

Quarterly Economic Forecast

Learning to Live with It

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This economic forecast update imbeds a downward revision to the global growth outlook that is rather minor in the grand scheme of things. Rising Delta-variant cases have led to some renewed restrictions, mainly in Europe alongside concerns around the newly discovered Omicron variant. It is too early to know how impactful this new variant will be, particularly within highly vaccinated economies. As a result, we did not impose additional judgement on the potential for future government measures. Economies have shown increased resilience to each new wave of the virus. With boosters, vaccinations for children, and increasingly effective treatments, harsh or extended periods of lockdowns are unlikely. The ongoing pandemic, however, may prolong supply chain disruptions that have slowed production and lifted inflation.

Economic data in North America have surprised on the upside in recent months. Balanced against recent health developments, the outlook for 2022 is broadly unchanged. With the ongoing recovery and elevated price pressures, central banks will continue to withdraw emergency-level policy supports. The Bank of Canada has signaled its intention to raise the overnight rate when the output gap closes, which we judge will be in the second quarter of 2022. With the labour market far exceeding expectations, we have upgraded our view that the central bank will need to deliver on four rate hikes, bringing it to 1.25% by year's end. The Fed is expected to follow in the same quarter, but with a later starting point given it must first complete the unwinding of QE measures. We judge the federal funds rate will rise a total of 75 basis points to 1.0% by the end of next year, but there's upward risk to this outlook if inflation measures prove to be sticky.

This publication focuses on the numbers, but if you'd like a deeper dive into underlying issues please see our [Question & Answer](#) piece published November 24.

Global

- Compared to our September forecast, we have edged down global growth to 5.8% (5.9% previously) in 2021. The outlook for 2022 has been eased slightly to 4.4% from 4.7%.
- The outlook was revised downward as supply chains have struggled under the pressure of intermittent shutdowns and ongoing input shortages. As new variants of the virus emerge, countries with low vaccine coverage present risks to interconnected supply chains.
- Given the resiliency of demand, and ample vaccine supply, the main downside risk to growth is growing inflationary pressures and capacity constraints due to supply interruptions. One such risk comes from China's aggressive approach to containing COVID-19 outbreaks. Strict containment measures delay delivery of goods to end-consumers, increasing

logjams and prolonging delivery times. Moreover, China presents a unique risk to the outlook into 2022 as it contends with an ongoing slowdown in the property sector and regulatory changes. That said, the projection is based on the expectation authorities will mobilize stimulus in 2022 to achieve a GDP growth target between 5.0% and 5.5%.

United States

- The U.S. economy is closing out 2021 on a high note. Real GDP growth in the fourth quarter is set to post a blistering 7.0% annualized pace. The year as a whole is expected to record a stimulus-driven 5.7% growth rate, which is forecast to slow to 4.1% in 2022. The annual average for 2022 reflects strength at the end of 2021, and growth through the quarters is forecast to be 3.2% on a fourth quarter over fourth quarter basis. Even so, this “slower” growth rate is still overshooting potential GDP growth, resulting in an economy that will be pressing deeper into excess demand territory. With the re-opening boost in the rear-view mirror, higher interest rates will reign in demand and temper annual average real GDP growth to 2.3% in 2023.
- Since last quarter’s forecast, the labor market has proven tighter than expected. The unemployment rate dropped to 4.2% in November, ahead of expectations, even as more people joined the workforce. With so many baby boomers retiring, recovery in labor force participation among working age people can only do so much to help with labor shortages. As a result, continued healthy economic growth is expected to see the unemployment rate fall below its pre-pandemic low by the end of 2022.
- Inflation is likely to remain elevated over the course of the next year, but slow from its peak at the end of 2021. Falling energy prices will take some wind from the headline growth rate over the course of next year, but with a tight labor market, core inflation will remain above the 2% mark through the year.

