

August 25, 2010



Laurentian Bank Securities

The Monitor

- The North American Economic Sky Darkens: Will Central Bankers Try to Bring Back the Sunshine?
- Will the Fed Try to Bring Back the Sunshine with QE2?
- The BoC's Reaction to Unsettled Weather: An Extended Pause.

LBS Economic Research

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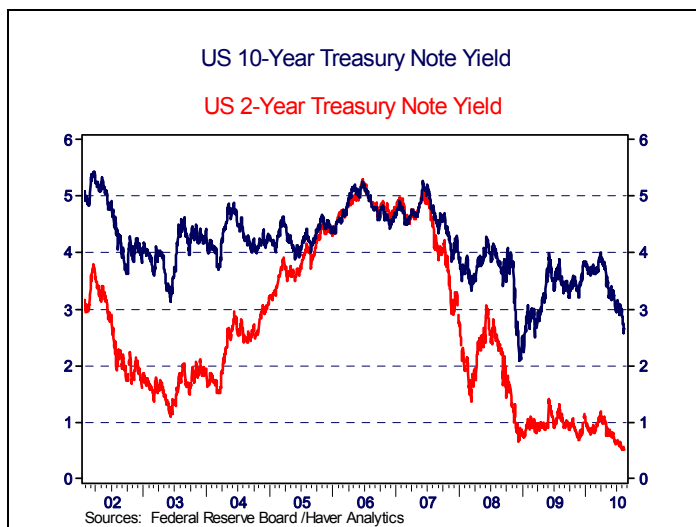




The North American Economic Sky Darkens: Will Central Bankers Try to Bring Back the Sunshine?

The North American economic sky darkens gradually. US economic growth is slowing faster than *LBS Economic Research* and most market participants have anticipated. First of all, real GDP growth during the second quarter is likely to be revised down from 2.4% (q/q saar) to around 1.4% (q/q, annualized) on Friday, amid a widening trade deficit and a weaker build-up in inventories. Secondly, recent indicators suggest a downside risk to our 2.3% real GDP growth forecast for the third quarter:

- The recovery in manufacturing output loses some ground: The Philadelphia Federal Reserve's index dipped into negative territory in August (-7.7) for the first time since the summer of 2009. The US Richmond manufacturing survey index came in at a 5-month low of 11 in August, suggesting the pace of expansion of manufacturing activity is slowing. The ISM headline for August is poised to contract.
- Despite rock-bottom mortgage rates, existing home sales tumbled by 27% m/m to a 15-year low of 3.83 million saar in July, reflecting the end of the home-buyer tax credit and underlying soft demand. New homes sales also plunged by a dismal 12.4% m/m in July, offsetting the revised down 12.1% increase in June.
- What worry us more is the sizeable supply of unsold homes in the new (9.1 months) and existing (12.5 months) markets, indicating possible home price depreciation. If housing prices fall again, consumer confidence could get closer to recessionary levels and core inflation could get closer to 0%.
- Weekly initial jobless claims reached their highest level in nine months (500K) during the week of August 14th, a sign that businesses are starting to lay off workers again in an effort to deliver bottom line growth.
- Core capital goods orders, an excellent indicator of capital expenditures, declined by a sizzling 8.0% m/m in July.



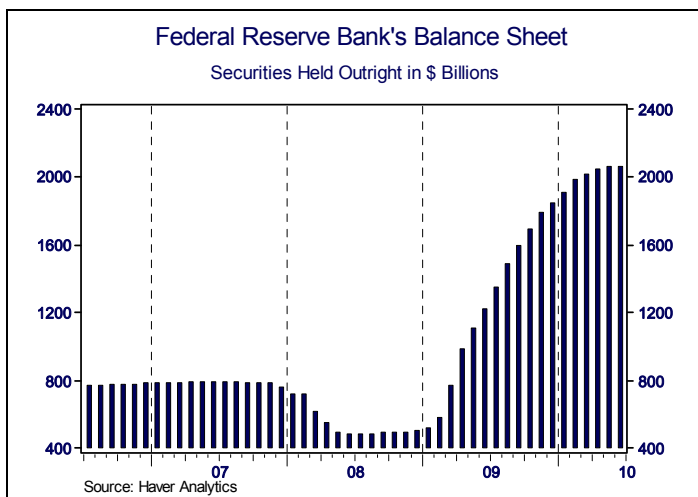
Obviously, the risk of a double-dip recession has increased. We estimate the chances of such a scenario materializing in the next 12-18 months at approximately 25%. While disappointing statistics are more plentiful than they were, we must not forget those that are still raising hopes of clearing skies. For example, the 30-year mortgage rate reached 4.57% in mid-August, leading to a strong wave of refinancing activity and considerable private deleveraging. In addition, the Fed's *Senior Loan Officer Survey* indicates that banks eased slight lending terms since the spring, although demand for loans remains moribund. Finally, retail sales rose in July (0.4% m/m), reflecting mostly greater automotive-related sales.

