



TD ECONOMICS

Economic Outlook

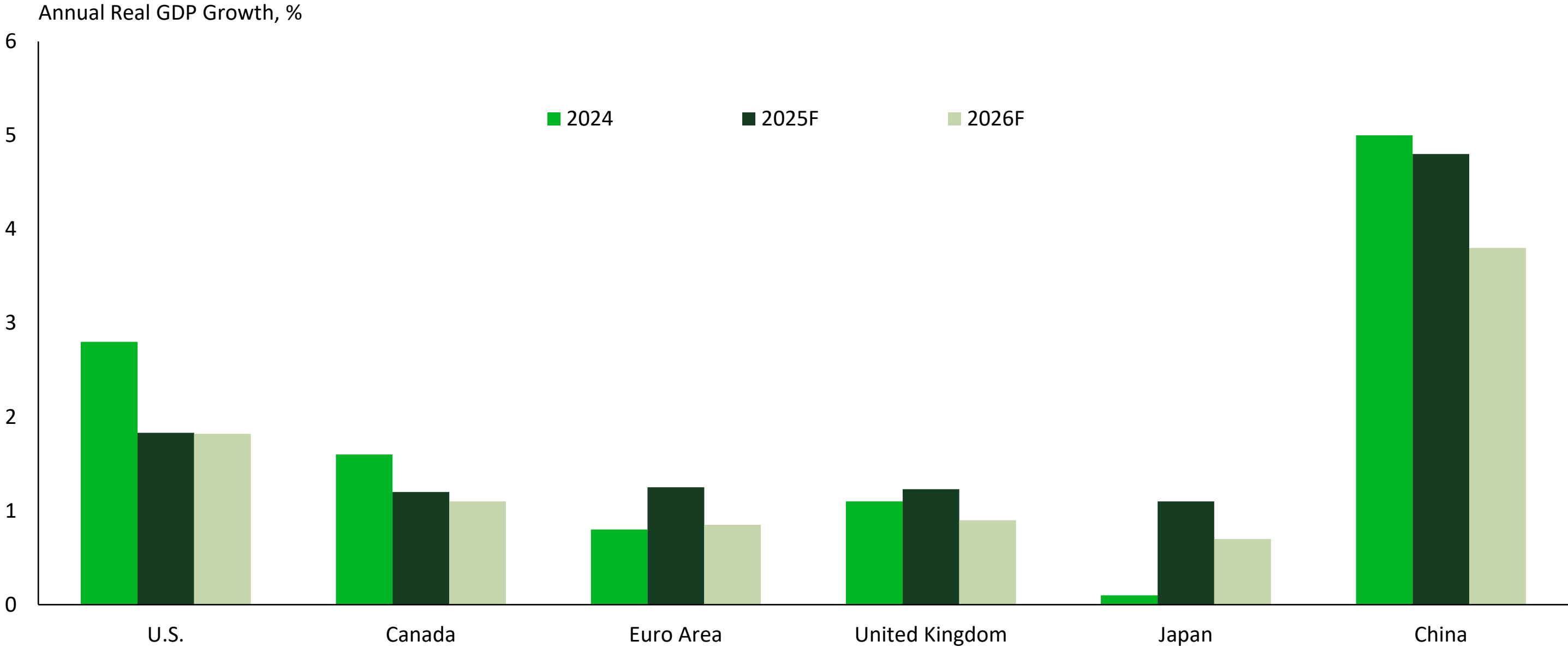
Derek Burleton
Deputy Chief Economist

November 2025





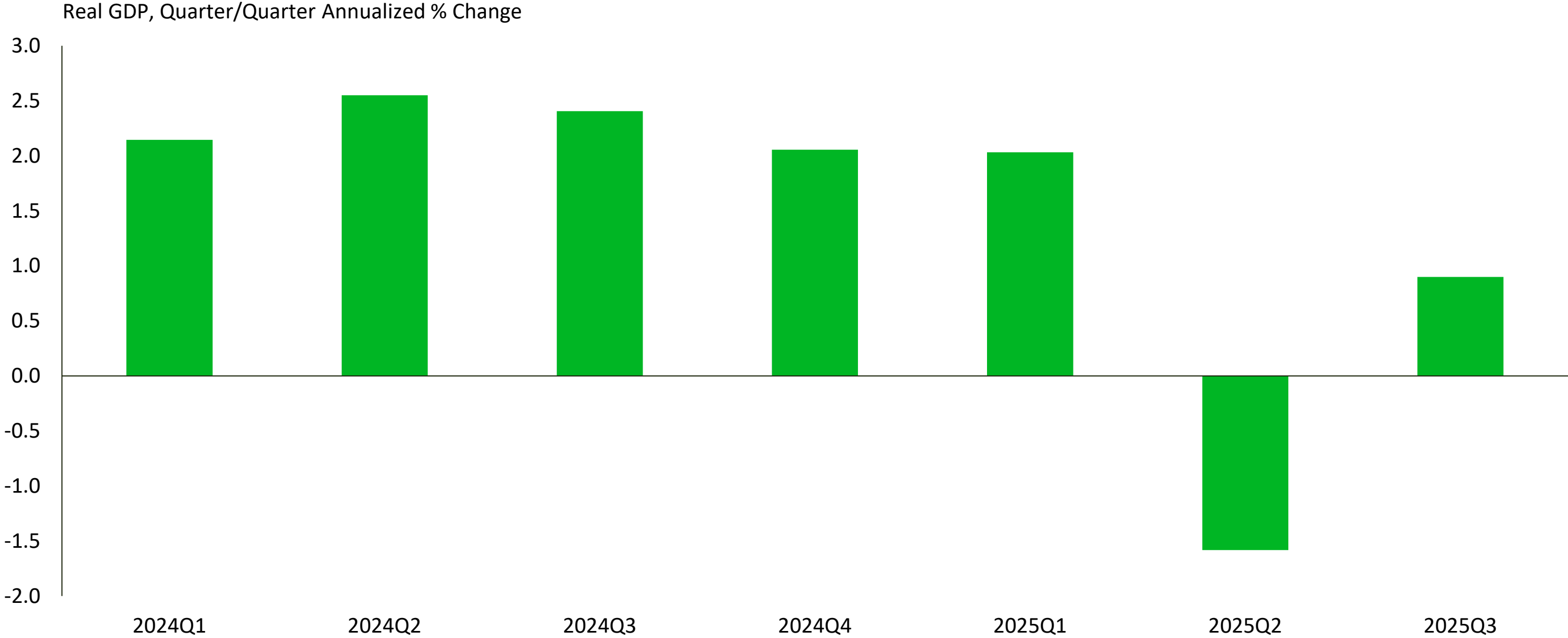
World Economy Has Shown Resilience Amid Trade Policy Swings



Source: TD Economics.



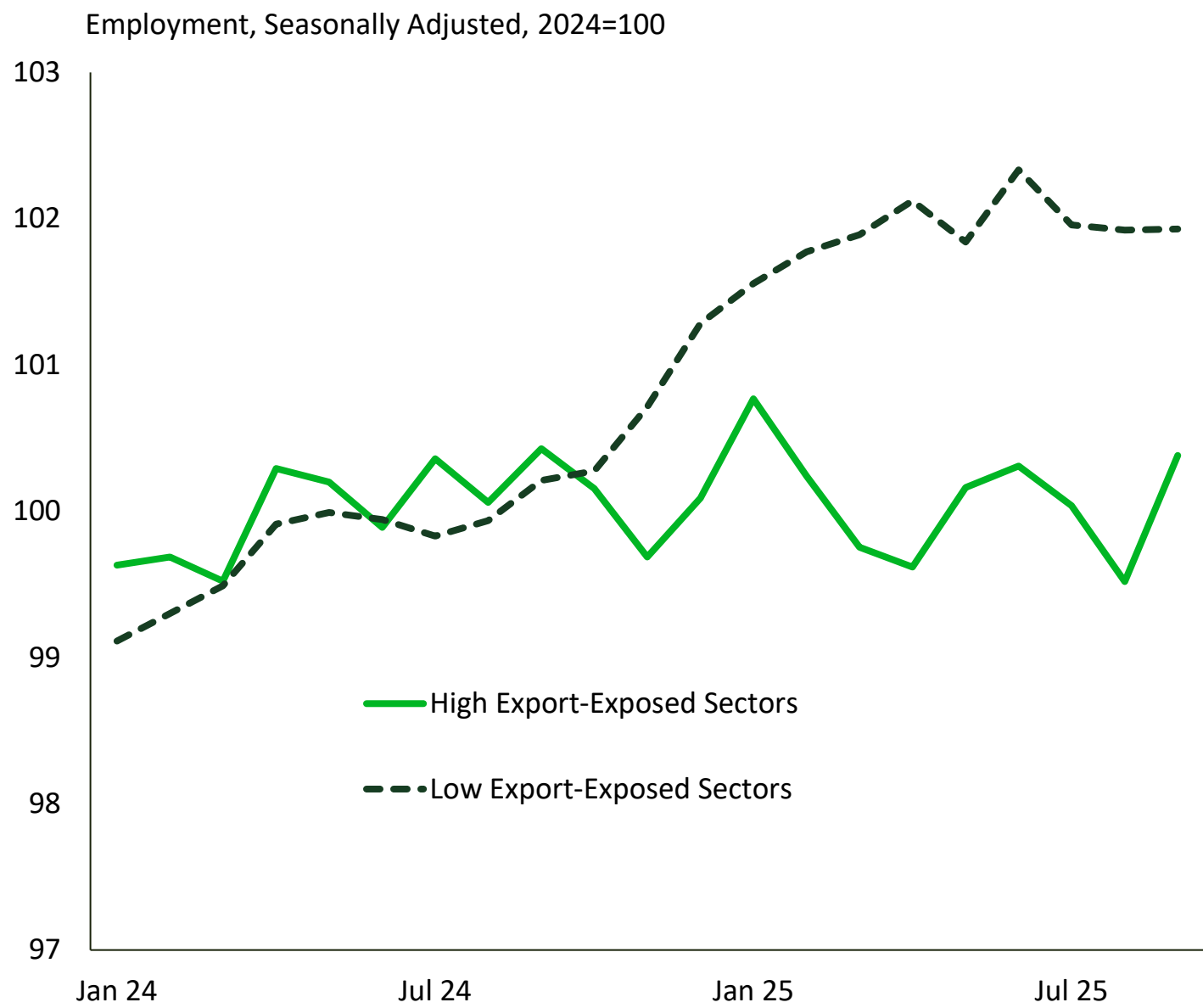
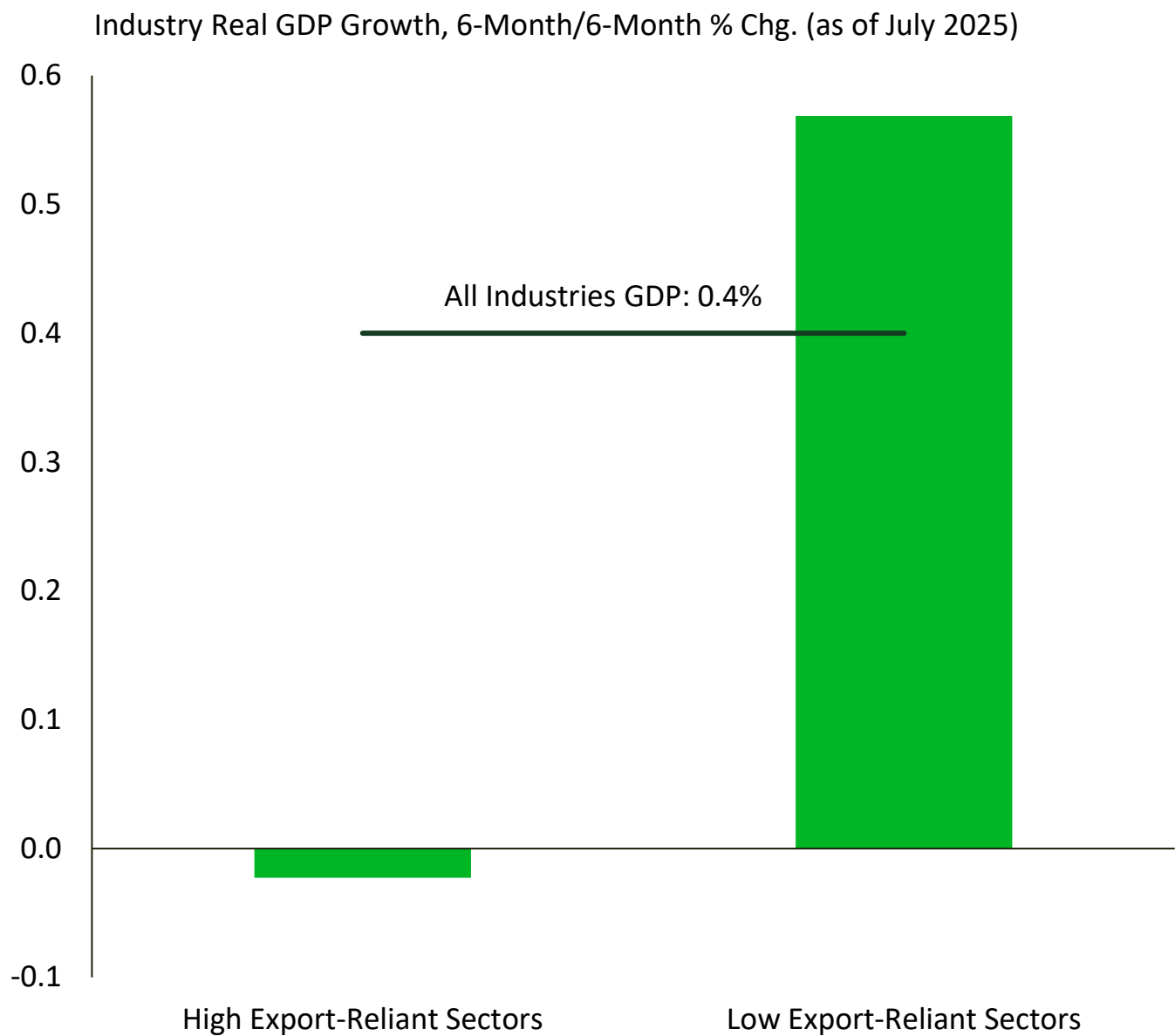
Canadian Economy On Track To Avoid A Recession This Year



