



PRESS RELEASE



Canadian Mortgage News - National Archive 2002

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

OTTAWA, Ontario, June 4, 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 1/2 per cent. The operating band for the overnight rate is correspondingly increased, and the Bank Rate is now 2 3/4 per cent.

Information received since the Bank's last interest rate announcement on 16 April indicates that the economic recovery in Canada has been somewhat stronger than anticipated. And core inflation in April rose to 2.2 per cent, slightly above the level that had been projected. Total CPI inflation was 1.7 per cent.

Today's interest rate increase represents a further reduction in the substantial amount of monetary stimulus in the economy. Going forward, with the economy showing strong momentum and moving back towards full production capacity more quickly than had been expected, the Bank will take the action necessary to keep inflation at its 2 per cent target over the medium term. This will contribute to sustaining economic activity at full capacity.

Information note:

The Bank's next scheduled date for announcing policy interest rates is 16 July 2002.
The *Monetary Policy Report Update* will be published on 24 July 2002.

Contact:

Pierre Laprise
(613) 782-8782