Will the Fed Try to Bring Back the Sunshine With QE2?

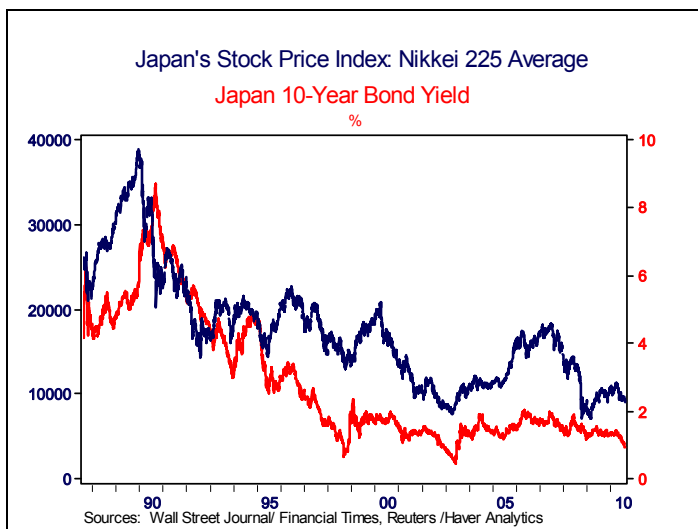
Federal Open Market Committee (FOMC) members clearly see that the skies are less bright than before. They opted for a more dovish tone in early August and decided to make the Fed's portfolio their primary policy tool. FOMC members plan to keep the size of the balance sheet at \$2.3 trillion by reinvesting the proceeds of mortgage-backed securities (MBS) in treasury securities in the 2- to 10-year sector. This reinvestment practice, used by the Fed in the past, will avoid any shrinkage of the balance sheet. Otherwise, the liquidity available in the financial system would have diminished naturally through time as MBS reach maturity. The Fed's decision resulted in a bull flattener, which persists today. With more grey clouds hovering over the US economy than what the Fed was thinking, investors continue to take shelter by buying less risky securities such as government and corporate bonds. For example, the US 10-yr bond yield is appropriately back below 2.50%. In other words, even though bonds are expensive, *LBS Economic Research* does not see how we could be witnessing the creation of a bond bubble. Firstly, bond vigilantes do not appear overly concerned with the size of the fiscal deficit in Washington; Secondly, a surge in inflation is also out of the question; Thirdly, the Fed is gradually moving closer to a second round of quantitative easing (QE2). Bottom line: Rates will remain lower for longer.

The door stands wide open for QE2, but Ben Bernanke and his colleagues do not take the decision to expanding the balance sheet again lightly. Jumping on board of the QE2 wagon is a double-edged sword on many fronts. First of all, there is elevated uncertainty regarding the potential effectiveness of QE2. We argue the size of QE2 – namely the Q in QE – would have to be quite large since private deleveraging is still in the cards. The impact of QE1 on bond yields was temporary, lasting only one month, and provided weaker-than-anticipated results on economic activity as banks' excess reserves ballooned. Therefore, we have trouble seeing how the Fed could announce the purchase of "only" \$300 billion worth of bonds. Such an amount would probably not constitute a large enough liquidity injection to revive the economy. On the other hand, such an announcement could be interpreted by the markets as the beginning of debt monetization.

Apart from the size, there is also the matter of timing. The Fed cannot wait too long before resuming QE. Otherwise, chances of bringing back the sunshine will diminish seriously. Japanese authorities waited too long, that is once deflation was well established. It is difficult to conceive how the Fed could start pumping additional liquidity before the mid-term legislative elections held in November. Should it be necessary to proceed, the Fed could announce a second wave of QE at the meeting of December 14th at the earliest, and thus set the tone for 2011.



Thirdly, and perhaps above all other considerations, the vast majority of FOMC members would need to be convinced of its necessity. There is a wide divergence of opinions among top Fed officials, and they do not mince words. Kansas City Fed President Tom Hoenig re-iterated two weeks ago that keeping the federal funds target rate extremely low for so long would contribute to push investors seeking yields to take on too much risk, potentially creating bubbles and imbalances. On the opposite side, St. Louis Fed President James Bullard, a former hawk, countered that QE2 could prove necessary if the economy continues to show signs of weakening. He is concerned the US may be headed towards a deflationary episode like Japan experienced in the 1990s.



