

Glossary

Chapter 12

bank rate	interest rate that the Bank of Canada charges chartered banks for the loans it extends to them (p. 249)
bankers' deposit rate	the interest rate the Bank of Canada pays chartered banks on their reserve deposits at the Bank of Canada (p. 250)
open market operations	purchase and sale of government securities by the Bank of Canada (p. 248)
overnight interest rate	interest rate that chartered banks charge each other for one-day loans (p. 249)
quantity theory of money and prices	a theory of the connection between the money supply and the price level when the velocity of money is constant (p. 253)
velocity of money (V)	the average number of times that a dollar is used in purchasing final goods or services in a one-year period (p. 253)