



The Economic Outlook

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November 2011



WARNING



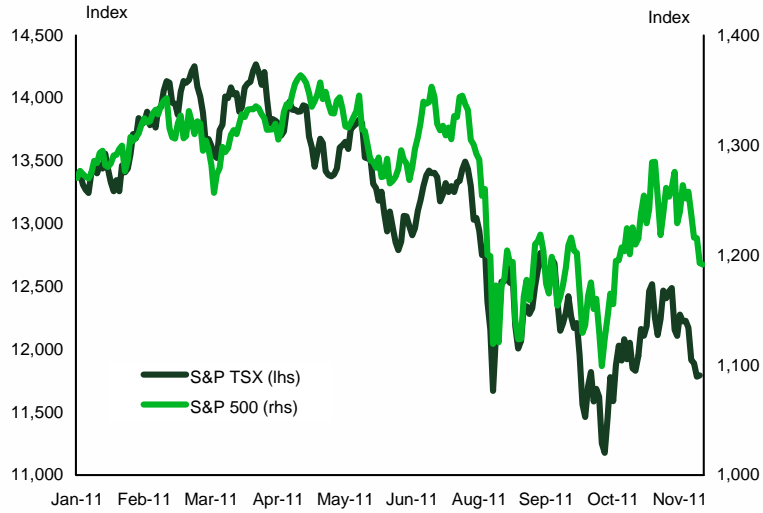
This presentation includes the following:

- **Graphic charts and illustrations of financial risks**
- **Pessimistic language on the outlook**

Content may not be suitable for all audiences

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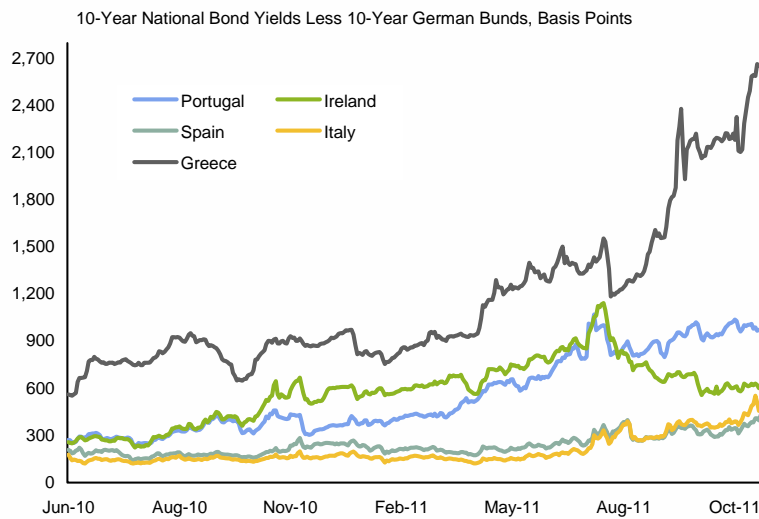
GUT-WRENCHING VOLATILITY



