THE YIELD CURVE

The Bond Market Respite Promises to Be Short-Lived

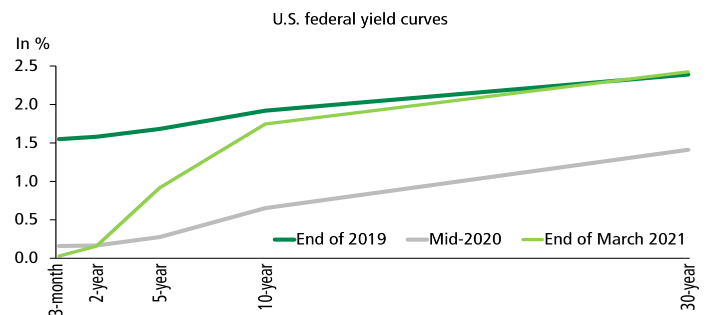
HIGHLIGHTS

- After strong increases in the first quarter, bond yields pulled back somewhat in April, particularly on the U.S. side. However, there is every reason to think that further bond yield increases are on the way.
- Most forecasters, including us, are expecting very strong growth that will, particularly in North America, allow the economies to quickly close the output gaps that developed last year.
- Federal Reserve (Fed) leaders are still not signalling any upcoming changes to their monetary policy. However, given the progress achieved and expected on the economic and public health fronts, we think a first signal could come at the end of this spring, and that the Fed will start cutting back on its quantitative purchases as of next fall. A first increase in the target federal funds range is expected at the end of 2022.
- As economic conditions have improved, the Bank of Canada (BoC) recently lowered the target for its net weekly purchases of federal bonds to $3B. If the situation allows, further gradual decreases in purchases can be expected in the coming quarters. As for key rates, the BoC has opened the door for a first hike in the second half of 2022.

The first quarter of 2021 was very challenging for the bond market: the clear improvement in economic outlooks, arising from progress on vaccine programs, new assistance plans from the U.S. government, and economies that are increasingly resilient to the public health crisis, caused medium- and long-term bond yields to surge. Note that economic activity is so strong that signs of overheating have emerged in some sectors, like the housing market and commodities.

U.S. and Canadian federal 10-year bond yields ended March at 1.75% and 1.55% respectively, close to pre-pandemic levels (graph 1). With investors starting to anticipate slightly faster monetary policy normalization, 5-year bond yields more than doubled on both sides of the border in the first quarter. Bond yields pulled back somewhat in April, particularly on the U.S. side, reflecting concerns over the third COVID-19 wave and some consolidation following the first quarter's major movements. However, there is every reason to think that further bond yield increases are on the way.

GRAPH 1
While short-turn interest rates remain very low, the yields on longer maturities are close to pre-pandemic levels



Sources: Datastream and Desjardins, Economic Studies

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Growth Outlooks Are Very Robust

The main reason further bond yield increases seem inevitable is that everything points to very strong economic growth in the coming quarters, as the effectiveness of the vaccination campaigns gradually allows economies to reopen. Countries with the fastest vaccination campaigns, including the United States, the United Kingdom and Israel, have already begun to reopen. The public health crisis isn't over but, increasingly, it seems to be turning into a humanitarian crisis, especially in India, rather than an economic crisis as in 2020.

Governments have already indicated they intend to keep supporting the recovery and racking up large deficits for several years. Households, whose savings shot up during the pandemic, and businesses also seem to be well positioned to increase spending and investment sharply in the coming quarters. Most forecasters, including us, are expecting very strong growth that will, particularly in North America, allow the economies to quickly close the output gaps that developed last year. Closing the output gap rapidly could intensify the inflation pressures we are now seeing, a topic we dealt with in more detail in a recent *Economic Viewpoint*.

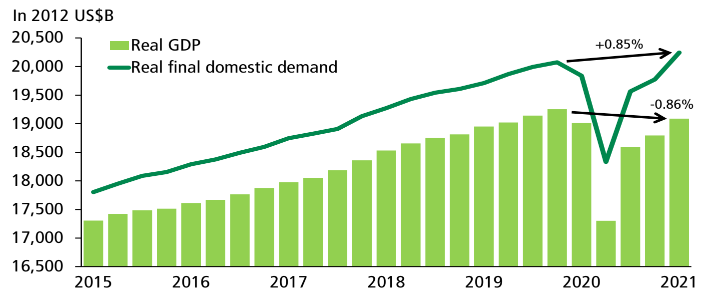
Toward Gradual Monetary Policy Normalization

At the onset of the public health crisis, the central banks' ultra-aggressive policies played a key role in staving off a major financial crisis which, according to some, could have led to a new depression. To maximize their stimulus effects, the Bank of Canada (BoC) and Federal Reserve (Fed) pledged to hold key rates at the effective lower bound until the economy has fully recovered, and to continue their massive bond purchases for a long time.

