

Quarterly Economic Forecast As The World Turns

December 11, 2025

Highlights

- Global growth has stood up to trade turmoil better than many feared earlier this year. Even with momentum expected to slow in 2026, it will be to a lesser extent than we expected three months ago.
- In contrast, the U.S. economy is forecast to gain a step as Fed rate cuts, the One Big Beautiful Bill Act (OBBBA) and regulatory changes provide a tailwind.
- Canada is also an economy of contrasts. Government initiatives to boost investment are likely to meet some resistance with 2026's CUSMA review. The Bank of Canada has done its part, with government spending set to play an increasing role.

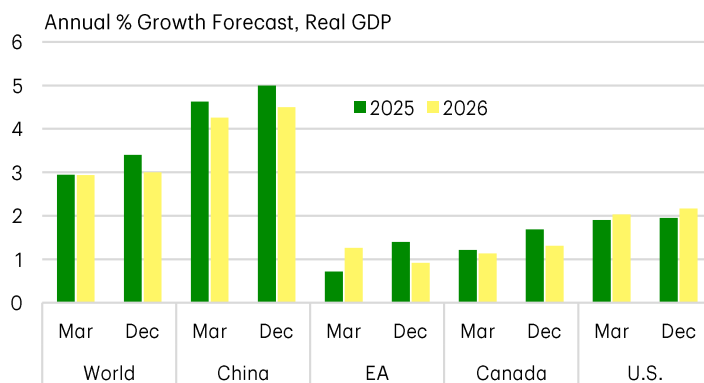
As the world turns the page on 2025, key global growth players are on track to meet or exceed our forecasts from earlier this year, despite the disruption from U.S. trade policy (Chart 1). For a variety of reasons tariffs have not proven as punitive compared to the announced tariff rates, and interest rate cuts by global central banks provided a needed tailwind (see [report](#)). Looking ahead, the same story will unfold, but a further downshift is likely as most major central banks have reached the end of rate-cutting cycles and must now ensure balanced policy against stable inflation. And while government deficits are expanding in many economies, this is not a universal theme. Some face pressures to consolidate, minimizing the global fiscal impulse next year.

China was among the forecast outperformers, albeit investment is now weakening. This most recent bump in the road will firm the resolve of authorities to prop up the economy through policy support next year. Meanwhile, governments in the eurozone are expected to ramp up spending, particularly on defense. However, it will take time for major countries to follow through on their announcements, with that fiscal impulse becoming more evident in the second half of 2026.

Tailwinds set to lift U.S. economy in 2026

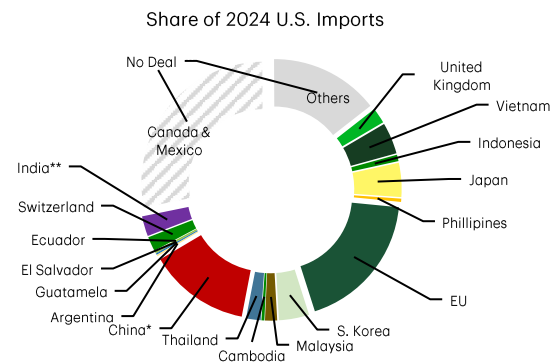
The U.S. economy too was resilient and outperformed expectations, albeit much has yet to be revealed. The

Chart 1: 2025 Global Economy—Tariff Troubles Not Evident



Note: EA = Euro Area. Source: TD Economics.

**Chart 2: Who's Left On The Trade Wheel of Fortunes?
Canada and Mexico!**



*A one year suspension of tariffs. **Nearing completion.
Source: White House, U.S. Census Bureau, TD Economics.

government shutdown has delayed the release of key official data, including third quarter GDP data, which is typically used to inform this forecast. Surveys and alternative private sector sources suggest some sluggishness has materialized recently. This wouldn't be a total surprise in the face of the longest government shutdown in history, amidst the other policy shocks from trade and immigration.

