The Yield Curve
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2013 could well be a turning point for the bond market

HIGHLIGHTS

- The agreement that was reached in the last hours of 2012 to limit the negative consequences of the fiscal cliff on the U.S. economy amplified investors' optimism.
- Now that interest rates are moving away from last summer's historic lows to a significant degree, we have to wonder whether the famous bull market for bonds is finally over.
- For the short term, we would be inclined to bet on a rebound in the bond market. The trend favouring risky assets seems to be lasting a long time.
- However, the conditions for a sustainable rise in yields are likely to materialize by the end of this year.
- The Federal Reserve should continue its asset purchases at US$85B per month until the end of 2013. As for key interest rates, we foresee no hike before mid-2015.
- The Bank of Canada surprised investors in January, with a more-dovish-than-anticipated press release, along with downward adjustments to its short-term forecasts.
- We still believe that the Bank of Canada will have to bide its time until mid-2014, before being able to nudge its key interest rates up slightly.

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Editorial

The agreement that was reached in the last hours of 2012 to limit the negative consequences of the fiscal cliff on the U.S. economy (graph 1) amplified investors' optimism. After finishing the year at 1.75%, the U.S. 10-year yield has kept rising in recent weeks. Some encouraging economic statistics and the continued drop in financial tensions in Europe have also reduced the appeal of safe-haven securities. The U.S. 10-year yield was even pushed above 2.00% for the first time since last spring.

Graph 1 – Budget effects in 2013 of the components of the United States' fiscal cliff

	Fiscal cliff	Agreement
Expiry of the 2001, 2003 and 2010 tax measures	-US$221B	-US$15B
Temporary cut to the payroll tax	-US$95B	-US$95B
Other fiscal changes	-US$65B	+US$9B
Taxation related to healthcare	-US$18B	-US$18B
Debt ceiling agreement	-US$65B	-US$51B
Unemployment insurance	-US$26B	-US$4B
Payments to doctors	-US$11B	US$0B
Other	-US$105B	-US$102B
Total (deficit reduction in 2013)	-US$607B	-US$276B

Sources: Congressional Budget Office and Desjardins, Economic Studies

Now that interest rates are moving away from last summer's historic lows to a significant degree, we have to wonder whether the famous bull market for bonds is finally over (graph 2 on page 2). Given our conviction that bond yields have reached levels that are unsustainable in the medium term, it would be tempting to answer that question with a «yes». But the experience of recent years has proven the resilience of the bond market: significant increases in interest rates, as occurred at the end of 2010 and 2011, quickly gave way to a rally in the bond market.

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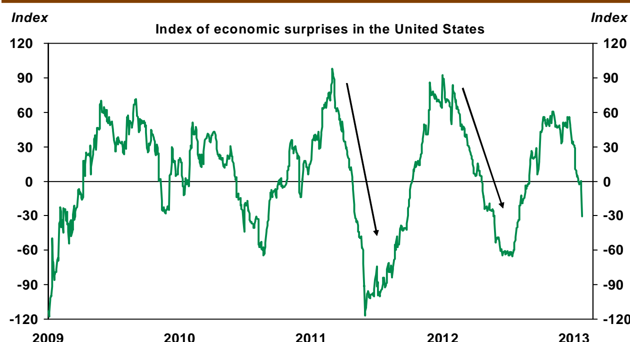
Graph 2 – After over 30 years of decline, did yields bottom out last summer?

Sources: U.S. Department of the Treasury and Desjardins, Economic Studies

Graph 3 – The disappointing data recently released in the United States are reminiscent of the disappointments of early 2011 and 2012



Sources: Datastream, Citigroup and Desjardins, Economic Studies

ONE LAST FALSE START?

For the short term, we would be inclined to bet on a rebound in the bond market. The trend favouring risky assets seems to be lasting a long time, given that the stock markets have not seen any serious setback in over six months, for instance. Moreover, the market’s optimism appears to be fragile, as some significant risks persist in the environment. Investors seem to be particularly complacent about the situation in the euro zone. While it is conceivable that the worst of the European crisis is behind us, huge problems remain, in that there is no sign of an end to the recession, nor of any hurry to carry out the institutional changes that are necessary to ensure the long-term survival of the monetary union.

The latest developments in the United States are more encouraging. A few disappointments are also looming there, however, once the effects of austerity measures begin to make themselves felt, and the negotiations on budget allocations are bound to be tough. Here again, the experience of recent years tells us to be cautious about signs of improvement in economic conditions in the United States; periods of positive surprises have frequently been followed by significant disappointments (graph 3). The unexpected dip in GDP in the last quarter of 2012 (even though it stems mainly from one-off factors) and the decline in household confidence may be the first signs of this. The weakness of inflation and the clear signal sent by the central banks, even in Canada, that they will not hurry to tighten their monetary policy, should also give some support to the bond market in the coming months.

