The Yield Curve

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Monetary policies set to become increasingly out of sync

HIGHLIGHTS

- Investor nervousness turned into a full blown panic at the beginning of October. The U.S. stock market has rebounded spectacularly since then, while the recovery in bond yields was more restrained and oil prices remained at floors levels.
- Lower oil prices will complicate things for some central banks which are already grappling with excessively low inflation, especially the European Central Bank.
- The Federal Reserve has ended its third quantitative easing program and the fairly upbeat tone of its statement means that we maintain our forecast for a gradual rise in key rates as of mid-2015.
- Despite some more positive signs, especially from international trade, there are still significant uncertainties surrounding the Canadian economic outlook.
- The Bank of Japan surprised investors on October 31 by increasing the pace of its asset purchases to expand its monetary base to ¥80,000B annually.

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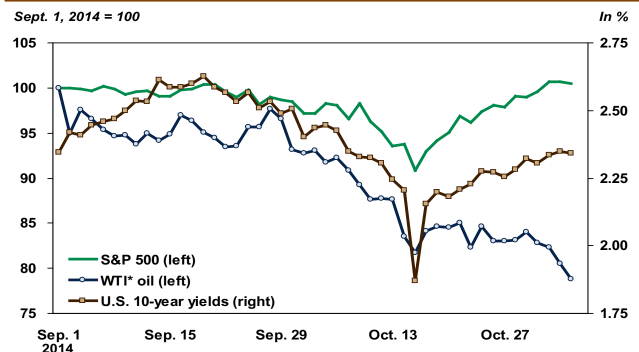
Editorial

The month of October was turbulent for investors. Investor nervousness turned into a full blown panic as of October 9, driven by fears of a third recession in the euro zone and of an Ebola epidemic in the United States. Several stock exchanges declined by more than 5% within just a few sessions, and the U.S. 10-year yield fell temporarily below 1.90%, a level we never imagined revisiting in the current economic cycle. The downtrend in oil prices also accelerated suddenly, bringing prices to lows not seen in more than five years.

As is often the case, investor confidence recovered almost as quickly as it collapsed. Reassuring economic data, corporate results and a few Federal Reserve (Fed) leaders' comments, which seemed to open the door to an extension of quantitative measures, helped to stop the panic. The U.S. stock market rebounded spectacularly, reaching a new peak, while the recovery in bond yields was more restrained and oil prices remained at floors levels (graph 1).

Graph 1 – The S&P 500 quickly bounced back, but oil prices remain depressed



* West Texas Intermediate.
Sources: Datastream and Desjardins, Economic Studies

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Note to readers: The letters **k**, **M** and **B** are used in texts and tables to refer to thousands, millions and billions respectively.
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WHAT HAS CHANGED?

Now that calm has been restored, we have to ask ourselves if something has actually changed in the last few months that would prompt us to revise our interest rate forecasts. A first noteworthy change: everything indicates that oil prices will remain at a lower level than previously expected.

The main fundamental reasons for weak oil prices have been known for several months—the spectacular surge in North American oil production and the recent weakness in global demand growth, especially in China. The biggest surprise was Saudi Arabia's recent response to plummeting prices, as this country preferred lowering its prices to protect its market share instead of unilaterally cutting production to rebalance the global crude market.

Some believe that Saudi Arabia is trying to bring down oil prices to hinder other oil-producing countries, like Iran, and to reign in non-conventional oil development in North America. Others even entertain the notion of a conspiracy between the United States and Saudi Arabia to attack Russia. This last theory seems highly unlikely to us, given the significant tensions between the Obama administration and Saudi leaders. In our opinion, nothing indicates any major change in the Saudi policy. This country continues to strive for an ideal price of about US$100 per barrel. If Saudi Arabia did not respond immediately to the recent price drop, it is probably because it was hoping prices would rise on their own, once the markets calmed down. Also, it would probably prefer to act in step with the rest of the Organization of the Petroleum Exporting Countries (OPEC) if production really had to be curtailed. In this environment, we expect oil prices to recover somewhat in the next few quarters, especially if the global economy accelerates.

Despite our scenario of rising oil prices, crude oil prices will remain weaker than what almost everyone anticipated a few months ago. This will complicate things for some central banks which are already grappling with excessively low inflation, especially the European Central Bank (ECB). Easing inflation pressures do not bode well either for the Bank of Japan (BoJ), which boosted its securities purchases once again. As a result, the main aftereffects of October's events are lower oil prices, weaker inflation pressures in the short term and the confirmation that monetary policies in Europe and Japan will remain highly expansionist for several more months.

THE FEDERAL RESERVE STAYS THE COURSE

The Federal Reserve's (Fed) statement of October 29 confirmed that it was not overly concerned about recent developments. Of note, the data from the United States remain encouraging overall and the major drop in gas prices is excellent news for the U.S. economy. The Fed has thus ended its third quantitative easing program and the fairly upbeat tone of its statement means that we maintain our forecast for a gradual rise in key rates as of mid-2015, despite an international backdrop that will remain difficult.

