

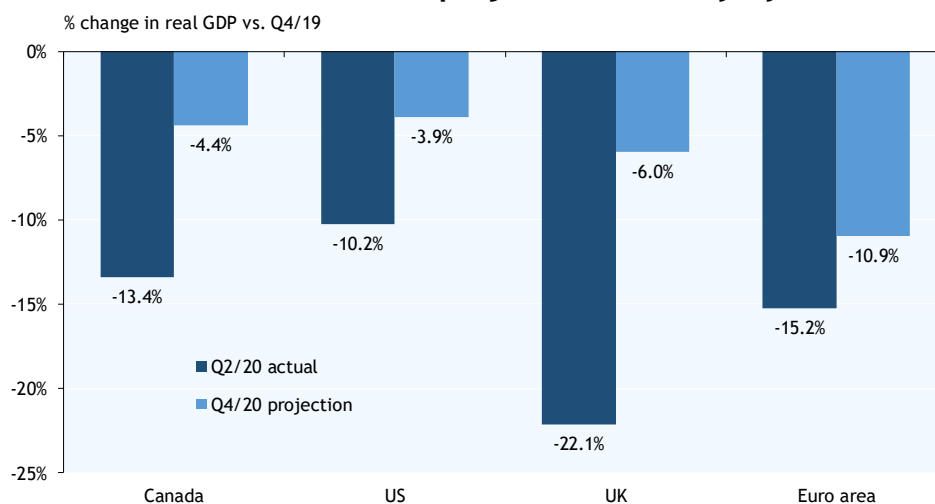
Economic conditions improve but bumpy road ahead

September 10, 2020

Uncertainties limit scope for full recovery in 2020

Among the many uncertainties associated with COVID-19 the ability of the global economy to recover ranks highly. The interruption of global growth was unprecedented and the snapback unexpectedly strong as government programs and central bank stimulus provided a jolt to activity. What remains unclear is whether sufficient support can be maintained until there is a vaccine that eradicates or, at least, contains the spread of the virus. The economies we cover closely all show a similar pattern with a decline in the first quarter followed by a massive drop in the second and sharp rebound in the third quarter. In general these economies are expected to continue to grow but at a more moderate pace going forward. That said, none are projected to return to pre-COVID levels of output in 2020 with gaps ranging from over 10% in the Euro-area to 4-6% in Canada, the US and UK at end-of-year.

GDP declines in H1/20 and projected recovery by end-2020



Source: Statcan, BEA, ONS, EuroStat, RBC Economics

Labour market recovery will be key

Whether the economies fully recover by the end of 2021 will depend on both the success in developing a solution to the health crisis and the ability of workers to return to work. The initial hit to labour markets came as millions were ordered to stay at home to contain the virus' spread. As these orders were revoked, some workers returned but many could not. Government income support programs, at least temporarily, softened the blow and as economies started to reopen, retail activity returned to pre-COVID levels. The persistence of low interest rates and ratcheting up of savings amassed during the lockdown will keep consumers spending in the near term. However as government support programs gradually unwind, it will fall to improving labour market conditions to drive consumption. Our baseline assumption is that another global lockdown to contain COVID-19 will be avoided allowing for a healing in labour market conditions as the economy gradually recovers ground lost during the pandemic.

US emerges but outlook muddied by uncertainty

The US suffered a sharp increase in infections over the summer although managed to keep the economy from sliding back into recession. A reluctance to re-enact nation-wide shutdowns, significant pent-up demand and the partial recovery of job losses saw activity accelerate at the start of the third quarter. By July, 42% of the 22 million jobs lost during the worst of the crisis had been recovered and government payments were continuing to flow. This supported a surge in consumer spending and housing sales hit the highest level since 2006. The strong upward momentum started to fizzle heading into the fall with consumer confidence flagging as many government support measures expired. The jobs recovery continued, but at a slower pace in August. Additional stimulus measures stalled by a gridlocked Congress and uncertainty about infection spread and the upcoming election tee up for an easing in the pace of job creation and consumer spending in the months ahead.

