

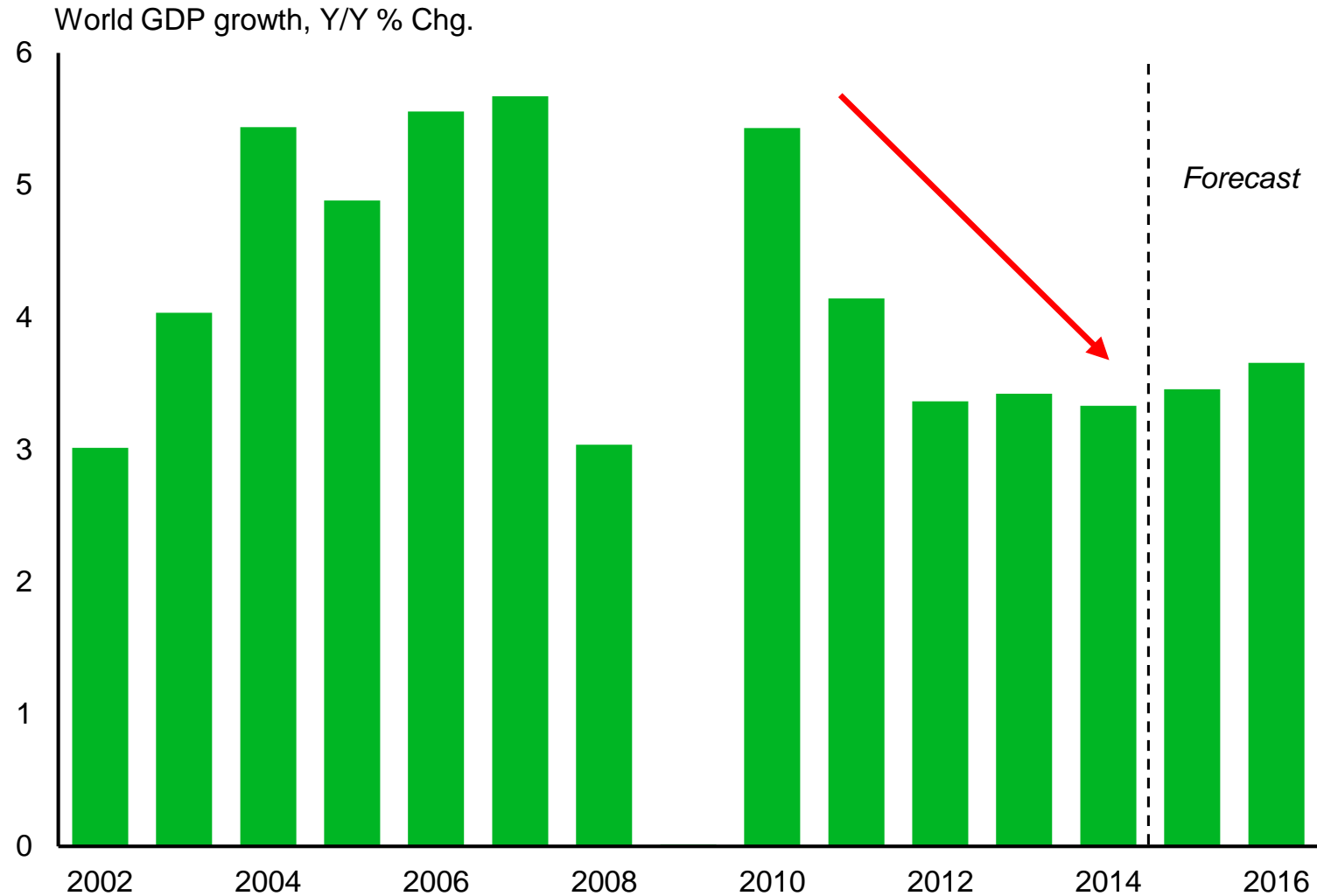


# CANADA & EUROPE: OPPORTUNITIES IN A DIFFICULT TIME

Craig Alexander  
SVP & Chief Economist  
TD Bank Group

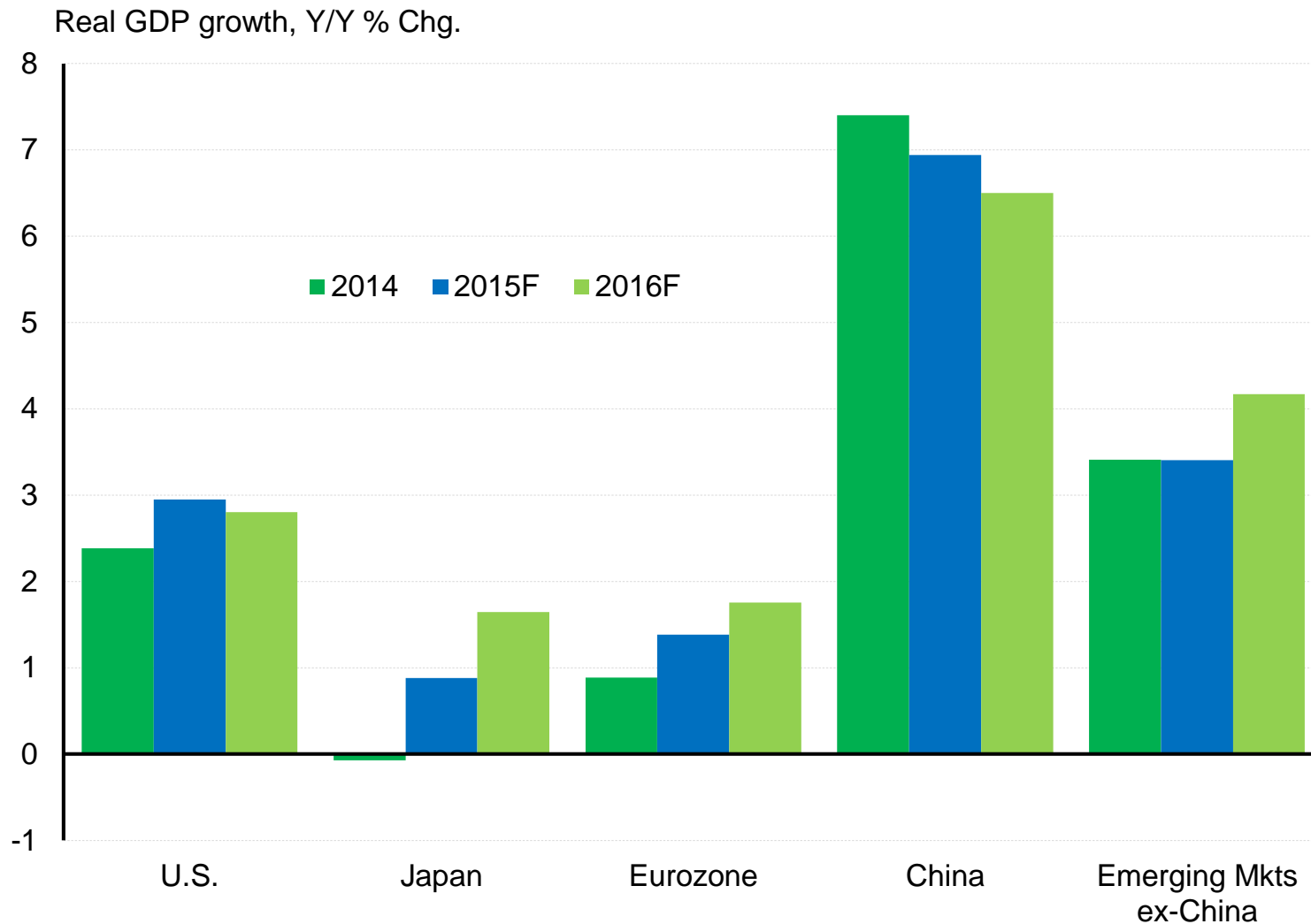


# GLOBAL ECONOMY IS STRUGGLING



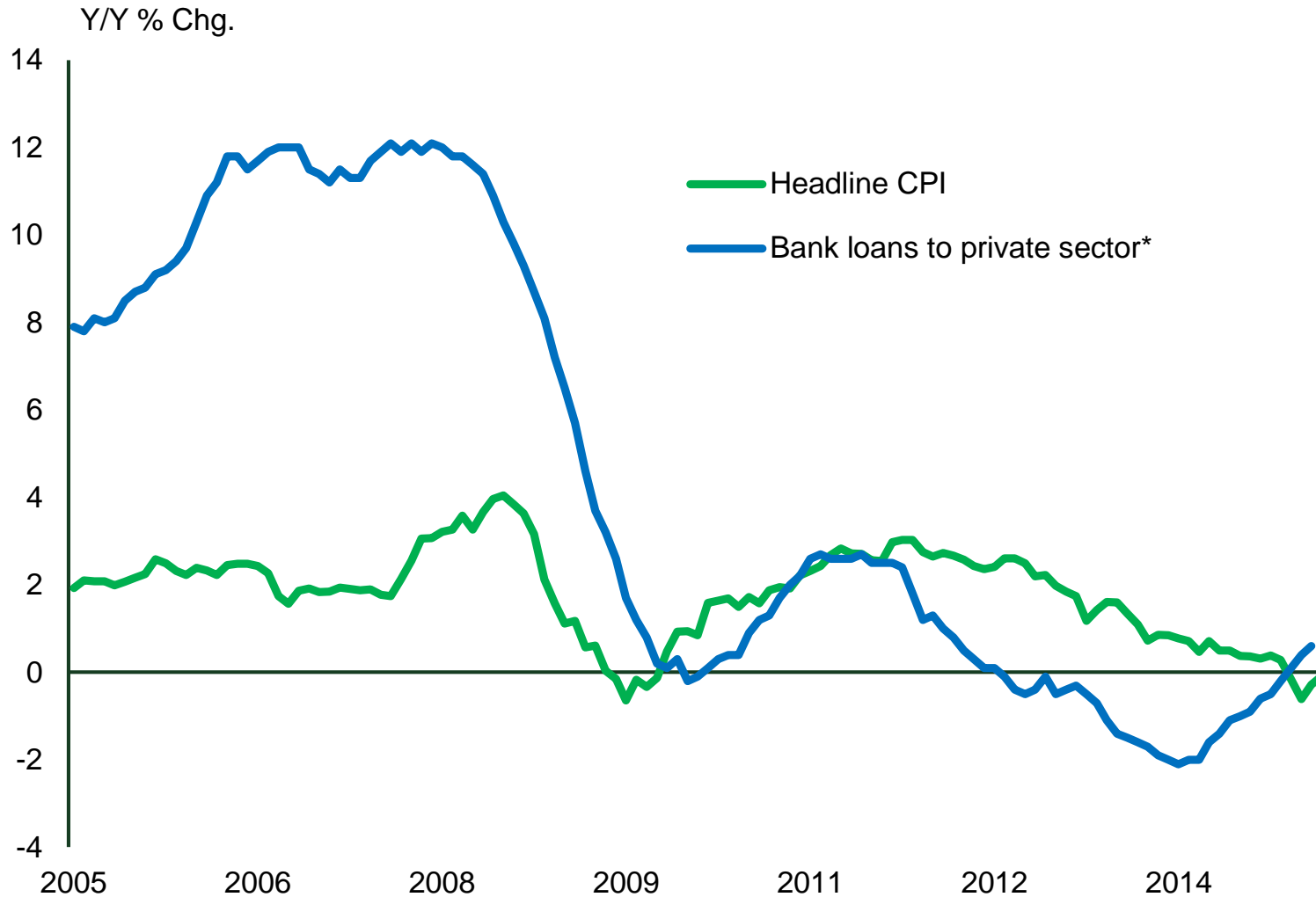
Source: IMF. Forecast by TD Economics as at March 2015.

# GLOBAL OUTLOOK IS VERY UNEVEN



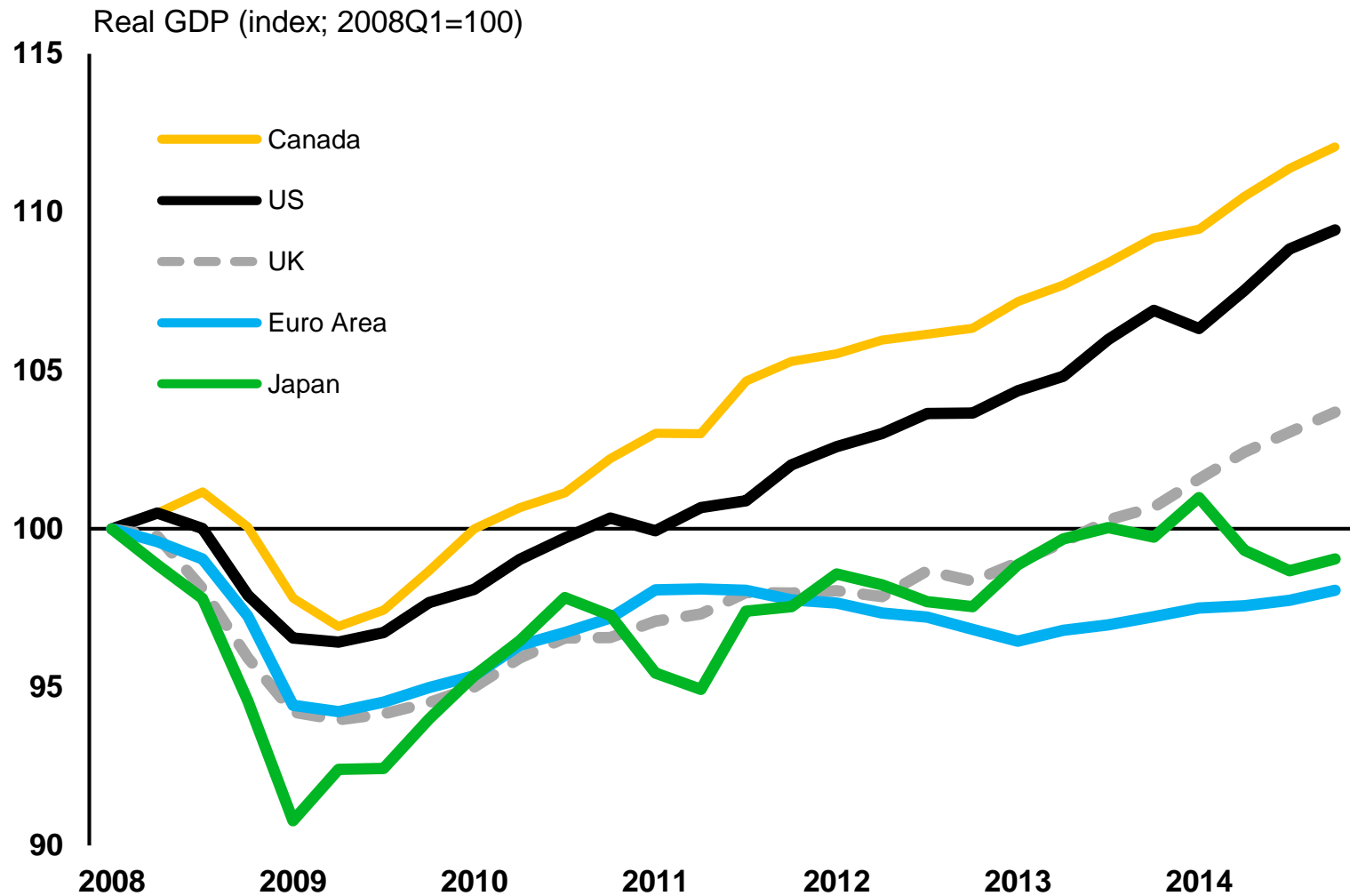
Source: TD Economics.  
Forecast by TD Economics as of March 2015.