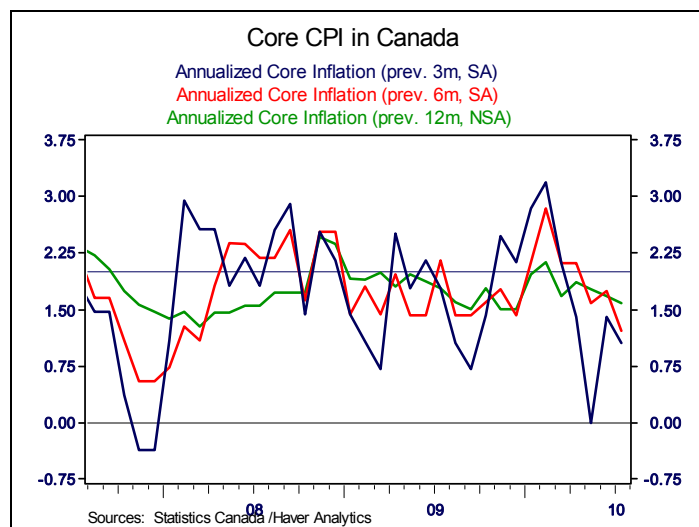
In our view, it is not deflation but the dismal performance of the job market that could convince FOMC members in the first place to jump on board of the QE2 wagon. It all comes down to the job market. Until initial claims rose during the last three weeks, the downward trend observed was not out-of-line with previous post-recession periods. Nevertheless, what worries us more is the lack of private sector hiring. The latest *National Federation of Independent Businesses Survey* indicates only 10% of small businesses surveyed plan to hire in the next three months.

As such, there is approximately one job opening for every five unemployed workers at the moment compared to a 1:2 ratio during the pre-crisis period. All things considered, these labour market dynamics suggest US payrolls is set to decline for a third consecutive month in August (-221,000 in June; -131,000 in July).



The BoC's Reaction to Unsettled Weather: An Extended Pause

Would you go relax on a beach in summer clothes if we told you that the sky was getting cloudier, the weather was getting chillier and the risk of precipitation was increasing? Unless you are a risk-lover and extremely adventurous, you would probably answer “no.” That is probably what Governor Carney is telling himself. The pace at which the US recovery is losing steam undeniably has repercussions north of the border. The volume of exports declined for the first time in seven months in June, while hiring in export-oriented industries took a pause. We estimate real GDP growth drop from 6.1% (q/q annualized) in 2010Q1 to 2.5% in 2010Q2. On the price front, core inflation slipped by a tenth of a point three straight months to reach 1.6% in July, comfortably below the 2% target.

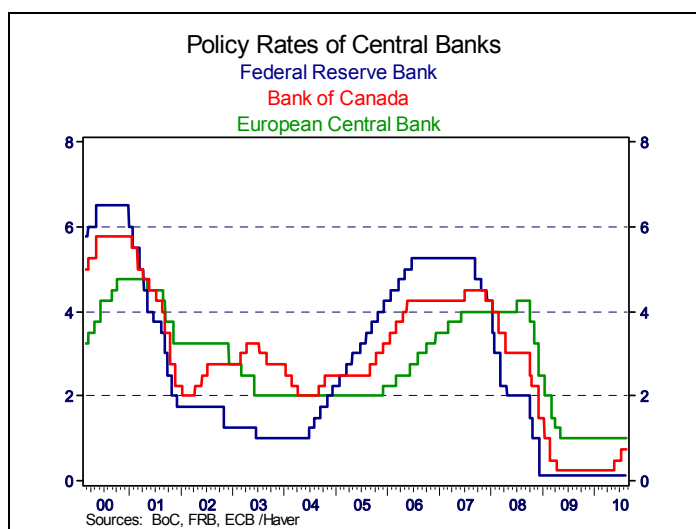


Through out the summer, the Canadian bond market retrenched tightening expectations. The 2-year bond yield notably fell from 2.00% in May to less than 1.25% today. We are now of the view that the overnight rate target cannot rise beyond 1.00% by the end of 2010. Once the BoC signals a pause, it will remain on the sidelines for a long period until a long lasting period of bright sunshine reappears. In other words, *LBS Economic Research* does not see for the moment how the BoC could play a "stop n go" game in late 2010/early 2011.

Certainly, the list of arguments supporting a 25bp hike on September 8th is getting shorter by the minute, while the list of factors supporting a pause is growing fast. The BoC could easily defend a "pause" or a "one and done" strategy in two weeks from now. Nevertheless, *LBS Economic Research* is still leaning – slightly we might add – towards one last 25 bp hike, mainly for two reasons. Firstly, Tom Hoenig's concerns in the US about overly low interest rates apply to Canada. By raising the overnight rate target from 0.75% to 1.00%, which after all is still a very low level, the BoC can just improve financial stability over the medium term. No one will blame the BoC from hiking from 0.75% to 1.00%. The BoC would probably not bring back the policy rate to 0.25-0.50% even if the North American economy was turning south. Moreover, the rally in bonds prices pushed down some of consumers and businesses' key borrowing rates during the last month even though Governor Carney has lifted the overnight rate target by a cumulative 50bp so far this summer. The BoC's own household and business effective interest rates calculations show a 10bp easing so far in August. A tightening in the policy rate combined with an easing in borrowing rates for economic agents is an atypical situation at this stage in the cycle, something that may have caught the BoC by surprise, adding chances of a 25 bp increment.

