



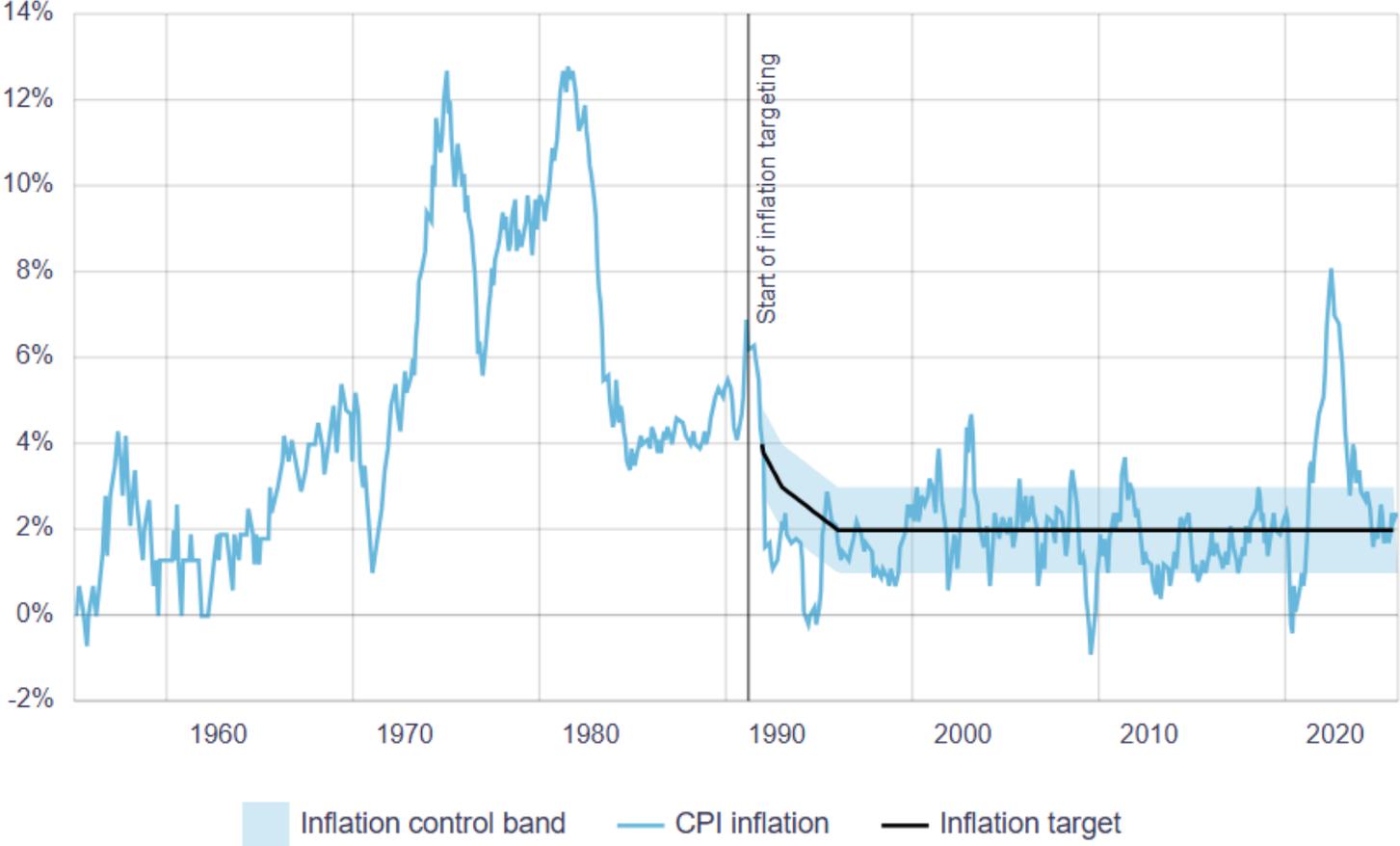
BANK OF CANADA
BANQUE DU CANADA

Canada's monetary policy framework in a world of supply-driven trade-offs

Sharon Kozicki
Deputy Governor

Norges Bank Monetary Policy Mandate Conference
