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THE ECONOMIC OUTLOOK

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September 2010



Bank Financial Group

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.

Contact Information

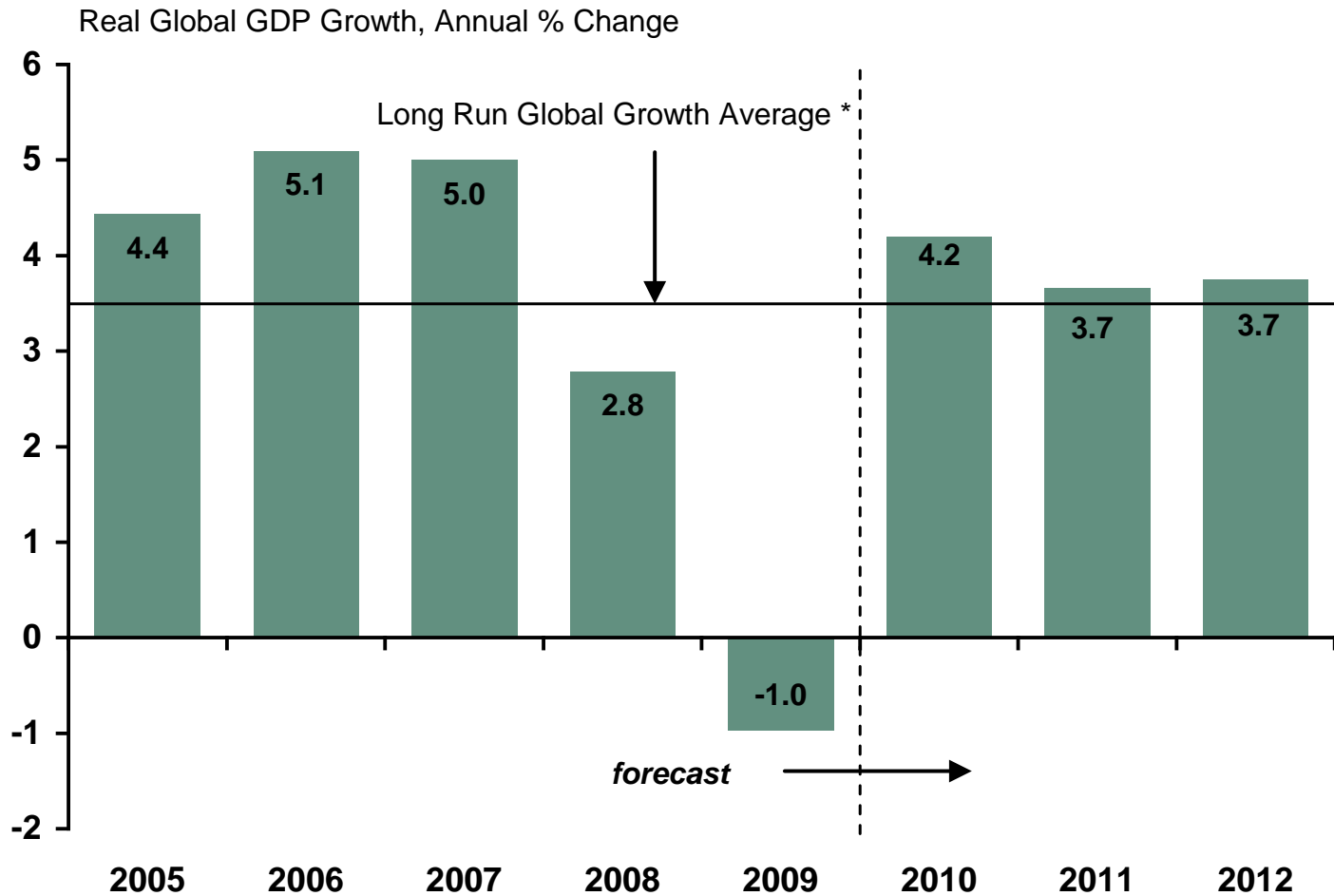
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GLOBAL RECESSION/RECOVERY

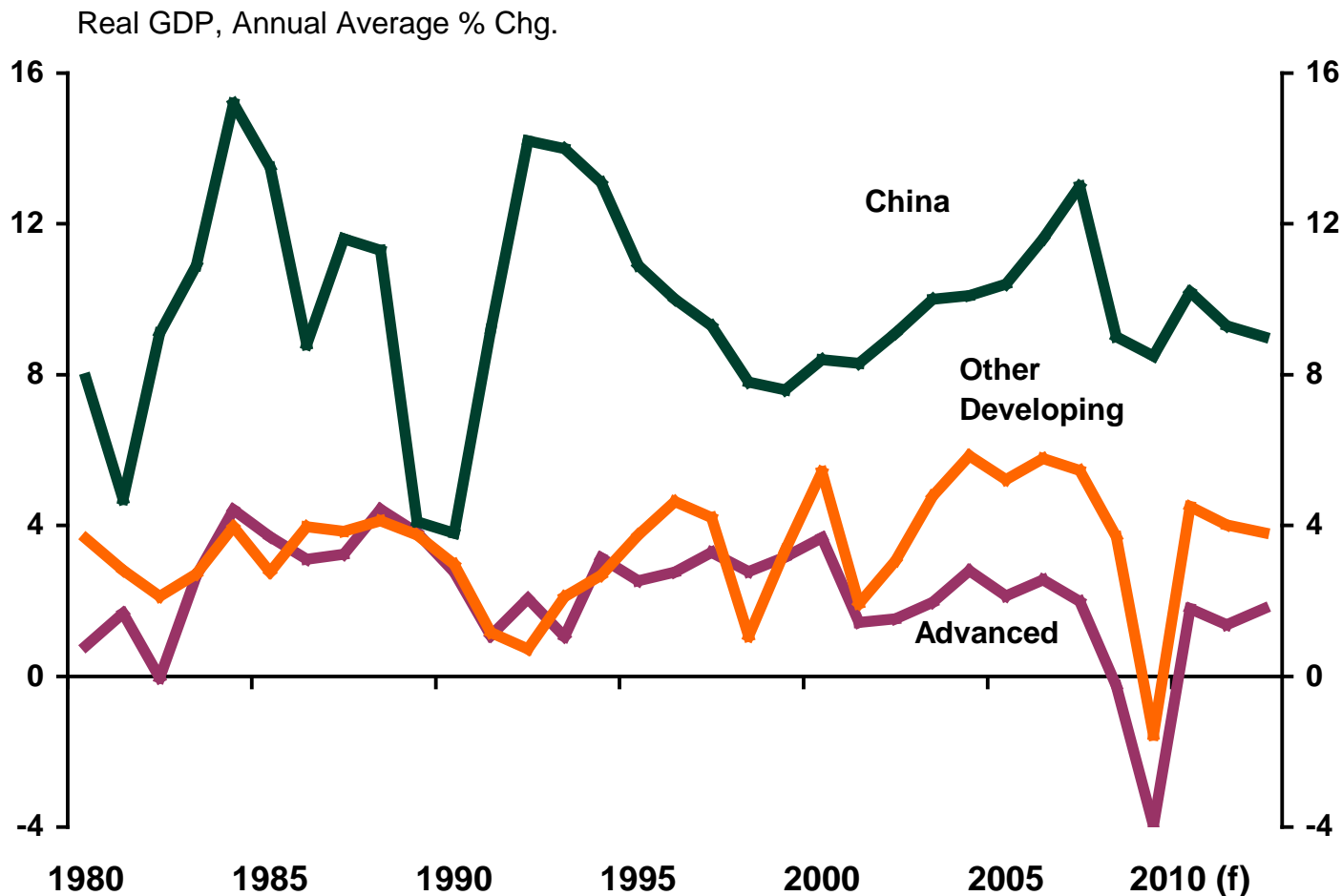


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Source: IMF, Forecasts by TD Economics as at September 2010, * since 1970

