



BANK OF CANADA
BANQUE DU CANADA

Bank of Canada raises overnight rate target by 1/4 percentage point to 3 3/4 per cent

FOR IMMEDIATE RELEASE

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The Bank of Canada today announced that it is raising its target for the overnight rate by one-quarter of one percentage point to 3 3/4 per cent. The operating band for the overnight rate is correspondingly increased, and the Bank Rate is now 4 per cent.

Information on the Canadian and global economies received since the January *Monetary Policy Report Update* has been broadly in line with the Bank's expectations, although the Canadian dollar has recently moved above the range that had been assumed in the *Update*. Real gross domestic product increased at an annual rate of 2.5 per cent in the fourth quarter of 2005, as the Bank had projected, and both CPI and core inflation have also come in as expected. Overall, indications are that the Canadian economy is continuing to operate at its full production capacity.

Recent data do not alter the Bank's outlook for growth and inflation, including its assessment of risks, as set out in the January *Update*. Consistent with this view, some modest further increase in the policy interest rate may be required to keep aggregate supply and demand in balance and inflation on target over the medium term. The Bank will provide a full analysis of economic developments, trends, and risks in the next *Monetary Policy Report*, to be published on 27 April 2006.

Information note:

The Bank of Canada's next scheduled date for announcing the overnight rate target is 25 April 2006.

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