TD Bank Financial Group

Quarterly Economic Forecast

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TD Economics
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HIGHLIGHTS

- The Great Recession looks to have officially ended, and the world economy is expected to expand by 3.8% in 2010
- Underpinning the recovery has been a well-synchronized dance of mending financial markets alongside rebounding housing markets, industrial production and consumer spending
- For the advanced economies that were deeply snared in the financial crisis, the early stage of output expansion is not going to have the typical head of steam of past recoveries
- And, in many respects, the Great Recession will live on and on because the recovery remains fraught with risk. This leaves the world economy a dangerous place full of uncertainties, which will require analysts and investors to be fleet of foot to adjust to evolving circumstances and risks.

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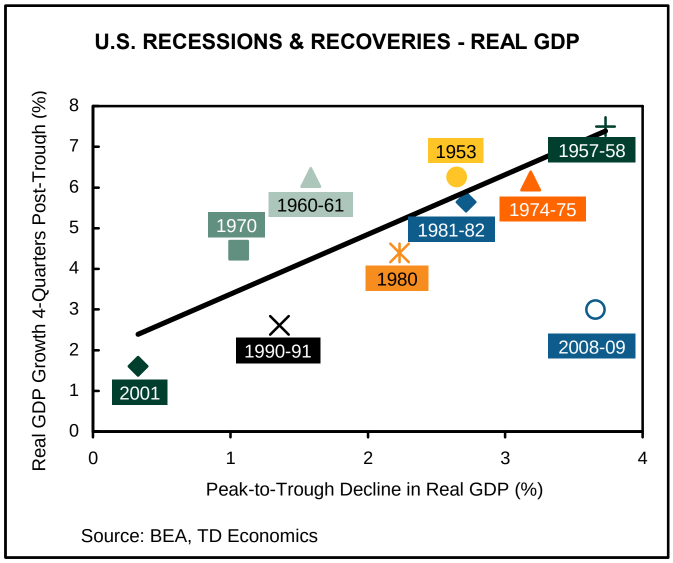
GREAT RECESSION ENDS; AGE OF UNCERTAINTY BEGINS

The day has finally arrived that we can confidently say the Global Great Recession has ended. There were inklings that this transition was getting underway in the second quarter, when a number of the large emerging economies started to shoot out of the gate – particularly the Asian newly industrialized countries, India, China and Brazil. However, this was not all together surprising given that the financial systems of these countries were largely insulated from the mortgage subprime trap that had snared the banking systems of the advanced economies in Europe and North America. Hence the greater signal that the global recession was ending really materialized when France, Germany and Japan stepped out of the recession shadows in the second quarter and were able to extend growth into the following quarter. The global recovery was finally clinched when the North American economies jumped into the mix in the third quarter. Currently, the only G-7 country still stuck in a recession is the U.K., but that economy looks poised to make its lagged exit in the fourth quarter.



So the world economy is gaining traction and is expected to expand at a rate of 3.8% in 2010. Behind the recovery lies a well-synchronized dance. Financial markets are on the mend, as witnessed by sharp rebounds in global equity markets and declines in credit spreads. Housing markets are in repair, as witnessed by falling inventory levels and rising prices, particularly in the US and UK – the epicenter of the problem. Industrial production is on the rebound, as witnessed by replenished inventory levels and a pick-up in global trade. And lastly, but most importantly, consumers are more engaged, hence spurring the improvements in everything above.

