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 December 2023 accelerated to 6.9 per cent from 5.1 per cent at October 2023, due primarily to the impact of an increase in public passenger vehicle (PPV) fares and higher agricultural food inflation. The measure of core inflation that excludes food and fuel prices decelerated to 5.7 per cent at December 2023, from 8.5 per cent at December 2022. Annual inflation is projected to average 6.9 per cent over the next eight quarters. The risks to the inflation forecast are balanced.

The Jamaican economy is estimated to have grown by 1.0 per cent to 3.0 per cent for the December 2023 quarter, an acceleration relative to the expansion of 2.1 per cent recorded for the September 2023 quarter. With the exception of Producers of Government Services, all industries are estimated to have grown during the review quarter. For FY2023/24, real economic activity is projected to grow within the range of 1.0 to 3.0 per cent relative to the expansion of 4.7 per cent for FY2022/23. The risks to the domestic GDP forecast over the next eight quarters are assessed as balanced, which means that actual GDP growth is likely to trend in-line with forecast.

The current account of the balance of payments is estimated to have recorded a small surplus for the December 2023 quarter, lower (worse) than the surplus recorded for the December 2022 quarter. This fall in the surplus was primarily reflected in the merchandise trade balance, current transfers and income sub-accounts, partially offset by an improvement on the services sub-account. At end-December 2023, Jamaica's gross international reserves amounted to US$4.9 billion, representing 114.1 per cent of the Assessing Reserve Adequacy metric for FY2023/24.

The Bank anticipates a current account surplus of 0.5 to 1.5 per cent of GDP for FY2023/24. This projected surplus is lower than that for FY2022/23, the change largely reflecting the impact of higher imports and somewhat lower remittance inflows. For FY2024/25, the current account surplus is projected to improve to the range of 1.0 to 2.0 per cent as net travel inflows continue to improve. The risks to the projections for the current account are skewed to the downside, suggesting the possibility of a lower than projected surplus.

For the December 2023 quarter, the Jamaican dollar depreciated by 1.9 per cent relative to December 2022. Demand pressures during the quarter were attenuated by Bank of Jamaica's Foreign Exchange Intervention & Trading Tool (B-FXITT) sales amounting to US$937 million. These sales were higher than the US$748 million sold to the market during the corresponding period of 2022.

The financial system continued to be resilient. DTIs' risk-weighted Capital Adequacy Ratio (CAR) at end-November 2023 was 14.5 per cent, well above the statutory requirement of 10.0 per cent. Banks also remained liquid, with all licensees reporting Liquidity Coverage Ratios (LCRs) in excess of 100 per cent at end-November 2023. The quality of the DTIs' loan portfolio remained fairly stable with a ratio of non-performing loans (NPLs) to gross loans at November 2023 of 2.5 per cent, slightly below the 2.6 per cent recorded a year earlier.

On 20 December 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) relative stability in the foreign exchange market. The decision to maintain the monetary policy stance was taken in the context of the positive trends in the key drivers of headline inflation, fairly stable core inflation and the expectation that the impact of the public passenger vehicle (PPV) fare increase will be temporary.

Inflation is projected to remain above the Bank's target range over the March 2024 and June 2025 quarters, largely because of the impact of the increase in PPV rates. Absent the shock to PPV fares, inflation at December 2024 would fall within the target range. Future monetary policy decisions will, therefore, depend on incoming data related to the strength of the potential risks to inflation. The Committee decided to maintain heightened surveillance of these risks and core inflation. The MPC is prepared to take the necessary actions, including further tightening of monetary policy, if the emerging upside risks to inflation materialise.

# 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

*Inflation at December 2023 accelerated to 6.9 per cent from 5.1 per cent at October 2023, due primarily to the impact of an increase in public passenger vehicle (PPV) fares and higher agricultural food inflation. A further increase in PPV fares (scheduled for April 2024) and the impact of wage related inflation, stemming from a tight domestic labour market, have been incorporated into the inflation outlook. The impact of these factors is partially offset by the outlook for lower grains prices and the impact of the Bank's policy actions. Inflation is consequently projected to average 6.9 per cent over the next eight quarters (March 2024 to December 2025). This reflects a deceleration relative to the average inflation rate of 8.3 per cent over the past two years. Headline inflation, in this regard, is projected to track above the Bank's target range between the March 2024 and June 2025 quarters. The measure of core inflation that excludes food and fuel/energy prices from the CPI (CPIFF), is projected to average 5.1 per cent over the March 2024 to December 2025 quarters (next eight quarters), reflecting a deceleration when compared with the 7.1 per cent over the past two years.*

*When compared with the previous forecast, headline inflation has been revised upwards on average by 0.3 percentage points. The upward revision to the inflation outlook mainly reflects a revised view of the impact of wage pressures on inflation and the incorporation of a reversal in the declines of Jamaica Urban Transit Company (JUTC) fares in the June 2025 quarter.*

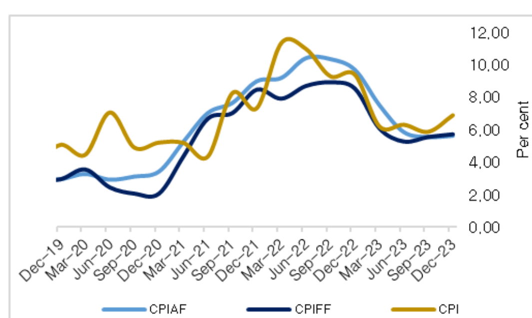
*The risks to the inflation forecast remain elevated. On the upside, higher than projected second-round effects from the PPV fare increases, higher wage adjustments in the context of a tight labour market and a further deterioration in supply chain conditions could influence higher inflation. In particular, while shipping prices and oil prices have remained below their peak, they have recently risen amid ongoing geopolitical tensions and supply chain disruptions. The factors that could result in lower-than-projected inflation include weaker-than-projected global growth, which could reduce domestic demand and imported inflation, resulting in lower rates of price change.*

## Recent Developments and Near-term Outlook

The annual point-to-point inflation rate at December 2023 was 6.9 per cent, above the Bank's target range of 4.0 per cent to 6.0 per cent and higher than the outturn of 5.1 per cent at October 2023. The acceleration in inflation relative to October 2023 mainly reflected an increase in PPV fares, adverse weather conditions on agriculture and rental costs.

Core inflation (the measure that excludes food and fuel/energy prices from the CPI – CPIFF)) accelerated to 5.7 per cent at December 2023, relative to 5.5 per cent at September 2023 but decelerated relative to the 8.5 per cent at December 2022 (see **Figure 1**). The deceleration relative to December 2022 mainly reflected the absence of

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




Source: STATIN & BOJ

second round effects from changes in imported prices, supported by contractionary monetary and fiscal policies. [1]

## Inflation Outlook

Headline inflation is projected to average 6.9 per cent over the next eight quarters (see **Figure 2**). This reflects a deceleration relative to the average inflation rate of 8.3 per cent over the past two years. Inflation is projected to accelerate during the June 2024 quarter, primarily reflecting the impact of the anticipated increase in PPV fares. This, as well as elevated agricultural food inflation, will cause inflation to remain above the Bank's target range until the September 2025 quarter.[2] The measure of core inflation that excludes food and fuel/energy prices from the CPI (CPIFF), is projected to average 5.5 per cent over the March 2024 to December 2025 quarters (next eight quarters), reflecting a deceleration when compared with the 7.1 per cent over the previous two years (March 2022 to December 2023) (see **Figure 3**). This outlook incorporates the impact of elevated inflation expectations.

The main factors underpinning the inflation forecast are as follows:

(i) Inflation expectations are projected to remain elevated in the context of regulated price adjustments, adverse shocks and wage related inflation. In the December 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 Bank's monetary policy actions are expected to continue to constrain price increases in Jamaica.

(iii) The output gap is projected to deteriorate, becoming negative, over the near term. In this regard growth is projected to slow relative the economy's potential output. A negative output gap implies lower inflationary pressures (see **Real Sector**).

(iv) Favourable international prices should continue to support lower inflation. The average price of grains is projected to decline at an average quarter over quarter rate of 0.6 per cent over the next eight quarters (March 2024 to December 2025) (see **International Economy**). Oil prices are projected to average US$76.65 per barrel for the next eight quarters. This represents a small average increase of 0.2 per cent quarter-over-quarter, driven by expectations for increased demand (see **International Economy**).

(v) The inflation forecast assumes an increase in PPV fares in April 2024 along with the anticipated reversal in JUTC fares in April 2025. This will have implications for transport-related inflation as well as second round effects.[3]

(vi) US inflation is forecasted to average 2.4 per cent over the next eight quarters (see **International Economy**). This reflects expectations for lower commodity prices, particularly energy and to a lesser extent, grain which offsets the upward impulse expected from a less negative output gap.

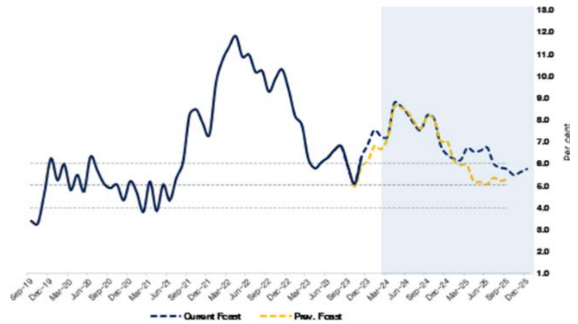
The projected average eight-quarter inflation rate of 6.9 per cent is higher relative to the previous projection of 6.6 per cent. The upward revision to the inflation outlook mainly reflects a revised view of the impact of wage pressures on inflation and the incorporation of a reversal in the declines of Jamaica Urban Transit Company (JUTC) fares in the June 2025 quarter.

[1] The core measure that excludes agriculture and fuel from the CPI (CPIAF), also accelerated slightly to 5.6 per cent at December 2023, relative to 5.5 per cent at September 2023 but decelerated relative to 9.7 per cent at December 2022.

[2] PPV fares excluding JUTC are expected to increase by 16.0% (0.9 ppt.) in April 2024.

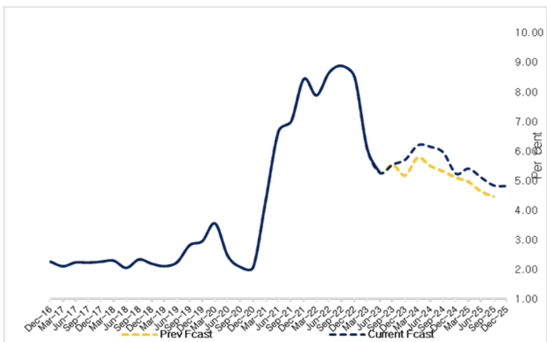
[3] The inflation forecast assumes an increase of 16 per cent (0.83 ppt) in PPV fares (excluding JUTC) in April 2024. The forecast now assumes an increase of 100 per cent (0.33 ppt) in JUTC bus fares effective April 2025. This reversal follows the announced reduction of 30.0 per cent in JUTC fares, effective January 1, 2024 and the aforementioned decline of in April 2024.

Figure 2: Monthly Comparative Headline Inflation Forecasts




Source: Bank of Jamaica

Figure 3: Comparative Core Inflation Forecasts

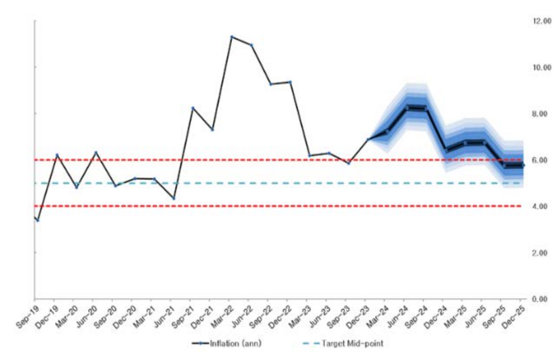



Source: Bank of Jamaica

## Inflation Risks

The risks to the inflation forecast remain elevated (see Figure 4). On the upside, higher than projected second-round effects from the PPV fare increases, higher wage adjustments in the context of a tight labour market and a further deterioration in supply chain conditions could influence higher inflation. In particular, while shipping prices and oil prices have remained below their peak, they have recently risen amid ongoing geopolitical tensions and supply chain disruptions. The factors that could result in lower-than-projected inflation include weaker-than-projected global growth, which could reduce domestic demand and imported inflation, resulting in lower rates of price change.

Figure 4: Inflation Fan Chart




Source: Bank of Jamaica

## Box 1: Businesses' Inflation Expectations Survey – December 2023

*Overview*

The Bank's Survey of Businesses' Inflation Expectations (IES) at December 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 December 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 October 2023 survey. Furthermore, businesses forecasted an annual point to point inflation rate for calendar year 2023 (December 2023) of 7.6 per cent, which is higher than the annual point to point rate of 6.9 per cent at December 2023 (see Figure 1).

*Perception of Inflation Control*

The index of businesses perception of inflation control was higher (improved) when compared to the October 2023 survey (see Figure 2). This reflected a decline in the number of respondents who were "very dissatisfied", coupled with an increase in those being "satisfied".

