

THE ECONOMIC OUTLOOK

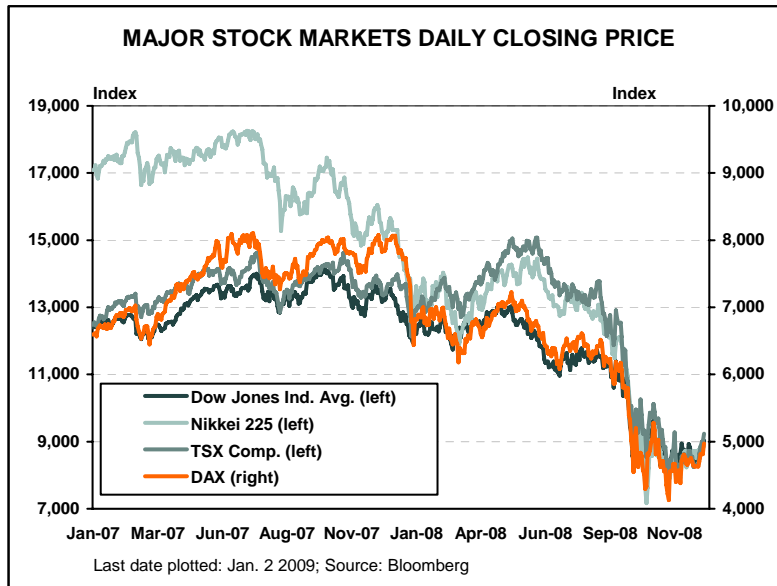


January 2009

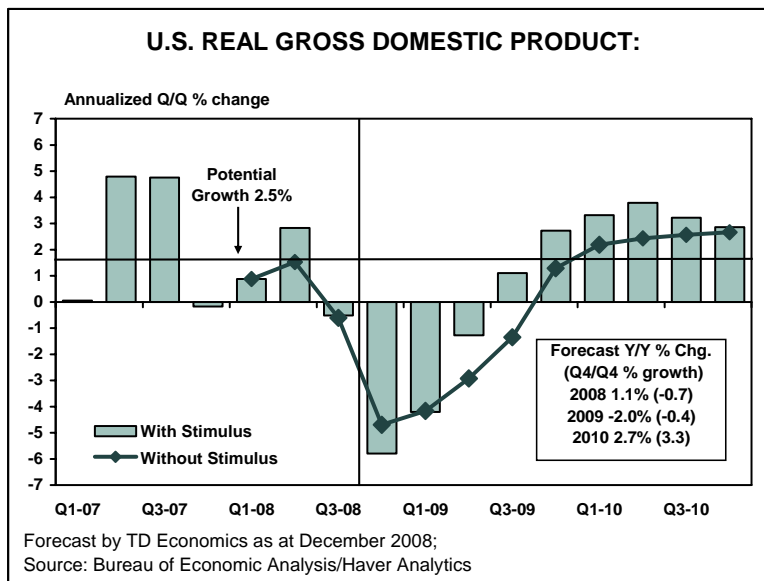
TD Economics provides analysis of economic performance and the implications for investors. The analysis covers the globe, with emphasis on Canada, the United States, Europe and Asia.

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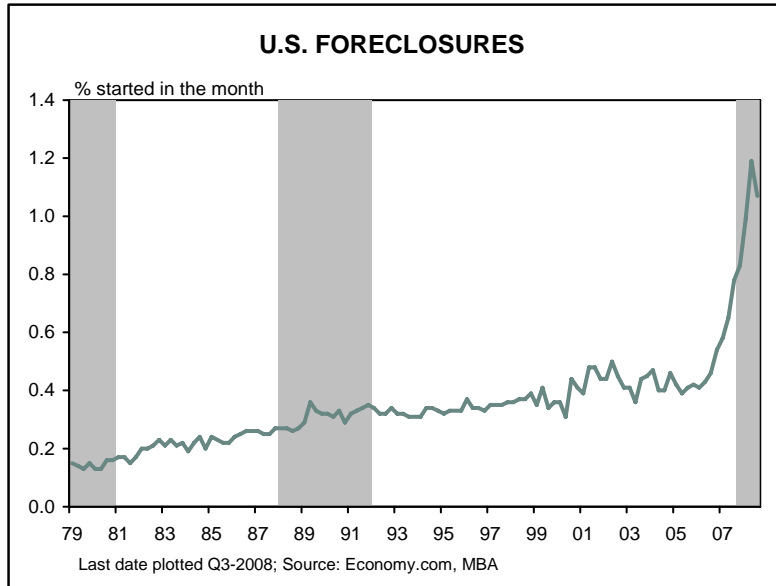
FEARS OF GLOBAL RECESSION SINK EQUITIES