Canada

- The lifting of public health restrictions drove a strong quarterly real GDP gain of 5.4% annualized in the third quarter. That said, downward revisions lowered growth over history, leaving GDP a tad higher than expected relative to our September forecast.
- Looking ahead, higher frequency indicators suggest that despite extreme weather in B.C., GDP growth in the fourth quarter will be almost as strong as the third, taking annual growth to 4.5% this year.
- Moving into 2022, economic activity will likely remain robust. Consumption growth of 6.5% will lead the way, which is underpinned by employment gains and built-up savings. Services consumption is slated to be exceptionally strong, as Canadians continue to release pent-up demand. With pandemic-related uncertainty gradually fading, businesses should also boost investment next year, resuming plans that were shelved due to the pandemic.
- Above-trend growth is expected to lower the unemployment rate further in 2022 as the economy enters excess demand territory by the second quarter. As a result, inflation is expected to remain elevated through the year albeit slowing as supply chains disruptions moderate.

Financial

- We anticipate the Federal Reserve will speed up the taper of its asset purchases and end all net new purchases by the end of March 2022. This opens the door for a rate hike in June 2022. At that point, it is expected to continue its rate hiking cycle with a hike once a quarter until federal funds rate reaches 2.00% by 2023.
- For the Bank of Canada, we have penciled in a rate hike in April 2022, followed by another in June 2022. After that, we have the Bank hiking once a quarter until the target rate reaches 1.75% in 2023.
- Expectations for rising policy rates, the end of Quantitative Easing (QE) by the Fed, and elevated inflation should push up government bond yields. This is already evident at the shorter end of the curve, but is likely to show up in higher 10-year rates in the quarters ahead.
- The Canadian dollar will likely see some appreciation versus the U.S. dollar over the coming months as the Bank of Canada leads the Fed in raising interest rates. However, this could prove short lived once the Fed’s policy path is further priced. There is some room for the euro and pound to appreciate as these currencies are trading below long-term fair value. We are less optimistic on EM currencies relative to the USD, given weakness in their respective economic recoveries.

Interest Rate Outlook												
Interest Rates	2021				2022				2023			
	Q1	Q2	Q3	Q4F	Q1F	Q2F	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F
Canada												
Overnight Target Rate	0.25	0.25	0.25	0.25	0.25	0.75	1.00	1.25	1.50	1.75	1.75	1.75
3-mth T-Bill Rate	0.09	0.15	0.12	0.05	0.43	0.83	1.10	1.38	1.63	1.75	1.75	1.75
2-yr Govt. Bond Yield	0.22	0.45	0.53	1.10	1.45	1.60	1.70	1.80	1.85	1.85	1.85	1.85
5-yr Govt. Bond Yield	0.99	0.97	1.11	1.40	1.65	1.80	1.90	1.95	1.95	1.95	1.95	1.95
10-yr Govt. Bond Yield	1.55	1.39	1.51	1.60	1.85	1.95	2.05	2.20	2.30	2.30	2.20	2.15
30-yr Govt. Bond Yield	1.98	1.84	1.99	1.90	2.15	2.25	2.35	2.50	2.60	2.60	2.50	2.45
10-yr-2-yr Govt Spread	1.33	0.94	0.98	0.50	0.40	0.35	0.35	0.40	0.45	0.45	0.35	0.30
U.S.												
Fed Funds Target Rate	0.25	0.25	0.25	0.25	0.25	0.50	0.75	1.00	1.25	1.50	1.75	2.00
3-mth T-Bill Rate	0.03	0.05	0.04	0.05	0.13	0.55	0.80	1.05	1.30	1.55	1.75	1.90
2-yr Govt. Bond Yield	0.16	0.25	0.28	0.75	1.10	1.40	1.55	1.70	1.80	1.90	1.95	1.95
5-yr Govt. Bond Yield	0.92	0.87	0.98	1.35	1.55	1.75	1.85	1.95	2.00	2.05	2.05	2.05
10-yr Govt. Bond Yield	1.74	1.45	1.52	1.60	1.85	2.00	2.10	2.25	2.35	2.35	2.30	2.25
30-yr Govt. Bond Yield	2.41	2.06	2.08	1.90	2.15	2.30	2.40	2.55	2.65	2.65	2.60	2.55
10-yr-2-yr Govt Spread	1.58	1.20	1.24	0.85	0.75	0.60	0.55	0.55	0.55	0.45	0.35	0.30
Canada-U.S. Spreads												
Can - U.S. T-Bill Spread	0.06	0.10	0.08	0.00	0.30	0.28	0.30	0.33	0.33	0.20	0.00	-0.15
Can - U.S. 10-Year Bond Spread	-0.19	-0.06	-0.01	0.00	0.00	-0.05	-0.05	-0.05	-0.05	-0.05	-0.10	-0.10

F: Forecast by TD Economics as at December 2021. All forecasts are end-of-period.
Source: Bloomberg, Bank of Canada, Federal Reserve, TD Economics.

