



The Economic Outlook: Navigating Uncertainty

James Marple

Managing Director & Senior Economist

TD Bank Group

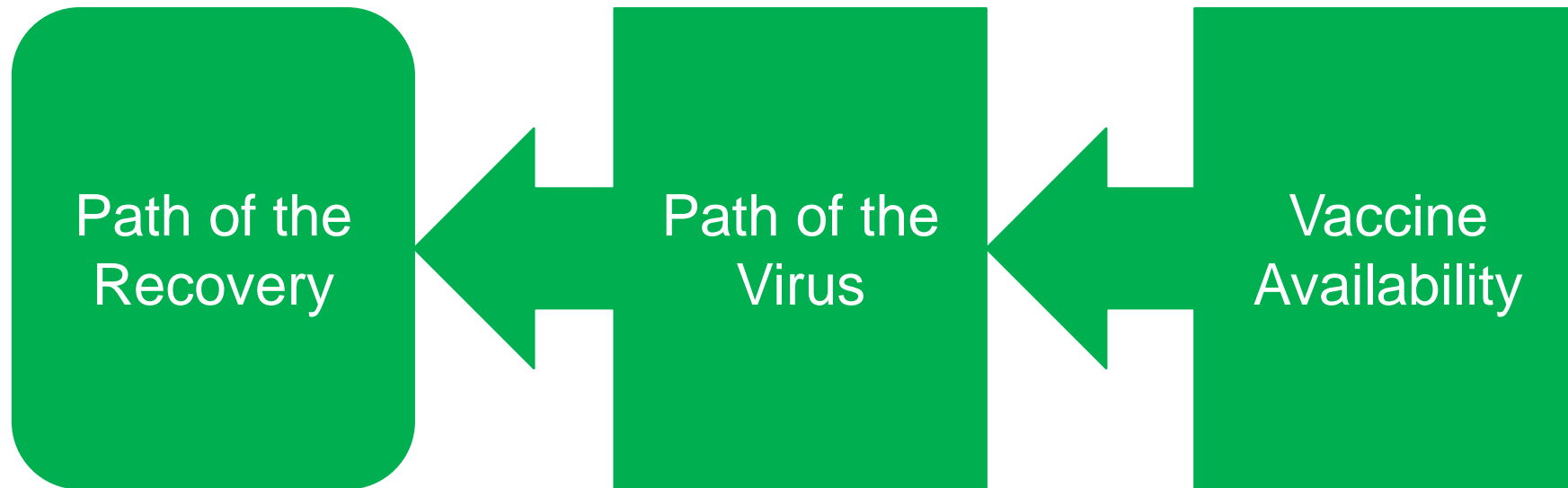
January 2021



Overview

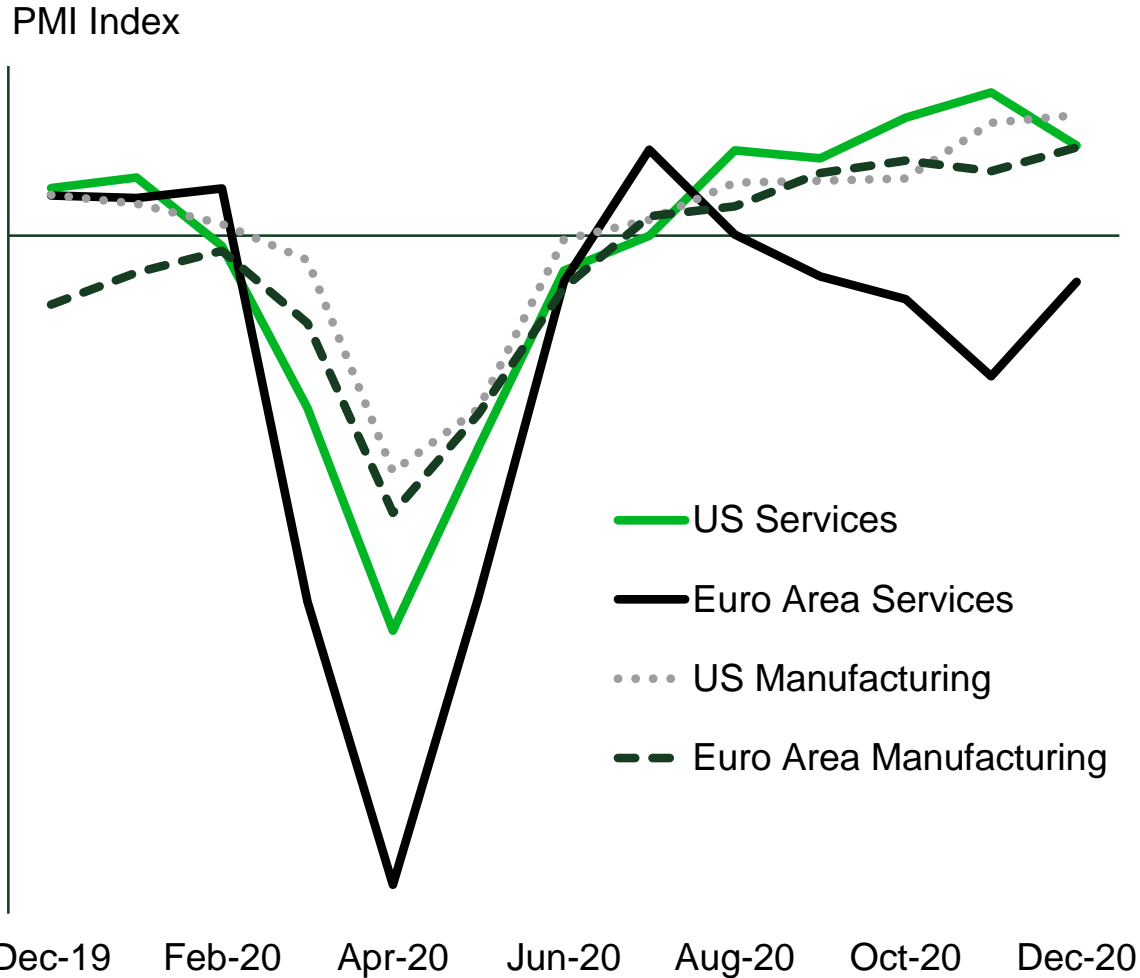
- Tension in the economic forecast:
 - Virus resurgence versus vaccine rollout
- The legacy of the pandemic:
 - Elevated government debt levels
 - Ultra-low interest rates
 - Shifts in demand for real estate
 - High household saving
 - Labor market scarring
 - Industrial policy usurps free trade?

Light At the End of the Tunnel: Positive Vaccine News Is Key to Better Outlook in 2021

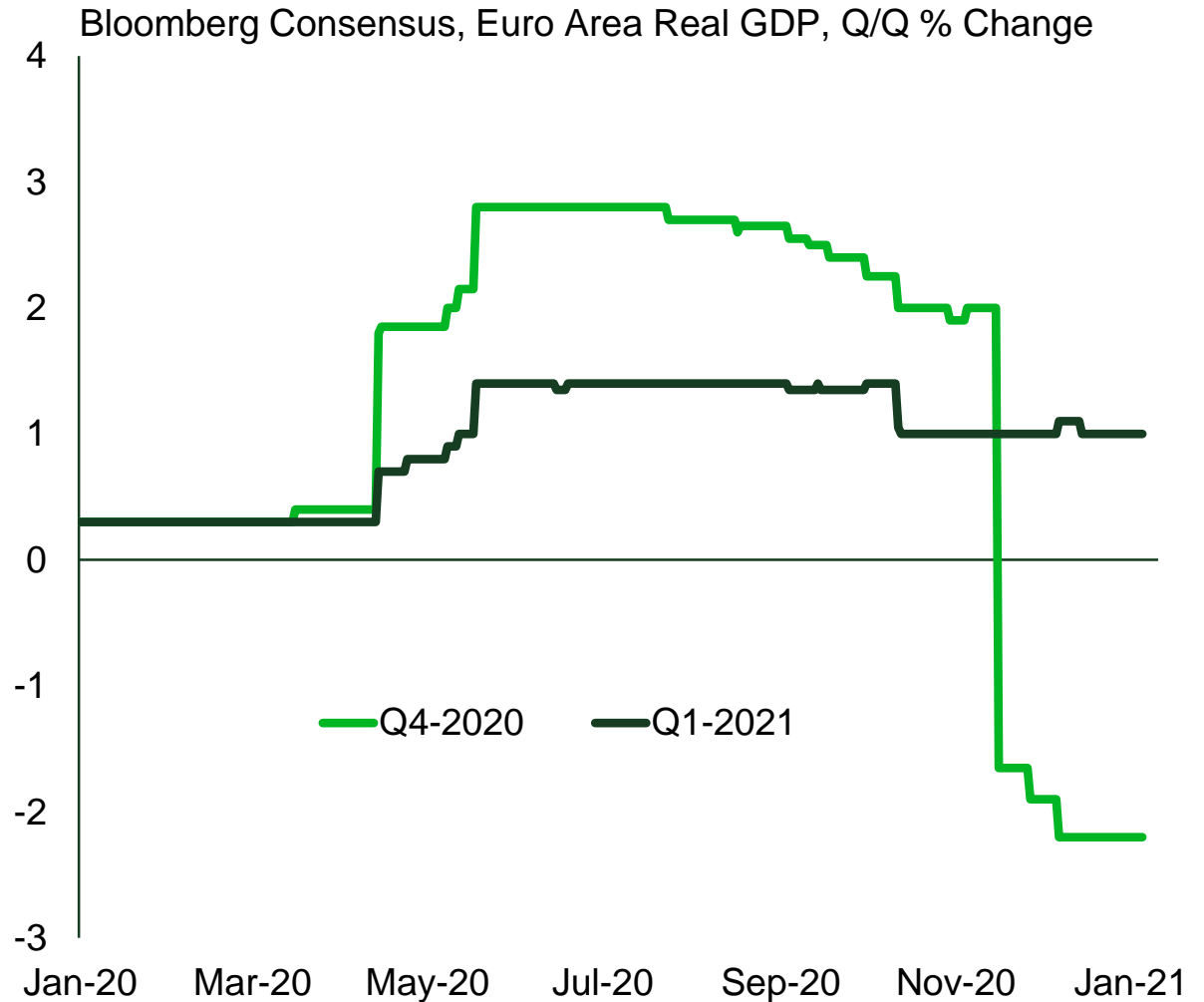


Source: TD Economics.