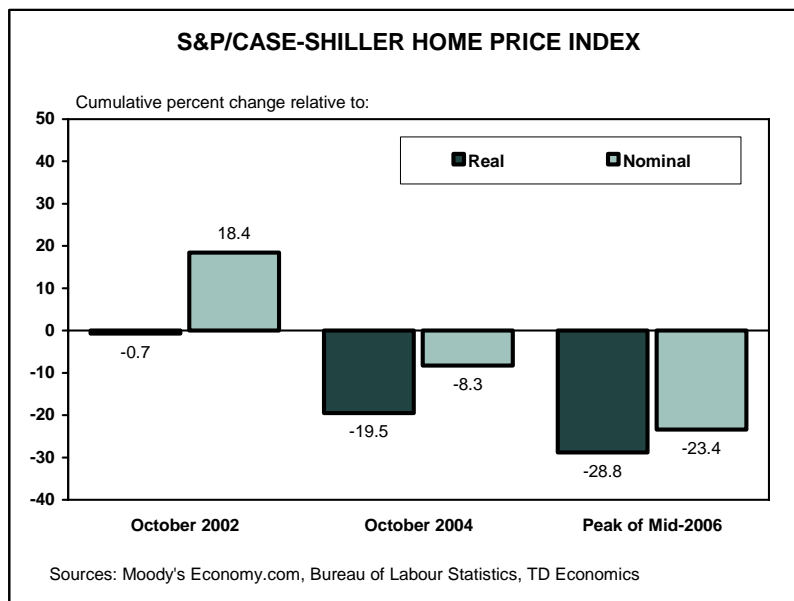
U.S. ECONOMY IN RECESSION



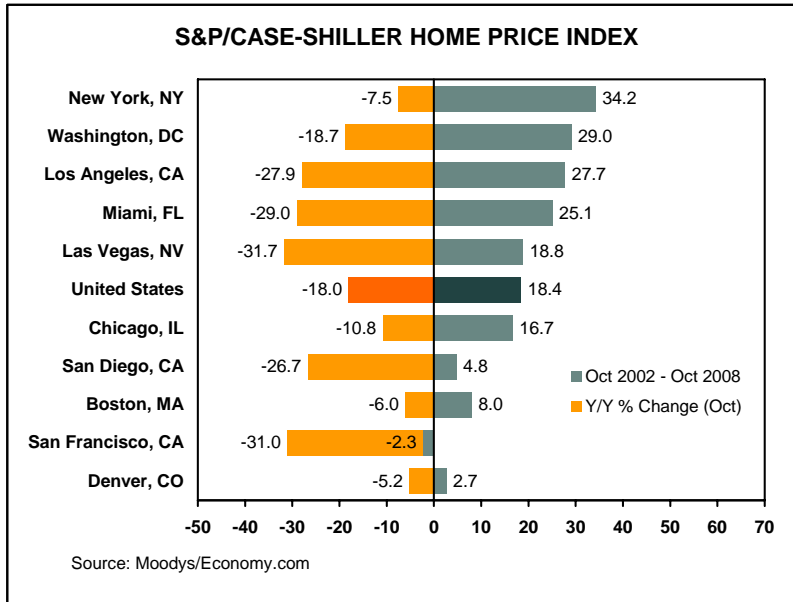
BAD NEWS STILL ROLLING IN



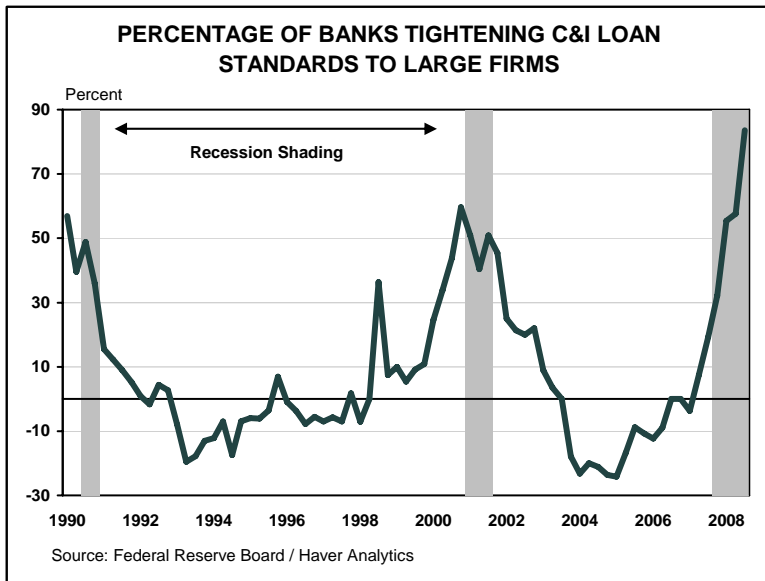
REAL HOUSE PRICES STILL ABOVE 2002 LEVEL



