



PRESS RELEASE



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Bank of Canada Governor says Canada's monetary policy approach works

EDMONTON, Alberta, June 26, 2001 — In a speech to the Edmonton Chamber of Commerce, Governor David Dodge today discussed the issue of the appropriate exchange rate regime for Canada.

The Governor stressed that the real value of a floating currency for Canada is that it helps absorb some of the impact of external shocks that affect Canada differently than the United States because of important differences in the economic structures of the two nations.

Mr. Dodge made it clear that "Canada's monetary policy approach of a flexible exchange rate, anchored by an inflation target, works" and, hence, "there is no need to fix it."

With respect to the economic outlook, Governor Dodge said that the Bank continues to expect the economy to grow by between 2 and 3 per cent this year and to return to a somewhat higher growth path in 2002.

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