Europe At Risk Of Double-Dip Recession

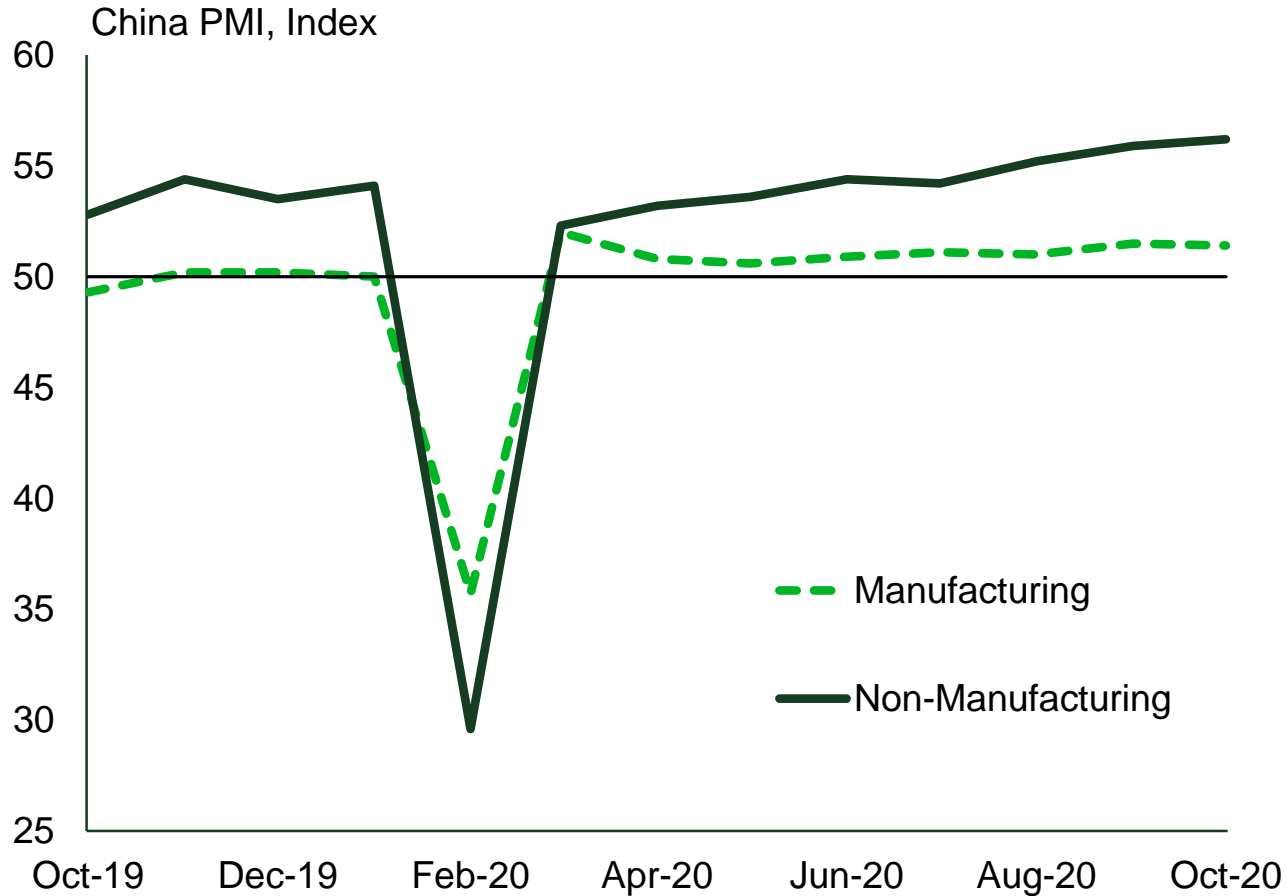


Source: IHS Markit, TD Economics
 Note: Below 50 = a majority of businesses reported a contraction.

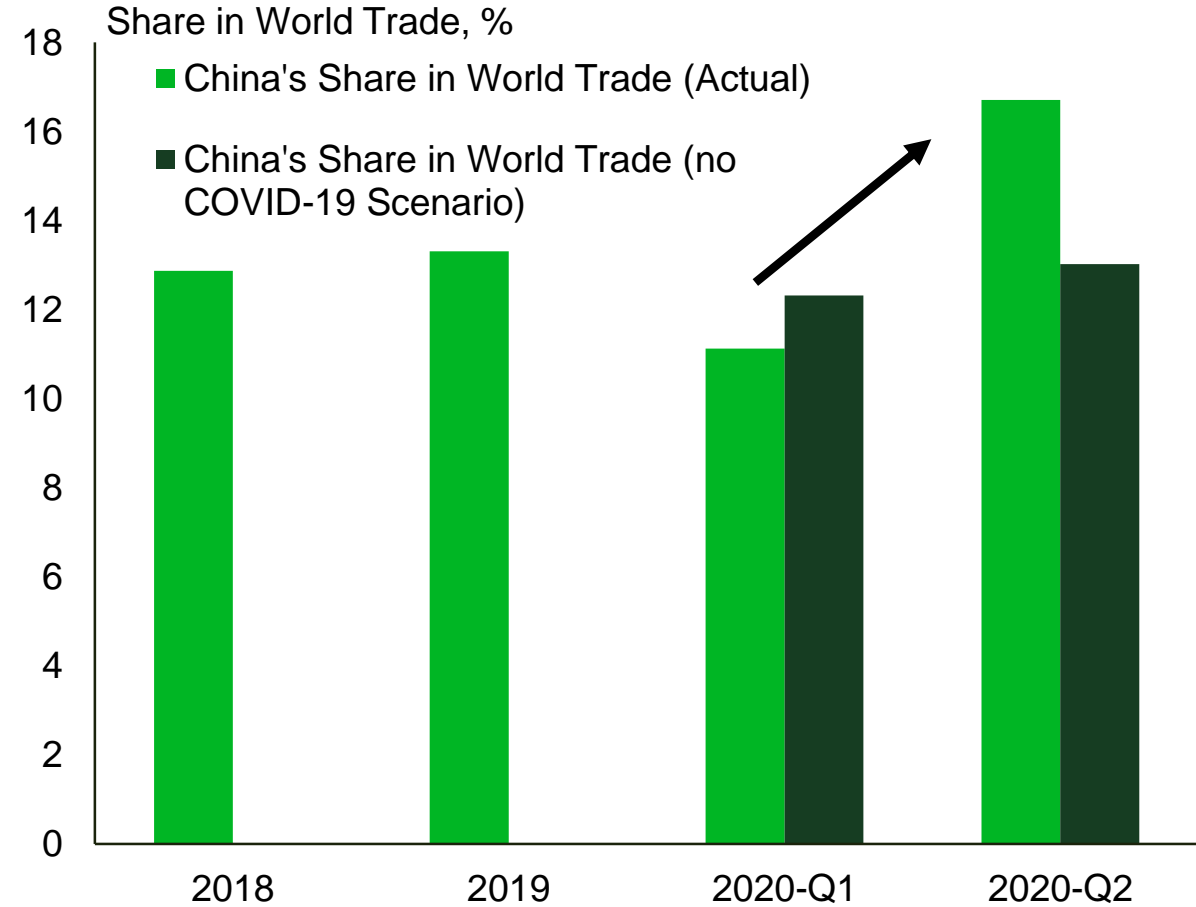


Source: Bloomberg survey as of January 2021, TD Economics.

China Was First In, First Out, Gaining Ground Globally

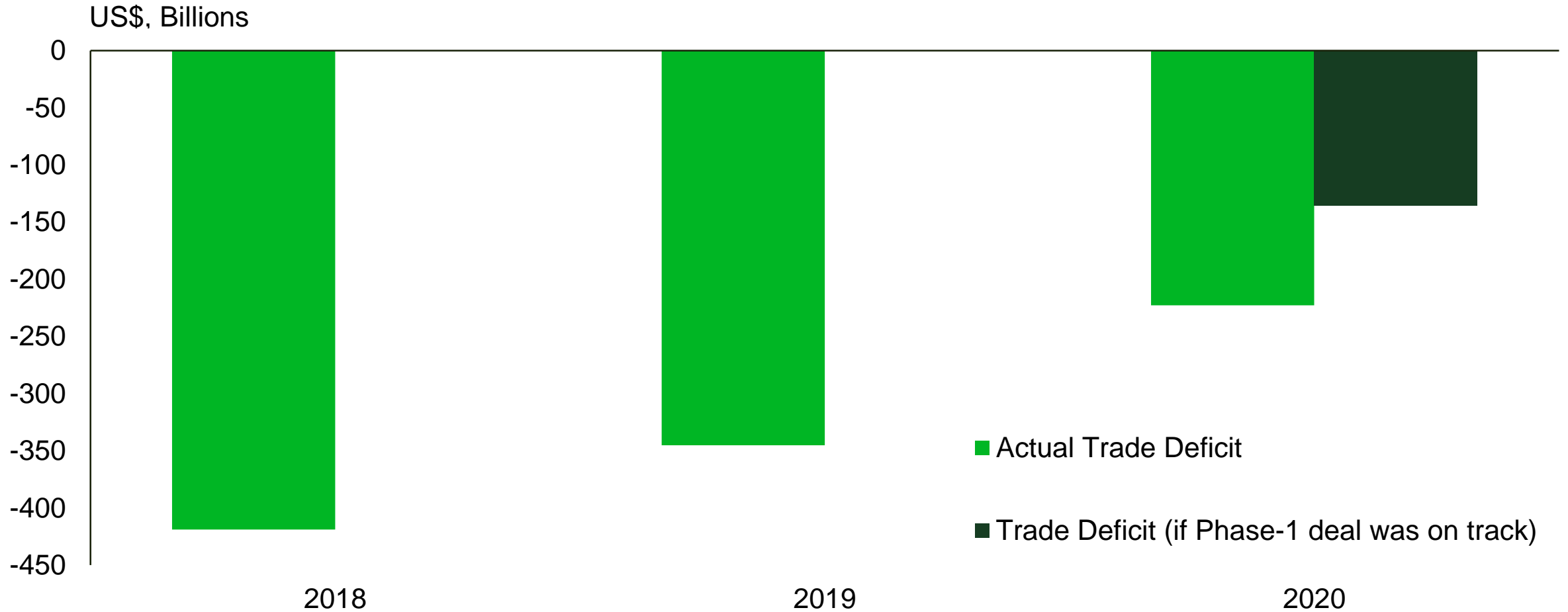


Note: Below 50 = a majority of businesses reported a contraction.
 Source: NBS, TD Economics.