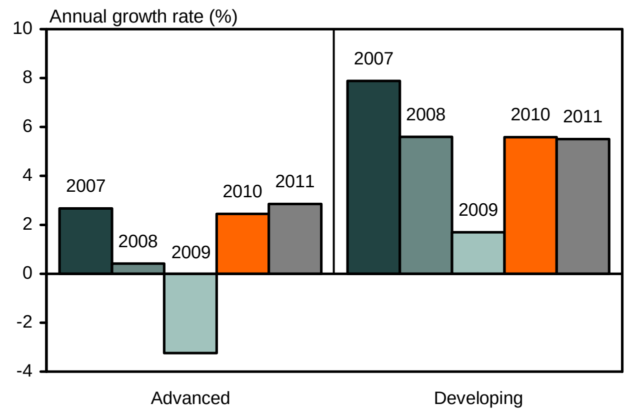
The recovery is underway, but for the advanced economies that were deeply snared in the financial crisis, the recovery is not going to have the typical head of steam of past recoveries. For instance, the above graph demonstrates that the 1957-1958 U.S. recession reflected a contraction of similar magnitude to the 2008-2009 recession, but the pace of recovery then was more than three times stronger in the first year. As a rule of thumb, growth in real economic output during the first year of a recovery for an economy is typically 2-3 times larger than the decline over the course of the recession. But, we don't believe this will be the case this time, as studies of past banking crises show that output for an economy grows more slowly relative to the pre-crises trend for a number of years after the recovery has taken hold. There are many reasons why this occurs, including employment suffering enduring losses relative to the trend, credit flow destruction, risk aversion among financial institutions, and deep losses in household wealth. We have incorporated this view in our forecast by lowering the potential GDP growth forecast for the U.S. and Canadian economies to an average of just 2% (about half to a full percentage point below pre-crisis levels).

In addition to these broader, enduring influences, there are a number of key assumptions underlying our global recovery forecast. We anticipate ongoing, albeit slow, progress in the U.S. housing market. Coincident with this is a rebuilding of household balance sheets and, thus savings, within developed economies; however we are not of the belief that this will occur in quick order or in a massive way. In terms of the removal of monetary stimulus by central banks, it will need to be done with surgical precision. Alternatively, any errors made in this effort will at least have the benefit of occurring within a global economy with considerable economic slack, which will provide enough latitude for central bankers to take corrective action without undermining the recovery process. We are mindful that the road to recovery for the global financial system will not be free and clear of further pain, but ultimately additional disturbances will be absorbed. As an example, we anticipate that the U.S. commercial real estate market will contract throughout 2010 and likely place a number of small financial institutions in distress. However the feedback loop to global systematically important financial institutions and the broader economy will be far more limited than the debacle experience of the residential mortgage market. (For further information see www.td.com/economics/special/ab1109_cre.pdf) Another assumption embedded in the forecast is that fiscal authorities garner some degree of credibility in showing some action to address soaring deficits and debt, but don't act so dramatically as to kill off their domestic economies or the global recovery. And lastly, although the precise shape of future international financial regulation is uncertain – as is the timing and the trickle-down impacts to the economy and financial system – we assume that financial regulators get it neither too hot nor too cold.

So, it may look like a Goldilocks scenario all around, but it would be foolish of us not to simultaneously consider the many risks that flank the above assumptions. And, it would be equally foolish to believe the risks are one sided. For instance, household spending could come back faster than we currently anticipate, which would be in greater alignment to historical norms and present a primary upside risk to the forecast. Among the downside risks, additional financial shocks could be more harmful to the recovery, which could be exacerbated by overly-enthusiastic regulatory changes in the financial system. But, at this stage, it seems impossible to judge their impact because the exact shape of the international process has yet to be pinned down, and there's even more uncertainty when one considers processes within individual countries, such as the U.S. For instance, a sizeable increase in capital requirements and deleveraging in short order could be a big negative shock, as witnessed in 2007. We also can't dismiss the risk that governments around the world could act more aggressively on reining in deficits and debt. Gauging current international sentiment, it seems the opposite is more likely to be the case, but if the wind shifts on this front, what would be the economic consequences?

By simply citing the many risks above, it may appear that we are uncommitted to any view, so let's be clear: from a technical perspective of output, the economic data provide clear evidence that the Great Recession is over. However, it will live on and on in many respects because the recovery remains fraught with risk and the global recession served to exacerbate a number of imbalances. This leaves the world economy a dangerous place full of uncertainties, which will require analysts and investors to be fleet of foot to adjust to evolving circumstances and risks. It also warrants close monitoring of economic developments to assess the true path of the recovery.

GLOBAL GROWTH



Source: IMF and TD Economics; Forecasts as of December 2009

GLOBAL ECONOMIC OUTLOOK

The global recovery continues. And while it remains broad-based, we are beginning to see some early differences between the leaders and laggards. Moreover, we are seeing differences in policy tack that will drive the important trends in the coming year.

