



TD Economics

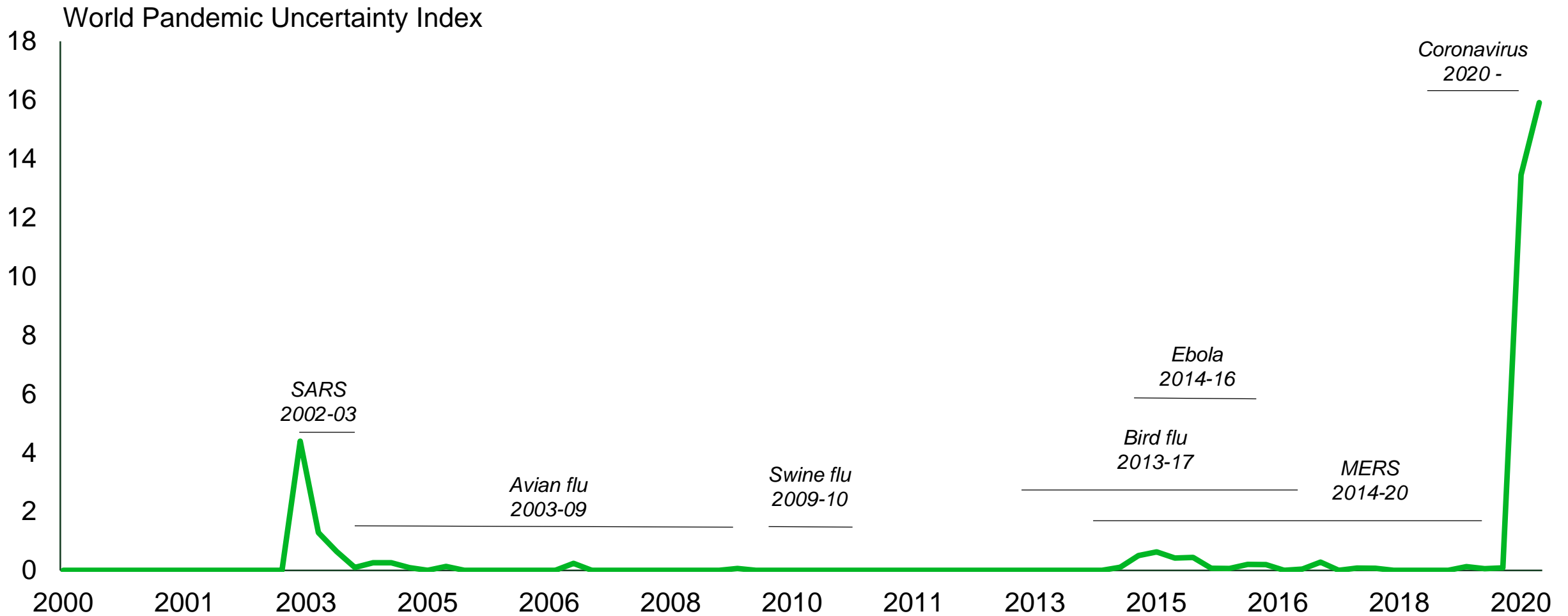
Forecast Update: Where To From Here?

Thursday September 24th, 2020

Global

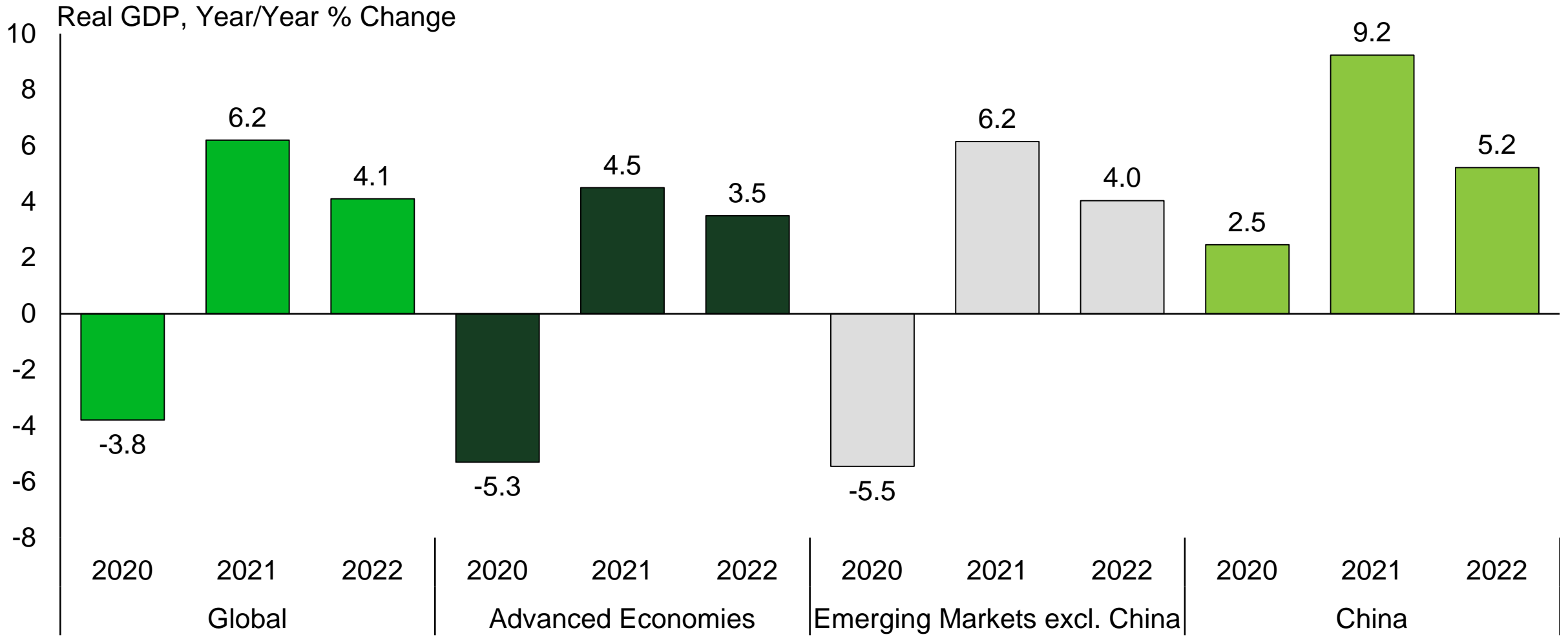


Global Uncertainty Related to the Pandemic at Record High



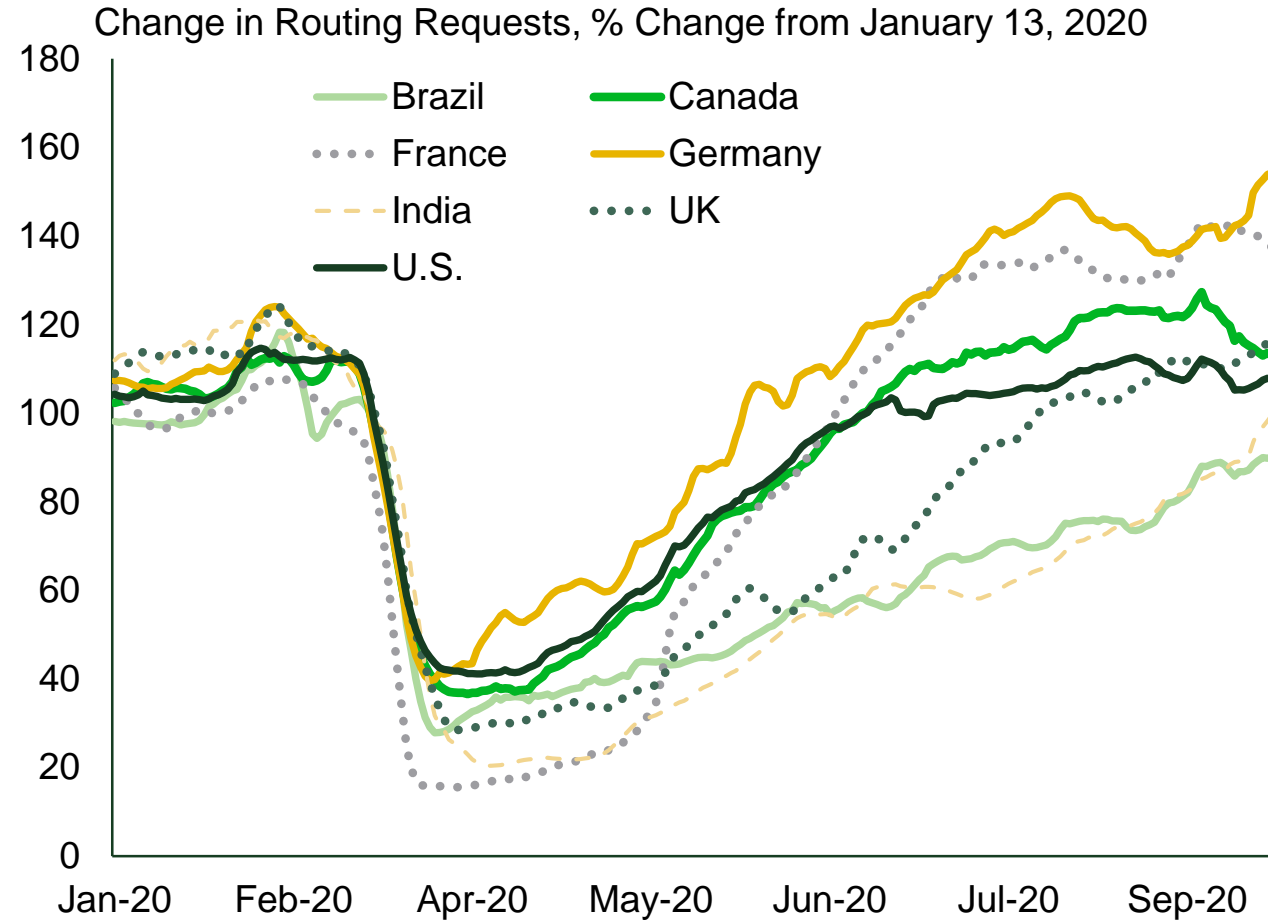
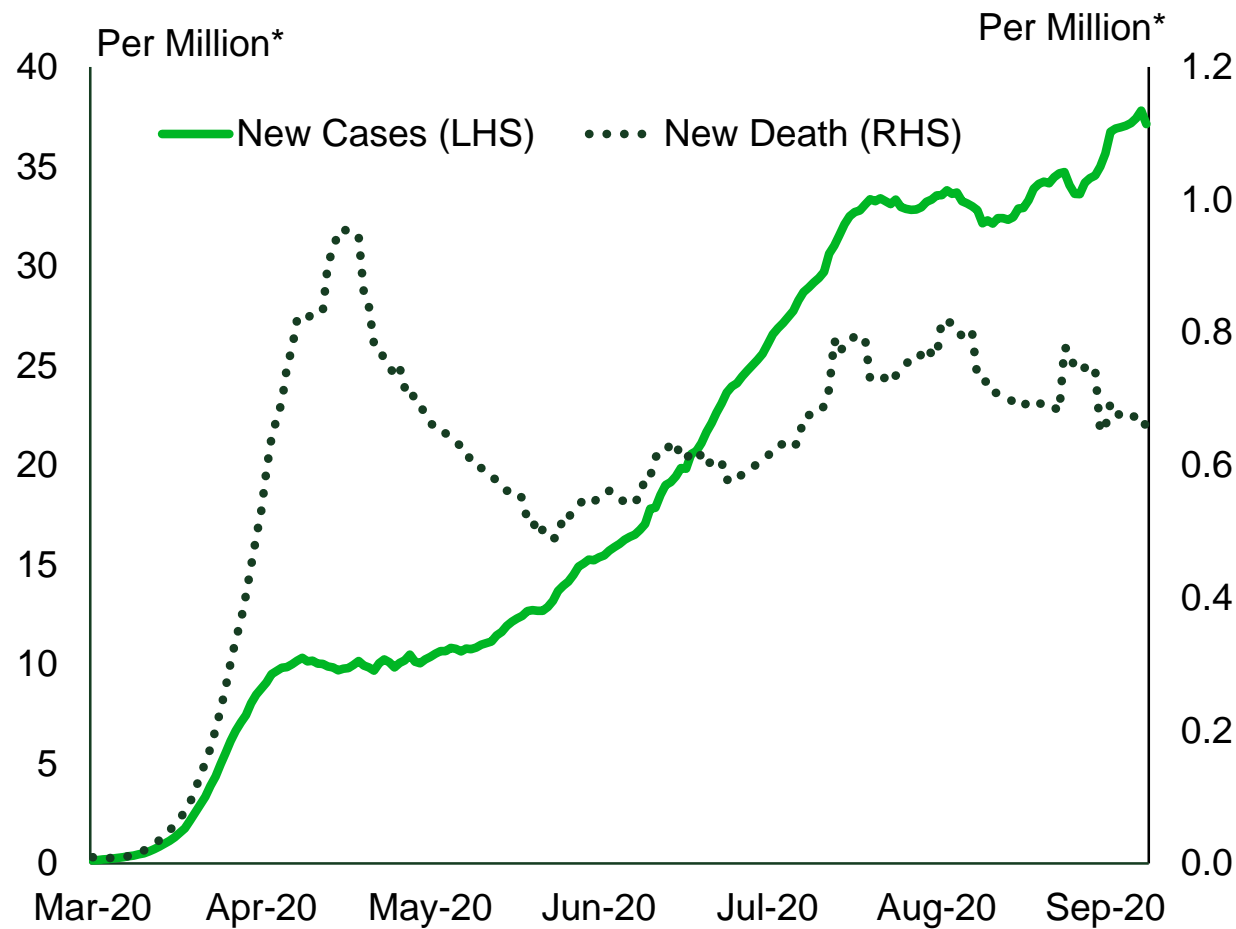
Source: Ahir, H, N Bloom and D Furceri (2018), TD Economics.

Despite Improved Outlook Global Risks Remain Tilted to the Downside



Source: TD Economics Forecast as of September 2020.

Cases vs Deaths and Social Distancing: Why the Wedge?

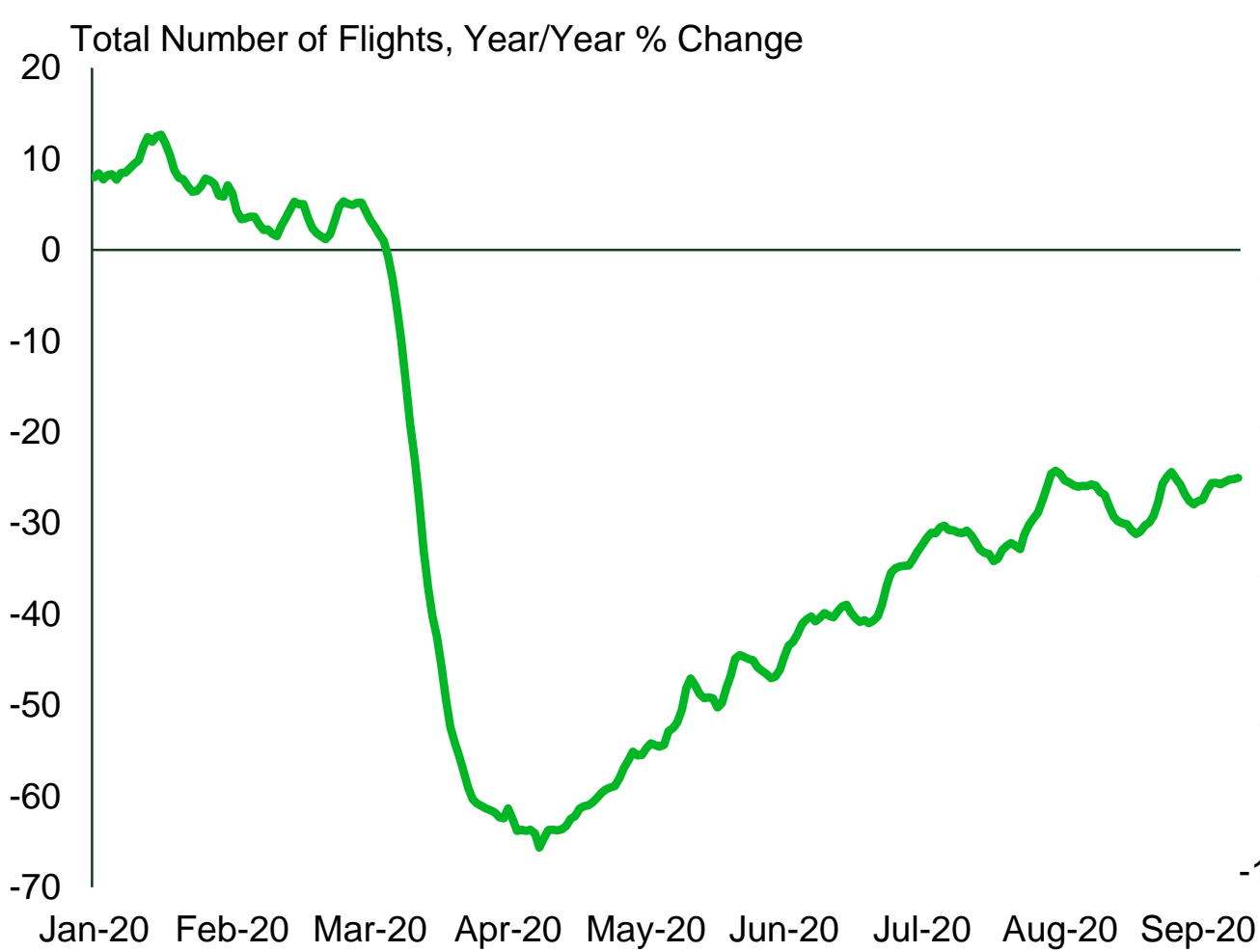


*7-day moving average.

