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 to 6 per cent per annum for the next three years. 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 confirmed by the Minister of Finance and the Public Service in consultation with Bank of Jamaica in April 2024.

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

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

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

Overview

Annual inflation at September 2024 was 5.7 per cent, within the Bank's target range of 4.0 to 6.0 per cent but higher than the outturn of 5.4 per cent at June 2024. The increase in inflation relative to June 2024 primarily reflected higher agricultural inflation due to a temporary reduction in supplies caused by Hurricane Beryl. This impact was partly offset by a larger than proportionate reversal in JPS electricity rates in September 2024. Electricity rates had been temporarily increased in August 2024 in the context of the disruptions to operations caused by the Hurricane. The measure of core inflation that excludes the prices of agricultural food items, as well as fuel and transport prices from the annual change in the CPI (CPIAF), was generally stable with an outturn of 4.5 per cent at September 2024 relative to 4.6 per cent at June 2024.

Inflation is projected to average 5.0 per cent over the next eight quarters (December 2024 to September 2026 quarters). The risks to the inflation forecast are skewed to the upside.

The Jamaican economy is estimated to have contracted by 2.8 per cent for the September 2024 quarter, in contrast to the growth of 0.2 per cent recorded for the June 2024 quarter. This estimated decline is underpinned by contractions in Agriculture, Forestry & Fishing and Mining & Quarrying. For FY2024/25, real economic activity is projected in the range of -1.0 to 0.5 per cent, while real GDP for FY2025/26 is projected to grow by 1.0 to 3.0 per cent. The projection for FY2024/25 largely reflects the adverse impact of Hurricane Beryl on the economy. The risks to the domestic GDP forecast over the next eight quarters are assessed to be skewed to the downside, reflecting potentially lower external demand and adverse weather conditions.

The current account (CA) of the balance of payments is estimated to have recorded a deficit of 0.8 per cent of GDP for the September 2024 quarter, relative to a deficit of 0.5 per cent for the September 2023 quarter. The deterioration in the deficit is underpinned by a lower surplus on the services sub-account, partially offset by an improvement on the general merchandise trade balance, income and current transfers sub-accounts. At end-September 2024, Jamaica's gross international reserves amounted to US$5.3 billion, representing 124.0 per cent of the Assessing Reserve Adequacy metric for FY2024/25.

The Bank projects a current account surplus of 1.0 to 2.0 per cent of GDP for FY2024/25, a moderation relative to the surplus for FY2023/24. The lower surplus is attributable to deteriorations on the merchandise trade balance, services and the income sub-accounts, partially offset by an improvement on the current transfers sub-account. For FY2025/26, the current account balance is projected in the range of -0.5 to 0.5 per cent of GDP, the fall underpinned by a worsening on the general merchandise trade balance and income sub-accounts. This is partially offset by higher surpluses on the services and current transfers sub-accounts. 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 September 2024 quarter, the Jamaican dollar depreciated by 1.5 per cent, relative to end-June 2024. This depreciation was largely underpinned by increased portfolio-related demand by financial institutions. The depreciation in the exchange rate during the September 2024 quarter was particularly noticeable in July 2024, due mainly to increased portfolio-related demand by financial institutions. These demand pressures were attenuated by B-FXITT sales of US$382.3 million for the quarter, higher than the sales in the previous quarter.

The financial system continued to be resilient. Deposit-taking institutions' (DTIs') risk-weighted Capital Adequacy Ratio (CAR) at end-September 2024 was relatively unchanged at 14.5 per cent, compared to end-September 2023, remaining 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-September 2024. The quality of the DTIs' loan portfolio remained fairly stable with a ratio of non-performing loans (NPLs) to gross loans at September 2024 of 2.4 per cent, slightly below the 2.5 per cent recorded for the corresponding period of the previous year.

On 30 September 2024 the Bank, through its Monetary Policy Committee (MPC) announced its decision to: (i) reduce the policy rate by 25 basis points (bps) to 6.50 per cent per annum, effective 01 October 2024, and manage domestic liquidity accordingly; and (ii) continue to take measures to preserve relative stability in the foreign exchange market. The decision to further loosen monetary policy was based on an improvement in the inflation outlook. The incoming data suggested that headline inflation would return to the Bank's target range earlier than initially forecasted due to the possibility of a lower-than-anticipated impact of Hurricane Beryl on agricultural supplies. Additionally, some key drivers of headline inflation continued to moderate in the context of falling international commodity prices. Moreover, it was noted that inflation expectations in Jamaica had been on a consistent downward path and the exchange rate had been relatively stable. The MPC highlighted that the glide path for future interest rate adjustments would be gradual but would continue to depend on the incoming data. The MPC reiterated its commitment to the ongoing review of its monetary policy toolkit to foster improvements in the monetary transmission mechanism.

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

Following the temporary impact of Hurricane Beryl on prices, inflation is becoming more anchored in the Bank's target range. The annual point-to-point inflation rate at September 2024 was 5.7 per cent, within the Bank's target range of 4.0 per cent to 6.0 per cent but higher than the outturn of 5.4 per cent at June 2024. The increase in headline inflation relative to June 2024 primarily reflected higher agricultural inflation due to a temporary reduction in supplies caused by Hurricane Beryl. The impact of this was partly offset by a larger than proportionate reversal in JPS electricity rates in September 2024.

The Bank projects the average inflation rate over the next two years (December 2024 to September 2026) to fall to 5.0 per cent, relative to 6.4 per cent over the previous eight-quarter quarters. With perhaps, a few exceptions, inflation is consequently projected to remain within the Bank's target range over the period.

The reduction in inflation over the next two years occurs in a context of lower projected increases for regulated prices and the lagged impact of the Bank's relatively tight monetary policy posture on inflation expectations, the exchange rate and, consequently, on imported inflation. This posture occasions a fall in core inflation to an average of 4.3 per cent, compared with 6.2 per cent over the past two years.

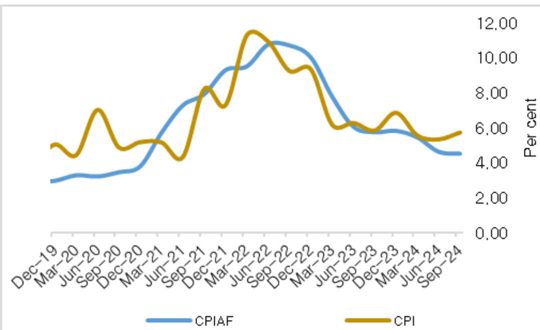
When compared with the Bank's previous forecast, headline inflation for the next eight quarters has been revised downwards on average by 0.4 percentage point (pp). This downward revision mainly reflects lower energy/transport-related and processed food price inflation. Moreover, for the December 2024 to March 2025 quarters, lower projected agricultural price inflation reflects better than previously anticipated recovery in agricultural supplies.

The risks to the inflation forecast are skewed to the upside. Uncertainty, related to potential economic policy changes among Jamaica's main trading partners, could have adverse implications for investment and remittance inflows as well as inflation expectations. Higher inflation could also result from further escalation in geopolitical tensions, which could adversely impact international supply chains. Worse-than-anticipated weather conditions in Jamaica could also influence higher inflation. While anecdotal information suggests that private sector wage increases have stabilised at their pre-Covid rate, reports of labour market pressures in selected sectors have emerged. On the downside, lower-than-projected domestic demand could influence lower inflation.

Recent Developments and Near-term Outlook

Following the temporary impact of Hurricane Beryl on prices, inflation is becoming more anchored in the Bank's target range. The annual point-to-point inflation rate at September 2024 was 5.7 per cent, within the Bank's target range of 4.0 per cent to 6.0 per cent but higher than the outturn of 5.4 per cent at June 2024. The increase in headline inflation relative to June 2024 primarily reflected higher agricultural inflation due to a temporary reduction in supplies caused by Hurricane Beryl. The impact of this was partly offset by a larger than proportionate reversal in JPS electricity rates in September 2024. Electricity rates had been temporarily increased during the September 2024 quarter in the context of the disruptions to operations caused by the hurricane. The measure of core inflation that excludes the prices of agricultural food items, as well as fuel and transport prices from the annual change in the CPI (CPIAF), was generally stable with an outturn of 4.5 per cent at September 2024 relative to 4.6 per cent at June 2024 (see **Figure 1**).

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



Source: STATIN & BOJ

Inflation Outlook

Headline inflation is projected to average 5.0 per cent over the next eight quarters (December 2024 to September 2026 quarters). This reflects a deceleration relative to the previous eight-quarter average of 6.4 per cent. Similarly, CPIAF is projected to average 4.3 per cent over the period, lower when compared to the average of 6.2 per cent over the previous two years (see **Figure 2**).

The reduction in average inflation over the next two years occurs in a context of lower increases projected for regulated prices and the lagged impact of the Bank's relatively tight monetary policy posture on inflation expectations, the exchange rate and, consequently, on imported inflation. This posture occasions a fall in core inflation to an average of 4.3 per cent. The outlook for inflation also generally incorporates the impact of moderating inflation expectation and wage-related inflation.

With the exception of a few months, inflation is projected to generally remain within the Bank's target range over the forecast period.

The projected eight-quarter average inflation rate of 5.0 per cent is lower relative to the previous projection of 5.4 per cent. The downward revision is primarily due to lower oil and grain prices, which reflects themselves in lower energy/transport-related and processed food price inflation. Moreover, for the December 2024 to March 2025 quarters, lower agricultural price inflation is projected, largely reflecting better than previously anticipated recovery in agricultural supplies.

The main factors underpinning the inflation forecast are as follows:

(i) In the September 2024 Survey of Businesses' Inflation Expectations, respondents lowered their expectations for inflation 12-month ahead to 7.6 per cent from 8.2 per cent (see **Box 1**). This moderation is consistent with the Bank's monetary policy posture as well as the projected reversal in agriculture prices.

(ii) The output gap is estimated to have become negative in the September 2024 quarter but to close by the March 2025 quarter. The negative output gap reflects the impact of Hurricane Beryl in a context as demand is estimated to have temporarily fallen faster relative to potential output (see **Real Sector**).

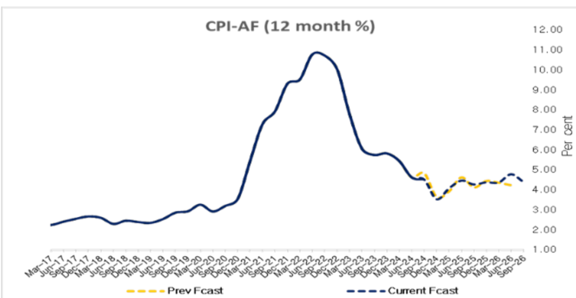
(iii) Oil prices are projected to average US$77.74 per barrel for the next eight quarters (December 2024 to September 2026), lower relative to the average price of US$82.52 previously forecast. For FY2024/25, average oil prices are projected to decline by 2.1 per cent to US$76.18 per barrel, relative to FY2023/24, largely due to weak global demand and increased production in the US. This translates to an average quarter-over-quarter increase of 0.8 per cent. For the

December 2024 to September 2026 quarters, US LNG prices, on average, are projected to gradually increase, albeit trending below the previous forecast amid expectation for lower demand (see International Economy).

(iv) Average freight prices declined by 7.4 per cent, 23.7 per cent and 19.3 per cent in August, September and October 2024 to date, respectively. Notably, the index declined for 11 consecutive weeks as demand waned.

(v) Inflation in the US is forecast to average 2.5 per cent over the next eight quarters, lower than the previous forecast (see International Economy).

Figure 2: Comparative Core Inflation Forecasts (CPIFF)

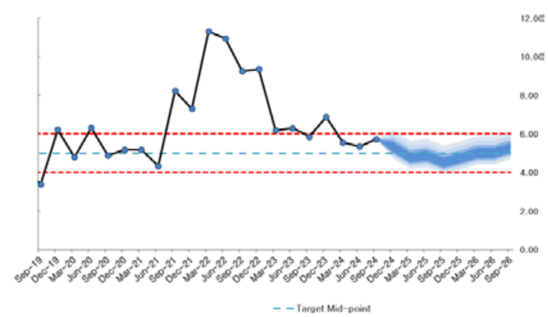


Source: Bank of Jamaica

Inflation Risks

The risks to the near-term inflation forecast are skewed to the upside (see Figure 3). Uncertainty, related to potential economic policy changes among Jamaica's main trading partners, could have adverse implications for investment and remittance inflows as well as inflation expectations. Higher inflation could also result from further escalation in geopolitical tensions, which could adversely impact international supply chains. Worse-than-anticipated weather conditions in Jamaica could also influence higher inflation. While anecdotal information suggests that private sector wage increases have stabilised at their pre-covid rate, reports of labour market pressures in selected sectors have emerged. On the downside, lower-than-projected domestic demand could influence lower inflation.

Figure 3: Inflation Fan Chart



Source: Bank of Jamaica

Box 1: Businesses' Inflation Expectations Survey – September 2024

Overview

The Bank's Survey of Businesses' Inflation Expectations (IES) at September 2024 indicated that the 12-month ahead inflation expectations of 7.6 per cent continued to be higher than the Bank's inflation target range of 4.0 to 6.0 per cent. Notwithstanding, the result represented a continuation of the trend decline observed in inflation expectations. Businesses' perception of inflation control worsened relative to the previous survey. However, the majority of respondents continued to be unaware of BOJ's inflation target as well as the most recent annual point-to-point inflation rate.

Inflation Expectations

In the September 2024 survey, respondents' expectation of inflation 12-month ahead declined to 7.6 per cent, down from the previous level of 8.2 per cent as at the July 2024 survey. Furthermore, businesses forecasted an annual point-to-point inflation rate for December 2024 of 7.2 per cent, which is higher than the annual point-to-point rate of 5.7 per cent at September 2024 (see **Figure 1**).

Perception of Inflation Control

The index of businesses' perception of inflation control was lower (worsened) when compared to the July 2024 survey (see **Figure 2**). This reflected an increase in the number of respondents who were "very dissatisfied".

Exchange Rate Expectations

In the September 2024 survey, respondents forecasted the exchange rate to depreciate over all three-time horizons but at a stable pace relative to the previous survey (see **Table 1**).

