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BANK OF JAMAICA

Quarterly Monetary Policy Report

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Monetary Policy at the Bank of Jamaica

Bank of Jamaica's monetary policy objective is to achieve an inflation target of 4 – 6 per cent per annum for the next three years. This inflation rate, measured as the annual point-to-point change in the consumer price index that is published by the Statistical Institute of Jamaica, will facilitate sustained growth and development in Jamaica.

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

The Bank uses a variety of tools to achieve its inflation target, the main one being the interest rate on overnight balances in the current accounts of deposit-taking institutions at Bank of Jamaica. 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 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 macroeconomic forecast covering the international economy, the fiscal accounts, balance of payments, money, credit, interest rates, GDP and prices.

This Monetary Policy Report describes the Monetary Policy Committee's most recent policy decision 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 at the time of four of the Bank's monetary policy announcements.

Overview

The pace of economic recovery in Jamaica and the global economy in the March 2022 quarter has been hampered by high inflation, continued supply chain disruptions and a resurgence of the coronavirus (COVID-19) pandemic. The uncertainty arising from the invasion of Ukraine by Russia continued to influence a rise in international commodity prices, which has added to further increases in domestic inflation and inflation expectations. Notwithstanding these headwinds, the Jamaican economy has continued to recover and is expected to return to its pre-COVID-19 level of activity by end-2022. Nonetheless, BOJ remained concerned about domestic inflation which continued to accelerate significantly above the upper end of the Bank's 4.0 per cent to 6.0 per cent target. Consequently, the Bank continued to pursue strong measures during the quarter to ensure that inflation returns to the target range in the shortest possible timeframe.

Annual inflation was 11.3 per cent at March 2022, above the 7.3 per cent at December 2021 and the 5.2 per cent at March 2021. The outturn at March 2022 primarily reflected an increase in energy related inflation. In addition, processed foods and services accelerated due to the continued lagged impact of higher international grains and freight costs. Over the next two years, inflation is projected to average within a range of 8.0 per cent to 9.0 per cent and is projected to peak within the range of 12.0 per cent and 15.0 per cent by June 2022.

The Jamaican economy is estimated to have grown in the range of 4.5 per cent to 6.5 per cent for the March 2022 quarter, a slower pace of growth relative to the expansion of 6.7 per cent recorded for the December 2021 quarter. From the perspective of aggregate supply, there was estimated growth in all industries for the review quarter, except *Mining & Quarrying* and *Manufacture.* GDP growth for FY2022/23 is projected to moderate within the range 2.0 per cent to 4.0 per cent from the range of 7.0 per cent to 10.0 per cent estimated for FY2021/22, This is broadly similar to the Bank's previous projection. The risks to the growth forecast are assessed to be skewed to the downside.

A current account deficit within the range of 0.5 per cent to1.5 per cent of GDP is estimated for the March 2022 quarter, higher (worse) than the outturn for the March 2021 quarter. This deterioration is reflected primarily in the merchandise trade balance and current transfers sub-account. The deterioration in the trade balance is primarily due to increases in raw material and fuel imports while the deterioration on the current transfers sub-account is mainly due to lower remittance inflows. On the positive side, there was an improvement on the services balance, primarily reflecting higher visitor arrivals and higher average daily expenditure. Of note, the current account is estimated to have recorded a surplus in the range of 0.0 to 1.0 per cent for FY2021/22.

The current account is projected to deteriorate over the next eight quarters due mainly to the impact of higher commodity prices on imports and a fall in remittance inflows. However, the Bank projects that the services account will continue to improve, reflecting higher visitor arrivals. The Bank anticipates that the CAD will range between 1.7 per cent to 3.6 per cent of GDP for FY2022/23 to FY2023/24 and average between 0.0 to 1.0 per cent of GDP over the medium-term. The risks to the projections for the CAD are balanced. Jamaica's international reserves remained buoyant with gross reserves at end-March 2022 of US$4.3 billion, representing 127.1 per cent of the Assessing Reserve Adequacy metric for FY2022/23.

The exchange rate continued to exhibit two-way movements. For the March 2022 quarter, the Jamaican dollar appreciated by 0.8 per cent. This compared to a depreciation of 2.8 per cent recorded in the corresponding quarter in the previous year. There were demand pressures during the early part of the quarter, however, these pressures were attenuated by B-FXITT sales by the Bank amounting to US$351.9 million. These sales were higher than the US$88.7 million sold to the market during the corresponding period of 2021.

Broad money grew at an annual rate of 12.7 per cent at February 2022, a deceleration relative to the growth of 17.1 per cent at December 2021. The expansion in broad money at February 2022 reflected growth of 11.5 per cent in local currency deposits, which stemmed from growth in savings and demand deposits. Private sector credit provided by deposit-taking Institutions (DTI's) continued to grow at a slow pace, recording annual growth of 6.2 per cent at February 2022, below the growth of 7.3 per cent at December 2021. The weaker performance in private sector credit reflected the lagged effect of the pandemic on credit demand, particularly from businesses, as expansion plans were put on hold.

The financial system continued to be resilient. DTI's risk-weighted Capital Adequacy Ratio (CAR) at end-February 2022 was 14.1 per cent, well above the statutory requirement of 10 per cent. Banks also remained liquid, with all licensees reporting Liquidity Coverage Ratios (LCRs) in excess of 100 per cent at end-February 2022. The quality of the DTIs' loan portfolio remained fairly stable with a ratio of non-performing loans (NPLs) to gross loans at February 2022 of 2.9 per cent, below the 3.1 per cent recorded a year earlier.

In March 2022, Bank of Jamaica, through its Monetary Policy Committee, announced its decision to further increase the policy interest rate by 50 basis points to 4.50 per cent per annum, effective 30 March 2022. The Bank also decided to continue pursuing other measures to contain Jamaican dollar liquidity expansion and maintain stability in the foreign exchange market. The decision to further reduce the level of monetary policy accommodation was aimed at limiting the ongoing and protracted commodity price shock to inflation and guide inflation back to the target range over the shortest possible time. The measures will cause liquidity conditions to remain tight and interest rates on deposits and loans to rise, making savings in Jamaican dollars more attractive relative to foreign currency assets and borrowing in Jamaican dollars more expensive. The increase in interest rates will also temper demand and consequently businesses' ability to pass on price increases to consumers, without substantially reducing the underlying growth of the economy. Bank of Jamaica will continue to focus on fulfilling its mandate and is prepared to take further actions at its next meeting depending on the incoming data.

Contents

ABBREVIATIONS & ACRONYMS

B-FXITT	Bank of Jamaica's Foreign Exchange Intervention & Trading Tool
BOJ	Bank of Jamaica
BOP	Balance of Payments
Brexit	British Exit
bps	Basis points
CAD	Current Account Deficit
CDs	Certificates of Deposit
CDI	Credit Demand Index
CIF	Cost, Insurance and Freight
CPI	Consumer Price Index
CPI-AF	Consumer Price Index without Agriculture and Fuel
CPI-F	Consumer Price Index without Fuel
CPI-FF	Consumer Price Index without Food and Fuel
CSI	Credit Supply Index
CY	Calendar Year
DIJA	The Dow Jones Industrial Average
DTIs	Deposit-taking Institutions
EFR	Excess funds rate
EGOF	Electricity, Gas & Other Fuels
EMBI+	JP Morgan Emerging Market Bond Index
e.o.p	End of Period
EPI	Export Price Index
EFR	Excess Funds Rate
Fed	US Federal Reserve System
FNB	Food & Non-Alcoholic Beverages
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
IPI	Import Price Index
IRC	Interest Rate Corridor
JMD	Jamaica Dollar
JSE	Jamaica Stock Exchange

LHS	Left Hand Side
LME	London Metal 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 Opening Position
o/w	Of which
O/N	Overnight
OMO	Open Market Operations
PMMR	Private Money Market Rates
QoQ	Quarter over Quarter
QPC	Quantitative Performance Criteria
RADA	Rural Agriculture Development Agency
REER	Real Effective Exchange Rate
S&P	Standard & Poor's
SBA	Stand-by Agreement
SCT	Special Consumption Tax
SLF	Standing Liquidity Facility
T-Bill	Treasury Bill
TP	Trading Partners
UR	Unemployment Rate
US	United States
USD	US dollar
WASR	Weighted Average Selling Rate
WTI	West Texas Intermediate

1.0 Inflation

The annual point-to-point inflation rate at March 2022 was 11.3 per cent, higher than the 7.3 per cent at December 2021 and above the upper limit of the Bank's inflation target range. The outturn mainly reflected an acceleration in energy-related inflation as well as higher prices for processed foods and services.

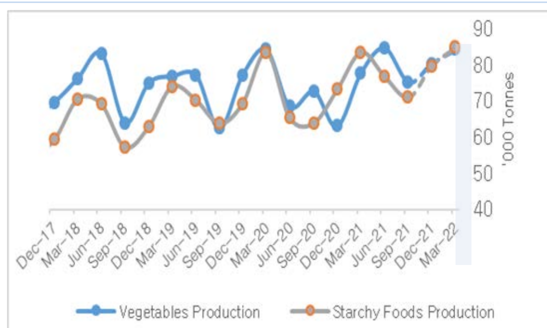
Inflation is projected to average between 8.0 per cent and 9.0 per cent over the next eight quarters (June 2022 quarter to the March 2024 quarter), which is higher when compared to the average inflation rate of 6.6 per cent over the past two years and the previous projection of 6.4 per cent. Inflation is projected to peak in the range of 12.0 per cent to 15.0 per cent by June 2022 and to fall within the target range by the June 2023 quarter. This forecast reflects a higher trajectory for imported inflation, due to higher grains prices stemming from the Russian-Ukraine conflict, the continued lagged impact of international commodity and shipping prices, continued elevation in inflation expectations, further impulses to energy costs and rising agricultural input prices.

The risks to the inflation forecast are skewed to the upside. On the upside, second round effects on inflation of increases in commodity prices could be higher than projected as inflation expectations remain high. The adverse impact on commodity prices of the Russia-Ukraine conflict could also be greater than projected. On the downside, weaker global growth from surging COVID-19 infections and the Russia-Ukraine conflict could impact domestic demand.

Recent Developments and Near-term Outlook

The annual point-to-point inflation rate at March 2022 was 11.3 per cent, higher than the 10.7 per cent at February 2022 and above the upper limit of the Bank's inflation target range of 4.0 per cent to 6.0 per cent. The outturn mainly reflected an acceleration in energy-related inflation. Furthermore, inflation for processed foods and services accelerated due to the continued lagged impact of higher international grains and freight costs. In this context, there were annual increases at March 2022 of 15.0 per cent, 10.2 per cent and 7.9 per cent for energy and transport, processed foods and services, respectively. This compares to annual increases in December 2021 of 17.6 per cent, 9.8 per cent and 9.5 per cent, respectively. Notably, agricultural food prices increased by 18.7 per cent at March 2022 compared to a decline of 7.5 per cent at December 2021, reflecting a strong recovery in demand and higher prices for some inputs such as fertilizers.[1]

Figure 1: Vegetables and Starchy Foods Production (Tonnes)

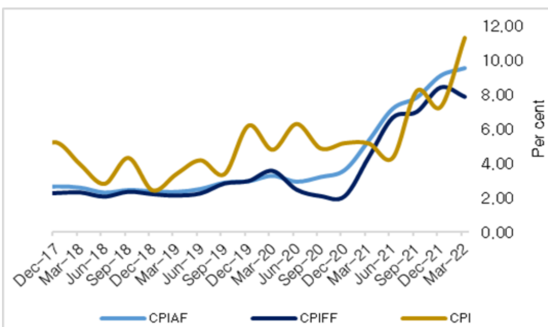


Source: MICAF & BOJ Calculations
The graph represents quarterly supply (in tonnes) for vegetables and selected starches provided by Ministry of Agriculture.

[1] Prior to the Russian-Ukraine war, fertilizer prices were rising due to demand pressures arising from the gradual reopening of economies from the Covid-19 pandemic. The price increase has been further exacerbated by the Russian-Ukraine situation.

The Bank's main measure of core inflation (inflation that excludes the immediate influence of agriculture and energy prices – referred to as CPIAF) at March 2022 was 9.5 per cent, higher than the 9.1 per cent at December 2021(see **Figure 2**). Core inflation was chiefly influenced by the lagged impact of higher grains and oil prices on the prices of processed foods and services as well as continued elevated inflation expectations. In this context, the measure of underlying inflation that excludes food and fuel (CPIFF) decelerated to 7.9 per cent at March 2022, relative to 8.4 per cent at December 2021

Figure 2: Core Inflation and CPI
(Annual per cent change)



Source: STATIN & BOJ

Inflation Outlook

Inflation over the June 2022 to March 2024 quarter (next eight quarters) is projected to average within the range of 8.0 per cent to 9.0 per cent, above the previous projection. Inflation is projected to peak in the range of 12.0 per cent to 15.0 per cent by June 2022 and to fall within the target range by the June 2023 quarter. Core inflation is projected to remain elevated but is expected to fall over the forecast horizon (see **Figure 5**). Over the medium term (FY2024/25 – FY2027/28), inflation is projected to converge to the mid-point (5.0 per cent) of the Bank's target range, similar to the previous projections.

The main factors underpinning the inflation forecast are as follows:

(i) Elevated inflation expectations continue to persist. In the most recent inflation expectations survey, respondents expected inflation to accelerate over the 12-month horizon, above the Bank's target range (see **box 1**). Inflation expectations are assumed to normalise (fall) over the medium term in the context of the Bank's monetary policy actions.

(ii) Domestic demand is forecasted to continue to recover, albeit at a slightly stronger pace than previously anticipated. In this context, the output gap is projected to close gradually over the medium term (see **Real Sector**).

(iii) The inflation forecast assumes increases in selected regulated prices (National Minimum Wage, National Water Commission tariff and bus fares).[2]

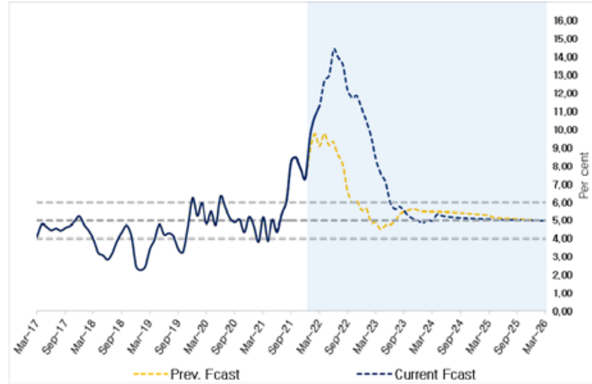
[2] Cabinet approved an increase in the National Minimum Wage from $7,000 to $9,000 per week effective 01 April 2022. This translates to an increase of 28.5 per cent in the minimum wage, which is higher than the earlier forecasted increase of 21.4 per cent. Effective May 2022, the Office of Utilities Regulation authorized an annual price adjustment mechanism rate increase of 11.7 per cent for the National Water Commission's base rates. The base rate adjustments coupled with movements in the rates for the CPI, electricity charge and the foreign exchange rate in March 2022, translates to a 3.0 per cent increase in the May 2022 NWC bills. This increase is lower than the forecasted increase of 4.3 per cent for the May 2022 NWC bill. The inflation forecast assumes an increase of 10.0 per cent in bus fares in the KMT, given the recent hike in fuel prices and a pronouncement by the Minister of Transport of such a likelihood.

(iv) Agricultural food price inflation is projected to accelerate moderately in the context of increases in input prices (in particular fertilizer) and as demand conditions improve.

(v) Oil prices are projected to average US$100.20 per barrel for the next eight quarters compared to an average of US$72.50 per barrel in the previous projection. Over the period FY2024/25 to FY2027/28 oil prices are projected to average US$72.4 per barrel, higher than the average of US$66.7 per barrel at the previous forecast. Although some moderation has begun, freight charges are forecasted to remain above the Covid-19 pre-pandemic levels before normalizing over the next eight quarters. This is in a context of continued constraints within the shipping industry (see International Economy).

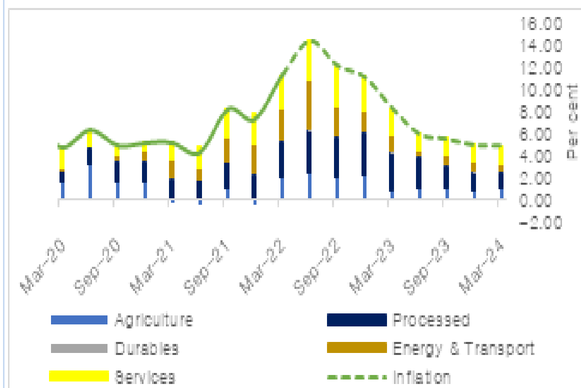
(vi) US inflation is forecasted to average 5.2 per cent over the next eight quarters, higher than the previous forecast of 4.3 per cent. Inflationary pressures are expected to ease in 2022 as the Fed tightens monetary conditions and supply constraints ease. The Fed's policy actions will support a return of inflation in the US to the monetary authority's target of 2.0 per cent over the medium term. (see International Economy).

Figure 3: Monthly Comparative Headline Inflation Forecasts



Source: Bank of Jamaica

Figure 4: Component Contribution to Inflation



Source: STATIN & BOJ

Box 1: Businesses' Inflation Expectations Survey – March 2022

Overview

The Bank's Survey of Businesses' Inflation Expectations (IES) at March 2022 indicated that the one-year ahead inflation expectations was higher than the Bank's inflation target of 4.0 to 6.0 per cent. Similar to the previous survey, respondents forecasted the costs of utilities and stock replacement to reflect the highest price increases among the input factors over the next twelve months. The proportion of respondents who held this view was 31.1 per cent and 30.6 per cent, relative to 32.9 per cent and 34.5 per cent, respectively, in the December 2021 survey. Notably, 15.7 per cent and 4.7 per cent of the respondents indicated that the costs of raw materials as well as wages & salaries, respectively, were forecasted to be the lowest input cost increases over the next twelve months. Perceptions about the present and future business conditions declined, relative to the previous survey. Perception of inflation control improved, relative to the previous survey. However, the majority of respondents were not aware of BOJ's inflation target as well as the most recent point-to-point inflation outturn.

Inflation Expectations

In the March 2022 survey, respondents' expectation of inflation 12 months ahead accelerated to 12.1 per cent, relative to the previous survey outturn of 9.8 per cent. Furthermore, businesses forecasted an annual point to point inflation rate at December 2022 of 11.5 per cent, which is marginally higher than the annual point to point outturn of 11.3 per cent at March 2022 (see **Figure 1a** and **b**).

Perception of Inflation Control

The index of businesses perception of inflation control increased when compared to the December 2021 survey (see **Figure 2**). This outturn reflected a decrease in the share of respondents who were "dissatisfied" with how inflation was being controlled

Exchange Rate Expectations

In the March 2022 survey, respondents forecasted the exchange rate to depreciate at a faster rate over the three, six and twelve-month time horizons, relative to the previous survey (see **Table 1**).

Table 1: Exchange Rate Expectations

Question: In January 2022 the exchange rate for the Jamaican Dollar (JA$) in respect of the United States Dollar (US$) was $156.01. What do you think the rate will be for the following periods?

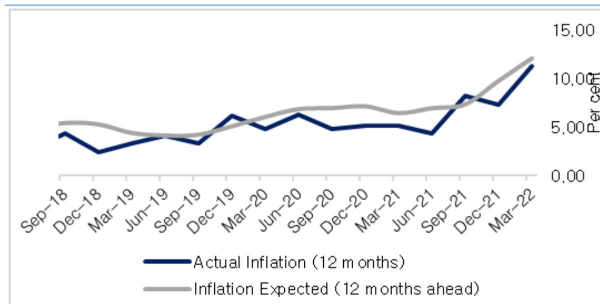
	Expected Exchange Rate Depreciation/Appreciation (%)			
Periods Ahead	Oct-21	Nov-21	Dec-21	Mar-22
3-Months	0.4	3.0	0.8	1.3
6-Months	1.0	3.6	1.1	2.2
12- Months	1.5	3.9	1.2	3.1

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

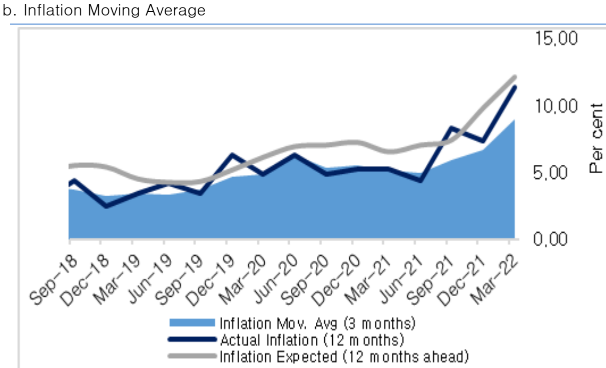
Figure 1: Expected 12-Month Ahead Inflation

Question: If you expect inflation, what do you expect the rate of inflation to be at December 2022 and over the next 12 months?

a.