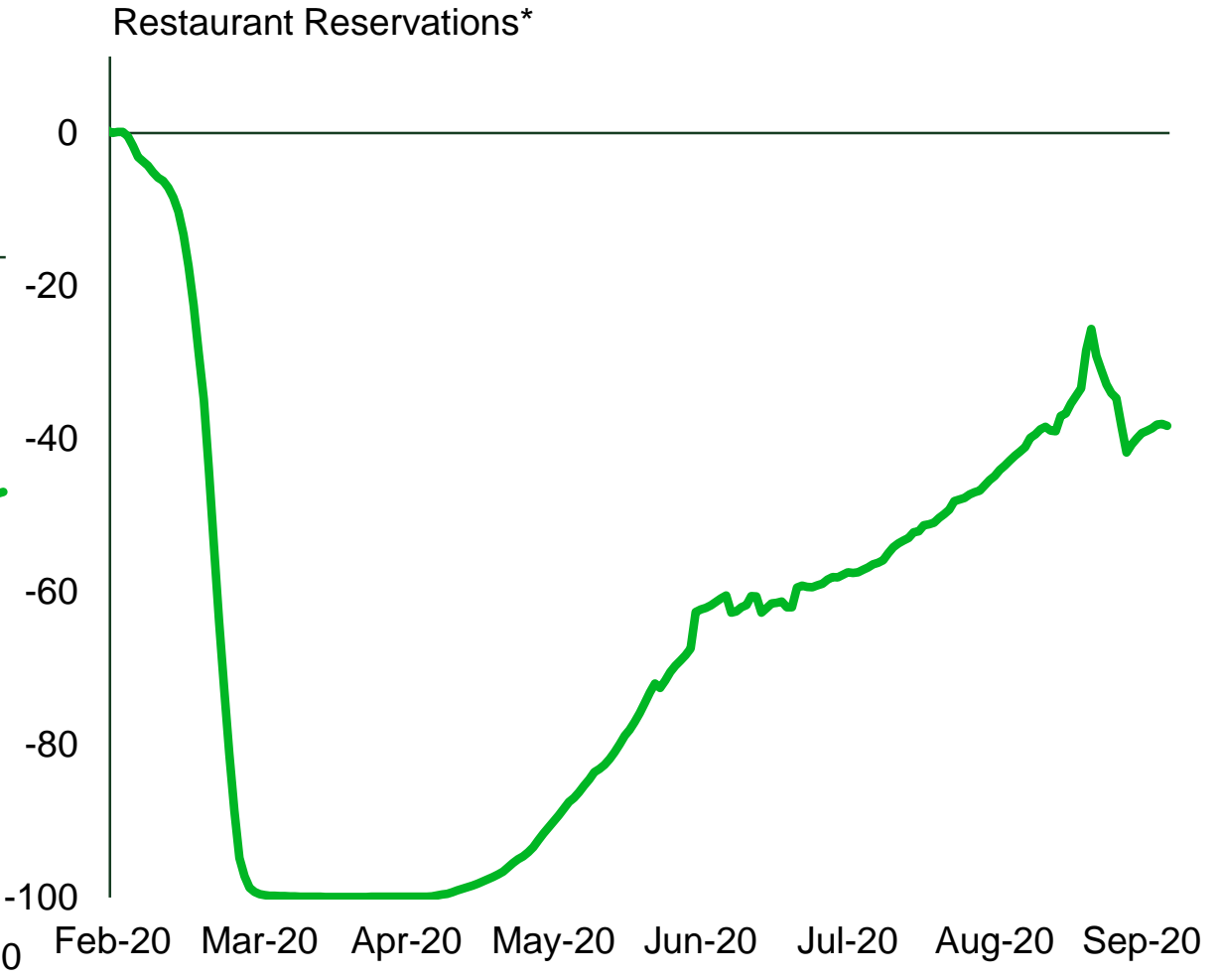
Source: OWID, TD Economics. Last Observation September 23, 2020.

Note: "Social Distancing" is an average of Apple's mobility metrics for "walking", "driving" and "transit". Data for India does not include transit. 7-day moving average.
 Source: Apple, TD Economics. Last observation September 22, 2020.

The Global Recovery Has Shifted in to Low Gear



Source: Open Table, TD Economics. Last Observation September 22, 2020.

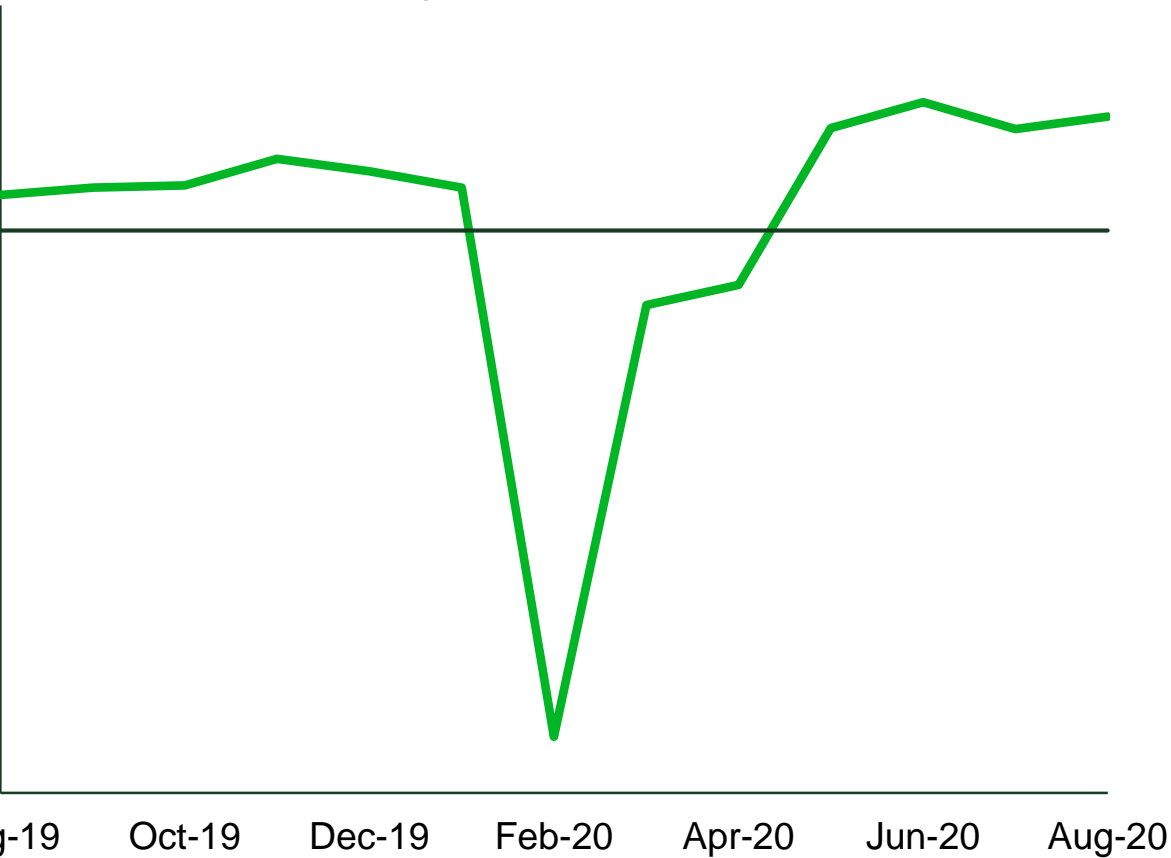


*7-day moving average.
Source: Open Table, TD Economics. Last Observation September 22, 2020.

There are Lessons in China's Recovery for the Rest of the World

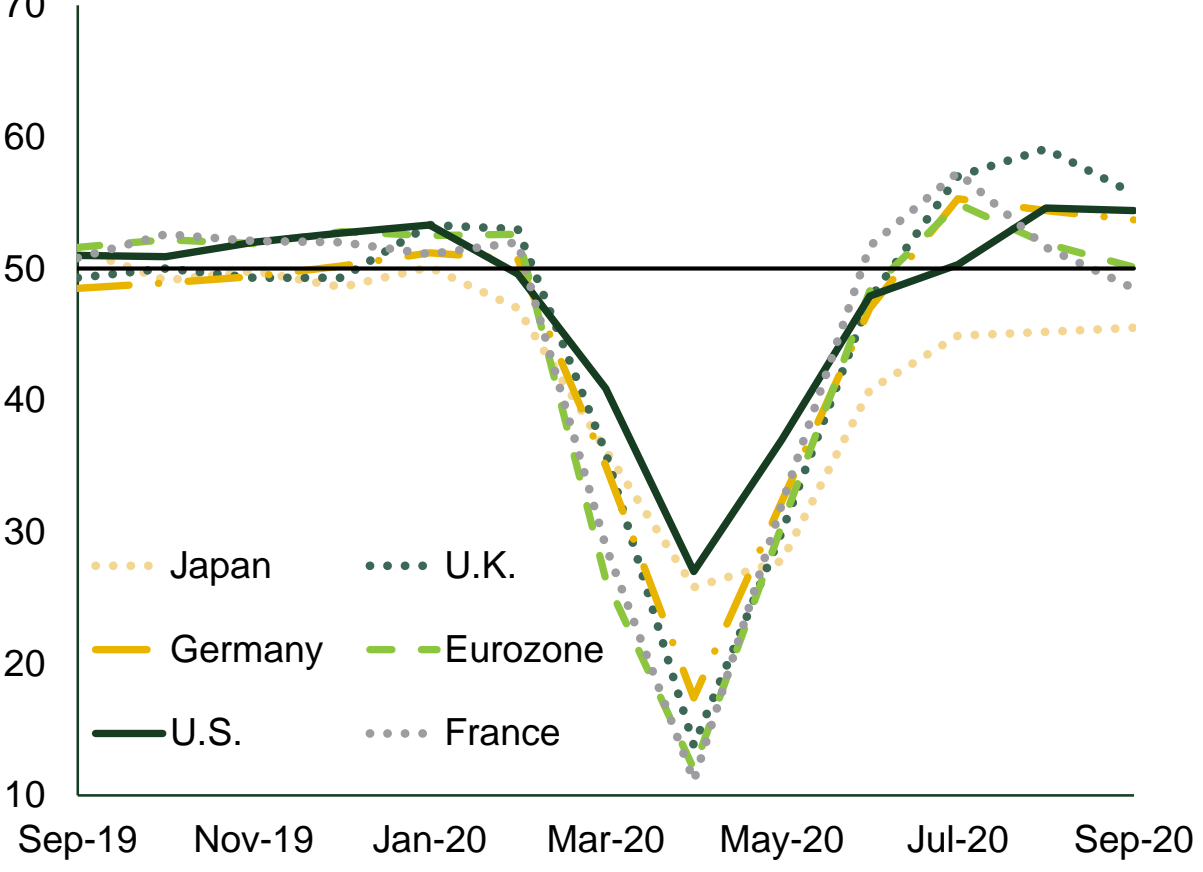


Composite (Manufacturing & Services), PMI



Note: Below 50 = a majority of businesses reported a contraction.
Source: IHS Markit, TD Economics.

Composite (Manufacturing & Services), Index

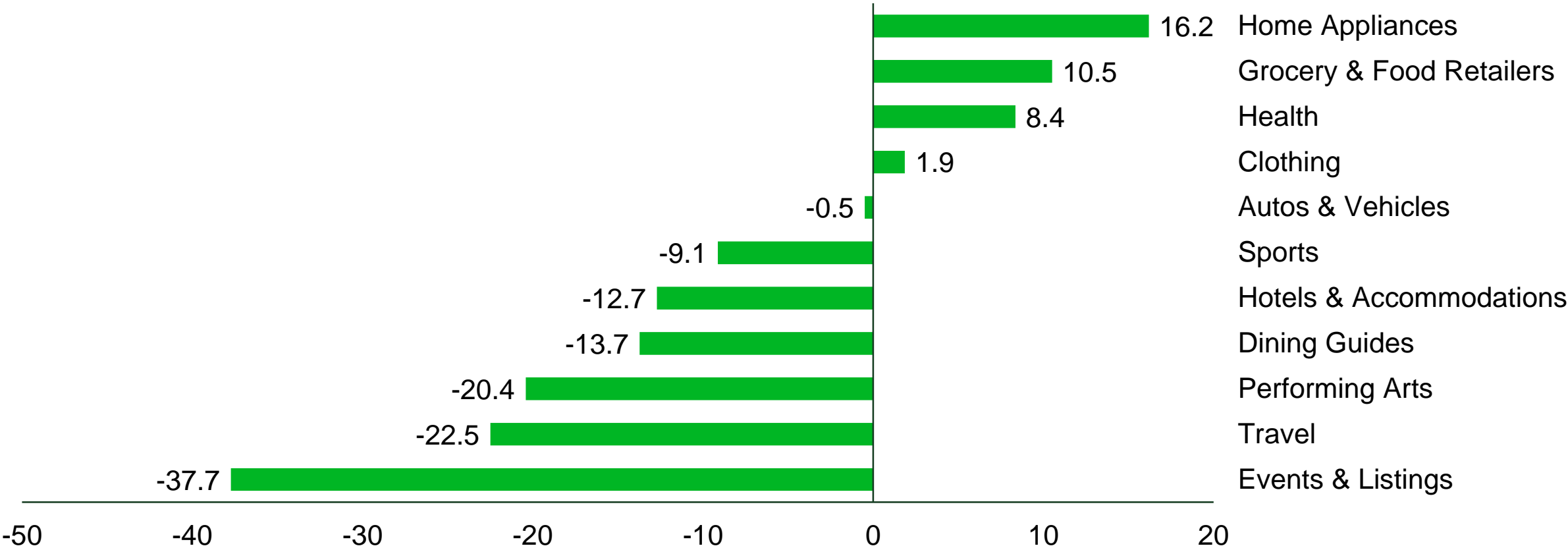


Note: Below 50 = a majority of businesses reported a contraction.
Source: IHS Markit, TD Economics.

The Global Recovery Has Been Uneven Across Sectors



Google Searches by Spending Category, Year/Year % Change for August 2020

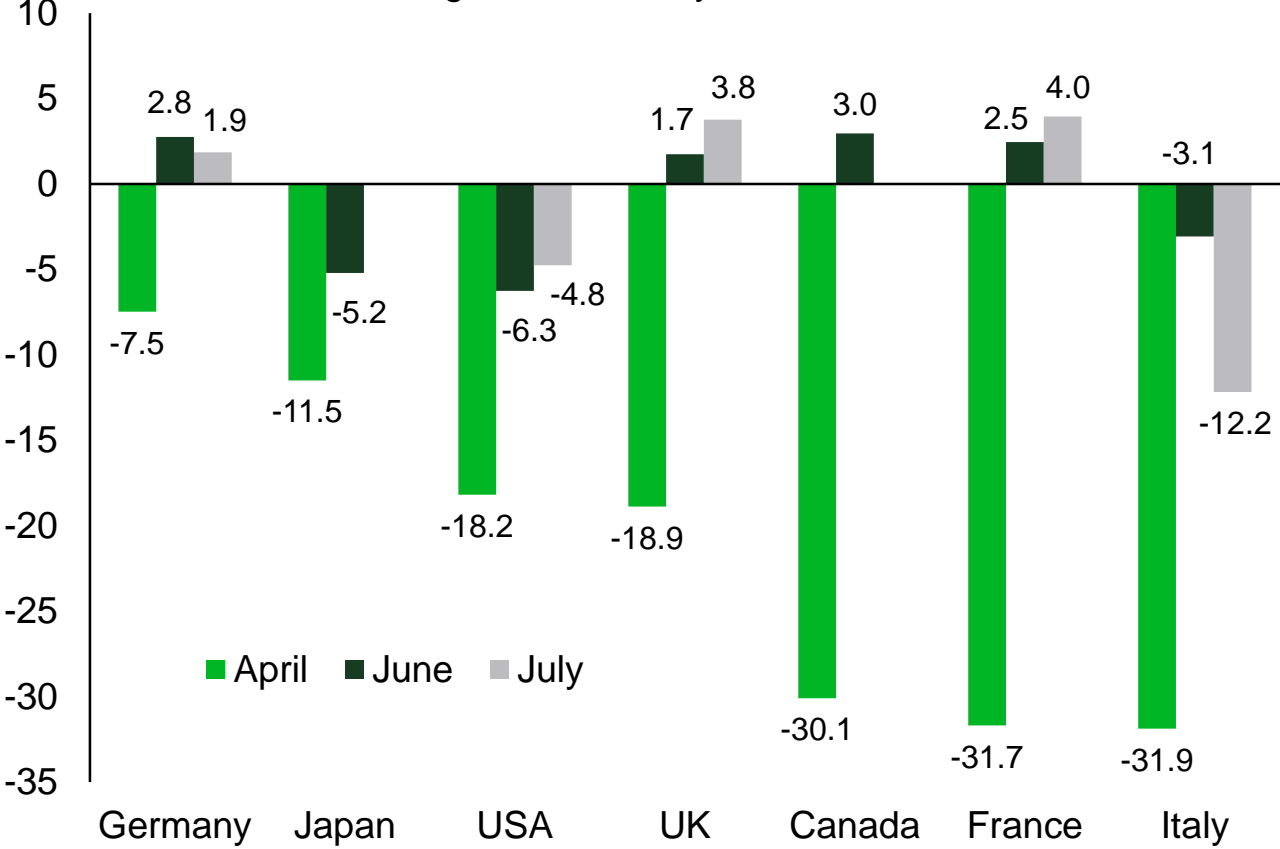


Source: Google Trends, OECD, TD Economics.

The Global Recovery Has Also Been Uneven Across Countries

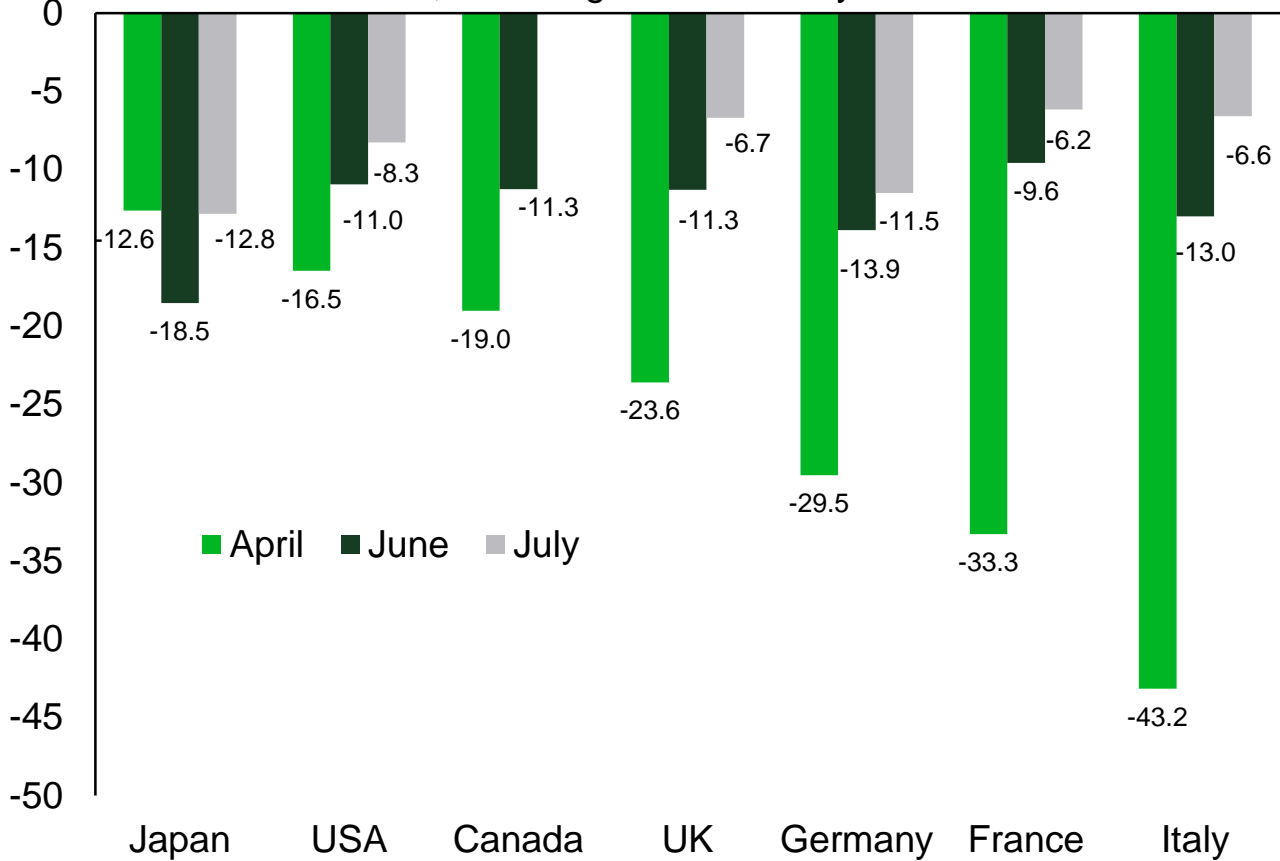


Retail Sales, % Change from January 2020



Note: July data is not available for Canada and Japan.
Source: OECD, TD Economics.