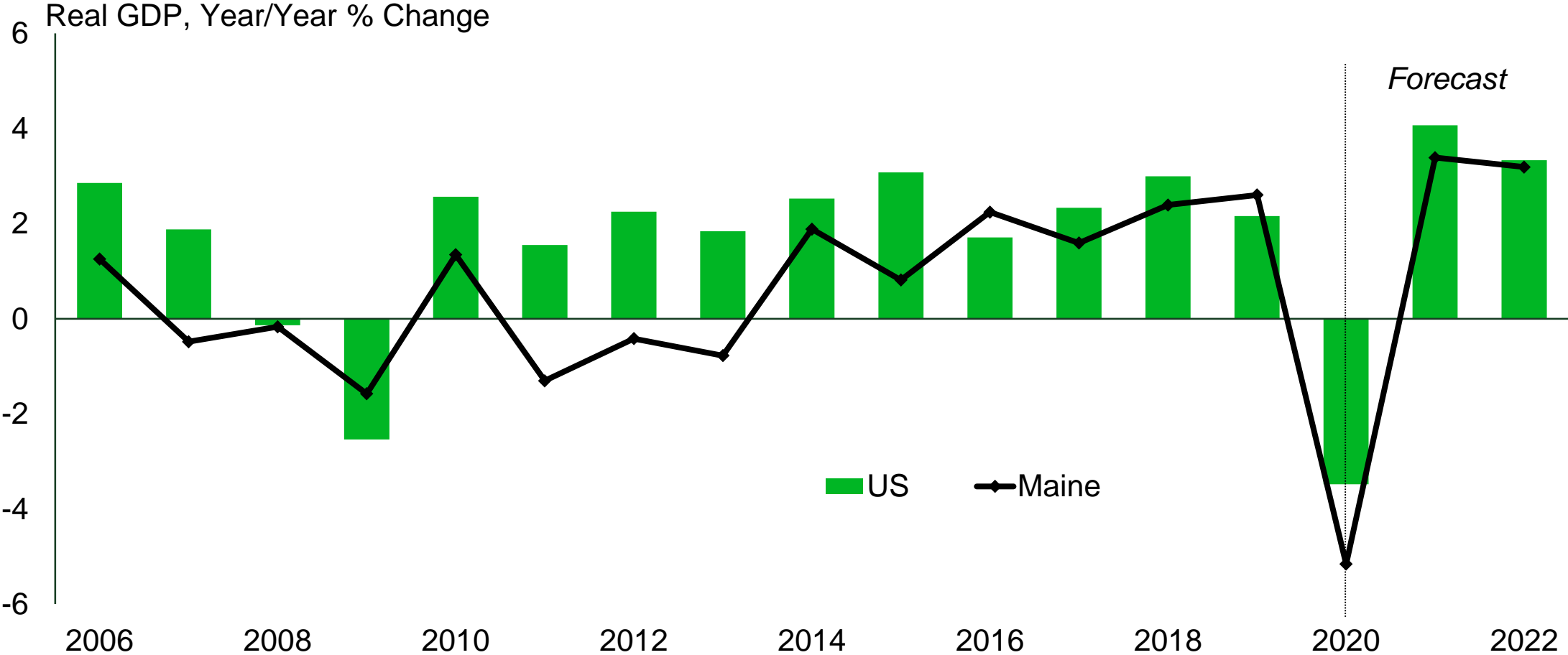
Note: Data include total global merchandise exports.
 Source: WTO, TD Economics.

U.S.-China Trade Tensions Will Persist



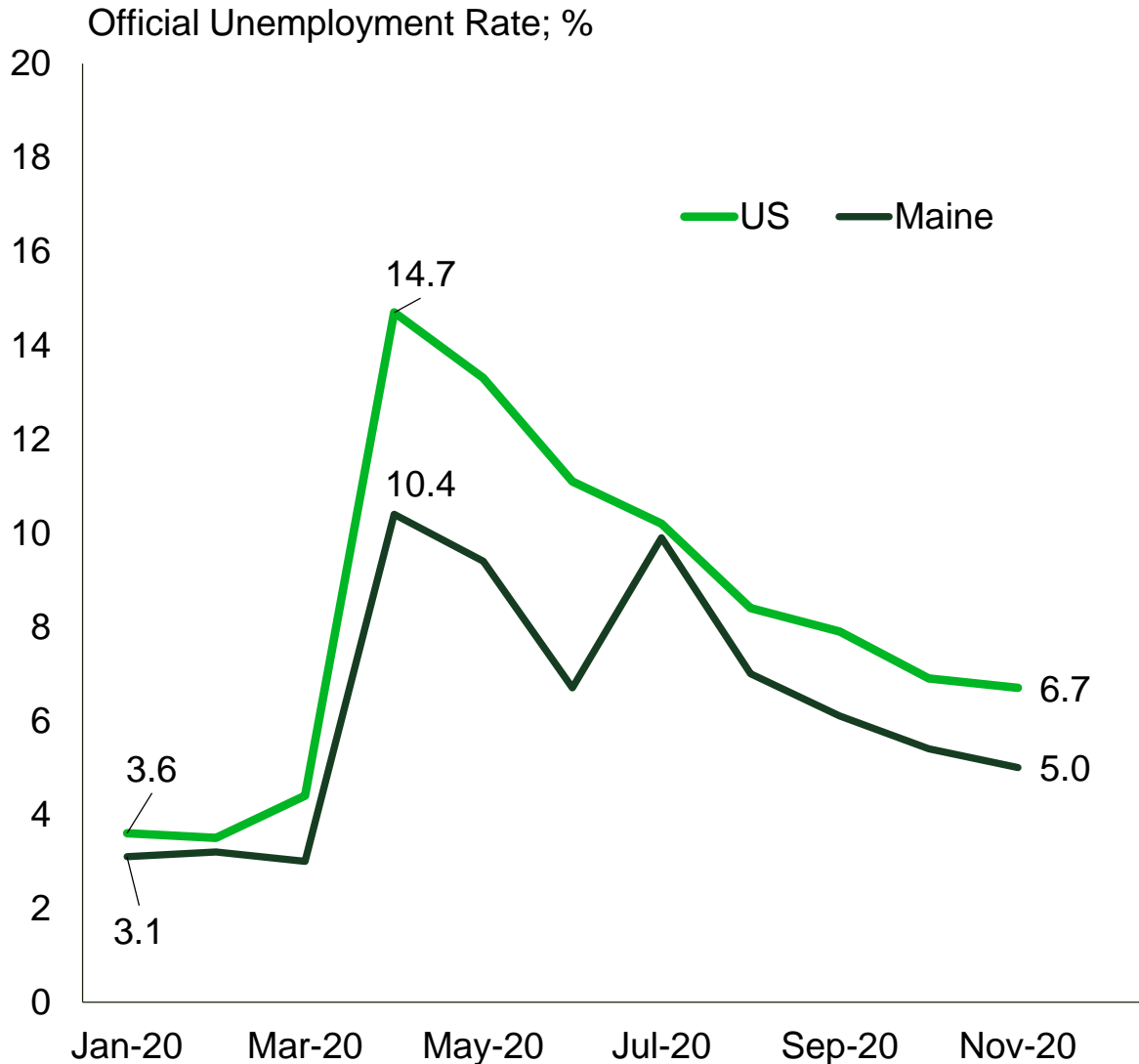
Note: Data reflect US-China bilateral trade in goods (services not included). 2020 data is year-to-date from Q1 to Q3.
Source: Census Bureau, TD Economics.