March 2, 2026

Inflation targeting has helped keep inflation in Canada low and stable

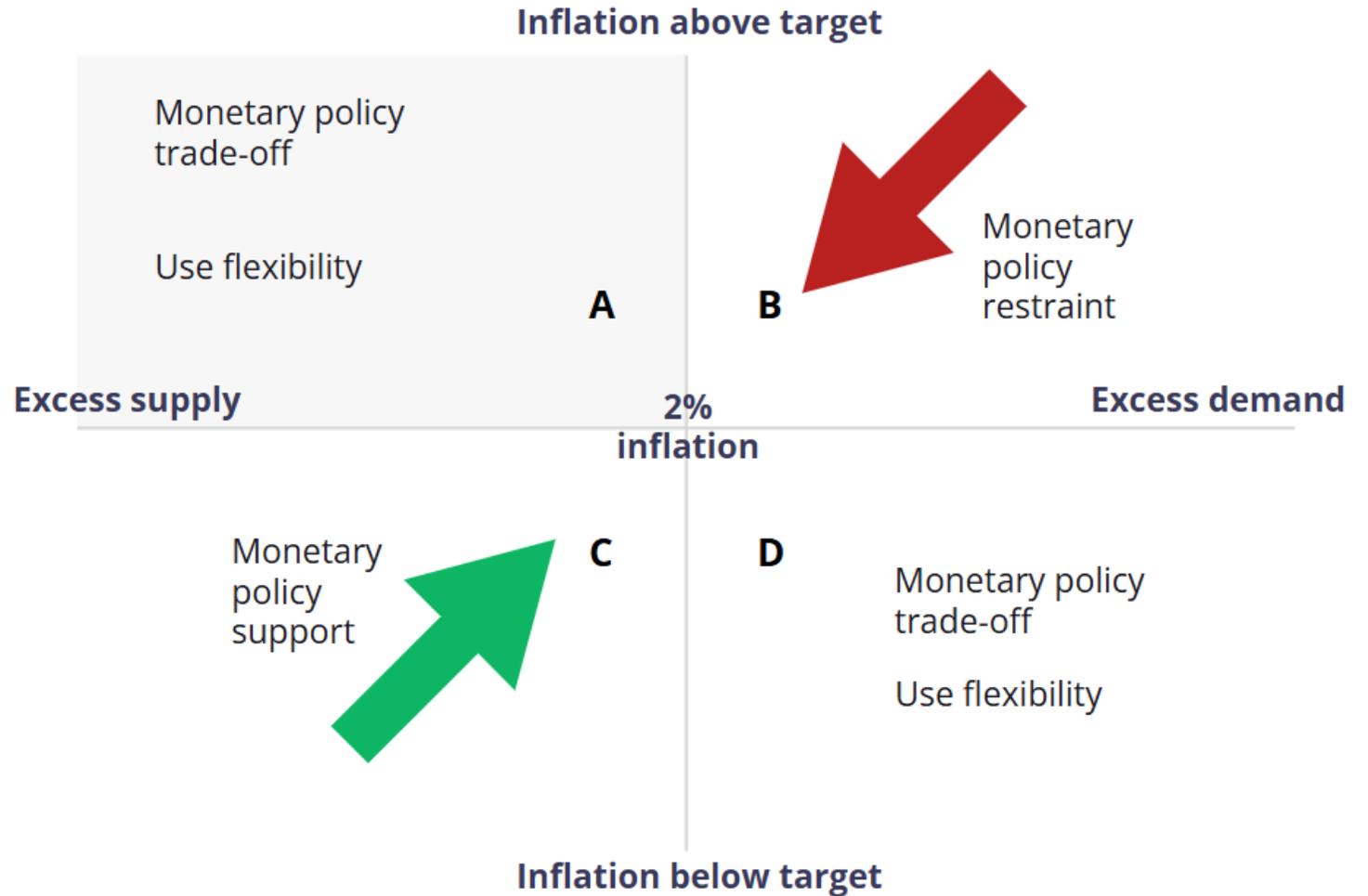


In recent years, excess supply with inflation above target has become more common

