



FINANCIAL MARKET FORECASTS

February 2012

Interest rates (% , end of quarter)

	Actual				Forecast								Actual			Forecast		
	11Q1	11Q2	11Q3	11Q4	12Q1	12Q2	12Q3	12Q4	13Q1	13Q2	13Q3	13Q4	2009	2010	2011	2012	2013	
Canada																		
Overnight	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.25	1.50	1.75	2.00	0.25	1.00	1.00	1.00	2.00	
Three-month	1.10	0.90	0.80	0.82	0.90	0.95	1.05	1.30	1.60	1.80	2.05	2.10	0.19	0.97	0.82	1.30	2.10	
Two-year	1.85	1.42	0.88	0.95	1.05	1.15	1.20	1.25	1.50	1.75	1.95	2.20	1.47	1.71	0.95	1.25	2.20	
Five-year	2.65	2.06	1.39	1.27	1.40	1.55	1.70	1.85	2.05	2.30	2.40	2.55	2.77	2.46	1.27	1.85	2.55	
10-year	3.25	2.91	2.15	1.94	2.00	2.10	2.20	2.40	2.45	2.60	2.80	2.95	3.61	3.16	1.94	2.40	2.95	
30-year	3.85	3.42	2.77	2.49	2.60	2.70	2.80	3.00	3.15	3.30	3.45	3.60	4.07	3.55	2.49	3.00	3.60	
Yield curve (10s-2s)	140	149	127	99	95	95	100	115	95	85	85	75	214	145	99	115	75	
United States																		
Fed funds	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13
Three-month	0.15	0.03	0.02	0.02	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.06	0.12	0.02	0.05	0.05	
Two-year	0.70	0.41	0.25	0.25	0.25	0.25	0.25	0.25	0.40	0.50	0.55	0.75	1.14	0.61	0.25	0.25	0.75	
Five-year	2.10	1.45	0.96	0.83	0.75	0.80	0.85	0.95	1.10	1.25	1.40	1.60	2.69	2.01	0.83	0.95	1.60	
10-year	3.45	2.92	1.92	1.88	1.85	1.95	2.05	2.25	2.40	2.55	2.75	2.90	3.85	3.30	1.88	2.25	2.90	
30-year	4.50	4.27	2.92	2.89	3.00	3.20	3.40	3.65	3.75	3.90	4.05	4.15	4.63	4.34	2.89	3.65	4.15	
Yield curve (10s-2s)	275	251	167	163	160	170	180	200	200	205	220	215	271	269	163	200	215	
Yield spreads																		
Three-month T-bills	0.95	0.87	0.78	0.80	0.85	0.90	1.00	1.25	1.55	1.75	2.00	2.05	0.13	0.85	0.80	1.25	2.05	
Two-year	1.15	1.01	0.63	0.70	0.80	0.90	0.95	1.00	1.10	1.25	1.40	1.45	0.33	1.10	0.70	1.00	1.45	
Five-year	0.55	0.61	0.43	0.44	0.65	0.75	0.85	0.90	0.95	1.05	1.00	0.95	0.08	0.45	0.44	0.90	0.95	
10-year	-0.20	-0.01	0.23	0.06	0.15	0.15	0.15	0.15	0.05	0.05	0.05	0.05	-0.24	-0.14	0.06	0.15	0.05	
30-year	-0.65	-0.85	-0.15	-0.40	-0.40	-0.50	-0.60	-0.65	-0.60	-0.60	-0.60	-0.55	-0.56	-0.79	-0.40	-0.65	-0.55	

Exchange rates (% , end of quarter)

		Actual				Forecast						Actual			Forecast
		11Q1	11Q2	11Q3	11Q4	12Q1	12Q2	12Q3	12Q4	13Q1	13Q2	2009	2010	2011	2012
Australian dollar	AUD/USD	1.03	1.07	0.97	1.03	1.08	1.06	1.04	1.02	1.00	0.99	0.69	1.02	1.03	1.02
Brazilian real	USD/BRL	1.63	1.56	1.88	1.86	1.90	1.87	1.85	1.85	1.85	1.85	2.32	1.66	1.86	1.85
Canadian dollar	USD/CAD	0.97	0.96	1.05	1.02	0.98	0.99	1.00	1.00	0.98	0.96	1.26	1.00	1.02	1.00
Renmibi	USD/CNY	6.55	6.46	6.38	6.29	6.30	6.25	6.20	6.10	6.05	6.00	6.83	6.59	6.29	6.10
Euro	EUR/USD	1.42	1.45	1.34	1.30	1.33	1.29	1.28	1.27	1.26	1.26	1.33	1.34	1.30	1.27
Yen	USD/JPY	83	81	77	77	75	74	73	71	70	71	99	81	77	71
Mexican peso	USD/MXN	11.91	11.71	13.90	14.00	14.00	13.50	13.25	13.00	12.75	12.75	14.17	12.36	14.00	13.00
New Zealand dollar	NZD/USD	0.76	0.83	0.76	0.78	0.85	0.84	0.83	0.82	0.81	0.80	0.56	0.78	0.78	0.82
Swiss franc	USD/CHF	0.92	0.84	0.91	0.94	0.92	0.97	0.98	0.99	1.00	1.01	1.14	0.93	0.94	0.99
U.K. pound sterling	GBP/USD	1.60	1.61	1.56	1.55	1.58	1.55	1.56	1.59	1.59	1.62	1.43	1.56	1.55	1.59

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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