*Exchange Rate Expectations*

In the December 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, relative to the previous survey. The 90-day Treasury bill (T-Bill) yield, three months ahead was forecasted to be 7.7 per cent, in line with the previous survey result of 7.7 per cent.

### Table 1: Exchange Rate Expectations

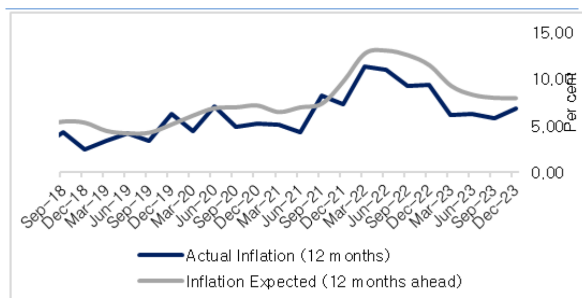
Question: In October 2023, the exchange rate for the Jamaican Dollar (JA$) in respect of the United States Dollar (US$) was $155.92. What do you think the rate will be for the following periods?

| | Expected Exchange Rate Depreciation/Appreciation (%) | | | |
|---|---|---|---|---|
| Periods Ahead | Jul-23 | Sep-23 | Oct-23 | Dec-23 |
| 3-Months | 0.4 | 0.8 | 0.9 | 0.8 |
| 6-Months | 1.2 | 0.9 | 0.8 | 0.8 |
| 12- Months | 1.4 | 1.3 | 1.5 | 1.5 |

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

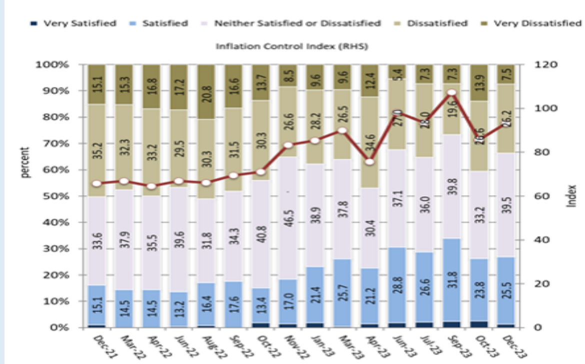
Question: If you expect inflation, what do you expect the rate of inflation to be at December 2023 and over the next 12 months?




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?



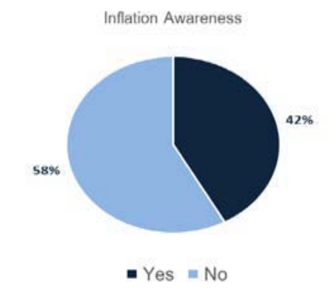

Source: Businesses' Inflation Expectations Survey.
Notes: The Index of Inflation Control is calculated as the number of satisfied respondents minus the number of dissatisfied respondents plus 100

*Inflation Target Awareness*

The majority of respondents were not aware of BOJ's inflation target (57 per cent). Additionally, most respondents (70 per cent) indicated that they weren't aware of the point-to-point inflation rate at September 2023.

Figure 3: Inflation Target Awareness

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



# 2.0 International Economy

*Global growth is estimated at 3.0 per cent in 2023, a similar rate relative to 2022. The estimated expansion for 2023 largely reflected strong growth for several key economies. Growth is projected to slow to a range of 2.0 to 3.0 per cent in 2024 and 2025. Relative to the previous forecast, global growth for 2023 was revised upwards while the forecast for 2024 was unchanged.*

*The US economy is estimated to have grown by 2.4 per cent in 2023 above the growth of 1.9 per cent for 2022. For 2024, the US economy is projected to expand by 1.0 to 2.0 per cent. The previous forecast was for growth of 1.5 to 2.5 per cent in 2023 and 0.5 to 1.5 per cent in 2024. The risk to US GDP is skewed to the downside.*

*The US Federal Reserve (Fed) maintained its policy rate in January 2024. Bank of Jamaica anticipates that the Fed will commence reducing rates at the end of 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 Treasury bills are projected to remain relatively stable throughout 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 11.9 per cent and 2.6 per cent in 2024 and 2025, respectively. Average oil prices are projected to decline by 14.6 per cent in FY2023/24 and by 0.8 per cent in FY2024/25, respectively, relative to the previous fiscal years, to average US$76.62 and US$75.98, respectively. The risks to the forecast for oil prices are assessed as balanced, while the risks to grains prices are skewed to the upside.*

## Trends in the Global Economy

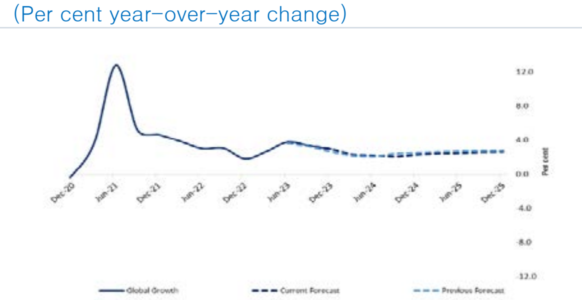
The global economy is estimated to have expanded by 2.9 per cent for the December 2023 quarter, below the estimated expansion of 3.3 per cent in the September 2023 quarter but above the previous forecast (2.6 per cent). The estimated slowdown in growth for the December quarter largely reflected a moderation in growth for the US. The upward revision to global growth for the December 2023 quarter, relative to the previous projection, reflects stronger than projected demand conditions in some economies, particularly, the US and China. For the US, growth was stronger than anticipated amid stronger consumer spending and investment, while the Chinese economy benefited from stimulus aimed at boosting market confidence.

The Bureau of Economic Analysis' (BEA's) advance estimate indicates that US GDP for the December 2023 quarter increased on an annualized basis by 3.3 per cent, following an expansion of 4.9 per cent for the September 2023 quarter. This growth was above the 1.1 per cent anticipated by the Bank. The increase in real GDP for the December quarter primarily reflected increases in consumer spending, exports, government spending and investment, despite the dual headwinds of historically high interest rates and high inflation.[1]

[1] Consumer spending accounted for 68.7 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.

Global growth is projected to average 2.0 to 3.0 per cent over the next eight quarters (March 2024 to December 2025) (see **Figure 5**). The global economy is estimated to have grown by 2.5 to 3.5 per cent in 2023, a similar pace relative to 2022. Growth is projected to slow to a range of 2.0 to 3.0 per cent in 2024 and 2025. The projected moderation in growth for 2024 and 2025 primarily reflects the lagged impact of tight financial conditions.

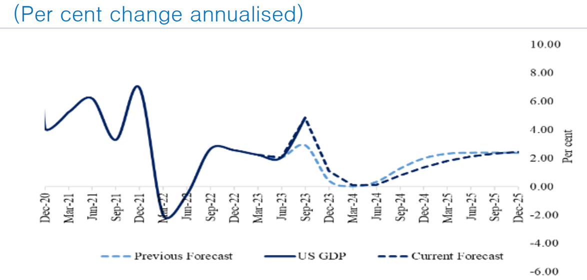
Figure 5: Global Growth Projection*
(Per cent year-over-year change)




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

The Bank estimates US GDP growth to have increased for 2023 to 2.4 per cent from 1.9 per cent in 2022, marginally higher than the growth in potential GDP. Growth in economic activity for 2024 is forecasted to moderate to 1.2 per cent, relative to 2023.

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. Downward pressures could also emanate from a stronger than projected impact on demand from tight monetary policy conditions than in the baseline projection. Climate change also poses significant downside risks to the global economy.

Despite strong policy restrictions, the US economy has remained resilient. Notwithstanding, the lagged impact of tight monetary policy could be stronger than anticipated. The risk to US GDP is assessed as balanced.

## Labour Market

The unemployment rate in the US at December 2023 was 3.7 per cent, in line with the outturn for November 2023, and marginally below the rate that was obtained at September 2023.[2] This rate was below the Bank's projection of 3.9 per cent and below the Fed's estimate of the natural rate of unemployment of 4.1 per cent as at December 2023. The US unemployment rate is projected to increase over the next eight quarters amid the lagged impact of restrictive monetary policy that will weigh on growth at least in early to mid-2024.[3]

[2] Total nonfarm payroll employment in the US increased by 2166,000 in December 2023, following increases of 105,000 and 173,000 in October and November 2023, respectively. Notwithstanding, average hourly earnings increased marginally by 0.4 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 the moderation in wage growth and core inflation, this supports the view that the Fed has concluded rate hikes.

[3] The unemployment rate is projected to end FY2023/24 at 3.9 per cent, 0.4 percentage point above the rate at end-FY2022/23, and end FY2024/25 at 4.7 per cent.

### Box 2: Economic Growth in Selected Economies

*China*

The Chinese economy is estimated to have expanded by 5.1 per cent for the December 2023 quarter compared to December 2022. This was an acceleration relative to the growth of 4.9 per cent in the September 2023 quarter. The increase in growth in the December 2023 quarter reflected improvement in household spending and improvement in retail sales as consumer confidence improves.

GDP growth in China is projected to range between 4.2 per cent to 4.7 per cent over the next eight quarters.[4] This is a downward revision relative to the previous projection. Growth is expected to continue in the context of the support from fiscal policy and a further pick-up in household spending but will lack momentum due to the conditions in the property sector.[5]

*Japan*

The Japanese economy is estimated to have increased by 0.8 per cent for the December 2023 quarter, following a contraction of 2.9 per cent in the September 2023 quarter. The increase for the December 2023 quarter is expected to have occurred amid improvements in export tourism and business confidence.

For the next eight quarters, GDP growth in Japan is projected in the range of 0.8 per cent to 1.1 per cent, below the previous projection.

*Canada*

The Canadian economy is estimated to have expanded by 0.4 per cent for the December 2023 quarter, following a contraction of 1.1 per cent for the September 2023 quarter. Canadian businesses and households continue to be impacted by tight monetary conditions. However, an improvement in services should provide support for growth.

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 declined by 0.4 per cent for the December 2023 quarter relative to a decline of 0.5 in the previous quarter. The decline in the December 2023 quarter occurred amid sluggish household consumption, deterioration in business sentiments and weak exports.

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 Bank anticipates no growth for the UK economy for the December 2023 quarter relative to contraction of 0.5 per cent in the September 2023 quarter. The projection for the December 2023 quarter reflects continued subdued demand conditions due to tight 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.

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

[5] In Q4 2023 the Chinese government increased its 2023 budget deficit due to the planned issuance of 1.0 trillion yuan in sovereign bonds, aimed at boosting economic growth. 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.

## Monetary Policy

On 31 January 2024, 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.[6] This is in line with the Bank's projection. Bank of Jamaica's forecast assumes that the Fed will begin to reduce interest rates by the end of the June 2024 quarter as core inflation moderates further and as the projected rise in the unemployment rate supports a further slowdown in wage growth. 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.

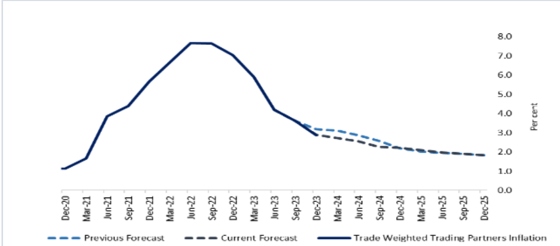
## Trading Partners' Inflation

The weighted average of 12-month inflation rates for Jamaica's trading partners' (TPs) at December 2023 is estimated at 3.0 per cent. This is above the outturn for November 2023 but lower than the Bank's previous forecast of 3.2 per cent. For the US, annual CPI inflation at December 2023 was 3.4 per cent, in line with the Bank's previous forecast.[7] The personal consumption expenditures (PCE) price index grew by 2.6 per cent on a year-on-year basis at December 2023, a similar pace of growth as November 2023.[8]

Over the next eight quarters, the Bank projects the inflation rate of Jamaica's main trading partners (TP) to average 2.2 per cent (see **Figure 7**).[9] The forecast maintains the assumption of a moderation in TP inflation for the ensuing eight quarters. Slowing demand, the lagged effects of tight monetary policy and a moderation in wage growth will support the slowdown in inflation.

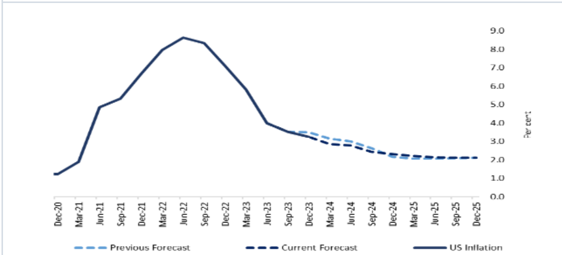
TP inflation is projected to trend marginally below the previous forecast of 2.3 per cent. The downward revision to the forecast reflects the impact of a lower trajectory for oil prices. Of note, however, US inflation is projected to average 2.4 per cent over the ensuing eight quarters, in line with the previous forecast (see **Figure 8**).[10]

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




Source: Bloomberg

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




Source: Bloomberg

[6] The updated policy guidance at the January 2024 meeting states that "the committee does not expect it will be appropriate to reduce the target
range until it has gained greater confidence that inflation is moving sustainably toward 2.0 per cent.". The Fed chair also maintains the view that the decision on future monetary policy will be data dependent.