Industrial Production, % Change from January 2020

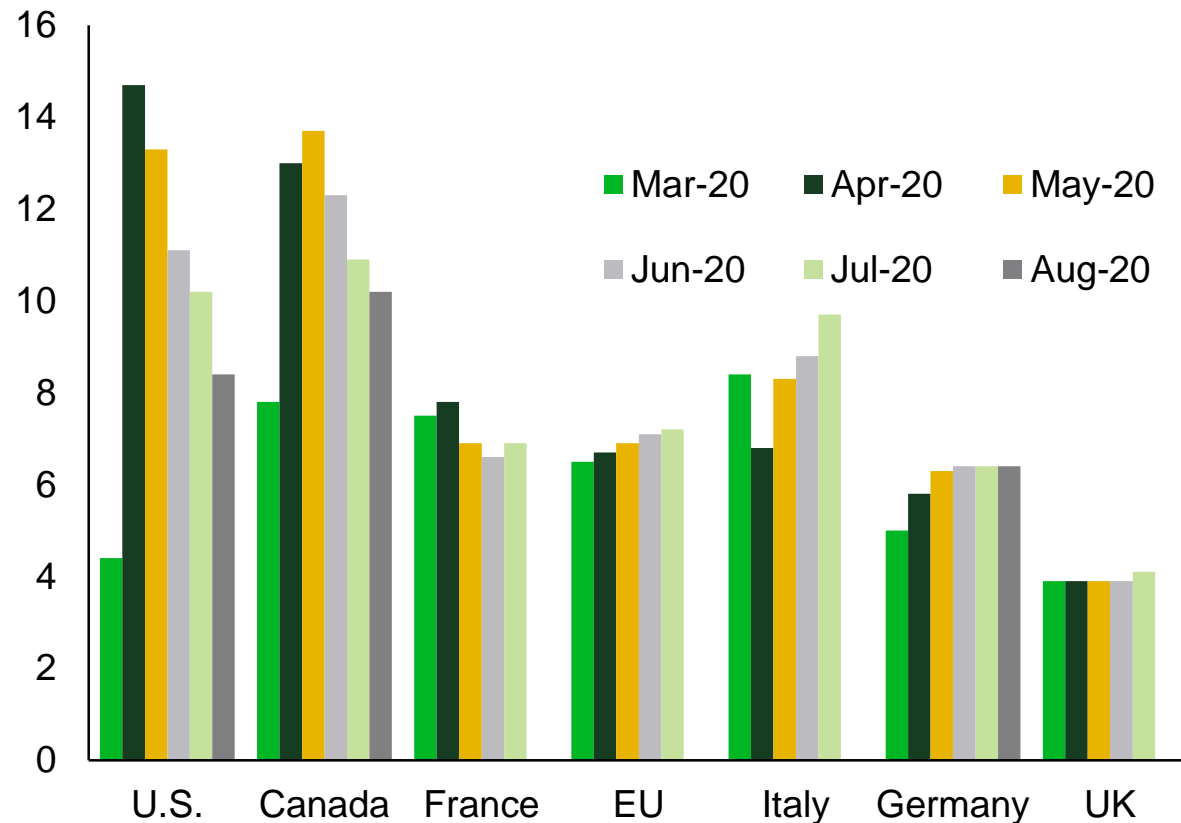


Note: July data is not available for Canada.
Source: OECD, TD Economics.

European Labour Markets Tell a Different, but Misleading Story

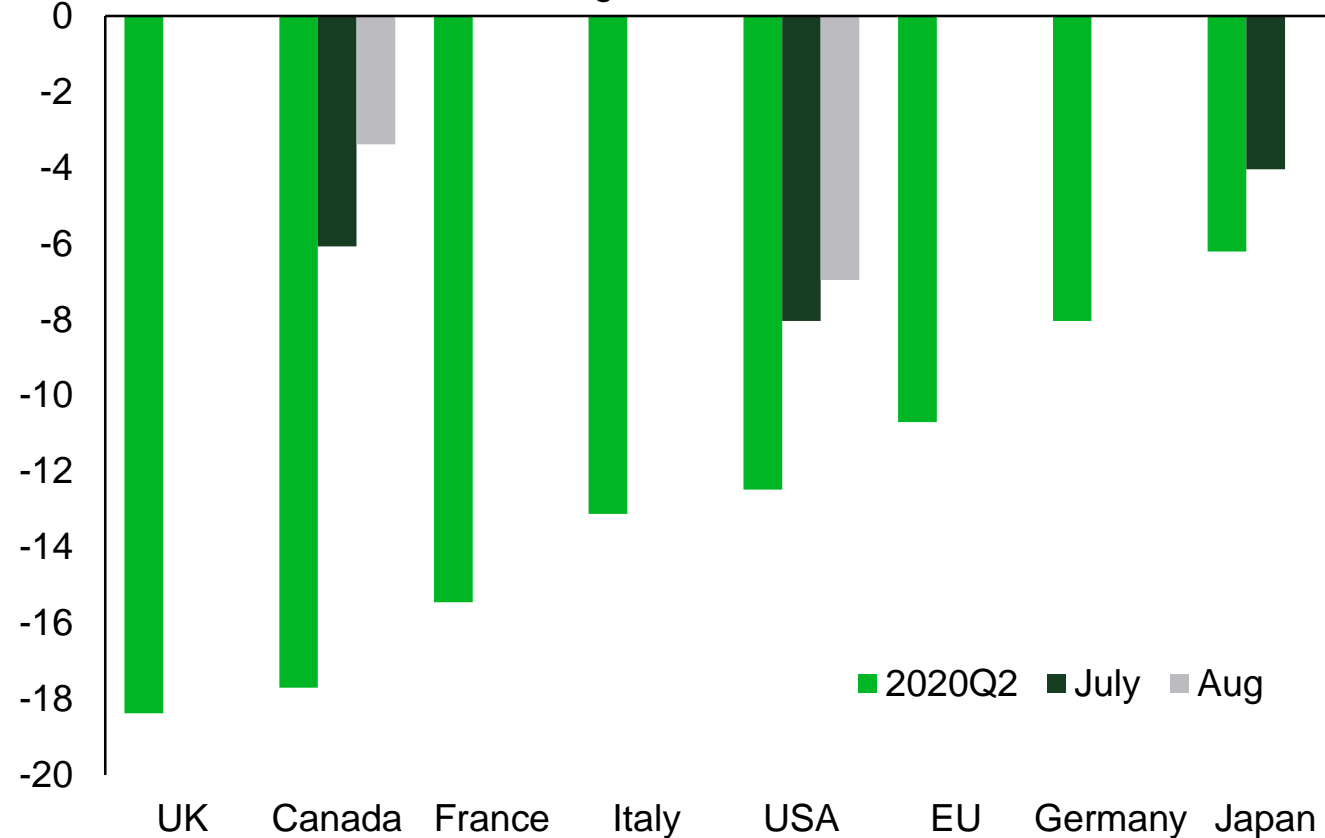


Unemployment Rate, %



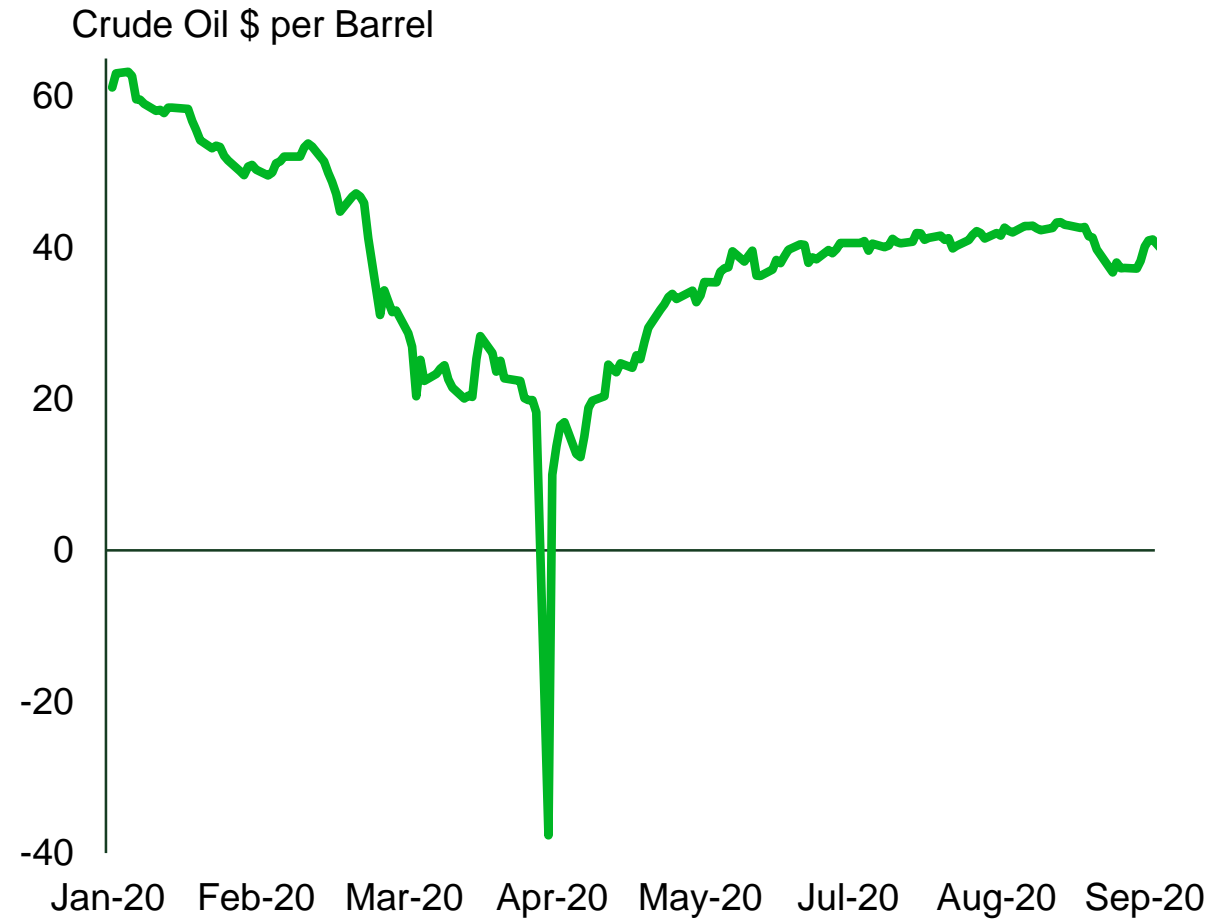
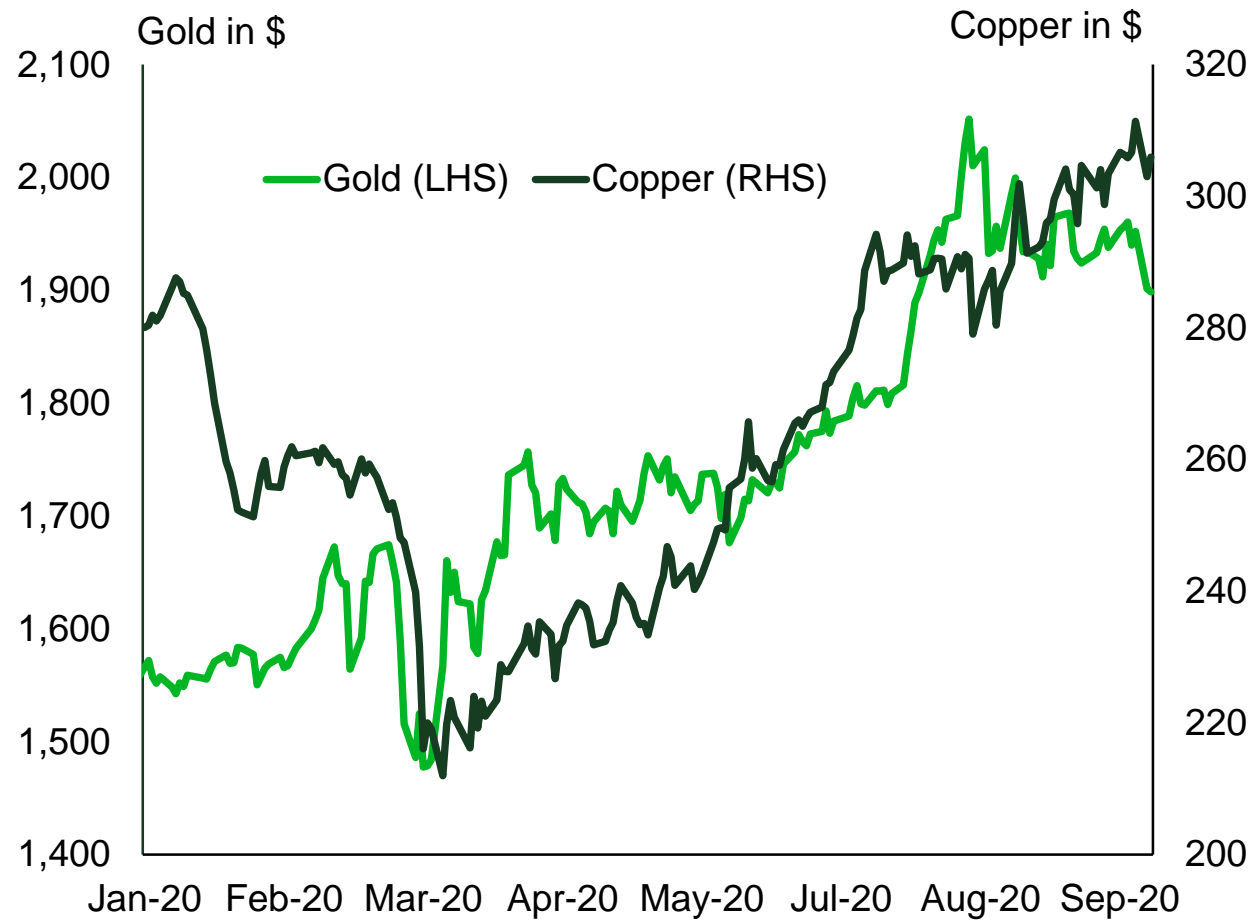
Note: August unemployment data only available for the U.S., Canada and Germany.
 Source: Eurostat, Statistics Canada, BLS, Istat, BBK, TD Economics.

Total Hours Worked, % Changed from 2020Q1



Note: July data is available for U.S., Canada and Japan while August data only available for U.S. and Canada.
 Source: Bureau of Economic Analysis, Statistics Canada, Statistics Bureau Japan, Eurostat, TD Economics.