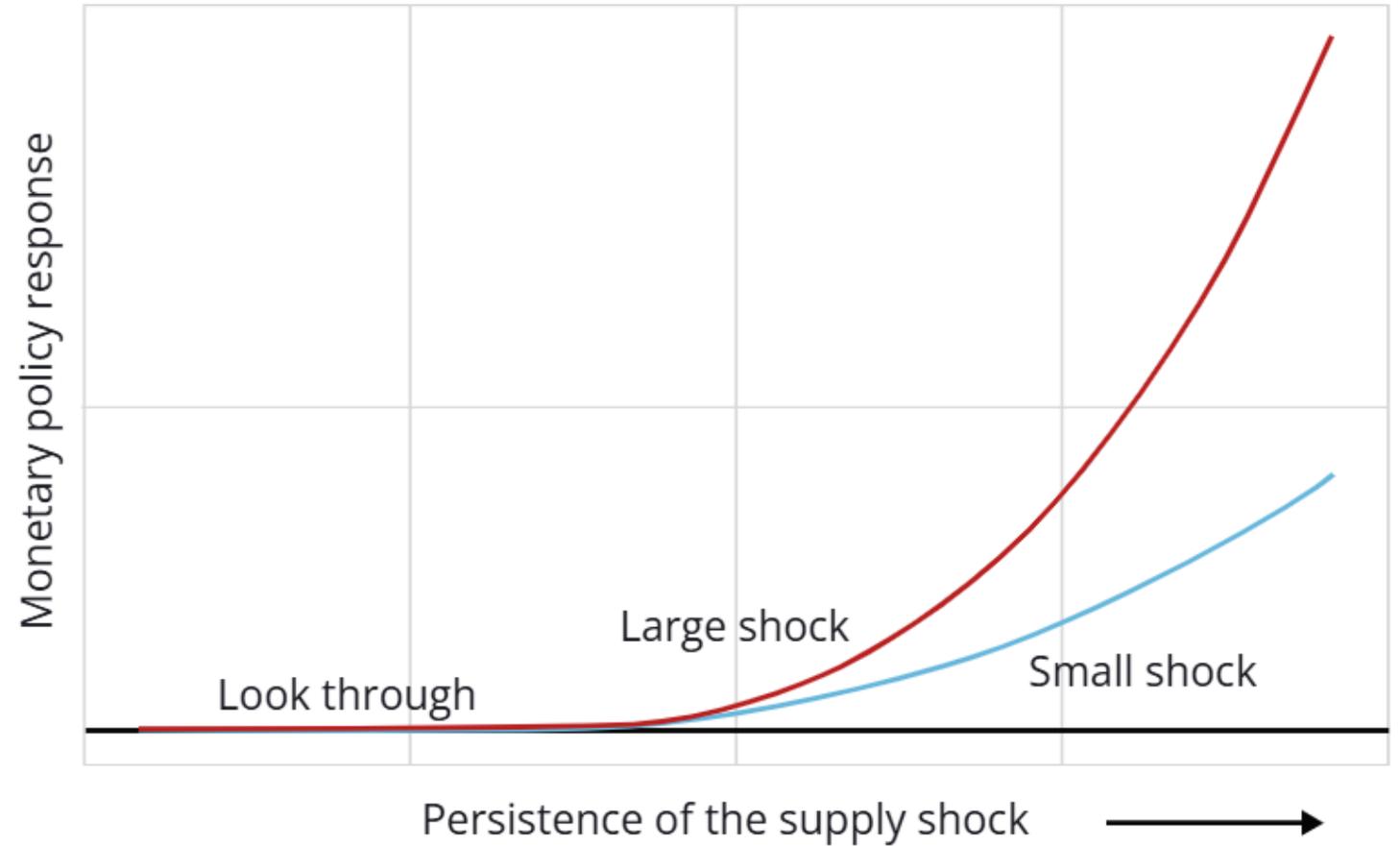
Inflation (deviation from 2%, in percentage points) and output gap (in percent)



