



The Economic Outlook

MEREDA 2016 Annual Real Estate Forecast Conference

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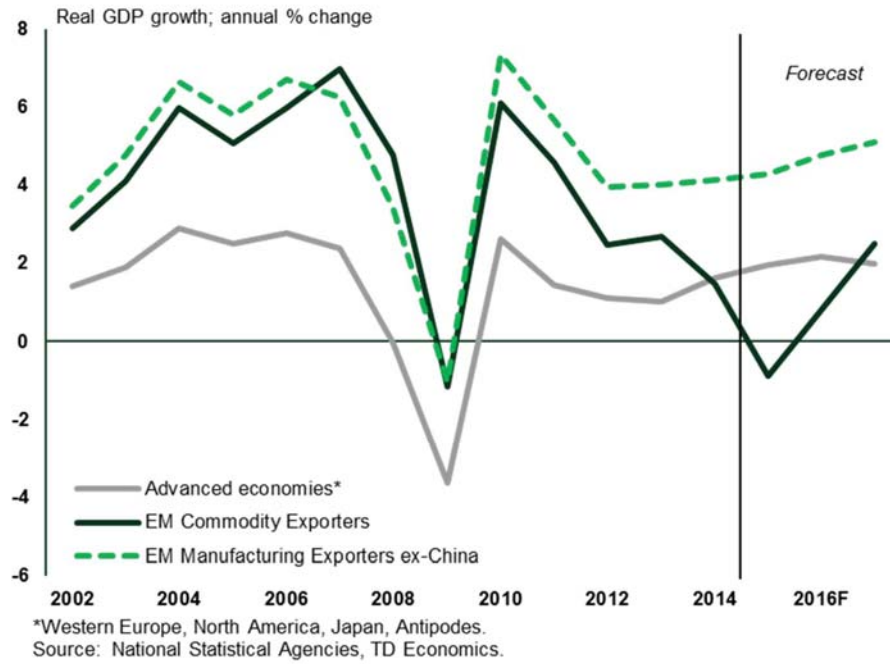


Economic & financial themes for 2016



- Weak, but stabilizing foreign backdrop
 - Dollar to stay strong
 - Oil prices to remain low
 - U.S. to maintain above-trend economic growth
 - Led by household spending
 - Unemployment to fall further
 - Inflation to move slowly higher
 - Federal Reserve to continue gradually normalizing policy
 - Long-term interest rates to see very modest upside
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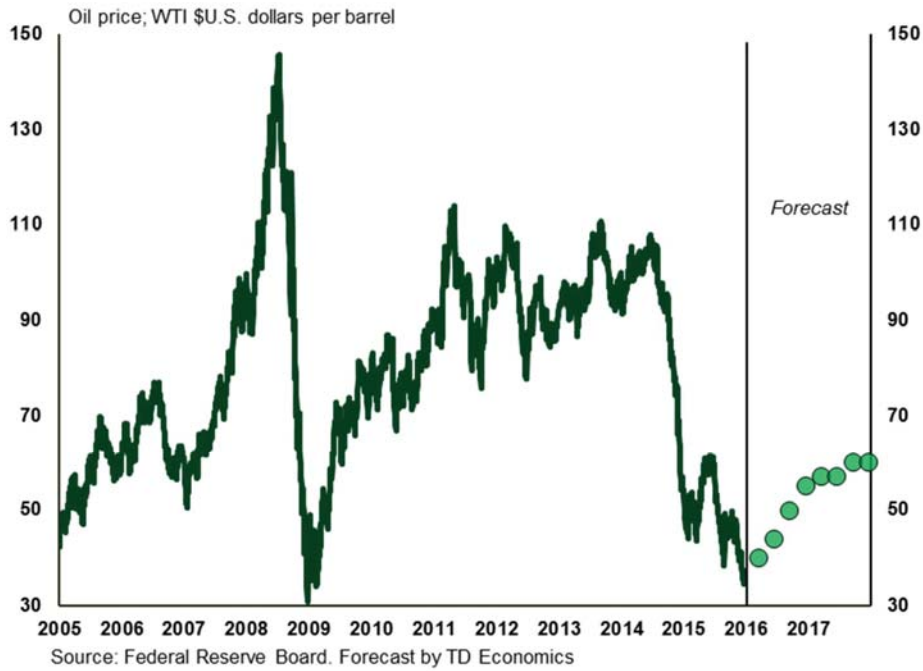
Global growth hit by weakness in emerging markets



