

TD ECONOMICS

The Economic Outlook

James Marple, Senior Economist, Associate Vice President

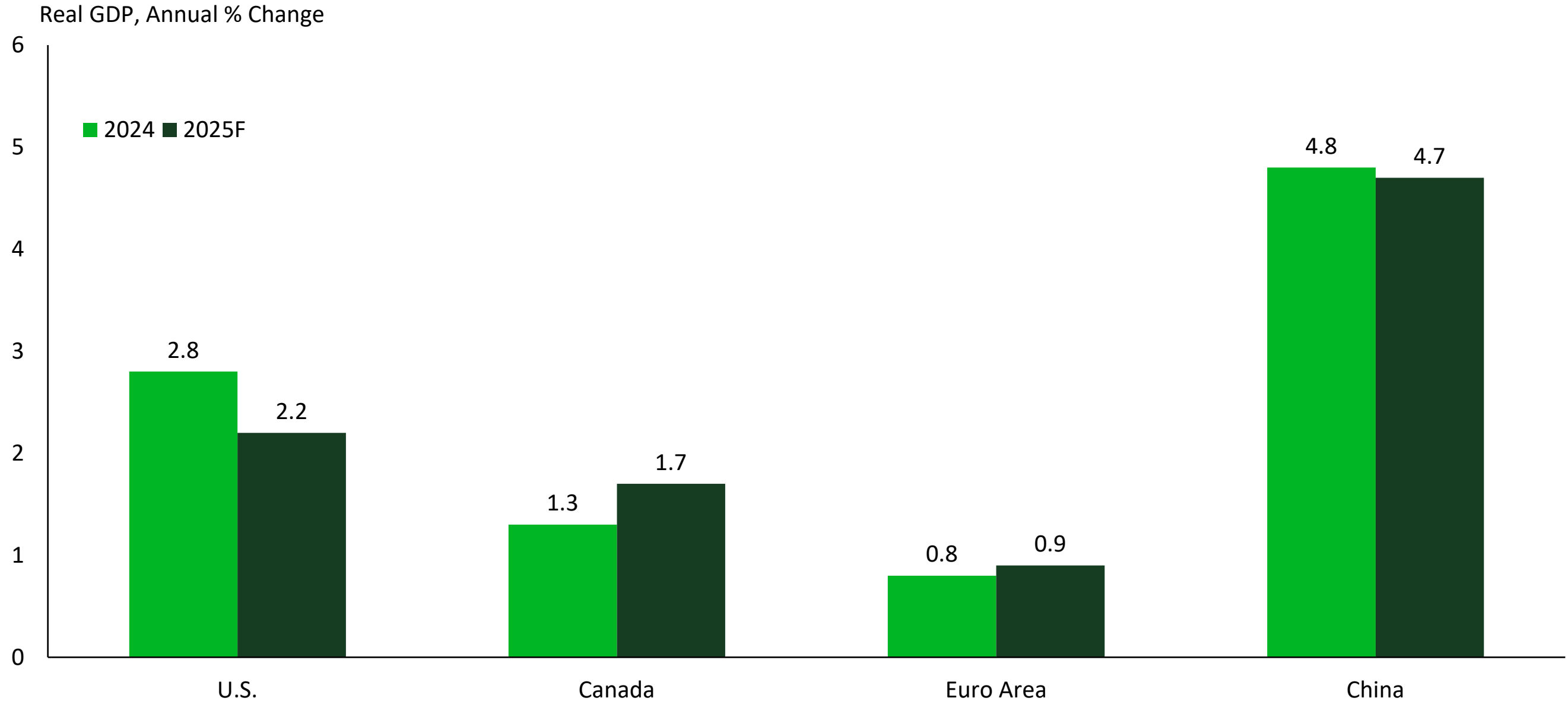
Economic Overview

Presentation to MEREDA 2025 Annual Real Estate Forecast Conference

February 27, 2025



Global Growth to Remain on Divergent Paths Amid Elevated Policy Uncertainty

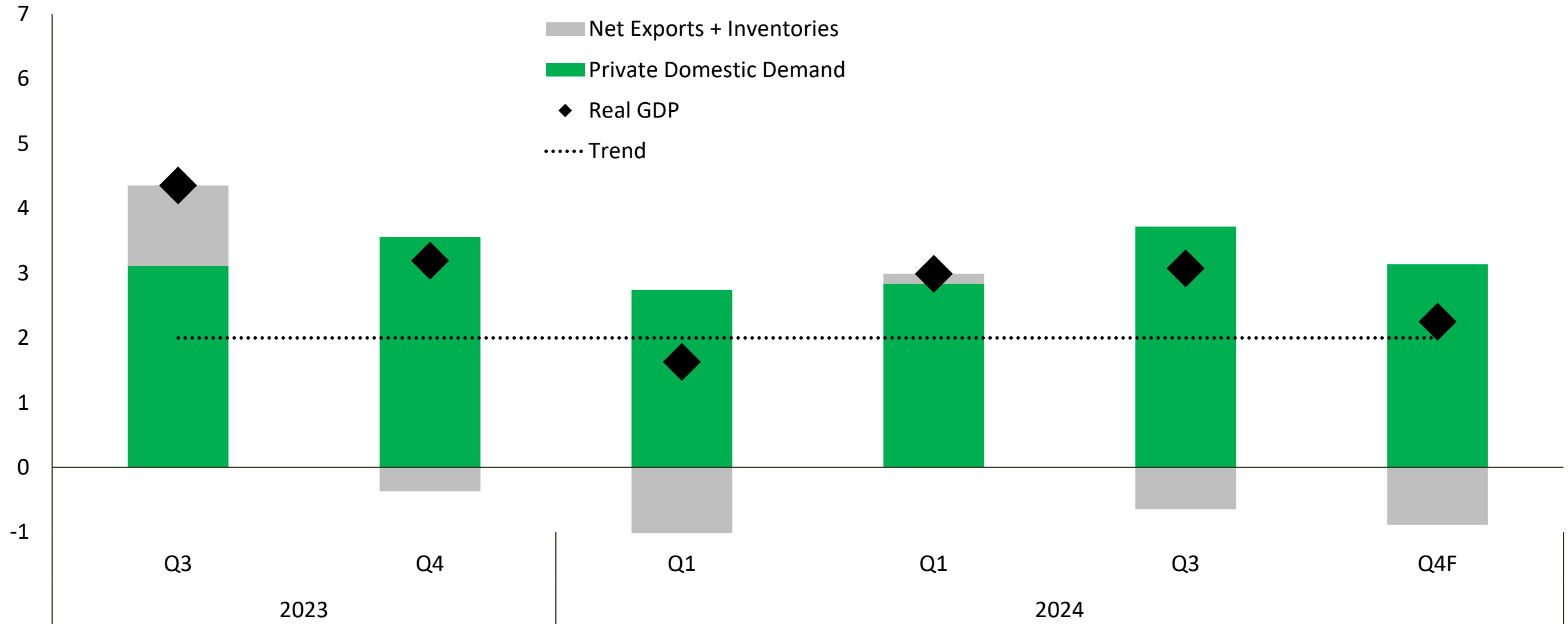


Source: Bureau of Economic Analysis, Statistic Canada, EuroStat, TD Economics.