Source: Statistics Canada, TD Economics



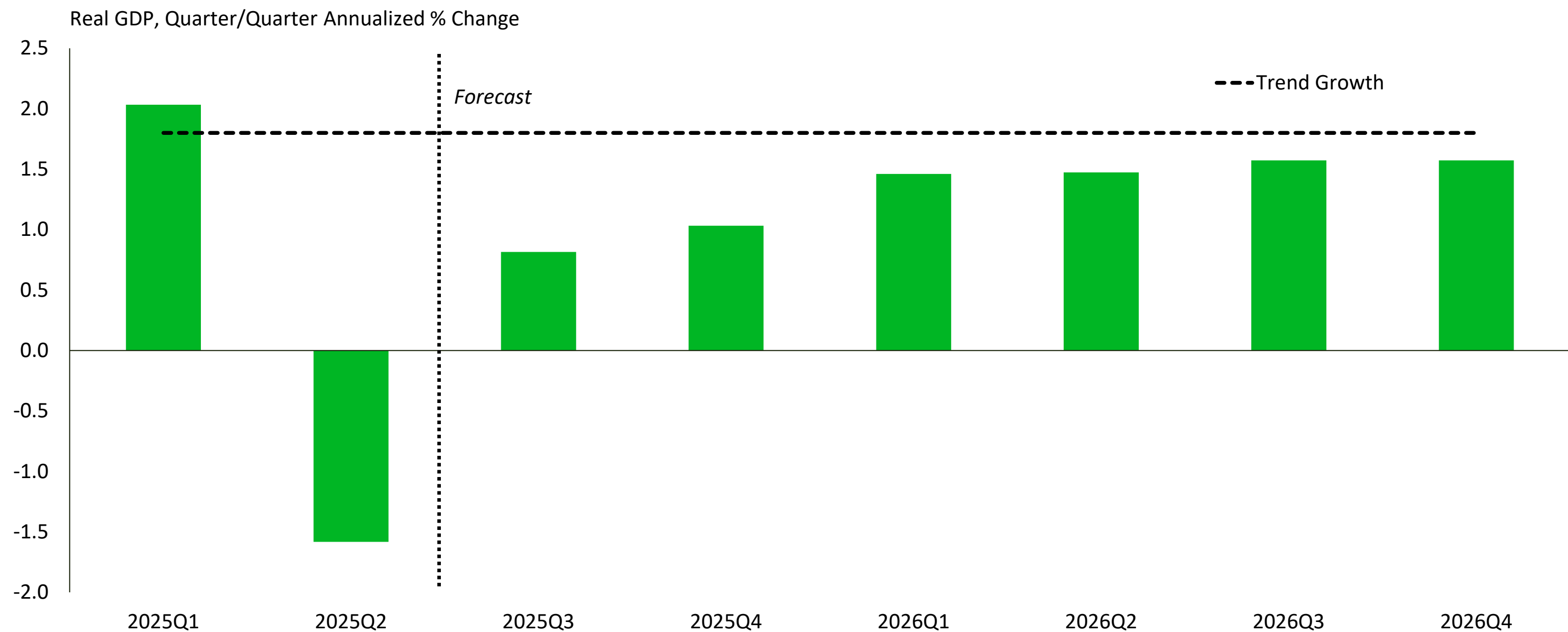
Under The Hood, A Split-Screen Economy



Source: Statistics Canada, TD Economics.

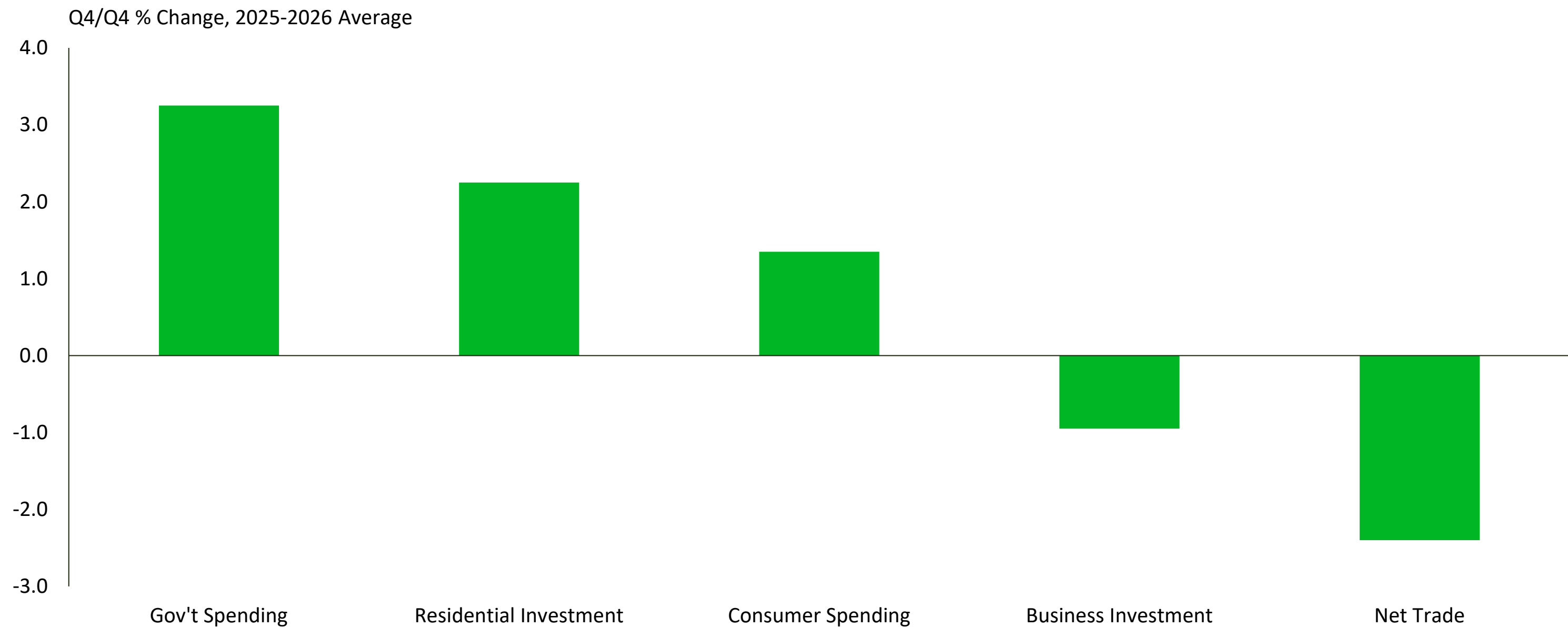
Source: Statistics Canada, TD Economics.