A MORE SUSTAINABLE INCREASE IN YIELDS IN THE SECOND HALF OF 2013

Professional investors wishing to gamble on a rally in the bond market in the short term must do so with great caution and with the awareness that, in all probability, bond yields will go up significantly sooner or later. For a more ordinary investor with a medium- to long-term horizon, bonds offer very little appeal. The rate of interest paid does not even cover the loss of purchasing power caused by inflation, and the era of large capital gains seems to be mostly over. Bondholders must even prepare to incur capital losses, since the conditions for a sustainable rise in yields are likely to materialize by the end of this year.

ECONOMIC AND FINANCIAL RISKS SHOULD DIMINISH

Uncertainty will continue to prevail in the U.S. political arena in the short term. Negotiations over spending cuts will be the focus of ongoing media attention, and new austerity measures are likely to further curb economic growth in the first half of 2013. The worst scenarios, i.e. a massive tax increase that would have plunged the United States back into recession, or a default by the U.S. government, have pretty much been ruled out. Therefore, U.S. political risks should be much less of a factor in the second half of the year, and this should enable the country’s economy to capitalize on its strong points (recovery of the real estate sector, improvement in household finances, energy boom, etc.). The improvement in the eurozone is likely to be more gradual, but some upturn is foreseeable here as well by the end of 2013.

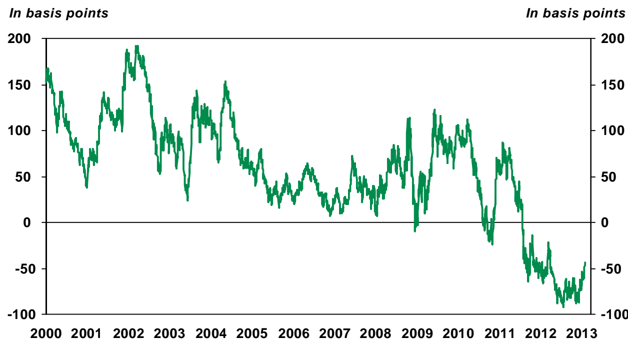
THE FEDERAL RESERVE INFLUENCE SHOULD DIMINISH

The real turning point for the bond market is likely to come when the markets get the impression that the Federal Reserve's (Fed) third quantitative easing program (QE3) is drawing to a close. Some Fed leaders have recently acknowledged that the continuing expansion of the central bank's balance sheet could lead to problems, and that we should not talk about a "QE Infinity". For the time being, the Fed is clearly dissatisfied with the economic conditions and the job market in the United States, and indications are that the third easing program will continue for several months to come. But if the economy improves, as we expect it to do, starting in the spring, the Fed should gradually shift course in the second half of the year, and put a halt to QE3 at the beginning of 2014.

A GRADUAL RETURN TO NORMAL

Two of the forces that have dominated the bond market in recent years, i.e. the fear of an imminent crisis and massive purchases by the Fed, are likely to gradually lose their influence starting mid-year. This should enable bond yields to begin a true rally to more normal levels. While economic and financial conditions will continue to justify very low yields from a historical perspective, with inflation staying weak and the Fed keeping its key interest rate at floor level until late in 2015, we should expect real yields and term premiums (graph 4) to gradually move back into positive territory.

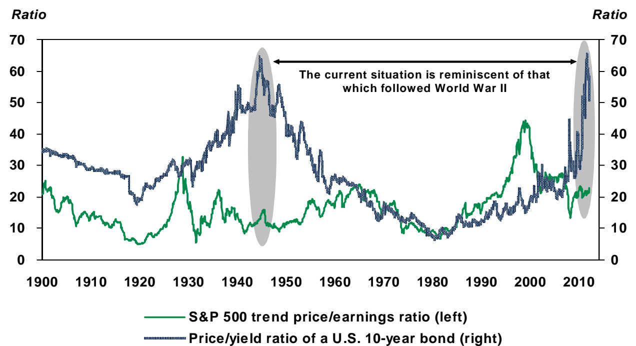
Graph 4 – The term premium on a U.S. 10-year bond should gradually return to positive territory



Sources: Federal Reserve Board and Desjardins, Economic Studies

The Fed's desire to prevent an overly sharp increase in yields, and the great need for bonds on the part of certain institutional investors, especially pension funds, should produce a very gradual increase in bond yields. We are therefore calling for a U.S. 10-year yield of 2.05% at the end of 2013 and 2.50% at the end of 2014. However, we must take into account the possibility of sharper bond market normalization. This could happen if investors decided to move their funds, on a massive scale, to the stock market, which currently is far more appealing (graph 5). Under that scenario, U.S. and Canadian 10-year yields could quickly climb back close to 3.0%.

