



Bank Financial Group

ECONOMIC IMPACT OF THE CREDIT CRISIS



***Presentation by
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Senior Economist***

TD Economics provides analysis of economic performance and the implications for investors. The analysis covers the globe, with emphasis on Canada, the United States, Europe and Asia.

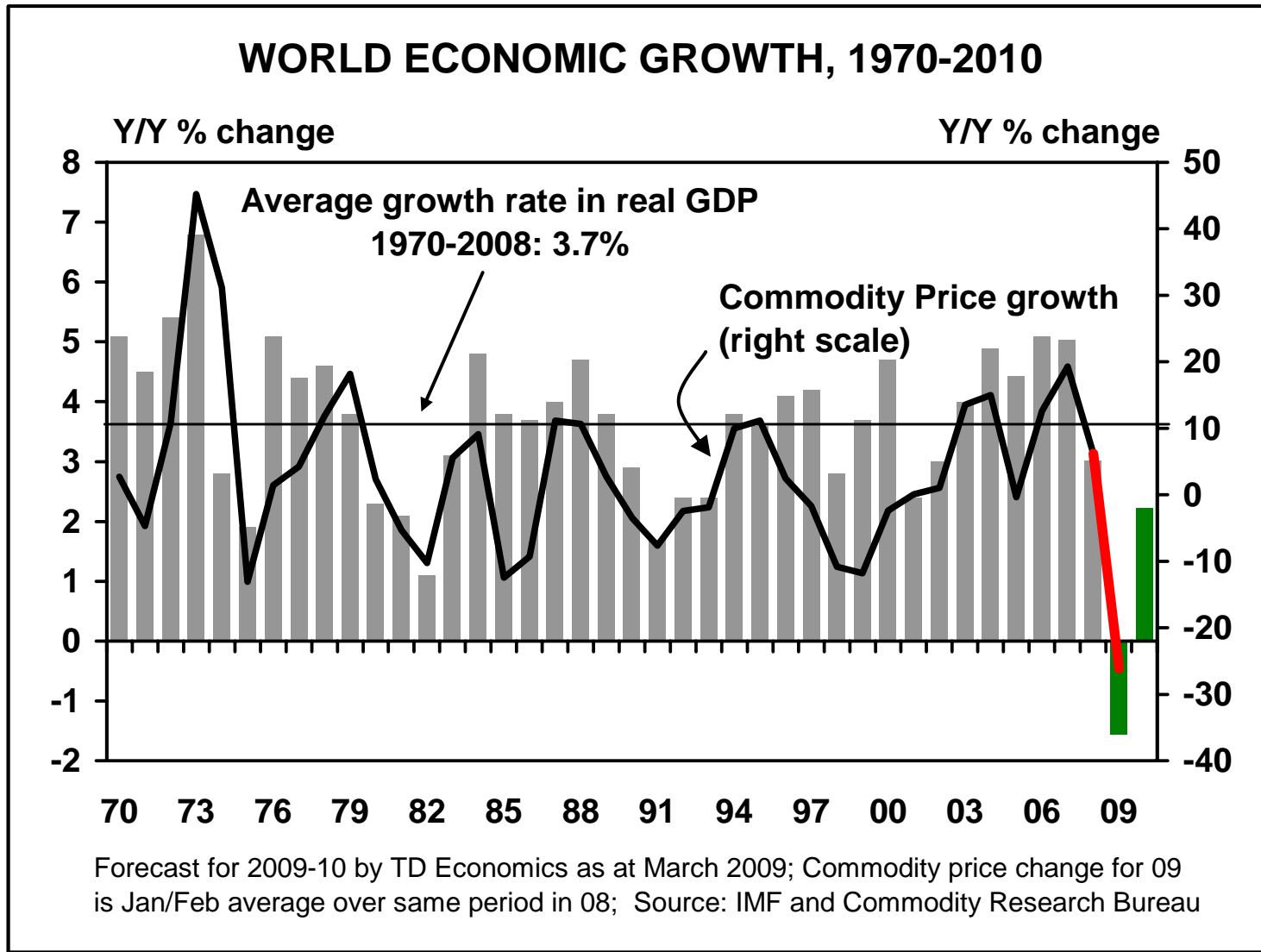
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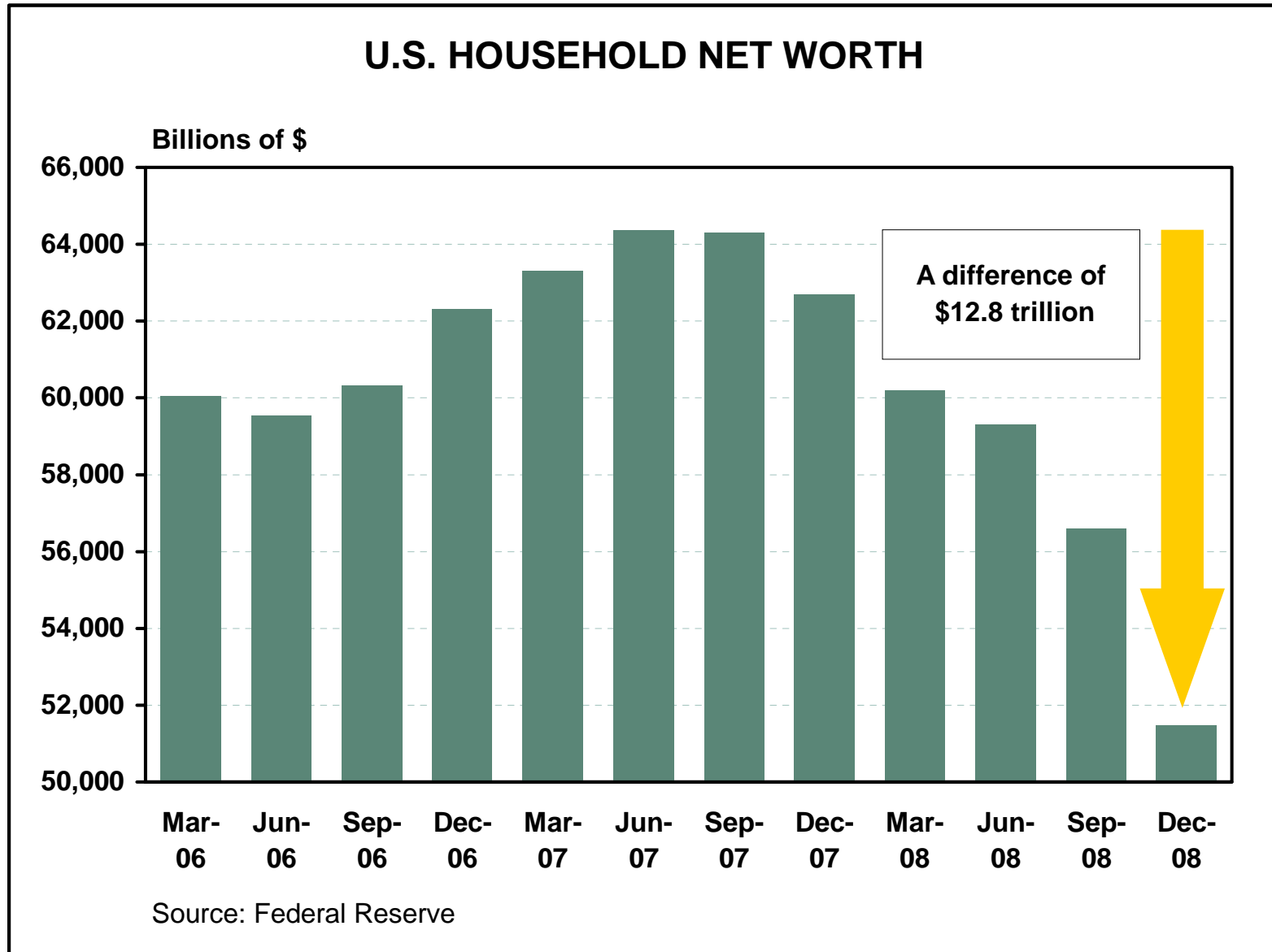
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THE BIG PICTURE

