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It Ain't Over 'til the Fat Core Slims

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Forget about rate cuts later this year—the **bigger risk** is that **many central banks will still be hiking in the months ahead**. Bond markets on-boarded that growing reality this week, driving yields aggressively higher across the curve to levels not seen since SVB collapsed 10 weeks ago. To pick but one example, two-year Treasuries rocketed 25 bps to around 4.25%, even with a partial reversal on Friday (on indications the **debt ceiling talks were suddenly at an impasse**). Initial optimism on the debt ceiling, hawkish Fed talk, and more signs of economic resiliency lit the fire, although the debt limit still looms large. **Canadian bonds saw an even more fiery move**, stoked by a surprisingly sturdy CPI result and further evidence that housing has bottomed. By week's end, the important 5-year GoC was near 3.3%, up from barely 3% last Friday.

While steady selling in Treasuries set the tone, what really put the cat among the pigeons in Canada's bond market was **the meaty inflation reading for April**. After a steady stream of fast-falling headline results since last summer's 8.1% peak, inflation defied consensus and ticked up to 4.4%. We would never dream of saying *"we told you so"*, but we have been loudly warning for months that it was not going to be a straight-line, bump-free descent for inflation back to the 2% target. (And, for the record, CPI was only one thin tick above our call for April.) In fact, the mild high-side surprise puts us in the odd position of actually talking the number down a bit—that is, it really wasn't that much of a shock, and we don't believe the fundamental inflation outlook has changed.

First, it's almost certain that headline inflation will take a mighty step down next month—possibly by a full percentage point to the low 3s—as the base effects are very friendly and gasoline prices have ebbed a tad in May. Moreover, every major measure of core inflation in Canada dipped further in April, at least on a yearly basis. The Bank's two preferred measures (trim and median) both eased to 4.2% y/y, while their prior core crush (CPIX) eased to 4.1% y/y, down 2 ppts from last year's high. The latter measure has the benefit of removing mortgage interest costs, which are now the single fastest growing item in the basket. True, the monthly core moves were sturdier than expected, averaging 0.4% in seasonally adjusted terms. But the three-month trends on most core measures are holding steady around 4%.

The persistence in core simply reinforces our point that **the Bank will need to keep rates restrictive for some time yet to fully break underlying pressures**. No less an authority than **Governor Macklem seemed to agree** that the latest CPI was a nuisance, but not cause for a course correction. While markets took heed of his comments, the persistent back-up in U.S. yields kept the upward pressure squarely in place. And a few analysts are now openly calling for the Bank to start hiking rates again as soon as the June 7 meeting. That would likely be a mistake, and a better option would be to at least await the May jobs and CPI data, not to mention an early look at Q2 GDP, for a more complete picture of how the economy is faring. There's also the small matter of first making sure the U.S. doesn't default before we start predicting more rate hikes.

Having said that, we readily recognize the case for additional rate hikes, with the July 12 decision date a very likely candidate. To be clear, **our official call is that the Bank (and the Fed) will keep rates steady at current levels through the remainder**

of the year. But the risks of further moves are growing, especially after we are on the other side of the debt ceiling drama. And a key reason why those risks have risen is the **resiliency in the housing sector**. As we have opined, ad nauseum, if the most interest-sensitive and cyclical sector of the economy is firming up again, then monetary conditions are most likely not sufficiently tight.

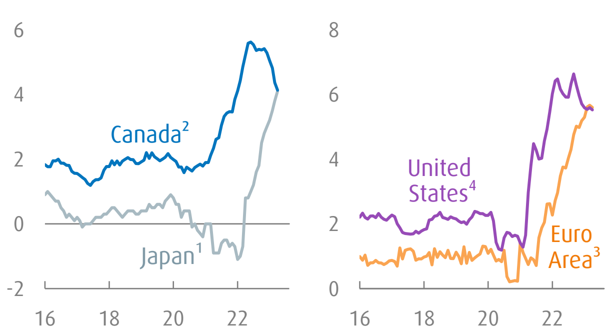
And the latest **Canadian home sales data** for April definitely displayed some firming, as sales spiked 11% m/m, one of the largest monthly rises on record. Prices are starting to nudge up again, while the market balance has swung decisively back in favour of sellers, at least for the time being, pointing to further price increases. Suffice it to say, this is **not what the Bank of Canada doctor ordered**. U.S. housing is also showing a pulse, even without the helping hand of strong population growth, with the Home Builders' survey rebounding to its best level since last summer.

If it was just some bottoming in housing, then central banks would not necessarily need to keep hiking rates. After all, the better housing backdrop could reflect the brief respite seen in longer-term borrowing costs after the spring banking stress. With yields back on the upward march, this could help calm any budding enthusiasm in housing. **A bigger issue for central banks would be if the consumer stays strong. U.S. retail sales** rebounded 0.4% last month, which wasn't a surprise, but core measures were even stronger, which was a surprise. Similarly, **Canadian retail sales** fell as expected in March by 1.4%, but the early April read is for a 0.2% comeback. To be sure, the North American consumer is hardly firing ahead, but it's also not meekly shrinking.

The bottom line is that **if the debt ceiling can be adequately dealt with in a timely manner—still a big "if"—market focus will swing back to the possible need for even higher rates**. U.S. equities celebrated early signs of progress on debt limit talks this week, but the interest rate reality may yet bite. Curiously, the TSX struggled to swim sideways this week despite firmer oil prices, perhaps better recognizing the still-present rate risk.

Chart 1
Core Synchronicity

Core CPI (y/y % chng)



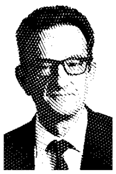
[1] ex. fresh food & energy; [2] trim; [3] ex. energy, food, alcohol, tobacco; [4] ex. food & energy
Source: BMO Economics, Haver Analytics

There is **no joy in Toronto-ville** this week, after the latest Leaf strike out. But there is no bitterness either, as 56 years of experience provides a Zen-like response to such disappointment. Having travelled to Edmonton this week, to commune with like-minded fans, it's notable how the wounds are fresher there, since it's only been 33 years (*a trifling!*) since they last hoisted the Cup. And I'm sure the NHL is perfectly okay with none of the final four teams being much north of the 36th parallel. It's not at all weird that the most northerly city left is Las Vegas—it's true, look it up—which is roughly in line with Gibraltar and much of North Africa. No, the NHL's southern push is surely a huge success... just look at Arizona's thriving franchise. Like I said, not bitter at all.

The 36th parallel also runs right through southern Japan, just north of Tokyo. Besides hosting the G7 meeting, **Japan is back on the radar** for financial markets. Famously, the Nikkei is up 18% so far this year to its best level since 1990 (yes, the last time the

Oilers won). While Warren Buffett's seal of approval for Japanese stocks has helped, the market has also been supported by a consistently dovish Bank of Japan. Even as core inflation has pushed above 4% (nearly kissing Canada's rate; *Chart 1*), the BoJ has stuck doggedly with its zero-rate policy. It's understandable that after 30 years of no inflation that Japan may welcome a little inflation, but one really has to wonder how long until that patience wears thin, and the BoJ will crash the equity party.