Graph 5 – Bonds appear extremely expensive compared with the stock market



Sources: Global Financial Data, Robert Shiller, Datastream and Desjardins, Economic Studies

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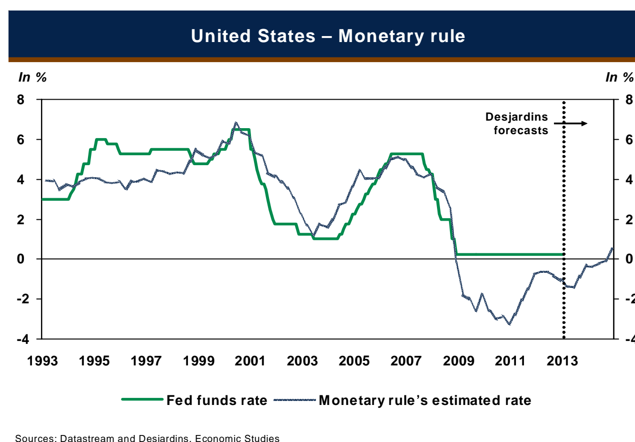
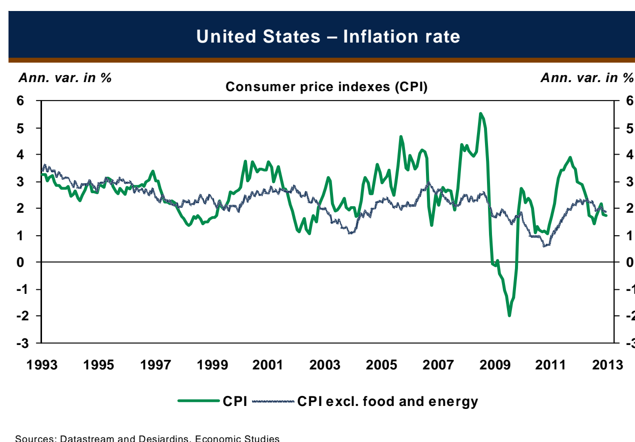
FEDERAL RESERVE

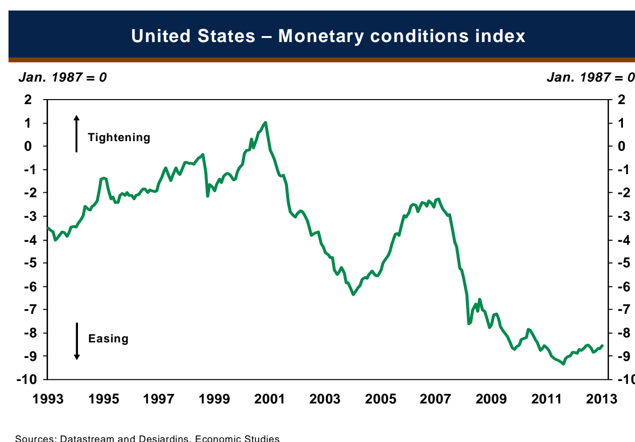
Comforted by the weakness of the economy, the Federal Reserve stays the course

- In announcing, in December, with great fanfare, that it would expand its third wave of monetary easing and set conditional thresholds for unemployment, inflation and expectations of inflation, the Federal Reserve (Fed) was gambling that economic growth would remain disappointing in the short term. In general, the latest economic data have proven it right. What first comes to mind, of course, is the surprise negative real GDP growth in the fourth quarter of 2012. But that 0.1% downturn was not all bad news: there were good performances by consumption, business investment in equipment and software, and residential investment. Unfortunately, these positive factors were not enough to offset the negative influence of changes in inventory, net exports and government spending. In addition, we saw sluggish home sales (hopefully temporary) and a decline in consumer confidence, in December.
- This deterioration in household sentiment is what is most worrying, as we already know that it intensified in January, probably an effect of the fiscal cliff. Even though the cliff was partly avoided, the reality of tax increases will affect household income. This negative consequence comes on top of persistent budget uncertainty. As such, Automatic spending cuts of US$51B could occur on March 1, and the federal government still does not have a budget to finance its activities after March 27. Fortunately, Republicans have abandoned the idea of starting another argument over raising the debt ceiling; on January 23, they adopted a resolution to postpone this debate to May.
- The economic environment would have to change dramatically for the Fed to deviate from the approach it adopted at the end of 2012, suggesting that it would continue with QE3 until the end of 2013. Despite real GDP fluctuations, the jobless rate and inflation trends are fairly stable. As far as inflation is concerned, we note pronounced weakness in the prices of goods excluding food and energy, which, in December, posted their largest annualized quarterly drop (-1.6%) since 2008. For 2013 as a whole, total inflation should reach a mere 1.5%. With respect to the job market, improvement in the unemployment rate will likely be very gradual: from 7.9% in January, it should reach 7.5% in December 2013, well above the Fed's threshold of 6.5%.

Forecasts: Asset purchases should continue at US$85B per month until the end of 2013. As for key interest rates, we foresee no hike before mid-2015.