UNPRECEDENTED GLOBAL ECONOMIC CONTRACTION

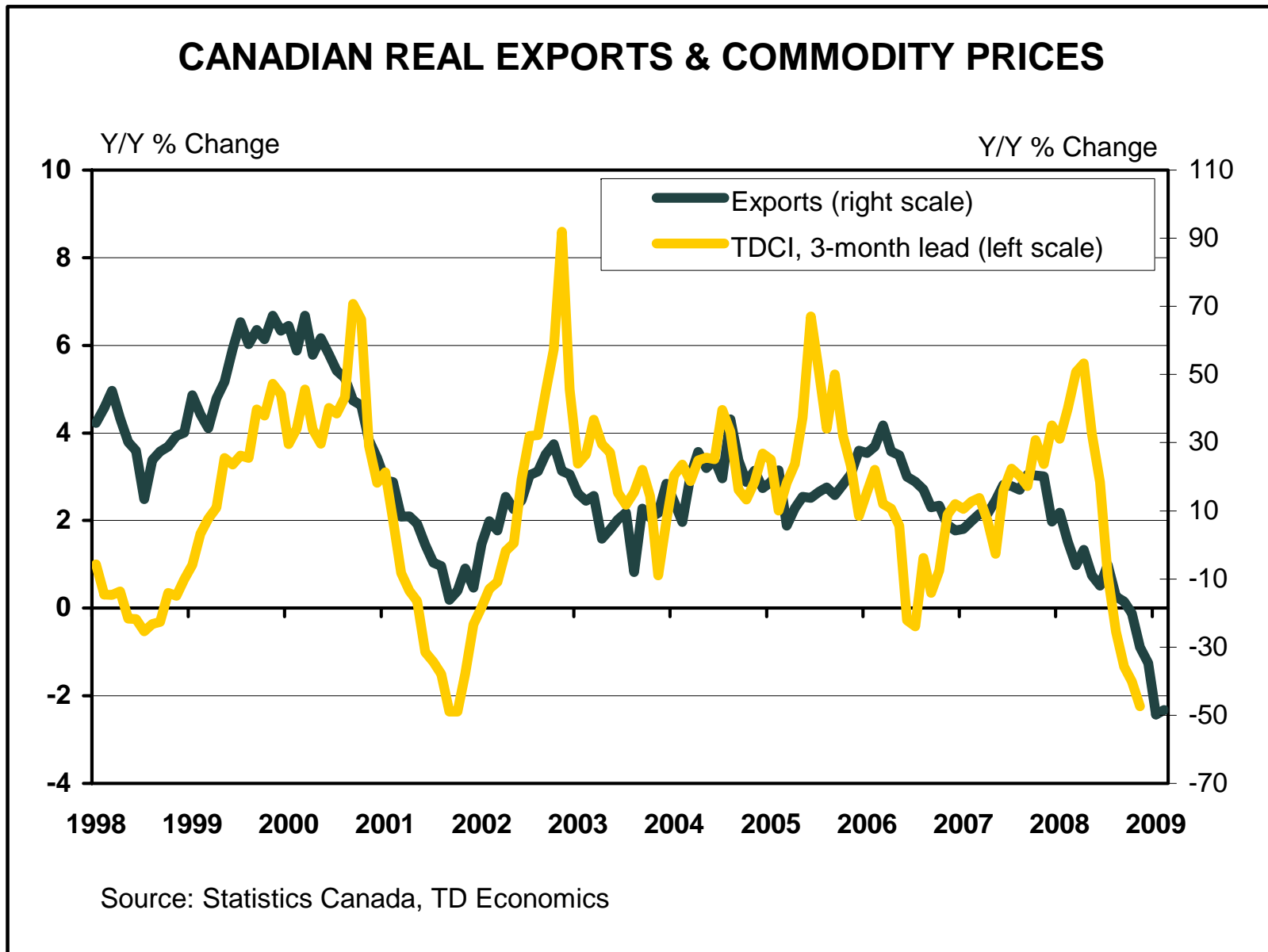


THE DISAPPEARING ACT

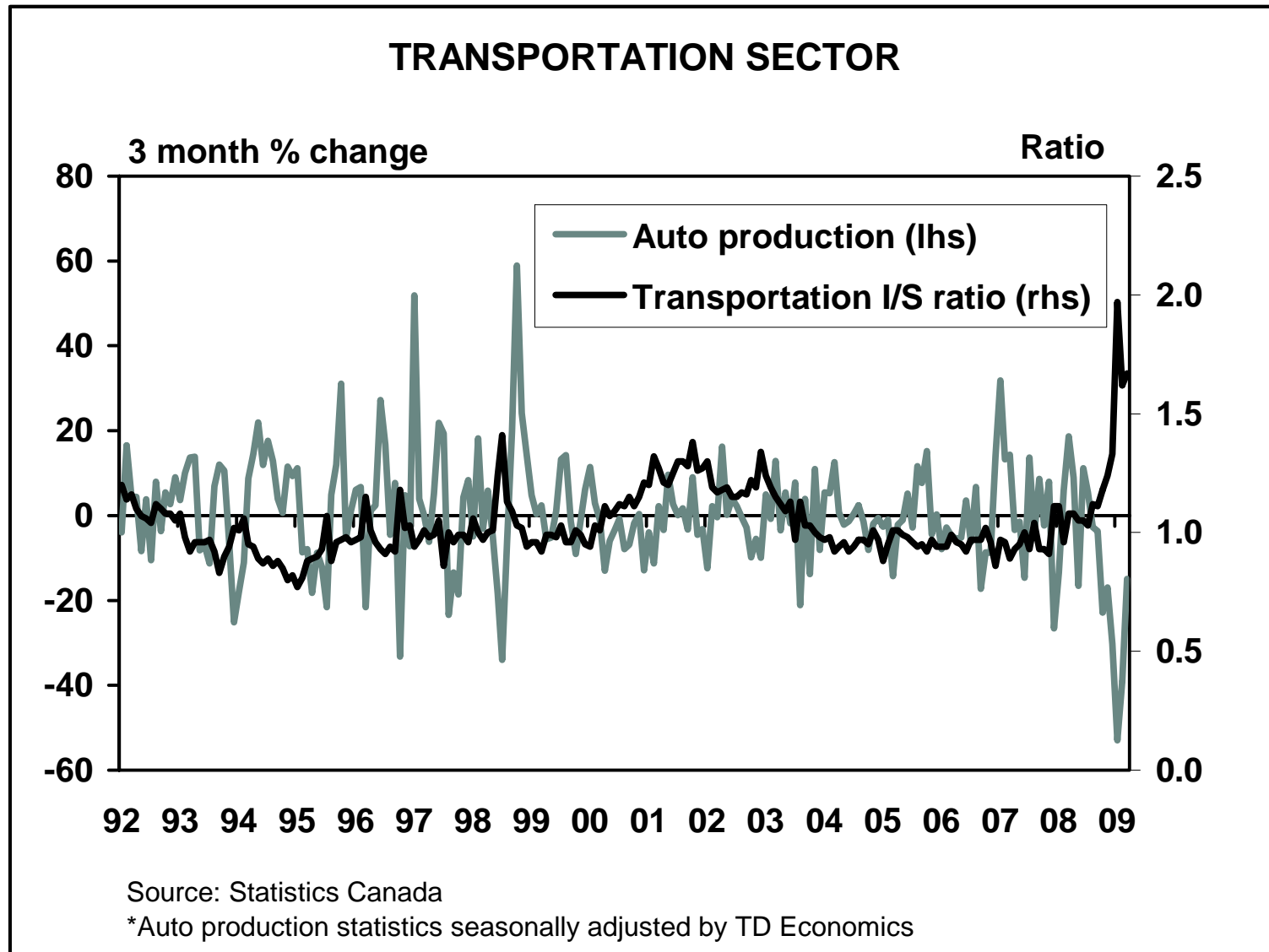


THE CANADIAN OUTLOOK

