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## THE ECONOMIC OUTLOOK

Don Drummond, SVP & Chief Economist  
March 8, 2010

 **Bank Financial Group**

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*TD Economics provides analysis of economic performance and the implications for investors. The analysis covers the globe, with emphasis on Canada, the United States, Europe and Asia.*

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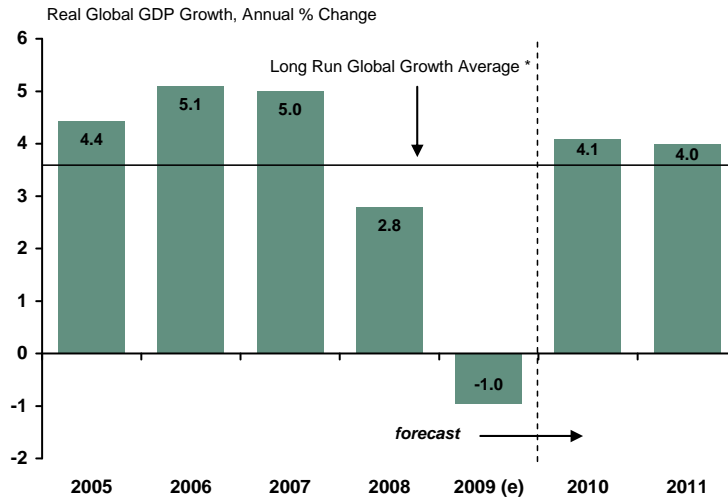
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# GLOBAL RECOVERY UNDERWAY



GLOBAL



Source: IMF, Forecasts by TD Economics as at March 2010, \* since 1970

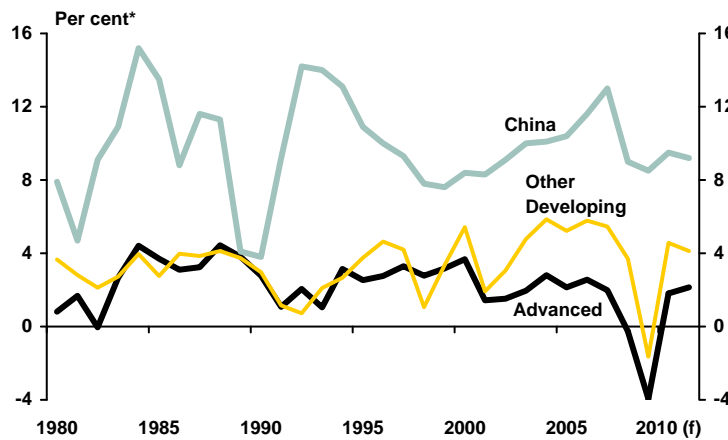
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# DEVELOPING COUNTRIES ARE DRIVING GROWTH



GLOBAL



\*Forecast of 2010-2011 by TD Economics as of March 2010; Source: IMF

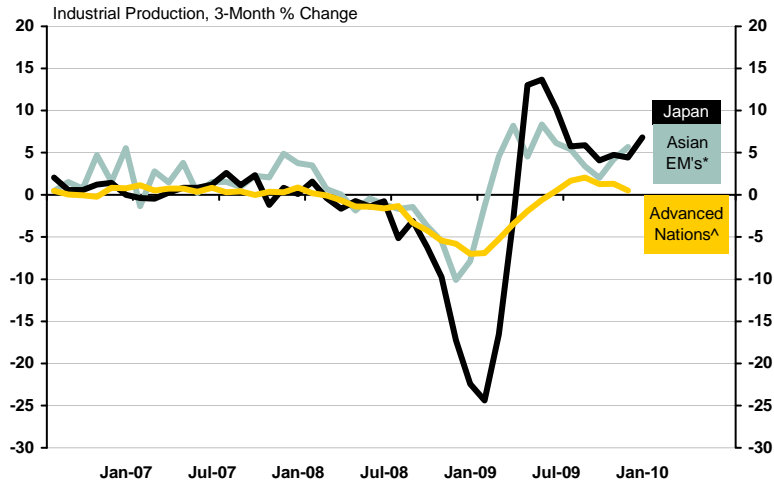
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## ASIA IS LEADING THE WAY

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GLOBAL



\*India, Indonesia, Korea, Malaysia, Philippines, Singapore, Taiwan, Thailand;  
^U.S., Canada, UK, EU; Source: National Statistical Agencies, Haver Analytics

