NATIONAL BANK OF CANADA
CAPITAL MARKETS

December 19, 2025 (*Door 15*)

Tying a bow on 2025 (and plenty of easing cyles?)

By Ethan Currie

As the holiday season approaches, we carry on through (and conclude!) *NBC's 2025 Economic Advent Calendar.*
Let's see what's behind Door #15… (*See* ***page 2*** *for full schedule of past releases in this series).*

Aside from presents for under the tree, it's time to wrap a few things up—including this *Advent Calendar* series, and for (several) central bankers, their easing cycles!

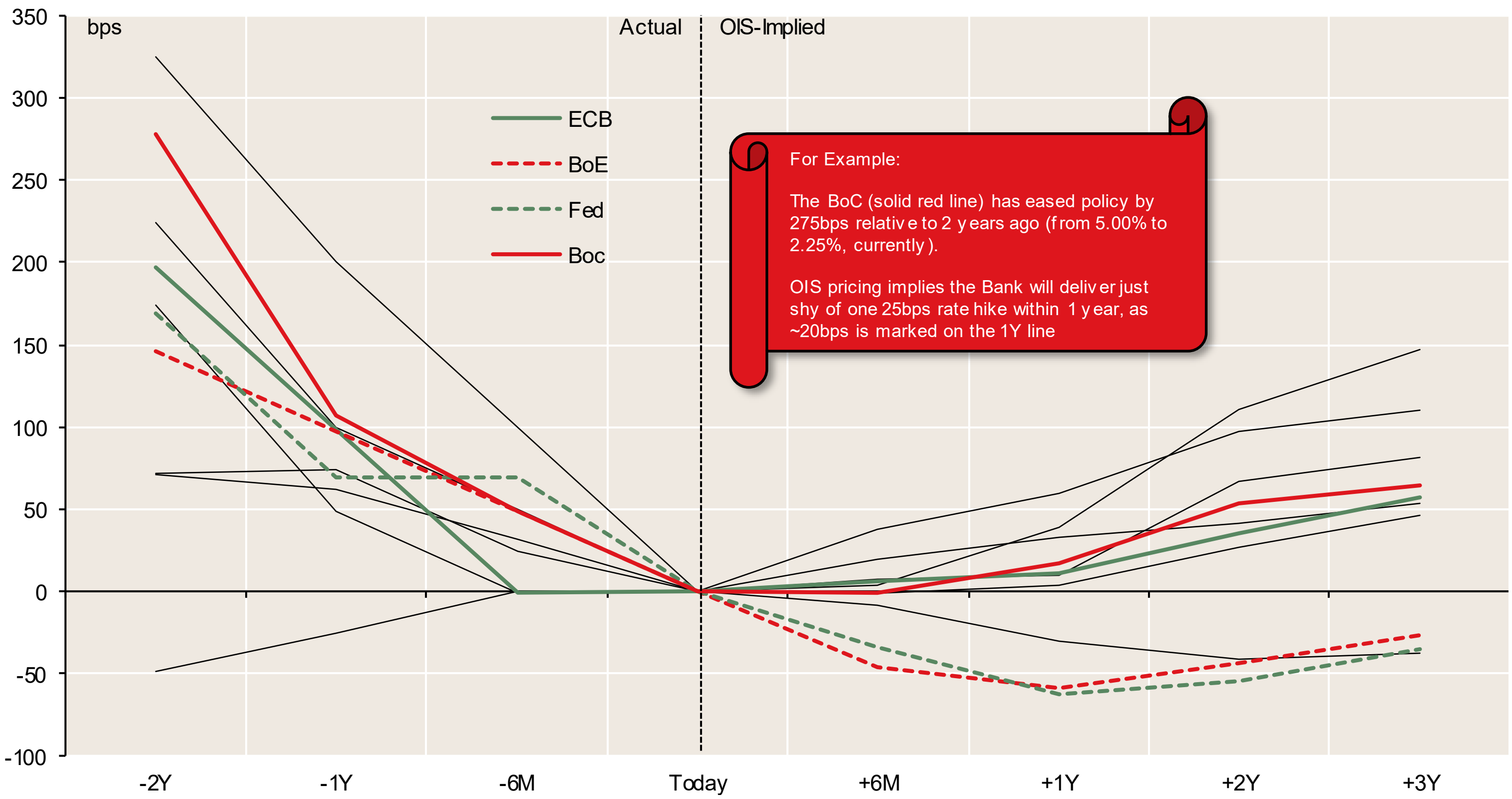
Following an historic global tightening cycle to curb pandemic-driven inflation, central banks around the globe have delivered substantial rate relief as prices (and growth) cooled. As policy rates come closer to 'neutral', and economic activity broadly firms, the end of many easing cycles is in sight. However, given lingering inflation concerns and relative, better-than-anticipated resilience amidst a trade shock, a clearly accommodative stance for most is not required either. Policy rates are expected to settle well above pre-pandemic levels as a result.

Certain banks—like the ECB and BoC—have cut policy relatively more, while others—such as the FOMC and BoE—have eased more gradually. For certain jurisdictions (like the latter two), marginal rate relief may still be required, though a look at swap curves would suggest that 2026 will host the inflection point for these policy rates, too. In the U.S., markets still expect further easing, though the path to a futures-implied terminal rate below 3.25% faces hurdles. Notwithstanding job market risks, we expect inflation to find its way back into the spotlight, as the *OBBB* and lagged effects of tariffs add price pressure later in 2026.

For more detailed thoughts on our North American rates outlook, we'd encourage a read of the lastest edition of our ***Fixed Income Monitor***.

The end of an (easing) era in 2026?

Aligned change in central bank policy rates and OIS-implied forward trajectory



Source: NBC, Bloomberg | Note: Aligned to current effective policy rate; Thinner black lines denote policy rate (actual & implied) trajectories for six other major central banks, including RBA, RBNZ, Norges, Riksbank, BoJ, SNB

NBC's 2025 Economic Advent Calendar

- Door 1: Let it ~~snow~~ cash flow (**link** - *released December 1st*)
- Door 2: Last ~~Christmas~~ Trump Term (**link** - *released December 2nd)*
- Door 3: The anatomy of a ho-ho-hold (**link** - *released December 3rd)*
- Door 4: The (Productivity) Nightmare Before Revisions (**link** - *released December 4th)*
- Door 5: All I want for Christmas is… consistent jobs data (**link** - *released December 5th)*
- Door 6: (Everybody's waitin' for) the man with the ~~bag~~ Bill (**link** – *released December 8th)*
- Door 7: It's beginning to look a lot like… rate hikes? (**link** - *released December 9th)*
- Door 8: JOLTing around the Christmas tree (**link** - *released December 10th)*
- Door 9: Powell, Baby (**link** - *released December 11th)*
- Door 10: Grandma Got Run Over by a ~~Reindeer~~ Tariff (**link** - *released December 12th)*
- Door 11: O Come, All Ye Forecasters (**link** - *released December 15th)*
- Door 12: How the Grinch Stole Incremental Yield (**link** – *released December 16th)*
- Door 13: 'Twas the night before bench roll (**link** - *released December 17th)*
- Door 14: Stuffing the stockings with… Canadian stocks! (**link** - *released December 18th)*
- Door 15: Tying a bow on 2025 (and plenty of easing cycles) (*released December 19th)*

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