TD Bank Financial Group

Quarterly Economic Forecast

June 11, 2010

TD Economics
www.td.com/economics

HIGHLIGHTS

- After a deep economic recession and stimulus-fueled rebound, the return to positive job growth marks the transition towards sustained private-sector expansion.
- While growth is expected to continue it will moderate over the second half of 2010. Fiscal consolidation will slow the pace of economic growth in Europe, which along with a rising U.S. dollar will act as a drag on net exports. At the same time, the unwinding of temporary stimulus will also slow the pace of domestic expansion.
- With core inflation below 1% and economic growth decelerating, the Federal Reserve will remain on hold until early 2011. By then, with job growth taking root, the Fed will raise rates from their current emergency level but then move slowly, leaving rates at a relatively accommodative level of 1.5% by the end of the year.
- Recovery from the Great Recession will continue to be characterized by a heightened state of uncertainty and risk.

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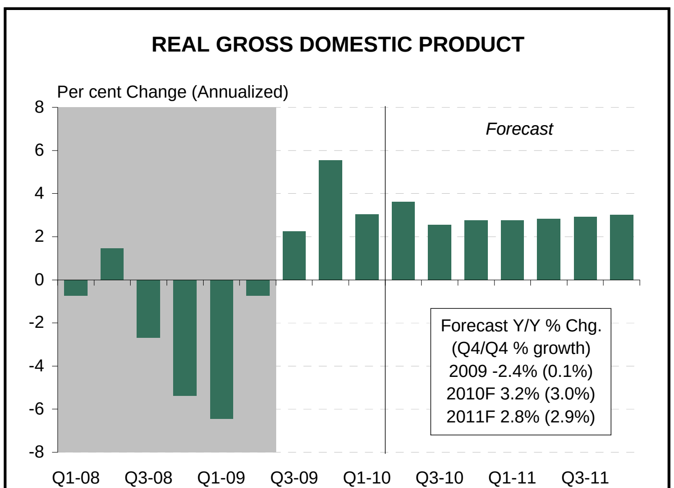
# U.S. ECONOMIC OUTLOOK: PASSING THE BATON

The U.S. economy is at a crossroads. After a housing market crash, a financial crisis, a severe economic contraction, and an unprecedented policy response, positive economic growth returned in the second half of 2009. As of the first quarter of 2010, the level of real GDP rebounded 2.7% from its trough. Job growth was somewhat late to the party, continuing to contract through the second half of 2009, but it too has turned up over the first five months of this year. As of May, nearly one million more Americans were employed than at the end of 2009.

The return to positive job growth marks the beginning of the transition from an initial stage of recovery driven by cyclical and stimulus factors to one led by private-sector demand. As stimulus unwinds, real GDP growth is expected to slow from a rate of 3.2% in 2010 to 2.8% in 2011. However, the path to full health is long and as recent events out of Europe have shown, fraught with perils.

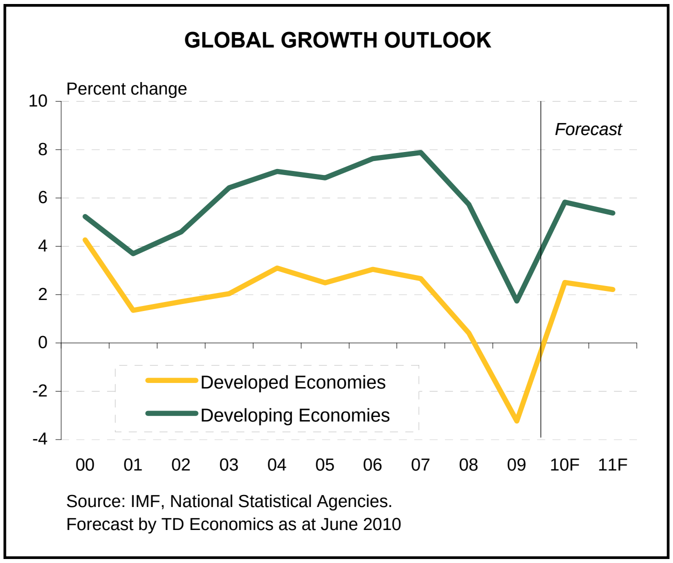
**The more things change…**

In our last Quarterly Economic Forecast in March, we wrote about the high level of uncertainty, risk and volatility that would inevitably continue in the wake of one of the worst financial crises in recent memory. That view remains fundamentally in tact and the themes noted then remain on the forefront today. What has become even more apparent since our last forecast is the speed at which long and widely held concerns, about such things as fiscal solvency, can turn into outright panic. It is not surprising that in an environment of heightened risk aversion that suspicion should fall on countries with the weakest fiscal positions; however, predicting how far contagion could spread once panic sets in is another game altogether.



