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BANK OF JAMAICA

Quarterly Monetary Policy Report

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Monetary Policy at Bank of Jamaica

Bank of Jamaica's monetary policy objective is to achieve an inflation target of 4 – 6 per cent per annum for the three-year period 2021 to 2024. This inflation rate, measured as the annual point-to-point change in the Consumer Price Index (CPI) published by the Statistical Institute of Jamaica, is necessary for the achievement of sustained growth and development in Jamaica.

The inflation target was established by the Minister of Finance and the Public Service in consultation with Bank of Jamaica in April 2021.

The Bank uses a variety of tools to achieve its inflation target, the main one being the interest rate on overnight balances in the current accounts of deposit-taking institutions at Bank of Jamaica (BOJ). Changes in the Bank's policy rate signal the Bank's policy stance towards achieving its inflation objective, which is transmitted to prices through the financial markets and then through spending and investment decisions.

Monetary policy decisions are made by BOJ's Monetary Policy Committee (MPC) and affect inflation with a lag of between 4 to 8 quarters. For this reason, monetary policy in Jamaica is forward-looking and the Bank puts much effort into establishing its view of the economy in the future, and bases its decision on this view. It is also important that the Bank clearly and transparently communicates this view of the future to the Jamaican public. The Bank undertakes an assessment of the economy eight times during each calendar year and publishes its decisions in accordance with a pre-announced schedule. On four of these occasions, when most data on the key macro-economic variables are available, the Bank prepares a comprehensive macro-economic forecast contained in The Monetary Policy Report covering the international economy, the fiscal accounts, balance of payments, money, credit, interest rates, Gross Domestic Product (GDP) and prices.

This Monetary Policy Report describes the MPC's recent policy decisions and outlines the Bank's projections for inflation in Jamaica and the main macroeconomic variables that affect it. The Monetary Policy Report is prepared and published once every three months and coincides with four of the Bank's monetary policy announcements.

Overview

Annual inflation at September 2023 was 5.9 per cent, which was within the Bank's target range of 4.0 per cent to 6.0 per cent and lower than the outturn of 6.8 per cent at August 2023. The deceleration in inflation at September 2023 relative to the previous month mainly reflected lower agricultural inflation as well as energy related inflation partly offset by an increase in services-related inflation due to higher education costs. The measure of core inflation which excludes food and fuel prices decelerated to 5.5 per cent at September 2023, relative to 8.9 per cent at September 2022. Annual inflation is projected to accelerate within the range of 6.0 to 7.0 per cent over the next eight quarters but there are downside risks.

The Jamaican economy is estimated to have grown by 1.0 per cent to 3.0 per cent for the September 2023 quarter. This estimated growth was a marginal deceleration relative to the expansion of 2.3 per cent recorded for the June 2023 quarter. There was estimated growth in all industries for the review quarter, with the exception of Agriculture, Forestry & Fishing, Construction and Producers of Government Services. For FY2023/24, real GDP growth is projected to moderate within the range of 1.0 to 3.0 per cent from 4.7 per cent for FY2022/23. The risks to the growth forecast are assessed to be skewed to the downside, which means that growth could be lower than projected.

The current account of the balance of payments is estimated to have recorded a surplus of 0.0 to 1.0 per cent of GDP for the September 2023 quarter, higher (better) than the deficit recorded for the September 2022 quarter. The improvement was primarily reflected in the trade and services sub-accounts, partially offset by a deterioration on the current transfers and income sub-accounts. Of note, the current account is estimated to have recorded a surplus of 1.9 per cent of GDP for FY2022/23, higher (better) than the deficit of 0.7 per cent of GDP in FY2021/22. At end-September 2023, the level of Jamaica's gross international reserves was US$4.8 billion, representing 116.9 per cent of the Assessing Reserve Adequacy metric for FY2023/24.

The Bank anticipates that the current account will deteriorate to a deficit in the range of 0.5 to 1.5 per cent of GDP for FY2023/24 and 0.0 to 1.0 per cent for FY2024/25. The risks to the projections for the CAD are balanced.

For the September 2023 quarter, the Jamaican dollar depreciated by 1.7 per cent relative to September 2022. Demand pressures during the quarter were attenuated by Bank of Jamaica's Foreign Exchange Intervention & Trading Tool (B-FXITT) sales amounting to US$210.0 million. These sales were higher than the US$186.1 million sold to the market during the corresponding period of 2022.

The annual growth in broad money at August 2023 was 14.8 per cent, below the growth of 15.5 per cent at June 2023. The expansion in broad money at August 2023 reflected growth of 16.5 per cent in currency in circulation and 14.4 per cent in local currency deposits. Private sector credit grew by 12.2 per cent at September 2023, slightly above the growth of 12.1 per cent at June 2023.

The financial system continued to be resilient. DTIs' risk-weighted Capital Adequacy Ratio (CAR) at end-August 2023 was 14.6 per cent, well above the statutory requirement of 10 per cent. Banks also remained liquid, with all licensees reporting Liquidity Coverage Ratios (LCRs) in excess of 100 per cent at end-August 2023. The quality of the DTIs' loan portfolio remained fairly stable with a ratio of non-performing loans (NPLs) to gross loans at August 2023 of 2.6 per cent, slightly above the 2.5 per cent recorded a year earlier.

On 29 September 2023, the Monetary Policy Committee (MPC) unanimously agreed to maintain: (i) the policy interest rate (the rate offered to deposit-taking institutions (DTIs) on overnight placements with Bank of Jamaica) at 7.0%, (ii) tight Jamaican dollar liquidity conditions, and (iii) stability in the foreign exchange market. The Bank's decisions were aimed at ensuring that Jamaica's inflation rate continues to trend downward to the Bank's target range of 4.0 to 6.0 per cent. As anticipated by the Bank, the mild uptick in inflation between May and August 2023 was driven by several shocks. Increases in telephone and internet rates, the national minimum wage and higher agricultural price inflation, along with some upward movement in energy-related prices, contributed to inflation over the period.

Inflation is projected to rise above the Bank's target range between December 2023 and March 2025 if the downside risks to this outlook do not materialise. The projected acceleration in inflation primarily reflects the impact of the announced increases in selected public passenger fares in October 2023 and April 2024. Future monetary policy decisions will depend on incoming data related to the strength of the potential risks to inflation. As such, the Bank will continue to closely monitor the global and domestic economic environments for these potential risks to Jamaica's inflation rate.

Contents

ABBREVIATIONS & ACRONYMS

ARA	Assessing Reserve Adequacy
B-FXITT	Bank of Jamaica's Foreign Exchange Intervention & Trading Tool
BOJ	Bank of Jamaica
BOP	Balance of Payments
bps	Basis points
CAD	Current Account Deficit
CBO	Congressional Budget Office
CDs	Certificates of Deposit
CPI	Consumer Price Index
CPI-FF	Consumer Price Index without Food and Fuel
CY	Calendar Year
DTIs	Deposit-taking Institutions
EMBI+	JP Morgan Emerging Market Bond Index
e.o.p	End of Period
EFR	Excess Funds Rate
Fed	US Federal Reserve System
FTSE	Financial Times Stock Exchange
FY	Fiscal Year
GDP	Gross Domestic Product
GOJ	Government of Jamaica
GOJGBs	Government of Jamaica Global Bonds
HWEG	Housing, Water, Electricity Gas & Other Fuels
IES	Inflation Expectations Survey
IMF	International Monetary Fund
JMD	Jamaican Dollar
JSE	Jamaica Stock Exchange
M2J	Broad money supply
M2+	Broad money supply that includes foreign currency deposits
MCI	Monetary Conditions Index
NDA	Net Domestic Assets
NIR	Net International Reserve
NOP	Net Open Position
o/w	Of which
O/N	Overnight
OMO	Open Market Operations

PMMR	Private Money Market Rates
PSE	Public Sector Entities
QoQ	Quarter over Quarter
REER	Real Effective Exchange Rate
S&P	Standard & Poor's
SBA	Stand-by Agreement
SCT	Special Consumption Tax
SLF	Standing Liquidity Facility
T-Bill	Treasury Bill
TP	Trading Partners
UR	Unemployment Rate
US	United States
USD	US dollar
WASR	Weighted Average Selling Rate
WTI	West Texas Intermediate

1.0 Inflation

The annual point-to-point inflation rate at September 2023 was 5.9 per cent, within the Bank's target range of 4.0 per cent to 6.0 per cent and lower than the outturn of 6.8 per cent at August 2023. The deceleration in inflation relative to August 2023 mainly reflected lower agricultural inflation as well as energy related inflation partly offset by an increase in services-related inflation due to higher education costs.

Inflation is projected to rise above the Bank's target range between December 2023 and March 2025 if the downside risks to this outlook do not materialise. The projected acceleration in inflation primarily reflects the impact of the announced increases in selected public passenger fares in October 2023 and April 2024. The forecast also assumes that fuel prices will average US$90 per barrel over the next three quarters (December 2023 to June 2024). The impact of these upward impulses will be partially offset by a decline in imported prices (particularly grains) and a deteriorating output gap over the remainder of the near term, supported by the Bank's policy actions. Inflation, is projected to converge to the mid-point of the target range by March 2026.

Inflation is projected to average 6.0 to 7.0 per cent over the next eight quarters (December 2023 to September 2025), which is higher than the previous eight-quarter average of 5.5 per cent but lower when compared to the average inflation rate of 8.4 per cent over the past two years.

When compared with the previous forecast, the upward revision mainly reflects an upward adjustment to transport-related inflation due to the increase in PPV fares as well as an upward adjustment in energy-related inflation which largely reflects the impact of base effects. This is partly offset by downward revisions to processed food and services inflation. The downward revision to processed food and services inflation reflects a downward revision to grains prices as well as a less depreciated exchange rate.

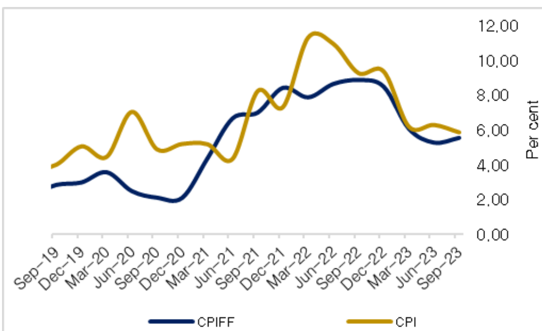
The risks to the inflation outlook are skewed to the downside. The main downside risks to this outlook include the possibility of fiscal measures being implemented to cushion the impact of the increase in public passenger vehicle (PPV) fares. Oil prices could also trend below the forecast. On the upside, higher-than-projected future wage adjustments in the context of the tight domestic labour market, second-round effects from the PPV fare increase and the sharp increase in agricultural price inflation over the first half of 2023, and worsening supply chain conditions could put further upward pressure on inflation.

Recent Developments and Near-term Outlook

The annual point-to-point inflation rate at September 2023 was 5.9 per cent, within the Bank's target range of 4.0 per cent to 6.0 per cent and lower than the outturn of 6.8 per cent at August 2023. The deceleration in inflation relative to August 2023 mainly reflected lower agricultural inflation as well as energy related inflation partly offset by an increase in services-related inflation due to higher education costs.

Core inflation (the measure that excludes food and fuel/energy prices from the CPI – CPIFF)) decelerated to 5.5 per cent at September 2023, relative to 8.9 per cent at September 2022 (see Figure 1). The deceleration mainly reflected moderating inflation expectations and contractionary monetary and fiscal policy, partly offset by the lagged second round impact of wage increases and higher raw material costs.[1] Notably, since May 2023 core inflation has drifted upwards, largely due to regulated price adjustments (for example the National Minimum Wage), higher communication costs as well as the second-round impact of wage increases.

Figure 1: Core Inflation and CPI
(Annual per cent change)



Source: STATIN & BOJ

Inflation Outlook

Headline inflation is projected to average 6.0 to 7.0 per cent over the next eight quarters (see Figure 2). This reflects a deceleration relative to the average inflation rate of 8.4 per cent over the past two years. Notably, the annual point-to-point inflation rate at September 2023 was 5.9 per cent and represented the first time in five months that inflation has fallen within the Bank's target range of 4.0 per cent to 6.0 per cent. This was also the lowest outturn since June 2021. Inflation is projected to rise above the Bank's target range between December 2023 and March 2025. The acceleration in inflation, primarily reflects the impact of the increase in PPV fares and the second-round impact of wage related inflation stemming from the continued tight labour market.[2] The impact of these upward impulses will be partially offset by a decline in imported prices (particularly grains) and a deteriorating output gap over the remainder of the near term, supported by the Bank's policy actions.

The main factors underpinning the inflation forecast are as follows:

(i) Inflation expectations are projected to continue moderating in the context of the Bank's monetary policy actions and lower grains prices. In the September 2023 Inflation Expectations Survey, respondents lowered their expectations for inflation 12 months ahead to 8.0 per cent from 8.8 per cent (see Box 1).

(ii) The output gap is projected to remain positive over the remainder of the fiscal year. However, the output gap is projected to deteriorate, becoming negative, over the near term. (see Real Sector).

(iii) The average price of grains is projected to decline at an average quarter over quarter rate of 1.6 per cent over the next eight quarters (December 2023 to September 2025) (see International Economy).

(iv) Freight charges have fallen to pre-pandemic levels and are projected to remain at these levels over the forecast period.

(v) The inflation forecast assumes increases in selected regulated prices, particularly the announced PPV fare increase, effective October 2023 and April 2024. This will have

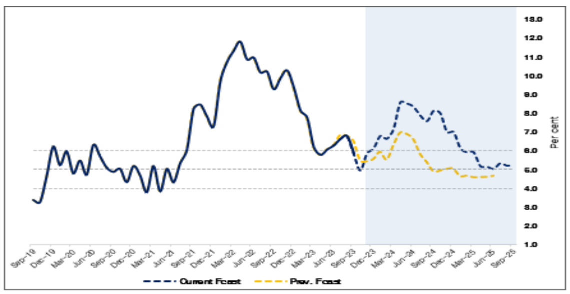
[1] There have been upward revisions to services inflation, reflecting an upward revision to inflation for mobile voice and data rates, restaurant services (increase in patty prices), rentals, education and recreation and culture (books and stationery items).

[2] The inflation forecast now assumes an increase of 19 per cent (0.99 ppt) in fares for buses (excluding JUTC) effective October 15, 2023, and an additional increase of 16 per cent (0.83 ppt) in April 2024. This combined increase of 35.0 percent is higher than the previous assumption for a 10.0 per cent (0.5 ppt) increase in fares for buses (excluding JUTC & MBM) and taxis for PPVs.

implications for transport-related inflation as well as second round effects.

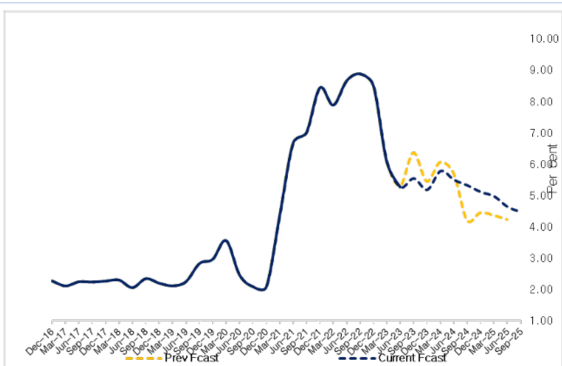
(vi) US inflation is forecasted to average 2.6 per cent over the next eight quarters, higher than the previous forecast of 2.2 per cent (see International Economy). The upward revision to US inflation reflects expectations for higher oil prices as well as expectations that the growth in that economy will be stronger than previously anticipated.

Figure 2: Monthly Comparative Headline Inflation Forecasts



Source: Bank of Jamaica

Figure 3: Comparative Core Inflation Forecasts

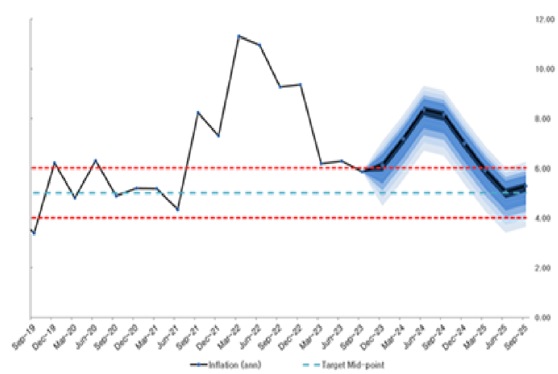


Source: Bank of Jamaica

Inflation Risks

The risks to the inflation outlook are skewed to the downside (see Figure 4). The main downside risks to this outlook include the possibility of fiscal measures being implemented to cushion the impact of the increase in public passenger vehicle (PPV) fares. Oil prices could also trend below the forecast. On the upside, higher-than-projected future wage adjustments in the context of the tight domestic labour market, second-round effects from the PPV fare increase and the sharp increase in agricultural price inflation over the first half of 2023, and worsening supply chain conditions could put further upward pressure on inflation.

Figure 4: Inflation Fan Chart



Source: Bank of Jamaica

Box 1: Businesses' Inflation Expectations Survey – September 2023

Overview

The Bank's Survey of Businesses' Inflation Expectations (IES) at September 2023 indicated that the one-year ahead inflation expectations of 8.0 per cent continued to be higher than the Bank's inflation target of 4.0 to 6.0 percent. However, the result represented the continuation of a trend decline in inflation expectations. Businesses' perception of inflation control also improved relative to the previous survey. However, the majority of respondents continued to be unaware of BOJ's inflation target as well as the most recent annual point-to-point inflation rate.

Inflation Expectations

In the September 2023 survey, respondents' expectation of inflation 12 months ahead declined to 8.0 per cent, down from the previous level of 8.8 per cent as at the July 2023 survey. Furthermore, businesses forecasted an annual point to point inflation rate for calendar year 2023 (December 2023) of 7.8 per cent, which is **higher** than the annual point to point rate of 6.5 per cent at September 2023 (see **Figure 1**).

Perception of Inflation Control

The index of businesses perception of inflation control was higher when compared to the July 2023 survey (see **Figure 2**). This reflected an increase in the number of respondents who were "satisfied" with how inflation was being controlled.

Exchange Rate Expectations

In the September 2023 survey, respondents forecasted the exchange rate to depreciate over all three-time horizons but at a generally stable pace for the 12-month ahead forecast relative to the previous survey (see **Table 1**).

Interest Rate Expectations

The majority of respondents forecasted the Bank's policy rate, three months ahead, to remain the same. The proportion of respondents who were of this view increased marginally, relative to the previous survey. The 90-day Treasury bill (T-Bill) yield, three months ahead was forecasted to be 7.8 per cent, in-line with the previous survey result of 7.8 per cent.

Table 1: Exchange Rate Expectations

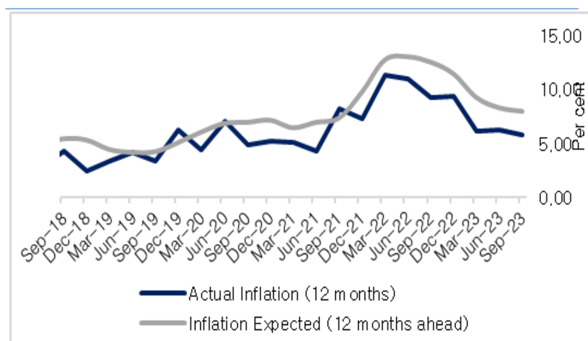
Question: In July 2023, the exchange rate for the Jamaican Dollar (JA$) in respect of the United States Dollar (US$) was $155.41. What do you think the rate will be for the following periods?