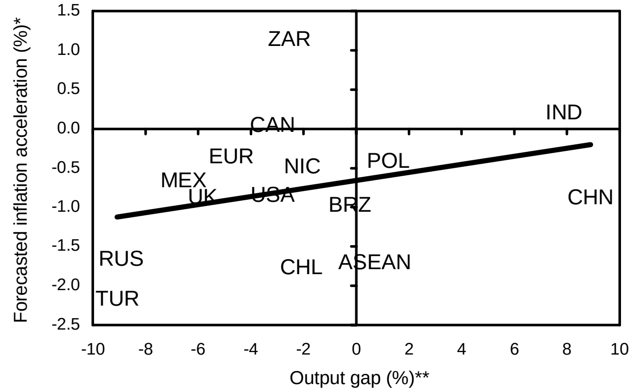
We now forecast the contraction in global output in 2009 will be -1.0%, which is virtually unchanged from the September forecast. Our outlook for 2010 and 2011 is entirely unchanged, as the revisions to individual countries are a wash in the aggregate. Emerging markets and the developing world are seeing the fastest pace of growth, accelerating from a 1.8% pace in 2009 to 5.6% in 2010. Advanced economies are seeing a noticeable acceleration as well, as we expect them to post a 2.5% collective growth rate in 2010 after a -3.3% contraction in 2009. This is still a weak rebound relative to the depth of the recession, but at least activity is moving in the right direction.

The U.K. and Argentina are particular outliers to the downside. Strong U.K. surveys of economic activity did not translate into strong economic activity with the rest of the world. This has left the U.K. as the sole G-7 economy not to emerge from the recession as of the third quarter. While we do expect real GDP to grow in Q4 and recover through 2010, the trajectory is lower. For Argentina, growth in the first half of the year was rather paltry and the trends heading into the end of the year aren't any better. While the strong growth in Argentina's primary trading partner, Brazil, will help, the sharp rundown in the fiscal position with little to show for it will make sustaining healthy growth much harder.

Singapore's economy may be sending mixed messages. As a small, open economy, Singapore tends to be a canary in the coal mine for gauging global growth prospects. In this case, though, we're inclined to discount a one month drop in industrial production and exports, and instead focus on the ongoing recovery in the labor market and still strengthening domestic demand. This is consistent with what we are seeing out of Asia more broadly – whether the NICs, ASEAN economies, China, India, or Japan, domestic demand has been building.

The Japanese rebound, on the other hand, is showing signs of slowing as expected, with business investment particularly weak. Overall, we expect a weaker profile in 2010 than we've seen so far. The government is trying to pull back on fiscal spending to some degree while shifting the focus toward consumers, the yen is strengthening and inventories

OUTPUT GAPS AND 2010 FORECASTED INFLATION



*2010 Bloomberg consensus figures - average inflation over last five years; **Peak-to-trough or growth over last year if no decline; Source: Bloomberg

look a bit high. But in spite of all this, it still leaves Japan as the third fastest G-7 economy in 2010 after Canada and the U.S., with the Bank of Japan (BoJ) still easing policy.

That does leave the BoJ as the odd man out, since outside of Russia, the trend is for most central banks to reverse exceptional measures and begin to raise interest rates. Brazil, Poland, China, India, and the ASEAN economies will end the year with economic activity either having avoided or already made up any lost ground, but only in India do forecasters expect inflation to be above its five-year average. While we tend to think low levels of activity and high levels of unemployment will eventually keep inflation rather muted, there is an open debate on how important this slack will be.

Another important trend will be the ongoing use by emerging markets of measures to support their economies, while limiting currency appreciation and the need to raise interest rates and exacerbate the already sizeable spread against rates in most industrialized economies. This itself risks fueling a bit more emerging market inflation. China, for example, is going to lean on capital controls as much as possible and forestall renminbi appreciation until late in 2010. We'll also see varying focus on fiscal consolidation, especially among the U.S., U.K., and Japan. Having been the first put on notice for a debt rating downgrade, the U.K. is furthest along, but a political stalemate is a risk there. In the U.S., the focus has remained on structural changes in health care, with little urgency shown in reducing the overall deficit. With such large decisions hanging over the global economy, uncertainty reigns supreme in 2010.

