



The Economic Outlook: Navigating Uncertainty

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Overview

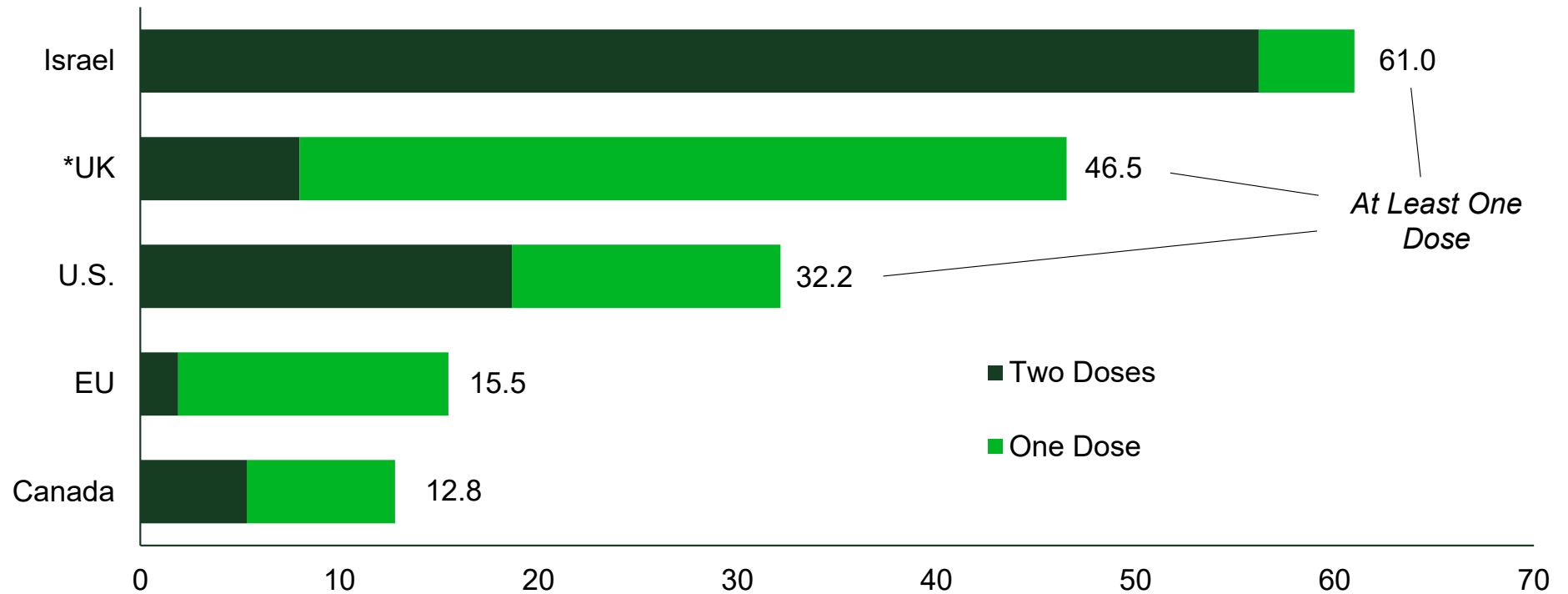


- Tension in the economic forecast:
 - Virus resurgence vs. vaccine rollout
 - Health vs. economic outcomes
 - Lockdowns vs. policy supports
- The legacy of the pandemic:
 - Elevated government debt
 - Shifts in demand for goods/services/real estate
 - Inflation (?)
 - Deglobalization (?)

Light At the End of the Tunnel: Vaccines Are Key to Better Economic Outlook in 2021



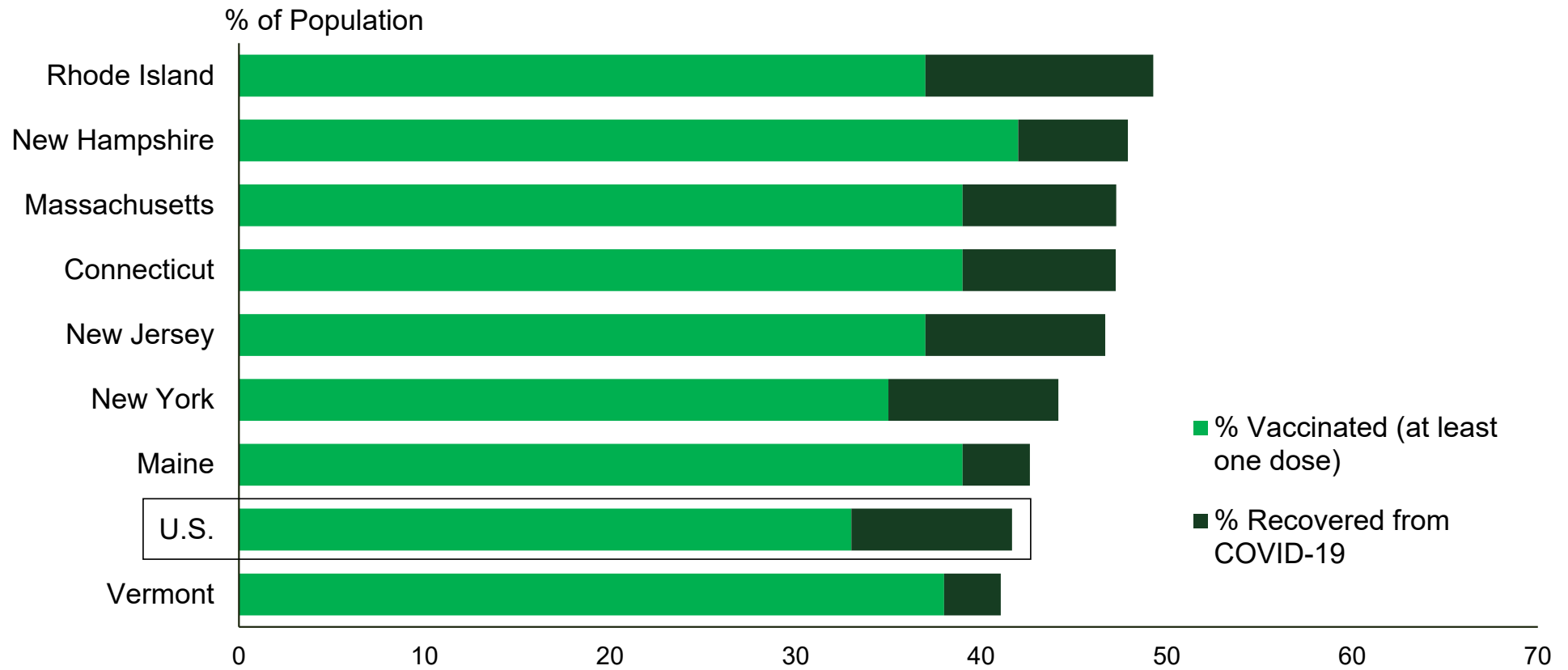
Vaccines Administered; Share of Population, %



Note: *UK as of April 4, 2021 while all others as of April 5, 2021.

Source: OWID, TD Economics.

