

Rates Scenario for November 13, 2025

A Publication of BMO Capital Markets Economic Research · Douglas Porter, CFA, Chief Economist, BMO Financial Group

Forecast Summary

(avg.)	Actual	Forecasts									
	2025 Oct	2025			2026				2026		
		Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Q3	Q4
BoC overnight ¹	2.25	2.25	2.25	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
10-yr Canadas	3.13	3.15	3.15	3.15	3.15	3.15	3.15	3.10	3.10	3.10	3.10
Fed funds ¹	3.88	3.88	3.63	3.63	3.63	3.38	3.38	3.38	3.13	2.88	2.88
10-yr Treasuries	4.06	4.10	4.10	4.10	4.05	4.05	4.05	4.05	4.05	4.00	4.00
C\$ per US\$	1.40	1.40	1.40	1.39	1.39	1.38	1.38	1.37	1.37	1.36	1.34
US\$/€	1.16	1.16	1.18	1.18	1.18	1.19	1.19	1.19	1.19	1.19	1.20
US\$/£	1.34	1.31	1.30	1.30	1.31	1.31	1.31	1.31	1.32	1.32	1.33
¥/US\$	151	154	149	149	148	148	148	147	147	146	145

¹ end of period

Sources: BMO Economics, Haver Analytics

ECONOMIC RESEARCH
economics.bmo.com

Michael Gregory, CFA, Deputy Chief
Economist

michael.gregory@bmo.com

Jennifer Lee, Senior Economist

jennifer.lee@bmo.com

Canada-U.S. Rates

Michael Gregory, CFA, Deputy
Chief Economist

December Divergence

The Federal Reserve and Bank of Canada both restarted rate cuts in September with follow-up moves in October. The actions occurred on the same days and, although their next policy decisions align on the same day in **December** (10th), **we expect the Fed to cut and the BoC to stand pat**. For the most part, the theme of unrequited rate reductions should play well into next year. The dissimilar rate-cut cadences reflect the fact that the Fed's current 3.75%-to-4.00% target range for fed funds is still above the FOMC's 3.00% median projection for the longer-run or neutral level. Meanwhile, the Bank's current 2.25% policy rate is already at the bottom of its 2.25%-to-3.25% neutral range. As Fed policy rate parings outpace in the period ahead, on net, we look for Canada-U.S. bond yield spreads to move less negative and the loonie to gain against the greenback.

Federal Reserve: The FOMC cut policy rates by 25 bps on October 29. In the press conference, Chair Powell went out of his way to emphasize that a third consecutive action in December *"is not a foregone conclusion—far from it."* The money market took heed. Heading into the confab, it had completely priced in a December drop. The odds are now around 50%.

Also prodding second thoughts was the dissenting vote in favour of no move. Kansas City President Schmid was concerned about cutting rates with the economy showing *"continued momentum"* (pumped particularly by accommodative financial conditions and AI-related capex) and inflation remaining *"too high"*. He argued: *"I do not think a 25-basis point reduction in the policy rate will do much to address stresses in the labor market that more likely than not arise from structural changes in technology and demographics. However, a cut could have longer-lasting effects on inflation if the Fed's commitment to its 2 percent inflation objective comes into question."* In the market's mind, Schmid's dissent more than countered Governor Miran's renewed call for a 50 bp reduction.

And perhaps the market reminded itself that the FOMC's conviction (as of September's 'dot plot') about an October-December rate cut couplet was not that strong to begin with. There were 10 participants in the two-or-more moves camp and nine in the one-or-zero group.

We still look for a rate reduction next month. The latest statement reiterated the assessment that the *"downside risks to employment rose in recent months"* and what data are available point to the labour market remaining as weak or weakening further. As such, it is appropriate for policy rates to be in closer proximity to the neutral level (but not necessarily there now). Note that the top of the FOMC's central tendency range for neutral is 3.50%, which we judge is a convenient location to consider slowing the rate cut cadence. We see a quarterly pattern unfolding next year on a path to 2.75%-to-3.00% (just a tad below neutral).