The central banks made these commitments when a slow, rocky economic recovery was expected. Like us, they are now seeing a much faster recovery which is bringing back some inflationary pressures. In this context, the BoC terminated most of the special programs it had introduced to support markets last year and, at its April meeting, announced a cut to its bond purchases. Without going back on its word, it now sees that the recovery could be completed as of the second half of 2022, opening the door to starting to hike key rates at that time. The BoC's latest forecasts acknowledge that maintaining more stimulating monetary conditions longer than needed, because of its commitment, will create a little too much inflationary pressure in 2023, but it seems determined to get inflation back under control quickly after that.

With the progress on vaccination very advanced, enormous fiscal support, and an economy that is already very close to where it was before the pandemic (graph 2), the Fed has even more reason than the BoC to start normalizing its monetary policy. At its meeting at the end of April, however, it deemed it was still too early to start contemplating a cut to its bond purchases. Dismissing the very favourable outlooks and signs that inflation

GRAPH 2
U.S. real GDP is approaching its pre-pandemic level… but final domestic demand has already surpassed it



Sources: Bureau of Economic Analysis and Desjardins, Economic Studies

is accelerating, the Fed wants to see substantial progress in the data, particularly for employment, before it acts. Fed leaders do not seem to see any risk of inflation accelerating beyond their target on a lasting basis. We continue to believe that improving economic statistics will persuade the Fed to start reducing its asset purchases next fall and kick off monetary firming at the end of 2022. However, combined with the adoption of average inflation targeting, it is hard not to read the Fed's current attitude as confirming an expansionist bias that could justify a lasting inflation premium on U.S. bond yields.

In all cases, the experience of recent months clearly shows that the Fed maintaining a very prudent stance is not incompatible with further bond yield increases. These should, however, come more gradually than what we saw at the start of the year. We therefore expect the ongoing economic recovery to take U.S. and Canadian 10-year yields to around 1.90% and 1.80% respectively at the end of 2021; we also expect them to keep trending up next year.

Federal Reserve (Fed)

Sooner or Later, the Fed Will Have to Adjust Its Monetary Policy

FORECASTS

Fed leaders are still not signalling any upcoming changes to their monetary policy. However, given the progress achieved and expected on the economic and public health fronts, we think a first signal could come at the end of this spring, and that the Fed will start cutting back on its quantitative purchases as of next fall. A first increase in the target federal funds range is expected at the end of 2022.

The U.S. economy has already come a long way back from the plunge in activity generated by the COVID-19 pandemic. In the first quarter of 2021, real GDP was only 0.9% short of where it was at its cyclical peak in the last quarter of 2019. The gap should be closed as of this spring.

The Fed's highly stimulating monetary policy has been one of the factors sustaining growth in the last year. Two other factors have also been very important and will continue to have substantial influence for the rest of the year: federal government assistance and, in particular, the improving public health situation, which is making it possible to increasingly open up sectors that are still affected by the pandemic.

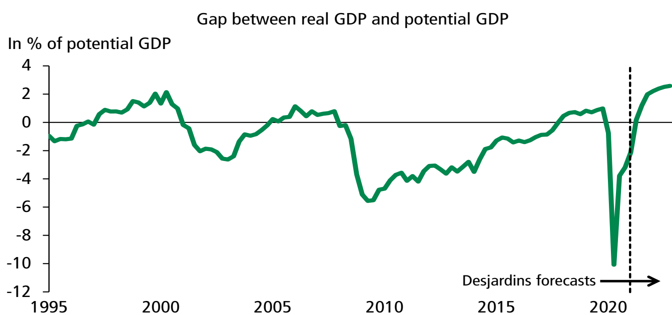
The combination of these positive factors will soon put the U.S. economy above potential (graph 3). We should see a positive difference between real GDP and potential GDP as of this summer, and it should persist. This is usually a sign that the economy is robust enough to generate inflationary pressure.

The reopening will of course ripple into the labour market. In March 2021, there were still 8,403,000 fewer jobs than there were in February 2020, a situation the Fed Chair often invokes. However, we expect several million jobs to be created over the coming quarters. The remaining shortfall should be made up in the summer of 2022, which should reassure the Fed.

What about inflation? Inflation was affected negatively at the start of the pandemic. That weakness is now being echoed in base effects that are driving up the annual variation in the price indexes, particularly energy prices. Moreover, we expect the robust economy, surging commodity prices and rising real estate prices to all be factors generating a little more inflation pressure. That said, given the recent weakness, Fed leaders are prepared to accept more inflation. Besides, our own forecasts do not put the average price increase since the start of 2020 above the Fed's 2% target (graph 4).