However, looking ahead to 2026, there are at least three tailwinds set to lift growth, including: fiscal stimulus from the One Big Beautiful Bill (which will help to lift household incomes and boost business investment through the accelerated depreciation), regulatory reform and the AI data center power boom. These tailwinds create a healthy updraft in growth from 1.8% in 2025 (on a Q4/Q4 basis) to 2.2% next year.

AI was not only a big part of the story in the stock market, but also in the real economy. AI related investments drove half the growth in the U.S. economy so far in 2025. CAPEX in most other areas remained subdued, reflecting heightened uncertainty following the stop-start rollout of trade policies. However, the recent string of trade agreements, which now covers 60% of US imports – has helped to reduce uncertainty (Chart 2). Nearly a quarter of small businesses are planning to make capital outlays over the next 3-6 months – the highest level in nearly a year. This supports a rotation in investment next year, supported by the OBBBA.

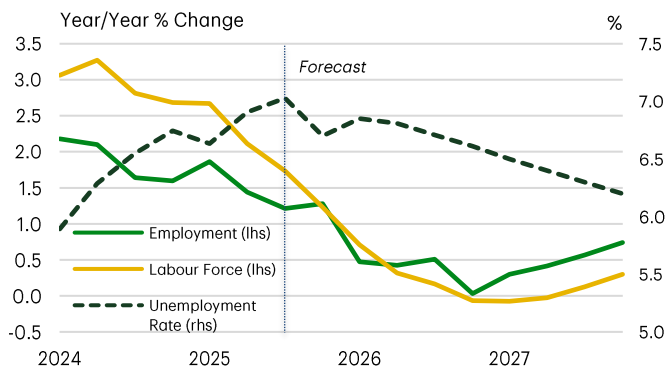
However, consumer spending has been losing steam. It grew at an annualized rate of 1.3% through the first nine months of the year – less than half its 2024 pace. Tighter immigration, a softening labor market, and general economic uncertainty have been contributors. There's also reason to believe that lower-and-middle income earners have disproportionately pulled back on discretionary spending, while higher-income spending remains robust. Although delinquencies for credit cards and autos have risen across all income levels in recent years, the lower-and middle-income earners have seen the steepest increase with today's rates holding well above pre-pandemic levels. Likewise, auto delinquencies for lower-and-middle income earners continue to climb.

Unfortunately, the Fed has nothing in its toolkit to address the 'K-Shaped' spending pattern that is taking hold. We expect the Fed to lower the funds rate to 3.25% in 2026, which should provide some relief to struggling households. As for future homeowners, they may not see as much of a benefit flow through fixed-term mortgage rates relative to today's levels (see [report](#)). The White House has taken notice of household dissatisfaction, with confidence by some measures at an all time low. The administration has shifted focus towards addressing affordability more directly, starting by dropping tariffs on over 200 imported food products to help with grocery bills. It has proposed mortgage policy changes, including 50-year mortgages that lower payments but could push up housing prices over time. Also, portable mortgages may allow people to keep their lower rates when moving, which could help increase housing supply. Finally, President Trump has floated \$2,000 tariff dividend checks for working-class families. It remains to be seen how much influence the fiscal hawks in Congress would have in restraining or altering that intent. In the meantime, these policy proposals are not included in our forecast but would boost consumer spending and the housing market if enacted.

Cloudy with a chance of tariffs for Canada

Canada's outlook has a Charlie Brown cloud hanging over its head with the future of the U.S. trading relationship still undetermined. Tariffs already in place are hav-

Chart 3: Weaker Job Gains in Canada Offset by Fewer New Workers



Source: Statistics Canada, TD Economics.

ing clear impacts on Canada's economy, most obvious in the three straight quarters of businesses cutting back on investments. Unfortunately, we do not expect clarity on U.S. market access or a reduction in tariff rates in 2026. The review of CUSMA is underway and we don't know which side of the coin the outcome will land. It could result in a better or worse situation than Canada's already in. This uncertainty will hold back growth in the economy to another sub-par year in 2026.