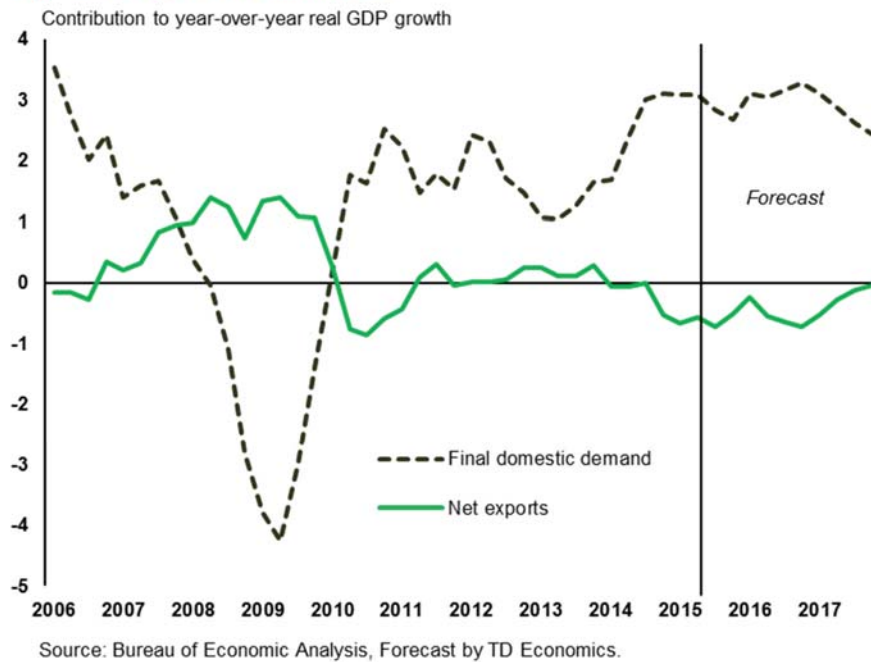
Dollar's rise has exacerbated the impact on the U.S. economy



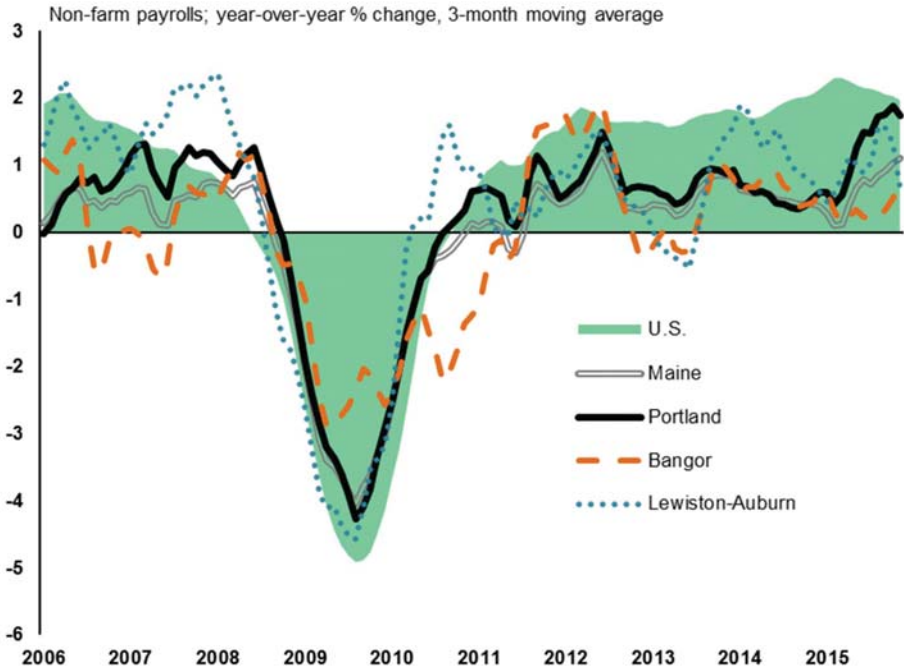
Oil price hit a new low in late 2015 Very gradual recovery expected