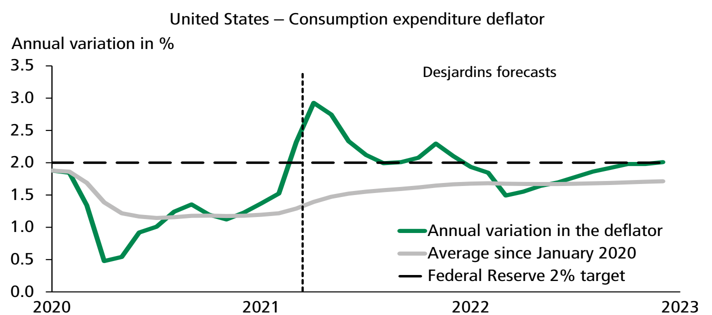
The outlooks for the economy and job market are solidly positive. In the coming months, the progress should be clear enough for the Fed to characterize it as "substantial further progress," prompting it to start paving the way for a tapering of the security purchases. The more ambiguous inflation situation, however, suggests that the decrease in security purchases, which should start this fall, will be very gradual, and that the first rate increases will not come before December 2022.

GRAPH 3
The U.S. economy will soon exceed potential and the positive gap could be large after that



Sources: Bureau of Economic Analysis, Congressional Budget Office and Desjardins, Economic Studies

GRAPH 4
Despite the sharp growth expected, it will take a while for average inflation to reach the target



Sources: Bureau of Labor Statistics, Claudia Sahm and Desjardins, Economic Studies

Bank of Canada (BoC)

The Path to Rate Increases Is Mapped

FORECASTS

As economic conditions have improved, the BoC recently lowered the target for its net weekly purchases of federal bonds to $3B. If the situation allows, further gradual decreases in purchases can be expected in the coming quarters. As for key rates, the BoC has opened the door for a first hike in the second half of 2022, when enough excess capacity has been absorbed. Our scenario puts the first increase in October 2022.

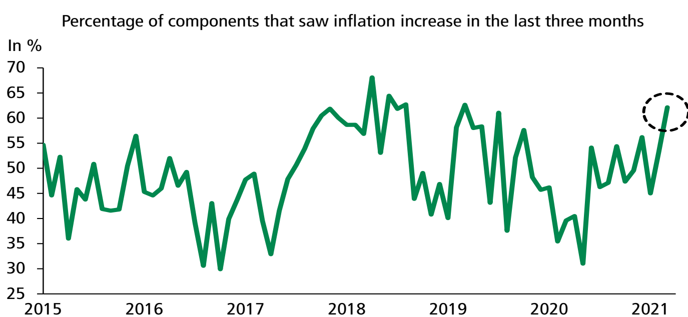
The economy has been very resilient in the second and third waves of COVID-19. While some sectors are affected by the new public health restrictions, others are still advancing quickly. What's more, the vaccination campaign is going well. Under these circumstances, the BoC recently upgraded its growth forecasts for the Canadian economy sharply. Real GDP is now forecast to grow 6.5% in 2021, followed by a 3.7% gain in 2022. This forecast is quite similar to our last scenario.

The housing sector has been particularly impressive in the last few months. Demand is extremely strong, and the supply is not managing to keep up. This is putting substantial upside pressures on real estate prices, intensifying concerns about a potential correction in some markets. Overly heavy household debt loads are also once again a major concern. The Office of the Superintendent of Financial Institutions (OSFI) recently proposed raising the minimum qualifying rate for uninsured mortgages, but it is likely that other macroprudential measures will be needed in the months to come.

Arithmetic effects contributed heavily to pushing the total annual inflation rate up; it went from 1.1% in February to 2.2% in March. This is due in large part to gasoline prices being compared with those of March 2020, when they plunged because of the first wave of COVID-19. Still, the drop in gasoline prices was temporary, with prices beginning their ascent once again as early as May 2020. The spring 2020 gas price decreases will gradually stop influencing the annual variation in the total consumer price index (CPI) in a few months. While the annual inflation rate could rise to around the upper target (3%) in April, it is then expected to quickly drop back to the median target (2%). Beyond the gasoline price fluctuations, the upward pressure on prices seems to be becoming more widespread. In March, more than 62% of the CPI's components recorded annual price increases that were higher than three months ago (graph 5). This may be the result of the current supply and demand imbalances for some goods and services.