Business sentiment rebounded sharply over the summer months as store fronts reopened and demand for capital goods rose. Investment activity is still down sharply from pre-shock levels and companies continue to assess their needs and weigh uncertainties, including the outcome of the November US election. Service sector companies in areas like retail, recreation and accommodation where activity continues to be constrained and energy producers who face lower prices for their product continued to dial back investment as the summer wore. Low interest rates and record stock markets are providing companies with cheap capital which we expect will underpin a revival in investment activity once uncertainty about the election outcome and concerns about another uptick in infections subside.

US Fed reinforces its “low for long” stance

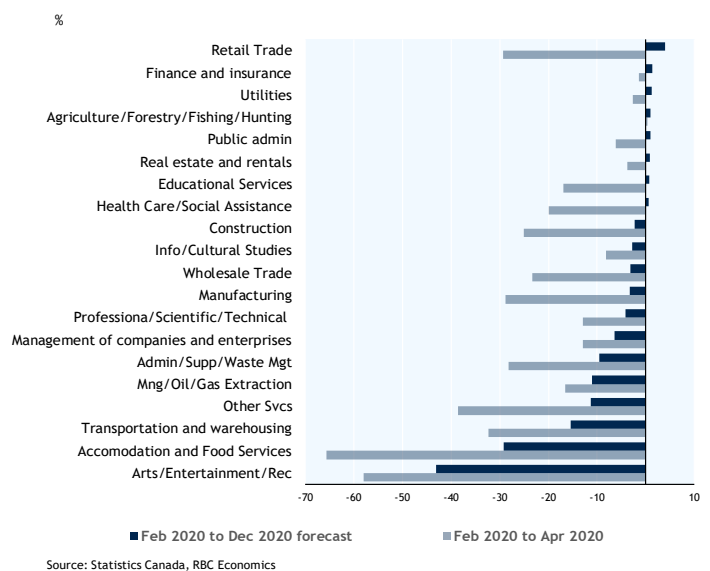
The US central bank updated its monetary policy goals and strategy deciding to pivot from aiming to maintain inflation at its 2% objective to a policy that seeks to have the inflation rate average 2% over time. To be sure it’s a nuanced change but has significant implications for policy. The targeted US inflation rate averaged 1.5% over the past decade when the economy was growing and the deep hole created by the recession leaves limited scope for the rate to hit, let alone exceed, 2% anytime soon. The shift to average inflation targeting therefore points to the Fed maintaining a policy rate near zero until at least 2022 when the economy has fully recovered and price pressures are starting to build.

Canada’s economy: re-opening the door to growth

The unprecedented drop in economic activity from mid-March to the end of April created a huge hole in Canada’s economy that will only be partially refilled in 2020. While Q1’s 8.2% annualized decline looked huge from a historical perspective, it was only a fraction of Q2’s staggering 38.7% drop. The good news is that the greatest weakness is in the rear-view mirror with April representing the low for the crisis. Labour market conditions correspondingly weakened in March and April and started to recover in May. By August, almost two-thirds of workers who had lost their jobs were back at work, albeit in many cases at reduced hours.

The improving tone in the labour market and continued government support saw Canadian consumer spending ratchet up to exceed pre-pandemic levels. Housing sales soared hitting an all-time high in July as buyers who were sidelined during the peak of the pandemic raced to buy homes. As govern-

Canada GDP by Industry



ments reopened parts of the economy business sentiment improved, manufacturing sales revved up and trade activity rebounded. The surge in imports in July point to business investment coming back although low oil prices will keep the energy sector under pressure. The federal government's announcement of an extension of income supports including an enhancement to employment insurance payments and the establishment of additional programs for those not eligible for EI (like the self-employed) have reduced the risk of a dramatic household income pullback into the end of this year.

These developments led us to revise up our Q3 growth forecast to 40% at an annualized rate from 33% with Q4 now expected to show a 6% gain (up from 5% in June). While the numbers look impressive they belie the divergence between sectors. Gains in residential construction, manufacturing and agriculture are expected to continue however many services sector industries will face more difficult conditions. The persistence of social distancing measures and border closures will limit growth in the food and accommodation and entertainment industries. These are the ones that experienced some of the sharpest declines in activity and have recovered the least. And remaining containment measures are unlikely to dissipate until and unless an effective vaccine can be produced and distributed. That means ongoing weakness in the services industries will weigh on the economy and delay the return to full capacity .

