

February 8, 2010

The Weekly Monitor

- Good news about the recovery at home, not so in the US and Europe.
- A good start for both the Canadian and Quebec job markets in 2010.
- The US job market stabilizes ... at a very low level.

Carlos Leitao, Chief Economist (514) 350-3000
leitao@lb-securities.ca

Sébastien Lavoie, Assistant Chief Economist (514) 350-2931
lavoies@lb-securities.ca

Marie-Claude Guillotte, Economist (514) 350-2925
guillotemc@lb-securities.ca

Emir Coskun (514) 350-2941
coskune@lb-securities.ca

For subscription:

Martine Bérubé, Coordinator (514) 350-3006
berubem@lb-securities.ca



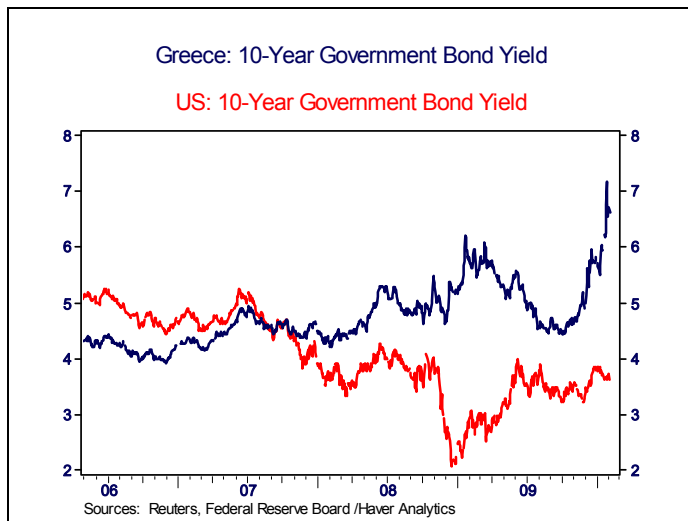
LAURENTIAN BANK
SECURITIES



Sébastien Lavoie
Assistant Chief Economist

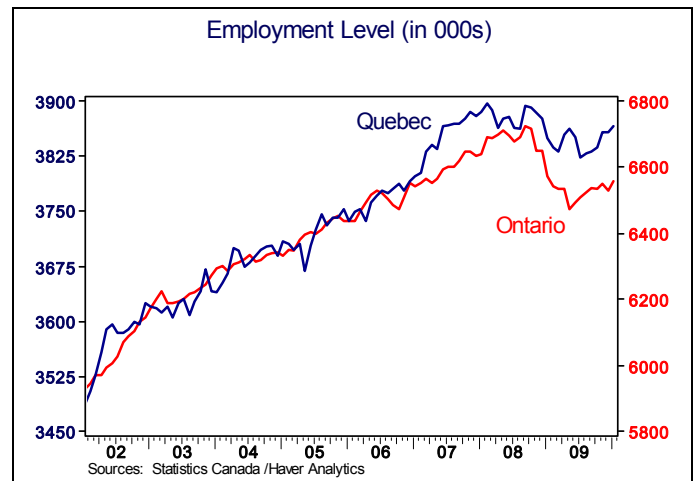
Good news about the recovery at home, not so in the US and Europe.

The markets are coming off quite the eventful week. Data released recently showed that the Canadian job market continues to strengthen, though in America, the picture is not yet as rosy. On the old continent, market doubts are accumulating regarding the creditworthiness of both Greece and Portugal. Despite the fact that the former country is under European Commission trusteeship, Greek bond rates have climbed to levels unseen in years, due to market skepticism regarding the overly ambitious plan to rapidly reduce the country's deficit by 2012. The short-term risk is that loss of confidence related to the sovereign debts of Greece and Portugal could spread to those of other Euro zone countries (mostly Spain, and to a lesser extent Italy and France).

