

TD ECONOMICS

Landing The Plane

James Marple, Senior Economist, Associate Vice President

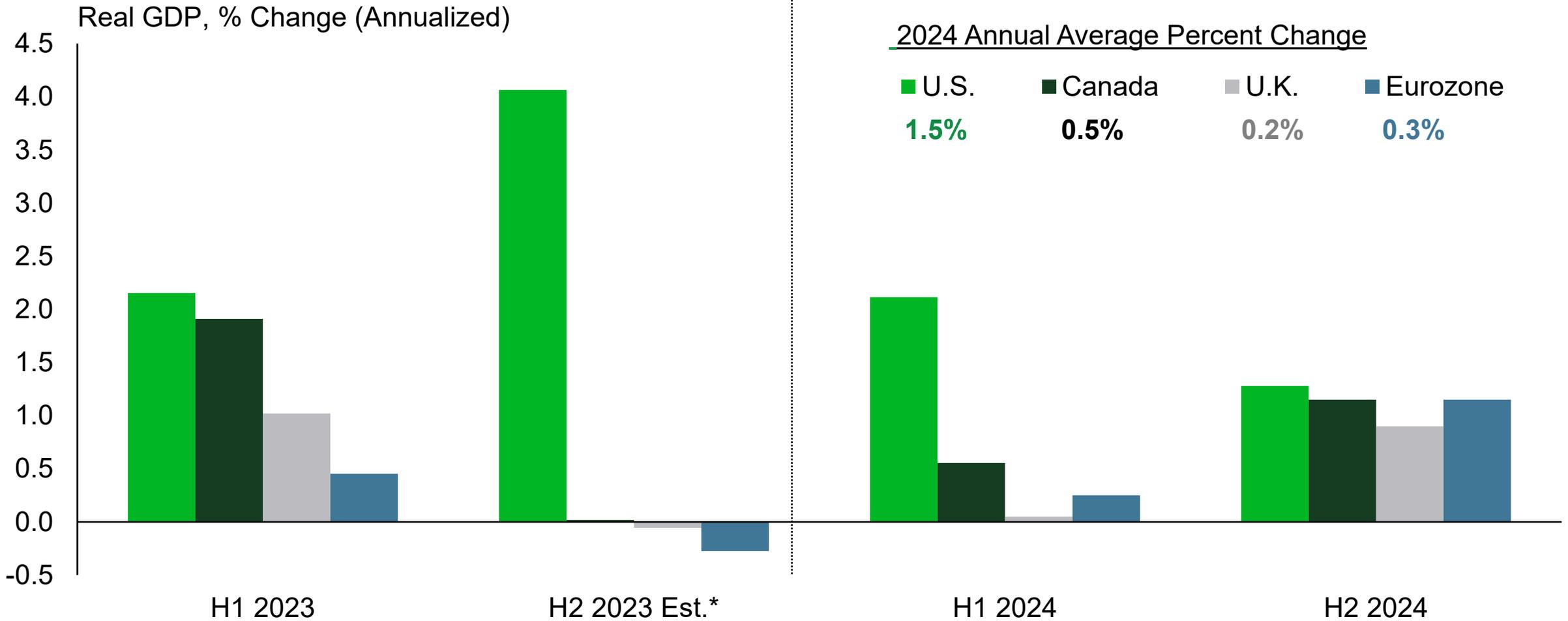
Economic Overview

Presentation to MEREDA 2024 Annual Real Estate Forecast Conference

February 29, 2024

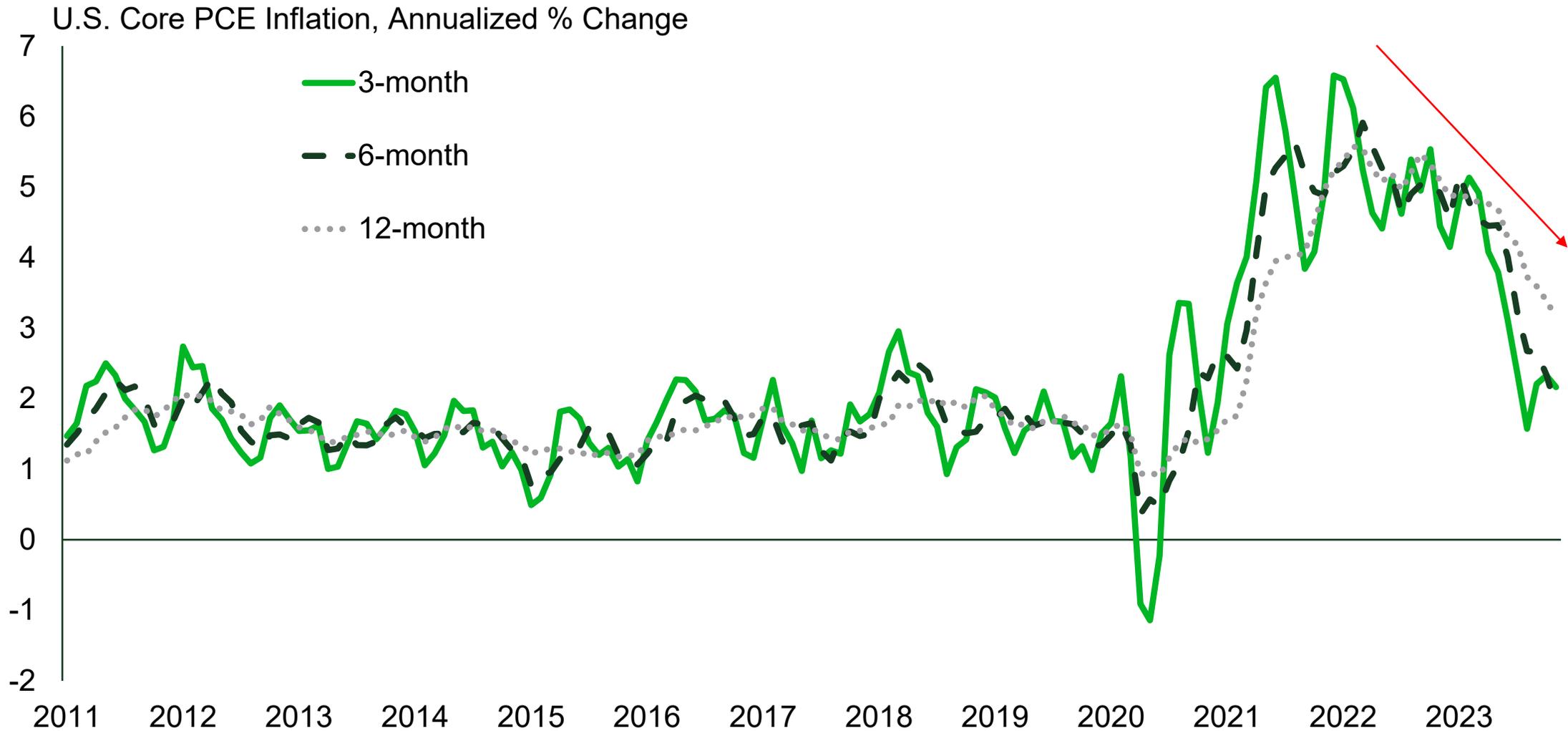


America Exceptionalism: U.S. Growth Leads Advanced Economies



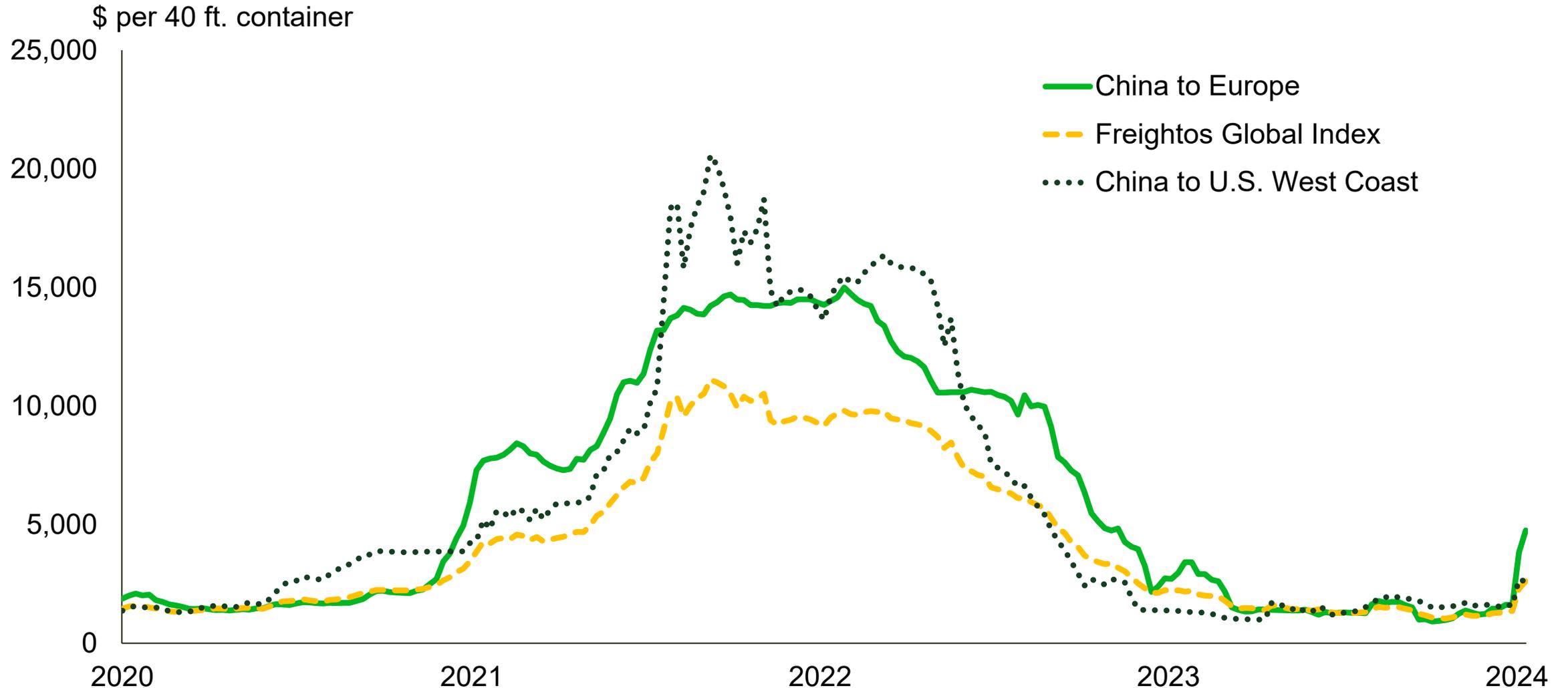
*Estimate as of December 2023. Source: The Bureau of Economic Analysis, Statistics Canada, Eurostat, Office for National Statistics, TD Economics.

Inflation Has Cooled Considerably



Source: Bureau of Economic Analysis, TD Economics.

Easing Supply-Chain Bottlenecks Have Helped

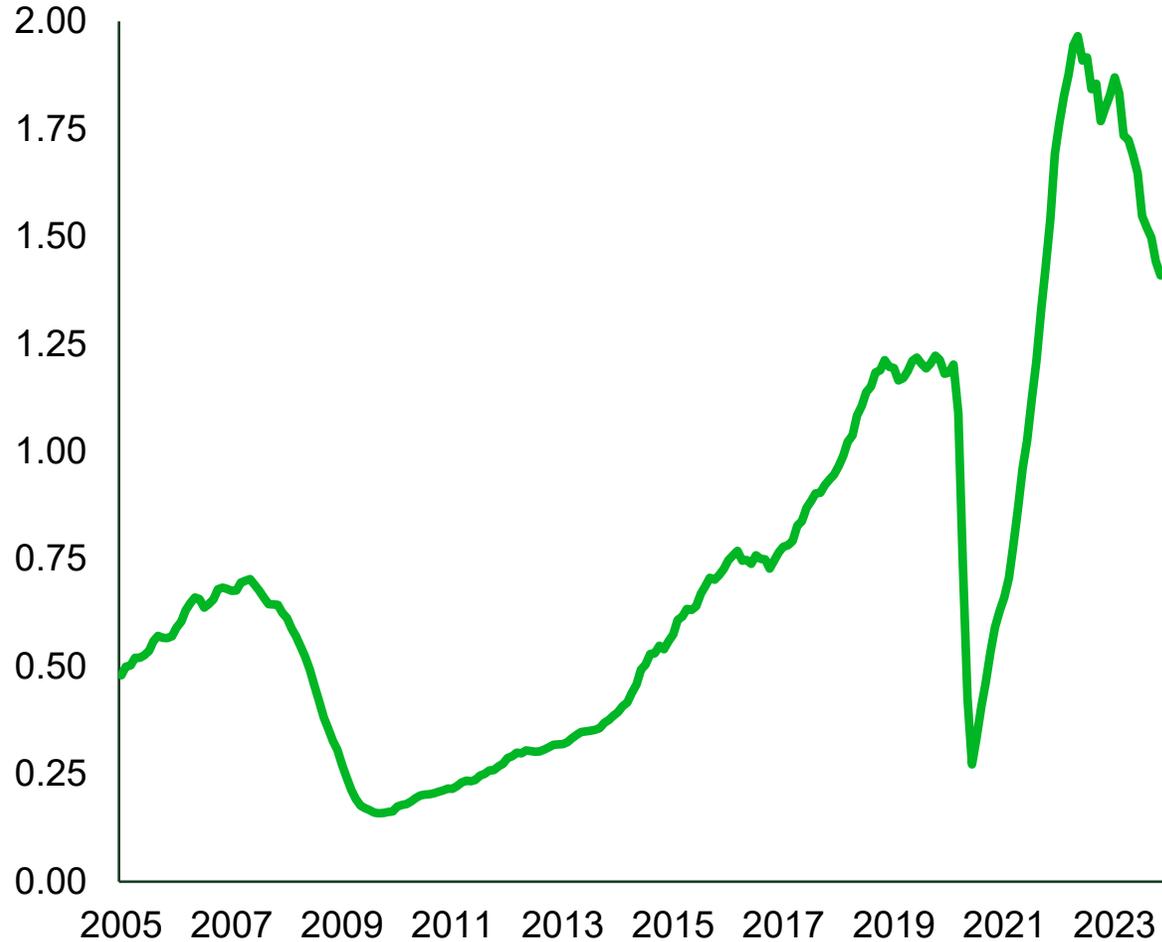


Last Observation: Jan. 17, 2024. Source: Freightos, Bloomberg, TD Economics.