We've made our case. However, it worth looking at the other side of the spectrum. There is one key argument, , on top of a darker economic sky, supporting a pause on September 8th: The BoC has warned the

markets on several occasions that "*nothing is pre-ordained*". If investors do not listen, we could assist to a repeat of June 10th 2008 all over again. Let us refresh our memories for a moment: Economists were unanimously expecting one last 25bp rate cut in June 2008 before the BoC embarks on the sidelines because crude oil prices were above \$US100 per barrel and total CPI inflation was well above the 2% target, near 3%. Well, Governor Carney did not keep his arms crossed for an instant; he shocked the bond market by keeping the policy rate at 3.00%. Admittedly, the level of rates and the macroeconomic picture were very different then from what we are seeing now. Nevertheless, that episode from the summer of 2008 puts an interesting question mark on our prediction for September 8th. Between now and then, just a few statistics – real Canadian GDP for 2010Q2, ISM data, and US payrolls – could tip the balance one way or the other.



Market Review: Bonds and Currencies

International 3-Month Rates

	Current Yield	Spreads (b.p.) against U.S.					
		Aug-20-10	-1 week	-4 weeks	-1 quarter	- 1 year	Jan-04-10
U.S.	0.15						
Canada	0.64	49	52	46	19	3	10
UK	0.51	36	37	33	36	24	39
France	0.32	17	23	30	3	21	27

International Bonds: Benchmark 10-Year Yield

	Current Yield	Spreads (b.p.) against U.S.					
		Aug-20-10	-1 week	-4 weeks	-1 quarter	- 1 year	Jan-04-10
U.S.	2.62						
Canada	2.93	31	30	20	16	-8	-24
UK	2.98	36	44	42	35	7	10
France	2.60	-2	5	-1	-28	1	-24
Germany	2.27	-35	-29	-27	-54	-24	-46
Greece	10.92	830	798	750	487	100	187
Portugal	5.29	267	260	249	154	36	22
Spain	4.07	145	160	125	89	26	13
Japan	0.94	-169	-170	-197	-195	-224	-252