# EUROZONE GROWTH TO GRADUALLY IMPROVE, DEFLATION FEARS TO ABATE



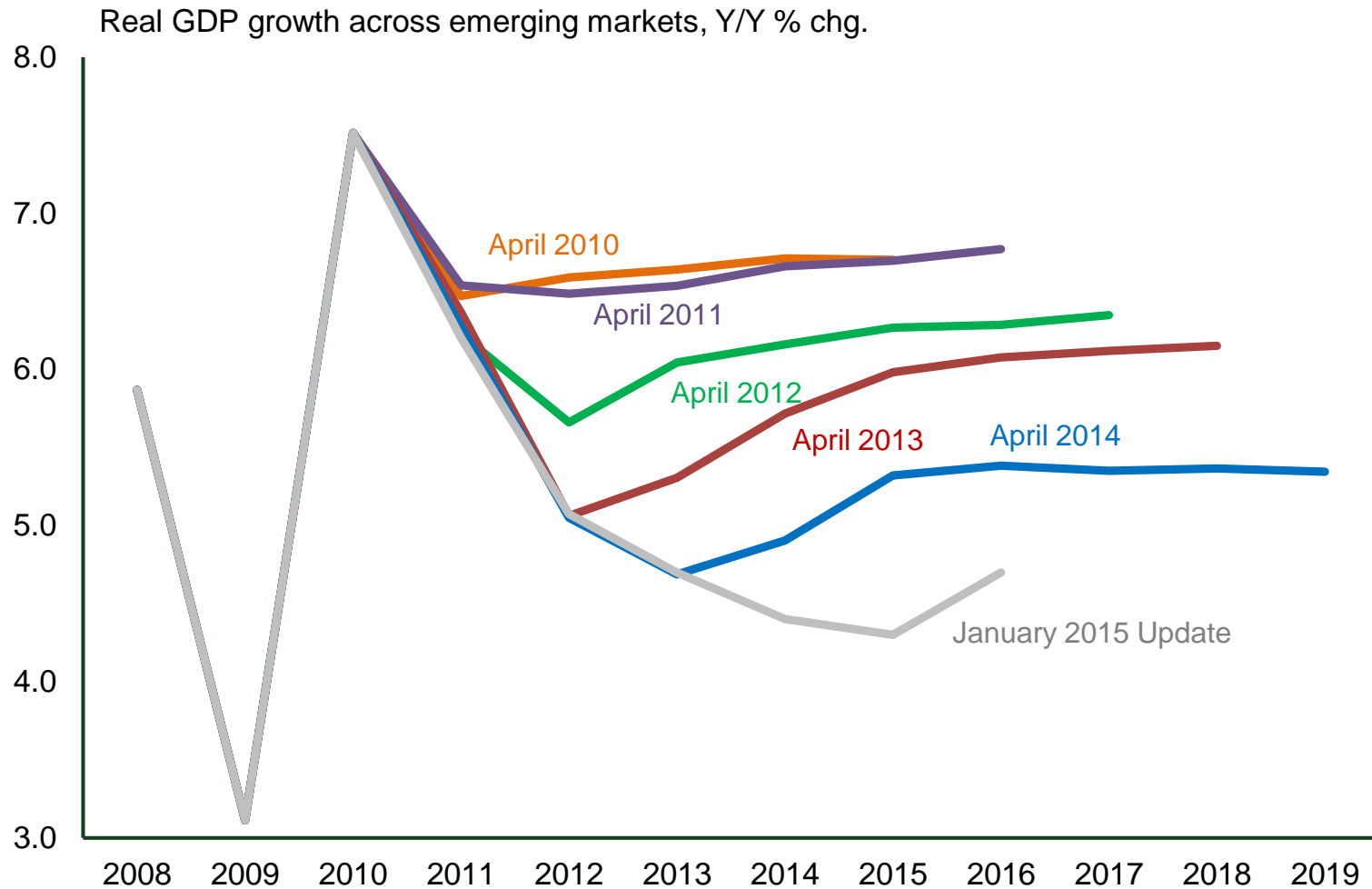
Source: European Central Bank, Haver. \*adjusted for sales and securitizations. As at April 2015.

# NORTH AMERICA HAS OUTPERFORMED



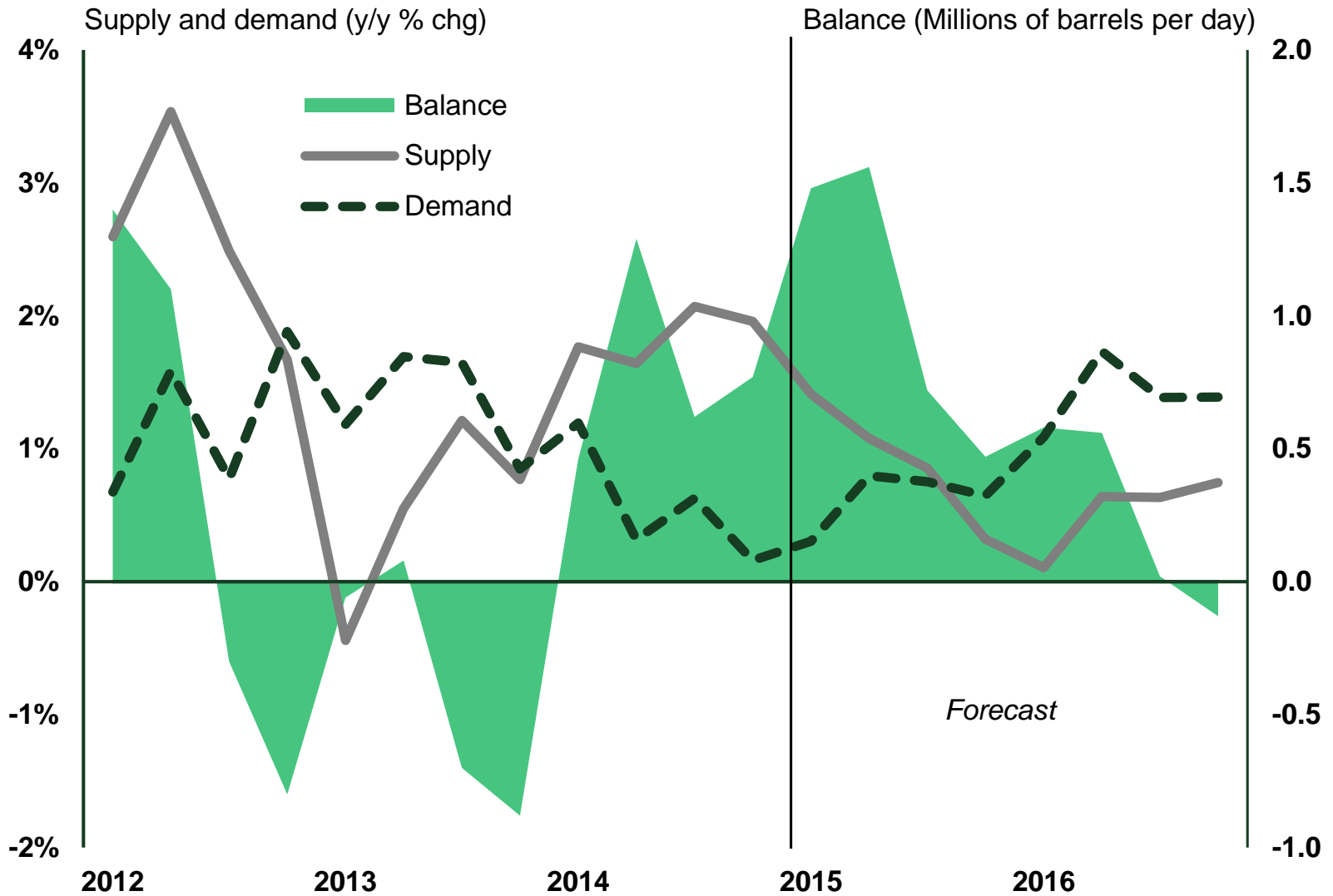
Source: Bureau of Economic Analysis, Statistical Office of the European Communities, Office for National Statistics, Cabinet Office of Japan, TD Economics. As at April 2014.

# EMERGING ECONOMIES NO LONGER BOOMING, WEIGHING ON COMMODITIES



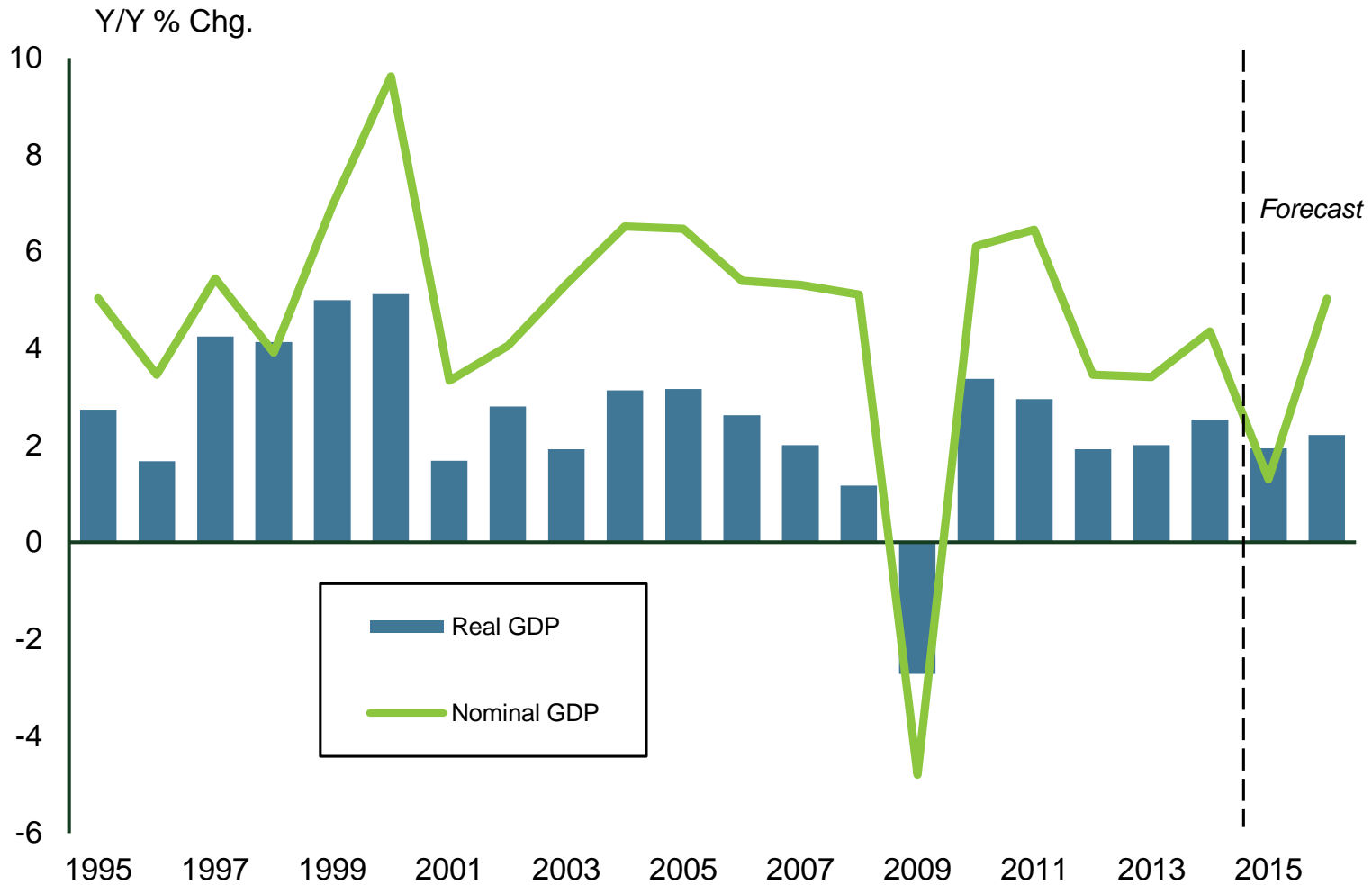
Source: IMF.

# GLOBAL SLOWDOWN TRIGGERED A COMMODITY CORRECTION



Source: Bloomberg, IEA, TD Securities.

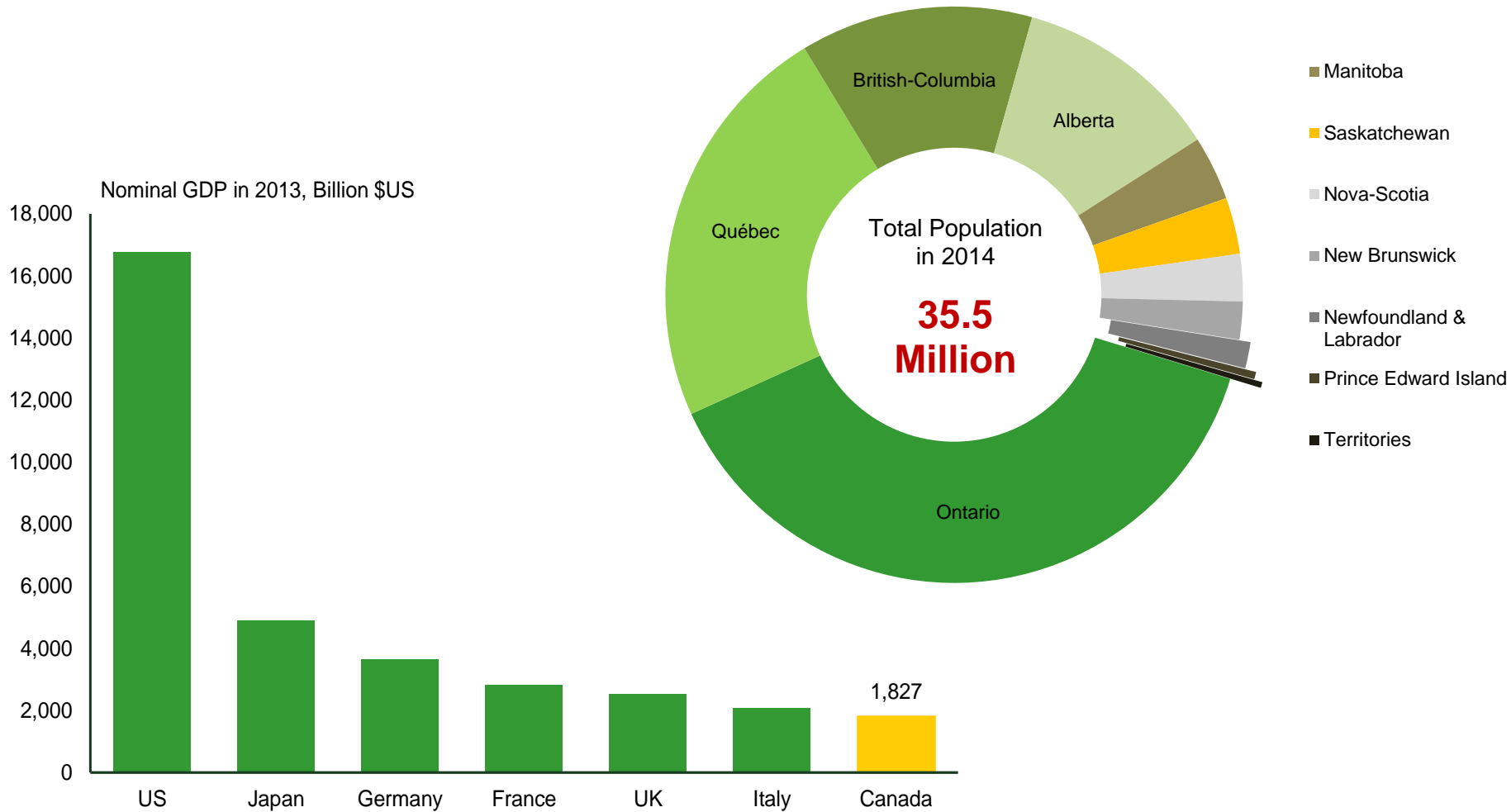
# CANADA WILL REMAIN A TOP PERFORMER, DESPITE OIL SHOCK



Source: Statistics Canada. Forecast by TD Economics as at March 2015.