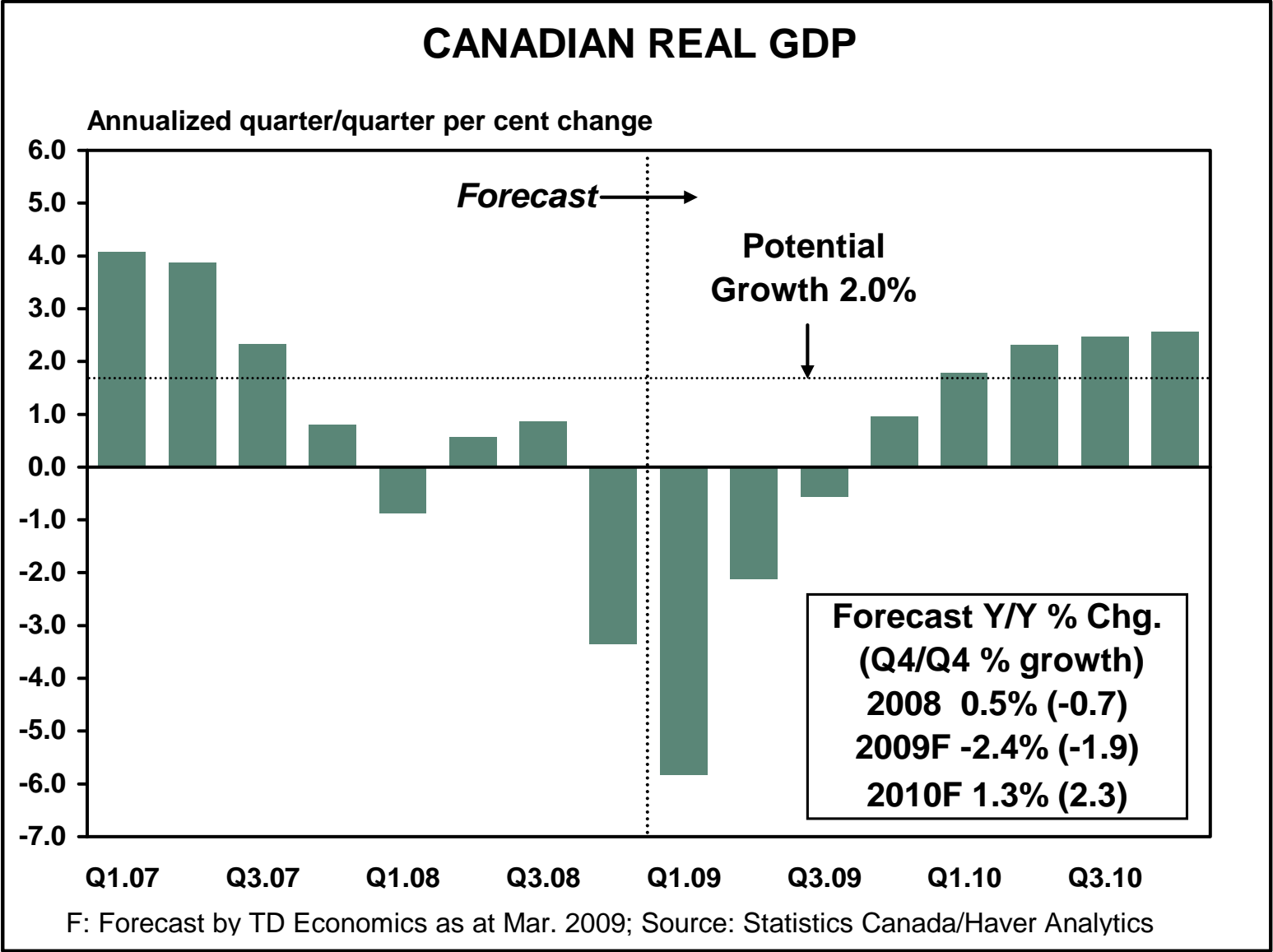
CANADIAN EXPORTS HAVE SUFFERED...



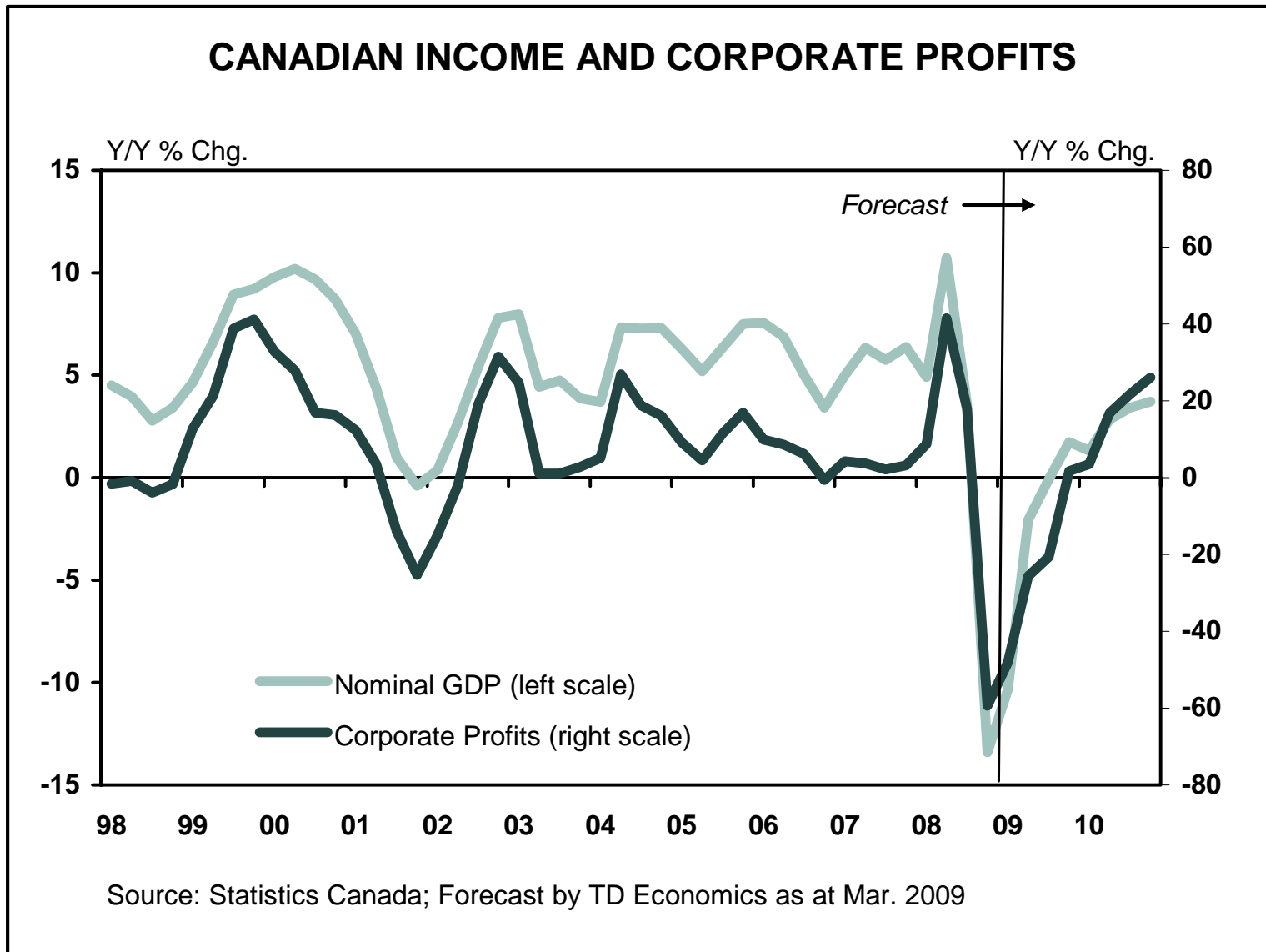
...THIS HAS BLED INTO THE DOMESTIC ECONOMY



