

# Canadian, US and Financial market forecast tables

December, 2022

## Economic forecast detail — Canada

### Real growth in the economy

Quarter-over-quarter annualized % change unless otherwise indicated

|                                    | Forecast   |            |            |            |             |             |            |            |            |            |            |            | Forecast   |            |            |            |
|------------------------------------|------------|------------|------------|------------|-------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
|                                    | 2022       |            |            |            | 2023        |             |            |            | 2024       |            |            |            | 2021       | 2022F      | 2023F      | 2024F      |
|                                    | Q1         | Q2         | Q3         | Q4         | Q1          | Q2          | Q3         | Q4         | Q1         | Q2         | Q3         | Q4         |            |            |            |            |
| Household Consumption              | 2.3        | 9.5        | -1.0       | 1.9        | 0.0         | -0.7        | -0.8       | 0.3        | 1.5        | 2.0        | 2.2        | 2.6        | 5.1        | 4.8        | 0.6        | 1.1        |
| Durables                           | 8.0        | -14.4      | -8.2       | 1.7        | -2.5        | -1.5        | -1.0       | 0.5        | 1.2        | 2.3        | 2.5        | 3.5        | 8.5        | -3.1       | -2.7       | 1.1        |
| Semi-Durables                      | -2.4       | 24.3       | -12.4      | 1.8        | 0.0         | -2.0        | -1.5       | 1.0        | 1.1        | 1.5        | 1.4        | 2.3        | 14.1       | 8.2        | -0.5       | 0.7        |
| Non-durables                       | 3.2        | 2.5        | -3.9       | 2.0        | 1.0         | -1.3        | -1.0       | 0.0        | 1.5        | 1.9        | 1.5        | 2.3        | 1.1        | 0.2        | -0.1       | 0.9        |
| Services                           | 1.1        | 17.8       | 3.8        | 2.0        | 0.1         | 0.0         | -0.5       | 0.3        | 1.6        | 2.0        | 2.6        | 2.5        | 5.1        | 8.6        | 1.8        | 1.2        |
| NPISH consumption                  | -0.6       | 4.6        | 2.1        | 1.9        | 0.0         | -0.7        | -0.8       | 0.3        | 1.5        | 2.0        | 2.2        | 2.6        | 5.1        | 3.7        | 0.7        | 1.1        |
| Government expenditures            | 0.5        | -2.0       | 5.3        | 4.1        | 1.5         | 1.0         | 1.5        | 1.5        | 1.3        | 2.2        | 2.7        | 3.3        | 6.4        | 1.6        | 2.1        | 1.8        |
| Government fixed investment        | 2.2        | -3.5       | -4.0       | 0.2        | 2.5         | 2.0         | 2.5        | 2.5        | 2.6        | 2.6        | 2.6        | 2.6        | 0.9        | 0.0        | 0.8        | 2.5        |
| Residential investment             | 8.8        | -31.5      | -15.4      | -10.0      | -5.0        | -1.8        | -1.0       | 0.5        | 3.8        | 4.5        | 5.3        | 5.9        | 14.9       | -10.7      | -8.0       | 2.7        |
| Non-residential investment         | 7.7        | 17.0       | 4.3        | 4.4        | 2.8         | -0.6        | -0.4       | 1.5        | 2.2        | 2.3        | 2.6        | 2.9        | 4.3        | 10.4       | 2.9        | 1.7        |
| Non-residential structures         | 13.3       | 13.8       | 11.7       | 6.0        | 3.0         | 1.0         | 0.0        | 2.0        | 2.3        | 2.5        | 2.8        | 3.2        | 0.8        | 11.8       | 4.4        | 2.0        |
| Machinery & equipment              | -1.3       | 23.1       | -7.6       | 1.5        | 2.5         | -3.5        | -1.0       | 0.5        | 2.1        | 2.0        | 2.2        | 2.5        | 9.9        | 8.0        | 0.4        | 1.1        |
| Intellectual property              | 5.1        | 7.4        | 1.0        | 2.0        | 1.0         | 1.0         | 2.5        | 1.0        | 2.0        | 1.7        | 2.1        | 2.2        | 4.0        | 0.1        | 1.8        | 1.8        |
| Final domestic demand              | 3.0        | 2.4        | -0.6       | 1.5        | 0.2         | -0.3        | -0.1       | 0.8        | 1.8        | 2.3        | 2.6        | 3.0        | 5.8        | 2.7        | 0.4        | 1.5        |
| Exports                            | -7.6       | 8.1        | 8.6        | 11.0       | 5.0         | 2.2         | 1.3        | 2.0        | 1.0        | 1.3        | 2.0        | 2.5        | 1.4        | 3.2        | 5.5        | 1.6        |
| Imports                            | 0.2        | 29.5       | -1.5       | -1.6       | 1.6         | -1.1        | 0.0        | 1.6        | 1.7        | 2.7        | 3.0        | 3.1        | 7.8        | 8.0        | 1.4        | 1.7        |
| Inventories (change in \$b)        | 20.1       | 54.7       | 56.4       | 27.0       | 16.5        | 6.0         | 5.0        | 3.0        | 2.9        | 4.1        | 5.9        | 5.9        | -4.1       | 39.5       | 7.6        | 4.7        |
| <b>Real gross domestic product</b> | <b>2.8</b> | <b>3.2</b> | <b>2.9</b> | <b>0.5</b> | <b>-0.5</b> | <b>-1.0</b> | <b>0.2</b> | <b>0.5</b> | <b>1.5</b> | <b>2.0</b> | <b>2.6</b> | <b>2.8</b> | <b>5.0</b> | <b>3.5</b> | <b>0.4</b> | <b>1.3</b> |