Not all is downtrodden. Residential investment has held up through mid-year as re-sale activity picked up after a first-quarter freeze. Robust growth in rental construction has buoyed housing starts. However, this effect has faded to start the fourth quarter, as purpose-built rental construction slowed in October and sales have trended sideways since August.

Canada's labour market has also defied gravity recently. The unemployment rate had risen steadily since mid 2023, but has improved from 7.2% in the summer to 6.5% in November. Given the shifts in Canada's immigration

policy (see [report](#)), the labour force sees only minimal growth in the coming quarters, which limits the rise in the unemployment rate that would normally be expected given a very ho-hum economic outlook (Chart 3).

The consumer has been more resilient than expected so far in 2025, with patriotic spending domestically helping to buffer the hit to confidence. However, this performance gets harder to sustain next year as the longevity of economic uncertainty takes a toll on consumer confidence and hiring intentions. It will, however, help cap upward pressure on prices stemming from ongoing trade disruptions. We agree with the Bank of Canada's assessment that inflation risks appear balanced. If the economy persists on the modest growth path outlined in the table, we expect the Bank of Canada to hold its overnight rate at 2.25% for the foreseeable future.

Before you head for the exits, there are upside risks to the forecast. Canada continues its efforts to diversify trade relationships and build out infrastructure. Government spending is a key support to growth over the next two years. We have been conservative on how much private investment is unleashed by the federal government's recent efforts in the budget (see [report](#)). So, a better-than-expected execution presents an upside risk to the outlook. The other upside risk is on the trade front. If the CUSMA review goes better than expected and results in a more favourable tariff regime than today, we could see the dark clouds part on investor sentiment in Canada, brightening the growth outlook.

Exhibits

Interest Rate Outlook												
Interest Rates	2025				2026				2027			
	Q1	Q2	Q3	Q4F	Q1F	Q2F	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F
Canada												
Overnight Target Rate	2.75	2.75	2.50	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25
3-mth T-Bill Rate	2.62	2.65	2.42	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25
2-yr Govt. Bond Yield	2.46	2.59	2.47	2.65	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60
5-yr Govt. Bond Yield	2.61	2.83	2.74	3.05	3.00	2.90	2.90	2.90	2.90	2.90	2.90	2.90
10-yr Govt. Bond Yield	2.97	3.28	3.17	3.45	3.30	3.15	3.15	3.15	3.15	3.15	3.15	3.15
30-yr Govt. Bond Yield	3.23	3.56	3.62	3.85	3.60	3.45	3.45	3.45	3.45	3.45	3.45	3.45
10-yr-2-yr Govt Spread	0.51	0.69	0.70	0.80	0.70	0.55	0.55	0.55	0.55	0.55	0.55	0.55
U.S.												
Fed Funds Target Rate	4.50	4.50	4.25	3.75	3.75	3.50	3.25	3.25	3.25	3.25	3.25	3.25
3-mth T-Bill Rate	4.21	4.24	3.86	3.65	3.55	3.30	3.15	3.15	3.15	3.15	3.15	3.15
2-yr Govt. Bond Yield	3.89	3.72	3.60	3.60	3.50	3.35	3.35	3.35	3.35	3.35	3.35	3.35
5-yr Govt. Bond Yield	3.96	3.79	3.74	3.75	3.75	3.70	3.70	3.70	3.70	3.70	3.70	3.70
10-yr Govt. Bond Yield	4.23	4.24	4.16	4.15	4.05	4.00	4.00	4.00	4.00	4.00	4.00	4.00
30-yr Govt. Bond Yield	4.59	4.78	4.73	4.75	4.60	4.50	4.50	4.50	4.50	4.50	4.50	4.50
10-yr-2-yr Govt Spread	0.34	0.52	0.56	0.55	0.55	0.65	0.65	0.65	0.65	0.65	0.65	0.65
Canada - U.S. Spreads												
Can - U.S. T-Bill Spread	-1.59	-1.59	-1.44	-1.40	-1.30	-1.05	-0.90	-0.90	-0.90	-0.90	-0.90	-0.90
Can - U.S. 10-Year Bond Spread	-1.26	-0.96	-0.99	-0.70	-0.75	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85

F: Forecast by TD Economics, December 2025. All forecasts are end-of-period.

