Quarterly Economic Forecast

It Tastes Awful, But It Works

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Contributing Authors

- Beata Caranci, Chief Economist | 416-982-8067
- Derek Burleton, Deputy Chief Economist | 416-982-2514
- Thomas Feltmate, Director | 416-944-5730
- Leslie Preston, Managing Director | 416-983-7053
- James Orlando, CFA, Director | 416-413-3180
- Andrew Hencic, Senior Economist | 416-944-5307

There's little question that the global economy will slow in 2023, the only question that remains is by how much? Recent data has revealed more resilience than many expected, even within Europe as it contends with an energy crisis. And now China has returned to the forefront in a surprise move to relax its strict zero-COVID strategy. The timing is earlier than previously conveyed by authorities and has led to a slight upgrade to our global outlook, specific to the mid-to-second half of 2023 as the remnants of their health crisis begins to fade into the past.

Recession talk is reaching a feverish pitch in Canada and the U.S. despite no evidence (yet) to support that direction. However, here too there's no question that there's only one way to re-introduce the necessary economic slack that takes pressure off inflation. Demand in both countries must stagnate for a lengthy period or contract sharply over a shorter haul. In both, the unemployment rate will rise, and it's only a question of how much and how fast. Given the resilience in employer demand and job vacancies, our forecast has opted for the low-and-slow economic growth framework that produces a one-and-half percentage point rise in the unemployment rate through 2023 and 2024. This outlook risks imparting deeper economic scars to the landscape, particularly investment, given its longevity. Should a more intense downturn materialize, it's possible for the central bank to engineer a shorter duration than our two-year timeframe by throttling back more quickly on interest rates from its current highly restrictive territory. However, any way you cut it, the medicine of higher interest rates will take time to be fully absorbed. While it tastes awful, we expect it will work to bring the inflation fever down.

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 23rd.

- Global GDP growth is expected to register 3.3% in 2022, 2.3% in 2023 and 2.9% in 2024, broadly as expected in our September forecast. Although growth momentum continues to fade in advanced economies as central banks tighten financial conditions, there were upside surprises in the third quarter, particularly in Europe.
- Europe is heading into the winter months in a much better position than expected a few months ago. It has built ample natural gas stocks and significantly reduced consumption. These actions now offer thicker insulation should the remaining winter months prove colder than expected. However, that insulation can only take them so far. The outlook remains fraught as inflation erodes disposable incomes, industrial activity declines, and the European Central Bank raises interest rates to fight inflation.
- Chinese authorities also provided some surprise news with the easing of its zero-COVID strategy. This will lighten the downdraft on the global outlook. If China's health and infection experience follows the pattern of countries that have already gone before it, the first quarter is likely to test China's political resolve and medical system. However, once that

intensity of infections resolves, the easing in restrictions should open the door for a sustainable increase in consumer mobility, production and investment, rather than the fits-and-starts pattern that has come to define the past three years. Policymakers also recently moved to support the troubled housing market, and this too should help to restore consumer confidence. On the flip side, it's important to bear in mind that an earlier and more robust revival also risks fuelling another burst of global inflation if Chinese demand pressures commodity supply.