"Herd Immunity" Within Sight

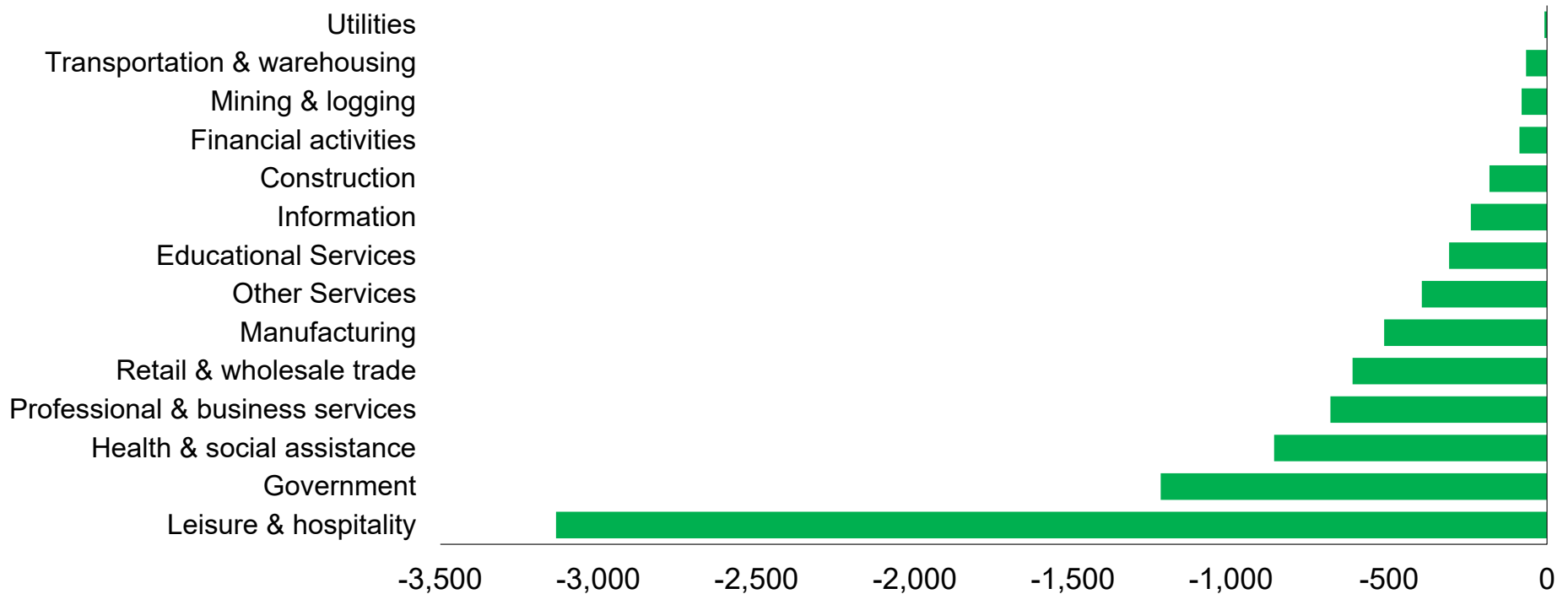


Source: CDC, TD Economics* At least one vaccine dose. Data as of April 6, 2021.

Recovery in Hard Hit Sectors Set to Accelerate As Health Crisis Comes to an End



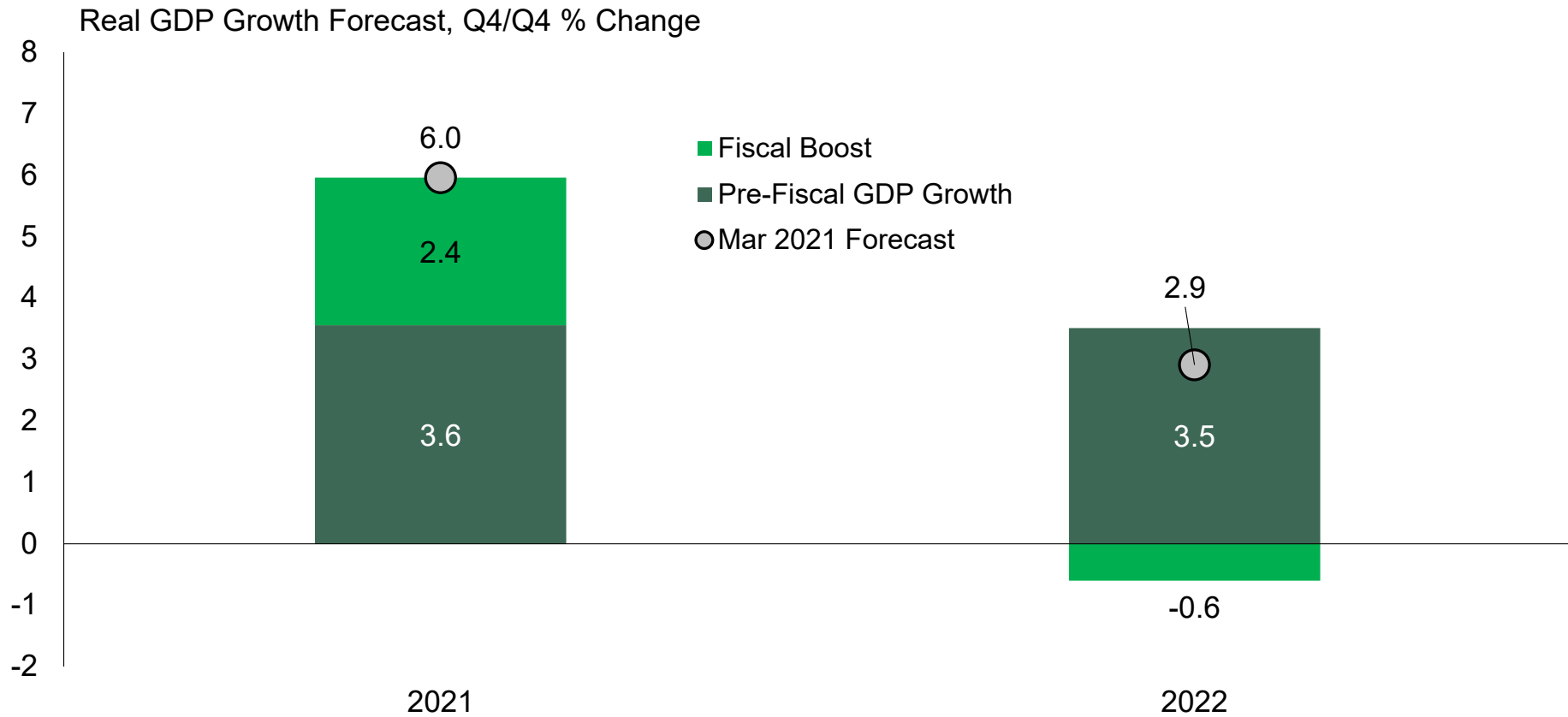
Change in Employment by Sector; Thousands of People



*March 2021 from February 2020.

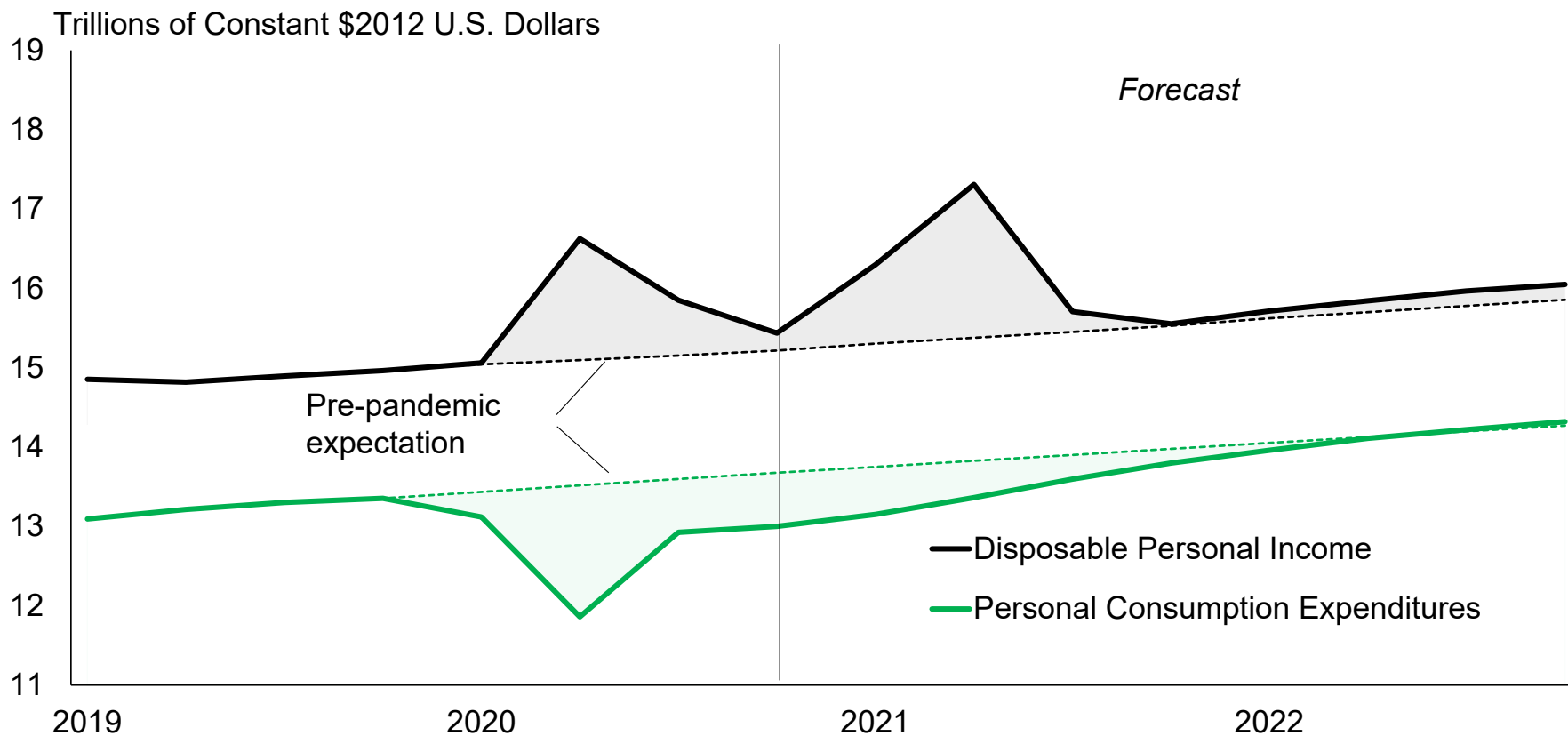
Source: Bureau of Labor Statistics, TD Economics.

