QUARTERLY ECONOMIC FORECAST

TD Economics

March 23, 2016

SLOW, BUT STEADY ECONOMIC IMPROVEMENT AMIDST VOLATILE FINANCIAL MARKETS

U.S. Highlights

- Despite the volatility in financial markets, the outlook for the U.S. economy has not changed much over the past three months. Weak global growth remains a key headwind, but domestic demand continues to be supported by a healthy labor market and low energy prices.
- Largely as a result of slower than anticipated growth to end last year, the outlook for economic growth in 2016 has fallen to 2.0% (from 2.4% previously). It is expected to improve to 2.3% in 2017.
- With ongoing job growth, the unemployment rate should continue to drift lower, reaching 4.7% by the end of this year and 4.6% by the end of 2017. The continued tightening in the labor market will ensure that inflation moves toward the Federal Reserve's target of 2.0%.
- Strength in the labor market and increasing inflation pressures will likely lead the Fed to continue to normalize policy, likely raising the fed funds target rate two more times this year.

Global Highlights

- Global growth in 2016 will be constrained by the same forces that held growth to just 3.0% last year. Commodity exporters continue to adjust to lower prices; Chinese growth continues to slow; and, structural headwinds remain in place in advanced economies. As a result, world output should expand by just 3.1% this year, before improving slightly to 3.4% in 2017.
- Our downward revision to growth for 2016 (from 3.3% previously) is driven by weaker momentum at the end of 2015, and tighter financial conditions at the start of this year.
- Risks to the outlook are concentrated in emerging markets. Much of the pessimism at the start of this year has abated owing to increased central bank stimulus, firmer oil prices and improved economic data.
- Overall, despite diminished fears of a global recession, further bouts of elevated financial market volatility are a likely bet, consistent with the modest improvement in global growth projected over the next two years.

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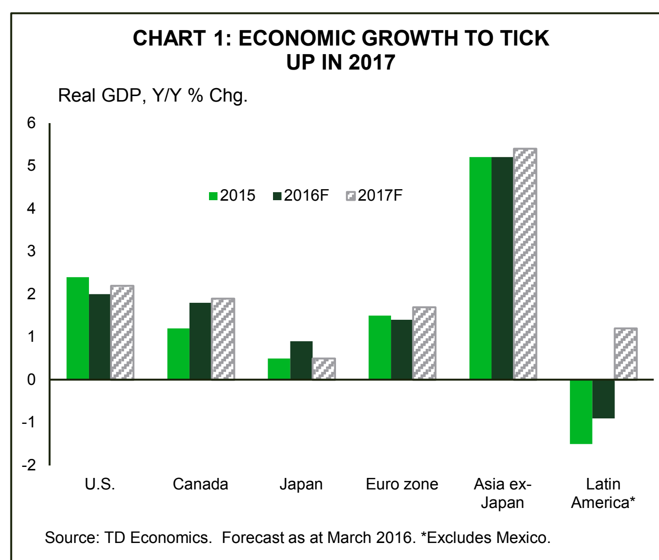

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U.S. OUTLOOK - STORMY FINANCIAL MARKETS, BUT ECONOMY REMAINS ON AN EVEN KEEL

The year started with a fire sale in financial markets. Fears over global growth led to a broad-based retreat in equities and non-investment grade corporate bonds and a flight to the safety of U.S. Treasuries.

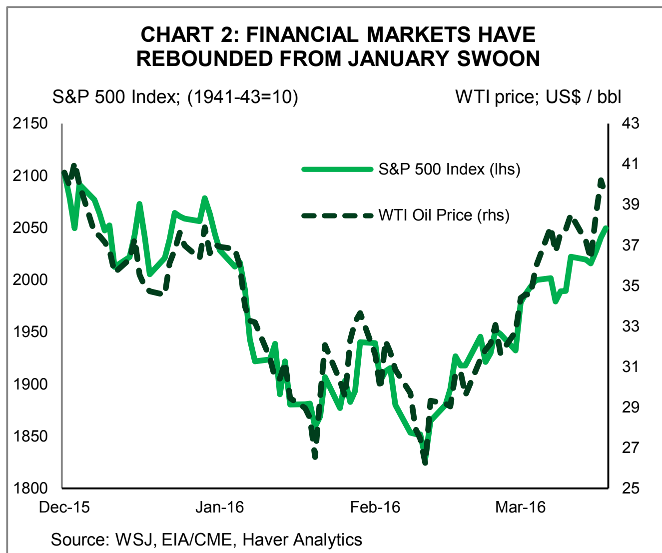
Fortunately, much of the risk aversion that started the year has since dissipated. Despite the rise in volatility, the story for the American economy has not changed much over the past three months. The headwinds to growth from weak external demand and a strong dollar continue to blow, but have done little to slow momentum in the labor market.