### Other indicators

Year-over-year % change unless otherwise indicated

#### Business and labour

|                           |      |      |      |     |     |       |      |      |      |     |     |     |      |      |      |     |
|---------------------------|------|------|------|-----|-----|-------|------|------|------|-----|-----|-----|------|------|------|-----|
| Productivity              | -1.7 | -1.6 | -0.2 | 0.1 | 0.5 | 0.4   | 0.1  | 0.1  | 0.4  | 0.8 | 1.1 | 1.4 | -5.7 | -0.9 | 0.3  | 0.9 |
| Pre-tax corporate profits | 7.0  | 21.2 | 16.3 | 6.9 | 0.8 | -10.7 | -2.3 | -1.7 | -0.7 | 1.2 | 2.2 | 2.5 | 35.8 | 12.7 | -3.7 | 1.3 |
| Unemployment rate (%)*    | 5.8  | 5.1  | 5.2  | 5.2 | 5.6 | 6.0   | 6.6  | 6.8  | 6.8  | 6.8 | 6.8 | 6.7 | 7.4  | 5.3  | 6.3  | 6.8 |

#### Inflation

|                         |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |
|-------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Headline CPI            | 5.8 | 7.5 | 7.2 | 6.7 | 5.2 | 3.1 | 2.4 | 2.1 | 2.4 | 2.3 | 2.1 | 1.9 | 3.4 | 6.8 | 3.2 | 2.2 |
| CPI ex. food and energy | 4.0 | 5.1 | 5.4 | 5.3 | 4.9 | 3.9 | 3.1 | 3.1 | 2.9 | 2.7 | 2.5 | 2.4 | 2.4 | 5.0 | 3.7 | 2.6 |

#### External trade

|                                |     |      |       |       |       |       |       |      |       |       |       |       |      |       |       |       |
|--------------------------------|-----|------|-------|-------|-------|-------|-------|------|-------|-------|-------|-------|------|-------|-------|-------|
| Current account balance (\$b)* | 3.7 | 10.6 | -44.4 | -19.1 | -17.6 | -13.5 | -10.9 | -7.9 | -11.3 | -15.2 | -18.4 | -20.7 | -6.7 | -12.3 | -12.5 | -16.4 |
| % of GDP*                      | 0.1 | 0.4  | -1.6  | -0.7  | -0.6  | -0.5  | -0.4  | -0.3 | -0.4  | -0.5  | -0.6  | -0.7  | -0.3 | -0.5  | -0.4  | -0.6  |

|                                    |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |
|------------------------------------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| Housing starts (000s)*             | 244  | 271  | 282  | 250  | 249  | 243  | 236  | 235  | 229  | 224  | 219  | 214  | 271  | 262  | 241  | 221  |
| Motor vehicle sales (mill., saar)* | 1.62 | 1.58 | 1.50 | 1.51 | 1.50 | 1.49 | 1.49 | 1.49 | 1.50 | 1.50 | 1.51 | 1.53 | 1.68 | 1.55 | 1.49 | 1.51 |

