Quarterly Economic Forecast

And Now, The Hard Part

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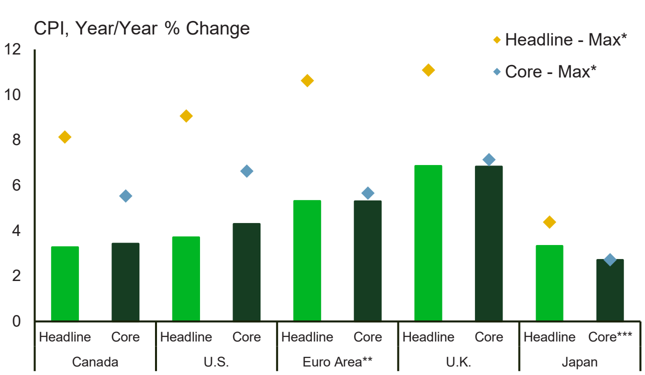
- Inflation remains the hottest topic in the global outlook. Inflationary pressures are cooling across the G-7, but progress on core measures has proved more difficult, leaving central banks' bias towards additional rate hikes.
- The substantial monetary tightening already working its way through the economy is projected to slow the pace of global expansion from 3.1% this year to 2.7% in 2024. In 2025, a modest pickup to a still-sluggish 2.9% rate is anticipated.
- The U.S. economy – which has been a standout in terms of resilience this year – is set to see growth slow from 2.3% in 2023 to 1.3% in 2024. That would still leave the U.S. in top spot in the G-7 growth tables and marks a half-point upgrade from forecast in June. As such, the odds of another rate hike are a coin toss at this stage, while the prospect of cuts has been pushed back even further into next year relative to our prior view.
- Canada's resilience was sideswiped in the second quarter by a litany of one-off factors that pushed the economy into a small contraction. An expected rebound in the third quarter is likely to prove short-lived, as evidence increases that Canada's economy is bending under the weight of higher interest rates.

Recession calls have been pared back in recent months as advanced economies weather the substantial monetary tightening of the past 18 months better than many forecasters feared. Hopes that the U.S. Federal Reserve will pull off a soft landing have increased, with markets building in expectations that interest rates will remain higher for longer. But now comes the hard part. Most forecasters – including ourselves – continue to call for a period of subdued growth with rising unemployment. Weaker labour markets are necessary to help bring persistently high services inflation back down to acceptable levels. So, the distinction between a soft landing and a recession will likely be cold comfort for many consumers and businesses who will increasingly feel the pinch.

Chart 1: Inflation Cooling Across G-7



*January 2021-Present. **Harmonized CPI. ***Western Core.
Note: Core CPI excludes Food, Energy, Alcohol, and Tobacco.
Source: National Statistical Agencies, TD Economics.

The good news is that inflation continues to cool across the G7 as the energy price shock from 2022 fades in the background (see latest inflation tracker). Core inflation watched by most central bankers is another matter, with the deceleration in Canada and the U.S. not mirrored in Europe or the UK (Chart 1). Central bankers will need to continue to talk tough on the possibility of further rate hikes, but most are at the fine-tuning phase of the rate hiking cycle.

China is the odd one out as economic growth disappointed in the second quarter. Although most forecasts were upgraded for the advanced economies in 2023, China's outlook went in the other direction with a downgrade (see Table, page 7).

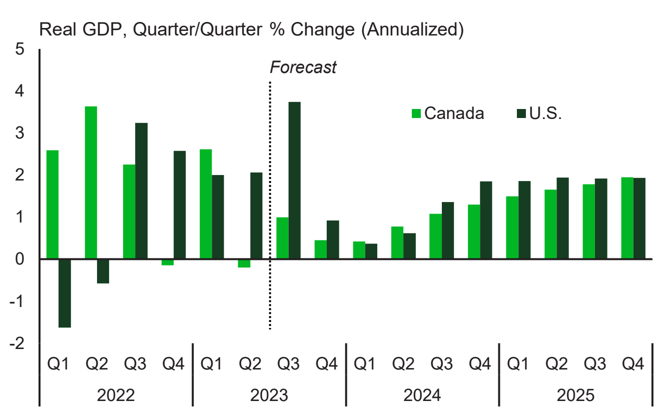
However, next year will remain a challenge for all economies. As the long-and variable lags from past interest rate hikes come to bear, a period of below-trend growth is likely to be sustained. The debate over soft landing or recession will rage on.