Forecast by TD Economics as at June 2010;
Source: Bureau of Economic Analysis/Haver Analytics

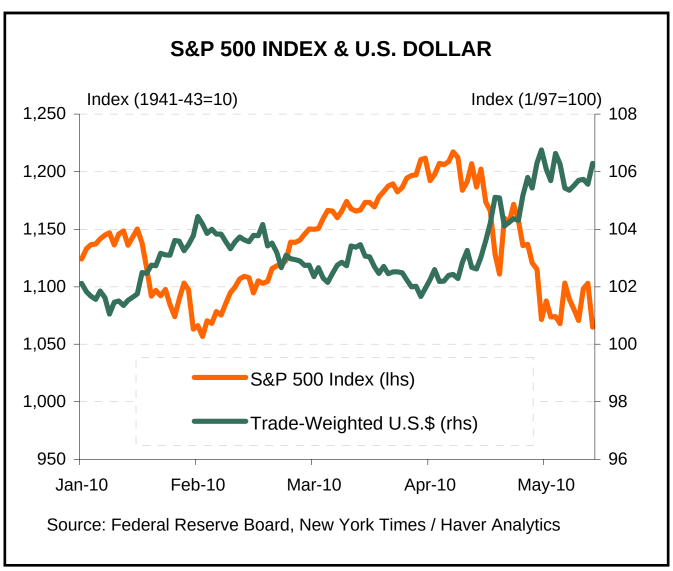
In terms of developments since our last forecast, the sovereign debt situation in Europe tops the list. While the near-$900 billion financial stabilization plan has reduced the likelihood of immediate default or debt restructuring, the degree of economic strain across Europe varies greatly. In countries with large fiscal deficits, governments must reduce fiscal imbalances, which means raising taxes, cutting spending and reducing entitlements. For the Eurozone as a whole, there will be continued upward pressure on unemployment rates from already record levels.

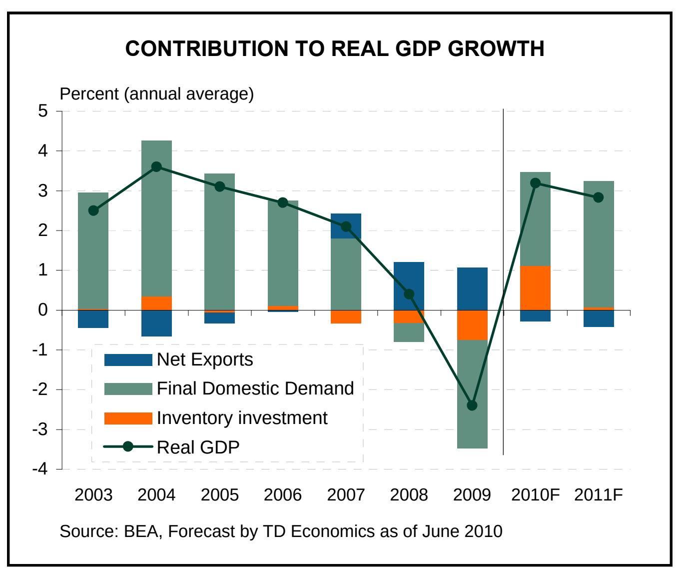



The depreciation of the euro offers a partial economic offset by improving trade competitiveness, but it will not be sufficient to heal the economic scars from severe fiscal austerity – especially since Euro zone countries largely trade amongst each other and a lower valued euro offers no competitive benefit. Thus, for countries with large current account and fiscal deficits the adjustment will likely include a relatively prolonged and painful period of economic stagnation. While a worst case scenario of immediate and sudden debt defaults appears to have been avoided, uncertainty around the ability of governments to make the required adjustments will hang over the global financial system for the foreseeable future. As a result of the crisis in Europe, we have scaled back our outlook for growth in the Eurozone to just 1.0% in 2010, improving slightly to 1.3% in 2011. (Details on the updated international forecast can be found on our website next week at www.td.com/economics/int.jsp).