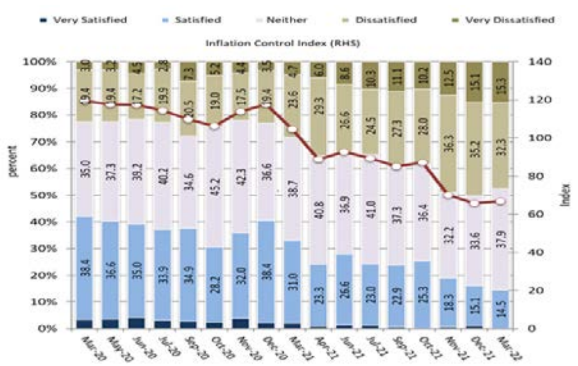
b. Inflation Moving Average



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?

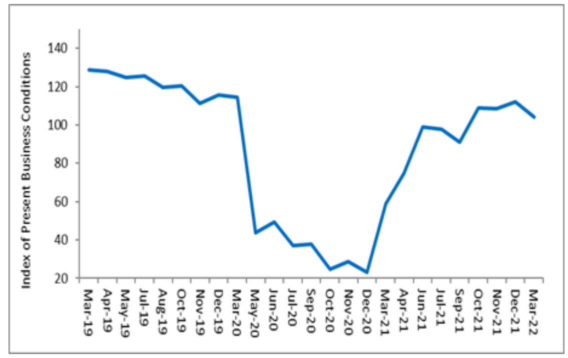


Source: Businesses' Inflation Expectations Survey.

Notes: The Index of Inflation Control is calculated as the number of satisfied respondents minus the number of dissatisfied respondents plus 100

Figure 3: Perception of Present Business Conditions

Question: In general, do you think business conditions are better, about the same or worse than they were a year ago in Jamaica?

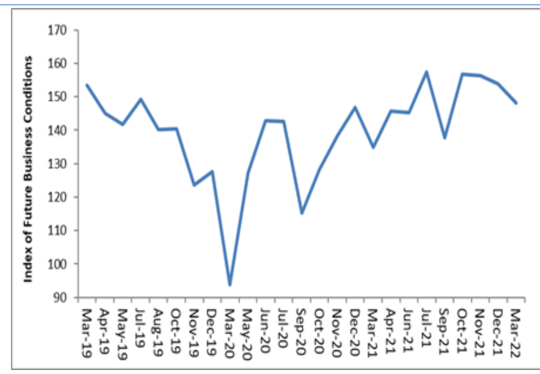


Source: Businesses' Inflation Expectations Survey

Notes: The Index is calculated using the balance score method (Better – Worse +100)

Figure 4: Perception of Future Business Conditions

Question: Do you think that a year from now business conditions will get better, about the same as present or get worse?



Source: Businesses' Inflation Expectations Survey

Notes: The Index is calculated using the balance score method (Better – Worse +100)

Interest Rate Expectations

The majority of respondents forecasted the Bank's policy rate, three months ahead, to remain unchanged. The proportion of respondents of this view decreased marginally, relative to the previous survey. The 90-day Treasury bill (T-Bill) yield, three months ahead was forecasted to be 3.7 per cent, relative to the 3.6 per cent in the December 2021 survey.

Perception of Present and Future Business Conditions

Respondent's views on present business conditions declined in the March 2022 survey, relative to the previous survey. This was due to an increase in the proportion of respondents of the view that things are "worse." In the March 2022 survey, businesses view about the future also declined reflecting a decrease in respondents who were of the view that conditions will be "better".

Expected Increase in Operating Expenses

Respondents indicated that they forecasted the largest increase in production costs over the next 12 months to emanate from utilities. This was followed by forecasted increases in the costs for stock replacement. The cost for wages & salaries reflected the smallest increase in operating expenses (see Table 2).

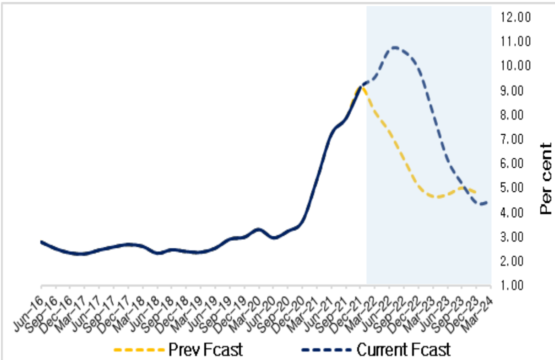
Table 2: Expectations about Operating Expenses (per cent contribution)

Question: Which input do you think will have the highest price increase over the following time periods?[5]

	Nov-21	Dec-21	Mar-22
Utilities	24.1	32.5	31.1
Stock Replacement	42.1	32.9	30.6
Fuel & Transport	10.3	8.2	17.0
Raw Materials	10.6	11.5	15.7
Wages & Salary	11.3	10.2	4.7
Not Stated	1.6	2.6	0.9
Other	0.0	0.0	0.0

Source: Survey of Businesses' Inflation Expectations (IES)

Figure 5: Comparative Core Inflation Forecasts

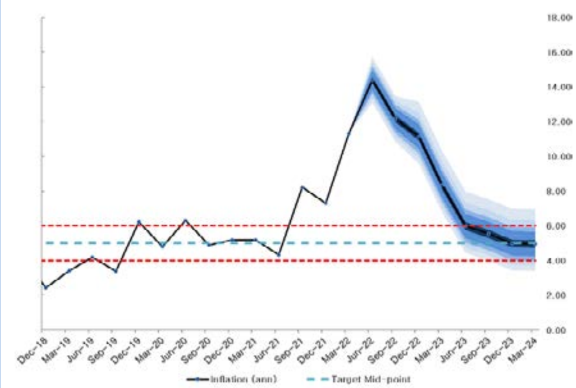


Source: Bank of Jamaica

Inflation Risks

The risks to the near-term inflation forecast are skewed to the upside (see **Figure 6**). On the upside, second round effects on inflation of increases in commodity prices could be higher than projected as inflation expectations remain high. The adverse impact on commodity prices of the Russia-Ukraine conflict could also be greater than projected. On the downside, weaker global growth from surging COVID-19 infections and the Russia-Ukraine conflict could impact domestic demand.

Figure 6: Inflation Fan Chart



Source: Bank of Jamaica

2.0 International Economy

The first GDP estimate by the Bureau of Economic Analysis showed that real GDP in the US declined by 1.4 per cent for the March 2022 quarter. This is following an expansion of 6.9 per cent for the December 2021 quarter. Over the next eight quarters (June 2022 to March 2024), global growth is projected to average 2.4 per cent, lower than the previous projection of 3.5 per cent. The global growth outlook mainly reflects the impact of the war in Ukraine and expectations for a slowdown in China's economy amid new COVID-19 related restrictions. Trading partners' inflation is projected to decelerate in FY2022/23.

The US economy is projected to grow by 3.2 per cent in 2022 and moderate to 1.9 per cent in 2023. This growth outlook is slightly lower than the previous projection. In this context, the output gap for the US is projected to remain positive in the near term, but below the previous forecast.

The US Fed cumulatively increased interest rates by 0.75 percentage point in March and May 2022, and indicated that additional rate hikes would be forthcoming. Bank of Jamaica anticipates that the Fed raise interest rate in all five remaining meetings for 2022 and enact four interest rate increases in 2023. In this context, yields on Jamaica's sovereign bonds are projected to rise throughout the forecast horizon, which will support an upward movement in domestic interest rates.

The projection for grains and energy prices over the next eight quarters has been revised upwards, relative to the previous forecast. In particular, oil prices are projected to average US$100.20 per barrel for the next eight quarters compared to an average of US$72.50 per barrel in the previous projection. Grains prices are projected to average US$534.44 per metric tonne for the next eight quarters compared to an average of US$376.48 per metric tonne in the previous projection. The risks to the forecast for grains prices and energy prices are skewed to the upside given the ongoing Russia-Ukraine war.

Trends in the Global Economy

The global economy is estimated to have expanded by 3.4 per cent for the March 2022 quarter, a smaller increase compared with the expansion of 4.3 per cent in the December 2021 quarter. This estimate is also below the previous forecast of 3.8 per cent.[1] The estimated deceleration in growth for the March 2022 quarter reflects geopolitical tension between Russia and Ukraine, and its attendant impact on global supply chains and inflation.[2] Further, the fading impact of fiscal stimuli in the US and the impact of continued disruptions in economic activity amid an acceleration in COVID-19 cases in China weighed on the global economy.

For the US in particular, the Bureau of Economic Analysis' (BEA's) advance estimate indicates that GDP for the March 2022 quarter declined on an annualized basis by 1.4 per cent, following an

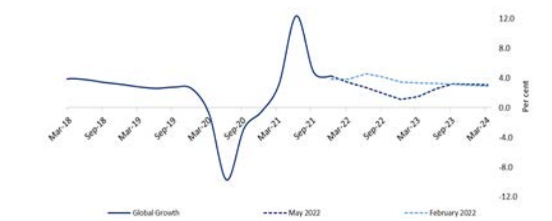
[1] The Bank's previous forecast included an expansion of 3.8 per cent for the global economy for the December 2021 quarter, which compares with the outturn of an expansion of 4.2 per cent.

[2] Despite the worsening of global supply chain conditions, shipping costs have been declining, amid lower demand, reduced volumes and elevated inflation levels. Freight prices have declined on a monthly basis by approximately 6.5 per cent and 10.0 per cent in March and April 2022. Transit times for containers moving between ports in China and their counterparts in the US have also declined. Freight prices however, remain extremely elevated.

expansion of 6.9 per cent in the December 2021 quarter.[3, 4] The decline in real GDP in the first quarter reflected reductions in private inventory investment, exports, government spending, while imports, which are a subtraction in the calculation of GDP, increased. Personal consumption expenditures (PCE), non-residential fixed investment, and residential fixed investment also increased.

Global growth is projected to average 2.4 per cent over the next eight quarters (June 2022 to March 2024), slower than the previous projection of 3.5 per cent (see **Figure 7**).[5] This outlook reflects the escalating conflict between Russia and the West, given its invasion of Ukraine. It is anticipated that renewed supply chain disruptions, especially in Europe and increases in commodity prices will contribute to inflation remaining higher for longer. This will also weigh on consumption spending and real incomes in the coming months. The Eurozone, in particular, is projected to reflect notable decelerations in growth.

Figure 7: Global Growth Projection*
(Per cent year-over-year change)



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

The Bank projects real output growth in the US to average 1.7 per cent for the June 2022 to March 2024 quarters, marginally below the previous forecast of 1.8 per cent and at a slower pace than the growth in potential GDP (see **Figure 8**).[6] US economic growth is projected to moderate in 2022 and 2023 to 3.2 per cent and 1.9 per cent, respectively, amid high inflation, tighter monetary conditions and waning fiscal support.[7] Beyond 2022, the infrastructure plan is expected to have positive effects on growth.[8]

[3] The outturn for the March 2022 quarter was below the Bank's forecast for an increase of 1.4 per cent.

[4] The Bank anticipated an expansion of 1.4 per cent for the March 2022 quarter, a downward revision compared to an expansion of 3.1 per cent projected at the February 2022 MPA. This revision was predominantly supported by lower growth in retail sales due in part to record high energy prices.

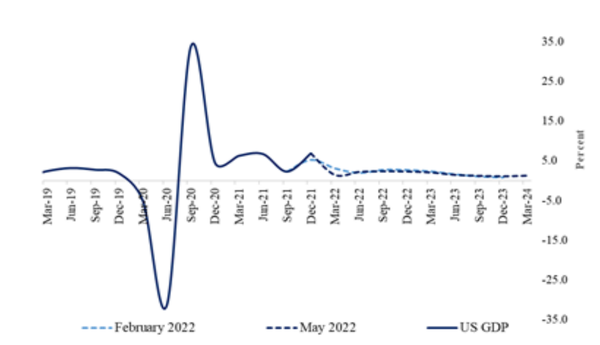
[5] The IMF in its April 2022 World Economic Outlook (WEO) reported that global growth is expected to moderate from 6.1 per cent in 2021 to 3.3 per cent in 2022, 0.8 a percentage point lower for 2022 than in the January World Economic Outlook (WEO). This largely reflected the ongoing war in Ukraine and sanctions imposed on Russia amid direct impacts on the two countries and global spill overs. The IMF also revised downward its US GDP forecast in 2022 and 2023 to 3.7 per cent and 2.3 per cent, respectively, 0.3 pps lower for both years. Crucially, the IMF's forecast assumes that the conflict remains confined to Ukraine, further sanctions on Russia exempt the energy sector and the pandemic's health and economic impacts abate over the course of 2022. The IMF projects global growth to remain at 3.6% in 2023. This compares to the Bank's forecast for the global economy to grow 2.5 per cent in 2022 and 2.6 per cent in 2023.

[6] US economic activity is expected to strengthen in the June 2022 quarter as the impact of the Omicron wave continues to fade and strong wage gains support consumer demand. Further, the Russia-Ukraine war is unlikely to have a significant direct impact on the US economic outlook as the direct trade dependence on these economies are low. Notwithstanding, the impact will feed through with elevated inflation levels from higher energy cost.

[7] According to the US Bureau of Economic Analysis, over the 10-year period ending February 2020 the US personal saving rate, personal saving as a percentage of disposable personal income, has averaged 7.3 per cent. However, since the start of the pandemic, the US personal savings rate has averaged 15.0 per cent, reaching a series high of 33.8 per cent in April 2020, which resulted in a build-up of excess savings. The US savings rate increased for the following reasons: (i) households practicing precautionary saving during an economic downturn, (ii) inability to spend money due to business closures and social distancing guidelines, and (ii) stimulus cheques (or relief payments) distributed to a large majority of US households. The rate has declined to 6.3 per cent in February 2022, a marginal improvement from the previous month. Notwithstanding, rapidly rising prices will reduce households' purchasing power.

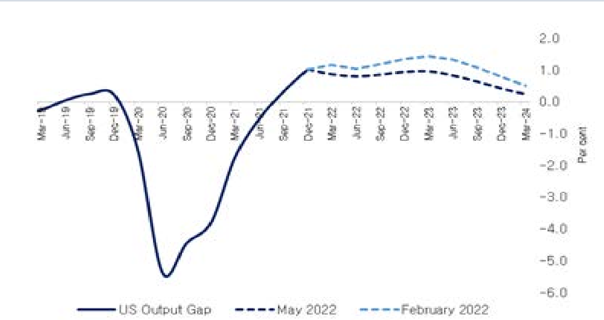
[8] In November 2021, the US congress passed a US$1.2 trillion-dollar infrastructure plan (Infrastructure Investment and Jobs Act) which should deliver US$550 billion of new federal investments in America's infrastructure over five years. However, though funding will take place over a five-year period, it could take months or years for many major projects to start. According to estimates from the Congressional Budget Office, approximately US$20 billion will be spent by end of FY-2022 (September 2022). Of note, the targeted projects include roads, bridges, mass transit, rail, airports, ports and waterways.

Figure 8: Comparative US GDP Growth Forecast
(Per cent change annualized)



Source: BOJ, CBO

Figure 9: US Output Gap
(Per cent of Potential GDP)



Source: BOJ, CBO

The US output gap is projected to be positive over the next eight quarters (June 2022 to March 2024) (see **Figure 9**), similar to the previous forecast.[9] However, the output gap is projected to be lower than previously anticipated amid expectations for a slowdown in US economic activity in 2022 and 2023 as monetary conditions become less accommodative.[10,11]

Risks

The risks to global growth are skewed to the downside. The possibility of escalating geopolitical tensions and the imposition of more sanctions could engender new trade disruptions and exacerbate global supply shortages.[12] Additional downward pressures could also emanate from further COVID–19 outbreaks. Other downside risks include a more aggressive monetary policy stance by major economies and the impact of climate change. With regards to upside risks, there is the possibility of additional expansionary fiscal policy if the Build Back Better Plan is approved by the US Congress.[13]

Labour Market

The unemployment rate in the US at March 2022 was 3.6 per cent, a decline of 0.3 percentage points relative to December 2021. (**see Table 2**).[14,15] This rate was below the Bank's projection of 3.9 per cent and the US Federal Reserve's estimate of the natural rate of 4.0 per cent. The US unemployment rate is

[9] The Bank uses the historical output gap data reported by the US Congressional Budget Office (CBO).

[10] In March 2022, the Federal Reserve increased interest rates by 0.25 per cent, and stated that more rate hikes would be appropriate. With record high inflation levels, wage growth trending higher and unemployment falling below the Fed's estimate of its longer-term equilibrium level, which will strongly impact the Fed's decision to implement larger rate hikes for the next few meetings. Further, the Fed chair, has also indicated his decision to support 50 bps increases at the upcoming meeting(s). As a result, the Fed is projected to raise interest rates faster. The projection assumes a 200 basis points (bps) increase in the Fed policy rate in 2022, and a further rise of 100 bps in 2023.

[11] The lower output gap relative to the previous forecast also reflects expectations for lower potential output, as the effect of past fiscal policies dissipates. The higher cost due to restrictive monetary policy could also limit the expansion of capital in the economy.

[12] If they persist over a prolonged period, shortages of key inputs, such as semiconductors and computer chips, will continue to severely affect the production of downstream products, while disruptions in ports and limited shipping capacity could delay international transportation further. Such disruptions to global trade and production could both weigh on growth and increase inflationary pressures.

[13] The US' Build Back Better Plan was passed by the House of Representatives in November 2021, however, it has not yet been approved by the Senate. The plan currently includes, US$555 billion of investments in clean energy and other climate change initiatives, an expansion of the child tax credit, health care coverage and other major investments. The plan is expected to be funded from an increase in taxes.

[14] The unemployment rate of 3.6 per cent in March 2022 was marginally above the 3.5 per cent reached prior to the pandemic in February 2020.

[15] Total nonfarm payroll employment in the US increased by 431,000 in March 2022, following increases of 750,000 in February 2022 and 504,000 in January 2022. On average 562,000 jobs per month were added in the first quarter of 2022. However, employment is down 1.6 million or 1.0 per cent, from its pre-pandemic level in February 2020. Average hourly earnings increased by 0.4 per cent over the month, lifting the annual rate to 5.6 per cent. This indicates that labour shortages continue to put severe upward pressure on wages.

projected to remain relatively stable over the next eight quarters.[16,17]

Table 1: Unemployment/ Job Seeking Rate for Selected Economies (e.o.p Per Cent)

	USA*	Canada*	Euro
Mar-20	4.4	7.8	7.1
Jun-20	11.1	12.3	8.0
Sep-20	7.9	9.0	8.7
Dec-20	6.7	8.8	8.2
Mar-21	6.0	7.5	8.1
Jun-21	5.9	7.8	7.7
Sep-21	4.8	6.9	7.4
Dec-21	3.9	5.9	6.9
Mar-22	3.6	4.3	[6.8*]

Source: Official statistics offices

*The job seeking rate is the percentage of the labour force actively seeking work. The rates in the table for US and Canada represent job seeking rates. Jamaica's job seeking rate was 3.5 per cent as at October 2021.

Monetary Policy

In March 2022, the Federal Open Market Committee (FOMC) increased its target range for the US Fed Funds rate to a range of 0.25 per cent – 0.5 per cent, in line with the Bank's projections. In light of the improvement in the labour market and inflation that is well above the 2.0 per cent target, the Bank anticipates that the Fed, following the rate increase in May, will further raise interest rates by 150 basis points (bps) for the remainder of 2022 and 100 bps in 2023.

Trading Partners' Inflation

The weighted average of 12-month inflation rates for Jamaica's trading partners' (TPs) at March 2022 is estimated at 7.2 per cent. This estimate is above the Bank's previous forecast of 6.0 per cent. For the US, annual CPI inflation at March 2022 was 8.5 per cent, above the previous forecast of 7.0 per cent.[18] The personal consumption expenditures (PCE) price index increased by 6.4 per cent on a year-on-year basis at February 2022.

Over the next eight quarters, the Bank projects the inflation rate of Jamaica's main trading partners (TP) to average 4.4 per cent, above the previous forecast of 3.7 per cent (see **Figure 10**).[19] The projection for TP inflation largely reflects the impact of strong demand as well as constricted supply of commodities (grains, oil, etc). Continued constraints in labour and product markets are likely to put sustained upward pressure on wages and prices in 2022 resulting in inflation, while declining, to remain elevated. As such, US inflation is projected to average 5.2 per cent over the ensuing eight quarters, above the previous forecast of 4.3 per cent (see **Figure 11**).[20, 21]

[16] The unemployment rate is projected to end FY2022/23 at 3.2 per cent, 0.4 percentage point below the rate at end-FY2021/22, and end FY2023/24 at 3.2 per cent.