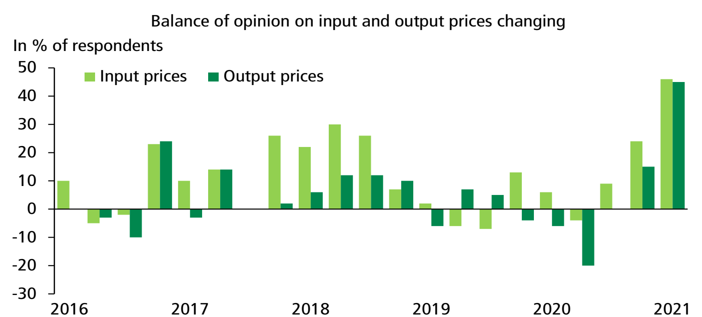
The inflation risks are definitely tilted to the upside. Among other things, this is being reflected in the latest results of the BoC's survey of businesses. The proportion of businesses expecting input and output prices to rise faster was up sharply compared to previous quarters. The survey results show 46% for input prices and 45% for output prices (graph 6), a historic high in both cases.

GRAPH 5
Upward pressure on prices is quite widespread in Canada



Sources: Statistics Canada and Desjardins, Economic Studies

GRAPH 6
More Canadian businesses expect input and output prices to increase faster



Sources: Bank of Canada and Desjardins, Economic Studies

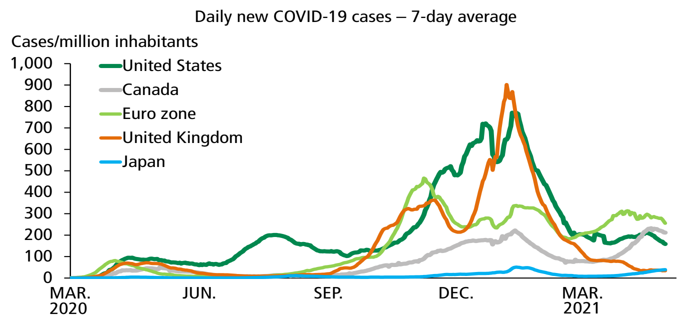
Overseas Central Bank

Cautious Optimism

EUROPEAN CENTRAL BANK (ECB)

In Europe, the third wave of COVID-19 is waning (graph 7). However, the ECB is opting for caution. In March, it announced that it would pick up the pace on its security purchases. This was aimed at reassuring the markets before the onset of the third wave, but also because of rising bond yields. The ECB upheld this decision at the end of its April meeting. However, there is room to wonder whether the €1,850B envelope earmarked for asset purchases will be enough to last to March 2022, the date the ECB is indicating so far. Here, President Christine Lagarde suggested that the envelope may not all end up being used. This argues for a scenario in which purchases would be reduced gradually after going up for a short period. We do not yet anticipate any key interest rate increases in the euro zone.

GRAPH 7
The third wave is waning in the euro zone

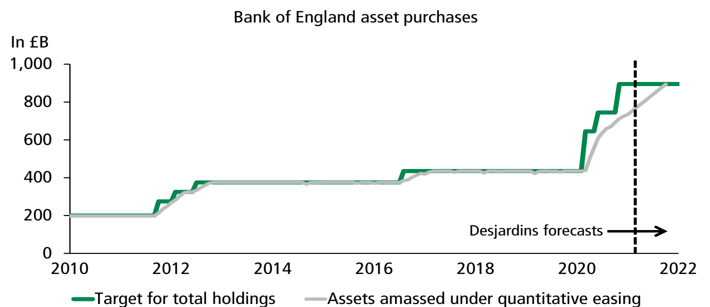


Sources: World Health Organization and Desjardins, Economic Studies

BANK OF ENGLAND (BoE)

The epidemiological situation is better in the United Kingdom where, like the United States, the impact of an earlier vaccination campaign seems to have staved off a third wave of COVID-19. The public health restrictions are now gradually being lifted and the economic data is already indicating that a recovery is shaping up. At this time, the BoE is aiming to hold £895B in assets in the framework of its quantitative easing. At the current pace of purchases, this means it will hit its target around the end of October (graph 8). It would be surprising for the BoE to announce new purchases, unless there is another spike in the evolution of the pandemic. Like the Federal Reserve and Bank of Canada, the BoE could be ready to order an interest rate increase toward the end of 2022.