Bank of Canada to keep a steady hand on policy rate

Like the US Fed, the Bank of Canada is conducting a review of its monetary policy framework leading up to the 2021 inflation target renewal. In recent speeches, policymakers said using average inflation targeting like the Fed is one of the alternative monetary policy frameworks under consideration. That said, the BoC's current flexible approach to inflation targeting which aims at returning inflation to 2% over a long time horizon already provides some of the benefits of average inflation targeting. Even with the review underway, given the depth of the hit to the economy and expectation that a full reversal of the loss won't occur until late 2021, there is little scope that the bank will need to adjust the overnight rate from its current 25 bps until 2022.

Economic forecast detail — Canada

Real growth in the economy

Quarter-over-quarter annualized % change unless otherwise indicated

	2019				2020				2021				year-over-year % change			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2018	2019	2020F	2021F
Household Consumption	2.4	0.4	2.2	1.8	-12.4	-43.0	35.3	7.7	4.5	4.2	5.2	5.4	2.2	1.6	-8.5	4.5
Durables	5.1	-3.0	0.8	-1.3	-31.1	-49.8	56.5	9.2	4.2	2.8	3.2	3.5	1.7	0.4	-15.0	5.0
Semi-Durables	2.6	1.6	1.2	-2.8	-35.7	-42.7	53.3	9.5	4.5	3.0	2.8	3.0	1.7	1.4	-14.5	5.8
Non-durables	1.5	-0.4	1.9	1.1	12.2	-13.8	12.5	5.2	3.5	3.5	4.0	4.5	1.8	1.0	2.3	3.8
Services	2.1	1.4	2.8	3.3	-14.0	-51.8	40.2	8.5	5.0	5.0	6.5	6.5	2.5	2.2	-10.8	4.4
NPISH consumption	5.2	-0.5	0.9	2.8	-4.0	-39.9	38.0	7.7	4.5	4.2	5.2	5.4	2.2	1.6	-5.2	5.1
Government expenditures	1.6	1.9	1.6	1.5	-1.1	-10.4	7.5	4.5	3.5	3.0	3.0	3.0	3.0	2.1	-0.6	3.1
Government fixed investment	11.1	-7.4	9.4	-1.4	5.0	-17.9	12.5	8.2	3.0	2.0	2.5	2.5	5.2	-0.3	-0.1	3.3
Residential investment	-4.0	7.2	13.8	1.2	-3.0	-47.6	50.2	8.6	7.0	6.0	6.0	6.0	-1.6	-0.6	-4.7	6.5
Non-residential investment	21.5	-7.8	3.1	-4.8	-2.7	-56.7	36.7	23.1	6.8	5.3	5.5	6.5	1.4	0.4	-11.3	6.2
Non-residential structures	6.9	1.6	7.7	0.7	6.9	-51.5	20.4	15.2	9.5	5.5	4.2	4.2	-0.6	0.7	-7.0	4.4
Machinery & equipment	46.9	-20.3	-3.7	-13.2	-17.2	-64.6	66.5	37.5	7.5	5.0	6.0	7.8	4.7	-0.1	-18.1	9.8
Intellectual property	-17.0	2.4	1.1	-6.9	1.9	-27.7	25.5	3.0	2.5	1.0	1.0	1.0	3.9	-4.8	-3.5	2.3
Final domestic demand	3.4	0.1	3.2	0.8	-7.5	-37.4	28.7	8.2	4.5	4.0	4.6	4.8	2.1	1.3	-6.3	4.4
Exports	-2.7	9.0	-0.4	-4.5	-8.6	-55.6	55.0	16.0	3.5	2.0	2.6	2.5	3.1	1.3	-10.6	4.7
Imports	10.0	-4.4	0.2	-3.2	-9.9	-64.1	61.2	13.2	2.0	2.0	2.0	1.8	2.6	0.6	-14.4	2.7
Inventories (change in \$b)	23.8	18.8	8.4	9.4	4.3	-37.9	23.0	8.8	4.0	4.0	5.0	5.0	13.0	15.1	-0.4	4.5
Real gross domestic product	1.2	3.2	1.1	0.6	-8.2	-38.7	40.0	6.0	4.0	4.0	5.0	5.0	2.0	1.7	-6.0	4.9