This widening gap in monetary policies is an issue investors will undoubtedly keep an eye on in the next few quarters. While the Fed, the Bank of England and, to a lesser extent, the Bank of Canada should increasingly consider firming their monetary policy, everything indicates that the ECB and BoJ will have to maintain their non-conventional measures for some time. In contrast, the central banks of Brazil and Russia recently had to raise their key rates to support their currencies and battle inflation. A difficult and uncertain international environment should support demand for North American bonds, and by extension, limit long-term yield increases.

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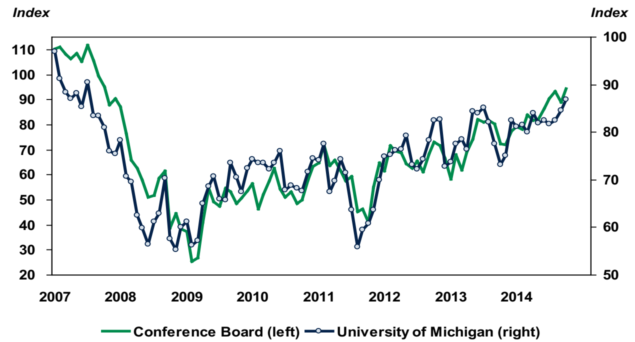
FEDERAL RESERVE

Solid economic growth allows the Federal Reserve to end QE3

- The U.S. economy continued its good momentum in the third quarter of 2014 with real GDP up 3.5%, a bit higher than the consensus forecast. This solid growth, which undoubtedly reassured Federal Reserve (Fed) monetary policy committee members, was accompanied by strong gains in the job market. Several factors point to continued good news for the U.S. economy. Despite fears tied to geopolitical issues, Ebola and the fluctuating financial markets, consumer confidence recently improved (graph 2). This good mood was given a boost by sharply falling gas prices, which are now below US$3.00 per gallon on average for the first time since January 2011 (graph 3). At the start of the summer, the price for a gallon of gas was over US$3.60.
- The retreat by energy prices is also having an impact on inflation and inflation expectations. Gas prices tend to decrease in the second half of the year, but the drop is currently much steeper than usual. Consumer price growth is therefore being dragged down by gasoline. Other components, including housing and food costs, are offsetting this pressure but, overall, the results are rather disinflationary. This effect has been fully priced in by the financial markets: inflation expectations implicitly calculated by Treasury inflation-protected securities are down considerably. However, as they usually are, household surveys are much more stable with regard to inflation expectations (graph 4). The Fed noted this disparity in the statement issued after its meeting that ended on October 29. Without showing too much concern for the downward shift in market inflation expectations and instead focusing on the overall portrait taking shape before it, the Fed gave itself more leeway. As expected, it decided to end its bond purchasing program. It was also a bit more hawkish than some observers expected.

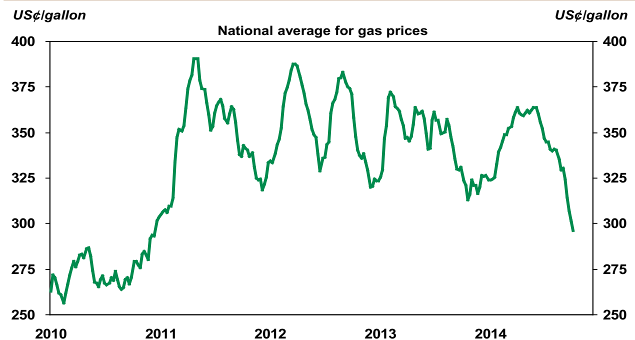
Forecasts: In October, the Fed did not significantly change the sentence in its statement indicating that it would likely be appropriate to maintain the current target range for federal funds for a considerable time after the asset program purchase ended. This forward guidance should be modified in December, though, when Fed leaders release their new forecasts and Chair Yellen will be able to further explain the Fed's reasoning in a press conference. This would be in line with a first key rate hike in June 2015. The top of the target range for the federal funds rate should be 1.25% by the end of next year.