U.S. to slow as countercyclical buffers wear thin

So far in 2023 the U.S. economy has seemed almost imper¬vious to higher interest rates, turning in a solid 2% pace of growth. In normal times that is not much to write home about, but after 18 months of relentless rate hikes, high in¬flation, and banking turmoil, it is notable. Not to mention that growth in the third quarter is likely to blow the roof off with an impressive performance of around 4%, courtesy of a resilient consumer. However, we are now approaching the point where many special influences will be fading. Not to mention the potential headwinds from a prolonged UAW strike and government shutdown.

Top of that list is the depletion of pandemic-related excess savings by year end, a countercyclical force that helped consumers weather high inflation and interest rates rather well. In addition, households will enter 2024 with a savings

Chart 2: And Now, The Hard Part



Source: Statistics Canada, Bureau of Economic Analysis, TD Economics.

rate at half its pre-pandemic level, while the repayment of student loans simultaneously comes back into scope.

Job availability is also becoming less plentiful, and this trend will become more exaggerated next year. Hiring has averaged 150 thousand jobs per month over the past three months, half the pace at the beginning of the year. We anticipate this trend will shift to net job losses by over the coming quarters leading to a one percentage point increase in the unemployment rate.

Fiscal supports will also lessen next year. When Congress suspended the debt ceiling earlier this year, they agreed on a 1% automatic spending cut if annual spending bills are not passed by the end of September. At time of writing, Congress has yet to pass the necessary spending bills, and a government shutdown cannot be ruled out. Wherever the dust settles on a spending resolution, it is likely to contain further compromises on spending initiatives.

However, supporting a soft-landing narrative is that households, in general, lack the excess leverage that historically sets the economy into a tailspin during high interest rate periods. And on the business front, past government initiatives via the CHIPS & Science Act and the Inflation Reduction Act will still be leaving their counter-cyclical mark on investments for green energy and semiconductor facilities (see our report). In addition, new infrastructure money from Washington and healthy State finances have also pushed combined government investment spending growth over the past year to the fastest pace in more than 20 years (and if defense spending is excluded, the fastest pace in over 30 years).

Putting the pieces together, inflation should continue to move in the right direction as pressures lessen on the consumer side. On a three-month annualized basis, the core PCE deflator – the Fed's preferred inflation metric – has already dropped below 3% in July. But we are not out of the woods yet. Super-core inflation, which encompasses services excluding housing, is the more sensitive measure that captures wage pressures, and this has recently begun to heat up again. This underscores the Fed's need for vigilance, and why it is likely to maintain its hawkish tone, even as the economy cools. We think the Fed is near the end of its rate hike cycle, but caution that the likelihood of another rate hike is close to a coin toss at this point. The data will need to cooperate in a convincing manner, which ultimately boils down to weaker employment and inflation trends.

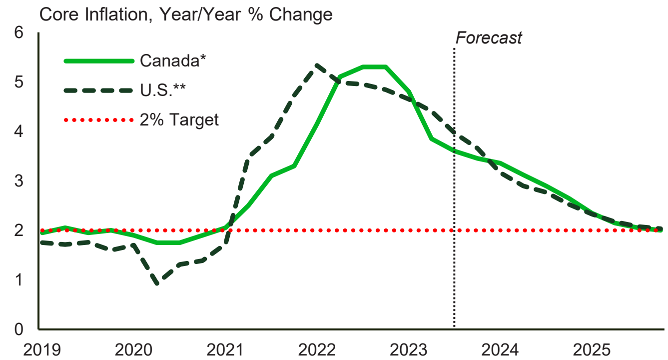
Canada – What overheating economy?

So much for that overheating economy! After a strong start to the year, Canada's economy contracted in the second quarter. True, it was barely a contraction (-0.2% annualized) and there was a litany of special factors – strikes and wildfires – but this likely marks the start of a prolonged period of lackluster growth. Real GDP growth is expected to slow from a modest 1.2% pace this year to only 0.7% next year (Chart 2). Unemployment has also risen faster than we expected a quarter ago, and a continuation of this trend will weigh on consumer confidence and spending through the forecast.