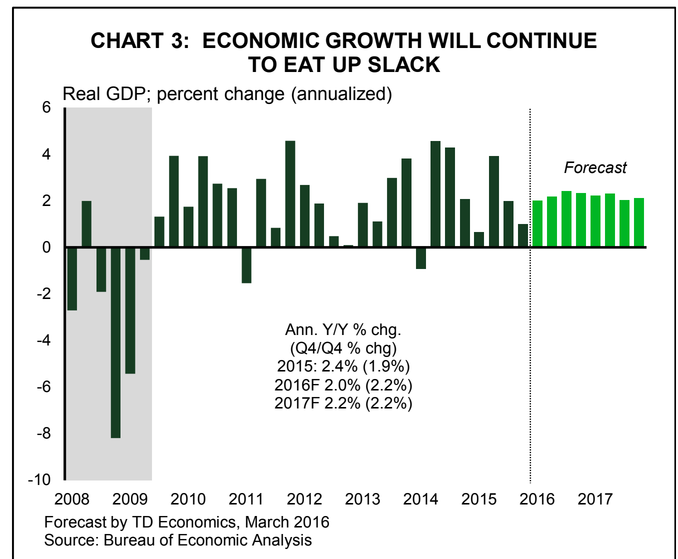
While the outlook for continued moderate, but steady progress remains intact, the forecast for annual average growth this year of 2.0% has been cut by 0.4 percentage points since our last forecast. The downgrade largely reflects a weaker than anticipated hand-off to growth from the tail end of last year. On a Q4/Q4 basis, the projected 2.2% pace of expansion both this year and next is a touch softer, but more in line with our previous projection.

As has been the case over the past year, economic growth will be led by domestic spending. It is anticipated to grow by 2.7% in both 2016 and 2017. Across categories, household spending is likely to take the lead over the next year, but give way to greater business investment growth in 2017.

Financial conditions ebb and flow

Without a doubt, the main change to the economic environment over the past three months has been conditions in financial markets. From the start of the year to its trough in early February, stock markets lost over 10% of their value, oil prices plummeted to a 13-year low, and the 10-year Treasury yield fell 60 basis points.





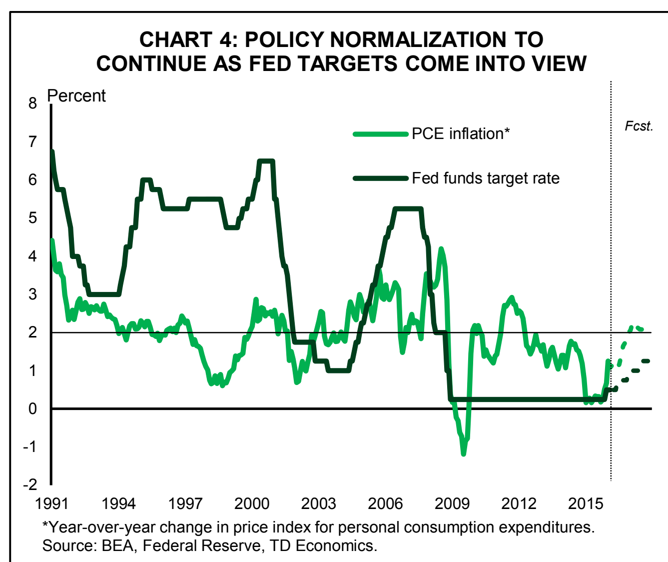
The main catalyst for the selloff in risk assets was a concern that the global economy was on the cusp of recession, led by China and other emerging markets. These fears were exacerbated by some disappointing economic releases (although not to the degree that would indicate the economy was in such dire shape). Likewise, the improvement in risk sentiment over the past month is attributable in part to economic data surprises swinging in a more positive direction.

We are encouraged by the reversal in risk aversion. Had it been maintained, fears of recession could have proved self-perpetuating. Still, even as sentiment has strengthened, financial conditions remain somewhat tighter than they were at the time of our previous forecast. Higher corporate bond yields and tighter lending standards for both large and small corporate borrowers are likely to weigh on near-term business investment. Accordingly, this is the one area of the forecast where we have revised down our expectations for growth over the next several quarters.