[17] A continued rebound in employment growth should keep downward pressure on the unemployment rate. Continuing jobless claims in the US, which measure unemployed people who have been receiving unemployment benefits for at least 2 weeks, was approximately 1.42 million in the week ended 09 April 2022, a decline of 3.9 per cent relative to the previous week, and the lowest level for insured unemployment since February 1970 when it was 1.41. The four-week moving average of continuing claims declined to 1.48 million for the same period, the lowest average since March 1970.

[18] The annual rate of 8.5 per cent for March 2022 was the largest 12-month increase since the period ending December 1981. The index for all items less food and energy rose 6.5 per cent over the last 12 months, marginally above the 6.4 per cent recorded in February 2022 and the highest rate since August 1982. The food index increased 8.8 per cent while the energy index rose 32.0 per cent over the last 12 months.

[19] The inflation rate of Jamaica's main trading partners (TP inflation) for FY2022/23 is projected at 5.9 per cent, 1.4 per cent higher relative to the previous forecast of 4.5 per cent.

[20] Of note, the Fed's March 2022 policy statement stated that the implications for the US economy are highly uncertain, but in the near term the invasion and related events are likely to create additional upward pressure on inflation and weigh on economic activity. The Fed has noted with appropriate firming in the stance of monetary policy, the Committee expects inflation to return to its 2 per cent objective and the labour market to remain strong. In light of this, the Bank's forecast assumes US inflation will remain elevated averaging 7.6 per cent in 2022 and decelerate in 2023, averaging 4.1 per cent.

[21] The surge in US CPI is mainly due to rising commodity prices amid the Russia-Ukraine conflict, as fears of supply disruption have intensified and energy costs, which feed into agricultural production costs, have soared. Inflationary pressures are expected to ease in 2023 as the Fed tightens monetary conditions and supply constraints ease gradually.

Box 2: Economic Growth in Selected Economies

China
The Chinese economy is estimated to have recorded an expansion of 4.4 per cent for the March 2022 quarter compared to a year ago. This pace was an acceleration relative to the growth of 4.0 per cent in the December 2021 quarter. The expansion in the March 2022 quarter reflected high export demand and growth in the country's industrial production. However, this was partly offset by COVID-19 lockdown measures in parts of the country.

GDP growth in China is projected to average 5.2 per cent over the next eight quarters, and range between 4.6 per cent to 5.5 per cent.[22]

Japan
The Japanese economy is estimated to have recorded a contraction of 0.1 per cent for the March 2022 quarter, on a quarterly annualised basis, following an expansion of 4.6 per cent in the December 2021 quarter.

For the next eight quarters, GDP growth in Japan is projected in the range of 1.1 per cent to 4.5 per cent, averaging approximately 2.0 per cent.

Canada
The Canadian economy is estimated to have expanded by 2.8 per cent for the March 2022 quarter on a quarterly annualised basis, compared to an expansion of 6.7 per cent for the December 2021 quarter.

For the next eight quarters, GDP growth in Canada is projected in the range of 2.1 per cent to 4.6 per cent, averaging approximately 2.9 per cent.

Euro Area
The Euro Area is estimated to have expanded by 0.8 per cent in the March 2022 quarter, on a quarterly annualised basis, compared to an expansion of 1.0 per cent in the previous quarter.

For the next eight quarters, GDP growth in the Euro Area is projected in the range of 2.0 per cent to 2.4 per cent, averaging approximately 2.2 per cent.

United Kingdom (UK)
The UK economy is estimated to have expanded by 3.2 per cent in the March 2022 quarter, on a quarterly annualised basis following an expansion of 3.9 per cent in the previous quarter.

Growth in the UK economy over the next eight quarters is projected in the range of 1.2 per cent to 2.0 per cent, averaging approximately 1.6 cent.[23]
.

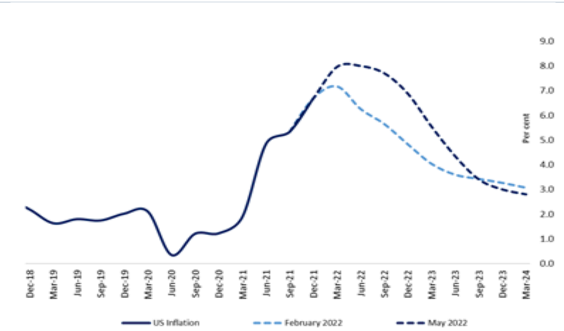
[22] Estimates for China growth represent year-over-year per cent change.

[23] The Bank of England has warned of the possibility of a recession in the UK in the near term.

Figure 10: Trade Weighted Trading Partners' Inflation (12-month Per cent change)

Source: Bloomberg

Figure 11: US Inflation (Per cent quarterly YOY change)



Source: Bloomberg

Trends in Trading Partners' Exchange Rates

During the March 2022 quarter, TP currencies generally appreciated against the US dollar, relative to the December 2021 quarter.[24,25] The weaker US dollar primarily reflected (i) tightening of monetary conditions in some major economies such as the UK and Canada, and (ii) increasing commodity prices for commodity producing countries. However, the impact of these factors was partly offset by investors' reaction to the US Federal Reserves' decision to tighten monetary policy and escalating geopolitical tensions resulting in a flight to quality in the latter part of the quarter.

Bank of Jamaica projects that, over the next eight quarters (June 2022 to March 2024), the currencies of Jamaica's major trading partners will depreciate, on average, against the US dollar (see Figure 12).[26] The US dollar will be positively impacted by the Federal Reserves' programme of monetary tightening.

Figure 12: 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 March 2022 quarter increased by 22.1 per cent, relative to the December 2021 quarter.[27] Relative to the March 2021 quarter, crude oil prices increased by 63.0 per cent. The increase in crude oil prices, relative to the previous quarter, mainly emanated from investors' concerns about a tight global crude market amid (i) disruptions to global fuel supply due to ongoing geopolitical tensions between Russia and a number of Western economies in the context of the invasion of Ukraine (ii) OPEC and its allies' decision to maintain its output policy to gradually raise crude production by 400,000 barrels per day (bpd), (iii) uncertainties about the agreement to restore Iran's oil production,

[24] There was an average appreciation of 0.1 per cent in the exchange rate of Jamaica's trading partners vis-à-vis the USD for the March 2022 quarter, following an average depreciation of 0.4 per cent in the December 2021 quarter. This compares to the previous forecast for a depreciation of 0.1 per cent for the review quarter. The exchange rates of Jamaica's trading partners vis-à-vis the USD depreciated, on average, by 0.4 per cent in the March 2022 quarter relative to a year prior.

[25] On a monthly basis, the currencies of Jamaica's major trading partners, on average, appreciated by 0.3 per cent and 0.1 per cent in January and February 2022, respectively, however, depreciated against the US dollar by 0.2 per cent in March 2022. The US dollar outturn in February 2022 occurred in the context of tighter monetary conditions in other advanced economies. Investors' expectations that the Fed may raise rates faster supported the US dollar in March 2022.

[26] Currencies of Jamaica's main trading partners are expected to depreciate on average by 0.2 per cent against the US dollar.

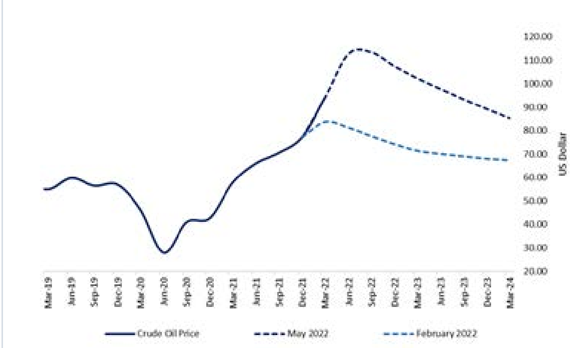
[27] In the previous projection, the Bank projected the daily average of West Texas Intermediate crude oil prices for the March 2022 quarter to increase by 8.6 per cent, relative to the December 2021 quarter.

and (iv) an attack on Saudi Arabian oil facilities. However, the impact of the increase in prices was partly offset by (i) renewed lockdown measures in China following an acceleration in new COVID-19 cases, and (ii) the appreciation of the US dollar, which reduced investors' appetite for US dollar-denominated commodities.

The projected path for crude oil prices over the near term (June 2022 to March 2024) has increased, relative to the last forecast. Oil prices are projected to average US$100.20 per barrel for the next eight quarters compared to an average of US$72.50 per barrel in the previous projection. This forecast reflects an average quarter-over-quarter decline of 1.0 per cent, compared to the average quarterly decline of 2.6 per cent previously anticipated (see Figure 13).

For the June and September 2022 quarters, crude oil prices are projected to average US$112.65 per barrel (19.5 per cent increase for the quarter) and US$113.40 per barrel (0.7 per cent increase for the quarter), respectively, which compares to quarterly averages of US$81.32 and US$77.72 in the previous projection. The projected increase in crude oil prices for the June 2022 quarter is underpinned by expectations that demand will continue to outpace supply, amid ongoing tensions between Russia and Ukraine, and the potential for additional sanctions to be placed on Russia. OPEC and its allies' decision to only gradually raise output will also contribute to oil prices being elevated for longer.[28] Of note, moderate downward oil price pressures are forecasted to emerge following the June 2022 quarter as US shale production increases in the near term.

Figure 13: Trend in Average WTI Crude Oil Prices



Sources: Bloomberg, BOJ

For the March 2022 quarter, US LNG prices increased amid high demand from both the domestic and export sector.[29,30] In addition, storage inventories are below the five-year (2017-2021) average, and with modest increases in production these factors have contributed to the upward pressure on LNG prices.

For the June 2022 to March 2024 quarters, US LNG prices, on average, are projected to remain relatively high, but will begin to decline by mid-2022 as factors restricting supply abate (see Figure 14).[31] As such, the Henry Hub spot price is forecasted to decline to an average of US$4.01 per million British thermal units (MMBtu) in 2023 from an estimated average of US$5.23 /MMBtu in 2022. The forecast is however higher than the 2021 average of US$3.91/MMBtu.

[28] At its March 2022 meeting OPEC and its allies reaffirmed their decision to continue to gradually raise crude production by 400,000 barrels per day (bpd), despite increasing global demand. Some member countries may not be unable to meet their new targets because of wide ranging challenges to bring idled capacity back online, and other countries may limit increases to avoid large global imbalances between oil production and oil demand.

[29] Upward price pressures emanated from increased export demand from Europe and Asia amid the ongoing energy crisis in these regions. Of note, accelerated LNG prices in Europe and Asia has kept the demand for US LNG exports strong. Consequently, on the supply side, US production have increased, and is expected to rise further in the near term.

[30] US LNG exports have been at record-high levels since December 2021 and has set another all-time record in March 2022. According to the EIA STEO, US LNG exports averaged 11.9 billion cubic feet per day (Bcf/d), an increase of 0.5 Bcf/d compared with the previous peak in January 2022 (11.4 Bcf/d) and 0.7 Bcf/d higher than exports in February 2022, as facilities continue to operate at high utilization rates and new capacity comes online.

[31] The document uses the latest LNG forecast from EIA, however, the Bank is of the opinion that the Ukraine-Russian conflict could present an upside risk to the LNG forecast.

Figure 14: Trend in Average LNG Prices

Sources: Bloomberg, BOJ

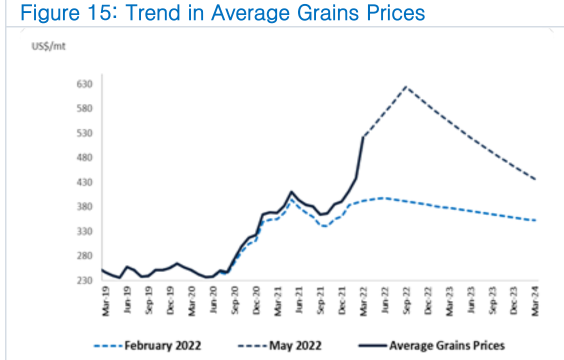
The risks to the forecast for oil prices over the next eight quarters are skewed to the upside. Upward price pressures may emanate from the inability of OPEC member countries to meet production targets. Restrictions on production by OPEC+ could remain in force until 2022, which could widen the supply deficit in the global oil market. The US and its allies may also impose further economic sanctions on Russia if conflict between Russia and Ukraine continues. However, the US could lift the sanctions on Iran and Venezuela's oil industries, partly ameliorating supply conditions.

The risks to the forecast for LNG prices over the next eight quarters are skewed to the upside. This is due to the expectations for rising demand amid shortages in Europe and other countries. However, downward price pressures may emerge from additional supply in 2022.

Average grains prices for the March 2022 quarter increased by 20.1 per cent, relative to the December 2021 quarter (an increase of 24.7 per cent on an annual basis).[32] The increase over the quarter was associated with higher prices for corn (20.2 per cent increase for the quarter, 24.8 per cent increase on an annual basis), soybean (20.0 per cent increase for the quarter, 14.3 per cent increase on an annual basis) and wheat (20.2 per cent increase for the quarter, 45.9 per cent increase on an annual basis). The increase in average grains prices reflected restricted supplies from the Black Sea region, given the conflict between Russia and Ukraine. Higher energy prices also increased the cost of producing agricultural commodities. Prices were also supported by dry weather conditions in key South American growing countries.[33] Notwithstanding, downward price pressures emanated from lower demand from China due to renewed lockdown measures in parts of the country.

The average price of grains is projected to increase at an average quarter over quarter rate of 0.1 per cent over the next eight quarters (June 2022 to March 2024).[34] Prices are projected to increase, on average, to September 2022 in the context of increased demand, constrained supply and higher input costs. However, prices are projected to decline thereafter, reflecting the impact of increases in supply from the US and other key growing areas. Notwithstanding, prices are expected to remain elevated, relative to pre-covid levels, as energy costs keep agricultural production costs above their historic average in the short run. Of note, the average price of grains over the June 2022 and September 2022 quarters is projected to increase at a quarter over quarter rate of 21.2 per cent and 9.4 per cent, respectively, due to the expectation for low supply (see **Figure 15**).

Figure 15: Trend in Average Grains Prices



Sources: Bloomberg, BOJ

[32] The Bank projected an increase of 10.2 per cent for the March 2022 quarter, relative to the December 2021 quarter.

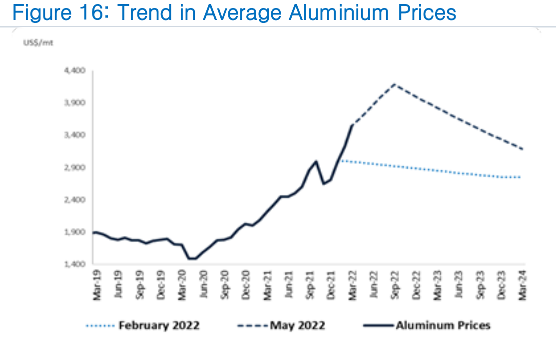
[33] The price of fertiliser rose due to an increase in the price of natural gas (an input into the production of many fertilisers), but prices increased significantly amid the prospect of reduced supply from Russia, one of the larger exporters of crop fertilisers.

[34] The previous forecast assumed an average quarter over quarter decline of 0.4 per cent over the June 2022 to March 2024 quarter.

Aluminium prices for the March 2022 quarter increased by 16.8 per cent, relative to the December 2021 quarter (an increase of 54.9 per cent on an annual basis).[35] The aluminium market was impacted by (i) higher demand, particularly in the packaging industries, following a gradual reopening of economies, and (ii) the ongoing crisis between Russia and Ukraine, which exacerbated Europe's energy crisis, thereby causing an increase in production cost.

The average price of aluminium is projected to increase at an average quarter over quarter rate of 0.2 per cent over the next eight quarters (June 2022 to March 2024).[36] High energy prices in Europe have caused many aluminium smelters to cut output, pushing prices higher. As such, aluminium prices are projected to remain elevated in 2022, despite higher production in China. However, prices will eventually trend lower as production continues to increase (see **Figure 16**).

Figure 16: Trend in Average Aluminium Prices

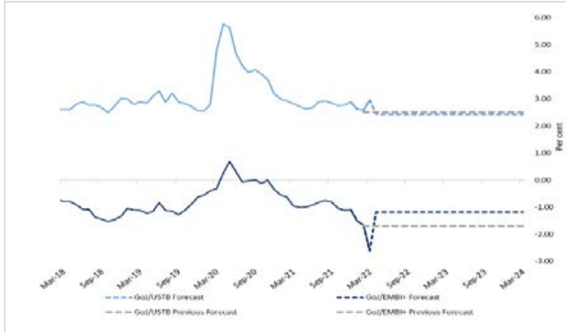


Sources: Bloomberg, BOJ

External Financial Markets

GOJ's sovereign bond spreads over the March 2022 quarter improved when compared to US Treasuries and the EMBI+. The average of the daily spreads between the indicative yield on Government of Jamaica global bonds (GOJGBs) and the yield on US Treasury Bills as well as the average of the daily spreads between the indicative yield on GOJGBs and the yield on the EMBI+ improved (declined) by 8 basis points (bps) and 84 bps, respectively, when compared to the same measure for the December 2021 quarter.[37] These spreads were projected to decline by 21 bps and 43 bps, respectively, over the March 2022 quarter (see **Figure 17**).[38 39]

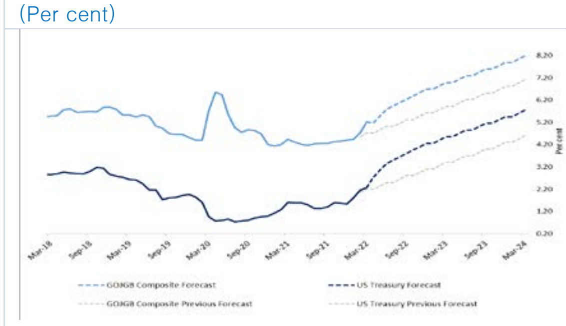
Figure 17: Average International Bond Spreads
(Per cent)



Sources: Bloomberg,

In the context of the performance of the GOJ yield spreads over the quarter, there were respective increases of 51 bps, 128 bps and 43 bps in the average yields on US Treasuries, EMBI+ and GOJGBs, respectively (see **Figure 18**).

Figure 18: Average International Bond Yields
(Per cent)



Sources: Bloomberg,

[35] The Bank projected an increase of 7.6 per cent for the March 2022 quarter, relative to the December 2021 quarter.
[36] This compares to an average quarter-over-quarter decline of 1.0 per cent in the previous projection.
[37] For the quarter, relative to the US Treasury Bill yields and EMBI+, these spreads were 272 bps and negative 193 bps, respectively.
[38] The war between Russia and Ukraine has led to significant downward revisions to a number of Emerging markets bond indices. In particular, the sanctions placed on Russia, for example, the US' decision to bar investors from purchasing Russian government bonds sold after 01 March 2022 in the secondary market, contributed to the higher EMBI+ yields. Further, the JP Morgan announced that all existing Rouble denominated government bonds would be excluded on 31 March 2022 from its indices. In addition to the war, frequent and wider-ranging lockdowns in China, including in key manufacturing hubs, contributed to a slowing of activity in that country.
[39] The spread for the March 2022 quarter relative to the US Treasury Bill yields and the EMBI+ were projected to be 259 bps and negative 152 bps, respectively.

Jamaica's sovereign bond yields are projected to rise in the June 2022 quarter and onwards. In particular, bond yields are forecasted to increase due to projected increases in the US Federal Funds rate. [40]

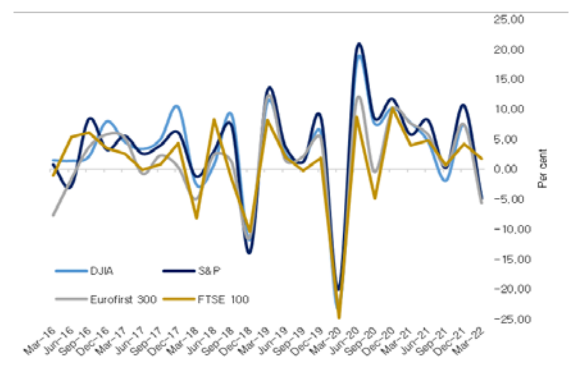
Global Stock Market

The performances of selected global stock market indices during the March 2022 quarter were weak. Relative to the December 2021 quarter, the Dow Jones Industrial Average (DJIA), S&P 500 and, Euro First declined by 4.6 per cent, 4.9 per cent, and 5.7 per cent, respectively. This was the biggest quarterly loss for these indices since the onset of the pandemic in March 2020. Notwithstanding, the FTSE 100 advanced by 1.8 per cent (see Figure 19). Equity indices were negatively impacted by concerns about the continuing conflict in Ukraine and its inflationary effect on prices. In particular, commodity prices were already trending at record highs and have also risen significantly since the invasion. Further, downward pressures emerged from the US Fed's decision to increase interest rates and expectations of further monetary policy tightening in the months ahead.