Double Shot of Fiscal Stimulus To Raise Economic Growth to Fastest Rate in Four Decades



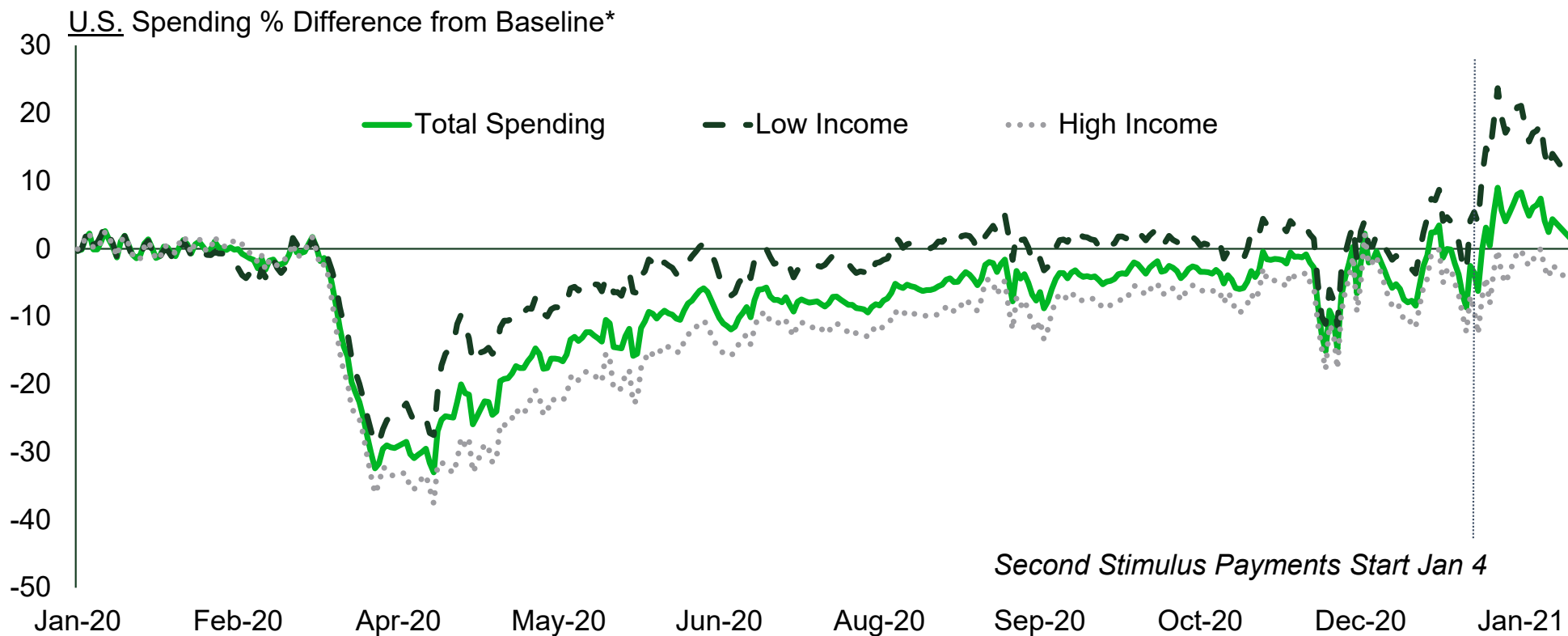
*Total of \$900 bn in Dec. 2020 and the \$1.9 tn American Rescue Plan Act in Mar. 2021. Source: TD Economics.

Personal Income Supports More than Offset Pandemic Losses



Source: Bureau of Economic Analysis, TD Economics

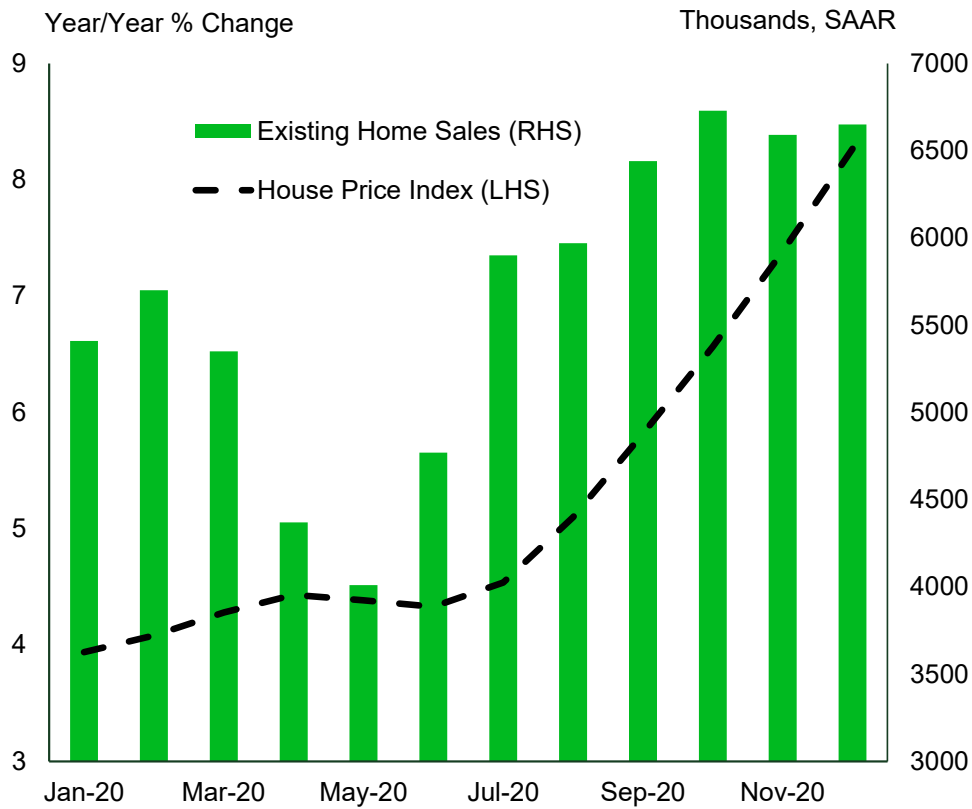
Households Reacted Quickly to \$600 Stimulus Checks



