

Quarterly Economic Forecast

Threading the Needle

September 20, 2022

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The global economy is slowing and there is no single factor behind the lethargy. In Europe, an energy crisis is battering household finances and weighing on industrial output. China is reckoning with the fallout of its real estate slowdown and strict COVID controls. In North America, central banks are rapidly tightening policy to cool the surge in inflation powered by a return of post-lockdown consumer activity and excess savings. Monetary authorities around the globe have their work cut out for them, with increasing questions on whether they can pull off a soft landing: reduce demand enough to wrestle inflation down from 40-year highs, without crashing their economies into a deep or prolonged recession.

Adding it all up, the global economic outlook has been downgraded. Although Europe is careening towards a recession, we are often asked if we are forecasting the same for the U.S. and Canada. It's the wrong question to ask. The forecast embeds a two-year period of stagnation, with momentum holding meaningfully below the long-run trend alongside a rising unemployment rate. The duration reflects the needed dynamics to take pressure off demand-push inflation. In the event that economic momentum gets thrown into reverse, this could shorten up the adjustment period on inflation. Either way, it's not going to feel good. There's no easy exit from this cycle.

This publication focuses on the numbers, but if you'd like a deeper dive into underlying issues please see our [Question & Answer](#) piece published August 17th.

Global

- Compared to our June forecast, we have marked down global growth 0.1 percentage points, taking it to 2.8% in 2022 (from 2.9% previously). The outlook for 2023 has deteriorated substantially, with growth expected to advance 2.2% – down from 2.7% in June.
- The deepening energy crisis in Europe is expected to buckle the economy as the year progresses. Limited natural gas supplies reflects a supply-side shock that ultimately reduces the productive capacity of the economy. Establishing new energy supply lines will take time. In the interim, some firms will be unable to operate, and others will face higher energy input costs that compress margins. Given the backdrop, ongoing fiscal support for worker retention schemes and to offset rising gas costs will be critical to mitigating the reduction in labor demand, but is unlikely to prevent it.
- In China, below-trend growth is set to continue through 2023 as depressed consumer confidence and the sagging real estate market weigh on output. Moreover, soft export growth amid weaker demand from advanced economies will offset the competitive benefits of a weaker renminbi. That said, a policy pivot could counter the decidedly gloomy outlook. For instance, further relaxation of COVID containment policies and additional support for the real estate market can help

to restore consumer confidence, but we're not overly confident that the government will embrace that pivot. If it does, it would help lay the foundation for a stronger bounce-back in 2023.

United States

- U.S. economic growth disappointed through the first half of the year, with the average of Q1/Q2 growth contracting by 1.1%. This outcome was at odds with other measures of economic activity – such as gross domestic income – that showed an expanding U.S. economy over the same period. Neither measure is perfect, and the reality likely lies somewhere in the middle. Either way, the slowdown in domestic demand has not been sufficient to take the heat off inflation, which continues to surprise to the upside. This has led us to expect a more aggressive path for monetary tightening through the remainder of this year. Likewise, we have revised down our economic growth forecast for 2022 to 1.6% (from 2.2%) and 2023 to 0.7% (from 1.4%).
- The U.S. consumer has shown a degree of resilience in the face of rising inflation and higher interest rates. Consumer spending growth has hovered around a trend pace (1.9%) through the first half of 2022. If a soft landing is achievable, consumers hold the lynchpin. Our near-term tracking suggests spending will hold somewhere in the 1%-1.5% range through the second half of 2022, before slowing to a 1% pace in 2023 as household's are further squeezed by higher rates and weaker employment growth. However, excess savings and student debt relief (which has not been incorporated into the forecast) offer some upside.
- The pace of job growth has defied gravity through 2022, and various indicators point to continued momentum over the near term. However, the labor market will not remain immune to the Fed's rapid rate hike cycle. Job growth is expected to cool through 2023, putting upward pressure on the unemployment rate. We expect the unemployment rate to rise by 150 bps – peaking at 5.1% by the end of 2024.
- Inflation is showing more persistence across both goods and service categories. This has led to an upward revision to the near-term inflation outlook and more persistence. Core PCE inflation is still expected to cool over the next year in response to weakening demand – reaching 2.7% y/y by the end of 2023 – but it will still be sitting above the central bank's target. The move back to 2% will prove to be far slower, with core PCE not expected to reach 2% until early-2025.