U.S. Labor Market is Still Hot

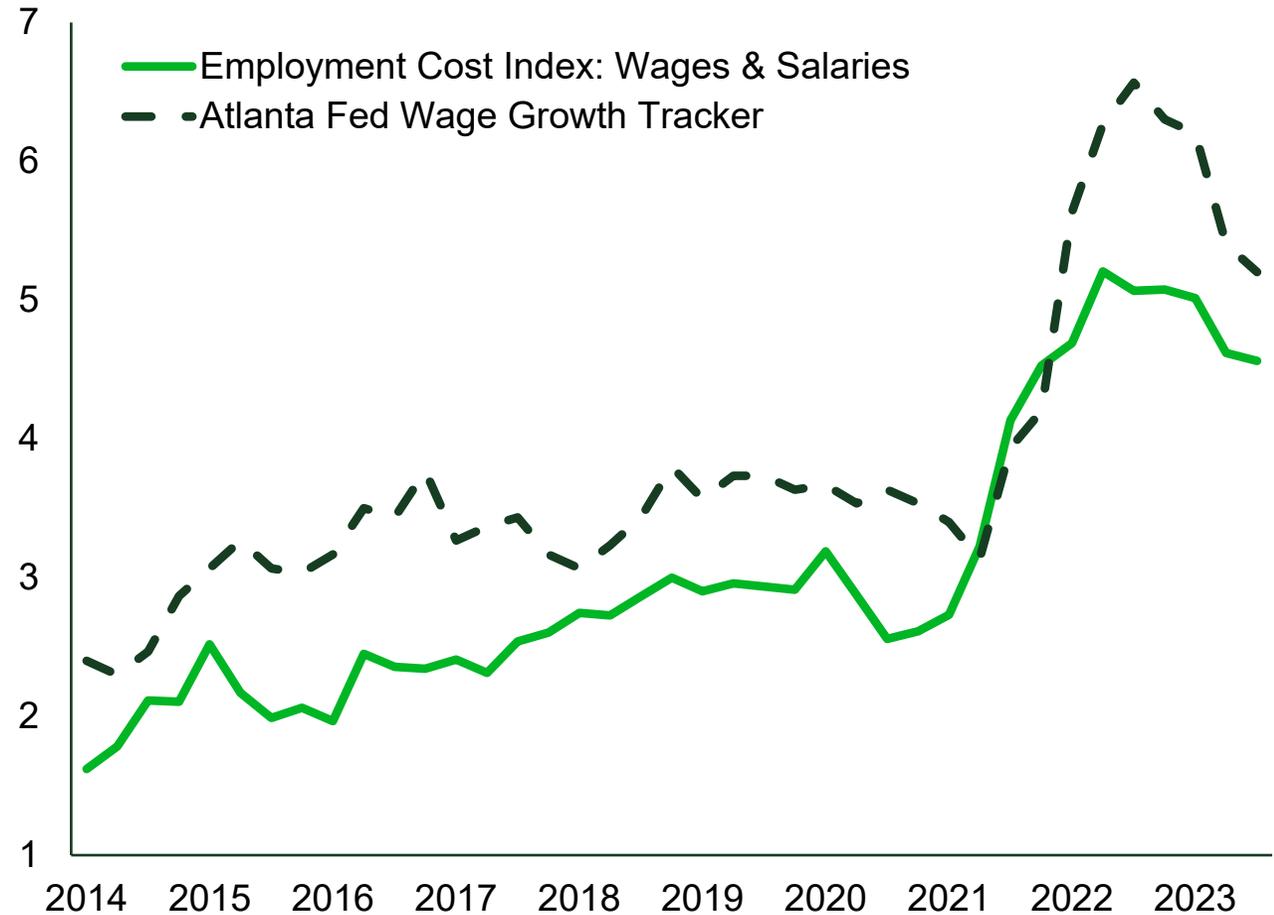


Ratio of Job Openings to Labor Supply



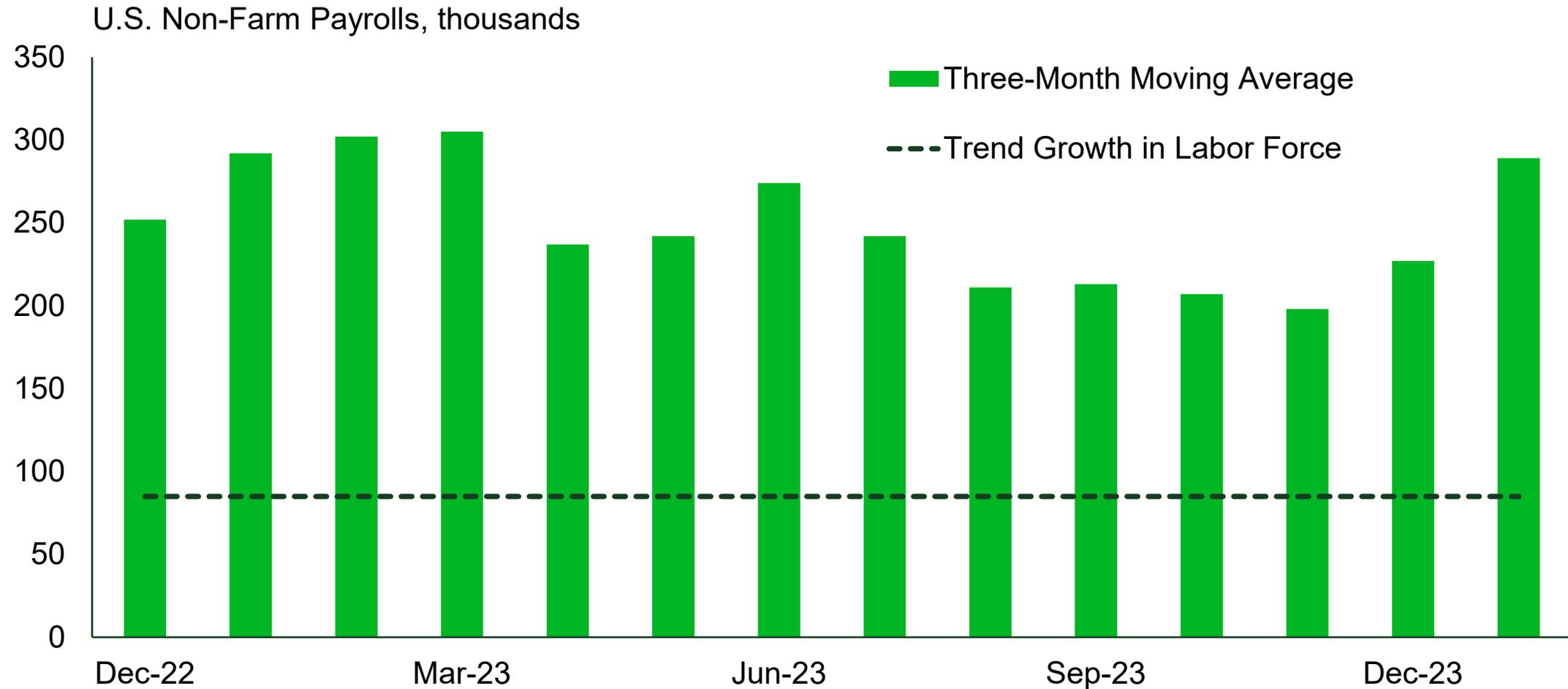
Source: Bureau of Labor Statistics, TD Economics

Year/Year % Change



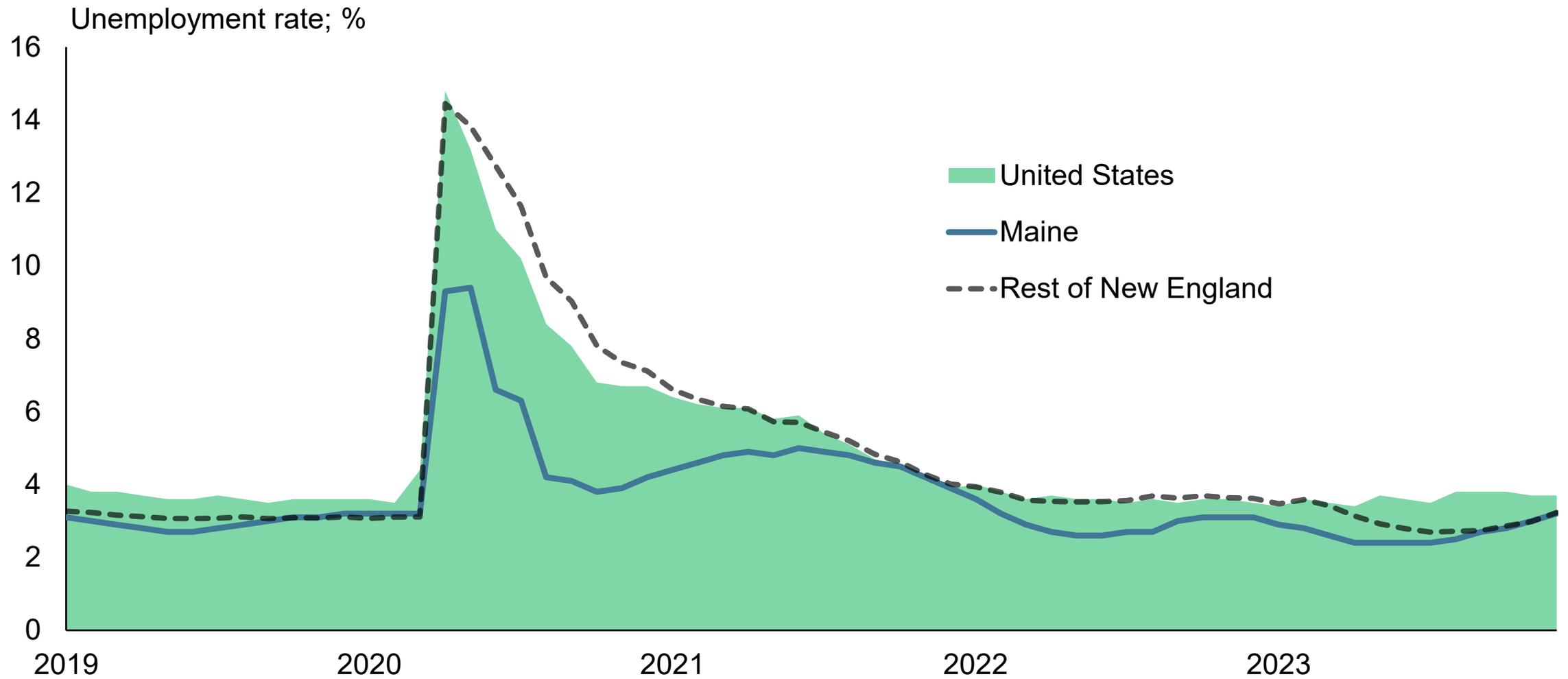
Source: Bureau of Economic Analysis, Federal Reserve, TD Economics