Graph 2 – U.S. consumer confidence improves



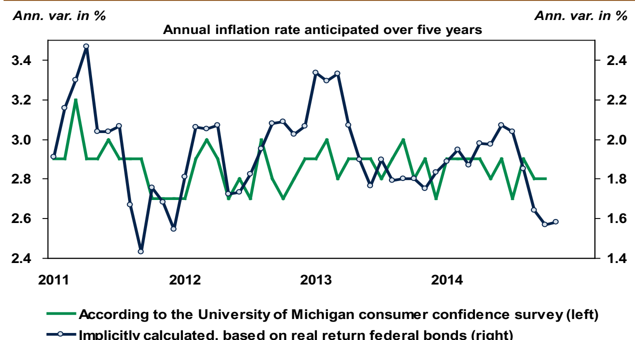
Sources: Conference Board, University of Michigan and Desjardins, Economic Studies

Graph 3 – Gas prices are plummeting



Sources: Energy Information Administration and Desjardins, Economic Studies

Graph 4 – Consumers' inflation expectations remain relatively stable



Sources: University of Michigan, Bloomberg and Desjardins, Economic Studies

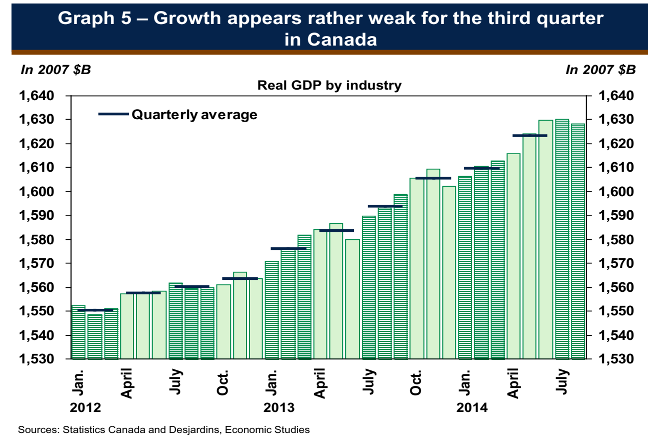
BANK OF CANADA

Economic outlook still fraught with uncertainty

- The most recent results for Canada's economy are rather disappointing. After a lively spring with real GDP by industry rising 0.5% in May and 0.3% in June, the first two months of the summer posted stagnating growth (graph 5). Under these conditions, our predicted 2.5% increase by real GDP for the third quarter as a whole has become overly optimistic. We must now expect growth nearer to 1.5% in the summer; this is disappointing given the initial expectations. This spotlights the climate of uncertainty surrounding Canadian economic outlook.
- In its latest *Monetary Policy Report*, the Bank of Canada (BoC) emphasized the uncertain nature of economic conditions and of the different projections. That being said, we feel that the monetary authorities were overall a bit more optimistic about the growth outlook. The BoC also notes that the movement by Canadian exports is encouraging.
- According to our most recent estimates, the negative output gap could be closed by late 2015 (graph 6). This is a slightly more optimistic projection than the BoC's, which stated that the Canadian economy would not return to full capacity until the second half of 2016.
- The total annual inflation rate edged down over the last few months, going from 2.4% in June to 2.0% in September. The combination of arithmetic effects and falling energy prices should help to bring down inflation a bit more in the coming months (graph 7).
- According to the BoC, imbalances in the household sector could rise further, given the lively housing markets in some parts of the country and consumer spending's recent strength. If we also factor in some positive developments in North America's economic landscape, this clearly influenced the BoC's decision to withdraw its remark on its neutrality on the timing and direction of the next change to key interest rates. We can therefore assume that the monetary authorities are now ruling out the possibility of having to cut the target for the overnight rate.

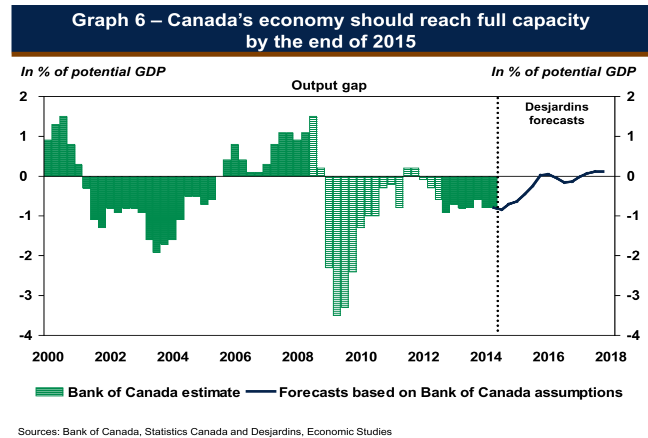
Forecasts: Despite some more positive signs, especially from international trade, there are still significant uncertainties surrounding the economic outlook. Under these conditions, the BoC will hold to the status quo for its monetary policy for several more quarters. The first hike to the target for the overnight rate should be ordered in the fall of 2015.