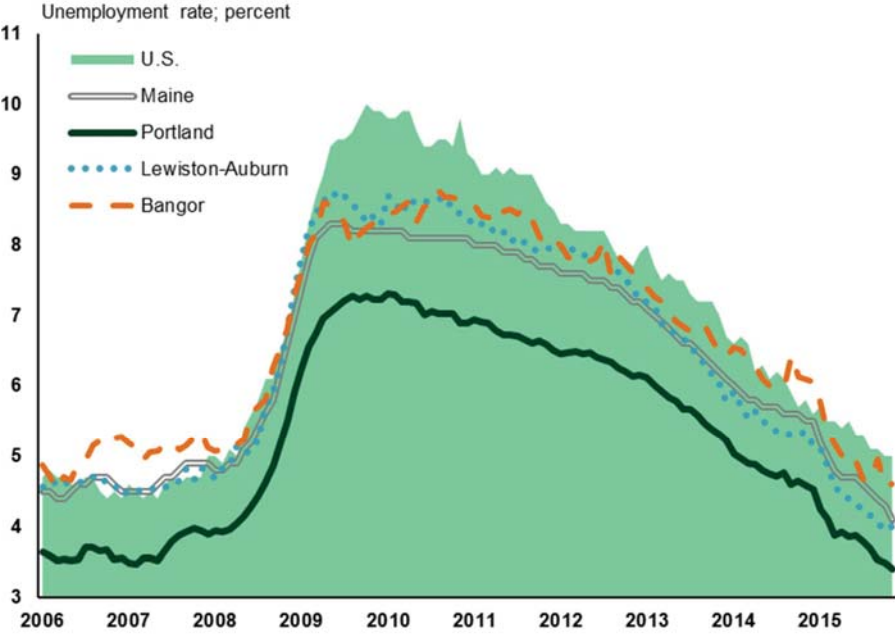
Domestic spending unperturbed by foreign weakness



Economy is adding jobs at a solid pace...