GLOBAL ECONOMIC OUTLOOK

Annual per cent change unless otherwise indicated

Real GDP	2007 Share* (%)	2008	Forecast 2009	2010	2011
World	99.1	2.7	-1.0	3.8	4.0
North America	25.5	0.5	-2.8	2.8	3.3
United States	21.4	0.4	-2.4	2.7	3.4
Canada	2.0	0.4	-2.5	2.7	3.0
Mexico	2.1	1.3	-6.7	3.8	2.4
European Union (EU-27)	23.7	0.8	-4.3	1.9	2.4
Euro-zone (EU-16)	16.1	0.5	-4.0	1.6	2.1
Germany	4.4	1.0	-4.9	2.3	1.9
France	3.2	0.3	-2.3	1.9	2.3
Italy	2.8	-1.0	-4.8	0.7	0.9
United Kingdom	3.3	0.6	-4.7	1.3	2.2
EU accession members	3.4	2.0	-5.3	3.5	3.5
Asia	35.5	4.7	1.5	5.8	5.7
Japan	6.6	-1.2	-5.1	2.4	2.1
Asian NIC's	3.7	1.5	-1.4	5.3	4.5
Hong Kong	0.5	2.4	-3.1	4.3	5.1
Korea	1.9	2.2	0.2	5.0	4.3
Singapore	0.3	1.1	-2.2	5.8	5.2
Taiwan	1.1	0.1	-3.1	6.0	4.2
Russia	3.2	5.6	-8.9	4.3	4.8
Australia & New Zealand	1.4	2.1	0.7	3.0	3.0
Developing Asia	20.6	7.2	5.8	7.4	7.4
ASEAN-4	3.1	4.7	0.9	4.6	4.5
China	10.9	9.0	8.4	8.8	9.0
India	4.6	6.1	6.7	6.9	6.5
Central/South America	6.1	4.7	0.1	4.5	4.4
Argentina	0.8	6.8	1.4	1.6	4.6
Brazil	2.8	5.1	-0.3	5.2	4.4
Other Developing	8.4	5.5	2.0	4.4	4.1

*Regional wts. do not sum to 100% because some countries omitted
Forecast as at December 2009
Source: International Monetary Fund, national statistical agencies

ECONOMIC INDICATORS FOR THE G-7 AND EUROPE

	2008	Forecast 2009	2010	2011
Real GDP (Annual per cent change)				
G-7 (41.17%)*	0.1	-3.4	2.3	2.7
U.S.	0.4	-2.4	2.7	3.4
Japan	-1.2	-5.1	2.4	2.1
EU-16	0.5	-4.0	1.6	2.1
Germany	1.0	-4.9	2.3	1.9
France	0.3	-2.3	1.9	2.3
Italy	-1.0	-4.8	0.7	0.9
United Kingdom	0.6	-4.7	1.3	2.2
Canada	0.4	-2.5	2.7	3.0
Consumer Price Index (Annual per cent change)				
G-7	3.2	-0.1	1.8	1.2
U.S.	3.8	-0.3	2.3	1.4
Japan	1.4	-1.3	0.2	-0.1
EU-16	3.3	0.3	2.0	1.5
Germany	2.8	0.2	1.6	1.3
France	3.2	0.1	1.7	1.4
Italy	3.5	0.8	2.5	1.6
United Kingdom	3.6	2.2	2.4	1.6
Canada	2.4	0.2	1.1	1.7
Unemployment Rate (Per cent annual averages)				
U.S.	5.8	9.3	10.1	9.2
Japan	4.0	5.0	5.2	4.8
EU-16	7.6	9.3	9.7	8.6
Germany	7.3	7.5	7.6	7.4
France	7.9	9.6	10.1	9.8
Italy	6.8	7.6	8.3	8.2
United Kingdom	5.7	7.6	8.0	7.2
Canada	6.2	8.3	8.5	7.8

*Share of 2007 world gross domestic product (GDP)
Forecast as at December 2009
Source: National statistical agencies, TD Economics