Dispatches from the Debt Limit Drama



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It was billed as a major event for financial markets. President Biden and the four congressional leaders met on Tuesday to address raising the debt ceiling, after last Tuesday's 'meet and greet' on the matter and after Friday's follow-up confab was cancelled. Market anticipation mounted on reports that their respective camps were convening behind the scenes, and common ground was being found in meaty measures like spending caps. However, there was no 'deal' announced.

What was announced was that **the Administration and House Speaker McCarthy's team were intensifying head-to-head negotiations**. After Tuesday's meeting, McCarthy said that the two sides remained *"far apart"* but *"it is possible to get a deal by the end of the week"*. The negotiators worked hard and late at night, and they seemed to be getting it right. By Thursday, Speaker McCarthy was saying, *"I can see now where a deal can come together,"* indicating that the House of Representatives could vote on a bipartisan budget deal that lifts the debt limit next week.

Senate Majority Leader Schumer said he would call senators back to Washington next week (the chamber will be in recess) to take up the legislation after it passes the House. All this 'good news' helped the S&P close at a near nine-month high on Thursday. However, as the debt talks appeared to pause on Friday, the stock market's early-day gains eroded. Nevertheless, although June 1 is only 13 days away, and politicians need some working room, the much-feared down-to-the-wire brinkmanship is not necessarily playing out to the same extent.

However, **debt traders are more skeptical**. While U.S. credit default swap spreads narrowed on Thursday, one-month Treasury bill yields rose 9 bps to 5.59% (on a bond equivalent basis). While this is still down from last week's record high of 5.81% (4-week bills were only introduced in 2001), it's up from the 4.35% mark that preceded Secretary Yellen's May 1 warning of 'X-Date' arriving as early as June 1.

This week, the Bipartisan Policy Center provided its best guess of when X-Date arrives, between early June and early August, with the nearest date jibing with the CBO's assessment from last week. These organizations have avoided a Yellen-esque pinpoint reference for the simple reason that net cash flows are too unpredictable. Treasury knows how much things like interest payments and Social Security benefits are to a penny and the specific day they are paid. However, there's lots of uncertainty surrounding the amount of revenue coming in and even a little doubt concerning the precise timing despite fixed tax payment dates.

Given the unpredictability of Treasury's net cash flows, the politicians are working off the nearest possible X-Date, which is a good thing. Will a deal be agreed to this weekend and pass the House and Senate with some degree of bipartisanship? The answer is... maybe. Keep in mind that this is Washington, and these are politicians.

U.S. Economy: April Flowers

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This week's data releases suggest **the U.S. economy is still plodding ahead**. April retail sales showed surprising strength in the 'control' metric used to measure personal goods spending. Barring weakness in services, real consumer spending looks to have risen for the first time in three months. Still, disappointing earnings reports from Home Depot and Target suggest all is not well in consumer land. As well, although Walmart beat expectations, it warned that customers are trading down and cutting back on discretionary items due to high inflation. Another green shoot this week was stronger industrial production, led by a 1% pop in factory output. Still, manufacturing has changed little in the past five months and is lower than a year ago. It also looks to have shrank in May given a sharp drop in the Empire State index and another negative Philly Fed print.

The housing market, though finding a floor, doesn't appear to be exiting the cellar. Existing home sales fell again in April after a double-digit spike in February (the only increase since January 2022). Sales are 23% below year-ago levels, as poor affordability and limited listings have kept buyers at bay. Not helping is that median home prices (seasonally adjusted) have stopped falling and are down just 3.7% from last May, after ballooning 44% in the previous two years. While housing starts rose in April, they are still down 22% y/y. Similarly, the NAHB homebuilders' index climbed again in May, but has merely returned to neutral levels and is still down 28% from a year ago. Barring a material drop in mortgage rates, the housing market likely won't return to the main floor anytime soon.

One upshot is that **the widely anticipated recession may not have started in April**, nor in Q2. Halfway through the quarter, the Atlanta Fed's GDP nowcasting estimate has doubled to 2.9% annualized since early April. One reason for the fertile pace is that excess savings continue to prop up consumers. The San Francisco Fed recently found that this extra kitty "*could continue to support consumer spending at least into the fourth quarter of 2023*", and our analysis concurs.

A mild recession could still be in the cards. The Leading Indicators Index fell for an unlucky 13th straight month in April. It has never fallen this long and this much outside a recession, and even smaller declines have coincided with downturns. The New York Fed's Weekly Economic Index has also slowed to just 0.8% y/y as of mid-May. All eyes will focus on next week's April personal spending report to see how well services demand is holding up. This report could move the needle on Q2 growth (or lack thereof) estimates.

No, Rate Hikes Are Not Causing Inflation

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Here's a question that was submitted multiple times this week: Since higher mortgage costs and rent are driving up CPI, are rate hikes inflationary? No. What we're seeing in the CPI right now largely relates to the mechanics of how housing costs filter into inflation, and some other fundamental factors like surging rental demand.

Housing is a curious aspect of Canadian CPI that has a number of moving parts, each of which reacts differently and with different lags. Broad **shelter costs make up just under 30% of the CPI basket, and were the biggest driver of April's 4.4% y/y**

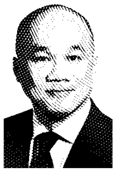
inflation rate, adding 1.5 ppts to the headline. Below that banner, there are four major components of shelter that are experiencing large moves given the swings in the housing market and interest rates: Replacement cost (i.e., home prices), other owned accommodation expenses (i.e., real estate fees), mortgage costs and rent. The first two components (with a combined weight of 11%) have already seen significant downward pressure, while the latter two (10% combined weight) are pressuring inflation higher. While that might look like a wash on the surface, in practice, home prices and real estate fees respond much quicker to changes in underlying market conditions, and were deflationary on net in April—those two components combined clipped overall annual CPI by roughly 0.2 ppts.

Mortgage interest costs, however, filter into the CPI very slowly and can be persistent once they get going. Mechanically, StatCan blends together an interest cost burden by looking at past home price moves to approximate a typical outstanding mortgage balance, along with changes in market interest rates. The end result is that past price increases, combined with higher mortgage rates, left mortgage interest costs to add heavily to headline inflation in April—the 4.4% y/y headline rate would be carved to 3.7% y/y without this component. **Let's not confuse the upward pressure in this particular component with higher interest rates being inflationary.** Just as the Bank of Canada's tightening campaign was getting underway, shelter costs were running at an 8.1% y/y clip, adding 2.4 ppts to headline CPI. So, on net, the push from shelter has been carved by about a full percentage point...and who knows where we would be without tightening. At the same time, interest rates have worked to cool demand more broadly—core goods inflation is almost 2 ppts off its early-2022 high.