Canada

- The Canadian economy grew at a 3.3% pace over the second quarter of 2022, making it a standout performer on the global stage. Since public health restrictions were lifted earlier this year, mobility has increased, propelling spending, corporate profits, and nominal incomes. Elevated commodity prices are also providing a fillip to Canada's expansion rate this year. A strong first half will boost annual average GDP growth to over 3% in 2022, before decelerating to approximately 1% in 2023.
- We expect to see a further rotation away from durable goods spending towards services through Q3-22, as pent-up demand for recreation and entertainment are unleashed. However, the impact of higher interest rates and elevated inflation will increasingly leave its mark on overall spending activity in late 2022 and into 2023.
- Given the expected slowing in demand, the underlying economic dynamics won't be sufficient to generate enough jobs to absorb people entering the labour force or those already on the sidelines. This means the unemployment rate should push higher. It has already risen from a low of 4.9% to 5.4% and is expected to reach 6.5% in 2024.
- The impact of higher mortgage rates will continue to depress residential investment through 2023. Prospects for non-residential investment are brighter, supported in part by strength in commodity industries and development of long-term resource projects.
- The inflation outlook for this year has been upgraded since the June forecast, with little relief expected in the second half of this year. In 2023, CPI inflation is forecast to return to a more palatable level with the help of easing supply chain disruptions, lower energy prices and under more stagnant economic growth. All told, headline and core CPI are expected to reach 2.6% year-on-year by the end of 2023.

Financial

- Excess demand and multi-decade high inflation have central banks determined to lift rates further into restrictive territory. We expect the Federal Reserve and the Bank of Canada to hike their policy rates to 4% by the end of 2022. Both short-term and long-term yields will rise over the coming months on the back of higher policy rates and higher term premiums, with 10-year yields expected to eclipse 3.6%.
- The Canadian dollar may see some appreciation versus the U.S. dollar over the coming months if the risk-off move in financial markets eases, and the Canadian economy can maintain its outperformance on the GDP front. The euro and pound will be dependent on the geopolitical environment and these currencies appear to have some further downside in store given the threat to natural gas supply over the coming winter. We are pessimistic on EM currencies relative to the USD, given weakness in their respective economic recoveries.



Interest Rate Outlook												
Interest Rates	2022				2023				2024			
	Q1	Q2	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F
Canada												
Overnight Target Rate	0.50	1.50	3.25	4.00	4.00	4.00	4.00	4.00	3.50	3.00	2.75	2.50
3-mth T-Bill Rate	0.60	2.08	3.50	4.00	4.00	4.00	4.00	3.75	3.25	2.88	2.63	2.38
2-yr Govt. Bond Yield	2.27	3.10	3.75	3.85	3.75	3.55	3.25	3.00	2.75	2.55	2.40	2.30
5-yr Govt. Bond Yield	2.39	3.10	3.30	3.45	3.35	3.20	3.00	2.80	2.65	2.50	2.45	2.40
10-yr Govt. Bond Yield	2.40	3.23	3.25	3.40	3.35	3.30	3.25	3.10	2.95	2.80	2.65	2.65
30-yr Govt. Bond Yield	2.38	3.13	3.25	3.40	3.35	3.30	3.25	3.20	3.15	3.10	3.00	2.95
10-yr-2-yr Govt Spread	0.13	0.13	-0.50	-0.45	-0.40	-0.25	0.00	0.10	0.20	0.25	0.25	0.35
U.S.												
Fed Funds Target Rate	0.50	1.75	3.25	4.00	4.00	4.00	4.00	4.00	3.50	3.00	2.75	2.50
3-mth T-Bill Rate	0.51	1.66	3.30	3.90	3.90	3.90	3.90	3.65	3.15	2.75	2.50	2.25
2-yr Govt. Bond Yield	2.28	2.92	3.75	3.80	3.60	3.35	3.10	2.85	2.65	2.50	2.40	2.30
5-yr Govt. Bond Yield	2.42	3.01	3.60	3.70	3.60	3.40	3.20	3.00	2.80	2.65	2.55	2.45
10-yr Govt. Bond Yield	2.32	2.98	3.45	3.60	3.50	3.35	3.20	3.05	2.95	2.85	2.80	2.70
30-yr Govt. Bond Yield	2.44	3.14	3.45	3.60	3.55	3.50	3.45	3.35	3.25	3.15	3.10	3.00
10-yr-2-yr Govt Spread	0.04	0.06	-0.30	-0.20	-0.10	0.00	0.10	0.20	0.30	0.35	0.40	0.40
Canada-U.S. Spreads												
Can - U.S. T-Bill Spread	0.09	0.42	0.20	0.10	0.10	0.10	0.10	0.10	0.10	0.13	0.13	0.13
Can - U.S. 10-Year Bond Spread	0.08	0.25	-0.20	-0.20	-0.15	-0.05	0.05	0.05	0.00	-0.05	-0.15	-0.05