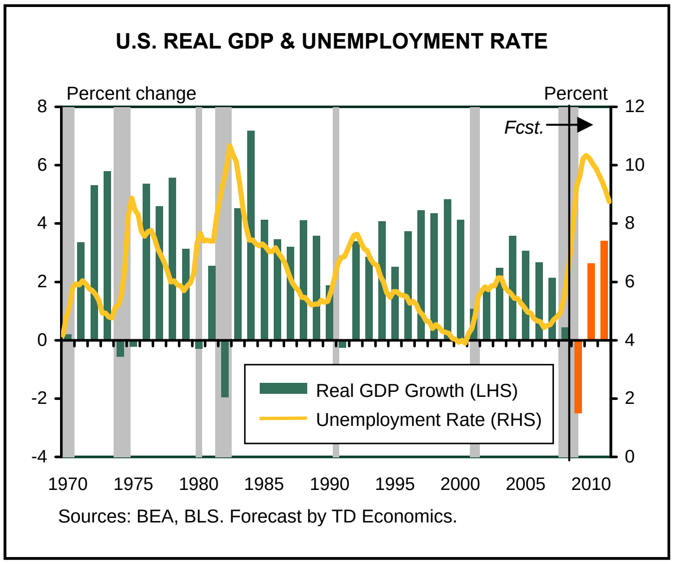
U.S. ECONOMIC OUTLOOK

The U.S. economy rose from the ashes in the third quarter of 2009 thanks to hefty doses of fiscal and monetary stimulus. Economic data over the last several months have been variations on a theme set earlier in the year: indicators of financial stress, housing data, consumer and investor sentiment, and finally production and jobs continued to improve on a trend basis over the last three months. Aided by positive contributions from inventory investment, government and consumer spending (outside of autos), the fourth quarter of this year will likely outperform the third quarter, with economic growth of 4.5% annualized.

As the U.S. economy heads into 2010, it is still very much at a turning point. With the early stages of recovery behind it, the second stage will be marked by the need for policy makers to begin unwinding stimulus and setting a regulatory framework that reduces the chance of further crises occurring. For the economy at large, the unwinding of stimulus means the private sector will have to be able to fully take the reins of economic growth. We maintain our view that while the economic recovery is here and is for real, speed bumps will remain in place. U.S. households will grow their spending, but at a diminished pace as they struggle to rebuild balance sheets amidst tepid income growth. Similarly, fragile balance sheets will weigh on lenders who continue to face loan losses, while tightness in credit standards will also slow the pace of business sector expansion.

Two developments over the last several months warrant special attention. The first is the job market. Signs abound that the decline in U.S. payrolls – by far the worst since the Great Depression – is coming to a close. Weekly jobless claims have fallen in recent weeks, signaling a slower pace of layoffs and a strong leading indicator that job growth may be just around the corner. Temporary employment, which typically turns before permanent job growth begins, has also surged. Moreover, businesses have cut costs dramatically and have been rewarded with strong productivity growth and a rebound in corporate profits, setting the stage for renewed hiring. Finally, in November, the U.S. shed the fewest number of jobs since the start of the recession.

Nonetheless, despite these continued improvements, the amount of slack in the U.S. economy and labor market cannot be understated. In many ways, the 10.0% unemployment rate seen in November understates the level of labor market weakness. As the unemployment rate compares the level of unemployment relative to the labor force, when people are exiting the labor force because they are too discouraged to look for work, they are not included in the unemployment rate. The participation rate has fallen considerably over the course of this recession and as the economy improves, stronger labor force growth will limit downward pressure on the unemployment rate, even while the economy is in recovery.



The second area of concern is the housing market. While the increase in housing demand and the rise in home prices have lessened the risk of a negative-equity-driven downward spiral, a portion of the boost in home sales has been due to the first time homebuyer tax credit. As this tax credit expires in mid-2010, the pace of home sales will fall, putting upward pressure once again on inventories and downward pressure on prices. As mortgage rates begin to rise in mid-2010, this could set the stage for another housing setback. We believe that at a minimum, home prices are likely to see negligible gains through the year and that homebuilders will be reluctant to ramp up production until they are more certain that the price gains are for real. As a result, though residential construction will contribute positively to growth in 2010, the impact will be muted relative to the pace of past declines. By 2011, the traditional drivers of demand – job and income growth – will allow housing starts to move closer to the long-run pace of household formation.