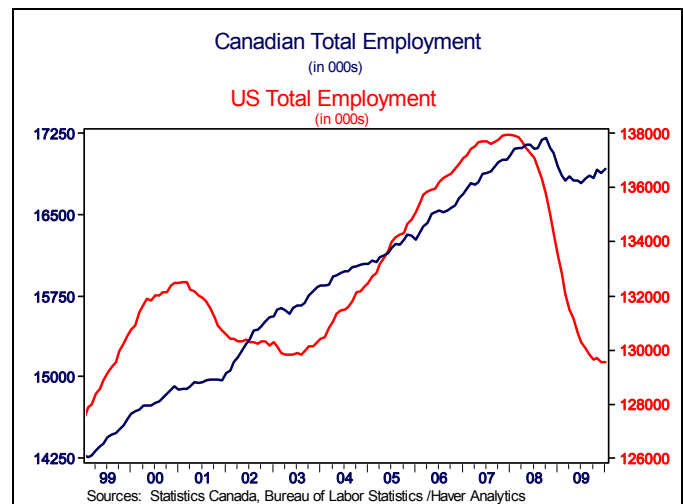


A good start for both the Canadian and Quebec job markets in 2010

Improvement in Canadian job market conditions, which began at the end of last summer, continued through the start of this year. Close to 23,000 new jobs were created in Canada on average each month since August. An impressive 43,000 new posts were created in January, which brought the country's unemployment rate down to 8.3%. This job creation came almost entirely from new part-time jobs (+41,500) in private services-sector businesses. However, according to an *LBS Economic Research* estimate, 10% of part-time workers – which represent half of all part-time workers - would prefer to work full time. This is a strong case of “under-employment” or disguised unemployment.



On a regional basis, Ontario stood out from the pack (+30,300). After a particularly tough 2009, the province thus begins the year on a fairly positive note. In Quebec, the job market has been doing well for several months, particularly the services sector. In fact Quebec is the only province to have created jobs during each of the past six months (including +6,200 jobs in January and +41,400 since August). That said the drop in the province's unemployment rate (from 8.4% to 8.0%) was slightly tarnished by the fact that its active workforce fell during the month, even if the economic recovery is well underway.

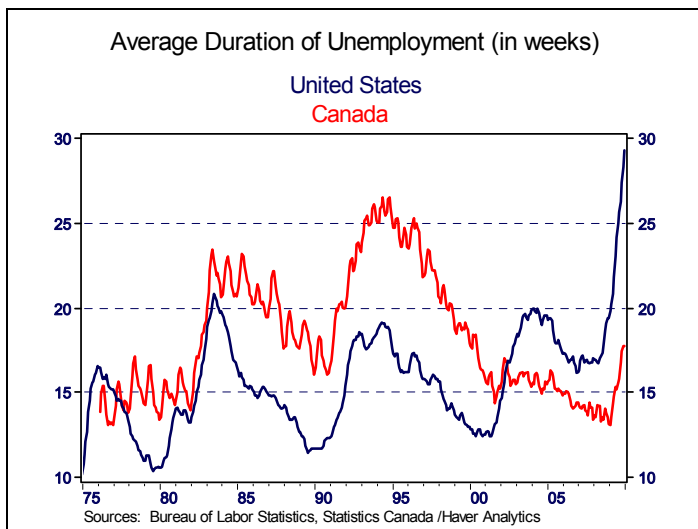


The US job market stabilizes ... at a very low level

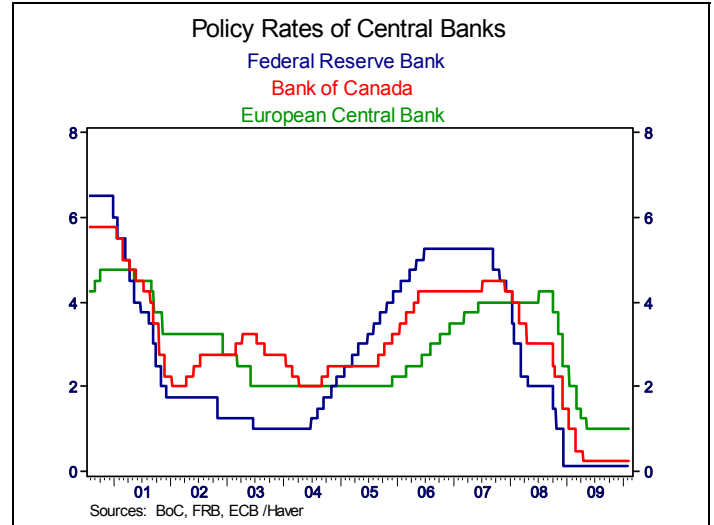
What to say about the US job statistics? Once again in January, data stemming from two key employment surveys - of establishments and of households, - were somewhat contradictory. According to the establishment survey, non-farm payrolls remained unchanged during January (the -20,000 jobs lost to the entire American economy during the period can be regarded as quite minimal). The good news is that according to the household survey, the unemployment rate fell from 10.0% to 9.7% - in large part due to a substantial increase in new jobs (+541,000).

