.9	0.5	1.6	1.4	1.4	1.6	1.5	1.5	3.6	2.1	1.6	1.4	
Durables	-0.1	-1.8	-0.6	-1.9	5.3	-1.3	1.5	1.5	1.3	1.5	1.5	1.3	7.1	1.0	0.8	1.3	
Nondurables	-0.1	1.6	2.0	0.5	3.2	-0.5	1.6	1.3	1.4	1.5	1.3	1.5	2.7	1.6	1.4	1.3	
Services	2.3	2.9	1.3	2.0	2.2	1.3	1.6	1.4	1.5	1.7	1.7	1.5	3.3	2.6	1.8	1.5	
Government Spending	1.6	2.5	2.5	-0.3	2.6	0.9	2.0	2.0	2.2	1.8	2.0	1.8	2.7	3.0	1.6	1.9	
Business Investment	7.3	-0.9	-11.8	-9.5	14.4	-16.2	1.8	2.2	2.5	2.3	2.3	2.0	2.5	1.9	-3.1	1.0	
Non-residential Construction	-1.3	-4.1	-8.6	-14.2	-3.0	-1.8	1.0	3.0	2.8	2.5	2.5	2.0	1.1	-0.9	-5.0	2.2	
Machinery and Equipment	22.0	4.0	-16.3	-2.3	42.9	-32.4	3.0	1.0	2.0	2.0	2.0	2.0	4.7	6.1	-0.3	-0.7	
Residential Construction	-8.4	-0.3	-3.2	-10.4	-3.9	5.5	2.0	0.8	1.0	1.0	1.0	1.0	2.4	-1.5	-2.2	1.4	
Exports	3.6	12.0	0.8	0.3	-3.3	13.4	1.3	1.6	2.0	2.0	2.0	2.0	1.1	3.2	2.7	2.5	
Imports	4.2	6.2	-8.9	-0.7	8.7	-4.0	1.4	2.0	2.1	2.1	2.0	2.0	4.2	2.9	0.7	1.6	
Inventory Change	2007\$ blns : a.r.	16.6	13.3	7.2	13.9	19.5	14.0	12.4	12.5	12.7	13.0	13.0	13.1	17.6	12.7	14.6	13.0
Contrib. to GDP Growth	ppts : a.r.	0.0	-0.6	-1.1	1.3	1.1	-1.1	-0.3	0.0	0.0	0.0	0.0	0.0	0.8	-0.2	0.0	-0.1
Net Exports	2007\$ blns : a.r.	-20.6	-12.1	4.7	6.2	-13.2	14.7	14.5	13.9	13.8	13.7	13.8	13.9	-7.3	-5.5	7.5	13.8
Contrib. to GDP Growth	ppts : a.r.	-0.3	1.7	3.3	0.3	-4.0	5.6	-0.1	-0.2	-0.1	-0.1	0.0	0.0	-1.1	0.0	0.6	0.3
Nominal GDP	\$ blns : a.r.	2,196	2,217	2,240	2,223	2,254	2,299	2,306	2,325	2,345	2,366	2,387	2,408	2,142	2,219	2,296	2,376
Growth	q/q % chng : a.r.	3.2	3.9	4.3	-3.1	5.7	8.3	1.2	3.3	3.6	3.6	3.6	3.5	5.6	3.6	3.5	3.5
Real GDP	y/y % chng	2.2	1.8	2.0	1.6	1.4	1.6	1.5	1.7	2.0	1.5	1.6	1.6				
<b>Inflation</b>	<b>q/q % chng : a.r.</b>																
GDP Price Index	1.9	1.5	1.9	-3.3	4.9	4.5	-0.1	1.9	1.9	1.9	1.9	1.9	2.5	1.7	1.9	1.8	
CPI All Items	3.3	1.2	2.6	1.1	1.6	3.4	1.9	1.3	2.0	1.9	2.3	1.7	1.6	2.3	2.0	2.0	
Ex. Food and Energy	2.7	0.9	2.5	2.0	1.9	2.9	1.8	1.6	2.1	1.9	2.6	1.6	1.6	1.9	2.1	2.0	
Food Prices	1.0	1.6	3.3	3.7	4.0	2.6	3.8	2.1	2.0	2.1	1.8	2.1	0.1	1.8	3.3	2.3	
Energy Prices	18.4	2.8	1.8	-16.8	-5.1	18.4	-8.6	-1.7	1.4	2.3	1.1	1.7	5.4	7.5	-2.4	0.6	
Services	4.2	2.7	4.8	0.2	1.9	3.8	5.2	1.5	1.9	2.4	2.3	1.5	2.2	2.5	2.7	2.4	
CPI All Items	y/y % chng	2.1	2.3	2.7	2.0	1.6	2.1	2.0	2.0	2.1	1.8	1.9	2.0				
CPIX8	y/y % chng	1.3	1.4	1.6	1.6	1.6	1.9	2.0	1.7	1.6	1.9	1.9	2.1	1.1	1.4	1.8	1.9
New Core CPIs	y/y % chng : avg.	1.9	1.9	2.0	1.9	1.9	2.0	1.9	1.8	1.8	1.8	1.9	2.2	1.5	1.9	1.9	1.9
<b>Financial</b>	<b>% : quarterly avg.</b>																
Overnight Rate	1.25	1.25	1.50	1.75	1.75	1.75	1.75	1.50	1.50	1.50	1.50	1.50	0.71	1.44	1.69	1.50	
3-Month T-Bill	1.14	1.21	1.47	1.66	1.65	1.67	1.65	1.45	1.40	1.40	1.40	1.40	0.69	1.37	1.60	1.40	
90-Day BAs	1.67	1.74	1.95	2.20	2.14	2.00	1.95	1.75	1.75	1.75	1.75	1.75	1.15	1.89	1.95	1.75	