Interest Rate Expectations

The majority of respondents forecasted the Bank's policy rate, 3-month ahead, to remain the same. The proportion of respondents who were of this view decreased, relative to the previous survey. The 90-day Treasury bill (T-Bill) yield, 3-month ahead was forecasted to be 7.9 per cent, lower than the previous survey result of 8.4 per cent.

Table 1: Exchange Rate Expectations

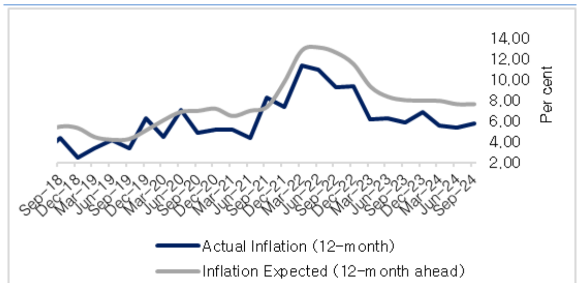
Question: In July 2024, the exchange rate for the Jamaican Dollar (JA$) in respect of the United States Dollar (US$) was $157.30. What do you think the rate will be for the following periods?

	Expected Exchange Rate Depreciation/Appreciation (%)			
Periods Ahead	**Mar-24**	**Jun-24**	**Jul-24**	**Sep-24**
3-Months	0.6	0.6	0.8	0.8
6-Months	1.2	0.9	0.9	1.0
12- Months	1.7	1.3	1.4	1.4

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

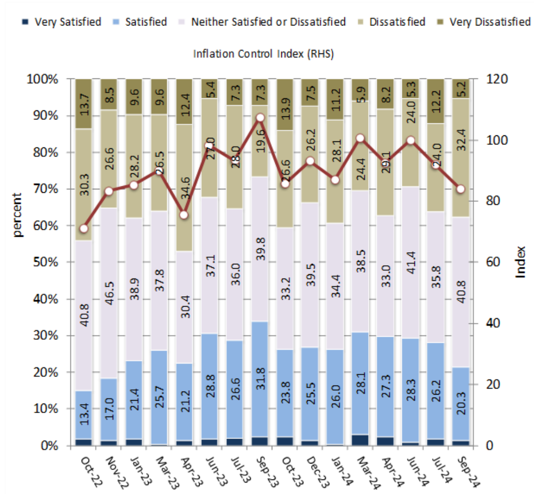
Question: If you expect inflation, what do you expect the rate of inflation to be at December 2024 and over the next 12 months?



Source: Businesses' Inflation Expectations Survey

Figure 2: Perception of Inflation Control

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



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

Inflation Target Awareness

The majority of respondents were not aware of BOJ's inflation target (58 per cent). Additionally, most respondents (61 per cent) indicated that they weren't aware of the point-to-point inflation rate at September 2024.

Figure 3: Inflation Target Awareness

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

2.0 International Economy

Global growth is forecast to slow down to 3.0 per cent for 2024, relative to the growth for 2023. This moderation reflects the impact on several major economies of elevated interest rates. Growth is projected to be marginally slower for 2025, relative to 2024. Relative to the previous forecast, the projected global growth for 2024 was revised upwards by 0.1 ppt and the growth for 2025 of 2.7 per cent was in in line with the previous forecast.

The US economy is projected to grow in the range of 2.0 to 3.0 per cent in 2024, a slower pace relative to 2023. For 2025, the US economy is projected to expand by 1.5 to 2.5 per cent. The previous forecast for growth in the US were for respective increases of 2.0 to 3.0 per cent and 1.0 to 2.0 per cent in 2024 and 2025, the higher growth for 2024 reflecting the impact of a less restrictive monetary policy stance.

The risk to US GDP growth is skewed to the downside. On the downside, there are risks that the impact of geopolitical tensions and adverse weather conditions due to climate change could retard growth. On the upside, stronger than projected consumption spending could support greater growth.

Inflation in the US decelerated by 0.1 pp to 2.4 per cent in September 2024 and is project to moderate further amid expectations for a slowdown in grains prices and a weaker labour market. Core inflation increased marginally by 0.1 pp to 3.3 per cent in September 2024. However, core prices are forecast to moderate in the near-term due to an expected slowdown in housing inflation.

The US Federal Reserve (Fed) reduced its policy rate in November 2024. In the context of the outlook for a continued moderation in core inflation in the US, Bank of Jamaica anticipates that the Fed will continue to reduce rates until September 2025, with nominal interest rates approaching the long-run neutral range of 2.75 per cent to 3.00 per cent by the end of 2025. In this context, yields on Jamaica's sovereign bonds and US Treasury bills are projected to decline for the aforementioned period, and thereafter remain relatively stable.

The risks to the forecast for the Fed's policy rate are skewed to the upside. It is possible that the incoming US government could implement a universal tariff on imports as well as a specific tariff on China. These policies could impair the Fed's ability to reduce rates at the pace at which it initially forecast.

Average oil prices for FY2024/25 are projected to decline by 2.1 per cent to US$76.18 per barrel, relative to the average for FY2023/24. For FY2025/26, average oil prices are forecast to increase by 2.7 per cent to US$78.21 per barrel, relative to the previous fiscal year. LNG prices are projected to increase, on average, by 6.2 per cent and 19.2 per cent, respectively, in FY2024/25 and FY2025/26, relative to the previous fiscal years. Grains prices are projected to decline over the next eight quarters. On average, prices are projected to decline by 22.9 per cent and 10.1 per cent in 2024 and 2025, respectively. The outlook is supported by projected increases in global production. The risks to the forecast for oil and grains prices are assessed as being to the upside. Upside risks to commodity prices may emanate from extreme weather, and heightened geopolitical tensions.

Trends in the Global Economy

The global economy is estimated to have expanded by 3.0 per cent for the September 2024 quarter, in line with the expansion in the June 2024 quarter, but above the Bank's forecast (2.7 per cent). The estimate for the September 2024 quarter was supported by higher growth in Canada, Japan and the Euro Area offset by a slowdown in the Chinese economy.[1] The upward revision to global growth for the September 2024 quarter, relative to the previous projection, reflects stronger than projected growth in the US, Canada, and the UK. The aforementioned economies will benefit from the impact of a faster loosening in financial conditions.

The Bureau of Economic Analysis' (BEA's) advance estimate indicates that US GDP for the September 2024 quarter increased on an annualized basis by 2.8 per cent, above the previous projection (1.2 per cent) broadly consistent with the growth for the June 2024 quarter (3.0 per cent). The growth for the quarter primarily reflected upturns in consumer spending, exports, and federal government spending.[2,3] There were however a downturn in private inventory investment and a decline in residential fixed investment.

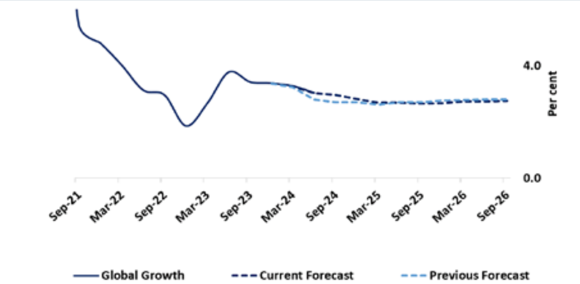
Global growth is projected to average 2.7 per cent over the next eight quarters (December 2024 to September 2026) (see **Figure 4**). The global economy is projected to grow by 3.0 per cent for 2024, a slower pace relative to 2023. The projected moderation in growth for 2024 primarily reflects the continued lagged impact of tight financial conditions. GDP is projected to expand at a marginally slower pace of 2.7 per cent in 2025 relative to the previous year.

[1] China's property sector, which accounts for almost one-quarter of the economy has been facing challenges since 2020. This industry is a key driver of middle-class wealth in China. In 2020, the government's decision to limit property developers' ability to borrow money caused multiple defaults on loans which initiated a crisis across the China's economy. Since January 2024, investment in real estate declined by more than 10 per cent compared to the same period of 2023. Potential homebuyers remain pessimistic about job security and future earnings. The market is also cautious about the instability of real estate developers, as major developers have defaulted on project deliveries. China's demographic challenges, particularly its ageing population, has also supported a natural contraction in demand for new housing.

[2] Consumer spending accounted for approximately 68 per cent of all economic activity during the quarter. The growth in consumer spending reflected an increase in both the goods and services component, relative to the June 2024 quarter. In particular, the goods component increased by 6.0 per cent relative to 3.0 per cent in the June 2024 quarter, while the services sub-component grew by 2.6 per cent, albeit marginally slower than the growth of 2.7 per cent in the June 2024 quarter. Spending on goods was led by motor vehicles & parts and prescription drugs, while services benefitted from spending in health care as well as food services and accommodations.

[3] US consumption growth has remained resilient. Consumption growth will continue to underpin the economic expansion with approximately 80% of mortgage paying households still insulated from the impact of higher interest rates. Wealth gains generated from the stock market and the resilience of house prices will support consumption, albeit mostly for households on the top half of the income distribution. Further, consumption is also being supported by accumulated credit card debt.

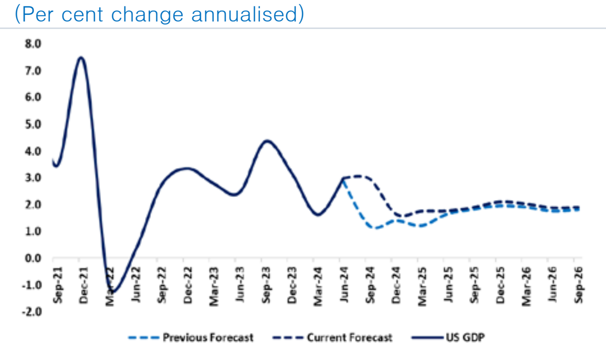
Figure 4: Global Growth Projection*
(Per cent year-over-year change)



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

The Bank projects US GDP to grow by 2.7 per cent for 2024, lower than the growth of 2.9 per cent in 2023.[4] The forecast assumes a moderation in growth of 2.7 per cent in the September 2024 quarter as the lagged impact of higher interest rates weakens economic activities. Growth in economic activity for 2025 is forecast to moderate to 2.0 per cent, relative to 2024.

Figure 5: Comparative US GDP Growth Forecast
(Per cent change annualised)



Source: BOJ, CBO

The US GDP growth forecast for 2024 and 2025 is higher than the previous projection. (see Figure 6).5

Risks

The risks to global growth are skewed to the downside. An escalation of geopolitical tensions as well as adverse weather conditions stemming from climate change could put downward pressures on growth.

The risk to US GDP is assessed to the downside. In particular, geopolitical tensions could undermine growth. On the upside, stronger than projected consumption spending could support growth.

Labour Market

The unemployment rate in the US at September 2024 was 4.1 per cent, lower than the outturn for July and August 2024.[6] This outturn was in line with the Bank's projection and marginally below the Fed's estimate of the natural rate of unemployment of 4.2 per cent. The US unemployment rate is projected to increase marginally over the next eight quarters amid the lagged impact of restrictive monetary policy.[7]

Monetary Policy

On 07 November 2024, the Federal Open Market Committee (FOMC) reduced its target range for the US Fed Funds rate in the range of 4.50 per cent – 4.75 per cent.[8] This is below the Bank's previous projection.

[4] US GDP growth was revised upwards for the period March 2021 to June 2024. The sources of the upward revisions were due mainly to stronger consumer and business investment spending (on average 0.8 pp and 0.5 pp, respectively, over the period). The upward revision to consumer spending was due to stronger services spending, while stronger investment in factories and equipment facilitated the higher business spend. On the other hand, on average, the declines in government spending and net exports were slightly larger, especially in 2023.

[5] The previous projection assumed economic growth of 2.5 per cent and 1.6 per cent for 2024 and 2025, respectively.

[6] Total nonfarm payroll employment in the US increased by 254,000 persons in September 2024, following increases of 144,000 and 159,000 persons in July and August 2024, respectively. Average hourly earnings increased by 0.4 per cent relative to the previous month, resulting in a 0.1 pp increase in the annual rate to 4.0 per cent.

[7] The unemployment rate is projected to end FY2024/25 at 4.3 per cent, 0.5 pp above the rate at end-FY2023/24, and is projected to end FY2025/26 at 4.5 per cent.

[8] The updated policy guidance at the November 2024 meeting states that "inflation has made progress towards the Committees 2.0 per cent objective but remains somewhat elevated". The Committee judges that the risks to achieving its employment and inflation goals are roughly in balance. However, the FOMC is "attentive to the risks to both sides of its dual mandate." The Fed chair also maintains the view that the decision on future monetary policy will be data dependent.

Box 2: Economic Growth in Selected Economies

China

The Chinese economy expanded by 4.5 per cent for the September 2024 quarter compared to the September 2023 quarter. [9] Growth in the quarter was buoyed by exports, albeit slower than the growth in the June 2024 quarter which reflected weak domestic demand attributable in part to a deteriorating property sector.

GDP growth in China is projected to range between 4.2 per cent to 4.6 per cent over the next eight quarters. This forecast represents a downward revision relative to the previous projection due primarily to a weaker than expected property sector.

Japan

The Japanese economy is estimated to have moderated to 1.7 per cent for the September 2024 quarter, following an expansion of 2.9 per cent in the June 2024 quarter. The moderation in growth within the September 2024 quarter emanated from a decline in the manufacturing sector amid weak demand from China. Notwithstanding, this is offset by an increase in consumer spending.

For the next eight quarters, GDP growth in Japan is projected in the range of 0.8 per cent to 1.2 per cent, marginally below the previous projection range of approximately 0.8 to 1.3 per cent. Japan's economy will be negatively impacted by higher inflation and slowing demand from China.

Canada

The Canadian economy is estimated to have expanded by 1.2 per cent for the September 2024 quarter, a slower pace of growth relative to the June 2024 quarter. This moderation in growth occurred amid easing inflationary pressures and financial conditions in July 2024, partially offset by a contraction in manufacturing, transportation and warehousing.

For the next eight quarters, GDP growth in Canada is projected in the range of 1.6 per cent to 2.2 per cent.

Euro Area

Real GDP for the Euro Area is estimated to have increased by 1.2 per cent for the September 2024 quarter relative to an expansion of 0.8 per cent in the previous quarter. The acceleration in growth in the September 2024 quarter occurred in the context of a loosening in financial conditions and deceleration in inflation. The region's growth performance was bolstered by France, which benefitted from the hosting of the Olympics Games in July and August 2024.