Job Growth Running Well Above Trend



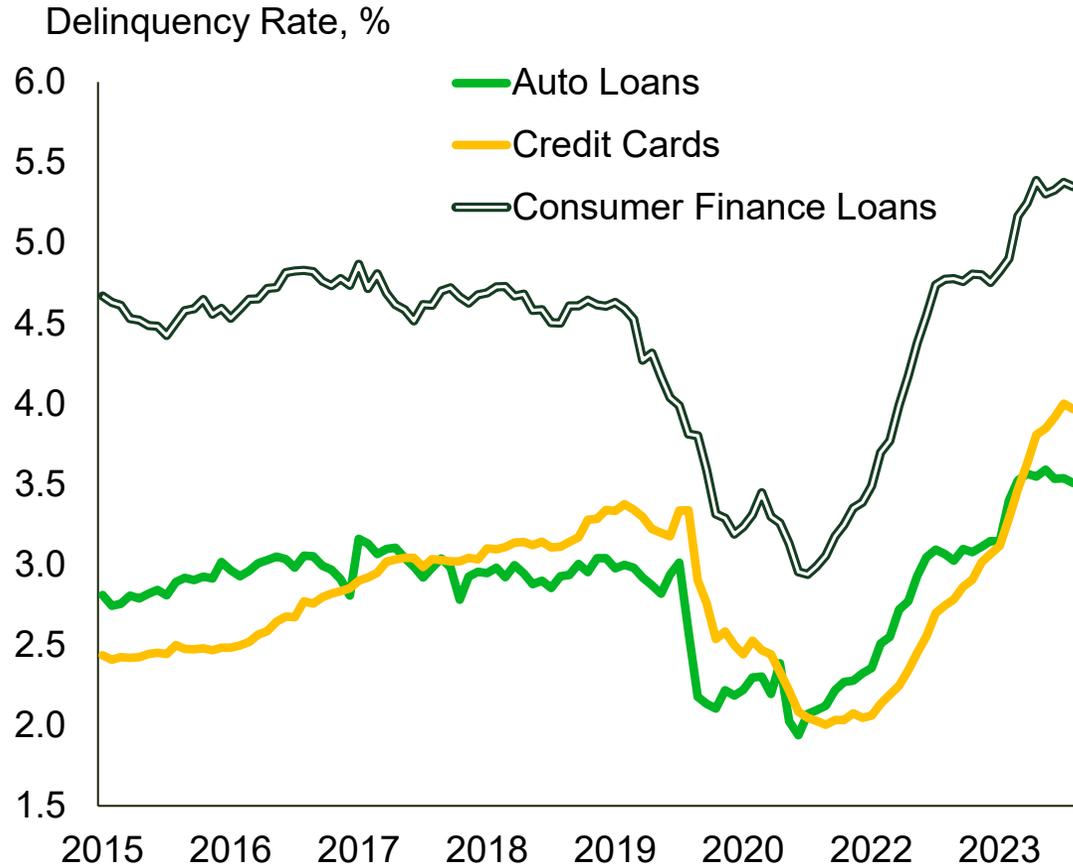
Source: Bureau of Labor Statistics, TD Economics