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

Foreign Exchange Outlook													
Currency	Exchange Rate	2025				2026				2027			
		Q1	Q2	Q3	Q4F	Q1F	Q2F	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F
Exchange Rate to U.S. Dollar													
Euro	USD per EUR	1.08	1.18	1.17	1.16	1.18	1.20	1.20	1.20	1.20	1.20	1.20	1.20
UK Pound	USD per GBP	1.29	1.37	1.34	1.33	1.35	1.37	1.39	1.40	1.40	1.40	1.40	1.40
Japanese Yen	JPY per USD	149.9	144.2	148.0	155.1	154.3	153.6	152.8	152.0	151.3	150.5	149.8	149.0
Chinese Renminbi	CNY per USD	7.26	7.16	7.12	7.07	7.02	6.97	6.92	6.87	6.82	6.77	6.72	6.67
Exchange Rate to Canadian Dollar													
U.S. Dollar	USD per CAD	0.70	0.73	0.72	0.72	0.73	0.73	0.74	0.74	0.75	0.75	0.75	0.75
Euro	CAD per EUR	1.55	1.60	1.63	1.61	1.62	1.64	1.63	1.61	1.60	1.60	1.60	1.60
UK Pound	CAD per GBP	1.85	1.87	1.87	1.85	1.86	1.87	1.88	1.88	1.86	1.86	1.86	1.86
Japanese Yen	JPY per CAD	104.2	105.9	106.2	111.6	112.3	112.5	112.8	113.0	113.7	113.2	112.6	112.0
Chinese Renminbi	CNY per CAD	5.05	5.26	5.11	5.08	5.10	5.11	5.11	5.10	5.13	5.09	5.05	5.02
F: Forecast by TD Economics, December 2025. All forecasts are end-of-period. Source: Bloomberg, Bank of Canada, Federal Reserve, TD Economics.													