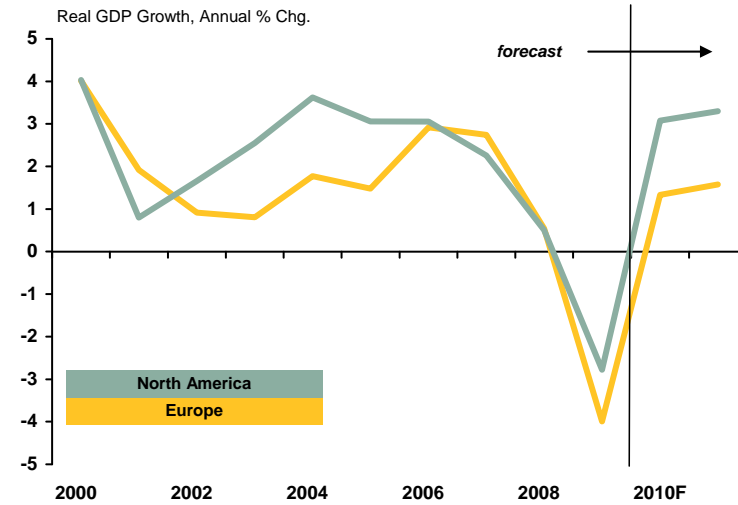
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## NORTH AMERICA IS MOVING FORWARD FASTER THAN EUROPE

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GLOBAL



Source: IMF, International Statistical Agencies, TD Economics  
Forecast by TD Economics as at March 2010

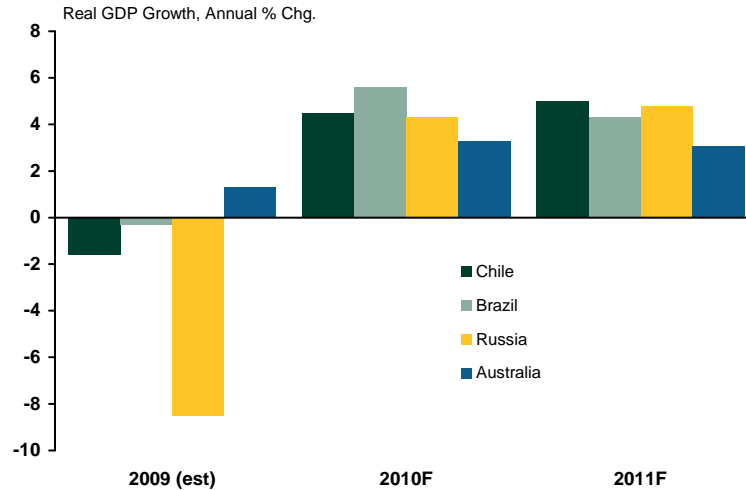
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## COMMODITY REBOUND FUELING GROWTH IN KEY COMMODITY COUNTRIES



GLOBAL



Source: IMF, National Statistical Agencies, Forecasts by TD Economics as at March 2010

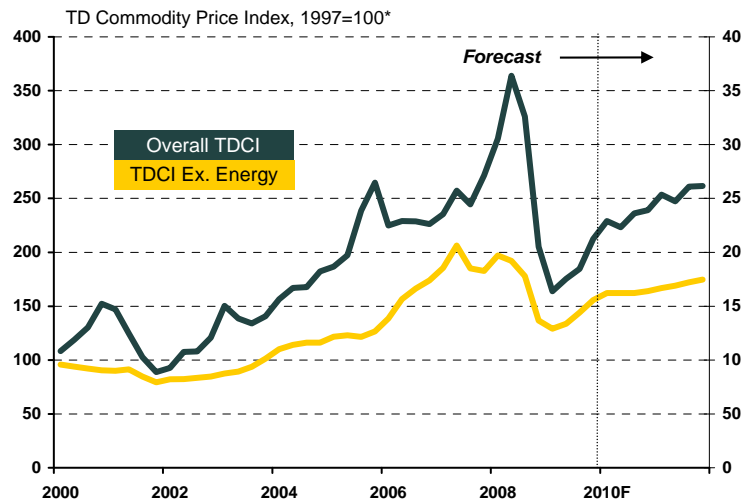
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## COMMODITY PRICES WILL CLIMB GRADUALLY



GLOBAL



\*Index of 18 Canadian resource commodity prices in US\$;  
Source: TD Economics; Last actual: 2009Q4; Forecast as at January 2010.

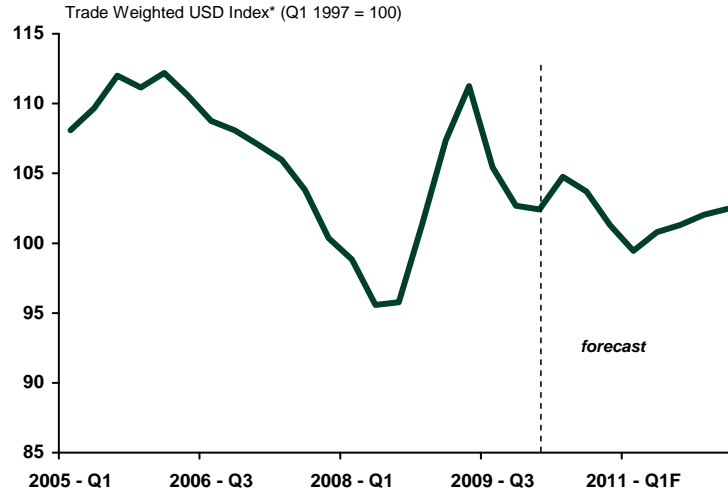
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## USD WILL FACE FURTHER DECLINES IN 2010