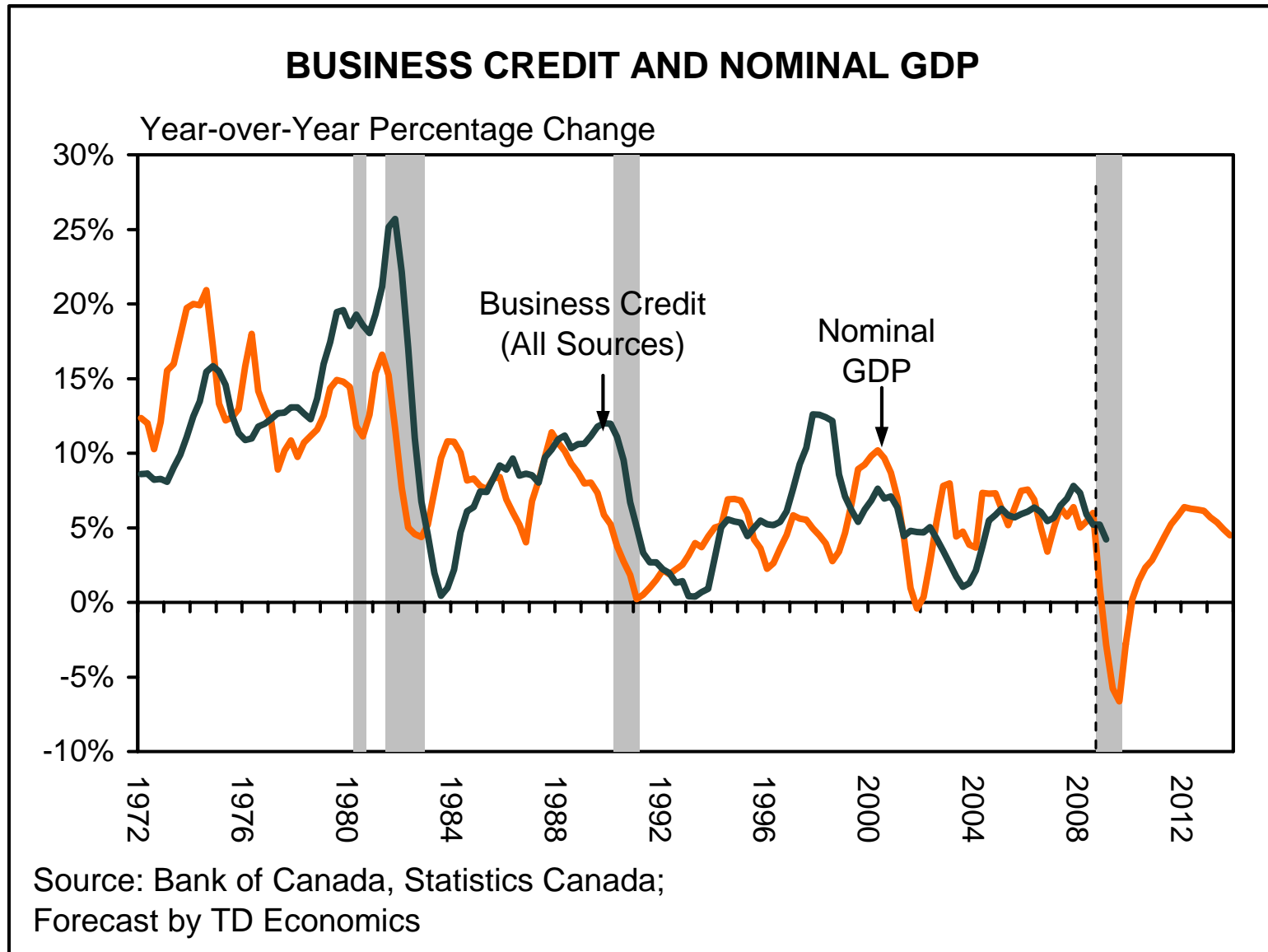
CANADIAN ECONOMY DRIVEN INTO RECESSION BY MASSIVE EXTERNAL SHOCK



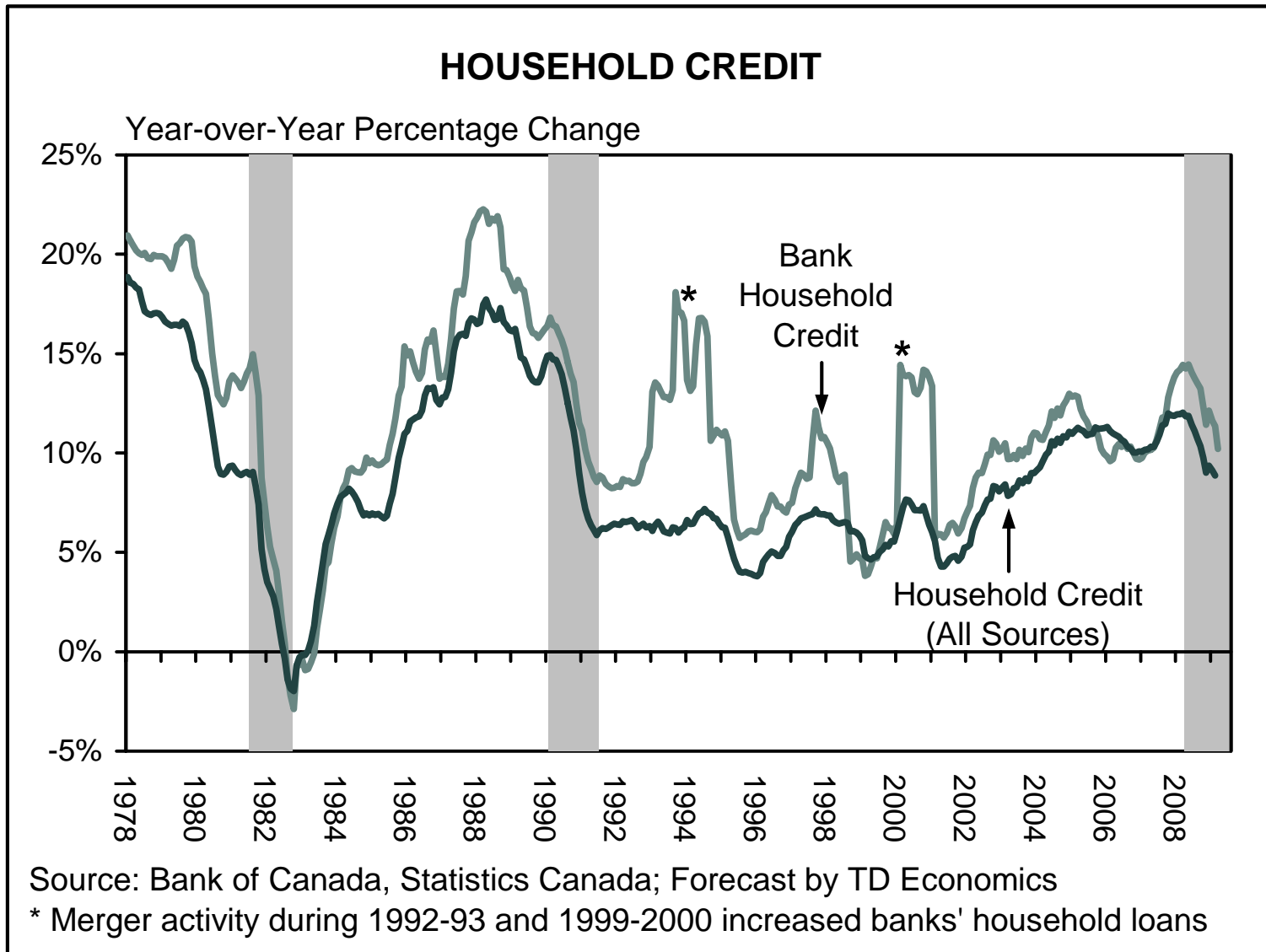
NATIONAL INCOME TO DECLINE, WITH GREATEST WEAKNESS IN PROFITS



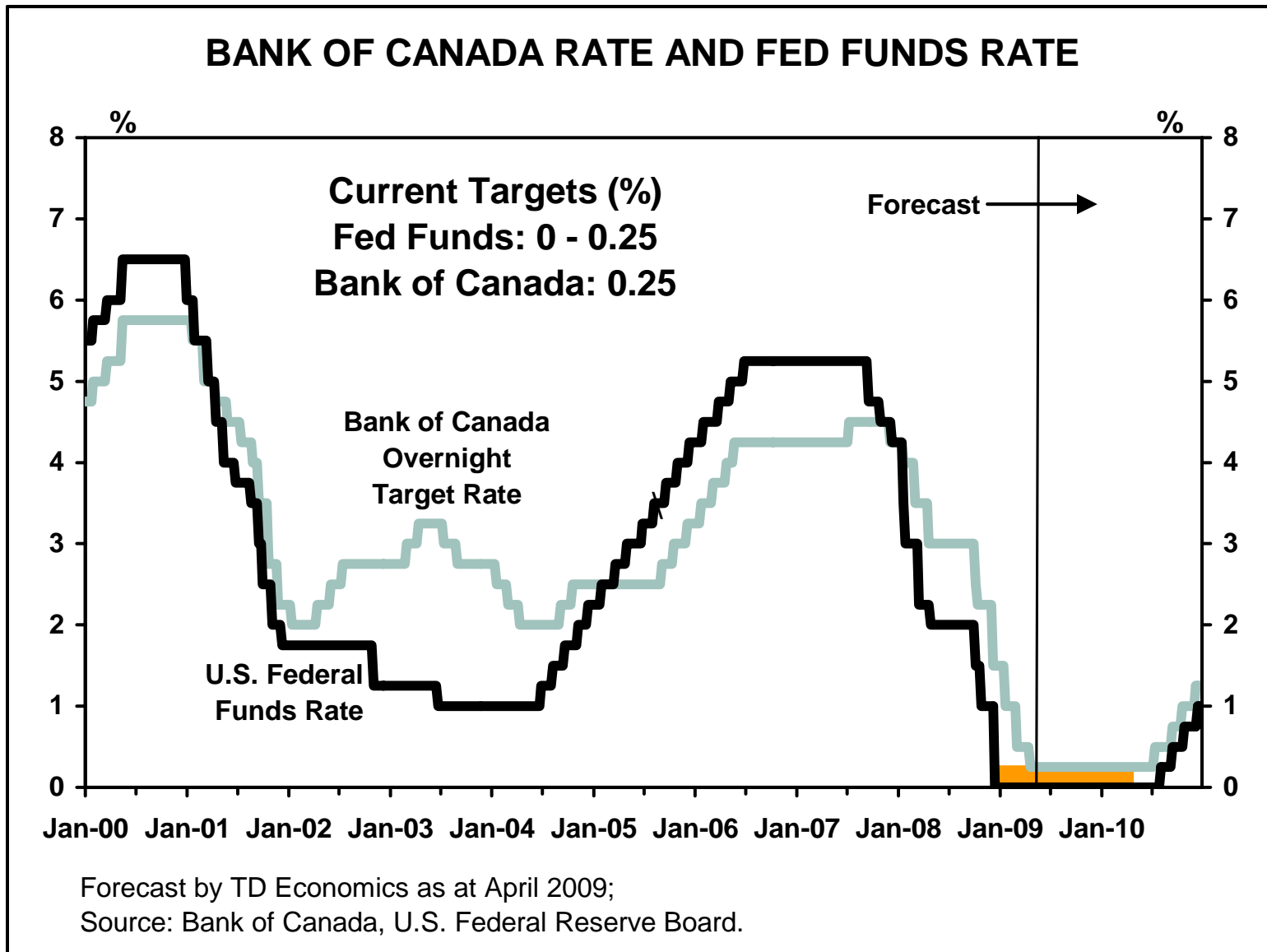
IF PAST EXPERIENCE APPLIES, DEMAND FOR BUSINESS CREDIT WILL SOFTEN