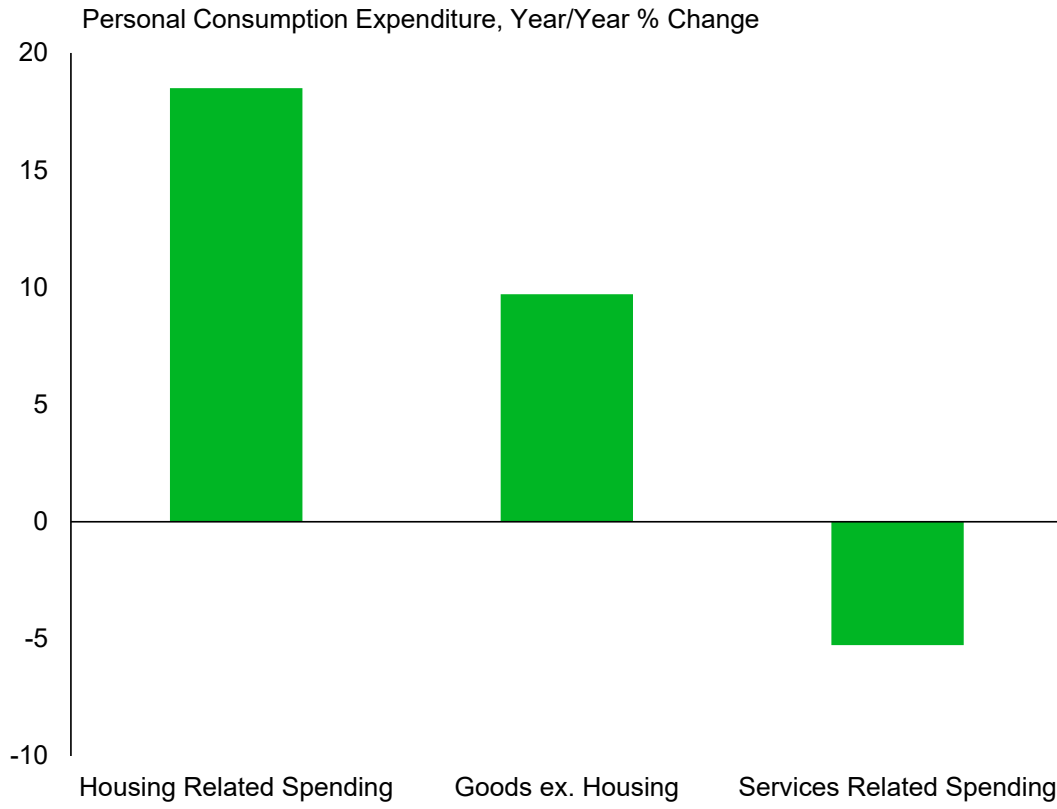
*Seasonally adjusted.

Source: Affinity Solutions, TD Economics. Last observation February 14, 2021.