Forecasts rarely move in a straight line, and the third quarter may bring some reprieve, but that should only be viewed as temporary. Income growth remained very healthy in the second quarter, which means consumers have the capacity to spend more vigorously in the third quarter, splashing out on Taylor Swift tickets or summer travel. Thereafter, the reality of highly leveraged households and a weakening job market will come to bear, as consumers devote more of their paychecks to debt service.

Business investment outperformed through the first half of the year. As in the U.S., investment is being boosted by government subsidies for clean energy and infrastructure projects. In addition, the ongoing normalization of vehicle production as supply chains improve has enabled some pent-up investment on transportation equipment. However, these factors won't completely outweigh the cyclical forces of a weaker corporate profit backdrop and higher borrowing costs, which are likely to push non-residential investment from a 3% pace this year to less than 1% in 2024. Likewise, the economy will fail to get much support from residential investment, which has already weighed on growth for over a year. The degree of drag should certainly lessen however, as borrowing costs start come down in the second half of next year.

Chart 3: Core Inflation Has Made Progress, But Still A Ways to Go



*Average of CPI-trim and CPI-median. **Core PCE Deflator.
Source: Statistics Canada, Federal Reserve Board, TD Economics.

Inflation remains top of mind for Canadians. Substantial progress has been made (Chart 3), but the last mile of the journey is likely to be the toughest as it requires a softer labour market and lower wage growth for underlying inflation to cool to 2%. As discussed in a recent report, there are a variety of ways that weakness in the job market could occur, but ultimately all roads lead to a rising unemployment rate. Our baseline forecast reflects a journey that will lift the unemployment rate from 5.5% currently to 6.7% in the latter half of next year, with modest job losses likely to begin later this year.

Slow progress on inflation over the next several months will keep the Bank of Canada's hand hovering over the rate-hike button, but with soft economic growth and rising unemployment, it is unlikely they will need to press it. And like the U.S., any talk of rate cuts isn't likely until the middle of next year. Canada's relatively weaker economic growth backdrop is expected to keep the loonie under pressure for some time (see Table, page 4).

Interest Rate Outlook												
Interest Rates	2023				2024				2025			
	Q1	Q2	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F
Canada												
Overnight Target Rate	4.50	4.75	5.00	5.00	5.00	4.50	4.00	3.50	3.00	2.50	2.25	2.25
3-mth T-Bill Rate	4.34	4.90	5.00	5.00	4.75	4.25	3.75	3.25	2.75	2.38	2.25	2.25
2-yr Govt. Bond Yield	3.74	4.66	4.70	4.40	4.00	3.70	3.40	3.10	2.80	2.50	2.35	2.35
5-yr Govt. Bond Yield	3.02	3.78	4.00	3.75	3.55	3.30	3.10	2.95	2.75	2.60	2.60	2.60
10-yr Govt. Bond Yield	2.90	3.36	3.70	3.60	3.50	3.35	3.20	3.05	2.90	2.85	2.85	2.85
30-yr Govt. Bond Yield	3.00	3.08	3.50	3.45	3.40	3.35	3.30	3.25	3.20	3.15	3.15	3.15
10-yr-2-yr Govt Spread	-0.84	-1.30	-1.00	-0.80	-0.50	-0.35	-0.20	-0.05	0.10	0.35	0.50	0.50
U.S.												
Fed Funds Target Rate	5.00	5.25	5.50	5.50	5.50	5.25	4.75	4.25	3.75	3.25	2.75	2.75
3-mth T-Bill Rate	4.68	5.17	5.40	5.40	5.30	4.90	4.40	3.90	3.40	2.90	2.65	2.65
2-yr Govt. Bond Yield	4.06	4.87	5.00	4.70	4.40	4.10	3.80	3.50	3.20	2.90	2.75	2.75
5-yr Govt. Bond Yield	3.60	4.13	4.40	4.15	3.85	3.55	3.30	3.15	3.05	2.95	2.95	2.95
10-yr Govt. Bond Yield	3.48	3.81	4.35	4.10	3.90	3.65	3.45	3.35	3.30	3.20	3.20	3.20
30-yr Govt. Bond Yield	3.67	3.85	4.35	4.30	4.20	3.95	3.75	3.65	3.60	3.50	3.50	3.50
10-yr-2-yr Govt Spread	-0.58	-1.06	-0.65	-0.60	-0.50	-0.45	-0.35	-0.15	0.10	0.30	0.45	0.45
Canada-U.S. Spreads												
Can - U.S. T-Bill Spread	-0.34	-0.27	-0.40	-0.40	-0.55	-0.65	-0.65	-0.65	-0.65	-0.52	-0.40	-0.40
Can - U.S. 10-Year Bond Spread	-0.58	-0.45	-0.65	-0.50	-0.40	-0.30	-0.25	-0.30	-0.40	-0.35	-0.35	-0.35