Unemployment Rate Has Normalized

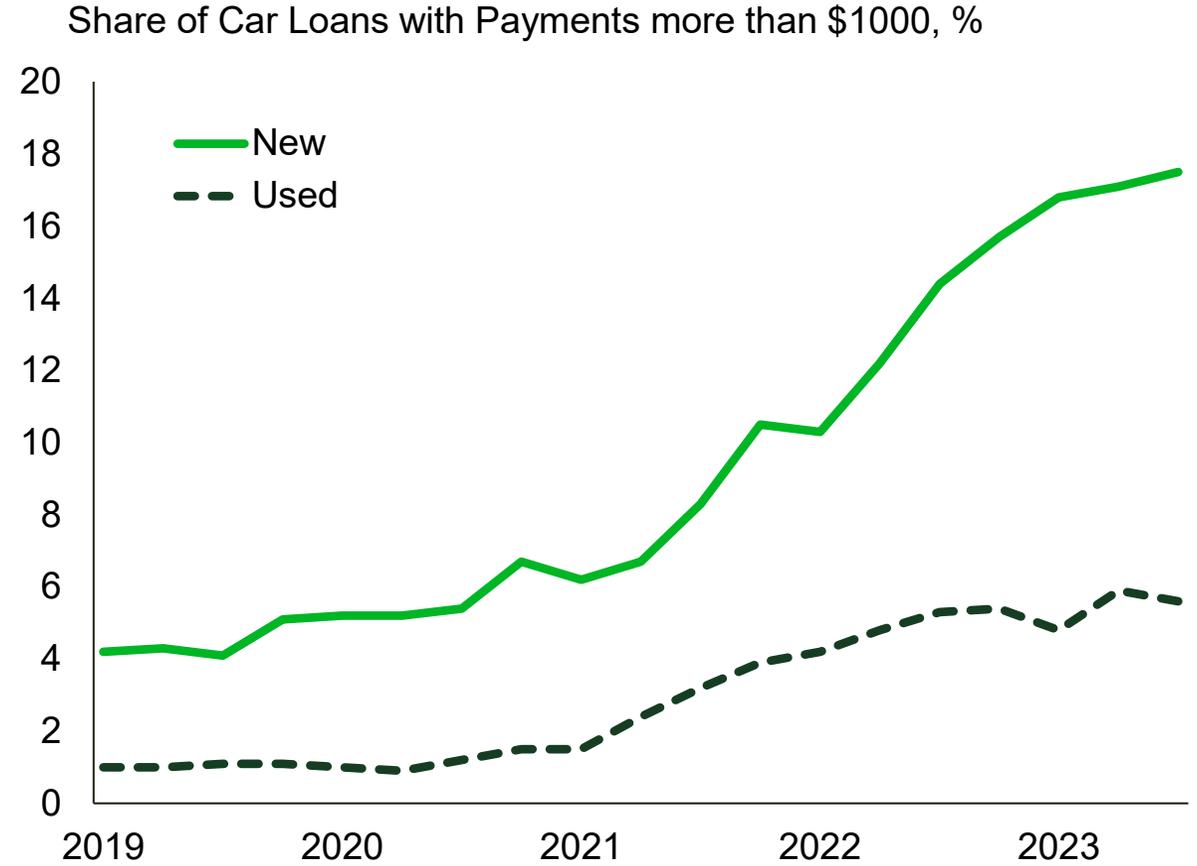


Sources: Bureau of Labor Statistics, TD Economics

Higher Interest Rates Are Weighing On Consumers

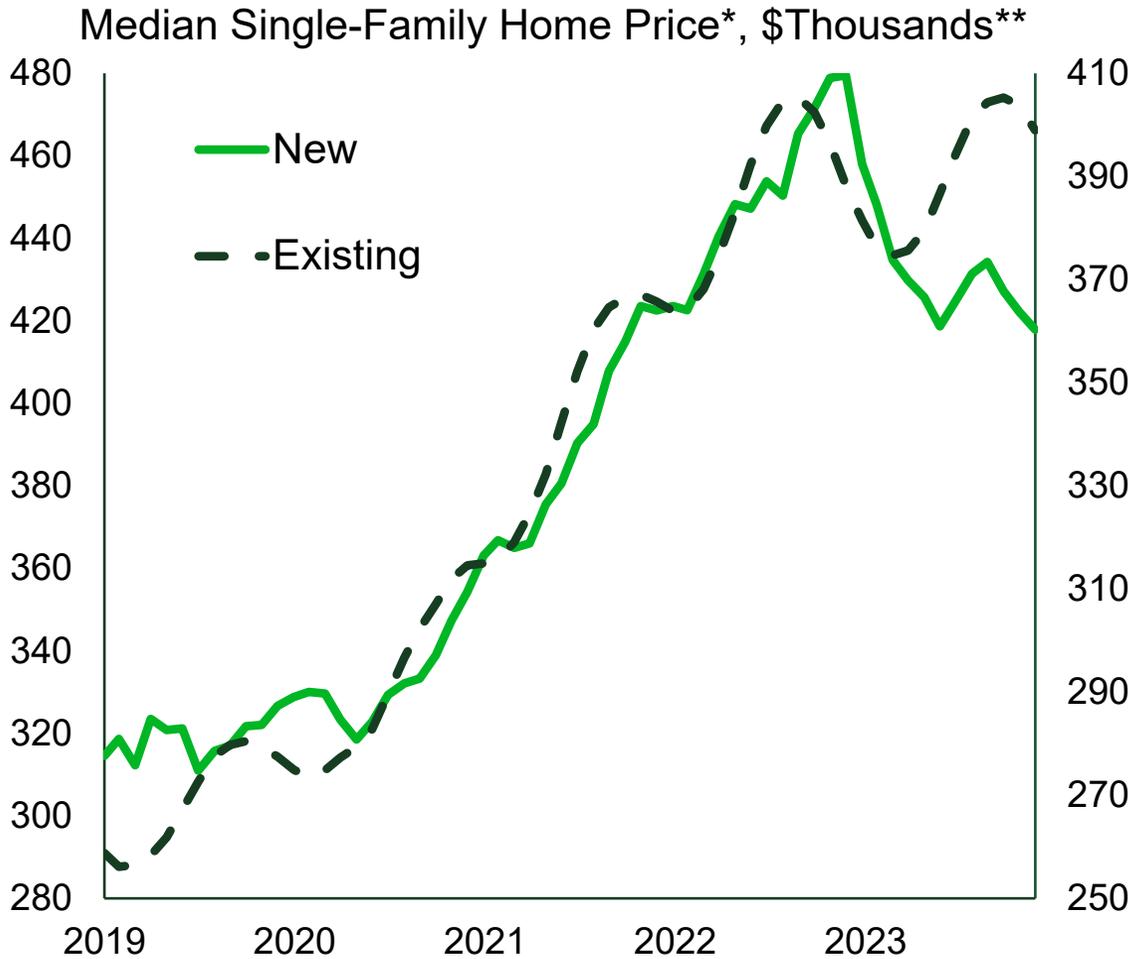