But, perhaps more than this, the magnitude and speed of the selloffs point to an economy that is more vulnerable to shocks than in the past. Similar to its international counterparts, the U.S. economy is operating at a structurally slower growth rate, which leaves less of a margin between recession and growth. Sudden shifts in risk aversion remain a downside risk to the outlook.

Labor market recovery still firmly on track

The most encouraging element in recent data has been the ongoing resiliency in the labor market. Job growth over



*Year-over-year change in price index for personal consumption expenditures.
Source: BEA, Federal Reserve, TD Economics.

the first two months of 2016 has averaged 207k. In normal times this would be more than twice the rate necessary to put downward pressure on the unemployment rate. However, while the unemployment rate has drifted down to 4.9% in early 2016, an influx of people into the labor force has slowed its descent. The labor force participation rate, which measures the number of people working or actively looking for work as a share of the adult population, has risen noticeably over the past several months. This heralds the return of labor market health, as people formerly not counted as unemployed resume their job search.

We expect this trend to continue, albeit at a somewhat slower pace than the first few months of the year. On an annual average basis, 2016 is expected to see the fastest labor force growth in a decade. As more people enter the labor market, it will slow the decline in the official unemployment rate, but not stall it completely. With job growth expected to exceed 190k a month over the remainder of this year, we expect the unemployment rate to fall to 4.7% by the end of this year and hit a low of 4.6% in the second half of 2017.

Inflation has bottomed

The continued tightening in the labor market will ensure that inflation moves toward the Federal Reserve's target of 2.0%. Inflation has in fact surprised on the upside in recent months. While the decline in energy prices early in the year has continued to weigh on the headline measure, core consumer price inflation rose to 2.3% in February.

This is occurring in spite of an elevated dollar and low energy prices that have been exerting downward pressure on inflation. While the dollar's influence will remain in place over the next several months, its effect on prices will fade as the lagged impact washes out. In addition, the risks are now tilting in the other direction. Already there has been a modest retracement in the greenback, and a further re-pricing lower of the currency would begin to reverse the downward pressure on inflation from lower import prices.

Adding to the balance of risks, energy prices appear to have formed a bottom. Since reaching a trough of US$25 per barrel in February, the West Texas Intermediate benchmark price has risen about 50%. We anticipate further gains over the course of this year, with the price reaching US$50/bbl by the end of 2016 and US$55/bbl by the end of 2017.

Fed still on course to hike twice this year

The Federal Reserve will look through transitory increases in energy prices, but its mandate of maximum employment and price stability will require them to continue to normalize policy as both inflation and employment move toward their targets.

In its most recent policy statement, the Federal Reserve reduced its expectation for the pace of rate hikes, reflecting the downside risks to growth from global financial market volatility. But, Fed members remain firm in the view that rates will continue to rise. All but one still expect rates to be at least 50 basis points higher by the end of this year.

At this point, the risks to the Fed's baseline projections for economic growth and inflation appear tilted to the upside. We expect the strength in the labor market and upward movement in inflation to lead the Fed to continue to normalize policy, raising the fed funds target rate another two times this year. The Fed is likely to raise rates two more times in 2017, bringing the federal funds to a target range of 1.25 percent to 1.50 percent by the end of the year.

Bottom line

Despite the headwinds from a weak global economy, the U.S. economy continues to make progress, especially where it matters most, in the labor market. Global headwinds will remain in place, but should also diminish over time. The mainstay of the economy is domestic demand, and the growth drivers here remain in place. Household spending will be supported by the decline in energy prices and acceleration in wage growth. Investment activity is also likely to perk up as the drag from energy investment wanes. All this suggests that the American economy will continue to withstand any global headwinds that blow its way.

GLOBAL OUTLOOK - WEAK GROWTH RAISES RISKS & HEIGHTENS VOLATILITY

World economic growth is projected to run at 3.1% this year, roughly matching 2015 as the weakest year for growth in the post-crisis era. For 2017, world growth is expected to claw its way back to a slightly better 3.4%.

This year's slower tracking is partly owing to weaker economic performances by a number of countries to end 2015, coupled with major financial market headwinds to start this year. Financial market conditions had tightened sharply on growing fears over a hard landing in the Chinese economy and a global recession. These worries changed the calculus for policymakers, with many central banks either injecting additional stimulus (ECB, BoJ), or slowing the pace of policy normalization in its wake (Fed, BoE).

