



PRESS RELEASE



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Bank of Canada keeps target for the overnight rate at 2 per cent

OTTAWA, Ontario, July 20 2004 – The Bank of Canada today announced that it is maintaining its target for the overnight rate at 2 per cent. The operating band for the overnight rate is unchanged, and the Bank Rate remains at 2 1/4 per cent.

The Bank's outlook for economic growth and core inflation in Canada is little changed from the April *Monetary Policy Report*. The Canadian economy is judged to be operating slightly closer to full production capacity than had been anticipated in April and is now expected to be at its production potential by mid-2005. Core inflation is still projected to move back up to the 2 per cent inflation target by the end of 2005. However, the short-term projection for total CPI inflation has been raised to reflect higher-than-expected world oil prices.

Against this background, the Bank decided to leave the target for the overnight rate unchanged. The details and analysis of the Bank's outlook and the related issues for monetary policy will be discussed in the *Monetary Policy Report Update*, to be released on 22 July 2004.

Information note:

The Bank of Canada's next scheduled date for announcing the overnight rate target is 8 September 2004.

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