But, as Powell alerted, **December is not a done deal** (the slower easing clip could kick in next month). Although President Trump signed the bill ending the government shutdown on November 12, there is at least a 43-day backlog of official data to get through with the next FOMC decision in 28 days, along with the regularly scheduled reports. The Fed could still be flying a bit blind next confab, which could breed even more policy caution. At a minimum, **we would not be surprised to see more dissenting votes in favour of standing pat.**

Bank of Canada: The Bank also cut its policy rate by 25 bps on October 29. In the presser, Governor Macklem stated: *"If the economy evolves roughly in line with the outlook in our MPR [Monetary Policy Report], Governing Council sees the current policy rate at about the right level to keep inflation close to 2% while helping the economy through this period of structural adjustment."* In other words, the BoC could be finished easing with the target for the overnight rate at the bottom of the 2.25%-to-3.25% neutral range. There was a 'we've done what we can for now' feel to the policy pronouncements.

The summary of Governing Council deliberations (released November 12) stated that *"members agreed that a cut to the policy interest rate would be needed"* but they differed on timing. **Some argued to wait** for more data on the economy, labour market and inflation along with more developments on the U.S. trade and federal fiscal policy fronts. However, **the arguments to act now won out**, amid continued excess supply and labour market weakness (latest reading aside), and with weak real GDP projected for H2 alongside inflation staying close to target. But there was little talk about another rate cut afterwards.

In the press conference, Macklem also said: *"... the weakness we're seeing in the Canadian economy is more than a cyclical downturn. It is also a structural transition. The US trade conflict has diminished Canada's economic prospects. The structural damage caused by tariffs is reducing our productive capacity and adding costs. This limits the ability of monetary policy to boost demand while maintaining low inflation."* With inflation expected to behave (thanks primarily to mounting economic slack) and U.S. trade policy still expected to pose heightened risks and uncertainties for the economy, **we reckon the Bank could still ease another notch early next year.** This 'insurance move' would lower the policy rate to 2.00%, just a bit below the neutral range.

Bond yields: Ten-year Treasury yields averaged 4.06% in October, which was a 13-month low, but, so far this month, they are averaging a slightly higher 4.12%. Although additional policy rate cuts should exert some downward pressure on yields, we judge a 4.00% monthly mark should hold, short of mounting prospects for chunky Fed rate cuts (>25 bps) or escalating risks of recession, or no abatement in the current per-meeting easing pace. Ahead of last month's Fed meeting, the daily closes slipped just below 4.00% on four occasions for the first time in more than a year, but they jumped up in the wake of Powell's remarks. The above conditions were clearly not satisfied.

There is a mixture of factors causing this 4.00% 'line in the sand'. First, the fiscal fundamentals are deteriorating. The additional deficits caused by the One Big Beautiful Bill Act could potentially be mostly covered by additional tariff revenue, but this revenue is now being called into question (we await the Supreme Court's ruling on the legality of tariffs under the International Emergency Economic Powers Act (IEEPA)). This means deficits, debt, and interest payments—already on unsustainable paths—are poised for unimproved or worse trajectories. Second, there are

lingering economic policy uncertainty and tariff risks to inflation. Third, there are lurking concerns about future Fed independence and U.S. dollar hegemony.

Meanwhile, **Canada-U.S. 10-year yield spreads** averaged -93 bps last month and, through November 12, are averaging 4 bps more negative. This is a long way from the record -139 bps back in February when BoC rate cuts were unmatched by the Fed. But it is also more negative than the -84 bps registered in August, which seems to have marked the end of the relative sell-off. We are chalking up the rebound as a stabilization pattern more than a trend reversal. We still expect that spreads will resume moving less negative as future Fed rate cuts outpace anything from the BoC.

And part of the pattern also reflects Canada's own fiscal risks. The November 4 federal budget showed a \$78.3 billion deficit for the fiscal year ended March 2026, roughly as we expected. This is double FY2025's \$36.3 billion shortfall, with deficits projected to remain well above \$60 billion for at least the next couple of years. As a share of GDP, this takes the current 2.5% back to just under 2.0% (assuming modest economic growth), with federal debt grinding steadily higher from 42.4% to 43.3%. These ratios are manageable (and appear stellar compared to those south of the border) but they still bear watching, particularly with combined provincial finances deteriorating to a similar degree.

U.S. dollar: The Fed's broad trade-weighted dollar index strengthened 0.6% in October and 1.1% against the advanced foreign economies (AFE). These moves more than reversed the 0.4% weakening for both in September amid the resumption of Fed rate reductions. So far this month, the AFE index has strengthened a further 1.0%.