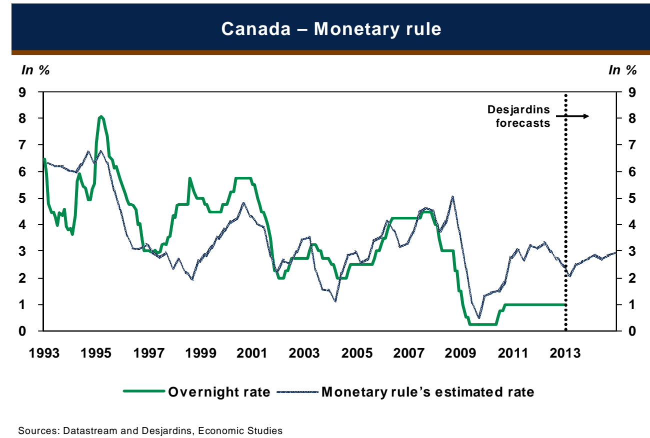


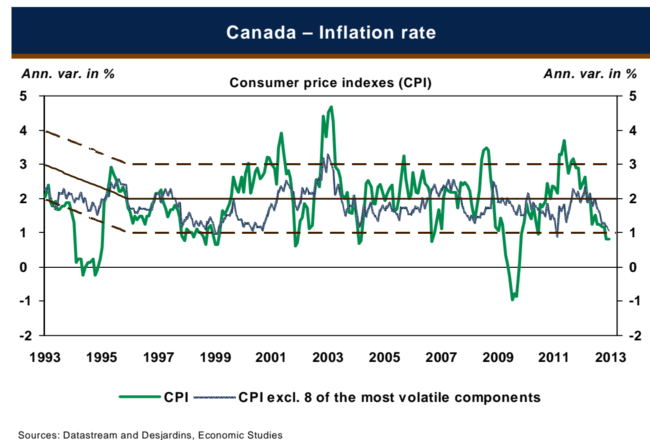
BANK OF CANADA

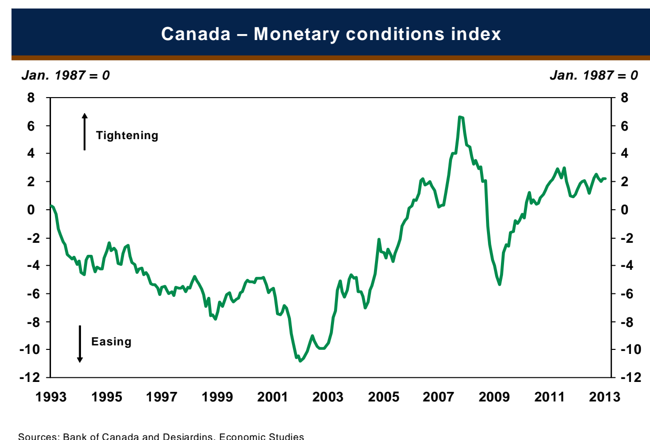
Monetary authorities delay interest rate hikes

- The Canadian economy seems to have become increasingly troubled in recent quarters. For one thing, international merchandise trade continues to suffer from the weakness in global demand, while the recession in Europe drags on and the uncertainties in the United States have yet to be dispelled. For another, a slowdown is materializing in the real estate market, with a decline in housing starts and a pullback in sales of existing homes.
- Instead of gradually rising as expected, the annual change of the total consumer price index stayed flat in December 2012, at 0.8%. This was the second straight month of inflation below the lower end of the Bank of Canada's (BoC) target range. Barring a strong surge in prices in the months ahead (which would be surprising given the current economic situation), this state of affairs could extend into next spring. The inflation trend is in fact very weak: the annual change in the core index was close to the lower end of the range last December as well. According to our projections, core inflation could remain between 1% and 2% for a good part of the year 2013.
- Given these conditions, the BoC has just revised its forecasts, downwards. Not only has the real GDP growth outlook for the fourth quarter of 2012 been reduced significantly (to 1.0%, instead of 2.5%), the gain expected in 2013 has been pulled down from 2.3% to 2.0% as well. However, one wonders whether this downward revision by the BoC goes far enough. According to the forecasters' consensus, Canadian real GDP growth could come in at just 1.8% in 2013, and at 2.4% in 2014. This means that the negative gap between actual production and its full potential would not be closed until mid-2015 according to our estimates, rather than the second quarter of 2014 as the BoC is estimating.
- The BoC has also changed its tune regarding future key interest rate increases, hinting that they will take place later than previously foreseen. According to the monetary authorities: "While some modest withdrawal of monetary policy stimulus will likely be required over time, consistent with achieving the 2 per cent inflation target, the more muted inflation outlook and the beginnings of a more constructive evolution of imbalances in the household sector suggest that the timing of any such withdrawal is less imminent than previously anticipated."

Forecasts: If, as most forecasters seem to expect, economic growth proves to be more sluggish than the BoC's new predictions, the monetary authorities will probably have to take a step further. For example, they might simply eliminate any mention of future monetary tightening, or of a specific time frame for it, which would push rate hikes quite far into the future, a scenario similar to that of the Federal Reserve. We still believe that the BoC will have to bide its time until mid-2014, before being able to nudge its key interest rates up slightly.







OVERSEAS CENTRAL BANK

A waiting game in Europe

EUROPEAN CENTRAL BANK (ECB)

- The less tense financial situation in the euro zone seems to have considerably reassured the ECB, even though it had opened the door to a further cut in its key interest rates last December. Financial factors still figure prominently in the ECB's analysis and its decisions. It believes it can influence the operation of the financial system and the transmission of monetary policy but, as far as a lasting return to growth is concerned, the main levers are in the hands of governments.
- Despite the position adopted by the ECB, monetary easing is still a possibility in the first half of the year. New financial difficulties and disappointments about European economic trends could quickly inject volatility back into the financial markets and wipe out some of the progress recently noted by the ECB. While some indicators have shown signs of stabilizing lately, others, like the rise in the unemployment rate and the recent trouble in the German and French economies, do not suggest that a turning point has been reached in the euro zone's economic cycle.