So, what does this mean for the United States? The impact on the U.S. economy will be felt directly through trade linkages. Slower growth in Europe means less demand for U.S. exports. Moreover, the increase in the U.S. dollar on a trade-weighted basis, which is up almost 5% from its low in April, reduces the competitiveness of U.S. exports in foreign markets and pushes domestic consumption towards cheaper imported goods. Fortunately, this direct impact is likely to be rather small. The United States is much less reliant on trade as a source of growth than many of its trading partners. Exports make up only 11% of GDP, and combined with import substitution, the hit to total economic growth is likely to be in the neighborhood of -0.3 percentage points from what it would have been in an environment where global growth continued as previously expected.

Nonetheless, there are also the more ephemeral, but not insignificant effects on U.S. growth through the loss of risk-appetite in financial markets and ongoing uncertainty in credit markets. Global stock markets have been walloped in recent weeks. Just as investors have been making some progress clawing back wealth from depressed levels, the S&P 500 (which as of late April was up over 80% from its recession lows) has since fallen by more than 10%. Fortunately, a partial offset has come through on borrowing costs. The safe-haven status of U.S. Treasury bills has resulted in downward pressure on longer-term government bond yields, causing nominal mortgage rates and corporate bonds to fall in recent weeks. However, the escalation of global uncertainty does raise the question of whether it will



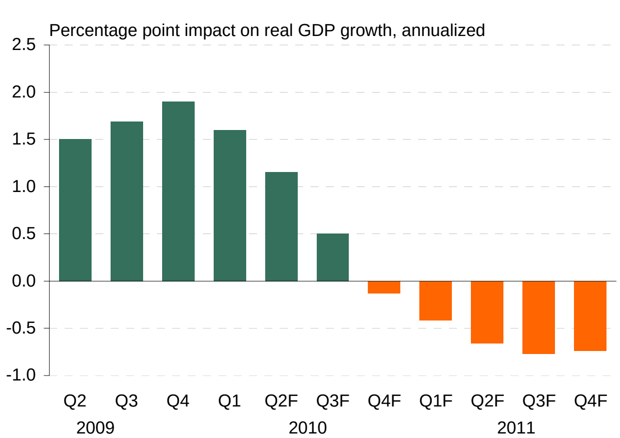



reignite risk-averse behavior among domestic financial institutions, just as the credit taps were beginning to loosen ever so slightly.

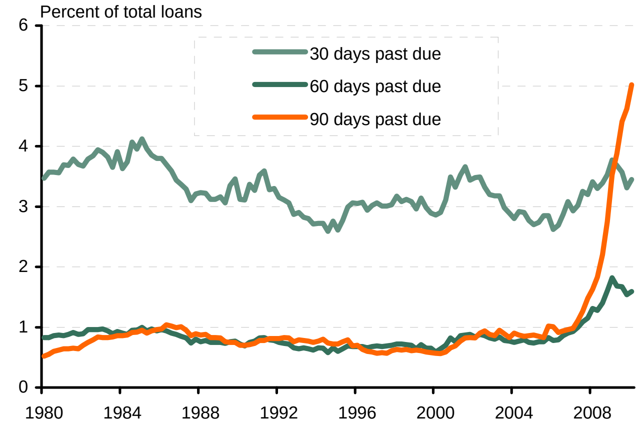
### ...The more they stay the same

On the bright side, despite these risks, the U.S. recovery has so far continued much as we had expected. The sources of economic growth have come from the usual suspects – inventory adjustment and, supported by stimulus, rebounding household and business spending. While real GDP growth slowed in the first quarter to 3.0% (annualized) from 5.6% (annualized) in the final quarter of last year, the main source of the slowdown was a much smaller contribution from inventory investment. Inventory investment is a consistent underperformer during recessions, and outperformer in the initial stages of recovery. However, inventory investment is never a driver of sustained economic growth and with the main thrust of the inventory adjustment in the rear view mirror; growth must now come from traditional sources of final domestic demand. Encouragingly, the second quarter is likely to see a pick up in GDP growth to 3.8% (annualized), led by domestic demand. Growth will come mainly from increases in consumer spending, business investment in equipment and software, and government spending. While government spending will ease, private sector demand should remain the main driver of growth through the forecast horizon.