As October unfolded, the mounting absences of most official data began casting more FX market doubt about Fed easing prospects, which are the dominant driver of the dollar depreciation narrative. The resulting reverse move was magnified as Chair Powell appeared to be more agnostic about a rate cut next month, and the money market pared the probability.

With the official data flow to resume shortly (but with a bulky backlog to unwind) and likely to accentuate the appropriateness of another risk-management-motivated rate cut on December 10 (which is still our call), we look for the greenback to start losing ground again. Meanwhile, the risk of the Supreme Court ruling against IEEPA-tariffs, along with investor concerns about the tandem of fiscal profligacy and threats to Fed independence should all weigh. For next month's average, we see the Fed's broad index down 6.5% from January's record high and more than 8% against the AFE's peak. We see further depreciation of under 2% and close to 3%, respectively, by the end of next year.

Canadian dollar: The loonie averaged almost C\$1.400 last month (US\$0.715), weakening 1.1% against the greenback, in line with the AFE pack. So far this month, the Canadian dollar has weakened further to above C\$1.406, faring relatively better than the norm as BoC easing prospects faded more meaningfully than those for the Fed. While more aggressive Fed easing (100 bps versus 25 bps for the Bank into next year) should continue to lift the loonie, we reckon it is going to lag its advanced economy peers. The albatross around the Canadian dollar's neck is U.S. trade policy.

Currently, U.S.-Canada trade negotiations are suspended with the Administration threatening another 10% tariff (but it's not clear when and on what... goods not compliant with the USMCA currently face a 35% levy). The list of Section 232 'national security' tariffs impacting Canadian goods continues to expand, despite the USMCA stating that they would not be applied to autos and parts and encouraging negotiation of things like tariff-rate quotas in other sectors. Even if current trade turmoil can be calmed, there's next year's formal review of the USMCA looming. As Fed rate cuts and trade tensions tussle to drive the Canadian dollar, we look for the currency to average C\$1.400 next month and appreciate to C\$1.333 (US\$0.752) by the end of next year, assuming the USMCA survives relatively intact.

Overseas

Jennifer Lee, Senior Economist

Central bankers are proving that they are not on autopilot. In fact, some are taking a step back to breathe and re-assess the landscape. Take the **ECB**. It stayed on the sidelines on October 30, which was widely expected. But, with increasing signs of more resilient economic growth, tight labour markets, and inflation close to the 2% target, it was unanimously agreed upon that there was no reason to cut during this meeting. During the press conference, President Lagarde was upbeat on growth prospects, noting how some of the downside risks had faded over the past few weeks. However, risks to inflation had not faded. The outlook was *"more uncertain than usual"*, given concerns about trade and that the risk of bottlenecks and supply issues *"has not yet materialized"*. In fact, Reuters' sources (the ones that usually emerge from the darkness after the press conference is over) said that everything will depend on what the new staff CPI forecasts are for 2028. If they show inflation remaining well below target, then there is a possibility of a December rate cut. But others dismissed that, saying that undershooting the target by 20-to-30 bps is ok. Meantime, it is our view that **this ECB rate-cut cycle is over.**

The **BoJ** also stayed on the sidelines, keeping rates at around 0.5%, citing risks such as *"high uncertainty on the impact of trade policies on overseas economic and price developments."* Two dissenters preferred a 25 bp hike, stating that *"the price stability target had been more or less achieved."* But the majority is likely keeping its powder dry as the new government gears up to spend, led by PM Takaichi who has been openly critical of the Bank's recent hikes. Nonetheless, with core inflation running above target since 2022, we continue to look for another rate hike. Going into 2026, though, the Bank will be watching wage talks and whether higher wages feed into consumption. The BoJ clearly has a lot of patience, but there was one notable line from the latest Statement of Opinions: *"It is likely that conditions for taking a further step toward the normalization of the policy interest rate have almost been met."* **A December 19 rate hike is still possible.**

As expected, the **RBA** kept the cash rate steady at 3.60% in November. It wasn't exactly shocking given the latest Australian inflation readings showed headline CPI rising beyond the 3% target for the first time in over a year. Indeed, the first heading of the Media Release was *"Inflation has recently picked up"*. The Policy Board also described the latest inflation reading as *"materially higher"*; though some of the reasons were probably *"temporary"*, there is concern that *"some inflationary pressure may remain"*. If anything, Governor Bullock played it right down the middle: *"...the board will have to wait and see. It is possible there are no more rate cuts, possible there are more"*. Given the strong October jobs report (42,200 new jobs, all full-time, and the unemployment rate slipping to 4.2%), **it is likely that the hawkish-leaning central bank is finished easing.**

