



## PRESS RELEASE



*Canadian Mortgage News - National Archive 2006*

### **Bank of Canada releases Monetary Policy Report**

**OTTAWA, Ontario, April 27, 2006** — The Bank of Canada today released its April Monetary Policy Report (MPR), which discusses current economic and financial trends in the context of Canada's inflation-control strategy.

The Canadian economy continues to grow at a solid pace, supported by robust global growth, firm commodity prices, and strong domestic demand. At the same time, global competition and the past appreciation of the Canadian dollar continue to pose challenges for a number of sectors. All factors considered, the Canadian economy is judged to be operating at, or just above, its production capacity.

The Bank projects economic growth of 3.1 per cent in 2006, 3.0 per cent in 2007, and 2.9 per cent in 2008. Total CPI inflation will continue to be volatile and affected by developments in the markets for crude oil and natural gas. The Bank projects that the total CPI will average close to 2 per cent in 2007 and 2008 (excluding the effect of any changes in the GST). Core inflation is projected to rise to 2 per cent in the second half of this year and remain there through the end of 2008.

There are both upside and downside risks to the Bank's outlook for growth and inflation. The Bank judges that these risks are roughly balanced, with a small tilt to the downside later in the projection period.

On 25 April, the Bank raised its target for the overnight rate to 4.0 per cent. In line with the Bank's base-case projection and current assessment of risks, some modest further increase in the policy interest rate may be required to keep aggregate supply and demand in balance and inflation on target over the medium term. The Bank will closely monitor evolving developments in the Canadian economy in light of the cumulative increase in the policy interest rate since last September.

**Contact:**

Jeremy Harrison  
(613) 782-8782