Other indicators

Year-over-year % change unless otherwise indicated

Business and labour																
Productivity	0.8	0.3	0.3	0.7	4.3	14.8	15.3	14.1	9.2	-0.6	-0.7	1.1	-0.1	0.5	12.1	2.1
Pre-tax corporate profits	-3.5	3.4	-5.4	5.5	-6.1	-35.1	-11.7	-7.5	4.1	42.1	13.5	12.8	2.5	-0.1	-15.5	16.6
Unemployment rate (%)*	5.8	5.6	5.6	5.7	6.3	13.0	10.1	8.5	8.1	7.7	7.4	7.0	5.8	5.7	9.5	7.6
Inflation																
Headline CPI	1.6	2.1	1.9	2.1	1.8	0.0	0.2	0.2	0.3	1.3	1.2	1.4	2.3	1.9	0.6	1.0
CPI ex. food and energy	1.9	2.3	2.2	1.9	1.8	1.0	0.5	0.8	0.6	1.3	1.6	1.6	1.9	2.1	1.0	1.3
External trade																
Current account balance (\$b)*	-69.3	-35.7	-45.9	-37.2	-52.9	-34.5	-42.6	-29.8	-25.8	-22.2	-19.0	-10.1	-222.0	-188.0	-40.0	-19.3
% of GDP*	-3.1	-1.5	-2.0	-1.6	-2.3	-1.7	-2.0	-1.3	-1.1	-1.0	-0.8	-0.4	-10.0	-8.5	-1.7	-0.9
Housing starts (000s)*	187	224	223	201	209	191	238	200	193	172	145	177	213	209	190	155
Motor vehicle sales (mill., saar)*	2.00	1.97	1.98	1.90	1.58	1.03	1.83	1.84	1.84	1.85	1.86	1.87	2.04	1.96	1.57	1.86

*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

	2019				2020				2021				year-over-year % change			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2018	2019	2020F	2021F
Consumer spending	1.8	3.7	2.7	1.6	-6.9	-34.1	37.1	1.5	1.6	5.6	3.3	3.6	2.7	2.4	-4.5	3.7
Durables	0.9	12.7	6.3	3.1	-12.5	-1.2	78.6	0.5	0.5	3.0	1.8	1.8	6.8	4.8	6.2	8.4
Non-durables	3.3	5.2	3.1	-0.8	7.1	-14.9	29.8	0.8	1.0	2.5	2.0	2.0	2.7	3.1	2.6	3.5
Services	1.5	1.9	2.0	2.0	-9.8	-43.1	32.5	1.9	2.0	7.0	4.0	4.5	2.1	1.8	-8.3	2.8
Government spending	2.5	5.0	2.1	2.4	1.3	2.8	1.0	0.5	0.0	0.5	0.5	0.3	1.8	2.3	2.0	0.6
Residential investment	-1.7	-2.1	4.6	5.8	19.0	-37.9	46.6	0.3	-1.5	-4.0	-2.0	-0.8	-0.6	-1.7	1.8	0.3
Non-residential investment	4.2	0.0	1.9	-0.3	-6.7	-26.0	12.1	1.2	1.9	3.3	2.5	3.4	6.9	2.9	-5.5	1.3
Non-residential structures	8.2	1.7	3.6	-5.3	-3.7	-33.4	4.5	2.2	2.5	7.0	6.5	6.5	3.7	-0.6	-7.9	1.4
Equipment & software	2.0	-3.8	-1.7	-1.7	-15.2	-35.9	25.0	1.0	1.5	2.0	4.0	3.0	8.0	2.1	-9.8	1.6
Intellectual property	4.5	4.1	5.3	4.7	2.4	-7.7	3.0	0.8	2.0	2.5	2.0	2.0	7.8	6.4	1.3	1.4
Final domestic demand	2.1	3.2	2.6	1.6	-4.6	-27.7	27.4	1.2	1.2	3.9	2.6	2.8	3.0	2.3	-3.2	2.8
Exports	1.8	-4.5	0.8	3.4	-9.5	-63.2	55.8	22.5	14.0	5.5	4.0	4.0	3.0	-0.1	-12.7	8.0
Imports	-2.1	1.8	0.4	-7.5	-15.0	-54.0	55.0	26.8	15.5	2.2	2.0	2.5	4.1	1.1	-11.9	9.7
Inventories (change in \$b)	101.7	49.4	44.0	-1.1	-80.9	-286.4	-162.0	-122.0	-40.0	-8.0	45.0	115.0	53.5	48.5	-162.8	28.0
Real gross domestic product	2.9	1.5	2.6	2.4	-5.0	-31.7	30.0	1.0	2.5	5.0	4.0	4.5	3.0	2.2	-4.1	3.4