Graph 5 – Growth appears rather weak for the third quarter in Canada



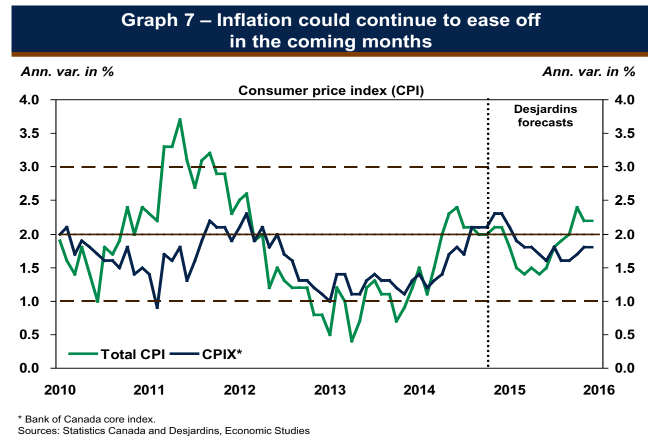
Sources: Statistics Canada and Desjardins, Economic Studies

Graph 6 – Canada's economy should reach full capacity by the end of 2015



Sources: Bank of Canada, Statistics Canada and Desjardins, Economic Studies

Graph 7 – Inflation could continue to ease off in the coming months



* Bank of Canada core index.
Sources: Statistics Canada and Desjardins, Economic Studies

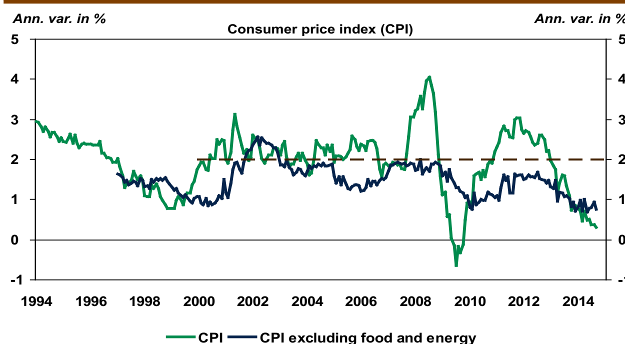
OVERSEAS CENTRAL BANK

Inflation slips across the board

EUROPEAN CENTRAL BANK (ECB)

- Some investors hoped the ECB would open the door to massive purchases of sovereign bonds in October. This hope soon vanished, since the ECB remained fairly tight lipped on the details of its asset purchase program announced in September. Most particularly, we still do not know the exact quantity of assets the ECB intends to purchase, but their number will have to be substantial to jump start economic growth and boost the inflation rate—currently at 0.4% (graph 8). The programs in place and the euro's decline should help, but further monetary easing measures will likely be needed. Purchases of corporate securities could soon be considered, but dissent among ECB leaders is still too rife to move forward with sovereign bond purchases.

Graph 8 – Inflation rate in the euro zone

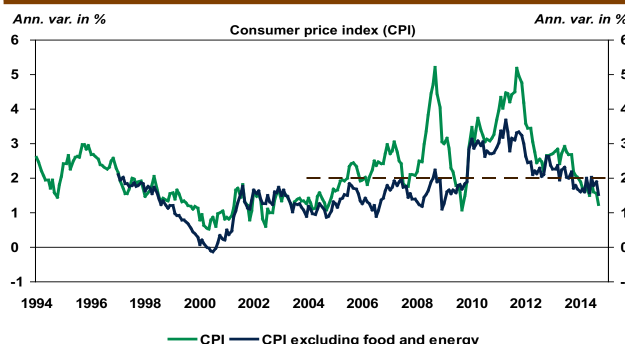


Sources: Datastream and Desjardins, Economic Studies

BANK OF ENGLAND (BoE)

- Several indicators continue to point to a favourable outlook in the United Kingdom. That said, a few obstacles remain before key rates can be increased. The minutes of October's monetary policy meeting highlighted concerns about Europe's economic growth, future advances by exports and the residential real estate market in the United Kingdom. The recent drop in the inflation rate—to 1.2%—also reduces the urgency to act (graph 9). The drop in commodity prices and the pound's former strength are mailing driving inflation's decline. Despite the pound's depreciation since last summer, the currency posted yet another gain in September from the previous year. The situation will change in the months ahead however if the pound does not bounce back. Nonetheless, we now expect the BoE to start monetary firming only in the second quarter of 2015.

Graph 9 – Inflation rate in the United Kingdom

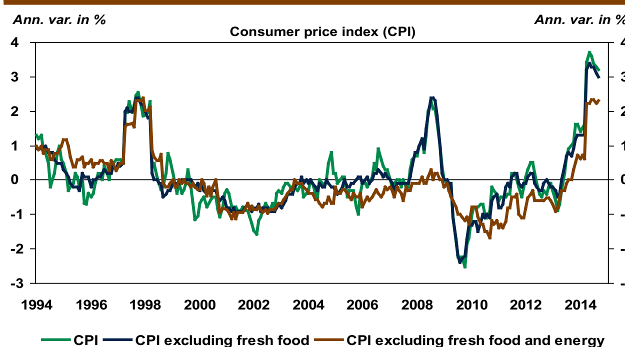


Sources: Datastream and Desjardins, Economic Studies

BANK OF JAPAN (BoJ)

- The BoJ surprised investors on October 31 by increasing the pace of its asset purchases to expand its monetary base to ¥80,000B annually—an increase of between ¥10,000B and ¥20,000B. La BoJ also intends to purchase assets with longer maturities, somewhere between 7 and 10 years. Japan's economy fell sharply after the sales tax was increased in April and, despite some signs of a recovery, doubt has marred the outlook for the longer term. Through these actions, the BoJ is showing its commitment to reaching, and maintaining, a 2% inflation rate. If inflation is currently at around 3%, this is mainly due to the impact of the sales tax increase (graph 10).