F: Forecast by TD Economics as at September 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	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F
Exchange rate to U.S. dollar													
Euro	USD per EUR	1.11	1.05	1.00	0.98	0.99	1.00	1.02	1.04	1.06	1.08	1.10	1.13
UK pound	USD per GBP	1.32	1.22	1.15	1.12	1.13	1.15	1.18	1.20	1.22	1.25	1.27	1.30
Japanese yen	JPY per USD	121	136	145	150	147	144	141	138	136	133	130	128
Chinese renminbi	CNY per USD	6.34	6.70	6.90	6.95	6.90	6.85	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	0.76	0.78	0.77	0.76	0.76	0.77	0.78	0.78	0.79	0.79
Euro	CAD per EUR	1.39	1.35	1.31	1.26	1.29	1.32	1.34	1.35	1.37	1.39	1.40	1.42
UK pound	CAD per GBP	1.64	1.57	1.51	1.45	1.47	1.52	1.54	1.56	1.58	1.60	1.62	1.64
Japanese yen	JPY per CAD	97.3	105.4	110.7	116.3	113.1	109.1	107.8	106.4	105.1	103.8	102.5	101.3
Chinese renminbi	CNY per CAD	5.08	5.21	5.26	5.39	5.31	5.19	5.19	5.23	5.27	5.31	5.35	5.40

F: Forecast by TD Economics as at September 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	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F
Crude Oil (WTI, \$US/bbl)	94	109	91	85	88	85	83	83	83	81	80	80
Natural Gas (\$US/MMBtu)	4.66	7.48	8.30	8.50	7.50	6.00	5.00	5.50	6.00	6.03	6.06	6.09
Gold (\$US/troy oz.)	1876	1873	1735	1770	1800	1725	1734	1742	1751	1760	1769	1777
Silver (\$US/troy oz.)	24.05	22.66	18.50	19.60	19.90	20.00	20.10	20.20	20.30	20.40	20.51	20.61
Copper (cents/lb)	453	433	340	360	360	355	357	359	360	362	364	366
Nickel (\$US/lb)	12.73	13.20	10.00	9.50	9.30	9.30	9.35	9.39	9.44	9.49	9.53	9.58
Aluminum (cents/lb)	148	131	110	113	115	117	118	118	119	119	120	121
Wheat (\$US/bu)	11.55	13.69	8.00	8.50	8.80	8.30	8.34	8.38	8.43	8.47	8.51	8.55

