

FINANCIAL MARKET FORECASTS

October 2023

Interest rates (% , end of quarter)

									Forecast					Forecast		
	22Q1	22Q2	22Q3	22Q4	23Q1	23Q2	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	2022	2023F	2024F	
Canada																
Overnight	0.50	1.50	3.25	4.25	4.50	4.75	5.00	5.00	5.00	5.00	4.50	4.00	4.25	5.00	4.00	
Three-month	0.60	2.08	3.58	4.23	4.34	4.90	5.07	5.00	4.95	4.85	4.35	3.85	4.23	5.00	3.85	
Two-year	2.27	3.10	3.79	4.06	3.74	4.58	4.87	4.50	4.20	3.85	3.60	3.40	4.06	4.50	3.40	
Five-year	2.39	3.10	3.32	3.41	3.02	3.68	4.25	3.90	3.60	3.40	3.35	3.30	3.41	3.90	3.30	
10-year	2.40	3.23	3.16	3.30	2.90	3.26	4.03	3.80	3.65	3.50	3.40	3.35	3.30	3.80	3.35	
30-year	2.37	3.14	3.09	3.28	3.02	3.09	3.81	3.70	3.65	3.60	3.60	3.55	3.28	3.70	3.55	
Yield curve (10s-2s)	13	13	-63	-76	-84	-132	-84	-70	-55	-35	-20	-5	-76	-70	-5	
United States																
Fed funds*	0.38	1.63	3.13	4.38	4.88	5.13	5.38	5.38	5.38	5.13	4.63	4.13	4.38	5.38	4.13	
Three-month	0.52	1.72	3.33	4.42	4.85	5.43	5.55	5.30	5.23	4.93	4.43	3.93	4.42	5.30	3.93	
Two-year	2.28	2.92	4.22	4.41	4.06	4.87	5.03	4.80	4.55	4.05	3.70	3.40	4.41	4.80	3.40	
Five-year	2.42	3.01	4.06	3.99	3.60	4.13	4.60	4.40	4.20	3.85	3.65	3.50	3.99	4.40	3.50	
10-year	2.32	2.98	3.83	3.88	3.48	3.81	4.59	4.50	4.40	4.20	4.05	3.95	3.88	4.50	3.95	
30-year	2.44	3.14	3.79	3.97	3.67	3.85	4.73	4.70	4.65	4.55	4.50	4.45	3.97	4.70	4.45	
Yield curve (10s-2s)	4	6	-39	-53	-58	-106	-44	-30	-15	15	35	55	-53	-30	55	
Yield spreads																
Three-month T-bills	0.08	0.36	0.25	-0.19	-0.51	-0.53	-0.48	-0.30	-0.28	-0.08	-0.08	-0.08	-0.19	-0.30	-0.08	
Two-year	-0.01	0.18	-0.43	-0.35	-0.32	-0.29	-0.16	-0.30	-0.35	-0.20	-0.10	0.00	-0.35	-0.30	0.00	
Five-year	-0.03	0.09	-0.74	-0.58	-0.58	-0.45	-0.35	-0.50	-0.60	-0.45	-0.30	-0.20	-0.58	-0.50	-0.20	
10-year	0.08	0.25	-0.67	-0.58	-0.58	-0.55	-0.56	-0.70	-0.75	-0.70	-0.65	-0.60	-0.58	-0.70	-0.60	
30-year	-0.07	0.00	-0.70	-0.69	-0.65	-0.76	-0.92	-1.00	-1.00	-0.95	-0.90	-0.90	-0.69	-1.00	-0.90	

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

Exchange rates (end of quarter)

									Forecast					Forecast		
	22Q1	22Q2	22Q3	22Q4	23Q1	23Q2	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	2022	2023F	2024F	
AUD/USD	0.75	0.69	0.64	0.68	0.67	0.67	0.65	0.62	0.61	0.60	0.61	0.62	0.68	0.62	0.62	
USD/CAD	1.25	1.29	1.38	1.35	1.35	1.32	1.35	1.38	1.39	1.39	1.35	1.31	1.35	1.38	1.31	
EUR/USD	1.11	1.05	0.98	1.07	1.09	1.09	1.06	1.04	1.03	1.02	1.05	1.08	1.07	1.04	1.08	
USD/JPY	121	136	145	132	133	144	149	150	152	154	150	145	132	150	145	
USD/CHF	0.92	0.96	0.99	0.92	0.92	0.90	0.89	0.91	0.91	0.92	0.89	0.86	0.92	0.91	0.86	
GBP/USD	1.32	1.22	1.11	1.21	1.24	1.27	1.22	1.17	1.13	1.11	1.15	1.20	1.21	1.17	1.20	

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.