Solid Economic Growth Expected At Home, But A Deep Hole To Fill

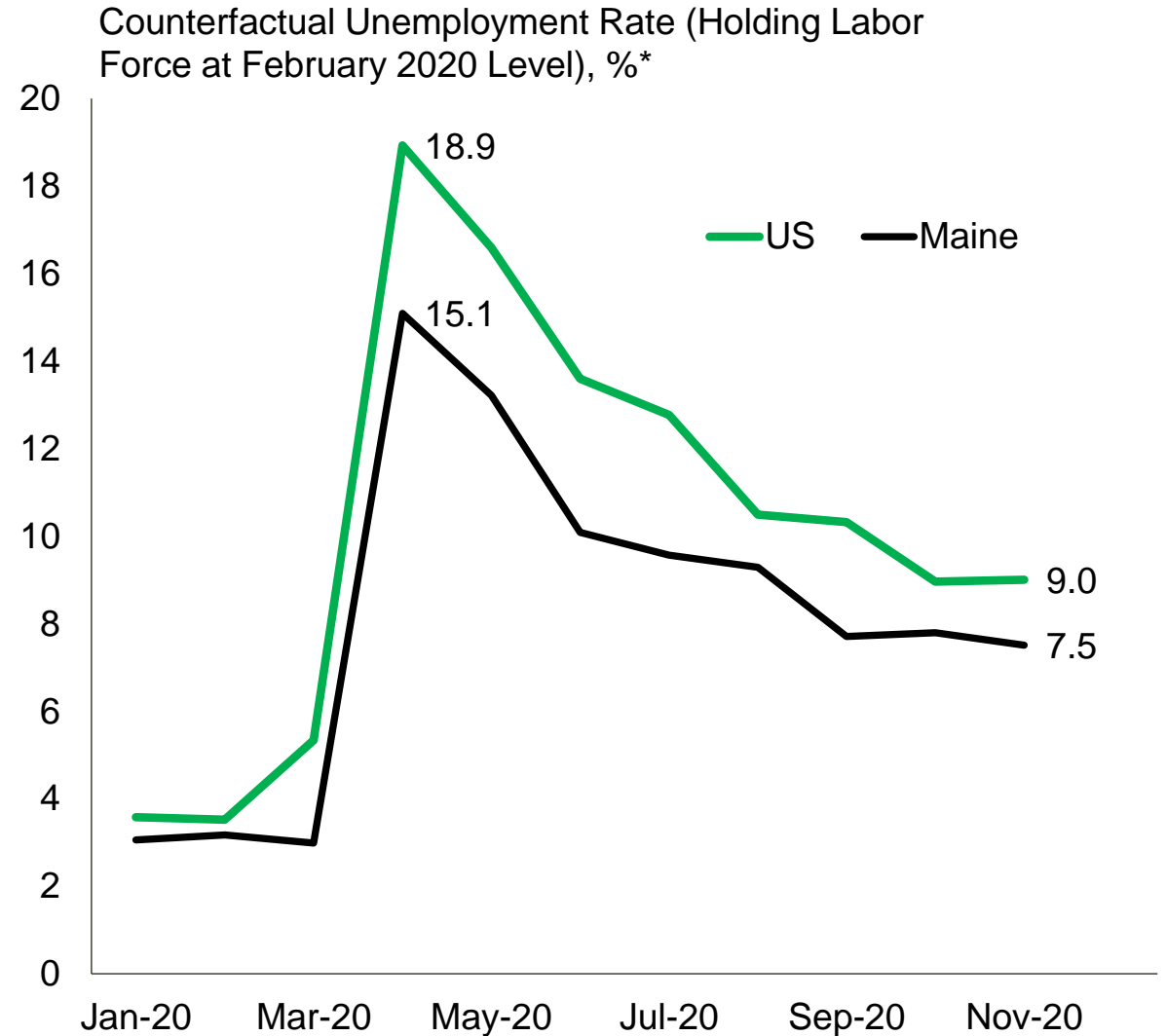


Source: BEA, TD Economics

Labor Market Will Take Time to Normalize



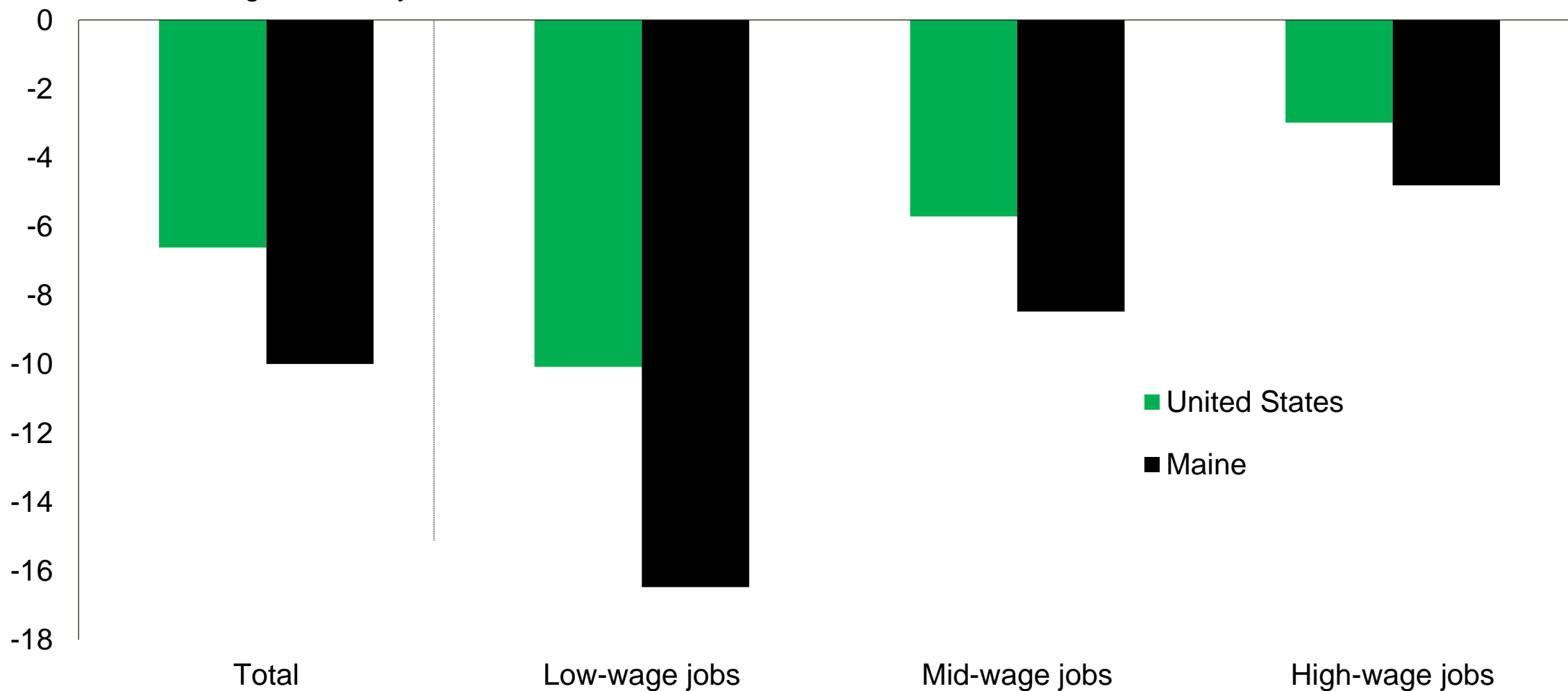
Source: BLS, TD Economics



Job Losses Concentrated Among Lower-Wage Workers



Percent change; February to October

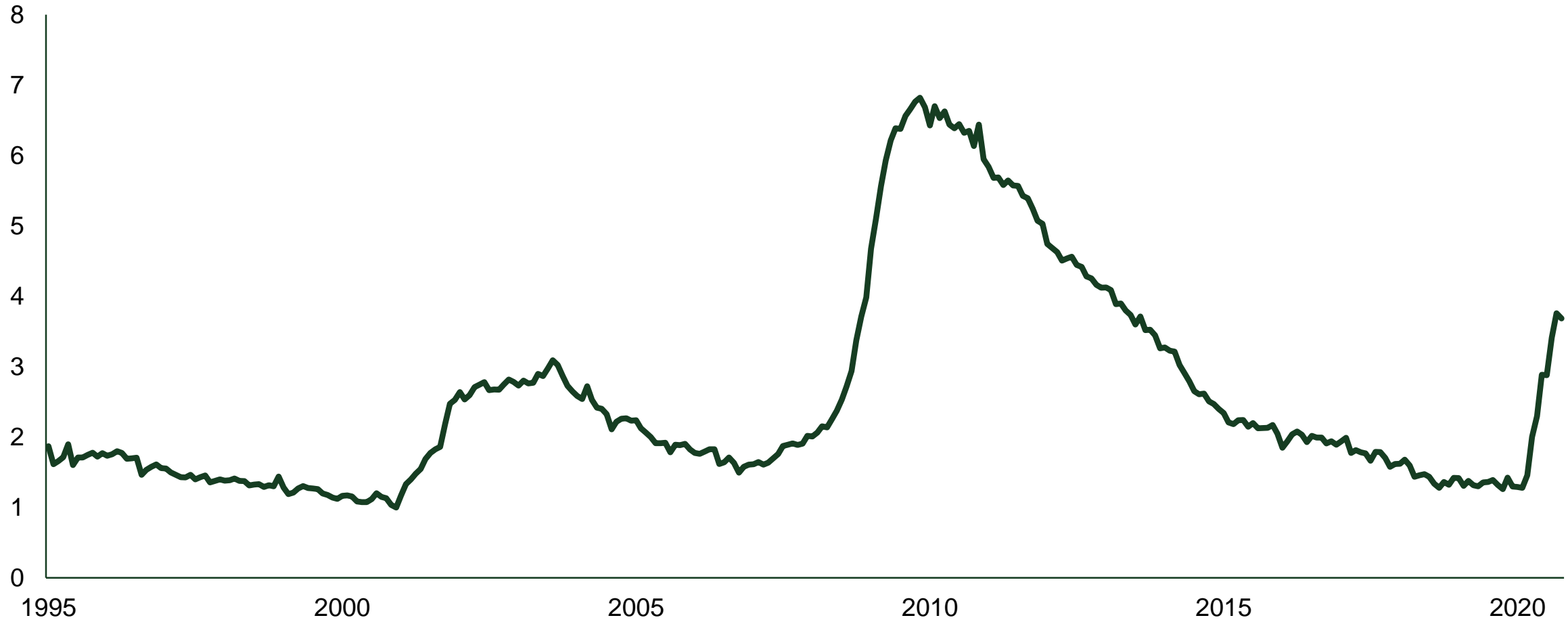