	Expected Exchange Rate Depreciation/Appreciation (%)			
Periods Ahead	Appr-23	Jun-23	Jul-23	Sep-23
3-Months	0.8	0.9	0.4	0.8
6-Months	1.3	1.4	1.2	0.9
12- Months	1.6	1.6	1.4	1.3

Source: Businesses' Inflation Expectations Survey.
Note: The responses have been converted to percentage change.
(–) indicates an appreciation of the exchange rate
(+) indicates a depreciation of the exchange rate

Figure 1: Expected 12-Month Ahead Inflation

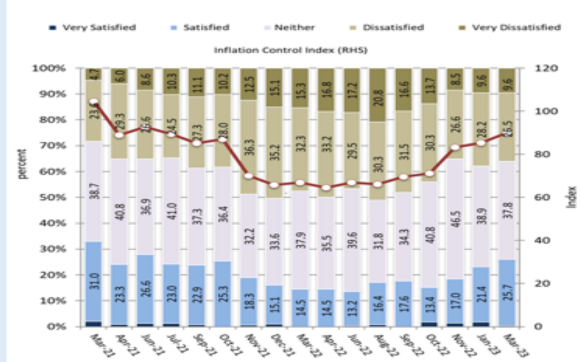
Question: If you expect inflation, what do you expect the rate of inflation to be at December 2023 and over the next 12 months?



Source: Businesses' Inflation Expectations Survey

Figure 2: Perception of Inflation Control

Question: How satisfied are you with the way inflation is being controlled by the Government?



Source: Businesses' Inflation Expectations Survey.
Notes: The Index of Inflation Control is calculated as the number of satisfied respondents minus the number of dissatisfied respondents plus 100

Inflation Target Awareness

The majority of respondents were not aware of BOJ's inflation target (58 per cent). Additionally, most respondents (74 per cent) indicated that they weren't aware of the point-to-point inflation rate at July 2023.

Figure 3: Inflation Target Awareness

Question: Are you aware of Bank of Jamaica's inflation target?

2.0 International Economy

Global growth for 2023 is projected to accelerate slightly to 2.5 to 3.5 per cent from 2.7 per cent in 2022, and to slow to 1.5 to 2.5 per cent in 2024. In this context, global growth is projected to average 2.0 to 3.0 per cent over the next eight quarters (December 2023 to September 2025). The projected increase for 2023 largely reflects strong outturns for several key economies for the first three quarters of the year. Notwithstanding, growth is projected to slow due to the lagged effects of monetary policy tightening and the slowdown in the Chinese economy. Relative to the previous forecast, the outlook also reflects higher growth for 2023, but marginally lower growth for 2024.

The US economy is projected to grow by 1.5 to 2.5 per cent in 2023 and 0.5 to 1.5 per cent in 2024. The outlook for 2023 is above the growth of 1.9 per cent for 2022. The previous projection was for growth of 1.0 to 2.0 per cent in 2023 and 0.0 to 1.0 per cent in 2024. The risk to US GDP is assessed as balanced.

The US Federal Reserve (Fed) maintained its policy rate in November 2023. Bank of Jamaica anticipates that the Fed will maintain rates for the remainder of 2023 and the first quarter of 2024, then commence reducing rates in the June 2024 quarter. Over the next eight quarters, nominal interest rates in the US are projected to approach the long run neutral level of 2.5 per cent. In this context, yields on Jamaica's sovereign bonds and US 90 – day Treasury bill rates are projected to remain relatively stable through to the March 2024 quarter and decline thereafter.

Grains prices are projected to decline over the next eight quarters. On average, prices are projected to decline by 18.0 per cent and 13.8 per cent in 2023 and 2024, respectively. Average oil prices are projected to decline by 6.2 per cent in FY2023/24 and increase by 1.7 per cent in FY2024/25, relative to the previous fiscal year to average US$84.22 per barrel and US$85.65, respectively. The risks to the forecast for oil prices are skewed to the upside, while the risk to grains prices are assessed as balanced.

Trends in the Global Economy

The global economy is estimated to have expanded by 2.5 to 3.5 per cent for the September 2023 quarter, below the estimated expansion of 3.0 to 4.0 per cent in the June 2023 quarter but above the previous forecast. The slowdown in growth in the September quarter reflects a moderation in growth in China and the UK. The higher growth for the September 2023 quarter, relative to the previous projection, reflects stronger than projected demand conditions.

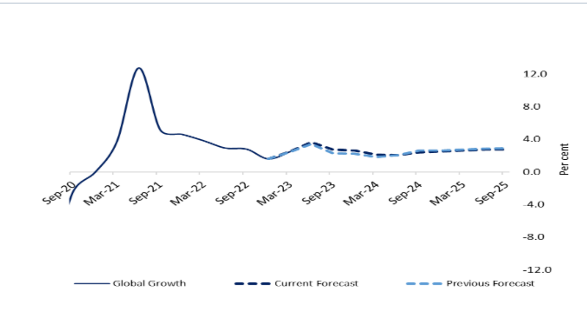
The Bureau of Economic Analysis' (BEA's) advance estimate indicates that US GDP for the September 2023 quarter increased on an annualized basis by 4.9 per cent, following an expansion of 2.1 per cent for the June 2023 quarter.[1] This growth was above the 2.9 per cent anticipated by the Bank. The increase in real GDP for the September quarter

[1] The increase in real GDP reflected increases in consumer spending, private inventory investment, exports, state, local and federal government spending, and residential fixed investment. This was partly offset by a decline in non-residential fixed investment. Imports, which are subtractions in the calculation of GDP, increased.

primarily reflected increases in consumer spending, exports and investment, despite the dual headwinds of rising interest rates and high inflation.[2]

Global growth is projected to average 2.0 to 3.0 per cent over the next eight quarters (December 2023 to September 2025) (see **Figure 5**). Global growth is projected to increase in the range 2.5 to 3.5 per cent for 2023 from 2.7 per cent in 2022 but slow to 1.5 to 2.5 per cent in 2024. The projected acceleration in growth for 2023 largely reflects stronger growth for several major economies. The slowdown in growth for 2024 primarily reflects the lagged impact of tight financial conditions.

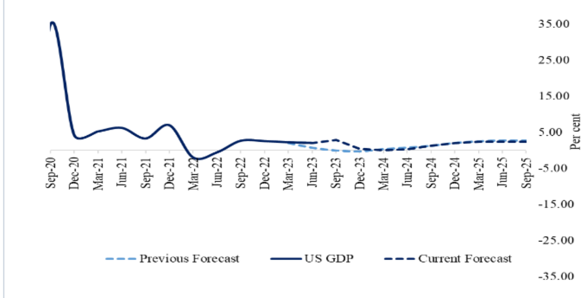
Figure 5: Global Growth Projection*
(Per cent year-over-year change)



Source: Bloomberg
*Bank of Jamaica's Estimate and forecast

The Bank projects US GDP growth to increase for 2023 in the range 1.5 to 2.5 per cent from 1.9 per cent in 2022, but slower than the growth in potential GDP amid tight monetary policy conditions. The forecast assumes annualized growth of 0.4 per cent in the December 2023 quarter, as the lagged impact of higher interest rates feeds through to the economy. Annual growth in economic activity in 2024 is forecasted to moderate to 0.9 per cent relative to 2023, which is higher than previously projected.

Figure 6: Comparative US GDP Growth Forecast
(Per cent change annualised)



Source: BOJ, CBO

Risks

The risks to global growth are skewed to the downside. An escalation of geopolitical tensions could cause new trade disruptions, putting downward pressures on growth. Stronger downward pressures could also emanate from the effect of tight monetary policies. Climate change also poses downside risks to the global economy. The main risks to the US economy are that demand and growth could be higher than anticipated while elevated inflation levels could also persist for longer than projected, leading to tighter than anticipated monetary policy. The risk to US GDP is balanced.

Labour Market

The unemployment rate in the US at September 2023 was 3.8 per cent, in line with the outturn for August 2023, and above the rate that obtained at June 2023.[3] This rate was above the Bank's projection of 3.7 per cent but below the Fed's estimate of the natural rate of unemployment of 4.0 per cent as at September 2023. The US unemployment rate is projected to increase over the next eight quarters.[4]

[2] Consumer spending accounted for 68 per cent of all economic activity during the quarter. The increase in consumer spending reflected an expansion in both the goods and services sub-components. Further, the increase in investment was supported by residential investment.

[3] Total nonfarm payroll employment in the US increased by 336,000 in September 2023, following increases of 236,000 and 227,000 in July and August 2023, respectively. Notwithstanding, average hourly earnings increased by a more muted 0.2 per cent relative to the previous month, resulting in a slowdown in the annual rate to a two year low of 4.2 per cent. Therefore, with wage growth and price inflation rapidly fading and the rise in long yields triggering a significant tightening in financial conditions, this supports the view that the Fed has concluded rate hikes.

[4] The unemployment rate is projected to end FY2023/24 at 4.1 per cent, 0.6 percentage point above the rate at end-FY2022/23, and end FY2024/25 at 4.8 per cent.

Box 2: Economic Growth in Selected Economies

China

The Chinese economy is estimated to have expanded by 4.4 per cent for the September 2023 quarter compared to September 2022 This was a deceleration relative to the growth of 6.3 per cent in the June 2023 quarter. The slowdown in growth in the September 2023 quarter reflected a deteriorating property sector, falling exports and weaker domestic demand.[5]

GDP growth in China is projected to range between 4.1 per cent to 5.0 per cent over the next eight quarters.[6] This is a downward revision relative to the previous projection.

Japan

The Japanese economy is estimated to have contracted by 0.6 per cent for the September 2023 quarter, following an expansion of 4.8 per cent in the June 2023 quarter. The decline for the September 2023 quarter was mainly due to deteriorating external demand, particularly from China.

For the next eight quarters, GDP growth in Japan is projected in the range of 0.4 per cent to 1.2 per cent, below the previous projection.

Canada

The Canadian economy is estimated to have expanded by 0.7 per cent for the September 2023 quarter, following a contraction of 0.2 per cent for the June 2023 quarter. The expected acceleration in growth for the September 2023 quarter was partly attributable to an increase in business investment partly due to higher oil prices.

For the next eight quarters, GDP growth in Canada is projected in the range of 0.1 per cent to 2.0 per cent.

Euro Area

The economy of the Euro Area is estimated to have expanded by 0.4 for the September 2023 quarter relative to an expansion of 0.5 in the previous quarter. The expansion in the September 2023 quarter occurred amid a buoyant tourism sector and record-low unemployment offset by subdued domestic demand amid tight monetary conditions.

For the next eight quarters, GDP growth in the Euro Area is projected in the range of 0.4 per cent to 1.6 per cent.

United Kingdom (UK)

The UK economy is estimated to have expanded by 0.4 for the Sep 2023 quarter relative to growth of 0.8 per cent in the June 2023 quarter. The deceleration in growth reflected the continued impact of tighter monetary conditions.

Growth in the UK economy over the next eight quarters is projected in the range of 0.0 per cent to 1.2 per cent.

[5] China's real estate sector has been impacted by weak consumer confidence, amid a series of developers default on debt. However, the Chinese authorities have implemented measures to support the property market, including relaxing home-purchase restrictions, lowering mortgage rates, loosening classification of first-home buyers, and decreasing down-payment requirements. Notwithstanding, credit rating agency Moody's Investors Service recently revised its outlook for China's property sector from "stable" to "negative" despite the introduction of the stimulus measures by China's regulatory authorities to support home sales. The international ratings agency outlined continued buyers' concerns over timely project completion and delivery as main factors contributing to a negative outlook.

[6] Estimates for China growth represent year-over-year per cent change.

Monetary Policy

On 01 November 2023, the Federal Open Market Committee (FOMC) maintained its target range for the US Fed Funds rate in the range of 5.25 per cent – 5.50 per cent.[7] This was in line with the Bank's projections. The Bank of Jamaica's forecast assumes that, as core inflation moderates and as a projected rise in the unemployment rate supports a further slowdown in wage growth, the Fed will begin to reduce interest rates by the June 2024 quarter. Over the next eight quarters, nominal interest rates in the US is projected to approach the long run neutral level of 2.5 per cent.

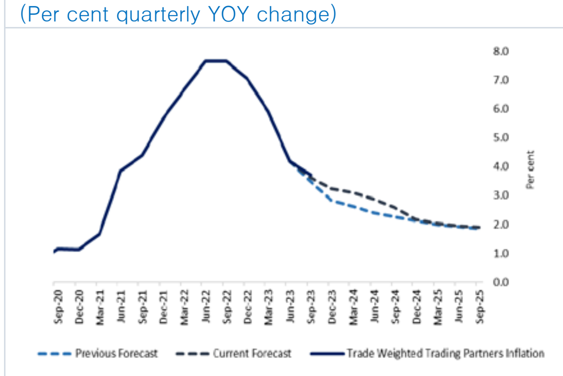
Trading Partners' Inflation

The weighted average of 12-month inflation rates for Jamaica's trading partners' (TPs) at September 2023 is estimated at 3.7 per cent. This is in line with the outturn for August 2023 and is above the Bank's previous forecast of 3.4 per cent. For the US, annual CPI inflation at September 2023 was 3.7 per cent, above the Bank's previous forecast of 3.2 per cent.[8,9] The personal consumption expenditures (PCE) price index increased by 3.4 per cent on a year-on-year basis at September 2023, in line with August 2023.[10]

Over the next eight quarters, the Bank projects the inflation rate of Jamaica's main trading partners (TP) to average 2.5 per cent (see **Figure 7**).[11] The forecast maintains the assumption of a moderation in TP inflation for the ensuing eight quarters. Slowing demand, additional policy firming, the lagged effects of monetary policy tightening and a moderation in wage growth will support the slowdown in inflation.

Notwithstanding, TP inflation is projected to trend above the previous forecast of 2.2 per cent. This upward revision to the forecast reflects the impact of stronger demand conditions as well as the positive shocks to oil prices. Of note, US inflation is projected to average 2.6 per cent over the ensuing eight quarters, above the previous forecast of 2.2 per cent (see **Figure 8**). [12]

Figure 7: Trade Weighted Trading Partners' Inflation
(Per cent quarterly YOY change)



Source: Bloomberg

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[7] [The updated policy guidance at the September 2023 meeting continues to highlight that officials will consider "the extent of additional policy firming that may be appropriate". The Fed chair also maintains the view that the decision on future monetary policy will be data dependent.]

[8] The annual rate of 3.7 per cent for September 2023 was in line with the previous month. The index for all items less food and energy rose 4.1 per cent over the last 12 months, below the 4.3 per cent recorded in July. The food index increased by 3.7 per cent per cent while the energy index declined by 0.5 per cent over the last 12 months.

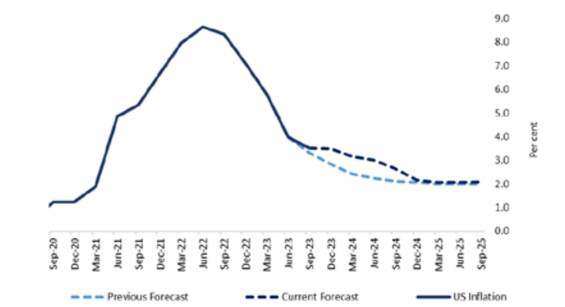
[9] For the September outturn, the shelter index was the largest contributor to the monthly all items increase, accounting for over 50.0 per cent of the increase. An increase in the gasoline index was also a major contributor to the all items monthly rise. While the major energy component indexes were mixed in September, the energy index rose 1.5 per cent over the month. Other notable increases occurred in motor vehicle insurance and new vehicles, however, the index for used cars and truck declined over the month. The Fed has expressed concerns about core services inflation excluding housing services, which accounts for more than half of core consumption expenditures and has remained elevated over the past year. This sector is relatively labour intensive, suggesting a tight labour market may have been contributing to inflationary pressures. Notwithstanding, this measure has been slowing and will support the Bank's view that the Fed will maintain rates through to mid-2024. Also, given that labour market conditions are expected to ease as the US economy weakens, this should feed through to lower inflation levels for core services ex-housing in the near term.

[10] On a monthly basis, headline PCE inflation increased by 0.4 per cent, in line with the previous month, while core PCE inflation increased by 0.3 per cent, albeit marginally above the previous month's growth of 0.1 per cent (3.7 per cent on an annual basis in September, which compares to 3.8 per cent in August).

[11] The inflation rate of Jamaica's main trading partners (TP inflation) for FY2023/24 on average is projected at 3.5 per cent, marginally above the previous forecast of 3.3 per cent. TP inflation for FY2024/25 on average is projected at 2.4 per cent.

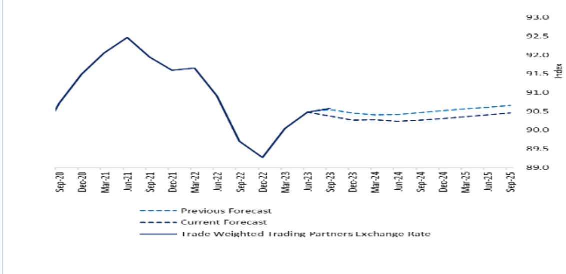
[12] The upward revision to US inflation reflects expectations for higher oil prices as well as expectations that the US output gap will be less negative than previously anticipated.

Figure 8: US Inflation
(Per cent quarterly YOY change)



Source: Bloomberg

Figure 9: Trading Partners' Trade Weighted Exchange Rate – vis-à-vis USD, May 2013 =100



Notes: An increase in the index represents a depreciation of the US dollar, while a decline represents an appreciation of the US dollar.
Source: Bloomberg

Trends in Trading Partners' Exchange Rates

During the September 2023 quarter, TP currencies generally depreciated against the US dollar, relative to the June 2023 quarter.[13] The stronger US dollar was supported by (i) reduced risk appetite amid concerns about tighter credit conditions and loan demand, and (ii) the Fed's decision to maintain rates higher for longer.

Bank of Jamaica projects that, over the next eight quarters (December 2023 to September 2025), the currencies of Jamaica's major trading partners will remain unchanged, on average, against the US dollar (see **Figure 9**). The Bank projects that the US dollar will be positively impacted in 2023 by relatively tight monetary conditions in the US and growth for other advanced economies slowing at a faster pace. However, for 2024, risk appetites will improve as the Fed begins reducing interest rates.

Commodity Prices

The daily average of West Texas Intermediate crude oil prices for the September 2023 quarter increased by 11.2 per cent, relative to the June 2023 quarter.[14] The increase in crude oil prices for the quarter mainly emanated from (i) supply constraints, (ii) higher demand amid strong summer air travel and increased use in power generation, (iii) an increase in investors long positions of crude futures contract, (iv) Russia's ban on exports of gasoline and diesel to most countries beyond four ex-Soviet states, and (v) a decline in US crude inventories. Relative to the September 2022 quarter, crude oil prices declined by 10.5 per cent.

For the December 2023 and March 2024 quarters, crude oil prices are projected to average US$89.39 per barrel (8.9 per cent increase) and US$91.54 per barrel (2.4 per cent increase), respectively. The projected increase in prices for the two quarters is underpinned by expectations of a deficit in the oil market as supply constraints by OPEC+ exacerbate the impact of the geo-political tensions.

Oil prices are projected to average US$86.02 per barrel for the next eight quarters compared to an

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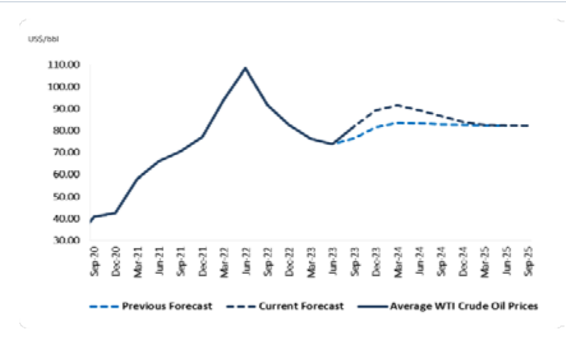
[13] There was an average depreciation of 0.1 per cent in the exchange rate of Jamaica's trading partners vis-à-vis the USD for the September 2023 quarter, following an average appreciation of 0.5 per cent in the June 2023 quarter. On a monthly basis, the currencies of Jamaica's major trading partners, on average, appreciated by 0.3 per cent in July 2023, and depreciated by 0.5 per cent and 0.4 per cent in August 2023 and September 2023, respectively. The previous forecast assumed an appreciation of 0.1 per cent in the exchange rate of Jamaica's trading partners vis-à-vis the USD in the September 2023 quarter.