\*Period average

Source: Statistics Canada, RBC Economics

## Economic forecast detail — United States

### Real growth in the economy

Quarter-over-quarter annualized % change unless otherwise indicated

|                                    | Forecast    |             |            |            |            |             |             |            |            |            |            |            | Forecast   |            |            |            |
|------------------------------------|-------------|-------------|------------|------------|------------|-------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
|                                    | 2022        |             |            | 2023       |            |             |             | 2024       |            |            |            | 2021       | 2022F      | 2023F      | 2024       |            |
|                                    | Q1          | Q2          | Q3         | Q4         | Q1         | Q2          | Q3          | Q4         | Q1         | Q2         | Q3         |            |            |            |            | Q4         |
| Consumer spending                  | 1.3         | 2.0         | 1.7        | 3.4        | -0.3       | -1.7        | -0.8        | 0.6        | 1.0        | 1.4        | 1.8        | 2.2        | 8.3        | 2.8        | 0.5        | 0.8        |
| Durables                           | 7.7         | -2.8        | -0.3       | 6.5        | -1.0       | -1.5        | -1.0        | 0.5        | 0.5        | 0.8        | 1.8        | 2.0        | 18.5       | 0.1        | 0.3        | 0.5        |
| Non-durables                       | -4.4        | -2.4        | -0.1       | 3.0        | -1.0       | -1.0        | 0.0         | 0.5        | 1.0        | 1.5        | 2.0        | 2.2        | 8.8        | -0.4       | 0.0        | 0.9        |
| Services                           | 2.1         | 4.6         | 2.7        | 3.0        | 0.0        | -2.0        | -1.0        | 0.7        | 1.1        | 1.5        | 1.8        | 2.2        | 6.3        | 4.4        | 0.7        | 0.8        |
| Government spending                | -2.3        | -1.6        | 3.0        | 1.5        | 2.5        | 0.5         | -0.5        | 0.0        | 1.1        | 1.2        | 2.0        | 2.2        | 0.6        | -0.8       | 1.2        | 0.9        |
| Residential investment             | -3.1        | -17.8       | -26.8      | -12.0      | -2.0       | -2.5        | -2.0        | 1.5        | 2.0        | 1.8        | 2.5        | 2.5        | 10.7       | -9.7       | -8.5       | 1.2        |
| Non-residential investment         | 7.9         | 0.1         | 5.1        | 3.6        | 1.7        | -1.2        | -1.3        | 0.7        | 1.6        | 2.0        | 2.3        | 2.1        | 6.4        | 3.7        | 1.4        | 1.1        |
| Non-residential structures         | -4.4        | -12.7       | -6.9       | -3.0       | 1.5        | -3.0        | -3.5        | 0.5        | 2.0        | 4.2        | 3.5        | 3.8        | -6.4       | -8.0       | -2.9       | 1.4        |
| Equipment & software               | 11.4        | -2.1        | 10.8       | 7.5        | 1.5        | -1.5        | -2.5        | 0.5        | 1.4        | 1.5        | 2.3        | 2.0        | 10.3       | 5.0        | 2.3        | 0.7        |
| Intellectual property              | 10.8        | 8.9         | 5.8        | 3.0        | 2.0        | 0.0         | 1.0         | 1.0        | 1.5        | 1.4        | 1.7        | 1.5        | 9.7        | 8.4        | 2.5        | 1.3        |
| Final domestic demand              | 1.3         | 0.2         | 0.9        | 2.4        | 0.4        | -1.3        | -0.8        | 0.6        | 1.1        | 1.5        | 2.0        | 2.2        | 6.7        | 1.7        | 0.4        | 0.9        |
| Exports                            | -4.6        | 13.8        | 15.3       | -1.0       | 0.0        | 1.0         | 0.0         | 0.7        | 0.8        | 1.0        | 1.5        | 3.0        | 6.1        | 7.4        | 2.6        | 1.0        |
| Imports                            | 18.4        | 2.3         | -7.3       | 12.0       | 3.0        | -2.0        | 0.8         | 3.5        | 3.0        | 2.5        | 3.5        | 4.5        | 14.1       | 9.2        | 2.0        | 2.6        |
| Inventories (change in \$b)        | 214.5       | 110.2       | 49.6       | 15.0       | 10.0       | 0.0         | -25.0       | -10.0      | -5.0       | 5.0        | 15.0       | 15.0       | -19.4      | 97.3       | -6.3       | 7.5        |
| <b>Real gross domestic product</b> | <b>-1.6</b> | <b>-0.6</b> | <b>2.9</b> | <b>0.3</b> | <b>0.0</b> | <b>-1.2</b> | <b>-1.5</b> | <b>0.5</b> | <b>1.0</b> | <b>1.5</b> | <b>2.0</b> | <b>2.0</b> | <b>5.9</b> | <b>1.9</b> | <b>0.0</b> | <b>0.7</b> |