# WHY? NEED TO APPRECIATE STRUCTURE OF CDN ECONOMY

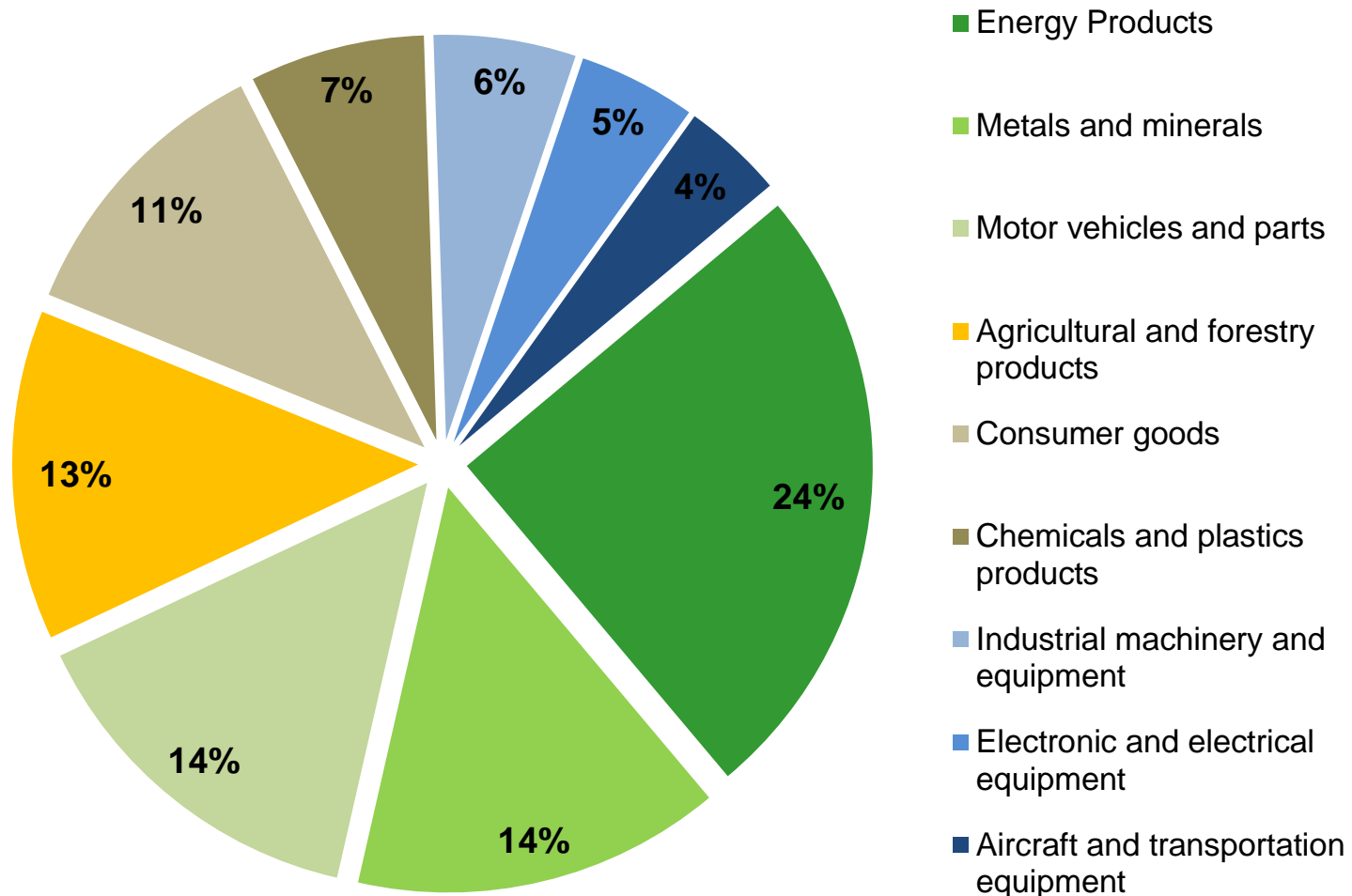


Source: IMF, World Economic Outlook Database

# MORE TO CANADIAN EXPORTS THAN JUST OIL

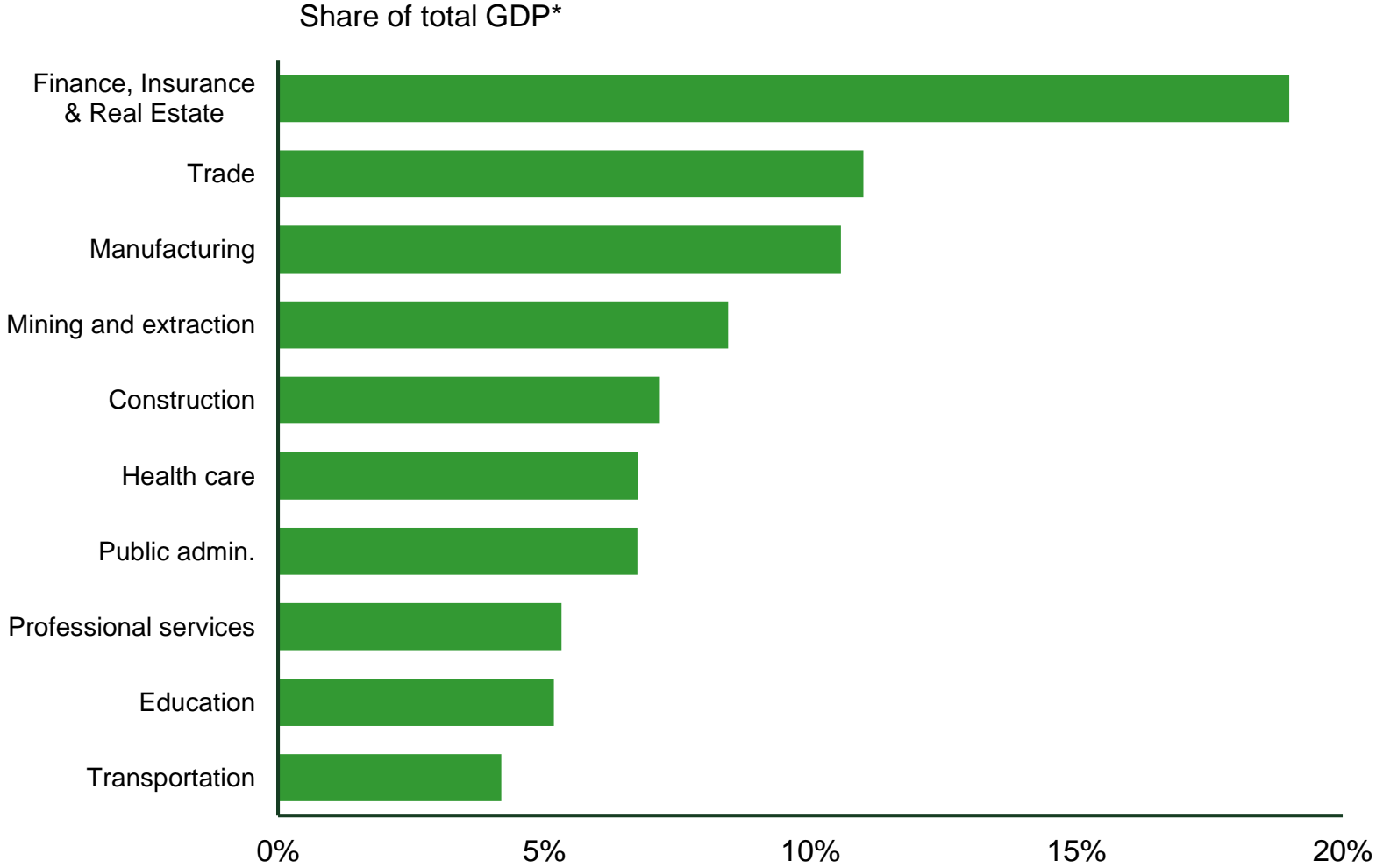


Share of total merchandise exports in 2014



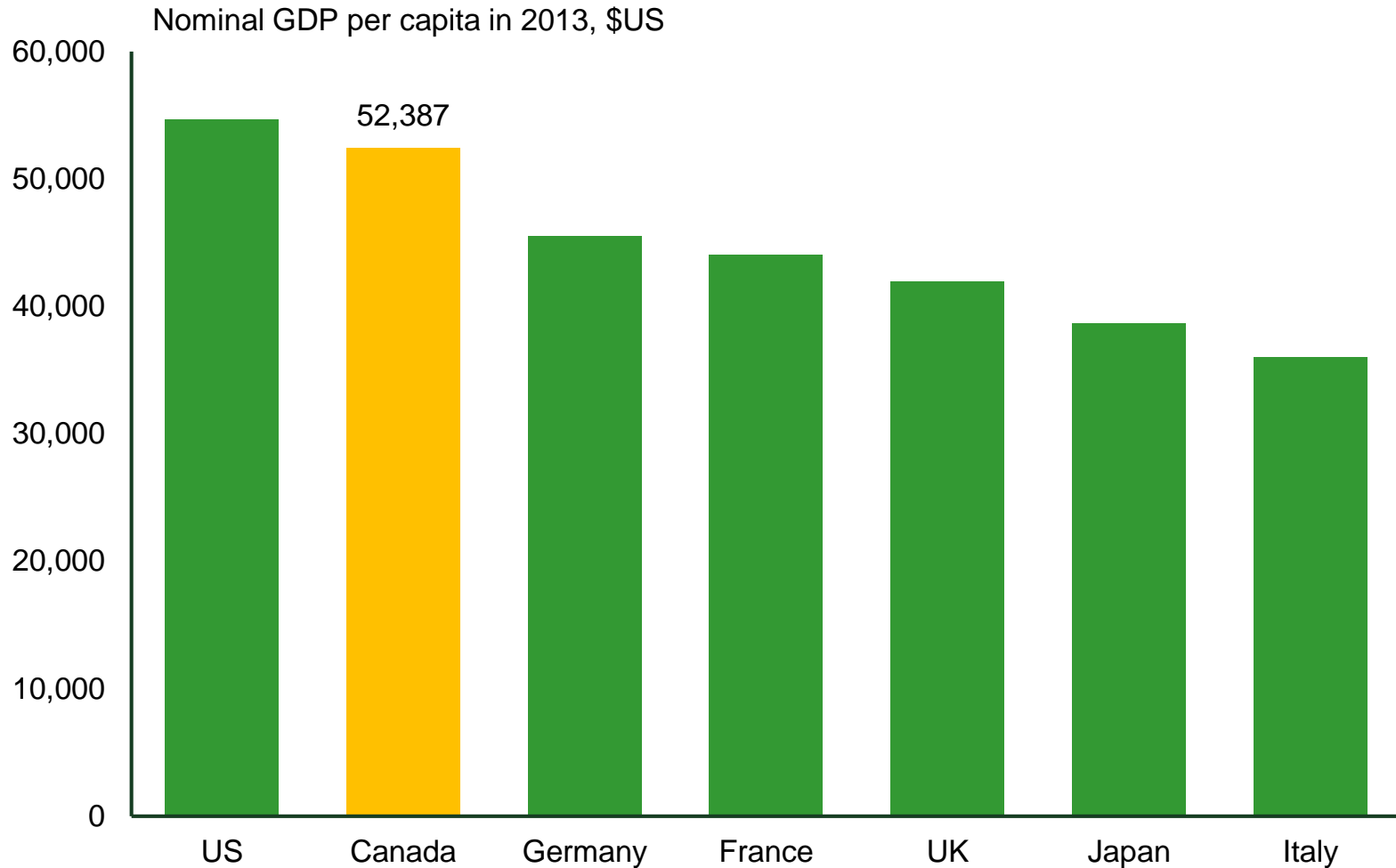
Source: Statistics Canada, 2014.

# WELL DIVERSIFIED ECONOMY



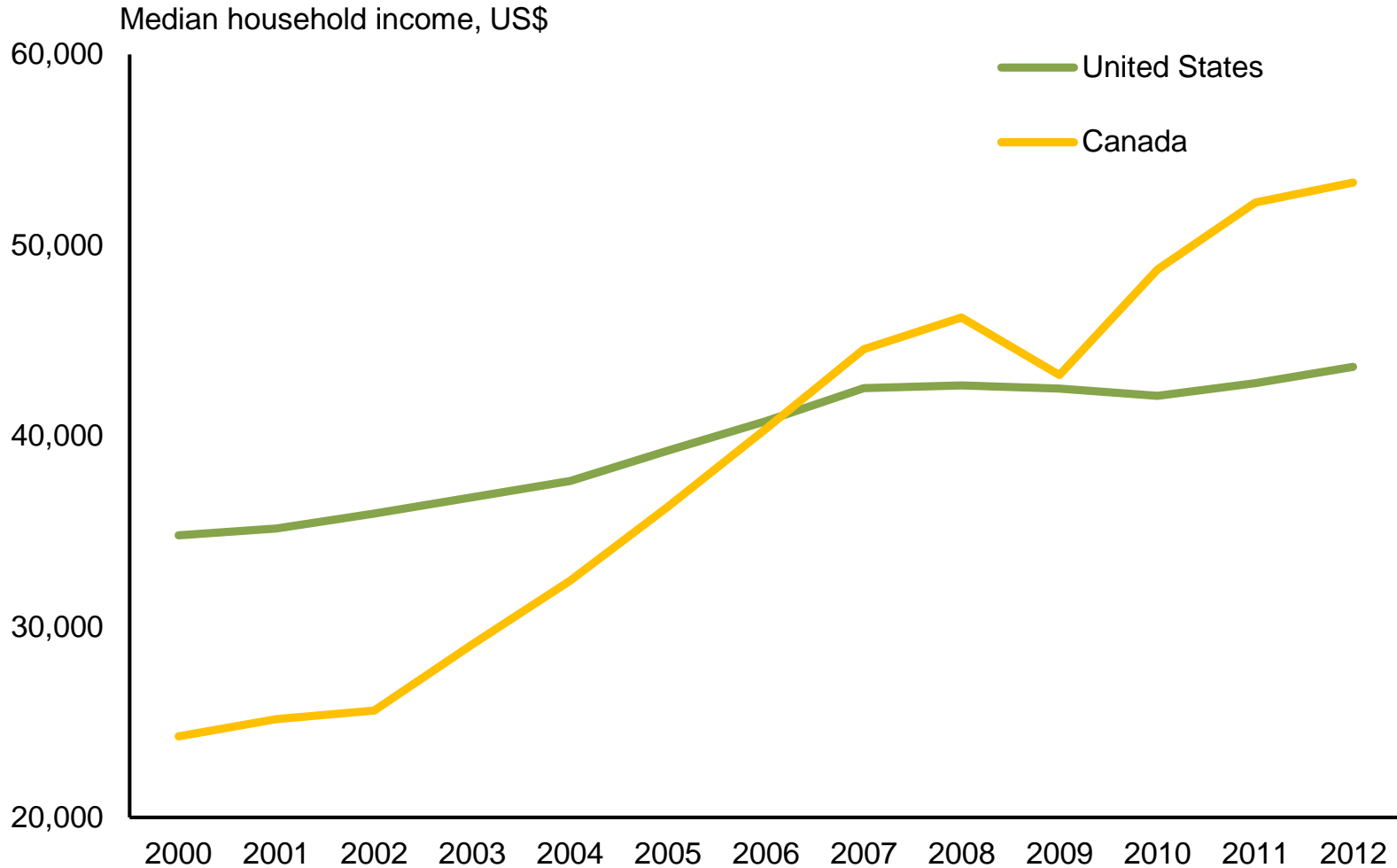
Source: Statistics Canada. \*10 largest industries, 2014.