For the next eight quarters, GDP growth in the Euro Area is projected in the range of 1.2 per cent to 1.6 per cent.

United Kingdom (UK)

The Bank estimates growth of 1.2 per cent for the UK economy for the September 2024 quarter relative to an expansion of 2.3 per cent in the June 2024 quarter. The estimate for the September 2024 quarter reflects an improvement in financial conditions following an easing of interest rates in August 2024. However, growth slowed amid a decline in the manufacturing sector.

Growth in the UK economy over the next eight quarters is projected in the range of 1.2 per cent to 1.6 per cent.

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

Bank of Jamaica's forecast assumes that the Fed will continue to reduce rates to the range of 2.75 per cent to 3.00 per cent.[10] Over the next eight quarters, nominal interest rates in the US are projected to approach the long-run neutral level to the aforementioned range.[11]

The risks to the forecast for the Fed's policy rate are skewed to the upside. It is likely that the incoming US government could implement a universal tariff on imports of 10 per cent as well as a specific tariff of 60 per cent on China. These inflationary policies could suppress the Fed's ability to reduce rates at the pace at which it initially forecast. In this context, higher yields may materialize.

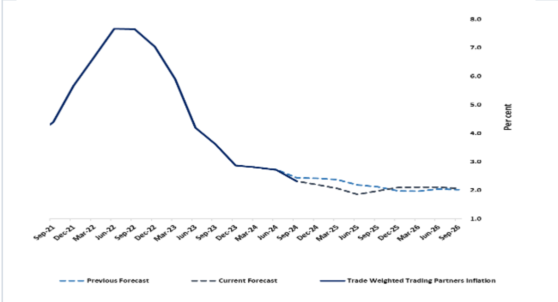
Trading Partners' Inflation

The weighted average of 12-month inflation rates for Jamaica's main trading partners' (TPs) at September 2024 is estimated at 2.3 per cent. This is broadly in line with the outturn for August 2024 but marginally lower than the Bank's previous forecast. For the US, annual CPI inflation at September 2024 was 2.4 per cent, lower than the Bank's previous forecast.[12] The personal consumption expenditures (PCE) price index grew by 2.1 per cent on a year-on-year basis at September 2024, 0.2 pp lower than the growth in August 2024.[13]

Over the next eight quarters, the Bank projects the inflation rate of Jamaica's main trading partners (TP) to average 2.1 per cent (see Figure 6).[14] Moderating growth for grains prices, the lagged effects of tight monetary policy and a deceleration in wage growth support the expected inflation projections.

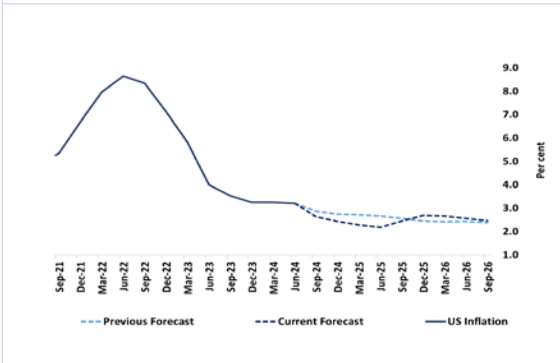
The projected TP inflation rate remains in line with the previous forecast rate. The projected average US inflation rate over the ensuing eight quarters of 2.5 per cent is also in line with the previous forecast (see Figure 7).[15]

Figure 6: Trade Weighted Trading Partners' Inflation
(Per cent quarterly YOY change)



Source: Bloomberg

Figure 7: US Inflation
(Per cent quarterly YOY change)



Source: Bloomberg

[10] The Bank forecasts that the Fed will reduce its policy rate by an additional 25 bps for the remainder of 2024, as the committee is attentive to the risks of both inflation and employment.

[11] The Fed's longer-run average neutral rate was revised to 2.9 per cent from 2.8 per cent as noted in their projection released on 18 September 2024.

[12] The index for all items less food and energy increased by 0.1 pp to 3.3 per cent over the last 12 months. The energy index declined by 6.8 per cent for the 12 months ending September 2024, while the food index increased by 2.3 per cent over the last year. The shelter index increased by 4.9 per cent over the last year, accounting for over 65 per cent of the total 12-month increase in the all items less food and energy index. Other notable increases occurred in the indexes for motor vehicle insurance, medical care, personal care, and apparel.

[13] On a monthly basis, headline PCE and core PCE inflation increased by 0.2 per cent and 0.3 per cent, respectively, in September 2024. This is relative to respective increases of 0.1 per cent and 0.2 per cent in the previous month. Core PCE inflation increased by 2.7 per cent on an annual basis in September 2024, similar to the increase in both July and August 2024.

[14] The average inflation rate of Jamaica's main trading partners (TP inflation) for FY2024/25 is projected at 2.4 per cent, marginally below the previous forecast of 2.5 per cent. TP inflation for FY2025/26, on average, is projected at 2.0 per cent.

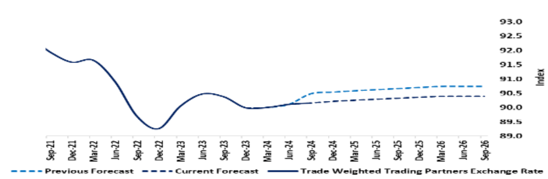
[15] Lower commodities prices, on net, are expected to provide deflationary impulses until the Jun-25 quarter. However, this will be offset by upward price pressures from stronger demand conditions in the US, which is expected to have a larger impact in the latter half of 2025.

Trends in Trading Partners' Exchange Rates

During the September 2024 quarter, the US dollar remained unchanged against TP currencies, relative to the June 2024 quarter.[16] The US dollar was supported by the release of positive economic data in the US which was offset by the Fed reducing rates more than the market expected, and expectations for further reduction in rates.

Bank of Jamaica projects that, over the next eight quarters (December 2024 to September 2026), the US dollar, on average, will depreciate against the currencies of Jamaica's major trading partners (see **Figure 8**). The depreciation in the US dollar is supported by expectations for the Fed to further reduce rates. Notwithstanding, the pace of depreciation is tempered by stronger growth in the US relative to other major trading partners, which will spur demand for the US dollar.

Figure 8: 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 September 2024 quarter declined by 6.7 per cent, relative to the June 2024 quarter.[17] Downward pressures for crude oil prices during the quarter occurred amid weak demand from China as well as record levels of crude production in the US. On average, relative to the September 2023 quarter, crude oil prices declined by 8.4 per cent.

Oil prices are projected to average US$77.74 per barrel (p/bl) for the next eight quarters. The forecast trajectory reflects an average quarter-over-quarter increase of 0.8 per cent (see **Figure 9**). The projected increase over the next eight quarters reflects tight global supply amid (i) an extension of existing voluntary OPEC+ production cuts through to December 2024,[18] (ii) an escalation of the conflict in the Middle East which may compromise Iran's energy infrastructures, and (iii) higher demand from China in 2025 due to the impact of recently announced stimulus measures.[19]

Notably, for FY2024/25 average oil prices are projected to decline by 2.1 per cent to US$76.18 per barrel, relative to FY2023/24, largely reflecting the impact of lower prices for 2024, due to weak demand from China and increased production in the US.[20] For FY2025/26, oil prices are forecast to increase by 2.7 per cent to average US$78.21 per barrel, relative to the previous fiscal year.

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[16] On average, the USD vis-à-vis the exchange rate of Jamaica's main trading partners for the September 2024 quarter remained unchanged, following an average appreciation of 0.6 per cent in the June 2024 quarter. On a monthly basis, the USD relative to the currencies of Jamaica's major trading partners, on average, remained unchanged in July 2024, depreciated by 0.2 per cent and 0.3 per cent, respectively, in August 2024 and September 2024. The previous forecast assumed that the USD vis-à-vis the exchange rate of Jamaica's trading partners would depreciate in the September 2024 quarter.

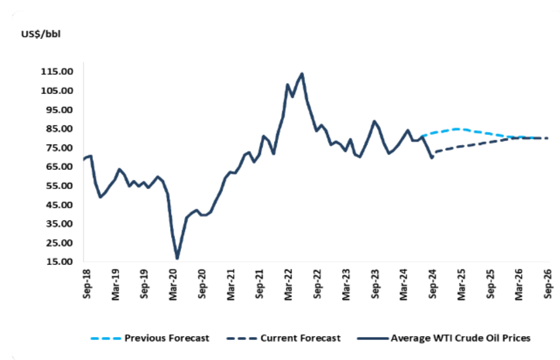
[17] In the previous projection, the Bank expected the daily average of West Texas Intermediate crude oil prices for the September 2024 quarter to increase by 1.7 per cent, relative to the June 2024 quarter.

[18] OPEC+ extended production cuts by two months to December 2024. According to the EIA, OPEC+' production will decline by 1.3 million b/d in 2024, while non- OPEC+ production will increase by 1.9 million b/d. However, overall production is expected to fall below consumption. It is anticipated that there will be accelerated growth in oil production in 2025 as OPEC+ increases its production and as production continues to grow in the US, Guyana, Brazil and Canada. As a result, global oil production is expected to increase by 2.0 million b/d in 2025, up from growth of just 0.5 million b/d in 2024. Production will increase by 1.4 million b/d in 2025 for countries outside of OPEC+, while OPEC+ production increases by 0.7 million b/d. Oil inventories is expected to increase by an average of almost 0.6 million b/d in the second half of 2025 at which time the growth in global production is expected to outweigh growth in global oil demand.

[19] The People's Bank of China announced a reduction in reserve requirement ratios, mortgage rates on existing home loans and a lower minimum down payment for second homes. The Chinese government also eased restrictions on borrowing to invest in stocks and shares on Chinese exchanges. China also pledged to bring forward to this year 100 billion yuan ($14 billion) in central government investment originally budgeted for 2025 and add another 100 billion yuan in spending on key strategic areas in 2024.

While oil prices are projected to increase over the ensuing eight quarters, prices are lower than the previous forecast. The lower outlook mainly reflects lower than expected prices prior to the start of the forecast period.

Figure 9: Trend in Average WTI Crude Oil Prices

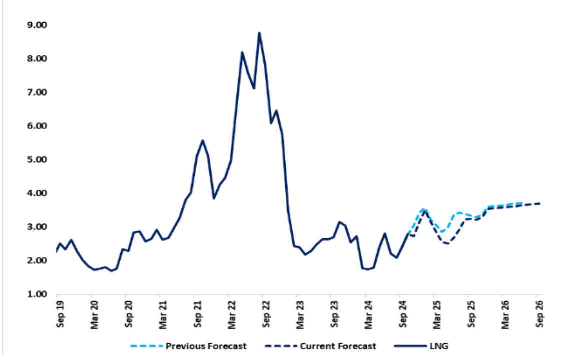


Sources: Bloomberg, BOJ

For the September 2024 quarter, US LNG prices declined by 4.7 per cent, relative to the June 2024 quarter. The previous projection assumed an increase of 12.7 per cent in prices for the September 2024 quarter. LNG prices declined amid lower demand in the US, particularly in Texas amid the passage of Hurricane Beryl as well as milder than expected summer weather in August 2024.[21]

For the December 2024 to September 2026 quarters, US LNG prices, on average, are projected to gradually increase (see Figure 10). Upward pressures on LNG prices over the near-term will generally reflect the impact of greater external demand due to added US LNG export terminals.[22] Prices will also be supported by continued curtailment measures of some producers at least for 2024 amid previously lower prices.[23]

Figure 10: Trend in Average LNG Prices[24]



Sources: Bloomberg, BOJ

The risks to the forecast for oil prices over the next eight quarters are assessed to the upside. Upside risks may emanate from further deterioration in the geopolitical conflict in the Middle East. Additional upside risks include a stronger than anticipated demand from China due to its recently announced stimulus packages.

The risks to the forecast for LNG prices over the next eight quarters are skewed to the upside.

Average grains prices for the September 2024 quarter declined by 10.5 per cent, relative to the June 2024 quarter (a decline of 25.3 per cent on an annual basis).[25] The reduction over the September 2024 quarter was associated with lower prices for soybean (12.9 per cent decline for the quarter, 31.3 per cent decline on an annual basis), wheat (7.4 per cent decline for the quarter, 15.6 per cent decline on an annual basis), and corn prices (8.5 per cent decline for the quarter, 20.9 per cent decline on an annual basis). The decline in average grains prices reflected (i) ample grains supplies from key exporting countries such as the US and Russia due to beneficial weather conditions, (ii) competition from cheaper grains prices in the Black Sea region, (iii) lower production and transportation costs due

[21] International demand (exports) fell in July 2024 due to supply constraints attributed to the closure of the Free Port LNG export plant in Texas for maintenance following the passage of Hurricane Beryl.

[22] There is strong demand for US LNG in the international market due to its relatively cheaper price when compare to the price for European LNG. Therefore, it is anticipated that LNG exports will rise as export capacity expands.

[23] Major U.S. natural gas producers have reduced drilling activity for 2024 amid a sharp decline in prices within the first quarter of 2024 following a mild winter that cause a build in inventories.

[24] Forecast for LNG prices are from US Energy Information Administration (EIA) as at 03 July 2024.

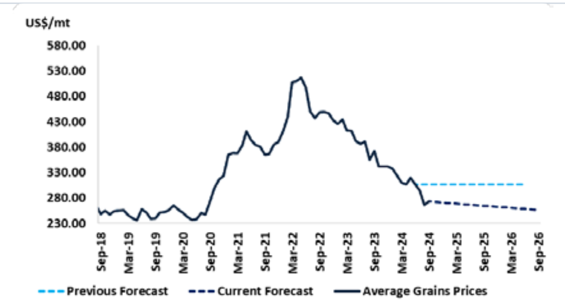
[25] The Bank previously projected a decline of 1.3 per cent for the September 2024 quarter, relative to the June 2024 quarter.

to lower crude oil prices in the quarter, and (iv) weak demand from China.

