

# Quarterly Economic Forecast

## Cutting to the Chase

September 19, 2024

### Highlights

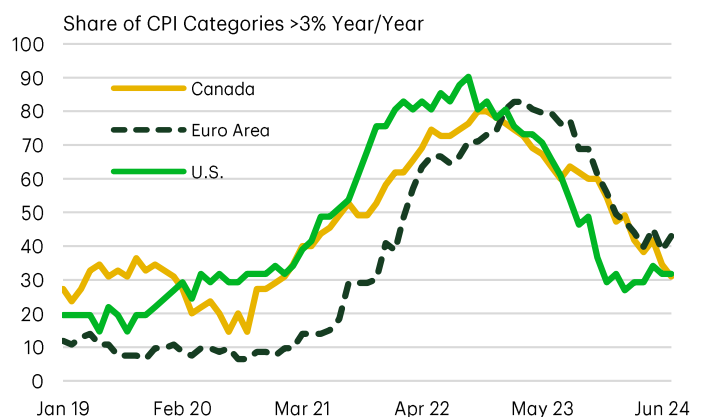
- Although our global growth forecast has barely budged, it overlooks divergent paths between countries. The U.S. and Canada have benefited from upgrades, while previous growth stalwarts like China and Germany are getting the short end of the stick.
- We will hold the pen to alter forecasts once U.S. election outcomes are known. One of those may relate to personal income taxes, which the current baseline forecast keeps unchanged from those implemented in the 2017 TCJA. This is not a political statement, but a nod to the tendency for sunset clauses to not sunset.
- The Bank of Canada is looking pretty good being out ahead of other central banks in cutting interest rates. However, even with that, we think there's still a 200-basis point downhill in front of us.

Despite eventful times in geopolitics, the global economic outlook has held steady, at least on the surface. But the global forecast shown in the table is just a number and doesn't tell the story. There is significant variability between countries. The slight upgrade to the 2024 outlook is largely to the credit of the U.S., with smaller economies also pitching in, like the U.K. and Canada, along with some upgrades in emerging markets. In contrast, previous growth stalwarts like China and Germany have turned into notable laggards. One point of commonality is that global central banks agree that with inflation increasingly under control (Chart 1), it is time to cut to the chase.

In the case of Germany, the economy is still recovering from the energy shock in 2022. Consumer and producer prices rose more than in the rest of the euro area, and household and business confidence is still struggling to recover. Germany contracted in the second quarter and is at risk of a repeat in the third quarter. On the other side of the channel, the UK has outperformed through the first half of the year.

China's strong start to the year toppled under the weight of a shrinking real estate sector and depressed consumer demand. The result is an economy flirting with deflation. There is a real risk that China will miss the growth target set by authorities, with government stimulus measures, so far, proving insufficient in reviving consumer and business confidence.

**Chart 1: Inflation Breadth Narrows Across Economies**



Source: BLS, Stat Can, Eurostat, ONS, TD Economics. Last Observation: July 2024

It is the shot being heard around the world. Commodity prices have responded to concerns of weak Chinese demand, with the outlook for crude oil prices collapsing US\$10 per barrel in just over two weeks despite OPEC+'s deferral of production increases. This has forced a downgrade to our near-term oil price forecast. For central bankers undertaking a rate-cut cycle, this isn't a bad thing since it helps in tapping down headline inflation. But, it may reflect only short-term relief. Oil prices next year are forecast to average \$77 per barrel as falling interest rates support demand and OPEC maintains its attempt to carefully manage global oil supply.

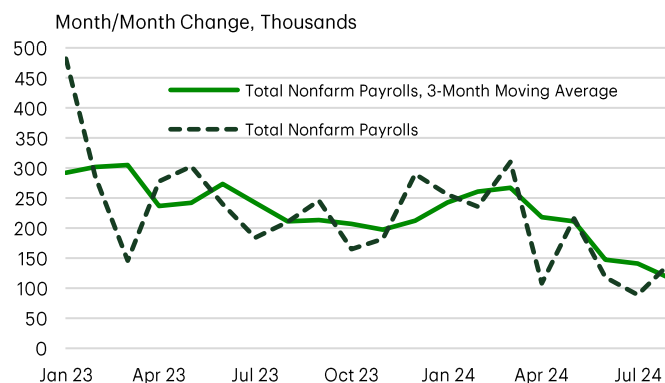
### Is this really a U.S. goldilocks economy?