EMERGING MARKETS TO LEAD THE WAY



f: Forecast by TD Economics as of September 2010

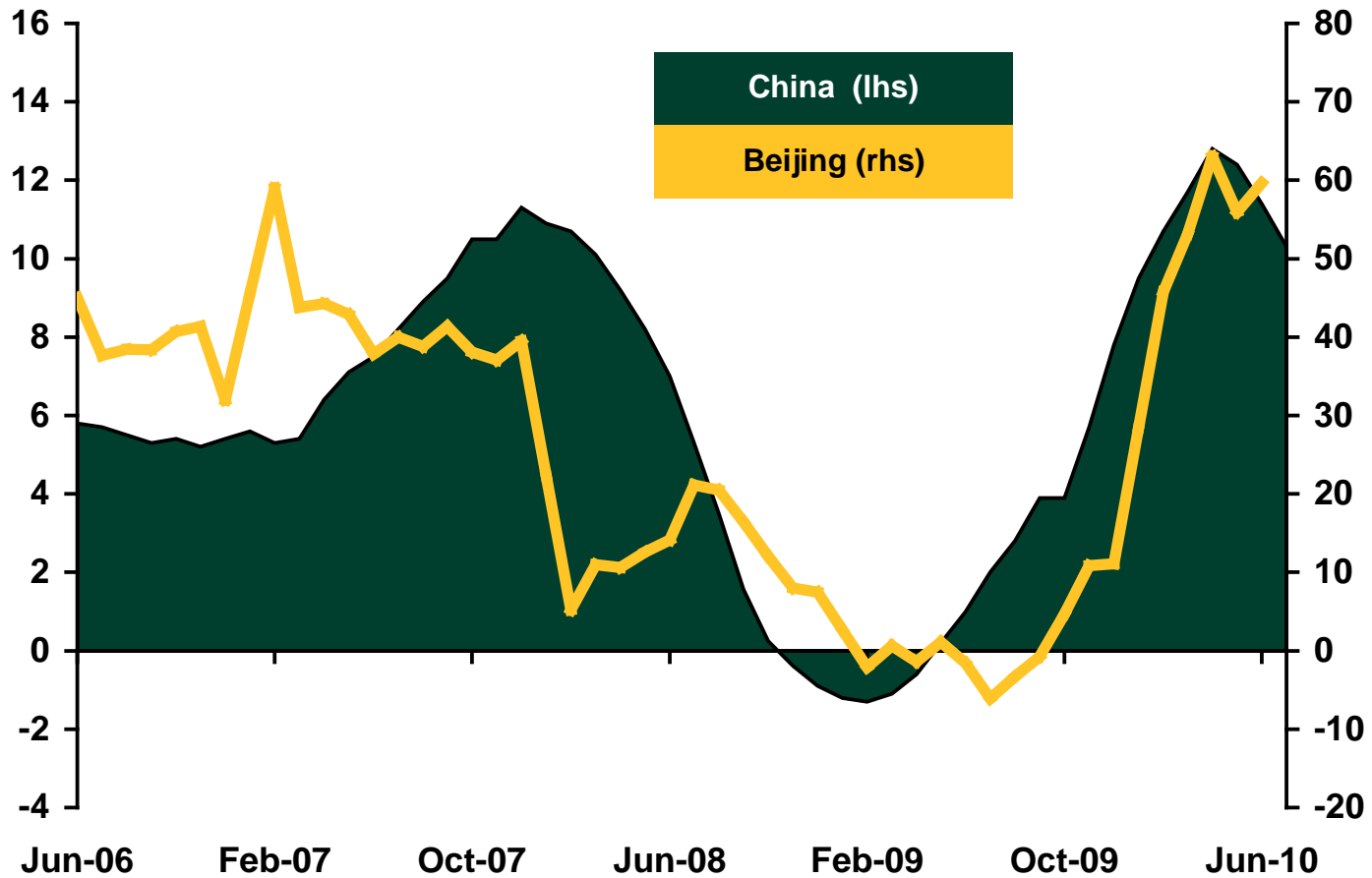
Source: IMF

POTENTIAL ASSET PRICE PROBLEMS IN ASIA



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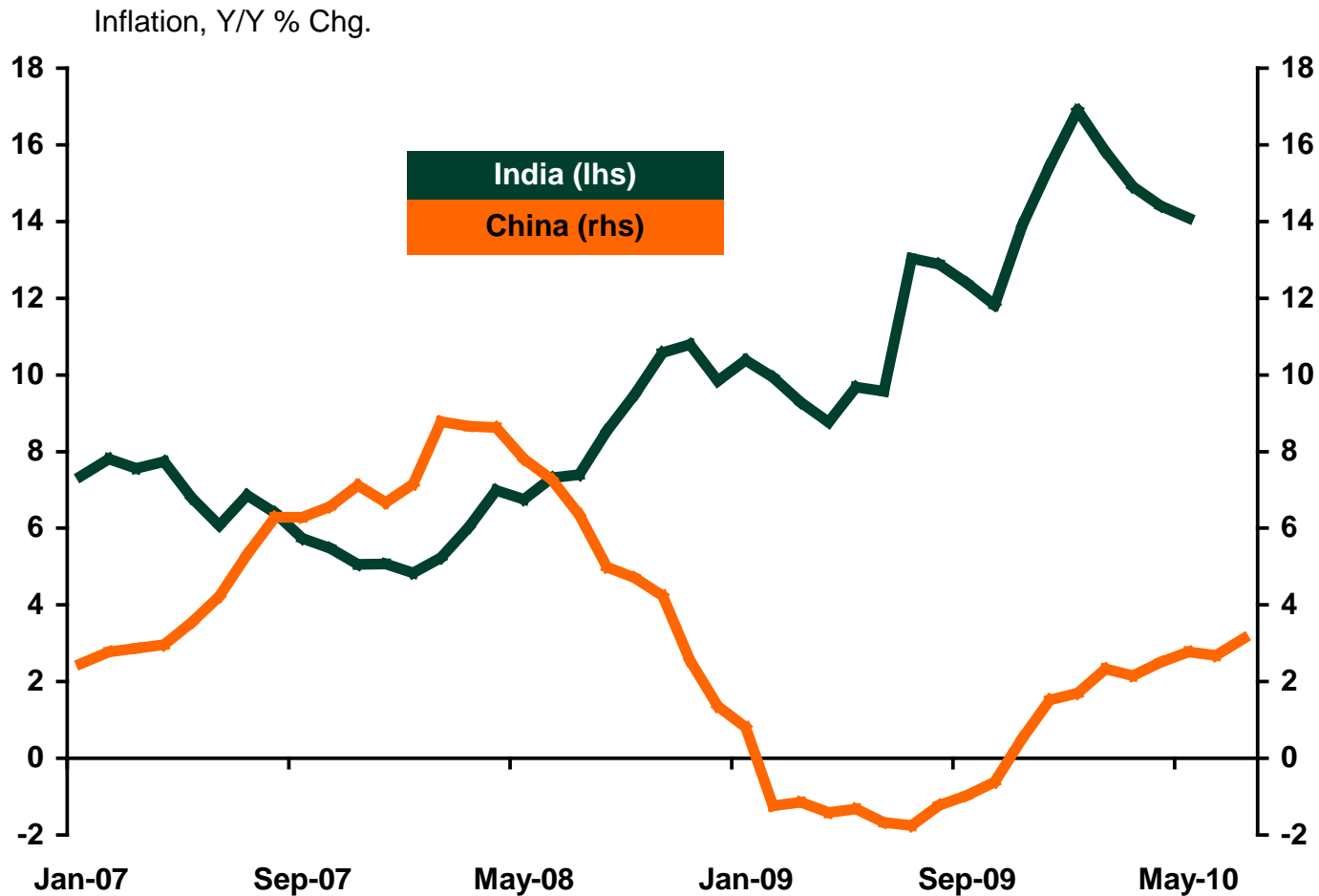
Chinese Real Estate Prices, Y/Y % Chg.



Source: China's National Bureau of Statistics / China Index Academy

CHINA

THE NEED TO PUT ON THE BRAKES

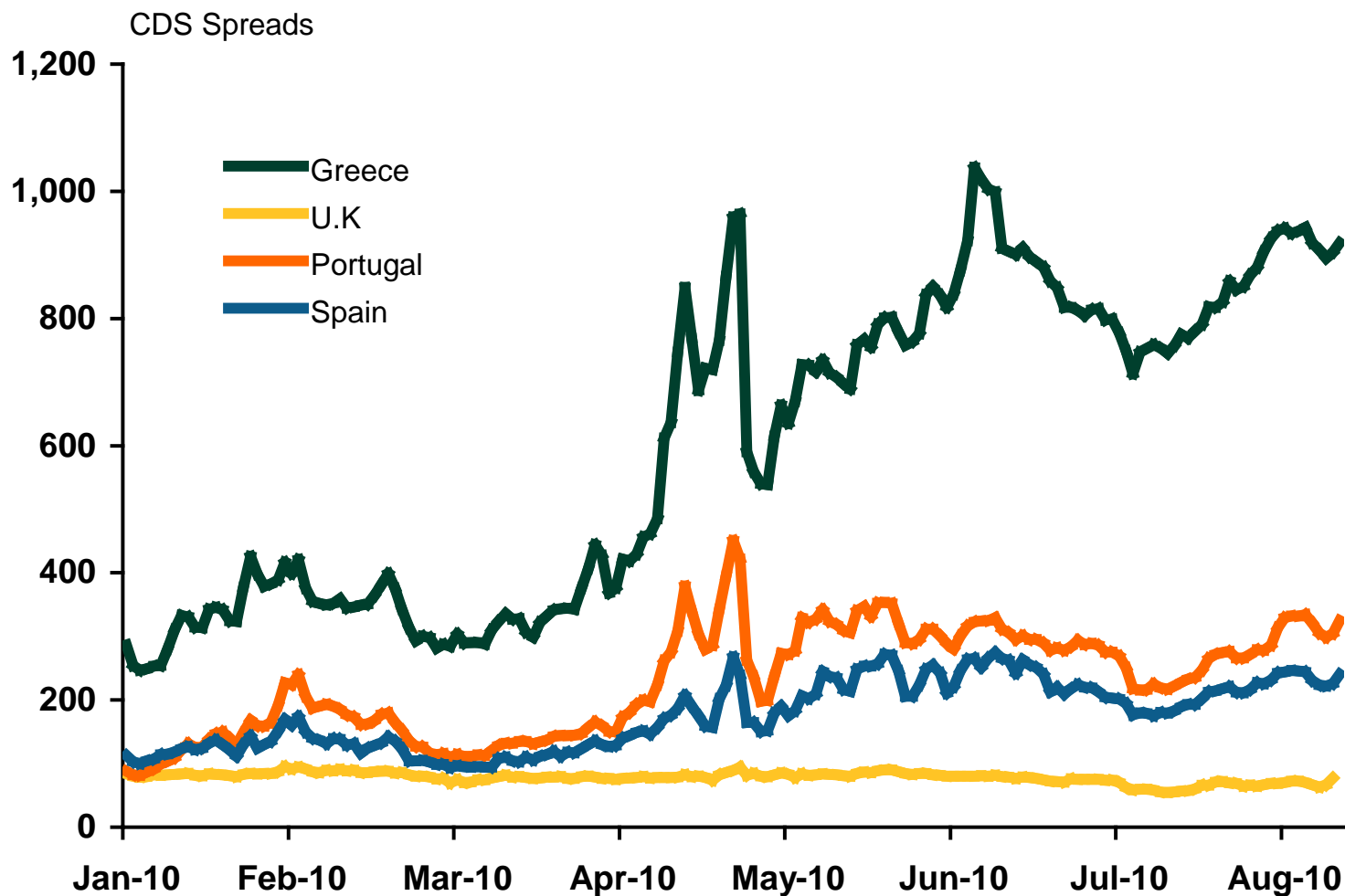


Source: National Statistics Agencies / Haver Analytics

EUROPEAN FISCAL CRISIS HIGHLIGHT LEGACY PROBLEMS



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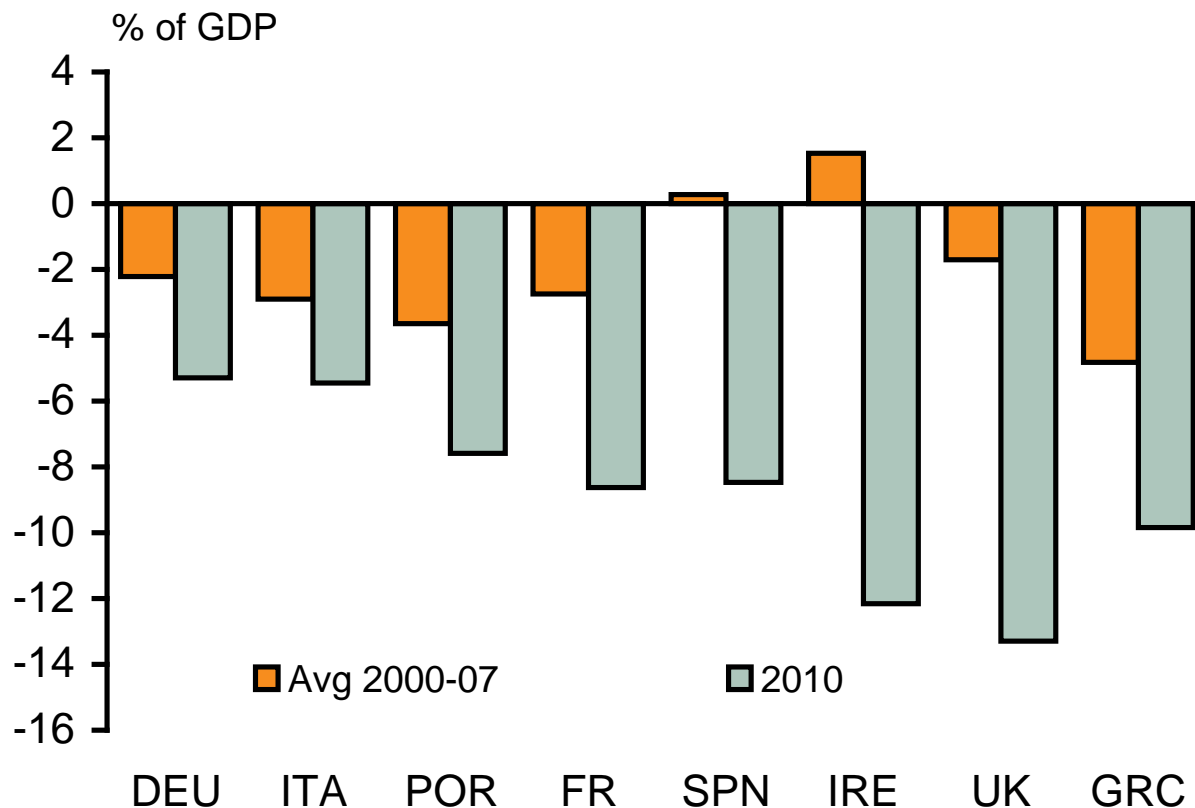
Source: Bloomberg