HOUSEHOLDS BORROWING HAS BEEN GROWING STRONGLY



CENTRAL BANKS TO KEEP RATES LOW FOR SOME TIME TO COME

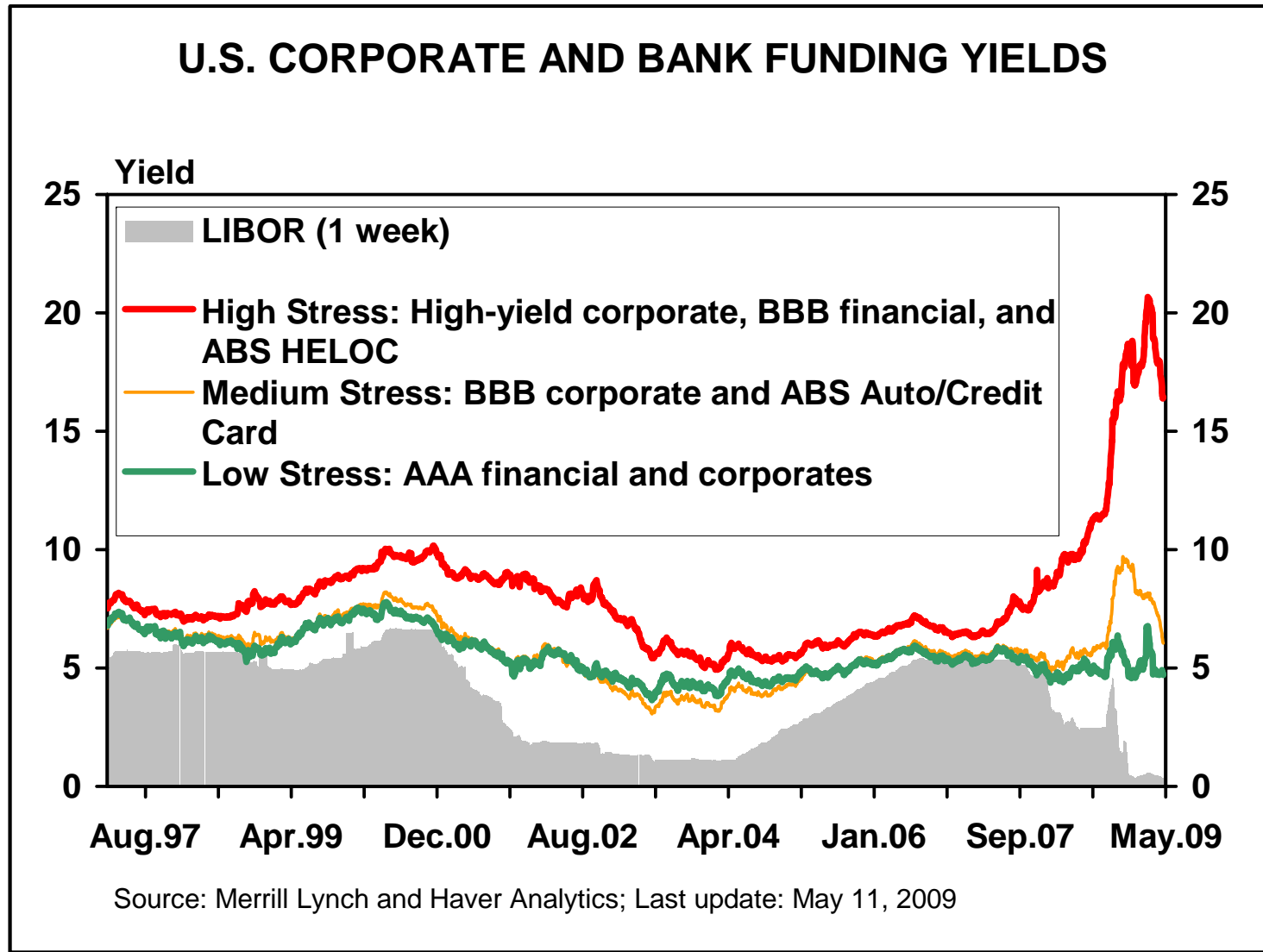


3 PHASES TO THIS CYCLE

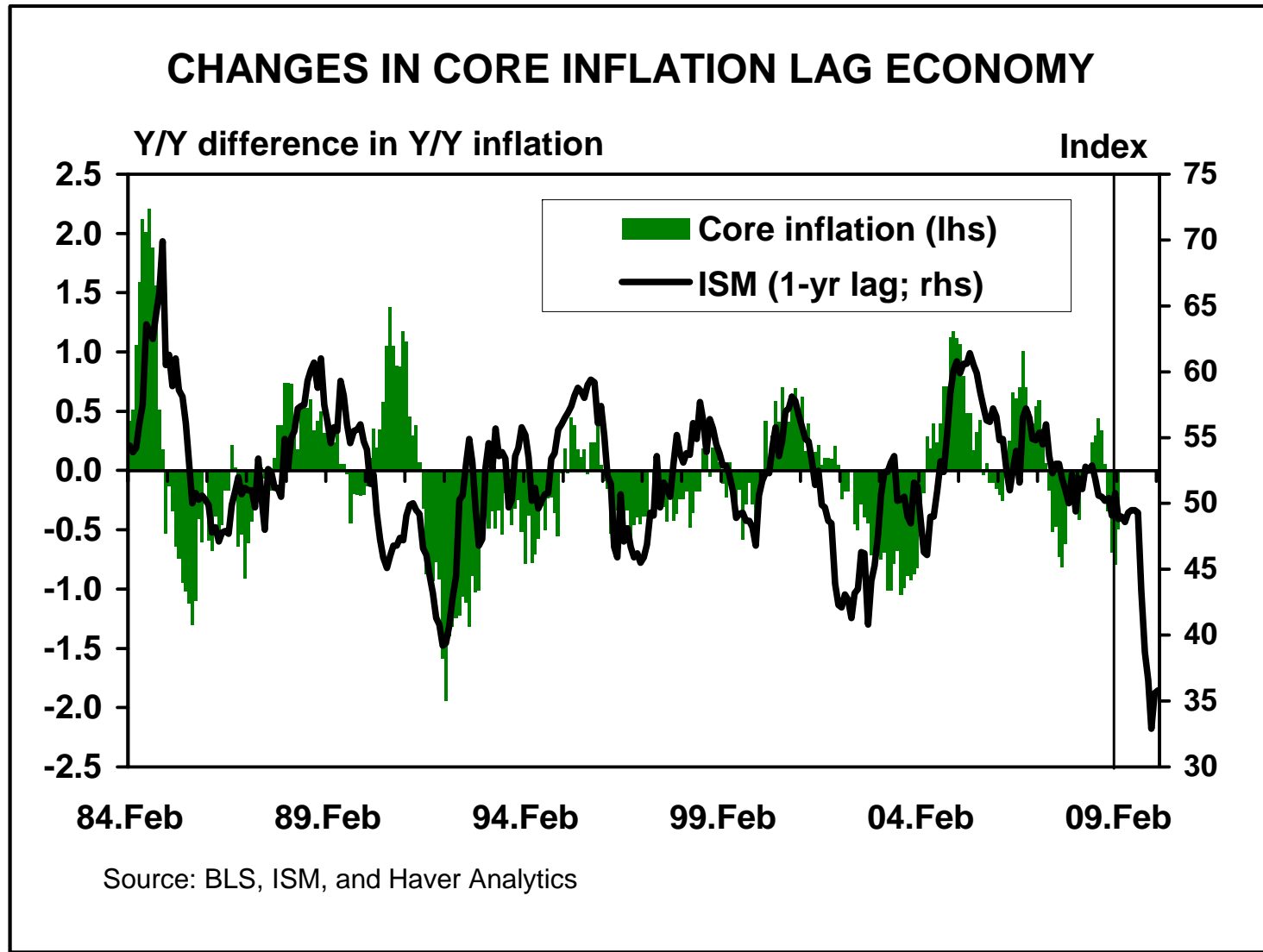
1. We project great weakness through 2009 across all major economies
2. By 2010, a shallow economic recovery gets underway as fiscal and monetary stimulus takes hold.
3. Longer term economic imbalances still need to unwind. The situation may have become worse due to recapitalization, deleveraging among businesses and households and huge public sector dissaving.