F: Forecast by TD Economics, September 2023. All forecasts are end-of-period.
Source: Bloomberg, Bank of Canada, Federal Reserve, TD Economics.

Foreign Exchange Outlook													
Currency	Exchange Rate	2023				2024				2025			
		Q1	Q2	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F
Exchange Rate to U.S. Dollar													
Euro	USD per EUR	1.09	1.09	1.07	1.05	1.04	1.03	1.05	1.07	1.09	1.12	1.14	1.16
UK Pound	USD per GBP	1.24	1.27	1.25	1.22	1.21	1.20	1.22	1.25	1.27	1.30	1.30	1.30
Japanese Yen	JPY per USD	132.8	144.5	147.0	150.0	148.5	147.0	145.5	144.1	142.6	141.2	139.8	138.4
Chinese Renminbi	CNY per USD	6.87	7.25	7.30	7.35	7.40	7.45	7.40	7.30	7.20	7.10	7.00	6.90
Exchange Rate to Canadian Dollar													
U.S. Dollar	USD per CAD	0.74	0.76	0.74	0.73	0.73	0.72	0.73	0.74	0.76	0.77	0.79	0.80
Euro	CAD per EUR	1.47	1.45	1.46	1.44	1.44	1.43	1.45	1.45	1.45	1.45	1.45	1.45
UK Pound	CAD per GBP	1.67	1.68	1.69	1.67	1.67	1.67	1.69	1.69	1.69	1.69	1.66	1.63
Japanese Yen	JPY per CAD	98.2	109.2	108.1	109.5	107.6	105.8	105.5	106.5	107.6	108.7	109.8	110.7
Chinese Renminbi	CNY per CAD	5.08	5.48	5.37	5.37	5.37	5.36	5.37	5.39	5.44	5.47	5.50	5.52

F: Forecast by TD Economics, September 2023. All forecasts are end-of-period.
Source: Bloomberg, Bank of Canada, Federal Reserve, TD Economics.

Commodity Price Outlook												
Commodity	2023				2024				2025			
	Q1	Q2	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F
Crude Oil (WTI, $US/bbl)	76	74	80	84	82	80	80	78	78	77	76	76
Natural Gas ($US/MMBtu)	2.66	2.16	2.65	2.95	3.15	3.25	3.25	3.55	3.65	3.65	3.75	3.75
Gold ($US/troy oz.)	1889	1977	1930	1975	2000	1975	1950	1900	1900	1875	1850	1825
Silver ($US/troy oz.)	22.56	24.19	23.60	24.25	25.25	24.25	23.50	23.00	23.00	22.70	22.40	22.10
Copper (cents/lb)	405	384	385	390	390	380	375	375	410	410	405	400
Nickel ($US/lb)	11.81	10.13	9.50	9.75	9.75	10.00	10.00	10.00	10.20	9.75	9.50	9.00
Aluminum (cents/lb)	109	103	100	105	110	110	115	115	115	115	111	110
Wheat ($US/bu)	7.32	6.50	6.30	6.50	6.75	6.85	7.00	7.10	7.30	7.20	7.10	7.00

