

Undertaking # 13

Please provide a numerical schedule for the August 50/50 interest rate forecast?

RESPONSE:

August 2016: Standard, Naïve and 50/50 Interest Rate Forecast

		Government of Canada 10 Year Bond Yield Forecast								
		BMO NB	CIBC	Global	RBC	Scotia	TD	Standard	Naïve	50/50
2016	Q1									
	Q2									
	Q3	1.07%	1.10%	1.30%	1.15%	0.80%	1.05%	1.08%	1.03%	1.05%
	Q4	1.13%	1.30%	1.44%	1.25%	0.90%	1.15%	1.20%	1.03%	1.11%
2017	Q1	1.18%	1.50%	1.70%	1.40%	1.00%	1.30%	1.35%	1.03%	1.19%
	Q2	1.23%	1.55%	1.85%	1.60%	1.05%	1.40%	1.45%	1.03%	1.24%
	Q3	1.30%	1.70%	2.05%	1.75%	1.20%	1.50%	1.58%	1.03%	1.31%
	Q4	1.37%	1.85%	2.19%	1.90%	1.40%	1.60%	1.72%	1.03%	1.37%
2018	Q1			2.35%				2.35%	1.03%	1.69%
	Q2			2.45%				2.45%	1.03%	1.74%
	Q3			2.64%				2.64%	1.03%	1.84%
	Q4			2.77%				2.77%	1.03%	1.90%
2019	Q1			2.91%				2.91%	1.03%	1.97%
	Q2			3.12%				3.12%	1.03%	2.08%
	Q3			3.38%				3.38%	1.03%	2.21%
	Q4			3.45%				3.45%	1.03%	2.24%
2020	Q1			3.45%				3.45%	1.03%	2.24%
	Q2			3.45%				3.45%	1.03%	2.24%
	Q3			3.45%				3.45%	1.03%	2.24%
	Q4			3.45%				3.45%	1.03%	2.24%

Standard forecast is based on the average of the 5 banks and Global Insight.

Naïve forecast is based on the existing level of the GoC 10 year Bond Rate as at July 31, 2016.

50/50 forecast is 50% weighting Standard forecast and 50% weighting Naïve forecast.

Data sources dates:

BMO NB as of August 12, 2016 (Average of Period)

CIBC as of August 11, 2016 (End of Period)

Global Insight, August 2016 (Average Period)

RBC as of August 2016 (End of Period)

Scotiabank as of August 3, 2016 (End of Period)

TD as of July 28, 2016 (End of Period)