F: Forecast by TD Economics as at September 2022. 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	2022				2023				2024				Annual Average			4th Qtr/4th Qtr		
	Q1	Q2	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F	22F	23F	24F	22F	23F	24F
Real GDP	3.1	3.3	1.6	1.0	0.6	0.3	0.4	0.7	1.0	1.2	1.3	1.4	3.3	0.9	1.0	2.2	0.5	1.2
Consumer Expenditure	2.6	9.7	3.9	1.8	1.1	0.4	0.6	0.8	1.0	1.0	1.1	1.2	5.7	1.9	0.9	4.5	0.7	1.1
Durable Goods	8.8	-12.0	4.0	-1.0	0.0	0.1	0.1	0.1	0.2	0.3	0.3	0.4	-0.4	-0.5	0.2	-0.3	0.1	0.3
Business Investment	7.0	11.8	5.2	2.9	2.0	1.6	1.3	1.0	1.1	0.8	1.1	1.4	7.0	2.9	1.1	6.6	1.5	1.1
Non-Res. Structures	12.7	11.1	6.0	3.0	2.0	1.5	1.0	0.5	1.0	0.5	1.0	1.5	9.8	2.9	0.9	8.1	1.2	1.0
Equipment & IPP*	0.8	12.8	4.3	2.7	2.0	1.8	1.5	1.5	1.3	1.1	1.2	1.4	4.1	2.9	1.3	5.1	1.7	1.2
Residential Investment	7.3	-27.6	-12.0	-8.0	-5.0	-4.0	-2.0	1.0	1.2	1.4	1.5	1.6	-9.1	-7.3	0.5	-10.9	-2.5	1.4
Govt. Expenditure	2.8	-1.2	3.4	2.5	2.0	1.9	1.9	1.8	1.8	1.8	1.8	1.8	2.0	2.0	1.8	1.8	1.9	1.8
Final Domestic Demand	3.5	2.9	2.8	1.4	1.0	0.6	0.9	1.1	1.2	1.2	1.3	1.4	3.4	1.3	1.2	2.6	0.9	1.3
Exports	-9.0	10.9	7.4	6.8	3.4	2.3	2.1	2.0	2.0	2.0	1.8	1.7	3.0	4.5	2.0	3.8	2.4	1.9
Imports	-1.4	30.5	-4.2	6.6	3.4	2.2	2.0	2.0	2.0	2.0	1.8	1.7	7.7	4.0	2.0	7.1	2.4	1.9
Change in Non-farm Inventories (2012 \$Bn)	14.2	38.0	20.0	18.0	16.0	14.0	11.7	9.7	8.7	8.8	8.9	9.0	22.5	12.9	8.9	--	--	--
Final Sales	1.4	-2.9	7.7	1.8	1.4	1.0	1.3	1.5	1.4	1.2	1.3	1.4	2.1	1.9	1.3	2.0	1.3	1.3
International Current Account Balance (\$Bn)	10.6	10.8	64.4	61.7	60.2	59.2	58.3	59.2	60.2	61.2	62.1	63.0	36.9	59.2	61.6	--	--	--
% of GDP	0.4	0.4	2.3	2.1	2.1	2.0	2.0	2.0	2.0	2.0	2.0	2.1	1.3	2.0	2.0	--	--	--
Pre-tax Corp. Profits	33.2	62.8	-21.3	-16.0	-10.3	-0.1	1.2	1.8	1.9	2.1	2.3	2.4	14.6	-5.6	1.8	9.4	-2.0	2.2
% of GDP	15.2	16.5	15.3	14.5	14.0	13.9	13.9	13.8	13.8	13.7	13.7	13.7	15.4	13.9	13.7	--	--	--
GDP Deflator (y/y)	8.8	9.9	9.7	8.4	6.0	3.2	2.6	2.4	2.3	2.1	2.1	2.0	9.2	3.5	2.1	8.4	2.4	2.0
Nominal GDP	15.8	17.9	6.1	4.1	3.3	2.8	2.6	3.1	3.1	3.3	3.4	3.4	12.8	4.4	3.1	10.8	2.9	3.3
Labour Force	0.9	0.9	-0.7	1.5	1.2	1.1	1.0	0.7	0.8	0.8	0.9	0.9	1.3	0.9	0.9	0.6	1.0	0.9
Employment	3.2	3.9	-1.4	0.2	0.2	0.1	0.2	0.4	0.4	0.4	0.9	1.1	3.5	0.2	0.4	1.5	0.2	0.7
Change in Empl. ('000s)	153	188	-70	11	9	4	9	17	18	21	44	55	661	40	88	281	39	137
Unemployment Rate (%)	5.8	5.1	5.3	5.6	5.8	6.0	6.2	6.3	6.4	6.5	6.5	6.5	5.4	6.1	6.5	--	--	--
Personal Disp. Income	21.6	3.9	3.2	2.4	1.9	1.6	1.4	1.8	2.3	3.3	3.4	3.4	5.8	2.2	2.5	7.5	1.7	3.1
Pers. Savings Rate (%)	9.5	6.2	4.8	4.1	3.6	3.3	2.9	2.6	2.4	2.5	2.6	2.6	6.2	3.1	2.5	--	--	--
Cons. Price Index (y/y)	5.8	7.4	7.4	7.0	5.9	3.8	3.1	2.6	2.3	2.1	2.1	2.0	6.9	3.8	2.1	7.0	2.6	2.0
CPIX (y/y)**	4.8	5.9	6.0	6.1	5.4	3.9	3.2	2.6	2.4	2.2	2.1	2.0	5.7	3.7	2.2	6.1	2.6	2.0
BoC Inflation (y/y)***	2.6	4.0	5.3	5.4	4.8	3.4	3.0	2.4	2.2	2.1	2.0	2.0	4.3	3.4	2.1	5.4	2.4	2.0
Housing Starts ('000s)	244	271	257	233	216	208	202	197	198	199	204	208	251	206	202	--	--	--
Home Prices (y/y)	16.9	3.4	-4.5	-13.6	-22.0	-14.1	-6.4	0.7	5.7	6.3	6.5	6.1	0.2	-11.2	6.1	-13.6	0.7	6.1
Real GDP / worker (y/y)	-1.7	-0.5	0.7	0.8	0.9	1.1	0.4	0.3	0.4	0.5	0.6	0.5	-0.2	0.7	0.5	0.8	0.3	0.5