United States

- Real GDP growth has been revised higher for 2022 from 1.6% to 1.9%. For an economy that needs to slow below its potential pace, a third quarter print of 2.9% failed to provide comfort that the U.S. is on that trajectory. And even though we are forecasting a sub-trend gain in Q4, this masks the details that reveal an acceleration in domestic demand to its fastest pace of the year. The consumer spending and business investment profiles are expected to end the year absent any signal of an economy on the precipice of downfall. That hand off has improved the annual growth prospects for 2023 slightly to 0.9%.
- The weight of high interest rates and inflation is evident in the run-down of household savings, but there are several layers of cushion currently in place that seems to be preventing an abrupt or jarring adjustment. These layers all reside on the household side.
- Despite a sharp erosion in the savings rate, excess savings remain on the balance sheets of many households. This too should steadily erode, but in the meantime, it's mitigating a sudden recalibration of spending patterns. Second, American households are more desensitized in this cycle to higher interest rates due to the massive deleveraging cycle following the Global Financial Crisis. This has left debt service costs as a share of disposable income much lower, even amidst one of the fastest rate hike cycles in history.
- And lastly, the labor market (and wages) is shoring up income nationwide. Job growth has moderated over the course of the year but remains remarkedly stable in the 260k-280k range. That's more than two times the number of jobs that would be consistent with U.S. demographics on a sustainable basis. Job openings have also fallen from their early-2022 highs but are also too historically elevated. Meanwhile, labor supply has continued to disappoint, with no improvement in the participation rate this year.
- This mitigates the risk of a sudden drop off in job demand in the coming quarter but won't likely prevent it all together as businesses continue to be pressured. We anticipate that by mid-2023, employers will start to thin out their workforces as economic growth slips well below trend. The unemployment rate is expected to increase by 1.5 percentage points (pp) and reach a peak of 5.1% by mid-2024. This remains unchanged from our forecast in September. The rise in the unemployment rate is consistent with a job loss tally of 1.35 million.
- Never has the U.S. economy experienced a 1.5 pp increase in the unemployment rate without it being characterized as a recession. This gets to the point that focusing on the word "recession" doesn't address its wide interpretation for depth and duration.
- This magnitude of shift in the unemployment rate and job losses would be shallow by historical standards, reflecting a bifurcated job market. Several sectors are still a long way from recovering to pre-crisis levels – like leisure & hospitality – while others display historically high vacancy rates – like manufacturing. Both are examples of sectors that would normally lead job losses during a downturn but are unlikely to do so this time around. In contrast, sectors like information and professional/technical are at risk of leading the job losses, where hiring activity was exuberant throughout the pandemic. The bottom line is that all boats may not be rowing in the same direction in this cycle given unique past-pandemic legacies.
- On the inflation front, the outlook has been revised higher due to an upward revision to our oil price forecast and more persistence in the shelter inflation, which is not expected to peak until mid-2023. Core inflation is now forecasted to average 6.2% in 2022 and 4.7% in 2023. This will keep the Fed in tightening mode over the near-term, with the central bank expected to hike to a peak of 5% in early-2023.

Canada

- The Canadian economy had a similar experience to its American counterpart in the third quarter, also recording roughly 3% growth. This caught many, including us and the Bank of Canada, off-guard and extends an impressive streak of above-trend economic growth.
- The narrative to Canada is similar to the economic backdrop to the south. Near-term spending is likely to be boosted following another jump in employment. However high inflation and rising interest rates will increasingly take their natural course of action on cooling demand into 2023.
- One significant departure from the U.S. narrative, was the Canadian consumer spending was weak in the third quarter of 2022. Although spending on services continued to expand, the drop in goods spending was more than offsetting. However, the third-quarter lull followed two prior blow-out quarters on consumer spending, and the early indicators suggest some revival is on deck for the final quarter of the year.
- This may reflect only a temporary reprieve. As 2023 unfolds, the consumer forecast has been downgraded to reflect a Bank of Canada that has pushed interest rates higher than expected relative to the prior September forecast. This presses harder on a household that displays far higher sensitivity to interest rates due to asymmetric household leverage risks relative to the American household counterpart.
- Relative to last quarter's forecast, consumer spending growth for 2023 has been downgraded by 0.7 percentage points marking a larger decline in goods spending and a more pronounced slowing in services.
- The unemployment rate outlook reflects a peak of 6.5% that corresponds to 110 thousand job losses. There is a risk that Canadian employers may go further. Although the job market reflects tightness based on vacancy rates and low unemployment rates, the degree of tightness is not as pronounced as its U.S. counterpart. Canadian firms were quick to hire exiting the pandemic, with employment 2.7% above pre-crisis peak compared to a U.S. equivalent metric of only 0.7%. If a deeper household deleverage cycle plays out, the job market recalibration would reflect that asymmetric risk.
- In contrast, non-residential investment fares better in the 2023 outlook, as elevated commodity prices, the energy transition, and a robust pipeline of infrastructure projects supports spending on structures and equipment. Recent quarters have already surprised to the upside on this front.
- As for the Canadian housing market, much of past forecast is playing out as expected, leading to only minor adjustments with average prices falling 22% from their peak, unchanged from our September outlook.
- Inflation is more cooperative in Canada than its U.S. counterpart, trending roughly one percentage point lower. This, in combination with higher interest rate sensitivity should provide a lower stopping level for the Bank of Canada on its rate hike cycle. We deem the peak rate to be 4.5% in the first quarter of 2023. Both short-term and long-term bond yields are likely to decline over 2023 as the weak economic backdrop causes increasing expectation for policy rate cuts.