The U.S. economy has emerged from recession but is still in the early phases of recovery. As the patient is weaned off the heavy doses of fiscal and monetary medicine, true healing begins when private demand is once again the driver of economic growth. While the patient is vital and signs of progress are real, the severity of the collapse and the unprecedented nature of the treatment heighten the risks of complication and mean the healing phase will be gradual.

U.S. ECONOMIC OUTLOOK

Period-Over-Period Annualized Per Cent Change Unless Otherwise Indicated

	2009				2010				2011				Annual Average			4th Qtr/4th Qtr		
	Q1	Q2	Q3	Q4F	Q1F	Q2F	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F	09F	10F	11F	09F	10F	11F
Real GDP	-6.4	-0.7	2.8	4.5	2.2	2.5	2.9	3.1	3.6	3.7	3.8	3.9	-2.4	2.7	3.4	-0.1	2.7	3.7
Consumer Expenditure	0.6	-0.9	2.9	2.3	2.1	2.2	2.1	2.3	2.4	2.3	2.6	2.7	-0.5	2.1	2.4	1.2	2.2	2.5
Durable Goods	3.9	-5.6	20.1	-3.9	6.9	7.2	7.4	8.1	8.4	8.1	7.4	7.7	-4.2	5.7	7.9	3.2	7.4	7.9
Business Investment	-39.2	-9.6	-4.1	-5.2	-2.5	0.8	4.1	5.6	8.1	10.0	11.6	12.1	-18.1	-1.8	7.7	-15.9	2.0	10.4
Non-Res. Structures	-43.6	-17.3	-15.2	-14.5	-12.7	-8.7	-3.6	-1.1	0.3	0.7	0.8	1.7	-19.2	-11.2	-0.8	-23.7	-6.6	0.9
Machinery & Equipment	-36.4	-4.9	2.3	-0.1	2.8	5.5	7.6	8.7	11.5	14.1	16.3	16.5	-17.5	3.1	11.5	-11.3	6.1	14.6
Residential Construction	-38.2	-23.2	19.5	16.2	8.8	14.2	15.1	16.4	20.8	23.8	25.1	24.3	-19.8	11.3	20.2	-9.9	13.6	23.5
Govt. Consumption & Gross Investment	-2.6	6.7	3.1	2.4	1.3	0.6	0.3	-0.2	-0.5	-0.7	-1.2	-2.4	2.1	1.7	-0.5	2.3	0.5	-1.2
Final Domestic Demand	-6.4	-0.9	2.7	1.9	1.7	2.0	2.3	2.4	2.8	2.9	3.3	3.2	-2.6	1.9	2.7	-0.7	2.1	3.0
Exports	-29.9	-4.1	17.0	18.5	7.1	7.5	8.3	8.1	8.0	8.8	9.0	9.1	-9.9	9.9	8.4	-1.8	7.8	8.7
Imports	-36.4	-14.7	20.8	14.6	7.3	6.7	6.4	5.9	5.9	5.4	5.1	5.3	-14.0	8.3	5.8	-6.9	6.5	5.4
Change in Non-Farm Inventories ($96 Bn)	-114.9	-163.1	-136.9	-56.6	-35.0	-20.1	-4.1	11.0	30.2	43.6	48.0	58.0	-117.9	-12.0	45.0	---	---	---
Final Sales	-4.1	0.7	1.9	1.9	1.5	2.0	2.3	2.6	2.9	3.3	3.7	3.6	-1.7	1.9	2.9	0.1	2.1	3.4
International Current Account Balance ($Bn)	-410	-390	-423	-477	-562	-601	-641	-636	-637	-629	-626	-627	-425	-610	-630	---	---	---
% of GDP	-2.9	-2.8	-3.0	-3.3	-3.9	-4.1	-4.3	-4.2	-4.2	-4.1	-4.0	-4.0	-3.0	-4.1	-4.1	---	---	---
Pre-tax Corporate Profits including IVA&CCA	22.8	15.7	49.6	18.2	12.1	10.9	10.0	8.5	7.9	7.0	6.6	6.4	-4.8	16.6	8.0	25.9	10.4	7.0
% of GDP	8.3	8.7	9.5	9.8	10.0	10.2	10.3	10.4	10.5	10.5	10.6	10.6	9.1	10.2	10.5	---	---	---
GDP Deflator (Y/Y)	1.9	1.5	0.6	0.9	0.7	1.0	1.2	1.2	1.2	1.2	1.2	1.3	1.2	1.0	1.2	0.9	1.2	1.3
Nominal GDP	-4.6	-0.8	3.3	5.6	3.4	3.7	4.1	4.3	4.8	5.0	5.2	5.3	-1.2	3.7	4.7	0.8	3.9	5.1
Labor Force	-1.7	2.4	-1.4	-0.8	0.9	0.8	0.5	1.0	1.1	1.3	1.2	1.2	0.0	0.3	1.0	-0.4	0.8	1.2
Employment	-5.9	-4.5	-2.6	-0.9	0.7	2.8	1.4	2.2	2.7	3.1	3.4	3.6	-3.7	0.2	2.7	-3.5	1.8	3.2
Change in Empl. ('000s)	-2,065	-1,537	-863	-306	229	910	476	723	891	1,028	1,135	1,211	-5,045	285	3,540	-4,771	2,338	4,265
Unemployment Rate (%)	8.1	9.3	9.6	10.2	10.3	10.2	10.0	9.9	9.7	9.4	9.1	8.8	9.3	10.1	9.2	---	---	---
Personal Disp. Income	-1.2	7.7	1.2	4.1	3.6	3.8	4.1	3.6	4.3	4.2	4.5	4.7	1.4	3.8	4.2	2.9	3.8	4.4
Pers. Savings Rate (%)	3.8	5.4	4.4	4.1	3.9	4.1	4.3	4.2	4.2	4.3	4.3	4.4	4.4	4.1	4.3	---	---	---
Cons. Price Index (Y/Y)	-0.2	-0.9	-1.6	1.5	2.6	2.7	2.1	1.6	1.5	1.4	1.4	1.4	-0.3	2.3	1.4	1.5	1.6	1.4
Core CPI (Y/Y)	1.7	1.8	1.5	1.7	1.6	1.3	1.2	1.1	1.0	1.0	1.1	1.2	1.7	1.3	1.1	1.7	1.1	1.2
Housing Starts (mns)	0.53	0.54	0.59	0.58	0.63	0.72	0.81	0.90	1.00	1.10	1.21	1.32	0.56	0.77	1.16	---	---	---
Productivity: Real Output per hour (y/y)	1.0	1.9	4.0	5.7	5.9	4.2	2.4	0.8	0.7	0.8	0.8	0.8	3.2	3.3	0.8	5.7	0.8	0.8