10-Year Bond Yield	2.24	2.28	2.28	2.32	1.86	1.62	1.35	1.35	1.45	1.55	1.65	1.75	1.78	2.28	1.55	1.60	
10-Year BBB Corporate Spread	ppts	1.68	1.80	1.83	2.07	2.20	2.01	1.95	2.15	2.25	2.30	2.30	2.30	1.83	1.85	2.08	2.29
90 Day Canada/U.S. Spread	bps	-44	-66	-61	-70	-79	-68	-39	-21	-25	-26	-27	-29	-26	-60	-52	-27
10 Year Canada/U.S. Spread	bps	-52	-64	-65	-72	-80	-72	-44	-35	-35	-35	-35	-35	-55	-63	-57	-35
<b>Foreign Trade</b>	<b>\$ blns : a.r.</b>																
Current Account Balance	-65.5	-61.5	-40.6	-66.5	-66.5	-25.5	-40.9	-42.9	-43.1	-42.9	-42.6	-41.7	-60.1	-58.5	-44.0	-42.5	
Share of GDP	-3.0	-2.8	-1.8	-3.0	-3.0	-1.1	-1.8	-1.8	-1.8	-1.8	-1.8	-1.7	-2.8	-2.6	-1.9	-1.8	
Merchandise Balance	-30.6	-20.7	-4.8	-31.8	-35.5	-1.2	-13.4	-14.2	-14.6	-14.9	-15.1	-15.2	-24.6	-21.9	-16.1	-15.0	
Non-Merchandise Balance	-34.9	-40.8	-35.8	-34.7	-31.0	-24.3	-27.5	-28.7	-28.4	-27.9	-27.5	-26.4	-35.5	-36.6	-27.9	-27.6	
US\$	US\$/C\$: qtr. avg.	79.1	77.5	76.5	75.7	75.2	74.8	75.7	75.5	75.5	75.9	76.3	76.8	77.1	77.2	75.3	76.1
	C\$/US\$: qtr. avg.	1.265	1.291	1.307	1.321	1.329	1.338	1.321	1.325	1.325	1.317	1.310	1.302	1.298	1.296	1.328	1.314
Yen	¥/C\$: qtr. avg.	85.7	84.6	85.3	85.3	82.9	82.2	81.1	79.8	78.7	78.4	79.1	80.4	86.5	85.2	81.5	79.2
Euro	C\$/€ : qtr. avg.	1.55	1.54	1.52	1.51	1.51	1.50	1.47	1.45	1.45	1.45	1.45	1.44	1.46	1.53	1.48	1.45
Corp. Profits Before Tax	y/y % chng	-1.2	5.4	17.4	-17.4	-15.8	-6.8	-8.2	24.4	17.4	3.6	-0.2	-0.2	34.0	0.8	-3.0	4.6
Corp. Profits After Tax	y/y % chng	-0.1	2.9	23.1	-3.6	-2.0	1.7	-4.4	9.3	5.4	0.5	-0.2	-0.2	15.8	5.1	0.9	1.3
Personal Income	y/y % chng	5.6	4.9	3.9	3.7	3.7	4.5	4.4	3.8	3.8	3.1	3.5	3.5	4.5	4.5	4.1	3.5
Real Disposable Income	y/y % chng	4.0	2.9	0.7	0.9	1.6	1.7	2.0	1.4	1.3	1.1	1.5	1.5	3.4	2.1	1.7	1.3
Savings Rate	% : quarterly avg.	1.9	1.5	0.9	1.4	1.3	1.7	1.3	1.3	1.7	1.6	1.6	1.6	1.6	1.4	1.4	1.6
<b>Other Indicators</b>	<b>quarterly avg. (000s and mlns are a.r.)</b>																
Unemployment Rate	percent	5.8	5.9	5.9	5.7	5.8	5.5	5.7	5.7	5.7	5.6	5.7	5.6	6.3	5.8	5.7	5.7
Housing Starts	000s	224	218	197	217	187	224	220	210	208	206	204	202	220	214	210	205
Existing Home Sales	y/y % chng	-14.5	-13.8	-2.8	-12.4	-2.5	6.5	7.4	10.1	9.1	5.8	0.1	0.1	-4.7	-10.9	5.4	3.6
MLS Home Price Index	y/y % chng	5.6	0.9	2.3	1.7	-0.5	-0.3	1.2	2.2	2.3	1.8	2.0	2.5	13.3	2.7	0.5	2.1
Motor Vehicle Sales	mlns	2.10	2.06	2.02	1.96	2.01	1.93	2.01	2.00	1.97	1.96	1.95	1.94	2.08	2.04	1.99	1.95
Employment Growth	q/q % chng : a.r.	0.3	1.0	1.3	2.2	2.9	3.0	0.7	0.8	1.3	1.6	1.5	1.3	1.9	1.3	2.0	1.3
Industrial Production	q/q % chng : a.r.	6.4	2.3	3.8	-1.5	-3.3	4.9	0.7	1.7	1.8	1.5	1.6	1.6	4.9	3.1	0.6	1.8
Federal Budget Balance	% of FY GDP													-0.9	-0.6	-0.9	-0.8