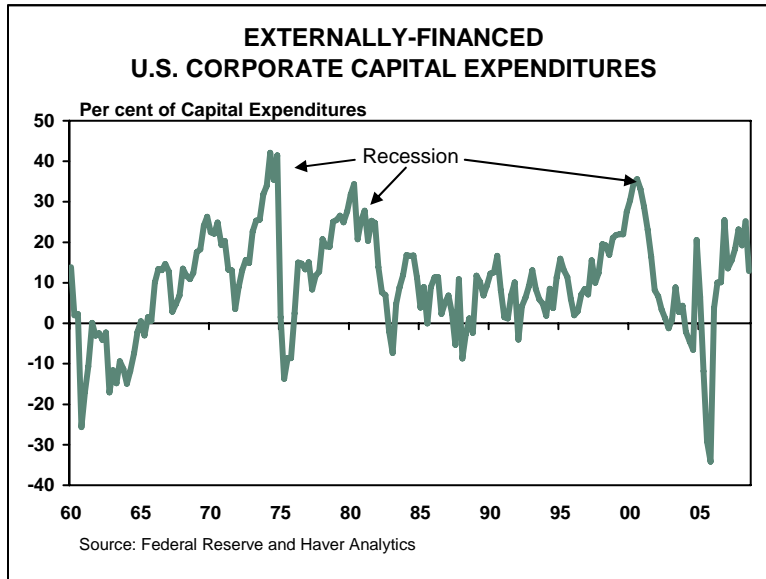
PRICES WILL FALL FURTHER IN MANY CITIES



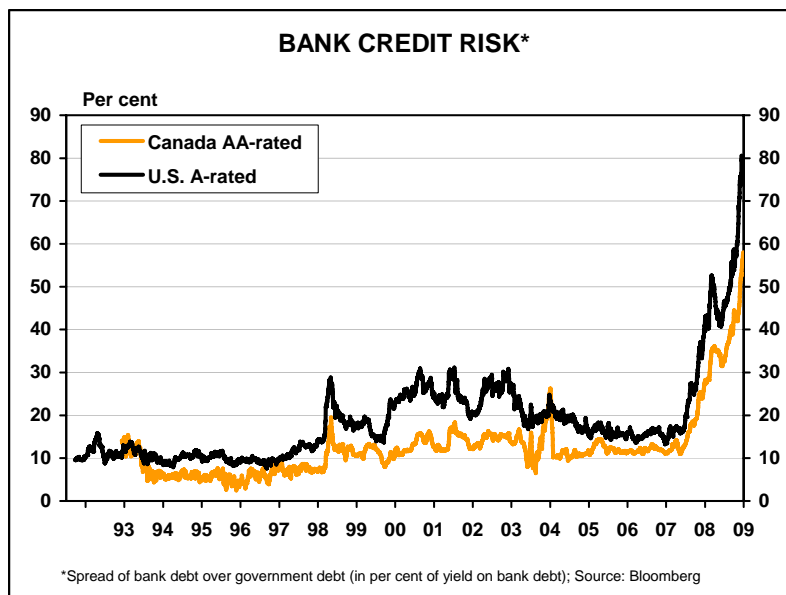
U.S. BANKS HAVE TIGHTENED CREDIT



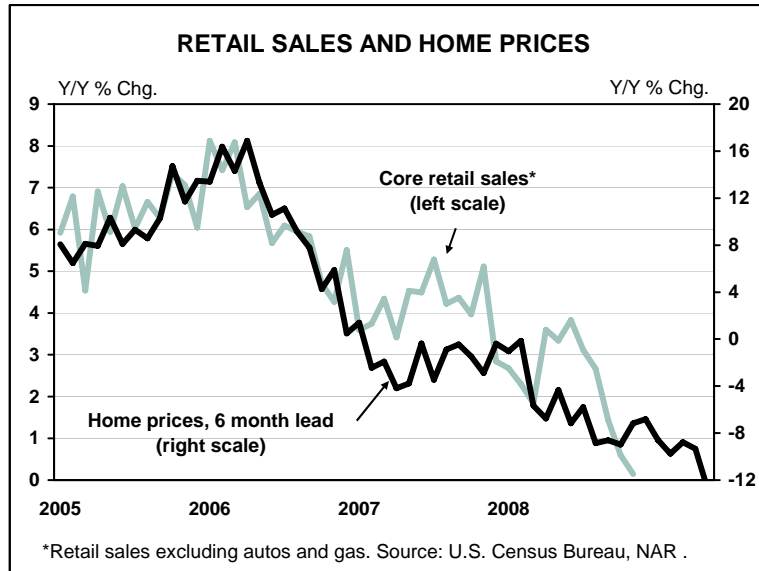
CORPORATIONS MUST INCREASINGLY TURN TO CASH STARVED BANKS