Where things could get a little more interesting is in the U.K. The **BoE** stayed the course in November, as was generally expected. However, it was, once again, an intriguing result. The vote was super tight: 5 voted to keep Bank Rate at 4.00%, while the other 4 wanted to lower rates by 25 bps. Governor Bailey was the swing vote, and was clearly dovish. He said that upside risks to inflation are *"less pressing"* now, and that *"I see further policy easing to come if disinflation becomes more clearly established"*. With comments like that, one would assume he was in the rate cut camp. But he was not. He felt there was value in waiting for more evidence. And judging by the latest employment report, and GDP, he has that evidence. Payrolls fell 32k, broader employment was down 22k, and the jobless rate ticked up 0.2 pts to a 4½-year high of 5.0%. More to the point, wage growth cooled: private sector earnings excluding bonuses climbed 4.2% y/y, the most modest increase in nearly five years. And, economic growth not only slowed in Q3, but it contracted in September. That should be enough to push him out of the "hold" corner, where he was in the company of those who were far more hawkish, and join the four doves, who believe that the time is now to cut rates. And that time **could come as soon as December... unless something unexpected arises from the Autumn Budget.**

Foreign Exchange Forecasts

(local currency per US\$: avg.)	Actual 2025 Oct	Forecasts 2025		2026						2026	
		Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Q3	Q4
Canadian Dollar											
C\$ per US\$	1.40	1.40	1.40	1.39	1.39	1.38	1.38	1.37	1.37	1.36	1.34
US\$ per C\$ ¹	0.715	0.714	0.714	0.717	0.720	0.723	0.726	0.729	0.732	0.738	0.747
Trade-weighted	112.5	112.6	112.1	112.4	112.8	113.2	113.6	114.0	114.4	115.2	116.4
U.S. Dollar											
Trade-weighted ²	121.2	121.5	120.6	120.5	120.3	120.1	119.9	119.7	119.5	119.2	118.6
European Currencies											
Euro ¹	1.16	1.16	1.18	1.18	1.18	1.19	1.19	1.19	1.19	1.19	1.20
Danish Krone	6.42	6.45	6.35	6.30	6.30	6.30	6.30	6.30	6.30	6.25	6.25
Norwegian Krone	10.02	10.10	9.90	9.90	9.85	9.85	9.85	9.85	9.80	9.80	9.75
Swedish Krona	9.43	9.50	9.30	9.25	9.25	9.25	9.25	9.20	9.20	9.20	9.15
Swiss Franc	0.80	0.80	0.79	0.79	0.79	0.79	0.79	0.79	0.79	0.78	0.78
U.K. Pound ¹	1.34	1.31	1.30	1.30	1.31	1.31	1.31	1.31	1.32	1.32	1.33
Asian Currencies											
Chinese Yuan	7.12	7.11	7.10	7.10	7.10	7.09	7.09	7.09	7.09	7.08	7.07
Japanese Yen	151	154	149	149	148	148	148	147	147	146	145
Korean Won	1,423	1,460	1,465	1,465	1,465	1,465	1,465	1,465	1,465	1,465	1,460
Indian Rupee	88.4	88.6	88.4	88.4	88.3	88.3	88.3	88.2	88.2	88.1	88.0
Singapore Dollar	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30
Malaysian Ringgit	4.21	4.15	4.15	4.15	4.15	4.15	4.15	4.15	4.10	4.10	4.10
Thai Baht	32.5	32.4	32.3	32.3	32.3	32.3	32.3	32.3	32.2	32.2	32.2
Philippine Peso	58.4	59.0	59.0	59.0	58.9	58.9	58.9	58.9	58.9	58.8	58.8
Taiwan Dollar	30.6	31.0	31.0	31.0	31.0	31.0	31.0	31.0	31.0	30.9	30.9
Indonesian Rupiah	16,594	16,695	16,665	16,655	16,650	16,645	16,640	16,635	16,630	16,615	16,600
Other Currencies											
Australian Dollar ¹	0.655	0.653	0.660	0.662	0.663	0.665	0.667	0.668	0.670	0.673	0.678
New Zealand Dollar ¹	0.577	0.565	0.570	0.572	0.573	0.575	0.577	0.578	0.580	0.583	0.588
Mexican Peso	18.42	18.35	18.25	18.25	18.20	18.20	18.15	18.15	18.15	18.10	18.00
Brazilian Real	5.38	5.30	5.25	5.25	5.20	5.20	5.15	5.15	5.15	5.10	5.00
South African Rand	17.3	17.2	17.0	17.0	17.0	16.9	16.9	16.9	16.9	16.8	16.8
Cross Rates											
Versus Canadian Dollar											
Euro (C\$/€)	1.63	1.62	1.65	1.65	1.64	1.64	1.63	1.63	1.63	1.62	1.60
U.K. Pound (C\$/£)	1.87	1.83	1.82	1.82	1.81	1.81	1.80	1.80	1.80	1.79	1.78
Japanese Yen (¥/C\$)	108	110	106	107	107	107	107	107	108	108	109
Australian Dollar (C\$/A\$)	0.92	0.91	0.92	0.92	0.92	0.92	0.92	0.92	0.92	0.91	0.91
Versus Euro											
U.K. Pound (£/€)	0.87	0.89	0.91	0.91	0.91	0.91	0.91	0.91	0.90	0.90	0.90
Japanese Yen (¥/€)	176	179	176	176	176	175	175	175	175	175	174