# SMALL IN SCALE, BUT SECOND RICHEST PER CAPITA IN G7



Source: Haver Analytics

# MEDIAN INCOMES IN CANADA HIGHER THAN THE US, EVEN AFTER TAXES

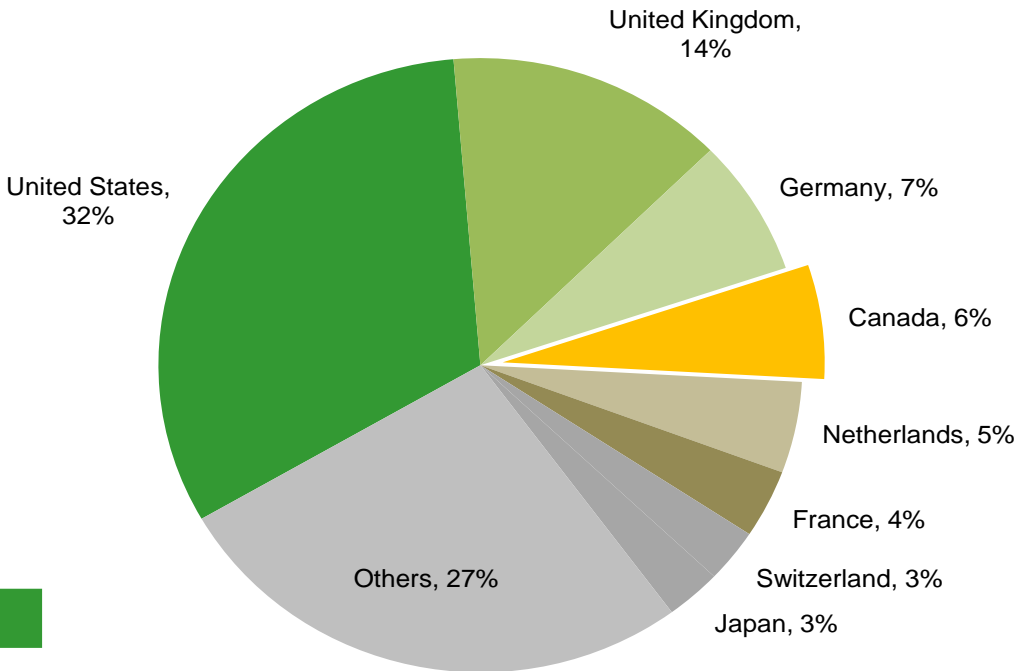
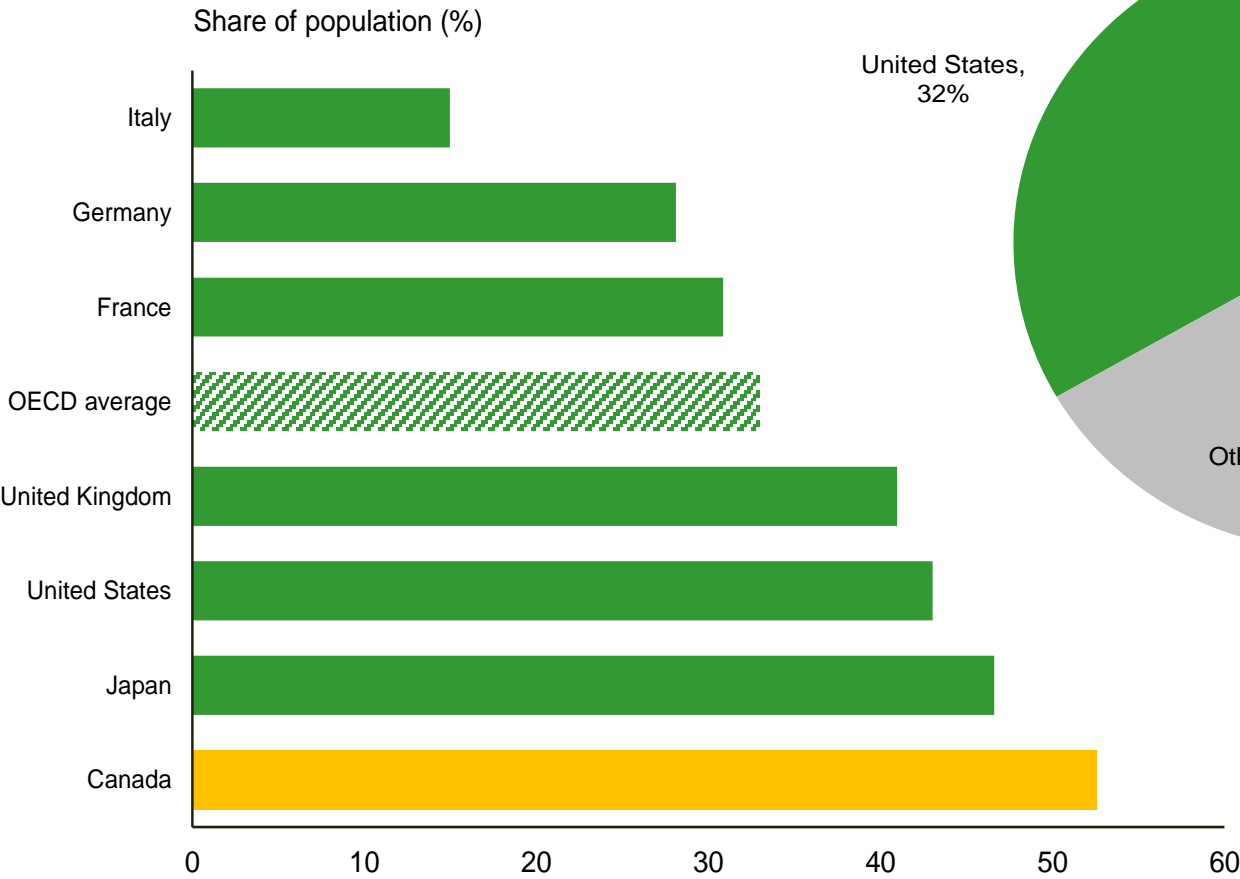


Source: Statistics Canada, Federal Reserve of St. Louis, Canada Revenue Agency, IRS, TD Economics.

# 4th HIGHEST SHARE OF UNIVERSITIES IN GLOBAL TOP 25

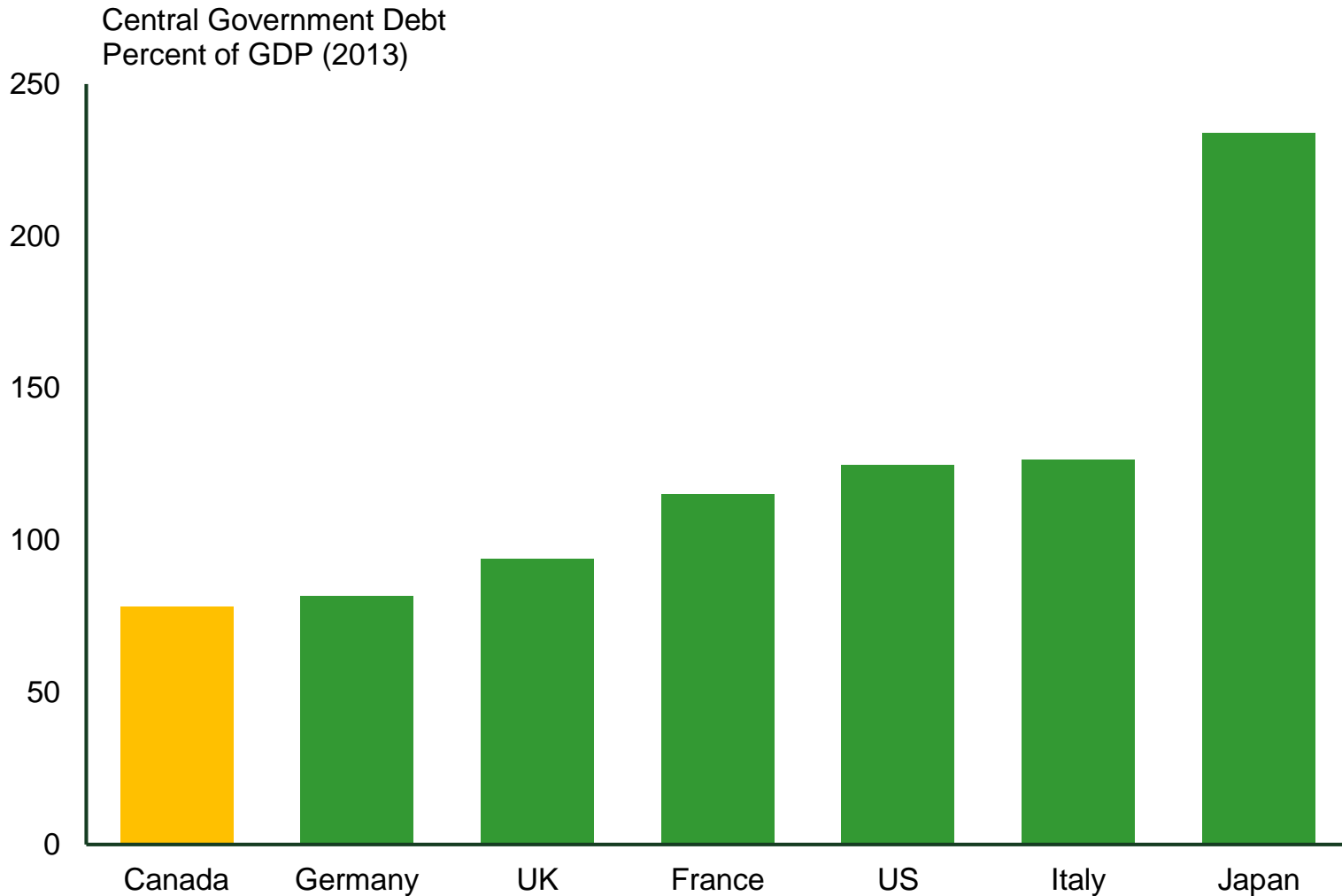


## HIGHLY EDUCATED POPULATION



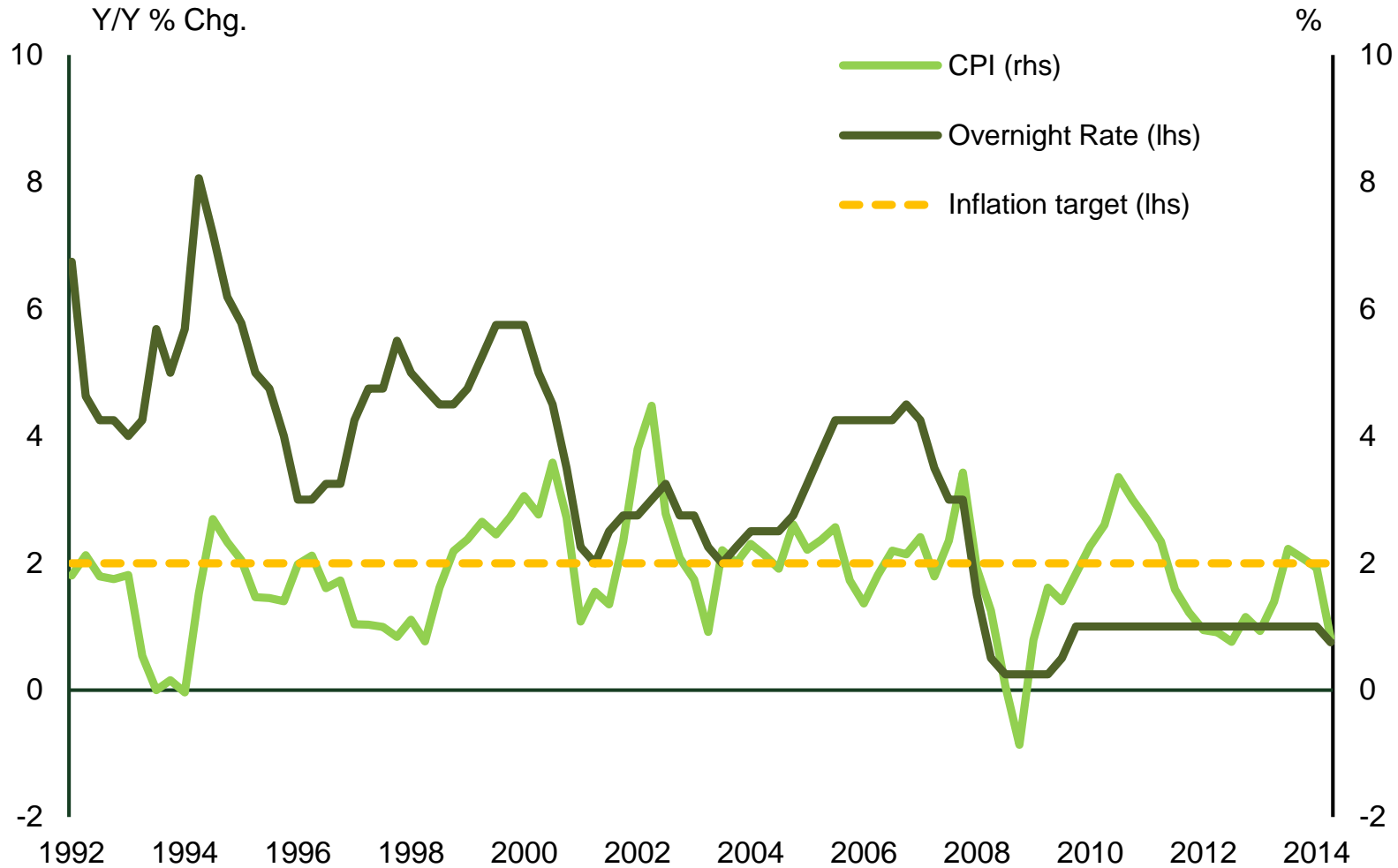
Source: Times Higher Education, TD Economics

# WITH THE LOWEST DEBT IN THE G7



Source: Statistics Canada, Haver Analytics

# WELL ANCHORED INFLATION, PRUDENT MONETARY POLICY



Source: Statistics Canada



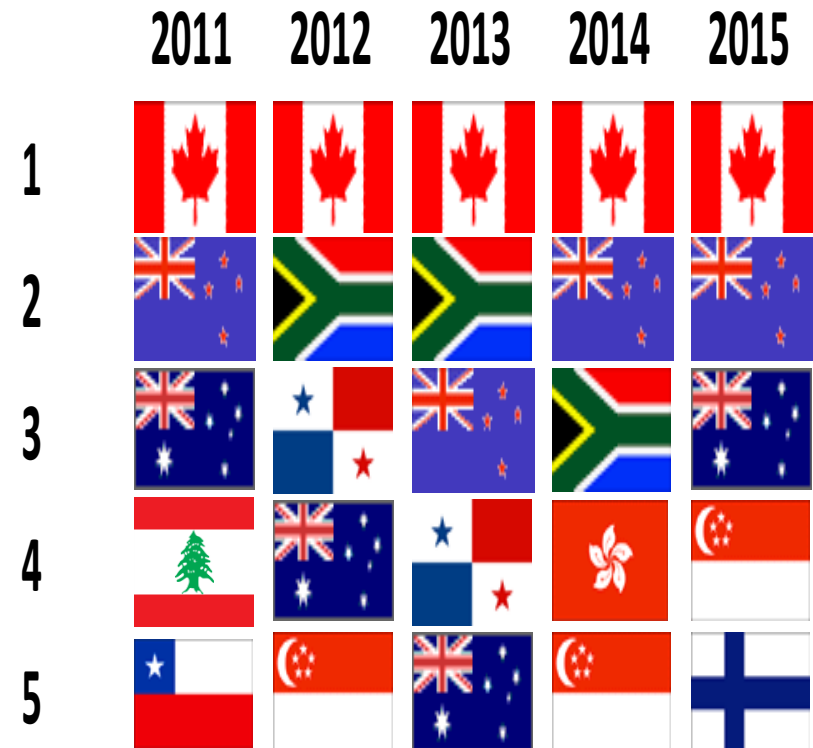
# EASY TO DO BUSINESS & SOUNDEST BANKS IN THE WORLD



