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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

High inflation and a synchronised monetary tightening across the world continued to weigh heavily on the pace of growth in the global economy during the September 2022 quarter. Notwithstanding these challenges, the Jamaican economy has been recovering strongly, with quarterly GDP still expected to return to its pre-COVID-19 level of activity by early 2023. While the key drivers of inflation and other economic indicators are trending in the right direction, conditions have not sufficiently solidified to ensure that inflation is sustainably on a downward path. 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 9.3 per cent at September 2022, below the 10.9 per cent at June 2022. The outturn at September 2022 primarily reflected decelerations in Food & Non-Alcoholic Beverage (FNB) and Transport. The measure of core inflation that excludes food and fuel/energy prices, however, remained persistently high, driven by high inflation expectations, spill-overs from international price shocks to other prices in the economy, recovering albeit weak aggregate demand and past changes in regulated prices.

Annual inflation is projected to fluctuate within the range of 9.5 per cent to 10.5 per cent for the remainder of 2022 and to fall within the target range by the December 2023 quarter.

The Jamaican economy is estimated to have grown in the range of 2.5 per cent to 3.5 per cent for the September 2022 quarter, a slower pace of growth relative to the expansion of 4.8 per cent recorded for the June 2022 quarter. There was estimated growth in all industries for the review quarter, with the exception of *Mining & Quarrying* and *Construction.* Real GDP growth for FY2022/23 is projected to moderate within the range 2.5 per cent to 4.5 per cent from 8.2 per cent 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.

The current account of the balance of payments is estimated to record a deficit within the range of 0.0 per cent to 1.0 per cent of GDP for the September 2022 quarter, higher (worse) than the outturn for the September 2021 quarter. This deterioration is reflected primarily in the merchandise trade balance and income sub-accounts. The merchandise trade balance is estimated to have deteriorated mainly due to an increase in the imports of fuel, raw material, consumer goods and transport equipment, partially offset by a decline in capital goods imports. The deterioration on the income sub-account is underpinned by higher investment outflows. In contrast, there were improvements on the services balance and the current transfers sub-accounts, the former primarily reflecting higher stop-over and cruise visitor arrivals and higher average daily expenditure.

Over the next eight quarters, the current account is expected to improve mainly due to a lower merchandise trade deficit, an improvement in the services sub-account, and an improvement in current transfers, partially offset by a deterioration on the income sub-account. The Bank anticipates that the current account deficit (CAD) will range between 0.0 per cent to 2.0 per cent of GDP for FY2022/23 to FY2023/24 and average between 0.5 to 1.5 per cent of GDP over the medium-term. The risks to the projections for the CAD are skewed to the upside. Jamaica's international reserves remained buoyant with gross reserves at end-September 2022 of US$4.3 billion, representing 126.0 per cent of the Assessing Reserve Adequacy metric for FY2022/23.

The Jamaican dollar depreciated by 0.8 per cent for the September 2022 quarter. This compared to an appreciation of 0.9 per cent recorded in the corresponding quarter in the previous year. While there was some demand pressures during the quarter, they were attenuated by B-FXITT sales amounting to US$186.1 million. These sales were higher than the US$50.0 million sold to the market during the corresponding period of 2021.

Broad money grew at an annual rate of 7.7 per cent at August 2022, a deceleration relative to the growth of 9.5 per cent at June 2022. The expansion in broad money at August 2022 reflected growth of 8.2 per cent in local currency deposits, which stemmed from growth in time, demand and savings deposits. Private sector credit provided by deposit-taking Institutions (DTI's) continued to grow at a slow pace, recording annual growth of 9.1 per cent at August 2022, higher than the growth of 8.7 per cent at June 2022.

The financial system continued to be resilient. DTI's risk-weighted Capital Adequacy Ratio (CAR) at end-August 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-August 2022. The quality of the DTIs' loan portfolio remained fairly stable with a ratio of non-performing loans (NPLs) to gross loans at August 2022 of 2.5 per cent, marginally lower than the 2.9 per cent recorded a year earlier.

In September 2022, Bank of Jamaica, through its Monetary Policy Committee (MPC), announced its decision to further increase the policy interest rate by 50 basis points to 6.50 per cent per annum, effective 30 September 2022. The Bank also decided to continue pursuing other measures to contain Jamaican dollar liquidity expansion and maintain stability in the foreign exchange market. Further, to ensure that individual depositors are encouraged to continue to save Jamaican dollars, the MPC agreed to consider additional measures to support upward movements in DTIs' deposit rates. The Bank's recent policy interest rate adjustments, in conjunction with the Bank's strong actions in the foreign exchange market over the period to date, have contributed to the maintenance of relative stability in the foreign exchange market. These actions include selling foreign exchange to the market when necessary. Without these actions, imported inflation and hence the final prices faced by Jamaican consumers would have been higher. The MPC will continue to pursue initiatives to address structural impediments to the monetary transmission mechanism. In addition, the Bank will continue to identify and closely monitor global and domestic risks that threaten Jamaica's inflation target.

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 September 2022 was 9.3 per cent, which was lower than the outturn of 10.9 per cent at June 2022 but above the upper limit of the Bank's inflation target range of 4.0 per cent to 6.0 per cent. The deceleration relative to June 2022 mainly reflected decelerations in Food & Non-Alcoholic Beverages (FNB), Transport and Restaurants & Accommodation Services being partly offset by accelerations in Housing, Water, Electricity, Gas & Other Fuels (HWEG), Recreation Sports & Culture and Alcoholic Beverages.

Consistent with global consensus forecast for a fall in commodity prices and the Bank's overall monetary policy stance, and absent any new shocks, inflation is projected to decelerate in 2023. Still, inflation will continue to breach the upper limit of the Bank's target range over the next 10 to 12 months. This forecast envisages that annual inflation will fluctuate between 9.5 per cent and 10.5 per cent between October and December 2022 and fall within the target range of 4.0 – 6.0 per cent by the December 2023 quarter. In this context, inflation is projected to average between 6.0 per cent and 8.0 per cent over the next eight quarters (December 2022 to September 2024), which is lower when compared to the average inflation rate of 7.7 per cent over the past two years and lower than the previous projection of 7.0 per cent to 9.0 per cent.

This inflation forecast reflects a lower trajectory for imported inflation due to lower grains prices and a less depreciated exchange rate. The forecast also assumes that the public's expectation for future inflation will continue to fall. The impact of these downward pressures is offset by the continued, albeit weakening, lagged impact of international commodity and shipping prices and a higher trajectory for agricultural prices.

The near-term risks to the inflation forecast are balanced. On the upside, the risks include a worsening in supply chain disruptions and a reversal in the downward trends of commodity prices. On the downside, weaker than expected global growth could negatively impact domestic demand and imported inflation.

Recent Developments and Near-term Outlook

The annual point-to-point inflation rate at September 2022 was 9.3 per cent, which was lower than the outturn of 10.2 per cent at August 2022 but above the upper limit of the Bank's inflation target range of 4.0 per cent to 6.0 per cent.

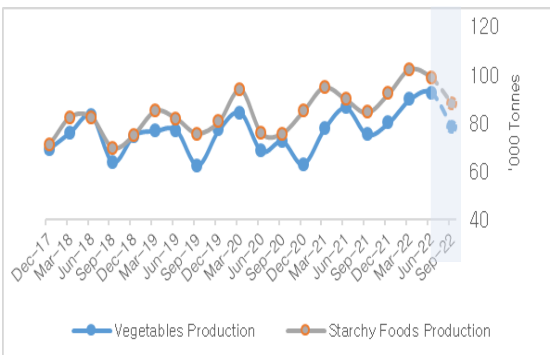
The deceleration relative to August 2022 mainly reflected annual decelerations in Food & Non-Alcoholic Beverages (FNB) and Transport being partly offset mainly by an acceleration in Housing, Water, Electricity, Gas & Other Fuels (HWEG). FNB reflected moderation in the Food sub-group which was led by a noticeable reduction in non-processed foods.[1] Agriculture prices decelerated due to

[1] Vegetables, tubers, plantains, cooking bananas & pulses moderated from 5.9% to a deflation of 0.2% while Fruits & Nuts was reduced to 7.1% from 12.4%.

improved supply conditions and improved weather relative to the previous year (see **Figure 1**).

Transport decelerated due to falling petrol prices and base effects from fare increases in September 2021.[2] HWEG reflected an increase in inflation driven primarily by the sub-group Electricity, Gas & Other Fuels arising from the cessation of the Government's subsidy to consumers using 200 kilowatt hours of electricity or less.[3]

Figure 1: Vegetables and Starchy Foods Production (Tonnes)

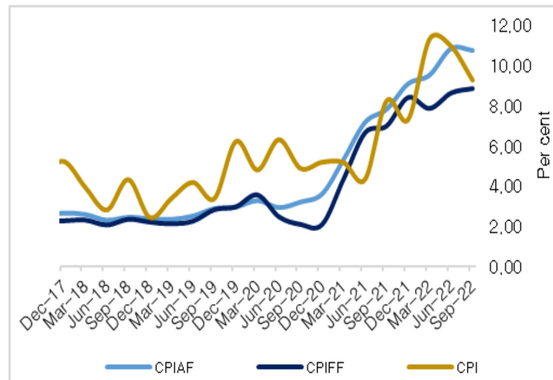


Source: MICAF & BOJ Calculations
The graph represents quarterly supply (in tonnes) for vegetables and selected starches provided by Ministry of Agriculture.

In this context, agriculture inflation and energy & transport inflation decelerated to 1.3 per cent and 9.2 per cent at September 2022. This compares to annual increases in August 2022 of 6.9 per cent, and 11.4 per cent, respectively. Conversely, processed food, services and durables all accelerated to 13.7 per cent, 10.0 per cent and 5.8 per cent, respectively, relative to 13.4 per cent, 8.9 per cent and 5.1 per cent in August 2022 (see **Figure 4**).

The measure of core inflation that excludes food and fuel/energy prices (CPIFF) accelerated to 8.9 per cent at September 2022, relative to 8.3 per cent at August 2022.[4] Core inflation remains persistently high, driven by high inflation expectations, spill-overs from international price shocks to other prices in the economy, recovering albeit weak aggregate demand and past changes in regulated prices.

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



Source: STATIN & BOJ

Inflation Outlook

Inflation is projected to average between 6.0 per cent to 8.0 per cent over the December 2022 to September 2024 quarter (next eight quarters), slightly below the previous eight-quarter projection of 7.0 per cent and 9.0 per cent. Inflation is projected to fluctuate between 9.5 per cent and 10.5 per cent between October and December 2022 and, while decelerating thereafter, will successively breach the upper limit of the Bank's target range over the next 10 to 12 months.

Over the medium term (FY2024/25 – FY2027/28), headline inflation is projected to converge to the mid-point (5.0 per cent) of the Bank's target range, similar to the previous projections (see **Figure 3**).

The main factors underpinning the inflation forecast are as follows:

(i) Inflation expectations, while relatively high, are projected to fall in the context of the Bank's monetary policy actions and moderating inflation. In the September 2022

[2] Transport moderated to 6.1% from 15.0% in August 2022
[3] Electricity Gas & Other Fuels rose to 14.9% from 7.2% in the previous month.
[4] The CPIFF reflected an increase relative to end-June 2022, albeit marginal.

inflation expectations survey, respondents lowered their expectations for inflation 12-months ahead (see **Box 1**).

(ii) Domestic demand is forecasted to be above the previous forecast for FY2022/23, but lower, on average, over the remainder of the near term (see **Real Sector**). The growth in demand is projected to moderate as incomes in Jamaica – and among Jamaica's main trading partners – normalise to pre-covid19 levels, even while being constrained by the inflation shock. In this context, the output gap is projected to close gradually over the medium term (see **Real Sector**).

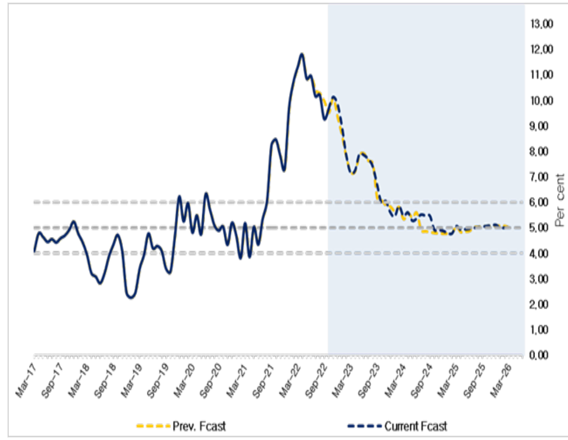
(iii) The inflation forecast assumes increases in selected regulated prices.

(iv) Agricultural food price inflation is projected to accelerate in the December 2022 quarter, in the context of a normalisation of demand for the quarter. Furthermore, excess rainfall in some areas adversely affected supplies of selected crops.

(v) Amid expectations for a slowdown in global growth, oil prices are projected to average US$85.58 per barrel for the next eight quarters compared to an average of US$90.80 per barrel in the previous projection. Over the period FY2024/25 to FY2027/28 oil prices are projected to average US$74.97 per barrel, just above the average of US$74.45 per barrel at the previous forecast (see **International Economy**) 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.

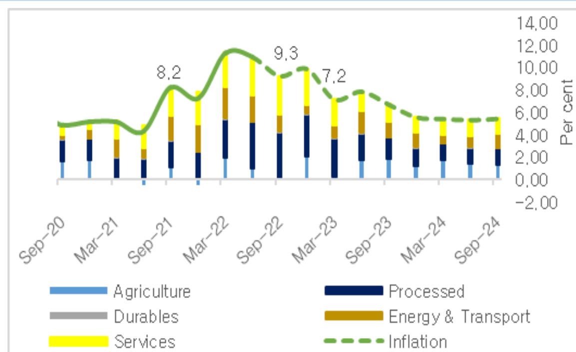
(vi) The average price of grains is projected to decline at an average quarter over quarter rate of 1.8 per cent over the next eight quarters (December 2022 to September 2024), relative to the previous forecast of an average quarter over quarter decline of 2.7 per cent (see **International Economy**).

Figure 3: Monthly Comparative Headline Inflation Forecasts



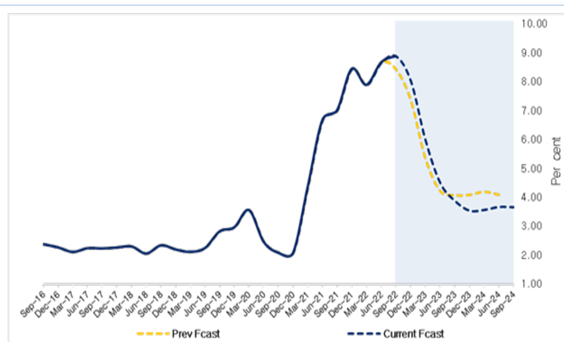
Source: Bank of Jamaica

Figure 4: Component Contribution to Inflation



Source: STATIN & BOJ

Figure 5: Comparative Core Inflation Forecasts



Source: Bank of Jamaica

Box 1: Businesses' Inflation Expectations Survey – September 2022

Overview

The Bank's Survey of Businesses' Inflation Expectations (IES) at September 2022 indicated that the one-year ahead inflation expectations continue to be higher than the Bank's inflation target of 4.0 to 6.0 per cent, although, the latest outturn represented further improvement. Perception of inflation control improved slightly 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 September 2022 survey, respondents' expectation of inflation 12 months ahead declined (for the second time since March 2021) to 11.7 per cent, relative to the previous outturn of 12.6 per cent. Furthermore, businesses forecasted an annual point to point inflation rate at December 2022 of 11.3 per cent, which was higher than the annual point to point outturn of 9.3 per cent at September 2022 (see Figure 1a and b).