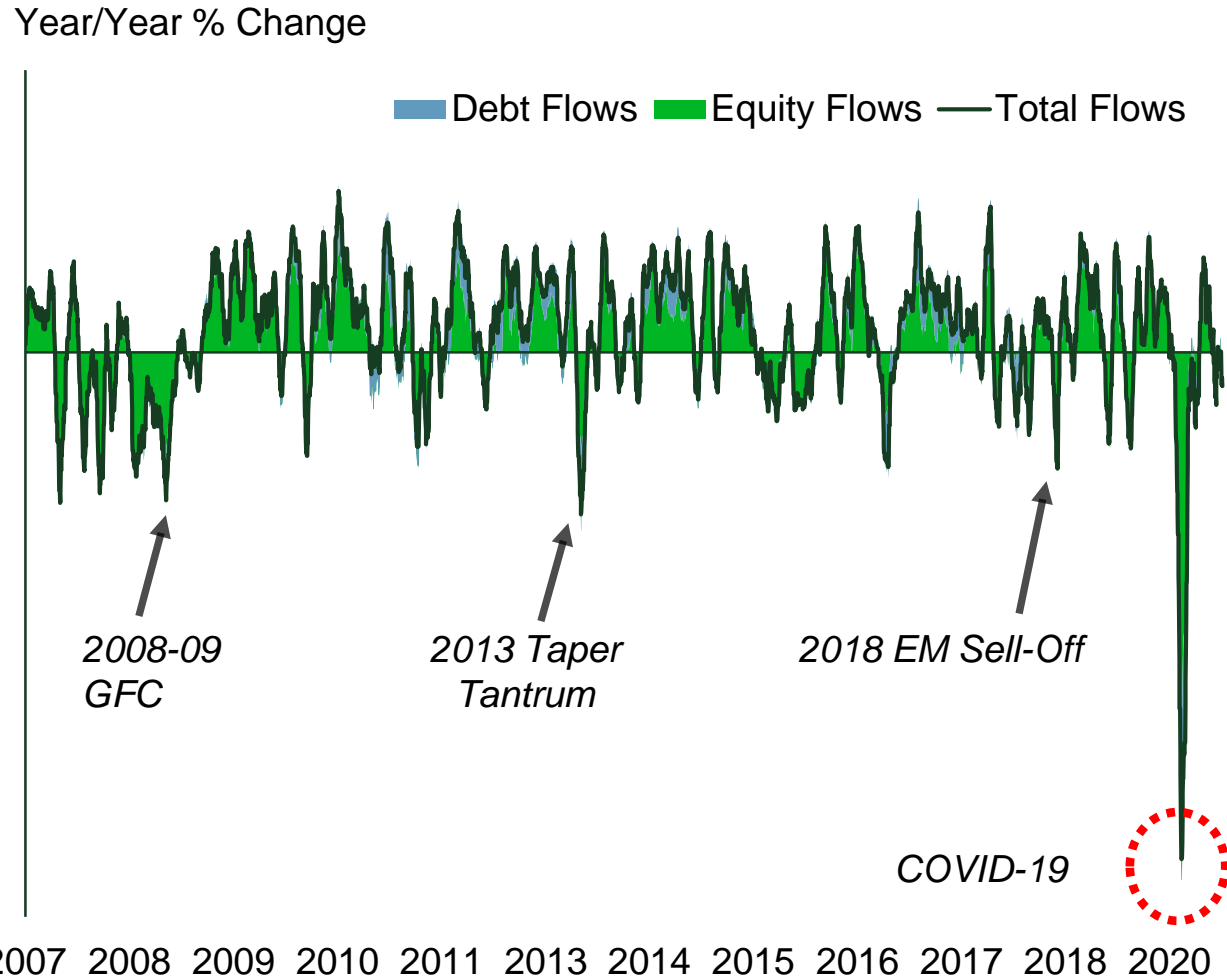
All That Glitters Is Not Gold



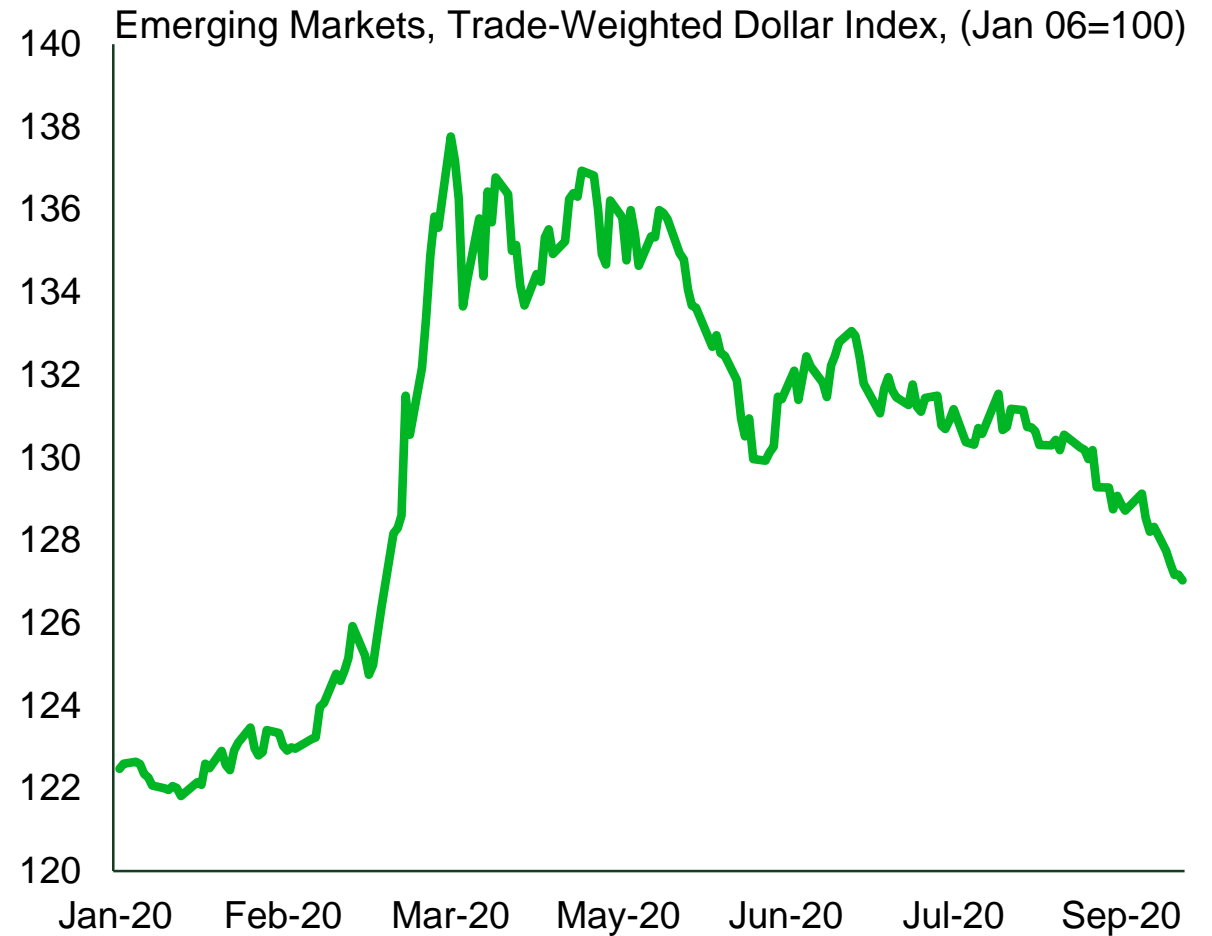
Source: Chicago Mercantile Exchange, TD Economics. Last Observation September 22, 2020.

Source: Chicago Mercantile Exchange, TD Economics. Last observation September 22, 2020.

Emerging Markets Are Out of the Frying Pan

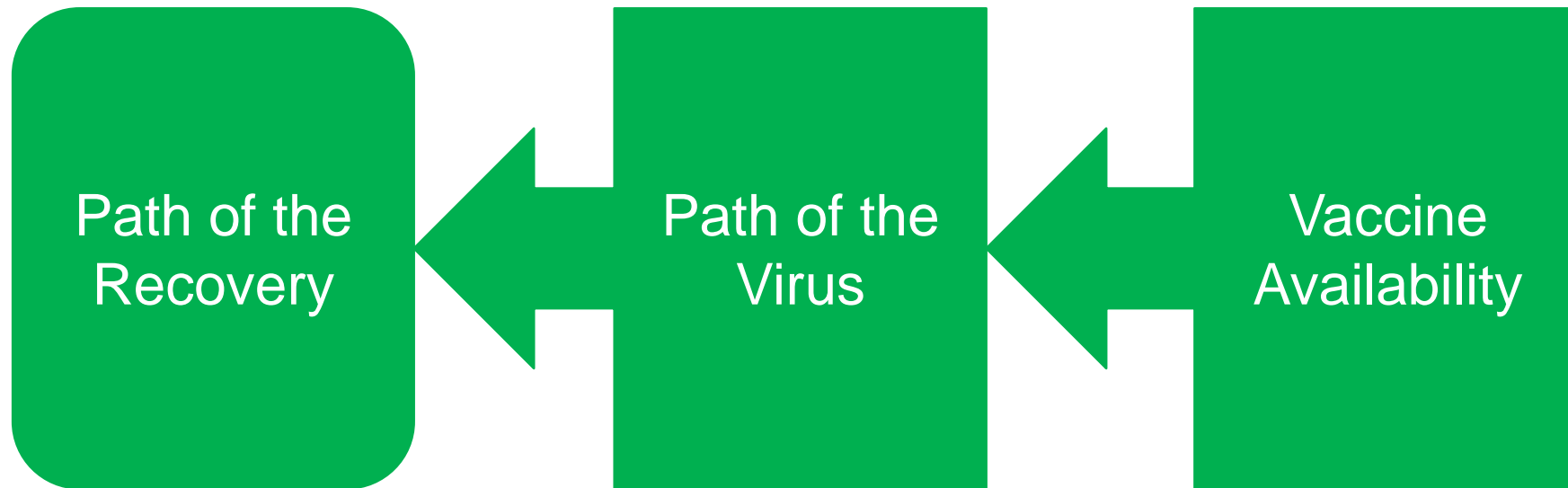


Source: IIF, TD Economics.



Source: Federal Reserve Board, TD Economics. Last Observation September 18, 2020.

The Path of the Recovery Depends on the Path of the Virus Which in Turn Depends on a Vaccine

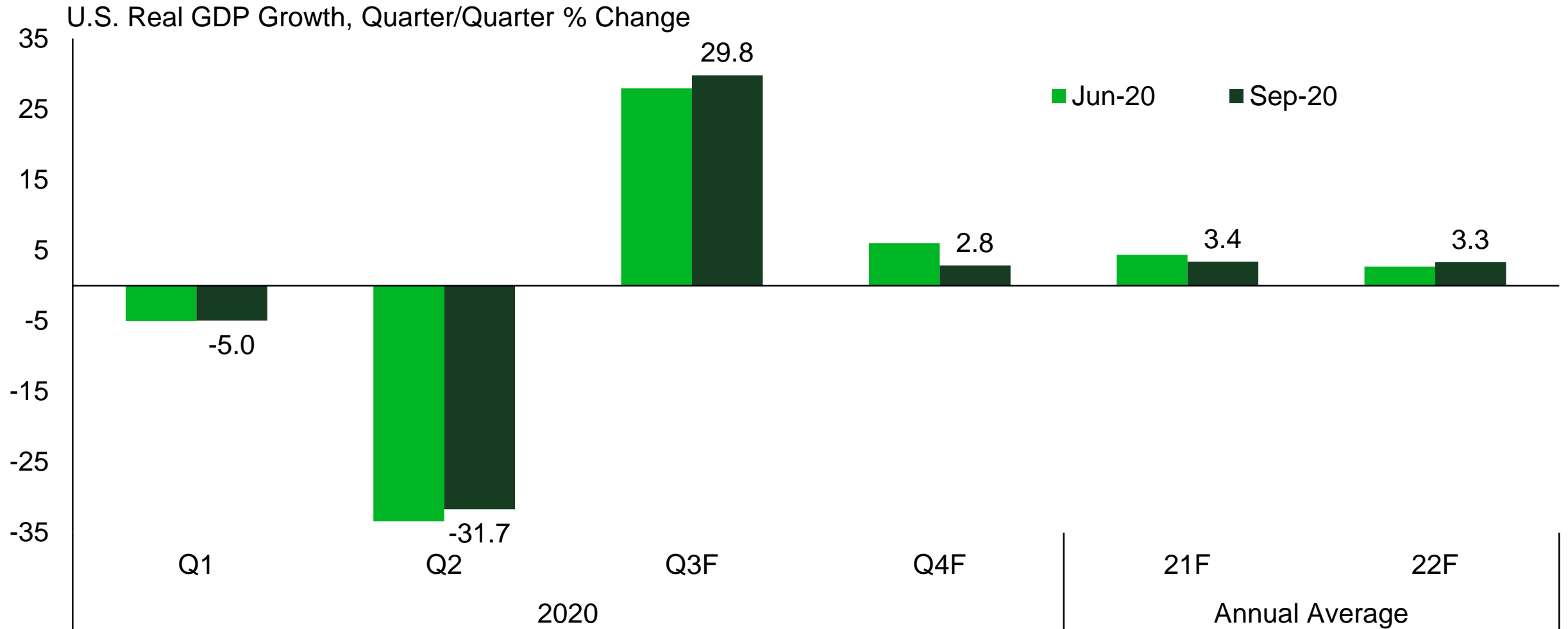


Source: TD Economics.

United States

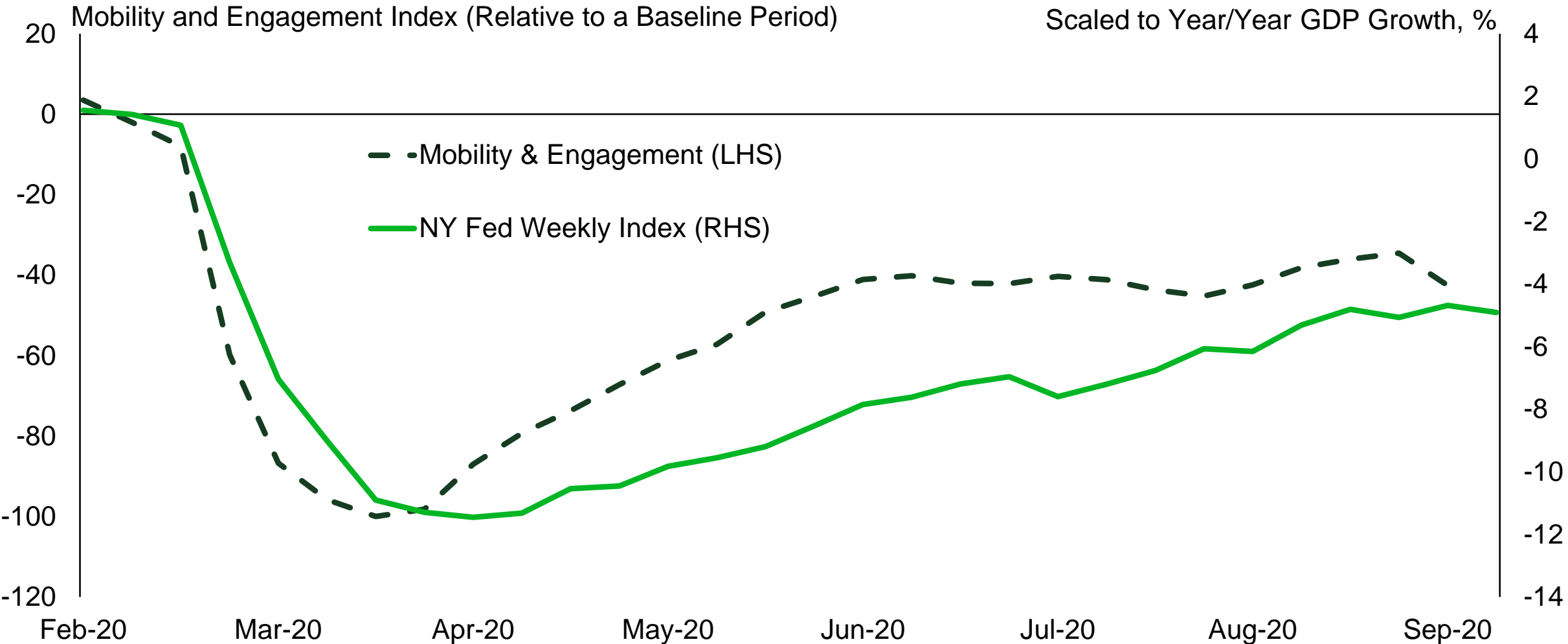


U.S. Activity Better-Than-Expected Through Q3; Progress Set to Moderate



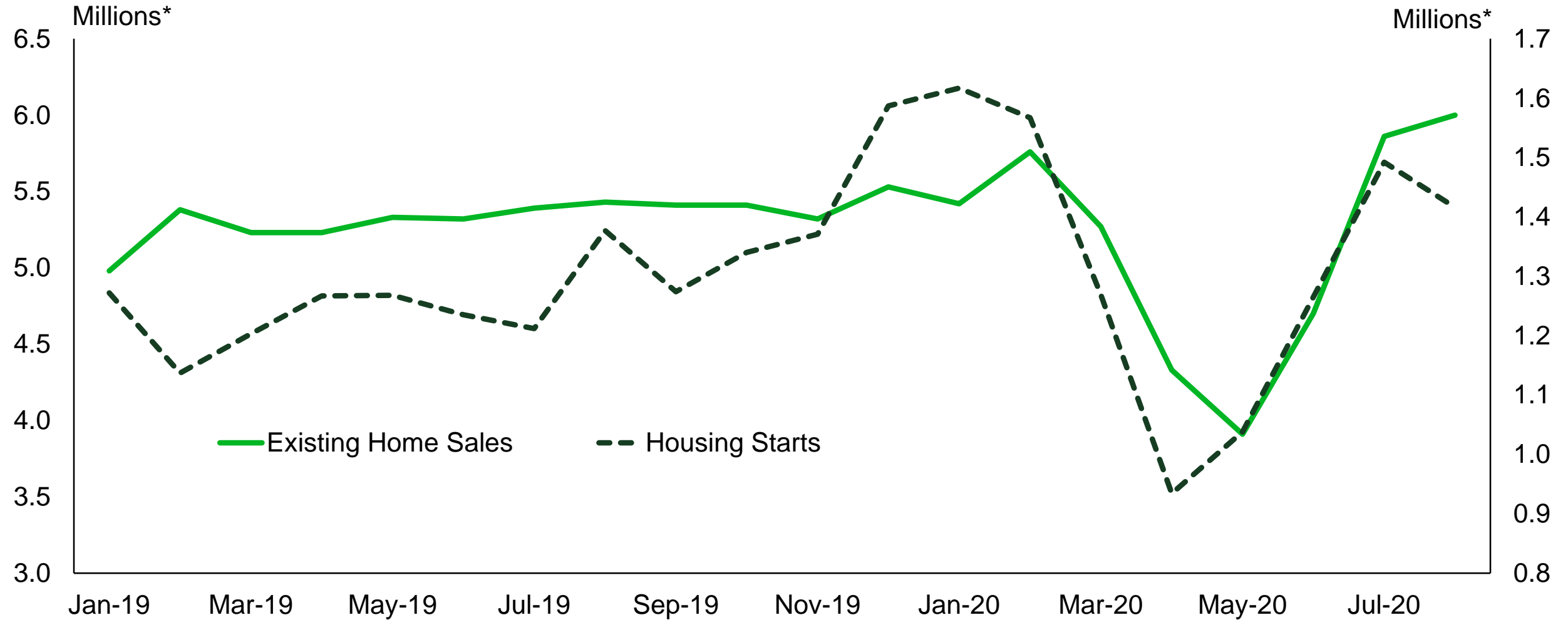
Source: TD Economics Forecast as of September 2020.

High-Frequency Data Suggest Loss of Momentum in Q4



Source: FRB New York, Dallas Fed, TD Economics. Last observation September 19, 2020.

Housing Activity Snapped Back Quickly



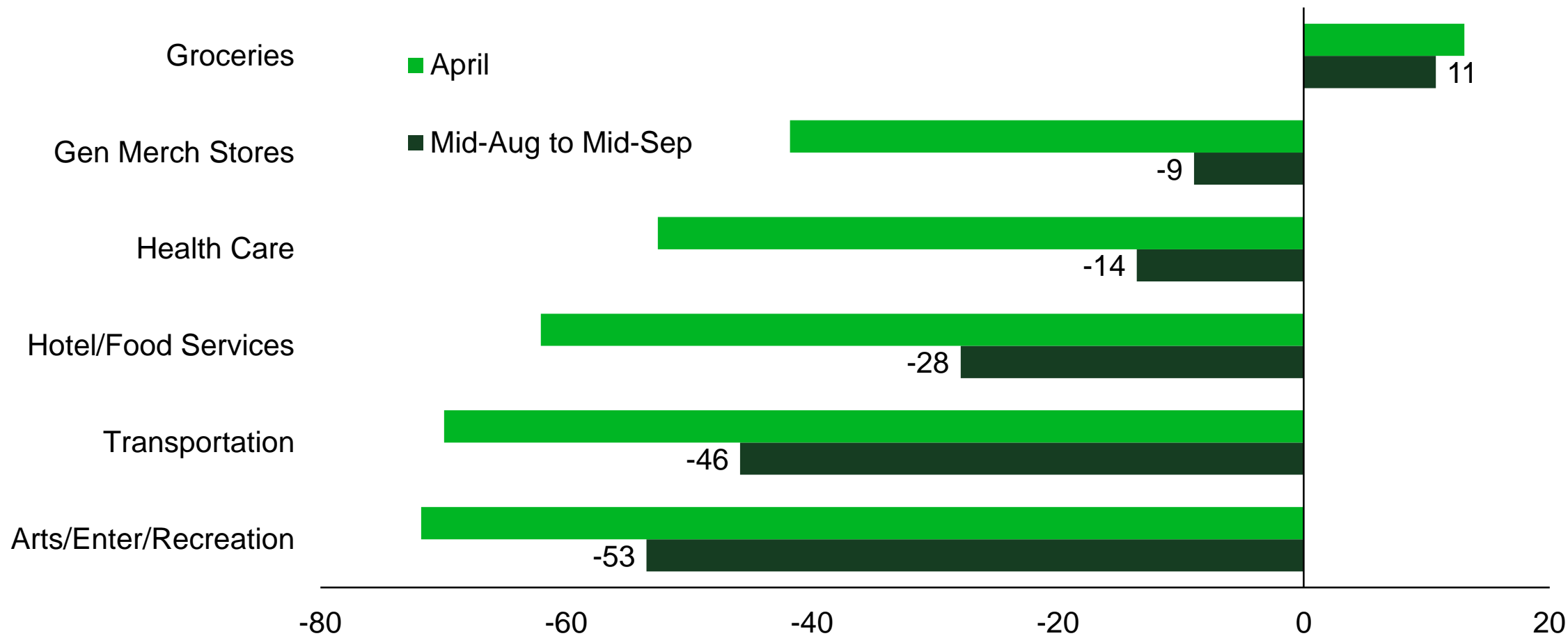
*Seasonally adjusted at annual rates.