Since February, however, market pessimism has given way to renewed optimism. Oil prices have rebounded strongly to around US$40 per barrel, the U.S. dollar has depreciated broadly on reduced safe-haven flows, and capital outflows from emerging markets (EM) have slowed or reversed course in some regions, easing the risk of an EM-led financial crisis. Pessimism has been further assuaged by a positive turn in the economic data, especially in advanced economies.

While welcome, this improvement in risk sentiment sits on a fragile foundation with many of the worries that contributed to last year's bout of risk aversion still very much unaddressed. Concerns about elevated EM debt, a surplus in global oil supply, and the effectiveness of central bank monetary policy may resurface.

In sum, fears of a global recession and an EM crisis have receded. But, further bouts of elevated financial market volatility in a risk-filled environment are a likely bet, with only modest improvement in global growth projected over the 2016-17 forecast horizon.

Emerging market growth will bounce from 2015 low

After suffering a near-perfect storm of collapsing commodity prices, rising capital outflows, and reduced demand from a slowing China, most emerging markets are likely to begin a modest recovery over the year. This hinges on the adjustment in commodity prices being in the rear-view mirror and no renewed intensification of capital outflows. Still, slower Chinese growth will remain a challenge and any newfound optimism on the EM outlook is tempered by rising geopolitical risks in Russia, South Africa, Brazil, and Turkey.

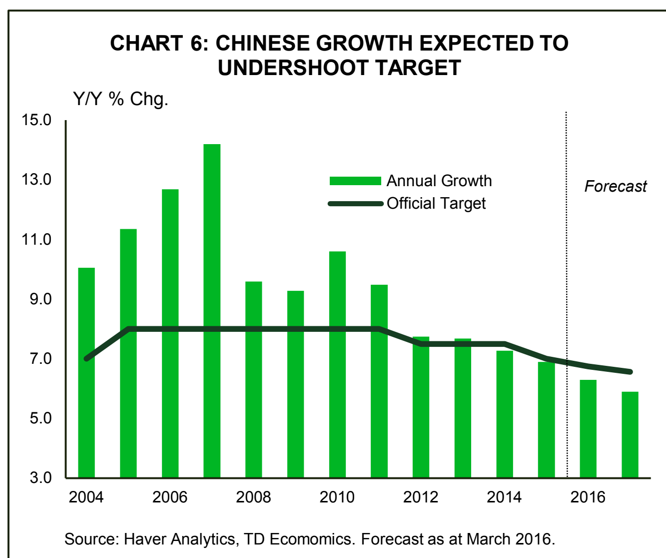
Without a doubt, the center of gravity for emerging markets is China. Official Chinese statistics recorded economic growth of 6.9% in 2015, a marked slowdown from its 2014 growth rate of 7.3%. At the beginning of February, Chinese authorities announced a 6.5-7% target for 2016 growth, a range consistent with their goal of doubling 2010 per-capita GDP by 2020. In our view, this will be difficult to achieve. Momentum heading into 2016 is not very supportive, with fourth quarter growth a paltry 1.6% – the slowest quarterly pace since the first quarter of 2015. At the same time, Chinese indicators have been mixed. While some monthly indicators are distorted by the Lunar New Year, increased total social financing aligns with communication by Chinese authorities that infrastructure spending will help support growth in the first half of 2016.

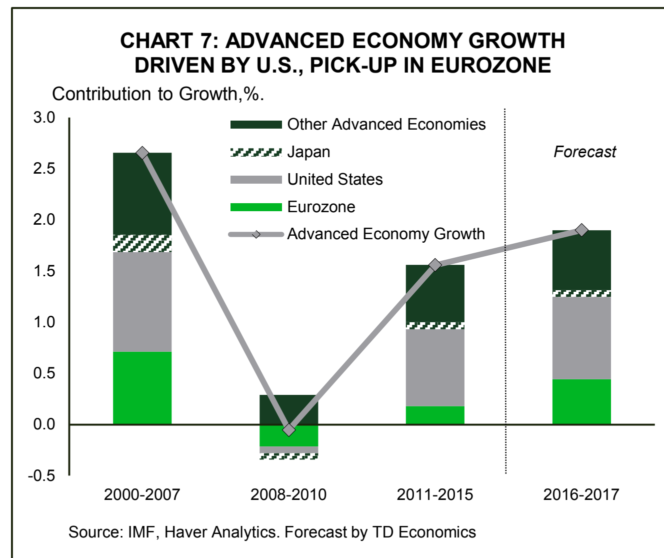
At this month's National People's Congress, Chinese authorities affirmed their commitment to market-oriented reforms. Given the tradeoff between near-term growth targets and future financial stability, this will likely mean continued volatility in Chinese financial markets this year.