Rent is the final piece of the shelter-cost puzzle, and is also a tricky one because market price changes enter the official inflation metric very gradually—StatCan follows a household for six months, turns over one-sixth of the sample each month, and factors like rent control could delay market prices getting reflected. That said, we've all known for a long time already that the rental market is very tight and rents are rising, it just happens that the CPI is now picking that momentum up more fully. Rent added 0.4 ppts to headline CPI in April, and looks like it will keep pushing inflation higher. But, is this a case of landlords passing on higher mortgage rates? Or is it a case of too many people competing for units? Probably the latter. Let's face it, landlords are always going to accept whatever the market will bear. **The big inflation-stoking change in the rental market has come on the demand side**, with a 1 million burst in the Canadian population in the past year led by more than 600k nonpermanent residents.

The Bottom Line: Higher interest rates are not adding to inflation. Rate hikes are indeed working to cool price momentum, and the true question is now becoming: are they actually high enough yet?

China: Boosting Technology, Not Growth, Is Now the Main Objective



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A weaker-than-expected set of data released over the past couple weeks (e.g., industrial production, fixed investment and CPI) has highlighted that **China's economic recovery remains far from robust**. This has led to a growing chorus of calls by China-watchers for authorities to provide greater fiscal and monetary stimulus. However, we would not count on such a policy prescription being implemented. It's quite evident that **boosting headline GDP growth is no longer the top priority in Beijing**.

The economic recovery is essentially running on one cylinder, mainly post-pandemic revenge spending. **Retail sales** surged 18.4% y/y in April thanks only to an extremely low base of comparison because of the Shanghai lockdown in 2022Q2. Otherwise, the outlooks for the other key drivers of growth, **merchandise exports** (+8.0% y/y) and **fixed asset investment** (+3.5% y/y), remain subdued. The prospect of recession in North America is likely to keep a lid on the former, while the latter remains weighed down by a depressed housing market and the spillover effects on local government revenues and expenditures. Recall, local government revenues remain highly dependent on land sales, which have been hit hard by the housing downturn, subsequently necessitating spending cuts. The confluence of such developments likely explains why consumer price inflation remains so weak, at just 0.1% y/y in April with core running at 0.7% y/y.

Nonetheless, we believe Beijing is not particularly keen to pump up economic growth as it has done in the past even given the weakened state of the job market (youth unemployment stands at 20.4%). On the contrary, **authorities remain keen to preserve their fiscal space** (gross general government debt/GDP stood at 77% in 2022 according to the IMF) **and, moreover, focus their resources/efforts on the escalating technology war with the U.S./West**. This is not to say that growth no longer matters, but China's policymakers have been forced to rapidly rethink their long-term economic strategy as the West looks to quickly cut off its high-tech exports to the country. The need to urgently upgrade its own technology (e.g., semiconductors, 5G, cloud computing, precision machinery and equipment, clean energy, etc.) will likely come at the cost of building out its traditional physical infrastructure (e.g., highways, railways, housing, etc.) in the meantime.

Key Takeaway: Headline GDP growth will show a nice statistical rebound, easily hitting 5%-to-6% this year (vs. 3.0% in 2022). However, the underlying structural shift in China's key growth drivers means that its post-pandemic economic recovery may not provide a big boost for global trade or commodities prices (e.g., metals and energy) as one might have initially anticipated.

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Indications of stronger growth and a move toward price stability are **good news** *for the economy.*

	Good News	Bad News
Canada ▪ BoC's Financial System Review shows U.S. banking stress has little impact on Canadian banks... so far	**Existing Home Sales** +11.3% (Apr.) **MLS Home Prices** +1.6% (Apr.) **Residential Mortgage Loans** +5.5% y/y (Mar.) **Housing Starts** +22.4% to 261,559 a.r. (Apr.) **Manufacturing Sales Volumes** +1.1% (Mar.) **Wholesale Trade Volumes Ex. Petroleum** +0.3% (Mar.) **New Motor Vehicle Sales** +2.7% y/y (Mar.)	**Consumer Prices** picked up to +4.4% y/y (Apr.) —but **core** easing **New Housing Prices** -0.2% y/y (Apr.) **Retail Sales Volumes** -1.0% (Mar.)—but StatCan expects Apr. nominal sales edged up 0.2% **Global Investors** sold a net $19.1 bln in Canadian securities (Mar.)
United States ▪ Despite some progress, debt ceiling talks hit impasse as sticking points remain ▪ Stocks waver after hitting nine-month highs ▪ Chair Powell: *"Fed is strongly committed to returning to the 2% target"*	**Retail Sales** +0.4% (Apr.) **Industrial Production** +0.5% (Apr.) **Housing Starts** +2.2% to 1.40 mln a.r. (Apr.) **NAHB Housing Market Index** +5 pts to 50 (May) **Philly Fed Index** +4.2 pts to an ISM-adjusted 46.4 (May) **Initial Claims** -22k to 242k (May 13 week)	**Leading Indicator** -0.6% (Apr.) **Existing Home Sales** -3.4% to 4.28 mln (Apr.) **Building Permits** -1.5% to 1.42 mln a.r. (Apr.) **Empire State Manufacturing Survey** −11.4 pts to an ISM-adjusted 43.5 (May) **Global Investors** sold a net $110.5 bln in U.S. securities (Mar.)
China ▪ Economic activity weaker than expected	**Retail Sales** +18.4% y/y (Apr.)	**Industrial Production** +5.6% y/y (Apr.)—below expected **Fixed Asset Investment** slowed to +4.7% y/y (Jan.-to-Apr.)
Japan ▪ GDP growth rebounds following technical recession last year ▪ Nikkei hits 33-year high	**Real GDP** +0.4% q/q (Q1 P) **Industrial Production** +1.1% (Mar. F)—revised up **Trade Deficit** narrowed to ¥432.4 bln (Apr.)	**Core Core CPI** +4.1% y/y (Apr.)—a 41-year high **Machine Tool Orders** -14.4% y/y (Apr. P)
Europe ▪ ECB talk still hawkish, but Austria's Holzmann admits that greater-than-25 bp hikes are unlikely now ▪ BoE Governor Bailey warns of a wage-price spiral	**Euro Area—Trade Surplus** €17.0 bln (Mar.) **U.K.—Employment** +182,000 (3 mths to Mar.) **U.K.—GfK Consumer Confidence** +3 pts to -27 (May)	**Euro Area—Industrial Production** -4.1% (Mar.) **Germany—ZEW Survey** -14.8 pts to -10.7 (May) **Germany—Producer Prices** +0.3% (Apr.) **U.K.—Payrolls** -135,953 (Apr.) **U.K.—Jobless Rate** +0.1 ppts to 3.9% (3 mths to Mar.) **U.K.—Average Weekly Earnings** +6.7% y/y (3 mths to Mar.)
Other ▪ Banxico keeps rates at 11.25% ▪ G7 increases Russia sanctions		**Australia—Employment** -4,300 (Apr.) **Australia—Jobless Rate** edged up to 3.7% (Apr.)