### Other indicators

Year-over-year % change unless otherwise indicated

|                                       |       |       |      |      |       |      |      |       |       |       |       |       |      |       |      |       |
|---------------------------------------|-------|-------|------|------|-------|------|------|-------|-------|-------|-------|-------|------|-------|------|-------|
| Business and labour                   |       |       |      |      |       |      |      |       |       |       |       |       |      |       |      |       |
| Productivity                          | -0.3  | -2.0  | -1.3 | -2.7 | -1.2  | -0.4 | -0.6 | -0.2  | 0.0   | 0.5   | 1.0   | 1.1   | 2.4  | -1.6  | -0.6 | 0.6   |
| Pre-tax corporate profits             | 10.9  | 7.7   | 4.4  | 4.5  | 4.5   | -1.1 | -1.1 | -1.8  | -1.1  | 0.1   | 1.5   | 1.8   | 22.6 | 6.8   | 0.1  | 0.6   |
| Unemployment rate (%)*                | 3.8   | 3.6   | 3.6  | 3.9  | 4.1   | 4.5  | 4.9  | 5.1   | 5.2   | 5.2   | 5.2   | 5.1   | 5.4  | 3.7   | 4.6  | 5.2   |
| Inflation                             |       |       |      |      |       |      |      |       |       |       |       |       |      |       |      |       |
| Headline CPI                          | 8.0   | 8.6   | 8.3  | 7.3  | 5.3   | 3.2  | 2.4  | 2.1   | 2.3   | 2.3   | 2.2   | 1.9   | 4.7  | 8.1   | 3.2  | 2.2   |
| CPI ex. food and energy               | 6.3   | 6.0   | 6.3  | 6.2  | 5.6   | 4.6  | 3.6  | 3.0   | 2.6   | 2.6   | 2.5   | 2.4   | 3.6  | 6.2   | 4.2  | 2.5   |
| External trade                        |       |       |      |      |       |      |      |       |       |       |       |       |      |       |      |       |
| Current account balance (\$b)*        | -1130 | -1004 | -897 | -989 | -1009 | -984 | -989 | -1014 | -1032 | -1046 | -1065 | -1085 | -846 | -1005 | -999 | -1057 |
| % of GDP*                             | -4.6  | -4.0  | -3.5 | -3.8 | -3.9  | -3.8 | -3.8 | -3.8  | -3.9  | -3.9  | -3.9  | -4.0  | -3.6 | -4.0  | -3.8 | -3.9  |
| Housing starts (000s)*                | 1720  | 1647  | 1458 | 1375 | 1350  | 1351 | 1352 | 1353  | 1354  | 1355  | 1356  | 1357  | 1605 | 1550  | 1352 | 1356  |
| Motor vehicle sales (millions, saar)* | 14.1  | 13.3  | 13.4 | 13.6 | 13.6  | 13.5 | 13.7 | 13.9  | 14.2  | 14.3  | 14.6  | 14.8  | 14.9 | 13.6  | 13.7 | 14.5  |