Canada's Unremarkable Growth Path Forward

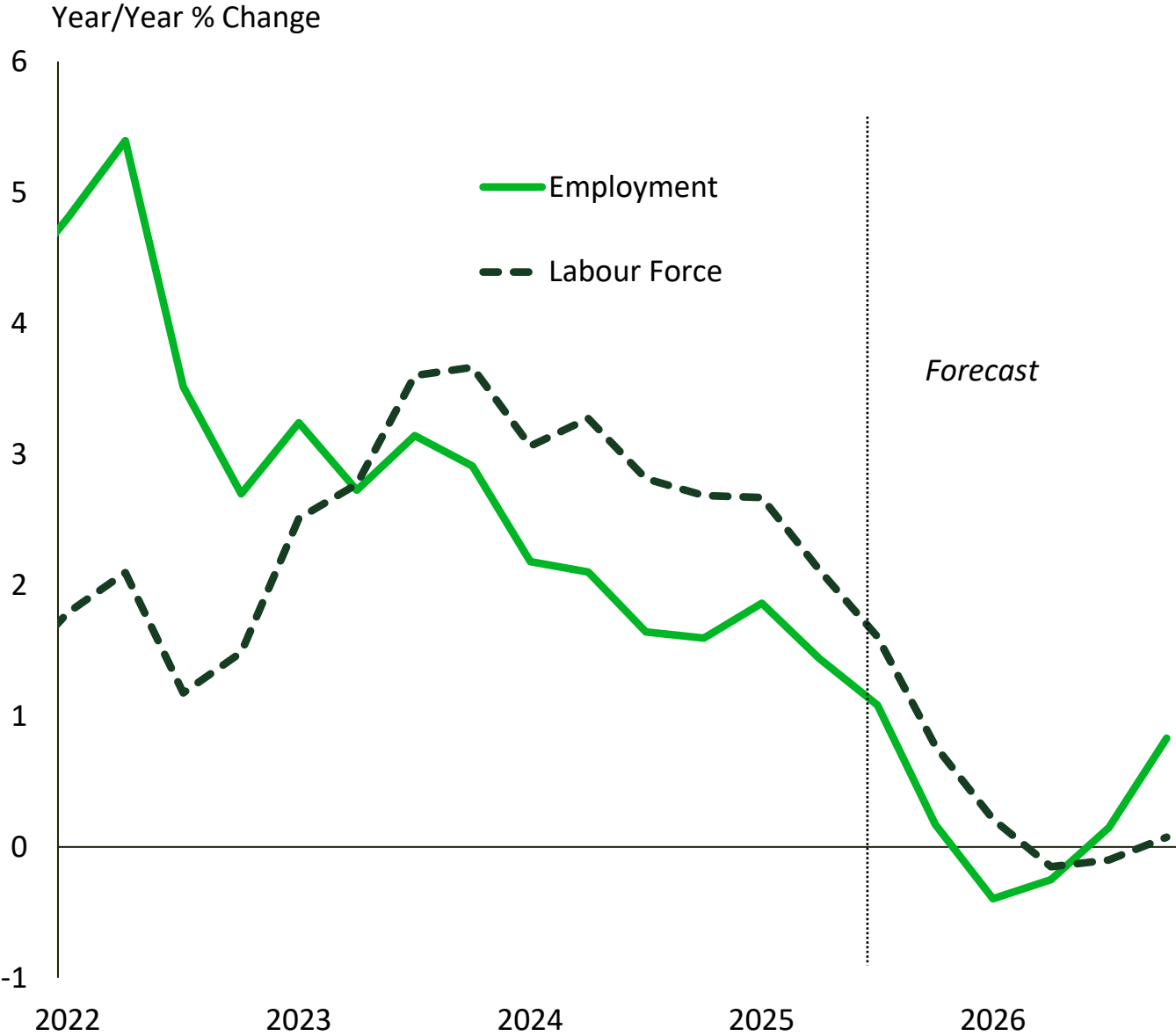


Source: Statistics Canada, TD Economics

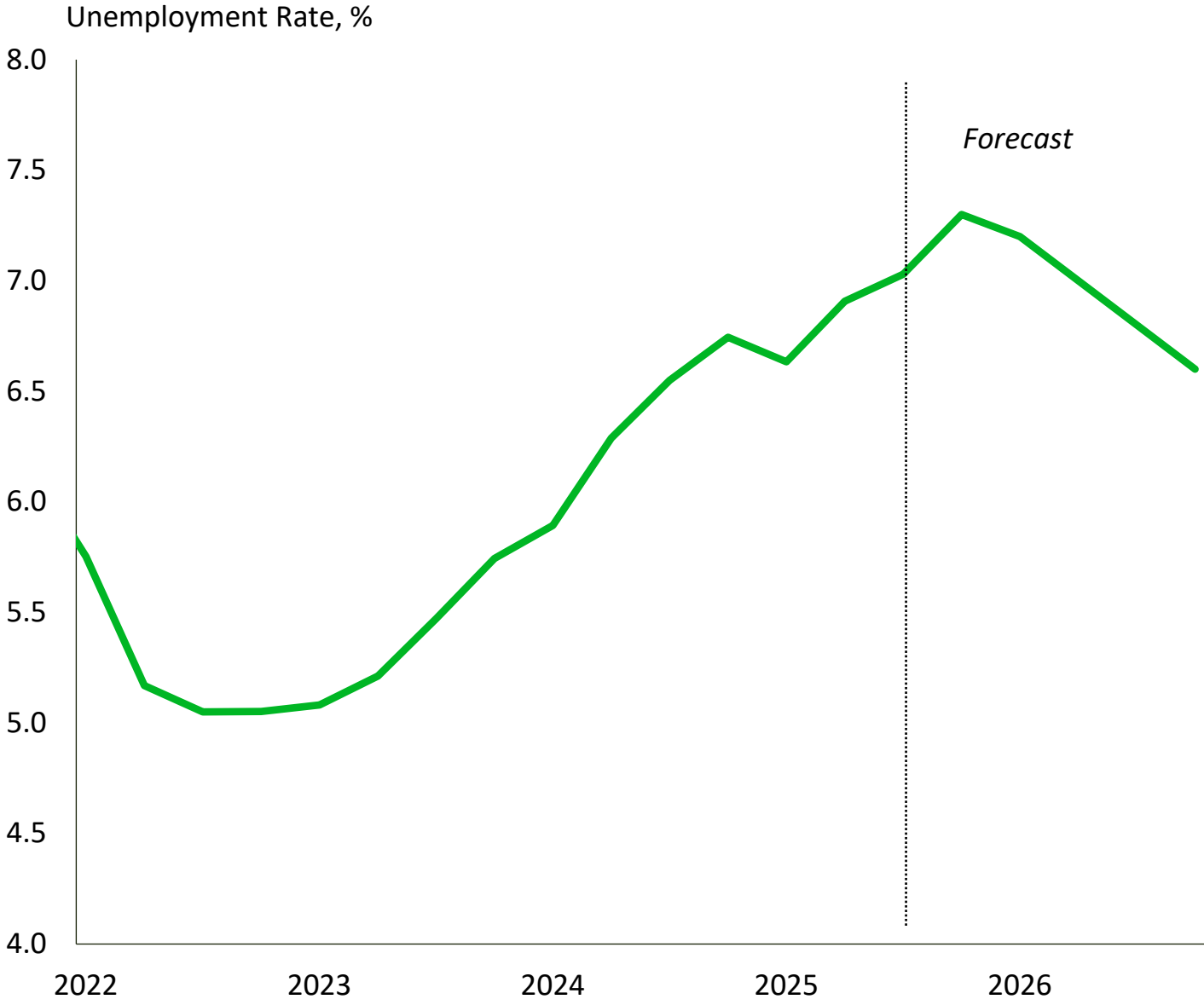
Government Spending a Boost...Trade a Drag



Slowing Job Markets = Recent Consumer Strength Is Unsustainable



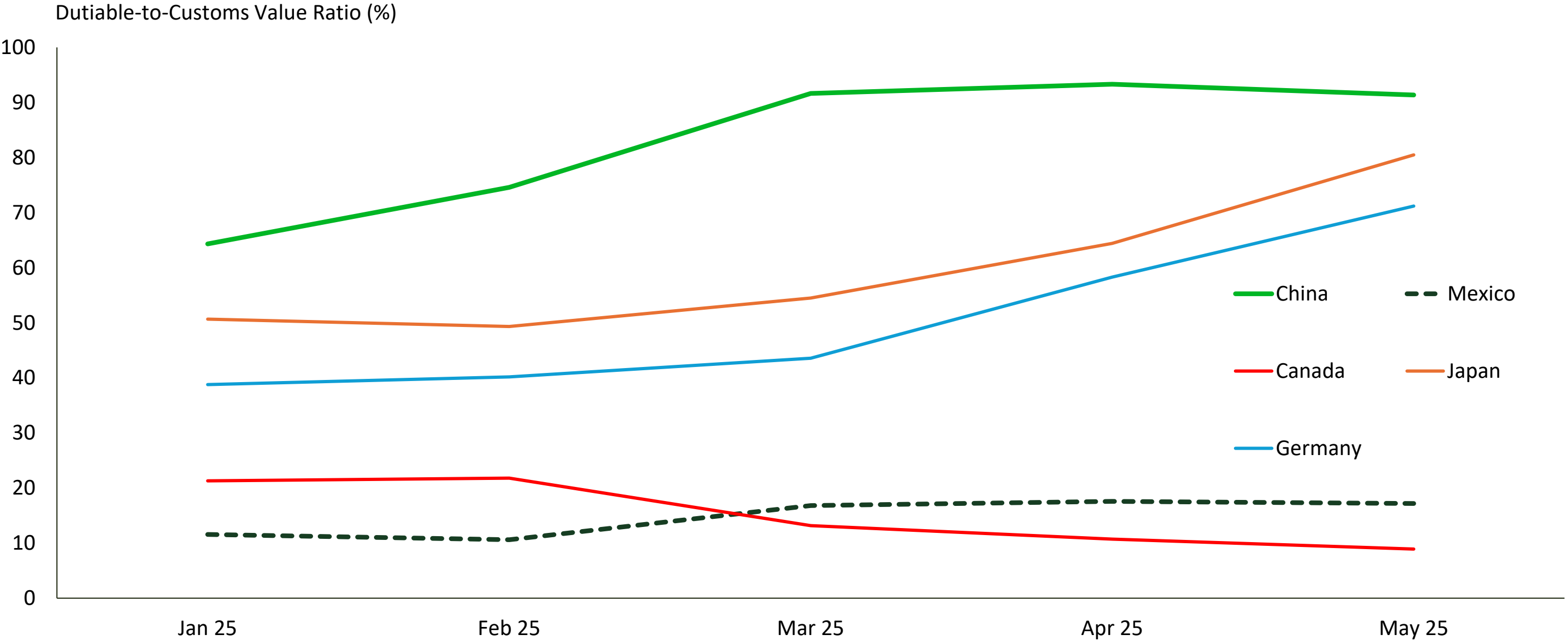
Source: Statistics Canada, TD Economics.



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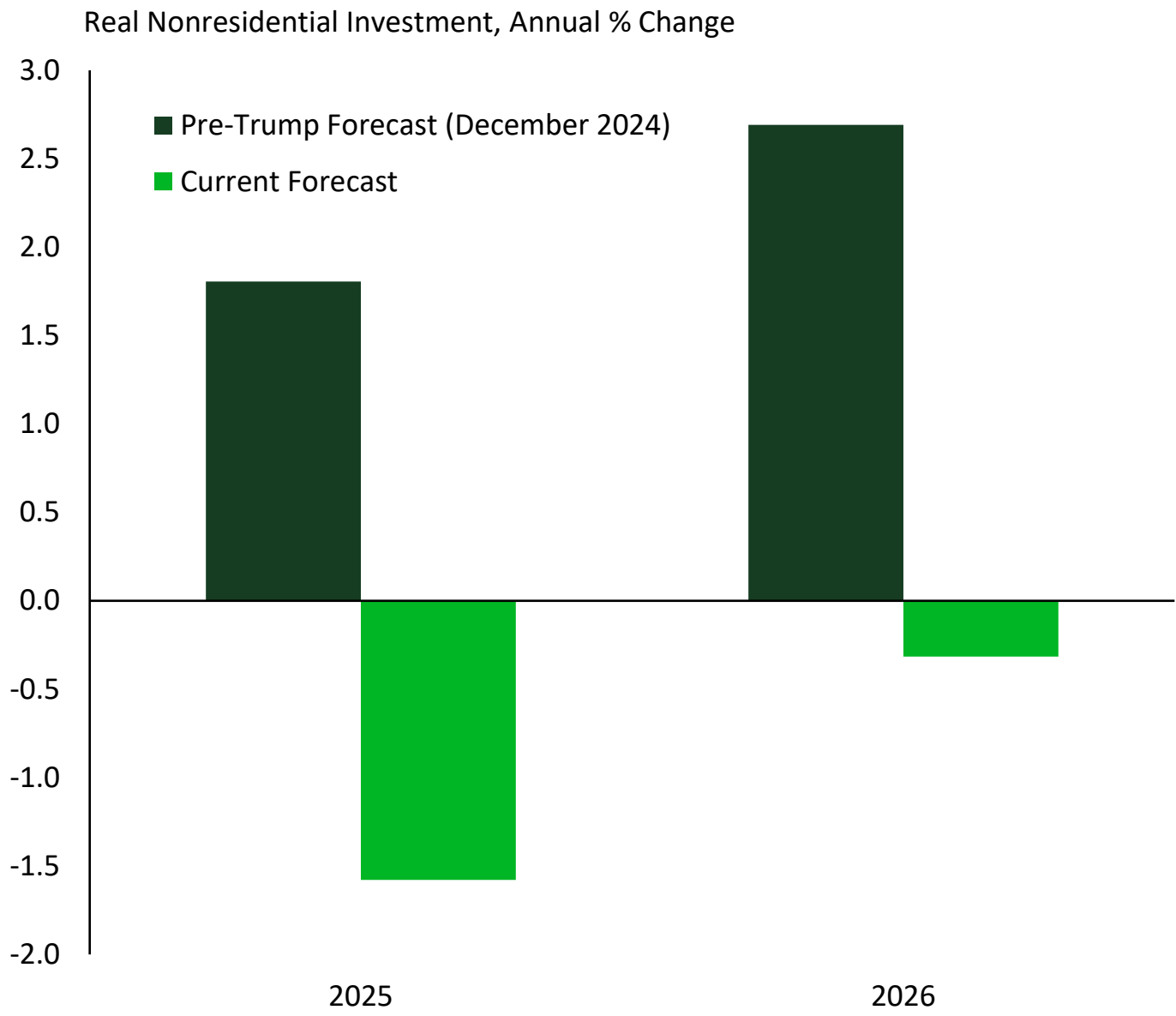
Pain of Tariffs Not Being Shared Equally



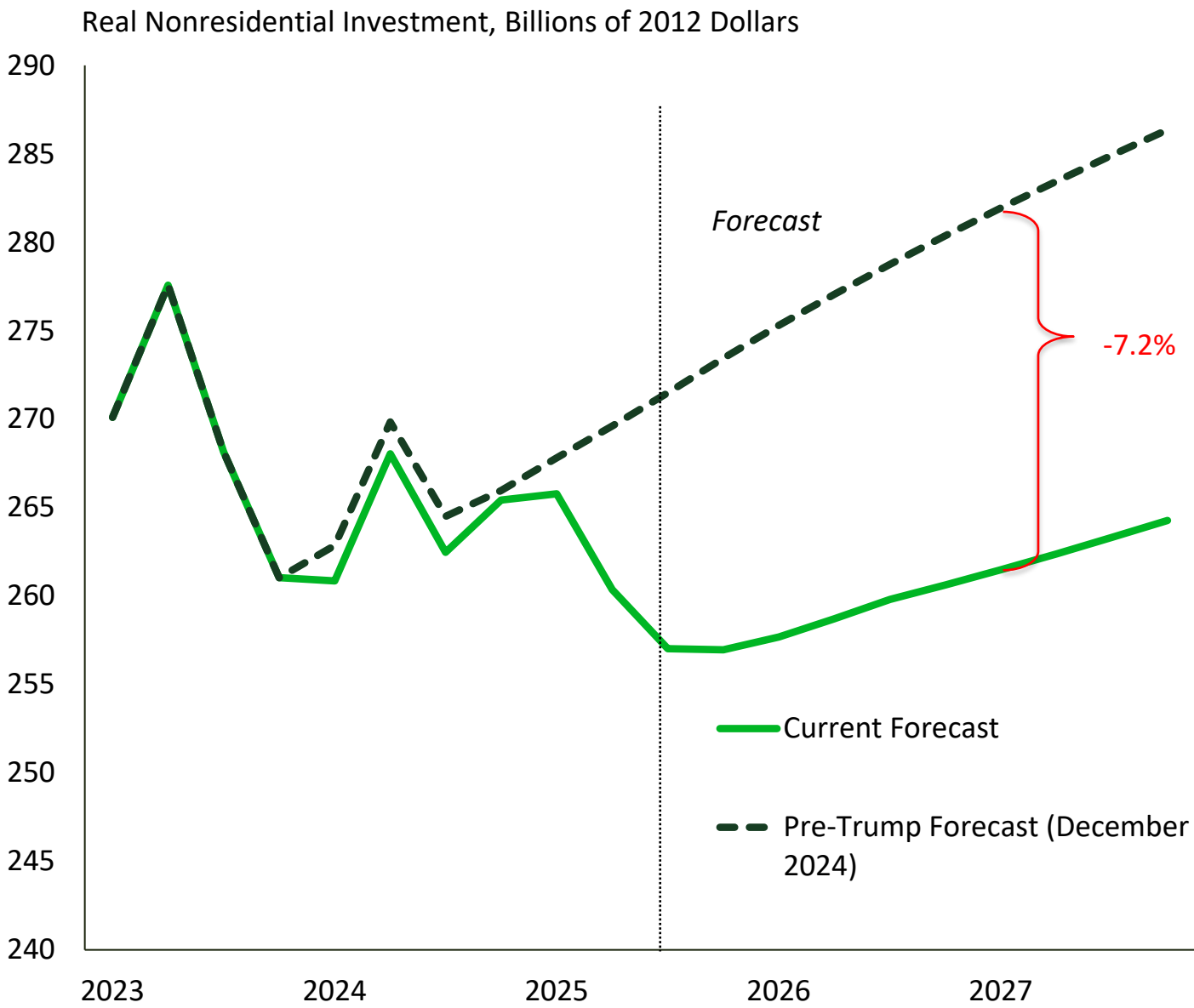
Source: USITC, TD Economics.