Source: Equifax, TD Economics.



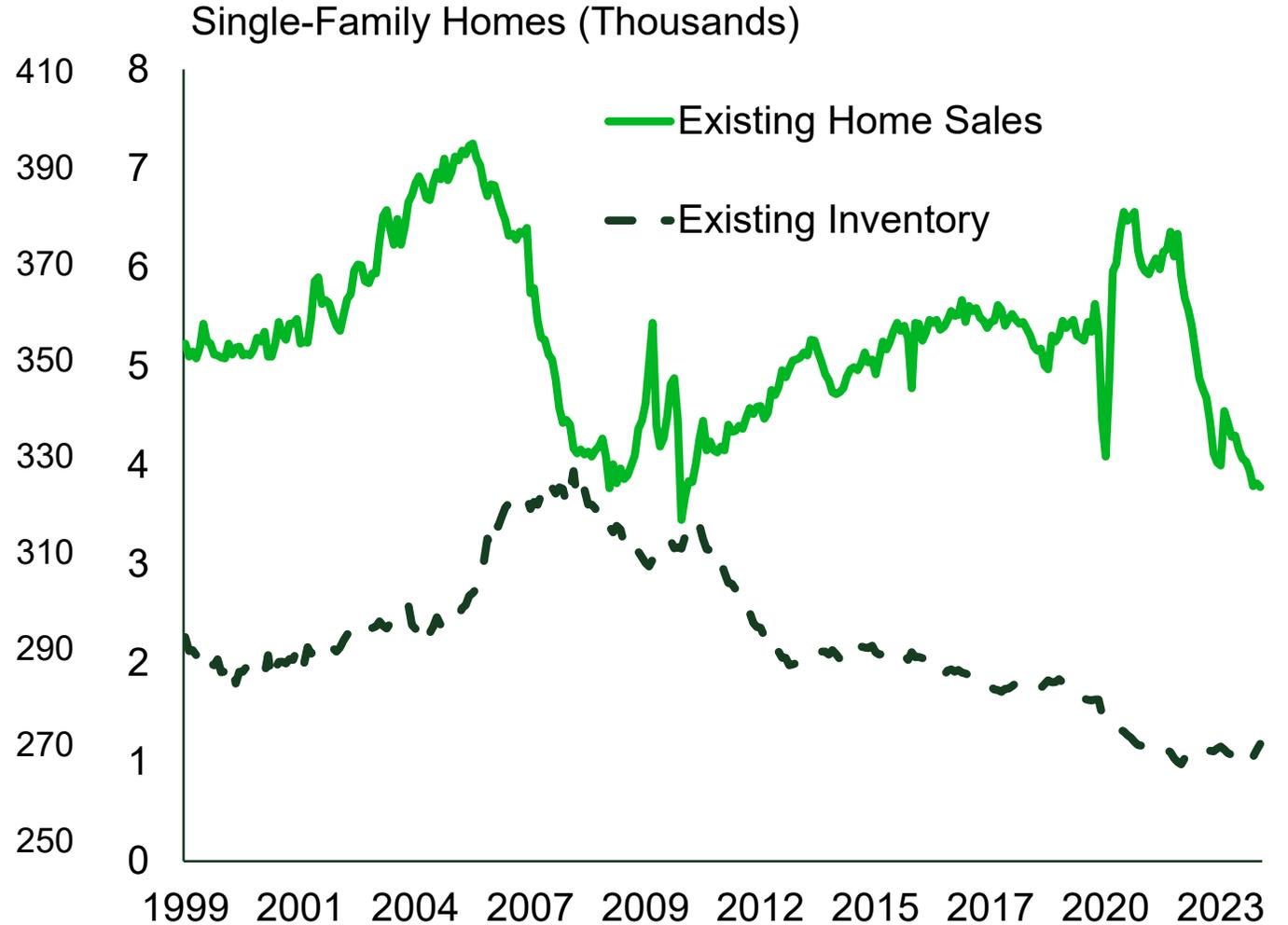
Source: Edmunds, TD Economics.

Limited Supply Keeping Upward Pressure on Home Prices



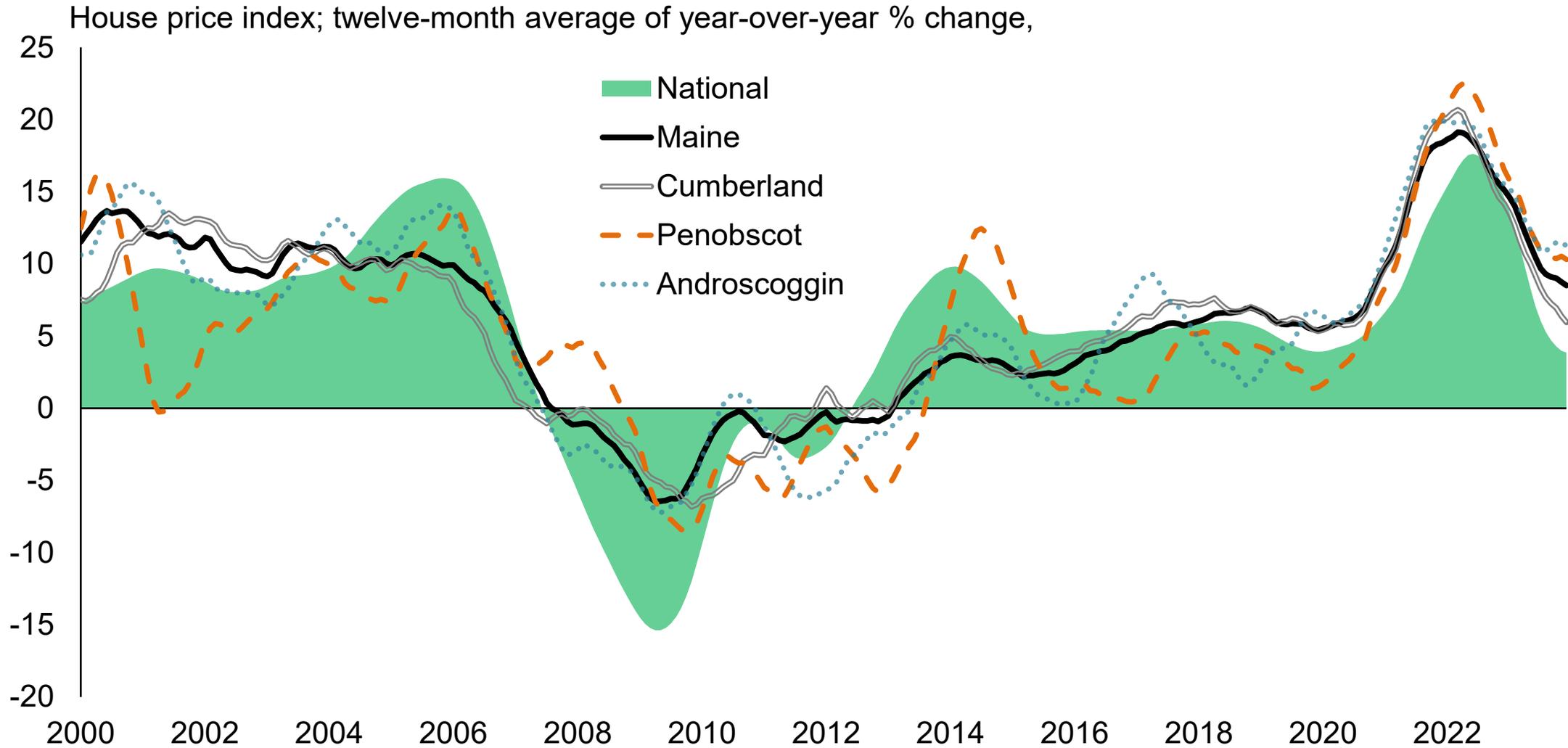
*3-Month moving average. **Seasonally adjusted.