Foreign Exchange Outlook													
Currency	Exchange rate	2021				2022				2023			
		Q1	Q2	Q3	Q4F	Q1F	Q2F	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F
Exchange rate to U.S. dollar													
Euro	USD per EUR	1.17	1.19	1.16	1.13	1.12	1.11	1.10	1.12	1.13	1.15	1.16	1.18
UK pound	USD per GBP	1.38	1.38	1.35	1.32	1.34	1.35	1.36	1.37	1.38	1.38	1.39	1.39
Japanese yen	JPY per USD	111	111	112	112	110	109	108	107	106	105	104	103
Chinese renminbi	CNY per USD	6.55	6.46	6.44	6.40	6.45	6.50	6.55	6.60	6.65	6.70	6.75	6.80
Exchange rate to Canadian dollar													
U.S. dollar	USD per CAD	0.80	0.81	0.79	0.79	0.81	0.81	0.81	0.80	0.80	0.80	0.80	0.80
Euro	CAD per EUR	1.48	1.47	1.47	1.42	1.39	1.37	1.36	1.40	1.41	1.43	1.46	1.48
UK pound	CAD per GBP	1.73	1.71	1.71	1.66	1.66	1.66	1.69	1.71	1.72	1.73	1.73	1.74
Japanese yen	JPY per CAD	88.0	89.5	88.0	88.9	89.0	88.6	87.0	85.5	84.6	83.8	82.9	82.1
Chinese renminbi	CNY per CAD	5.21	5.21	5.08	5.08	5.20	5.28	5.28	5.28	5.32	5.36	5.40	5.44

F: Forecast by TD Economics as at December 2021. All forecasts are end-of-period.
Source: Bloomberg, Bank of Canada, Federal Reserve, TD Economics.

Commodity Price Outlook												
Commodity	2021				2022				2023			
	Q1	Q2	Q3	Q4F	Q1F	Q2F	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F
Crude Oil (WTI, \$US/bbl)	58	66	71	77	75	72	71	70	69	68	67	66
Natural Gas (\$US/MMBtu)	3.56	2.94	4.36	5.00	4.50	4.40	4.25	4.00	4.00	3.70	3.60	3.50
Gold (\$US/troy oz.)	1795	1814	1790	1800	1750	1725	1700	1675	1650	1625	1600	1575
Silver (\$US/troy oz.)	26.25	26.71	24.36	23.75	22.50	22.25	22.00	21.75	21.50	21.25	21.00	20.75
Copper (cents/lb)	386	440	426	440	420	412	408	406	406	375	365	365
Nickel (\$US/lb)	7.97	7.88	8.67	9.00	8.62	8.96	8.85	8.62	8.28	8.50	8.28	8.50
Aluminum (cents/lb)	95	109	120	126	120	119	118	118	119	121	122	119
Wheat (\$US/bu)	7.41	8.53	10.28	11.40	11.00	10.50	9.00	8.50	8.25	8.00	7.75	7.50

F: Forecast by TD Economics as at December 2021. All forecasts are period averages.
Source: Bloomberg, TD Economics, USDA (Haver).

