

# ECONOMIC FORECAST SUMMARY FOR FEBRUARY 3, 2012

## BMO Capital Markets Economic Research

CANADA	2011				2012				ANNUAL		
	I	II	III	IV	I	II	III	IV	2010	2011	2012
Real GDP (q/q % chng : a.r.)	3.5	-0.5	3.5	1.4 ↓	1.7	2.2	2.4	2.7	3.2	2.3	2.0
Consumer Price Index (y/y % chng)	2.6	3.4	3.0	2.7	2.3	2.2	2.4	2.1	1.8	2.9	2.3
Unemployment Rate (%)	7.7	7.5	7.2	7.4	7.6 ↑	7.5	7.5 ↑	7.4 ↑	8.0	7.5	7.5 ↑
Housing Starts (000s : a.r.)	177	192	205	199	186	181	181	182	191	193	182
Current Account Balance (\$blns : a.r.)	-41.3	-64.5	-48.5	-49.8	-52.1	-50.5	-50.5	-48.8	-50.9	-51.0	-50.5
<b>Interest Rates</b> (average for the quarter : %)											
Overnight Rate	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.60	1.00	1.00
3-month Treasury Bill	0.95	0.95	0.88	0.86	0.84 ↑	0.85 ↑	0.85 ↑	0.85 ↑	0.56	0.91	0.85 ↑
10-year Bond	3.31	3.16	2.53	2.13	1.96 ↓	1.91	2.03	2.23	3.24	2.78	2.03 ↓
<b>Canada/U.S. Interest Rate Spreads</b> (average for the quarter : bps)											
90-day	82	90	86	84	81 ↑	82 ↑	82 ↑	82 ↑	42	86	82 ↑
10-year	-15	-5	10	9	3	9	8	6	2	0	7
<b>UNITED STATES</b>											
Real GDP (q/q % chng : a.r.)	0.4	1.3	1.8	2.8	2.5 ↑	2.2 ↓	2.7 ↓	2.9	3.0	1.7	2.4 ↑
Consumer Price Index (y/y % chng)	2.2	3.3	3.8	3.3	2.5	2.2	2.0	2.2	1.6	3.1	2.2
Unemployment Rate (%)	9.0	9.1	9.1	8.7	8.4 ↓	8.3 ↓	8.2 ↓	8.0 ↓	9.6	8.9	8.2 ↓
Housing Starts (mlns : a.r.)	0.58	0.57	0.62	0.66	0.67	0.70	0.71	0.71	0.58	0.61	0.70
Current Account Balance (\$blns : a.r.)	-478	-499	-441	-461 ↑	-461 ↑	-464 ↑	-468 ↑	-468 ↑	-471	-470 ↑	-465 ↑
<b>Interest Rates</b> (average for the quarter : %)											
Fed Funds Target Rate	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13
3-month Treasury Bill	0.13	0.05	0.03	0.01	0.03	0.03	0.03	0.03	0.14	0.05	0.03
10-year Note	3.46	3.21	2.43	2.05	1.93	1.82	1.95	2.18	3.21	2.79	1.97
<b>EXCHANGE RATES</b> (average for the quarter)											
US¢/C\$	101.4	103.4	102.1	97.8	98.0 ↑	95.2	96.8	99.2	97.1	101.2	97.3 ↑
C\$/US\$	0.986	0.967	0.979	1.023	1.020	1.050	1.033	1.008	1.030	0.989	1.028
¥/US\$	82	82	78	77	77	77	78	80	88	80	78
US\$/Euro	1.37	1.44	1.41	1.35	1.28	1.25	1.28	1.33	1.33	1.39	1.29
US\$/£	1.60	1.63	1.61	1.57	1.55	1.53	1.55	1.59	1.55	1.60	1.55

Note: Blocked areas represent BMO Capital Markets forecasts  
Up and down arrows indicate changes to the forecast ↑↓



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