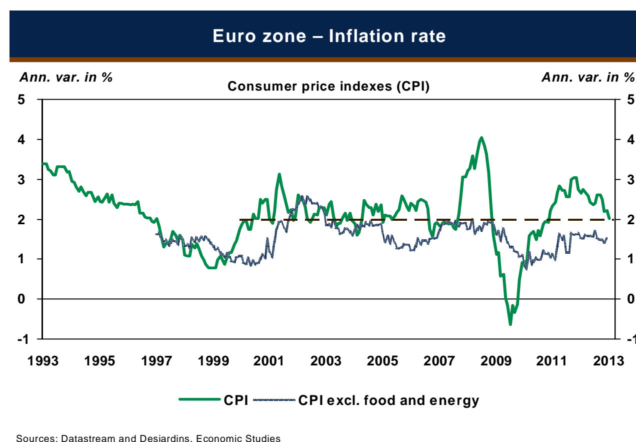
BANK OF ENGLAND (BoE)

- The BoE's asset purchase program came to an end in November, and it seems unlikely that it will be reactivated in the short term. Instead, the BoE is counting on its Funding for Lending program to revive lending. Some indicators show that this tool is beginning to have some effect. For instance, the most recent Credit Conditions Survey revealed some easing on that point. The monetary policy committee's decision to halt asset purchases was not unanimous. One member proposed adding £25B worth of assets but, in order for more committee members to support that idea, the United Kingdom's economic recovery will have to be weaker than expected. The inflation rate, which is struggling to get back below the 2% target, is further limiting the BoE's leeway.

BANK OF JAPAN (BoJ)

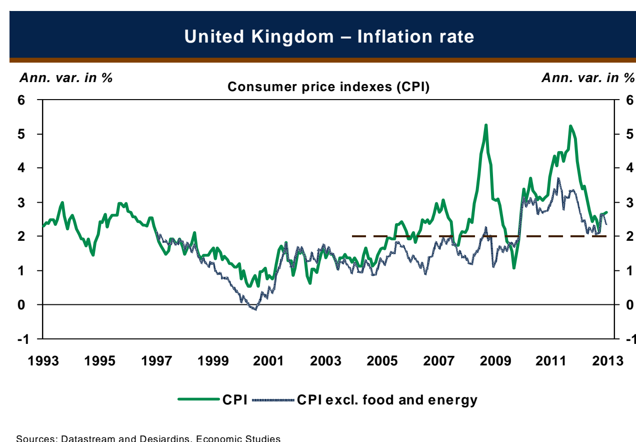
- After expanding its asset purchase program by another round of ¥10,000B in December, the BoJ announced new measures in January. It raised its inflation target to 2% (it was previously 1%) and announced that, starting in 2014, it would keep buying assets indefinitely. The Liberal Democratic Party's rise to power at the end of the year added more pressure for the BoJ to do more. The disappointing economic situation and the persistence of deflation also demanded further action. Indeed, it is probable that additional measures will be announced during the year. For the time being, the purchases planned for 2014 will add just ¥10,000B of net assets to the BoJ's balance sheet, clearly not much.

Euro zone – Inflation rate



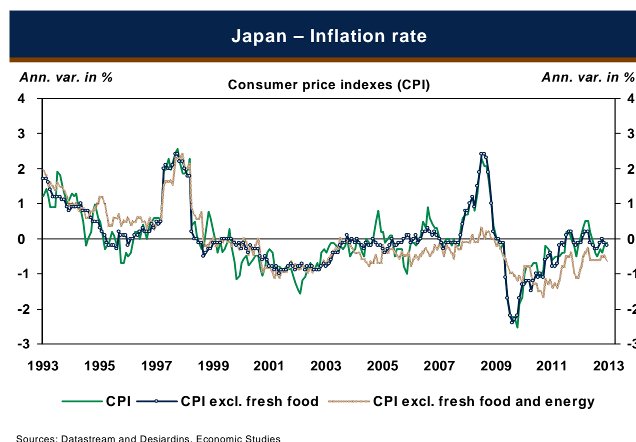
Sources: Datastream and Desjardins, Economic Studies