Lingering Uncertainty Will Weigh on Canada's Investment Outlook

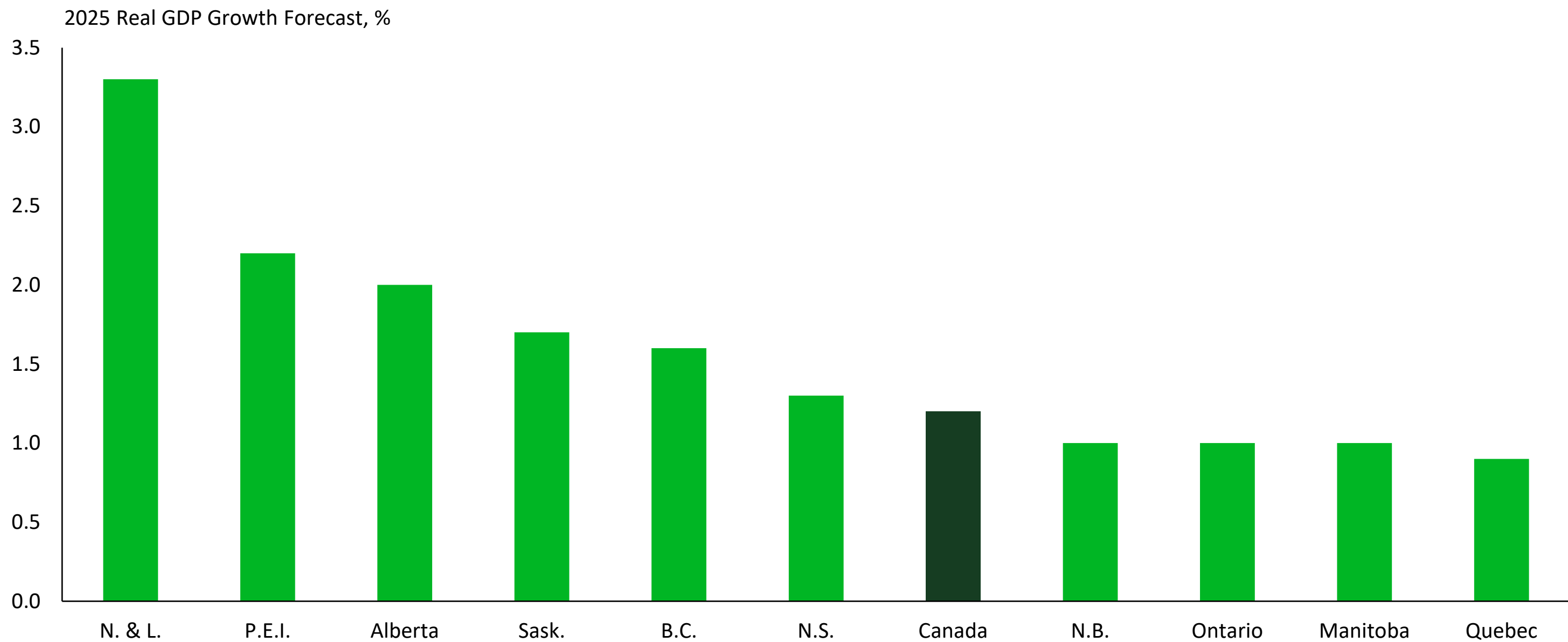


Source: Statistics Canada, TD Economics.



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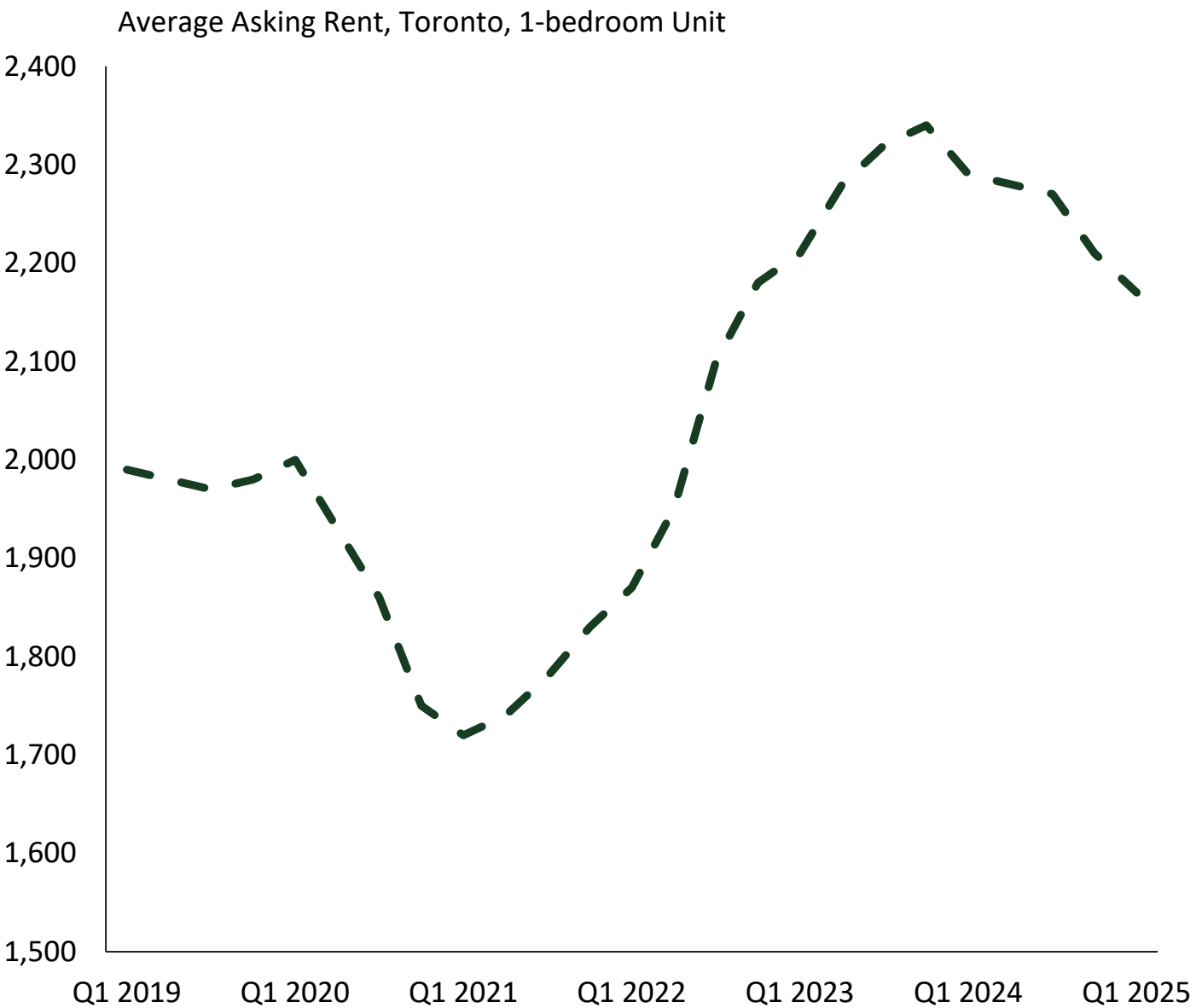
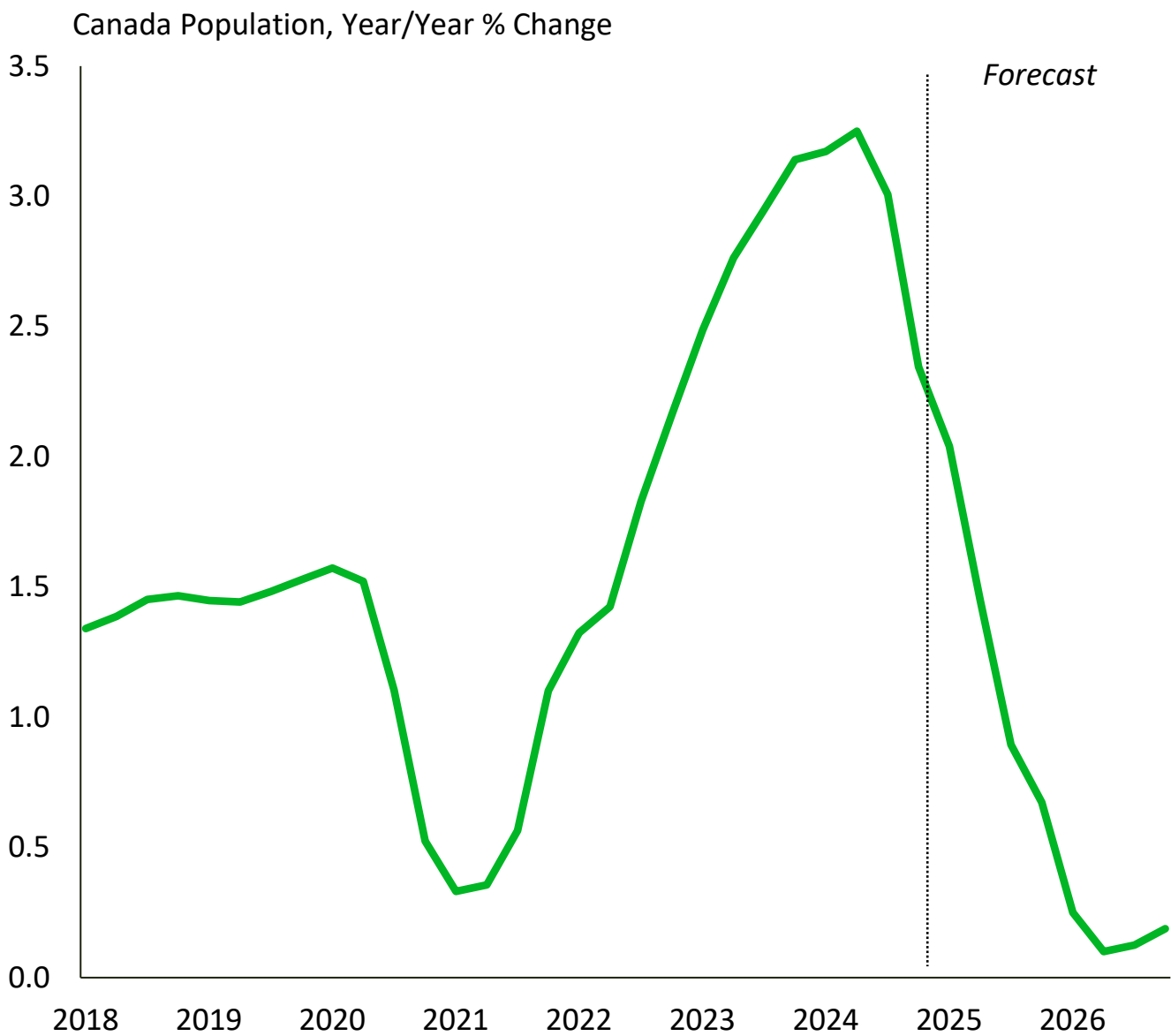
Trade-Exposed Ontario Economy Underperforming



Source: TD Economics.