[7] The annual rate of 3.4 per cent for December 2023 was higher than the 3.1 the previous month. The index for all items less food and energy moderated in growth rate to 3.9 per cent over the last 12 months, below the 4.0 per cent recorded in November 2023. The food index increased by 2.7 per cent per cent while the energy index declined by 2.0 per cent over the last 12 months. The shelter index was the largest contributor to the increase in the US CPI, accounting for over 50.0 per cent of the increase. The energy index rose by 0.4 per cent over the month as increases in the electricity index and the gasoline index more than offset a decline in the natural gas index. Other notable increases occurred in motor vehicle insurance and medical care. The index for household furnishings and operations and the index for personal care declined over the month.

[8] On a monthly basis, headline PCE inflation increased by 0.2 per cent, relative to a decline in the previous month, while core PCE inflation increased by 0.2 per cent, albeit marginally above the previous month's growth of 0.1 per cent (2.9 per cent on an annual basis in December, which compares to 3.2 per cent in November).

[9] The inflation rate of Jamaica's main trading partners (TP inflation) for FY2023/24 on average is projected at 3.4 per cent, marginally below the previous forecast of 3.5 per cent. TP inflation for FY2024/25 on average is projected at 2.2 per cent.

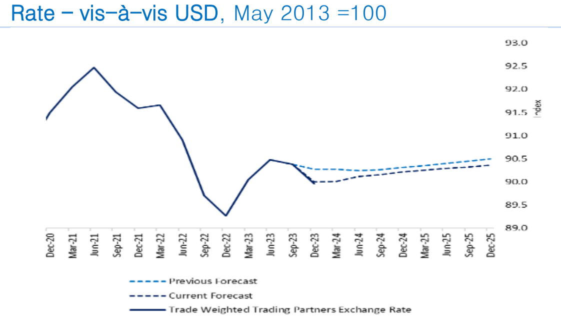
[10] The US inflation reflects expectations for lower oil prices as well as expectations that the US output gap will be less negative than previously anticipated.

## Trends in Trading Partners' Exchange Rates

During the December 2023 quarter, trading partner (TP) currencies generally depreciated against the US dollar, relative to the September 2023 quarter.[11] The stronger US dollar was supported by reduced risk appetite amid concerns about tighter credit conditions and loan demand.

Bank of Jamaica projects that, over the next eight quarters (March 2024 to December 2025), the currencies of Jamaica's major trading partners, on average, will remain unchanged against the US dollar (see **Figure 9**). The Bank projects that the US dollar will appreciate in the first half of 2024 given the relatively tight monetary conditions in the US and a faster pace of slowdown in growth for other advanced economies. However, later in 2024, it is anticipated that investors' appetite for riskier assets will improve as the Fed begins reducing interest rates, supporting a depreciation of the dollar.

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

## Commodity Prices

The daily average of West Texas Intermediate crude oil prices for the December 2023 quarter declined by 4.6 per cent, relative to the September 2023 quarter.[12] On average, relative to the December 2022 quarter, crude oil prices declined by 5.2 per cent. The decline in crude oil prices for the quarter mainly emanated from (i) an increase in non-OPEC+ production, led by the US, (ii) scepticism surrounding OPEC's ability to limit supply amid Angola's departure from OPEC+, (iii) weaker than anticipated cuts announced by OPEC at the end of November 2023, (iv) a decline in investors long positions of crude futures contract, (v) de-escalation of geopolitical tensions in the Middle East, and (vi) weak global demand.

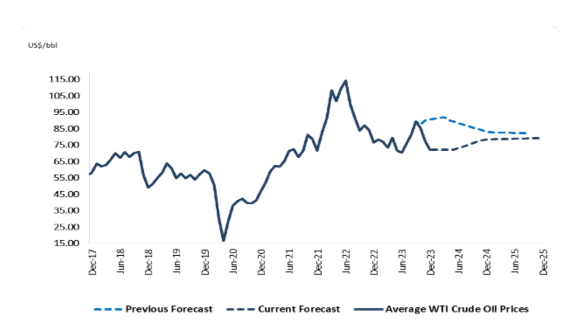
Oil prices are projected to average US$76.65 per barrel for the next eight quarters compared to an average of US$85.09 per barrel in the previous projection. The forecast trajectory reflects an average quarter-over-quarter increase of 0.2 per cent (see **Figure 10**). The projected increase in prices reflects expectations that markets will react to the projected reductions in Fed rates.

For the March 2024 and June 2024 quarters, crude oil prices are projected to average US$72.19 per barrel (7.9 per cent decline) and US$72.50 per barrel (0.4 per cent increase), respectively, relative to the previous quarter. The projected decline in prices for the March 2024 quarter is underpinned by expectations for a continued increase in US production as prices remain above the breakeven level. However, the projected increase in prices for the June 2024 quarter is underpinned by anticipated increase in demand as monetary conditions loosen. Prices are expected to trend below the previous forecast over the near term.

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

[12] In the previous projection, the Bank expected the daily average of West Texas Intermediate crude oil prices for the December 2023 quarter to increase by 8.9 per cent, relative to the September 2023 quarter.

Figure 10: Trend in Average WTI Crude Oil Prices

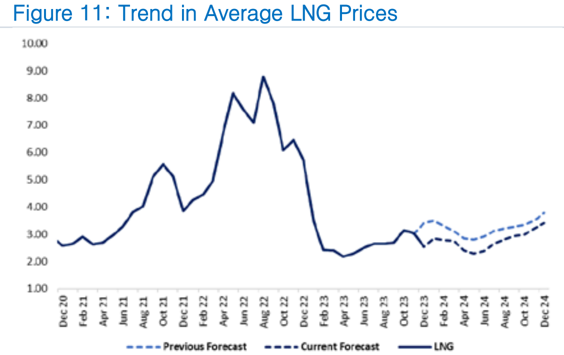



Sources: Bloomberg, BOJ

For the December 2023 quarter, US LNG prices increased by 9.5 per cent, relative to the previous quarter. The previous projection had assumed an increase of 14.7 per cent in prices. LNG prices were positively impacted by increased demand amid cold weather conditions in the Northern Hemisphere, that is the US and Europe.

For the March 2024 to December 2024 quarters, US LNG prices, on average, are projected to gradually increase amid stronger demand, reflecting in part expectations for colder temperatures in 2024 relative to 2023. (see **Figure 11**) The increase in prices will be partly offset by competition from growing electric generation from renewable energy sources. Prices are projected to increase by 4.6 per cent to an average of US$2.79 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 as balanced. Upside risks may emanate from further deterioration in the geopolitical conflict in the Middle East and the Red Sea. Downside risks include the possibility that the lagged impact of rate hikes from major central banks could be stronger than anticipated.

The risks to the forecast for LNG prices over the next eight quarters are balanced. Higher than anticipated demand for electric power generation, amid colder than anticipated conditions, could cause an increase in prices. However, the commissioning of new sources of renewable electricity generation in the US throughout 2023 and 2024 could contribute to further downward pressure on prices.

Average grains prices for the December 2023 quarter declined by 8.1 per cent, relative to the September 2023 quarter (a decline of 22.7 per cent on an annual basis).[13] The reduction over the December quarter was associated with lower prices for corn (3.8 per cent decline for the quarter, 32.9 per cent decline on an annual basis), soybean (11.3 per cent decline for the quarter, 15.1 per cent decline on an annual basis) and wheat (4.8 per cent decline for the quarter, 26.94 per cent decline on an annual basis). The decline in average grains prices was supported by (i) improvement in Brazil's weather conditions (ii) reduced production and transportation cost due to lower crude oil prices (iii) beneficial rain in the US Southern Plains (iv) and steady increase in exports from Ukraine.

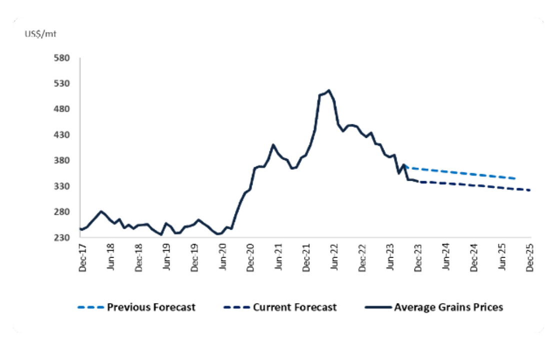
The average price of grains is projected to decline at a quarter over quarter rate of 0.6 per cent over the next eight quarters (March 2024 to December 2025).[14] The projected decline reflects (i) the expectations for increased grains output[15] and (ii) expectations for a further slowdown in demand (see **Figure 12**).

[13] The Bank previously projected a decline of 2.1 per cent for the December 2023 quarter, relative to the September 2023 quarter.
[14] The previous forecast assumed an average quarter over quarter decline of 0.7 per cent over the March 2024 to December 2025 quarters.

[15] The USDA projects that corn production will increase in Russia, Ukraine, the EU and Egypt; soybeans production is expected to improve in Brazil, Argentina and Paraguay and higher wheat production is projected for Australia, Canada and Russia.

The risks to the forecast for grains prices are skewed to the upside. Upside risks include extreme weather conditions and an increase in freight prices due to ongoing attacks on the Red Sea.[16]

Figure 12: Trend in Average Grains Prices




Sources: Bloomberg, BOJ

Aluminium prices increased by 1.2 per cent for the December 2023 quarter, relative to the September 2023 quarter (a decline of 5.1 per cent on an annual basis).[17] The increase reflected (i) reports of lower Chinese production due to drought in the Yunnan province which limited hydroelectric power to aluminium smelters and (ii) strong demand particularly from Russia.

The price of aluminium is projected to increase at an average quarter over quarter rate of 2.1 per cent over the next eight quarters (March 2024 to December 2025) (see **Figure 13**). This projected increase reflects (i) implemented stimulus measures from China aimed at supporting infrastructure projects that necessitate metal resources, and (ii) anticipated increase in demand for the energy transition sector such as electric vehicles and power transmission lines. The risks to the forecast for aluminium prices are assessed to the upside due to ongoing geopolitical tensions that may disrupt supply.

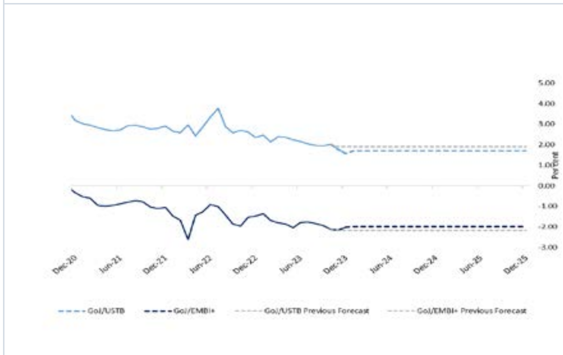
Figure 13: Trend in Average Aluminium Prices


Sources: Bloomberg, BOJ

## External Financial Markets

GOJ's sovereign bond spreads improved over the December 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 19 bps to 1.79 pps, when compared to the same measure for the September 2023 quarter.[18] The spread was projected to decline by 3 bps (see **Figure 14**).[19]

Figure 14: Average International Bond Spreads
(Per cent)



Source: Bloomberg,

There was an increase of 4 bps, 23 bps and 29 bps, respectively, in the average yields on GOJGBs, US treasuries and EMBI+ for the December 2023 quarter (see **Figure 15**).

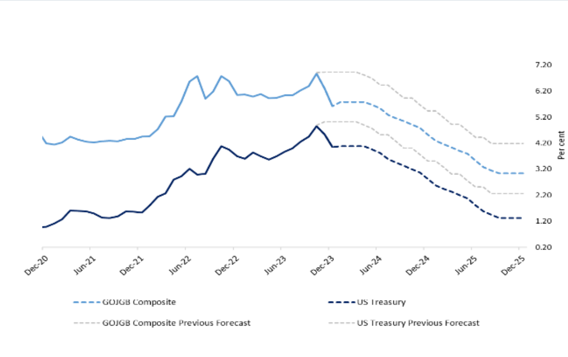
[16] According to the World Trade Organization wheat shipments from the European Union, Russia and Ukraine that would typically travel via the Suez Canal fell by almost 40% in the first half of January 2024.

[17] The Bank projected an increase of 2.6 per cent for the December 2023 quarter, relative to the September 2023 quarter.

[18] The average of the daily spreads between the indicative yield on GOJGBs and the yield on the EMBI+ improved (declined) by 24 basis points (bps) when compared to the same measure for the September 2023 quarter. Relative to EMBI+, the spreads were negative 209 pps, respectively.

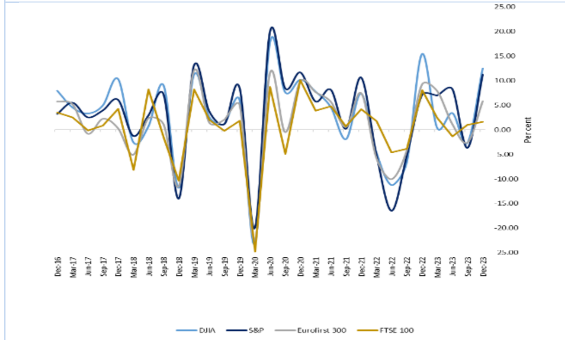
[19] This reflected actual data at the time of the projections and holding the spread constant thereafter.