Source: BLS, Moody's Analytics, TD Economics

Job Market Scarring Is Increasing



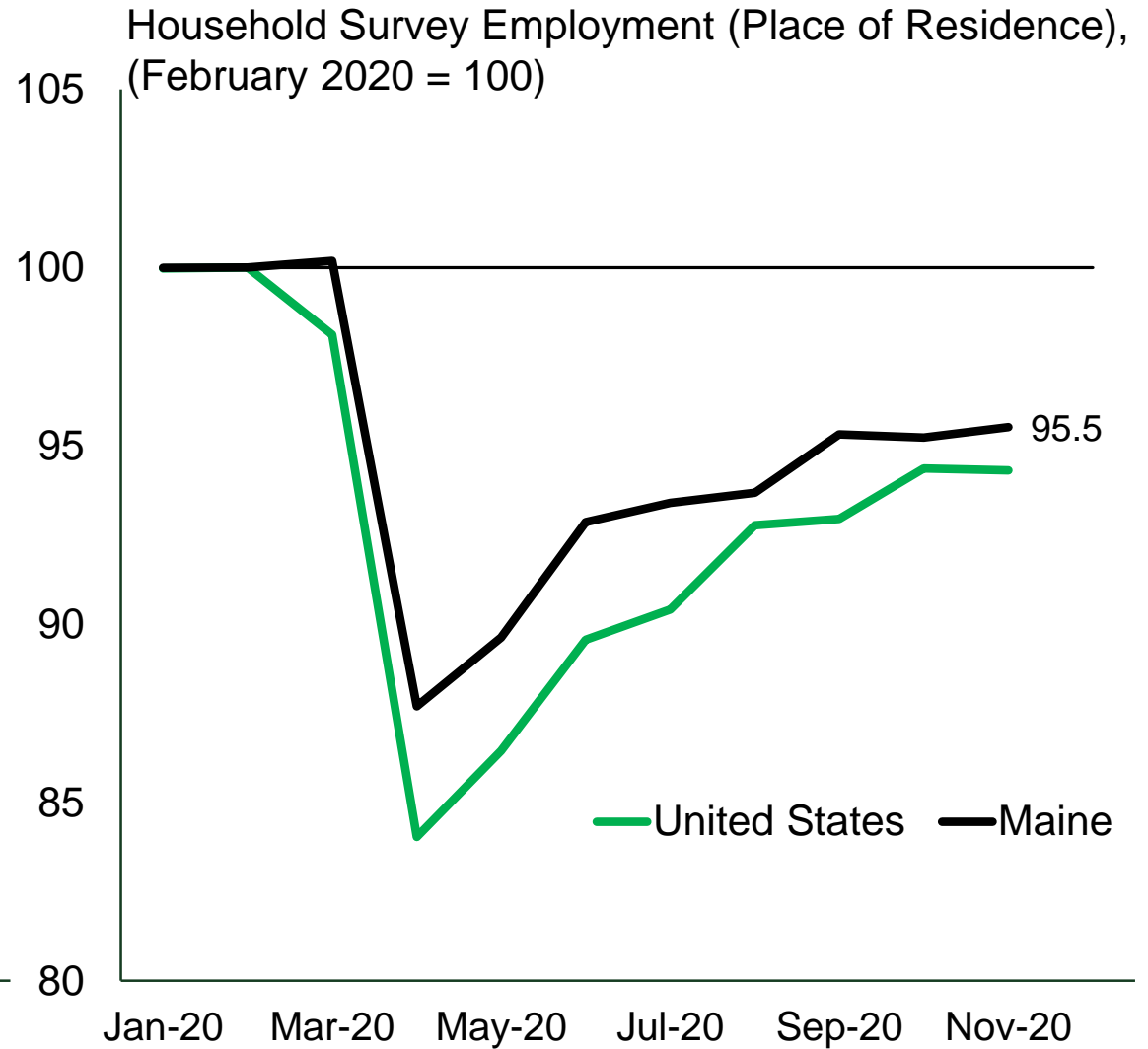
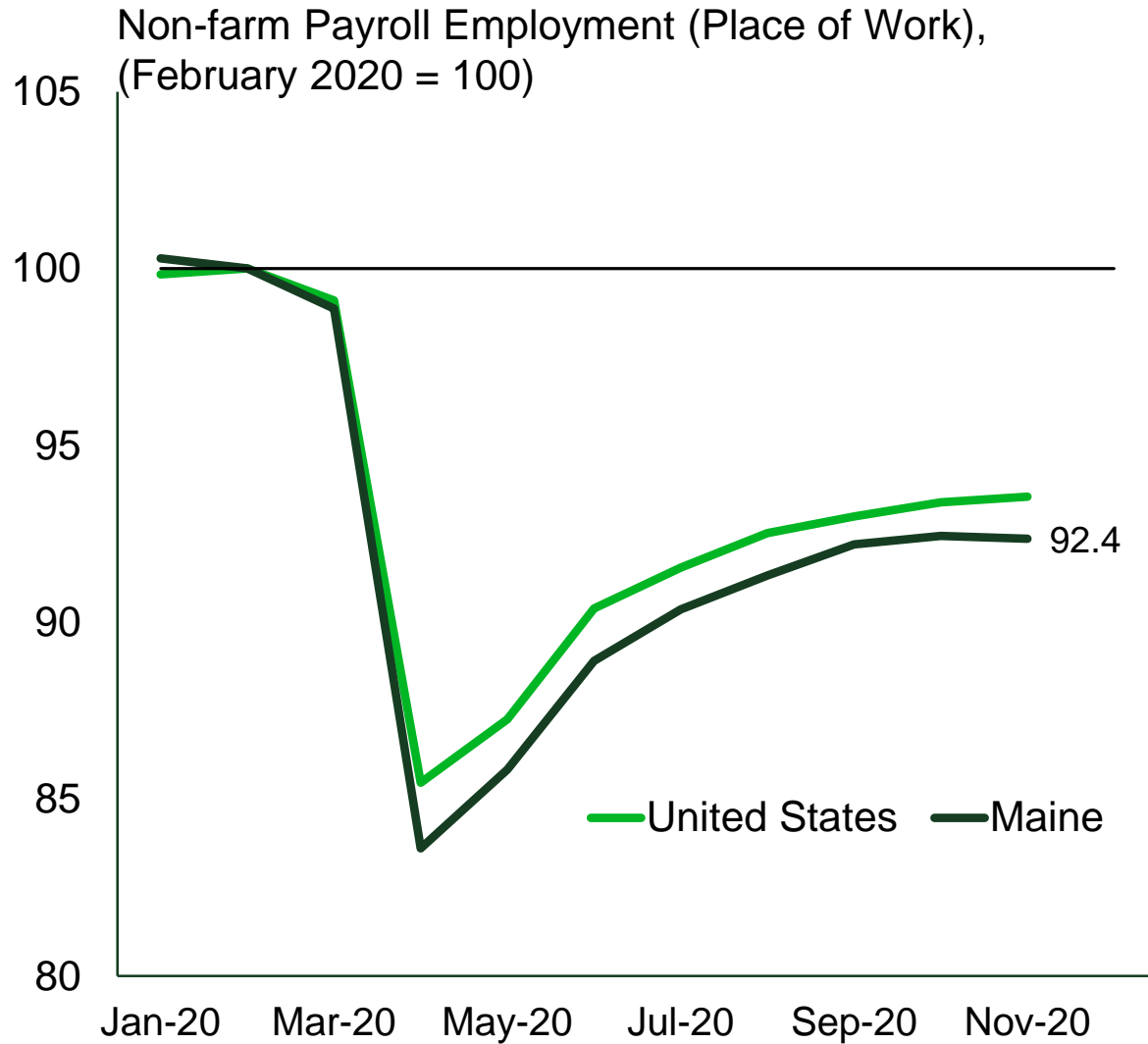
U.S. Unemployed Who have Lost Jobs Permanently, Millions*



*Seasonally Adjusted.
Bureau of Labor Statistics, TD Economics.

Source:

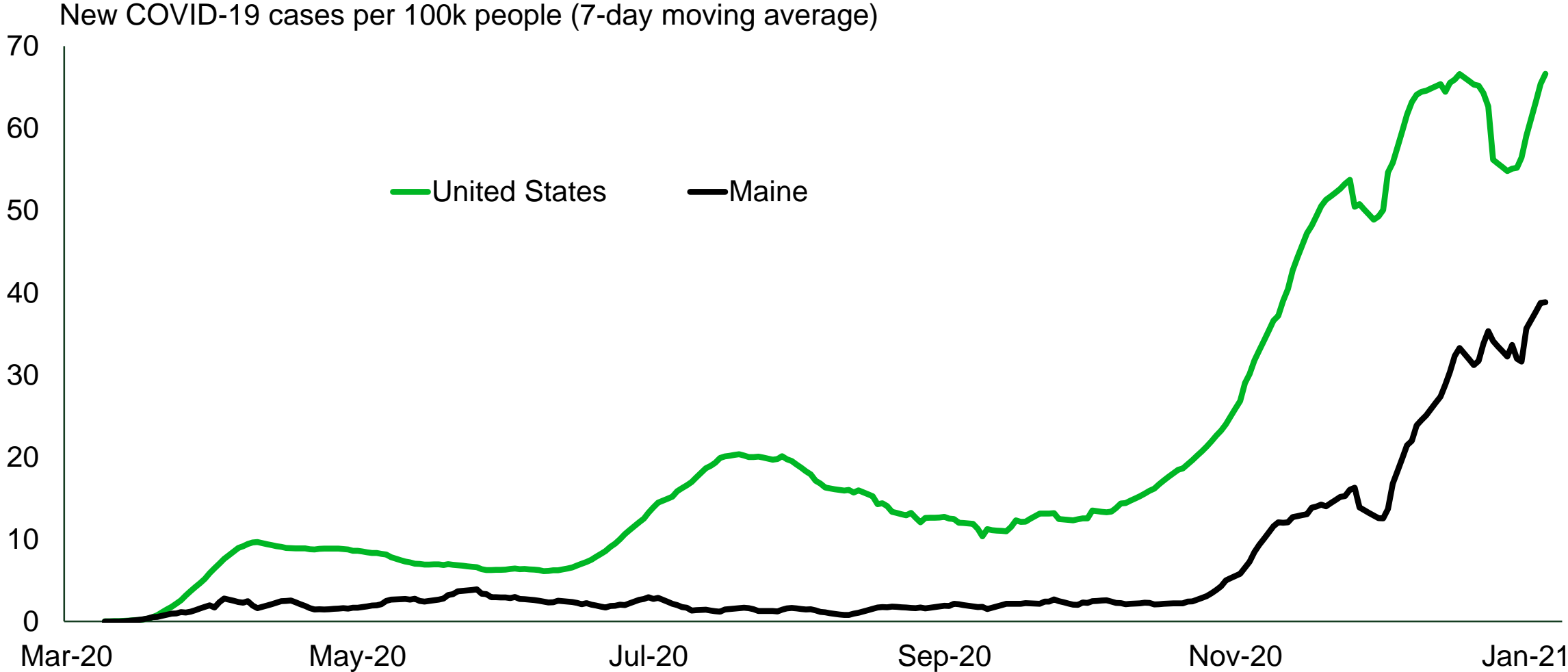
Fewer Jobs Lost Among State Residents Than Businesses Operating in the State