Consumer Confidence Evident In Big Ticket Purchases

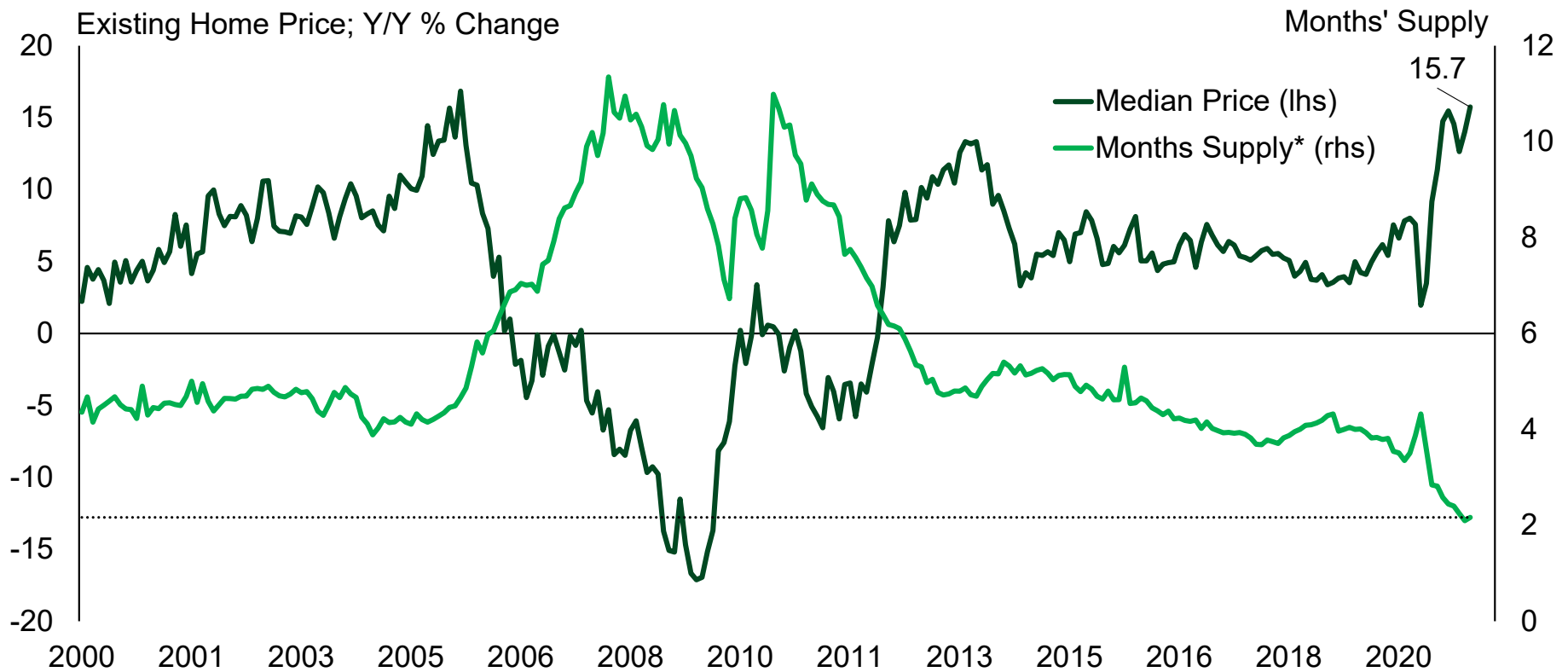


Source: Corelogic, NAR, TD Economics



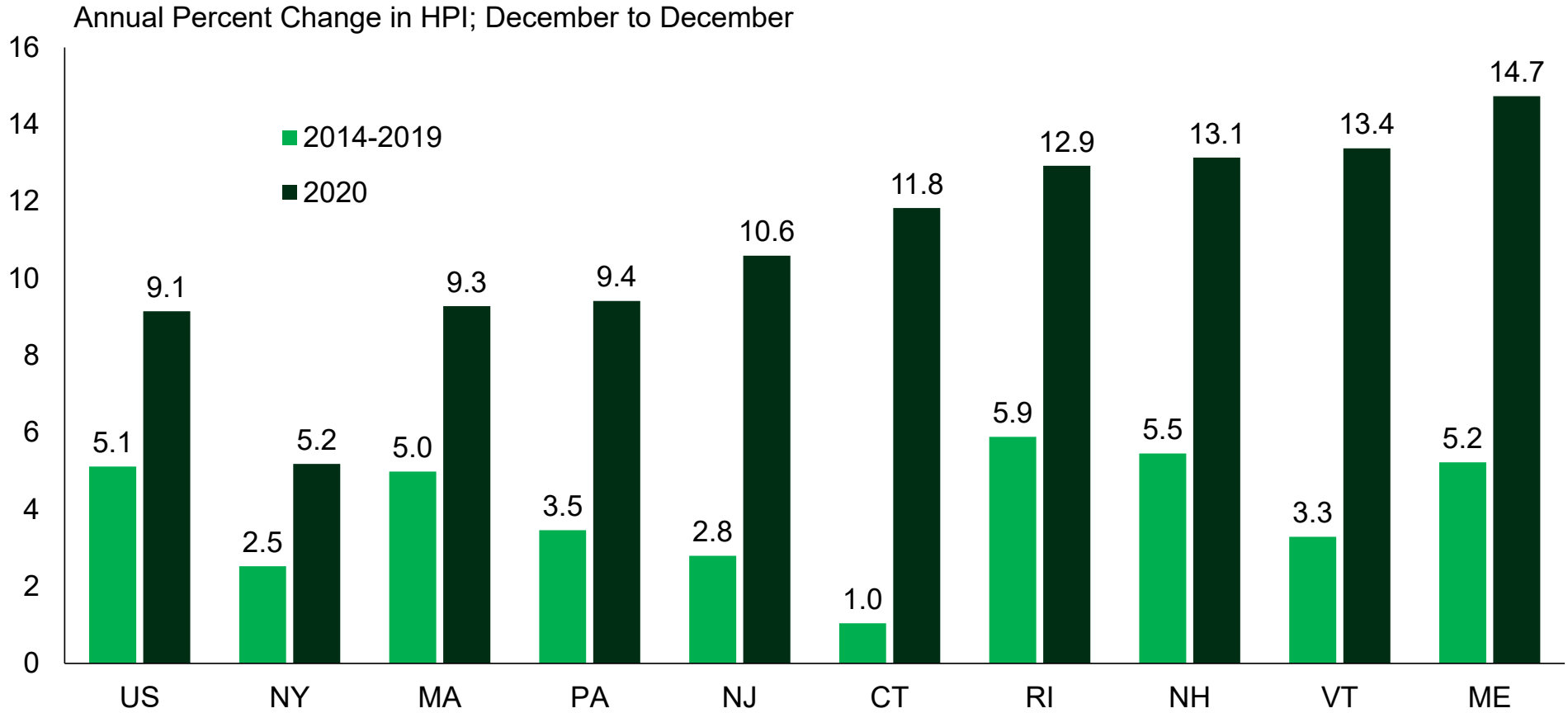
Source: BEA, TD Economics

Red Hot Housing Market Another Reason for Optimism on Spending Outlook



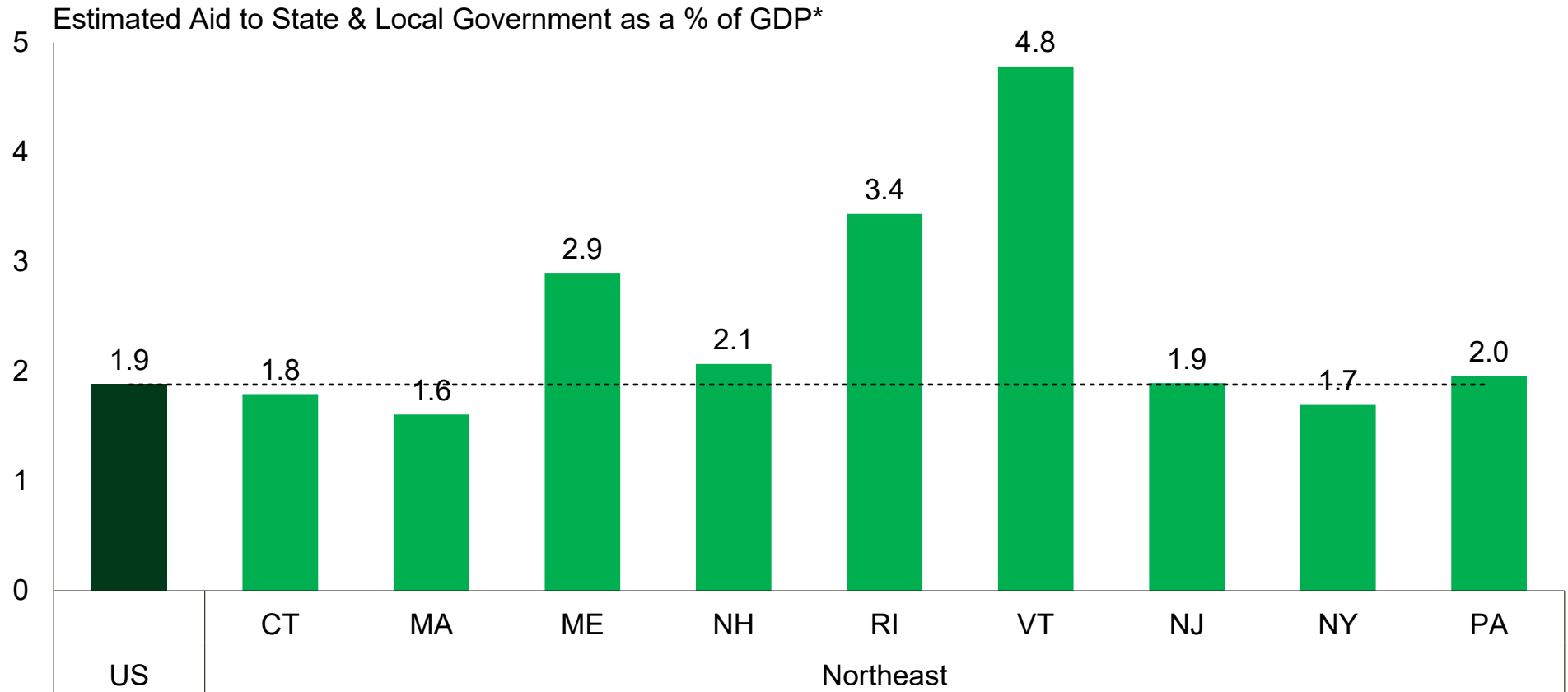
*At current sales rates. Source: National Association of Realtors