The average price of grains is projected to decline over the next eight quarters (December 2024 to September 2026), declining at a quarter over quarter rate of 1.0 per cent (see Figure 11).[26] The projection reflects (i) the expectations for increased global supply for marketing year 2024/25 and (ii) weaker demand for feed from China. [27]

The risks to the forecast for grains prices are skewed to the upside. Upside risks include extreme weather conditions and higher geopolitical tensions.[28]

Figure 11: Trend in Average Grains Prices



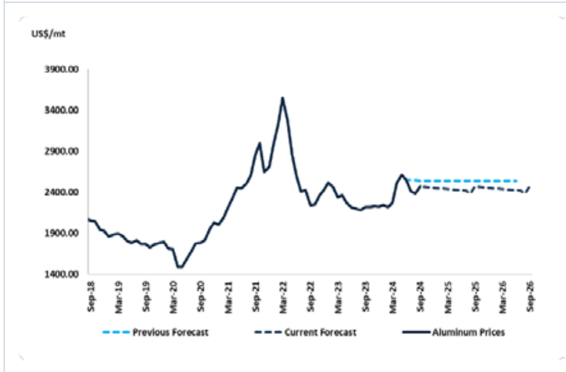
Sources: Bloomberg, BOJ

Aluminium prices declined by 5.3 per cent for the September 2024 quarter, relative to the June 2024 quarter (an increase of 10.1 per cent on an annual basis).[29] The decline largely reflected (i) higher Chinese production due to the unwinding of hydroelectric power restrictions in the Yunnan province that provides the energy used in aluminium production and (ii) weaker demand from China due to the continued slowdown in manufacturing activity and its deteriorating property sector.

Aluminium prices are projected to remain flat, on average, over the next eight quarters (December 2024 to September 2026) (see Figure 12). While downward prices pressures are expected from an increase in aluminium production in China and North America, this is expected to be offset by greater global demand due to the loosening of financial conditions by several major economies as well as the recent stimulus package announced to boost growth in China.

The risks to the forecast for aluminium prices are assessed to the upside. Disruptions to supply may emanate from ongoing geopolitical tensions and potentially higher than anticipated demand from China.

Figure 12: Trend in Average Aluminium Prices



Sources: Bloomberg, BOJ

External Financial Markets

The spread between GOJ and US sovereign bonds deteriorated in the September 2024 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 increased (deteriorated) by 19 bps to 1.89 pp, when compared to the same measure for the June 2024

[26] The previous forecast assumed that on average grains prices would remain relatively stable over the December 2024 to September 2026 quarters.

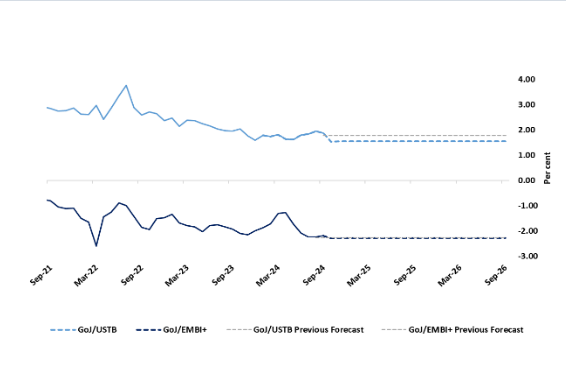
[27] The People's Republic of China (PRC) continues to control its sow inventory in an effort to stabilize swine and pork production. In February 2024, China's Ministry of Agriculture and Rural Affairs (MARA) announced that the government would reduce the sow target inventory by 2.0 million head, from 41 million to 39 million.

[28] There is an above average chance of La Nina conditions to develop in the fall months of 2024. During a La Niña year, winter temperatures are warmer than normal in the South and cooler than normal in the North. La Niña brings dry weather conditions to Brazil a key exporting country for corn and soybeans.

[29] The Bank previously projected a decline of 1.3 per cent for the September 2024 quarter, relative to the June 2024 quarter.

quarter.[30,31] The spread was projected to increase by 9 bps (see **Figure 13**).[32]

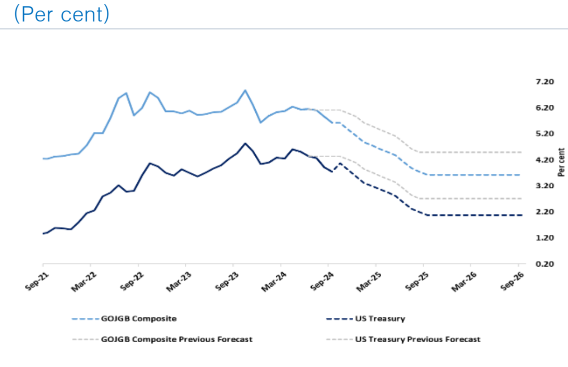
Figure 13: Average International Bond Spreads
(Per cent)



Source: Bloomberg,

For the September 2024 quarter, there were declines of 29 bps and 48 bps on average GOJGB yields and US treasury yields, relative to the June quarter. The decline in US treasury yields reflected a general expectation from the market that the Fed would begin reducing interest rates at the end of the September 2024 quarter as inflationary pressures further moderated and as labour market conditions eased. Expectations were realized when the Fed reduced rates by 50 bps at its September 2024 meeting. However, the average yield on the EMBI+ increased by 51 bps (see **Figure 14**).

Figure 14: Average International Bond Yields
(Per cent)



Source: Bloomberg,

Over the near-term, US nominal interest rates are projected to trend towards the long-run neutral range of 2.75 per cent to 3.00 per cent. The Bank projects US Fed rates to continue to moderate through to September 2025.

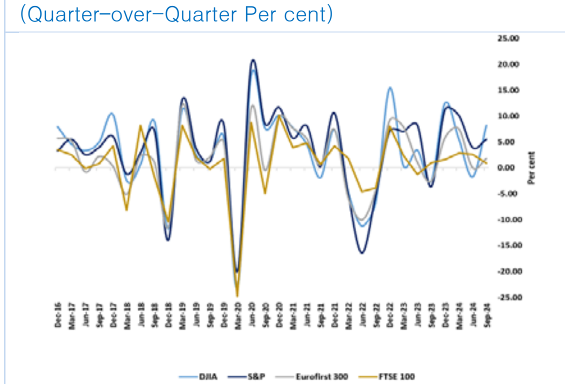
Supported by the Fed's rate reductions, Jamaica's sovereign bond yields are projected to moderate through to September 2025 and remain relatively stable thereafter.

Global Stock Market

There was a positive performance of selected global stock market indices during the September 2024 quarter. Relative to the June 2024 quarter, the Dow Jones Industrial Average, S&P 500, Euro First and FTSE increased by 8.2 per cent, 5.5 per cent, 1.8 per cent and 0.9 per cent, respectively.

The performance of US equity indices was mainly supported by the commencement of the Fed's interest rate reduction cycle. The release of a number of positive economic data, such as strong economic growth, an increase in retail sales and lower price levels also supported the stock market in the September 2024 quarter.

Figure 15: Selected Stock Market Indices
(Quarter-over-Quarter Per cent)



Source: Bloomberg

[30] The average yield for both GOJGBs and US treasuries declined in each month in the September 2024 quarter, however, the yield on US treasuries declined more than the yield on GOJGBs in July and August 2024 (spread increased in July and August). The decline in US treasury yields occurred amid the markets' anticipation that the Fed would commence reducing rates in September 2024, which materialised.

[31] The average of the daily spreads between the indicative yield on GOJGBs and the yield on the EMBI+ improved (decreased) by 80 basis points (bps) when compared to the same measure for the June 2024 quarter. Relative to EMBI+, the spreads were negative 222 pps, respectively.

[32] This includes actual data to 15 October 2024 and thereafter holding the spread constant.

3.0 Real Sector

The Jamaican economy is estimated to have declined at a year-over-year rate of 2.8 per cent for the September 2024 quarter, in contrast to the growth of 0.2 per cent recorded for the June 2024 quarter. Real GDP is projected to in the range of -1.0 to 0.5 per cent for FY2024/25, largely reflecting the adverse impact of Hurricane Beryl on the economy. This estimated decline is largely underpinned by contractions in Agriculture, Forestry & Fishing, Construction, Hotels & Restaurants and Electricity & Water Supply.

For FY2025/26 and FY2026/27, real GDP is projected to expand in the ranges 1.0 to 3.0 per cent and 1.0 to 2.0 per cent, respectively. The projected growth for FY2025/26 largely reflects a recovery in economic activities following the impact of Hurricane Beryl, evidenced in part by increases in Agriculture, Forestry & Fishing and Mining & Quarrying. Over the medium-term (FY2027/28 – FY2029/30), GDP is projected to grow by 1.0 to 2.0 per cent.

The projected GDP growth over the near-term, on average is lower relative to the previous forecast. Over the medium-term, the projected growth is unchanged relative to the Bank's previous projection.

The risks to the forecast for domestic real GDP growth over the near-term are skewed to the downside, reflecting potentially lower external demand and adverse weather conditions. Over the medium-term, the risks to the forecast for domestic real GDP growth are also skewed to the downside, reflecting primarily weaker than projected external demand. Upside risk to domestic output emanates from greater than anticipated investment spending on climate related projects.

GDP Growth

The Jamaican economy is estimated to have declined at a year-over-year rate of 2.8 per cent for the September 2024 quarter, in contrast to the growth of 0.2 per cent recorded for the June 2024 quarter. This contraction largely reflects declines in *Agriculture, Forestry & Fishing and Mining & Quarrying.* The decline in real GDP is attributed to the impact of Hurricane Beryl on the above-noted sectors but also reflected the lagged effects of shocks to the price level on spending over the past three years as well as the impact of monetary tightening.

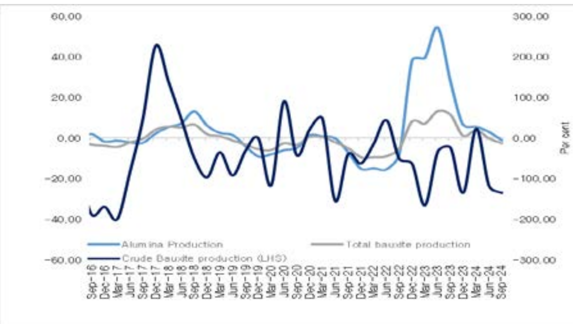
For *Agriculture, Forestry & Fishing*, the contraction was underpinned by a decline in domestic crop production.

For *Mining & Quarrying,* the projected decline for the September 2024 quarter largely reflected lower capacity utilization at all mining plants, relative to the same period of 2023 (see **Figure 16**).

There was also an estimated contraction in *Construction* which was reflected in declines in the sales of construction materials and lower government capital spending. The weakening within the industry reflected in part the impact of tight monetary conditions.

As it relates to *Electricity & Water Supply,* a contraction is attributable to lower electricity and water consumption partly due to the adverse impact of Hurricane Beryl which damaged electricity and water supply infrastructure.

Figure 16: Trends in Crude Bauxite, Alumina & Total Bauxite Production (12-Month Per cent Change)



Source: Jamaica Bauxite Institute

The contraction in *Wholesale & Retail Trade* reflects the general weak underlying demand in the economy arising from the lagged impact of tight monetary conditions.

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

Table 1: Industry Contribution to Growth (September 2024 Quarter)

	Contribution *	Estimated Impact on Growth
GOODS	75.6	-7.5 to -6.5
Agriculture, Forestry & Fishing	60.6	− 20.0 to −19.0
Mining & Quarrying	5.9	-7.5 to -6.5
Manufacturing	-2.5	0.0 to 1.0
Construction	11.7	-4.0 to -3.0
SERVICES	24.4	-1.5 to -0.5
Electricity & Water Supply	9.4	-7.5 to -6.5
Wholesale & Retail Trade, Repairs & Installation	3.2	-1.0 to 0.0
Hotels & Restaurants	19.9	-8.5 to -7.5
Transport Storage & Communication	-2.9	0.0 to 1.0
Financing & Insurance Services	-6.7	1.0 to 2.0
Real Estate, Renting & Business Activities	-3.7	0.5 to 1.5
Producers of Government Services	-2.2	0.0 to 1.0
Other Services	2.4	-1.5 to - 0.5
Financial Intermediation Services Indirectly Measured	-4.9	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 decline for the September 2024 quarter primarily reflected a contraction in consumption as well as a deterioration in net exports, partly offset by an improvement in investment. The estimated contraction in consumption reflected the impact of the recent relatively high inflation rate as well as the impact of Hurricane Beryl. The deterioration in net exports reflected a decline in exports, particularly mineral fuel and travel inflows. This was partly offset by a decline in real imports, particularly fuel imports. On the other hand, the expansion in investment was largely inferred from an estimated increase in private domestic spending.[1]

Outlook

Real GDP is projected to grow at an average rate of -1.0 to 0.0 per cent, over the December 2024 to September 2026 quarters. In this context, real GDP for FY2024/25 is projected to be in the range -1.0 to 0.5 per cent and grow by 1.0 to 3.0 per cent in FY2025/26, the latter reflecting a rebound from the adverse impact of Hurricane Beryl.

The strongest sectoral expansion over the period is anticipated for *Mining & Quarrying*, underpinned by increased capacity utilization at all plants as operational challenges are resolved.

Real GDP growth over the near-term (December 2024 to September 2026 quarters) is lower relative to the previous forecast. This primarily reflects weaker growth in *Agriculture, Forestry & Fishing, Construction and Tourism & its allied industries.*[2]

Over the medium-term (FY2027/28 – FY2029/30), GDP is projected to grow by 1.0 to 2.0 per cent, driven by moderate expansions in the capital stock but constrained by flat growth in labour supply.

[1] Private domestic investment is estimated to have grown by 12.0 per cent, primarily reflecting the inclusion of The Pinnacle project. This project is a major mixed-use luxury lifestyle estate in Montego Bay, currently under construction, which is projected to be completed by CY 2029 (20 quarters). The total estimated spend is US$450 million, which translates to an additional quarterly spend of J$3.5 billion over the near-term.

[2] Notably, the primary factor contributing to the lower forecast is a weaker rebound for Agriculture from the damage caused by Hurricane Beryl. The rebound is lower as the initial estimates for the loss in crop production were higher than current forecast.