[14] In the previous projection, the Bank expected the daily average of West Texas Intermediate crude oil prices for the September 2023 quarter to increase by 3.7 per cent, relative to the June 2023 quarter.

average of US$82.63 per barrel in the previous projection. The forecast reflects an average quarter–over–quarter increase of 0.1 per cent (see **Figure 10**).[15] The projected increase in prices reflects the continued impact of constrained supply amid (i) production cuts by OPEC+ to end–2024, (ii) Russia and Saudi Arabia's extended production cuts to end 2023, and (iii) an escalation of geopolitical tensions in the Middle East, following Hamas' militant attack on Israel. The Bank anticipated that downward price pressures may emanate from higher production from the US, Brazil and Canada, as well as the impact of the end of Russia and Saudi Arabia's voluntary production cuts.

Figure 10: Trend in Average WTI Crude Oil Prices

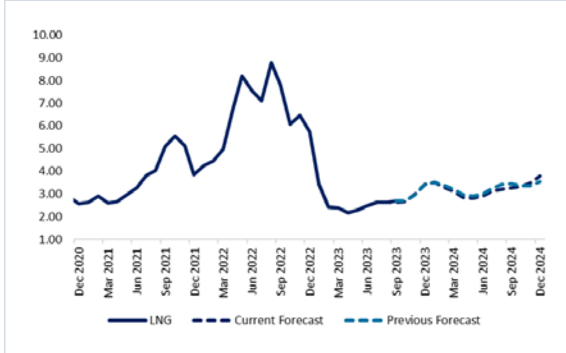


Sources: Bloomberg, BOJ

For the September 2023 quarter, US LNG prices increased by 14.6 per cent, relative to the previous quarter. LNG prices were positively impacted by (i) increased demand for cooling in the summer months, (ii) an increase in crude oil prices and (iii) an increase in US LNG export. Downward price pressures emanated from reports from the Energy Information Administration (EIA) stating higher–than–expected storage build in the US in August 2023.

For the December 2023 to December 2024 quarters, US LNG prices, on average, are projected to gradually increase amid stronger export demand (see **Figure 11**). The impact of this higher demand will be partly offset by competition from growing electric generation from renewable energy sources. Prices are projected to increase by 19.9 per cent to an average of US$3.23 per MMBtu in 2024.

Figure 11: Trend in Average LNG Prices



Sources: Bloomberg, BOJ

The risks to the forecast for oil prices over the next eight quarters are assessed to be balanced. Upside risks may emanate from further deterioration in the geopolitical conflict between Israel and Palestine as well as the spillover effects to the rest of the countries in the Middle East.[16] Notwithstanding, downside risks include the possibility that rate hikes from major central banks could have a stronger–than–anticipated impact on demand. Further, the US temporarily removed several sanctions against Venezuela's oil and gas sector. This may support some additional supply from that market.[17]

The risks to the forecast for LNG prices over the next eight quarters are balanced. Higher than anticipated demand for electric power generation could cause an increase in prices. However, commissioning of new sources of renewable electricity generation in

[15] The smaller quarter over quarter increase reflects a larger decline in prices in 2024. Oil prices increased significantly in September 2023 amid supply restrictions, and the forecast assumes that prices will increase further in the following two quarters due to a continued deficit in the market. Notwithstanding, the elevated price levels will lead to demand destruction thereafter, supporting a stronger decline in prices.

[16] The Middle East accounted for approximately one third of global oil supply in 2022. Moreover, if Iran is suspected by the US to be involved in the Hamas' attack, this could lead to an enforcement of more strict sanctions on the US.

[17] The US Treasury Department suspended for six months, measures against Venezuela that had prohibited financial transactions in the country's energy sector. The return of Venezuelan oil increases the scope for some additional output in the market, however, the years of underinvestment supports the view that it may take some time for this change to have a significant impact on supply. Notably, the sanctions were introduced in 2019.

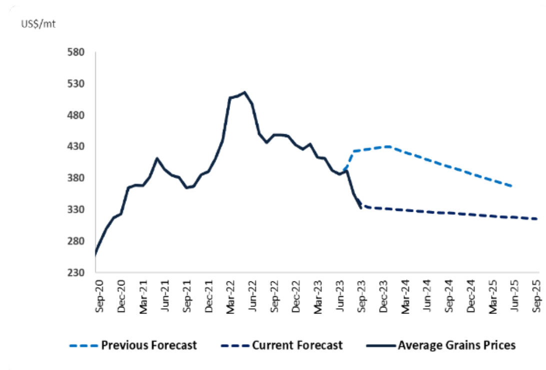
the US throughout 2023 and 2024 could contribute to further downward pressure on prices.

Average grains prices for the September 2023 quarter declined by 8.9 per cent, relative to the June 2023 quarter (a decline of 18.8 per cent on an annual basis).[18] This reduction was associated with lower prices for corn (18.4 per cent decline for the quarter, 27.2 per cent decline on an annual basis), soybean (3.6 per cent decline for the quarter, 13.8 per cent decline on an annual basis) and wheat (10.5 per cent decline for the quarter, 20.9 per cent decline on an annual basis). The decline in average grains prices was supported by (i) increased supplies from Brazil, (ii) increased concerns about weakening global demand, (iii) increased exports from Ukraine through the Danube port, (iv) an appreciation of the US dollar, and (v) increased US production of corn and wheat. However, upward price pressures in the review period emanated from the suspension of the Black Sea grains initiative and continued geopolitical conflict between Russia and Ukraine.

The average price of grains is projected to decline at an average quarter over quarter rate of 1.6 per cent over the next eight quarters (December 2023 to September 2025).[19] The projected decline reflects (i) the expectations for increased grains output in the US and Brazil, and (ii) expectations for a slowdown in demand. Notwithstanding, the impact will be partly offset by adverse weather events and increased production cost due to higher oil prices (see **Figure 12**).

The risks to the forecast for grains prices are assessed as balanced. Upside risks include extreme weather conditions. However, a possibility for the renewal of the Black Sea grains initiative between Russia and Ukraine poses a downside risk to commodity prices.[20]

Figure 12: Trend in Average Grains Prices



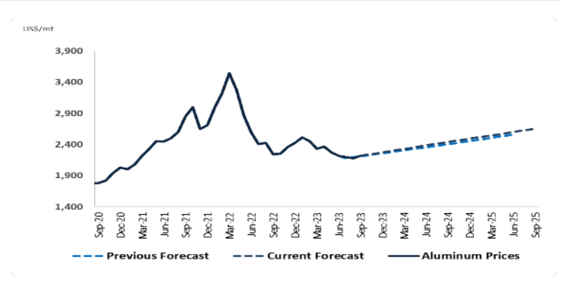
Sources: Bloomberg, BOJ

Aluminium prices declined by 3.8 per cent for the September 2023 quarter, relative to the June 2023 quarter (a decline of 6.8 per cent on an annual basis).[21] The decline reflected (i) reports of increased Chinese production, (ii) weak Chinese exports of aluminium products amid subdued global demand, and (iii) an appreciation of the US dollar.[22]

The price of aluminium is projected to increase at an average quarter over quarter rate of 2.2 per cent over the next eight quarters (December 2023 to September 2025) (see **Figure 13**). This projected increase reflects (i) increased demand in the energy transition sectors such as electric vehicles and power transmission lines, (ii) expectations for Fed rate cuts in the second quarter of 2024 and (iii) higher production and transportation cost stemming from higher energy prices. Notwithstanding, downward price pressures are projected to emanate from higher production in Asia. The risks to the forecast for aluminium prices are assessed as balance.

[18] The Bank previously projected an increase of 1.2 per cent for the September 2023 quarter, relative to the June 2023 quarter.
[19] The previous forecast assumed an average quarter over quarter decline of 1.8 per cent over the December 2023 to September 2025 quarters.
[20] There have been discussions to reinstate the deal, with Russia's return seemingly dependent on relaxing of sanctions on the export of Russian grain and fertilizer implemented by the West. Turkey has been the mediator in brokering the deal, thereby having diplomatic relations between both sides. The UN has also offered incentives for Russia to resume the deal including access to the SWIFT banking system for food and fertilizer transactions.
[21] The Bank projected a decline of 3.9 per cent for the September 2023 quarter, relative to the June 2023 quarter.
[22] The International Aluminium Institute (IAI) stated that global primary aluminium production grew by 21.7 per cent (year-on-year) in the first eight months of 2023.

Figure 13: Trend in Average Aluminium Prices

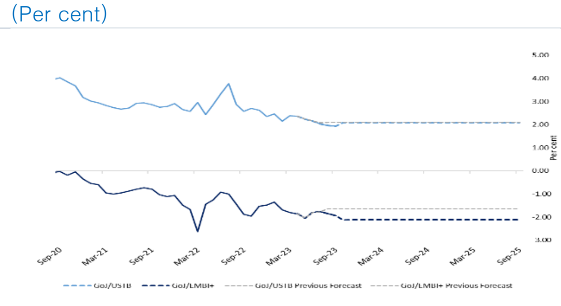


Sources: Bloomberg, BOJ

External Financial Markets

GOJ's sovereign bond spreads improved over the September 2023 quarter. The average of the daily spreads between the indicative yield on Government of Jamaica global bonds (GOJGBs) and the yield on US Treasury Bills declined by 28 bps, when compared to the same measure for the June 2023 quarter, to 198 pps.[23] The spread was projected to decline by 16 bps (see **Figure 14**).[24]

Figure 14: Average International Bond Spreads
(Per cent)

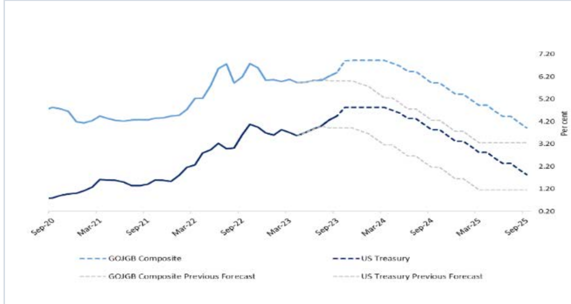


Source: Bloomberg,

For the September 2023 quarter relative to the previous quarter, there were increases of 25 bps, 53 bps and 20bps in the average yields on GOJGBs, US treasuries and EMBI+, respectively (see **Figure 15**).[25]

US Treasury yields have also increased significantly following the FOMC meeting in September 2023. The rise in yields has been driven by a resurgence in the term premium.[26] Notably, the yield is currently at its highest level since 2017. The increase in yields have also been supported by the ongoing strength of the economy, concerns over rising Treasury supply amid the worsening fiscal outlook, and expectations that the Fed may continue with quantitative tightening (QT) for longer than the market previously assumed.

Figure 15: Average International Bond Yields
(Per cent)



Source: Bloomberg,

Over the near term, US nominal interest rates are projected to normalise towards the long run neutral level of 2.5 per cent. In 2024 and 2025, rates are projected to fall as monetary policy in the US loosens.

Jamaica's sovereign bond yields are projected to remain relatively stable through to the March 2024 quarter. However, bond yields are projected to decline, thereafter. The projected outlook for GOJ bond yields reflects the Bank's forecast that the Fed

[23] The average of the daily spreads between the indicative yield on GOJGBs and the yield on the EMBI+ deteriorated (increased) by 5 basis points (bps) when compared to the same measure for the June 2023 quarter. Relative to EMBI+, the spreads were negative 185 pps, respectively.

[24] This reflected actual data at the time of the projections and holding the spread constant thereafter.

[25] The increase in the yields was partly due to the effect of a more restrictive policy stance.

[26] The ACM model is prepared by the New York Fed and provides an approach for extracting term premia from Treasury yields.

will begin to reduce rates in the June 2024 quarter.[27]

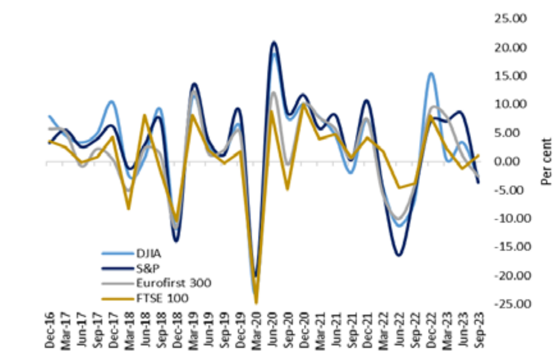
Global Stock Market

The performances of selected global stock market indices during the September 2023 quarter was mixed. Relative to the June 2023 quarter, the Dow Jones Industrial Average (DJIA), S&P 500 and Euro First declined by 2.6 per cent, 3.6 per cent and 2.6 per cent, respectively, while the FTSE increased by 1.0 per cent (see **Figure 16**).

The decline in US equity indices in the September 2023 quarter was mainly supported by concerns about the US and Global demand outlook, partly due to the effect of tighter monetary conditions. Stock indices were also negatively impacted by the decision by several credit ratings agencies to downgrade a number of US banks.[28]

The FTSE posted gains in the September 2023 quarter reflecting an increase in GDP and other economic indicators in the UK and a signal from the European Central Bank of an end to its monetary tightening cycle. During the quarter, the equities markets in the US, Europe and the UK were negatively impacted by rising interest rates, a growth slowdown in China, and uncertainty surrounding a government shutdown in the US.

Figure 16: Selected Stock Market Indices
(Quarter–over–Quarter Per cent)



Source: Bloomberg

[27] US officials have indicated that rising yields on long-term US Treasury bonds, which directly influence financing costs for households and businesses, could steer the Fed from further increases in its short-term policy rate and substitute the work done by financial markets for formal monetary policy moves by the central bank. As such, if long-term interest rates remain elevated because of higher term premiums, there may be less need to raise the fed funds rate in the December 2023 quarter. Further, the Fed chair also posited in a meeting that the rise in yields was "clearly a tightening in financial conditions" which could, at the margin, reduce the need for further rate hike.

[28] Moody's Investors Service downgraded ten small-to-mid-sized US banks, and also placed six large banks under review for potential downgrades, while S&P Global downgraded five US banks and placed two under review. Fitch also downgraded US debt to AA+ from AAA amid a projected fiscal deterioration over the next three years and debt ceiling negotiations that threaten the government's ability to pay its bills.

3.0 Real Sector

The Jamaican economy is estimated to have grown at a year over year rate in the range of 1.0 to 3.0 per cent for the September 2023 quarter, relative to the growth of 2.3 per cent recorded for the June 2023 quarter. Real GDP is projected to grow by 1.0 to 3.0 per cent for FY2023/24 and by 0.5 to 2.5 per cent for FY2024/25 and FY2025/26. The projected growth for FY2023/24 largely reflects expansions for Hotels & Restaurants and its allied industries, Mining & Quarrying, Manufacturing and Electricity & Water Supply. The projected growth over the near-term (December 2023- September 2025) is marginally higher than the previous forecast, primarily reflecting higher growth for Hotels & Restaurants and its allied industries as well as Manufacturing, Construction and Electricity & Water Supply.

Over the medium term (FY2025/26 – FY2028/29), GDP is projected to grow by 0.5 to 2.5 per cent which is below the previous projection.

The risks to the forecast for domestic real GDP growth are assessed to be skewed to the downside. Adverse weather conditions associated with climate change could result in lower economic activity. Downside risks also emanate from further escalation of geopolitical tensions as well as weaker than projected growth in source markets for Tourism.

GDP Growth

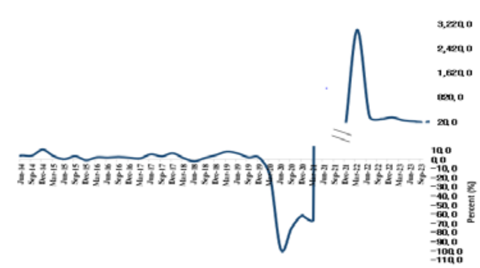
The Jamaican economy is estimated to have grown at a year over year rate in the range of 1.0 to 3.0 per cent for the September 2023 quarter, a marginal deceleration relative to the growth of 2.3 per cent recorded for the June 2023 quarter.

With the exception of *Agriculture, Forestry & Fishing*, *Construction, Wholesale & Retail Trade* and *Producers of Government Services,* all industries are estimated to have grown during the quarter.

As it relates to *Hotels & Restaurants,* the estimated growth for the September 2023 quarter was associated with an increase in foreign national arrivals, which had spill-over effects on *Other Services* and *Transport, Storage & Communication* (see **Figure 17**).

Growth in *Other Services,* largely represented an increase in recreational, cultural & sporting activities influenced by greater demand from the tourism industry .

Figure 17: Trend in Visitor Days (12-Month Per cent change)



Sources: BOJ and Jamaica Tourist Board

The estimated growth in *Transport, Storage & Communication* was largely influenced by growth in the number of airport passenger arrivals, reflecting the continued expansion of the Tourism industry.

For *Mining & Quarrying*, growth largely reflected higher capacity utilization at alumina producing plants (see **Figure 18**).

For *Manufacturing,* the industry's expansion was primarily due to an improvement in value-added for the Food, Beverages & Tobacco sub-industry. This was premised on greater demand from the Tourism industry as well as an improvement in exports, such as cement.[1]

Higher growth in *Electricity & Water Supply* for the September 2023 quarter was driven by increased electricity consumption related to above-normal temperatures. This impact was partly offset by a decline in water consumption.

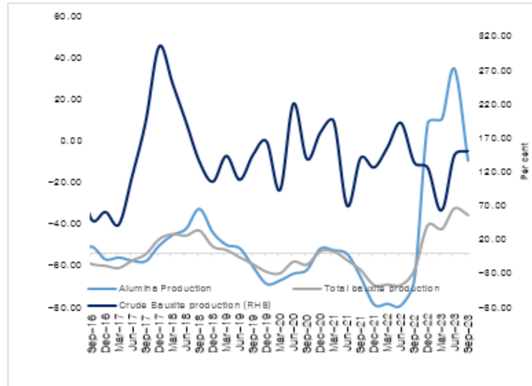
The estimated decline in *Agriculture, Forestry & Fisheries* also reflected the lagged impact of drought conditions and high temperatures on crop yields and land preparation activities.

The estimated contraction for *Construction* was evidenced by reductions in retail hardware sales and NHT's construction activities.

With regard to *Wholesale & Retail Trade*, the industry's decline was due to a reduction in wholesale and retail trade sales, influenced by declines in Agriculture and Construction.

Both the tradable and non-tradable industries are estimated to have expanded.

Figure 18: Trends in Crude Bauxite, Alumina & Total Bauxite Production (12-Month Per cent Change)



Source: Jamaica Bauxite Institute

Table 1: Industry Contribution to Growth
(September 2023 Quarter)

	Contribution*	Estimated Impact on Growth
GOODS	31.4	2.0 to 3.0
Agriculture, Forestry & Fishing	-20.6	-6.0 to -5.0
Mining & Quarrying	47.8	99.0 to 100.0
Manufacturing	11.3	2.0 to 3.0
Construction	-7.1	-2.5 to -1.5
SERVICES	68.6	1.5 to 2.5
Electricity & Water Supply	8.2	5.0 to 6.0
Wholesale & Retail Trade, Repairs & Installation	-0.8	-0.5 to 0.5
Hotels & Restaurants	25.0	9.0 to 10.0
Transport Storage & Communication	21.0	3.5 to 4.5
Financing & Insurance Services	8.5	1.0 to 2.0
Real Estate, Renting & Business Activities	7.2	1.0 to 2.0
Producers of Government Services	-0.6	-0.5 to 0.5
Other Services	5.6	1.5 to 2.5
Financial Intermediation Services Indirectly Measured	5.4	2.0 to 3.0

* The negative value indicates the negative contribution of the industries to the quarter.
Source: Bank of Jamaica

[1] For the September 2023 quarter, cement sales grew by 6.6 per cent. Caribbean Cement Company Limited (CCCL) announced on the 16th of September 2023 the exportation of 3,400 metric tonnes (2,267 jumbo bags) of the company's low-carbon high-early strength cement product used for industrial applications to the Turks and Caicos Islands (CCCL, September 2023). Managing Director, Yago Castro, noted that the company is in a better position to fully resource the Jamaican market and that any spare capacity will be available for export.