Figure 15: Average International Bond Yields
(Per cent)




Source: Bloomberg,

Figure 16: Selected Stock Market Indices
(Quarter-over-Quarter 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 throughout the March 2024 quarter but decline thereafter. The outlook for GOJ bond yields reflects the Bank's forecast that the Fed will maintain rates in the March 2024 quarter and begin to reduce rates at the end of the June 2024 quarter.

## Global Stock Market

The performances of selected global stock market indices during the December 2023 quarter were positive. Relative to the September 2023 quarter, the Dow Jones Industrial Average (DJIA), S&P 500, Euro First and FTSE increased by 12.5 per cent, 11.2 per cent, 5.8 per cent and 11.6 per cent, respectively (see Figure 16).

The increase in US equity indices in the December 2023 quarter was mainly supported by the Fed holding rates at their December 2023 projection meeting and their pivoting towards rate cuts in 2024 as inflation rate cools further and labour market conditions ease.

# 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 December 2023 quarter, an acceleration relative to the growth of 2.1 per cent recorded for the September 2023 quarter. Real GDP is projected to grow by 2.0 to 3.0 per cent for FY2023/24. For both FY2024/25 and FY2025/26, real GDP is projected to expand by 1.0 to 3.0 per cent. 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 (March 2024 – December 2025) is above the previous forecast, primarily reflecting higher growth for Hotels & Restaurants and its allied industries, Agriculture, Forestry and Fishing, Mining & Quarrying and Electricity & Water Supply.*

*The continued buoyancy in the economy is mirrored in the decline in the unemployment rate to a record level of 4.2 per cent as at October 2023 which, supported by anecdotal information about wage adjustments in selected private sector industries, indicates that the domestic labour market remains very tight.*

*Over the medium term (FY2026/27 – FY2028/29), GDP is projected to grow by 1.0 to 2.0 per cent which is in line with the previous projection for growth.*

*The risks to the domestic GDP forecast over the next eight quarters are assessed as balanced. Over the medium term, the risks to the forecast for domestic real GDP growth are assessed to be skewed to the upside. This reflects the possibility of a stronger than expected impact of the RSF climate resilience projects on real GDP, particularly in investments.*

*.*

## GDP Growth

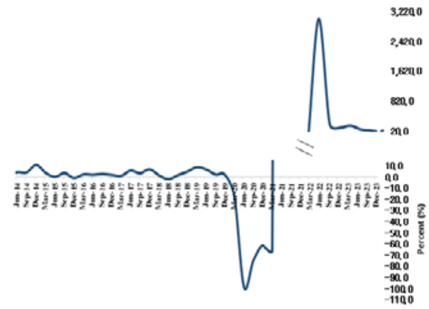
The Jamaican economy is estimated to have grown at a year over year rate in the range of 1.0 to 3.0 per cent for the December 2023 quarter, an acceleration relative to the growth of 2.1 per cent recorded for the September 2023 quarter.

With the exception of *Producers of Government Services,* all industries are estimated to have grown during the December 2023 quarter.

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

For *Other Services*, growth primarily represented an increase in recreational, cultural & sporting activities reflecting greater demand from the tourism industry due to the increase in foreign national arrivals and the revival of the domestic entertainment industry.

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

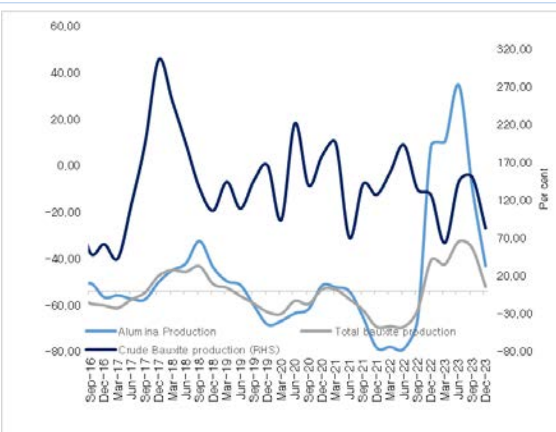



Source: BOJ and Jamaica Tourist Board

Regarding *Transport, Storage & Communication,* growth was largely underpinned by increased foreign national arrivals, reflecting the continued expansion of the Tourism industry as well as total cargo movement (water) inferred from recent growth trends.

The estimated growth in *Mining & Quarrying* reflected an improvement in capacity utilization at the Jamalco plant, relative to the same period of 2022 (see Figure 18).

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




Source: Jamaica Bauxite Institute

As it relates to *Electricity & Water Supply,* growth in the December 2023 quarter was driven by increased electricity consumption related to increased economic activity. This impact was partly offset by a decline in water consumption.

In relation to *Manufacturing*, growth was underpinned by higher demand from the travel and entertainment industries.

The estimated expansion for *Construction* was supported by increased expenditure by the Government for civil engineering activities.

Growth in *Wholesale & Retail Trade* was attributed to the continued buoyancy in the Manufacturing industry and supported by an improvement in construction activity.

With regards to *Agriculture, Forestry* and *Fishing*, growth primarily reflects an increase in domestic crop production for the quarter as well as an improvement in traditional export crops.

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

Table 2: Industry Contribution to Growth (December 2023 Quarter)

| | Contribution* | Estimated Impact on Growth |
|---|---|---|
| GOODS | 7.3 | 0.0 to 1.0 |
| Agriculture, Forestry & Fishing | -23.6 | -6.5 to -5.5 |
| Mining & Quarrying | 15.6 | 22.0 to 23.0 |
| Manufacturing | 10.5 | 2.0 to 3.0 |
| Construction | 4.9 | 0.5 to 1.5 |
| *SERVICES* | 92.7 | 2.0 to 3.0 |
| Electricity & Water Supply | 10.1 | 6.0 to 7.0 |
| Wholesale & Retail Trade, Repairs & Installation | 4.6 | 0.0 to 1.0 |
| Hotels & Restaurants | 29.9 | 9.5 to 10.5 |
| Transport Storage & Communication | 25.0 | 4.0 to 5.0 |
| Financing & Insurance Services | 10.5 | 1.0 to 2.0 |
| Real Estate, Renting & Business Activities | 7.4 | 1.0 to 2.0 |
| Producers of Government Services | -0.6 | -0.5 to 0.5 |
| Other Services | 11.7 | 3.0 to 4.0 |
| Financial Intermediation Services Indirectly Measured | 5.8 | 2.0 to 3.0 |

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

## Aggregate Demand

From the perspective of aggregate demand, the estimated growth for the December 2023 quarter reflects improvements in consumption and investment, partly offset by a deterioration in net exports. Growth in consumption was underpinned by increases in real private spending and personal loans, while the improvement in investment was inferred from an estimated higher foreign direct investment as well as capital expenditure by the GOJ. [1] The deterioration in net exports reflected an increase in imports, particularly fuel, partly offset by an increase in exports, namely alumina and travel inflows (see **Balance of Payments**).

## Outlook

Real GDP is projected to grow at an average rate of 1.0 to 2.0 per cent over the March 2024 to December 2025 quarters. In this context, real GDP is projected to grow by 2.0 to 4.0 per cent and 1.0 to 3.0 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 (March 2024 to December 2025), the strongest expansion is anticipated in *Mining & Quarrying*. Growth in *Mining & Quarrying* is underpinned by the assumption of increased capacity utilization at all the plants through the resolution of operational challenges.

Real GDP growth over the near-term (March 2024 to December 2025 quarters) is above the previous forecast. This primarily reflects higher growth for *Hotels* & *Restaurants* and it allied services, *Mining & Quarrying, Agriculture, Forestry & Fishing* and *Electricity & Water Supply*.

Over the medium term (FY2026/27 – FY2028/29), GDP is projected to grow by 1.0 to 2.0 per cent. This mainly reflects the anticipated continued expansion for Tourism and its allied industries as well as Manufacturing and Electricity & Water Supply. There is a possibility that growth could be higher in the medium term, which would reflect a stronger than anticipated impact of the RSF climate resilient projects on real GDP, particularly in investments.

## Risks

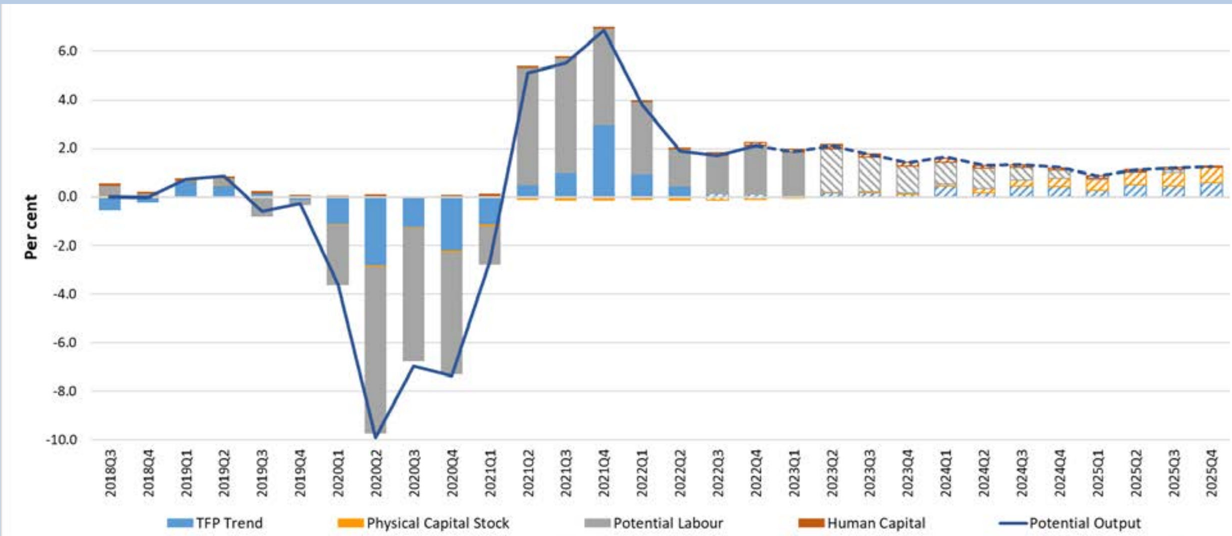
The risks to the domestic GDP forecast over the next eight quarters are assessed as balanced Over the medium term, the risks to the forecast for domestic real GDP growth are assessed to be skewed to the upside. This reflects the possibility of a stronger than expected impact of the climate resilience-related projects on real GDP.

[1]Central government capital expenditure and public bodies capex were estimated to have grown by 12.8 per cent and 2.5 per cent, respectively.

## Box 3: Potential Output

Jamaica's potential output is estimated to have increased by 1.0 to 3.0 per cent for the December 2023 quarter relative to the corresponding period in 2022. This estimated growth in potential output is below the projected growth for economy as well as the potential growth for the September 2023 quarter and the December 2022 quarter (see Figure 1).[2]

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




### *Contributions to Potential Output Growth*[3]

The estimated expansion in potential output for the December 2023 quarter chiefly reflects growth in potential labour supply, which is estimated to have grown by 1.0 to 3.0 per cent, primarily due to improvements in the potential average hours worked and the potential participation rate (see Figure 1).[4] In addition, the potential capital stock and TFP are both estimated to have grown by 0.0 to 2.0 per cent while human capital is estimated to have increased by 0.0 to 2.0 per cent for the quarter.

### *Outlook for Potential Output*

Potential output is forecasted to increase at an average rate of 1.0 to 3.0 per cent over the March 2024 to December 2025 quarters (near-term). Potential labour supply, physical capital stock and total factor productivity are all projected to contribute an average rate of 0.4 per cent each to the growth in potential output. Potential human capital is projected to contribute an average rate of 0.1 per cent to the growth in potential output over the review period.

The anticipated growth in potential labour supply stems primarily from the projected increases in the potential average hours worked per person. Over the near-term, the growth in potential hours worked is projected to average 0.3 per cent.

Over the medium-term, potential output is projected to grow, on average, by 0.5 to 1.5 per cent. This projected growth in potential output is driven by increases in physical capital stock and TFP, in a

[2] 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.

[3] 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.

context where potential human capital and potential labour supply are projected to remain generally flat. Potential output over the medium-term is in line with the prior projection. The growth is reflecting increases in physical capital stock and total factor productivity which is consistent with the anticipated impact of climate-related projects on potential output.

# 4.0 Fiscal Accounts

*For the December 2023 quarter, Central Government's operations recorded a fiscal deficit of $5.6 billion (0.2 per cent of GDP), relative to a surplus of $18.2 million (0.0 per cent of GDP) for the December 2022 quarter. The outturn for the review period reflected higher expenditure, partly offset by higher revenues & grants (in particular tax & non-tax revenue) relative to the corresponding period of 2022. The higher expenditure was reflected mainly in compensation of employees, interest payment and programme spending.*

## Recent Developments

For the December 2023 quarter, Central Government's operations recorded a fiscal deficit of $5.6 billion (0.2 per cent of GDP), relative to a surplus of $18.2 million (0.0 per cent of GDP) for the December 2022 quarter. The outturn for the review period reflected higher expenditure, partly offset by higher revenues & grants (in particular tax & non-tax revenue) relative to the corresponding period of 2022.[1] The higher expenditure was reflected mainly in compensation of employees, interest payment and programme spending.