Source: WSJ, Haver, Bloomberg
*Last plotted: November 22nd 2011

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EUROPE IN FISCAL CRISIS



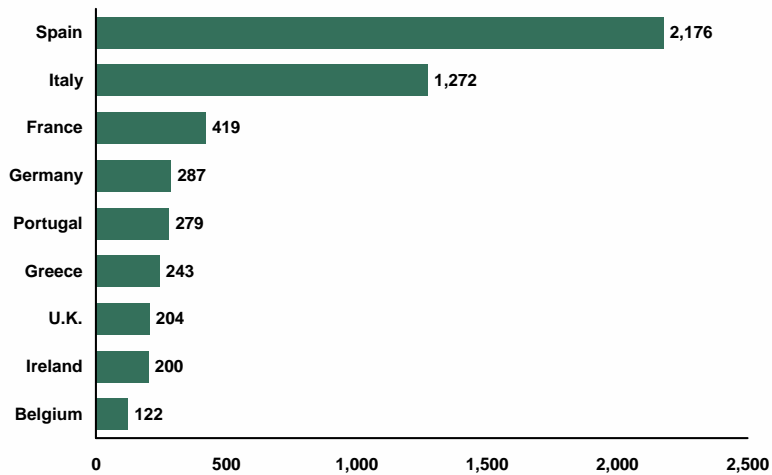
Source: Bloomberg, TD Economics

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EUROPEAN BANKS VULNERABLE



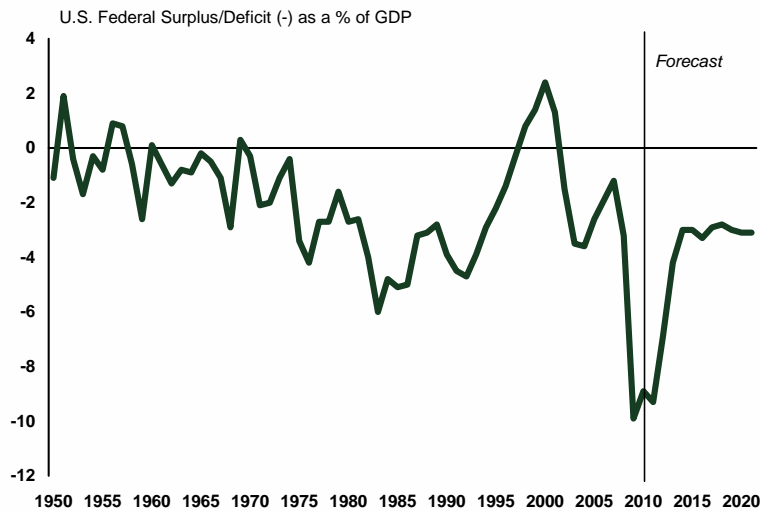
Large banks' exposure to PIGS debt in the following countries*, \$U.S. billions



*The 90 banks that participated in EU stress tests. Data as of Dec 31, 2010.
Source: Wall Street Journal

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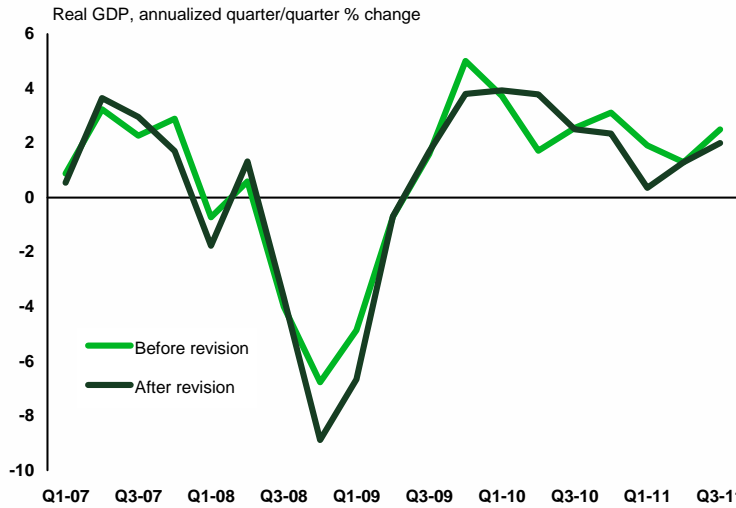
U.S. POLITICALLY DIVIDED ON HOW TO ADDRESS FISCAL CHALLENGE



Source: Congressional Budget Office/Haver Analytics

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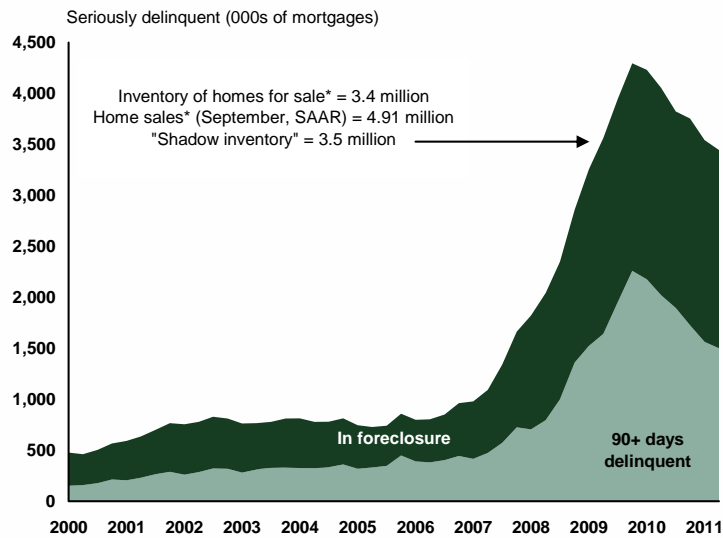
U.S. ECONOMY VERY FRAGILE