Source: National Association of Realtors, Census Bureau, TD Economics.



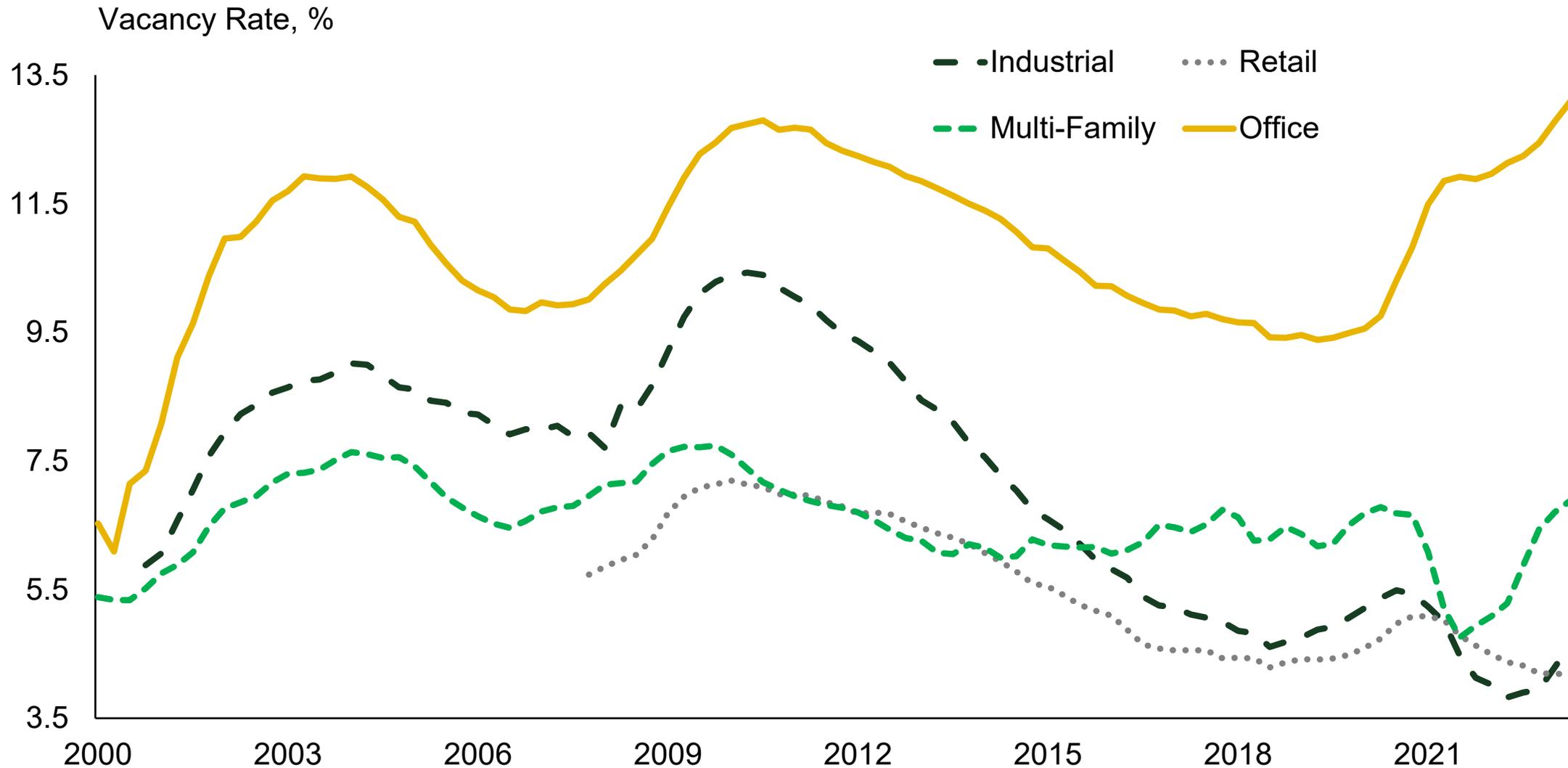
Source: National Association of Realtors, Census Bureau, TD Economics.

Home Price Growth Has Exceeded the Nation in Maine



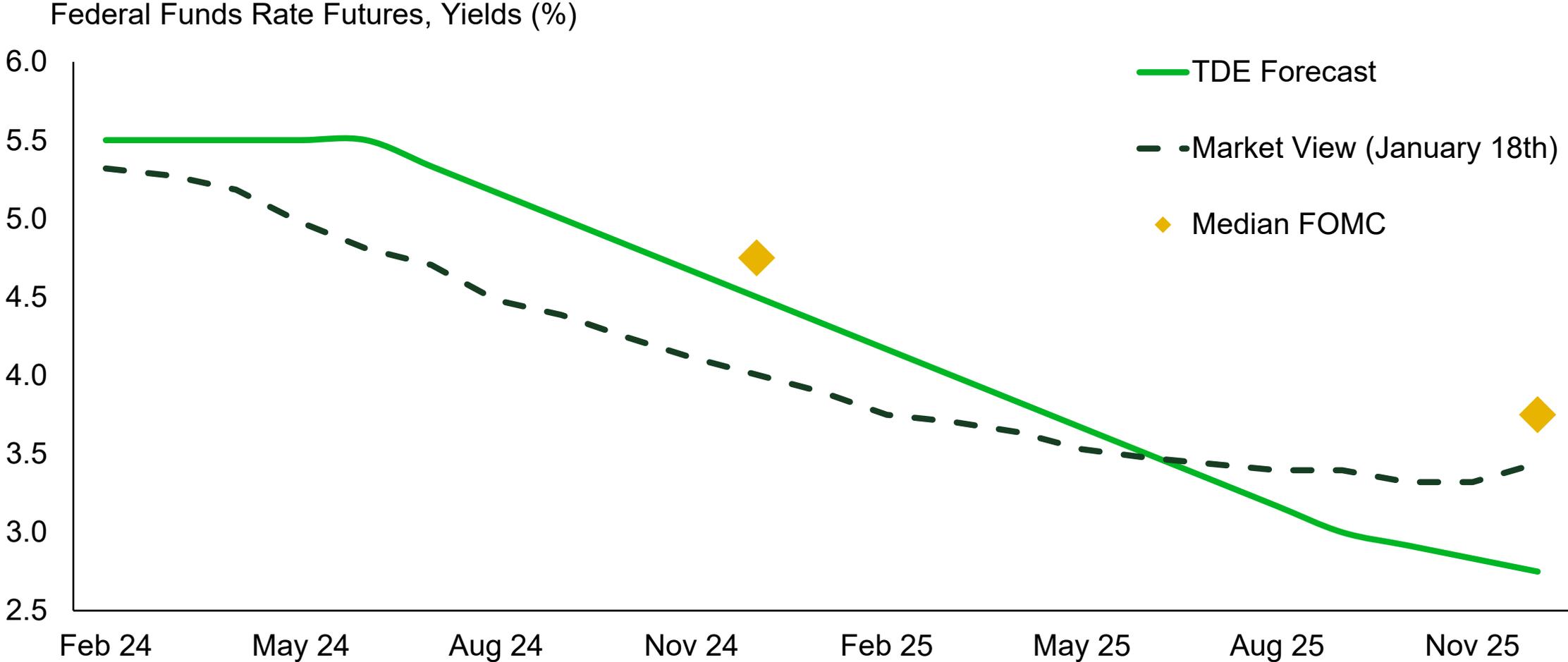
Source: CoreLogic

Commercial Real Estate Faces Structural Challenges



Source: CoStar, TD Economics.