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

Canadian Economic Outlook																		
Period-Over-Period Annualized Per Cent Change Unless Otherwise Indicated																		
Economic Indicators	2025				2026				2027				Annual Average			4th Qtr/4th Qtr		
	Q1	Q2	Q3	Q4F	Q1F	Q2F	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F	25F	26F	27F	25F	26F	27F
Real GDP	2.2	-1.8	2.6	0.6	1.5	1.6	1.6	1.6	1.6	1.8	1.8	1.8	1.7	1.3	1.7	0.9	1.6	1.8
Consumer Expenditure	0.8	4.2	-0.4	0.9	1.3	1.3	1.4	1.6	1.6	1.8	1.8	1.8	2.1	1.2	1.6	1.4	1.4	1.7
Durable Goods	-4.9	4.2	-4.6	-2.0	1.5	1.5	1.7	1.8	1.9	1.9	1.8	1.8	1.1	0.3	1.8	-1.9	1.6	1.9
Business Investment	-0.3	-3.3	-4.0	-0.6	0.8	1.6	1.7	1.7	1.7	1.7	1.7	1.7	-0.4	-0.1	1.7	-2.1	1.4	1.7
Non-Res. Structures	-3.3	6.6	-1.0	-2.0	1.0	1.0	1.0	1.1	1.2	1.3	1.3	1.4	1.0	0.5	1.2	0.0	1.0	1.3
Equipment & IPP*	2.6	-11.9	-6.9	0.7	0.6	2.1	2.3	2.2	2.2	2.1	2.0	2.0	-1.8	-0.6	2.2	-4.1	1.8	2.1
Residential Investment	-11.6	4.4	6.7	-2.0	2.0	1.5	1.5	1.6	1.6	1.6	1.6	1.6	1.7	1.8	1.6	-0.9	1.6	1.6
Govt. Expenditure	-0.3	5.0	0.3	3.8	4.2	3.8	3.6	3.5	3.0	2.7	2.6	2.4	2.6	3.5	3.1	2.2	3.8	2.7
Final Domestic Demand	-0.6	3.5	-0.1	1.3	2.0	1.9	2.0	2.1	2.0	2.0	1.9	1.9	1.9	1.7	2.0	1.0	2.0	2.0
Exports	2.8	-25.1	0.7	1.4	1.8	2.5	2.1	1.7	1.8	1.8	1.9	2.0	-2.9	-0.2	1.9	-5.8	2.0	1.9
Imports	2.9	-0.4	-8.6	1.0	2.2	2.6	2.7	2.7	2.6	2.6	2.6	2.6	-0.5	0.6	2.6	-1.4	2.5	2.6
Change in Non-Farm Inventories (2012, \$Bn)	2.1	23.3	17.3	13.3	11.1	9.6	8.6	7.8	7.3	7.8	8.3	8.8	14.0	9.3	8.1	--	--	--
Final Sales	-3.2	0.0	0.6	1.9	2.4	2.2	2.2	2.2	2.1	1.9	1.9	1.8	1.4	1.8	2.0	-0.2	2.2	1.9