Graph 10 – Inflation rate in Japan



Sources: Datastream and Desjardins, Economic Studies

BOND MARKET

Yields stay low after October's turmoil

U.S. FEDERAL BONDS

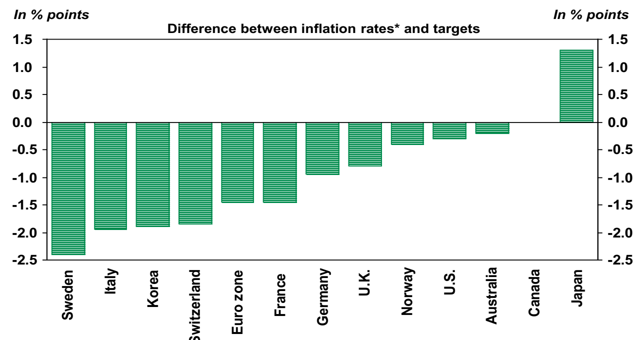
- The spectacular rise in risk aversion in the first half of October was due to a series of disconcerting statistics from Germany and a warning signal from the International Monetary Fund about Europe's economy. Plummeting oil prices were another component that pushed inflation expectations down sharply in financial markets, to a bottom not seen in three years (graph 12). Amid the turbulence, the U.S. 10-year yield fell below 2.00%—reaching an intra-day low of 1.86% on October 15. Yields with shorter maturities also collapsed, with some believing that global events would delay monetary firming in the United States. More reassuring data on the macroeconomic environment in the United States, as well as Germany and China, allowed the markets to catch their breath in the second half of the month.
- A major gap was created between the stock markets and bond markets in mid-October, however: while the S&P 500 returned to the level posted on September 30, the 10-year bond yield is still 16 basis points below. Even the 5-year yield remains 18 points below its level of September 30, despite the increasing transparency of the Federal Reserve's (Fed) optimism regarding the job market in its October statement.
- The bond markets' scepticism regarding the outlook for inflation could prove to be stubborn. Inflation is indeed progressing below targets for quite a few central banks (graph 13). A stronger currency, falling energy prices, and the ongoing softness of real wage growth (graph 14) in the United States are butting against the resurgence of short-term inflationary forces. The Fed is nevertheless staying the course on normalizing rates in mid-2015, especially since other measures on inflation expectations do not reflect the type of concerns seen in financial markets.

Forecasts: The brutal shifts in recent weeks, and concerns that could persist for some time about the global economy, argue in favour of revising our bond yield forecasts downwards. If we remain adamant about monetary firming in June 2015, 2014 shows that long-term yields could remain weak, even if the economic situation improves and monetary stimulus is reduced.

Graph 11 – Inflation expectations returned to where they were following the 2011 U.S. downgrade

* Determined using futures on Treasury inflation-indexed securities.
Sources: Bloomberg and Desjardins, Economic Studies

Graph 12 – In several countries, inflation remains below the central banks' targets



* Annualized, as at September.
Sources: Datastream and Desjardins, Economic Studies

Graph 13 – Though hires are back up in the United States, wage growth is slow to strengthen

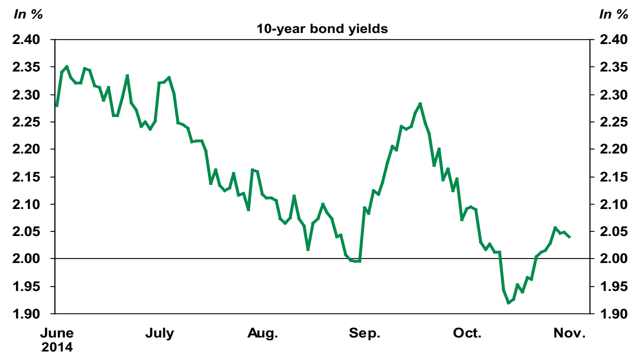
Sources: Bureau of Labor Statistics and Desjardins, Economic Studies