The household survey data is considered to be less reliable from month to month than is the establishment survey. Among other good news that emerged, was the rise in service sector employment during the past three months and the recent stability in the average number of hours worked.

Although the US job market has stabilized, the level of employment is very low. When revisions to previous months' data are taken into account, the number of jobs lost to the US economy during the past two years now sits at 8.1 million. In short, all of the jobs that were created between the years 2003 and 2007 were lost during 2008 and 2009. To put this into perspective: only 130 million Americans are now working – the same level as in 1999! We estimate that despite the fact that president Obama, has made job creation the priority of his 2010 budget, that it will take more than three years before the US returns to its peak employment level of January 2008 (138 million). The structural nature of unemployment is also worrisome. The average duration of unemployment reached a new record-high of 30.2 weeks in January.



In light of these statistics, we believe that it is highly unlikely that the US Federal Reserve will move to tighten monetary policy any time soon. Although we have long thought that the Fed would wait until the third quarter of 2010 to make its initial move, it is becoming increasingly likely that a first policy rate hike will not occur until 2011. In Canada, the opposite is true. Improvement in the job market adds more grist to our forecast that monetary tightening will begin in 2010Q3.



North American Forecasts

This Week's Forecasts			
(%)	This Week	Next 4 Weeks	In 3 Months
Canada			
3-Month T-Bills	0.15 - 0.25	0.10 - 0.25	0.25
2-Year Bond	1.25 - 1.35	1.20 - 1.40	1.30
10-Year Bond	3.35 - 3.45	3.40 - 3.60	3.50
Canadian Dollar (CAN\$/US\$)	1.055 - 1.064	1.031 - 1.064	1.06
United States			
3-Month T-Bills	0.05 - 0.15	0.00 - 0.25	0.10
2-Year Bond	0.75 - 0.85	0.80 - 1.00	0.90
10-Year Bond	3.60 - 3.70	3.60 - 3.80	3.60
Yen (Yen/US\$)	90.0 - 92.0	89.0 - 92.0	90.0
Euro (US\$/Euro)	1.36 - 1.38	1.36 - 1.39	1.40

08/02/2010

Interest-Rate and Exchange-Rate Forecasts												
	Historical Data						Forecasts*					
	2007	2008	2009 Q1	2009 Q2	2009 Q3	2009 Q4	2010 Q1	2010 Q2	2010 Q3	2010 Q4	2011 Q1	2011 Q2
Canada												
Overnight Rate	4.35	3.03	0.50	0.25	0.25	0.25	0.25	0.25	0.75	1.75	2.25	2.50
3-Month Treasury Bills	4.14	2.33	0.39	0.24	0.22	0.19	0.25	0.30	0.75	1.75	2.25	2.50
2-Year Bond	4.18	2.66	1.07	1.20	1.26	1.43	1.30	1.50	1.75	2.25	2.45	2.65
10-Year Bond	4.27	3.61	2.79	3.36	3.31	3.60	3.40	3.50	3.40	3.65	3.80	3.95
30-Year Bond	4.31	4.06	3.74	3.91	3.84	4.07	4.00	4.10	4.00	4.25	4.40	4.55
United States												
Federal Funds Rate	5.05	2.08	0.25	0.25	0.25	0.25	0.25	0.25	0.25	1.00	1.50	2.00
3-Month Treasury Bills	4.48	1.40	0.21	0.19	0.14	0.06	0.10	0.15	0.20	1.00	1.50	2.00
2-Year Bond	4.36	2.01	0.81	1.11	0.96	1.14	0.90	0.95	1.00	1.50	1.30	1.50
10-Year Bond	4.63	3.66	2.71	3.53	3.32	3.85	3.70	3.50	3.00	3.25	3.75	4.25
30-Year Bond	4.84	4.29	3.56	4.32	4.03	4.63	4.50	4.25	3.75	4.00	4.45	4.95
Canadian Dollar (US\$/C\$)	0.930	0.938	0.794	0.893	0.935	0.953	0.943	0.950	0.965	0.980	0.990	1.000
Canadian Dollar (Euro/C\$)	0.679	0.637	0.599	0.652	0.639	0.663	0.678	0.674	0.666	0.667	0.669	0.667
Euro (US\$/Euro)	1.371	1.473	1.326	1.370	1.463	1.438	1.390	1.410	1.450	1.470	1.480	1.500
Yen (Yen/US\$)	118	103	99	95	90	93	90	85	87	89	90	90