F: Forecast by TD Economics as at September 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	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F	22F	23F	24F	22F	23F	24F
Real GDP	-1.6	-0.6	1.1	0.9	0.7	0.5	0.7	1.0	1.2	1.4	1.6	1.7	1.6	0.7	1.2	0.0	0.7	1.5
Consumer Expenditure	1.8	1.5	1.4	1.3	1.0	0.8	0.5	0.8	1.0	1.2	1.3	1.5	2.4	1.0	1.0	1.5	0.8	1.3
Durable Goods	5.9	-0.1	4.4	0.7	-4.1	-3.7	-5.5	-2.5	-0.3	-0.6	-0.5	-0.4	-0.4	-1.9	-1.7	2.7	-4.0	-0.5
Business Investment	10.0	0.0	3.2	1.9	0.7	-0.3	-0.4	0.2	0.8	0.9	1.6	1.9	4.3	0.8	0.6	3.7	0.0	1.3
Non-Res. Structures	-0.9	-13.2	-10.3	-3.0	-6.0	-7.0	-5.0	-3.0	0.0	0.0	1.0	1.6	-6.5	-6.4	-1.4	-7.0	-5.3	0.6
Equipment & IPP*	12.4	3.3	6.6	3.1	2.3	1.3	0.7	0.9	0.9	1.1	1.7	2.0	6.9	2.5	1.1	6.3	1.3	1.4
Residential Investment	0.5	-16.2	-31.4	-17.4	-6.0	-1.1	1.0	2.7	5.3	8.9	7.8	5.7	-9.7	-10.5	4.9	-16.9	-0.9	6.9
Govt. Expenditure	-2.9	-1.8	0.3	1.0	0.6	0.6	0.6	0.9	0.8	0.8	1.0	1.2	-1.5	0.5	0.8	-0.9	0.7	0.9
Final Domestic Demand	2.0	-0.2	-0.2	0.5	0.6	0.5	0.4	0.8	1.1	1.4	1.5	1.7	1.4	0.4	1.1	0.5	0.6	1.4
Exports	-4.8	17.6	8.5	4.5	1.7	1.2	1.0	2.6	3.6	3.6	4.3	3.8	6.9	3.8	3.0	6.1	1.6	3.8
Imports	18.9	2.8	-5.1	1.4	1.3	0.2	0.9	2.5	2.6	3.2	3.6	3.2	8.7	0.4	2.5	4.2	1.2	3.2
Change in Private Inventories	188.5	99.6	79.7	84.3	88.0	82.7	94.5	102.1	102.1	102.0	102.0	102.0	113.0	91.8	102.0	--	--	--
Final Sales	-1.2	1.3	1.6	0.8	0.6	0.7	0.4	0.8	1.2	1.4	1.6	1.7	0.9	0.8	1.1	0.6	0.6	1.5
International Current Account Balance (\$Bn)	-1166	-1057	-904	-837	-820	-775	-737	-716	-695	-696	-706	-733	-991	-762	-708	--	--	--
% of GDP	-4.8	-4.2	-3.6	-3.3	-3.2	-3.0	-2.8	-2.7	-2.6	-2.6	-2.6	-2.7	-4.0	-2.9	-2.6	--	--	--
Pre-tax Corporate Profits including IVA&CCA	-8.4	26.7	-0.2	7.7	-3.6	-1.3	1.6	2.7	2.3	3.0	2.6	1.7	7.6	2.0	2.2	5.7	-0.2	2.4
% of GDP	11.8	12.2	12.1	12.1	11.9	11.7	11.7	11.7	11.6	11.6	11.6	11.6	12.0	11.7	11.6	--	--	--
GDP Deflator (y/y)	6.8	7.5	7.5	7.2	5.9	4.4	3.5	2.7	2.4	2.2	2.0	1.9	7.3	4.1	2.1	7.2	2.7	1.9
Nominal GDP	6.6	8.4	6.6	6.7	4.1	3.2	3.1	3.3	3.2	3.4	3.4	3.4	9.0	4.8	3.3	7.0	3.4	3.4
Labor Force	5.1	0.3	1.1	1.2	1.5	0.7	0.6	0.5	0.5	0.5	0.5	0.5	2.0	1.0	0.6	1.9	0.9	0.5
Employment	4.7	3.3	3.0	1.3	0.8	-0.2	-0.6	-0.6	-0.3	-0.4	-0.2	-0.1	4.0	0.9	-0.4	3.1	-0.1	-0.2
Change in Empl. ('000s)	1721	1226	1140	507	288	-91	-214	-212	-111	-141	-73	-28	5867	1317	-549	4594	-229	-353
Unemployment Rate (%)	3.8	3.6	3.6	3.7	3.8	4.0	4.3	4.5	4.6	4.8	4.9	5.1	3.7	4.2	4.9	--	--	--
Personal Disp. Income	-1.3	6.5	4.6	6.2	4.9	3.5	4.4	3.7	4.4	3.6	3.7	3.8	0.4	4.8	3.9	4.0	4.1	3.9
Pers. Savings Rate (%)	5.6	5.1	4.8	5.0	5.1	5.2	5.7	5.8	6.1	6.2	6.3	6.4	5.1	5.5	6.3	--	--	--
Cons. Price Index (y/y)	8.0	8.6	8.4	7.4	5.8	3.8	2.9	2.5	2.2	2.2	2.1	2.0	8.1	3.7	2.1	7.4	2.5	2.0
Core CPI (y/y)	6.3	6.0	6.2	6.0	5.2	4.3	3.5	3.1	2.8	2.7	2.6	2.5	6.1	4.0	2.6	6.0	3.1	2.5
Core PCE Price Index (y/y)	5.2	4.8	4.7	4.5	3.9	3.5	3.0	2.7	2.5	2.4	2.3	2.2	4.8	3.3	2.4	4.5	2.7	2.2
Housing Starts (mns)	1.72	1.66	1.47	1.42	1.37	1.33	1.32	1.34	1.40	1.43	1.46	1.47	1.57	1.34	1.44	--	--	--
Real Output per hour** (y/y)	-0.6	-2.4	-1.7	-3.4	-1.5	-0.2	0.5	1.1	1.5	1.8	1.9	2.0	-2.0	0.0	1.8	-3.4	1.1	2.0