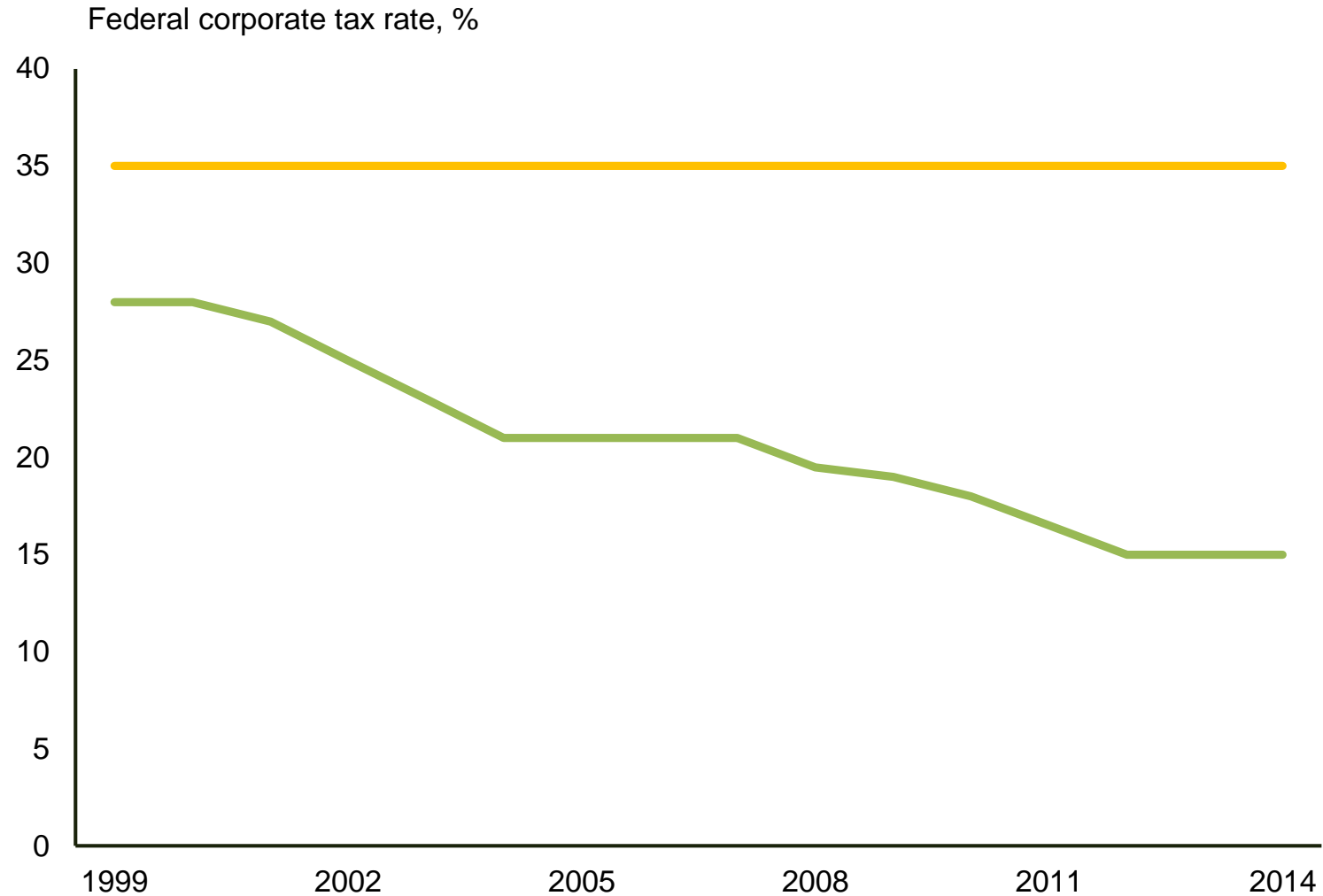
World Bank 2015 Ease of Doing Business Index

Rank	Overall Index	Starting a Business	Ease of Getting Credit
1	Singapore	New Zealand	New Zealand
2	New Zealand	<b>Canada</b>	United States
3	Hong Kong	Macedonia	Columbia
4	Denmark	Armenia	Australia
5	Korea	Georgia	Montenegro
6	Norway	Singapore	Rwanda
7	United States	Australia	<b>Canada</b>
...		...	...
16	<b>Canada</b>	...	...
...		...	...
189	Eritrea	Myanmar	Eritrea

Soundness of banking system



# COMPETITIVE CORPORATE TAX RATES

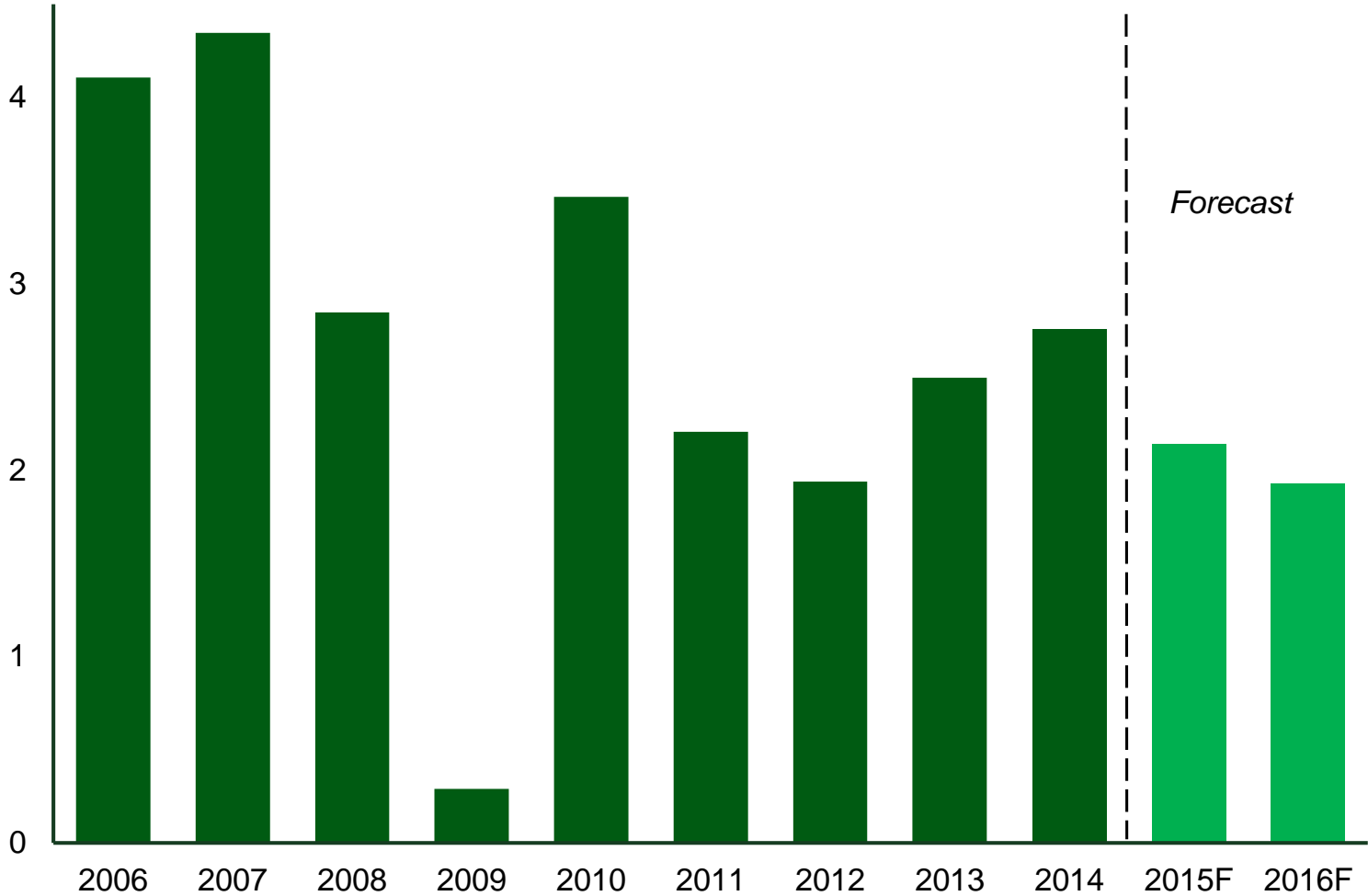


Source: Canada Revenue Agency, OECD, TD Economics

# CONSUMERS HAVE WALLETS OPEN, BUT CANNOT BE PRIME ENGINE OF GROWTH

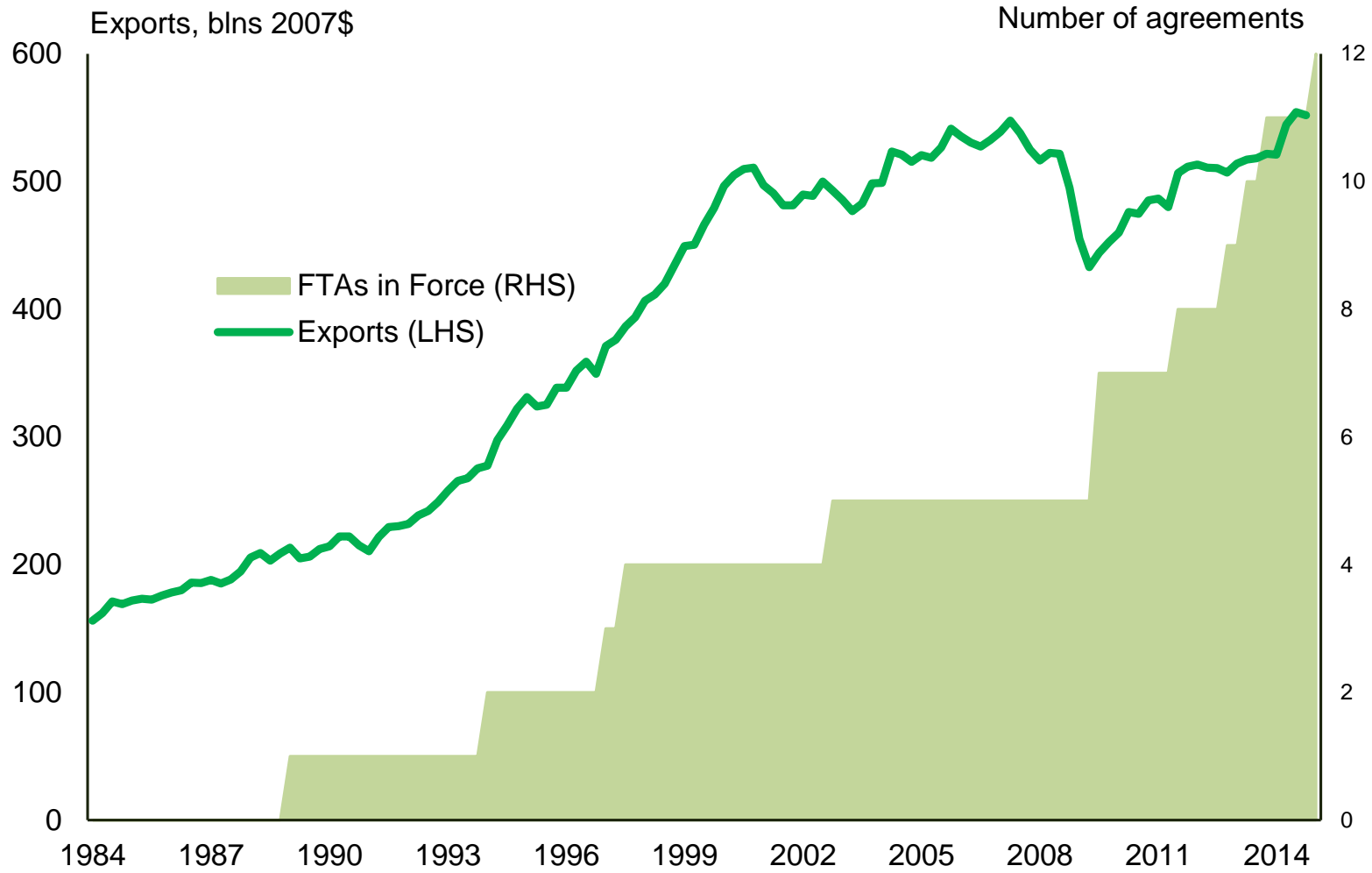


Y/Y % Chg., Real expenditure on goods and services



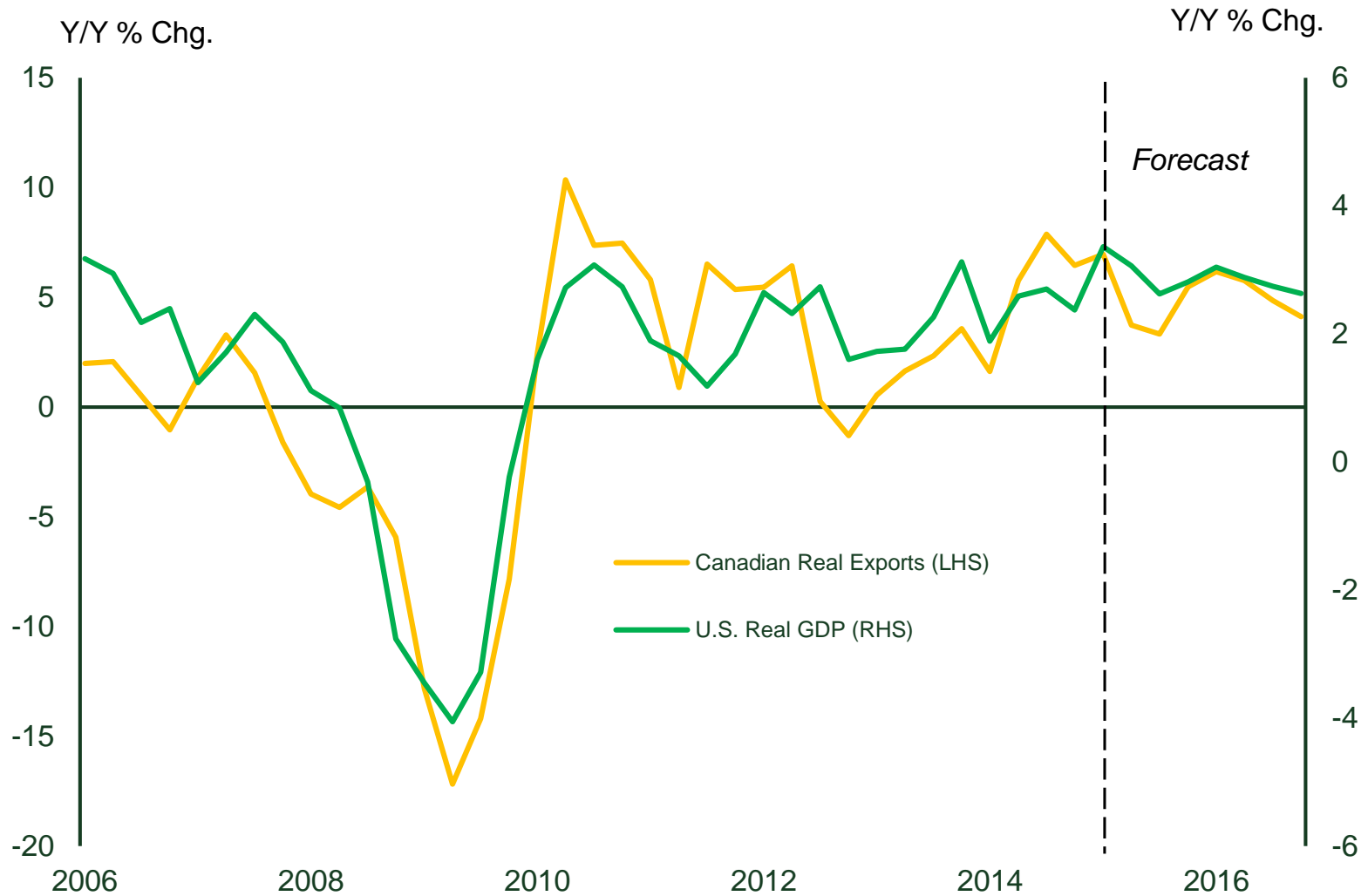
Source: Statistics Canada, Haver Analytics. Forecast by TD Economics as of March 2015.

