



## Press release

FOR IMMEDIATE RELEASE

### LAURENTIAN BANK OF CANADA'S ECONOMIC AND FINANCIAL OUTLOOK FOR 2009

**Montréal, December 16, 2008** - Carlos Leitao, Chief Economist and Strategist, and Sébastien Lavoie, Economist, Laurentian Bank Securities, disclosed today their 2009 economic and financial outlook.

*By Carlos Leitao and Sébastien Lavoie*

The Canadian economy in 2009 will face challenges far more demanding than those in previous years. The **financial crisis** impeding economies worldwide since the last quarter of 2008, coupled with a **major economic slowdown**, will have a growing impact over the year on Canada's economic environment. As the US recession worsens almost every day, Canada will have to deal with a **weaker domestic demand** from its largest client and partner. Furthermore, a **very moderate growth** of the Canadian economy is expected in 2009. Our outlook indicates that **interest rates** in Canada should remain **very low** in 2009, and the Canadian dollar is expected to trade between 0.80 and 0.85 U.S. dollar during the year.

#### **Canada and Quebec do not escape the recession**

As the current conditions demonstrate, Canada and Quebec are not immune from the world economic slump, although the recession here is likely to be less severe than south of the border. Nonetheless, Canada's labour market is showing some cracks. Total employment fell by a hefty 70,600 in November. The unemployment rate edged up only from 6.2% to 6.3% as many Canadians just threw in the towel and stopped looking for a job amid the financial turmoil and economic recession.

We forecast economic activity to contract by 0.5% in Canada 2009. Exports, imports, residential construction, and business investment are all expected to pull back. Employment should dip slightly in 2009, while the unemployment rate should increase modestly, to approximately 7.0%. Amid economic uncertainties, households will be more prudent and ease the pedal on spending.

In Québec, the economic contraction is expected to be a tad softer (-0.3%) since the provincial government put in place a strong public capital spending program. Elsewhere in the country, it remains to be seen to what extent the storm presently lashing the North American automobile industry will impact its situation in Ontario. In Western Canada, the petroleum industry, which posted huge profits in the wake of the unparalleled increase in the price of a barrel of oil during the summer of 2008, is now suffering the repercussions of the substantial drop in demand across the continent and around the globe. After having fed inflation, the petroleum and other natural resource markets are currently contributing to a deflation that was as unexpected as it is damaging to Canada's economic health.

#### **Biography of Laurentian Bank's economists**

##### **Carlos Leitao**

Ranked second among the world's best economists by Bloomberg News, Carlos Leitao has extensive experience in banking and financial services, a field in which he has worked for over 25 years. This experience has given him excellent knowledge of Canada's economic issues and business sectors as well as the broader North American context in which regional economic factors and players are situated.

In 1979, after obtaining his degree in Economics from McGill University, Mr. Leitao began his career at Royal Bank. He joined the bank's Economics Department in 1982, where he worked in different functional areas in both Montreal and Toronto.

Carlos Leitao joined Laurentian Bank Securities in January 2003 as its Chief Economist, and joined the firm's Management Committee in May of 2004. In 2006, he was appointed to the Credit Committee of Laurentian Bank.



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## Sébastien Lavoie

Sébastien Lavoie holds a Master's degree in Economics from Université Laval and has been an Economist with Laurentian Bank Securities for the past two years. Prior to joining the Bank, Sébastien occupied various positions within the financial sector in Toronto and Vancouver. He has also served as an Economist for the Bank of Canada in Ottawa. Sébastien is the author of several publications about the Canadian and Quebec economies, the housing market, as well as other subjects of current interest. In addition, he is occasionally called upon by the English and French media to comment on economic and financial developments.

Carlos Leitao and Sébastien Lavoie will be available to answer questions from the press with regard to Canada's economic situation.

## About Laurentian Bank

Laurentian Bank of Canada is a banking institution operating across Canada and offering its clients diversified financial services. Distinguishing itself through excellence in service, as well as through its accessibility, the Bank serves individual consumers and small and medium-sized businesses. The Bank also offers its products to a wide network of independent financial intermediaries through B2B Trust, as well as full-service brokerage solutions through Laurentian Bank Securities.

Laurentian Bank is well established in the Province of Quebec, operating the third-largest retail branch network. Elsewhere throughout Canada, it operates in specific market segments where it holds an enviable position. Laurentian Bank of Canada has more than \$18 billion in balance sheet assets and more than \$15 billion in assets under administration. Founded in 1846, the Bank employs close to 3,400 people.

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