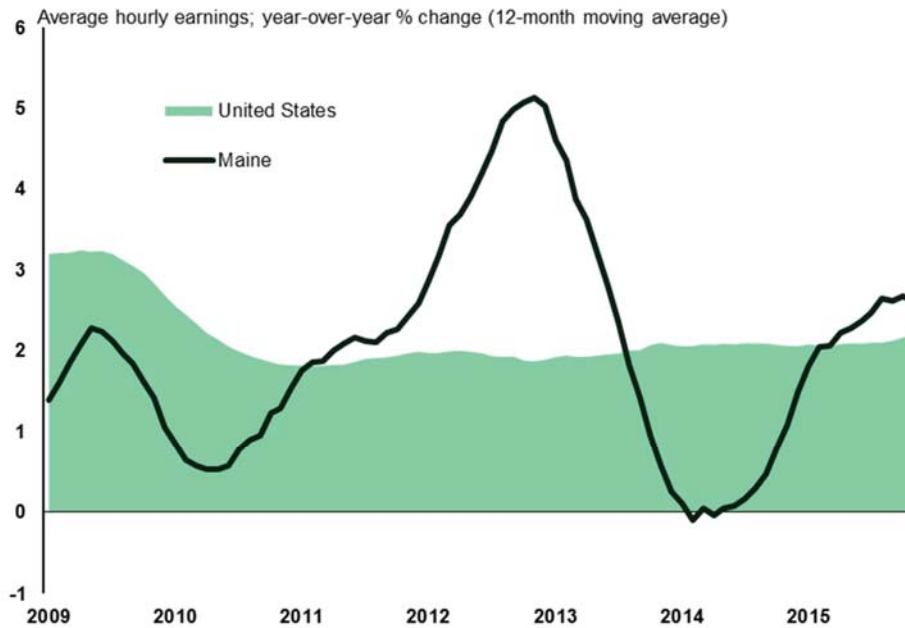


Even as unemployment approaches normal



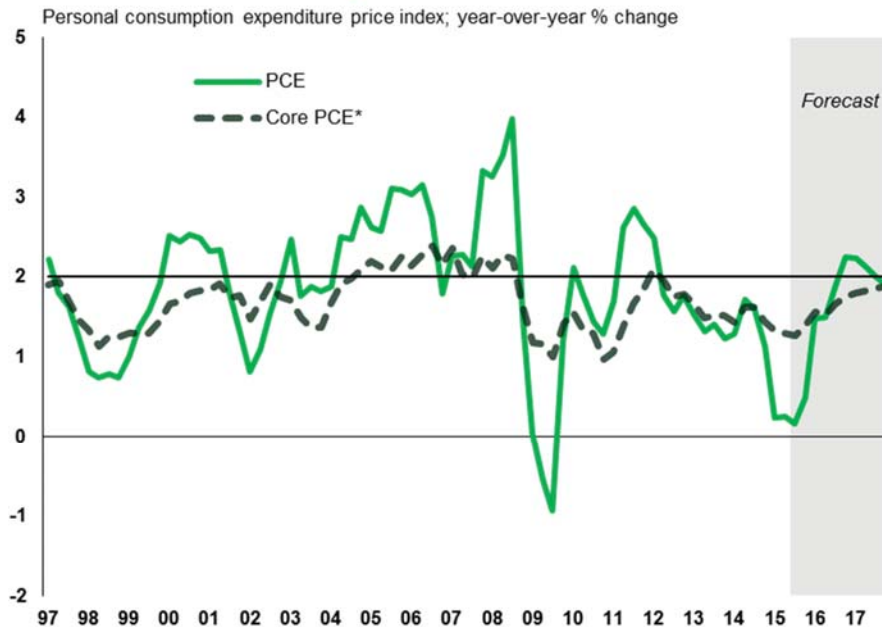
Source: Bureau of Labor Statistics

Wage growth is starting to pick up



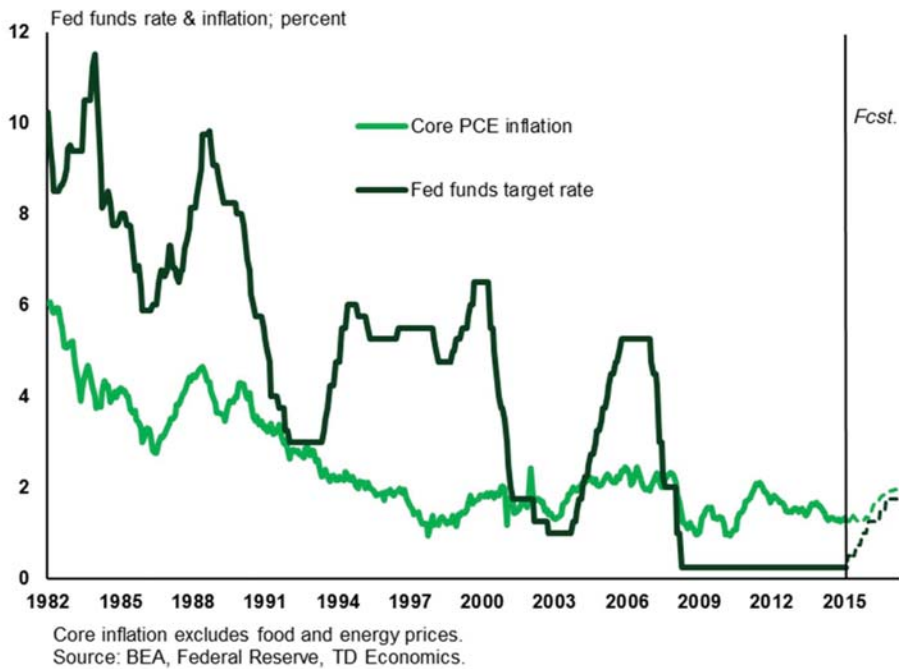
Source: Bureau of Labor Statistics

Inflation will move toward target over the next two years

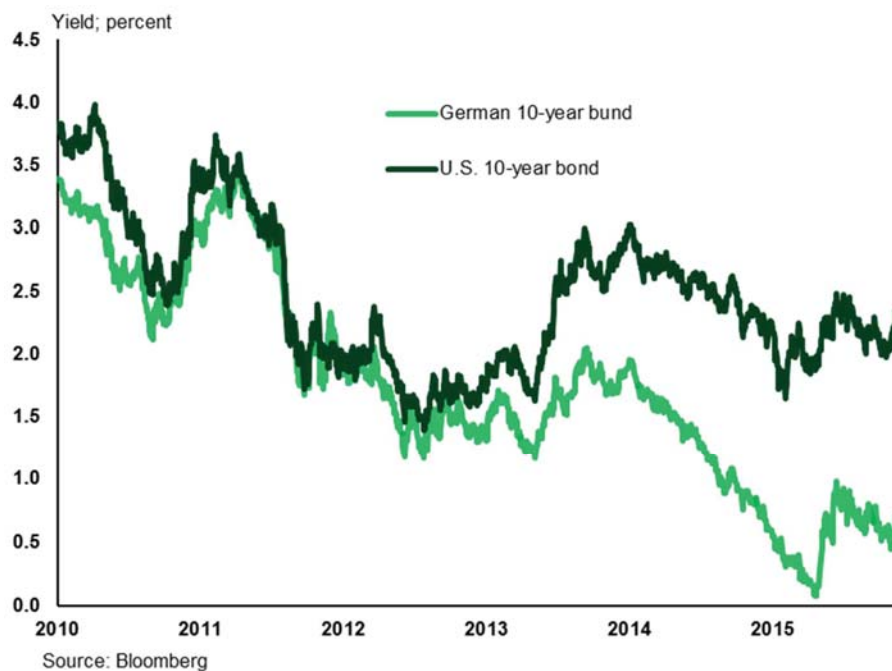


*Excluding food and energy. Source Bureau of Economic Analysis. Forecast by TD Economics