Quarter-end data and annual averages

February 5th, 2010

Market Review: Bonds and Currencies

International 3-Month Rates

	Current Yield
U.S.	0.10
Canada	0.16
UK	0.49
France	0.31

Spreads (b.p.) against U.S.						
Feb-05-10	-1 week	-4 weeks	-1 quarter	- 1 year	Jan-09	
6	8	14	15	46	74	
39	42	44	39	68	122	
21	21	28	34	77	176	

International Bonds: Benchmark 10-Year Yield

	Current Yield
U.S.	3.59
Canada	3.36
UK	3.89
France	3.48
Germany	3.10
Japan	1.39

Spreads (b.p.) against U.S.						
Feb-05-10	-1 week	-4 weeks	-1 quarter	- 1 year	Jan-09	
-23	-28	-24	-2	-1	40	
30	28	13	34	69	67	
-11	-19	-30	10	74	108	
-49	-45	-50	-17	33	61	
-221	-231	-249	-209	-171	-117	

Provincial Bonds: Benchmark 10-Year Yield

	Current Yield
Canada	3.36
Alberta	3.82
British Columbia	3.89
Prince Edward Island	4.04
Manitoba	3.94
New Brunswick	3.97
Nova Scotia	3.97
Ontario	3.96
Quebec	4.00
Saskatchewan	3.89
Newfoundland	4.01

Spreads (b.p.) against Canada						
Feb-05-10	-1 week	-4 weeks	-1 quarter	- 1 year	Jan-09	
46.0	52.0	44.0	56.0	122.0	123.0	
53.0	52.0	54.0	60.0	122.0	120.0	
68.0	67.0	69.0	73.0	151.0	151.0	
58.0	57.0	59.0	65.0	130.0	134.0	
61.0	62.0	63.0	70.0	142.0	138.0	
61.0	62.0	63.0	69.0	142.0	138.0	
60.0	59.0	61.0	65.0	122.0	126.0	
64.0	63.0	66.0	71.0	146.0	147.0	
53.0	52.0	57.0	61.0	121.0	123.0	
65.0	64.0	66.0	70.0	142.0	133.0	

