

**Q. Further to CA639, the Financial Consultant has advised that they do not subscribe to consensus forecasts as published by Consensus Economics Inc., London, England. Please provide, on a table, the consensus forecast for the 10 year Government of Canada Bonds as provided by consensus forecasting for the past 10 years. On a similar table, please provide the actual yields for the 10 year Government of Canada Bonds for that particular year. Also, please provide a similar table with a consensus forecast for the 30 year Government of Canada Bonds and the actual yield, year over year.**

**A.** Table 1 below provides a comparison of forecast 10-year Government of Canada bond yields, as published in the November issues of the Consensus Economics Inc. publication *Consensus Forecasts*, and the actual yields of select benchmark 10-year and long-term Government of Canada bonds published by the Bank of Canada, for the period 1992 to 2002.

Table 1 provides both the 3-month and the 12-month forward-looking *Consensus Forecasts* projections and the average of the 3-month and 12-month forecasts. The automatic adjustment mechanisms used by the British Columbia Utilities Commission and the National Energy Board for determining changes in return on equity employ the average of the 3-month and 12-month forecasts.

<b>Table 1</b> <b>Comparison of</b> <b>Forecast and Actual Government of Canada Bond Yields</b>					
<b>Year</b>	<b>Consensus Forecasts<sup>1</sup></b>			<b>Bank of Canada Benchmark 10-Year Government of Canada Bond Yield<sup>2</sup></b>	<b>Bank of Canada Benchmark Long-Term Government of Canada Bond Yield<sup>2</sup></b>
	<b>3-Month Forecast</b>	<b>12-Month Forecast</b>	<b>Average Forecast</b>		
1992	8.8	8.7	8.75	7.88	8.50
1993	7.8	7.6	7.70	6.92	7.56
1994	6.8	6.8	6.80	9.16	9.26
1995	9.2	8.8	9.00	7.19	7.63
1996	7.6	7.6	7.60	6.05	6.75
1997	6.5	6.5	6.50	5.56	5.96
1998	6.0	5.9	5.95	5.18	5.47
1999	5.2	5.3	5.25	6.02	6.10
2000	6.1	5.9	6.00	5.54	5.51
2001	5.9	5.8	5.85	5.36	5.59
2002	4.9	5.4	5.15	5.18	5.58

<sup>1</sup> Forecast information for the year indicated was obtained from the previous year's November issue of *Consensus Forecasts*.

<sup>2</sup> Information obtained from the Bank of Canada website (<http://bankofcanada.ca>) as of November 30<sup>th</sup>.

- 1 Consensus Economics Inc. does not publish a forecast of 30-year Government of Canada
- 2 bond yields.