Notwithstanding, the US equity indices were positively impacted by easing concerns about the Omicron COVID-19 variant and reports of easing supply constraints in the US manufacturing sector.

The outturn for the Eurozone and UK equity indices reflected investor concerns regarding elevated inflation levels due to continued supply constraints and geopolitical tensions. Equity markets also declined amid concerns about supply cuts from Russia, following the demand for countries to pay for gas in Rubles. Notwithstanding, the FTSE found support from reports of strong corporate profits and an improvement in the manufacture industry.

Figure 19: Selected Stock Market Indices
(Quarter-over-Quarter Per cent)



Source: Bloomberg

[40] The possibility exists that Jamaica could receive a rating downgrade over the near term. However, there is an equal risk of a rating downgrade in other EMEs and AEs given the rise in debt ratios globally. Additionally, the main narrative over the next couple of years will be one of progress in containing the virus, accompanied by a further recovery in the global economy, which could provide further downward pressure for GOJGB yields.

3.0 Real Sector

Domestic economic activity is estimated to have grown in the March 2022 quarter. For FY2021/22, a partial recovery of 7.0 per cent to 10.0 per cent is projected for real GDP. Growth in the range of 2.0 per cent to 4.0 per cent is anticipated for both FY2022/23 and FY2023/24 as the economy continues to recover and reflect a return to its pre-COVID level in the December 2022 quarter.

Over the medium term (FY2024/25 – FY2027/28), GDP growth is projected to average 1.1 per cent, which is below the previous projection of 1.2 per cent. This is in a context where higher inflation over the forecast horizon is expected to constrain domestic demand. In addition, external demand is anticipated to be weaker than previously forecasted. The risks to the forecast for real GDP growth are assessed to be skewed to the downside.

GDP Growth

The Jamaican economy is estimated to have grown in the range 4.5 per cent to 6.5 per cent for the March 2022 quarter, a marginally faster pace of growth, relative to the previous projection and a deceleration compared to the expansion of 6.7 per cent recorded for the December 2021 quarter.[1] The estimated growth for the quarter reflects continued recovery in economic activity from the adverse impact of COVID-19 in 2020.

Aggregate Supply

All industries are estimated to have grown during the March 2022 quarter, except for *Mining & Quarrying* and *Manufacture.* Growth was chiefly reflected in *Hotels & Restaurants, Other Services, Transport Storage & Communication, Wholesale & Retail Trade* and *Agriculture, Forestry & Fishing.*[2] For *Hotels & Restaurants*, the performance was based on the continued increase in foreign national arrivals. With regard to *Other Services*, the performance largely reflected growth in recreational, cultural & sporting activities associated with the removal of curfew measures and increased demand from the Tourism industry. The performance of *Transport, Storage & Communication* was predicated primarily on increases in public passenger transportation, cruise ship arrivals and higher than previously anticipated air passenger arrivals. With regards to *Wholesale & Retail Trade,* the estimated increase largely reflects growth in *Agriculture* and *Construction*.

The estimates for *Hotels & Restaurants, Agriculture, Forestry & Fishing, Construction, Wholesale & Retail Trade* and *Transport, Storage & Communication* were revised upwards for the March 2022 quarter, relative to the previous projection. Conversely, lower value added was estimated for *Mining & Quarrying, Manufacture* and *Electricity & Water*. With regard to *Hotels & Restaurants*, the estimated growth reflected higher than projected increases in foreign national arrivals. Value added in *Agriculture* was buoyed by greater supplies for traditional exports, domestic crop production and animal farming. Higher growth is estimated for residential construction and building installation given the changes in selected indicators. *Wholesale & Retail Trade* reflected the activities in *Construction* and

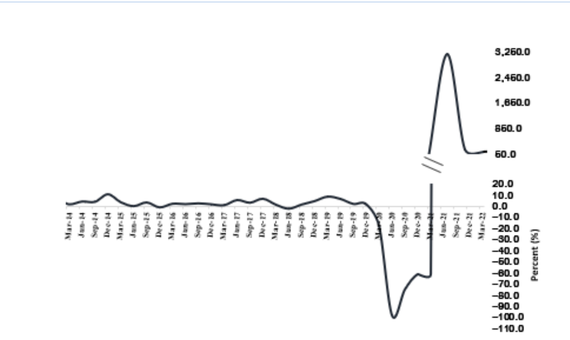
[1] The growth of 6.7 per cent in the December 2021 quarter is relative to the Bank's estimate for an increase of 6.2 per cent and compares to a decline of 8.3 per cent in the December 2020 quarter. For the December 2021 quarter, all industries except Mining & Quarrying, Manufacturing and Producers of Government Services recorded growth. Deviations from the Bank's estimate were mainly in Agriculture, Mining & Quarrying, Hotel & Restaurants, Wholesale & Retail Trade and Transport, Storage & Communication which were better than expected, while Construction, Manufacturing and Other Services performed below expectations.

[2] Other Services include recreational, entertainment and sporting activities.

Agriculture. For *Transport*, *Storage & Communication*, the removal of the curfew measures is expected to have facilitated greater demand for domestic and auxiliary transport. In contrast, a sharper decline is estimated for *Mining & Quarrying* due to a reduction in capacity utilization at all of the plants. With regard to *Manufacture*, a contraction is estimated due to a reduction in petroleum refining. For *Electricity & Water,* the downward revision reflects lower than expected electricity consumption for the quarter.

Value added for *Hotels & Restaurants* is estimated to have grown significantly in the March 2022 quarter (see **Figure 20**). This growth reflects an increase in foreign national arrivals primarily due to the addition of flights, relative to a year ago.

Figure 20: Trend in Visitor Days (12-Month Per cent change)



Source: BOJ and Jamaica Tourist Board

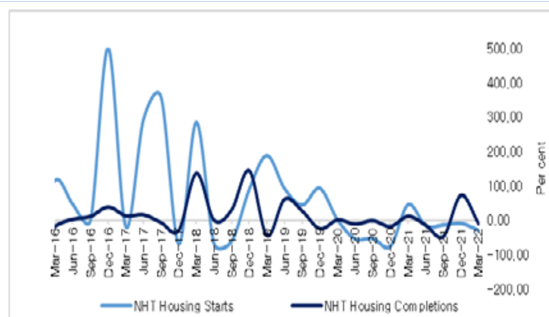
Transport, Storage & Communication is estimated to have increased for the March 2022 quarter primarily due to the growth in airport and cruise passenger arrivals as well as an increase in both public passenger and auxiliary transport services. This growth is partly offset by a decline in the movement of cargo at the ports.

For the review quarter, the estimated increase in *Wholesale & Retail Trade* was mainly driven by higher output levels in Agriculture, and Construction. Additionally, the indicator proxying activities within the industry, Wholesale and Retail Trade taxes, suggests growth in the quarter, relative to a decline in the corresponding quarter of 2021.

Value added for *Agriculture, Forestry & Fishing* is estimated to have grown in the quarter. This growth is premised on a rebound in domestic crop production given the decline experienced in the March 2021 quarter. Animal farming is also anticipated to increase. In addition, growth in traditional exports was primarily driven by increased banana and coffee production.

Construction is estimated to have grown for the review quarter. This performance was primarily driven by increases in building construction and civil engineering. The performance of building construction was largely due to increased activities in both residential and non-residential construction (see **Figure 21**). The growth in civil engineering activities was largely due to expenditure on the South Coast Highway Improvement Project.

Figure 21: National Housing Trust Housing Starts & Completion (12-Month Per cent change)



Source: The National Housing Trust

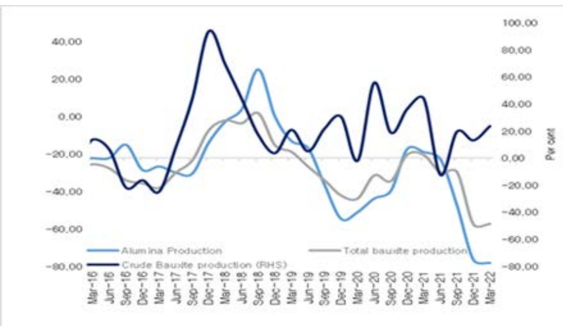
Electricity & Water Supply is estimated to have grown for the review quarter, relative to the corresponding quarter of 2021. This increase reflected a rise in electricity consumption (proxied by total electricity sales), partly offset by a decline in water consumption. The growth in the industry during the period was mainly driven by higher consumption by business and commercial entities due to the removal of the curfew measures.

The decline in *Manufacture* for the review quarter largely reflected a fall in Other Manufacturing, partly offset by an increase in Food, Beverages &

Tobacco. The reduction in Other Manufacturing is associated mainly with a decline in refined petroleum production during the quarter. Food, Beverages & Tobacco is estimated to have grown consequent on an increase in the production of food excluding sugar category, alcoholic and non-alcoholic beverages.

Mining & Quarrying is estimated to have declined for the March 2022 quarter (see **Figure 22**). The estimated reduction reflected declines in both alumina and bauxite production due to operational challenges at the respective plants, which adversely impacted capacity utilisation.

Figure 22: Trends in Crude Bauxite, Alumina & Total Bauxite Production (12-Month Per cent Change)



Source: Jamaica Bauxite Institute

Given the above changes, both non-tradable and tradable industries are estimated to have expanded for the review quarter. The growth in the tradable industry was mainly attributed to *Hotels & Restaurants* and *Transport, Storage & Communication,* while for the non-tradable industry, the growth was chiefly associated with *Other Services* and *Construction.*

Table 2: Industry Contribution to Growth (March 2022 Quarter)

	Contribution*	Estimated Impact on Growth
GOODS	-19.4	-4.0 to -3.0
Agriculture, Forestry & Fishing	6.8	4.0 to 5.0
Mining & Quarrying	-27.6	-68.0 to -67.0
Manufacturing	-2.1	-2.0 to -1.0
Construction	3.5	1.5 to 2.5
SERVICES	119.4	8.0 to 9.0
Electricity & Water Supply	0.6	0.5 to 1.5
Wholesale & Retail Trade, Repairs & Installation	20.7	5.5 to 6.5
Hotels & Restaurants	57.4	104.5 to 105.5
Transport Storage & Communication	18.5	8.5 to 9.5
Financing & Insurance Services	4.4	1.5 to 2.5
Real Estate, Renting & Business Activities	4.3	1.5 to 2.5
Producers of Government Services	0.0	-0.5 to 0.5
Other Services	16.6	14.0 to 15.0
Financial Intermediation Services Indirectly Measured	3.0	3.0 to 4.0

* 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, there are also indications of growth for the March 2022 quarter. This estimate reflected improvement in net exports partly offset by weak growth in investment and consumption, relative to the previous forecast.[3] The slow pace of investment growth is due to a greater decline in public bodies' spending as well as a slow growth in Central Government capital expenditure. Net export is estimated to have improved at a faster pace, relative to previous expectations. This reflects higher exports, in particular travel inflows, partly offset by higher imports (see **Balance of Payments**).

In the context of the continued growth in GDP for the March 2022 quarter, Bank of Jamaica estimates a negative output gap for the quarter, which is above the previous projection. This estimated output gap was wider than the negative gap for the December 2021 but narrower than the gap for the March 2021 quarter.[4]

[3] For the March 2022 quarter, the estimated growth in real private consumption is underpinned by declines in some indicators, specifically real remittances and real personal loans.

[4] The output gap is the difference between real GDP and the potential output. Expressed in percentage form, the output gap measures the deviation of real GDP from its potential as a fraction of potential output.

Labour Market Developments

Jamaica's unemployment rate (UR) at January 2022 was 6.2 per cent, 2.6 percentage points (pps) lower, relative to the rate at January 2021. The decline in the UR at January 2022 reflected an increase of 4.8 per cent (57 800) in the number of persons employed and a growth of 1.9 per cent (24 800) in the labour force, which facilitated an increase in the participation rate by 1.2 pps to 64.0 per cent. Notwithstanding the fall in the unemployment rate, the total labour force remains below the level attained before the pandemic. In this regard, the number of persons outside the labour force remains elevated relative to pre-pandemic levels. Consequently, the participation rate remains depressed, relative to the outturn of 65.8 per cent in the January 2020 survey.

Bank of Jamaica projects that labour market conditions will further improve over the next eight quarters. In this regard, the average unemployment rate over the June 2022 to March 2024 quarters is projected to decline to 6.0 per cent. This represents an improvement in the unemployment rate, relative to the prior projection of 7.6 per cent and the average rate of 7.7 per cent for the past year. On average, the employed labour force is projected to grow by 2.8 per cent, which is an increase of 0.1 percentage point, relative to the previous projection for the near term. Also, the labour force is projected to grow at a slower average rate of 1.8 per cent, relative to the previous forecast of 2.4 per cent.

The anticipated decline in the unemployment rate, particularly over the next four quarters is higher than the previous projection.

Outlook

Real GDP is projected to trend upwards at an average rate in the range 2.0 per cent to 4.0 per cent over the June 2022 to March 2024 quarters but remain below potential output over the forecast horizon. The projected growth in the economy largely reflects the normalization of economic activity, partly offset by weaker external demand (see International Economy).

From the perspective of aggregate supply, growth is anticipated in *Hotels & Restaurants*, *Other Services*, *Agriculture*, *Forestry & Fishing, Transport, Storage & Communication*, *Manufacture, Electricity & Water* and *Construction.* The projected growth in *Hotels & Restaurants* and *Other Services* reflects the continued improvement from the travel industry as the number of flights coming into the Island continues to increase, given the low COVID-19 positivity rate. Improvement in *Agriculture, Forestry & Fishing* is anticipated, given the forecasted demand from tourism, increased investments in traditional crop production and various initiatives by the Government to assist the industry. This growth may, however, be constrained by the negative effect of higher input cost on production and productivity. For *Transport, Storage & Communication*, the growth is predicated on the anticipated increased in water, road and air travel based on the recovery in the travel industry and the removal of restrictions given the waning impact of the COVID-19 pandemic. In addition, the growth of *Manufacture* is largely predicated on increased food and beverage production, reflecting the anticipated further improvement in education, entertainment and tourism, relative to the previous year. For *Electricity & Water*, growth is premised on the increased electricity and water consumption given the normalization in business activities, particularly in the tourism industry as well as recreational and sporting activities. With regard to *Construction*, growth, though moderating relative to prior periods, is premised on a projected increase in spending on residential and commercial construction.[5]

[5] There was significant growth in Construction since the September 2020 quarter. In this regard, an estimated increase of 6.6 per cent is anticipated for FY2021/22, relative to the projection of 1.5 per cent for FY2022/23.

Real GDP growth over the June 2022 to March 2024 quarters has been revised downward relative to the previous forecast.[6] This revision mainly reflects lower growth for *Electricity & Water, Wholesale & Retail Trade,* Hotels *& Restaurants* and *Other Services*.

Over the medium term (FY2024/25 – FY2027/28), GDP growth is anticipated to average 1.1 per cent, which is below the previous projection of 1.2 per cent. Projected potential output growth is broadly in line with the previous assessment (see **Box 3: Potential Output**).

The forecasted growth over the medium term reflects the rebound of the mining industry due to the resumption of the JISCO Alpart plant in FY2023/24 and an improvement in the capacity utilization at the Jamalco plant, given the upgrade of the plant's equipment. In addition, continued improvement is anticipated in tourism and allied industries. Higher investment in agriculture, due in particular to the Production Incentive Programme, is forecasted to provide additional impetus for growth.[7]

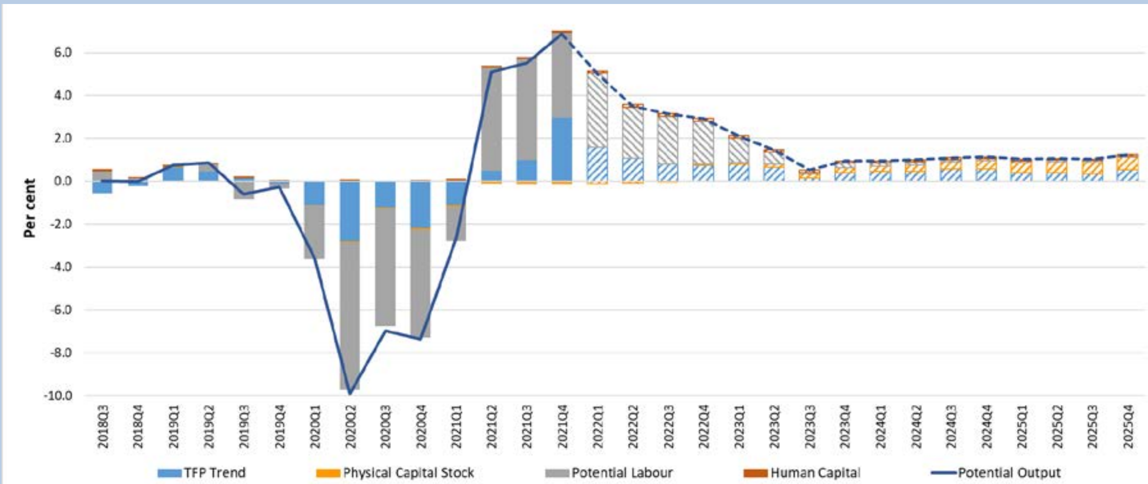
[6] The previous 8-quarter forecast, which included the March 2022 quarter, was 3.1 per cent. However, the current projection of 2.8 per cent is below the previous 8-quarter forecast of 2.9 per cent for the June 2022 to March 2024 period.

[7] The production incentive programme aims to increase and sustain agricultural production to meet market demand. The programme targets the development of nine (9) crops to include: yam, ginger, dasheen, hot pepper, Irish potatoes, onion, strawberry and cassava. The objective of solar-powered pump station project is to reduce the energy bill for pumping irrigation water to farmers. This upgrade, is projected to be reduce the JPS bill by 20 per cent or some $9 million annually.

Box 3: Potential Output

Jamaica's potential output is estimated to have increased by 3.5 per cent for the March 2022 quarter, which is below the growth of 6.9 per cent for the December 2021 quarter (see Figure 1).[8]

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



Contributions to Potential Output Growth[9]

The estimated increase in potential output for the March 2022 quarter reflects increases in potential labour supply, total factor productivity and human capital, partly offset by a reduction in the potential physical capital stock (see Figure 1). Potential labour supply is estimated to have grown by 2.6 per cent for the quarter, a slower pace relative to the December 2021 quarter but above the estimated decline in the March 2021 quarter.[10] Total factor productivity is estimated to have increased by 0.9 per cent for the quarter. The potential capital stock is estimated to have declined by 0.1 per cent, which is a similar pace of contraction relative to the March 2021 quarter but a slower pace of decline relative to the December 2021 quarter.

Outlook for Potential Output

Potential output is forecasted to increase at an average rate of 1.1 per cent over the June 2022 to March 2024 quarters (near-term) (see Figure 2). Potential labour supply and total factor productivity are the main driving force in the growth of potential output over the near-term, growing at an average rate of 0.7 per cent and 0.2 per cent, respectively. Similarly, potential human capital and the physical capital stock are projected to grow by 0.12 per cent and 0.10 per cent, respectively. over the review period.

The anticipated improvement in potential labour supply stems from higher than anticipated potential average hours worked per person (weekly) as well as a projected increase in the potential labour force

[8] Estimated year-over-year quarter growth of potential output growth 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.

[9] 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 gives an indication of the structural changes in Jamaica's economy over time.

[10] Labour market conditions in the economy continues to improve as evidenced by the last 3 labour market surveys (July 2021, October 2021 and January 2022 survey) as the unemployment rate continues to decline quarter to quarter. As a result, potential labour supply growth for the March 2022 quarter was driven by increases in potential average hours worked, potential labour force participation rate, and to a lesser extent potential working age population.

participation rate. Over the near-term, growth in potential average hours worked and potential labour force participation are projected to average 0.14 per cent and 0.37 per cent, respectively.

Over the medium-term, potential output is projected to grow, on average, at 1.0 per cent. Growth in potential output is forecasted to be largely influenced by a faster pace of growth in physical capital while growth in potential labour, human capital and total factor productivity are in line with previous projections.

4.0 Fiscal Accounts

For the March 2022 quarter, Central Government's operations recorded a fiscal surplus of $25.7 billion (1.1 per cent of GDP), relative to the surplus of $9.7 billion (0.5 per cent of GDP) for the March 2021 quarter. The fiscal outturn for the review period reflected higher Revenue & Grants, in particular tax revenue partly offset by higher expenditure, relative to the corresponding period of 2021. The higher expenditure was reflected mainly in programmes.

Recent Developments

For the March 2022 quarter, Central Government's operations recorded a fiscal surplus of $25.7 billion (1.1 per cent of GDP), relative to the surplus of $9.7 billion (0.5 per cent of GDP) for the March 2021 quarter. The fiscal outturn for the review period reflected higher Revenue & Grants, in particular tax revenue partly offset by higher expenditure, relative to the corresponding period of 2021. The higher expenditure was reflected mainly in programmes.