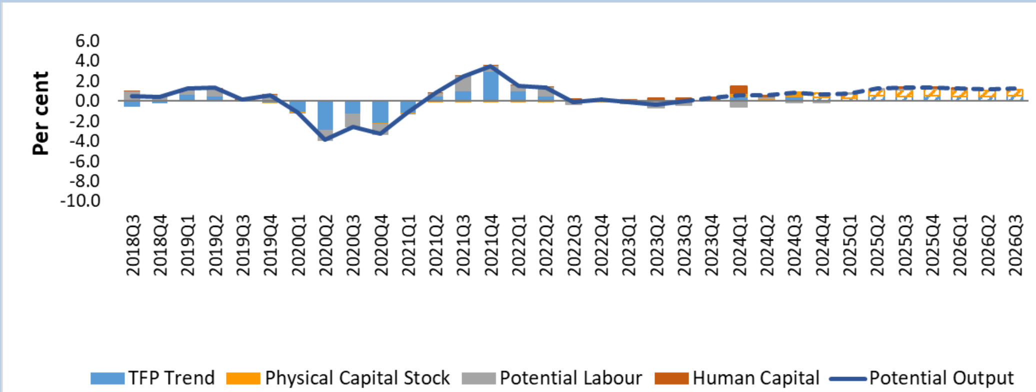
Risks

The risks to the forecast for real GDP growth over the near-term are assessed to be on the downside, reflecting the possibility of adverse weather conditions as well as potentially weaker external demand. The risks to the forecast for domestic real GDP growth over the medium-term are also assessed to be skewed to the downside, reflecting primarily the risk of weaker than projected external demand. Upside risk to domestic output emanates from greater than anticipated investment spending on climate related projects.

Box 3: Potential Output

Jamaica's potential output is estimated to have grown by 0.5 to 1.5 per cent for the September 2024 quarter to the corresponding period in 2023 (see Figure 1).[3].

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



Contributions to Potential Output Growth[4]

The estimated increase in potential output for the September 2024 quarter reflects growth of 0.0 to 1.0 per cent in the physical capital stock (see Figure 1).[5] Total factor productivity is estimated to have grown by 0.0 to 1.0 per cent while potential labour supply declined by 0.0 to 1.0 per cent. The decline in potential labour supply for the quarter reflected the lower average hours worked given the passage of Hurricane Beryl. Growth in human capital was estimated to be flat for the quarter.

Outlook for Potential Output

Potential output is forecast to increase at an average rate of 0.5 to 1.5 per cent over the December 2024 to September 2026 quarters (near-term). Physical capital stock and total factor productivity are projected to grow at an average rate of 0.6 per cent and 0.5 per cent, respectively. Potential labour supply and human capital are projected to be flat, relative to an average decline of 0.0 to 1.0 per cent and growth of 0.0 to 1.0 per cent, respectively, for the previous eight quarters.

The anticipated growth in physical capital stock stems primarily from a projected increase in investment, particularly foreign direct investment and Central Government capital expenditure. The growth in FDI mainly reflects the execution of tourism and climate related projects over the near term.

Over the medium-term, potential output is projected to grow, on average, by 1.0 to 2.0 per cent.This growth is driven by increases in the physical capital stock and total factor productivity, in a context where potential human capital and potential labour supply are anticipated to be flat. The growth in the physical capital stock reflects the view that the GOJ's climate-related projects will materialise.

Potential output over the medium-term is in line with the previous projection.

[3] 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.

[4] 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.

[5] Despite the negligible loss in the capital stock due to the impact of Hurricane Beryl, the capital stock grew in the September 2024 quarter due to an increase in investment which outweighed the fall caused by the hurricane.

4.0 Fiscal Accounts

For the September 2024 quarter, Central Government's operations recorded a higher fiscal deficit of $28.2 billion (0.9 per cent of GDP), relative to the deficit of $12.9 billion (0.4 per cent of GDP) for the September 2023 quarter. The outturn for the review period reflected higher expenditure as well as higher revenues & grants (in particular non-tax revenue), relative to the corresponding period of 2023. The higher expenditure was reflected mainly in programmes and compensation of employees.

Recent Developments

For the September 2024 quarter, Central Government's operations recorded a higher fiscal deficit of $28.2 billion (0.9 per cent of GDP), relative to the deficit of $12.9 billion (0.4 per cent of GDP) for the September 2023 quarter. The outturn for the review period reflected higher expenditure as well as higher revenues & grants (in particular non-tax revenue), relative to the corresponding period of 2023.[1] The higher expenditure was reflected mainly in programmes and compensation of employees.

The higher expenditure for the review period was largely reflected in programmes and compensation of employees partly offset by lower capital spending. The greater programme spending reflected the recovery effort related to Hurricane Beryl while salary revisions under the compensation review drove the increase in spending on compensation of employees (see Table 2).

The performance of Revenue & Grants for the September 2024 quarter was explained mainly by lower tax revenue, emanating from all tax categories, particularly Income & Profit and Production & Consumption.[2]

The financing requirement for Central Government for the September 2024 quarter was $100.5 billion (3.1 per cent of GDP) reflecting the fiscal deficit of $38.6 billion (1.2 per cent of GDP) and amortisation of $61.7 billion (1.9 per cent of GDP).

Financing during the quarter was sourced from external and domestic loans receipts of $42.7 billion (1.3 per cent of GDP) and $18.4 billion (0.6 per cent of GDP), respectively. External loan receipts amounted to US$258.0 million (1.3 per cent of GDP) and US$6.3 million (0.0 per cent of GDP) reflecting the final tranche of the Rapid Financing Instrument (RFI) and inflows from multilateral agencies, respectively.[3] Domestic loans reflected Benchmark Investment Notes (BIN) and Treasury bill issuances amounting to $12.6 billion (0.4 per cent of GDP) and $5.8 billion (0.2 per cent of GDP), respectively.

Amortisation for the September 2024 quarter mainly reflected external amortisation, which included the second tranche of the 7.625% Global bond due 2025 of approximately US$98.1 million (0.5 per cent of GDP) as well as payments of US$113.3 million (0.6 per cent of GDP) and US$50.6 million (0.3 per

[1] In nominal terms, for the September 2024 quarter, tax revenue amounted to $192.5 billion, lower than the $201.1 billion for the September 2023 quarter. Lower tax revenues reflected lower international trade receipts (SCT(imports), GCT(imports) and travel tax).

[2] Lower inflows from Income & Profits was largely attributable to lower tax on interest. For Production & Consumption the reduction relative to the comparable period in 2023 was driven by lower SCT flows. With regard to international trade, the reduction was driven by lower GCT (imports) and custom duty reflecting a decline in imports.

[3] The RFI is an emergency financial support mechanism provided by the International Monetary Fund (IMF) to help countries facing urgent balance of payments needs. In July 2024, the GOJ drew down USD $524.0 million from the RFI to provide liquidity to support recovery efforts for Covid-19 and to ensure financial stability amid economic challenges.

cent of GDP) to multilateral and bilateral lending agencies. Domestic amortisation of $18.5 billion (0.2 per cent of GDP) consisted of the maturity of two fixed rate BINs; the FR24C & FR24B Step-up notes of J$8.7 billion (0.3 per cent of GDP) and $4.9 billion (0.2 per cent of GDP), respectively. Additionally, there were Treasury bill maturities of $4.8 billion (0.2 per cent of GDP). Against this background, there was a draw-down of $38.6 billion (1.2 per cent of GDP) in Central Government bank balances.

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

	Quarter		
	Sep-24	Sep-23	Diff
Revenue & Grants	**6.8**	**7.3**	**(0.5)**
o/w Tax Revenue	**6.0**	**6.6**	(0.6)
Non- Tax Revenue	0.7	0.6	0.2
Grants	0.1	0.1	(0.0)
Expenditure	**8.0**	**7.7**	**0.3**
Programmes	2.7	2.4	0.3
Compensation of Employees	3.5	3.4	0.1
Interest Payment	1.6	1.6	0.0
Capital Expenditure	0.3	0.3	(0.0)
Fiscal Surplus/Deficit	**(1.2)**	**(0.4)**	(0.8)
Primary Balance	**0.4**	**1.2**	**(0.8)**
Current Balance	**1.1**	**(0.2)**	1.3
Total Financing	**1.9**	**3.5**	(1.5)
External Loans	1.3	3.0	(1.6)
Domestic Loans	0.6	0.5	0.1
Other Inflows	**0.0**	**0.1**	(0.0)
Other Outflows	**0.0**	**0.1**	(0.1)
Amortisation	**1.9**	**1.4**	0.5
External	1.4	1.2	0.2
Domestic	0.6	0.2	0.4
Overall Balance	**(1.2)**	**1.6**	**(2.8)**
Source: Ministry of Finance & the Public Service			

5.0 Balance of Payments

The current account (CA) of the balance of payments (BOP) for the September 2024 quarter, is estimated to have deteriorated to a deficit of 0.8 per cent of GDP, relative to a deficit of 0.5 per cent for the September 2023 quarter. The estimated worsening of the current account deficit for September 2024 quarter reflects a fall in the surplus on the services sub-account, partially offset by lower deficits on the merchandise trade and income sub-accounts as well as a higher surplus on the current transfers sub-account.

The current account is projected to moderate to an average surplus of 0.5 to 1.5 per cent of GDP over FY2024/25 and FY2025/26. The lower surplus relative to FY2023/24 largely reflects a deterioration in the merchandise trade balance due to higher imports associated with consumer goods and capital goods (the latter associated with higher FDI flows). Over the medium-term, the CA balance is forecast to reflect an annual average surplus of 0.5 to 1.5 per cent of GDP.

Relative to the previous forecast, the CA surplus over the December 2024 to the September 2026 quarters is, on average, higher (better). This revision is underpinned primarily by an improvement in the general merchandise trade balance due to lower fuel imports, higher remittance inflows as well as an improved income sub-account underpinned by higher interest on BOJ reserves.

Over the near-term, the gross reserves are projected to be higher than the previous forecast. This is largely driven by the receipt of proceeds from the Kingston Airport Revenue Finance Limited bond. Under a floating exchange rate regime, the gross reserves are projected to remain above the ARA 100% benchmark over the medium-term.

The risks to the projections for the CA are skewed to the downside (lower surplus). The main downside risks relate to greater imports associated with higher commodity prices and lower travel inflows. The risks to reserves are skewed to the downside. The main downside risk relates to lower than expected travel inflow associated with lower external demand.

Recent Developments

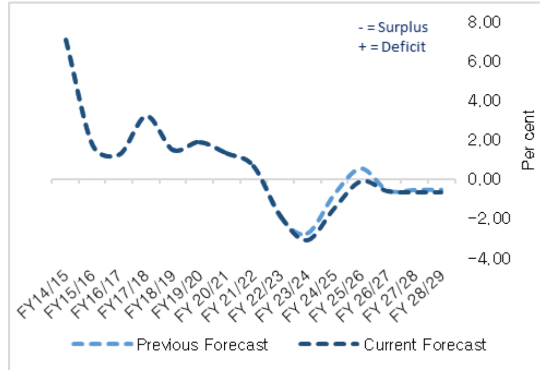
For the September 2024 quarter, a current account deficit of US$156.7 million (0.8 per cent of GDP) is estimated, higher than the deficit of 0.5 per cent for the September 2023 quarter. The deterioration in the deficit is underpinned by a lower surplus on the services sub-account, partially offset by an improvement on the general merchandise trade balance, income and current transfers sub-accounts. The deterioration on the services balance is mainly underpinned by lower tourism inflows, mainly reflecting weaker stopover arrivals. The improvement in the merchandise trade balance largely reflects a decline in imports, particularly for fuel and raw materials, while the improvement in the income sub-account is underpinned by lower GOJ bond interest payments. Relative to previous projections, the current account balance for the June 2024 quarter is US$12.6 million lower (worse). The variance in the CA was largely underpinned by a deterioration in the services balance partially offset by improvements on the merchandise trade balance, current transfers and income sub-accounts. The surplus on the services sub-account was US$96.0 million below projection due to lower travel inflows and higher transportation outflows. For the merchandise trade balance, exports and imports were above projections by US$25.7 million and US$15.8 million, respectively. Current transfers were above previous projections by US$53.8 million. The income sub-account was US$18.4 million better than the previous projection underpinned by higher net investment income inflows, mainly reflecting higher interest income on BOJ foreign assets.

The current account (CA) is projected to be sustainable over the near and medium-term. For FY2024/25 to FY2025/26, the CA is projected to reflect an average surplus of 0.5 to 1.5 per cent of GDP, higher than the previous projection for a surplus of 0.1 per cent of GDP and a moderation relative to the surplus of 3.1 per cent of GDP for FY2023/24.

Over the medium-term, the CA balance is projected to be higher than the previous forecasted surplus. During the period, the CA balance is projected to range between a surplus of 0.5 to 1.0 per cent of GDP between FY2026/27 to FY2029/30 (see Figure 17).

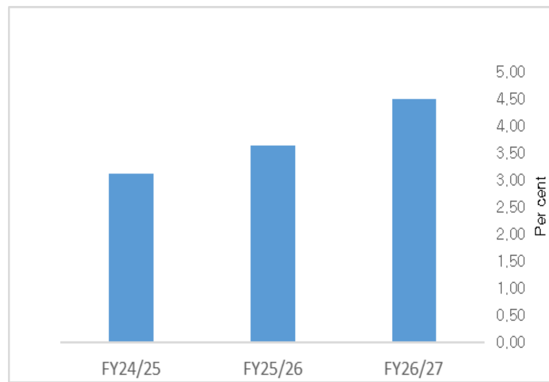
The current account balance, after accounting for FDI-related imports, reflects an average surplus of 3.7 per cent of GDP for the 3-year forecast period of FY2024/25 to FY2026/27 (see Figure 18).

Figure 17: Medium-Term CAD Forecast (% GDP)



Source: Bank of Jamaica

Figure 18: Current Account less FDI (% of GDP)



Source: Bank of Jamaica

6.0 Monetary Policy & Market Operations

BOJ reduced its signal rate during the September 2024 quarter by 25 bps, to 6.75 per cent and unwound its monetary policy stance by facilitating a gradual loosening of Jamaica Dollar liquidity. While not targeting any specific level of the exchange rate, Bank of Jamaica continued to ensure that movements in the exchange rate did not threaten a deviation from the inflation target.

Jamaica Dollar liquidity increased during the September 2024 quarter, relative to the preceding quarter, reflecting a net injection from BOJ operations, partly offset by a net absorption through GOJ operations.

Monetary Policy

During the September 2024 quarter, BOJ reduced its signal rate by 25 bps, to 6.75 per cent.