¹ (US\$ per local currency); ² Federal Reserve Broad Index

Sources: BMO Economics, Haver Analytics

Interest Rate Forecasts

(% : avg.)	Actual 2025 Oct	Forecasts									
	2025 Nov	Dec	2026						2026		
			Jan	Feb	Mar	Apr	May	Jun	Q3	Q4	
Canada											
Overnight target (period end)	2.25	2.25	2.25	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Overnight target	2.48	2.25	2.25	2.23	2.00	2.00	2.00	2.00	2.00	2.00	2.00
CORRA ²	2.51	2.28	2.27	2.25	2.00	2.00	2.00	2.00	2.00	2.00	2.00
3-month bills	2.33	2.20	2.20	2.20	1.95	1.95	1.95	1.95	1.95	1.95	1.95
6-month	2.33	2.25	2.25	2.20	2.05	2.05	2.05	2.05	2.05	2.05	2.05
1-year	2.35	2.30	2.25	2.15	2.10	2.10	2.10	2.10	2.10	2.15	2.15
2-year bonds	2.42	2.45	2.30	2.15	2.15	2.15	2.15	2.15	2.20	2.25	2.30
3-year	2.42	2.45	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.45	2.50
5-year	2.69	2.75	2.70	2.65	2.65	2.65	2.65	2.65	2.65	2.65	2.70
7-year	2.84	2.85	2.90	2.90	2.90	2.90	2.90	2.90	2.90	2.90	2.90
10-year	3.13	3.15	3.15	3.15	3.15	3.15	3.15	3.10	3.10	3.10	3.10
30-year	3.62	3.60	3.60	3.60	3.60	3.55	3.55	3.55	3.55	3.55	3.55
Prime rate	4.68	4.45	4.45	4.43	4.20	4.20	4.20	4.20	4.20	4.20	4.20
United States											
Fed funds target (period end)	3.88	3.88	3.63	3.63	3.63	3.38	3.38	3.38	3.13	2.88	2.88
Fed funds target	4.10	3.88	3.71	3.63	3.63	3.52	3.38	3.38	3.27	3.09	2.88
EFFR ³	4.09	3.87	3.71	3.62	3.62	3.52	3.37	3.37	3.27	3.09	2.88
SOFR ⁴	4.20	3.98	3.78	3.67	3.67	3.56	3.40	3.40	3.29	3.09	2.87
3-month bills	3.98	3.95	3.75	3.65	3.65	3.55	3.40	3.40	3.25	3.05	2.80
6-month	3.79	3.80	3.65	3.55	3.55	3.45	3.35	3.35	3.25	3.05	2.90
1-year	3.61	3.65	3.55	3.50	3.45	3.35	3.25	3.25	3.15	3.00	2.90
2-year notes	3.52	3.55	3.50	3.45	3.35	3.30	3.20	3.15	3.10	2.95	2.90
3-year	3.53	3.55	3.50	3.50	3.45	3.40	3.35	3.30	3.30	3.20	3.15
5-year	3.65	3.70	3.65	3.65	3.60	3.60	3.55	3.55	3.50	3.45	3.45
7-year	3.83	3.85	3.85	3.85	3.85	3.80	3.80	3.80	3.75	3.75	3.70
10-year	4.06	4.10	4.10	4.10	4.05	4.05	4.05	4.05	4.05	4.00	4.00
30-year bonds	4.64	4.70	4.65	4.65	4.65	4.65	4.65	4.60	4.60	4.60	4.60
Prime rate	7.23	7.00	6.84	6.75	6.75	6.65	6.50	6.50	6.40	6.21	6.00
Other G7											
ECB Deposit Rate ¹	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
10yr Bund	2.63	2.65	2.70	2.65	2.60	2.55	2.55	2.50	2.45	2.40	2.30
BoE Bank Rate ¹	4.00	4.00	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75
SONIA ⁵	3.97	3.97	3.86	3.72	3.72	3.72	3.72	3.72	3.72	3.72	3.72
10yr Gilt	4.56	4.60	4.65	4.60	4.55	4.55	4.50	4.45	4.45	4.40	4.30
BoJ O/N ¹	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
10yr JGB	1.66	1.58	1.50	1.49	1.48	1.48	1.47	1.46	1.45	1.43	1.41