President Trump Inherits a Strong Economy

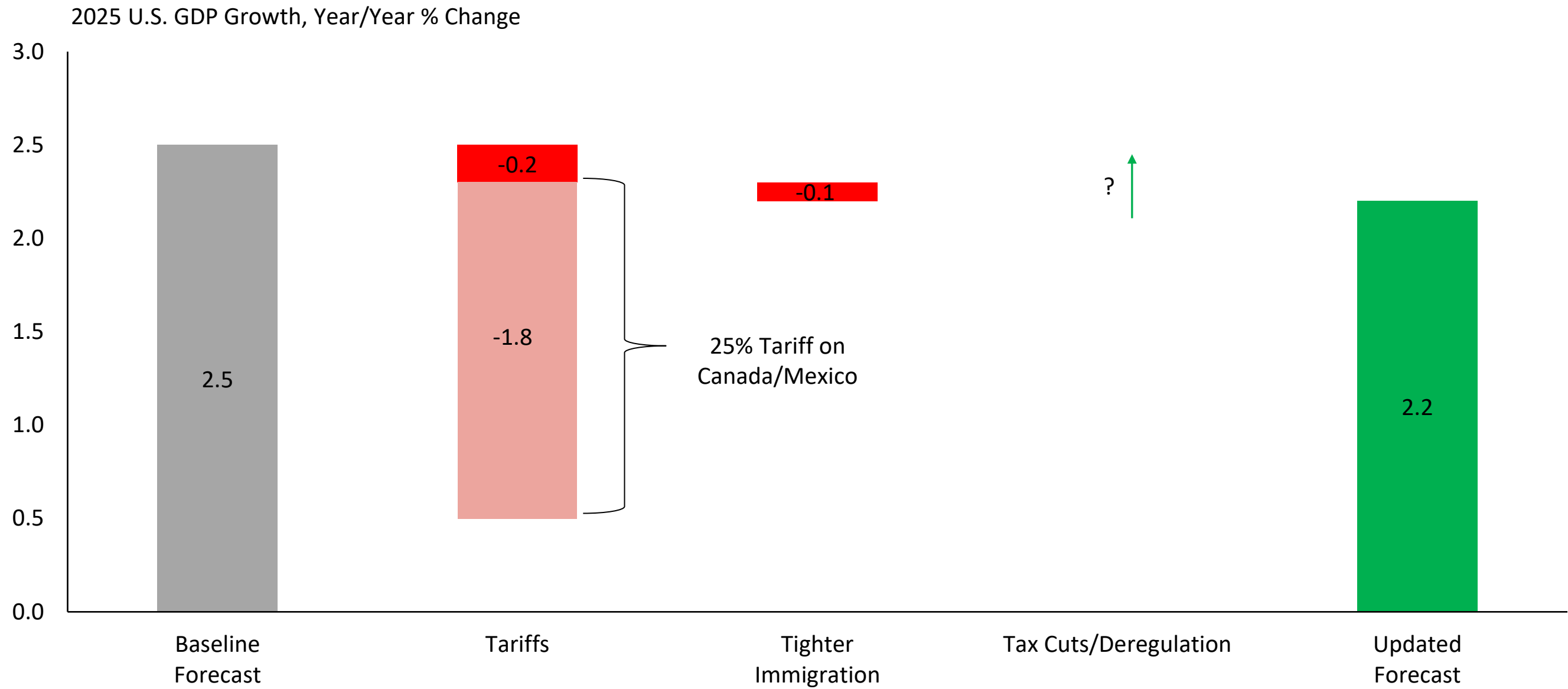


Contribution to Annualized Real GDP, Percentage Points



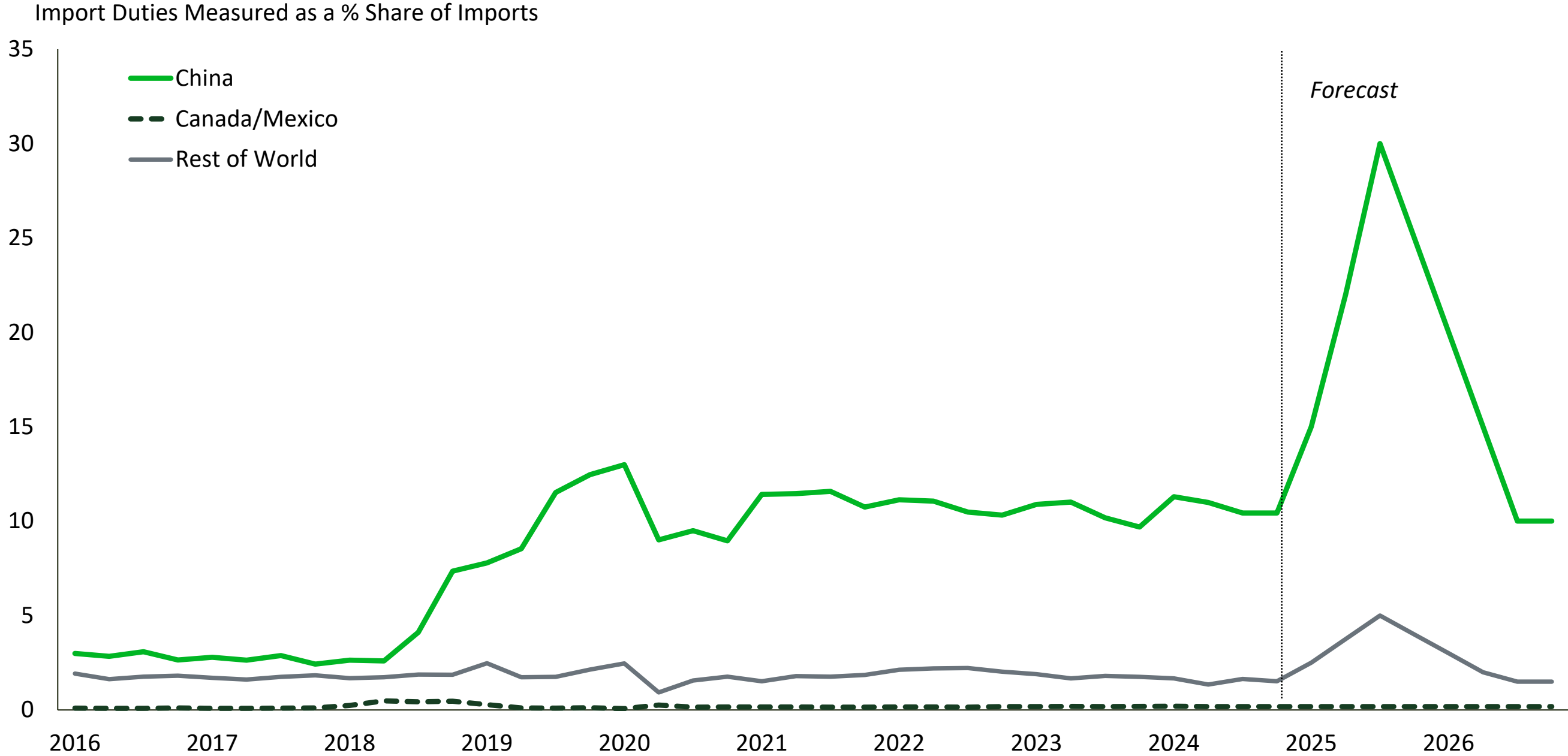
Source: Bureau of Economic Analysis, TD Economics.

Near-Term Policies Pose Downside Risk to 2025 Outlook



Source: Bureau of Economic Analysis, TD Economics.

Current Forecast Embeds "Mild" Tariff Assumptions

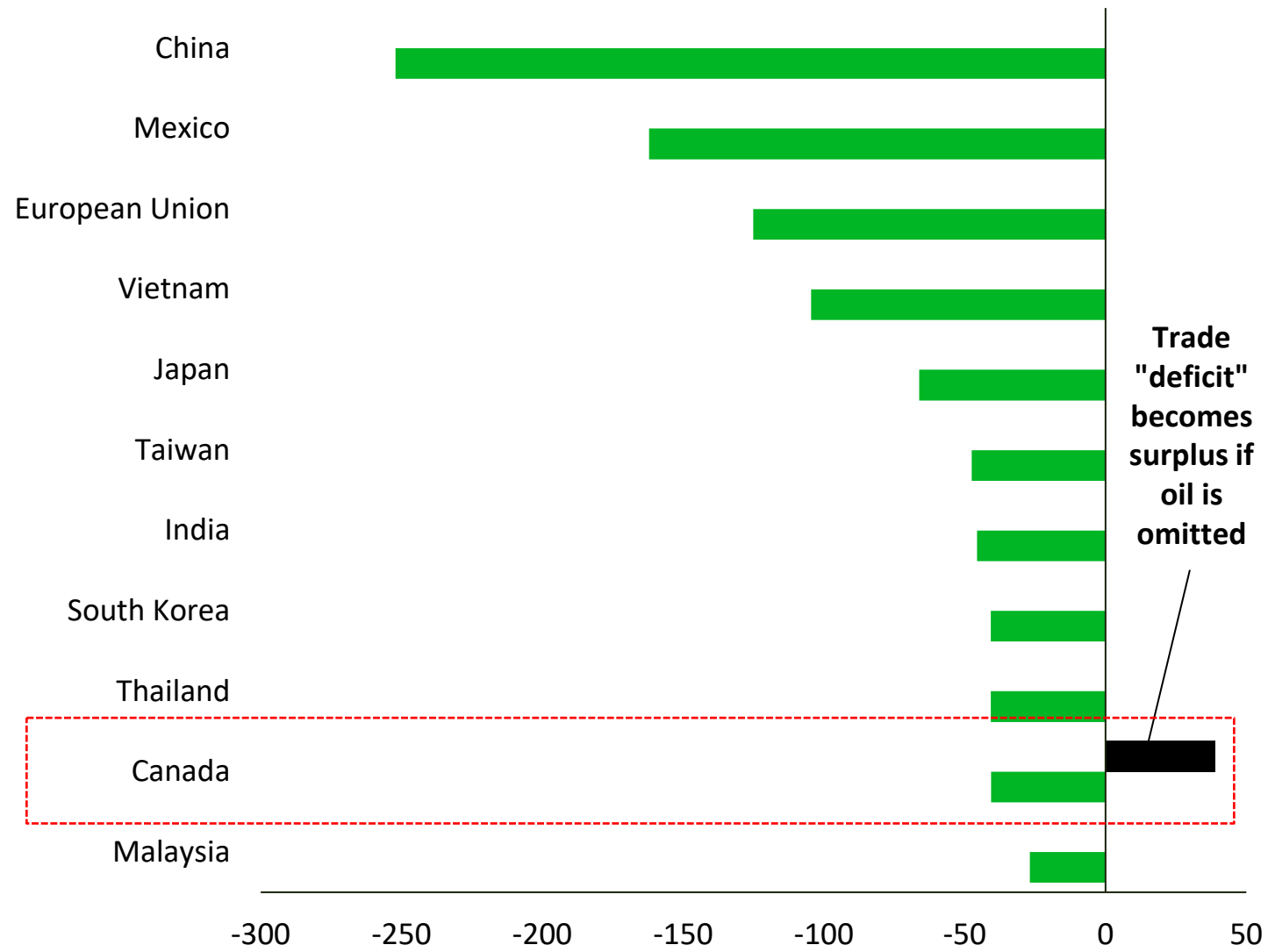


Source: Moody's Analytics, TD Economics.

North American Trading Partners In Focus

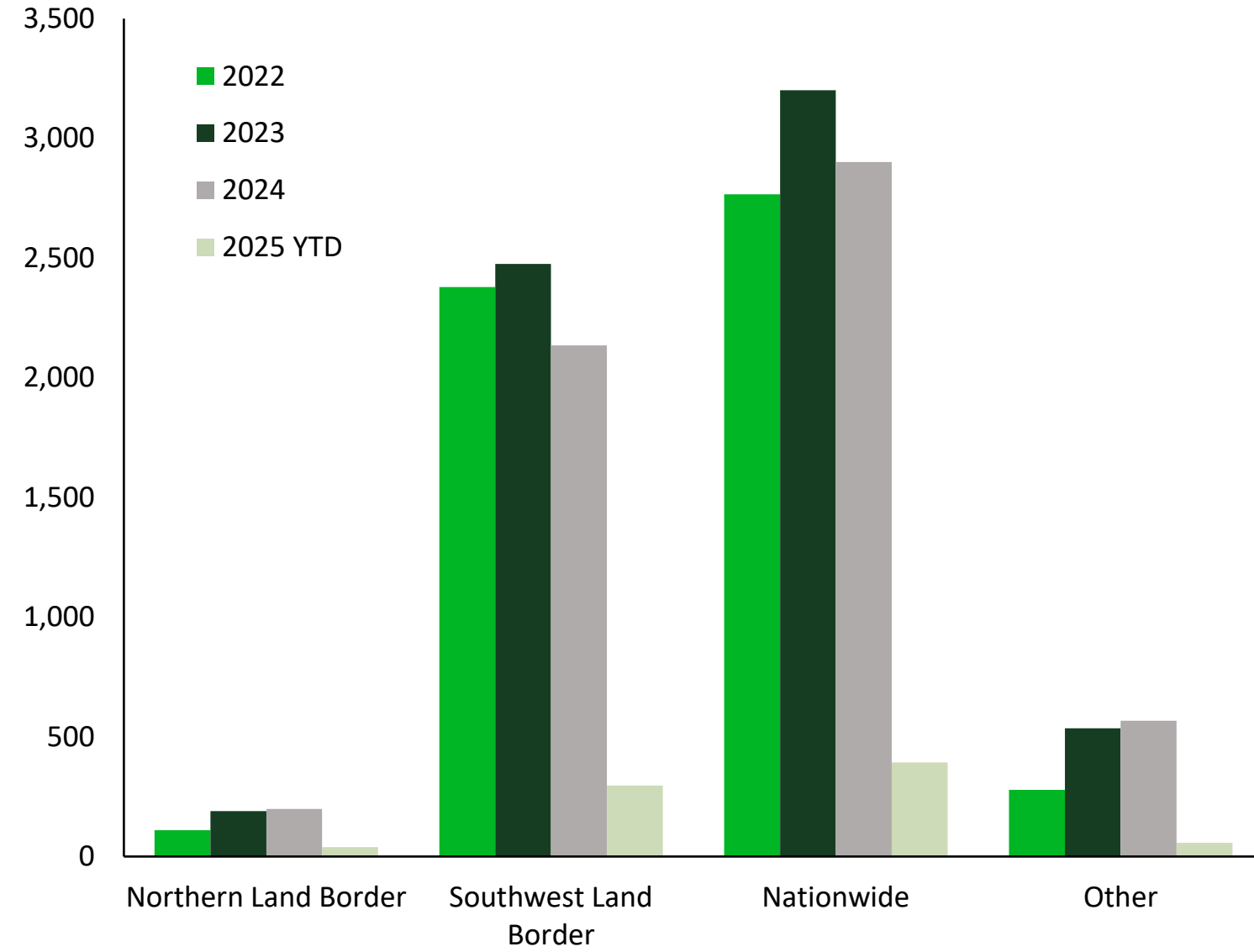


2023 Trade Deficits, Billions of Dollars



Source: Census Bureau, TD Economics.