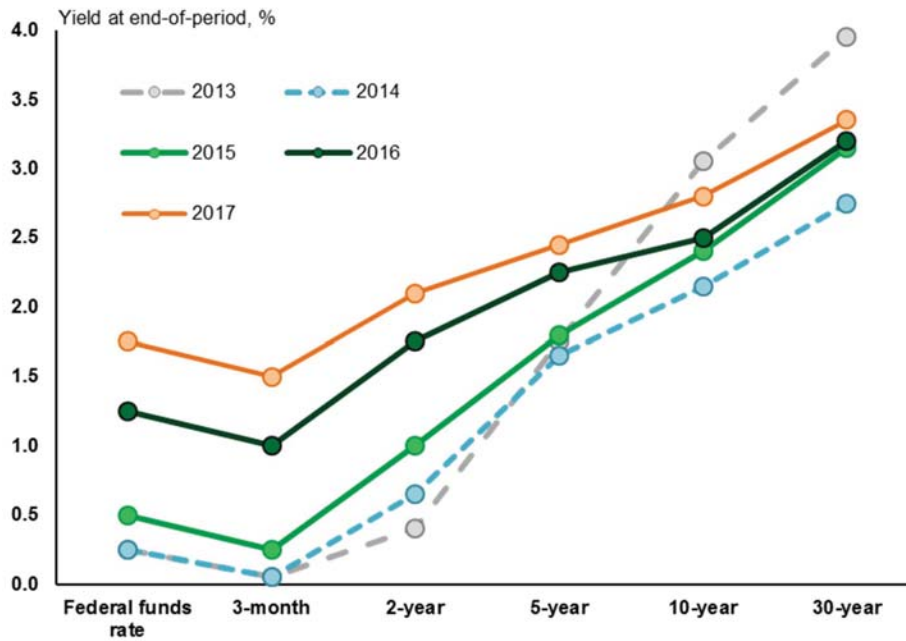
Fed rate increases will be gradual



Global disinflation and weak growth will keep pressure on long-term U.S. rates

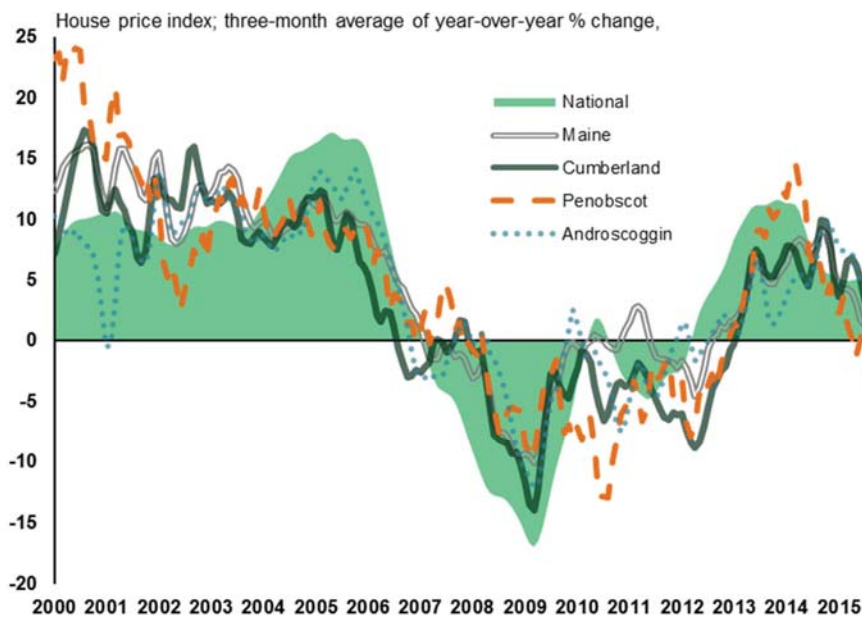


Yield curve to flatten



Source: Federal Reserve, Bloomberg. Forecast by TD Economics.

Home price growth slowing after initial rebound



Source: CoreLogic



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