New England Leading the Country in Home Price Growth



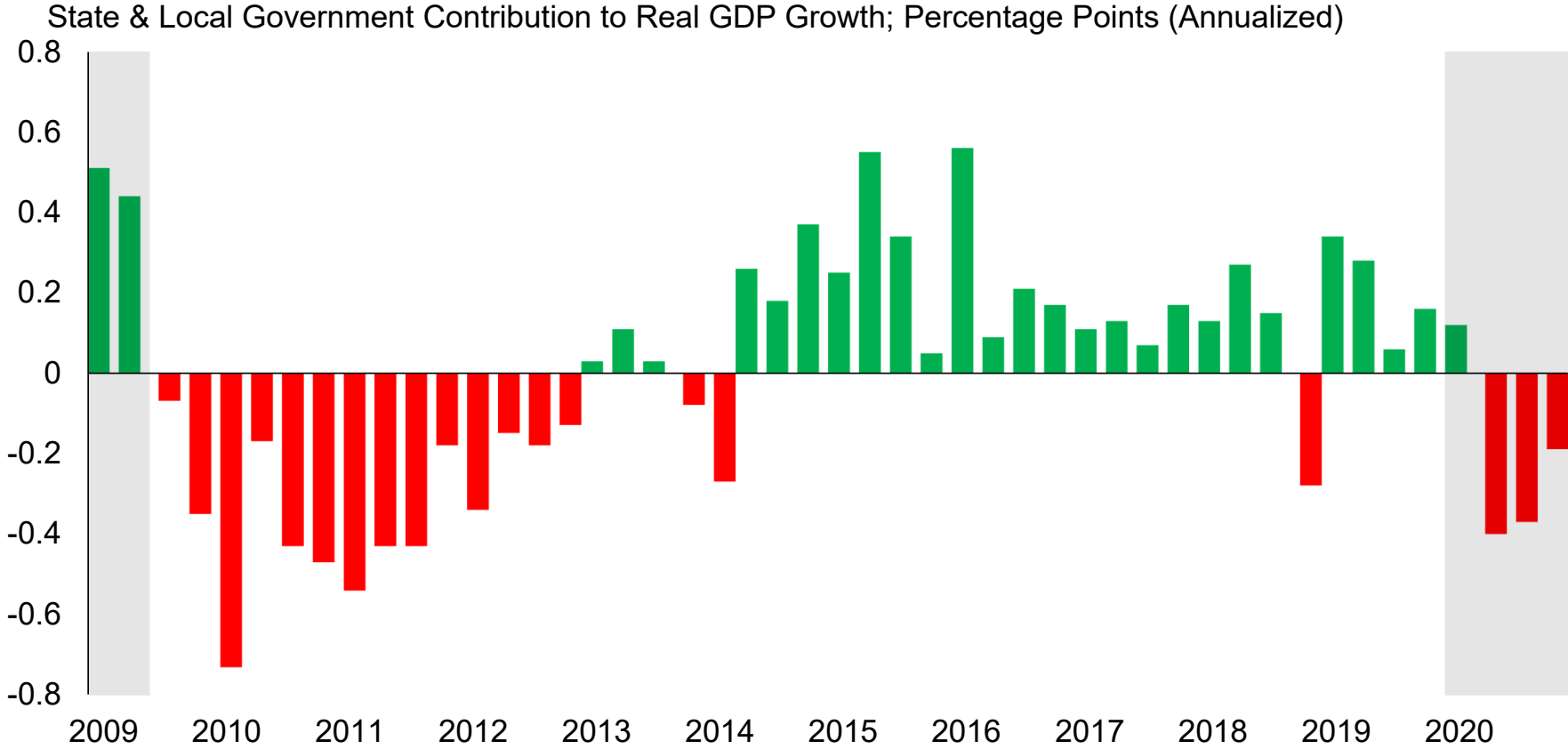
Source: Corelogic, TD Economics

Aid to State & Local Governments Is Significant



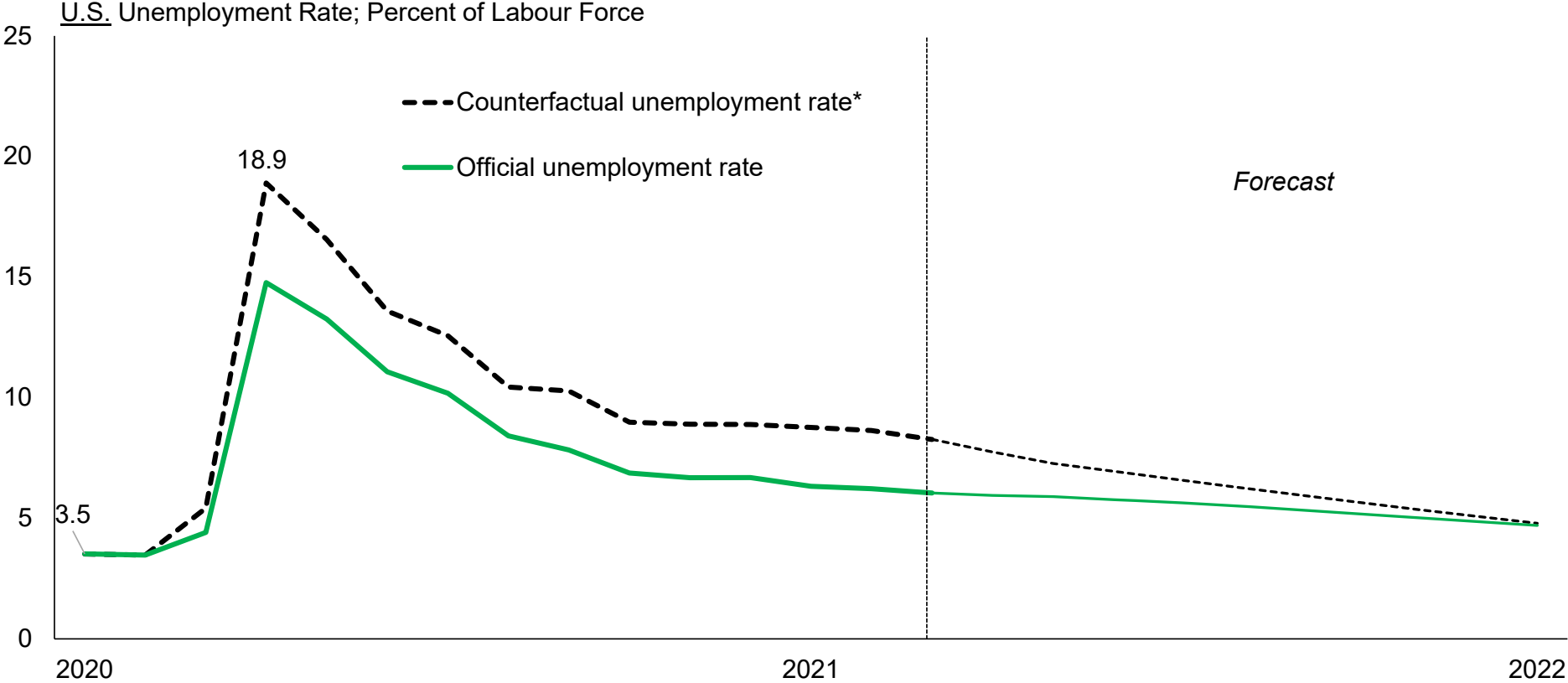
*Q3-2020. Source: House Committee on Oversight and Reform, TD Economics.