U.S. Border Encounters, thousands

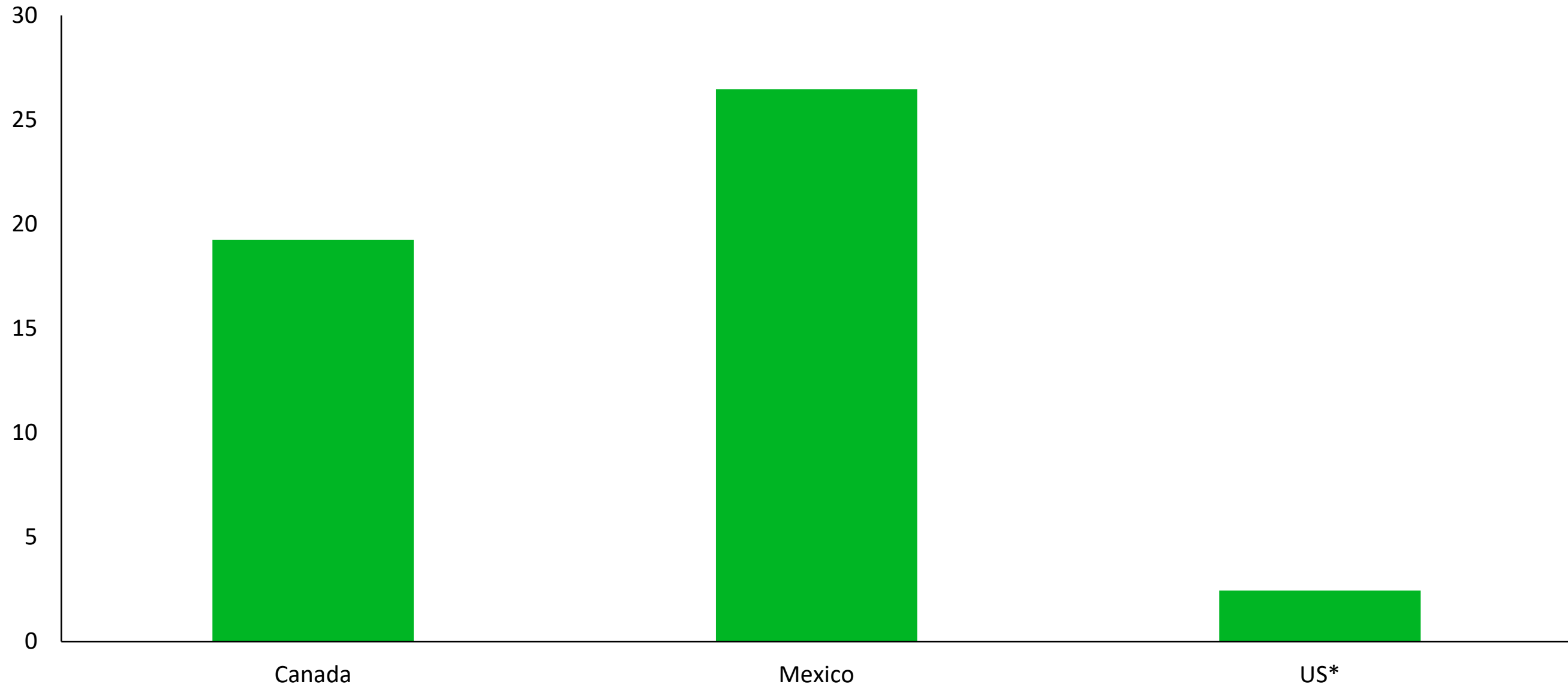


Source: U.S. Customs & Border Protection, TD Economics.

Canada and Mexico Would Be Hardest Hit by Trade War...