Canadian Economic Outlook																		
<i>Period-Over-Period Annualized Per Cent Change Unless Otherwise Indicated</i>																		
Economic Indicators	2021				2022				2023				Annual Average			4th Qtr/4th Qtr		
	Q1	Q2	Q3	Q4F	Q1F	Q2F	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F	21F	22F	23F	21F	22F	23F
Real GDP	4.9	-3.2	5.4	4.7	4.9	5.8	4.8	3.4	2.7	2.4	2.3	2.1	4.5	4.4	3.1	2.9	4.7	2.4
Consumer Expenditure	2.5	-0.5	17.9	7.7	4.3	5.8	4.7	4.5	3.7	3.4	2.9	2.4	5.6	6.5	3.9	6.7	4.8	3.1
Durable Goods	1.8	-12.6	-5.4	-6.2	2.2	5.3	3.4	3.4	1.8	1.7	1.7	1.6	8.3	-0.6	2.5	-5.7	3.6	1.7
Business Investment	-5.1	12.9	-1.9	2.8	4.6	6.0	5.9	5.3	3.9	3.1	2.9	2.4	-0.2	4.4	4.2	2.0	5.5	3.1
Non-Res. Structures	4.1	3.4	-1.1	1.3	3.6	5.2	5.9	4.9	4.1	3.7	3.4	2.8	-5.3	3.2	4.3	1.9	4.9	3.5
Equipment & IPP*	-13.1	23.5	-2.7	4.3	5.5	6.8	6.0	5.6	3.7	2.5	2.5	2.1	5.1	5.6	4.0	2.2	6.0	2.7
Residential Investment	43.2	-11.3	-31.3	-12.2	1.9	1.8	1.5	1.3	1.2	1.3	1.3	1.4	13.7	-6.7	1.4	-6.4	1.7	1.3
Govt. Expenditure	6.2	0.8	0.7	5.3	6.0	4.0	1.8	1.7	1.6	1.7	1.8	1.8	5.1	3.7	1.9	3.2	3.4	1.8
Final Domestic Demand	5.8	-0.1	5.4	4.9	4.5	5.0	3.8	3.6	3.0	2.8	2.5	2.2	5.4	4.3	3.2	4.0	4.2	2.6
Exports	2.7	-17.0	8.0	4.3	5.0	10.9	8.1	4.2	3.3	3.1	3.1	3.1	1.1	5.1	4.4	-1.0	7.0	3.2
Imports	4.6	2.1	-2.3	6.4	4.7	10.4	7.6	6.6	5.6	5.1	4.1	3.8	6.6	5.5	5.9	2.6	7.3	4.7
Change in Non-farm Inventories (2012 \$Bn)	-2.2	11.8	-2.3	-1.3	0.3	3.7	8.3	11.0	13.5	15.1	15.9	16.9	1.5	5.8	15.3	--	--	--
Final Sales	6.6	-3.2	8.5	4.7	4.2	4.3	2.9	3.1	2.6	2.5	2.4	2.0	4.6	4.1	2.7	4.1	3.6	2.4
International Current Account Balance (\$Bn)	6.6	5.5	5.5	5.5	5.9	6.0	6.6	1.7	-3.0	-7.2	-9.2	-10.6	5.7	5.1	-7.5	--	--	--
% of GDP	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.1	-0.1	-0.3	-0.3	-0.4	0.2	0.2	-0.3	--	--	--
Pre-tax Corp. Profits	93.7	-8.3	-23.9	-5.0	3.4	2.1	2.0	2.3	0.9	0.7	0.7	1.5	29.7	-3.3	1.3	6.4	2.4	0.9
% of GDP	16.1	15.6	14.2	13.8	13.6	13.5	13.3	13.2	13.1	13.0	12.9	12.8	14.9	13.4	12.9	--	--	--
GDP Deflator (y/y)	6.0	9.3	7.7	7.1	4.5	2.7	2.4	2.1	1.9	1.8	1.8	1.8	7.5	2.9	1.8	7.1	2.1	1.8
Nominal GDP	18.7	6.1	8.9	7.5	7.6	8.2	6.7	5.3	4.6	4.3	4.2	4.0	12.4	7.5	5.0	10.2	6.9	4.2
Labour Force	-0.9	0.9	3.4	2.0	1.4	1.5	1.4	1.3	1.1	0.8	0.8	0.7	2.4	1.7	1.1	1.4	1.4	0.8
Employment	1.0	2.5	7.4	6.0	2.8	2.5	2.2	1.6	1.1	0.9	0.8	0.7	4.8	3.7	1.3	4.2	2.3	0.8
Change in Empl. ('000s)	44	113	338	280	135	120	105	76	52	42	38	33	865	703	250	774	436	165
Unemployment Rate (%)	8.4	8.0	7.1	6.2	5.9	5.7	5.5	5.4	5.4	5.4	5.4	5.4	7.4	5.6	5.4	--	--	--
Personal Disp. Income	11.3	5.9	7.2	-6.2	7.3	5.9	4.0	3.5	3.1	3.2	3.2	3.3	3.6	3.6	3.5	4.3	5.2	3.2
Pers. Savings Rate (%)	13.1	14.0	11.0	6.9	6.9	6.1	5.5	4.7	4.0	3.5	3.1	2.9	11.3	5.8	3.4	--	--	--
Cons. Price Index (y/y)	1.5	3.3	4.0	4.7	4.7	4.1	3.2	2.3	2.1	2.1	2.2	2.2	3.3	3.6	2.2	4.7	2.3	2.2
CPIX (y/y)**	1.4	2.6	3.5	4.2	4.7	4.1	3.4	2.5	2.3	2.3	2.2	2.2	2.9	3.6	2.3	4.2	2.5	2.2
BoC Inflation (y/y)***	1.8	2.2	2.6	2.8	2.8	2.7	2.2	2.2	2.2	2.1	2.1	2.0	2.3	2.5	2.1	2.8	2.2	2.0
Housing Starts ('000s)	306	280	262	239	233	231	225	220	218	216	215	215	271	227	216	--	--	--
Home Prices (y/y)	26.5	33.0	14.3	18.5	8.7	9.1	7.8	2.6	0.8	0.8	0.7	0.7	22.5	7.0	0.8	18.5	2.6	0.7
Real GDP / worker (y/y)	1.6	-0.2	-1.1	-1.2	-1.7	0.5	1.6	2.4	2.3	1.9	1.6	1.5	-0.2	0.7	1.8	-1.2	2.4	1.5