Source: Bureau of Economic Analysis

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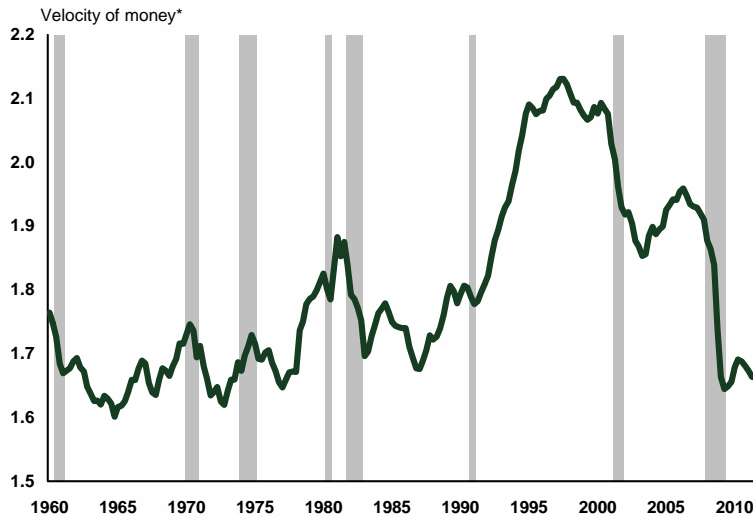
U.S. FACES HUGE STRUCTURAL PROBLEMS



*Existing homes. Source: Mortgage Bankers Association, TD Economics

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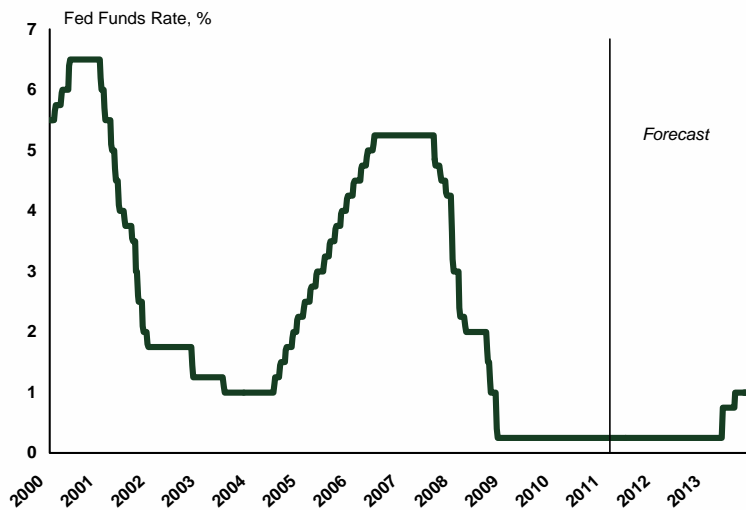
FLOW OF FUNDS IS IMPAIRED



*Velocity = Nominal GDP/M2; Source: Federal Reserve, BEA

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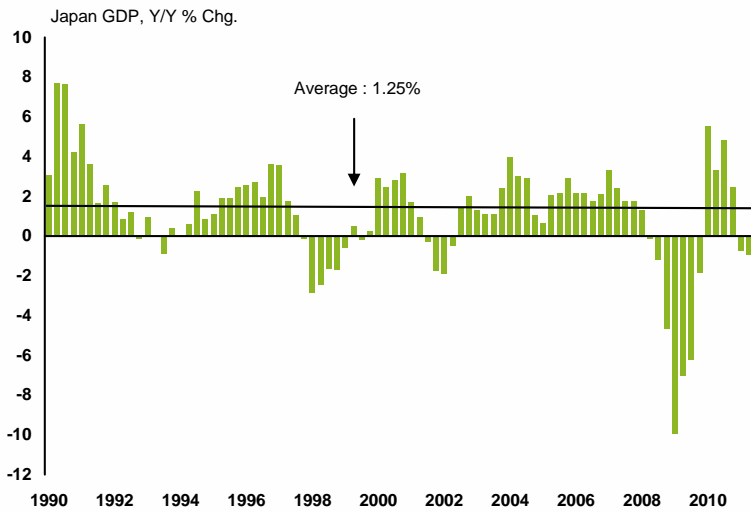
MONETARY POLICY WIDE OPEN, BUT U.S. IN LIQUIDITY TRAP