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GLOBAL



Source: Federal Reserve Board, Forecasts by TD Economics as at February 2010  
\* Nominal broad trade weighted index

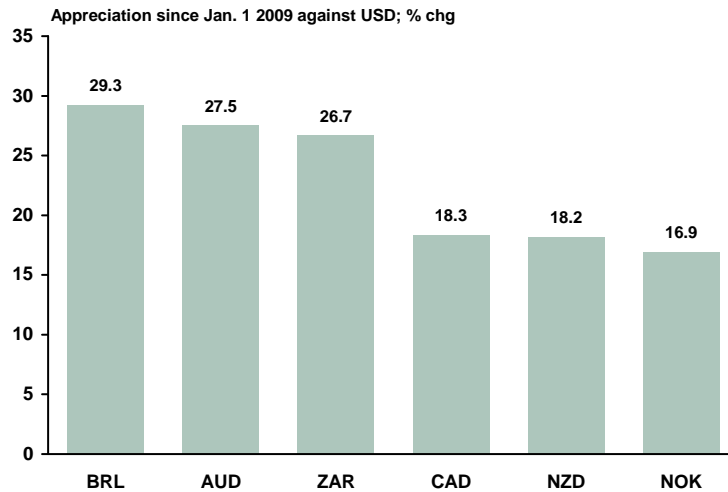
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## COMMODITY CURRENCIES HAVE RISEN

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Source: Bloomberg

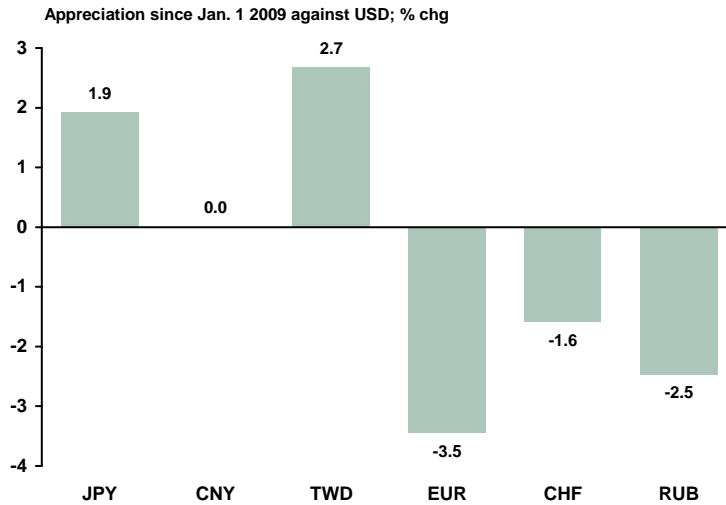
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## ASIAN CURRENCIES HAVE STRENGTHENED, WHILE EURO WEAKENS

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Source: Bloomberg

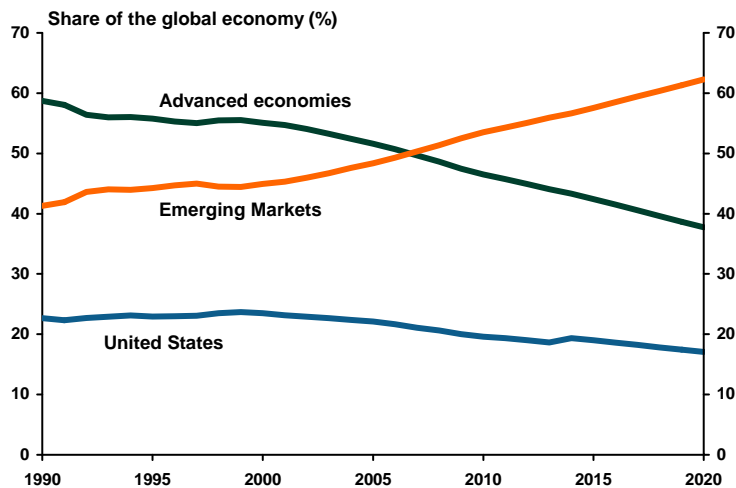
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## U.S. SHARE OF WORLD ECONOMY IN DECLINE