Liquidity Conditions

Liquidity increased during the September 2024 quarter, relative to the June 2024 quarter. Deposit-taking institutions (DTIs) and primary dealers maintained average current account balances of $55.7 billion at Bank of Jamaica for the September 2024 quarter, higher relative to the average balances of $27.1 billion held for the preceding quarter. The higher liquidity level reflected net injection of $38.1 billion from BOJ operations, partly offset by net absorptions from GOJ operations of $9.4 billion, largely associated with debt raising operations (see **Table 3**).

Bank of Jamaica conducted 13 auctions of 30-day CDs during the review quarter. The average offer size during the September period was $31.5 billion, below the average of $37.1 billion for the June 2024 quarter. The average yield on the 30-day CDs for the review quarter decreased by 206 bps to 8.35 per cent.

In the context of intermittent instability in the foreign exchange market during the quarter, BOJ's sold US$382.3 million to the market via its B-FXITT facility.[1] The intervention sales occurred in all three months of the quarter. Notwithstanding the gross sales, the Bank net purchased US$141.1 million during the September quarter. As Bank of Jamaica continues its policy of unwinding its outstanding USD CDs, there were no new issues, but there was a repayment of US$22.4 million during the review quarter (see **Table 4**)

Table 3: BOJ Liquidity Facility (J$ Billions)

BOJ Liquidity Flow (J$ Billions)	Actual Mar-24	Actual Jun-24	Projected Average Sep-24	Actual Average Sep-24	Variance Sep-24
Net BOJ Operations (Inject/Absorb)	27.9	51.7	45.0	38.1	-7.0
Open Market Operations	-32.1	-8.6	-6.1	-6.1	0.0
BOJ Repo - (incl. OTROs)	10.4	-4.6	-9.3	-9.2	0.1
FR CDs - (incl. 30day CDs)	-30.6	-13.6	0.2	0.0	-0.2
VR CDs	0.0	0.0	0.0	0.0	0.0
USD Indexed Notes	-11.9	9.6	3.0	3.1	0.1
BOJ FX (incl. PSE)	67.6	58.0	53.5	46.7	-6.7
BOJ Other	-7.6	2.4	-2.3	-2.6	-0.2
o.w. Currency Issue	-3.3	1.8	-2.3	-2.3	-0.1
o.w. Cash Reserve (Com Banks)	-1.6	-0.9	-1.9	-2.1	-0.2
o.w. GOJ Securities	0.0	0.0	0.0	0.0	0.0
o.w. other	-2.7	1.4	1.8	1.9	0.1
GOJ Operations	-27.9	-50.9	-18.4	-9.4	9.1
Current A/C (+) = Loosen; (-) = Tighten	0.0	0.8	26.6	28.7	2.1
Current A/C Balance	26.2	27.1	53.6	55.7	2.1

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

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

Table 4: Placements & Maturities of BOJ USD Instruments

Tenor	April – June 2024			July – September 2024		
	Placements (US$MN)	Maturities (US$MN)	Average Rate (%)	Placements (US$MN)	Maturities (US$MN)	Average Rate (%)
5-year	–	0.00	–	–	0.00	–
7-year	–	0.00	–	–	22.37	–
TOTAL	–	0.00	–	–	22.37	–

Note: Total outstanding stock of USD CDs as at September 2024 was US$0 Million

Source: Bank of Jamaica

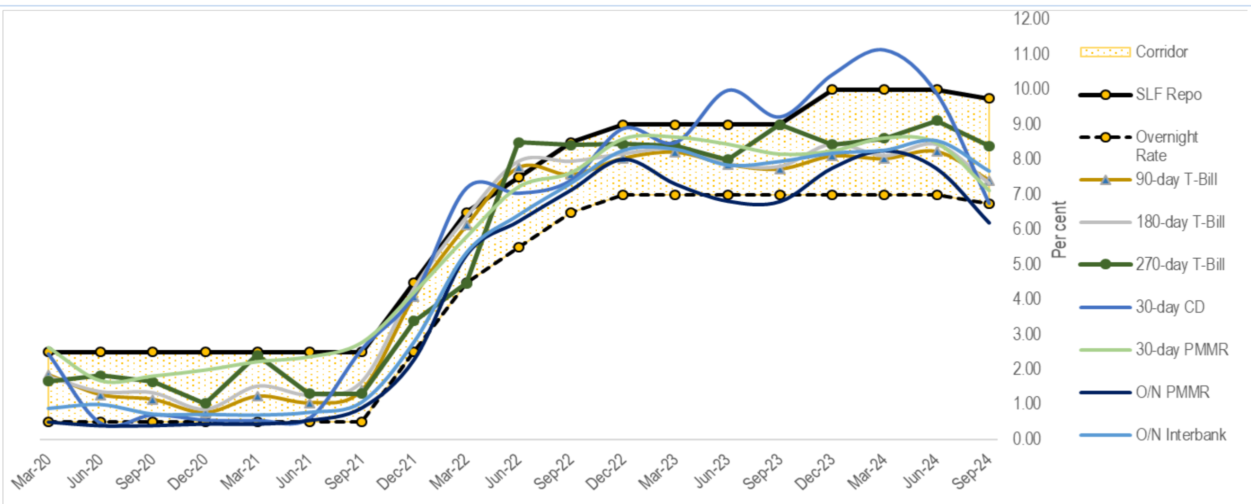
7.0 Financial Markets

Private money market rates generally declined during the September 2024 quarter. The yields on GOJ Treasury bills also declined. The estimated yield curve on GOJ JMD bonds at end-September 2024 increased at the shorter end of the curve, and declined at the longer end, relative to the yield curve at end-June 2024. Estimated sovereign risk declined while exchange rate risk increased for the September 2024 quarter.

Market Interest Rates

Money market rates during the September 2024 quarter declined. When compared to the rates at end-June 2024, the 30-day CD rate, O/N private money market rate (PMMR), the 30-day PMMR and O/N Interbank PMMR were lower by 313 bps, 154 bps, 136 bps, and 87 bps, respectively (see Figure 19). The yields also declined on the GOJ Treasury bills.[1] The general decline in the private money market rates was influenced by the Bank's reduction of its signal rate during the September 2024 quarter by 25 bps, to 6.75 per cent facilitating a gradual loosening of Jamaica Dollar liquidity.

Figure 19: Money Market Rates (Nominal)[2] (EOP)



	SLF Repo	30-day CD	BOJ O/N Deposit	O/N PMMR	O/N Interbank	30-day PMMR	90-day T-Bill	180-day T-Bill	270-day T-Bill
Mar-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
Mar-24	10.00	11.13	7.00	8.26	8.28	8.62	8.03	8.11	8.62
Jun-24	10.00	9.88	7.00	7.74	8.55	8.48	8.23	8.43	9.12
Sep-24	9.75	6.75	6.75	6.20	7.68	7.12	7.41	7.33	8.40

Source: Bank of Jamaica

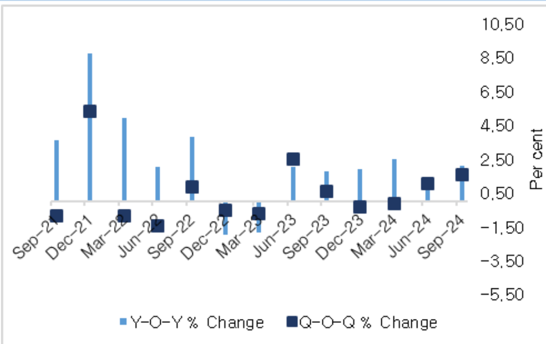
[1] At end-September 2024, the yields on GOJ 270-day, 180-day and 90-day Treasury bills were lower by 72 bps, 110 bps and 90 bps, respectively, relative to the same yields at end-June 2024.

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

Exchange Rate Developments

The nominal exchange rate depreciated during the September 2024 quarter. The weighted average selling rate of the Jamaica dollar vis-á-vis the US dollar (WASR) closed the September 2024 quarter at J$158.70 = US$1.00, reflecting a depreciation of 1.5 per cent, relative to end-June 2024 and a depreciation of 2.1 per cent, relative to end-September 2023.[3]

Figure 20: Movements in WASR

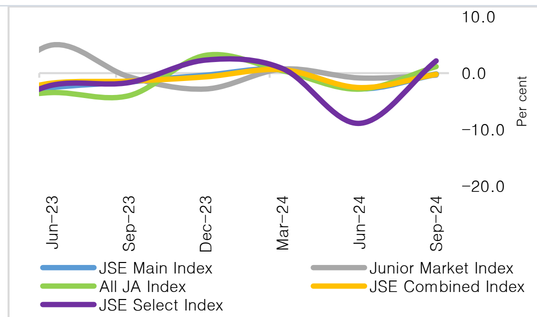


The depreciation in the exchange rate during the September 2024 quarter was particularly noticeable in July 2024. This was underpinned by increased portfolio-related demand by financial institutions. These demand pressures were attenuated by B-FXITT sales of US$382.3 million for the quarter.

Equities Market

Conditions in the equities market improved marginally during the September 2024 quarter. Of note, two of the five major Jamaica Stock Exchange (JSE) indices recorded growth while the other indices declined at a slower pace ranging from 0.2 per cent to 0.4 per cent (see Figure 21). This is an improvement compared to the previous quarter which recorded declines in all five major indices ranging from0.8 per cent to 8.9 per cent. More specifically, the JSE Main Index declined by 0.2 per cent for the September 2024 quarter, compared to a decline of 2.7 per cent for the previous quarter. Additionally, the Junior Market Index and the JSE Combined Index recorded marginal declines of 0.4 and 0.2 per cent, respectively for the review quarter, relative to a decrease of 0.9 and 2.6 per cent in the previous quarter. On the other hand, the JSE Select Index and the JSE All Jamaican Composite Index recorded upticks of 2.2 and 1.2 per cent, respectively compared to declines of 8.9 and 2.8 for the previous quarter.

Figure 21: Quarterly growth rates of the JSE indices (percentage change)[4]



Source: Jamaica Stock Exchange

Similarly, on an annualized basis, the performance of the stock market for the year ended-September 2024 reflected a marginal improvement as the pace of decline in the indices decelerated. More precisely, the JSE Main Market Index recorded a decline of 2.7 per cent for the year ended-September 2024, compared to a decline of 9.6 per cent for the same period in 2023. Likewise, the Junior Market Index recorded a decline of 3.3 per cent for the year ended-September 2024, relative to a decline of 6.4 per cent for the corresponding period of the previous year.

The performance of the stock market has reflected a response to the Bank's recent decision to ease monetary policy. [5]

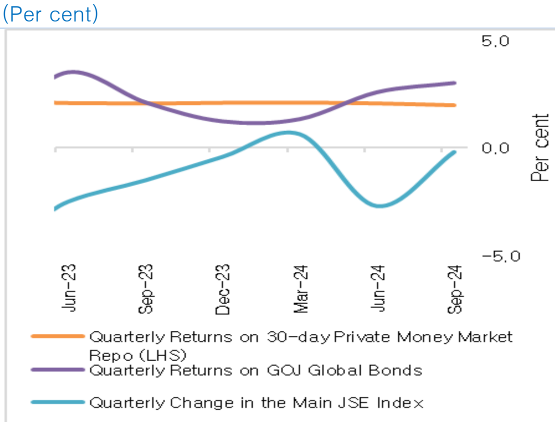
[3] The average WASR for the September 2024 quarter was J$157.97 = US$1.00, reflecting an average depreciation of 0.92 per cent, relative to the June 2024 quarter and an average depreciation of 1.6 per cent relative to the September 2023 quarter. The average WASR for the September 2024 quarter was J$0.16 lower (less depreciated) relative to the previous forecast average WASR of J$158.13= US$1.00.

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

[5] Over the September quarter the BOJ reduced the policy rate by 50 basis points to 6.5 per cent.

Of note, for the review quarter, foreign currency investments yielded higher returns relative to equity investments. More specifically, foreign currency investments yielded a quarterly return of 3.0 per cent, while the quarterly returns on equities was –0.2 per cent for the September 2024 quarter.[6] Additionally, the average quarterly yield on 30-day private money market instruments decreased to 2.0 per cent for the September 2024 quarter, relative to 2.1 percent for the previous quarter (see **Figure 22**).

Figure 22: 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 showed mixed results for the September 2024 quarter. In particular, the volume and values traded increased by 13.5 and 107.6 per cent, respectively. The increases in the relevant market activity indicators for the September 2024 quarter, were mainly driven by a few large companies on the JSE main index (see **Figure 23**).[7]

Table 5: Stock Price Appreciation

Advancing	Per cent
Financial	
Mayberry Jamaican Equities Limited	19.8
Insurance	
Key Insurance Company Limited	31.7
Manufacturing	
Lasco Manufacturing Limited	14.7
Wisynco Group Ltd	7.0
Communication	
Radio Jamaica	14.4
Tourism	
Innovative Energy Group Limited	6.7
Retail	
Carreras Limited	6.4
Other	
Stanley Motta Limited	26.1
Margaritaville (Turks) Limited	12.5
TransJamaica Highway Limited	11.0

Table 6: Stock Price Depreciation

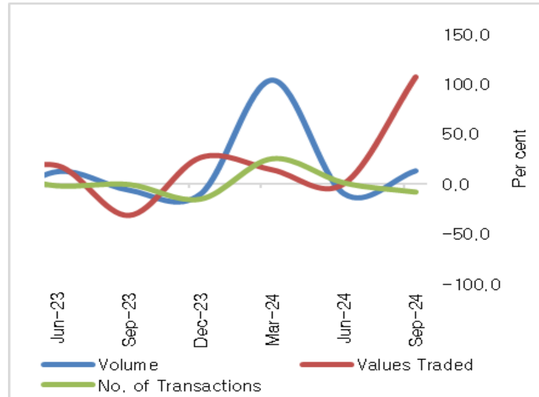
Declining	Per cent
Financial	
Proven Investments Limited	–17.8
Sagicor Select Funds Limited – Manufacturing and Distribution	–11.1
Sygnus Credit Investments Limited	–8.5
Jamaica Stock Exchange	–6.4
Conglomerates	
Jamaica Producers Group	–11.5
Manufacturing	
Berger Paints (Jamaica)	–13.8
Massy Holdings Limited	–12.3
Lasco Distributors Limited	–10.6
Salada Foods Jamaica	–7.8
Other	
Palace Amusement	–6.7

[6] 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.