A slower growing China raises challenges for its main trade partners

The rebalancing of the Chinese economy will remain a challenge not only for domestic authorities, but also for its trade partners. Slowing Chinese growth and the movement up the value-chain of Chinese industry will continue to exert downward pressure on imports from its main trade partners. Growth in these nations, including Indonesia, Malaysia, and Taiwan, is not expected to pick up until next year, as new trade relationships are established that are less China-centric.

In contrast, India is set to rise as a regional growth leader. But, the ambitious plans set by the Modi government to adopt market-oriented economic reforms faces unique





challenges, including the cooperation of the notoriously stubborn Indian bureaucracy. As it stands, growth in India is expected to remain close to 8% through 2017, with upside risk if reforms gain traction.

Immediate EM risks concentrated outside of Asia

Outside of emerging Asia, there are several economic and geopolitical hotspots that will remain in focus over the next two years. Sanctions on Russia will continue to suppress growth prospects in that region despite a modest recovery in oil prices. Meanwhile, political uncertainty in South Africa is escalating, with increasing concerns that endemic corruption and economic mismanagement could trigger a credit rating downgrade. Brazil follows a similar story line. The Brazilian economy is likely to remain in recession at least through the first half of this year, and even as it emerges, the prospects for a sustained recovery are diminished by political turmoil.

More advanced economy stimulus to aid the recovery

While EMs represent the biggest downside risk to the outlook, much of the downgrade to the growth projection for 2016 is driven by weaker than expected growth in advanced economies at the end of 2015. In response, central banks were spurred to action, first with the Bank of Japan announcing negative interest rates, followed by the ECB unleashing a slew of measures aimed at stimulating bank lending. These measures should help support continued improvement, but will not eliminate the structural headwinds presented by an aging labour force and weak productivity that ultimately restrains growth in a modest range of 1.5-2%.

In the United States, growth will continue to be led by domestic demand, while net-exports remain a drag. However, the latter is not sufficient enough in scale to derail cyclical momentum. Given the proximity of the unemployment rate to its longer-run sustainable level, the U.S. is likely to see inflation trend upward, necessitating additional increases in the policy interest rate. This will be in contrast to other advanced economies and could keep the dollar elevated, even as safe-haven flows ebb.

The most pressing risk among the advanced economies is the threat of the United Kingdom leaving the European Union, an act that would likely downgrade its long-run economic performance. Weekly polls are close but betting markets – a better early indicator of underlying sentiment – are skewed in favour of the U.K. remaining as part of the European Union after June 23rd, 2016.

On the upside, the prospect of more fiscal stimulus, particularly targeted at improving infrastructure, is increasingly likely and, if done right, should help improve long-term productivity of the countries that make these investments.

Bottom line

The global economic environment will remain challenging over the next year as commodity producers adjust to lower prices and the Chinese economy follows a long, turbulent road to rebalancing. But, 2015 likely marked the high point in risks for a number of countries, and the next couple of years should reap the benefits from stimulus measures that have since been put in place. Risks remain concentrated in EMs, particularly as the Federal Reserve attempts to slowly normalize policy rates. All told, global growth will be modest, but the worst case scenario of an entrenched global recession should be avoided.

U.S. ECONOMIC OUTLOOK:

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

	2015				2016				2017				Annual Average			4th Qtr/4th Qtr		
	Q1	Q2	Q3	Q4	Q1F	Q2F	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F	15	16F	17F	15	16F	17F
Real GDP	0.6	3.9	2.0	1.0	2.0	2.2	2.4	2.3	2.2	2.3	2.0	2.1	2.4	2.0	2.3	1.9	2.2	2.2
Consumer Expenditure	1.7	3.6	3.0	2.0	2.7	3.2	3.3	2.8	2.4	2.5	2.1	2.0	3.1	2.8	2.6	2.6	3.0	2.2
Durable Goods	2.0	8.0	6.6	3.4	4.3	5.2	7.6	5.0	4.3	4.3	4.0	3.5	5.9	5.2	4.8	5.0	5.5	4.0
Non-Res. Fixed Investment	1.6	4.1	2.6	-1.9	-0.3	3.6	4.1	4.1	4.1	4.0	3.6	3.4	2.9	1.6	3.9	1.6	2.9	3.8
Non-Res. Structures	-7.4	6.3	-7.2	-6.6	-9.3	1.4	2.4	2.9	3.8	3.6	3.3	3.5	-1.6	-3.5	3.2	-3.9	-0.8	3.6
Equipment & IPP*	4.3	3.5	5.5	-0.6	2.3	4.2	4.5	4.4	4.2	4.1	3.6	3.4	4.2	3.0	4.1	3.2	3.8	3.8
Residential Construction	10.1	9.4	8.2	7.9	11.6	8.3	9.4	11.4	10.5	9.8	6.6	4.7	8.7	9.4	9.4	8.9	10.2	7.9
Govt. Consumption & Gross Investment	-0.1	2.6	1.8	-0.1	2.4	1.2	0.9	1.0	1.0	0.9	0.7	0.9	0.7	1.4	0.9	1.1	1.4	0.9
Final Domestic Demand	1.7	3.7	2.9	1.4	2.6	3.1	3.2	2.9	2.6	2.6	2.2	2.1	2.8	2.7	2.7	2.4	2.9	2.4
Exports	-6.0	5.1	0.7	-2.7	-1.0	2.9	4.5	5.1	5.1	4.9	5.1	5.3	1.1	1.0	4.9	-0.8	2.9	5.1
Imports	7.1	3.0	2.3	-0.6	2.5	6.2	8.1	7.6	6.7	6.4	5.6	4.5	4.9	3.6	6.7	2.9	6.1	5.8
Change in Private Inventories	112.8	113.5	85.5	81.7	76.6	58.6	50.3	45.2	42.0	41.4	40.9	42.2	98.4	57.7	41.6	---	---	---
Final Sales	-0.2	3.9	2.7	1.2	2.1	2.6	2.6	2.5	2.3	2.3	2.0	2.1	2.2	2.3	2.4	1.9	2.5	2.2
International Current Account Balance ($Bn)	-473	-444	-497	-479	-517	-540	-579	-617	-653	-685	-714	-727	-473	-563	-695	---	---	---
% of GDP	-2.7	-2.5	-2.8	-2.6	-2.8	-2.9	-3.1	-3.3	-3.4	-3.6	-3.7	-3.7	-2.6	-3.0	-3.6	---	---	---
Pre-tax Corporate Profits including IVA&CCA	-21.1	14.8	-6.2	-13.9	-8.0	-1.6	4.0	4.0	3.9	4.0	3.7	3.8	-2.1	-4.3	3.6	-7.5	-0.5	3.9
% of GDP	11.4	11.6	11.4	10.9	10.6	10.4	10.4	10.4	10.4	10.4	10.4	10.4	11.3	10.5	10.4	---	---	---
GDP Deflator (Y/Y)	1.0	1.0	0.9	1.1	1.3	1.3	1.5	1.8	2.0	2.0	2.0	2.1	1.0	1.5	2.0	1.1	1.8	2.1
Nominal GDP	0.8	6.1	3.3	2.0	2.9	4.2	4.6	4.4	4.3	4.4	4.1	4.3	3.4	3.5	4.3	3.0	4.0	4.3
Labor Force	1.6	0.5	-0.3	1.1	3.3	1.0	1.0	1.0	1.0	1.0	0.9	0.8	0.8	1.4	1.0	0.7	1.6	0.9
Employment	2.1	1.9	1.9	2.0	1.9	1.7	1.6	1.6	1.5	1.4	1.3	1.2	2.1	1.8	1.5	2.0	1.7	1.3
Change in Empl. ('000s)	731	653	670	721	677	618	566	562	549	506	463	434	2,893	2,603	2,127	2,775	2,422	1,952
Unemployment Rate (%)	5.6	5.4	5.2	5.0	4.9	4.8	4.8	4.7	4.7	4.7	4.6	4.6	5.3	4.8	4.7	---	---	---
Personal Disp. Income	1.9	4.9	4.5	2.9	4.0	4.1	4.4	4.2	4.2	4.3	4.1	4.3	3.7	4.0	4.2	3.6	4.2	4.2
Pers. Saving Rate (%)	5.2	5.0	5.0	5.1	5.4	5.2	4.8	4.7	4.6	4.6	4.5	4.6	5.1	5.0	4.6	---	---	---
Cons. Price Index (Y/Y)	-0.1	0.0	0.1	0.4	1.3	1.5	2.1	2.6	3.2	2.9	2.6	2.5	0.1	1.9	2.8	0.4	2.6	2.5
Core CPI (Y/Y)	1.7	1.8	1.8	2.0	2.3	2.2	2.2	2.2	2.0	2.1	2.2	2.3	1.8	2.2	2.1	2.0	2.2	2.3
Core PCE price index (Y/Y)	1.3	1.3	1.3	1.4	1.7	1.6	1.6	1.7	1.6	1.7	1.8	1.9	1.3	1.7	1.8	1.4	1.7	1.9
Housing Starts (mns)	0.98	1.16	1.16	1.13	1.14	1.17	1.22	1.27	1.31	1.34	1.38	1.40	1.11	1.20	1.36	---	---	---
Real Output per hour (y/y)**	0.7	0.9	0.6	0.5	0.4	-0.2	-0.4	0.4	1.0	1.1	1.1	1.1	0.7	0.1	1.1	0.5	0.4	1.1