Shaded values represent forecasts

Table 1

<b>FORECAST SUMMARY</b>				
(% Change Except Where Noted)				
<b>CANADA</b>	<b>2018A</b>	<b>2019F</b>	<b>2020F</b>	<b>2021F</b>
GDP at Market Prices	3.6	3.8	3.5	4.0
GDP in \$2007	1.9	1.6	1.4	1.9
Consumer Price Index	2.3	2.0	2.0	1.8
Unemployment Rate	5.8	5.8	6.2	5.9
Current Account Balance (C\$ Bn)	-58.5	-32.6	-20.8	-17.6
Pre-tax Profits (net Operating Surplus)	0.5	1.7	4.6	3.4
Housing Starts (K)	214	191	176	184
<b>UNITED STATES</b>	<b>2018A</b>	<b>2019F</b>	<b>2020F</b>	<b>2021F</b>
GDP at Market Prices	5.4	4.1	3.9	4.4
GDP in \$2009	2.9	2.2	1.7	2.1
Consumer Price Index	2.4	1.8	2.0	2.2
Unemployment Rate	3.9	3.7	3.9	3.8
Current Account Balance (US\$ Bn)	-491	-504	-501	-508
Pre-tax Profits (with IVA/CCA)	3.4	-1.3	1.6	2.4
Housing Starts (K)	1,250	1,228	1,190	1,229

Table 2

<b>INTEREST AND EXCHANGE RATE FORECAST</b>											
		<b>2019</b>		<b>2020</b>			<b>2021</b>				
<b>END OF PERIOD:</b>		<b>6-Sep</b>	<b>Dec</b>	<b>Mar</b>	<b>Jun</b>	<b>Sep</b>	<b>Dec</b>	<b>Mar</b>	<b>Jun</b>	<b>Sep</b>	<b>Dec</b>
<b>CDA</b>	Overnight target rate	1.75	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.75
	98-Day Treasury Bills	1.59	1.65	1.35	1.35	1.35	1.40	1.40	1.45	1.45	1.75
	2-Year Gov't Bond	1.46	1.35	1.45	1.55	1.60	1.75	1.90	1.95	2.00	2.00
	10-Year Gov't Bond	1.27	1.25	1.30	1.50	1.65	1.75	1.95	1.95	2.05	2.05
	30-Year Gov't Bond	1.51	1.50	1.55	1.65	1.80	1.95	2.00	2.00	2.10	2.10
<b>U.S.</b>	Federal Funds Rate	2.125	1.625	1.625	1.625	1.625	1.625	1.625	1.625	1.875	2.125
	91-Day Treasury Bills	1.96	1.90	1.75	1.85	1.75	1.80	1.90	1.90	2.10	2.25
	2-Year Gov't Note	1.53	1.40	1.50	1.65	1.80	2.00	2.05	2.10	2.30	2.50
	10-Year Gov't Note	1.56	1.50	1.75	2.00	2.10	2.20	2.20	2.30	2.35	2.50
	30-Year Gov't Bond	2.04	2.10	2.30	2.35	2.45	2.60	2.65	2.70	2.70	2.70
	Canada - US T-Bill Spread	-0.36	-0.25	-0.40	-0.50	-0.40	-0.40	-0.50	-0.45	-0.65	-0.50
	Canada - US 10-Year Bond Spread	-0.29	-0.25	-0.45	-0.50	-0.45	-0.45	-0.25	-0.35	-0.30	-0.45
	Canada Yield Curve (10-Year — 2-Year)	-0.19	-0.10	-0.15	-0.05	0.05	0.00	0.05	0.00	0.05	0.05
	US Yield Curve (10-Year — 2-Year)	0.03	0.10	0.25	0.35	0.30	0.20	0.15	0.20	0.05	0.00
<b>EXCHANGE RATES</b>	CADUSD	0.76	0.75	0.75	0.75	0.74	0.72	0.72	0.71	0.71	0.71
	USDCAD	1.32	1.33	1.33	1.34	1.36	1.38	1.39	1.40	1.41	1.41
	USDJPY	107	105	104	103	101	100	100	100	99	99
	EURUSD	1.10	1.10	1.12	1.14	1.15	1.16	1.16	1.17	1.17	1.18
	GBPUSD	1.23	1.20	1.24	1.28	1.32	1.35	1.36	1.38	1.39	1.40
	AUDUSD	0.68	0.69	0.71	0.72	0.74	0.76	0.78	0.78	0.76	0.75
	USDCHF	0.99	0.99	0.97	0.96	0.97	0.96	0.97	0.96	0.97	0.96
	USDBRL	4.06	3.80	3.85	3.95	3.90	4.00	3.95	3.90	3.80	3.85
	USDMXN	19.6	19.9	20.1	20.4	20.6	20.4	19.9	19.8	19.6	19.7