Nonetheless, consistent with our previous economic forecast, we expect economic growth to slow in the second half of this year as a number of temporary stimulus measures unwind. First, with the homebuyer's tax credit expiring at



Forecast and estimates by TD Economics based on CBO spend out analysis



Source: Mortgage Banker's Association, Moody's Economy.com

the end of April, home sales are likely to fall in the third quarter. As inventories of unsold homes push upward, builders will be reluctant to increase supply. Moreover, we can not ignore the still significant shadow supply from home foreclosures. The Home Affordable Modification Program (HAMP) has seen an increase in the number of permanent loan modifications, but these remain small relative to the total number of seriously delinquent mortgages. So, with sales slowing in the second half of the year, the pressure on supply from distressed sales will continue to be a limiting factor to construction and increases the risk of a further leg down in home prices. Lower housing market activity will also temper growth in consumer spending, which has been supported in recent months by housing related purchases.

Another source of temporary support, – Census hiring – which in May was responsible for 95% of the total increase in jobs, will become a drag on job creation over the next several months. Lastly, by the end of the year, the positive impact of stimulus from the American Reinvestment and Recovery Act (ARRA) will peter out. It is estimated that ARRA contributed close to a percentage point to growth over the first half of the year. In 2011, in absence of any further stimulus, the impact will become negative to the pace of economic growth, subtracting close to a half percentage point from real GDP growth for the year as a whole.

With economic growth decelerating and core inflation remaining below the 1% mark, the Fed will have little reason to tighten the stance of monetary policy. We continue to believe the Fed will remain on hold until early 2011. At that time, cognizant of the fragility of the recovery, but with job momentum firmly taking root, the Fed will move slowly, taking rates from current emergency levels, but leaving the level at a still relatively accommodative 1.5% by year's end.

**Bottom Line**

In our last Quarterly Economic Forecast we labeled the current economic environment the "risk-filled recovery." Given recent events in global financial markets, that statement seems even more relevant now than it was three months ago. The U.S. recovery is at a stage where there are both upside and downside risks to growth. Were this a normal recession, pent up demand in combination with very accommodative monetary policy, would lead to growth rates well above long-run potential over the forecast horizon. Moreover, given recent trends in productivity and profit growth, private-sector hiring should be bursting out of the gates. A stronger pick-up in employment would, in turn, provide greater support to retail spending and the housing market in general.

As we have noted in the past, this is not a regular recession. The after-shocks from the financial crisis continue to make the task of rebuilding a hazardous prospect. The deleveraging process that has begun in the household sector is likely not over, and while some rebound in financial markets has helped to restore balance sheets, as we have seen in recent weeks, these gains are nothing short of precarious. Finally, while fiscal retrenchment has yet to take hold as it has in Europe, this too will increasingly become a necessity in the United States.

On the regulatory front, policy-makers across the globe are still in the process of learning the lessons of the financial crisis and coming up with policies to prevent it from happening again. Unfortunately, human beings are seldom perfect and policy responses can just as easily overshoot. In the meantime, with deliberations continuing, questions about what the regulatory environment will be two or three months down the road, acts like an additional cost to capital.

All told, while the economic recovery should continue, no one said it wouldn't be a bumpy ride.

**INTEREST RATE OUTLOOK**

| | Spot Rate | 2009 | | | | 2010 | | | | 2011 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 6/10/2010 | Q1 | Q2 | Q3 | Q4 | Q1F | Q2F | Q3F | Q4F | Q1F | Q2F | Q3F | 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 | 0.50 | 1.00 | 1.25 | 1.50 |
| 3-mth T-Bill Rate (%) | 0.08 | 0.18 | 0.18 | 0.11 | 0.05 | 0.16 | 0.10 | 0.25 | 0.35 | 0.80 | 1.30 | 1.55 | 1.75 |
| 2-yr Govt. Bond Yield (%) | 0.75 | 0.80 | 1.11 | 0.95 | 1.14 | 1.02 | 0.75 | 1.00 | 1.40 | 1.95 | 2.30 | 2.45 | 2.45 |
| 5-yr Govt. Bond Yield (%) | 2.04 | 1.66 | 2.55 | 2.34 | 2.68 | 2.54 | 2.00 | 2.25 | 2.60 | 3.00 | 3.25 | 3.30 | 3.30 |
| 10-yr Govt. Bond Yield (%) | 3.25 | 2.66 | 3.53 | 3.31 | 3.84 | 3.83 | 3.20 | 3.55 | 3.75 | 4.00 | 4.25 | 4.35 | 4.35 |
| 30-yr Govt. Bond Yield (%) | 4.17 | 3.53 | 4.33 | 4.05 | 4.64 | 4.71 | 4.15 | 4.40 | 4.60 | 4.85 | 5.00 | 5.00 | 5.00 |
| 10-yr-2-yr Govt. Spread (%) | 2.50 | 1.86 | 2.42 | 2.36 | 2.70 | 2.81 | 2.45 | 2.55 | 2.35 | 2.05 | 1.95 | 1.90 | 1.90 |

f: Forecast by TD Bank Financial Group as at June 11, 2010; All forecasts are for end of period. Source: Bloomberg, TDBFG