Perception of Inflation Control

The index of businesses perception of inflation control was slightly higher when compared to the June 2022 survey (see Figure 2). This outturn reflected a reduction in the proportion of respondents that were "very satisfied" with how inflation was being controlled and was partly offset by an increase in the proportion of "dissatisfied" respondents.

Exchange Rate Expectations

In the September 2022 survey, respondents forecasted the exchange rate to depreciate over all three time horizons. The previous survey reported an appreciation for the three-month and the six-month time horizons and a small depreciation for the twelve-month time horizon (see Table 1).

Table 1: Exchange Rate Expectations

Question: In August 2022, the exchange rate for the Jamaican Dollar (JA$) in respect of the United States Dollar (US$) was $152.53. What do you think the rate will be for the following periods?

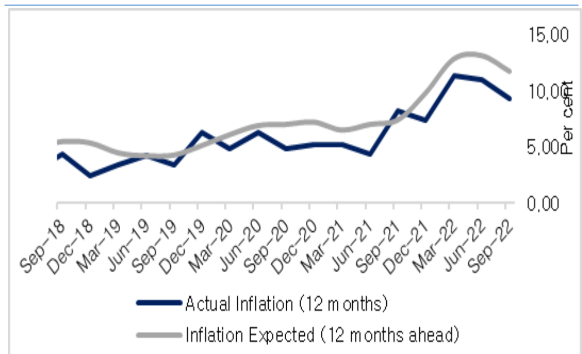
	Expected Exchange Rate Depreciation/Appreciation (%)			
Periods Ahead	Apr-22	Jun-22	Aug-22	Sep-22
3-Months	1.5	-0.1	-1.3	0.9
6-Months	2.4	0.3	-0.3	1.5
12- Months	3.4	1.5	0.4	2.1

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

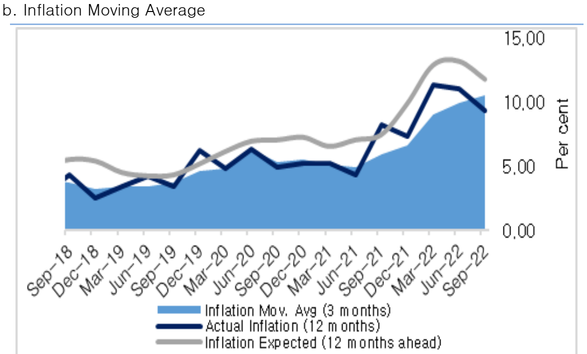
Figure 1: Expected 12-Month Ahead Inflation

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.



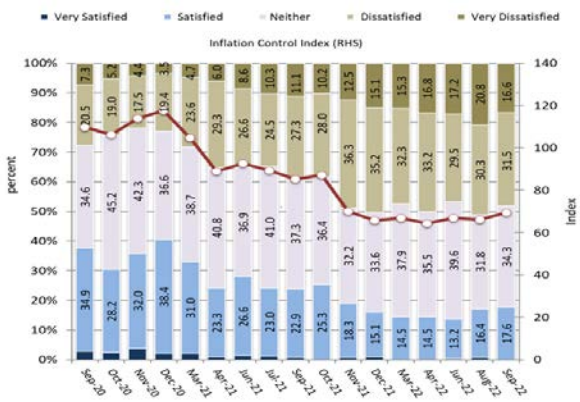
b. Inflation Moving Average



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

Interest Rate Expectations

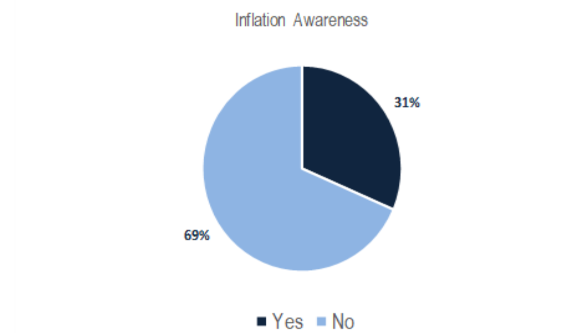
The majority of respondents forecasted the Bank's policy rate, three months ahead, to be marginally higher. The proportion of respondents of this view increased marginally, relative to the previous survey. The 90-day Treasury bill (T-Bill) yield, three months ahead was forecasted to be 5.5 per cent, relative to the 5.5 per cent in the August 2022 survey.

Inflation Target Awareness

Majority of respondents (69%) were not aware of BOJ's inflation target as well as the most recent point-to-point inflation outturn. In particular, most respondents indicated that they weren't aware of the point-to-point inflation rate as at September 2022.

Figure 5: Inflation Target Awareness

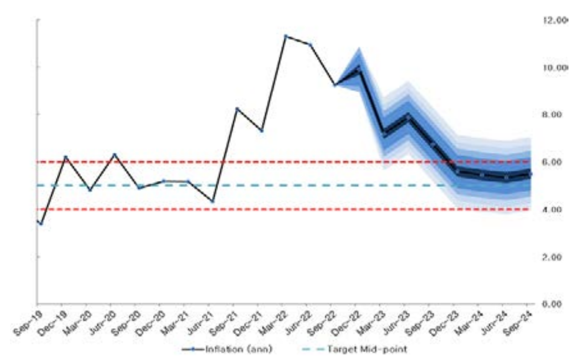
Question: Are you aware of the Bank of Jamaica's inflation target?



Inflation Risks

The near-term risks to the inflation forecast are balanced (see **Figure 6**). The upside risks include a worsening in supply chain disruptions and a spike in oil prices. On the downside, weaker than expected global growth could negatively impact domestic demand and imported inflation.

Figure 6: Inflation Fan Chart



Source: Bank of Jamaica

2.0 International Economy

The global economy is estimated to have expanded by 2.3 per cent for the September 2022 quarter, lower than the estimated expansion of 3.0 per cent in the June 2022 quarter but above the previous forecast of 1.2 per cent. The estimated higher growth for the September 2022 quarter relative to the previous projection reflects improvements in leading indicators for a number of major economies, in particular, the US. Over the next eight quarters (December 2022 to September 2024), global growth is projected to average 1.8 per cent, lower than the previous projection of 2.5 per cent. The global growth outlook mainly reflects expectations for a slowdown in demand amid further tightening of monetary policy conditions by some major central banks. Further, the energy crisis in Europe as well as the effect of China's zero tolerance COVID-19 policy and the property sector crisis in that country are expected to hinder growth in the near term.

The US economy is projected to grow in the range of 1.5 per cent to 2.5 per cent in 2022, while growth of 0.0 per cent to 1.0 per cent is projected for 2023. This growth outlook for 2023 is lower than the previous projection. In this context, the output gap for the US is projected to be more negative in the near term, compared to the previous forecast.

The US Fed increased interest rates by 75 basis points in November 2022 and indicated that additional rate hikes would be forthcoming. Bank of Jamaica anticipates that the Fed will raise interest rates in December 2022 by 50 bps and enact further rate increases in 2023. In this context, yields on Jamaica's sovereign bonds are projected to rise at least through mid-2023, which could support an upward movement in domestic interest rates.

The projection for grains and energy prices over the next eight quarters has been revised downwards, relative to the previous forecast. In particular, WTI oil prices are projected to average US$85.58 per barrel for the next eight quarters compared to an average of US$90.80 per barrel in the previous projection. Grains prices are projected to average US$416.16 per metric tonne for the next eight quarters compared to an average of US$455.94 per metric tonne in the previous projection. The risks to the forecast for grains and energy prices are balanced.

Trends in the Global Economy

The global economy is estimated to have expanded by 2.3 per cent for the September 2022 quarter, lower than the estimated expansion of 3.0 per cent in the June 2022 quarter but above the previous forecast of 1.2 per cent.[1] The estimated higher growth for the September 2022 quarter relative to the previous projection reflects improvements in leading indicators for a number of major economies, in particular, the US.[2]

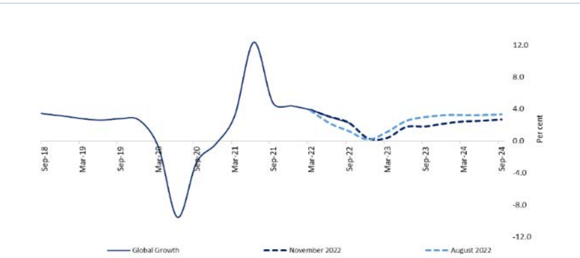
[1] A key factor slowing global growth in the September 2022 quarter is the generalised tightening of monetary policy, driven by the overshoot of inflation targets. Strict lockdowns associated with China's zero COVID-19 policy have also impacted the Chinese and global economy. Further, the stronger US dollar, higher inflation, and tighter financial conditions weighed on emerging market economies.

[2] In particular, although growth in US retail sales has moderated, consumption spending in the US is supported by a further rebound in services consumption.

For the US in particular, the Bureau of Economic Analysis' (BEA's) advance estimate indicates that GDP for the September 2022 quarter increased on an annualized basis by 2.6 per cent, following a contraction of 0.6 per cent in the June 2022 quarter. The increase in real GDP in the third quarter primarily reflected an acceleration in net exports.[3]

Global growth is projected to average 1.8 per cent over the next eight quarters (December 2022 to September 2024), slower than the previous projection of 2.5 per cent (see **Figure 7**).[4] This outlook reflects expectations for a slowdown in demand amid a further tightening of monetary policy conditions. Additionally, the energy crisis in Europe is expected to hinder growth in that region. The negative effects of China's zero COVID policy as well as the impact of the ongoing property sector issues in that country will also hinder the global economy.

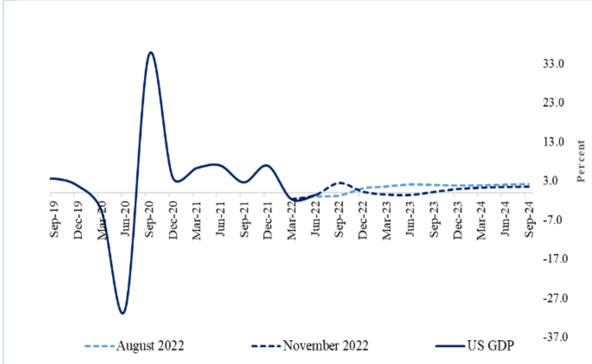
Figure 7: Global Growth Projection*
(Per cent year–over–year change)



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

The Bank projects US economic growth in 2022 and 2023 in the ranges 1.5 per cent to 2.5 per cent and 0.0 per cent to 1.0 per cent, respectively.

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



Source: BOJ, CBO

The US output gap is projected to become negative over the next eight quarters (December 2022 to September 2024), reflecting expectations for a slowdown in US economic activity (see **Figure 9**).[5] [6]

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

Source: BOJ, CBO

3. The strong contribution from net external demand was partly due to a 14.4 per cent gain in exports (notably petroleum and products as well as other nondurable goods), however, given the weak global economic backdrop and the projected continued strengthening of the US dollar, exports are expected to fall soon. Imports declined by 6.9 per cent (notably consumer goods), reflecting the moderation in domestic demand. Consumption growth slowed to 1.4 per cent from 2.0 per cent in the previous quarter, supported by a further rebound in services consumption, as higher interest rates weighed on goods consumption while overall investments declined. Overall, while the 2.6 per cent rebound in the September 2022 quarter more than reversed the decline in the first half of the year, this strength is not expected to be sustained. Exports will soon fade and domestic demand will continue to be negatively impacted by higher interest rates. The US economy is still expected to contract in the first half of 2023.

[4] The IMF in its October 2022 World Economic Outlook (WEO) reported that global growth is expected to moderate from 6.0 per cent in 2021 to 3.2 per cent in 2022 and 2.7 per cent in 2023, in line with the July 2022 WEO for 2022 and 0.2 pp lower for 2023. This is the weakest growth profile since 2001 except for the global financial crisis and the acute phase of the COVID-19 pandemic and reflects significant slowdowns for the largest economies. This includes a US GDP contraction in the first half of 2022, a Euro Area contraction in the second half of 2022, and prolonged COVID-19 outbreaks and lockdowns in China with a growing property sector crisis. The IMF also revised downward its US GDP forecast in 2022 and 2023 to 1.6 per cent and 1.0 per cent, respectively, 0.7 pp lower for 2022 and in line with 2023, when compared to the July 2022 WEO. The IMF projections for global growth compares to the Bank's forecast for the global economy to grow 2.7 per cent in 2022 and 1.6 per cent in 2023.

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

[6] The gauge of US potential output was adjusted due to slowing productivity growth and slow gains in labour force participation.

Risks

The risks to global growth are skewed to the downside. An escalation of geopolitical tensions could cause new trade disruptions and exacerbate global supply shortages. Downward pressures could also emanate from monetary and fiscal policies as well as a continued appreciation of the US dollar. Restrictions in China and the impact of climate change also pose significant downside risks to the global economy.

Labour Market

The unemployment rate in the US at September 2022 was 3.5 per cent, below the outturn for August 2022 of 3.7 per cent.[7, 8] This rate was below the Bank's projection of 3.7 per cent and the US Federal Reserve's estimate of the natural rate of unemployment of 4.0 per cent. The US unemployment rate is projected to increase over the next eight quarters.[9, 10]

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

	USA*	Canada*	Euro
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
Jun-22	3.6	4.9	6.7
Sep-22	3.5	5.2	6.6

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 4.3 per cent as at July 2022.

Monetary Policy

In November 2022, the Federal Open Market Committee (FOMC) increased its target range for the US Fed Funds rate by 75 basis points to 3.75 per cent – 4.00 per cent. This was in line with the Bank's projections. The Fed also signalled that it was near the end of its tightening cycle.[11] In addition, the Committee will continue reducing its holdings of Treasury securities and agency debt and agency mortgage-backed securities, as described in the Plans for Reducing the Size of the Federal Reserve's Balance Sheet that were issued in May 2022.[12]

[7] The unemployment rate of 3.5 per cent in September 2022 was in line with pre-pandemic February 2020 levels.

[8] Total nonfarm payroll employment in the US increased by 263,000 in September 2022, following increases of 537,000 in July 2022 and 315,000 in August 2022. Monthly job growth has averaged 420,000 thus far in 2022, compared with 562,000 per month in 2021. However, employment is 514,000 or 0.3 per cent above its pre-pandemic level in February 2020. Average hourly earnings increased by 0.3 per cent over the month, lifting the annual rate to 5.0 per cent.

[9] The unemployment rate is projected to end FY2022/23 at 4.0 per cent, 0.4 percentage point above the rate at end-FY2021/22, and end FY2023/24 at 5.0 per cent.

[10] The slowdown in demand is expected to engender an increase in 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 1.44 million in the week ended 15 October 2022, an increase of 4.0 per cent relative to the previous week.

[11] The economic assessment in the November 2022 policy statement was largely unchanged relative to the September 2022 statement, with the Federal Reserve still highly attentive to inflation risks. However, the Fed included new language which noted that in determining the pace of future increases in the target range, the committee will take into account the cumulative tightening of monetary policy, the lags with which monetary policy affects economic activity and inflation, and economic and financial developments. In short, with rates now well into restrictive territory, the Fed can afford to slow the pace of rate hikes, partly to assess what impact the near-400 bps of cumulative tightening is having.