Forecast by TD Economics as at November 2011
Source: Federal Reserve, TD Economics

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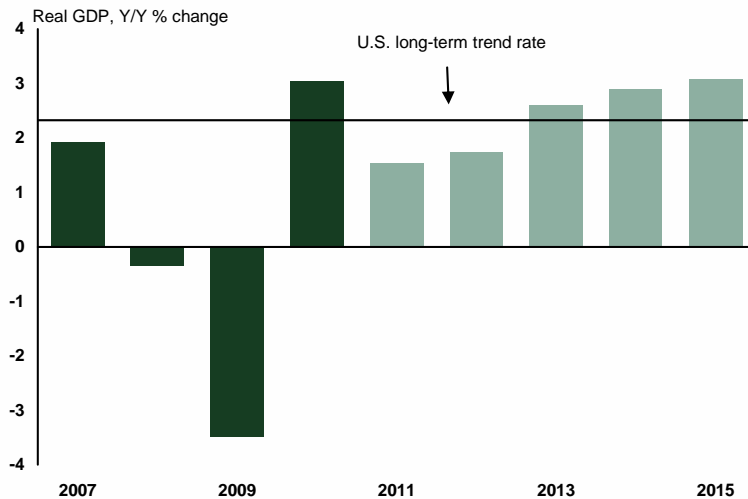
SIMILARITY TO JAPAN'S LOST DECADES



Source: Cabinet Office, Haver

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U.S. TREND GROWTH TO AVERAGE CLOSE TO 2%



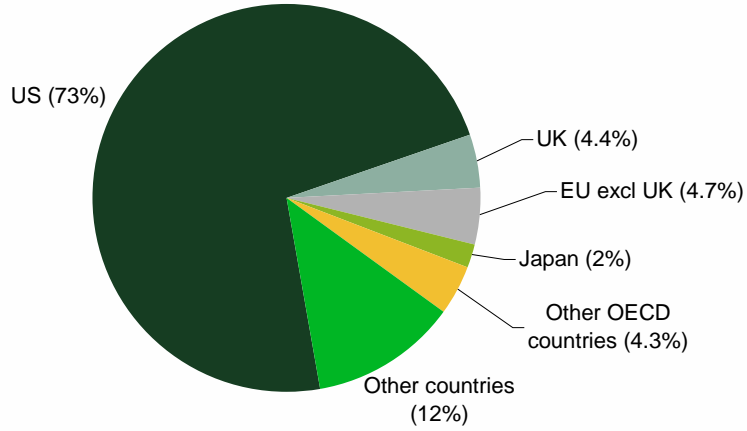
Forecast by TD Economics as at September 2011
Source: Bureau of Economic Analysis

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CANADIAN EXPORTS TIED TO U.S. FORTUNES



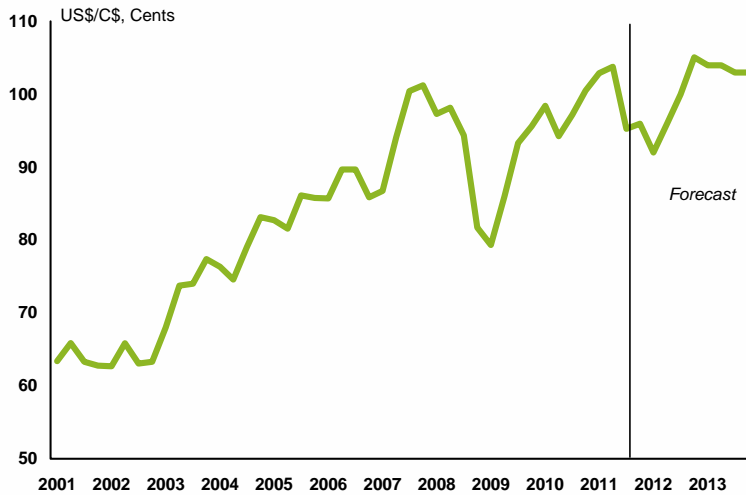
Canadian Exports by Destination (2011)