Commercial Real Estate Outlook

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Commercial real estate (CRE) markets will continue to diverge by segment this year. The two sectors that flourished during the pandemic—industrial and multi-family housing—have slowed but should weather the expected mild economic downturn reasonably well. Retail faces a deeper chill as consumer spending will weaken in response to high interest rates and tighter lending conditions. The **office segment will struggle the most**, as a soft macro climate will compound the challenge from hybrid work.

Despite some reshoring of goods production and the construction of plants for electric vehicle and microchip production, U.S. **real non-residential construction** has sagged to 11-year lows amid high material costs, worker shortages, and a glut of office space. However, spending turned up late last year due to incentives provided by the Infrastructure Investment and Jobs Act, CHIPS Act and Inflation Reduction Act. Construction in Canada has performed somewhat better than in the U.S. amid robust resource sector activity, but it is no higher than a decade ago (*Chart 1*). This year, businesses will likely delay construction spending until the macro climate improves and borrowing costs fall.

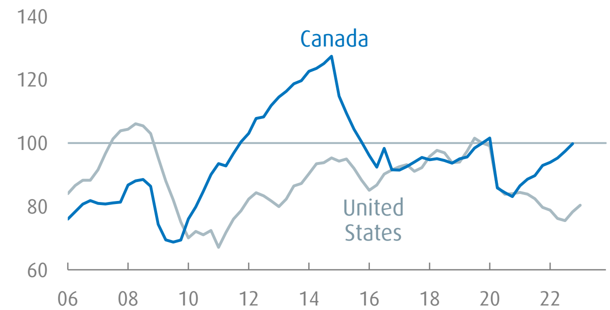
The recent **failure of a few U.S. regional banks** will impact the CRE market largely through tighter lending conditions. Smaller banks provide about 70% of total bank loans to the sector. Commercial property owners could have difficulty refinancing, as the Fed's latest survey of loan officers found that lending conditions for this group have tightened further.

Like most asset classes, **commercial property values** were inflated by cheap credit during the pandemic and are now sagging under the weight of the highest policy rates since 2007. After peaking in early 2022, U.S. property prices have fallen 15%, back to pre-pandemic levels, led by a 25% plunge in office values (*Chart 2*). Total **rates of return** on U.S. commercial property investments tumbled in the final quarter of 2022, led by offices.

A moderate upturn in **capitalization rates** suggests Canadian CRE prices are also under pressure. The upturn spans all major segments, with offices leading. Cap rates,

Chart 1
Not Constructive

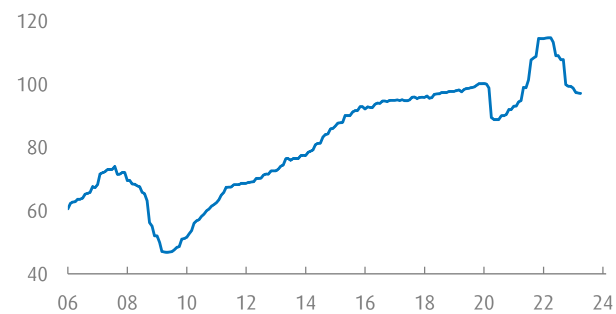
(2019Q4 = 100)
Real Nonresidential Structures Investment



Sources: BMO Economics, Haver Analytics, Statistics Canada, U.S. BEA

Chart 2
Easy Come, Easy Go

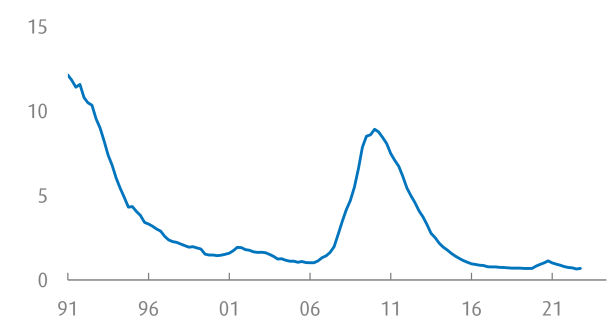
United States (Feb. 2020 = 100)
Commercial Property Price Index — All Property



Sources: BMO Economics, Haver Analytics, Green Street Advisors

Chart 3
Calm Before Storm?

United States — All Commercial Banks (% : end-of-period : s.a.)
Commercial Real Estate Loan Delinquency Rate



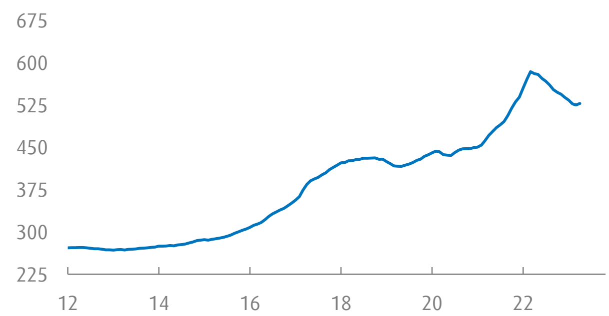
Sources: BMO Economics, Haver Analytics, FRB however, have risen less than interest rates, resulting in below-normal spreads between the two returns. If interest rates stay high, further price declines will likely be required to attract investors. Meantime, Canadian commercial **rent growth** moderated to 3.2% y/y in December 2022 (Statistics Canada; latest data available), with decent gains in retail (4.0%) and industrial (3.8%) but a modest advance for offices (1.2%).

Despite high interest rates, **credit quality generally remains strong**. At 0.7% in 2022Q4, the U.S. delinquency rate on CRE loans from banks was only slightly above recent record lows (*Chart 3*). While this rate should return to the long-run median (1.8%) in a mild recession, even that would pale against the near-9% peak reached in the Great Recession. Trepp's 30-day-plus delinquency rate for commercial mortgage-backed securities has turned up, but it too remains low at 3.09% in April 2023, with industrial, retail, and hotels still below year-ago levels. The office delinquency rate has drifted higher to 2.61%, though lengthy leases are holding it down. U.S. business bankruptcies spiked in March but remain below 2019 levels, while Canadian **business insolvencies** have returned to pre-pandemic levels.

Chart 4
Faulty Towers

Canada (C$ 000s)

MLS HPI Benchmark Prices — Apartments



Sources: BMO Economics, Haver Analytics, CREA

Regionally, Alberta should outperform other provinces if oil prices stay elevated, as an inexpensive housing market is attracting strong population inflows from other regions. Atlantic Canada is also enjoying a population spurt. In the U.S., an inflow of people and businesses to the South will likely see that region outperform the nation.

The main near-term **risk** to the CRE sector is if the economy suffers a hard landing, say because monetary policy tightens further or the U.S. debt ceiling impasse is unresolved. Longer term, climate risks could dominate, especially in regions prone to flooding, wildfires, and severe storms.