International Current Account Balance (\$Bn)	-12.2	-86.2	-38.7	-37.6	-37.8	-35.6	-34.6	-36.8	-39.0	-41.0	-42.9	-44.5	-43.7	-36.2	-41.8	--	--	--
% of GDP	-0.4	-2.7	-1.2	-1.2	-1.1	-1.1	-1.0	-1.1	-1.1	-1.2	-1.2	-1.3	-1.3	-1.1	-1.2	--	--	--
Pre-Tax Corp. Profits	9.4	-14.5	15.4	-4.5	1.2	1.2	1.1	2.3	2.2	2.3	3.6	3.6	5.6	0.7	2.3	0.8	1.4	3.0
% of GDP	14.4	13.9	14.2	14.0	13.9	13.8	13.7	13.6	13.6	13.5	13.5	13.5	14.2	13.8	13.6	--	--	--
GDP Deflator (y/y)	3.1	2.3	2.4	2.1	1.9	2.4	2.3	2.4	2.3	2.1	2.1	2.0	2.5	2.2	2.1	2.1	2.4	2.0
Nominal GDP	5.6	-1.5	5.9	2.2	4.1	4.1	4.1	3.8	3.7	3.9	3.8	3.8	4.2	3.6	3.8	3.0	4.0	3.8
Labour Force	2.2	1.6	0.4	0.7	0.1	0.0	-0.2	-0.2	0.1	0.2	0.4	0.5	1.9	0.3	0.1	1.2	-0.1	0.3
Employment	2.7	0.4	-0.1	2.2	-0.5	0.2	0.2	0.2	0.6	0.6	0.8	0.9	1.4	0.4	0.5	1.3	0.0	0.7
Change in Empl. ('000s)	141	20	-6	112	-27	9	12	12	30	33	44	49	300	75	107	267	7	156
Unemployment Rate (%)	6.6	6.9	7.0	6.7	6.9	6.8	6.7	6.6	6.5	6.4	6.3	6.2	6.8	6.7	6.4	--	--	--
Personal Disp. Income	2.3	2.8	3.3	5.7	1.7	2.4	2.7	2.9	3.4	3.4	3.6	3.6	4.6	3.0	3.2	3.5	2.4	3.5
Pers. Savings Rate (%)	5.2	4.6	4.7	5.3	4.8	4.6	4.4	4.3	4.2	4.1	4.0	4.0	4.9	4.5	4.1	--	--	--
Cons. Price Index (y/y)	2.3	1.8	2.0	2.2	2.0	2.4	2.3	2.1	2.0	2.0	2.0	2.0	2.1	2.2	2.0	2.2	2.1	2.0
CPIX (y/y)**	2.3	2.6	2.7	2.8	2.5	2.3	2.2	2.0	2.0	2.0	2.0	2.0	2.6	2.2	2.0	2.8	2.0	2.0
BoC Inflation (y/y)***	2.8	3.1	3.2	2.9	2.6	2.2	2.1	2.0	2.0	2.0	2.0	2.0	3.0	2.2	2.0	2.9	2.0	2.0
Housing Starts ('000s)	223	282	272	249	256	246	237	232	232	230	229	225	256	242	229	--	--	--
Home Prices (y/y)	-1.4	-2.2	0.9	-0.6	4.4	5.0	3.1	3.7	4.3	4.6	4.4	4.2	-0.8	4.1	4.4	-0.6	3.7	4.2
Real GDP / Worker (y/y)	1.0	0.2	0.2	-0.4	0.2	1.2	0.8	1.6	1.3	1.3	1.1	1.0	0.2	0.9	1.2	-0.4	1.6	1.0