GRAPH 8
At this pace, the Bank of England will have completed its asset purchases next October

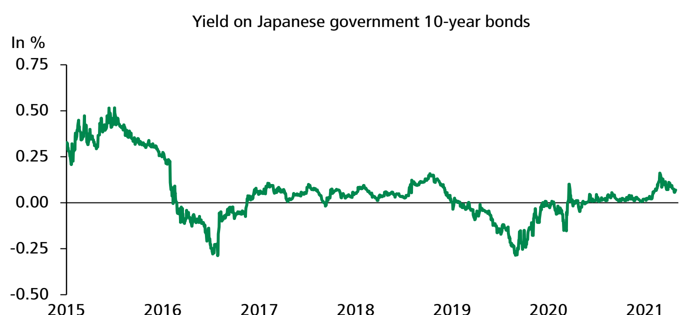


Sources: Datastream and Desjardins, Economic Studies

BANK OF JAPAN (BoJ)

Since the pandemic began, the BoJ has not used asset purchases to the same extent as the other major central banks. Note that it already has very large holdings after about three decades of quantitative easing. It is now relying more heavily on financing measures to help improve borrowing conditions in Japan. That said, asset purchases could strengthen if the 10-year bond yield goes beyond the target range established by the BoJ, ±0.25%. Currently, the 10-year yield is near the top of this range (graph 9).

GRAPH 9
Japan's 10-year yield is at the top of its ±0.25% target range



Sources: Datastream and Desjardins, Economic Studies

Bond Market

Canada–U.S. Spreads Could Narrow

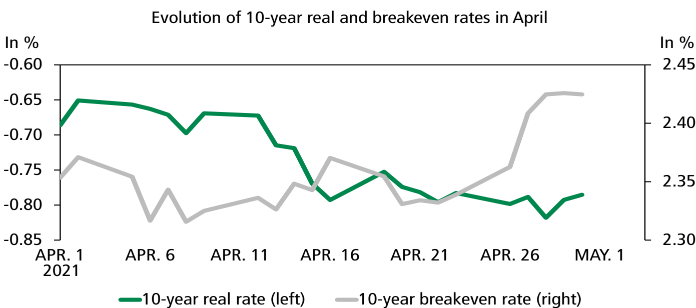
FORECASTS

Drivers supporting a continuation of the upward trend remain dominant and we have slightly lifted our year-end target for the U.S. 10-year yield, to 1.90%. Meanwhile, the Canadian 10-year yield is expected to end the year at 1.80%. In the near term, there is the potential for a reversal in Canada–U.S. yield spreads, particularly in the front end, as the Federal Reserve may well begin sending slightly more hawkish signals.

U.S. FEDERAL BONDS

Although U.S. bond yields had been rising fairly steadily since the end of January, the trend abruptly changed at the start of April. For example, the U.S. 10-year yield fell over 23 basis points between its peak at the end of March (1.76%) and its mid-April low (1.53%). The decline was triggered by a substantial drop in real rates, while inflation compensation, measured by breakeven rates, remained fairly stable throughout April (graph 10). Note that inflation compensation is still very high. It stands at 2.58% over five years, its highest since the 2008 financial crisis. Over ten years, it is at its highest point since 2013.

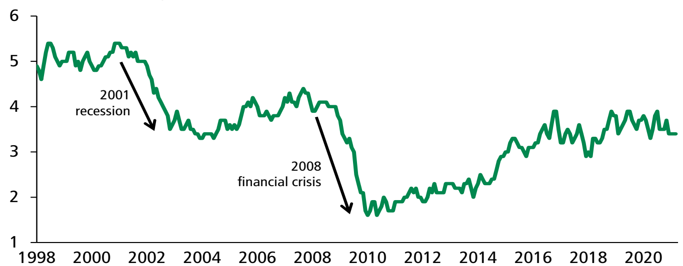
GRAPH 10
In April, real rates fell while breakeven rates stabilized



Sources: Bloomberg and Desjardins, Economic Studies

In the coming months, bond investors will keep a close eye out for signs of stronger than expected inflation. Currently, there are substantial upward pressures on prices for goods and services. For goods, companies are dealing with skyrocketing commodity and container transportation costs, while global supply chains are grappling with a shortage of semi-conductors. In addition to these temporary pressures, there are effects that could be more persistent; for example, wage growth has been resilient despite high unemployment, and a rising number of companies are reporting a labour shortage. According to the Federal Reserve Bank of Atlanta's Wage Growth Tracker, wages maintained annual growth of 3.4% in March, well above the average of the last economic cycle (graph 11). According to the last ISM manufacturing report, many firms are struggling to fill job vacancies, despite the substantial number of unemployed workers. Also, in the Federal Reserve's (Fed) last *Beige Book*, many companies mentioned having to raise salaries and offer signing bonuses to attract and/or retain workers.

GRAPH 11
Unlike the two previous recessions, the pandemic did not cause wage growth to slow



Sources: Federal Reserve Bank of Atlanta and Desjardins, Economic Studies

Thus far, Fed officials do not seem overly concerned by the various inflation pressures facing the U.S. economy. After the April 28 meeting, Fed Chair Jerome Powell stated that inflation was unlikely to sustainably exceed 2% as long as the job market remains this far from full employment. According to him, the current inflation pressures are temporary and associated with the economy's reopening process; they do not require any monetary policy adjustment.