CANADIAN FEDERAL BONDS

- The return of global risk aversion signaled a brief pause in the long declining trend for Canada–United States yield spreads. U.S. bonds usually outperform in such circumstances and the month of October was no exception. The 5-year yield spread briefly went back above zero, after ending September at -13 basis points. The 10-year yield, which had reached -45 basis points a few times last summer, closed at -28 basis points by the end of October. It is worth noting that the 10-year yield spent one long week below 2% in October (graph 14).
- Inflation expectations softened somewhat in October, as they did in the United States and in Europe, but not quite as abruptly (graph 15). Canada is one of the rare countries not caught in the grips of inflation that is running below the Bank of Canada's (BoC) target. The BoC has been much quieter of late about the downside risks to inflation recently. These factors, among others, explain why rate cut expectations, which started to swirl amid the turmoil in early October, vanished quickly.
- One fact remains: the markets are not expecting any firming before the beginning of 2016. The BoC has additional leeway compared to the Fed, having already increased its rates three times since the crisis. In addition, the BoC may wish to wait until it sees solid signs of growth rebalancing. At the moment, business investment remains missing (graph 16) while recent gains in consumer spending were partly supported by increased debt. Growth in the third quarter is shaping up to be weaker than expected—another factor that allows the BoC to remain patient. In this environment, we expect yield spreads to keep trending downwards in the next few quarters.

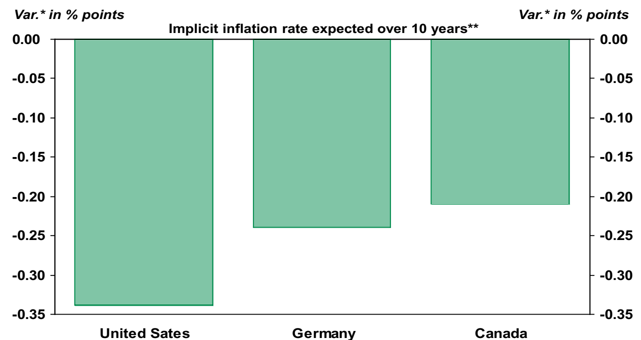
Forecasts: As is the case in the United States, we are downgrading our targets for bond yields, without, however, changing our viewpoint on monetary policy. The BoC should raise its rates in October 2015, a few months after the Fed. Market expectations regarding central banks are likely to be brought forward by a more considerable extent in the United States than in Canada, thus maintaining downward pressure on spreads.

Graph 14 – Canadian 10-year yields again dropped below 2% in mid-October



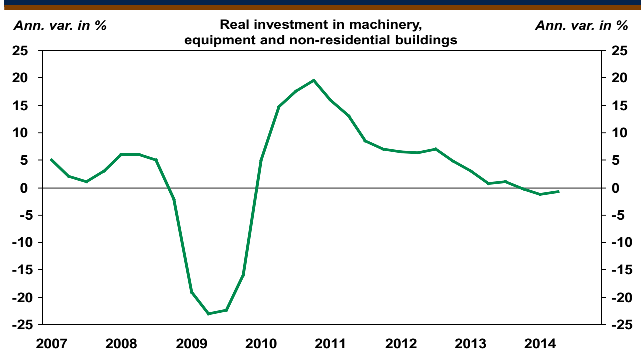
Sources: Bloomberg and Desjardins, Economic Studies

Graph 15 – Inflation expectations have been sliding a bit less dramatically in Canada since last summer



* Since July 31; ** According to spreads between returns on nominal bonds and indexed bonds.
Sources: Bloomberg and Desjardins, Economic Studies

