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**PROVINCIAL ECONOMIC OUTLOOK  
BY SÉBASTIEN LAVOIE, ECONOMIST OF LAURENTIAN BANK SECURITIES**

**Montreal, March 17, 2009** - Sébastien Lavoie, economist of Laurentian Bank Securities, has disclosed this morning the Provincial Economic Outlook for 2009 and 2010.

**The recession in Quebec is less severe than in Ontario and Alberta**

The Canadian economy has lately been looking like a hockey team whose key players are in slumps. One such player – Quebec - has slowed considerably, particularly since financial market stresses began to intensify last fall. Since then, households and businesses have been extremely prudent, while exports continue to slow, due to weakening U.S. demand. Softness in domestic demand is expected to keep the province in recession this year. The deteriorating job market, coupled with the crunch in financial and real estate asset prices will spark a pullback in consumer spending. Moreover, the recession will push many of the more vulnerable Quebec households over the brink. Higher personal debt burdens coupled with the fact that EI benefit payouts provide less support than they once did, are causing bankruptcies to spike earlier in the cycle, than during previous recessions. Furthermore, cooling in residential construction should stretch out as long as two years, as promoters adjust themselves to deal with falling housing demand. Businesses are also feeling the pain. Economic uncertainty and slower growth in profits, are forcing companies to reduce inventories and to postpone many investment projects until 2010. As a result, *LBS Economic Research* is now projecting that Quebec's real GDP will shrink by 1.1% during 2009. When the U.S. economy recovers its footing once again in 2010, we should see a rebound in Quebec exports. This in turn should support a return of Quebec's economy towards its cruising speed, which is real GDP growth in the 2% range.

Although Quebec is one team player whose performance is clearly slumping, Ontario is experiencing one of the worst years of its career. Significant full-time job losses in several key sectors will certainly spark a major pullback in domestic demand. The unemployment rate in Canada's largest province will likely hit 10% between now and 2010 even if restructuring plans at the three big U.S. automakers go ahead. In the West, Alberta is suffering from spin-off effects related to falling energy prices, a combination that should spark a first recession in 23 years, and a first deficit in 15 years. And finally, a major drop in housing prices coupled with a lack of savings by British Columbians will lead to a pullback in economic activity on Canada's Pacific coast.

**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 offers its products to a wide network of independent financial advisors through B2B Trust, as well as full-service brokerage solutions through Laurentian Bank Securities.

With 156 branches and 348 automated banking machines, Laurentian Bank of Canada is well established in the Province of Quebec, operating the third-largest branch network. Elsewhere throughout Canada, it operates in specific market segments where it holds an enviable position. Laurentian Bank of Canada has more than \$19 billion in balance sheet assets. Founded in 1846, the Bank employs more than 3,400 people.



# Press release

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