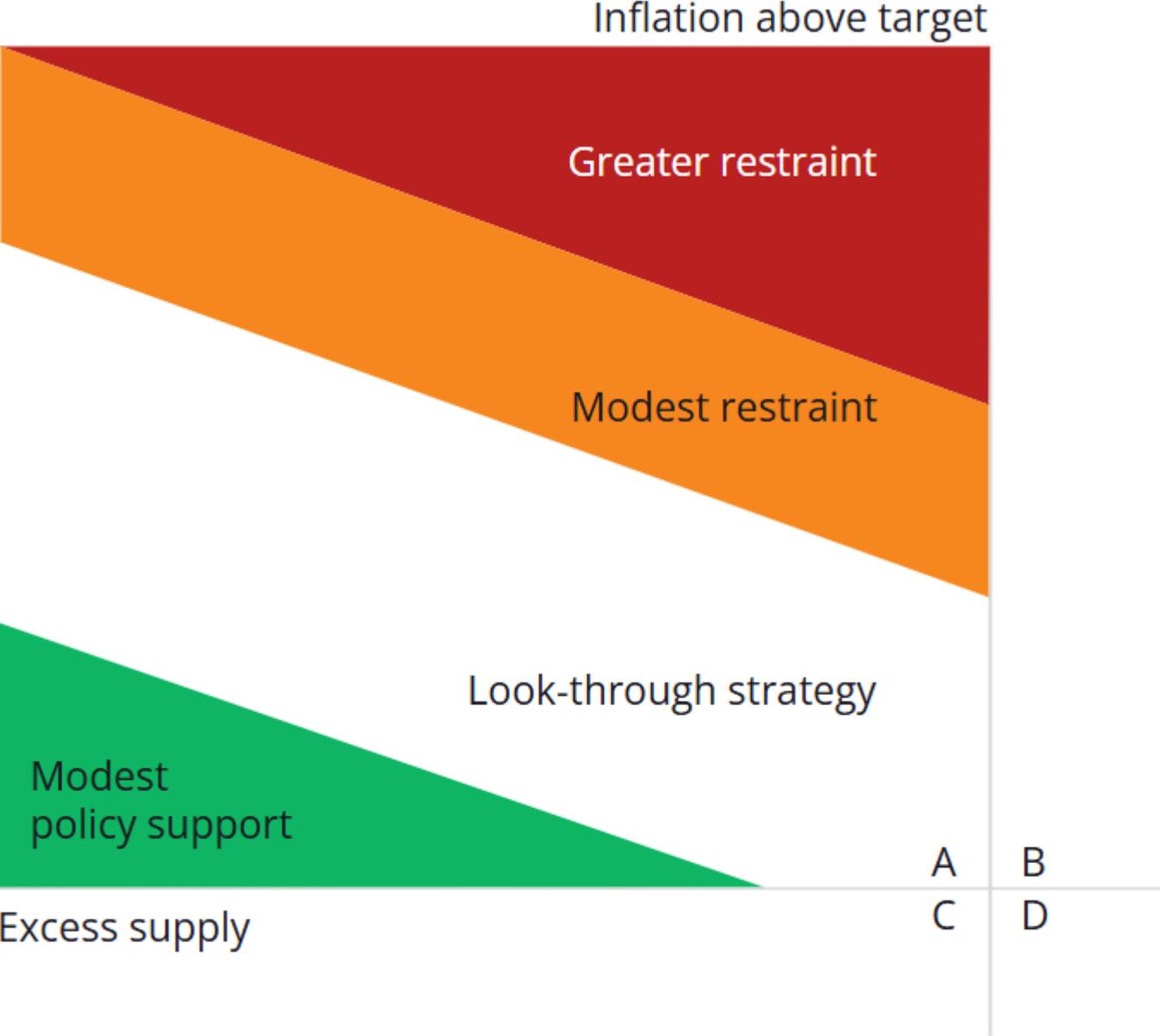
The state of the economy and inflation affects the stance of monetary policy