Yet budgetary policy is sending a clear message: on April 28, President Joe Biden announced the *American Families Plan*, which involves a US$1,800B investment for children, families and education. Partly financed by tax increases on high net

worth households and corporations, the proposal is in addition to the US$2,250B infrastructure program Joe Biden tabled in March. Although Congress is unlikely to pass both bills as is, and although the measures will have an impact over a fairly long horizon, the fact remains that the budgetary policy is stimulating and determined to achieve a certain number of objectives for long-term economic potential, the fight against climate change, and reducing inequality.

U.S. domestic demand has already returned to its pre-pandemic level, while GDP should hit this threshold in the second quarter of 2021 and exceed potential as of the third quarter. If this scenario unfolds as predicted, the Fed should, in our opinion, announce that it is starting to reduce its quantitative purchases toward the end of the year.

Given how strong the economic outlook is, it is not surprising that bond yields have started to rise again. Upside risk to inflation are to be monitored, as stronger-than-expected price increases could lead to another rise in breakeven rates. For now, we expect the U.S. 10-year bond yield to be at 1.90 % and a yield curve with a slope similar to current one.

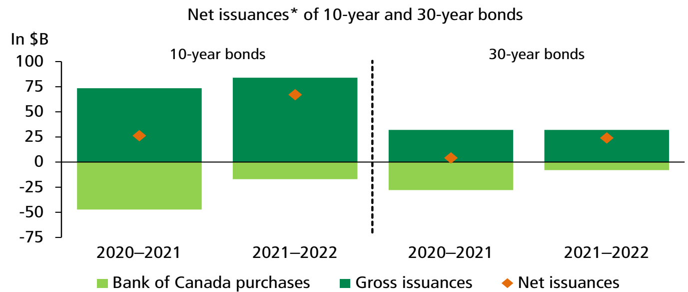
CANADIAN FEDERAL BONDS

For Canadian bonds, 2021 has so far been characterized by some volatility in spreads with U.S. yields, which contrasts somewhat with the situation prevailing in the last half of 2020, when spreads did not move much. The 5-year spread oscillated in a band of -2 basis points to 20 basis points. The 10-year yield went from -31 basis points on January 8 to -2 basis points on April 22, with a flew blips along the way. Moreover, since the start of April, spreads in all maturities have increased, while Canadian bond yields remained fairly stable rather than sliding like U.S. yields did at the start of the month.

Investors holding Canadian bonds had to absorb a few developments in recent weeks. On the pandemic front, Canada experienced major difficulties, with a third wave of infections materializing just a few weeks after infections peaked in the second wave, leading to new and relatively harsh public health measures in some provinces, such as Ontario. Nonetheless, economically, Canada showed surprising resilience in the first quarter: instead of the contraction augured by the restrictions at the start of the year, the preliminary data suggests real annualized GDP growth of 6.6 %. This surprising turn of events played a big role in the Bank of Canada's (BoC) decision to cut back on its quantitative purchases at the end of April, and to bring forward the forecast timing for the output gap to close to 2022.

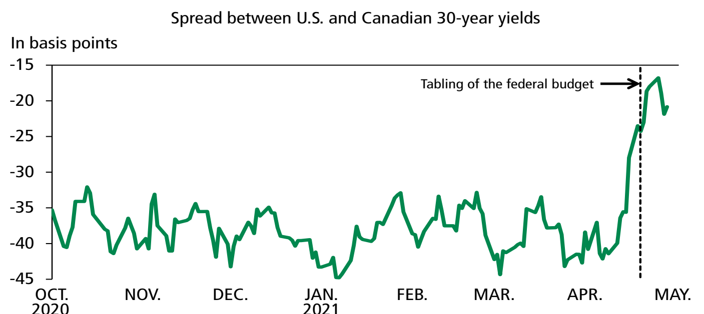
There was also the federal budget, the first in two years, containing over 200 spending measures, consolidating the idea that budgetary policy would keep playing a sustained role in Canada's recovery. One of the leading themes in the debt management strategy unveiled in the budget is an even stronger emphasis on issuing long-term debt. In fiscal 2019–2020, only 15% of gross bond issuances had maturities that were 10 years or longer. In fiscal 2020–2021, they climbed to 29%, while for fiscal 2021–2022, at least 42% of the bond debt issued will be concentrated in these maturities. What's more, in the last fiscal year, the BoC's purchases largely offset the increase in issuance. For example, the BoC purchased 64% of the gross debt issued over a ten-year horizon. Since it is gradually cutting back on its purchases, the BoC will absorb fewer issuances, so that net issuances at longer maturities will go up (graph 12) from last year. After the budget was published, there was a substantial increase in the spread between the Canadian and U.S. 30-year yields (graph 13).