A Different Situation From Last Recession



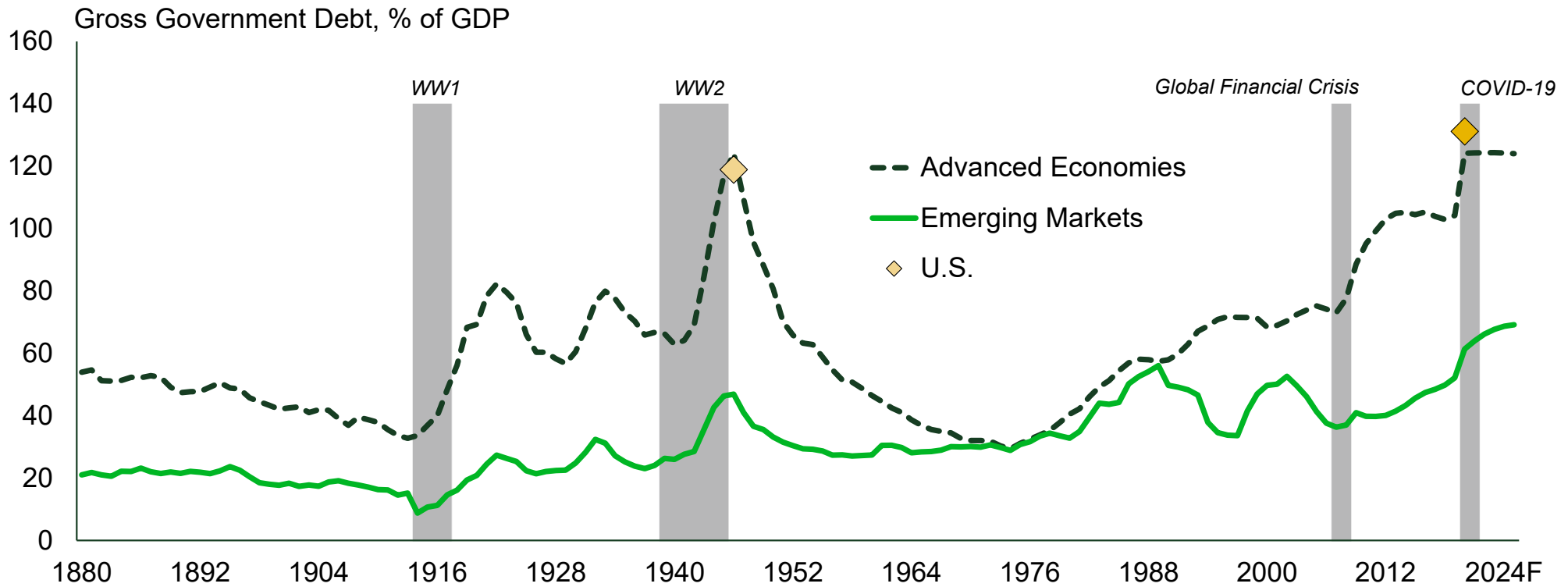
Source: Bureau of Economic Analysis

Job Recovery Will Bring People Back to Workforce



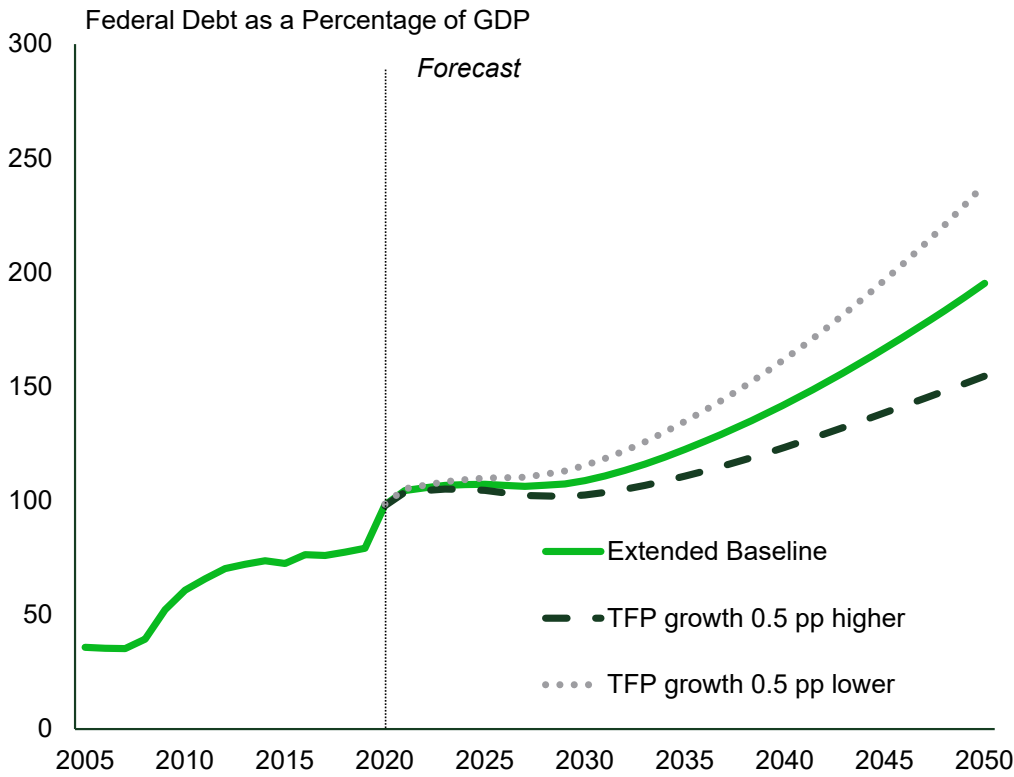
*Holding labour force at February 2020 level. Source: Bureau of Labor Statistics, TD Economics

The Aftermath: Global Government Debt Burdens Eclipse Levels During the Post-War Period

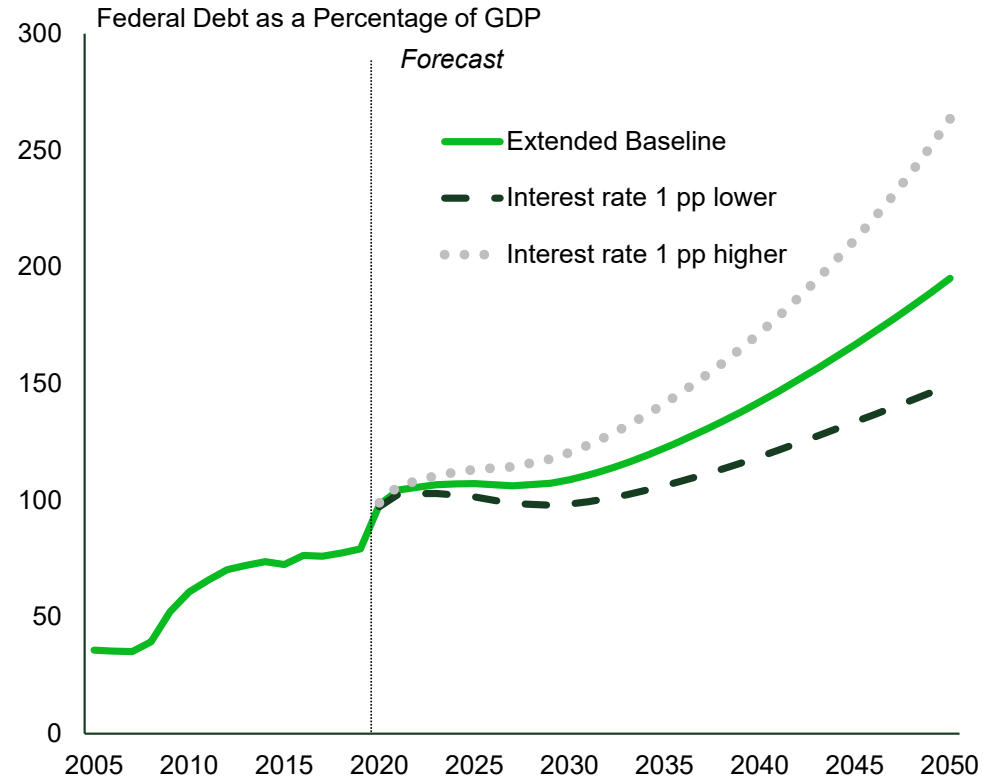


Note: Data from 2021 to 2025 are based on the IMF forecast.
Source: IMF, TD Economics.

Debt Risks Rise As Interest Rates Normalize

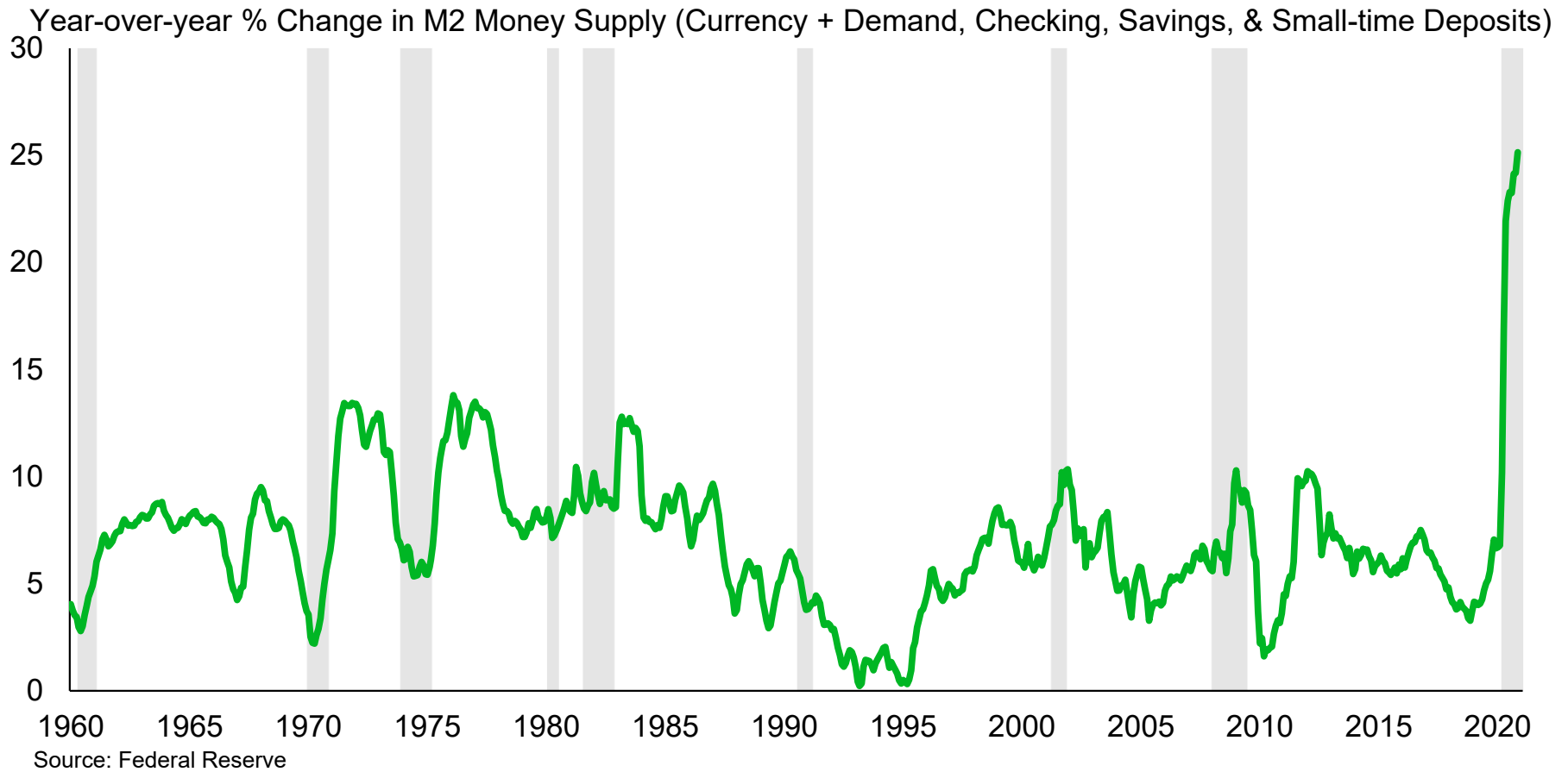


Source: CBO, TD Economics. Note: Projections don't include 1.9T of fiscal stimulus
 Total Factor Productivity growth is the growth of real output per unit of combined labor and capital services in the nonfarm business sector