Aggregate Demand

From the perspective of aggregate demand, the estimated growth for the September 2023 quarter reflects improvements in consumption, investment and net exports. Growth in consumption was inferred by modest growth in personal loans and in GCT collections. The improvement in net exports was largely underpinned by growth in real exports, particularly tourism (see **Balance of Payments**) while the increase in investments was inferred from infrastructure related loan receipts to the GOJ and the private sector at the end of the previous quarter.[2]

Outlook

Real GDP is projected to grow at an average rate of 0.5 to 1.5 per cent over the December 2023 to September 2025 quarters. In this context, real GDP is projected to grow by 1.0 to 3.0 per cent and 0.5 to 2.5 per cent for FY2023/24 and FY2024/25, respectively. The projected growth for FY2023/24 largely reflects expansions for *Hotels & Restaurants* and its allied industries, *Mining & Quarrying*, *Manufacturing* and *Electricity & Water Supply*.

Over the next eight quarters (December 2023 to September 2025), the strongest expansion is anticipated in *Mining & Quarrying,* predicated on the assumption of the resolution of operational challenges at all plants.

Real GDP growth over the near-term (December 2023 to September 2025 quarters) is marginally above the previous forecast. This primarily reflects higher growth for *Hotels & Restaurants* and its allied industries (reflecting the impact of higher projected visitor arrivals) as well as higher growth in *Manufacturing, Construction* and *Electricity & Water Supply.*[3]

Over the medium term (FY2025/26 – FY2028/29), GDP is projected to grow by 1.0 per cent. This mainly reflects the anticipated continued expansion for Tourism and its allied industries as well as *Manufacturing* and *Electricity & Water Supply*.

Risks

The risks to the forecast for real GDP growth are assessed to be skewed to the downside. Adverse weather conditions associated with climate change could result in lower economic activity. Downside risks also emanate from further escalation of geopolitical tensions as well as weaker than projected growth in Jamaica's source markets for Tourism.

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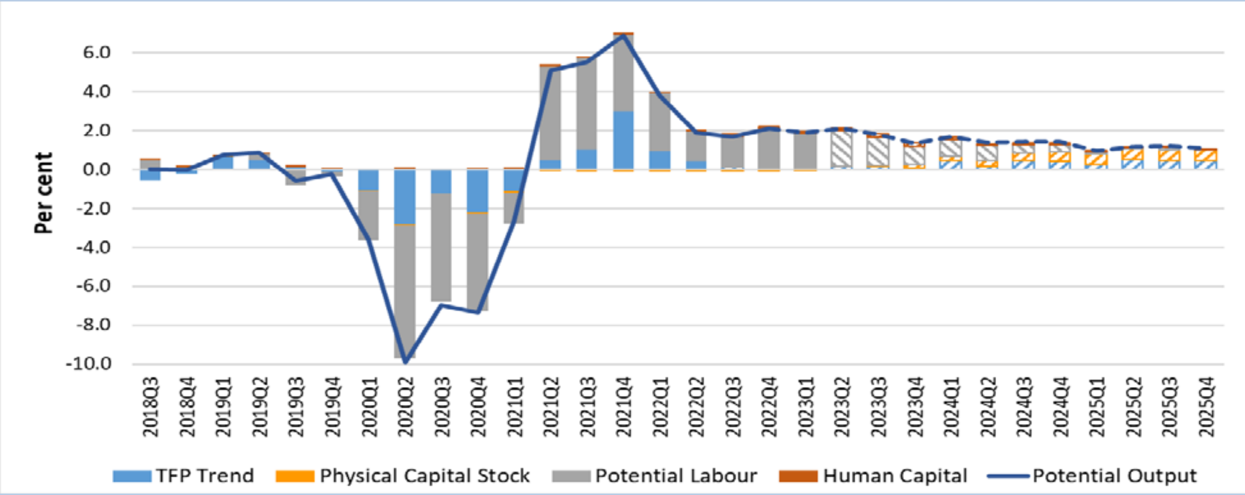
[2]Loan inflows from China EXIM Bank were US$37.6 mn in June 2023 relative to US$24.6mn in June 2022. Private domestic investment increased by 12.0 per cent, marginally above the growth of 10.6 per cent in the June 2022 quarter.

[3] For Construction, growth is predicated on increased activity in civil engineering and building construction.

Box 3: Potential Output

Jamaica's potential output is estimated to have increased by 1.5 to 2.5 per cent for the September 2023 quarter, broadly consistent with the growth in the economy and consistent with the growth for the previous (see **Figure 1**).[4]

Figure 1: Year-Over-Year Growth in Potential Output and its Components



Contributions to Potential Output Growth[5]

The estimated expansion in potential output for the September 2023 quarter chiefly reflected growth in potential labour supply (see **Figure 1**). Potential labour supply is estimated to have grown by 1.0 to 2.0 per cent for the quarter.[6] In addition, potential capital stock is estimated to have grown by 0.0 to 0.5 per cent while human capital and total factor productivity are estimated to have grown by 0.0 to 1.0 per cent, respectively, for the quarter.

Outlook for Potential Output

Potential output is forecasted to increase at an average rate of 1.0 to 2.0 per cent over the December 2023 to September 2025 quarters (near-term). Potential labour supply, the capital stock and total factor productivity are all projected to grow at an average rate of 0.0 to 1.0 per cent to the growth in potential output. Potential human capital is projected to contribute an average rate of 0.0 to 1.0 per cent to the growth in potential output over the review period.

The anticipated growth in potential labour supply stems from projected increases in the potential average hours worked per person as well as improvements in the potential labour force participation rate. Over the near-term, the growth in potential average hours worked and potential labour force participation are both projected to average 0.0 to 1.0 per cent. The steady state assumption for hours worked per week is 40.7 hours per person per week.

Over the medium-term, potential output is projected to grow, on average, by 0.5 to 1.5 per cent relative to previous projections for growth, on average, by 1.0 to 2.0 per cent. This projected growth in potential output is driven by increases in physical capital stock and TFP, in a context where potential

[4] Estimated year-over-year growth of potential output over the period 1998 to 2018 averaged 0.6 per cent, compared with the average year-over-year growth of 0.9 percent for the pre-crisis period of 1998 to 2008.

[5] The production function approach allows for the computation and examination of the contribution of the underlying factor inputs in the economy responsible for driving the potential GDP growth. The key factors of production considered in the production function approach are capital and labour, and their productivity (total factor productivity, TFP). Changes in the underlying factors give an indication of the structural changes in Jamaica's economy over time.

human capital and potential labour supply are projected to remain generally flat. The revision to potential output over the medium-term reflects lower than previously projected contribution of physical capital stock and total factor productivity.

4.0 Fiscal Accounts

For the September 2023 quarter, Central Government's operations recorded a fiscal deficit of $12.1 billion (0.4 per cent of GDP), relative to the surplus of $13.2 billion (0.5 per cent of GDP) for the September 2022 quarter. The outturn for the review period reflected higher expenditure, partly offset by higher revenues & grants (in particular tax revenue) relative to the corresponding period of 2022. The higher expenditure was reflected mainly in compensation of employees and to a lesser extent, programme spending.

Recent Developments

For the September 2023 quarter, Central Government's operations recorded a fiscal deficit of $12.1 billion (0.4 per cent of GDP), relative to the surplus of $13.2 billion (0.5 per cent of GDP) for the September 2022 quarter. The outturn for the review period reflected higher expenditure, partly offset by higher revenues & grants (in particular tax revenue) relative to the corresponding period of 2022.[1] The higher expenditure was reflected mainly in compensation of employees and to a lesser extent, programme spending.

The higher expenditure for the review period, relative to the September 2022 quarter, was largely reflected in compensation of employees and programme spending, attributable to the salary compensation review (see Table 2).

The performance of Revenue & Grants for the September 2023 quarter was explained mainly by higher tax revenue, emanating mainly from the income & profits and, to a lesser extent, the international trade categories.[2]

The financing requirement for Central Government for the September 2023 quarter was $54.2 billion (1.8 per cent of GDP) reflecting the fiscal deficit of $12.2 billion (0.4 per cent of GDP) and amortisation of $42.1 billion (1.4 per cent of GDP).

Financing during the quarter was sourced from external and domestic loans receipts of $90.9 billion (3.1 per cent of GDP) and $14.7 billion (0.5 per cent of GDP), respectively. External loan receipts amounted to US$584.7 million (3.1 per cent of GDP) which largely reflected inflows from multilateral agencies.[3] Domestic loans reflected BIN and Treasury bill issuances amounting to $8.9 billion (0.3 per cent of GDP) and $5.8 billion (0.2 per cent of GDP), respectively.

Amortisation for the September 2023 quarter mainly reflected external amortisation, which included the maturity of the 7.625% Global Bond amounting to US$120.5 million (0.6 per cent of GDP). There were also payments of US$67.9 million (0.4 per cent of GDP) and US$40.0 million (0.2 per cent of GDP) to multilateral and bilateral lending agencies, respectively. Domestic amortisation of $5.5 billion (0.2 per cent of GDP) consisted of Treasury bill maturities. Against this background, there was a build-up of $48.4 billion (1.6 per cent of GDP) in Central Government bank balances.

[1] In nominal terms, for the September 2023 quarter, tax revenue amounted to $201.3 bn, higher than the $176.1 bn for the September 2022 quarter.

[2] Higher income & profits was largely driven by the over-performance of PAYE. The increase in PAYE was attributable to salary increases arising from the GOJ's compensation review (changes in the wage base) as well as improved labour market conditions. The increase in international trade resulted from greater SCT (imports) and travel tax driven primarily by higher imports and greater visitor arrivals, respectively.

[3] External loan receipts largely reflected the drawdown of US$315.6 mn from the Rapid Financing Instrument (RFI) and inflows of US$254.6 mn from the IMF's Resilience Sustainability Trust (RST). In addition, there was US$12.6 mn in investment loans. Notably, loans from bilateral sources amounted to US$1.9 mn.

Table 2: Summary of Fiscal Operations
(per cent of GDP)

	Quarter		
	Sep-23	Sep-22	Diff
Revenue & Grants	**7.5**	**7.1**	**0.4**
o/w Tax Revenue	**6.8**	**6.4**	0.4
Non- Tax Revenue	0.6	0.6	(0.0)
Grants	0.1	0.1	0.0
Expenditure	**7.9**	**6.6**	**1.3**
Programmes	2.5	2.3	0.2
Compensation of Employees	3.5	2.4	1.1
Interest Payment	1.6	1.6	(0.0)
Capital Expenditure	0.3	0.4	(0.1)
Fiscal Surplus/Deficit	**(0.4)**	**0.5**	**(0.9)**
Primary Balance	**1.2**	**2.0**	**(0.8)**
Current Balance	**1.1**	**0.8**	0.3
Total Financing	**3.6**	**1.1**	2.5
External Loans	3.1	0.2	2.9
Domestic Loans	0.5	1.0	(0.5)
Other Inflows	**0.0**	**0.0**	(0.0)
Other Outflows	**0.1**	**0.0**	0.1
Amortisation	**1.4**	**0.7**	0.7
External	1.2	0.5	0.7
Domestic	0.2	0.2	(0.0)
Overall Balance	**1.6**	**1.0**	**0.6**

Source: Ministry of Finance & the Public Service

5.0 Balance of Payments

The current account of the balance of payments (BOP) is estimated to have recorded a surplus of 0.0 to 1.0 per cent of GDP for the September 2023 quarter, higher (better) than the outturn for the September 2022 quarter.

For FY2023/24, the current account (CA) is projected to deteriorate to a deficit of 0.5 to 1.5 per cent of GDP from a surplus of 1.9 per cent of GDP in FY2022/23. This deterioration largely reflects higher deficits on the general merchandise trade balance and income sub-account and a lower surplus on the current transfers sub-account, partially offset by a higher surplus on the services sub-account. The CAD is projected to improve to a deficit of 0.0 to 1.0 per cent of GDP for FY2024/25 and average -0.5 to 0.5 per cent of GDP over the medium-term.

Relative to the previous forecast, the projected CAD over the December 2023 to the September 2025 quarter is higher (worse). This revision is underpinned primarily by a deterioration on the general merchandise trade balance.

Over the near term, the gross reserves are projected to be lower than previously forecasted. This is largely underpinned by higher net private capital outflows.

The risks to the projections for the CAD are balanced. The main upside risks (higher deficit) to the CAD relates to lower travel inflows associated with weaker than projected growth in source markets. The main downside risks (lower deficit) relates to lower imports associated with weaker than projected domestic demand. The risks to reserves are balanced.

Recent Developments

For the September 2023 quarter, a current account surplus of US$122.2 million (0.6 per cent of GDP) is estimated, US$208.3 million higher (better) than the deficit recorded for the September 2022 quarter. This improvement is primarily reflected in the trade and services sub-accounts, partially offset by deterioration on the current transfers and income sub-accounts. The merchandise trade balance is estimated to have improved mainly due to increased exports from mining and quarrying as well as lower fuel imports.[1] The improvement on the service balance is underpinned by higher travel inflows and lower transport outflows. The deterioration on the current transfers sub-account mainly reflected lower remittance inflows, while the deterioration on the income sub-account mainly reflected higher central government and foreign direct investment outflows.[2]

Relative to previous projections, the current account balance for the September 2023 quarter is US$41.0 million lower (worse). This is mainly underpinned by higher than projected deficits on the goods and income sub-accounts of US$117.5 million and

[1] Relative to the previous year, lower fuel imports for the September 2023 quarter were underpinned by lower fuel prices, partially offset by higher fuel volumes imports. Of note, WTI crude oil prices declined by US$9.60 per barrel to US$82.10 per barrel in September 2023 relative US$91.70 per barrel in September 2022.

[2] The higher central government outflows reflected greater interest payments while the higher foreign direct investment outflows were underpinned by lower mining losses.

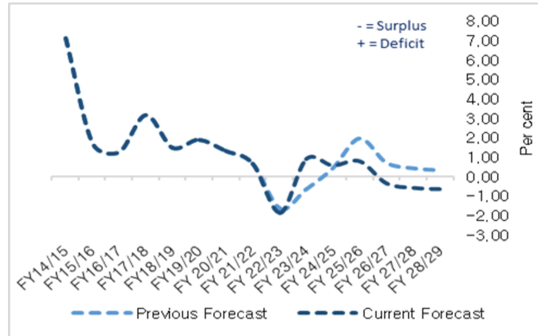
US$22.2 million, respectively, partially offset by higher than projected surpluses on the services and current transfers sub-accounts of US$70.9 million and US$27.9 million, respectively. For the merchandise trade balance, imports and exports were above projections by US$132.6 million and US$15.3 million, respectively.[3] The higher deficit on the income sub-account mainly reflected higher central government investment income outflows of US$21.2 million. The upward revision to the surplus on the services sub-account mainly reflected higher net travel inflows of US$124.1 million.[4] The higher current transfers were mainly underpinned by higher net remittance inflows of US$30.1 million.

The current account (CA) is projected to be sustainable over the medium term. For FY2023/24 to FY2024/25, the CA is projected to deteriorate to an average deficit within the range of 0.5 to 1.0 per cent of GDP, a deterioration relative to the previous projection as well as the surplus estimated for FY2022/23.

The CA is projected to improve, relative to the previous forecast over the medium-term. The CA balance is projected to gradually improve, ranging between a deficit of 0.8 to a surplus of 0.4 per cent of GDP between FY2025/26 to FY2028/29 (see **Figure 19**). The improvement in the CA relative to previous projection is mainly due to higher travel inflows, higher net remittance inflows and lower investment outflows.[5]

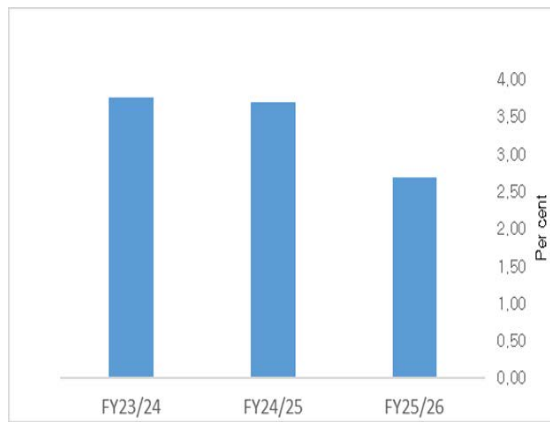
The current account balance, after accounting for FDI-related imports, reflects an average surplus of 3.4 per cent of GDP for the 3-year forecast period of FY2023/24 to FY2025/26 (see **Figure 20**).

Figure 19: Medium-Term CAD Forecast (% GDP)



Source: Bank of Jamaica

Figure 20: Current Account less FDI (% of GDP)



Source: Bank of Jamaica

[3] Higher imports (f.o.b) relative to previous projections mainly reflected higher imports of raw materials, fuel, consumer goods and capital goods of US$85.2 million, US$39.4 million, US$3.4 million and US$0.5 million, respectively. This was partially offset by lower imports of transport equipment of US$1.9 million. Exports were higher relative to previous projections primarily due to higher mining and manufactured exports of US$7.5 million and US$7.7 million, respectively.

[4] Net travel inflows were higher primarily due to an upward revision to non-national visitor arrivals of 86,500 visitors. Additionally, based on more updated information, cruise passengers' average daily expenditure was revised upwards by US$5.00 from US$110.00 to US$115.00.

[5] Over the medium term (FY2025/26 to FY2028/29), travel inflows, net remittance inflows and investment income outflows are improved relative to previous projections mainly due to higher non-national visitor arrivals of 185,600 visitors on average, higher remittance inflows of US$164.9 million on average and lower investment income outflows of approximately US$8.5 million on average.

6.0 Monetary Policy & Market Operations

BOJ maintained its signal rate during the September 2023 quarter at 7.00 per cent. The Bank also continued to implement other measures to contain Jamaican dollar liquidity expansion. While not targeting any specific level of the exchange rate, Bank of Jamaica continued to ensure that movements in the exchange rate did not further threaten a return to the inflation target.

Jamaican dollar liquidity declined during the September 2023 quarter, relative to the preceding quarter, emanating from GOJ operations.

Monetary Policy

During the September 2023 quarter, BOJ maintained its signal rate at 7.00 per cent.

Liquidity Conditions

Liquidity conditions slightly declined during the September 2023 quarter, relative to the June 2023 quarter. Deposit taking institutions (DTIs) and primary dealers maintained average current account balances at Bank of Jamaica of $27.4 billion, below the average of $32.1 billion for the preceding quarter. The lower liquidity was largely driven by net absorptions from GOJ of $29.8 billion due to a fiscal surplus and net debt issues. This was partly offset by net injection of $25.1 billion from BOJ operations, associated with injections through FX operations amounting to $46.5 billion (see **Table 3**).

Bank of Jamaica conducted 13 auctions of 30-day CDs during the review quarter. The average offer size during the September 2023 quarter was $24.7 billion, below the average of $27.7 billion for the June 2023 quarter. The average yield on these operations for the review quarter increased by 93 bps for the quarter to 9.57 per cent.

Similar to the previous quarter, BOJ did not conduct any 14-day repurchase operation during the September 2023 quarter.