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

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

The financing requirement for Central Government for the December 2023 quarter was $63.0 billion (2.2 per cent of GDP) reflecting the fiscal deficit of $13.5 billion (0.5 per cent of GDP) and amortisation of $49.5 billion (1.7 per cent of GDP).

Financing during the quarter was sourced from domestic and external loans receipts of $14.0 billion (0.5 per cent of GDP) and $1.5 billion (0.0 per cent of GDP), respectively.[3] Domestic loans reflected inflows from the liability management operations and Treasury bill issuances amounting to $9.1 billion (0.3 per cent of GDP) and $5.0 billion (0.2 per cent of GDP), respectively. External loan receipts amounted to US$9.5 million (0.0 per cent of GDP) which largely reflected inflows from multilateral agencies.

Amortisation for the December 2023 quarter mainly reflected external amortisation, which included the maturity the NROCC 9.375 per cent note amounting to US$73.5 million (0.4 per cent of GDP) and contingency payments of US$73.6 million (0.4 per cent of GDP). There were also payments of US$125.5 million (0.7 per cent of GDP) and US$3.6 million (0.0 per cent of GDP) to multilateral and bilateral lending agencies, respectively. Domestic

[1] In nominal terms, for the December 2023 quarter, tax revenue amounted to $191.7bn, higher than the $178.9 bn for the December 2022 quarter.

[2] Higher income & profits were largely driven by PAYE and other companies. 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. While the increase in other companies was due to greater profits. For international trade, the greater inflows were driven by GCT (imports) and SCT (imports) reflecting greater imports.

[3] On 31 October 2023, the GOJ offered a 7-year Fixed Rate Bond (Inaugural Senior Unsecured Jamaican Dollar) due 2030 amounting $46.6 bn (US$300 million equivalent). The proceeds of this note were used to pay the consideration for the 7.625 per cent bonds due 2025, the 9.250 per cent bonds due 2025 and the 6.750 per cent bonds due 2028 that were validly tendered and accepted in the concurrent cash tender offer. In that regard, the remaining proceeds approximately of $9.1 billion were used for the general purposes of the Government of Jamaica.

amortisation of $4.9 billion (0.2 per cent of GDP) consisted of Treasury bill maturities. Against this background, there was a draw-down of $32.8 billion (1.1 per cent of GDP) in Central Government bank balances.

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

| | Quarter | | |
|---|---|---|---|
| | Dec-23 | Dec-22 | Diff |
| **Revenue & Grants** | **7.0** | **7.1** | **(0.1)** |
| *o/w Tax Revenue* | **6.4** | **6.5** | (0.1) |
| *Non- Tax Revenue* | 0.6 | 0.5 | 0.1 |
| *Grants* | 0.0 | 0.1 | (0.1) |
| **Expenditure** | **7.5** | **7.1** | **0.4** |
| *Programmes* | 2.6 | 2.4 | 0.2 |
| *Compensation of Employees* | 3.2 | 3.1 | 0.1 |
| *Interest Payment* | 1.3 | 1.2 | 0.1 |
| *Capital Expenditure* | 0.5 | 0.5 | 0.0 |
| **Fiscal Surplus/Deficit** | **(0.5)** | **0.0** | **(0.5)** |
| **Primary Balance** | **0.8** | **1.2** | **(0.4)** |
| Current Balance | **1.1** | **0.4** | 0.7 |
| Total Financing | **0.5** | **0.6** | (0.1) |
| *External Loans* | 0.0 | 0.2 | (0.2) |
| *Domestic Loans* | 0.5 | 0.4 | 0.1 |
| Other Inflows | **0.5** | **0.0** | 0.5 |
| Other Outflows | **0.0** | **0.0** | 0.0 |
| Amortisation | **1.7** | **0.6** | 1.1 |
| *External* | 1.5 | 0.4 | 1.1 |
| *Domestic* | 0.2 | 0.2 | (0.0) |
| **Overall Balance** | **(1.1)** | **0.1** | **(1.2)** |

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 0.3 per cent of GDP for the December 2023 quarter, lower (worse) than the outturn for the December 2022 quarter.*

*The current account (CA) of the balance of payments (BOP) for FY2023/24 is projected to decline to a surplus of 0.5 to 1.5 per cent of GDP from a surplus of 2.0 per cent of GDP in FY2022/23. This reduction largely reflects a higher trade deficit due to an increase in import volumes, a higher deficit on the income sub-account and a lower surplus on the current transfers sub-account. This is partially offset by a higher surplus on the services sub-account due to higher travel inflows. The CA balance is projected to improve to a surplus of 1.0 to 2.0 per cent of GDP for FY2024/25 and average 0.0 to 1.0 per cent of GDP over the medium-term.*

*Relative to the previous forecast, the CA surplus over the March 2024 to the December 2025 quarters is higher (better). This revision is underpinned primarily by an improvement on the services and current transfers sub-accounts and a lower deficit on the general merchandise trade balance on account of lower project-related imports and lower fuel volumes.*

*Over the near term, the gross reserves are projected to be higher than the previous forecast. This is largely influenced by the higher than projected outturn for December 2023 as well as higher net private capital inflows.*

*The risks to the projections for the CA are skewed to the downside (lower surplus). The main downside risks relate to higher imports associated with stronger than projected domestic demand and lower travel inflows associated with weaker than projected growth in source markets. The risks to reserves are balanced.*

## Recent Developments

For the December 2023 quarter, a current account surplus of US$60.2 million (0.3 per cent of GDP) is estimated, US$175.6 million lower (worse) than the surplus recorded for the December 2022 quarter. This lower surplus is primarily reflected in the merchandise trade balance, current transfers and income sub-accounts, partially offset by an improvement on the services sub-account. The merchandise trade balance is estimated to have deteriorated mainly due to increased imports of fuel, raw materials, consumer goods, transport equipment, and capital goods.[1] The deterioration on the income sub-account is underpinned by higher central government outflows.[2] The improvement on the services balance is underpinned by higher tourism inflows.

Relative to previous projections, the current account balance for the December 2023 quarter is US$299.9 million higher (better). The variance in the CA was largely underpinned by improvements on all sub-accounts. The surplus on the services sub-account

[1] Higher imports of fuel, consumer goods, capital goods and transport equipment are mainly attributed to higher import volume on account of GDP growth.

[2] The higher central government outflows reflected greater interest payments.

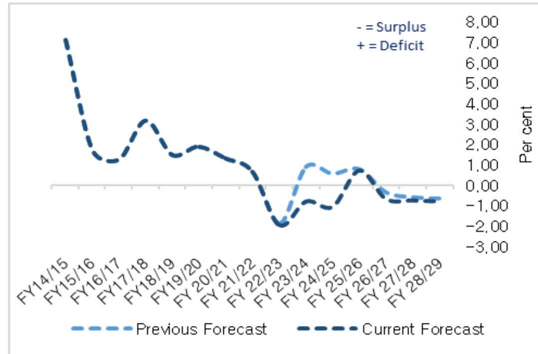
was US$89.8 million above projection due to higher travel inflows. The income sub-account was US$43.1 million better than previous projection underpinned by higher net investment inflows, mainly reflecting higher interest income on BOJ foreign assets. For the merchandise trade balance, imports and exports were below projections by US$178.5 million and US$32.7 million, respectively.[3] Current transfers were above previous projections by US$21.3 million underpinned by higher remittance inflows of approximately US$36.5 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 reflect a surplus within the range of 0.5 to 1.5 per cent of GDP, an improvement relative to the previous projection and a deterioration relative to 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 surplus of 0.5 to 1.5 per cent of GDP between FY2026/27 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 higher investment inflows.[4]

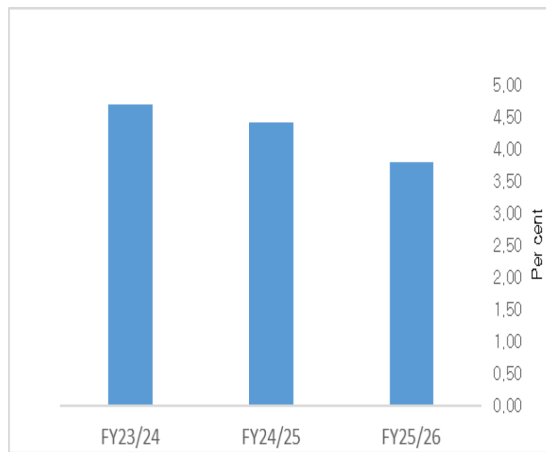
The current account balance, after accounting for FDI-related imports, reflects an average surplus of 4.3 per cent of GDP for the 3-year forecast period of FY2023/24 to FY2025/26 (see **Figure 20**).

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




Source: Bank of Jamaica

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




Source: Bank of Jamaica

[3] Lower imports (f.o.b) relative to previous projections mainly reflected lower imports of fuel and raw materials of US$126.2 million and US$53.8 million, respectively. This was partially offset by higher imports of consumer goods, transport equipment and capital goods of US$11.7 million, US$10.7 million and US$17.8 million, respectively. Consumer goods imports were revised due to lower prices as proxied by US CPI. Raw material imports were revised due to lower project related imports. Capital goods and transport equipment imports were revised higher on account of higher prices. Exports were lower relative to previous projections primarily due to lower mining and quarrying and manufactured exports of US$15.7 million and US$17.1 million, respectively. Mining and quarrying exports were revised due to lower aluminium sales while manufactured exports were revised due to lower refined petroleum prices.

[4] Over the medium term (FY2026/27 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 81,600 visitors on average, higher remittance inflows of US$130.9 million on average and higher net investment income inflows of approximately US$7.0 million on average.

# 6.0 Monetary Policy & Market Operations

*BOJ maintained its signal rate during the December 2023 quarter at 7.00 per cent. Further, BOJ announced its decision to increase the interest rate corridor by 100 basis points. 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 December 2023 quarter, relative to the preceding quarter, emanating from net GOJ operations.*

## Monetary Policy

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

## Liquidity Conditions

Liquidity declined slightly during the December 2023 quarter, relative to the September 2023 quarter. Deposit taking institutions (DTIs) and primary dealers maintained average current account balances at Bank of Jamaica of $26.2 billion, slightly below the average of $27.4 billion for the preceding quarter. The lower liquidity was largely driven by net absorptions from GOJ of $23.0 billion. This was partly offset by net injection of $21.8 billion from BOJ operations, largely associated with injections through FX operations (see **Table 3**).

Bank of Jamaica conducted 13 auctions of 30-day CDs during the review quarter. The average offer size during the December 2023 quarter was $30.5 billion, above the average of $24.7 billion for the September 2023 quarter. The average yield on these operations for the review quarter increased by 16 bps for the quarter to 9.73 per cent.

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

**Table 3: BOJ Liquidity Facility (J$ Billions)**

| BOJ Liquidity Flow (J$ Billions) | Actual Jun-23 | Actual Sep-23 | Projected Average Dec-23 | Actual Average Dec-23 | Variance Dec-23 |
|---|---|---|---|---|---|
| Net BOJ Operations (Inject/Absorb) | 14.6 | 25.1 | 17.8 | 21.8 | 4.0 |
| Open Market Operations | -23.5 | -0.8 | -16.0 | -14.3 | 1.7 |
| *BOJ Repo - (incl. OTROs)* | -1.2 | 1.3 | -0.7 | -1.7 | -0.9 |
| *FR CDs - (incl. 30day CDs)* | -22.6 | -2.1 | -23.8 | -25.6 | -1.8 |
| *VR CDs* | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| *USD Indexed Notes* | 0.3 | 0.0 | 8.5 | 12.9 | 4.5 |
| BOJ FX (incl. PSE) | 56.2 | 46.5 | 33.2 | 33.3 | 0.1 |
| BOJ Other | -18.2 | -20.6 | 0.5 | 2.8 | 2.3 |
| *o.w. Currency Issue* | -8.5 | -25.4 | -0.8 | 1.1 | 1.8 |
| *o.w. Cash Reserve (Com Banks)* | -12.4 | -2.2 | -2.6 | -2.3 | 0.3 |
| *o.w. other* | 2.7 | 7.0 | 4.0 | 4.0 | 0.1 |
| GOJ Operations | -9.3 | -29.8 | -29.2 | -23.0 | 6.2 |
| Current A/C (+) = Loosen; (-) = Tighten | 5.3 | -4.7 | -11.5 | -1.2 | 10.3 |
| Current A/C Balance | 32.1 | 27.4 | 15.9 | 26.2 | 10.3 |

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

Foreign currency demand during the December 2023 quarter and the associated fluctuations in market conditions necessitated BOJ's foreign currency sales of US$241.6 million via the B-FXITT facility. These intervention sales occurred in the first two months of the quarter. The net foreign currency purchase for the December 2023 quarter was US$293.0 million. Bank of Jamaica continued its policy of unwinding its outstanding USD CDs. During the quarter US$18.5 million of CDs matured (see **Table 4**).

