



PRESS RELEASE



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Bank of Canada to adopt fixed dates for announcing Bank Rate changes

OTTAWA, Ontario, September 19, 2000 — The Bank of Canada today outlined details of its plan to adopt a system of eight "fixed" or pre-specified dates each year for announcing any changes to the official interest rate it uses to implement monetary policy—the rate of interest it charges on short-term loans to financial institutions. The new system will replace the current approach to announcing changes to the Bank Rate under which the Bank can, in principle, announce an adjustment on any business day in the year.

In releasing the details of the plan, the Bank said that adopting fixed announcement dates will improve the implementation and effectiveness of Canadian monetary policy.

The basic features of the new approach are:

- Eight specified announcement dates each year, tentatively scheduled for
 - the third or fourth week of January
 - the first week of March
 - the third or fourth week of April
 - the last week of May
 - the third or fourth week of July
 - the last week of August
 - the third or fourth week of October
 - the last week of November
- Announcements at 9 a.m. on either a Tuesday or Wednesday (subject to consultation)
- A press release, whether or not there is a Bank Rate change
- Integration of the system of eight announcements with other key Bank monetary policy announcements throughout the year to provide a more regular, frequent, and continuous process of public communication on monetary policy

Following consultation with interested Canadians on the implementation of this approach, the Bank will make public, in late October, the specific announcement dates through to the end of 2001. The new system of fixed announcement dates will go into effect in November 2000.

The Bank expects that there will be a number of benefits from fixed announcement dates that will make monetary policy more effective. In particular, fixed dates will reduce uncertainty in financial markets associated with not knowing exactly when the Bank might announce an interest rate change. They should also focus greater attention on the economic and monetary situation in Canada; put greater emphasis on the medium-term perspective that underlies monetary policy; and increase the Bank's transparency, accountability, and ongoing dialogue with the public. Together, these improvements should contribute to better public understanding of the factors influencing monetary policy and increase the public's ability to anticipate the direction of policy.

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Under the new approach, the Bank would still have the option of acting between fixed announcement dates, but it would exercise this option only in the event of extraordinary circumstances.

By adopting fixed announcement dates, the Bank of Canada will join many other central banks in the industrialized countries, including the U.S. Federal Reserve System, the Bank of England, the European Central Bank, the Bank of Japan, the Swedish Riksbank, the Reserve Bank of Australia, and the Reserve Bank of New Zealand, all of which use a fixed-date approach to announcing interest rate changes.

Contact:

Pierre Laprise
(613) 782-8782