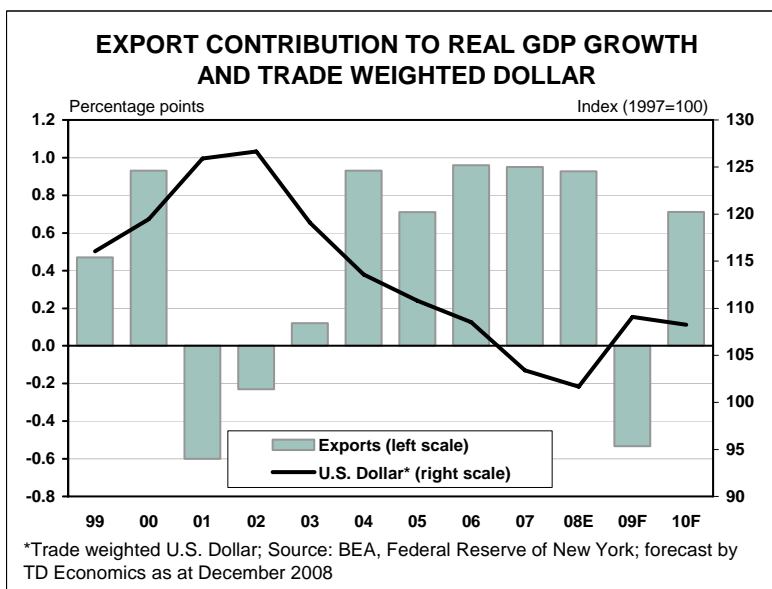
BANKS' COSTS OF FUNDS HAVE RISEN



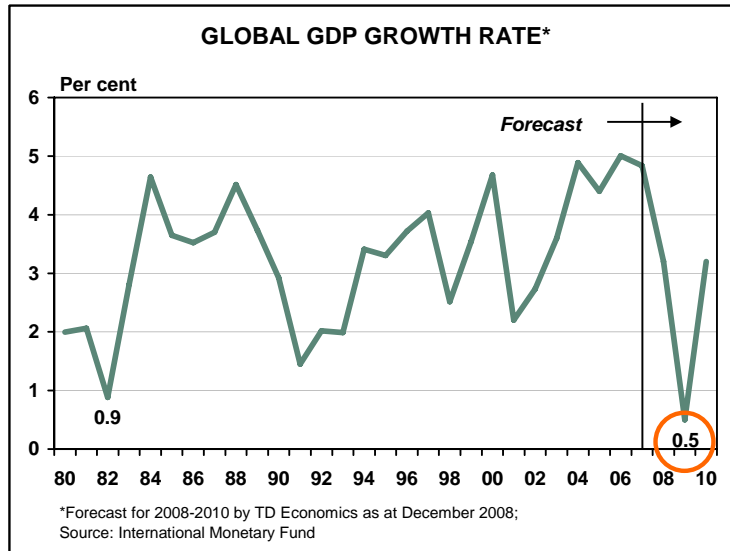
HOUSING MARKET WOES DAMPEN CONSUMER SPENDING



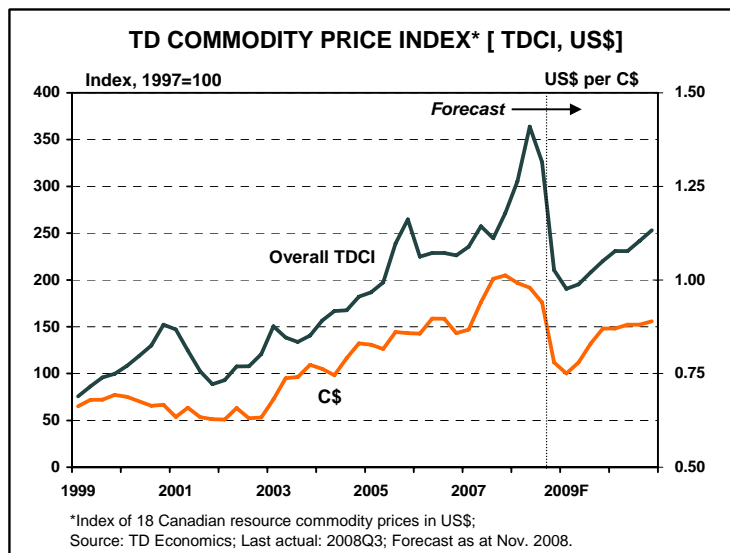
U.S. EXPORTS RISE AS U.S. DOLLAR FALLS BUT...



