



RBC Economics

INTEREST RATE OUTLOOK

February 2026

Policy rates and government bond yields, end of period

	Q1-25	Q2-25	Q3-25	Q4-25	Q1-26	Q2-26	Q3-26	Q4-26	Q1-27	Q2-27	Q3-27	Q4-27
Canada												
Overnight rate	2.75	2.75	2.50	2.25	2.25	2.25	2.25	2.25	2.50	2.75	3.00	3.25
3-month	2.62	2.65	2.42	2.15	2.20	2.20	2.20	2.25	2.55	2.80	3.00	3.20
2-year	2.46	2.59	2.47	2.58	2.80	2.90	3.00	3.10	3.25	3.45	3.55	3.65
5-year	2.61	2.83	2.74	2.96	3.15	3.20	3.25	3.30	3.45	3.55	3.65	3.70
10-year	2.97	3.28	3.18	3.42	3.50	3.55	3.60	3.65	3.70	3.75	3.75	3.80
30-year	3.23	3.56	3.64	3.85	3.85	3.85	3.90	3.90	3.90	3.95	3.90	3.90
United States												
Fed funds midpoint	4.38	4.38	4.13	3.63	3.63	3.63	3.63	3.63	3.38	3.13	2.88	2.88
3-month	4.32	4.41	4.02	3.67	3.63	3.66	3.68	3.68	3.38	3.16	2.93	2.93
2-year	3.89	3.72	3.60	3.47	3.65	3.65	3.60	3.55	3.40	3.30	3.25	3.30
5-year	3.96	3.79	3.74	3.73	3.80	3.85	3.90	3.80	3.65	3.60	3.55	3.60
10-year	4.23	4.24	4.16	4.18	4.25	4.35	4.40	4.35	4.25	4.20	4.25	4.30
30-year	4.59	4.78	4.73	4.84	4.90	4.95	4.95	4.90	4.85	4.80	4.80	4.85
United Kingdom												
Bank Rate	4.50	4.25	4.00	3.75	3.50	3.50	3.25	3.25	3.25	3.25	3.25	3.25
2-year	4.20	3.81	3.99	3.71	3.50	3.40	3.40	3.40	3.30	3.30	3.25	3.20
5-year	4.29	3.95	4.14	3.93	3.80	3.75	3.75	3.80	3.90	3.90	3.90	3.90
10-year	4.70	4.48	4.70	4.47	4.40	4.40	4.45	4.50	4.75	4.75	4.70	4.65
30-year	5.29	5.25	5.49	5.21	5.15	5.20	5.25	5.30	5.50	5.50	5.50	5.50
Euro area*												
Deposit rate	2.50	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
2-year	2.05	1.85	2.02	2.12	2.15	2.25	2.40	2.50	2.40	2.50	2.50	2.50
5-year	2.34	2.15	2.31	2.45	2.50	2.60	2.70	2.80	2.75	2.75	2.75	2.75
10-year	2.74	2.59	2.72	2.86	3.00	3.10	3.20	3.25	3.20	3.25	3.30	3.40
30-year	3.09	3.12	3.30	3.48	3.60	3.75	3.80	3.90	4.00	4.10	4.20	4.30
Australia												
Cash rate	4.10	3.85	3.60	3.60	3.85	4.10	4.10	4.10	4.10	4.10	4.10	3.85
2-year	3.68	3.21	3.49	4.06	4.25	4.20	4.10	4.00	4.00	3.90	3.90	3.90
10-year	4.39	4.16	4.30	4.75	4.75	4.75	4.70	4.60	4.50	4.45	4.45	4.50
New Zealand												
Cash rate	3.75	3.25	3.00	2.25	2.25	2.25	2.25	2.25	2.50	2.75	2.75	2.75
2-year swap	3.33	3.18	2.60	2.92	3.10	3.15	3.10	3.00	3.00	3.00	3.00	3.00
10-year swap	4.05	4.03	3.66	4.08	4.15	4.25	4.30	4.25	4.20	4.20	4.25	4.30

Sources: Refinitiv, BoC, Fed, BoE, ECB, RBA, RBNZ, RBC Economics, RBC Capital Markets | *German government bond yields

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RBC Economics

ECONOMIC OUTLOOK

February 2026

Real GDP (quarter-over-quarter percent change)

	Q1-25	Q2-25	Q3-25	Q4-25	Q1-26	Q2-26	Q3-26	Q4-26	Q1-27	Q2-27	Q3-27	Q4-27	2024	2025	2026	2027
Canada*	2.2	-1.8	2.6	0.0	1.3	1.7	1.8	1.5	1.3	1.3	1.5	1.7	2.0	1.7	1.2	1.5
United States*	-0.6	3.8	4.4	3.5	1.7	1.5	1.7	1.8	1.8	1.9	1.9	1.8	2.8	2.3	2.5	1.8
United Kingdom	0.7	0.2	0.1	0.2	0.2	0.3	0.3	0.3	0.4	0.4	0.4	0.4	1.1	1.4	1.0	1.5
Euro area	0.6	0.1	0.3	0.3	0.5	0.5	0.4	0.3	0.2	0.3	0.3	0.3	0.8	1.5	1.5	1.3
Australia	0.4	0.7	0.4	0.8	0.6	0.7	0.5	0.5	0.6	0.6	0.5	0.5	1.0	1.9	2.5	2.3

*annualized

Inflation (year-over-year percent change)

	Q1-25	Q2-25	Q3-25	Q4-25	Q1-26	Q2-26	Q3-26	Q4-26	Q1-27	Q2-27	Q3-27	Q4-27	2024	2025	2026	2027
Canada	2.3	1.8	2.0	2.2	2.2	2.4	2.2	2.0	2.0	2.0	2.0	2.1	2.4	2.1	2.2	2.0
United States	2.7	2.4	2.9	2.7	2.6	2.9	2.7	2.6	2.5	2.3	2.3	2.3	2.9	2.7	2.7	2.3
United Kingdom	2.8	3.5	3.8	3.4	3.2	2.4	2.3	2.2	2.3	2.2	2.1	2.1	2.5	3.4	2.5	2.3
Euro area	2.3	2.0	2.1	2.1	1.6	2.0	1.9	1.9	2.0	2.0	2.1	2.2	2.4	2.1	1.9	2.1
Australia	2.4	2.1	3.2	3.6	3.8	4.0	3.4	3.5	3.2	3.0	2.9	2.8	3.2	2.8	3.7	3.0

Sources: StatCan, BLS, ONS, EuroStat, ABS, RBC Economics, RBC Capital Markets

U.S. dollar cross rates (end of period)

	Q1-25	Q2-25	Q3-25	Q4-25	Q1-26	Q2-26	Q3-26	Q4-26	Q1-27	Q2-27	Q3-27	Q4-27				
USD/CAD	1.44	1.36	1.39	1.37												
EUR/USD	1.08	1.18	1.17	1.17												
GBP/USD	1.29	1.37	1.34	1.34									Under review			
USD/JPY	150	144	148	157												
AUD/USD	0.62	0.66	0.66	0.67												

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