Policy Rates Likely to Fall This Year

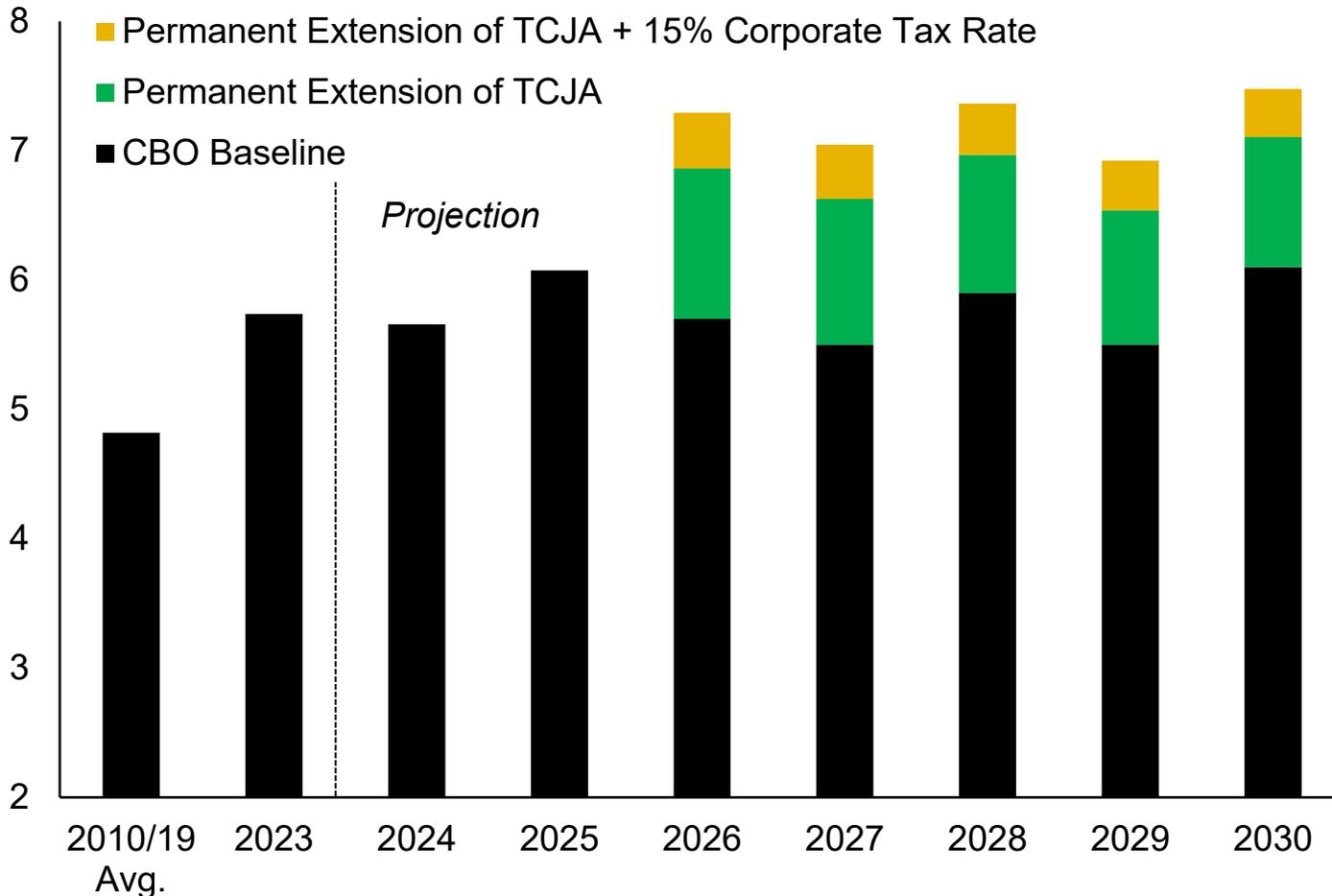


Source: Bloomberg, Federal Reserve, TD Economics.

Tax Battle Looms: +\$6 Trillion At Stake



U.S. Federal Budget Deficit, % of GDP



Source: CBO, TD Economics.

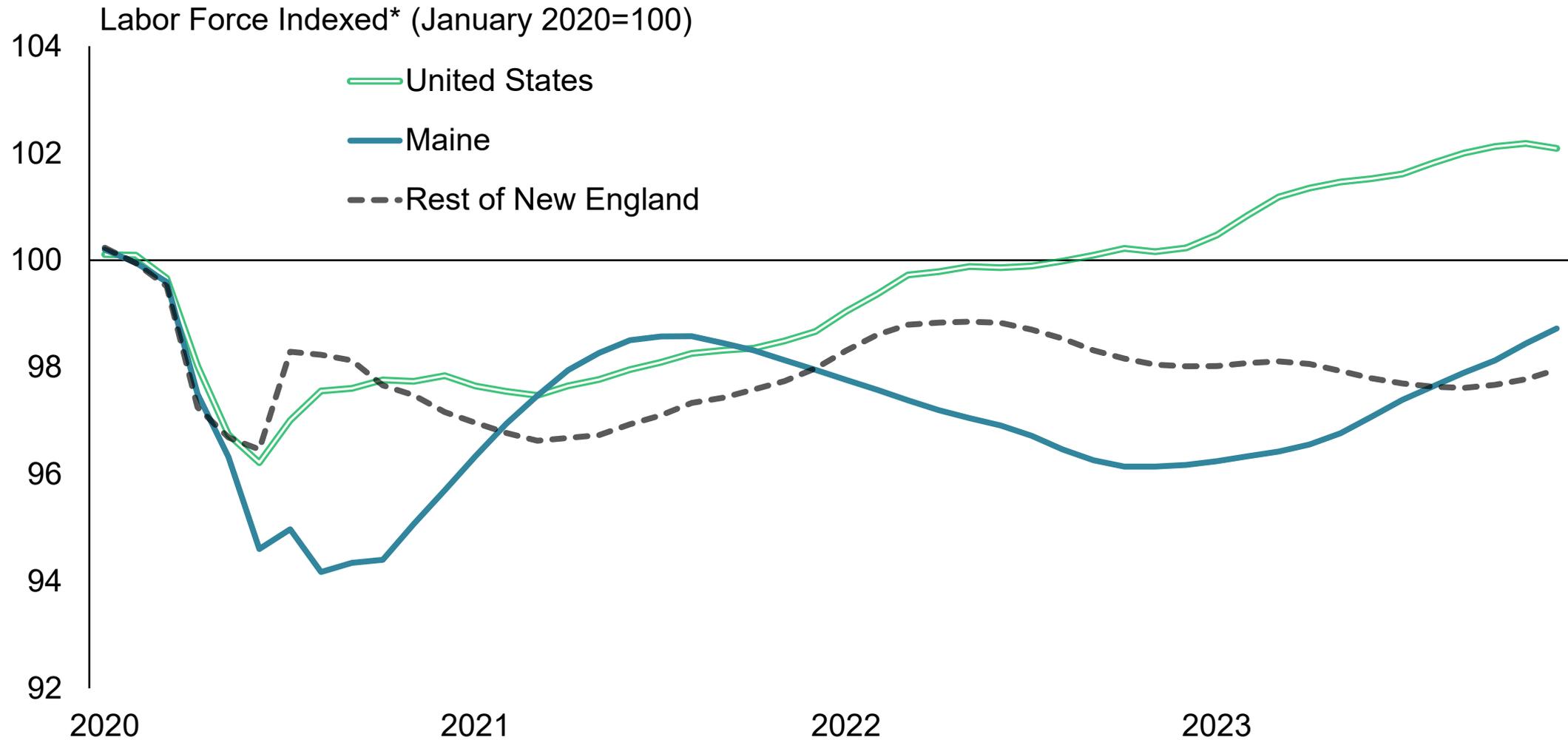
Biden

- Maintain tax cuts for households earning <\$400k; allow tax breaks for higher income earners to expire
- Increase corporate tax rate from 21% to 28% (estimated to reduce deficit by ~\$3T over next decade).
- De-risk but not decouple U.S. trade linkages with China