\*Period average

Source: Bureau of Economic Analysis, RBC Economics

## Financial market forecast detail

### Interest rates—North America

% , end of period

|                      | 22Q1  | 22Q2 | 22Q3  | Forecast |       |       |       |       |       |       |       | Forecast |       |        |        |
|----------------------|-------|------|-------|----------|-------|-------|-------|-------|-------|-------|-------|----------|-------|--------|--------|
|                      |       |      |       | 22Q4     | 23Q1  | 23Q2  | 23Q3  | 23Q4  | 24Q1  | 24Q2  | 24Q3  | 24Q4     | 2022F | 2023F  | 2024F  |
| <b>Canada</b>        |       |      |       |          |       |       |       |       |       |       |       |          |       |        |        |
| Overnight            | 0.50  | 1.50 | 3.25  | 4.25     | 4.25  | 4.25  | 4.25  | 4.25  | 3.75  | 3.50  | 3.25  | 3.00     | 4.25  | 4.25   | 3.00   |
| Three-month          | 0.60  | 2.08 | 3.58  | 4.15     | 4.15  | 4.15  | 4.15  | 3.90  | 3.50  | 3.25  | 3.00  | 2.85     | 4.15  | 3.90   | 2.85   |
| Two-year             | 2.29  | 3.09 | 3.80  | 3.90     | 3.75  | 3.65  | 3.60  | 3.30  | 3.00  | 2.90  | 2.80  | 2.70     | 3.90  | 3.30   | 2.70   |
| Five-year            | 2.41  | 3.11 | 3.33  | 3.15     | 3.05  | 2.95  | 2.85  | 2.75  | 2.70  | 2.65  | 2.60  | 2.55     | 3.15  | 2.75   | 2.55   |
| 10-year              | 2.40  | 3.23 | 3.17  | 2.90     | 2.85  | 2.80  | 2.75  | 2.70  | 2.65  | 2.60  | 2.60  | 2.60     | 2.90  | 2.70   | 2.60   |
| 30-year              | 2.38  | 3.14 | 3.09  | 2.90     | 2.90  | 2.90  | 2.85  | 2.85  | 2.85  | 2.85  | 2.85  | 2.85     | 2.90  | 2.85   | 2.85   |
| Yield curve (10s-2s) | 11    | 14   | -63   | -100     | -90   | -85   | -85   | -60   | -35   | -30   | -20   | -10      | -100  | -60    | -10.00 |
| <b>United States</b> |       |      |       |          |       |       |       |       |       |       |       |          |       |        |        |
| Fed funds*           | 0.38  | 1.63 | 3.13  | 4.38     | 4.88  | 4.88  | 4.63  | 4.38  | 4.13  | 3.88  | 3.63  | 3.38     | 4.38  | 4.38   | 3.38   |
| Three-month          | 0.52  | 1.72 | 3.33  | 4.70     | 4.80  | 4.75  | 4.50  | 4.25  | 4.00  | 3.75  | 3.50  | 3.25     | 4.70  | 4.25   | 3.25   |
| Two-year             | 2.28  | 2.92 | 4.22  | 4.50     | 4.25  | 4.10  | 3.85  | 3.65  | 3.35  | 3.05  | 2.80  | 2.55     | 4.50  | 3.65   | 2.55   |
| Five-year            | 2.42  | 3.01 | 4.06  | 4.00     | 3.70  | 3.50  | 3.40  | 3.30  | 3.20  | 3.10  | 3.00  | 2.95     | 4.00  | 3.30   | 2.95   |
| 10-year              | 2.32  | 2.98 | 3.83  | 3.75     | 3.75  | 3.65  | 3.55  | 3.45  | 3.35  | 3.25  | 3.20  | 3.15     | 3.75  | 3.45   | 3.15   |
| 30-year              | 2.44  | 3.14 | 3.79  | 4.00     | 4.00  | 3.90  | 3.90  | 3.85  | 3.80  | 3.75  | 3.70  | 3.65     | 4.00  | 3.85   | 3.65   |
| Yield curve (10s-2s) | 4     | 6    | -39   | -75      | -50   | -45   | -30   | -20   | 0     | 20    | 40    | 60       | -75   | -20.00 | 60.00  |
| <b>Yield spreads</b> |       |      |       |          |       |       |       |       |       |       |       |          |       |        |        |
| Three-month T-bills  | 0.08  | 0.36 | 0.25  | -0.55    | -0.65 | -0.60 | -0.35 | -0.35 | -0.50 | -0.50 | -0.50 | -0.40    | -0.55 | -0.35  | -0.40  |
| Two-year             | 0.01  | 0.17 | -0.42 | -0.60    | -0.50 | -0.45 | -0.25 | -0.35 | -0.35 | -0.15 | 0.00  | 0.15     | -0.60 | -0.35  | 0.15   |
| Five-year            | -0.01 | 0.10 | -0.73 | -0.85    | -0.65 | -0.55 | -0.55 | -0.55 | -0.50 | -0.45 | -0.40 | -0.40    | -0.85 | -0.55  | -0.40  |
| 10-year              | 0.08  | 0.25 | -0.66 | -0.85    | -0.90 | -0.85 | -0.80 | -0.75 | -0.70 | -0.65 | -0.60 | -0.55    | -0.85 | -0.75  | -0.55  |
| 30-year              | -0.06 | 0.00 | -0.70 | -1.10    | -1.10 | -1.00 | -1.05 | -1.00 | -0.95 | -0.90 | -0.85 | -0.80    | -1.10 | -1.00  | -0.80  |