**TABLE 1**  
**Key interest rates**

END OF PERIOD IN %	2018				2019				2020			
	Q1	Q2	Q3	Q4	Q1	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f
<b>United States</b>												
Federal funds	1.75	2.00	2.25	2.50	2.50	2.50	2.00	2.00	2.00	2.00	2.00	2.00
<b>Canada</b>												
Overnight funds	1.25	1.25	1.50	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75
<b>Zone euro</b>												
Refinancing rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>United Kingdom</b>												
Base rate	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
<b>Japan</b>												
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 %	2018				2019				2020			
	Q1	Q2	Q3	Q4	Q1	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f
<b>UNITED STATES</b>												
<b>Treasury bills</b>												
3-month	1.73	1.93	2.19	2.45	2.40	2.15	1.80	1.90	1.90	1.90	1.90	1.90
<b>Federal bonds</b>												
2-year	2.27	2.53	2.82	2.51	2.29	1.75	1.65	1.80	1.90	1.95	2.00	2.00
5-year	2.55	2.73	2.95	2.49	2.23	1.75	1.65	1.80	1.95	2.00	2.05	2.05
10-year	2.75	2.86	3.06	2.69	2.41	2.05	1.95	2.05	2.10	2.15	2.20	2.20
30-year	2.97	2.99	3.21	3.02	2.82	2.55	2.45	2.50	2.55	2.60	2.60	2.60
<b>Yield curve slopes</b>												
5-year - 3-month	0.82	0.80	0.76	0.04	-0.17	-0.40	-0.15	-0.10	0.05	0.10	0.15	0.15
10-year - 2-year	0.47	0.33	0.24	0.18	0.13	0.30	0.30	0.25	0.20	0.20	0.20	0.20
30-year - 3-month	1.24	1.06	1.02	0.57	0.42	0.40	0.65	0.60	0.65	0.70	0.70	0.70
<b>CANADA</b>												
<b>Treasury bills</b>												
3-month	1.10	1.26	1.59	1.64	1.67	1.65	1.65	1.65	1.70	1.70	1.70	1.70
<b>Federal bonds</b>												
2-year	1.77	1.91	2.21	1.86	1.55	1.40	1.30	1.45	1.55	1.65	1.70	1.70
5-year	1.96	2.06	2.33	1.88	1.52	1.35	1.30	1.45	1.60	1.70	1.75	1.75
10-year	2.09	2.17	2.42	1.96	1.62	1.50	1.45	1.55	1.65	1.75	1.80	1.80
30-year	2.23	2.20	2.41	2.18	1.90	1.70	1.60	1.70	1.80	1.90	1.95	1.95
<b>Yield curve slopes</b>												
5-year - 3-month	0.86	0.80	0.74	0.24	-0.15	-0.30	-0.35	-0.20	-0.10	0.00	0.05	0.05
10-year - 2-year	0.32	0.26	0.21	0.10	0.07	0.10	0.15	0.10	0.10	0.10	0.10	0.10
30-year - 3-month	1.13	0.94	0.82	0.54	0.23	0.05	-0.05	0.05	0.10	0.20	0.25	0.25
<b>Yield spreads (Canada—United States)</b>												
3-month	-0.63	-0.67	-0.60	-0.81	-0.73	-0.50	-0.15	-0.25	-0.20	-0.20	-0.20	-0.20
2-year	-0.50	-0.62	-0.61	-0.65	-0.74	-0.35	-0.35	-0.35	-0.35	-0.30	-0.30	-0.30
5-year	-0.59	-0.67	-0.62	-0.61	-0.71	-0.40	-0.35	-0.35	-0.35	-0.30	-0.30	-0.30
10-year	-0.66	-0.69	-0.64	-0.73	-0.79	-0.55	-0.50	-0.50	-0.45	-0.40	-0.40	-0.40
30-year	-0.74	-0.79	-0.80	-0.84	-0.92	-0.85	-0.85	-0.80	-0.75	-0.70	-0.65	-0.65

f: forecasts

Sources: Datastream and Desjardins, Economic Studies

# Monthly Fixed Income Monitor

Economics and Strategy



September 2019

## Highlights

By Paul-André Pinsonnault / Jocelyn Paquet

- Our base case scenario is for the fed funds target range to end 2019 at 1.50% to 1.75%. On the trade front, we assume no escalation in trade tensions which will open the door for 10-year to scale back some of its recent decline and close the year trading around 1.86%. However, should trade tensions escalate in coming weeks, we would not rule out 10-year Treasuries trading around 1.05% in coming months.
- Obviously, given the effect that developments in U.S.-China trade negotiations will have on global and hence Canadian growth, they will be key to what the BoC does next. If the news is good, as we hope and expect, the central bank need not change its current policy stance. If not, it may be forced to ease substantially. The potential outcomes continue to appear binomially distributed
- We think Mario Draghi and other more dovish officials will win the day when it comes to QE. The ECB has already gone too far in signalling that a new round of asset purchases was on the way. Changing direction now would deal a blow to the bank's credibility and risk destabilizing the markets. A 20-basis-point cut in the deposit rate is what we expect the ECB to deliver on September 12.

## Forecast dated September 5, 2019

United States							
Quarters	Fed Fund	3 Mth Bill	2YR	5YR	10YR	30YR	
09/05/19	2.25	1.97	1.54	1.44	1.57	2.06	
Q4	1.75	1.60	1.57	1.55	1.74	2.23	
Q1/20	1.75	1.58	1.57	1.63	1.88	2.37	
Q2	1.75	1.57	1.59	1.68	1.98	2.46	
Q3	1.75	1.57	1.60	1.71	2.01	2.50	
Q4	1.75	1.59	1.68	1.81	2.18	2.65	
Q1/21	1.75	1.59	1.87	2.09	2.35	2.77	
Q2	2.00	1.82	2.06	2.23	2.43	2.81	
Q3	2.25	2.07	2.13	2.26	2.47	2.82	

Canada							
Quarters	Overnight	3 Mth Bill	2YR	5YR	10YR	30YR	
09/05/19	1.75	1.62	1.45	1.29	1.27	1.50	
Q4	1.75	1.71	1.49	1.38	1.41	1.62	
Q1/20	1.75	1.71	1.63	1.62	1.75	1.91	
Q2	1.75	1.71	1.78	1.81	2.03	2.14	
Q3	1.75	1.89	1.86	2.06	2.22	2.30	
Q4	1.75	1.89	1.95	2.11	2.26	2.31	
Q1/21	2.00	1.96	2.05	2.16	2.29	2.33	
Q2	2.00	1.96	2.13	2.18	2.33	2.36	
Q3	2.00	1.96	2.12	2.21	2.37	2.39	