**FOREIGN EXCHANGE OUTLOOK**

| Currency | Exchange Rate | Spot Price | 2009 | | | | 2010 | | | | 2011 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 6/10/2010 | Q1 | Q2 | Q3 | Q4 | Q1F | Q2F | Q3F | Q4F | Q1F | Q2F | Q3F | Q4F |
| Canadian dollar | USD per CAD | 0.968 | 0.794 | 0.860 | 0.935 | 0.951 | 0.985 | 0.930 | 0.890 | 0.950 | 0.970 | 0.980 | 0.990 | 1.000 |
| Canadian dollar | CAD per USD | 1.034 | 1.260 | 1.162 | 1.069 | 1.052 | 1.015 | 1.075 | 1.124 | 1.053 | 1.031 | 1.020 | 1.010 | 1.000 |
| Japanese yen | JPY per USD | 91.06 | 98.96 | 96.36 | 89.70 | 93.02 | 93.40 | 87.00 | 90.00 | 91.00 | 95.00 | 100.00 | 102.00 | 105.00 |
| Euro | USD per EUR | 1.211 | 1.325 | 1.403 | 1.464 | 1.432 | 1.351 | 1.220 | 1.130 | 1.080 | 1.050 | 1.030 | 1.020 | 1.000 |
| U.K. pound | USD per GBP | 1.467 | 1.432 | 1.646 | 1.598 | 1.616 | 1.518 | 1.419 | 1.345 | 1.317 | 1.280 | 1.288 | 1.275 | 1.282 |
| Swiss franc | CHF per USD | 1.142 | 1.140 | 1.086 | 1.036 | 1.036 | 1.051 | 1.148 | 1.221 | 1.259 | 1.295 | 1.359 | 1.402 | 1.460 |
| Australian dollar | USD per AUD | 0.847 | 0.691 | 0.806 | 0.883 | 0.898 | 0.917 | 0.870 | 0.900 | 0.880 | 0.860 | 0.840 | 0.820 | 0.790 |
| NZ dollar | USD per NZD | 0.685 | 0.560 | 0.646 | 0.723 | 0.723 | 0.710 | 0.680 | 0.700 | 0.680 | 0.670 | 0.650 | 0.620 | 0.600 |
| Mexican peso | MXN per USD | 12.74 | 14.17 | 13.19 | 13.51 | 13.09 | 12.35 | 12.50 | 12.30 | 12.10 | 12.00 | 11.60 | 11.50 | 11.50 |

f: Forecast by TD Bank Financial Group as at June 11, 2010; All forecasts are for end of period; Source: FRB of NY, Bloomberg, TDBFG