Other indicators

Year-over-year % change unless otherwise indicated

Business and labour																
Productivity	1.5	1.7	1.7	1.8	0.9	2.0	3.3	0.9	0.8	-0.3	-1.2	1.4	1.6	1.7	1.8	0.2
Pre-tax corporate profits	-1.1	1.7	-0.5	1.3	-6.7	-20.1	-5.7	-9.2	3.9	19.5	3.8	6.9	6.1	0.3	-10.5	8.2
Unemployment rate (%)*	3.9	3.6	3.6	3.5	3.8	13.0	9.0	7.5	7.1	6.3	6.0	5.7	3.9	3.7	8.3	6.3
Inflation																
Headline CPI	1.6	1.8	1.8	2.0	2.1	0.4	0.9	0.5	0.8	2.1	1.7	2.2	2.4	1.8	1.0	1.7
CPI ex. food and energy	2.1	2.1	2.3	2.3	2.2	1.3	1.4	1.2	1.3	2.3	2.0	2.2	2.1	2.2	1.5	2.0
External trade																
Current account balance (\$b)*	-506	-511	-486	-417	-417	-424	-488	-560	-595	-586	-581	-586	-450	-480	-472	-587
% of GDP*	-2.4	-2.4	-2.3	-1.9	-1.9	-2.2	-2.3	-2.7	-2.8	-2.7	-2.7	-2.6	-2.2	-2.2	-2.3	-2.7
Housing starts (000s)*	1204	1257	1288	1433	1484	1064	1310	1310	1315	1315	1320	1320	1248	1295	1292	1318
Motor vehicle sales (millions, saar)*	16.9	17.0	17.0	16.8	15.0	11.3	15.5	16.0	16.2	16.3	16.5	16.6	17.2	17.0	14.5	16.4