Interest Rate Outlook												
Interest Rates	2022				2023				2024			
	Q1	Q2	Q3	Q4F	Q1F	Q2F	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F
Canada												
Overnight Target Rate	0.50	1.50	3.25	4.25	4.50	4.50	4.50	3.75	3.25	2.75	2.50	2.25
3-mth T-Bill Rate	0.60	2.08	3.58	4.38	4.50	4.50	4.13	3.50	3.00	2.63	2.38	2.13
2-yr Govt. Bond Yield	2.27	3.10	3.79	3.90	3.60	3.30	3.05	2.85	2.60	2.45	2.30	2.20
5-yr Govt. Bond Yield	2.39	3.10	3.32	3.10	3.00	2.90	2.75	2.60	2.45	2.40	2.40	2.35
10-yr Govt. Bond Yield	2.40	3.23	3.16	2.90	2.85	2.80	2.75	2.70	2.65	2.60	2.60	2.60
30-yr Govt. Bond Yield	2.38	3.13	3.09	2.90	2.90	2.90	2.90	2.90	2.90	2.90	2.90	2.90
10-yr-2-yr Govt Spread	0.13	0.13	-0.63	-1.00	-0.75	-0.50	-0.30	-0.15	0.05	0.15	0.30	0.40
U.S.												
Fed Funds Target Rate	0.50	1.75	3.25	4.50	5.00	5.00	5.00	4.50	4.00	3.50	3.00	2.75
3-mth T-Bill Rate	0.51	1.66	3.22	4.65	4.90	4.90	4.65	4.15	3.65	3.15	2.75	2.50
2-yr Govt. Bond Yield	2.28	2.92	4.22	4.40	4.20	3.85	3.50	3.20	2.95	2.70	2.55	2.40
5-yr Govt. Bond Yield	2.42	3.01	4.06	3.80	3.70	3.60	3.45	3.25	3.05	2.85	2.75	2.65
10-yr Govt. Bond Yield	2.32	2.98	3.83	3.60	3.55	3.50	3.40	3.30	3.15	3.00	2.90	2.80
30-yr Govt. Bond Yield	2.44	3.14	3.79	3.58	3.55	3.50	3.45	3.40	3.35	3.30	3.20	3.10
10-yr-2-yr Govt Spread	0.04	0.06	-0.39	-0.80	-0.65	-0.35	-0.10	0.10	0.20	0.30	0.35	0.40
Canada-U.S. Spreads												
Can - U.S. T-Bill Spread	0.09	0.42	0.36	-0.27	-0.40	-0.40	-0.52	-0.65	-0.65	-0.52	-0.37	-0.37
Can - U.S. 10-Year Bond Spread	0.08	0.25	-0.67	-0.70	-0.70	-0.70	-0.65	-0.60	-0.50	-0.40	-0.30	-0.20

F: Forecast by TD Economics as at December 2022. All forecasts are end-of-period.

Source: Bloomberg, Bank of Canada, Federal Reserve, TD Economics.