## 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 | Q4 | Q1 | Q2F | Q3F | Q4F | Q1F | Q2F | Q3F | Q4F | 09 | 10F | 11F | 09 | 10F | 11F |
| **Real GDP** | -6.4 | -0.7 | 2.2 | 5.6 | 3.0 | 3.6 | 2.5 | 2.8 | 2.7 | 2.8 | 2.9 | 3.0 | -2.4 | 3.2 | 2.8 | 0.1 | 3.0 | 2.9 |
| **Consumer Expenditure** | 0.6 | -0.9 | 2.8 | 1.6 | 3.5 | 3.1 | 2.3 | 2.7 | 2.5 | 2.6 | 2.4 | 2.6 | -0.6 | 2.5 | 2.6 | 1.0 | 2.9 | 2.5 |
| Durable Goods | 3.9 | -5.6 | 20.4 | 0.4 | 12.2 | 16.1 | 9.4 | 8.3 | 7.6 | 6.5 | 5.9 | 6.2 | -3.9 | 9.8 | 8.0 | 4.4 | 11.5 | 6.6 |
| **Business Investment** | -39.2 | -9.6 | -5.9 | 5.3 | 3.1 | 7.3 | 6.3 | 9.2 | 11.2 | 12.1 | 10.4 | 8.9 | -17.8 | 3.0 | 9.9 | -14.1 | 6.5 | 10.6 |
| Non-Res. Structures | -43.6 | -17.3 | -18.4 | -18.1 | -15.3 | -2.5 | -6.7 | -3.2 | -2.2 | 0.6 | 1.1 | 1.7 | -19.8 | -12.5 | -1.8 | -25.3 | -7.1 | 0.3 |
| Machinery & Equipment | -36.4 | -4.9 | 1.5 | 19.0 | 12.7 | 11.9 | 12.2 | 14.5 | 16.8 | 16.7 | 14.0 | 11.5 | -16.6 | 11.1 | 14.8 | -7.5 | 12.8 | 14.7 |
| **Residential Construction** | -38.2 | -23.2 | 18.9 | 3.7 | -10.7 | 16.9 | -3.5 | 6.3 | 15.9 | 18.9 | 23.9 | 26.9 | -20.5 | 1.2 | 13.8 | -12.6 | 1.7 | 21.4 |
| **Govt. Consumption & Gross Investment** | -2.6 | 6.7 | 2.7 | -1.3 | -1.9 | 5.8 | 1.8 | 1.1 | -0.2 | -0.8 | -0.9 | -1.7 | 1.8 | 1.4 | 0.4 | 1.3 | 1.7 | -0.9 |
| **Final Domestic Demand** | -6.4 | -0.9 | 2.3 | 1.4 | 2.0 | 4.4 | 2.4 | 3.0 | 3.1 | 3.2 | 3.0 | 3.0 | -2.7 | 2.3 | 3.1 | -1.0 | 2.9 | 3.1 |
| **Exports** | -29.9 | -4.1 | 17.8 | 22.8 | 7.2 | 5.2 | 6.0 | 5.4 | 4.6 | 6.2 | 7.0 | 8.2 | -9.6 | 9.8 | 5.8 | -0.7 | 5.9 | 6.5 |
| **Imports** | -36.4 | -14.7 | 21.3 | 15.8 | 10.4 | 8.7 | 7.3 | 6.6 | 7.5 | 8.8 | 6.7 | 6.4 | -13.9 | 9.9 | 7.4 | -6.6 | 8.2 | 7.3 |
| **Change in Non-Farm Inventories ($05 Bn)** | -114.9 | -163.1 | -141.4 | -13.7 | 37.6 | 29.1 | 41.5 | 40.0 | 44.3 | 48.1 | 48.8 | 47.7 | -108.3 | 37.1 | 47.2 | --- | --- | --- |
| **Final Sales** | -4.1 | 0.7 | 1.5 | 1.7 | 1.4 | 3.8 | 2.1 | 2.8 | 2.6 | 2.7 | 2.9 | 3.0 | -1.7 | 2.0 | 2.7 | -0.1 | 2.5 | 2.8 |
| **International Current Account Balance ($Bn)** | -410 | -390 | -426 | -476 | -511 | -507 | -484 | -499 | -539 | -582 | -609 | -629 | -425 | -500 | -590 | --- | --- | --- |