F: Forecast by TD Economics, December 2025.

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	2025				2026				2027				Annual Average			4th Qtr/4th Qtr		
	Q1	Q2	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F	25F	26F	27F	25F	26F	27F
Real GDP	-0.6	3.8	2.8	1.1	2.1	2.3	2.4	2.2	2.1	2.0	2.0	2.0	2.0	2.2	2.1	1.8	2.2	2.0
Consumer Expenditure	0.6	2.5	2.7	0.9	2.0	2.2	2.4	2.1	1.9	1.9	1.9	1.9	2.5	2.0	2.0	1.7	2.2	1.9
Durable Goods	-3.4	2.3	1.2	-7.0	2.3	3.0	4.5	3.5	3.5	3.5	3.5	3.5	3.1	0.8	3.6	-1.8	3.3	3.5
Business Investment	9.5	7.3	4.1	2.4	2.8	3.6	3.6	2.9	2.6	2.6	2.8	2.8	4.2	3.4	2.9	5.8	3.2	2.7
Non-Res. Structures	-3.1	-7.5	-3.0	-2.0	0.0	1.0	1.0	1.0	1.0	1.0	2.0	2.0	-4.7	-0.9	1.2	-3.9	0.7	1.5
Equipment & IPP*	13.4	11.8	6.0	3.5	3.5	4.3	4.2	3.4	3.0	3.0	3.0	3.0	6.9	4.5	3.3	8.6	3.9	3.0
Residential Investment	-1.0	-5.1	-6.0	-2.0	1.5	4.0	5.0	6.0	6.0	4.7	4.0	3.6	-2.1	0.6	5.1	-3.5	4.1	4.6
Govt. Expenditure	-1.0	-0.1	0.5	-2.0	1.8	1.2	1.2	1.2	1.0	1.0	1.0	0.9	1.2	0.6	1.1	-0.6	1.3	1.0
Final Domestic Demand	1.4	2.4	2.2	0.5	2.1	2.3	2.4	2.2	2.0	2.0	2.0	1.9	2.3	1.9	2.1	1.6	2.3	2.0
Exports	0.2	-1.8	-2.5	1.0	2.0	2.5	3.0	3.0	3.0	3.0	3.0	3.0	0.4	1.3	3.0	-0.8	2.6	3.0
Imports	38.0	-29.3	-6.0	0.8	2.7	3.0	3.7	3.6	2.5	2.5	2.5	2.5	2.6	-1.0	2.9	-1.9	3.2	2.5
Change in Private Inventories	172.0	-18.3	-19.4	14.1	19.4	21.9	24.4	26.9	26.9	26.9	26.9	26.9	37.1	23.1	26.9	--	--	--
Final Sales	-3.2	7.5	2.8	0.5	2.0	2.3	2.3	2.1	2.1	2.0	2.0	2.0	2.0	2.2	2.1	1.8	2.2	2.0
Pre-tax Corporate Profits																		
Including IVA&CCA	-4.7	0.7	-7.9	-7.2	-9.1	11.0	5.8	7.1	10.3	7.6	3.4	4.2	1.8	-1.7	7.4	-4.8	3.4	6.3
% of GDP	13.1	12.9	12.4	12.1	11.7	11.8	11.9	11.9	12.1	12.2	12.2	12.2	12.6	11.8	12.1	--	--	--
GDP Deflator (y/y)	2.6	2.5	3.0	2.9	2.7	2.8	2.5	2.6	2.4	2.4	2.3	2.3	2.7	2.6	2.3	2.9	2.6	2.3
Nominal GDP	2.9	6.0	6.9	3.3	4.9	4.9	5.0	4.6	4.4	4.4	4.1	4.4	4.8	4.9	4.5	4.8	4.8	4.3
Labor Force	5.2	0.3	0.3	0.5	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.4	1.6	0.4	0.3	1.5	0.3	0.3
Non-Farm Employment	1.3	0.7	0.3	0.1	0.5	0.7	0.7	0.6	0.5	0.3	0.3	0.3	0.9	0.5	0.5	0.6	0.6	0.4
Change in Non-Farm Empl. ('000s)	521	280	110	50	188	291	290	240	210	120	120	120	1478	774	788	961	1009	570
Unemployment Rate (%)	4.1	4.2	4.3	4.5	4.4	4.3	4.2	4.1	4.0	4.0	4.0	4.0	4.3	4.2	4.0	--	--	--
Personal Disp. Income	5.8	5.3	0.4	2.8	8.8	5.4	5.1	4.7	5.4	4.9	4.9	4.8	4.2	5.0	5.0	3.5	6.0	5.0
Pers. Savings Rate (%)	5.2	5.3	4.1	3.9	4.7	4.8	4.8	5.0	5.3	5.5	5.7	5.9	4.6	4.8	5.6	--	--	--
Cons. Price Index (y/y)	2.7	2.5	2.9	2.7	2.5	2.9	2.8	2.9	2.7	2.5	2.3	2.3	2.7	2.8	2.4	2.7	2.9	2.3
Core CPI (y/y)	3.1	2.8	3.0	2.9	2.9	3.2	3.0	2.9	2.5	2.3	2.2	2.2	3.0	3.0	2.3	2.9	2.9	2.2
Core PCE Price Index (y/y)	2.8	2.7	2.9	3.0	3.0	3.1	2.9	2.6	2.3	2.0	2.0	2.0	2.8	2.9	2.1	3.0	2.6	2.0
Housing Starts (mns)	1.40	1.35	1.33	1.26	1.29	1.33	1.38	1.42	1.46	1.48	1.50	1.52	1.34	1.36	1.49	--	--	--
Real Output per Hour** (y/y)	1.2	1.5	2.0	2.0	2.7	2.2	1.3	1.2	1.2	1.3	1.4	1.4	1.7	1.8	1.3	2.0	1.2	1.4

F: Forecast by TD Economics, December 2025. For 2025 Q3, inflation and labor market indicators are historical data, not forecasts.