## Financial market forecast detail

### Interest rates—North America

%, end of period

	Actual						Forecast						Actual		Forecast	
	18Q1	18Q2	18Q3	18Q4	19Q1	19Q2	19Q3	19Q4	20Q1	20Q2	20Q3	20Q4	2017	2018	2019	2020
<b>Canada</b>																
Overnight	1.25	1.25	1.50	1.75	1.75	1.75	1.75	1.75	1.50	1.50	1.50	1.50	1.00	1.75	1.75	1.50
Three-month	1.10	1.26	1.59	1.64	1.67	1.66	1.65	1.60	1.40	1.40	1.40	1.40	1.06	1.64	1.60	1.40
Two-year	1.78	1.91	2.21	1.86	1.55	1.47	1.45	1.35	1.30	1.45	1.45	1.50	1.69	1.86	1.35	1.50
Five-year	1.97	2.07	2.34	1.89	1.52	1.39	1.40	1.35	1.40	1.50	1.55	1.60	1.87	1.89	1.35	1.60
10-year	2.09	2.17	2.43	1.97	1.62	1.47	1.45	1.35	1.45	1.55	1.60	1.70	2.04	1.97	1.35	1.70
30-year	2.23	2.20	2.42	2.18	1.89	1.69	1.70	1.60	1.70	1.80	1.90	1.95	2.27	2.18	1.60	1.95
Yield curve (10s-2s)	31	26	22	11	7	0	0	0	15	10	15	20	35	11	0	20
<b>United States</b>																
Fed funds*	1.75	2.00	2.25	2.50	2.50	2.50	2.00	1.75	1.75	1.75	1.75	1.75	1.50	2.50	1.75	1.75
Three-month	1.73	1.93	2.19	2.45	2.40	2.12	1.90	1.65	1.65	1.65	1.65	1.65	1.39	2.45	1.65	1.65
Two-year	2.27	2.52	2.81	2.48	2.27	1.75	1.50	1.50	1.60	1.65	1.70	1.70	1.89	2.48	1.50	1.70
Five-year	2.56	2.73	2.94	2.51	2.23	1.76	1.50	1.50	1.60	1.65	1.85	1.95	2.20	2.51	1.50	1.95
10-year	2.74	2.85	3.05	2.69	2.41	2.00	1.50	1.50	1.70	1.85	2.00	2.10	2.40	2.69	1.50	2.10
30-year	2.97	2.98	3.19	3.02	2.81	2.52	2.05	1.95	2.10	2.25	2.40	2.45	2.74	3.02	1.95	2.45
Yield curve (10s-2s)	47	33	24	21	14	25	0	0	10	20	30	40	51	21	0	40
<b>Yield spreads</b>																
Three-month T-bills	-0.63	-0.67	-0.60	-0.81	-0.73	-0.46	-0.25	-0.05	-0.25	-0.25	-0.25	-0.25	-0.33	-0.81	-0.05	-0.25
Two-year	-0.49	-0.61	-0.60	-0.62	-0.72	-0.28	-0.05	-0.15	-0.30	-0.20	-0.25	-0.20	-0.20	-0.62	-0.15	-0.20
Five-year	-0.59	-0.66	-0.60	-0.62	-0.71	-0.37	-0.10	-0.15	-0.20	-0.15	-0.30	-0.35	-0.33	-0.62	-0.15	-0.35
10-year	-0.65	-0.68	-0.62	-0.72	-0.79	-0.53	-0.05	-0.15	-0.25	-0.30	-0.40	-0.40	-0.36	-0.72	-0.15	-0.40
30-year	-0.74	-0.78	-0.77	-0.84	-0.92	-0.83	-0.35	-0.35	-0.40	-0.45	-0.50	-0.50	-0.47	-0.84	-0.35	-0.50

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

### Interest rates—International

%, end of period

	Actual						Forecast						Actual		Forecast	
	18Q1	18Q2	18Q3	18Q4	19Q1	19Q2	19Q3	19Q4	20Q1	20Q2	20Q3	20Q4	2017	2018	2019	2020
<b>United Kingdom</b>																
Repo	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.50	0.50	0.50	0.50	0.50	0.50	0.75	0.50	0.50
Two-year	0.82	0.72	0.82	0.75	0.63	0.62	0.60	0.55	0.60	0.60	0.60	0.60	0.45	0.75	0.55	0.60
10-year	1.34	1.28	1.57	1.27	0.99	0.84	0.75	0.85	0.90	1.00	1.10	1.10	1.19	1.27	0.85	1.10
<b>Euro Area</b>																
Deposit rate	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.60	-0.80	-0.80	-0.80	-0.80	-0.80	-0.40	-0.40	-0.80	-0.80
Two-year	-0.59	-0.69	-0.55	-0.59	-0.60	-0.73	-0.80	-0.80	-0.80	-0.80	-0.75	-0.75	-0.63	-0.59	-0.80	-0.75
10-year	0.50	0.31	0.47	0.25	-0.07	-0.33	-0.40	-0.20	-0.10	-0.05	0.00	0.00	0.43	0.25	-0.20	0.00
<b>Australia</b>																
Cash target rate	1.50	1.50	1.50	1.50	1.50	1.25	1.00	0.75	0.50	0.50	0.50	0.50	1.50	1.50	0.75	0.50
Two-year swap	2.00	2.00	2.02	1.89	1.47	0.98	0.90	0.75	0.70	0.70	0.70	0.80	2.00	1.89	0.75	0.80
10-year swap	2.60	2.63	2.67	2.32	1.78	1.32	0.90	0.80	0.95	1.10	1.30	1.40	2.63	2.32	0.80	1.40
<b>New Zealand</b>																
Cash target rate	1.75	1.75	1.75	1.75	1.75	1.50	1.00	0.75	0.50	0.50	0.50	0.50	1.75	1.75	0.75	0.50
Two-year	2.21	2.14	2.02	1.96	1.62	1.35	1.00	0.85	0.80	0.80	0.80	0.80	2.20	1.96	0.85	0.80
10-year	3.06	3.02	2.89	2.64	2.15	1.78	1.20	0.95	1.05	1.20	1.35	1.45	3.13	2.64	0.95	1.45