Industrial

The **industrial segment has benefitted from some reshoring of activity and vastly improved global supply chains** after three years of disruptions stemming from the pandemic, Ukraine war, and deglobalization. The segment continues to support the logistics and warehousing needs of e-commerce firms. A low-valued currency has underpinned activity in Canada, while strong infrastructure spending has supported the U.S. segment. Industrial building owners have enjoyed low vacancy rates and rapid rent increases. Canada's industrial availability rate of 1.9% in 2023Q1 remains close to historic lows, driving rents 28% higher in the past year (CBRE). However, net absorptions are near a three-year low as consumer spending shifts toward services and new supply comes on stream. Capitalization rates remain low, but have followed a V-shaped route back to pre-pandemic levels. The industrial segment is well positioned to handle a mild downturn, though it's likely to decelerate in 2023.

Multi-family Residential

Multi-family property remains healthy in most regions, with rental vacancy rates pinned down by low joblessness and a still-pricey housing market. While home prices have fallen sharply in Canada, they appear to be bottoming, leaving many cities unaffordable for even middle-income families. Canadian benchmark condo prices are down 9% y/y to April, after soaring 33% in the previous two years (*Chart 4*). The apartment market appears healthier in Canada than in the U.S. due to stronger population growth. Rents across all property types in Canada are up 9.6% y/y in April

(Rentals.ca). Demand for purpose-built rental units remains high as decades of under-investment clash with surging immigration. Multi-family housing will remain supported by a tight rental market in 2023. The Prairie Provinces and parts of Atlantic Canada, which are attracting both international and interprovincial migrants due to inexpensive housing, should outperform Ontario and British Columbia.

The earlier **frenzy in the U.S. rental market has also subsided**. The vacancy rate rose to 6.4% in 2023Q1, though this is about one percentage point below long-run norms. Zillow's observed rent index for single- and multi-family units slowed to 5.3% y/y in April 2023 from 16.5% a year ago. Apartment building values tumbled 21% from their peak, exceeded only by the downdraft in offices. The price correction is a testament to how overheated the market was previously. Landlords face lower prices, weaker rents and higher borrowing costs, and the latter will hit owners with floating-rate mortgages the hardest. Still, continued poor housing affordability should put a floor under the rental market.

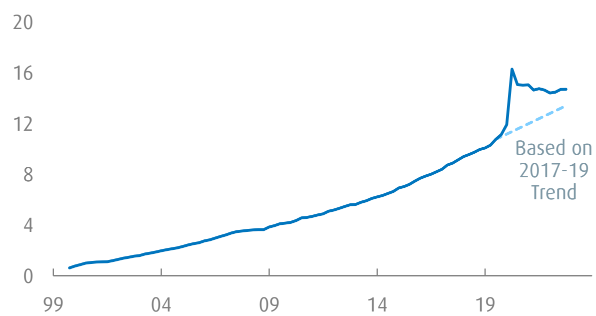
Retail

The **retail sector has recovered** on stunning job growth, brisk wage gains and excess savings. U.S. availability rates for retail properties remain low at 7.0% in 2022Q4 (CBRE). In Canada, rent growth is sturdy at 4.0% in December 2022 (Statistics Canada). A return to more normal online shopping patterns has helped in-store sellers. After spiking above 16% early in the pandemic, the e-commerce share of U.S. retail sales has fallen below 15%, though it's still up from around 11% in late 2019 (*Chart 5*). According to a recent CBRE survey, about 70% of shoppers prefer in-person to online shopping, with the digitally savvy Gen Zers even keener than millennials.

More recently, the **retail sector has softened** in response to high interest rates. This trend should continue as the unemployment rate drifts higher. Big city retailers that rely on office commuters will face tougher times than their suburban counterparts. Construction of retail space, especially new malls, will likely remain at a low ebb.

Chart 5
Online Shift Stalls

United States (%)
Retail E-commerce as a % of Total Retail (ex. Food Services)



Sources: BMO Economics, Haver Analytics, Census Bureau

Office

Office buildings will remain the most depressed CRE segment for some time. A mild recession will compel companies to reduce headcounts and space, aggravating the secular challenge arising from the adoption of hybrid work. Earlier rapid growth in the tech industry had buttressed landlords during the pandemic, but a recent wave of layoffs is causing a surge in subleasing. While office rents have held relatively steady, incentives are on the rise, and more will be needed as tenants reconsider their long-run needs. Valuations of publicly traded real estate investment trusts have plunged in the U.S. in the past year, and have been sliced in half since March 2023 in Canada (based on this sub-sector of the TSX Composite Index). This flags some downward pressure on the privately-held office market in Canada, though institutional investors such as pension funds tend to have long-term investment objectives and may be better capitalized to ride out the storm.

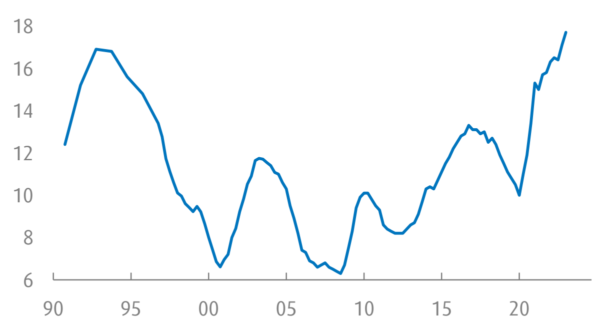
Employees have been **slow to return to in-person work**. Many have settled on spending half their time in the office, albeit with wide variation across professions. Office return rates are lowest in the information sector, followed by some business professions such as legal and accounting. Office occupancy rates are lower in large urban centres due to high commuting costs and safety concerns. Toronto's office occupancy rate was 47% of pre-pandemic levels as of April 15, according to the Strategic Regional Research Alliance. That's close to the U.S. 10-city average of 49%, compiled by Kastle System's access-card swipes as of May 10. Austin is at the top (61%), Chicago is near the middle (51%), and San Jose (aka Silicon Valley) is at the bottom (38%).

A major concern for building owners (and their lenders) is that the **U.S. office occupancy rate appears to have plateaued at half of 2019 levels**. Remote work could do to offices what e-commerce did to malls—make them far less essential to our daily lives. Still, the direction of office occupancy rates is unclear. Many workers, some of whom have seen their daily commutes shrink from 3 hours to 3 feet, prefer a hybrid option. But employers are more actively coaxing them back to in-person work, either with carrots (free food and gourmet coffee) or the stick (lower bonuses and fewer promotions). Unresolved is the impact of remote work on productivity. Gains at the individual level (partly due to less commuting time) may not compensate for aggregate losses stemming from inferior collaboration and training and a loss of corporate culture. Higher office return rates in Europe (70%-to-90%; JLL) and Asia (above 80%) suggest room for further gains in North America, though workers in these regions may enjoy relatively easier and cheaper commuting while residing in smaller living spaces, and thus have greater incentive to return to the office. It's possible that office return rates will stabilize at around 60% of pre-pandemic levels in the U.S. and Canada. However, this won't necessarily translate into a 40% reduction in demand, as additional space might be required for new amenities and peak in-office days (Tuesday is tops at 58%, finds Kastle). **We suspect office demand will shrink by up to 20% of 2019 levels.**