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

### Interest rates—International

% , end of period

|                       | 22Q1  | 22Q2  | 22Q3 | Forecast |      |      |      |      |      |      |      | Forecast |       |       |       |
|-----------------------|-------|-------|------|----------|------|------|------|------|------|------|------|----------|-------|-------|-------|
|                       |       |       |      | 22Q4     | 23Q1 | 23Q2 | 23Q3 | 23Q4 | 24Q1 | 24Q2 | 24Q3 | 24Q4     | 2022F | 2023F | 2024F |
| <b>United Kingdom</b> |       |       |      |          |      |      |      |      |      |      |      |          |       |       |       |
| Repo                  | 0.75  | 1.25  | 2.25 | 3.50     | 3.75 | 3.75 | 3.75 | 3.75 | 3.75 | 3.75 | 3.75 | 3.75     | 3.50  | 3.75  | 3.75  |
| Two-year              | 1.36  | 1.85  | 4.29 | 3.25     | 3.10 | 3.00 | 2.90 | 2.80 | 2.70 | 2.65 | 2.60 | 2.60     | 3.25  | 2.80  | 2.60  |
| Five-year             | 1.40  | 1.88  | 4.40 | 3.25     | 3.10 | 3.00 | 3.00 | 2.90 | 2.80 | 2.75 | 2.70 | 2.70     | 3.25  | 2.90  | 2.70  |
| 10-year               | 1.60  | 2.22  | 4.08 | 3.10     | 3.00 | 2.90 | 2.90 | 2.80 | 2.70 | 2.65 | 2.60 | 2.60     | 3.10  | 2.80  | 2.60  |
| 30-year               | 1.77  | 2.59  | 3.82 | 3.50     | 3.40 | 3.25 | 3.25 | 3.10 | 3.05 | 3.00 | 3.00 | 3.00     | 3.50  | 3.10  | 3.00  |
| <b>Euro Area</b>      |       |       |      |          |      |      |      |      |      |      |      |          |       |       |       |
| Deposit rate          | -0.50 | -0.50 | 0.75 | 2.00     | 2.50 | 2.50 | 2.50 | 2.50 | 2.50 | 2.50 | 2.50 | 2.50     | 2.00  | 2.50  | 2.50  |
| Two-year              | -0.08 | 0.64  | 1.78 | 2.00     | 2.00 | 1.90 | 1.80 | 1.75 | 1.70 | 1.65 | 1.60 | 1.60     | 2.00  | 1.75  | 1.60  |
| Five-year             | 0.37  | 1.09  | 1.98 | 1.80     | 1.75 | 1.70 | 1.60 | 1.60 | 1.50 | 1.45 | 1.40 | 1.40     | 1.80  | 1.60  | 1.40  |
| 10-year               | 0.55  | 1.36  | 2.12 | 1.90     | 1.80 | 1.75 | 1.75 | 1.75 | 1.65 | 1.60 | 1.55 | 1.50     | 1.90  | 1.75  | 1.50  |
| 30-year               | 0.67  | 1.63  | 2.10 | 1.80     | 1.80 | 1.70 | 1.70 | 1.70 | 1.60 | 1.55 | 1.50 | 1.50     | 1.80  | 1.70  | 1.50  |
| <b>Australia</b>      |       |       |      |          |      |      |      |      |      |      |      |          |       |       |       |
| Cash target rate      | 0.10  | 0.85  | 2.35 | 3.10     | 3.60 | 3.60 | 3.60 | 3.60 | 3.60 | 3.35 | 3.10 | 3.10     | 3.10  | 3.60  | 3.10  |