Source: Statistics Canada, TD Economics

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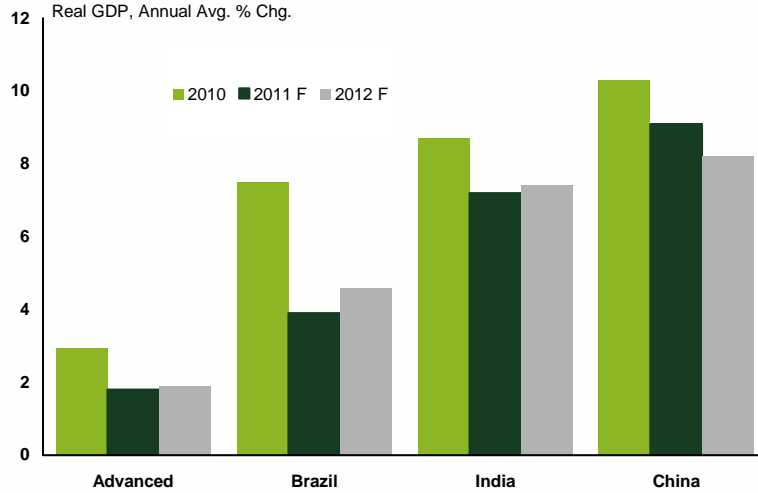
CANADIAN DOLLAR WILL REMAIN COMPETITIVE CHALLENGE



Forecast by TD Economics as at November 2011
Source: Bank of Canada, TD Economics

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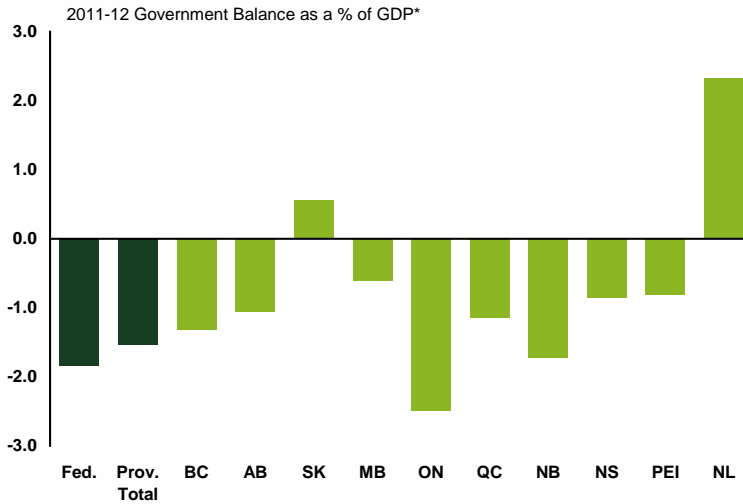
EMERGING MARKETS COOLING BUT REMAIN STRONG



Forecast by TD Economics as at September 2011
Source: IMF, National Statistics Agencies, TD Economics

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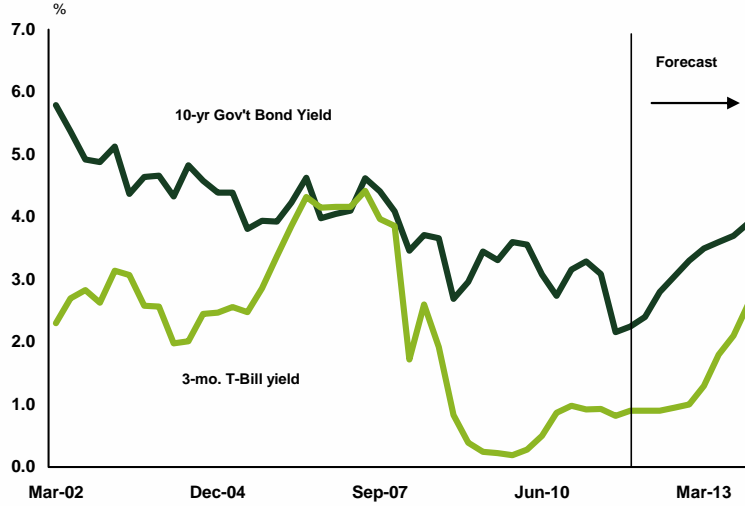
CANADIAN GOVERNMENTS TURNING THEIR ATTENTION TO DEFICIT FIGHTING



