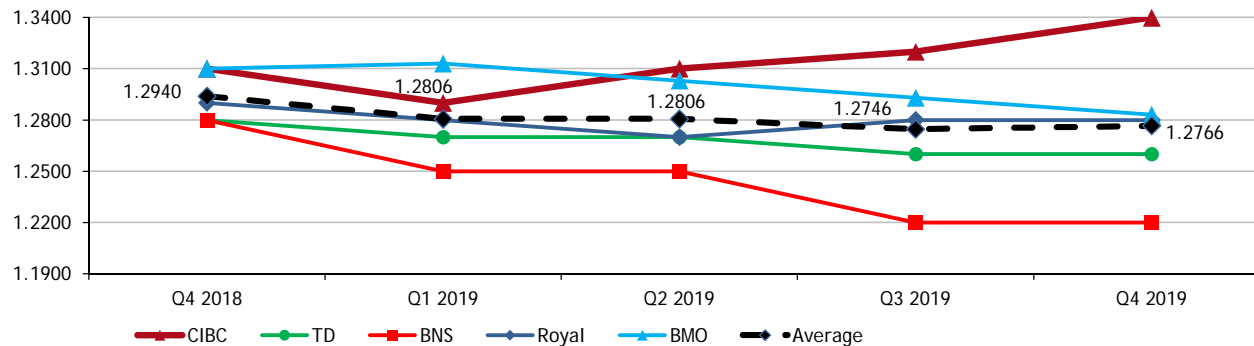




Foreign Exchange 5-Bank C\$ Forecast with Key Drivers

November 20, 2018



	Updated	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	2019 AVG	Forecast Period Hikes
CIBC	7-Nov-18	1.3100	1.2900	1.3100	1.3200	1.3400	1.3150	-
WTI		68.500	75.000	75.000	75.000	75.000	75.000	-
BoC Overnight Rate		1.750	2.250	2.250	2.250	2.250	2.250	2
Fed Funds Rate		2.375	2.375	2.625	2.875	2.875	2.688	3
TD	17-Oct-18	1.2800	1.2700	1.2700	1.2600	1.2600	1.2650	-
WTI		72.00	72.00	72.00	71.00	71.00	71.500	-
BoC Overnight Rate		1.75	1.75	2.00	2.00	2.25	2.000	2
Fed Funds Rate		2.50	2.75	3.00	3.25	3.25	3.063	4
BNS	15-Oct-18	1.2800	1.2500	1.2500	1.2200	1.2200	1.2350	-
WTI		68.00	72.00	72.00	72.00	72.00	72.000	-
BoC Overnight Rate		1.75	2.00	2.25	2.50	2.75	2.375	4
Fed Funds Rate		2.50	2.50	2.75	2.75	3.00	2.750	3
Royal	9-Nov-18	1.2900	1.2800	1.2700	1.2800	1.2800	1.2775	-
WTI		63.00	59.50	58.20	59.50	58.20	58.850	-
BoC Overnight Rate		1.75	2.00	2.25	2.25	2.25	2.188	2
Fed Funds Rate		2.50	2.75	3.00	3.25	3.50	3.125	5
BMO	16-Nov-18	1.3100	1.3130	1.3030	1.2930	1.2830	1.2980	-
WTI		63.60	62.00	64.70	63.30	62.00	63.000	-
BoC Overnight Rate		1.75	2.00	2.25	2.50	2.50	2.313	3
Fed Funds Rate		2.38	2.63	2.88	2.88	3.13	2.880	4
AVG USDCAD Rate:		1.2940	1.2806	1.2806	1.2746	1.2766	1.2781	-

CAD per USD Annual Trading Ranges

Year	C\$ Strongest	C\$ Weakest	Range
2018	1.2250	1.3386	0.1136
2017	1.2057	1.3793	0.1736
2016	1.2461	1.4690	0.2229
2015	1.1565	1.4001	0.2436
2014	1.0585	1.1662	0.1077
2013	0.9811	1.0728	0.0917
2012	0.9630	1.0446	0.0816
2011	0.9407	1.0657	0.1250
2010	0.9922	1.0854	0.0932
2009	1.0207	1.3065	0.2858
2008	0.9715	1.3019	0.3304
2007	0.9065	1.1876	0.2811
2006	1.0931	1.1798	0.0867
2005	1.1427	1.2745	0.1318
2004	1.1720	1.4003	0.2283
2003	1.2945	1.5747	0.2802
2002	1.5030	1.6194	0.1164
2001	1.4896	1.6052	0.1156
2000	1.4318	1.5632	0.1314

Average (2000-2017): 0.1737

- The BoC raised the overnight rate to 1.75% on Oct 24th. With US-Canada trade issues somewhat resolved, additional monetary policy tightening will be forthcoming to keep inflation at bay. The market now considers December 5th "live" for another potential hike after a more hawkish than expected October statement.
- Longer term, we continue to see interest rate differentials favouring the US dollar over the Loonie. Heavily discounted Canadian oil prices, export woes and household leverage will weigh on the Loonie and the BoC's ability to hike rates going forward.
- Compared to the other Canadian banks, we are less hawkish on the BoC, with the US Federal Reserve following a more aggressive rate path through the forecast period.

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