### Table 4: Placements & Maturities of BOJ USD Instruments

| Tenor | July – September 2023 | | | October – December 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 | – | 21.78 | – | – | 18.50 | – |
| TOTAL | – | 21.78 | – | – | 18.50 | – |

Note: Total outstanding stock of USD CDs as at December 2023 was US$84.8 million

Source: Bank of Jamaica

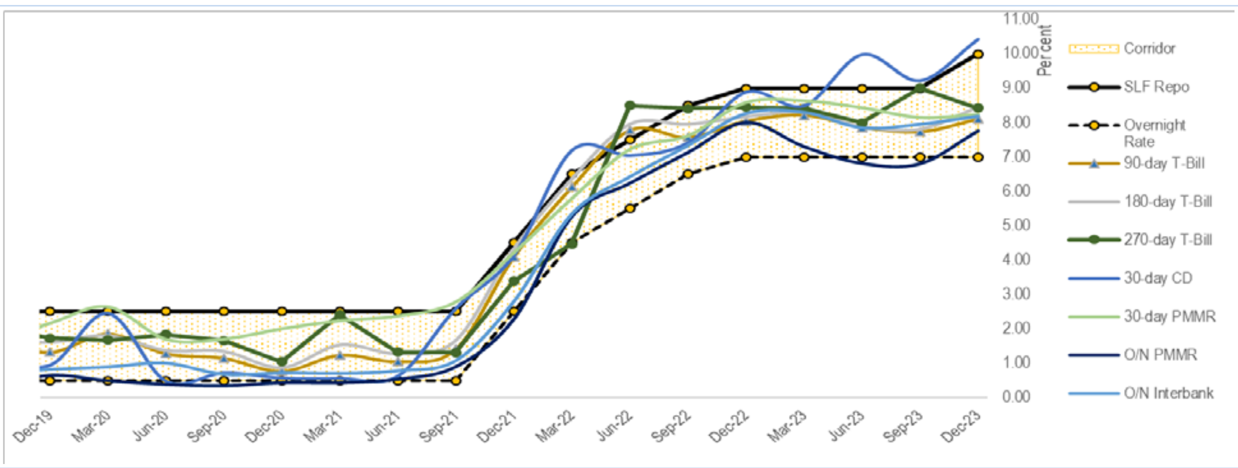
# 7.0 Financial Markets

*Money market rates generally increased during the December 2023 quarter. The estimated yield curve on GOJ JMD bonds at end-December 2023 was largely unchanged relative to the yield curve at end-September 2023. The risk-free rate declined and the exchange rate risk increased for the December 2023 quarter, while the sovereign risk was largely unchanged.*

## Market Interest Rates

Money market rates generally increased during the December 2023 quarter. When compared to the rates at end-September 2023, the O/N private money market rate (PMMR), the overnight (O/N) interbank rate, the 30-day PMMR and the 30-day CD increased by 96 bps, 23 bps, 9 bps and 121 bps, respectively. In addition, the yields on GOJ 90-day and 180-day Treasury bills at end-December 2023 were higher by 37 bps and 65 bps, respectively, while the 270-day declined by 57 bps, relative to the same yields at end September 2023 (see **Figure 21**). The general increase in money market rates was influenced by a decline in liquidity at end-December 2023 relative to end-September 2023, reflective of the tight monetary policy stance.

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 |
|---|---|---|---|---|---|---|---|---|---|
| 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 |
| Dec-23 | 10.00 | 10.43 | 7.00 | 7.77 | 8.19 | 8.25 | 8.10 | 8.46 | 8.43 |

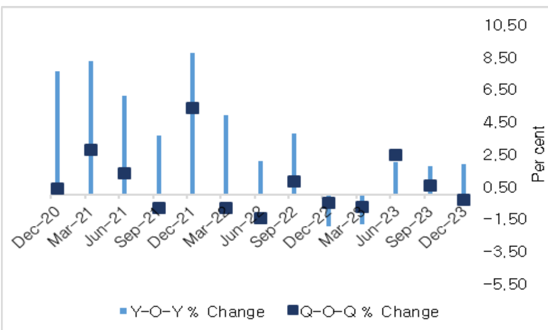
Source: Bank of Jamaica

[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 appreciated during the December 2023 quarter, relative to the September 2023 quarter. The weighted average selling rate of the Jamaica Dollar vis-á-vis the US dollar (WASR) closed the December 2023 quarter at J$154.95 = US$1.00, reflecting an appreciation of 0.34 per cent, relative to the previous quarter and a depreciation of 1.9 per cent, relative to end-December 2022.[2]

Figure 22: Movements in WASR

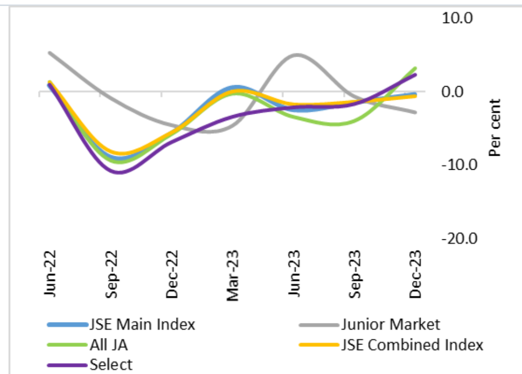



The appreciation in the exchange rate during the December 2023 quarter was particularly noticeable in December 2023. This was underpinned by continued tightening in Jamaican dollar liquidity. Additional factors that provided the impulse for appreciation included B-FXITT sales of US$241.55 million during the quarter.

## Equities Market

For the December 2023 quarter, three of the five major Jamaica Stock Exchange (JSE) indices recorded declines which ranged from 0.4 per cent to 2.8 per cent (see **Figure 23**). This is a slight improvement compared to the previous quarter which saw declines in all five major indices. More specifically, the JSE Main Index declined by 0.4 per cent for the December 2023 quarter, compared to a decrease of 1.5 per cent for the previous quarter. Additionally, the Junior Market Index decreased by 2.8 per cent for the review quarter, relative to a decrease of 0.6 per cent in the previous quarter.[3] The declines in the indices occurred within the context of continued tight monetary policy conditions and expectations for slower economic growth.

Figure 23: Quarterly growth rates of the JSE indices (percentage change)[4]




Source: Jamaica Stock Exchange

The annual performance of the major JSE indices for the year ended December 2023 also reflected declines. Specifically, the JSE Main Market Index recorded a decline of 8.5 per cent for the year ended-December 2023, compared to a decrease of 9.6 per cent for the same period the previous year. Meanwhile, the Junior Market Index recorded a decline of 3.5 per cent for the year ended-December 2023, relative to a decline of 6.4 per cent for the corresponding period of 2022.

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 1.2 per cent, while the quarterly returns on equities were –

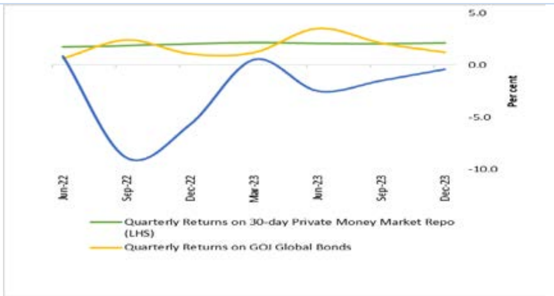
[2] The average WASR for the December 2023 quarter was J$156.12 = US$1.00, reflecting an average depreciation of 0.4 per cent, relative to the September 2023 quarter and an average depreciation of 1.3 per cent relative to the December 2022 quarter. The average WASR for the December 2023 quarter was J$0.14 higher (more depreciated) relative to the November 2023 assessment's average WASR of J$155.98= US$1.00.

[3] The JSE Select Index and the JSE All Jamaican Composite Index recorded increases of 2.3 and 3.2 percent respectively compared to declines of 1.7 and 4.0 for the previous quarter.

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

0.4 per cent for the December 2023 quarter.[5] Additionally, the average quarterly yield on 30-day private money market instruments increased slightly to 2.13 per cent for the December 2023 quarter compared to 2.07 per cent for September 2023 (see **Figure 24**).

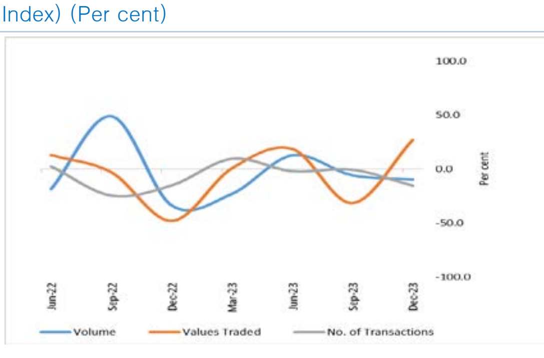
Figure 24: Returns from Private Money Market, foreign currency investments and Capital Gains/ (Losses) from JSE Main Index
(Per cent)




Source: Jamaica Stock Exchange and Bloomberg

Market activity indicators for the JSE Main Index reflected a general decline for the December 2023 quarter. In particular, the volume traded and number of transactions decreased by 9.7 per cent and 15.3 per cent, respectively. This compares to a decline of 5.8 and 0.5 per cent in the volume traded and number of transactions in the previous quarter. Meanwhile, the value traded improved by 26.6 per cent for the review quarter relative to a decline of 31.8 per cent in the September 2023 quarter. (see **Figure 25**).

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[6]

| Advancing | Per cent |
|---|---|
| Manufacturing | |
| Salada Foods Jamaica | 32.7 |
| Wisynco Group Ltd | 20.8 |
| Seprod Limited | 12.1 |
| Caribbean Cement Company | 10.8 |
| Financial | |
| Mayberry Group Limited | 27.4 |
| Eppley Limited | 20.7 |
| Scotia Group Jamaica | 18.0 |
| Proven Investments Limited | 10.6 |
| Communication | |
| Radio Jamaica | 13.5 |
| Conglomerates | |
| Jamaica Producers Group | 12.7 |

Table 6: Stock Price Depreciation

| Declining | Per cent |
|---|---|
| Financial | |
| First Rock Capital Holdings Limited | −12.0 |
| Insurance | |
| Guardian Holdings Limited | −29.8 |
| General Accident Insurance Company Ja Limited | −19.2 |
| Key Insurance Company Limited | −9.0 |
| Manufacturing | |
| Massy Holdings Limited | −13.3 |
| Caribbean Producers Jamaica Limited | −12.7 |
| Tourism | |
| Ciboney Group | −20.1 |
| Other | |
| Palace Amusement | −22.0 |
| Pulse Investments | −10.0 |
| 138 Student Living Jamaica Limited | −9.1 |

The price performance of stocks on the JSE Main Index, as measured by the advance-to-decline ratio was 23:26 for the December 2023 quarter. This compares to an advance-to-decline ratio of 13:36 for the previous quarter. Of note, stock price appreciation was largely concentrated among the Manufacturing and *Financial* sector stocks. Meanwhile, the declining stocks were concentrated in *Insurance* and *Other* categories (see **Tables 5 and 6**).

[5] 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.

[6] Tables 5 and 6 display the top 10 advancing and declining stocks.

# 8.0 Monetary Aggregates

*The monetary base increased by 20.2 per cent at December 2023 when compared to December 2022. Regarding the sources of the annual change in the monetary base at December 2023, there was an increase of 21.8 per cent in the Bank of Jamaica's net international reserves (NIR), partly offset by a decline of 23.4 per cent in net domestic assets.*

*There was an increase in the average annual flow of local currency new loans issued as at December 2023 when compared with September 2023.*

## Money

The monetary base increased by 20.2 per cent at December 2023 when compared to December 2022. Regarding the sources of the annual change in the monetary base at December 2023, there was an increase of 21.8 per cent in the Bank of Jamaica's net international reserves (NIR), partly offset by a decline of 23.4 per cent in Net Domestic Assets (see Table 7). The growth in the Jamaica dollar equivalent of the NIR was mainly associated with an increase in the USD value of the NIR stock, and a depreciation in the exchange rate. The increase in the USD NIR stock was influenced by inflows through the PSE Facility and surrenders by Authorized Dealers and Cambios, partly offset by outflows from Government of Jamaica as well as net B-FXITT sales of US$936.8 million over the year. The increase in OMOs and higher net credit to banks contributed to the decline in the NDA.

