



BANK OF CANADA

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Governor Dodge Discusses How Canada Is Adjusting to Global Economic Forces

NEW YORK CITY, N.Y.—Bank of Canada Governor David Dodge said today that the Canadian economy is adjusting to powerful global forces and explained what the central bank is doing to help the adjustment process.

In a speech to the Canadian Association of New York, Governor Dodge talked about the forces currently shaping the global economy, including movements in exchange rates, the emergence of China and India as economic powerhouses, and the large and growing current account imbalances in the United States and Asia.

Monetary policy is helping Canada's economy adjust to these forces, Governor Dodge explained, by keeping inflation low and stable, and by aiming to keep the economy operating at full capacity. Canada's floating exchange rate, an important part of the Bank's monetary policy framework, also helps with the adjustment process by offsetting swings in demand for Canadian-produced products.

Governor Dodge also reviewed the economic projections made in the *Monetary Policy Report* that the Bank published on Thursday.