F: Forecast by TD Economics as at September 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%)*	5.1	2.0	0.4	1.2
U.S.	5.7	1.6	0.7	1.2
Japan	1.7	1.5	1.5	1.1
Euro Area	5.2	3.1	-0.2	1.4
Germany	2.6	1.6	-0.9	1.6
France	6.8	2.6	0.2	1.4
Italy	6.6	3.3	-0.3	1.2
United Kingdom	7.4	3.5	-0.7	0.9
Canada	4.5	3.3	0.9	1.0
Consumer Price Index (annual per cent change)				
G7	3.2	7.2	4.0	1.9
U.S.	4.7	8.1	3.7	2.1
Japan	-0.2	2.0	1.5	1.2
Euro Area	2.6	8.2	5.6	1.8
Germany	3.2	8.2	5.7	1.8
France	2.1	6.4	4.8	1.9
Italy	1.9	7.9	5.9	1.8
United Kingdom	2.6	8.9	5.6	2.1
Canada	3.4	6.9	3.8	2.1
Unemployment Rate (per cent annual averages)				
U.S.	5.4	3.7	4.2	4.9
Japan	2.8	2.6	2.5	2.4
Euro Area	7.7	6.8	7.5	7.6
Germany	5.7	5.4	6.0	5.7
France	7.9	7.6	8.2	8.0
Italy	9.5	8.3	9.2	9.2
United Kingdom	4.5	3.8	4.6	4.9
Canada	7.4	5.4	6.1	6.5