F: Forecast by TD Economics as at December 2009

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

INTEREST RATE OUTLOOK

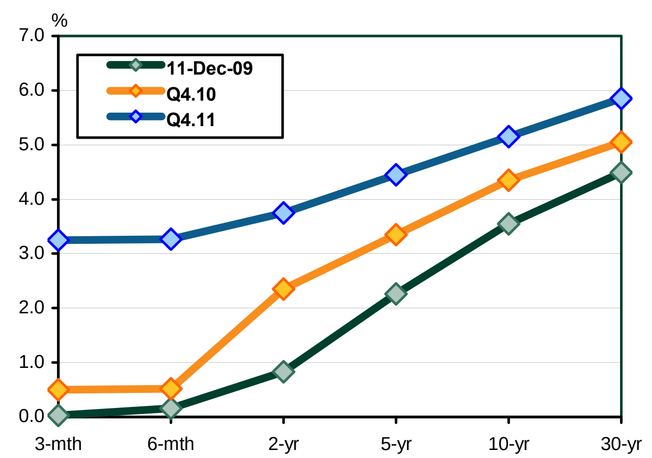
	Spot Rate 10/12/2009	2009 Q1	2009 Q2	2009 Q3	2009 Q4F	2010 Q1F	2010 Q2F	2010 Q3F	2010 Q4F	2011 Q1F	2011 Q2F	2011 Q3F	2011 Q4F
U.S. FIXED INCOME													
Fed Funds Target Rate (%)	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	1.00	1.75	2.50	3.00
3-mth T-Bill Rate (%)	0.04	0.18	0.18	0.11	0.10	0.25	0.35	0.40	0.50	1.25	2.00	2.75	3.25
2-yr Govt. Bond Yield (%)	0.76	0.80	1.11	0.95	0.85	1.00	1.35	1.75	2.35	2.90	3.20	3.45	3.75
5-yr Govt. Bond Yield (%)	2.17	1.66	2.55	2.34	2.25	2.45	2.65	2.85	3.35	3.75	4.00	4.20	4.45
10-yr Govt. Bond Yield (%)	3.47	2.66	3.53	3.31	3.55	3.80	3.85	3.95	4.35	4.55	4.75	4.95	5.15
30-yr Govt. Bond Yield (%)	4.48	3.53	4.33	4.05	4.55	4.85	4.95	4.95	5.05	5.20	5.50	5.70	5.85
10-yr-2-yr Govt. Spread (%)	2.71	1.86	2.42	2.36	2.70	2.80	2.50	2.20	2.00	1.65	1.55	1.50	1.40