Provincial Bonds: Benchmark 10-Year Yield

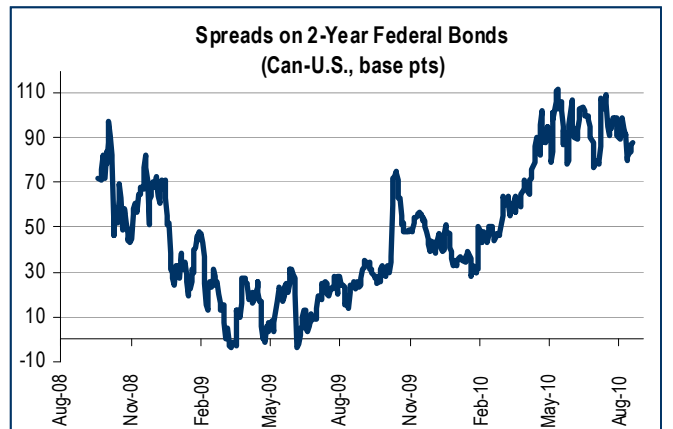
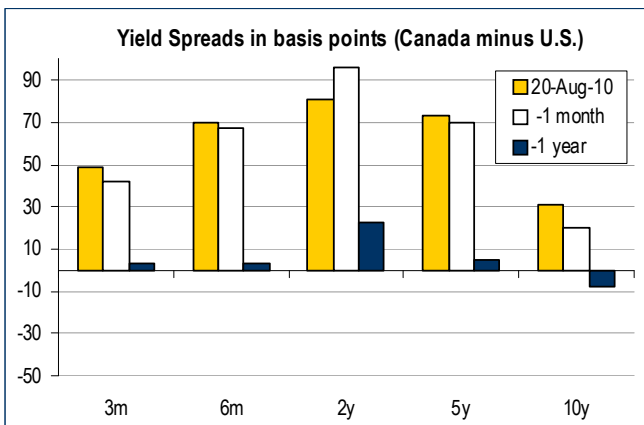
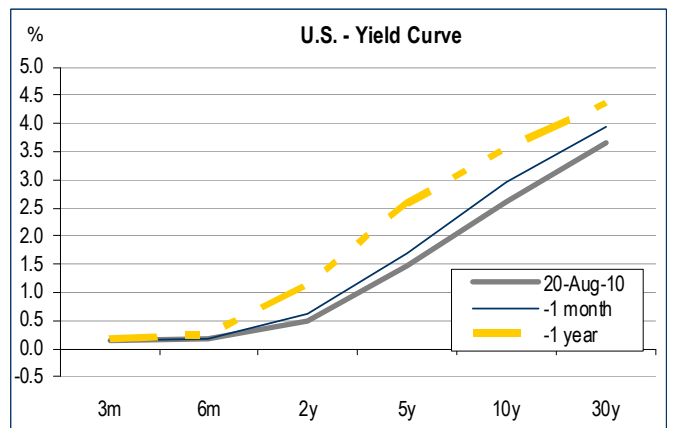
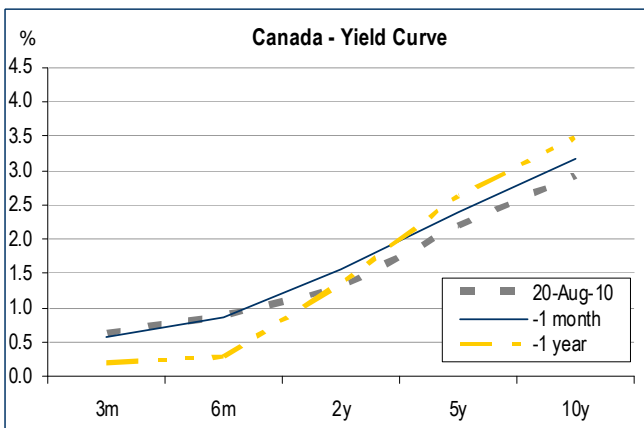
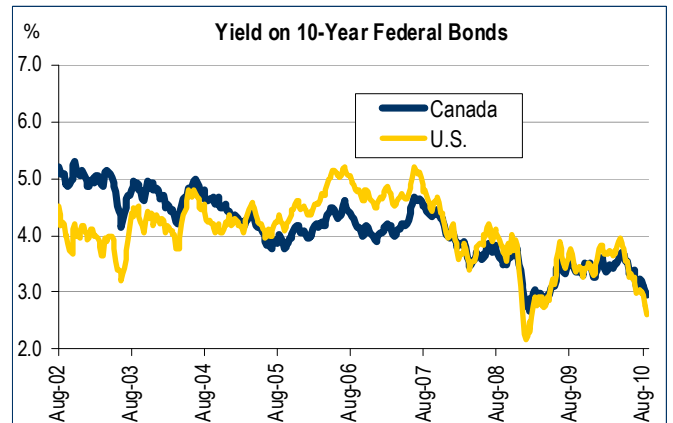
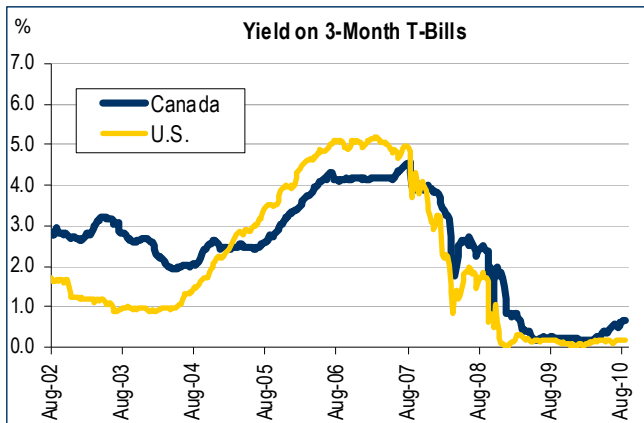
	Current Yield	Spreads (b.p.) against Canada					
		Aug-20-10	-1 week	-4 weeks	-1 quarter	- 1 year	Jan-04-10
Canada	2.92						
Alberta	3.56	63.5	77.0	62.0	78.0	70.0	50.0
British Columbia	3.66	73.5	77.0	72.0	90.0	70.0	44.0
Prince Edward Island	3.85	92.5	95.0	90.0	105.0	87.0	44.0
Manitoba	3.69	76.5	80.0	75.0	92.0	66.0	47.0
New Brunswick	3.79	86.5	90.0	85.0	99.0	67.0	45.0
Nova Scotia	3.79	86.5	90.0	85.0	99.0	67.0	46.0
Ontario	3.76	83.5	87.0	82.0	97.0	76.0	44.0
Quebec	3.82	89.5	92.0	87.0	104.0	84.0	42.5
Saskatchewan	3.64	71.5	75.0	70.0	89.0	70.0	45.5
Newfoundland	3.79	86.5	90.0	85.0	99.0	81.0	45.0