*Intellectual proprty products. **Non-farm business sector. F: Forecast by TD Economics, March 2016

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

INTEREST RATE OUTLOOK

	2015				2016				2017			
	Q1	Q2	Q3	Q4	Q1*	Q2F	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F
Fed Funds Target Rate	0.25	0.25	0.25	0.50	0.50	0.75	0.75	1.00	1.00	1.25	1.25	1.50
3-mth T-Bill Rate	0.03	0.01	0.00	0.16	0.29	0.55	0.55	0.80	0.80	1.05	1.05	1.30
2-yr Govt. Bond Yield	0.56	0.64	0.64	1.06	0.89	0.90	1.00	1.25	1.30	1.45	1.50	1.70
5-yr Govt. Bond Yield	1.37	1.63	1.37	1.76	1.41	1.40	1.50	1.75	1.80	2.00	2.05	2.25
10-yr Govt. Bond Yield	1.94	2.35	2.06	2.27	1.94	2.00	2.05	2.30	2.30	2.40	2.45	2.60
30-yr Govt. Bond Yield	2.54	3.11	2.87	3.01	2.72	2.80	2.85	3.05	3.05	3.10	3.15	3.25
10-yr-2-yr Govt Spread	1.38	1.71	1.42	1.21	1.05	1.10	1.05	1.05	1.00	0.95	0.95	0.90

F: Forecast by TD Bank Group as at March 2016; All forecasts are end-of-period; Source: Bloomberg, Bank of Canada, Federal Reserve.
*Spot rate on March 22, 2016.

FOREIGN EXCHANGE OUTLOOK

Currency	Exchange rate	2015				2016				2017			
		Q1	Q2	Q3	Q4	Q1*	Q2F	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F
Canadian dollar	CAD per USD	1.27	1.25	1.34	1.38	1.30	1.38	1.37	1.34	1.33	1.33	1.32	1.32
Japanese yen	JPY per USD	120	122	120	120	112	113	116	118	121	121	122	122
Euro	USD per EUR	1.07	1.12	1.12	1.09	1.12	1.07	1.10	1.08	1.12	1.10	1.14	1.14
U.K. pound	USD per GBP	1.49	1.57	1.51	1.48	1.42	1.37	1.47	1.50	1.53	1.55	1.56	1.58
Swiss franc	CHF per USD	0.97	0.94	0.98	1.00	0.97	1.03	0.99	1.03	1.00	1.03	1.00	1.01
Australian dollar	USD per AUD	0.8	0.8	0.7	0.7	0.76	0.74	0.73	0.72	0.70	0.72	0.74	0.76
NZ dollar	USD per NZD	0.75	0.68	0.64	0.68	0.68	0.65	0.63	0.62	0.60	0.60	0.60	0.61

F: Forecast by TD Bank Group as at March 2016. *Spot rate on March 22, 2016.
All forecasts are end-of-period. Source: Federal Reserve, Bloomberg, TDBG.

COMMODITY PRICE OUTLOOK

	2015				2016				2017			
	Q1	Q2	Q3	Q4	Q1E	Q2F	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F
Crude Oil (WTI, $US/bbl)	49	58	46	42	33	38	46	50	52	52	55	55
Natural Gas ($US/MMBtu)	2.87	2.78	2.75	2.10	1.98	2.30	2.45	2.60	3.00	3.10	3.40	3.60
Gold ($US/troy oz.)	1218	1191	1124	1104	1175	1260	1235	1200	1195	1185	1175	1175
Silver (US$/troy oz.)	16.7	16.4	14.9	14.8	14.9	16.5	16.0	15.3	15.3	15.0	14.9	14.7
Copper (cents/lb)	264	275	238	222	210	222	224	226	228	230	230	232
Nickel (US$/lb)	6.51	5.94	4.78	4.27	3.85	4.00	4.18	4.45	4.75	5.00	6.00	6.25
Aluminum (Cents/lb)	82	79	72	68	69	69	72	72	74	74	76	76
Wheat ($US/bu)	7.45	7.34	6.39	6.36	5.90	6.00	6.15	6.40	6.50	6.75	7.00	7.25

F: Forecast by TD Bank Group as at March 2016. E: Estimate. All forecasts are period averages. Source: Bloomberg, USDA (Haver).