Source: BEA, TD Economics. Last observation August 2020.

Spending in Some Service Areas Remains Depressed



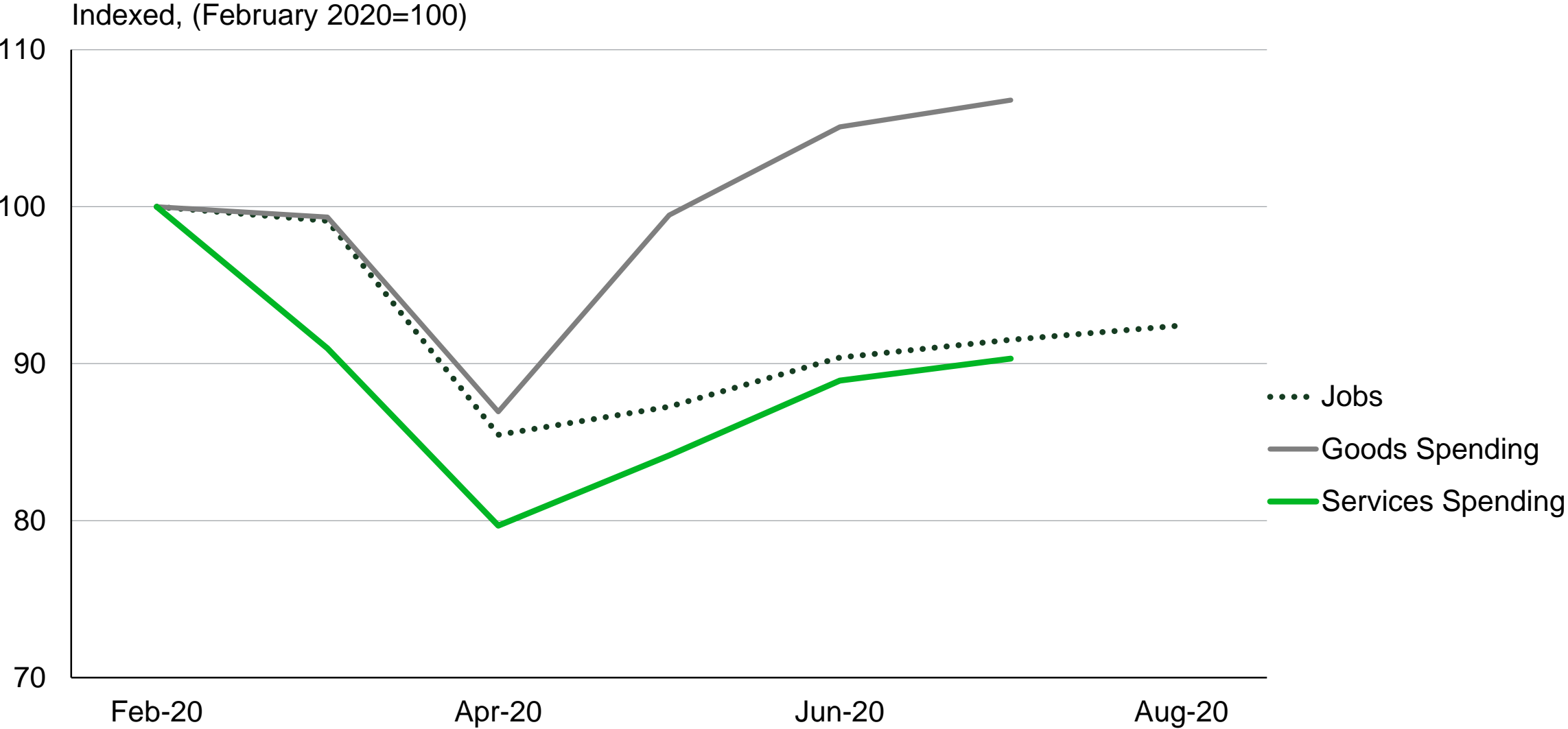
Card Spending % Difference from Baseline*



*Seasonally adjusted.

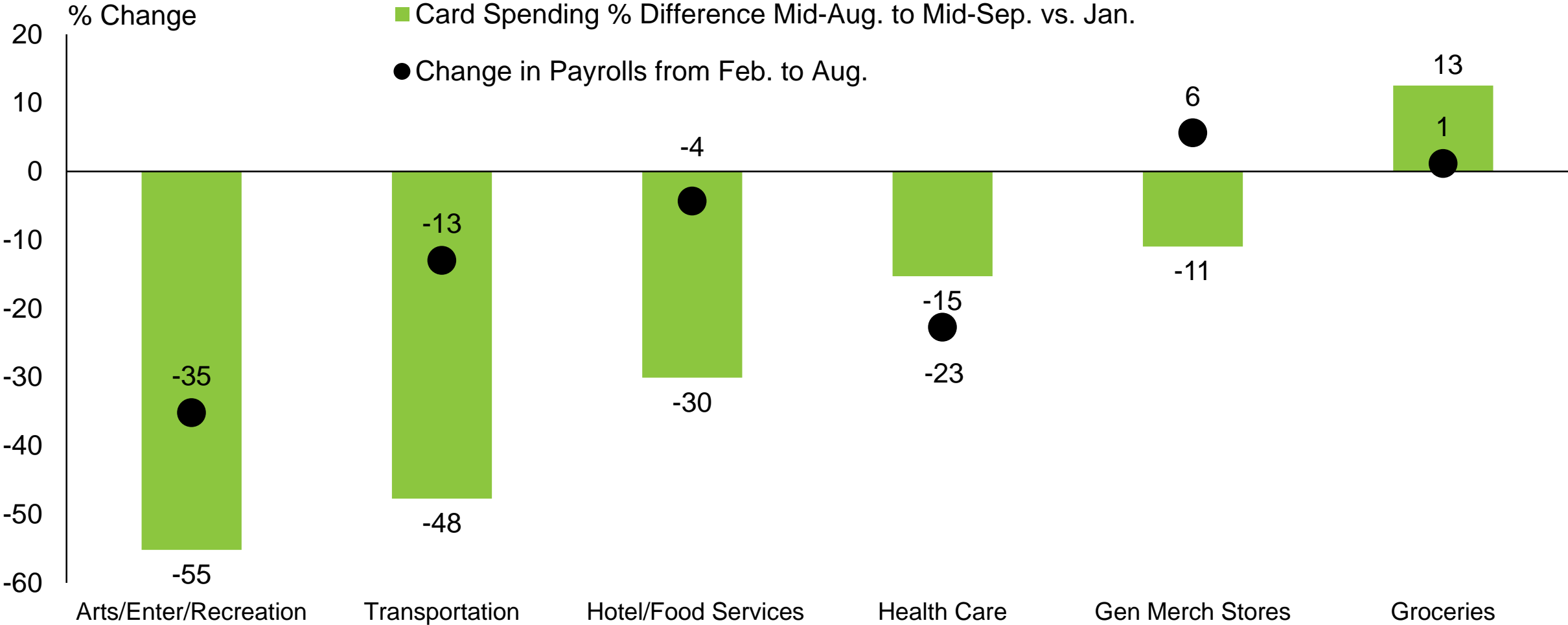
Source: Affinity Solutions via Opportunity Insights TD Economics.

Depressed Services Spending Hurts Employment



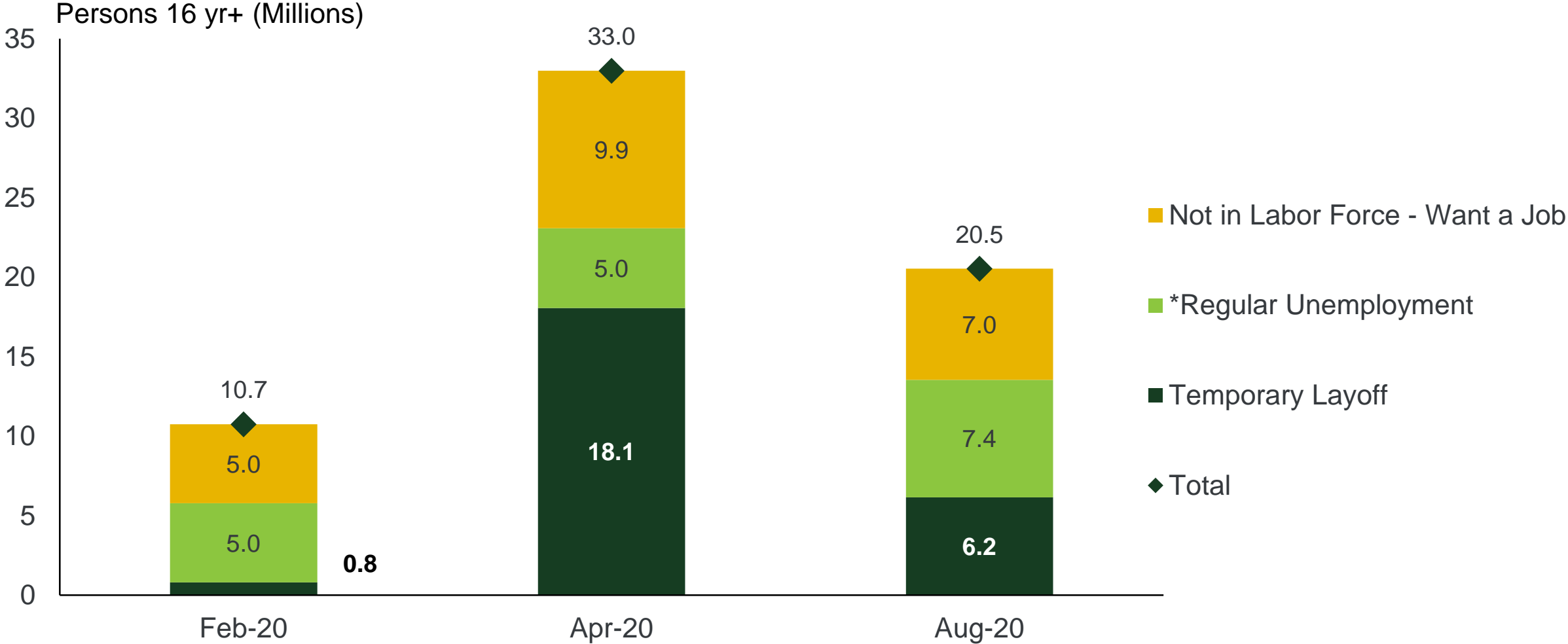
Source: BEA, TD Economics.

Job Gains Likely Muted in Hard-Hit Services Sectors



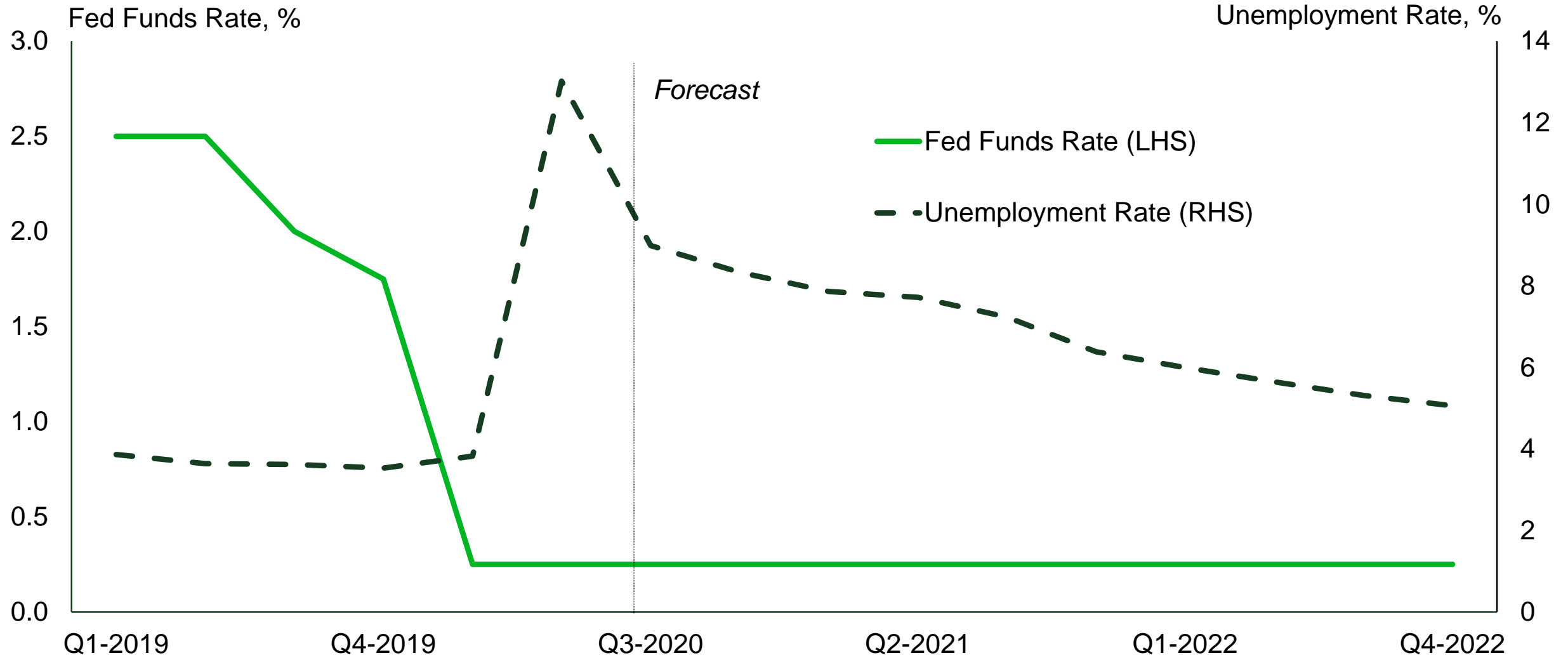
Source: BLS, Affinity Solutions via Opportunity Insights, TD Economics.

More Unemployed Are No Longer "Temporary"



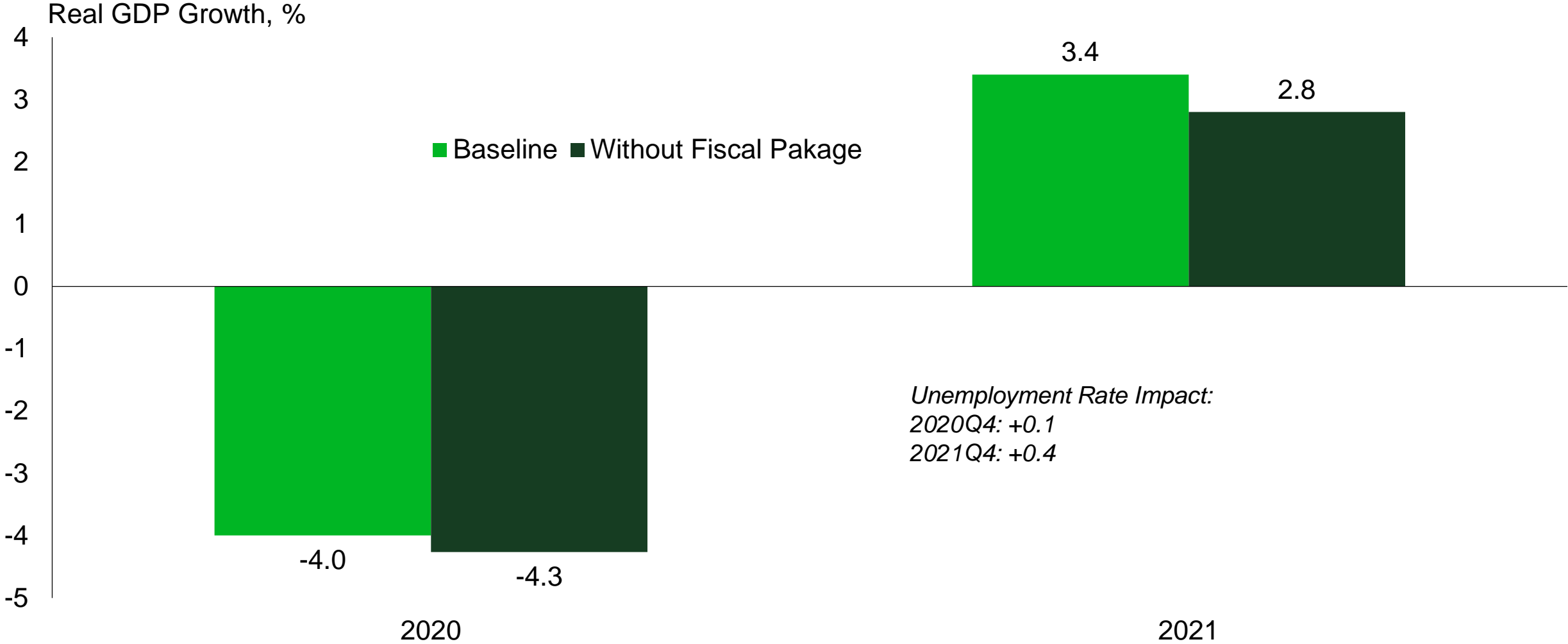
*Regular unemployed includes new & re-entrants, job leavers, people who finished a temporary job
 Source: Bureau of Labor Statistics, TD Economics.