| Two-year              | 1.78  | 2.73  | 3.43 | 3.10     | 3.00 | 3.00 | 2.90 | 2.75 | 2.65 | 2.50 | 2.50 | 2.50     | 3.10  | 2.75  | 2.50  |
| 10-year               | 2.84  | 3.66  | 3.90 | 3.55     | 3.35 | 3.25 | 3.35 | 3.35 | 3.35 | 3.35 | 3.40 | 3.35     | 3.55  | 3.35  | 3.35  |
| <b>New Zealand</b>    |       |       |      |          |      |      |      |      |      |      |      |          |       |       |       |
| Cash target rate      | 1.00  | 2.00  | 3.00 | 4.00     | 5.00 | 5.25 | 5.00 | 4.50 | 4.25 | 4.00 | 3.75 | 3.50     | 4.00  | 4.50  | 3.50  |
| Two-year              | 3.27  | 4.06  | 4.76 | 5.20     | 5.00 | 4.50 | 4.10 | 3.70 | 3.60 | 3.50 | 3.40 | 3.30     | 5.20  | 3.70  | 3.30  |
| 10-year               | 3.38  | 4.10  | 4.50 | 4.35     | 4.20 | 4.15 | 4.00 | 3.80 | 3.75 | 3.70 | 3.65 | 3.60     | 4.35  | 3.80  | 3.60  |

## Outlook

### Growth outlook

% change, quarter-over-quarter in real GDP

#### Growth outlook

% change, quarter-over-quarter in real GDP

|                | <u>22Q1</u> | <u>22Q2</u> | <u>22Q3</u> | <u>22Q4</u> | <u>23Q1</u> | <u>23Q2</u> | <u>23Q3</u> | <u>23Q4</u> | <u>24Q1</u> | <u>24Q2</u> | <u>24Q3</u> | <u>24Q4</u> | <u>2021</u> | <u>2022F</u> | <u>2023F</u> | <u>2024F</u> |
|----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|
| Canada*        | 2.8         | 3.2         | 2.9         | 0.5         | -0.5        | -1.0        | 0.2         | 0.5         | 1.5         | 2.0         | 2.6         | 2.8         | 5.0         | 3.5          | 0.4          | 1.3          |
| United States* | -1.6        | -0.6        | 2.9         | 0.3         | 0.0         | -1.2        | -1.5        | 0.5         | 1.0         | 1.5         | 2.0         | 2.0         | 5.9         | 1.9          | 0.0          | 0.7          |
| United Kingdom | 0.7         | 0.2         | -0.2        | -0.4        | -0.4        | -0.3        | 0.0         | 0.1         | 0.2         | 0.2         | 0.3         | 0.3         | 7.5         | 4.4          | -0.9         | 0.6          |
| Euro Area      | 0.6         | 0.8         | 0.3         | -0.4        | -0.3        | 0.2         | 0.4         | 0.4         | 0.4         | 0.5         | 0.5         | 0.5         | 5.3         | 3.3          | 0.2          | 1.7          |
| Australia      | 0.4         | 0.9         | 0.6         | 0.6         | 0.2         | 0.2         | 0.2         | 0.3         | 0.6         | 0.9         | 0.9         | 1.0         | 5.2         | 3.6          | 1.5          | 1.8          |