LOOKING AHEAD

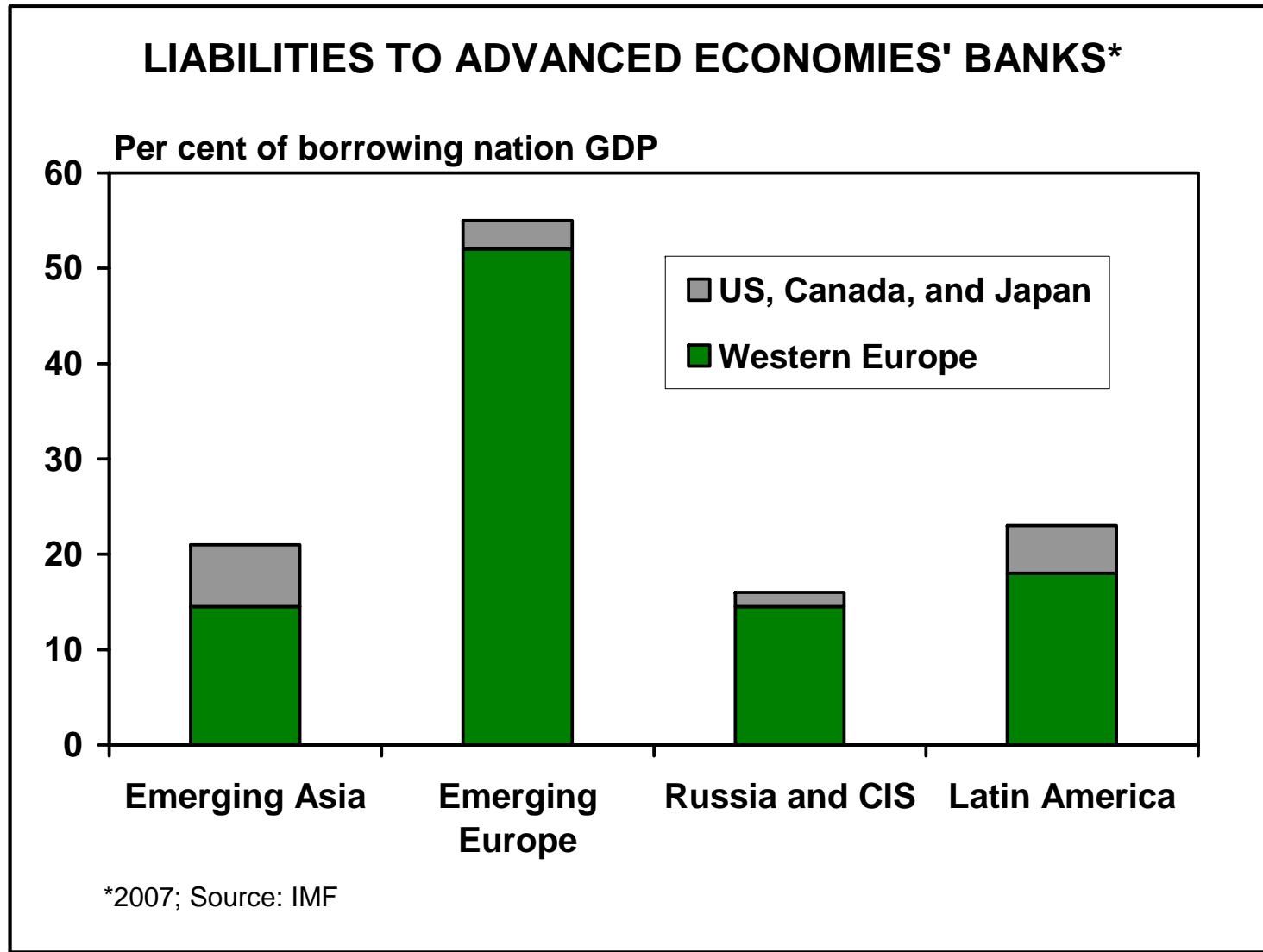
THE NEW INTEREST RATES CENTRAL BANKS ARE CONCERNED ABOUT



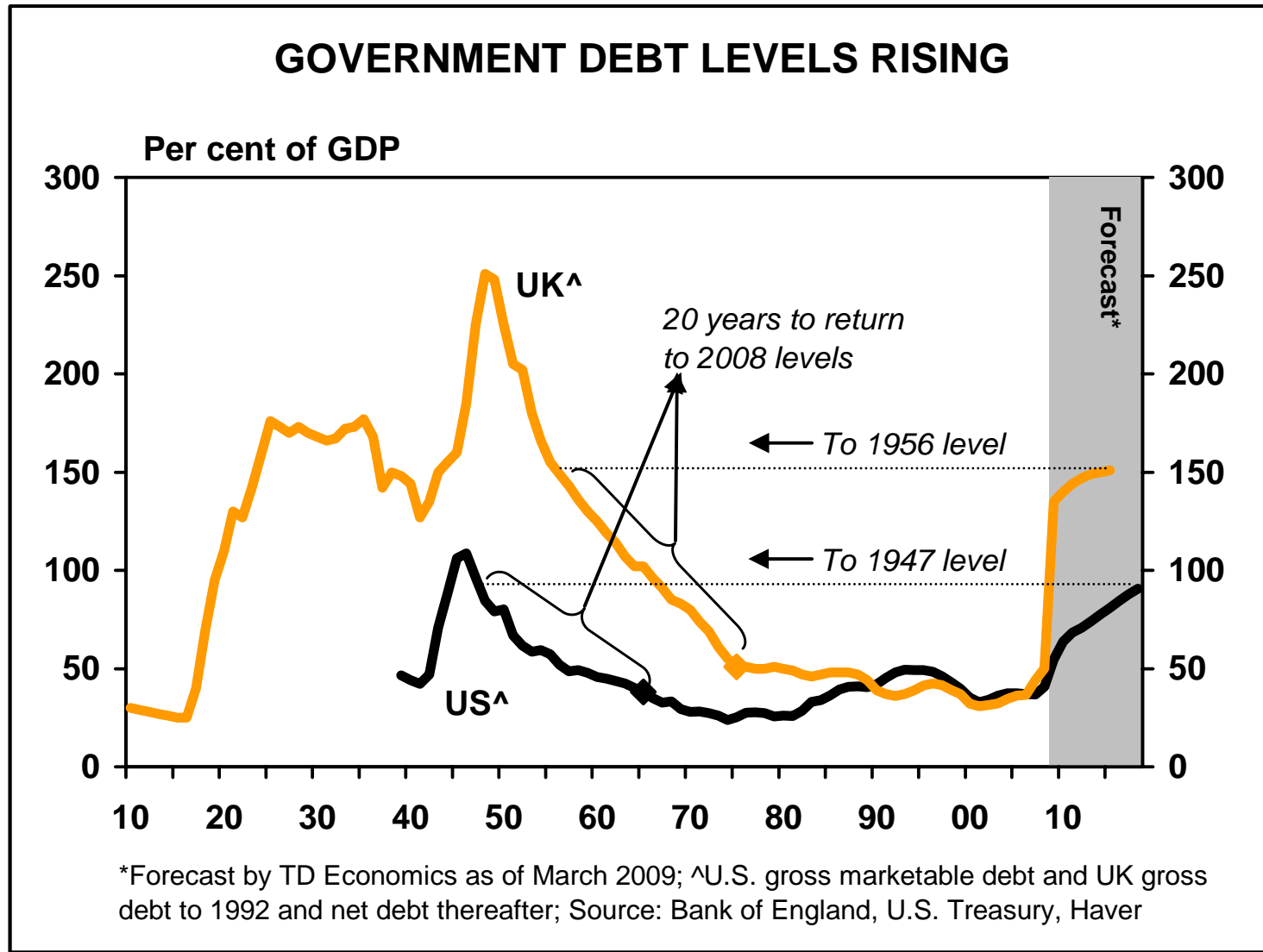
DIMINISHED ACTIVITY SIGNALS DEFLATION TO COME



