



Press release

FOR IMMEDIATE RELEASE

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

Montreal, June 20, 2008 - Sébastien Lavoie, economist of Laurentian Bank Securities, has disclosed this morning the Provincial Economic Outlook for 2008, 2009 and 2010.

A Cold Breeze From The South Hits Quebec

LBS Economic Research predicts that the Quebec economy will expand by less than its usual cruising speed in 2008 and 2009. The economy is expected to progress at a pace of 0.8% in 2008 and 1.7% in 2009, below the average annual growth rate of 2.0% experienced between the 2001 and 2007. The Quebec economy will continue to endure the effects of the US economic slowdown. Chances are that economic growth in the US will remain soft for quite some time as a result of the deterioration in the housing market, lower consumer confidence and tight credit conditions.

Even though 2008 will mark the trough of the cycle, we are far from a recession similar to the early 1990's. Quebec holds several cards that will enable it to avoid a recession. Among them, consumer spending will continue to drive the train, supported by tax relief and a healthy labour market. Another backbone of economic growth is non-residential investment. Mining and energy exploration are also picking up speed, amid the lofty price of commodities. As the US economy starts to pick up some steam in 2010, La belle province will get back to its cruising speed, with an expected economic growth rate of 2.3%.

North American Slowdown To Hit Other Provinces Too

The slowdown in economic growth is not unique to the province of Quebec. Elsewhere in the country, growth is also slowing, even in Western Canada. Quebec is poised to perform better than its neighbour Ontario, where we observe a skidding of the automobile industry. *LBS Economic Research* forecasts the economic expansion in the largest province to be the weakest in Canada.

It's not big news that economies in Central Canada are not performing as well as in Western Canada. 2008, 2009 and 2010 won't be an exemption to the rule. Having said that, the years of super-charged economic growth in Alberta appear behind us. The extreme buoyancy seems to be over even though the price of oil doubled within the last year. The increase in royalty rates led to a major decline in drilling activities. Alberta is giving way to "Saskaboom" as the leader in growth among the Western provinces. Key producer of potash, uranium, and crops worldwide, Saskatchewan's economy should grow at a sizzling pace close 3.0% this year and next. Manitoba is also well positioned to benefit from the boom in agricultural prices.

On the Pacific Coast, British Columbia benefits from companies in the energy sector exploring the province's north-east province for shale gas. It remains to be seen whether in the next few years, these explorations will lead to investment projects, which is the key to generate a regional economic boom. Still, the BC economy is poised to perform relatively well until at least 2010 Olympics, led by strong retail sales, solid wage growth, and a robust housing market. British Columbians are enjoying the best economic period since the boom of the late 1980s

In the Atlantic region, Newfoundland & Labrador has gone from being the poor cousin of Confederation to becoming the rich cousin, thanks to the energy boom. By 2009-10 this province should no longer receive equalization payments. Things are also going quite well in Nova Scotia, which will soon be announcing an agreement with Ottawa pertaining to a retroactive payment related to the exploitation of its natural resources. Economic growth in Nova Scotia and PEI should be reasonable overall since they are relatively less exposed to US demand than the rest of the country. The full report is on Laurentian Bank Securities Economic Research web site: <http://www.lb-securities.ca/EconomicResearch>.



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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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