Slowing Population Growth Another Headwind

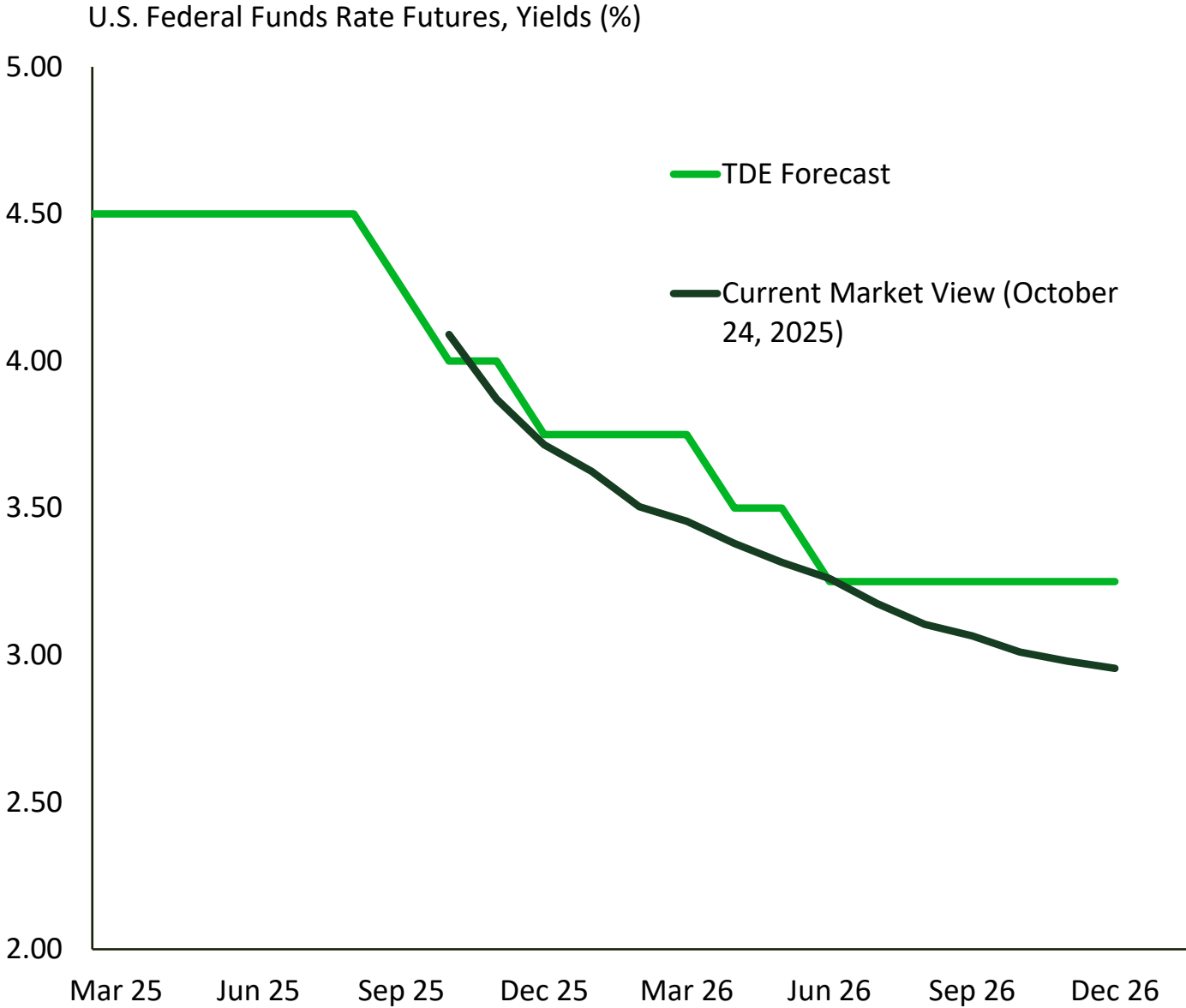


Source: Statistics Canada, TD Economics.

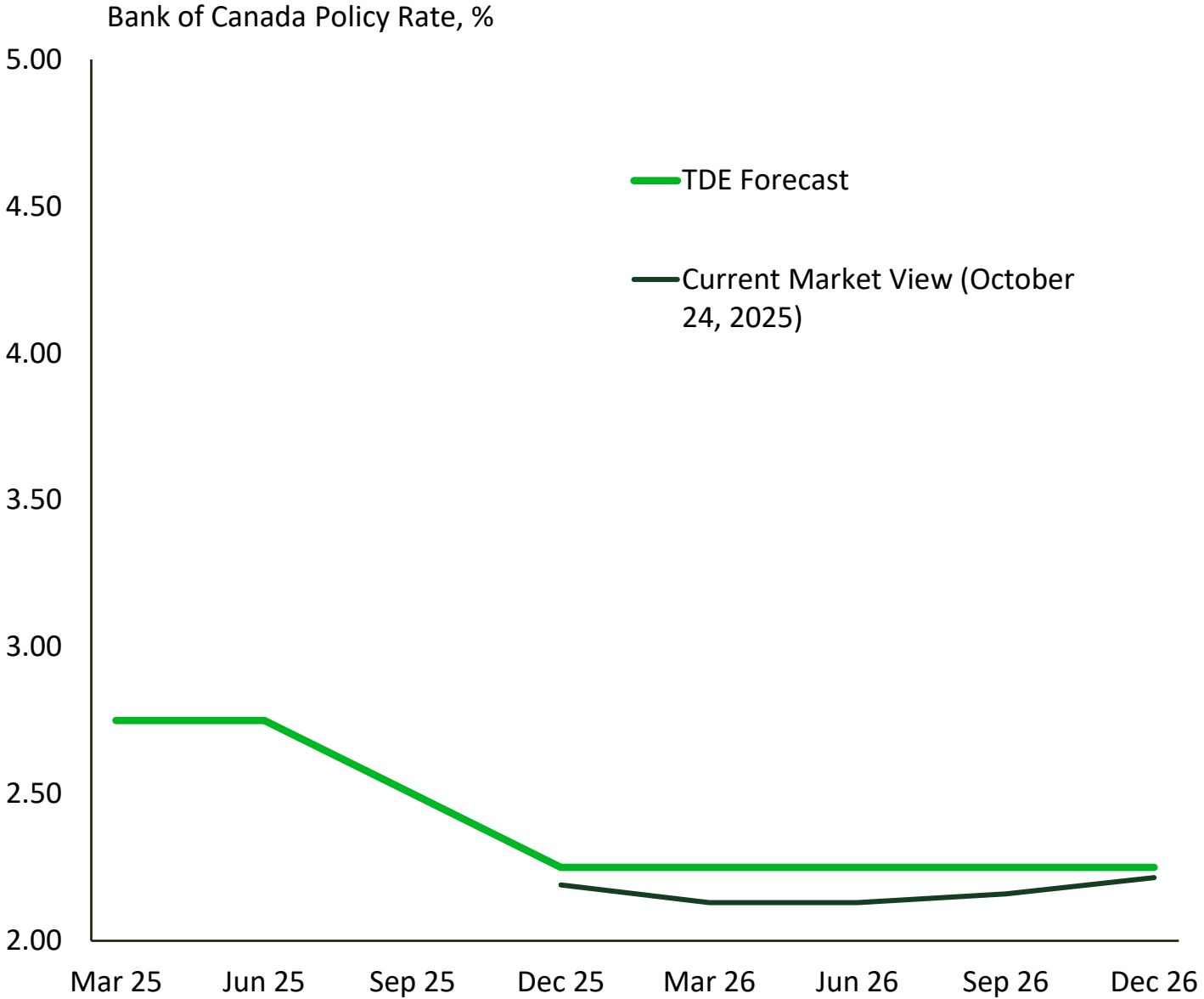
Source: Statistics Canada, TD Economics



What's A Central Bank To Do?



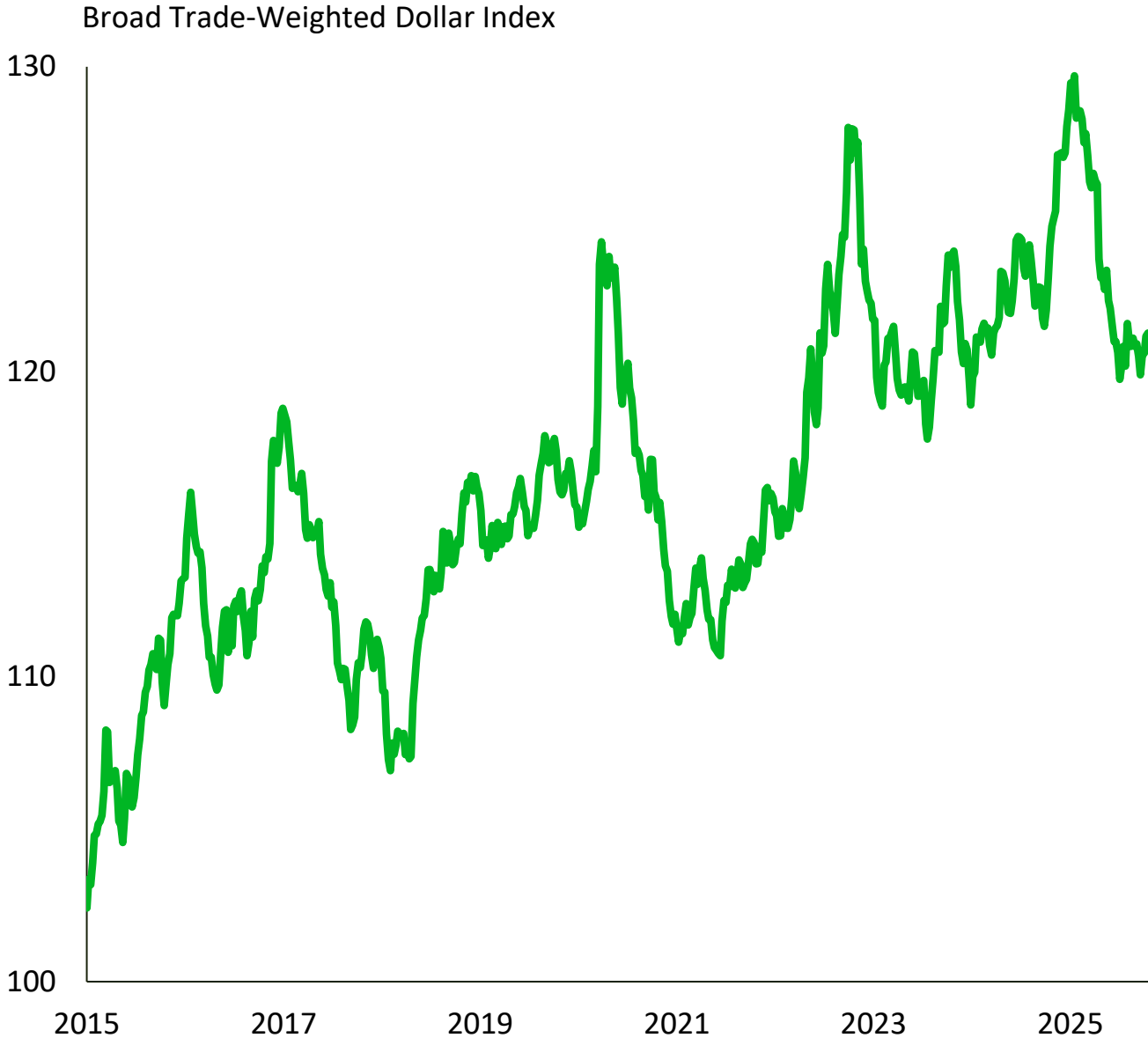
Note: Monthly data. Source: Bloomberg, TD Economics.