*Period average

Source: Bureau of Economic Analysis, RBC Economics

Financial market forecast detail

Interest rates—North America

%, end of period

	19Q1	19Q2	19Q3	19Q4	20Q1	20Q2	20Q3	20Q4	21Q1	21Q2	21Q3	21Q4	2018	2019	2020F	2021F
Canada																
Overnight	1.75	1.75	1.75	1.75	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	1.75	1.75	0.25	0.25
Three-month	1.67	1.66	1.65	1.66	0.21	0.20	0.20	0.20	0.20	0.25	0.25	0.25	1.64	1.66	0.20	0.25
Two-year	1.55	1.47	1.58	1.70	0.42	0.29	0.30	0.30	0.30	0.30	0.35	0.35	1.86	1.70	0.30	0.35
Five-year	1.52	1.39	1.40	1.69	0.59	0.37	0.40	0.40	0.45	0.50	0.60	0.65	1.89	1.69	0.40	0.65
10-year	1.62	1.47	1.36	1.70	0.70	0.53	0.55	0.60	0.65	0.70	0.80	0.90	1.97	1.70	0.60	0.90
30-year	1.89	1.69	1.53	1.76	1.31	0.99	1.05	1.15	1.25	1.30	1.35	1.40	2.18	1.76	1.15	1.40
Yield curve (10s-2s)	7	0	-22	0	28	24	25	30	35	40	45	55	11	0	30	55
United States																
Fed funds*	2.50	2.50	2.00	1.75	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	2.50	1.75	0.25	0.25
Three-month	2.40	2.12	1.88	1.55	0.11	0.16	0.15	0.15	0.15	0.15	0.15	0.15	2.45	1.55	0.15	0.15
Two-year	2.27	1.75	1.63	1.58	0.23	0.16	0.20	0.20	0.20	0.20	0.25	0.25	2.48	1.58	0.20	0.25
Five-year	2.23	1.76	1.55	1.69	0.37	0.29	0.30	0.30	0.35	0.40	0.45	0.50	2.51	1.69	0.30	0.50
10-year	2.41	2.00	1.68	1.92	0.70	0.66	0.65	0.75	0.80	0.85	0.95	1.00	2.69	1.92	0.75	1.00
30-year	2.81	2.52	2.12	2.39	1.35	1.41	1.45	1.50	1.55	1.60	1.65	1.70	3.02	2.39	1.50	1.70
Yield curve (10s-2s)	14	25	5	34	47	50	45	55	60	65	70	75	21	34	55	75
Yield spreads																
Three-month T-bills	-0.73	-0.46	-0.23	0.11	0.10	0.04	0.05	0.05	0.05	0.10	0.10	0.10	-0.81	0.11	0.05	0.10
Two-year	-0.72	-0.28	-0.05	0.12	0.19	0.13	0.10	0.10	0.10	0.10	0.10	0.10	-0.62	0.12	0.10	0.10
Five-year	-0.71	-0.37	-0.15	0.00	0.22	0.08	0.10	0.10	0.10	0.10	0.15	0.15	-0.62	0.00	0.10	0.15
10-year	-0.79	-0.53	-0.32	-0.22	0.00	-0.13	-0.10	-0.15	-0.15	-0.15	-0.15	-0.10	-0.72	-0.22	-0.15	-0.10
30-year	-0.92	-0.83	-0.59	-0.63	-0.04	-0.42	-0.40	-0.35	-0.30	-0.30	-0.30	-0.30	-0.84	-0.63	-0.35	-0.30

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

Interest rates—International

%, end of period

	19Q1	19Q2	19Q3	19Q4	20Q1	20Q2	20Q3	20Q4	21Q1	21Q2	21Q3	21Q4	2018	2019	2020F	2021F
United Kingdom																
Repo	0.75	0.75	0.75	0.75	0.10	0.10	0.10	0.10	-0.15	-0.15	-0.15	-0.15	0.75	0.75	0.10	-0.15
Two-year	0.63	0.62	0.37	0.54	0.13	-0.08	-0.10	-0.10	-0.25	-0.15	-0.10	-0.10	0.75	0.54	-0.10	-0.10
10-year	0.99	0.84	0.49	0.83	0.34	0.17	0.15	0.10	0.15	0.20	0.25	0.30	1.27	0.83	0.10	0.30
Euro Area																
Deposit rate	-0.40	-0.40	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.40	-0.50	-0.50	-0.50
Two-year	-0.60	-0.73	-0.74	-0.59	-0.69	-0.69	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.59	-0.59	-0.60	-0.60
10-year	-0.07	-0.33	-0.58	-0.19	-0.48	-0.45	-0.50	-0.40	-0.35	-0.30	-0.25	-0.20	0.25	-0.19	-0.40	-0.20
Australia																
Cash target rate	1.50	1.25	1.00	0.75	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	1.50	0.75	0.25	0.25
Two-year	1.47	0.98	0.76	0.92	0.24	0.25	0.20	0.20	0.20	0.20	0.20	0.20	1.89	0.92	0.20	0.20
10-year	1.78	1.32	1.01	1.37	0.77	0.87	0.85	0.85	0.90	0.95	0.95	0.90	2.32	1.37	0.85	0.90
New Zealand																
Cash target rate	1.75	1.50	1.00	1.00	0.25	0.25	0.25	0.00	-0.25	-0.25	-0.25	-0.25	1.75	1.00	0.00	-0.25
Two-year	1.62	1.35	0.92	1.25	0.52	0.19	0.00	-0.05	-0.10	-0.10	-0.10	-0.10	1.96	1.25	-0.05	-0.10
10-year	2.15	1.78	1.20	1.78	0.92	0.72	0.45	0.50	0.50	0.50	0.60	0.65	2.64	1.78	0.50	0.65

