



BANK OF CANADA

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Governor Dodge Reviews Canada's Inflation-Targeting Framework

REGINA, SASKATCHEWAN—In a speech to the Regina Chamber of Commerce, Bank of Canada Governor David Dodge said that Canada's economic record over the past 15 years demonstrates the value of focusing monetary policy on keeping inflation low, stable, and predictable. "It is the best means of fulfilling our commitment to promote the economic and financial welfare of Canadians," Mr. Dodge said.

The Bank is conducting and encouraging research to see if there are any refinements that could improve its inflation-targeting agreement with the federal government. But the Bank expects the fundamental elements to remain the same when that agreement is renewed next year, Governor Dodge said.

"From the Bank's point of view, the basic arrangement of aiming inflation at the 2 per cent midpoint of a 1 to 3 per cent target range has served Canadians well, along with the use of the total CPI as the target, and a measure of core inflation for operational purposes," he stressed.

"With inflation targeting, monetary policy is more focused, our communications are clearer, and inflation expectations are more solidly anchored," the Governor concluded. "From my perspective, inflation targeting is the best anchor we've seen."