¹ end of period; ² Canadian Overnight Repo Rate Average; ³ Effective Fed Funds Rate; ⁴ Secured Overnight Financing Rate;

⁵ Sterling Overnight Index Average

Sources: BMO Economics, Haver Analytics

General Disclosures

BMO Capital Markets is a trade name used by BMO Financial Group for the wholesale banking businesses of Bank of Montreal, BMO Bank N.A. (member FDIC), Bank of Montreal Europe p.l.c., and Bank of Montreal (China) Co. Ltd, the institutional broker dealer business of BMO Capital Markets Corp. (Member FINRA and SIPC) and the agency broker dealer business of Clearpool Execution Services, LLC (Member FINRA and SIPC) in the U.S., and the institutional broker dealer businesses of BMO Nesbitt Burns Inc. (Member Canadian Investment Regulatory Organization and Member Canadian Investor Protection Fund) in Canada and Asia, Bank of Montreal Europe p.l.c. (authorised and regulated by the Central Bank of Ireland) in Europe and BMO Capital Markets Limited (authorised and regulated by the Financial Conduct Authority) in the UK and Australia. BMO does not represent that this document may be lawfully distributed, or that any financial products may be lawfully offered or dealt with, in compliance with any regulatory requirements in other jurisdictions, or pursuant to an exemption available thereunder. This document is directed only at entities or persons in jurisdictions or countries where access to and use of the information is not contrary to local laws or regulations. Their contents have not been reviewed by any regulatory authority. Bank of Montreal or its subsidiaries ("BMO Financial Group") has lending arrangements with, or provide other remunerated services to, many issuers covered by BMO Capital Markets. The opinions, estimates and projections contained in this report are those of BMO Capital Markets as of the date of this report and are subject to change without notice. BMO Capital Markets endeavours to ensure that the contents have been compiled or derived from sources that we believe are reliable and contain information and opinions that are accurate and complete. However, BMO Capital Markets makes no representation or warranty, express or implied, in respect thereof, takes no responsibility for any errors and omissions contained herein and accepts no liability whatsoever for any loss arising from any use of, or reliance on, this report or its contents. Information may be available to BMO Capital Markets or its affiliates that is not reflected in this report. The information in this report is not intended to be used as the primary basis of investment decisions, and because of individual client objectives, should not be construed as advice designed to meet the particular investment needs of any investor. This document is not to be construed as an offer to sell, a solicitation for or an offer to buy, any products or services referenced herein (including, without limitation, any commodities, securities or other financial instruments), nor shall such information be considered as investment advice or as a recommendation to enter into any transaction. Each investor should consider obtaining independent advice before making any financial decisions. This document is provided for general information only and does not take into account any investor's particular needs, financial status or investment objectives. BMO Capital Markets or its affiliates will buy from or sell to customers the securities of issuers mentioned in this report on a principal basis. BMO Capital Markets or its affiliates, officers, directors or employees have a long or short position in many of the securities discussed herein, related securities or in options, futures or other derivative instruments based thereon. The reader should assume that BMO Capital Markets or its affiliates may have a conflict of interest and should not rely solely on this report in evaluating whether or not to buy or sell securities of issuers discussed herein.