Over the past quarter, developments in the U.S. economy have read like a storybook. The economy has cooled, but not toppled. Economic growth remains just above 2%, otherwise described as the 'trend pace'. The labor market has also moved back into balance (Chart 2), and inflation has commenced a convincing descent towards the 2% target. The Fed finally has the confidence that it can lower interest rates without stoking too much heat back into the economy. For forecasters buffeted by major swings in recent years, the goldilocks scenario feels too good to be true.

Getting into the nitty gritty of the economy, growth has been revised marginally higher for 2024 to 2.6%, although we expect the pace to continue slowing towards 2% by the end of the year. A similar clip is on tap for next year, as lower interest rates provide a floor under demand. Consumer spending has been resilient thus far, but the central bank must be mindful of the headwinds coming from the erosion of pandemic era excess savings and rising delinquency rates across products and credit quality. Consumers are feeling the weight of high interest rates and need relief, particularly now that labor demand has returned to its cooler pre-pandemic temperature. Likewise, housing demand should improve next year, coming off tough affordability conditions.

Fortunately, business investment has fared better than anticipated. However, this too could lose some of its heat. The second quarter was boosted by aircraft orders that tend to be lumpy and often lead to give-back in the coming quarters. If so, the good news is that it won't be sufficient to upend the sector. The transportation segment still has room to recover as borrowing costs come down. Investment in fleet (trucks, trailers and other light

**Chart 2. U.S. Labor Market Has Cooled Enough for the Fed to Take Notice**



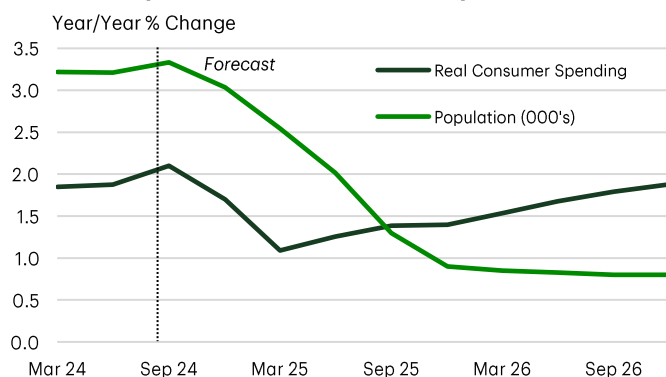
Source: Bureau of Labor Statistics, TD Economics.

vehicles) remain 25% below pre-pandemic levels due to past shortages. So, while overall business investment should slow modestly over the next year in line with the overall economy, the easing interest rate cycle will limit the downside.

The economy looks strong on the eve of the presidential election, but the outlook for fiscal policy is a key uncertainty. Our base case is for government spending to slow, and this is more likely to occur under a divided Congress, which typically leads to constrained fiscal activity. Adding to that is a slowing in state and local spending from higher levels coming out of the pandemic, but there will continue to be an impulse on the infrastructure side. Readers should note that our base case embeds no changes in tax policy because, historically, governments find other compromises to avoid sunset clauses. This is particularly important to the regime of personal income taxes, which are set to expire at the end of 2025 under the TCJA of 2017. In the event Vice President Harris wins the presidency, we are more likely to see some alteration to personal taxes. This could result in a small downward revision to economic growth in the range of 20 to 30 basis points in 2026 depending on the extent of changes and compromises with [Congress](#).

Financial markets agree with our view that we are set for a longer period of easing in the fed funds rate. The Fed opted to go big in its first interest rate cut, with a half percentage point reduction. There was a strong case for this given that inflation has eased to about 2.6%, and the real policy rate is very restrictive – at about 300 basis points above its 20-year average! Now that the Fed has shown a willingness to act decisively to bring

**Chart 3: Population has Been Outpacing Spending in Canada, but for How Long?**



Source: Statistics Canada, TD Economics.

the fed funds rate to a less restrictive level, we expect they will follow through with another half point cut in November, before moving a more gradual cadence of quarter point reductions per meeting thereafter. However, as Chair Powell emphasized in the press conference, the Fed's pace is not on a pre-set course and would be decided on a meeting-by-meeting basis based on the incoming data. Fine tuning the policy rate is an art, not a science. However, the pace of interest rate cuts does not change our view that the goal post is still a neutral rate of 3%.