\*Seasonally adjusted annualized rates

### Inflation outlook

% change, year-over-year

|                | <u>22Q1</u> | <u>22Q2</u> | <u>22Q3</u> | <u>22Q4</u> | <u>23Q1</u> | <u>23Q2</u> | <u>23Q3</u> | <u>23Q4</u> | <u>24Q1</u> | <u>24Q2</u> | <u>24Q3</u> | <u>24Q4</u> | <u>2021</u> | <u>2022F</u> | <u>2023F</u> | <u>2024F</u> |
|----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|
| Canada         | 5.8         | 7.5         | 7.2         | 6.7         | 5.2         | 3.1         | 2.4         | 2.1         | 2.4         | 2.3         | 2.1         | 1.9         | 3.4         | 6.8          | 3.2          | 2.2          |
| United States  | 8.0         | 8.6         | 8.3         | 7.3         | 5.3         | 3.2         | 2.4         | 2.1         | 2.3         | 2.3         | 2.2         | 1.9         | 4.7         | 8.1          | 3.2          | 2.2          |
| United Kingdom | 6.2         | 9.2         | 10.0        | 10.7        | 9.8         | 8.0         | 6.7         | 4.6         | 4.2         | 1.6         | 1.4         | 1.3         | 2.6         | 9.0          | 7.3          | 2.1          |
| Euro Area      | 6.1         | 8.0         | 9.3         | 10.3        | 8.6         | 7.0         | 5.7         | 3.5         | 2.8         | 2.6         | 2.3         | 2.2         | 2.6         | 8.5          | 6.2          | 2.5          |
| Australia      | 5.1         | 6.1         | 7.3         | 7.4         | 6.6         | 6.0         | 5.7         | 5.4         | 5.2         | 5.0         | 4.7         | 4.4         | 2.9         | 6.5          | 5.9          | 4.8          |

### Exchange rates

End of period

|         | <u>22Q1</u> | <u>22Q2</u> | <u>22Q3</u> | Forecast    |             |             |             |             |             |             |             | Forecast    |              |              |             |  |
|---------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|-------------|--|
|         |             |             |             | <u>22Q4</u> | <u>23Q1</u> | <u>23Q2</u> | <u>23Q3</u> | <u>23Q4</u> | <u>24Q1</u> | <u>24Q2</u> | <u>24Q3</u> | <u>24Q4</u> | <u>2022F</u> | <u>2023F</u> | <u>2024</u> |  |
| AUD/USD | 0.75        | 0.69        | 0.64        | 0.64        | 0.64        | 0.65        | 0.65        | 0.66        |             |             |             |             |              | 0.64         | 0.66        |  |
| USD/CAD | 1.25        | 1.29        | 1.38        | 1.38        | 1.40        | 1.39        | 1.38        | 1.36        |             |             |             |             |              | 1.38         | 1.36        |  |
| EUR/USD | 1.11        | 1.05        | 0.98        | 0.97        | 0.95        | 0.98        | 1.02        | 1.05        |             |             |             |             |              | 0.97         | 1.05        |  |
| USD/JPY | 121.7       | 135.7       | 144.7       | 150.0       | 155.0       | 147.0       | 145.0       | 143.0       |             |             |             |             |              | 150.00       | 143.00      |  |
| USD/CHF | 0.92        | 0.96        | 0.99        | 0.99        | 1.00        | 0.96        | 0.91        | 0.88        |             |             |             |             |              | 0.99         | 0.88        |  |
| GBP/USD | 1.31        | 1.22        | 1.12        | 1.08        | 1.04        | 1.08        | 1.13        | 1.17        |             |             |             |             |              | 1.08         | 1.17        |  |

Note: Exchange rates are expressed in units per USD, with the exception of the euro, GBP and AUD which are expressed in USD per local currency unit.

Source: Reuters, RBC Economics forecasts

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