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

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

Economic Indicators: G7 & Europe			
	2025F	2026F	2027F
Real GDP (Annual Per Cent Change)			
G7 (42.4%)*	1.5	1.6	1.7
U.S.	2.0	2.2	2.1
Japan	1.3	0.6	0.8
Euro Area	1.4	0.9	1.3
Germany	0.3	1.0	1.7
France	0.8	1.1	1.4
Italy	0.6	0.6	0.9
United Kingdom	1.4	0.9	1.5
Canada	1.7	1.3	1.7
Consumer Price Index (Annual Per Cent Change)			
G7	2.3	2.0	2.0
U.S.	2.7	2.8	2.4
Japan	3.2	3.2	1.8
Euro Area	2.2	1.7	1.7
Germany	2.2	2.0	2.0
France	1.2	1.9	1.8
Italy	1.7	1.6	2.0
United Kingdom	3.4	2.4	2.0
Canada	2.1	2.2	2.0
Unemployment Rate (Per Cent Annual Averages)			
U.S.	4.3	4.2	4.0
Japan	2.5	2.3	2.3
Euro Area	6.4	6.4	6.2
Germany	6.2	5.6	5.4
France	7.6	7.2	7.0
Italy	6.5	7.0	6.8
United Kingdom	4.7	4.5	4.3
Canada	6.8	6.7	6.4
F: Forecast by TD Economics, December 2025.			
*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	(%)	2025F	2026F	2027F	
World	100.0	3.4	3.0	3.0	
North America	18.9	1.8	2.1	2.1	
United States	15.5	2.0	2.2	2.1	
Canada	1.4	1.7	1.3	1.7	
Mexico	1.9	0.4	1.1	2.1	
European Union (EU-27)	14.9	1.5	1.3	1.5	
Euro Area (EU-20)	12.0	1.4	0.9	1.3	
Germany	3.3	0.3	1.0	1.7	
France	2.3	0.8	1.1	1.4	
Italy	1.9	0.6	0.6	0.9	
Other EU Members	2.8	3.0	3.0	2.3	
Asia	45.0	4.6	3.8	3.9	
Japan	3.8	1.3	0.6	0.8	
Asian NIC's	3.5	3.4	2.5	2.2	
Hong Kong	0.3	3.4	2.3	2.4	
Korea	1.7	1.1	2.3	2.3	
Singapore	0.4	4.0	2.2	2.4	
Taiwan	1.0	7.2	3.1	2.1	
Russia	2.9	1.0	0.8	0.9	
Australia & New Zealand	1.2	1.8	2.3	2.3	
Emerging Asia	32.8	5.6	4.7	4.8	
ASEAN-5	5.2	4.9	4.8	4.8	
China	18.4	5.0	4.5	4.2	
India**	7.3	7.5	6.4	6.2	
Central/South America	5.4	3.1	2.0	2.3	
Brazil	2.3	2.6	1.4	2.1	
Other Emerging Markets	12.7	3.9	3.6	3.2	
Other Advanced	3.4	1.2	1.4	2.2	
United Kingdom	2.3	1.4	0.9	1.5	

F: Forecast by TD Economics, December 2025.
 * 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	2025				2026				2027			
	Q1	Q2	Q3	Q4F	Q1F	Q2F	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F
Crude Oil (WTI, \$US/bbl)	72	64	65	60	58	60	61	63	65	67	69	70
Natural Gas (\$US/MMBtu)	4.20	3.19	3.03	4.10	4.20	3.90	3.90	3.70	3.60	3.50	3.50	3.50
Gold (\$US/roy oz.)	2856	3284	3455	4050	4000	4200	4100	4050	4000	4000	3950	3950
Silver (\$US/roy oz.)	31.86	33.65	39.51	50.00	47.00	51.00	50.00	49.00	47.00	47.00	45.00	45.00
Copper (cents/lb)	423	432	444	485	495	490	470	465	470	470	470	470
Nickel (\$US/lb)	7.06	6.88	6.81	6.70	6.80	6.85	6.90	6.90	7.00	7.05	7.10	7.15
Aluminum (cents/lb)	119	111	119	125	122	120	120	119	118	118	118	118
Wheat (\$US/bu)	5.65	5.34	4.88	5.33	5.30	5.55	5.70	5.85	5.90	5.90	6.00	6.00

F: Forecast by TD Economics, December 2025. All forecasts are period averages.
 Source: Bloomberg, TD Economics, USDA (Haver).

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