SYNCHRONIZED FISCAL TIGHTENING TO OCCUR



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FISCAL BALANCE



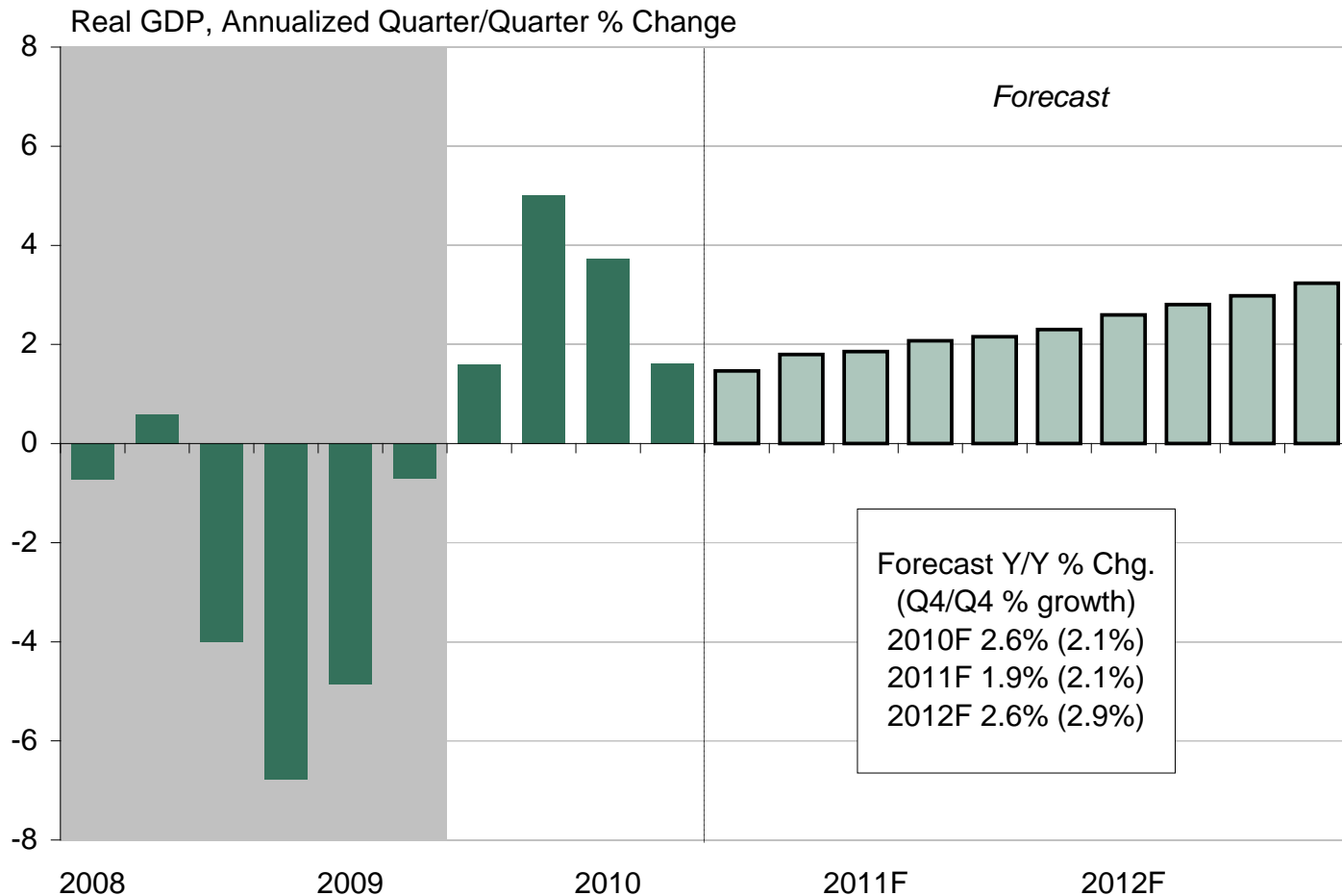
Source: OECD

U.S.

U.S. GROWTH HITS A SOFT SPOT



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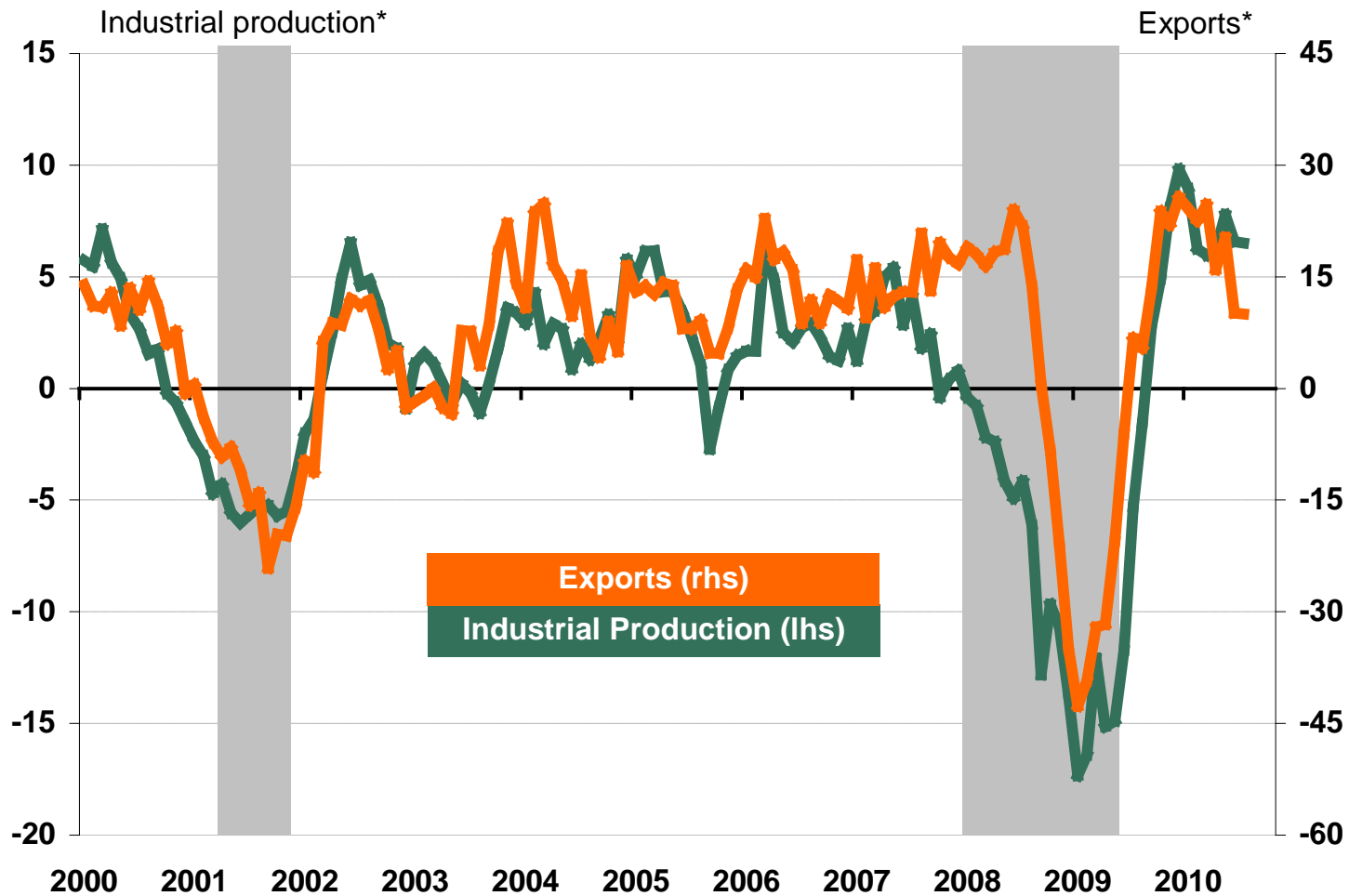
Forecast by TD Economics as at September 2010;
Source: Bureau of Economic Analysis/Haver Analytics

U.S.

INITIAL REBOUND BOUND TO SLOW DOWN

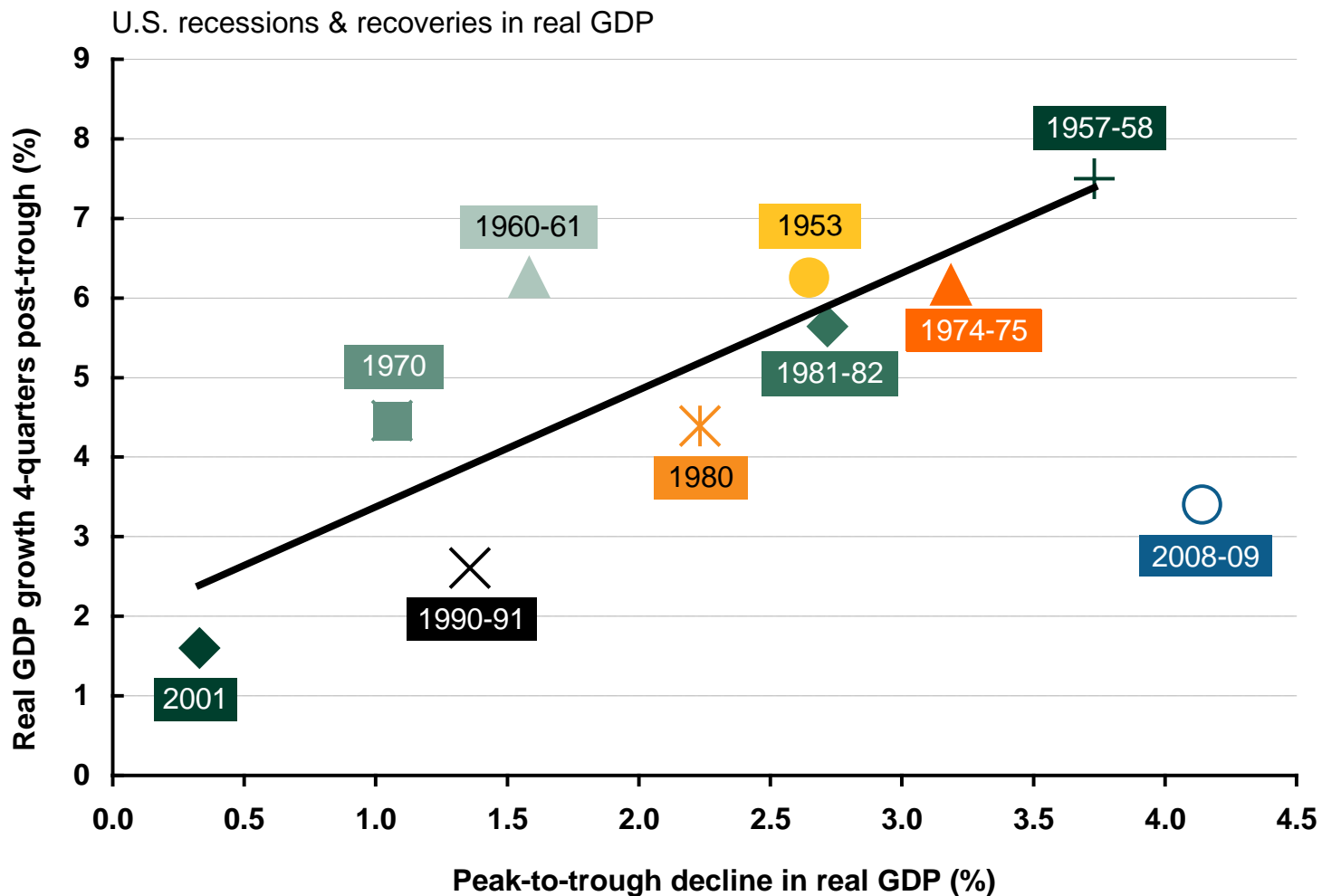


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*Six month moving-average percent change (annualized). Source: Federal Reserve

A UNIQUE RECESSION. A UNIQUE RECOVERY...



