The next two meetings of the Bank of Canada are planned for January 20 and March 2, 2004. In light of the recent developments in economic and financial conditions, it now seems to us more and more probable that our central bank will opt for two additional reductions of 0.25% in its key rates. On the one hand, remember that real Canadian GDP (per industry) rose only a meagre 0.2% last October. This would mean that our economy would have had to experience phenomenal forward movement in November and December 2003—economic growth vastly superior to production potential (4% or more)—for the Bank of Canada’s expectations to be met in the fourth quarter. So the mark is set very high and, we feel, difficult to achieve. Furthermore, the modest economic growth expected in Canada for this year, around 3%, practically eliminates the possibility of a return of inflation. On the other hand, the Canadian dollar is continuing its ascent and is now hovering around 79¢ US, which accentuates the fears of a backlash on our foreign trade sector. In addition, we have to admit that, contrary to the situation of last December, the financial markets are now anticipating a drop in the Canadian interest guide rates. Under these circumstances, we believe that everything has fallen into place for the Bank of Canada to again lower its key interest rates at its upcoming meeting on January 20. In fact, the risk of not immediately lowering interest rates while the economy is barely able to reabsorb its unused capacity (and cause inflation to increase) appears to us significantly higher than the risk of lowering key interest rates and finding ourselves in the end with very strong growth in our economy. And if, by sheer good fortune, this should happen, the Bank of Canada would be at its leisure to get ahead of the game in firming up its monetary policy at the end of 2004 or the beginning of 2005.