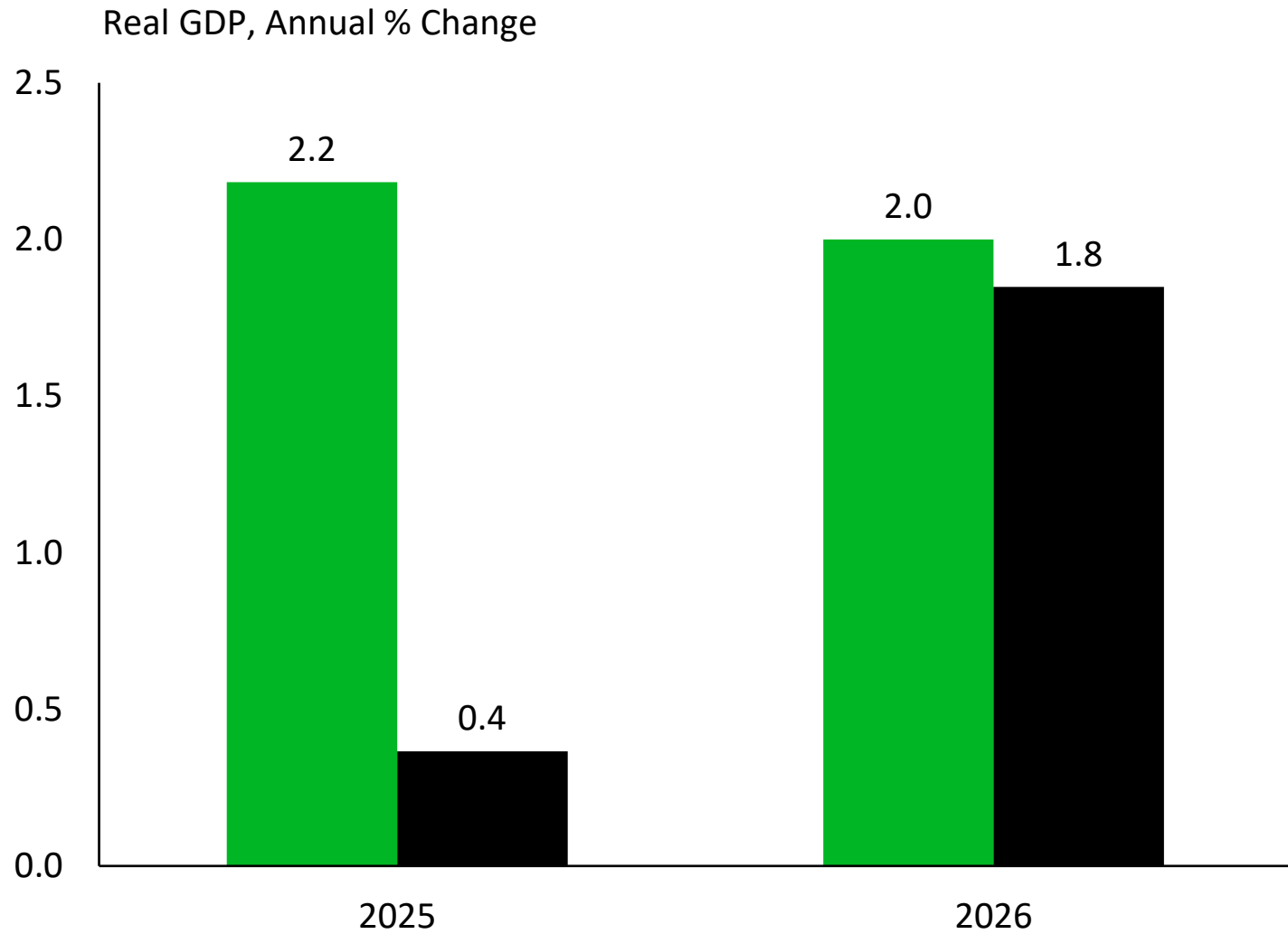


Exports to U.S. or (Canada + Mexico) Measured as % of GDP



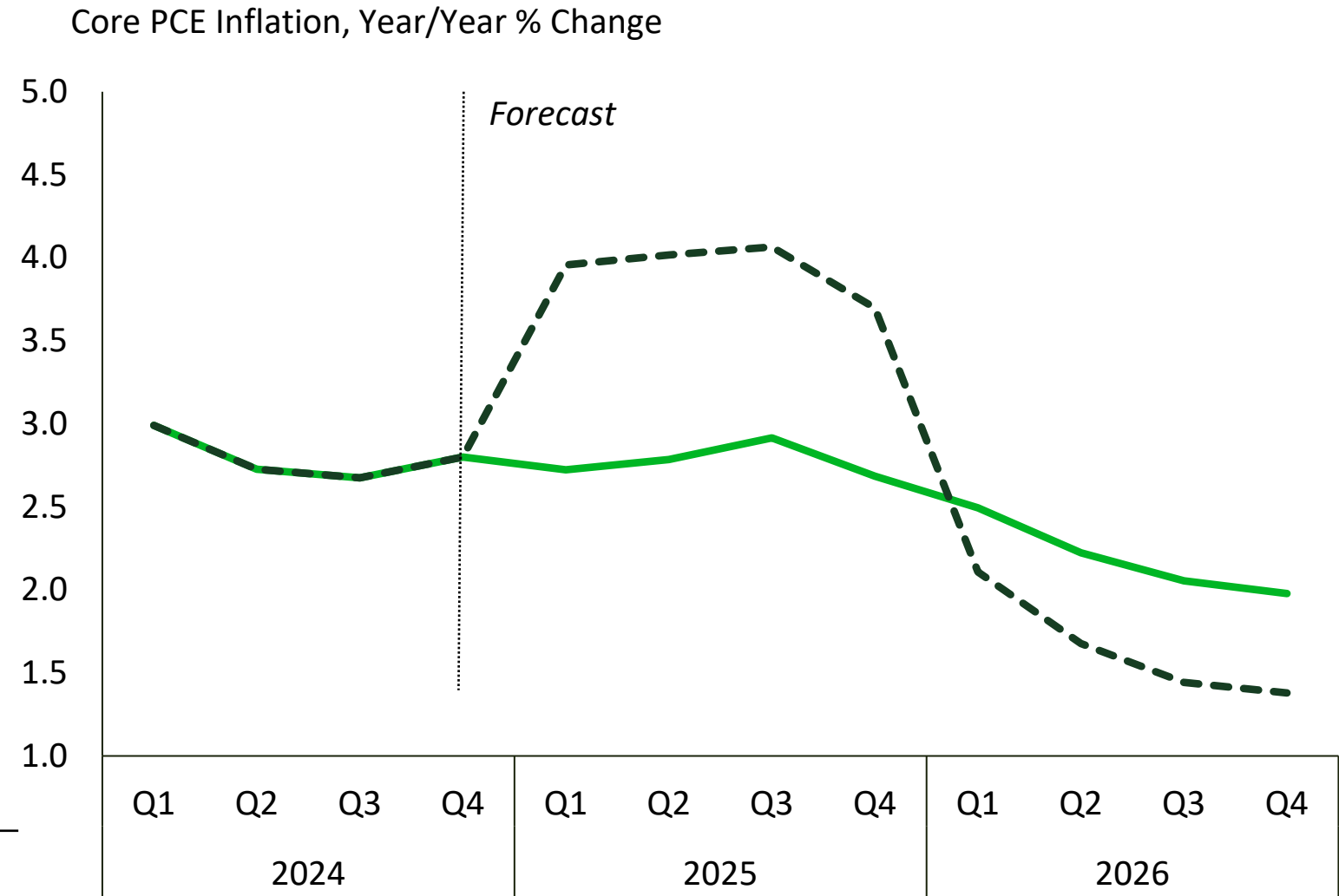
*US exports to Mexico and Canada. Source: Census Bureau, Statistics Canada, National Institute of Statistics and Geography, TD Economics.

But Still Imparts a Mild "Stagflationary Shock" on U.S. Economy



■ Baseline ■ Worst Case Tariff Scenario (25% Canada/Mexico + 60% China)

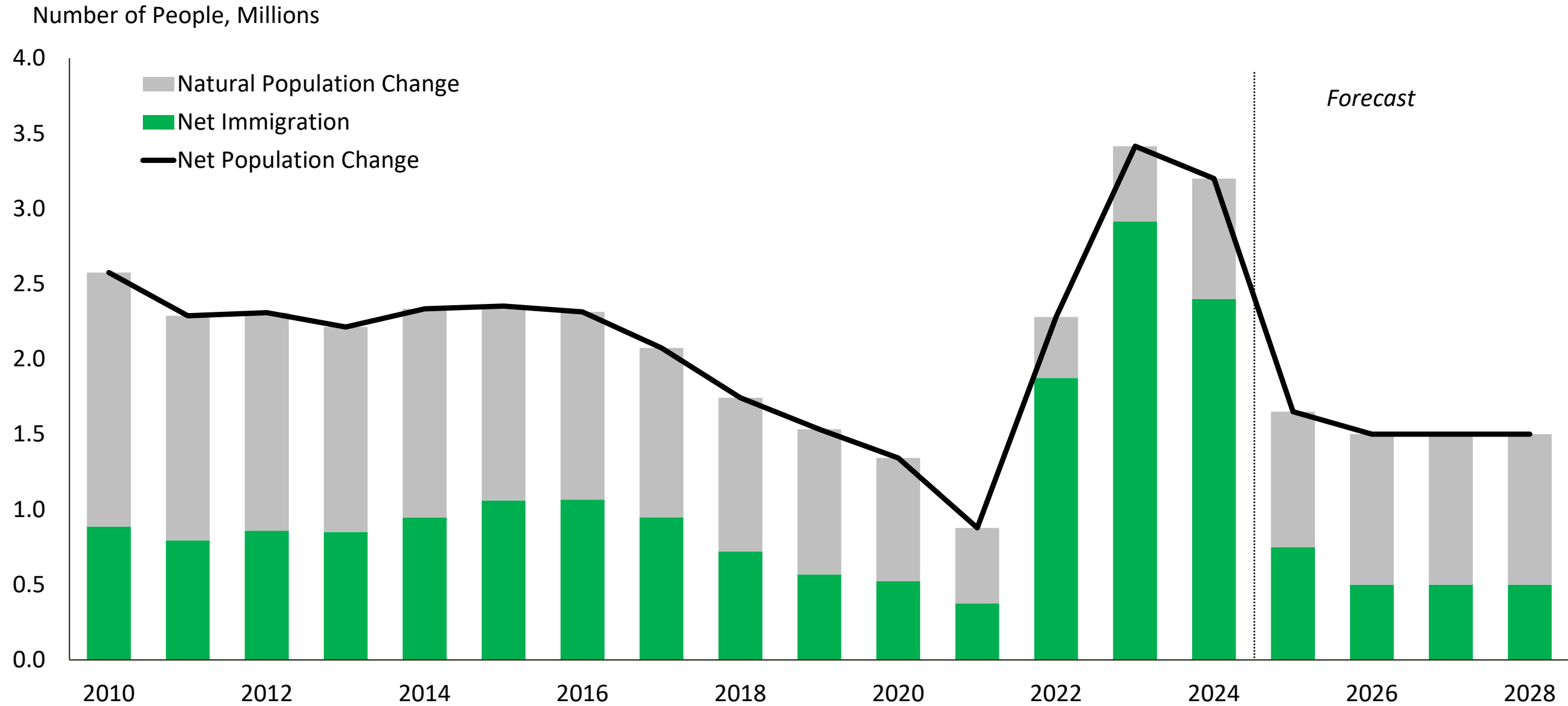
Source: Bureau of Economic Analysis, TD Economics.



— Baseline
 - - - Worst Case Tariff Scenario (25% tariff Canada/Mexico, 60% China)

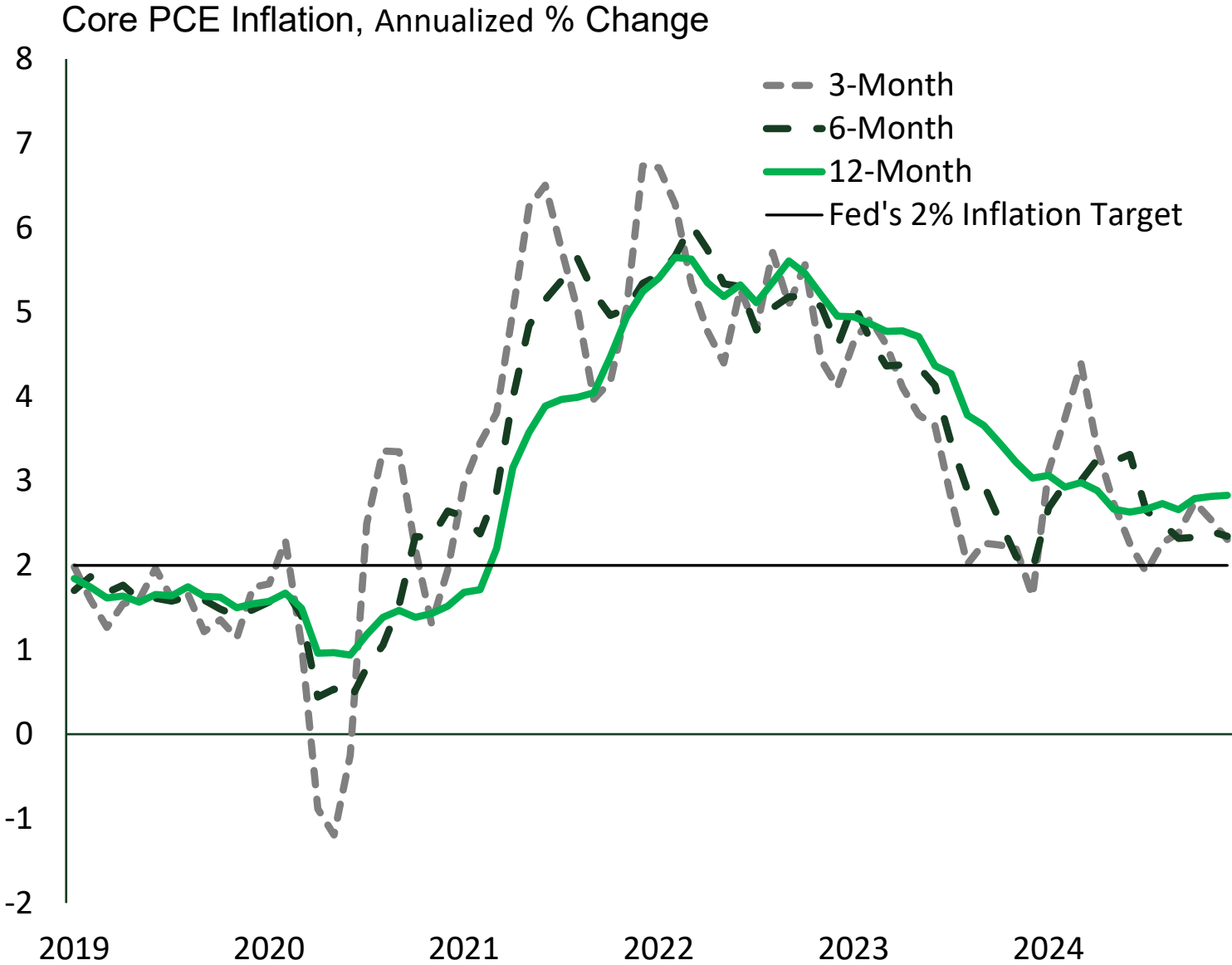
Source: Bureau of Economic Analysis, TD Economics.