Table 3: BOJ Liquidity Facility (J$ Billions)

BOJ Liquidity Flow (J$ Billions)	Actual Msr-23	Actual Jun-23	Projected Average Sep-23	Actual Average Sep-23	Variance Sep-23
Net BOJ Operations (Inject/Absorb)	24.9	14.6	12.8	25.1	12.3
Open Market Operations	-24.2	-23.5	-0.7	-0.8	-0.1
BOJ Repo - (incl. OTROs)	-0.9	-1.2	7.9	1.3	-6.6
FR CDs - (incl. 30day CDs)	-23.3	-22.6	3.8	-2.1	-5.9
VR CDs	0.0	0.0	0.0	0.0	0.0
USD Indexed Notes	0.0	0.3	0.0	0.0	0.0
BOJ FX (incl. PSE)	56.6	56.2	39.3	46.5	7.2
BOJ Other	-7.5	-18.2	-25.9	-20.6	5.3
o.w. Currency Issue	-11.0	-8.5	-29.1	-25.4	3.7
o.w. Cash Reserve (Com Banks)	-1.3	-12.4	-2.1	-2.2	-0.1
o.w. other	4.8	2.7	5.3	7.0	1.7
GOJ Operations	-16.8	-9.3	-15.2	-29.8	-14.6
Current A/C (+) = Loosen; (-) = Tighten	8.1	5.3	-2.5	-4.7	-2.3
Current A/C Balance	26.9	32.1	29.7	27.4	-2.3

Notes: (+) = Inject; (-) = Absorb
Source: Bank of Jamaica

Foreign currency demand during the September 2023 quarter and the associated fluctuations in market conditions necessitated BOJ's foreign currency sales of US$210.0 million via the B-FXITT facility.[1] These intervention sales occurred in all three months of the quarter. Bank of Jamaica continued its policy of unwinding its outstanding USD CDs. During the quarter US$21.78 of CDs matured (see **Table 4**).

[1] See footnote in the Exchange Rate Development section of for further clarity.

Table 4: Placements & Maturities of BOJ USD Instruments

Tenor	April – June 2023			July – September 2023		
	Placements (US$MN)	Maturities (US$MN)	Average Rate (%)	Placements (US$MN)	Maturities (US$MN)	Average Rate (%)
5-year	–	0.00	–	–	0.00	–
7-year	–	1.16	–	–	21.78	–
TOTAL	–	1.16	–	–	21.78	–

Note: Total outstanding stock of USD CDs as at September 2023 was US$103.3 million

Source: Bank of Jamaica

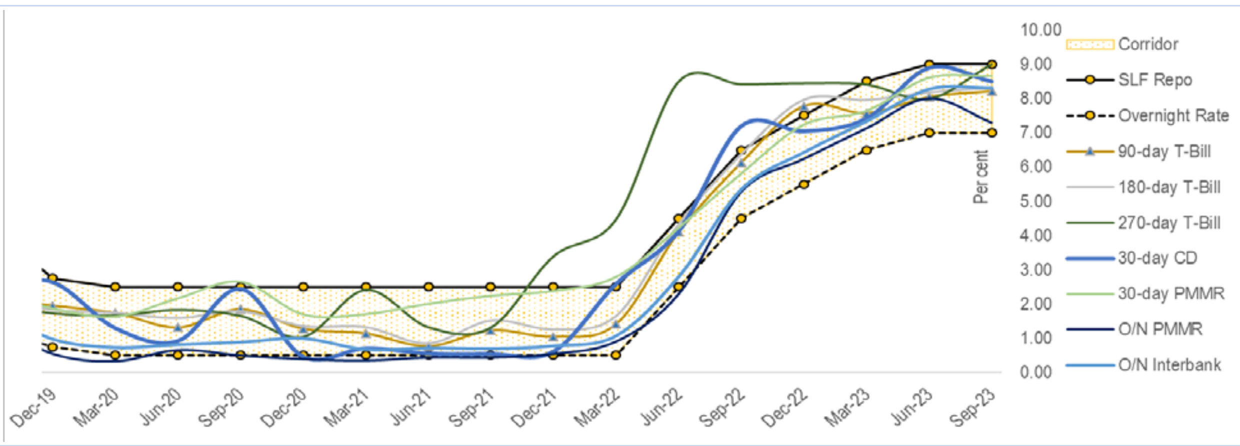
7.0 Financial Markets

Notwithstanding BOJ's policy stance, money market rates generally fell during the September 2023 quarter. The estimated yield curve on GOJ JMD bonds at end-September 2023 generally increased relative to the yield curve at end-June 2023. Sovereign risk declined for the September 2023 quarter while the exchange rate risk slightly increased.

Market Interest Rates

The outturn for money market rates was mixed during the September 2023 quarter. When compared to the rates at end-June 2023, the 30-day PMMR and the 30-day CD declined by 29 bps and 76 bps, respectively. The O/N private money market rate (PMMR) was largely unchanged while the overnight (O/N) interbank rate increased by 11 bps. In addition, the yields on GOJ 90-day and 180-day Treasury bills at end-September 2023 were lower by 13 bps, and 8 bps, respectively, while the 270-day increased by 100 bps, relative to the same yields at end June 2023 (see **Figure 21**). The general fall in money market rates was influenced by an increase in liquidity at end-September 2023 relative to end-June 2023.

Figure 21: Money Market Rates (Nominal)[1] (EOP)



	SLF Repo	30-day CD	BOJ O/N Deposit	O/N PMMR	O/N Interbank	30-day PMMR	90-day T-Bill	180-day T-Bill	270-day T-Bill
Mar-22	6.50	7.19	4.50	5.28	5.35	5.80	6.12	6.37	4.47
Jun-22	7.50	7.04	5.50	6.24	6.43	7.23	7.78	7.96	8.50
Sep-22	8.50	7.41	6.50	7.14	7.34	7.63	7.57	7.96	8.42
Dec-22	9.00	8.89	7.00	8.01	8.28	8.60	8.04	8.18	8.45
Mar-23	9.00	8.49	7.00	7.30	8.31	8.65	8.21	8.31	8.41
Jun-23	9.00	9.98	7.00	6.82	7.85	8.45	7.86	7.89	8.00
Sep-23	9.00	9.22	7.00	6.81	7.96	8.16	7.73	7.81	9.00

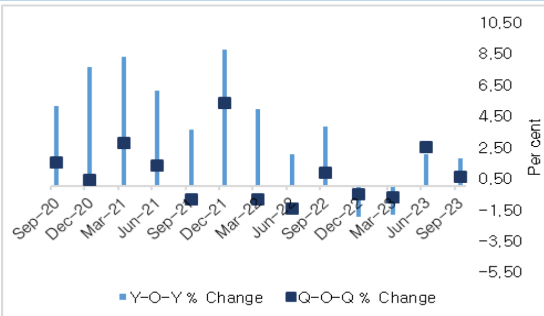
Source: Bank of Jamaica

[1] Notes: (i) PMMR is the private money market rate (ii) O/N is the overnight rate in the market accessible by all financial institutions while the interbank rate (I/B) is the overnight rate accessible only by banks.

Exchange Rate Developments

The nominal exchange rate depreciated during the September 2023 quarter, relative to the June 2023 quarter. The weighted average selling rate of the Jamaica Dollar vis-á-vis the US dollar (WASR) closed the September 2023 quarter at J$155.48 = US$1.00, reflecting a depreciation of 0.56 per cent, relative to the previous quarter and a depreciation of 1.7 per cent, relative to end-September 2022.[2]

Figure 22: Movements in WASR

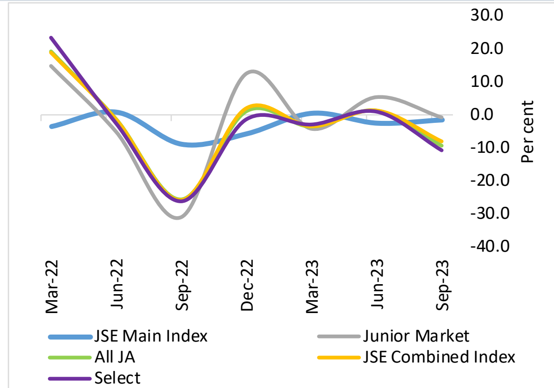


The depreciation in the exchange rate during the September 2023 quarter was particularly noticeable in July 2023. This was underpinned by increased portfolio-related demand by financial institutions. These demand pressures were attenuated by B-FXITT sales of US$210.0 million for the quarter.

Equities Market

For the September 2023 quarter, the five major Jamaica Stock Exchange (JSE) indices recorded declines ranging from 0.6 per cent to 1.7 per cent (see **Figure 23**). In particular, the JSE Main Index declined by 1.5 per cent for the June 2023 quarter, compared to an increase of 0.5 per cent for the previous quarter. Additionally, the Junior Market Index decreased by 0.6 per cent for the review quarter, relative to an increase of 5.0 per cent in the previous quarter. The declines in the indices occurred within the context of continued tight monetary policy conditions, a challenging economic climate and expectations of a global recession.

Figure 23: Quarterly growth rates of the JSE indices (percentage change)[3]



Source: Jamaica Stock Exchange

The annual performance of the stock market for the year ended September 2023, reflected a decline for all the major JSE indices. The JSE Main Market Index recorded a decline of 9.0 per cent for the year ended-September 2023, compared to a decrease of 14.0 per cent for the same period last year. Meanwhile, the Junior Market Index recorded a decline of 5.0 per cent for the year ended-September 2023, relative to the growth of 26.0 per cent for the corresponding period of the previous year.

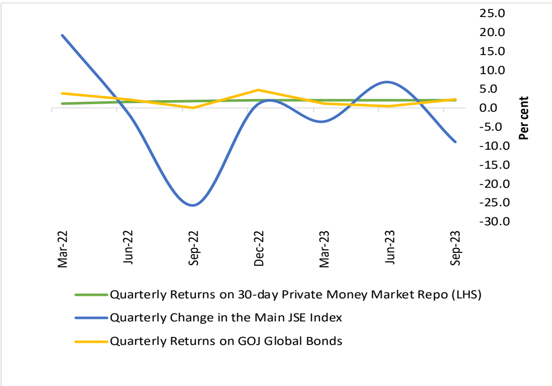
Of note, for the review quarter, foreign currency investments yielded positive returns relative to equity investments. More specifically, foreign currency investments yielded a quarterly return of 2.1 per cent, while the quarterly returns on equities were -1.5 per cent for the September 2023 quarter.[4] Furthermore, the average quarterly yield on 30-day private money market instruments remained unchanged for the September 2023 quarter (see **Figure 24**).

[2] The average WASR for the September 2023 quarter was J$155.50 = US$1.00, reflecting an average depreciation of 0.58 per cent, relative to the June 2023 quarter and an average depreciation of 1.8 per cent relative to the September 2022 quarter. The average WASR for the September 2023 quarter was J$0.29 higher (more depreciated) relative to the August 2023 average WASR of J$155.21= US$1.00.

[3] The All JA and JSE Main Index, exhibit strong co-movement with returns.

[4] The return on equities is computed as the change in value of the JSE Main Index for the review quarter relative to the previous period. The return on foreign currency investments is computed as the sum of quarterly foreign currency gains (losses) and the average quarterly returns on GOJ global bonds.

Figure 24: Returns from Private Money Market, foreign currency investments and Capital Gains/ (Losses) from JSE Main Index
(Per cent)

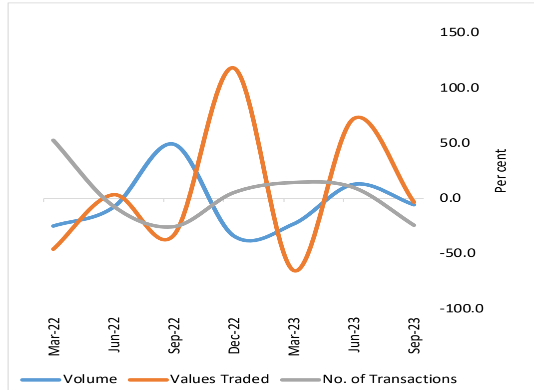


Source: Jamaica Stock Exchange and Bloomberg

Market activity indicators for the JSE Main Index reflected a general decline for the September 2023 quarter. In particular, the volume and value of stocks traded decreased by 5.8 per cent and 31.8 per cent, respectively. This compares to an increase of 12.7 per cent and 18.3 per cent in the volume and value of stocks traded in the previous quarter. Meanwhile, the number of transactions declined by 0.5 per cent for the review quarter relative to a decline of 1.9 per cent in the June 2023 quarter (see Figure 25).

The advance-to-decline ratio for the stocks listed on the JSE was 10:32, with no stocks traded firm for the September 2023 quarter. This compares to an advance-to-decline ratio of 15:25 with no stock traded firm for the previous quarter. Of note, stock price appreciation was largely concentrated among the *Financial* category. Meanwhile, the declining stocks were concentrated in *Financial* and *Other* categories (see Tables 5 and 6).

Figure 25: Quarterly Change in the Monthly Volumes, Values Traded & Number of Transactions (Main JSE Index) (Per cent)



Source: Jamaica Stock Exchange

Table 5: Stock Price Appreciation

Advancing	Per cent
Manufacturing	
Massy Holdings Limited	13.0
Tourism	
Ciboney Group	26.1
Insurance	
Guardian Holdings Limited	20.6
Other	
Kingston Properties Limited	0.5
Financial	
National Commercial Bank Jamaica	3.69
Barita Investments Limited	3.31
QWI Investments Limited	3.17
Retail	
Carreras Limited	1.0

Table 6: Stock Price Depreciation

Declining	Per cent
Financial	
Sagicor Select Funds Limited – Financial (SELECTF)	−35.0
Mayberry Investments Limited	−22.3
Jamaica Stock Exchange	−19.6
Sygnus Real Estate Finance Limited	−16.5
Victoria Mutual Investment	−14.8
Eppley Limited	−13.3
Proven Investments Limited	−11.7
Communication	
Radio Jamaica	−14.1
Other	
Palace Amusement	−27.0
Pulse Investments	−17.6

8.0 Monetary Aggregates

The monetary base increased by 4.7 per cent at September 2023 when compared to June 2023. Regarding the sources of the annual change in the monetary base at September 2023, there was an increase of 11.7 per cent in the Bank of Jamaica's net international reserves (NIR), partly offset by a decline of 18.6 per cent in net domestic assets.

Growth in outstanding private sector loans and advances was slightly above the previous quarter. There was a decline in the average annual flow of local currency new loans issued as at September 2023 when compared with June 2023.

Money

The monetary base increased by 4.7 per cent at September 2023 when compared to June 2023. Regarding the sources of the annual change in the monetary base at September 2023, there was an increase of 11.7 per cent in the Bank of Jamaica's net international reserves (NIR), partly offset by a decline of 18.6 per cent in net domestic assets (see Table 7). Lower net claims on public sector and higher OMOs contributed to the decline in the NDA. The increase in the Jamaican dollar equivalent of the NIR was mainly associated with an increase in the USD value of the NIR and to a lesser extent, depreciation in the exchange rate. The increase in the value of the NIR was influenced by the drawdown in the Rapid Financing Instrument (RFI) by the Government in August 2023, inflows through the PSE Facility and surrenders by Authorized Dealers and Cambios. The impact of the inflows was partly offset by outflows from Government of Jamaica as well as net B-FXITT sales of US$695.3 million over the year.

Table 7: Bank of Jamaica Accounts

	Stock (J$MN)			Flow (%)	
	Sep-22	Jun-23	Sep-23	Qtr. -o- Qtr.	Y-o-Y
NIR (US$MN)	3,807.3	4,283.5	4,758.5	11.1	25.0
NIR(J$MN)	578,957.3	660,497.9	737,928.7	11.7	27.5
- Assets	661,408.4	738,098.1	758,093.8	2.7	14.6
- Liabilities	-82,451.2	-77,600.2	-20,165.1	-74.0	-75.5
Net Domestic Assets	-295,955.4	-333,376.5	-395,364.0	-18.6	-33.6
- Net Claims on Public Sector	103,845.1	157,000.3	105,826.6	-32.6	1.9
- Net Credit to Banks	-86,021.1	-95,288.4	-94,948.1	-0.4	10.4
- Open Market Operations	-117,518.1	-191,738.4	-200,737.5	4.7	70.8
- Other	-196,261.2	-203,350.0	-205,505.0	1.1	4.7
-o/w USD FR CDs	4,825.9	5,135.4	8,475.1	65.0	75.6
Monetary Base	283,001.9	327,121.4	342,564.7	4.7	21.0
- Currency Issue	206,218.5	250,673.8	253,448.0	1.1	22.9
- Cash Reserve	45,291.6	60,724.4	62,462.6	2.9	37.9
- Current Account	31,491.7	15,723.2	26,654.1	69.5	-15.4

Source: Bank of Jamaica

M2J expanded by 14.8 per cent at August 2023 below the expansion of 15.5 per cent at June 2023. Growth in broad money was largely underpinned by growth of 16.5 per cent in currency in circulation and 14.4 per cent in local currency deposits, compared to the respective growth of 18.5 per cent and 14.7 per cent recorded at end-June 2023. The continued growth in deposits was strongly reflected in savings, demand, and time deposits, which grew by 14.8 per cent, 14.2 per cent and 13.5 per cent, respectively, relative to the growth of 5.2 per cent, 13.3 per cent and 66.9 per cent in June 2023 see **Table 8**).

Table 8: Components of Money Supply (M2*)

	Percentage Change (%)		
	Aug-22	Jun-23	Aug-23
Total Money Supply (M2*)	8.8	10.5	11.2
Money Supply (M2J)	7.7	15.5	14.8
Money Supply (M1J)	7.8	14.9	15.1
Currency with the public	5.8	18.5	16.5
Demand Deposits	9.2	12.3	14.2
Quasi Money	7.7	16.1	14.6
Savings Deposits	7.3	5.2	14.8
Time Deposits	9.6	66.9	13.5
Foreign Currency Deposits	10.8	2.3	5.2

Source: Bank of Jamaica

Private Sector Credit

Growth in outstanding private sector loans and advances was slightly above the previous quarter. Loans and advances (including domestic and foreign currency denominated loans) to the non-financial private sector by DTIs expanded by 12.2 per cent at September 2023. This was largely in line with the growth of 12.1 per cent as at June 2023. This translates to an annual increase in real terms. Relative to GDP, the stock of private sector loans at September 2023 was 40.9 per cent, slightly below the ratio of 42.7 per cent a year earlier.

The growth in total loans and advances was underpinned by expansions in loans of 13.5 per cent and 11.2 per cent to the productive and the individual sector, respectively. Growth in loans to the productive sector was mainly attributed to increases in loans to Construction, Professional & Other Services, Tourism, Distribution and Manufacturing industries.

Table 9: Select Private Sector Financing Indicators (12-month Percentage Change)

Stock	Sep-22	Jun-23	Sep-23
Total DTI	11.7	12.1	12.2
o.w. to Businesses	8.6	12.1	13.5
o.w. to Consumers	14.0	12.0	11.2
Stock as a % of Annual GDP			
Total DTI	42.7	41.2	40.9
o.w. to Businesses	17.4	16.9	16.9
o.w. to Consumers	25.3	24.3	24.1

Source: Bank of Jamaica

The average annual flow of local currency new loans for the September 2023 quarter declined by 5.9 per cent in real terms relative to a decline of 8.9 per cent for the June 2023 quarter.[1] There was a decline of 5.5 per cent on average in real new loans to individuals, and a decline of 6.4 per cent in real new loans to the productive sector, on average, for the September quarter, relative to the average for June 2023 quarter. Local currency loans to the productive sector, largely reflected the performance of loans to *Construction and Land Development, Food & Beverage, Entertainment,* and *Professional & Business Services* sectors. The decline in new loans reflected the impact of tighter credit conditions.[2]

Monetary Projections

Broad money is projected to expand at an average annual rate of 9.8 per cent over the next eight quarters, in line with the previous projection of 9.5 per cent. The pace of broad money growth is anticipated to reflect expansions in currency in circulation and local currency deposits over the near term, partly influenced by moderations in economic

[1] Real local currency new loan disbursements fell to $531.4 million in September 2023, from $568.4 million in June 2023 and increased from $520.2 million in September 2022.

[2] The sectors driving the annual decline new local currency loans include the *Tourism, Agriculture, Transport, Storage & Communication, Mining, Quarrying & Processing, Electricity, Gas & Water, Distribution,* and *Manufacturing* industries.

activity. For the latter part of CY 2023, slightly lower than projected currency in circulation is projected driven by faster than anticipated currency redemption which normalizes in the December 2023 quarter.

Growth in DTI private sector credit is forecasted to be slightly weaker over the next eight quarters relative to the previous projections. Private sector credit is projected to grow at an average rate of 9.6 per cent up to the June 2025 quarter, compared to the previous forecast for an expansion of 10.5 per cent. The weaker growth is primarily driven by the influence of monetary policy on DTIs' lending decisions.