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Source: IMF, TD Economics

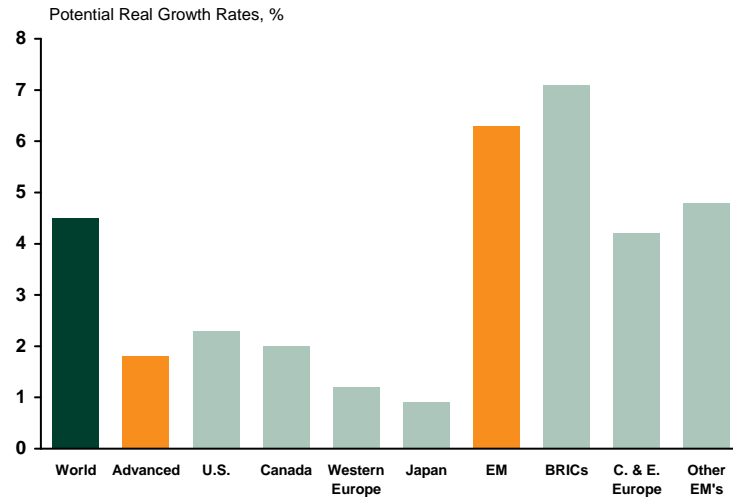
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## FUTURE GROWTH WILL BE DRIVEN BY EM'S



GLOBAL



Source: TD Economics

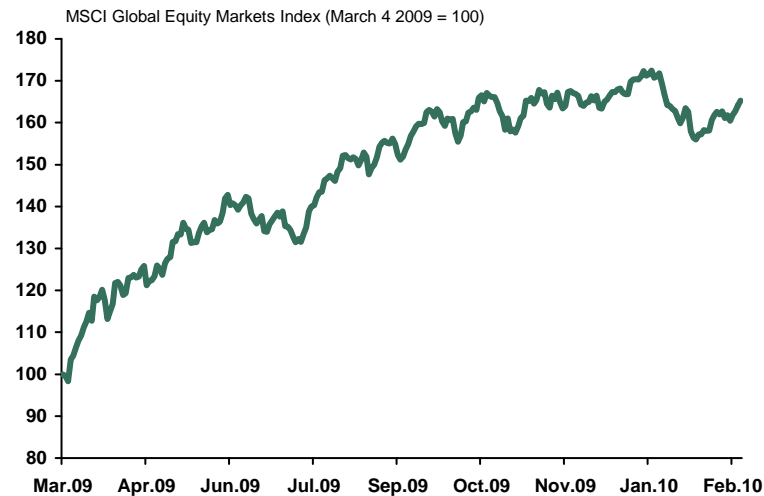
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## GLOBAL EQUITY MARKETS HAVE SURGED



GLOBAL



Source: Bloomberg

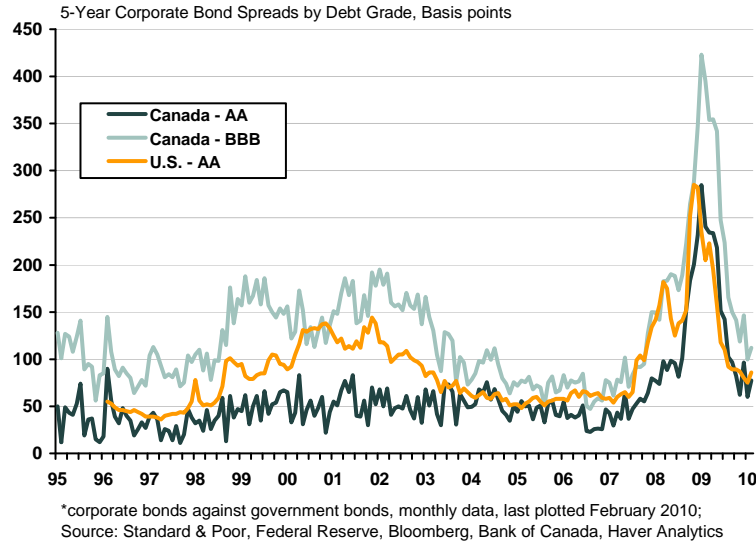
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# FINANCIAL RISKS HAVE ABATED



CANADA AND U.S.



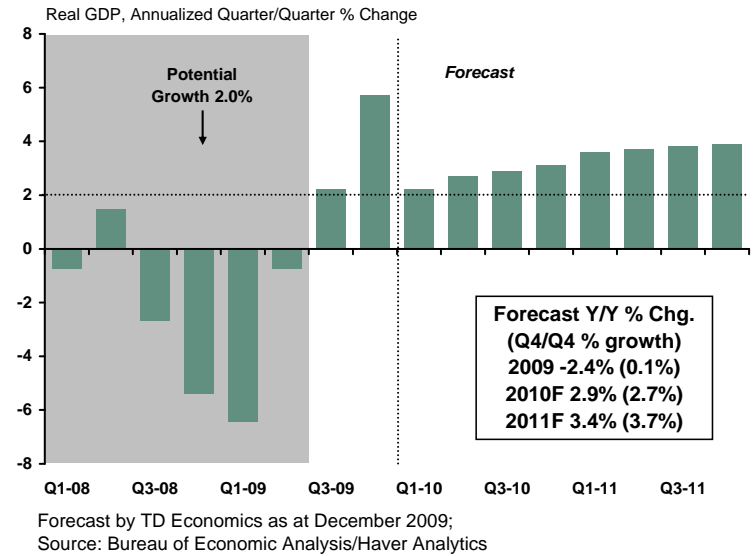
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# U.S. RECESSION HAS ENDED



U.S.