Source: Bureau of Economic Analysis

BUT ON PAR FOR FINANCIAL CRISES



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BUSINESS CYCLES IN INDUSTRIALIZED COUNTRIES

	Non-Financial Crisis	Financial Crisis	Synchronized Financial Crisis	U.S.
Recession Duration (quarters)	3.4	5.7	7.3	7.0
Peak-to-Trough (%)	-2.6	-3.4	-4.8	-4.1
Recovery Duration (quarters)	3.0	5.6	6.8	5*
Growth in First Year of Recovery (%)	4.3	2.2	2.8	2.8

*At best, U.S. has completed the 5th quarter of expansion, though it is possibly less depending on eventual NBER recession dating

Source: IMF, TD Economics

U.S.

U.S. ECONOMY FACES STRONG HEADWINDS



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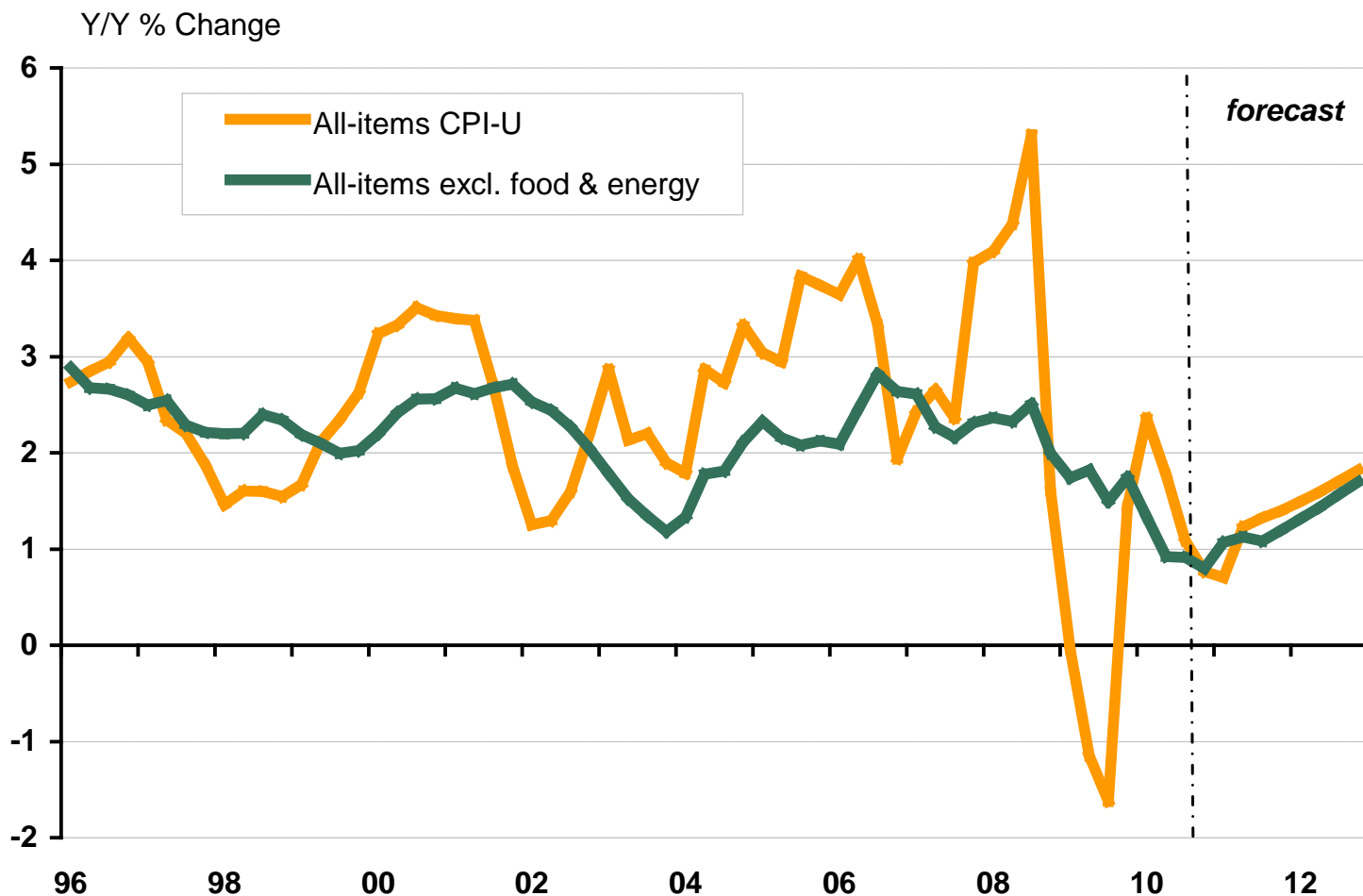
1. Housing to remain stagnant
2. Unemployment rate unlikely to decline
3. Household deleveraging
4. Credit flows to remain constrained
5. Commercial real estate will lag
6. Stimulus measures waning
7. State finances and future fiscal rebalancing

U.S.

INFLATION WELL CONTAINED

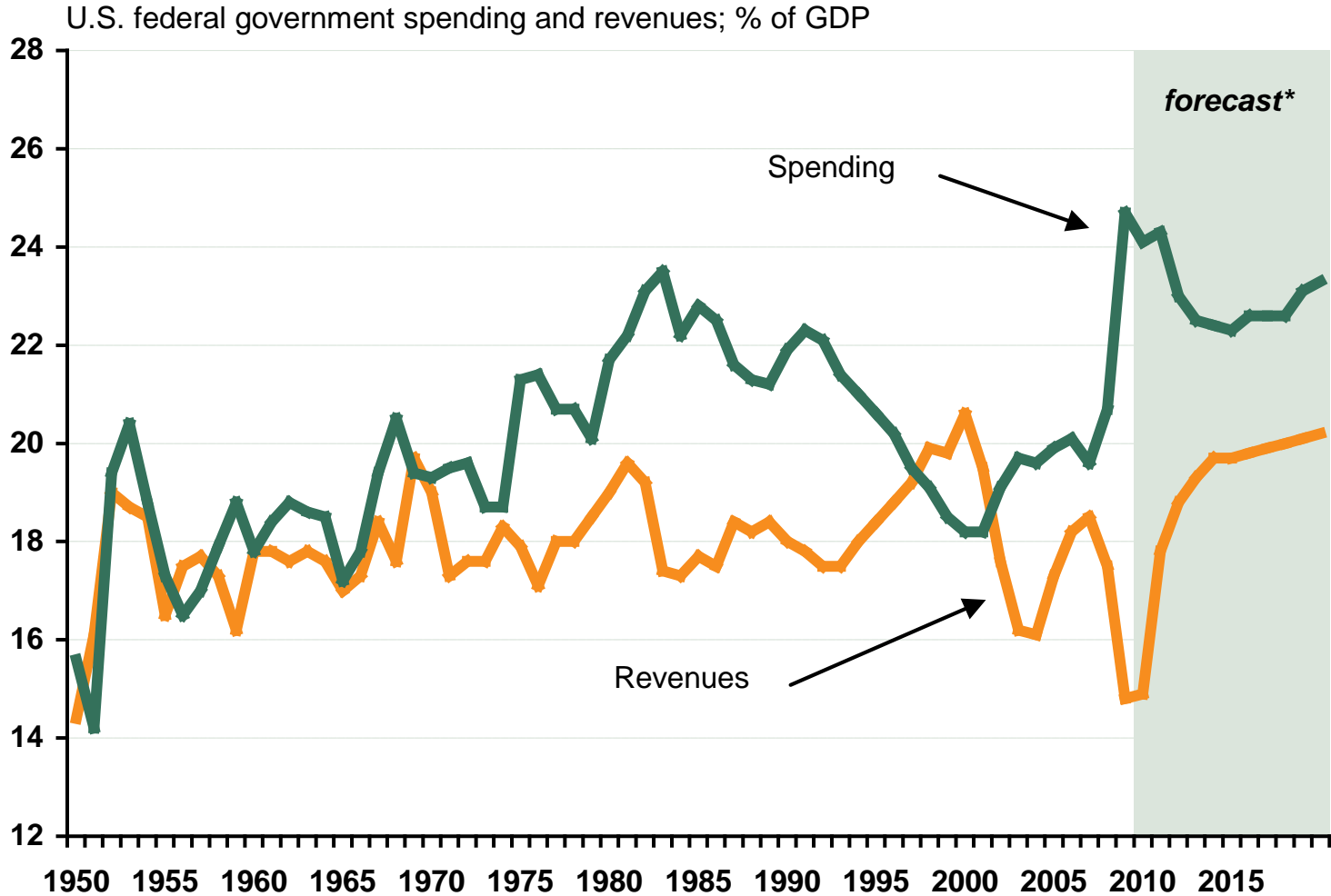


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Forecast by TD Economics as at September 2010;
Source: Bureau of Labor Statistics

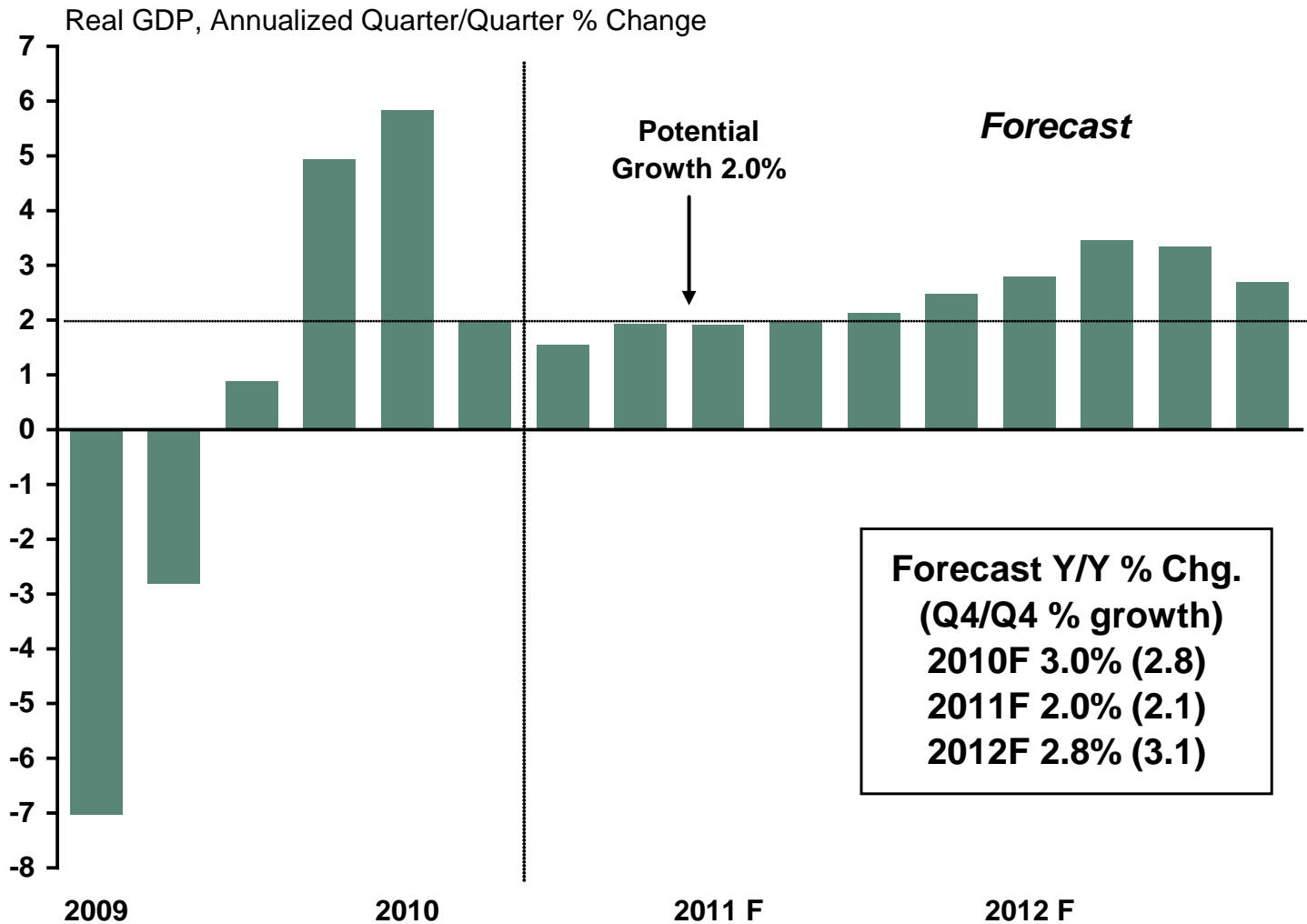
NO END IN SIGHT FOR US DEFICITS AND ESCALATING DEBT