9.0 Conclusion

Inflation is projected to average 6.0 to 7.0 per cent over the next eight quarters (December 2023 to September 2025), which is higher than the previous eight-quarter average of 5.5 per cent but lower when compared to the average inflation rate of 8.4 per cent over the past two years. Inflation is projected to rise above the Bank's target range between December 2023 and March 2025 if the downside risks to this outlook do not materialise. The acceleration in inflation, primarily reflects the impact of of the increase in PPV fares and the second-round impact of wage related inflation stemming from the continued tight labour market. The impact of these upward impulses will be partially offset by a decline in imported prices (particularly grains), and a deteriorating output gap over the remainder of the near-term, supported by the Bank's policy actions. Inflation, is projected to converge to the mid-point (5.0 per cent) of the target range by March 2026.

Real GDP is projected to grow by 1.0 to 3.0 per cent for FY2023/24 and by 0.5 to 2.5 per cent for FY2024/25 and FY2025/26. The projected growth for FY2023/24 largely reflects expansions for Mining & Quarrying, Manufacturing, Electricity & Water Supply, Hotels & Restaurants and its allied industries. For the medium term (FY2025/26 – FY2028/29), GDP growth is projected to be lower, averaging 0.5 to 2.5 per cent, relative to the previous projection. This slower pace of growth reflects the anticipation for a smaller positive impact on output of climate-related projects which are targeted for execution over the period FY2025/26 to FY2027/28 under the International Monetary Fund (IMF)Resilience and Sustainable Facility (RSF). The risks to the forecast for real GDP growth are skewed to the downside.

The current account (CA) of the balance of payments (BOP) for FY2023/24 is projected to deteriorate to a deficit of 0.5 to 1.5 per cent of GDP from a surplus of 1.9 per cent of GDP in FY2022/23. This deterioration largely reflects higher deficits on the general merchandise trade balance and income sub-accounts, and a lower surplus on the current transfers sub-account partially offset by a higher surplus on the services sub-account. The CAD for FY2024/25 is projected to improve to a deficit of 0.0 to 1.0 per cent of GDP and −0.5 to 0.5 per cent of GDP over the medium-term. The gross reserves are projected to remain above the ARA 100% benchmark over the medium term and end FY2028/29 at US$5.9 billion, (142.7% per cent of the ARA 100% metric).

On 29 September 2023, the Monetary Policy Committee (MPC) unanimously agreed to maintain: (i) the policy interest rate (the rate offered to deposit-taking institutions (DTIs) on overnight placements with Bank of Jamaica) at 7.0%, (ii) tight Jamaican dollar liquidity conditions, and (iii) stability in the foreign exchange market. Future monetary policy decisions will depend on incoming data related to the strength of the potential headwinds to inflation. As such, the Bank will continue to closely monitor the global and domestic economic environments for these potential risks to Jamaica's inflation rate. If the emerging risks materialise, the MPC is prepared to take the necessary actions to anchor inflation sustainably within the target range in the shortest possible time.

Additional Tables

1: INFLATION RATES

		CPI (Point-to-Point) **	Headline Inflation	Core Inflation*
FY11/12	Sep-11	67.37	8.07	6.99
	Dec-11	68.25	6.01	6.86
	Mar-12	69.39	7.26	6.97
FY12/13	Jun-12	70.41	6.71	6.91
	Sep-12	71.86	6.65	5.59
	Dec-12	73.71	8.00	5.44
	Mar-13	75.72	9.13	6.30
FY13/14	Jun-13	76.57	8.76	6.26
	Sep-13	79.37	10.46	6.95
	Dec-13	80.70	9.47	7.38
	Mar-14	82.04	8.34	6.54
FY14/15	Jun-14	82.68	7.97	6.10
	Sep-14	86.50	8.99	6.72
	Dec-14	85.83	6.36	5.97
	Mar-15	85.29	3.96	5.51
FY15/16	Jun-15	86.29	4.37	4.81
	Sep-15	88.08	1.82	4.00
	Dec-15	88.97	3.66	3.51
	Mar-16	87.82	2.96	3.04
FY16/17	Jun-16	88.46	2.52	2.76
	Sep-16	89.71	1.86	2.48
	Dec-16	90.50	1.72	2.31
	Mar-17	91.41	4.09	2.27
FY17/18	Jun-17	92.38	4.43	2.42
	Sep-17	93.82	4.58	2.55
	Dec-17	95.24	5.24	2.65
	Mar-18	95.00	3.94	2.58
FY18/19	Jun-18	94.99	2.82	2.29
	Sep-18	97.89	4.33	2.44
	Dec-18	97.56	2.44	2.36
	Mar-19	98.23	3.39	2.33
FY19/20	Jun-19	98.97	4.19	2.50
	Sep-19	101.20	3.39	2.87
	Dec-19	103.63	6.22	2.95
	Mar-20	102.95	5.44	3.27
FY20/21	Jun-20	105.20	6.31	2.92
	Sep-20	106.14	4.88	3.20
	Dec-20	109.01	5.19	3.60
	Mar-21	108.27	5.18	5.30
FY21/22	Jun-21	109.77	4.34	7.17
	Sep-21	114.88	8.23	7.82
	Dec-21	116.98	7.31	9.09
	Mar-22	120.52	11.31	9.53
FY22/23	Jun-22	121.79	10.95	10.85
	Sep-22	125.52	9.26	10.76
	Dec-22	127.93	9.36	10.15
	Mar-23	127.97	6.19	7.91
FY23/24	Jun-23	129.45	6.29	6.12
	Sep-23	132.88	5.86	4.85

* Core inflation is measured as headline inflation excluding agriculture and fuel related components of the CPI Basket (CPI-AF)
** STATIN revised the reference basket used to measure the CPI in March 2020

2: ALL JAMAICA INFLATION – Point-to-Point (September 2023) *

Divisions, Classes and Groups	Weight (%)	Inflation (%)	Weighted Inflation	Contribution
FOOD & NON-ALCOHOLIC BEVERAGES	35.79	9.81	3.51	61.85
Food	33.76	9.77	3.30	58.09
Cereals and cereal products (ND)	6.68	4.57	0.31	5.38
Live animals, meat and other parts of slaughtered land animals (ND)	6.60	4.22	0.28	4.91
Fish and other seafood (ND)	3.59	4.75	0.17	3.00
Milk, other dairy products and eggs (ND)	2.86	6.95	0.20	3.50
Oils and Fats (ND)	0.91	3.75	0.03	0.60
Fruits and nuts (ND)	2.60	9.83	0.26	4.50
Vegetables, tubers, plantains, cooking bananas and pulses (ND)	7.02	23.36	1.64	28.89
Tubers, plantains, cooking bananas and pulses (ND)	2.04	28.93	0.59	10.40
Vegetables	4.98	21.15	1.05	18.56
Sugar, confectionery and desserts (ND)	1.31	12.38	0.16	2.85
Ready-made food and other food products n.e.c. (ND)	2.19	11.96	0.26	4.61
Non-Alcoholic Beverages	2.03	10.55	0.21	3.78
Fruit and Vegetable Juices (ND)	0.66	9.72	0.06	1.13
Coffee, Tea and Cocoa	0.46	13.33	0.06	1.08
Mineral Waters, Soft Drinks, Fruit and Vegetable Juices	0.91	10.00	0.09	1.60
ALCOHOLIC BEVERAGES, TOBACCO AND NARCOTICS	1.45	7.51	0.11	1.92
CLOTHING AND FOOTWEAR	2.48	4.87	0.12	2.13
Clothing	1.66	5.28	0.09	1.54
Footwear	0.82	4.04	0.03	0.58
HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	17.85	-1.88	-0.34	-5.90
Rentals for Housing	9.09	1.07	0.10	1.72
Maintenance, Repair and Security of the Dwelling	0.67	4.09	0.03	0.48
Water Supply and Miscellaneous Services Related to the Dwelling	2.27	0.23	0.01	0.09
Electricity, Gas and Other Fuels	5.82	-6.30	-0.37	-6.45
FURNISHINGS, HOUSEHOLD EQUIPMENT AND ROUTINE HOUSEHOLD MAINTENANCE	3.77	10.97	0.41	7.28
Furniture, Furnishings, and Loose Carpets	0.36	4.49	0.02	0.28
Household Textiles	0.22	5.92	0.01	0.23
Household Appliances	0.35	2.89	0.01	0.18
Tools and Equipment for House and Garden	0.15	4.48	0.01	0.12
Goods and Services for Routine Household Maintenance	2.70	13.57	0.37	6.44
HEALTH	2.63	4.65	0.12	2.15
Medicines and Health Products	2.16	4.51	0.10	1.71
Outpatient Care Services	0.30	6.51	0.02	0.35
Other Health Services	0.17	2.94	0.00	0.09
TRANSPORT	11.23	-0.20	-0.02	-0.40
INFORMATION AND COMMUNICATION	4.57	2.78	0.13	2.24
RECREATION, SPORT AND CULTURE	5.02	4.18	0.21	3.70
EDUCATION SERVICES	2.43	15.27	0.37	6.55
RESTAURANTS & ACCOMMODATION SERVICES	6.65	12.01	0.80	14.07
INSURANCE AND FINANCIAL SERVICES	1.13	0.32	0.00	0.06
PERSONAL CARE, SOCIAL PROTECTION AND MISCELLANEOUS GOODS AND SERVICES	4.99	4.96	0.25	4.36
ALL DIVISIONS	100.00	5.86	5.68	100.00

3: BANK OF JAMAICA OPERATING TARGETS

	Actual Sep-21	Actual Dec-21	Actual Mar-22	Actual Jun-22	Actual Sep-22	Actual Dec-22	Actual Mar-23	Actual Jun-23	Actual Sep-23
Net International Reserves (US$)	3,964.22	4,000.77	3,675.85	3,804.75	3,807.30	3,976.25	4,152.36	4,283.50	4,758.53
NET INT'L RESERVES (J$)	584,566.63	616,242.37	564,279.73	573,423.61	578,957.26	603,195.44	626,881.71	660,497.90	737,928.70
Assets	713,099.77	744,492.11	663,725.83	661,615.64	661,408.44	685,347.31	707,229.05	738,098.10	758,093.84
Liabilities	128,427.3	-128,249.74	-99,446.11	-88,192.03	-82,451.18	-82,151.87	-80,347.34	-77,600.20	-20,165.14
NET DOMESTIC ASSETS	-267,249.64	-276,378.11	- 296,160.65	-294,497.14	-295,955.39	-293,996.16	-288,143.28	-333,376.50	-395,364.02
-Net Claims on Public Sector	143,591.3	141,473.17	136,05033	128,865.57	103,495.97	114,784.43	148,614.51	157,000.30	105,826.57
-Net Credit to Banks	-77,171.4	-81,335.02	-84,710.58	-85,841.83	-86,021.11	-85,247.82	-89,678.54	-95,288.40	-94,948.05
-Open Market Operations	-134,896.6	-119,548.25	- 142,423.26	-147,399.54	-117,518.10	-130,018.10	-150,669.64	-191,738.40	-200,737.50
-Other	-198,772.9	-216,968.01	- 205,077.14	-190,121.34	-195,912.16	-193,514.67	-196,409.62	-203,350.0	-205,505.03
MONETARY BASE	317,422.8	339,864.27	268,119.07	278,926.48	283,001.87	309,199.28	338,738.43	327,121.40	342,564.68
- Currency Issue	197,436.1	226,933.52	207,895.60	204,515.25	206,218.51	233,760.72	224,592.25	250,673.80	253,448.05
- Cash Reserve	43,525.4	44,348.06	44,909.59	45,885.45	45,291.63	45,437.41	47,844.11	60,724.40	62,462.58
- Current Account	76,461.3	68,582.69	15,313.88	28,525.77	31,491.79	30,001.15	66,302.07	15,723.20	26,654.06
GROWTH IN MONETARY BASE [F-Y-T-D]	7.5	15.1	-	4.0	5.6	15.3	-	-3.4	1.1

4: MONETARY AGGREGATES

		BASE	M1J	M1	M2J	M2	M3J	M3
FY17/18	Jun-17	147,019.31	176,880.50	206,834.55	390,658.46	661,159.67	555,312.55	825,813.77
	Sep-17	154,764.51	183,754.61	213,187.22	425,524.34	699,679.21	601,465.45	875,620.33
	Dec-17	172,290.94	205,967.44	233,487.21	457,905.02	718,529.75	633,487.37	894,112.10
	Mar-18	170,142.28	220,372.56	250,633.11	479,452.65	756,399.23	657,857.33	934,803.92
FY18/19	Jun-18	169,828.80	216,289.92	251,603.73	482,485.41	770,885.09	673,782.30	962,181.99
	Sep-18	177,365.64	230,629.81	266,659.06	496,418.25	804,064.91	693,490.11	1,001,136.77
	Dec-18	202,547.07	251,413.40	283,542.66	524,339.37	818,748.06	731,302.94	1,025,711.62
	Mar-19	214,015.10	249,673.01	285,367.63	542,149.88	844,420.19	753,609.43	1,055.879.73
FY19/20	Jun-19	204,318.65	256,383.63	294,330.41	544,085.24	858,311.49	763,563.05	1,077,789.31
	Sep-19	220,133.35	258,452.00	291,166.83	553,029.15	874,593.99	784,502.64	1,106,067.49
	Dec-19	220,953.60	288,765.41	324,896.57	617,627.36	941,252.00	843,835.41	1,167,460.05
	Mar-20	220,952.59	291,510.62	341,364.49	612,444.99	963,144.91	842,710.44	1,193,410.36
FY20/21	Jun-20	239,267.12	304,413.99	346,525.54	634,039.95	998,227.40	852,992.97	1,217,180.42
	Sep-20	265,854.12	321,603.09	366,833.99	670,333.46	1,055,569.83	889,371.33	1,274,607.69
	Dec-20	282,573.00	341,946.01	382,054.10	699,607.17	1,092,427.28	926,877.37	1,319,697.49
	Mar-21	295,363.42	348,520.04	390,210.97	717,228.90	1,118,874.17	949,719.11	1,351,364.37
FY21/22	Jun-21	299,515.81	354,014.44	406,142.44	735,982.82	1,163,036.18	978,463.19	1,405,516.55
	Sep-21	317,422.82	364,765.50	413,386.24	753,978.91	1,182,807.26	994,201.70	1,423,030.04
	Dec-21	339,864.27	406,708.92	458,639.06	818,963.54	1,276,153.09	1,056,944.42	1,514,133.98
	Mar-22	268,119.07	390,171.16	448,269.27	796,096.93	1,288,243.47	1,032,292.35	1,524,438.89
FY22/23	Jun-22	278,926.48	391,424.80	454,536.66	806,237.99	1,302,293.54	1,042,795.03	1,538,850.58
	Sep-22	283,001.87	399,254.74	462,863.63	829,756.76	1,311,358.70	1,065,630.99	1,556,104.97
	Dec-22	309,199.28	430,073.61	492,538.25	873,718.70	1,369,647.42	1,135,973.38	1,369,647.42
	Mar-23	338,738.43	433,068.16	491,676.32	893,429.05	1,394,825.28	1,159,500.28	1,394,825.28
FY23/24	Jun-23	327,121.38	449,812.65	511,275.70	931,293.37	1,438,711.16	1,198,163.28	1,438,711.16
	Aug-23	353,138.85	458,259.88	523,460.27	941,163.16	1,458,394.74	1,215,810.08	1,458,394.74

5: GOJ TREASURY BILL YIELDS[1]
(End of Period)

		1-month	3-month	6-month
FY14/15	Mar-15	6.30	6.73	7.00
FY15/16	Jun-15	6.23	6.48	6.63
	Sep-15	6.23	6.20	6.35
	Dec-15	5.97	5.96	6.04
	Mar-16	5.38	5.75	5.83
FY16/17	Jun-16	5.47	5.86	6.01
	Sept-16	5.84	5.86	5.81
	Dec-16	5.64	5.68	6.56
	Mar-17	6.10	6.13	6.32
FY17/18	Jun-17	...	5.77	6.13
	Sept-17	...	4.98	5.45
	Dec-17	...	4.18	4.63
	Mar-18	...	2.98	3.17
FY18/19	Jun-18	...	2.54	2.66
	Sep-18	...	1.71	1.87
	Dec-18	...	2.05	2.07
	Mar-19	...	2.19	2.17
FY19/20	Jun-19	...	1.95	1.84
	Sep-19	...	1.74	1.75
	Dec-19	...	1.32	1.60
	Mar-20	...	1.85	1.80
FY20/21	Jun-20	...	1.28	1.36
	Sep-20	...	1.14	1.33
	Dec-20	...	0.77	0.86
	Mar-21	...	1.23	1.52
FY21/22	Jun-21	...	1.05	1.27
	Sep-21	...	1.41	1.66
	Dec-21	...	4.09	4.33
	Mar-22	...	6.12	6.37
FY22/23	Jun-22	...	7.78	7.96
	Sep-22	...	7.57	7.96
	Dec-22	...	8.04	8.18
	Mar-23	...	8.21	8.31
FY23/24	Jun-23	...	7.86	7.89
	Sep-23		7.73	7.81

[1] The 270-day instrument was not issued in March 2023.