GLOBAL ECONOMIC OUTLOOK					
Annual per cent change unless otherwise indicated					
	2014 Share*		Forecast		
Real GDP	(%)	2014	2015	2016	2017
World	100.0	3.4	3.0	3.1	3.4
North America	19.4	2.4	2.3	2.1	2.3
United States	15.9	2.4	2.4	2.0	2.2
Canada	1.5	2.4	1.2	1.8	1.9
Mexico	2.0	2.3	2.6	2.8	3.0
European Union (EU-28)	17.1	1.4	1.8	1.7	2.0
Eurozone (EU-19)	12.2	0.9	1.5	1.4	1.7
Germany	3.4	1.6	1.5	1.3	1.6
France	2.4	0.2	1.1	1.4	1.6
Italy	2.0	-0.3	0.6	1.0	1.3
United Kingdom	2.4	2.9	2.2	2.1	2.3
EU accession members	2.6	2.6	2.9	2.8	2.9
Asia	42.1	5.2	4.7	4.7	4.8
Japan	4.4	-0.1	0.5	0.9	0.5
Asian NIC's	3.4	3.4	2.0	2.3	2.6
Hong Kong	0.4	2.7	2.4	2.2	2.5
Korea	1.6	3.3	2.6	2.7	3.0
Singapore	0.4	3.3	2.0	1.8	2.0
Taiwan	1.0	3.9	0.8	1.8	2.1
Russia	3.3	0.8	-3.8	-1.0	1.4
Australia & New Zealand	1.2	2.8	2.5	2.5	3.0
Developing Asia	29.9	6.8	6.6	6.3	6.2
ASEAN-4	4.8	4.5	4.5	4.5	4.9
China	16.6	7.3	6.9	6.3	5.9
India**	6.8	7.2	7.6	7.8	8.0
Central/South America	6.6	1.0	-1.5	-0.9	1.2
Brazil	3.0	0.1	-3.9	-3.0	0.8
Other Developing	13.7	3.2	2.5	3.0	3.6
Other Advanced	1.0	2.2	1.6	1.6	2.0

*Share of world GDP on a purchasing-power-parity (PPP) basis.
Forecast as at March 2016. **Forecast for India refers to fiscal year.
Source: IMF, TD Economics.

ECONOMIC INDICATORS: G-7 AND EUROPE				
		Forecast		
	2014	2015	2016	2017
Real GDP (Annual per cent change)				
G-7 (31.9%)*	1.7	1.8	1.7	1.8
U.S.	2.4	2.4	2.0	2.2
Japan	-0.1	0.5	0.9	0.5
Eurozone	0.9	1.5	1.4	1.7
Germany	1.6	1.5	1.3	1.6
France	0.2	1.1	1.4	1.6
Italy	-0.3	0.6	1.0	1.3
United Kingdom	2.9	2.2	2.1	2.3
Canada	2.5	1.2	1.8	1.9
Consumer Price Index (Annual per cent change)				
G-7	1.5	0.3	1.3	2.3
U.S.	1.6	0.1	1.8	2.8
Japan	2.7	0.8	0.5	1.8
Eurozone	0.4	0.0	0.8	1.9
Germany	0.8	0.1	0.8	1.6
France	0.6	0.1	0.7	1.7
Italy	0.2	0.1	0.5	1.9
United Kingdom	1.5	0.1	0.9	2.1
Canada	1.9	1.1	1.8	2.2
Unemployment Rate (Per cent annual averages)				
U.S.	6.2	5.3	4.8	4.7
Japan	3.6	3.4	3.3	3.5
Eurozone	11.6	10.9	10.5	10.2
Germany	5.0	4.6	4.4	4.5
France	10.3	10.4	10.1	9.9
Italy	12.6	11.9	11.5	11.4
United Kingdom	6.1	5.3	5.1	5.0
Canada	6.9	6.9	7.4	7.3

*Share of 2014 world gross domestic product (GDP) at PPP.
Forecast as at March 2016
Source: National statistics agencies, TD Economics

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