Currencies

	Currencies					
	Aug-20-10	-1 week	-4 weeks	-1 quarter	- 1 year	Jan-04-10
Canada (Canada/US\$)	1.0499	1.0429	1.0557	1.0587	1.0799	1.2
Canada (US\$/Canada)	0.9525	0.9589	0.9472	0.9446	0.9260	-1.2
Australia (Australia/US\$)	0.8881	0.8976	0.8692	0.8324	0.8349	2.8
U.K. (US\$/£)	1.5516	1.5679	1.5223	1.4436	1.6502	-3.7
Japan (US\$/Yen)	85.63	85.33	86.77	90.49	94.60	-7.5
Euro (US\$/Euro)	1.2687	1.2839	1.2963	1.2405	1.4304	-12.0

Data updated as at: 25/08/2010

Market Review: Fixed Income Charts



Market Review: Stocks Exchange and Commodities

Stock Market Summary

	Level			Change (%)				
	Aug-20-10	52w HI	52w LOW	(-1W)	(-4W)	(-13W)	(-52W)	Jan-04-10
Canada								
S&P/TSX	11,722	12,281	10,690	1.7	0.1	1.7	8.2	-1.2
S&P/TSX 60	683	720	642	1.7	-0.1	0.4	4.7	-2.5
S&P/TSX Small Cap Index	600	621	457	1.5	2.0	7.3	31.0	3.0
United States								
S&P 500	1,072	1,217	995	-0.7	-2.8	-1.5	4.4	-5.4
Dow Jones	10,214	11,205	9,281	-0.9	-2.0	0.2	7.4	-3.5
Nasdaq	2,180	2,530	1,967	0.3	-4.0	-2.2	7.9	-5.6
International								
U.K. - FTSE 100	5,195	5,825	4,797	-1.5	-2.2	2.6	7.1	-5.5
Germany - DAX	6,005	6,352	5,301	-1.7	-2.6	3.0	9.9	-0.7
France - CAC 40	3,526	4,066	3,331	-2.3	-2.2	2.8	-2.5	-12.2
Japan - Nikkei 225	9,179	11,339	9,082	-0.8	-2.7	-6.2	-10.3	-13.8
Hong Kong - Hang Seng	20,982	22,944	18,986	-0.4	0.8	7.0	3.9	-3.9
Russia - RST	1,458	1,676	1,050	0.9	0.6	12.4	38.8	-1.2
Australia - ASX All Ordinaries	4,462	5,024	4,251	-0.4	-0.3	3.2	3.6	-8.7
Brazil - Bovespa	66,677	71,785	55,386	0.6	0.5	10.7	15.5	-4.8

S&P/TSX Sector Summary

	Level			Change (%)				
	Aug-20-10	52w HI	52w LOW	(-1W)	(-4W)	(-13W)	(-52W)	Jan-04-10
S&P/TSX	11,722	12,281	10,690	1.7	0.1	1.7	8.2	-1.2
Energy	271	308	254	-0.6	-5.6	-0.6	1.1	-11.1
Materials	366	369	283	7.8	10.8	13.1	27.1	8.6
Industrials	90	92	75	0.7	-0.8	2.5	17.5	10.1
Consumers Discretionary	99	103	83	0.4	-1.5	3.7	12.8	2.0
Consumers Staples	181	182	162	1.0	2.7	8.2	8.7	0.3
Health Care	44	44	31	-0.3	6.6	17.6	37.8	20.8
Financials	168	191	165	0.1	-2.8	-6.4	-0.4	-5.3
Information Technology	28	32	26	0.5	-4.8	-8.2	1.9	-5.3
Telecommunication Services	87	87	72	1.7	0.3	4.1	15.1	9.4
Utilities	198	205	170	0.3	-0.1	7.3	11.5	0.4

Commodities

	Level			Change (%)				
	Aug-20-10	52w HI	52w LOW	(-1W)	(-4W)	(-13W)	(-52W)	Jan-04-10
London – Gold (US\$/ounce)	1233.50	1261.00	940.50	1214.25	1190.50	1179.75	952.50	1121.50
London – Silver (US\$/ounce)	17.97	19.70	14.21	18.09	18.22	17.81	14.21	17.47
Copper (US\$/LB)	3.29	3.63	2.67	3.25	3.19	3.05	2.88	3.39
WTI Crude Oil (US\$/barrel)	73.46	86.84	65.79	75.39	78.98	67.74	73.19	80.97
Natural Gas (Henry Hub) (US\$/MMBTU)	4.27	7.38	1.92	4.36	4.70	4.12	2.81	6.06

Data updated as at:
25/08/2010

Calendar of Major Economic Indicators

KEY ECONOMIC INDICATORS

WEEK OF AUGUST 23, 2010

Canada

Date	Time	Release	Unit	Data for:	LBS *	Consensus	Previous
Aug 24	8:30	Retail Sales	M/M	June	0.5%	0.3%	-0.2%
Aug 24	8:30	Retail Sales Less Autos	M/M	June	0.1%	0.1%	-0.1%

* Laurentian Bank Securities Forecast
Consensus from Bloomberg L.P.