# NEED TO TAP GLOBAL OPPORTUNITIES, SO LOOKING FOR TRADE DEALS



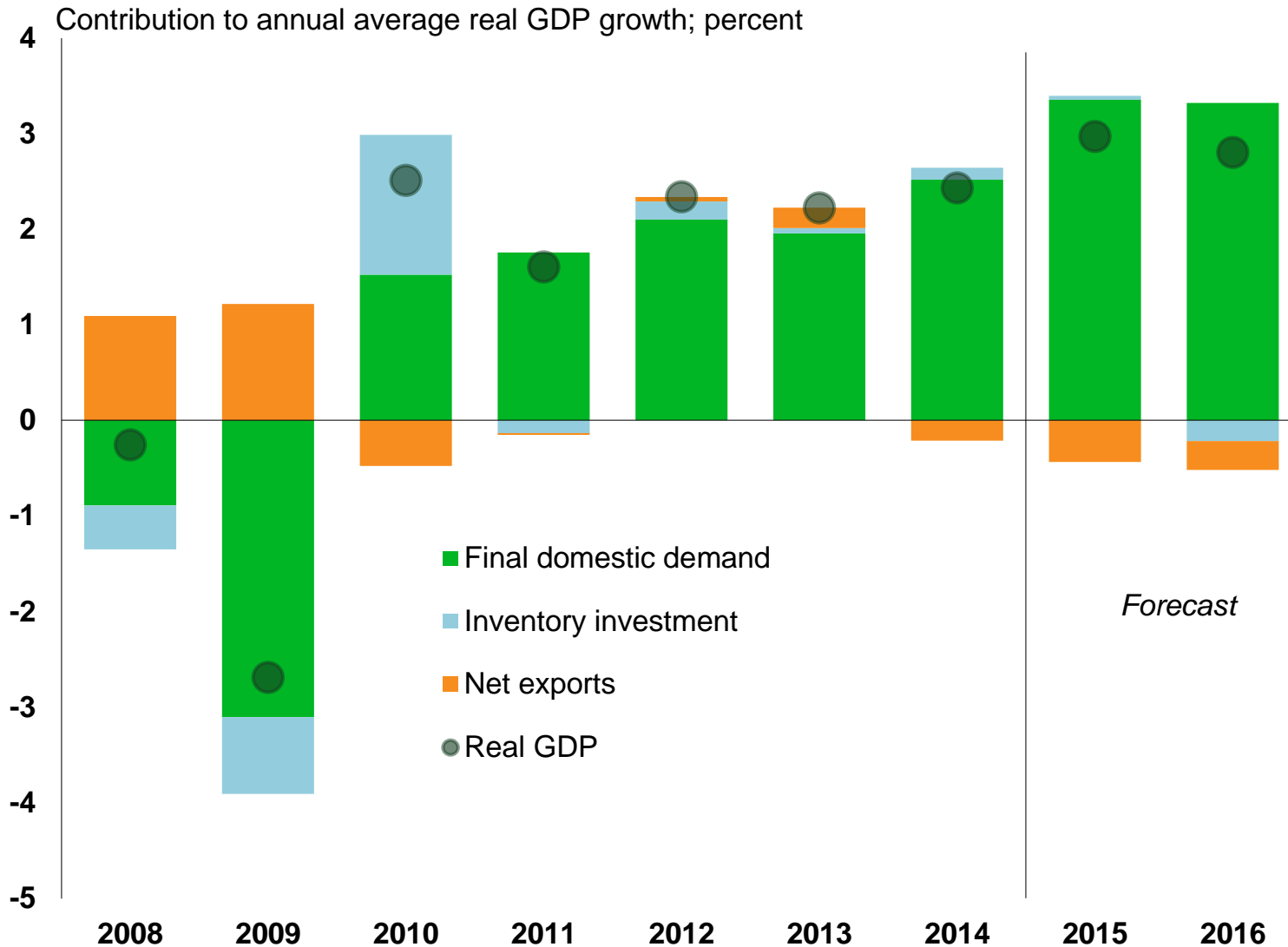
Source: Statistics Canada, DFATD Canada, TD Economics

# CANADA TO BENEFIT FROM STRONGER U.S. ECONOMY



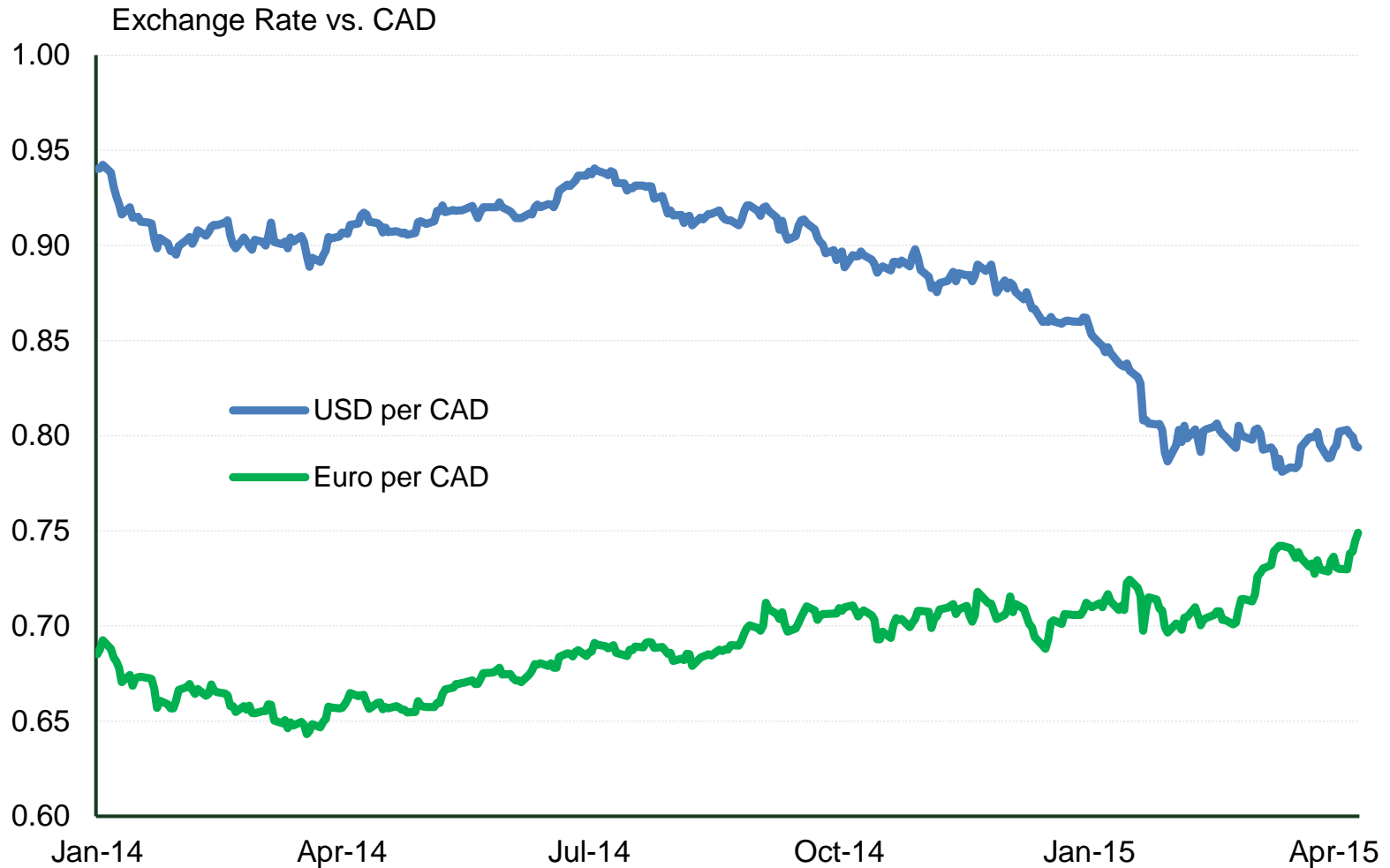
Source: Statistics Canada. Forecast by TD Economics March 2015.

# U.S. GROWTH TO BE FUELLED BY DOMESTIC DEMAND



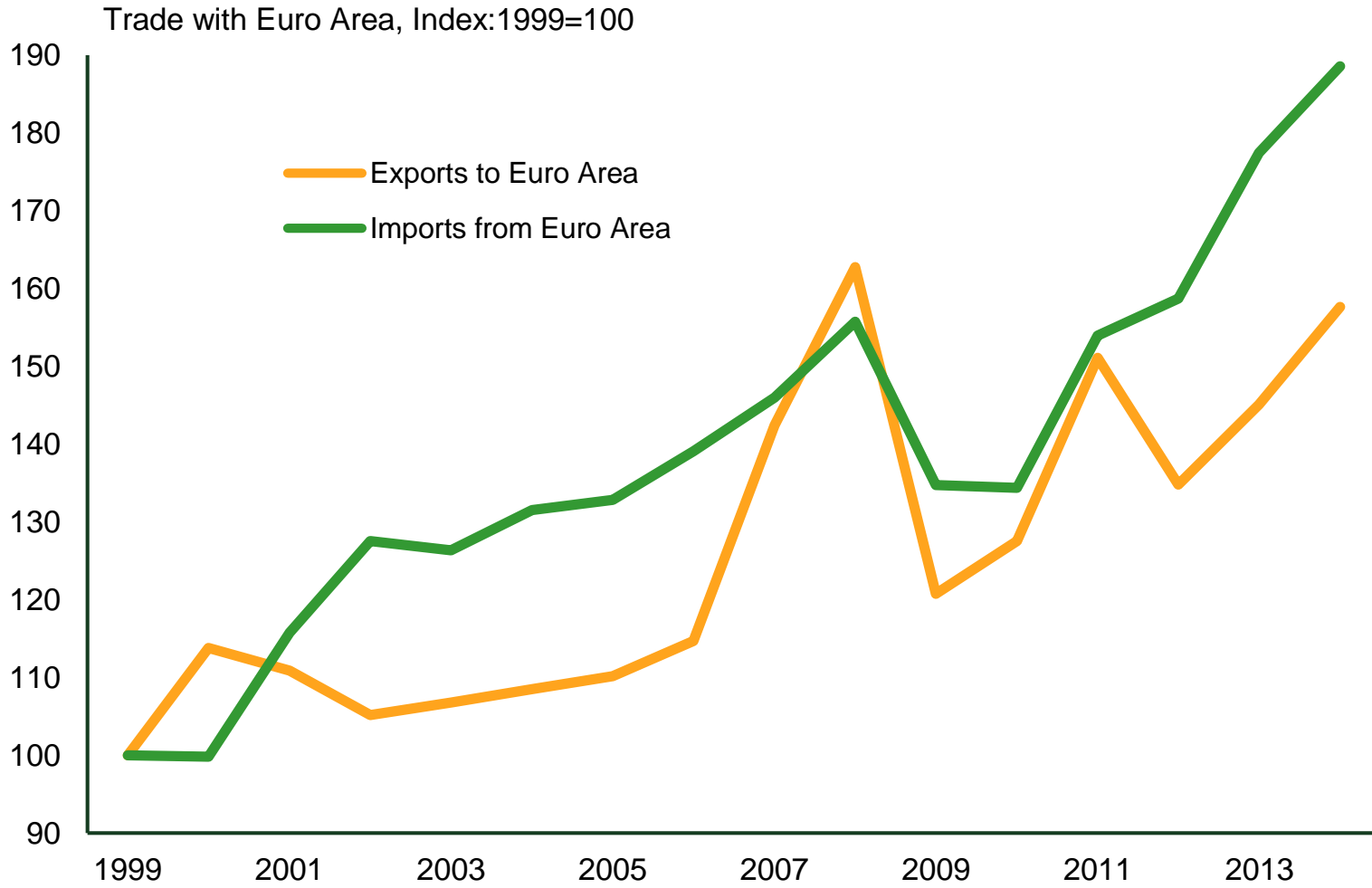
Source: BEA, Forecast by TD Economics as of March 2015

# CANADIAN DOLLAR WEAKENED VERSUS U.S. DOLLAR, BUT STRENGTHENED TO EURO



Source: WSJ, Haver Analytics.

# BILATERAL TRADE BETWEEN EUROPE AND CANADA ON THE RISE



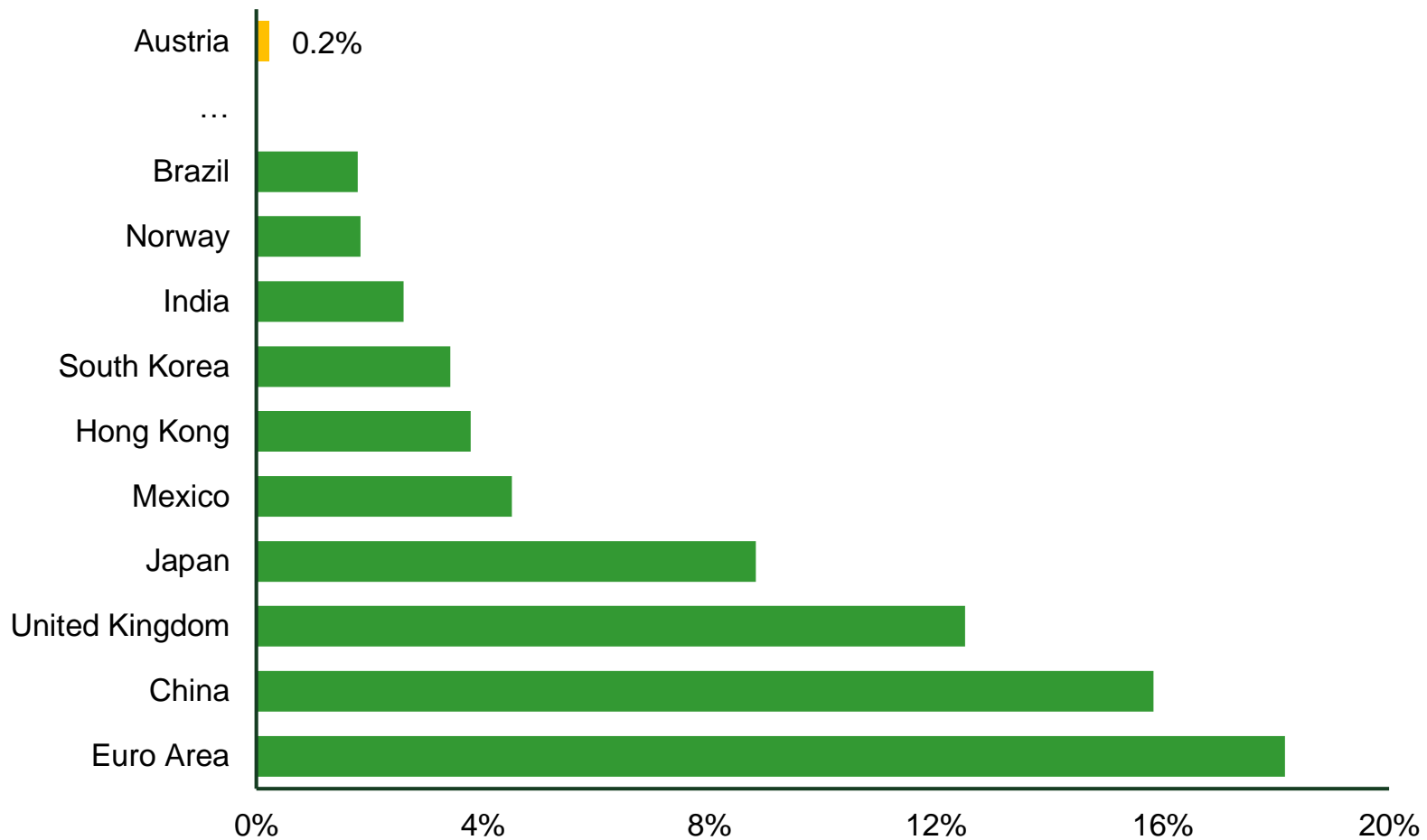
Source: Eurostat.