United Kingdom – Inflation rate



Sources: Datastream and Desjardins, Economic Studies

Japan – Inflation rate



Sources: Datastream and Desjardins, Economic Studies

Desjardins Economic Studies

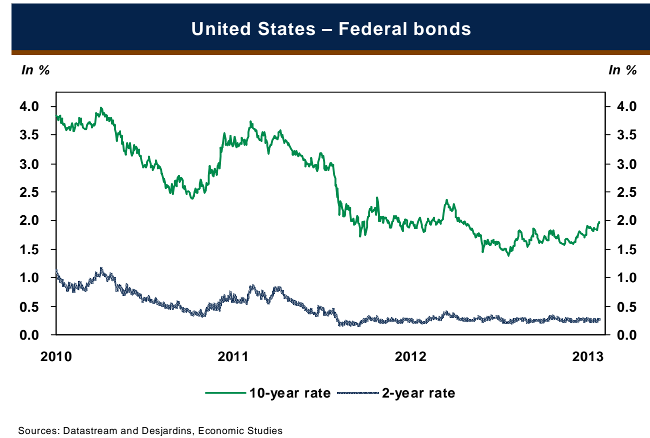
BOND MARKET

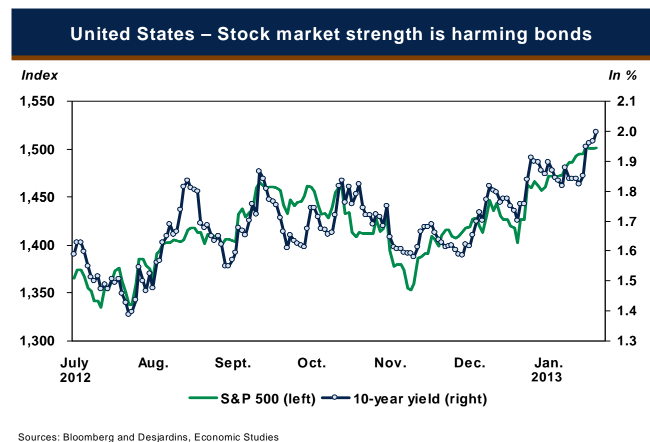
A bit more clarity on the political front, but more economic uncertainty

U.S. FEDERAL BONDS

- The upward march in bond yields in January reflects three key developments. First, the dampening of the fiscal shock by U.S. leaders through an agreement to avoid tax increases for all tax-payers, has lessened the probability of recession. Second, the Republicans' initiative to temporarily suspend the debt ceiling gives reason to believe that they are committed to avoiding an episode similar to the one that took place in August 2011. Third, favourable corporate earnings' results for the fourth quarter of 2012 were greeted with enthusiasm by stock markets, triggering a rebalancing of portfolios to the detriment of bonds, which offer little potential for appreciation. Following these events, the yields on 10- and 30-year bonds gained around 25 basis points through January.
- While there is little doubt that bond yields will eventually rise, the near-term horizon is still strewn with obstacles. For one thing, a fierce battle is looming regarding an agreement on the draconian budget cuts that are to take effect next March. Failure to reach an agreement would trigger spending cuts that would withdraw approximately 0.6 percentage points from U.S. economic growth. Meanwhile, economic indicators to be released in February will reflect the effect of higher tax rates, and some downward surprises could be in store. In other words, the subsiding political uncertainties will be replaced with growing macroeconomic uncertainties. In particular, it will be important to keep an eye on how job creation reacts: should it be negatively affected, it may be necessary to re-evaluate the length of time it will take to reach the Federal Reserve's (Fed) unemployment target of 6.5%. In short, uncertainty of all sorts will remain strong in the months to come. The 10-year yield should stay within a range of 1.80% to 2.00%.
- Nevertheless, we are still convinced that a sustainable upward adjustment will be possible in the second half of the year. Our economic scenario calls for growth strengthening to take hold as of the summer. Even if the Fed decides to put a halt to its purchases before the end of the year, the unemployment rate threshold dictating the horizon of the first rate hike will ensure a relatively gradual adjustment of the rate structure in the United States.

Forecasts: We are slightly adjusting our yield targets upwards, to take into account the recent, more positive developments, especially those regarding the progress of negotiations over the U.S. budget crisis. However, given the challenges that remain, we do not expect the key threshold of 2.0% to be passed sustainably until the second half of the year. With the unemployment rate expected to be 7.5% at the end of 2013, still relatively far from the 6.5% target set by the Fed, short-term yields should remain firmly anchored. Longer-term yields are subject to a slight upward risk, however, in the event that the Fed halts its bond purchases sooner than planned.

