



BANK OF CANADA

FOR IMMEDIATE RELEASE
23 September 1999

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Bank of Canada Governor Speaks to the Regina Chamber of Commerce

REGINA, SASK. -- Canadians have good reason to be optimistic about the future, Bank of Canada Governor Gordon Thiessen told the Regina Chamber of Commerce today. In a speech that reviewed prospects for the Canadian economy as well as the state of year-2000 readiness in the financial sector, Mr. Thiessen said that the economy "should continue to grow at a healthy pace and take up slack in production capacity."

On the year-2000 date change, Mr. Thiessen assured the audience that "overall, the Bank of Canada and other financial sector participants have every confidence that Canadians can plan on it being 'business as usual' in the financial sector heading into the year 2000 and beyond."

Mr. Thiessen said that, given the global financial strains that caused the world prices of our primary commodity exports to fall sharply, the Canadian economy has performed surprisingly well over the past year—growing by about 4 per cent and creating close to 350,000 new jobs. He attributed a good deal of this performance to Canada's current firmer economic foundation, reflecting low inflation, reduced government deficits and debts, and business restructuring.

Mr. Thiessen told the Chamber that improved global conditions, restored household confidence, relatively low interest rates, and gains in employment "bode well for sustained economic expansion in Canada." Core inflation "is expected to stay low over the next year, in the bottom half of the Bank's 1 to 3 per cent target range."

Regarding the preparations by the financial sector for the year-2000 date change, Governor Thiessen told his audience that "the Canadian financial sector has done its homework. It has been passing its year-2000 tests. And contingency plans have been made."

Mr. Thiessen noted that "a number of knowledgeable year-2000 commentators have singled out the Canadian financial sector, especially the banking sector, as one of the world leaders in year-2000 preparedness. That is a strong vote of confidence, which

should help reassure Canadians.”

The Governor reminded the audience that the Bank of Canada has been working with financial institutions to ensure that they could meet an increase in the demand for cash across Canada should it occur. Moreover, the Bank has established a special line of credit to provide further confidence to financial institutions and to the general public. This facility will ensure that any unusual demands for liquidity, around the turn of the year, will be met. He also indicated that the Bank will accept a wider-than-usual range of collateral to support any liquidity loans that it makes and that it has made arrangements to counter any unusual pressure on money market interest rates.

“All this should be enough to reassure the vast majority of Canadians that the safest place to keep their money is with their financial institutions. In fact, they should prepare for the century-changeover weekend much as they would for any other long weekend.”