F: Forecast by TD Economics as at December 2021.
Home price measure shown is the CREA Composite Sale Price.
* Intellectual Property Products. ** CPIX: CPI excluding the 8 most volatile components. *** BoC Inflation: simple average of CPI-trim, CPI-median, and CPI-common.
Source: Statistics Canada, Bank of Canada, Canada Mortgage and Housing Corporation, Haver Analytics, TD Economics.

U.S. Economic Outlook																			
Period-Over-Period Annualized Per Cent Change Unless Otherwise Indicated																			
Economic Indicators	2021				2022				2023				Annual Average			4th Qtr/4th Qtr			
	Q1	Q2	Q3	Q4F	Q1F	Q2F	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F	21F	22F	23F	21F	22F	23F	
Real GDP	6.3	6.7	2.1	7.0	3.5	3.4	3.4	2.6	2.7	2.4	2.1	2.0	5.7	4.1	2.6	5.5	3.2	2.3	
Consumer Expenditure	11.4	12.0	1.7	6.2	3.5	2.1	2.4	1.7	2.2	2.2	2.1	2.1	8.1	3.8	2.1	7.8	2.4	2.2	
Durable Goods	50.0	11.6	-24.4	8.8	-0.2	-2.6	-0.4	-0.6	0.0	0.6	1.0	1.6	18.5	-1.9	0.0	8.3	-0.9	0.8	
Business Investment	12.9	9.2	1.5	4.0	6.2	5.3	4.9	4.4	4.3	4.0	3.5	3.1	7.4	4.9	4.2	6.8	5.2	3.7	
Non-Res. Structures	5.4	-3.0	-5.0	-7.2	-0.6	-0.2	1.0	3.0	4.0	3.7	3.4	3.1	-8.0	-2.1	3.0	-2.6	0.8	3.6	
Equipment & IPP*	14.8	12.3	3.1	6.9	7.8	6.6	5.8	4.7	4.4	4.0	3.6	3.1	11.7	6.6	4.5	9.2	6.2	3.8	
Residential Investment	13.3	-11.7	-8.3	-2.3	-0.1	-0.1	0.0	-0.5	-1.3	-0.9	-0.4	0.3	8.8	-2.4	-0.6	-2.7	-0.2	-0.6	
Govt. Expenditure	4.2	-2.0	0.9	-2.4	2.8	1.9	2.7	1.9	1.1	1.0	0.9	1.1	0.5	1.0	1.5	0.2	2.3	1.0	
Final Domestic Demand	10.4	8.0	1.1	4.1	3.5	2.4	2.7	2.0	2.1	2.1	2.0	2.0	6.7	3.2	2.2	5.8	2.7	2.0	
Exports	-2.9	7.6	-3.0	12.5	0.4	7.0	7.2	7.4	6.6	6.1	5.2	4.7	4.3	5.1	6.5	3.3	5.4	5.7	
Imports	9.3	7.1	5.8	4.3	4.2	3.7	4.1	4.5	4.1	3.7	3.2	3.2	13.3	4.5	3.9	6.6	4.1	3.6	
Change in Private																			
Inventories	-88.3	-168.5	-73.2	13.5	31.6	61.2	79.3	96.4	112.8	116.1	111.9	105.8	-79.1	67.1	111.7	--	--	--	