### Lower rates to fill Canada's sails next year

The Bank of Canada was at the vanguard of global central banks to start cutting interest rates back in June, and the argument for further cuts remains strong. Inflation is on track to reach 2% by the end of this year. Economic growth is tracking slightly better than forecast a quarter ago, but the adjective that best describes it is, subdued. Real GDP growth is expected to clock in at 1.1% this year, well below the trend pace of 1.8%. It is not a pretty picture for the Canadian consumer, where spending is forecast to remain tepid. Real consumer spending advanced at only 0.6% annualized in real terms in the second quarter. The third is not looking much stronger. The modest upgrade to consumer spending growth relative to last quarter is due to better-than expected population growth, where the government is trying to wrap its arms around unsustainable immigration flows but has yet to find success (Chart 3). A faster decline in interest rates is also offering a helping hand in this forecast.

Unfortunately for Canada's [lagging productivity](#) performance, business investment is looking slightly weaker than we had forecast for this year. However, lower borrowing costs and stronger growth should drive a better performance next year, we hope! Solid investment intentions in renewable energy and other infrastructure projects will likely be at the heart of that outcome. Residential investment is also forecast to see a boost starting in the third quarter, after being in the doldrums for more than two years.

It's hard to miss that Canada's labour market has cooled notably over the past year, with the expansion in the labour force nearly double the pace of hiring. The unemployment rate has risen from a post-pandemic low of roughly 5% to 6.6% as of August. The job market is particularly challenging for youth, who account for over 40% of the rise in unemployment over the past year, despite accounting for only 14% of the labour force. This swing in immigration creates one of the biggest uncertainties in our forecast. The Federal government has announced various policy changes on non-permanent residents, but less known is how effective the policies will be and their precise timing of leaving a mark in the data. Our base case is for the unemployment rate to peak at 6.8%, before returning to 6% by the end of the forecast horizon. However, this medium-term profile requires a substantial cooling in labour force growth, consistent with greater restrictions on non-permanent residents in 2025. In reality, we have also had to upgrade our 2024 forecast for population growth, because the data has moved in the opposite direction to announced policies. So it's possible continued resilience in population growth can push the unemployment rate higher than expected.

Regardless of what's happening on the population front, economic slack has reached a stage that is re-anchoring headline inflation very close to 2% by the end of this year. Now, the Bank of Canada must be careful on over-correcting with a monetary setting that pushes inflation thru its target on the downside to any great degree. We estimate for Canada that the "neutral" overnight rate is 2.25%, or two full percentage points lower than the current setting. That means it's highly restrictive and the central bank still has a way to go in cutting interest rates, and that includes the potential for a 50-basis point cut at any meeting.

Exhibits

Interest Rate Outlook												
Interest Rates	2024				2025				2026			
	Q1	Q2	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F
<b>Canada</b>												
Overnight Target Rate	5.00	4.75	4.25	3.75	3.25	3.00	2.75	2.50	2.25	2.25	2.25	2.25
3-mth T-Bill Rate	4.99	4.64	4.00	3.50	3.13	2.88	2.63	2.38	2.25	2.25	2.25	2.25
2-yr Govt. Bond Yield	4.17	3.99	2.95	2.75	2.60	2.50	2.40	2.35	2.35	2.35	2.35	2.35
5-yr Govt. Bond Yield	3.51	3.51	2.70	2.70	2.70	2.65	2.65	2.60	2.60	2.60	2.60	2.60
10-yr Govt. Bond Yield	3.45	3.50	2.90	2.90	2.90	2.90	2.85	2.85	2.85	2.85	2.85	2.85
30-yr Govt. Bond Yield	3.37	3.37	3.10	3.10	3.15	3.15	3.15	3.15	3.15	3.15	3.15	3.15
10-yr-2-yr Govt Spread	-0.72	-0.49	-0.05	0.15	0.30	0.40	0.45	0.50	0.50	0.50	0.50	0.50
<b>U.S.</b>												
Fed Funds Target Rate	5.50	5.50	5.00	4.25	3.75	3.50	3.25	3.00	3.00	3.00	3.00	3.00
3-mth T-Bill Rate	5.23	5.22	4.75	3.90	3.55	3.30	3.00	2.90	2.90	2.90	2.90	2.90
2-yr Govt. Bond Yield	4.59	4.71	3.55	3.25	3.10	3.05	3.00	3.00	3.00	3.00	3.00	3.00
5-yr Govt. Bond Yield	4.21	4.33	3.40	3.35	3.25	3.20	3.20	3.20	3.20	3.20	3.20	3.20
10-yr Govt. Bond Yield	4.20	4.36	3.65	3.55	3.50	3.45	3.45	3.45	3.45	3.45	3.45	3.45
30-yr Govt. Bond Yield	4.34	4.51	3.95	3.85	3.80	3.75	3.75	3.75	3.75	3.75	3.75	3.75
10-yr-2-yr Govt Spread	-0.39	-0.35	0.10	0.30	0.40	0.40	0.45	0.45	0.45	0.45	0.45	0.45
<b>Canada - U.S. Spreads</b>												
Can - U.S. T-Bill Spread	-0.24	-0.58	-0.75	-0.40	-0.42	-0.42	-0.37	-0.52	-0.65	-0.65	-0.65	-0.65
Can - U.S. 10-Year Bond Spread	-0.75	-0.86	-0.75	-0.65	-0.60	-0.55	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60

