
THE YEAR 2011 LOOKS PROMISING FOR INVESTMENT ACCORDING TO CARLOS LEITAO, CHIEF ECONOMIST AT LAURENTIAN BANK SECURITIES

Montréal, January 27, 2011 – In conjunction with the RRSP season, Laurentian Bank is presenting the forecasts for 2011 of its Chief Economist, Mr. Carlos Leitao. The Bank is advising investors and savers to periodically review their investor profile in order to take into account how economic activity is evolving and the specific repercussions this evolution has on their personal financial strategy.

U.S. Economy to Set the Tone in 2011

According to Carlos Leitao, the improved economic situation in the United States, which remains the world's greatest economic power, will determine the tone for the global outlook. It will also create an environment ripe for investment. "Two significant events occurred at the end of 2010 that generated significant momentum for the American economy," explains Mr. Leitao. "The first was a new wave of quantitative easing, known under the acronym of *QE2*, which was announced in November. The second was the prolongation in December of the Bush era's tax relief. These two interventions will serve to accelerate economic growth."

Quantitative easing in the order of hundreds of billions of dollars and extended tax relief will inject immense sums into the American economy. On the other hand, these two initiatives are expected to have major repercussions on the country's budget deficit. Based on Mr. Leitao's forecasts, the rate of growth in the U.S. should reach 3-3.5% in 2011.

"The stock market, which posted a strong finish in 2010, should be a major beneficiary of these measures in 2011," predicts Mr. Leitao. "In the wake of the sluggishness that prevailed during the months of July and August due primarily to the concern over sovereign debts in Europe, the tone has changed over the past few months and confidence has begun to reappear. As such, we anticipate that the economic environment in 2011 will be quite favourable for investment."

Markets on the Move

Other factors holding promise for the stock market in 2011 are the absence of recession and the ongoing decline of the bond market, which is becoming less attractive. In view of how hard the stocks of American companies were hit in early 2010, they certainly have greater potential this year within the context of a market that is also proving to be more liquid and diversified. Thus, Canadian investors are well advised to consider American securities. "With the increased value of the dollar," emphasizes Mr. Leitao, "Canadian investors can now take advantage of a greater lever effect to purchase foreign assets."

In addition to recommending stock as an asset category and the U.S. as a prime geographic market, Carlos Leitao favours the securities of large corporations above all. "Blue chip securities are the most promising," he underlines, "particularly those of companies that offer products and services related to industrial and computer equipment. What should be avoided are the consumer staples and discretionary consumption sectors. The priority should be to consider companies that are leaders in their markets and that pay dividends."

Because the recession had less of an impact on companies than on banks or consumers, they are in a better position to make major investments in their equipment. Moreover, investors whose portfolios are comprised essentially of Canadian securities are better off to maintain their weighting, which generally favours the finance and resources sectors.



Press release

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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 simplicity and proximity, 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 \$23 billion in balance sheet assets and more than \$15 billion in assets under administration. Founded in 1846, the Bank employs more than 3,600 people.

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Information:

Mary-Claude Tardif

Public Relations Advisor

514 284-4500, extension 4695

mary-claude.tardif@banquelaurentienne.ca