



# Interest Rate Forecast

July 22 2022

## Canada Economic Forecast

|                   | 2022 Q1 | 2022 Q2 | 2022 Q3 | 2022 Q4 | 2023 Q1 | 2023 Q2 | 2023 Q3 | 2023 Q4 | 2024 Q1 | 2021a | 2022 | 2023 | 2024 |
|-------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------|------|------|------|
| Real GDP, % ar    | 3.1     | 3.9     | 2.3     | 1.6     | 1.5     | 1.4     | 1.5     | 1.9     | 2.2     | 4.6   | 3.6  | 1.8  | 2.3  |
| U. Rate, %        | 5.8     | 5.1     | 5.2     | 5.4     | 5.5     | 5.6     | 5.5     | 5.4     | 5.4     | 7.4   | 5.4  | 5.5  | 5.3  |
| CPI, % y/y        | 5.8     | 7.5     | 7.3     | 6.5     | 5.0     | 2.6     | 2.1     | 2.0     | 2.0     | 3.4   | 6.8  | 2.9  | 1.9  |
| Core CPI, % y/y * | 3.8     | 4.8     | 4.7     | 4.3     | 2.7     | 2.5     | 2.2     | 2.0     | 2.0     | 2.4   | 4.4  | 2.4  | 2.0  |

Source: Statistics Canada, Central 1. a = actual, all others forecast. ar= annual rate \*average of Bank of Canada core measures

## Interest Rate Forecast

|                             | 2022 Q1 | 2022Q2 | 2022 Q3 | 2022 Q4 | 2023Q1 | 2023Q2 | 2023 Q3 | 2023Q4 | 2024Q1 | 2024Q2 |
|-----------------------------|---------|--------|---------|---------|--------|--------|---------|--------|--------|--------|
| Target Overnight Rate (eop) | 0.50    | 1.50   | 3.00    | 3.25    | 3.25   | 3.25   | 3.25    | 3.00   | 2.75   | 2.75   |
| Prime Rate (eop)            | 2.70    | 3.70   | 5.20    | 5.45    | 5.45   | 5.45   | 5.45    | 5.20   | 4.95   | 4.95   |
| 1-mo. T-Bill                | 0.24    | 0.91   | 2.50    | 3.00    | 3.15   | 3.20   | 3.20    | 3.15   | 2.65   | 2.65   |
| 3-mo. T-Bill                | 0.40    | 1.27   | 2.90    | 3.25    | 3.25   | 3.25   | 3.20    | 3.00   | 2.65   | 2.60   |
| 6-mo. T-Bill                | 0.78    | 1.80   | 3.00    | 3.30    | 3.30   | 3.30   | 3.30    | 3.05   | 2.75   | 2.75   |
| 1-year T-Bill               | 1.23    | 2.34   | 3.30    | 3.30    | 3.25   | 3.20   | 3.10    | 3.00   | 2.90   | 2.80   |
| 2-year GoC Bond             | 1.51    | 2.62   | 3.30    | 3.30    | 3.20   | 3.00   | 3.00    | 2.90   | 2.80   | 2.70   |
| 3-year GoC Bond             | 1.58    | 2.64   | 3.20    | 3.20    | 3.20   | 2.90   | 2.80    | 2.80   | 2.70   | 2.65   |
| 5-year GoC Bond             | 1.77    | 2.73   | 3.25    | 3.25    | 3.05   | 2.95   | 2.95    | 2.80   | 2.70   | 2.65   |
| 10-year GoC Bond            | 1.94    | 2.86   | 3.20    | 3.20    | 3.10   | 3.00   | 3.00    | 2.90   | 2.80   | 2.75   |
| USD/CAD                     | 0.79    | 0.79   | 0.78    | 0.78    | 0.79   | 0.79   | 0.80    | 0.80   | 0.80   | 0.80   |
| CAD/USD                     | 1.27    | 1.27   | 1.28    | 1.28    | 1.27   | 1.27   | 1.25    | 1.25   | 1.25   | 1.25   |

Source: Bank of Canada, Central 1. Note: Quarterly average based on daily data.

a = actual, all others forecast.