Foreign Exchange Outlook													
Currency	Exchange rate	2022				2023				2024			
		Q1	Q2	Q3	Q4F	Q1F	Q2F	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F
Exchange rate to U.S. dollar													
Euro	USD per EUR	1.11	1.05	0.98	1.05	1.01	0.99	1.00	1.02	1.04	1.06	1.08	1.10
UK pound	USD per GBP	1.32	1.22	1.11	1.21	1.18	1.15	1.16	1.19	1.21	1.23	1.26	1.28
Japanese yen	JPY per USD	121	136	145	137	139	140	139	136	133	131	128	126
Chinese renminbi	CNY per USD	6.34	6.70	7.11	7.00	6.90	6.80	6.80	6.80	6.80	6.80	6.80	6.80
Exchange rate to Canadian dollar													
U.S. dollar	USD per CAD	0.80	0.78	0.73	0.73	0.73	0.72	0.73	0.73	0.74	0.75	0.76	0.76
Euro	CAD per EUR	1.39	1.35	1.35	1.43	1.39	1.38	1.38	1.39	1.40	1.42	1.43	1.45
UK pound	CAD per GBP	1.64	1.57	1.53	1.65	1.62	1.60	1.60	1.61	1.63	1.65	1.66	1.68
Japanese yen	JPY per CAD	97.3	105.4	105.2	100.3	101.1	100.7	101.0	100.0	99.0	98.0	97.0	96.0
Chinese renminbi	CNY per CAD	5.08	5.21	5.17	5.12	5.02	4.89	4.94	4.99	5.04	5.09	5.15	5.20

F: Forecast by TD Economics as at December 2022. All forecasts are end-of-period.
Source: Bloomberg, Bank of Canada, Federal Reserve, TD Economics.

Commodity Price Outlook												
Commodity	2022				2023				2024			
	Q1	Q2	Q3	Q4F	Q1F	Q2F	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F
Crude Oil (WTI, $US/bbl)	94	109	93	82	86	88	89	90	89	88	88	85
Natural Gas ($US/MMBtu)	4.66	7.48	7.99	5.57	6.32	5.72	5.69	5.48	5.99	6.03	6.06	6.09
Gold ($US/troy oz.)	1876	1873	1728	1724	1768	1705	1720	1733	1745	1756	1766	1776
Silver ($US/troy oz.)	24.05	22.66	19.25	20.96	20.75	20.56	20.47	20.45	20.46	20.51	20.58	20.66
Copper (cents/lb)	453	433	352	364	317	326	334	359	361	362	364	366
Nickel ($US/lb)	12.73	13.20	10.00	11.43	9.30	9.10	9.30	9.80	10.00	10.20	10.20	10.50
Aluminum (cents/lb)	148	131	107	107	110	114	116	117	118	119	120	120
Wheat ($US/bu)	11.55	13.69	10.72	11.53	9.50	9.30	9.00	8.60	8.71	8.65	8.63	8.63

F: Forecast by TD Economics as at December 2022. All forecasts are period averages.

Source: Bloomberg, TD Economics, USDA (Haver).

