

## PRESS RELEASE

### SCOTIABANK'S CORPORATE DERIVATIVE TEAM ADVISES ENERGY AND MANUFACTURING CLIENTS

Scotiabank's Corporate Banking Department recently hosted a breakfast session for its energy and manufacturing clients where the top three derivative marketers of its Scotia Capital- Energy Solutions Group, Nick Likakis, Matt Donohoe and Felipe Esguerra presented comprehensive overviews of oil and gas markets as well as US Dollar interest rates and strategies available to effectively hedge fluctuations in commodity prices and interest rates.

Scotia Capital's Corporate Derivative Team is one of North America's premier derivative teams having ranked #1 in Canada in 2007 for the Fifth Year in a row by Greenwich.

While near term oil prices have hit record highs of US\$100 per barrel, the Group expects that there will be downward pressures on oil prices as a result of oil inventory levels remaining above long term averages in North America, higher refined product prices and declining refining capacity point. That said, based on the WTI Crude Oil Forward Curve, forward crude oil prices out to five years are recorded at above US\$80 per barrel.

The Group also reported that natural gas markets in North America remain in oversupply with record highs of over 3.5 tcf being recorded. In the short term, with the hurricane season now over, and probable warmer weather conditions as a result of prevailing La Nina conditions, the expectation is that natural gas prices could continue to decrease dramatically. In the medium term, further downward pressure is expected on gas pricing in view of the existing oversupply of natural gas coupled with additional new natural gas supplies from new projects and projected growth in LNG supply.

In their discussion on US Dollar interest rates, the Group indicated that on a historical basis the US Swap curve is currently extremely flat, resulting in the spread therefore between short and longer term interest rates being near historically low levels. This flatness of the yield curve now offers borrowers a unique opportunity of fixing long-term interest rates at levels below or equal to short term floating rates.

Discussions closed around the design of various Energy Risk Management Programs to assure cash flows and earnings metrics while mitigating market exposures.

*For further information, please contact Gayle Pazos of Scotiabank's Corporate Banking Centre at 625-3566, extension 2059.*

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**From left: Matt Donohoe, Derivative Marketer, ScotiaCapital, Felipe Esguerra, Derivative Marketer, ScotiaCapital, David Gopaulsingh, General Manager, Corporate Banking, Scotiabank and Nick Likakis, Derivative Marketer, ScotiaCapital.**