



OFFICE OF THE MINISTER OF FINANCE AND THE PUBLIC SERVICE

October 6, 2025

Mr. Richard Byles
Governor
Bank of Jamaica
Nethersole Place
Kingston



Dear Governor Byles,

Response to MPC's Explanation of the Inflation Target Breach for June and July 2025

Thank you for your letter dated 1 September 2025 on behalf of the Monetary Policy Committee (MPC) outlining the reasons for headline inflation being below the Bank's target of 4.0 to 6.0 per cent for June 2025 and July 2025.

I agree with your explanation that the breach of the lower end of the target range for the month primarily reflected deflationary pressures stemming from an improvement in agricultural supplies following adverse weather conditions in 2024, as well as a decline in electricity rates in the context of the reduction in General Consumption Tax (GCT) announced by the Government in March 2025, which impacted the inflation outturn in June 2025. The outcomes reflect efforts by the Government to improve the resilience of the agricultural sector and lower the cost of electricity.

I also note that inflation is forecast to generally remain below the lower end of the inflation target between the September 2025 and the March 2026 quarters but is expected to return to the 4.0 to 6.0 per cent range over the next two years. However, I understand that inflation could rise above this projected path in the context of, inter-alia, a sharper-than-anticipated increase in the tariff faced by trading partners of the US and a further escalation in geopolitical tensions, which could negatively impact international supply chains. Lower inflation could, however, result from lower-than-projected international commodity prices as well as weaker demand conditions.

I welcome the MPC's commitment to maintaining low and stable inflation as well as ensuring continued stability in the foreign exchange market. I note that the MPC will continue to take a gradual and data-driven approach to interest rate adjustments, aiming to maintain price stability.

As a critical element of the Government's commitment to transparency and accountability concerning inflation targeting, I will publish a copy of my letter and your inflation-breach correspondence on the Ministry of Finance and the Public Service website.

Sincerely,

A handwritten signature in black ink, appearing to read "Fayval Williams".

Fayval Williams, MP
Minister of Finance and the Public Service