F: Forecast by TD Economics, September 2024. All forecasts are end-of-period.  
 Source: Bloomberg, Bank of Canada, Federal Reserve, TD Economics.

Foreign Exchange Outlook													
Currency	Exchange Rate	2024				2025				2026			
		Q1	Q2	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F
<b>Exchange Rate to U.S. Dollar</b>													
Euro	USD per EUR	1.08	1.07	1.11	1.07	1.09	1.11	1.14	1.16	1.18	1.20	1.20	1.20
UK Pound	USD per GBP	1.26	1.26	1.31	1.26	1.29	1.30	1.30	1.30	1.30	1.30	1.30	1.30
Japanese Yen	JPY per USD	151.2	160.9	142.0	141.0	140.0	138.6	137.2	135.8	135.2	134.5	133.8	133.1
Chinese Renminbi	CNY per USD	7.22	7.27	7.10	7.20	7.15	7.10	7.05	7.00	6.95	6.90	6.85	6.80
<b>Exchange Rate to Canadian Dollar</b>													
U.S. Dollar	USD per CAD	0.74	0.73	0.74	0.73	0.74	0.74	0.74	0.75	0.75	0.75	0.75	0.75
Euro	CAD per EUR	1.46	1.47	1.51	1.46	1.48	1.50	1.53	1.55	1.58	1.60	1.60	1.60
UK Pound	CAD per GBP	1.71	1.73	1.78	1.72	1.75	1.76	1.75	1.74	1.74	1.73	1.73	1.73
Japanese Yen	JPY per CAD	111.7	117.6	104.4	103.3	102.9	102.7	102.0	101.4	101.2	101.1	100.6	100.1
Chinese Renminbi	CNY per CAD	5.34	5.31	5.22	5.28	5.26	5.26	5.24	5.22	5.21	5.19	5.15	5.11

F: Forecast by TD Economics, September 2024. All forecasts are end-of-period.  
 Source: Bloomberg, Bank of Canada, Federal Reserve, TD Economics.