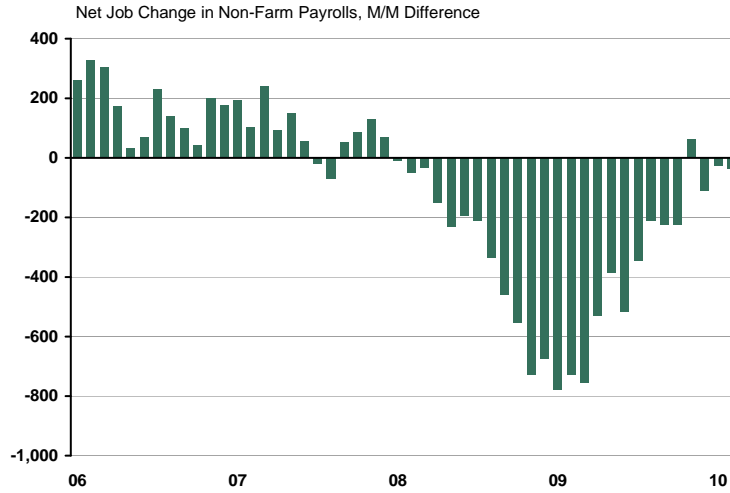
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# JOB MARKET IS IMPROVING



U.S.



Source: Bureau of Labor Statistics

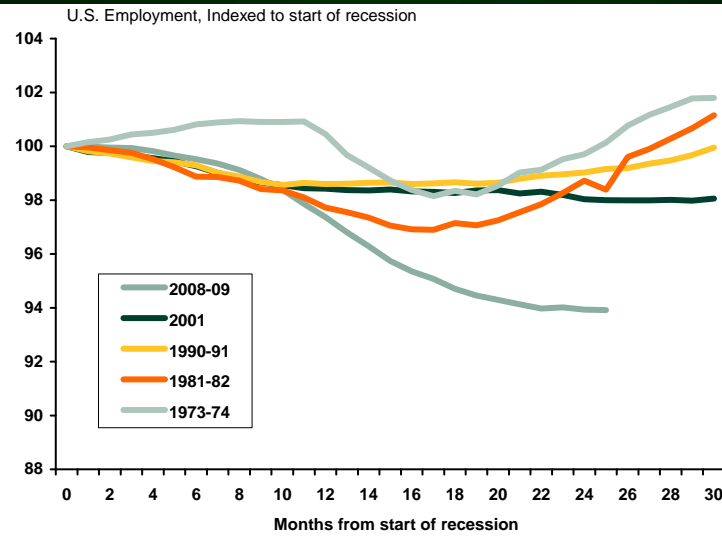
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# BUT RECOVERY WILL BE A LONG ROAD



U.S.



Source: Bureau of Labor Statistics

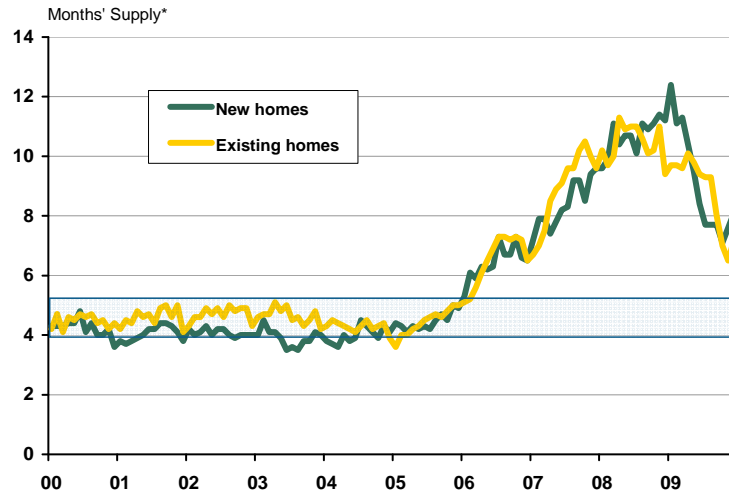
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## HOUSING MARKET MOVING CLOSER TO BALANCE



U.S.



\*At current sales rate.

Source: Census Bureau, National Association of Realtors, Haver Analytics, Bloomberg

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## OUTLOOK FRAUGHT WITH RISKS...



U.S.