Canadian Economic Outlook

Period-Over-Period Annualized Per Cent Change Unless Otherwise Indicated

Economic Indicators	2022				2023				2024				Annual Average			4th Qtr/4th Qtr		
	Q1	Q2	Q3	Q4F	Q1F	Q2F	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F	22F	23F	24F	22F	23F	24F
Real GDP	2.8	3.2	2.9	0.7	0.3	0.0	-0.8	0.3	0.6	0.8	0.9	1.1	3.5	0.7	0.4	2.4	-0.1	0.9
Consumer Expenditure	2.3	9.5	-1.0	1.4	0.8	0.1	-0.8	-0.1	0.4	0.6	0.8	0.9	4.8	0.8	0.3	3.0	0.0	0.7
Durable Goods	8.0	-14.4	-8.2	1.0	-0.5	-1.5	-3.0	-0.5	0.0	0.1	0.2	0.3	-3.1	-2.7	-0.5	-3.8	-1.4	0.2
Business Investment	7.3	15.2	3.6	0.9	1.7	1.3	1.1	1.3	1.6	1.9	2.3	2.3	8.2	2.4	1.7	6.6	1.4	2.0
Non-Res. Structures	13.3	13.8	11.7	3.0	2.0	1.5	1.3	1.5	1.7	2.0	2.5	2.4	11.6	3.8	1.8	10.3	1.6	2.2
Equipment & IPP*	1.1	17.0	-4.7	-1.2	1.4	1.2	0.9	1.2	1.5	1.7	2.0	2.1	4.7	0.9	1.5	2.7	1.2	1.8
Residential Investment	8.8	-31.5	-15.4	-4.0	-6.0	-4.0	-2.0	0.5	1.0	1.5	2.2	2.5	-10.3	-7.6	0.5	-11.8	-2.9	1.8
Govt. Expenditure	0.7	-2.2	3.9	2.6	2.1	2.2	2.3	2.4	2.3	2.2	2.1	2.1	1.3	2.2	2.3	1.2	2.3	2.2
Final Domestic Demand	3.0	2.4	-0.6	1.2	0.8	0.5	0.1	0.7	1.1	1.2	1.4	1.5	2.7	0.7	0.9	1.5	0.5	1.3
Exports	-7.6	8.1	8.6	2.4	3.4	2.3	1.2	1.3	1.7	1.8	1.9	1.9	2.6	3.5	1.6	2.7	2.0	1.8
Imports	0.2	29.5	-1.5	-0.1	2.2	1.7	1.0	1.4	1.6	1.7	1.7	1.9	8.2	2.5	1.5	6.3	1.6	1.7
Change in Non-farm Inventories (2012 $Bn)	21.1	45.9	46.8	39.8	35.8	32.3	26.8	24.8	22.4	20.0	17.5	15.5	38.4	29.9	18.8	--	--	--
Final Sales	0.4	-3.9	-1.0	2.6	1.5	1.2	1.2	1.1	1.5	1.7	1.9	1.9	0.4	0.9	1.5	-0.5	1.2	1.7
International Current Account Balance ($Bn)	3.7	10.6	-44.4	-17.9	-18.8	-21.1	-20.5	-20.1	-19.1	-18.5	-17.8	-17.6	-12.0	-20.1	-18.2	--	--	--