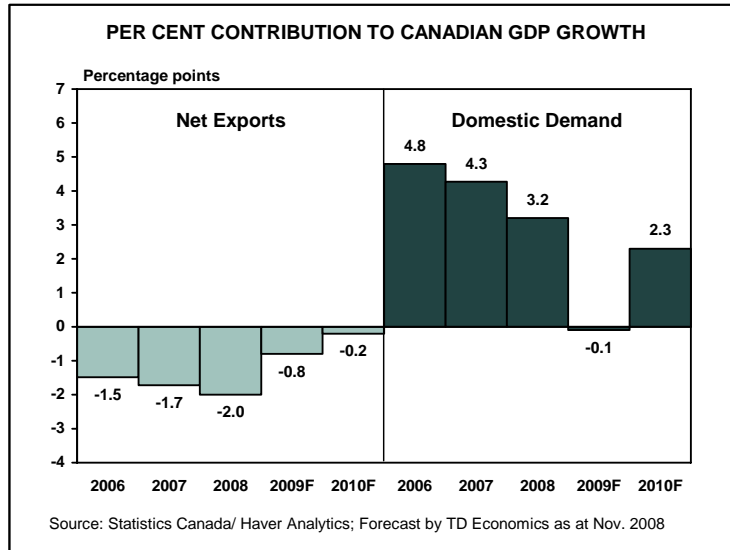
2009 WORST YEAR FOR WORLD ECONOMY



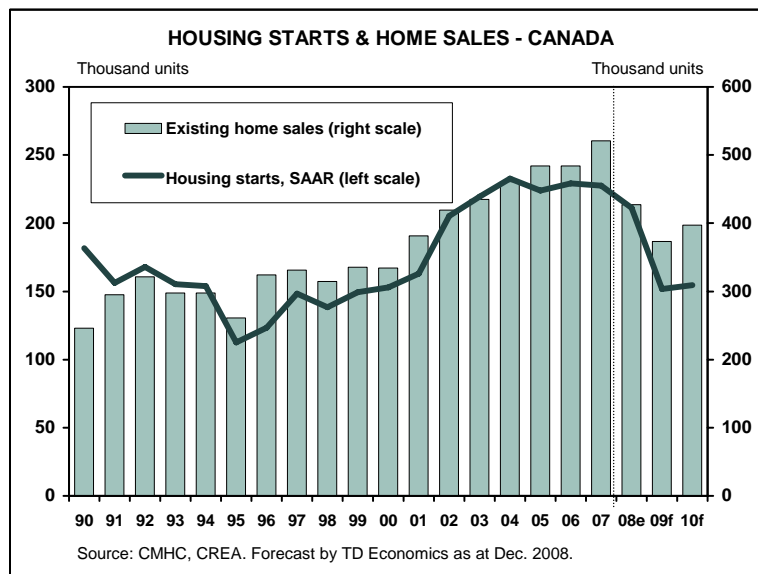
COMMODITY CORRECTION TAKES DOWN C\$