Source: Congressional Budget Office, *forecast by CBO

U.S.

CANADIAN ECONOMY HAS REBOUNDED, BUT MOMENTUM WILL SLOW

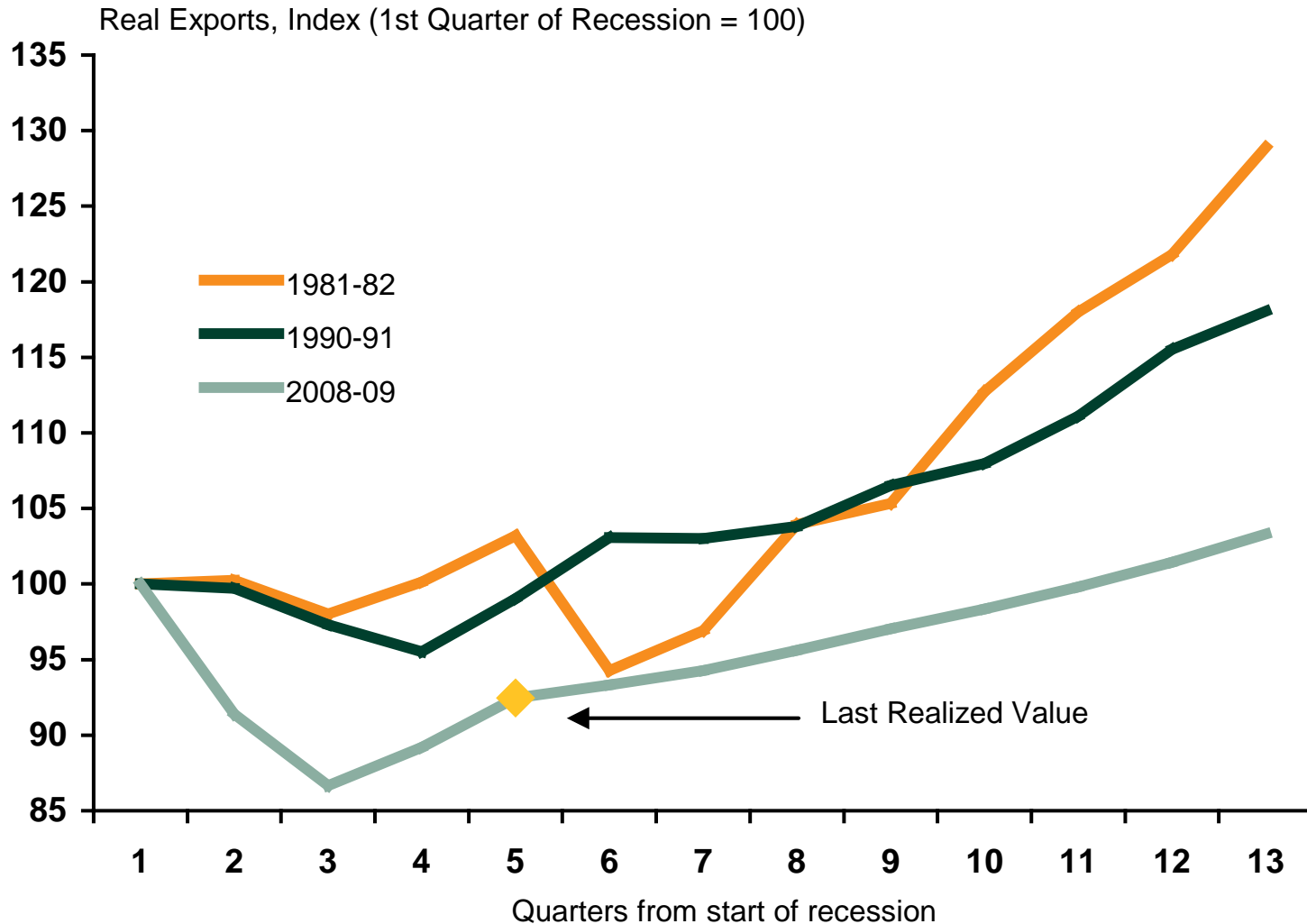


F: Forecast by TD Economics as at September 2010; Source: Statistics Canada/Haver Analytics

EXPORT GROWTH CONSTRAINED BY MODERATE DEMAND ABROAD

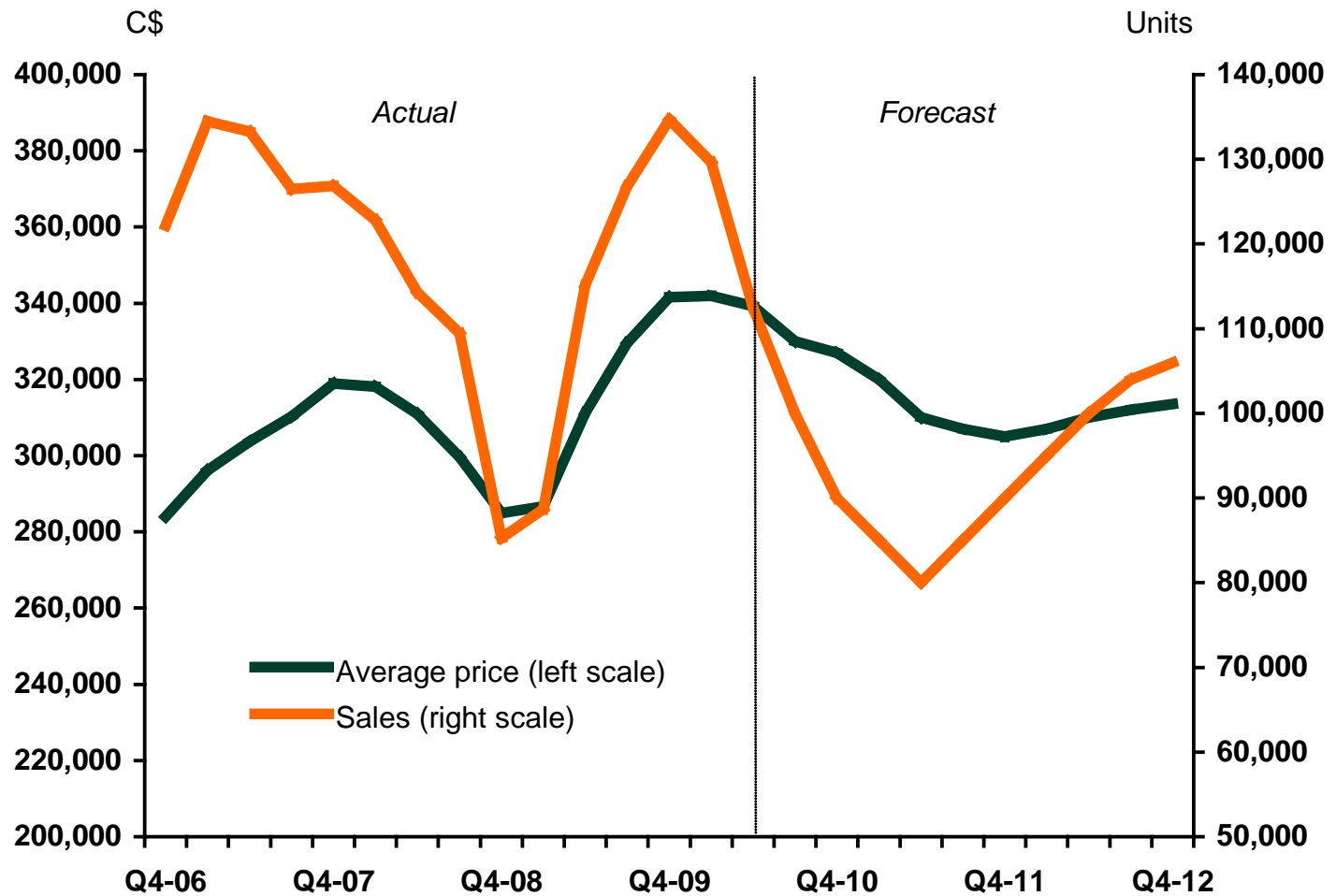


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Source: Statistics Canada, Forecast by TD Economics as at March 2010