Canadian Economic Outlook																		
Period-Over-Period Annualized Per Cent Change Unless Otherwise Indicated																		
Economic Indicators	2024				2025				2026				Annual Average			4th Qtr/4th Qtr		
	Q1	Q2	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F	24F	25F	26F	24F	25F	26F
Real GDP	1.8	2.1	1.4	1.6	1.6	1.7	1.8	2.0	2.1	2.1	2.2	2.2	1.1	1.7	2.0	1.7	1.8	2.2
Consumer Expenditure	3.6	0.6	1.0	1.6	1.2	1.3	1.5	1.7	1.7	1.8	1.9	2.0	1.9	1.3	1.7	1.7	1.4	1.9
Durable Goods	2.0	-7.9	5.0	3.0	1.5	1.1	1.3	1.5	1.5	1.6	1.7	1.8	1.7	1.5	1.5	0.4	1.3	1.6
Business Investment	3.5	8.8	-7.1	2.4	3.4	3.5	3.4	3.4	3.1	2.9	2.7	2.6	-1.6	2.2	3.1	1.7	3.4	2.8
Non-Res. Structures	3.7	2.0	3.0	3.5	3.7	3.8	3.7	3.6	3.3	3.1	2.9	2.7	-2.2	3.5	3.3	3.0	3.7	3.0
Equipment & IPP*	3.2	16.1	-16.0	1.3	3.1	3.1	3.2	3.2	3.0	2.8	2.6	2.5	-1.0	0.9	2.9	0.5	3.1	2.7
Residential Investment	-0.1	-7.3	3.0	4.0	5.0	4.5	4.1	3.7	3.4	3.2	2.9	2.8	-0.4	3.5	3.5	-0.2	4.3	3.1
Govt. Expenditure	2.5	6.7	2.7	2.4	2.3	2.2	2.1	2.1	2.0	2.0	2.0	1.9	2.6	2.6	2.0	3.5	2.2	2.0
Final Domestic Demand	3.1	2.4	0.5	2.0	1.9	1.9	2.0	2.1	2.0	2.1	2.1	2.1	1.5	1.8	2.0	2.0	2.0	2.1
Exports	2.0	-1.8	2.6	3.5	3.4	3.2	3.1	3.0	2.9	2.9	2.8	2.8	1.1	2.9	3.0	1.6	3.2	2.9
Imports	0.1	-0.5	-2.7	3.2	3.1	3.0	2.9	2.9	2.8	2.8	2.7	2.7	0.3	2.1	2.8	0.0	3.0	2.7
Change in Non-Farm Inventories (2012, \$Bn)	28.4	24.0	20.0	17.8	16.6	15.1	14.1	13.6	13.6	14.1	15.1	15.6	22.5	14.9	14.6	--	--	--
Final Sales	5.5	2.7	1.2	2.4	2.2	2.2	2.2	2.2	2.1	2.0	1.9	2.0	2.3	2.1	2.1	2.9	2.2	2.0
International Current Account Balance (\$Bn)	-21.5	-33.9	-5.2	-8.1	-11.6	-9.6	-6.0	-2.9	-0.3	2.0	3.9	5.5	-17.2	-7.5	2.8	--	--	--
% of GDP	-0.7	-1.1	-0.2	-0.3	-0.4	-0.3	-0.2	-0.1	0.0	0.1	0.1	0.2	-0.6	-0.2	0.1	--	--	--
Pre-Tax Corp. Profits	-34.4	15.1	2.2	4.6	6.2	3.3	5.9	5.9	5.8	5.8	5.8	5.6	-3.5	5.3	5.7	-5.2	5.3	5.8
% of GDP	11.8	12.0	11.9	12.0	12.0	12.0	12.1	12.1	12.2	12.2	12.2	12.3	11.9	12.1	12.2	--	--	--
GDP Deflator (y/y)	3.5	3.9	3.0	2.0	2.7	2.0	1.8	1.9	2.2	2.3	2.4	2.3	3.1	2.1	2.3	2.0	1.9	2.3
Nominal GDP	0.3	7.1	4.3	3.5	3.0	3.7	4.1	4.3	4.5	4.6	4.6	4.5	4.3	3.9	4.4	3.8	3.8	4.6
Labour Force	2.0	4.1	1.9	2.0	0.8	0.7	0.4	0.3	0.3	0.3	0.3	0.3	2.7	1.3	0.3	2.5	0.5	0.3
Employment	1.5	2.4	0.4	1.1	0.8	1.1	0.8	0.7	0.7	0.7	0.7	0.7	1.6	1.0	0.8	1.4	0.9	0.7
Change in Empl. ('000s)	76	120	22	58	41	58	43	38	39	39	39	39	327	200	161	276	180	156
Unemployment Rate (%)	5.9	6.3	6.6	6.8	6.8	6.7	6.6	6.5	6.4	6.3	6.2	6.1	6.4	6.7	6.3	--	--	--
Personal Disp. Income	6.8	6.1	4.8	2.9	2.0	2.5	2.1	2.0	2.4	2.6	2.9	3.2	6.2	2.9	2.5	5.1	2.1	2.8
Pers. Savings Rate (%)	6.7	7.2	7.3	7.2	7.0	7.0	6.8	6.4	6.1	5.8	5.5	5.2	7.1	6.8	5.6	--	--	--
Cons. Price Index (y/y)	2.9	2.8	2.2	2.1	2.2	2.1	2.0	2.0	2.0	2.1	2.1	2.1	2.5	2.1	2.1	2.1	2.0	2.1
CPIX (y/y)**	2.2	1.8	1.6	1.5	1.9	2.0	2.1	2.0	2.0	2.0	2.0	2.0	1.8	2.0	2.0	1.5	2.0	2.0
BoC Inflation (y/y)***	3.1	2.7	2.4	2.2	2.3	2.2	2.1	2.0	2.0	2.0	2.0	2.0	2.6	2.1	2.0	2.2	2.0	2.0
Housing Starts ('000s)	245	250	249	239	234	236	240	243	248	252	256	257	246	238	253	--	--	--
Home Prices (y/y)	4.3	-2.8	0.4	3.7	5.8	6.8	7.7	7.2	5.1	3.5	3.0	2.8	1.3	6.9	3.6	3.7	7.2	2.8
Real GDP / Worker (y/y)	-1.1	-0.9	-0.2	0.4	0.5	0.7	0.7	0.9	1.0	1.2	1.4	1.4	-0.5	0.7	1.3	0.4	0.9	1.4