Canada's office vacancy rate spiked to a record 17.7% in 2023Q1 from 10.0% before the pandemic (*Chart 6*). Regionally, **Ottawa's** rate climbed to 12.3% due to a spate of tech layoffs. The city nervously awaits the federal governments long-run leasing plans as public sector workers have demanded more flexibility to work from home. **Toronto's** vacancy rate more than doubled in the pandemic to 17.5%, the highest since 1996. Its downtown rate is 15.3%, the highest in nearly three decades and up from just 2% in March 2020. It will rise further as 14 office buildings are currently under construction, according to Altus. Moreover, the effective office vacancy rate is higher than the official rate, which excludes available sublease space, and Shopify has recently put seven floors up for sublease. **Calgary's** downtown vacancy rate of 32% is the highest among major Canadian cities, compelling its government to offer grants to convert office buildings into living space and public amenities, such as hotels, schools and performing arts centres. **Montreal's** rate of 16.8% has nearly doubled since early 2020. **Vancouver** is the only major Canadian city with a single-digit vacancy rate (8.4%). Due to soaring vacancies, asking rents in Canada fell in 2023Q1 for the first time in years (Colliers).

Chart 6
Woe Vacancy

Canada (%)
Office Vacancy Rate — All Classes



Sources: BMO Economics, CBRE

The **U.S. office vacancy rate jumped to 17.3%** in 2022Q4 from around 12% at the start of the pandemic (CBRE). Cushman and Wakefield believe that up to a quarter of all offices could be "functionally obsolete" in seven years, requiring significant investments to either upgrade or repurpose. It expects vacancies to keep rising, as only a third of leases scheduled to expire by the end of the decade have already done so. In the U.S., the federal government is the biggest office tenant and, much like Canada, is having trouble getting its workers back in the office. Large budget deficits could force governments to save on office space. Another threat for office landlords (and workers) is that many professional service jobs can be done remotely in countries with lower wages than North America.

Class A towers with modern amenities will continue to attract tenants from older buildings. However, a flight to quality won't fully immunize high-end buildings from remote work. Vacancy rates have risen as well for luxury buildings. According to Savills, around 19% of total high-end office space in Manhattan was available for lease in 2022Q4, up from less than 12% in early 2019.

Suburban office buildings may outperform downtown towers as many remote workers have moved to the suburbs and exurbs, compelling some companies to provide office space closer to home. CBRE reported that the average U.S. downtown office vacancy rate surpassed that of the suburbs for the first time in decades in mid-2022.

Loan defaults currently remain low because office leases typically last 10 years or more, but financial strain is mounting as vacancy rates rise. Property manager Brookfield recently defaulted on two large office towers in Los Angeles, while Columbia Property Trust defaulted on seven top office buildings across the country. Trepp says around $1.2 trillion of debt was backed by U.S. office buildings in mid-2022, suggesting that the ripple effects of wider distress could be material. Office towers in states with weak population trends are especially vulnerable.

More unused office space will be repurposed for living needs. Last year a record number of U.S. office buildings were converted to apartments. Repurposing will limit credit losses of office owners and allow lenders to recoup some losses. However, vacancy rates could stay high for a while given the lengthy time to convert a building. In addition, only a fraction of office buildings can be repurposed, depending on location, building design, and zoning regulations. Avison Young estimates that 34% of office towers built before 1990 in 14 major cities across North America have the potential to be converted to living space, though not all are economically viable.

Bottom Line

High interest rates, tighter lending conditions, and an expected shallow recession will depress rental revenue and commercial property values this year. Even the sturdy industrial and multi-family residential segments won't be entirely immune, though strong population growth should bolster the latter in Canada. These headwinds will translate into less lending and higher default rates, mostly in the beleaguered office market.

Economic Forecast Summary for May 19, 2023

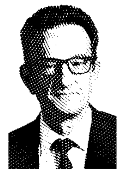
		2022				2023				Annual		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2022	2023	2024
CANADA												
Real GDP	(q/q % chng : a.r.)	2.4	3.6	2.3	0.0	2.5	-0.5	-0.7	1.1	3.4	1.0	1.3
Consumer Price Index	(y/y % chng)	5.8	7.5	7.2	6.7	5.1	3.7 ↑	3.4 ↑	3.0	6.8	3.8	2.5
Unemployment Rate	(percent)	5.7	5.1	5.1	5.1	5.0	5.2	5.5	5.7	5.3	5.3	5.5
Housing Starts	(000s : a.r.)	243	270	281	259	223	249 ↑	230 ↓	220	263	230	220
Current Account Balance	($blns : a.r.)	11.0	22.0	-33.7	-42.6	-41.3	-41.6	-45.5	-51.3	-10.8	-45.0	-55.0
Interest Rates	(average for the quarter : %)											
Overnight Rate		0.33	1.17	2.75	3.92	4.50	4.50	4.50	4.50	2.04	4.50	3.88
3-month Treasury Bill		0.39	1.43	2.91	3.96	4.39	4.40	4.45 ↑	4.45 ↑	2.17	4.40	3.85
10-year Bond		1.92	2.98	3.01	3.16	3.04	2.95	2.95 ↑	2.95 ↑	2.77	2.95	2.85
Canada-U.S. Interest Rate Spreads	(average for the quarter : bps)											
90-day		9	33	16	-22	-39	-79 ↑	-83 ↑	-83 ↑	9	-71 ↑	-96
10-year		-2	5	-10	-67	-61	-54 ↑	-51 ↑	-48 ↑	-18	-53 ↑	-40
UNITED STATES												
Real GDP	(q/q % chng : a.r.)	-1.6	-0.6	3.2	2.6	1.1	-0.5	-0.8	0.8	2.1	1.0	1.3
Consumer Price Index	(y/y % chng)	8.0	8.6	8.3	7.1	5.8	4.2	3.7	3.4	8.0	4.2	2.5
Unemployment Rate	(percent)	3.8	3.6	3.5	3.6	3.5	3.5	4.3	4.7	3.6	4.0	4.6
Housing Starts	(mlns : a.r.)	1.72	1.64	1.45	1.41	1.38	1.38	1.34	1.37	1.55	1.37	1.41
Current Account Balance	($trlns : a.r.)	-1.12	-0.95	-0.88	-0.83	-0.82	-0.85	-0.85	-0.86	-0.94	-0.84	-0.88
Interest Rates	(average for the quarter : %)											
Fed Funds Target Rate		0.21	0.96	2.63	3.79	4.63	5.04	5.13	5.13	1.90	4.98	4.67
3-month Treasury Bill		0.30	1.10	2.75	4.18	4.78	5.20	5.25 ↓	5.25 ↓	2.08	5.10 ↓	4.80
10-year Note		1.94	2.93	3.11	3.83	3.65	3.50	3.45	3.40	2.95	3.50	3.25
EXCHANGE RATES	(average for the quarter)											
US¢/C$		79.0	78.4	76.6	73.7	74.0	74.3	75.3	76.5	76.9	75.0	77.7
C$/US$		1.27	1.28	1.31	1.36	1.35	1.35	1.33	1.31	1.30	1.33	1.29
¥/US$		116	130	138	141	132	136 ↑	135 ↑	133 ↑	131	134 ↑	128
US$/Euro		1.12	1.06	1.01	1.02	1.07	1.10	1.11	1.12	1.05	1.10	1.14
US$/£		1.34	1.26	1.18	1.17	1.22	1.25	1.26	1.27	1.24	1.25	1.28

Blocked areas mark BMO Capital Markets forecasts; up and down arrows (↑↓) indicate forecast changes; spreads may differ due to rounding

Canada

There are no key events for this coming week.