The performance of Revenue & Grants for the March 2022 quarter, was mainly attributable to higher tax revenue receipts, relative to the corresponding period of 2021. The faster pace of growth in tax revenues, relative to the corresponding quarter of 2021 emanated from all categories, particularly international trade, income & profits and to a lesser extent production & consumption.[1]

Notably, all categories of expenditure were higher in nominal terms for the review quarter.[2] Increased programmes and capital spending largely reflected the continuation of COVID-19 initiatives and a faster than anticipated execution of capital projects, respectively.

The financing requirement for Central Government for the March 2022 quarter was $43.2 billion (1.9 per cent of GDP) reflecting the fiscal surplus (1.1 per cent of GDP) and amortization of $68.9 billion (3.0 per cent of GDP).

The above noted expenses were financed by external loan and domestic receipts of $46.8 billion (2.0 per cent of GDP) and $5.7 billion (0.3 per cent of GDP), respectively. Domestic loans reflected Treasury bill issuances amounting to $5.8 billion (0.3 per cent of GDP).[3] External loan receipts amounted to US$284.9 million (1.9 per cent of GDP) from multilateral agencies for investment projects and a policy-based loan.[4,5]

Amortization for the March 2022 quarter amounted to $68.9 billion (3.0 per cent of GDP) mainly reflecting external amortization, which included the maturity of the GOJ 11.625% Notes Due 2022 amounting to US$208.2 million (1.5 per cent of GDP). In addition, there were payments of US$50.7 million (0.3 per cent of GDP) and US$49.9 million

[1] The higher international trade receipts reflected higher inflows from GCT (imports), custom duty, SCT (imports), and travel tax. The increase in GCT (imports) and customs duty were primarily driven by greater imports while SCT (imports) was attributable to greater fuel imports by the refinery. In addition, the increases in visitor arrivals drove the outturn for travel tax. In regards to Income & profits, the better than anticipated performance was due mainly to other companies and tax on interest attributable to higher profits and lower payment of refunds, respectively.
For production & consumption, receipts were attributable to increased inflows from GCT (local).The over-performance in GCT (local) was attributable to greater economic activity.

[2] Compensation of employees and interest costs though higher in nominal terms was smaller as a percentage of GDP for FY2021/22. Compensation of employees in the March 2022 quarter amounted to $62.5 billion, relative to $56.2 billion in the March 2021 quarter.

[3] On 27 January 2022, the GOJ cancelled its scheduled BIN issuances for the March 2022 quarter.

[4] The GOJ drew-down approximately US$159.5 million in the RFI in February 2022.

[5] A policy-based loan of US$100.0 million was received from the IDB on 29 March 2022.

(0.3 per cent of GDP) to multilateral and bilateral lending agencies, respectively. There were also domestic maturities of a Benchmark Investment Note amounting to $15.7 billion (0.6 per cent of GDP) and Treasury bills of $5.8 billion (0.3 per cent of GDP), respectively. Against this background, there was a build-up of $4.4 billion (0.3 per cent of GDP) in Central Government bank balances.[6]

Table 3: Summary of Fiscal Operations
(per cent of GDP)

	Quarter		
	Mar-22	Mar-21	Diff
Revenue & Grants	**9.8**	**9.1**	**0.7**
o/w Tax Revenue	**8.6**	**8.2**	0.4
Non- Tax Revenue	1.0	0.7	0.3
Grants	0.2	0.2	0.0
Expenditure	**8.7**	**8.6**	**0.1**
Programmes	3.3	2.9	0.4
Compensation of Employees	2.7	2.9	(0.2)
Interest Payment	2.0	2.1	(0.1)
Capital Expenditure	0.7	0.7	0.0
Fiscal Surplus/Deficit	**1.1**	**0.5**	**0.6**
Primary Balance	**3.1**	**2.6**	**0.5**
Current Balance	**1.2**	**1.0**	0.2
Total Financing	**2.3**	**2.4**	(0.1)
External Loans	2.0	1.5	0.5
Domestic Loans	0.3	0.9	(0.7)
Other Inflows	**0.1**	**0.1**	0.1
Other Outflows	**0.2**	**0.3**	(0.0)
Amortisation	**3.0**	**1.0**	2.0
External	2.1	0.7	1.4
Domestic	0.9	0.3	0.6
Overall Balance	**0.3**	**1.7**	**(1.4)**

Source: Ministry of Finance & the Public Service

[6] The increase in bank balances was also supported by net inflows of $2.3 billion.

5.0 Balance of Payments

The current account (CA) of the balance of payments (BOP) for FY2021/22 is estimated to have improved to a surplus of 0.0 per cent to 1.0 per cent of GDP from a deficit of 1.0 per cent of GDP in FY2020/21. This estimate is mainly based on increased travel related expenditure and higher remittance inflows for the fiscal year partly offset by higher imports and investment income outflows. The CA for FY2022/23 and FY2023/24 is projected to deteriorate to a deficit of 1.5 to 4.0 per cent of GDP before improving over the medium-term. Relative to the previous forecast, the projected current account deficit (CAD) is higher over the June 2022 to March 2024 quarters. This variance is largely underpinned by a higher deficit on the merchandise trade balance and a deterioration on the income sub-account, partially offset by an improvement on the current transfer and services sub-accounts. Over the medium term (FY2024/25 to FY2027/28) the CAD is forecasted to average between 0.0 to 1.0 per cent of GDP.

The outlook for the gross reserves has deteriorated, relative to the previous projection. This is largely influenced by lower multilateral flows, notwithstanding a higher than previously projected reserves at March 2022. Reserves are above the ARA 100% benchmark over the near and medium term forecast periods. The risks to the projections for the CAD are balanced. The main downside risks (lower deficit) relates to a weaker than expected decline in remittance inflows. The main upside risks (higher deficit) to the CAD relates to higher exceptional imports from infrastructure activities and tourism-related projects, and lower visitor arrivals. The risks to reserves are balanced. The main upside risk to the reserves stems from the possibility of higher than forecasted private capital inflows in the context of the Bank's monetary policy actions. The main downside risk relates to higher than forecasted private capital outflows due to a stronger increase in fuel prices as well as the Feds policy actions.

Recent Developments

The current account deficit (CAD) of Jamaica's balance of payments for the December 2021 quarter amounted to US$89.8 million (0.6 per cent of GDP), US$62.8 million higher (worse) than the outturn recorded for the December 2020 quarter. This deterioration was reflected in the goods balance, partially offset by an improvement in the current transfers, services and income sub-accounts.

Relative to the Bank's previous estimate, the current account deficit for the December 2021 quarter was higher (worse) by US$148.7 million. The variance in the CA was largely underpinned by a deterioration in the merchandise trade balance and a lower than projected surplus in the services sub-account, partially offset by an improvement in current transfers. For the merchandise trade balance, exports were below projection by US$31.5 million while imports were higher by US$66.2 million. The surplus on the services sub-account was US$53.3 million below projection due to higher transportation and other services outflows. [1]

For the March 2022 quarter, a current account deficit within a range of 0.5 per cent – 1.5 per cent of GDP) is estimated, higher (worse) than the previous projection and the outturn for the March 2021 quarter. This deterioration, relative to the previous year, is reflected primarily in the merchandise trade balance and current transfers sub-account, partially offset by an improvement in

[1] Transportation outflows were revised higher by US$74.1 million.

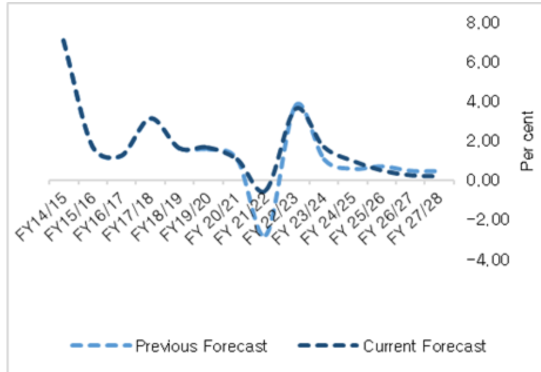
the services balance. The merchandise trade balance is estimated to have deteriorated mainly due to an increase in raw material and fuel imports. The deterioration on current transfers is mainly due to lower remittance inflows. The improvement on the services balance primarily reflect higher visitor arrivals and higher average daily expenditure.

The CA for FY2022/23 to FY2024/25 is forecasted to be broadly sustainable. For FY2022/23, the CA is projected to deteriorate to a deficit within a range of 1.5 to of 4.0 per cent of GDP, lower (better) than the previous projection and higher (worse) than the estimated surplus estimated for FY2021/22.

The CAD is projected to improve, relative to the previous forecast over the medium-term. The CAD is projected to average 0.0 to 1.0 per cent of GDP between FY2024/25 and FY2027/28 (see Figure 23). The improvement in the CA is mainly due to an increase in travel expenditure on account of an increase in average daily expenditure partially offset by an upward revision to fuel prices.

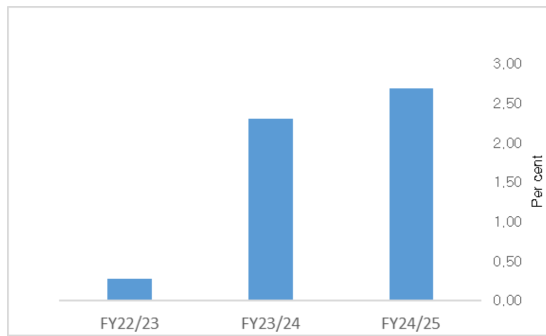
The current account balance, after accounting for FDI-related imports, reflects an average surplus of 1.7 per cent of GDP for the 3-year forecast period of FY2022/23 to FY2024/25 (see Figure 24).

Figure 23: Medium-Term CAD Forecast (% GDP)



Source: Bank of Jamaica

Figure 24: Current Account less FDI (% of GDP)



Source: Bank of Jamaica

6.0 Monetary Policy & Market Operations

BOJ increased its signal rate on two occasions during the March 2022 quarter by 200 bps, from 2.50 per cent to 4.50 per cent. Accompanying the rate increases, the Bank continued to implement measures to contain Jamaican dollar liquidity expansion. While not targeting any specific level of the exchange rate, Bank of Jamaica continued to ensure that further movements in the exchange rate did not threaten the inflation target. In this context, BOJ provided liquidity amounting to US$447.9 million via the B-FXITT facility, swap arrangements and other market sales for the March 2022 quarter.

In light of the GOJ operations, the Bank's FX sales to the market and offer of certificates of deposit, Jamaican dollar liquidity tightened during the March 2022 quarter, relative to the preceding quarter.

BOJ increased its signal rate on two occasions during the March 2022 quarter by 150 bps and 50 bps effective 21 February 2022 and 30 March 2022, respectively, from 2.50 per cent to 4.50 per cent.[1]

Liquidity Conditions

During the March 2022 quarter, liquidity conditions tightened, relative to the December 2021 quarter. This was indicated by the maintenance of average current account balances at Bank of Jamaica of $49.5 billion by deposit-taking institutions (DTIs) and primary dealers, below the average of $71.4 billion for the preceding quarter.

Liquidity conditions over the March 2022 quarter were less buoyant, relative to the Bank's projections. Deposit Taking Institution's (DTIs) average current account balances for the quarter were lower than projected by $12.1 billion. The lower than anticipated balances primarily reflected stronger than expected absorption from GOJ operations, supported by weaker than projected injection from BOJ operations.[2] BOJ operations net injected $13.3billion into the system during the quarter, which was $3.2 billion below projection. Net injection from BOJ operations largely reflected net injection from FX operations of $16.3 billion, which was $2.0 billion above projection. This was supported by an injection of $0.9 billion from OMOs, which was $8.9 billion weaker than forecasted due to higher net issues of CDs. These injections were partly offset by an absorption of $4.0 billion from other BOJ operations, which was $3.7 billion weaker than anticipated due to weaker than expected currency issue (see **Table 4**).[3]

Bank of Jamaica conducted 13 auctions of 30-day CDs during the review quarter. The average offer size during the March 2022 quarter was $13.4 billion, above the average of $10.2 billion for the December 2021 quarter. The increase reflected the actions of the central bank to manage liquidity levels in the financial market. Consistent with the monetary policy stance, the average yield on these operations for the review quarter increased to 5.10 per cent, 98 bps above the average for the December 2021 quarter.

BOJ did not conduct any 14-day repurchase operation during the March 2022 quarter. This

[1] Consequently, effective 30 March 2022, the SLF rate increased to 6.50 per cent during the review quarter. On 18 March 2020, the limit on the SLF was removed, therefore the EFR is inactive.

[2] During the March 2022 quarter, average net absorption of $35.2 billion through GOJ operations was $8.9 billion stronger than projected, reflective of higher than anticipated tax revenue, and weaker than expected compensation and programme expenditure.

[3] Weaker than anticipated currency issue partly reflected tight liquidity conditions prompting institutions to hold less vault cash. The outturn influenced a downward revision to the currency forecast.

compares to $10.0 billion offered through one auction in the December 2021 quarter.

Significant foreign currency demand during the March 2022 quarter and the associated fluctuations in market conditions necessitated BOJ's foreign currency sales of US$430.4 million via the B-FXITT facility and other market sales, along with US$17.5 billion in swap arrangements.[4,5] While there were repayments of USD CDs, there were no new issues during the review period (see **Table 5**).

Table 4: BOJ Liquidity Facility (J$ Billions)

BOJ Liquidity Flow (J$ Billions)	Actual Sep-21	Actual Dec-21	Projected Mar-22	Actual Mar-22	Variance Mar-22
Net BOJ Operations (Inject/Absorb)	19.0	33.5	16.4	13.3	-3.2
Open Market Operations	-23.0	3.9	9.8	0.9	-8.9
BOJ Repo - (incl. OTROs)	-6.2	1.3	5.4	7.2	1.8
FR CDs - (incl. 30d cds)	-20.8	-10.0	1.4	-9.3	-10.7
VR CDs	0.0	0.0	0.0	0.0	0.0
USD Indexed Notes	4.0	12.7	3.0	3.0	0.0
BOJ FX (incl. PSE)	40.1	40.4	14.3	16.3	2.0
BOJ Other	1.8	-10.8	-7.7	-1.0	3.7
o.w. Currency Issue	-6.4	-14.5	-8.4	-4.6	3.8
o.w. Cash Reserve (Com Banks)	-1.7	-1.2	-0.9	-0.8	0.1
o.w. other	5.4	4.6	1.9	1.6	-0.2
GOJ Operations	-21.9	-34.7	-26.3	-35.2	-8.9
Current A/C (+) = Loosen; (-) = Tighten	-2.9	-1.2	-9.9	-21.9	-12.1
Current A/C Balance (AvgStock)	72.6	71.4	61.6	49.5	-12.1

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

Table 5: Placements & Maturities of BOJ USD Instruments

Tenor	October - December 2021			January - March 2022		
	Placements (US$MN)	Maturities (US$MN)	Average Rate (%)	Placements (US$MN)	Maturities (US$MN)	Average Rate (%)
5-year	-	8.71	-	-	13.71	-
7-year	-	33.87	-	-	61.25	-
TOTAL	-	42.58	-	-	74.96	-

Note: Total outstanding stock of USD CDs as at March 2022 was US$146.8 million
Source: Bank of Jamaica

[4] The BOJ discontinued the FX swap arrangement effective 30 March 2022.

[5] See footnote in the Exchange Rate Development chapter for further clarity.

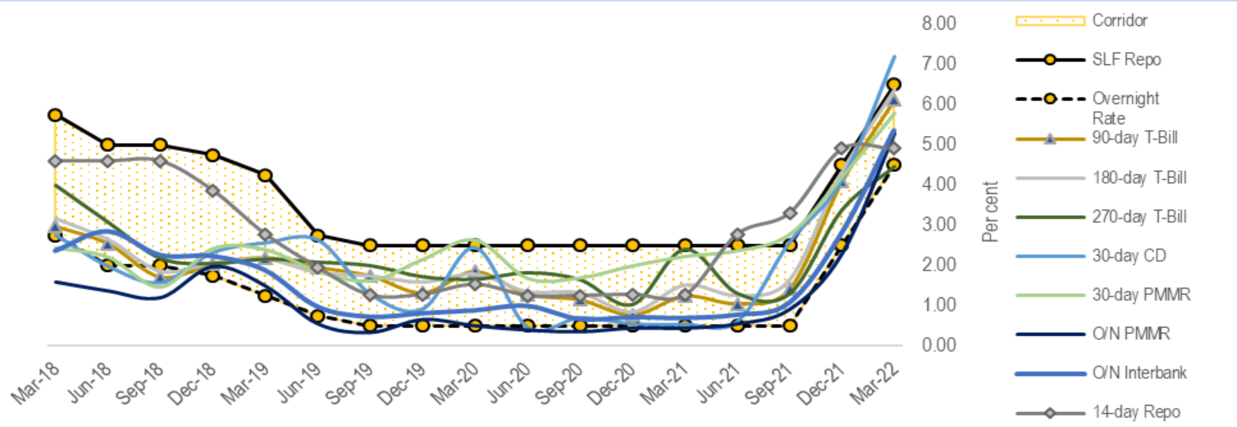
7.0 Financial Markets

Money market rates increased during the December 2021 quarter, influenced by increases in the Bank of Jamaica's policy rate. The estimated yield curve on GOJ JMD bonds at end-December 2021 shifted upwards, relative to the yield curve at end-September 2021. Exchange rate risk and sovereign risk increased.

Market Interest Rates

Consistent with the Bank's monetary policy stance, money market rates increased during the March 2022 quarter, relative to the preceding quarter. When compared to the rates at end-December 2021, the overnight (O/N) interbank rate, O/N private money market rate (PMMR) and the 30-day PMMR were higher by 255 bps, 299 bps and 158 bps, respectively. Additionally, the yields on GOJ 90-day, 180-day and 270-day Treasury bills at end-March 2022 were higher by 203 bps, 204 bps and 108 bps, respectively (see **Figure 25**). Higher Treasury bills yield and PMMRs rates were influenced by the actions of Bank of Jamaica to further increase the policy rate by 200 bps during the March 2022 quarter.

Figure 25: Money Market Rates (Nominal)[1]



	BOJ SLF Rate	14-day Repo	BOJ 30-day CD	BOJ O/N Deposit	O/N PMMR +	O/N Int. Bank +	30-day PMMR +	90-day T-Bill	180-day T-Bill	270-day T-Bill
Sep-20	2.50	1.25	0.71	0.50	0.40	0.73	1.83	1.14	1.33	1.65
Dec-20	2.50	1.28	0.56	0.50	0.44	0.72	2.00	0.77	0.86	1.04
Mar-21	2.50	1.26	0.55	0.50	0.44	0.70	2.23	1.23	1.52	2.41
Jun-21	2.50	2.78	0.62	0.50	0.54	0.78	2.38	1.05	1.27	1.32
Sep-21	2.50	3.31	2.59	0.50	0.91	1.07	2.78	1.41	1.66	1.31
Dec-21	4.50	4.91	4.13	2.50	2.29	2.80	4.22	4.09	4.33	3.39
Mar-22	6.50	4.91	7.19	4.50	5.28	5.35	5.80	6.12	6.37	4.47

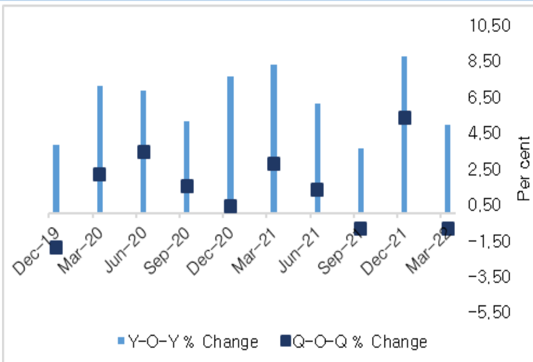
Source: Bank of Jamaica

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

Exchange Rate Developments

The nominal exchange rate appreciated during the review quarter, relative to the previous quarter. The weighted average selling rate of the Jamaica Dollar vis-á-vis the US dollar (WASR) closed the March 2022 quarter at J$153.8 = US$1.00, reflecting an appreciation of 0.8 per cent, relative to the previous quarter and depreciation of 4.9 per cent, relative to end-March 2021.[2]

Figure 26: Movements in WASR

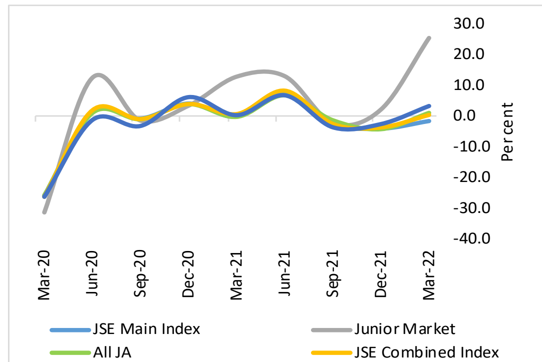


There was notable pressure in the foreign exchange market during the early part of the quarter. This pressure was underpinned by increased end user demand and portfolio related demand by financial institutions. These demand pressures were attenuated by BOJ sales of US$447.9 million for the quarter, of which B-FXITT sales accounted for US$351.9 million.[3] Subsequently, an appreciation cycle in March 2022 was influenced by net sales of USD in an effort to procure Jamaican dollar liquidity.