Tighter Immigration Also a Potential Headwind



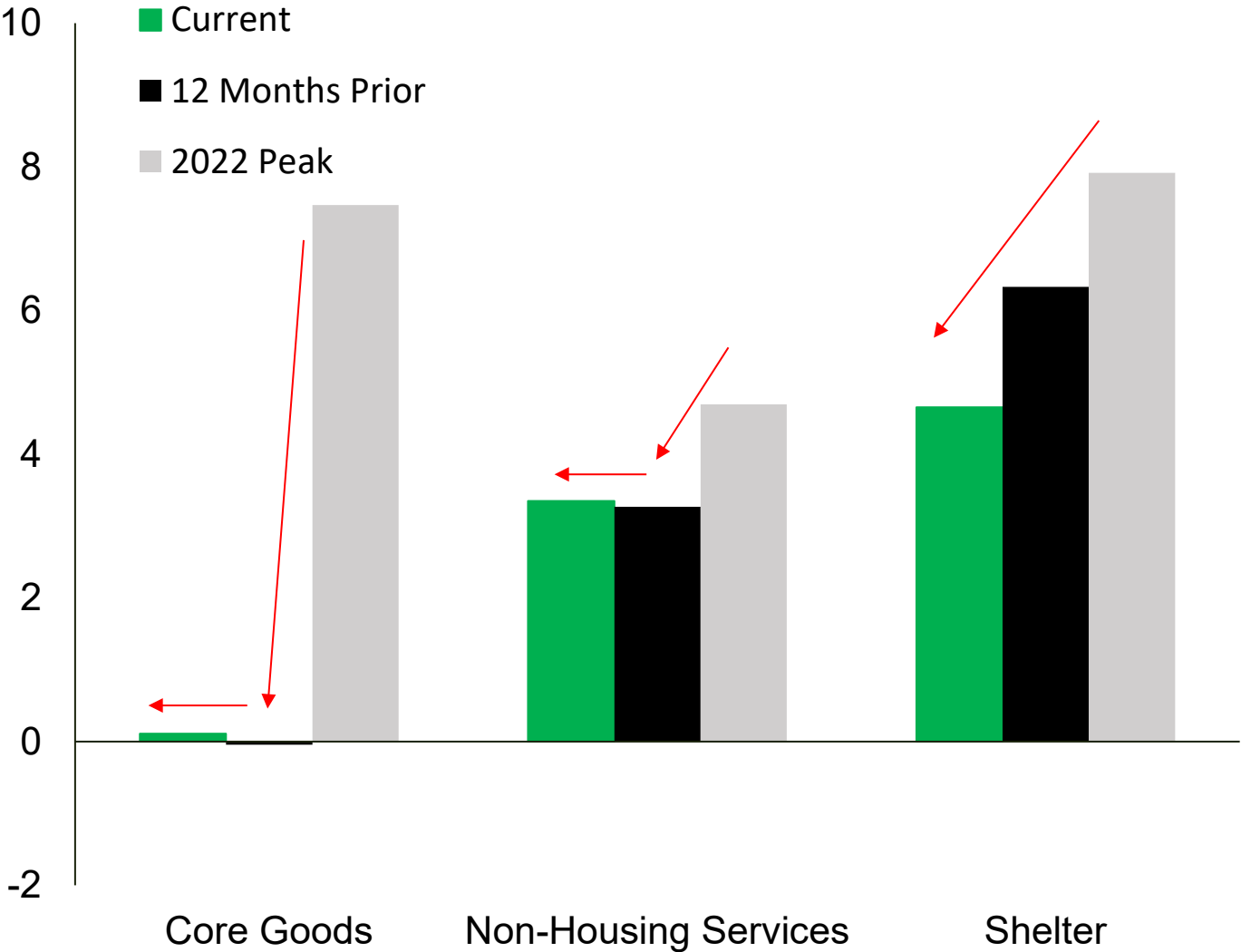
Source: Census Bureau, TD Economics.

Inflation Has Made Significant Progress... But Has Recently Stalled



Source: Bureau of Economic Analysis, TD Economics

Major Components of Core PCE Inflation, Year/Year % Change

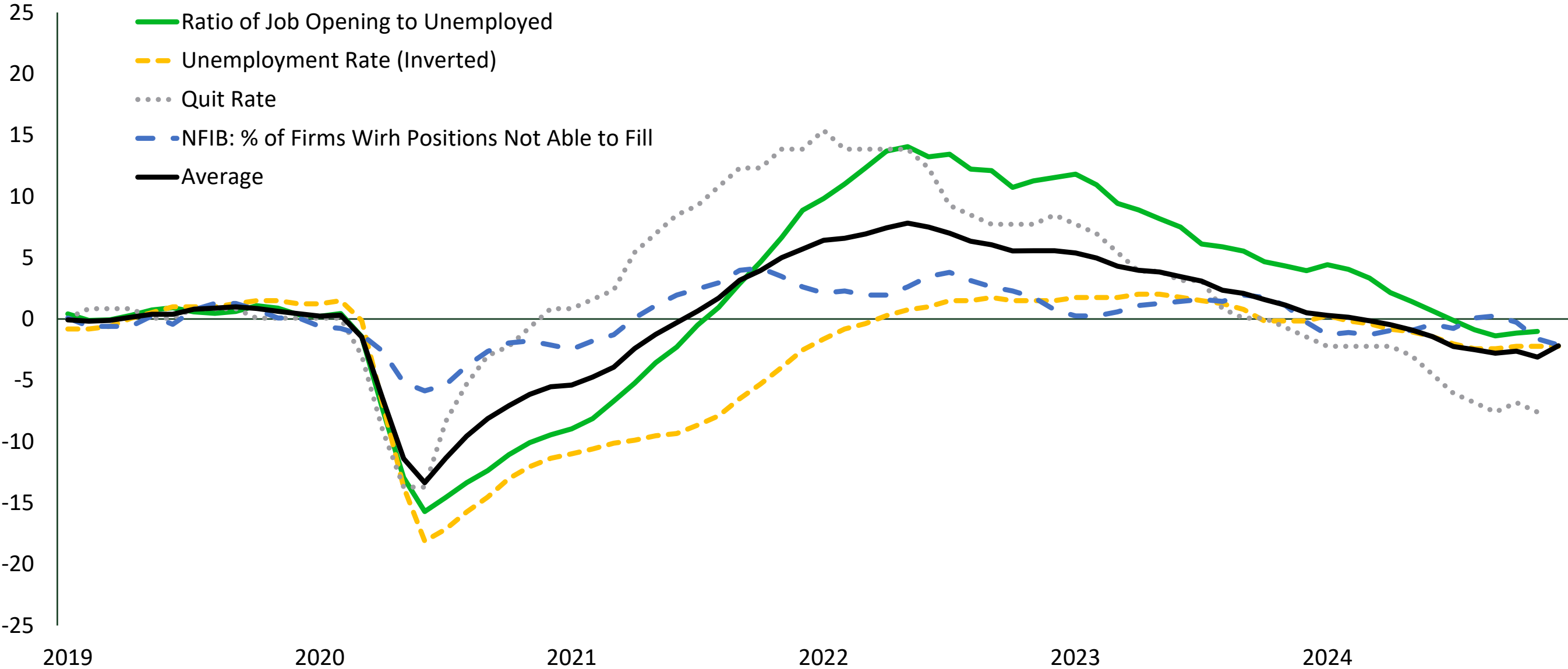


Source: Bureau of Economic Analysis, TD Economics. Data as of December 2024.

Labor Market Has Come Into Better Balance...



Standard Deviations from Pre-Pandemic Average

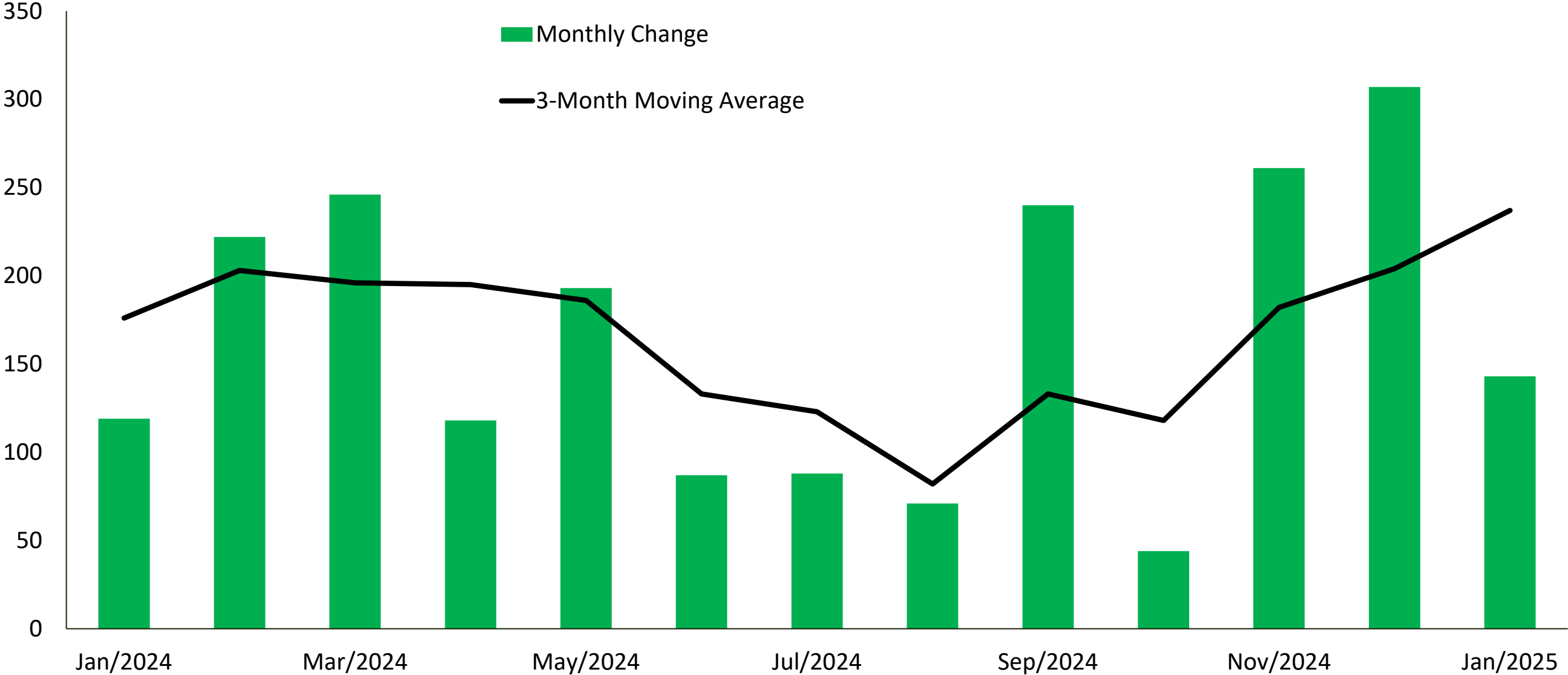


Source: Bureau of Labor Statistics, NFIB, TD Economics.