F: Forecast by TD Economics, September 2024.

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, TD Economics.

U.S. Economic Outlook																		
Period-Over-Period Annualized Per Cent Change Unless Otherwise Indicated																		
Economic Indicators	2024				2025				2026				Annual Average			4th Qtr/4th Qtr		
	Q1	Q2	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F	24F	25F	26F	24F	25F	26F
Real GDP	1.4	3.0	2.1	1.6	1.5	1.9	2.2	2.5	2.4	2.2	2.2	2.1	2.6	1.9	2.3	2.0	2.0	2.2
Consumer Expenditure	1.5	2.9	3.5	2.1	1.3	1.5	1.7	1.8	1.8	1.9	2.0	2.1	2.5	1.9	1.8	2.5	1.5	2.0
Durable Goods	-4.4	4.9	9.0	2.6	-0.4	1.0	1.7	3.0	3.0	3.0	3.0	3.0	2.4	2.4	2.7	2.9	1.3	3.0
Business Investment	4.4	4.6	3.7	2.7	2.9	3.6	4.1	4.5	4.9	3.6	3.4	3.4	3.9	3.4	4.1	3.8	3.8	3.8
Non-Res. Structures	3.4	-1.6	0.0	6.0	4.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	5.2	3.1	3.0	1.9	3.2	3.0
Equipment & IPP*	4.8	6.4	4.7	1.8	2.5	3.7	4.5	4.9	5.4	3.8	3.5	3.5	3.6	3.5	4.4	4.4	3.9	4.1
Residential Investment	16.0	-2.1	-13.0	-1.5	6.0	10.0	11.8	13.7	11.4	9.1	6.7	4.4	2.7	3.4	10.3	-0.7	10.3	7.9
Govt. Expenditure	1.8	2.7	2.0	1.5	0.7	0.5	0.5	0.5	0.3	0.3	0.2	0.2	3.1	1.1	0.3	2.0	0.5	0.2
Final Domestic Demand	2.4	2.9	2.6	1.9	1.6	1.9	2.2	2.4	2.3	2.2	2.1	2.1	2.8	2.0	2.2	2.5	2.0	2.2
Exports	1.6	1.6	4.0	2.5	2.6	2.7	3.0	3.3	3.6	3.5	3.5	3.5	2.3	2.8	3.4	2.4	2.9	3.5
Imports	6.1	7.0	7.0	4.4	2.0	2.1	2.1	2.6	2.8	2.8	2.8	2.8	4.4	3.4	2.6	6.1	2.2	2.8
Change in Private Inventories	28.6	69.0	66.1	65.1	59.3	57.2	55.0	55.0	55.0	55.0	55.0	55.0	57.2	56.6	55.0	--	--	--
Final Sales	1.8	2.2	2.1	1.6	1.6	1.9	2.3	2.5	2.4	2.2	2.2	2.1	2.5	1.9	2.3	1.9	2.1	2.2
International Current Account Balance (\$Bn)	-951	-1024	-1029	-1099	-1103	-1112	-1107	-1106	-1092	-1099	-1095	-1088	-1026	-1107	-1093	--	--	--
% of GDP	-3.4	-3.6	-3.6	-3.8	-3.7	-3.7	-3.7	-3.6	-3.5	-3.5	-3.5	-3.4	-3.6	-3.7	-3.5	--	--	--
Pre-tax Corporate Profits Including IVA&CCA	-5.4	7.0	8.7	-4.9	-4.7	6.1	5.5	5.9	9.8	5.6	7.7	7.1	5.5	1.5	7.1	1.1	3.1	7.5
% of GDP	11.9	12.0	12.1	11.8	11.6	11.6	11.6	11.7	11.8	11.8	11.9	12.0	11.9	11.6	11.9	--	--	--
GDP Deflator (y/y)	2.4	2.6	2.4	2.6	2.3	2.3	2.2	2.3	2.4	2.3	2.3	2.3	2.5	2.3	2.3	2.6	2.3	2.3
Nominal GDP	4.5	5.5	4.5	3.9	3.6	4.3	4.5	4.9	5.2	4.0	4.4	4.5	5.2	4.2	4.6	4.6	4.3	4.5
Labor Force	-0.6	0.9	1.5	0.5	0.7	0.7	0.9	0.7	0.7	0.6	0.6	0.7	0.6	0.8	0.7	0.6	0.8	0.7
Employment	2.0	1.5	1.0	0.8	0.7	0.9	0.9	0.9	0.7	0.7	0.7	0.7	1.6	0.9	0.8	1.3	0.9	0.7
Change in Empl. ('000s)	771	576	377	333	295	356	360	360	300	270	270	270	2459	1414	1244	2057	1371	1110
Unemployment Rate (%)	3.8	4.0	4.2	4.3	4.3	4.3	4.2	4.1	4.0	4.0	4.0	4.0	4.1	4.2	4.0	--	--	--
Personal Disp. Income	4.8	3.6	3.5	3.5	4.7	3.4	4.0	4.4	5.6	4.9	4.8	5.0	3.8	3.9	4.8	3.9	4.1	5.1
Pers. Savings Rate (%)	3.8	3.3	2.8	2.6	3.0	2.9	3.0	3.2	3.6	3.8	4.0	4.2	3.1	3.0	3.9	--	--	--
Cons. Price Index (y/y)	3.2	3.2	2.9	2.9	2.4	2.3	2.2	2.1	2.2	2.2	2.2	2.2	3.1	2.3	2.2	2.9	2.1	2.2
Core CPI (y/y)	3.8	3.4	3.2	3.0	2.5	2.3	2.3	2.3	2.2	2.2	2.2	2.2	3.4	2.3	2.2	3.0	2.3	2.2
Core PCE Price Index (y/y)	2.9	2.6	2.7	2.7	2.3	2.1	2.1	2.0	2.0	2.0	2.0	2.0	2.7	2.1	2.0	2.7	2.0	2.0
Housing Starts (mns)	1.4	1.3	1.3	1.3	1.4	1.4	1.4	1.5	1.5	1.5	1.6	1.6	1.3	1.4	1.5	--	--	--
Real Output per Hour** (y/y)	2.9	2.7	1.9	1.5	1.6	1.3	1.2	1.2	1.3	1.4	1.6	1.6	2.3	1.3	1.5	1.5	1.2	1.6