*Forecast by TD Economics as at November 2011
Source: Government Budgets 2011, TD Economics

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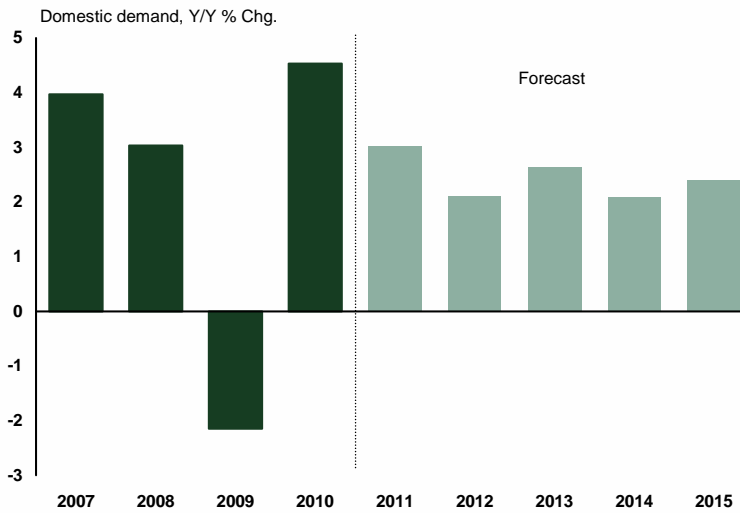
INTEREST RATES TO REMAIN LOW FOR LONGER



Forecast by TD Economics as at November 2011
Source: Bank of Canada/Haver Analytics

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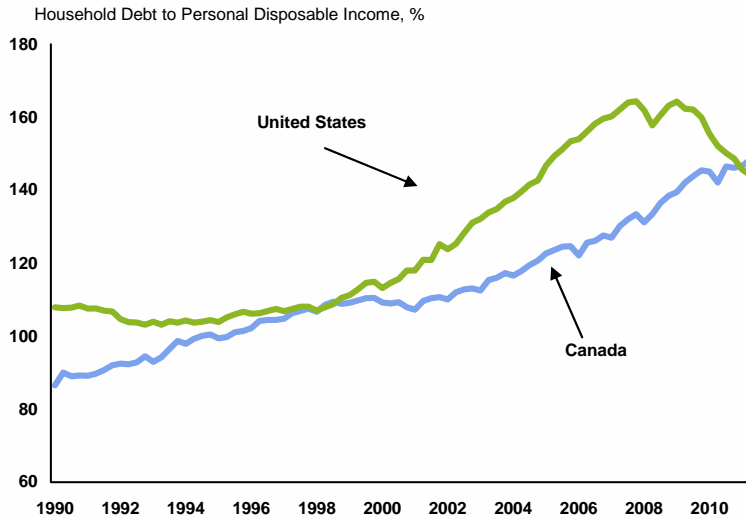
DOMESTIC DEMAND SHOULD REMAIN SOLID