September 6, 2019

Central Bank Rates	2018		2019			2020			
	Q4	Q1	Q2	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f
<b>Americas</b>	(% , end of period)								
Bank of Canada	1.75	1.75	1.75	1.75	1.50	1.25	1.25	1.25	1.25
US Federal Reserve (upper bound)	2.50	2.50	2.50	2.00	1.75	1.75	1.75	1.75	1.75
Bank of Mexico	8.25	8.25	8.25	8.00	7.75	7.50	7.50	7.50	7.50
Central Bank of Brazil	6.50	6.50	6.50	5.75	5.50	5.50	5.50	6.00	6.50
Bank of the Republic of Colombia	4.25	4.25	4.25	4.25	4.25	4.25	4.50	4.50	4.50
Central Reserve Bank of Peru	2.75	2.75	2.75	2.50	2.25	2.25	2.25	2.25	2.25
Central Bank of Chile	2.75	3.00	2.50	2.00	1.75	1.75	1.75	1.75	2.00
<b>Europe</b>									
European Central Bank MRO Rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
European Central Bank Deposit Rate	-0.40	-0.40	-0.40	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
Bank of England	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
<b>Asia/Oceania</b>									
Reserve Bank of Australia	1.50	1.50	1.25	1.00	0.75	0.75	0.75	0.75	0.75
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	4.35	4.35	4.35	4.35
Reserve Bank of India	6.50	6.25	5.75	5.40	4.80	4.80	4.80	4.80	4.80
Bank of Korea	1.75	1.75	1.75	1.50	1.25	1.25	1.25	1.25	1.25
Bank of Thailand	1.75	1.75	1.75	1.50	1.25	1.25	1.25	1.25	1.25
<b>Currencies and Interest Rates</b>									
<b>Americas</b>	(end of period)								
Canadian dollar (USDCAD)	1.36	1.33	1.31	1.31	1.30	1.28	1.28	1.25	1.25
Canadian dollar (CADUSD)	0.73	0.75	0.76	0.76	0.77	0.78	0.78	0.80	0.80
Mexican peso (USDMXN)	19.65	19.43	19.22	20.21	20.83	21.08	20.93	21.04	21.36
Brazilian real (USDBRL)	3.88	3.92	3.85	3.97	4.18	4.08	4.11	4.07	4.18
Colombian peso (USDCOP)	3,254	3,189	3,211	3,382	3,120	3,050	3,100	3,182	3,167
Peruvian sol (USDPEN)	3.37	3.32	3.29	3.42	3.35	3.40	3.38	3.43	3.42
Chilean peso (USDCLP)	694	680	679	700	670	650	645	645	640
<b>Europe</b>									
Euro (EURUSD)	1.15	1.12	1.14	1.10	1.10	1.12	1.15	1.19	1.20
UK pound (GBPUSD)	1.28	1.30	1.27	1.22	1.22	1.25	1.30	1.32	1.40
<b>Asia/Oceania</b>									
Japanese yen (USDJPY)	110	111	108	108	108	107	107	105	105
Australian dollar (AUDUSD)	0.70	0.71	0.70	0.68	0.68	0.69	0.70	0.71	0.72
Chinese yuan (USDCNY)	6.88	6.71	6.87	7.10	6.90	6.80	6.80	6.70	6.70
Indian rupee (USDINR)	69.8	69.1	69.0	71.0	68.0	67.0	67.0	66.0	66.0
South Korean won (USDKRW)	1,116	1,135	1,155	1,180	1,180	1,160	1,160	1,140	1,140
Thai baht (USDTHB)	32.5	31.7	30.7	31.0	31.0	30.5	30.5	30.0	30.0
<b>Canada (Yields, %)</b>									
3-month T-bill	1.65	1.67	1.65	1.60	1.40	1.20	1.20	1.25	1.25
2-year Canada	1.86	1.55	1.47	1.45	1.30	1.20	1.25	1.30	1.30
5-year Canada	1.89	1.52	1.39	1.25	1.25	1.25	1.30	1.35	1.40
10-year Canada	1.97	1.62	1.46	1.25	1.35	1.45	1.50	1.55	1.60
30-year Canada	2.18	1.89	1.68	1.50	1.60	1.65	1.70	1.75	1.80
<b>United States (Yields, %)</b>									
3-month T-bill	2.36	2.39	2.09	1.85	1.60	1.60	1.60	1.60	1.60
2-year Treasury	2.49	2.26	1.76	1.55	1.60	1.65	1.75	1.80	1.80
5-year Treasury	2.51	2.23	1.77	1.45	1.50	1.70	1.80	1.90	2.00
10-year Treasury	2.68	2.41	2.00	1.55	1.60	1.75	1.90	2.00	2.20
30-year Treasury	3.01	2.82	2.53	2.05	2.20	2.30	2.40	2.50	2.60

Sources: Scotiabank Economics, Bloomberg.

