

Bank of Canada, Ottawa renew inflation target at 2%

October 24, 2016 – *The Globe and Mail / The Canadian Press*

The Bank of Canada and the federal government have renewed their inflation target agreement.

The target will continue to be two per cent – the mid-point of a range of one to three per cent that the central bank deems acceptable.

The Bank of Canada uses the inflation target when determining monetary policy and setting its key overnight interest rate.

Canada started using an inflation target to guide monetary policy in 1991 and has been able to keep inflation well in check in recent years.

The central bank and the government say low and stable inflation has helped underpin the Canadian economy and preserve confidence in the value of money.

The agreement is set to last for another five years, ending Dec. 31, 2021.