...Yet Hiring Remains Healthy

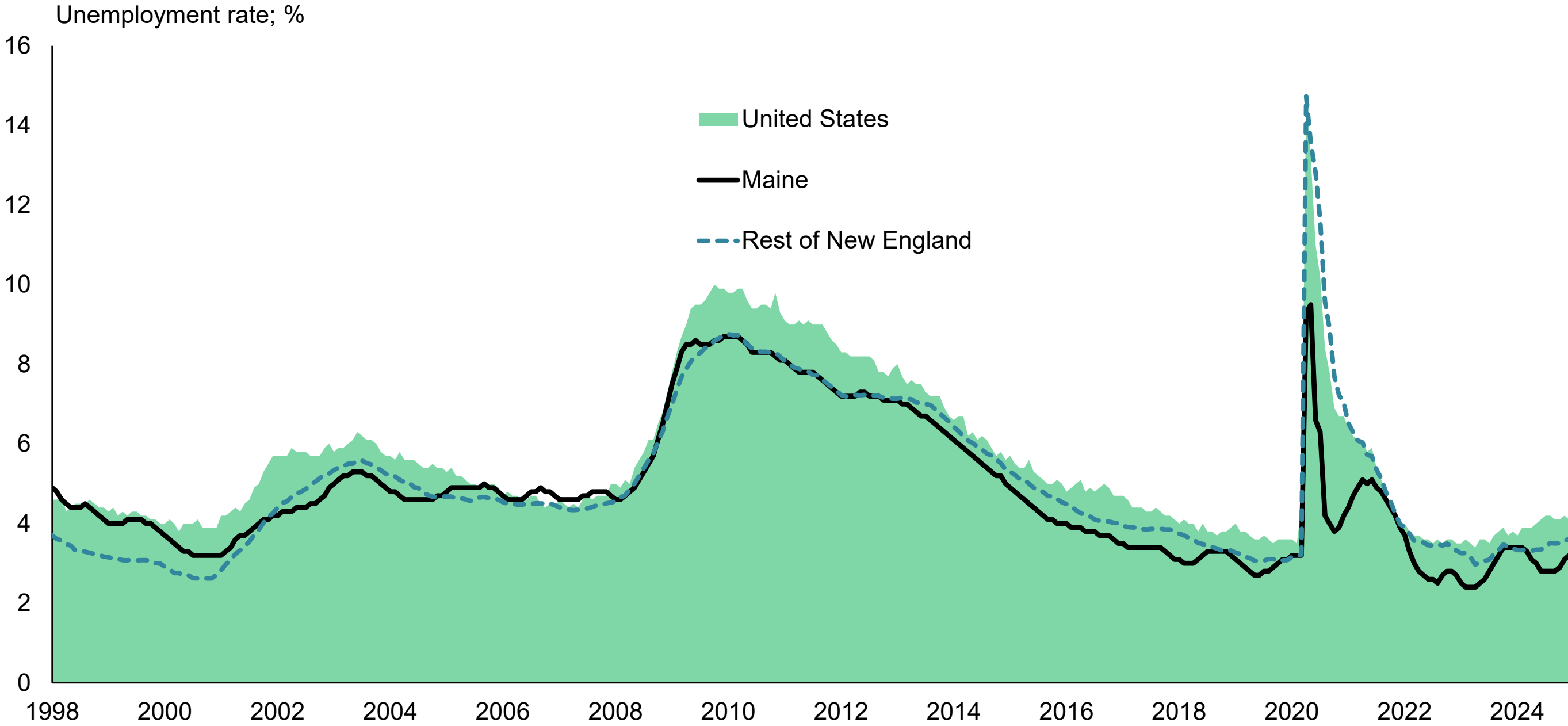


Non-Farm Payrolls, thousands



Source: Bureau of Labor Statistics, TD Economics.