| % of GDP | -2.9 | -2.8 | -3.0 | -3.3 | -3.5 | -3.4 | -3.3 | -3.3 | -3.5 | -3.8 | -3.9 | -4.0 | -3.0 | -3.4 | -3.8 | --- | --- | --- |
| **Pre-tax Corporate Profits including IVA&CCA** | 22.8 | 15.7 | 50.7 | 36.0 | 24.1 | 17.1 | 15.1 | 4.9 | 3.8 | 4.6 | 6.2 | 6.6 | -3.8 | 24.5 | 6.8 | 30.6 | 15.1 | 5.3 |
| % of GDP | 8.3 | 8.7 | 9.5 | 10.2 | 10.6 | 10.9 | 11.2 | 11.2 | 11.2 | 11.2 | 11.3 | 11.3 | 9.2 | 11.0 | 11.3 | --- | --- | --- |
| **GDP Deflator (Y/Y)** | 1.9 | 1.5 | 0.6 | 0.7 | 0.5 | 0.8 | 0.9 | 1.1 | 1.2 | 1.2 | 1.4 | 1.4 | 1.2 | 0.8 | 1.3 | 0.7 | 1.1 | 1.4 |
| **Nominal GDP** | -4.6 | -0.8 | 2.6 | 6.1 | 4.1 | 5.1 | 3.3 | 4.0 | 4.4 | 4.2 | 4.3 | 4.6 | -1.3 | 4.1 | 4.2 | 0.7 | 4.1 | 4.4 |
| **Labor Force** | -1.1 | 1.5 | -1.5 | -1.8 | 0.0 | 3.0 | 0.5 | 1.0 | 1.0 | 1.0 | 1.1 | 1.2 | -0.1 | 0.3 | 1.1 | -0.7 | 1.1 | 1.1 |
| **Employment** | -6.4 | -5.0 | -3.1 | -1.3 | 0.2 | 2.5 | 1.1 | 2.5 | 2.6 | 2.7 | 2.7 | 2.6 | -4.3 | -0.2 | 2.4 | -4.0 | 1.6 | 2.7 |
| **Change in Empl. ('000s)** | -2,205 | -1,702 | -1,035 | -438 | 58 | 810 | 357 | 812 | 855 | 892 | 885 | 872 | -5,866 | -224 | 3,175 | -5,380 | 2,038 | 3,504 |
| **Unemployment Rate (%)** | 8.2 | 9.3 | 9.6 | 10.0 | 9.7 | 9.7 | 9.6 | 9.5 | 9.3 | 9.1 | 9.0 | 8.9 | 9.3 | 9.6 | 9.1 | --- | --- | --- |
| **Personal Disp. Income** | -1.2 | 7.7 | -1.2 | 2.5 | 3.4 | 5.7 | 2.2 | 3.5 | 1.8 | 3.9 | 3.9 | 3.8 | 1.0 | 3.2 | 3.2 | 1.9 | 3.7 | 3.3 |
| **Pers. Savings Rate (%)** | 3.8 | 5.4 | 4.0 | 3.7 | 3.4 | 3.8 | 3.9 | 3.7 | 3.0 | 3.1 | 3.2 | 3.3 | 4.2 | 3.7 | 3.1 | --- | --- | --- |
| **Cons. Price Index (Y/Y)** | -0.2 | -1.0 | -1.6 | 1.5 | 2.4 | 2.0 | 1.5 | 1.0 | 0.9 | 1.2 | 1.4 | 1.6 | -0.3 | 1.7 | 1.3 | 1.5 | 1.0 | 1.6 |
| **Core CPI (Y/Y)** | 1.7 | 1.8 | 1.5 | 1.7 | 1.3 | 0.9 | 0.8 | 0.6 | 0.9 | 1.0 | 1.1 | 1.3 | 1.7 | 0.9 | 1.1 | 1.7 | 0.6 | 1.3 |
| **Housing Starts (mns)** | 0.53 | 0.54 | 0.59 | 0.56 | 0.62 | 0.67 | 0.71 | 0.75 | 0.80 | 0.89 | 1.00 | 1.11 | 0.55 | 0.69 | 0.95 | --- | --- | --- |
| **Productivity: Real Output per hour (y/y)** | 1.8 | 2.9 | 4.6 | 5.6 | 6.2 | 4.7 | 3.0 | 1.5 | 1.0 | 0.9 | 1.0 | 1.3 | 3.7 | 3.8 | 1.1 | 5.6 | 1.5 | 1.3 |