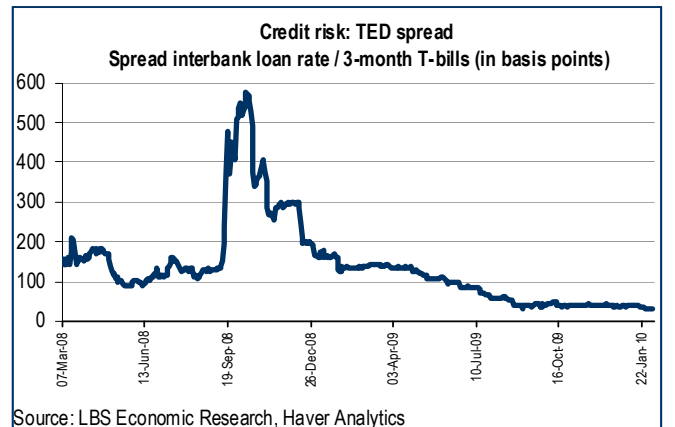
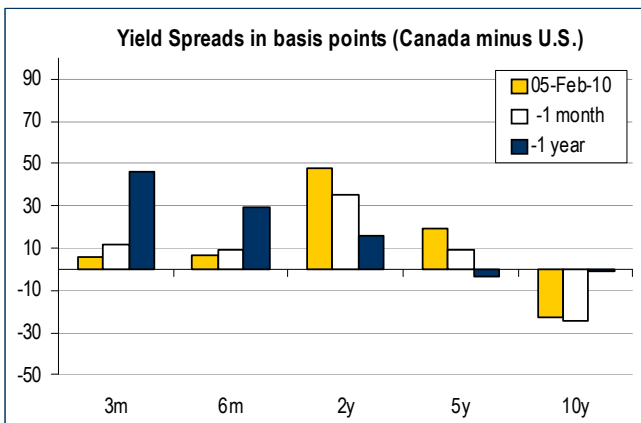
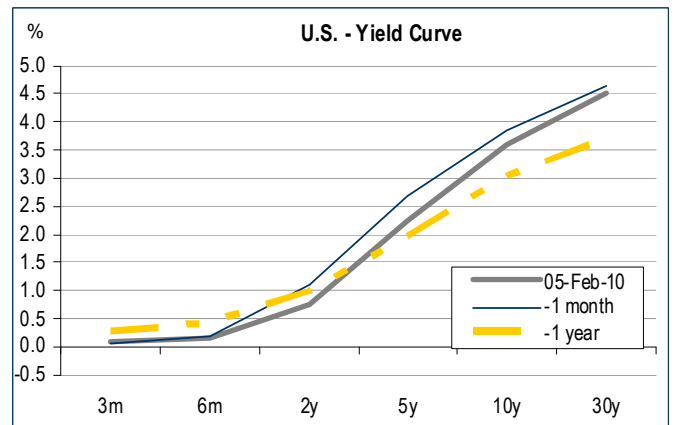
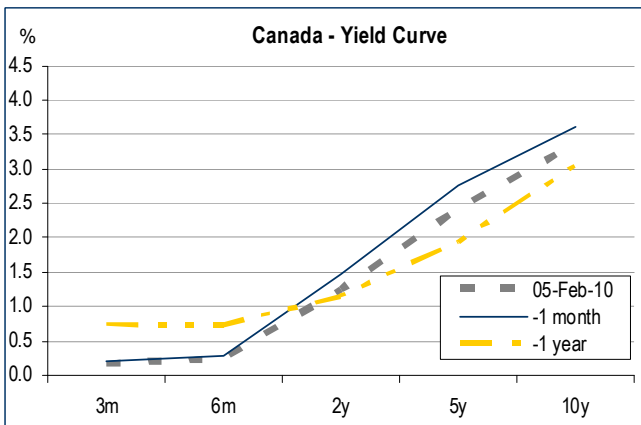
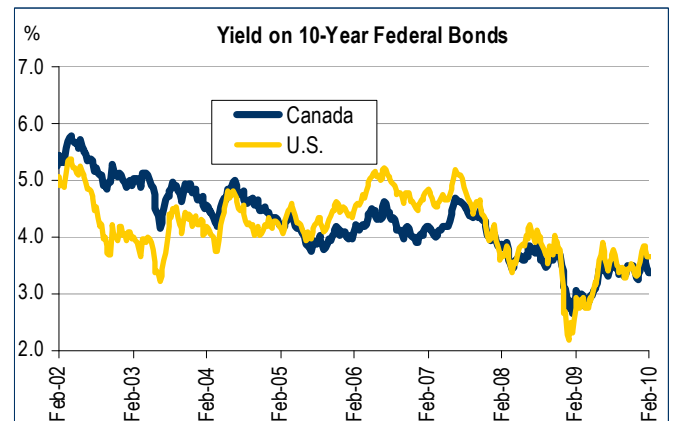
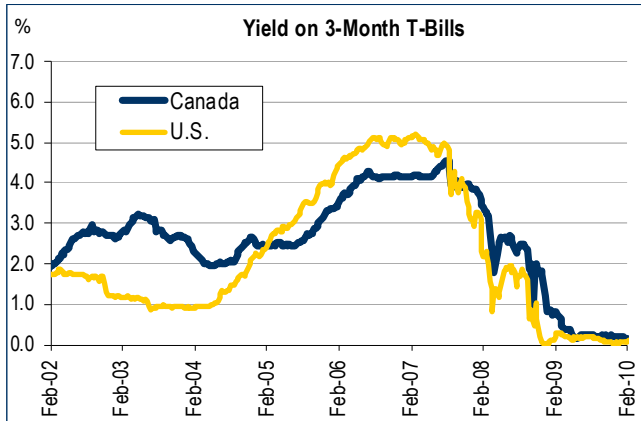
Currencies

	Current Yield
Canada (Canada/US\$)	1.0727
Canada (US\$/Canada)	0.9322
Australia (Australia/US\$)	0.8617
U.K. (US\$/£)	1.5620
Japan (US\$/Yen)	89.25
Euro (US\$/Euro)	1.3607

Currencies						
Feb-05-10	-1 week	-4 weeks	-1 quarter	- 1 year	Jan-09	
1.0727	1.0651	1.0377	1.0563	1.2388	-11.9	
0.9322	0.9389	0.9637	0.9467	0.8072	13.5	
0.8617	0.8877	0.9133	0.9293	0.6715	-18.4	
1.5620	1.5924	1.6108	1.6720	1.4775	7.2	
89.25	90.80	92.55	89.92	91.95	-1.9	
1.3607	1.3904	1.4420	1.4999	1.2873	-2.3	