F: Forecast by TD Economics, September 2023. 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	2023				2024				2025				Annual Average			4th Qtr/4th Qtr		
	Q1	Q2	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F	23F	24F	25F	23F	24F	25F
Real GDP	2.6	-0.2	1.0	0.5	0.4	0.8	1.1	1.3	1.5	1.7	1.8	1.9	1.2	0.7	1.5	1.0	0.9	1.7
Consumer Expenditure	4.7	0.2	1.4	0.6	0.1	0.4	0.7	0.9	1.1	1.2	1.3	1.4	2.2	0.6	1.1	1.7	0.5	1.3
Durable Goods	7.5	-2.0	2.0	0.3	-1.0	0.0	0.5	0.7	0.9	1.0	1.1	1.2	3.1	0.0	0.8	1.9	0.1	1.1
Business Investment	6.0	8.8	2.4	-2.1	-1.0	0.0	1.1	1.6	2.0	2.5	2.8	3.0	3.1	0.4	1.9	3.7	0.4	2.6
Non-Res. Structures	8.8	9.9	4.0	-3.0	-2.0	-0.5	1.0	1.7	2.3	2.8	3.0	3.1	7.9	0.1	2.1	4.8	0.1	2.8
Equipment & IPP*	3.0	7.8	0.8	-1.1	0.1	0.6	1.2	1.5	1.8	2.2	2.5	2.9	-2.0	0.7	1.8	2.6	0.8	2.3
Residential Investment	-19.1	-8.2	-8.0	-4.0	2.0	2.5	3.0	3.5	4.0	3.7	3.4	3.1	-14.0	-0.8	3.5	-10.0	2.7	3.5
Govt. Expenditure	-1.7	2.0	2.7	2.4	2.2	2.1	2.0	2.0	2.0	1.9	1.9	1.9	1.3	2.2	2.0	1.3	2.1	1.9
Final Domestic Demand	1.2	1.0	1.2	0.5	0.6	0.9	1.2	1.4	1.6	1.7	1.7	1.8	0.7	0.9	1.5	1.0	1.0	1.7
Exports	10.2	0.4	-3.6	2.5	1.6	1.8	2.0	2.2	2.2	2.3	2.3	2.3	4.5	1.2	2.2	2.3	1.9	2.3
Imports	0.7	1.9	-5.0	2.1	1.3	1.5	1.7	1.9	2.0	2.1	2.1	2.2	-1.2	0.8	2.0	-0.1	1.6	2.1
Change in Non-Farm Inventories (2012, $Bn)	21.2	14.8	9.8	9.1	8.0	6.8	5.6	4.4	3.4	2.9	2.8	3.3	13.8	6.2	3.1	--	--	--
Final Sales	2.8	1.9	2.2	0.6	0.9	1.1	1.4	1.7	1.8	1.8	1.8	1.7	2.1	1.2	1.7	1.9	1.3	1.8
International Current Account Balance ($Bn)	-12.7	-26.5	-25.9	-24.0	-24.5	-25.6	-27.5	-30.3	-32.5	-34.2	-35.6	-36.7	-22.3	-27.0	-34.8	--	--	--