[12] The Fed intends to reduce its asset holdings primarily by reducing the amounts of reinvested principal from maturing securities. The amounts allowed to run-off the balance sheet each month will be subject to caps, with the Fed confirming at the May 2022 FOMC meeting that, beginning in June 2022, a maximum of US$30.0 billion per month for Treasuries and US$17.5 billion for mortgage backed securities (MBS) will be allowed to run off each month, with those caps being raised to US$60 billion and US$35.0 billion respectively after three months. The proposed monthly caps of US$95 billion would be smaller than the US$120.0 billion per month of purchases that the Fed made on average last year. However, it

Box 2: Economic Growth in Selected Economies

China

The Chinese economy is estimated to have recorded an expansion of 3.9 per cent for the September 2022 quarter compared to a year ago. This pace was an expansion relative to the growth of 0.4 per cent in the June 2022 quarter. The expansion in the September 2022 quarter reflected the impact of fiscal policies intended to revive consumption, and boost investment through measures such as tax exemptions and subsidies. Notwithstanding, this was partly offset by widespread COVID-19 lockdowns and continued weakness in the property sector.

GDP growth in China is projected to average 4.7 cent over the next eight quarters, ranging between 3.5 per cent to 6.8 per cent.[13] This is a downward projection in growth relative to the previous projection of 5.1 per cent and is largely attributable to (i) more restrictions imposed by the government, (ii) the ongoing crisis in the real estate sector, and (iii) expectations for a deceleration in export growth amid a slowdown in global demand.

Japan

The Japanese economy is estimated to have recorded an expansion of 1.4 per cent for the September 2022 quarter, on a quarterly annualised basis, following an expansion of 3.5 per cent in the June 2022 quarter. The deceleration in growth in the September 2022 quarter was mainly due to a slowdown in demand amid an increase in COVID-19 cases in July 2022 and the impact of a typhoon which severely disrupted services.

For the next eight quarters, GDP growth in Japan is projected in the range of 1.1 per cent to 1.9 per cent, averaging approximately 1.3 per cent and in line with the previous projection. The outlook partly reflects expectations for high levels of inflation which will slow demand.

Canada

The Canadian economy is estimated to have expanded by 1.0 per cent for the September 2022 quarter on a quarterly annualised basis, compared to an expansion of 3.3 per cent for the June 2022 quarter. The deceleration in growth for the September 2022 quarter was mainly attributable to significant increases in inflation and consequently an increase in the policy rate from the central bank which slowed demand.

For the next eight quarters, GDP growth in Canada is projected in the range of 0.2 per cent to 1.3 per cent, averaging approximately 0.9 per cent relative to the previous projection of 1.8 per cent. The downward projection in growth is largely attributable to expectations for an increase in unemployment and a decline in residential fixed investments amid tight monetary conditions.

Euro Area

The Euro Area is estimated to have recorded no growth in the September 2022 quarter, on a quarterly annualised basis, compared to an expansion of 3.1 per cent in the previous quarter. The slowdown in growth in the September 2022 quarter was as a result of record level of inflation which resulted in a reduction in demand. Specifically, the ongoing energy crisis has negatively impacted household finances and weighed on industrial output.

For the next eight quarters, GDP growth in the Euro Area is projected in the range of -1.6 per cent to 2.0 per cent, averaging approximately 0.9 per cent, relative to the previous projection of 2.1 per cent. The downward projection is attributable to spill over effects from the war in Ukraine, with

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would be nearly double the maximum pace of run-down during the last quantitative tightening. The Fed's quantitative tightening has gotten off to a slower-than-expected start, mainly because fewer MBS are maturing when interest rates are rapidly rising. Total assets on the Federal Reserve's weekly balance sheet as at 02 November 2022 declined to US$8.7 trillion (the lowest since December 8, 2021) from its peak of 9.0 trillion on 08 April 2022. Although the Fed's asset holdings remain close to the record high levels, on the liabilities side reserve balances have fallen to US$3.1 trillion, from a peak of US$4.2 trillion, as the use of the Fed's reverse repo facility has increased.

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

especially sharp downward revisions for economies most exposed to the Russian gas supply cuts, and tighter financial conditions.

United Kingdom (UK)

The UK economy is estimated to have contracted by 0.8 per cent in the September 2022 quarter, on a quarterly annualised basis following an expansion of 0.9 per cent in the previous quarter. The contraction in the September 2022 quarter is largely attributable to a decline in domestic demand and rapid monetary tightening.

Growth in the UK economy over the next eight quarters is projected in the range of -1.2 per cent to 1.2 per cent, averaging approximately 0.3 per cent relative to the previous projection of 1.4 per cent. The downward projection reflects the impact of elevated inflation levels which is expected to reduce purchasing power as well as tighter monetary policy which is expected to negatively impact consumer spending and business investment.

The Bank anticipates that the Fed will further raise interest rates by 50 basis points (bps) for the remainder of 2022 and continue to tighten in early 2023.

Trading Partners' Inflation

The weighted average of 12-month inflation rates for Jamaica's trading partners' (TPs) at September 2022 is estimated at 7.7 per cent. This estimate is above the Bank's previous forecast of 7.5 per cent. For the US, annual CPI inflation at September 2022 was 8.2 per cent, marginally below the previous forecast of 8.3 per cent.[14] The personal consumption expenditures (PCE) price index increased by 6.2 per cent on a year-on-year basis at September 2022.

Over the next eight quarters, the Bank projects the inflation rate of Jamaica's main trading partners (TP) to average 3.7 per cent, above the previous forecast of 3.5 per cent (see **Figure 10**).[15] The projection for TP inflation largely reflects upward revisions to a number of major economies amid the effects of the energy crisis in Europe. Of note, US inflation is projected to average 3.5 per cent over the ensuing eight quarters, below the previous forecast of 3.8 per cent (see **Figure 11**).[16] Slowing demand, easing supply shortages, a slowdown in wage growth and downward price pressures from commodities markets will support a moderation in inflation in the near term.

[14] The annual rate of 8.2 per cent for September 2022 was a small moderation relative to the previous months. The index for all items less food and energy rose 6.6 per cent over the last 12 months, above the 6.3 per cent recorded in August. The food index increased 11.2 per cent while the energy index decelerated 19.8 per cent over the last 12 months (23.8 per cent increase for the period ending August 2022).

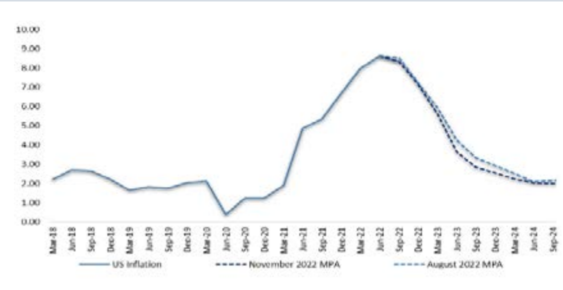
[15] The inflation rate of Jamaica's main trading partners (TP inflation) for FY2022/23 on average is projected at 7.1 per cent, 0.2 per cent higher relative to the previous forecast.

[16] Despite the signs of continued strong inflation in the CPI data, there are still clear signs of disinflation in areas such as the services sector. Wage pressures appear to be easing and the private sector measures of new rent signals a moderation in shelter inflation. Notwithstanding, that slowdown is not likely to be reflected in the CPI measure of existing rents until 2023. The slowdown in commodity prices and economic growth as well as the gradual easing in supply constraints should also start to contribute to weaker price pressures soon, though disruptions remain prominent in some sectors such as materials for home construction.

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 September 2022 quarter, TP currencies generally depreciated against the US dollar, relative to the June 2022 quarter.[17, 18] The stronger US dollar primarily reflected increased appetite for safer assets amid expectations for a slowdown in global growth.

Bank of Jamaica projects that over the next eight quarters (December 2022 to September 2024), the currencies of Jamaica's major trading partners will depreciate, on average, against the US dollar (see Figure 12).[19] The US dollar will continue to be positively impacted by the Federal Reserves' programme of monetary tightening as well as investors' need for safe haven asset.

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 September 2022 quarter declined by 15.5 per cent, relative to the June 2022 quarter.[20] Relative to the September 2021 quarter, crude oil prices increased by 30.0 per cent. The decline in crude oil prices, relative to the previous quarter, mainly emanated from (i) investors' continued concerns about a slowdown in global growth, (ii) the retightening of coronavirus restrictions in China, (iii) the appreciation of the US dollar, which reduced investors' appetite for dollar denominated commodities, (vi) an increase in crude inventories, and (vii) expectations for a return of Iranian oil to global crude markets. The downward price pressures from these developments was partly offset by continued concerns about tight global crude supplies amid (i) reports of supply outages in a number of major oil fields, such as Libya and Norway, (ii) continued disruptions caused by the war in Ukraine, and (iii) concerns about OPEC and its allies' inability to meet existing production quotas.

[17] There was an average depreciation of 1.3 per cent in the exchange rate of Jamaica's trading partners vis-à-vis the USD for the September 2022 quarter, following an average depreciation of 0.8 per cent in the June 2022 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 2.5 per cent in the September 2022 quarter relative to a year prior.

[18] On a monthly basis, the currencies of Jamaica's major trading partners, on average, depreciated by 0.7 per cent in July 2022, appreciated by 0.1 per cent in August 2022 and depreciated by 1.0 per cent in September 2022. The US dollar outturn for the September 2022 quarter occurred in the context of aggressive interest rate hikes by the US Fed.

[19] Currencies of Jamaica's main trading partners are expected to depreciate on average by 0.5 per cent against the US dollar.

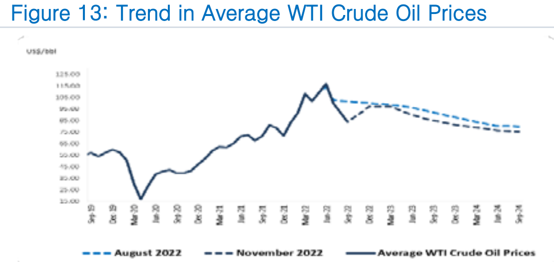
[20] In the previous projection, the Bank expected the daily average of West Texas Intermediate crude oil prices for the September 2022 quarter to decline by 5.8 per cent, relative to the June 2022 quarter.

Prices also found support from reports that gas flows through the Nord Stream 1 pipeline fell to a fifth of the pipeline's capacity.

Oil prices are projected to average US$85.58 per barrel for the next eight quarters compared to an average of US$90.80 per barrel in the previous projection. This forecast trajectory reflects an average quarter-over-quarter decline of 2.3 per cent, compared to the average quarterly decline of 3.0 per cent previously anticipated (see Figure 13).

For the December 2022 and March 2023 quarters, crude oil prices are projected to average US$92.62 per barrel (1.0 per cent increase for the quarter) and US$97.17 per barrel (4.9 per cent increase for the quarter), respectively. The projected increase in crude oil prices for the December 2022 quarter is underpinned by expectations for increased fuel demand due to the winter season. Additional upward price pressures are expected to emanate from OPEC+'s decision at their October 2022 meeting to restrict oil production starting in November 2022.

Figure 13: Trend in Average WTI Crude Oil Prices



Sources: Bloomberg, BOJ

For the September 2022 quarter, US LNG prices increased amid high domestic and external demand.[21] Upward price pressures emanated from hotter than normal temperatures in parts of the US, which resulted in increased demand for air conditioning. Additionally, constraints in the coal market which limited coal-fired electricity generation, led to increased consumption of natural gas. However, towards the end of the quarter, prices trended downwards due to reports of higher than expected US supply as well as reports that European gas storage levels surpassed 80.0 per cent at end-August 2022, ahead of a November 2022 deadline by the European Union (EU).[22]

For the December 2022 to December 2023 quarters, US LNG prices, on average, are projected to remain relatively high, but should continue its downward trajectory as factors restricting supply in other countries abate.[23]

The Henry Hub spot price is forecasted to decline to an average of US$5.77 per million British thermal units (MMBtu) in 2023 from an estimated average of US$6.84/MMBtu in 2022.[24] It is expected that the electric power-sector use of natural gas will remain strong, keeping upward pressure on prices, particularly during the winter season. Further, prices will benefit from the resumption of the Freeport natural gas plant in November and high export demand from Europe.25, 26 Prices will start to decline in the first half of 2023 as producers continue to increase supply.[27]

[21] Upward price pressures emanated from increased export demand from Europe and Asia amid the ongoing energy crisis in these regions. Consequently, on the supply side, US production have increased, and is expected to rise further, however, prices are expected to remain elevated in the near term.

[22] This has provided the market with some optimism that Europe will survive the winter if demand-driven restrictions successfully reduce gas withdrawals from storage.

[23] The document uses the latest LNG forecast from US Energy Information Administration (EIA).

[24] The forecast is higher than the 2021 average of US$3.72/MMBtu.

[25] In August 2022, the EU nations agreed on a coordinated reduction of approximately 15.0 per cent of gas demand (with country differences) for the remainder of 2022 to 31 March 2023. On 16 August 2022, Germany signed a memorandum of understanding (MoU) with the country's top gas importers to safeguard the supply of two floating liquefied natural gas (LNG) terminals it needs to reduce reliance on Russian energy. Under the MoU, the two planned Floating Storage Regasification Unit (FSRU) will be fully supplied from their expected operational start in the coming winter until March 2024. On 25 September 2022, Germany agreed on a deal with UAE to supply 137,000 cubic metres of LNG later this year, which will be the first delivery to one of its under-construction import terminals. In addition, the UAE is expected to reserve five LNG cargoes for Germany in 2023. While the initial delivery is relatively small, Germany deemed it as the first step to securing gas supplies outside of Russia. Germany is currently in talks with Qatar for potential future supplies.

[26] The closure of the Freeport LNG export facility in the US led to a build-up in US inventories, and caused a significant decline in prices during the summer.

[27] The 12-month rolling average of natural gas demand has exceeded supply since February 2021, which has contributed to an elevated Henry Hub price that doubled between June 2021 and July 2022. Monthly storage inventories have remained below the five-year average since June 2021, except for in December 2021 when unusually warm weather led to lower-than-normal storage

Figure 14: Trend in Average LNG Prices

Sources: Bloomberg, BOJ

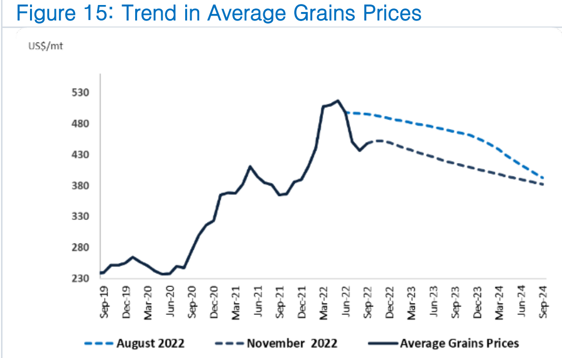
The risks to the forecast for oil prices over the next eight quarters are balanced. Downside risks include the possibility of slower global growth and the lifting of sanctions by the US on Venezuela's oil supplies, which would partly ameliorate supply conditions. Upward price pressures may emanate from the possibility for OPEC member countries to restrict oil output more than anticipated. The US and its allies may also impose further economic sanctions on Russia adding to uncertainties in the global economy.[28]

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 higher domestic and export demand for US LNG.

Average grains prices for the September 2022 quarter declined by 12.4 per cent, relative to the June 2022 quarter (an increase of 18.2 per cent on an annual basis).[29] The decline over the quarter was associated with lower prices for corn (10.1 per cent decline for the quarter, 20.1 per cent increase on an annual basis), soybean (7.7 per cent decline for the quarter, 15.5 per cent increase on an annual basis) and wheat (21.6 per cent decline for the quarter, 21.8 per cent increase on an annual basis). The decline in average grains prices was supported by (i) concerns about a slowdown in global growth, (ii) the appreciation of the US dollar, (iii) renewed COVID-19 restrictions in China, and (iv) beneficial rains in the US Midwest towards the end of the quarter. Upward price pressures during the review quarter emanated from (i) uncertainty regarding grain exports in the Black Sea region as Russia threatened the safe passage for grain exports out of Ukraine, and (ii) drought in Europe.

