



PRESS RELEASE



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

OTTAWA, Ontario, 2 March 2004 — The Bank of Canada today announced that it is lowering 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 lowered, and the Bank Rate is now 2 1/2 per cent.

Information received since the Bank's last interest rate announcement has been broadly consistent with the economic outlook presented in the January *Monetary Policy Report Update*. As expected, core and total CPI inflation in January moved significantly below the 2 per cent inflation target. While external demand has been slightly stronger and final domestic demand in Canada slightly weaker than expected, the Bank's outlook remains, on balance, unchanged.

In this context, today's decision to provide some additional monetary stimulus was taken to support aggregate demand and to return inflation to the target by the end of 2005. The Bank will monitor closely the evolution of external and domestic demand and the pressures on inflation, as the economy adjusts to global changes.

Information note:

The Bank of Canada's next scheduled date for announcing the overnight rate target is 13 April 2004. The *Monetary Policy Report* will be published on 15 April 2004.

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