% of GDP	-0.5	-0.9	-0.9	-0.8	-0.8	-0.9	-0.9	-1.0	-1.1	-1.1	-1.2	-1.2	-0.8	-0.9	-1.1	--	--	--
Pre-Tax Corp. Profits	-25.9	-26.7	-12.9	-3.8	-4.5	-4.4	0.5	3.3	5.5	7.1	9.1	8.9	-23.8	-6.0	4.8	-17.9	-1.3	7.7
% of GDP	12.4	11.4	10.9	10.7	10.5	10.3	10.3	10.3	10.3	10.4	10.5	10.6	11.4	10.3	10.5	--	--	--
GDP Deflator (y/y)	1.3	-1.1	0.9	2.4	2.9	2.8	2.6	2.3	2.1	2.0	2.0	2.0	0.9	2.6	2.0	2.4	2.3	2.0
Nominal GDP	3.1	2.7	4.1	3.6	3.0	3.2	3.3	3.3	3.5	3.7	3.8	3.9	2.1	3.3	3.5	3.4	3.2	3.7
Labour Force	4.3	2.4	2.6	1.2	1.0	0.9	1.0	1.1	1.1	1.0	1.0	0.9	2.4	1.3	1.0	2.6	1.0	1.0
Employment	4.7	1.6	1.0	-0.1	-0.1	-0.4	-0.1	0.7	1.2	1.4	1.4	1.3	2.3	0.1	0.9	1.8	0.0	1.3
Change in Empl. ('000s)	231	80	52	-4	-6	-19	-4	36	61	72	70	68	444	30	188	359	7	271
Unemployment Rate (%)	5.0	5.2	5.5	5.8	6.1	6.4	6.7	6.7	6.7	6.6	6.5	6.4	5.4	6.5	6.6	--	--	--
Personal Disp. Income	-2.5	10.7	10.8	-0.4	0.8	0.5	1.2	2.3	2.8	3.2	3.3	3.4	4.9	2.4	2.5	4.5	1.2	3.2
Pers. Savings Rate (%)	3.7	5.1	6.2	5.3	4.8	4.2	3.8	3.6	3.4	3.4	3.3	3.3	5.1	4.1	3.3	--	--	--
Cons. Price Index (y/y)	5.2	3.5	3.4	3.1	3.3	3.0	2.6	2.4	2.2	2.1	2.0	2.0	3.8	2.8	2.1	3.1	2.4	2.0
CPIX (y/y)**	4.7	3.6	3.3	3.2	3.3	3.1	2.8	2.6	2.4	2.2	2.1	2.1	3.7	3.0	2.2	3.2	2.6	2.1
BoC Inflation (y/y)***	4.8	3.9	3.6	3.5	3.4	3.1	2.9	2.7	2.4	2.2	2.1	2.0	3.9	3.0	2.1	3.5	2.7	2.0
Housing Starts ('000s)	223	249	240	230	221	216	212	209	215	221	225	229	236	215	223	--	--	--
Home Prices (y/y)	-17.3	1.3	4.0	2.7	2.4	-4.6	0.1	4.5	6.3	5.5	5.1	4.6	-3.0	0.5	5.4	2.7	4.5	4.6
Real GDP / Worker (y/y)	-0.6	-1.0	-1.5	-0.8	-0.2	0.5	0.8	0.9	0.8	0.6	0.4	0.4	-1.0	0.5	0.5	-0.8	0.9	0.4

