



BANK OF CANADA
BANQUE DU CANADA

Bank of Canada keeps target for the overnight rate at 2 1/2 per cent

FOR IMMEDIATE RELEASE

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The Bank of Canada today announced that it is maintaining its target for the overnight rate at 2 1/2 per cent. The operating band for the overnight rate is unchanged, and the Bank Rate remains at 2 3/4 per cent.

Data received since the Bank's last interest rate announcement on 1 March indicate that the Canadian and global economies have been evolving largely as expected. There is increasing evidence that the Canadian economy is adjusting to global developments. The Bank's outlook for the Canadian economy through to the end of 2006 is essentially unchanged from that in the January *Monetary Policy Report Update*, with growth this year and next expected to come primarily from strength in domestic demand. In these circumstances, the Bank decided to leave the target for the overnight rate unchanged.

As the economy moves back to its production capacity in the second half of 2006, core inflation is projected to return to the 2 per cent target around the end of next year. In line with this outlook, a reduction of monetary stimulus will be required over time.

There are both upside and downside risks to the outlook, which continue to relate largely to global developments, the associated relative price changes, and the adjustment of the Canadian economy. The details of the Bank's outlook for output and inflation and an analysis of the risks and uncertainties related to this outlook will be discussed in the *Monetary Policy Report*, to be released on 14 April 2005.

Information note:

The Bank of Canada's next scheduled date for announcing the overnight rate target is 25 May 2005.

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