Trump

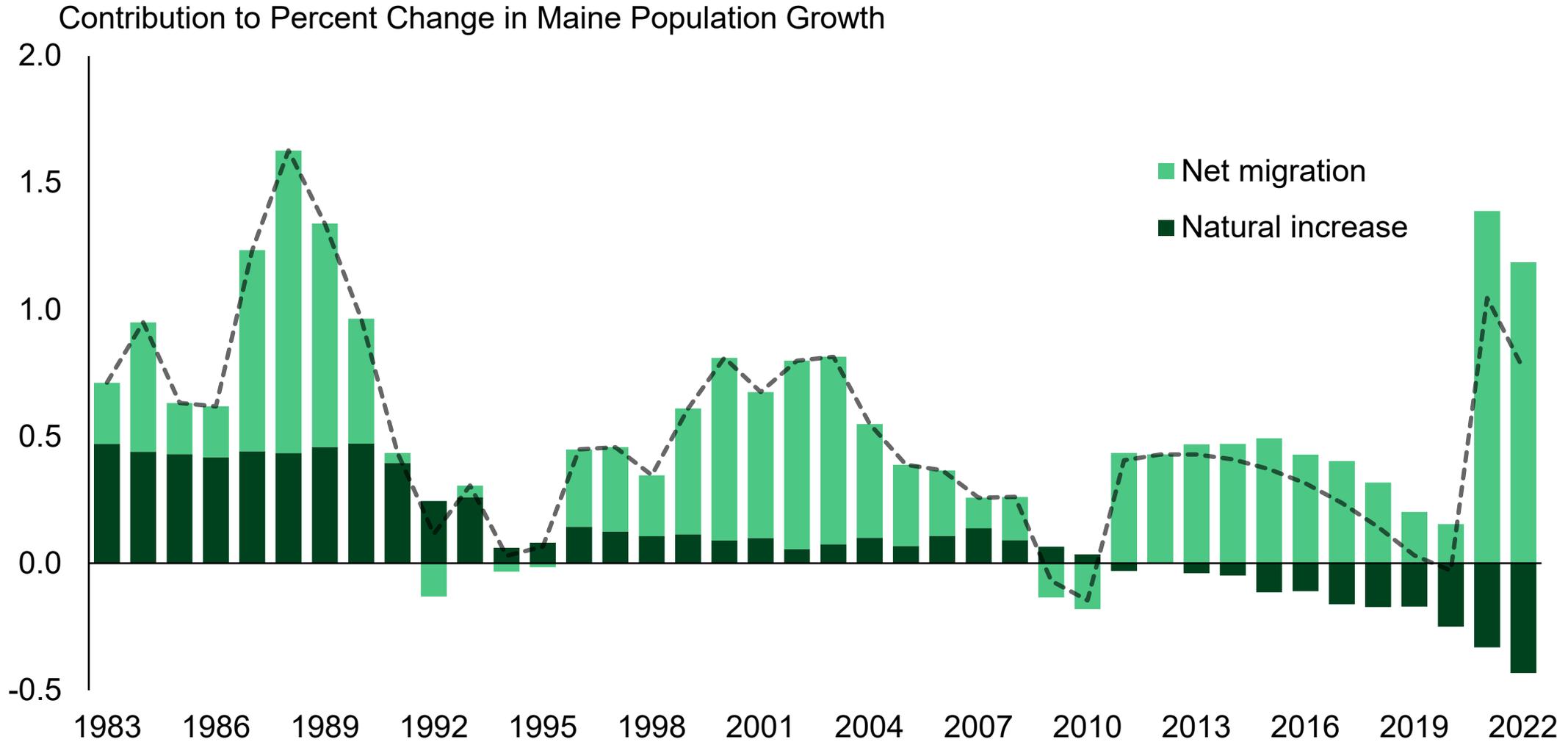
- Make permanent 2017 tax breaks for households and businesses, requiring ~\$3.5T of revenue offsets
- Potentially lower corporate tax rate to 15%
- Automatic 10% tariff on all imports

Maine's Labor Force Is Smaller than It Was Pre-Covid



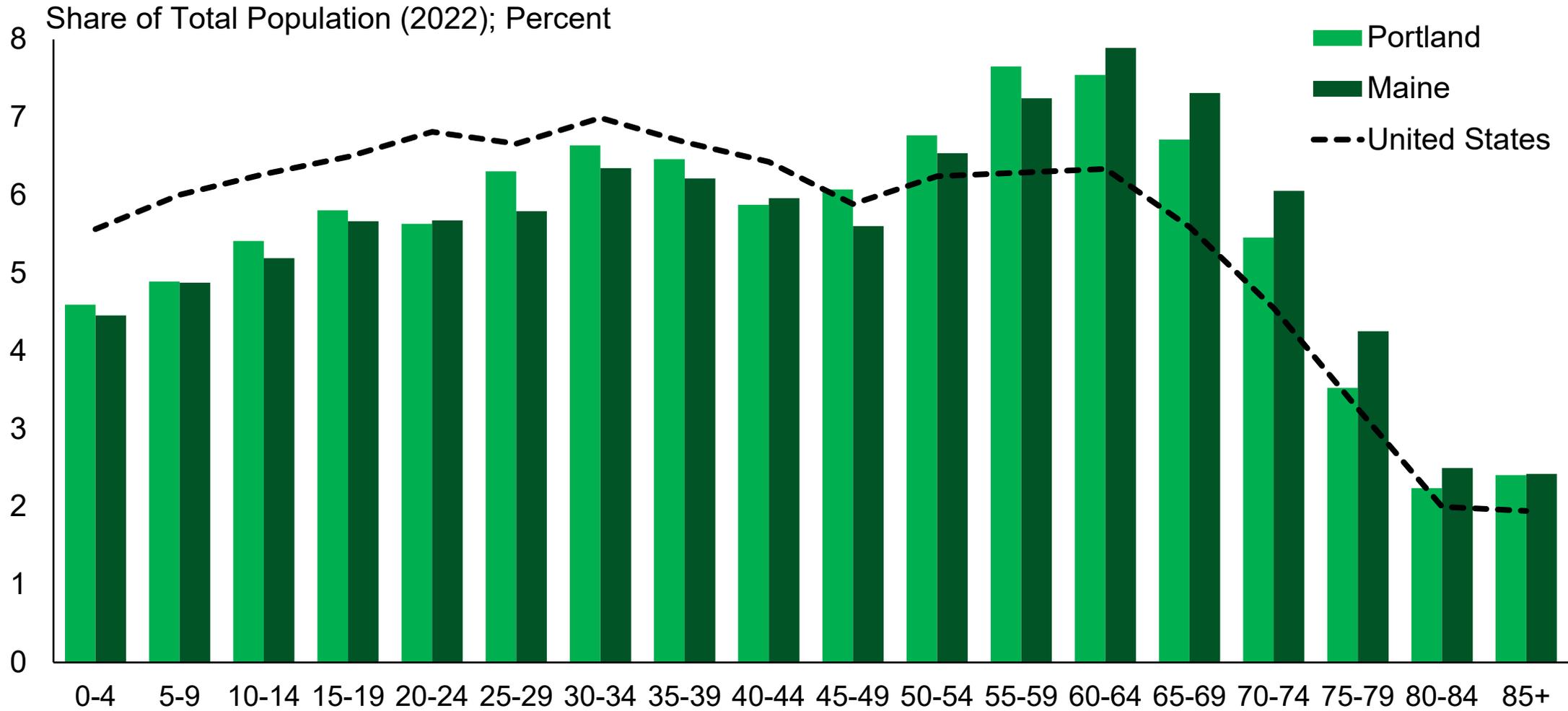
*Three month moving average. Sources: Bureau of Labor Statistics, Moody's Analytics

Despite Pick Up in Population Growth



Source: U.S. Census Bureau, TD Economics

Age Matters



Source: U.S. Census Bureau



Website: economics.td.com

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