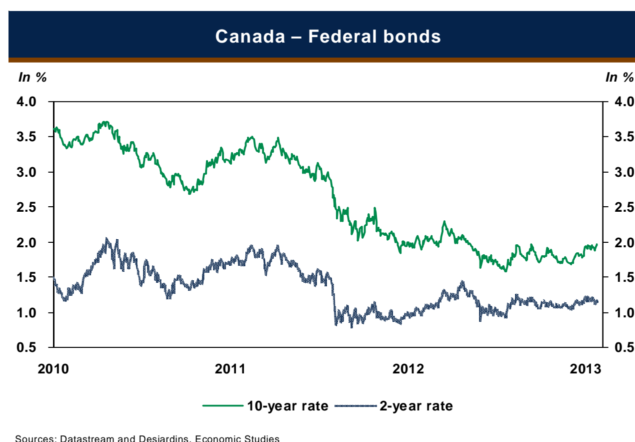




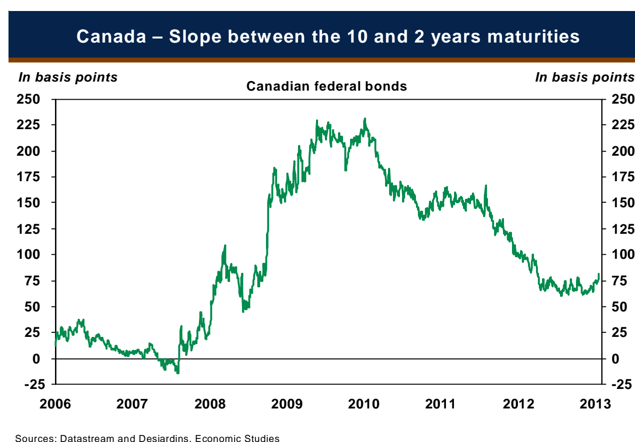
CANADIAN FEDERAL BONDS

- The slope of the Canadian yield curve may well have reached a bottom in the last quarter of 2012. Since the start of 2013, some steepening has been observed in the short portion of the curve. The phenomenon was triggered by the last-minute announcement that an agreement had been reached in the United States to prevent some aspects of the fiscal cliff from taking effect. From that point on, the back end of the curve followed the trend set by U.S. bonds, with 10-year and 30-year yields rising by approximately 25 basis points to reach 2.04% and 2.63% respectively by February 1st. The Bank of Canada (BoC) also surprised investors in January, with a more-dovish-than-anticipated press release, along with downward adjustments to its short-term forecasts. These changes triggered a slight pullback of shorter-term yields, making the curve even steeper.
- The weeks ahead could bring volatility to the Canadian curve. The short end will probably enjoy support for two reasons. First, the BoC's press release reaffirms to investors the importance of inflation and growth trends in its reaction function. We must point out, though, that, even though the BoC has revised its forecast for GDP growth in 2013 downwards, the 2.3% annualized growth called for in the first quarter is still quite a bit more optimistic than our projection of 1.8%. Another disappointment to BoC expectations, as happened frequently in 2012, could bring other changes to its stance. Secondly, the reference to "a more constructive evolution of imbalances in the household sector" in the BoC's press release hints that talk of a future rate increase could soon be withdrawn entirely. That event, which, incidentally, is included in our scenario, could support short-term bonds.
- Meanwhile, the long portion will continue to be influenced by developments in the United States, and could receive support once more if an agreement is not reached on budget cuts, and if statistics demonstrate a severe austerity impact early in the year. To the extent that this effect predominates, the reaction might well be bull flattening.

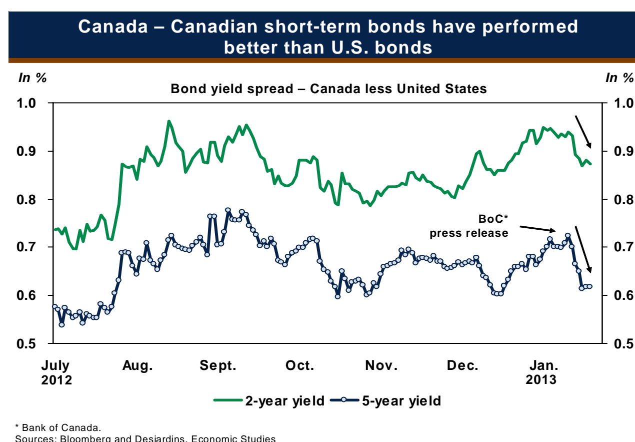
Forecasts: The Canadian yield curve could see some degree of volatility in the coming weeks, given that the BoC is becoming a bit more dovish and negotiations in the United States are about to enter a critical phase. Key will be what the predominant effect turns out to be. We are making slight upward adjustments to our yield targets to take recent development into account, but a sustained steepening of the curve is probably not in the cards until the summer.



Sources: Datastream and Desjardins, Economic Studies



Sources: Datastream and Desjardins, Economic Studies



* Bank of Canada.
Sources: Bloomberg and Desjardins, Economic Studies

Table 1
Key interest rates

End of period in %	2012				2013				2014			
	Q1	Q2	Q3	Q4	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f
United States												
Federal funds	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Canada												
Overnight funds	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.50	1.50
Euro zone												
Refinancing rate	1.00	1.00	0.75	0.75	0.75	0.50	0.50	0.50	0.50	0.50	0.50	0.50
United Kingdom												
Base rate	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Japan												
Overnight funds	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10

f: forecasts
Sources: Datastream and Desjardins, Economic Studies

Table 2
Schedule and key rates

Date	Central Bank	Decision	Rate
October 2012			
31	Bank of Norway	s.q.	1.50
November 2012			
5	Reserve Bank of Australia	s.q.	3.25
8	European Central Bank	s.q.	0.75
8	Bank of England	s.q.	0.50
19	Bank of Japan	s.q.	0.10
28	Bank of Brazil	s.q.	7.25
30	Bank of Mexico	s.q.	4.50
December 2012			
3	Reserve Bank of Australia	-25 b.p.	3.00
4	Bank of Canada	s.q.	1.00
5	Reserve Bank of New Zealand	s.q.	2.50
6	European Central Bank	s.q.	0.75
6	Bank of England	s.q.	0.50
12	Federal Reserve	s.q.	0.00 / 0.25
13	Swiss National Bank	s.q.	0.00
18	Bank of Sweden	-25 b.p.	1.00
19	Bank of Norway	s.q.	1.50
19	Bank of Japan	s.q.	0.10
January 2013			
10	European Central Bank	s.q.	0.75
10	Bank of England	s.q.	0.50
16	Bank of Brazil	s.q.	7.25
18	Bank of Mexico	s.q.	4.50
21	Bank of Japan	s.q.	0.10
23	Bank of Canada	s.q.	1.00
30	Reserve Bank of New Zealand	s.q.	2.50
30	Federal Reserve	s.q.	0.00 / 0.25

