



FINANCIAL MARKET FORECASTS

June 15, 2009

Interest rates (% , end of quarter)

	Actual					Forecast							Forecast		
	Q108	Q208	Q308	Q408	Q109	Q209	Q309	Q409	Q110	Q210	Q310	Q410	2008	2009	2010
<b>Canada</b>															
Overnight rate	3.50	3.00	3.00	1.50	0.50	0.25	0.25	0.25	0.25	0.25	0.75	1.25	1.50	0.25	1.25
Three-month T-bills	1.87	2.48	1.89	0.83	0.39	0.25	0.30	0.35	0.50	0.75	1.25	1.85	0.83	0.35	1.85
Two-year GoC bonds	2.58	3.24	2.78	1.09	1.07	1.10	1.10	1.10	1.40	1.55	2.00	2.35	1.09	1.10	2.35
Five-year GoC bonds	2.91	3.45	3.17	1.69	1.75	2.25	2.35	2.05	2.25	2.40	2.50	2.60	1.69	2.05	2.60
10-year GoC bonds	3.45	3.74	3.75	2.69	2.79	3.20	3.00	2.75	3.00	3.15	3.25	3.40	2.69	2.75	3.40
30-year GoC bonds	3.96	4.05	4.13	3.45	3.74	3.95	3.95	3.75	4.00	4.25	4.25	4.50	3.45	3.75	4.50
Yield curve (10s-2s)	87	50	97	160	172	210	190	165	160	160	125	105	160	165	105
<b>United States</b>															
Fed funds rate	2.25	2.00	2.00	0.13	0 to 0.25	0 to 0.25	0 to 0.25	0 to 0.25	0 to 0.25	0 to 0.25	0 to 0.25	0.50	0.13	0 to 0.25	0.50
Three-month T-bills	1.38	1.90	0.92	0.11	0.21	0.20	0.20	0.20	0.25	0.30	0.50	0.90	0.11	0.20	0.90
Two-year bonds	1.62	2.63	2.00	0.76	0.81	0.92	0.90	0.85	1.10	1.25	1.35	1.50	0.76	0.85	1.50
Five-year bonds	2.46	3.34	2.98	1.55	1.67	2.20	2.00	1.50	1.75	1.90	2.00	2.15	1.55	1.50	2.15
10-year bonds	3.45	3.99	3.85	2.25	2.71	3.30	3.00	2.75	3.00	3.25	3.35	3.50	2.25	2.75	3.50
30-year bonds	4.3	4.53	4.31	2.69	3.56	4.30	4.25	4.00	4.25	4.50	4.75	5.00	2.69	4.00	5.00
Yield curve (10s-2s)	183	136	185	149	190	238	210	190	190	200	200	200	149	190	200
<b>Yield spreads</b>															
Three-month T-bills	0.49	0.58	0.97	0.72	0.18	0.05	0.10	0.15	0.25	0.45	0.75	0.95	0.72	0.15	0.95
Two-year	0.96	0.61	0.78	0.33	0.26	0.18	0.20	0.25	0.30	0.30	0.65	0.85	0.33	0.25	0.85
Five-year	0.45	0.11	0.19	0.14	0.08	0.05	0.35	0.55	0.50	0.50	0.50	0.45	0.14	0.55	0.45
10-year	0.00	-0.25	-0.10	0.44	0.08	-0.10	0.00	0.00	0.00	-0.10	-0.10	-0.10	0.44	0.00	-0.10
30-year	-0.34	-0.48	-0.18	0.76	0.18	-0.35	-0.30	-0.25	-0.25	-0.25	-0.50	-0.50	0.76	-0.25	-0.50

Exchange rates (% , end of quarter)

	Actual					Forecast							Forecast		
	Q108	Q208	Q308	Q408	Q109	Q209	Q309	Q409	Q110	Q210	Q310	Q410	2008	2009	2010
Australian dollar	0.91	0.96	0.79	0.70	0.69	0.81	0.80	0.81	0.83	0.84	0.85	0.85	0.70	0.81	0.85
Brazilian real	1.76	1.30	1.91	2.31	2.32	2.00	2.40	2.00	1.90	1.85	1.85	1.75	2.31	2.00	1.75
Canadian dollar	1.03	1.02	1.06	1.23	1.26	1.12	1.16	1.14	1.13	1.11	1.09	1.09	1.23	1.14	1.09
Chinese renminbi	7.01	6.85	6.82	6.84	6.83	6.85	6.85	6.85	6.80	6.70	6.60	6.50	6.84	6.85	6.50
Euro	1.58	1.58	1.41	1.35	1.33	1.37	1.33	1.38	1.43	1.48	1.50	1.52	1.35	1.38	1.52
Japanese yen	100	106	106	91	99	95	94	93	93	94	95	96	91	93	96
Mexican peso	10.64	10.31	10.94	13.10	14.17	13.50	13.50	12.75	12.50	12.25	12.00	11.75	13.10	12.75	11.75
New Zealand dollar	0.79	0.76	0.67	0.58	0.56	0.63	0.60	0.59	0.61	0.63	0.63	0.64	0.58	0.59	0.64
Swiss franc	0.99	1.02	1.12	1.07	1.14	1.11	1.16	1.12	1.10	1.07	1.06	1.05	1.07	1.12	1.05
U.K. pound sterling	1.98	1.99	1.80	1.46	1.43	1.57	1.53	1.60	1.68	1.76	1.81	1.85	1.46	1.60	1.85

Note: Rates are expressed in currency units per US\$ except the Euro, UK pound, A\$ and New Zealand dollar, which are expressed in US\$ per currency unit.

Source: Bank of Canada, Federal Reserve Board, Reuters, RBC Economics Research forecasts

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