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NEWS | CEO BRIEFING

Bank of Canada hikes to 2.5%, its first increase in three years

Canada raised rates even as it sheds jobs, betting that high energy prices are a bigger threat. It signalled more hikes are possible.

By **Manasee Kurlekar** | October 29, 2026



Canada is hiking into a jobs slump.

The Bank of Canada lifted its benchmark by 25 bp to 2.5% on Wednesday, its first hike since July 2023.

The reason is energy. Inflation hit 3.1% in September, just above the top of the bank's 1–3% target range.

The bank now sees 2027 inflation at 3.1%, up from the 2.0% it forecast in July. What makes the move bold is the jobs data.

Canada lost 68,000 jobs in September after losing 42,000 in August. Governor Tiff Macklem said more hikes could follow, but promised to move cautiously. The message: inflation is the bigger danger right now.

Read online: https://worldbusinesswatch.com/news/9/336/bank-of-canada-hikes-to-2-5-its-first-increase-in-three-years.html
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