Table 7: Bank of Jamaica Accounts

| | Stock (J$MN) | | | Flow (%) | |
|---|---|---|---|---|---|
| | Dec-22 | Sep-23 | Dec-23 | Qtr. -o- Qtr. | Y-o-Y |
| NIR (US$MN) | 3,976.2 | 4,758.5 | 4,758.3 | 0.0 | 19.7 |
| NIR(J$MN) | 603,195.4 | 737,928.7 | 734,722.1 | -0.4 | 21.8 |
| - Assets | 685,347.3 | 758,093.8 | 751,769.3 | -0.8 | 9.7 |
| - Liabilities | -82,151.9 | -20,165.1 | -17,047.2 | -15.5 | -79.2 |
| Net Domestic Assets | -293,996.2 | -395,364.0 | -362,937.6 | 8.2 | -23.4 |
| - Net Claims on Public Sector | 114,784.4 | 105,826.6 | 132,276.5 | 25.0 | 15.2 |
| - Net Credit to Banks | -85,247.8 | -94,948.1 | -92,847.8 | -2.2 | 8.9 |
| - Open Market Operations | -130,018.1 | -200,737.5 | -202,966.0 | 1.1 | 56.1 |
| - Other | -193,514.7 | -205,505.0 | -199,400.3 | -3.0 | 3.0 |
| -o/w USD FR CDs | 4,945.3 | 8,475.1 | 11,312.2 | 33.5 | 128.7 |
| Monetary Base | 309,199.3 | 342,564.7 | 371,784.5 | 8.5 | 20.2 |
| - Currency Issue | 233,760.7 | 253,448.0 | 277,440.1 | 9.5 | 18.7 |
| - Cash Reserve | 45,437.4 | 62,462.6 | 64,147.9 | 2.7 | 41.2 |
| - Current Account | 30,001.1 | 26,654.1 | 30,196.5 | 13.3 | 0.7 |

Source: Bank of Jamaica

M2J expanded by 15.8 per cent at November 2023 below the expansion of 14.3 per cent at September 2023. Growth in broad money was largely underpinned by growth of 16.8 per cent in currency in circulation and 13.6 per cent in local currency deposits, compared to the respective growth of 15.9 per cent and 14.1 per cent recorded at end-September 2023. The continued growth in deposits was strongly reflected in time, demand, and savings deposits, which grew by 21.1 per cent, 14.8 per cent and 14.7 per cent, respectively, relative to the growth of 7.2 per cent, 15.1 per cent and 14.8 per cent in September 2023 (see **Table 8**).

Table 8: Components of Money Supply (M2*)

| | Percentage Change (%) | | |
|---|---|---|---|
| | Nov-22 | Sep-23 | Nov-23 |
| Total Money Supply (M2*) | 7.4 | 10.2 | 10.5 |
| Money Supply (M2J) | 5.9 | 14.3 | 15.8 |
| Money Supply (M1J) | 5.1 | 15.4 | 15.6 |
| Currency with the public | 1.7 | 15.9 | 16.8 |
| Demand Deposits | 7.7 | 15.1 | 14.8 |
| Quasi Money | 6.6 | 13.3 | 16.0 |
| Savings Deposits | 5.6 | 14.8 | 14.7 |
| Time Deposits | 10.5 | 7.2 | 21.1 |
| Foreign Currency Deposits | 10.1 | 3.1 | 1.6 |

Source: Bank of Jamaica

## Private Sector Credit

Growth in outstanding private sector loans and advances was slightly below the previous quarter. The stock of loans and advances (including domestic and foreign currency denominated loans) to the non-financial private sector by DTIs expanded by 11.2 per cent at November 2023 relative to November 2022. This was slightly below with the growth of 12.3 per cent as at September 2023. Relative to GDP, the stock of private sector loans at November 2023 was 40.6 per cent, below the ratio of 42.0 per cent a year earlier.

The growth in total loans and advances was underpinned by expansions in loans of 23.9 per cent and 16.7 per cent to the individual and productive the sector, respectively. Growth in loans to the productive sector was mainly attributed to increases in loans to Construction and Land Development, Agriculture, Food and Beverage, Business & Professional Services industries.

The annual flow of new loans to the private sector increased in real terms by 17.0 per cent at December 2023 relative to a real growth of 2.2 per cent at September 2023.[1] There was an annual growth of 17.2 per cent in real new loans to individuals and an annual growth of 16.7 per cent in real new loans to the productive sector at December 2023. Loans to the productive sector largely reflected the performance of loans to *Professional & Business Services, Distribution,* and *Agriculture* industries. The growth in new loans notwithstanding a tightening in credit terms, reflected the continued growth in economic activity.

[1] Real local currency new loan disbursements fell to $502.8 million in December 2023, from $531.4 million in September 2023 but increased from $429.7 million in December 2022.

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

| *Stock* | Nov-22 | Sep-23 | Nov-23 |
|---|---|---|---|
| Total DTI | 11.8 | 12.3 | 11.2 |
| *o.w. to Businesses* | 8.8 | 13.9 | 11.9 |
| *o.w. to Consumers* | 14.0 | 11.2 | 10.7 |
| Stock as a % of Annual GDP | | | |
| Total DTI | 42.0 | 41.4 | 40.6 |
| *o.w. to Businesses* | 17.2 | 17.1 | 16.7 |
| *o.w. to Consumers* | 24.8 | 24.3 | 23.9 |

Source: Bank of Jamaica

## Monetary Projections

Broad money is projected to expand at an average annual rate of 11.7 per cent over the next eight quarters, above the previous projection of 9.3 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 a slower than expected fall off in remittance inflows and positive growth in economic activity. Higher interest rates are also expected to influence higher deposits.

Growth in DTI private sector credit is forecasted to be slightly higher over the next eight quarters relative to the previous projections. Private sector credit is projected to grow at an average rate of 9.9 per cent up to the December 2025 quarter, compared to the previous forecast for an expansion of 9.5 per cent. The slight increase in credit is primarily driven by economic activity which is expected to moderate over time.

# 9.0 Conclusion

Inflation is projected to average 6.9 per cent over the next eight quarters (March 2024 to December 2025), This reflects a deceleration relative to the average inflation rate of 8.3 per cent over the past two years. Headline Inflation is projected to remain above the Bank's target range over the March 2024 and June 2025 quarters largely because of the impact of the increase in PPV rates. Absent the shock to PPV fares, inflation at December 2024 would fall within the target range.

Real GDP is projected to grow by 2.0 to 3.0 per cent for FY2023/24. For FY2024/25 and FY2025/26, real GDP is expected to also expand by 1.0 to 3.0 per cent, 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 medium term (FY2026/27 – FY2028/29), GDP is projected to grow by 1.0 to 2.0 per cent, in line with the previous projection for growth. The risks to the domestic GDP forecast over the next eight quarters are assessed as balanced. Over the medium term, the risks to the forecast for domestic real GDP growth are assessed to be skewed to the upside. This reflects the possibility of a stronger than expected impact of the climate resilience-related projects on real GDP.

The current account (CA) of the balance of payments (BOP) for FY2023/24 is projected to improve to a surplus of 0.5 to 1.5 per cent of GDP from a surplus of 2.0 per cent of GDP in FY2022/23. This deterioration largely reflects a higher deficit on the general merchandise trade balance due to an increase in import volumes and a higher deficit on the income sub-account and a lower surplus on the current transfers sub-account. This partly offset by a higher surplus on the services sub-account due to higher travel inflows. The CA balance is projected to improve to a surplus of 1.0 to 2.0 per cent of GDP for FY2024/25 and average 0.0 to 1.0 per cent of GDP over the medium-term. Under a floating exchange rate regime, the gross reserves are projected to remain above the ARA 100% benchmark over the medium term and end FY2028/29 at US$7.0 billion (157.9% per cent of the ARA 100% metric).

On 20 December 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 risks to inflation. The Committee decided to maintain heightened surveillance of these risks and core inflation. The MPC is prepared to take the necessary actions, including further tightening of monetary policy, if the emerging upside risks to inflation highlighted above materialise.

## 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 |
| | Dec-23 | 136.72 | 6.87 | 4.84 |

* 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 (December 2023) *

| Divisions, Classes and Groups | Weight (%) | Inflation (%) | Weighted Inflation | Contribution |
|---|---|---|---|---|
| FOOD & NON-ALCOHOLIC BEVERAGES | 35.28 | 8.73 | 3.08 | 45.99 |
| Food | 33.28 | 8.71 | 2.90 | 43.28 |
| Cereals and cereal products (ND) | 6.59 | 4.42 | 0.29 | 4.35 |
| Live animals, meat and other parts of slaughtered land animals (ND) | 6.51 | 3.79 | 0.25 | 3.68 |
| Fish and other seafood (ND) | 3.54 | 3.75 | 0.13 | 1.98 |
| Milk, other dairy products and eggs (ND) | 2.82 | 5.80 | 0.16 | 2.44 |
| Oils and Fats (ND) | 0.90 | 3.28 | 0.03 | 0.44 |
| Fruits and nuts (ND) | 2.56 | 10.97 | 0.28 | 4.19 |
| Vegetables, tubers, plantains, cooking bananas and pulses (ND) | 6.92 | 17.54 | 1.21 | 18.13 |
| Tubers, plantains, cooking bananas and pulses (ND) | 4.91 | 25.47 | 1.25 | 18.67 |
| Vegetables | 2.01 | 15.35 | 0.31 | 4.61 |
| Sugar, confectionery and desserts (ND) | 1.29 | 9.28 | 0.12 | 1.79 |
| Ready-made food and other food products n.e.c. (ND) | 2.16 | 18.91 | 0.41 | 6.10 |
| Non-Alcoholic Beverages | 2.00 | 9.09 | 0.18 | 2.72 |
| Fruit and Vegetable Juices (ND) | 0.65 | 8.89 | 0.06 | 0.86 |
| Coffee, Tea and Cocoa | 0.45 | 11.52 | 0.05 | 0.77 |
| Mineral Waters, Soft Drinks, Fruit and Vegetable Juices | 0.91 | 8.12 | 0.07 | 1.10 |
| ALCOHOLIC BEVERAGES, TOBACCO AND NARCOTICS | 1.43 | 5.76 | 0.08 | 1.23 |
| CLOTHING AND FOOTWEAR | 2.45 | 4.18 | 0.10 | 1.53 |
| Clothing | 1.64 | 4.66 | 0.08 | 1.14 |
| Footwear | 0.81 | 3.18 | 0.03 | 0.39 |
| HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS | 19.01 | 1.23 | 0.23 | 3.50 |
| Rentals for Housing | 10.37 | 4.39 | 0.46 | 6.81 |
| Maintenance, Repair and Security of the Dwelling | 0.66 | 7.60 | 0.05 | 0.75 |
| Water Supply and Miscellaneous Services Related to the Dwelling | 2.24 | -0.12 | 0.00 | -0.04 |
| Electricity, Gas and Other Fuels | 5.74 | -3.07 | -0.18 | -2.63 |
| FURNISHINGS, HOUSEHOLD EQUIPMENT AND ROUTINE HOUSEHOLD MAINTENANCE | 3.72 | 10.50 | 0.39 | 5.83 |
| Furniture, Furnishings, and Loose Carpets | 0.35 | 4.62 | 0.02 | 0.24 |
| Household Textiles | 0.22 | 5.31 | 0.01 | 0.17 |
| Household Appliances | 0.35 | 2.70 | 0.01 | 0.14 |
| Tools and Equipment for House and Garden | 0.15 | 3.49 | 0.01 | 0.08 |
| Goods and Services for Routine Household Maintenance | 2.65 | 13.02 | 0.35 | 5.15 |
| HEALTH | 2.59 | 4.40 | 0.11 | 1.70 |
| Medicines and Health Products | 2.12 | 4.46 | 0.09 | 1.41 |
| Outpatient Care Services | 0.30 | 4.87 | 0.01 | 0.22 |
| Other Health Services | 0.17 | 2.56 | 0.00 | 0.06 |
| TRANSPORT | 11.07 | 10.63 | 1.18 | 17.57 |
| INFORMATION AND COMMUNICATION | 4.51 | 2.79 | 0.13 | 1.88 |
| RECREATION, SPORT AND CULTURE | 4.95 | 4.21 | 0.21 | 3.11 |
| EDUCATION SERVICES | 2.40 | 14.25 | 0.34 | 5.11 |
| RESTAURANTS & ACCOMMODATION SERVICES | 6.56 | 9.42 | 0.62 | 9.23 |
| INSURANCE AND FINANCIAL SERVICES | 1.11 | 0.32 | 0.00 | 0.05 |
| PERSONAL CARE, SOCIAL PROTECTION AND MISCELLANEOUS GOODS AND SERVICES | 4.92 | 4.45 | 0.22 | 3.27 |
| ALL DIVISIONS | 100.00 | 6.87 | 6.70 | 100.00 |