### Upside risks:

- U.S. consumers rebound faster than expected
- Home prices continue recent upward momentum

### Downside risks:

- Regulatory uncertainty is an obstacle to credit flows
- Mortgage rates spike as Fed ends purchasing program
- Foreclosures threaten housing recovery
- U.S. dollar weakness sparks inflationary threat
- Unwinding fiscal stimulus too soon or too late
- U.S. commercial real estate market
- Will there be a new normal?

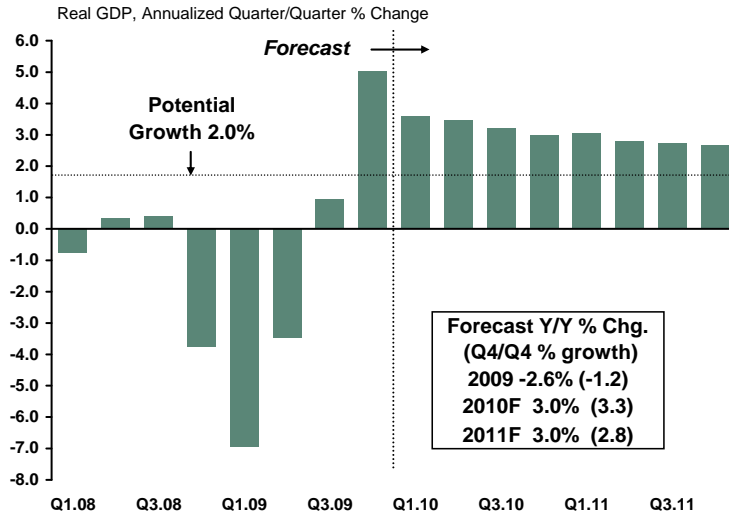
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# CANADIAN ECONOMY ON MEND



CANADA



F: Forecast by TD Economics as at December 2009; Source: Statistics Canada/Haver Analytics

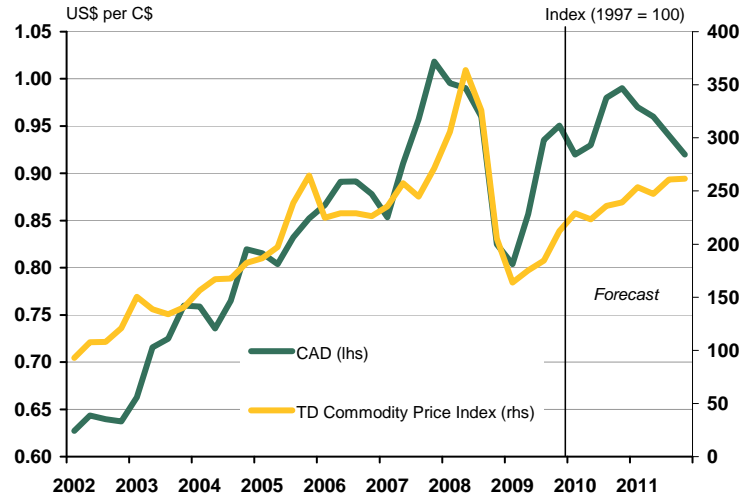
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# U.S. WEAKNESS IMPLIES C\$ STRENGTH



CANADA



Source: Bank of Canada; Forecast by TDBFG as at February 2010

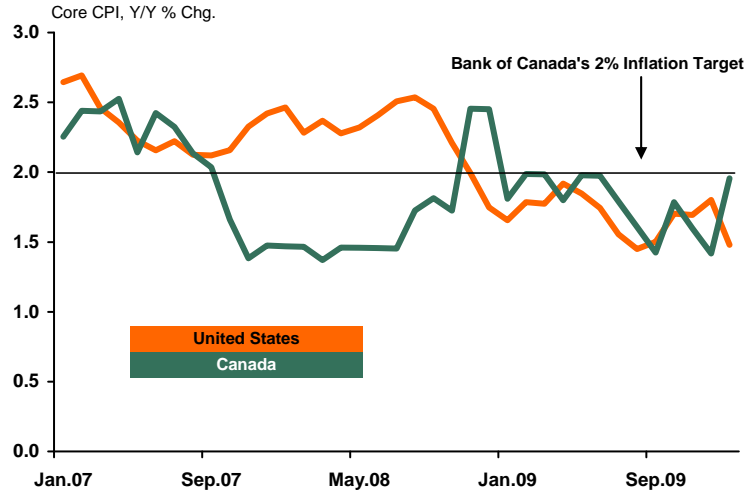
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# CORE INFLATION HAS BEEN STICKIER IN CANADA



CANADA AND U.S.