The average price of grains is projected to decline at an average quarter over quarter rate of 1.8 per cent over the next eight quarters (December 2022 to September 2024).[30] Prices are projected to decline as the global economy continues to slow and the US dollar appreciates further. Notwithstanding, (i) higher energy prices through to March 2023, (ii) the concerns regarding the effectiveness of the Black Sea humanitarian corridor, and (iii) expectations that the Fed will cut rates in late 2023, are expected to positively impact grains prices.[31] Of note, the average price of grains over the December 2022 quarter is projected to increase by 0.9 per cent and then decline by 1.9 per cent in the March 2023 quarter (see **Figure 15**).

Figure 15: Trend in Average Grains Prices



Sources: Bloomberg, BOJ

Aluminium prices for the September 2022 quarter declined by 19.0 per cent, relative to the June 2022

withdrawals. The Henry Hub spot price is expected to remain elevated until the second quarter of 2023 when it is expected that the 12-month rolling average supply to rise closer to average demand and inventories to rise above the five-year average.

[28] According to the US EIA, global oil markets are relatively balanced in 2023. The possibility of petroleum supply disruptions and slower than expected crude oil production growth continues to create the potential for higher oil prices, while the possibility of slower-than-forecast economic growth creates the potential for lower prices.

[29] The Bank projected a decline of 2.3 per cent for the September 2022 quarter, relative to the June 2022 quarter.

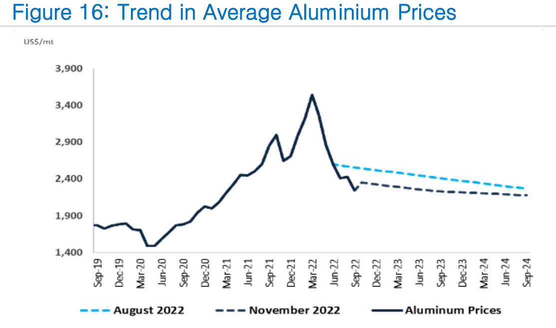
[30] The previous forecast assumed an average quarter over quarter decline of 2.7 per cent over the December 2022 to September 2024 quarter.

[31] Grains prices are influenced by energy prices which increases the cost of production, transportation and storage of grains.

quarter (a decline of 11.1 per cent on an annual basis).[32] Aluminium prices declined amid (i) concerns about a slowdown in global growth, and (ii) weaker-than-expected demand from China due to renewed COVID-19 restrictions as well as continued weakness in its real estate sector.

The average price of aluminium is projected to decline at an average quarter over quarter rate of 1.0 per cent over the next eight quarters (December 2022 to September 2024).[33] Aluminium prices are projected to decline as the global economy slows further, the US dollar continues to strengthen and construction activity in developed economies and China worsen (see **Figure 16**). However, upward price pressures may emanate from possible bans on Russian aluminum in response to the conflict in Ukraine.[34]

Figure 16: Trend in Average Aluminium Prices

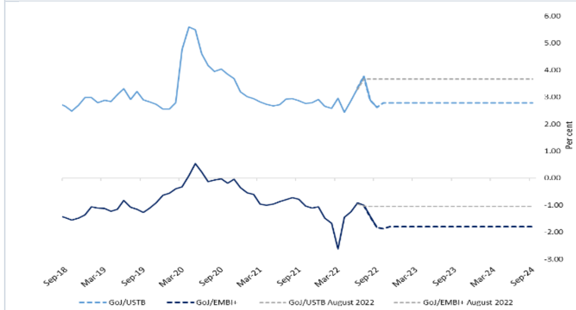


Sources: Bloomberg, BOJ

External Financial Markets

GOJ's sovereign bond spreads deteriorated over the September 2022 quarter. The average of the daily spreads between the indicative yield on Government of Jamaica global bonds (GOJGBs) and the yield on US Treasury Bills increased by 22 bps, when compared to the same measure for the June 2022 quarter, to 310 bps.[35] The spread had been projected to increase by 81 bps (see **Figure 17**).[36]

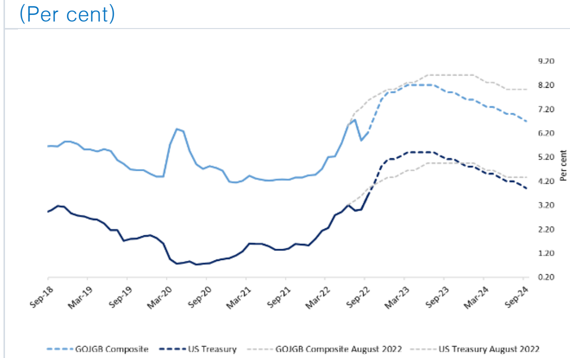
Figure 17: Average International Bond Spreads
(Per cent)



Sources: Bloomberg,

There were respective increases of 22 bps, 65 bps and 44 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,

Jamaica's sovereign bond yields are projected to rise in the December 2022 quarter through to June 2023. The projected increase in bond yields in the near term is due to expectations that the Fed will raise rates through to early 2023.[37]

[32] The Bank projected a decline of 11.7 per cent for the September 2022 quarter, relative to the June 2022 quarter.
[33] This compares to an average quarter-over-quarter decline of 1.5 per cent in the previous projection.
[34] In response to Russia's military escalation in Ukraine, the US government is reportedly considering restrictions on the import of Russian-origin aluminium, including the option of a ban. About 4 to 5 per cent of all US aluminium imports came from Russia in 2022, therefore a ban could at least temporarily reduce global supply if Russia were unable to quickly re-direct its exports. However, given that the London Metal Exchange is also considering restrictions on Russian metal, Russian supply could decline in the coming years.

[35] However, the average of the daily spreads between the indicative yield on GOJGBs and the yield on the EMBI+ improved (declined) by 21 basis points (bps) when compared to the same measure for the June 2022 quarter. Relative to EMBI+, the spreads was negative 142 bps, respectively.
[36] The war between Russia and Ukraine has led to significant downward revisions to a number of emerging markets bond 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.
[37] The possibility exists that Jamaica could receive a rating downgrade over the near term. However, there is an equal risk of

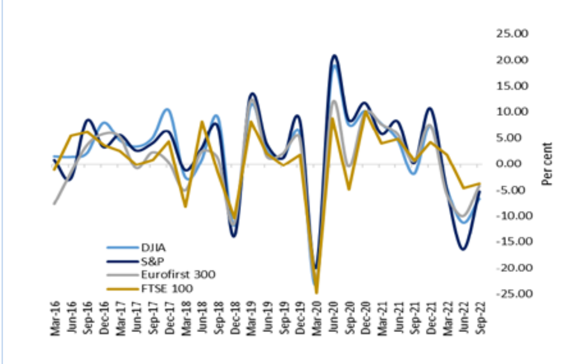
Global Stock Market

The performances of selected global stock market indices during the September 2022 quarter were weak. Relative to the June 2022 quarter, the Dow Jones Industrial Average (DJIA), S&P 500 Euro First and FTSE declined by 6.7 per cent, 5.3 per cent, 4.2 per cent and 3.8 per cent, respectively. The indices, with the exception of the FTSE, posted three consecutive quarters of decline – the longest streak of quarterly losses since the global financial crisis in 2007-09 (see **Figure 19**). The heightened market volatility during the September 2022 quarter continued amid concerns regarding persistent inflation and slowing economic growth.

Subsequent to an increase in July 2022, US equity indices reversed gains in August and September 2022 as investors grew increasingly concerned that the Federal Reserve could push the US economy into recession in its aim to curb the highest inflation in four decades. With 75-basis-point hike in September 2022, this brought the central bank's benchmark interest rate, to a new range of 3.0 per cent to 3.25 per cent — its highest level since 2008. Further, signs of strength in the US labour market solidified investors' expectations that the Federal Reserve will need to slow the economy further to bring down inflation, weighing negatively on stock prices.

Eurozone and UK equity indices declined further amid the ongoing energy crisis, rising inflation, and consequent fears about the outlook for economic growth. The European Central Bank and Bank of England both raised interest rates during the quarter to try to temper the pace of price rises. A key event in the quarter for the UK was the announcement of a fiscal package in September 2022 which was poorly received by markets which led to the pound sterling reaching an all-time low versus the US dollar. The proposed fiscal stimulus plan by the UK administration which unveiled historic tax cuts and spending plans to boost the economy increased concerns that the tax reductions would contribute to an increase in borrowing and public debt, widen the budget deficit, heighten core inflation and weigh negatively on the pound sterling.

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



Source: Bloomberg

a rating downgrade in other EMEs and AEs given the rise in debt ratios globally.

3.0 Real Sector

The Jamaican economy is estimated to have grown in the range of 2.5 per cent to 4.5 per cent for the September 2022 quarter, marginally above the previous projection. The estimated growth for the September 2022 quarter reflects continued recovery in economic activity from the adverse impact of Covid-19. Real GDP is projected to grow in the range of 2.5 per cent to 4.5 per cent and 1.0 per cent to 3.0 per cent for FY2022/23 and FY2023/24, respectively. The projected growth for FY2022/23 is marginally above the previous assessment, primarily reflecting upward revisions to the growth for Hotels & Restaurants, Other Services, Transport, Storage & Communication, Wholesale & Retail Trade and Agriculture, Forestry & Fishing. This was partly offset by a downward revision in Mining & Quarrying and Construction.

Over the near term (December 2022 to September 2024 quarters), real GDP growth is anticipated to be lower relative to the previous forecast, partly reflecting lower growth in Hotels and Restaurants, Other Services, Mining & Quarrying and Construction. Nonetheless, growth is anticipated in Mining & Quarrying, Tourism and its allied industries, Wholesale & Retail Trade, Agriculture, Forestry & Fishing and Manufacturing.

Over the medium term (FY2024/25 – FY2027/28), GDP growth is projected to average 1.0 per cent, in line with the projection for potential output over the same period. In this regard, inflation is expected to be within the target range over the medium term.

The risks to the forecast for real GDP growth are skewed to the downside. In this regard, external demand could be lower than anticipated. In addition, domestic income could be negatively impacted by elevated external prices and the high inflation in the domestic economy.

GDP Growth

The Jamaican economy is estimated to have grown in the range of 2.5 per cent to 4.5 per cent for the September 2022 quarter, marginally above the previous projection of 2.7 per cent. The estimated growth for the September 2022 quarter reflects continued recovery in economic activity from the adverse impact of Covid-19.

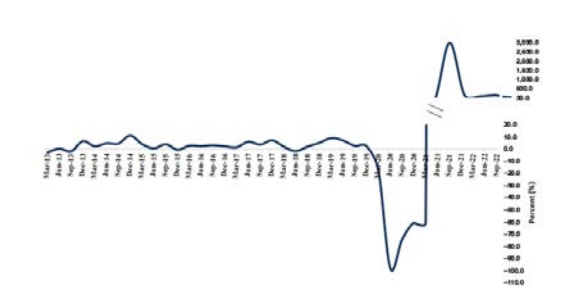
Aggregate Supply

The estimated expansion for the review quarter reflected growth in all industries except *Mining & Quarrying* and *Construction.* The estimated growth mainly reflected increased value added in *Hotels & Restaurants, Transport, Storage & Communication, Other Services, Wholesale & Retail Trade, Manufacturing, Agriculture, Forestry & Fishing and Electricity & Water Supply.*

As it relates to *Hotels & Restaurants,* the estimated growth for the September 2022 quarter is predicated on an estimated increase in foreign national arrivals. The increase in foreign national arrivals largely reflects the addition of flights to Jamaica by carriers relative to the corresponding period in 2021 due to pent up demand induced by an easing of Covid-19 restrictions generally.

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

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



Source: BOJ and Jamaica Tourist Board

With regard to *Wholesale & Retail Trade,* the estimated increase for the review quarter was mainly driven by higher output levels in Agriculture and Manufacture. Additionally, the indicator proxying activities within the industry, tax revenue within Wholesale and Retail Trade suggested growth in the quarter, relative to the corresponding quarter of 2021.

Value added for *Agriculture, Forestry & Fishing* is estimated to have grown in the quarter. This improvement represented growth in domestic crop production, reflecting favourable weather conditions as well as increased demand from the tourism industry. In addition, growth in animal farming is also anticipated.

Construction is estimated to have declined for the review quarter. This performance was primarily driven by a contraction in civil engineering works and building construction, in particular, residential construction (see Figure 21). In addition, a contraction in construction tax revenue compared to a year ago, particularly retail sale of hardware, construction material paint and glass, supports the assessed decline in the industry.

Electricity & Water Supply is estimated to have grown for the review quarter, relative to the corresponding quarter of 2021. This improvement is underpinned by a rise in electricity consumption (proxied by total electricity sales), partly offset by a decline in water consumption.

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

	Contribution*	Estimated Impact on Growth
GOODS	-11.9	-2.0 to -1.0
Agriculture, Forestry & Fishing	6.8	2.0 to 3.0
Mining & Quarrying	-17.6	-33.5 to - 32.5
Manufacturing	6.8	1.5 to 2.5
Construction	-6.8	-3.0 to - 2.0
SERVICES	111.9	4.0 to 5.0
Electricity & Water Supply	6.0	4.0 to 5.0
Wholesale & Retail Trade, Repairs & Installation	30.4	4.5 to 5.5
Hotels & Restaurants	46.9	29.0 to 30.0
Transport Storage & Communication	16.9	3.5 to 4.5
Financing & Insurance Services	4.0	0.5 to 1.5
Real Estate, Renting & Business Activities	4.1	0.5 to 1.5
Producers of Government Services	2.0	0.0 to 1.0
Other Services	7.9	3.0 to 4.0
Financial Intermediation Services Indirectly Measured	4.3	2.0 to 3.0

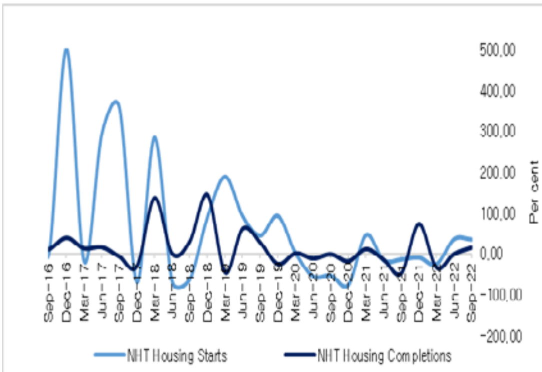
* The negative value indicates the negative contribution of the industries to the quarter.
Source: Bank of Jamaica

The growth in the industry during the period was mainly driven by higher consumption particularly by schools and business entities.

The expansion in Manufacture for the review quarter reflected growth in Food, Beverages & Tobacco sub-industry. Food, Beverages & Tobacco is estimated to have grown largely on account of increases in the production of poultry meat, bakery products and beverages (alcoholic and non-alcoholic). The higher production reflected greater demand from the tourism industry, continued improvement in nightlife activities as well as the reopening of schools.