[7] Technical factors are the mixture of external conditions that alter the supply of and demand for a company's stock. Technical factors include: inflation, economic strength of market peers, substitutes, incidental transactions, demographics, trends, liquidity, news.

The advance-to-decline ratio for the stocks listed on the JSE was 26:26 for the September 2024 quarter. This compares to an advance-to-decline ratio of 22:28, for the previous quarter. Of note, stock price appreciation was largely concentrated among the *Other category*, while the *Financial* and *Manufacturing* sector accounted for the majority of the declining stocks for the September 2024 quarter (see **Tables 5 and 6**).

Figure 23: Quarterly Change in the Monthly Volumes, Values Traded & Number of Transactions (Main JSE Index) (Per cent)



Source: Jamaica Stock Exchange

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8.0 Monetary Aggregates

The monetary base increased by 11.3 per cent at September 2024 when compared to September 2023. Regarding the sources of the annual change in the monetary base at September 2024, there was an increase of 11.3 per cent in Bank of Jamaica's net international reserves (NIR), partly offset by a decline of 11.4 per cent in Net Domestic Assets.

The net flow of new loans in real terms for the September 2024 quarter declined by 77.2 per cent, relative to the same period in 2023. This decline was relative to a decline of 64.8 per cent recorded for the June 2024 quarter.

Money

The monetary base increased by 11.3 per cent at September 2024 when compared to September 2023. Regarding the sources of the annual change in the monetary base at September 2024, there was an increase of 11.3 per cent in Bank of Jamaica's net international reserves (NIR), partly offset by a decline of 11.4 per cent in Net Domestic Assets (see Table 7). The growth in the Jamaica dollar equivalent of the NIR was associated with both an increase in the USD value of the NIR stock and a depreciation in the exchange rate. For the NDA, the decline was influenced by an increase in OMOs, higher net credit to banks, partly offset by higher claims on the public sector reflected in the increase in Central Government Deposits.

Table 7: Bank of Jamaica Accounts

	Stock (J$MN)			Flow (%)	
	Sep-23	Jun-24	Sep-24	Qtr. -o- Qtr.	Y-o-Y
NIR (US$MN)	4,758.5	5,185.2	5,200.5	0.3	9.3
NIR(J$MN)	737,928.7	809,724.9	821,672.3	1.5	11.3
- Assets	758,093.8	821,660.9	832,608.0	1.3	9.8
- Liabilities	-20,165.1	-11,936.0	-10,935.7	-8.4	-45.8
Net Domestic Assets	-395,364.0	-450,369.3	-440,277.8	2.2	-11.4
- Net Claims on Public Sector	105,826.6	111,749.8	157,599.3	41.0	48.9
- Net Credit to Banks	-94,948.1	-98,143.9	-97,912.8	-0.2	3.1
- Open Market Operations	-200,737.5	-266,071.2	-267,571.2	0.6	33.3
- Other	-205,505.0	-197,904.1	-232,393.1	17.4	13.1
-o/w USD FR CDs	8,475.1	20,808.9	0.0	-100.0	-100.0
Monetary Base	342,564.7	359,355.5	381,394.5	6.1	11.3
- Currency Issue	253,448.0	254,262.5	256,742.6	1.0	1.3
- Cash Reserve	62,462.6	66,794.1	69,025.3	3.3	10.5
- Current Account	26,654.1	38,298.9	55,626.5	45.2	108.7

Source: Bank of Jamaica

M2J expanded by 10.8 per cent at August 2024, slightly above the expansion of 10.5 per cent at June 2024. Growth in broad money was underpinned by increases of 11.4 per cent in local currency deposits and 8.5 per cent in currency in circulation, compared to the respective growth of 12.2 per cent and 4.5 per cent recorded at end-June 2024. The continued growth in deposits was reflected in time, savings, and demand deposits, which grew by 29.7 per cent, 9.7 per cent, and 7.9 per cent, respectively. This compares to the growth of 18.7 per cent and 12.0 per cent in savings and demand deposits, respectively, while time deposits declined by 6.9 per cent as at June 2024 (see **Table 8**).

Table 8: Components of Money Supply (M2*)

	Percentage Change (%)		
	Aug-23	Jun-24	Aug-24
Total Money Supply (M2*)	11.2	8.1	7.3
Money Supply (M2J)	14.8	10.5	10.8
Money Supply (M1J)	15.1	8.7	8.2
Currency with the public	16.5	4.5	8.5
Demand Deposits	14.1	12.0	7.9
Quasi Money	14.5	12.2	13.3
Savings Deposits	14.8	18.7	9.7
Time Deposits	13.1	-6.9	29.7
Foreign Currency Deposits	5.2	3.7	0.9

Source: Bank of Jamaica

Private Sector Credit

Growth of 9.4 per cent in the stock of private sector loans and advances (including domestic and foreign currency denominated loans) at August 2024 was slightly below the growth of 10.0 per cent as at June 2024. This translates to an annual increase of 3.3 per cent in real terms in the stock of private sector loans and advances in August 2024. Relative to GDP, the stock of private sector loans and advances at June 2024 was 41.8 per cent, above the ratio of 40.4 per cent a year earlier.

The growth in total loans and advances was underpinned by expansions of 10.2 per cent and 8.9 per cent in loans to the productive and individual sector, respectively. Growth in loans to the productive sector was mainly attributed to all industries except the construction, mining, quarrying & processing, transportation and electricity sectors.

The net flow of new loans in real terms for the September 2024 quarter declined by 77.2 per cent, relative to the same period in 2023.[1] This decline was relative to a decline of 64.8 per cent recorded for the June 2024 quarter. The fall in net new loans reflected a decline of 1.7 per cent in real new loan disbursements, augmented by a growth of 15.8 per cent in real principal repayments. The decline in real new disbursements largely emanated from a fall of 8.2 per cent in new loans to the productive sector and a decline of 1.2 per cent to the individual sector. The decline in new loans to the productive sector was largely reflected in Professional & Business Services, Construction, and Electricity sectors. The moderation in net new loans is consistent with the moderation in economic activity.

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

Stock	Jun-23	Mar-24	Jun-24
Total DTI	12.0	10.5	10.0
o.w. to Businesses	12.3	9.1	8.1
o.w. to Consumers	11.9	11.5	11.3
Stock as a % of Annual GDP			
Total DTI	41.1	41.6	41.8
o.w. to Businesses	16.7	16.7	16.7
o.w. to Consumers	24.4	24.8	25.0

Source: Bank of Jamaica

Monetary Projections

Broad money is projected to expand at an average annual rate of 10.2 per cent over the next eight quarters, in line with the previous projection of 10.2 per cent. The projected expansion in broad money reflects moderations in currency in circulation and local currency deposits amid the anticipated deceleration in economic growth over the next four quarters, and a projected acceleration in economic growth over the latter four quarters of the near term.

Private sector credit provided by the DTIs is projected to grow at an average rate of 8.1 per cent up to the September 2026 quarter, compared to the previous forecast for an expansion of 8.1 per cent. The expected expansion in credit is primarily driven by growth in economic activity.

[1] The net flow of new loans are new loan disbursements less principal repayments.

9.0 Conclusion

The average inflation rate over the next two years (December 2024 to September 2026) is projected to fall to 5.0 per cent, relative to 6.4 per cent over the previous eight-quarter period. Inflation is consequently projected to remain within the Bank's target range over the period. Core inflation (CPIAF) is a projected average of 4.3 per cent, compared with 6.2 per cent over the past two years.

Real GDP is projected in the range of -1.0 to 0.5 per cent for FY2024/25, largely reflecting the adverse impact of Hurricane Beryl on the economy. This estimated decline is underpinned by contractions in Agriculture, Forestry & Fishing, Construction, Hotels & Restaurants and Electricity & Water Supply. For FY2025/26 and FY2026/27, real GDP is projected to expand in the ranges 1.0 to 3.0 per cent and 1.0 to 2.0 per cent, respectively.

The projected growth for FY2025/26 largely reflects a recovery in economic activities following the impact of Hurricane Beryl, evidenced in part by increases in Agriculture, Forestry & Fishing and Mining & Quarrying. The outlook also incorporates a nascent weakening in Wholesale & Retail Trade due to the lagged effects of shocks to the price level on spending over the past three years and the impact of monetary tightening over the same period.

Over the medium-term (FY2027/28 – FY2029/30), GDP is projected to grow by 1.0 to 2.0 per cent.

The risks to the forecast for domestic real GDP growth over the near-term are skewed to the downside, reflecting potentially lower external demand and adverse weather conditions.

The current account (CA) of the balance of payments (BOP) for FY2024/25 is projected to moderate to a surplus of 1.0 to 2.0 per cent of GDP from a surplus of 3.1 per cent of GDP in FY2023/24. This moderation largely reflects a lower surplus on the services sub-account due to higher travel inflows, 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. This is partially offset by a higher surplus on the current transfers sub-account. The CA balance is projected to moderate to the range of -0.5 to 0.5 per cent of GDP over FY2025/26 and FY2026/27. The lower surplus largely reflects a deterioration in the merchandise trade balance due to higher imports as well as a higher deficit on the income sub-account. Over the medium-term, the CA balance is forecasted to reflect an annual average surplus in the range of 0.5 to 1.5 per cent of GDP. Under a floating exchange rate regime, the gross reserves are projected to remain above the ARA 100% benchmark over the medium-term.

On 30 September 2024, the Monetary Policy Committee (MPC) decided to (i) reduce the policy rate by 25 basis points (bps) to 6.50 per cent per annum, effective 01 October 2024, and manage domestic liquidity accordingly; and (ii) continue to take measures to preserve relative stability in the foreign exchange market. The MPC highlighted that the glide path for future interest rate adjustments will be gradual but will continue to depend on the incoming data.

Additional Tables

1: INFLATION RATES

		CPI (Point-to-Point) **	Headline Inflation	Core Inflation*
FY12/13	Jun-12	70.41	6.71	6.90
	Sep-12	71.86	6.65	5.58
	Dec-12	73.71	8.00	5.43
	Mar-13	75.72	9.13	6.29
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	3.20
	Sep-20	106.14	4.88	3.44
	Dec-20	109.01	5.19	3.78
	Mar-21	108.27	5.18	5.30
FY21/22	Jun-21	109.77	4.34	7.27
	Sep-21	114.88	8.23	7.91
	Dec-21	116.98	7.31	9.29
	Mar-22	120.52	11.31	9.50
FY22/23	Jun-22	121.79	10.95	10.76
	Sep-22	125.52	9.26	10.70
	Dec-22	127.93	9.36	10.02
	Mar-23	127.97	6.19	7.77
FY23/24	Jun-23	129.45	6.29	6.05
	Sep-23	132.88	5.86	5.73
	Dec-23	136.72	6.87	5.81
	Mar-24	135.09	5.56	5.43
FY24/25	Jun-24	136.38	5.35	4.61
	Sep-24	140.50	5.74	4.50

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

2: ALL JAMAICA INFLATION – Point-to-Point (September 2024) *

Divisions, Classes and Groups	Weight (%)	Inflation (%)	Weighted Inflation	Contribution
FOOD & NON-ALCOHOLIC BEVERAGES	35.28	6.91	2.44	43.79
Food	33.28	6.98	2.32	41.71
Cereals and cereal products (ND)	6.59	4.50	0.30	5.32
Live animals, meat and other parts of slaughtered land animals (ND)	6.51	3.44	0.22	4.02
Fish and other seafood (ND)	3.54	2.22	0.08	1.41
Milk, other dairy products and eggs (ND)	2.82	2.58	0.07	1.31
Oils and Fats (ND)	0.90	1.51	0.01	0.24
Fruits and nuts (ND)	2.56	17.06	0.44	7.84
Vegetables, tubers, plantains, cooking bananas and pulses (ND)	6.92	13.63	0.94	16.93
Tubers, plantains, cooking bananas and pulses (ND)	2.01	15.62	0.31	5.64
Vegetables	4.91	12.94	0.64	11.41
Sugar, confectionery and desserts (ND)	1.29	5.79	0.07	1.34
Ready-made food and other food products n.e.c. (ND)	2.16	5.21	0.11	2.02
Non-Alcoholic Beverages	2.00	5.72	0.11	2.06
Fruit and Vegetable Juices (ND)	0.65	6.96	0.05	0.81
Coffee, Tea and Cocoa	0.45	4.60	0.02	0.37
Mineral Waters, Soft Drinks, Fruit and Vegetable Juices	0.91	5.38	0.05	0.88
ALCOHOLIC BEVERAGES, TOBACCO AND NARCOTICS	1.43	6.69	0.10	1.72
CLOTHING AND FOOTWEAR	2.45	3.14	0.08	1.38
Clothing	1.64	3.50	0.06	1.03
Footwear	0.81	2.38	0.02	0.35
HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	19.01	3.56	0.68	12.17
Rentals for Housing	10.37	6.97	0.72	12.99
Maintenance, Repair and Security of the Dwelling	0.66	7.40	0.05	0.88
Water Supply and Miscellaneous Services Related to the Dwelling	2.24	4.84	0.11	1.95
Electricity, Gas and Other Fuels	5.74	-1.22	-0.07	-1.26
FURNISHINGS, HOUSEHOLD EQUIPMENT AND ROUTINE HOUSEHOLD MAINTENANCE	3.72	5.22	0.19	3.49
Furniture, Furnishings, and Loose Carpets	0.35	2.70	0.01	0.17
Household Textiles	0.22	3.17	0.01	0.12
Household Appliances	0.35	1.71	0.01	0.11
Tools and Equipment for House and Garden	0.15	1.46	0.00	0.04
Goods and Services for Routine Household Maintenance	2.65	6.25	0.17	2.98
HEALTH	2.59	4.31	0.11	2.00
Medicines and Health Products	2.12	4.12	0.09	1.57
Outpatient Care Services	0.30	7.08	0.02	0.38
Other Health Services	0.17	1.40	0.00	0.04
TRANSPORT	11.07	9.07	1.00	18.03
INFORMATION AND COMMUNICATION	4.51	-1.23	-0.06	-0.99
RECREATION, SPORT AND CULTURE	4.95	4.57	0.23	4.06
EDUCATION SERVICES	2.40	9.42	0.23	4.06
RESTAURANTS & ACCOMMODATION SERVICES	6.56	5.81	0.38	6.85
INSURANCE AND FINANCIAL SERVICES	1.11	1.65	0.02	0.33
PERSONAL CARE, SOCIAL PROTECTION AND MISCELLANEOUS GOODS AND SERVICES	4.92	3.54	0.17	3.13
ALL DIVISIONS	100.00	5.74	5.57	100.00