Final Sales	9.1	8.1	0.0	4.9	3.1	2.7	3.0	2.2	2.3	2.3	2.2	2.1	5.5	3.2	2.4	5.5	2.7	2.2	
International Current																			
Account Balance (\$Bn)	-758	-761	-836	-754	-740	-720	-725	-727	-720	-711	-699	-685	-777	-728	-704	--	--	--	
% of GDP	-3.4	-3.3	-3.6	-3.1	-3.0	-2.9	-2.9	-2.9	-2.8	-2.7	-2.7	-2.6	-3.4	-2.9	-2.7	--	--	--	
Pre-tax Corporate Profits																			
including IVA&CCA	22.0	49.1	18.4	-23.4	6.9	5.7	2.7	-2.1	2.8	1.5	1.2	1.3	23.3	2.4	1.5	13.3	3.2	1.7	
% of GDP	11.6	12.4	12.7	11.5	11.5	11.5	11.4	11.2	11.1	11.1	11.0	10.9	12.0	11.4	11.0	--	--	--	
GDP Deflator (y/y)	2.1	4.1	4.6	5.8	5.5	4.6	3.7	2.6	2.3	2.3	2.3	2.3	4.1	4.1	2.3	5.8	2.6	2.3	
Nominal GDP	10.9	13.4	8.1	13.9	6.9	6.0	5.7	4.8	5.1	4.7	4.5	4.4	10.0	8.2	5.0	11.5	5.9	4.7	
Labor Force	-0.7	1.7	1.0	0.9	1.6	1.4	1.6	1.6	1.2	1.0	1.1	1.1	0.2	1.4	1.3	0.7	1.5	1.1	
Employment	2.1	4.8	6.7	3.1	2.8	2.5	2.3	2.1	1.4	1.1	1.1	1.0	2.7	3.3	1.6	4.2	2.4	1.1	
Change in Empl. ('000s)	736	1701	2385	1139	1012	931	866	770	530	432	404	367	3856	4808	2391	5961	3579	1733	
Unemployment Rate (%)	6.2	5.9	5.1	4.3	4.0	3.7	3.5	3.4	3.3	3.3	3.4	3.5	5.4	3.6	3.4	--	--	--	
Personal Disp. Income	60.6	-24.5	1.0	-0.8	0.8	4.9	5.5	3.8	5.1	4.9	4.8	4.5	6.0	0.2	4.8	5.0	3.8	4.8	
Pers. Savings Rate (%)	20.5	10.9	9.6	6.7	5.5	5.6	5.8	5.8	6.0	6.2	6.4	6.5	11.9	5.7	6.3	--	--	--	
Cons. Price Index (y/y)	1.9	4.8	5.3	6.6	6.1	4.6	3.4	2.1	2.3	2.1	2.2	2.3	4.7	4.0	2.2	6.6	2.1	2.3	
Core CPI (y/y)	1.4	3.7	4.1	4.9	5.4	4.2	3.5	2.8	2.7	2.5	2.5	2.4	3.5	4.0	2.5	4.9	2.8	2.4	
Core PCE Price Index (y/y)	1.7	3.4	3.6	4.4	4.5	3.7	3.1	2.6	2.4	2.3	2.2	2.2	3.3	3.5	2.3	4.4	2.6	2.2	
Housing Starts (mns)	1.60	1.59	1.56	1.56	1.53	1.51	1.50	1.49	1.48	1.47	1.47	1.47	1.57	1.51	1.47	--	--	--	
Real Output per hour** (y/y)	4.1	1.9	-0.6	1.5	0.8	0.5	2.3	1.4	1.6	1.7	1.7	1.9	1.7	1.2	1.7	1.5	1.4	1.9	

F: Forecast by TD Economics as at December 2021.