% of GDP	0.1	0.4	-1.6	-0.6	-0.7	-0.7	-0.7	-0.7	-0.7	-0.6	-0.6	-0.6	-0.4	-0.7	-0.6	--	--	--
Pre-tax Corp. Profits	20.1	56.0	-30.7	-20.9	-10.9	-0.9	0.3	1.4	1.8	1.9	2.0	2.2	11.1	-8.8	1.4	0.7	-2.6	2.0
% of GDP	15.6	16.8	15.4	14.5	14.0	13.9	13.9	13.8	13.8	13.7	13.7	13.7	15.6	13.9	13.7	--	--	--
GDP Deflator (y/y)	8.8	9.8	6.9	4.9	2.3	-0.4	1.6	2.3	2.3	2.4	2.3	2.2	7.6	1.4	2.3	4.9	2.3	2.2
Nominal GDP	15.8	17.2	-2.7	0.6	2.6	2.0	1.6	2.6	3.0	3.0	3.1	3.2	11.3	2.1	2.7	7.3	2.2	3.1
Labour Force	0.9	0.9	-1.0	2.2	1.2	0.8	0.4	0.3	0.4	0.4	0.5	0.7	1.3	0.9	0.4	0.7	0.7	0.5
Employment	3.2	3.9	-1.3	2.0	0.2	-0.4	-1.5	-0.3	0.0	0.0	0.5	0.9	3.6	0.2	-0.2	1.9	-0.5	0.3
Change in Empl. ('000s)	153	188	-66	99	9	-22	-72	-14	-2	0	24	45	686	41	-31	374	-99	67
Unemployment Rate (%)	5.8	5.1	5.2	5.2	5.4	5.7	6.2	6.3	6.4	6.5	6.5	6.5	5.3	5.9	6.5	--	--	--
Personal Disp. Income	18.0	3.8	3.3	5.9	1.2	0.8	0.7	1.5	1.8	1.8	1.8	1.9	5.4	2.4	1.5	7.6	1.0	1.8
Pers. Savings Rate (%)	8.8	5.1	5.7	5.9	5.3	4.9	4.7	4.5	4.4	4.1	3.9	3.7	6.4	4.8	4.0	--	--	--
Cons. Price Index (y/y)	5.8	7.4	7.1	6.9	5.8	3.7	3.2	2.6	2.3	2.1	2.0	2.0	6.8	3.8	2.1	6.9	2.6	2.0
CPIX (y/y)**	4.8	5.9	5.9	5.9	5.4	3.9	3.3	2.8	2.5	2.3	2.1	2.1	5.6	3.8	2.2	5.9	2.8	2.1
BoC Inflation (y/y)***	2.7	4.1	5.3	5.4	4.8	3.5	2.6	2.2	2.2	2.1	2.0	2.0	4.4	3.3	2.1	5.4	2.2	2.0
Housing Starts ('000s)	244	271	282	251	241	231	223	217	213	209	207	204	262	228	208	--	--	--
Home Prices (y/y)	17.0	3.4	-4.8	-11.7	-20.9	-13.0	-5.2	-1.5	3.5	4.0	4.2	3.8	0.6	-10.7	3.9	-11.7	-1.5	3.8
Real GDP / worker (y/y)	-1.4	-0.4	0.9	0.5	0.6	0.9	0.0	0.4	0.6	0.7	0.6	0.5	-0.1	0.5	0.6	0.5	0.4	0.5

