

FINANCIAL MARKET FORECASTS

February 2025

Interest rates (% , end of quarter)

	23Q1	23Q2	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	Forecast				2023	2024	Forecast
									25Q1	25Q2	25Q3	25Q4			2025F
Canada															
Overnight	4.50	4.75	5.00	5.00	5.00	4.75	4.25	3.25	3.00	2.50	2.25	2.25	5.00	3.25	2.25
Three-month	4.34	4.90	5.07	5.04	4.99	4.64	3.94	3.16	2.90	2.40	2.20	2.15	5.04	3.16	2.15
Two-year	3.74	4.58	4.87	3.88	4.22	3.99	2.92	2.93	2.75	2.40	2.30	2.20	3.88	2.93	2.20
Five-year	3.02	3.68	4.25	3.17	3.58	3.51	2.74	2.96	2.85	2.65	2.55	2.45	3.17	2.96	2.45
10-year	2.90	3.26	4.03	3.10	3.52	3.50	2.95	3.23	3.10	2.95	2.85	2.80	3.10	3.23	2.80
30-year	3.02	3.09	3.81	3.02	3.41	3.39	3.13	3.33	3.25	3.15	3.05	3.00	3.02	3.33	3.00
Yield curve (10s-2s)	-84	-132	-84	-78	-70	-49	3	30	35	55	55	60	-78	30	60.00
United States															
Fed funds*	4.88	5.13	5.38	5.38	5.38	5.38	4.88	4.38	4.38	4.38	4.38	4.38	5.38	4.38	4.38
Three-month	4.85	5.43	5.55	5.40	5.45	5.48	4.73	4.37	4.28	4.33	4.38	4.46	5.40	4.37	4.46
Two-year	4.06	4.87	5.03	4.23	4.66	4.71	3.66	4.25	4.35	4.25	4.45	4.60	4.23	4.25	4.60
Five-year	3.60	4.13	4.60	3.84	4.28	4.33	3.58	4.38	4.40	4.30	4.50	4.60	3.84	4.38	4.60
10-year	3.48	3.81	4.59	3.88	4.27	4.36	3.81	4.58	4.60	4.55	4.70	4.75	3.88	4.58	4.75
30-year	3.67	3.85	4.73	4.03	4.41	4.51	4.14	4.78	4.80	4.75	4.90	4.95	4.03	4.78	4.95
Yield curve (10s-2s)	-58	-106	-44	-35	-39	-35	15	33	25	30	25	15	-35	33	15
Yield spreads															
Three-month T-bills	-0.51	-0.53	-0.48	-0.36	-0.46	-0.84	-0.80	-1.21	-1.38	-1.93	-2.18	-2.31	-0.36	-1.21	-2.31
Two-year	-0.32	-0.29	-0.16	-0.35	-0.44	-0.72	-0.74	-1.32	-1.60	-1.85	-2.15	-2.40	-0.35	-1.32	-2.40
Five-year	-0.58	-0.45	-0.35	-0.67	-0.70	-0.82	-0.85	-1.42	-1.55	-1.65	-1.95	-2.15	-0.67	-1.42	-2.15
10-year	-0.58	-0.55	-0.56	-0.78	-0.75	-0.86	-0.87	-1.35	-1.50	-1.60	-1.85	-1.95	-0.78	-1.35	-1.95
30-year	-0.65	-0.76	-0.92	-1.01	-0.99	-1.12	-1.02	-1.45	-1.55	-1.60	-1.85	-1.95	-1.01	-1.45	-1.95

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

Exchange rates (end of quarter)

	23Q1	23Q2	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	Forecast				2023	2024	Forecast
									25Q1	25Q2	25Q3	25Q4			2025F
AUD/USD	0.67	0.67	0.65	0.68	0.65	0.67	0.69	0.62	0.63	0.61	0.60	0.60	0.68	0.62	0.60
USD/CAD	1.35	1.32	1.35	1.32	1.35	1.37	1.35	1.44	1.43	1.45	1.42	1.40	1.32	1.44	1.40
EUR/USD	1.09	1.09	1.06	1.11	1.08	1.07	1.11	1.04	1.02	1.02	1.03	1.05	1.11	1.04	1.05
USD/JPY	133	144	149	141	151	161	143	157	151	150	148	146	141	157	151
USD/CHF	0.92	0.90	0.92	0.84	0.90	0.90	0.85	0.91	0.92	0.93	0.93	0.92	0.84	0.91	0.92
GBP/USD	1.24	1.27	1.22	1.27	1.26	1.26	1.34	1.25	1.24	1.23	1.23	1.24	1.27	1.25	1.24

The material contained in this report is the property of Royal Bank of Canada and may not be reproduced in any way, in whole or in part, without express authorization of the copyright holder in writing. The statements and statistics contained herein have been prepared by RBC Economics Research based on information from sources considered to be reliable. We make no representation or warranty, express or implied, as to its accuracy or completeness. This publication is for the information of investors and business persons and does not constitute an offer to sell or a solicitation to buy securities.