GRAPH 12
In the long maturities, markets will have to absorb a higher volume of issuances than in the last fiscal year



* Net of purchases under the Government of Canada Bond Purchase Program; ** Assumes a $1B decrease in total weekly purchases every quarter until January 2022.
Sources: Department of Finance Canada and Desjardins, Economic Studies

GRAPH 13
The 30-year yield spread jumped after the federal budget was tabled



Sources: Bloomberg and Desjardins, Economic Studies

This movement may seem to represent an attractive opportunity but, as the Fed will continue to buy bonds at a sustained pace in 2021, our preference is focused more on the shorter part of the curve, where there is better potential for a decline in the coming weeks, in our opinion. The short part of the curve is more influenced by expectations for the timing of initial rate increases than by quantitative easing. The BoC sent its first signals about a potential start to policy rate increases in 2022, which consolidated the markets' perceptions that the BoC would tighten its policy more aggressively than the Fed. In our opinion, however, the Fed will also start to signal eventual normalization, possibly with the release of the rate forecasts at the next meeting, which comes in June. If U.S. economic numbers continue to be this strong, Fed officials will likely start pointing at the exit, causing market expectations to adjust. Right now, such an adjustment is a much bigger risk on the Fed than on the BoC side—we have a hard time picturing them taking a much more hawkish stance. A position in favour of narrowing two-year spreads therefore seems wise for investors who are contemplating a reversal of recent rate spread movements.

TABLE 1
Key interest rates

END OF PERIOD IN %	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2f	2021 Q3f	2021 Q4f	2022 Q1f	2022 Q2f	2022 Q3f	2022 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	0.50
Canada												
Overnight funds	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.50
Zone euro												
Refinancing rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
United Kingdom												
Base rate	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.25
Japan												
Main key rate	-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
Fixed income market

END OF PERIOD IN %	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2f	2021 Q3f	2021 Q4f	2022 Q1f	2022 Q2f	2022 Q3f	2022 Q4f
UNITED STATES												
Treasury bills												
3-month	0.11	0.16	0.10	0.09	0.03	0.05	0.10	0.15	0.15	0.15	0.20	0.45
Federal bonds												
2-year	0.25	0.17	0.13	0.13	0.16	0.20	0.35	0.50	0.60	0.75	0.90	1.15
5-year	0.36	0.28	0.27	0.35	0.92	0.90	1.00	1.15	1.25	1.35	1.50	1.70
10-year	0.67	0.65	0.68	0.91	1.75	1.70	1.80	1.90	2.00	2.10	2.20	2.30
30-year	1.32	1.41	1.45	1.64	2.42	2.35	2.45	2.55	2.65	2.70	2.80	2.90
Yield curve slopes												
5-year - 3-month	0.25	0.12	0.17	0.26	0.89	0.85	0.90	1.00	1.10	1.20	1.30	1.25
10-year - 2-year	0.41	0.49	0.55	0.79	1.59	1.50	1.45	1.40	1.40	1.35	1.30	1.15
30-year - 3-month	1.21	1.25	1.35	1.55	2.39	2.30	2.35	2.40	2.50	2.55	2.60	2.45
CANADA												
Treasury bills												
3-month	0.21	0.20	0.12	0.06	0.09	0.10	0.15	0.20	0.20	0.25	0.35	0.60
Federal bonds												
2-year	0.42	0.28	0.25	0.20	0.22	0.35	0.50	0.65	0.75	0.90	1.05	1.30
5-year	0.60	0.36	0.36	0.39	0.99	1.00	1.10	1.25	1.35	1.50	1.65	1.85
10-year	0.71	0.52	0.57	0.67	1.55	1.60	1.70	1.80	1.90	2.00	2.10	2.20
30-year	1.32	0.99	1.11	1.21	1.97	2.10	2.15	2.25	2.35	2.40	2.50	2.60
Yield curve slopes												
5-year - 3-month	0.39	0.16	0.24	0.33	0.90	0.90	0.95	1.05	1.15	1.25	1.30	1.25
10-year - 2-year	0.29	0.24	0.32	0.47	1.33	1.25	1.20	1.15	1.15	1.10	1.05	0.90
30-year - 3-month	1.11	0.79	0.99	1.15	1.88	2.00	2.00	2.05	2.15	2.15	2.15	2.00
Yield spreads (Canada—United States)												
3-month	0.10	0.04	0.02	-0.03	0.06	0.05	0.05	0.05	0.05	0.10	0.15	0.15
2-year	0.17	0.11	0.12	0.07	0.06	0.15	0.15	0.15	0.15	0.15	0.15	0.15
5-year	0.24	0.08	0.09	0.04	0.07	0.10	0.10	0.10	0.10	0.15	0.15	0.15
10-year	0.04	-0.13	-0.11	-0.24	-0.20	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10
30-year	0.00	-0.42	-0.34	-0.43	-0.45	-0.25	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30