# OPPORTUNITY FOR MORE TRADE, INCLUDING WITH AUSTRIA



Share of total merchandise exports\* (ex. US)

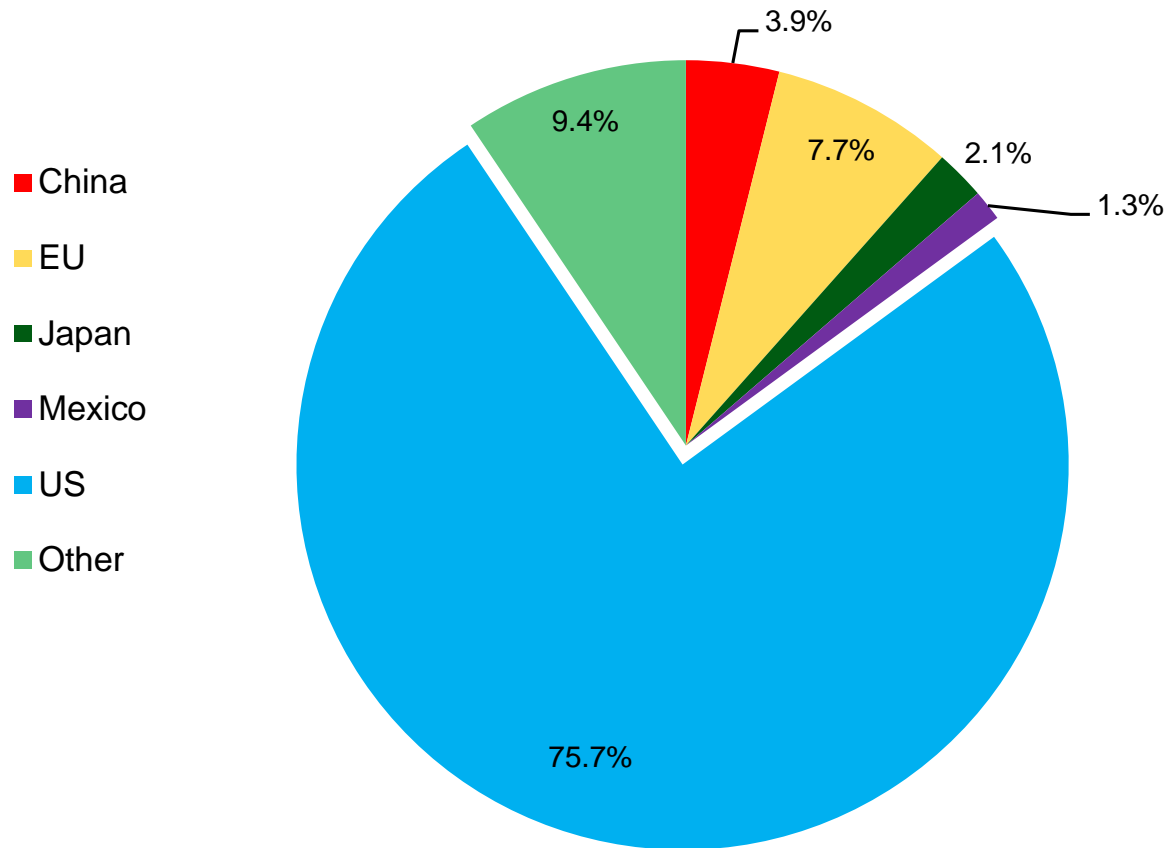


Source: Statistics Canada, Industry Canada. \*2014 Data.

# CANADA AN IDEAL LAUNCHING PAD FOR EXPORTS TO U.S.

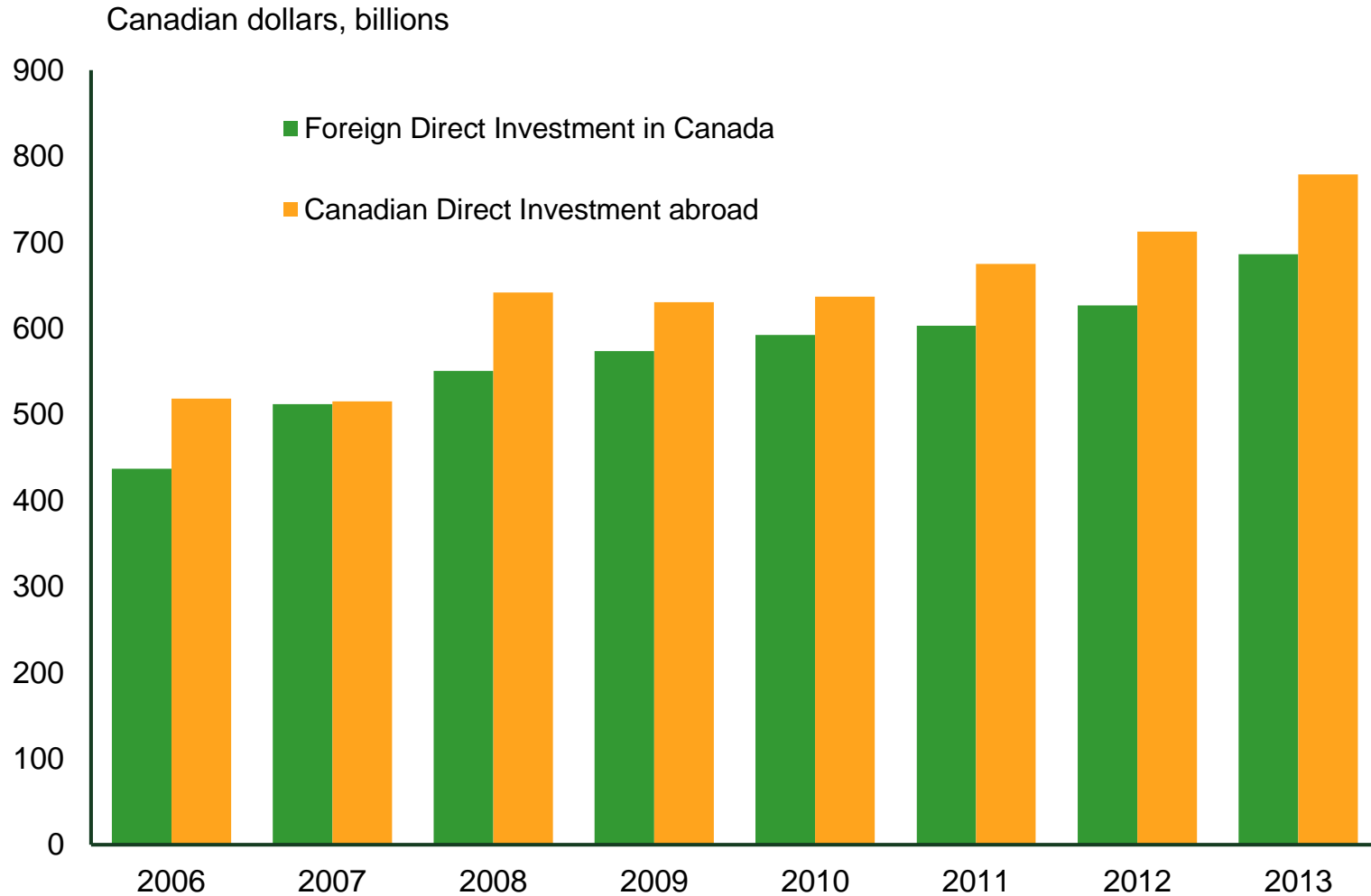


Canadian export share by region\*



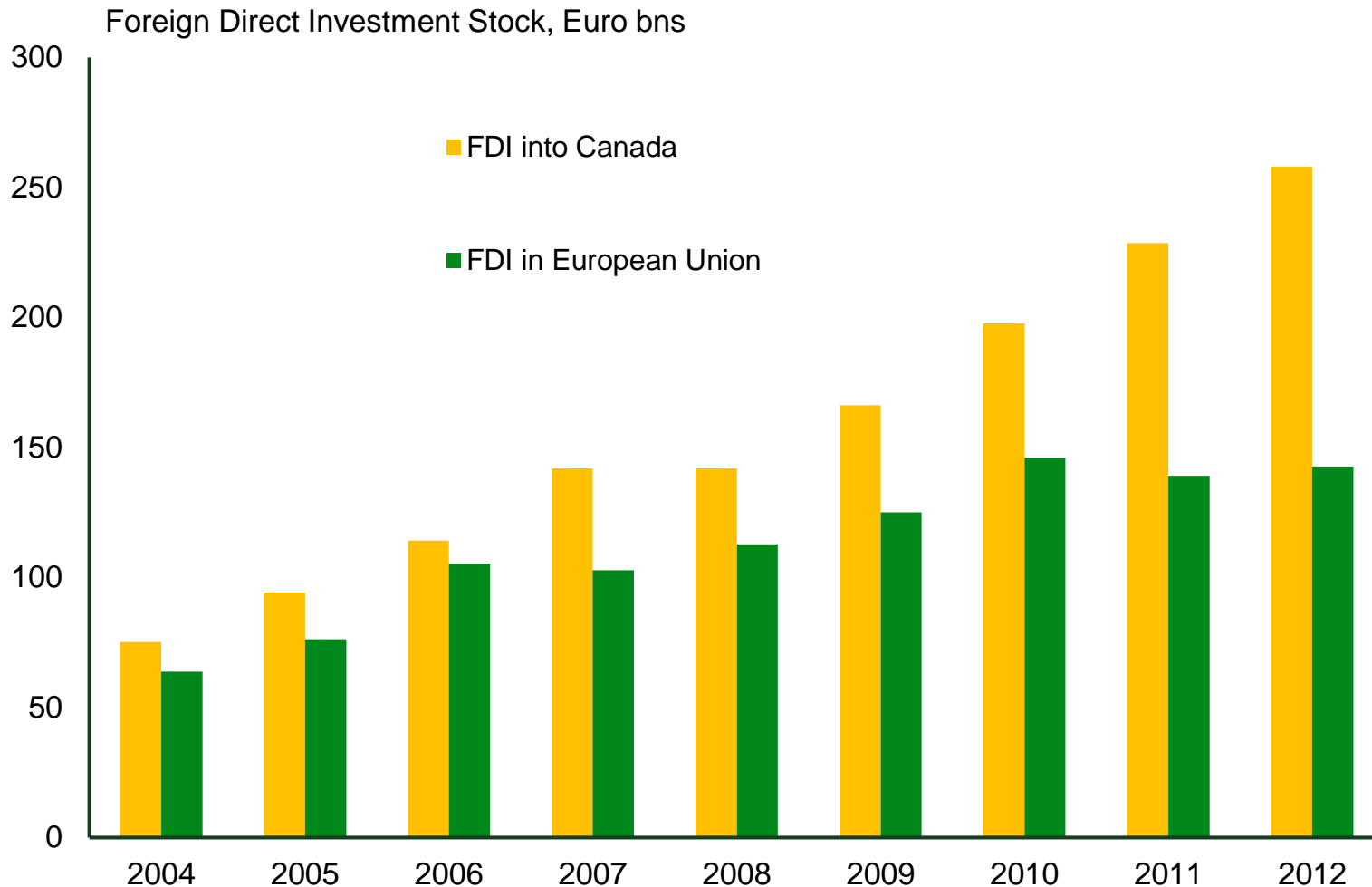
Source: StatsCan. \*2014 data. BOP Basis.

# CANADA IS OPEN TO INVESTMENT



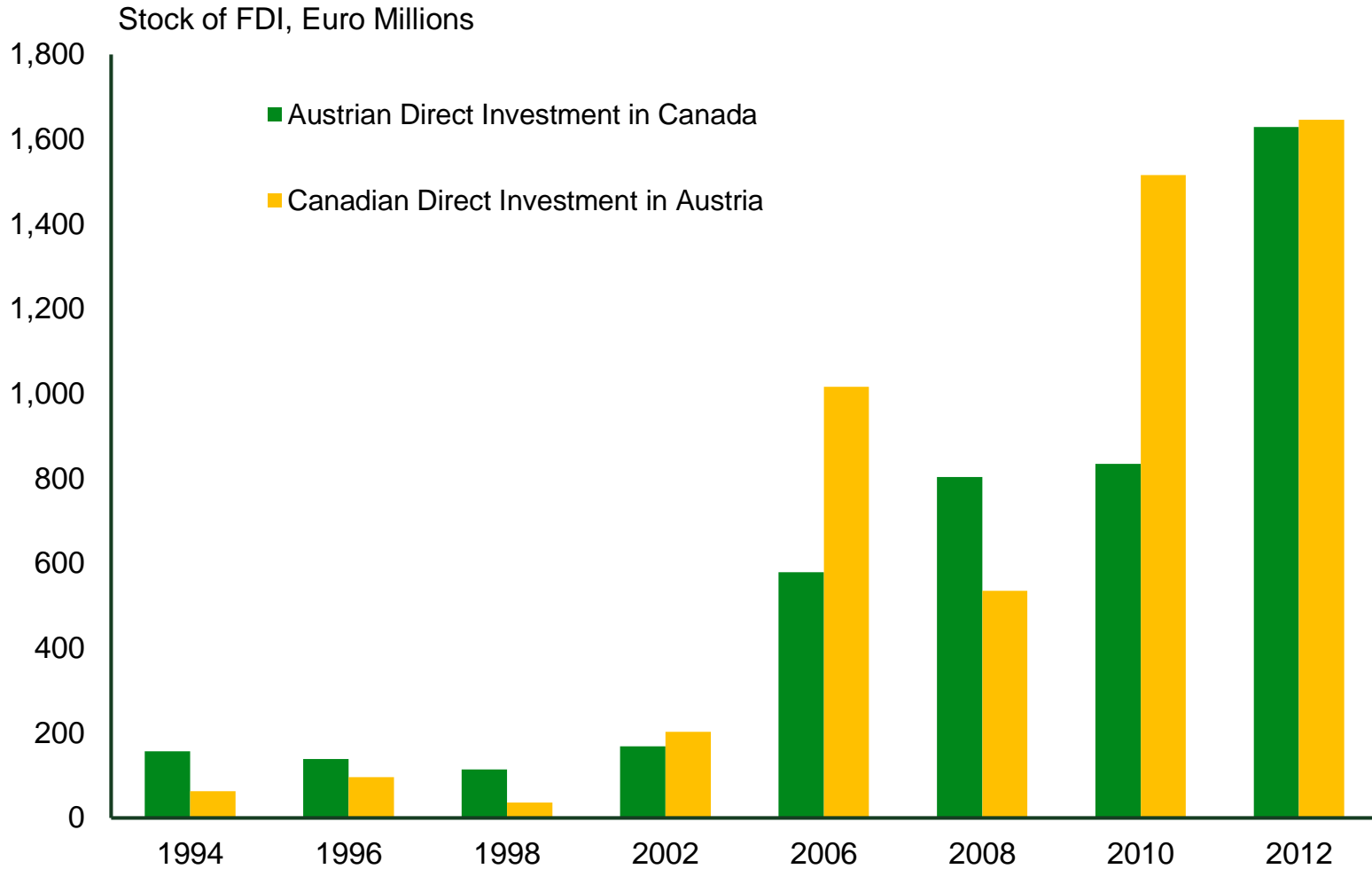
Source: Statistics Canada

# CANADA AND EU DIRECT INVESTMENT LEVELS



Source: Eurostat.

# CANADA & AUSTRIA DIRECT INVESTMENT LEVELS



Source: Eurostat. Data for 2000 and 2004 not available.