F: Forecast by TD Economics, September 2024.

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

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

Economic Indicators: G7 & Europe				
	2023	2024F	2025F	2026F
<b>Real GDP (Annual Per Cent Change)</b>				
<b>G7 (42.4%)*</b>	1.7	1.6	1.6	1.8
U.S.	2.5	2.6	1.9	2.3
Japan	1.7	0.2	1.5	0.8
Euro Area	0.5	0.8	1.3	1.3
Germany	-0.1	0.0	1.0	1.3
France	1.1	1.2	1.2	1.6
Italy	1.0	0.8	1.1	0.8
United Kingdom	0.1	1.1	1.4	1.5
Canada	1.2	1.1	1.7	2.0
<b>Consumer Price Index (Annual Per Cent Change)</b>				
<b>G7</b>	4.7	2.8	2.1	2.0
U.S.	4.1	3.1	2.3	2.2
Japan	3.3	2.2	1.5	1.5
Euro Area	5.4	2.5	2.1	2.0
Germany	6.0	2.4	2.0	2.0
France	5.7	2.5	1.9	2.0
Italy	5.9	1.2	1.8	1.7
United Kingdom	7.3	2.6	2.4	2.1
Canada	3.9	2.5	2.1	2.1
<b>Unemployment Rate (Per Cent Annual Averages)</b>				
U.S.	3.6	4.1	4.2	4.0
Japan	2.6	2.6	2.3	2.3
Euro Area	6.6	6.5	6.5	6.4
Germany	5.7	6.0	5.9	5.8
France	7.4	7.5	7.3	7.2
Italy	7.7	7.2	7.7	7.6
United Kingdom	4.0	4.4	4.5	4.3
Canada	5.4	6.4	6.7	6.3

F: Forecast by TD Economics, September 2024.  
 \*Share of 2022 world gross domestic product (GDP) at PPP.  
 Source: National Statistics Agencies, IMF, TD Economics.