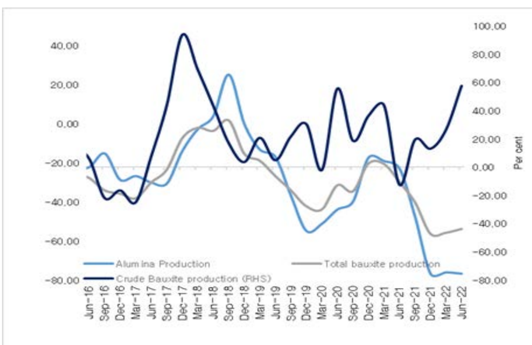
Mining & Quarrying is estimated to have declined for the September 2022 quarter. The estimated reduction reflected declines in both alumina and bauxite production due to operational challenges at the plants which adversely impacted capacity utilisation (see Figure 22).

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



Source: The National Housing Trust

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



Source: Jamaica Bauxite Institute

Given the above changes, both the tradable and non-tradable industries are estimated to have expanded. The increase in the tradable industry was largely due to improvements in *Hotels & Restaurants, Transport, Storage & Communication* and *Agriculture*. The growth in the non-tradable industry was mainly attributed to *Wholesale & Retail Trade, and Other Services*.

Aggregate Demand

From the perspective of aggregate demand, there are also indications of a faster pace of growth for the September 2022 quarter relative to previous projections. This estimate reflects a stronger improvement in investment and consumption, partly offset by a slower improvement in net exports.[1,2] The improvement in investment is due to higher public bodies capital expenditure as well as a slower pace of contraction in estimated foreign direct investment (FDI) relative to the previous projections. The slower pace of improvement in net exports reflects higher imports, partly offset by higher exports, particularly travel inflows (see **Balance of Payments**). [3]

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

Labour Market Developments

Jamaica's unemployment rate (UR) at July 2022 was at 6.6 per cent, 1.9 percentage points (pps) lower than the rate at July 2021 but 0.6 pps higher than the historic low of 6.0 per cent at the April 2022 survey. The decline in the UR at July 2022 reflected an increase of 4.4 per cent (53 000) in the number of persons employed and a growth of 2.3 per cent (30 200) in the labour force. Notwithstanding the low unemployment rate, the total labour force though improving, remains below the level attained before the pandemic. This is primarily attributed to the number of persons outside the labour force.[5] Consequently, the participation rate remains low,

[1] The disparity between the estimates for aggregate demand (AD) and aggregate supply suggests the possibility of under-estimating one of the AD components. STATIN produces annual estimates of AD. The last estimate was for 2018.

[2] For the September 2022 quarter, the higher estimated growth in real private consumption is underpinned by a faster pace of growth in real private spending and real personal loans as well as slower pace of decline in real remittances.

[3] Jamaica has a trade deficit. In this regard, an improvement in the trade deficit is reflected in a smaller negative number. For clarity and greater understanding the growth rates are adjusted by multiplying by -1.

[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.

[5] Though improving, the number of persons outside the labour force has not exceeded pre-pandemic level. Of note, there has

relative to the outturn of 65.3 per cent in the July 2019 survey (pre-pandemic).

Bank of Jamaica projects that labour market conditions will continue to improve over the next eight quarters. In this regard, the average unemployment rate over the December 2022 to September 2024 quarters is projected to be 6.3 per cent. On average, the employed labour force is projected to grow by 1.6 per cent, consistent with the projected average growth rate of 1.6 per cent in the labour force.

Over the next four quarters, the projected unemployment rate is expected to be higher relative to the previous forecast. This reflects a faster pace of growth in the total labour force as well as slower pace of growth in the employed labour force relative to prior projections.

Outlook

Real GDP growth is projected to grow at an average rate of 1.9 per cent over the December 2022 to September 2024 quarters In this context, GDP growth of 2.5 per cent to 4.5 per cent, 1.0 per cent to 3.0 per cent is projected for FY2022/23 and FY2023/24, respectively. The projected growth in the economy largely reflects the normalization of economic activity, partly offset by weaker external demand (see International Economy).

The strongest expansions are anticipated in *Mining & Quarrying*, *Hotels & Restaurants*, *Other Services*, *Transport, Storage & Communication*, *Wholesale & Retail Trade, Agriculture*, *Forestry & Fishing and Manufacturing.* Growth in *Mining & Quarrying* is underpinned by the expectation for the resolution of operational challenges and improvement in the capacity utilization at the alumina plants. For *Hotels & Restaurants* and *Other Services*, the projected growth, though lower relative to previous projection, reflects the continued improvement in the number of flights and cruise ships coming into the Island.[6] As it relates to *Transport, Storage & Communication*, growth is premised on an increase in water-based and air-based domestic and international travel. The anticipated increase in *Wholesale & Retail Trade activities* reflects growth in agriculture, manufacturing and construction. For *Agriculture, Forestry & Fishing,* growth represents the anticipated demand from tourism, increased investments in traditional crop production and various initiatives by the Government to assist the industry.[7] In addition, growth in *Manufacturing* is largely predicated on increased food and beverage production in the context of the anticipated improvements in tourism and entertainment.

Real GDP growth over the near-term (December 2022 to September 2024 quarters) has been revised downward relative to the previous forecast. This revision mainly reflects lower growth for Hotels *& Restaurants, Other Services, Mining & Quarrying and Construction.*

Over the medium term (FY2024/25 – FY2027/28), GDP growth is anticipated to average 1.0 per cent, which is generally in line with the previous projection (see Box 3: Potential Output).

The forecasted growth over the medium term reflects the rebound of the mining industry due to 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.

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been a notable downward trend in the number of persons outside the labour force for the last four surveys (October 2021 to July 2022).

[6] The lower forecast for Tourism and its allied services relative to the August 2022 MPA mainly reflects the base effect from a higher than projected foreign national outturn in 2022.

[7] The Production Incentive Programme initiated by Ministry of Agriculture, Forestry & Fisheries 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.

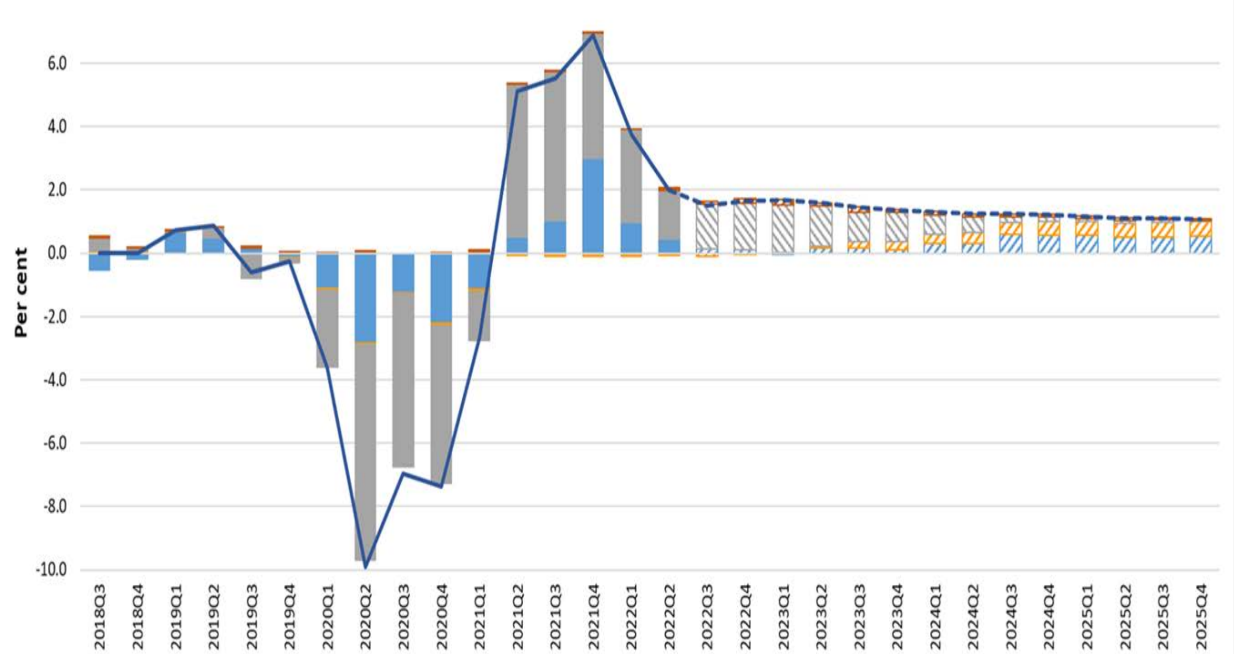
Risks

The risks to the domestic GDP forecast are skewed to the downside, meaning GDP growth could be lower than the forecast. Growth in tourist arrivals and related activities could be adversely affected by headwinds to global growth. These headwinds include a deepening of geopolitical tensions and the continuation of synchronised tightening of financial conditions in Jamaica's main trading partners. Finally, there is a risk that domestic consumer spending could be adversely affected by the high, albeit falling, domestic inflation.

Box 3: Potential Output

Jamaica's potential output is estimated to have increased by 1.1 per cent for the September 2022 quarter which is below the growth of 5.5 per cent and 2.0 per cent for the September 2021 and June 2022 quarters, respectively (see **Figure 1**).[8]

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



Contributions to Potential Output Growth[9]

The estimated expansion in potential output for the September 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 0.9 per cent for the quarter, a slower pace relative to the estimated growth in the June 2022 and September 2021 quarters.[10] Total factor productivity is estimated to have increased by 0.1 per cent for the quarter. The potential capital stock is estimated to have declined by 0.1 per cent, which is a slower pace of contraction relative to the decline recorded for the September 2021 quarter but a faster pace of decline relative to the June 2022 quarter.

Outlook for Potential Output

Potential output is forecasted to increase at an average rate of 1.2 per cent over the December 2022 to September 2024 quarters (near-term). Potential labour supply, total factor productivity and physical capital stock are the main driving force in

[8] Estimated year-over-year growth of potential output over the period 1998 to 2018 averaged 0.6 per cent, compared with the average year-over-year growth of 0.9 percent for the pre-crisis period of 1998 to 2008.

[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 give an indication of the structural changes in Jamaica's economy over time.

[10] Labour market conditions in the economy continue to improve as evidenced by the last 3 labour market surveys (January 2022, April 2022 and July surveys) as the unemployment rate continues to decline relative to the corresponding quarter in the previous year. As a result, potential labour supply growth for the September 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.

the growth of potential output over the near-term, growing at an average rate of 0.7 per cent, 0.2 per cent and 0.2 per cent, respectively. Potential human capital is also projected to grow at an average rate of 0.1 per cent over the review period.

The anticipated growth in potential labour supply stems from projected increases in the potential average hours worked per person (weekly) as well as improvements in the potential labour force participation rate. Over the near-term, both the growth in potential average hours worked and potential labour force participation are projected to average 0.4 per cent and 0.3 per cent, respectively. These are in line with previous projections.

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 total factor productivity, partly offset by a slower pace of growth in the potential physical capital stock. Growth in human capital and potential labour supply are in line with previous projections.
s projections.

4.0 Fiscal Accounts

For the September 2022 quarter, Central Government's operations recorded a fiscal surplus of $13.2 billion (0.5 per cent of GDP), relative to the deficit of $14.3 billion (0.6 per cent of GDP) for the September 2021 quarter. The fiscal outturn for the review period reflected higher Revenue & Grants (in particular tax revenue) as well as lower expenditure, relative to the corresponding period of 2021. The lower expenditure was reflected mainly in programme spending and interest payments.

Recent Developments

For the September 2022 quarter, Central Government's operations recorded a fiscal surplus of $13.2 billion (0.5 per cent of GDP), relative to the deficit of $14.3 billion (0.6 per cent of GDP) for the September 2021 quarter. The fiscal outturn for the review period reflected higher Revenue & Grants (in particular tax revenue) as well as lower expenditure, relative to the corresponding period of 2021. The lower expenditure was reflected mainly in programme spending and interest payments.[1]

The performance of Revenue & Grants for the September 2022 quarter, was mainly attributable to higher tax revenue partly offset by lower grants. The higher tax revenues emanated from all categories, particularly international trade and income & profits.[2] In contrast, lower grants were primarily attributable to lower inflows from the multilateral agencies.[3]

For the review period, the lower expenditure relative to the September 2021 quarter was largely reflected in programme spending which was attributable to a slower pace of procurement of goods and services (see Table 3). Lower interest payments were due to lower foreign interest payments.[4, 5]

The financing requirement for Central Government for the September 2022 quarter was $5.4 billion (0.2 per cent of GDP) reflecting the fiscal surplus of $13.2 billion (0.5 per cent of GDP) and amortization of $18.6 billion (0.7 per cent of GDP).

Financing during the quarter was sourced from domestic and external loans receipts of $27.0 billion (1.0 per cent of GDP) and $4.5 billion (0.2 per cent of GDP), respectively. Domestic loans reflected BIN and Treasury bill issuances amounting to $21.4 billion (0.8 per cent of GDP) and $5.6 billion (0.2 per cent of GDP), respectively. External loan receipts amounted to US$44.2 million (0.2 per cent of GDP) from multilateral agencies for investment projects.

Amortization for the September 2022 quarter mainly reflected external amortization, which included payments of US$50.2 million (0.3 per cent of GDP) and US$40.5 million (0.2 per cent of GDP) to bilateral and multilateral lending agencies, respectively. In addition, there was a domestic

[1] Notably, expenditure spending though lower as a percentage of GDP was greater nominally for the September 2022 quarter.

[2] The higher international trade GCT (imports), SCT (imports) and custom duty were driven by higher imports. With regards to income & profits, this was due mainly to PAYE and other companies attributable to improved labour market conditions and higher profits recorded by companies, respectively. For production & consumption, the increase was attributable to greater inflows from GCT (local), reflecting increased economic activity.

[3] The lower grant inflows relative to the September 2021 quarter reflected the nonrecurrence of an exceptional grant flow such as the receipt of US$16.5mn from the World Bank for July 2021.

[4] Of note, these expenditure items are lower as a per cent of GDP.

[5] Notably, all categories of expenditure were higher in nominal terms for the review quarter. Programme spending though lower as a percentage of GDP was greater nominally for the September 2022 quarter. In this regard, programmes amounted to $62.6 billion for the September 2022 quarter relative to $61.9 billion for the September 2021 quarter.

maturity of a variable rate Benchmark Investment Notes amounting to $2.0 million (0.0001 per cent of GDP) and Treasury bills of $4.9 billion (0.2 per cent of GDP), respectively.[6] Against this background, there was a build-up of $27.2 billion (1.0 per cent of GDP) in Central Government bank balances.

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

	Quarter		
	Sep-22	Sep-21	Diff
Revenue & Grants	**7.3**	**6.7**	**0.7**
o/w Tax Revenue	**6.6**	**5.9**	0.7
Non- Tax Revenue	0.6	0.6	0.0
Grants	0.1	0.1	(0.1)
Expenditure	**6.9**	**7.3**	**(0.4)**
Programmes	2.4	2.7	(0.3)
Compensation of Employees	2.5	2.5	(0.0)
Interest Payment	1.6	1.8	(0.2)
Capital Expenditure	0.4	0.3	0.1
Fiscal Surplus/Deficit	**0.5**	**(0.6)**	**1.1**
Primary Balance	**2.1**	**1.2**	**1.0**
Current Balance	**1.1**	**(0.4)**	1.5
Total Financing	**1.2**	**1.2**	(0.0)
External Loans	0.2	0.2	(0.0)
Domestic Loans	1.0	1.0	0.0
Other Inflows	**0.0**	**0.0**	0.0
Other Outflows	**0.0**	**0.4**	(0.4)
Amortisation	**0.7**	**1.0**	(0.3)
External	0.5	0.7	(0.3)
Domestic	0.2	0.2	0.0
Overall Balance	**1.0**	**(0.7)**	**1.8**

Source: Ministry of Finance & the Public Service

[6] This small maturity is due to the fact that this VR note was a part of the debt exchange initiative by GOJ in February 2013. This debt exchange was a critical component of the debt reduction programme with the IMF. As such, residents were offered to switch their old notes for new notes. In particular, eligible holders were offered 100.0 % allocation of the new VR due 2025 or CPI Index Note due 2040 or 80.0% allocation of new Fixed Rate Accreting Notes (FRAN). This is the maturity of the remaining VR note as not everyone took the offer.