F: Forecast by TD Economics, September 2023.

Note: 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 and CPI-median.

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	2023				2024				2025				Annual Average			4th Qtr/4th Qtr		
	Q1	Q2	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F	23F	24F	25F	23F	24F	25F
Real GDP	2.0	2.1	3.7	0.9	0.4	0.6	1.4	1.9	1.9	1.9	1.9	1.9	2.3	1.3	1.7	2.2	1.0	1.9
Consumer Expenditure	4.2	1.7	3.7	1.3	0.4	0.6	1.2	1.5	1.7	1.8	1.8	1.8	2.5	1.3	1.6	2.7	0.9	1.8
Durable Goods	16.3	-0.3	6.4	4.0	-1.7	-2.9	0.9	2.8	3.0	3.1	3.1	3.1	4.3	0.8	2.4	6.4	-0.3	3.1
Business Investment	0.6	6.2	1.2	0.4	0.9	1.0	4.4	4.9	3.7	3.3	2.9	2.8	3.0	1.9	3.6	2.1	2.8	3.2
Non-Res. Structures	15.8	11.3	5.0	0.0	-3.0	-5.0	8.0	10.0	5.0	3.0	2.0	2.0	8.0	1.1	4.7	7.8	2.3	3.0
Equipment & IPP*	-0.9	4.8	0.2	0.6	2.0	2.6	3.4	3.6	3.3	3.3	3.1	3.1	2.2	2.1	3.3	1.1	2.9	3.2
Residential Investment	-4.0	-3.6	4.4	-4.8	-3.4	0.2	3.0	6.2	8.6	11.5	8.9	7.4	-11.6	-0.7	7.4	-2.0	1.4	9.1
Govt. Expenditure	5.0	3.3	1.9	1.5	1.3	1.0	0.8	0.6	0.5	0.4	0.5	0.5	3.3	1.4	0.6	2.9	0.9	0.5
Final Domestic Demand	3.5	2.3	3.1	1.0	0.5	0.7	1.6	2.0	2.0	2.1	2.0	1.9	2.1	1.3	1.9	2.5	1.2	2.0
Exports	7.8	-10.6	7.0	1.0	-1.0	0.1	0.7	2.7	3.1	3.0	3.1	3.0	2.5	0.4	2.5	1.0	0.6	3.1
Imports	2.0	-7.0	5.6	2.9	0.7	1.5	2.6	4.1	4.4	3.9	3.2	2.7	-1.9	1.8	3.6	0.8	2.2	3.6
Change in Private Inventories	3.5	-1.8	24.0	32.4	37.5	41.3	41.6	46.0	50.4	50.0	49.6	49.2	14.5	41.6	49.8	--	--	--
Final Sales	4.2	2.2	3.2	0.7	0.3	0.5	1.4	1.8	1.8	2.0	1.9	1.9	2.7	1.1	1.7	2.6	1.0	1.9
International Current Account Balance ($Bn)	-877	-849	-794	-837	-823	-829	-844	-864	-880	-903	-920	-932	-840	-840	-909	--	--	--
% of GDP	-3.3	-3.2	-2.9	-3.0	-3.0	-3.0	-3.0	-3.0	-3.1	-3.1	-3.1	-3.1	-3.1	-3.0	-3.1	--	--	--
Pre-tax Corporate Profits Including IVA&CCA	-15.5	-1.5	27.1	2.2	-14.0	-6.5	-0.8	2.0	4.9	6.5	7.8	7.2	-1.7	-1.7	3.7	2.0	-5.0	6.6
% of GDP	10.6	10.5	11.0	10.9	10.4	10.2	10.1	10.0	10.0	10.1	10.2	10.2	10.7	10.2	10.1	--	--	--
GDP Deflator (y/y)	5.3	3.6	3.1	2.9	2.5	2.7	2.6	2.5	2.4	2.2	2.2	2.2	3.7	2.6	2.2	2.9	2.5	2.2
Nominal GDP	6.1	4.1	6.3	3.7	3.1	3.3	3.8	4.2	4.1	4.1	4.2	4.2	6.0	3.8	4.0	5.0	3.6	4.1
Labor Force	3.8	1.3	2.0	1.6	0.7	0.5	0.4	0.4	0.4	0.4	0.3	0.3	1.8	1.0	0.4	2.2	0.5	0.4
Employment	2.5	1.7	1.5	0.9	0.3	-0.5	-0.5	-0.3	0.6	0.9	0.8	0.8	2.3	0.4	0.3	1.6	-0.2	0.8
Change in Empl. ('000s)	966	666	571	334	134	-188	-201	-124	253	357	311	306	3488	564	512	2537	-379	1227
Unemployment Rate (%)	3.5	3.5	3.6	3.8	3.9	4.1	4.3	4.5	4.4	4.3	4.2	4.1	3.6	4.2	4.2	--	--	--
Personal Disp. Income	12.9	5.9	3.7	4.3	4.8	3.2	3.6	3.9	4.8	4.4	4.5	4.5	7.5	4.1	4.3	6.7	3.9	4.5
Pers. Savings Rate (%)	4.3	4.5	3.6	3.3	3.7	3.8	3.8	3.9	4.1	4.3	4.5	4.6	3.9	3.8	4.4	--	--	--
Cons. Price Index (y/y)	5.8	4.1	3.5	3.5	3.1	2.9	2.7	2.2	2.1	2.0	2.0	2.0	4.2	2.7	2.0	3.5	2.2	2.0
Core CPI (y/y)	5.6	5.2	4.4	4.0	3.6	3.1	3.0	2.8	2.6	2.4	2.3	2.3	4.8	3.1	2.4	4.0	2.8	2.3
Core PCE Price Index (y/y)	4.6	4.4	4.0	3.7	3.2	2.9	2.8	2.5	2.3	2.2	2.1	2.0	4.2	2.8	2.2	3.7	2.5	2.0
Housing Starts (mns)	1.39	1.44	1.44	1.40	1.38	1.31	1.30	1.31	1.35	1.37	1.40	1.43	1.42	1.33	1.39	--	--	--
Real Output per Hour** (y/y)	-0.6	1.3	1.6	1.1	1.4	0.8	0.6	1.2	1.5	1.4	1.2	0.9	0.9	1.0	1.2	1.1	1.2	0.9

F: Forecast by TD Economics, September 2023.