Graph 16 – Canadian businesses are still slow to invest

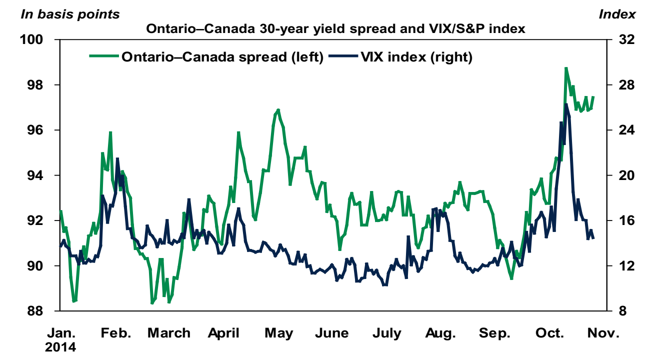


Sources: Statistics Canada and Desjardins, Economic Studies

PROVINCIAL AND CORPORATE BONDS

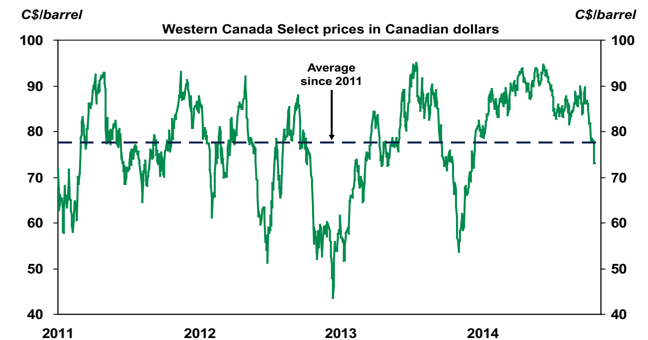
- Spreads tend to widen when volatility indexes move away from their average, and that is indeed what was observed last month (graph 17). However, spreads narrowed only very slightly, even as tensions eased. This partially reflects the fact that federal bond yields remained quite low. The period of intense volatility also maintained issuers on the sidelines: between October 8 and 20, no province risked tapping markets, given the unfavourable conditions. The subsequent calm has nonetheless allowed Ontario to issue an additional $800M in bonds maturing in 2045 and an additional $750M in securities maturing in 2024. Quebec, which had gone a month without issuing bonds in Canada, offered an additional $500M in bonds maturing in 2024. It also successfully issued 375 million francs on the Swiss market. Quebec has now achieved 77.5% of its financing plan for the current fiscal year. Ontario (62.4%), Alberta (51.5%) and British Columbia (51.5%) have more catching up to do. However, for these last two, the amounts are relatively low, as most western provinces have achieved a balanced budget.
- Fundamentally, markets have expressed a few worries about Alberta's budget situation. West Texas Intermediate (WTI) prices fell nearly $15 per barrel since late September, settling at around $80; this could compromise some investment projects in the tar sands if the situation continues. While this risk to the province's revenue bears watching, the weaker Canadian currency could limit its negative effect on oil company profitability. When converted into Canadian dollars, Western Canada Select (WCS) oil prices aren't too far below their average for the last three years (graph 18). The price difference between WTI and WCS, which remains far better contained than in previous years, is another factor keeping us from being overly pessimistic for now.
- Returns on high-yield corporate bonds continued the uptrend started last summer. They recently hit their highest point in a year, in the wake of market turbulence, before retracing somewhat in the last few weeks (graph 19). The release of U.S. company earnings results seems to have helped this turn of events, as did encouraging economic data. For now, investors seem to be trying to play it safe. Though with the Fed staying the course to start normalizing monetary policy in mid-2015, remarkably low Treasury yields could still ignite another search for yield in the short term. Remember that this is one of the factors that gave high-yield bonds such a boost earlier in the year.

Graph 17 – Market volatility was accompanied by widening spreads between provincial yields



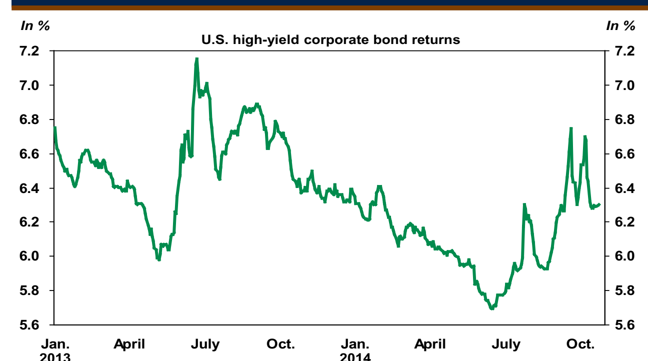
Sources: Bloomberg and Desjardins, Economic Studies

Graph 18 – Weaker oil prices are a risk, but western producers have experienced worse



Sources: Bloomberg and Desjardins, Economic Studies

Graph 19 – Returns on high-yield bonds hit a one-year high



Sources: Datastream, Bank of America, Merrill Lynch and Desjardins, Economic Studies

Table 1
Key interest rates

End of period in %	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3	2014 Q4f	2015 Q1f	2015 Q2f	2015 Q3f	2015 Q4f
United States												
Federal funds	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.50	1.00	1.25
Canada												
Overnight funds	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.50
Euro zone												
Refinancing rate	0.75	0.50	0.50	0.25	0.25	0.15	0.05	0.15	0.15	0.15	0.15	0.15
United Kingdom												
Base rate	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.75	1.00	1.25
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*
September 2014			
2	Reserve Bank of Australia	s.q.	2.50
3	Bank of Brazil	s.q.	11.00
3	Bank of Canada	s.q.	1.00
3-4	Bank of Japan	---	---
4	European Central Bank	-10 b.p.	0.05
4	Bank of England	s.q.	0.50
4	Bank of Sweden	s.q.	0.25
5	Bank of Mexico	s.q.	3.00
10	Reserve Bank of New Zealand	s.q.	3.50
17	Federal Reserve	s.q.	0,00 / 0,25
18	Bank of Norway	s.q.	1.50
18	Swiss National Bank	s.q.	0.00
October 2014			
2	European Central Bank	s.q.	0.05
6	Reserve Bank of Australia	s.q.	2.50
6-7	Bank of Japan	---	---
9	Bank of England	s.q.	0.50
22	Bank of Canada	s.q.	1.00
23	Bank of Norway	s.q.	1.50
28	Bank of Sweden	-25 b.p.	0.00
29	Reserve Bank of New Zealand	s.q.	3.50
29	Bank of Brazil	+25 b.p.	11.25
29	Federal Reserve	s.q.	0,00 / 0,25
31	Bank of Japan	---	---
31	Bank of Mexico	s.q.	3.00
November 2014			
3	Reserve Bank of Australia	s.q.	2.50