Source: Statistics Canada, Bureau of Labor Statistics

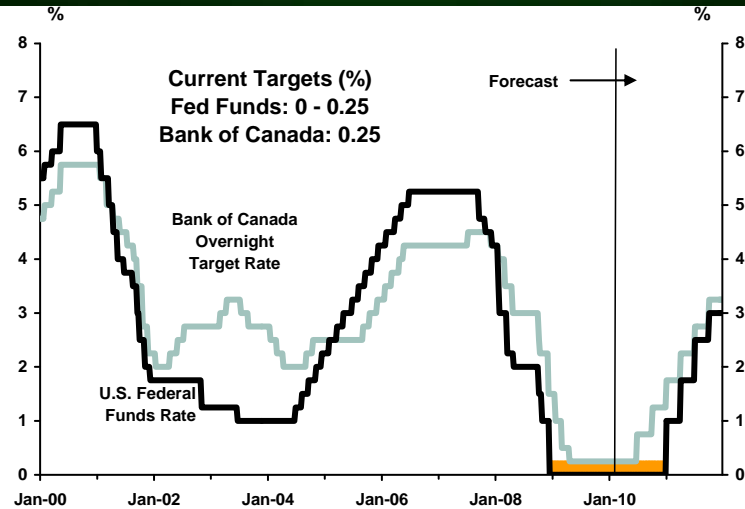
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# BoC RATE HIKES WILL START THIS YEAR, WHILE THE FED HOLDS OFF TILL 2011



CANADA AND U.S.



Forecast by TD Economics as at March 2010;  
Source: Bank of Canada, U.S. Federal Reserve Board.

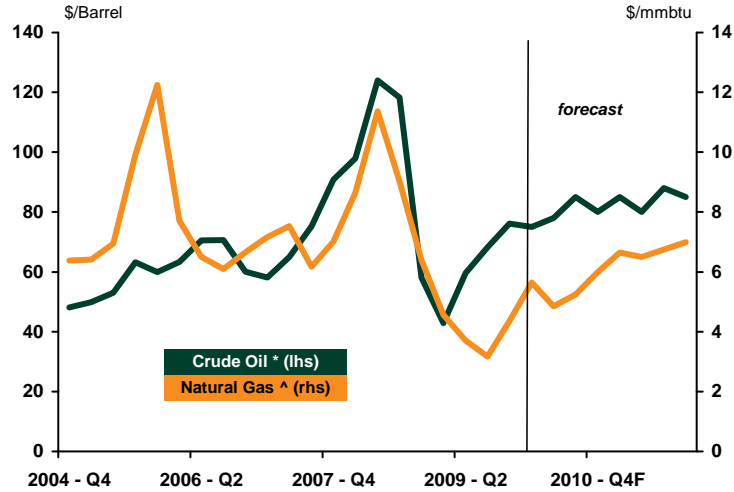
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## CRUDE OIL & NATURAL GAS

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ENERGY OUTLOOK



Source: WSJ, Forecasts by TD Economics as at March 2010  
 \* West Texas Intermediate, Cushing ^ Henry Hub, LA

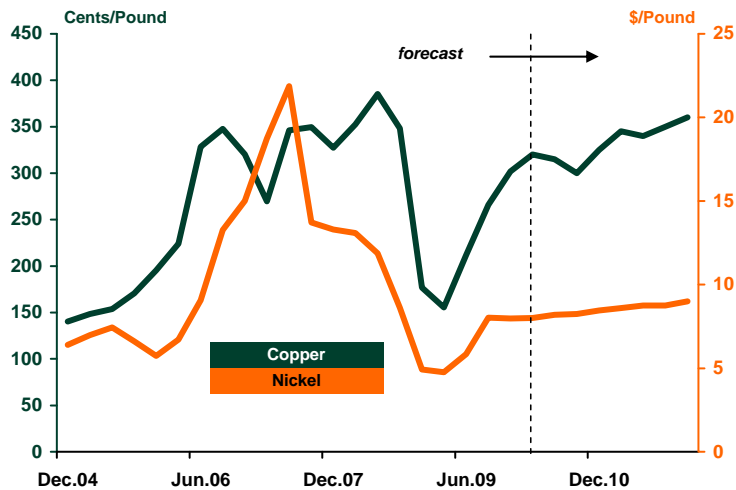
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MINERAL OUTLOOK



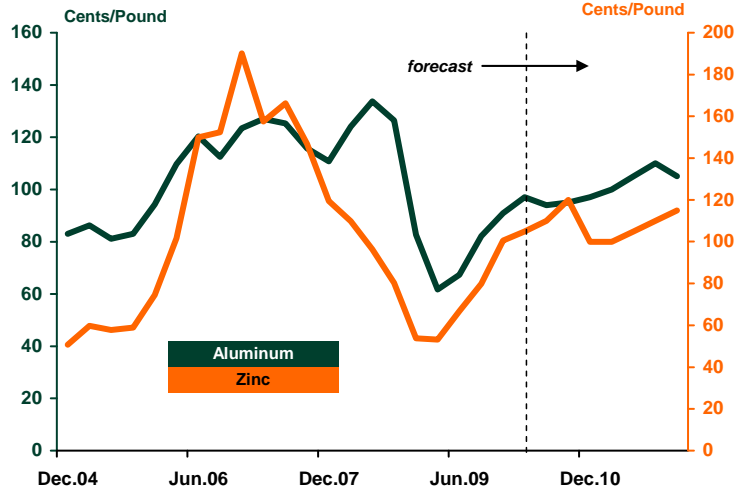
Source: London Mercantile Exchange, WSJ; forecast by TD Economics as at March 2010