F: Forecast by TD Economics as at June 2010

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

## GLOBAL ECONOMIC OUTLOOK

*Annual per cent change unless otherwise indicated*

| Real GDP | 2007 Share* (%) | 2008 | 2009 | Forecast 2010 | Forecast 2011 |
|---|---|---|---|---|---|
| **World** | 99.1 | 2.8 | -1.0 | 4.0 | 3.6 |
| **North America** | 25.5 | 0.5 | -2.8 | 3.3 | 2.9 |
| United States | 21.4 | 0.4 | -2.4 | 3.2 | 2.8 |
| Canada | 2.0 | 0.5 | -2.5 | 3.6 | 2.5 |
| Mexico | 2.1 | 1.3 | -6.6 | 3.9 | 3.8 |
| **European Union (EU-27)** | 23.7 | 0.8 | -4.1 | 1.1 | 1.2 |
| Euro-zone (EU-16) | 16.1 | 0.5 | -4.0 | 0.9 | 1.1 |
| Germany | 4.4 | 1.0 | -4.9 | 1.6 | 2.0 |
| France | 3.2 | 0.1 | -2.5 | 1.4 | 1.6 |
| Italy | 2.8 | -1.3 | -5.1 | 0.4 | 0.6 |
| United Kingdom | 3.3 | 0.5 | -4.9 | 1.0 | 1.4 |
| EU accession members | 3.4 | 2.1 | -3.9 | 2.0 | 1.5 |
| **Asia** | 35.5 | 4.8 | 1.5 | 6.4 | 5.7 |
| Japan | 6.6 | -1.2 | -5.2 | 2.6 | 1.6 |
| Asian NIC's | 3.7 | 1.5 | -1.0 | 5.5 | 4.9 |
| Hong Kong | 0.5 | 2.2 | -2.6 | 5.1 | 4.9 |
| Korea | 1.9 | 2.2 | 0.1 | 5.0 | 4.9 |
| Singapore | 0.3 | 1.1 | -2.2 | 6.1 | 5.5 |
| Taiwan | 1.1 | 0.1 | -1.9 | 6.5 | 4.7 |
| Russia | 3.2 | 5.6 | -7.9 | 4.1 | 3.9 |
| Australia & New Zealand | 1.4 | 2.1 | 1.0 | 3.1 | 3.2 |
| Developing Asia | 20.6 | 7.4 | 5.6 | 8.3 | 7.6 |
| ASEAN-4 | 3.1 | 4.7 | 1.2 | 4.6 | 4.4 |
| China | 10.9 | 9.0 | 8.5 | 9.9 | 9.0 |
| India | 4.6 | 7.3 | 5.7 | 8.1 | 7.4 |
| **Central/South America** | 6.1 | 4.7 | -0.2 | 4.2 | 3.7 |
| Argentina | 0.8 | 6.8 | 0.9 | 3.2 | 3.1 |
| Brazil | 2.8 | 5.1 | -0.2 | 6.2 | 4.1 |
| **Other Developing** | 8.4 | 5.5 | 1.7 | 4.3 | 4.2 |

*Regional wts. do not sum to 100% because some countries omitted
Forecast as at June 2010
Source: International Monetary Fund, national statistical agencies

## ECONOMIC INDICATORS FOR THE G-7 AND EUROPE

| | 2008 | 2009 | Forecast 2010 | Forecast 2011 |
|---|---|---|---|---|
| **Real GDP (Annual per cent change)** | | | | |
| **G-7 (41.17%)*** | 0.1 | -3.5 | 2.5 | 2.2 |
| U.S. | 0.4 | -2.4 | 3.2 | 2.8 |
| Japan | -1.2 | -5.2 | 2.6 | 1.6 |
| EU-16 | 0.5 | -4.0 | 0.9 | 1.1 |
| Germany | 1.0 | -4.9 | 1.6 | 2.0 |
| France | 0.1 | -2.5 | 1.4 | 1.6 |
| Italy | -1.3 | -5.1 | 0.4 | 0.6 |
| United Kingdom | 0.5 | -4.9 | 1.0 | 1.4 |
| Canada | 0.5 | -2.5 | 3.6 | 2.5 |
| **Consumer Price Index (Annual per cent change)** | | | | |
| **G-7** | 3.2 | -0.1 | 1.3 | 1.2 |
| U.S. | 3.8 | -0.4 | 1.7 | 1.3 |
| Japan | 1.4 | -1.4 | -1.0 | -0.2 |
| EU-16 | 3.3 | 0.3 | 1.6 | 1.7 |
| Germany | 2.8 | 0.2 | 1.3 | 1.8 |
| France | 3.2 | 0.1 | 1.5 | 1.4 |
| Italy | 3.5 | 0.8 | 1.8 | 1.7 |
| United Kingdom | 3.6 | 2.2 | 2.8 | 1.9 |
| Canada | 2.4 | 0.3 | 1.8 | 1.8 |
| **Unemployment Rate (Per cent annual averages)** | | | | |
| U.S. | 5.8 | 9.3 | 9.6 | 9.1 |
| Japan | 4.0 | 5.1 | 5.1 | 4.8 |
| EU-16 | 7.6 | 9.4 | 9.9 | 9.4 |
| Germany | 7.3 | 7.5 | 7.7 | 7.7 |
| France | 7.8 | 9.5 | 10.2 | 10.1 |
| Italy | 6.8 | 7.7 | 8.6 | 8.3 |
| United Kingdom | 5.6 | 7.6 | 8.1 | 7.4 |
| Canada | 6.2 | 8.3 | 8.2 | 7.8 |

*Share of 2007 world gross domestic product (GDP)
Forecast as at June 2010
Source: National statistical agencies, TD Economics

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