*Share of 2019 world gross domestic product (GDP) at PPP.
Forecast as at September 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	2.8	2.2	3.0
North America	19.2	1.8	0.8	1.2
United States	15.8	1.6	0.7	1.2
Canada	1.4	3.3	0.9	1.0
Mexico	1.9	2.2	1.6	1.8
European Union (EU-28)	15.4	3.2	-0.1	1.6
Euro Area (EU-19)	12.5	3.1	-0.2	1.4
Germany	3.5	1.6	-0.9	1.6
France	2.4	2.6	0.2	1.4
Italy	2.0	3.3	-0.3	1.2
United Kingdom	2.4	3.5	-0.7	0.9
EU accession members	2.9	3.1	0.0	2.5
Asia	43.2	3.0	3.7	4.5
Japan	4.1	1.5	1.5	1.1
Asian NIC's	3.5	2.5	2.2	2.5
Hong Kong	0.3	-1.2	2.9	2.3
Korea	1.7	2.7	2.0	2.5
Singapore	0.4	3.4	2.5	2.6
Taiwan	0.9	3.3	2.4	2.9
Russia	3.1	-6.4	-6.1	1.9
Australia & New Zealand	1.2	3.7	2.2	2.2
Emerging Asia	31.4	4.1	5.2	5.5
ASEAN-5	5.7	5.6	5.1	5.2
China	17.3	2.6	4.2	4.8
India**	7.1	6.5	7.4	7.3
Central/South America	5.6	3.7	1.3	2.3
Brazil	2.4	2.6	0.8	2.0
Other Emerging Markets	13.0	2.7	2.7	3.1
Other Advanced	1.1	3.8	2.4	2.2

*Share of world GDP on a purchasing-power-parity (PPP) basis.
Forecast as at September 2022. **Forecast for India refers to fiscal year.
Source: IMF, TD Economics.

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