



FINANCIAL MARKET FORECASTS

May 2017

Interest rates (% , end of quarter, )																	
	Actual					Forecast								Actual		Forecast	
	16Q1	16Q2	16Q3	16Q4	17Q1	17Q2	17Q3	17Q4	18Q1	18Q2	18Q3	18Q4	2015	2016	2017	2018	
<b>Canada</b>																	
Overnight	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.75	1.00	1.25	0.50	0.50	0.50	1.25	
Three-month	0.45	0.49	0.53	0.46	0.52	0.50	0.55	0.60	0.65	0.85	1.15	1.40	0.51	0.46	0.60	1.40	
Two-year	0.54	0.52	0.52	0.75	0.75	0.80	0.95	1.05	1.20	1.40	1.60	1.80	0.48	0.75	1.05	1.80	
Five-year	0.67	0.57	0.62	1.12	1.12	1.20	1.45	1.75	2.05	2.30	2.45	2.60	0.73	1.12	1.75	2.60	
10-year	1.23	1.06	1.00	1.71	1.62	1.80	2.05	2.30	2.55	2.80	2.95	3.10	1.40	1.71	2.30	3.10	
30-year	2.00	1.72	1.66	2.31	2.30	2.35	2.60	2.85	3.00	3.20	3.30	3.45	2.15	2.31	2.85	3.45	
Yield curve (10s-2s)	69	54	48	96	87	100	110	125	135	140	135	130	92	96	125	130	
<b>United States</b>																	
Fed funds*	0.50	0.50	0.50	0.75	1.00	1.25	1.25	1.50	1.75	2.00	2.25	2.50	0.50	0.75	1.50	2.50	
Three-month	0.21	0.26	0.29	0.51	0.76	1.00	1.05	1.30	1.55	1.80	2.05	2.30	0.16	0.51	1.30	2.30	
Two-year	0.73	0.58	0.77	1.20	1.27	1.45	1.60	1.90	2.15	2.40	2.60	2.80	1.06	1.20	1.90	2.80	
Five-year	1.21	1.01	1.14	1.93	1.93	2.10	2.25	2.50	2.65	2.90	3.05	3.20	1.76	1.93	2.50	3.20	
10-year	1.78	1.49	1.60	2.45	2.40	2.65	2.80	3.00	3.15	3.40	3.50	3.60	2.27	2.45	3.00	3.60	
30-year	2.61	2.30	2.32	3.06	3.02	3.20	3.35	3.50	3.60	3.75	3.80	3.90	3.01	3.06	3.50	3.90	
Yield curve (10s-2s)	105	91	83	125	113	120	120	110	100	100	90	80	121	125	110	80	
<b>Yield spreads</b>																	
Three-month T-bills	0.24	0.23	0.24	-0.05	-0.24	-0.50	-0.50	-0.70	-0.90	-0.95	-0.90	-0.90	0.35	-0.05	-0.70	-0.90	
Two-year	-0.19	-0.06	-0.25	-0.45	-0.52	-0.65	-0.65	-0.85	-0.95	-1.00	-1.00	-1.00	-0.58	-0.45	-0.85	-1.00	
Five-year	-0.54	-0.44	-0.52	-0.81	-0.81	-0.90	-0.80	-0.75	-0.60	-0.60	-0.60	-0.60	-1.03	-0.81	-0.75	-0.60	
10-year	-0.55	-0.43	-0.60	-0.74	-0.78	-0.85	-0.75	-0.70	-0.60	-0.60	-0.55	-0.50	-0.87	-0.74	-0.70	-0.50	
30-year	-0.61	-0.58	-0.66	-0.75	-0.72	-0.85	-0.75	-0.65	-0.60	-0.55	-0.50	-0.45	-0.86	-0.75	-0.65	-0.45	

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

Exchange rates (end of quarter, )																	
	Actual					Forecast								Actual		Forecast	
	16Q1	16Q2	16Q3	16Q4	17Q1	17Q2	17Q3	17Q4	18Q1	18Q2	18Q3	18Q4	2015	2016	2017	2018	
AUD/USD	0.77	0.75	0.77	0.72	0.76	0.75	0.73	0.72	0.72	0.72	0.73	0.73	0.73	0.72	0.72	0.73	
USD/CAD	1.30	1.29	1.31	1.34	1.33	1.38	1.39	1.40	1.38	1.36	1.35	1.33	1.38	1.34	1.40	1.33	
EUR/USD	1.14	1.11	1.12	1.05	1.07	1.08	1.06	1.04	1.02	1.06	1.08	1.12	1.09	1.05	1.04	1.12	
USD/JPY	112.6	102.7	101.3	117.0	111.4	110.0	107.0	103.0	100.0	102.0	104.0	106.0	120.1	117.0	103.0	106.0	
NZD/USD	0.69	0.71	0.73	0.69	0.70	0.72	0.73	0.74	0.74	0.74	0.75	0.75	0.68	0.69	0.74	0.75	
USD/CHF	0.96	0.98	0.97	1.02	1.00	0.98	1.01	1.04	1.08	1.05	1.03	1.00	1.00	1.02	1.04	1.00	
GBP/USD	1.44	1.33	1.30	1.24	1.26	1.24	1.19	1.15	1.16	1.22	1.26	1.32	1.47	1.24	1.15	1.32	

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