Outlook

Growth outlook

% change, quarter-over-quarter in real GDP

	19Q1	19Q2	19Q3	19Q4	20Q1	20Q2	20Q3	20Q4	21Q1	21Q2	21Q3	21Q4	2018	2019	2020F	2021F
Canada*	1.2	3.2	1.1	0.6	-8.2	-38.7	40.0	6.0	4.0	4.0	5.0	5.0	2.0	1.7	-6.0	4.9
United States*	2.9	1.5	2.6	2.4	-5.0	-31.7	30.0	1.0	2.5	5.0	4.0	4.5	3.0	2.2	-4.1	3.4
United Kingdom	0.7	-0.1	0.5	0.0	-2.2	-20.4	19.3	1.2	1.6	1.2	0.3	0.4	1.3	1.5	-9.1	6.5
Euro area	0.5	0.2	0.3	0.0	-3.6	-12.1	8.1	-2.8	1.8	3.8	3.0	0.4	1.9	1.3	-9.2	4.8
Australia	0.4	0.8	0.5	0.6	-0.3	-7.0	0.3	1.5	1.3	1.1	1.1	1.0	2.8	1.8	-4.2	2.4

*Seasonally adjusted annualized rates

Inflation outlook

% change, year-over-year

	19Q1	19Q2	19Q3	19Q4	20Q1	20Q2	20Q3	20Q4	21Q1	21Q2	21Q3	21Q4	2018	2019	2020F	2021F
Canada*	1.6	2.1	1.9	2.1	1.8	0.0	0.2	0.2	0.3	1.3	1.2	1.4	2.3	1.9	0.6	1.0
United States*	1.6	1.8	1.8	2.0	2.1	0.4	0.9	0.5	0.8	2.1	1.7	2.2	2.4	1.8	1.0	1.7
United Kingdom	1.8	2.0	1.9	1.4	1.7	0.7	0.5	0.8	0.7	1.3	1.4	1.5	2.5	1.8	0.9	1.2
Euro area	1.4	1.4	1.0	1.0	1.1	0.2	0.2	0.3	0.3	1.3	1.3	1.4	1.8	1.2	0.4	1.0
Australia	1.3	1.6	1.7	1.8	2.2	-0.3	1.0	0.9	1.1	2.3	2.2	2.2	1.9	1.6	1.3	2.0

Exchange rates

End of period

	19Q1	19Q2	19Q3	19Q4	20Q1	20Q2	20Q3	20Q4	21Q1	21Q2	21Q3	21Q4	2018	2019	2020F	2021F
AUD/USD	0.71	0.70	0.68	0.70	0.61	0.69	0.71	0.70	0.69	0.69	0.69	0.69	0.70	0.70	0.70	0.69
USD/CAD	1.33	1.31	1.32	1.30	1.41	1.36	1.32	1.34	1.35	1.35	1.34	1.33	1.36	1.30	1.34	1.33
EUR/USD	1.12	1.14	1.09	1.12	1.10	1.12	1.19	1.20	1.20	1.20	1.18	1.16	1.15	1.12	1.20	1.16
USD/JPY	110.9	107.9	108.1	108.6	107.5	107.9	102.0	97.0	97.0	99.0	101.0	103.0	109.7	108.6	97.0	103.0
USD/CHF	1.00	0.98	1.00	0.97	0.96	0.95	0.90	0.88	0.88	0.88	0.91	0.93	0.98	0.97	0.88	0.93
GBP/USD	1.30	1.27	1.23	1.33	1.24	1.24	1.29	1.28	1.26	1.25	1.23	1.21	1.28	1.33	1.28	1.21

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

Source: Reuters, RBC Economics Research forecasts

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