3: BANK OF JAMAICA OPERATING TARGETS

	Actual Sep-22	Actual Dec-22	Actual Mar-23	Actual Jun-23	Actual Sep-23	Actual Dec-23	Actual Mar-24	Actual Jun-24	Actual Sep-24
Net International Reserves (US$)	**3,807.30**	**3,976.25**	**4,152.36**	**4,283.50**	**4,758.53**	**4,758.27**	**5,137.29**	**5,185.16**	**5,200.53**
NET INT'L RESERVES (J$)	**578,957.26**	**603,195.44**	**626,881.71**	**660,497.90**	**737,928.70**	**734,722.11**	**790,658.03**	**809,724.87**	**821,672.30**
Assets	661,408.44	685,347.31	707,229.05	738,098.10	758,093.84	751,769.34	805,196.60	821,660.90	832,608.05
Liabilities	-82,451.18	-82,151.87	-80,347.34	-77,600.20	-20,165.14	-17,047.22	-14,538.56	-11,936.02	-10,935.74
NET DOMESTIC ASSETS	**-295,955.39**	**-293,996.16**	**- 288,143.28**	**-333,376.50**	**-395,364.02**	**-362,937.57**	**-441,107.04**	**-450,369.35**	**-440,277.84**
-Net Claims on Public Sector	103,495.97	114,784.43	148,614.51	157,000.30	105,826.57	132,276.48	78,145.04	111,749.85	157,599.27
-Net Credit to Banks	-86,021.11	-85,247.82	-89,678.54	-95,288.40	-94,948.05	-92,847.78	-93,955.51	-98,143.89	-97,912.77
-Open Market Operations	-117,518.10	-130,018.10	- 150,669.64	-191,738.40	-200,737.50	-202,965.95	-239,984.07	-266,071.24	-267,571.24
-Other	-195,912.16	-193,514.67	- 196,409.62	-203,350.0	-205,505.03	-199,400.32	-185,312.49	-197,904.07	-232,393.10
MONETARY BASE	**283,001.87**	**309,199.28**	**338,738.43**	**327,121.40**	**342,564.68**	**371,784.55**	**349,551.00**	**359,355.52**	**381,394.46**
- Currency Issue	206,218.51	233,760.72	224,592.25	250,673.80	253,448.05	277,440.09	257,312.95	254,262.52	256,742.62
- Cash Reserve	45,291.63	45,437.41	47,844.11	60,724.40	62,462.58	64,147.93	65,628.33	66,794.10	69,025.31
- Current Account	31,491.79	30,001.15	66,302.07	15,723.20	26,654.06	30,196.53	26,609.72	38,298.90	55,626.53
GROWTH IN MONETARY BASE [F-Y-T-D]	**5.6**	**15.3**	**-**	**-3.4**	**1.1**	**9.8**	**-**	**2.8**	**9.1**

4: MONETARY AGGREGATES

		BASE	M1J	M1	M2J	M2	M3J	M3
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
	Mar-24	349,551.00	483,686.52	540,221.89	1,010,735.39	1,528,079.03	1,290,445.74	1,807,789.38
FY24/25	Jun-24	378,290.11	490,042.87	544,802.05	1,028,743.52	1,554,786.77	1,324,247.43	1,850,290.68
	Aug-24	416,060.89	495,600.92	552,978.50	1,042,599.16	1,564,230.36	1,339,004.79	1,860,635.99

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

		1-month	3-month	6-month
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
	Mar-24	…	8.03	8.11
FY24/25	Jun-24	…	8.23	8.43
	Sep-24	…	7.41	7.33

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

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

		30 days
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
	Mar-24	10.92
FY24/25	Jun-24	9.84
	Sep-24	6.76

7: Placements and Maturities* in BOJ OMO Instruments

	January – March 2024			April - June 2024			July – September 2024		
	Maturities (J$MN)	Placements (J$MN)	Average Yield (%)	Maturities (J$MN)	Placements (J$MN)	Average Yield (%)	Maturities (J$BN)	Placements (J$BN)	Average Yield (%)
30-day CD	387.3	462.0	10.65	460.7	442.7	10.42	338.5	507.0	8.31
272-day VR CD	0	0		0	0		0.0	0.0	
365-day VR CD	0	0		0	0		0.0	0.0	
548-day VR CD	0	0		0	0		0.0	0.0	
729-day VR CD	0	0		0	0		0.0	0.0	
272-day FR CD	0	0		0	0		0.0	0.0	
365-day FR CD	0	0		0	0		0.0	0.0	
510-day FR CD	0	0		0	0		0.0	0.0	
730-day FR CD	8	25.0	9.41	6	18.0	9.21	8.0	20.0	7.15
767-day FR CD	0	0		0	33.3	9.01	0.0	0.0	
911-day FR CD	0	0		0	0		0.0	0.0	
272-day FR USD IB	0	0		0	0		0.0	0.0	
365-day FR USD IB	0	0		0	0		0.0	0.0	
540-day FR USD IB	0	0		0	0		0.0	0.0	
730-day FR USD IB	0.0	0		0.0	0		0.0	0.0	
911-day FR USD IB	0	8	6.94	13	0		0.0	0.0	
1095-day FR USD IB	4	0		0	0		0.0	0.0	
Repos	871.7	850.6		595.3	603.3		24.3	19.3	
	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	62.38	0		0	0		22.37	0	
TOTAL	62.38	0		0	0		22.37	0	

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

	Bauxite	Alumina	Sugar	Bananas	Other Traditional	Non-Traditional	Other	Total Goods Exports
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	397.5
Sep-22	17.6	33.6	0.1	0.3	24.2	177.1	155.0	407.9
Dec-22	20.2	109.6	0.1	0.2	23.0	182.9	237.3	573.4
Mar-23	15.0	91.3	0.1	0.3	29.7	187.9	141.8	464.4
FY23/24+	52.3	381.2	4.2	0.9	84.8	475.8	338.1	
Jun-23	20.7	131.4	0.1	0.3	32.0	148.7	130.1	463.4
Sep-23	16.8	134.6	3.8	0.3	30.9	173.2	85.7	445.3
Dec-23	14.8	115.2	0.3	0.3	21.9	153.9	122.3	428.4

+ Revised

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

	Jun-21+	Sep-21 +	Dec-21+	Mar-22+	Jun-22+	Sep-22+	Dec-22+	Mar-23+	Jun-23+	Sep-23+	Dec-23+
1. Current Account	**216.1**	**78.3**	**-102.0**	**-293.2**	**13.7**	**-86.1**	**235.8**	**189.0**	**234.1**	**-94.2**	**256.4**
A. Goods Balance	-551.8	-547.4	-1041.8	-1126.3	-1189.6	-1291.9	-1000.2	-1094.9	-1044.8	-1202.1	-1056.4
Exports (f.o.b)	425.7	401.2	288.0	340.9	464.9	466.8	628.9	527.4	505.2	493.5	477.3
Imports (f.o.b)	977.5	948.5	1329.9	1467.2	1654.5	1758.7	1629.1	1622.3	1550.0	1695.6	-1533.7
B. Services Balance	-40.8	-182.4	61.0	259.2	416.9	320.1	309.0	589.1	451.1	320.6	447.9
Transportation	-434.7	-591.4	-391.1	-322.3	-276.2	-311.5	-318.0	-304.7	-322.1	-360.4	-331.6
Travel	457.5	542.7	650.8	722.0	862.3	848.7	893.8	1109.4	960.7	900.1	1041.8
Other Services	-63.6	-133.7	-198.7	-140.5	-169.3	-217.0	-266.8	-215.6	-187.5	-219.1	-262.2
Goods & Services Balance	-592.5	-729.8	-980.8	-867.2	-772.7	-971.8	-691.2	-505.8	-593.7	-881.5	-608.5
C. Income	-104.2	-121.3	-34.9	-225.5	-96.7	-52.1	27.5	-126.8	-38.0	-118.0	8.6
Compensation of employees	9.7	28.5	46.5	18.8	16.8	33.3	50.6	17.1	18.0	36.8	47.0
Investment Income	-113.9	-149.9	-81.5	-244.3	-113.6	-85.3	-23.1	-143.9	-56.0	-154.8	-38.4
D. Current Transfers	912.9	929.4	913.8	799.5	883.2	937.8	899.5	821.5	865.8	905.3	856.2
General Government	40.8	53.7	40.5	47.0	41.7	48.7	44.5	46.0	44.4	49.0	38.5
Other Sectors	872.0	875.7	873.3	752.5	841.5	889.1	855.1	775.6	821.4	856.4	817.7
2. Capital & Financial Account	276.7	-401.1	1216.8	1026.0	977.2	529.5	23.6	292.0	156.1	377.2	-171.7
A. Capital Account	-9.2	-5.8	-5.6	-9.2	-7.8	-6.7	-6.2	-9.4	-5.3	-3.2	-0.7
Capital Transfers	-9.2	-5.8	-5.6	-9.2	-7.8	-6.7	-6.2	-9.4	-5.3	-3.2	-0.7
General Government	0.8	1.9	1.8	0.9	2.2	2.5	1.2	0.6	4.6	6.0	6.6
Other Sectors	-9.9	-7.7	-7.3	-10.0	-9.9	-9.2	-7.3	-10.0	-9.9	-9.2	-7.3
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	285.8	-395.3	1222.3	1035.1	985.0	536.2	29.8	301.4	161.5	380.5	-171.0
Direct Investment	36.7	118.4	86.9	44.5	64.7	100.1	49.1	124.2	110.0	93.2	53.1
Portfolio Investment	-198.2	-311.8	320.2	-127.1	57.0	215.3	-93.7	-129.5	203.9	73.0	-92.2
Other official investment	-58.6	-76.1	223.0	-11.7	96.0	16.9	74.6	-6.2	-104.5	-104.0	-272.9
Other private Investment	217.6	96.1	552.5	434.8	186.5	120.5	167.4	315.3	19.6	47.0	101.5
Reserves	288.4	-222.0	39.7	694.5	580.8	83.4	-167.6	-2.3	-67.5	271.4	39.5
Errors & Omissions	**-492.8**	**322.9**	**-1114.8**	**-732.8**	**-990.9**	**-443.4**	**-259.4**	**-481.0**	**-390.2**	**-283.1**	**-84.7**

+ Revised

10: FOREIGN EXCHANGE SELLING RATES

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

		US$	Can$	GBP £
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
	Mar-24	154.6974	114.4878	196.1865
FY24/25	Jun-24	156.2963	115.4780	202.2002
	Sep-24	158.7016	118.1011	211.7197

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	Goods & Services
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	34.90	23.94
	Mar-24	5231.75	-94.46	5137.29	39.40	26.40
FY24/25	Jun-24	5,261.51	-76.43	5,185.08	38.61	26.40
	Sep-24	5,269.75	-69.21	5,200.54	38.52	26.25

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

Sep 2019 – Sep 2021– + (Seasonally Unadjusted)

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

	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24
Total Value Added at Basic Prices	4.8	5.9	3.8	4.2	2.3	2.3	1.7	1.3	0.2
Agriculture, Forestry & Fishing	6.4	16.3	5.9	-7.1	-8.1	-10.0	2.6	7.5	3.4
Mining & Quarrying	-62.5	-27.6	99.0	114.1	164.2	103.1	21.5	18.7	4.0
Manufacturing	5.7	9.4	5.4	3.7	3.1	2.1	0.3	-0.8	-2.2
Food, Beverages & Tobacco	10.3	12.7	2.8	7.2	4.6	0.9	5.4	-3.0	4.1
Other Manufacturing	-0.9	4.5	8.9	-1.2	0.7	4.0	-5.9	-0.7	-2.2
Construction	-5.2	-3.1	-4.8	-4.2	-0.7	0.7	-3.8	-3.7	-2.0
Electricity & Water	2.0	3.9	1.7	0.7	6.2	6.7	5.2	6.5	2.3
Wholesale & Retail Trade; Repairs; Installation of Machinery	7.6	5.3	1.3	2.8	-0.1	0.4	1.0	-2.2	-0.5
Hotels and Restaurants	56.0	35.3	21.6	29.7	7.8	8.4	8.3	6.9	1.0
Transport, Storage & Communication	5.6	5.9	5.9	7.1	5.6	5.9	2.1	3.5	0.7
Finance & Insurance Services	1.1	1.0	1.4	1.9	2.1	1.5	3.6	2.2	2.4
Real Estate & Business Services	2.1	3.3	0.6	2.3	1.8	0.9	1.3	0.1	-1.5
Government Services	0.4	0.1	-0.8	-0.3	-0.2	-0.9	-0.4	-0.5	-1.9
Other Services	9.8	13.0	10.4	12.6	2.2	5.8	1.1	1.8	0.1
Less Financial Intermediation Services Indirectly Measured (FISIM)	2.0	1.6	3.3	3.9	3.5	3.1	3.7	2.2	3.7

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

		1-month	3-month	6-month	12-month
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
	Mar-24	5.4432	5.5598	5.6461	6.0414
FY24/25	Jun-24	5.4517	5.5862	5.6830	6.0414
	Sep-24	4.9602	4.8537	4.6821	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
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
	Mar-24	4.50	5.25-5.50	5.50	8.50	5.25
FY24/25	Jun-24	4.25	5.25-5.50	5.50	8.50	5.25
	Sep-24	3.65	4.75-5.00	5.00	8.00	5.00

15: INTERNATIONAL EXCHANGE RATES

		Sterling vs. US$	Canadian $ vs. US$	Yen vs. US$	Euro vs. US$
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
	Mar-24	0.7922	1.3539	151.3546	0.9268
FY24/25	Jun-24	0.7908	1.3680	160.8752	0.9334
	Sep-24	0.7477	1.3524	143.6369	0.8981

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)
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	Jun-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
	Mar-24	83.15	76.99	259.96	456.03
FY24/25	Jun-24	84.87	80.65	256.48	527.79
	Sep-24	80.15	75.21	237.44	585.22

*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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