## TD Rate Forecasts

Interest Rate Outlook												
	2019				2020				2021			
	Q1	Q2	Q3*	Q4F	Q1F	Q2F	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F
<b>Canada</b>												
Overnight Target Rate	1.75	1.75	1.75	1.50	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
3-mth T-Bill Rate	1.67	1.66	1.63	1.27	1.15	1.15	1.15	1.15	1.15	1.15	1.15	1.15
2-yr Govt. Bond Yield	1.55	1.47	1.60	1.30	1.30	1.35	1.40	1.45	1.50	1.55	1.60	1.65
5-yr Govt. Bond Yield	1.52	1.39	1.46	1.40	1.40	1.45	1.50	1.55	1.60	1.65	1.70	1.75
10-yr Govt. Bond Yield	1.62	1.46	1.43	1.40	1.40	1.50	1.60	1.70	1.75	1.80	1.85	1.90
30-yr Govt. Bond Yield	1.89	1.68	1.59	1.50	1.50	1.60	1.70	1.80	1.90	2.00	2.10	2.15
10-yr-2-yr Govt Spread	0.07	-0.01	-0.17	0.10	0.10	-0.17	0.20	0.25	0.25	0.25	0.25	0.25
<b>U.S.</b>												
Fed Funds Target Rate	2.50	2.50	2.00	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75
3-mth T-Bill Rate	2.35	2.08	1.89	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.73
2-yr Govt. Bond Yield	2.27	1.75	1.75	1.60	1.60	1.65	1.70	1.80	1.90	2.00	2.10	2.20
5-yr Govt. Bond Yield	2.23	1.76	1.66	1.60	1.60	1.70	1.75	1.85	1.95	2.05	2.15	2.25
10-yr Govt. Bond Yield	2.41	2.00	1.79	1.70	1.70	1.80	1.90	2.00	2.10	2.20	2.30	2.40
30-yr Govt. Bond Yield	2.81	2.52	2.24	2.25	2.25	2.30	2.40	2.50	2.60	2.65	2.70	2.75
10-yr-2-yr Govt Spread	0.14	0.25	0.04	0.10	0.10	0.04	0.20	0.20	0.20	0.20	0.20	0.20
<b>Canada-U.S. Spreads</b>												
Can - U.S. T-Bill Spread	-0.68	-0.42	-0.26	-0.33	-0.45	-0.26	-0.45	-0.45	-0.45	-0.45	-0.45	-0.58
Can - U.S. 10-Year Bond Spread	-0.79	-0.54	-0.35	-0.30	-0.30	-0.35	-0.30	-0.30	-0.35	-0.40	-0.45	-0.50
F: Forecast by TD Bank Group as at September 2019. All forecasts are end-of-period. Source: Bloomberg, Bank of Canada, Federal Reserve, TD Economics. * Spot rates as at September 18, 2019 with the exception of policy rates.												

## BMO Rate Forecasts

<b>BMO Economics Canadian Interest Rate Forecasts</b>			
<b>(%, quarterly averages)</b>			
<b>.DESC</b>	<b>Canada: Overnight Money Market Financing Rate, Target [BoC] (%)</b>	<b>Canada: 3- Month Treasury Bills [BoC] (%)</b>	<b>Canada: Benchmark 10-Year Bond Yields [BoC] (%)</b>
20193	1.750000	1.637720	1.364983
20194	1.500000	1.425449	1.342262
20201	1.500000	1.385682	1.465608
20202	1.500000	1.385682	1.556878
20203	1.500000	1.385682	1.648148
20204	1.500000	1.385682	1.739418
20211	1.500000	1.385682	1.836938
20212	1.583333	1.537841	1.937583
20213	1.750000	1.690000	2.038228
20214	1.750000	1.690000	2.138872

## CIBC Rate Forecasts

	Forecast 2019	Forecast 2020	Forecast 2021	Forecast 2022	Forecast 2023
BoC Overnight Rate	1.72	1.50	1.53	1.75	1.75
90 Day T-bill Yield	1.66	1.39	1.47	1.75	1.80
2-Year Bond Yield	1.55	1.46	1.85	2.25	2.30
5-Year Bond Yield	1.46	1.54	2.03	2.35	2.35
10-Year Bond Yield	1.51	1.49	1.96	2.40	2.40
30-Year Bond Yield	1.74	1.68	2.03	2.45	2.45

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## TD Rate Forecasts

Interest Rate Outlook												
	2019				2020				2021			
	Q1	Q2	Q3*	Q4F	Q1F	Q2F	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F
<b>Canada</b>												
Overnight Target Rate	1.75	1.75	1.75	1.50	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
3-mth T-Bill Rate	1.67	1.66	1.63	1.27	1.15	1.15	1.15	1.15	1.15	1.15	1.15	1.15
2-yr Govt. Bond Yield	1.55	1.47	1.60	1.30	1.30	1.35	1.40	1.45	1.50	1.55	1.60	1.65
5-yr Govt. Bond Yield	1.52	1.39	1.46	1.40	1.40	1.45	1.50	1.55	1.60	1.65	1.70	1.75
10-yr Govt. Bond Yield	1.62	1.46	1.43	1.40	1.40	1.50	1.60	1.70	1.75	1.80	1.85	1.90
30-yr Govt. Bond Yield	1.89	1.68	1.59	1.50	1.50	1.60	1.70	1.80	1.90	2.00	2.10	2.15
10-yr-2-yr Govt Spread	0.07	-0.01	-0.17	0.10	0.10	-0.17	0.20	0.25	0.25	0.25	0.25	0.25