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# ALUMINUM & ZINC

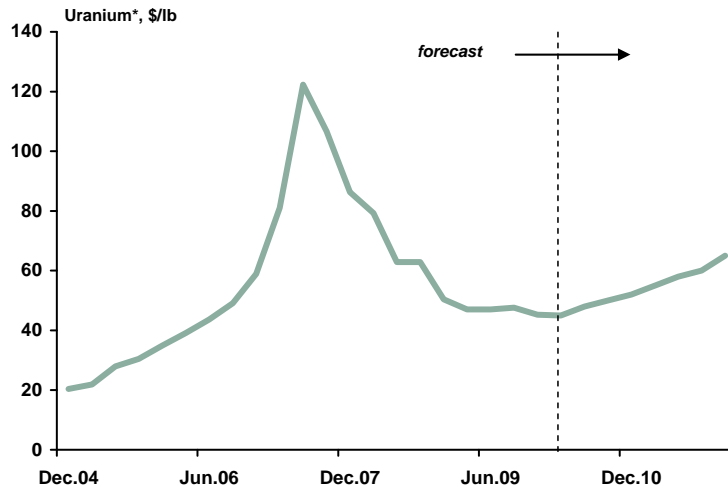
MINERAL OUTLOOK



Source: London Mercantile Exchange, WSJ; forecast by TD Economics as at March 2010

# URANIUM

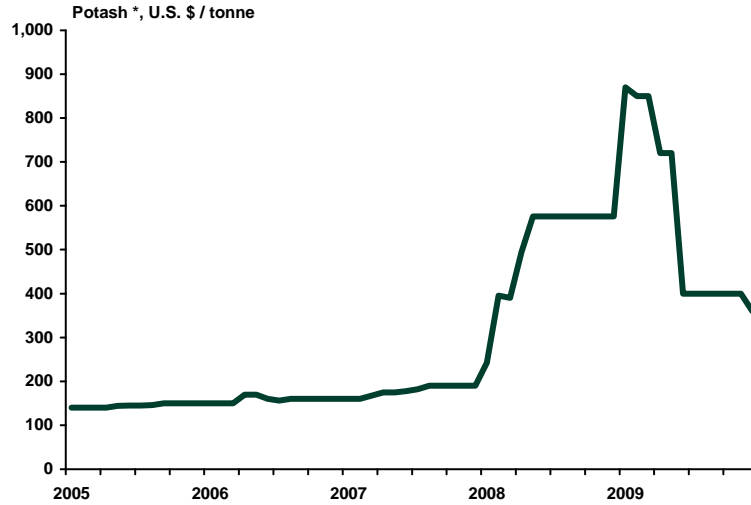
MINERAL OUTLOOK



Source: London Mercantile Exchange, WSJ; forecast by TD Economics as at March 2010  
\*Ux U308

# POTASH

MINERAL OUTLOOK



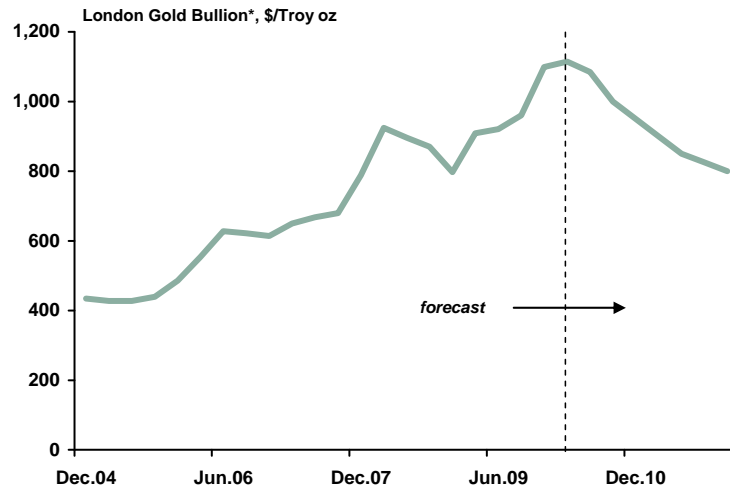
Source: Fertilizer Week, Green Markets, TD Newcrest;  
Last plotted: December 2009, \* fob Vancouver

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# GOLD

MINERAL OUTLOOK



Source: London Mercantile Exchange, WSJ; forecast by TD Economics as at March 2010  
\* PM Fix

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