Global Economic Outlook				
Annual Per Cent Change Unless Otherwise Indicated				
	2022 Share*	Forecast		
Real GDP	(%)	2024F	2025F	2026F
<b>World</b>	<b>100.0</b>	<b>3.2</b>	<b>3.1</b>	<b>3.1</b>
<b>North America</b>	<b>18.9</b>	<b>2.4</b>	<b>1.9</b>	<b>2.2</b>
United States	15.5	2.6	1.9	2.3
Canada	1.4	1.1	1.7	2.0
Mexico	1.9	1.5	2.1	2.0
<b>European Union (EU-27)</b>	<b>14.9</b>	<b>1.0</b>	<b>1.6</b>	<b>1.5</b>
Euro Area (EU-20)	12.0	0.8	1.3	1.3
Germany	3.3	0.0	1.0	1.3
France	2.3	1.2	1.2	1.6
Italy	1.9	0.8	1.1	0.8
Other EU Members	2.8	2.4	2.8	2.4
<b>Asia</b>	<b>45.0</b>	<b>4.4</b>	<b>4.2</b>	<b>4.1</b>
Japan	3.8	0.2	1.5	0.8
Asian NIC's	3.5	2.9	2.4	2.5
Hong Kong	0.3	3.2	2.4	2.6
Korea	1.7	2.3	2.3	2.5
Singapore	0.4	2.5	2.2	2.5
Taiwan	1.0	3.9	2.7	2.4
Russia	2.9	3.8	2.2	1.8
Australia & New Zealand	1.2	1.2	2.3	2.5
Emerging Asia	32.8	5.3	5.0	4.9
ASEAN-5	5.2	4.9	5.1	5.1
China	18.4	4.9	4.4	4.3
India**	7.3	6.5	6.7	6.5
<b>Central/South America</b>	<b>5.4</b>	<b>1.6</b>	<b>2.4</b>	<b>2.4</b>
Brazil	2.3	2.8	2.3	2.2
<b>Other Emerging Markets</b>	<b>12.7</b>	<b>3.2</b>	<b>3.7</b>	<b>3.4</b>
<b>Other Advanced</b>	<b>3.4</b>	<b>1.3</b>	<b>1.7</b>	<b>3.2</b>
United Kingdom	2.3	1.1	1.4	1.5

F: Forecast by TD Economics, September 2024.  
 \* Share of 2022 world gross domestic product (GDP) at PPP.  
 \*\* Forecast for India refers to fiscal year.  
 Source: National Statistics Agencies, IMF, TD Economics.

Commodity Price Outlook												
Commodity	2024				2025				2026			
	Q1	Q2	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F
Crude Oil (WTI, \$US/bbl)	77	81	77	76	75	76	77	78	78	78	79	79
Natural Gas (\$US/MMBtu)	2.23	2.07	2.20	2.50	2.90	3.10	3.10	3.30	3.32	3.33	3.35	3.37
Gold (\$US/troy oz.)	2072	2336	2430	2475	2495	2450	2400	2375	2387	2399	2411	2423
Silver (\$US/troy oz.)	23.37	28.87	28.75	29.50	32.00	31.50	31.00	30.50	30.65	30.81	30.96	31.11
Copper (cents/lb)	383	442	413	420	435	435	435	435	437	439	442	444
Nickel (\$US/lb)	7.52	8.35	7.40	7.53	7.70	7.60	7.60	7.50	7.54	7.58	7.61	7.65
Aluminum (cents/lb)	100	114	107	111	112	112	115	115	116	116	117	117
Wheat (\$US/bu)	5.87	6.04	5.50	5.60	5.80	5.80	5.80	5.80	5.83	5.86	5.89	5.92

F: Forecast by TD Economics, September 2024. All forecasts are period averages.  
 Source: Bloomberg, TD Economics, USDA (Haver).

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