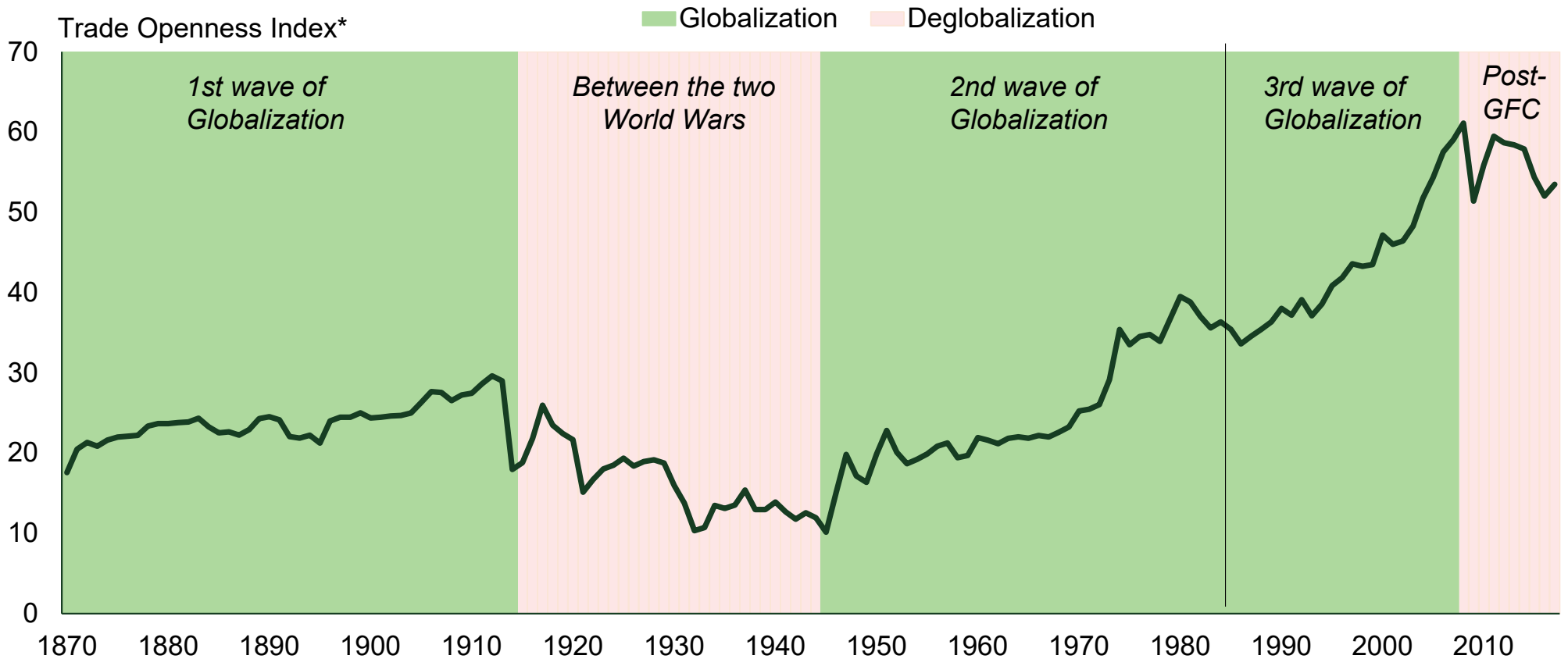


Source: CBO, TD Economics. Note: Projections don't include 1.9T of fiscal stimulus
 Interest Rate is the effective rate on federal debt

Whither Inflation?

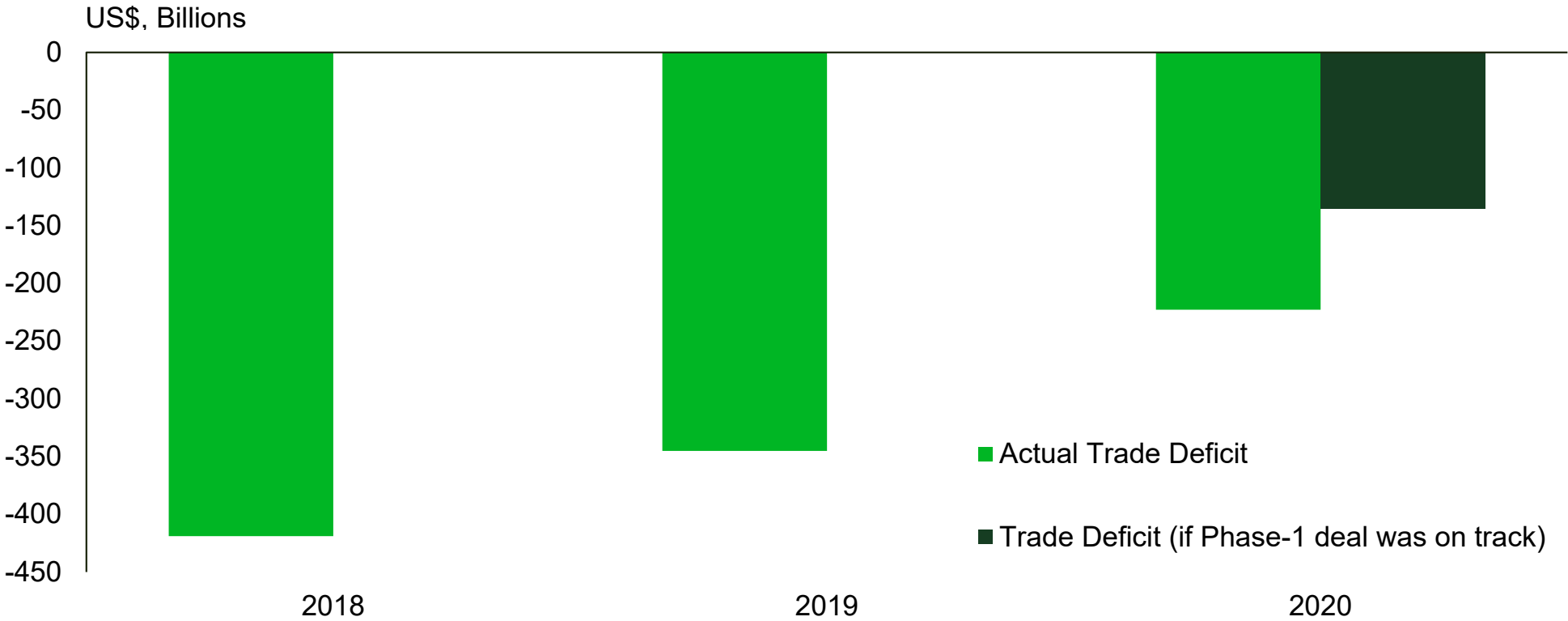


Pandemic Will Likely Exacerbate "Deglobalization"



*Index is defined as the sum of world exports and imports, divided by world GDP. Source: OWID, TD Economics.

U.S.-China Tensions Likely to Persist



Note: Data reflect US-China bilateral trade in goods (services not included). 2020 data is year-to-date from Q1 to Q3.
Source: Census Bureau, TD Economics.



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