



## PRESS RELEASE



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### **Bank of Canada raises overnight rate target by 1/4 percentage point to 2 1/4 per cent**

**OTTAWA, Ontario, April 16, 2002** The Bank of Canada today announced that it is raising its target for the overnight rate by one-quarter of one percentage point to 2 1/4 per cent. The operating band for the overnight rate is correspondingly increased, and the Bank Rate is now 2 1/2 per cent.

The accumulated information since the beginning of the year continues to indicate stronger-than-expected economic growth in Canada and the United States. A robust recovery appears to be underway in Canada. At the same time, there are uncertainties with respect to the continued strength of household spending, the timing and strength of the recovery in business fixed investment, and the implications for the global economy of recent developments in the Middle East. In February, core inflation rose to 2.2 per cent, somewhat above the level projected for the next few months. Total CPI inflation was 1.5 per cent.

With today's interest rate increase, the Bank is modestly reducing the amount of monetary stimulus in the economy. Substantial monetary stimulus remains in place to support continuing economic growth. This is consistent with keeping inflation at its 2 per cent target over the medium term. Details of the Bank's views on the economy and the outlook for inflation will be presented in the *Monetary Policy Report*, to be published on 24 April 2002.

#### **Information note**

The Bank's next scheduled date for announcing policy interest rates is 4 June 2002.

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