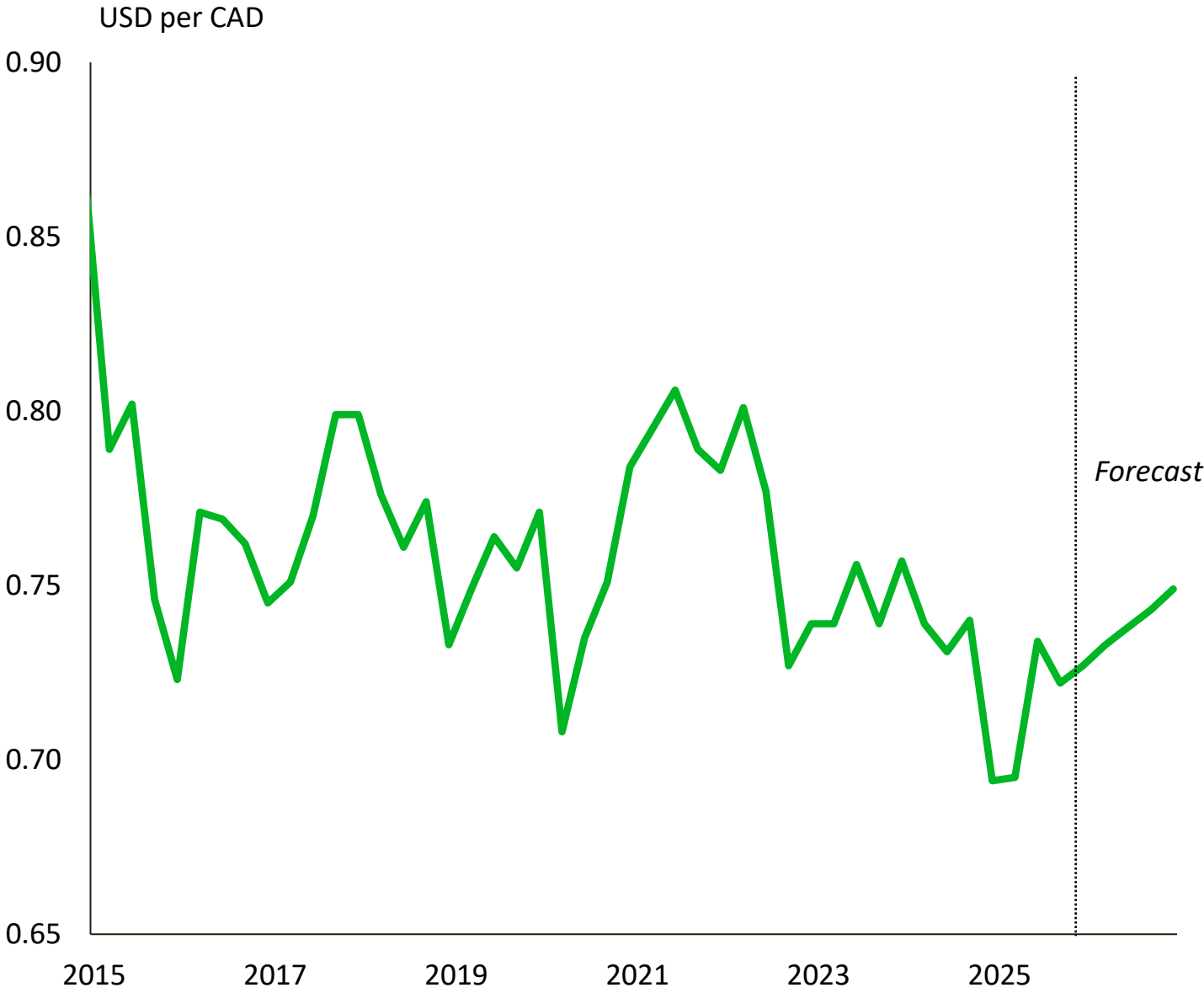
Note: Quarterly data. Source: Bloomberg, TD Economics.



CAD To Grind Back to 74-75US Cent Range Next Year



Note: Weekly data. Source: Federal Reserve Board, TD Economics.



Note: Quarterly data. Source: TD Economics.

2 Key Risks To the "Baseline" Outlook

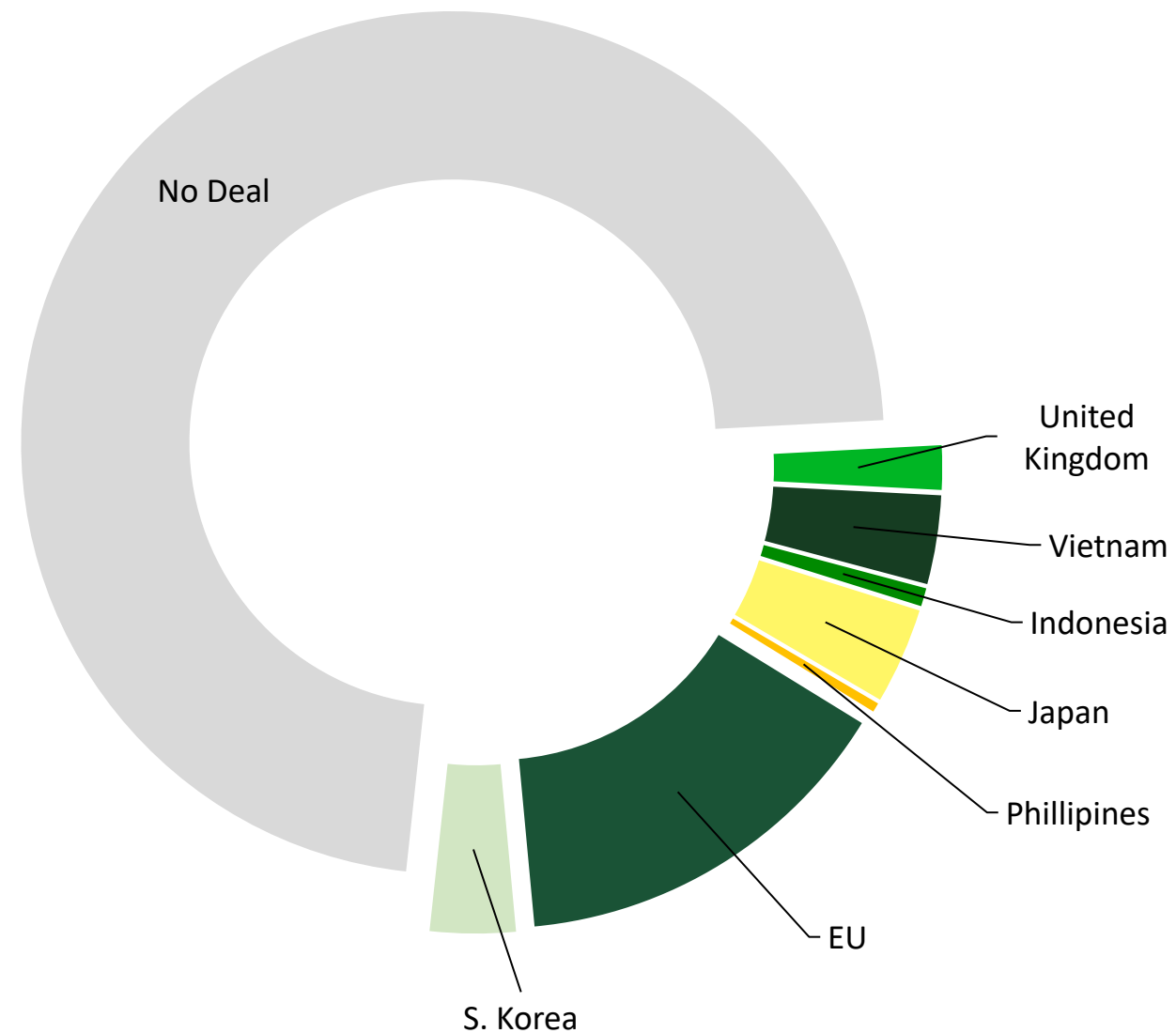


- Upcoming CUSMA negotiations are a major risk to the outlook.
- Federal budget on November 4th poses both upside and downside risks.

U.S. Progress On Trade "Deals" Reveals Broader Strategy



Share of 2024 U.S. Imports

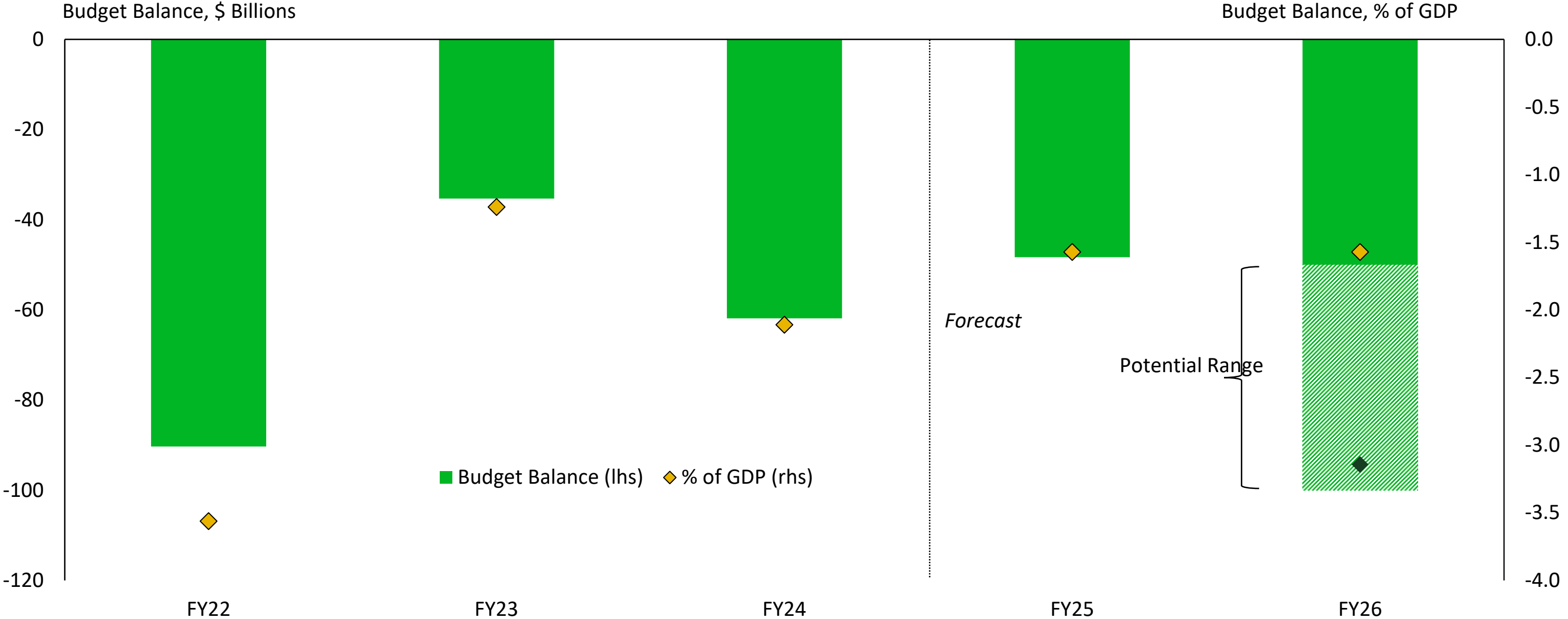


Common Features in "Deals":

1. 10-15% is the New Zero & requires no retaliation
2. Purchase Agreements & Opening Markets to U.S. Exports
3. (Some) Section 232 tariff relief

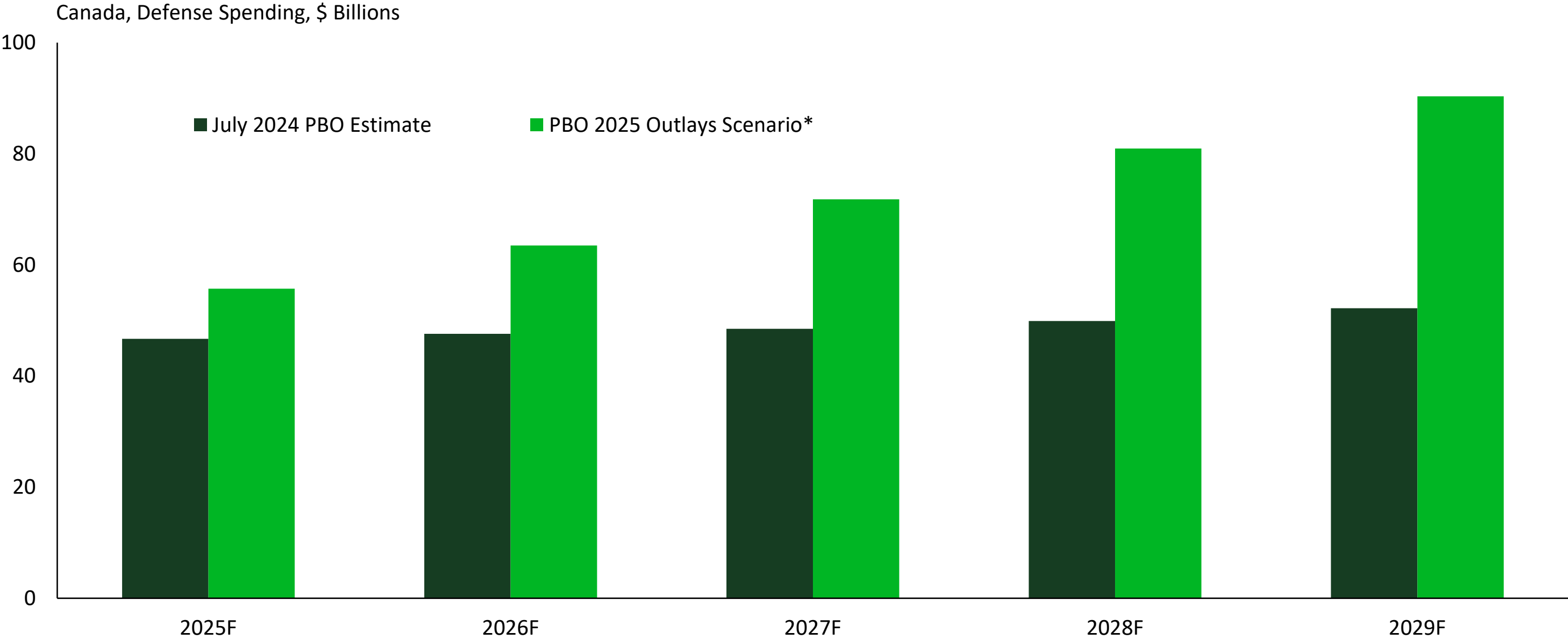


Canadian Federal Deficit Could Hit \$100 Billion This Year



Source: Department of Finance, TD Economics.