HOUSING DOWNCYCLE UNDERWAY

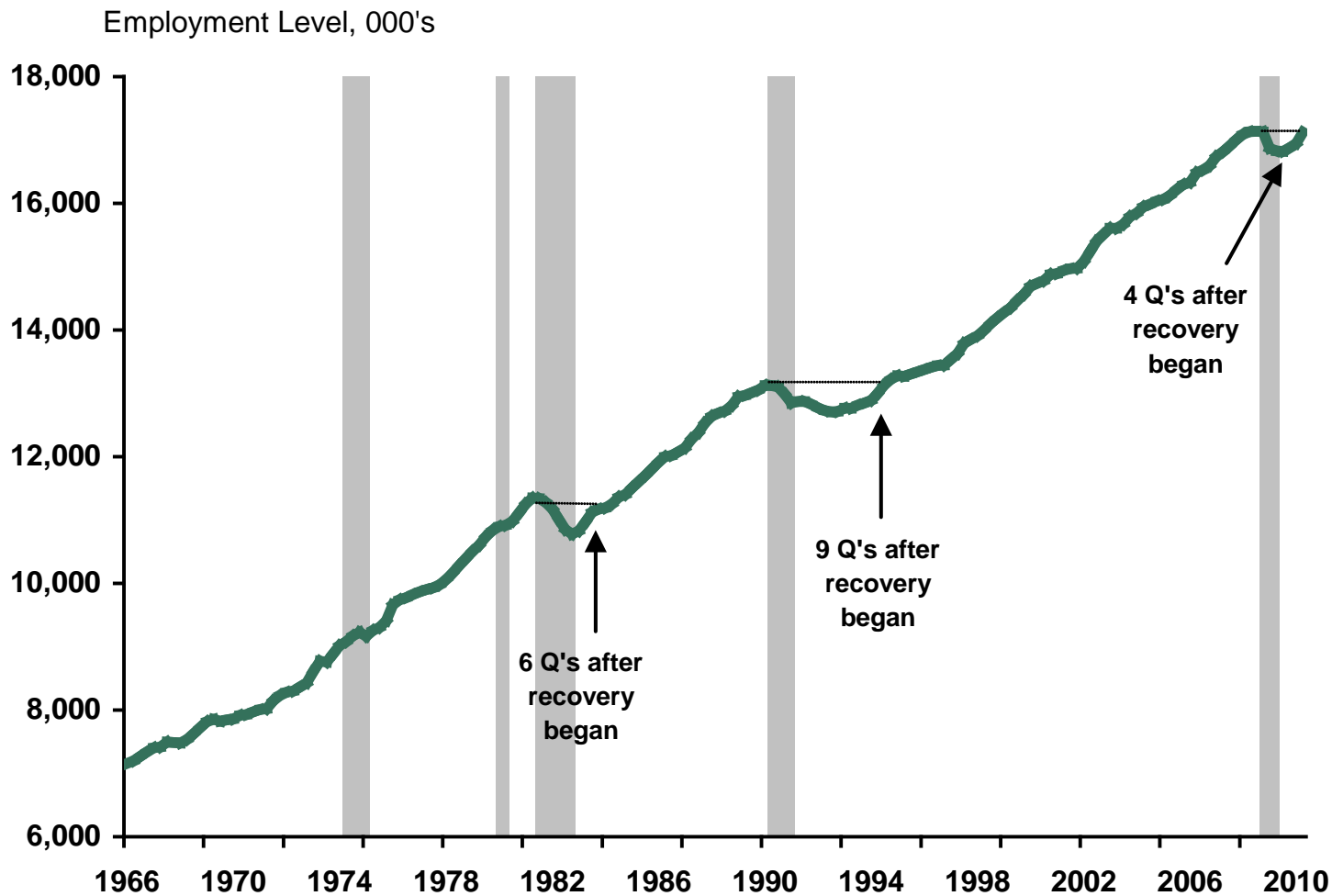


Forecast by TD Economics as at September 2010
 Source: CREA, seasonally-adjusted quarterly data.

CANADIAN JOBS RECOVERED MORE QUICKLY THAN USUAL



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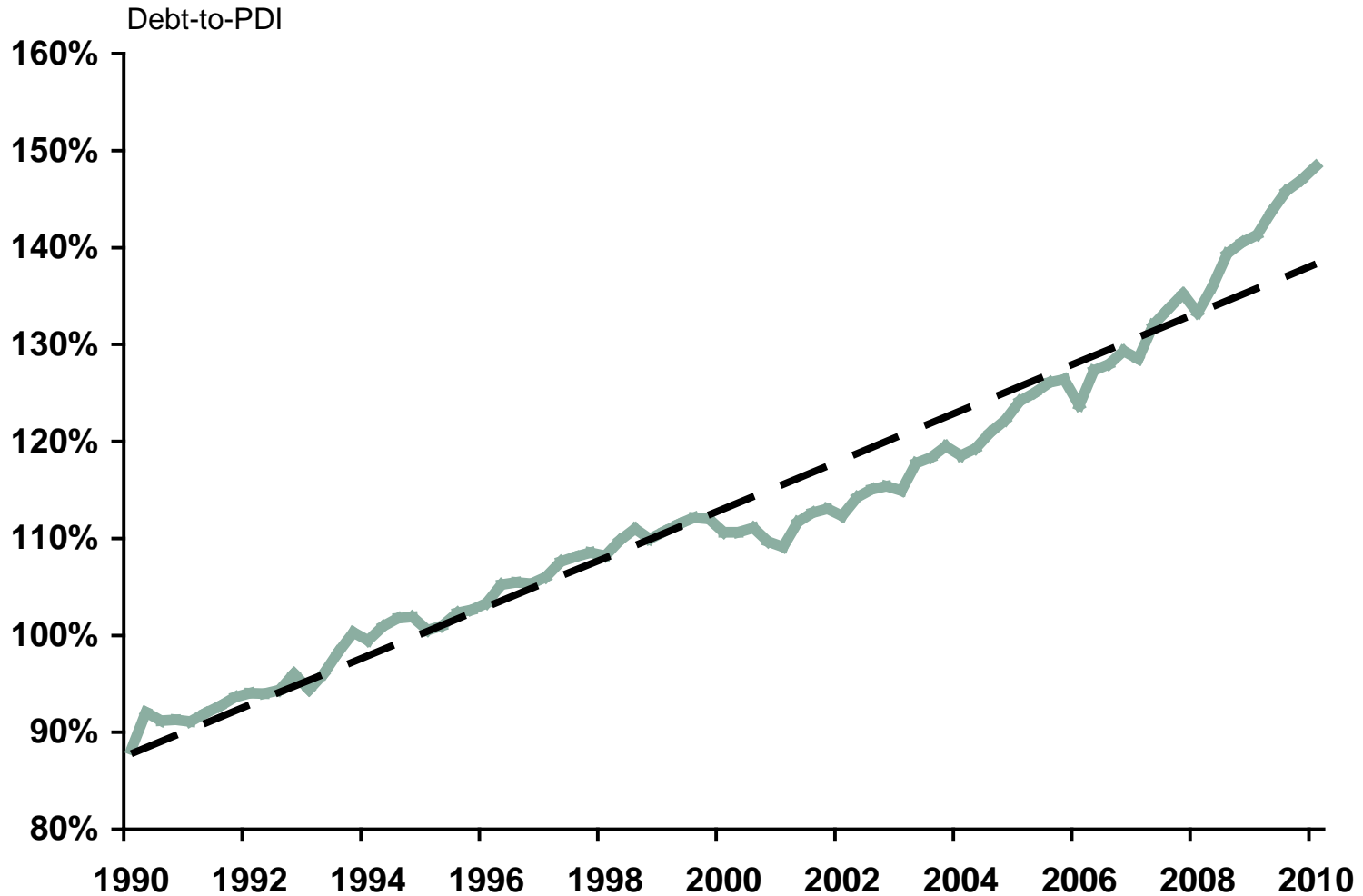


Source: Statistics Canada

CONSUMERS TOO INDEBTED TO BE AN ENGINE OF GROWTH



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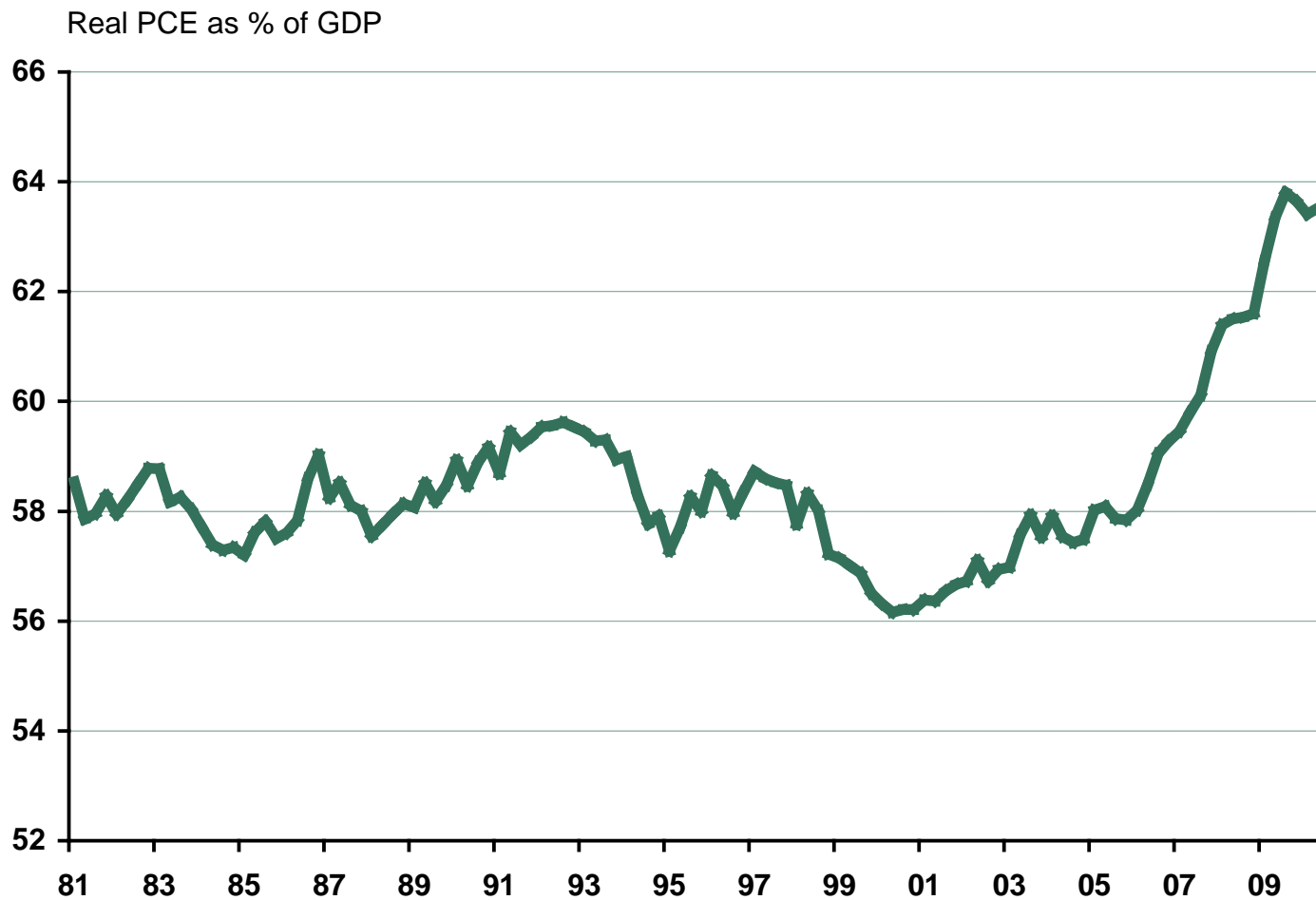
Source: Statistics Canada, TD Economics