6: BANK OF JAMAICA OPEN MARKET INTEREST RATES
(End of Period)

		30 days
FY12/13	Jun-12	6.25
	Sep-12	6.25
	Dec-12	6.25
	Mar-13	5.75
FY13/14	Jun-13	5.75
	Sep-13	5.75
	Dec-13	5.75
	Mar-14	5.75
FY14/15	Jun-14	5.75
	Sep-14	5.75
	Dec-14	5.75
	Mar-15	5.75
FY15/16	Jun-15	5.50
	Sep-15	5.25
	Dec-15	5.25
	Mar-16	5.25
FY16/17	Jun-16	5.00
	Sep-16	5.00
	Dec-16	5.00
	Mar-17	5.00
FY17/18	Jun-17	4.75
	Sep-17	4.09
	Dec-17	3.80
	Mar-18	2.68
FY18/19	Jun-18	2.31
	Sep-18	1.72
	Dec-18	2.10
	Mar-19	2.19
FY19/20	Jun-19	2.39
	Sep-19	1.48
	Dec-19	0.95
	Mar-20	2.77
FY20/21	Jun-20	0.58
	Sep-20	0.67
	Dec-20	0.55
	Mar-21	1.01
FY21/22	Jun-21	0.57
	Sep-21	1.97
	Dec-21	4.17
	Mar-22	6.50
FY22/23	Jun-22	7.32
	Sep-22	7.67
	Dec-22	9.07
	Mar-23	8.33
FY23/24	Jun-23	9.60
	Sep-23	9.42

7: Placements and Maturities* in BOJ OMO Instruments

	January - March 2023			April – June 2023			July – September 2023		
	Maturities (J$MN)	Placements (J$MN)	Average Yield (%)	Maturities (J$MN)	Placements (J$MN)	Average Yield (%)	Maturities (J$MN)	Placements (J$MN)	Average Yield (%)
30-day CD	278.0	318.4	9.70	337.3	359.0	8.64	320.6	321.0	9.57
272-day VR CD	0	0		0	0		0	0	
365-day VR CD	0	0		0	0		0	0	
548-day VR CD	0	0		0	0		0	0	
729-day VR CD	0	0		0	0		0	0	
272-day FR CD	0	0		0	0		0	0	
365-day FR CD	0	0		0	0		0	0	
510-day FR CD	0	0		0	0		0	20	
730-day FR CD	0	0		0	0		0	0	
911-day FR CD	0	0		0	0		15	0	
272-day FR USD IB	0	0		0	0		0	0	
365-day FR USD IB	0	0		0	0		0	0	
540-day FR USD IB	0	0		0	0		0	0	
730-day FR USD IB	0	0		0	0		0	0	
911-day FR USD IB	0	0.0		0	0.0		0	0	
1095-day FR USD IB	0	0		0	0		0	0	
Repos	281.7	272.4		201.9	204.5		290.4	286.3	
	Maturities (US$MN)	Placements (US$MN)	Average Yield (%)	Maturities (US$MN)	Placements (US$MN)	Average Yield (%)	Maturities (US$MN)	Placements (US$MN)	Average Yield (%)
1-year FR USD CD	0	0		0	0		0	0	
2-year FR USD CD	0	0		0	0		0	0	
3-year FR USD CD	0	0		0	0		0	0	
4-year FR USD CD	0	0		0	0		0	0	
5-year FR USD CD	0	0		0	0		0	0	
7-year FR USD CD	0.08	0		1.16	0		21.78	0	
TOTAL	0.08	0		1.16	0		21.78	0	

8: EXTERNAL TRADE – GOODS EXPORTS (f.o.b)
(Flows – US$MN)

	Bauxite	Alumina	Sugar	Bananas	Other Traditional	Non-Traditional	Other	Total Goods Exports
FY14/15	136.5	522.9	55.5	0.2	65.8	395.6	225.6	1402.2
Sep-14	33.4	151.6	11.9	0.1	16.6	99.3	62.1	375.0
Dec-14	33.4	130.4	0.0	0.1	13.6	106.8	49.2	333.5
Mar-15	35.3	132.3	17.1	0.1	14.5	93.4	45.1	337.9
FY15/16	116.4	479.8	36.9	0.3	69.9	317.8	158.3	1178.7
Jun-15	32.0	143.8	23.6	0.1	21.9	80.4	45.2	347.0
Sep-15	33.8	114.5	13.1	0.1	19.2	71.0	31.9	283.6
Dec-15	23.9	116.4	0.2	0.1	13.4	84.2	38.8	277.0
Mar-16	26.6	105.1	0.0	0.1	15.4	82.2	42.3	271.1
FY16/17	80.5	472.3	17.7	0.4	76.9	407.3	191.0	1246.1
Jun-16	26.7	126.6	9.0	0.1	26.9	90.7	55.2	335.3
Sep-16	20.6	102.7	4.8	0.1	20.6	93.0	41.0	282.7
Dec-16	17.9	109.6	0.3	0.1	13.0	108.4	49.9	299.1
Mar-17	15.3	133.4	3.6	0.1	16.5	115.2	44.9	328.9
FY17/18	94.5	641.9	11.3	0.7	65.8	436.1	205.3	1455.6
Jun-17	19.7	128.4	8.8	0.1	18.7	108.8	56.3	340.8
Sep-17	19.4	142.5	1.7	0.1	18.9	95.8	43.8	322.3
Dec-17	29.4	148.2	0.3	0.1	15.1	119.1	46.6	358.8
Mar-18	25.9	222.9	0.5	0.3	13.2	112.3	58.6	433.7
FY18/19	94.7	1136.8	15.8	0.5	68.4	424.8	232.3	1973.2
Jun-18	25.3	300.8	3.9	0.1	19.5	99.0	58.9	507.5
Sep-18	23.2	328.5	11.3	0.1	21.3	100.6	52.5	537.4
Dec-18	25.9	270.0	0.3	0.1	14.0	112.6	59.4	482.3
Mar-19	20.3	237.5	0.4	0.1	13.5	112.6	61.5	445.9
FY19/20+	94.3	573.6	10.2	0.6	81.4	506.9	106.4	1373.4
Jun-19+	26.1	214.6	6.4	0.1	20.8	117.9	50.7	436.6
Sep-19+	22.5	169.4	3.0	0.1	24.0	120.2	46.8	386.0
Dec-19+	21.1	113.0	0.4	0.1	18.2	122.0	44.5	319.4
Mar-20+	18.7	104.3	0.4	0.2	24.6	159.8	44.4	346.6
FY20/21+	87.2	423.5	6.9	0.8	67.3	535.8	81.0	1201.6
Jun-20	27.3	94.0	6.0	0.2	19.3	106.4	7.0	260.2
Sep-20	20.4	108.1	0.0	0.2	31.6	117.4	25.0	302.7
Dec-20	22.2	119.4	0.0	0.2	19.6	128.2	26.1	315.7
Mar-21	17.3	102.1	0.8	0.2	16.9	164.0	51.7	353.1
FY21/22+	72.9	316.4	6.0	0.9	77.7	675.9	157.6	1307.4
Jun-21	17.3	125.4	5.4	0.2	23.8	186.9	49.2	408.3
Sep-21	17.1	117.8	0.1	0.3	19.3	170.2	23.7	348.4
Dec-21	20.1	42.4	0.5	0.2	15.0	138.7	34.6	251.0
Mar-22	18.5	30.8	0.1	0.3	19.5	180.1	50.2	299.0
FY22/23+	73.0	284.5	3.6	1.0	100.8	756.3	625.7	1845.0
Jun-22	20.9	50.1	3.3	0.3	23.9	208.4	91.3	398.0
Sep-22	17.6	33.6	0.1	0.3	24.2	177.1	155.0	408.0
Dec-22	20.2	109.6	0.1	0.2	23.0	182.9	237.3	573.0
Mar-23	15.0	91.3	0.1	0.3	29.7	187.9	141.8	466.0

+ Revised

9: BALANCE OF PAYMENTS QUARTERLY SUMMARY
(US$MN)

	Sep-20+	Dec-20+	Mar-21+	Jun-21+	Sep-21 +	Dec-21+	Mar-22+	Jun-22+	Sep-22+	Dec-22+	Mar-23+
1. Current Account	1.1	-47.5	-43.1	216.1	78.3	-102.0	-293.2	13.7	-86.1	235.8	217.0
A. Goods Balance	-660.0	-821.0	-640.8	-551.8	-547.4	-1041.8	-1126.3	-1189.6	-1291.9	-1000.2	-1075.0
Exports (f.o.b)	306.4	321.2	365.9	425.7	401.2	288.0	340.9	464.9	466.8	628.9	547.3
Imports (f.o.b)	966.4	1142.2	1006.7	977.5	948.5	1329.9	1467.2	1654.5	1758.7	1629.1	1622.4
B. Services Balance	-61.2	-24.9	-60.6	-40.8	-182.4	61.0	259.2	416.9	320.1	309.0	615.4
Transportation	-130.0	-145.0	-307.1	-434.7	-591.4	-391.1	-322.3	-276.2	-311.5	-318.0	-278.4
Travel	131.4	221.6	254.9	457.5	542.7	650.8	722.0	862.3	848.7	893.8	1109.4
Other Services	-62.5	-101.6	-8.5	-63.6	-133.7	-198.7	-140.5	-169.3	-217.0	-266.8	-215.6
Goods & Services Balance	-721.2	-845.9	-701.4	-592.5	-729.8	-980.8	-867.2	-772.7	-971.8	-691.2	-459.6
C. Income	-142.1	-29.8	-158.2	-104.2	-121.3	-34.9	-225.5	-96.7	-52.1	27.5	-144.2
Compensation of employees	20.0	45.5	15.3	9.7	28.5	46.5	18.8	16.8	33.3	50.6	17.1
Investment Income	-162.1	-75.3	-173.5	-113.9	-149.9	-81.5	-244.3	-113.6	-85.3	-23.1	-161.3
D. Current Transfers	864.4	828.3	816.6	912.9	929.4	913.8	799.5	883.2	937.8	899.5	820.8
General Government	46.5	37.4	44.0	40.8	53.7	40.5	47.0	41.7	48.7	44.5	45.3
Other Sectors	817.8	790.9	772.5	872.0	875.7	873.3	752.5	841.5	889.1	855.1	775.6
2. Capital & Financial Account	-493.0	942.0	423.4	276.7	-401.1	1216.8	1026.0	977.2	529.5	23.6	292.0
A. Capital Account	-5.8	-6.3	-8.6	-9.2	-5.8	-5.6	-9.2	-7.8	-6.7	-6.2	-9.4
Capital Transfers	-5.8	-6.3	-8.6	-9.2	-5.8	-5.6	-9.2	-7.8	-6.7	-6.2	-9.4
General Government	1.9	1.0	1.4	0.8	1.9	1.8	0.9	2.2	2.5	1.2	0.6
Other Sectors	-7.7	-7.3	-10.0	-9.9	-7.7	-7.3	-10.0	-9.9	-9.2	-7.3	-10.0
Acq/disp of non-produced non- fin assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
B. Financial Account	-487.2	948.3	432.0	285.8	-395.3	1222.3	1035.1	985.0	536.2	29.8	301.4
Direct Investment	22.1	46.5	22.3	36.7	118.4	86.9	44.5	64.7	100.1	49.1	124.2
Portfolio Investment	-311.8	38.1	-268.8	-198.2	-311.8	320.2	-127.1	57.0	215.3	-93.7	-129.5
Other official investment	-71.7	93.7	165.2	-58.6	-76.1	223.0	-11.7	96.0	16.9	74.6	-6.2
Other private Investment	96.1	394.1	377.7	217.6	96.1	552.5	434.8	186.5	120.5	167.4	315.3
Reserves	-222.0	375.9	135.6	288.4	-222.0	39.7	694.5	580.8	83.4	-167.6	-2.3
Errors & Omissions	492.0	-894.6	-380.2	-492.8	322.9	-1114.8	-732.8	-990.9	-443.4	-259.4	-509.1

+ Revised

10: FOREIGN EXCHANGE SELLING RATES

(J$ per unit of foreign currency – end of period)

		US$	Can$	GBP £
FY13/14	Jun-13	101.3800	96.7000	154.4800
	Sep-13	103.6000	100.7100	167.1600
	Dec-13	106.3800	99.7200	175.8400
	Mar-14	109.5700	98.9300	181.7700
FY14/15	Jun-14	112.2022	103.1802	191.8988
	Sep-14	112.6662	101.0142	180.2393
	Dec-14	114.6607	97.6896	177.6759
	Mar-15	115.0435	90.6202	169.9738
FY15/16	Jun-15	116.9832	93.8399	183.7774
	Sep-15	119.0553	88.6177	180.1478
	Dec-15	120.4150	84.9062	177.1179
	Mar-16	122.0421	92.5223	173.4625
FY16/17	Jun-16	126.3835	97.8795	169.8517
	Sept-16	128.2704	97.3084	166.7776
	Dec-16	128.4404	95.8778	157.4208
	Mar-17	128.6672	97.1686	159.5670
FY17/18	Jun-17	128.6228	99.3865	166.5811
	Sep-17	129.9127	105.0988	173.8791
	Dec-17	125.0004	97.3947	167.0275
	Mar-18	125.9850	97.1994	178.1109
FY18/19	Jun-18	130.3918	100.0079	172.9757
	Sep-18	134.6486	103.7023	178.1844
	Dec-18	127.7162	91.5382	159.0355
	Mar-19	126.4666	95.8862	165.5342
FY19/20	Jun-19	131.0682	101.8648	168.0812
	Sep-19	135.1591	102.3052	166.1363
	Dec-19	132.5690	100.1539	171.6232
	Mar-20	135.3908	95.3267	169.1721
FY20/21	Jun-20	140.0111	105.1658	177.1609
	Sep-20	142.1048	107.7533	185.5508
	Dec-20	142.6493	111.4117	193.6657
	Mar-21	146.5813	120.1525	202.8338
FY21/22	Jun-21	148.5164	122.7285	207.0185
	Sep-21	147.2441	117.6625	202.9298
	Dec-21	155.0878	122.7604	210.1385
	Mar-22	153.7801	123.7584	202.6811
FY22/23	Jun-22	151.5580	118.7574	184.3548
	Sep-22	152.8195	112.9388	168.1380
	Dec-22	152.0521	108.4869	182.0905
	Mar-23	150.9129	113.4294	189.4821
FY23/24	Jun-23	154.6212	117.5245	197.2435
	Sep-23	155.4830	115.2425	190.4675

11: BANK OF JAMAICA: NET INTERNATIONAL RESERVES
(End-of-Point)

		(US$MN) Gross Foreign Assets	(US$MN) Gross Foreign Liabilities	(US$MN) International Reserves (Net)	Weeks of Imports Goods	Weeks of Imports Goods & Services
FY14/15	Sep-14	2,715.25	514.68	2,200.57	27.79	19.66
	Dec-14	2,473.01	471.92	2,001.09	26.31	18.41
	Mar-15	2,689.74	396.06	2,293.68	28.61	20.02
FY15/16	Jun-15	2,537.27	420.76	2,116.51	29.00	19.83
	Sep-15	2,890.45	448.57	2,441.88	32.34	22.39
	Dec-15	2,890.45	479.82	2,437.01	34.61	23.45
	Mar-16	2,894.31	478.77	2,415.53	34.38	23.30
FY16/17	Jun-16	2,819.90	554.77	2,265.13	32.66	19.36
	Sep-16	3,056.16	593.15	2,463.01	36.30	24.60
	Dec-16	3,291.47	-572.10	2,719.37	38.40	22.27
	Mar-17	3,323.89	-554.72	2,769.17	38.78	22.49
FY17/18	Jun-17	3,185.65	-568.84	2,616.81	35.44	20.54
	Sep-17	3,714.94	-577.80	3,137.14	40.87	23.70
	Dec-17	3,781.17	-572.88	3,208.29	38.83	22.78
	Mar-18	3,656.91	-582.35	3,074.57	35.83	21.29
FY18/19	Jun-18	3,687.40	-551.91	3,135.49	32.49	19.80
	Sep-18	3,568.84	-542.12	3,026.72	33.14	19.67
	Dec-18	3,532.04	-526.63	3005.41	32.80	19.47
	Mar-19	3,605.18	-520.35	3,084.83	35.54	20.50
FY19/20	Jun-19	3,537.33	-502.02	3,035.31	32.88	22.62
	Sep-19	3,581.92	-483.86	3,098.05	33.45	22.82
	Dec-19	3,631.09	-468.55	3,152.53	33.80	22.94
	Mar-20	3,688.45	-450.78	3,237.67	34.27	23.22
FY20/21	Jun-20	3,905.02	-955.76	2,949.26	56.33	38.15
	Sep-20	3,713.37	-965.88	2,747.49	53.56	36.28
	Dec-20	4,081.09	-954.95	3,126.13	53.95	38.81
	Mar-21	4,243.53	-924.20	3,319.32	53.65	38.71
FY21/22	Jun-21	4,285.89	-897.18	3,388.71	42.42	30.12
	Sep-21	4,834.98	-870.77	3964.22	46.62	33.27
	Dec-21	4833.40	-832.62	4000.77	54.33	33.51
	Mar-22	4323.66	-674.81	3675.85	46.80	29.60
FY22/23	Jun-22	4389.91	-585.17	3804.75	36.11	24.49
	Sep-22	4349.51	-542.21	3807.30	36.32	24.19
	Dec-22	4517.79	-541.54	3976.25	37.46	25.20
	Mar-23	4684.57	-532.21	4152.36	38.84	26.13
FY23/24	Jun-23	4786.72	-503.25	4283.47	38.75	26.46
	Sep-23	4846.60	-130.03	4716.57	37.40	25.59

12: VALUE ADDED BY INDUSTRY AT CONSTANT (2007) PRICES (% CHANGE)

Sep 2019 – Sep 2021– + (Seasonally Unadjusted)

(Percentage Change (%) Over the Corresponding Quarter of Previous Year)

	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23
Total Value Added at Basic Prices	14.2	5.9	6.7	6.4	4.8	5.9	3.8	4.2	2.3
Agriculture, Forestry & Fishing	15.0	7.3	13.8	8.4	6.4	16.3	5.9	-7.1	-8.1
Mining & Quarrying	-9.2	-29.7	-60.5	-60.0	-62.5	-27.6	99.0	114.1	164.2
Manufacturing	13.0	3.7	-2.2	4.5	5.7	9.4	5.4	3.7	3.1
Food, Beverages & Tobacco	9.9	3.4	2.2	6.8	10.3	12.7	2.8	7.2	4.6
Other Manufacturing	17.8	4.3	-7.3	1.3	-0.9	4.5	8.9	-1.2	0.7
Construction	17.4	4.4	5.9	3.5	-5.2	-3.1	-4.8	-4.2	-0.7
Electricity & Water	4.0	0.6	5.8	1.4	2.0	3.9	1.7	0.7	6.2
Wholesale & Retail Trade; Repairs; Installation of Machinery	19.3	4.4	10.6	8.8	7.6	5.3	1.3	2.8	-0.1
Hotels and Restaurants	334.6	114.6	79.5	107.1	56.0	35.3	21.6	29.7	7.8
Transport, Storage & Communication	13.6	8.8	10.1	8.8	5.6	5.9	5.9	7.1	5.6
Finance & Insurance Services	2.8	3.3	2.7	0.8	1.1	1.0	1.4	1.9	2.1
Real Estate & Business Services	5.2	0.7	2.1	1.1	2.1	3.3	0.6	2.3	1.8
Government Services	0.4	0.4	-0.1	0.4	0.4	0.1	-0.8	-0.3	-0.2
Other Services	23.2	12.2	10.4	12.1	9.8	13.0	10.4	12.6	2.2
Less Financial Intermediation Services Indirectly Measured (FISIM)	3.8	3.6	3.2	4.4	2.0	1.6	3.3	3.9	3.5

13: USD LONDON INTERBANK OFFER RATE-LIBOR (End- of-Period)

		1-month	3-month	6-month	12-month
FY12/13	Sep-12	0.2143	0.3585	0.6359	0.9730
	Dec-12	0.2087	0.3060	0.5083	0.8435
	Mar-13	0.2037	0.2826	0.4449	0.7315
FY13/14	Jun-13	0.1958	0.2731	0.4144	0.6902
	Sep-13	0.1789	0.2489	0.3685	0.6294
	Dec-13	0.1677	0.2461	0.3480	0.5831
	Mar-14	0.1520	0.2306	0.3289	0.5581
FY14/15	Jun-14	0.1552	0.2307	0.3268	0.5451
	Sep-14	0.1565	0.2351	0.3304	0.5786
	Dec-14	0.1713	0.2556	0.3628	0.6288
	Mar-15	0.1763	0.2708	0.4007	0.6942
FY15/16	Jun-15	0.1865	0.2832	0.4449	0.7715
	Sep-15	0.1930	0.325	0.534	0.8511
	Dec-15	0.4300	0.613	0.846	1.1780
	Mar-16	0.4370	0.6290	0.900	1.2100
FY16/17	Jun-16	0.4650	0.6540	0.9240	1.2300
	Sept-16	0.5311	0.8537	1.2397	1.5518
	Dec-16	0.7717	0.9979	1.3177	1.6857
	Mar-17	0.9828	1.1496	1.4232	1.8018
FY17/18	Jun-17	1.2239	1.2992	1.4477	1.7384
	Sep-17	1.2322	1.3339	1.5060	1.7823
	Dec-17	1.5640	1.6940	1.8370	2.1070
	Mar-18	1.8831	2.3118	2.4524	2.6626
FY18/19	Jun-18	2.0903	2.3358	2.5013	2.7641
	Sep-18	2.2606	2.3984	2.6039	2.9186
	Dec-18+	2.5027	2.8076	2.8756	3.0054
	Mar-19	2.4945	2.5998	2.6595	2.7106
FY19/20	Jun-19	2.3980	2.3199	2.2005	2.1781
	Sep-19	2.0156	2.0851	2.0556	2.0321
	Dec-19	1.7625	1.9083	1.9121	1.9962
	Mar-20	0.9930	1.4510	1.1750	0.9980
FY20/21	Jun-20	0.1623	0.3020	0.3693	0.5458
	Sep-20	0.1483	0.2339	0.2598	0.3601
	Dec-20	0.1439	0.2384	0.2576	0.3419
	Mar-21	0.1111	0.1943	0.2053	0.2831
FY21/22	Jun-21	0.1005	0.1458	0.1595	0.2463
	Sep-21	0.0803	0.1301	0.1585	0.2366
	Dec-21	0.1013	0.2091	0.3388	0.5831
	Mar-22	0.4520	0.9616	1.4699	2.1014
FY22/23	Jun-22	1.7867	2.2851	2.9351	3.6190
	Sep-22	3.1427	3.7547	4.2320	4.7806
	Dec-22	4.3916	4.7673	5.1389	5.4821
	Mar-23	4.8577	5.1927	5.3130	5.3053
FY23/24	Jun-23	5.2177	5.5454	5.7623	6.0414
	Sep-23	5.4335	5.6571	5.8955	6.0414