Data updated as at: 08/02/2010

Market Review: Fixed Income Charts



Market Review: Stocks Exchange and Commodities

Stock Market Summary

	Level			Change (%)				
	Feb-05-10	52w HI	52w LOW	(-1W)	(-4W)	(-13W)	(-52W)	Jan-2009
Canada								
S&P/TSX	11,223	11,954	7,567	1.2	-6.1	-0.2	24.6	23.2
S&P/TSX 60	657	703	458	1.2	-6.6	-1.6	20.7	19.5
S&P/TSX Small Cap Index	561	601	310	0.9	-6.5	5.2	50.7	50.1
United States								
S&P 500	1,066	1,150	677	-0.7	-6.9	-0.3	22.7	16.2
Dow Jones	10,012	10,725	6,547	-0.5	-5.7	-0.1	20.9	12.4
Nasdaq	2,141	2,320	1,269	-0.3	-7.6	1.4	34.5	33.4
International								
U.K. - FTSE 100	5,061	5,538	3,512	-2.5	-8.6	-1.6	17.9	12.5
Germany - DAX	5,434	6,048	3,666	-3.1	-10.0	-1.0	17.0	10.5
France - CAC 40	3,564	4,045	2,519	-4.7	-11.9	-3.9	14.1	8.5
Japan - Nikkei 225	10,057	10,982	7,055	-1.4	-6.9	2.7	24.5	12.4
Hong Kong - Hang Seng	19,665	22,944	11,345	-2.3	-11.8	-9.9	44.0	33.6
Russia - RST	1,507	1,581	517	2.3	-2.0	12.7	189.3	138.6
Australia - ASX All Ordinaries	4,533	4,981	3,112	-1.4	-8.3	-1.6	33.0	23.9
Brazil - Bovespa	62,763	70,729	36,235	-4.0	-10.7	-2.6	46.8	59.5

S&P/TSX Sector Summary

	Level			Change (%)				
	Feb-05-10	52w HI	52w LOW	(-1W)	(-4W)	(-13W)	(-52W)	Jan-2009
S&P/TSX	11,223	11,954	7,567	1.2	-6.1	-0.2	24.6	23.2
Energy	278	308	175	-0.2	-9.1	-3.1	30.3	24.5
Materials	311	369	224	3.3	-12.6	-4.3	16.7	25.4
Industrials	82	83	60	0.4	-1.0	3.8	18.0	10.1
Consumers Discretionary	94	99	59	1.9	-4.9	4.0	24.3	17.5
Consumers Staples	178	181	156	1.7	-1.6	5.9	9.2	6.5
Health Care	35	36	25	0.3	-2.5	0.3	10.6	23.1
Financials	167	180	91	0.2	-3.9	-0.9	39.6	30.8
Information Technology	30	30	17	6.3	5.4	14.3	36.2	58.4
Telecommunication Services	77	80	68	-0.6	-1.5	0.9	-0.1	-2.6
Utilities	192	200	152	0.7	-2.2	8.1	12.2	8.3

Commodities

	Level			Change (%)				
	Feb-05-10	52w HI	52w LOW	(-1W)	(-4W)	(-13W)	(-52W)	Jan-2009
London – Gold (US\$/once)	1083.25	1212.50	870.25	1078.50	1126.75	1096.75	913.00	872.13
London – Silver (US\$/once)	14.78	19.45	12.05	16.12	18.44	17.38	13.01	11.34
Aluminium (US\$/LB)	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	0.68	0.72
Copper (US\$/LB)	2.85	3.48	1.41	3.05	3.39	2.95	1.62	1.42
WTI Crude Oil (US\$/barrel)	71.19	83.18	33.98	72.89	82.75	77.43	40.17	45.47
Natural Gas (Henry Hub) (US\$/MMBTU)	5.44	7.38	1.92	5.27	6.48	3.87	4.72	5.53

Data updated as at:
08/02/2010

Calendar of Major Economic Indicators

KEY ECONOMIC INDICATORS

WEEK OF FEBRUARY 8, 2010

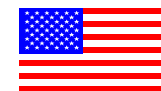


Canada

Date	Time	Release	Unit	Data for:	LBS *	Consensus	Previous
Feb 8	8:15	Housing Starts	Thousands	January	195.0	179.0	174.5
Feb 10	8:30	International Merchandise Trade	Billions	December	-\$C0.1	-\$C0.2	-\$C0.3
Feb 11	7:00	New Housing Price Index		January	-	0.3%	0.4%
Feb 5	7:00	New Motor Vehicle Sales	M/M	December	-	2.0%	-6.0%

* Laurentian Bank Securities Forecast

Consensus from Bloomberg L.P.