Source: BLS, TD Economics

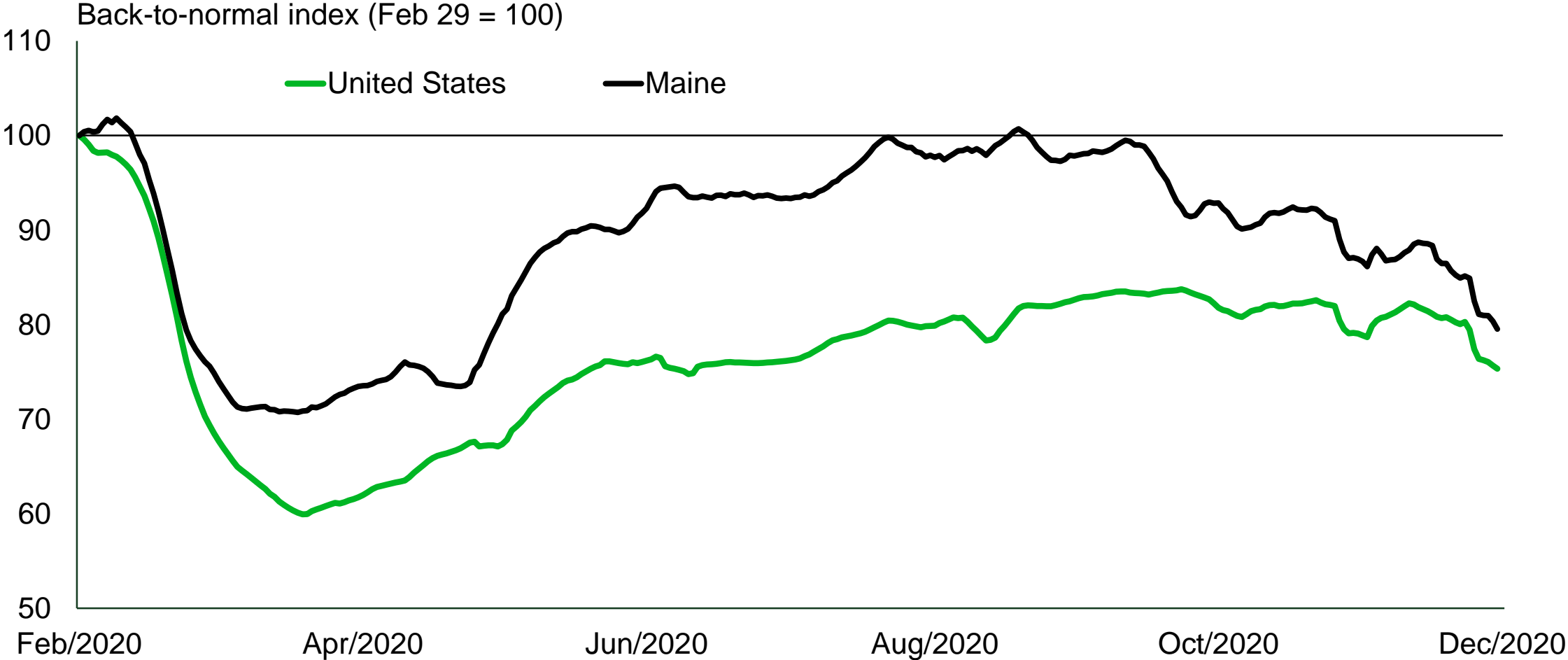
Source: BLS, TD Economics

Economic Recovery Will be Challenged by Virus Resurgence



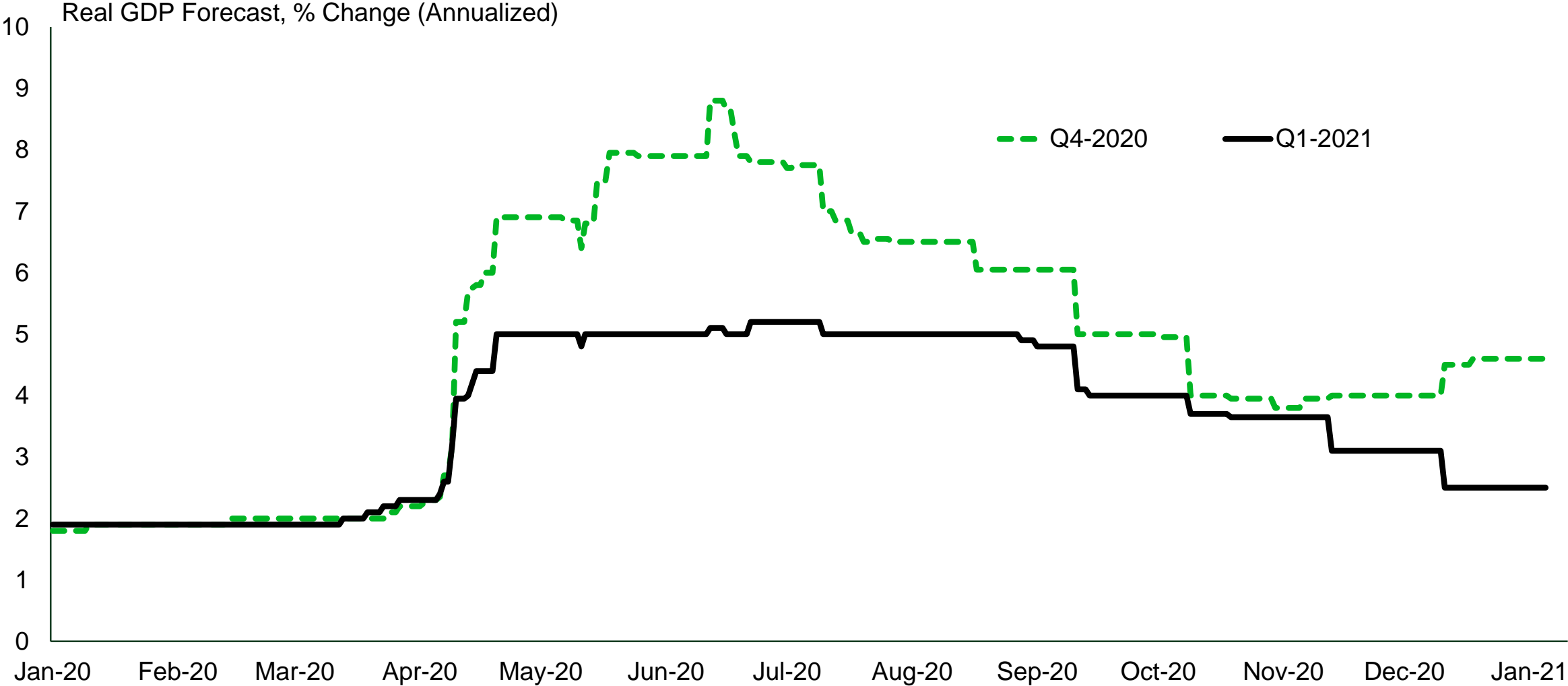
Source: Johns Hopkins University, Haver Analytics, TD Economics.

Upside Surprises Giving Way To Reality Of Infection Impact



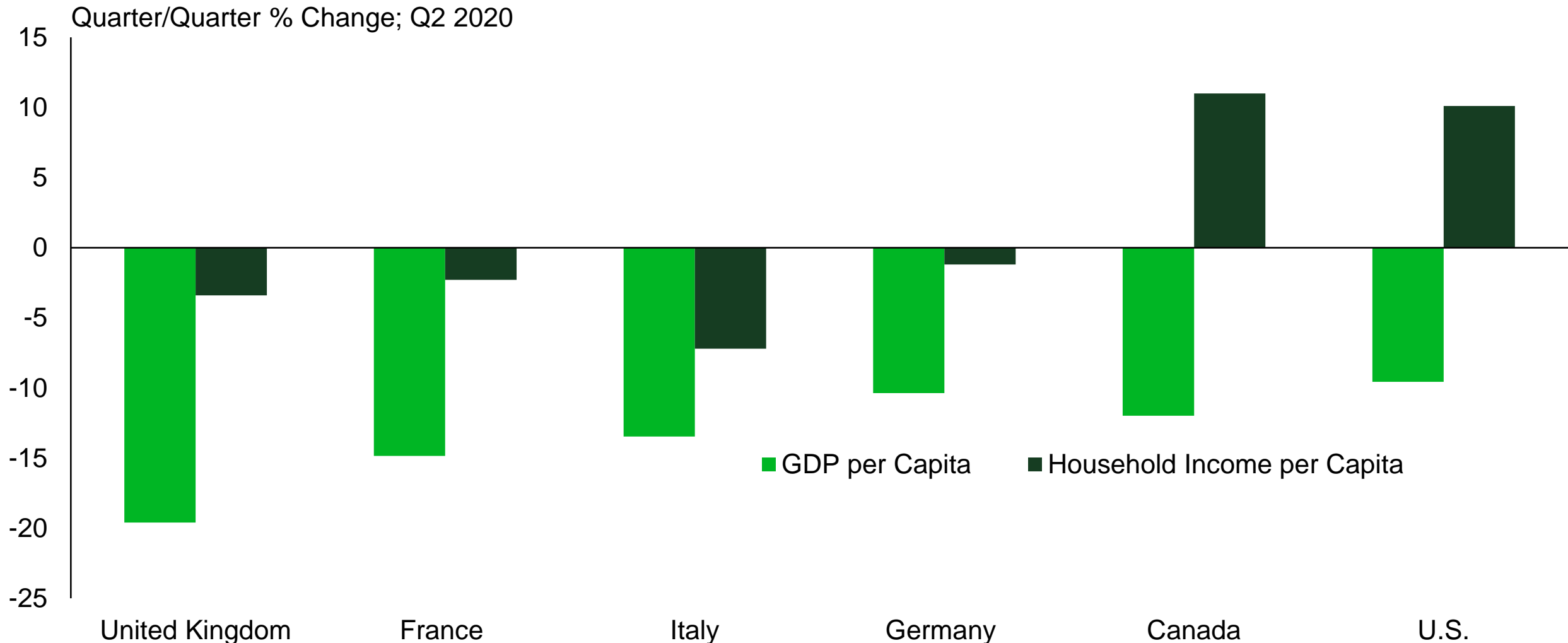
Source: Moody's, TD Economics

First Quarter Growth Likely the Low Point



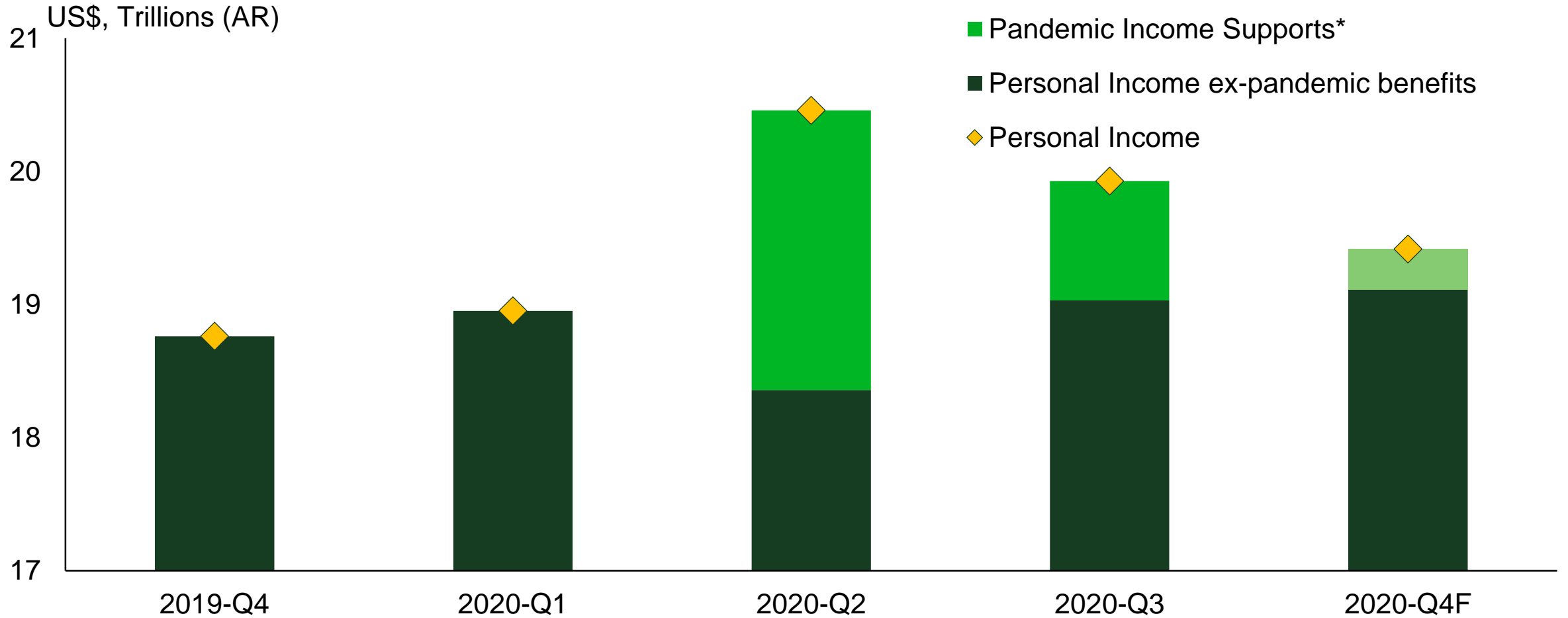
Source: Bloomberg survey as of January 2021, TD Economics.