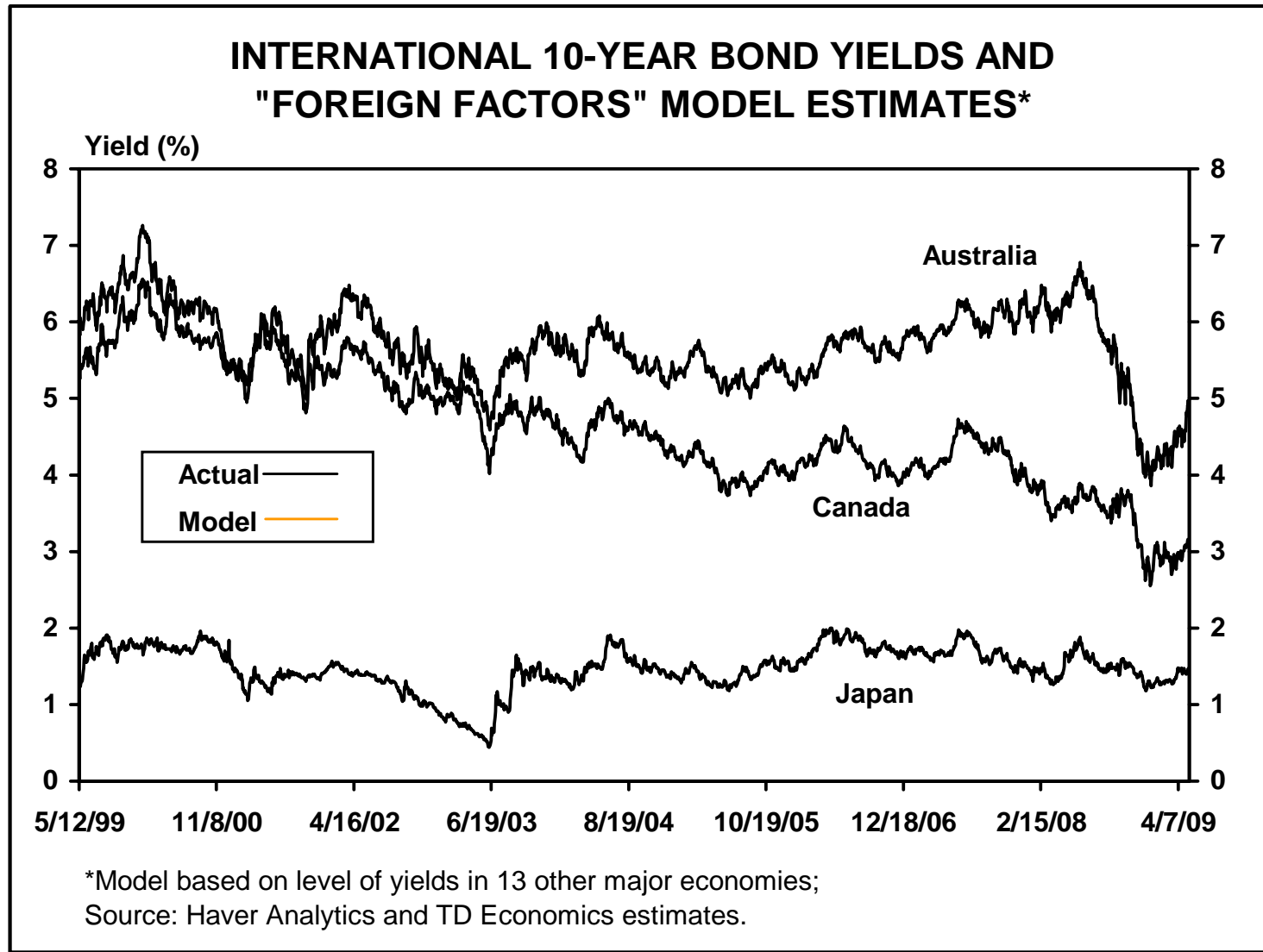
WESTERN EUROPE MOST EXPOSED TO EMs



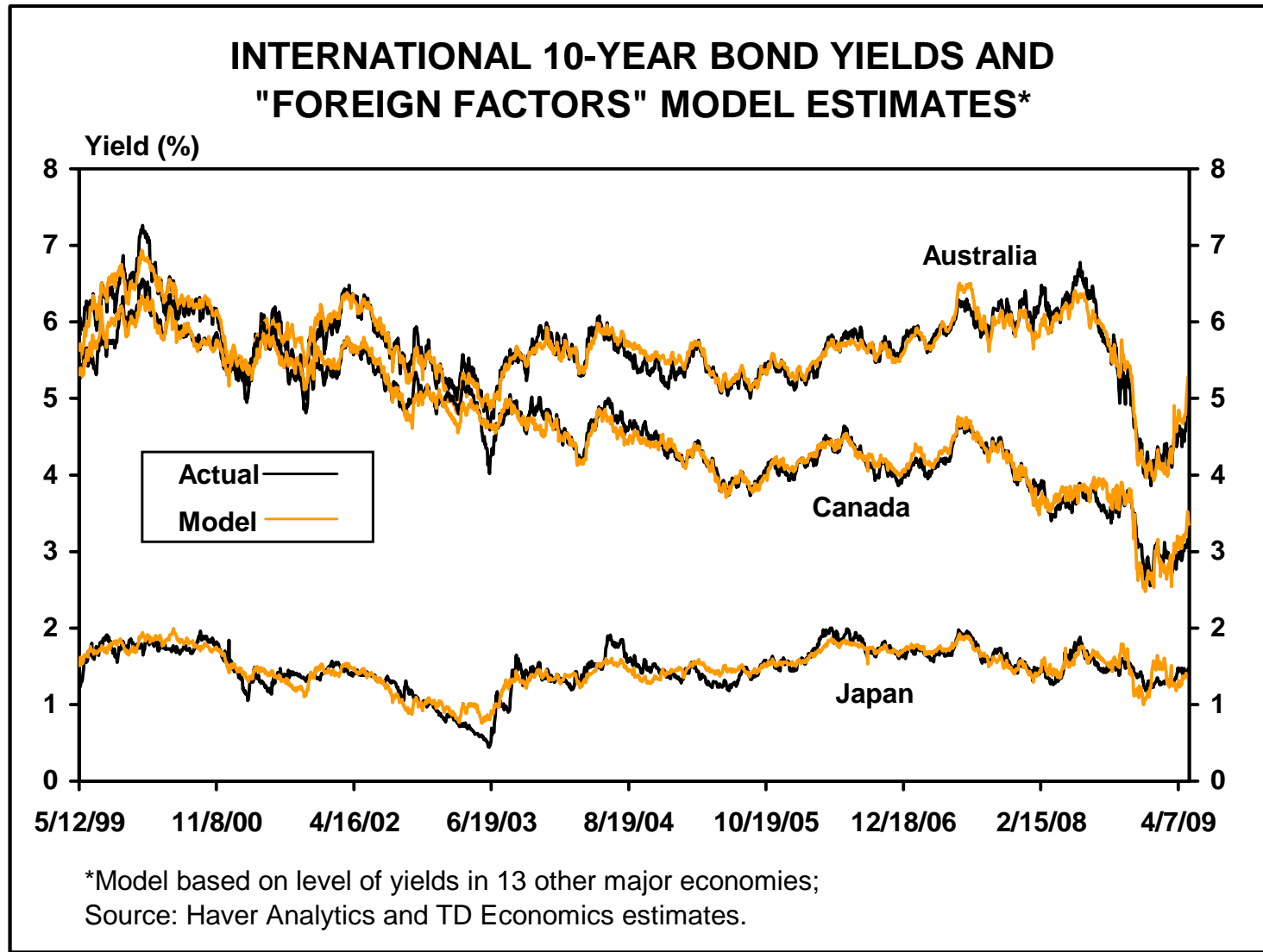
FISCAL POLICY HAS GONE BALLISTIC



FINANCIAL MARKETS REMAIN INTERLINKED



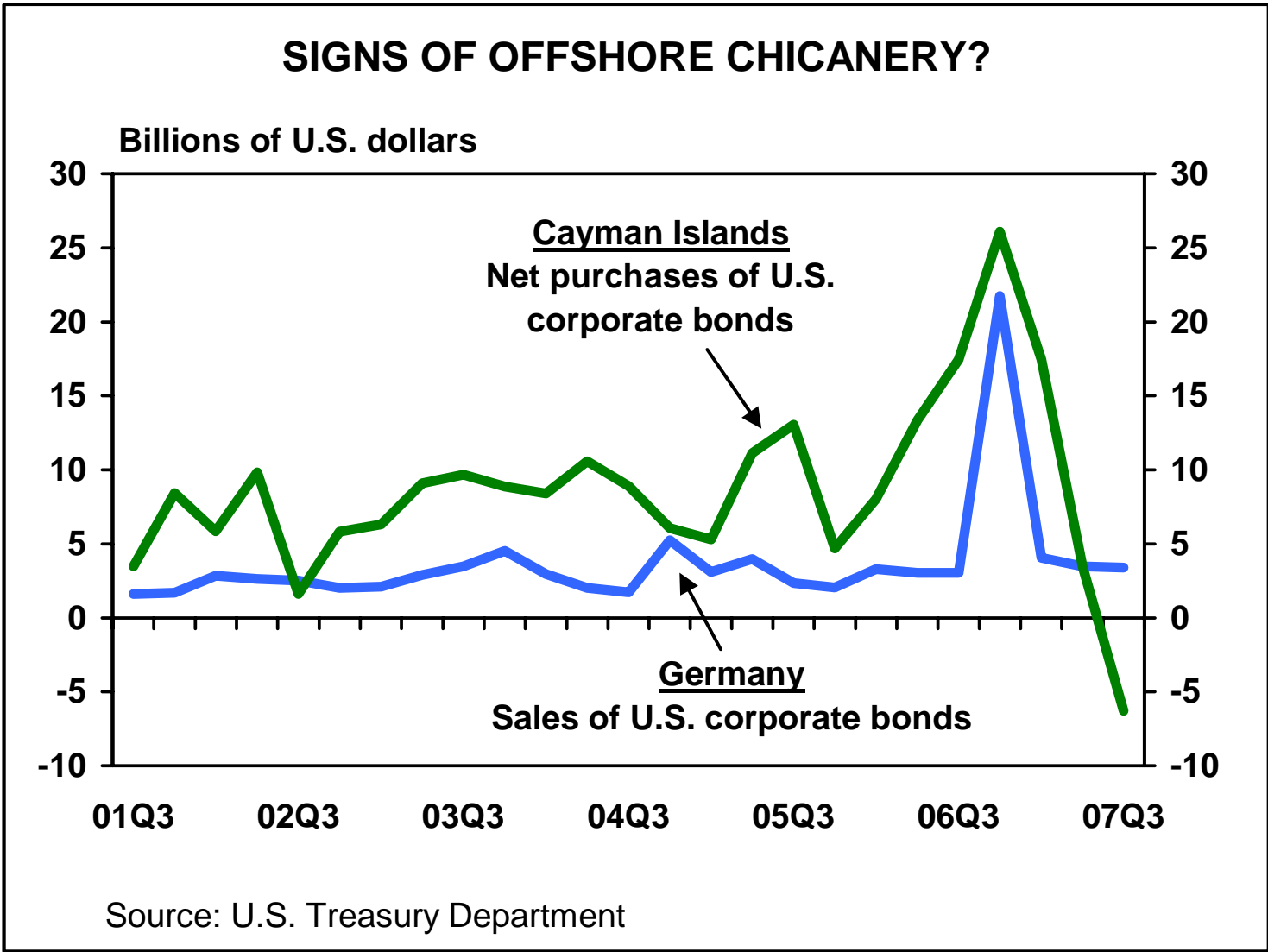
FINANCIAL MARKETS REMAIN INTERLINKED



GLOBAL CAPITAL FLOWS REMAIN OPAQUE



GLOBAL CAPITAL FLOWS REMAIN OPAQUE



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