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

Table 3
Coming soon

Date	*Central Bank*
November 2014	
6	European Central Bank
6	Bank of England
18-19	Bank of Japan
December 2014	
1	Reserve Bank of Australia
3	Bank of Brazil
3	Bank of Canada
4	European Central Bank
4	Bank of England
5	Bank of Mexico
10	Reserve Bank of New Zealand
11	Bank of Norway
11	Swiss National Bank
16	Bank of Sweden
17	Federal Reserve
18-19	Bank of Japan
January 2015	
8	Bank of England
20-21	Bank of Japan
21	Bank of Brazil
21	Bank of Canada
22	European Central Bank
28	Federal Reserve
29	Reserve Bank of New Zealand
February 2015	
3	Reserve Bank of Australia
5	Bank of England
11	Bank of Sweden
17-18	Bank of Japan

Source: Desjardins, Economic Studies

Table 4
United States: fixed income market

End of period in %	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3	2014 Q4f	2015 Q1f	2015 Q2f	2015 Q3f	2015 Q4f
Key rate												
Federal funds	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.50	1.00	1.25
Treasury bills												
3-month	0.07	0.04	0.02	0.07	0.05	0.04	0.02	0.05	0.25	0.60	1.10	1.35
Federal bonds												
2-year	0.25	0.34	0.32	0.36	0.39	0.42	0.56	0.65	1.15	1.60	1.90	2.15
5-year	0.74	1.36	1.36	1.71	1.71	1.60	1.77	1.75	2.05	2.35	2.55	2.75
10-year	1.85	2.48	2.62	3.01	2.73	2.52	2.51	2.50	2.80	3.10	3.30	3.40
30-year	3.11	3.50	3.69	3.94	3.56	3.34	3.21	3.20	3.40	3.55	3.70	3.85
Yield curve												
5-year - 3-month	0.67	1.32	1.34	1.64	1.66	1.56	1.75	1.70	1.80	1.75	1.45	1.40
10-year - 2-year	1.60	2.14	2.30	2.65	2.34	2.09	1.95	1.85	1.65	1.50	1.40	1.25
30-year - 3-month	3.04	3.46	3.67	3.87	3.51	3.30	3.19	3.15	3.15	2.95	2.60	2.50

f: forecasts
Sources: Datastream and Desjardins, Economic Studies

Table 5
Canada: fixed income market

End of period in %	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3	2014 Q4f	2015 Q1f	2015 Q2f	2015 Q3f	2015 Q4f
Key rate												
Federal funds	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.50
Treasury bills												
3-month	0.97	1.02	0.98	0.91	0.89	0.94	0.92	0.95	1.00	1.00	1.20	1.50
Federal bonds												
2-year	1.00	1.22	1.19	1.14	1.07	1.10	1.12	1.10	1.35	1.60	1.80	2.00
5-year	1.30	1.80	1.86	1.96	1.71	1.53	1.63	1.65	1.90	2.20	2.40	2.55
10-year	1.76	2.44	2.54	2.78	2.46	2.24	2.15	2.20	2.40	2.70	2.90	3.00
30-year	2.51	2.90	3.07	3.24	2.96	2.78	2.67	2.70	2.85	3.00	3.15	3.30
Yield curve												
5-year - 3-month	0.33	0.78	0.88	1.05	0.82	0.59	0.71	0.70	0.90	1.20	1.20	1.05
10-year - 2-year	0.76	1.22	1.35	1.64	1.39	1.14	1.03	1.10	1.05	1.10	1.10	1.00
30-year - 3-month	1.54	1.88	2.09	2.33	2.07	1.84	1.75	1.75	1.85	2.00	1.95	1.80
Spreads (Canada - U.S.)												
3-month	0.90	0.98	0.96	0.84	0.84	0.90	0.90	0.90	0.75	0.40	0.10	0.15
2-year	0.75	0.88	0.87	0.78	0.68	0.68	0.56	0.45	0.20	0.00	-0.10	-0.15
5-year	0.56	0.44	0.50	0.25	-0.00	-0.07	-0.14	-0.10	-0.15	-0.15	-0.15	-0.20
10-year	-0.09	-0.04	-0.08	-0.23	-0.27	-0.28	-0.36	-0.30	-0.40	-0.40	-0.40	-0.40
30-year	-0.60	-0.60	-0.62	-0.70	-0.60	-0.56	-0.54	-0.50	-0.55	-0.55	-0.55	-0.55

f: forecasts
Sources: Datastream and Desjardins, Economic Studies