



## PRESS RELEASE



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### **Bank of Canada keeps target for the overnight rate at 2 3/4 per cent**

**OTTAWA, Ontario, September 4, 2002** — The Bank of Canada today announced that it is maintaining its target for the overnight rate at 2 3/4 per cent. The operating band for the overnight rate is unchanged, and the Bank Rate remains at 3 per cent.

Consistent with the Bank's economic outlook in the July *Monetary Policy Report Update*, the Canadian economy continued its strong performance in the second quarter of the year and into the summer. Also, both core inflation and total CPI inflation in July were broadly in line with the Bank's expectations.

Stronger-than-expected growth in domestic demand in Canada continues, buoyed by the substantial amount of monetary stimulus in the economy. However, near-term prospects for growth in the United States and the major overseas economies appear to have weakened somewhat. There is also increased uncertainty associated with global financial market volatility and the unsettled geopolitical situation.

Taking these factors into consideration, the Bank has decided to leave its target for the overnight rate unchanged at this time. Looking forward, it remains the Bank's view that, as the Canadian economy continues to expand and to approach its production capacity, further measured reductions in monetary stimulus will be necessary in order to achieve the inflation control target of 2 per cent over the medium term.

**Information note:**

The Bank's next scheduled date for announcing policy interest rates is 16 October 2002.  
The *Monetary Policy Report* will be published on 23 October 2002.

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