s.q.: status quo; b.p. : basis points
Source: Desjardins, Economic Studies

Table 3
Coming soon

Date	Central Bank
February 2013	
5	Reserve Bank of Australia
7	European Central Bank
7	Bank of England
12-13	Bank of Sweden
14	Bank of Japan
March 2013	
5	Reserve Bank of Australia
6	Bank of Brazil
6	Bank of Canada
7	European Central Bank
7	Bank of England
7	Bank of Japan
8	Bank of Mexico
14	Bank of Norway
14	Reserve Bank of New Zealand
14	Swiss National Bank
20	Federal Reserve
April 2013	
2	Reserve Bank of Australia
4	European Central Bank
4	Bank of England
4	Bank of Japan
16-17	Bank of Sweden
17	Bank of Brazil
17	Bank of Canada
24	Reserve Bank of New Zealand
26	Bank of Japan
26	Bank of Mexico

Source: Desjardins, Economic Studies

Table 4
United States: fixed income market

End of period in %	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1f	2013 Q2f	2013 Q3f	2013 Q4f	2014 Q1f	2014 Q2f	2014 Q3f	2014 Q4f
Key rate												
Federal funds	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Treasury bills												
3-month	0.07	0.09	0.10	0.05	0.10	0.10	0.10	0.10	0.10	0.15	0.20	0.25
Federal bonds												
2-year	0.35	0.32	0.24	0.24	0.25	0.25	0.25	0.30	0.35	0.40	0.45	0.50
5-year	1.03	0.72	0.61	0.70	0.80	0.75	0.80	0.90	1.00	1.15	1.30	1.45
10-year	2.22	1.66	1.64	1.75	1.85	1.80	1.90	2.05	2.15	2.25	2.35	2.50
30-year	3.35	2.77	2.83	2.94	3.00	2.90	3.00	3.10	3.20	3.35	3.50	3.65
Yield curve												
5-year - 3-month	0.96	0.63	0.51	0.65	0.70	0.65	0.70	0.80	0.90	1.00	1.10	1.20
10-year - 2-year	1.87	1.34	1.40	1.51	1.60	1.55	1.65	1.75	1.80	1.85	1.90	2.00
30-year - 3-month	3.28	2.68	2.73	2.89	2.90	2.80	2.90	3.00	3.10	3.20	3.30	3.40

f: forecasts
Sources: Datastream and Desjardins, Economic Studies

Table 5
Canada: fixed income market

End of period in %	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1f	2013 Q2f	2013 Q3f	2013 Q4f	2014 Q1f	2014 Q2f	2014 Q3f	2014 Q4f
Key rate												
Overnight funds	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.50	1.50
Treasury bills												
3-month	0.92	0.88	0.97	0.92	0.90	0.95	1.00	1.00	1.00	1.20	1.50	1.50
Federal bonds												
2-year	1.20	1.03	1.07	1.14	1.10	1.10	1.10	1.15	1.30	1.55	1.75	1.85
5-year	1.57	1.25	1.27	1.36	1.40	1.40	1.45	1.60	1.80	2.00	2.15	2.30
10-year	2.11	1.74	1.73	1.80	1.90	1.90	2.00	2.15	2.30	2.40	2.50	2.65
30-year	2.66	2.33	2.32	2.37	2.50	2.45	2.55	2.70	2.80	2.95	3.10	3.25
Yield curve												
5-year - 3-month	0.65	0.37	0.30	0.44	0.50	0.45	0.45	0.60	0.80	0.80	0.65	0.80
10-year - 2-year	0.91	0.71	0.66	0.66	0.80	0.80	0.90	1.00	1.00	0.85	0.75	0.80
30-year - 3-month	1.74	1.45	1.35	1.45	1.60	1.50	1.55	1.70	1.80	1.75	1.60	1.75
Spreads (Canada - U.S.)												
3-month	0.85	0.79	0.87	0.87	0.80	0.85	0.90	0.90	0.90	1.05	1.30	1.25
2-year	0.85	0.72	0.83	0.90	0.85	0.85	0.85	0.85	0.95	1.15	1.30	1.35
5-year	0.54	0.53	0.66	0.66	0.60	0.65	0.65	0.70	0.80	0.85	0.85	0.85
10-year	-0.11	0.08	0.09	0.05	0.05	0.10	0.10	0.10	0.15	0.15	0.15	0.15
30-year	-0.69	-0.44	-0.51	-0.57	-0.50	-0.45	-0.45	-0.40	-0.40	-0.40	-0.40	-0.40

f: forecasts
Sources: Datastream and Desjardins, Economic Studies