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

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

Economic Indicators: G7 & Europe				
	2022	2023F	2024F	2025F
Real GDP (Annual Per Cent Change)				
G7 (30.8%)*	2.3	1.5	1.0	1.5
U.S.	2.1	2.3	1.3	1.7
Japan	1.0	1.8	1.0	1.0
Euro Area	3.4	0.6	0.6	1.2
Germany	1.9	-0.3	0.5	1.3
France	2.5	0.7	0.6	1.4
Italy	3.8	0.7	0.5	0.9
United Kingdom	4.1	0.3	0.6	1.6
Canada	3.4	1.2	0.7	1.5
Consumer Price Index (Annual Per Cent Change)				
G7	7.3	4.7	2.6	1.9
U.S.	8.0	4.2	2.7	2.0
Japan	2.5	3.1	1.9	1.5
Euro Area	8.4	5.4	2.5	2.0
Germany	8.7	6.1	2.7	2.0
France	5.9	5.7	2.4	2.0
Italy	8.7	6.4	2.2	1.8
United Kingdom	9.1	7.4	2.9	1.8
Canada	6.8	3.8	2.8	2.1
Unemployment Rate (Per Cent Annual Averages)				
U.S.	3.6	3.6	4.2	4.2
Japan	2.6	2.6	2.4	2.3
Euro Area	6.7	6.7	7.4	7.0
Germany	5.3	5.7	5.9	5.5
France	7.3	7.4	7.8	7.5
Italy	8.1	7.8	8.6	8.2
United Kingdom	3.7	4.3	4.9	4.4
Canada	5.3	5.4	6.5	6.6

F: Forecast by TD Economics, September 2023.

* Share of 2021 world gross domestic product (GDP) at PPP.

Source: National Statistics Agencies, TD Economics.

Global Economic Outlook				
Annual Per Cent Change Unless Otherwise Indicated				
	2021 Share*	Forecast		
Real GDP	(%)	2023F	2024F	2025F
World	**100.0**	**3.1**	**2.6**	**2.9**
North America	**19.0**	**2.2**	**1.3**	**1.8**
United States	15.8	2.3	1.3	1.7
Canada	1.4	1.2	0.7	1.5
Mexico	1.8	2.9	1.8	2.2
European Union (EU-27)	**14.8**	**0.7**	**0.9**	**1.4**
Euro Area (EU-20)	12.0	0.6	0.6	1.2
Germany	3.3	-0.3	0.5	1.3
France	2.3	0.7	0.6	1.4
Italy	1.9	0.7	0.5	0.9
Other EU Members	2.8	0.3	1.9	2.2
United Kingdom	2.3	0.3	0.6	1.6
Asia	**44.0**	**4.3**	**3.9**	**4.0**
Japan	3.8	1.8	1.0	1.0
Asian NIC's	3.5	1.2	2.3	2.2
Hong Kong	0.3	4.0	2.1	2.4
Korea	1.7	1.2	2.2	2.3
Singapore	0.4	0.8	2.7	2.5
Taiwan	1.0	0.3	2.4	2.1
Russia	3.1	1.7	1.5	1.0
Australia & New Zealand	1.2	1.6	1.5	2.4
Emerging Asia	32.5	5.3	4.8	4.9
ASEAN-5	5.5	4.5	5.1	5.1
China	18.5	5.0	4.2	4.3
India**	7.0	6.7	6.0	6.3
Central/South America	**5.5**	**1.7**	**1.6**	**2.3**
Brazil	2.4	3.3	1.8	2.1
Other Emerging Markets	**13.3**	**3.8**	**3.0**	**3.1**
Other Advanced	**1.1**	**1.7**	**1.9**	**2.2**

F: Forecast by TD Economics, September 2023.

* Share of 2021 world gross domestic product (GDP) at PPP.

** Forecast for India refers to fiscal year.

Source: International Monetary Fund, TD Economics.