14: PRIME LENDING RATES (End-of-Period)

		EURO-ZONE	UNITED STATES			UNITED KINGDOM
		Repo rate	Fed Funds Rate	Discount Rate	Prime Rate	Repo rate
FY12/13	Dec-12	0.75	0 - 0.25	0.75	3.25	0.50
	Mar-13	0.75	0 - 0.25	0.75	3.25	0.50
FY13/14	Jun-13	0.50	0 - 0.25	0.75	3.25	0.50
	Sep-13	0.50	0 - 0.25	0.75	3.25	0.50
	Dec-13	0.25	0 - 0.25	0.75	3.25	0.50
	Mar-14	0.25	0 - 0.25	0.75	3.25	0.50
FY14/15	Jun-14	0.15	0 - 0.25	0.75	3.25	0.50
	Sep-14	0.05	0 - 0.25	0.75	3.25	0.50
	Dec-14	0.05	0 - 0.25	0.75	3.25	0.50
	Mar-15	0.05	0 - 0.25	0.75	3.25	0.50
FY15/16	Jun-15	0.05	0 - 0.25	0.75	3.25	0.50
	Sep-15	0.05	0 - 0.25	0.75	3.25	0.50
	Dec-15	0.05	0 - 0.50	1.00	3.50	0.50
	Mar-16	0.00	0 - 0.50	1.00	3.50	0.50
FY16/17	Jun-16	0.00	0 - 0.50	1.00	3.50	0.50
	Sept-16	0.00	0 – 0.50	1.00	3.50	0.25
	Dec-16	0.00	0 .50– 0.75	1.25	3.75	0.25
	Mar-17	0.00	0.75–1.00	1.50	4.00	0.25
FY17/18	Jun-17	0.00	1.00–1.25	1.75	4.25	0.25
	Sep-17	0.00	1.00–1.25	1.75	4.25	0.25
	Dec-17	0.00	1.25-1.50	2.00	4.50	0.50
	Mar-18	0.00	1.50-1.75	2.25	4.75	0.50
FY18/19	Jun-18	0.00	1.75-2.00	2.50	5.00	0.50
	Sep-18	0.00	2.00-2.25	2.75	5.25	0.75
	Dec-18	0.00	2.25–2.50	3.00	5.50	0.75
	Mar-19	0.00	2.25–2.50	3.00	5.50	0.75
FY19/20	Jun-19	0.00	2.25-2.50	3.00	5.50	0.75
	Sep-19	0.00	1.75-2.00	2.50	5.00	0.75
	Dec-19	0.00	1.5-1.75	2.25	4.75	0.75
	Mar-20	0.00	0-0.25	0.25	3.25	0.10
FY20/21	Jun-20	0.00	0.0-0.25	0.25	3.25	0.10
	Sep-20	0.00	0.0-0.25	0.25	3.25	0.10
	Dec-20	0.00	0.0-0.25	0.25	3.25	0.10
	Mar-21	0.00	0.0-0.25	0.25	3.25	0.10
FY21/22	Jun-21	0.00	0.0-0.25	0.25	3.25	0.10
	Sep-21	0.00	0.0-0.25	0.25	3.25	0.10
	Dec-21	0.00	0.0-0.25	0.25	3.25	0.25
	Mar-22	0.00	0.25-0.50	0.50	3.50	0.75
FY22/23	Jun-22	0.00	1.50-1.75	1.75	4.75	1.25
	Sep-22	1.25	3.00-3.25	3.25	6.25	2.25
	Dec-22	2.50	4.25-4.50	4.50	7.50	3.50
	Mar-23	3.50	4.75-5.00	5.00	8.00	4.25
FY23/24	Jun-23	4.00	5.00-5.25	5.25	8.25	5.00
	Sep-23	4.50	5.25-5.50	5.50	8.50	5.25

15: INTERNATIONAL EXCHANGE RATES

		Sterling vs. US$	Canadian $ vs. US$	Yen vs. US$	Euro vs. US$
FY13/14	Sep-13	0.6181	1.0285	98.3270	0.7389
	Dec-13	0.6034	1.0636	105.2030	0.7258
	Mar-14	0.6012	1.1053	103.0100	0.7259
FY14/15	Jun-14	0.5846	1.0676	101.2900	0.7305
	Sep-14	0.6168	1.1196	109.6491	0.7917
	Dec-14	0.6418	1.1614	119.8035	0.8264
	Mar-15	0.6737	1.2679	119.9472	0.9321
FY15/16	Jun-15	0.6737	1.2483	122.1001	0.8966
	Sep-15	0.6609	1.3394	119.6745	0.8943
	Dec-15	0.6786	1.3837	120.2501	0.9206
	Mar-16	0.6964	1.3004	112.5746	0.8787
FY16/17	Jun-16	0.7513	1.2925	103.1779	0.9004
	Sept-16	0.7709	1.3127	101.3377	0.8901
	Dec-16	0.8104	1.3439	117.0001	0.9508
	Mar-17	0.7968	1.3317	111.3958	0.9388
FY17/18	Jun-17	0.7677	1.2963	112.3469	0.8752
	Sep-17	0.7464	1.2470	112.5239	0.8465
	Dec-17	0.7400	1.2571	112.6888	0.8330
	Mar-18	0.7135	1.2895	106.2812	0.8114
FY18/19	Jun-18+	0.7572	1.3134	110.6929	0.8559
	Sep-18	0.7601	1.3043	111.8443	0.8559
	Dec-18	0.7841	1.3639	109.6131	0.8721
	Mar-19	0.7672	1.3349	110.8525	0.8914
FY19/20	Jun-19	0.7876	1.3094	107.8865	0.8793
	Sep-19	0.8161	1.3224	106.3943	0.9062
	Dec-19	0.7543	1.2990	108.6366	0.8918
	Mar-20	0.8052	1.4067	107.5384	0.9065
FY20/21	Jun-20	0.8064	1.3576	107.9331	0.8902
	Sep-20	0.7740	1.3321	105.4519	0.8532
	Dec-20	0.7315	1.2734	103.3165	0.8186
	Mar-21	0.7255	1.2561	110.7174	0.8525
FY21/22	Jun-21	0.7230	1.2398	111.1111	0.8429
	Sep-21	0.7422	1.2682	111.2718	0.8636
	Dec-21	0.7390	1.2639	115.1145	0.8795
	Mar-22	0.7612	1.2508	121.6989	0.9036
FY22/23	Jun-22	0.8212	1.2873	135.7405	0.9538
	Sep-22	0.8953	1.3829	144.7387	1.0202
	Dec-22	0.8276	1.3554	131.1132	0.9341
	Mar-23	0.8106	1.3517	132.8551	0.9226
FY23/24	Jun-23	0.7872	1.3242	144.3001	0.9167
	Sep-23	0.8197	1.3578	149.3652	0.9458

16: WORLD COMMODITY PRICES (Period Averages)

		CRUDE OIL PRICES		FOOD	
		North Sea Brent (US$/barrel – f.o.b.)	West Texas Intermediate (US$/barrel – f.o.b.)	Wheat (US$/mt, Average Winter)	Coffee (USc/kg, Arabica brand)
FY12/13	Jun-12	108.86	93.50	260.39	400.35
	Sep-12	109.95	92.22	341.46	399.96
	Dec-12	110.45	88.19	346.48	357.12
	Mar-13	112.91	94.40	309.51	335.49
FY13/14	Jun-13	103.01	94.23	294.50	319.86
	Sep-13	110.10	105.83	281.76	298.23
	Dec-13	109.41	97.48	292.20	276.82
	Mar-14	107.88	98.67	280.67	382.67
FY14/15	Jun-14	109.78	102.98	292.86	467.06
	Sep-14	102.08	97.07	238.17	455.92
	Dec-14	76.01	73.16	248.61	464.59
	Mar-15	53.93	48.63	231.09	389.21
FY15/16	Jun-15	62.10	57.97	210.64	354.39
	Sep-15	50.03	51.52	189.86	336.22
	Dec-15	43.41	42.18	190.10	327.74
	Mar-16	34.36	33.45	190.23	330.86
FY16/17	Jun-16	45.95	45.50	183.79	346.71
	Sept-16	45.80	44.94	156.02	378.80
	Dec-16	50.08	49.29	156.18	385.71
	Mar-17	54.12	51.91	165.66	364.09
FY17/18	Jun-17	50.25	48.28	177.79	329.68
	Sep-17	51.74	48.20	183.94	327.83
	Dec-17	61.47	55.40	177.43	307.79
	Mar-18	66.95	62.87	190.71	301.42
FY18/19	Jun-18	74.49	67.88	210.30	296.87
	Sept-18	75.48	69.50	215.61	277.04
	Dec-18	67.37	58.81	211.01	295.09
	Mar-19	63.27	54.90	212.06	279.84
FY19/20	Jun-19	68.34	59.81	204.21	272.94
	Sept-19	61.86	56.45	195.06	287.03
	Dec-19	62.65	56.96	214.61	311.92
	Mar-20	50.53	46.17	227.33	312.86
FY20/21	Jun-20	31.43	27.85	209.22	327.55
	Sep-20*	42.72	40.93	221.73	350.23
	Dec-20*	44.52	42.66	259.70	337.70
	Mar-21*	60.57	57.85	279.58	358.41
FY21/22	Jun-21*	68.63	66.09	279.93	401.93
	Sep-21*	73.00	70.57	291.80	474.39
	Dec-21*	79.58	77.22	339.47	564.40
	Mar-22	98.96	94.29	391.38	594.78
FY22/23	Jun-22	112.75	108.53	453.79	587.64
	Sep-22	99.23	91.75	355.76	581.81
	Dec-22	88.37	82.59	366.17	487.94
	Mar-23	81.44	76.18	343.04	484.00
FY23/24	June-23	78.23	73.84	314.35	482.67
	Sep-23	86.75	82.10	281.20	414.28

*Revised

Glossary

Amortization: The repayment of a loan in installments over an agreed period of time.

Base Money: The sum of notes and coins held by the public and the cash reserves of commercial banks (including both their holding of cash and their deposits at the central bank). The monetary base is the operating target used in the BOJ monetary policy framework and can be controlled through open market operations. Changes in the monetary base emanate from sources within the net domestic assets (NDA) as well as the net international reserves (NIR).

Basis Point (bp): This is a unit of percentage measure which is equal to one hundredth of one percent (0.01% = 1bp). Basis points is commonly used when discussing interest rates and fixed income securities.

Bond Market: The domestic bond market primarily captures debt instruments offered by the Central Government to fund its budgetary needs.

Brexit: Brexit has become the abbreviated way of refering to the United Kingdon (UK) leaving the European Union (EU) it combines the words British and exit. The referndum where citizens of the UK voted to exit the EU took place on the June 23, 2016.

Cash Reserve Requirement: The requirement by law that a percentage of deposit liabilities of deposit-taking institutions must be held as interest free deposits at the Central Bank.

Core Inflation: Also called Underlying Inflation. It is that part of overall inflation that can be attributed to changes in base money. Central Banks typically try to control core inflation because there are some parts of inflation that are outside of their control. One example of this is the effect of changes in oil prices.

Credit: Loans extended by banks, building societies and other financial institutions.

Currency Issue: refers to Jamaican notes and coins in the hands of the public (currency in circulation) in addition to notes and coins held by financial institutions in their vaults (vault cash). Bank of Jamaica redeems (buys) or issues (sells) notes and coins to financial institutions when institutions have a demand for cash. The difference between currency issued and that which is redeemed during a period of time is referred to as net currency issue.

Exchange rate (nominal): The number of units of one currency offered in exchange for another. For example a Jamaica dollar/ United States dollar exchange rate of 'forty two dollars to one' indicates that forty-two Jamaican dollars are needed to obtain one United States dollar.

Exchange rate pass-through: The effect of exchange rate changes on one or more of the following: import and export prices, consumer prices, investments and trade volumes.

Export Price Index: The export price index (EPI) is a weighted index of the prices of goods and services sold by residents of a country to foreign buyers.

Foreign exchange cash demand/supply: The amount of foreign exchange purchased by market participants from the authorized dealers and cambios, while cash supply/inflows is the amount sold to the Bank of Jamaica, authorized dealers and cambios by market participants, private institutions and multilateral agencies.

Financial Programme: An integrated system of macroeconomic accounts and behavioural relationships defining the set of monetary, fiscal and exchange rate policy measures designed to achieve specified macroeconomic targets.

Financial Asset: An instrument issued by an institution (e.g. BOJ) that provides economic benefits, by (1) generating interest income or net profits and (2) acting as a store of value. These benefits are created through a formal/informal borrowing/lending relationship. Most common types of financial assets are money and credit.

Fiscal deficit: The excess of the Government's expenditure over its revenue for a given period of time.

Fiscal Year: The twelve months beginning in April. Thus fiscal year 2000/2001 refers to the period April 2000 to March 2001.

Government Securities: Debt instruments issued by the Ministry of Finance either to bridge timing gaps between revenue and expenditure or to cover any excess of expenditure over revenue. These securities include short-term instruments such as Treasury Bills and more long-term ones like Local Registered Stock, or Debentures.

Gross Domestic Product (GDP): This is the total value of all goods and services produced within an economy over a particular time period –either a year or three months.

Import Price Index: The import price index (IPI) is a weighted index of the prices of goods and services purchased by residents of a country from foreign sellers.

Inflation: refers to the change in the general price level. In Jamaica, this is defined as the change in the Consumer Price Index (CPI) calculated and published by the Statistical Institute of Jamaica.

Intermediate Target: An intermediate target of policy. e.g. the money supply or the exchange rate, has three main characteristics. It is not directly determined by the Central Bank, it responds, however, to a stimulus that the Central Bank can vary, and its behaviour should be closely related to the ultimate target–inflation.

Jamaica Central Securities Depository (JCSD): The Principal function of the JCSD is to provide for relatively risk-free settlement of share transactions. It accomplishes this by employing an electronic, book-entry system for registering changes of ownership of securities which eliminates the need for physical certificates. The JCSD also provides vaulting facilities for the safekeeping of certificates.

JSE Indices: The JSE Index comprises all Ordinary Companies on the Main Market. The JSE Combined Index comprises all Ordinary Companies on the Main Market and Junior Market. The JSE All Jamaican Composite Index comprises of only Jamaican Companies on the Main Market. The JSE Select Index comprises the JSE's 15 most liquid Securities on the Main Market. The JSE Cross Listed Index is comprised of only foreign companies on the Main Market. The Junior Index comprises all Ordinary Companies on the Junior Stock Market.

Liquid Asset: An asset is considered liquid if it can be easily and with little or no loss converted to cash. The liquid assets of commercial banks in Jamaica include notes and coins, short-term deposits at the Bank of Jamaica, GOJ Treasury Bills, Local Registered Stock maturing within 270 days and any GOJ security designated by the Ministry of Finance.

Money: Anything that is generally accepted in exchange for goods and services and for the payment of debt. (e.g. example, notes and coins.). Hence money is said to be a medium of exchange. Money also serves as a means of storing wealth as well as a standard of and unit of accounting for financial values and flows.

Money Multiplier: This defines the relationship between the monetary base (M0) and the money supply and is usually calculated as the ratio of M3 to M0. It measures the maximum amount of money that can be created by the banking system given the provision of an additional dollar to the system by the central bank. The money multiplier implies that when the central bank conducts monetary policy in such a way as to increase the monetary base, the overall expansion in the money supply is a multiple of this initial increase. This is also true if the central bank reduces the monetary base.

Money Supply: This is the stock of instruments or assets formally designated as money in a particular economy. There are alternative measures of money supply both within and between countries. In Jamaica, the measurements of money that are calculated and published are:

M1: Notes and coins in circulation + Demand Deposits
M2: M1+ Time and savings deposits
M3: M2 + Other Deposits.

A 'J' indicates that the components are Jamaican dollar liabilities only and an '*' indicates that the components also include foreign currency liabilities of the banking system.

Monetary Base: See Base Money

Monetary policy framework: This defines the transmission process through which policy actions taken by the Central Bank make an impact on the final target – inflation. The components of a monetary policy framework are policy instruments, operating targets, intermediate targets, and the ultimate goal/objective.

Monetary Policy Instruments: These are instruments used by the Central Bank to influence the money supply and credit. They include open market operations and the reserve requirement ratio.

Net Domestic Assets: The difference between the monetary base and the NIR. It is comprised of the Bank's net claims on the public sector, mainly Central Government, open market operations liabilities and net claims on commercial banks and other financial institutions.

Open Market Operations (OMO): Money market trading between the Bank of Jamaica and authorized dealers with the intention of influencing money and credit in the financial system. OMO involves outright sale or purchase of GOJ securities from the stock of securities held by BOJ, and/or repurchase and reverse repurchase transactions.

Operating Rate: The percentage of total production capacity of some entity, such as a country or a company that is being utilized at a given time.

Operating Target: An operating target of policy e.g. the monetary base and interest rates, is influenced directly by the Central Bank and is adjusted by the Bank in order to bring about the desired impact on its policy target.

Primary Dealer (PD): The set of intermediaries through which BOJ conducts open market operations. In developed country markets, PD's underwrite government issues as well as participate in block transactions with the central bank.

Public Sector Entities (PSE) Foreign Exchange Facility: A foreign exchange surrender facility for public sector entities which seeks to centralize foreign currency demand. Under this facility Commercial Banks, Authorized Dealers and Cambios agreed to surrender amounts in addition to the pre-existing requirements.

Quasi-Fiscal Costs: The cost to the central bank of sterilizing the liquidity effects of capital inflows.

Quasi-money: Savings Deposits plus Time Deposit.

Real Appreciation: An increase in the volume of foreign goods that can be bought with a unit of domestic currency; alternatively it is a decrease in the volume of domestic goods that can be purchased with a unit of foreign currency. Thus, a real appreciation makes exports less attractive and imports relatively cheaper. This may ensue from a nominal appreciation, which is the rise in the unit price of the currency, or a greater increase in domestic prices relative to foreign prices, or both.

Real Exchange Rate: The price of one country's currency in terms of another, adjusted for the inflation differential between the countries.

Real interest rate: This represents the rate of return on assets after accounting for the effects of inflation on the purchasing power of the return. It is calculated by adjusting the nominal interest rate by the inflation rate.

Repurchase Agreement (repo): The purchase of a security from a primary dealer who agrees to repurchase the same at a specified rate and an agreed future date.

Reserve Requirement: refers to the portion of deposit liabilities that financial institutions may not lend and have to retain either as liquid assets or on deposit at the Bank of Jamaica.

Reverse Repurchase Agreements: An agreement whereby the Central Bank sells a security that it owns and agrees to buy back same at a specified rate at an agreed future date.

Securities: Legal documents giving entitlement to property ownership, or claim on income e.g. bonds and stocks.

Signal Rate: Effective 1 July 2017, the Bank of Jamaica policy rate is the interest rate paid on overnight deposits held by deposit-taking iinstitutions ("DTIs") at Bank of Jamaica.

Special Drawing Right: The SDR is an interest-bearing international reserve asset created by the IMF to supplement the official reserves of member countries.

Statutory Cash Reserves: That portion of deposit liabilities of deposit-taking institution, which by a statutorily based stipulation, must be held as interest-free deposits at the Central Bank.

Sterilization: The use of open market operations to prevent intervention in the foreign exchange market from changing the monetary base. With sterilization, any purchase of foreign exchange is accompanied by an equal-value sale of domestic bonds and vice versa.

Time deposit: A bank account based on a contractual arrangement between the deposit taking institution and the depositor where both parties agree to a pre-determined interest rate and maturity date, on which deposits earn interest and premature withdrawals from which require advance notice.

Terms of Trade: An index of the ratio of export prices to the index of import prices. An improvement in the terms of trade follows if export prices rise more quickly than import prices.

Tourism Implicit Price Index: a measure of prices in the tourism industry as reflected by average daily expenditure per tourist.

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