United States

Date	Time	Release	Unit	Data for:	LBS*	Consensus	Previous
Aug 24	10:00	Existing Home Sales	Millions	July	-	4.65	5.37
Aug 24	10:00	Existing Home Sales	M/M	July	-	-13.4%	-5.1%
Aug 25	8:30	Durable Good Orders	M/M	July	-	2.9%	-1.2%
Aug 25	8:30	Durable Good Orders Ex. Transportation	M/M	July	-	0.5%	-0.9%
Aug 25	10:00	New Home Sales	Thousands	July	-	330.0	330.0
Aug 25	10:00	New Home Sales	M/M	July	-	0.0%	23.6%
Aug 26	8:30	Initial Jobless Claims	Thousands	Aug. 21	-	490.0	500.0
Aug 27	8:30	GDP (Annualized)	Q/Q	2Q	-	1.4%	2.4%
Aug 27	8:30	GDP Price Index	Q/Q	2Q	-	1.8%	1.8%
Aug 27	8:30	Core PCE	Q/Q	2Q	-	1.1%	1.1%
Aug 27	9:55	U. of Michigan Confidence	-	Aug. F	-	70.0	69.6

16/07/2010
Consensus from Bloomberg L.P.

North American Economic Indicators



Canada

	Period	Monthly Chg. (% or Level)		Cumulative change	
		Current	Previous	- 3 Month	- 1 Year
Gross Domestic Product (GDP)	May	0.1%	0.0%	0.7%	3.8%
Manufacturing Shipments	May	0.5%	0.1%	2.2%	16.4%
Housing Starts (' 000) *	June	192	198	199	162
Retail Sales	May	-0.2%	-2.2%	-0.1%	5.2%
Trade Balance (M\$) *	May	-1,132	224	611	-904
Employment (' 000) **	July	-9	93	227	372
Unemployment Rate *	July	8.0	7.9	8.2	8.7
Wages (avg. hourly earnings)	July	2.2%	1.7%	2.2%	3.3%
Total CPI inflation	July	1.9%	1.0%	1.6%	-0.8%
Inflation ex-food & energy	July	1.6%	1.6%	1.8%	1.6%
Industrial Product Price Index	June	-0.9%	0.4%	-0.1%	0.2%
Raw Materials Price Index	June	-0.3%	-7.3%	-6.0%	-0.1%



United States

	Period	Monthly Chg. (% or Level)		Cumulative change	
		Current	Previous	- 3 Month	- 1 Year
ISM - manufacturing *	June	56.2	59.7	59.6	45.3
ISM - Non-manufacturing *	June	53.8	55.4	55.4	45.3
Industrial Production *	June	92.5	92.5	91.0	85.5
Capacity Utilization Rate *	June	74.1	74.1	72.8	68.2
Consumer Confidence Index *	July	67.8	76.0	72.2	66.0
Retail Sales	June	-0.3%	-1.0%	-1.0%	5.2%
Trade Balance (M\$) *	May	-41,984	-40,320	-40,148	-27,139
Housing Starts (' 000) *	June	537	588	634	583
Existing home sales	June	-5.1%	-2.2%	0.2%	9.8%
Median price of ex. home sales	June	5.2%	1.3%	8.3%	1.0%
Non-Farm Payrolls (' 000) **	June	-221	432	524	-267
Unemployment Rate *	June	9.5	9.7	9.9	9.4
Wages (avg. hourly earnings)	June	2.4%	2.4%	2.1%	2.8%
Total CPI inflation	June	1.1%	2.0%	2.2%	-1.3%
Inflation ex-food & energy	June	1.0%	1.0%	1.2%	1.7%
Producer Price Index	June	-0.5%	-0.3%	-0.8%	2.7%
- Ex-Food & Energy	June	0.1%	0.2%	0.5%	1.0%

* Level

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

*** Annual % change

Data updated as at:

25/08/2010

North American Forecasts

Canada

Period-Over-Period Annualized Per Cent Change Unless Otherwise Indicated

									Annual Average			4th Qtr/4th Qtr	
	2009Q4	2010Q1	2010Q2	2010Q3	2010Q4	2011Q1	2011Q2	2011Q3	2009	2010	2011	2010	2011
Real GDP (%)	4.9	6.1	2.5	2.1	2.3	2.6	2.2	2.9	-2.5	2.8	2.5	3.1	2.7
Consumption	3.9	4.4	3.2	2.8	2.4	2.2	2.4	2.5	0.4	3.5	2.5	3.2	2.4
Business investment	-9.4	2.6	17.8	8.7	8.3	7.6	7.6	9.3	-20.0	2.6	8.8	9.2	8.5
Non-residential structures	-11.4	-5.4	6.0	6.5	7.0	7.0	7.0	8.0	-19.5	-5.1	7.1	3.4	7.5
Machinery and equipment	-8.1	7.5	25.0	10.0	9.0	8.0	8.0	10.0	-20.3	7.4	9.8	12.7	9.0
Residential construction	26.3	23.6	-2.0	-11.0	-16.0	-10.0	-4.0	-3.0	-8.2	8.5	-8.4	-2.4	-4.6
Government spending	9.1	2.2	2.6	2.6	2.2	1.8	-1.9	-1.3	5.1	4.7	0.8	2.4	-0.5
Exports	13.8	12.0	8.0	6.5	5.5	6.0	7.0	8.0	-14.2	8.2	6.7	8.0	7.2
Imports	12.4	14.1	12.0	7.0	4.0	4.0	5.0	5.0	-13.9	12.3	5.2	9.2	4.7
Current account balance in % of GDP	-3.1	-2.4	-1.7	-1.5	-1.4	-1.1	-1.1	-1.1	-3.4	-1.7	-1.1	-	-
Inflation (%)													
Total CPI (y/y)	0.8	1.6	1.4	2.0	2.0	2.1	2.0	1.7	0.3	1.8	1.9	2.0	1.9
Core CPI (y/y)	1.6	1.9	1.8	1.6	1.6	1.7	1.7	1.8	1.8	1.7	1.8	1.6	1.9
Unemployment rate (%)*	8.4	8.2	8.0	7.9	7.7	7.8	7.7	7.5	8.3	8.0	7.6	-	-
Employment	1.3	1.6	4.2	1.0	0.9	1.3	1.5	1.8	-1.6	1.5	1.5	1.9	1.6
Housing starts (000s)	180	198	199	170	160	165	165	168	149	182	167	-	-
Before-tax Corp. Profits (y/y)	-12.1	16.8	31.6	23.5	18.2	12.7	13.5	12.5	-32.3	22.2	12.2	18.2	10.2

*Average rate for the quarter or the year.

Forecasts as of July 30th, 2010

United States

Period-Over-Period Annualized Per Cent Change Unless Otherwise Indicated

							Annual Average			4th Qtr/4th Qtr	
	2010Q1	2010Q2	2010Q3	2010Q4	2011Q1	2011Q2	2009	2010	2011	2010	2011
Real GDP (%)	3.7	1.4	2.3	2.5	2.5	2.6	-2.6	2.8	2.5	2.5	2.8
Consumption	1.9	1.6	2.1	2.0	2.2	2.3	-1.2	1.5	2.2	1.9	2.3
Private investment	9.4	17.6	7.8	6.9	7.1	7.3	-16.8	6.4	8.3	10.4	8.4
Non-residential structures	-17.8	5.1	4.0	3.5	4.0	5.0	-20.4	-12.2	4.4	-1.8	4.7
Machinery and equipment	20.5	21.9	9.0	8.0	8.0	8.0	-15.3	13.9	9.5	14.7	9.5
Residential construction	-12.3	27.8	-5.0	4.0	3.5	2.5	-22.9	0.7	3.4	2.6	2.7
Government spending	-1.6	4.4	-1.0	-0.5	0.3	0.1	1.6	0.5	0.2	0.3	0.3
Exports	11.4	7.0	9.0	9.0	9.0	9.0	-9.5	11.6	8.7	9.1	8.5
Imports	11.2	23.0	4.2	4.0	4.0	4.5	-13.8	10.5	5.5	10.3	4.9
Inflation (%)											
Total (y/y)	2.4	1.8	1.1	1.0	1.0	1.2	-0.3	1.6	1.3	1.0	1.5
Core (y/y)	1.3	1.0	0.9	0.8	1.0	1.0	1.7	1.0	1.0	0.8	1.0
Unemployment rate (%)*	9.7	9.7	9.5	9.4	9.3	9.2	9.3	9.6	9.1	-	-
Housing Starts (000s)	617	601	560	600	675	700	554	595	715	-	-
Before-tax Corp. profits (% , y/y)	37.6	13.0	9.3	7.2	5.0	7.5	-0.4	16.0	8.0	7.2	10.0

* Average rate for the quarter or the year.

Forecasts as of August 23rd 2010

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