Forecast by TD Economics as at September 2011
Source: Haver, TD Economics

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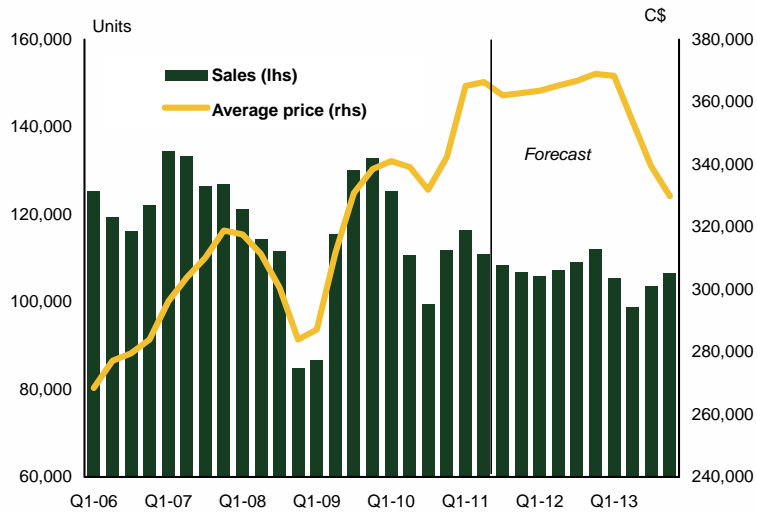
CANADIAN CONSUMERS HEAVILY INDEBTED TD



Source: Statistics Canada, TD Economics

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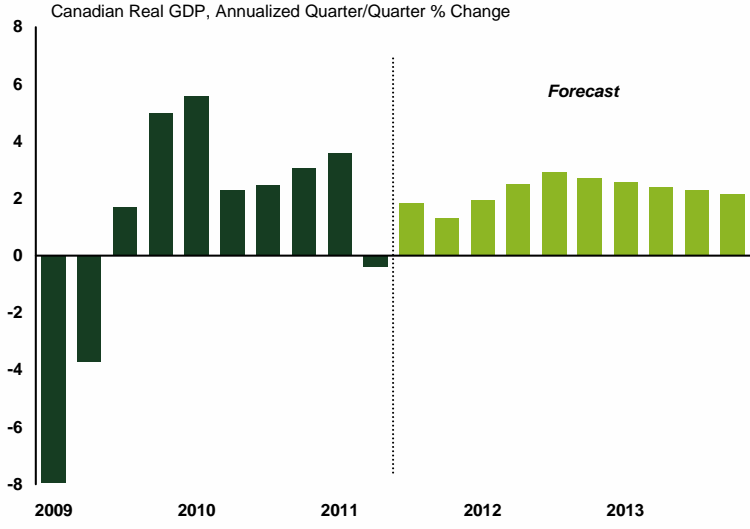
CANADIAN HOUSING ACTIVITY HAS COOLED TD



*Forecast by TD Economics as at September 2011
Source: CREA, TD Economics

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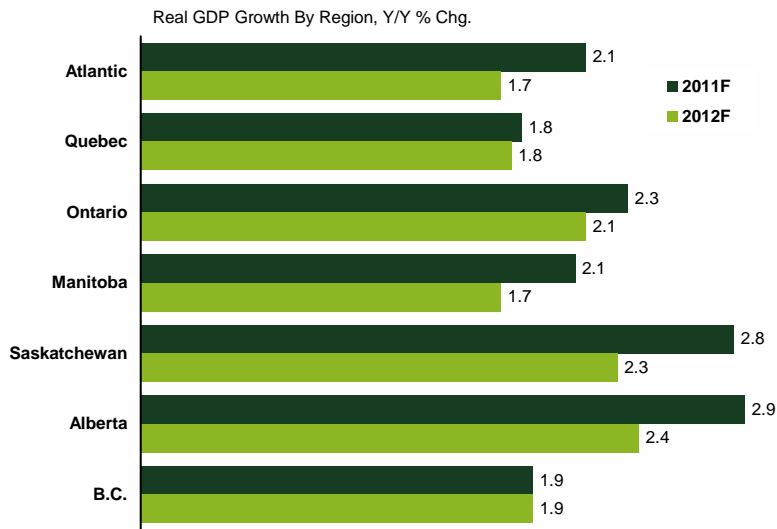
OUTLOOK FOR MODEST ECONOMIC GROWTH NATIONALLY



Forecast by TD Economics as at September 2011
 Source: Statistics Canada/Haver Analytics

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RELATIVELY EVEN GAINS ACROSS COUNTRY



Forecast by TD Economics as at September 2011
 Source: Statistics Canada/Haver Analytics

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