United States



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FOMC Minutes from May 2-3 meeting

Wednesday, 2:00 pm

Along with a 25 bp rate hike, the FOMC changed its forward guidance at the May 2-3 confab, indicating that it could pause rate hikes at the next meeting (June 14). The policy statement said: *"In determining the extent to which additional policy firming may be appropriate to return inflation to 2 percent over time, the Committee will take into account the cumulative tightening of monetary policy, the lags with which monetary policy affects economic activity and inflation, and economic and financial developments"*. Before, the guidance read that the Committee 'anticipated' that it would be appropriate to raise rates. We'll be scouring the **Minutes** for clues to the 'conditionality' contours around a pause. A key question to answer is: What would it take not to pause next month (the market gives that scenario about 22% odds) or, after pausing, to hike rates again? Another is: How long does the Fed anticipate pausing for? Recall that the median projection in March's 'dot plot' had rates on hold through the turn of the year.

Personal Spending & Income

Friday, 8:30 am

	Personal Spending	Personal Income
Apr. (e)	**+0.6%**	**+0.6%**
Consensus	*+0.4%*	*+0.4%*
Mar.	unch	+0.3%

	Core PCE Price Index	
Apr. (e)	**+0.3%**	**+4.6% y/y**
Consensus	*+0.3%*	*+4.6% y/y*
Mar.	+0.3%	+4.6% y/y

Nominal PCE probably expanded 0.6% in April, reflecting retail sales being up a decent 0.4% (which is what we're expecting for services outlays) and the 'control' metric's stronger 0.7% gain. **Personal income** likely increased 0.6%, mirroring the large 0.5% move in average hourly earnings alongside a gain in aggregate hours. This mix of income and spending will keep the personal saving rate at 5.1%. This is still below the 7½% pre-pandemic trend, meaning that consumers were again drawing from their excess savings. After amassing $2.4 trillion worth, since October 2021, consumers have been tapping this cache to the cumulative tune of almost $900 billion. Meanwhile, the **PCE price index** (PCEPI) is expected to increase 0.3% in March (rounding to a tenth below the CPI), resulting in a 0.3% rise in real PCE along with headline inflation lifting a tenth to 4.3 y/y. The core PCEPI should increase 0.3% (also rounding a tenth below the CPI) causing core inflation to remain at 4.6% y/y. However, the supercore PCEPI should outpace the market's CPI proxy (0.1%) with food services (included in supercore but not in the proxy) up 0.4% (nsa) in the month.

Durable Goods Orders

Friday, 8:30 am

	Durable Orders	Core Orders
Apr. (e)	**-1.5%**	**-0.5%**
Consensus	*-1.0%*	*+0.2%*
Mar.	+2.8%	-1.1%

Durable goods orders look to fall 1.5% in April. This would mark the third drop in four months amid tighter financial conditions and recession fears. While Boeing bookings lost altitude, the details are likely to be soft as well, with core capital goods orders declining for the third straight month. Meantime, the control measure of shipments, an input for GDP, will likely fall for the fourth time in five months, suggesting continued weakness in equipment spending in the second quarter.

Financial Markets Update for May 19, 2023

		May 19 [1]	May 12	Week Ago	4 Weeks Ago	Dec 31, 2022
					(basis point change)	
Canadian Money Market	Call Money	4.50	4.50	0	0	25
	Prime Rate	6.70	6.70	0	0	25
U.S. Money Market	Fed Funds (effective)	5.25	5.25	0	25	75
	Prime Rate	8.25	8.25	0	25	75
3-Month Rates	Canada	4.49	4.35	14	11	26
	United States	5.25	5.15	9	23	90
	Japan	-0.17	-0.17	0	1	1
	United Kingdom	4.61	4.69	-8	2	73
	Australia	3.93	3.89	4	25	66
2-Year Bonds	Canada	3.97	3.73	25	24	-8
	United States	4.23	3.99	24	5	-20
10-Year Bonds	Canada	3.10	2.88	23	17	-20
	United States	3.65	3.47	18	8	-23
	Japan	0.39	0.38	1	-7	-2
	Germany	2.42	2.27	15	-6	-15
	United Kingdom	3.98	3.78	21	23	32
	Australia	3.59	3.32	27	13	-46
Risk Indicators	VIX	16.8	17.0	-0.2 pts	0.0 pts	-4.9 pts
	Inv. Grade CDS Spread [2]	80	81	-1	4	-2
	High Yield CDS Spread [2]	497	500	-4	27	13
					(percent change)	
Currencies	US¢/C$	73.97	73.80	0.2	0.1	0.3
	C$/US$	1.352	1.355	—	—	—
	¥/US$	137.65	135.70	1.4	2.6	5.0
	US$/€	1.0814	1.0849	-0.3	-1.6	1.0
	US$/£	1.246	1.246	0.0	0.2	3.1
	US¢/A$	66.55	66.46	0.1	-0.6	-2.3
Commodities	CRB Futures Index	261.66	257.92	1.4	-3.4	-5.8
	Oil (generic contract)	71.25	70.04	1.7	-8.5	-11.2
	Natural Gas (generic contract)	2.64	2.27	16.4	18.1	-41.1
	Gold (spot price)	1,976.43	2,010.77	-1.7	-0.3	8.4
Equities	S&P/TSX Composite	20,382	20,420	-0.2	-1.5	5.1
	S&P 500	4,192	4,124	1.7	1.4	9.2
	Nasdaq	12,661	12,285	3.1	4.9	21.0
	Dow Jones Industrial	33,439	33,301	0.4	-1.1	0.9
	Nikkei	30,808	29,388	4.8	7.9	18.1
	Frankfurt DAX	16,291	15,914	2.4	2.6	17.0
	London FT100	7,769	7,755	0.2	-1.8	4.3
	France CAC40	7,501	7,415	1.2	-1.0	15.9
	S&P ASX 200	7,280	7,257	0.3	-0.7	3.4