Larger and more persistent supply shocks require a policy response

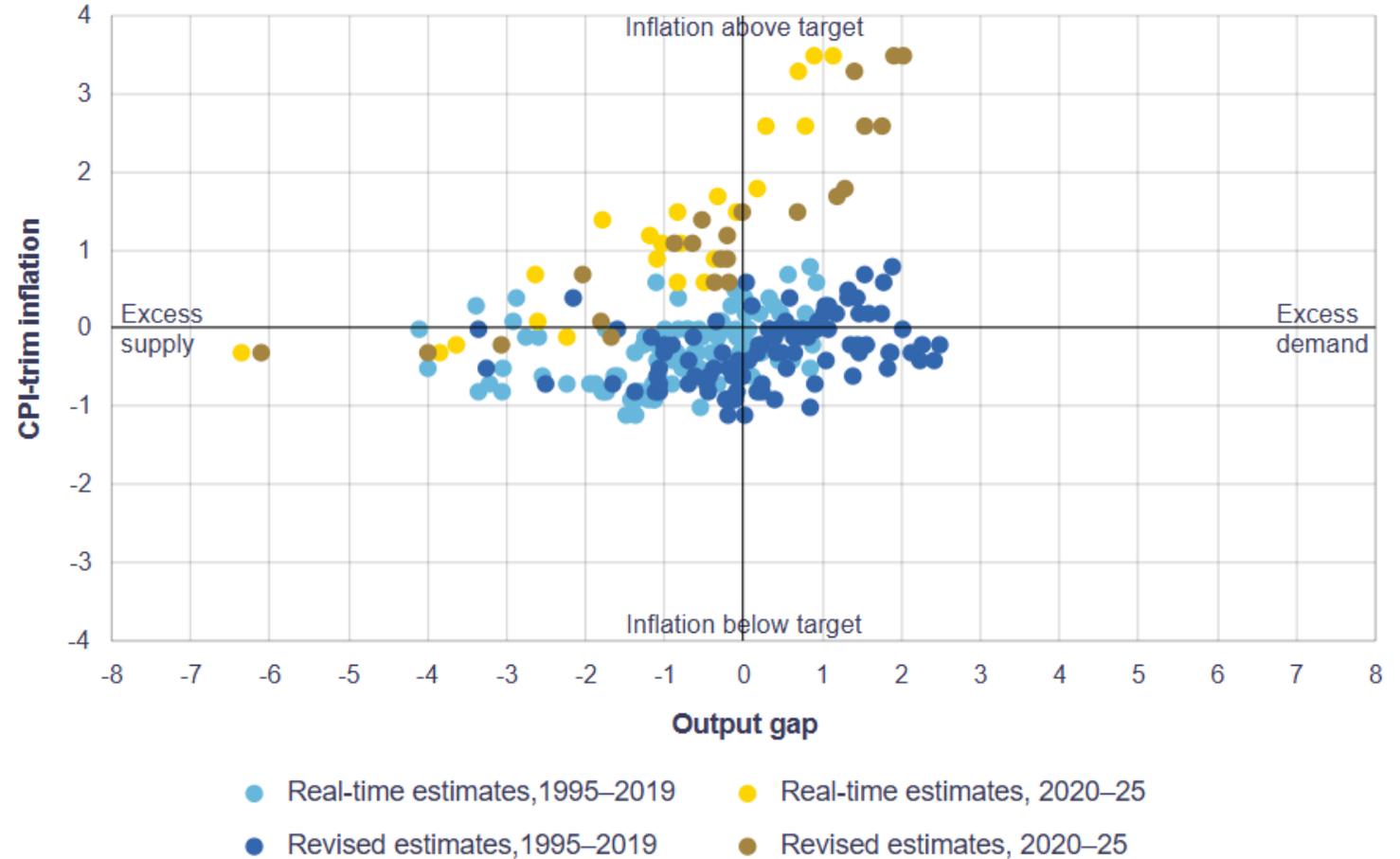


Policy responses in quadrant A depend on the degree of excess supply and the strength of inflationary pressures



Our views on the economy evolve as we receive more information

Inflation (deviation from 2%, in percentage points) and output gap (in percent)





BANK OF CANADA
BANQUE DU CANADA



Thank you.