## 3: BANK OF JAMAICA OPERATING TARGETS

| | Actual<br>Dec-21 | Actual<br>Mar-22 | Actual<br>Jun-22 | Actual<br>Sep-22 | Actual<br>Dec-22 | Actual<br>Mar-23 | Actual<br>Jun-23 | Actual<br>Sep-23 | Actual<br>Dec-23 |
|---|---|---|---|---|---|---|---|---|---|
| Net International Reserves (US$) | 4,000.77 | 3,675.85 | 3,804.75 | 3,807.30 | 3,976.25 | 4,152.36 | 4,283.50 | 4,758.53 | 4,758.27 |
| NET INT'L RESERVES (J$) | 616,242.37 | 564,279.73 | 573,423.61 | 578,957.26 | 603,195.44 | 626,881.71 | 660,497.90 | 737,928.70 | 734,722.11 |
| Assets | 744,492.11 | 663,725.83 | 661,615.64 | 661,408.44 | 685,347.31 | 707,229.05 | 738,098.10 | 758,093.84 | 751,769.34 |
| Liabilities | -128,249.74 | -99,446.11 | -88,192.03 | -82,451.18 | -82,151.87 | -80,347.34 | -77,600.20 | -20,165.14 | -17,047.22 |
| NET DOMESTIC ASSETS | -276,378.11 | -296,160.65 | - 294,497.14 | -295,955.39 | -293,996.16 | -288,143.28 | -333,376.50 | -395,364.02 | -362,937.57 |
| -Net Claims on Public Sector | 141,473.17 | 136,05033 | 128,865.57 | 103,495.97 | 114,784.43 | 148,614.51 | 157,000.30 | 105,826.57 | 132,276.48 |
| -Net Credit to Banks | -81,335.02 | -84,710.58 | -85,841.83 | -86,021.11 | -85,247.82 | -89,678.54 | -95,288.40 | -94,948.05 | -92,847.78 |
| -Open Market Operations | -119,548.25 | -142,423.26 | - 147,399.54 | -117,518.10 | -130,018.10 | -150,669.64 | -191,738.40 | -200,737.50 | -202,965.95 |
| -Other | -216,968.01 | -205,077.14 | - 190,121.34 | -195,912.16 | -193,514.67 | -196,409.62 | -203,350.0 | -205,505.03 | -199,400.32 |
| MONETARY BASE | 339,864.27 | 268,119.07 | 278,926.48 | 283,001.87 | 309,199.28 | 338,738.43 | 327,121.40 | 342,564.68 | 371,784.55 |
| - Currency Issue | 226,933.52 | 207,895.60 | 204,515.25 | 206,218.51 | 233,760.72 | 224,592.25 | 250,673.80 | 253,448.05 | 277,440.09 |
| - Cash Reserve | 44,348.06 | 44,909.59 | 45,885.45 | 45,291.63 | 45,437.41 | 47,844.11 | 60,724.40 | 62,462.58 | 64,147.93 |
| - Current Account | 68,582.69 | 15,313.88 | 28,525.77 | 31,491.79 | 30,001.15 | 66,302.07 | 15,723.20 | 26,654.06 | 30,196.53 |
| GROWTH IN MONETARY BASE [F-Y-T-D] | 15.1 | - | 4.0 | 5.6 | 15.3 | - | -3.4 | 1.1 | 9.8 |

## 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 |
| | Sep-23 | 342,564.68 | 460,793.59 | 522,036.15 | 948,668.62 | 1,454,544.72 | 1,218,959.86 | 1,724,835.96 |
| | Dec-23 | 371,784.55 | 497,665.07 | 557,168.97 | 1,004,486.05 | 1,513,138.70 | 1,290,192.39 | 1,798,845.04 |

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

| | | 1-month | 3-month | 6-month |
|---|---|---|---|---|
| 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 |
| | Dec-23 | … | 8.10 | 8.46 |

[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 |
| | Dec-23 | 10.03 |

## 7: Placements and Maturities* in BOJ OMO Instruments

| | April - June 2023 | | | July – September 2023 | | | October – December 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 | 337.3 | 359.0 | 8.64 | 320.6 | 321.0 | 9.57 | 370.4 | 383.2 | 9.73 |
| 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 | 20 | | 0 | 0 | |
| 730-day FR CD | 0 | 0 | | 0 | 0 | | 0 | 25.0 | 8.95 |
| 911-day FR CD | 0 | 0 | | 15 | 0 | | 0 | 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 | 0 | |
| 911-day FR USD IB | 0 | 0.0 | | 0 | 0 | | 0 | 17 | 6.08 |
| 1095-day FR USD IB | 0 | 0 | | 0 | 0 | | 22 | 0 | |
| Repos | 201.9 | 204.5 | | 290.4 | 286.3 | | 181.3 | 200.4 | |
| | 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 | 1.16 | 0 | | 21.78 | 0 | | 18.5 | 0 | |
| TOTAL | 1.16 | 0 | | 21.78 | 0 | | 18.5 | 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 | 284.6 | 3.7 | 1.1 | 100.7 | 756.3 | 625.7 | 1845.0 |
| Jun-22 | 20.2 | 50.1 | 3.3 | 0.3 | 23.8 | 208.4 | 91.6 | 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 |
| Jun-23 | 21.9 | 140.1 | 0.1 | 0.3 | 32.0 | 148.7 | 130.1 | 473.0 |

+ Revised

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

| | Dec-20+ | Mar-21+ | Jun-21+ | Sep-21 + | Dec-21+ | Mar-22+ | Jun-22+ | Sep-22+ | Dec-22+ | Mar-23+ | Jun-23+ |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. Current Account | -47.5 | -43.1 | 216.1 | 78.3 | -102.0 | -293.2 | 13.7 | -86.1 | 235.8 | 189.0 | 241.0 |
| A. Goods Balance | -821.0 | -640.8 | -551.8 | -547.4 | -1041.8 | -1126.3 | -1189.6 | -1291.9 | -1000.2 | -1094.9 | -1034.4 |
| Exports (f.o.b) | 321.2 | 365.9 | 425.7 | 401.2 | 288.0 | 340.9 | 464.9 | 466.8 | 628.9 | 527.4 | 515.1 |
| Imports (f.o.b) | 1142.2 | 1006.7 | 977.5 | 948.5 | 1329.9 | 1467.2 | 1654.5 | 1758.7 | 1629.1 | 1622.3 | 1549.5 |
| B. Services Balance | -24.9 | -60.6 | -40.8 | -182.4 | 61.0 | 259.2 | 416.9 | 320.1 | 309.0 | 589.1 | 451.2 |
| Transportation | -145.0 | -307.1 | -434.7 | -591.4 | -391.1 | -322.3 | -276.2 | -311.5 | -318.0 | -304.7 | -322.0 |
| Travel | 221.6 | 254.9 | 457.5 | 542.7 | 650.8 | 722.0 | 862.3 | 848.7 | 893.8 | 1109.4 | 960.7 |
| Other Services | -101.6 | -8.5 | -63.6 | -133.7 | -198.7 | -140.5 | -169.3 | -217.0 | -266.8 | -215.6 | -187.5 |
| Goods & Services Balance | -845.9 | -701.4 | -592.5 | -729.8 | -980.8 | -867.2 | -772.7 | -971.8 | -691.2 | -505.8 | -583.2 |
| C. Income | -29.8 | -158.2 | -104.2 | -121.3 | -34.9 | -225.5 | -96.7 | -52.1 | 27.5 | -126.8 | -41.2 |
| Compensation of employees | 45.5 | 15.3 | 9.7 | 28.5 | 46.5 | 18.8 | 16.8 | 33.3 | 50.6 | 17.1 | 18.0 |
| Investment Income | -75.3 | -173.5 | -113.9 | -149.9 | -81.5 | -244.3 | -113.6 | -85.3 | -23.1 | -143.9 | -59.3 |
| D. Current Transfers | 828.3 | 816.6 | 912.9 | 929.4 | 913.8 | 799.5 | 883.2 | 937.8 | 899.5 | 821.5 | 865.4 |
| General Government | 37.4 | 44.0 | 40.8 | 53.7 | 40.5 | 47.0 | 41.7 | 48.7 | 44.5 | 46.0 | 44.0 |
| Other Sectors | 790.9 | 772.5 | 872.0 | 875.7 | 873.3 | 752.5 | 841.5 | 889.1 | 855.1 | 775.6 | 821.4 |
| 2. Capital & Financial Account | 942.0 | 423.4 | 276.7 | -401.1 | 1216.8 | 1026.0 | 977.2 | 529.5 | 23.6 | 292.0 | 96.9 |
| A. Capital Account | -6.3 | -8.6 | -9.2 | -5.8 | -5.6 | -9.2 | -7.8 | -6.7 | -6.2 | -9.4 | -5.3 |
| Capital Transfers | -6.3 | -8.6 | -9.2 | -5.8 | -5.6 | -9.2 | -7.8 | -6.7 | -6.2 | -9.4 | -5.3 |
| General Government | 1.0 | 1.4 | 0.8 | 1.9 | 1.8 | 0.9 | 2.2 | 2.5 | 1.2 | 0.6 | 4.6 |
| Other Sectors | -7.3 | -10.0 | -9.9 | -7.7 | -7.3 | -10.0 | -9.9 | -9.2 | -7.3 | -10.0 | -9.9 |
| 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 | 948.3 | 432.0 | 285.8 | -395.3 | 1222.3 | 1035.1 | 985.0 | 536.2 | 29.8 | 301.4 | 102.2 |
| Direct Investment | 46.5 | 22.3 | 36.7 | 118.4 | 86.9 | 44.5 | 64.7 | 100.1 | 49.1 | 124.2 | 110.0 |
| Portfolio Investment | 38.1 | -268.8 | -198.2 | -311.8 | 320.2 | -127.1 | 57.0 | 215.3 | -93.7 | -129.5 | 203.9 |
| Other official investment | 93.7 | 165.2 | -58.6 | -76.1 | 223.0 | -11.7 | 96.0 | 16.9 | 74.6 | -6.2 | -104.5 |
| Other private Investment | 394.1 | 377.7 | 217.6 | 96.1 | 552.5 | 434.8 | 186.5 | 120.5 | 167.4 | 315.3 | -39.7 |
| Reserves | 375.9 | 135.6 | 288.4 | -222.0 | 39.7 | 694.5 | 580.8 | 83.4 | -167.6 | -2.3 | -67.5 |
| Errors & Omissions | -894.6 | -380.2 | -492.8 | 322.9 | -1114.8 | -732.8 | -990.9 | -443.4 | -259.4 | -481.0 | -337.9 |

+ Revised

## 10: FOREIGN EXCHANGE SELLING RATES

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

| | | US$ | Can$ | GBP £ |
|---|---|---|---|---|
| FY13/14 | 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 |
| | Dec-23 | 154.9504 | 117.8987 | 197.4849 |

## 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 | 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 |
| | Dec-23 | 4858.54 | -110.41 | 4748.14 | 34.82 | 23.89 |

## 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)

| | Sep-21 | Dec-21 | Mar-22 | Jun-22 | Sep-22 | Dec-22 | Mar-23 | Jun-23 | Sep-23 |
|---|---|---|---|---|---|---|---|---|---|
| Total Value Added at Basic Prices | 5.9 | 6.7 | 6.4 | 4.8 | 5.9 | 3.8 | 4.2 | 2.3 | 2.1 |
| Agriculture, Forestry & Fishing | 7.3 | 13.8 | 8.4 | 6.4 | 16.3 | 5.9 | -7.1 | -8.1 | -9.3 |
| Mining & Quarrying | -29.7 | -60.5 | -60.0 | -62.5 | -27.6 | 99.0 | 114.1 | 164.2 | 103.1 |
| Manufacturing | 3.7 | -2.2 | 4.5 | 5.7 | 9.4 | 5.4 | 3.7 | 3.1 | 2.1 |
| *Food, Beverages & Tobacco* | 3.4 | 2.2 | 6.8 | 10.3 | 12.7 | 2.8 | 7.2 | 4.6 | 1.0 |
| *Other Manufacturing* | 4.3 | -7.3 | 1.3 | -0.9 | 4.5 | 8.9 | -1.2 | 0.7 | 4.0 |
| Construction | 4.4 | 5.9 | 3.5 | -5.2 | -3.1 | -4.8 | -4.2 | -0.7 | 0.7 |
| Electricity & Water | 0.6 | 5.8 | 1.4 | 2.0 | 3.9 | 1.7 | 0.7 | 6.2 | 6.7 |
| Wholesale & Retail Trade; Repairs; Installation of Machinery | 4.4 | 10.6 | 8.8 | 7.6 | 5.3 | 1.3 | 2.8 | -0.1 | 0.3 |
| Hotels and Restaurants | 114.6 | 79.5 | 107.1 | 56.0 | 35.3 | 21.6 | 29.7 | 7.8 | 6.7 |
| Transport, Storage & Communication | 8.8 | 10.1 | 8.8 | 5.6 | 5.9 | 5.9 | 7.1 | 5.6 | 6.0 |
| Finance & Insurance Services | 3.3 | 2.7 | 0.8 | 1.1 | 1.0 | 1.4 | 1.9 | 2.1 | 1.5 |
| Real Estate & Business Services | 0.7 | 2.1 | 1.1 | 2.1 | 3.3 | 0.6 | 2.3 | 1.8 | 0.9 |
| Government Services | 0.4 | -0.1 | 0.4 | 0.4 | 0.1 | -0.8 | -0.3 | -0.2 | -0.9 |
| Other Services | 12.2 | 10.4 | 12.1 | 9.8 | 13.0 | 10.4 | 12.6 | 2.2 | 4.5 |
| Less Financial Intermediation Services Indirectly Measured (FISIM) | 3.6 | 3.2 | 4.4 | 2.0 | 1.6 | 3.3 | 3.9 | 3.5 | 3.1 |

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

| | | 1-month | 3-month | 6-month | 12-month |
|---|---|---|---|---|---|
| FY12/13 | 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 |
| | Dec-23 | 5.4692 | 5.5930 | 5.5860 | 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 |
| 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 |
| | Dec-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 |
| | Dec-23 | 0.7855 | 1.3243 | 141.0437 | 0.9059 |

## 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) |
| 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 |
| | Dec-23 | 84.03 | 78.34 | 267.58 | 434.71 |

*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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