5.0 Balance of Payments

For the September 2022 quarter, a current account deficit of US$144.0 million (0.8 per cent of GDP) is estimated, US$189.0 million higher (worse) than the outturn for the September 2021 quarter.

The current account deficit (CAD) of the balance of payments (BOP) for FY2022/23 is projected to improve to 0.0 per cent to 1.0 per cent of GDP from a deficit of 1.2 per cent of GDP in FY2021/22. This improvement is mainly attributed to higher travel related expenditure and lower investment income outflows partly offset by higher imports and lower remittance inflows for the fiscal year. The CAD for FY2023/24 is projected to deteriorate in the range of 1.0 per cent to 2.0 per cent of GDP before improving over the medium-term.

Relative to the previous forecast, the projected CAD over the December 2022 to September 2024 quarters is lower by an average of US$85.1 million per quarter. This variance is largely underpinned by a lower deficit on the merchandise trade balance, an improvement in the services account and an improvement in current transfers, partially offset by a deterioration on the income sub-account. Over the medium term (FY2024/25 to FY2027/28) the CAD is forecasted to average 0.5 per cent to 1.5 per cent of GDP, relative to the previous projection of 1.0 per cent to 2.0 per cent of GDP.

The outlook for the gross reserves has improved over the near and medium term, relative to the previous projection. This is largely influenced by the outturn for the September 2022 quarter as well as higher than previously projected private capital inflows. Reserves are anticipated to be above the ARA 100% benchmark over the medium term.

The risks to the projections for the CAD are skewed to the upside (higher deficit).

Recent Developments

For the September 2022 quarter, a current account deficit of US$144.0 million (0.8 per cent of GDP) is estimated, US$189.0 million higher (worse) than the outturn for the September 2021 quarter. The deterioration in the CAD was primarily reflected in the merchandise trade balance and income sub-accounts partially offset by improvements in the services and current transfers sub-accounts. The merchandise trade balance is estimated to have deteriorated mainly due to an increase in the imports of fuel, raw material, consumer goods and transport equipment, partially offset by a decline in capital goods. The deterioration on the income sub-account is underpinned by higher investment outflows. The improvement on the services balance primarily reflect higher stop-over visitor arrivals, higher average daily expenditure as well as higher cruise passenger arrivals.

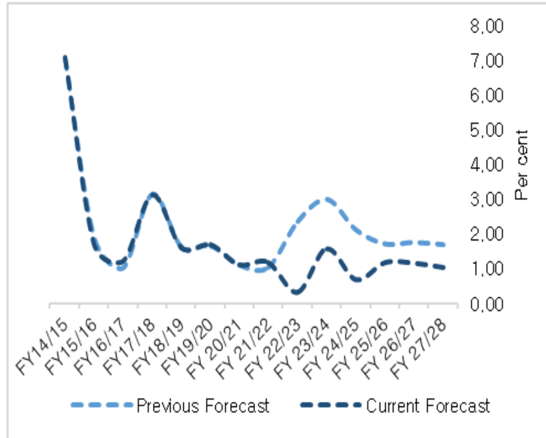
The CAD is US$9.7 million lower (better) than the previous projection, underpinned by a higher than projected surplus on the current transfers and services sub-accounts of US$94.0 million and US$88.6 million, respectively, partially offset by higher than projected deficits on the merchandise trade balance and income sub-account of US$138.0 million and US$34.9 million, respectively. The upward revision to the surplus on the current transfers sub-account was driven by higher remittance inflows. The upward revision to the surplus on the services sub-account mainly reflected higher stop-over visitor arrivals. For the merchandise trade balance, exports were revised lower by US$69.1 million in the context of lower mining and quarrying exports due to lower alumina production . The deficit on the income sub-account was above the previous projection mainly due to higher investment income outflows particularly higher interest payments on GOJ external debt.

The current account (CA) is forecasted to be broadly sustainable over the medium term. For FY2022/23, the CA is projected to improve to a deficit within a range of 0.1 to of 0.5 per cent of GDP, lower (better) than the previous projection and the estimated deficit for FY2021/22.

The CAD is projected to average 0.8 to 1.3 per cent of GDP between FY2024/25 and FY2027/28 (see Figure 23). The improvement in the CA is mainly due to a downward revision to import prices.

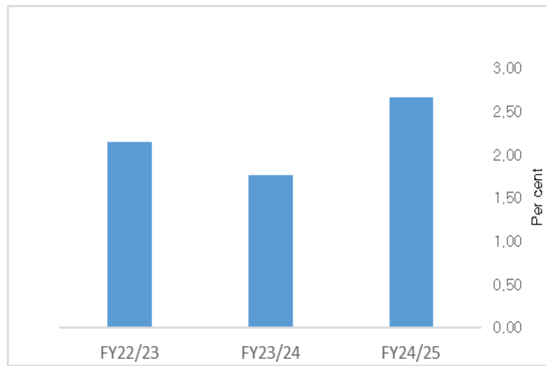
The current account balance, after accounting for FDI-related imports, reflects an average surplus of 2.2 per cent of GDP for the 3-year forecast period of FY2022/23 to FY2024/25 (see Figure 24).

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 policy rate on two occasions during the September 2022 quarter by a total of 100 bps, from 5.50 per cent to 6.50 per cent. The Bank also continued to implement other measures to contain Jamaican dollar liquidity expansion. While not targeting any specific level of the exchange rate, Bank of Jamaica continued to ensure that movements in the exchange rate did not further threaten a return to the inflation target. To ensure the orderly functioning of the foreign exchange market during the September 2022 quarter, BOJ provided liquidity amounting to US$186.1 million via the B-FXITT facility.

Jamaican dollar liquidity tightened during the September 2022 quarter, relative to the preceding quarter emanating from GOJ operations.

During the September 2022 quarter, BOJ increased its signal rate on 19 August 2022 and 30 September 2022 by 50 bps on each occasion, from 5.50 per cent to 6.50 per cent at the end of the period.[1]

Liquidity Conditions

During the September 2022 quarter, liquidity conditions tightened, relative to the June 2022 quarter. This was indicated by the maintenance of average current account balances at Bank of Jamaica of $21.3 billion by deposit taking institutions (DTIs) and primary dealers, below the average of $32.2 billion for the preceding quarter.

Liquidity conditions over the September 2022 quarter were tighter, relative to previous projections. Deposit taking institution's average current account balances for the quarter were lower than projected by $5.5 billion.[2] The lower than anticipated balances primarily reflected stronger than expected absorption from net GOJ operations, slightly offset by stronger than projected injection from BOJ operations.[3] BOJ operations net injected $46.6 billion into the system during the quarter, which was $4.0 billion above projection. Net injection from BOJ operations largely reflected net injection from FX operations of $30.3 billion, which was $6.8 billion above projection mainly due to stronger net PSE purchases and surrenders from Authorized Dealers. This was partly offset by weaker OMO injections of $3.2 billion due to lower net repo issues and net CD issues relative to expected net maturity (see **Table 4**).

Bank of Jamaica conducted 13 auctions of 30-day CDs during the review quarter. The average offer size during the September 2022 quarter was $17.6 billion, in line with the average of $17.8 billion for the June 2022 quarter. The sustained level reflected the continued 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 7.77 per cent, 10 bps above the average for the June 2022 quarter.[4]

Similar to the previous quarter, BOJ did not conduct any 14-day repurchase operation during the September 2022 quarter.

Foreign currency demand during the September 2022 quarter and the associated fluctuations in

[1] Effective 30 September 2022, the SLF rate increased to 8.50 per cent. The EFR remained inactive given the removal of the limit on the SLF on 18 March 2020.

[2] Average current account balances relate to the average of the daily balances for the quarter.

[3] During the September 2022 quarter, average net absorption of $57.5 billion through GOJ operations was $9.5 billion stronger than projected, reflective of lower expenditures and higher than anticipated tax revenue.

[4] See Figure 25 for end of period rates.

market conditions necessitated BOJ's foreign currency sales of US$186.10 million via the B-FXITT facility.[5,6] 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 Mar-22	Actual Jun-22	Projected Average Sep-22	Actual Average Sep-22	Variance Sep-22
Net BOJ Operations (Inject/Absorb)	13.3	23.2	42.6	46.6	4.0
Open Market Operations	0.9	-16.8	15.2	11.9	-3.2
BOJ Repo - (incl. OTROs)	7.2	-7.3	2.4	1.2	-1.2
FR CDs - (incl. 30day CDs)	-9.3	-23.2	0.6	-1.2	-1.8
VR CDs	0.0	0.0	0.0	0.0	0.0
USD Indexed Notes	3.0	13.7	12.3	11.9	-0.3
BOJ FX (incl. PSE)	16.3	32.3	23.4	30.3	6.8
BOJ Other	-1.0	7.7	4.0	4.4	0.4
o.w. Currency Issue	-4.6	5.7	0.5	0.2	-0.3
o.w. Cash Reserve (Com Banks)	-0.8	-0.7	0.2	0.1	-0.1
o.w. other	1.6	2.9	3.1	4.1	0.9
GOJ Operations	-35.2	-40.5	-48.0	-57.5	-9.5
Current A/C (+) = Loosen; (-) = Tighten	-21.9	-17.3	-5.4	-10.9	-5.5
Current A/C Balance	49.5	32.2	26.8	21.3	-5.5

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

Table 5: Placements & Maturities of BOJ USD Instruments

Tenor	April - June 2022			July - September 2022		
	Placements (US$MN)	Maturities (US$MN)	Average Rate (%)	Placements (US$MN)	Maturities (US$MN)	Average Rate (%)
5-year	-	0	-	-	0.32	-
7-year	-	19.37	-	-	0.01	-
TOTAL	-	19.37	-	0.00	0.33	-

Note: Total outstanding stock of USD CDs as at September 2022 was US$127.1 million
Source: Bank of Jamaica

[5] Effective 30 March 2022, the FX swap arrangement was discontinued by BOJ.

[6] See footnote in Exchange Rate Developments for further clarity.

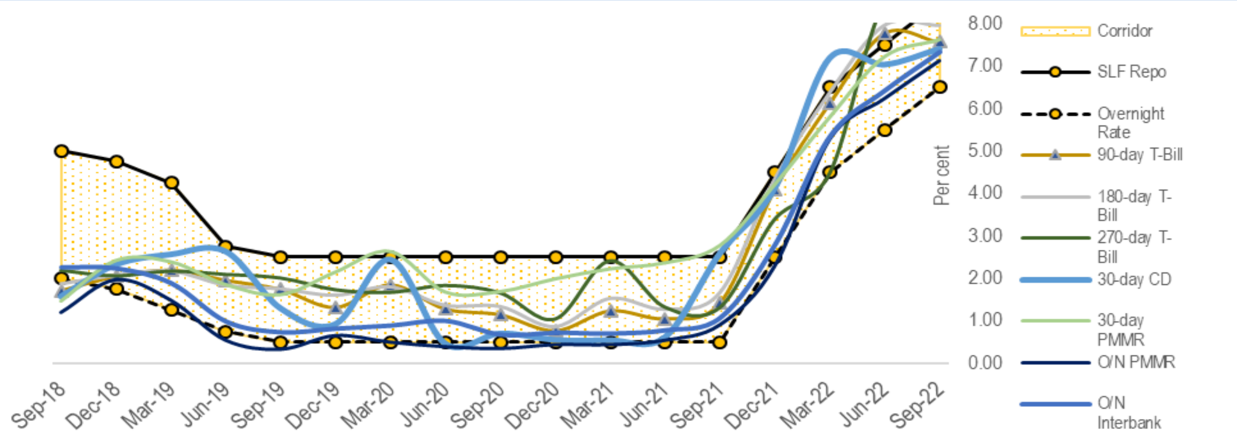
7.0 Financial Markets

Money market rates increased during the September 2022 quarter, influenced by increases in the Bank of Jamaica's policy rate and tightened liquidity. The estimated yield curve on GOJ JMD bonds at end-September 2022 shifted upwards, relative to the yield curve at end-June 2022. The exchange rate risk and the sovereign risk increased for the September quarter.

Market Interest Rates

Consistent with the Bank's monetary policy stance, money market rates increased during the September 2022 quarter, relative to the preceding quarter. When compared to the rates at end-June 2022, the overnight (O/N) interbank rate, O/N private money market rate (PMMR) and the 30-day PMMR were higher by 91 bps, 90 bps and 40 bps, respectively. However, the yields on GOJ 90-day and 270-day Treasury bills at end-September 2022 were lower by 21 bps and 8 bps, respectively (see **Figure 25**). Higher PMMR rates were influenced by the actions of Bank of Jamaica to further increase the policy rate by 100 bps and tighter liquidity conditions during the September 2022 quarter.

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



	SLF Repo	14-day Repo	30-day CD	Overnight Rate	O/N PMMR	O/N Interbank	30-day PMMR	90-day T-Bill	180-day T-Bill	270-day T-Bill
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
Jun-22	7.50	4.91	7.04	5.50	6.24	6.43	7.23	7.78	7.96	8.50
Sep-22	8.50	4.91	7.41	6.50	7.14	7.34	7.63	7.57	7.96	8.42

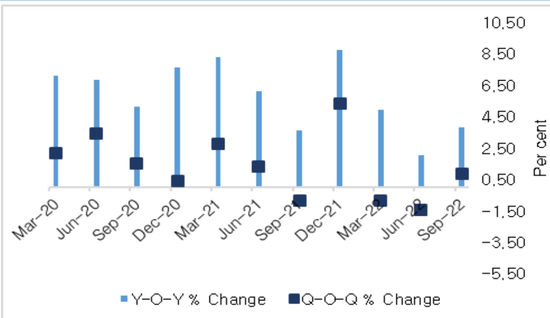
Source: Bank of Jamaica

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

Exchange Rate Developments

The nominal exchange rate depreciated 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 September 2022 quarter at J$152.82 = US$1.00, reflecting a depreciation of 0.8 per cent, relative to the previous quarter and depreciation of 3.8 per cent, relative to end-September 2021.[2]

Figure 26: Movements in WASR

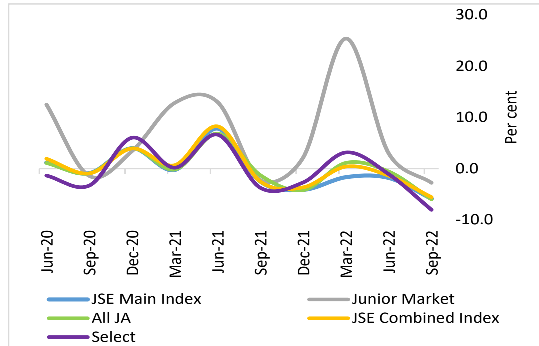


There was noticeable appreciative pressure in the foreign exchange market during the early part of the quarter. This pressure was underpinned by continued tightening in Jamaica dollar liquidity and relatively strong remittance inflows in August. Additional factors that provided the impulse for appreciation included B-FXITT sales of US$186.1 million during the quarter.

