NO BOOM, BUT GLOBAL ECONOMY TO GAIN A STEP

![Bar chart showing annual contribution to world GDP growth, %](chart)

**Source:** IMF. Forecast by TD Economics as at December 2013.
EMERGING ECONOMIES TO STABILIZE, ADVANCED ECONOMIES TO IMPROVE

GDP Growth, YoY % Chg.

Source: IMF. Forecast by TD Economics as at December 2013.
U.S. ECONOMIC GROWTH POISED TO ACCELERATE

Real GDP, annualized quarter/quarter % change

Forecast Y/Y % Chg. (Q4/Q4 % growth)
- 2013E 1.9% (2.7)
- 2014F 2.9% (2.8)
- 2015F 3.1% (3.2)

Housing starts (units, 000s); change in households (000s)

- **Demographic adjusted households + depreciation**
- **Housing starts**

Source: U.S. Census Bureau, TD Economics. Forecast as of December 2013.
FED TAPERING IS HERE, BUT TIGHTENING OF POLICY A LONG WAY OFF

Federal Reserve balance sheet, $U.S. (Trillions)

- Mortgage backed securities
- Treasury securities
- Agency securities
- Liquidity programs & other assets

Source: Federal Reserve Board, TD Economics
GROWTH TO PICK UP IN CANADA, BUT NO BOOM ON THE HORIZON

Real GDP, Annualized Q/Q % Chg.


Forecast Y/Y % Chg.
2013E: 1.7%
2014F: 2.3%
2015F: 2.4%
CANADA IS COUNTING ON STRONGER EXPORTS

Real Exports, Y/Y% Chg.

Source: Statistics Canada/Haver Analytics.
Forecast by TD Economics as of December 2013.
DECLINE IN LOONIE TO PERSIST, BUT STABILIZATION TO FOLLOW IN 2015

Source: Bank of Canada; Forecast by TD Economics as of January 2014.
BUSINESS INVESTMENT TO STRENGTHEN IN LOCKSTEP

CANADIANS ARE BECOMING MORE FRUGAL

Household Debt-to-Income Ratio (lhs)
Household Debt Growth (rhs)

INTEREST RATES TO REMAIN LOW

Source: Bank of Canada/Haver Analytics.
Forecast by TD Economics as of December 2013.
PROFIT GROWTH & CONTINUED LOW BOND YIELDS SUPPORTIVE TO EQUITIES

B.C. ECONOMY EXPECTED TO PICK UP

Real GDP, annual % Chg. (B.C.)

Source: Statistics Canada, Haver Analytics
Forecast by TD Economics as of January 2014.
B.C. GOVERNMENT RETURNS TO BLACK INK

% of GDP

Budget Balance (RHS)
Net Debt (LHS)

Average Existing Home Prices-to-Average Household Income, %

- National Ex. Toronto and Vancouver
- Vancouver
- Toronto

Source: Canadian Real Estate Association, Statistics Canada. As at Q4, 2013.
NEW HOUSING STARTS TO MODERATE

B.C. Housing Starts, 000's of units

Source: CMHC, Forecast by TD Economics as at January 2014.
THERE IS AN ACTIVE COMMERCIAL DEVELOPMENT CYCLE

B.C. Nonresidential Building Permits, Mil of C$

- Institutional and Government
- Commercial
- Industrial

REGIONAL OFFICE VACANCY RATES

Source: Colliers International, figures as of Q4, 2013.
Improved economic growth performances

Ultra-low inflation

Stable short-term rates, steepening yield curves

USD to strengthen against most major currencies

Mixed commodity price picture

Corporate profit growth + low bond yields = equity market positive
This report is provided by TD Economics for customers of TD Bank Group. It is for information purposes only and may not be appropriate for other purposes. The report does not provide material information about the business and affairs of TD Bank Group and the members of TD Economics are not spokespersons for TD Bank Group with respect to its business and affairs. The information contained in this report has been drawn from sources believed to be reliable, but is not guaranteed to be accurate or complete. The report contains economic analysis and views, including about future economic and financial markets performance. These are based on certain assumptions and other factors, and are subject to inherent risks and uncertainties. The actual outcome may be materially different. The Toronto-Dominion Bank and its affiliates and related entities that comprise TD Bank Group are not liable for any errors or omissions in the information, analysis or views contained in this report, or for any loss or damage suffered.