* Intellectual Property Products. ** Non-farm business sector.

Source: Bureau of Labor Statistics, Bureau of Economic Analysis, Census Bureau, TD Economics.

Economic Indicators: G7 & Europe				
	2020	2021F	2022F	2023F
Real GDP (annual per cent change)				
G7 (30.1%)*	-5.0	5.0	3.9	2.2
U.S.	-3.4	5.7	4.1	2.6
Japan	-4.5	1.8	2.6	1.3
Euro Area	-6.5	5.1	4.1	1.9
Germany	-4.9	2.6	3.7	2.1
France	-8.0	6.7	3.8	1.9
Italy	-9.0	6.3	4.2	1.4
United Kingdom	-9.7	6.9	4.7	2.0
Canada	-5.2	4.5	4.4	3.1
Consumer Price Index (annual per cent change)				
G7	0.8	2.0	2.3	1.6
U.S.	1.2	4.7	4.0	2.2
Japan	0.0	-0.3	0.8	0.7
Euro Area	0.3	2.6	2.4	1.5
Germany	0.4	3.2	2.4	1.6
France	0.5	2.0	2.0	1.4
Italy	-0.1	1.9	2.0	1.3
United Kingdom	0.9	2.4	4.2	2.1
Canada	0.7	3.3	3.6	2.2
Unemployment Rate (per cent annual averages)				
U.S.	8.1	5.4	3.6	3.4
Japan	2.8	2.8	2.9	2.5
Euro Area	7.9	7.8	7.5	7.4
Germany	5.9	5.7	5.1	5.0
France	8.0	7.9	8.0	7.7
Italy	9.3	9.6	9.1	9.0
United Kingdom	4.4	5.1	4.6	4.1
Canada	9.6	7.4	5.6	5.4

*Share of 2018 world gross domestic product (GDP) at PPP.
Forecast as at December 2021.
Source: National statistics agencies, TD Economics.

Global Economic Outlook				
Annual Per Cent Change Unless Otherwise Indicated				
	2019 Share*	Forecast		
Real GDP	(%)	2021	2022	2023
World	100.0	5.8	4.4	3.6
North America	19.2	5.5	4.0	2.7
United States	15.8	5.7	4.1	2.6
Canada	1.4	4.5	4.4	3.1
Mexico	1.9	5.3	3.0	3.0
European Union (EU-28)	15.4	5.1	4.1	2.0
Euro Area (EU-19)	12.5	5.1	4.1	1.9
Germany	3.5	2.6	3.7	2.1
France	2.4	6.7	3.8	1.9
Italy	2.0	6.3	4.2	1.4
United Kingdom	2.4	6.9	4.7	2.0
EU accession members	2.9	4.8	4.4	2.4
Asia	43.2	6.4	5.1	4.9
Japan	4.1	1.8	2.6	1.3
Asian NIC's	3.5	5.0	3.2	2.6
Hong Kong	0.3	6.7	3.9	3.2
Korea	1.7	3.9	2.8	2.5
Singapore	0.4	6.6	4.5	2.7
Taiwan	0.9	5.9	3.5	2.7
Russia	3.1	4.6	2.4	1.8
Australia & New Zealand	1.2	4.1	3.2	3.1
Emerging Asia	31.4	7.4	6.0	6.0
ASEAN-5	5.7	2.8	5.7	5.6
China	17.3	8.1	5.4	5.7
India**	7.1	9.3	7.7	7.1
Central/South America	5.6	6.9	2.6	2.6
Brazil	2.4	4.9	1.5	2.2
Other Emerging Markets	13.0	4.5	3.6	3.3
Other Advanced	1.1	4.4	3.8	2.2

*Share of world GDP on a purchasing-power-parity (PPP) basis.
Forecast as at December 2021. **Forecast for India refers to fiscal year.
Source: IMF, TD Economics.

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