Dissemination of Economic Publications: Our publications are disseminated via email and may also be available via our web site <https://economics.bmo.com>. Please contact your BMO Financial Group Representative for more information.

Additional Matters

This report is directed only at entities or persons in jurisdictions or countries where access to and use of the information is not contrary to local laws or regulations. Its contents have not been reviewed by any regulatory authority. BMO Capital Markets does not represent that this report may be lawfully distributed or that any financial products may be lawfully offered or dealt with, in compliance with regulatory requirements in other jurisdictions, or pursuant to an exemption available thereunder.

To Australian residents: BMO Capital Markets Limited and Bank of Montreal are exempt from the requirement to hold an Australian financial services licence under the Corporations Act in respect of financial services they provide to wholesale investors (as defined in the Corporations Act). BMO Capital Markets Limited is regulated by the UK Financial Conduct Authority under UK laws, and Bank of Montreal in Hong Kong is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission which differ from Australian laws. This document is only intended for wholesale clients (as defined in the Corporations Act 2001), Eligible Counterparties or Professional Clients (as defined in Annex II to MiFID II) and Professional Investors (as defined in the Securities and Futures Ordinance and the Securities and Futures (Professional Investor) Rules under the Securities and Futures Ordinance of Hong Kong).

To Canadian Residents: BMO Nesbitt Burns Inc. furnishes this report to Canadian residents and accepts responsibility for the contents herein subject to the terms set out above. Any Canadian person wishing to effect transactions in any of the securities included in this report should do so through BMO Nesbitt Burns Inc.

To E.U. Residents: In an E.U. Member State this document is issued and distributed by Bank of Montreal Europe plc which is authorised and regulated in Ireland and operates in the E.U. on a passported basis. This document is only intended for Eligible Counterparties or Professional Clients, as defined in Annex II to "Markets in Financial Instruments Directive" 2014/65/EU ("MiFID II").

To U.K. Residents: In the UK this document is published by BMO Capital Markets Limited which is authorised and regulated by the Financial Conduct Authority. The contents hereof are intended solely for the use of, and may only be issued or passed on to, (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order (all such persons together referred to as "relevant persons"). The contents hereof are not intended for the use of and may not be issued or passed on to retail clients.

To Hong Kong Residents: In Hong Kong, this report is published and distributed by Bank of Montreal. Bank of Montreal (incorporated in Canada with limited liability) is an authorized institution under the Banking Ordinance and a registered institution with the Securities and Futures Commission (CE No. AAK809) to carry on Type 1 (dealing in securities) and Type 4 (advising in securities) regulated activities under the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong). This report has not been reviewed or approved by any regulatory authority in Hong Kong. Accordingly this report must not be issued, circulated or distributed in Hong Kong other than (a) to professional investors as defined in the Securities and Futures Ordinance and the Securities and Futures (Professional Investor) Rules under the Securities and Futures Ordinance of Hong Kong, or (b) in circumstances which do not result in or constitute an offer to the public in Hong Kong.

To Israeli residents: BMO Capital Markets is not licensed under the Israeli Law for the Regulation of Investment Advice, Investment Marketing and Portfolio Management of 1995 (the "Advice Law") nor does it carry insurance as required thereunder. This document is to be distributed solely to persons that are qualified clients (as defined under the Advice Law) and qualified investors under the Israeli Securities Law of 1968. This document represents the analysis of the analyst but there is no assurance that any assumption or estimation will materialize.

To Korean Residents: This report has been provided to you without charge for your convenience only. All information contained in this report is factual information and does not reflect any opinion or judgement of BMO Capital Markets. The information contained in this report should not be construed as offer, marketing, solicitation or investment advice with respect to financial investment products in this report.

To Japan Residents: This report has not been reviewed by any regulatory authority in Japan. This report is provided for information purposes only and it should not be construed as an offer to sell, a solicitation to buy, or a recommendation for any security, or as an offer to provide investment management or advisory or other services in Japan. Securities may not be offered or sold in Japan by means of this report or any other document other than to Qualified Financial Institutions within the meaning of item (i) of Article 17-3 of the Government Ordinance to enforce the Financial Instruments and Exchange Act (Kinyu Showin Torihiki Ho Sekou Rei). Unless specified otherwise, the securities that may be offered to you are not and will not be registered in Japan pursuant to the Financial Instruments and Exchange Acts.