F: Forecast by TD Economics as at December 2022.

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	2022				2023				2024				Annual Average			4th Qtr/4th Qtr		
	Q1	Q2	Q3	Q4F	Q1F	Q2F	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F	22F	23F	24F	22F	23F	24F
Real GDP	-1.6	-0.6	2.9	1.1	0.7	0.4	0.2	0.7	1.0	1.3	1.4	1.5	1.9	0.9	0.9	0.5	0.5	1.3
Consumer Expenditure	1.3	2.0	1.7	3.2	1.2	0.7	0.3	0.7	0.9	1.1	1.2	1.3	2.8	1.4	0.9	2.1	0.7	1.1
Durable Goods	7.7	-2.8	-0.3	5.5	-2.0	-3.3	-1.5	0.4	1.4	1.7	1.2	1.3	0.0	-0.5	0.6	2.4	-1.6	1.4
Business Investment	7.9	0.1	5.1	3.6	0.9	-1.0	-0.9	0.1	0.6	1.3	2.0	2.6	3.7	1.2	0.6	4.1	-0.2	1.6
Non-Res. Structures	-4.4	-12.7	-6.9	-5.0	-5.0	-6.0	-4.0	-2.0	0.0	2.0	4.0	5.0	-8.1	-5.6	-0.1	-7.3	-4.3	2.7
Equipment & IPP*	12.4	3.1	8.3	5.8	2.2	0.0	-0.3	0.5	0.7	1.0	1.5	2.0	7.2	2.8	0.7	7.3	0.6	1.3
Residential Investment	-3.1	-17.8	-26.8	-24.2	-18.0	-10.7	-1.9	4.6	9.8	11.4	10.2	10.3	-10.5	-16.2	6.3	-18.5	-6.9	10.4
Govt. Expenditure	-2.3	-1.6	3.0	1.5	3.5	1.0	0.9	0.8	0.8	0.8	0.7	0.8	-0.8	1.8	0.8	0.1	1.5	0.8
Final Domestic Demand	1.3	0.2	0.9	1.7	0.7	0.1	0.2	0.8	1.2	1.4	1.6	1.7	1.7	0.7	1.0	1.0	0.4	1.5
Exports	-4.6	13.8	15.3	-2.0	-1.5	-1.7	0.0	0.5	1.2	1.6	2.0	2.4	7.3	1.5	1.0	5.3	-0.7	1.8
Imports	18.4	2.2	-7.3	8.2	-2.4	-3.9	-2.0	-1.0	0.9	2.7	3.5	3.6	9.0	-1.0	0.7	5.0	-2.3	2.7
Change in Private Inventories	214.5	125.8	74.2	111.1	99.2	97.7	87.1	72.4	63.9	63.9	67.0	67.0	131.4	89.1	65.4	--	--	--
Final Sales	-1.8	1.3	4.0	0.3	0.9	0.5	0.5	1.0	1.2	1.3	1.3	1.5	1.2	1.1	1.1	0.9	0.7	1.3
International Current Account Balance ($Bn)	-1130	-1004	-897	-979	-937	-922	-946	-967	-991	-1003	-1015	-1027	-1003	-943	-1009	--	--	--
% of GDP	-4.6	-4.0	-3.5	-3.8	-3.6	-3.5	-3.5	-3.6	-3.6	-3.7	-3.7	-3.7	-3.9	-3.5	-3.7	--	--	--
Pre-tax Corporate Profits including IVA&CCA	0.5	19.7	-4.1	1.8	1.0	-4.2	-7.7	-6.5	-4.9	-3.5	-4.5	-4.5	6.7	-1.0	-5.2	4.1	-4.4	-4.3
% of GDP	11.6	11.9	11.6	11.5	11.4	11.1	10.8	10.6	10.4	10.2	10.0	9.8	11.6	11.0	10.1	--	--	--
GDP Deflator (y/y)	6.9	7.6	7.1	6.5	5.5	4.0	3.6	3.0	2.5	2.3	2.1	2.0	7.0	4.0	2.2	6.5	3.0	2.0
Nominal GDP	6.6	8.5	7.3	5.5	4.7	3.6	2.9	3.0	3.1	3.3	3.4	3.6	9.1	4.9	3.2	7.0	3.6	3.4
Labor Force	5.1	0.3	0.8	0.4	1.5	0.7	0.8	0.3	0.5	0.5	0.4	0.4	1.9	0.8	0.5	1.6	0.8	0.5
Employment	4.7	3.3	3.1	2.0	1.5	-0.2	-0.8	-1.1	-0.9	-0.5	0.4	0.6	4.1	1.1	-0.6	3.3	-0.1	-0.1
Change in Empl. ('000s)	1721	1226	1145	769	590	-66	-322	-407	-363	-191	152	236	5935	1734	-854	4861	-205	-166
Unemployment Rate (%)	3.8	3.6	3.5	3.7	3.8	4.1	4.4	4.7	4.9	5.1	5.0	4.9	3.7	4.3	5.0	--	--	--
Personal Disp. Income	-3.9	4.8	5.2	6.8	4.7	4.9	5.5	4.3	3.6	3.7	4.0	4.1	-0.5	5.3	4.1	3.2	4.9	3.8
Pers. Savings Rate (%)	4.3	3.2	2.8	2.5	2.4	2.6	3.0	3.2	3.3	3.4	3.6	3.8	3.2	2.8	3.5	--	--	--
Cons. Price Index (y/y)	8.0	8.6	8.3	7.5	6.4	4.8	4.2	3.6	2.8	2.3	2.0	1.9	8.1	4.7	2.3	7.5	3.6	1.9
Core CPI (y/y)	6.3	6.0	6.3	6.2	5.8	5.1	4.3	3.7	3.1	2.7	2.4	2.3	6.2	4.7	2.6	6.2	3.7	2.3
Core PCE Price Index (y/y)	5.3	5.0	4.9	4.8	4.4	4.1	3.6	3.1	2.7	2.4	2.2	2.0	5.0	3.8	2.3	4.8	3.1	2.0
Housing Starts (mns)	1.72	1.65	1.46	1.38	1.28	1.24	1.24	1.28	1.34	1.37	1.40	1.43	1.55	1.26	1.38	--	--	--
Real Output per hour (y/y)**	-0.4	-2.1	-1.3	-2.3	-1.0	0.1	0.1	0.6	1.3	1.8	1.7	1.4	-1.5	0.0	1.6	-2.3	0.6	1.4

F: Forecast by TD Economics as at December 2022.