Long Road to Normal to Leave Interest Rates Low



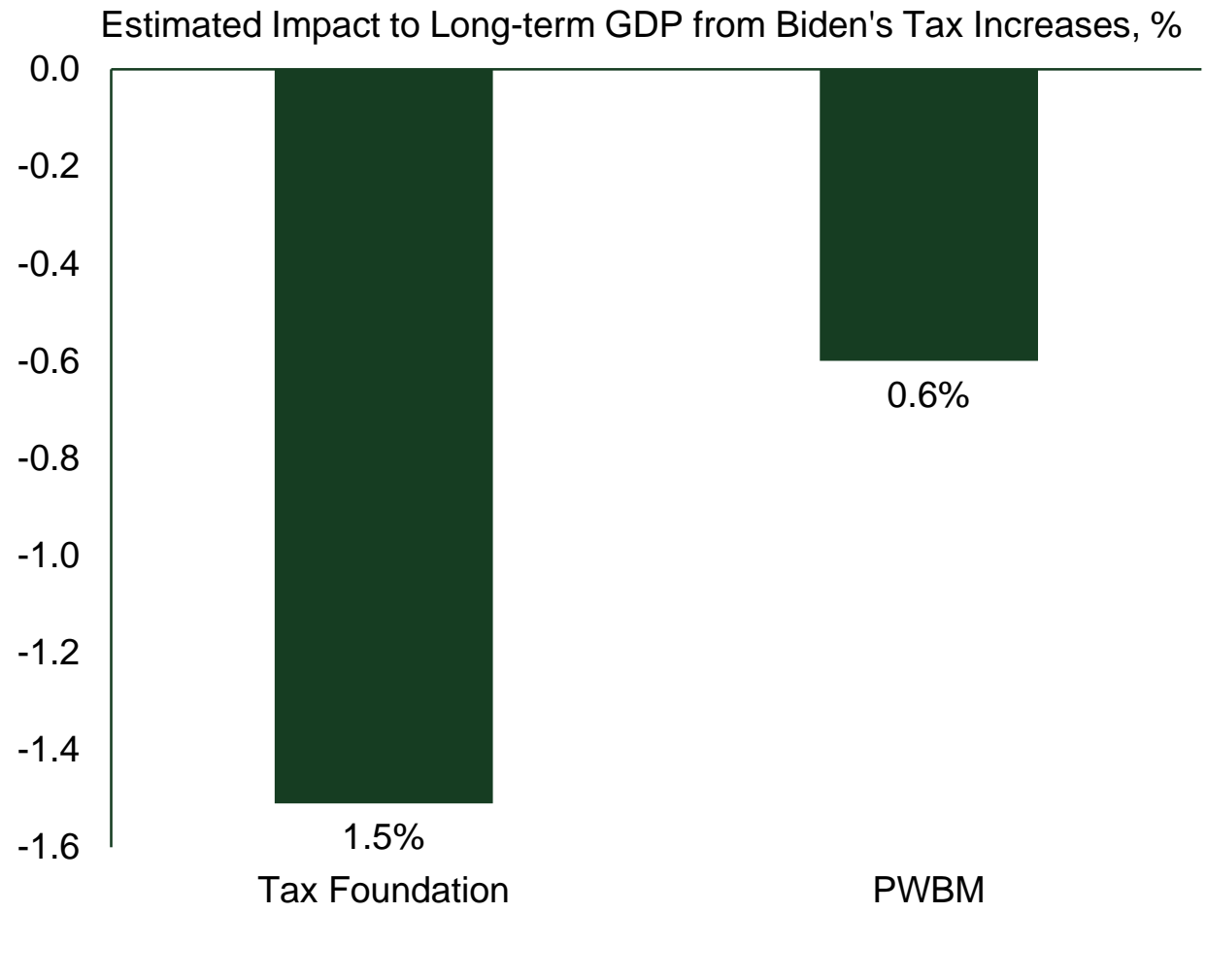
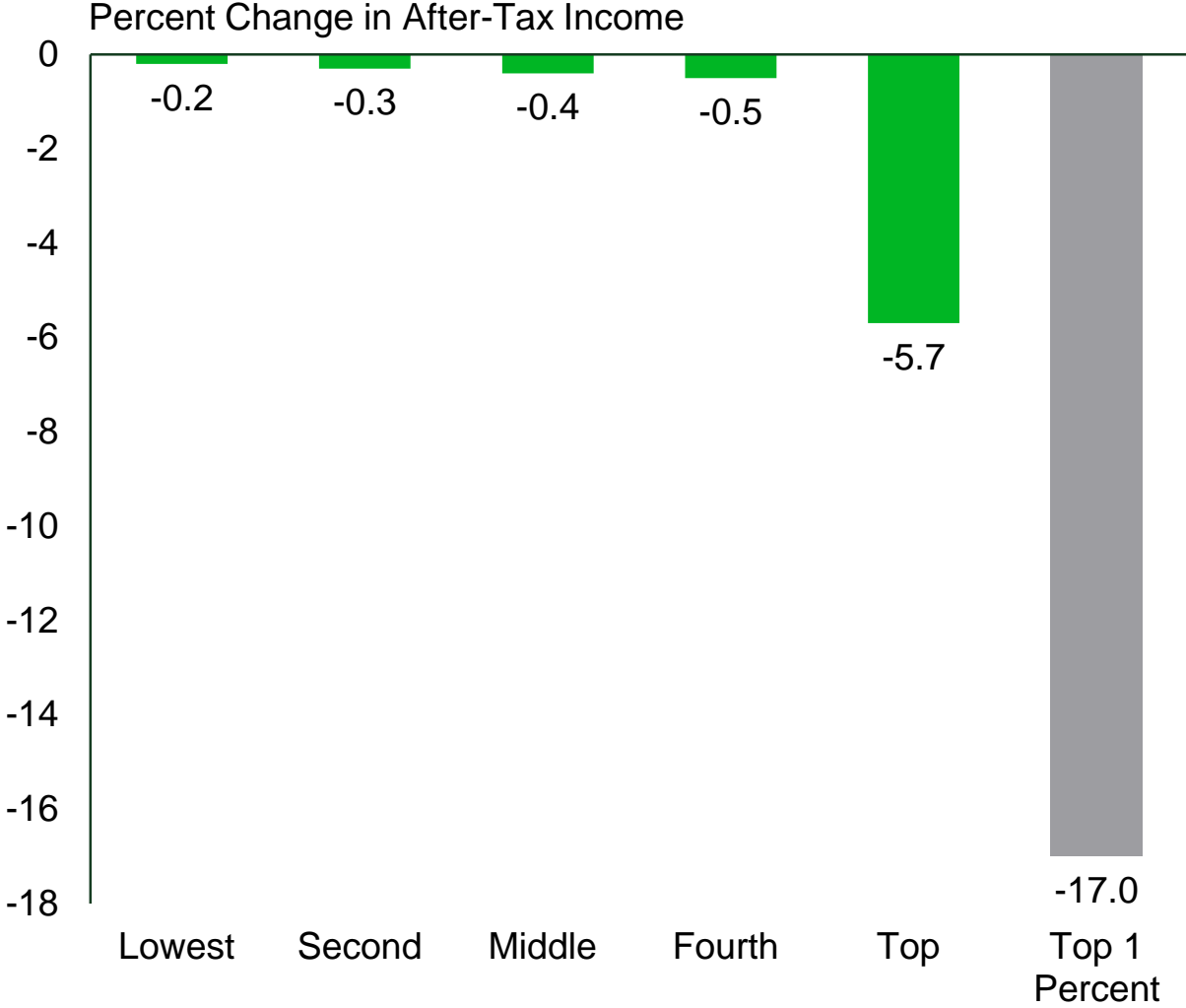
Source: BLS, Federal Reserve, TD Economics Forecast as of September 2020.

Growth at Risk If Congress Doesn't Pass Further Relief



Source: TD Economics Forecast as of September 2020.

What If: Biden Becomes President?



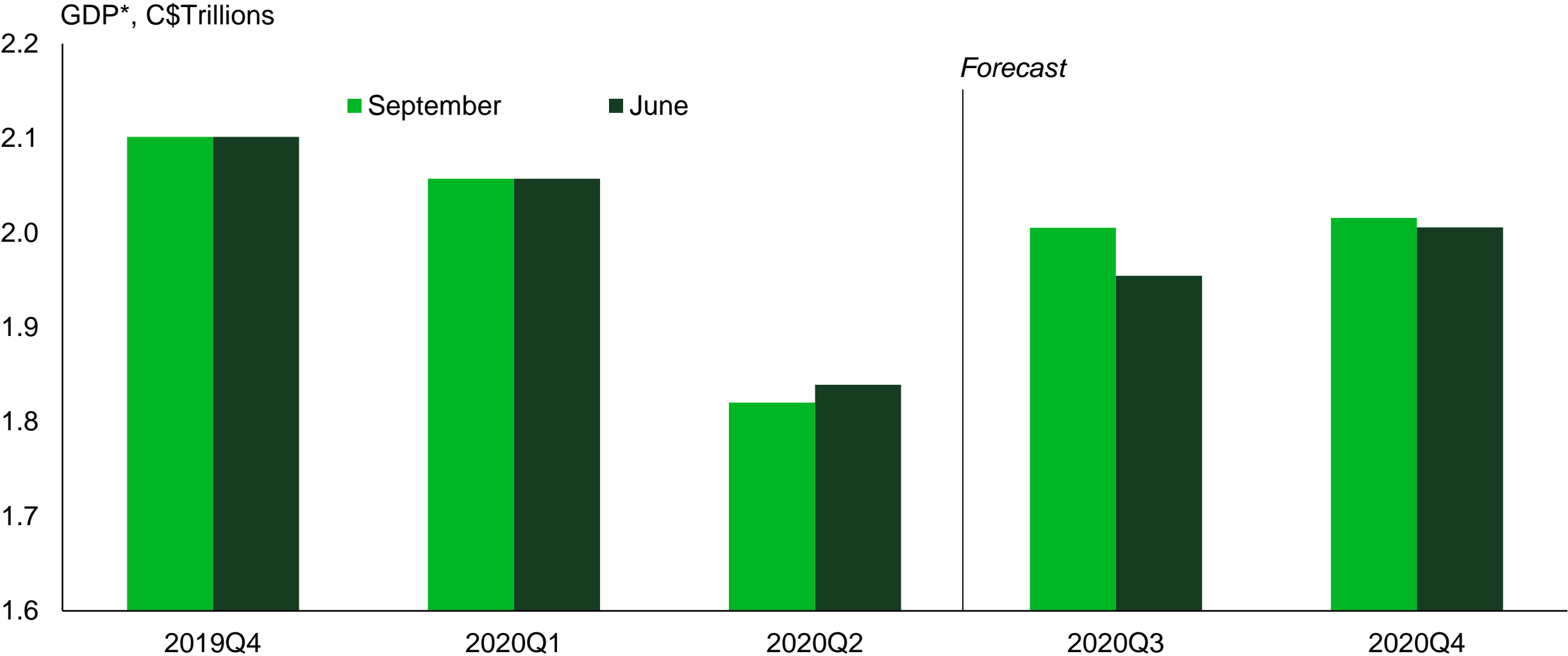
Source: Tax Policy Center Analysis, TD Economics.

Source: Tax Foundation, Penn Wharton Budget Model, TD Economics.

Canada



Near-Term GDP Rebounding Faster than Expected



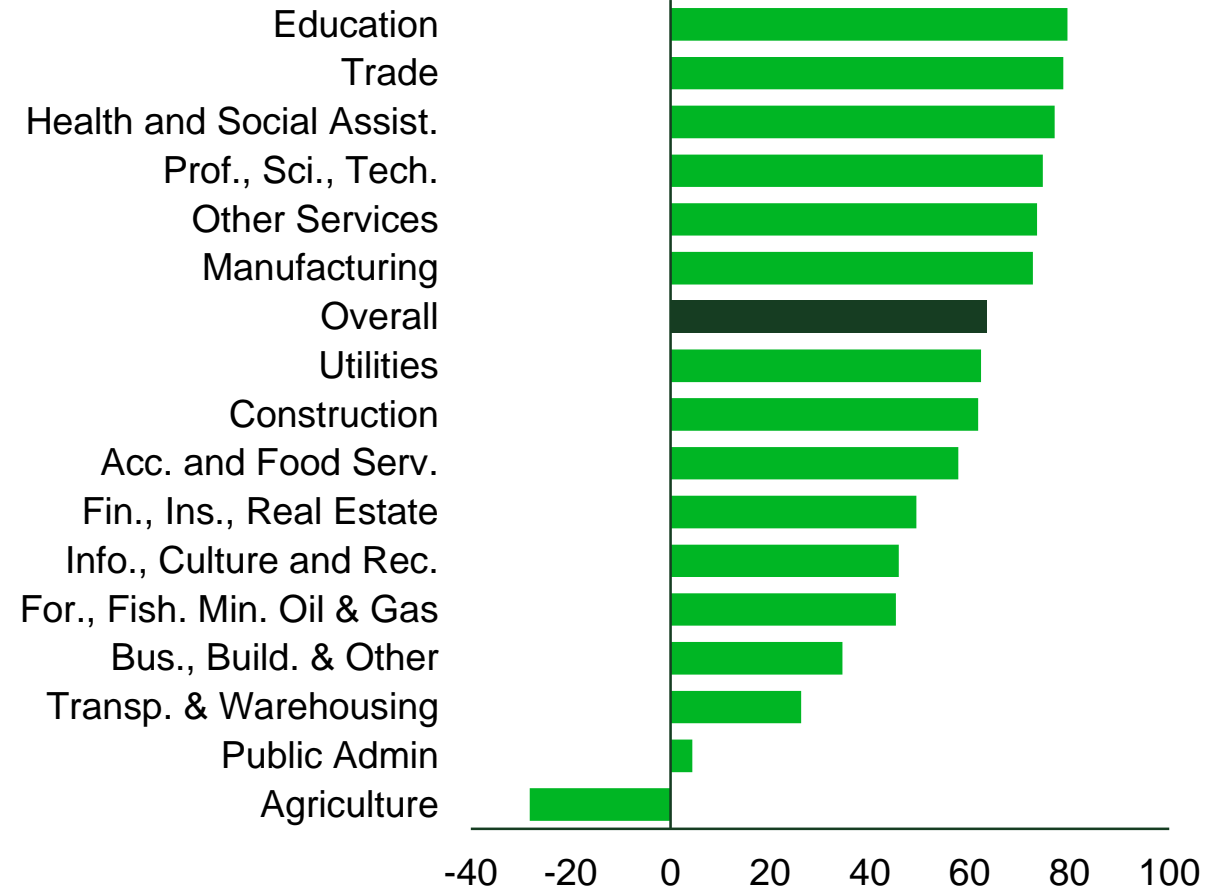
*Chained 2012

Source: Statistics Canada, TD Economics Forecast as of September 2020.

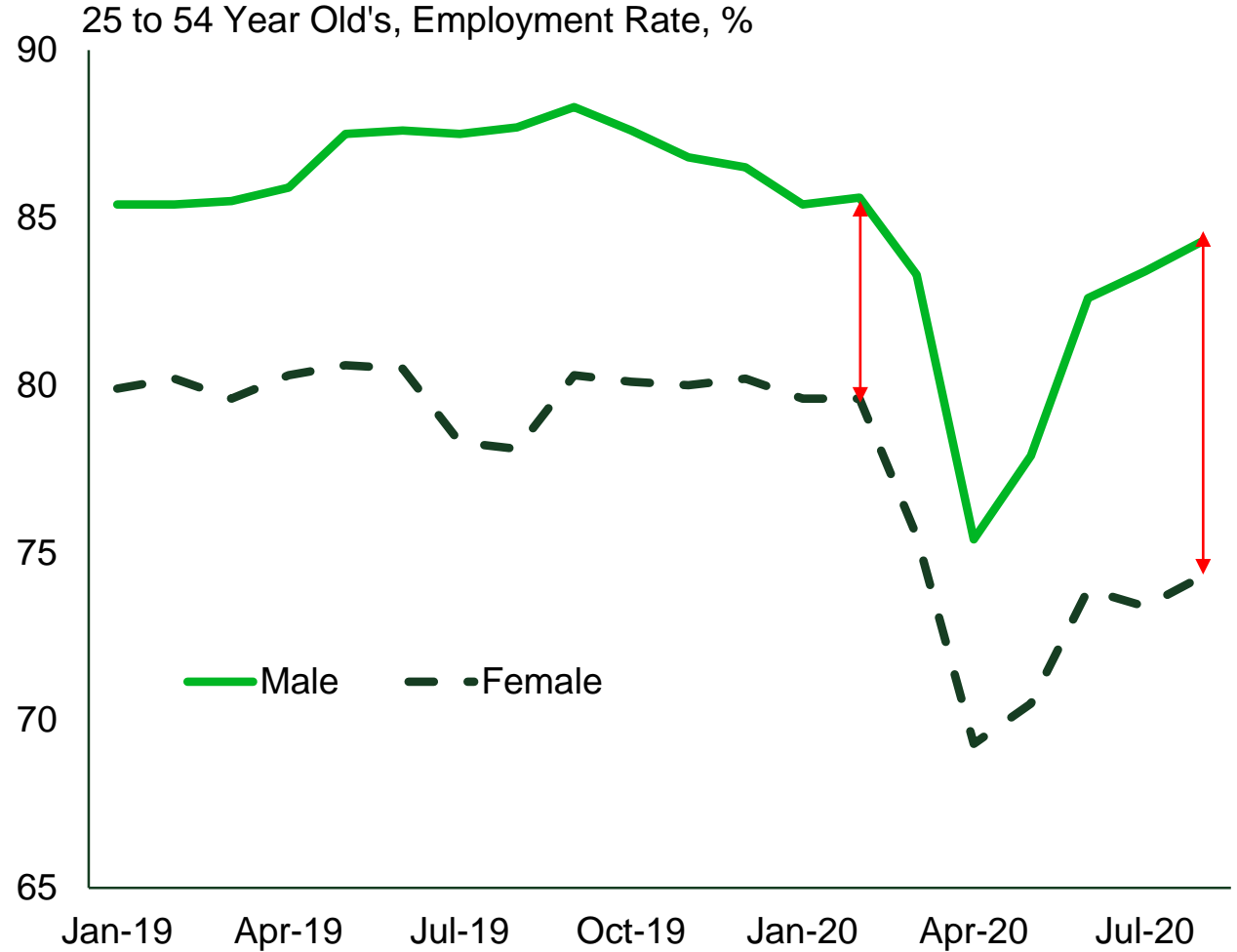
Labour Market Recovery Has Been Uneven so Far



% of Jobs Recovered by August

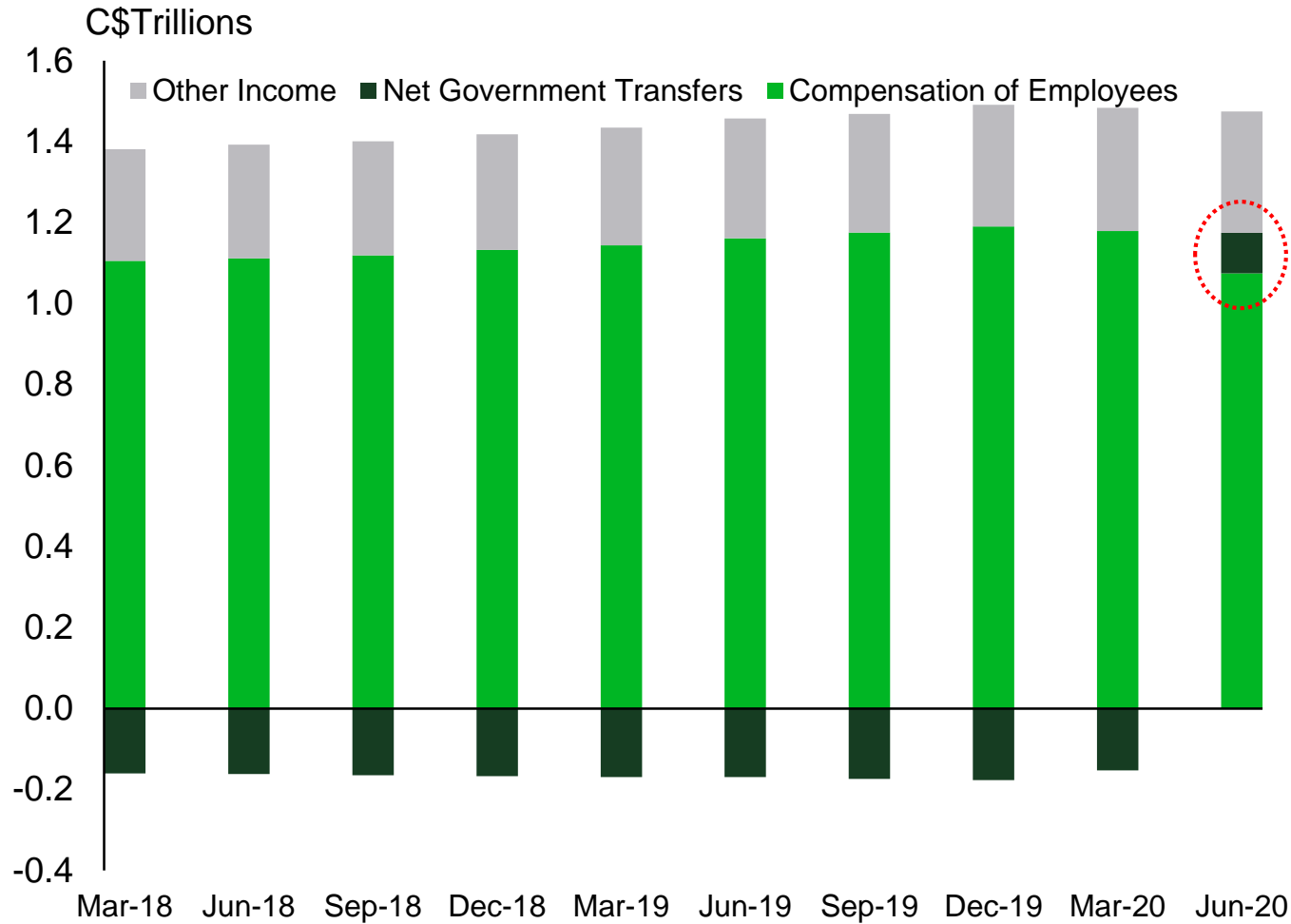


Source: Statistics Canada, TD Economics.