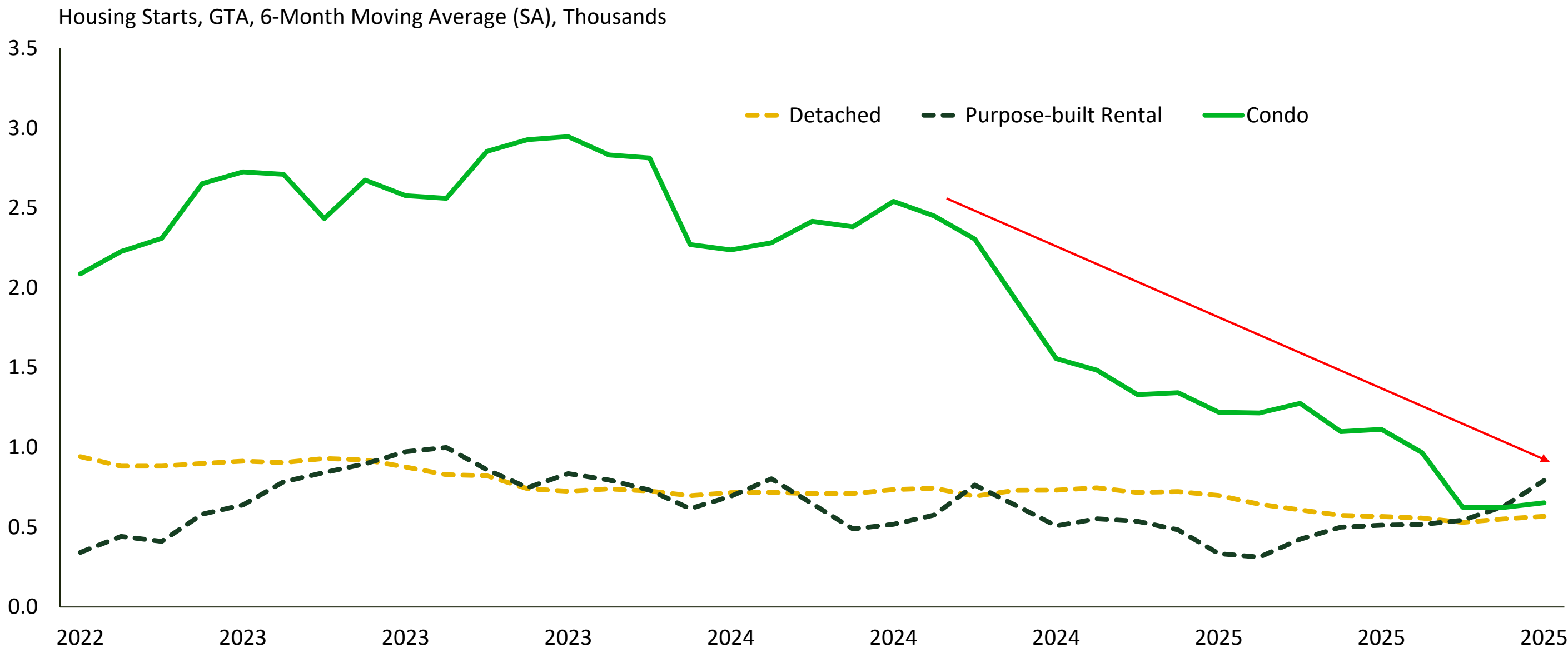
New Sectors For Growth: Defense Spending



*Modifies prior PBO defense spending path to reach 3.5% of PBO GDP by 2035. Source: PBO, TD Economics.

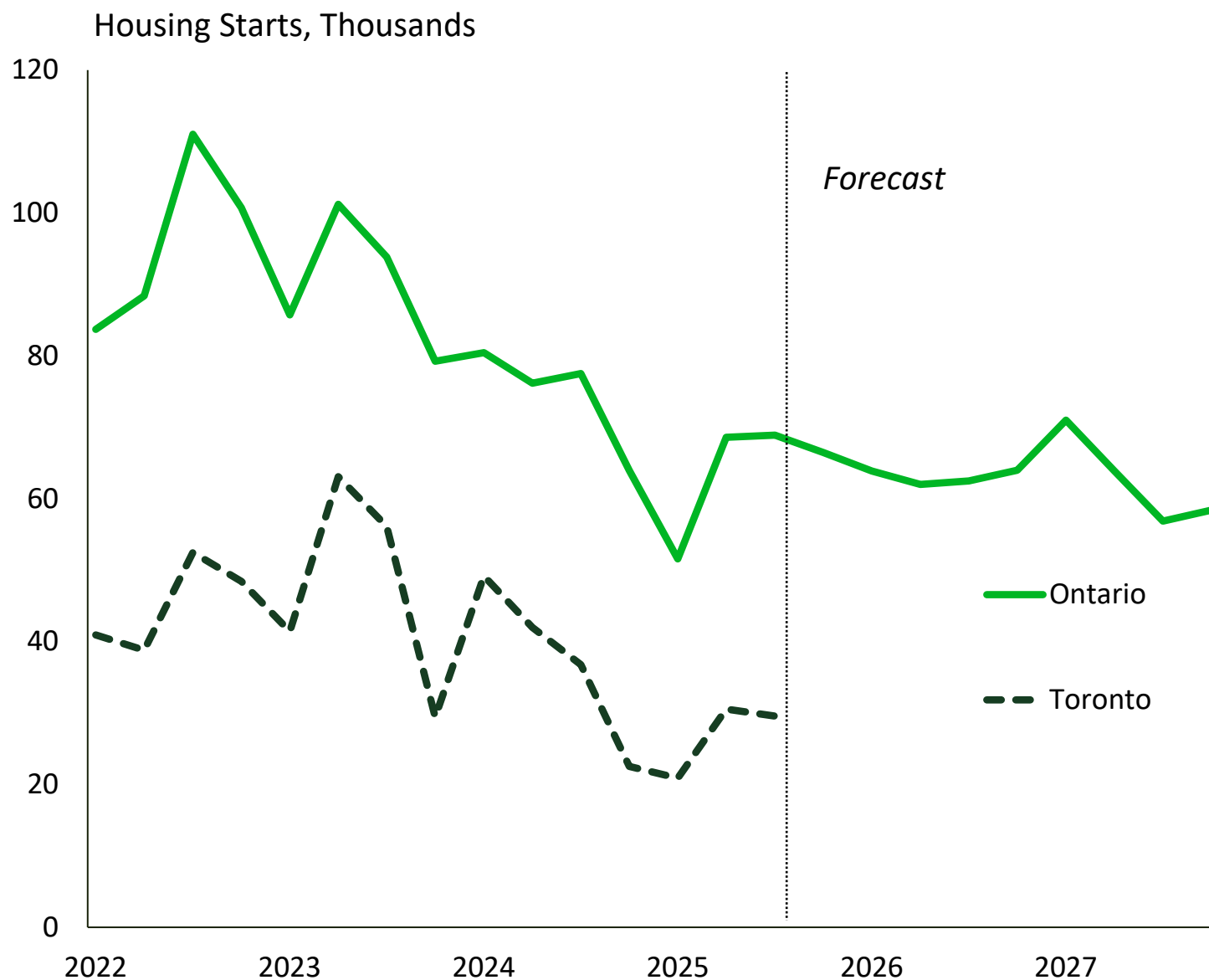


Rental Market Propping Up Starts, Trading Spaces With Ownership Market

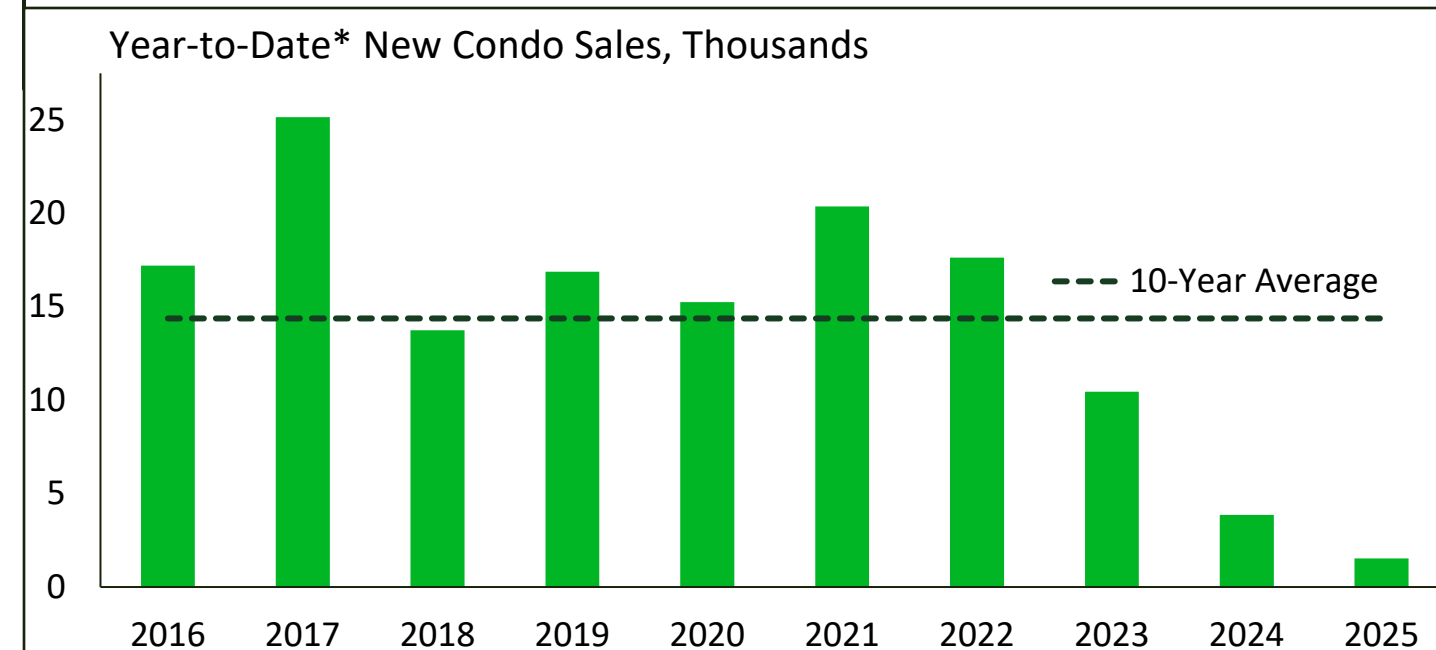
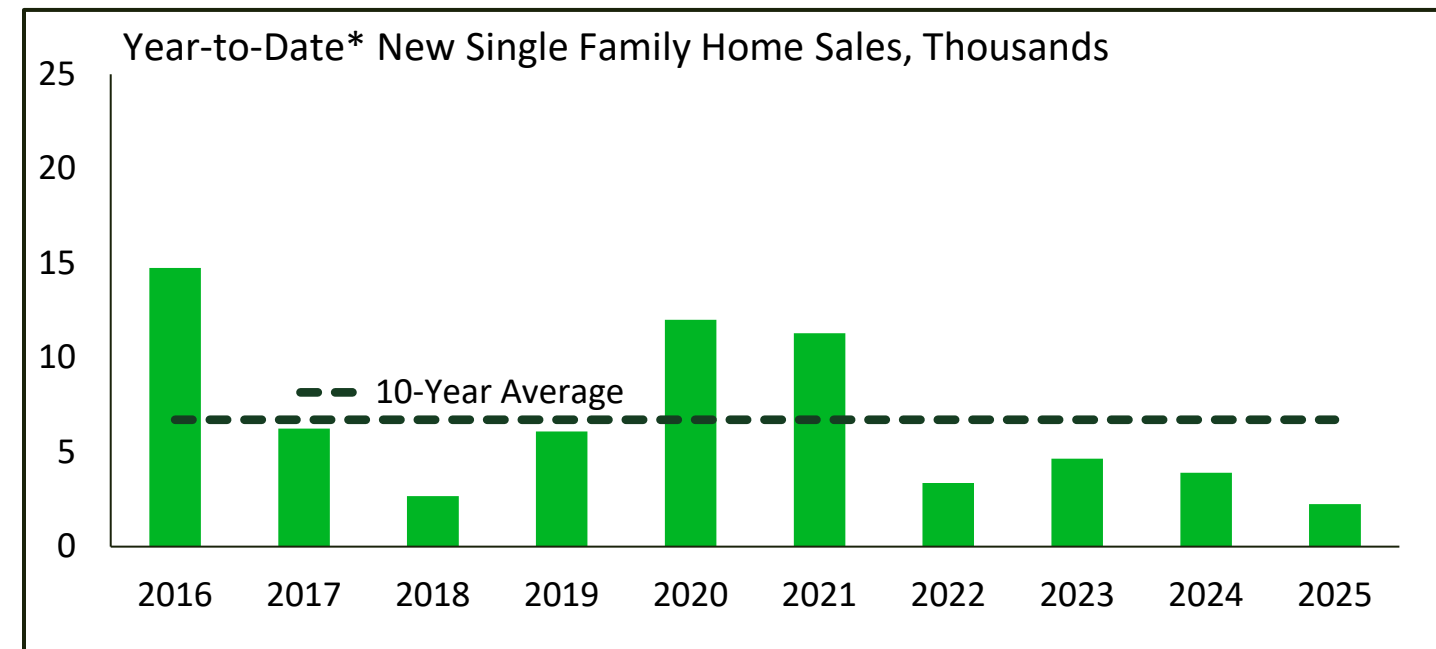


Source: CMHC, TD Economics.