Equities Market

For the March 2022 quarter, four of the five major Jamaica Stock Exchange (JSE) indices recorded increases which ranged from 0.4 per cent to 25.4 per cent (see **Figure 27**). More specifically, the JSE Main Index declined by 1.7 per cent for the March 2022 quarter, compared to a decline of 4.1 per cent for the previous quarter. In contrast, the Junior Market Index recorded the highest growth of all the major stock indices listed on the JSE for the review quarter. The Junior Market index grew by 25.4 per cent for the March 2022 quarter, relative to growth of 2.2 per cent for the previous quarter.

Figure 27: Quarterly growth rates of the JSE indices (percentage change)[4]



Source: Jamaica Stock Exchange

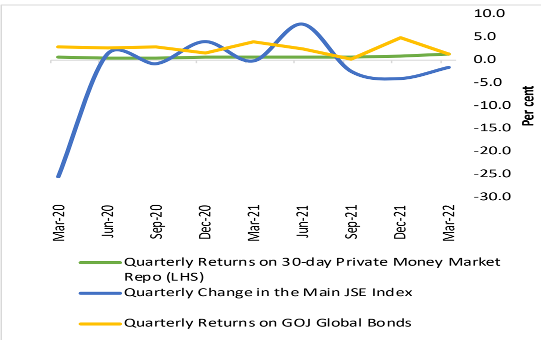
Similarly, the annual performance of the stock market for the year ended March 2022, reflected growth of all major stock indices, except for the JSE Main Market Index. In particular, the JSE Main Market Index declined by 0.9 per cent for the review year, relative to growth of 4.1 per cent for the corresponding period of the previous year. Meanwhile the Junior Market Index recorded growth of 41.6 per cent for the year ended-March 2022, relative to growth of 29.5 per cent for the previous year.

Of note, for the review quarter, foreign currency investments yielded stronger gains in comparison to returns on equity investments. More specifically, equities yielded a quarterly return of -1.7 per cent, while the quarterly returns on foreign currency investments were 1.3 per cent at end-March 2022.[5]

[2] The average WASR (avg) for closed the quarter was at J$155.8 = US$1.00, reflecting depreciation of 0.9 per cent, relative to the previous quarter and depreciation of 5.0 per cent relative to March 2021.
[3] Total market sales include B-FXITT sales of US$351.9 million, FX swap sales of US$17.5 million and Other Direct sales of US$78.5 million for the March 2022 quarter.
[4] The All JA and JSE Main Index, exhibit strong co-movement with returns.
[5] The return on equities is computed as the change in value of the JSE Main Index for the review quarter relative to the previous period. The return on foreign currency investments is computed as the sum of quarterly foreign currency gains (losses) and the average quarterly returns on GOJ global bonds.

Furthermore, the average quarterly yield on 30-day private money market instruments was 1.3 per cent for the March 2022 quarter, relative to 0.7 per cent for the previous quarter (see **Figure 28**).

Figure 28: Returns from Private Money Market, foreign currency investments and Capital Gains/ (Losses) from JSE Main Index
(Per cent)

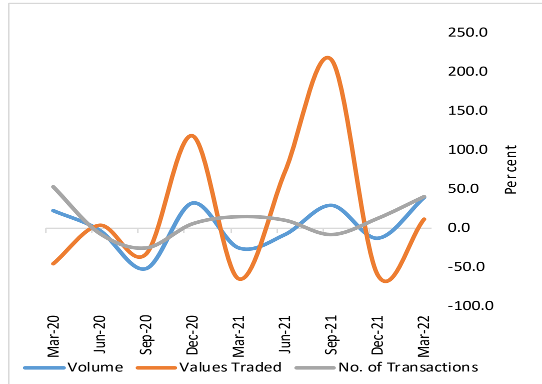


Source: Jamaica Stock Exchange and Bloomberg

Stock market activity indicators showed an improvement for the March 2022 quarter. In particular, the volume of stocks traded increased by 38.9 per cent, relative to a decline of 12.8 per cent for the previous quarter. In addition, the value of stocks traded and the number of transactions increased by 11.2 per cent and 40.2 per cent, respectively, for the review quarter. This compares to a decline of 60.4 per cent in the value of stocks traded and an increase of 12.1 per cent in the number of transactions recorded for the previous quarter (see **Figure 29**).

The price performance of the stocks listed on the JSE, as measured by the advance to decline ratio, was 23:15 for the March 2022 quarter, with two stocks trading firm. This compares to an advance to decline ratio of 18:21 for the previous quarter. Of note, stock price appreciation continued to be largely concentrated among the *Financial* and *Other* sectors. Notwithstanding, most of the declining stocks were concentrated in the *Financial sector and Other* category for the March 2022 quarter (see **Tables 6 and 7**).

Figure 29: Quarterly Change in the Monthly Volumes, Values Traded & Number of Transactions (Main JSE Index) (Per cent)



Source: Jamaica Stock Exchange

Table 6: Stock Price Appreciation

Advancing	Percent
Financial	
JMMB Group Limited	35.6
1834 Investments Limited	21.1
Eppley Limited	16.5
Proven Investments Limited	8.4
Other	
Margaritaville (Turks) Limited	42.8
Wigton Windfarm Limited (WIG)	28.9
138 Student Living Jamaica Limited	15.7
Manufacturing	
Wisynco Group Ltd	18.7
Conglomerates	
Jamaica Producers Group	9.4
Retail	
Carreras Limited	11.2

Table 7: Stock Price Depreciation

Financial	
Mayberry Jamaican Equities Limited	-15.1
National Commercial Bank Jamaica	-7.7
Mayberry Investments Limited	-5.9
Other	
MPC Caribbean Clean Energy Limited (MPCCEL)	-13.1
Palace Amusement	-8.3
Pulse Investments	-6.6
Manufacturing	
Berger Paints (Jamaica)	-14.3
Seprod Limited	-8.1
Tourism	
Ciboney Group	-11.4
Communication	
Radio Jamaica	-17.6

8.0 Monetary Aggregates

Growth in money supply as at February 2022 was marginally higher, relative to the previous projection while growth in credit to the private sector was lower.

Over the ensuing eight quarters, the average annual growth rate in the money supply and private sector credit are forecasted to be below the previous projection.

Money

The monetary base declined by 9.2 per cent at March 2022 when compared with March 2021. Regarding the sources of the annual change in the monetary base at March 2022, there was a decline of 57.3 per cent in net domestic assets (NDA), the impact of which was partly offset by an increase of 16.7 per cent in the Bank of Jamaica's net international reserves (NIR) (see **Table 8**). Lower net claims on the public sector and higher OMOs contributed to the decline in the NDA.[1] The growth in the Jamaica dollar equivalent of the NIR was mainly associated with an increase in the USD value of the NIR, and to a lesser extent, a depreciation in the exchange rate. The increase in the value of the NIR stock was influenced by surrenders through the PSE Facility by Authorized Dealers and Cambios, over the year. These inflows were partly offset by outflows from Government of Jamaica as well as net B-FXITT sales of US$651.91 million.

Table 8: Bank of Jamaica Balance Sheet (Analytical Presentation)

	Stock (J$MN)			Flow (%)	
	Mar-21	Dec-21	Mar-22	Qtr. -o- Qtr.	Y-o-Y
NIR (US$MN)	3,319.33	4,000.8	3,675.85	-8.1	10.7
NIR(J$MN)	483,604.97	616,242.37	564,279.73	-8.4	16.7
- Assets	618,254.95	744,492.11	663,725.83	-10.8	7.4
- Liabilities	-134,649.98	-128,249.74	-99,446.11	-22.5	-26.1
Net Domestic Assets	-188,241.55	-276,378.11	-296,160.65	-7.2	-57.3
- Net Claims on Public Sector	183,157.01	141,494.49	136,050.33	-3.8	-25.7
- Net Credit to Banks	-70,829.70	-81,335.02	-84,710.58	4.2	19.6
- Open Market Operations	-100,714.84	-119,548.25	-142,423.26	19.1	41.4
- Other	-199,854.01	-216,989.33	-205,077.14	-5.5	2.6
-o/w USD FR CDs	-19,627.97	-9,776.91	1,836.76	-118.8	-109.4
Monetary Base	295,363.42	339,864.27	268,119.07	-21.1	-9.2
- Currency Issue	181,790.14	226,933.52	207,895.60	-8.4	14.4
- Cash Reserve	39,901.13	44,348.06	44,909.59	1.3	12.6
- Current Account	73,672.16	68,582.69	15,313.88	-77.7	-79.2

Source: Bank of Jamaica

The 12.7 per cent expansion in M2J at February 2022 was largely underpinned by growth of 11.5 per cent in local currency deposits, a deceleration relative to the 17.1 per cent recorded at end-December 2021. The deceleration in the growth in deposits was strongly reflected in savings and demand deposits, which grew by 13.7 per cent and 12.2 per cent, respectively, relative to growth of

[1] The annual decline in net claims on the public sector largely reflected the receipt of SDR of US$520.6 million from the IMF, which was recorded both as a gross foreign asset and a domestic liability.

17.2 per cent and 15.6 per cent in December 2021. Growth in M2J was also influenced by an increase of 17.6 per cent in currency with the public, relative to growth of 23.3 per cent in December 2021.

Table 9: Components of Money Supply (M2*)

	Percentage Change (%)		
	Feb-21	Dec-21	Feb-22
Total Money Supply (M2*)	16.8	16.8	14.7
Money Supply (M2J)	16.8	17.1	12.7
Money Supply (M1J)	18.5	18.9	14.5
Currency with the public	23.5	23.3	17.6
Demand Deposits	15.3	15.6	12.2
Quasi Money	15.2	15.3	11.1
Savings Deposits	17.8	17.2	13.7
Time Deposits	5.8	7.5	0.8
Foreign Currency Deposits	16.8	16.4	18.0

Source: Bank of Jamaica

Private Sector Credit

Growth in private sector loans and advances was below that of the previous quarter. Loans and advances (including domestic and foreign currency denominated loans) to the non-financial private sector by deposit-taking institutions (DTIs) expanded by 6.6 per cent at February 2022. This was below the growth of 7.6 per cent as at December 2021. Relative to GDP, the stock of private sector loans at February 2022 was 44.0 per cent, lower when compared with 48.2 per cent a year earlier.

The growth in total loans and advances was underpinned by expansions in loans of 11.0 per cent and 0.8 per cent to individual and the productive sector, respectively. Growth in loans to the productive sector was mainly attributed to growth in loans to the *Distribution, Professional & Other Services*, and *Mining*, and *Transport* industries.

Table 10: Select Private Sector Financing Indicators (12-month Percentage Change)

Stock	Feb-21	Dec-21	Feb-22
Total DTI	9.5	7.6	6.6
o.w. to Businesses	12.0	4.6	0.8
o.w. to Consumers	7.6	9.8	11.0
Stock as a % of Annual GDP			
Total DTI	48.2	44.9	44.0
o.w. to Businesses	20.8	18.7	17.9
o.w. to Consumers	27.4	26.2	26.1

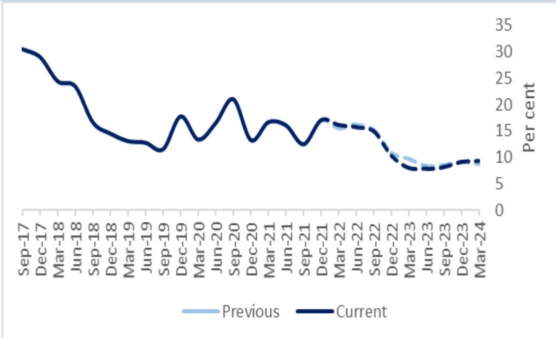
Source: Bank of Jamaica

Monetary Projections

M2J is projected to expand at an average annual rate of 10.5 per cent over the next eight quarters, below the previous projection of 10.9 per cent. The pace of broad money growth is anticipated to reflect expansions primarily in local currency deposits as well as currency in circulation over the near term. The near-term growth projection for broad money is weaker than previously forecasted in light of tighter monetary policy and liquidity conditions. Real monetary conditions are also expected to be contractionary, coupled with a less optimistic outlook for real economic activity over the next eight quarters.

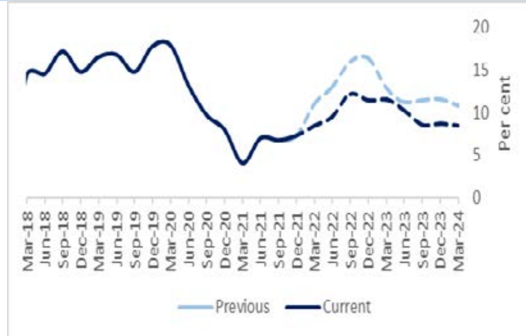
Growth in DTI private sector credit is forecasted to be weaker, relative to the previous projections over the next eight quarters. Private sector credit is projected to grow at an average rate of 10.2 per cent up to March 2024, compared to the previous forecast for an expansion of 12.9 per cent. The projected annual expansion over the near term reflects a slightly less optimistic economic outlook amid the continued recovery from the impact of the pandemic. The weaker growth, relative to the previous forecast is also influenced by the impact of contractionary monetary conditions, following BOJ's decision to further increase the policy rate in the March 2022 quarter.

Figure 30: Annual Growth in M2J



Source: Bank of Jamaica

Figure 31: Private Sector Credit



Source: Bank of Jamaica

9.0 Conclusion

Inflation is projected to average within a range of 8.0 per cent to 9.0 per cent over the next eight quarters (June 2022 quarter to the March 2024 quarter), which is higher when compared to the average inflation rate of 6.6 per cent over the past two years and the previous projection of 6.4 per cent. Inflation is projected to peak in the range of 12.0 per cent to 15.0 per cent by June 2022 and to fall within the target range by the June 2023 quarter. This forecast reflects a higher trajectory for imported inflation, due to higher grains prices stemming from the Russian-Ukraine conflict, the continued lagged impact of international commodity and shipping prices, elevated levels of inflation expectations, further impulses to energy costs and rising agricultural input prices.

For FY2021/22, a partial recovery of 7.0 per cent to 10.0 per cent is projected for real GDP. Growth in the range of 2.0 per cent to 4.0 per cent is anticipated for both FY2022/23 and FY2023/24 as the economy continues to recover and reflects a return to its pre-COVID level in the December 2023 quarter. The projection for FY2022/23 is below the previous projection, chiefly reflecting downward revisions to the growth in Hotels & Restaurants, Other Services, Electricity & Water and Producers of Government Services. Over the medium term (FY2024/25 – FY2027/28), GDP growth is projected to average 1.1 per cent, which is below the previous projection of 1.2 per cent. The risks to the forecast for real GDP growth are skewed to the downside.

The current account (CA) of the balance of payments (BOP) for FY2021/22 is estimated to improve to a surplus of 0.0 to 1.0 per cent of GDP from a deficit of 1.0 per cent of GDP in FY2020/21. This projection is mainly based on increased travel related expenditure and higher remittance inflows partly offset by higher imports and investment income outflows. The CA for FY2022/23 is projected to deteriorate to a deficit in the range of 1.5 per cent to 4.0 per cent of GDP before improving over the medium-term.

Bank of Jamaica (BOJ) announced its decision to increase the policy interest rate (the rate offered to deposit-taking institutions on overnight placements with BOJ) by 50 basis points to 4.5 per cent per annum, effective 30 March 2022. The Bank also decided to continue pursuing other measures to contain Jamaican dollar liquidity expansion and maintain stability in the foreign exchange market. The Monetary Policy Committee (MPC) is prepared to take further actions at its next meeting depending on the incoming data.

Additional Tables

1: INFLATION RATES

		CPI (Point-to-Point) **	Headline Inflation	Core Inflation*
FY08/09	Mar-09	52.94	12.43	12.98
FY09/10	Jun-09	54.39	8.95	10.29
	Sep-09	56.03	7.22	9.77
	Dec-09	57.62	10.21	10.28
	Mar-10	59.99	13.33	11.60
FY10/11	Jun-10	61.53	13.21	10.99
	Sep-10	62.34	11.26	9.40
	Dec-10	64.38	11.74	8.65
	Mar-11	64.69	7.84	6.57
FY11/12	Jun-11	65.98	7.20	6.67
	Sep-11	67.37	8.07	6.99
	Dec-11	68.25	6.01	6.86
	Mar-12	69.39	7.26	6.97
FY12/13	Jun-12	70.41	6.71	6.91
	Sep-12	71.86	6.65	5.59
	Dec-12	73.71	8.00	5.44
	Mar-13	75.72	9.13	6.30
FY13/14	Jun-13	76.57	8.76	6.26
	Sep-13	79.37	10.46	6.95
	Dec-13	80.70	9.47	7.38
	Mar-14	82.04	8.34	6.54
FY14/15	Jun-14	82.68	7.97	6.10
	Sep-14	86.50	8.99	6.72
	Dec-14	85.83	6.36	5.97
	Mar-15	85.29	3.96	5.51
FY15/16	Jun-15	86.29	4.37	4.81
	Sep-15	88.08	1.82	4.00
	Dec-15	88.97	3.66	3.51
	Mar-16	87.82	2.96	3.04
FY16/17	Jun-16	88.46	2.52	2.76
	Sep-16	89.71	1.86	2.48
	Dec-16	90.50	1.72	2.31
	Mar-17	91.41	4.09	2.27
FY17/18	Jun-17	92.38	4.43	2.42
	Sep-17	93.82	4.58	2.55
	Dec-17	95.24	5.24	2.65
	Mar-18	95.00	3.94	2.58
FY18/19	Jun-18	94.99	2.82	2.29
	Sep-18	97.89	4.33	2.44
	Dec-18	97.56	2.44	2.36
	Mar-19	98.23	3.39	2.33
FY19/20	Jun-19	98.97	4.19	2.50
	Sep-19	101.20	3.39	2.87
	Dec-19	103.63	6.22	2.95
	Mar-20	102.95	5.44	3.27
FY20/21	Jun-20	105.20	6.31	2.92
	Sep-20	106.14	4.88	3.20
	Dec-20	109.01	5.19	3.60
	Mar-21	108.27	5.18	5.30
FY21/22	Jun-21	109.77	4.34	7.17
	Sep-21	114.88	8.23	7.82
	Dec-21	116.98	7.31	9.09
	Mar-22	120.52	11.31	9.53

* 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 (March 2022) *

Divisions, Classes and Groups	Weight (%)	Inflation (%)	Weighted Inflation	Contribution
FOOD & NON-ALCOHOLIC BEVERAGES	35.79	4.86	1.74	23.66
Food	33.76	4.81	1.62	22.05
Cereals and cereal products (ND)	6.68	13.02	0.87	11.82
Live animals, meat and other parts of slaughtered land animals (ND)	6.60	13.80	0.91	12.38
Fish and other seafood (ND)	3.59	8.63	0.31	4.21
Milk, other dairy products and eggs (ND)	2.86	8.66	0.25	3.36
Oils and Fats (ND)	0.91	12.41	0.11	1.53
Fruits and nuts (ND)	2.60	4.88	0.13	1.72
Vegetables, tubers, plantains, cooking bananas and pulses (ND)	7.02	-10.97	-0.77	-10.47
Tubers, plantains, cooking bananas and pulses (ND)	2.04	6.82	0.14	1.89
Vegetables	4.98	-15.88	-0.79	-10.75
Sugar, confectionery and desserts (ND)	1.31	6.90	0.09	1.23
Ready-made food and other food products n.e.c. (ND)	2.19	1.62	0.04	0.48
Non-Alcoholic Beverages	2.03	5.90	0.12	1.63
Fruit and Vegetable Juices (ND)	0.66	5.71	0.04	0.51
Coffee, Tea and Cocoa	0.46	7.26	0.03	0.45
Mineral Waters, Soft Drinks, Fruit and Vegetable Juices	0.91	5.16	0.05	0.64
ALCOHOLIC BEVERAGES, TOBACCO AND NARCOTICS	1.45	5.27	0.08	1.04
CLOTHING AND FOOTWEAR	2.48	4.48	0.11	1.51
Clothing	1.66	4.61	0.08	1.04
Footwear	0.82	4.23	0.03	0.47
HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	17.85	11.70	2.09	28.38
Rentals for Housing	9.09	19.25	1.75	23.77
Maintenance, Repair and Security of the Dwelling	0.67	11.99	0.08	1.10
Water Supply and Miscellaneous Services Related to the Dwelling	2.27	7.45	0.17	2.30
Electricity, Gas and Other Fuels	5.82	23.65	1.38	18.69
FURNISHINGS, HOUSEHOLD EQUIPMENT AND ROUTINE HOUSEHOLD MAINTENANCE	3.77	5.51	0.21	2.82
Furniture, Furnishings, and Loose Carpets	0.36	7.61	0.03	0.37
Household Textiles	0.22	4.61	0.01	0.14
Household Appliances	0.35	6.92	0.02	0.33
Tools and Equipment for House and Garden	0.15	5.44	0.01	0.11
Goods and Services for Routine Household Maintenance	2.70	5.15	0.14	1.89
HEALTH	2.63	4.13	0.11	1.48
Medicines and Health Products	2.16	4.39	0.09	1.29
Outpatient Care Services	0.30	4.48	0.01	0.18
Other Health Services	0.17	0.22	0.00	0.01
TRANSPORT	11.23	13.91	1.56	21.23
INFORMATION AND COMMUNICATION	4.57	1.10	0.05	0.69
RECREATION, SPORT AND CULTURE	5.02	5.55	0.28	3.79
EDUCATION SERVICES	2.43	3.65	0.09	1.21
RESTAURANTS & ACCOMMODATION SERVICES	6.65	10.92	0.73	9.87
INSURANCE AND FINANCIAL SERVICES	1.13	4.25	0.05	0.65
PERSONAL CARE, SOCIAL PROTECTION AND MISCELLANEOUS GOODS AND SERVICES	4.99	5.45	0.27	3.69
ALL DIVISIONS	100.00	7.31	7.36	100.00