Equities Market

For the September 2022 quarter, all five of the major Jamaica Stock Exchange (JSE) indices recorded declines which ranged from 2.8 per cent to 8.0 per cent (see **Figure 27**). More specifically, the JSE Main Index declined by 5.9 per cent for the September 2022 quarter, compared to a decline of 1.8 per cent for the previous quarter. Similarly, the Junior Market Index declined by 2.8 per cent for the review quarter, relative to the growth of 3.0 per cent in the previous quarter. The declines in the indices mainly reflected weakened investor confidence which emanated from continued contractionary monetary policy, geopolitical tensions and fears of a global recession.

Figure 27: Quarterly growth rates of the JSE indices (percentage change)[3]



Source: Jamaica Stock Exchange

The annual performance of the stock market for the year ended September 2022, reflected a decline for all the major JSE indices, except for the JSE Junior Market Index. The JSE Main Market Index declined by 12.8 per cent for the review year, relative to the growth of 9.1 per cent for the corresponding period of the previous year. Notably, the Junior Market Index recorded growth of 28.3 per cent for the year ended-September 2022, relative to the growth of 29.0 per cent for the previous year.

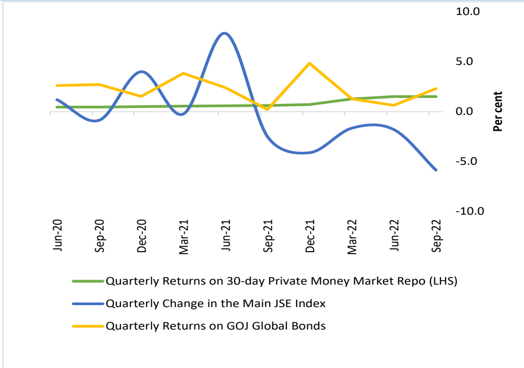
Of note, for the review quarter, foreign currency investments yielded stronger gains in comparison to equity investments. More specifically, foreign currency investments yielded a quarterly return of 2.3, while the quarterly returns on equity investments were -5.9 per cent for the September 2022 quarter.[4] Furthermore, the average quarterly yield on 30-day private money market instruments remained unchanged at 1.5 per cent for the September 2022 quarter, relative to the previous quarter (see **Figure 28**).

[2] The WASR (avg) for the quarter was J$152.64 = US$1.00, reflecting appreciation of 1.3 per cent, relative to the previous quarter and depreciation of 0.005 per cent relative to September 2021.

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

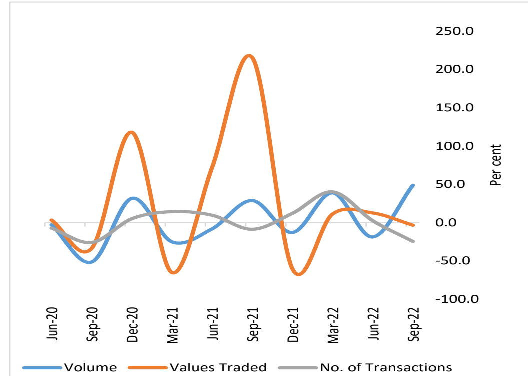
[4] The return on equities is computed as the change in value of the JSE Main Index for the review quarter relative to the previous period. The return on foreign currency investments is computed as the sum of quarterly foreign currency gains (losses) and the average quarterly returns on GOJ global bonds.

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

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



Source: Jamaica Stock Exchange

Market activity indicators for the JSE Main Index showed mixed results. In particular, the volume of stocks traded increased by 48.9 per cent for the September 2022 quarter, relative to a decline of 18.7 in the previous quarter. Meanwhile, the value of stocks traded and the number of transactions decreased by 3.4 per cent and 24.6 per cent respectively, for the review quarter. This compares to an increase of 12.6 per cent in the value of stocks traded and an increase of 2.5 per cent in the number of transactions recorded in the previous quarter. (see **Figure 29**).

The advance-to-decline ratio for the stocks listed on the JSE was 7:36 for the September 2022 quarter, with one stock trading firm. This compares to an advance to decline ratio of 13:26 with one trading firm for the previous quarter. Of note, stock price appreciation continued to be largely concentrated among the *Financial* and *Other* categories, similar to the previous quarter (see **Tables 6 and 7**).

Table 6: Stock Price Appreciation

Advancing	Percent
Other	
Margaritaville (Turks) Limited	35.4
138 Student Living Jamaica Limited	10.6
Manufacturing	
Jamaica Broilers Group	4.4
Financial	
Barita Investments Limited	22.6
1834 Investments Limited	4.3
Communication	
Radio Jamaica	0.4
Insurance	
Guardian Holdings	1.1

Table 7: Stock Price Depreciation

Declining	Percent
Manufacturing	
Salada Foods Jamaica	−26.0
Tourism	
Ciboney Group	−25.3
Other	
MPC Caribbean Clean Energy Limited (MPCCEL)	−20.6
Palace Amusement	−16.7
Financial	
Mayberry Investments Limited	−19.4
Sygnus Real Estate Finance Limited	−18.2
Proven Investments Limited	−14.8
QWI Investments Limited	−14.6
Jamaica Stock Exchange	−13.4
Conglomerate	
Jamaica Producers Group	−14.5

8.0 Monetary Aggregates

Growth in money supply was estimated to be lower than the previous projection and credit to the private sector was estimated to be higher than the previous projection for the September 2022 quarter. On an annual basis, there is evidence of a weakening of deposit and loan growth in real terms

Over the ensuing eight quarters, the average annual growth rate in the money supply is forecasted to be line with the previous projection and private sector credit is forecasted to be lower than the previous projection.

Money

The monetary base declined by 10.8 per cent at September 2022 when compared with September 2021. Regarding the sources of the annual change in the monetary base at September 2022, there was a decline of 10.7 per cent in net domestic assets (NDA), supported by a decline of 1.0 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 decline in the Jamaica dollar equivalent of the NIR was mainly associated with a decline in the USD value of the NIR, and to a lesser extent, an appreciation in the exchange rate. The decline in the value of the NIR stock was influenced by outflows from Government of Jamaica as well as net B-FXITT sales of US$738.0 million, over the year. These inflows were partly offset by inflows from surrenders through the PSE Facility by Authorized Dealers and Cambios.

Table 8: Bank of Jamaica Accounts

	Stock (J$MN)			Flow (%)	
	Sep-21	Jun-22	Sep-22	Qtr. -o- Qtr.	Y-o-Y
NIR (US$MN)	3,964.22	3,804.75	3,807.30	0.1	-4.0
NIR(J$MN)	584,672.46	573,423.61	578,957.26	1.0	-1.0
- Assets	713,099.77	661,615.64	661,408.44	0.0	-7.2
- Liabilities	-128,427.31	-88,192.03	-82,451.18	-6.5	-35.8
Net Domestic Assets	-267,249.64	-294,497.14	-295,955.39	-0.5	-10.7
- Net Claims on Public Sector	143,612.62	128,865.57	103,495.97	-19.7	-27.9
- Net Credit to Banks	-77,171.41	-85,841.83	-86,021.11	0.2	11.5
- Open Market Operations	-134,896.63	-147,399.54	-117,518.10	-20.3	-12.9
- Other	-198,794.23	-190,121.34	-195,912.16	3.0	-1.4
-o/w USD FR CDs	-16,255.50	4,776.40	5,175.01	8.3	-131.8
Monetary Base	317,422.82	278,926.48	283,001.87	1.5	-10.8
- Currency Issue	197,436.07	204,515.25	206,218.51	0.8	4.4
- Cash Reserve	43,525.41	45,885.45	45,291.63	-1.3	4.1
- Current Account	76,461.34	28,525.77	31,491.73	10.4	-58.8

Source: Bank of Jamaica

[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 in August 2021, which was recorded both as a gross foreign asset and a domestic liability.

M2J expanded by 7.7 per cent at August 2022 largely underpinned by growth of 8.2 per cent in local currency deposits. This represented an increase in growth relative to the 9.5 per cent recorded at end-June 2022. The moderated growth in deposits was strongly reflected in time, demand, and savings deposits, which grew by 9.6 per cent, 9.2 per cent and 7.3 per cent, respectively, relative to a decline of 0.7 per cent, and growth of 10.1 per cent and 10.8 per cent in June 2022. Growth in M2J was also influenced by an increase of 8.2 per cent in local currency deposit, relative to growth of 9.1 per cent in June 2022.

Table 9: Components of Money Supply (M2*)

	Percentage Change (%)		
	Aug-21	Jun-22	Aug-22
Total Money Supply (M2*)	12.6	12.0	8.8
Money Supply (M2J)	13.1	9.5	7.7
Money Supply (M1J)	11.9	10.6	7.8
Currency with the public	18.1	11.2	5.8
Demand Deposits	7.6	10.1	9.2
Quasi Money	14.3	8.6	7.7
Savings Deposits	17.4	10.8	7.3
Time Deposits	2.2	-0.7	9.6
Foreign Currency Deposits	11.7	16.2	10.8

Source: Bank of Jamaica

Private Sector Credit

Growth in private sector loans and advances was higher relative to 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 9.6 per cent at August 2022. This was above the growth of 9.0 per cent as at June 2022. However, this translates to a decline in real terms. Relative to GDP, the stock of private sector loans at August 2022 was 43.7 per cent, below the ratio of 45.4 per cent a year earlier.

The growth in total loans and advances was underpinned by expansions in loans of 12.6 per cent and 5.5 per cent to individual and the productive sector, respectively. Growth in loans to the productive sector was mainly attributed to increases in loans to the *Mining*, *Distribution*, *Manufacturing*, *Professional & Other Services industries*.

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

Stock	Aug-21	Jun-22	Aug-22
Total DTI	7.9	9.0	9.6
o.w. to Businesses	6.4	5.0	5.5
o.w. to Consumers	9.1	12.0	12.6
Stock as a % of Annual GDP			
Total DTI	45.4	43.8	43.7
o.w. to Businesses	19.2	17.9	17.8
o.w. to Consumers	26.2	25.8	25.9

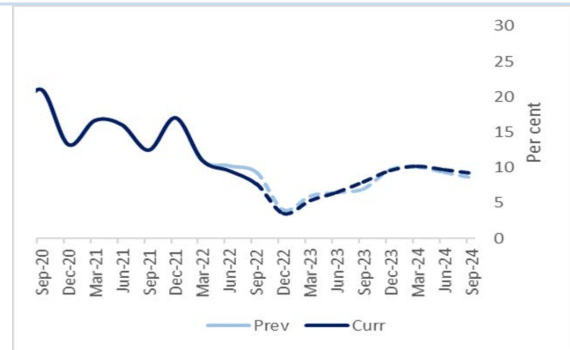
Source: Bank of Jamaica

Monetary Projections

M2J is projected to expand at an average annual rate of 7.7 per cent over the next eight quarters, in line with the previous projection of 7.6 per cent. The pace of broad money growth is anticipated to reflect expansions primarily in currency in circulation over the near term in a context where remittances remain higher than projected over the near term. The near-term growth projection for broad money is in line with the previous forecast in light of tighter monetary policy and liquidity conditions. Real monetary conditions are also expected to be more contractionary, coupled with a less optimistic outlook for real economic activity over the next eight quarters.

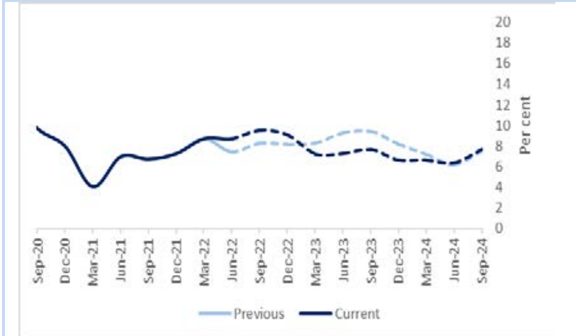
Growth in DTI private sector credit is forecasted to be weaker relative to the previous projections over the next eight quarters. Private sector credit is projected to grow at an average rate of 7.3 per cent up to the September 2024 quarter, compared to the previous forecast for an expansion of 8.0 per 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 influenced by the impact of contractionary monetary conditions, following BOJ's decision to further increase the policy rate in the September 2022 quarter. With some lending institutions beginning to pass on the policy rate increases to the price of loans, the pace of loan growth is expected to moderate. Expectations of further interest rate increases may also constrain loan demand.

Figure 30: Annual Growth in M2J



Source: Bank of Jamaica

Figure 31: Private Sector Credit Growth



Source: Bank of Jamaica

9.0 Conclusion

Consistent with global consensus forecasts for a fall in commodity prices and the Bank's overall monetary policy stance, and absent any new shocks, inflation is projected to average 6.0 per cent to 8.0 per cent over the next eight quarters (December 2022 to September 2024). This projection is lower when compared to the average inflation rate of 7.7 per cent over the past two years and slightly lower than the previous projection of 7.0 per cent to 9.0 per cent. Still, inflation will continue to breach the upper limit of the Bank's target range over the next 10 to 12 months. This forecast envisages that annual inflation will fluctuate between 9.5 per cent and 10.5 per cent between October and December 2022 and fall within the target range by the December 2023 quarter.

This forecast reflects a lower trajectory for imported inflation, due to lower grains prices and a less depreciated exchange rate for FY2022/23. The impact of the downward pressures is partially offset by lagged but weakening impact of international commodity and shipping prices, a higher trajectory for agricultural prices partly due to the rains in October 2022 and sustained levels of elevated inflation expectations.

Domestic economic activity is estimated to have grown in the range of 2.5 per cent to 3.5 per cent in the September 2022 quarter. Real GDP is projected to grow by 2.5 per cent to 4.5 per cent and 1.0 per cent to 3.0 per cent for FY2022/23 and FY2023/24, respectively. The projected growth for FY2022/23 is marginally above the previous assessment, chiefly reflecting upward revisions to the growth for Hotels & Restaurants, Wholesale & Retail Trade, Agriculture, Forestry & Fishing, Transport, Storage & Communication and as well as Other Services. For the medium term (FY2024/25 – FY2027/28), GDP growth is projected to average 1.0 per cent, which is in line with the previous projection. 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 FY2022/23 is projected to improve to a deficit of 0.0 per cent to 1.0 per cent of GDP from a deficit of 1.2 per cent of GDP in FY2021/22. This improvement is mainly based on higher travel related expenditure and lower investment income outflows for the fiscal year partly offset by higher imports and lower remittance inflows. The CA is projected to improve over the December 2022 to September 2024 quarters relative to the previous forecast. Over the medium term (FY2024/25 to FY2027/28) the CAD is forecasted to average 1.1 per cent of GDP, relative to the previous projection of 1.8 per cent of GDP.

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 6.5 per cent per annum, effective 30 September 2022. The Bank also decided to continue pursuing other measures to contain Jamaican dollar liquidity expansion and maintain stability in the foreign exchange market. Further, to ensure that individual depositors are encouraged to continue to save in Jamaican dollars, the MPC also agreed to consider additional measures to support upward movements in DTIs' deposit rates. The MPC will continue to pursue initiatives to address structural impediments to the monetary transmission mechanism. In addition, the MPC will continue to identify and closely monitor global and domestic risks that threaten Jamaica's inflation target.

