

FINANCIAL MARKET FORECASTS

May 2025

Interest rates (% , end of quarter)

	24Q1	24Q2	24Q3	24Q4	25Q1	Forecast				26Q1	26Q2	26Q3	26Q4	2024	Forecast	
						25Q2	25Q3	25Q4							2025F	2026f
Canada																
Overnight	5.00	4.75	4.25	3.25	2.75	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.50	3.25	2.25	2.50
Three-month	4.99	4.64	3.94	3.16	2.62	2.25	2.25	2.25	2.25	2.25	2.25	2.35	2.55	3.16	2.25	2.55
Two-year	4.22	3.99	2.92	2.93	2.46	2.35	2.40	2.45	2.50	2.55	2.65	2.80		2.93	2.45	2.80
Five-year	3.58	3.51	2.74	2.96	2.61	2.60	2.70	2.75	2.90	3.00	3.10	3.20		2.96	2.75	3.20
10-year	3.52	3.50	2.95	3.23	2.97	3.10	3.00	2.90	3.00	3.15	3.25	3.40		3.23	2.90	3.40
30-year	3.41	3.39	3.13	3.33	3.23	3.40	3.35	3.30	3.35	3.40	3.50	3.60		3.33	3.30	3.60
Yield curve (10s-2s)	-70	-49	3	30	51	75	60	45	50	60	60	60		30	45	60
United States																
Fed funds*	5.38	5.38	4.88	4.38	4.38	4.38	4.13	3.63	3.13	2.88	2.88	2.88		4.38	3.63	2.88
Three-month	5.45	5.48	4.73	4.37	4.32	4.21	3.98	3.53	3.03	2.81	2.81	2.81		4.37	3.53	2.81
Two-year	4.66	4.71	3.66	4.25	3.89	3.65	3.35	3.15	3.15	3.25	3.40	3.55		4.25	3.15	3.55
Five-year	4.28	4.33	3.58	4.38	3.96	3.75	3.50	3.35	3.25	3.30	3.45	3.60		4.38	3.35	3.60
10-year	4.27	4.36	3.81	4.58	4.23	4.10	3.90	3.75	3.65	3.65	3.75	3.85		4.58	3.75	3.85
30-year	4.41	4.51	4.14	4.78	4.59	4.55	4.40	4.35	4.30	4.30	4.40	4.50		4.78	4.35	4.50
Yield curve (10s-2s)	-39	-35	15	33	34	45	55	60	50	40	35	30		33	60	30
Yield spreads																
Three-month T-bills	-0.46	-0.84	-0.80	-1.21	-1.70	-1.96	-1.73	-1.28	-0.78	-0.56	-0.46	-0.26		-1.21	-1.28	-0.26
Two-year	-0.44	-0.72	-0.74	-1.32	-1.43	-1.30	-0.95	-0.70	-0.65	-0.70	-0.75	-0.75		-1.32	-0.70	-0.75
Five-year	-0.70	-0.82	-0.85	-1.42	-1.35	-1.15	-0.80	-0.60	-0.35	-0.30	-0.35	-0.40		-1.42	-0.60	-0.40
10-year	-0.75	-0.86	-0.87	-1.35	-1.26	-1.00	-0.90	-0.85	-0.65	-0.50	-0.50	-0.45		-1.35	-0.85	-0.45
30-year	-0.99	-1.12	-1.02	-1.45	-1.36	-1.15	-1.05	-1.05	-0.95	-0.90	-0.90	-0.90		-1.45	-1.05	-0.90

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

Exchange rates (end of quarter)

	24Q1	24Q2	24Q3	24Q4	25Q1	Forecast				26Q1	26Q2	26Q3	26Q4	2024	Forecast	
						25Q2	25Q3	25Q4							2025F	2026F
AUD/USD	0.65	0.67	0.69	0.62	0.62	0.60	0.62	0.63	0.64	0.64	0.65	0.65		0.62	0.63	0.65
USD/CAD	1.35	1.37	1.35	1.44	1.44	1.39	1.38	1.37	1.36	1.35	1.35	1.35		1.44	1.37	1.35
EUR/USD	1.08	1.07	1.11	1.04	1.08	1.10	1.09	1.10	1.11	1.12	1.14	1.15		1.04	1.10	1.15
USD/JPY	151	161	143	157	150	146	143	140	135	130	125	120		157	150	120
USD/CHF	0.90	0.90	0.85	0.89	0.91	0.92	0.92	0.91	0.89	0.89	0.89	0.89		0.89	0.91	0.89
GBP/USD	1.26	1.26	1.34	1.25	1.29	1.31	1.30	1.29	1.29	1.29	1.30	1.28		1.25	1.29	1.28

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