CANADA

CANADIAN CONSUMERS TAPPED OUT



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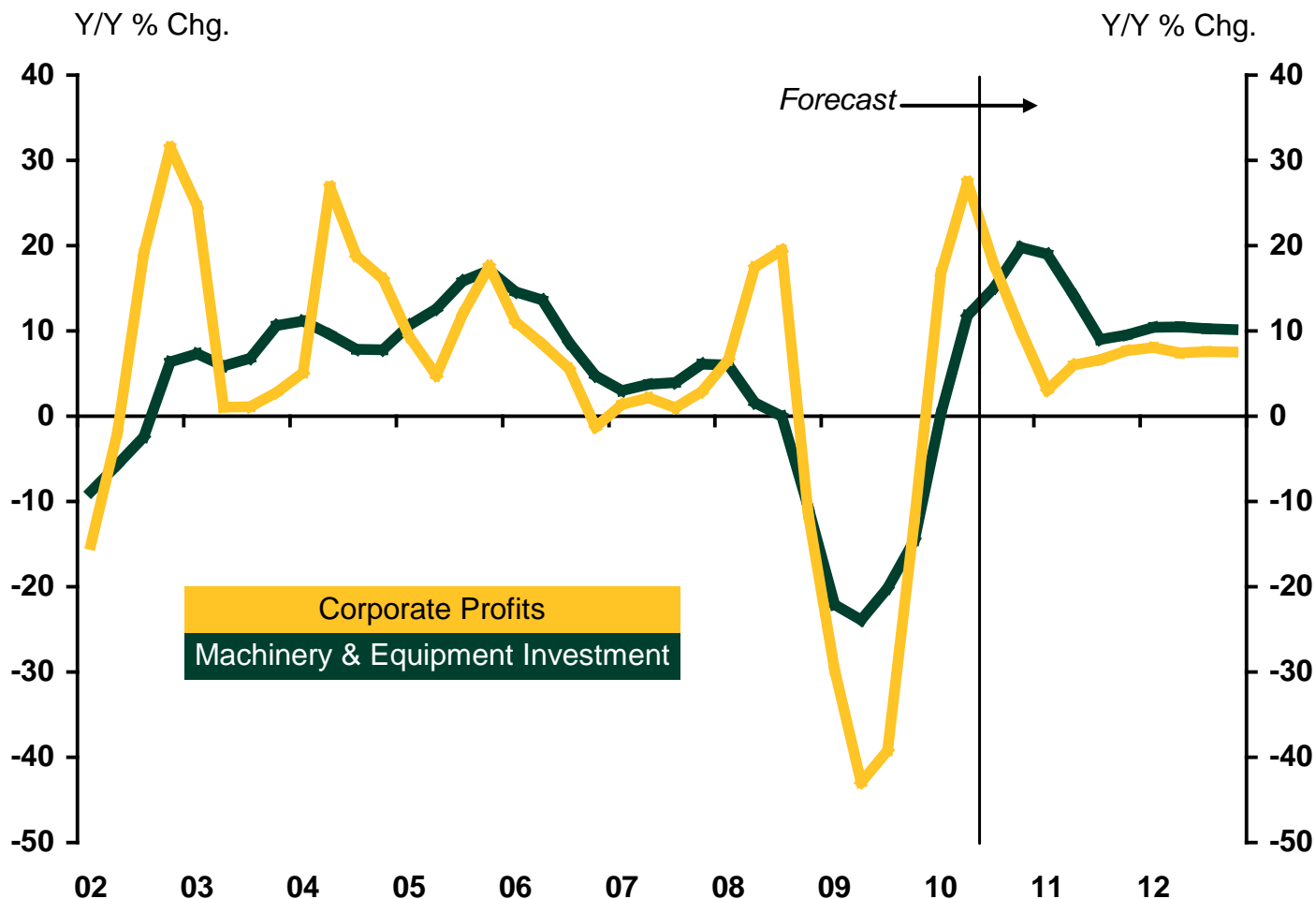
Source: Statistics Canada

CANADA

INVESTMENT A BRIGHT SPOT IN THE OUTLOOK

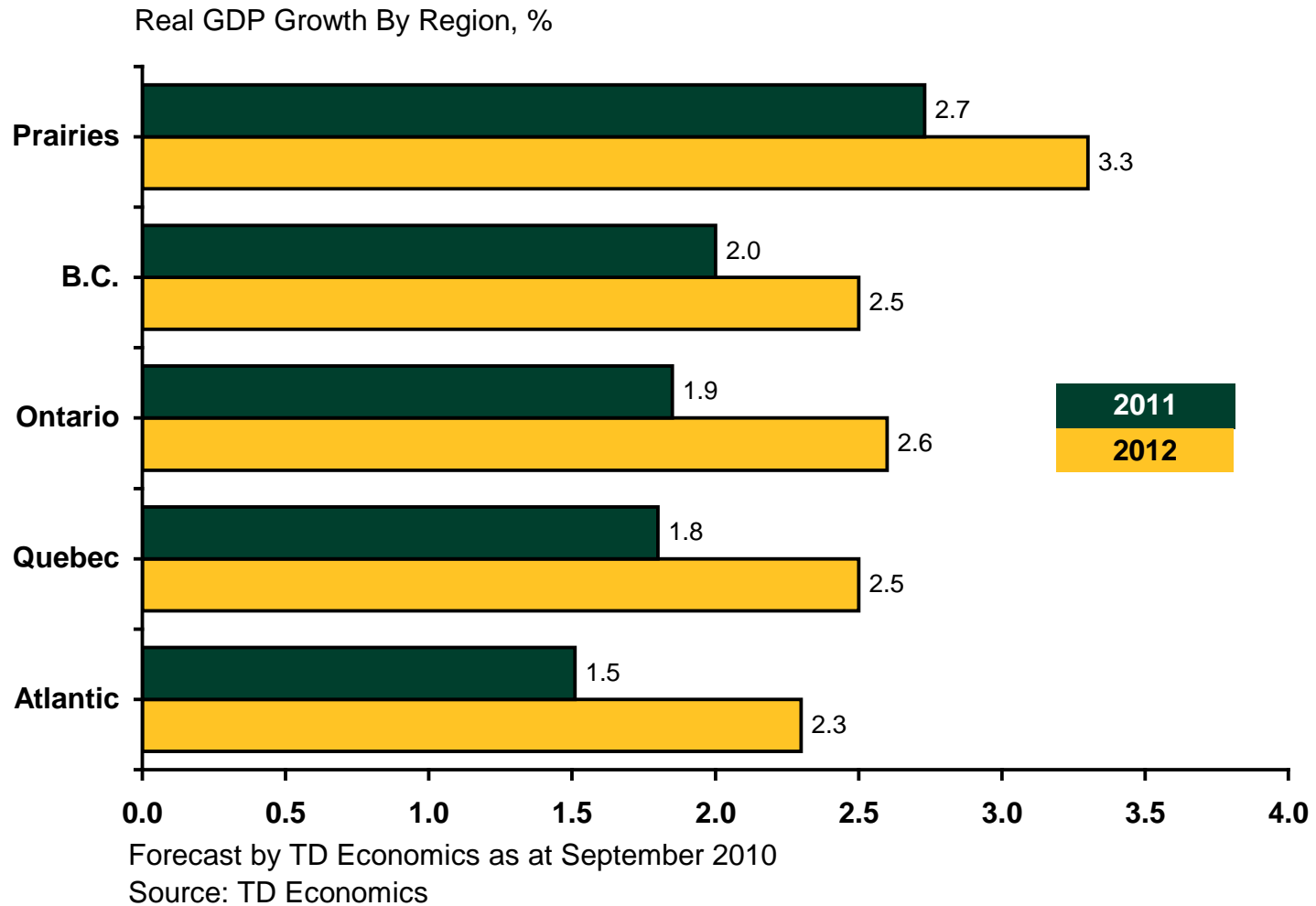


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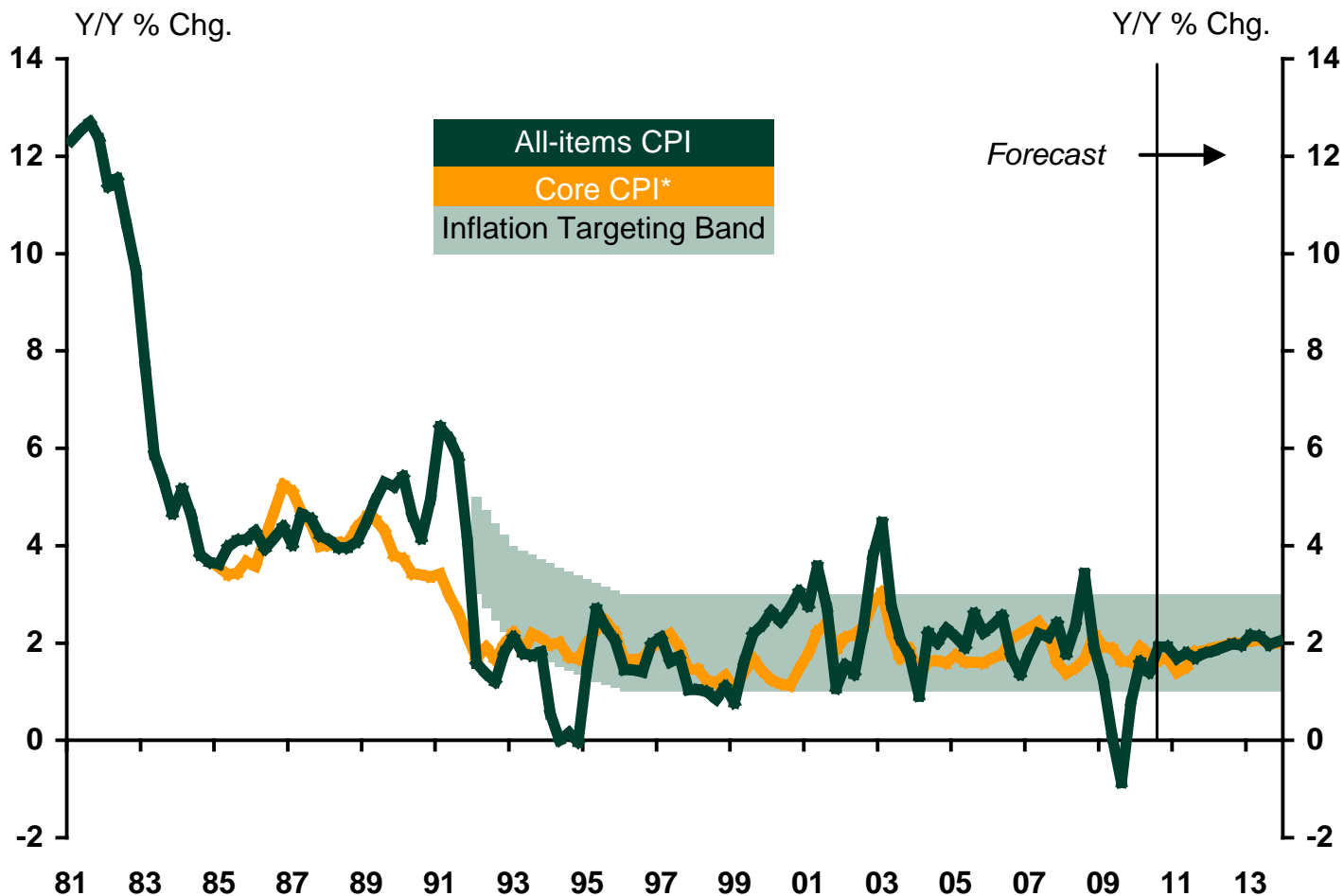