Not Much Upside For Homebuilding in 2026-27

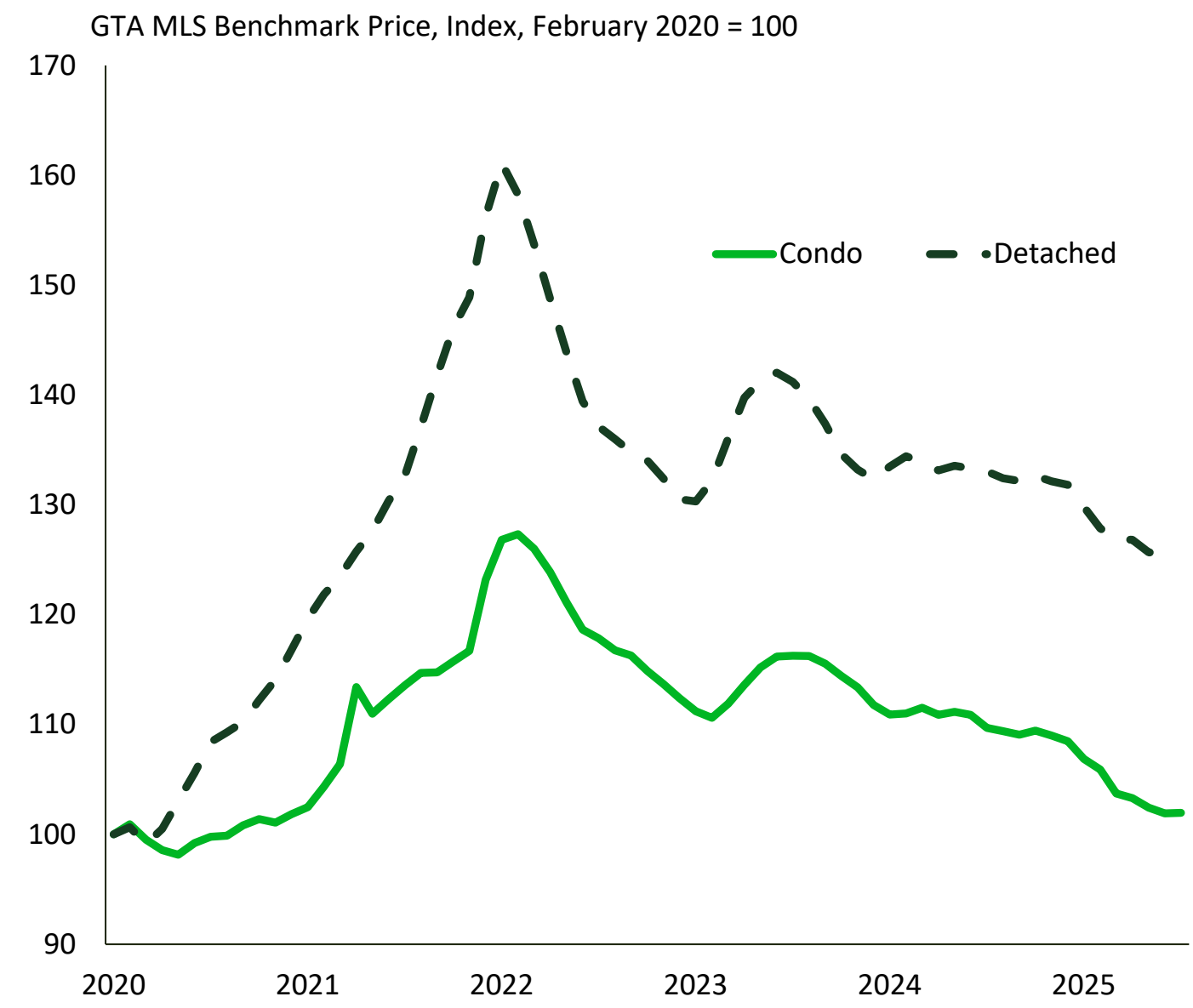
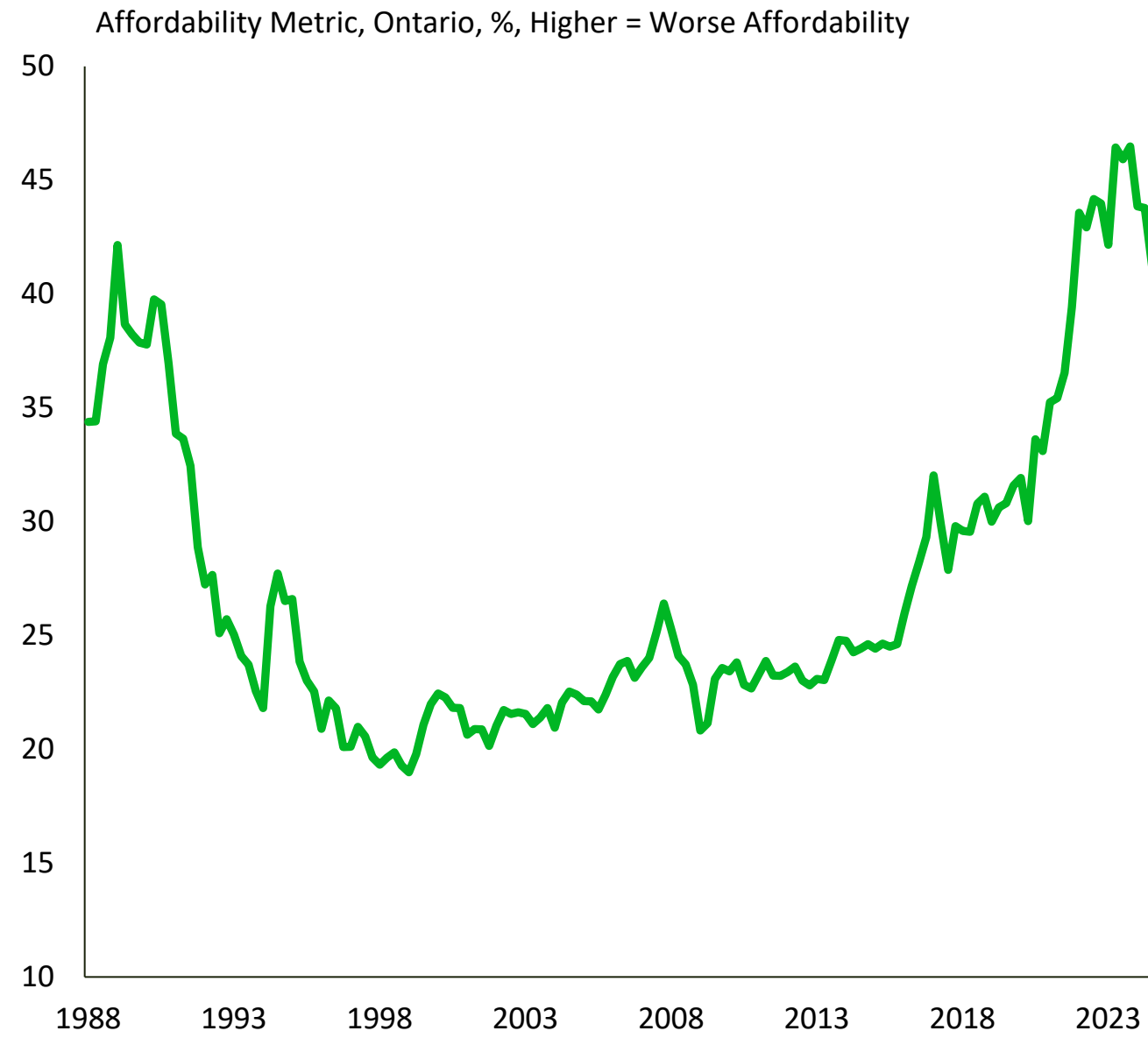


Source: TD Economics.



*January - September, 2016 - 2025. Source: TD Economics.

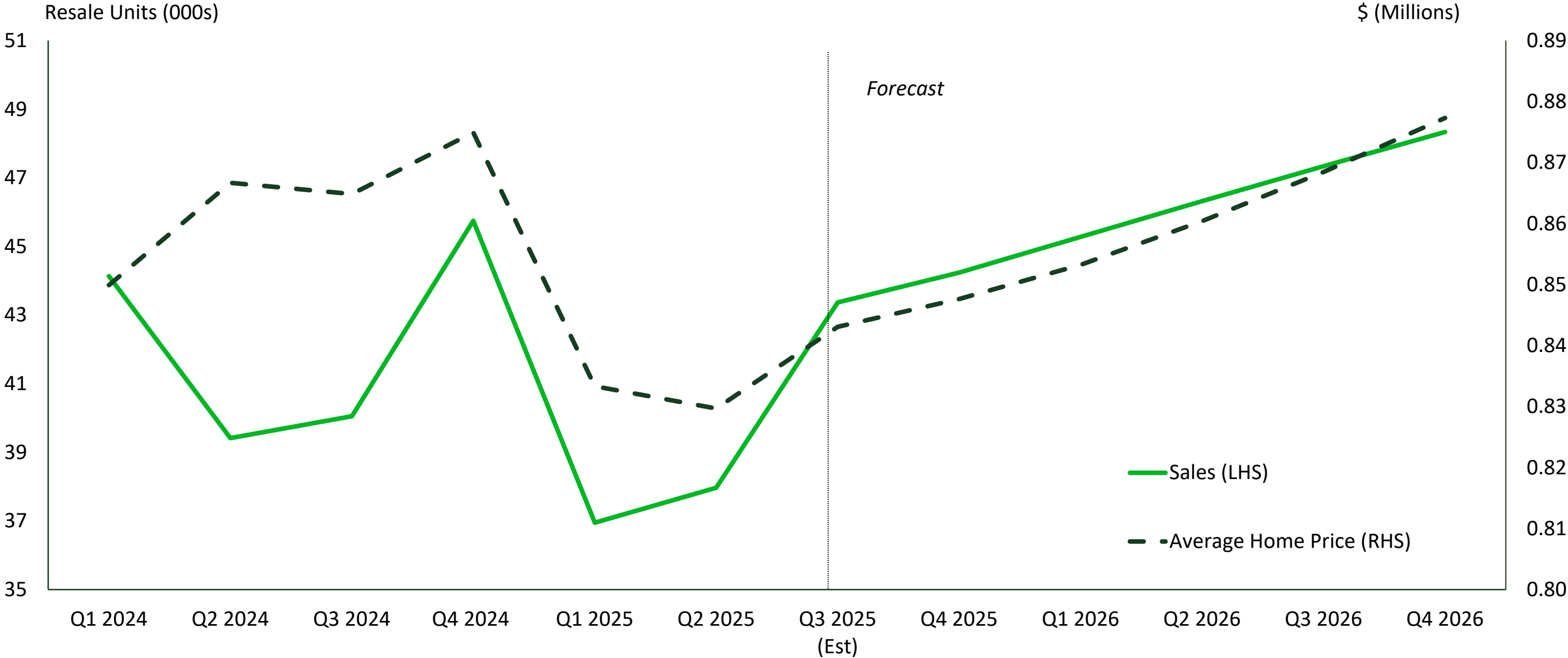
Housing Affordability Picture a Mixed Bag



Source: Statistics Canada, Bank of Canada, TD Economics.

Source: CREA, TD Economics

A Modest and Gradual Recovery in Resale Activity Expected



Source: CREA, TD Economics



Website: economics.td.com

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