Maine Unemployment Rate Is Near Historical Lows

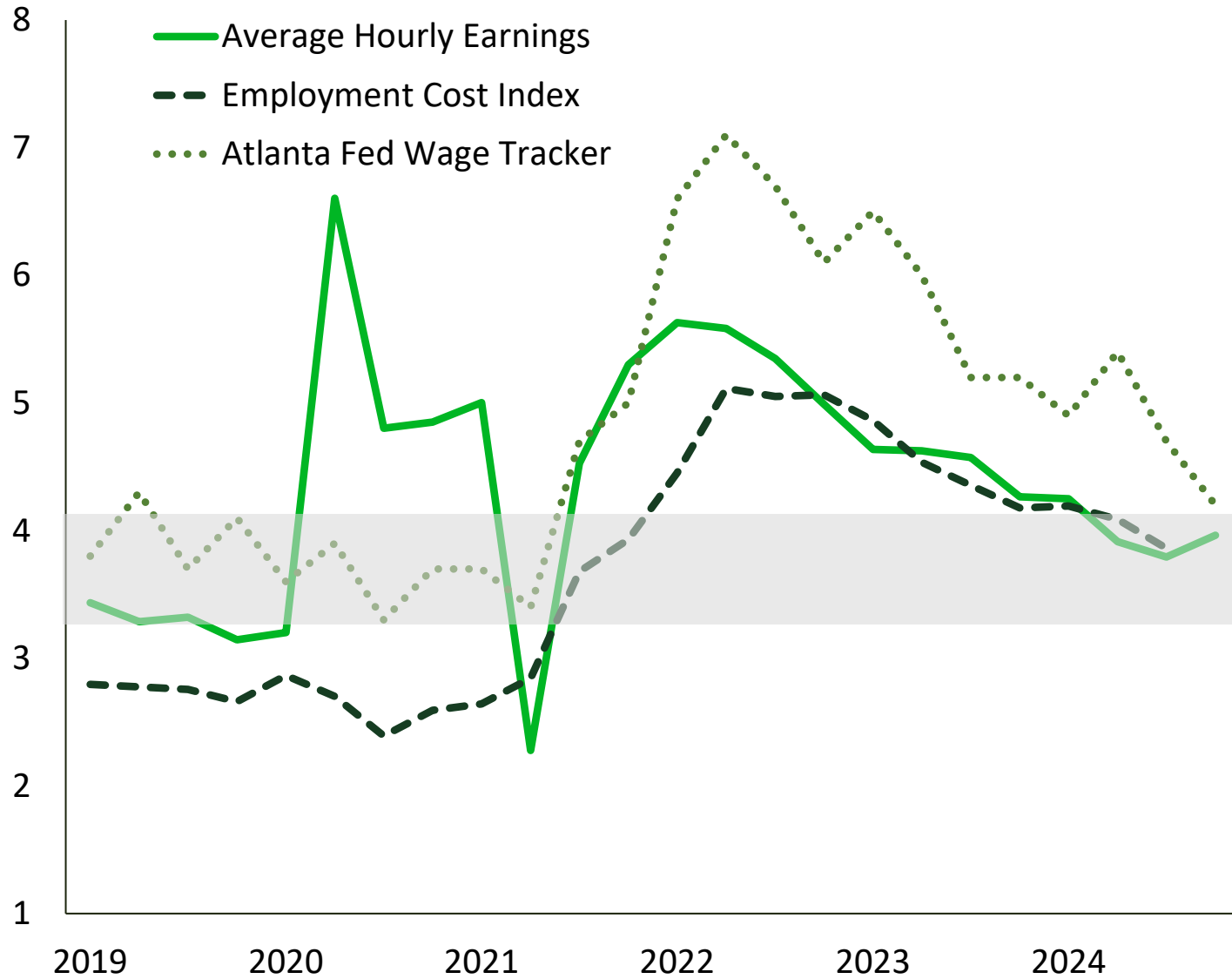


Sources: Bureau of Labor Statistics, TD Economics

Wage Pressures Have Cooled, But Income Growth Remains Solid

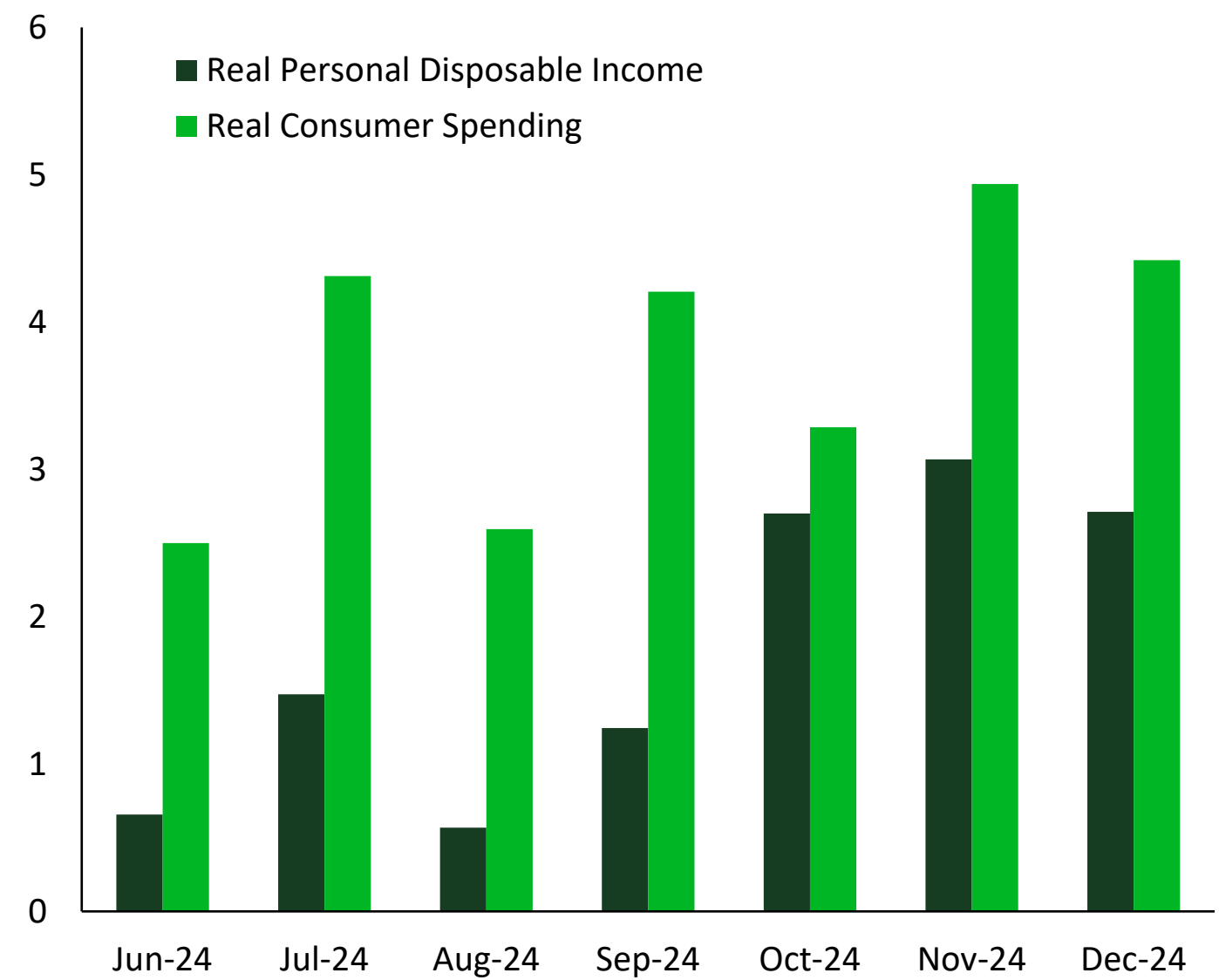


Wage Growth, Year/Year % Change



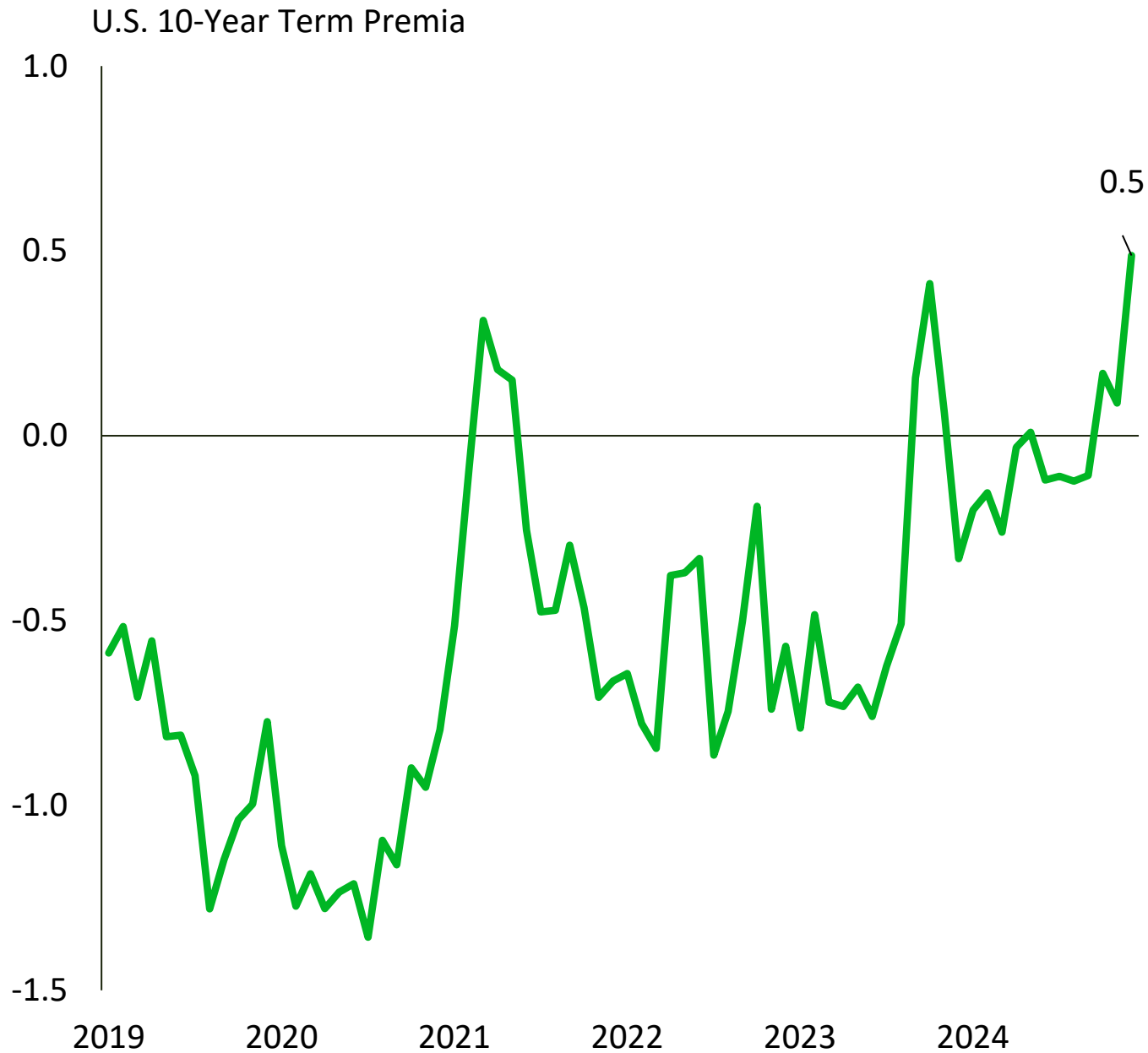
Source: Bureau of Labor Statistics, Atlanta Fed, TD Economics.

Three-Month Annualized % Change

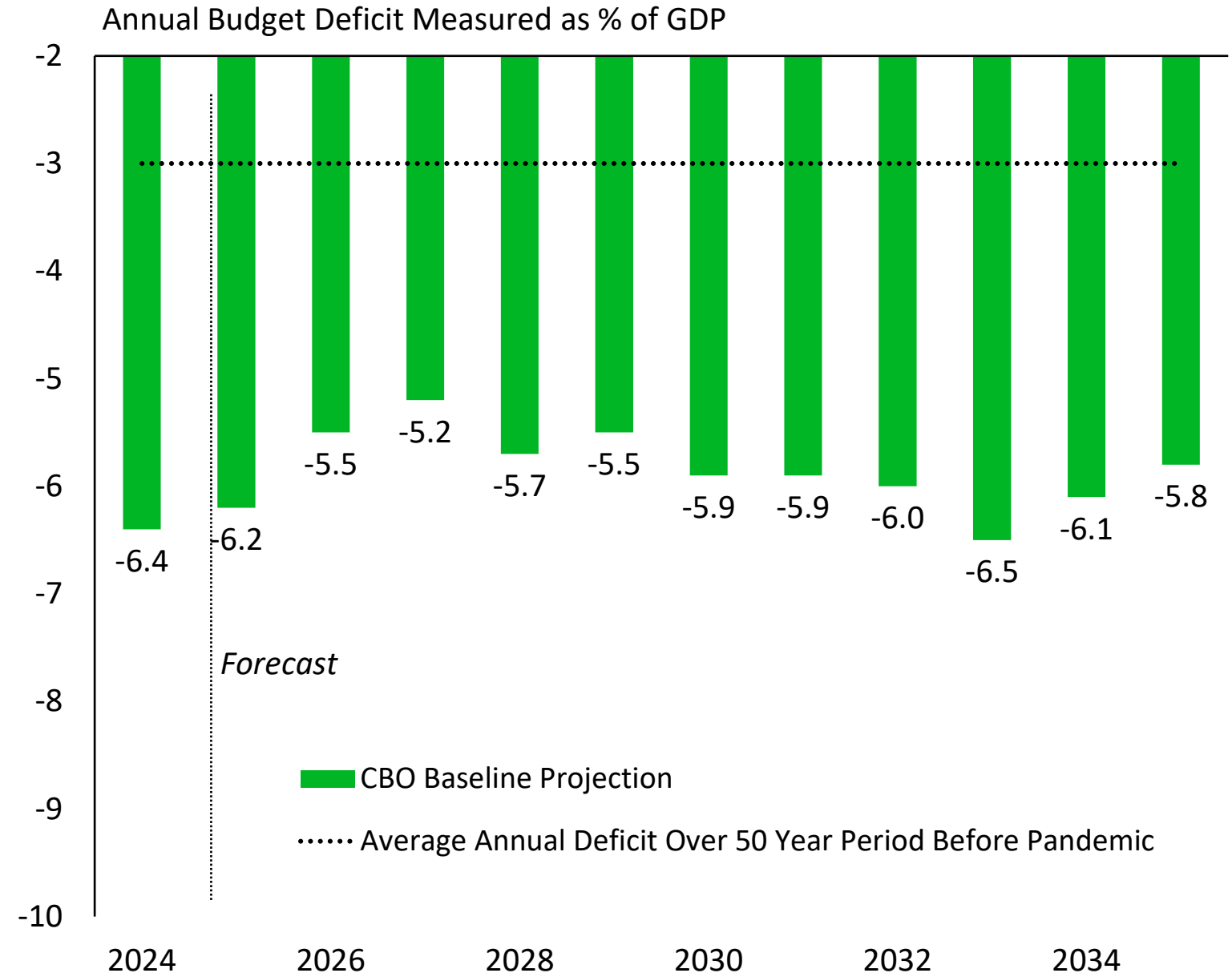


Source: Bureau of Economic Analysis, TD Economics.