United States

Date	Time	Release	Unit	Data for:	LBS*	Consensus	Previous
Feb 9	10:00	Wholesale Inventories	M/M	December	-	0.5%	1.5%
Feb 10	8:30	Trade Balance	Billions	December	-	-\$35.5	-\$36.4
Feb 11	8:30	Advance Retail Sales	M/M	January	-	0.3%	-0.3%
Feb 11	8:30	Retail Sales Less Autos	M/M	January	-	0.4%	-0.2%
Feb 11	10:00	Initial Jobless Claims	Thousands	Feb. 6	-	456.0	480.0
Feb 11	10:00	Business Inventories	M/M	December	-	0.4%	0.4%
Feb 12	9:55	U. of Michigan Confidence	-	Feb. P	-	74.8	74.4

Consensus from Bloomberg L.P.

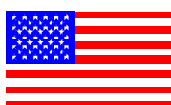
North American Economic Indicators



Canada

Gross Domestic Product (GDP)
 Manufacturing Shipments
 Housing Starts (' 000) *
 Retail Sales
 Trade Balance (M\$) *
 Employment (' 000) **
 Unemployment Rate *
 Wages (avg. hourly earnings)
 Total CPI inflation
 Inflation ex-food & energy
 Industrial Product Price Index
 Raw Materials Price Index

Period	Monthly Chg. (% or Level)		Cumulative change	
	Current	Previous	- 3 Month	- 1 Year
November	0.4%	0.3%	1.2%	-1.7%
November	0.1%	2.1%	3.0%	-10.0%
December	178	168	152	126
November	-0.3%	1.0%	1.8%	1.2%
November	-344	503	-1,936	-937
January	43	-28	21	-189
January	8.3	8.4	8.3	8.0
January	1.8%	2.4%	2.5%	3.9%
December	1.2%	1.0%	-0.9%	1.3%
December	1.4%	1.4%	1.6%	2.0%
December	-0.1%	0.9%	0.4%	-0.8%
December	-1.7%	2.2%	3.0%	26.7%



United States

ISM - manufacturing *
 ISM - Non-manufacturing *
 Industrial Production *
 Capacity Utilization Rate *
 Consumer Confidence Index *
 Retail Sales
 Trade Balance (M\$) *
 Housing Starts (' 000) *
 Existing home sales
 Median price of ex. home sales
 Non-Farm Payrolls (' 000) **
 Unemployment Rate *
 Wages (avg. hourly earnings)
 Total CPI inflation
 Inflation ex-food & energy
 Producer Price Index
 - Ex-Food & Energy

Period	Monthly Chg. (% or Level)		Cumulative change	
	Current	Previous	- 3 Month	- 1 Year
December	54.9	53.7	52.4	32.5
December	49.8	48.4	50.1	32.5
December	100.3	99.7	98.9	102.4
December	72.0	71.5	70.8	72.7
January	74.4	72.5	70.6	61.2
December	-0.3%	1.8%	2.7%	5.4%
November	-36,402	-33,189	-30,313	-41,858
December	557	580	586	556
December	-16.7%	7.4%	-1.6%	15.0%
December	4.9%	-1.3%	1.3%	1.5%
December	-150	64	-310	-4781
December	10.0	10.0	10.1	7.7
December	2.4%	2.6%	2.7%	3.9%
December	2.8%	1.9%	-1.4%	-0.1%
December	1.8%	1.7%	1.5%	1.7%
December	0.2%	1.8%	2.3%	4.7%
December	0.0%	0.5%	-0.1%	0.9%

* Level

** Change in level for the last month, 3 months and 1 year

*** Annual % change

Data updated as at:

08/02/2010

North American Forecasts

Canada													
	Period-Over-Period Annualized Per Cent Change Unless Otherwise Indicated												
										Annual Average		4th Qtr/4th Qtr	
	2009Q2	2009Q3	2009Q4	2010Q1	2010Q2	2010Q3	2010Q4	2011Q1	2009	2010	2011	2010	2011
Real GDP (%)	-3.1	0.4	3.5	3.1	3.0	2.7	2.6	2.6	-2.5	2.3	2.7	2.8	2.6
Consumption	1.8	3.1	2.7	2.6	2.8	2.6	2.6	2.6	0.1	2.7	2.7	2.6	2.7
Private investment	-9.9	8.7	-0.9	2.9	2.0	2.9	3.7	3.7	-13.3	1.9	5.6	2.9	7.2
Machinery and equipment	-15.4	25.6	-5.2	3.5	4.4	6.2	8.0	9.0	-17.6	3.8	9.1	0.0	10.5
Residential construction	7.4	8.1	5.9	4.4	-2.5	-2.8	-1.1	0.0	-8.4	2.7	-0.3	-0.5	0.0
Government spending	5.2	7.9	5.5	5.1	4.1	2.7	2.7	0.3	4.2	4.9	1.3	3.6	0.3
Exports	-19.5	15.3	12.1	8.1	8.1	7.8	8.5	4.5	-13.8	7.7	6.1	8.1	0.0
Imports	-6.9	36.0	4.5	8.3	9.8	8.5	9.0	5.0	-13.8	10.0	6.8	5.5	5.2
Current account balance in % of GDP	-3.7	-4.1	-3.2	-3.1	-2.7	-2.5	-2.3	-2.2	-3.4	-2.6	-2.2	-	-
Inflation (%)													
Total CPI (y/y)	0.1	-0.9	0.8	1.3	1.4	1.8	1.8	1.9	0.3	1.6	2.0	1.8	2.0
Core CPI (y/y)	1.9	1.6	1.7	1.5	1.3	1.5	1.5	1.6	1.8	1.5	1.8	1.5	2.0
Unemployment rate (%)*	8.4	8.6	8.6	8.6	8.5	8.4	8.2	8.2	8.3	8.4	8.0	-	-
Employment	-1.5	-0.8	0.9	0.5	0.9	0.7	0.9	1.3	-1.6	0.4	1.3	0.7	1.6
Housing starts (000s)	128	148	168	165	155	150	140	145.0	146	153	145	-	-
Before-tax Corp. Profits (y/y)	-42.9	-42.0	-19.3	1.3	15.3	10.7	4.2	5.9	-34.6	7.6	10.0	4.2	14.2

*Average rate for the quarter or the year.

Forecasts as of February 1st, 2010

United States													
	Period-Over-Period Annualized Per Cent Change Unless Otherwise Indicated												
										Annual Average		4th Qtr/4th Qtr	
	2009Q3	2009Q4	2010Q1	2010Q2	2010Q3	2010Q4	2011Q1	2009	2010	2011	2010	2011	
Real GDP (%)	2.2	5.7	3.8	2.5	2.4	2.4	2.7	-2.4	3.2	2.6	0.1	2.8	
Consumption	2.8	2.0	1.8	1.8	1.7	1.7	1.8	-0.6	1.8	1.8	1.1	1.7	
Private investment	-5.1	4.0	2.8	3.7	4.9	5.6	9.5	-17.8	1.8	7.6	-13.9	4.2	
Machinery and equipment	1.5	13.3	6.0	6.0	6.0	7.0	10.0	-16.9	6.1	8.7	-8.7	6.2	
Residential construction	18.9	5.7	4.0	2.0	2.0	3.0	3.5	-20.4	3.4	2.8	-12.1	2.7	
Government spending	2.7	-0.2	5.1	3.7	3.8	3.8	1.3	1.9	3.4	2.2	1.6	4.1	
Exports	17.8	18.1	9.5	6.1	6.0	5.8	4.6	-9.9	9.8	5.0	-1.7	6.8	
Imports	21.3	10.5	10.0	5.3	5.2	5.3	3.9	-14.2	7.9	4.0	-7.7	6.4	
Inflation (%)													
Total (y/y)	-1.6	1.0	2.0	1.8	1.5	1.2	1.7	-0.4	1.6	1.9	1.0	1.2	
Core (y/y)	1.5	1.3	1.3	1.1	1.0	1.0	1.2	1.6	1.1	1.5	1.3	1.0	
Unemployment rate (%)*	9.6	10.0	10.4	10.2	10.3	10.0	9.8	9.3	10.2	9.7	-	-	
Housing Starts (000s)	587	553.7	590	600	650	650	700	552	623	725	-	-	
Before-tax Corp. profits (% , y/y)	-6.6	6.0	10.0	7.5	10.0	10.0	5.0	-8.9	9.4	8.2	6.0	10.0	

* Average rate for the quarter or the year.

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