FOREIGN EXCHANGE OUTLOOK

Currency	Exchange Rate	Spot Price 11/12/2009	2009 Q1	2009 Q2	2009 Q3	2009 Q4F	2010 Q1F	2010 Q2F	2010 Q3F	2010 Q4F	2011 Q1F	2011 Q2F	2011 Q3F	2011 Q4F
Canadian dollar	CAD per USD	1.062	1.260	1.162	1.069	1.000	0.980	0.952	0.962	0.980	1.010	1.031	1.042	1.087
Japanese yen	JPY per USD	89.26	98.96	96.36	89.70	92.00	90.00	92.00	94.00	96.00	102.00	103.00	104.00	105.00
Euro	USD per EUR	1.462	1.325	1.403	1.464	1.500	1.520	1.550	1.500	1.450	1.450	1.400	1.370	1.350
U.K. pound	USD per GBP	1.624	1.432	1.646	1.598	1.613	1.634	1.667	1.630	1.576	1.593	1.556	1.557	1.570
Swiss franc	CHF per USD	1.034	1.140	1.086	1.036	1.013	1.007	1.000	1.040	1.083	1.097	1.150	1.179	1.200
Australian dollar	USD per AUD	0.912	0.691	0.806	0.883	0.910	0.950	1.000	0.950	0.920	0.880	0.860	0.840	0.820
NZ dollar	USD per NZD	0.724	0.560	0.646	0.723	0.720	0.750	0.770	0.740	0.680	0.670	0.650	0.620	0.600
Mexican peso	MXN per USD	12.86	14.17	13.19	13.51	13.00	12.50	12.50	12.20	11.80	11.80	11.60	11.50	11.50

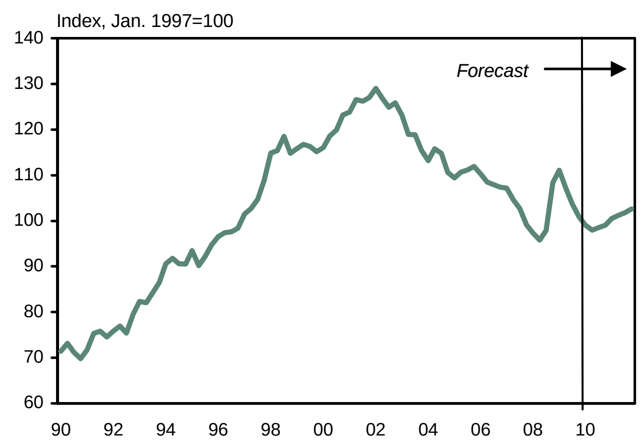
f: Forecast by TD Bank Financial Group as at Dec 11, 2009; All forecasts are for end of period; Source: Federal Reserve Bank of New York, Bloomberg, TDBFG

U.S. TREASURY YIELDS



Source: Federal Reserve Board

TRADE-WEIGHTED U.S. DOLLAR INDEX



Source: Federal Reserve Board; forecast by TDBFG as at Dec. 2009

For details on the financial forecasts please see the TD Economics publication entitled Global Markets at http://www.td.com/economics/forecasts.jsp