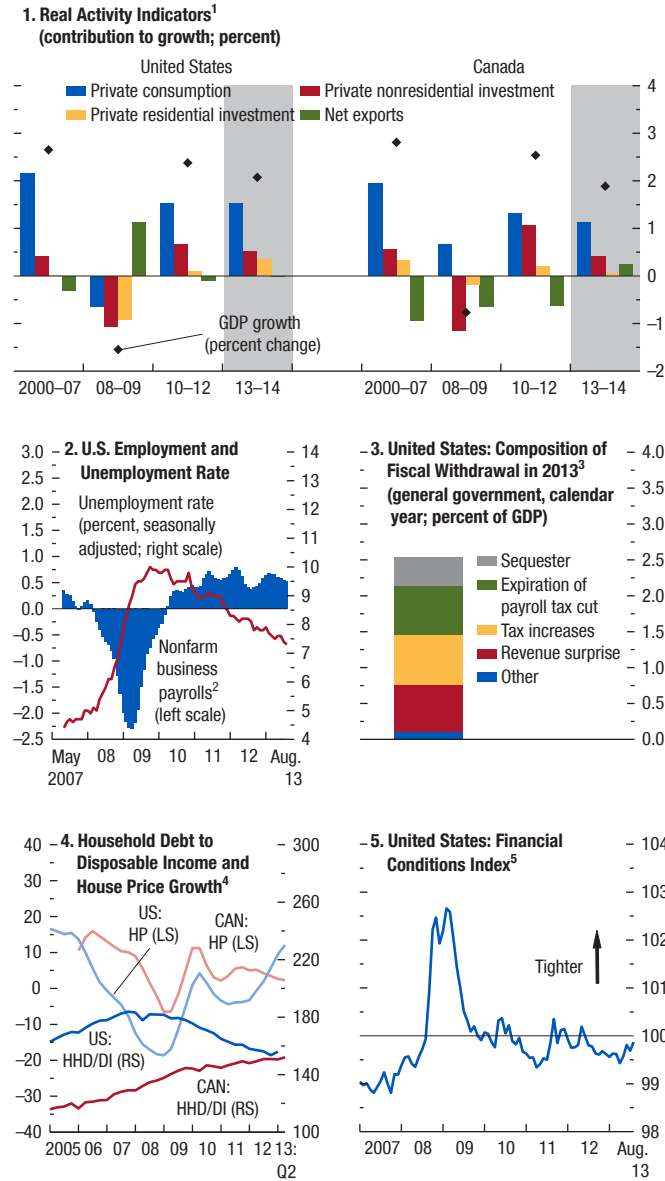


## Figure 2.3. United States and Canada: A Modest Recovery

Despite a large fiscal contraction, growth in the United States is expected to improve gradually given strong private consumption growth and still supportive financing conditions. However, there is considerable economic slack, and employment recovery will remain slow. In Canada, high household debt will dampen consumption growth, but GDP growth will be mainly supported by a positive contribution from net exports.



Sources: Bloomberg, L.P.; Canadian Real Estate Association (CREA); Congressional Budget Office; Haver Analytics; and IMF staff estimates.

<sup>1</sup>U.S. data are subject to change pending completion of the release of the Bureau of Economic Analysis's Comprehensive Revision of the National Income and Product Accounts (NIPA).

<sup>2</sup>Moving quarterly absolute change; millions.

<sup>3</sup>Tax increases refer to the expiration of 2001, 2003, and 2009 tax cuts for upper-income taxpayers (including iteration with the Alternative Minimum Tax). "Other" includes war drawdown and removal of emergency funds for disaster relief.

<sup>4</sup>HHD/DI = household debt to disposable income (percent); HP = house prices (year over year; percent); S&P/Case-Shiller Home Price Index for the United States (US); CREA for Canada (CAN). RS = right scale; LS = left scale. US: HHD/DI data are through 2013:Q1.

<sup>5</sup>Goldman Sachs FCI (Financial Conditions Index).