Ongoing Federal Budget Deficit Contributing to Rising Bond Yields

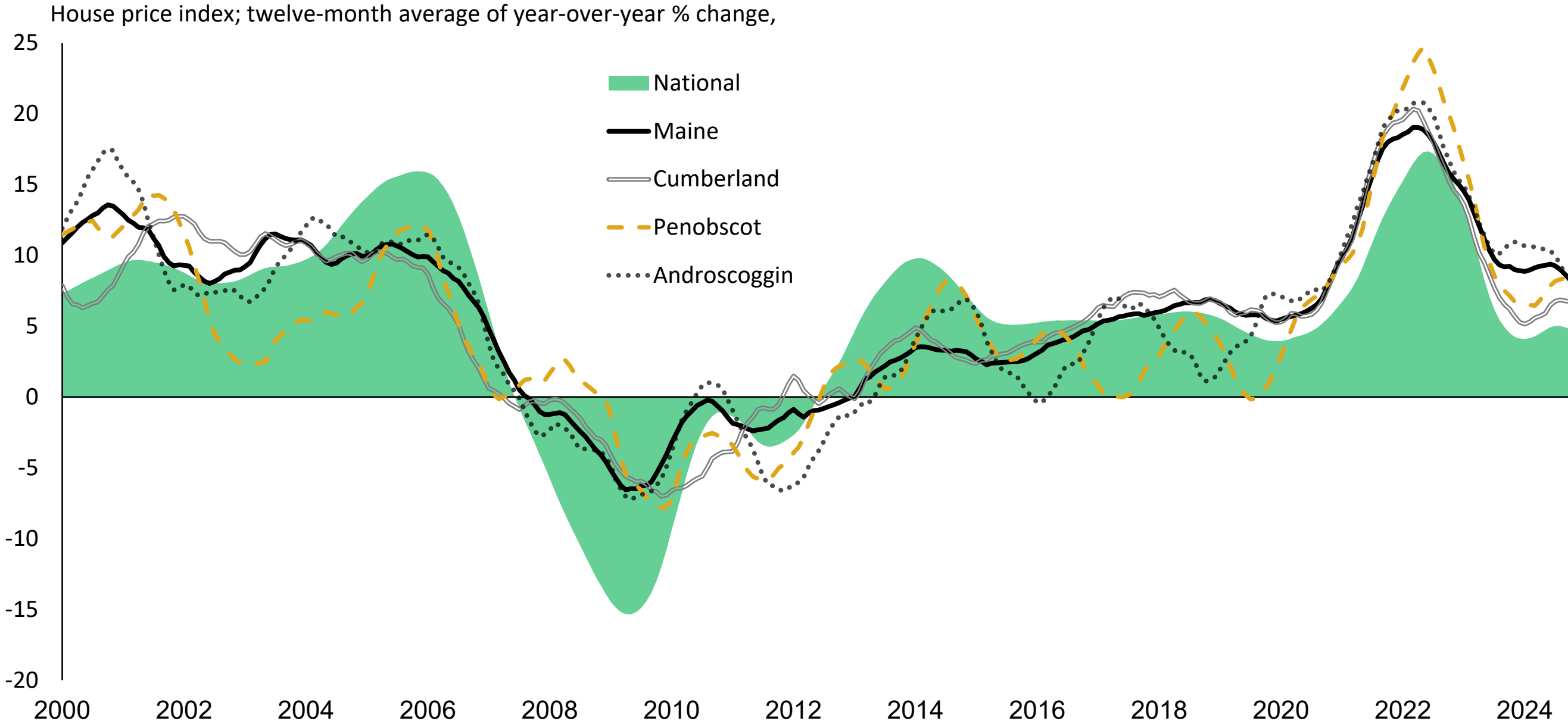


Source: Federal Reserve Bank, TD Economics.



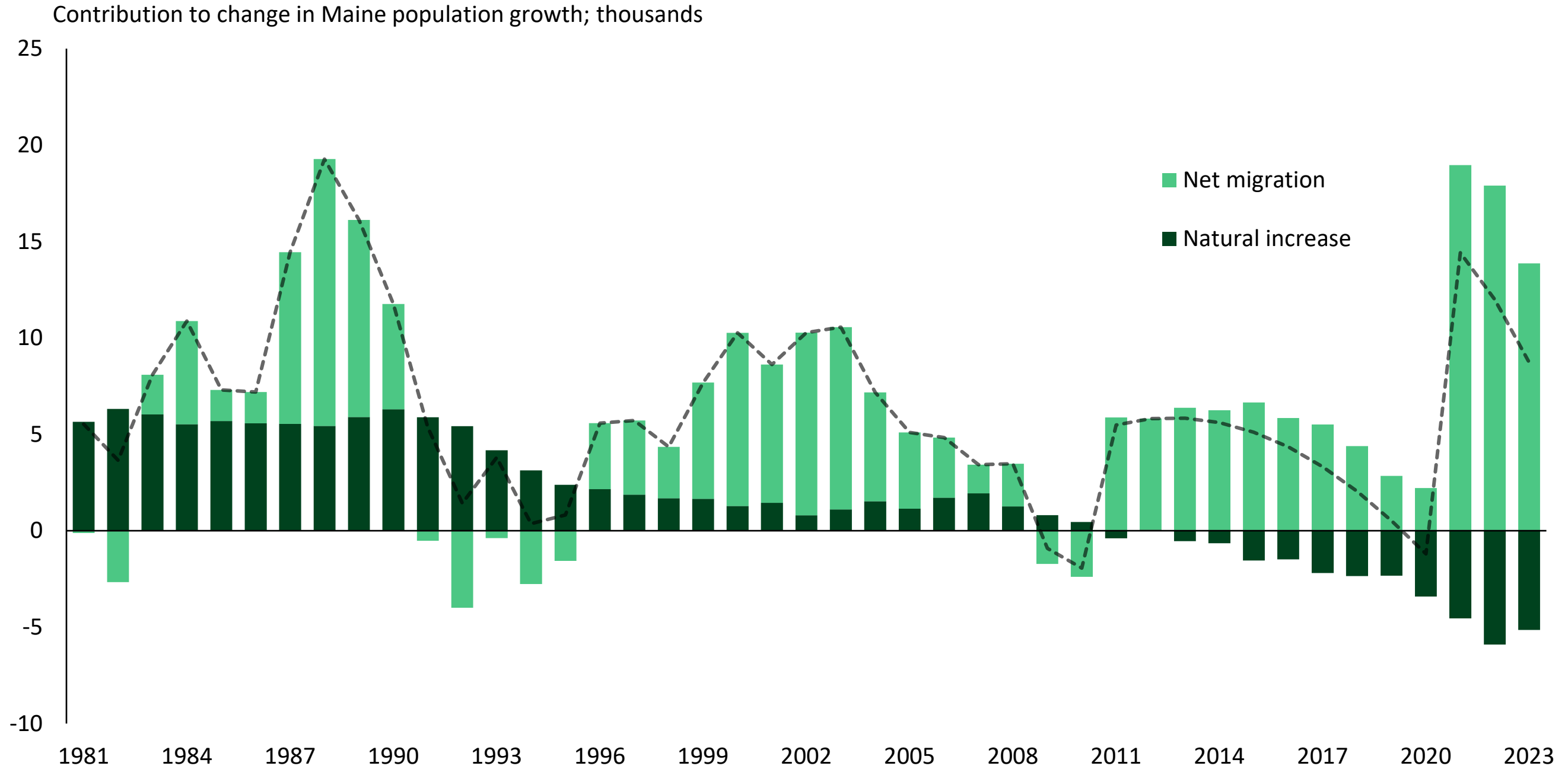
Source: Congressional Budget Office, TD Economics. CBO forecast as of January 2025.

Maine Home Price Growth Continues to Exceed the Nation



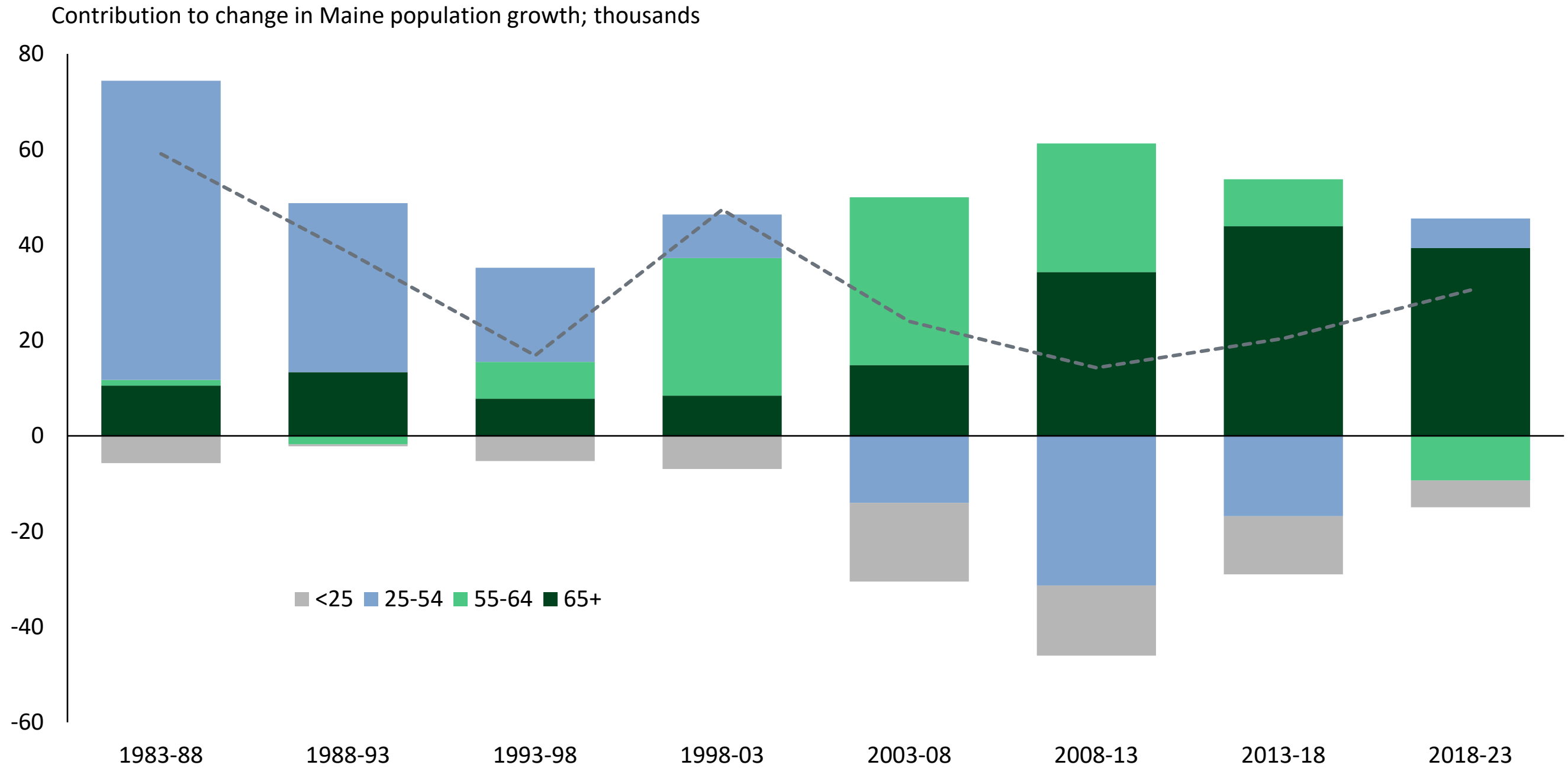
Source: CoreLogic

Maine Continues to Draw in People...



Source: U.S. Census Bureau, TD Economics

...But Is Still Getting Older





Website: economics.td.com

This report is provided by TD Economics for customers of TD Bank Group. It is for information purposes only and may not be appropriate for other purposes. The report does not provide material information about the business and affairs of TD Bank Group and the members of TD Economics are not spokespersons for TD Bank Group with respect to its business and affairs. The information contained in this report has been drawn from sources believed to be reliable but is not guaranteed to be accurate or complete. The report contains economic analysis and views, including about future economic and financial markets performance. These are based on certain assumptions and other factors and are subject to inherent risks and uncertainties. The actual outcome may be materially different. The Toronto-Dominion Bank and its affiliates and related entities that comprise TD Bank Group are not liable for any errors or omissions in the information, analysis or views contained in this report, or for any loss or damage suffered.