[1] = as of 11:45 am *[2] = One day delay*

	Monday May 22	Tuesday May 23	Wednesday May 24	Thursday May 25	Friday May 26
Japan	**Core Machine Orders** **Mar. (e) +0.4% +1.4% y/y** Feb. -4.5% +9.8% y/y	**Manufacturing PMI Services** **May P** Apr. 49.5 55.4 **Composite PMI** **May P** Apr. 52.9 **Department Store Sales** **Apr.** Mar. +9.8% y/y	**Machine Tool Orders** **Apr. F (e) -14.4% y/y** Mar. -15.2% y/y		
Europe	**EURO AREA** **Consumer Confidence** **May P (e) -16.5** Apr. -17.5 **FRANCE** **Retail Sales** **Apr.** Mar. -5.6% y/y	**EURO AREA** **Manufacturing PMI Services** **May P (e) 45.8 55.7** Apr. 45.8 56.2 **Composite PMI** **May P (e) 53.5** Apr. 54.1 **UNITED KINGDOM** **Manufacturing PMI Services** **May P (e) 48.0 55.5** Apr. 47.8 55.9 **Composite PMI** **May P (e) 54.7** Apr. 54.9	**GERMANY** **ifo Business Climate** **May (e) 93.0** Apr. 93.6 **UNITED KINGDOM** **Consumer Price Index** **Apr. (e) +0.7% +8.2% y/y** Mar. +0.8% +10.1% y/y **Core CPI** **Apr. (e) +6.2% y/y** Mar. +6.2% y/y **Producer Price Index (Output)** **Apr. (e) +0.2% +5.8% y/y** Mar. +0.1% +8.7% y/y	**GERMANY** **Real GDP** **Q1 F (e) unch -0.1% y/y** Q1 P unch -0.1% y/y Q4 -0.5% +0.8% y/y **GfK Consumer Confidence** **June (e) -23.8** May -25.7 **FRANCE** **Business Confidence** **May (e) 101** Apr. 102	**FRANCE** **Consumer Confidence** **May (e) 84** Apr. 83 **ITALY** **Consumer Confidence** **May (e) 105.2** Apr. 105.5 **UNITED KINGDOM** **Retail Sales (incl. Fuel)** **Apr. (e) +0.4% -2.7% y/y** Mar. -0.9% -3.1% y/y
Other			**NEW ZEALAND** **RBNZ Monetary Policy Meeting**		**AUSTRALIA** **Retail Sales** **Apr. (e) +0.3%** Mar. +0.4% **MEXICO** **Real GDP** **Q1 F (e) +1.1% +3.9% y/y** Q4 +0.5% +3.6% y/y

D = date approximate

Upcoming Policy Meetings | Bank of England: June 22, Aug. 3, Sep. 21 | European Central Bank: June 15, July 27, Sep 14

North American Calendar — May 22–May 26

Canada

Monday May 22

Victoria Day (markets closed)

Tuesday May 23

	Industrial Product Price Index	Raw Materials Price Index
8:30 am		
Apr. (e)	**+0.1%**	**+0.5%**
Mar.	+0.1%	-1.7%

10:30 am — 3-, 6- & 12-month bill auction $23.0 bln (new cash $16.6 bln)

11:15 am — Cash management bond buybacks $0.5 bln

Wednesday May 24

Noon — 10-year bond auction $3.5 bln

Thursday May 25

8:30 am — **Survey of Employment, Payrolls, and Hours (Mar.)**

8:30 am — **Manufacturing Sales**
Apr. A
Mar. — +0.7%

2- & 5-year bond auction announcements

Friday May 26

8:30 am — **Wholesale Trade**
Apr. A
Mar. — -0.1%

Ottawa's Budget Balance[D]
Mar. '23
Mar. '22 — -$25.7 bln

United States

Monday May 22

Fed Speakers: St. Louis' Bullard (8:30 am); Richmond's Barkin, Atlanta's Bostic (10:50 am); San Francisco's Daly (11:05 am)

11:30 am — 13- & 26-week bill auctions $111 bln

Sunday May 21

U.S. President Biden holds a press conference following the G7 leaders' summit

Tuesday May 23

9:45 am — **S&P Global PMIs (May P)**

10:00 am — **New Home Sales**
Apr. (e) — **650,000 a.r. (-4.8%)**
Consensus — *663,000 a.r. (-2.9%)*
Mar. — 683,000 a.r. (+9.6%)

10:00 am — **Richmond Fed Manufacturing Index**
May (e) — **-8**[C]
Apr. — -10

Fed Speaker: Dallas' Logan (9:00 am)

11:30 am — 21-day cash management bill auction $35 bln

1:00 pm — 2-year note auction $42 bln

Wednesday May 24

7:00 am — **MBA Mortgage Apps**
May 19
May 12 — -5.7%

2:00 pm — **FOMC Minutes from May 2-3 meeting**

11:30 am — 2[R]-year FRN auction $22 bln

1:00 pm — 5-year note auction $43 bln

Thursday May 25

8:30 am — **Initial Claims**
May 20 (e) — **250k (+8k)**[C]
May 13 — 242k (-22k)

8:30 am — **Continuing Claims**
May 13 (e) — **1,800k (+1k)**[C]
May 6 — 1,799k (-8k)

8:30 am	**Real GDP**	**GDP Deflator**
Q1 S (e)	**+1.1% a.r.**	**+4.0% a.r.**
Consensus	*+1.1% a.r.*	*+4.0% a.r.*
Q1 A	+1.1% a.r.	+4.0% a.r.
Q4	+2.6% a.r.	+3.9% a.r.

8:30 am — **Pre-Tax Corporate Profits**
Q1 P (e) — **+2.3% y/y**
Q4 — +2.6% y/y

8:30 am — **Chicago Fed National Activity Index**
Apr. (e) — **-0.15**
Mar. — -0.19

10:00 am — **Pending Home Sales**
Apr. (e) — **+1.0%**
Consensus — *+1.1%*
Mar. — -5.2%

11:00 am — **Kansas City Fed Manufacturing Activity**
May
Apr. — -10

Fed Speaker: Boston's Collins (10:30 am)

1:00 pm — 7-year note auction $35 bln

Friday May 26

8:30 am	**Personal Spending**	**Personal Income**
Apr. (e)	**+0.6%**	**+0.6%**
Consensus	*+0.4%*	*+0.4%*
Mar.	unch	+0.3%

8:30 am	**Core PCE Price Index**	
Apr. (e)	**+0.3%**	**+4.6% y/y**
Consensus	*+0.3%*	*+4.6% y/y*
Mar.	+0.3%	+4.6% y/y

8:30 am — **Goods Trade Deficit**
Apr. A (e) — **$85.6 bln**[C]
Mar. — $85.5 bln

8:30 am — **Wholesale and Retail Inventories (Apr. A)**

8:30 am	**Durable Orders**	**Core Orders**
Apr. (e)	**-1.5%**	**-0.5%**
Consensus	*-1.0%*	*+0.2%*
Mar.	+2.8%	-1.1%

10:00 am — **University of Michigan Consumer Sentiment**
May F (e) — **58.0**[C]
May P — 57.7
Apr. — 63.5

[C] = consensus [D] = date approximate [R] = reopening

Upcoming Policy Meetings | Bank of Canada: June 7, July 12, Sep. 6 | FOMC: June 13-14, July 25-26, Sep 19-20

General Disclosures

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