## Desjardins Rate Forecasts

	2019		2020				2021				2022				2023			
	T3	T4	T1	T2	T3	T4	T1	T2	T3	T4	T1	T2	T3	T4	T1	T2	T3	T4
<b>Bank of Canada overnight rate</b>	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.50	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.50
<b>Bons du Trésor - 3 mois</b>	1.65	1.65	1.70	1.70	1.70	1.65	1.55	1.40	1.20	1.20	1.20	1.20	1.20	1.20	1.25	1.25	1.35	1.60
<b>Obligations fédérales - 10 ans</b>	1.35	1.35	1.45	1.55	1.65	1.50	1.35	1.30	1.35	1.40	1.45	1.50	1.55	1.65	1.75	1.80	1.90	2.00

## National Bank Rate Forecasts

<b>United States</b>						
<b>Quarters</b>	<b>Fed Fund</b>	<b>3 Mth Bill</b>	<b>2YR</b>	<b>5YR</b>	<b>10YR</b>	<b>30YR</b>
09/20/19	2.00	1.91	1.65	1.60	1.73	2.16
Q4	1.75	1.60	1.57	1.62	1.86	2.32
Q1/20	1.75	1.58	1.57	1.63	1.88	2.35
Q2	1.75	1.57	1.59	1.68	1.98	2.44
Q3	1.75	1.57	1.60	1.71	2.01	2.47
Q4	1.75	1.59	1.68	1.81	2.18	2.62
Q1/21	1.75	1.59	1.87	2.09	2.35	2.74
<b>Canada</b>						
<b>Quarters</b>	<b>Overnight</b>	<b>3 Mth Bill</b>	<b>2YR</b>	<b>5YR</b>	<b>10YR</b>	<b>30YR</b>
09/20/19	1.75	1.63	1.58	1.42	1.39	1.54
Q4	1.75	1.71	1.49	1.38	1.41	1.57
Q1/20	1.75	1.71	1.63	1.62	1.75	1.86
Q2	1.75	1.71	1.78	1.81	2.03	2.09
Q3	1.75	1.89	1.86	2.06	2.22	2.25
Q4	1.75	1.89	1.95	2.11	2.26	2.26
Q1/21	2.00	1.96	2.05	2.16	2.29	2.28

<b>Indices</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Interest Rate</b>					
CAD 3 Month T-Bill	1.67%	1.78%	1.95%	2.20%	2.46%
5 Year GOC Bond	1.50%	1.82%	2.19%	2.38%	2.84%
10 Year GOC Bond	1.57%	1.98%	2.35%	2.57%	2.94%
30 year GOC Bond	1.79%	2.04%	2.33%	2.63%	3.20%

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## Global Insight Rate Forecasts

	19Q3	19Q4	20Q1	20Q2	20Q3	20Q4	21Q1	21Q2	21Q3	21Q4
<b>Financial Markets</b>										
3-Month T-Bill Rate (%)	1.63	1.68	1.73	1.73	1.75	1.69	1.94	1.94	1.93	1.93
US 3-Month T-Bill Rate (%)	2.13	2.14	2.08	2.04	2.04	2.21	2.19	2.17	2.16	2.16
Canada-US Differential (% pts.)	-0.50	-0.46	-0.35	-0.31	-0.29	-0.52	-0.25	-0.23	-0.23	-0.23
Prime Rate (%)	3.95	3.95	3.95	3.95	3.95	3.95	4.20	4.20	4.20	4.20
Overnight Rate (%)	1.75	1.75	1.75	1.75	1.75	1.75	2.00	2.00	2.00	2.00
GOC Bond Rate (1-3 yrs.) (%)	1.46	1.56	1.67	1.76	1.85	1.90	2.04	2.10	2.15	2.21
GOC Bond Rate (3-5 yrs.) (%)	1.47	1.57	1.67	1.76	1.85	1.90	2.04	2.10	2.15	2.20
GOC Ten-Year Bond Rate (%)	1.40	1.52	1.65	1.78	1.89	1.99	2.08	2.16	2.25	2.32
US Ten-Year T-Note Rate (%)	2.10	2.25	2.39	2.52	2.64	2.74	2.83	2.91	3.00	3.08
Exchange Rate (US-Can.)	76.4	76.5	76.2	76.8	76.2	76.6	77.5	77.5	77.5	77.4

	22Q1	22Q2	22Q3	22Q4	23Q1	23Q2	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4
<b>Financial Markets</b>												
3-Month T-Bill Rate (%)	2.17	2.20	2.22	2.23	2.49	2.51	2.52	2.52	2.52	2.52	2.52	2.52
US 3-Month T-Bill Rate (%)	2.15	2.15	2.15	2.14	2.31	2.37	2.37	2.37	2.37	2.37	2.37	2.37
Canada-US Differential (% pts.)	0.02	0.05	0.07	0.09	0.18	0.14	0.15	0.15	0.15	0.15	0.15	0.15
Prime Rate (%)	4.45	4.45	4.45	4.45	4.70	4.70	4.70	4.70	4.70	4.70	4.70	4.70
Overnight Rate (%)	2.25	2.25	2.25	2.25	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
GOC Bond Rate (1-3 yrs.) (%)	2.32	2.36	2.40	2.43	2.52	2.53	2.53	2.53	2.52	2.52	2.51	2.51
GOC Bond Rate (3-5 yrs.) (%)	2.32	2.36	2.39	2.43	2.52	2.53	2.53	2.53	2.52	2.52	2.51	2.51
GOC Ten-Year Bond Rate (%)	2.38	2.43	2.47	2.51	2.54	2.54	2.54	2.53	2.52	2.52	2.51	2.51
US Ten-Year T-Note Rate (%)	3.13	3.18	3.23	3.27	3.29	3.30	3.30	3.29	3.28	3.28	3.27	3.27
Exchange Rate (US-Can.)	78.0	77.8	78.0	78.4	78.5	78.6	78.8	78.8	78.9	79.0	79.1	79.2