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

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

Economic Indicators: G7 & Europe	2021	2022F	2023F	2024F
Real GDP (annual per cent change)				
G7 (30.1%)*	5.2	2.2	0.4	0.9
U.S.	5.9	1.9	0.9	0.9
Japan	1.7	1.4	1.2	1.2
Euro Area	5.3	3.2	-0.2	0.9
Germany	2.6	1.7	-0.8	0.9
France	6.8	2.5	0.1	0.9
Italy	6.7	3.7	-0.1	0.7
United Kingdom	7.5	4.5	-0.9	0.8
Canada	5.0	3.5	0.7	0.4
Consumer Price Index (annual per cent change)				
G7	3.2	7.3	4.9	2.1
U.S.	4.7	8.1	4.7	2.3
Japan	-0.2	2.4	2.4	1.3
Euro Area	2.6	8.5	7.0	2.3
Germany	3.2	8.9	6.9	2.5
France	2.1	6.0	5.5	2.1
Italy	1.9	8.7	5.9	2.3
United Kingdom	2.6	9.1	8.0	2.7
Canada	3.4	6.8	3.8	2.1
Unemployment Rate (per cent annual averages)				
U.S.	5.4	3.7	4.3	5.0
Japan	2.8	2.6	2.5	2.4
Euro Area	7.7	6.7	7.2	8.0
Germany	5.7	5.3	6.4	6.8
France	7.9	7.3	7.9	8.5
Italy	9.5	8.1	8.9	9.5
United Kingdom	4.5	3.7	4.6	5.1
Canada	7.4	5.3	5.9	6.5

*Share of 2019 world gross domestic product (GDP) at PPP.

Forecast as at December 2022.

Source: National statistics agencies, TD Economics.

Global Economic Outlook

Annual Per Cent Change Unless Otherwise Indicated

	2019 Share*	Forecast		
Real GDP	**(%)**	**2022**	**2023**	**2024**
World	100.0	3.3	2.3	2.9
North America	19.2	2.1	0.9	1.0
United States	15.8	1.9	0.9	0.9
Canada	1.4	3.5	0.7	0.4
Mexico	1.9	2.7	1.3	1.6
European Union (EU-28)	15.4	3.4	-0.2	1.1
Euro Area (EU-19)	12.5	3.2	-0.2	0.9
Germany	3.5	1.7	-0.8	0.9
France	2.4	2.5	0.1	0.9
Italy	2.0	3.7	-0.1	0.7
United Kingdom	2.4	4.5	-0.9	0.8
EU accession members	2.9	4.5	-0.5	1.8
Asia	43.2	3.7	4.1	4.5
Japan	4.1	1.4	1.2	1.2
Asian NIC's	3.5	2.3	2.5	2.8
Hong Kong	0.3	-3.0	3.1	2.8
Korea	1.7	2.7	2.5	3.0
Singapore	0.4	3.8	2.7	2.7
Taiwan	0.9	3.0	2.4	2.8
Russia	3.1	-3.6	-3.7	1.5
Australia & New Zealand	1.2	3.9	2.2	2.2
Emerging Asia	31.4	4.9	5.5	5.5
ASEAN-5	5.7	5.9	5.3	5.4
China	17.3	2.9	5.0	4.9
India**	7.1	9.0	6.9	6.8
Central/South America	5.6	3.9	1.3	2.3
Brazil	2.4	2.6	0.8	2.0
Other Emerging Markets	13.0	2.9	2.7	3.1
Other Advanced	1.1	3.6	2.2	2.2

*Share of world GDP on a purchasing-power-parity (PPP) basis.

Forecast as at December 2022. **Forecast for India refers to fiscal year.

Source: IMF, TD Economics.