INTEREST RATE OUTLOOK

September 2025

Policy rates and government bond yields, end of period

	Q1-24	Q2-24	Q3-24	Q4-24	Q1-25	Q2-25	Q3-25	Q4-25	Q1-26	Q2-26	Q3-26	Q4-26
Canada												
Overnight rate	5.00	4.75	4.25	3.25	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75
3-month	4.99	4.64	3.94	3.16	2.62	2.65	2.65	2.70	2.70	2.70	2.70	2.70
2-year	4.22	3.99	2.92	2.93	2.46	2.59	2.60	2.90	2.95	3.00	3.00	3.05
5-year	3.58	3.51	2.74	2.96	2.61	2.83	2.90	3.10	3.15	3.20	3.25	3.25
10-year	3.52	3.50	2.95	3.23	2.97	3.28	3.25	3.40	3.45	3.45	3.50	3.50
30-year	3.41	3.39	3.13	3.33	3.23	3.56	3.60	3.60	3.65	3.65	3.70	3.70
United States												
Fed funds midpoint	5.38	5.38	4.88	4.38	4.38	4.38	4.13	3.88	3.38	2.88	2.88	2.88
3-month	5.45	5.48	4.73	4.37	4.32	4.41	4.07	3.82	3.32	2.85	2.87	2.87
2-year	4.66	4.71	3.66	4.25	3.89	3.72	3.60	3.50	3.30	3.15	3.25	3.50
5-year	4.28	4.33	3.58	4.38	3.96	3.79	3.65	3.55	3.40	3.35	3.40	3.60
10-year	4.27	4.36	3.81	4.58	4.23	4.24	4.15	4.00	3.85	3.75	3.85	4.05
30-year	4.41	4.51	4.14	4.78	4.59	4.78	4.80	4.70	4.60	4.55	4.55	4.65
United Kingdom												
Bank Rate	5.25	5.25	5.00	4.75	4.50	4.25	4.00	3.75	3.75	3.75	3.75	3.75
2-year	4.17	4.23	3.97	4.38	4.20	3.81	4.20	4.25	4.30	4.45	4.50	4.60
5-year	3.84	4.03	3.85	4.35	4.29	3.95	4.40	4.40	4.50	4.60	4.75	4.80
10-year	3.95	4.17	4.00	4.57	4.70	4.48	4.70	4.70	4.65	4.70	4.90	5.00
30-year	4.49	4.67	4.54	5.11	5.29	5.25	5.40	5.40	5.30	5.40	5.50	5.50
Euro area*												
Deposit rate	4.00	3.75	3.50	3.00	2.50	2.00	2.00	2.00	2.00	2.00	2.00	2.00
2-year	2.83	2.82	2.09	2.09	2.05	1.85	2.00	2.10	2.15	2.25	2.40	2.50
5-year	2.32	2.48	1.97	2.15	2.34	2.15	2.60	2.50	2.50	2.60	2.70	2.80
10-year	2.29	2.50	2.14	2.36	2.74	2.59	2.80	3.00	2.90	2.95	3.00	3.10
30-year	2.46	2.69	2.46	2.60	3.09	3.12	3.10	3.10	3.05	3.15	3.10	3.25
Australia												
Cash rate	4.35	4.35	4.35	4.35	4.10	3.85	3.60	3.35	3.10	3.10	3.10	3.10
2-year	3.76	4.17	3.64	3.87	3.68	3.21	3.35	3.20	3.25	3.30	3.40	3.45
10-year	3.97	4.31	3.97	4.37	4.39	4.16	4.35	4.25	4.05	3.90	3.95	4.05
New Zealand												
Cash rate	5.50	5.50	5.25	4.25	3.75	3.25	3.00	2.50	2.50	2.50	2.50	2.50
2-year swap	4.78	4.95	3.56	3.36	3.33	3.18	2.75	2.90	3.00	3.10	3.30	3.40
10-year swap	4.35	4.48	3.87	3.91	4.05	4.03	3.90	3.80	3.70	3.65	3.75	3.95

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

ECONOMIC OUTLOOK

September 2025

Real GDP (quarter-over-quarter percent change)

	Q1-24	Q2-24	Q3-24	Q4-24	Q1-25	Q2-25	Q3-25	Q4-25	Q1-26	Q2-26	Q3-26	Q4-26	2024	2025	2026
Canada*	2.1	2.5	2.4	2.1	2.0	-1.6	0.5	0.8	1.5	1.7	2.0	2.2	1.6	1.2	1.2
United States*	1.6	3.0	3.1	2.4	-0.5	3.3	0.5	1.0	1.2	1.5	1.7	1.8	2.8	1.6	1.4
United Kingdom	0.9	0.5	0.0	0.1	0.7	0.3	0.2	0.3	0.3	0.3	0.3	0.3	1.1	1.0	1.1
Euro area	0.3	0.2	0.4	0.4	0.6	0.1	0.2	0.3	0.4	0.4	0.5	0.4	0.8	1.4	1.4
Australia	0.2	0.1	0.3	0.6	0.3	0.6	0.6	0.8	0.7	0.7	0.5	0.5	1.0	1.9	2.7

*annualized

Inflation (year-over-year percent change)

	Q1-24	Q2-24	Q3-24	Q4-24	Q1-25	Q2-25	Q3-25	Q4-25	Q1-26	Q2-26	Q3-26	Q4-26	2024	2025	2026
Canada	2.8	2.7	2.0	1.9	2.3	1.8	2.0	2.1	2.0	2.2	2.1	2.1	2.4	2.0	2.1
United States	3.2	3.2	2.6	2.7	2.7	2.4	2.9	3.0	2.7	2.8	2.6	2.4	2.9	2.8	2.6
United Kingdom	3.5	2.1	2.1	2.5	2.8	3.5	3.3	3.0	2.7	2.3	2.4	2.4	2.5	3.3	2.5
Euro area	2.6	2.5	2.2	2.2	2.3	2.0	2.1	2.1	1.8	2.2	2.1	2.0	2.4	2.1	2.0
Australia	3.6	3.8	2.8	2.4	2.4	2.1	2.4	2.7	2.4	2.4	2.5	2.6	3.2	2.4	2.5

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

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

	Q1-24	Q2-24	Q3-24	Q4-24	Q1-25	Q2-25	Q3-25	Q4-25	Q1-26	Q2-26	Q3-26	Q4-26
USD/CAD	1.35	1.37	1.35	1.44	1.44	1.36						
EUR/USD	1.08	1.07	1.11	1.04	1.08	1.18						
GBP/USD	1.26	1.26	1.34	1.25	1.29	1.37			*Under review*			
USD/JPY	151	161	143	157	150	144						
AUD/USD	0.65	0.67	0.69	0.62	0.62	0.66						