Source: Statistics Canada, TD Economics. Last observation August 2020.

Incomes Have Risen Despite Labour Market Decline



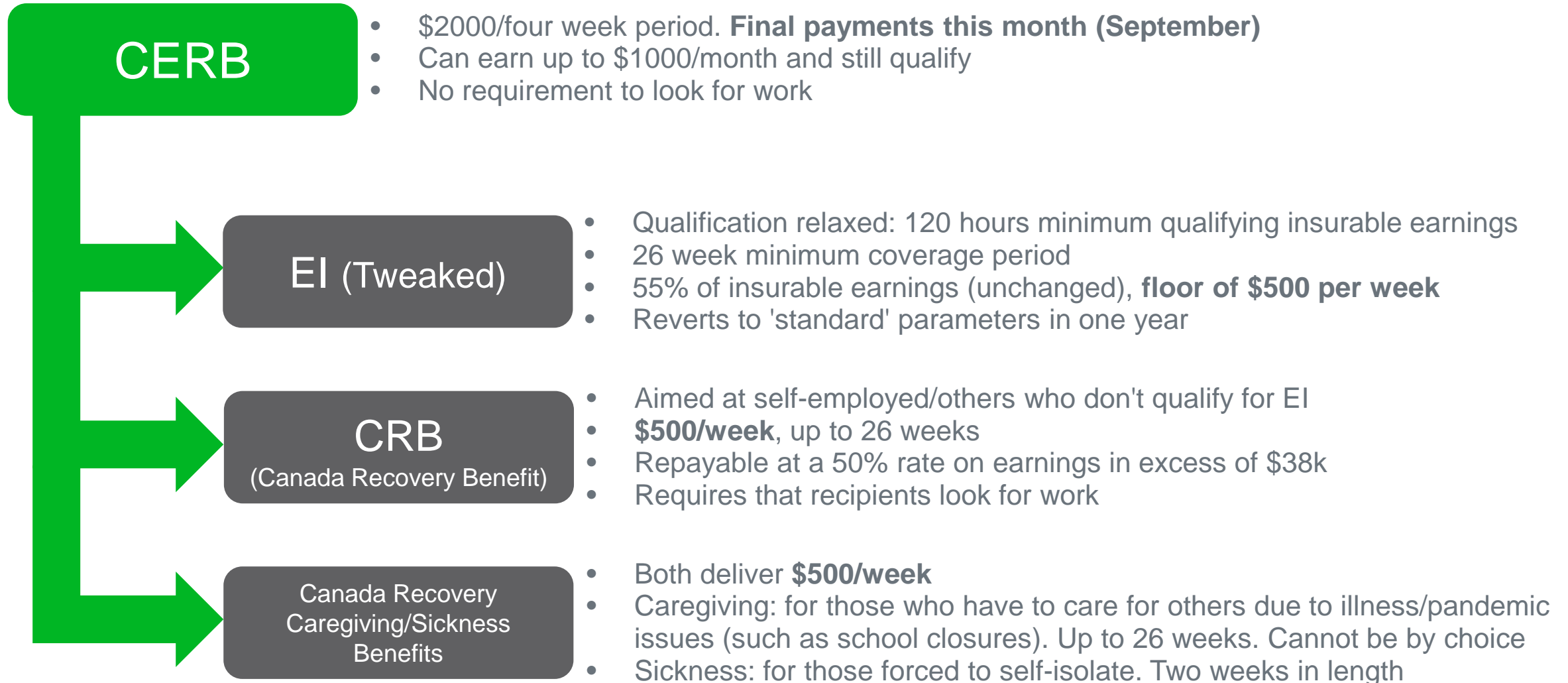
Source: Statistics Canada, TD Economics.



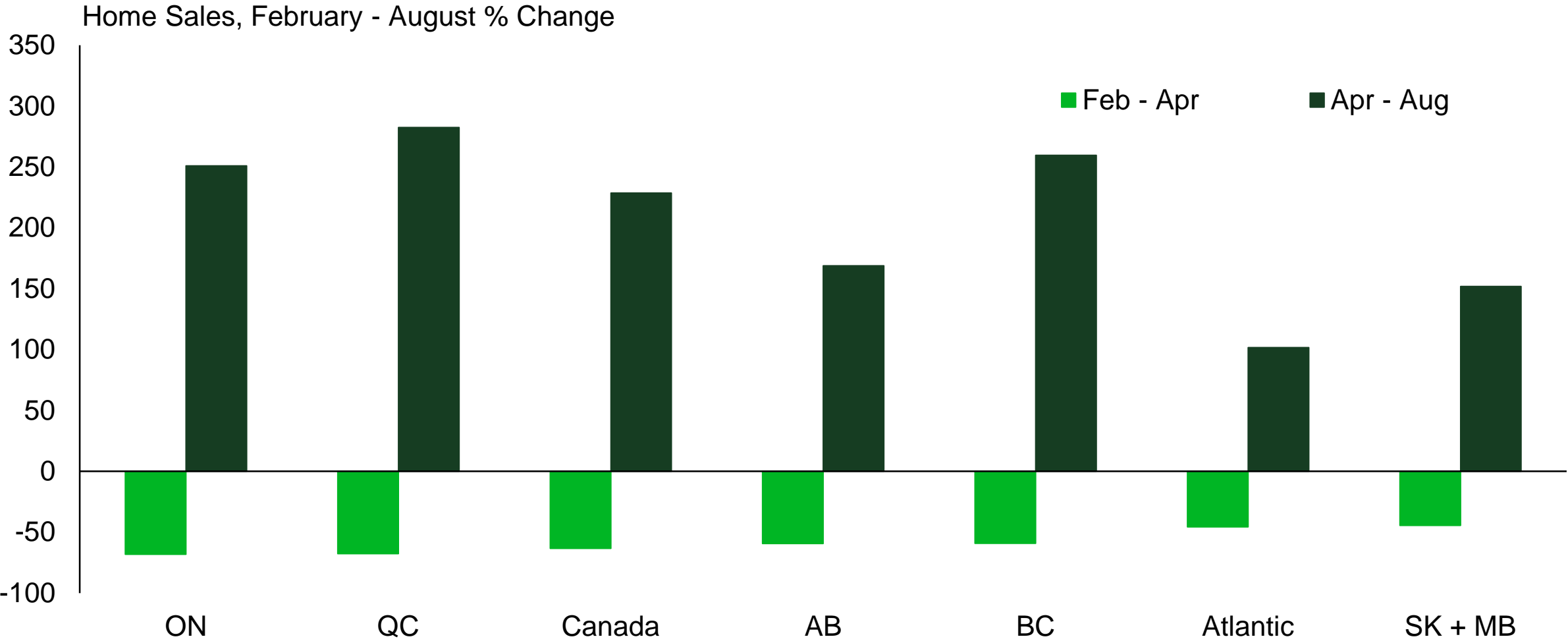
*Seasonally adjusted.

Source: Statistics Canada, TD Economics.

Income Support Replacements from End-September

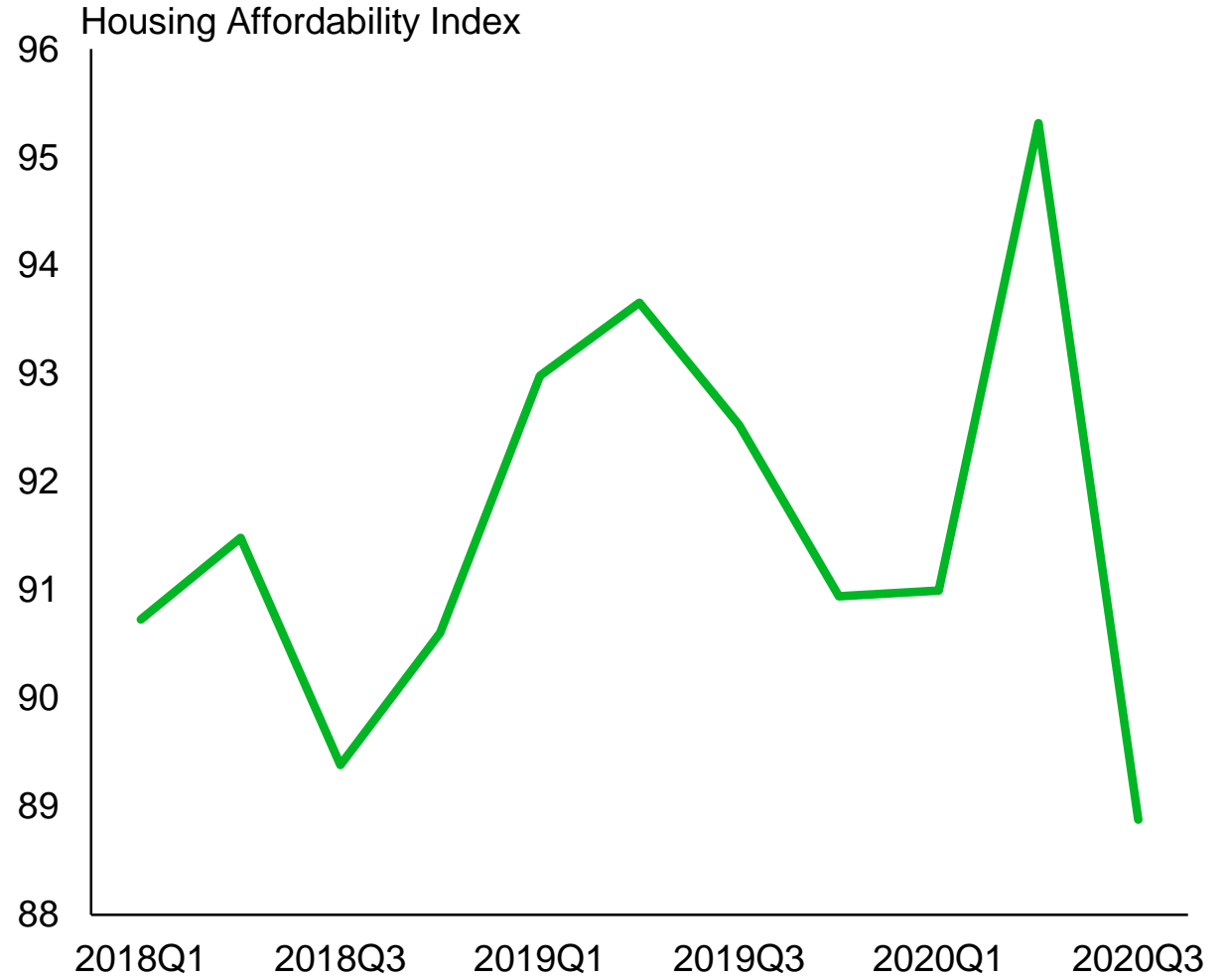
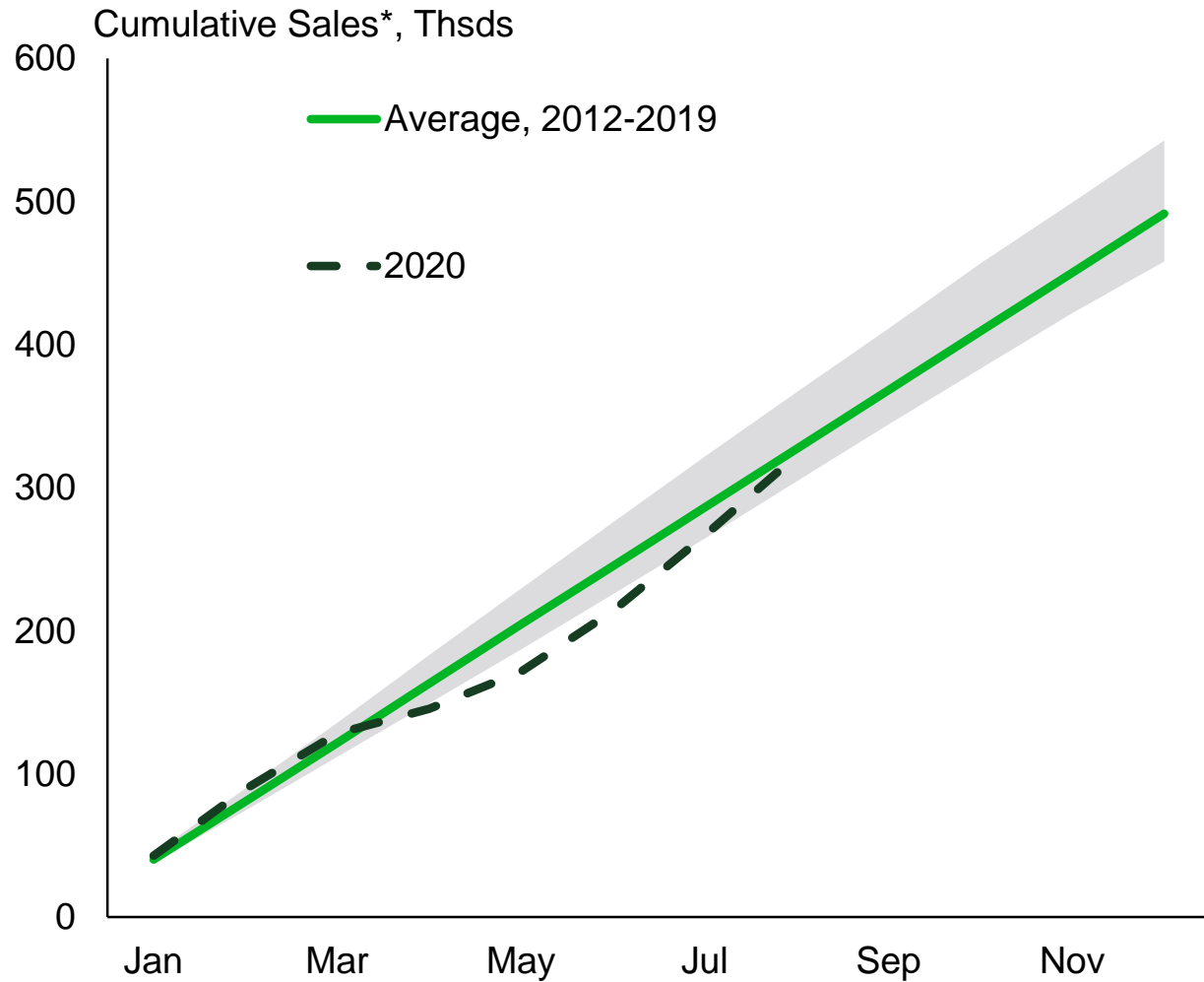


Canadian Housing Activity Roaring Back Across All Regions...



Source: CREA, TD Economics.

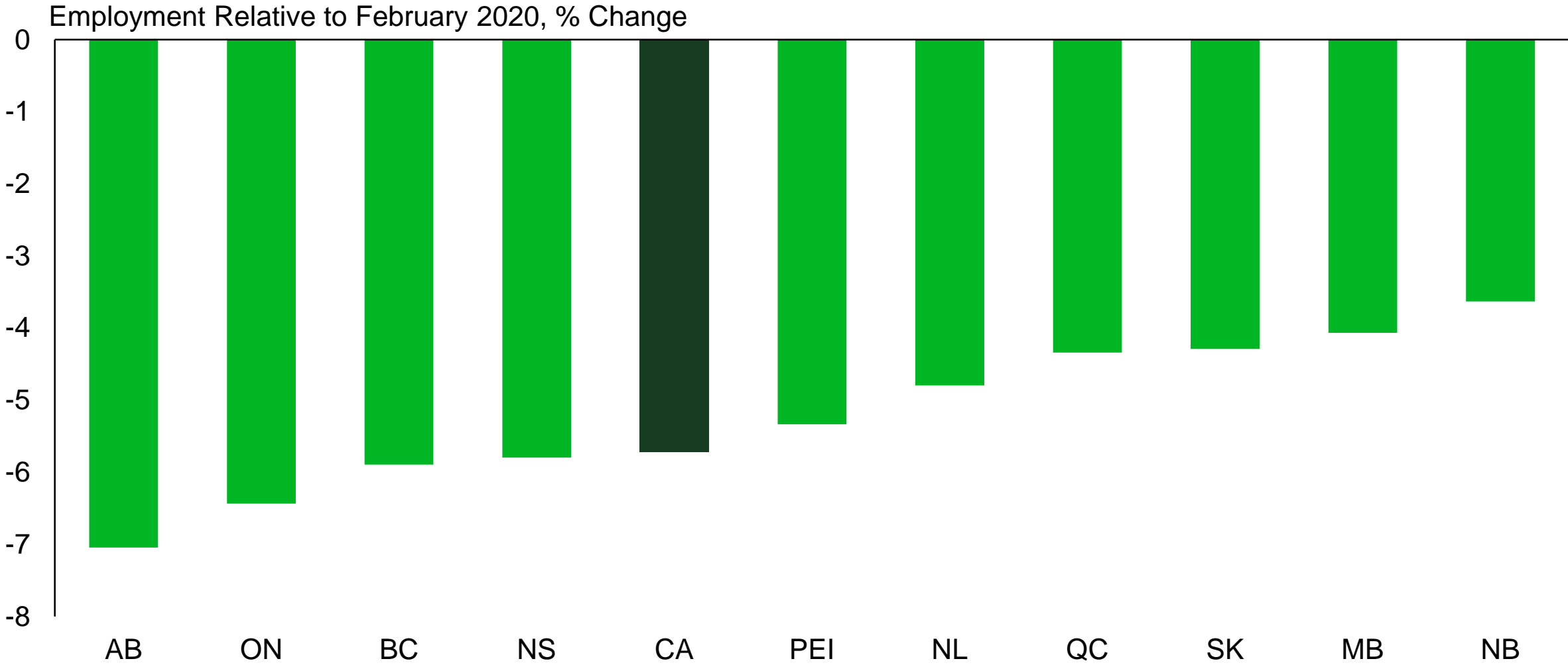
...But Strength Unlikely To Be Sustained



*Seasonally adjusted.
Source: CREA, TD Economics.