Additional Tables

1: INFLATION RATES

		CPI (Point-to-Point) **	Headline Inflation	Core Inflation*
FY09/10	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
FY22/23	Jun-22	121.79	10.95	10.85
	Sep-22	125.52	9.26	10.76

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

2: ALL JAMAICA INFLATION – Point-to-Point (September 2022) *

Divisions, Classes and Groups	Weight (%)	Inflation (%)	Weighted Inflation	Contribution
FOOD & NON-ALCOHOLIC BEVERAGES	35.79	10.54	3.77	41.49
Food	33.76	10.50	3.55	38.99
Cereals and cereal products (ND)	6.68	16.38	1.10	12.04
Live animals, meat and other parts of slaughtered land animals (ND)	6.60	17.68	1.17	12.84
Fish and other seafood (ND)	3.59	11.79	0.42	4.66
Milk, other dairy products and eggs (ND)	2.86	12.89	0.37	4.05
Oils and Fats (ND)	0.91	16.86	0.15	1.69
Fruits and nuts (ND)	2.60	7.05	0.18	2.01
Vegetables, tubers, plantains, cooking bananas and pulses (ND)	7.02	-0.23	-0.02	-0.18
Tubers, plantains, cooking bananas and pulses (ND)	2.04	-3.98	-0.08	-0.89
Vegetables	4.98	1.54	0.08	0.85
Sugar, confectionery and desserts (ND)	1.31	8.51	0.11	1.22
Ready-made food and other food products n.e.c. (ND)	2.19	7.82	0.17	1.88
Non-Alcoholic Beverages	2.03	11.19	0.23	2.50
Fruit and Vegetable Juices (ND)	0.66	11.56	0.08	0.84
Coffee, Tea and Cocoa	0.46	10.88	0.05	0.55
Mineral Waters, Soft Drinks, Fruit and Vegetable Juices	0.91	11.38	0.10	1.14
ALCOHOLIC BEVERAGES, TOBACCO AND NARCOTICS	1.45	9.48	0.14	1.51
CLOTHING AND FOOTWEAR	2.48	5.79	0.14	1.58
Clothing	1.66	6.13	0.10	1.12
Footwear	0.82	5.09	0.04	0.46
HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	17.85	8.48	1.51	16.65
Rentals for Housing	9.09	7.82	0.71	7.81
Maintenance, Repair and Security of the Dwelling	0.67	10.56	0.07	0.78
Water Supply and Miscellaneous Services Related to the Dwelling	2.27	12.51	0.28	3.12
Electricity, Gas and Other Fuels	5.82	14.94	0.87	9.56
FURNISHINGS, HOUSEHOLD EQUIPMENT AND ROUTINE HOUSEHOLD MAINTENANCE	3.77	10.18	0.38	4.22
Furniture, Furnishings, and Loose Carpets	0.36	5.05	0.02	0.20
Household Textiles	0.22	4.31	0.01	0.10
Household Appliances	0.35	8.74	0.03	0.34
Tools and Equipment for House and Garden	0.15	4.31	0.01	0.07
Goods and Services for Routine Household Maintenance	2.70	11.86	0.32	3.52
HEALTH	2.63	4.29	0.11	1.24
Medicines and Health Products	2.16	4.17	0.09	0.99
Outpatient Care Services	0.30	7.31	0.02	0.24
Other Health Services	0.17	0.34	0.00	0.01
TRANSPORT	11.23	6.06	0.68	7.49
INFORMATION AND COMMUNICATION	4.57	0.32	0.01	0.16
RECREATION, SPORT AND CULTURE	5.02	8.64	0.43	4.77
EDUCATION SERVICES	2.43	7.75	0.19	2.07
RESTAURANTS & ACCOMMODATION SERVICES	6.65	19.41	1.29	14.21
INSURANCE AND FINANCIAL SERVICES	1.13	3.76	0.04	0.47
PERSONAL CARE, SOCIAL PROTECTION AND MISCELLANEOUS GOODS AND SERVICES	4.99	7.58	0.38	4.16
ALL DIVISIONS	100.00	9.26	9.09	100.00

3: BANK OF JAMAICA OPERATING TARGETS

	Actual Sep-20	Actual Dec-20	Actual Mar-21	Actual Jun-21	Actual Sep-21	Actual Dec-21	Actual Mar-22	Actual Jun-22	Actual Sep-22
Net International Reserves (US$)	2,747.49	3,126.13	3,319.32	3,388.71	3,964.22	4,000.77	3,675.85	3,804.75	3,807.30
NET INT'L RESERVES (J$)	389,093.8	445,328.1	483,499.7	507,566.6	584,566.63	616,242.37	564,279.73	573,423.61	578,957.26
Assets	526,087.2	581,364.4	618,120.4	641,947.1	713,099.77	744,492.11	663,725.83	661,615.64	661,408.44
Liabilities	136,839.3	136,036.3	134,620.7	134,380.5	128,427.3	-128,249.74	-99,446.11	-88,192.03	-82,451.18
NET DOMESTIC ASSETS	-123,393.84	-162,755.2	- 188,136.32	-208,050.82	-267,249.64	-276,378.11	-296,160.65	-294,497.14	-295,955.39
-Net Claims on Public Sector	211,632.0	222,068.3	181,996.1	213,236.0	143,591.3	141,473.17	136,05033	128,865.57	103,495.97
-Net Credit to Banks	-66,981.9	-69,050.6	-70,829.7	-75,868.7	-77,171.4	-81,335.02	-84,710.58	-85,841.83	-86,021.11
-Open Market Operations	-76,564.7	-124,035.7	-100,734.3	-131,936.0	-134,896.6	-119,548.25	-142,423.26	-147,399.54	-117,518.10
-Other	-191,479.3	-191,737.1	-198,568.4	-213,482.1	-198,772.9	-216,968.01	-205,077.14	-190,121.34	-195,912.16
MONETARY BASE	265,854.1	282,573.0	295,363.4	299,515.8	317,422.8	339,864.27	268,119.07	278,926.48	283,001.87
- Currency Issue	170,033.0	190,622.7	181,924.1	181,058.4	197,436.1	226,933.52	207,895.60	204,515.25	206,218.51
- Cash Reserve	37,093.8	39,116.5	39,901.1	41,429.1	43,525.4	44,348.06	44,909.59	45,885.45	45,291.63
- Current Account	58,727.3	52,968.4	73,672.2	77,028.3	76,461.3	68,582.69	15,313.88	28,525.77	31,491.79
GROWTH IN MONETARY BASE [F-Y-T-D]	9.8	16.8	-	1.4	7.5	15.1	-	4.0	5.6

4: MONETARY AGGREGATES

		BASE	M1J	M1	M2J	M2	M3J	M3
FY16/17	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
	Mar-22	268,119.07	390,171.16	448,269.27	796,096.93	1,288,243.47	1,032,292.35	1,524,438.89
FY22/23	Jun-22	278,926.48	391,424.80	454,536.66	806,237.99	1,302,293.54	1,042,795.03	1,538,850.58
	Aug-22	281,089.87	397,982.49	462,863.63	819,504.13	1,311,358.70	1,059,542.13	1,551,396.70

5: GOJ TREASURY BILL YIELDS
(End of Period)

		1-month	3-month	6-month	9-month	12-month
FY13/14	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	…	…
FY22/23	Jun-22	…	7.78	7.96	…	…
	Sep-22	…	7.57	7.96	…	…

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	...	...	...	...	...	...
FY22/23	Jun-22	7.32	...	...	...	...	...	...
	Sep-22	7.67	...	...	...	...	...	...

7: Placements and Maturities* in BOJ OMO Instruments

	January - March 2022			April – June 2022			July - September 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	126.5	153.5	4.93	201.0	232.5	7.68	249.5	232.0	7.72
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		10.0	0		0	0	
730-day FR CD	0	7.8	4.42	0	6	8.17	0	8.0	8.95
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		0	0		0	0	
730-day FR USD IB	0	0		3.9	0		19.6	0	
911-day FR USD IB	0	0		0	0		0	0	
1095-day FR USD IB	0	0		11.6	0		0	0	
Repos	686.02	697.9		238.1	228.1		299.3	301.0	
	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	13.71	0		0	0		0.32	0	
7-year FR USD CD	61.25	0		19.37	0		0.01	0	
TOTAL	74.96	0		19.37	0		0.33	0	

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

	Bauxite	Alumina	Sugar	Bananas	Other Traditional	Non-Traditional	Other	Total Goods Exports
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
Mar-22	17.4	31.3	0.1	0.3	19.4	180.3	50.2	299.0
Jun-22	19.3	47.2	3.3	0.3	23.9	208.0	91.3	393.0

+ Revised

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

	Dec-19+	Mar-20+	Jun-20+	Sep-20+	Dec-20+	Mar-21+	Jun-21+	Sep-21 +	Dec-21+	Mar-22+	Jun-22+
1. Current Account	-51.3	37.3	-82.7	11.0	-27.0	-50.6	228.7	45.1	-97.9	-333.0	19.6
A. Goods Balance	-1046.0	-853.3	-614.2	-660.0	-821.0	-647.2	-556.6	-577.9	-1043.9	-1153.8	-1194.4
Exports (f.o.b)	335.0	358.2	264.7	306.4	321.2	360.3	422.9	371.5	286.0	340.6	460.5
Imports (f.o.b)	1380.9	1211.6	878.9	966.4	1142.2	1007.5	979.5	949.4	1329.9	1494.3	1654.9
B. Services Balance	426.3	513.4	-77.4	-51.3	-4.5	-61.8	-23.3	-185.1	67.2	249.5	427.6
Transportation	-172.5	-154.4	-119.9	-129.9	-143.9	-307.4	-435.1	-591.8	-391.1	-331.0	-276.1
Travel	854.8	835.1	0.8	141.1	240.9	254.1	478.9	540.4	657.0	721.2	872.5
Other Services	-256.0	-167.3	41.7	-62.5	-101.6	-8.5	-67.1	-133.7	-198.7	-140.7	-168.9
Goods & Services Balance	-619.7	-340.0	-691.6	-711.3	-825.5	-708.9	-579.9	-763.0	-976.7	-904.1	-766.8
C. Income	-45.4	-200.5	-82.0	-142.1	-29.8	-158.2	-104.2	-121.3	-34.9	-228.4	-96.7
Compensation of employees	50.9	7.5	8.9	20.0	45.5	15.3	9.7	28.5	46.5	18.8	16.8
Investment Income	-96.3	-208.0	-90.9	-162.1	-75.3	-173.5	-113.9	-149.9	-81.5	-247.2	-113.6
D. Current Transfers	613.7	577.8	691.0	864.4	828.3	816.6	912.9	929.4	913.8	799.5	883.2
General Government	15.9	43.4	21.7	46.5	37.4	44.0	40.8	53.7	40.5	47.0	41.7
Other Sectors	597.8	534.3	669.3	817.8	790.9	772.5	872.0	875.7	873.3	752.5	841.5
2. Capital & Financial Account	562.6	105.0	175.2	-497.4	942.0	423.4	276.7	-401.1	1572.9	1930.5	977.2
A. Capital Account	-5.0	-9.5	-9.2	-5.8	-6.3	-8.6	-9.2	-5.8	-5.6	-9.2	-7.8
Capital Transfers	-5.0	-9.5	-9.2	-5.8	-6.3	-8.6	-9.2	-5.8	-5.6	-9.2	-7.8
General Government	2.4	0.5	0.8	1.9	1.0	1.4	0.8	1.9	1.8	0.9	2.2
Other Sectors	-7.3	-10.0	-9.9	-7.7	-7.3	-10.0	-9.9	-7.7	-7.3	-10.0	-9.9
Acq/disp of non-produced non- fin assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
B. Financial Account	567.6	114.5	184.4	-491.6	948.3	432.0	285.8	-395.3	1578.5	1035.1	985.0
Direct Investment	-102.0	99.9	89.9	22.1	46.5	22.3	36.7	118.4	86.9	44.5	64.7
Portfolio Investment	260.8	-37.3	-198.2	-311.8	38.1	-268.8	-198.2	-311.8	320.2	-127.1	57.0
Other official investment	1.4	-236.4	-150.0	-76.1	93.7	165.2	-58.6	-76.1	579.2	-11.7	96.0
Other private Investment	471.8	263.9	154.3	96.1	394.1	377.7	217.6	96.1	552.5	434.8	186.5
Reserves	-64.5	24.4	288.4	-222.0	375.9	135.6	288.4	-222.0	39.7	694.5	580.8
Errors & Omissions	-511.3	-142.3	-92.6	486.5	-915.0	-372.8	-505.4	356.1	-1475.0	-692.4	-996.9

+ Revised

10: FOREIGN EXCHANGE SELLING RATES

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

		US$	Can$	GBP £
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
FY22/23	Jun-22	151.5580	118.7574	184.3548
	Sep-22	152.8195	112.9388	168.1380

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

		(US$MN) Gross Foreign Assets	(US$MN) Gross Foreign Liabilities	(US$MN) International Reserves (Net)	Weeks of Imports Goods	Goods & Services
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
FY22/23	Jun-22	4389.91	-585.17	3804.75	36.11	24.49
	Sep-22	4349.51	-542.21	3807.30	36.32	24.19

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

Sep 2019 – Sep 2021– + (Seasonally Unadjusted)

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

	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22
Total Value Added at Basic Prices	-18.3	-10.7	-8.3	-6.6	14.2	5.9	6.7	6.4	4.8
Agriculture, Forestry & Fishing	7.9	2.5	-7.2	-1.9	15.0	7.3	13.8	8.4	6.3
Mining & Quarrying	-25.2	-20.7	6.3	7.2	-9.2	-29.7	-60.5	-60.0	-62.5
Manufacturing	-12.3	-10.8	-0.4	-1.3	13.0	3.7	-2.2	4.5	5.6
Food, Beverages & Tobacco	-9.5	-8.1	-0.7	-2.3	9.9	3.4	2.2	6.8	10.1
Other Manufacturing	-16.3	-14.6	-0.0	0.1	17.8	4.3	-7.3	1.3	-0.9
Construction	-14.5	7.0	6.3	10.5	17.4	4.4	5.9	3.5	-5.2
Electricity & Water	-8.7	-7.0	-9.3	-6.9	4.0	0.6	5.8	1.4	2.0
Wholesale & Retail Trade; Repairs; Installation Of Machinery	-15.6	-8.13	-8.8	-5.1	19.3	4.4	10.6	8.8	7.6
Hotels and Restaurants	-85.6	-65.2	-53.8	-55.9	334.6	114.6	79.5	107.1	56.0
Transport, Storage & Communication	-20.8	-14.8	-10.4	-7.8	13.6	8.8	10.1	8.8	5.7
Finance & Insurance Services	-5.5	-5.6	-2.8	-1.1	2.8	3.3	2.7	0.8	1.1
Real Estate & Business Services	-5.5	-2.8	-1.3	-1.9	5.2	0.7	2.1	1.1	2.1
Government Services	0.2	0.1	0.2	0.0	0.4	0.4	-0.1	0.4	0.4
Other Services	-44.3	-27.0	-21.6	-21.9	23.2	12.2	10.4	12.1	9.8
Less Financial Intermediation Services Indirectly Measured (FISIM)	3.9	3.7	3.9	3.7	3.8	3.6	3.2	4.4	2.0

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

		1-month	3-month	6-month	12-month
FY11/12	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
FY22/23	Jun-22	1.7867	2.2851	2.9351	3.6190
	Sep-22	3.1427	3.7547	4.2320	4.7806

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	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
FY22/23	Jun-22	0.00	1.50-1.75	1.75	4.75	1.25
	Sep-22	1.25	3.00-3.25	3.25	6.25	2.25

15: INTERNATIONAL EXCHANGE RATES

		Sterling vs. US$	Canadian $ vs. US$	Yen vs. US$	Euro vs. US$
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
FY22/23	Jun-22	0.8212	1.2873	135.7405	0.9538
	Sep-22	0.8953	1.3829	144.7387	1.0202

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	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
FY22/23	Jun-22	112.75	108.53	453.79	587.64
	Sep-22	99.23	91.75	355.76	581.81

*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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