To Taiwanese Residents: This report is not intended to constitute investment advice nor a public offer for any investment products to investors in Taiwan. This report should only be accessed by investors in Taiwan that are qualified to invest in investment products pursuant to relevant Taiwanese laws and regulations, and subject to sales restrictions as set forth in the relevant Taiwanese laws and regulations. BMO Capital Markets has not and will not secure the required licenses in Taiwan for the offer of securities and investment services. Any offer of securities has not been and will not be registered or filed with or approved by the Financial Commission of Taiwan and/or other regulatory authority pursuant to relevant securities laws and regulations of Taiwan, and may not be issued, offered or sold within Taiwan through a public offering or in circumstances which constitute an offer that requires a registration, filing or approval of the Financial Supervisory Commission of Taiwan and/or other regulatory authority in Taiwan under relevant securities laws and regulations of Taiwan. No person or entity in Taiwan has been authorized to offer or sell the securities in Taiwan.

To PRC Residents: This material does not constitute an offer to sell or the solicitation of an offer to buy any financial products in the People's Republic of China (excluding Hong Kong, Macau and Taiwan, the "PRC"). BMO and its affiliates do not represent that this material may be lawfully distributed, or that any financial products may be lawfully offered, in compliance with any applicable registration or other requirements in the PRC, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. This material may not be distributed or published in the PRC, except under circumstances that will result in compliance with any applicable laws and regulations.

To Singapore Residents: This report is intended for general circulation and does not and is not intended to constitute the provision of financial advisory services, whether directly or indirectly, to persons in Singapore. You should seek advice from a financial adviser regarding the suitability of the investment products, taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. This report has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, it should not be circulated or distributed, nor may the securities described herein be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (a) to an institutional investor or a relevant person as defined in and pursuant to and in accordance with the conditions of the relevant provisions of the Securities and Futures Act of Singapore or (b) otherwise pursuant to and in accordance with the conditions of, any other applicable provision of the SFA.

To Thai Residents: The contents hereof are intended solely for the use of persons qualified as Institutional Investors according to Notification of the Securities and Exchange Commission No. GoRor. 11/2547 Re: Characteristics of Advice which are not deemed as Conducting Derivatives Advisory Services dated 23 January 2004 (as amended). BMO and its affiliates do not represent that the material may be lawfully distributed, or that any financial products may be lawfully offered, in compliance with any regulatory requirements in Thailand, or pursuant to an exemption available under any applicable laws and regulations.

To U.S. Residents: BMO Capital Markets Corp. furnishes this report to U.S. residents and accepts responsibility for the contents herein, except to the extent that it refers to securities of Bank of Montreal.

These documents are provided to you on the express understanding that they must be held in complete confidence and not republished, retransmitted, distributed, disclosed, or otherwise made available, in whole or in part, directly or indirectly, in hard or soft copy, through any means, to any person, except with the prior written consent of BMO Capital Markets. Furthermore, you shall not use (nor enable or procure any third party to use) these materials, in whole or in part, for the development of any software program, model, algorithm, or generative artificial intelligence (AI) tool or any other derivative content, including, but not limited to, training or using these materials in connection with the development or operation of a machine learning or artificial intelligence (AI) system (including any use of these documents for training, fine tuning, or grounding the machine learning or AI system or as part of retrieval-augmented generation). **ADDITIONAL INFORMATION IS AVAILABLE UPON REQUEST**

BMO Financial Group (NYSE, TSX: BMO) is an integrated financial services provider offering a range of retail banking, wealth management, and investment and corporate banking products. BMO serves Canadian retail clients through BMO Bank of Montreal and BMO Nesbitt Burns. In the United States, personal and commercial banking clients are served by BMO Bank N.A., (Member FDIC). Investment and corporate banking services are provided in Canada and the US through BMO Capital Markets. © Registered trademark of Bank of Montreal in the United States, Canada and elsewhere. ™ Trademark Bank of Montreal in the United States and Canada. © COPYRIGHT 2025 BMO CAPITAL MARKETS CORP. A member of BMO Financial Group