3: BANK OF JAMAICA OPERATING TARGETS

	Actual Mar-20	Actual Jun-20	Actual Sep-20	Actual Dec-20	Actual Mar-21	Actual Jun-21	Actual Sep-21	Actual Dec-21	Actual Mar-22
Net International Reserves (US$)	3,237.67	2,949.26	2,747.49	3,126.13	3,319.32	3,388.71	3,964.22	4,000.77	3,675.85
NET INT'L RESERVES (J$)	413,029.7	412,462.0	389,093.8	445,328.1	483,499.7	507,566.6	584,566.63	616,242.37	564,279.73
Assets	470,535.2	546,127.6	526,087.2	581,364.4	618,120.4	641,947.1	713,099.77	744,492.11	663,725.83
Liabilities	57,505.5	133,665.6	136,839.3	136,036.3	134,620.7	134,380.5	128,427.3	-128,249.74	-99,446.11
NET DOMESTIC ASSETS	-171,025.0	-173,194.9	- 123,393.84	-162,755.2	-188,136.32	-208,050.82	-267,249.64	-276,378.11	-296,160.65
-Net Claims on Public Sector	106,366.5	159,189.0	211,632.0	222,068.3	181,996.1	213,236.0	143,591.3	141,473.17	136,05033
-Net Credit to Banks	-73,493.8	-65,274.7	-66,981.9	-69,050.6	-70,829.7	-75,868.7	-77,171.4	-81,335.02	-84,710.58
-Open Market Operations	-41,981.8	-74,311.1	-76,564.7	-124,035.7	-100,734.3	-131,936.0	-134,896.6	-119,548.25	-142,423.26
-Other	-161,915.9	-192,798.1	-191,479.3	-191,737.1	-198,568.4	-213,482.1	-198,772.9	-216,968.01	-205,077.14
MONETARY BASE	242,004.7	239,267.1	265,854.1	282,573.0	295,363.4	299,515.8	317,422.8	339,864.27	268,119.07
- Currency Issue	145,735.2	151,704.8	170,033.0	190,622.7	181,924.1	181,058.4	197,436.1	226,933.52	207,895.60
- Cash Reserve	48,878.3	35,280.94	37,093.8	39,116.5	39,901.1	41,429.1	43,525.4	44,348.06	44,909.59
- Current Account	47,391.2	52,281.4	58,727.3	52,968.4	73,672.2	77,028.3	76,461.3	68,582.69	15,313.88
GROWTH IN MONETARY BASE [F-Y-T-D]	-	-1.1	9.8	16.8	-	1.4	7.5	15.1	-

4: MONETARY AGGREGATES

		BASE	M1J	M1	M2J	M2	M3J	M3
FY16/17	Sep-16	125112.90	162012.8	183699.4	327364.0	554814.8	485596.6	713047.4
	Dec-16	140698.1	184887.8	210703.5	356709.1	586686.9	514906.4	744884.2
	Mar-17	139,460.80	177,728.24	205,405.77	385,130.22	636,350.53	545,141.71	796,362.01
FY17/18	Jun-17	147,019.31	176,880.50	206,834.55	390,658.46	661,159.67	555,312.55	825,813.77
	Sep-17	154,764.51	183,754.61	213,187.22	425,524.34	699,679.21	601,465.45	875,620.33
	Dec-17	172,290.94	205,967.44	233,487.21	457,905.02	718,529.75	633,487.37	894,112.10
	Mar-18	170,142.28	220,372.56	250,633.11	479,452.65	756,399.23	657,857.33	934,803.92
FY18/19	Jun-18	169,828.80	216,289.92	251,603.73	482,485.41	770,885.09	673,782.30	962,181.99
	Sep-18	177,365.64	230,629.81	266,659.06	496,418.25	804,064.91	693,490.11	1,001,136.77
	Dec-18	202,547.07	251,413.40	283,542.66	524,339.37	818,748.06	731,302.94	1,025,711.62
	Mar-19	214,015.10	249,673.01	285,367.63	542,149.88	844,420.19	753,609.43	1,055.879.73
FY19/20	Jun-19	204,318.65	256,383.63	294,330.41	544,085.24	858,311.49	763,563.05	1,077,789.31
	Sep-19	220,133.35	258,452.00	291,166.83	553,029.15	874,593.99	784,502.64	1,106,067.49
	Dec-19	220,953.60	288,765.41	324,896.57	617,627.36	941,252.00	843,835.41	1,167,460.05
	Mar-20	220,952.59	291,510.62	341,364.49	612,444.99	963,144.91	842,710.44	1,193,410.36
FY20/21	Jun-20	239,267.12	304,413.99	346,525.54	634,039.95	998,227.40	852,992.97	1,217,180.42
	Sep-20	265,854.12	321,603.09	366,833.99	670,333.46	1,055,569.83	889,371.33	1,274,607.69
	Dec-20	282,573.00	341,946.01	382,054.10	699,607.17	1,092,427.28	926,877.37	1,319,697.49
	Mar-21	295,363.42	348,520.04	390,210.97	717,228.90	1,118,874.17	949,719.11	1,351,364.37
FY21/22	Jun-21	299,515.81	354,014.44	406,142.44	735,982.82	1,163,036.18	978,463.19	1,405,516.55
	Sep-21	317,422.82	364,765.50	413,386.24	753,978.91	1,182,807.26	994,201.70	1,423,030.04
	Dec-21	339,864.27	406,708.92	458,639.06	818,963.54	1,276,153.09	1,056,944.42	1,514,133.98
	Feb-22	292,946.65	395,467.29	453,654.57	806,371.67	1,289,710.09	1,044,013.19	1,527,351.61

5: GOJ TREASURY BILL YIELDS
(End of Period)

		1-month	3-month	6-month	9-month	12-month
FY13/14	Sep-13	6.32	7.42	7.95	...	...
	Dec-13	6.25	7.53	8.25	...	...
	Mar-14	6.76	8.35	9.11	...	...
	Jun-14	6.80	7.66	8.37	...	...
FY14/15	Sep-14	6.89	7.47	8.00	...	...
	Dec-14	6.38	6.96	7.14	...	...
	Mar-15	6.30	6.73	7.00	...	...
	Jun-15	6.23	6.48	6.63	...	...
FY15/16	Sep-15	6.23	6.20	6.35	...	...
	Dec-15	5.97	5.96	6.04	...	...
	Mar-16	5.38	5.75	5.83	...	...
	Jun-16	5.47	5.86	6.01	...	...
FY16/17	Sept-16	5.84	5.86	5.81	...	...
	Dec-16	5.64	5.68	6.56	...	...
	Mar-17	6.10	6.13	6.32	...	...
	Jun-17	...	5.77	6.13	...	...
FY17/18	Sept-17	...	4.98	5.45	...	...
	Dec-17	...	4.18	4.63	...	...
	Mar-18	...	2.98	3.17	...	...
	Jun-18	...	2.54	2.66	...	...
FY18/19	Sep-18	...	1.71	1.87	...	...
	Dec-18	...	2.05	2.07	...	...
	Mar-19	...	2.19	2.17	...	...
	Jun-19	...	1.95	1.84	...	...
FY19/20	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	...	

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

		30 days	60 days	90 days	120 days	180 days	270 days	365 days
	Mar-12	6.25	...	...	...	...	...	...
FY12/13	Jun-12	6.25	...	...	...	...	...	...
	Sep-12	6.25	...	...	...	...	...	...
	Dec-12	6.25	...	...	...	...	...	...
	Mar-13	5.75	...	...	...	...	...	...
FY13/14	Jun-13	5.75	...	...	...	...	...	...
	Sep-13	5.75	...	...	...	...	...	...
	Dec-13	5.75	...	...	...	...	...	...
	Mar-14	5.75	...	...	...	...	...	...
FY14/15	Jun-14	5.75	...	...	...	...	...	...
	Sep-14	5.75	...	...	...	...	...	...
	Dec-14	5.75	...	...	...	...	...	...
	Mar-15	5.75	...	...	...	...	...	...
FY15/16	Jun-15	5.50	...	...	...	...	...	...
	Sep-15	5.25	...	...	...	...	...	...
	Dec-15	5.25	...	...	...	...	...	...
	Mar-16	5.25	...	...	...	...	...	...
FY16/17	Jun-16	5.00	...	...	...	...	...	...
	Sep-16	5.00	...	...	...	...	...	...
	Dec-16	5.00	...	...	...	...	...	...
	Mar-17	5.00	...	...	...	...	...	...
FY17/18	Jun-17	4.75	...	...	...	...	...	...
	Sep-17	4.09	...	...	...	...	...	...
	Dec-17	3.80	...	...	...	...	...	...
	Mar-18	2.68	...	...	...	...	...	...
FY18/19	Jun-18	2.31	...	...	...	...	...	...
	Sep-18	1.72	...	...	...	...	...	...
	Dec-18	2.10	...	...	...	...	...	...
	Mar-19	2.19	...	...	...	...	...	...
FY19/20	Jun-19	2.39	...	...	...	...	...	...
	Sep-19	1.48	...	...	...	...	...	...
	Dec-19	0.95	...	...	...	...	...	...
	Mar-20	2.77	...	...	...	...	...	...
FY20/21	Jun-20	0.58	...	...	...	...	...	...
	Sep-20	0.67	...	...	...	...	...	...
	Dec-20	0.55	...	...	...	...	...	...
	Mar-21	1.01	...	...	...	...	...	...
FY20/21	Jun-21	0.57	...	...	...	...	...	...
	Sep-21	1.97	...	...	...	...	...	...
	Dec-21	4.17	...	...	...	...	...	...
	Mar-22	6.50	...	...	...	...	...	...

7: Placements and Maturities* in BOJ OMO Instruments

	July - September 2021			October – December 2021			January - March 2022		
	Maturities (J$MN)	Placements (J$MN)	Average Yield (%)	Maturities (J$MN)	Placements (J$MN)	Average Yield (%)	Maturities (J$MN)	Placements (J$MN)	Average Yield (%)
30-day CD	107.5	126.5	1.25	151.0	133.0	4.13	126.5	153.5	4.93
272-day VR CD	0	0		0	0		0	0	
365-day VR CD	0	0		0	0		0	0	
548-day VR CD	0	0		0	0		0	0	
729-day VR CD	0	0		0	0		0	0	
272-day FR CD	0	0		0	0		0	0	
365-day FR CD	0	0		0	0		0	0	
730-day FR CD	0	0		0	0		0	7.8	4.42
911-day FR CD	0	0		0	0		0	0	
272-day FR USD IB	0	0		0	0		0	0	
365-day FR USD IB	0	0		0	0		0	0	
540-day FR USD IB	0	0		25.2	0		0	0	
730-day FR USD IB	3.8	0		0	0		0	0	
911-day FR USD IB	0	0		0	12.0		0	0	
1095-day FR USD IB	0.0	0		0.0	0		0	0	
Repos	44.3	54.3		95.9	85.9		686.02	697.9	
	Maturities (US$MN)	Placements (US$MN)	Average Yield (%)	Maturities (US$MN)	Placements (US$MN)	Average Yield (%)	Maturities (US$MN)	Placements (US$MN)	Average Yield (%)
1-year FR USD CD	0	0		0	0		0	0	
2-year FR USD CD	0	0		0	0		0	0	
3-year FR USD CD	0	0		0	0		0	0	
4-year FR USD CD	0	0		0	0		0	0	
5-year FR USD CD	18.07	0		8.71	0		13.71	0	
7-year FR USD CD	4.08	0		33.87	0		61.25	0	
TOTAL	22.15	0		42.58	0		74.96	0	

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

	Bauxite	Alumina	Sugar	Bananas	Other Traditional	Non-Traditional	Other	Total Goods Exports
FY12/13	131.9	516.7	54.8	0.0	80.8	707.1	252.9	1744.1
Sep-12	34.7	130.7	0.5	0.0	20.4	162.3	58.6	407.1
Dec-12	32.4	117.2	0.0	0.0	19.3	223.5	57.9	450.3
Mar-13	33.0	136.4	16.8	0.0	18.8	194.5	69.7	469.2
FY13/14	125.0	526.0	53.7	0.0	70.9	455.9	260.3	1492.0
Jun-13	31.6	127.0	36.3	0.0	23.5	104.0	62.4	384.8
Sep-13	30.6	117.6	0.0	0.0	18.5	120.3	75.8	362.8
Dec-13	32.8	142.7	0.0	0.0	13.8	118.7	55.4	363.4
Mar-14	30.0	138.7	17.4	0.0	15.1	112.9	66.8	381.0
FY14/15	136.5	522.9	55.5	0.2	65.8	395.6	225.6	1402.2
Jun-14	34.4	108.6	26.5	0.0	21.0	96.1	69.2	355.9
Sep-14	33.4	151.6	11.9	0.1	16.6	99.3	62.1	375.0
Dec-14	33.4	130.4	0.0	0.1	13.6	106.8	49.2	333.5
Mar-15	35.3	132.3	17.1	0.1	14.5	93.4	45.1	337.9
FY15/16	116.4	479.8	36.9	0.3	69.9	317.8	158.3	1178.7
Jun-15	32.0	143.8	23.6	0.1	21.9	80.4	45.2	347.0
Sep-15	33.8	114.5	13.1	0.1	19.2	71.0	31.9	283.6
Dec-15	23.9	116.4	0.2	0.1	13.4	84.2	38.8	277.0
Mar-16	26.6	105.1	0.0	0.1	15.4	82.2	42.3	271.1
FY16/17	80.5	472.3	17.7	0.4	76.9	407.3	191.0	1246.1
Jun-16	26.7	126.6	9.0	0.1	26.9	90.7	55.2	335.3
Sep-16	20.6	102.7	4.8	0.1	20.6	93.0	41.0	282.7
Dec-16	17.9	109.6	0.3	0.1	13.0	108.4	49.9	299.1
Mar-17	15.3	133.4	3.6	0.1	16.5	115.2	44.9	328.9
FY17/18	94.5	641.9	11.3	0.7	65.8	436.1	205.3	1455.6
Jun-17	19.7	128.4	8.8	0.1	18.7	108.8	56.3	340.8
Sep-17	19.4	142.5	1.7	0.1	18.9	95.8	43.8	322.3
Dec-17	29.4	148.2	0.3	0.1	15.1	119.1	46.6	358.8
Mar-18	25.9	222.9	0.5	0.3	13.2	112.3	58.6	433.7
FY18/19	94.7	1136.8	15.8	0.5	68.4	424.8	232.3	1973.2
Jun-18	25.3	300.8	3.9	0.1	19.5	99.0	58.9	507.5
Sep-18	23.2	328.5	11.3	0.1	21.3	100.6	52.5	537.4
Dec-18	25.9	270.0	0.3	0.1	14.0	112.6	59.4	482.3
Mar-19	20.3	237.5	0.4	0.1	13.5	112.6	61.5	445.9
FY19/20+	94.3	573.6	10.2	0.6	81.4	506.9	106.4	1373.4
Jun-19+	26.1	214.6	6.4	0.1	20.8	117.9	50.7	436.6
Sep-19+	22.5	169.4	3.0	0.1	24.0	120.2	46.8	386.0
Dec-19+	21.1	113.0	0.4	0.1	18.2	122.0	44.5	319.4
Mar-20+	18.7	104.3	0.4	0.2	24.6	159.8	44.4	346.6
FY20/21+	87.2	423.5	6.9	0.8	67.3	535.8	81.0	1201.6
Jun-20	27.3	94.0	6.0	0.2	19.3	106.4	7.0	260.2
Sep-20	20.4	108.1	0.0	0.2	31.6	117.4	25.0	302.7
Dec-20	22.2	119.4	0.0	0.2	19.6	128.2	26.1	315.7
Mar-21	17.3	102.1	0.8	0.2	16.9	164.0	51.7	353.1
FY21/22+	46.4	243.2	5.5	0.5	43.1	357.2	68.2	752.0
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

+ Revised

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

	Mar-19+	Jun-19+	Sep-19+	Dec-19+	Mar-20+	Jun-20+	Sep-20+	Dec-20+	Mar-21+	Jun-21+	Sep-21 +	Dec-21
1. Current Account	-53.1	-98.1	-161.7	-51.3	37.3	-82.7	11.0	-27.0	-50.6	228.7	45.1	-97.9
A. Goods Balance	-970.9	-1045.2	-982.5	-1046.0	-853.3	-614.2	-660.0	-821.0	-647.2	-556.6	-577.9	-1043.9
Exports (f.o.b)	480.1	430.3	394.6	335.0	358.2	264.7	306.4	321.2	360.3	422.9	371.5	286.0
Imports (f.o.b)	1451.0	1475.5	1377.1	1380.9	1211.6	878.9	966.4	1142.2	1007.5	979.5	949.4	1329.9
B. Services Balance	516.4	415.6	347.1	426.3	513.4	-77.4	-51.3	-4.5	-61.8	-23.3	-185.1	67.2
Transportation	-178.2	-182.3	-171.1	-172.5	-154.4	-119.9	-129.9	-143.9	-307.4	-435.1	-591.8	-391.1
Travel	921.3	793.0	746.0	854.8	835.1	0.8	141.1	240.9	254.1	478.9	540.4	657.0
Other Services	-226.8	-195.1	-227.8	-256.0	-167.3	41.7	-62.5	-101.6	-8.5	-67.1	-133.7	-198.7
Goods & Services Balance	-454.5	-629.6	-635.4	-619.7	-340.0	-691.6	-711.3	-825.5	-708.9	-579.9	-763.0	-976.7
C. Income	-169.6	-52.9	-173.6	-45.4	-200.5	-82.0	-142.1	-29.8	-158.2	-104.2	-121.3	-34.9
Compensation of employees	6.0	14.2	23.7	50.9	7.5	8.9	20.0	45.5	15.3	9.7	28.5	46.5
Investment Income	-175.6	-67.1	-197.3	-96.3	-208.0	-90.9	-162.1	-75.3	-173.5	-113.9	-149.9	-81.5
D. Current Transfers	571.0	584.4	647.3	613.7	577.8	691.0	864.4	828.3	816.6	912.9	929.4	913.8
General Government	46.5	26.1	51.6	15.9	43.4	21.7	46.5	37.4	44.0	40.8	53.7	40.5
Other Sectors	524.5	558.4	595.8	597.8	534.3	669.3	817.8	790.9	772.5	872.0	875.7	873.3
2. Capital & Financial Account	-57.1	4.8	-65.0	562.6	105.0	175.2	-497.4	942.0	423.4	276.7	-401.1	1572.9
A. Capital Account	-7.1	-8.5	-6.1	-5.0	-9.5	-9.2	-5.8	-6.3	-8.6	-9.2	-5.8	-5.6
Capital Transfers	-7.1	-8.5	-6.1	-5.0	-9.5	-9.2	-5.8	-6.3	-8.6	-9.2	-5.8	-5.6
General Government	1.4	1.4	1.5	2.4	0.5	0.8	1.9	1.0	1.4	0.8	1.9	1.8
Other Sectors	-8.5	-9.8	-7.6	-7.3	-10.0	-9.9	-7.7	-7.3	-10.0	-9.9	-7.7	-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	0.0
B. Financial Account	-50.1	13.3	-58.9	567.6	114.5	184.4	-491.6	948.3	432.0	285.8	-395.3	1578.5
Direct Investment	196.5	-40.1	165.0	-102.0	99.9	89.9	22.1	46.5	22.3	36.7	118.4	86.9
Portfolio Investment	26.7	-98.5	-311.8	260.8	-37.3	-198.2	-311.8	38.1	-268.8	-198.2	-311.8	320.2
Other official investment	-112.4	-156.0	-173.6	1.4	-236.4	-150.0	-76.1	93.7	165.2	-58.6	-76.1	579.2
Other private Investment	-81.5	258.3	324.3	471.8	263.9	154.3	96.1	394.1	377.7	217.6	96.1	552.5
Reserves	-79.4	49.5	-62.7	-64.5	24.4	288.4	-222.0	375.9	135.6	288.4	-222.0	39.7
Errors & Omissions	110.3	93.3	226.7	-511.3	-142.3	-92.6	486.5	-915.0	-372.8	-505.4	356.1	-1475.0