# CETA CREATES SIGNIFICANT OPPORTUNITIES FOR EUROPE AND CANADA

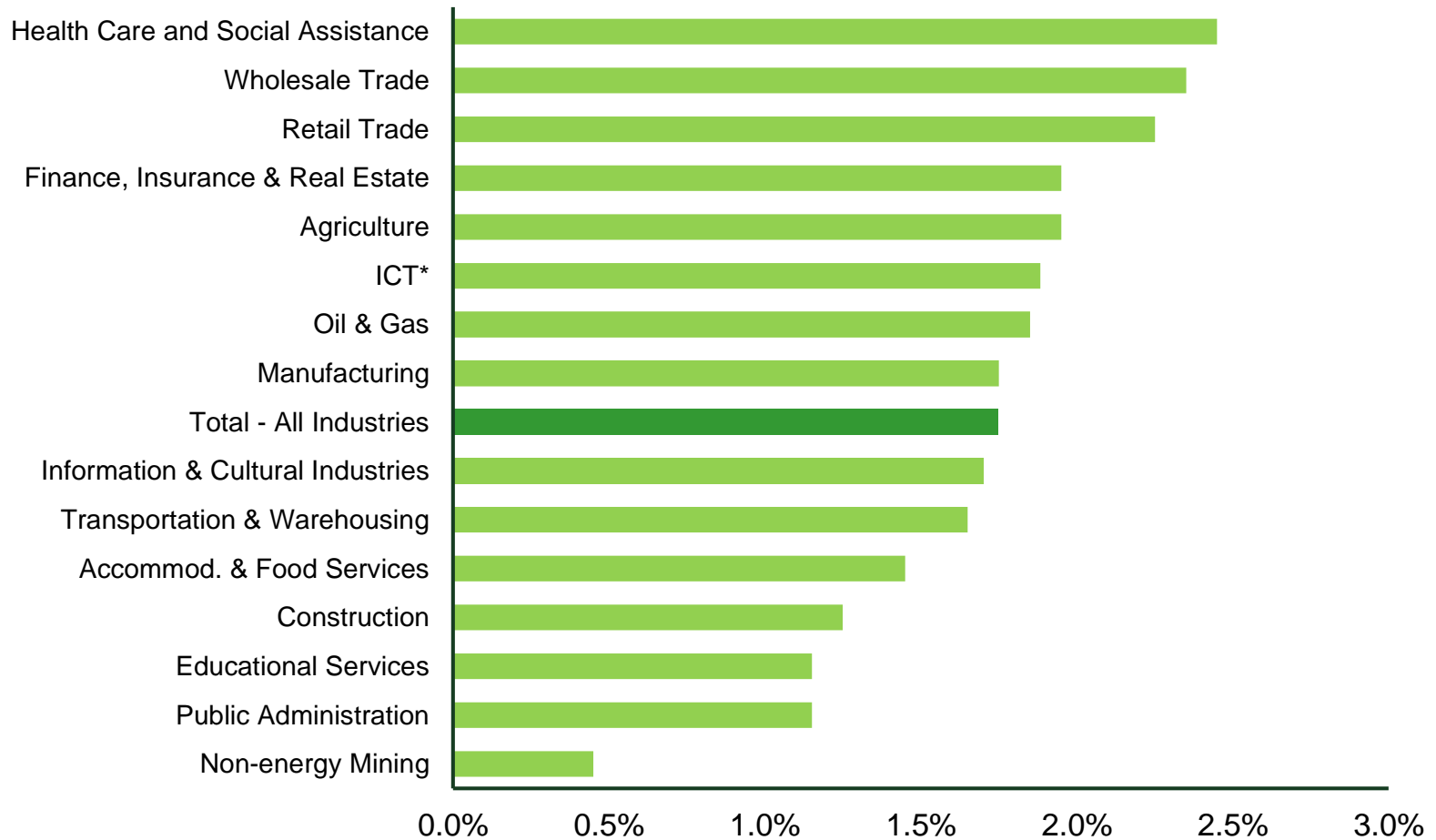


- Elimination of tariffs will boost trade
  - CETA is projected to boost EU economic activity by 11.6 billion euros: 2.9 billion from reduction in tariffs, 2.9 billion from lower non-tariff costs, and 5.8 billion from services trade liberalization
  - Canada will benefit from 8.1 billion euros worth of increased economic activity
  - Some businesses will face greater competition, but the world is becoming more competitive regardless of CETA
  - CETA will encourage more direct investment
  - It will improve labour mobility
  - CETA will allow more international public procurement
  - Concerns have been raised about Investor-State Dispute Settlement (ISDS), but there is a lot of misconceptions
-

# LONG-TERM CANADIAN GROWTH OUTLOOK BY SECTOR



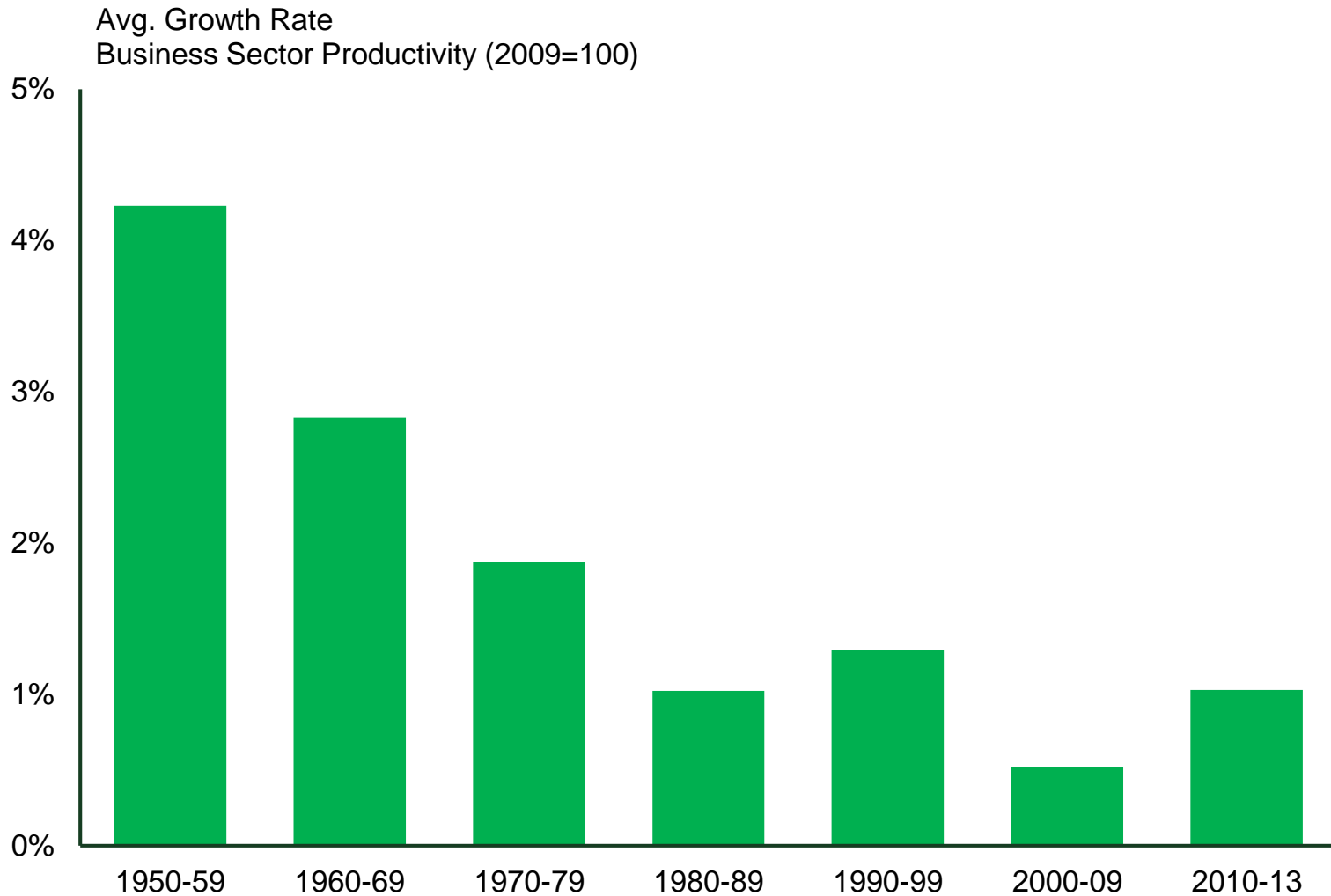
Average annual per cent growth, 2015-2025



Forecast by TD Economics as at February 2015.

\*ICT: other services, professional services, information and cultural industries, wholesale trade and manufacturing sectors.

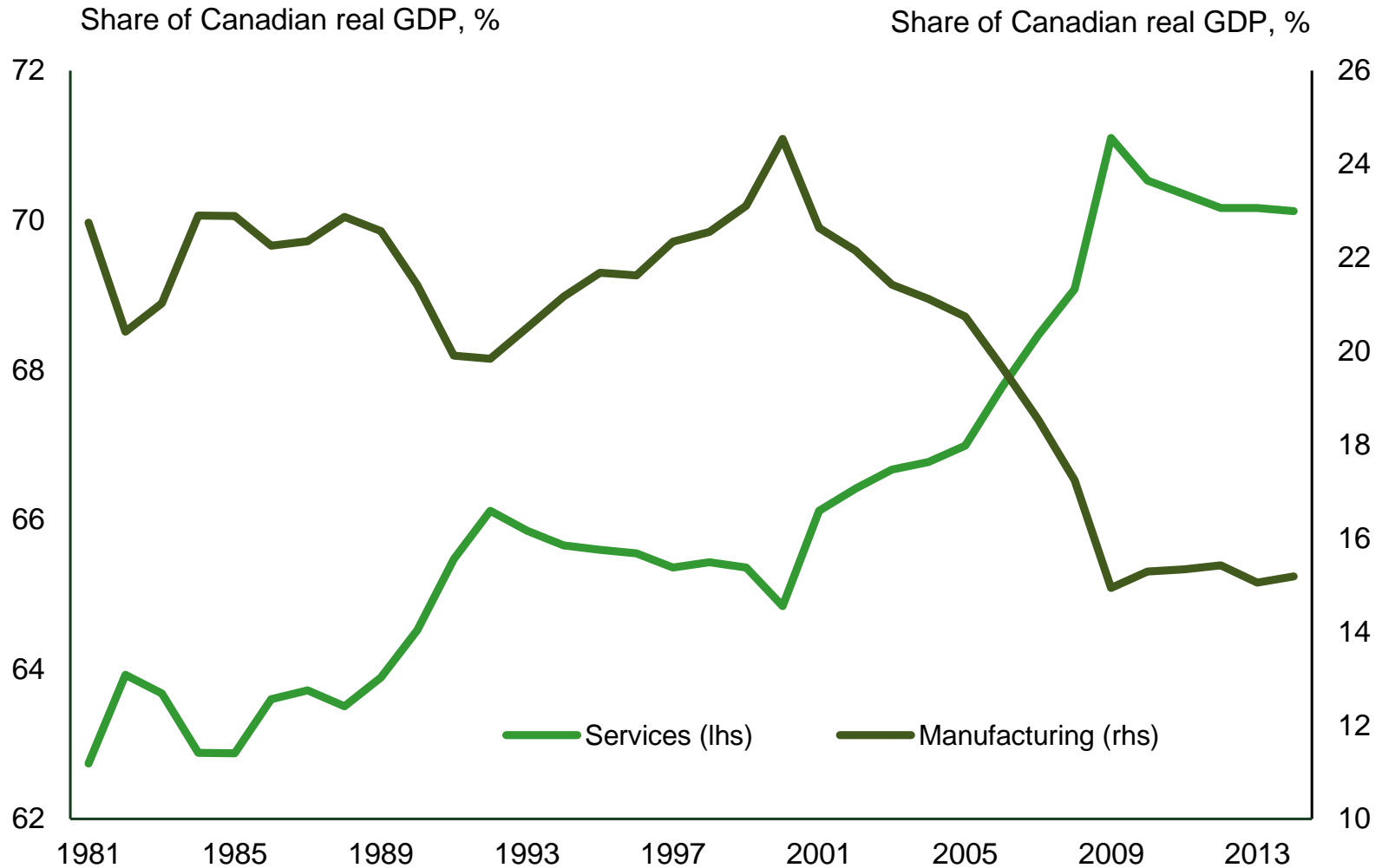
# PRODUCTIVITY A CHALLENGE



Source: Centre for the Study of Living Standards, calculations from TD Economics

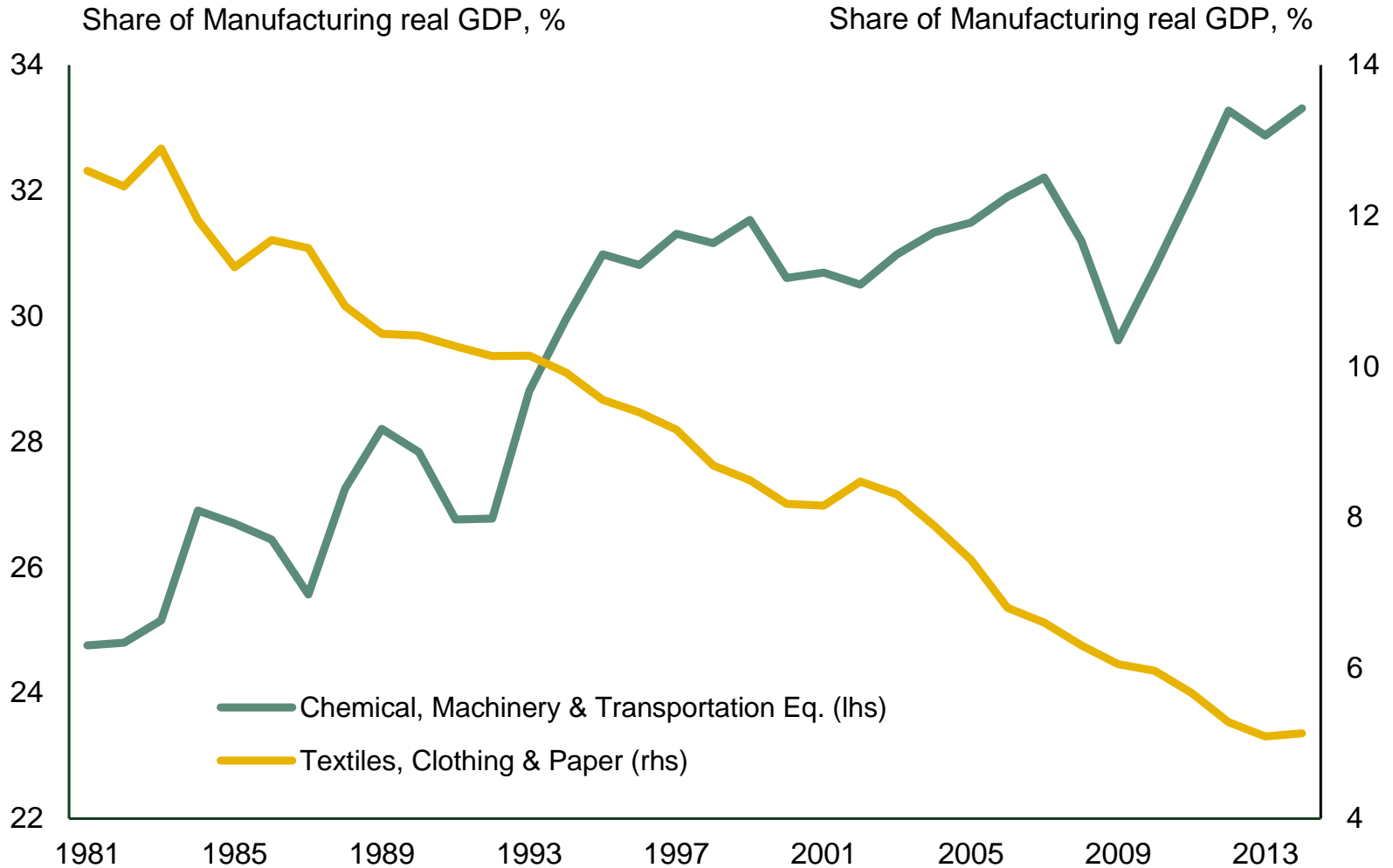


# SOLUTION: ECONOMY SHIFTING TOWARDS SERVICES...



Source: Haver Analytics.

# ...AND HIGHER VALUE ADDED MANUFACTURING



Source: Haver Analytics and TD Economics.

# CANADA & EUROZONE SHARE MANY CHALLENGES



- Both must find ways to grow during difficult global economic times
  - Governments must respect budgetary constraints, but need to still invest in core public priorities – including infrastructure
  - Monetary policy must anchor inflation and inflation expectations, while promoting growth
  - Both must find ways to shift towards more valued-added activities by being competitive, innovative and productive
  - Exports and investment can reduce dependence upon the domestic economy and can help unlock new economic opportunities
  - **Challenges are often opportunities to unlock potential**
-



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