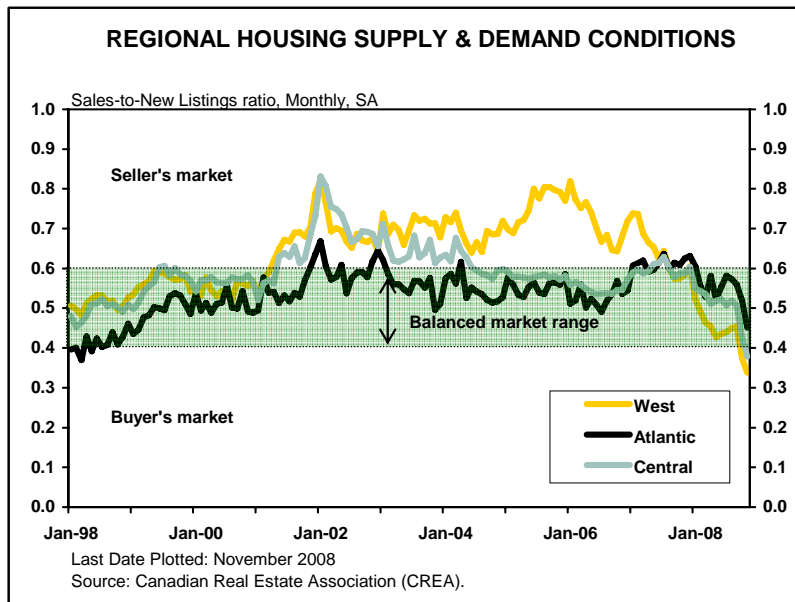
CANADA: NET TRADE WILL BE A DRAG



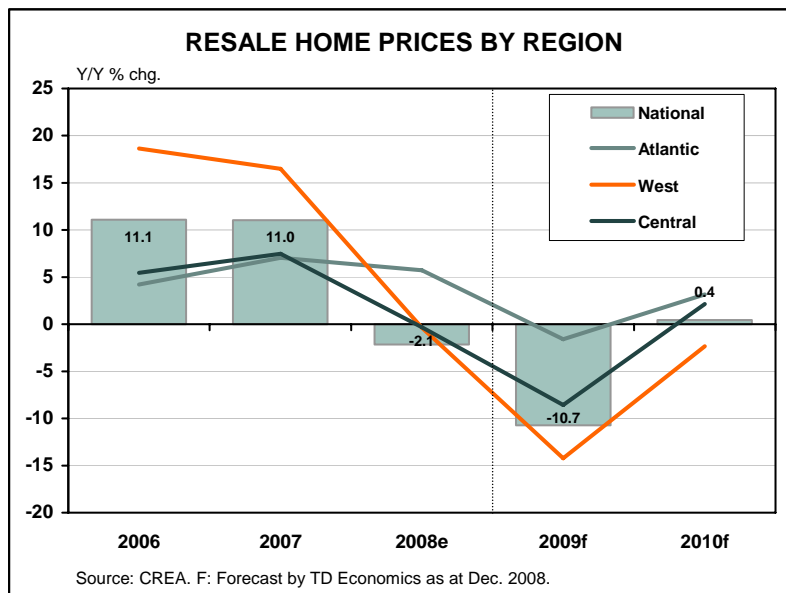
CANADA HOUSING MARKET TO REBALANCE AFTER STRONG 6-YR RUN