f: forecasts
Sources: Datastream and Desjardins, Economic Studies

Schedule 2021 of Central Bank Meetings

Date	Central banks	Decision	Rate
January			
14	Bank of Korea	s.q.	0.50
20	Bank of Brazil	s.q.	2.00
20	Bank of Canada*	s.q.	0.25
20	Bank of Japan	s.q.	-0.10
21	European Central Bank	s.q.	0.00
21	Bank of Norway	s.q.	0.00
27	Federal Reserve	s.q.	0.25
February			
1	Reserve Bank of Australia	s.q.	0.10
4	Bank of England	s.q.	0.10
10	Bank of Sweden	s.q.	0.00
11	Bank of Mexico	-25 b.p.	4.00
23	Reserve Bank of New Zealand	s.q.	0.25
24	Bank of Korea	s.q.	0.50
March			
1	Reserve Bank of Australia	s.q.	0.10
10	Bank of Canada	s.q.	0.25
11	European Central Bank	s.q.	0.00
17	Bank of Brazil	+75 b.p.	2.75
17	Federal Reserve	s.q.	0.25
18	Bank of England	s.q.	0.10
18	Bank of Norway	s.q.	0.00
19	Bank of Japan	s.q.	-0.10
25	Bank of Mexico	s.q.	4.00
25	Swiss National Bank	s.q.	-0.75
April			
6	Reserve Bank of Australia	s.q.	0.10
13	Reserve Bank of New Zealand	s.q.	0.20
14	Bank of Korea	s.q.	0.50
21	Bank of Canada*	s.q.	0.25
22	European Central Bank	s.q.	0.00
27	Bank of Sweden	s.q.	0.00
27	Bank of Japan	s.q.	-0.10
28	Federal Reserve	s.q.	0.25
May			
4	Reserve Bank of Australia	s.q.	0.10
5	Bank of Brazil		
6	Bank of England		
6	Bank of Norway		
13	Bank of Mexico		
25	Reserve Bank of New Zealand		
26	Bank of Korea		
June			
1	Reserve Bank of Australia		
9	Bank of Canada		
10	European Central Bank		
16	Bank of Brazil		
16	Federal Reserve		
17	Bank of Norway		
17	Swiss National Bank		
18	Bank of Japan		
24	Bank of England		
24	Bank of Mexico		

Date	Central banks	Decision	Rate
July			
1	Bank of Sweden		
6	Reserve Bank of Australia		
13	Reserve Bank of New Zealand		
14	Bank of Korea		
14	Bank of Canada*		
16	Bank of Japan		
22	European Central Bank		
28	Federal Reserve		
August			
3	Reserve Bank of Australia		
4	Bank of Brazil		
5	Bank of England		
12	Bank of Mexico		
17	Reserve Bank of New Zealand		
19	Bank of Norway		
25	Bank of Korea		
September			
7	Reserve Bank of Australia		
8	Bank of Canada		
9	European Central Bank		
21	Bank of Sweden		
22	Bank of Brazil		
22	Bank of Japan		
22	Federal Reserve		
23	Bank of England		
23	Bank of Norway		
23	Swiss National Bank		
30	Bank of Mexico		
October			
4	Reserve Bank of Australia		
5	Reserve Bank of New Zealand		
11	Bank of Korea		
27	Bank of Brazil		
27	Bank of Canada*		
28	European Central Bank		
28	Bank of Japan		
November			
1	Reserve Bank of Australia		
3	Federal Reserve		
4	Bank of England		
4	Bank of Norway		
11	Bank of Mexico		
23	Reserve Bank of New Zealand		
24	Bank of Korea		
25	Bank of Sweden		
December			
6	Reserve Bank of Australia		
8	Bank of Brazil		
8	Bank of Canada		
15	Federal Reserve		
16	European Central Bank		
16	Bank of England		
16	Bank of Norway		
16	Bank of Mexico		
16	Swiss National Bank		
17	Bank of Japan		

NOTE: Certain banks may decide to change rates in-between the scheduled meetings. The abbreviations s.q. and b.p. correspond to status quo and basis points respectively. * *Monetary Policy Report* published.