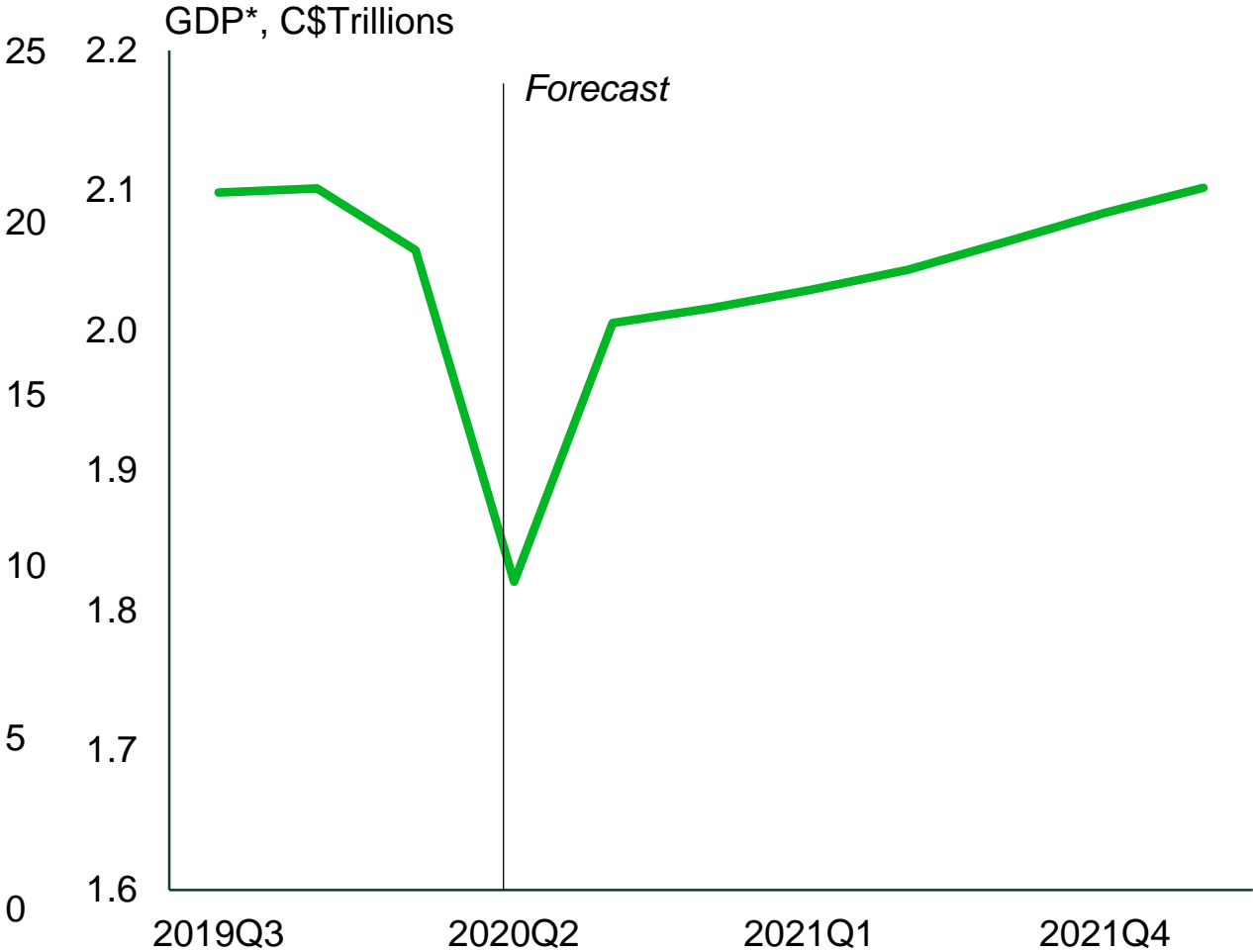
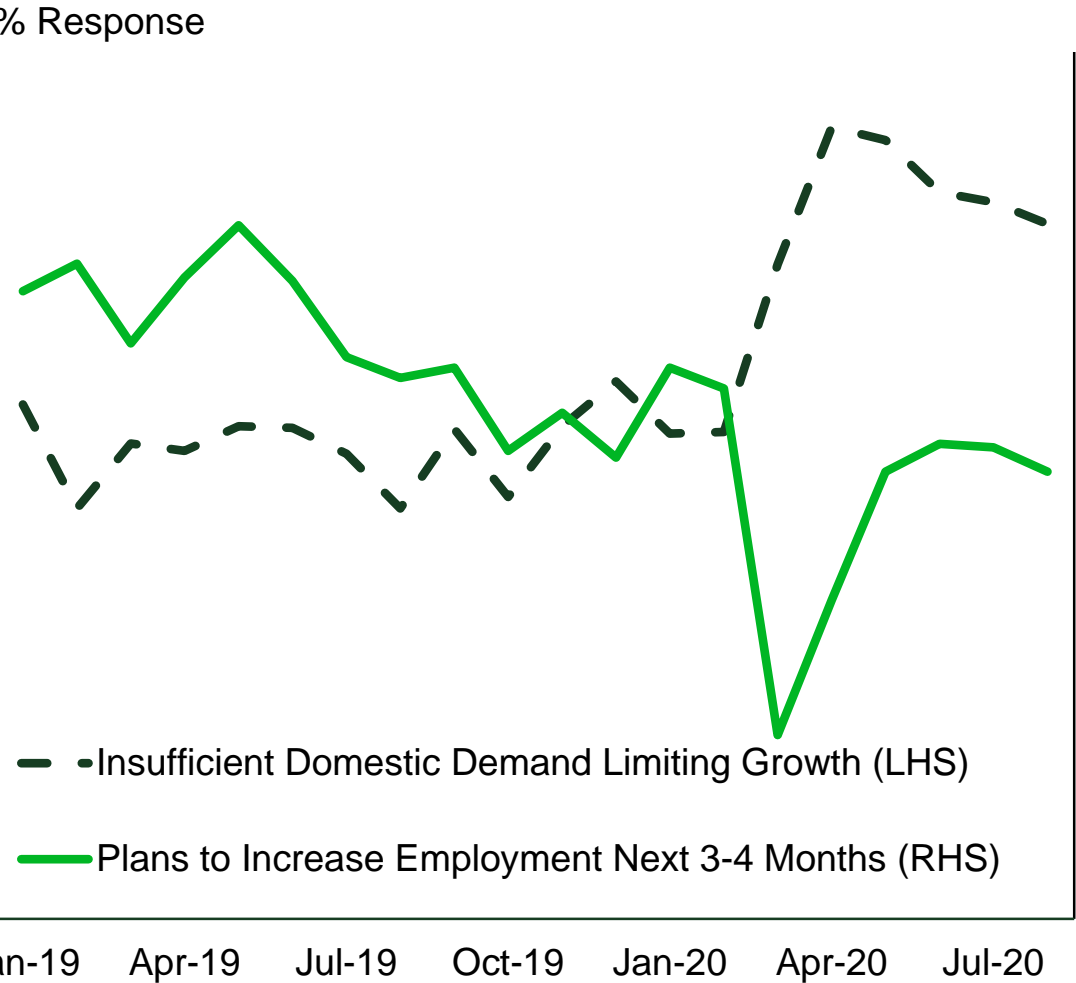
Source: TD Economics.

Long Road To Recovery Across Provinces



Source: Statistics Canada, TD Economics.

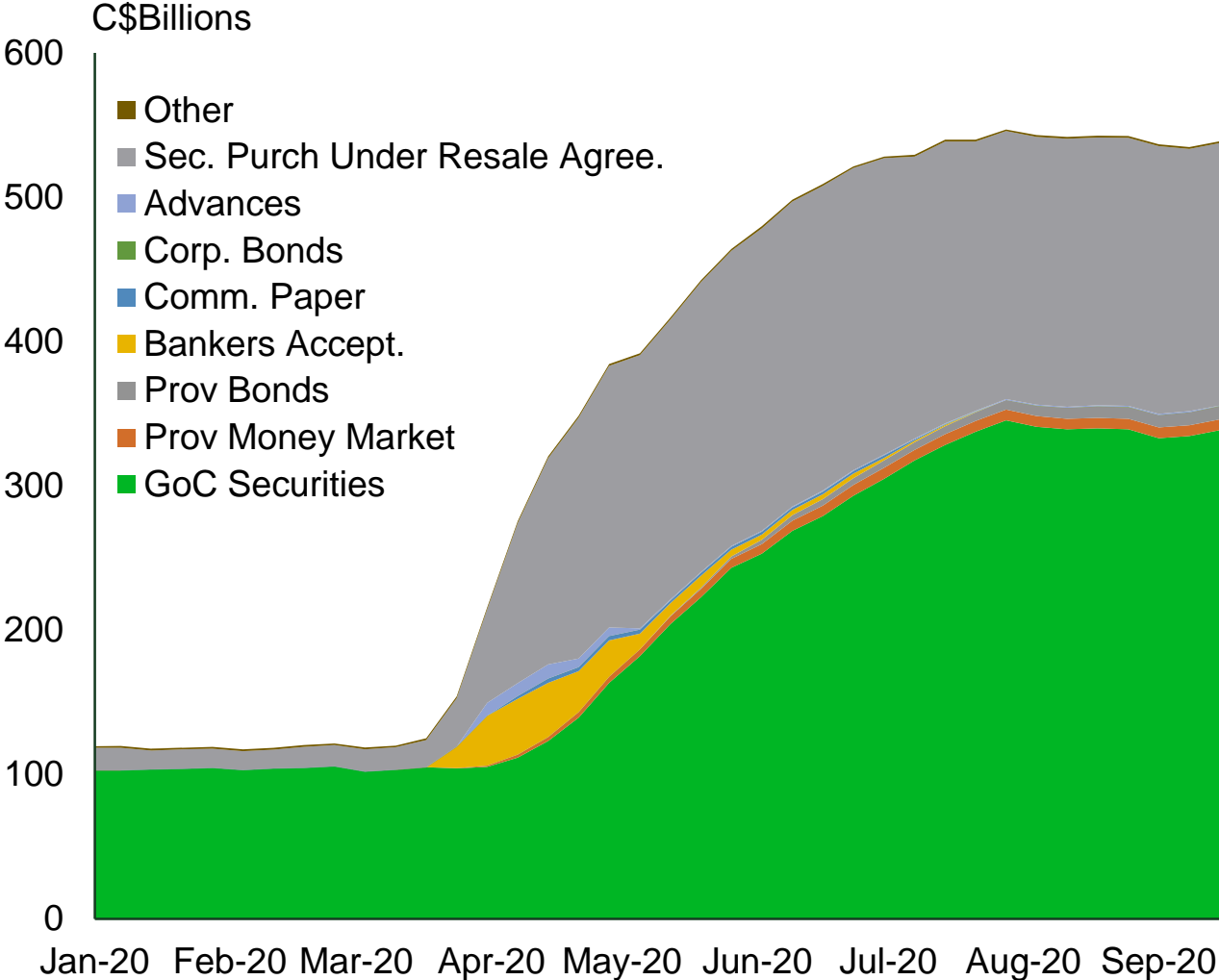
Next Phase of Recovery to Be Slow and Uneven



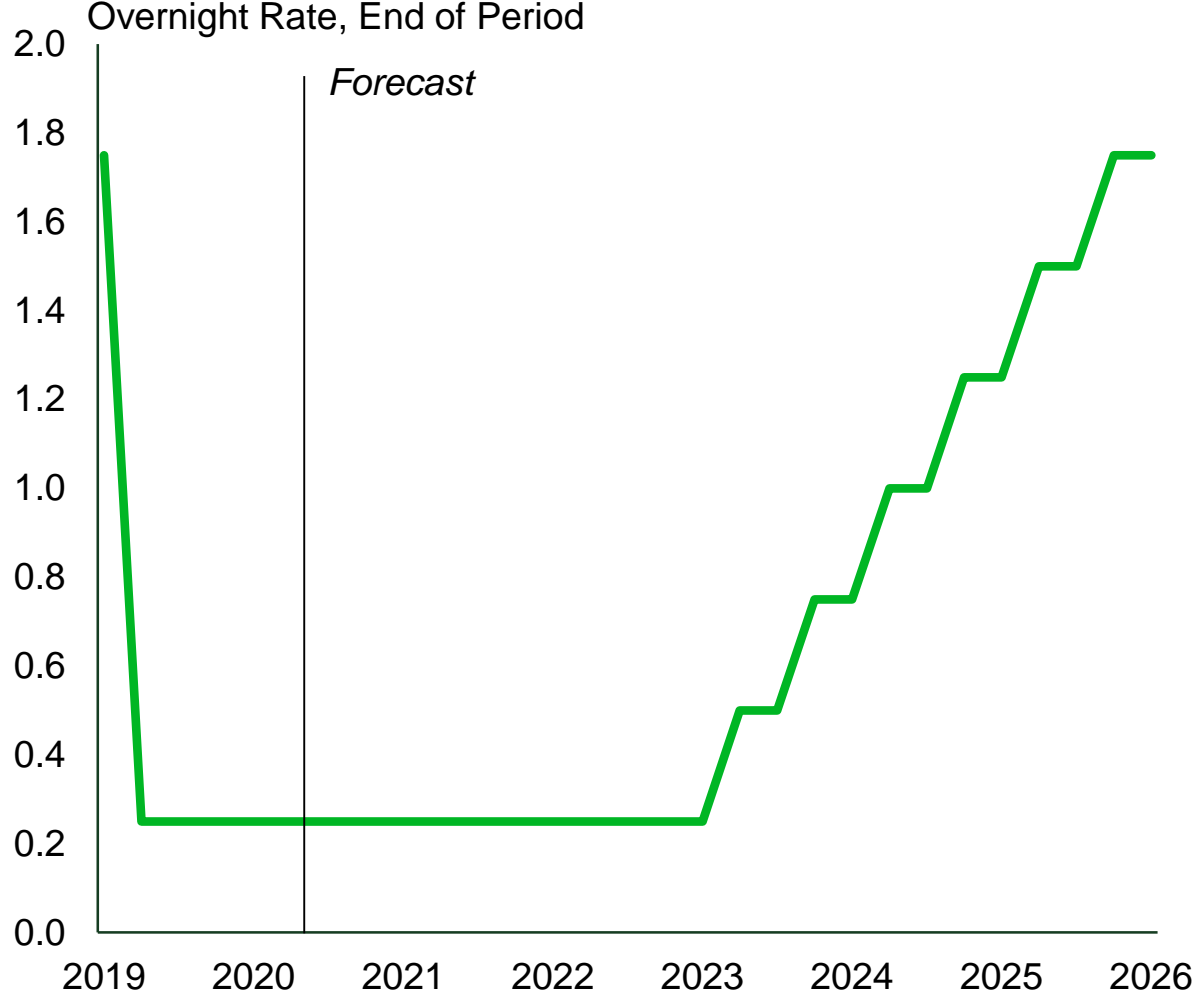
Source: CFIB, TD Economics. Last Observation August 2020.

*Chained 2012
Source: Statistics Canada, TD Economics Forecast as of September 2020.

Bank of Canada to Keep Providing Extraordinary Support

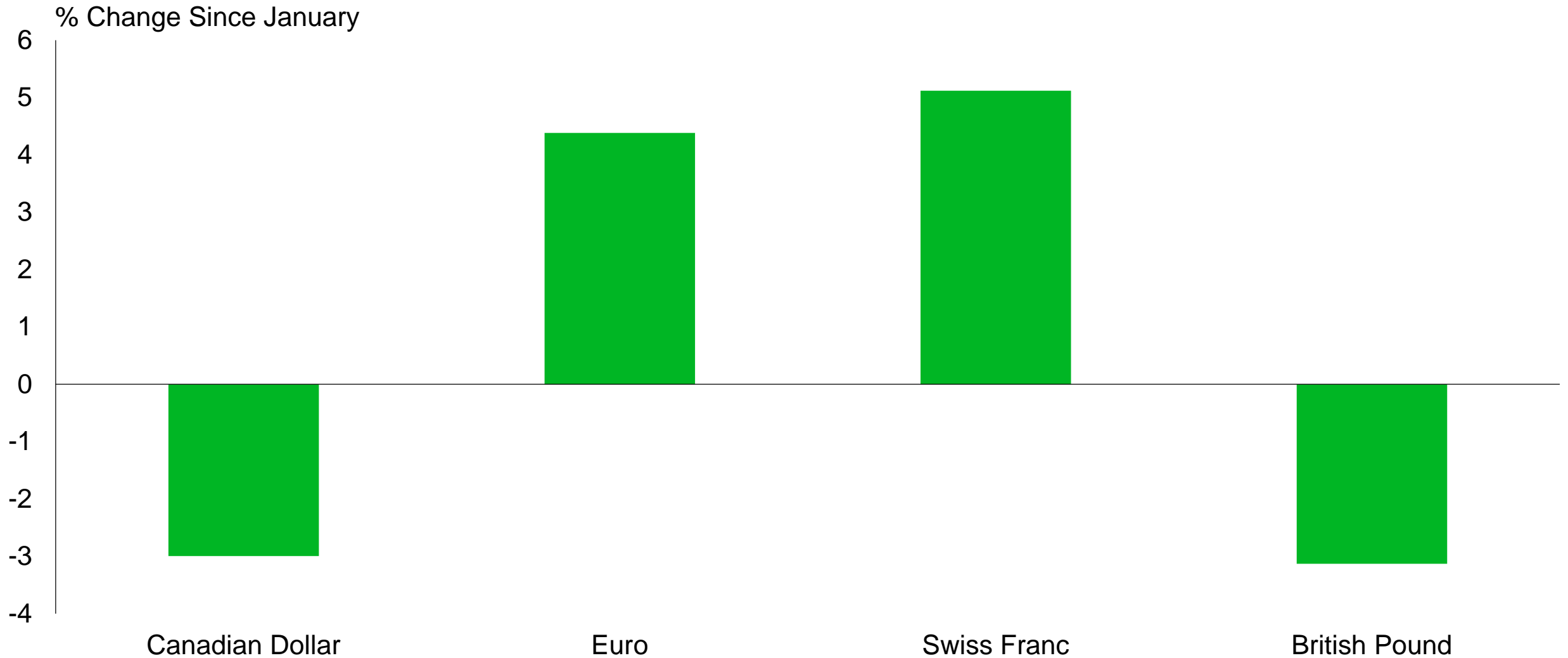


Source: Bank of Canada, TD Economics.



Source: Bank of Canada, TD Economics Forecast as of September 2020.

Canadian Dollar Still Has Some Room to Recover



Source: Wall Street Journal, TD Economics. Last Observation September 23, 2020.



**This concludes our webcast
Thank you for joining us**

Now it's time for your questions

Website: economics.td.com

Twitter: [@TD_Economics](https://twitter.com/TD_Economics)

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