+ Revised

10: FOREIGN EXCHANGE SELLING RATES

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

		US$	Can$	GBP £
	Mar-12	87.3000	87.6500	139.2800
FY12/13	Jun-12	88.7000	86.7100	138.6600
	Sep-12	89.9300	91.4200	145.3900
	Dec-12	92.9800	93.3100	152.6400
	Mar-13	98.8900	97.9900	151.9000
FY13/14	Jun-13	101.3800	96.7000	154.4800
	Sep-13	103.6000	100.7100	167.1600
	Dec-13	106.3800	99.7200	175.8400
	Mar-14	109.5700	98.9300	181.7700
FY14/15	Jun-14	112.2022	103.1802	191.8988
	Sep-14	112.6662	101.0142	180.2393
	Dec-14	114.6607	97.6896	177.6759
	Mar-15	115.0435	90.6202	169.9738
FY15/16	Jun-15	116.9832	93.8399	183.7774
	Sep-15	119.0553	88.6177	180.1478
	Dec-15	120.4150	84.9062	177.1179
	Mar-16	122.0421	92.5223	173.4625
FY16/17	Jun-16	126.3835	97.8795	169.8517
	Sept-16	128.2704	97.3084	166.7776
	Dec-16	128.4404	95.8778	157.4208
	Mar-17	128.6672	97.1686	159.5670
FY17/18	Jun-17	128.6228	99.3865	166.5811
	Sep-17	129.9127	105.0988	173.8791
	Dec-17	125.0004	97.3947	167.0275
	Mar-18	125.9850	97.1994	178.1109
FY18/19	Jun-18	130.3918	100.0079	172.9757
	Sep-18	134.6486	103.7023	178.1844
	Dec-18	127.7162	91.5382	159.0355
	Mar-19	126.4666	95.8862	165.5342
FY19/20	Jun-19	131.0682	101.8648	168.0812
	Sep-19	135.1591	102.3052	166.1363
	Dec-19	132.5690	100.1539	171.6232
	Mar-20	135.3908	95.3267	169.1721
FY20/21	Jun-20	140.0111	105.1658	177.1609
	Sep-20	142.1048	107.7533	185.5508
	Dec-20	142.6493	111.4117	193.6657
	Mar-21	146.5813	120.1525	202.8338
FY21/22	Jun-21	148.5164	122.7285	207.0185
	Sep-21	147.2441	117.6625	202.9298
	Dec-21	155.0878	122.7604	210.1385
	Mar-22	153.7801	123.7584	202.6811

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

		(US$MN) Gross Foreign Assets	(US$MN) Gross Foreign Liabilities	(US$MN) International Reserves (Net)	Weeks of Imports Goods	Weeks of Imports Goods & Services
FY12/13	Sep-13	1,713.50	803.40	910.10	15.80	11.90
	Dec-13	1,817.60	769.70	1,047.90	17.30	12.80
	Mar-14	2,048.60	745.00	1,303.60	19.10	14.40
FY14/15	Jun-14	2,016.53	640.40	1,376.13	20.19	14.57
	Sep-14	2,715.25	514.68	2,200.57	27.79	19.66
	Dec-14	2,473.01	471.92	2,001.09	26.31	18.41
	Mar-15	2,689.74	396.06	2,293.68	28.61	20.02
FY15/16	Jun-15	2,537.27	420.76	2,116.51	29.00	19.83
	Sep-15	2,890.45	448.57	2,441.88	32.34	22.39
	Dec-15	2,890.45	479.82	2,437.01	34.61	23.45
	Mar-16	2,894.31	478.77	2,415.53	34.38	23.30
FY16/17	Jun-16	2,819.90	554.77	2,265.13	32.66	19.36
	Sep-16	3,056.16	593.15	2,463.01	36.30	24.60
	Dec-16	3,291.47	-572.10	2,719.37	38.40	22.27
	Mar-17	3,323.89	-554.72	2,769.17	38.78	22.49
FY17/18	Jun-17	3,185.65	-568.84	2,616.81	35.44	20.54
	Sep-17	3,714.94	-577.80	3,137.14	40.87	23.70
	Dec-17	3,781.17	-572.88	3,208.29	38.83	22.78
	Mar-18	3,656.91	-582.35	3,074.57	35.83	21.29
FY18/19	Jun-18	3,687.40	-551.91	3,135.49	32.49	19.80
	Sep-18	3,568.84	-542.12	3,026.72	33.14	19.67
	Dec-18	3,532.04	-526.63	3005.41	32.80	19.47
	Mar-19	3,605.18	-520.35	3,084.83	35.54	20.50
FY19/20	Jun-19	3,537.33	-502.02	3,035.31	32.88	22.62
	Sep-19	3,581.92	-483.86	3,098.05	33.45	22.82
	Dec-19	3,631.09	-468.55	3,152.53	33.80	22.94
	Mar-20	3,688.45	-450.78	3,237.67	34.27	23.22
FY20/21	Jun-20	3,905.02	-955.76	2,949.26	56.33	38.15
	Sep-20	3,713.37	-965.88	2,747.49	53.56	36.28
	Dec-20	4,081.09	-954.95	3,126.13	53.95	38.81
	Mar-21	4,243.53	-924.20	3,319.32	53.65	38.71
FY21/22	Jun-21	4,285.89	-897.18	3,388.71	42.42	30.12
	Sep-21	4,834.98	-870.77	3964.22	46.62	33.27
	Dec-21	4833.40	-832.62	4000.77	54.33	33.51
	Mar-22	4323.66	-674.81	3675.85	46.80	29.60

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)

	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21
Total Value Added at Basic Prices	-0.0	-2.3	-18.3	-10.7	-8.3	-6.6	14.2	5.87	6.72
Agriculture, Forestry & Fishing	3.9	7.8	7.9	2.5	-7.2	-1.9	15.0	7.3	13.8
Mining & Quarrying	-40.4	-35.8	-25.2	-20.7	6.3	7.2	-9.2	-29.7	-60.5
Manufacturing	-0.1	2.2	-12.3	-10.8	-0.4	-1.3	13.0	3.7	-2.2
Food, Beverages & Tobacco	1.6	0.2	-9.5	-8.1	-0.7	-2.3	9.9	3.4	2.2
Other Manufacturing	-1.9	5.9	-16.3	-14.6	-0.0	0.1	17.8	4.3	-7.3
Construction	-1.9	-3.3	-14.5	7.0	6.3	10.5	17.4	4.4	5.9
Electricity & Water	2.8	2.1	-8.7	-7.0	-9.3	-6.9	4.0	0.6	5.8
Wholesale & Retail Trade; Repairs; Installation Of Machinery	0.7	-1.3	-15.6	-8.13	-8.8	-5.1	19.3	4.4	10.6
Hotels and Restaurants	3.7	-14.1	-85.6	-65.2	-53.8	-55.9	334.6	114.6	79.5
Transport, Storage & Communication	0.5	-2.7	-20.8	-14.8	-10.4	-7.8	13.6	8.8	10.1
Finance & Insurance Services	3.3	-1.2	-5.5	-5.6	-2.8	-1.1	2.8	3.3	2.7
Real Estate & Business Services	0.7	0.2	-5.5	-2.8	-1.3	-1.9	5.2	0.7	2.1
Government Services	0.2	0.2	0.2	0.1	0.2	0.0	0.4	0.4	-0.1
Other Services	1.4	-3.7	-44.3	-27.0	-21.6	-21.9	23.2	12.2	10.4
Less Financial Intermediation Services Indirectly Measured (FISIM)	3.5	3.1	3.9	3.7	3.9	3.7	3.8	3.6	3.2

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

		1-month	3-month	6-month	12-month
FY11/12	Sep-11	0.2394	0.3743	0.5578	0.8649
	Dec-11	0.2953	4.9075	0.8085	1.1281
	Mar-12	0.2413	0.4682	0.7334	1.0485
FY12/13	Jun-12	0.2458	0.4606	0.7344	1.0680
	Sep-12	0.2143	0.3585	0.6359	0.9730
	Dec-12	0.2087	0.3060	0.5083	0.8435
	Mar-13	0.2037	0.2826	0.4449	0.7315
FY13/14	Jun-13	0.1958	0.2731	0.4144	0.6902
	Sep-13	0.1789	0.2489	0.3685	0.6294
	Dec-13	0.1677	0.2461	0.3480	0.5831
	Mar-14	0.1520	0.2306	0.3289	0.5581
FY14/15	Jun-14	0.1552	0.2307	0.3268	0.5451
	Sep-14	0.1565	0.2351	0.3304	0.5786
	Dec-14	0.1713	0.2556	0.3628	0.6288
	Mar-15	0.1763	0.2708	0.4007	0.6942
FY15/16	Jun-15	0.1865	0.2832	0.4449	0.7715
	Sep-15	0.1930	0.325	0.534	0.8511
	Dec-15	0.4300	0.613	0.846	1.1780
	Mar-16	0.4370	0.6290	0.900	1.2100
FY16/17	Jun-16	0.4650	0.6540	0.9240	1.2300
	Sept-16	0.5311	0.8537	1.2397	1.5518
	Dec-16	0.7717	0.9979	1.3177	1.6857
	Mar-17	0.9828	1.1496	1.4232	1.8018
FY17/18	Jun-17	1.2239	1.2992	1.4477	1.7384
	Sep-17	1.2322	1.3339	1.5060	1.7823
	Dec-17	1.5640	1.6940	1.8370	2.1070
	Mar-18	1.8831	2.3118	2.4524	2.6626
FY18/19	Jun-18	2.0903	2.3358	2.5013	2.7641
	Sep-18	2.2606	2.3984	2.6039	2.9186
	Dec-18+	2.5027	2.8076	2.8756	3.0054
	Mar-19	2.4945	2.5998	2.6595	2.7106
FY19/20	Jun-19	2.3980	2.3199	2.2005	2.1781
	Sep-19	2.0156	2.0851	2.0556	2.0321
	Dec-19	1.7625	1.9083	1.9121	1.9962
	Mar-20	0.9930	1.4510	1.1750	0.9980
FY20/21	Jun-20	0.1623	0.3020	0.3693	0.5458
	Sep-20	0.1483	0.2339	0.2598	0.3601
	Dec-20	0.1439	0.2384	0.2576	0.3419
	Mar-21	0.1111	0.1943	0.2053	0.2831
FY21/22	Jun-21	0.1005	0.1458	0.1595	0.2463
	Sep-21	0.0803	0.1301	0.1585	0.2366
	Dec-21	0.1013	0.2091	0.3388	0.5831
	Mar-22	0.4520	0.9616	1.4699	2.1014

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

		EURO-ZONE	UNITED STATES			UNITED KINGDOM
		Repo rate	Fed Funds Rate	Discount Rate	Prime Rate	Repo rate
FY11/12	Jun-11	1.25	0 – 0.25	0.75	3.25	0.50
	Sep-11	1.50	0 – 0.25	0.75	3.25	0.50
	Dec-11	1.00	0 – 0.25	0.75	3.25	0.50
	Mar-12	1.00	0 - 0.25	0.75	3.25	0.50
FY12/13	Jun-12	1.00	0 - 0.25	0.75	3.25	0.50
	Sep-12	0.75	0 - 0.25	0.75	3.25	0.50
	Dec-12	0.75	0 - 0.25	0.75	3.25	0.50
	Mar-13	0.75	0 - 0.25	0.75	3.25	0.50
FY13/14	Jun-13	0.50	0 - 0.25	0.75	3.25	0.50
	Sep-13	0.50	0 - 0.25	0.75	3.25	0.50
	Dec-13	0.25	0 - 0.25	0.75	3.25	0.50
	Mar-14	0.25	0 - 0.25	0.75	3.25	0.50
FY14/15	Jun-14	0.15	0 - 0.25	0.75	3.25	0.50
	Sep-14	0.05	0 - 0.25	0.75	3.25	0.50
	Dec-14	0.05	0 - 0.25	0.75	3.25	0.50
	Mar-15	0.05	0 - 0.25	0.75	3.25	0.50
FY15/16	Jun-15	0.05	0 - 0.25	0.75	3.25	0.50
	Sep-15	0.05	0 - 0.25	0.75	3.25	0.50
	Dec-15	0.05	0 - 0.50	1.00	3.50	0.50
	Mar-16	0.00	0 - 0.50	1.00	3.50	0.50
FY16/17	Jun-16	0.00	0 - 0.50	1.00	3.50	0.50
	Sept-16	0.00	0 – 0.50	1.00	3.50	0.25
	Dec-16	0.00	0 .50– 0.75	1.25	3.75	0.25
	Mar-17	0.00	0.75–1.00	1.50	4.00	0.25
FY17/18	Jun-17	0.00	1.00–1.25	1.75	4.25	0.25
	Sep-17	0.00	1.00–1.25	1.75	4.25	0.25
	Dec-17	0.00	1.25-1.50	2.00	4.50	0.50
	Mar-18	0.00	1.50-1.75	2.25	4.75	0.50
FY18/19	Jun-18	0.00	1.75-2.00	2.50	5.00	0.50
	Sep-18	0.00	2.00-2.25	2.75	5.25	0.75
	Dec-18	0.00	2.25–2.50	3.00	5.50	0.75
	Mar-19	0.00	2.25–2.50	3.00	5.50	0.75
FY19/20	Jun-19	0.00	2.25-2.50	3.00	5.50	0.75
	Sep-19	0.00	1.75-2.00	2.50	5.00	0.75
	Dec-19	0.00	1.5-1.75	2.25	4.75	0.75
	Mar-20	0.00	0-0.25	0.25	3.25	0.10
FY20/21	Jun-20	0.00	0.0-0.25	0.25	3.25	0.10
	Sep-20	0.00	0.0-0.25	0.25	3.25	0.10
	Dec-20	0.00	0.0-0.25	0.25	3.25	0.10
	Mar-21	0.00	0.0-0.25	0.25	3.25	0.10
FY21/22	Jun-21	0.00	0.0-0.25	0.25	3.25	0.10
	Sep-21	0.00	0.0-0.25	0.25	3.25	0.10
	Dec-21	0.00	0.0-0.25	0.25	3.25	0.25
	Mar-22	0.00	0.25-0.50	0.50	3.50	0.75

15: INTERNATIONAL EXCHANGE RATES

		Sterling vs. US$	Canadian $ vs. US$	Yen vs. US$	Euro vs. US$
	Mar-12	0.6256	0.9991	82.4340	0.7500
FY12/13	Jun-12	0.6376	1.0191	79.8040	0.7894
	Sep-12	0.6199	0.9837	77.9480	0.7779
	Dec-12	0.6150	0.9949	86.6630	0.7584
	Mar-13	0.6588	1.0156	94.0370	0.7787
FY13/14	Jun-13	0.6575	1.0512	99.1700	0.7687
	Sep-13	0.6181	1.0285	98.3270	0.7389
	Dec-13	0.6034	1.0636	105.2030	0.7258
	Mar-14	0.6012	1.1053	103.0100	0.7259
FY14/15	Jun-14	0.5846	1.0676	101.2900	0.7305
	Sep-14	0.6168	1.1196	109.6491	0.7917
	Dec-14	0.6418	1.1614	119.8035	0.8264
	Mar-15	0.6737	1.2679	119.9472	0.9321
FY15/16	Jun-15	0.6737	1.2483	122.1001	0.8966
	Sep-15	0.6609	1.3394	119.6745	0.8943
	Dec-15	0.6786	1.3837	120.2501	0.9206
	Mar-16	0.6964	1.3004	112.5746	0.8787
FY16/17	Jun-16	0.7513	1.2925	103.1779	0.9004
	Sept-16	0.7709	1.3127	101.3377	0.8901
	Dec-16	0.8104	1.3439	117.0001	0.9508
	Mar-17	0.7968	1.3317	111.3958	0.9388
FY17/18	Jun-17	0.7677	1.2963	112.3469	0.8752
	Sep-17	0.7464	1.2470	112.5239	0.8465
	Dec-17	0.7400	1.2571	112.6888	0.8330
	Mar-18	0.7135	1.2895	106.2812	0.8114
FY18/19	Jun-18+	0.7572	1.3134	110.6929	0.8559
	Sep-18	0.7601	1.3043	111.8443	0.8559
	Dec-18	0.7841	1.3639	109.6131	0.8721
	Mar-19	0.7672	1.3349	110.8525	0.8914
FY19/20	Jun-19	0.7876	1.3094	107.8865	0.8793
	Sep-19	0.8161	1.3224	106.3943	0.9062
	Dec-19	0.7543	1.2990	108.6366	0.8918
	Mar-20	0.8052	1.4067	107.5384	0.9065
FY20/21	Jun-20	0.8064	1.3576	107.9331	0.8902
	Sep-20	0.7740	1.3321	105.4519	0.8532
	Dec-20	0.7315	1.2734	103.3165	0.8186
	Mar-21	0.7255	1.2561	110.7174	0.8525
FY21/22	Jun-21	0.7230	1.2398	111.1111	0.8429
	Sep-21	0.7422	1.2682	111.2718	0.8636
	Dec-21	0.7390	1.2639	115.1145	0.8795
	Mar-22	0.7612	1.2508	121.6989	0.9036

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)
FY11/12	Jun-11	117.10	102.56	320.60	636.54
	Sep-11	112.48	89.76	293.06	597.37
	Dec-11	109.29	94.06	265.07	536.18
	Mar-12	118.60	102.94	268.88	486.95
FY12/13	Jun-12	108.86	93.50	260.39	400.35
	Sep-12	109.95	92.22	341.46	399.96
	Dec-12	110.45	88.19	346.48	357.12
	Mar-13	112.91	94.40	309.51	335.49
FY13/14	Jun-13	103.01	94.23	294.50	319.86
	Sep-13	110.10	105.83	281.76	298.23
	Dec-13	109.41	97.48	292.20	276.82
	Mar-14	107.88	98.67	280.67	382.67
FY14/15	Jun-14	109.78	102.98	292.86	467.06
	Sep-14	102.08	97.07	238.17	455.92
	Dec-14	76.01	73.16	248.61	464.59
	Mar-15	53.93	48.63	231.09	389.21
FY15/16	Jun-15	62.10	57.97	210.64	354.39
	Sep-15	50.03	51.52	189.86	336.22
	Dec-15	43.41	42.18	190.10	327.74
	Mar-16	34.36	33.45	190.23	330.86
FY16/17	Jun-16	45.95	45.50	183.79	346.71
	Sept-16	45.80	44.94	156.02	378.80
	Dec-16	50.08	49.29	156.18	385.71
	Mar-17	54.12	51.91	165.66	364.09
FY17/18	Jun-17	50.25	48.28	177.79	329.68
	Sep-17	51.74	48.20	183.94	327.83
	Dec-17	61.47	55.40	177.43	307.79
	Mar-18	66.95	62.87	190.71	301.42
FY18/19	Jun-18	74.49	67.88	210.30	296.87
	Sept-18	75.48	69.50	215.61	277.04
	Dec-18	67.37	58.81	211.01	295.09
	Mar-19	63.27	54.90	212.06	279.84
FY19/20	Jun-19	68.34	59.81	204.21	272.94
	Sept-19	61.86	56.45	195.06	287.03
	Dec-19	62.65	56.96	214.61	311.92
	Mar-20	50.53	46.17	227.33	312.86
FY20/21	Jun-20	31.43	27.85	209.22	327.55
	Sep-20*	42.72	40.93	221.73	350.23
	Dec-20*	44.52	42.66	259.70	337.70
	Mar-21*	60.57	57.85	279.58	358.41
FY21/22	Jun-21*	68.63	66.09	279.93	401.93
	Sep-21*	73.00	70.57	291.80	474.39
	Dec-21*	79.58	77.22	339.47	564.40
	Mar-22	98.96	94.29	391.38	594.78

*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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