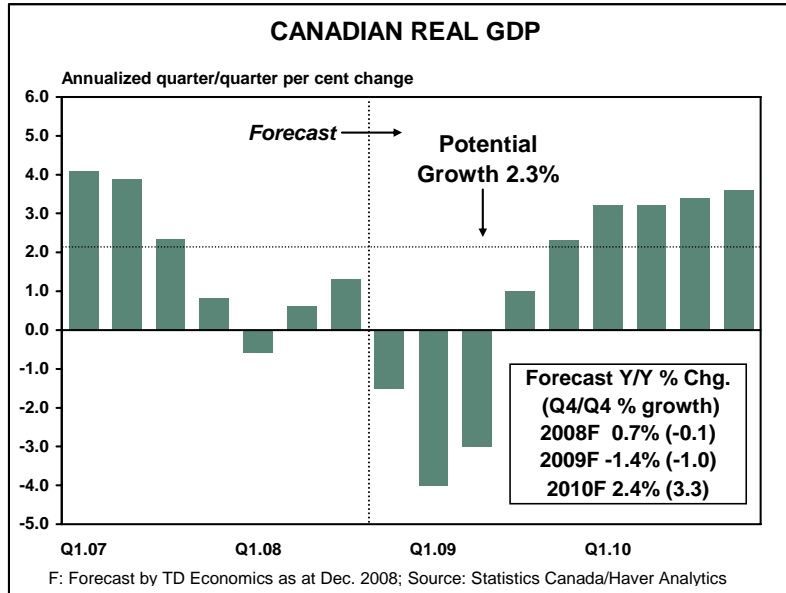
BUYER MARKET CONDITIONS



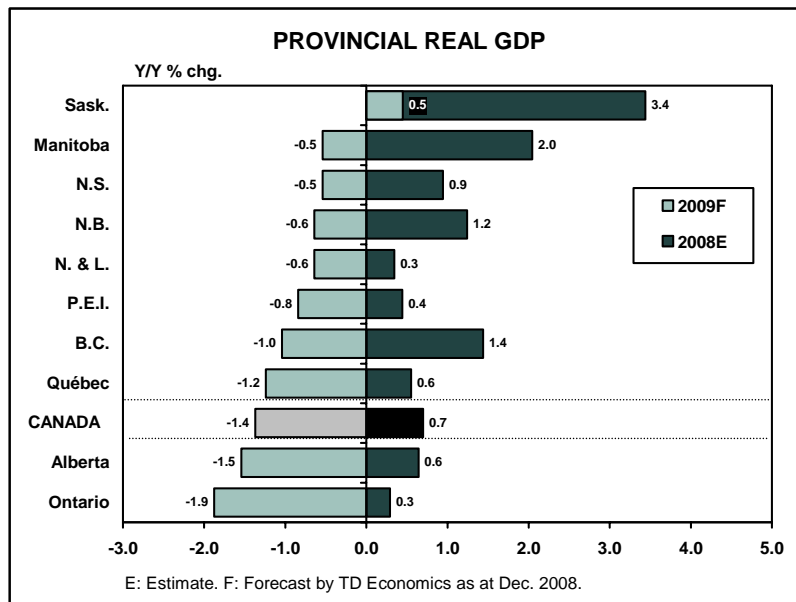
SLOWDOWN WILL BE VISIBLE IN HOME PRICES



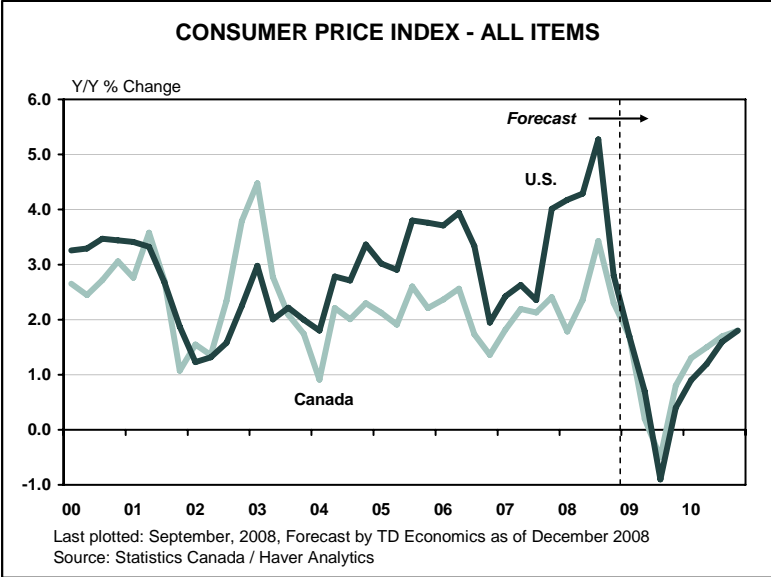
CANADIAN ECONOMY TO ENTER RECESSION



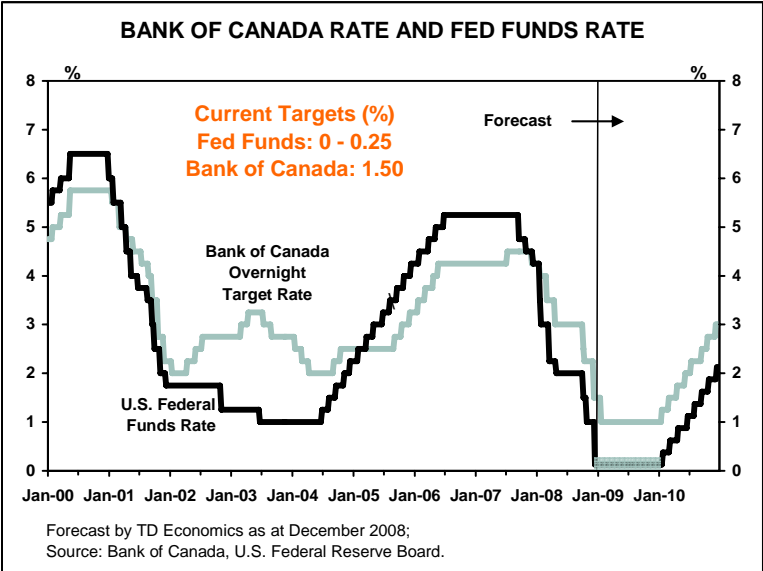