America Among the Most Generous In Supporting Household Income Through Lockdown



Source: OECD, TD Economics.

Income Support to Continue Under New Fiscal Deal



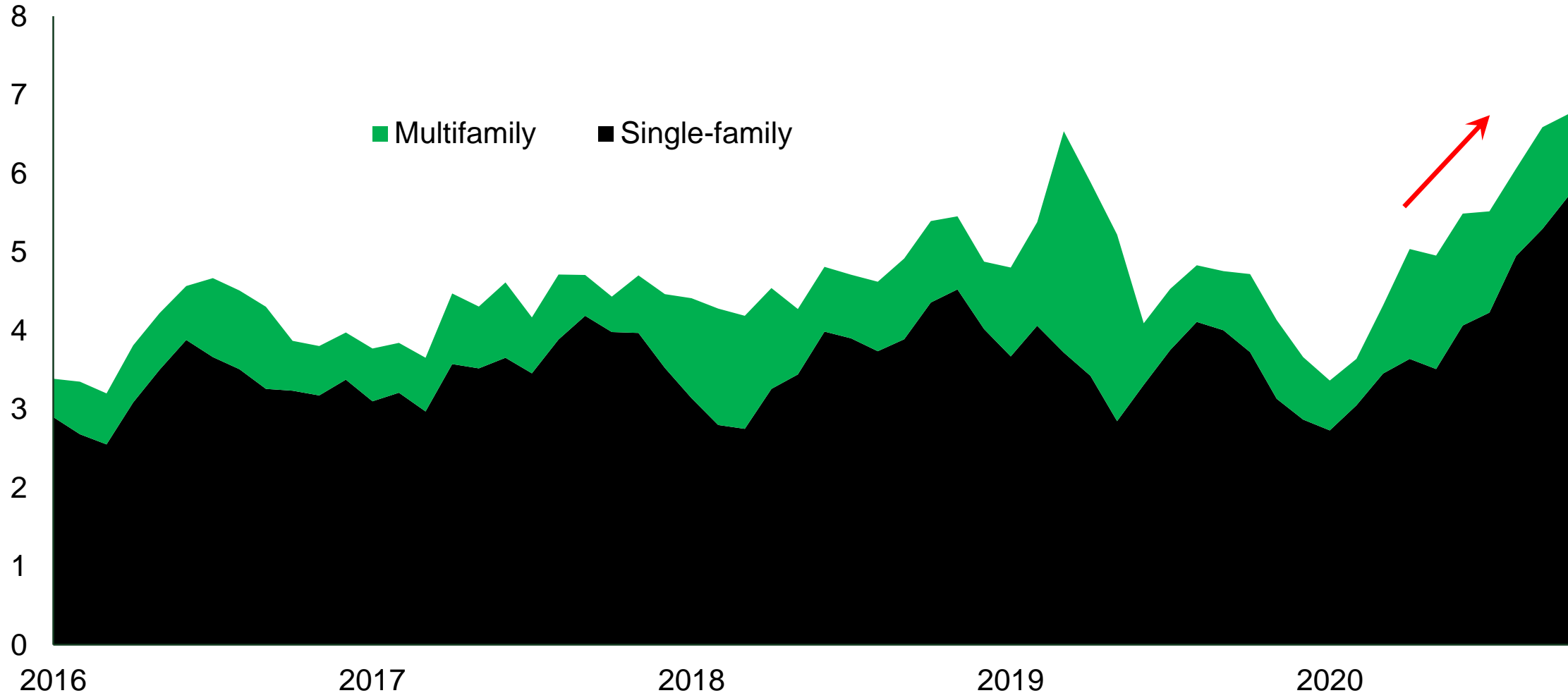
*Includes economic impact payments, expanded unemployment benefits, PPP loans.

Source: Bureau of Economic Analysis, TD Economics.

Low Interest Rates, Demand for Space Has Supported the Housing Market

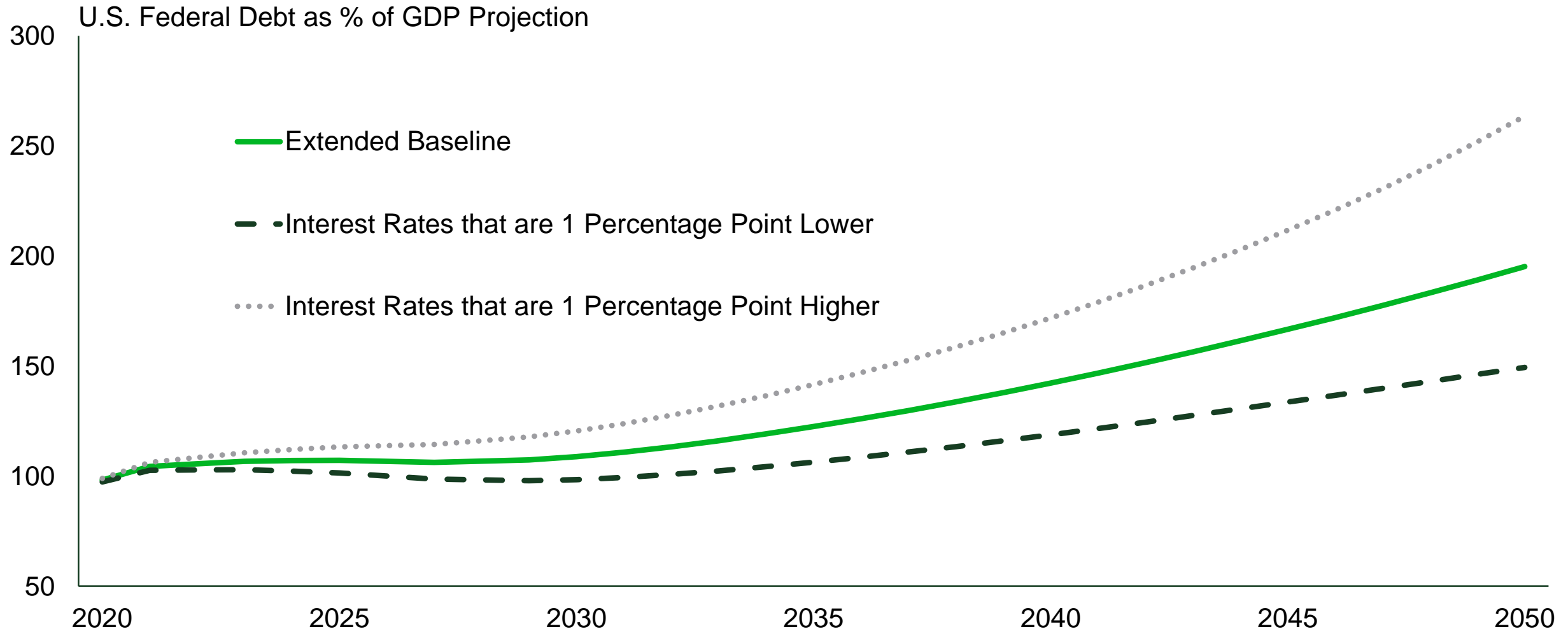


Maine Housing permits, Thousands (SAAR*)



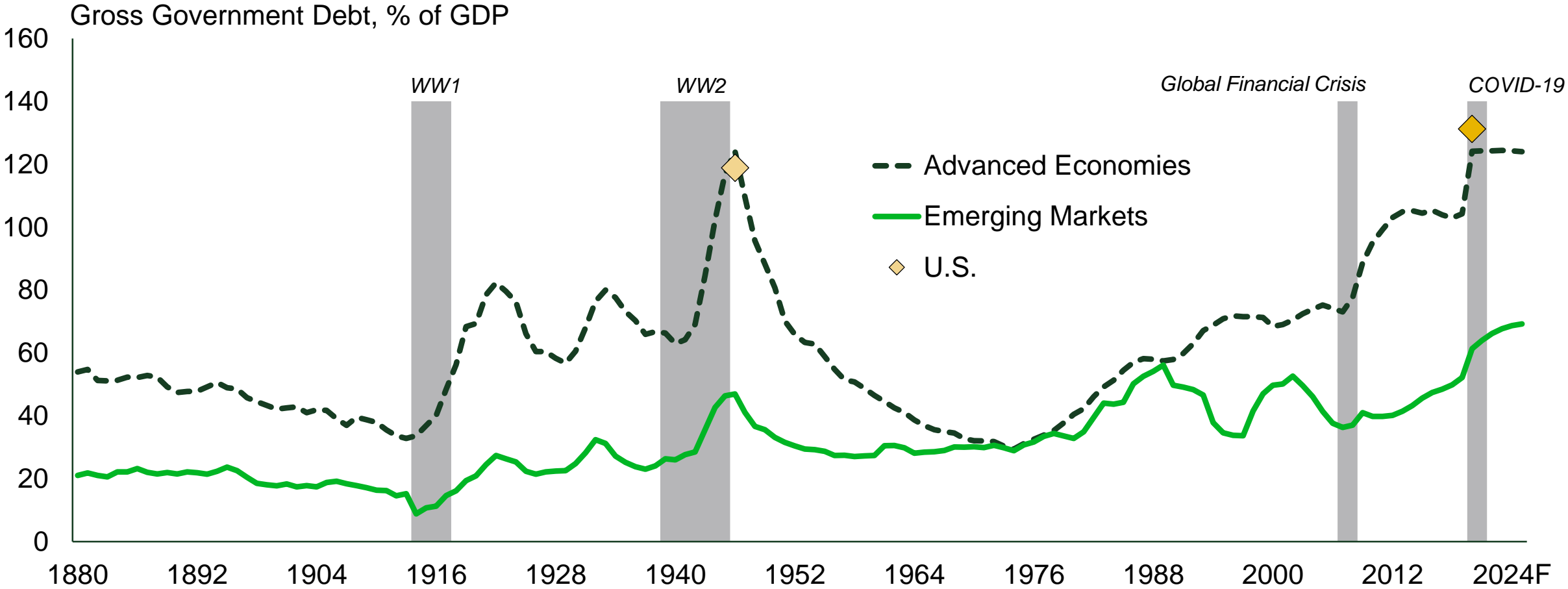
Source: BEA, Moody's, TD Economics. *3-month moving average.

