



**BANK OF JAMAICA**

**MINUTES OF THE  
SPECIAL MONETARY POLICY COMMITTEE MEETING**

**HELD VIRTUALLY**

**ON**

**WEDNESDAY, 18 MAY 2022**

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## **Minutes of the Special Monetary Policy Committee (MPC) meeting held virtually on Wednesday, 18 May 2022, at 9:00 a.m. via Microsoft Teams Meeting.**

### **Attendance**

The following members of the Committee were present:

Mr. Richard Byles	Chairman
Dr. Wayne Robinson	Senior Deputy Governor
Mr. Robert Stennett	Deputy Governor
Dr. Nadine McCloud	Appointed Member, MPC
Mr. David Marston	Appointed Member, MPC

Other attendees:

Mrs. Sharon Miller-Betty	Acting Division Chief, REPD*
Mrs. Prudence Serju-Thomas	Acting Deputy Division Chief, REPD
Ms. Shannon Spencer	Monetary Policy Committee Secretary

\* *The Bank's Research and Economic Programming Division*

### **1.0 Call to Order and Apologies**

1.1 The Chairman called the meeting to order and welcomed all to the special meeting of the MPC to discuss the implications of the April 2022 inflation outturn and other incoming data and to concretise its views about the potential impact on the inflation forecast of an unsettled Jamaican labour market.

1.2 There were no apologies for absence.

### **2.0 Recent Developments: Inflation Outturn and Simulation of Wage Impact on Inflation**

2.1 Mrs. Sharon Miller-Betty, Acting Division Chief of REPD, delivered a brief update on the latest inflation outturn. At April 2022, the annual inflation rate was 11.8 per cent, below the Bank's estimate but, as expected, above the outturn for March 2022. Notably, the consumer price index (CPI) at April 2022 fell relative to March 2022, which represented the first monthly decline since April 2021. The deviation between the Bank's estimate of annual inflation at April 2022 and the outturn was mainly influenced by agricultural commodity prices, which declined, in contrast to the Bank's projected increase. The outturn was also underpinned by significant

increases in the Food & Non-Alcoholic Beverages, Housing, Water, Electricity, Gas & Other Fuels, Transport and Restaurants & Accommodation Services divisions of the CPI.

- 2.2 The Committee was informed that the measure of core inflation that excludes the influence of food and fuel from the CPI fell to 8.4 per cent at April 2022, having peaked at 9.9 per cent at February 2022. Core inflation was expected to continue to trend downwards over subsequent months.
- 2.3 The MPC was also informed that recent trends in the international commodities and shipping prices generally remained in line with the Bank's forecast and, so far, posed no material risk for the inflation outlook.
- 2.4 The Committee concluded that the inflation outturn was below the Bank's forecast and would not disturb the outlook and recommendations initially put forward by the Bank's staff at the MPC meetings held on 12 and 13 May 2022.
- 2.5 The Committee also discussed the simulation results, which assessed the impact of larger than projected increases in real wages on inflation. Increases in real wages would drive average inflation for FY2022/23 upwards as producers adjust their selling prices in response to the higher production cost and as demand changes affect the balance of payments and the exchange rate. It was noted that this development also posed some risks to the Bank's reserves if it chose to offset the additional demand by selling foreign exchange.
- 2.6 Similar to the discussions at the MPC meetings on 12 and 13 May 2022, the MPC discussed the issue of the speed at which the policy rate should be adjusted. The Chairman then invited the Committee members to indicate whether their vote had changed, given the information presented and discussed during the meeting. All members maintained their initial vote, which resulted in the **majority** of the MPC agreeing to increase the policy rate by 50 basis points to 5.00 per cent.

### **3.0 Any other Business**

- 3.1 There was no other business raised for discussion.

### **4.0 Adjournment of the Meeting**

- 4.1 There being no other business, the Chairman adjourned the meeting at 10:00 a.m.