REGIONAL ECONOMIES TO CONTRACT



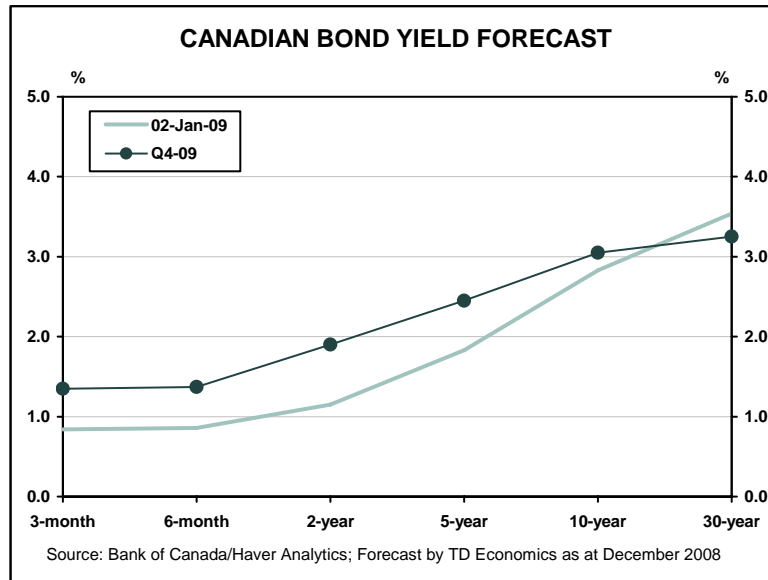
ECONOMIC WEAKNESS WILL TAKE CARE OF INFLATION



OVERNIGHT RATES TO GO BELOW 2001 LEVELS



BOND YIELDS TO ALSO REMAIN LOW



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