Forecast by TD Economics as at September 2010
Source: Statistics Canada

REGIONAL GROWTH



INFLATION TO STAY TAME



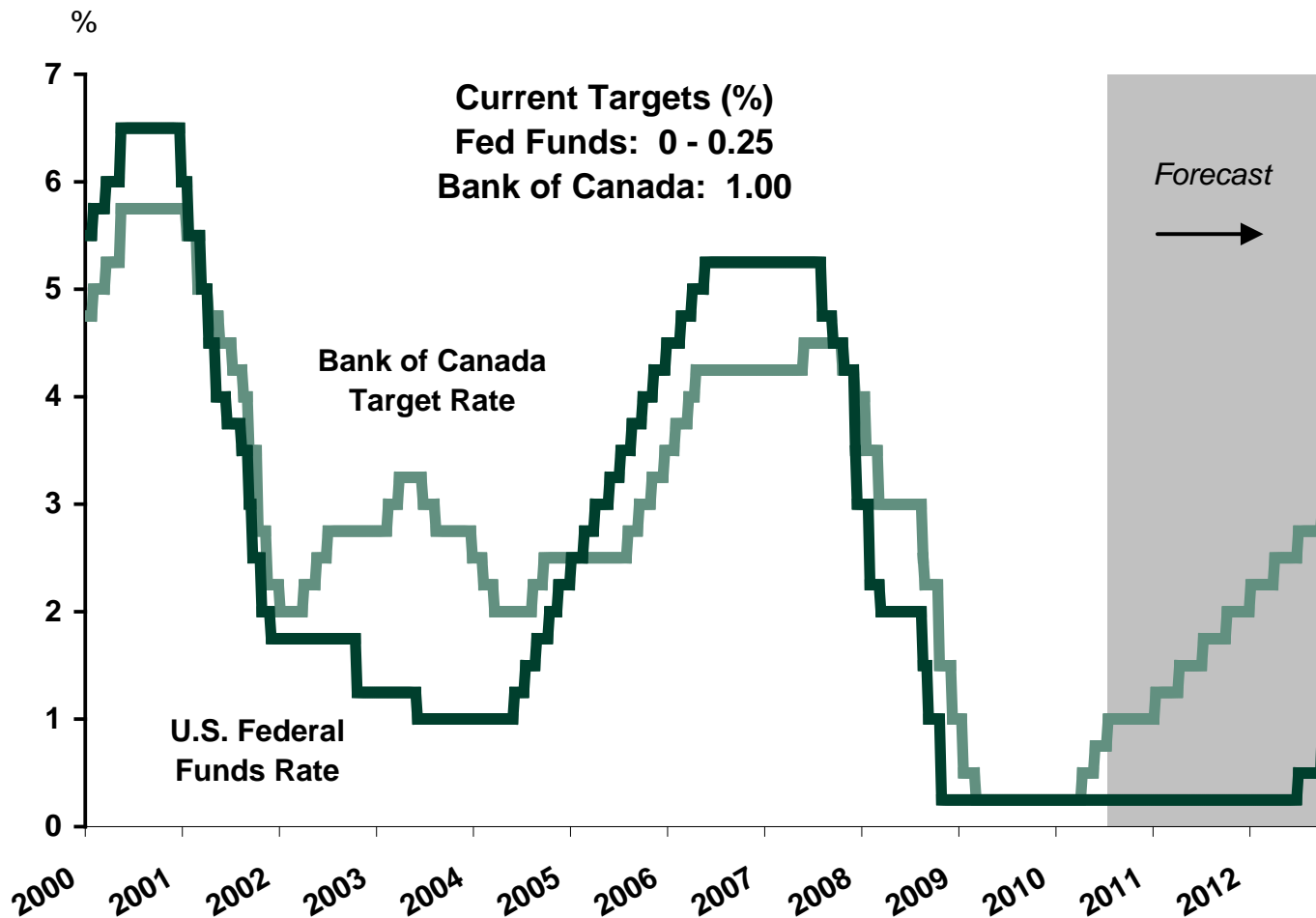
*Headline CPI excl. 8 most volatile components and indirect taxes

Source: Statistics Canada; Forecast by TD Economics as at September 2010

BANK OF CANADA RATE TO ONLY EDGE UP IN 2011



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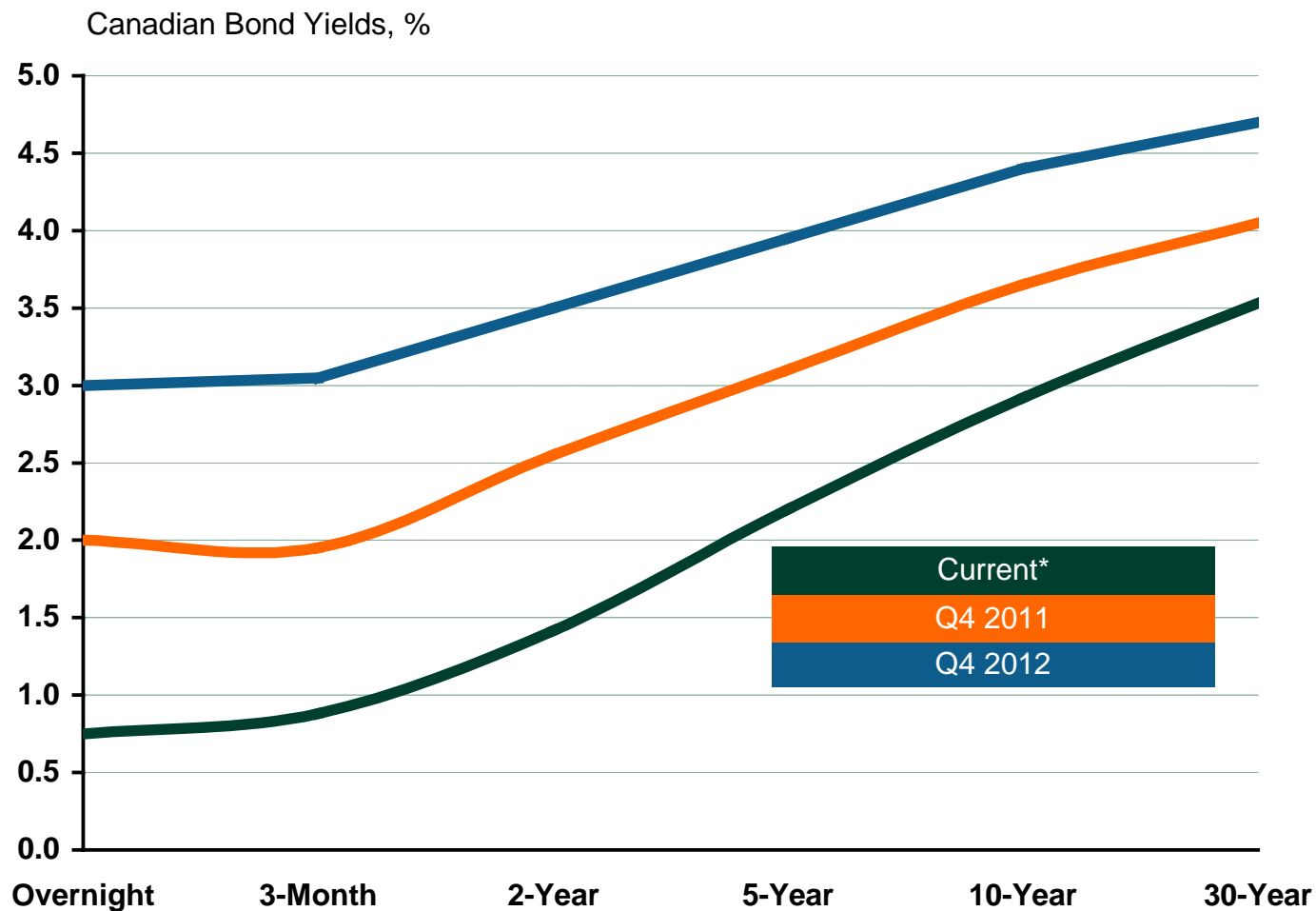


Forecast by TD Bank Financial Group as at September 2010
Source: Bank of Canada, U.S. Federal Reserve Board, Haver Analytics

CANADIAN BOND YIELDS TO HEAD HIGHER IN TANDEM



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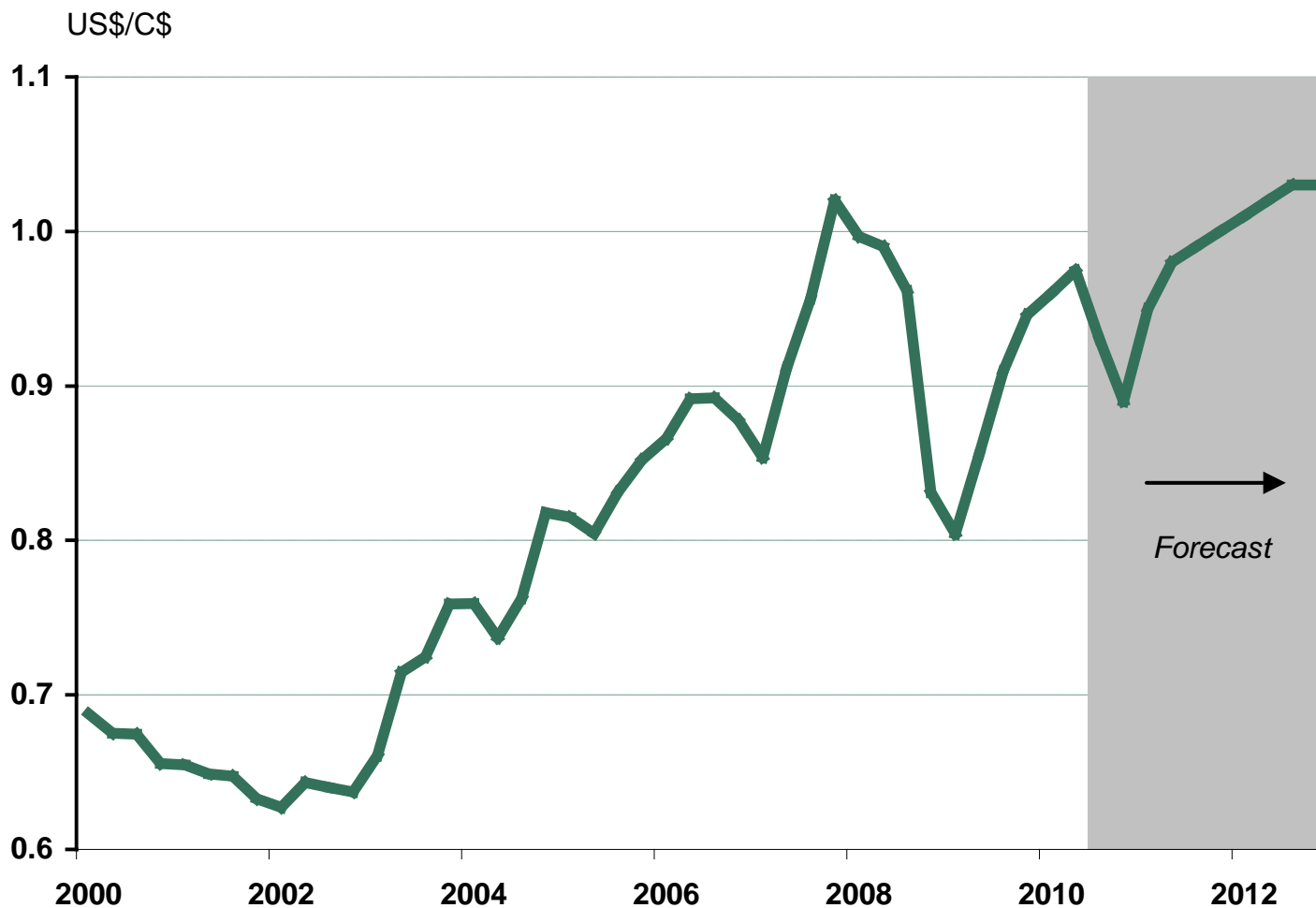
*As at September 8, 2010; Forecasts by TD Bank Financial Group as at September 8, 2010

Source: Bloomberg / Haver Analytics

STRONG CANADIAN DOLLAR HERE TO STAY



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End-of period forecasts by TD Bank Financial Group as at September 9, 2010
Source: Bloomberg, TDBFG



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