Tail Wagging The Dog? High Debt Requires Low Interest Rates



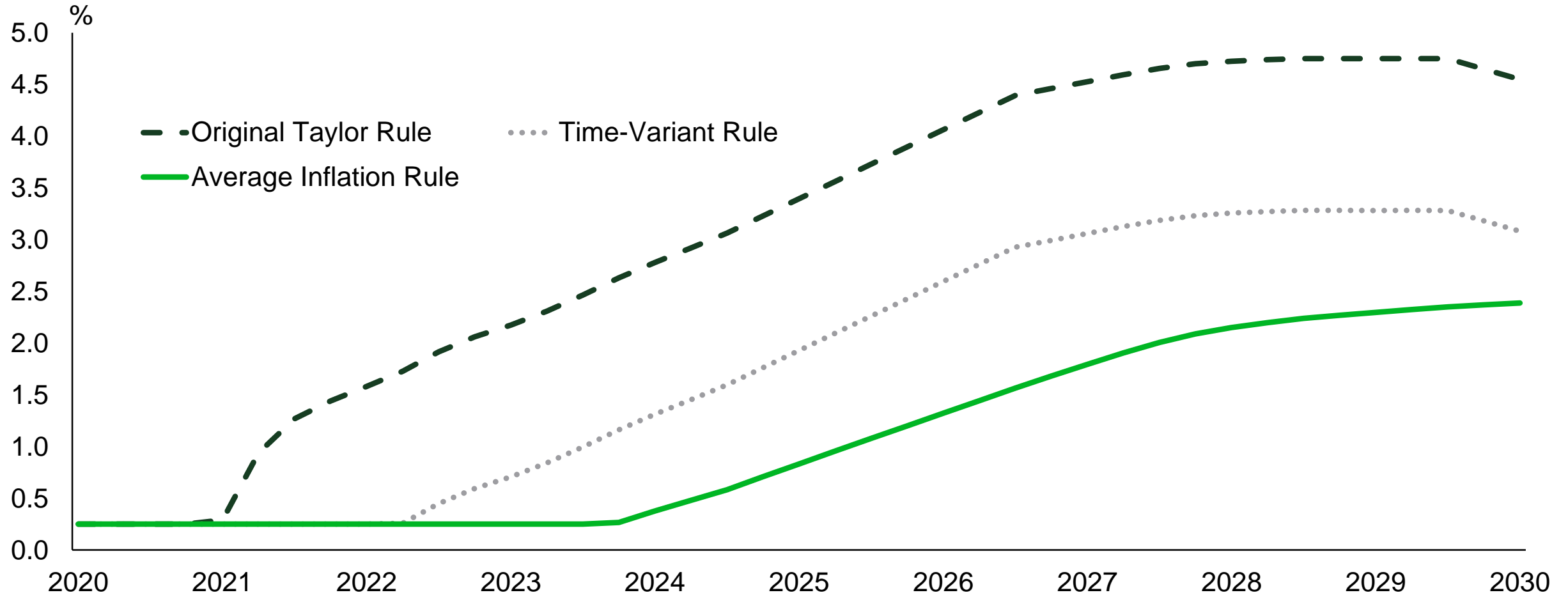
Source: Congressional Budget Office, TD Economics.

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



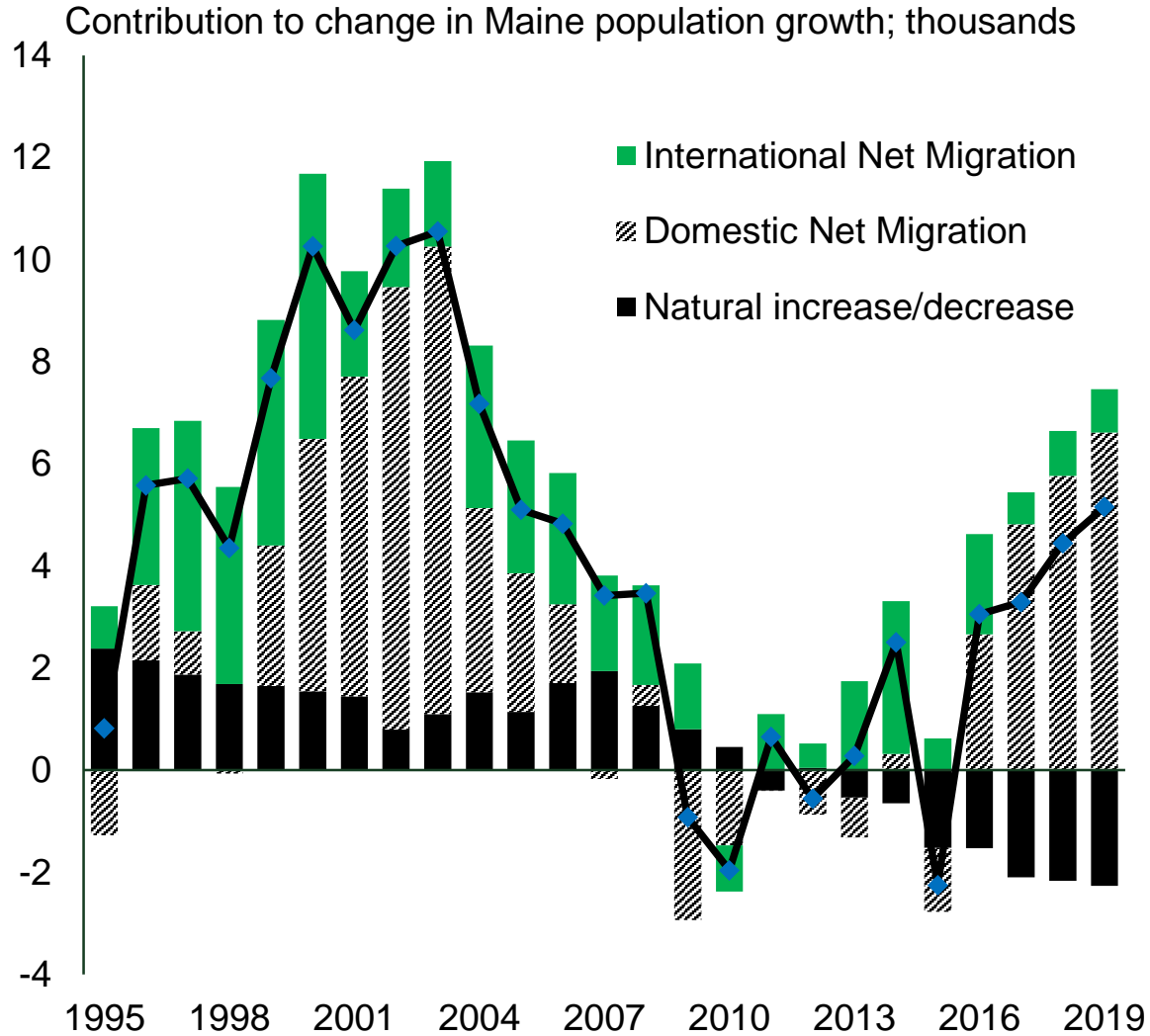
Note: Data from 2021 to 2025 are based on the IMF forecast.
 Source: IMF, TD Economics.

Changes To Central Bank Inflation Target Policy Automatically Keeps Rates Lower For Longer

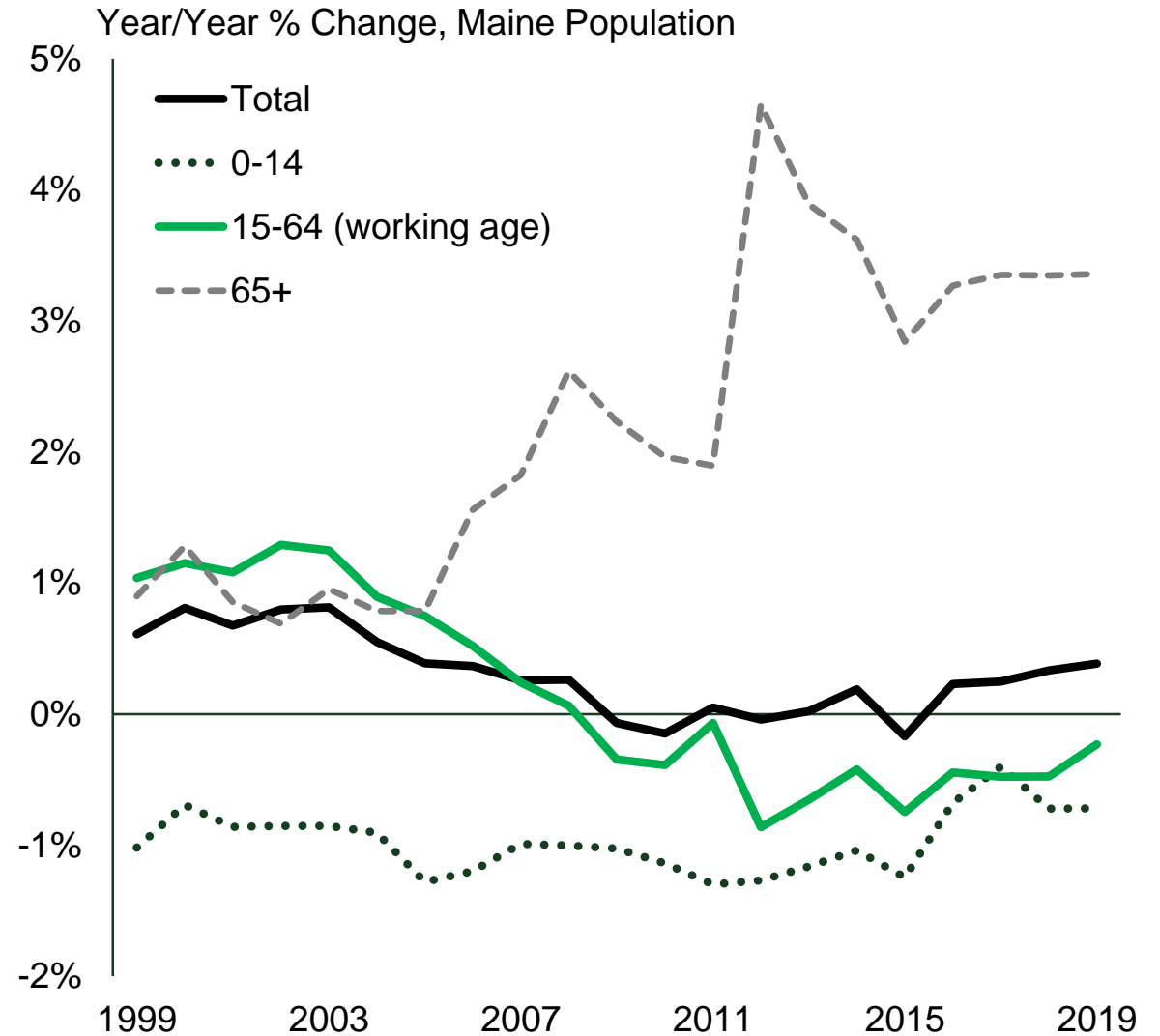


Source: FRB, TD Economics.

Maine's Population Growth Has Rebounded, But Demographics Still Challenging



Source: U.S. Census Bureau, TD Economics



Source: BEA, TD Economics

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