



OFFICE OF THE MINISTER OF FINANCE AND THE PUBLIC SERVICE

April 20, 2026

Mr. Richard Byles
Governor
Bank of Jamaica
Nethersole Place
Kingston

Wayne

Dear Governor Byles:

Response to MPC's Explanation of the Inflation Target Breach for January 2026

Thank you for your letter dated 07 April 2026 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 January 2026.

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 Hurricane Melissa, as well as lower demand conditions due to a fallout in the tourism sector. This was supported by an appreciation in the exchange rate in the December 2025 quarter relative to end-September 2025. I also note that inflation is projected to return to the target range in March 2026, and generally trend upwards over 2026. I understand that this is driven to a large extent by the recent escalation in geopolitical tensions in the Middle East, which has negatively impacted international supply chains for commodities.

I concur that inflation risks are skewed to the upside, mainly due to higher-than-projected increases in international commodity and shipping prices and their impact on domestic prices. In addition, more adverse weather, higher-than-projected inflation expectations and stronger-than-anticipated impact of higher domestic spending amid the post-hurricane recovery efforts could cause upward price pressures. Lower inflation could, however, result from weaker demand conditions.

I welcome the MPC's commitment to ensuring stability in the foreign exchange market. I note that the MPC will continue to take a 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.

Yours sincerely,

Fayval Williams, MP

Minister of Finance and the Public Service